

## **Unitarian Universalist Common Endowment Fund**

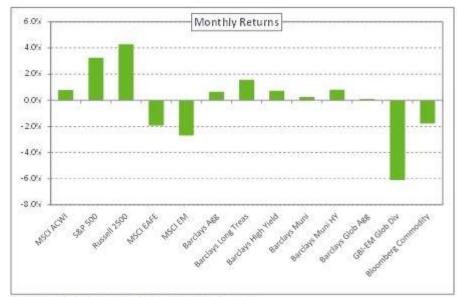
	Monthly Market Commentary for August 2018					
		Last Month	YTD	Last Year	Last 3 Years	Last 5 Years
Domestic Stocks	S&P 500	3.3%	9.9	19.7	16.1	14.5
	S&P Mid Cap 400	3.2%	8.7	20.0	14.8	13.3
	Russell 2000	4.3%	14.3	25.4	16.1	13.0
Domestic Bonds	Barclays Aggregate	0.6%	-1.0	-1.0	1.8	2.5
	High Yield Bonds	0.7%	2.0	3.4	7.0	5.6
	91-Day T-Bills	0.2%	1.2	1.6	0.8	0.5
Non-US Stocks	MSCI EAFE (Net)	-1.9%	-2.3	4.4	7.0	5.7
	MSCI Emerg Mkts (Net)	-2.7%	-7.2	-0.7	11.4	5.0
Global Bonds	Citi World Gov't	-0.2%	-1.5	-1.7	2.3	0.8

Non-US equities declined in August amid escalating trade tensions between the US and its major trading partners, a currency crisis in Turkey, and uncertainty in Italy. A spate of positive macroeconomic data was unable to lift the MSCI Europe Index, which fell 2.8% last month. Emerging market equities also ended lower, losing 2.7%, according to the MSCI Emerging Markets Index. Meanwhile, US stocks held firm with the S&P 500 Index gaining 3.3%, as robust GDP growth in the second quarter overshadowed trade disputes and macroeconomic worries.

Within fixed income, geopolitical turmoil pushed safe-haven debt higher with the 10-year US Treasury yield falling 10 basis points to 2.86% and the 10-year German bund yield declining 12 basis points to 0.33%. Credit spreads were modestly wider across the board with emerging markets bearing the brunt, declining 1.7%, according to the JPM Emerging Market Bond Index; local emerging market debt fared worse with the JPM GBI-EM Global Diversified Index falling 6.1% as Turkey's currency travails and US dollar strength impacted returns.

In real assets, the Bloomberg Commodity Index declined 1.8% as the trade dispute between the US and China weighed on the agriculture sub-index, which fell 6.0% in August. Meanwhile, master limited partnerships (MLPs) continued their run, ending the month up 1.6% with year-to-date gains totaling 7.6%.

As the seasons change, our recommendation to add international and emerging market equities remains unchanged, especially given the recent sell-off in emerging markets. Further, we encourage the addition of safe-haven fixed-income exposure because of their attractive yields and their ability to mitigate potential economic disruption.



As of 08/31/2018, Source: S&P, Russell, MSCI, JPM, 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.]