

Autumn 2024

Dear Friends:

Markets excelled across the board in the third quarter, driven by favorable news. The Federal Reserve made its first rate cut in this cycle; China appears ready to provide the necessary stimulus to put its economy back on course; and US economic indicators continue to point toward a soft landing.

Domestic equities have continued their run of strong returns, with the S&P 500 up 5.9% in the third quarter and 22.1% YTD. Whereas the vast majority of performance for the past year has been driven by a small number of the largest growth stocks, there are early signs of a market rotation. Nearly two thirds of the S&P 500 (333 of 506 stocks) outperformed the overall index's return, and the Russell 1000 Value Index far exceeded the returns of the Russell 1000 Growth Index for the quarter (9.4% to 3.2%). This broadening out of performance is welcome news for well-diversified portfolios such as ours.

Looking abroad, International Developed Markets rebounded from a weak second quarter and posted quarterly returns stronger even than the US. Both the Bank of England and European Central Bank made rate cuts, reflecting softer inflation across most of Europe. Emerging Markets were the standout in the third quarter, posting the strongest returns of any asset class. This is due largely to expectations of stimulus from the Chinese central government to pull the country out of its tailspin.

The overall US economy continues to show steady results. The September jobs report was in line with expectations and the unemployment rate held steady at 4.1%. Inflation continues to trend in the right direction, allowing the Federal Reserve to make a larger-than-expected rate cut of 0.50%. That rate cut saw the yield on the 10-year Treasury drop to 3.80% at the end of September, well below the 4.48% at the beginning of July. Fixed Income posted a strong return for the quarter and is now positive for the year.

In early October the markets experienced volatility last witnessed during the pandemic and the global financial crisis. We believe these market movements are likely due to a fear of the US going into a recession as well as a global unwinding of popular trades. Fundamentally, not a lot has changed since the end of June, and the latest economic data is consistent with cooling in a "soft-landing" fashion.

Below is a summary of the major market indices for the third quarter of 2024 and the year to date as of September 30, 2024:

<b>Market Index</b>	<b>QTD</b>	<b>YTD 2024</b>
S&P 500	5.9%	22.1%
MSCI EAFE	7.3%	13.0%
MSCI Emerging Markets	8.7%	16.9%
Bloomberg Barclays U.S. Aggregate Bond	5.2%	4.5%
Bloomberg Commodity Index	0.7%	5.9%

A typical endowment with Foundation For The Carolinas was up 4.8% for the third quarter and up 10.4% for the year as of September 30– compared to benchmark returns of 4.8% and 10.7%, respectively.

Sincerely,



Natalie Wolf, CIMA®, Director of Investments

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