JEWISH COMMUNITY FOUNDATION OF GREATER HARTFORD

Quarterly Investment Update
As of December 31, 2023

Overview from the Jewish Community Foundation's Investment Consultant:

A pessimistic mindset following 2022's losses was clearly the wrong perspective for the year ahead. Should we be similarly suspicious of any optimism born from 2023's gains?

Due to the simple fact that the Foundation bases investment decisions on rigor, history, and patience to produce a high probability of longer-term success, engaging in the admittedly attention-grabbing matters of near-term market-direction speculation has never been of interest. To be blunt, we do not favor forecasts where our odds of success are at best the same as a coin toss.

One way to think about recent gains is to attempt to identify those that reflect a justifiable (i.e., durable) adjustment in price. In other words, does this increase reflect a correction of a prior discrepancy between price and fundamental value? Or does the increase merely reflect growing optimism for the future and/or investor willingness to pay an ever-increasing premium for a perception of comfort and safety?

Take the Magnificent 7[1]. On an equally weighted basis, this group posted a stunning 107.0% return for the year, while the return was 75.7% on a capitalization-weighted basis. Presently, we have earnings data through September 2023 which amounted to just under a 19% one-year growth rate while expected earnings growth for the next twelve months is approximately 25% on an equally weighted basis. Simply put, regardless of which of these figures we use, multiple expansion (i.e., optimism for the future) defined the story of last year. This is true because price increases substantially exceeded earnings growth.

Why is optimism a dangerous foundation for investment decisions? Unfortunately, despite the positive connotation commonly attached to such an outlook, reality rarely matches hope—subsequent results are predictably disappointing as future outcomes fail to live up to lofty expectations.

Ultimately, this is a tale of two markets. On one hand, we have the Magnificent 7 priced at nearly 40x trailing earnings—this is the ultimate "what can go wrong?" valuation. On the other, we have scores of beaten-down stocks both inside and outside the US trading at what seem to be exceptionally low valuations.

On balance, we continue to believe that monetary policy is on a slow yet undoubtedly erratic path towards normalization thanks to higher structural inflation. This introduces many less familiar but well-documented risks that investors will have to face whether they like it or not. Given that everyone, including Crewcial Partners, lack foresight into the future, the primary factor worth considering is the strong tendency of low valuations to create a wider array of scenarios in which equities produce acceptable returns. This very reliable force will likely provide the fuel for strong future returns at the Foundation.

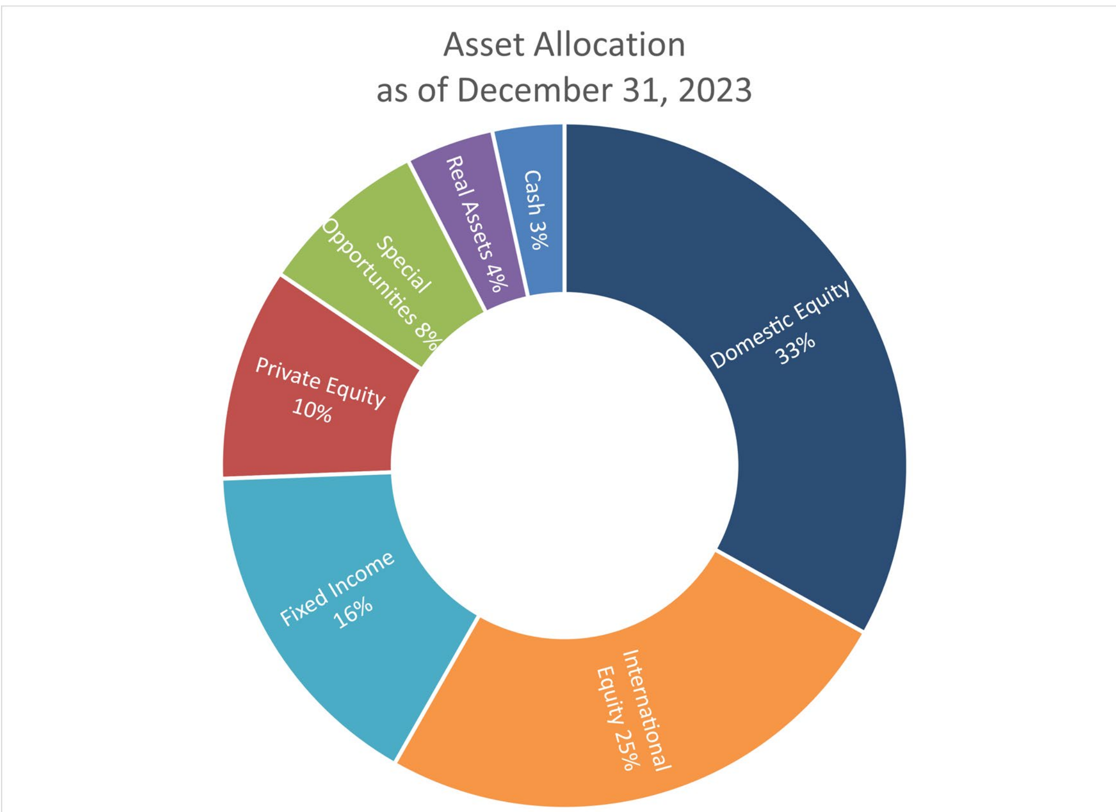
--Michael Miller, Chief Investment Officer, Crewcial Partners (JCF's Investment Consultant)

[1] Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla

Investment Performance Objectives

The **long-term** performance objective for the Foundation's pooled investment portfolio is to earn a rate of return that is at least equal to the rate of inflation plus the spending rate. In other words, the Foundation invests its assets to maximize grantmaking to address current needs, while protecting long-term purchasing power for grantmaking in perpetuity. This is best achieved through a balanced approach that is sensitive to market opportunities and volatility over long time frames.

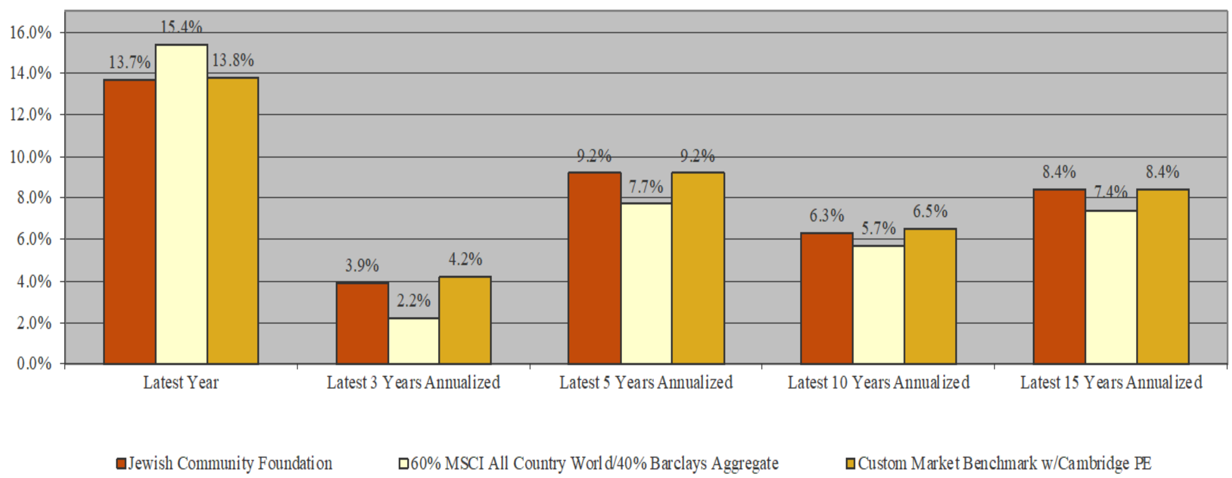
The total portfolio is based on a strategic asset allocation, benchmarked using suitable market indices to represent each asset class. On December 31, 2023, total assets in the pool were approximately $169 million across 29 investment managers. The allocation among asset classes was as follows:



While the Foundation uses performance benchmarks for each asset class, it also considers weighted benchmarks for the entire portfolio as demonstrated below.

As of year-end 2023, the pooled investment portfolio has generated strong absolute returns over the latest 3, 5 and 15 years with outcomes that significantly exceed the 60/40 index blend that approximates the volatility of the Foundation portfolio. It has generally matched the Custom Market Benchmark due to the Pool's diversification away from the Magnificent 7. The Foundation's portfolio by virtue of its stronger diversification is less risky and our expectation is that it will again produce returns that exceed both benchmarks.

Aggregated Investment Performance



Managed Portfolio Investment Performance

Periods ended December 31, 2023							
				Annualized			
	3 months	CYTD	FYTD	1 year	3 year	5 year	10 year
Jewish Community Foundation Total Managed Portfolio	**8.0%**	**13.7%**	**5.3%**	**13.7%**	**3.9%**	**9.2%**	**6.3%**
Overall Market Benchmark [1]	9.6%	16.3%	6.1%	16.3%	4.4%	9.3%	6.5%
Overall Market Benchmark with Cambridge PE [2]	8.3%	13.8%	5.3%	13.8%	4.2%	9.2%	6.5%
60% MSCI AC World/40% Bloomberg U.S. Aggregate [3]	9.4%	15.4%	5.7%	15.4%	2.2%	7.7%	5.7%
Standard & Poor's 500 Composite Stock Index [4]	11.7%	26.3%	8.0%	26.3%	10.0%	15.7%	12.0%
Bloomberg U.S. Aggregate Index [5]	6.8%	5.5%	3.4%	5.5%	-3.3%	1.1%	1.8%

[1] *Overall Market Benchmark*: This benchmark is composed of: 9% Bloomberg U.S. Aggregate; 26% Standard & Poor's 500; 8% Russell MidCap; 8% Russell 2000; 10% Morgan Stanley Capital International (MSCI) AC World, 19% MSCI EAFE; 5% Morgan Stanley Emerging Market Equities (MSCI EME); 4% FTSE World Government Bond Index; 5% Bloomberg Commodity Index; 3% Bloomberg U.S. Treasury Inflation Protection Securities; and 3% 90-day Treasury Bills.

[2] *Overall Market Benchmark with Cambridge PE:* In May 2023, the Foundation's Investment Committee added a second policy benchmark option that is identical to the original benchmark except for the use of the Cambridge Private Equity index in place of the S&P 500 for private equity. This benchmark is composed of: 9% Bloomberg U.S. Aggregate; 15% Standard & Poor's 500; 11% Cambridge all PE; 8% Russell MidCap; 8% Russell 2000; 10% Morgan Stanley Capital International (MSCI) AC World, 19% MSCI EAFE; 5% Morgan Stanley Emerging Market Equities (MSCI EME); 4% FTSE World Government Bond Index; 5% Bloomberg Commodity Index; 3% Bloomberg U.S. Treasury Inflation Protection Securities; and 3% 90-day Treasury Bills.

[3] *60% MSCI AC World/ 40% Bloomberg U.S. Aggregate Bond Index*: A benchmark comprised of 60% of the Morgan Stanley All Country World index which includes equities from the United States, developed and emerging markets from around the world. And, this benchmark is 40% invested in Bloomberg U.S. Aggregate Bond Index, a measure of primarily U.S. dollar denominated, investment grade fixed income securities. The Foundation's equity holdings are diversified across the geographies covered by the MSCI index. The Foundation's equity holdings are diversified across the geographies covered by the MSCI index.

[4] *S&P 500:* A market capitalization-weighted price-only index comprised of 500 widely held common stocks listed on the New York Stock Exchange and NASDQ. It is used as a benchmark to measure the overall performance of the U.S. stock market.

[5] *Bloomberg U.S. Aggregate Index*: An unmanaged market value-weighted index comprised of U.S. investment grade, fixed rate bond market securities, including U.S. Government bonds, corporate bonds (minimum grade Baa), mortgage pass-through securities, commercial mortgage-backed securities and asset-backed securities that are publicly offered for sale in the United States. Effective November 3, 2008, the Lehman Brothers Aggregate Bond Index rebranded Barclays Capital Aggregate Bond Index. There have been no changes to the calculation or definition of the index data.