

Fall 2018

Dear Friends:

Global equity markets continued to diverge during the third quarter. As represented by the Russell 3000, U.S. stocks were up 7.1% for the quarter and 10.6% year-to-date. Non-U.S. markets, as represented by MSCI ACWI ex U.S., were up slightly for the quarter at 0.7% and down 3.1% year-to-date.

The divergence has been driven by strong U.S. corporate earnings growth and economic data as opposed to weaker economic news in non-U.S. markets, as well as the impact of a tighter U.S. monetary policy which has strengthened the U.S. dollar. Adding to the negative sentiment in non-U.S. markets are growing trade war concerns with China and political concerns in Europe.

Below is a summary of major market indices for the third quarter and YTD periods of 2018:

Market Index	QTR	YTD
MSCI ACWI	4.3%	3.8%
Russell 3000	7.1%	10.6%
MSCI EAFE	1.4%	-1.4%
MSCI Emerging Markets	-1.1%	-7.7%
Bloomberg Barclays U.S. Aggregate Bond	0.0%	-1.6%

A typical endowment with Foundation For The Carolinas returned 1.8% for the quarter and 3.0% YTD compared to the benchmark returns of 2.6% and 3.3%, respectively. Non-U.S. equity managers were the key detractors to performance when compared to the benchmark returns for both periods.

The positive year-to-date market returns through September took a significant downturn in October. Concerns over additional rate hikes by the Federal Reserve, growing concerns over trade tensions between the U.S. and China, and political turmoil in Europe and the Middle East caused the equity markets to sell off and the yield on the 10-year U.S. Treasury to peak at 3.2% during the month.

By the end of October, the U.S. equity market, as represented by the Russell 3000, was down 7.4% for the month leaving year-to-date results up just 2.4%. Non-U.S. markets, as represented by MSCI ACWI ex U.S., were down 8.1% for the month and down 11.0% year-to-date period.

Despite October's correction, the second this year, forecasts for global growth remain strong at nearly 4% for both 2018 and 2019. While geopolitical news and concerns over rising interest rates will continue to create market volatility, we continue to maintain well-diversified portfolios which, over the long run, should help you achieve your philanthropic goals.

Sincerely,



Greg Beuris, Vice President and Director – Investment Reporting

Luski ♦ Gorelick
Center for Philanthropy

220 North Tryon Street
Charlotte, NC 28202

Phone: 704.973.4500
Toll Free: 800.973.7244
Fax: 704.973.4599

www.fftc.org