# The Vermont Community Foundation

Investment Strategy/Performance Update

February 5, 2026

Annualized Investment Results

Performance Ending 12/31/25 (Net Of Investment Management Fees)	Calendar YTD	Latest 3 Years	Latest 5 Years	Latest 10 Years	Latest 15 Years	Since 3/31/02
Core Investment Pool	14.2%	12.8%	6.5%	8.1%	7.6%	7.5%
Long-Term Pool Custom Market Benchmark	16.5%	13.9%	7.4%	8.7%	7.4%	6.7%
CPI + 5%	7.7%	8.0%	9.6%	8.2%	7.6%	7.6%
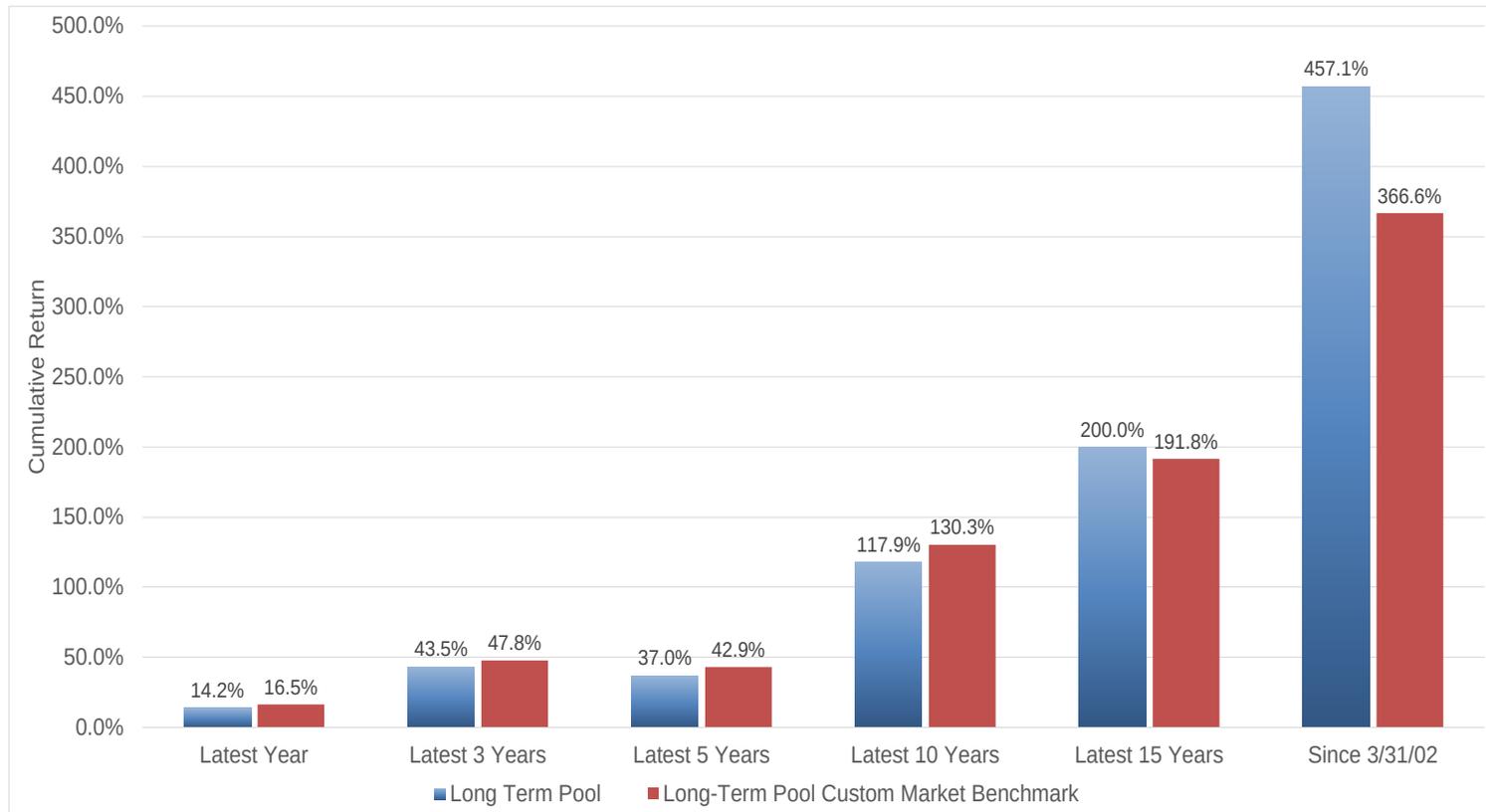
Early Test of These Principles

Calendar Year to Date Returns through April 16, 2025

Core Pool: **- 2.5%**

S&P 500:   *-10.0%*
Russell 1000 Growth: *-14.8%*
"Magnificent 7" Stocks: *-21.3%*

Consistent pursuit of diversification and out of favor areas paying off as risk mitigants and return drivers – includes Non-US Assets and Select Private Businesses

The Correct Way to Assess Returns

	Core Pool Performance: March 31, 2002 to December 31, 2025			
	Rolling 3 Year	Rolling 5 Year	Rolling 7 Year	Rolling 10 Year
Batting Average	74.4%	77.0%	81.7%	93.4%
Median Outcome	3.9%	7.3%	12.2%	25.6%
Best Outcome	12.9%	23.2%	24.5%	41.9%
Worst Outcome	-8.9%	-6.4%	-15.1%	-6.6%

➢ Very High Success Rates

➢ Very Large Return Premiums

➢ Good Outcomes Far Larger than Shortfalls

Core Pool Basics

➢ Combines Passive and Active Management – Blends Strategies of Socially Responsible and Long-Term Pools

➢ Investment Management Fees are now 56 Bps (43 Bps excluding Private Equity)

➢ Integrates ESG Factors Into All Aspects of Portfolio – Enhances Return and Mitigates Risk

➢ .

The Community Foundation's Approach

➢ Establish a Strategic Asset Allocation That is Expected to Achieve the Foundation's Long Term Return Objectives (Preserve Foundation Purchasing Power Over Twenty Year+ Periods)

➢ No Attempt Made to Market Time or Change Strategy Based on Near Term Outlook – Does Not Preclude Opportunistic Allocations Whose Outcome is Not Driven by Timing

➢ Diversify Portfolio by Asset Class and Strategy. Increases the Likelihood of Achieving Return Objectives Under Different Economic/Market Conditions

Strategic Asset Mix

Asset Class Exposures (% of Total Portfolio)	Core Pool Asset Mix
US Large/Mid Cap Equity	12.0
US Small Cap Equity	6.5
Non-US Developed Equity	12.0
Non-US Emerging Equity	6.0
Global Equity	25.0
Total Equity	**61.5%**
US Aggregate Bonds/TIPS	19.8
Global Bonds	*4.8*
Cash/Short Term Bonds	2.0
Total Fixed Income	**26.5%**
Hedge Funds	0.0
Private Assets	12.0
Total Alternatives	**12.0%**
Vermont Investments	**5.0%**

ESG Strategy

➢ Foundation Has Long Sought to Drive Change/Positive Outcomes

➢ Crewcial ESG Engine/Research Effort Not Focused on Current State - Looking to Influence Future (i.e. IMPACT)

➢ Strategy is Focused on Climate Crisis, Equity, Governance and Avoidance of Destructive Controversies

Details

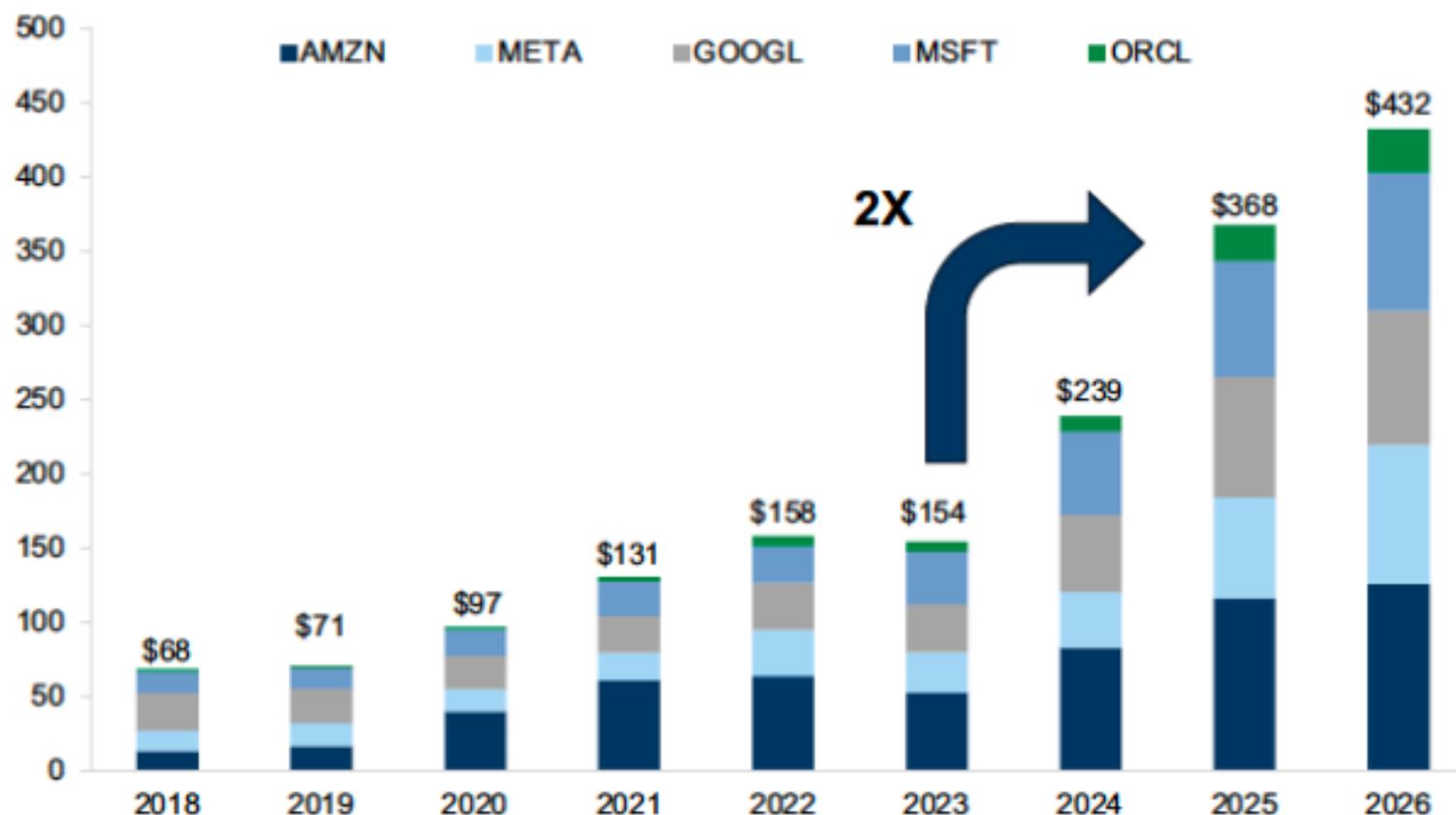ESG Engine Combines Portfolio Holdings w/ISS ESG Data Across Following Metrics:

- GHG Emissions vs. Peers
- Presence of Environmental Risk Factors
- % of Ethnically Diverse Board Members
- Disclosure on Workforce Ethnicity
- Known Human Right Controversies
- Known Consumer Protection Controversies
- Board Independence
- Ratio of CEO to Median Employee Salary
- Known Accounting Controversies
- Presence of International Sustainability Standards Violations
- Presence/Quality of Sustainability Reporting

Chaotic Times

- ➢ Global Alignments Shifting – US Voluntarily Giving Up Advantages

- ➢ Is AI a lose/lose proposition for labor force and even mega-cap technology companies?

- ➢ Casino like qualities infiltrating markets

Magnificent 7 Valuations Not Built on High Capex

Exhibit 18: Capex spending has rapidly increased since ChatGPT emerged
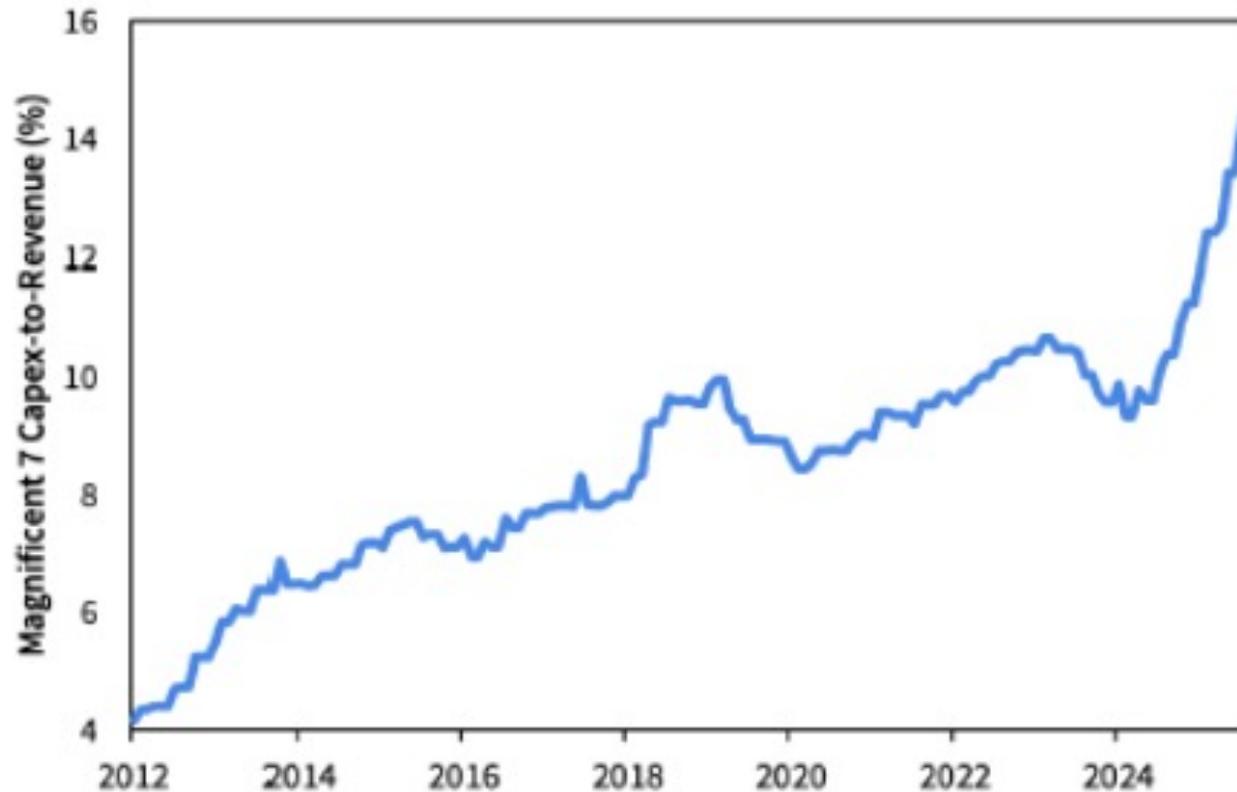Hyperscaler annual capex ($ billion). 2025 and 2026 reflect consensus estimates

Legend: AMZN, META, GOOGL, MSFT, ORCL

2018: $68
2019: $71
2020: $97
2021: $131
2022: $158
2023: $154
2024: $239
2025: $368
2026: $432

2X

Source: FactSet, Goldman Sachs Global Investment Research

Magnificent 7 Valuations Not Built on High Capex

Exhibit 15
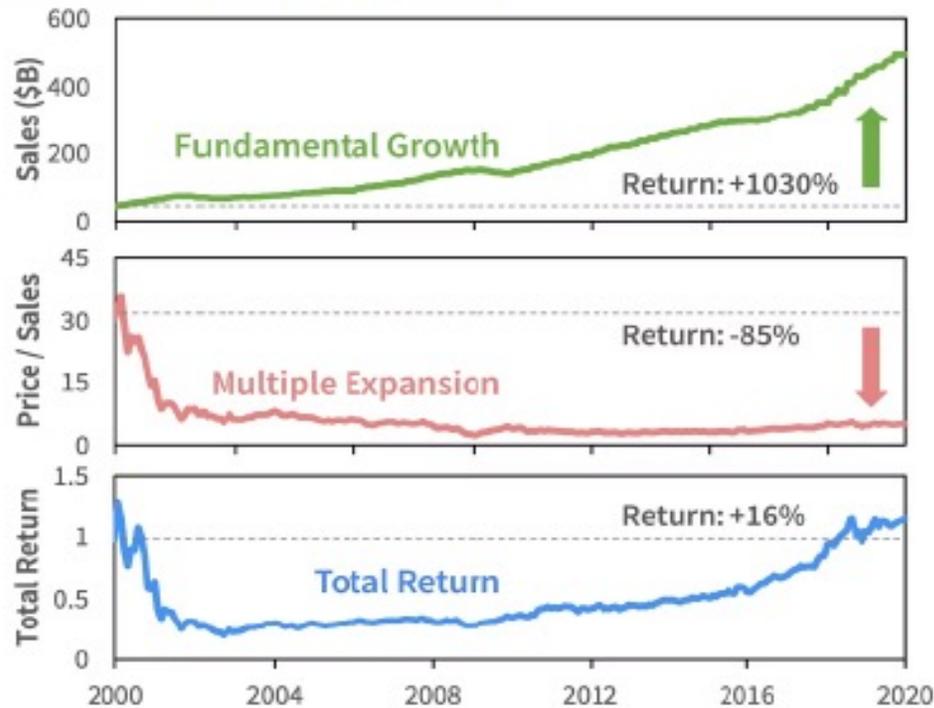
Magnificent 7's Asset-Heavy Transition

Source: S&P, Sparkline. Trailing 12-month figures. As of 9/30/2025.

Source: Strategas Research Partners

# Strong Business Outcomes are Not Enough

Exhibit 30

Dot-Com Darlings, 2000-2019

Source: S&P, Sparkline. Return decomposition is for a portfolio of U.S. Internet stocks formed on 1/1/2000 with P/S ratios over 25. Total Return includes returns from not only Fundamental Growth and Multiple Expansion, but also Dividends and Buybacks. From 1/1/2000 to 1/1/2020. Reproduced from Investing in AI: Navigating the Hype (Jul 2023).
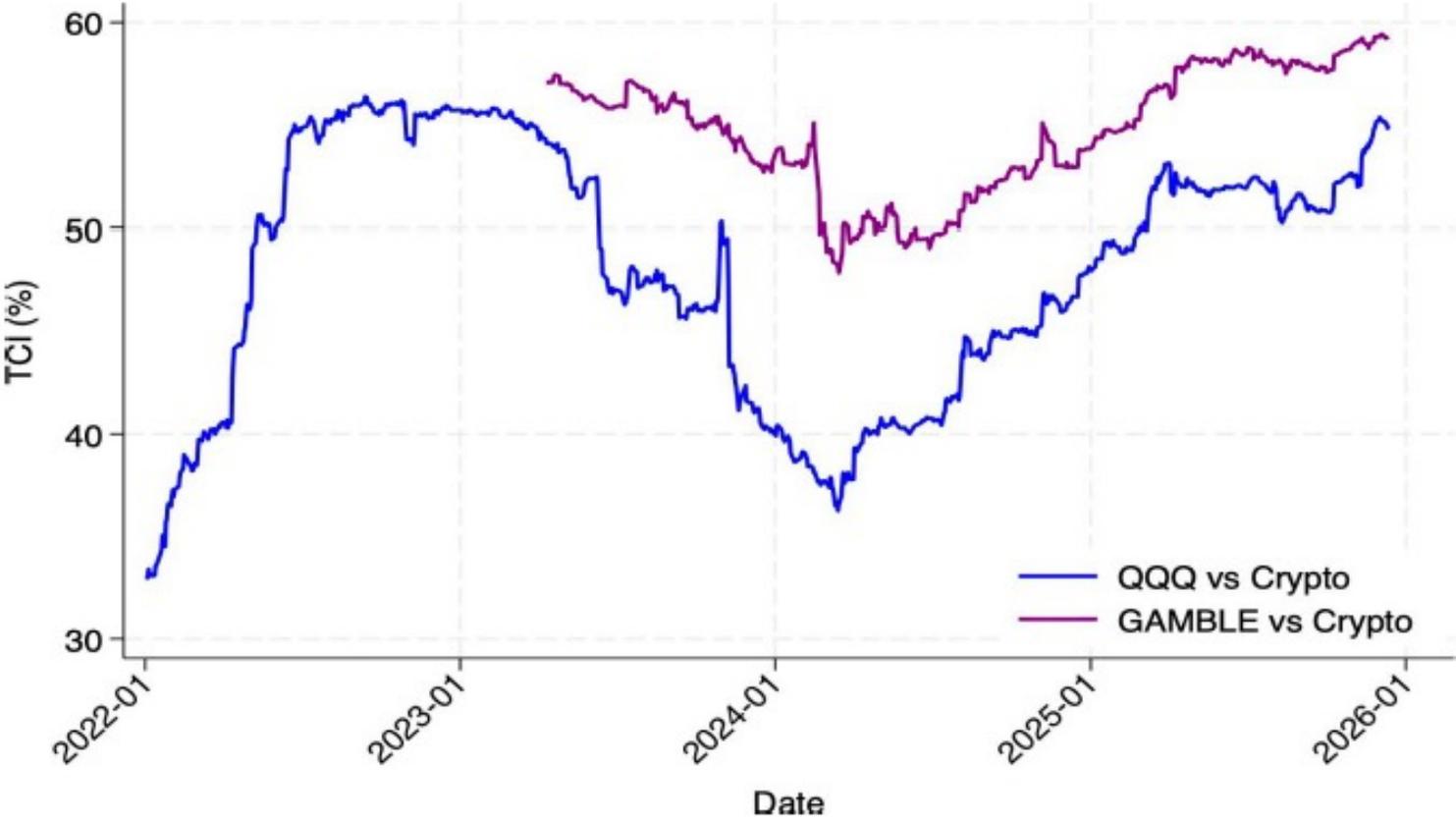
Crypto, Crypto, Crypto

FIGURE 1A
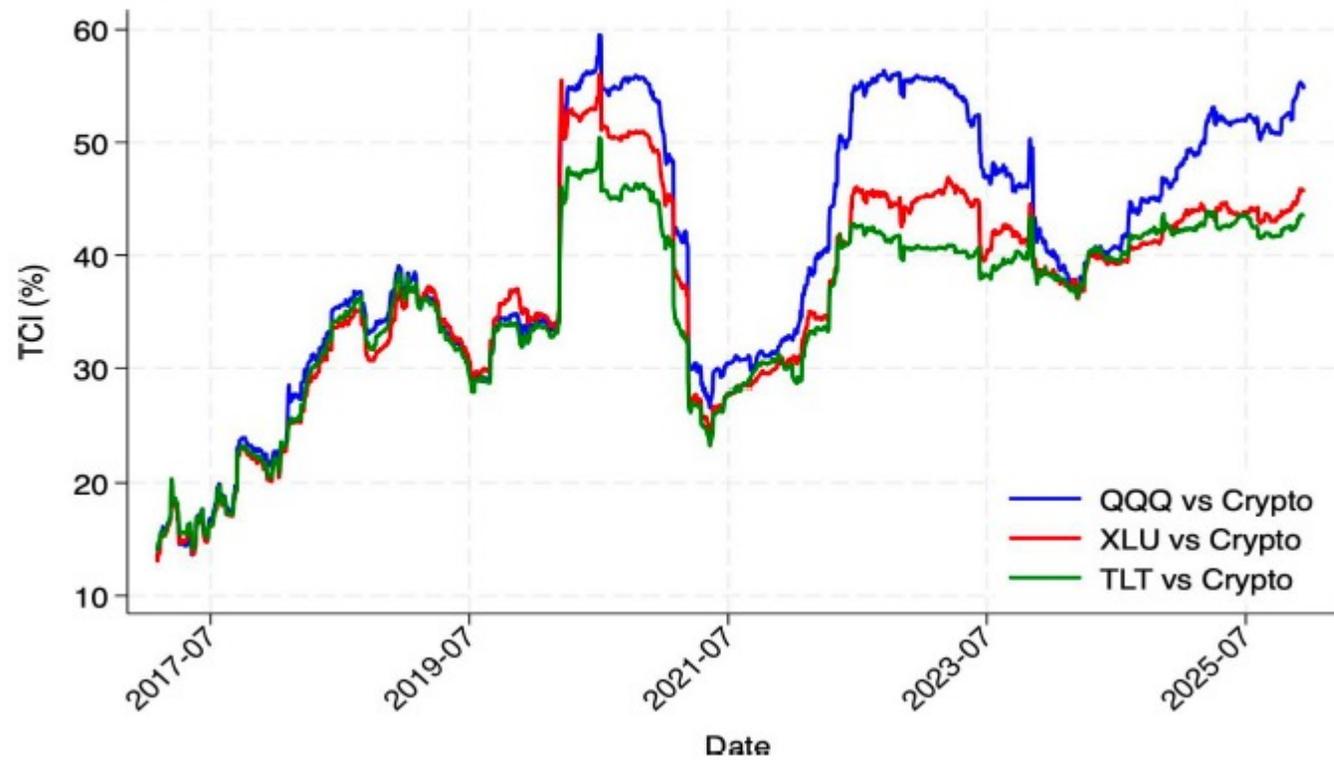
Source: Strategas Research Partners

Gambling vs. Investing

FIGURE 2A

Source: Strategas Research Partners

Strategy Looking Forward

➤ Strict adherence to a strategy that relies on decisions with a high probability of long-term success – time is on our side

➤ Utilize advantages of scale, stability and time horizon to access atypical investments – strong proponents of index funds balanced with compelling managers

➤ **Over long time periods, intelligently accepting volatility contributes to higher returns**

Crewcial Partners Profile

Location: New York, NY   Founded: 1980
Staff Size: 54   100% Employee Owned
Number of Clients: 89   Client Assets: $ 28 Billion

Representative Client List:

The San Francisco Foundation   WNET
Community Foundation for   PBS
   Greater Buffalo   Lasker Foundation