



Unitarian Universalist Common Endowment Fund

Monthly Market Commentary for May 2017							
			Last Month	YTD	Last Year	Last 3 Years	Last 5 Years
Domestic Stocks	S&P 500		1.4%	8.7	17.5	10.1	15.4
	S&P Mid Cap 400		-0.5%	4.3	17.2	9.4	15.0
	Russell 2000		-2.0%	1.5	20.4	8.0	14.0
Domestic Bonds	Barclays Aggregate		0.8%	2.4	1.6	2.5	2.2
	High Yield Bonds		0.9%	4.8	13.6	4.7	7.3
	91-Day T-Bills		0.1%	0.3	0.5	0.2	0.1
Non-US Stocks	MSCI EAFE (Net)		3.7%	14.0	16.4	1.5	10.2
	MSCI Emerg Mkts (Net)		3.0%	17.3	27.4	1.6	4.5
Global Bonds	Citi World Gov't		1.7%	4.6	-0.5	-0.7	-0.2

Global equities forged ahead in May with international stocks continuing to lead the way. The MSCI EAFE Index returned 3.7% on the month as investors took comfort in the victory of centrist candidate Emmanuel Macron in the French presidential elections. Emerging market equities posted their fifth consecutive monthly gain with the MSCI EM Index rising 3.0% in May; the index is up 17.3% so far this year. US equities trailed their international counterparts with the S&P 500 returning 1.4% as a steady jobs report and an accommodative Fed bolstered gains.

The Treasury yield fell eight basis points to 2.21% at month end as the Fed announced no changes to its interest rate or balance sheet policy. As a result, the Barclays US Aggregate Bond Index was up 0.8% and the Barclays Long Treasury Index returned 2.0%. Within emerging markets, the JP Morgan GBI-EM Global Diversified Index returned 2.0% with appreciating currencies accounting for around half the gains. The Bloomberg Commodity Index fell 1.4% in May as subdued energy prices continued to hurt returns.

At NEPC, we maintain an overweight position in international equities despite the recent rally because we believe in the potential for strong economic growth in emerging markets and greater increase in corporate earnings in Europe. Within US fixed income, we believe dynamic strategies are the way to proceed as credit spreads continue to decline. Lastly, we still recommend investors consider a dedicated allocation to macro hedge funds.

[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.]