

# HOUSTON JEWISH COMMUNITY FOUNDATION

DECEMBER 2019

| Investment Pool                               | QTD          | YTD           | 1 Year        | 3 Years      | 5 Years      | Since Inception* |
|---|--------------|---------------|---------------|--------------|--------------|------------------|
| <b>HJCF Index Growth Composite**</b>          | <b>5.57%</b> | <b>20.10%</b> | <b>20.10%</b> | <b>9.11%</b> | <b>5.65%</b> | <b>8.90%</b>     |
| <i>Index Growth Benchmark</i>                 | 5.26%        | 20.25%        | 20.25%        | 9.45%        | 6.67%        | 9.09%            |
| <b>HJCF Growth Composite**</b>                | <b>4.95%</b> | <b>19.81%</b> | <b>19.81%</b> | <b>8.02%</b> | <b>N/A</b>   | <b>8.55%</b>     |
| <i>Growth Benchmark</i>                       | 4.77%        | 18.41%        | 18.41%        | 8.59%        | N/A          | 8.58%            |
| <b>HJCF Aggressive Growth Composite**</b>     | <b>6.43%</b> | <b>22.43%</b> | <b>22.43%</b> | <b>8.90%</b> | <b>N/A</b>   | <b>9.89%</b>     |
| <i>Aggressive Growth Benchmark</i>            | 6.26%        | 21.35%        | 21.35%        | 9.48%        | N/A          | 9.82%            |
| <b>HJCF Conservative Balanced Composite**</b> | <b>1.71%</b> | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>   | <b>N/A</b>   | <b>2.30%</b>     |
| <i>Conservative Balanced Benchmark</i>        | 1.68%        | N/A           | N/A           | N/A          | N/A          | 2.34%            |
| <b>HJCF Cash Management Composite**</b>       | <b>0.36%</b> | <b>1.91%</b>  | <b>1.91%</b>  | <b>N/A</b>   | <b>N/A</b>   | <b>1.95%</b>     |
| <i>Cash Management Benchmark</i>              | 0.50%        | 2.46%         | 2.53%         | N/A          | N/A          | 2.41%            |

## KEY OBSERVATIONS (UPDATED QUARTERLY)

- 2019 finished as a remarkable year for markets, with nearly all asset classes posting significant gains. Full-year returns were particularly noteworthy considering the significant reversal from the late-2018 market selloff, as investors had begun the year with fears of an economic slowdown brought about by Federal Reserve rate increases and the prospect of a broader U.S.-China trade war. Broadly speaking, global equities (MSCI ACWI) gained more than 9% for the quarter, benefiting from central bank accommodation, optimism over a U.S.-China "phase one" trade deal, and, at long last, greater clarity on Brexit following the U.K. general election. The S&P 500 Index ended up with its best year since 2013, while the Stoxx Europe 600 finished with its best performance since 2009. Bonds also posted notable returns, with U.S. investment-grade corporate bonds posting their best performance since 2009.
- Fixed Income** – increased growth and inflation expectations led to rising yields, which resulted in modest quarterly returns for investment-grade bonds. Amid the rise in longer-term rates, the U.S. Treasury yield curve steepened, which put to rest the previously inverted shape; the 10-year U.S. Treasury yield increased from 1.68% to 1.92%, still well below the recent peak of 3.24% in November of 2018.
- Equities** – following a quarter in which global equities (MSCI ACWI) rallied 9%, many equity markets finished the year near or at all-time highs. The S&P 500 Index rose 9.1% to finish the year up 31.5%, while U.S. Small Cap stocks finished 2019 up +25.5%. International Developed stocks posted full-year gains of 22.0%. The MSCI Emerging Markets Index surged 7.5% in December alone, and 11.8% for the quarter, amid easing geopolitical concerns, hopes for further stimulus from the People's Bank of China, and a falling U.S. dollar; the MSCI EM Index gained 18.4% for the year.
- Real Assets** – REITs, which had been one of the best performing asset classes in 2019 finishing the year up +26.0%. The Alerian MLP Index fell 4.1% for the quarter, however, the December rally ultimately enabled the Alerian MLP Index to finish the year in positive territory (+6.6%).

## KEY OVER/UNDER WEIGHTS

- Consistent, natural rebalancing thanks to cash flows has kept the portfolios well in-line with strategic target allocations.

## PORTFOLIO CHANGES (4Q REVIEW)

- With updated capital market assumptions recently completed for 2020 through 2029, portfolio asset allocation and manager changes will be implemented early in the first quarter of 2020.

\*07/01/19 Inception for Conservative Balanced, 09/01/18 Inception for Cash Management, 07/01/16 Inception for Indexed Growth & 11/01/16 Inception for all other pools.

\*\*All returns and performance metrics are net of investment consultant fees & investment manager fees and do not include HJCF administrative fees or expenses