



Unitarian Universalist Common Endowment Fund

Monthly Market Report for November 2011

Index Returns as of 11/30/2011 (Preliminary):

		Last Month	YTD	Last Year	Last 3 Years	Last 5 Years
Domestic Stocks:	S&P 500	-0.2%	1.1%	7.8%	14.1%	-0.2%
	S&P Mid Cap 400	-0.3%	-1.4%	5.1%	21.6%	3.3%
	Russell 2000	-0.4%	-4.8%	2.8%	17.6%	0.1%
Domestic Bonds:	Barclays Aggregate	-0.1%	6.7%	5.5%	7.7%	6.1%
	High Yield Bonds	-2.2%	2.3%	4.1%	26.1%	7.2%
	90-Day T-Bills	0.0%	0.1%	0.1%	0.2%	1.6%
Non-US Stocks:	MSCI EAFE (Net)	-4.9%	-11.3%	-4.1%	10.1%	-4.0%
	MSCI Emerg Mkts (Net)	-6.7%	-17.4%	-11.5%	23.6%	3.6%
Global Bonds:	Citi World Gov't	-1.5%	5.4%	7.3%	6.8%	6.5%

The evolving debt crisis in the Euro-zone drove financial markets in the month of November, as daily headlines and changing political regimes in Greece, Italy and Spain, created an intensely volatile environment.

Risky asset markets sold-off dramatically in the first three weeks of the month as investors appeared to lose confidence that European policy makers could address the problems as funding costs continued to rise.

Meanwhile, in the U.S., the failure of the "Super Committee" to deliver tangible change added to negative market sentiment. Late in the month, however, markets rallied strongly in response to aggressive actions by global central banks to support Europe and infuse the global economy with liquidity. For the month, US stocks ended down only marginally, while non-US and emerging markets stocks fared worse. Credit spreads widened during the period causing negative performance in those markets as US Treasuries and the dollar appreciated through the period as investors sought safe harbor.

As we consider the prospects for 2012 and beyond, we recognize that economic growth appears to be picking up in the US, though expectations remain muted and plagued with downside risk as an escalation of the European crisis could lead global markets into recession. The risks of an unmanaged country-level default in Europe and a change in the constituency of the Euro are also higher than they have been. As a result, we continue to recommend that clients maintain a patient, risk-balanced approach to asset allocation in this multi-year low return environment. As we approach the New Year, however, we also remind clients to be prepared to make prudent allocations to attractively priced markets such as emerging country debt and equity, as well as investment strategies that can take advantage of dislocations such as those taking place in Europe.

[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.]