The Vermont Community Foundation
Socially Responsible Pool Investment Performance/Strategy
As of March 31, 2022

Socially Responsible Pool Performance vs. Benchmark- Through 3/31/22, Net of Investment Management Fees

	Latest Quarter	Latest 3 Years	Latest 5 Years	Latest 7 Years	Latest 10 Years	Latest 15 Years
Socially Responsible Pool	**-5.0%**	**+10.0%**	**+8.7%**	**+ 7.7%**	**+ 8.2%**	**+5.9%**
*Socially Responsive Pool Benchmark**	*-4.9%*	*+9.7%*	*+8.5%*	*+ 7.3%*	*+7.7%*	*+5.8%*
60% MSCI ACW/40% Bloomberg Agg	*-5.6%*	*+9.2%*	*+8.0%*	*+6.8%*	*+7.1%*	*+5.7%*

* 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.

Asset Class	*Target/Actual Allocation*		*Managers*
U.S. Large/Mid-Capitalization Equities	19.0%	(23.3%)	KLD iShares/Redwood Grove/Vanguard
U.S. Small Capitalization Equities	5.0%	(6.9%)	Aperio
Non-US Equities	22.0%	(25.4%)	Aperio
Emerging Markets Equities	6.0%.	(5.8%)	Boston Common
Global Equity	12.0%	(9.3%)	Generation
Fixed Income	18.0%	(18.2%)	Calvert/RBC
Global Fixed Income	0.0%	(1.3%)	Colchester
Private Equity	7.0%	(1.0%)	Lyme Forest, At One
Vermont Investments	5.0%	(3.8%)	
Cash	6.0%	(4.9%)	

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

Between the horrific events unfolding in Ukraine, the rising probability of a disruptive and inflationary change in the world order, the path away from unusually aggressive central bank policies and optimistically priced core indices such as the S&P 500, conditions are ripe for a much more challenging return climate.

For most people, the phrase "a challenging climate" brings volatility and mark to market losses to mind. 2022 has begun with a moderate version of this scenario as the S&P 500 declined 4.6% in the first quarter while some growth oriented indices and strategies experience double digit losses. Rising interest rates were one of the factors that led to this outcome and also produced a 5.9% decline in the Bloomberg Barclays Aggregate Index.

Given the complexities of the world, we must also ask if this brand of challenging is not about near-term and ultimately fleeting discomfort but instead the far more serious problem of long-term regret caused by lasting damage to the purchasing power of philanthropic capital. Many today hold portfolios that are ill-suited for large economic and market shifts although signs of their arrival abound.

The Foundation pools were designed to thrive in this type of climate as complexity provides an advantage to patient, disciplined investors with in-depth knowledge of the fortunes of individual companies. This plus the Foundation's diversified strategy will likely be key contributors to overcoming what might at times be fierce headwinds from markets and the world at large.

In Q1 2022, the Socially Responsible Pool fell 5.0%, a result that fell short of the custom benchmark's return by 10 basis points. This result is largely the product of the pool's exposure to global growth stocks.

Individual Asset Class Performance – Q1 2022

Large/Mid-Capitalization US Equity	*-6.1%*	*(-1.0% vs. Russell 1000)*
Small Capitalization US Equity	*-5.0%*	*(+2.5% vs. Russell 2000)*
Non-US Equity	*-4.1%*	*(+1.8% vs. MSCI EAFE)*
Emerging Markets Equity	*-6.1%*	*(-0.9% vs. MSCI Emerging Markets)*
Global Equity	*-8.3%*	*(-3.1% vs MSCI World)*
U.S. Investment Grade Fixed Income	*-5.8%*	*(+0.1% vs. Barclays Capital Aggregate)*
Global Fixed Income	*-5.3%*	*(+1.2% vs. FTSE World Govt Bond)*

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