Unitarian Universalist Common Endowment Fund

	Monthly Market Commentary for November 2015						
			Last Month	**YTD**	**Last Year**	**Last 3 Years**	**Last 5 Years**
Domestic Stocks	S&P 500		0.3%	3.0	2.8	16.1	14.4
	S&P Mid Cap 400		1.4%	2.1	2.9	15.2	13.1
	Russell 2000		3.3%	0.6	3.5	14.9	12.0
Domestic Bonds	Barclays Aggregate		-0.3%	0.9	1.0	1.5	3.1
	High Yield Bonds		-2.2%	-2.0	-3.4	3.1	6.0
	91-Day T-Bills		0.0%	0.0	0.0	0.0	0.1
Non-US Stocks	MSCI EAFE (Net)		-1.6%	0.5	-2.9	6.6	5.5
	MSCI Emerg Mkts (Net)		-3.9%	-13.0	-17.0	-4.6	-3.1
Global Bonds	Citi World Gov't		-2.1%	-4.5	-5.1	-3.3	0.1

Global equities were subdued in November amid tempered investor sentiment on the heels of October's bounce back from third quarter losses. The S&P 500 rose 0.3% as positive economic data not only provided a supportive backdrop, but also increased the likelihood the Federal Reserve will raise rates at its December meeting. As of the end of November, the market priced in a 74% probability of a 25 basis points increase to the target Fed Funds rate. Despite continued easing measures in Europe and Japan, the MSCI EAFE declined 1.6% last month as the rising dollar pressured returns and investors awaited news of further policy action from the European Central Bank. In emerging economies, market outflows and continuing weakness in commodities spurred losses, with the MSCI EM Index falling 3.9%. The Bloomberg Commodity Index declined 7.3% and is now down 22.3% for the year.

US fixed income indices experienced losses as short- and intermediate-term rates increased, with the Barclays US Aggregate Bond Index losing 0.3%. Stress from the energy sector continued to weigh on the Barclays US Corporate High Yield Index as it fell 2.2% and its yield rose to 8.02%. Emerging market bond issues fared similarly amid sustained pressure on emerging currencies, with the JP Morgan GBI-EM Global Diversified Index falling 2.2%.

While we believe developed equities are mostly near fair value, we favor an overweight to international markets, especially in Europe, where central bank stimulus and a weaker euro provide a backdrop for earnings growth. We recognize the potential for continued volatility in emerging markets, especially given the likelihood of a Fed rate hike. That said, we believe valuations are broadly attractive and, over the long term, increased consumer demand will lead to an attractive return premium over developed market equities.

[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.]