

MINUTES OF THE VLCT JOINT INVESTMENT COMMITTEE MEETING
FRIDAY, SEPTEMBER 12, 2025
10:00 AM
VLCT OFFICES, MONTPELIER, VT and VIA ZOOM

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

Staff Present: Ted Brady, Seth Abbene, Phil Latvis and Kelley Avery (all in person)

Others Present: Lucy Rimsky (Strategic Assets Alliance - SAA), Jim Kaniclides, Jason Bilodeau (all in person) and Emin Hajiyevev (Insight - remote)

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

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

Upon motion (Gaiotti/Urie), the committee voted unanimously to approve the minutes of the March 14, 2025 committee meeting.

Emin Hajiyevev of Insight provided the committee with an update on the state of the U.S. economy. Despite concerns about inflation, slow job growth, slightly higher unemployment, and the effect of tariffs, Insight sees a low risk of recession over the next few quarters. The federal reserve is expected to cut rates by 75 basis points by year end in an effort to balance employment concerns with inflation risk.

Lucy Rimsky of Strategic Asset Alliance (SAA) delivered a presentation to the committee covering the fundamentals of fixed-income investing. Ms. Rimsky explained the relationship between bond duration and interest rate volatility, and how these factors impact yields and bond valuations. She used examples to illustrate the role of risk-free Treasuries as a benchmark for the spread of other bonds. The discussion also covered how a firm's net position and operational risk are critical considerations in portfolio construction.

Supplementing Ms. Rimsky's presentation, Jason Bilodeau and Jim Kaniclides of Insight reviewed the process for stress testing portfolios, showing how various interest rate scenarios would affect portfolio valuation and net position. They also explained how shortening the portfolio's duration would impact its yield and risk, and outlined the steps they would take to implement this change if staff and members chose to do so. Staff and committee members followed up with questions about a potential duration change for PACIF. Mr. Bilodeau and Mr. Kaniclides offered to conduct an investment risk analysis for PACIF at no additional charge and staff and committee members agreed this is worth exploring ahead of the next committee meeting.

Mr. Bilodeau and Mr. Kaniclides reviewed the fixed income portfolio performance through July of 2025. Both the PACIF and VERB portfolios outperformed their benchmarks year to date through July (net of fees) with PACIF returning 3.99% relative to 3.74% for the benchmark and

VERB returning 4.06% relative to 3.85% for the benchmark. Mr. Bilodeau and Mr. Kaniclides also briefly reviewed the portfolio performance attribution and portfolio compliance with investment policy guidelines. Both portfolios are in compliance with policy.

Ms. Rimsky briefly reviewed the trusts' consolidated investment performance across fixed income and risk asset portfolios through the second quarter. PACIF's consolidated return, net of fees, year to date through June was 4.04%, outperforming the benchmark by 12 basis points, while VERB's was 4.31% and in line with the benchmark. Ms. Rimsky 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 (Gaiotti/Urie), duly adopted, the committee voted unanimously to adjourn the meeting (12:09 p.m.).

Respectfully submitted,

Kelley Avery
Assistant Secretary

Link to Video Recording of this Meeting:

<https://us06web.zoom.us/rec/share/BNjQu-fOJGfc4wa73aOHXX10oh6O3Dq1HDfmLJFrcimuw0xiTHtLUpUvNSq6Fs2y.eBGWJbQd51mxc2qE?startTime=1757685653000>