

**The Vermont Community Foundation**  
**Mid-Term Pool Investment Performance/Strategy**  
**As of March 31, 2021**

***Mid-Term Pool Performance vs. Benchmark- Through 3/31/21, Net of Investment Management Fees***

	Latest <u>Quarter</u>	Latest <u>1 Year</u>	Latest <u>3 Years</u>	Latest <u>5 Years</u>	Latest <u>7 Years</u>
<b>Mid-Term Pool</b>	<b>+1.9%</b>	<b>+27.9%</b>	<b>+8.1%</b>	<b>+7.9%</b>	<b>+6.4%</b>
<i>Mid-Term Pool Benchmark*</i>	+1.7%	+27.2%	+8.2%	+8.4%	+6.5%
<i>50% MSCI ACW/50% Bloomberg Agg</i>	+0.6%	+25.3%	+8.7%	+8.3%	+6.6%

\* Mid-Term 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 largely through index funds.

<i>Asset Class</i>	<i>Target/Actual Allocation</i>		<i>Managers</i>
U.S. Large/Mid-Capitalization Equities	19.0%	(19.3%)	Vanguard
U.S. Small Capitalization Equities	4.8%	(6.3%)	Vanguard
International Equities	17.0%	(17.6%)	Vanguard
Emerging Markets	6.8%	(7.8%)	Vanguard
Fixed Income	23.8%	(21.1%)	Vanguard
High Yield Fixed Income	4.8%	(5.1%)	Harbor
TIPS	9.5%	(10.3%)	Vanguard
Vermont Investments	5.0%	(4.8%)	
Cash/Short Term Bonds	9.5%	(7.6%)	Vanguard

The Mid-Term portfolio was constructed with the following concepts in mind:

- 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.
- Utilize index funds as an inexpensive and effective way to execute the strategy until such time as the Pool has sufficient capital to access top institutional managers as is done in other Foundation pools.

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

Stocks continued to move aggressively higher during the first quarter of 2021. Surprisingly, just one year past the pandemic-induced lows of March 2020 most major indices have fully recovered and are now at all-time highs. It is worth noting that most investors assume positive investment returns over time, which, in turn, suggests that record highs should be considered normal.

Over the last year, Central Banks have sought to keep the economy breathing amidst the suffocation of the COVID-19 pandemic, which upended many aspects of life and unleashed large and unfamiliar forces. The road ahead will certainly be complicated and uneven, but Fed stimulus – combined with the unprecedented efforts of the global health community toward the development of a vaccine – has helped lay the foundation for an exceptionally dramatic economic re-opening. The complexity of this climate only adds to the case for well diversified long-term oriented investing as pursued by the Foundation.

Produced by Crewcial Partners LLC (formerly Colonial Consulting, LLC)  
April 26, 2021