

TIDEWATER JEWISH FOUNDATION

INVESTMENT OUTLOOK ~ WINTER 2025 / 2026

Investments Pooled with the Jewish Community Endowment Pool (JCEP) in Partnership with Combined Jewish Philanthropies (CJP) of Boston All Data as of December 31, 2025

The fourth quarter of 2025 ended December 31st with the Tidewater Jewish Foundation's (TJF's) main investment pool posting a quarterly return* of 3.5%, leading its composite benchmark return of 2.7% 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 18.9% exceeds the benchmark return of 13.2% by 570 basis points (bps) and ranking in the top 4th 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% *over the long term* (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 as shown below.

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	3.5%	18.9%	18.9%	16.2%	10.7%	9.0%
TJF / JCEP Benchmark **	2.7%	13.2%	13.2%	11.0%	6.0%	6.4%
CPI-U + 5% (JCEP long-term objective)	1.3%	8.1%	8.1%	8.2%	9.7%	8.4%

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

Domestic equity markets continued making gains with the S&P 500 returning 2.7% for 4Q and almost 18% for the year. Large Value stocks outpaced Growth stocks in December with concerns of AI fundamentals. Quality stocks took the focus from momentum driven. Value stocks returned 3.8% for the quarter versus Large Growth stocks at 1.1%. Small cap stocks gained 2.2% for the quarter and 12.8% for the year, benefiting from 2 Fed rate cuts. Developed markets were the best public equity sector for 4Q, gaining 4.9%, and Emerging Markets close behind at 4.7%. International equity continues to benefit from the U.S. dollar weakness and increased spending on infrastructure and defense in Europe. For the year, emerging markets were the best performing asset class, gaining 33.6% despite China's market decline of 7.4% during the final quarter. Core fixed income investments, represented by the Bloomberg U.S. Aggregate Index, gained 7.3% for the calendar year. West Texas Intermediate decreased 8.5% during the quarter closing at \$57.26. Hedge funds gained 3.2% for the 4th quarter and 10.5% for the YTD period.

QUARTERLY PERFORMANCE ATTRIBUTION

JCEP Long Only Equity gained 3.6% for the quarter and 29.2% for the year. U.S. Equity returns were strong for the quarter and year, outpacing the S&P 500 and Russell 2500. One new domestic equity manager gained 22% for the quarter while another gained over 55% for the year. Non-US Developed was ahead of MSCI EAFE for the quarter, but trailed for the year, with one manager significantly lagging the index 19.6% versus 31.2%. Global Equity also lead its index for 4Q and 2025; one recently added manager (6/2025), contributed positively gaining 21.7% for the year. Emerging Markets was the only equity sector to post losses for the quarter versus the EM index gaining 4.7%. Both managers lag the MSCI EM index for all trailing periods. Private Investments were up 3.9% for the quarter and 14.8% for the trailing year. Real Estate and Real Assets detracted with both suffering losses for the quarter and year. Hedged Equity gained 4.6% for the quarter and 22.6% for the year, one manager outperformed within this class at 48.9% for the YTD period.



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, 2025, 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



Has conducted an independent review that confirms for the fiscal year ended 6/30/2025 conformance with the
GLOBAL FIDUCIARY STANDARDS OF EXCELLENCE

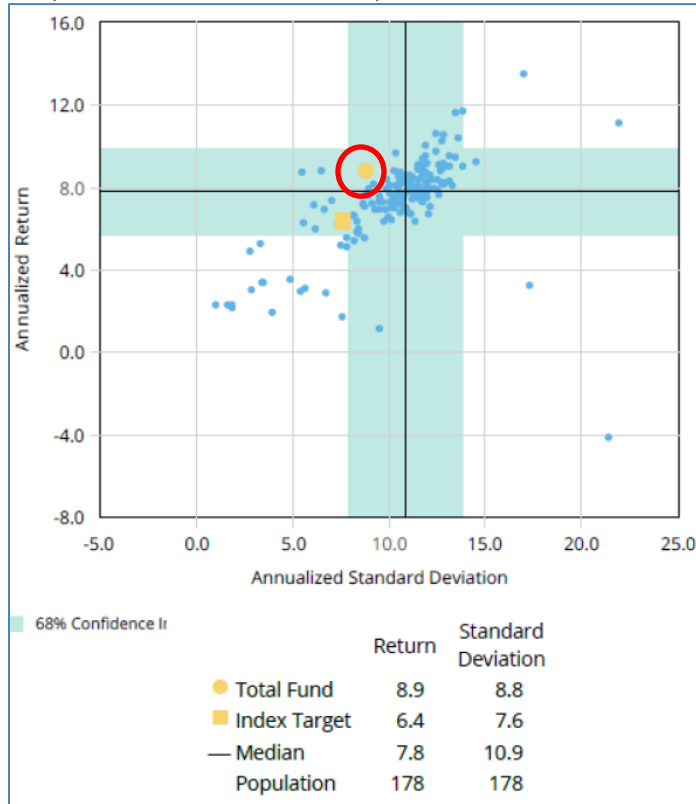
JCEP's Proven Downside Protection

Several years ago, one of the members of the volunteer Board of Managers that oversees the JCEP portfolio, commented that they expect the pool "will participate meaningfully in up-markets, but protect capital superbly in down-markets."

This continues to be demonstrated with JCEP's returns. When measured against the pool's blended index target over the last 10 years, the JCEP portfolio captured nearly 120% of the upside and less than 84% of the downside.

JCEP Returns Delivered with Less Risk

Compared to its benchmark and its peer universe of foundations

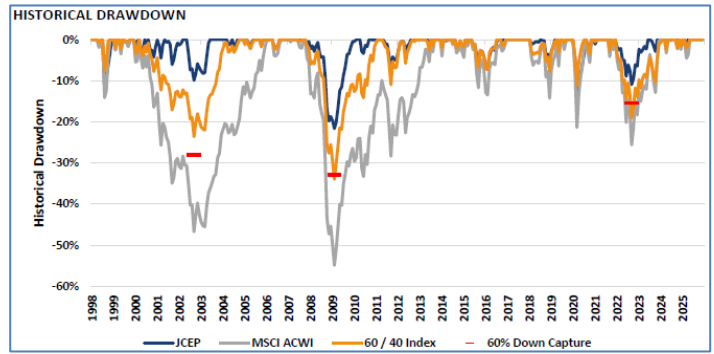


In the above graphic, based on 10 years of returns and their volatility, the circled JCEP return in the upper left quadrant reflects the desirable outcome, where few other peers reside.

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.

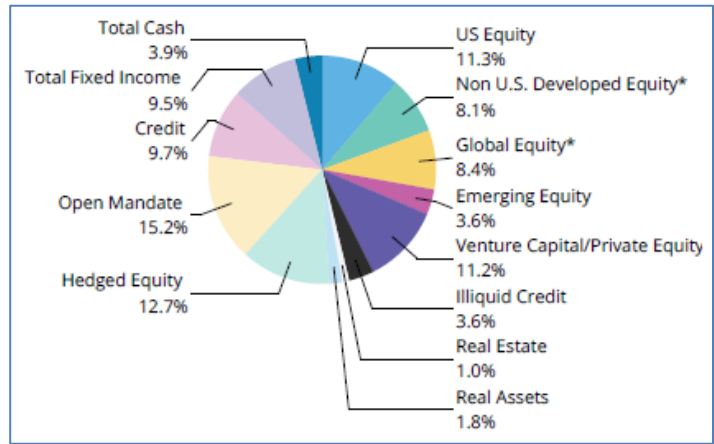
Lower volatility results, in part, from lower participation in market downturns, as had occurred during the 2008 and 2009 Global Financial Crisis and more recently in 2022, both of which are reflected in JCEP's higher 20 year Sharpe ratio noted above.

The blue line in the chart that follows shows how JCEP's capital preservation traits have generated downside protection, decreasing less than either the global equity index or a 60/40 portfolio when the global equity markets declined.



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. The JCEP allocation as of 12/31/2025 is shown in the pie chart below.



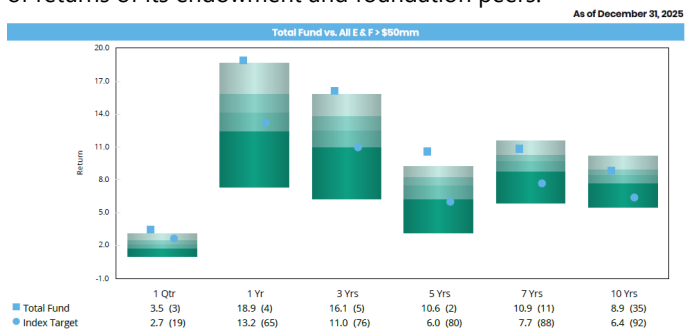
Each quarter, TJF's Investment Consultant compares the current JCEP allocation both to its target and to the allocation of the reporting entities in the Investment Metrics Endowment and Foundation Plan Universe.

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	32%	55%	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) generally sits at the top of the periodic returns of its index target (blue circle) and the range of returns of its endowment and foundation peers:



State of the Tidewater Jewish Foundation

On the evening of Wednesday, February 4th, the Tidewater Jewish Foundation (TJF) hosted current and former board members and community leaders for a “**State of the Foundation**” presentation. Current TJF Board Chair Ed Kramer and Chair-elect Paul Peck provided information to the attendees on recent financial metrics and an update on the Foundation’s current status and accomplishments in implementing its Strategic Plan, and progress made to-date under the four “pillars” of that Plan:

- Pillar I – Marketing and Education
- Pillar II – Multigenerational Engagement
- Pillar III -- Philanthropic Advisory Services
- Pillar IV – Impact Through Innovation

The presentation also highlighted a \$1.6 million (43%) increase in support for local Jewish agencies since 2011 along with the 114% growth in consolidated assets under management and the 375% increase in the Foundation’s unrestricted assets during that same timeframe. The Foundation’s unrestricted assets support TJF’s Community Impact Grants Pool as well as providing funds for incentive matching programs that promote new charitable life insurance policies, new donor-advised funds and new B’nai Tzedek teen philanthropy funds.

As of December 31, 2025, the Tidewater Jewish Foundation’s **consolidated assets under management reached an all-time high of just over \$193 million**. The recent increase is attributable to continued strong investment returns along with contributions during the calendar year of over \$25 million, capped with a traditional tax-saavy year-end giving period when over \$13 million was received in December alone. Charitable distributions also exceeded \$13 million in 2025.

This month, TJF also launched “**Ignite the Flame,**” a community awareness campaign powered by TJF’s **Life & Legacy Program**. It is an invitation to spark meaningful conversations about legacy and to normalize planning for the future of Jewish life in our community. Legacy giving doesn’t grow by accident. It grows when we speak about it, model it, and take intentional steps together. TJF invites community members to participate in one (or more) of three simple ways: **Share the Flame. Spark a Conversation. Take One Step toward your own legacy plan.** No action is too small. Each step strengthens our collective future. To learn more or to participate, please visit our website at <https://foundation.jewishva.org/life-legacy/ignite>.

Along with building endowments and securing legacy commitments, the prudent management and investment of the local Jewish community’s funds continues to be some of the key services that the Tidewater Jewish Foundation provides to its network of local Affiliate agencies.

TJF representatives would be pleased to meet with any of its fund holders and/or Affiliate Leadership to discuss this investment strategy in more detail or explore legacy gifting opportunities.

Sincerely,



Naomi Limor Sedek
President & CEO



TIDEWATER JEWISH FOUNDATION



Financial Markets Overview

Global equity markets ended the year on a positive note, with U.S., international developed, and emerging market stocks all posting gains in Q4. On a year-to-date basis, non-U.S. equities were the top performers, with developed and emerging markets returning 32.2% and 31.4%, respectively.

While U.S. equities trailed their international peers, they still delivered a strong 17.1% return for the year, led by large-cap growth stocks.

U.S. and international fixed income also generated positive returns in Q4, helping make 2025 a strong year for fixed income, supported by elevated income and a declining yield curve.

U.S. small-cap value stocks underperformed large-cap growth, particularly AI-related companies, for the third straight year in 2025 and in seven of the past 10 years. While small-cap value valuations remain near long-term averages, large-cap growth trades at roughly twice its historical valuation earnings.

International developed and emerging market stocks outperformed U.S. equities for the first time in more than a decade, posting gains of 30.4% and 30.0% respectively, about 13 percentage points ahead of U.S. markets.

Treasury yields were mixed in Q4, with the two-year yield declining 13 bps to 3.47%, the 10-year little changed, rising just 2 bps to 4.18%, and the 30-year increasing 11 bps to finish the quarter at 4.84%. The path was far from smooth: yields fell through much of October amid expectations of more accommodative monetary policy, before repricing later in the quarter as incoming economic data and updated Federal Reserve forecasts shifted market expectations.

Economic & Global Investment Outlook

Economic growth was mixed across Europe in Q3, with U.K. real GDP slowing to just 0.1% while the Euro Area accelerated to 0.3%. Asia showed a similar split with the Chinese economy picking up slightly to 1.1%, while Japan contracted by 0.6%.

Looking ahead to 2026, the IMF and OECD (Organization for Economic Co-operation and Development) expect global growth to remain steady but slow at 3.1% and 2.9% respectively, while the World Bank is more pessimistic, forecasting growth of just 2.5%.

The labor market is showing signs of stress, with the U.S. economy adding just 64,000 jobs in November while unemployment rose to 4.6%, its highest in four years. Additionally, October saw a decline of 105,000 jobs and August and September were revised lower by a combined 33,000.

Consumer spending remained robust in Q3, rising 3.5%, up from 2.5% growth in Q2. Real-time spending indicators point to solid consumption in Q4, with the Atlanta Fed projecting consumer spending growth to be 1.6% for the quarter.

Consumer incomes have continued to outpace rising living costs, with U.S. real wage growth of 0.8% over the 12-month period ending in November. Regardless, consumer sentiment remains subdued, with U.S. consumer confidence falling again in December.

Given the economic backdrop of cooling job growth, elevated inflation, and potentially a new Fed chair in May, the future path of monetary policy is uncertain. This uncertainty is reflected in the growing dissent among both voting and non-voting FOMC members. As a result, markets are likely to experience heightened volatility around inflation and employment data in the months ahead.