

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

***Mid-Term Pool 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>
<b>Mid-Term Pool</b>	<b>-1.7%</b>	<b>+1.6%</b>	<b>+4.9%</b>	<b>+5.0%</b>	<b>+5.3%</b>
<i>Mid-Term Pool Benchmark*</i>	-2.3%	+2.0%	+5.0%	+5.1%	+5.4%
<i>50% MSCI ACW/50% Bloomberg Agg</i>	-2.0%	+1.6%	+5.0%	+5.3%	+5.5%

\* Mid-Term 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 largely through index funds.

<i>Asset Class</i>	<i>Target/Actual Allocation</i>		<i>Managers</i>
U.S. Large/Mid-Capitalization Equities	20.0%	(18.6%)	Vanguard
U.S. Small Capitalization Equities	5.0%	(4.5%)	Vanguard
International Equities	17.9%	(16.2%)	Vanguard
Emerging Markets	7.1%	(3.8%)	Vanguard
Fixed Income	25.0%	(22.2%)	Vanguard
High Yield Fixed Income	5.0%	(2.0%)	Harbor
TIPS	10.0%	(8.3%)	Vanguard
Cash/Short Term Bonds	10.0%	(24.4%)	

The Mid-Term portfolio was constructed with the following concepts in mind:

- 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.
- Utilize index funds as an inexpensive and effective way to execute the strategy until such time as the Pool has sufficient capital to access top institutional managers as is done in other Foundation pools.

### ***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 Mid Term Pool returned -1.7%, outperforming its custom benchmark's return by 60 basis points. As the Pool is largely invested in index funds, the return difference was primarily driven by cash movement in the Pool that resulted in temporary deviations from policy asset allocation targets.

Produced by Crewcial Partners LLC