

Summer 2021

Dear Friends:

Global equity markets continued their march higher in the second quarter as the economic rebound continued. Several major indices reached new highs due to continued supportive monetary and fiscal policy. However, volatility was present in both the equity and fixed income markets as the Federal Reserve indicated an earlier date for their first rate increase in 2023, only to subsequently reassure markets they view current inflation spikes as transitory and will continue to support the economic recovery.

Global equity markets were up 7.4% during the quarter, as measured by the MSCI ACWI index. The S&P 500 was up 8.5%, with the Real Estate, Energy and Information Technology sectors leading the way. Non-U.S. markets, as represented by the MSCI ACWI ex U.S., were up 5.5%. Emerging markets were up 5%, with some countries benefiting from the rise in commodity prices, while a headwind in other countries.

For the quarter, growth-oriented equity strategies outperformed value-oriented strategies; however, year-to-date, value strategies are outperforming growth. For the quarter, large-cap stocks outperformed small-cap stocks but still trail on a year-to-date basis. The Bloomberg Barclays Aggregate rose 1.8% as bond yields declined, after rising sharply to begin the year.

Below is a summary of the major market indices for the second quarter and YTD 2021:

Market Index	QTR	YTD
S&P 500	8.5%	15.3%
MSCI EAFE	5.2%	8.8%
MSCI Emerging Markets	5.0%	7.4%
Bloomberg Barclays U.S. Aggregate Bond	1.8%	-1.6%
S&P Global Commodity & Resources Index	5.3%	18.0%

A typical endowment with Foundation For The Carolinas returned 6.3% for the quarter and 9.9% for the year-to-date – compared to benchmark returns of 6.1% and 9.1%, respectively. The nearly 10% year-to-date return reflects the strong global equity market returns noted above. The outperformance relative to the benchmarks was driven primarily by strong performance from our non-U.S. equity managers and an underweight position in fixed income.

To obtain additional insights into capital market activity in the quarter, as well as a review of the performance of FFTC's standard investment pools, please consider attending our 2nd Quarter 2021 Investment webinar. The webinar is scheduled for Aug. 4, and the discussion will be led by our Mercer investment consultants.

You can register at: [fftc.org/events/2nd\\_quarter\\_review\\_2021\\_investment\\_webinar](https://fftc.org/events/2nd_quarter_review_2021_investment_webinar)

Sincerely,



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

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