

Spring 2020

Dear Friends:

Global equity markets reached all time highs on Feb. 19, then collapsed on fears of a global pandemic. In an effort to contain the spread of the novel coronavirus (COVID-19), governments implemented lockdowns and stay-at-home orders. COVID-19 has severely disrupted supply chains and investor confidence around the world, causing market volatility to reach levels not seen since the Great Financial Recession.

The responses by governments to the sudden and severe shock to their economies has been significant. Policymakers are implementing fiscal stimulus measures and central banks have taken bold steps to maintain liquidity and access to capital. In the U.S., a \$2 trillion relief package was passed that will provide loans, tax breaks and payments to large corporations, small businesses and individuals.

During the first quarter, global equity markets were down 21.4%, with the U.S. equity markets outperforming non-U.S. markets. The S&P 500 was down 19.6%, while non-U.S. markets, as represented by the MSCI ACWI ex U.S., were down 23.4%. In the U.S. markets, large cap and growth stocks outperformed value and small cap stocks. Growth stocks were down 14.9% compared to value, which was down 27.3%. Large cap stocks were down 20.2%, whereas small cap stocks were down 30.6%.

Below is a summary of the major market indices for the first quarter of 2020:

Market Index	QTR
S&P 500	-19.6%
MSCI EAFE	-22.8%
MSCI Emerging Markets	-23.6%
Bloomberg Barclays U.S. Aggregate Bond	3.1%
Bloomberg Commodity Index	-23.3%

A typical endowment with Foundation For The Carolinas returned -14.3% for the quarter compared to its policy benchmark return of -15.2% and its target weighted benchmark return of -13.3%. Our endowment portfolio has 75% of its asset allocation invested in equity growth-oriented strategies, which were overwhelmingly negative for the first quarter. Our exposure to value and small cap factors combined with credit spread exposure by our fixed income managers detracted from our performance relative to the benchmark.

I am pleased to announce that we will be issuing mid-month preliminary performance and commentary until markets return to more normal conditions. Information will be available at fftc.org/investments.

Sincerely,



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