

*Helping Clients Prosper.*



DiMEO SCHNEIDER  
& ASSOCIATES, L.L.C.

# Market Commentary

## *October 2017*

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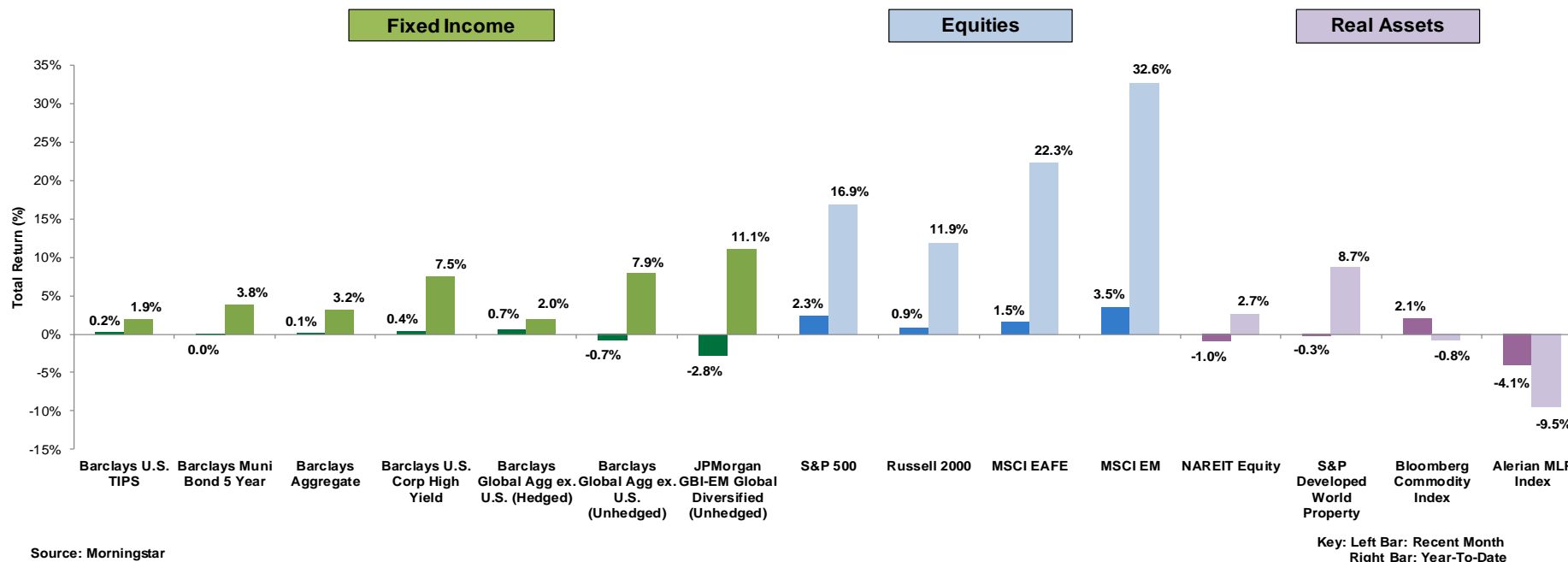


# Global Markets Summary

## October 2017

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### Asset Class Returns



### Fixed Income

- Fixed income markets were mixed during the month with domestic securities generally outperforming international issues as the USD strengthened.
- Emerging markets debt was the worst performing fixed income asset class yet still remains the best performer year-to-date. Global bonds hedged in USD performed the best.
- The 10-year U.S. Treasury yield rose 5 bps during the month to end at 2.38%.

### Equities

- Both domestic and international equities ended the month with positive performance. Emerging markets outpaced other equity categories this month and maintain a large lead in year-to-date performance.
- Domestically, technology and utilities sectors outperformed following robust earnings announcements.
- Internationally, Japan, Korea and India all showed strong performance while Mexico and Brazil lagged.

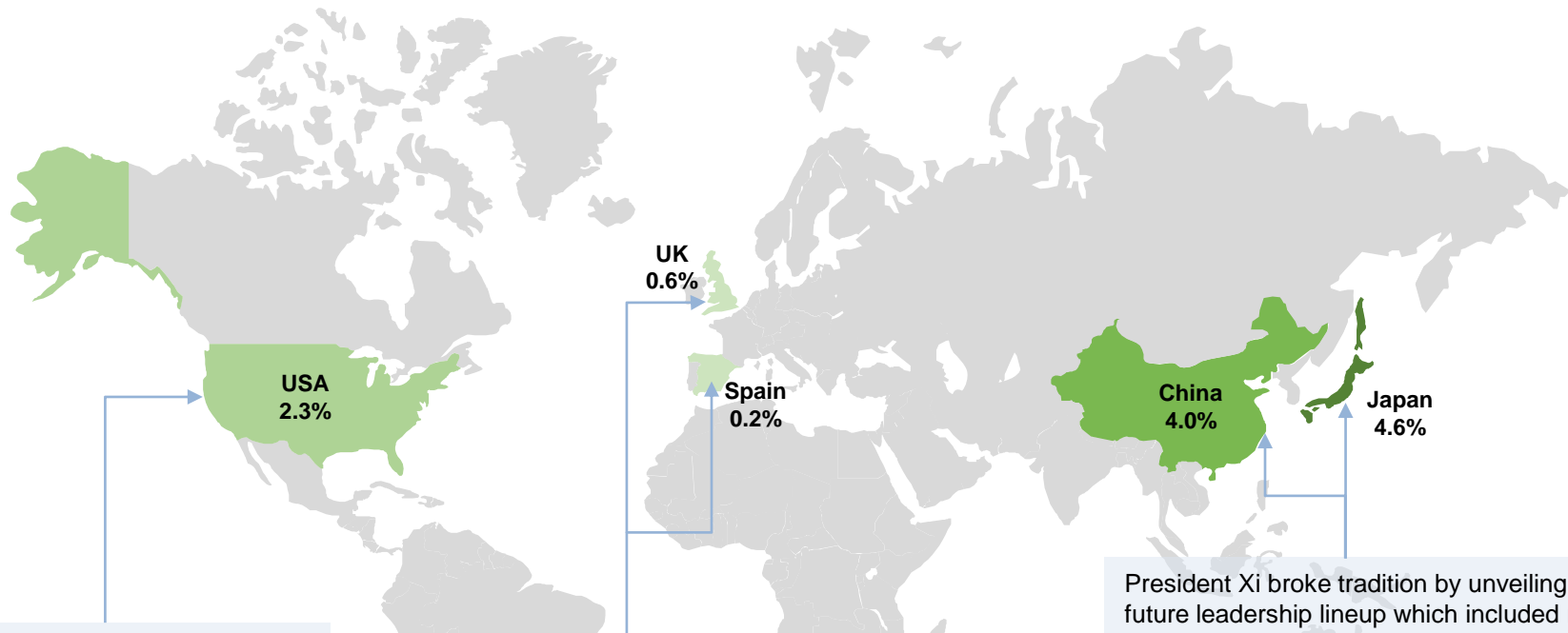
### Real Assets

- Commodities were the best performing category within real assets during the month as petroleum, livestock and industrial metals were all significantly higher. Natural gas lagged.
- REIT performance was slightly negative as a negative earnings surprise from Simon Property Group brought down the index.
- Master Limited Partnerships (MLPs) also fell during the month, further denting year-to-date performance.



# Global Highlights

October 2017



The Federal Open Market Committee kept the Federal Funds rate in the range of 1% to 1.25% following its last meeting. The decision came despite notes underscoring strong economic activity and continued strength in the labor market. The market is expecting a hike again in December.

President Trump announced plans to appoint Jerome Powell, a Federal Reserve board governor, as Fed Chair to replace Janet Yellen at the end of her term in February.

The Bank of England voted to hike rates for the first time in a decade putting the trajectory of UK interest rates more in-line with the U.S. Federal Reserve.

The ECB announced the extension of its QE program for another nine months beginning in January but at a reduced pace.

Spanish Prime Minister Mariano Rajoy has called on Spain's Senate to allow the central government to temporarily intervene in the running of Catalonia's regional government. This comes following the region's pro-independence party's attempt to claim independence.

President Xi broke tradition by unveiling his future leadership lineup which included no potential heirs, raising the likelihood of an attempt to stay in office beyond 2022.

The Bank of Japan kept its monetary policy steady despite the decision of its peers to wind down stimulus.

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



# Financial Markets Performance

As of October 31, 2017

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	0.1%	0.3%	0.6%	0.7%	0.3%	0.2%	0.2%	0.4%	1.2%
Bloomberg Barclays US TIPS	0.2%	0.6%	1.9%	(0.1%)	1.4%	(0.1%)	2.3%	3.8%	4.6%
Bloomberg Barclays Municipal Bond (5 Year)	(0.0%)	(0.1%)	3.8%	1.6%	1.9%	1.9%	2.6%	3.8%	3.6%
Bloomberg Barclays US Aggregate	0.1%	0.5%	3.2%	0.9%	2.4%	2.0%	2.9%	4.2%	4.3%
Bloomberg Barclays U.S. Corporate High Yield	0.4%	1.3%	7.5%	8.9%	5.6%	6.3%	7.1%	7.8%	9.5%
Bloomberg Barclays Global Aggregate ex-US Hedged	0.7%	1.2%	2.0%	1.3%	3.4%	3.8%	3.9%	4.3%	4.3%
Bloomberg Barclays Global Aggregate ex-US Unhedged	(0.7%)	(0.9%)	7.9%	1.3%	0.2%	(0.8%)	0.2%	2.3%	4.5%
Bloomberg Barclays U.S. Long Gov / Credit	0.4%	1.7%	8.1%	2.5%	4.8%	3.8%	6.6%	7.2%	6.9%
JPMorgan GBI-EM Global Diversified	(2.8%)	(1.4%)	11.1%	5.2%	(1.2%)	(1.6%)	0.1%	3.1%	–
<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	2.3%	4.8%	16.9%	23.6%	10.8%	15.2%	14.1%	7.5%	9.6%
Dow Jones Industrial Average	4.4%	7.4%	20.6%	32.1%	13.2%	15.1%	14.1%	8.1%	9.8%
NASDAQ Composite	3.6%	6.3%	26.1%	31.1%	14.6%	19.2%	16.5%	10.1%	12.5%
Russell 3000	2.2%	4.9%	16.4%	24.0%	10.5%	15.1%	14.0%	7.6%	10.0%
Russell 1000	2.3%	4.8%	16.8%	23.7%	10.6%	15.2%	14.1%	7.6%	9.9%
Russell 1000 Growth	3.9%	7.2%	25.4%	29.7%	13.1%	16.8%	15.3%	9.1%	10.3%
Russell 1000 Value	0.7%	2.5%	8.7%	17.8%	8.0%	13.5%	12.9%	6.0%	9.4%
Russell Mid Cap	1.7%	3.7%	13.6%	21.1%	9.0%	14.9%	13.4%	8.1%	12.0%
Russell Mid Cap Growth	2.8%	6.5%	20.6%	26.2%	10.0%	15.3%	13.7%	8.2%	11.8%
Russell Mid Cap Value	0.8%	1.6%	8.3%	17.1%	8.3%	14.5%	13.3%	7.9%	11.9%
Russell 2000	0.9%	5.8%	11.9%	27.8%	10.1%	14.5%	13.0%	7.6%	11.2%
Russell 2000 Growth	1.5%	7.0%	18.6%	31.0%	10.5%	15.4%	13.7%	8.2%	11.5%
Russell 2000 Value	0.1%	4.6%	5.8%	24.8%	9.7%	13.6%	12.2%	7.0%	10.8%
MSCI ACWI	2.1%	4.6%	20.2%	23.9%	8.5%	11.4%	9.5%	4.3%	9.3%
MSCI ACWI ex. U.S.	1.9%	4.4%	23.9%	24.2%	6.2%	7.8%	5.5%	1.4%	9.1%
MSCI EAFE	1.5%	4.1%	22.3%	24.0%	6.6%	9.0%	6.6%	1.6%	8.5%
MSCI EAFE Growth	2.3%	4.8%	25.7%	24.1%	8.0%	9.7%	7.2%	2.3%	8.3%
MSCI EAFE Value	0.8%	3.3%	19.2%	23.9%	5.1%	8.3%	5.8%	0.8%	8.6%
MSCI EAFE Small Cap	1.7%	5.5%	28.0%	28.0%	12.9%	13.4%	10.0%	4.5%	12.4%
MSCI Emerging Markets	3.5%	5.5%	32.6%	26.9%	6.1%	5.2%	3.0%	0.9%	12.6%
<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	(1.0%)	(1.2%)	2.7%	5.7%	6.1%	9.7%	10.5%	5.6%	11.1%
S&P Developed World Property ex-US	0.6%	1.1%	16.1%	13.0%	5.2%	7.1%	7.0%	1.2%	10.5%
S&P Developed World Property	(0.3%)	(0.1%)	8.7%	8.9%	5.3%	8.1%	8.4%	2.8%	10.5%
Bloomberg Commodity Total Return	2.1%	2.4%	(0.8%)	2.3%	(9.5%)	(9.4%)	(7.2%)	(6.9%)	(0.1%)
Alerian MLP	(4.1%)	(8.2%)	(9.5%)	(3.4%)	(12.8%)	(1.5%)	2.6%	5.3%	10.7%

Source: Morningstar