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Vermont Pension Investment Committee

First Quarter 2014

Investment Performance Analysis

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Market Review



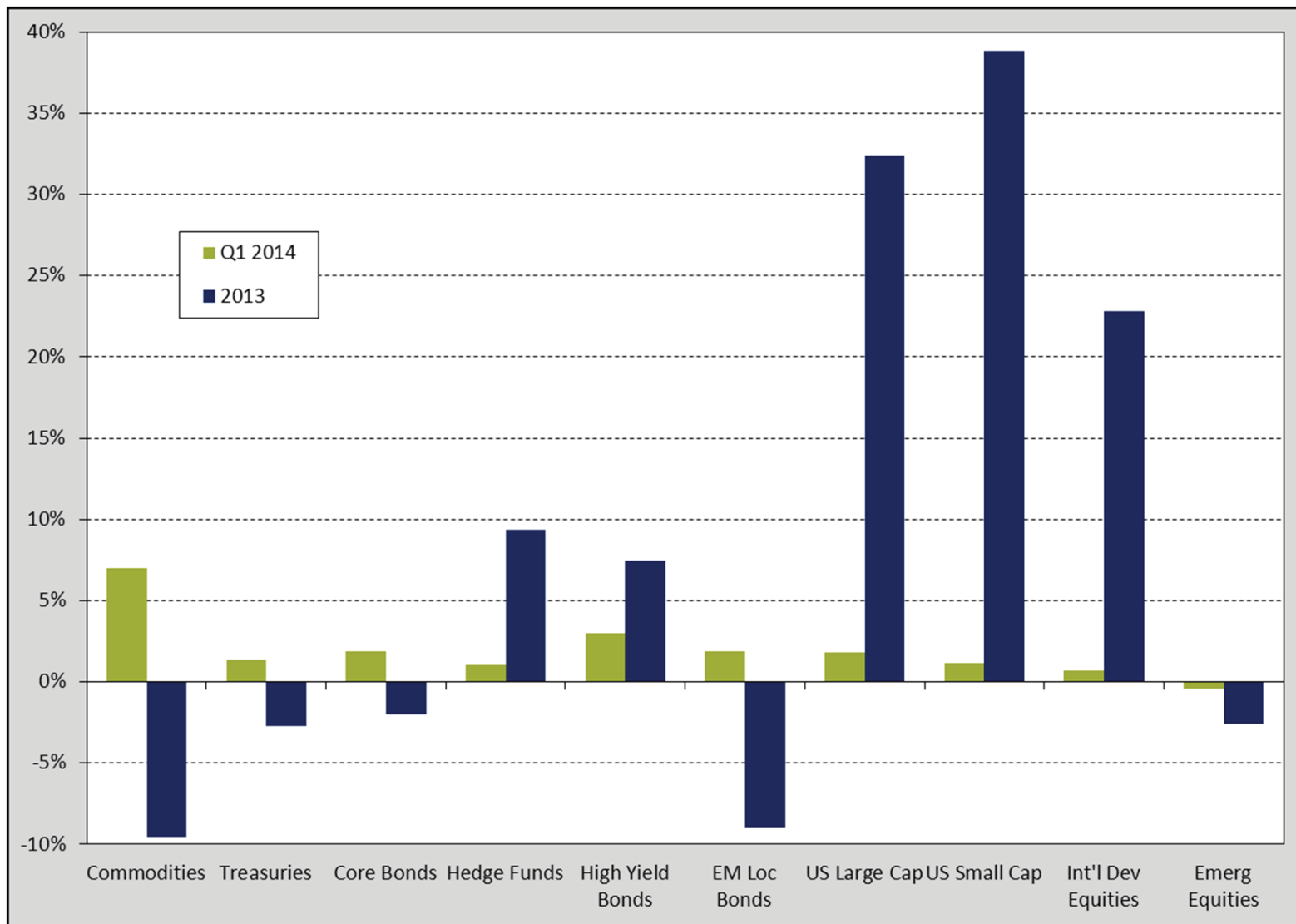
Positives

- **Continued slow and steady economic growth**
 - A bit slower in the first quarter due to weather (maybe offset in Q2?)
 - Deleveraging continuing
- **Early stages of Taper generally accepted by marketplace**
 - Though priced in “normalization” of rates appears optimistic
- **Developed world inflation is low**
 - Allows Fed continued flexibility to work through Taper
- **Emerging markets made some progress on adjustments**
 - Finally experiencing positive flows and early signs of positive performance
- **Volatility remains subdued and markets relatively stable**

Negatives

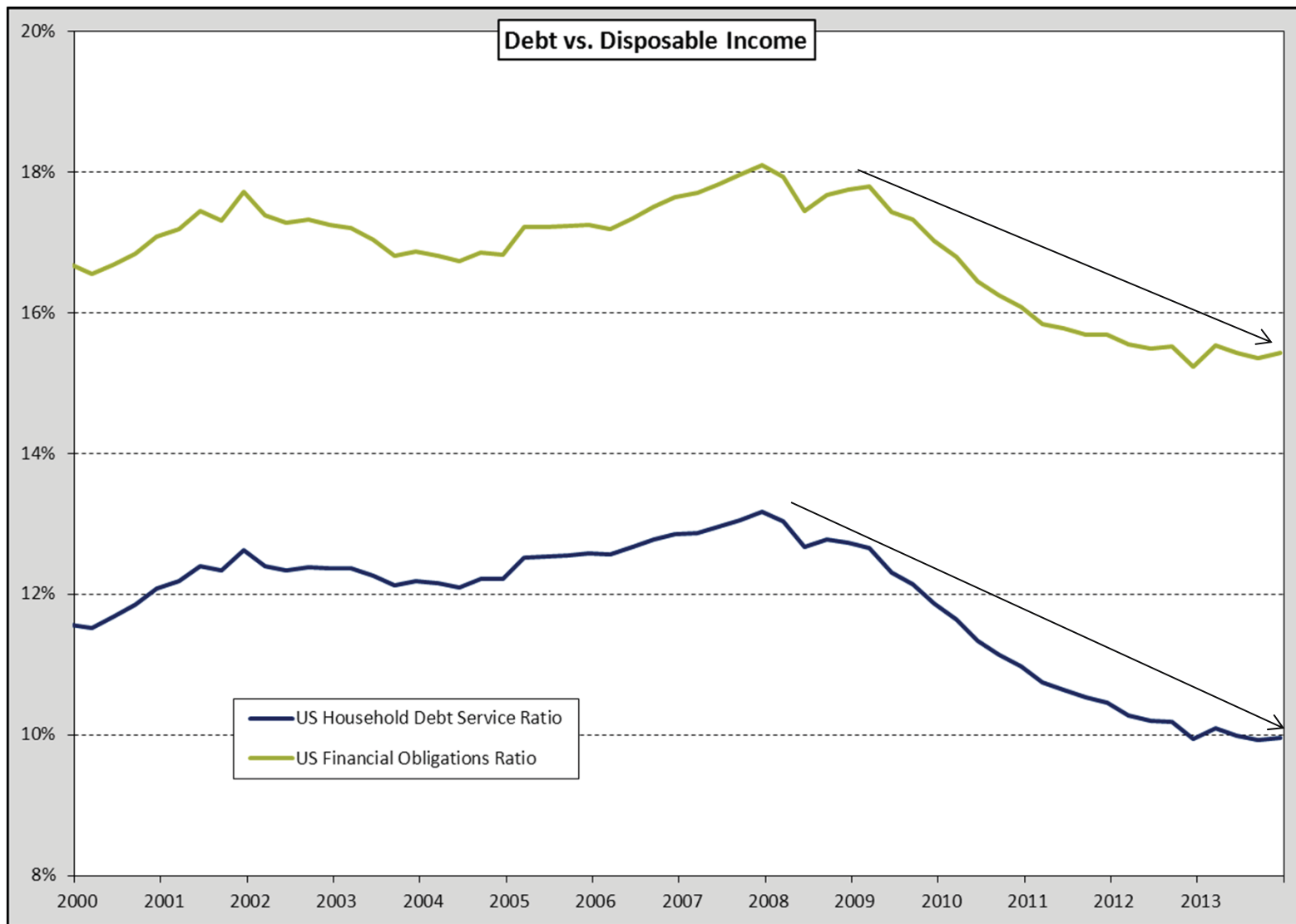
- **Potential geopolitical instability**
 - Russian invasion of Crimea has minimal economic impact
 - But tensions between Russia and West could have spillover effects
- **Benign market environment in Europe obscures challenging underlying economic conditions**
- **Inflation is low...maybe too low**
 - Global monetary stimulation has offset deflationary pressures
- **Continued slowing growth in China has global implications**
 - Could bring Chinese credit issues to forefront
- **Valuations beginning to stretch above long-term averages**
 - Developed Equity P-Es above median
 - Credit spreads approaching 2006-07 levels

Markets Were Mostly Up (A Little Bit) In the First Quarter



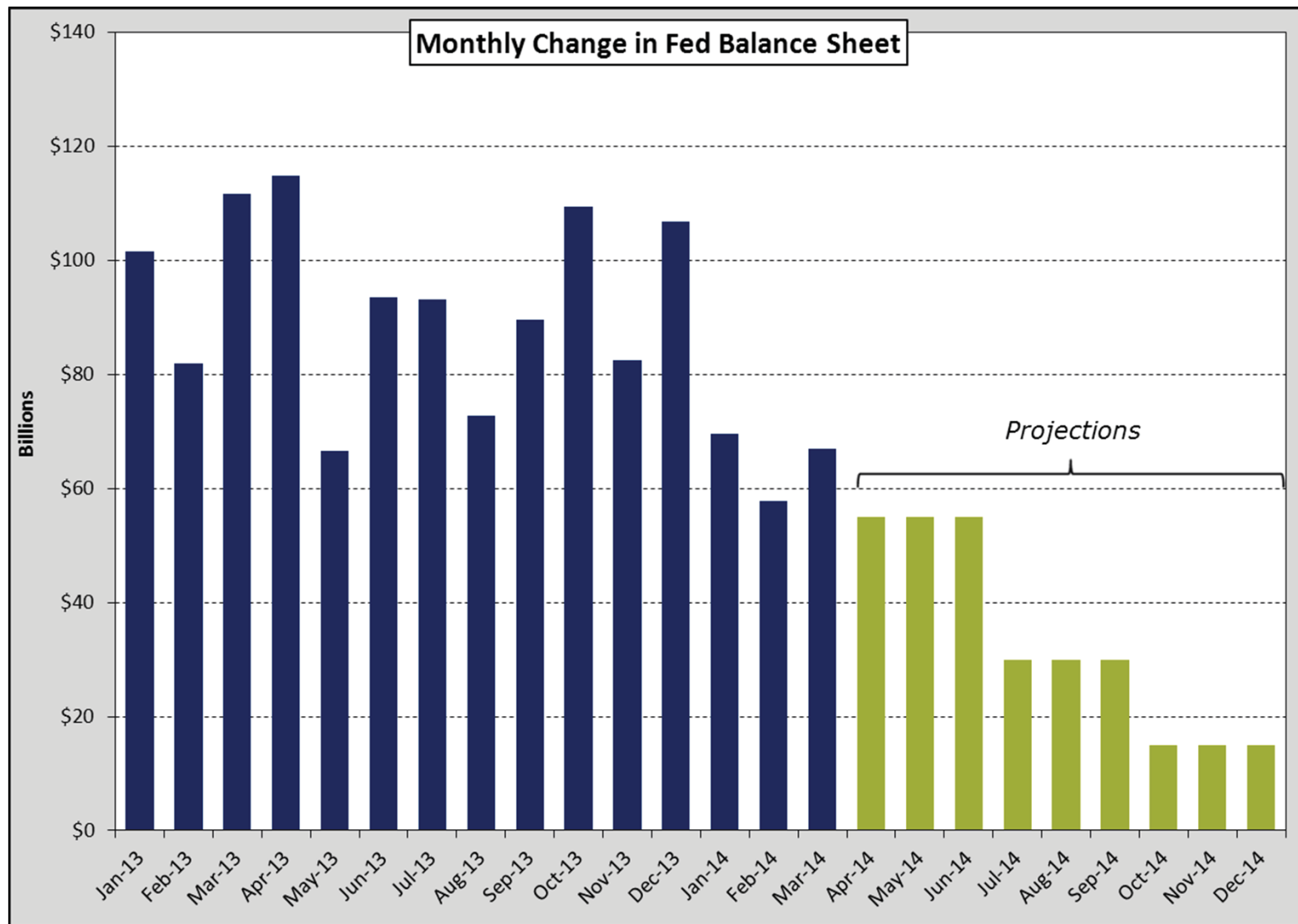
Source: Bloomberg, NEPC as of 3/31

Deleveraging Playing Out Slowly But Surely



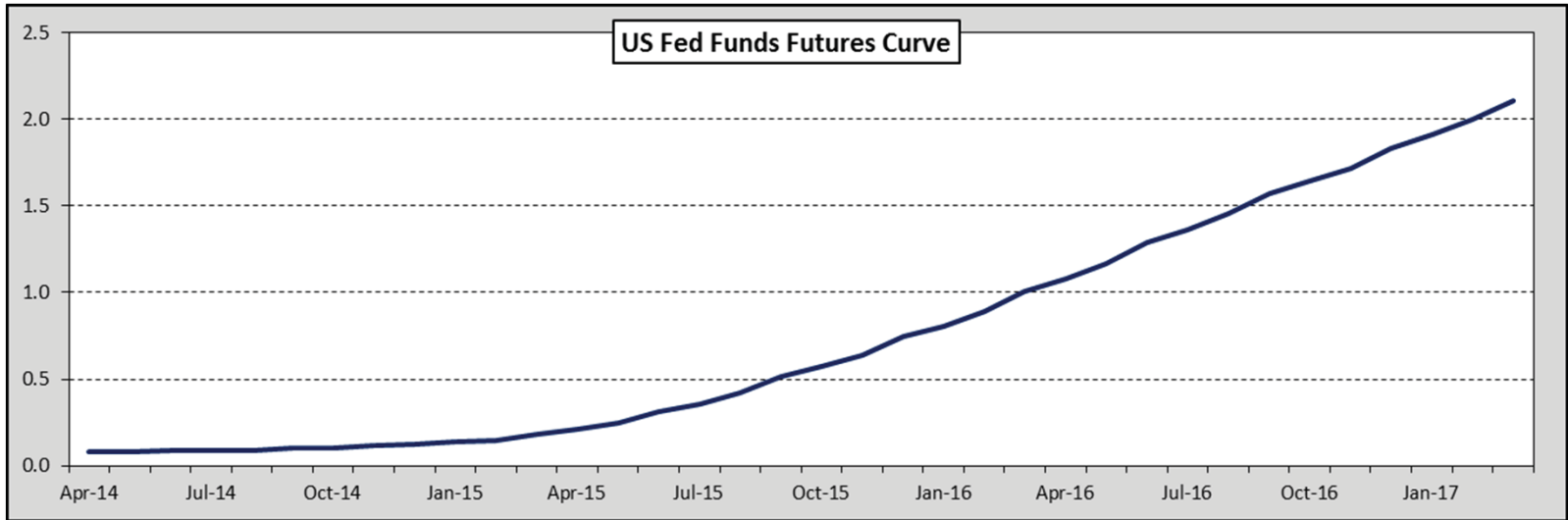
Source: Bloomberg as of 12/31

So Far So Good for Taper



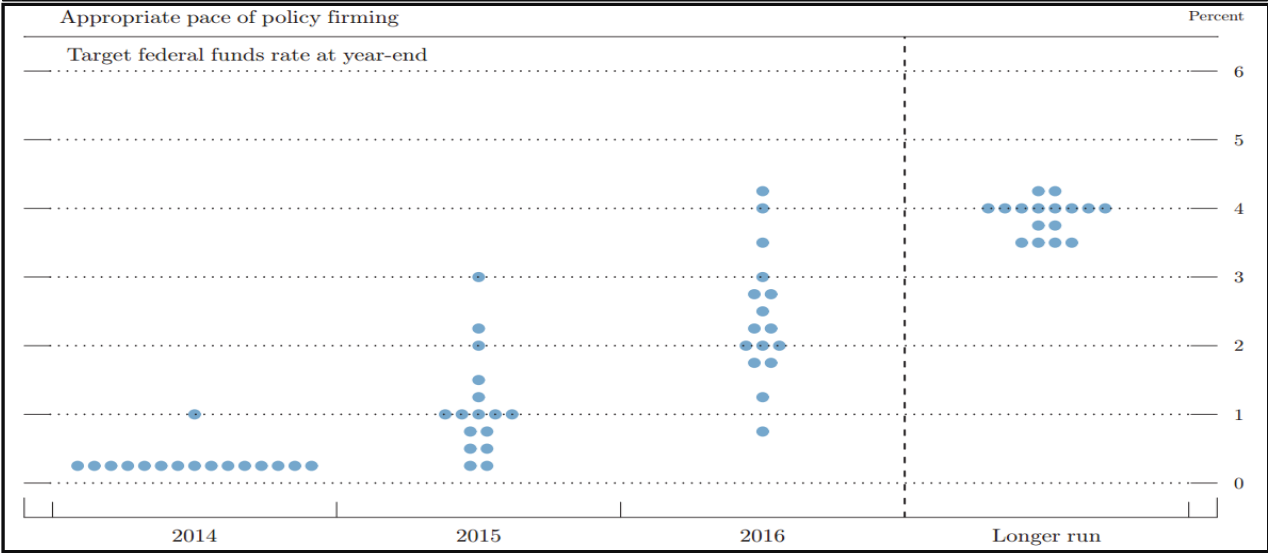
Source: Bloomberg as of 3/31, Values after 3/31/2014 are market consensus projections

Market Expecting Smooth Sailing As Rates Normalize Over Next Two Years...



Source: Bloomberg as of 3/31

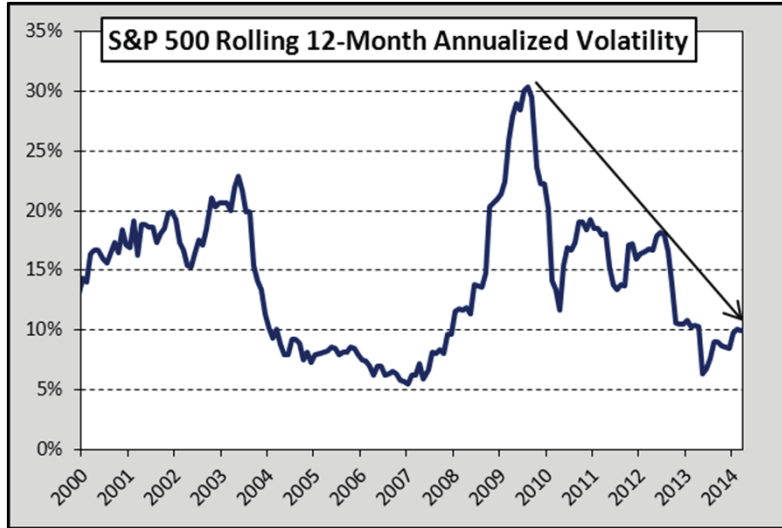
Economic Projections of the Federal Reserve Board Members and Federal Reserve Bank Presidents, March 2014



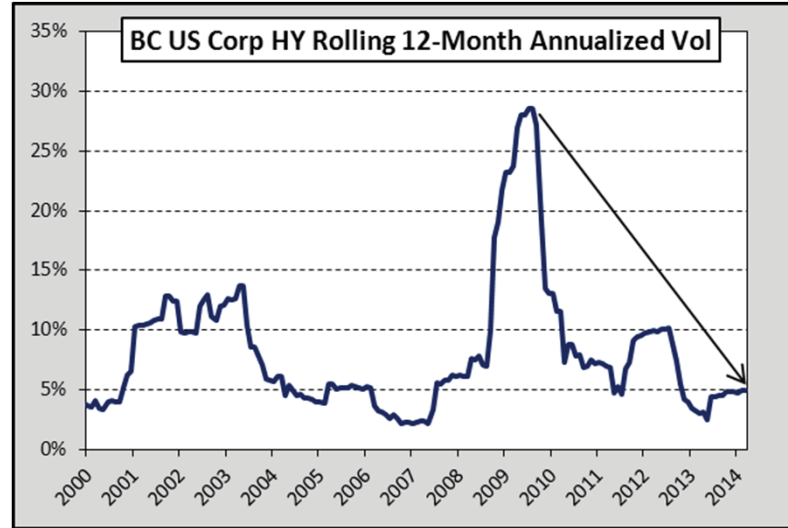
Each shaded circle represents the value (rounded to the nearest 1/4 percentage point) of an individual participant's judgment of the appropriate level of target federal funds rate at the end of the specified year or over the long run

Source: Federal Reserve

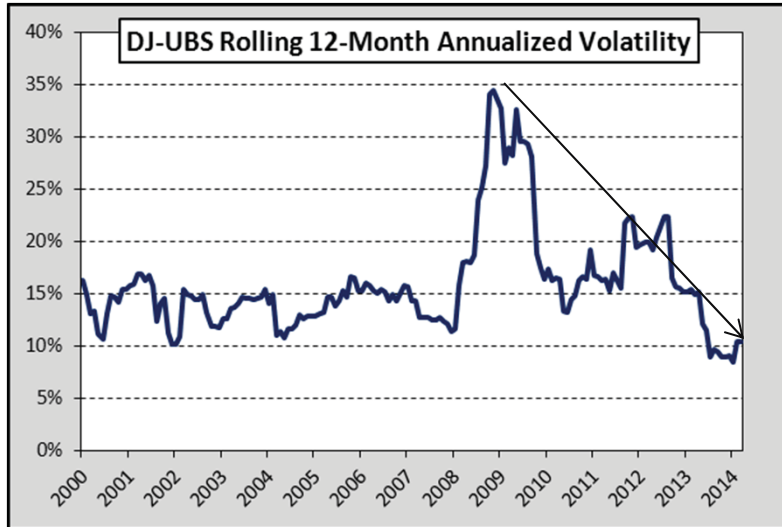
Volatility Remains Subdued



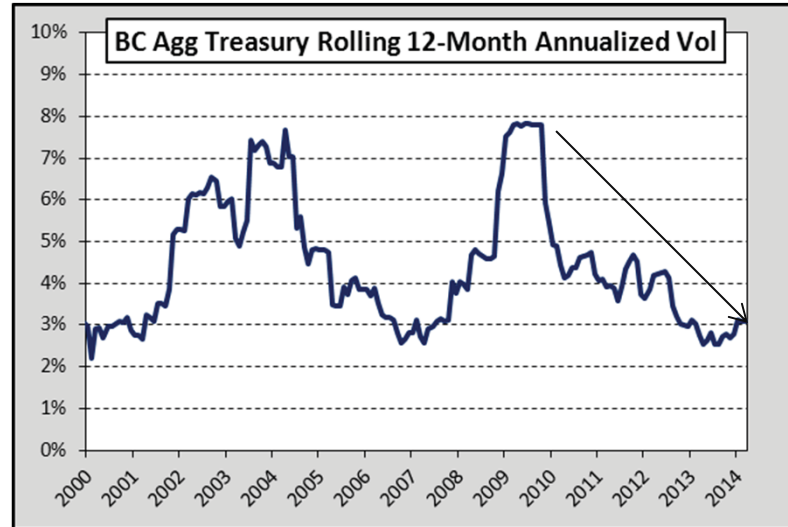
Source: Bloomberg as of 3/31



Source: Bloomberg as of 3/31

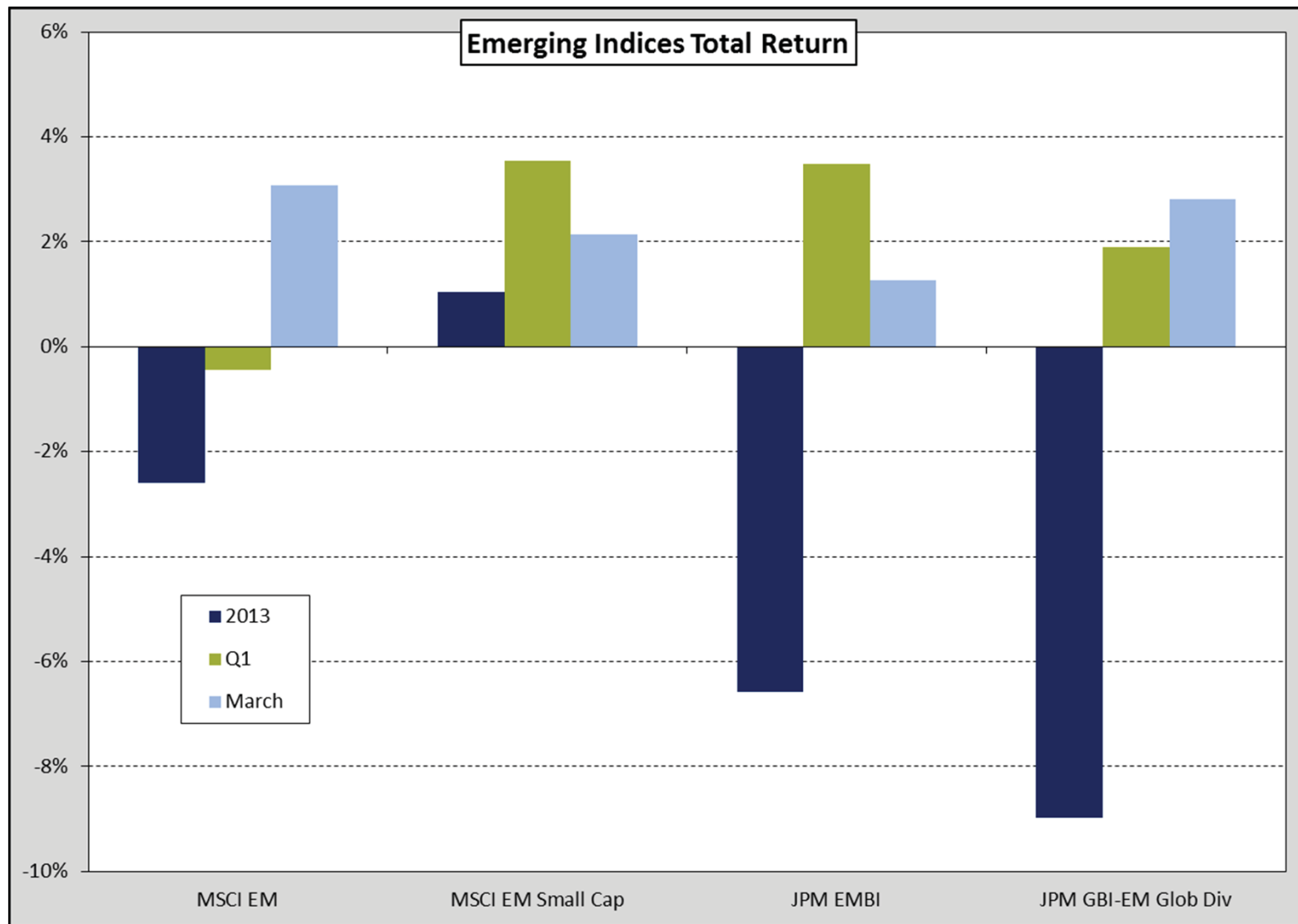


Source: Bloomberg as of 3/31



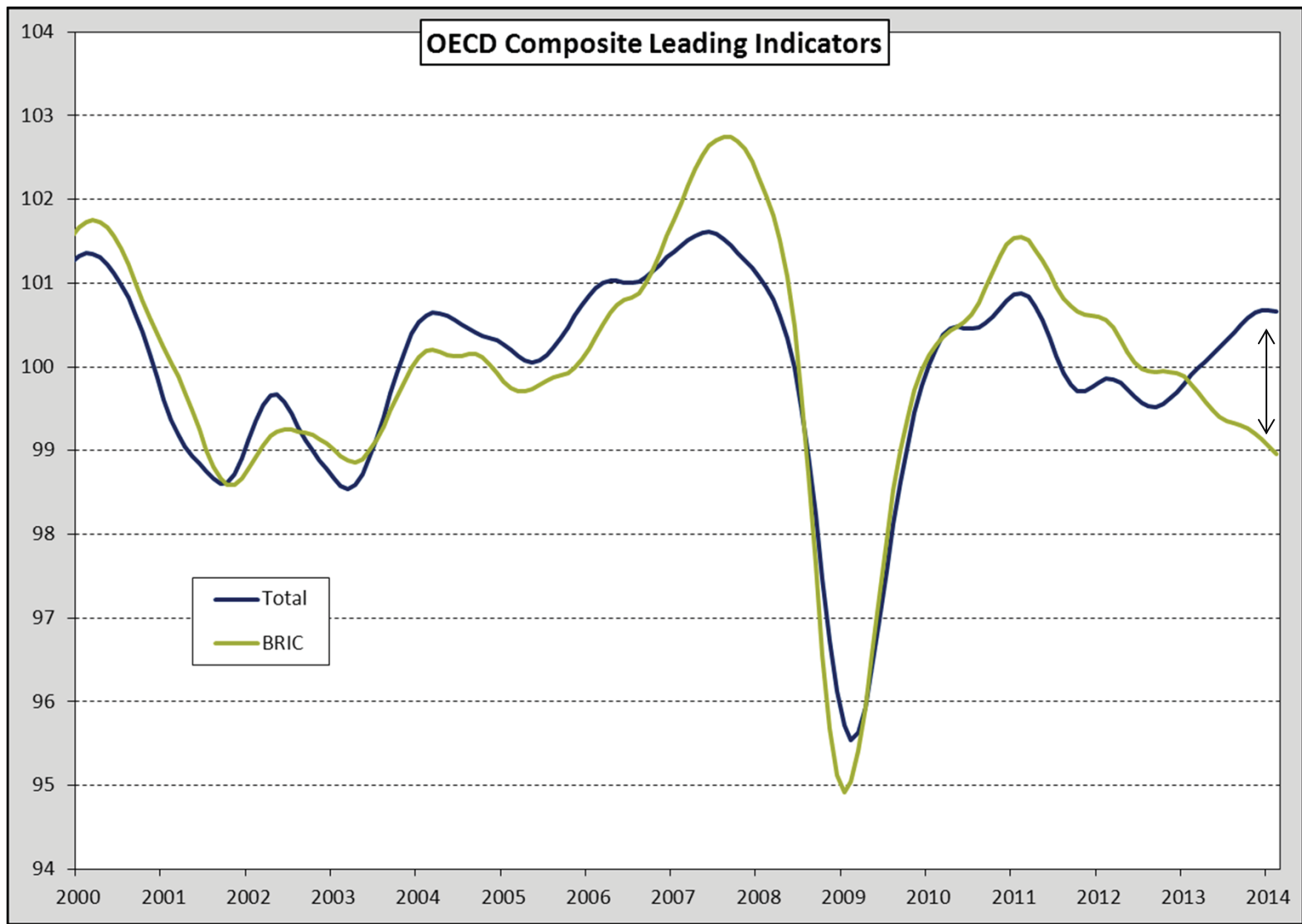
Source: Bloomberg as of 3/31

Emerging Returns Have Been Lackluster But Have Seen Some Recent Reversals



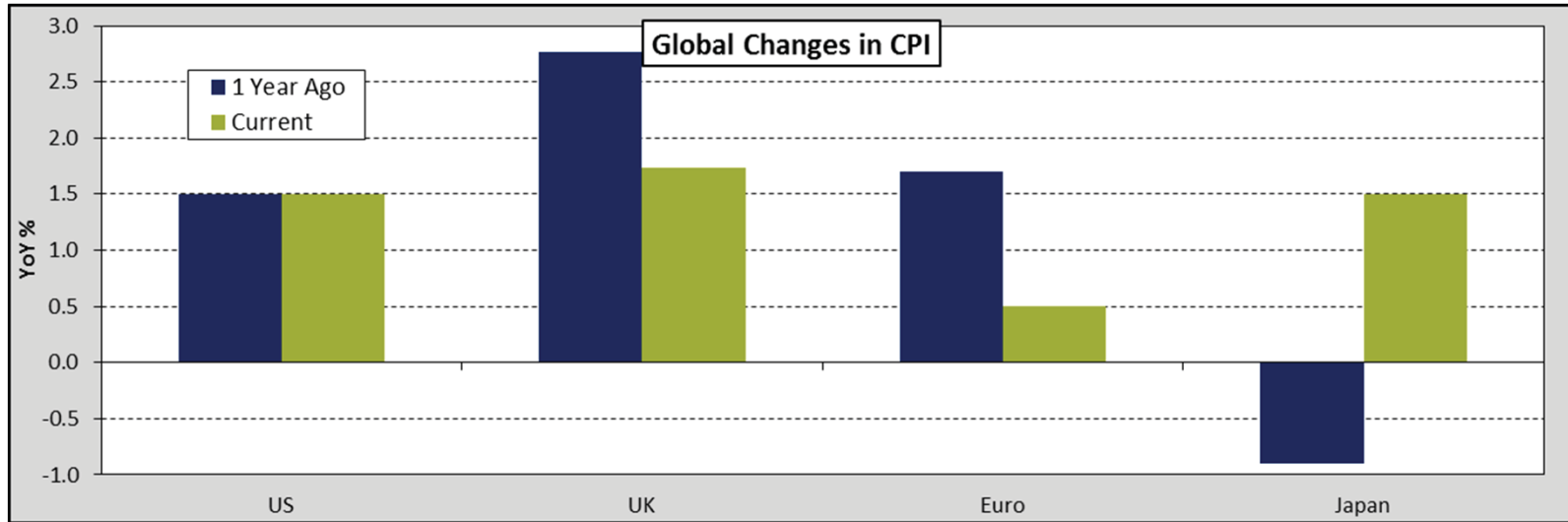
Source: Bloomberg as of 3/31

Dislocation of Emerging Markets is a Unique Situation Given Recent History

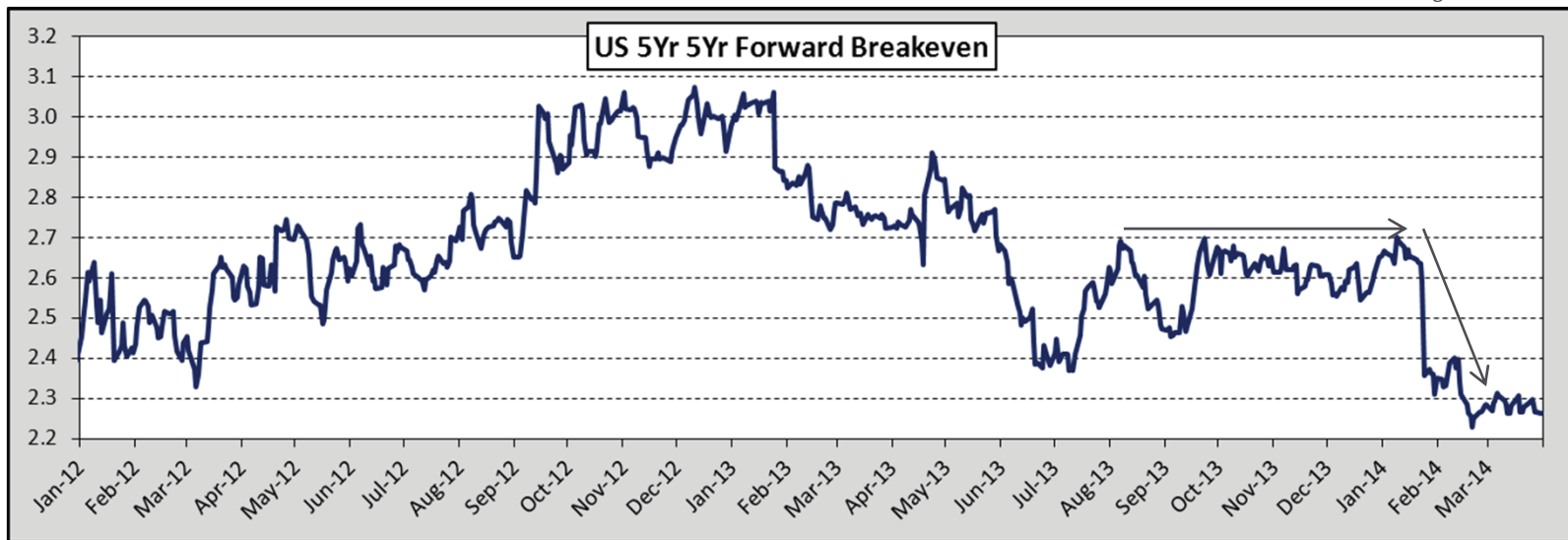


Source: Bloomberg as of 2/28, Total is representative of world market, BRIC is an equally weighted average of indicators for each country

Inflation and Near Term Inflation Expectations Remain Low

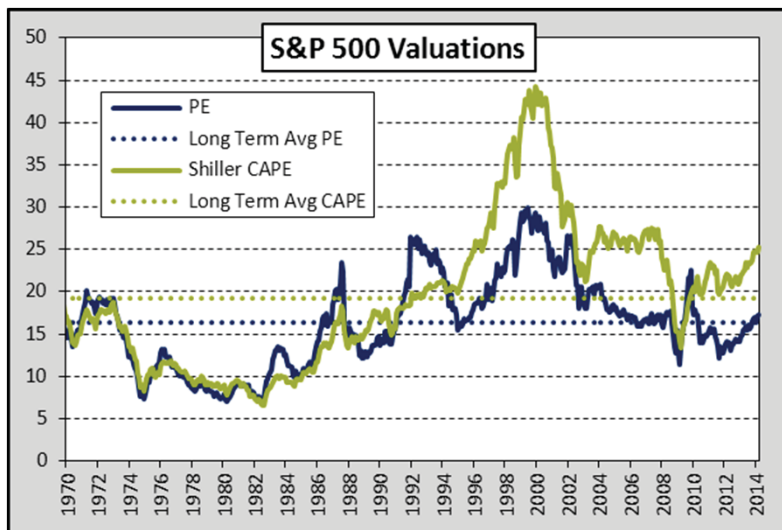


Source: Bloomberg as of 3/31

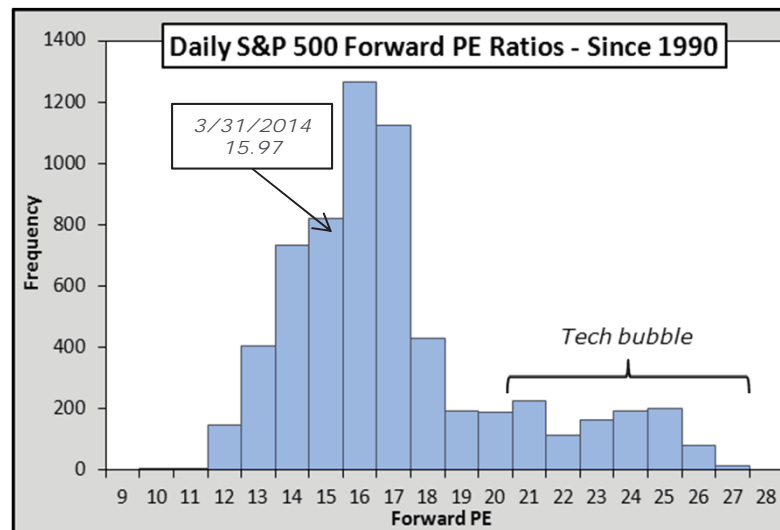


Source: Bloomberg as of 3/31

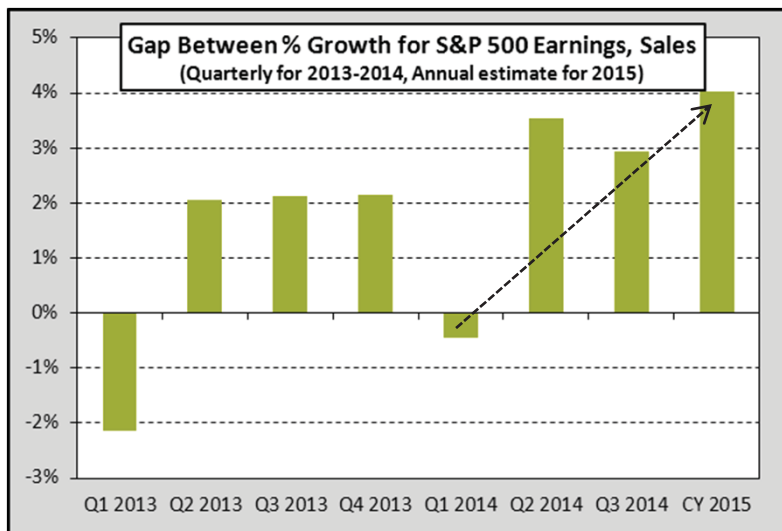
US Equity Markets: Poised to Continue or Overly Optimistic



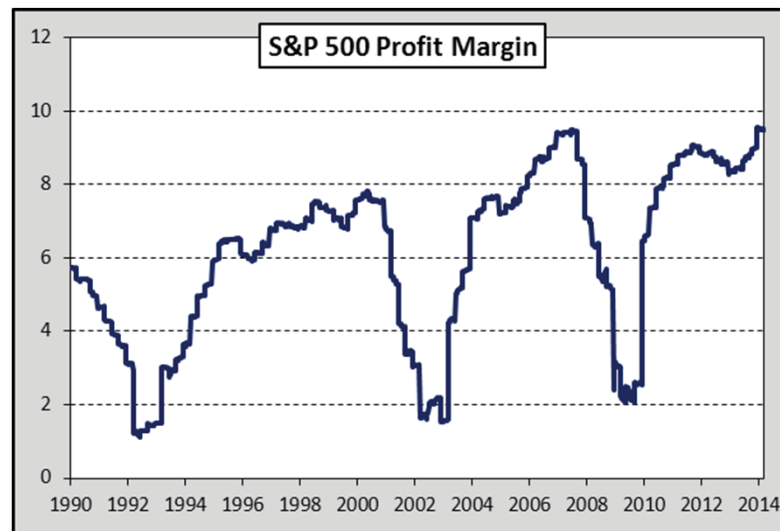
Source: Bloomberg as of 3/31, Long-term averages since 1954



Source: Bloomberg as of 3/31

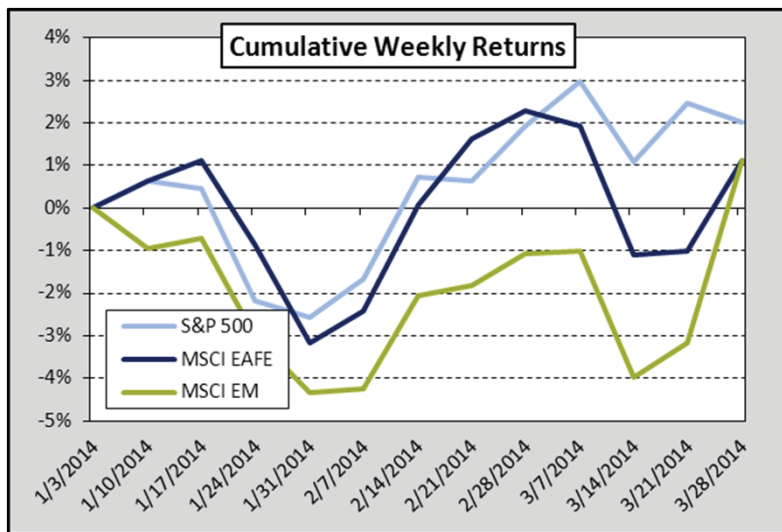


Source: Bloomberg as of 3/31

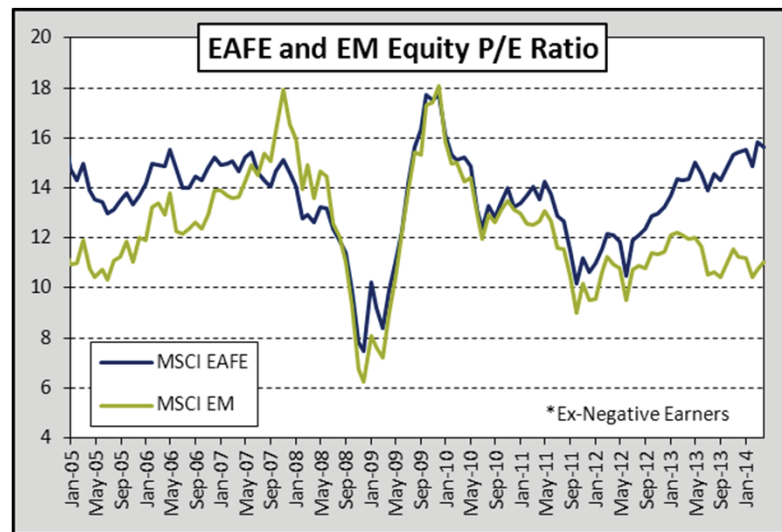


Source: Bloomberg as of 3/31

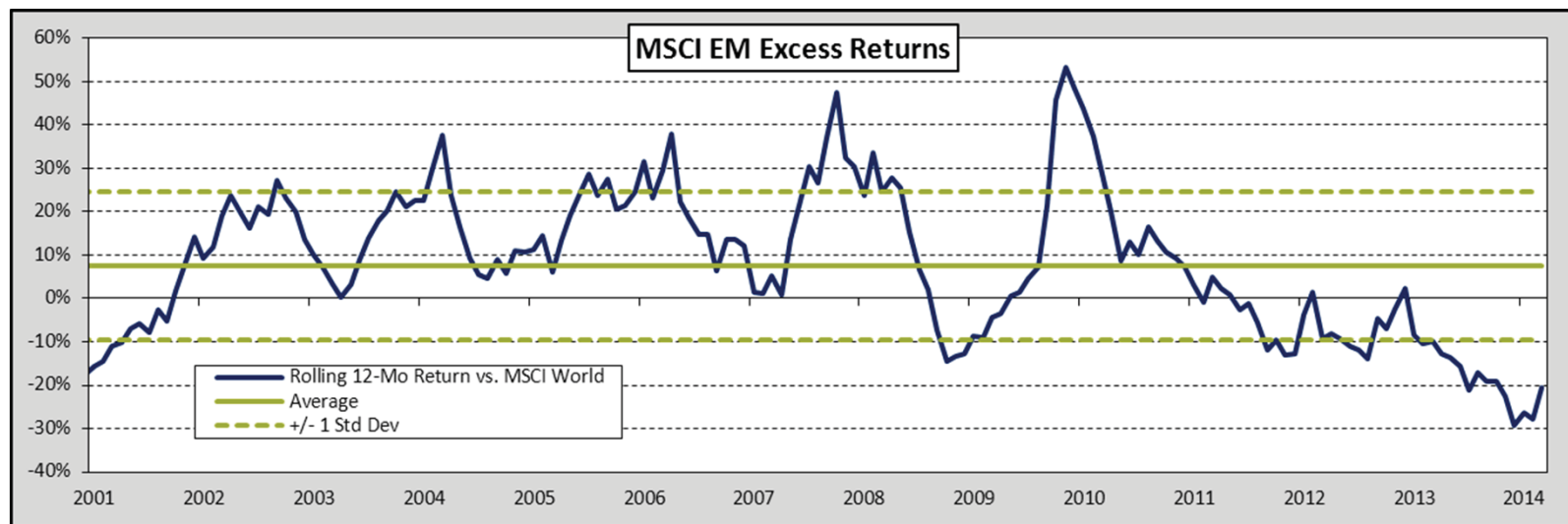
Global Equity Markets: EM Still Lagging, But Weathering Macro Concerns



Source: Bloomberg as of 3/31

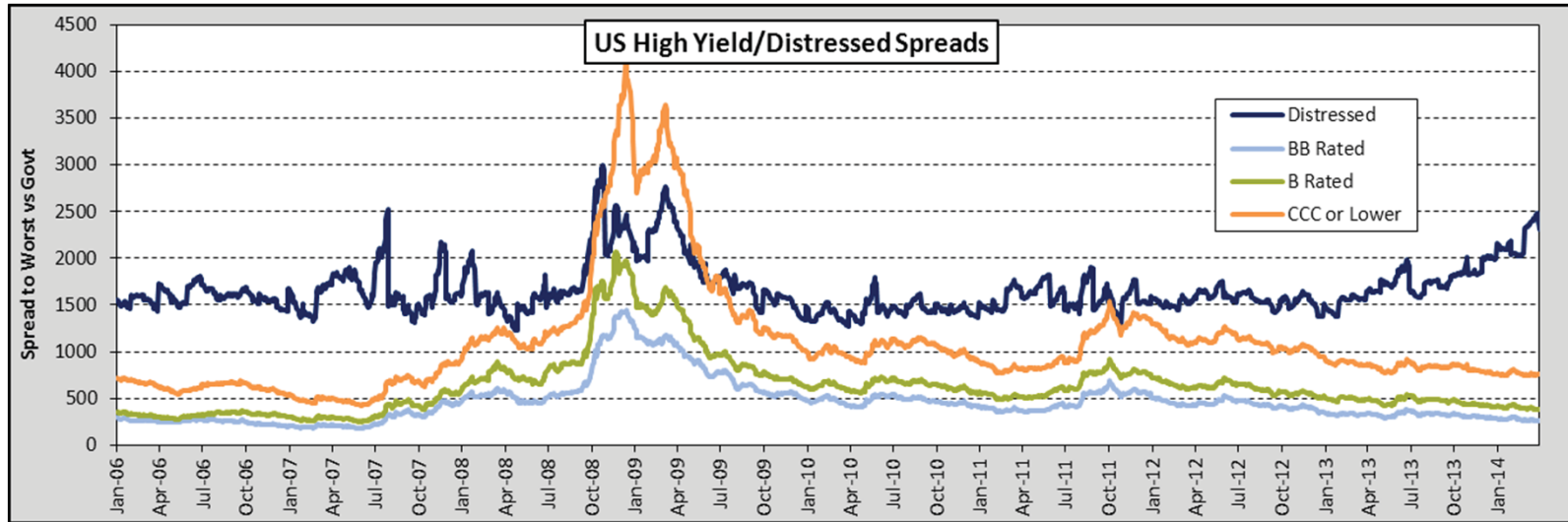


Source: Bloomberg as of 3/31

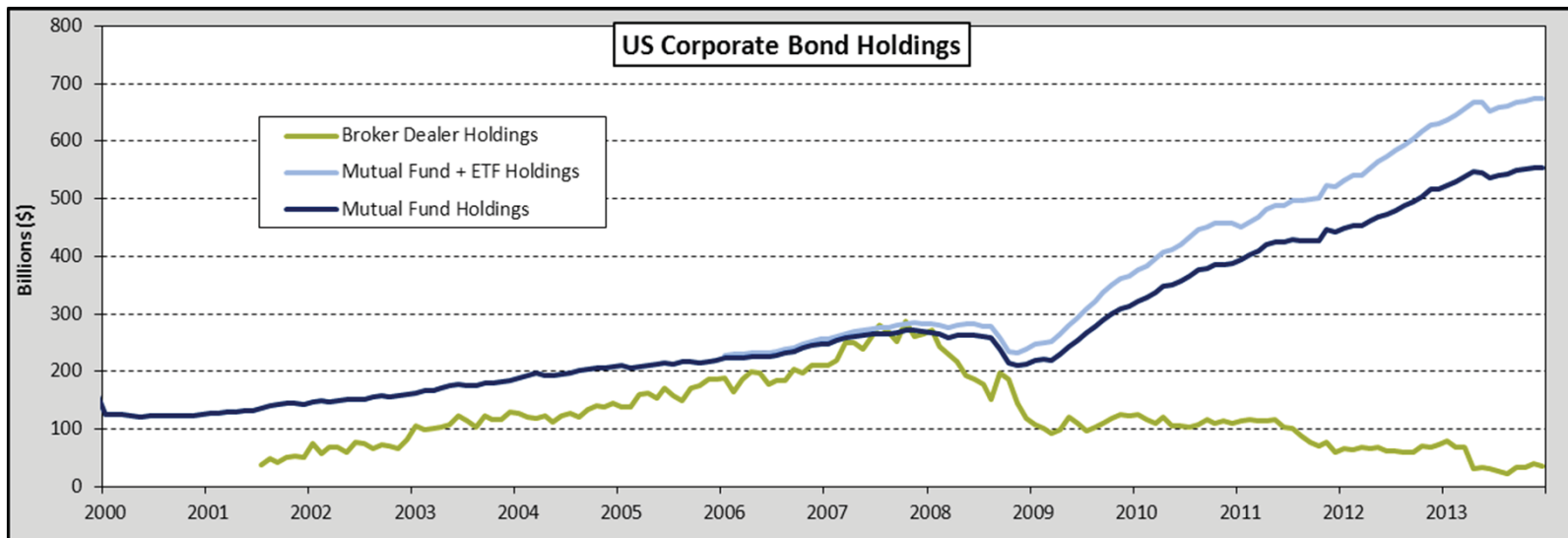


Source: Bloomberg as of 3/31

Spreads Have Tightened as Retail Investors Flocked to Yield

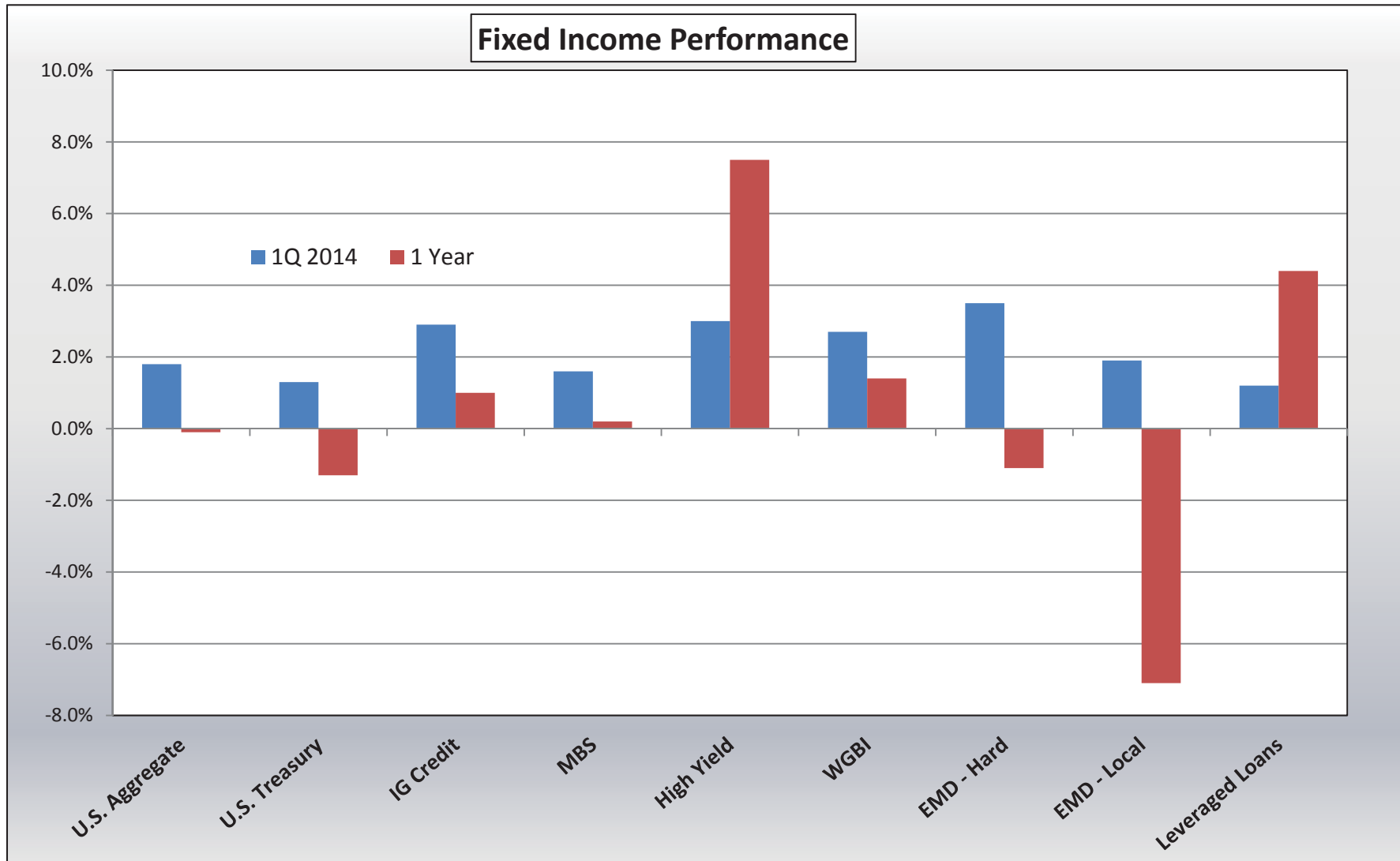


Source: Bloomberg as of 3/31



Source: Bloomberg as of 12/31

Fixed Income Performance



Source: Bloomberg, as of 3/31/2014

- **Markets have generally shown resiliency so far in 2014**
 - Withstood adjustments in balance of payment challenged EM countries
 - Limited market reaction to Russia/Ukraine issues
- **US taper has generally been accepted by markets**
 - Already reduced from \$85 billion to \$55 billion in monthly purchases
 - Rates remain low and accommodating
- **Slow and steady economic growth continues**
 - Inflation remains subdued
- **Continued low volatility may obscure underlying economic challenges**
 - European peripheral countries continue to face high unemployment
 - Many EM countries face further balance of payment adjustments
 - China faces slowing growth and potential credit issues
- **Valuations beginning to move beyond fair value**
 - While not stretched, equity P-E ratios are now above long-term averages
 - Credit spreads continue to move tighter
 - Ex: European peripheral debt
- **NEPC themes remain consistent**
 - Rebalance – remain diversified and balanced
 - Look for opportunities to be dynamic – particularly in credit
 - Allocate to emerging markets and private markets for higher returns in low return world

Returns for Key Indices Ranked in Order of Performance

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	QTD	3 year	5 Year	10 Year
RUSSELL 2000 VALUE 22.83	RUSSELL 2000 VALUE 14.03	BC AGGREGATE 10.25	MSCI EMERGING MARKETS 55.82	MSCI EMERGING MARKETS 25.55	MSCI EMERGING MARKETS 34.54	MSCI EMERGING MARKETS 32.17	MSCI EMERGING MARKETS 39.39	BC AGGREGATE 5.24	MSCI EMERGING MARKETS 78.51	RUSSELL 2000 GROWTH 29.09	BC AGGREGATE 7.84	MSCI EMERGING MARKETS 18.22	RUSSELL 2000 GROWTH 43.30	RUSSELL 1000 VALUE 3.02	RUSSELL 1000 VALUE 14.80	RUSSELL 2000 GROWTH 25.24	MSCI EMERGING MARKETS 10.11
BC AGGREGATE 11.63	BC AGGREGATE 8.44	MSCI EMERGING MARKETS -6.17	RUSSELL 2000 GROWTH 48.54	RUSSELL 2000 VALUE 22.25	MSCI EAFE 13.54	MSCI EAFE 26.34	RUSSELL 1000 GROWTH 11.81	RUSSELL 2000 VALUE -28.92	RUSSELL 1000 GROWTH 37.21	RUSSELL 2000 26.85	RUSSELL 1000 GROWTH 2.64	RUSSELL 2000 VALUE 18.05	RUSSELL 2000 38.82	RUSSELL 1000 2.05	RUSSELL 1000 14.74	RUSSELL 2000 24.32	RUSSELL 2000 GROWTH 8.87
RUSSELL 1000 VALUE 7.01	RUSSELL 2000 2.49	RUSSELL 2000 VALUE -11.43	RUSSELL 2000 47.25	MSCI EAFE 20.25	RUSSELL 1000 VALUE 7.05	RUSSELL 1000 VALUE 22.25	MSCI EAFE 11.17	RUSSELL 2000 -33.79	RUSSELL 2000 GROWTH 34.47	RUSSELL 2000 VALUE 24.5	S&P 500 2.11	RUSSELL 1000 VALUE 17.51	RUSSELL 2000 VALUE 34.52	BC AGGREGATE 1.84	S&P 500 14.65	RUSSELL 2000 VALUE 23.33	RUSSELL 2000 8.53
RUSSELL 2000 -3.02	MSCI EMERGING MARKETS -2.62	RUSSELL 1000 VALUE -15.52	RUSSELL 2000 VALUE 46.03	RUSSELL 2000 18.33	RUSSELL 1000 6.27	RUSSELL 2000 VALUE 23.48	RUSSELL 2000 GROWTH 7.06	RUSSELL 1000 VALUE -36.85	MSCI EAFE 31.78	MSCI EMERGING MARKETS 18.88	RUSSELL 1000 1.50	MSCI EAFE 17.32	RUSSELL 1000 GROWTH 33.48	S&P 500 1.81	RUSSELL 1000 GROWTH 14.62	RUSSELL 1000 VALUE 21.75	RUSSELL 2000 VALUE 8.07
RUSSELL 1000 -7.79	RUSSELL 1000 VALUE -5.59	MSCI EAFE -15.94	MSCI EAFE 38.59	RUSSELL 1000 VALUE 16.49	RUSSELL 1000 GROWTH 5.26	RUSSELL 2000 18.37	BC AGGREGATE 6.97	S&P 500 -37.0	RUSSELL 1000 28.43	RUSSELL 1000 GROWTH 16.71	RUSSELL 1000 VALUE 0.39	RUSSELL 1000 16.42	RUSSELL 1000 33.11	RUSSELL 2000 VALUE 1.78	RUSSELL 2000 GROWTH 13.61	RUSSELL 1000 21.73	RUSSELL 1000 GROWTH 7.86
S&P 500 -9.10	RUSSELL 2000 GROWTH -9.23	RUSSELL 2000 -20.48	RUSSELL 1000 VALUE 30.03	RUSSELL 2000 GROWTH 14.31	S&P 500 4.91	S&P 500 15.8	RUSSELL 1000 5.77	RUSSELL 1000 -37.6	RUSSELL 2000 27.16	RUSSELL 1000 16.10	RUSSELL 2000 GROWTH -2.91	RUSSELL 2000 16.35	RUSSELL 1000 VALUE 32.53	RUSSELL 1000 GROWTH 1.12	RUSSELL 2000 13.18	RUSSELL 1000 GROWTH 21.68	RUSSELL 1000 7.80
MSCI EAFE -14.17	S&P 500 -11.88	RUSSELL 1000 -21.65	RUSSELL 1000 29.89	RUSSELL 1000 11.40	RUSSELL 2000 VALUE 4.71	RUSSELL 1000 15.46	S&P 500 5.49	RUSSELL 1000 GROWTH -38.44	S&P 500 26.46	RUSSELL 1000 VALUE 15.51	RUSSELL 2000 -4.18	S&P 500 16.00	S&P 500 32.39	RUSSELL 2000 1.12	RUSSELL 2000 VALUE 12.73	S&P 500 21.16	RUSSELL 1000 VALUE 7.58
RUSSELL 1000 GROWTH -22.42	RUSSELL 1000 -12.45	S&P 500 -22.1	RUSSELL 1000 GROWTH 29.75	S&P 500 10.88	RUSSELL 2000 4.55	RUSSELL 2000 GROWTH 13.35	RUSSELL 1000 VALUE -0.17	RUSSELL 2000 GROWTH -38.54	RUSSELL 2000 VALUE 20.58	S&P 500 15.06	RUSSELL 2000 VALUE -5.50	RUSSELL 1000 GROWTH 15.26	MSCI EAFE 22.78	MSCI EAFE 0.66	MSCI EAFE 7.21	MSCI EAFE 16.02	S&P 500 7.42
RUSSELL 2000 GROWTH -22.43	RUSSELL 1000 GROWTH -20.42	RUSSELL 1000 GROWTH -27.89	S&P 500 28.69	RUSSELL 1000 GROWTH 6.30	RUSSELL 2000 GROWTH 4.15	RUSSELL 1000 GROWTH 9.07	RUSSELL 2000 -1.56	MSCI EAFE -43.38	RUSSELL 1000 VALUE 19.69	MSCI EAFE 7.75	MSCI EAFE -12.14	RUSSELL 2000 GROWTH 14.59	BC AGGREGATE -2.02	RUSSELL 2000 GROWTH 0.48	BC AGGREGATE 3.75	MSCI EMERGING MARKETS 14.48	MSCI EAFE 6.53
MSCI EMERGING MARKETS -30.83	MSCI EAFE -21.44	RUSSELL 2000 GROWTH -30.26	BC AGGREGATE 4.10	BC AGGREGATE 4.34	BC AGGREGATE 2.43	BC AGGREGATE 4.33	RUSSELL 2000 VALUE -9.78	MSCI EMERGING MARKETS -53.33	BC AGGREGATE 5.93	BC AGGREGATE 6.54	MSCI EMERGING MARKETS -18.42	BC AGGREGATE 4.21	MSCI EMERGING MARKETS -2.60	MSCI EMERGING MARKETS -0.43	MSCI EMERGING MARKETS -2.86	BC AGGREGATE 4.80	BC AGGREGATE 4.46

Investment Market Update: As of April 30, 2014

PERFORMANCE THROUGH 4/30/2014

Sector	Index	2008	2009	2010	2011	2012	2013	Q1	APR	2014
Treasury STRIPS	Barclays US Strips 20+ Yr	59.5%	-36.0%	10.9%	58.5%	3.0%	-21.0%	12.7%	3.5%	16.7%
REITS	Wilshire US REIT	-39.2%	28.6%	28.6%	9.2%	17.6%	1.9%	10.1%	3.6%	14.0%
Commodities	DJ UBS Commodity	-35.7%	18.9%	16.8%	-13.3%	-1.1%	-9.5%	7.0%	2.4%	9.6%
Long Govt/Credit	Barclays US Govt/Credit Long	8.4%	1.9%	10.2%	22.5%	8.8%	-8.8%	6.6%	2.2%	8.9%
Long Credit	Barclays US Long Credit	-3.9%	16.8%	10.7%	17.1%	12.7%	-6.6%	6.3%	2.3%	8.7%
Muni Bonds	Barclays Municipal	-2.5%	12.9%	2.4%	10.7%	6.8%	-2.6%	3.3%	1.2%	4.6%
Large Cap Value	Russell 1000 Value	-36.9%	19.7%	15.5%	0.4%	17.5%	32.5%	3.0%	1.0%	4.0%
EMD USD	Barclays EM USD Agg	-14.8%	34.2%	12.8%	7.0%	18.0%	-4.1%	2.8%	1.1%	4.0%
Global Bonds	Citi WGBI	10.9%	2.6%	5.2%	6.4%	1.7%	-4.0%	2.7%	1.1%	3.8%
High Yield	Barclays US Corp High Yield	-26.2%	58.2%	15.1%	5.0%	15.8%	7.4%	3.0%	0.6%	3.6%
EMD Local	JPM GBI EM Glob Div	-5.2%	22.0%	15.7%	-1.8%	16.8%	-9.0%	1.9%	0.9%	2.8%
Core Bonds	Barclays US Agg Bond	5.2%	5.9%	6.5%	7.8%	4.2%	-2.0%	1.8%	0.8%	2.7%
Diversified	Diversified*	-24.5%	24.1%	13.5%	1.3%	12.7%	17.6%	2.1%	0.5%	2.6%
Large Cap	S&P 500	-37.0%	26.5%	15.1%	2.1%	16.0%	32.4%	1.8%	0.7%	2.6%
Large Cap	Russell 1000	-37.6%	28.4%	16.1%	1.5%	16.4%	33.1%	2.1%	0.5%	2.5%
Int'l Developed	MSCI EAFE	-43.4%	31.8%	7.8%	-12.1%	17.3%	22.8%	0.7%	1.5%	2.1%
Interm Core Bonds	Barclays US Agg Interm	4.9%	6.5%	6.2%	6.0%	3.6%	-1.0%	1.2%	0.7%	1.9%
Interm Govt/Credit	Barclays US Govt/Credit Interm	5.1%	5.2%	5.9%	5.8%	3.9%	-0.9%	1.0%	0.5%	1.5%
Large Cap Growth	Russell 1000 Growth	-38.4%	37.2%	16.7%	2.6%	15.3%	33.5%	1.1%	0.0%	1.1%
Govt/Credit	Barclays Govt/Credit 1-5 Yr	5.1%	4.6%	4.1%	3.1%	2.2%	0.3%	0.4%	0.3%	0.7%
Govt/Credit	Barclays US Govt/Credit 1-3 Yr	5.0%	3.8%	2.8%	1.6%	1.3%	0.6%	0.2%	0.2%	0.4%
SMID Cap	Russell 2500	-36.8%	34.4%	26.7%	-2.5%	17.9%	36.8%	2.3%	-2.3%	-0.1%
Emerging Equities	MSCI EM	-53.3%	78.5%	18.9%	-18.4%	18.2%	-2.6%	-0.4%	0.3%	-0.1%
Small Cap Value	Russell 2000 Value	-28.9%	20.6%	24.5%	-5.5%	18.1%	34.5%	1.8%	-2.6%	-0.8%
Small Cap	Russell 2000	-33.8%	27.2%	26.9%	-4.2%	16.4%	38.8%	1.1%	-3.9%	-2.8%
Small Cap Growth	Russell 2000 Growth	-38.5%	34.5%	29.1%	-2.9%	14.6%	43.3%	0.5%	-5.1%	-4.7%

* 35% LC, 10% SC, 12% Intl Equity, 3% Emerging Equity, 25% Core Bonds, 5% HY, 5% Global Bonds, 5% REITS

Source: Morningstar Direct

State Municipal Employees' Retirement System



Vermont Municipal Employees

Total Fund Performance Summary

	Market Value	3 Mo	Rank	Fiscal YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Municipal Composite	\$501,676,293	2.6%	2	10.2%	86	7.6%	93	7.7%	77	15.2%	20
<i>Policy Index</i>		1.9%	26	9.8%	89	8.2%	92	6.6%	94	12.0%	77
<i>Allocation Index</i>		1.8%	29	9.8%	89	8.4%	91	6.5%	94	12.6%	71
<i>InvestorForce Public DB Gross Median</i>		1.6%		11.9%		11.8%		8.6%		13.7%	

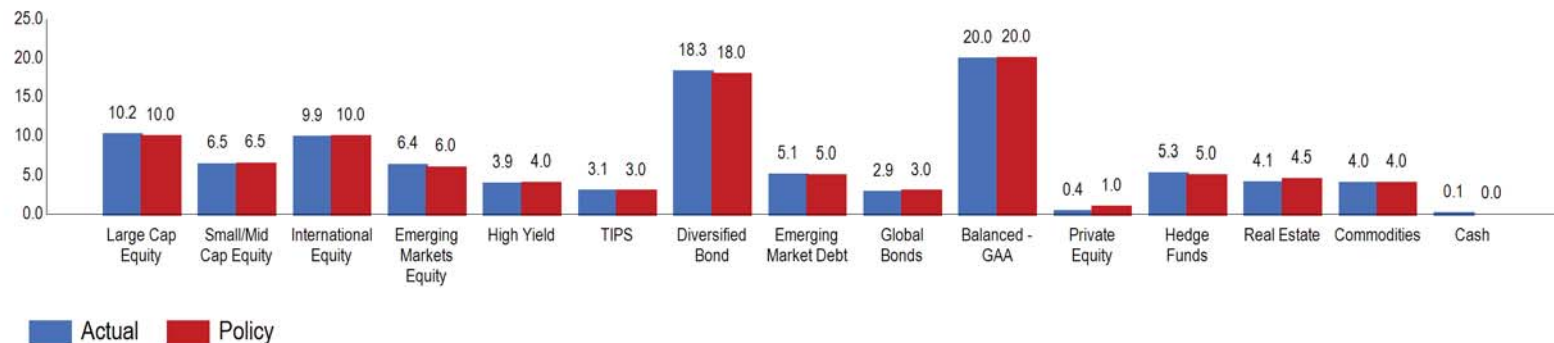
3 Years Ending March 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Municipal Composite	7.71%	77	7.48%	37	1.02	66	1.51	55
Policy Index	6.57%	94	7.19%	31	0.91	86	1.30	81
Allocation Index	6.54%	94	7.15%	29	0.91	86	1.30	81

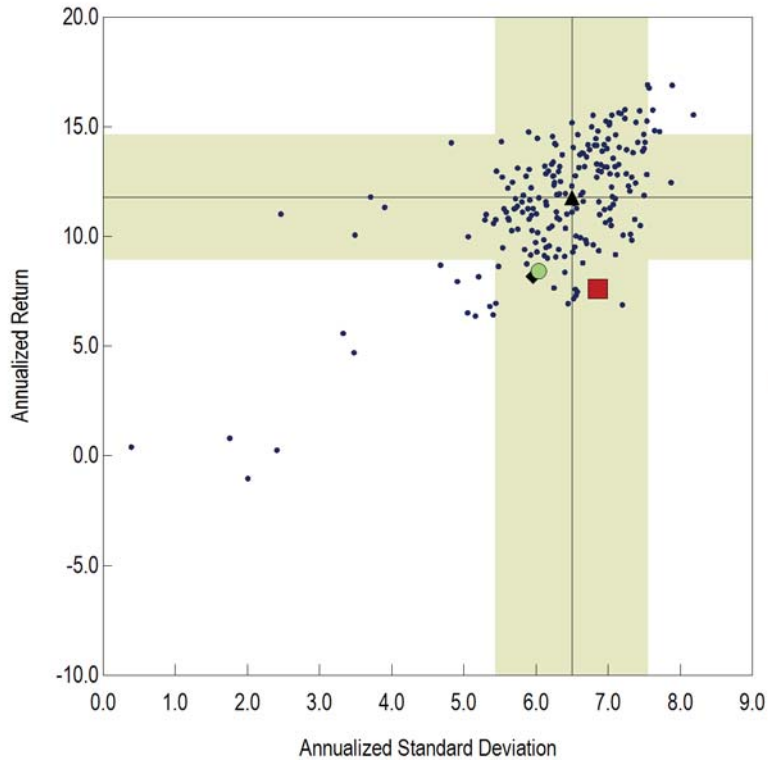
5 Years Ending March 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Municipal Composite	15.16%	20	9.12%	60	1.65	27	2.98	13
Policy Index	12.03%	77	8.23%	41	1.45	83	2.47	57
Allocation Index	12.59%	71	8.49%	46	1.47	81	2.54	54

Actual vs Target Allocation (%)



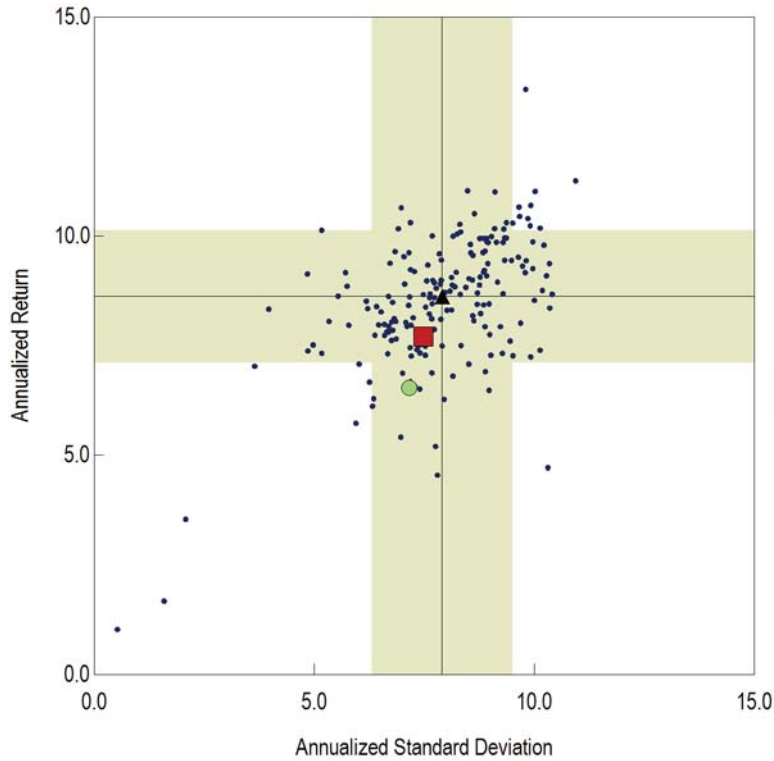
1 Years Ending March 31, 2014



1 Year Ending March 31, 2014

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Municipal Composite	7.62%	93	6.86%	68	1.11	97
Policy Index	8.18%	92	5.96%	27	1.37	90
S&P 500	21.86%	1	9.96%	99	2.19	11
60% MSCI ACWI (Net)/40% CITI WGBI	10.36%	73	7.75%	99	1.33	92
Citi WGBI	1.37%	99	5.31%	9	0.25	99
MSCI ACWI	16.55%	2	10.96%	99	1.51	81
MSCI ACWI ex USA	12.31%	44	12.98%	99	0.95	99
InvestorForce Public DB Gross Median	11.78%	--	6.50%	--	1.88	--

3 Years Ending March 31, 2014



- Municipal Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross

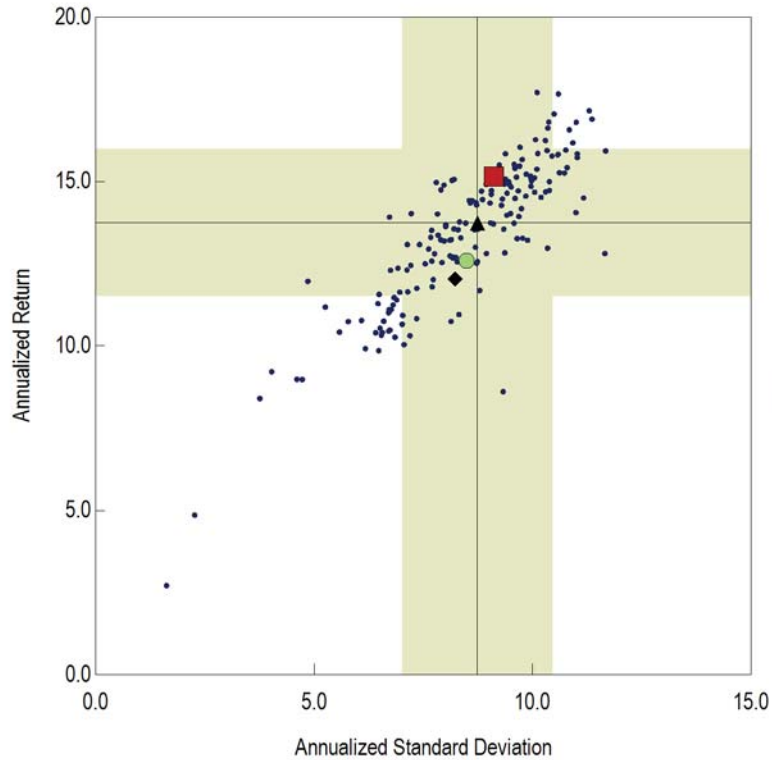
3 Years Ending March 31, 2014

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Municipal Composite	7.71%	77	7.48%	37	1.02	66
Policy Index	6.57%	94	7.19%	31	0.91	86
S&P 500	14.66%	1	12.47%	99	1.17	28
60% MSCI ACWI (Net)/40% CITI WGBI	6.10%	96	9.38%	85	0.65	99
Citi WGBI	1.91%	99	4.77%	3	0.39	99
MSCI ACWI	8.55%	53	14.54%	99	0.58	99
MSCI ACWI ex USA	4.15%	99	16.88%	99	0.24	99
InvestorForce Public DB Gross Median	8.63%	--	7.91%	--	1.09	--

Vermont Municipal Employees

Total Fund Risk/Return

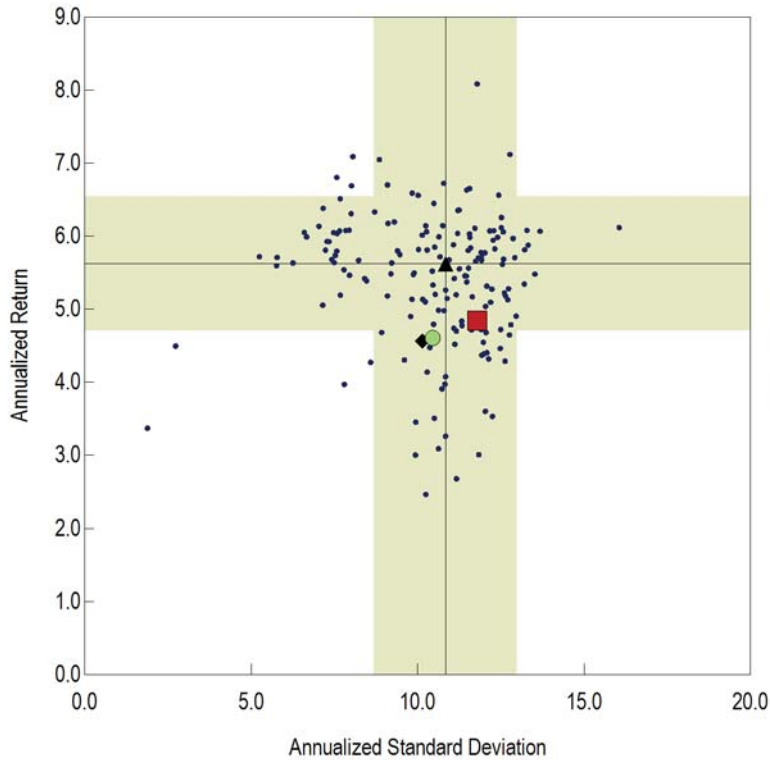
5 Years Ending March 31, 2014



5 Years Ending March 31, 2014

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Municipal Composite	15.16%	20	9.12%	60	1.65	27
Policy Index	12.03%	77	8.23%	41	1.45	83
S&P 500	21.16%	1	13.99%	99	1.51	72
60% MSCI ACWI (Net)/40% CITI WGBI	12.33%	75	10.79%	94	1.14	99
Citi WGBI	3.84%	99	6.01%	6	0.63	99
MSCI ACWI	17.80%	1	16.22%	99	1.09	99
MSCI ACWI ex USA	15.52%	14	18.68%	99	0.83	99
InvestorForce Public DB Gross Median	13.74%	--	8.74%	--	1.59	--

7 Years Ending March 31, 2014

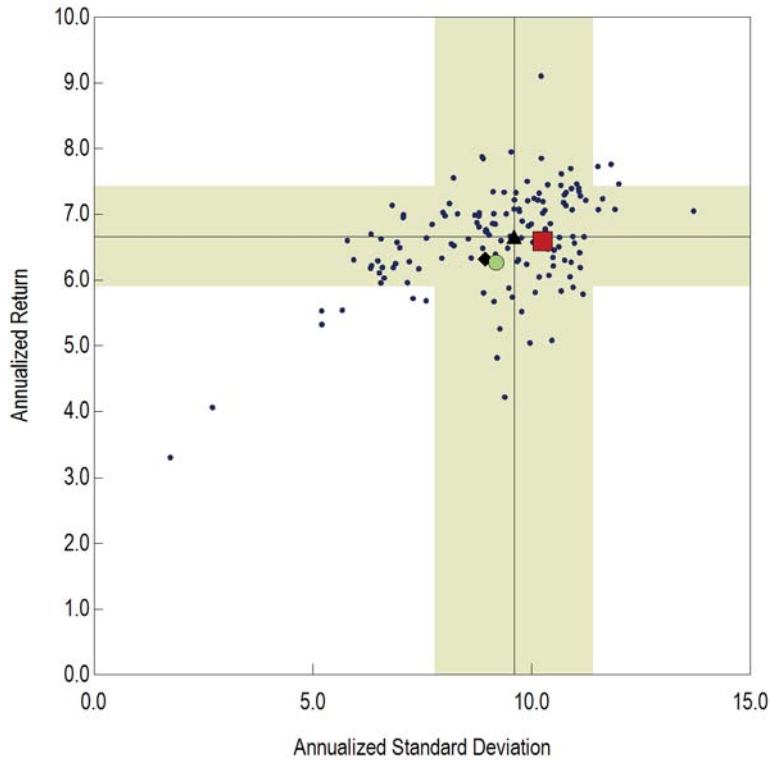


- Municipal Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross

7 Years Ending March 31, 2014

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Municipal Composite	4.84%	76	11.78%	70	0.35	82
Policy Index	4.57%	84	10.14%	35	0.38	73
S&P 500	6.31%	12	17.02%	99	0.33	86
60% MSCI ACWI (Net)/40% CITI WGBI	4.52%	85	12.58%	90	0.30	92
Citi WGBI	4.90%	76	7.15%	7	0.59	23
MSCI ACWI	3.54%	95	19.12%	99	0.15	99
MSCI ACWI ex USA	1.70%	99	21.51%	99	0.05	99
InvestorForce Public DB Gross Median	5.62%	--	10.83%	--	0.43	--

10 Years Ending March 31, 2014

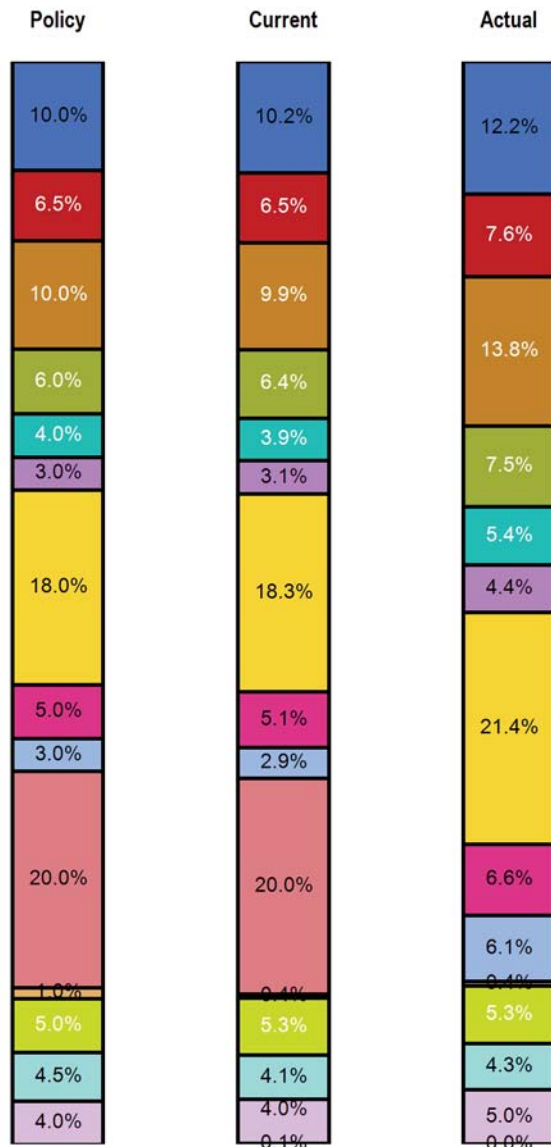


10 Years Ending March 31, 2014

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Municipal Composite	6.59%	57	10.25%	69	0.49	75
Policy Index	6.32%	69	8.94%	34	0.54	59
S&P 500	7.42%	11	14.71%	99	0.40	97
60% MSCI ACWI (Net)/40% CITI WGBI	6.21%	78	11.05%	90	0.42	92
Citi WGBI	4.23%	99	6.83%	12	0.39	97
MSCI ACWI	6.97%	37	16.63%	99	0.33	99
MSCI ACWI ex USA	7.12%	25	18.94%	99	0.29	99
InvestorForce Public DB Gross Median	6.66%	--	9.60%	--	0.56	--

Vermont Municipal Employees

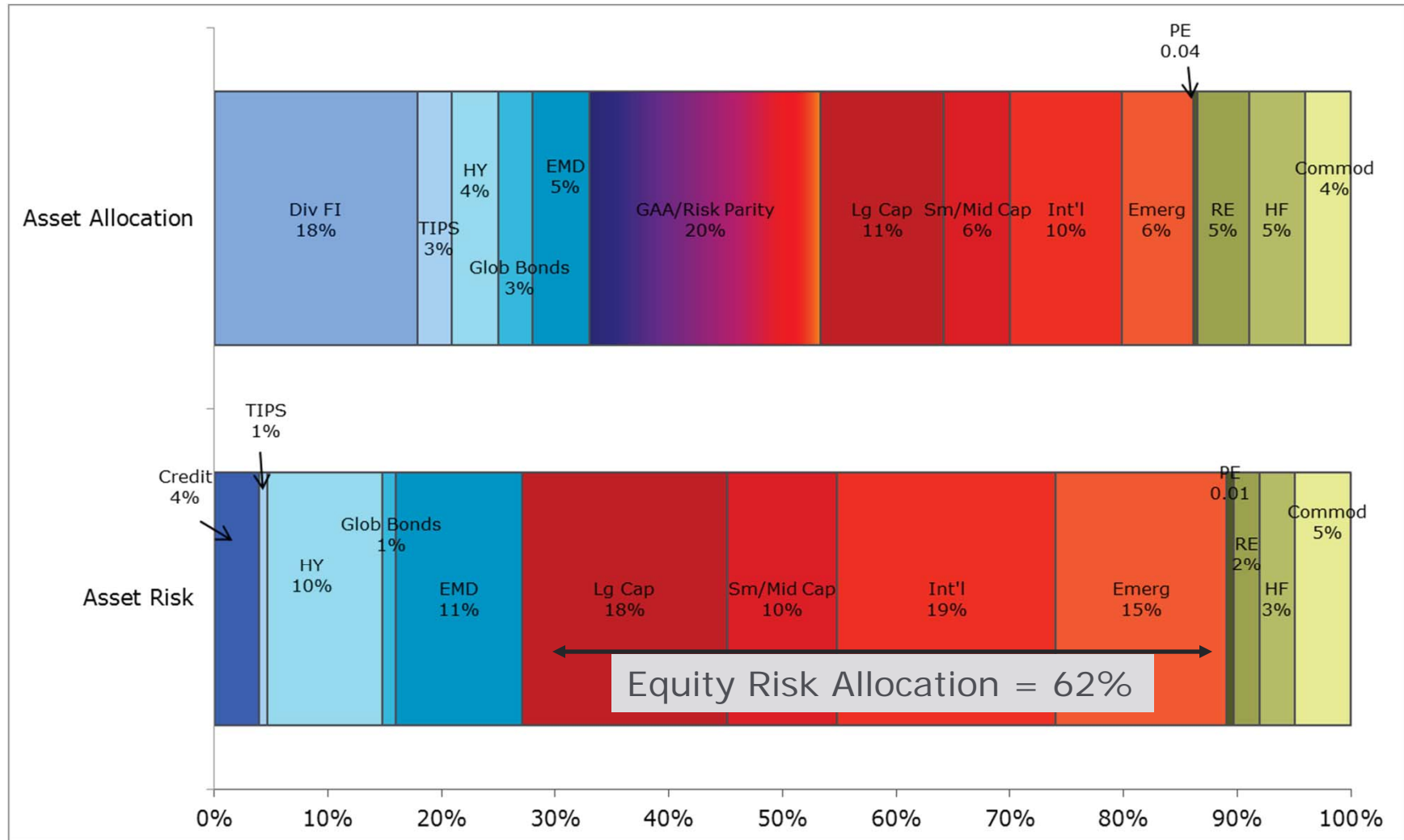
Total Fund Asset Allocation vs. Policy Targets



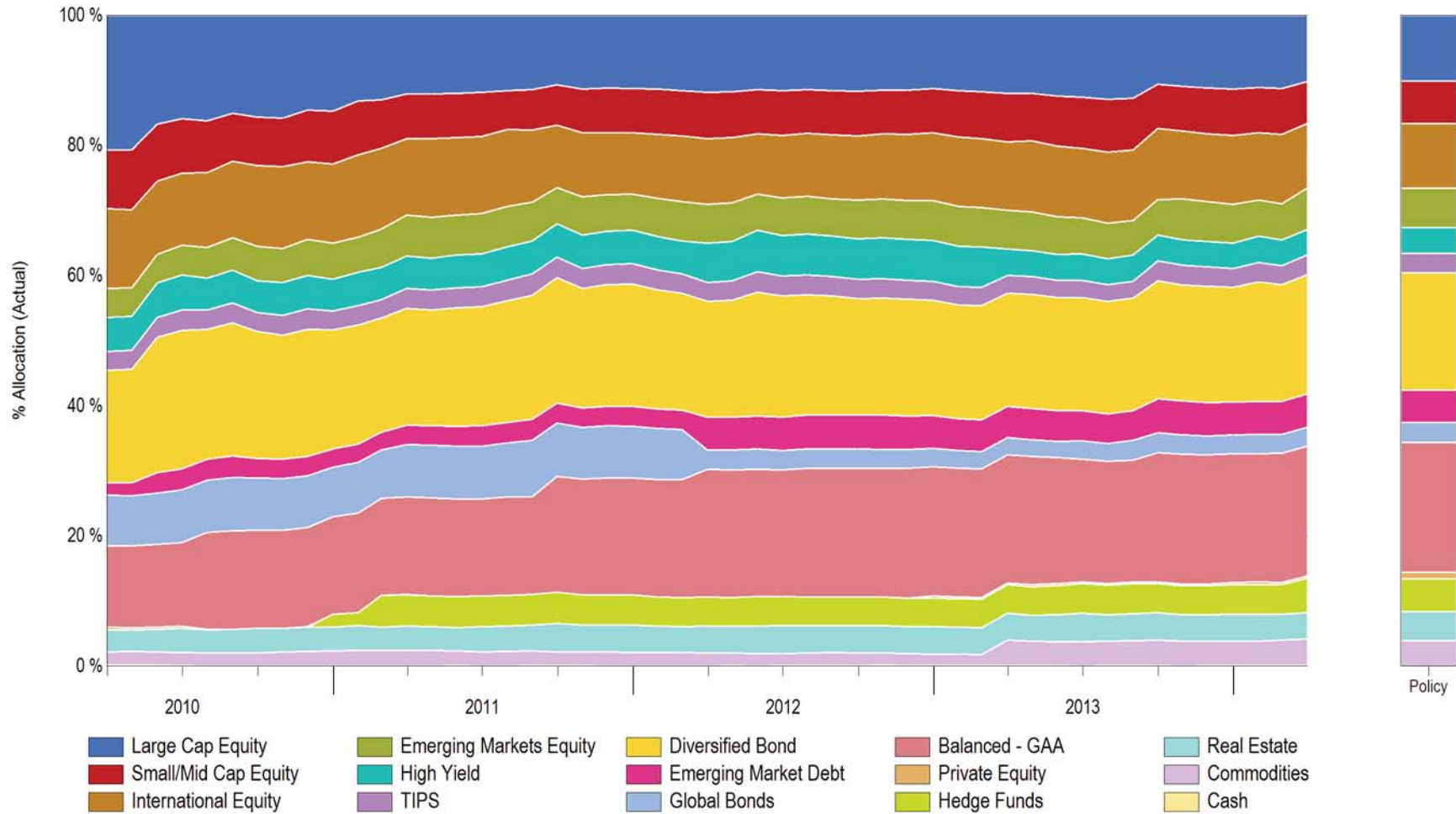
Asset Allocation vs. Target

	Current	Policy	Current	Difference*
Large Cap Equity	\$51,121,011	10.0%	10.2%	0.2%
Small/Mid Cap Equity	\$32,404,482	6.5%	6.5%	0.0%
International Equity	\$49,552,415	10.0%	9.9%	-0.1%
Emerging Markets Equity	\$31,901,055	6.0%	6.4%	0.4%
High Yield	\$19,756,278	4.0%	3.9%	-0.1%
TIPS	\$15,444,223	3.0%	3.1%	0.1%
Diversified Bond	\$91,744,748	18.0%	18.3%	0.3%
Emerging Market Debt	\$25,648,372	5.0%	5.1%	0.1%
Global Bonds	\$14,358,492	3.0%	2.9%	-0.1%
Balanced - GAA	\$100,098,104	20.0%	20.0%	0.0%
Private Equity	\$1,846,259	1.0%	0.4%	-0.6%
Hedge Funds	\$26,366,786	5.0%	5.3%	0.3%
Real Estate	\$20,561,006	4.5%	4.1%	-0.4%
Commodities	\$20,259,928	4.0%	4.0%	0.0%
Cash	\$613,133	--	0.1%	0.1%
Total	\$501,676,293	100.0%	100.0%	

*Difference between Policy and Current Allocation



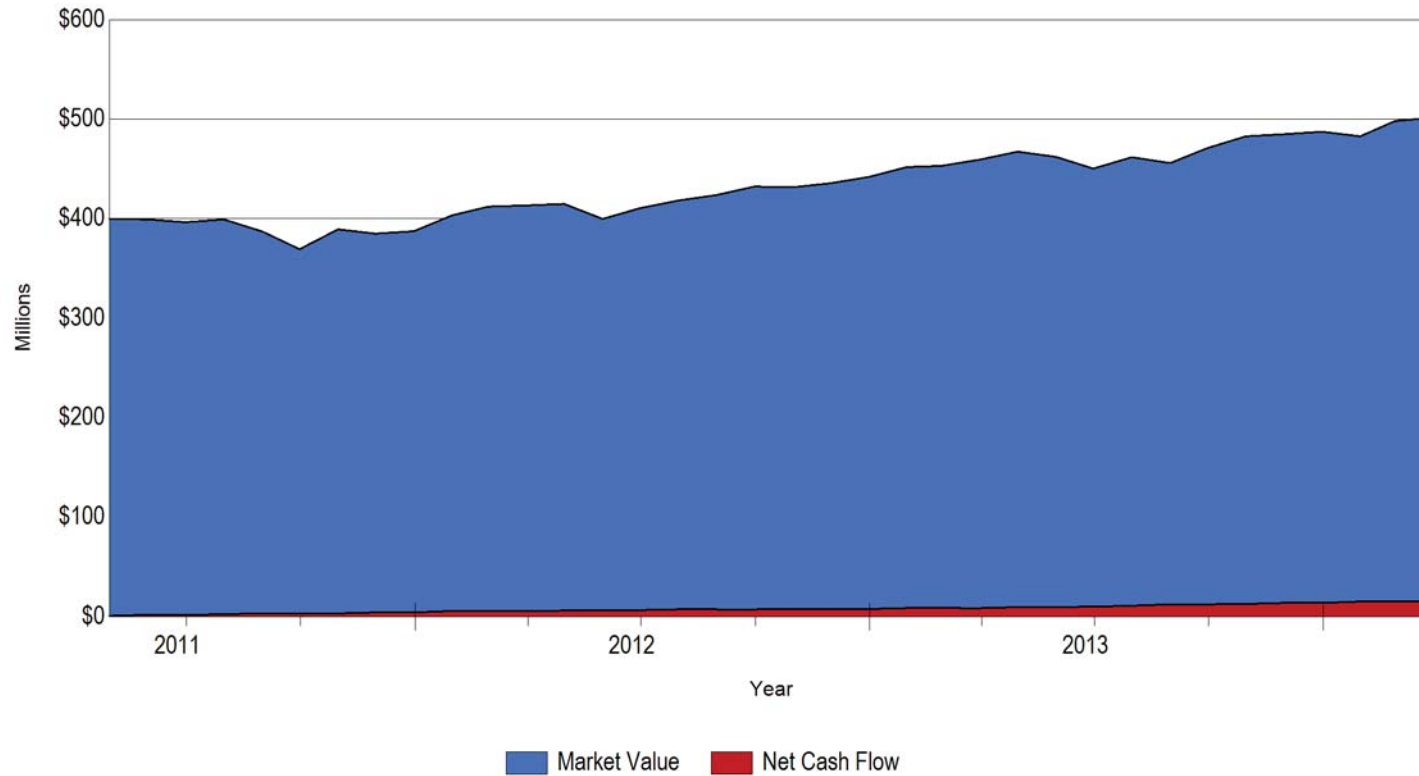
Asset Allocation History



Vermont Municipal Employees

Total Fund Asset Growth Summary

3 Years Ending March 31, 2014



	Last Three Months	Year-To-Date	Fiscal Year-To-Date	One Year	Three Years
Beginning Market Value	\$487,442,451	\$487,442,451	\$450,402,096	\$459,479,296	\$387,970,764
- Withdrawals	-\$12,271,880	-\$12,271,880	-\$49,553,504	-\$50,048,440	-\$191,206,289
+ Contributions	\$13,646,030	\$13,646,030	\$54,666,711	\$56,684,620	\$206,349,063
= Net Cash Flow	\$1,374,150	\$1,374,150	\$5,113,206	\$6,636,180	\$15,142,775
+ Net Investment Change	\$12,859,692	\$12,859,692	\$46,160,990	\$35,560,816	\$98,562,754
= Ending Market Value	\$501,676,293	\$501,676,293	\$501,676,293	\$501,676,293	\$501,676,293



Vermont Municipal Employees

Total Fund Asset Growth Summary by Manager

	Beginning Market Value	Withdrawals	Quarter Ending March 31, 2014			Ending Market Value
			Contributions	Net Cash Flow	Net Investment Change	
Aberdeen	\$28,949,186	\$0	\$2,500,000	\$2,500,000	\$451,869	\$31,901,055
Acadian	\$22,111,464	-\$2,500,000	\$0	-\$2,500,000	\$999,143	\$20,610,607
Allianz Structured Alpha	\$12,149,422	\$0	\$0	\$0	\$492,924	\$12,642,346
AQR Global Risk Premium	\$38,020,470	\$0	\$0	\$0	\$2,145,884	\$40,166,354
BlackRock TIPS	\$14,173,758	\$0	\$1,000,000	\$1,000,000	\$270,464	\$15,444,223
Champlain	\$11,774,221	-\$1,500,000	\$0	-\$1,500,000	-\$91,374	\$10,182,847
GAM	\$4,407,498	\$0	\$1,000,000	\$1,000,000	\$10,991	\$5,418,489
Grosvenor	\$8,802,543	\$0	\$1,500,000	\$1,500,000	\$135,846	\$10,438,389
Guggenheim	\$14,472,979	\$0	\$0	\$0	\$540,126	\$15,013,104
Harbourvest Dover VIII Fund	\$792,774	-\$29,950	\$0	-\$29,950	\$0	\$762,824
Harbourvest Partners IX Buyout Fund	\$532,125	\$0	\$0	\$0	\$0	\$532,125
Harbourvest Partners IX Credit Opportunities	\$98,682	\$0	\$0	\$0	\$0	\$98,682
Harbourvest Partners IX Venture Fund	\$452,628	\$0	\$0	\$0	\$0	\$452,628
KDP	\$4,625,644	-\$7,524	\$0	-\$7,524	\$125,054	\$4,743,173
Liquidating Post Advisory	\$96,840	\$0	\$0	\$0	-\$96,840	\$0
Mellon Global Expanded Alpha	\$9,580,049	\$0	\$500,000	\$500,000	-\$441,224	\$9,638,826
Mondrian	\$21,914,517	-\$2,000,000	\$0	-\$2,000,000	\$1,596,543	\$21,511,060
Mondrian GFI	\$14,086,987	\$0	\$0	\$0	\$271,505	\$14,358,492
Morgan Stanley Prime Property	\$9,181,099	-\$25,077	\$0	-\$25,077	\$246,669	\$9,402,691
Permal	\$8,854,440	\$0	\$1,500,000	\$1,500,000	\$155,469	\$10,509,909
PIMCO All Asset	\$29,263,349	-\$66,036	\$500,000	\$433,964	\$788,964	\$30,486,277
PIMCO Core Plus	\$30,415,002	\$0	\$1,500,000	\$1,500,000	\$535,106	\$32,450,108
PIMCO Unconstrained	\$31,137,438	\$0	\$2,500,000	\$2,500,000	\$314,496	\$33,951,934
RREEF America REIT III	\$2,809,863	-\$94,398	\$0	-\$94,398	\$106,465	\$2,821,930
Schroder	\$18,191,883	\$0	\$1,000,000	\$1,000,000	\$1,068,046	\$20,259,928

Vermont Municipal Employees

Total Fund Asset Growth Summary by Manager

	Quarter Ending March 31, 2014					
	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	Ending Market Value
SSgA ACWI Ex US	\$7,389,131	\$0	\$0	\$0	\$41,617	\$7,430,748
SSgA Russell 2000 Growth	\$7,995,068	\$0	\$0	\$0	\$26,210	\$8,021,278
SSgA S&P 400	\$3,535,422	\$0	\$0	\$0	\$107,688	\$3,643,110
SSgA S&P 500 Cap-Wgt	\$24,975,743	-\$1,500,000	\$0	-\$1,500,000	\$449,675	\$23,925,417
SSgA S&P 500 Equal-Wgt	\$14,408,435	-\$1,500,000	\$0	-\$1,500,000	\$431,140	\$13,339,575
T. Rowe	\$15,934,458	-\$2,000,000	\$0	-\$2,000,000	-\$78,439	\$13,856,019
Transwestern / Aslan III	\$106,110	-\$282	\$0	-\$282	\$114	\$105,942
UBS Trumbull	\$8,039,513	-\$21,542	\$21,542	\$0	\$190,929	\$8,230,442
Vermont Cash	\$515,716	-\$27,071	\$124,488	\$97,417	\$0	\$613,133
Wellington	\$11,374,234	-\$1,000,000	\$0	-\$1,000,000	\$183,013	\$10,557,247
Wellington DAS	\$12,186,562	\$0	\$0	\$0	\$513,797	\$12,700,360
Wellington OIF	\$19,344,002	\$0	\$0	\$0	\$462,645	\$19,806,647
Wellington Opportunistic EMD	\$24,743,194	\$0	\$0	\$0	\$905,179	\$25,648,372
Total	\$487,442,451	-\$12,271,880	\$13,646,030	\$1,374,150	\$12,859,692	\$501,676,293

Vermont Municipal Employees

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
Municipal Composite	501,676,293	100.0	100.0	2.6	2	10.2	86	7.6	93	7.7	77	15.2	20
Policy Index				1.9	26	9.8	89	8.2	92	6.6	94	12.0	77
Allocation Index				1.8	29	9.8	89	8.4	91	6.5	94	12.6	71
InvestorForce Public DB Gross Median				1.6		11.9		11.8		8.6		13.7	
Large Cap Comp	51,121,011	10.2	10.0	2.0	50	19.2	58	22.9	54	14.9	45	24.0	9
S&P 500				1.8	56	18.4	66	21.9	66	14.7	48	21.2	47
eA US Large Cap Equity Gross Median				2.0		19.8		23.3		14.5		21.0	
T. Rowe	13,856,019	2.8	3.0	1.5	65	19.1	59	22.8	55	15.1	41	21.4	42
SSgA S&P 500 Cap-Wgt	23,925,417	4.8	4.0	1.8	56	18.4	66	21.9	66	14.7	48	--	--
S&P 500				1.8	56	18.4	66	21.9	66	14.7	48	21.2	47
SSgA S&P 500 Equal-Wgt	13,339,575	2.7	3.0	3.0	21	20.7	38	24.8	36	15.4	36	26.7	2
S&P 500 Equal Weighted				3.0	22	20.7	40	24.6	37	15.4	35	26.6	2
Small/Mid Cap Comp	32,404,482	6.5	6.5	1.4	61	21.0	61	24.0	60	14.8	37	25.8	47
Russell 2000				1.1	62	21.2	60	24.9	51	13.2	61	24.3	65
eA US Small-Mid Cap Equity Gross Median				1.9		22.0		25.0		13.9		25.6	
SSgA S&P 400	3,643,110	0.7	0.5	3.0	35	20.1	68	21.4	78	--	--	--	--
S&P 400 MidCap				3.0	35	20.0	69	21.2	79	13.4	61	24.9	43
eA US Mid Cap Equity Gross Median				2.4		21.9		24.5		13.8		24.4	
Champlain	10,182,847	2.0	2.0	1.4	69	20.8	62	23.1	61	14.9	36	--	--
Russell 2500				2.3	52	21.3	58	24.0	54	13.9	50	25.3	34
eA US Mid Cap Equity Gross Median				2.4		21.9		24.5		13.8		24.4	
Wellington	10,557,247	2.1	2.0	1.5	66	19.6	77	22.1	80	15.5	35	26.5	45
Russell 2000 Value				1.8	56	19.7	75	22.6	75	12.7	74	23.3	81
eA US Small Cap Value Equity Gross Median				2.0		21.9		25.2		14.3		26.1	
SSgA Russell 2000 Growth	8,021,278	1.6	2.0	0.4	54	22.5	62	27.1	71	13.6	69	25.2	69
Russell 2000 Growth				0.5	54	22.6	60	27.2	71	13.6	69	25.2	69
eA US Small Cap Growth Equity Gross Median				0.7		23.8		29.5		15.0		26.7	

Fiscal Year End if 6/30

Vermont Municipal Employees

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
Int'l Equity Comp	49,552,415	9.9	10.0	3.6	15	22.0	34	21.4	39	8.5	58	16.5	74
MSCI EAFE				0.7	59	18.7	61	17.6	66	7.2	74	16.0	80
eA All EAFE Equity Gross Median				1.1		19.9		19.9		9.0		18.1	
Acadian	20,610,607	4.1	4.0	4.6	7	24.9	17	23.5	26	9.4	45	18.2	49
Mondrian	21,511,060	4.3	4.0	3.7	14	21.3	39	23.1	29	9.3	47	15.8	82
MSCI EAFE				0.7	59	18.7	61	17.6	66	7.2	74	16.0	80
SSgA ACWI Ex US	7,430,748	1.5	2.0	0.6	51	16.1	71	12.6	75	4.4	88	--	--
MSCI ACWI ex USA				0.5	52	15.9	72	12.3	79	4.1	89	15.5	84
eA ACWI ex-US All Cap Equity Gross Median				0.6		17.4		15.2		7.5		18.2	
Emerging Market Comp	31,901,055	6.4	6.0	1.5	13	3.4	90	-4.9	90	--	--	--	--
Aberdeen	31,901,055	6.4	6.0	1.5	13	3.4	90	-4.9	90	2.7	17	21.2	8
MSCI Emerging Markets				-0.4	47	7.2	60	-1.4	64	-2.9	79	14.5	79
eA Emg Mkts Equity Gross Median				-0.6		8.0		-0.4		-0.8		16.8	
US Fixed Income	126,945,249	25.3	--	2.2	35	2.8	50	--	--	--	--	--	--
Barclays Aggregate				1.8	51	2.3	62	-0.1	83	3.7	63	4.8	66
eA All US Fixed Inc Gross Median				1.8		2.8		0.7		4.4		5.9	
Diversified Fixed	91,744,748	18.3	18.0	2.1	38	2.0	71	-0.9	93	4.6	46	8.8	30
Barclays Aggregate				1.8	51	2.3	62	-0.1	83	3.7	63	4.8	66
eA All US Fixed Inc Gross Median				1.8		2.8		0.7		4.4		5.9	
Allianz Structured Alpha	12,642,346	2.5	2.0	4.1	2	3.7	11	0.1	67	5.5	8	10.1	2
Citigroup 10 Year Treasury				3.4	3	0.2	99	-4.4	99	5.3	13	3.1	99
PIMCO Core Plus	32,450,108	6.5	6.5	1.7	77	1.7	95	-1.4	99	4.3	55	--	--
Barclays Aggregate				1.8	67	2.3	75	-0.1	75	3.7	85	4.8	85
PIMCO Unconstrained	33,951,934	6.8	6.5	1.0	98	0.8	99	-1.1	98	--	--	--	--
25% HY, 25% EMD, 50% BC Agg				2.5	7	4.7	2	1.6	8	6.0	5	9.8	2
3-Month Libor Total Return USD				0.1	99	0.2	99	0.3	59	0.3	99	0.4	99
Wellington DAS	12,700,360	2.5	3.0	4.2	1	4.1	8	-0.5	90	8.3	1	8.2	9
Wellington Custom Benchmark				6.5	1	1.4	98	-3.8	99	6.8	2	6.7	33

Vermont Municipal Employees

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
High Yield Comp	19,756,278	3.9	4.0	2.9	62	8.4	63	7.5	52	8.9	49	14.8	77
Barclays High Yield				3.0	52	9.1	44	7.5	51	9.0	46	18.2	27
eA US High Yield Fixed Inc Gross Median				3.0		8.9		7.6		8.9		16.7	
KDP	4,743,173	0.9	1.0	2.5	80	7.3	86	5.8	88	8.0	82	--	--
Barclays High Yield				3.0	52	9.1	44	7.5	51	9.0	46	18.2	27
BofA Merrill Lynch US High Yield BB-B Rated				3.0	52	8.6	60	6.9	67	8.5	67	15.8	63
Guggenheim	15,013,104	3.0	3.0	3.0	52	--	--	--	--	--	--	--	--
eA US High Yield Fixed Inc Gross Median				3.0		8.9		7.6		8.9		16.7	
TIPS	15,444,223	3.1	3.0										
BlackRock TIPS	15,444,223	3.1	3.0	1.9	--	0.6	--	-6.6	--	3.5	--	--	--
Barclays US TIPS				1.9	--	0.6	--	-6.5	--	3.5	--	4.9	--
Global Fixed Income Comp	14,358,492	2.9	3.0	2.0	76	3.4	83	-0.4	87	1.6	94	7.2	59
Citi WGBI				2.7	50	4.5	66	1.4	66	1.9	93	3.8	98
eA All Global Fixed Inc Gross Median				2.7		5.6		2.5		4.9		7.6	
Mondrian GFI	14,358,492	2.9	3.0	2.0	76	3.4	83	-0.4	87	0.9	99	5.0	89
Citi WGBI				2.7	50	4.5	66	1.4	66	1.9	93	3.8	98
Emerging Market Debt	25,648,372	5.1	5.0										
Wellington Opportunistic EMD	25,648,372	5.1	5.0	3.7	16	5.5	33	-0.9	43	7.9	11	--	--
JP Morgan EMBI Global TR				3.5	19	5.3	37	-1.1	45	7.2	28	11.5	71
eA All Emg Mkts Fixed Inc Gross Median				2.7		4.7		-2.0		6.0		12.8	
Total Real Estate	20,561,006	4.1	4.5										
Morgan Stanley Prime Property	9,402,691	1.9	2.0	2.9	--	11.2	--	17.6	--	15.2	--	7.3	--
UBS Trumbull	8,230,442	1.6	2.0	2.5	--	7.8	--	11.4	--	10.9	--	7.4	--
RREEF America REIT III	2,821,930	0.6	0.5	3.9	--	12.0	--	17.9	--	29.6	--	5.8	--
Transwestern / Aslan III	105,942	0.0	0.0	0.3	--	4.7	--	11.4	--	14.9	--	-9.7	--
NCREIF Property Index				2.7	--	8.1	--	11.2	--	11.7	--	7.9	--
NCREIF ODCE				2.5	--	9.5	--	13.7	--	13.0	--	7.3	--

Vermont Municipal Employees

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
Hedge Fund Comp	26,366,786	5.3	5.0	1.4	35	8.4	29	10.4	22	6.0	28	--	--
<i>eA HFN FOF - Multi-Strategy Net Median</i>				0.9		7.2		7.8		3.9		6.8	
Grosvenor	10,438,389	2.1	2.0	1.6	31	9.6	20	11.7	15	6.3	26	--	--
GAM	5,418,489	1.1	1.0	0.4	70	5.9	64	9.5	30	5.8	31	--	--
Permal	10,509,909	2.1	2.0	1.8	26	8.6	28	9.6	30	5.8	31	--	--
<i>HFRI Fund of Funds Composite Index</i>				0.5	66	5.9	64	5.9	68	2.3	71	4.9	74
GAA Comp	100,098,104	20.0	20.0	3.0	12	9.7	51	3.2	65	6.2	39	14.6	19
<i>eA Global TAA Gross Median</i>				1.8		9.8		5.4		5.5		11.3	
Mellon Global Expanded Alpha	9,638,826	1.9	2.5	-4.6	99	4.4	85	2.4	66	5.2	56	14.3	20
<i>Mellon GA GEA Index</i>				2.0	34	10.5	44	8.3	36	6.7	36	11.5	48
AQR Global Risk Premium	40,166,354	8.0	8.0	5.7	7	10.0	48	-1.0	87	7.6	26	--	--
<i>60% MSCI World / 40% CITI WGBI</i>				1.9	39	12.9	21	12.2	18	7.4	27	13.0	35
PIMCO All Asset	30,486,277	6.1	5.0	2.5	18	7.4	61	3.1	65	6.6	36	12.8	37
<i>PIMCO All Asset Index</i>				1.9	43	4.3	86	1.1	76	5.2	55	8.1	77
<i>CPI + 5% (Seasonally Adjusted)</i>				1.7	63	5.0	84	6.6	40	6.9	33	7.2	84
Wellington OIF	19,806,647	3.9	4.5	2.4	26	15.4	5	12.5	17	3.6	68	13.6	24
<i>65% MSCI ACWI (Net) / 35% BC Agg</i>				1.4	71	11.8	30	10.6	23	7.1	30	13.4	26
Commodities	20,259,928	4.0	4.0										
Schroder	20,259,928	4.0	4.0	5.9	--	7.6	--	-1.0	--	-6.0	--	--	--
<i>Dow Jones-UBS Commodity Index TR</i>				7.0	--	8.1	--	-2.1	--	-7.4	--	4.2	--
Cash	613,133	0.1	0.0										
Vermont Cash	613,133	0.1	0.0	0.0	--	0.0	--	0.0	--	0.1	--	0.2	--
<i>91 Day T-Bills</i>				0.0	--	0.0	--	0.0	--	0.1	--	0.1	--
Private Equity	1,846,259	0.4	1.0										
Harbourvest Partners IX Credit Opportunities	98,682	0.0											
Harbourvest Partners IX Venture Fund	452,628	0.1											
Harbourvest Partners IX Buyout Fund	532,125	0.1											
Harbourvest Dover VIII Fund	762,824	0.2											

PIMCO All Asset Index: 40% BC Agg / 30% TIPS / 10% S&P500 / 10% BC HY / 10% JPM EMBI+

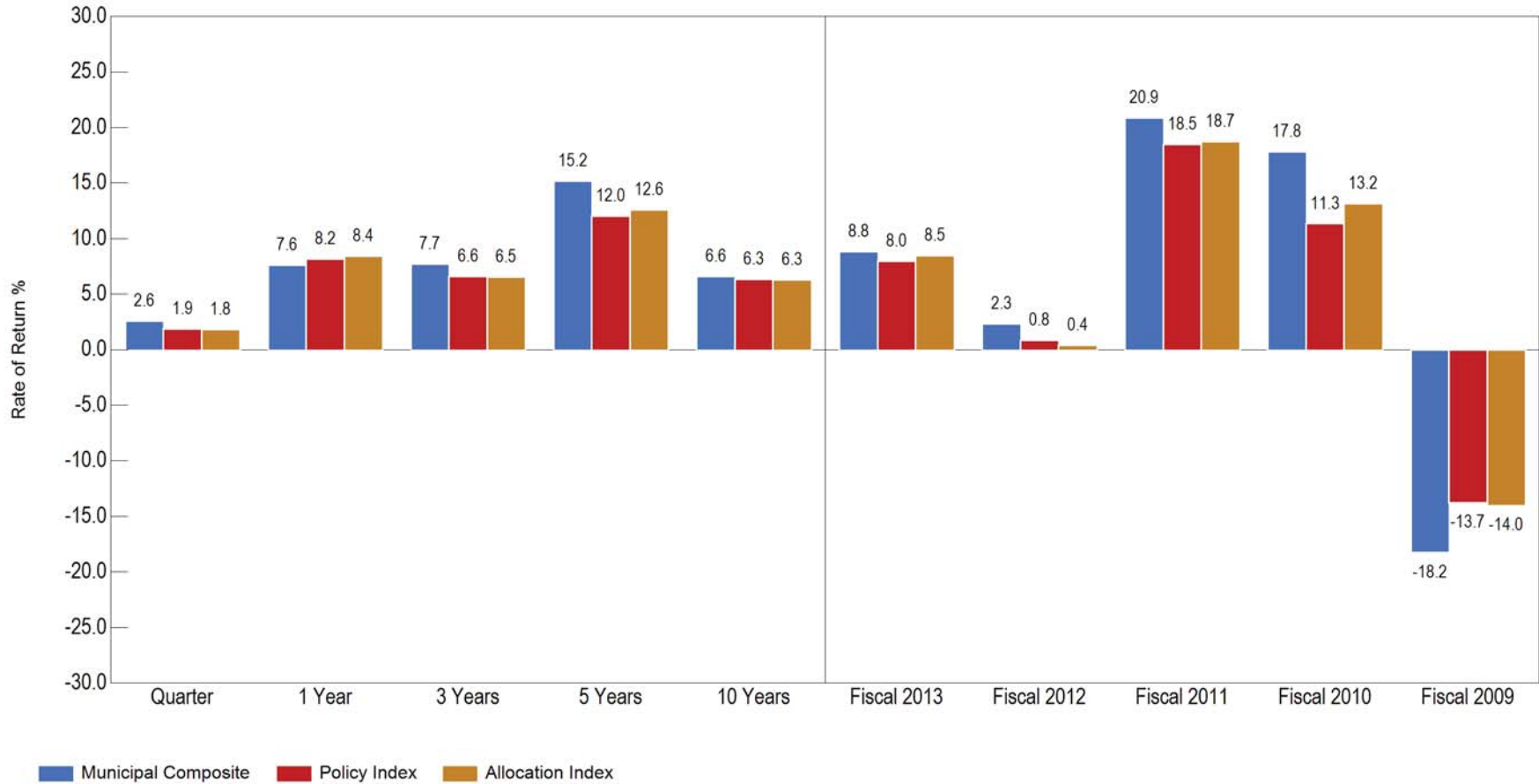
Mellon CF GEA Index: 50% MSCI ACWI / 25% CITI WGBI H/H / 10% BC Global Inflation Linked H/H / 5% BC US Interm. Credit / 5% DJ-UBS Commodity / 5% R2000.

Harbourvest is based on final Capital Account Statements for Q4 2013, and cash adjusted through March for any Capital Calls or Distributions

Schroder is net of fee

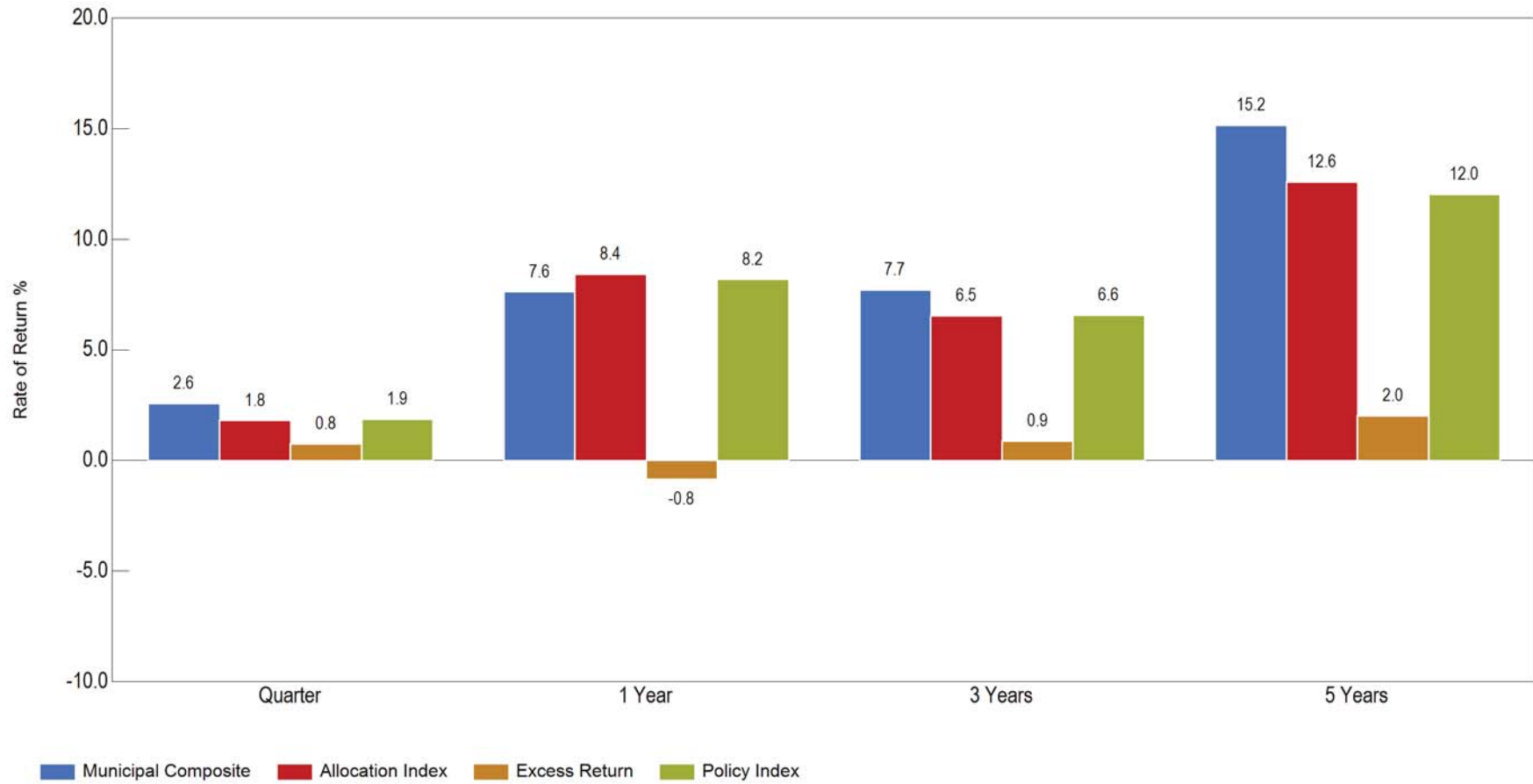
Vermont Municipal Employees
Total Fund Return Summary

Return Summary Gross

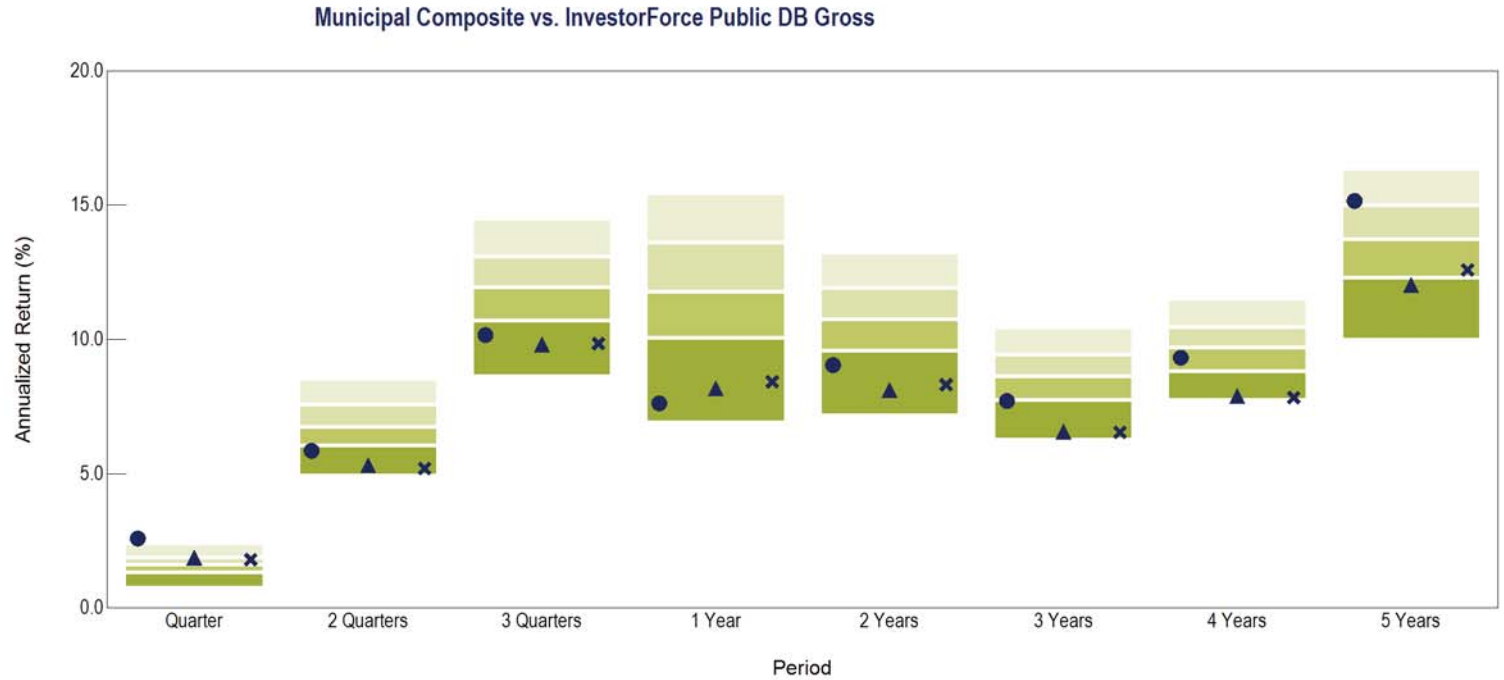


Vermont Municipal Employees
Total Fund Return Summary

Return Summary Gross

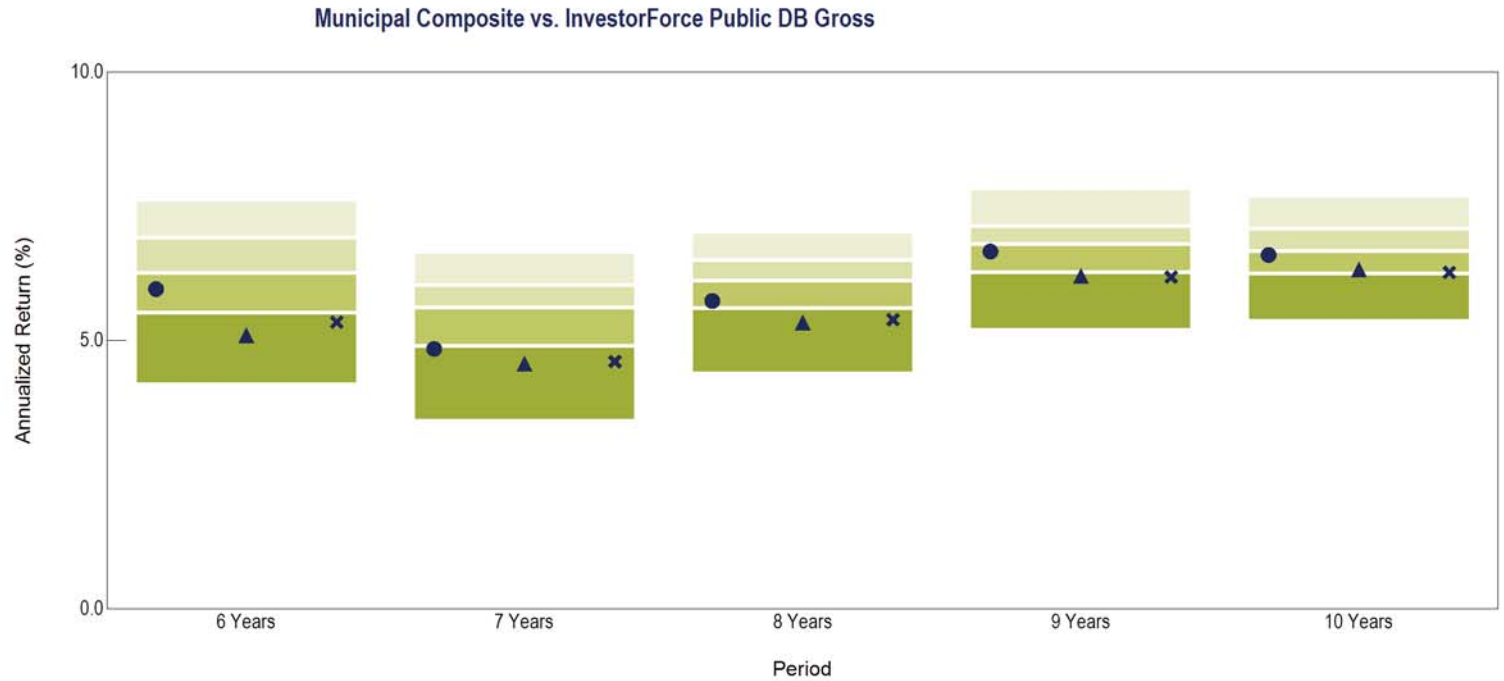


Total Fund Return Summary vs. Peer Universe



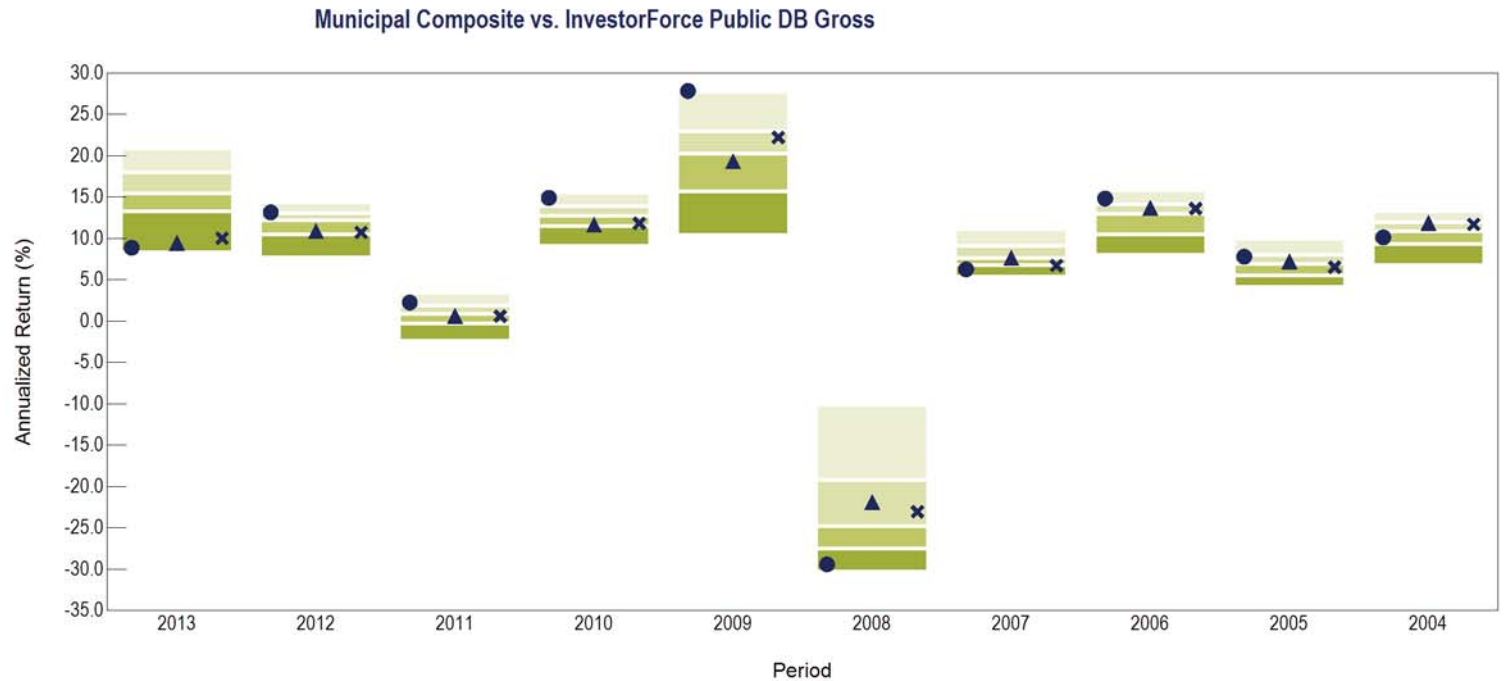
	Return (Rank)		Return (Rank)		Return (Rank)		Return (Rank)		Return (Rank)		Return (Rank)		Return (Rank)			
5th Percentile	2.4		8.5		14.5		15.4		13.2		10.4		11.5		16.3	
25th Percentile	1.9		7.6		13.1		13.6		11.9		9.5		10.5		15.0	
Median	1.6		6.8		11.9		11.8		10.8		8.6		9.7		13.7	
75th Percentile	1.3		6.1		10.7		10.1		9.6		7.8		8.8		12.3	
95th Percentile	0.8		5.0		8.6		6.9		7.2		6.3		7.8		10.0	
# of Portfolios	216		214		214		214		207		190		182		177	
● Municipal Composite	2.6	(2)	5.9	(80)	10.2	(86)	7.6	(93)	9.0	(86)	7.7	(77)	9.3	(60)	15.2	(20)
▲ Policy Index	1.9	(26)	5.3	(92)	9.8	(89)	8.2	(92)	8.1	(92)	6.6	(94)	7.9	(93)	12.0	(77)
× Allocation Index	1.8	(29)	5.2	(94)	9.8	(89)	8.4	(91)	8.3	(92)	6.5	(94)	7.8	(95)	12.6	(71)

Total Fund Return Summary vs. Peer Universe



	Return (Rank)									
5th Percentile	7.6		6.6		7.0		7.8		7.7	
25th Percentile	6.9		6.0		6.5		7.1		7.1	
Median	6.3		5.6		6.1		6.8		6.7	
75th Percentile	5.5		4.9		5.6		6.3		6.3	
95th Percentile	4.2		3.5		4.4		5.2		5.4	
# of Portfolios	174		166		160		153		146	
● Municipal Composite	6.0	(64)	4.8	(76)	5.7	(68)	6.7	(56)	6.6	(57)
▲ Policy Index	5.1	(87)	4.6	(84)	5.3	(82)	6.2	(80)	6.3	(69)
× Allocation Index	5.3	(83)	4.6	(84)	5.4	(81)	6.2	(81)	6.3	(75)

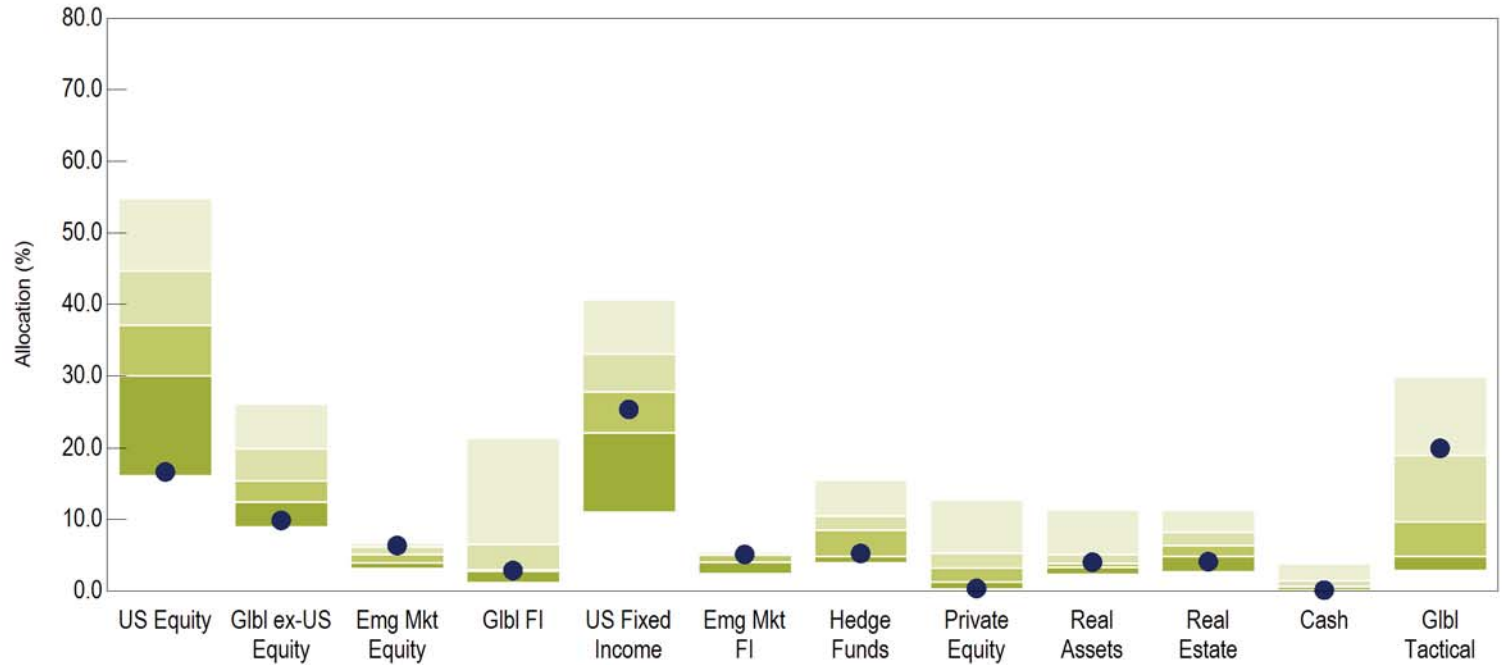
Total Fund Return Summary vs. Peer Universe



	Return (Rank)													
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004				
5th Percentile	20.8	14.3	3.4	15.5	27.6	-10.2	11.1	15.8	9.9	13.2				
25th Percentile	18.0	13.1	1.9	13.9	23.0	-19.2	9.1	14.2	8.1	12.0				
Median	15.5	12.2	0.9	12.8	20.3	-24.7	7.7	13.0	6.9	10.9				
75th Percentile	13.3	10.5	-0.3	11.5	15.7	-27.4	6.8	10.5	5.5	9.4				
95th Percentile	8.4	7.7	-2.4	9.2	10.4	-30.2	5.4	8.0	4.2	6.8				
# of Portfolios	212	192	162	154	152	149	146	136	131	125				
● Municipal Composite	8.9 (93)	13.1 (24)	2.2 (17)	14.9 (12)	27.8 (5)	-29.4 (89)	6.3 (85)	14.8 (17)	7.8 (32)	10.1 (65)				
▲ Policy Index	9.5 (92)	10.9 (71)	0.6 (62)	11.7 (72)	19.3 (55)	-21.9 (35)	7.7 (51)	13.7 (35)	7.2 (47)	11.9 (29)				
× Allocation Index	10.0 (91)	10.7 (73)	0.6 (62)	11.8 (70)	22.2 (29)	-23.0 (41)	6.7 (79)	13.6 (37)	6.5 (57)	11.7 (34)				

Total Plan Allocation vs. Peer Universe

Total Plan Allocation vs. InvestorForce Public DB Gross
As of March 31, 2014



	Allocation (Rank)												
5th Percentile	54.8	26.0	6.7	21.4	40.6	5.5	15.5	12.7	11.4	11.3	3.8	29.8	--
25th Percentile	44.7	19.9	6.2	6.6	33.1	5.2	10.5	5.4	5.2	8.3	1.6	19.1	--
Median	37.2	15.5	5.2	3.0	27.9	5.1	8.6	3.3	3.9	6.5	0.7	9.8	--
75th Percentile	30.1	12.5	4.0	2.9	22.1	4.1	4.9	1.3	3.4	4.9	0.2	4.9	--
95th Percentile	16.2	9.0	3.3	1.2	11.1	2.5	4.0	0.4	2.4	2.8	0.0	2.9	--
# of Portfolios	135	132	21	15	98	12	42	33	22	88	96	43	--
● Municipal Composite	16.6 (95)	9.9 (92)	6.4 (13)	2.9 (86)	25.3 (63)	5.1 (47)	5.3 (64)	0.4 (93)	4.0 (47)	4.1 (85)	0.1 (82)	20.0 (24)	--

Municipal Composite vs. IFx Public DB Gross
3 Years



● Municipal Composite	
Value	7.71
%tile	77
▲ Policy Index	
Value	6.57
%tile	94
× Allocation Index	
Value	6.54
%tile	94
Universe	
5th %tile	10.43
25th %tile	9.45
Median	8.63
75th %tile	7.77
95th %tile	6.28

● Municipal Composite	
Value	7.48
%tile	37
▲ Policy Index	
Value	7.19
%tile	31
× Allocation Index	
Value	7.15
%tile	29
Universe	
5th %tile	5.24
25th %tile	7.01
Median	7.91
75th %tile	8.96
95th %tile	10.08

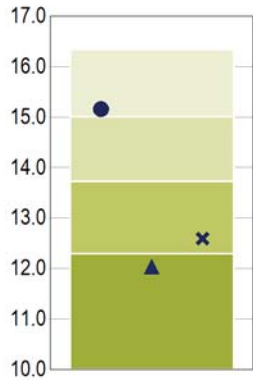
● Municipal Composite	
Value	7.66
%tile	77
▲ Policy Index	
Value	6.52
%tile	94
× Allocation Index	
Value	6.49
%tile	94
Universe	
5th %tile	10.38
25th %tile	9.40
Median	8.58
75th %tile	7.72
95th %tile	6.23

● Municipal Composite	
Value	1.02
%tile	66
▲ Policy Index	
Value	0.91
%tile	86
× Allocation Index	
Value	0.91
%tile	86
Universe	
5th %tile	1.52
25th %tile	1.18
Median	1.09
75th %tile	0.98
95th %tile	0.78

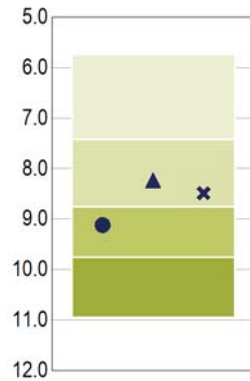
● Municipal Composite	
Value	1.51
%tile	55
▲ Policy Index	
Value	1.30
%tile	81
× Allocation Index	
Value	1.30
%tile	81
Universe	
5th %tile	2.29
25th %tile	1.71
Median	1.53
75th %tile	1.36
95th %tile	1.07

Municipal Composite vs. I/Fx Public DB Gross
5 Years

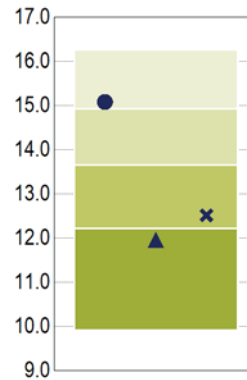
Anlzd Return



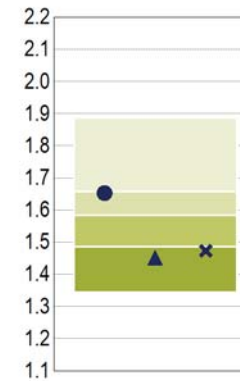
Anlzd Standard Deviation



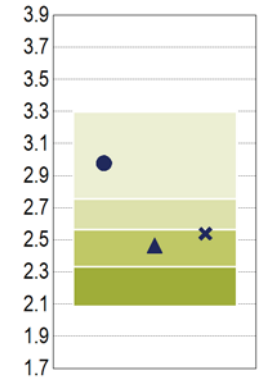
Ann Excess RF Return



Sharpe Ratio



Sortino Ratio RF



● Municipal Composite	
Value	15.16
%tile	20
▲ Policy Index	
Value	12.03
%tile	77
× Allocation Index	
Value	12.59
%tile	71
Universe	
5th %tile	16.33
25th %tile	15.02
Median	13.74
75th %tile	12.30
95th %tile	10.01

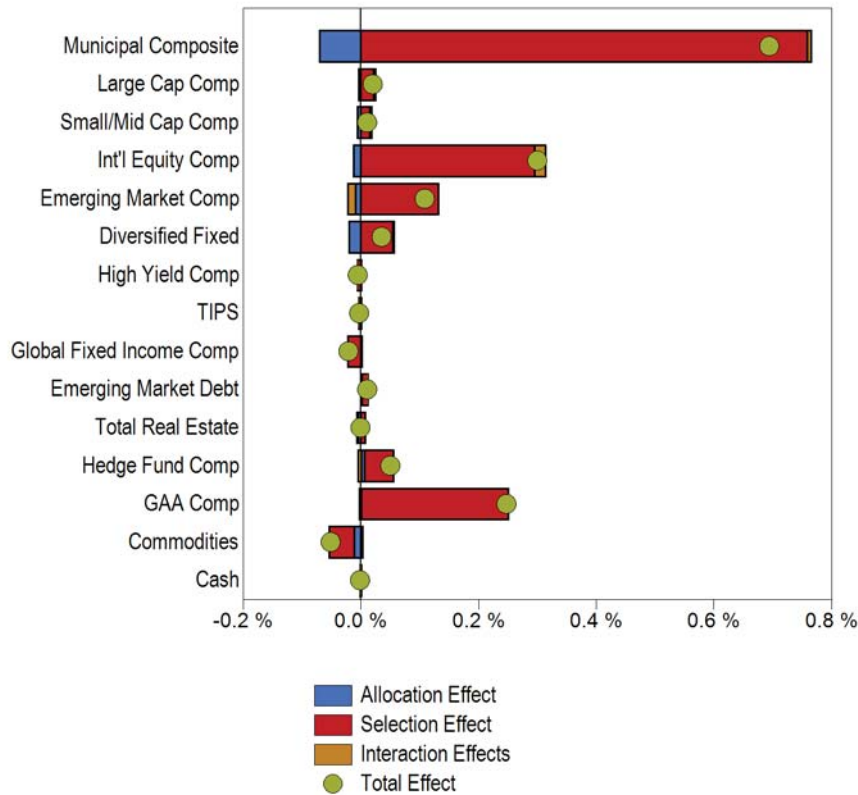
● Municipal Composite	
Value	9.12
%tile	60
▲ Policy Index	
Value	8.23
%tile	41
× Allocation Index	
Value	8.49
%tile	46
Universe	
5th %tile	5.74
25th %tile	7.41
Median	8.74
75th %tile	9.75
95th %tile	10.94

● Municipal Composite	
Value	15.08
%tile	20
▲ Policy Index	
Value	11.95
%tile	77
× Allocation Index	
Value	12.51
%tile	71
Universe	
5th %tile	16.25
25th %tile	14.94
Median	13.66
75th %tile	12.22
95th %tile	9.93

● Municipal Composite	
Value	1.65
%tile	27
▲ Policy Index	
Value	1.45
%tile	83
× Allocation Index	
Value	1.47
%tile	81
Universe	
5th %tile	1.89
25th %tile	1.66
Median	1.59
75th %tile	1.49
95th %tile	1.35

● Municipal Composite	
Value	2.98
%tile	13
▲ Policy Index	
Value	2.47
%tile	57
× Allocation Index	
Value	2.54
%tile	54
Universe	
5th %tile	3.30
25th %tile	2.76
Median	2.57
75th %tile	2.34
95th %tile	2.09

Attribution Effects Relative to Policy Index
3 Months Ending March 31, 2014

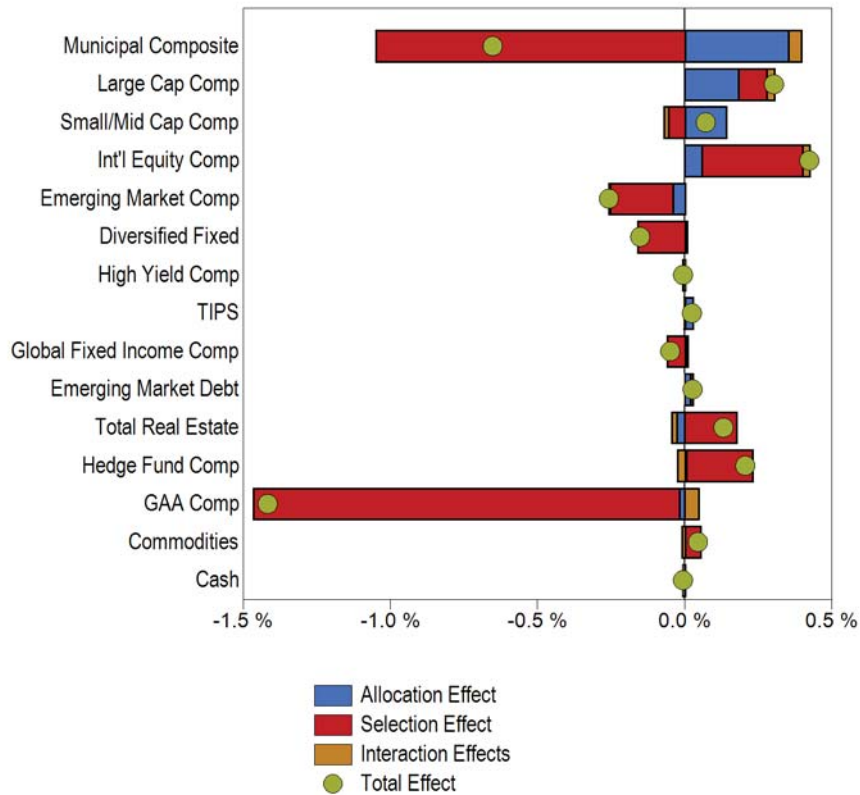


Attribution Summary
3 Months Ending March 31, 2014

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Large Cap Comp	2.0%	1.8%	0.2%	0.0%	0.0%	0.0%	0.0%
Small/Mid Cap Comp	1.4%	1.1%	0.2%	0.0%	0.0%	0.0%	0.0%
Int'l Equity Comp	3.6%	0.7%	3.0%	0.3%	0.0%	0.0%	0.3%
Emerging Market Comp	1.5%	-0.4%	2.0%	0.1%	0.0%	0.0%	0.1%
Diversified Fixed	2.1%	1.8%	0.3%	0.1%	0.0%	0.0%	0.0%
High Yield Comp	2.9%	3.0%	-0.1%	0.0%	0.0%	0.0%	0.0%
TIPS	1.9%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Global Fixed Income Comp	2.0%	2.7%	-0.7%	0.0%	0.0%	0.0%	0.0%
Emerging Market Debt	3.7%	3.5%	0.2%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	2.9%	2.7%	0.1%	0.0%	0.0%	0.0%	0.0%
Hedge Fund Comp	1.4%	0.5%	0.9%	0.0%	0.0%	0.0%	0.0%
GAA Comp	3.0%	1.8%	1.3%	0.2%	0.0%	0.0%	0.2%
Commodities	5.9%	7.0%	-1.1%	0.0%	0.0%	0.0%	-0.1%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	2.6%	1.9%	0.7%	0.8%	-0.1%	0.0%	0.7%

Note: Plan attribution calculations are returns based and the results shown reflect the composites shown. As a result, the total returns shown may vary from the calculated returns shown on the performance report. The target return shown for each composite is a custom index, based on aggregated policy indices. This policy index asset weights the underlying policy indices of each option in the plan and the respective benchmark. The allocation, selection, and interaction effects are calculated using the custom index described above along with the policy or target weight of each composite. May not add up due to rounding.

Attribution Effects Relative to Policy Index
1 Year Ending March 31, 2014



Attribution Summary
1 Year Ending March 31, 2014

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Large Cap Comp	22.9%	21.9%	1.1%	0.1%	0.2%	0.0%	0.3%
Small/Mid Cap Comp	24.0%	24.9%	-0.9%	-0.1%	0.1%	0.0%	0.1%
Int'l Equity Comp	21.4%	17.6%	3.9%	0.3%	0.1%	0.0%	0.4%
Emerging Market Comp	-4.9%	-1.4%	-3.5%	-0.2%	0.0%	0.0%	-0.3%
Diversified Fixed	-0.9%	-0.1%	-0.8%	-0.2%	0.0%	0.0%	-0.2%
High Yield Comp	7.5%	7.5%	-0.1%	0.0%	0.0%	0.0%	0.0%
TIPS	-6.6%	-6.5%	-0.1%	0.0%	0.0%	0.0%	0.0%
Global Fixed Income Comp	-0.4%	1.4%	-1.8%	-0.1%	0.0%	0.0%	0.0%
Emerging Market Debt	-0.9%	-1.1%	0.2%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	15.1%	11.2%	3.9%	0.2%	0.0%	0.0%	0.1%
Hedge Fund Comp	10.4%	5.9%	4.4%	0.2%	0.0%	0.0%	0.2%
GAA Comp	3.2%	10.4%	-7.2%	-1.4%	0.0%	0.0%	-1.4%
Commodities	-1.0%	-2.1%	1.1%	0.0%	0.0%	0.0%	0.0%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	7.6%	8.2%	-0.6%	-1.0%	0.4%	0.0%	-0.7%

Note: Plan attribution calculations are returns based and the results shown reflect the composites shown. As a result, the total returns shown may vary from the calculated returns shown on the performance report. The target return shown for each composite is a custom index, based on aggregated policy indices. This policy index asset weights the underlying policy indices of each option in the plan and the respective benchmark. The allocation, selection, and interaction effects are calculated using the custom index described above along with the policy or target weight of each composite. May not add up due to rounding.

Vermont Municipal Employees

Total Fund Risk Statistics

3 Years Ending March 31, 2014

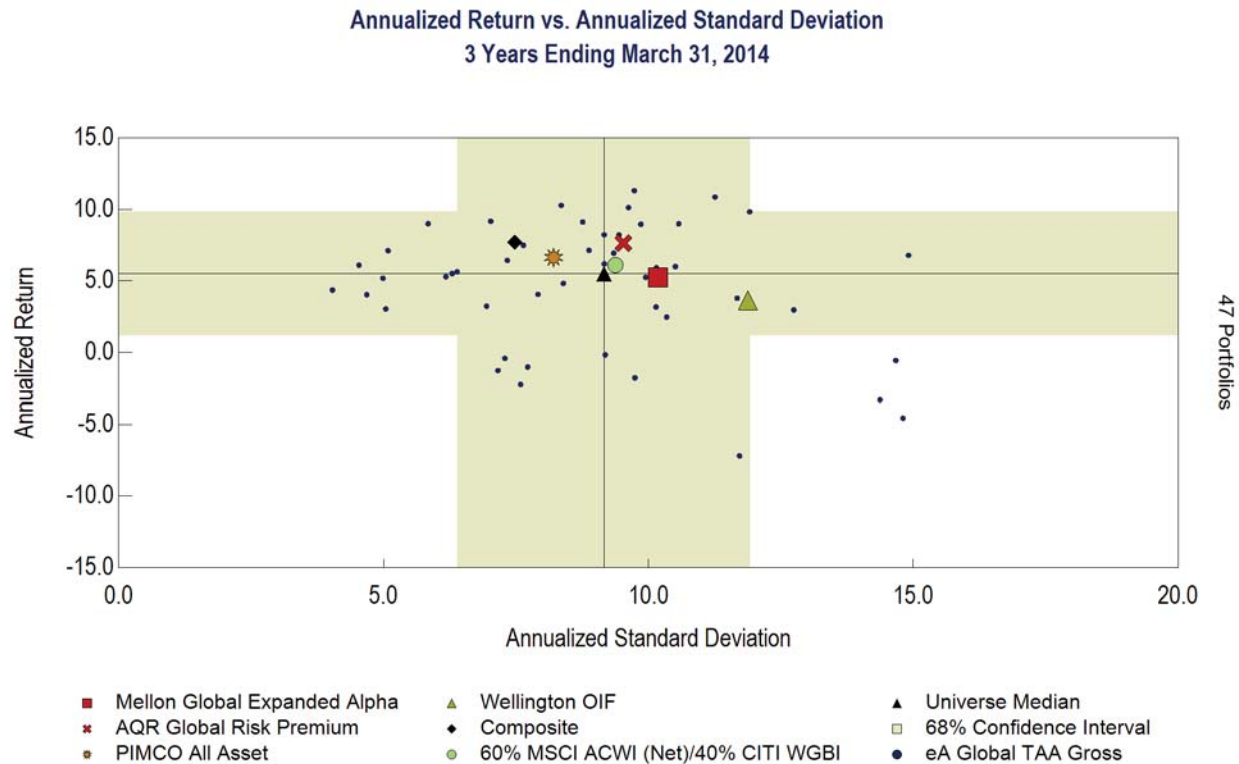
	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Anlzd AJ	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank	Tracking Error	Rank
Municipal Composite	100.00%	7.71%	77	7.48%	37	0.91%	12	1.02	66	1.51	55	0.85%	15
Policy Index	--	6.57%	94	7.19%	31	0.00%	41	0.91	86	1.30	81	0.00%	1
US Equity	16.65%	14.82%	45	13.93%	41	-0.71%	46	1.06	41	1.58	42	1.52%	3
Russell 3000	--	14.61%	48	13.04%	28	0.00%	39	1.12	34	1.73	30	0.00%	1
Large Cap Comp	10.19%	14.87%	45	13.20%	49	-0.60%	52	1.12	48	1.74	44	1.14%	1
S&P 500	--	14.66%	48	12.47%	30	0.00%	44	1.17	40	1.89	32	0.00%	1
Small/Mid Cap Comp	6.46%	14.76%	37	15.44%	35	2.73%	39	0.95	33	1.41	29	2.53%	1
Russell 2000	--	13.18%	61	16.78%	66	0.00%	70	0.78	67	1.18	60	0.00%	1
Int'l Equity Comp	9.88%	8.54%	58	15.56%	24	1.91%	51	0.55	50	0.74	51	2.40%	9
MSCI EAFE	--	7.21%	74	16.79%	61	0.00%	76	0.43	74	0.60	69	0.00%	1
Emerging Market Comp	6.36%	2.67%	17	18.02%	25	5.22%	16	0.15	19	0.21	18	5.10%	68
MSCI Emerging Markets	--	-2.86%	79	19.48%	65	0.00%	79	-0.15	79	-0.21	80	0.00%	1
US Fixed Income	25.30%	5.34%	35	3.44%	66	1.68%	34	1.54	53	1.97	69	2.03%	45
Barclays Aggregate	--	3.75%	63	2.84%	49	0.00%	87	1.30	78	1.91	73	0.00%	1
Diversified Fixed	18.29%	4.62%	46	3.40%	65	0.70%	64	1.34	74	1.92	73	1.65%	38
Barclays Aggregate	--	3.75%	63	2.84%	49	0.00%	87	1.30	78	1.91	73	0.00%	1
High Yield Comp	3.94%	8.92%	49	5.49%	25	1.36%	28	1.61	28	2.19	44	1.30%	48
Barclays High Yield	--	9.00%	46	6.48%	71	0.00%	72	1.38	72	1.93	71	0.00%	1
TIPS	3.08%	3.48%	70	5.51%	81	-0.02%	79	0.62	79	0.76	67	0.11%	1
Barclays US TIPS	--	3.50%	68	5.52%	82	0.00%	78	0.63	78	0.78	54	0.00%	1
Global Fixed Income Comp	2.86%	1.61%	94	5.56%	53	-0.49%	97	0.28	94	0.50	90	1.93%	10
Citi WGBI	--	1.91%	93	4.77%	34	0.00%	93	0.39	89	0.68	82	0.00%	1
Emerging Market Debt	5.11%	7.88%	11	7.86%	17	0.92%	14	1.00	10	1.32	13	1.22%	7
JP Morgan EMBI Global TR	--	7.15%	28	7.99%	21	0.00%	29	0.89	25	1.27	17	0.00%	1
Total Real Estate	4.10%	15.54%	--	6.74%	--	-0.36%	--	2.30	--	1,882.01	--	2.66%	--
NCREIF Property Index	--	11.69%	--	4.72%	--	0.00%	--	2.47	--	1,414.58	--	0.00%	--
Hedge Fund Comp	5.26%	5.97%	28	4.57%	49	3.52%	32	1.30	23	1.81	28	1.16%	1
HFRI Fund of Funds Composite Index	--	2.34%	71	4.22%	33	0.00%	70	0.54	65	0.81	63	0.00%	1
GAA Comp	19.95%	6.25%	39	8.94%	49	0.78%	55	0.69	52	0.95	52	3.20%	25
60% MSCI ACWI (Net)/40% CITI WGBI	--	6.10%	42	9.38%	58	0.00%	58	0.65	53	0.90	53	0.00%	1
Commodities	4.04%	-5.93%	--	13.34%	--	0.17%	--	-0.45	--	-0.65	--	5.05%	--

Vermont Municipal Employees

Total Fund Risk Statistics

5 Years Ending March 31, 2014

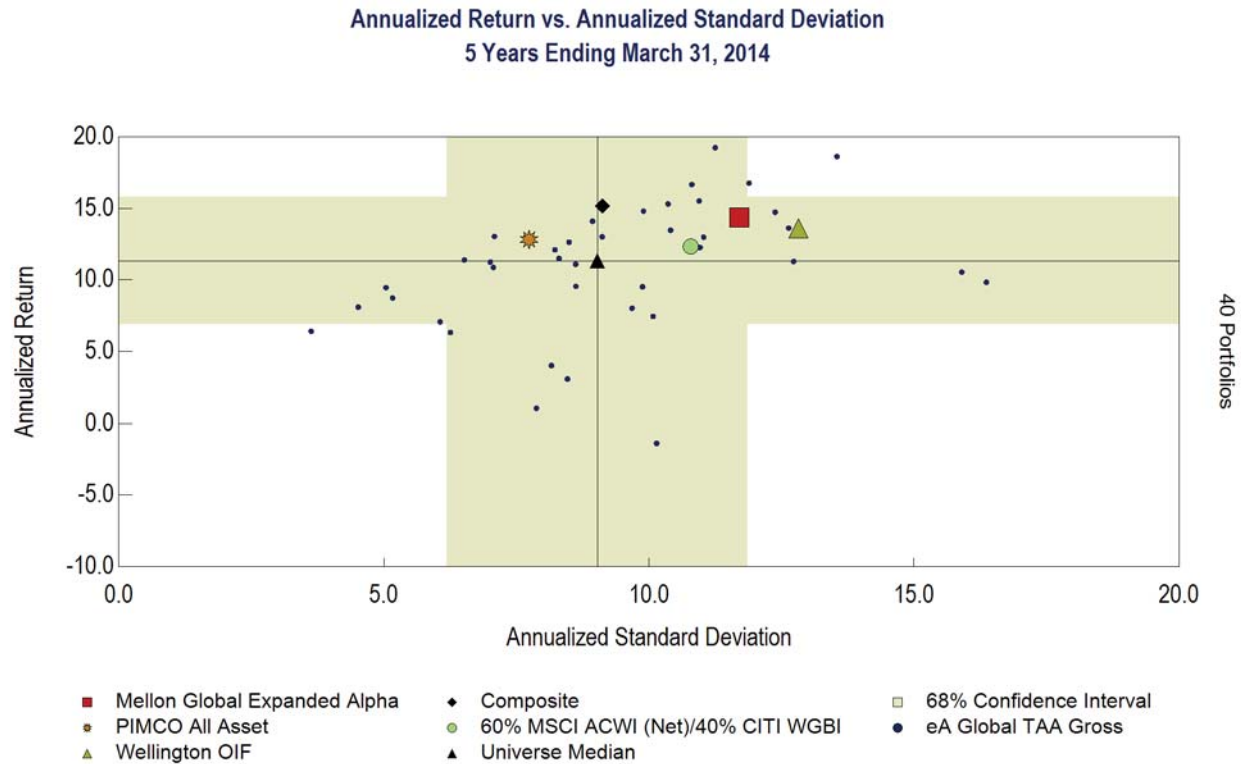
	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Anlzd AJ	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank	Tracking Error	Rank
Municipal Composite	100.00%	15.16%	20	9.12%	60	1.97%	7	1.65	27	2.98	13	1.55%	62
Policy Index	--	12.03%	77	8.23%	41	0.00%	60	1.45	83	2.47	57	0.00%	1
US Equity	16.65%	--	--	--	--	--	--	--	--	--	--	--	--
Russell 3000	--	21.93%	62	14.58%	30	0.00%	55	1.50	39	2.58	34	0.00%	1
Large Cap Comp	10.19%	24.03%	9	15.10%	64	1.33%	24	1.59	21	2.72	19	1.84%	2
S&P 500	--	21.16%	47	13.99%	33	0.00%	46	1.51	37	2.61	27	0.00%	1
Small/Mid Cap Comp	6.46%	25.76%	47	17.16%	41	3.96%	43	1.50	34	2.65	28	2.83%	1
Russell 2000	--	24.31%	65	19.00%	76	0.00%	93	1.28	84	2.13	81	0.00%	1
Int'l Equity Comp	9.88%	16.53%	74	17.06%	20	1.82%	64	0.96	57	1.49	60	2.39%	9
MSCI EAFE	--	16.02%	80	18.48%	60	0.00%	88	0.86	85	1.38	78	0.00%	1
Emerging Market Comp	6.36%	--	--	--	--	--	--	--	--	--	--	--	--
MSCI Emerging Markets	--	14.48%	79	21.62%	47	0.00%	77	0.67	77	1.15	67	0.00%	1
US Fixed Income	25.30%	--	--	--	--	--	--	--	--	--	--	--	--
Barclays Aggregate	--	4.80%	66	2.82%	42	0.00%	86	1.67	77	2.40	79	0.00%	1
Diversified Fixed	18.29%	8.83%	30	4.27%	70	3.06%	32	2.05	55	4.03	27	2.64%	61
Barclays Aggregate	--	4.80%	66	2.82%	42	0.00%	86	1.67	77	2.40	79	0.00%	1
High Yield Comp	3.94%	14.84%	77	6.13%	18	2.38%	29	2.41	25	3.86	46	3.11%	59
Barclays High Yield	--	18.25%	27	8.76%	83	0.00%	88	2.07	79	3.91	42	0.00%	1
TIPS	3.08%	--	--	--	--	--	--	--	--	--	--	--	--
Barclays US TIPS	--	4.91%	72	5.30%	81	0.00%	86	0.91	90	1.24	72	0.00%	1
Global Fixed Income Comp	2.86%	7.20%	59	6.61%	57	3.43%	69	1.08	66	1.87	53	2.97%	24
Citi WGBI	--	3.84%	98	6.01%	43	0.00%	99	0.63	98	0.81	99	0.00%	1
Emerging Market Debt	5.11%	--	--	--	--	--	--	--	--	--	--	--	--
JP Morgan EMBI Global TR	--	11.54%	71	7.62%	10	0.00%	55	1.50	51	2.15	43	0.00%	1
Total Real Estate	4.10%	--	--	--	--	--	--	--	--	--	--	--	--
NCREIF Property Index	--	7.89%	--	5.93%	--	0.00%	--	1.32	--	2.31	--	0.00%	--
Hedge Fund Comp	5.26%	--	--	--	--	--	--	--	--	--	--	--	--
HFRI Fund of Funds Composite Index	--	4.89%	74	4.25%	30	0.00%	69	1.13	59	1.60	60	0.00%	1
GAA Comp	19.95%	14.62%	19	9.35%	53	4.54%	20	1.56	25	2.40	35	3.70%	23
60% MSCI ACWI (Net)/40% CITI WGBI	--	12.33%	41	10.79%	72	0.00%	75	1.14	66	1.87	61	0.00%	1
Commodities	4.04%	--	--	--	--	--	--	--	--	--	--	--	--



Statistics Summary

3 Years Ending March 31, 2014

	Anlzd Return	Anlzd Standard Deviation
GAA Comp	6.25%	8.94%
Mellon Global Expanded Alpha	5.22%	10.18%
AQR Global Risk Premium	7.64%	9.53%
PIMCO All Asset	6.63%	8.21%
Wellington OIF	3.64%	11.88%
Composite	7.71%	7.48%



Statistics Summary

5 Years Ending March 31, 2014

	Anlzd Return	Anlzd Standard Deviation
GAA Comp	14.62%	9.35%
Mellon Global Expanded Alpha	14.34%	11.70%
AQR Global Risk Premium	--	--
PIMCO All Asset	12.82%	7.74%
Wellington OIF	13.59%	12.82%
Composite	15.16%	9.12%

Reporting Methodology

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of Return are annualized when the time period is longer than a year. Performance is presented gross and/or net of fees as indicated on each page.
- For managers funded in the middle of a month, the "since inception" return will start with the first full month, although actual inception dates and cash flows are taken into account in all Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.

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