HOUSTON JEWISH COMMUNITY FOUNDATION

JANUARY 2025

Investment Pool	MTD	YTD	1 Year	3 Years	5 Years	Since Inception*
HJCF Index Growth Composite*	**2.20%**	**2.20%**	**13.14%**	**4.11%**	**6.81%**	**7.59%**
Index Growth Benchmark	2.20%	2.20%	13.10%	4.84%	6.92%	7.75%
HJCF Growth Composite*	**2.25%**	**2.25%**	**12.14%**	**4.13%**	**6.71%**	**7.19%**
Growth Benchmark	2.12%	2.12%	12.78%	3.65%	5.75%	6.67%
HJCF Aggressive Growth Composite*	**3.41%**	**3.41%**	**15.86%**	**5.52%**	**8.42%**	**8.62%**
Aggressive Growth Benchmark	2.62%	2.62%	16.18%	5.15%	7.71%	8.24%
HJCF Conservative Balanced Composite*	**0.89%**	**0.89%**	**6.52%**	**3.03%**	**3.29%**	**3.35%**
Conservative Balanced Benchmark	0.96%	0.96%	7.12%	3.24%	3.21%	3.31%
HJCF Cash Management Composite*	**0.31%**	**0.31%**	**4.96%**	**3.85%**	**2.33%**	**2.24%**
Cash Management Benchmark	0.38%	0.38%	5.36%	4.18%	2.59%	2.51%

KEY OBSERVATIONS (UPDATED QUARTERLY)

Overview

- The Federal Reserve's decision to cut rates by another 50 basis points was a key event in the quarter, leading to a mixed reaction in the markets. The 10-year U.S. Treasury yield soared by over 75 basis points, indicating resistance from the bond market due to concerns of more persistent inflation and uncertainty around the impact of potential policy changes.
- After another positive quarter for U.S. equity markets and a strong 2024, market concentration has continued to grow and so have the risks associated with it. It has historically been difficult for companies to sustain high levels of growth over the long-term. Even a small reversion of these "Mag 7" stocks (which accounted for over 50% of the S&P 500's return in 20242) may lead to higher volatility in the future.
- The potential for increased volatility remains against the backdrop of increased concentration and high valuations.

Fixed Income

- Fixed income markets broadly struggled during the quarter, despite the Federal Reserve's rate cut. The Bloomberg U.S. Aggregate Bond Index returned -3.1% for the quarter. The resilient economy and concerns about persistent inflation pushed interest rates higher with the 10-year Treasury yield rising 77 bps.
- High yield bonds, however, eked out a modest gain, with the Bloomberg U.S. High Yield Index returning 0.2%. There was modest spread compression as fundamentals remain favorable and the asset class continues to attract demand.

Equities & Real Assets

- U.S. equities ended the year with modest positive returns in the fourth quarter despite elevated volatility. The S&P 500 returned 2.4% for the quarter, ending the year 25% higher than it began.
- International developed markets took a large step back, falling 8.1% amid signs of economic weakness, concerns over potential tariffs, and geopolitical uncertainty. Emerging markets also struggled, returning -8.0%.
- Commodities were modestly negative, returning -0.4%, driven by weakness in metals and agriculture.
- Rising interest rates were a significant headwind for REITs in the fourth quarter. The Index returned -8.2%, with industrial and self-storage sectors underperforming due to slowing manufacturing and post-pandemic occupancy issues.

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 (4Q REVIEW)

- Natural cash flows have kept the portfolios on target. 2025 Capital Market Assumptions will be implemented in Q1 2025.

**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*