
The Vermont Community Foundation

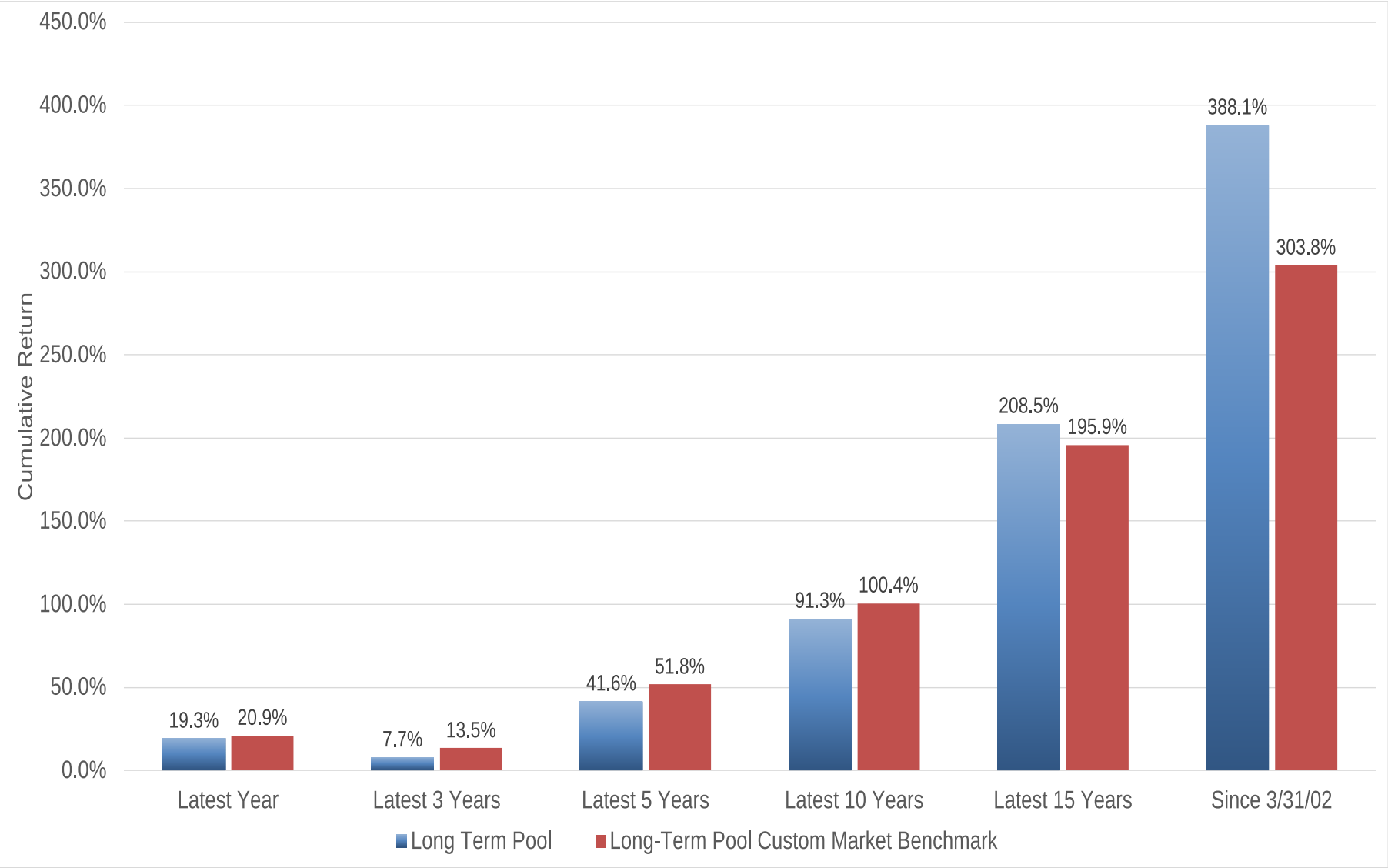
Investment Strategy/Performance Update

November 19, 2024

Annualized Investment Results

Performance Ending 9/30/24 (Net Of Investment Management Fees)	Latest Year	Latest 3 Years	Latest 5 Years	Latest 10 Years	Latest 15 Years	Since 3/31/02
Long-Term Pool	19.3%	2.5%	7.2%	6.7%	7.8%	7.3%
Long-Term Pool Custom Market Benchmark	20.9%	4.3%	8.7%	7.2%	7.5%	6.4%
CPI + 5%	7.4%	9.9%	9.3%	7.9%	7.6%	7.6%
Socially Responsible Pool	22.7%	4.9%	8.4%	7.5%	7.7%	N/A
SR Pool Custom Market Benchmark	22.9%	5.1%	8.6%	7.4%	7.9%	N/A
Mid-Term Pool	16.9%	2.9%	6.3%	5.6%	N/A	N/A
Mid-Term Pool Custom Market Benchmark	19.2%	3.8%	6.4%	5.8%	N/A	N/A

Decisions Focused on Long-Term Outcomes



High Batting Average & Positive Skew

Socially Responsible Returns Relative to Policy Benchmark – 6/30/10 to 9/30/24

Key Stats - Socially Responsible Pool	Rolling 3 Year	Rolling 5 Year	Rolling 7 Year	Rolling 10 Year
Batting Average	66.2%	74.1%	84.1%	92.3%
Median Outcome	0.6%	2.2%	3.6%	6.4%
Best Outcome	4.8%	6.7%	9.9%	9.6%
Worst Outcome	-5.9%	-5.4%	-2.6%	-4.8%

- Very High Batting Average – Not Perfect Though!
- Median Value Added is Meaningful
- Generally Strong Best/Worst Case Outcomes

High Batting Average & Positive Skew

Long-Term Pool Returns Relative to Policy Benchmark 9/30/24

3/31/02 to

	Rolling 3 Year	Rolling 5 Year	Rolling 7 Year	Rolling 10 Year
Batting Average	77.9%	77.7%	78.1%	92.1%
Median Outcome	4.7%	9.9%	17.7%	30.0%
Best Outcome	10.6%	20.6%	25.1%	39.1%
Worst Outcome	-6.8%	-9.3%	-11.2%	-4.0%

- Very High Batting Average – Not Perfect Though!
- Median Value Added is Substantial
- Very Strong Best/Worst Case Outcome Ratio

The Community Foundation's Approach

- Establish a Strategic Asset Allocation That is Expected to Achieve the Foundation's Long Term Return Objectives (Preserve Foundation Purchasing Power Over Twenty Year+ Periods)
- No Attempt Made to Market Time or Change Strategy Based on Near Term Outlook – Does Not Preclude Opportunistic Allocations Whose Outcome is Not Driven by Timing
- Diversify Portfolio by Asset Class and Strategy. Increases the Likelihood of Achieving Return Objectives Under Different Economic/Market Conditions

Strategic Asset Mix

Asset Class Exposures (% of Total Portfolio)	Long-Term Pool Mix	Socially Responsible Pool Mix	Mid-Term Pool Strategic Mix
US Large/Mid Cap Equity	11.0	19.0	19.0
US Small Cap Equity	6.5	5.0	4.8
Non-US Developed Equity	11.0	22.0	17.0
Non-US Emerging Equity	6.0	6.0	6.8
Global Equity	12.0	12.0	0.0
Special Opportunities	14.0	0.0	0.0
Total Equity	60.5%	64.0%	47.5%
US Aggregate Bonds	8.5	18.0	23.8
Treasury Inflation Protected Securities	4.3	0.0	9.5
US High Yield Bonds	0.0	0.0	4.8
Global Bonds	4.8	0.0	0.0
Cash/Short Term Bonds	0.0	6.0	9.5
Total Fixed Income	17.5%	24.0%	47.5%
Hedge Funds	5.0	0.0	0.0
Private Assets	12.0	7.0	0.0
Total Alternatives	17.0%	7.0%	0.0%
Vermont Investments	5.0%	5.0%	5.0%

Manager Due Diligence

- Return always accompanied by risk
- Must understand the strategy, know key personnel, avoid needless complexity.
- Operational issues: independent custodian, credible auditor, outside administrator
- Ongoing – forward looking process

Manager Due Diligence – Qualitative Factors

INVESTMENT PROCESS

- Fundamental/valuation bias
- High conviction in investment ideas
- Defined buy & sell disciplines
- Uniqueness (edge)

ORGANIZATION

- Ownership structure
- Aligned interests & motivation
- Compensation structure & retention
- Succession plan
- Institutional Focus
- SEC violations & legal issues

INVESTMENT PROFESSIONALS

- Portfolio manager/analyst experience
- Assessment of manager/team skill
- Portfolio management/analyst coverage
- Team continuity & ethical concern

PORTFOLIO MANAGEMENT/RISK

- Assets in strategy/capacity
- Position exposure/risk
- Prudent use of leverage
- Hedging strategy
- Liquidity
- Transparency
- Appropriate diversification

OPERATIONAL/BUSINESS RISK

- Prime broker exposure
- Counter party risk
- Financing/borrowing terms
- Client concentration risk
- Back office staffing & infrastructure
- Compliance procedures
- Trading systems
- Valuation procedures
- Disaster Recovery

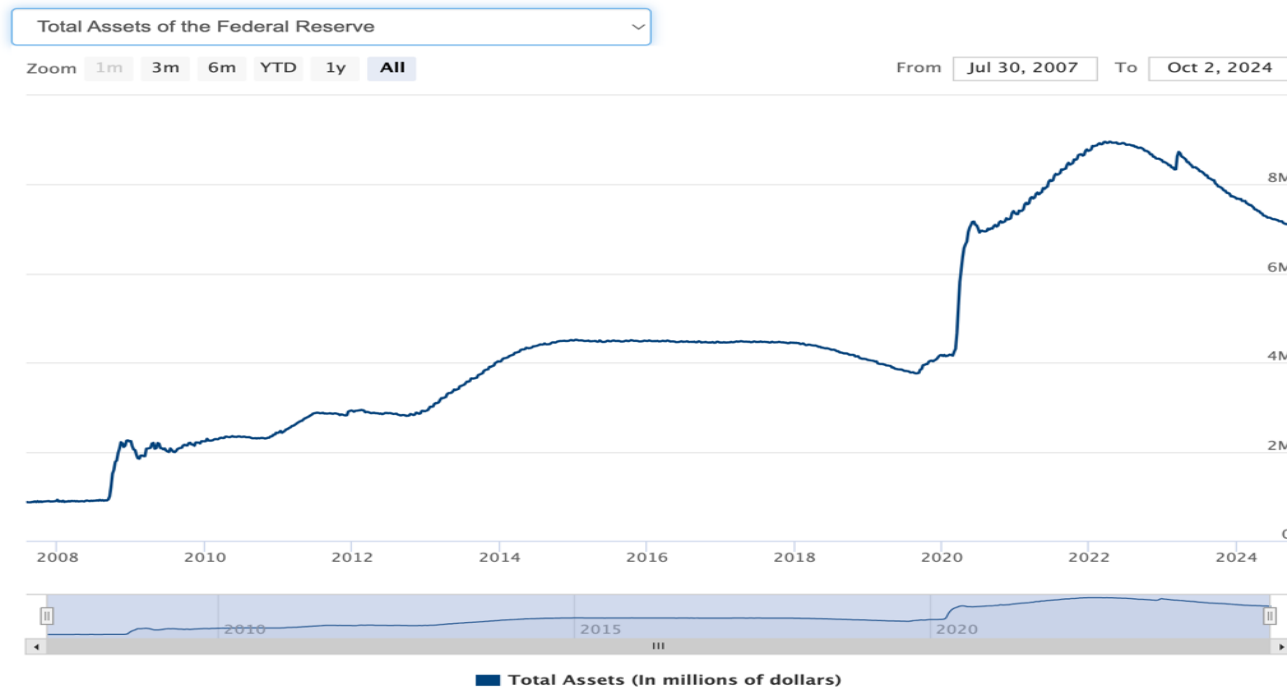
We Live in a New World

- Higher Inflation = Higher Cost and Competition for Capital
- Capital Scarcity is GAME CHANGING
- Geopolitical Instability
- Capitalization Weighted Indices (S&P 500) are Increasingly Concentrated. (i.e. riskier)

Complexity is Multi-Dimensional

Unemployment Rate At Widest Budget Deficit		
Date	Unemployment Rate (%)	Budget Deficit, % of GDP
Covid Era	14.8%	-14.0%
Global Financial Crisis	10.0%	-10.2%
1982 Recession	10.2%	-5.6%
Early 1990s Recession	7.3%	-5.1%
Mid 1970s Recession	7.9%	-4.6%
Current	4.2%	-6.7%

Source: Strategas, FactSet



Indices are Aggressively Embracing Risk

Monopolies

**Dependence
on China**

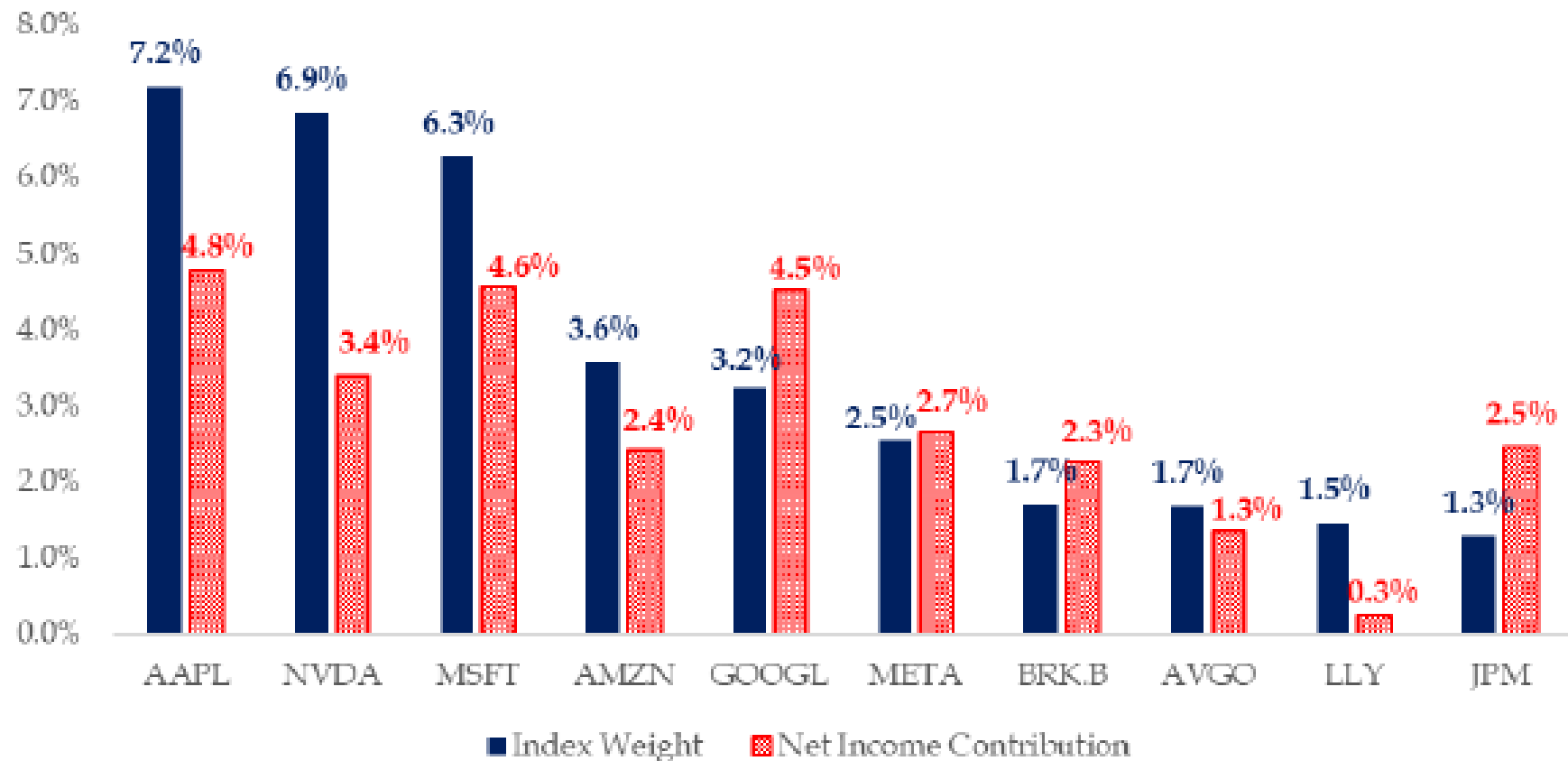


AI Hype

*High Levels of
Investor
Optimism*

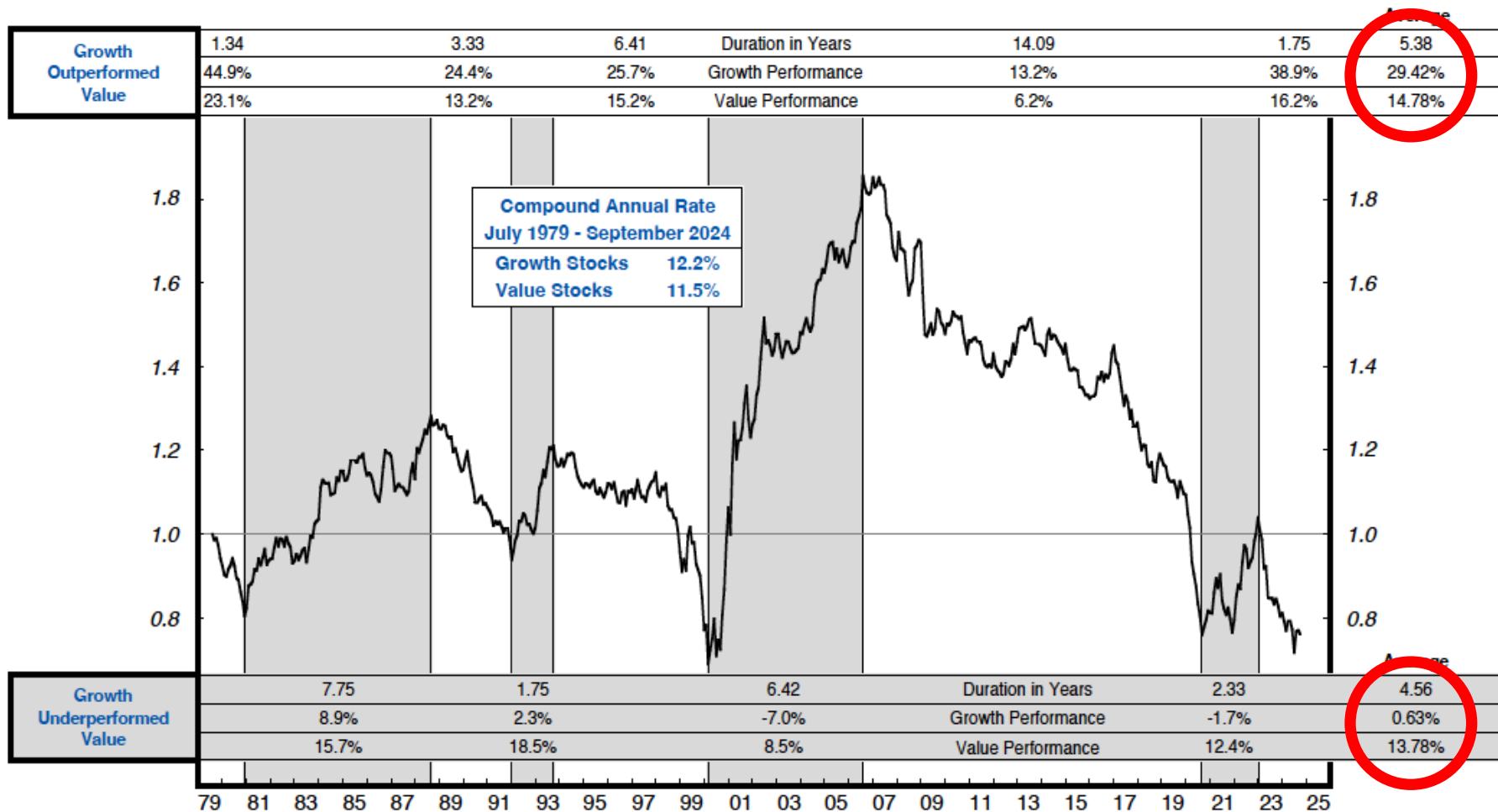
Optimism Abounds!

Top 10 Largest Companies Index Weight vs. 3Q'24 Net Income Contribution



History is Unkind When Conditions Change

Large Capitalization Stocks by Style Ratio: Value Stocks / Growth Stocks



Shaded areas represent periods where Growth Stocks underperformed Value Stocks.

Performance data is annualized. • July 1979=1.00

Sources: FTSE Russell • Copyright © 2024 Crandall, Pierce & Company • All rights reserved.

Strategy Looking Forward

- Strict adherence to a strategy that relies on decisions with a high probability of long-term success – time is on our side
- Utilize advantages of scale, stability and time horizon to access atypical investments – strong proponents of index funds balanced with compelling managers
- Over long time periods, intelligently accepting volatility contributes to higher returns

Crewcial Partners Profile

Location: New York, NY

Staff Size: 54

Number of Clients: >100

Founded: 1980

100% Employee Owned

Client Assets: \$ 29 Billion

Representative Client List:

The San Francisco Foundation

The Philadelphia Foundation

Community Foundation for

Greater Buffalo

Marin Community Foundation

Lasker Foundation