

Winter 2020

Dear Friends:

Global equity markets finished 2019 with a strong fourth quarter as investor sentiment was boosted by declining trade tensions with China and continued supportive monetary policy from the central banks. As represented by MSCI ACWI, global equity markets were up 9.0% for the quarter and 26.6% for the year. These returns were realized in a year when corporate earnings were weak and global growth was slowing across all major economies.

The S&P 500 was up 31.5% for the year, its largest increase since 2013. Nine out of the 10 S&P 500 sectors had returns exceeding 20%. Non-U.S. equity markets were also up significantly in 2019. Benefitting the Non-U.S. equity markets and in particular emerging markets was the announcement of a “phase-one” trade agreement between the U.S. and China.

While an easing of geopolitical risks helped capital markets in 2019, accommodative monetary policy by global central banks was the key driver of global equity performance. The U.S. Federal Reserve first signaled a more accommodative stance in November 2018 before initiating the first of three rate cuts in July 2019. The European Central Bank and Bank of China also implemented accommodative monetary policies in response to weaker economic conditions in those markets.

Like equities, bonds performed very well in 2019 due largely to the rate cuts implemented by global central banks. The lowering of short-term rates and demand for positive yielding U.S. government bonds resulted in the Bloomberg Barclays U.S. Aggregate Bond index returning nearly 9% for the year.

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

Market Index	QTR	YTD
S&P 500	9.1%	31.5%
MSCI EAFE	8.2%	22.0%
MSCI Emerging Markets	11.8%	18.4%
Bloomberg Barclays U.S. Aggregate Bond	0.2%	8.7%

A typical endowment with FFTC allocates approximately 60% of its portfolio across U.S and Non-U.S public equity markets. As such, the performance of the public equity markets is the key driver of returns for the quarter – up 5.4% and 17.7% for the full year – compared to benchmark returns of 5.9% and 19.6%, respectively.

We hope you can join us on Feb. 18th at 3 p.m. for our “Quarter in Review” webinar, presented by our investment advisor, Mercer Investments LLC. Please register by Feb. 14: www.ffc.org/UpcomingEvents.

Sincerely,



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