

**The Vermont Community Foundation**  
**Socially Responsive Pool Investment Performance/Strategy**  
**As of June 30, 2017**

***Socially Responsive Pool Performance vs. Benchmark- Through 6/30/17, Net of Investment Management Fees***

	Latest Quarter	Latest Year	Latest 3 Years	Latest 5 Years	Latest 7 Years	Latest 10 Years
<b>Socially Responsive Pool</b>	<b>+3.2%</b>	<b>+12.2%</b>	<b>+5.9%</b>	<b>+8.7%</b>	<b>+ 8.6%</b>	<b>+ 4.4%</b>
<i>Socially Responsive Pool Benchmark*</i>	+3.1%	+11.7%	+ 4.5%	+7.9%	+8.8%	+4.4%
<i>60% MSCI ACW/40% Barclays Capital</i>	+3.1%	+10.8%	+4.0%	+7.3%	+7.7%	+4.4%

\* Socially Responsive Pool Benchmark is a blended index using market benchmarks weighted based on the Foundation's asset allocation strategy

***Investment Philosophy/Asset Allocation Strategy***

The Vermont Community Foundation invests its assets to foster strong support of the community's current needs while also providing resources for future generations. The Foundation intends to achieve this objective via a well-diversified asset allocation strategy executed using highly capable investment managers combined with index funds.

<i>Asset Class</i>	<i>Target/Actual Allocation*</i>		<i>Managers</i>
U.S. Large/Mid-Capitalization Equities	19.0%	(28.4%)	Vanguard/KLD iShares
U.S. Small Capitalization Equities	5.0%	(7.9%)	Ariel/Aperio
International Equities	19.0%	(7.1%)	Boston Common
Emerging Markets	0.0%	(4.7%)	DFA Emerging
Global Equity	17.0%	(10.7%)	Generation
Fixed Income	19.0%	(21.8%)	Calvert Social Bond
Global Fixed Income	5.0%	(6.2%)	Colchester
TIPS	6.0%	(6.1%)	Vanguard
Private Equity	5.0%	(0.0%)	
Vermont Investments	5.0%	(4.9%)	
Cash	0.0%	(2.2%)	

\* The Target Allocation was recently adopted and the portfolio allocations will be shifted in this direction over time.

The Foundation's portfolio was constructed with the following concepts in mind:

- Allocate the majority of the portfolio to asset classes with high long-term returns, i.e. equity asset classes
- Consistently utilize meaningful asset class diversification to achieve return objectives during a variety of economic and market conditions.
- Avoid attempts to predict short-term market behavior via market timing strategies.
- Retain world-class investment managers within the socially responsible universe who are expected to out-perform index funds over most three to five year periods. In areas where the Foundation does not believe meaningful or reliable above benchmark performance is available, index strategies are used.

### ***Current Market/Performance Commentary***

Despite a nearly daily deluge of political drama, markets continued to exhibit a surprisingly pleasant combination of modest gains that were quite dull in terms of day to day price changes. These periods remind us that capital markets, which are inherently unpredictable in the short to intermediate term, should never be described as surprising.

From a longer-term perspective, markets are somewhat easier to understand. First, current conditions will change and even the most skillful and hardworking prognosticators will not be able to predict when or even how this will happen. Yet, there is no question that the supply and demand for securities will be what it will be and this will change through time.

Second, price is a major and often over-looked part of the investment return equation. As we have pointed out previously, US equities from an index perspective are richly priced today whereas those elsewhere are far less expensive and actually quite compelling.

### ***Individual Asset Class Performance – 2017 Calendar Year to Date***

<i>Large/Mid-Capitalization US Equity</i>	+9.8%	(+0.5% vs. <i>Russell 1000</i> )
<i>Small Capitalization US Equity</i>	+5.0%	(+0.0% vs. <i>Russell 2000</i> )
<i>International Developed Markets Equity</i>	+16.2%	(+2.4% vs. <i>MSCI EAFE</i> )
<i>Emerging Markets Equity</i>	+19.7%	(+1.3% vs. <i>MSCI Emerging Markets</i> )
<i>Global Equity</i>	+23.0%	(+12.3% vs <i>MSCI World</i> )
<i>U.S. Investment Grade Fixed Income</i>	+3.1%	(+0.8% vs. <i>Barclays Capital Aggregate</i> )
<i>Global Fixed Income</i>	+5.9%	(+1.4% vs. <i>Citigroup World Govt Bond</i> )
<i>Treasury Inflation Protected Securities</i>	+0.9%	(+0.0% vs. <i>Citigroup Inflation Linked</i> )

Produced By Colonial Consulting, LLC  
July 25, 2017