



Unitarian Universalist Common Endowment Fund

Monthly Market Commentary for November 2012

		Last Month	YTD	last year	Last 3 Years	Last 5 Years
Domestic Stocks	S&P 500	0.6%	15.0%	16.1%	11.3%	1.3%
	S&P Mid Cap 400	2.2%	15.4%	14.9%	15.1%	4.7%
	Russell 2000	0.5%	12.4%	13.1%	13.9%	2.8%
Domestic Bonds	Barclays Aggregate	0.2%	4.4%	5.5%	5.7%	6.0%
	High Yield Bonds	0.8%	14.0%	17.1%	12.5%	10.5%
	90-Day T-Bills	0.0%	0.1%	0.1%	0.1%	0.4%
Non-US Stocks	MSCI EAFE (Net)	2.4%	13.7%	12.6%	3.0%	-4.7%
	MSCI Emerg Mkts (Net)	1.3%	12.7%	11.4%	4.4%	-1.8%
Global Bonds	Citi World Gov't	-0.2%	2.6%	3.5%	2.9%	5.4%

Global markets posted modest advances in November as political headlines injected a degree of volatility, with investors vacillating between optimism and pessimism. The outcome of the US Presidential election, which left the status quo unchanged, fueled a sell-off in equity markets in early November amidst fears of the looming "Fiscal Cliff". A rally during the week of Thanksgiving turned most risky assets positive for the period as investors assigned a higher probability to a budget compromise before year-end. That rally allowed small cap stocks to outpace large cap companies in the US, though small cap still trails for 2012 in total. Non-US markets fared better than US large cap as well, boosted by a declining dollar. Europe and Asia looked, for the moment, somewhat less troubled than the US. Emerging markets debt and equities were among the most robust performers. Interest rates were relatively unchanged during the month and commodity prices edged a tad higher.

As we enter the last month of 2012, the unresolved Fiscal Cliff is the biggest source of short-term uncertainty. The most likely outcome appears to be that Congress and the President will reach a deal to moderate the impact of this series of tax increases and spending cuts. That said, it is possible that political brinkmanship will spur a stock selling spree. In addition, other risks remain, including the Euro-zone debt crisis, slowing growth in China, and political turmoil in the Middle East. Given the overall global landscape, we remind investors to maintain a risk-balanced approach to investing. At the same time, long-term investors face the challenge of achieving their financial objectives in an expected low return environment. At NEPC, we are in the process of finalizing our capital market assumptions for 2013. As our views take shape, we find that absolute return expectations remain muted, though there are pockets in the global investment terrain that appear attractive on a relative basis, including segments of global equity markets and complex and less liquid credit markets. We look forward to discussing our updated assumptions and themes with our clients in the New Year.

[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.]