

Monthly Market Report for July 2010

Index Returns as of 7/31/2010 (Preliminary):						Global stock markets surged in the month of July,
	<u>Last</u> Mooth	VTD	<u>Last</u> Year	<u>Last 3</u> Verre		responding to strong
	<u>INIOIIUI</u>		Tear	Teals	Teals	corporate earnings as well as
S&P 500	7.0%	-0.1%	13.8%	-6.8%	-0.2%	relief buying after the second
S&P Mid Cap 400	6.9%	5.5%	22.8%	-2.4%	2.5%	quarter sell-off.
Russell 2000	6.9%	4.8%	18.4%	4.3%	0.5%	
						The S&P 500 advanced 7.0%
Barclays Aggregate	1.1%	6.5%	8.9%	7.6%	6.0%	during the month and is now
High Yield Bonds	3.6%	8.2%	23.7%	9.1%	7.6%	essentially flat for the year.
90-Day T-Bills	0.0%	0.1%	0.2%	1.4%	2.7%	Smaller company US stocks
						gained a similar amount in
MSCIEAFE	9.5%	-5.0%	6.3%	-10.3%	2.1%	July, but are positive on the
MSCI Emerg Mkts	8.3%	1.7%	19.9%	-1.6%	13.0%	year. Non-US developed markets stocks benefited
Citi World Gov't	3.6%	2.3%	5.1%	8.1%	6.1%	from some dollar weakness
	S&P 500 S&P Mid Cap 400 Russell 2000 Barclays Aggregate High Yield Bonds 90-Day T-Bills MSCI EAFE MSCI Emerg Mkts	Last Month S&P 500 7.0% S&P Mid Cap 400 6.9% Russell 2000 6.9% Barclays Aggregate 1.1% High Yield Bonds 3.6% 90-Day T-Bills 0.0% MSCI EAFE 9.5% MSCI Emerg Mkts 8.3%	Last Month YTD S&P 500 7.0% -0.1% S&P Mid Cap 400 6.9% 5.5% Russell 2000 6.9% 4.8% Barclays Aggregate 1.1% 6.5% High Yield Bonds 3.6% 8.2% 90-Day T-Bills 0.0% 0.1% MSCI EAFE 9.5% -5.0% MSCI Emerg Mkts 8.3% 1.7%	Last Month Last YTD Last Year S&P 500 7.0% -0.1% 13.8% S&P Mid Cap 400 6.9% 5.5% 22.8% Russell 2000 6.9% 4.8% 18.4% Barclays Aggregate 1.1% 6.5% 8.9% High Yield Bonds 3.6% 8.2% 23.7% 90-Day T-Bills 0.0% 0.1% 0.2% MSCI EAFE 9.5% -5.0% 6.3% MSCI Emerg Mkts 8.3% 1.7% 19.9%	Last Month Last YID Last Year Last Years S&P 500 7.0% -0.1% 13.8% -6.8% S&P Mid Cap 400 6.9% 5.5% 22.8% -2.4% Russell 2000 6.9% 4.8% 18.4% -4.3% Barclays Aggregate 1.1% 6.5% 8.9% 7.6% High Yield Bonds 3.6% 8.2% 23.7% 9.1% 90-Day T-Bills 0.0% 0.1% 0.2% 1.4% MSCI EAFE 9.5% -5.0% 6.3% -10.3% MSCI Emerg Mkts 8.3% 1.7% 19.9% -1.6%	Last Month Last YTD Last Year Last 3 Years Last 5 Years S&P 500 7.0% -0.1% 13.8% -6.8% -0.2% S&P Mid Cap 400 6.9% 5.5% 22.8% -2.4% 2.5% Bussell 2000 6.9% 4.8% 18.4% -4.3% 0.5% Barclays Aggregate 1.1% 6.5% 8.9% 7.6% 6.0% High Yield Bonds 3.6% 8.2% 23.7% 9.1% 7.6% 90-Day T-Bills 0.0% 0.1% 0.2% 1.4% 2.7% MSCI EAFE 9.5% -5.0% 6.3% -10.3% 2.1% MSCI Emerg Mkts 8.3% 1.7% 19.9% -1.6% 13.0%

during the month, but remain behind US stocks year-to-date. Emerging markets stocks also advanced and are slightly positive in 2010. Credit markets also posted gains during the month as spreads resumed their tightening trend amidst a low overall interest rate environment.

As we enter the dog days of summer, however, we are focused on economic prospects in the latter part of the year. Second quarter US GDP growth came in lower than expected at 2.4% and probably foreshadows more tepid growth for the coming quarters. While a "double dip" recession does not seem like the most likely outcome, near-term deflationary risks in the developed world remain. In stark contrast, many emerging countries continue to display robust growth with strong financial positions.

We continue to recommend that clients increase exposure to emerging country stock, bond, and currency markets to at least a market-weight position and, over time, to an overweight allocation.

[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.]