

**The Vermont Community Foundation**  
**Socially Responsible Pool Investment Performance/Strategy**  
**As of June 30, 2021**

***Socially Responsible Pool Performance vs. Benchmark- Through 6/30/21, Net of Investment Management Fees***

	Latest <u>Quarter</u>	Latest <u>3 Years</u>	Latest <u>5 Years</u>	Latest <u>7 Years</u>	Latest <u>10 Years</u>
<b>Socially Responsible Pool</b>	<b>+4.7%</b>	<b>+11.6%</b>	<b>+11.1%</b>	<b>+ 8.7%</b>	<b>+ 8.6%</b>
<i>Socially Responsive Pool Benchmark*</i>	+4.5%	+10.9%	+10.5%	+ 7.7%	+8.1%
<i>60% MSCI ACW/40% Bloomberg Agg</i>	+5.2%	+11.2%	+10.1%	+7.4%	+7.5%

\* Socially Responsive 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.

<i>Asset Class</i>	<i>Target/Actual Allocation</i>		<i>Managers</i>
U.S. Large/Mid-Capitalization Equities	19.0%	(21.8%)	KLD iShares/Redwood Grove/Vanguard
U.S. Small Capitalization Equities	5.0%	(7.2%)	Aperio
Non-US Equities	19.0%	(22.8%)	Aperio
Emerging Markets Equities	5.0%	(6.2%)	Boston Common
Global Equity	12.0%	(10.0%)	Generation
Fixed Income	24.0%	(23.6%)	Calvert/RBC
Global Fixed Income	6.0%	(1.5%)	Colchester
Private Equity	5.0%	(0.5%)	Lyme Forest, At One
Vermont Investments	5.0%	(3.8%)	
Cash	0.0%	(2.6%)	

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***

For the quarter ending June 30, markets continued to move sharply higher as the S&P 500 gained 8.5% and has risen 40.8% over the last year. Concerns regarding the COVID-19 pandemic and global growth prospects caused interest rates to decline as the Barclays Aggregate Bond index gained 1.8% for the quarter but has declined 0.3% for the past year.

While most would agree that life remains unusual, difficult, and complex, capital markets seem to be living in a sedate, risk-free alternate universe. Unsurprisingly, the cognitive dissonance between these extremes has led to questions as to how this can be and what comes next.

We too would like to know what the world and markets will look like six or twelve months from now. Yet, we are also at peace with our inability to know that which cannot be known and accept the fact that short-term market conditions are simply a random walk. From this perspective, surprise is off the table and decision-making can be focused on valuation and diversification where the probability of long-term success is far higher. This philosophy is centered on the outsized importance of long-term outcomes with the knowledge that periods of market stress are a key contributor to the successful results of disciplined, experienced investors such as the Foundation.

### ***Individual Asset Class Performance – Q2 2021***

<i>Large/Mid-Capitalization US Equity</i>	+7.4%	<i>(-1.9% vs. Russell 1000)</i>
<i>Small Capitalization US Equity</i>	+4.7%	<i>(+0.2% vs. Russell 2000)</i>
<i>Non-US Equity</i>	+6.1%	<i>(+0.9% vs. MSCI EAFE)</i>
<i>Emerging Markets Equity</i>	+2.8%	<i>(-2.2% vs. MSCI Emerging Markets)</i>
<i>Global Equity</i>	+8.1%	<i>(+0.4% vs MSCI World)</i>
<i>U.S. Investment Grade Fixed Income</i>	+1.8%	<i>(+0.0% vs. Barclays Capital Aggregate)</i>
<i>Global Fixed Income</i>	+1.1%	<i>(+0.1% vs. Citigroup World Govt Bond)</i>

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