The Vermont Community Foundation
Mid-Term Pool Investment Performance/Strategy
As of March 31, 2024

Mid-Term Pool Performance vs. Benchmark, Net of Investment Management Fees

	Latest Quarter	Latest 3 Years	Latest 5 Years	Latest 7 Years	Latest 10 Years
Mid-Term Pool	**+3.5%**	**+2.1%**	**+5.7%**	**+5.6%**	**+5.1%**
*Mid-Term Pool Benchmark**	*+3.4%*	*+2.7%*	*+5.8%*	*+6.5%*	*+5.1%*
50% MSCI ACW/50% Bloomberg Agg	*+3.7%*	*+2.3%*	*+5.8%*	*+5.8%*	*+5.3%*

* 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.

Asset Class	*Target/Actual Allocation*		*Managers*
U.S. Large/Mid-Capitalization Equities	19.0%	(19.4%)	Vanguard
U.S. Small Capitalization Equities	4.8%	(5.0%)	Vanguard
International Equities	17.0%	(16.4%)	Vanguard
Emerging Markets	6.8%	(4.1%)	Vanguard
Fixed Income	23.7%	(20.5%)	Vanguard
High Yield Fixed Income	4.8%	(2.3%)	Harbor
TIPS	9.5%	(6.5%)	Vanguard
Cash/Short Term Bonds	9.5%	(25.8%)	

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

Global equity markets continued their ascent with the S&P 500, MSCI EAFE and MSCI Emerging indices gaining 10.6%, 5.8%, and 2.4% respectively. A resilient US economy, stead earnings growth, and expectations around rate cuts by The Federal Reserve and European Central Bank added energy to rally that started in 2023.

US Treasury yields rose during the quarter, walking back some of the steep declines that occurred in the final quarter of 2023, and leading to negative returns for bonds during Q1. The yield curve's shift higher can be attributed to the continuation of solid economic growth and sticky inflation, which have not slowed, defying expectations. Indeed, core inflation appears to be re-accelerating—although the year-over-year rate through February is 2.8%, the six-month trailing annualized rate is 2.9% and the three-month trailing annualized rate is 3.5%.

In Q1 2024, the Mid Term Pool returned +3.5%, outperforming its custom benchmark's return by 10 basis points. As the Pool is largely invested in index funds, the return difference was primarily driven by cash movement in the Pool that resulted in temporary deviations from policy asset allocation targets.

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