

Spring 2021

Dear Friends:

What a difference a year makes! Last year, global equity markets were down more than 20% for the first quarter, while, this year, global equity markets, as represented by the MSCI ACWI, were up 4.6% for the quarter and up 54.6% for the one-year period.

U.S. equity markets were up 6.2%, as represented by the S&P 500, while non-U.S. equity markets were up 3.5% as represented by the MSCI ACWI ex U.S. index. Positive news concerning vaccine rollouts continues to be a key driver of investor optimism. Leading economic indicators also show that the recovery is well underway, and when combined with a \$1.9 trillion stimulus program, 2021 U.S. GDP growth could exceed 6%.

The breadth of this recovery has helped value stocks outperform growth stocks by a wide margin, 11.9% to 1.2%. Likewise, there was a change in leadership between large cap and small cap stocks with small cap stocks up 12.7% for the quarter and large cap stocks up 5.9%. All sectors posted gains for the quarter, with Energy up 31%. While investor sentiment was positive during the quarter, new concerns over inflation caused bond yields to rise, making it a challenging quarter for most fixed-income managers.

Emerging markets were up 2.3% for the quarter following a 1.5% decline in March that was driven by China's technology stocks.

Below is a summary of the major market indices for the first quarter of 2021:

Market Index	QTR
S&P 500	6.2%
MSCI EAFE	3.5%
MSCI Emerging Markets	2.3%
Bloomberg Barclays U.S. Aggregate Bond	-3.4%
Bloomberg Commodity Index	6.9%

A typical endowment with Foundation For The Carolinas returned 3.4% for the quarter compared to its target weighted benchmark return of 2.9%. The return for the quarter reflects the strong performance of the global equity markets. When compared against its benchmark, the outperformance was due primarily to the strong performance of its global equity managers.

Sincerely,



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