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DiMEO SCHNEIDER  
& ASSOCIATES, L.L.C.

# Market Commentary

## *June 2018*

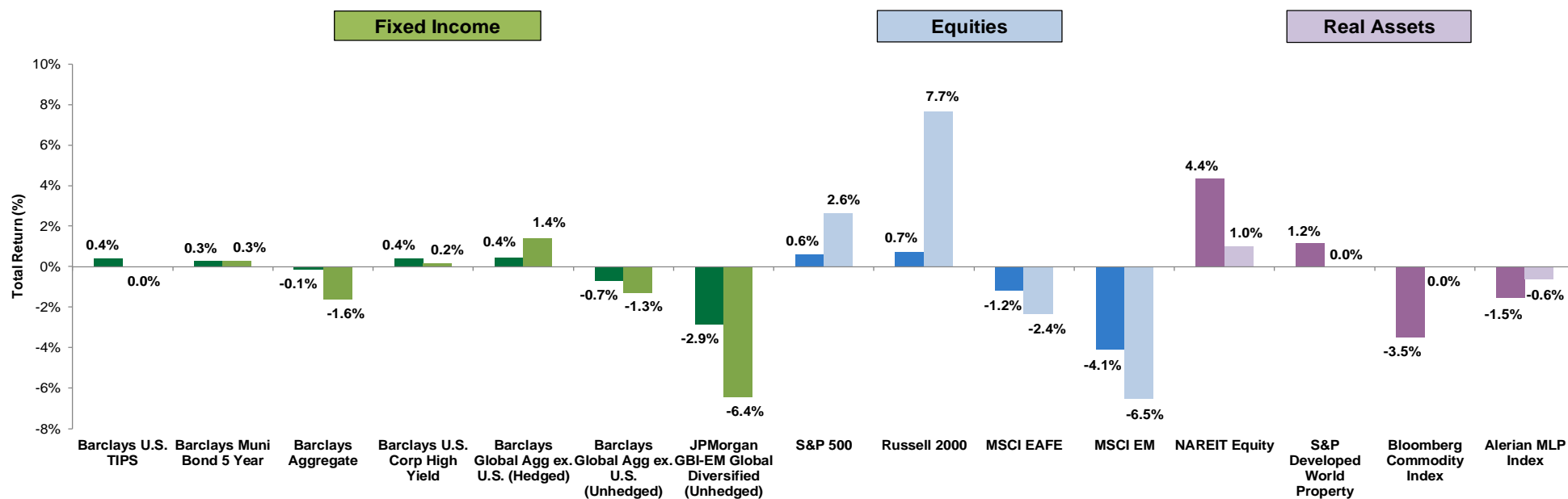
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# Global Markets Summary

June 2018

## Asset Class Returns



Source: Morningstar

### Fixed Income

- The 10-year U.S. Treasury yield rose 1 bp to end June at 2.87%, a comparatively stable month for the benchmark yield.
- Barclays Agg fell slightly as a result of spread widening within investment grade securities. A yield advantage was enough for junk bonds to end in positive territory.
- Unhedged international indices fell with emerging markets the noticeable laggard. Trade concerns have led investors to reprice risk in those regions.

### Equities

- Small cap domestic equities continued their year to date dominance by outperforming large cap and international stocks during the month of June. Small cap companies are thought to be better insulated from the tariff disputes.
- Emerging markets fell sharply during the month with Brazil, Korea and China leading the way down.
- Among international developed countries, markets were broadly lower.

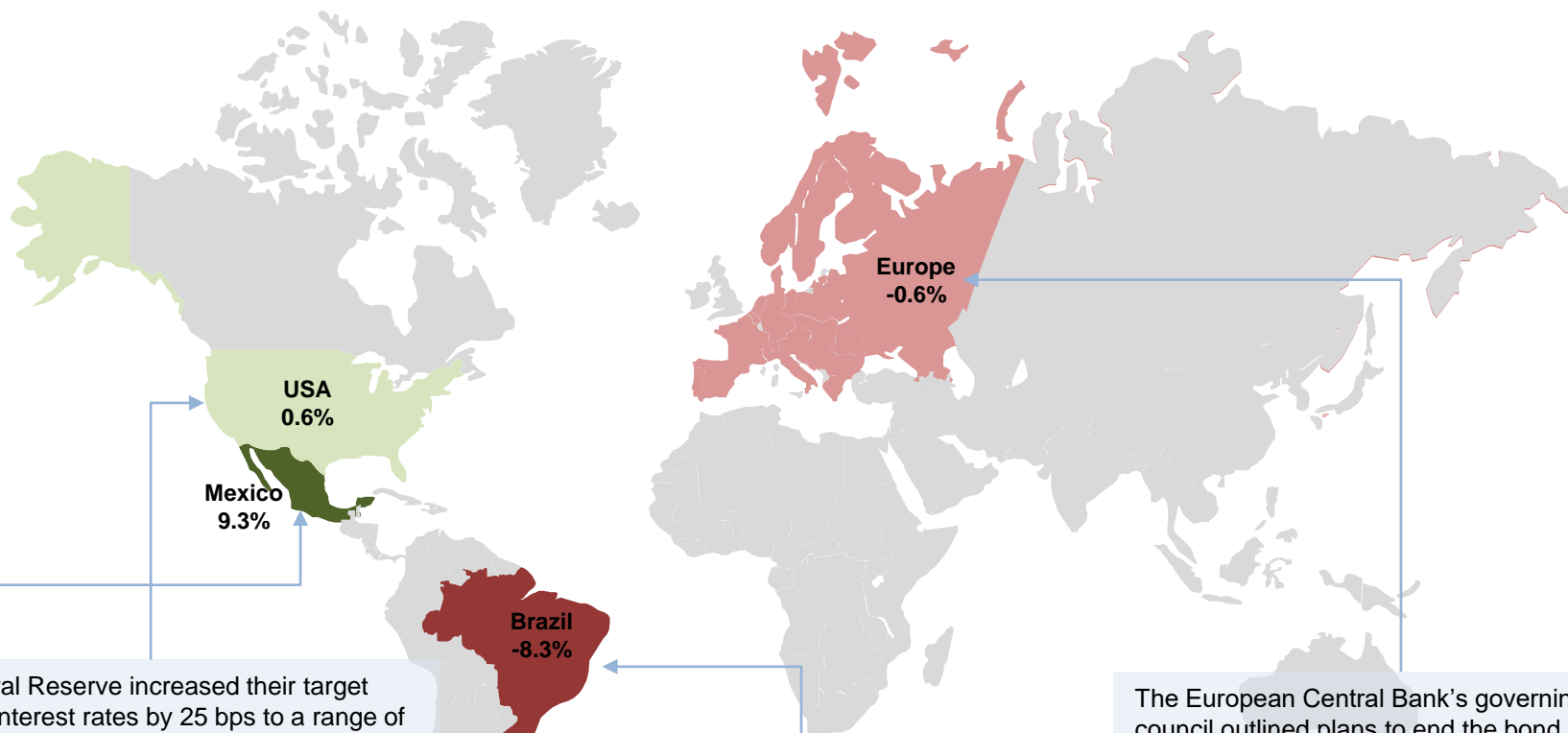
### Real Assets

- Domestic REITs moved higher during the month as retail REITs and shopping centers recovered following positive retail sales news. International REITs lagged as a result of weakness in emerging markets.
- Energy was strong during the month, but commodities ended lower as agriculture fell sharply. A better than expected growing season in the Midwest produced greater supply of corn and soybeans pushing prices down.



# Global Highlights

June 2018



The Federal Reserve increased their target range for interest rates by 25 bps to a range of 1.75% to 2.00%. The move comes as Personal Consumption Expenditures (PCE) excluding food and energy rose to 2.0%, in line with the Fed's stated target. This is the first time that the core inflation measure has reached 2.0% since April 2012.

Andres Manuel Lopez Obrador (also known as AMLO), won the Mexican Presidency in a landslide victory. Markets fell sharply in May as he pulled ahead in the polls, but recovered in June as the election drew near.

Brazil fell sharply for a second straight month. A nationwide strike by truckers around high diesel prices cast uncertainty around upcoming elections that the next leader may be less business and market friendly. Higher interest rates in the U.S. and a stronger dollar also played a part in the decline.

The European Central Bank's governing council outlined plans to end the bond buying program similar to the U.S. quantitative easing program. They said they plan to end net asset purchases by the end of the year. The current pace of €30 billion will be scaled back to €15 billion in September before being phased out by year end. Interest rates remain steady.

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



# Financial Markets Performance

Total Returns as of June 30, 2018

Periods greater than one year are annualized

All returns are in U.S. dollar terms

| <b>Global Fixed Income Markets</b>                 | <b>1 MO</b> | <b>3 MO</b> | <b>YTD</b> | <b>1YR</b> | <b>3YR</b> | <b>5YR</b> | <b>7YR</b> | <b>10YR</b> | <b>15YR</b> |
|--|-------------|-------------|------------|------------|------------|------------|------------|-------------|-------------|
| Bloomberg Barclays 1-3-Month T-Bill                | 0.2%        | 0.4%        | 0.8%       | 1.3%       | 0.6%       | 0.4%       | 0.3%       | 0.3%        | 1.2%        |
| Bloomberg Barclays US TIPS                         | 0.4%        | 0.8%        | (0.0%)     | 2.1%       | 1.9%       | 1.7%       | 2.1%       | 3.0%        | 4.0%        |
| Bloomberg Barclays Municipal Bond (5 Year)         | 0.3%        | 0.9%        | 0.3%       | 0.3%       | 1.6%       | 2.1%       | 2.3%       | 3.5%        | 3.3%        |
| Bloomberg Barclays HY Muni                         | 0.5%        | 3.1%        | 3.7%       | 7.1%       | 6.7%       | 5.6%       | 6.7%       | 6.0%        | 6.0%        |
| Bloomberg Barclays US Aggregate                    | (0.1%)      | (0.2%)      | (1.6%)     | (0.4%)     | 1.7%       | 2.3%       | 2.6%       | 3.7%        | 3.8%        |
| Bloomberg Barclays U.S. Corporate High Yield       | 0.4%        | 1.0%        | 0.2%       | 2.6%       | 5.5%       | 5.5%       | 6.3%       | 8.2%        | 7.8%        |
| Bloomberg Barclays Global Aggregate ex-US Hedged   | 0.4%        | 0.5%        | 1.4%       | 3.3%       | 3.6%       | 4.0%       | 4.2%       | 4.4%        | 4.1%        |
| Bloomberg Barclays Global Aggregate ex-US Unhedged | (0.7%)      | (4.8%)      | (1.3%)     | 2.8%       | 3.2%       | 0.9%       | 0.1%       | 1.8%        | 3.6%        |
| Bloomberg Barclays U.S. Long Gov / Credit          | (0.6%)      | (1.4%)      | (5.0%)     | (0.8%)     | 4.3%       | 5.1%       | 6.2%       | 6.8%        | 5.8%        |
| JPMorgan GBI-EM Global Diversified                 | (2.9%)      | (10.4%)     | (6.4%)     | (2.3%)     | 2.0%       | (1.4%)     | (1.1%)     | 2.6%        | 6.2%        |
| <b>Global Equity Markets</b>                       | <b>1 MO</b> | <b>3 MO</b> | <b>YTD</b> | <b>1YR</b> | <b>3YR</b> | <b>5YR</b> | <b>7YR</b> | <b>10YR</b> | <b>15YR</b> |
| S&P 500  | 0.6%        | 3.4%        | 2.6%       | 14.4%      | 11.9%      | 13.4%      | 13.2%      | 10.2%       | 9.3%        |
| Dow Jones Industrial Average                       | (0.5%)      | 1.3%        | (0.7%)     | 16.3%      | 14.1%      | 13.0%      | 12.8%      | 10.8%       | 9.6%        |
| NASDAQ Composite                                   | 1.0%        | 6.6%        | 9.4%       | 23.6%      | 16.0%      | 18.5%      | 16.7%      | 13.9%       | 11.8%       |
| Russell 3000                                       | 0.7%        | 3.9%        | 3.2%       | 14.8%      | 11.6%      | 13.3%      | 13.0%      | 10.2%       | 9.6%        |
| Russell 1000                                       | 0.6%        | 3.6%        | 2.9%       | 14.5%      | 11.6%      | 13.4%      | 13.1%      | 10.2%       | 9.5%        |
| Russell 1000 Growth                                | 1.0%        | 5.8%        | 7.3%       | 22.5%      | 15.0%      | 16.4%      | 14.9%      | 11.8%       | 10.3%       |
| Russell 1000 Value                                 | 0.2%        | 1.2%        | (1.7%)     | 6.8%       | 8.3%       | 10.3%      | 11.3%      | 8.5%        | 8.6%        |
| Russell Mid Cap                                    | 0.7%        | 2.8%        | 2.3%       | 12.3%      | 9.6%       | 12.2%      | 11.9%      | 10.2%       | 11.2%       |
| Russell Mid Cap Growth                             | 0.4%        | 3.2%        | 5.4%       | 18.5%      | 10.7%      | 13.4%      | 12.2%      | 10.5%       | 11.1%       |
| Russell Mid Cap Value                              | 0.8%        | 2.4%        | (0.2%)     | 7.6%       | 8.8%       | 11.3%      | 11.7%      | 10.1%       | 11.0%       |
| Russell 2000                                       | 0.7%        | 7.8%        | 7.7%       | 17.6%      | 11.0%      | 12.5%      | 11.8%      | 10.6%       | 10.5%       |
| Russell 2000 Growth                                | 0.8%        | 7.2%        | 9.7%       | 21.9%      | 10.6%      | 13.6%      | 12.5%      | 11.2%       | 10.9%       |
| Russell 2000 Value                                 | 0.6%        | 8.3%        | 5.4%       | 13.1%      | 11.2%      | 11.2%      | 11.1%      | 9.9%        | 9.9%        |
| MSCI ACWI  | (0.5%)      | 0.7%        | (0.1%)     | 11.3%      | 8.8%       | 10.0%      | 8.5%       | 6.4%        | 8.8%        |
| MSCI ACWI ex. U.S.                                 | (1.8%)      | (2.4%)      | (3.4%)     | 7.8%       | 5.6%       | 6.5%       | 4.3%       | 3.0%        | 8.2%        |
| MSCI EAFE  | (1.2%)      | (1.0%)      | (2.4%)     | 7.4%       | 5.4%       | 6.9%       | 5.4%       | 3.3%        | 7.7%        |
| MSCI EAFE Growth                                   | (1.2%)      | 0.3%        | (0.6%)     | 9.8%       | 6.8%       | 7.8%       | 6.2%       | 3.8%        | 7.9%        |
| MSCI EAFE Value                                    | (1.2%)      | (2.3%)      | (4.2%)     | 4.9%       | 3.9%       | 6.0%       | 4.5%       | 2.8%        | 7.5%        |
| MSCI EAFE Small Cap                                | (1.9%)      | (1.4%)      | (1.1%)     | 12.9%      | 10.5%      | 11.7%      | 8.7%       | 7.2%        | 11.1%       |
| MSCI Emerging Markets                              | (4.1%)      | (7.9%)      | (6.5%)     | 8.6%       | 6.0%       | 5.4%       | 1.8%       | 2.6%        | 11.1%       |
| <b>Real Assets</b>                                 | <b>1 MO</b> | <b>3 MO</b> | <b>YTD</b> | <b>1YR</b> | <b>3YR</b> | <b>5YR</b> | <b>7YR</b> | <b>10YR</b> | <b>15YR</b> |
| FTSE NAREIT Equity REITs                           | 4.4%        | 10.0%       | 1.0%       | 3.5%       | 8.1%       | 8.3%       | 9.1%       | 7.9%        | 10.0%       |
| S&P Developed World Property ex-US                 | (1.7%)      | (0.5%)      | (1.4%)     | 8.7%       | 6.2%       | 6.7%       | 6.8%       | 5.1%        | 9.9%        |
| S&P Developed World Property                       | 1.2%        | 4.6%        | 0.0%       | 6.2%       | 7.0%       | 7.3%       | 7.7%       | 6.2%        | 9.7%        |
| Bloomberg Commodity Total Return                   | (3.5%)      | 0.4%        | (0.0%)     | 7.3%       | (4.5%)     | (6.4%)     | (7.8%)     | (9.0%)      | (0.6%)      |
| Alerian MLP  | (1.5%)      | 11.8%       | (0.6%)     | (4.6%)     | (5.9%)     | (4.1%)     | 1.7%       | 6.5%        | 9.1%        |

Source: Morningstar