

Summary

- Pavilion Advisory Group provides independent reviews of the investment managers used by the Jewish Communal Fund. Managers are being reviewed from the perspective of whether the manager would be added anew to the JCF platform today, without regard to the history of each fund with JCF.
- **JCF's Investment Committee met in February and approved Pavilion's recommendation to replace JCF's current high yield fixed income manager, PIMCO, with Barings.**

PIMCO Assessment Summary

- PIMCO is one of the largest fixed income managers in the world, with \$1.6 trillion in total assets, including about \$40 billion in high yield assets. PIMCO's large size hinders flexibility of the high yield portfolio and makes it difficult to build scalable positions in the team's best ideas.
- Performance relative to peers and the high yield fixed income benchmark has been underwhelming. As of December 2017, the fund lags the Barclays U.S. High Yield Index over the trailing one, three, five, and seven-year periods.

Barings Recommendation Summary

- Barings, a subsidiary of MassMutual, manages a high yield strategy from its global headquarters in Charlotte, North Carolina. Barings is a fixed income specialist, with a well-established presence in the high yield (below investment-grade) credit space.
- Barings has a strong, stable, and very deep investment team for high yield, which Pavilion believes provides Barings with a competitive advantage in evaluating bond issues. This has shown up in an impressive track record, with outperformance of the Barclays U.S. High Yield Index over the past one, three, five, and seven-year periods through December 2017.
- The Barings investment vehicle that has been approved is a mutual fund with the ticker BXHIX, the Barings U.S. High Yield fund.

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