

Summer 2020

Dear Friends:

Global equity markets rebounded strongly in the second quarter. Encouraging signs of gradual reopenings across developed markets, combined with a rebound in economic activity indicators such as payrolls and purchasing manager indices, helped boost investor sentiment. Information technology stocks led markets higher as e-commerce, networking and streaming companies benefitted from government-imposed lockdowns in many countries.

Global equity markets were up 19.2% during the quarter, as measured by the MSCI ACWI index. The S&P 500 was up 20.5% and was briefly in positive territory year-to-date before a one-day loss of 7% in June sparked investor fears of the virus resurging. Non-U.S. markets, as represented by the MSCI ACWI ex U.S., were up 16.1%. Emerging markets were up 18.1% due to China restarting its economy, a rebound in commodity prices and accommodative monetary policy by central bankers.

For the quarter, growth-oriented equity strategies outperformed value-oriented strategies, a trend that has been driven by technology and consumer discretionary sectors of the markets. Year-to-date, growth returns are up 9% compared to a 16.7% decline in value stocks. Bond markets rallied sharply during the quarter driven by unprecedented support from the U.S. Federal Reserve and optimism regarding economic recovery.

Below is a summary of the major market indices for the second quarter and YTD 2020:

Market Index	QTR	YTD
S&P 500	20.5%	-3.1%
MSCI EAFE	14.9%	-11.3%
MSCI Emerging Markets	18.1%	-9.8%
Bloomberg Barclays U.S. Aggregate Bond	2.9%	6.1%
Bloomberg Commodity Index	5.1%	-19.4%

A typical endowment with Foundation For The Carolinas returned 10.5% for the quarter and -5.3% for the year to date – compared to benchmark returns of 10.8% and -3.9%, respectively. The performance of the global equity markets is a key driver of returns for our endowment portfolio. U.S. equity managers detracted from performance during the quarter while non-U.S. equity managers and fixed income managers outperformed their benchmarks.

We hope you find our more frequent reporting and investment webinars helpful during these volatile market conditions. Our next investment webinar is scheduled for September 16, 2020. You can register at www.ffc.org/events/september_investment_webinar.

Sincerely,



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