Unitarian Universalist Common Endowment Fund

Monthly Market Report for April 2010

Index Returns as of 4/30/2010 (Preliminary):

		Last Month	YTD	Last Year	Last 3 Years	Last 5 Years
Domestic Stocks:	S&P 500	1.6%	7.1%	38.8%	-5.1%	2.6%
	S&P Mid Cap 400	4.3%	13.7%	48.9%	-0.4%	6.9%
	Russell 2000	5.7%	15.0%	49.0%	-2.8%	5.7%
Domestic Bonds:	Barclays Aggregate	1.0%	2.8%	8.3%	6.3%	5.4%
	High Yield Bonds	2.3%	7.1%	42.6%	7.0%	8.5%
	90-Day T-Bills	0.0%	0.0%	0.2%	1.8%	2.9%
Non-US Stocks:	MSCI EAFE	-1.8%	-1.0%	34.4%	-8.9%	3.9%
	MSCI Emerg Mkts	1.2%	3.7%	57.1%	4.0%	16.6%
Global Bonds:	Citi World Gov't	-0.4%	-1.7%	5.9%	6.7%	4.4%

US stocks continued to rise in the month of April, boosted by strong corporate earnings and renewed signs of economic growth. Small company stocks led the way as the Russell 2000 surged 5.7% in the month bringing the year-to-date return to 15.0%. Corporate bonds also maintained their strong performance during the month and so far this year (BarCap High Yield Index +2.3% in April, +7.1% year-to-date). While investors in the US showed their willingness to buy risky assets, foreign investors showed more concern for risks in the environment as Greece teetered on the edge of default and was downgraded to "junk" status by Standard & Poor's (though some certainty around the terms of the Greek bailout began to emerge as the month came to a close). The dollar appreciated versus the Euro and a broad basket of developed market currencies, magnifying negative performance of foreign developed market holdings for US investors. Emerging market stocks and bonds both advanced for t! he month, as they have demonstrated, collectively, robust economic growth and healthy balance sheets.

As articulated in our recently published First Quarter 2010 Market Thoughts, in this environment we recommend that investors:

1) Not reach for return, maintaining a risk-balanced approach;
2) Pursue broad global diversification including increasing exposure to emerging markets;
3) Broaden exposure to inflation-sensitive assets;
4) Redeploy opportunistic liquid credit allocations with an eye towards illiquid distressed investments; and,
5) Consider the role of active strategies as alpha contributions can be significant.

[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.]