

Spring 2022

Dear Friends:

The first quarter of 2022 saw investors react negatively to inflation reaching multi-decades highs, tighter monetary policy among central banks and uncertainty stemming from Russia's invasion of Ukraine. As such, global equity markets were down 5.4% for the quarter as represented by the MSCI ACWI.

U.S. equity markets were down 4.6%, as represented by the S&P 500, and non-U.S. equity markets were down 5.4%, as represented by the MSCI ACWI ex U.S. index. Developed markets outperformed emerging markets, and value significantly outperformed growth. Driven by oil supply concerns, energy was the best performing sector, up 39% in the U.S. The only other positive sector in the U.S. was utilities, up 4.8%.

Emerging markets were down 7.0% for the quarter, led by China over concerns of new lockdowns, fears of Chinese stocks being removed from U.S. stock exchanges and the risk of sanctions over Ukraine.

Inflation concerns and tighter monetary policy by central banks led to a steep rise in both short-term and long-term interest rates, resulting in the Bloomberg U.S. Aggregate Bond index to decline 5.9% during the quarter, its worst quarterly performance since the third quarter of 1980. The yield on the 10-year U.S. Treasury rose 80 bps, ending the quarter 2.32%.

Below is a summary of the major market indices for the first quarter of 2022:

<b>Market Index</b>	<b>QTR</b>
S&P 500	-4.6%
MSCI EAFE	-5.9%
MSCI Emerging Markets	-7.0%
Bloomberg Barclays U.S. Aggregate Bond	-5.9%
Bloomberg Commodity Index	25.5%

A typical endowment with Foundation For The Carolinas was down 4.3% for the quarter reflecting the negative returns in both the equity and fixed income markets. Reducing our asset allocation to fixed income and maintaining an exposure to real assets benefitted our long term-oriented portfolios during a particularly challenging start to 2022.

Sincerely,



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

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