
The Vermont Community Foundation

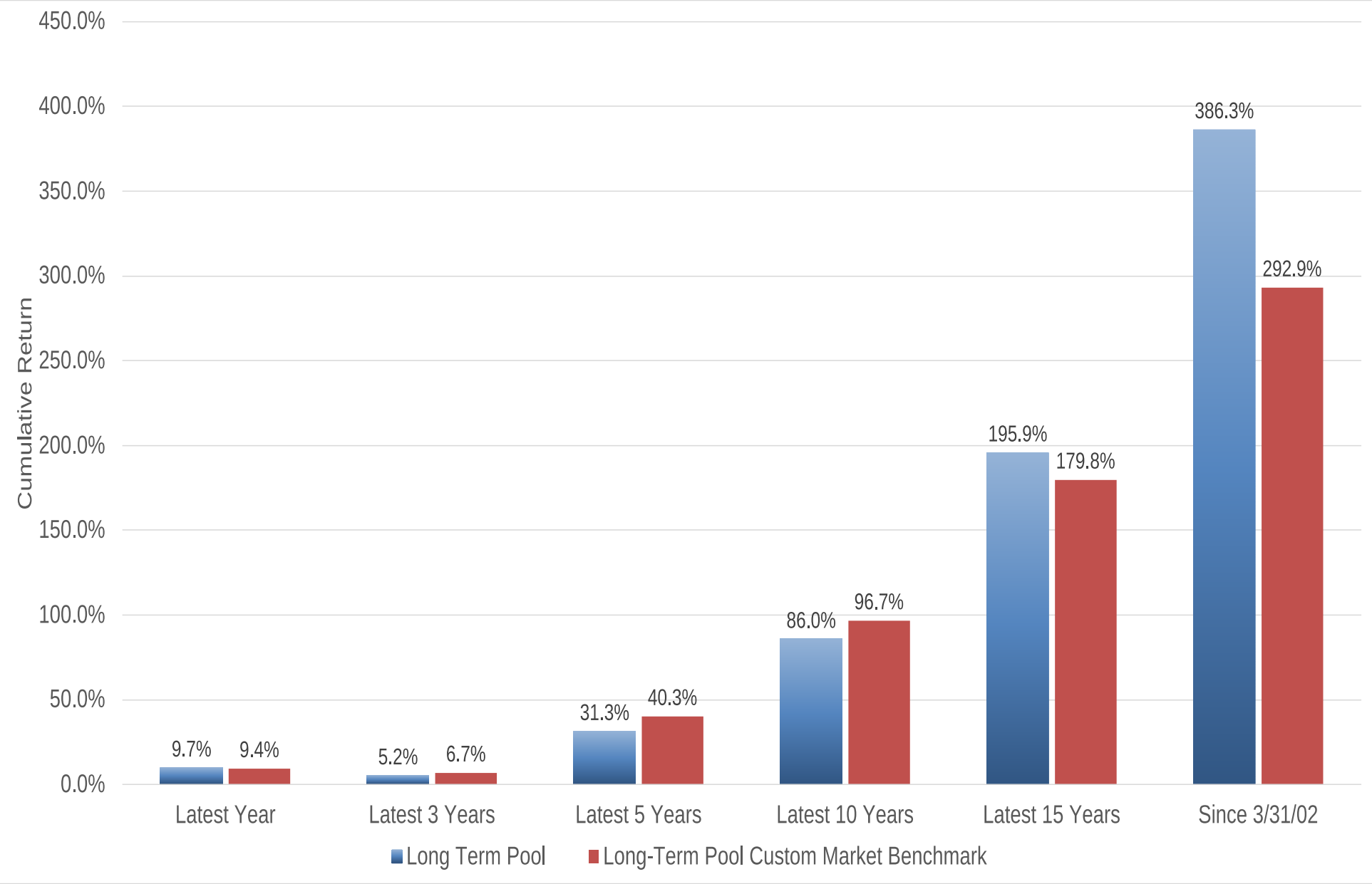
Investment Strategy/Performance Update

February 6, 2025

Annualized Investment Results

| Performance Ending 12/31/24 (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 | 9.7% | 1.7% | 5.6% | 6.4% | 7.5% | 7.2% |
| Long-Term Pool Custom Market Benchmark | 9.4% | 2.2% | 7.0% | 7.0% | 7.1% | 6.2% |
| CPI + 5% | 7.9% | 9.3% | 9.3% | 8.0% | 7.6% | 7.6% |
| Socially Responsible Pool | 8.0% | 2.2% | 6.3% | 6.8% | 7.3% | N/A |
| SR Pool Custom Market Benchmark | 9.9% | 2.9% | 6.9% | 7.0% | 7.5% | N/A |
| Mid-Term Pool | 8.3% | 1.6% | 4.9% | 5.3% | N/A | N/A |
| Mid-Term Pool Custom Market Benchmark | 8.0% | 2.0% | 5.0% | 5.4% | 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 12/31/24

| Key Stats - Socially Responsible Pool | Rolling 3 Year | Rolling 5 Year | Rolling 7 Year | Rolling 10 Year |
|---------------------------------------|----------------|----------------|----------------|-----------------|
| Batting Average | 64.7% | 72.2% | 81.3% | 92.7% |
| Median Outcome | 0.6% | 2.1% | 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 12/31/24

3/31/02 to

| | Rolling 3 Year | Rolling 5 Year | Rolling 7 Year | Rolling 10 Year |
|-----------------|----------------|----------------|----------------|-----------------|
| Batting Average | 76.9% | 76.6% | 76.8% | 90.3% |
| Median Outcome | 4.6% | 9.9% | 17.4% | 29.9% |
| Best Outcome | 10.6% | 20.6% | 25.1% | 39.1% |
| Worst Outcome | -6.8% | -9.3% | -11.2% | -4.3% |

- 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)

Indices are Aggressively Embracing Risk

Monopolies

AI Hype

**Dependence
on China**

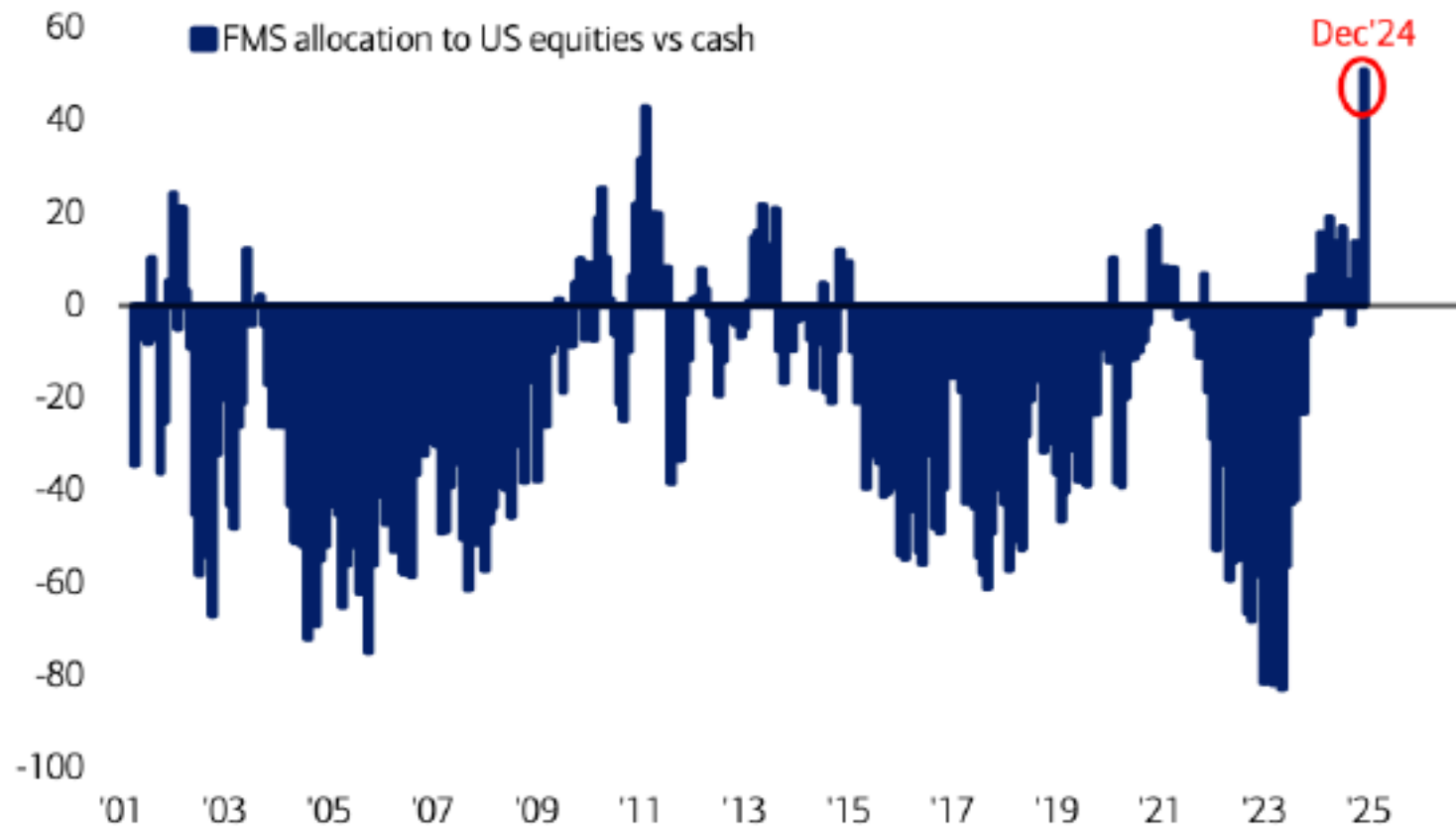


*High Levels of
Investor
Optimism*

Investors are also Aggressively Embracing Risk

Chart 6: Investors were so long US stocks versus cash in Dec

BofA Global FMS net % OW US equities – net % OW cash



Source: BofA Global Fund Manager Survey

BoFA GLOBAL RESEARCH

You Don't Need to Pay Exorbitant Prices for Growth

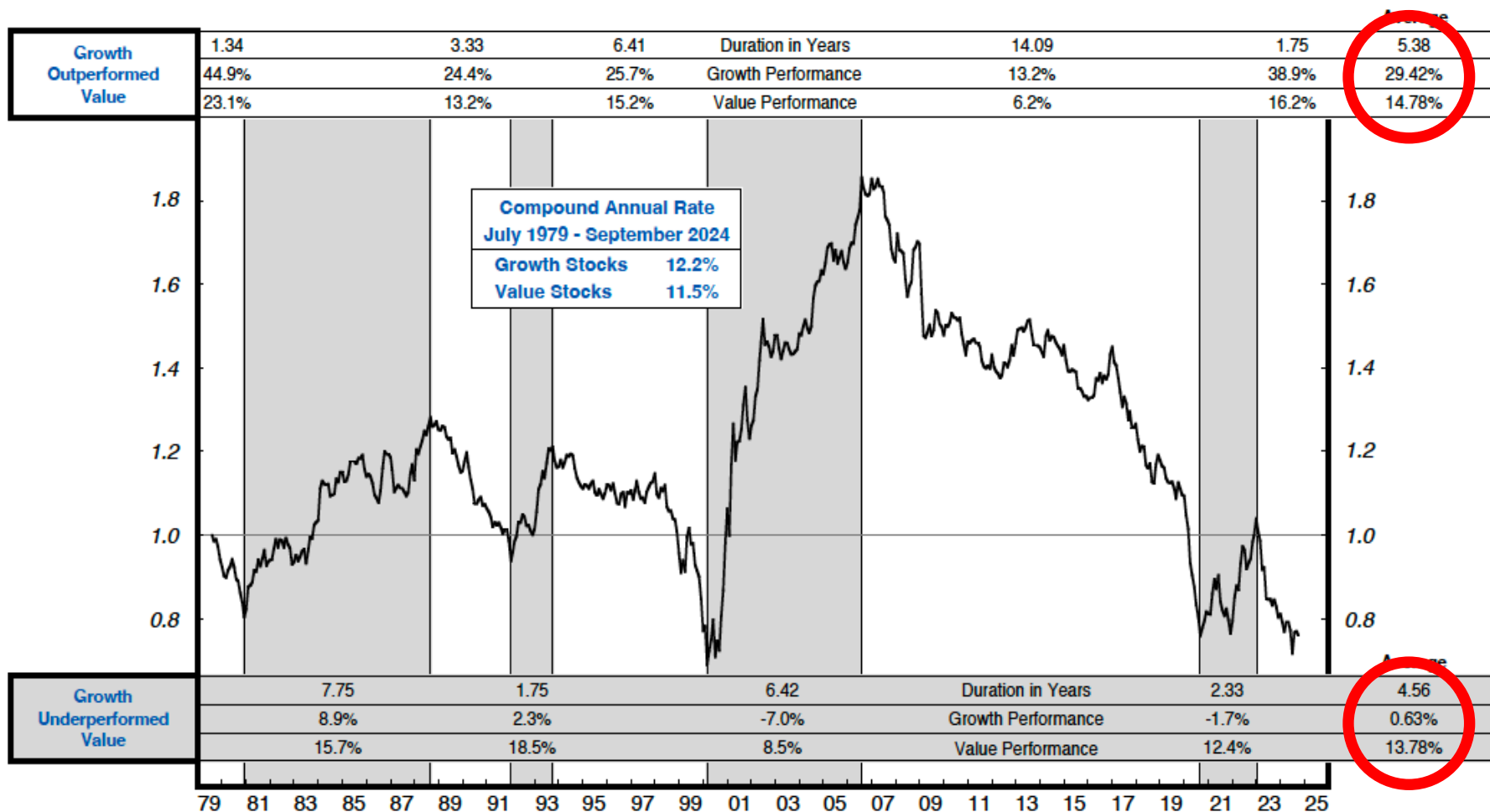
Silchester Portfolio Intrinsic Value Growth Relative to the Index for 2024

| Calendar 2024 Growth | Portfolio % | MSCI EAFE Index % |
|------------------------------------|--------------------|--------------------------|
| Earnings | 29.9 | 1.6 |
| Dividends | 13.7 | 4.6 |
| Book Value | 3.4 | -3.1 |
| Average ("intrinsic value") | 15.7 | 1.0 |
| <i>Gross return</i> | <i>0.9</i> | <i>3.8</i> |

- Diversified non-US value portfolio held by the Foundation
- Intrinsic value growth has been 12.5% per year for last 30 years.
- Holding assets at 10.2x P/E ratio with 4.9% dividend yield

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: 98

Founded: 1980

100% Employee Owned

Client Assets: \$ 28 Billion

Representative Client List:

The San Francisco Foundation

The Philadelphia Foundation

Community Foundation for

Greater Buffalo

Marin Community Foundation

Lasker Foundation