The Vermont Community Foundation
Long-Term Pool Investment Performance/Strategy
As of June 30, 2024

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

	Latest Quarter	Latest 3 Years	Latest 5 Years	Latest 7 Years	Latest 10 Years	Latest 15 Years
Long-Term Pool	**-0.2%**	**+0.5%**	**+5.7%**	**+5.8%**	**+5.8%**	**+8.2%**
*Target Benchmark**	*+1.2%*	*+2.2%*	*+7.5%*	*+7.3%*	*+6.4%*	*+8.0%*
60% MSCI ACW/40% Bloomberg Agg	*+1.7%*	*+2.1%*	*+6.5%*	*+6.5%*	*+5.8%*	*+7.4%*

* The market 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	10.0%	(11.1%)	Adage/FPR/Focused
U.S. Small Capitalization Equities	5.5%	(6.3%)	Ashford/Champlain
Global Equity	11.0%	(15.0%)	Generation/Gobi/Theleme/Barker
International Equities	10.0%	(10.8%)	Silchester/Brown Capital
Emerging Markets Equities	5.0%	(7.9%)	Elephant/Westwood
Hedge Funds	5.0%	(6.1%)	Various Direct Funds
Special Opportunities	13.0%	(12.5%)	Ashe/Cevian/Ichigo
Private Assets	12.0%	(15.2%)	Various Direct and Fund of Funds
U.S. Investment Grade Fixed Income	12.5%	(5.6%)	IR&M/Vanguard
TIPS	4.2%	(3.8%)	Vanguard
Global Fixed Income	4.8%	(3.8%)	Colchester
Cash	2.0%	(1.9%)	Transactional

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. equities/alternative 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 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

Excitement about AI and headlines around it helped a small group of US large capitalization companies lead the markets higher in the first half of 2024. While behind the scenes anticipation about the likelihood, timing and extent of interest rates cuts by the Federal Reserve made for another quarter where the tug-of-war between growth, inflation, and interest rates were a constant. Positive data and an uptick in inflation early in the quarter, raised concerns that the US economy may be overheating, However, data trends later in the quarter regarding inflation and unemployment raised hopes for a slower growth trajectory and cuts in the 2nd half – the "soft landing".

The S&P 500 and MSCI Emerging indices gained 4.3% and 5.0%, respectively, outpacing the MSCI EAFE, which declined by -0.4%. US markets continued to benefit from the positive sentiment around AI and expectations of rate cuts by the Federal Reserve; meanwhile, late in the quarter, European equities were affected by the unexpected announcement of parliamentary elections in France. In fixed income, core bonds returned -10 bps for the quarter as modest increases in interest rates and credit spreads, were largely offset by coupon payments.

In Q2 2024, the Long Term Pool returned -0.2%, trailing its custom benchmark's return by 140 basis points. The Pool's large-cap domestic, emerging market, and special opportunities equities were the largest detractors to relative performance.

Individual Asset Class Performance – Q2 2024

Large/Mid-Capitalization US Equity	*-1.4%*	*(-5.0% vs. Russell 1000)*
Small Capitalization US Equity	*-4.4%*	*(-1.0% vs. Russell 2000)*
Global Equity	*+3.5%*	*(+2.9% vs. MSCI ACWI)*
International Developed Markets Equity	*-1.5%*	*(-1.1% vs. MSCI EAFE)*
Emerging Markets Equity	*+0.8%*	*(-4.2% vs. MSCI Emerging Markets)*
Hedge Funds	*+0.1%*	*(-0.3% vs. HFRI Fund of Funds)*
Special Opportunities	*-1.8%*	*(-4.7% vs. MSCI ACWI)*
U.S. Investment Grade Fixed Income	*+0.2%*	*(+0.1% vs. Bloomberg Aggregate)*
Global Fixed Income	*-2.4%*	*(-1.2% vs. FTSE World Govt Bond)*
Treasury Inflation Protected Securities	*+0.9%*	*(+0.1% vs. Bloomberg US TIPS)*

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