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DiMEO SCHNEIDER
& ASSOCIATES, L.L.C.

Market Commentary

January 2018

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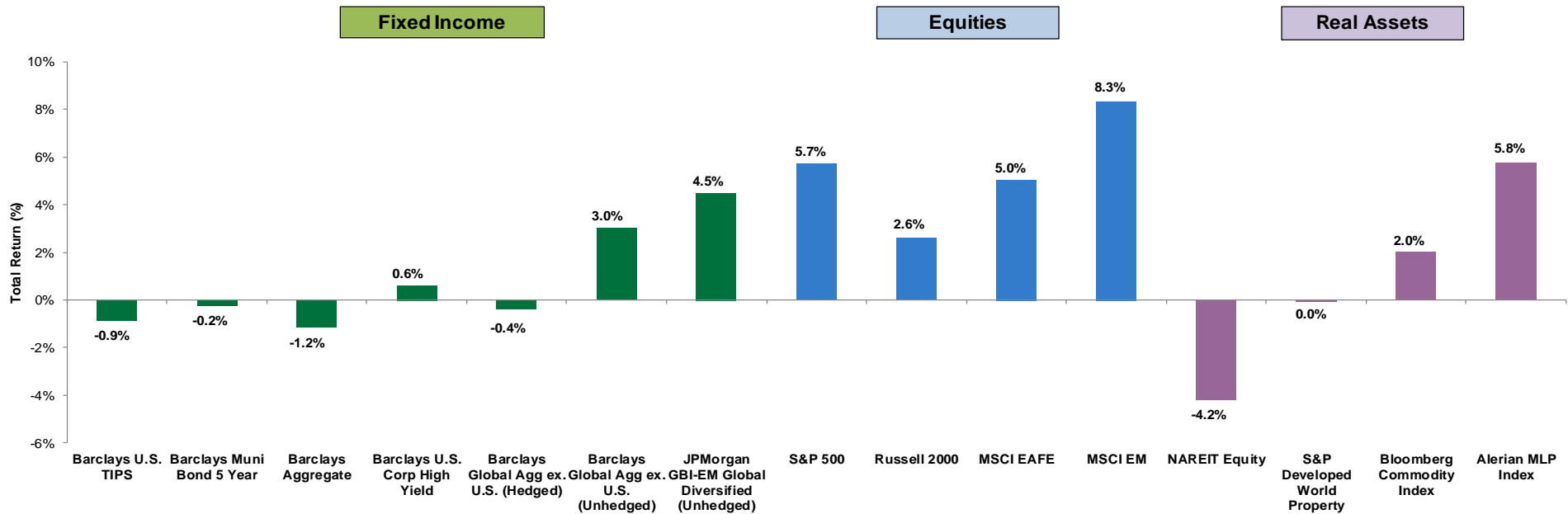


Global Markets Summary

January 2018

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Asset Class Returns



Source: Morningstar

Fixed Income

- Domestic fixed income markets mostly fell as yields rose sharply in the month of January. High yield was the lone exception as credit spreads compressed.
- International bonds were higher during the month as rising yields were less of a headwind. They also benefitted from a weaker dollar.
- The 10-Year U.S. Treasury yield jumped 30 bps to end the month at 2.71%.

Equities

- Global equity markets were higher during the month. Strong performance continued in emerging markets while large caps in the United States outperformed small cap companies, broadly.
- Domestically, real estate and utilities were the only two sectors with losses as interest rates increased.
- France, Germany and Japan were all strong performers internationally. China, Brazil and Russia outperformed within emerging markets.

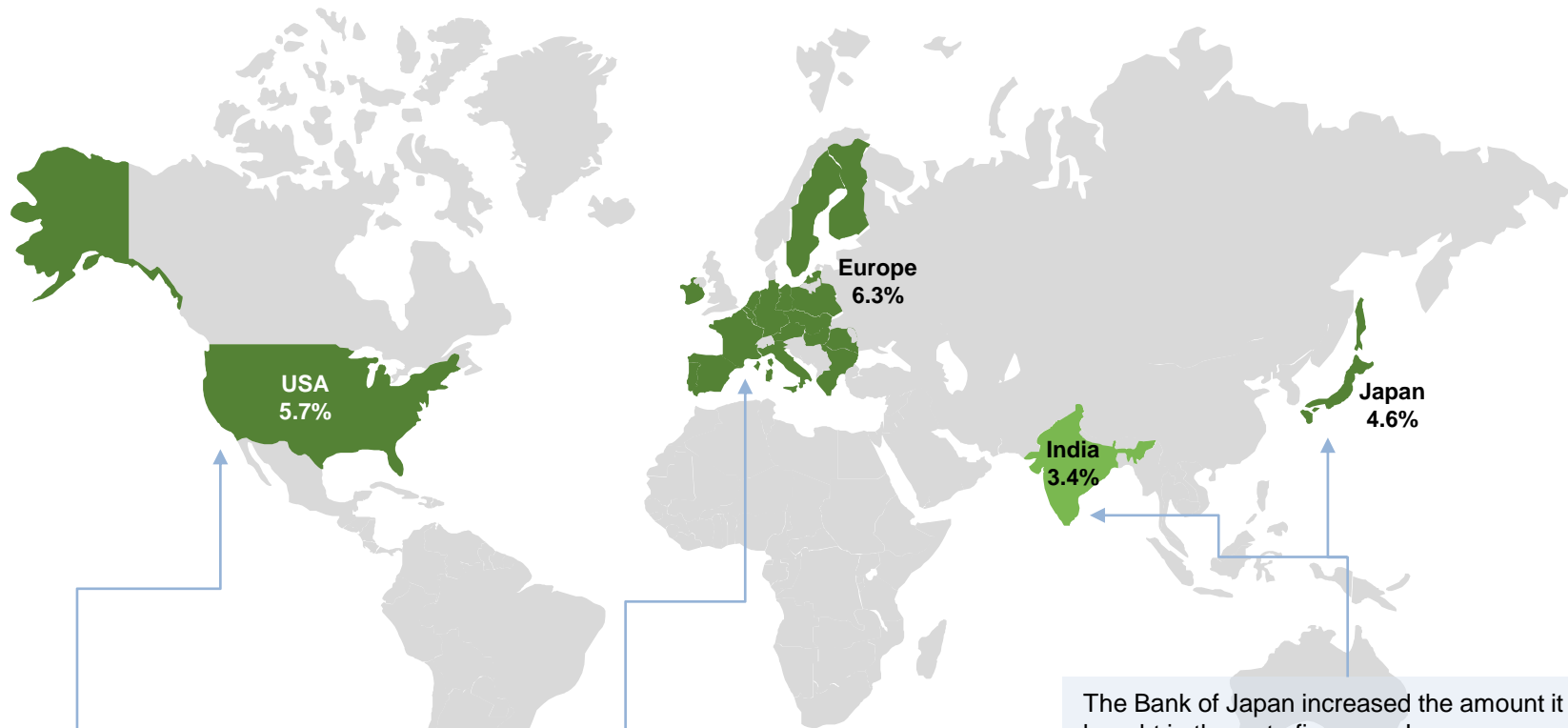
Real Assets

- For the second month in a row, MLPs were the top performing asset class within real assets. Continued stability in oil prices along with an uptick in institutional investment all played a role.
- Within real estate, the industrial sector was a major drag on performance with apartments also falling. Internationally, Asia rose sharply, benefitting global indices.
- Strong energy prices were the primary driver behind a higher commodities sector.



Global Highlights

January 2018



The Senate voted to confirm Jerome Powell as the 16th chairman of the Federal Reserve in January.

The U.S. government experienced a 3-day shutdown this month, yet the market seemingly shrugged it off. The Dow Jones and the S&P 500 surged to record highs following the Senate vote to end the shutdown.

The Euro hit a 3-year high this month on the heels of tighter monetary policy from the European Central Bank (ECB). As outlined in October of last year, the ECB's plan to reduce its monthly asset purchases by half began this month.

The Bank of Japan increased the amount it bought in three- to five-year Japanese Government Bonds (JGBs). The increased buying came about after the 10-year yield had risen to a six and a half month high and inflation remained below target.

India is expected to miss its budget deficit targets as Prime Minister Modi takes steps towards emphasizing programs that assist underdeveloped regions and creating jobs before the national elections next year.

Stated returns reflect each country's MSCI Gross Country Index in U.S. Dollars



Financial Markets Performance

Total Returns as of January 31, 2018
 Periods greater than one year are annualized
 All returns are in U.S. dollar terms

Global Fixed Income Markets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg Barclays 1-3-Month T-Bill	0.1%	0.3%	0.1%	0.9%	0.4%	0.3%	0.2%	0.3%	1.2%
Bloomberg Barclays US TIPS	(0.9%)	0.2%	(0.9%)	1.3%	0.7%	0.1%	2.8%	3.0%	4.3%
Bloomberg Barclays Municipal Bond (5 Year)	(0.2%)	(0.9%)	(0.2%)	1.8%	1.1%	1.7%	2.7%	3.3%	3.4%
Bloomberg Barclays HY Muni	(0.9%)	0.6%	(0.9%)	7.2%	3.8%	3.9%	6.9%	5.0%	6.1%
Bloomberg Barclays US Aggregate	(1.2%)	(0.8%)	(1.2%)	2.1%	1.1%	2.0%	3.0%	3.7%	4.1%
Bloomberg Barclays U.S. Corporate High Yield	0.6%	0.6%	0.6%	6.6%	6.3%	5.6%	6.8%	8.2%	8.8%
Bloomberg Barclays Global Aggregate ex-US Hedged	(0.4%)	0.0%	(0.4%)	3.0%	2.2%	3.7%	4.2%	4.0%	4.1%
Bloomberg Barclays Global Aggregate ex-US Unhedged	3.0%	5.5%	3.0%	11.8%	3.4%	0.6%	1.4%	2.4%	4.3%
Bloomberg Barclays U.S. Long Gov / Credit	(2.1%)	0.3%	(2.1%)	8.1%	1.7%	4.6%	7.4%	6.9%	6.6%
JPMorgan GBI-EM Global Diversified	4.5%	8.4%	4.5%	17.7%	3.9%	(0.8%)	1.7%	3.9%	7.7%
Global Equity Markets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	5.7%	10.2%	5.7%	26.4%	14.7%	15.9%	14.3%	9.8%	10.5%
Dow Jones Industrial Average	5.9%	12.5%	5.9%	34.8%	18.0%	16.4%	14.8%	10.4%	10.9%
NASDAQ Composite	7.4%	10.4%	7.4%	33.4%	18.3%	20.2%	16.9%	13.2%	13.3%
Russell 3000	5.3%	9.6%	5.3%	25.2%	14.1%	15.5%	14.0%	9.8%	10.8%
Russell 1000	5.5%	9.9%	5.5%	25.8%	14.3%	15.7%	14.1%	9.9%	10.8%
Russell 1000 Growth	7.1%	11.2%	7.1%	34.9%	17.0%	17.9%	15.5%	11.7%	11.4%
Russell 1000 Value	3.9%	8.6%	3.9%	17.2%	11.5%	13.5%	12.7%	8.0%	10.0%
Russell Mid Cap	3.8%	8.3%	3.8%	20.1%	11.5%	14.3%	13.0%	10.3%	12.5%
Russell Mid Cap Growth	5.7%	9.8%	5.7%	28.1%	13.0%	15.2%	13.4%	10.6%	12.4%
Russell Mid Cap Value	2.3%	7.1%	2.3%	14.0%	10.4%	13.6%	12.8%	9.9%	12.3%
Russell 2000	2.6%	5.1%	2.6%	17.2%	12.1%	13.3%	12.1%	9.8%	11.6%
Russell 2000 Growth	3.9%	7.0%	3.9%	24.9%	12.6%	14.6%	13.0%	10.7%	12.1%
Russell 2000 Value	1.2%	3.2%	1.2%	10.0%	11.6%	12.0%	11.0%	8.8%	11.0%
MSCI ACWI	5.7%	9.5%	5.7%	28.1%	12.5%	11.6%	9.9%	6.7%	10.2%
MSCI ACWI ex. U.S.	5.6%	8.9%	5.6%	30.3%	10.4%	7.6%	6.1%	3.9%	9.9%
MSCI EAFE	5.0%	7.9%	5.0%	28.2%	9.9%	8.3%	6.9%	3.9%	9.3%
MSCI EAFE Growth	4.6%	7.7%	4.6%	30.9%	10.8%	9.2%	7.6%	4.5%	9.2%
MSCI EAFE Value	5.4%	8.0%	5.4%	25.6%	8.9%	7.4%	6.1%	3.3%	9.3%
MSCI EAFE Small Cap	5.1%	9.7%	5.1%	35.5%	16.5%	13.2%	10.2%	7.8%	13.1%
MSCI Emerging Markets	8.3%	12.5%	8.3%	41.5%	12.2%	6.1%	4.5%	4.2%	13.3%
Real Assets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
FTSE NAREIT Equity REITs	(4.2%)	(1.8%)	(4.2%)	0.7%	1.9%	7.7%	9.3%	7.1%	10.8%
S&P Developed World Property ex-US	4.1%	10.1%	4.1%	25.2%	8.2%	7.3%	8.1%	4.1%	11.1%
S&P Developed World Property	(0.0%)	4.2%	(0.0%)	12.3%	4.8%	7.3%	8.4%	5.0%	10.7%
Bloomberg Commodity Total Return	2.0%	4.5%	2.0%	3.6%	(3.3%)	(8.5%)	(8.0%)	(7.0%)	(0.6%)
Alerian MLP	5.8%	9.3%	5.8%	(5.7%)	(6.7%)	(1.3%)	2.9%	6.7%	10.8%

Source: Morningstar