

Fall 2019

Dear Friends:

Global equity markets were volatile in the third quarter of 2019, with a modest increase in July, followed by a sharp drop in August, only to rebound in September. For the quarter, global equity markets - as represented by MSCI ACWI - were unchanged, with gains in the U.S. equity markets offset by losses in non-U.S. markets. Concerns over weakening global growth and continued trade war tensions with China were key drivers of volatility during the quarter.

Central banks have been responding to the weakening outlook with supportive monetary policies. In July and September, the U.S. Federal Reserve cut rates 0.25%. Like the U.S. Federal Reserve, the Bank of China and European central banks have also implemented easing monetary policies to help stimulate growth.

The accommodative monetary policy has been a factor in the strong year-to-date equity market returns thus far in 2019. The S&P 500 is up 20.6% year-to-date, the strongest return through three quarters since 1997. Non-U.S. equity market returns, as represented by MSCI ACWI ex US, are up 11.6% year-to-date. Weaker economic conditions in Europe, slowing growth in China and a strong U.S. dollar have kept non-U.S. equity market returns below U.S. equity market returns.

The U.S. bond market continued its rally during the third quarter and is up 8.5% year-to-date, as represented by the Bloomberg Barclays U.S. Aggregate Bond index. This marks the fourth-consecutive quarter of solid fixed-income returns, which have been driven primarily by central bank rate cuts and the possibility of slowing economic growth.

Below is a summary of the major market indices for the third quarter and YTD 2019:

Market Index	QTR	YTD
S&P 500	1.7%	20.6%
MSCI EAFE	-1.1%	12.8%
MSCI Emerging Markets	-4.2%	5.9%
Bloomberg Barclays U.S. Aggregate Bond	2.3%	8.5%
Bloomberg Commodity	-1.8%	3.1%

A typical endowment with Foundation For The Carolinas returned 0.3% for the quarter and 12.2% year-to-date – compared to benchmark returns of 0.3% and 12.9%, respectively. The strong year-to-date performance is primarily driven by the global equity market activity described above.

We hope you can join us on Nov. 5 at 1 p.m. for our “Quarter in Review” webinar, presented by our investment advisor, Mercer Investments LLC. Please register by Nov. 1: www.ffc.org/UpcomingEvents.

Sincerely,



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

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.ffc.org