# HOUSTON JEWISH COMMUNITY FOUNDATION

## OCTOBER 2024

| Investment Pool | MTD | YTD | 1 Year | 3 Years | 5 Years | Since Inception* |
|---|---|---|---|---|---|---|
| ***HJCF Index Growth Composite**** | ***-1.95%*** | ***9.95%*** | ***23.08%*** | ***2.12%*** | ***7.02%*** | ***7.48%*** |
| *Index Growth Benchmark* | *-2.12%* | *10.13%* | *23.63%* | *2.90%* | *7.12%* | *7.63%* |
| ***HJCF Growth Composite**** | ***-2.21%*** | ***8.74%*** | ***23.52%*** | ***2.54%*** | ***6.69%*** | ***7.12%*** |
| *Growth Benchmark* | *-2.42%* | *9.70%* | *23.69%* | *2.07%* | *5.89%* | *6.63%* |
| ***HJCF Aggressive Growth Composite**** | ***-2.21%*** | ***10.63%*** | ***26.62%*** | ***3.37%*** | ***8.13%*** | ***8.41%*** |
| *Aggressive Growth Benchmark* | *-2.44%* | *12.14%* | *28.04%* | *3.27%* | *7.78%* | *8.16%* |
| ***HJCF Conservative Balanced Composite**** | ***-0.89%*** | ***5.14%*** | ***11.01%*** | ***2.22%*** | ***3.27%*** | ***3.27%*** |
| *Conservative Balanced Benchmark* | *-0.92%* | *5.74%* | *11.82%* | *2.42%* | *3.22%* | *3.23%* |
| ***HJCF Cash Management Composite**** | ***0.41%*** | ***4.32%*** | ***5.24%*** | ***3.49%*** | ***2.19%*** | ***2.16%*** |
| *Cash Management Benchmark* | *0.43%* | *4.62%* | *5.59%* | *3.78%* | *2.44%* | *2.41%* |

## KEY OBSERVATIONS (UPDATED QUARTERLY)

**Overview**

- While the Fed held steady at the July meeting, it initiated a rate-cutting cycle with a 50 basis points cut at its September meeting. The inflation backdrop has continued to progress toward the Fed's target (U.S. CPI was 2.4% in September) and the labor market has started to show signs of cooling. The duration and extent of future cuts remain uncertain.
- The U.S. economy remains resilient growing 3% in the second quarter. Despite a cooling in the labor market, the consumer remains relatively healthy and corporate fundamentals are positive. However, rising delinquencies, the dock worker strike, potential tariffs, and other uncertainties may weigh on future growth.
- Market volatility is expected to remain high leading up to the presidential election. Long-term investors who stay invested regardless of political party tend to be rewarded.

**Fixed Income**

- Rates fell during the third quarter and fixed income markets saw favorable results overall. The U.S yield curve steepened as the Fed cut rates, with the spread between the 2-year and 10-year U.S. Treasury yields turning positive; the first time since 2022.
- The corporate credit market remains resilient as well and also had a strong quarter. Growing investor expectations for the prospect of a soft-landing scenario helped drive performance.

**Equities & Real Assets**

- Equity markets were strong across regions during the quarter. The Mag 7 took a bit of a breather during the quarter. Areas less exposed to these concentrated names and more sensitive to lower interest rates outperformed.
- International markets were also positive, with developing regions (MSCI EM) outpacing developed (MSCI EAFE), returning 8.7% and 7.3%, respectively.
- Commodities saw a modest gain in the quarter (+0.7%), with the precious metals sub-component leading.
- REITS had a standout quarter, with the FTSE Nareit Equity REITs Index returning 16.1%. The falling interest rate environment was beneficial to this rate sensitive area of the market.

## KEY OVER/UNDER WEIGHTS

- Within the equity segment of the portfolio there is a slight underweight to U.S. Equities compared to the MSCI All-Cap World Index.

## PORTFOLIO CHANGES (3Q REVIEW)

- Natural cash flows have kept the portfolios on target. 2024 Capital Market Assumptions were implemented in Q1 2024.

**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*