The Vermont Community Foundation
Socially Responsible Pool Investment Performance/Strategy
As of June 30, 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	**+7.8%**	**+11.7%**	**+9.0%**	**+7.5%**	**+ 7.6%**
*Socially Responsive Pool Benchmark**	*+7.8%*	*+12.3%*	*+9.3%*	*+8.1%*	*+7.7%*
60% MSCI ACW/40% Bloomberg Agg	*+7.3%*	*+11.3%*	*+7.9%*	*+7.4%*	*+6.9%*

* 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%	(22.7%)	KLD iShares/Redwood Grove/Vanguard
U.S. Small Capitalization Equities	5.3%	(6.1%)	Aperio
Non-US Equities	23.2%	(28.2%)	Aperio
Emerging Markets Equities	6.3%.	(6.8%)	Boston Common
Global Equity	12.6%	(8.2%)	Generation
Fixed Income	19.0%	(14.3%)	Calvert/RBC
Private Equity	7.4%	(2.8%)	Lyme Forest, At One, Union Square Ventures
Short Duration Bonds	6.3%	(7.0%)	
Cash	0.0%	(3.8%)	

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

US financial markets started the second quarter in disarray after the Trump administration announced sweeping tariff reform, however in the ensuing weeks markets rallied as investors' apprehensions and uncertainty were overcome by resilient corporate earnings and renewed optimism around artificial intelligence (AI) and trade talks. The S&P 500, MSCI EAFE and Emerging Market indices all ended the quarter with gains of 10-12%. Intra-quarter volatility was also high in the bond market: in the case of the ten-year note, yields ranged from 4.0% to 4.6%, but ended the quarter little changed at 4.2%.

In Q2 2025, the Socially Responsible Pool returned +7.8%, performing in line with its custom benchmark. Outperformance within the Pool's domestic large/mid-cap and emerging markets equities asset classes was offset with relative underperformance from global and non-us equities.

Individual Asset Class Performance – Q2 2025

Large/Mid-Capitalization US Equity	*+11.8%*	*(+0.9% vs. Russell 1000)*
Small Capitalization US Equity	*+4.2%*	*(-0.7% vs. Russell 2000)*
Non-US Equity	*+10.8%*	*(-1.0% vs. MSCI EAFE)*
Emerging Markets Equity	*+12.9%*	*(+0.9% vs. MSCI Emerging Markets)*
Global Equity	*+10.5%*	*(-1.0% vs MSCI World)*
U.S. Investment Grade Fixed Income	*+1.2%*	*(+0.0% vs. Bloomberg Aggregate)*
U.S. Short Duration Fixed Income	*+1.2%*	*(+0.2% vs. Bloomberg 1 Year US Treasury)*

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