

# HOUSTON JEWISH COMMUNITY FOUNDATION

MARCH 2021

Investment Pool	QTD	YTD	1 Year	3 Years	5 Years	Since Inception*
<b>HJCF Index Growth Composite**</b>	<b>2.35%</b>	<b>2.35%</b>	<b>34.66%</b>	<b>10.52%</b>	<b>9.80%</b>	<b>10.17%</b>
<i>Index Growth Benchmark</i>	<i>2.06%</i>	<i>2.06%</i>	<i>32.44%</i>	<i>10.17%</i>	<i>9.78%</i>	<i>9.99%</i>
<b>HJCF Growth Composite**</b>	<b>3.56%</b>	<b>3.56%</b>	<b>41.06%</b>	<b>8.42%</b>	<b>N/A</b>	<b>9.47%</b>
<i>Growth Benchmark</i>	<i>2.82%</i>	<i>2.82%</i>	<i>36.72%</i>	<i>8.19%</i>	<i>N/A</i>	<i>9.04%</i>
<b>HJCF Aggressive Growth Composite**</b>	<b>5.16%</b>	<b>5.16%</b>	<b>53.25%</b>	<b>9.37%</b>	<b>N/A</b>	<b>10.88%</b>
<i>Aggressive Growth Benchmark</i>	<i>4.71%</i>	<i>4.71%</i>	<i>49.03%</i>	<i>9.44%</i>	<i>N/A</i>	<i>10.62%</i>
<b>HJCF Conservative Balanced Composite**</b>	<b>0.61%</b>	<b>0.61%</b>	<b>12.38%</b>	<b>N/A</b>	<b>N/A</b>	<b>4.50%</b>
<i>Conservative Balanced Benchmark</i>	<i>0.38%</i>	<i>0.38%</i>	<i>11.29%</i>	<i>N/A</i>	<i>N/A</i>	<i>4.17%</i>
<b>HJCF Cash Management Composite**</b>	<b>0.00%</b>	<b>0.00%</b>	<b>-0.08%</b>	<b>N/A</b>	<b>N/A</b>	<b>1.11%</b>
<i>Cash Management Benchmark</i>	<i>0.02%</i>	<i>0.02%</i>	<i>0.21%</i>	<i>N/A</i>	<i>N/A</i>	<i>1.39%</i>

## KEY OBSERVATIONS (UPDATED QUARTERLY)

### Overview

- Market breadth was strong during the first quarter of 2021, led by a recovery among areas most afflicted by the pandemic (Led by U.S. Small & Large Cap Equities and U.S. Equity REITs).
- The American Rescue Plan Act (ARPA) paired with the advancement of vaccination efforts may serve as a bridge to more sustained positive economic momentum into 2Q 2021.
- Both Interest Rates and Inflation expectations trended higher as global growth accelerated.

### Fixed Income

- Entering Q1 2021, investors knew they now must contend with historically low return estimates from many traditional fixed income asset classes (e.g., Sovereign Bonds, Investment-Grade Corporates, and High Yield Debt). Rising intermediate and long-dated Treasury rates impacted fixed income markets negatively.

### Equities & Real Assets

- U.S. Small Cap stocks continued their upwards trajectory as fourth quarter results rolled over into first quarter performance.
- Large Cap and value-orientated equities also produced substantial returns in the first quarter.
- Wide-scale vaccination efforts spurred optimism for synchronized global growth.
- A notable rebound in retail and residential REITs was seen in Q1 2021, as we saw all REIT sectors generate positive returns in March, again on continues vaccine optimism and in anticipation of further economic reopening in the U.S.

## KEY OVER/UNDER WEIGHTS

- Within the equity segment of the portfolio there is a modest overweight to Emerging Market Equities and slight underweight to International Developed Equities compared to the MSCI All-Cap World Index.

*(Portfolio changes continued to next page)*

## PORTFOLIO CHANGES (1Q REVIEW)

- No changes to the asset allocation target or manager lineup for the Index Growth Pool as it currently remains invested in an index approach of 60% stock and 40% bonds.
- 2021 Capital Market Assumptions and Asset Allocation changes were completed during the quarter for Aggressive Growth, Growth and Conservative Balanced pools. Broad thematic shifts included:
  - The Core U.S. Bond managers of the portfolio Dodge & Cox Income and JPMorgan Core Bond were replaced in favor of Baird Aggregate Bond (*ticker: BAGIX*) and MetWest Total Return (*MWTSX*) given their more conservative positions as it relates to credit quality.
  - A Dynamic U.S. Bonds allocation was added to portfolio facilitated by BlackRock Strategic Opps (*BSIIX*).
  - Dedicated International Fixed Income (both hedged and unhedged) as well as Emerging Market debt exposures were replaced by a single Global Bond manager in PGIM Global Total Return Z (*PZTRX*).
- Dedicated TIPS (Treasury Inflation Protection Securities) and Energy Infrastructure Master Limited Partnerships were removed in favor of a consolidated Broad Real Assets strategy with DWS RREEF Real Assets (*ticker: AAAZX*).
- A full rebalance to the updated strategic asset allocation targets was completed for all portfolio during the quarter.