

TIDEWATER JEWISH FOUNDATION

INVESTMENT OUTLOOK ~ WINTER 2020 / 2021

Investments Pooled with the Jewish Community Endowment Pool (JCEP) in Partnership with Combined Jewish Philanthropies (CJP) of Boston All Data as of December 31, 2020

The fourth quarter of 2020 ended December 31st with the Tidewater Jewish Foundation's (TJF's) main investment pool posting a **quarterly return* of 9.1%**, leading its composite benchmark return for the quarter by 50 basis points (bps). Due to the severity of the first quarter decrease however, the 2020 YTD, lags the benchmark as shown below, while longer term returns are on par with or exceed the composite benchmark.

The JCEP historical performance has generally **met the overall objective of supporting ongoing spending needs for our community programs**. JCEP's primary investment objective is to attain an average annual real total return (defined as a nominal return net of fees and inflation) of at least 5% over the long term (rolling 5 year periods) to support program requirements. It is acknowledged that this objective may not be achieved in all periods.

| TJF's Main Pool Performance (returns, price indexes > 1 year annualized) | 4 th QTR | YTD | 1 Year | 3 Years | 5 Years | 10 Years |
|--|---------------------|-------|--------|---------|---------|----------|
| TJF / JCEP | 9.1% | 7.9% | 7.9% | 6.0% | 7.2% | 5.9% |
| TJF / JCEP Benchmark (a blended composite index corresponding to the TJF / JCEP actual asset allocations) | 8.6% | 10.8% | 10.8% | 6.3% | 6.8% | 5.2% |
| CPI-U + 5% (JCEP long-term objective) | 1.3% | 6.4% | 6.4% | 6.9% | 7.0% | 6.8% |

Cash and cash equivalents held by TJF for fund liquidity needs, local investment-related expenses and fund level capital transactions may result in returns observed within an individual fund that differ from the overall portfolio returns presented above.

** Note: all returns are reported net of investment management expenses.*

QUARTERLY MARKET PERFORMANCE RECAP

The S&P 500 increased 12.1% for the fourth quarter. There was some indication of a rotation out of growth into value and cyclical stocks. Small cap stocks were up 31.4% as signs of economic improvement buoyed smaller companies. Developed market stocks were up 16% with about a quarter of that return due to dollar depreciation. Emerging market stocks increased 19.7% as Latin American stocks rallied 35%. Interest rates were little changed but corporate spreads tightened further and bonds eked out a small return of 70 bps. West Texas Intermediate oil increased 20% during the quarter ending the year at 48.35. Hedge funds were up 7.6% for the quarter ending the year up over 10%.

QUARTERLY PERFORMANCE ATTRIBUTION

Total JCEP portfolio global marketable equities were up 13.3% for the quarter, led by emerging markets which was up over 25% leading the commonly-used market index by about 6%. For the year, JCEP domestic equity managers were up over 29%, exceeding both the S&P annual gain of 18.4% and the Russell 2500 index return of 20%. Hedged equity/credit managers in the JCEP portfolio had a strong quarter leading the Hedge Fund of Funds index by about 3%. Real Estate did well, up 3.1% compared to the NCREIF Property increasing only 1.15%. Wellington Treasury fixed income allocation was essentially flat with the low interest rate environment.



For its fiscal years 2011 through 2020, the Tidewater Jewish Foundation has been awarded a certificate of conformance to the Best Practices under the Global Fiduciary Standard of Excellence. The assessment process is built upon the Fiduciary Quality Management System, as established by the Centre for Fiduciary Excellence. In the execution of The Colony Group's four-step assessment process, TJF documents and recordings were reviewed, including: TJF's Investment Policy Statements and Asset Allocation Analyses, Investment Committee Meeting minutes, By-Laws, as well as other investment governance records maintained by TJF.

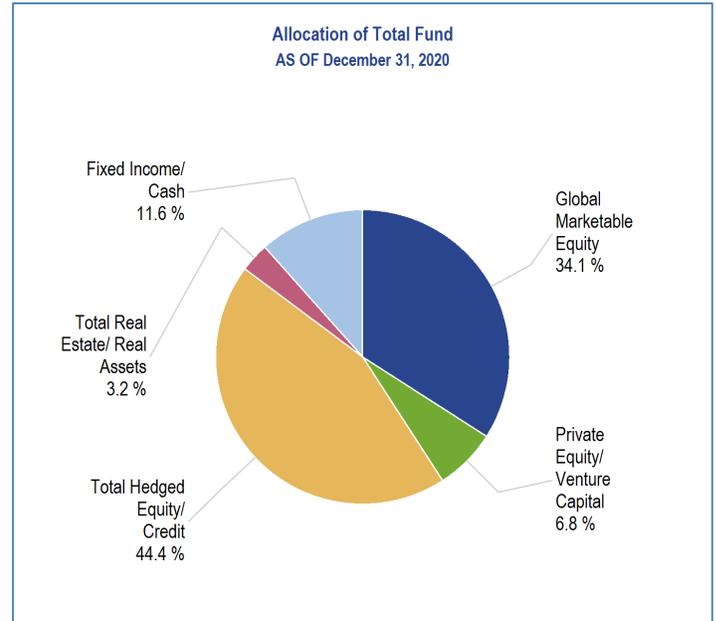
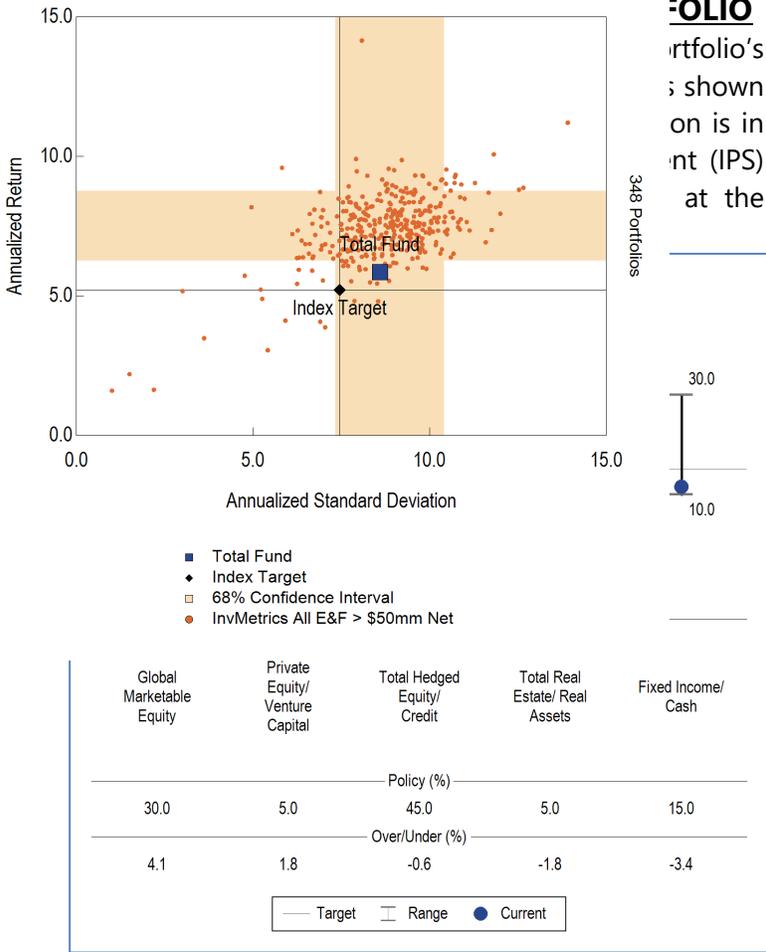
Fiduciary Practices Review

Issued November 2020 to the
TIDEWATER JEWISH FOUNDATION



for conformance to the Best Practices under the
GLOBAL FIDUCIARY STANDARD OF EXCELLENCE

**Annualized Return vs. Annualized Standard Deviation
10 Years Ending December 31, 2020**



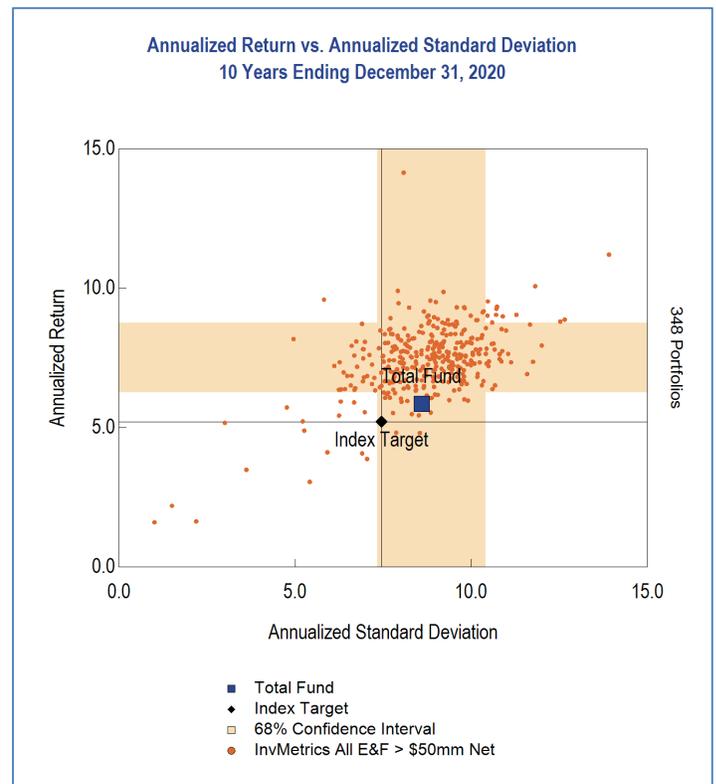
However, with the significant dispersion of first quarter returns in hedge fund allocations (90% of the reporting universe Q1 returns ranged between -1.7% and -19.3%), and with the JCEP hedged equity/credit managers significantly underperforming relative to this group, overall JCEP relative returns for multiple periods have been impacted. The updated ten-year annualized returns and standard deviation chart below shows lower returns but average volatility. **The TJF Investment Committee continues to monitor these trends closely.**

Historically, the composition of the TJF / JCEP Portfolio has allowed it to effectively participate in market rallies while preserving capital well during prior periods of decline. However, the Pandemic-induced downturn in the first quarter of 2020 impacted all investment allocations negatively and the portfolio's hedging strategies did not provide anticipated downside protection.

The Up Market/Down Market Capture Ratio relative to the Foundation benchmark still remains favorable with 110% for up capture compared to 98% down capture for the 10-year period.

RELATIVE PERFORMANCE

Several hundred endowments and foundations have been monitored over the past several years in the InvestmentMetrics database used by TJF's Investment Consultant to report relative performance. In prior periods, JCEP had generally demonstrated lower volatility than the comparative group.



TJF Can Assist in Creating Your Philanthropic Legacy

The end of this quarter was also the end of our fourth year since the launch of the LIFE & LEGACY Program. Together, we worked with hundreds of generous donors including many of you to build and secure a brighter future for our Jewish Community. **Collectively, the new commitments under this Program exceed \$20 million!**

When donors make a legacy gift, they are passing on their values to the next generation through a generous act of hope for the future. These acts of hope have become all the more meaningful throughout this last difficult year. The Foundation offers a sincere 'thank you' and 'congratulations' to the many donors and community leaders that helped ensure this effort's success. We could not have asked for a stronger or more inspiring program launch. If you have not yet made or formalized a legacy commitment, there is still time.

Especially in uncertain times, many people find comfort in knowing that their personal plans are in order. A comprehensive estate plan can go a long way in giving peace of mind. As a member of our Tidewater Jewish Foundation community, we hope the information in this quarterly statement will be helpful to you as you consider planning for your future and the future of your loved ones.

If you already have a will or estate plan, congratulations. Beginning this process is usually the hardest step. Reviewing your plans from time to time is also important, especially when life circumstances change. If you wish to use your donor advised fund as a conduit for your legacy, let us talk in person in a safe socially distant manner or via Zoom.

If you have not yet made any long-term plans, the beginning of a new year is always a good time to consider and act on the creation of a plan. At a minimum, most people find comfort knowing they have a will in place, the most basic estate planning tool. Many of our supporters, find it meaningful to ensure a personal legacy by remembering their favorite charities, through endowment funds established at Tidewater Jewish Foundation, in their will or other estate plans creating perpetual streams of income to the programs or organizations you care so much about.

When we reflect on what we have accomplished through the LIFE & LEGACY program, it is clear that our community members care about the long-term of strength of our agencies, synagogues, and areas of service. The Tidewater Jewish Foundation looks forward to reinforcing our partnerships, cultivating new connections, and deepening the relationships that make a difference for our community. We will continue to nourish the bonds between families and



the organizations that make a difference in their lives by prioritizing multi-generational philanthropy and helping our donors achieve their philanthropic dreams, matching your philanthropic interests with charitable needs. We look forward to engaging with you as we look to forward; Together, we will continue to pledge to secure our community's future.

Along with the our role in helping individuals achieve their charitable legacies, the prudent management and investment of the local Jewish community's funds continues to be one of the key services that the Tidewater Jewish Foundation provides to its network of local Affiliate agencies.

Our local community has been well-served through this investment management partnership with CJP/JCEP. TJF representatives would be pleased to meet with any of its fund holders, Affiliate Leadership and others interested in Joining the Tidewater Jewish Foundation as a partner in philanthropy to discuss this investment strategy in more detail.

Sincerely,


Naomi Limor Sedek
President & CEO



TIDEWATER JEWISH FOUNDATION



Global Markets

Global equities experienced a strong quarter to end the year. The MSCI ACWI was up 14.7%

Large cap domestic equities were up 12.1% led by cyclical stocks as optimism grew for the economy due to vaccines.

Small Cap stocks were the strongest sector up over 31%.

Developed foreign stocks were up 16% helped by the weakening dollar that accounted for 460 bps.

Emerging markets were up almost 20% led by Latin America.

Interest rates were little changed but continued tightening of credit spreads allowed the Aggregate to increase 0.70%.

Hedge funds were up 7.5% for the quarter buoyed by equity hedge strategies. Hedge funds completed the strongest year in recent history up 10.3%.

Global Economy

Global growth slowed during the fall as a resurgence of Covid resulted in targeted lockdowns in many countries.

The approval of Covid vaccines allowed investors to look beyond the increase in cases and anticipated a return to normal in 2021.

The FOMC has indicated that no change in their accommodative policy until the economy reaches full employment and will likely keep the policy rate at 0 until 2023.

The first estimate of 4th Qtr GDP showed a growth rate of 4% as the economy continued to improve from the pandemic induced recession.

China's economy continued to pick up speed. GDP grew 2.3% in 2020, the only major economy to report positive growth for the year.

The unemployment rate remained elevated ending the year at 6.7%.

Outlook

The IMF projects global economic growth of 5.5% for 2021.

For the United States, the IMF projects a growth rate of 5.1% as vaccines control the pandemic.

Asian economies will lead the way as China and India are projected to grow 8% and 11% respectively.

Most market observers expect investors to look beyond the current pandemic situation and the equity markets continue to appreciate in 2021, albeit with high volatility.

Valuation metrics remain historically high domestically but historic low interest rates may justify the high metrics.

Investors hope the new administration will reduce the amount of uncertainty in the economy.

Sources: Mercer, Morningstar Direct, Federal Reserve Bank of St. Louis, Bureau of Economic Analysis, and BCA Research, Alpine Macro