

TIDEWATER JEWISH FOUNDATION

INVESTMENT OUTLOOK ~ SUMMER 2021

Investments Pooled with the Jewish Community Endowment Pool (JCEP) in Partnership with Combined Jewish Philanthropies (CJP) of Boston All Data as of June 30, 2021

The second quarter of 2021 and our fiscal year ended June 30th with the Tidewater Jewish Foundation's (TJF's) main investment pool posting a **quarterly return* of 5.2%**, leading its composite benchmark return for the quarter by 200 basis points (bps). The return over the last 12 months of 26.4% also exceeds the benchmark as shown below by 690 bps, with longer term returns also **all exceeding 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, however, the trailing returns below indicates the returns have exceeded that real 5% return after inflation (CPI-U + 5%) in nearly all trailing periods.

TJF's Main Pool Performance (returns, price indexes > 1 year annualized)	2 nd QTR	YTD	1 Year	3 Years	5 Years	10 Years
TJF / JCEP	5.3%	9.9%	26.4%	8.8%	9.0%	6.6%
TJF / JCEP Benchmark (a blended composite index corresponding to the TJF / JCEP actual asset allocations)	3.3%	5.7%	19.5%	8.1%	7.9%	5.6%
CPI-U + 5% (JCEP long-term objective)	3.6%	6.2%	10.6%	7.7%	7.6%	7.0%

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

Large Cap domestic stocks were the highest performing sector during the second quarter with the S&P 500 increasing 8.6%. In a reversal from the previous 2 quarters, growth stocks led value stocks. Small cap stocks were up 4.3%. Developed market foreign stocks were up 5.2%. In local currency, a weaker dollar added 40 bps. Emerging market stocks increased 2.3% led by Eastern Europe and the Middle East. Chinese stocks struggled. Interest rates declined. The Barclays Aggregate index was up 1.8%. West Texas Intermediate oil prices increased 19% during the quarter, ending the quarter at over \$60. Hedge funds were up 2.9% for the quarter and 17.5% for the trailing 12 months.



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

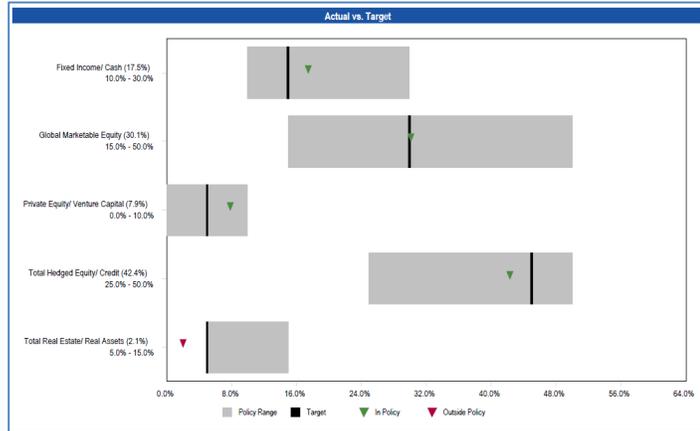
Issued November 2020 to the
TIDEWATER JEWISH FOUNDATION



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

COMPOSITION OF THE TJF / JCEP PORTFOLIO

The pie chart to the right reflects the TJF / JCEP portfolio's asset allocation as of the end of the quarter. As shown on the chart below, the portfolio's asset allocation is generally in compliance with our Investment Policy Statement (IPS) with slight overweight to fixed income/cash and to private equity/venture capital, slight underweight to hedged equity/credit, nearly on target for global marketable equity, and, after withdrawal from a natural resources fund, below the target range for real estate/real assets.

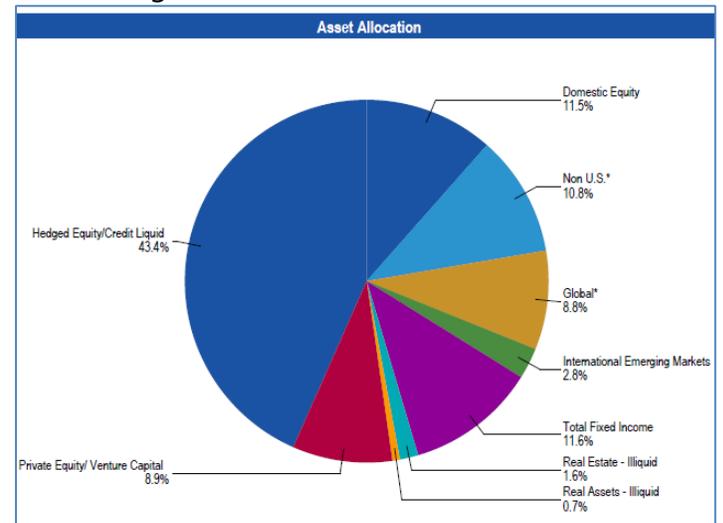


The composition of the TJF / JCEP Portfolio has allowed it to effectively participate in market rallies while preserving capital well during periods of decline. Specifically, **over the past ten-year period, the portfolio has captured approximately 111% of the "up market" performance but only 98% of the "down market" performance** relative to the target index. This downside capture measure was significantly increased with the sudden "Coronavirus Crash" in Q1 2020 when the protectionist features of the JCEP portfolio did not perform as expected relative to the market downturn.

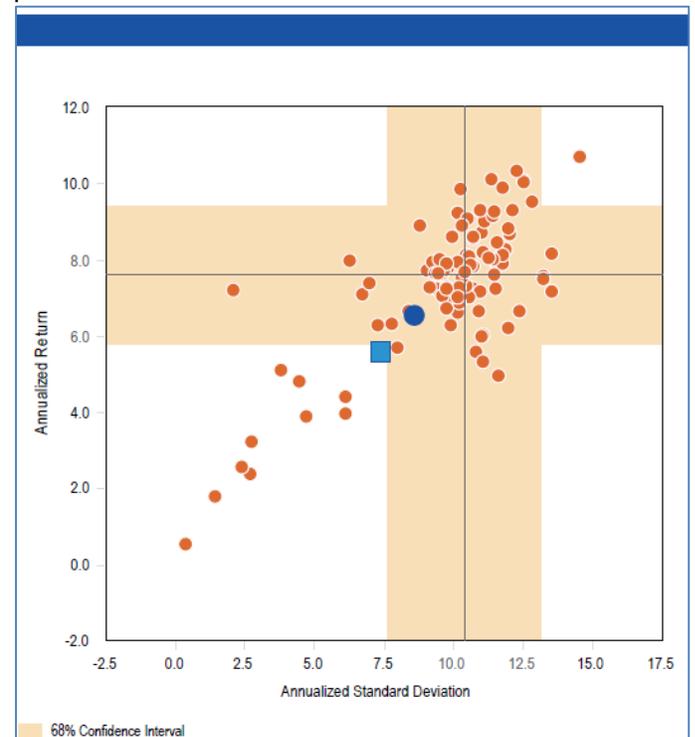
RELATIVE PERFORMANCE

Several hundred endowments and foundations have been monitored over the past several years in the Investment Metrics database used by TJF's Investment Consultant to report relative performance. Noted in the pie chart on this page, the JCEP allocation to marketable equities totals just over 30% at the end of the quarter. Comparatively, the allocation across the InvestorMetrics peer database to equities for the period approximates 61%. During periods of

significant volatility in the equity markets, JCEP generally demonstrates lower volatility than the comparative group, neither "peaking" nor "bottoming out" with "bull or bear" markets.



The JCEP returns have demonstrated lower volatility than most of its peer group of the Investment Metrics reported endowments/foundations as measured by the annualized standard deviation, generally used as an indicator of risk. The top left or "northwest quadrant" in the volatility chart below is most desirable, indicating higher returns (the vertical axis) achieved with lower risk (the horizontal axis). Other reporting entities are represented by the red scatter points which are mostly to the more volatile "east" of the blue square representing the JCEP portfolio.



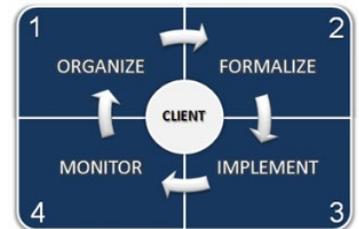
QUARTERLY PERFORMANCE ATTRIBUTION

JCEP domestic equity managers posted aggregate 6.4% returns, trailing the S&P 500 but leading the small cap index returns noted above. Overall global equities in JCEP were pulled down by non-U.S. managers, up 6.3% but lagging the MSCI ACWI by 110 bps. Emerging market managers in aggregate returned 10.5%, out-performing the MSCI Emerging Markets Free (net) index by 550 bps. Absolute Return/Hedged Equity was strong in the second quarter, leading the HFRI by over 3%. Illiquid Credit was also strong with 3 different managers up double digits. Wellington Treasury fixed income strategy was flat for the quarter as its short duration portfolio did not participate in the declining interest rates.

TJF's Investment Committee Continues to Evaluate Investment Program

Each year for the past decade, TJF's investment program has undergone an external review that has confirmed conformance with the Best Practices under the Global Fiduciary Standard of Excellence (see the bottom of page one for more information about this recognition).

The Standard is built around four steps as illustrated on the right, consistent with the Global ISO 9000 Quality Management System standard, which emphasizes continual improvement in a decision-making process, and The Colony Group annually reviews dozens of defined criteria in assessing our conformance with 21 specified practices under these four steps: "Organize, Formalize, Implement and Monitor."



TJF's Investment Committee recognizes its fiduciary responsibility to oversee the investment of the community's assets and continues to review TJF's Investment Policy Statement (IPS) and the evaluate its implementation. Currently, as part of this year's review, Investment Committee members are reviewing and prioritizing some of the key considerations related to its relationship with the primary investment manager. Among those key considerations are:

- The stability, accessibility and the experience/credentials of the primary manager's key personnel;
- The capacity and means to secure investments with the best managers across asset classes;
- The design of the program to ensure adequate liquidity to support the needs of the community;
- Demonstrated long-term performance that supports the community without exposure to excess risk; and
- Reasonable costs under the program to generate those net returns.

As indicated by the graphic above, this is a continuous process and TJF will keep our constituency apprised as we conduct the evaluations as stewards of the community's resources.



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.

While we continue to evaluate all options available, we recognize that our local community has been well-served through this investment magement 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 continued their rally increasing 7.4% for the quarter.

Large cap domestic equities were up 8.5% led by growth stocks in a reversal from the previous two quarters. Energy and IT were strongest sectors.

Small/Mid cap stocks were up 5.4% lagging their larger peers.

Developed foreign stocks were up 5.2% for the quarter. Emerging markets were up 5%.

Interest rates declined during the quarter partially reversing the increase of the first quarter. The 10-Year Treasury dropped from 1.74% to 1.45%. The Aggregate Index was up 1.8%.

West Texas Intermediate crude oil increased about 19% in the first quarter.

Entering with primary travel time in the US plus pandemic reopening pushed prices up.

Global Economy

Re-openings in the developed world are creating a mini-boom of activity and has broadened the recovery. However, new variants are threatening the re-opening.

Monetary policy remains extremely accommodative in most developed economies.

The US unemployment rate has fallen to 5.8% after peaking at 14.7% in April 2020. The labor force participation rate however, has declined and many employers are finding it difficult to vacancies.

Vaccination hesitance in the US and new, more virulent strains of Covid threaten to restrain growth in the US.

US inflation increased more than expected. The June 12 month number was 5.4%. There are considerable divergent opinions on whether this is transitory or permanent.

Some consensus seems reachable on the infrastructure bill although the spending will disappoint liberal activists.

Outlook

The IMF maintained its global GDP growth forecast of 6.0%.

The United States growth rate likely peaked in the second quarter but will likely stay strong through 2022.

Growth in Europe will likely exceed the US in the third quarter. Bloomberg's survey of economists projects the Euro-Area and UK will grow at 10%.

US stocks have priced in the reopening trade. Returns may be diminished but still positive for the next 12 months.

Valuation metrics suggest non-US stocks will outperform US. Mercer expects the declining dollar to be a tailwind.

Market observers are concerned about a secular increase in inflation due to a rapidly growing economy and massive fiscal stimulus.

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