



Unitarian Universalist Common Endowment Fund

Monthly Market Report for May 2010

Index Returns as of 5/31/2010 (Preliminary):

		Last Month	YTD	Last Year	Last 3 Years	Last 5 Years
Domestic Stocks:	S&P 500	-8.0%	-1.5%	21.0%	-8.7%	0.3%
	S&P Mid Cap 400	-7.2%	5.6%	34.5%	-4.5%	4.1%
	Russell 2000	-7.6%	6.3%	33.6%	-6.6%	2.8%
Domestic Bonds:	Barclays Aggregate	0.8%	3.7%	8.4%	6.9%	5.3%
	High Yield Bonds	-3.6%	3.2%	28.8%	5.5%	7.3%
	90-Day T-Bills	0.0%	0.0%	0.2%	1.7%	2.8%
Non-US Stocks:	MSCI EAFE	-11.5%	-12.4%	6.4%	-13.1%	1.4%
	MSCI Emerg Mkts	-8.8%	-5.5%	22.4%	-0.8%	13.7%
Global Bonds:	Citi World Gov't	-0.9%	-2.6%	1.6%	7.1%	4.6%

Global equity markets took a serious turn down in the month of May, with US markets retreating 8% according to the S&P 500 and International benchmarks declining more than 11%, as the weakening Euro and British pound magnified losses.

Volatility returned to the market with a vengeance as investors focused on the worsening European debt crisis and its potential knock-on effects to economic growth. The "Flash Crash" of May 6th, when the US stock market went into a brief free-fall, both represented and exacerbated investor fears, and, perhaps more importantly, highlighted how tenuous liquidity can be when investor confidence and program trading are both challenged.

Other risky assets also declined during the month as high yield credit spreads widened dramatically, and commodities prices dropped almost 7% due to fear of slowing growth even as the gulf oil spill called future drilling sources into question.

Amidst rising concerns that we were moving away from an inflationary environment toward a renewed bout of de-leveraging and possible deflation, demand for US Treasury securities increased and Treasury rates fell across the curve - the 2 year yield dropped 21 basis points to 0.76%, the 10 year yield declined 38 basis points to 3.31%, and on the long end, the 30 year yield settled at 4.22%, dropping 31 basis points.

[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.]