The Vermont Community Foundation
Socially Responsible Pool Investment Performance/Strategy
As of March 31, 2025

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	**-1.0%**	**+4.2%**	**+10.1%**	**+6.6%**	**+ 6.7%**
*Socially Responsive Pool Benchmark**	*+0.8%*	*+5.1%*	*+10.3%*	*+7.1%*	*+6.8%*
60% MSCI ACW/40% Bloomberg Agg	*+0.3%*	*+4.5%*	*+8.9%*	*+6.3%*	*+6.1%*

* 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%	(22.3%)	KLD iShares/Redwood Grove/Vanguard
U.S. Small Capitalization Equities	5.3%	(6.4%)	Aperio
Non-US Equities	23.2%	(27.9%)	Aperio
Emerging Markets Equities	6.3%.	(6.6%)	Boston Common
Global Equity	12.6%	(8.2%)	Generation
Fixed Income	19.0%	(15.5%)	Calvert/RBC
Private Equity	7.4%	(3.1%)	Lyme Forest, At One, Union Square Ventures
Short Duration Bonds	6.3%	(7.6%)	
Cash	0.0%	(2.5%)	

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 reversed course in the first quarter of 2025, with the S&P 500 declining 4.3%. Intra-quarter volatility was high, as the quarter began with markets climbing to record highs in late February before correcting as the new administration's trade policies and escalating trade tensions caused market sentiment to turn negative. Mega-cap tech stocks suffered the largest declines, with the Magnificent 7 declining by 15.6% for the quarter, while value stocks generated a modest positive return (+2.1%).

Conversely, foreign assets delivered strong absolute results during the quarter, buoyed by a weaker dollar and sharp rally in European equities. The MSCI EAFE returned +6.9% while the MSCI Emerging Markets Index returned +2.9%. The challenging market backdrop resulted in a flight to safety, as bond yields fell, resulting in a 2.8% return for the Barclays Aggregate Bond Index.

In Q1 2025, the Socially Responsible Pool returned -1.0%, trailing its custom benchmark's return by 180 basis points. This result was largely the product of relative underperformance within the pool's domestic large-cap asset class.

Individual Asset Class Performance – Q1 2025

Large/Mid-Capitalization US Equity	*-7.8%*	*(-3.3% vs. Russell 1000)*
Small Capitalization US Equity	*-9.4%*	*(-0.5% vs. Russell 2000)*
Non-US Equity	*+3.8%*	*(-3.1% vs. MSCI EAFE)*
Emerging Markets Equity	*+2.1%*	*(-0.8% vs. MSCI Emerging Markets)*
Global Equity	*-1.9%*	*(-0.1% vs MSCI World)*
U.S. Investment Grade Fixed Income	*+2.9%*	*(+0.1% vs. Bloomberg Aggregate)*
U.S. Short Duration Fixed Income	*+1.3%*	*(+0.2% vs. Bloomberg 1 Year US Treasury)*

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