



## Unitarian Universalist Common Endowment Fund

### Monthly Market Commentary for August 2019

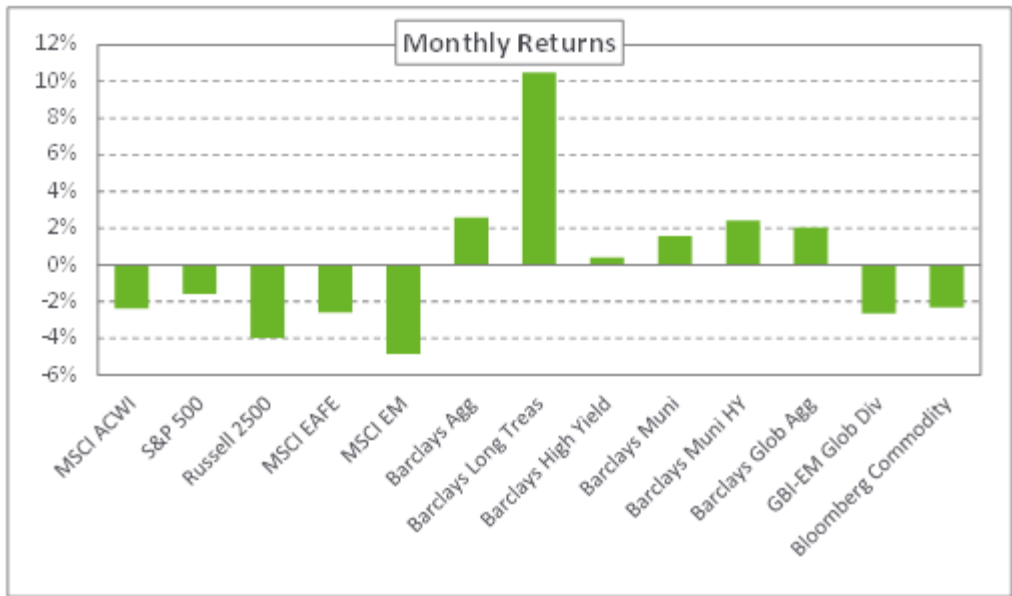
			Last Month	YTD	Last Year	Last 3 Years	Last 5 Years
Domestic Stocks	S&P 500		-1.6%	18.3	2.9	12.7	10.1
	S&P Mid Cap 400		-4.2%	14.4	-6.4	8.1	7.2
	Russell 2000		-4.9%	11.8	-12.9	7.9	6.4
Domestic Bonds	Barclays Aggregate		2.6%	9.1	10.2	3.1	3.3
	High Yield Bonds		0.4%	11.0	6.6	6.2	4.9
	91-Day T-Bills		0.2%	1.5	2.3	1.5	0.9
Non-US Stocks	MSCI EAFE (Net)		-2.6%	9.7	-3.3	5.9	1.9
	MSCI Emerg Mkts (Net)		-4.9%	3.9	-4.4	5.8	0.4
Global Bonds	Citi World Gov't		2.7%	7.7	8.4	1.9	1.4

Equity markets lagged in August as trade tensions between the US and China resurfaced and investors fretted over slowing global economic growth. The S&P 500 Index declined 1.6% last month as the US manufacturing sector grew at its slowest pace since 2009, according to Markit's Manufacturing Purchasing Managers' Index. The MSCI EAFE Index lost 2.6%, while the MSCI Emerging Market Index fell 4.9% as currency weakness in China put a damper on the rest of the EM Index.

Global bond yields continued to decline as demand for safe-haven assets rose. In the US, 30- and 10-year Treasury yields dropped 57 and 52 basis points, respectively, causing the yield curve to fully [invert](#). As a result, the Barclays US Long Treasury Index shot up 10.5%, its fourth-highest monthly return since inception in 1973. In emerging markets, a stronger US dollar caused hard-currency bonds to outperform local-currency debt, resulting in a 0.7% gain in the JPM EMBI Global Diversified Index and a loss of 2.6% in the JPM GBI-EM Global Diversified Index.

Meanwhile, in real assets, gold prices got a shot in the arm, rising 7.5% in August, amid concerns around global growth and a lower-yield environment. Additionally, spot WTI crude oil fell 5.9% to \$55.06 per barrel but remains up 21.9% for the year.

With slowing global growth and the United States in the late stage of its economic cycle, we maintain our recommendations to rebalance equity exposure, reduce return-seeking credit, and consider shorter-duration maturities within safe-haven fixed income.



As of 8/31/2019, Source: S&P, Russell, MSCI, JPM, Bloomberg, Factset

[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.]