

Quarterly Investment Update

As of December 31, 2020

Overview: Where does one even begin when discussing 2020? Perhaps we should just say “good riddance” and move on. Yet, buried within all the pain and anxiety was a year that shaped and tested humanity in ways that are rarely seen, with much to acknowledge and carry forward. As investors, many of the lessons of a particular time are best ignored, as it is human nature to review history, identify what worked, and move forward with that playbook. This is unfortunate, as markets are cyclical and the moments that cause us to pay closest attention tend to correlate with the end rather than the beginning of a cycle.

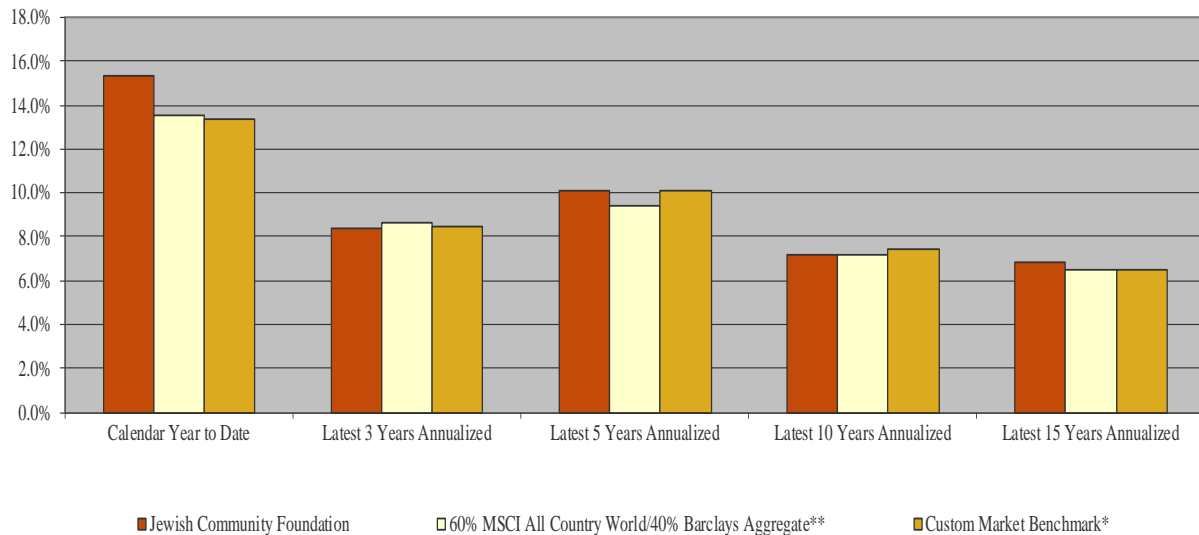
For example, after 2008, it was quite common to hear that equity markets were destined to produce the undesirable combination of high risk and low long-term returns. This was in part a function of recent lived experience but was also built on legitimate fears of the long-lasting implications of a debt deflation cycle. Unfortunately, those who applied this lesson paid a very high price.

Fast forward to today and we see two “lessons” that are also likely to contribute to weaker future returns. The first involves the perception that valuation is not relevant during a turbulent time, as no price is too high for the beneficiaries of change and none too low for those that must adjust. The second is that as long as central banks continue to flood the system with liquidity, interest rates will not rise. While it is quite possible that the risks of high valuations and low interest rates will remain hidden for some time, conditions will eventually shift, and the Foundation’s strategically diversified, well-balanced portfolio is positioned for such a change through its focus on the long-term drivers of return and the outsized significance of long-term results.

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

Total Assets in Pool: \$ 150.2 million across 26 investment managers

Aggregated Investment Performance



*Custom Market Benchmark reflects the portfolio’s strategic asset mix over time. Currently it consists of the following indices: 10% Barclays Capital Aggregate, 23% S&P 500, 8% Russell MidCap, 8% Russell 2000, 19% MSCI EAFE, 5% MSCI Emerging Markets, 10% MSCI AC World, 3% Merrill High Yield, 4% FTSE World Government Bond Index, 5% Bloomberg Commodity Index, 3% Barclays US TIPS and 2% 90 Day T-Bills.

** 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.

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 Crewcial Partners LLC (name changed from Colonial Consulting, LLC).

Asset Allocation

