

The Vermont Community Foundation
Long-Term Pool Investment Performance/Strategy
As of March 31, 2021

Long-Term Pool Investment Performance vs. Benchmark- Through 3/31/21, Net of Investment Management Fees

	Latest <u>Quarter</u>	Latest <u>1 Year</u>	Latest <u>3 Years</u>	Latest <u>5 Years</u>	Latest <u>7 Years</u>	Latest <u>10 Years</u>	Latest <u>15 Years</u>
Long-Term Pool	+3.4%	+39.0%	+7.7%	+9.6%	+7.1%	+7.7%	+7.0%
<i>Target Benchmark*</i>	+2.5%	+34.6%	+9.1%	+9.9%	+7.1%	+6.9%	+5.9%
<i>60% MSCI ACW/40% Bloomberg Agg</i>	+1.4%	+30.8%	+9.5%	+9.3%	+7.2%	+7.1%	+6.3%

* The market 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 is in transition to fund a new investment.

<i>Asset Class</i>	<i>Target/Actual Allocation</i>		<i>Managers</i>
U.S. Large/Mid-Capitalization Equities	11.0%	(13.0%)	Adage/FPR/Focused
U.S. Small Capitalization Equities	5.5%	(5.4%)	Ashford/Champlain
Global Equity	12.0%	(15.1%)	Generation/Gobi/Theleme/Barker
International Equities	11.0%	(6.2%)	Sanderson/Brown (funding in April)
Emerging Markets Equities	5.5%	(6.5%)	Highclere/Westwood
Hedge Funds	7.0%	(8.6%)	Various Direct Funds
Special Opportunities	13.5%	(13.1%)	Ashe/Cat Rock/Cevian/Effissimo/HCIF
Private Assets	10.0%	(6.0%)	Various Direct and Fund of Funds
U.S. Investment Grade Fixed Income	8.5%	(6.7%)	IR&M/Vanguard
TIPS	4.2%	(2.7%)	Vanguard
High Yield Fixed Income	2.0%	(2.9%)	Oak Hill
Global Fixed Income	4.8%	(4.6%)	Colchester
Vermont Investments	5.0%	(5.1%)	
Cash	0.0%	(4.0%)	

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. equities/alternative 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 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

Stocks continued to move aggressively higher during the first quarter of 2021. Surprisingly, just one year past the pandemic-induced lows of March 2020 most major indices have fully recovered and are now at all-time highs. It is worth noting that most investors assume positive investment returns over time, which, in turn, suggests that record highs should be considered normal.

Over the last year, Central Banks have sought to keep the economy breathing amidst the suffocation of the COVID-19 pandemic, which upended many aspects of life and unleashed large and unfamiliar forces. The road ahead will certainly be complicated and uneven, but Fed stimulus – combined with the unprecedented efforts of the global health community toward the development of a vaccine – has helped lay the foundation for an exceptionally dramatic economic re-opening. The complexity of this climate only adds to the case for well diversified long-term oriented investing as pursued by the Foundation.

Individual Asset Class Performance – Q1 2021

<i>Large/Mid-Capitalization US Equity</i>	+9.8%	(+3.9% vs. <i>Russell 1000</i>)
<i>Small Capitalization US Equity</i>	+2.8%	(-9.9% vs. <i>Russell 2000</i>)
<i>Global Equity</i>	+5.2%	(+0.6% vs. <i>MSCI ACWI</i>)
<i>International Developed Markets Equity</i>	+5.6%	(+2.1% vs. <i>MSCI EAFE</i>)
<i>Emerging Markets Equity</i>	+2.6%	(+0.3% vs. <i>MSCI Emerging Markets</i>)
<i>Hedge Funds</i>	+3.8%	(+1.9% vs. <i>HFRI Fund of Funds</i>)
<i>Special Opportunities</i>	+7.0%	(+2.4% vs. <i>MSCI ACWI</i>)
<i>High Yield</i>	+2.1%	(+1.3% vs. <i>Merrill Lynch High Yield Bond</i>)
<i>U.S. Investment Grade Fixed Income</i>	-3.0%	(+0.4% vs. <i>Bloomberg Aggregate</i>)
<i>Global Fixed Income</i>	-6.1%	(-0.4% vs. <i>FTSE World Govt Bond</i>)
<i>Treasury Inflation Protected Securities</i>	-1.4%	(+0.3% vs. <i>FTSE Inflation Linked</i>)

Produced by Crewcial Partners LLC (formerly Colonial Consulting, LLC)
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