Unitarian Universalist Common Endowment Fund

Monthly Market Commentary for May 2021

		Month	Quarter YTD	Calendar YTD	One Year	Three Years	Five Years
Domestic Stocks	S&P 500	0.7%	6.1	12.6	40.3	18.0	17.2
	Russell 2000	0.2%	2.3	15.3	64.6	13.1	16.0
Domestic Bonds	Barclays Aggregate	0.3%	1.1	-2.3	-0.4	5.1	3.2
	Barclays High Yield	0.3%	1.4	2.2	15.0	7.1	7.4
Non-US Stocks	MSCI EAFE	3.3%	6.4	10.1	38.4	8.2	9.8
	MSCI Emerg Mkts	2.3%	4.9	7.3	51.0	9.6	13.9
Global Bonds	Barclays Global Agg	0.9%	2.2	-2.3	4.5	4.4	3.1

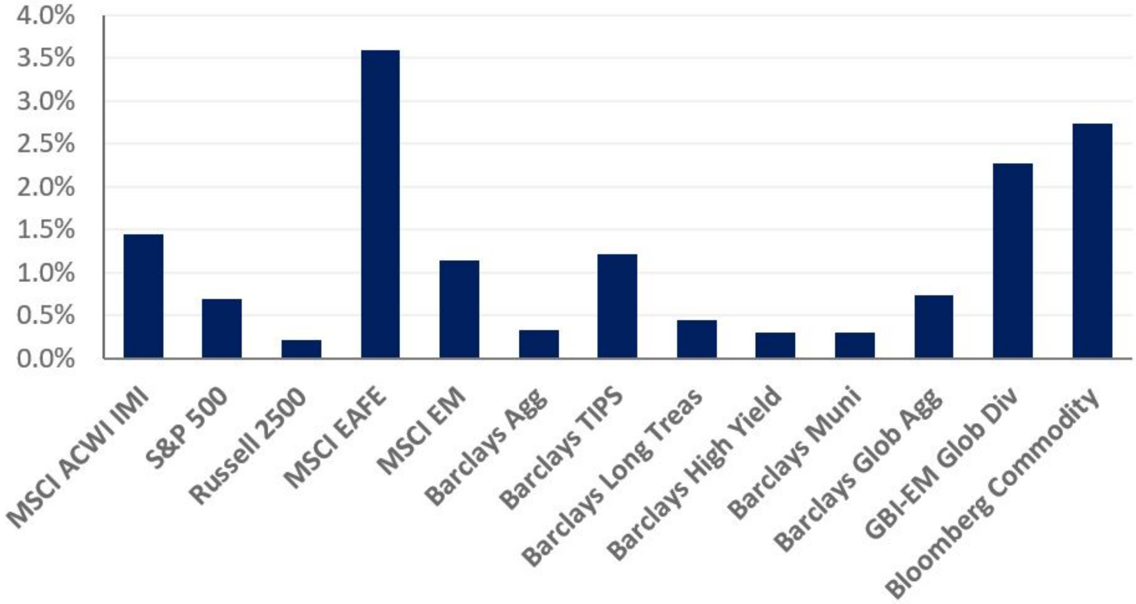
Improving economic data and the ongoing vaccine rollout continued to bolster support for risk assets in May. Global equities pushed higher, with local markets outside the U.S. outperforming as they benefitted from a weaker U.S. dollar. The MSCI EAFE and MSCI Emerging Markets indexes increased 3.3% and 2.3%, respectively, last month; domestically, the S&P 500 Index posted a 0.7% gain–marking its fourth-consecutive monthly increase–though broad market optimism was tempered by inflation concerns. During the month, the April Consumer Price Index (CPI) showed an increase of 0.8% for the month and 4.2% annually.

In fixed income, inflation expectations were volatile in May, though the 10-year breakeven rate ended the month at 2.42% – three basis points higher than April. Despite the intra-month volatility, interest rates and credit spreads were also relatively flat last month.

In real assets, commodities rallied as demand picked up in the face of limited supply related to ongoing disruptions in supply chains; the Bloomberg Commodity Index gained 2.7% in May, pushing year-to-date gains to 18.9%.

The improving macroeconomic backdrop has generally resulted in higher growth and inflation expectations in the near term. While the increase in interest rates so far in 2021 has been notable, we still suggest investors maintain a dedicated allocation to Treasuries to support liquidity levels and cash flow needs in the event of a market dislocation. Further, the ongoing support from monetary and fiscal interventions continues to provide a supportive environment for equities. To that end, we encourage investors to favor equities even in the face of modestly higher interest rates.

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.]



As of 05/31/2021, 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.]