FOUNDATION FOR THE CAROLINAS

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Fall 2022

Dear Friends:

Global equity markets were down 6.8% in the third quarter, driven by the same investor concerns seen in the first half of 2022, namely persistent high inflation, tighter monetary policy, recession concerns and continuing geopolitcal risks. This resulted in a year-to-date return for global equity markets of negative 25.6%. Fixed income, down 4.8% and 14.6% for the quarter and year-to-date periods respectively, has not provided much downside protection which investors seek in volatile markets

As a result of record inflation, the Federal Reserve began increasing interrest rates in the first quarter and continued throughout the year, even as macro-economic indicators begin to turn negative. Other central banks have followed suit, with the European Central Bank increasing rates in September by the same magnitude as the Federal Reserve, while other central banks increased by smaller amounts.

In the U.S., the S&P 500 was down 4.9% in the quarter and is down nearly 24% year-to-date. Energy is the only sector with a positive year-to-date return, up 35%. Information Technology and Commication Services were the two worst performing sectors with negative returns in excess of 30%. Growth stocks outperformed value stocks for the quarter; however, value stocks have outperformed growth stocks for the year-to-date period. International equities declined similar to U.S. stocks but were also negatively impacted by the strong U.S. dollar. Emerging Market equities were negative for the quarter due to slowing global growth, the downturn in China's housing market and on-going COVID restrictions.

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

Market Index	QTR	YTD
S&P 500	-4.9%	-23.9%
MSCI EAFE	-9.4%	-27.1%
MSCI Emerging Markets	-11.6%	-27.2%
Bloomberg Barclays U.S. Aggregate Bond	-4.8%	-14.6%
S&P Global Commodity & Resources Index	-1.5%	0.8%

A typical endowment with Foundation For The Carolinas was down 4.4% for the quarter and 15.5% for the year-to-date – compared to benchmark returns of -4.8% and -16.3%, 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

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