



Quarterly Investment Update

As of June 30, 2020

Overview: For the quarter ending June 30, markets delivered extraordinary gains and again provided an object lesson regarding their inherently unpredictable nature and the power of momentum that is at best loosely connected to financial reality.

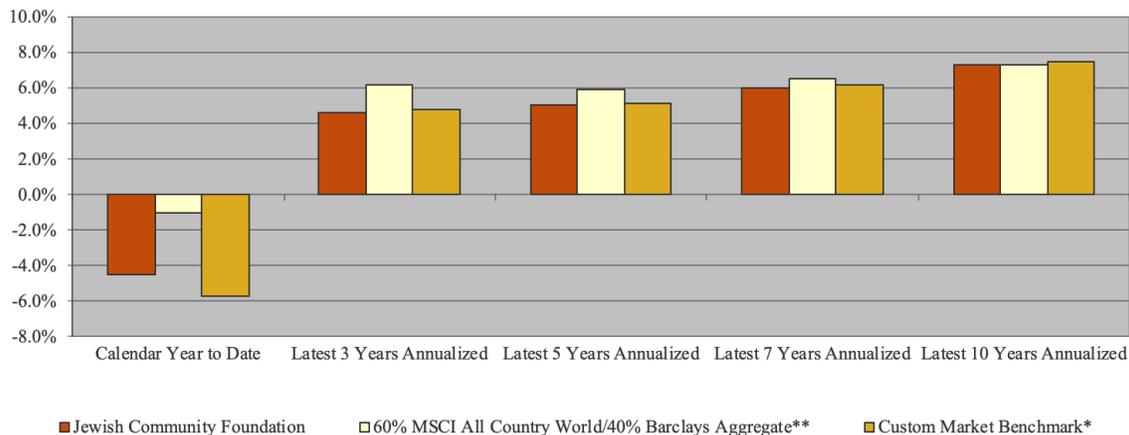
For some, the strong market recovery since mid-March has been surprising and unsettling, particularly given the state of the economy and the fact that we know little more about the ongoing health issues related to COVID-19 than while markets were plunging. Nevertheless, extraordinary intervention by monetary authorities was an important driver of the gains shown above.

As market panic recedes in part due to a reduced level of shock at the implications of the pandemic, the skill of the Foundation’s managers and the aggregate approach to portfolio construction has become evident.

Looking ahead, we now face a vastly more complex economic and investment climate. One point of cautious optimism is to note that the rigorous, patient and risk aware investing that is employed across the Foundation’s assets should provide a significant return benefit over the next three to five years as uncertainty and change have created very large opportunities.

Total Assets in Pool: \$ 125.7 million across 24 investment managers

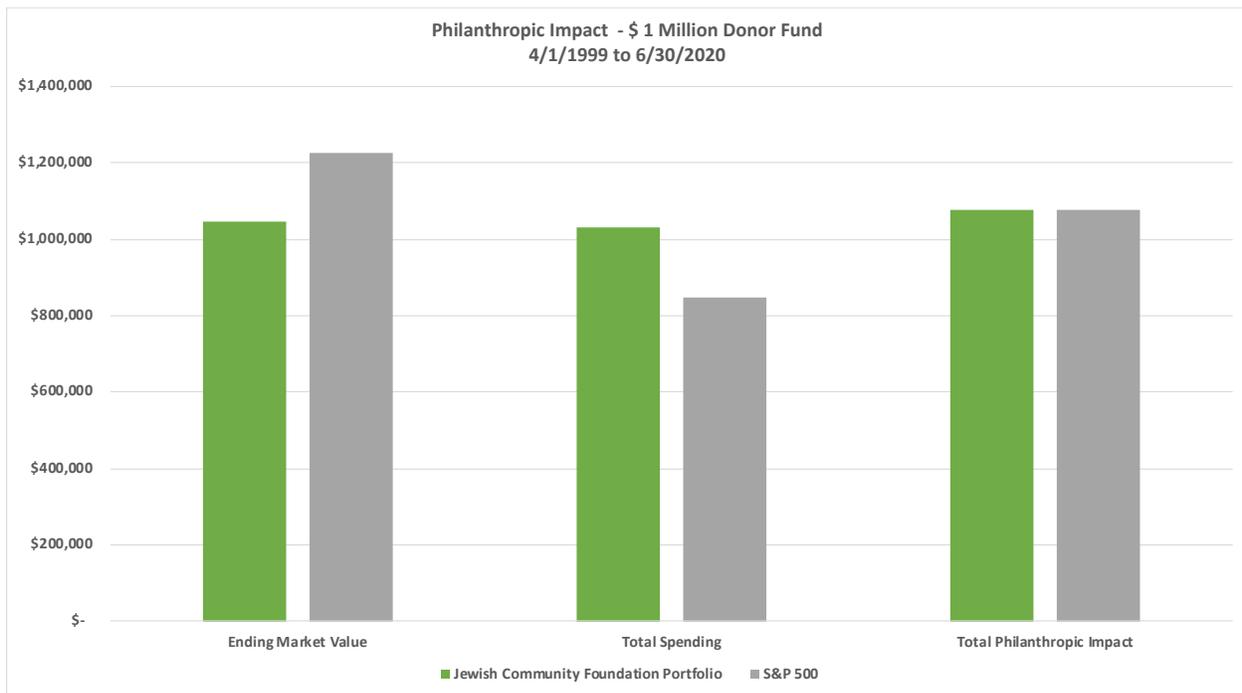
Aggregated Investment Performance



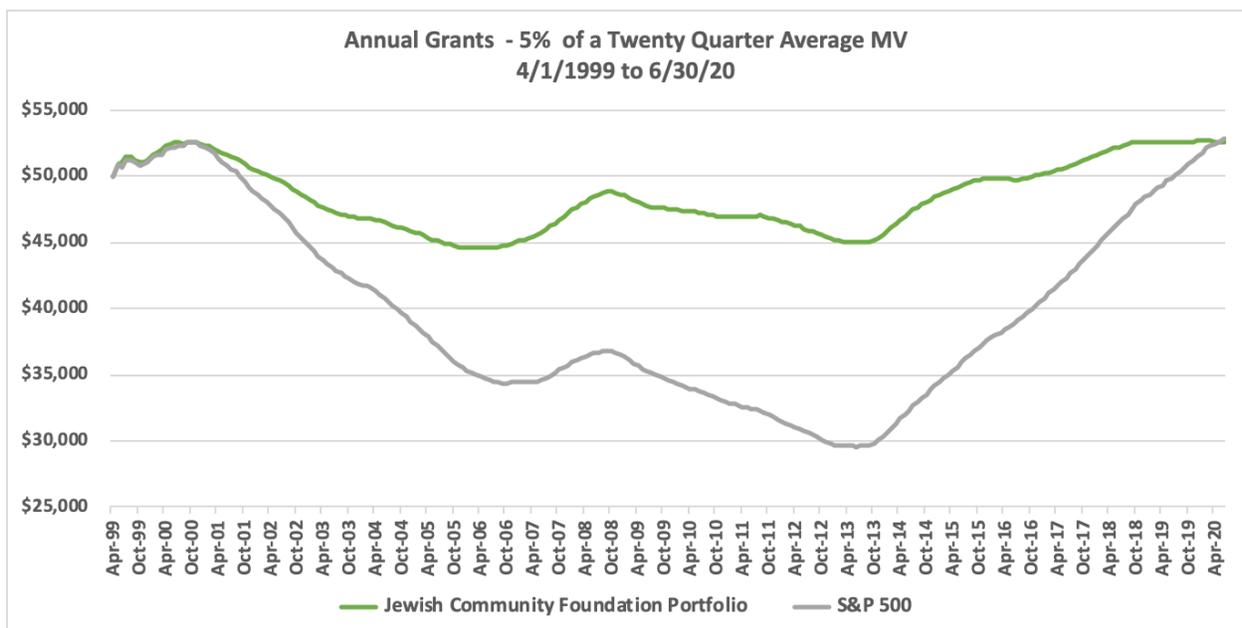
* Custom Market Benchmark reflects the portfolio’s strategic asset mix over time. Currently it consists of the following indices: 10% Barclays Capital Aggregate, 23% S&P 500, 8% Russell MidCap, 8% Russell 2000, 17% MSCI EAFE, 5% MSCI Emerging Markets, 7% MSCI AC World, 3% Merrill High Yield, 4% Citi World Government Bond Index, 5% Bloomberg Commodity Index, 3% Barclays US TIPS, 2% 90 Day T-Bills and 5% HFRI 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.

As we enter a time of great economic dislocation and uncertainty, the long-term benefits of asset class diversification and its ability to serve philanthropy best over time become increasingly important. To illustrate the Foundation’s historical record, 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.



The first group of columns reflects the fact that the S&P 500 outperformed the Foundation portfolio by approximately 28% cumulatively over this period. The middle set of bars shows that the S&P 500 invested fund generated less spending as lengthy 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 stronger philanthropic outcome as measure in dollar impact.** The graph below paints an even weaker picture for a more aggressive strategy as it provides the pattern of annual spending over time.



While strong and weak 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

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.

