

The Vermont Community Foundation
Socially Responsible Pool Investment Performance/Strategy
As of March 31, 2019

Socially Responsible Pool Performance vs. Benchmark- Through 3/31/19, Net of Investment Management Fees

	Latest <u>Quarter</u>	Latest <u>Year</u>	Latest <u>3 Years</u>	Latest <u>5 Years</u>	Latest <u>7 Years</u>	Latest <u>10 Years</u>
Socially Responsible Pool	+7.8%	+3.4%	+8.0%	+6.3%	+ 7.4%	+ 9.7%
<i>Socially Responsible Pool Benchmark*</i>	+8.9%	+3.6%	+7.8%	+5.5%	+ 6.8%	+9.8%
<i>60% MSCI ACW/40% Barclays Capital</i>	+8.5%	+3.6%	+7.3%	+5.1%	+6.2%	+8.9%

* Socially Responsible 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. Note that the elevated cash balance as of year-end is being deployed.

<i>Asset Class</i>	<i>Target/Actual Allocation*</i>		<i>Managers</i>
U.S. Large/Mid-Capitalization Equities	19.0%	(31.6%)	Vanguard/KLD iShares/Redwood
U.S. Small Capitalization Equities	5.0%	(5.6%)	Ariel/Aperio
International Equities	19.0%	(4.7%)	Boston Common
Emerging Markets	0.0%	(3.2%)	DFA Emerging
Global Equity	17.0%	(8.5%)	Generation
Fixed Income	19.0%	(14.7%)	Calvert Social Bond
Global Fixed Income	6.0%	(4.1%)	Colchester
TIPS	5.0%	(4.1%)	Vanguard
Private Equity	5.0%	(0.2%)	Lyme
Vermont Investments	5.0%	(4.5%)	
Cash	0.0%	(18.8%)	

* Portfolio allocations are actively being shifted towards the Target Mix.

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

The first quarter of 2019 delivered a strong market recovery and also marked the ten-year anniversary of the financial crisis bottom in 2009. One of the fascinating aspects of what is now a more than decade old U.S. bull market is the degree to which there are a wide array of countries, sectors and individual companies that remain grossly undervalued. This leaves us with a surprising level of optimism regarding prospective equity returns. In addition to the power of attractive valuations, we have the added bonus of stock specific pricing that seems best explained by price momentum rather than serious investment analysis.

Individual Asset Class Performance – 2019 Calendar Year to Date

<i>Large/Mid-Capitalization US Equity</i>	+13.5%	(-0.5% vs. <i>Russell 1000</i>)
<i>Small Capitalization US Equity</i>	+14.4 %	(-0.2% vs. <i>Russell 2000</i>)
<i>International Developed Markets Equity</i>	+9.2%	(-0.8% vs. <i>MSCI EAFE</i>)
<i>Emerging Markets Equity</i>	+8.9%	(-1.0% vs. <i>MSCI Emerging Markets</i>)
<i>Global Equity</i>	+13.8%	(+1.3% vs <i>MSCI World</i>)
<i>U.S. Investment Grade Fixed Income</i>	+3.2%	(+0.3% vs. <i>Barclays Capital Aggregate</i>)
<i>Global Fixed Income</i>	+1.8%	(+0.1% vs. <i>Citigroup World Govt Bond</i>)
<i>Treasury Inflation Protected Securities</i>	+3.2%	(-0.1% vs. <i>Citigroup Inflation Linked</i>)

Produced By Colonial Consulting, LLC
May 2, 2019