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DiMEO SCHNEIDER
& ASSOCIATES, L.L.C.

Market Commentary

October 2018

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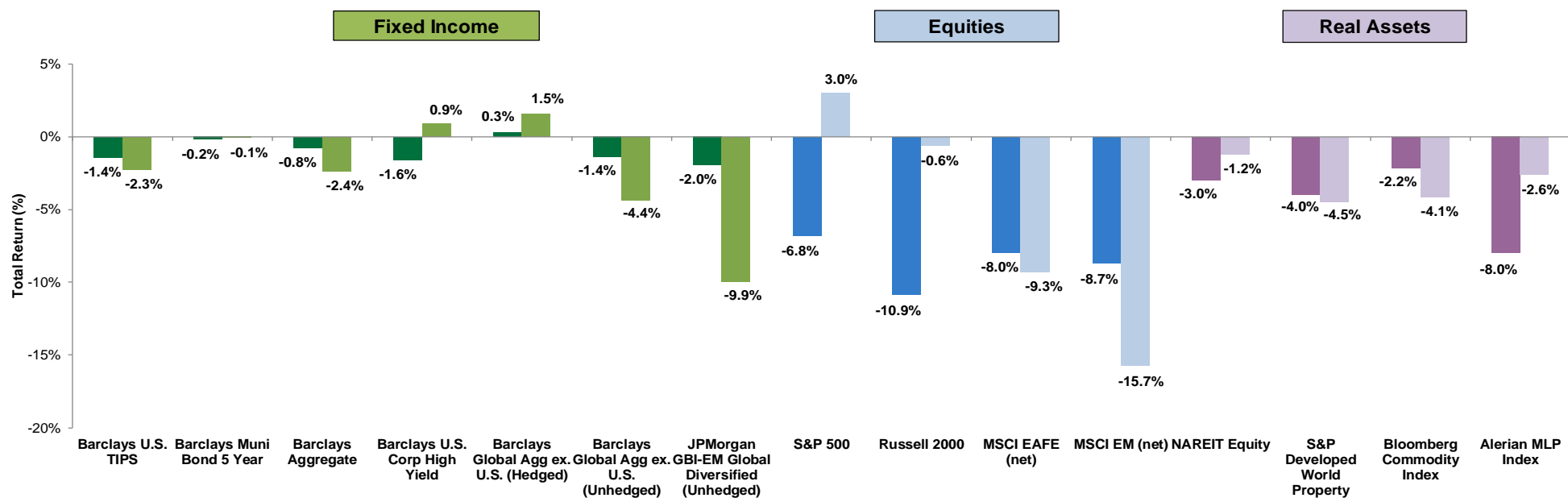


Global Markets Summary

October 2018

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Asset Class Returns



Source: Morningstar

Fixed Income

- Fixed income sectors finished lower for the month with the lone exception of hedged international bonds. In all, four central banks around the globe increased target interest rates in the month (Canada, Chile, Kazakhstan and Uganda).
- Emerging markets debt extended the drawdown and remains fixed income's worst performing sector. Domestically, yield advantage and spread tightening have helped high yield withstand broader declines.

Equities

- A risk-off month led to steep declines in equity markets. A two-day rally to end the month helped markets finish off the lows.
- Every major market around the globe finished the month in the red with the exception of Brazil which gained 17.8%
- Value outperformed growth broadly. Defensive sectors such as Utilities and Telecom outperformed. Financials benefitted from higher rates while IT, Healthcare and Consumer Discretionary fell sharply.

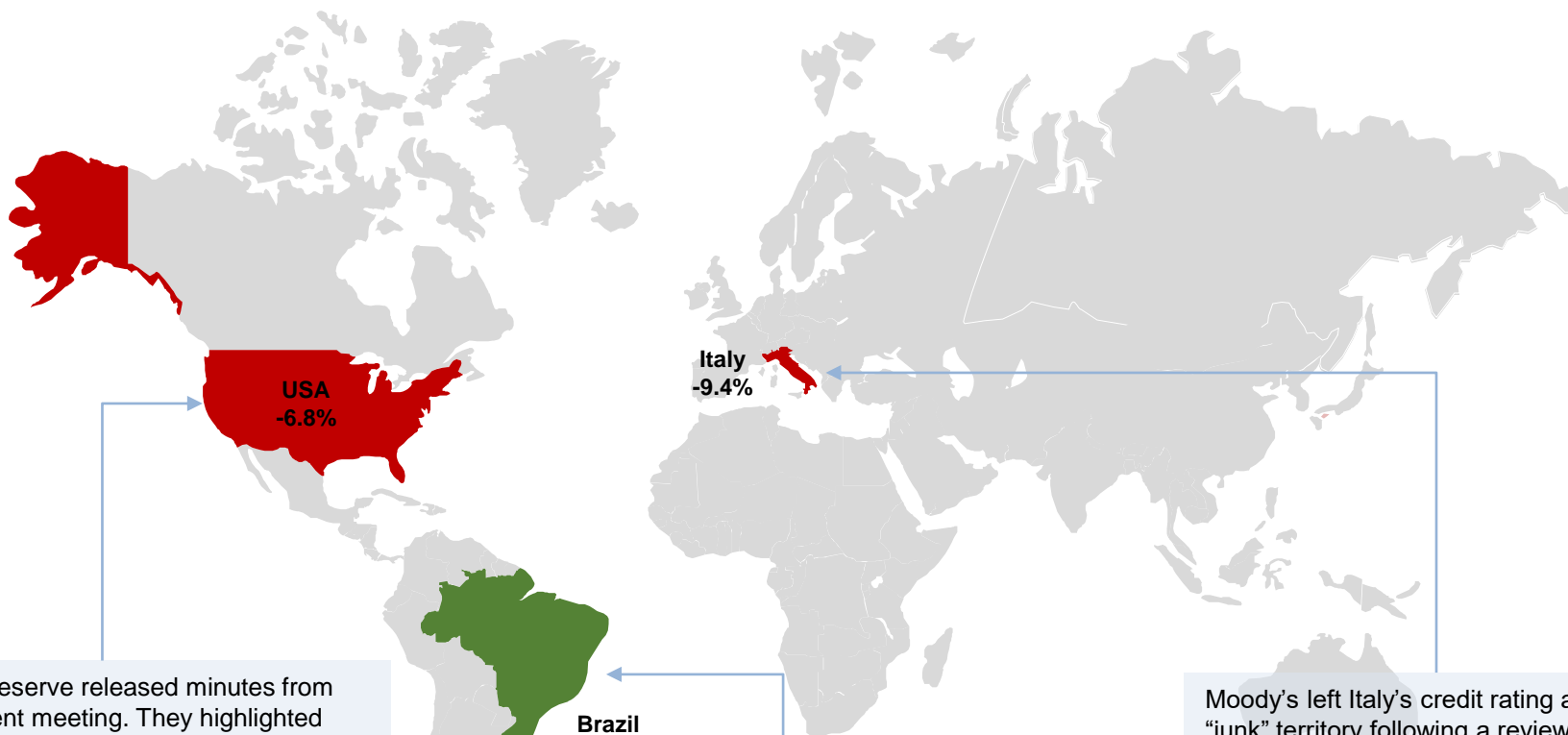
Real Assets

- Energy fell, which hurt both MLP and Commodity indexes. All broad real asset categories are now lower for the year following the selloff in risk assets in October.
- Domestic REITs outperformed equities (as did Commodities) as a differentiation of returns drivers led to more stability.
- International REITs fell more than domestic as currency presented an additional headwind for already struggling overseas investments.



Global Highlights

October 2018



The Federal Reserve released minutes from their most recent meeting. They highlighted that they were continuing to stay on their projected course despite the obvious angst from parts of the White House.

Earnings season is well underway. With the vast majority of the largest companies have now reported, market reactions have been decidedly split as companies such as Apple (AAPL) and Amazon (AMZN) fell while others fared much better.

Brazil rose sharply as presidential elections resulted in Jair Bolsonaro comfortably winning with 55% of the vote. This was the only major market to buck the downward trend experienced globally during the month of October.

Moody's left Italy's credit rating above "junk" territory following a review. While this resulted in a decline in debt yields, it did little to stem the route in the equity markets. The country's leaders remain adamant about not cutting their budget, despite the European Commission's urging them to do so.

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



Financial Markets Performance

Total Returns as of October 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	0.2%	0.5%	1.4%	1.6%	0.8%	0.5%	0.4%	0.3%	1.2%
Bloomberg Barclays US TIPS	(1.4%)	(1.8%)	(2.3%)	(1.2%)	1.5%	1.0%	0.9%	4.1%	3.8%
Bloomberg Barclays Municipal Bond (5 Year)	(0.2%)	(0.8%)	(0.1%)	(0.8%)	0.9%	1.6%	2.0%	3.3%	3.2%
Bloomberg Barclays HY Muni	(1.3%)	(0.9%)	3.1%	4.7%	5.4%	6.0%	6.2%	7.5%	5.7%
Bloomberg Barclays US Aggregate	(0.8%)	(0.8%)	(2.4%)	(2.1%)	1.0%	1.8%	1.9%	3.9%	3.8%
Bloomberg Barclays U.S. Corporate High Yield	(1.6%)	(0.3%)	0.9%	1.0%	6.6%	4.7%	6.5%	11.2%	7.5%
Bloomberg Barclays Global Aggregate ex-US Hedged	0.3%	0.1%	1.5%	2.0%	3.0%	3.7%	3.9%	4.2%	4.2%
Bloomberg Barclays Global Aggregate ex-US Unhedged	(1.4%)	(2.7%)	(4.4%)	(2.1%)	1.8%	(0.8%)	(0.6%)	2.5%	3.2%
Bloomberg Barclays U.S. Long Gov / Credit	(3.4%)	(4.0%)	(8.6%)	(6.4%)	2.1%	4.0%	3.5%	7.5%	5.9%
JPMorgan GBI-EM Global Diversified	(2.0%)	(5.5%)	(9.9%)	(6.6%)	2.9%	(2.6%)	(1.1%)	4.1%	5.9%
Global Equity Markets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	(6.8%)	(3.3%)	3.0%	7.3%	11.5%	11.3%	14.0%	13.2%	8.7%
Dow Jones Industrial Average	(5.0%)	(0.6%)	3.4%	9.9%	15.2%	12.8%	14.0%	13.3%	9.2%
NASDAQ Composite	(9.2%)	(4.5%)	6.7%	9.7%	14.4%	14.6%	16.8%	16.9%	10.3%
Russell 3000	(7.4%)	(4.0%)	2.4%	6.6%	11.3%	10.8%	13.8%	13.3%	8.9%
Russell 1000	(7.1%)	(3.5%)	2.7%	7.0%	11.3%	11.1%	13.9%	13.4%	8.9%
Russell 1000 Growth	(8.9%)	(3.4%)	6.6%	10.7%	13.7%	13.4%	15.4%	15.5%	9.6%
Russell 1000 Value	(5.2%)	(3.6%)	(1.5%)	3.0%	8.9%	8.6%	12.4%	11.3%	8.1%
Russell Mid Cap	(8.3%)	(6.1%)	(1.5%)	2.8%	9.0%	9.0%	12.7%	14.2%	9.9%
Russell Mid Cap Growth	(9.9%)	(5.1%)	2.2%	6.1%	10.4%	10.1%	13.1%	15.1%	9.8%
Russell Mid Cap Value	(7.2%)	(6.7%)	(4.3%)	0.2%	8.2%	8.1%	12.4%	13.3%	9.8%
Russell 2000	(10.9%)	(9.3%)	(0.6%)	1.9%	10.7%	8.0%	12.2%	12.4%	8.7%
Russell 2000 Growth	(12.7%)	(9.4%)	1.1%	4.1%	10.7%	8.8%	12.9%	13.9%	9.0%
Russell 2000 Value	(9.0%)	(9.1%)	(2.5%)	(0.6%)	10.5%	7.2%	11.6%	10.9%	8.2%
MSCI ACWI (net)	(7.5%)	(6.4%)	(4.0%)	(0.5%)	7.7%	6.1%	8.8%	9.7%	7.1%
MSCI ACWI ex. U.S. (net)	(8.1%)	(9.6%)	(11.0%)	(8.2%)	4.4%	1.6%	4.4%	6.9%	6.1%
MSCI EAFE (net)	(8.0%)	(9.0%)	(9.3%)	(6.9%)	3.6%	2.0%	5.6%	6.9%	5.8%
MSCI EAFE Growth (net)	(9.2%)	(9.7%)	(8.7%)	(6.0%)	4.0%	3.1%	6.3%	7.5%	6.1%
MSCI EAFE Value (net)	(6.6%)	(8.2%)	(9.9%)	(7.7%)	3.2%	0.9%	4.9%	6.2%	5.4%
MSCI EAFE Small Cap (net)	(9.6%)	(11.0%)	(11.6%)	(7.8%)	6.6%	5.2%	8.8%	11.6%	8.2%
MSCI Emerging Markets (net)	(8.7%)	(11.6%)	(15.7%)	(12.5%)	6.5%	0.8%	1.8%	7.8%	8.4%
Real Assets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
FTSE NAREIT Equity REITs	(3.0%)	(3.0%)	(1.2%)	1.3%	4.6%	7.6%	9.2%	11.3%	9.1%
S&P Developed World Property ex-US	(5.3%)	(8.5%)	(8.6%)	(3.2%)	3.7%	3.1%	7.2%	9.7%	7.9%
S&P Developed World Property	(4.0%)	(5.5%)	(4.5%)	(0.5%)	4.1%	5.1%	8.1%	10.5%	8.3%
Bloomberg Commodity Total Return	(2.2%)	(2.0%)	(4.1%)	(1.7%)	(0.7%)	(7.3%)	(7.6%)	(4.2%)	(1.5%)
Alerian MLP	(8.0%)	(8.0%)	(2.6%)	0.7%	(1.5%)	(4.8%)	1.0%	8.3%	8.5%

Source: Morningstar