The Vermont Community Foundation
Socially Responsible Pool Investment Performance/Strategy
As of March 31, 2024

Socially Responsible Pool Performance vs. Benchmark, Net of Investment Management Fees

	Latest Quarter	Latest 3 Years	Latest 5 Years	Latest 7 Years	Latest 10 Years
Socially Responsible Pool	**+4.7%**	**+3.8%**	**+7.9%**	**+ 7.6%**	**+ 7.0%**
*Socially Responsive Pool Benchmark**	*+4.9%*	*+4.3%*	*+8.0%*	*+7.4%*	*+6.6%*
60% MSCI ACW/40% Bloomberg Agg	*+4.6%*	*+3.3%*	*+6.9%*	*+6.7%*	*+6.0%*

* 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%	(23.6%)	KLD iShares/Redwood Grove/Vanguard
U.S. Small Capitalization Equities	5.0%	(6.1%)	Aperio
Non-US Equities	22.0%	(28.1%)	Aperio
Emerging Markets Equities	6.0%.	(6.3%)	Boston Common
Global Equity	12.0%	(8.5%)	Generation
Fixed Income	18.0%	(15.5%)	Calvert/RBC
Private Equity	7.0%	(1.5%)	Lyme Forest, At One, Union Square Ventures
Short Duration Bonds	6.0%	(5.9%)	
Cash	0.0%	(4.4%)	

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

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 Socially Responsible Pool returned +4.7%, underperforming its custom benchmark's return by 20 basis points. This result was largely the product of the pool's global equity asset class, which lagged its benchmark for the quarter..

Individual Asset Class Performance – Q1 2024

Large/Mid-Capitalization US Equity	*+10.0%*	*(-0.3% vs. Russell 1000)*
Small Capitalization US Equity	*+2.9%*	*(+0.4% vs. Russell 2000)*
Non-US Equity	*+5.4%*	*(-0.4% vs. MSCI EAFE)*
Emerging Markets Equity	*+1.9%*	*(-0.5% vs. MSCI Emerging Markets)*
Global Equity	*+6.6%*	*(-2.3% vs MSCI World)*
U.S. Investment Grade Fixed Income	*-0.2%*	*(+0.6% vs. Bloomberg Aggregate)*
U.S. Short Duration Fixed Income	*+1.1%*	*(+0.2% vs. Bloomberg 1 Year US Treasury)*

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