Unitarian Universalist Common Endowment Fund

			Last Month	YTD	Last Year	Last 3 Years	Last 5 Years
	Monthly Market Commentary for April 2015						
Domestic Stocks	S&P 500		1.0%	1.9	13.0	16.7	14.3
	S&P Mid Cap 400		-1.5%	3.7	12.3	16.5	14.4
	Russell 2000		-2.6%	1.7	9.7	15.9	12.7
Domestic Bonds	Barclays Aggregate		-0.4%	1.2	4.5	2.6	4.1
	High Yield Bonds		1.2%	3.8	2.6	7.5	8.4
	91-Day T-Bills		0.0%	0.0	0.0	0.1	0.1
Non-US Stocks	MSCI EAFE (Net)		4.1%	9.2	1.7	11.2	7.4
	MSCI Emerg Mkts (Net)		7.7%	10.1	7.8	3.2	3.0
Global Bonds	Citi World Gov't		1.1%	-1.4	-5.5	-1.8	1.7

International equities surged in April, with the MSCI EAFE Index gaining 4.1%, as monetary easing policies in Europe and Japan emboldened investors. Emerging market stocks also rallied as investors embraced the likelihood that the Fed would delay raising rates in light of softening economic data at home. The MSCI EM Index returned 7.7% last month, also helped, in part, by a rebound in oil prices that stabilized export-reliant economies. In the US, the S&P 500 Index gained 1.0% while the Russell 2000 lost 2.6% amid anemic GDP growth of 0.2% in the first quarter. Despite signs of economic weakening, Treasury yields rose in April as government bonds of many developed countries sold off. The rise was especially pronounced at the long-end of the curve, with yields on the 30-year Treasury going up to 2.75% from 2.54%; yields on the 10-year Treasury were up 11 basis points at 2.05%. As a result, the Barclays Aggregate Bond Index fell 0.4%. On the other hand, the Barclays High Yield Index gained 1.2% in April as rising oil prices compressed spreads on the high-yield debt of companies in the energy sector. Higher oil prices, boosted by declining US production and the prospect of stimulus measures in China, fueled gains of 5.7% in the Bloomberg Commodity Index. Higher commodity prices also served as a tailwind for emerging market debt, especially bolstering Brazilian and Russian securities.

At NEPC, we expect monetary easing programs in Japan and especially Europe to continue to support equity markets. We also believe such efforts can provide a favorable backdrop for improvements in underlying economic and corporate fundamentals. We recommend investors employ an equally weighted approach between US and international developed equities, while maintaining a market weight in emerging markets. Though we have a positive view of international equities relative to US markets, we do recognize the prevailing political risks in Europe and the high level of uncertainty stemming from the unprecedented actions of the Bank of Japan. To this end, we suggest a partial currency hedge for developed market equity exposure and expect hedging to provide a benefit in the form of lower realized volatility to investors over the long term. We still believe the low yields of international developed bond markets do not offer an attractive return and risk profile and encourage investors with a dedicated global bond allocation to reevaluate their exposure. Lastly, we continue to favor dynamic multi-asset strategies as they benefit from the diverging monetary policies of central banks.

[Commentary courtesy of New England Pension Consultants (NEPC). UUCEF has a consultancy agreement with NEPC to assist in the oversight of investment managers and provide other advisory services to the UUCEF Investment Committee. NEPC® is an independent, full service investment consulting firm, providing asset allocation, manager search, performance evaluation and investment policy services to middle and upper market institutional investment programs.]