

Summer 2022

Dear Friends:

Global equity markets were down 15.7% in the second quarter, driven by the same investor concerns seen in the first quarter, namely persistent high inflation, tighter monetary policy, recession concerns and continuing geopolitical risks. This resulted in a year-to-date return for global equity markets of negative 20.2%. Unfortunately, fixed income was not a source of protection during these difficult equity markets as the U.S. bond market registered its worst start to a year since 1788.

As a result of record inflation, the Federal Reserve began increasing interest rates in the first quarter and increased rates by 75 basis points in June, an increase not seen since 1994. Investors recognize the Federal Reserve's focus on inflation and expect the Fed funds rate to reach 3.5% by the end of 2022.

In the U.S., the S&P 500 was down 16.1% in the second quarter and is down 20% year-to-date. Energy has been the best performing sector, up 29.2%, while Consumer Discretionary and Communication Services were the two worst performing sectors with returns in excess of -30%. Value stocks have outperformed growth stocks for the year-to-date period. International and Emerging Market equities outperformed U.S. year-to-date, reflecting the U.S. equity market's higher exposure to growth stocks, which are down 28.2%.

Below is a summary of the major market indices for the second quarter and YTD 2022:

Market Index	QTR	YTD
S&P 500	-16.1%	-20.0%
MSCI EAFE	-14.5%	-19.6%
MSCI Emerging Markets	-11.4%	-17.6%
Bloomberg Barclays U.S. Aggregate Bond	-4.7%	-10.3%
S&P Global Commodity & Resources Index	-5.7%	-2.7%

A typical endowment with Foundation For The Carolinas was down 7.7% for the quarter and 11.6% for the year-to-date – compared to benchmark returns of -8.6% and -12.1%, respectively. The negative returns for the quarter and year-to-date periods reflects the negative returns seen in the global equity markets as well as fixed income markets. The outperformance relative to the benchmarks was driven primarily by strong performance from both U.S. and International equity managers as well as our defensive hedge fund managers.

Sincerely,



Greg Beuris CFA, Vice President and Director – Investment 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.fftc.org