FOUNDATION FOR THE CAROLINAS

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

Fall 2021

Dear Friends:

Global equity markets reversed course in September, resulting in flat-to-negative returns across major equity markets for the third quater. Several factors dampened investor sentiment including a slow down in global growth, growing concerns over inflation and an evolving real estate crisis in China. However, all news was not bad news as corporate earnings and job growth remain strong and the worst of the Delta variant appears to be behind us.

Global equity markets were down 1.1% during the quarter, as measured by the MSCI ACWI index. The S&P 500 was up slightly at .6% for the quarter after realizing a negative return in September of 4.7%. Non-U.S. markets, as represented by the MSCI ACWI ex U.S., were down 3.0%., led by Emerging Markets, which was down 8.1%. The selloff in Emerging Markets was attributable to investor concerns over a possible default by one of China's largest real estate development firms as well as regulatory restrictions imposed by Chinese regulators.

For the quarter, financials were the best performing sector, up 2.7%. However, year-to-date, all sectors remained positive with all but two sectors showing double-digit returns, which is reflected in the S&P 500's year-to-date return of 15.9%. While for the quarter, large-cap growth stocks outperformed large-cap value stocks, for the year-to-date period, value stocks are outperforming growth stocks, 16.1% and 14.3%, respectively.

The 10-year U.S. Treasury ended the quarter at 1.52%, essentially unchanged for the quarter despite higher Consumer Price Index levels and the Federal Reserve's announcement that asset purchases will begin to taper later this year and rate increases could begin in 2022.

Below is a summary of the major market indices for the third quarter and YTD 2021:

| Market Index | QTR | YTD |
|---|---:|---:|
| S&P 500 | .6% | 15.9% |
| MSCI EAFE | -.4% | 8.3% |
| MSCI Emerging Markets | -8.1% | -1.2% |
| Bloomberg Barclays U.S. Aggregate Bond | 0.1% | -1.6% |
| S&P Global Commodity & Resources | .3% | 13.4% |

While the global equity market was down 1.1% for the quarter, a typical endowment with Foundation For The Carolinas was down just .4%, benefitting from a diversified asset allocation to help weather down markets. Year-to-date, the endowment's return was 9.5%, outperforming the benchmark return of 9.2%.

In October, we added a new long-term oriented investment pool to our list of investment options. This pool uses investment managers who consider Environment, Social and Governance factors when selecting securities. If you would like more information about this option, please contact us at investments@fftc.org or visit fftc.org/investments.

Sincerely,

Greg Beuris

Greg Beuris, Vice President and Director – Investment Portfolio Oversight & Reporting