

Summer 2019

Dear Friends:

Global equity markets continued their strong performance during the second quarter of 2019. However, the strong returns have come with some volatility. This was demonstrated in May when global equity markets were down nearly 6% only to rebound in June and rise 6.5%. Investors may believe that easing monetary policy by the U.S. Federal Reserve and other central banks will overcome the effects of slowing global growth and trade tensions.

Global equity markets were up 3.6% during the quarter, with the U.S. equity markets outperforming non-U.S. markets. The S&P 500 was up 4.3%, while non-U.S. markets, as represented by the MSCI ACWI ex U.S., were up 3%. Emerging markets, up .6% for the quarter, lagged behind other equity markets due to slowing global growth and weakness in China.

For the quarter and year-to-date periods, growth-oriented equity strategies outperformed value-oriented strategies, a trend that has been driven by technology and consumer discretionary sectors of the markets. Fixed income has also performed very well so far this year, especially in an equity market that has been rapidly rising, as described above. Lower interest rates have been a key driver to the strong returns for this asset class.

Below is a summary of the major market indices for the second quarter and YTD 2019:

| Market Index | QTR | YTD |
|--|-------|-------|
| S&P 500 | 4.3% | 18.5% |
| MSCI EAFE | 3.7% | 14.0% |
| MSCI Emerging Markets | 0.6% | 10.6% |
| Bloomberg Barclays U.S. Aggregate Bond | 3.1% | 6.1% |
| Bloomberg Commodity Index | -1.2% | 5.1% |

A typical endowment with Foundation For The Carolinas returned 2.6% for the quarter and 11.1% for the year to date – compared to benchmark returns of 3.2% and 12.6%, respectively. Our second quarter and year-to-date period’s actual returns reflect the strong equity market returns described above.

Lower returns relative to the benchmarks are due in part to value and low volatility investment strategies, which can lag in a rapidly rising market. Partially offsetting the underperformance has been strong performance from our growth-oriented investment strategies as well as our fixed-income managers.

We hope you can join us on Aug. 27 at 1 p.m. for our “Quarter in Review” webinar, presented by our investment advisor, Mercer Investments LLC.

Please register at www.ffc.org/UpcomingEvents by Aug. 20.

Sincerely,



Greg Beuris, Vice President and Director – Investment Reporting

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