The Vermont Community Foundation
Socially Responsible Pool Investment Performance/Strategy
As of March 31, 2023

Socially Responsible Pool Performance vs. Benchmark- Through 3/31/23, 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	**+5.8%**	**+10.1%**	**+5.5%**	**+ 6.8%**	**+ 6.6%**	**+5.7%**
*Socially Responsive Pool Benchmark**	*+5.3%*	*+9.8%*	*+5.6%*	*+6.8%*	*+6.3%*	*+5.6%*
60% MSCI ACW/40% Bloomberg Agg	*+5.6%*	*+8.0%*	*+4.8%*	*+6.0%*	*+5.6%*	*+5.0%*

* 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%	(20.5%)	KLD iShares/Redwood Grove/Vanguard
U.S. Small Capitalization Equities	5.0%	(5.8%)	Aperio
Non-US Equities	22.0%	(27.0%)	Aperio
Emerging Markets Equities	6.0%.	(6.8%)	Boston Common
Global Equity	12.0%	(7.5%)	Generation
Fixed Income	18.0%	(16.7%)	Calvert/RBC
Private Equity	7.0%	(1.7%)	Lyme Forest, At One, Union Square Ventures
Vermont Investments	5.0%	(5.4%)	
Short Duration Bonds	6.0%	(6.3%)	
Cash	0.0%	(2.3%)	

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

The first quarter of 2023 began calmy but ultimately careened towards a new crisis. The adage stipulating risk and returns are correlated is equally true when substituting the words “discomfort” or “anxiety” for risk. We frequently remind ourselves that generating strong returns is not supposed to be easy and take solace from history, as complex market climates tend to be correlated with stronger future returns for those willing to prudently embrace uncertainty.

The latest addition to the hall of mirrors was old-fashioned bank solvency although this time the root cause was a simple but powerful crisis of confidence that led depositors to flee, first at Silicon Valley Bank (“SVB”) then radiating to an expanding group of regional banks. While each instance was driven by legitimate concerns, it is important to recognize that a variety of less painful outcomes were likely had it not been for a massive shift in the investment climate due to higher interest rates and the resultant bear market across most major asset classes.

As life inches towards post-COVID normalcy, a whirlwind of swirling geopolitical, economic, and capital-market conditions continuously reminds us that change is inevitable, with inflection points emerging from each new crisis. While such moments are uncomfortable, it is the responsibility of Crewcial and its clients to recognize and act on the opportunities that emerge for long-term investors.

This is far easier said than done, as it demands suspicion of conventional wisdom, extraordinary patience, and a willingness to pursue contrarian ideas born from another reliable force: human nature.

In Q1 2023, the Socially Responsible Pool gained 5.8%, outperforming its custom benchmark’s return by 50 basis points. This result is largely the product of the pool’s public equity exposure which outperformed the broad benchmark.

Individual Asset Class Performance – Q1 2023

Large/Mid-Capitalization US Equity	*+9.0%*	*(+1.5% vs. Russell 1000)*
Small Capitalization US Equity	*+4.0%*	*(+1.4% vs. Russell 2000)*
Non-US Equity	*+7.9%*	*(-0.6% vs. MSCI EAFE)*
Emerging Markets Equity	*+4.3%*	*(+0.3% vs. MSCI Emerging Markets)*
Global Equity	*+9.0%*	*(+1.3% vs MSCI World)*
U.S. Investment Grade Fixed Income	*+3.4%*	*(+0.4% vs. Barclays Capital Aggregate)*
U.S. Short Duration Fixed Income	*+1.0%*	*(-0.3% vs. Bloomberg 1 Year US Treasury)*

Produced by Crewcial Partners LLC
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