# The Vermont Community Foundation
## Mid-Term Pool Investment Performance/Strategy
## As of June 30, 2020

***Mid-Term Pool Performance vs. Benchmark- Through 6/30/20, Net of Investment Management Fees***

| | Latest Quarter | Latest Year | Latest 3 Years | Latest 5 Years | Latest 7 Years |
|---|---|---|---|---|---|
| **Mid-Term Pool** | **+11.2%** | **+3.8%** | **+4.9%** | **+4.9%** | **+5.7%** |
| *Mid-Term Pool Benchmark** | *+10.5%* | *+3.8%* | *+5.0%* | *+5.1%* | *+5.8%* |
| *50% MSCI ACW/50% Bloomberg Agg* | *+10.9%* | *+6.0%* | *+6.1%* | *+5.7%* | *+6.1%* |

* 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.

| *Asset Class* | *Target/Actual Allocation* | | *Managers* |
|---|---|---|---|
| U.S. Large/Mid-Capitalization Equities | 19.0% | (18.8%) | Vanguard |
| U.S. Small Capitalization Equities | 4.8% | (5.4%) | Vanguard |
| International Equities | 17.0% | (19.6%) | Vanguard |
| Emerging Markets | 6.8% | (7.5%) | Vanguard |
| Fixed Income | 23.8% | (24.2%) | Vanguard |
| High Yield Fixed Income | 4.8% | (5.3%) | Harbor |
| TIPS | 9.5% | (9.4%) | Vanguard |
| Vermont Investments | 5.0% | (4.4%) | |
| Cash/Short Term Bonds | 9.5% | (5.4%) | Vanguard |

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***

For the quarter ending June 30, markets delivered extraordinary gains and again provided an object lesson regarding their inherently unpredictable nature and the power of momentum that is at best loosely connected to financial reality.

For some, the strong market recovery since mid-March has been surprising and unsettling, particularly given the state of the economy and the fact that we know little more about the ongoing health issues related to COVID-19 than while markets were plunging. Nevertheless, extraordinary intervention by monetary authorities was an important driver of the gains shown above.

As market panic recedes in part due to a reduced level of shock at the implications of the pandemic, the skill of the Foundation's managers and the aggregate approach to portfolio construction has become evident. This was not the case at the end of the first quarter.

Looking ahead, we now face a vastly more complex economic and investment climate. One point of cautious optimism is to note that the rigorous, patient and risk aware investing that is employed across the Foundation's assets should provide a significant return benefit over the next three to five years as uncertainty and change have created very large opportunities.

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