Unitarian Universalist Common Endowment Fund

		Last Month	YTD	Last Year	Last 3 Years	Last 5 Years
	Monthly Market Commentary for April 2016					
Domestic Stocks	S&P 500	0.4%	1.7	1.2	11.3	11.0
	S&P Mid Cap 400	1.2%	5.1	-0.9	9.7	9.2
	Russell 2000	1.6%	0.0	-5.9	7.5	7.0
Domestic Bonds	Barclays Aggregate	0.4%	3.4	2.7	2.3	3.6
	High Yield Bonds	3.9%	7.4	-1.1	2.5	5.4
	91-Day T-Bills	0.0%	0.1	0.1	0.1	0.1
Non-US Stocks	MSCI EAFE (Net)	2.9%	-0.2	-9.3	1.5	1.7
	MSCI Emerg Mkts (Net)	0.5%	6.3	-17.9	-4.6	-4.6
Global Bonds	Citi World Gov't	1.3%	8.4	6.1	0.6	0.8

Global markets were calmer in April following a volatile first quarter amid easing concerns of a sharp economic slowdown in China and as the Federal Reserve reconfirmed a gradual pace to increasing interest rates. The S&P 500 gained 0.4% while emerging market equities returned 0.5%. Non-US developed equity markets led the way with the MSCI EAFE Index returning 2.9%, as appreciation in the euro and yen represented the bulk of returns for the index. Global bonds also benefited from a weaker dollar; the Citigroup WGBI increased 1.3% despite government bond yields moving higher in Germany and the United Kingdom. In the US, Treasury yields increased modestly as inflation expectations rose moderately.

Among the major asset classes, commodities led the pack with gains of 8.5% last month. Oil was the main contributor as a decline in US inventories pushed prices higher to nearly $46 a barrel; gold continued to rally, up nearly 5% for the month and over 21% for the year. The strong performance of commodity markets was a significant tailwind for many asset classes. High-yield bonds benefited from the recovery in oil prices, with the Barclays High Yield Index up 3.9% for the month. Local emerging market debt gained from the stabilization in commodities, increasing 2.6%, according to the JPM GBI-EM Global Diversified Index. The index is now up nearly 14% for the year as currency levels in Brazil, Russia and South Africa come off multi-year lows.

While global markets have largely recovered from the bout of volatility in the first quarter, we hold firm in our belief that investors must attempt to capture quickly-evolving opportunities when they arise. Should volatility re-emerge, we encourage investors to be prepared to rebalance back into risk assets. Currently, expected returns for US equities and high-yield bonds remain muted. To this end, we recommend investors be selective, specifically in high yield. In emerging market equities, we encourage greater use of consumer-focused and small-cap strategies to capture increases in consumer wealth. We still suggest an overweight for non-US developed market equities and believe small-cap strategies offer the purest opportunity to benefit from local country earnings growth.

[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.]