The Vermont Community Foundation
Socially Responsible Pool Investment Performance/Strategy
As of December 31, 2024

Socially Responsible Pool Performance vs. Benchmark, Net of Investment Management Fees

	Latest Quarter	Latest 3 Years	Latest 5 Years	Latest 7 Years	Latest 10 Years
Socially Responsible Pool	**-3.5%**	**+2.2%**	**+6.3%**	**+6.5%**	**+ 6.8%**
*Socially Responsive Pool Benchmark**	*-2.4%*	*+2.9%*	*+6.9%*	*+6.8%*	*+7.0%*
60% MSCI ACW/40% Bloomberg Agg	*-1.8%*	*+2.4%*	*+6.1%*	*+6.1%*	*+6.2%*

* Socially Responsive 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 using highly capable investment managers combined with index funds.

Asset Class	*Target/Actual Allocation*		*Managers*
U.S. Large/Mid-Capitalization Equities	20.0%	(23.7%)	KLD iShares/Redwood Grove/Vanguard
U.S. Small Capitalization Equities	5.3%	(6.9%)	Aperio
Non-US Equities	23.2%	(26.4%)	Aperio
Emerging Markets Equities	6.3%.	(6.3%)	Boston Common
Global Equity	12.6%	(8.2%)	Generation
Fixed Income	19.0%	(14.8%)	Calvert/RBC
Private Equity	7.4%	(1.6%)	Lyme Forest, At One, Union Square Ventures
Short Duration Bonds	6.3%	(7.4%)	
Cash	0.0%	(4.8%)	

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. equity 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 within the socially responsible universe 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 Socially Responsible Pool returned -3.5%, trailing its custom benchmark's return by 110 basis points. This result was largely the product of relative underperformance within the pool's domestic large-cap and global equity asset classes.

Individual Asset Class Performance – Q4 2024

Large/Mid-Capitalization US Equity	*-0.2%*	*(-2.6% vs. Russell 1000)*
Small Capitalization US Equity	*-0.9%*	*(-0.3% vs. Russell 2000)*
Non-US Equity	*-7.9%*	*(+0.2% vs. MSCI EAFE)*
Emerging Markets Equity	*-8.3%*	*(-0.3% vs. MSCI Emerging Markets)*
Global Equity	*-4.2%*	*(-4.0% vs MSCI World)*
U.S. Investment Grade Fixed Income	*-2.8%*	*(+0.3% vs. Bloomberg Aggregate)*
U.S. Short Duration Fixed Income	*+1.0%*	*(+0.1% vs. Bloomberg 1 Year US Treasury)*

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