Quarterly Investment Update  
As of December 31, 2019

**Overview:** 2019 proved to be a banner year for nearly all asset classes as the difficult conditions of late 2018 proved to be a great opportunity. Importantly, as markets appear to rise continuously and signs of excessive optimism grow, it is important to distinguish between securities that have solid expected returns due to the intersection of quality, future cash flows and price versus those that have far weaker prospects as their most important quality is popularity. In our view, the Foundation’s Pools are heavily allocated to the former.

**Total Assets in Pool:** $129.0 million across 24 investment managers

**Aggregated Investment Performance**

![Chart showing investment performance](chart.png)

*Custom Market Benchmark reflects the portfolio’s strategic asset mix over time. Currently it consists of the following indices: 10% Barclays Capital Aggregate, 12% S&P 500, 8% Russell MidCap, 8% Russell 2000, 17% MSCI EM, 5% MSCI Emerging Markets, 7% MSCI AC World, 3% Merrill Lynch High Yield, 4% Citibank World Government Bond Index, 5% Bloomberg Commodity Index, 3% Barclays US TIPS, 5% 90 Day T-Bills and 5% HY Fund of Funds.

**MSCI All Country World Index** measures the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices.

While the portfolio generated strong gains in 2019, results were well short of market benchmarks. This outcome was the product of asset class diversification and the view that balanced strategies serve philanthropy best over time. To illustrate this point, we assume that a $1 million fund is established in early 1999 as that is the beginning of the performance data we track. We further assume that 5% of a twenty-quarter average market value is distributed each year and that no new gifts are made to the Fund. Finally, we invest this fund in the Foundation’s portfolio and in the S&P 500 index.

![Philanthropic Impact Chart](chart2.png)

The first group of columns reflects the fact that the S&P 500 outperformed the Foundation portfolio by approximately 26.5% cumulatively over this period. The middle set of bars shows that the S&P 500
invested fund generated less spending as bear markets took their toll on distributions. The final set of bars adds spending plus the growth of the Fund above the $1 million initial value to reflect the total amount of philanthropic output. Here the results are essentially identical with the Foundation portfolio producing a slightly better outcome. The graph below paints an even weaker picture for a more aggressive strategy as it provides the pattern of annual spending over time.

While good and bad markets impact the Foundation’s distributions, the trend is quite steady and well aligned with effective philanthropy. In contrast, the S&P 500 portfolio produced a deeply disturbing pattern that includes long, steep declines. In aggregate, the Foundation portfolio, through a strategy designed to capture a large percentage of market gains while assuming appropriate amounts of risk, produced significantly more effective philanthropy.

**Asset Allocation**

- Cash
- Private Equity
- Special Opportunities
- Real Assets
- Fixed Income
- Intl Equity
- Domestic Equity

**Investment Objective:** The Jewish Community Foundation invests its assets to maximize grantmaking to address current needs, while protecting long-term purchasing power for grantmaking in perpetuity. It is through a balanced approach that is sensitive to market opportunities and volatility over long time frames that this objective is best achieved.

**Oversight:** The Foundation’s Board of Directors, advised by the Investment Committee of volunteer financial experts, and with consultation provided by Colonial Consulting LLC.