HOUSTON JEWISH COMMUNITY FOUNDATION

SEPTEMBER 2025

Investment Pool	MTD	YTD	1 Year	3 Years	5 Years	Since Inception*
HJCF Index Growth Composite	***2.22%***	***12.21%***	***10.60%***	***14.64%***	***7.78%***	***8.11%***
Index Growth Benchmark	*2.32%*	*12.35%*	*10.61%*	*15.20%*	*8.16%*	*8.27%*
HJCF Growth Composite	***1.79%***	***11.02%***	***8.65%***	***14.60%***	***8.58%***	***7.62%***
Growth Benchmark	*2.38%*	*12.59%*	*9.65%*	*14.39%*	*7.95%*	*7.32%*
HJCF Aggressive Growth Composite	***2.05%***	***13.27%***	***11.10%***	***17.16%***	***10.94%***	***9.06%***
Aggressive Growth Benchmark	*2.87%*	*14.98%*	*12.17%*	*17.46%*	*10.58%*	*8.98%*
HJCF Conservative Balanced Composite	***.82%***	***5.97%***	***5.39%***	***7.47%***	***4.24%***	***3.80%***
Conservative Balanced Benchmark	*1.13%*	*6.77%*	*6.07%*	*8.00%*	*4.22%*	*3.87%*
HJCF Cash Management Composite	***.29%***	***3.15%***	***4.33%***	***4.65%***	***2.88%***	***2.44%***
Cash Management Benchmark	*.36%*	*3.34%*	*4.61%*	*4.98%*	*3.10%*	*2.69%*

KEY OBSERVATIONS (UPDATED QUARTERLY)

Overview

- Markets were widely positive in the third quarter of 2025 with fixed income, equities, and diversifying assets all posting gains. Despite recent shifting labor dynamics, the broader economy has remained resilient. Easing monetary policy, a favorable earnings season, and clarity on trade agreements, particularly with Europe, helped drive markets higher.
- While the economy appears steady, cracks are emerging in the labor market. Unemployment has risen to 4.3%, and recent jobs reports show sharp downward revisions, with non-farm payroll growth slowing month after month. These signs of weakness supported the FOMC's decision to cut its target rate by 25 basis points in September, lowering the target range to 4.00–4.25% after nearly a year-long pause. The Fed's tone has turned more dovish as labor market conditions soften, even as inflation remains stubbornly above its 2% target.

Fixed Income

- Interest rates declined in the third quarter as the FOMC cut its target rate by 25 basis points. The rate cut drove short-term yields lower, while softening labor data and looming government shutdown risks pulled long-term yields down. The move lower in interest rates boosted fixed income assets, with the Bloomberg U.S. Aggregate Bond Index climbing 2.0%.
- The Bloomberg U.S. High Yield Index gained 2.5% despite stretched valuations, supported by strong demand for income, solid corporate fundamentals, and expectations of further monetary easing that tightened credit spreads. Valuations in credit remain elevated, as spreads hover near their tightest levels in a decade.

Equities & Real Assets

- U.S. equities delivered strong gains in the third quarter, supported by easier monetary policy and tariff rates that settled below initial peaks. Small caps (Russell 2000 Index +12.4%) led the charge, outperforming large caps (S&P 500 Index +8.1%), fueled by expectations of a September rate cut and continued policy easing. Investors expected smaller cap companies to gain more from falling interest rates, given their higher leverage compared to larger peers. Optimism about stronger earnings growth in 2026 reinforced their edge during the quarter.
- International markets finished higher overall, though performance varied across regions. Emerging markets stood out with double-digit returns (MSCI EM Index +10.6%), driven in part by China's surge of more than 20%, supported by easing trade tensions and robust AI-related growth. Developed markets delivered more modest returns (MSCI EAFE Index +4.8%), supported by favorable currency moves, attractive valuations, and accommodative policies that may sustain momentum.

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. 2025 Capital Market Assumptions were 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*