Quarterly Investment Update
As of March 31, 2024

Overview from the Foundation's Investment Consultant

The first quarter of 2024 provided yet another period of strong, seemingly risk-free gains, with the S&P 500 rising 10.6% for the quarter alongside the MSCI ACWI Index's advance of 8.2%. Once again, US large-capitalization growth stocks led the way, further cementing the impression that this group can be relied upon to produce market-leading returns and provide a strong hedge against difficult economic and geopolitical conditions.

If all of this wasn't good enough, the S&P 500's worst intra-quarter decline was a mere 1.7%; if this figure were to hold, it would be the smallest decline in over 80 years and a rare situation in which equities experienced an intra-year decline less than that of US treasuries.

Considering the past, present, and future for markets, we find ourselves regularly thinking about the concept of complacency. Merriam Webster defines the term as "self-satisfaction especially when accompanied by unawareness of actual dangers or deficiencies." Despite the clearly negative connotation, the word does not generally strike overt fear into those who hear it—therein lies its true power as it is among the most dangerous of the behavioral tendencies that lead to poor/mediocre long-term outcomes.

Interestingly, like trust, complacency takes time to build and entrench itself, but it can dissipate in moments. Its manifestation within markets today is quite typical and atypically dangerous given the broad appeal of the securities that underpin this cycle.

	10 Year Cumulative Return
S&P 500	+230.5% (+12.7% Per Year)
Russell Top 200 Growth	+380.9% (+17.0% Per Year)
Russell Top 50 Technology	+673.5% (+22.7% Per Year)

One can draw a straight line from strong outcomes to overconfidence to complacency. Today, this trajectory has the potential to be unusually pronounced, as a direct correlation has existed between simple/inexpensive investment strategies and exceptional success.

To illustrate, for the ten years ending December 2023, a 70% S&P 500/30% Bloomberg Aggregate portfolio generated a 9.1% annualized return, outperforming the median endowment and foundation portfolio by more than 3% per year and ranking in the top 1% of participants. Depending on one's perspective, this is either a stunning outcome or entirely expected; either way, it's self-evident that the latter perspective was rare to non-existent across the endowment and foundation community for a good part of the last decade.

Yet, this has clearly changed, as many investors now allocate capital heavily to index funds such as the S&P 500 or MSCI All Country World Index. While most do not expect returns that exceed virtually all endowments and foundations, they do expect both top results and an outcome that supports their missions.

Is this fundamentally sound, or reactionary? While we won't definitively know the answer for another seven to ten years, we can wonder if such a strategy will continue to prove as successful as it has been for the past ten years. Never say never of course, although prudent investing should be based on probabilities and the fundamental factors that drive long-term returns. Perhaps the most important and reliable of these factors is human nature.

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Why didn't the Foundation and other non-profits simply allocate to the 70% S&P 500/30% Bloomberg Aggregate portfolio a decade ago? Wasn't a universally known, simple, two-fund portfolio focused on our home markets an obvious choice?

One reason is that such a portfolio rarely achieves the types of results we have seen of late. In fact, this same 70/30 mix had a very weak long-term track record a decade ago. For the ten-year periods as of year-end 2009, 2010, 2011, and 2012, such a portfolio ranked in the bottom quartile of the E&F universe and generated low-single-digit annualized returns. Exactly a decade ago (year-end 2013), the 70/30 portfolio snuck into the top half of the E&F universe, but still only delivered 6.8% per year.

Not only was today's popular index blend a poor performer, but its extended inability to support spending policies naturally drove capital elsewhere.

To be clear, we are not suggesting that overly complex, expensive strategies are inherently superior to a straightforward index blend; in fact, there is little doubt that the opposite is true. What we are saying is little to no logic exists behind the idea that a commoditized index strategy should rank in the top 1% of the E&F universe while generating a 9.1% annualized return. Essentially, it was incorrect in 2013 to see the index as a perennial loser; it is equally wrong today to see it as a perennial winner.

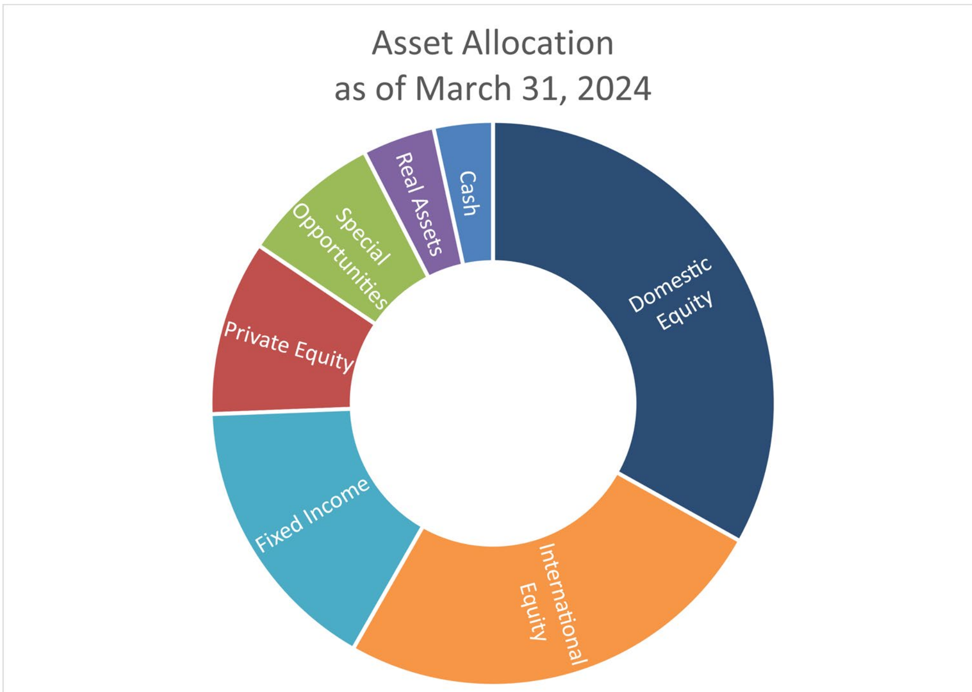
Generating mission-supporting returns over multi-decade periods is difficult and each investment strategy must be designed with this in mind. Complexity may contribute to the solution, but only when executed with great respect for the challenging set of hurdles that must be overcome—of far greater importance is recognizing the behavioral traps that investors must actively work to avoid.

The Foundation's investment strategy is designed to embrace diversification and contrarian thinking, with a constant focus on generating returns that support the philanthropic goals of its fundholders.

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

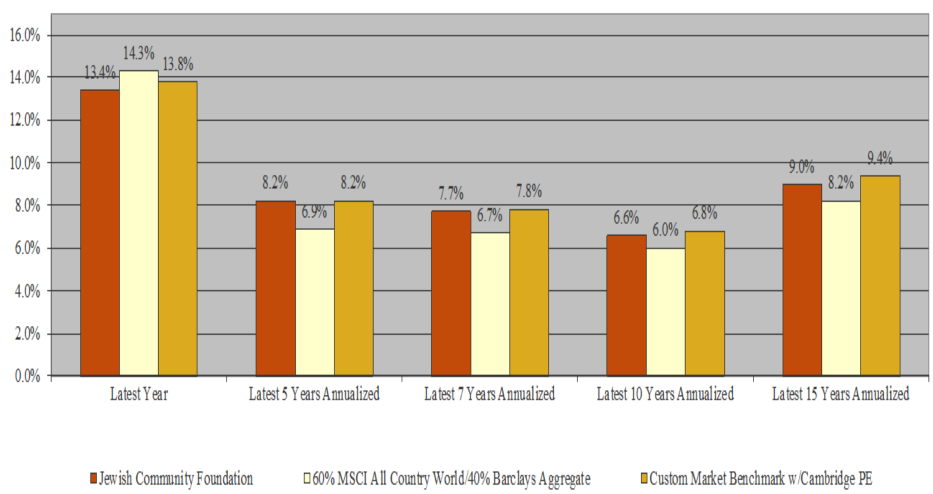
Investment Performance Objectives

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 March 31, 2024, total assets in the Pool were approximately $175 million across 29 investment managers. The allocation among asset classes was as follows:



As of March 2024, the pooled investment portfolio has generated strong absolute returns over the latest 5, 7 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



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Managed Portfolio Investment Performance

Periods ended March 31, 2024							
					Annualized		
	3 months	**FYTD**	**1 year**	**3 year**	**5 year**	**10 year**	**15 year**
Jewish Community Foundation Total Managed Portfolio	**4.3%**	**9.8%**	**13.4%**	**3.5%**	**8.2%**	**6.6%**	**9.0%**
Overall Market Benchmark with Cambridge PE [1]	4.7%	10.2%	13.8%	4.3%	8.2%	6.8%	9.4%
60% MSCI AC World/40% Bloomberg U.S. Aggregate [2]	4.6%	10.6%	14.3%	3.3%	6.9%	6.0%	8.2%
Standard & Poor's 500 Composite Stock Index [3]	10.6%	19.4%	29.9%	11.5%	15.0%	13.0%	15.6%
Bloomberg U.S. Aggregate Index [4]	-0.8%	2.6%	1.7%	-2.5%	0.4%	1.5%	2.6%

[1] *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.

[2] *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 US Aggregate Bond Index, a measure of primarily US 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.

[3] *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.

[4] *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.