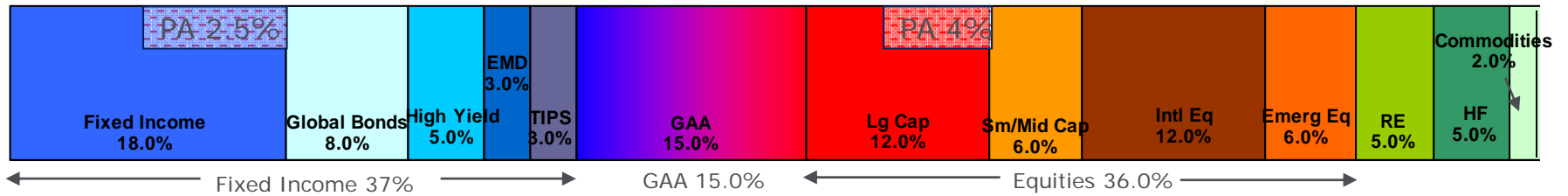




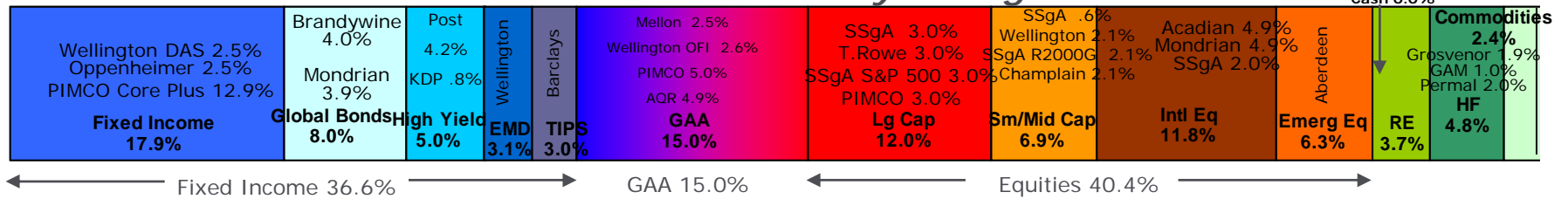
# **Vermont Municipal Employees' Retirement System**

# Total Plan Asset Allocation

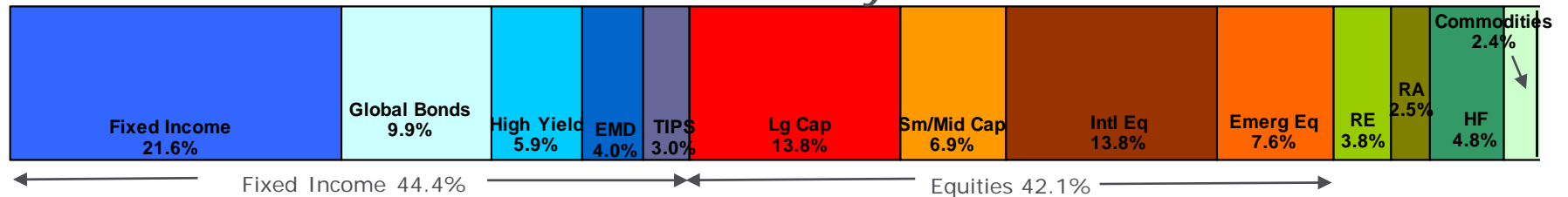
## Target Asset Allocation



## Current Asset Allocation by Manager



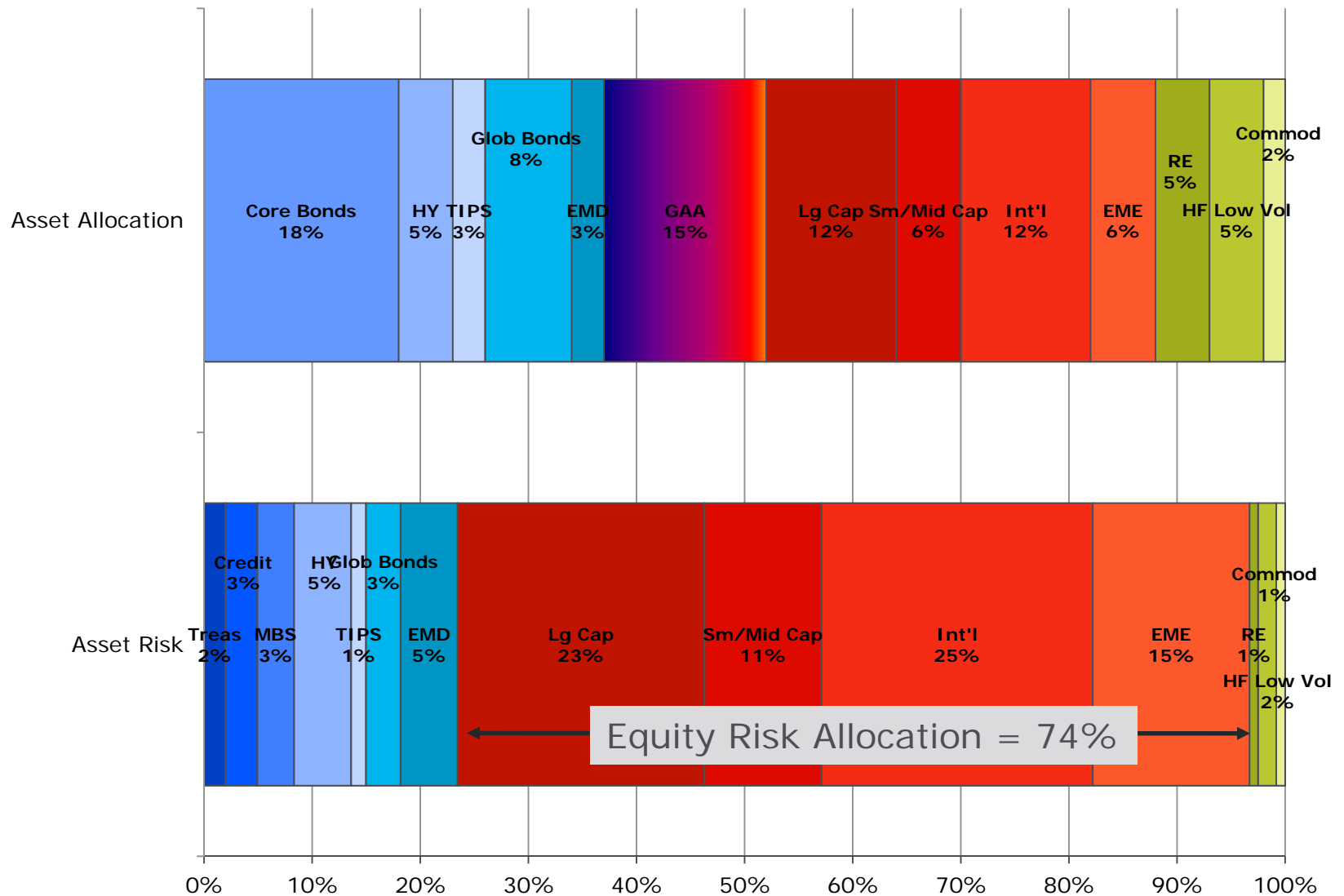
## Current Asset Allocation by Asset Class



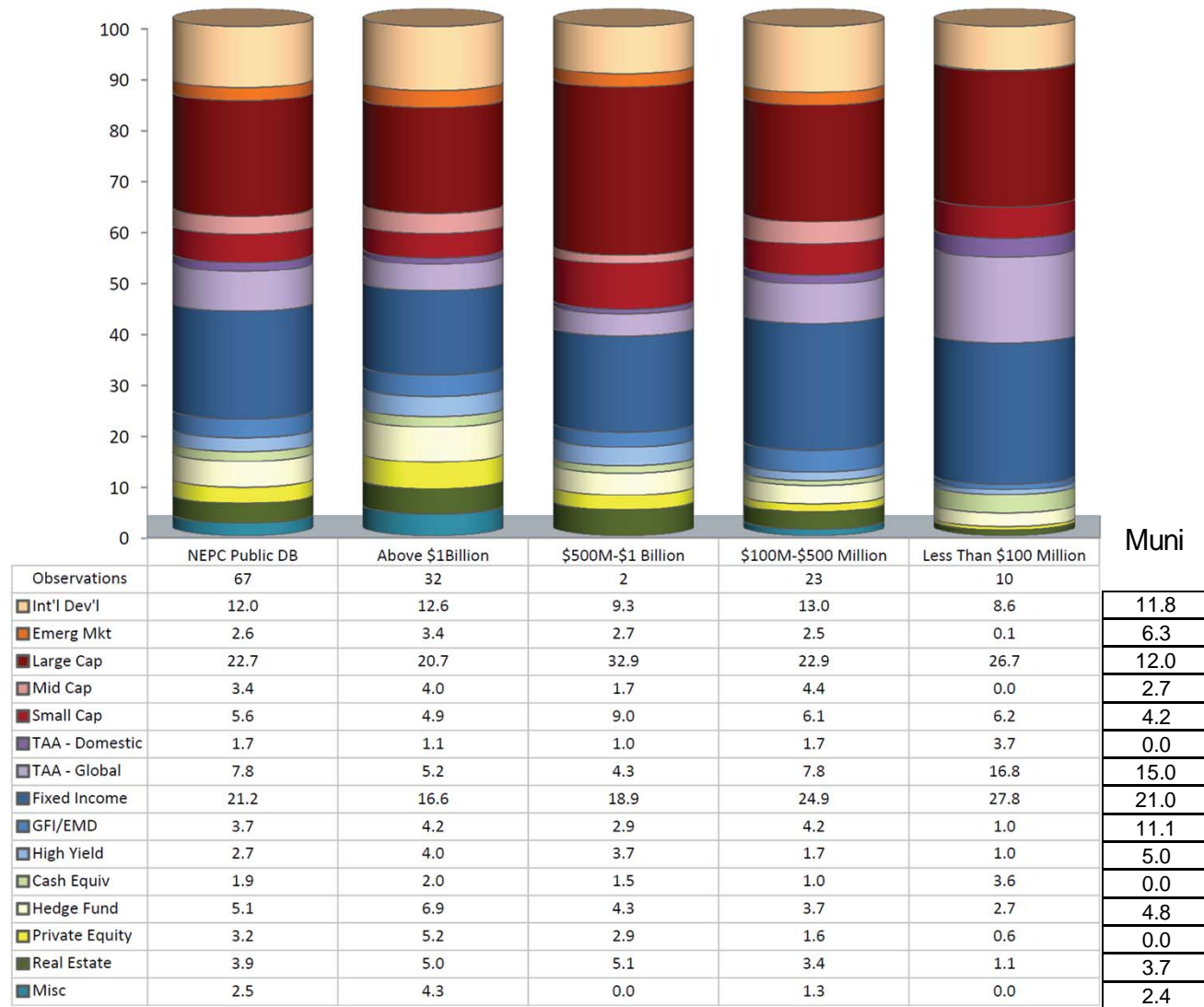
Numbers may not add up to 100% due to rounding.



# Policy Asset Allocation and Risk Budgeting



# ICC Public DB Plans – Average Asset Allocation



**Disclosure:**

Allocations may not add to 100% due to rounding. Average asset allocations shown include all portfolios submitted to the ICC universe as of 4/19/11 for periods ending 12/31/10. Portfolios included correspond with the ICC universe requirements and exclude portfolios meeting the following criteria: 1) An allocation greater than 95% to one asset class and 2) Portfolios not providing an asset allocation.



# Asset Breakdown

	Domestic Large Core	Domestic Smid	Domestic Small Core	Domestic Small Value	Domestic Small Growth	Core Fixed	High Yield	TIPS	Int'l Equity	EMD	Global Bonds	Real Estate	GAA	Other	Cash	Total
Composite	\$46,688	\$8,045	\$2,492	\$8,018	\$8,135	\$69,609	\$19,427	\$11,797	\$69,960	\$11,836	\$31,045	\$14,336	\$58,243	\$28,115	\$225	\$387,971
T. Rowe	11,686	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$11,686
PIMCO	11,740	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$11,740
SSgA Equal Wgt	11,679	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$11,679
SSgA S&P 500	11,583	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$11,583
Champlain	0	8,045	0	0	0	0	0	0	0	0	0	0	0	0	0	\$8,045
SSgA R-2500	0	0	2,492	0	0	0	0	0	0	0	0	0	0	0	0	\$2,492
Wellington	0	0	0	8,018	0	0	0	0	0	0	0	0	0	0	0	\$8,018
SSgA R-2000 Growth	0	0	0	0	8,135	0	0	0	0	0	0	0	0	0	0	\$8,135
Acadian	0	0	0	0	0	0	0	0	19,059	0	0	0	0	0	0	\$19,059
Mondrian	0	0	0	0	0	0	0	0	18,862	0	0	0	0	0	0	\$18,862
SSgA ACWI ex US	0	0	0	0	0	0	0	0	7,768	0	0	0	0	0	0	\$7,768
Aberdeen	0	0	0	0	0	0	0	0	24,271	0	0	0	0	0	0	\$24,271
Allianz	0	0	0	0	0	9,791	0	0	0	0	0	0	0	0	0	\$9,791
Wellington DAS	0	0	0	0	0	9,749	0	0	0	0	0	0	0	0	0	\$9,749
PIMCO Core Plus	0	0	0	0	0	50,069	0	0	0	0	0	0	0	0	0	\$50,069
Post Advisory	0	0	0	0	0	0	16,476	0	0	0	0	0	0	0	0	\$16,476
KDP	0	0	0	0	0	0	2,951	0	0	0	0	0	0	0	0	\$2,951
Welligton EMD	0	0	0	0	0	0	0	0	0	11,836	0	0	0	0	0	\$11,836
Barclays	0	0	0	0	0	0	0	11,797	0	0	0	0	0	0	0	\$11,797
Mondrian	0	0	0	0	0	0	0	0	0	0	15,484	0	0	0	0	\$15,484
Brandywine	0	0	0	0	0	0	0	0	0	0	15,561	0	0	0	0	\$15,561
Morgan Stanley	0	0	0	0	0	0	0	0	0	0	0	6,317	0	0	0	\$6,317
UBS Realty	0	0	0	0	0	0	0	0	0	0	0	6,042	0	0	0	\$6,042
RREEF	0	0	0	0	0	0	0	0	0	0	0	1,880	0	0	0	\$1,880
Transwestern	0	0	0	0	0	0	0	0	0	0	0	93	0	0	0	\$93
Real Estate Cash	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	\$4
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	0	0	9,591	0	0	\$9,591
PIMCO AA	0	0	0	0	0	0	0	0	0	0	0	0	19,530	0	0	\$19,530
Wellington OIF	0	0	0	0	0	0	0	0	0	0	0	0	10,101	0	0	\$10,101
AQR	0	0	0	0	0	0	0	0	0	0	0	0	19,021	0	0	\$19,021
Alt. Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	48	0	\$48
Grosvenor	0	0	0	0	0	0	0	0	0	0	0	0	0	7,447	0	\$7,447
GAM	0	0	0	0	0	0	0	0	0	0	0	0	0	3,739	0	\$3,739
Permal	0	0	0	0	0	0	0	0	0	0	0	0	0	7,615	0	\$7,615
Schroders	0	0	0	0	0	0	0	0	0	0	0	0	0	9,266	0	\$9,266
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	225	\$225

(Dollars in 000's)



# Total Fund Asset Growth Summary

## VERMONT MUNICIPAL EMPLOYEES

MUNICIPAL SYSTEM COMPOSITE

Periods Ending March 31, 2011

### Total Fund Asset Growth Summary (\$000)

	One Quarter	Year to Date	One Year
<b>MUNI COMPOSITE</b>			
Beginning Market Value	373,312	373,312	330,559
Net External Growth	1,815	1,815	8,400
Return on Investment	12,844	12,844	49,011
Income Received	0	0	15
Gain/Loss	12,844	12,844	48,996
Ending Market Value	387,971	387,971	387,971

Return

3.5%

3.5%

14.3%

# Fund Performance vs. Benchmark

## VERMONT MUNICIPAL EMPLOYEES

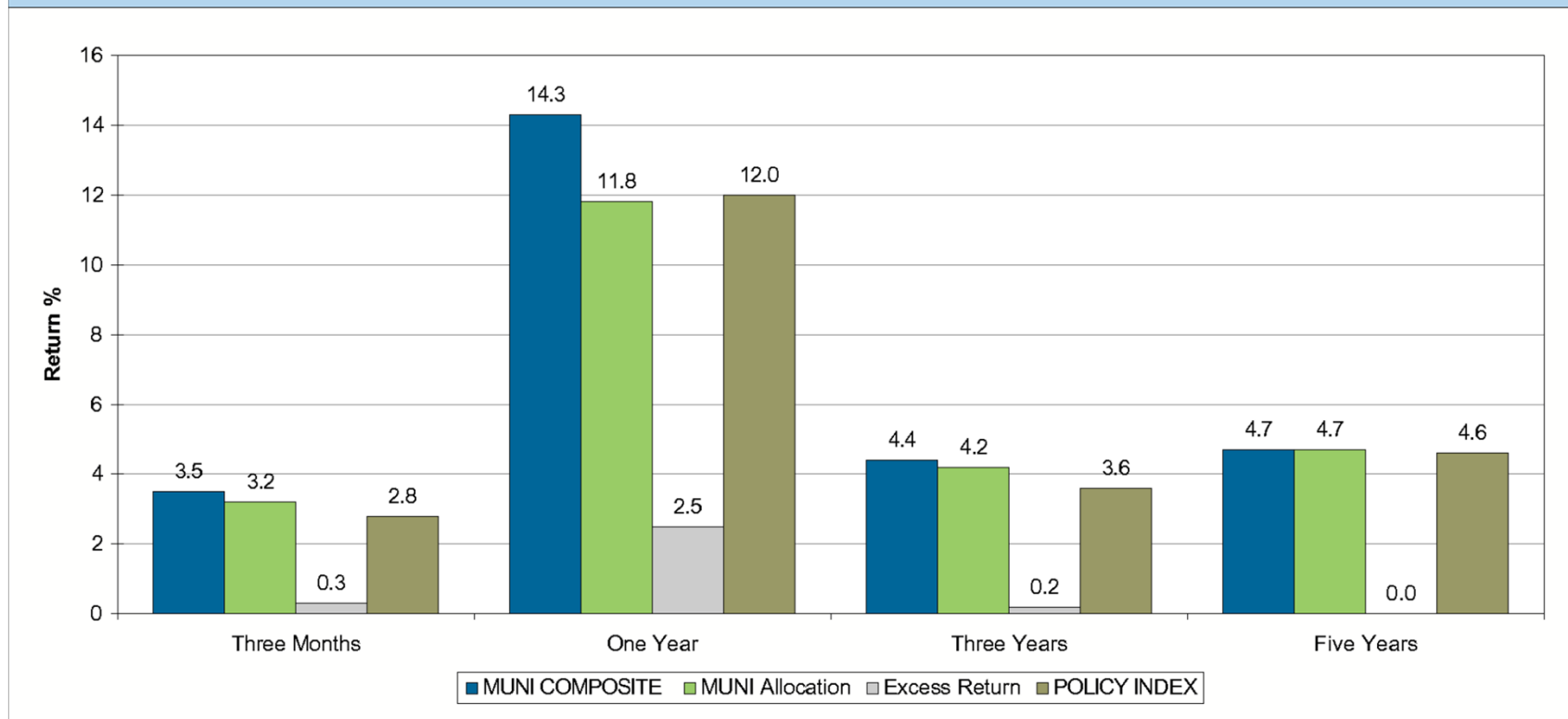
POLICY INDEX

Benchmark:

Periods Ending March 31, 2011

### Fund Performance vs. Benchmark

#### MUNI COMPOSITE



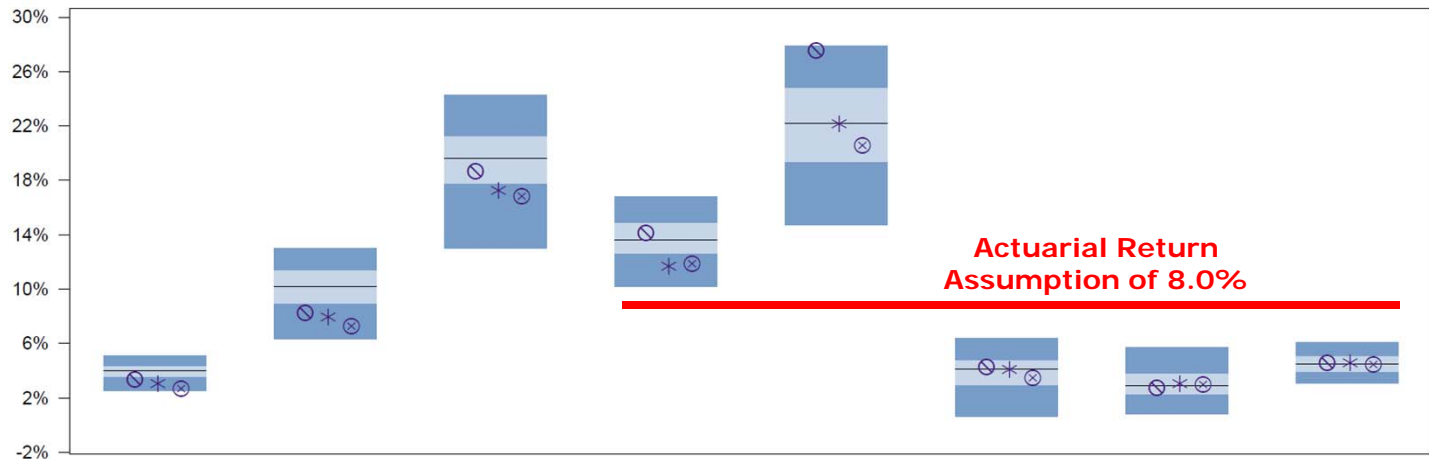
# Total Public Funds Performance

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending March 31, 2011

### Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
○ MUNI COMPOSITE	3.5	74	8.4	85	18.8	59	14.3	36	27.7	7	4.4	37	2.9	52	4.7	39
* MUNI Allocation	3.2	88	8.1	89	17.4	81	11.8	85	22.3	49	4.2	46	3.2	41	4.7	37
⊗ POLICY INDEX	2.8	93	7.4	92	17.0	84	12.0	83	20.7	64	3.6	59	3.1	43	4.6	44
5th Percentile	5.1		13.0		24.3		16.8		27.9		6.4		5.7		6.1	
25th Percentile	4.4		11.4		21.3		14.9		24.8		4.8		3.8		5.1	
50th Percentile	4.0		10.2		19.6		13.6		22.2		4.1		2.9		4.5	
75th Percentile	3.5		8.9		17.7		12.6		19.3		2.9		2.2		3.9	
95th Percentile	2.5		6.3		13.0		10.2		14.7		0.6		0.8		3.1	



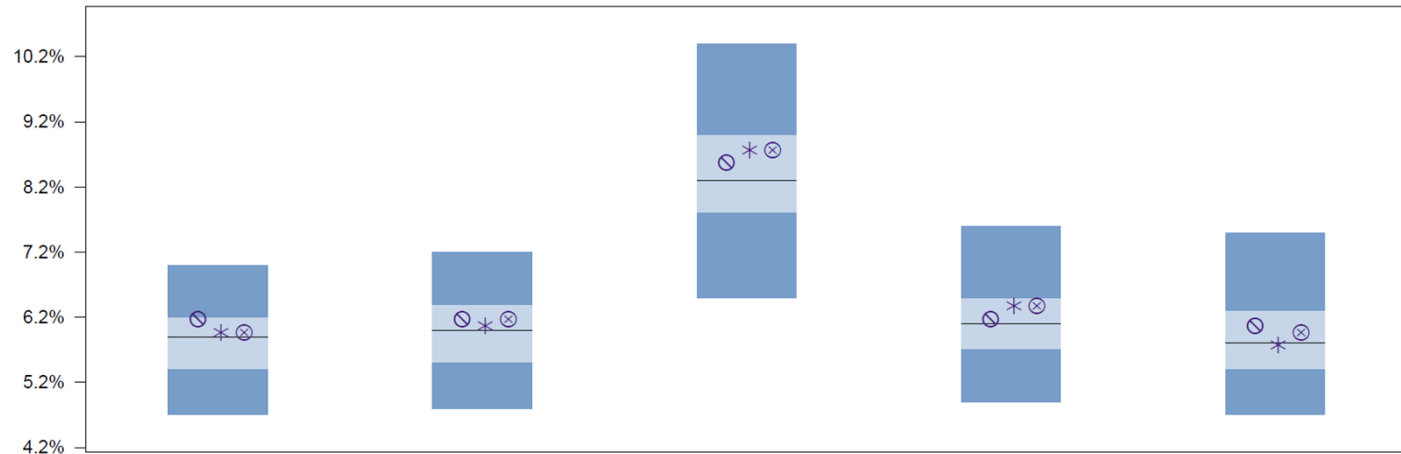
# Total Public Funds Performance

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending March 31, 2011

### Total Fund Performance - Trailing Periods



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
○ MUNI COMPOSITE	6.2 26	6.2 36	8.6 44	6.2 47	6.1 30
* MUNI Allocation	6.0 40	6.1 41	8.8 29	6.4 32	5.8 44
⊗ POLICY INDEX	6.0 37	6.2 35	8.8 29	6.4 32	6.0 33
5th Percentile	7.0	7.2	10.4	7.6	7.5
25th Percentile	6.2	6.4	9.0	6.5	6.3
50th Percentile	5.9	6.0	8.3	6.1	5.8
75th Percentile	5.4	5.5	7.8	5.7	5.4
95th Percentile	4.7	4.8	6.5	4.9	4.7

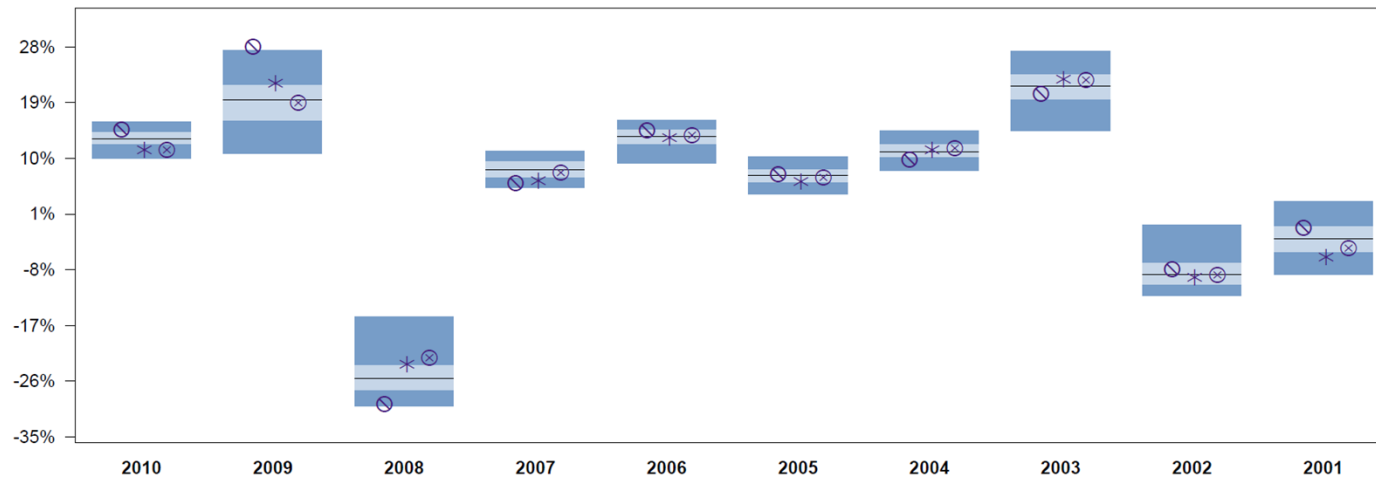
# Total Public Funds Performance

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2010

### Total Fund Performance - One Year Time Periods



	2010		2009		2008		2007		2006		2005		2004		2003		2002		2001	
○ MUNI COMPOSITE	15.0	15	28.4	3	-29.4	90	6.3	87	14.8	23	7.8	36	10.1	74	20.8	62	-7.6	37	-0.9	25
* MUNI Allocation	11.7	82	22.5	22	-23.0	22	6.7	80	13.6	51	6.5	68	11.7	37	23.1	35	-8.9	51	-5.6	81
⊗ POLICY INDEX	11.7	82	19.3	51	-21.9	14	8.0	56	14.1	35	7.2	52	11.9	33	23.0	36	-8.5	48	-4.2	64
5th Percentile	15.9		27.5		-15.6		11.2		16.2		10.3		14.5		27.3		-0.8		3.1	
25th Percentile	14.3		22.0		-23.4		9.6		14.7		8.3		12.4		23.7		-6.8		-0.9	
50th Percentile	13.2		19.4		-25.6		8.2		13.6		7.3		11.1		21.7		-8.8		-3.0	
75th Percentile	12.2		16.1		-27.6		6.9		12.2		6.0		10.1		19.4		-10.5		-5.2	
95th Percentile	10.0		10.8		-30.1		5.3		9.2		4.3		8.0		14.5		-12.2		-8.7	

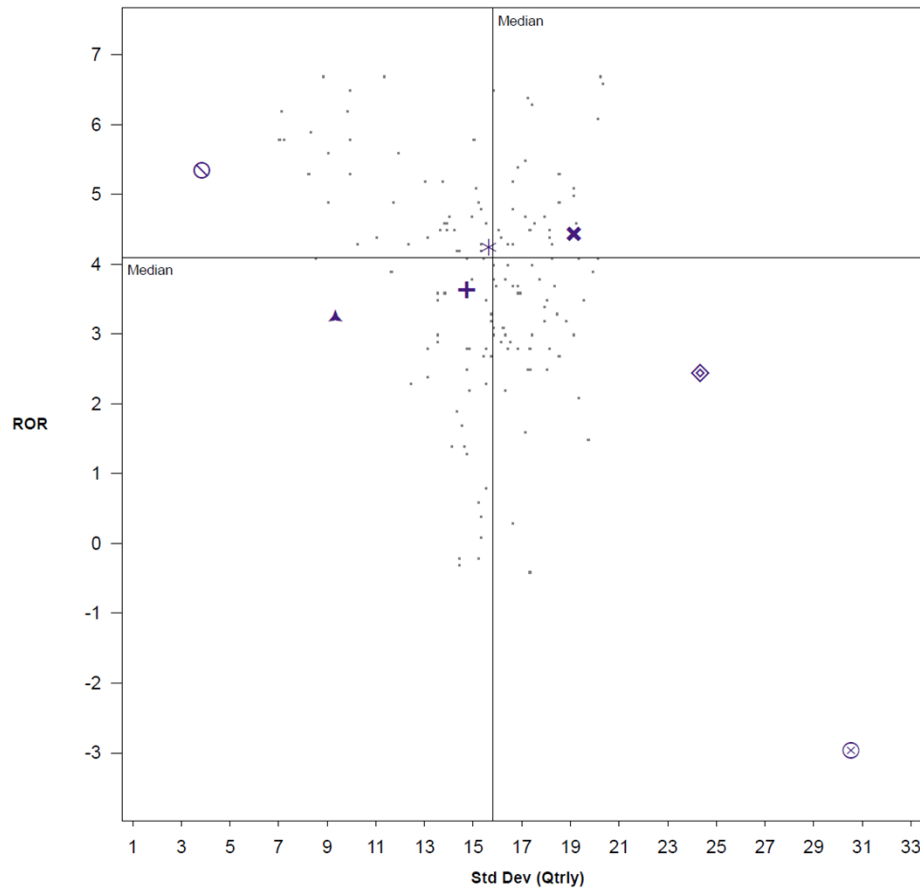
# Risk vs. Return Analysis – 3 Years

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending March 31, 2011

### Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
<b>x</b> MUNI COMPOSITE	4.4 37	19.2 92	0.2 56
* MUNI Allocation	4.2 46	15.7 49	0.2 46
+ POLICY INDEX	3.6 59	14.8 35	0.2 55
◇ S&P 500	2.4 87	24.4 100	0.1 89
○ BC AGGREGATE	5.3 17	3.9 1	1.2 1
⊗ MSCI EAFE (NET)	-3.0 100	30.6 100	-0.1 100
▲ Citigroup WGBI (All Maturities)	3.2 69	9.4 7	0.3 30
Median	4.1	15.8	0.2

Funded status as of Fiscal Year 2009 = 90%



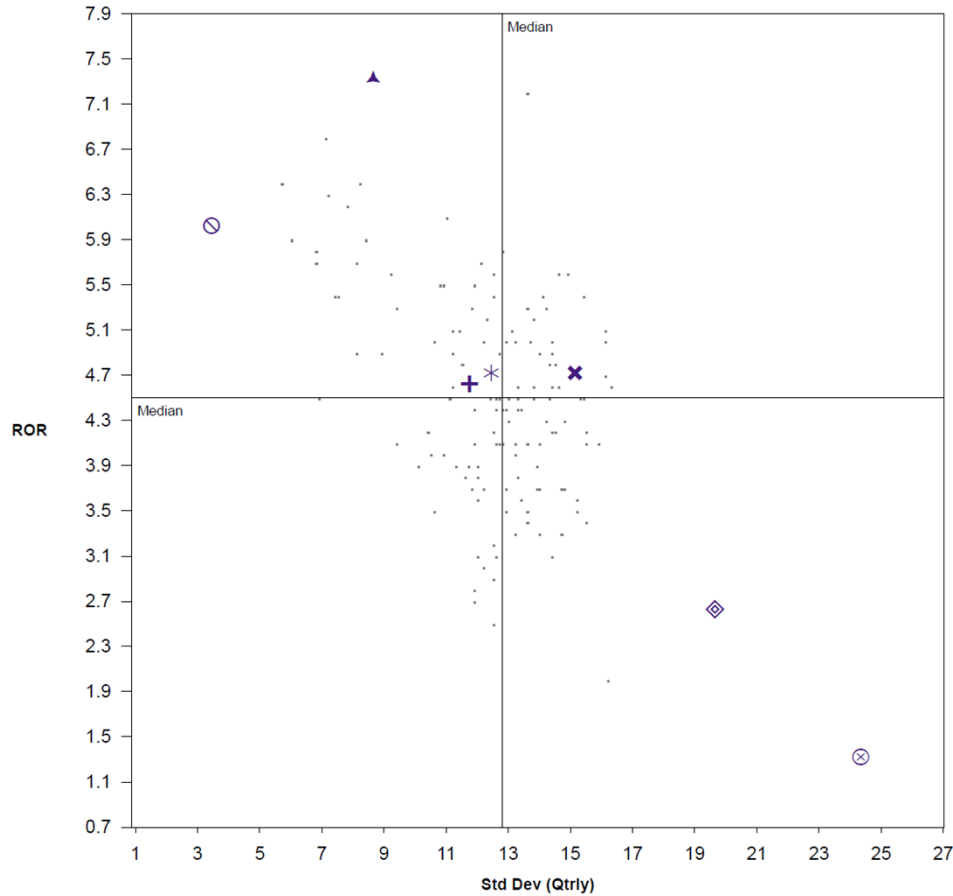
# Risk vs. Return Analysis – 5 Years

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending March 31, 2011

### Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✖ MUNI COMPOSITE	4.7 39	15.2 90	0.2 59
* MUNI Allocation	4.7 37	12.5 43	0.2 40
+ POLICY INDEX	4.6 44	11.8 28	0.2 39
◇ S&P 500	2.6 99	19.7 100	0.0 97
⊘ BC AGGREGATE	6.0 6	3.5 1	1.1 1
⊗ MSCI EAFE (NET)	1.3 100	24.4 100	-0.0 98
▲ Citigroup WGBI (All Maturities)	7.3 1	8.7 10	0.6 3
Median	4.5	12.8	0.2

Funded status as of Fiscal Year 2009 = 90%



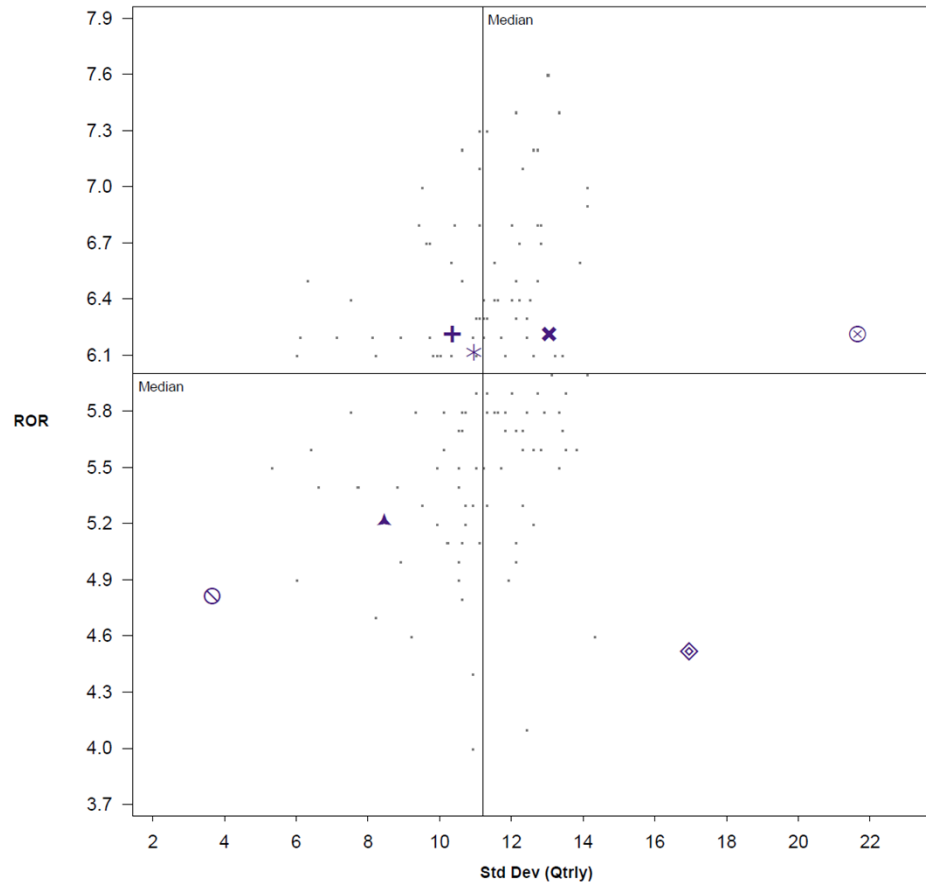
# Risk vs. Return Analysis – 7 Years

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending March 31, 2011

### Risk vs. Return - 7 Year



NAME	Return	Standard Deviation	Sharpe Ratio
* MUNI COMPOSITE	6.2 36	13.1 89	0.3 67
* MUNI Allocation	6.1 41	11.0 40	0.3 43
+ POLICY INDEX	6.2 35	10.4 26	0.4 35
◇ S&P 500	4.5 98	17.0 100	0.1 100
⊘ BC AGGREGATE	4.8 96	3.7 1	0.7 1
⊗ MSCI EAFE (NET)	6.2 34	21.7 100	0.2 97
▲ Citigroup WGBI (All Maturities)	5.2 86	8.5 10	0.3 46
Median	6.0	11.2	0.3

Funded status as of Fiscal Year 2009 = 90%



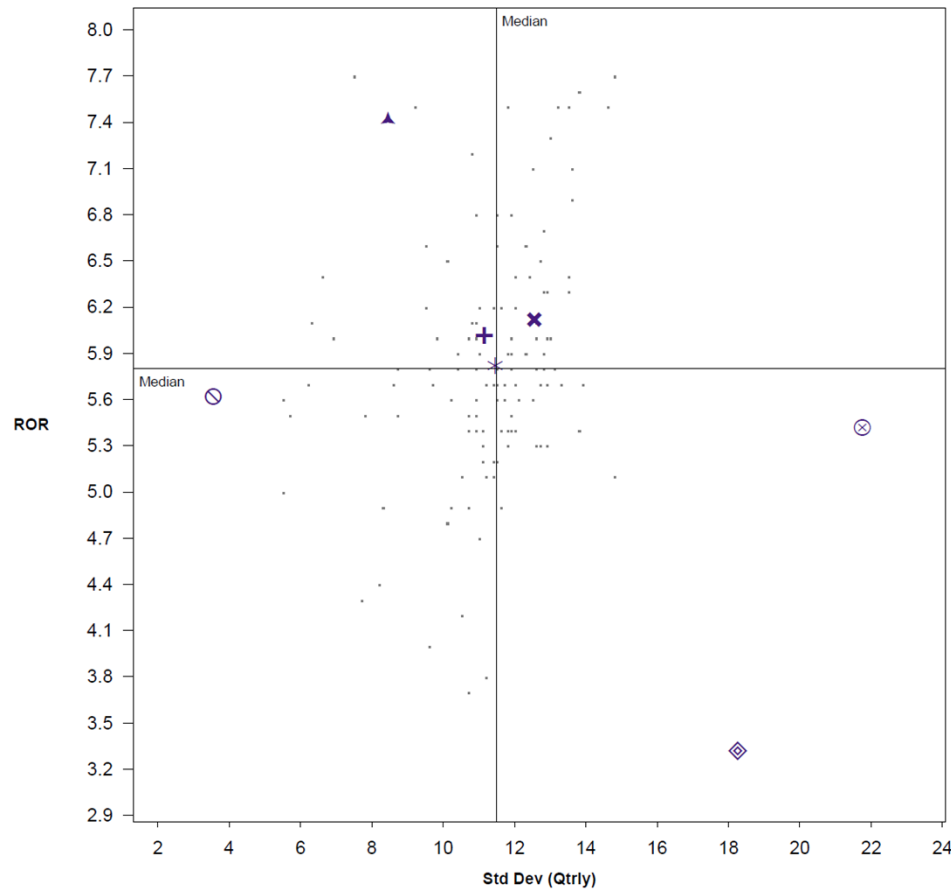
# Risk vs. Return Analysis – 10 Years

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending March 31, 2011

### Risk vs. Return - 10 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✕ MUNI COMPOSITE	6.1 30	12.6 75	0.3 52
* MUNI Allocation	5.8 44	11.5 48	0.3 49
+ POLICY INDEX	6.0 33	11.2 42	0.3 41
◇ S&P 500	3.3 100	18.3 100	0.1 100
○ BC AGGREGATE	5.6 65	3.6 1	0.9 1
⊗ MSCI EAFE (NET)	5.4 77	21.8 100	0.1 100
▲ Citigroup WGBI (All Maturities)	7.4 7	8.5 10	0.6 4
Median	5.8	11.5	0.3

Funded status as of Fiscal Year 2009 = 90%

