

**The Vermont Community Foundation**  
**Socially Responsible Pool Investment Performance/Strategy**  
**As of March 31, 2021**

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

|  | Latest<br><u>Quarter</u> | Latest<br><u>1 Year</u> | Latest<br><u>3 Years</u> | Latest<br><u>5 Years</u> | Latest<br><u>7 Years</u> | Latest<br><u>10 Years</u> |
|--|--------------------------|-------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| <b>Socially Responsible Pool</b>           | <b>+4.0%</b>             | <b>+37.7%</b>           | <b>+10.4%</b>            | <b>+10.4%</b>            | <b>+ 8.5%</b>            | <b>+ 8.2%</b>             |
| <i>Socially Responsive Pool Benchmark*</i> | +2.0%                    | +32.4%                  | +9.5%                    | +9.7%                    | + 7.5%                   | +7.7%                     |
| <i>60% MSCI ACW/40% Bloomberg Agg</i>      | +1.4%                    | +30.8%                  | +9.5%                    | +9.3%                    | +7.2%                    | +7.1%                     |

\* 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. Note that the elevated cash balance is in transition and is being deployed.

| <i>Asset Class</i>                     | <i>Target/Actual Allocation</i> |         | <i>Managers</i>                    |
|--|---------------------------------|---------|------------------------------------|
| U.S. Large/Mid-Capitalization Equities | 19.0%                           | (20.9%) | KLD iShares/Redwood Grove/Vanguard |
| U.S. Small Capitalization Equities     | 5.0%                            | (6.9%)  | Aperio                             |
| Non-US Equities                        | 19.0%                           | (19.0%) | Aperio                             |
| Emerging Markets Equities              | 5.0%                            | (5.6%)  | Boston Common                      |
| Global Equity                          | 12.0%                           | (10.0%) | Generation                         |
| Fixed Income                           | 24.0%                           | (22.1%) | Calvert/RBC                        |
| Global Fixed Income                    | 6.0%                            | (1.6%)  | Colchester                         |
| Private Equity                         | 5.0%                            | (0.5%)  | Lyme Forest, At One                |
| Vermont Investments                    | 5.0%                            | (2.8%)  |                                    |
| Cash                                   | 0.0%                            | (10.7%) |                                    |

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***

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.

### ***Individual Asset Class Performance – Q1 2021***

|   |        |  |
|---|--------|--|
| <i>Large/Mid-Capitalization US Equity</i> | +7.8%  | (+1.9% vs. <i>Russell 1000</i> )               |
| <i>Small Capitalization US Equity</i>     | +18.0% | (+5.3% vs. <i>Russell 2000</i> )               |
| <i>Non-US Equity</i>                      | +4.4%  | (+0.9% vs. <i>MSCI EAFE</i> )                  |
| <i>Emerging Markets Equity</i>            | +1.0%  | (-1.3% vs. <i>MSCI Emerging Markets</i> )      |
| <i>Global Equity</i>                      | +7.4%  | (+2.5% vs <i>MSCI World</i> )                  |
| <i>U.S. Investment Grade Fixed Income</i> | -2.5%  | (+0.9% vs. <i>Barclays Capital Aggregate</i> ) |
| <i>Global Fixed Income</i>                | -6.1%  | (-0.4% vs. <i>Citigroup World Govt Bond</i> )  |

Produced by Crewcial Partners LLC (formerly Colonial Consulting, LLC)  
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