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WEALTH AND TRUST ADVISORS

APRIL 2020

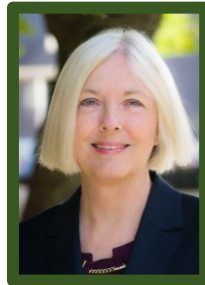
MARKET COMMENTARY & QUARTERLY MARKET REVIEW



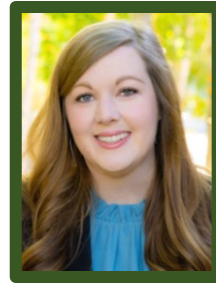
**CARL A.
JOHNSON**



**HAZEL E.
HENSEL**



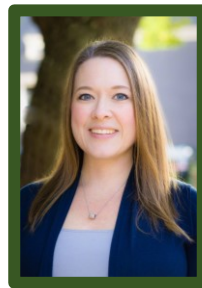
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Market Commentary: April 2020

Right now, I can think of no better words to write at the beginning of this commentary than to tell you that among our families, your Grove Street Fiduciary team, and you, our clients, we have not learned of anyone diagnosed with COVID-19. For that, we are incredibly thankful! At the same time, we know that many are impacted in other ways, including being socially isolated, losing income from work/business, enduring the challenges of working remotely, or in the case of our frontline healthcare friends, risking their lives every day working longer, more difficult hours than usual. *From those of you who are lonely and isolated to those who are working overtime, your courage and temerity are inspiring!* For our part, we really miss seeing you in person and look forward to returning to normal, whatever that looks like.

Even as there are discussions of the diminishing threat of the virus, economies restarting, and lockdowns being lifted, you may feel like you are “all stressed up with nowhere to go.” This is certainly a strange and isolating experience, and many of us will emerge describing it as life changing. We are living history in a global pandemic and national lockdown; there is no playbook for what we are doing. Although every recession is unique, the speed with which this one has developed and its cause, a pandemic, has no benchmark. And of course, we do not know if the market low is already behind us or is still ahead. Before I go much further, let’s review the figures below.



It is an understatement to say that the quarterly performance shown above (also found on page 2 of the Quarterly Market Review) stands in sharp contrast to last quarter. Double-digit returns for any quarter are historic, let alone in the negative direction. No stock asset classes were spared; the Dow, S&P 500, and Nasdaq all lost at least one-quarter of their value since closing at record highs in February. In the case of the S&P 500, it took only 23 days to fall 34%. There were moments of relief, but these were also historic. In particular, on March 24th the Dow recorded its biggest point and percentage gain since 1933, closing up 11.4%, or 2,113 points. Meanwhile, businesses cut output and jobs at the fastest pace since the 2008 global financial crisis. Only China saw a slight rebound in activity as its economy restarted, having been the first hit. Bonds were the only assets that provided breathing room, proving yet

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again their importance to stabilizing your portfolio and securing your short-term income needs.

Even if the stock market low is behind us, which is far from certain, the economic pain and unemployment figures are expected to worsen in the next few months, so brace yourself. Knowing that over the past 60 years it has taken an average of about two years for markets to recover from a recession's low to its previous peak, *we expect this one to be average or end even sooner.* For our part, we have made sure that you are in a financially strong position to make wise decisions. In advance of the recession, we braced your portfolio to provide flexibility that we are using now and will continue to use over the next few quarters. Based on your personal circumstances, we are working to capture every opportunity, from rebalancing bonds to low-priced stocks and performing Roth conversions, to ensuring you benefit from provisions of the recently passed legislation.

Though pessimism can somehow feel closer to realism at times like this, when it comes to investments, the unfashionable optimist is not necessarily naive, foolish, or unseasoned. Historical evidence favors that view. In the same way we are seeing the creativity and irrepressible good that people are making out of this unprecedented adversity today, capital markets are doing the same. Businesses will continue to innovate, solve problems, make life easier and more enjoyable, and as a result, grow – and so will your portfolio, albeit in an unpredictable and highly irregular manner.

If you have a moment in your lockdown, I recommend this encouraging 9 minute TED Talk video, "Embrace the Shake." Enjoy. There is nothing about the stock market in it.

https://www.ted.com/talks/phil_hansen_embrace_the_shake

We hope you remain healthy and safe. Please let us know how we can help and as ever, thank you for your trust.

"People often overestimate what will happen in the next two years, and underestimate what will happen in the next ten." – Bill Gates

Best regards,



Carl Amos Johnson, MBA, CFP®, AIF®

April 20, 2020

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Q1

Quarterly Market Review

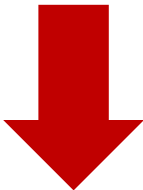
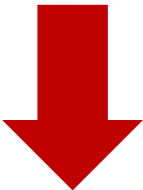
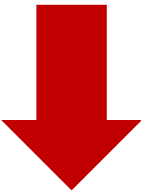



First Quarter 2020

Quarterly Market Summary

Index Returns



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	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate		US Bond Market	Global Bond Market ex US
1Q 2020	STOCKS					BONDS	
	-20.90% 	-23.26% 	-23.60% 	-29.02% 		3.15% 	0.51% 
Since Jan. 2001							
Avg. Quarterly Return	1.8%	1.2%	2.5%	2.2%		1.2%	1.1%
Best Quarter	16.8%	25.9%	34.7%	32.3%		4.6%	4.6%
	2009 Q2	2009 Q2	2009 Q2	2009 Q3		2001 Q3	2008 Q4
Worst Quarter	-22.8%	-23.3%	-27.6%	-36.1%		-3.0%	-2.7%
	2008 Q4	2020 Q1	2008 Q4	2008 Q4		2016 Q4	2015 Q2

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index [net div.]), US Bond Market (Bloomberg Barclays US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Barclays Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2020 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2020, all rights reserved. Bloomberg Barclays data provided by Bloomberg.

Long-Term Market Summary

Index Returns

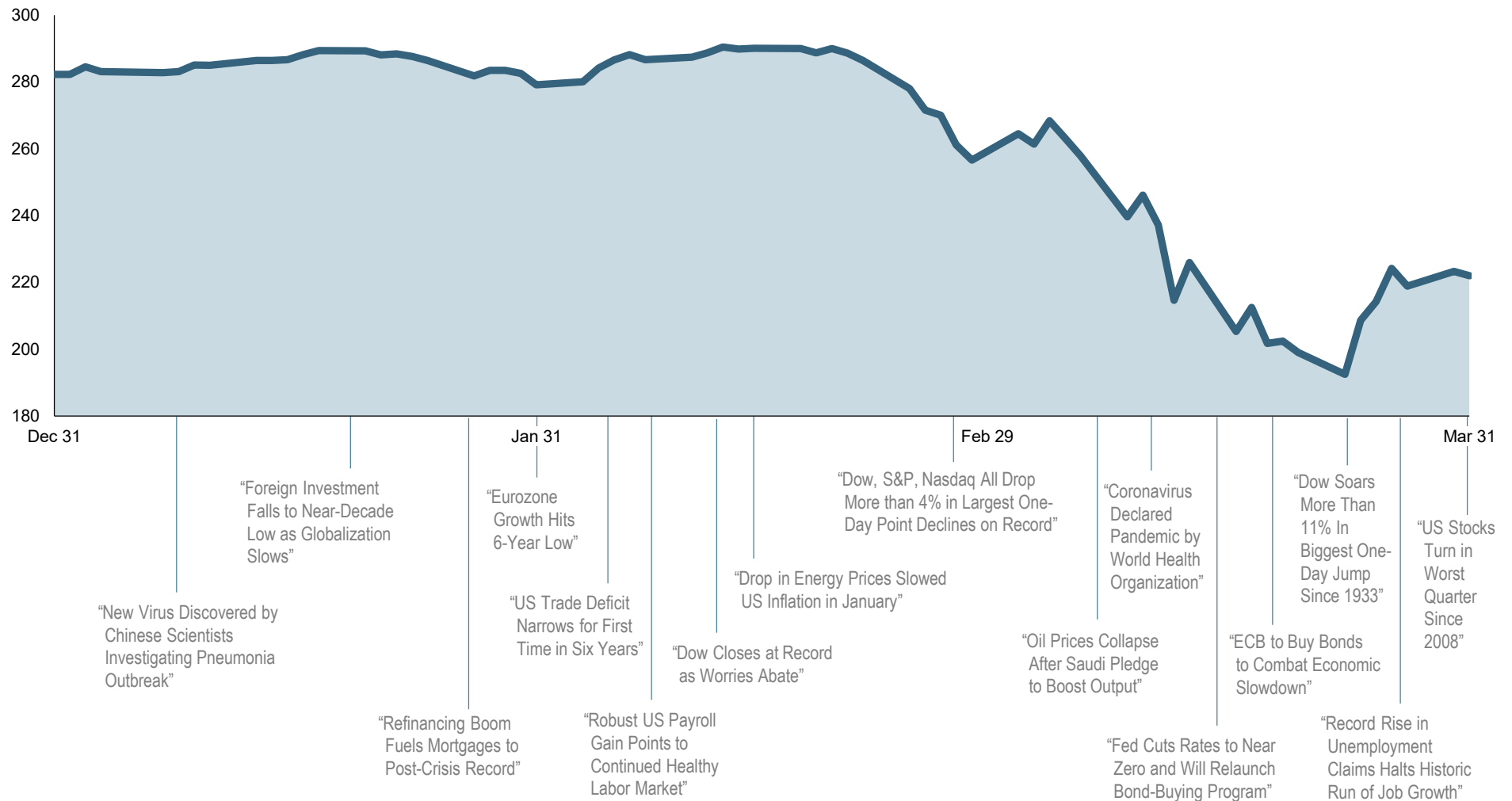


	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1 Year	STOCKS				BONDS	
	-9.13% 	-14.89% 	-17.69% 	-23.39% 	8.93% 	5.01%
5 Years	5.77% 	-0.76% 	-0.37% 	-2.14% 	3.36% 	3.56%
10 Years	10.15% 	2.43% 	0.68% 	5.12% 	3.88% 	4.17%

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World Stock Market Performance

MSCI All Country World Index with selected headlines from Q1 2020



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

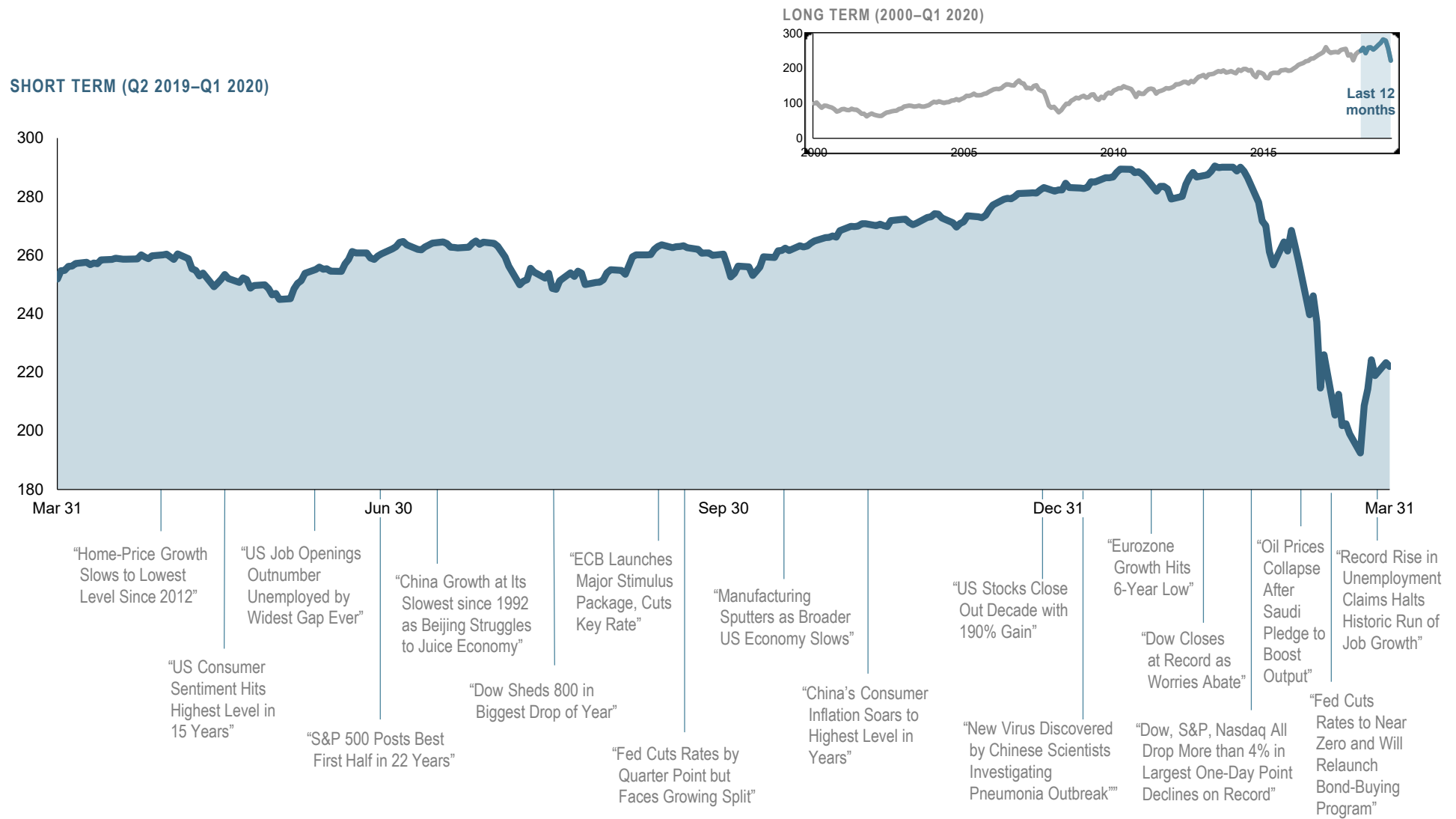
Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2020, all rights reserved.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**



World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2020, all rights reserved.

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US Stocks

First Quarter 2020 Index Returns

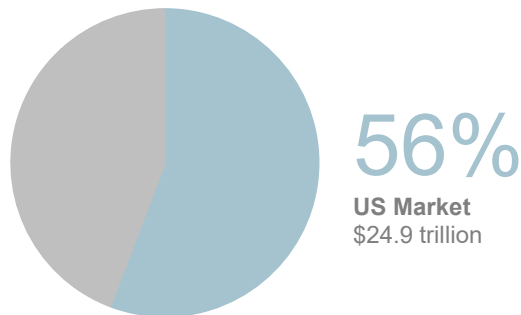
The US equity market posted negative returns for the quarter but on a broad index level outperformed non-US developed markets and emerging markets.

Value underperformed growth in the US across large and small cap stocks.

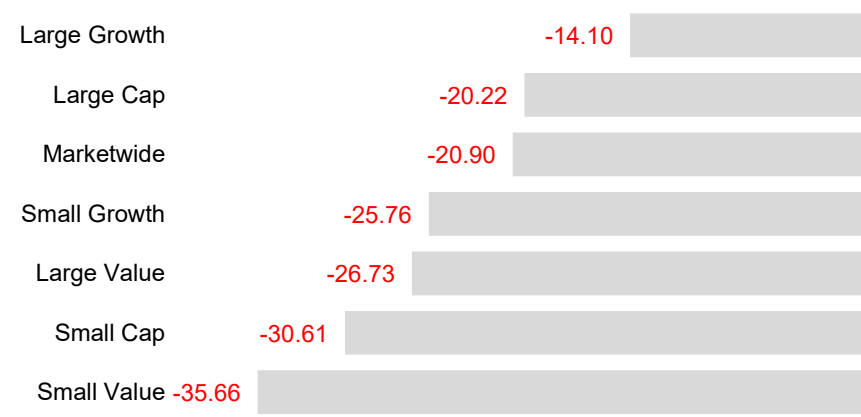
Small caps underperformed large caps in the US.

REIT indices underperformed equity market indices.

World Market Capitalization—US



Ranked Returns (%)



Period Returns (%)

Asset Class	YTD	1 Year	* Annualized		
			3 Years*	5 Years*	10 Years*
Large Growth	-14.10	0.91	11.32	10.36	12.97
Large Cap	-20.22	-8.03	4.64	6.22	10.39
Marketwide	-20.90	-9.13	4.00	5.77	10.15
Small Growth	-25.76	-18.58	0.10	1.70	8.89
Large Value	-26.73	-17.17	-2.18	1.90	7.67
Small Cap	-30.61	-23.99	-4.64	-0.25	6.90
Small Value	-35.66	-29.64	-9.51	-2.42	4.79

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Cap Value (Russell 1000 Value Index), Large Cap Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Cap Value (Russell 2000 Value Index), and Small Cap Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Dow Jones US Select REIT Index used as proxy for the US REIT market. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2020, all rights reserved.



International Developed Stocks

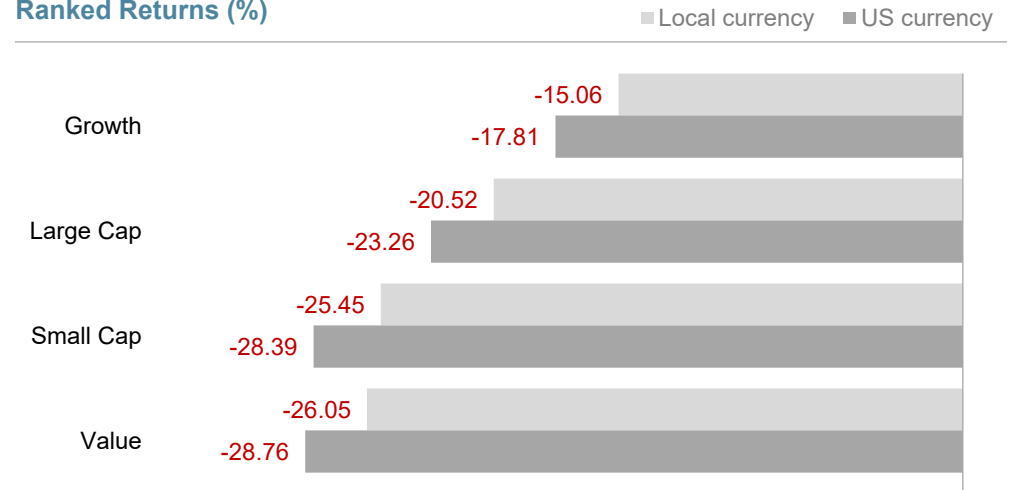
First Quarter 2020 Index Returns

Developed markets outside the US underperformed the US equity market but outperformed emerging markets equities during the quarter.

Small caps underperformed large caps in non-US developed markets.

Value underperformed growth across large and small cap stocks.

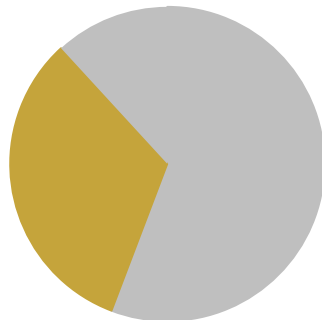
Ranked Returns (%)



World Market Capitalization—International Developed

32%

International Developed Market
\$14.4 trillion



Period Returns (%)

* Annualized

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Growth	-17.81	-6.47	2.55	2.05	4.25
Large Cap	-23.26	-14.89	-2.07	-0.76	2.43
Small Cap	-28.39	-19.04	-3.60	0.39	3.95
Value	-28.76	-23.16	-6.74	-3.70	0.51

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Emerging Markets Stocks

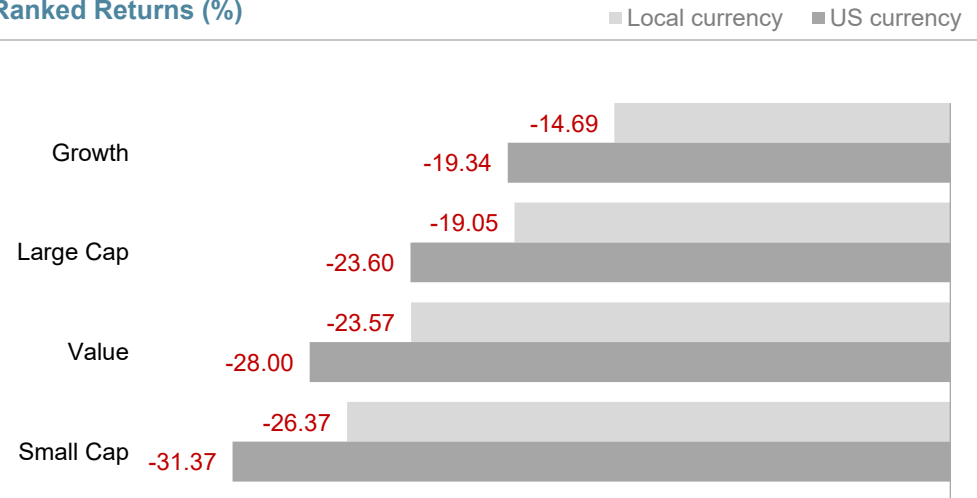
First Quarter 2020 Index Returns

Emerging markets underperformed developed markets, including the US, for the quarter.

Value stocks underperformed growth stocks.

Small caps underperformed large caps.

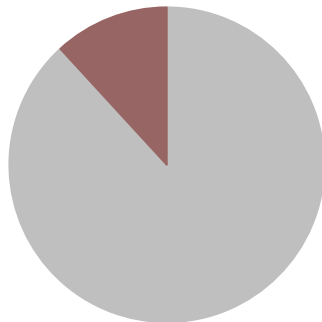
Ranked Returns (%)



World Market Capitalization—Emerging Markets

12%

Emerging Markets
\$5.3 trillion



Period Returns (%)

* Annualized

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Growth	-19.34	-9.94	2.39	2.13	2.71
Large Cap	-23.60	-17.69	-1.62	-0.37	0.68
Value	-28.00	-25.26	-5.78	-3.00	-1.45
Small Cap	-31.37	-28.98	-9.64	-5.17	-1.34

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Large Cap (MSCI Emerging Markets Index), Small Cap (MSCI Emerging Markets Small Cap Index), Value (MSCI Emerging Markets Value Index), and Growth (MSCI Emerging Markets Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI Emerging Markets IMI Index used as the proxy for the emerging market portion of the market. MSCI data © MSCI 2020, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

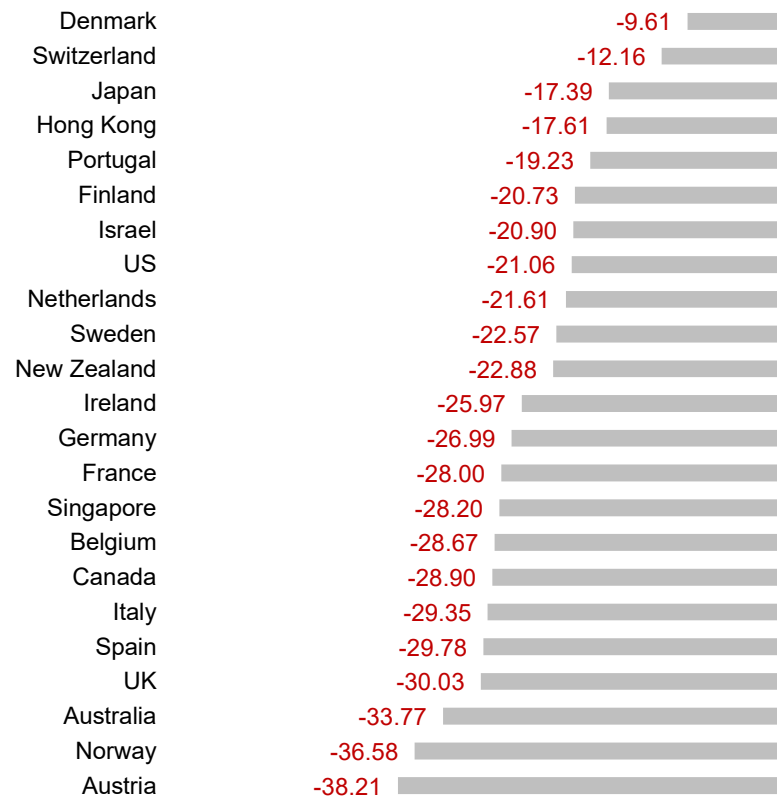


Select Market Performance

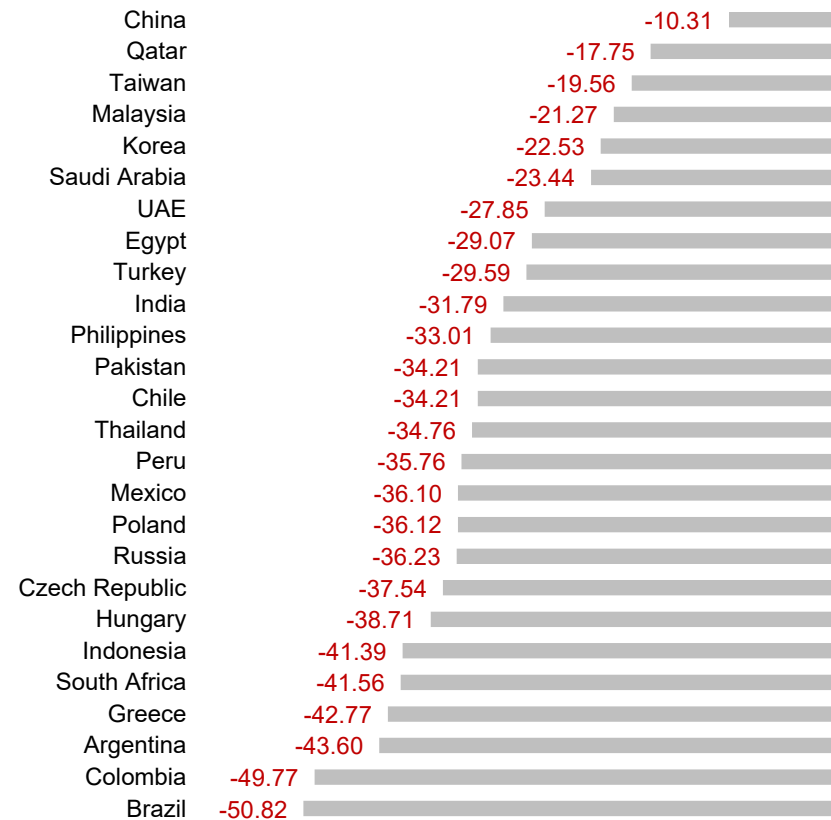
First Quarter 2020 Index Returns

In US dollar terms, Denmark and Switzerland recorded the highest country performance in developed markets, while Austria and Norway posted the lowest returns for the quarter. In emerging markets, China and Qatar recorded the highest country performance, while Brazil and Colombia posted the lowest performance.

Ranked Developed Markets Returns (%)



Ranked Emerging Markets Returns (%)



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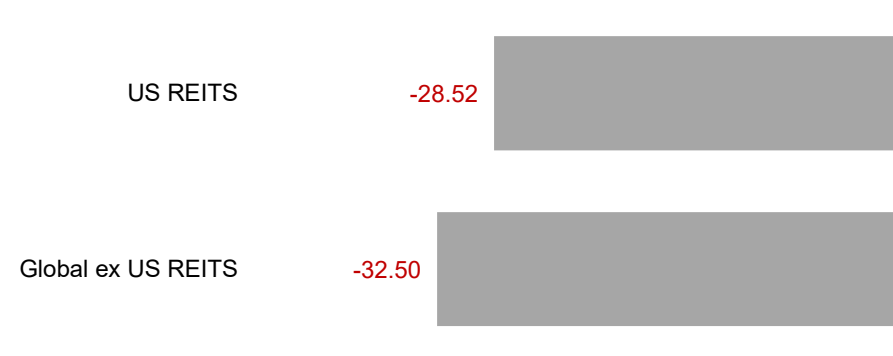


Real Estate Investment Trusts (REITs)

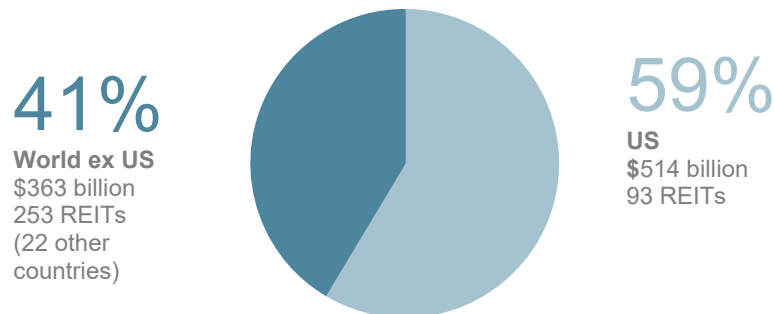
First Quarter 2020 Index Returns

US real estate investment trusts outperformed non-US REITs in US dollar terms during the quarter.

Ranked Returns (%)



Total Value of REIT Stocks



Period Returns (%)

* Annualized

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
US REITS	-28.52	-23.96	-4.28	-1.42	6.88
Global ex US REITS	-32.50	-25.34	-4.83	-2.76	3.61

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2020 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Commodities

First Quarter 2020 Index Returns



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The Bloomberg Commodity Index Total Return decreased 23.29% for the first quarter.

Unleaded gas and WTI crude oil were the worst performers, declining by 68.20% and 66.63%, respectively.

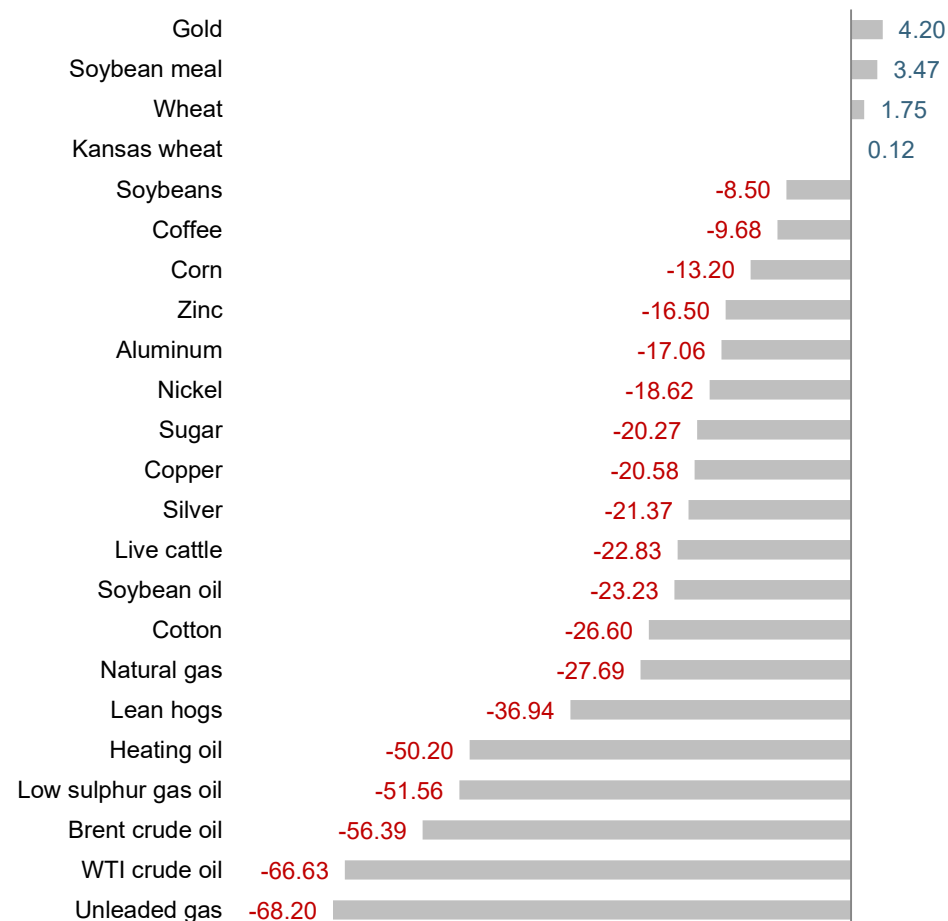
Gold and soybean meal led quarterly performance, returning 4.20% and 3.47%, respectively.

Period Returns (%)

* Annualized

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
Commodities	-23.29	-22.31	-8.61	-7.76	-6.74

Ranked Returns (%)



Fixed Income

First Quarter 2020 Index Returns

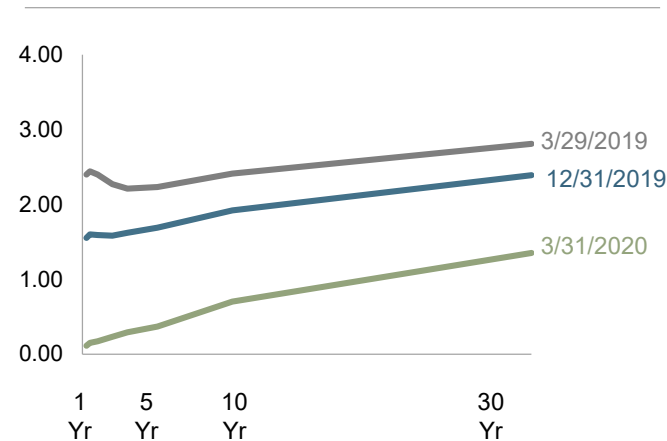
Interest rates decreased in the US treasury market in the first quarter. The yield on the 5-year Treasury note decreased by 132 basis points (bps), ending at 0.37%. The yield on the 10-year note decreased by 122 bps to 0.70%. The 30-year Treasury bond yield decreased 104 bps to 1.35%.

On the short end of the yield curve, the 1-month Treasury bill yield decreased to 0.05%, while the 1-year Treasury bill yield decreased by 142 bps to 0.17%. The 2-year note finished at 0.23% after a decrease of 135 bps.

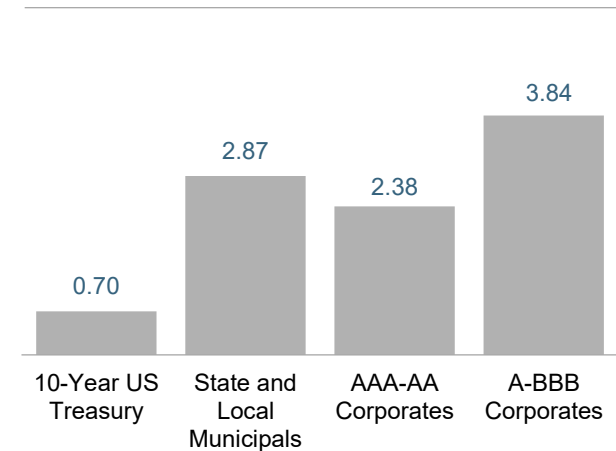
In terms of total returns, short-term corporate bonds declined 2.19%. Intermediate-term corporate bonds declined 3.15%.

The total return for short-term municipal bonds was -0.51%, while intermediate-term municipal bonds returned -0.82%. General obligation bonds outperformed revenue bonds.

US Treasury Yield Curve (%)



Bond Yield across Issuers (%)



Period Returns (%)

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
					*Annualized
Bloomberg Barclays US Government Bond Index Long	20.63	32.28	13.30	7.32	8.89
Bloomberg Barclays US Aggregate Bond Index	3.15	8.93	4.82	3.36	3.88
FTSE World Government Bond Index 1-5 Years (hedged to USD)	2.25	4.98	3.03	2.24	2.00
ICE BofA 1-Year US Treasury Note Index	1.72	3.85	2.31	1.57	0.98
Bloomberg Barclays US TIPS Index	1.69	6.85	3.46	2.67	3.48
FTSE World Government Bond Index 1-5 Years	0.69	2.79	2.12	1.55	0.40
ICE BofA US 3-Month Treasury Bill Index	0.57	2.25	1.83	1.19	0.64
Bloomberg Barclays Municipal Bond Index	-0.63	3.85	3.96	3.19	4.15
Bloomberg Barclays US High Yield Corporate Bond Index	-12.68	-6.94	0.77	2.78	5.64

One basis point (bps) equals 0.01%. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the Bank of America Merrill Lynch US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg Barclays data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (S&BBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2020 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2020 ICE Data Indices, LLC. S&P data © 2020 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

The Coronavirus and Market Declines

First Quarter 2020



The world is watching with concern the spread of the new coronavirus. The uncertainty is being felt around the globe, and it is unsettling on a human level as well as from the perspective of how markets respond.

At Dimensional, it is a fundamental principle that markets are designed to handle uncertainty, processing information in real-time as it becomes available. We see this happening when markets decline sharply, as they have recently, as well as when they rise. Such declines can be distressing to any investor, but they are also a demonstration that the market is functioning as we would expect.

Market declines can occur when investors are forced to reassess expectations for the future. The expansion of the outbreak is causing worry among governments, companies, and individuals about the impact on the global economy. Apple announced earlier this month that it expected revenue to take a hit from problems making and selling products in China.¹ Australia's prime minister has said the virus will likely become a global pandemic,² and other officials there warned of a serious blow to the country's economy.³ Airlines are preparing for the toll it will take on travel⁴. And these are just a few examples of how the impact of the coronavirus is being assessed.

The market is clearly responding to new information as it becomes known, but the market is pricing in unknowns, too. As risk increases during a time of heightened uncertainty, so do the returns investors demand for bearing that risk, which pushes prices lower. Our investing approach is based on the principle that prices are set to deliver positive future expected returns for holding risky assets.

We can't tell you when things will turn or by how much, but our expectation is that bearing today's risk will be compensated with positive expected returns. That's been a lesson of past health crises, such as the Ebola and swine-flu outbreaks earlier this century, and of market disruptions, such as the global financial crisis of 2008–2009. Additionally, history has shown no reliable way to identify a market peak or bottom. These beliefs argue against making market moves based on fear or speculation, even as difficult and traumatic events transpire.

Dimensional also stands behind the important role financial professionals play in helping investors develop a long-term plan they can stick with in a variety of conditions. Financial professionals are trained to consider a wide range of possible outcomes, both good and bad, when helping an investor establish an asset allocation and plan. Those preparations include the possibility, even the inevitability, of a downturn. Amid the anxiety that accompanies developments surrounding the coronavirus, decades of financial science and long-term investing principles remain a strong guide.

1. Apple, February 17 press release. <https://www.apple.com/newsroom/2020/02/investor-update-on-quarterly-guidance/>

2. Ben Doherty and Katharine Murphy, "Australia Declares Coronavirus Will Become a Pandemic as It Extends China Travel Ban," *The Guardian*, February 27, 2020. <https://www.theguardian.com/world/2020/feb/27/australia-declares-coronavirus-will-become-a-pandemic-as-it-extends-china-travel-ban>

3. Ben Butler, "Coronavirus Threatens Australian Economy Reeling from Drought and Fires," *The Guardian*, February 5, 2020. <https://www.theguardian.com/business/2020/feb/05/coronavirus-threatens-australian-economy-reeling-from-drought-and-fires>; Ed Johnson, "Australia Says Economy to Take 'Significant' Hit from Virus," *Bloomberg*, February 5, 2020. <https://www.bloomberg.com/news/articles/2020-02-05/australia-says-economy-to-take-significant-hit-from-virus>

4. Alistair MacDonald and William Boston, "Global Airlines Brace for Coronavirus Impact," *Wall Street Journal*, February 26, 2020. <https://www.wsj.com/articles/germanys-lufthansa-makes-cuts-as-it-braces-for-coronavirus-impact-11582712819>