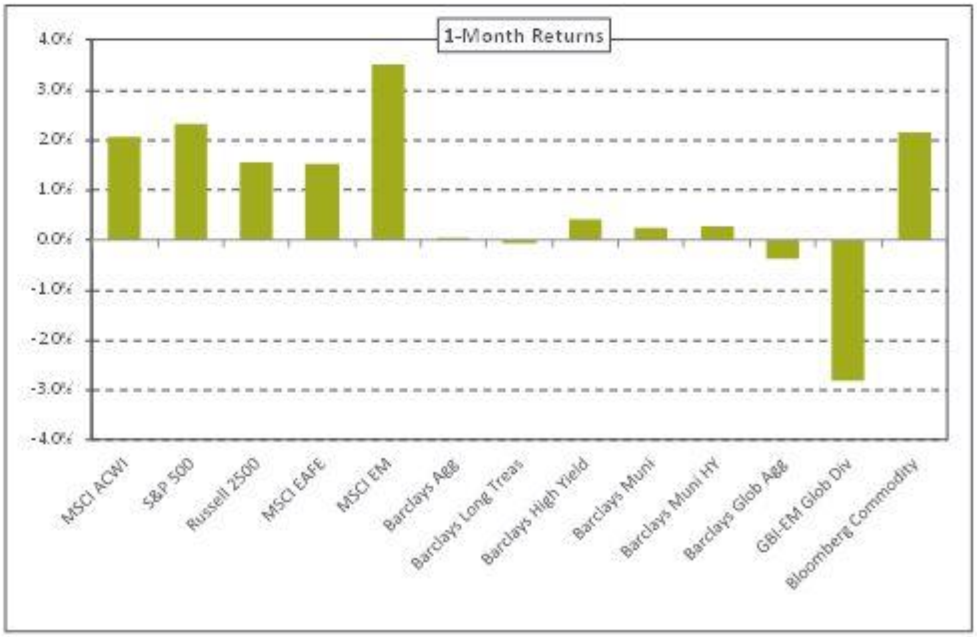
Unitarian Universalist Common Endowment Fund

	Monthly Market Commentary for October 2017						
			Last Month	YTD	Last Year	Last 3 Years	Last 5 Years
Domestic Stocks	S&P 500		2.3%	16.9	23.6	10.8	15.2
	S&P Mid Cap 400		2.3%	11.9	23.5	10.7	15.1
	Russell 2000		0.9%	11.9	27.8	10.1	14.5
Domestic Bonds	Barclays Aggregate		0.1%	3.2	0.9	2.4	2.0
	High Yield Bonds		0.4%	7.5	8.9	5.6	6.3
	91-Day T-Bills		0.1%	0.7	0.8	0.4	0.2
Non-US Stocks	MSCI EAFE (Net)		1.5%	21.8	23.4	6.1	8.5
	MSCI Emerg Mkts (Net)		3.5%	32.3	26.5	5.7	4.8
Global Bonds	Citi World Gov't		-0.5%	5.8	0.2	0.8	-0.4

Global equities racked up fresh gains in October amid positive economic signals across the globe. At home, the S&P 500 Index was up 2.3% as unemployment fell to 4.2%, the lowest it's been since 2001, and third-quarter GDP estimates exceeded expectations at 3.0%. Outside the United States, the MSCI EAFE Index returned 1.5%, driven by a rally in Japan as Prime Minister Shinzo Abe's Liberal Democratic Party maintained its parliamentary majority in a snap election. The euro, yen and pound weakened against the US dollar, limiting gains for unhedged investors. Emerging market equities were up 3.5%, according to the MSCI EM Index, amid strong quarterly-earnings reports.

The 10-year Treasury yield rose five basis points to 2.38% in October as US credit spreads modestly compressed, leading to mixed results across the domestic fixed-income spectrum. The Barclays US Treasury Index fell 0.1%, the Barclays US Credit Index gained 0.3%, and the Barclays US High Yield Index was up 0.4%. Global sovereign yields inched up, leading to a 0.4% decline in the Barclays Global Aggregate Index. In emerging markets, weakening currencies in Brazil, Russia and Mexico eroded fixed-income returns, with the JP Morgan GBI-EM Index falling 2.8%.

Heading into the last two months of 2017, we have observed remarkably little market volatility. We remain biased towards international-developed and emerging-market stocks as expanding valuations in the US cut into future expected returns. US credit is also losing some of its luster as contracting spreads have lowered our return expectations. We still recommend investors allocate away from core bonds and into TIPS, and reduce their high-yield exposure in favor of other risk assets. We remain positive on macro hedge funds and strategies with a long-volatility bias, which can benefit from an uptick in volatility.



As of 10/31/2017, Source: Bloomberg

[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.]