

HOUSTON JEWISH COMMUNITY FOUNDATION

DECEMBER 2019

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