ALESCO ADVISORS

The Communis Fund

Investment Review

As of 09/30/2019

ALESCO ADVISORS

Communis Fund of the Diocese of Rochester

As of 09/30/2019

Portfolio Activity and Performance

Activity	FYTD ($) (7/1/19-9/30/19)	CYTD ($) (1/1/19-9/30/19)	3 Years ($) (10/1/16-9/30/19)	5 Years ($) (10/1/14-9/30/19)	Since Inception ($) (2/4/13-9/30/19)
Value at Beginning of Period	**279,102,090.30**	**250,490,820.07**	**105,279,232.91**	**85,894,080.51**	**64,775,961.66**
Contributions	3,146,632.32	10,571,337.92	163,082,639.98	187,234,084.77	202,173,457.20
Withdrawals	-4,523,507.46	-13,787,827.33	-43,121,105.10	-54,769,849.69	-61,647,984.83
Income Received	1,323,205.28	4,238,311.00	21,672,997.67	26,412,693.08	29,192,369.48
Capital Gain/Loss	-191,424.79	27,344,354.00	31,943,230.19	34,085,986.99	44,363,192.14
Value at End of Period	**278,856,995.66**	**278,856,995.66**	**278,856,995.66**	**278,856,995.66**	**278,856,995.66**
Total Investment Gain after Fees	**1,131,780.49**	**31,582,665.00**	**53,616,227.86**	**60,498,680.07**	**73,555,561.62**
Performance					
Portfolio Return	**0.4%**	**12.7%**	**7.1%**	**5.7%**	**7.0%**
Weighted Benchmark[1]	0.8%	14.7%	8.2%	6.4%	7.6%
Consolidated Portfolio Return	**0.4%**	**12.7%**	**7.3%[2]**	**5.6%[2]**	**6.8%[2]**

Portfolio performance is net of fees. Performance for periods greater than twelve months are annualized.

[1]Weighted Benchmark is currently comprised of: 46.2% Russell 3000 / 19.8% MSCI ACW ex. U.S. / 11.0% Real Return / 23.0% Bloomberg Barclays Aggregate.

[2]Includes the performance of investment managers external of Alesco Advisors.

Performance

	FYTD (7/1/19-9/30/19)	CYTD (1/1/19-9/30/19)	3 Years (10/1/16-9/30/19)	5 Years (10/1/14-9/30/19)	Since Inception (2/4/13-9/30/19)
EQUITIES	**-0.2%**	**15.3%**	**9.6%**	**7.9%**	**10.0%**
Equity Blended Benchmark[1]	0.3%	17.5%	10.9%	8.6%	10.7%
S&P 500	1.7%	20.6%	13.4%	10.8%	13.2%
S&P 400	-0.1%	17.9%	9.4%	8.9%	10.7%
Russell 2000	-2.4%	14.2%	8.2%	8.2%	9.7%
Russell 3000	1.2%	20.1%	12.8%	10.4%	12.8%
MSCI EAFE	-1.1%	12.8%	6.5%	3.3%	4.7%
MSCI Emerging Markets	-4.2%	5.9%	6.0%	2.3%	1.4%
MSCI AC World ex U.S.	-1.8%	11.6%	6.3%	2.9%	3.8%
FIXED INCOME	**2.5%**	**8.0%**	**3.1%**	**3.2%**	**2.8%**
Bloomberg Barclays Aggregate	2.3%	8.5%	2.9%	3.4%	2.9%
REAL RETURN ASSETS	**0.4%**	**9.3%**	**3.0%**	**-0.8%**	**-0.3%**
Real Return Blended Benchmark[2]	0.3%	9.5%	2.7%	-1.4%	-1.4%
Barclays U.S. TIPS	1.3%	7.6%	2.2%	2.4%	1.1%
Credit Suisse Commodity	-3.3%	9.6%	3.0%	-7.9%	-7.5%
Dow Jones U.S. REIT	6.8%	24.6%	6.5%	9.7%	9.0%
Dow Jones Global ex U.S. Real Estate	2.6%	14.4%	4.1%	3.8%	4.0%
TOTAL PORTFOLIO	**0.4%**	**12.7%**	**7.1%**	**5.7%**	**7.0%**

Total portfolio performance is net of fees. Performance returns for periods greater than twelve months are annualized.

[1]Equity Blended Benchmark is currently comprised of: 70% Russell 3000 / 30% MSCI ACW ex. U.S.

[2]Real Return Blended Benchmark is currently comprised of: 18.2% DJ Global Real Estate / 27.3% CS Commodity / 54.5% Bloomberg Barclays TIPS

Fund Detail

	Expense Ratio	Category Average Expense Ratio	TRAILING RETURNS					
			Quarter	YTD	1-Year	3-Year	5-Year	10-Year
Equities								
Vanguard Institutional Index I (VINIX)	**0.04**	**0.95**	**1.69**	**20.54**	**4.23**	**13.36**	**10.81**	**13.22**
S&P 500 TR USD			1.70	20.55	4.25	13.39	10.84	13.24
iShares Core S&P 500 ETF (IVV)	**0.04**	**0.95**	**1.69**	**20.53**	**4.22**	**13.36**	**10.79**	**13.17**
S&P 500 TR USD			1.70	20.55	4.25	13.39	10.84	13.24
DFA US Large Cap Value I (DFLVX)	**0.27**	**1.00**	**0.71**	**15.03**	**-1.91**	**9.51**	**7.33**	**12.19**
Russell 1000 Value TR USD			1.36	17.81	4.00	9.43	7.79	11.46
iShares Core S&P Mid-Cap ETF (IJH)	**0.07**	**1.07**	**-0.09**	**17.83**	**-2.55**	**9.32**	**8.82**	**12.45**
S&P MidCap 400 TR			-0.09	17.87	-2.49	9.38	8.88	12.56
iShares S&P Mid-Cap 400 Value ETF (IJJ)	**0.25**	**1.10**	**0.38**	**17.18**	**-2.68**	**8.19**	**7.73**	**11.71**
S&P MidCap 400 Value TR USD			0.44	17.39	-2.44	8.45	7.96	11.95
iShares Core S&P Small-Cap ETF (IJR)	**0.07**	**1.14**	**-0.20**	**13.45**	**-9.35**	**9.32**	**9.87**	**12.97**
S&P SmallCap 600 TR USD			-0.20	13.46	-9.34	9.33	9.89	13.02
Bridgeway Ultra-Small Company Market (BRSIX)	**0.86**	**1.14**	**-3.26**	**7.44**	**-19.84**	**3.00**	**3.92**	**9.40**
Russell Micro Cap			-5.45	7.92	-15.98	5.32	6.15	9.81
iShares Core MSCI EAFE ETF (IEFA)	**0.07**	**1.02**	**-0.94**	**12.94**	**-1.78**	**6.63**	**3.82**	**-**
MSCI EAFE IMI NR USD			-0.98	12.70	-2.02	6.40	3.63	5.22
DFA International Value I (DFIVX)	**0.43**	**1.14**	**-2.52**	**7.28**	**-8.41**	**5.46**	**1.41**	**3.35**
MSCI World Ex USA Value			-1.44	8.79	-4.31	5.38	1.01	3.37
DFA International Small Company I (DFISX)	**0.53**	**1.30**	**-1.48**	**10.65**	**-7.65**	**4.39**	**4.50**	**6.89**
MSCI World Ex USA Small Cap NR USD			-0.27	12.58	-5.62	5.54	5.14	6.93
iShares Core MSCI Emerging Markets ETF (IEMG)	**0.14**	**1.35**	**-4.28**	**5.34**	**-2.39**	**5.49**	**2.12**	**-**
MSCI EM IMI NR USD			-4.28	5.43	-2.41	5.41	2.03	3.36
DFA Emerging Markets Value I (DFEVX)	**0.54**	**1.35**	**-6.98**	**-0.05**	**-7.21**	**5.26**	**1.43**	**2.21**
MSCI EM Value			-6.48	1.84	-5.03	4.81	0.38	1.92

Source: Morningstar. Returns for periods over one year are annualized. Category expense ratio uses average mutual fund in category assigned by Morningstar.

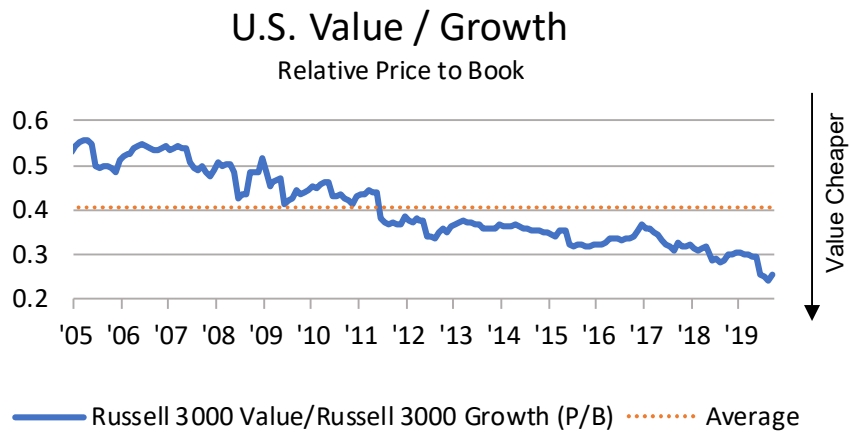
Fund Detail

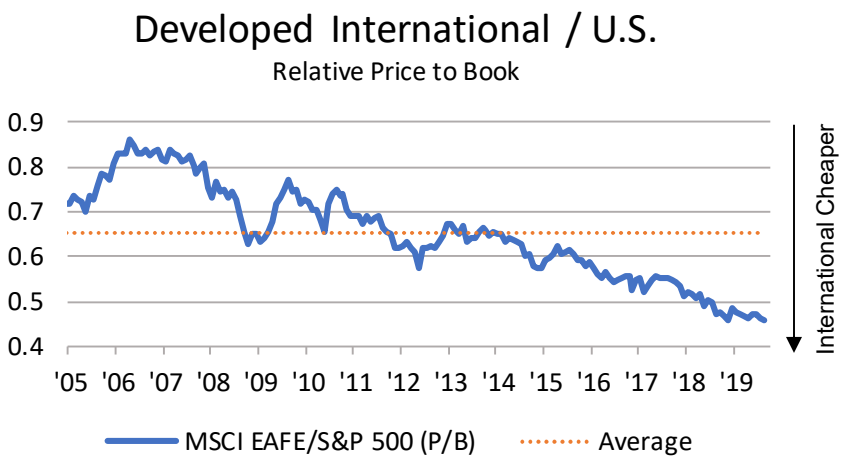
	Expense Ratio	Category Average Expense Ratio	TRAILING RETURNS					
			Quarter	YTD	1-Year	3-Year	5-Year	10-Year
Fixed Income								
Vanguard Total Bond Market Index I (VBTIX)	**0.04**	**0.67**	**2.43**	**8.70**	**10.45**	**2.91**	**3.36**	**3.71**
Bloomberg Barclays US Agg Float Adj TR USD			2.33	8.72	10.44	2.96	3.40	3.79
Vanguard Short-Term Treasury Idx Instl (VSBIX)	**0.05**	**0.73**	**0.61**	**3.03**	**4.37**	**1.49**	**1.29**	**-**
Bloomberg Barclays 1-3 Yr US Treasury TR USD			0.58	3.07	4.43	1.52	1.33	1.18
SPDR® Blmbg Barclays Inv Grd Flt Rt ETF (FLRN)	**0.15**	**0.50**	**0.74**	**3.06**	**2.83**	**2.34**	**1.64**	**-**
Bloomberg Barclays USFRN 5- Yr TR USD			0.78	3.21	3.08	2.55	1.83	1.64
Real Return Assets								
Schwab US REIT ETF™ (SCHH)	**0.07**	**1.21**	**6.80**	**24.56**	**16.34**	**6.39**	**9.59**	**-**
DJ US Select REIT TR USD			6.83	24.64	16.41	6.48	9.70	12.69
Vanguard Global ex-US Real Est ETF (VNQI)	**0.12**	**1.26**	**0.15**	**13.41**	**8.60**	**6.08**	**5.59**	**-**
S&P Global Ex US Property NR USD			0.10	13.23	8.46	5.86	5.16	6.62
PIMCO CommoditiesPLUS® Strategy Instl (PCLIX)	**0.81**	**1.28**	**-4.00**	**9.41**	**-12.61**	**4.06**	**-6.50**	**-**
Credit Suisse Commodity Benchmark TR USD			-3.26	9.61	-11.03	2.97	-7.85	-2.56
Vanguard Inflation-Protected Secs I (VIPIX)	**0.07**	**0.75**	**1.45**	**7.63**	**7.13**	**2.07**	**2.41**	**3.43**
Bloomberg Barclays US Treasury US TIPS TR USD			1.35	7.58	7.13	2.21	2.45	3.46
Vanguard Shrt-Term Infl-Prot Sec Idx Ins (VTSPX)	**0.04**	**0.75**	**0.40**	**3.73**	**3.48**	**1.64**	**1.25**	**-**
Bloomberg Barclays US TIPS 0-5 Year TR USD			0.32	3.67	3.44	1.65	1.27	1.71

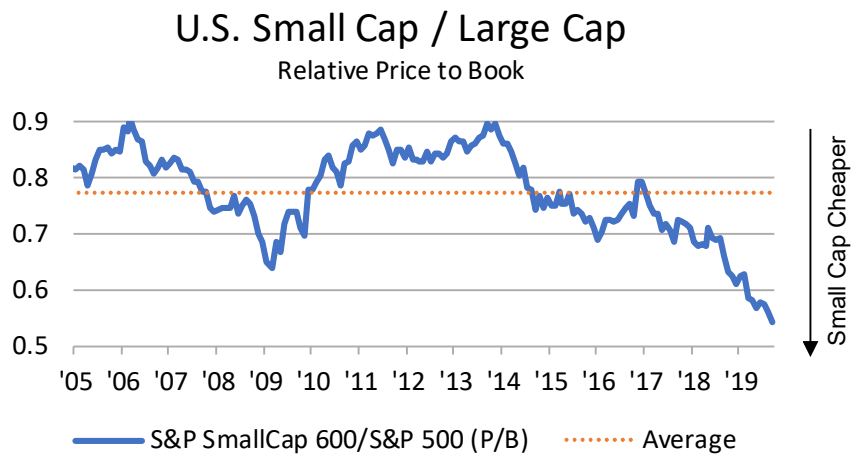
Source: Morningstar. Returns for periods over one year are annualized. Category expense ratio uses average mutual fund in category assigned by Morningstar.

Equity Market Opportunities

- **Several areas of the global equity markets are experiencing their lowest relative prices in 15 years**
  - U.S. value stocks relative to growth stocks
  - U.S. small cap stocks relative to large cap stocks
  - Developed international stocks relative to U.S. stocks





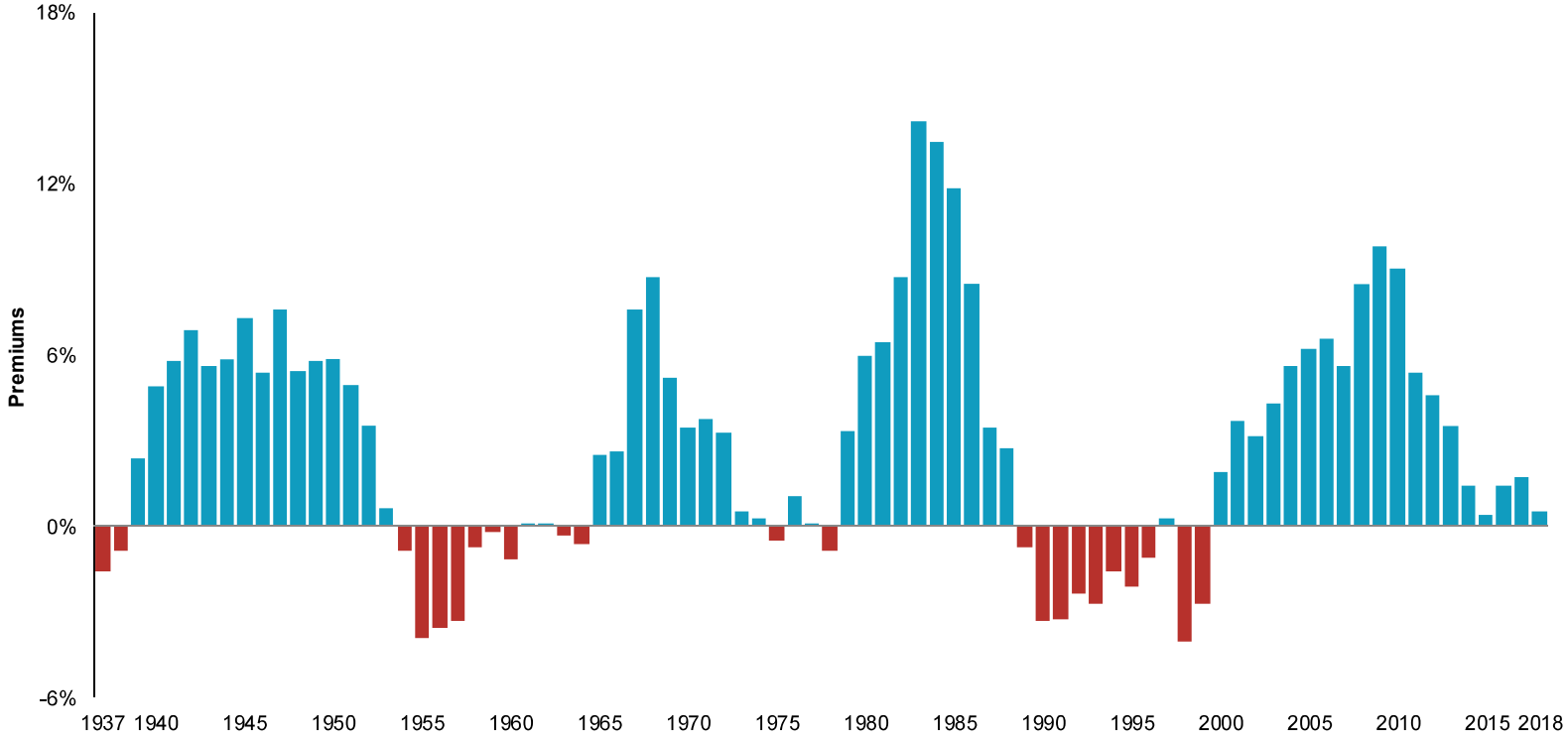


Source: Bloomberg.

Historical Observations of 10-Year Small Cap Premia

Small Cap minus Large Cap: U.S. Markets 1937-2018

- Small cap outperforms large cap in 72% of the rolling 10-year periods since 1937
- Small cap and large cap performance has diverged, when one is positive and one negative, in 16% of the calendar years since 1928
- In the year following this divergence, small cap has outperformed by an average of 6.3%

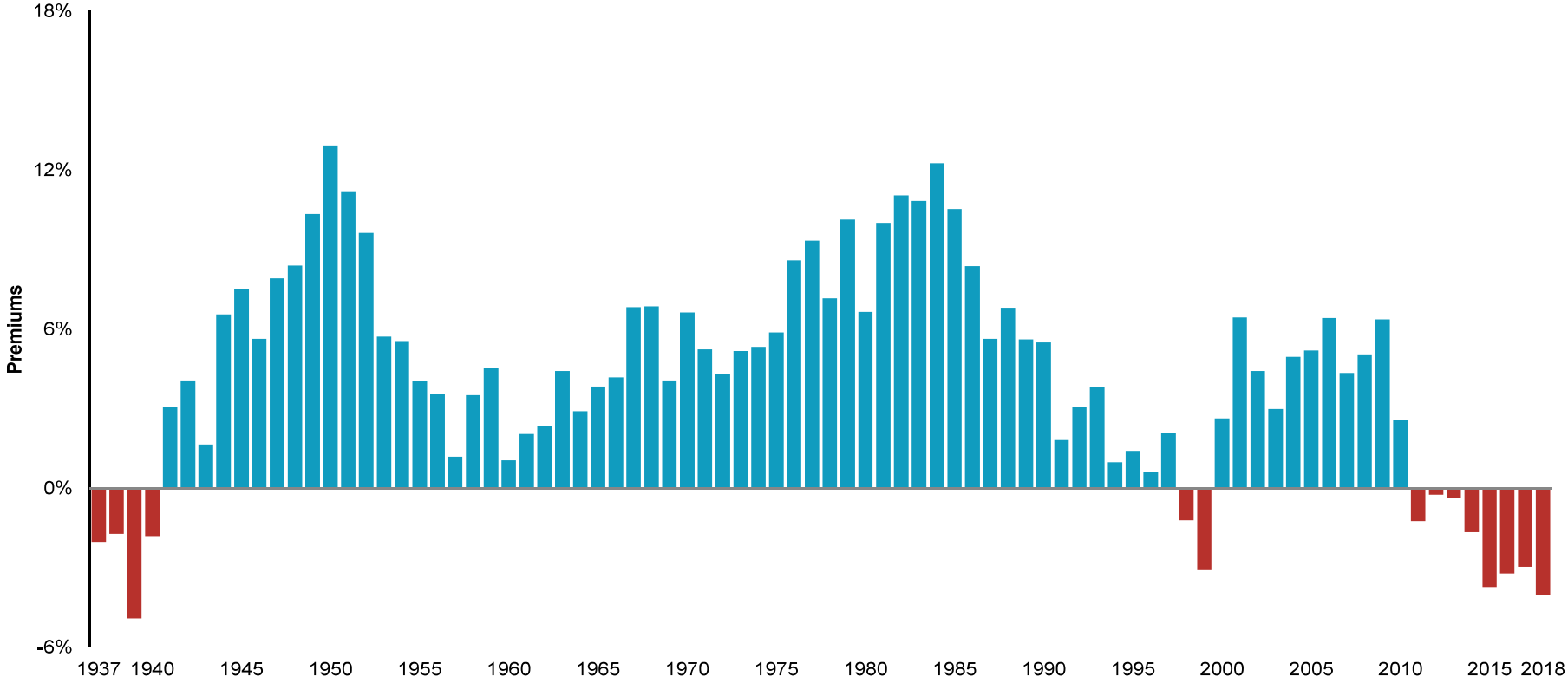


Source: Dimensional Fund Advisors. 10-year premia are calculated as the difference in annualized 10-year returns between the two indices. Dimensional U.S. Small Cap Index minus the S&P 500 Index.

Historical Observations of 10-Year Value Premia

Value minus Growth: U.S. Markets 1937-2018

- Rolling 10-year premia illustrate the overwhelming outperformance of value vs growth (67-14) over longer time periods
- Recent underperformance of value has been the longest in history, and includes 4 of the 6 worst 10-year periods

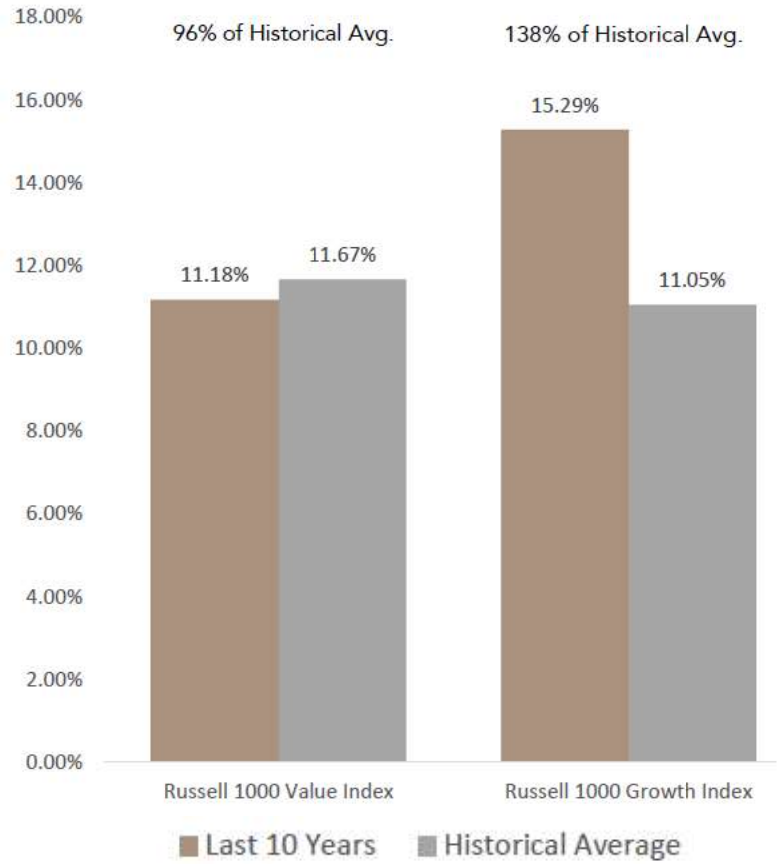


Source: Dimensional Fund Advisors. 10-year premia are calculated as the difference in annualized 10-year returns between the two indices. Value minus Growth: Fama/French U.S. Value Research minus Fama/French U.S. Growth Research Index.

Recent Premium Performance in Context

1979-2018

- **Over the past 10 years, value has only slightly underperformed its historical average, while growth has outpaced its average**



Source: Dimensional Fund Advisors.