

Investments at the Vermont Community Foundation



We invest our assets to make grants that balance current needs in the community while providing resources for future generations to address emerging needs.

We use a well-diversified asset allocation strategy, executed through world-class active investment managers and index funds.



Our Investment Objectives

- Earn a sufficient real rate of return on the Long-Term and Socially Responsible Pools that supports the Foundation's spending guideline and maintains the purchasing power of its assets adjusted for inflation in perpetuity. For funds that have a shorter time horizon, we have alternative investment options to provide less volatility and/or principal preservation.
- Control portfolio risk and volatility in order to provide as much year-to-year spending stability and still meet the Foundation's return objective. Design the investment strategies to achieve long-term objectives given that there will be both good and challenging investment return years.
- Over each five-year time period, earn a rate of return that exceeds its customized benchmark.

Our Investment Strategy

- Fully invest each pool's assets with disciplined rebalancing to achieve its goals.
- 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 who are expected to outperform index funds over a five-year period. In areas where the Foundation does not believe meaningful or reliable above benchmark performance is available, index strategies are used.

Investment Options For Your Fund

A choice of five investment pools is designed to meet a range of philanthropic goals and time horizons. Asset allocation is maintained through regular rebalancing.

	GREATER VOLATILITY ▶				◀ LOWER VOLATILITY
Investment pool:	Long-Term	Socially Responsible	Mid-Term	Money Market	Passthrough
Your goal is:	Maximizing long-term growth while providing for a steady stream of grants with the most diversified pool	Pursuing long-term returns while evaluating investments against an environmental, social, and governance values framework	Pursuing moderate growth and risk through a balanced portfolio	Preserving capital through a portfolio of U.S. Government Money Market Funds	Making periodic gifts for immediate grantmaking in the community
Your time horizon is:	Greater than seven years	Greater than seven years	Three to seven years	One to three years	Less than one year
Annual expected return, net of investment management fees:	7% to 8%	6% to 7%	5% to 6%	0% to 1%	N/A
Estimated investment fees*:	.95% to 1.05%	.70% to .80%	.20% to .30%	0.2%	N/A
Asset allocation:	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>CHART KEY</p> <ul style="list-style-type: none"> ■ Equity ■ Fixed Income ■ Alternatives ■ Vermont Investments ■ U.S. Government Money Market Funds ■ Cash and Cash Equivalents </div> <div style="width: 50%;"> <p>The Long-Term fund has an asset allocation of 50.6% Equity, 23.3% Fixed Income, 21.1% Alternatives, and 5.0% Vermont Investments. The Socially Responsible fund has 60.0% Equity, 30.0% Fixed Income, 5.0% Alternatives, and 5.0% Vermont Investments. The Mid-Term fund has 47.5% Equity, 47.5% Fixed Income, and 5.0% Vermont Investments. The Money Market fund is 100% U.S. Government Money Market Funds. The Passthrough fund is 100% Cash and Cash Equivalents.</p> </div> </div>				

Return objectives are net of fees over full market cycles of ten years or more. Actual returns will fluctuate and losses may occur from year to year. Past performance may not be indicative of future results. Alternative investments include hedge funds, private equity, and real assets, which are included to enhance returns, dampen volatility, and hedge against inflation.

*Estimated investment fees include third-party investment management fees. Expenses exclude the cost of the independent investment consultant and custody fees, which are 13 basis points and also do not include the supporting fee charged by the Foundation. Expenses are subject to change in response to portfolio changes.

Investment Oversight and Management

Through the Foundation's investment policy, the board of directors delegates investment management decisions to the CEO. The CEO seeks counsel from our CFO, Investment Committee, and Colonial Consulting, our independent investment consultant.

This investment team is responsible for reviewing the asset allocation, investment manager performance, due diligence, and selection of recommended investment managers. Colonial Consulting provides monthly investment manager performance reports and performs ongoing due diligence on investment managers; all of which is shared with the Foundation's investment team.

To see a list of our current Investment Committee members and learn more about Colonial Consulting, please visit www.vermontcf.org/investment-oversight or contact us directly.

Mission Investing at the Foundation

The Community Foundation believes in using all of its resources to create healthy and vital Vermont communities. Along with grantmaking, programmatic and leadership work, and nonprofit capacity building, we are committed to our mission investing strategy. This strategy focuses on offering investments that reflect the Foundation's core values by offering a socially responsible investment pool, being an active shareholder through proxy voting and shareholder filings, and investing 5% of our pooled investments in Vermont.

This 5% allocation is called Vermont Investments and is invested in fixed income and equity vehicles. Fixed income investments are made primarily to community development financial institutions and are used for community and housing projects, job creation, and community betterment. Equity investments are made through direct or venture capital investments that focus primarily on job creation within the state of Vermont. We believe investments in Vermont will yield social and economic benefits that will continue to advance our mission, yield a financial return, and ultimately strengthen our communities.



Pictured are residents of the Triangle Cooperative in Brandon. A loan from the Cooperative Fund of New England—a Vermont Investment—enabled residents to purchase the land in 2016. Prior to this, they owned their homes but not the land underneath, making them vulnerable to displacement. By collectively purchasing the land, they now have long-term stability, full control over their housing, and ongoing management and leadership guidance provided by the Cooperative Development Institute.



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