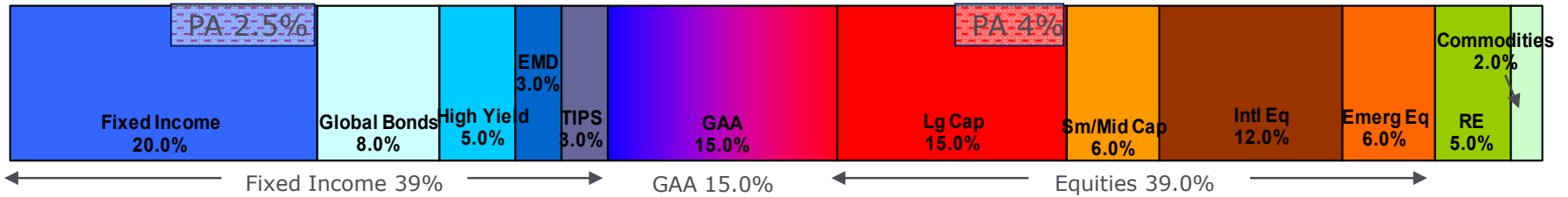




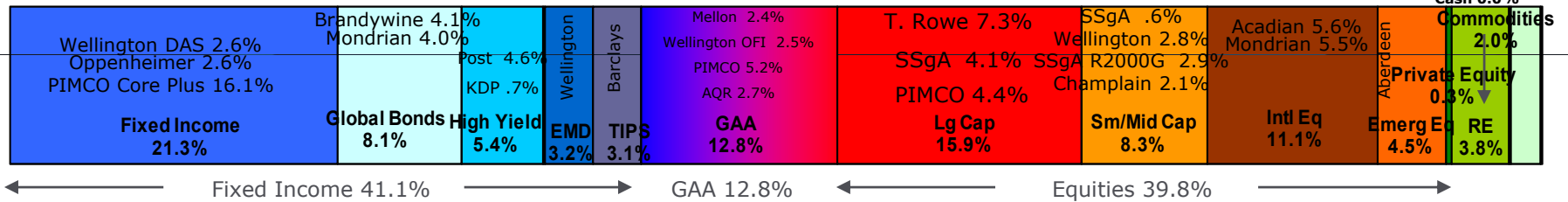
# **Vermont Municipal Employees' Retirement System**

# Total Plan Asset Allocation

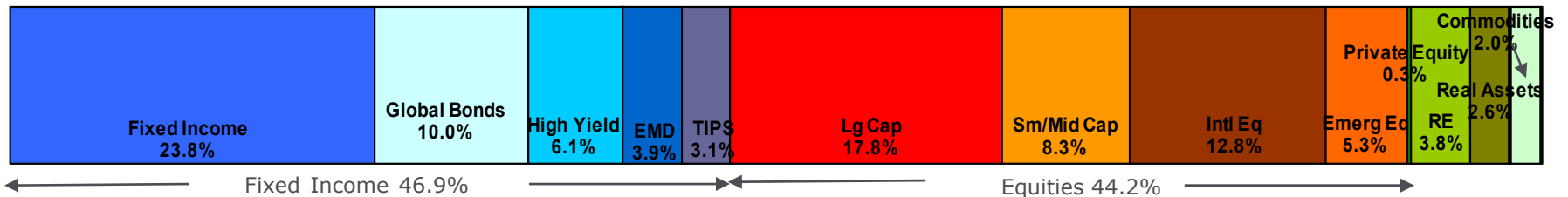
## Target Asset Allocation



## Current Asset Allocation by Manager



## Current Asset Allocation by Asset Class

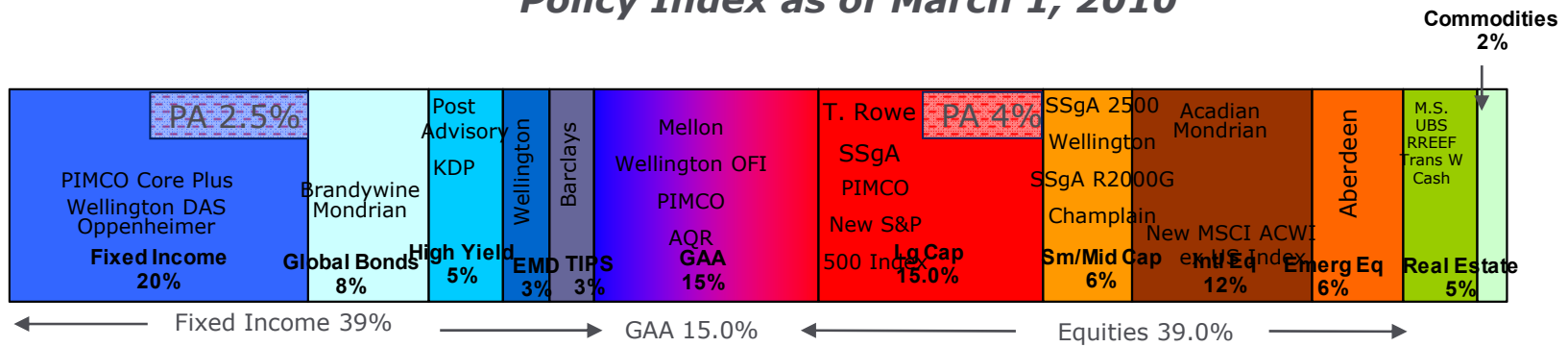


Numbers may not add up to 100% due to rounding.

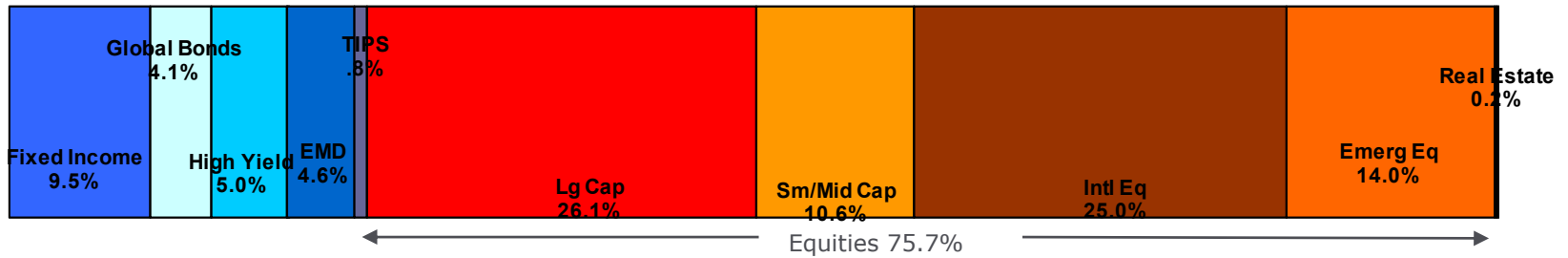


# Policy Asset Allocation and Risk Budgeting

*Policy Index as of March 1, 2010*



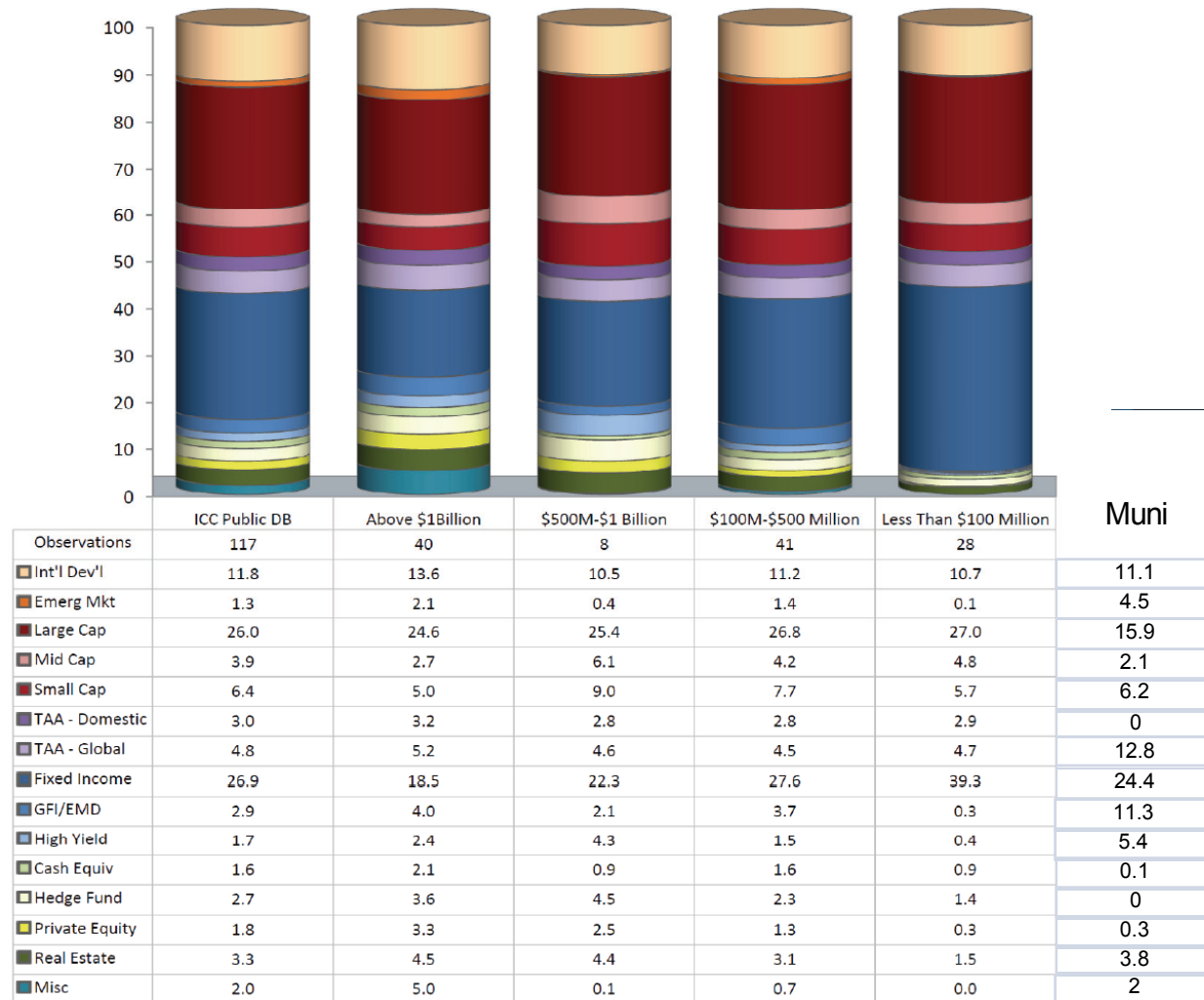
*2010 NEPC Risk Budgeting Risk Allocation*



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



# 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 6/26/10 for periods ending 3/31/10. 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 without an asset allocation. Muni allocation is as of 6/30/2010



# 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
<b>Composite</b>	\$50,977	\$6,749	\$1,779	\$8,926	\$9,256	\$68,265	\$17,214	\$10,007	\$50,289	\$10,291	\$25,994	\$12,104	\$41,191	\$7,383	\$254	\$320,679
T. Rowe	23,493	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$23,493
PIMCO	14,199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$14,199
SSgA Equal Wgt	13,285	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$13,285
Champlain	0	6,749	0	0	0	0	0	0	0	0	0	0	0	0	0	\$6,749
SSgA R-2500	0	0	1,779	0	0	0	0	0	0	0	0	0	0	0	0	\$1,779
Wellington	0	0	0	8,926	0	0	0	0	0	0	0	0	0	0	0	\$8,926
SSgA R-2000 Growth	0	0	0	0	9,256	0	0	0	0	0	0	0	0	0	0	\$9,256
Acadian	0	0	0	0	0	0	0	0	18,085	0	0	0	0	0	0	\$18,085
Mondrian	0	0	0	0	0	0	0	0	17,642	0	0	0	0	0	0	\$17,642
Aberdeen	0	0	0	0	0	0	0	0	14,562	0	0	0	0	0	0	\$14,562
Oppenheimer	0	0	0	0	0	8,445	0	0	0	0	0	0	0	0	0	\$8,445
Wellington DAS	0	0	0	0	0	8,341	0	0	0	0	0	0	0	0	0	\$8,341
PIMCO Core Plus	0	0	0	0	0	51,479	0	0	0	0	0	0	0	0	0	\$51,479
Post Advisory	0	0	0	0	0	0	14,859	0	0	0	0	0	0	0	0	\$14,859
KDP	0	0	0	0	0	0	2,355	0	0	0	0	0	0	0	0	\$2,355
Wellington EMD	0	0	0	0	0	0	0	0	0	10,291	0	0	0	0	0	\$10,291
Barclays	0	0	0	0	0	0	0	10,007	0	0	0	0	0	0	0	\$10,007
Mondrian	0	0	0	0	0	0	0	0	0	0	12,791	0	0	0	0	\$12,791
Brandywine	0	0	0	0	0	0	0	0	0	0	13,203	0	0	0	0	\$13,203
Morgan Stanely	0	0	0	0	0	0	0	0	0	0	0	5,347	0	0	0	\$5,347
UBS Realty	0	0	0	0	0	0	0	0	0	0	0	5,183	0	0	0	\$5,183
RREEF	0	0	0	0	0	0	0	0	0	0	0	1,501	0	0	0	\$1,501
Transwestern	0	0	0	0	0	0	0	0	0	0	0	69	0	0	0	\$69
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	7,802	0	0	\$7,802
PIMCO AA	0	0	0	0	0	0	0	0	0	0	0	0	16,680	0	0	\$16,680
Wellington OIF	0	0	0	0	0	0	0	0	0	0	0	0	8,130	0	0	\$8,130
AQR	0	0	0	0	0	0	0	0	0	0	0	0	8,579	0	0	\$8,579
Alt. Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	1,002	0	\$1,002
Schroders	0	0	0	0	0	0	0	0	0	0	0	0	0	6,381	0	\$6,381
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	254	\$254

(Dollars in 000's)



# Total Fund Asset Growth Summary

## VERMONT MUNICIPAL EMPLOYEES

MUNICIPAL SYSTEM COMPOSITE

Periods Ending June 30, 2010

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

	One Quarter	Year to Date	One Year	Since Inception
<b>MUNI COMPOSITE</b>				
Beginning Market Value	330,559	314,470	265,853	0
Net External Growth	1,948	6,634	6,750	58,659
Return on Investment	-11,827	1,002	49,502	263,447
Income Received	0	5	-951	24,293
Gain/Loss	-11,828	997	50,453	239,153
Ending Market Value	320,679	320,679	320,679	320,679

Return

-3.7% 0.2% 18.4%



# Fund Performance vs. Benchmark

## VERMONT MUNICIPAL EMPLOYEES

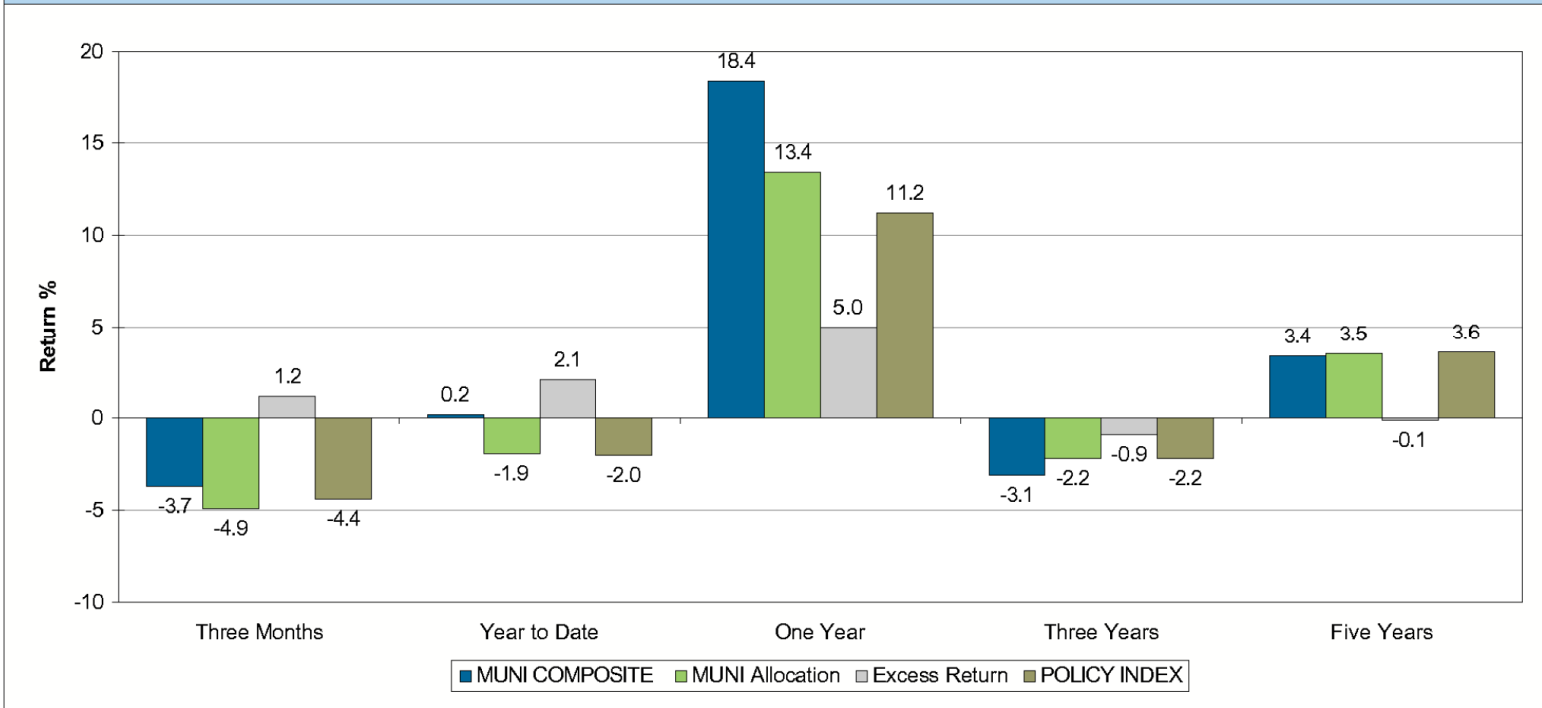
POLICY INDEX

Benchmark:

Periods Ending June 30, 2010

### Fund Performance vs. Benchmark

#### MUNI COMPOSITE



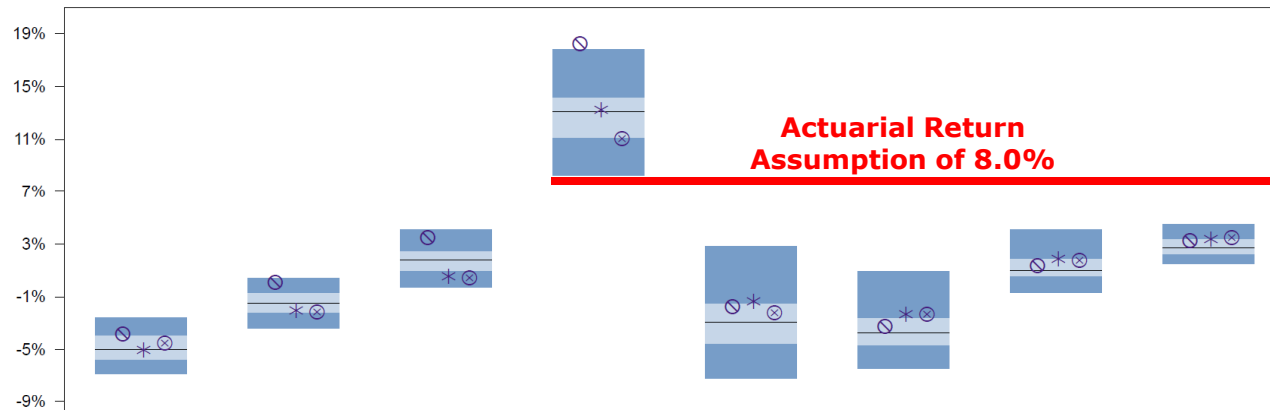
# Total Public Funds Performance

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending June 30, 2010

### Total Fund Performance - Trailing Periods



	One Quarter	Two Quarters	Three Quarters	One Year	Two Years	Three Years	Four Years	Five Years
○ MUNI COMPOSITE	-3.7 21	0.2 8	3.6 10	18.4 2	-1.6 28	-3.1 32	1.5 32	3.4 26
* MUNI Allocation	-4.9 47	-1.9 66	0.7 81	13.4 43	-1.2 22	-2.2 19	2.0 23	3.5 23
⊗ POLICY INDEX	-4.4 33	-2.0 68	0.6 84	11.2 73	-2.1 34	-2.2 20	1.9 25	3.6 20
5th Percentile	-2.6	0.4	4.1	17.8	2.8	0.9	4.1	4.5
25th Percentile	-3.9	-0.7	2.5	14.2	-1.5	-2.6	1.9	3.4
50th Percentile	-5.0	-1.5	1.8	13.1	-2.9	-3.7	1.0	2.7
75th Percentile	-5.8	-2.2	0.9	11.1	-4.6	-4.7	0.5	2.2
95th Percentile	-6.8	-3.4	-0.3	8.3	-7.2	-6.4	-0.7	1.5



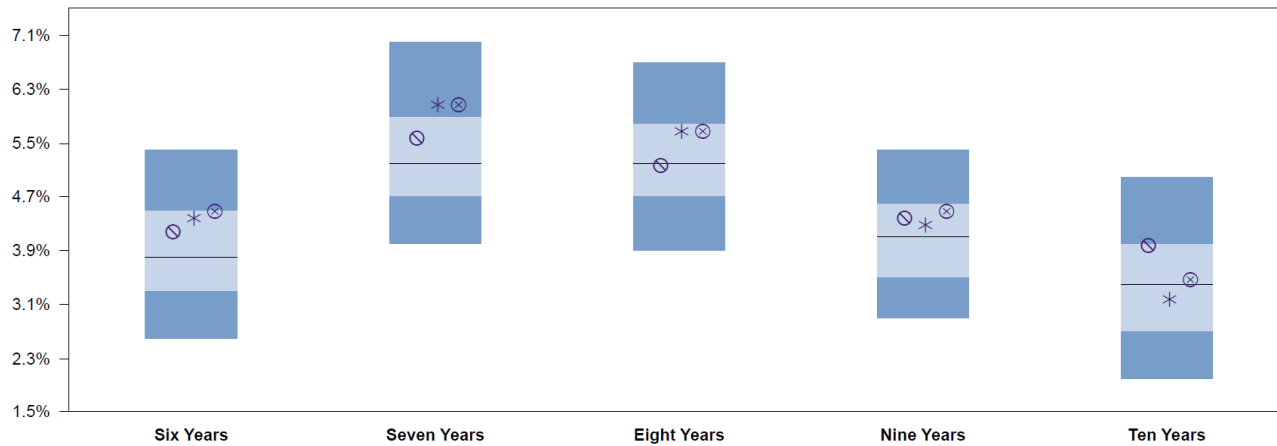
# Total Public Funds Performance

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending June 30, 2010

### Total Fund Performance - Trailing Periods



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
○ MUNI COMPOSITE	4.2 37	5.6 34	5.2 51	4.4 34	4.0 25
* MUNI Allocation	4.4 27	6.1 18	5.7 27	4.3 40	3.2 55
⊗ POLICY INDEX	4.5 23	6.1 18	5.7 27	4.5 27	3.5 43
5th Percentile	5.4	7.0	6.7	5.4	5.0
25th Percentile	4.5	5.9	5.8	4.6	4.0
50th Percentile	3.8	5.2	5.2	4.1	3.4
75th Percentile	3.3	4.7	4.7	3.5	2.7
95th Percentile	2.6	4.0	3.9	2.9	2.0

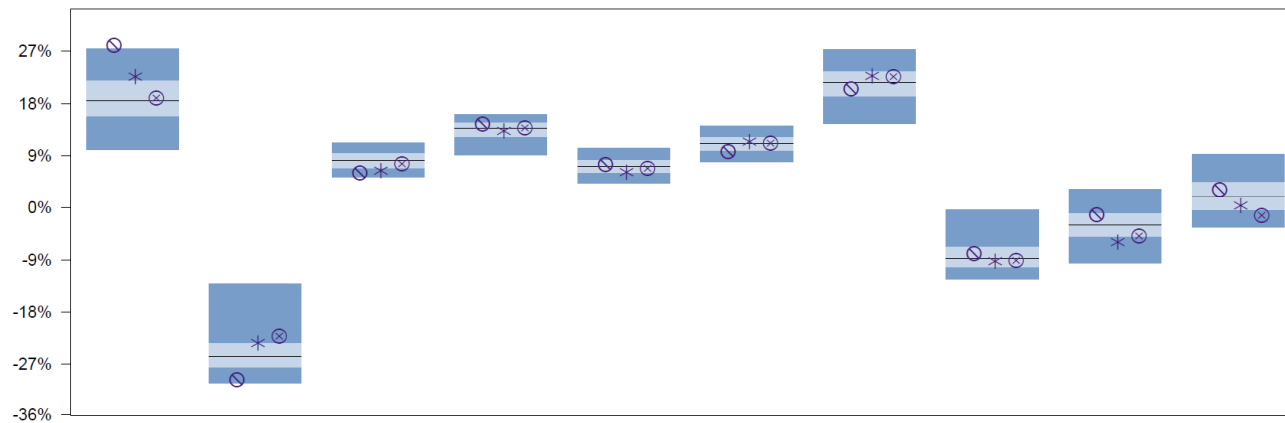
# Total Public Funds Performance

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2009

### Total Fund Performance - One Year Time Periods



	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000										
○ MUNI COMPOSITE	28.4	3	-29.4	90	6.3	86	14.8	25	7.8	35	10.1	72	20.8	61	-7.6	37	-0.9	26	3.5	33
* MUNI Allocation	22.9	21	-23.0	23	6.7	79	13.6	53	6.5	67	11.7	36	23.1	34	-8.9	52	-5.6	82	0.7	61
⊗ POLICY INDEX	19.3	46	-21.9	15	8.0	54	14.1	36	7.1	53	11.5	40	23.0	35	-8.8	50	-4.6	68	-1.0	84
5th Percentile	27.5	-13.1	11.2	16.2	10.4	14.2	27.3	-0.3	3.2	9.3										
25th Percentile	22.1	-23.3	9.6	14.8	8.3	12.3	23.6	-6.7	-0.9	4.5										
50th Percentile	18.5	-25.6	8.2	13.7	7.2	11.1	21.7	-8.8	-2.9	1.9										
75th Percentile	15.7	-27.6	6.8	12.2	6.0	9.8	19.2	-10.4	-5.1	-0.5										
95th Percentile	10.1	-30.3	5.3	9.2	4.3	8.0	14.5	-12.3	-9.6	-3.4										

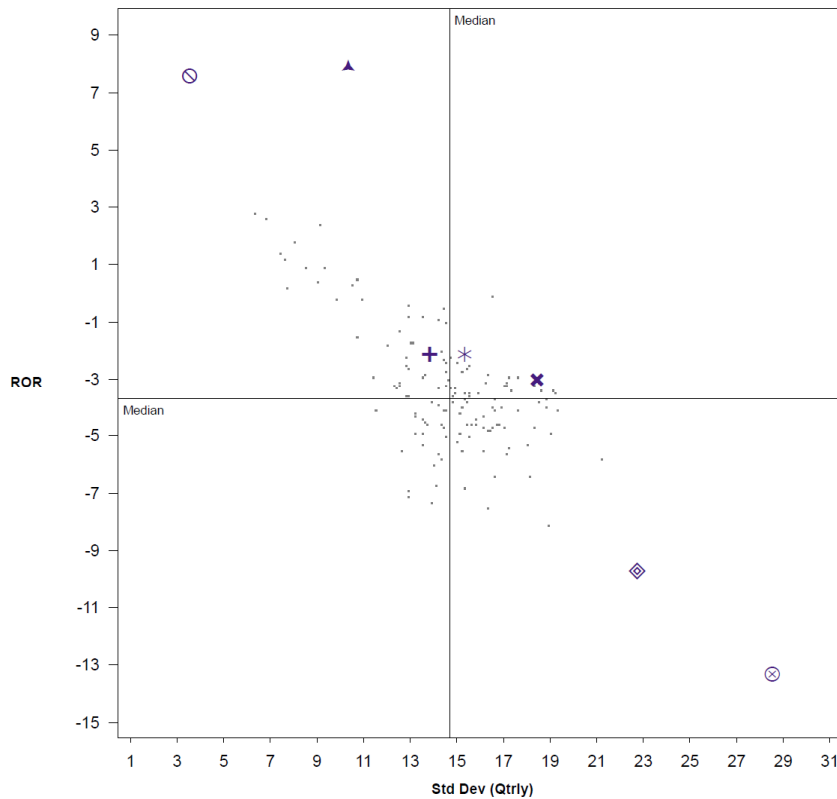
# Risk vs. Return Analysis – 3 Years

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending June 30, 2010

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✖ MUNI COMPOSITE	-3.1 32	18.5 93	-0.3 21
* MUNI Allocation	-2.2 19	15.4 64	-0.2 20
+ POLICY INDEX	-2.2 20	13.9 35	-0.3 34
◇ S&P 500	-9.8 100	22.8 100	-0.5 94
⊙ BC AGGREGATE	7.5 1	3.6 1	1.7 1
⊗ MSCI EAFE (NET)	-13.4 100	28.6 100	-0.5 95
▲ Citigroup WGBI (All maturities)	7.8 1	10.4 9	0.6 1
Median	-3.7	14.7	-0.3

**Funded status as of Fiscal Year 2009 = 90%**



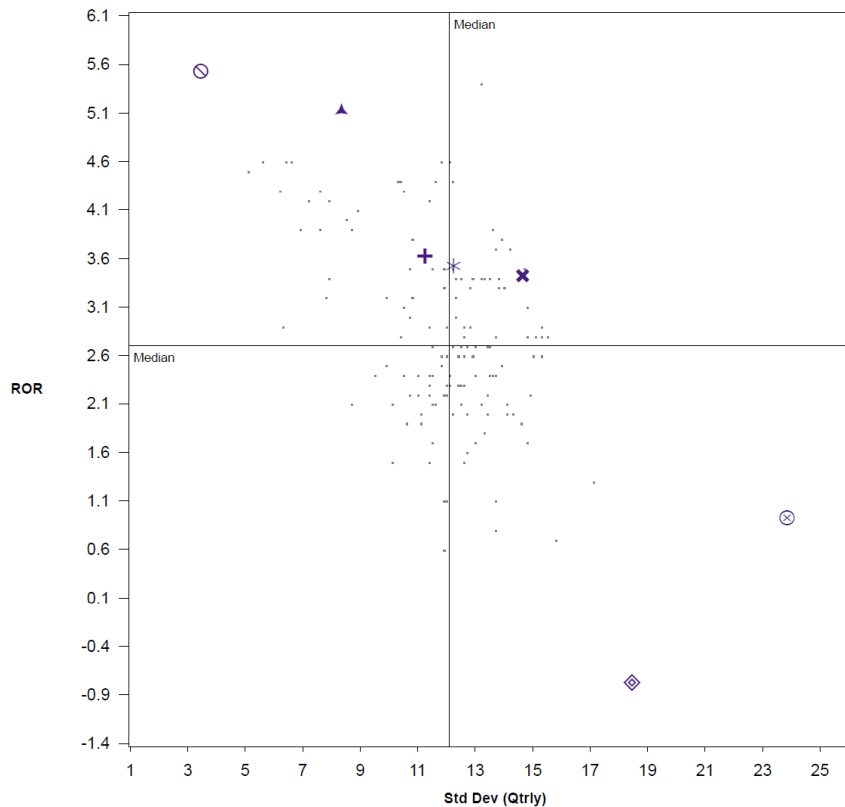
# Risk vs. Return Analysis – 5 Years

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending June 30, 2010

Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✖ MUNI COMPOSITE	3.4 26	14.7 91	0.0 37
* MUNI Allocation	3.5 23	12.3 55	0.1 27
+ POLICY INDEX	3.6 20	11.3 27	0.1 21
◇ S&P 500	-0.8 100	18.5 100	-0.2 100
⊙ BC AGGREGATE	5.5 1	3.5 1	0.8 1
⊗ MSCI EAFE (NET)	0.9 98	23.9 100	-0.1 89
▲ Citigroup WGBI (All maturities)	5.1 2	8.4 9	0.3 2
Median	2.7	12.1	-0.0

Funded status as of Fiscal Year 2009 = 90%

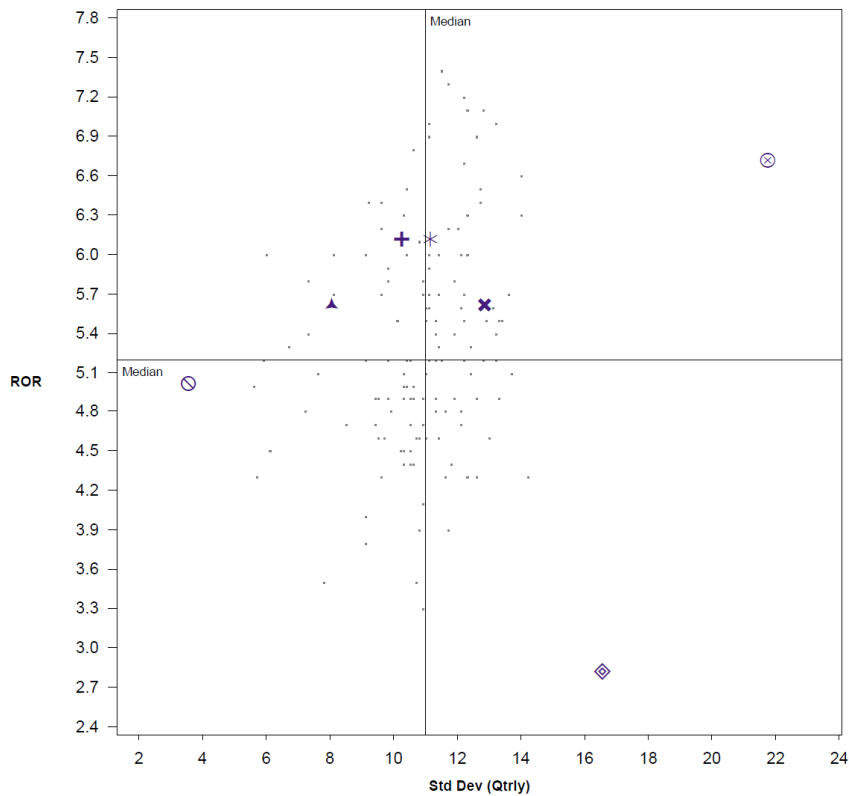
# Risk vs. Return Analysis – 7 Years

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending June 30, 2010

Risk vs. Return - 7 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✘ MUNI COMPOSITE	5.6 34	12.9 89	0.2 56
* MUNI Allocation	6.1 18	11.2 56	0.3 27
+ POLICY INDEX	6.1 18	10.3 29	0.4 19
◇ S&P 500	2.8 100	16.6 100	0.0 100
⊘ BC AGGREGATE	5.0 61	3.6 1	0.7 1
⊗ MSCI EAFE (NET)	6.7 9	21.8 100	0.2 83
▲ Citigroup WGBI (All maturities)	5.6 38	8.1 10	0.4 16
Median	5.2	11.0	0.3

**Funded status as of Fiscal Year 2009 = 90%**



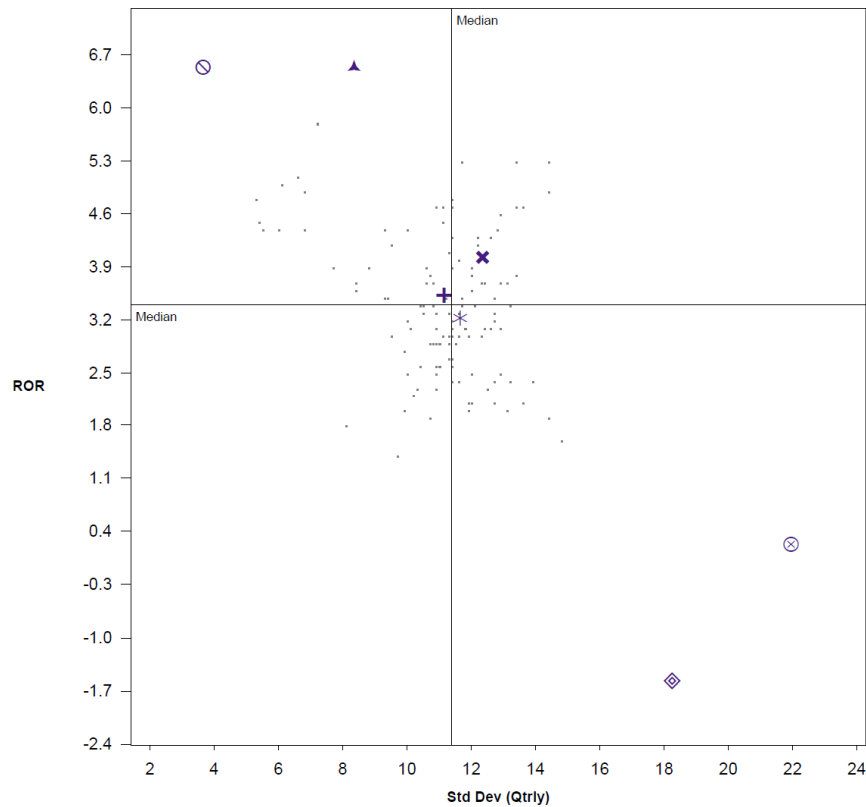
# Risk vs. Return Analysis – 10 Years

## VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending June 30, 2010

Risk vs. Return - 10 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✖ MUNI COMPOSITE	4.0 25	12.4 75	0.1 34
* MUNI Allocation	3.2 55	11.7 63	0.0 58
+ POLICY INDEX	3.5 43	11.2 45	0.1 48
◇ S&P 500	-1.6 100	18.3 100	-0.2 100
⊙ BC AGGREGATE	6.5 1	3.7 1	1.0 1
⊗ MSCI EAFE (NET)	0.2 100	22.0 100	-0.1 99
▲ Citigroup WGBI (All maturities)	6.5 1	8.4 10	0.5 2
Median	3.4	11.4	0.1

**Funded status as of Fiscal Year 2009 = 90%**

