

**The Vermont Community Foundation**  
**Long-Term Pool Investment Performance/Strategy**  
**As of December 31, 2024**

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

	Latest <u>Quarter</u>	Latest <u>3 Years</u>	Latest <u>5 Years</u>	Latest <u>7 Years</u>	Latest <u>10 Years</u>	Latest <u>15 Years</u>
<b>Long-Term Pool</b>	<b>-1.1%</b>	<b>+1.7%</b>	<b>+5.6%</b>	<b>+5.6%</b>	<b>+6.4%</b>	<b>+7.5%</b>
<i>Target Benchmark*</i>	-1.9%	+2.2%	+7.0%	+6.7%	+7.0%	+7.1%
<i>60% MSCI ACW/40% Bloomberg Agg</i>	-1.8%	+2.4%	+6.1%	+6.1%	+6.2%	+6.7%

\* 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.

<i>Asset Class</i>	<i>Target/Actual Allocation</i>		<i>Managers</i>
U.S. Large/Mid-Capitalization Equities	10.5%	(8.9%)	Adage/FPR/Focused
U.S. Small Capitalization Equities	5.8%	(7.1%)	Ashford/Champlain
Global Equity	11.6%	(12.5%)	Generation/Gobi/Theleme/Barker
International Equities	10.5%	(10.8%)	Silchester/Brown Capital
Emerging Markets Equities	5.3%	(7.1%)	Elephant/Westwood
Hedge Funds	5.3%	(5.9%)	Various Direct Funds
Special Opportunities	13.7%	(13.1%)	Ashe/Cevian/Ichigo
Private Assets	12.6%	(15.3%)	Various Direct and Fund of Funds
U.S. Investment Grade Fixed Income	13.2%	(8.4%)	IR&M/Vanguard
TIPS	4.5%	(3.7%)	Vanguard
Global Fixed Income	5.0%	(3.6%)	Colchester
Cash	2.1%	(3.7%)	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***

U.S. Equity markets continued their strong performance ending 2024 with gains of over 20% for the second year in a row; fueled by long anticipated rate cuts and enthusiasm around AI technologies large-cap tech companies led markets higher. The 4th quarter concluded the US election cycle with President Trump's win, which boosted stock prices in November due to investors' expectations of a pro-business agenda including favorable tax and regulatory policies.

The MSCI EAFE and Emerging Market indices fell by 8.1% and 8.0%, respectively, while US Large Cap equities rose by 2.4%. International equity markets struggled due to European political uncertainty and concerns over potential trade wars following the US election, leading to declines in both currency and local markets. A similar dynamic took place across the emerging markets, with concerns about tariffs weighing on both currency and market performance. US Treasury yields rose sharply during the quarter, with the curve steepening as yields increased 60-80 bps across maturities. The yield curve has remained within a 3.5-5.0% range for over two years due to a combination of solid economic growth, persistent core inflation, and expectations for a pro-growth policy agenda

In Q4 2024, the Long Term Pool returned -1.1%, outperforming its custom benchmark's return by 80 basis points. The Pool's small-cap equities, special opportunities equities, and hedge funds were the largest contributors to relative performance.

#### ***Individual Asset Class Performance – Q4 2024***

<i>Large/Mid-Capitalization US Equity</i>	-1.2%	(-2.5% vs. Russell 1000)
<i>Small Capitalization US Equity</i>	+7.7%	(+7.4% vs. Russell 2000)
<i>Global Equity</i>	-2.0%	(-1.0% vs. MSCI ACWI)
<i>International Developed Markets Equity</i>	-6.6%	(+1.5% vs. MSCI EAFE)
<i>Emerging Markets Equity</i>	-9.3%	(-1.3% vs. MSCI Emerging Markets)
<i>Hedge Funds</i>	+4.1%	(+1.8% vs. HFRI Fund of Funds)
<i>Special Opportunities</i>	+4.8%	(+5.8% vs. MSCI ACWI)
<i>U.S. Investment Grade Fixed Income</i>	-3.0%	(+0.1% vs. Bloomberg Aggregate)
<i>Global Fixed Income</i>	-9.4%	(-4.0% vs. FTSE World Govt Bond)
<i>Treasury Inflation Protected Securities</i>	-3.0%	(-0.1% vs. Bloomberg US TIPS)

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