

**MINUTES OF THE VLCT JOINT INVESTMENT COMMITTEE MEETING
FRIDAY, SEPTEMBER 18, 2026
VLCT OFFICES, MONTPELIER, VT and VIA ZOOM**

Committee Members Present: Bryan Young (VERB/PACIF), Rob Gaiotti (PACIF-remote), Bruce Urie (PACIF/VERB-remote) and Todd Odit (PACIF/VERB-remote)

Staff Present: Seth Abbene, Phil Latvis, Heather Hood and Kelley Avery

Others Present: Dan Smereck (Strategic Assets Alliance – SAA - remote), Jim Kaniclides, Jason Bilodeau (Insight)

Chair Bryan Young called the meeting to order at 10:00 a.m.

Upon motion (Odit/Gaiotti) duly adopted, the committee voted unanimously to approve the agenda.

Upon motion (Gaiotti/Odit), the committee voted unanimously to approve the minutes of the April 17, 2026 committee meeting.

Jim Kaniclides of Insight updated the committee on current U.S. economic conditions. While equity markets rallied following the Federal Reserve's recent rate hike, some economists view further monetary tightening as unwarranted. Consumer spending continues to bolster short-term growth, though it has outpaced income growth, pushing household savings down and increasing consumer debt. Persistent inflation combined with additional pressures from trade tariffs and energy supply shocks from the conflict in Iran presents ongoing downside risks to the economy. Additionally, growing government debt and substantial capital demand for artificial intelligence (AI) infrastructure are placing upward pressure on yields. Despite these headwinds, the labor market remains stable and corporate profit results remain strong.

Jason Bilodeau reviewed the fixed income portfolio performance through July of 2026. Both the PACIF and VERB portfolios outperformed their benchmarks year to date through July (net of fees) with PACIF returning -.71% relative to -.73% for the benchmark and VERB returning -.37% relative to -.41% for the benchmark. The shorter duration of the VERB portfolio is the reason for the difference in performance with the PACIF portfolio (4.9 years for VERB vs 6 years for PACIF). Mr. Bilodeau also briefly reviewed the portfolio performance attribution and compliance with investment policy guidelines.

Mr. Kaniclides and Mr. Bilodeau (Insight) presented a PACIF portfolio asset duration review. Insight's stress-test analysis compared intermediate government/credit and core government/credit portfolios, demonstrating that a shorter duration reduces downside risks in a rising rate environment. The yield sacrifice is minimal relative to the benefit of reduced price volatility. Dan Smereck (SAA) agreed that these risk-reduction benefits outweigh the lower coupon income. Seth Abbene noted that staff recommends adopting a shorter duration benchmark at this time, highlighting historical investment income volatility relative to operating results as summarized in Insight's presentation.

Following a discussion on the duration analysis, the committee concurred with staff and Strategic Asset Alliance (SAA) to change the fixed income portfolio benchmark. Mr. Abbene confirmed that this requires an update to the PACIF investment policy, which staff and SAA will prepare and present at the October board meeting.

Dan Smereck briefly reviewed the trusts' consolidated investment performance across fixed income and risk asset portfolios through July. PACIF's consolidated return, net of fees, through July was 2.01%, outperforming the benchmark by 15 basis points, while VERB's was 2.03% slightly underperforming the benchmark by 7 basis points. Mr. Smereck reviewed the risk assets held by PACIF and VERB, describing the differences between the investments and their relative performance.

There was no other business.

Upon motion (Odit/Urie), duly adopted, the committee voted unanimously to adjourn the meeting (11:42 a.m.).

Respectfully submitted,

A handwritten signature in black ink, reading "Kelley Avery". The signature is fluid and cursive, with the first name "Kelley" and last name "Avery" clearly distinguishable.

Kelley Avery

Assistant Secretary

Link to Meeting Recording [here](#)