TIDEWATER JEWISH FOUNDATION

INVESTMENT OUTLOOK ~ SUMMER 2025

Investments Pooled with the Jewish Community Endowment Pool (JCEP) in Partnership with Combined Jewish Philanthropies (CJP) of Boston All Data as of June 30, 2025

The second quarter of 2025 ended June 30th with the Tidewater Jewish Foundation's (TJF's) main investment pool posting a **quarterly return* of 7.6%**, leading its composite benchmark return of 5.2% as shown in the table below. Also as shown, the TJF/JCEP return exceeds its benchmark in all trailing periods. **The JCEP 12 month return of 18.4% exceeds the benchmark return of 9.4% by 900 basis points (bps) and ranking in the top percentile of the Endowment and Foundation Universe of funds in excess of $50 million**.

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% <u>over the long term</u> (rolling 5-year periods) to support program requirements. While it is acknowledged that this objective may not be achieved in all periods, it has met that goal for all trailing periods except for 10 years.

TJF's Main Pool Performance (returns, price indexes > 1 year annualized)	2nd QTR	YTD	1 Year	3 Years	5 Years	10 Years
TJF / JCEP	**7.6%**	**9.4%**	**18.4%**	**14.0%**	**12.0%**	**7.8%**
TJF / JCEP Benchmark **	**5.2%**	**5.4%**	**9.4%**	**9.0%**	**7.1%**	**5.4%**
CPI-U + 5% (JCEP long-term objective)	**2.1%**	**4.7%**	**7.8%**	**8.0%**	**9.8%**	**8.2%**

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.*

*** Index Target=11% Bloomberg US Aggregate, 36% HFRI Fund of Funds Composite Index, 5% ICE BofAML 1-3 Yr Govt, 15% ICE BofAML 91 Days T-Bill, 10% MSCI EAFE, 5% MSCI Emerging Markets, 5% Russell 2000, 3% S&P 500 + 5%, and 10% S&P 500*

QUARTERLY MARKET PERFORMANCE RECAP

After a rocky start in April, U.S. domestic equities rallied and finished the quarter with the S&P 500 up almost 11%. With another reversal of favor, large (mega) cap growth companies took the lead with the Russell 1000 Growth Index up 17.8% for the quarter. Developed markets again posted strong returns with the MSCI EAFE gaining 11.8% for 2Q. On a YTD basis, developed markets are the best performing asset class at 19.4%. Continued trade tensions and the weakening U.S. dollar contributed to foreign equity gains. Emerging markets were up 12% for the quarter and 15.3% YTD. Core fixed income gained 1.2% during the volatile quarter. On a trailing one-year basis, the Bloomberg U.S. Aggregate is up 6.1%. West Texas Intermediate decreased 7.8% during the quarter closing at $66.30. Hedge funds gained 0.7% for the 2nd quarter and 5.2% for the YTD period.

QUARTERLY PERFORMANCE ATTRIBUTION

U.S. Equity gained 15.3% for the 2nd quarter, ahead of the S&P 500 and Russell 2500 gaining 10.9% and 8.6% respectively. One manager was the clear leader for the quarter, up 31.5% and 85.8% for the trailing year. Developed Non-US equity managers gained 12.4%, leading the MSCI EAFE Index at 11.8%. One non-U.S. manager contributed to this outperformance with a return of 15.2% for the quarter. Global Equities were the best performing JCEP sector, gaining 19.0%, versus the MSCI ACWI at 11.5%, with one manager gaining 24.7%, far surpassing the MSCI ACWI index. Emerging Markets Equities gained 9.9% but lagged the EM index at 12.0%. One China-focused manager significantly lagged gaining only 5.0% and contracting from benchmark relative returns. Private Investments were up 2.7% for the quarter and 18.7% for the trailing year. Illiquid credit lost 60 bps for the quarter but is up 36.9% for the trailing year. Hedged Equity gained 7.7% for the quarter and 14.6% for the year. One outperformer within this class gained 13.3% for 2Q and 27.8% for the year. Open Mandate had a strong gain of 9.4% for the quarter and 21.2% for the trailing year.

CENTRE FOR FIDUCIARY EXCELLENCE

*Annually, since 2011, the Tidewater Jewish Foundation has commissioned an independent external review that confirms the Foundation's 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 conduct of specific procedures designed to verify conformance for its fiscal year ended June 30, 2024, TJF documents and recordings were reviewed by the **independent firm of PBMares, LLP,** 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

TIDEWATER JEWISH FOUNDATION

Has conducted an independent review that confirms for the fiscal year ended 6/30/2024 conformance with the

GLOBAL FIDUCIARY STANDARDS OF EXCELLENCE

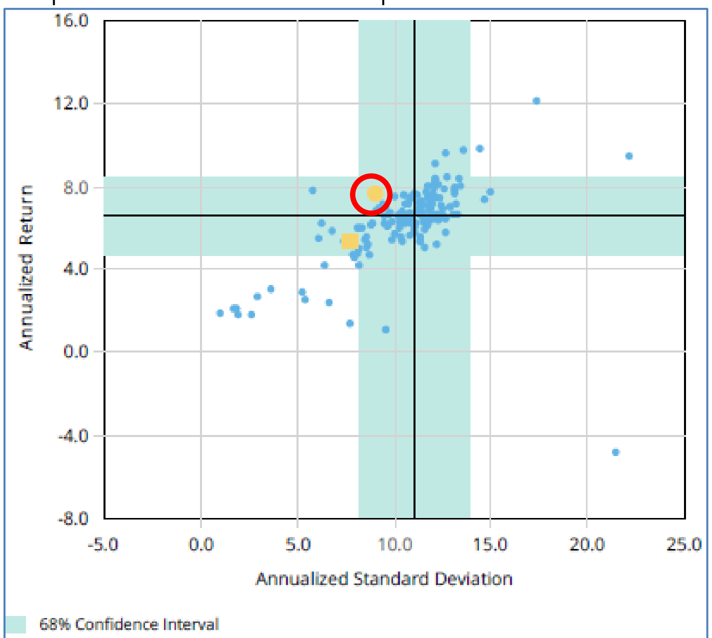
JCEP's Proven Downside Protection

In providing commentary on the first half of 2025, the JCEP Chief Investment Officer (CIO) noted:

> *"We see downside protection as fundamental to wealth creation. In this regard, we note that the larger driver of our performance during the first-half of this year was downside protection in February, March and April. These three months produced a -7.5% return for the S&P 500, and a -3.6% for the MSCI ACWI. By comparison, the JCEP portfolio was up 0.5%. Our relative performance for the current year-to-date – and over much longer time periods as well – is predicated on the ability to preserve capital."*

JCEP Returns Delivered with Less Risk

Compared to its benchmark and its peer universe of foundations

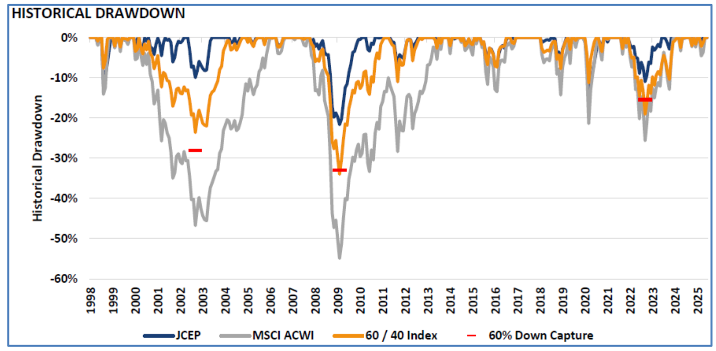


	Return	Standard Deviation
Total Fund	7.7	9.0
Index Target	5.4	7.7
— Median	6.6	11.0
Population	157	157

In the above graphic based on 10 years of returns and their volatility, the circled JCEP return in the upper left or "northwest" quadrant reflects the desirable outcome, where few other peers reside.

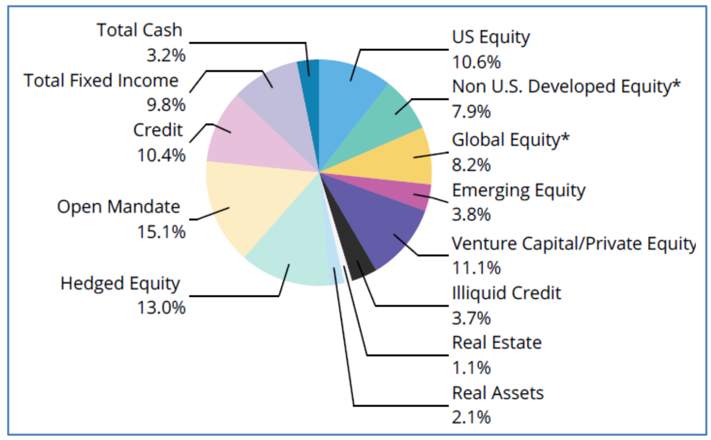
Alternatively stated, the Sharpe Ratio is a standard industry metric for evaluating risk-adjusted returns. **JCEP's Sharpe Ratio of 0.8 for the past 20 years**, which slightly exceeds the timeframe of TJF's partnership but includes the market downturns in the Global Financial Crisis, **shows a higher return with less risk than the 0.5** Sharpe Ratio for both the MSCI ACWI and for a 60/40 portfolio of 60% MSCI ACWI and 40% US Intermediary Treasury Index.

Lower volatility results, in part, from lower participation in market downturns, as had occurred during the 2008 and 2009 Global Financial Crisis and more recently in 2022, both of which are reflected in JCEP's higher 20 year Sharpe ratio noted above.



Asset Allocation and Relative Returns

The JCEP asset allocation helps drive the lower volatility and the strong downside protection with non-correlated assets relative to other traditional institutional portfolios.



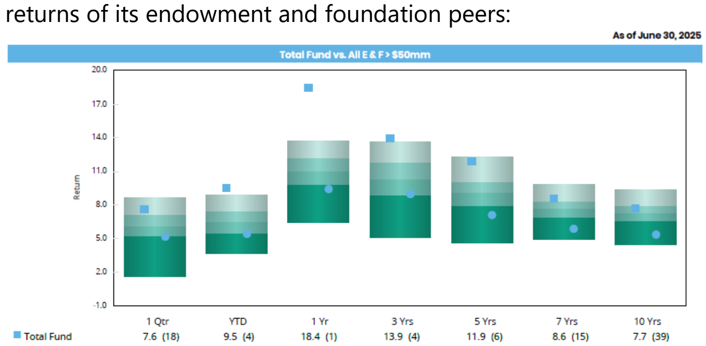
Each quarter, TJF's Investment Consultant compares the current JCEP allocation both to its target and to the allocation of the reporting entities in the Investment Metrics Endowment and Foundation Plan Universe. The JCEP allocation as of 6/30/2025.

JCEP's allocation looks different from other peer group allocations, with a significantly lower allocation to marketable equities as shown in the table below:

	Total Marketable Equity	Alternatives	Fixed Income and Cash	Total
JCEP Actual	30%	57%	13%	100%
JCEP Target	30%	56%	14%	100%
E&F Database*	50%	19%	22%	91%**

*** Database asset class median values won't add to 100%*

Below, the JCEP return (left blue square) is compared to the periodic returns of its index target (blue circle) and the range of returns of its endowment and foundation peers:



From the Desk of the President & CEO

It's hard to believe summer is already drawing to a close. The days feel long, yet the months pass swiftly, and as I reflect on this season of transition, I am struck by how comforting it is to know that our community remains focused on what matters most: preparing for the future. In a world that seems to change more quickly with each passing year, the diligence and devotion of our fundholders and donors has remained steady. You have continued to show up, not just for today's needs, but for tomorrow's promise. This past year, your generosity has supported enduring programs, bolstered institutions, and built the kind of long-term stability that ensures the next generation inherits a Jewish community that is resilient and ready.

At the Tidewater Jewish Foundation, we know that legacy doesn't happen by accident. It's a choice, a series of intentional acts rooted in values, vision, and love. As we close out the fiscal year, I invite you to take a moment to consider the deeper meaning of the numbers in this Investment Outlook report. Behind each figure is a ripple effect, an impact that reaches far beyond what we can measure. Thank you for your unwavering trust and for believing in the power of legacy. Together, we are writing a story of continuity, care, and collective purpose.

When I began my journey with the Tidewater Jewish Foundation in July 2020, I walked into a world unlike anything we had known. It was the height of the pandemic. Introductions were made over Zoom and relationship-building required more persistence, patience, and heart than ever before. In a time when it was difficult to be together physically, our community found ways to remain spiritually and philanthropically connected. That resilience became my first glimpse of what makes this Jewish community so extraordinary.

With the unwavering support of the TJF board, our affiliated partners, and professional team, and anchored by a clear strategic plan, we began to build. Year by year, step by step, we expanded grantmaking opportunities, introduced new programs, and created innovative ways for people to give with meaning. Our fund balance remained strong, even as the markets fluctuated.

And then came October 7, 2023. When crisis struck Israel, this community mobilized like I have never seen before. Within hours, TJF was not just ready; we were built for this. Our systems, our people, and our mission aligned in real time to support the homeland and provide security, dignity, and care for our people in need. It wasn't just about responsiveness. It was about readiness. And that readiness came from years of legacy-building, fueled by values that have guided the Jewish people for centuries. Looking back, I am in awe, not of what I've done, but of what we've done together.

Over these five years, I've had the privilege to witness something remarkable: the philanthropic journey in action. From a baby naming to a bar or bat mitzvah, through weddings, business transitions, and memorials, we've walked alongside families at every milestone. I've seen parents, children, and even grandchildren work together across generations to create legacies that reflect their shared values and vision for the Jewish future. These are not just transactions. They are moments of intention, of memory, of purpose. We have worked hard to meet our donors on their timeline, with no pressure. Just open doors, open hearts, and honest conversation.

As we look ahead to the years to come, our focus remains clear: to build and deploy exponentially greater resources that empower Jewish life in Tidewater and beyond.

At TJF, we believe that legacy belongs to everyone, and that meaningful conversations are where it begins. We're here in partnership with our communal agencies to help individuals and families align their values with the evolving needs of our community, whether that means supporting security, Jewish education, advocacy, connection to Israel, or innovative Jewish experiences. Legacy isn't only about endowments. It's about the choices we make today to create a stronger, safer, more vibrant tomorrow.

If you're curious about what your own legacy might look like, let's talk. The first step is simply starting the conversation. TJF will be pleased to meet with any of its fund holders and/or affiliated leadership to discuss out investment strategy in more detail.

Warm Regards,

Naomi

Naomi Limor Sedek
President & CEO
Tidewater Jewish Foundation

TIDEWATER JEWISH FOUNDATION

LIFE & LEGACY®
Assuring JEWISH TOMORROWS
A program of the HAROLD GRINSPOON FOUNDATION

Financial Markets Overview

After a difficult start, global equity markets surged in the second quarter, with U.S., international developed, and emerging market stocks all posting strong gains. In the U.S., small-cap value stocks underperformed, trailing the broad market by 6.0%..

Despite several headwinds, including declining consumer and business confidence and the highest tariffs in nearly a century, the U.S. stock market posted a strong rebound in the second quarteAfter falling 4.7% in Q1 (as measured by the Russell 3000), the market surged 11.0% in Q2, bringing the year-to-date return to 5.8%..

IInternationally, however, small-cap value led the way, outperforming the broader developed markets by 2.1%. International stocks extended their strong performance in Q2, gaining 12.7% and bringing the year-to-date return to 19.3%, as measured by the MSCI World ex-USA IMI Index.

With price-to-earnings ratios for developed international markets still below long-term historical averages, the rally may have room to continue in the months ahead.

Tariff uncertainty and growing fiscal concerns have put significant pressure on the U.S. dollar, driving its value down 10.7% year-to-date, as measured by the ICE U.S. Dollar Index. Despite this sharp decline, the dollar may still be overvalued, with the Real Broad Dollar Index, an inflation-adjusted measure against a wide basket of currencies, standing at 1161, well above its long-term average of 101

U.S. fixed income also delivered positive returns as interest rates declined late in the quarter driven largely by growing expectations for Federal Reserve rate cuts.

Economic & Global Investment Outlook

U.S. economic growth was revised down to –0.5%1 in Q1, largely due to a surge in imports ahead of new tariffs. The Atlanta Fed now projects 2.5%2 growth in Q2, but much of this rebound reflects trade-related volatility rather than underlying strength.

Excluding volatile components like inventories, trade, and government spending, real final private demand rose 1.9%1 in Q1 and is expected to slow to 0.9%2 in Q2. Although growth is slowing, the data still shows moderate expansion.

The Federal Reserve once again held the federal funds target rate steady at 4.25%–4.50% following its June meeting. The latest dot plot suggests the committee anticipates two rate cuts in 2025, broadly in line with current market expectations. However, the timing of the first cut is uncertain. While Chairman Powell told Congress the committee is "well positioned to wait," Governors Waller and Bowman, along with Chicago Fed President Goolsbee, have signaled support for a potential cut as early as July.

While inflation remains above the Federal Reserve's 2% target, recent data has been encouraging. In May, the Consumer Price Index (CPI) rose just 0.1%4, bringing the year-over-year rate to 2.4%.4 Food and shelter were the main contributors, each rising 0.3% on the month, equivalent to a 3.9% annualized pace. While shelter costs increased in May, the 3.9% year-over-year gain marks the slowest pace since 2021. That said, the inflation outlook remains highly uncertain amid evolving U.S. tariff policy.

On May 16, Moody's delivered a warning to the U.S. government by downgrading its credit rating from Aaa to Aa1.6 The agency cited weakening budgetary flexibility, noting that mandatory spending, including interest payments, is projected to climb from 73% of total spending in 2024 to 78% by 2035. Moody's also warned that extending the 2017 Tax Cuts and Jobs Act could add another $4 trillion to the national debt, further straining the fiscal outlook. As a result, federal deficits could swell to nearly 9% of GDP by 2035, up from 6.4% today..