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Vermont Pension Investment Committee

First Quarter 2014

Investment Performance Analysis

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Table of Contents

	<u>Tab</u>
NEPC Update	1
Market Review	2
State Teachers' Retirement System	3
State Employees' Retirement System	4
State Municipal Employees' Retirement System	5
City of Burlington	6
VPIC Allocation Comparison	7
Manager Characteristics	8
Appendix	9

Market Review



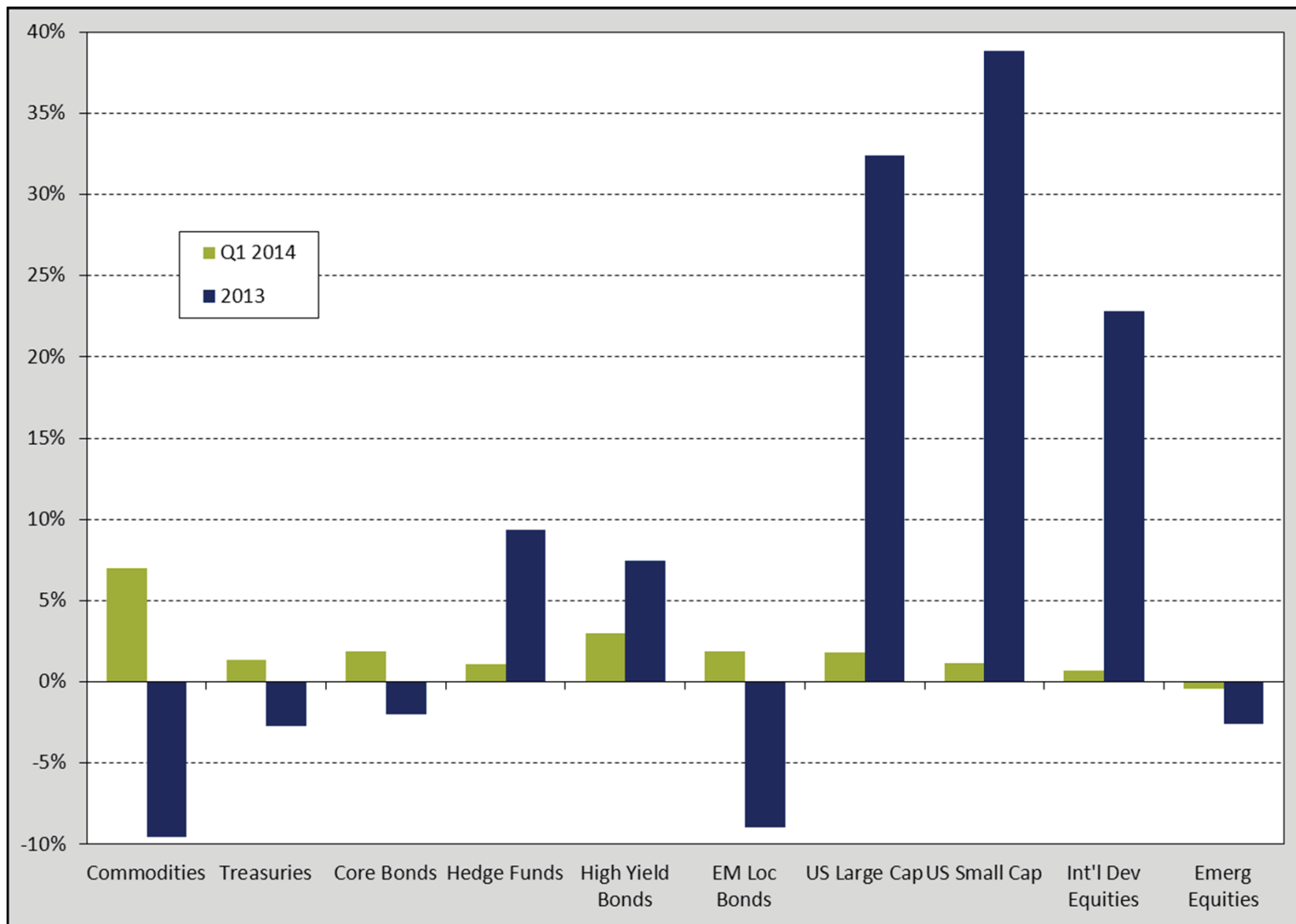
Positives

- **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

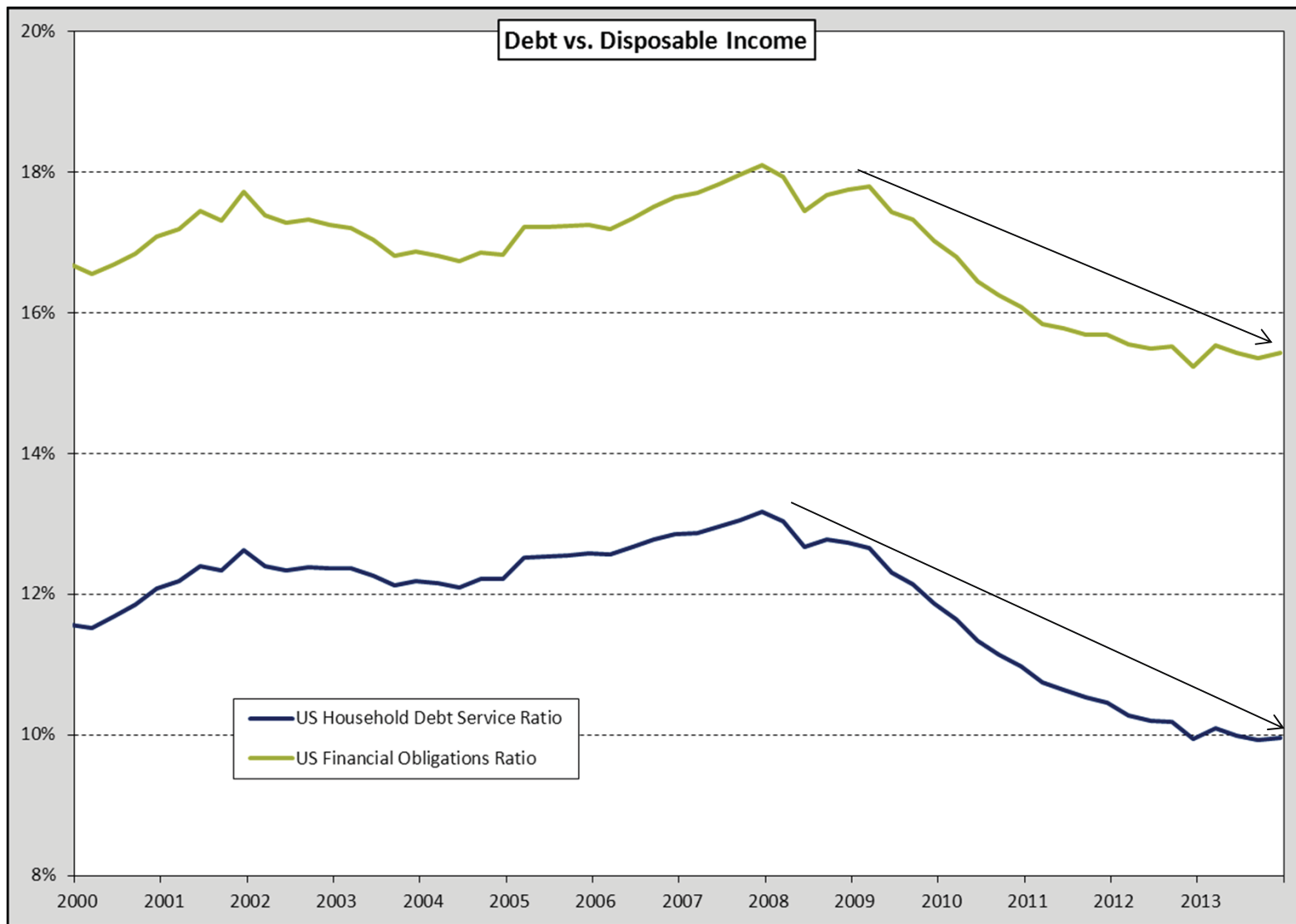
- **Potential geopolitical instability**
 - Russian invasion of Crimea has minimal economic impact
 - But tensions between Russia and West could have spillover effects
- **Benign market environment in Europe obscures challenging underlying economic conditions**
- **Inflation is low...maybe too low**
 - 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



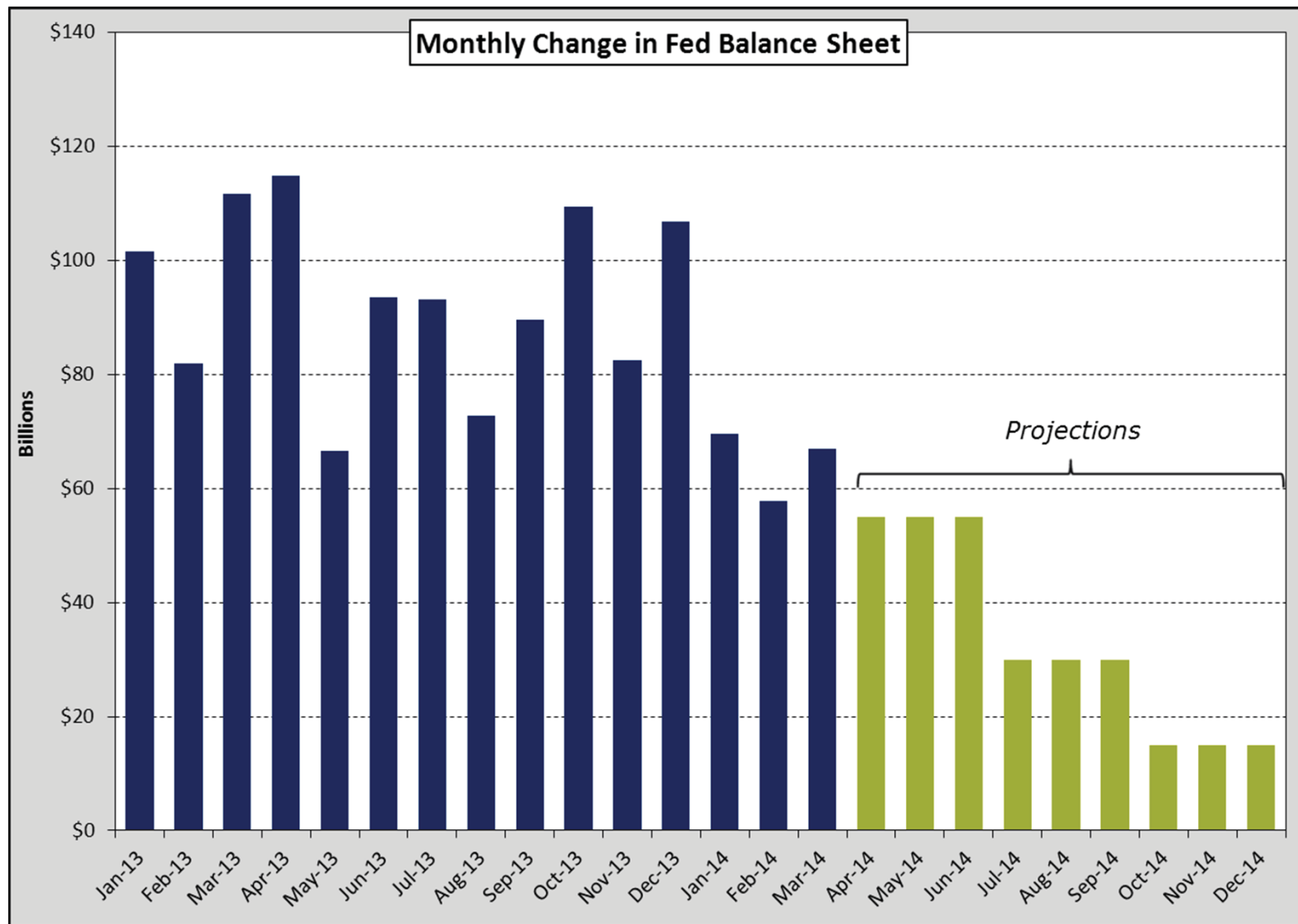
Source: Bloomberg, NEPC as of 3/31

Deleveraging Playing Out Slowly But Surely



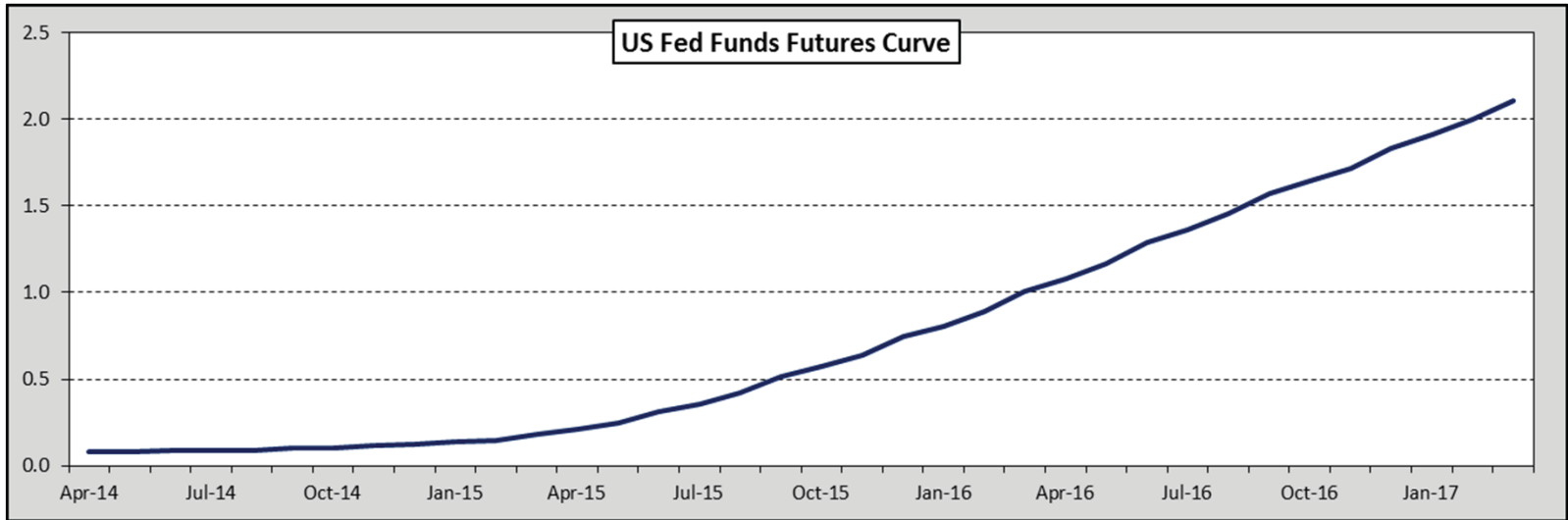
Source: Bloomberg as of 12/31

So Far So Good for Taper



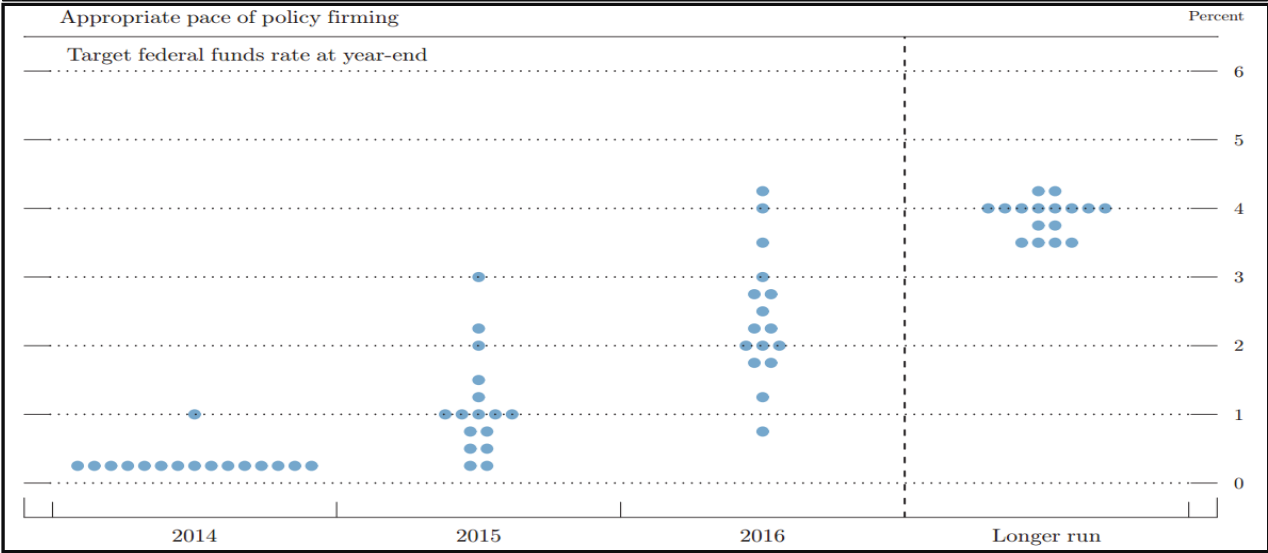
Source: Bloomberg as of 3/31, Values after 3/31/2014 are market consensus projections

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



Source: Bloomberg as of 3/31

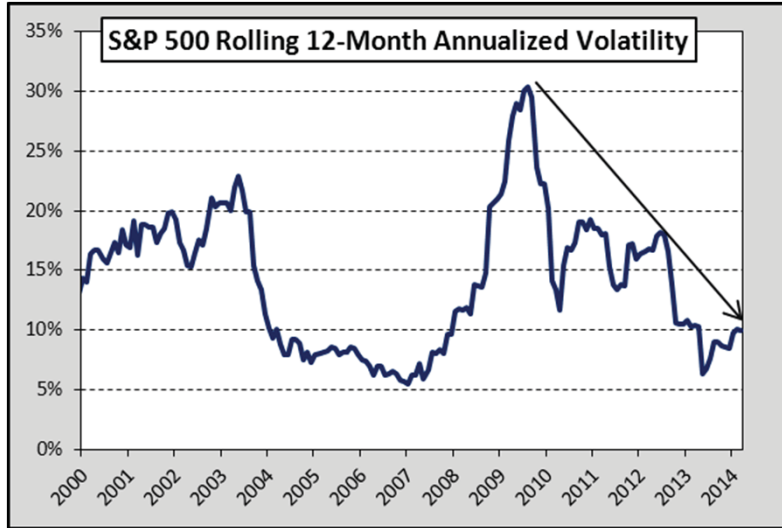
Economic Projections of the Federal Reserve Board Members and Federal Reserve Bank Presidents, March 2014



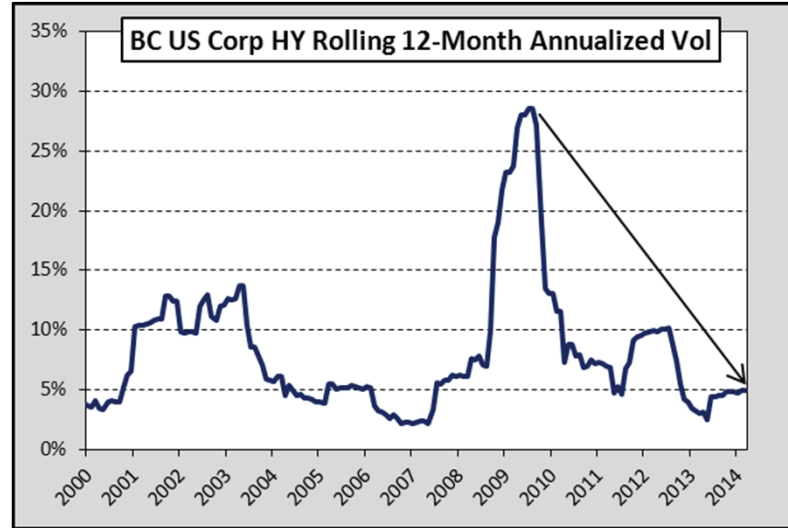
Each shaded circle represents the value (rounded to the nearest 1/4 percentage point) of an individual participant's judgment of the appropriate level of target federal funds rate at the end of the specified year or over the long run

Source: Federal Reserve

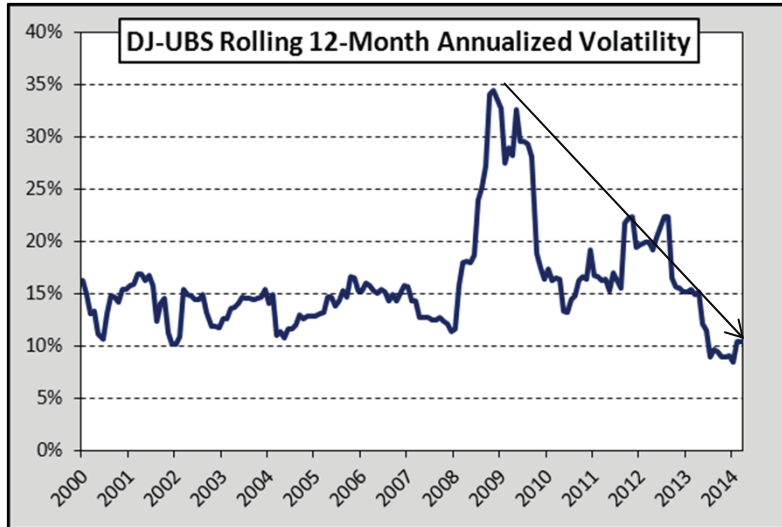
Volatility Remains Subdued



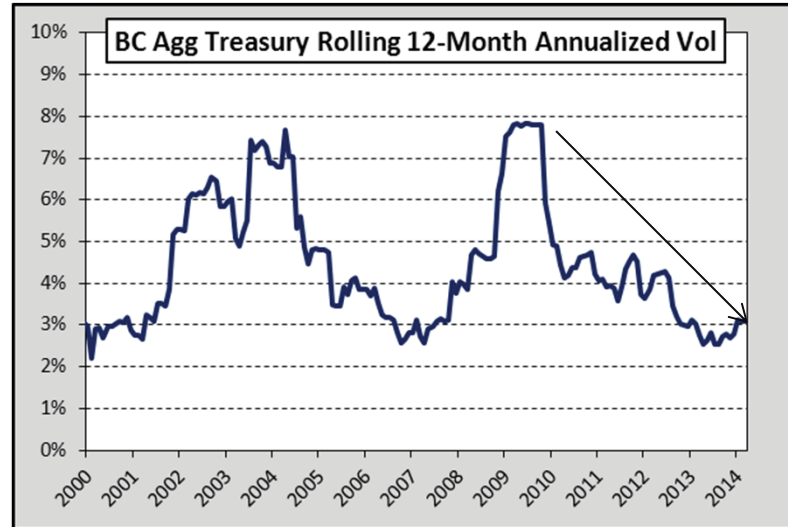
Source: Bloomberg as of 3/31



Source: Bloomberg as of 3/31

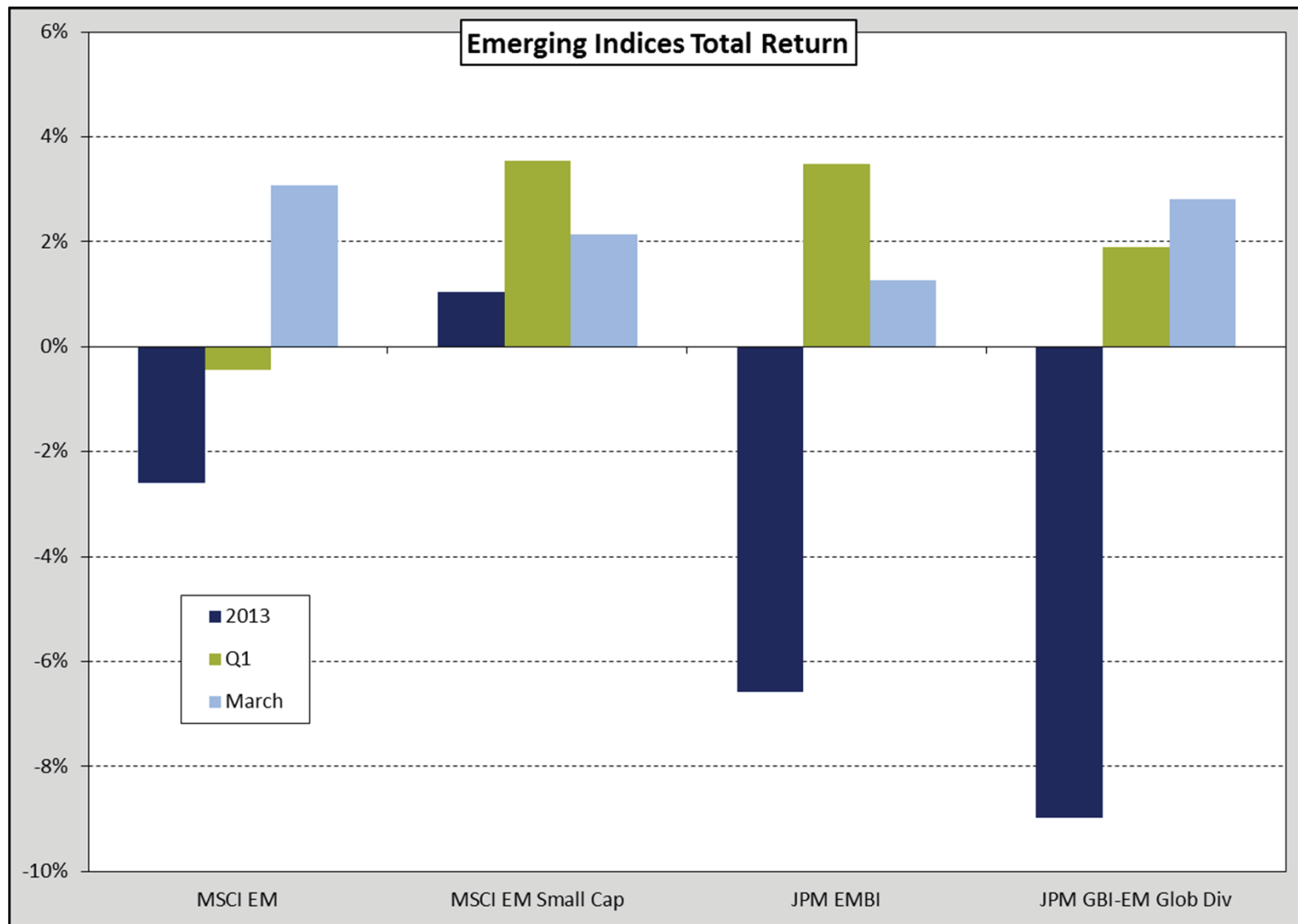


Source: Bloomberg as of 3/31



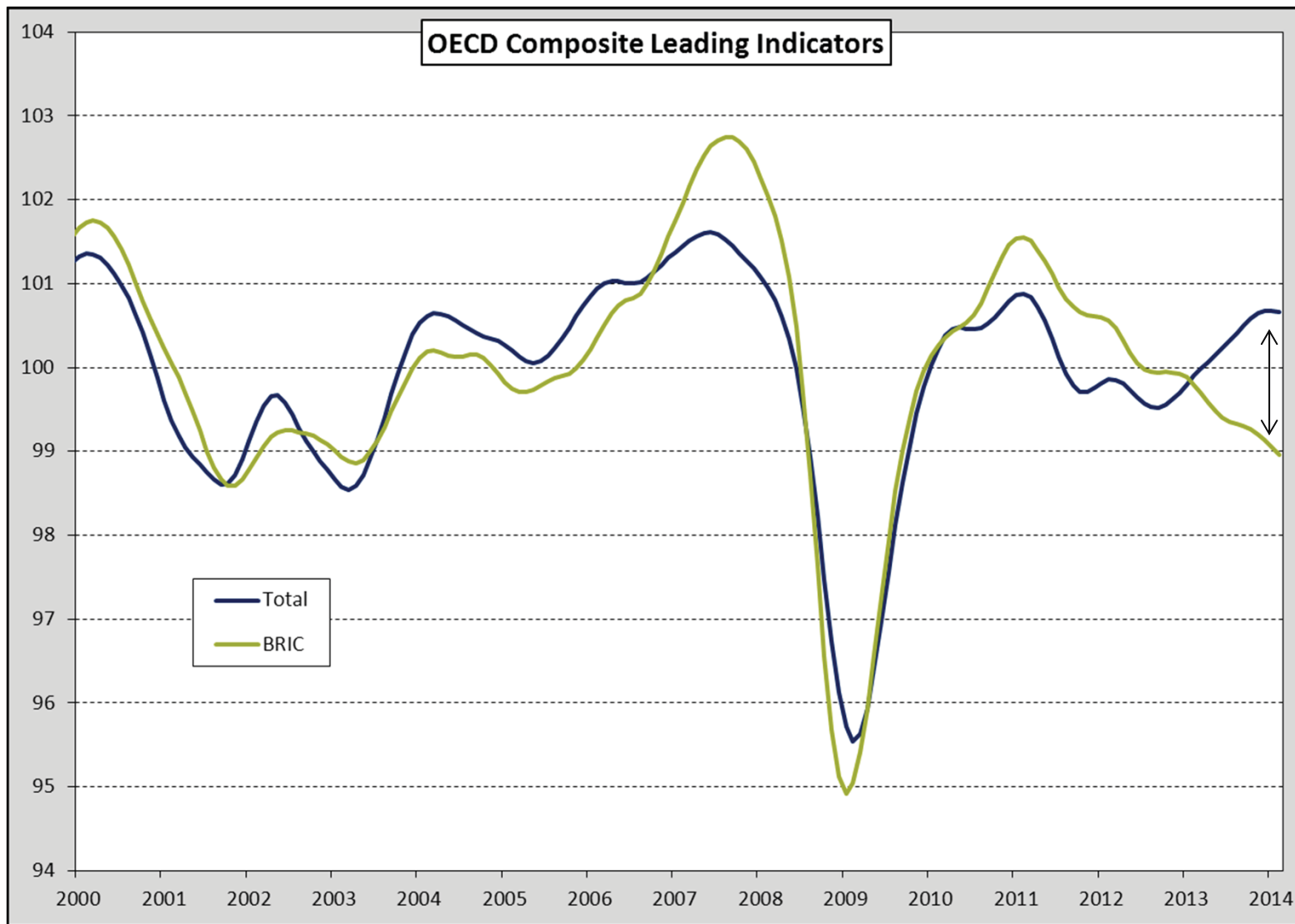
Source: Bloomberg as of 3/31

Emerging Returns Have Been Lackluster But Have Seen Some Recent Reversals



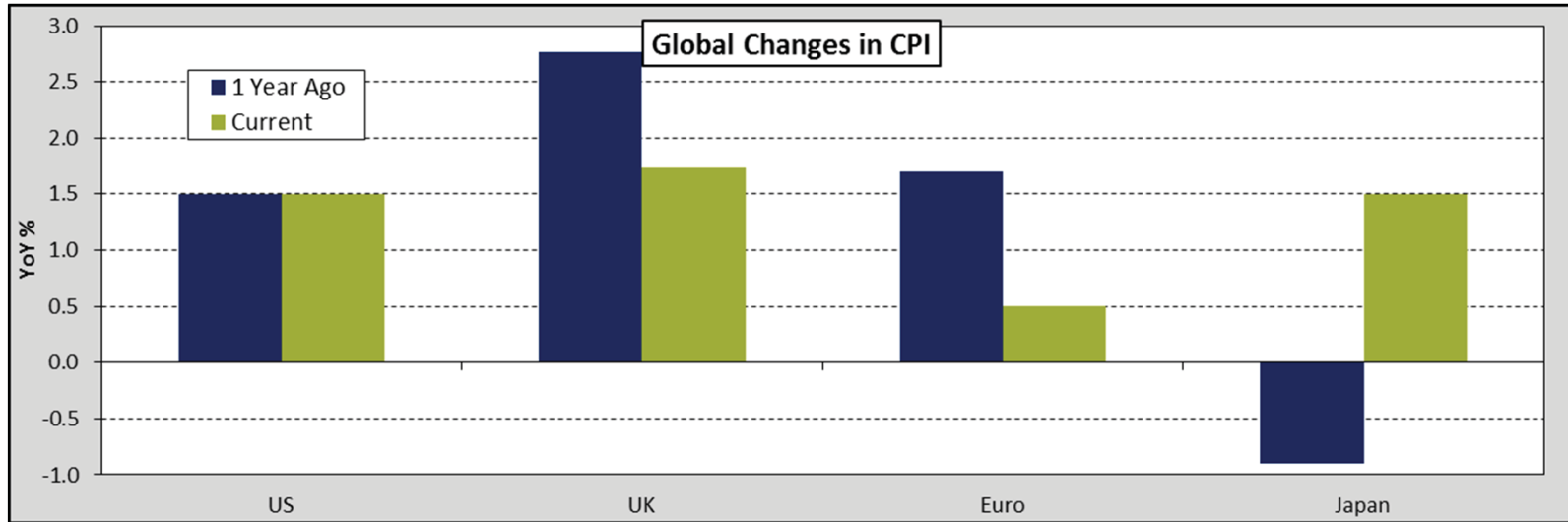
Source: Bloomberg as of 3/31

Dislocation of Emerging Markets is a Unique Situation Given Recent History

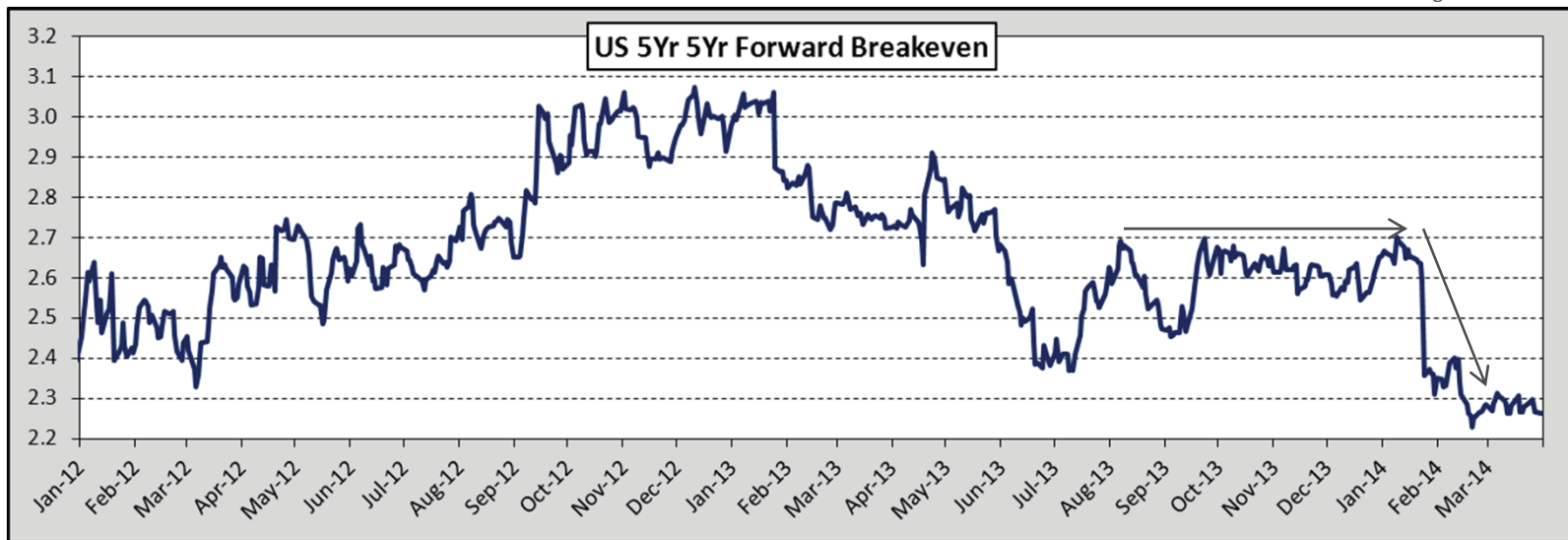


Source: Bloomberg as of 2/28, Total is representative of world market, BRIC is an equally weighted average of indicators for each country

Inflation and Near Term Inflation Expectations Remain Low

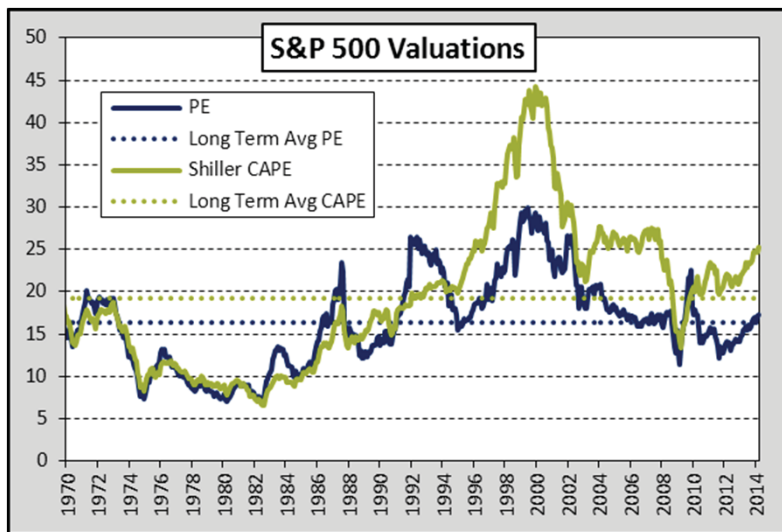


Source: Bloomberg as of 3/31

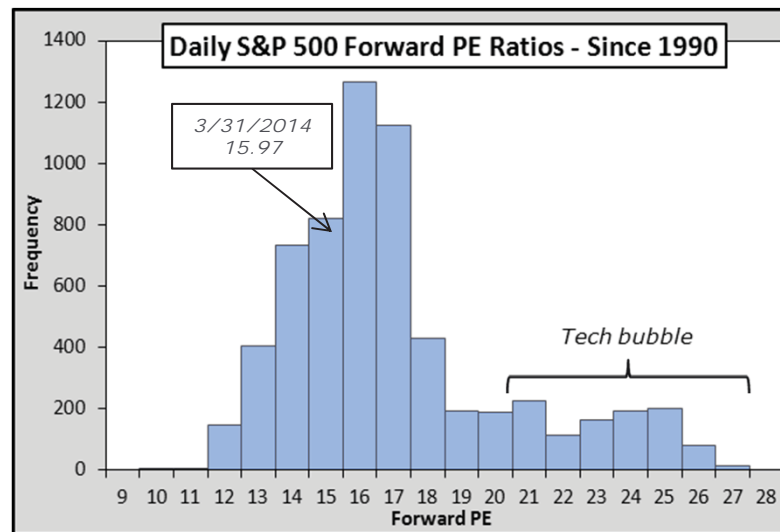


Source: Bloomberg as of 3/31

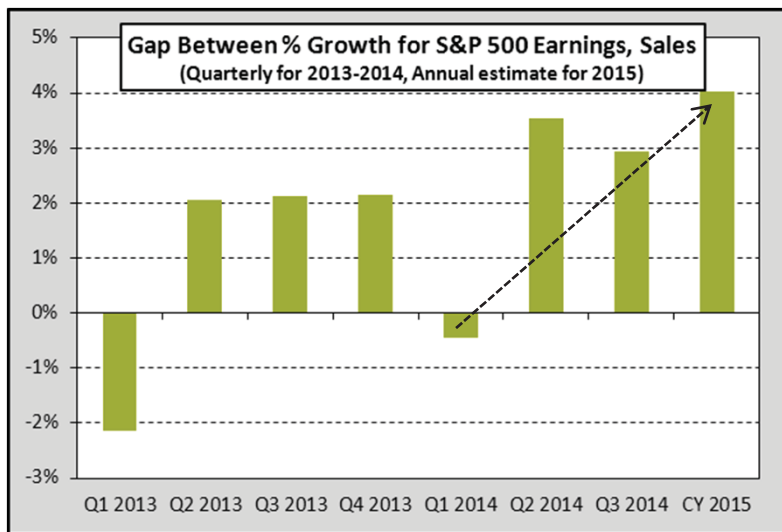
US Equity Markets: Poised to Continue or Overly Optimistic



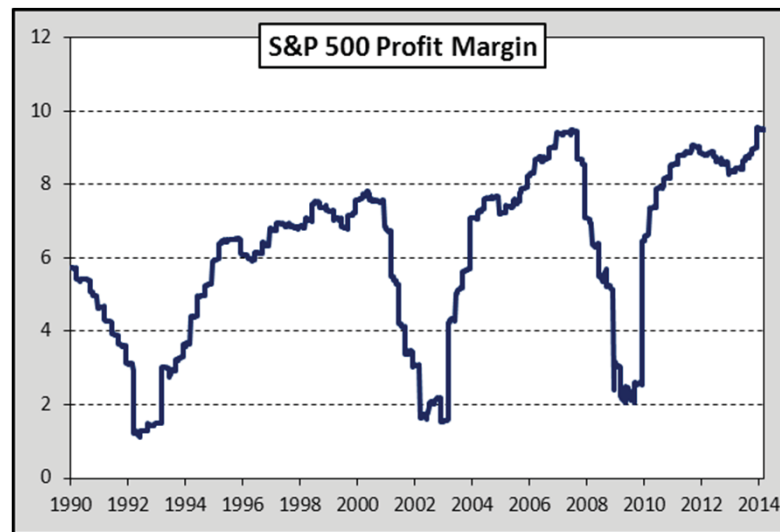
Source: Bloomberg as of 3/31, Long-term averages since 1954



Source: Bloomberg as of 3/31

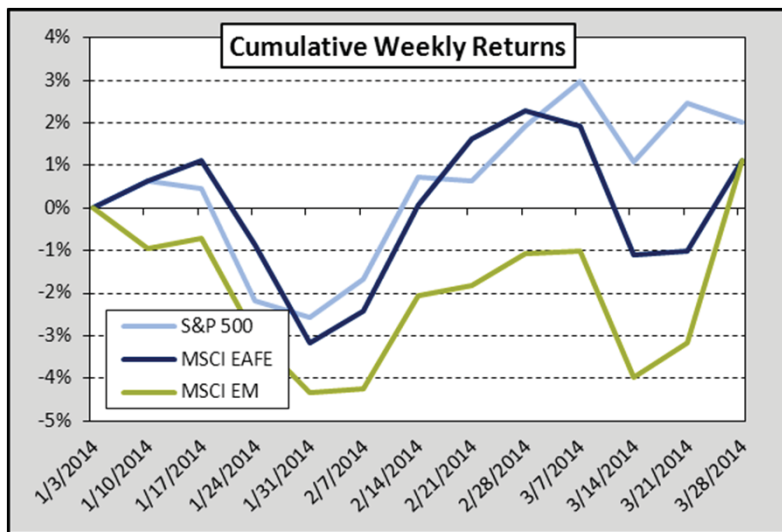


Source: Bloomberg as of 3/31

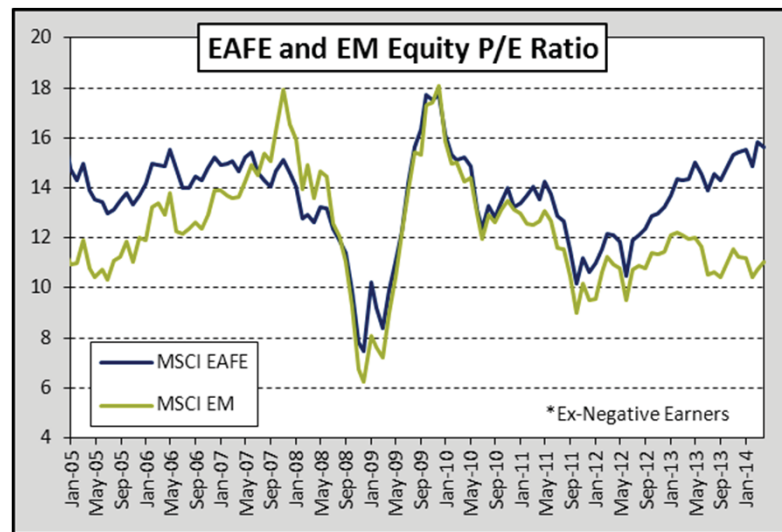


Source: Bloomberg as of 3/31

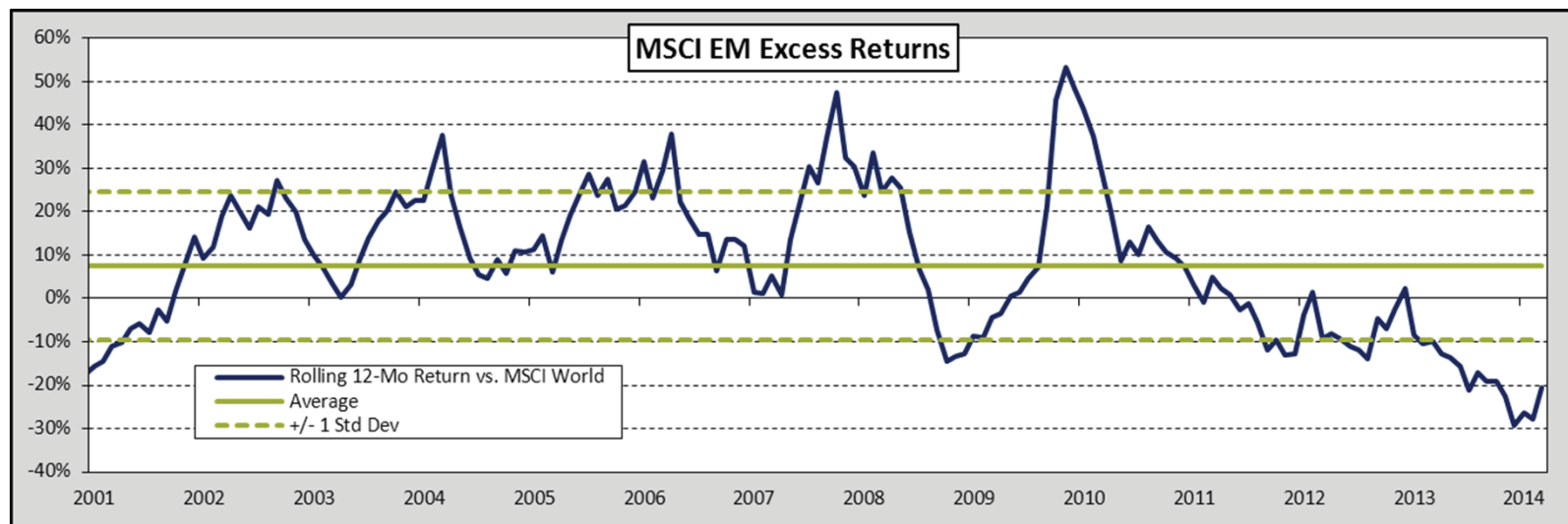
Global Equity Markets: EM Still Lagging, But Weathering Macro Concerns



Source: Bloomberg as of 3/31

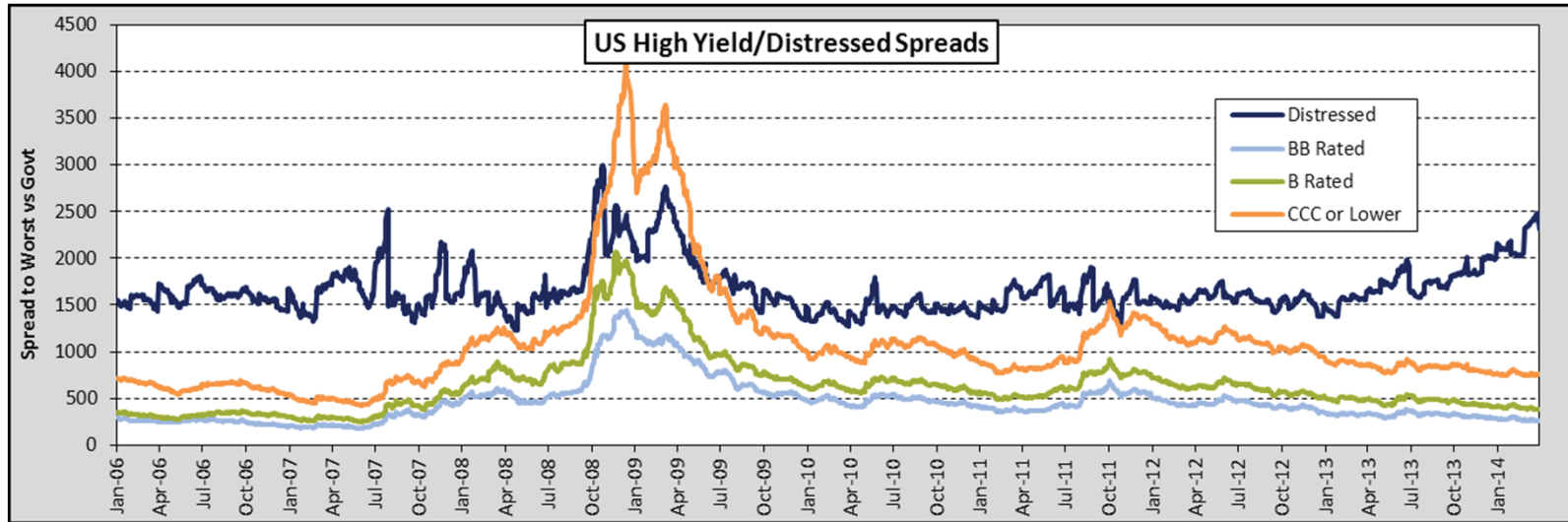


Source: Bloomberg as of 3/31

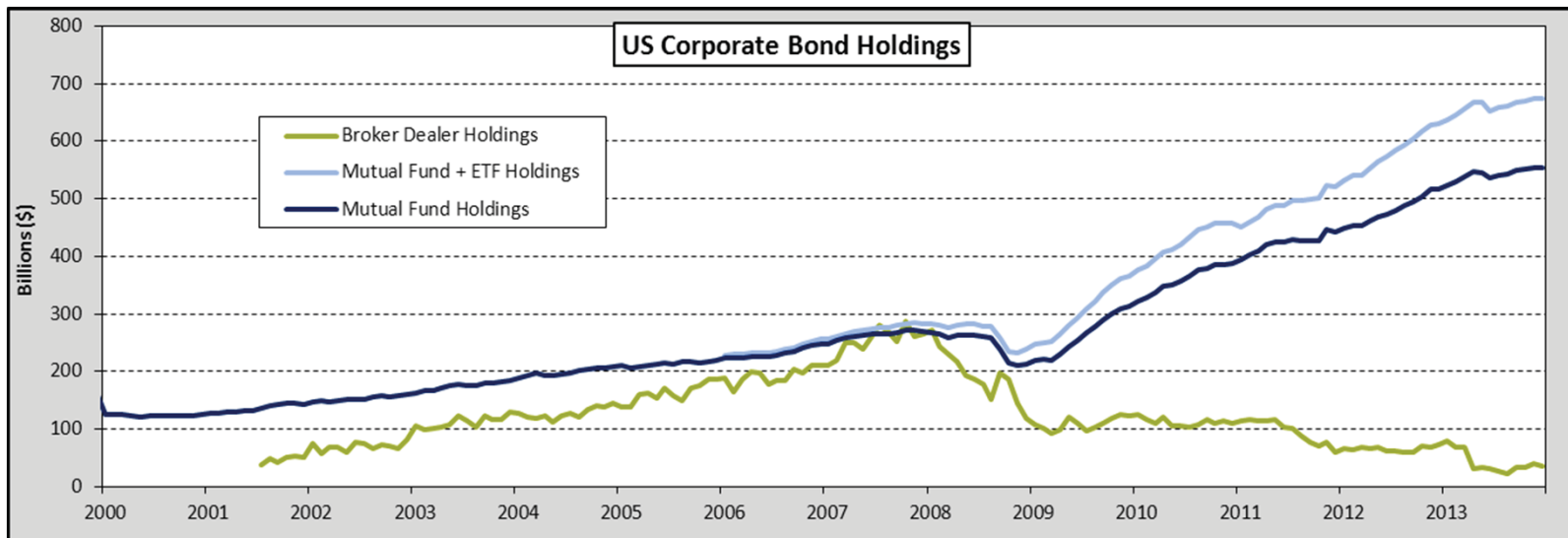


Source: Bloomberg as of 3/31

Spreads Have Tightened as Retail Investors Flocked to Yield

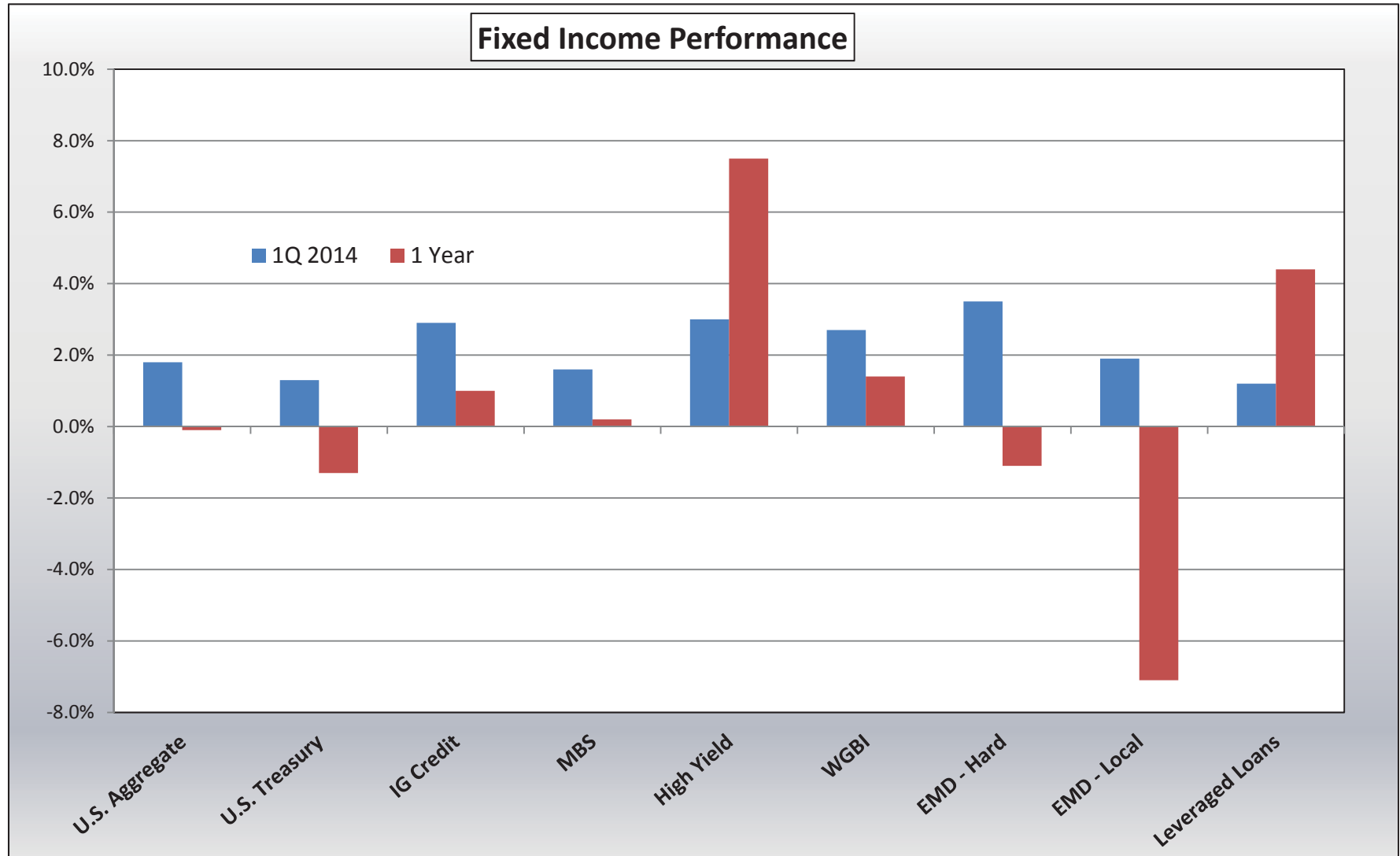


Source: Bloomberg as of 3/31



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 Employees' Retirement System



Vermont State Employees

Total Fund Performance Summary

	Market Value	3 Mo	Rank	Fiscal YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Employees Composite	\$1,586,631,944	2.6%	2	10.1%	87	7.5%	93	7.6%	78	15.2%	20
<i>Policy Index</i>		1.9%	26	9.8%	89	8.2%	92	6.6%	94	12.1%	76
<i>Allocation Index</i>		1.8%	29	9.8%	89	8.3%	91	6.4%	95	12.7%	69
<i>InvestorForce Public DB Gross Median</i>		1.6%		11.9%		11.8%		8.6%		13.7%	

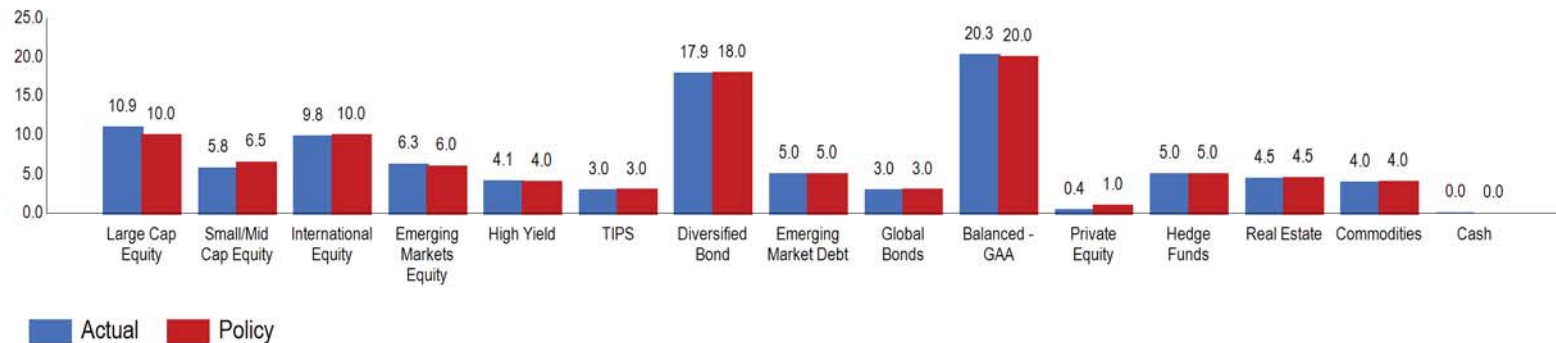
3 Years Ending March 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Employees Composite	7.62%	78	7.47%	37	1.01	69	1.49	57
Policy Index	6.57%	94	7.19%	31	0.91	86	1.30	81
Allocation Index	6.41%	95	7.26%	32	0.88	89	1.22	87

5 Years Ending March 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Employees Composite	15.16%	20	9.16%	60	1.65	28	2.98	13
Policy Index	12.12%	76	8.29%	42	1.45	83	2.48	56
Allocation Index	12.70%	69	8.67%	48	1.46	83	2.51	55

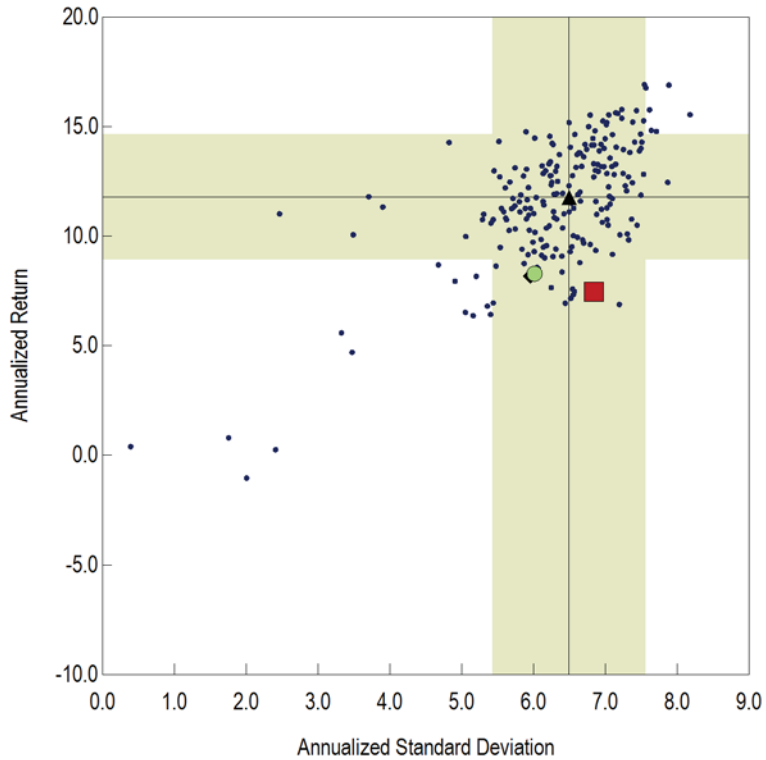
Actual vs Target Allocation (%)



Vermont State Employees

Total Fund Risk/Return

1 Year Ending March 31, 2014



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

1 Year Ending March 31, 2014

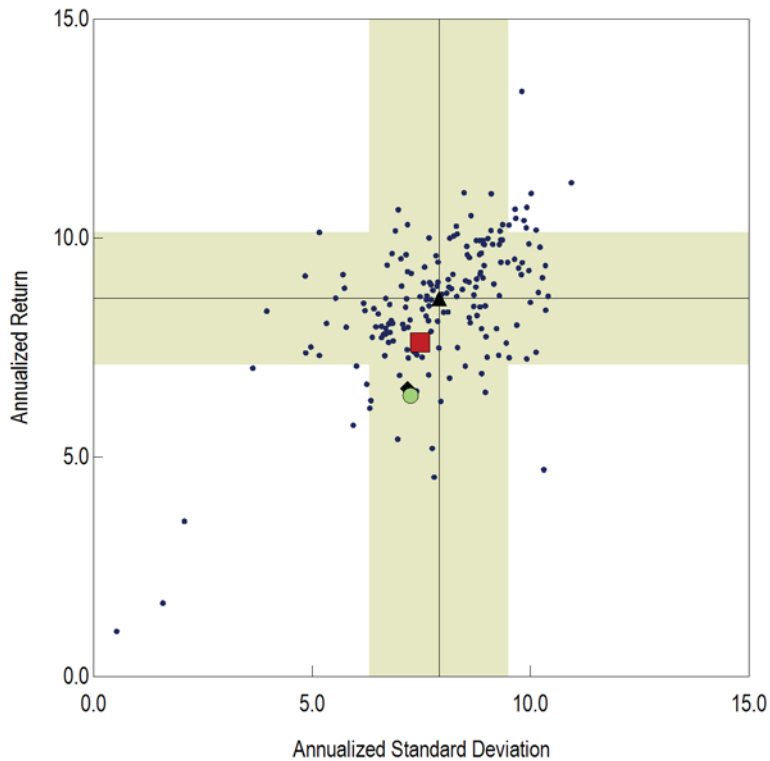
	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Employees Composite	7.48%	93	6.84%	68	1.09	98
Policy Index	8.18%	92	5.96%	27	1.37	90
S&P 500	21.86%	1	9.96%	99	2.19	11
60% MSCI ACWI (Net)/40% CITI WGBI	10.36%	73	7.75%	99	1.33	92
Citi 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	--

214 Portfolios

Vermont State Employees

Total Fund Risk/Return

3 Years Ending March 31, 2014



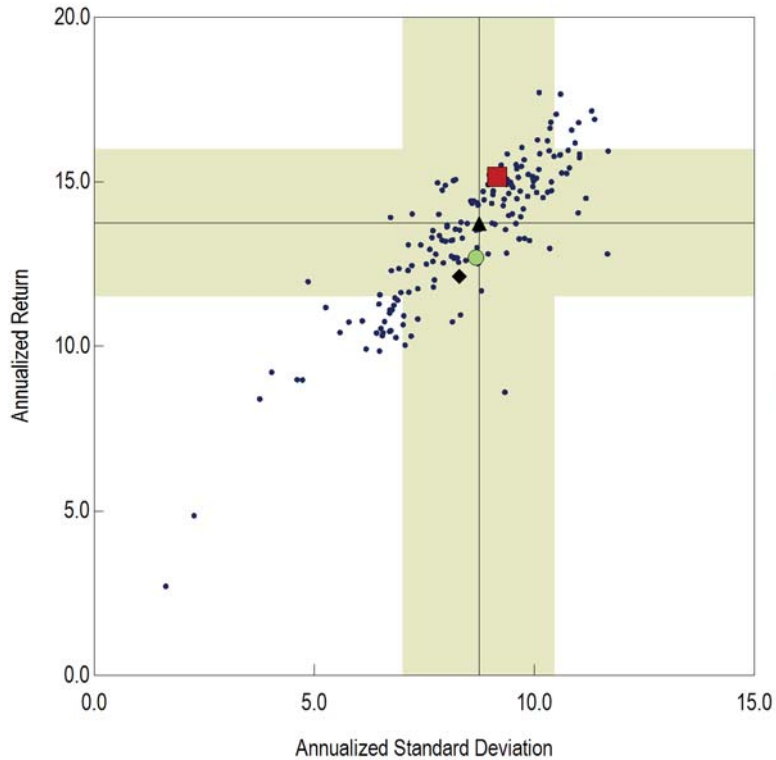
3 Years Ending March 31, 2014

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Employees Composite	7.62%	78	7.47%	37	1.01	69
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 State Employees

Total Fund Risk/Return

5 Years Ending March 31, 2014



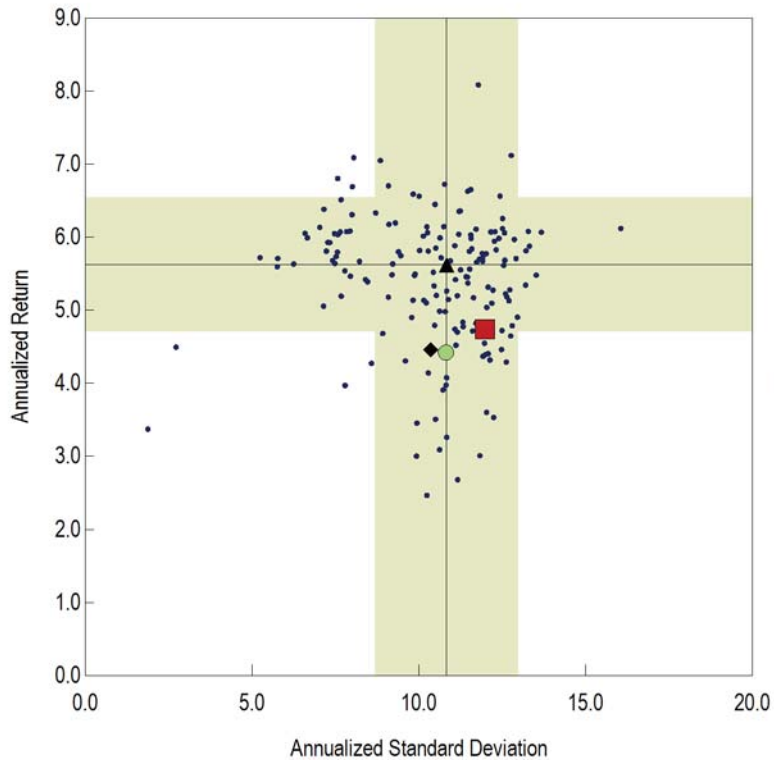
5 Years Ending March 31, 2014

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Employees Composite	15.16%	20	9.16%	60	1.65	28
Policy Index	12.12%	76	8.29%	42	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	--

Vermont State Employees

Total Fund Risk/Return

7 Years Ending March 31, 2014



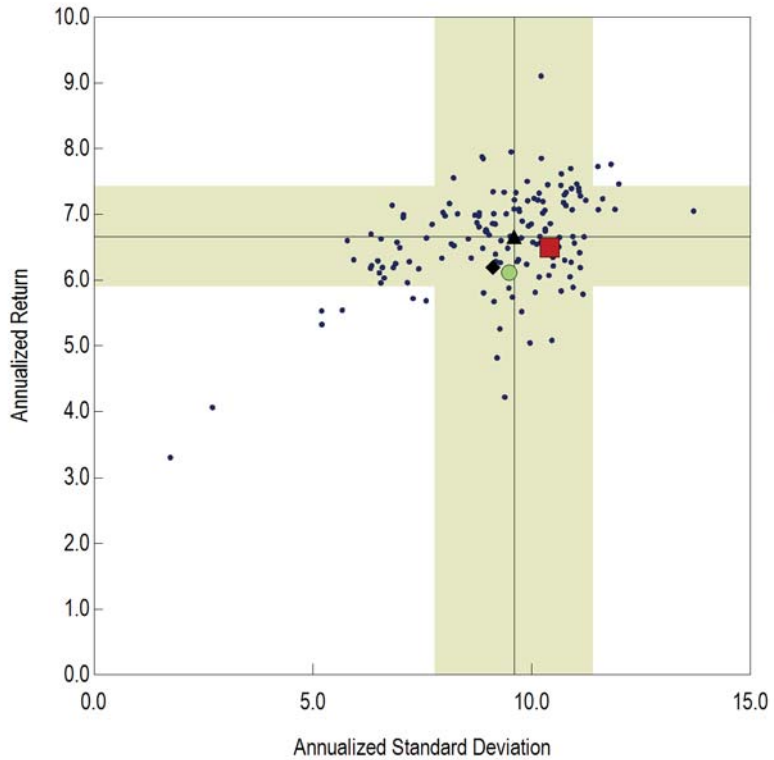
7 Years Ending March 31, 2014

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Employees Composite	4.74%	79	11.97%	75	0.34	85
Policy Index	4.46%	87	10.36%	40	0.36	76
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	--

Vermont State Employees

Total Fund Risk/Return

10 Years Ending March 31, 2014

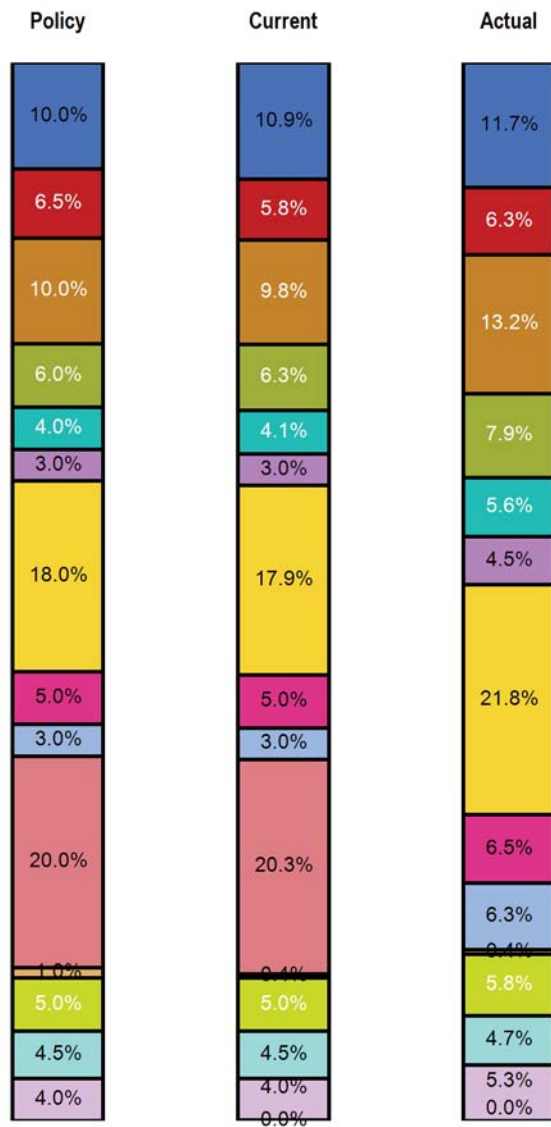


- Employees Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross

10 Years Ending March 31, 2014

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Employees Composite	6.49%	63	10.41%	74	0.48	80
Policy Index	6.20%	78	9.11%	37	0.51	68
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	--

Total Fund Asset Allocation vs. Policy Targets

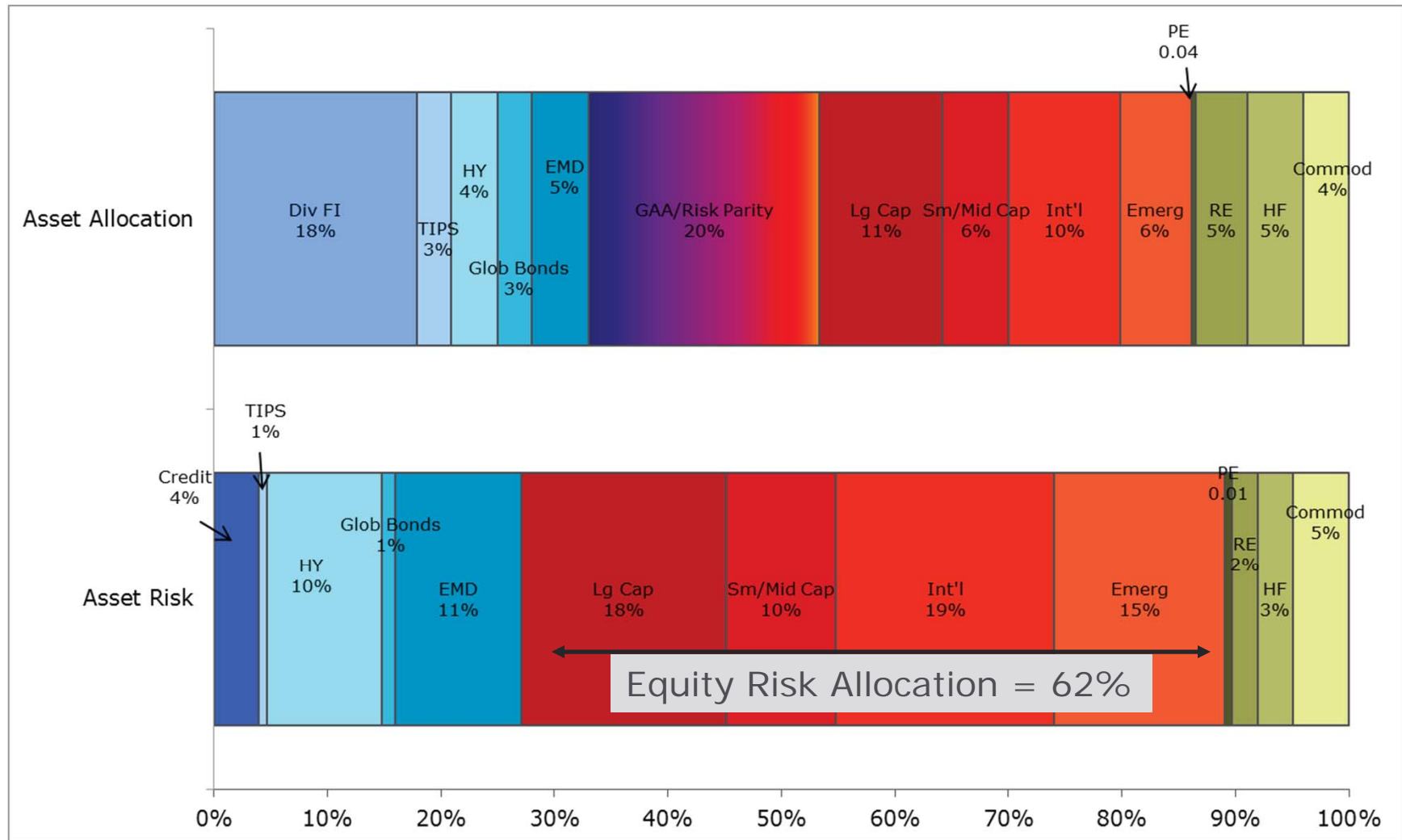


Asset Allocation vs. Target

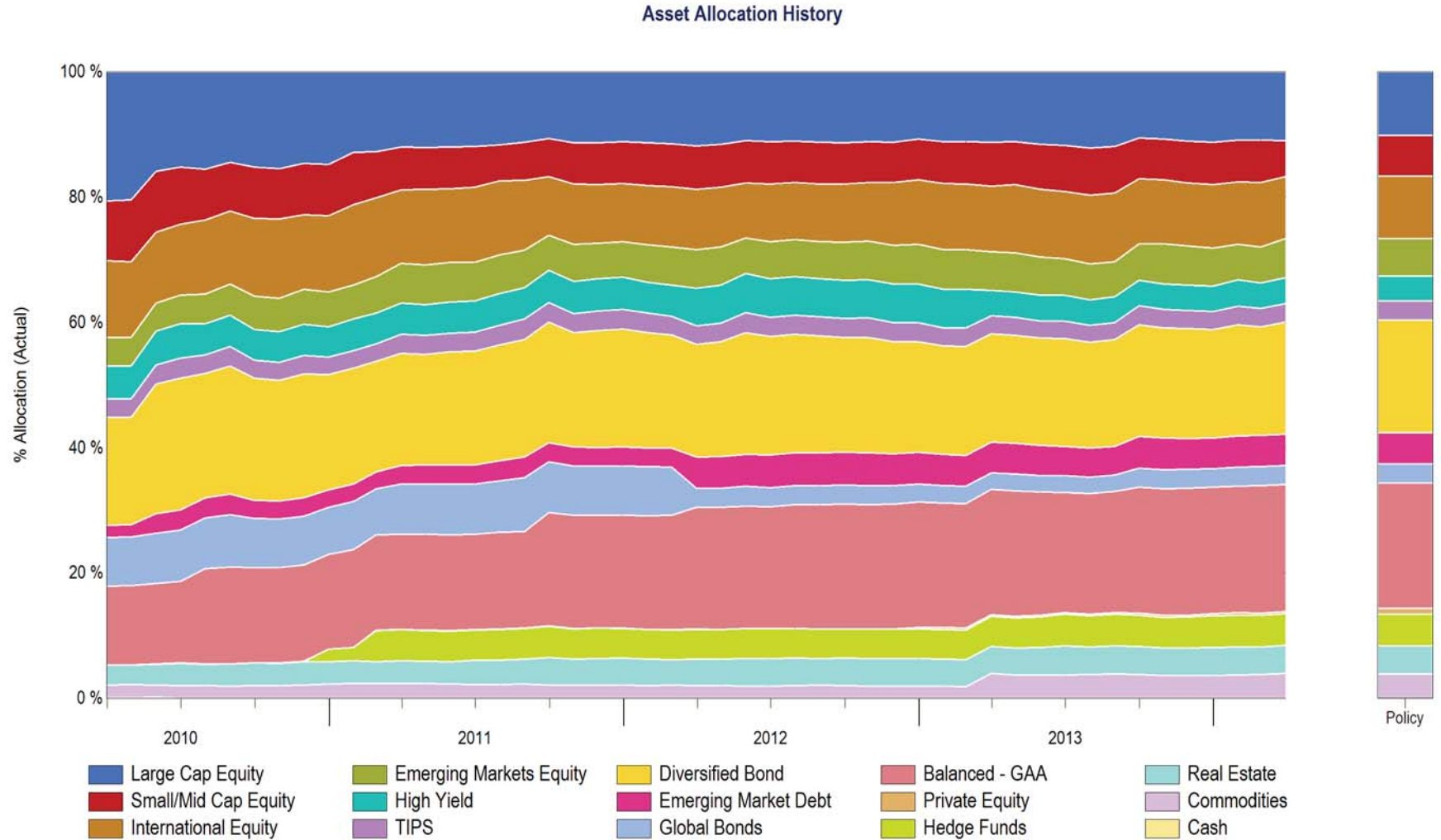
	Current	Policy	Current	Difference*
Large Cap Equity	\$173,516,641	10.0%	10.9%	0.9%
Small/Mid Cap Equity	\$91,805,127	6.5%	5.8%	-0.7%
International Equity	\$155,782,912	10.0%	9.8%	-0.2%
Emerging Markets Equity	\$99,654,653	6.0%	6.3%	0.3%
High Yield	\$65,219,326	4.0%	4.1%	0.1%
TIPS	\$47,127,325	3.0%	3.0%	0.0%
Diversified Bond	\$284,065,744	18.0%	17.9%	-0.1%
Emerging Market Debt	\$79,858,040	5.0%	5.0%	0.0%
Global Bonds	\$47,210,022	3.0%	3.0%	0.0%
Balanced - GAA	\$321,983,158	20.0%	20.3%	0.3%
Private Equity	\$6,056,179	1.0%	0.4%	-0.6%
Hedge Funds	\$79,756,906	5.0%	5.0%	0.0%
Real Estate	\$70,920,264	4.5%	4.5%	0.0%
Commodities	\$63,052,725	4.0%	4.0%	0.0%
Cash	\$622,921	--	0.0%	0.0%
Total	\$1,586,631,944	100.0%	100.0%	

*Difference between Policy and Current Allocation

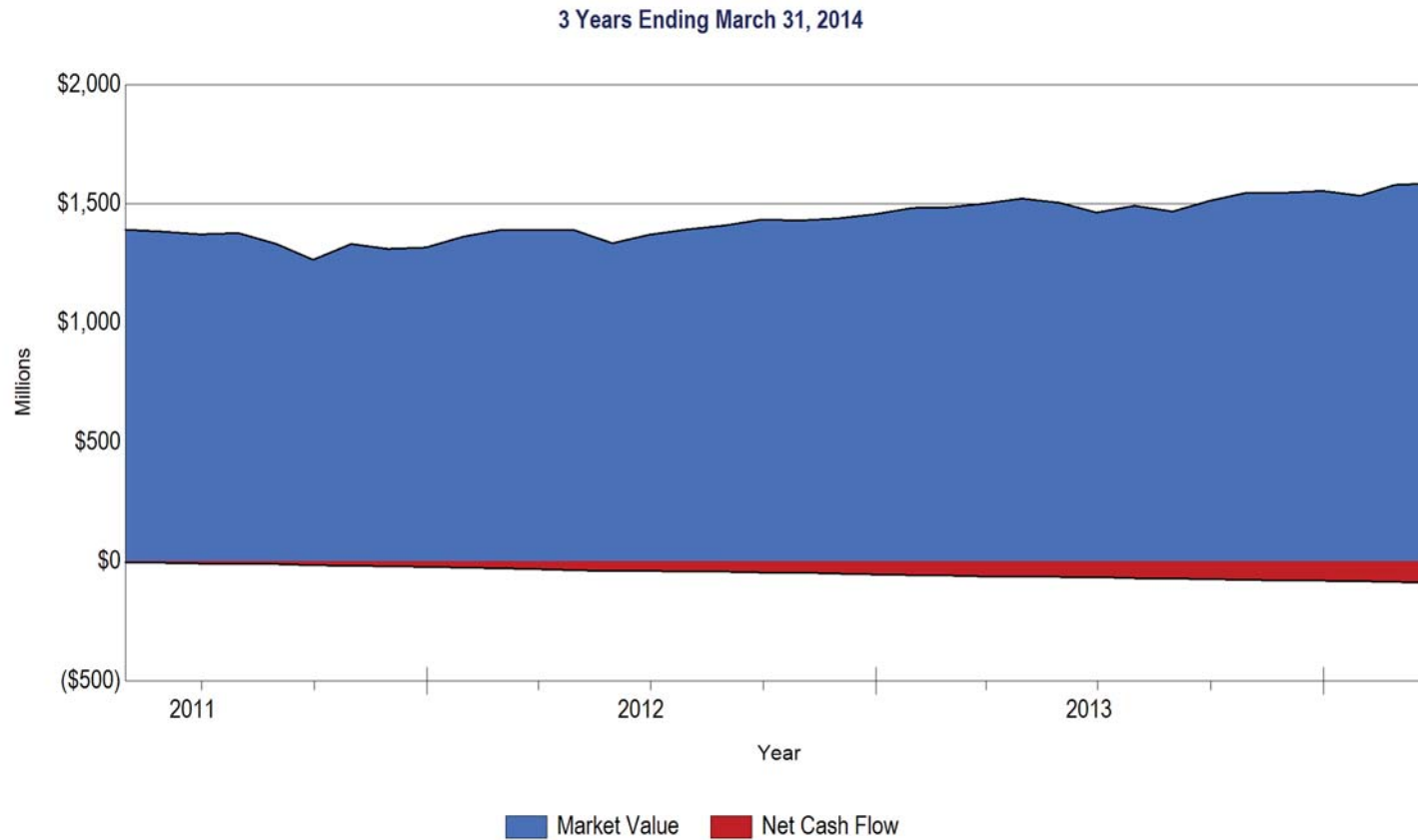
Total Plan Performance Analysis



Total Fund Asset Allocation History



Total Fund Asset Growth Summary



	Last Three Months	Year-To-Date	Fiscal Year-To-Date	One Year	Three Years
Beginning Market Value	\$1,554,748,707	\$1,554,748,707	\$1,463,668,721	\$1,501,425,698	\$1,356,112,896
- Withdrawals	-\$29,919,235	-\$29,919,235	-\$151,430,676	-\$153,931,904	-\$550,091,931
+ Contributions	\$21,098,973	\$21,098,973	\$127,144,505	\$127,393,972	\$460,632,349
= Net Cash Flow	-\$8,820,262	-\$8,820,262	-\$24,286,171	-\$26,537,933	-\$89,459,583
+ Net Investment Change	\$40,703,499	\$40,703,499	\$147,249,393	\$111,744,179	\$319,978,630
= Ending Market Value	\$1,586,631,944	\$1,586,631,944	\$1,586,631,944	\$1,586,631,944	\$1,586,631,944

Vermont State Employees

Total Fund Asset Growth Summary by Manager

	Quarter Ending March 31, 2014					Ending Market Value
	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	
Aberdeen	\$93,698,704	\$0	\$4,500,000	\$4,500,000	\$1,455,949	\$99,654,653
Acadian	\$69,691,992	-\$10,000,000	\$0	-\$10,000,000	\$3,149,241	\$62,841,233
Allianz Structured Alpha	\$37,247,966	\$0	\$0	\$0	\$1,511,217	\$38,759,183
AQR Global Risk Premium	\$122,245,798	\$0	\$0	\$0	\$6,899,581	\$129,145,378
BlackRock TIPS	\$44,772,715	\$0	\$1,500,000	\$1,500,000	\$854,610	\$47,127,325
Champlain	\$35,889,755	-\$4,500,000	\$0	-\$4,500,000	-\$310,758	\$31,078,997
GAM	\$15,724,046	\$0	\$0	\$0	\$40,125	\$15,764,171
Grosvenor	\$31,786,960	\$0	\$0	\$0	\$490,822	\$32,277,782
Guggenheim	\$47,423,059	\$0	\$0	\$0	\$1,769,827	\$49,192,886
Harbourvest Dover VIII Fund	\$2,586,482	-\$97,759	\$0	-\$97,759	\$0	\$2,488,723
Harbourvest Partners IX Buyout Fund	\$1,760,042	\$0	\$0	\$0	\$0	\$1,760,042
Harbourvest Partners IX Credit Opportunities	\$326,103	\$0	\$0	\$0	\$0	\$326,103
Harbourvest Partners IX Venture Fund	\$1,481,311	\$0	\$0	\$0	\$0	\$1,481,311
KDP	\$15,629,326	-\$25,423	\$0	-\$25,423	\$422,537	\$16,026,439
Liquidating Post Advisory	\$317,329	\$0	\$0	\$0	-\$317,328	\$1
Mellon Global Expanded Alpha	\$32,360,773	\$0	\$0	\$0	-\$1,488,560	\$30,872,212
Mondrian	\$63,860,642	\$0	\$0	\$0	\$4,861,168	\$68,721,810
Mondrian GFI	\$46,317,328	\$0	\$0	\$0	\$892,694	\$47,210,022
Morgan Stanley Prime Property	\$31,640,756	-\$86,498	\$0	-\$86,498	\$878,073	\$32,432,331
Permal	\$31,167,629	\$0	\$0	\$0	\$547,324	\$31,714,953
PIMCO All Asset	\$93,110,751	-\$208,934	\$0	-\$208,934	\$2,508,583	\$95,410,400
PIMCO Core Plus	\$97,309,597	\$0	\$3,000,000	\$3,000,000	\$1,692,696	\$102,002,293
PIMCO Unconstrained	\$96,617,679	\$0	\$7,000,000	\$7,000,000	\$975,866	\$104,593,545
RREEF America REIT III	\$9,683,610	-\$325,345	\$0	-\$325,345	\$375,308	\$9,733,573
Schroder	\$56,722,542	\$0	\$3,000,000	\$3,000,000	\$3,330,183	\$63,052,725

Vermont State 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	
SSgA ACWI Ex US	\$24,084,221	\$0	\$0	\$0	\$135,648	\$24,219,869
SSgA Russell 2000 Growth	\$24,174,561	-\$3,500,000	\$0	-\$3,500,000	\$82,135	\$20,756,696
SSgA S&P 400	\$11,077,094	-\$3,500,000	\$0	-\$3,500,000	\$336,993	\$7,914,087
SSgA S&P 500 Cap-Wgt	\$78,813,299	\$0	\$0	\$0	\$1,420,269	\$80,233,569
SSgA S&P 500 Equal-Wgt	\$45,228,498	\$0	\$0	\$0	\$1,354,380	\$46,582,878
T. Rowe	\$50,142,529	-\$4,600,000	\$1,500,000	-\$3,100,000	-\$342,334	\$46,700,195
Transwestern / Aslan III	\$365,686	-\$972	\$0	-\$972	\$709	\$365,423
UBS Trumbull	\$27,706,516	-\$74,304	\$74,304	\$0	\$682,421	\$28,388,937
Vermont Cash	\$98,252	\$0	\$524,669	\$524,669	\$0	\$622,921
Wellington	\$34,500,220	-\$3,000,000	\$0	-\$3,000,000	\$555,127	\$32,055,347
Wellington DAS	\$37,144,668	\$0	\$0	\$0	\$1,566,056	\$38,710,723
Wellington OIF	\$65,000,568	\$0	\$0	\$0	\$1,554,600	\$66,555,168
Wellington Opportunistic EMD	\$77,039,702	\$0	\$0	\$0	\$2,818,338	\$79,858,040
Total	\$1,554,748,707	-\$29,919,235	\$21,098,973	-\$8,820,262	\$40,703,499	\$1,586,631,944

Vermont State 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
Employees Composite	1,586,631,944	100.0	100.0	2.6	2	10.1	87	7.5	93	7.6	78	15.2	20
<i>Policy Index</i>				1.9	26	9.8	89	8.2	92	6.6	94	12.1	76
<i>Allocation Index</i>				1.8	29	9.8	89	8.3	91	6.4	95	12.7	69
<i>InvestorForce Public DB Gross Median</i>				1.6		11.9		11.8		8.6		13.7	
US Equity	265,321,769	16.7	--	1.8	54	20.0	59	--	--	--	--	--	--
<i>Russell 3000</i>				2.0	50	19.4	65	22.6	65	14.6	48	21.9	62
<i>eA All US Equity Gross Median</i>				1.9		20.7		24.3		14.5		23.0	
Large Cap Comp	173,516,641	10.9	10.0	2.0	50	19.3	57	23.0	54	14.9	45	24.1	9
<i>S&P 500</i>				1.8	56	18.4	66	21.9	66	14.7	48	21.2	47
<i>eA US Large Cap Equity Gross Median</i>				2.0		19.8		23.3		14.5		21.0	
T. Rowe	46,700,195	2.9	3.0	1.5	65	19.1	59	22.8	55	15.1	41	21.4	42
SSgA S&P 500 Cap-Wgt	80,233,569	5.1	4.0	1.8	56	18.4	66	21.9	66	14.7	48	--	--
<i>S&P 500</i>				1.8	56	18.4	66	21.9	66	14.7	48	21.2	47
SSgA S&P 500 Equal-Wgt	46,582,878	2.9	3.0	3.0	21	20.7	38	24.8	36	15.4	36	26.7	2
<i>S&P 500 Equal Weighted</i>				3.0	22	20.7	40	24.6	37	15.4	35	26.6	2
Small/Mid Cap Comp	91,805,127	5.8	6.5	1.4	60	21.0	62	23.9	60	14.7	37	25.7	47
<i>Russell 2000</i>				1.1	62	21.2	60	24.9	51	13.2	61	24.3	65
<i>eA US Small-Mid Cap Equity Gross Median</i>				1.9		22.0		25.0		13.9		25.6	
SSgA S&P 400	7,914,087	0.5	0.5	3.0	35	20.1	68	21.4	78	--	--	--	--
<i>S&P 400 MidCap</i>				3.0	35	20.0	69	21.2	79	13.4	61	24.9	43
<i>eA US Mid Cap Equity Gross Median</i>				2.4		21.9		24.5		13.8		24.4	
Champlain	31,078,997	2.0	2.0	1.4	69	20.8	62	23.1	61	14.9	36	--	--
<i>Russell 2500</i>				2.3	52	21.3	58	24.0	54	13.9	50	25.3	34
<i>eA US Mid Cap Equity Gross Median</i>				2.4		21.9		24.5		13.8		24.4	
Wellington	32,055,347	2.0	2.0	1.5	66	19.6	77	22.1	80	15.5	35	26.5	45
<i>Russell 2000 Value</i>				1.8	56	19.7	75	22.6	75	12.7	74	23.3	81
<i>eA US Small Cap Value Equity Gross Median</i>				2.0		21.9		25.2		14.3		26.1	
SSgA Russell 2000 Growth	20,756,696	1.3	2.0	0.4	54	22.5	62	27.1	71	13.6	69	25.2	69
<i>Russell 2000 Growth</i>				0.5	54	22.6	60	27.2	71	13.6	69	25.2	69
<i>eA US Small Cap Growth Equity Gross Median</i>				0.7		23.8		29.5		15.0		26.7	

Fiscal Year End is 6/30

Vermont State 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	155,782,912	9.8	10.0	3.6	15	22.1	33	21.5	38	8.6	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	62,841,233	4.0	4.0	4.6	7	24.9	17	23.5	26	9.4	45	18.2	49
Mondrian	68,721,810	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	24,219,869	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	99,654,653	6.3	6.0	1.5	13	3.4	90	-4.9	90	--	--	--	--
Aberdeen	99,654,653	6.3	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	396,412,395	25.0	--	2.2	35	2.9	49	--	--	--	--	--	--
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	284,065,744	17.9	18.0	2.1	38	2.0	71	-0.9	94	4.6	47	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	38,759,183	2.4	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	102,002,293	6.4	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	104,593,545	6.6	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	38,710,723	2.4	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 State 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	65,219,326	4.1	4.0	2.9	63	8.4	63	7.5	52	8.9	50	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	16,026,439	1.0	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	49,192,886	3.1	3.0	3.0	52	--	--	--	--	--	--	--	--
eA US High Yield Fixed Inc Gross Median				3.0		8.9		7.6		8.9		16.7	
TIPS	47,127,325	3.0	3.0										
BlackRock TIPS	47,127,325	3.0	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	47,210,022	3.0	3.0	2.0	76	3.4	83	-0.4	87	1.6	94	7.2	58
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	47,210,022	3.0	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	79,858,040	5.0	5.0										
Wellington Opportunistic EMD	79,858,040	5.0	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	70,920,264	4.5	4.5										
Morgan Stanley Prime Property	32,432,331	2.0	2.0	2.9	--	11.2	--	17.6	--	15.3	--	7.3	--
UBS Trumbull	28,388,937	1.8	2.0	2.5	--	7.8	--	11.4	--	10.9	--	7.5	--
RREEF America REIT III	9,733,573	0.6	0.5	4.0	--	12.2	--	18.0	--	29.7	--	5.8	--
Transwestern / Aslan III	365,423	0.0	0.0	0.3	--	4.5	--	11.1	--	14.8	--	-9.8	--
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 State 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	79,756,906	5.0	5.0	1.4	35	8.5	29	10.4	22	6.0	28	--	--
<i>eAIHFN FOF - Multi-Strategy Net Median</i>				0.9		7.2		7.8		3.9		6.8	
Grosvenor	32,277,782	2.0	2.0	1.6	31	9.6	20	11.7	15	6.3	26	--	--
GAM	15,764,171	1.0	1.0	0.4	70	5.9	64	9.5	30	5.8	31	--	--
Permal	31,714,953	2.0	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	321,983,158	20.3	20.0	3.0	12	9.7	51	3.3	65	6.3	39	14.7	19
<i>eA Global TAA Gross Median</i>				1.8		9.8		5.4		5.5		11.3	
Mellon Global Expanded Alpha	30,872,212	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	129,145,378	8.1	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	95,410,400	6.0	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	66,555,168	4.2	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	63,052,725	4.0	4.0										
Schroder	63,052,725	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	622,921	0.0	0.0										
Vermont Cash	622,921	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	6,056,179	0.4	1.0										
Harbourvest Partners IX Credit Opportunities	326,103	0.0											
Harbourvest Partners IX Venture Fund	1,481,311	0.1											
Harbourvest Partners IX Buyout Fund	1,760,042	0.1											
Harbourvest Dover VIII Fund	2,488,723	0.2											

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

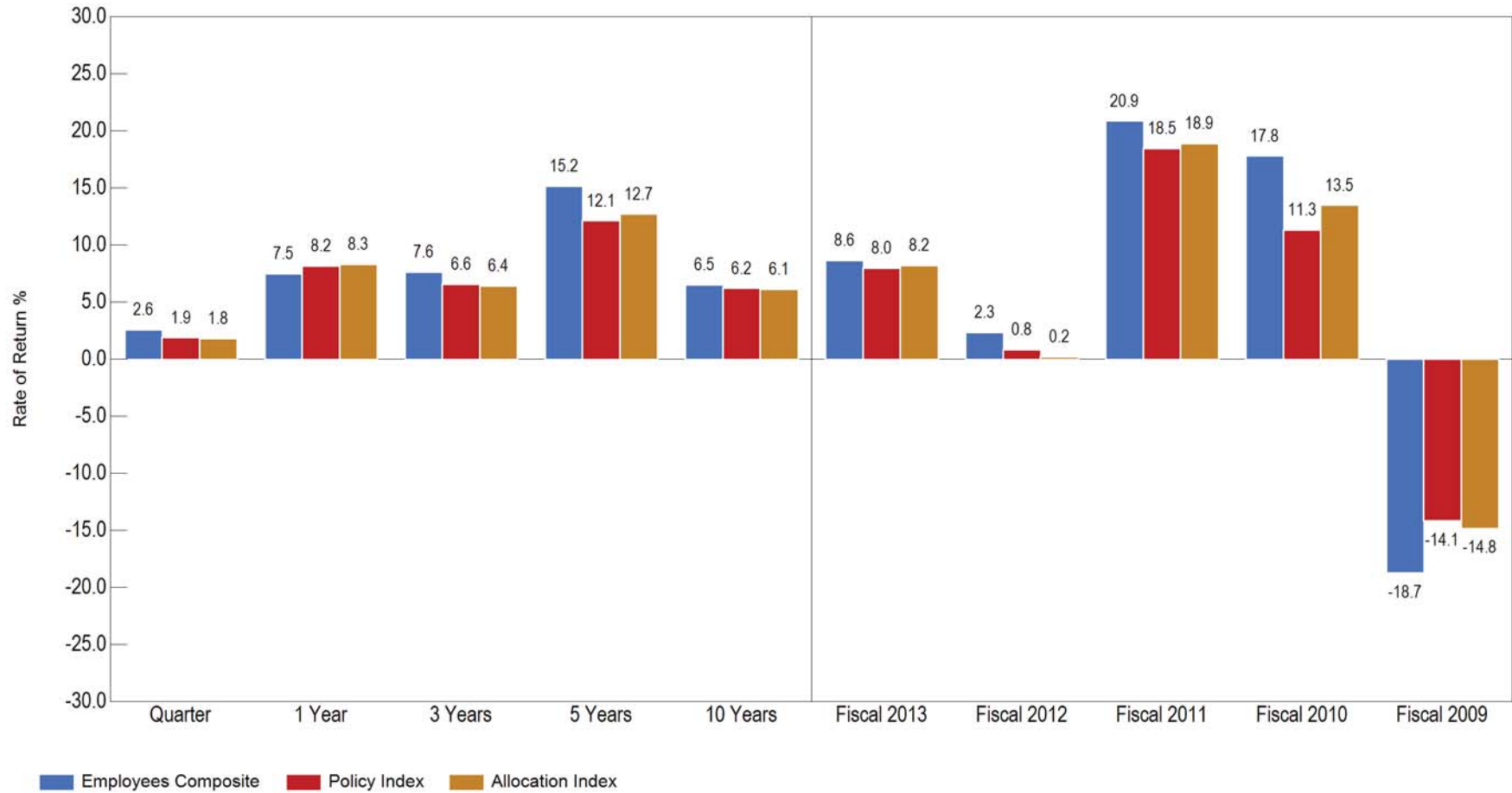
Mellon CF GEA Index: 50% MSCI ACWI / 25% CITI WGBI H/H / 10% BC Global Inflation Linked H/H / 5% BC US Interm. Credit / 5% DJ-UBS Commodity / 5% R2000.

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

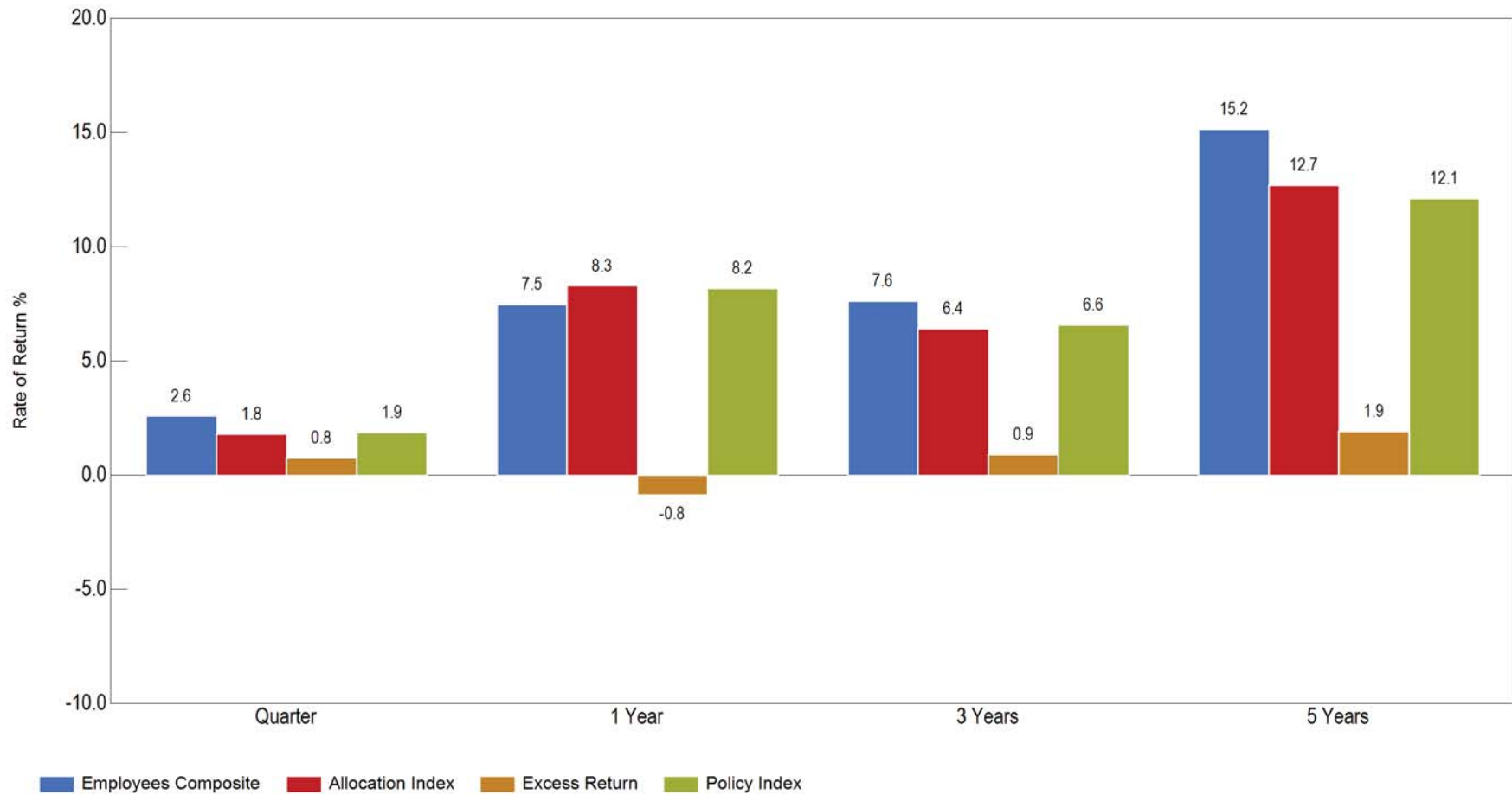
Schroder is net of fee

Total Fund Return Summary

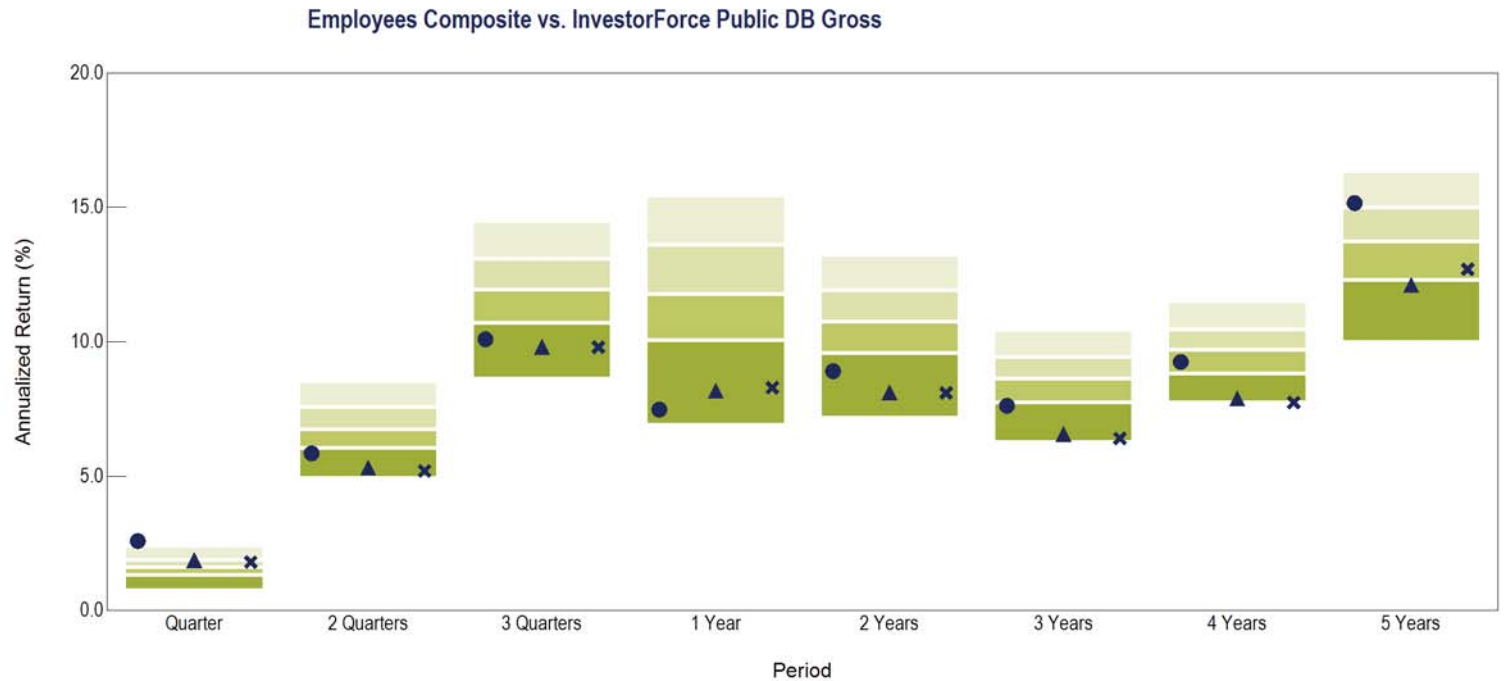
Return Summary Gross



Return Summary Gross

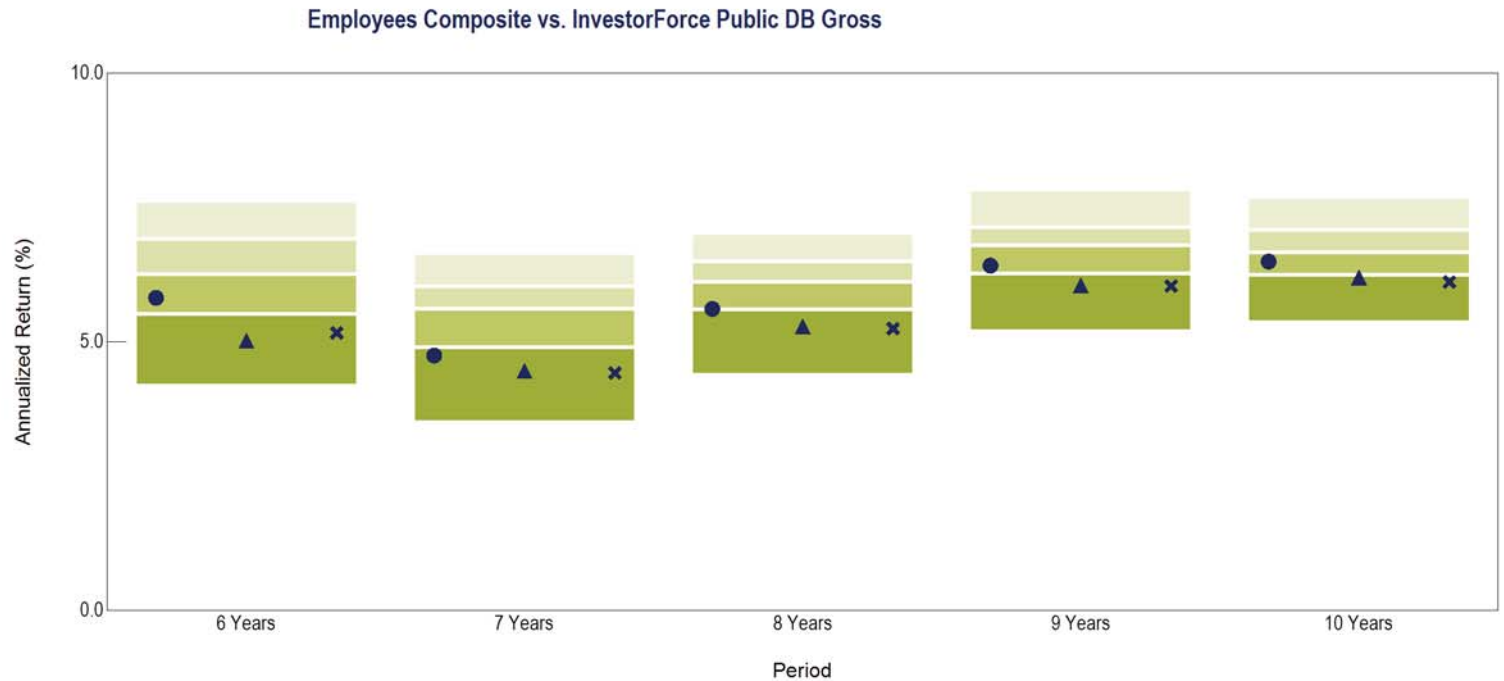


Total Fund Return Summary vs. Peer Universe



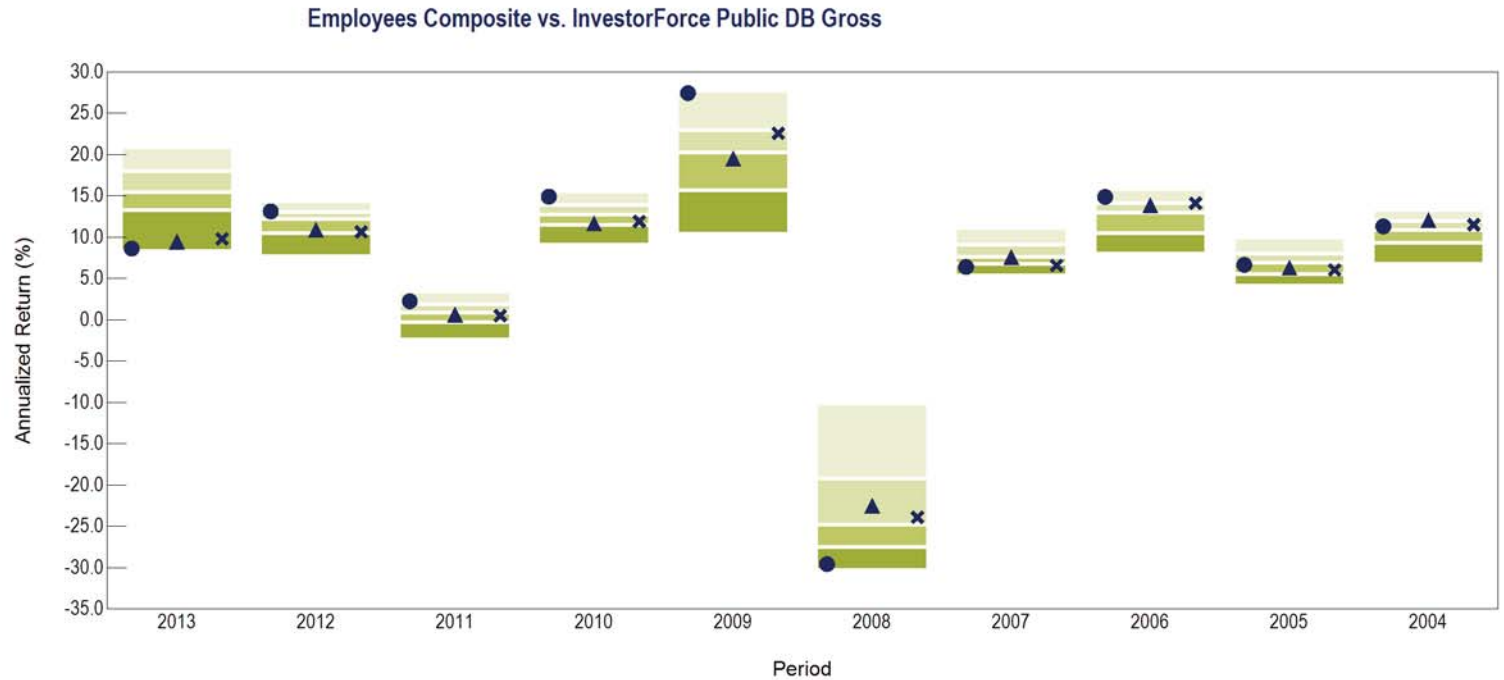
	Return (Rank)							
	Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	4 Years	5 Years
5th Percentile	2.4	8.5	14.5	15.4	13.2	10.4	11.5	16.3
25th Percentile	1.9	7.6	13.1	13.6	11.9	9.5	10.5	15.0
Median	1.6	6.8	11.9	11.8	10.8	8.6	9.7	13.7
75th Percentile	1.3	6.1	10.7	10.1	9.6	7.8	8.8	12.3
95th Percentile	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
● Employees Composite	2.6 (2)	5.8 (80)	10.1 (87)	7.5 (93)	8.9 (88)	7.6 (78)	9.2 (62)	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)	12.1 (76)
× Allocation Index	1.8 (29)	5.2 (94)	9.8 (89)	8.3 (91)	8.1 (92)	6.4 (95)	7.7 (96)	12.7 (69)

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	
● Employees Composite	5.8	(70)	4.7	(79)	5.6	(76)	6.4	(67)	6.5	(63)
▲ Policy Index	5.0	(88)	4.5	(87)	5.3	(84)	6.1	(86)	6.2	(78)
× Allocation Index	5.2	(86)	4.4	(87)	5.2	(85)	6.0	(87)	6.1	(82)

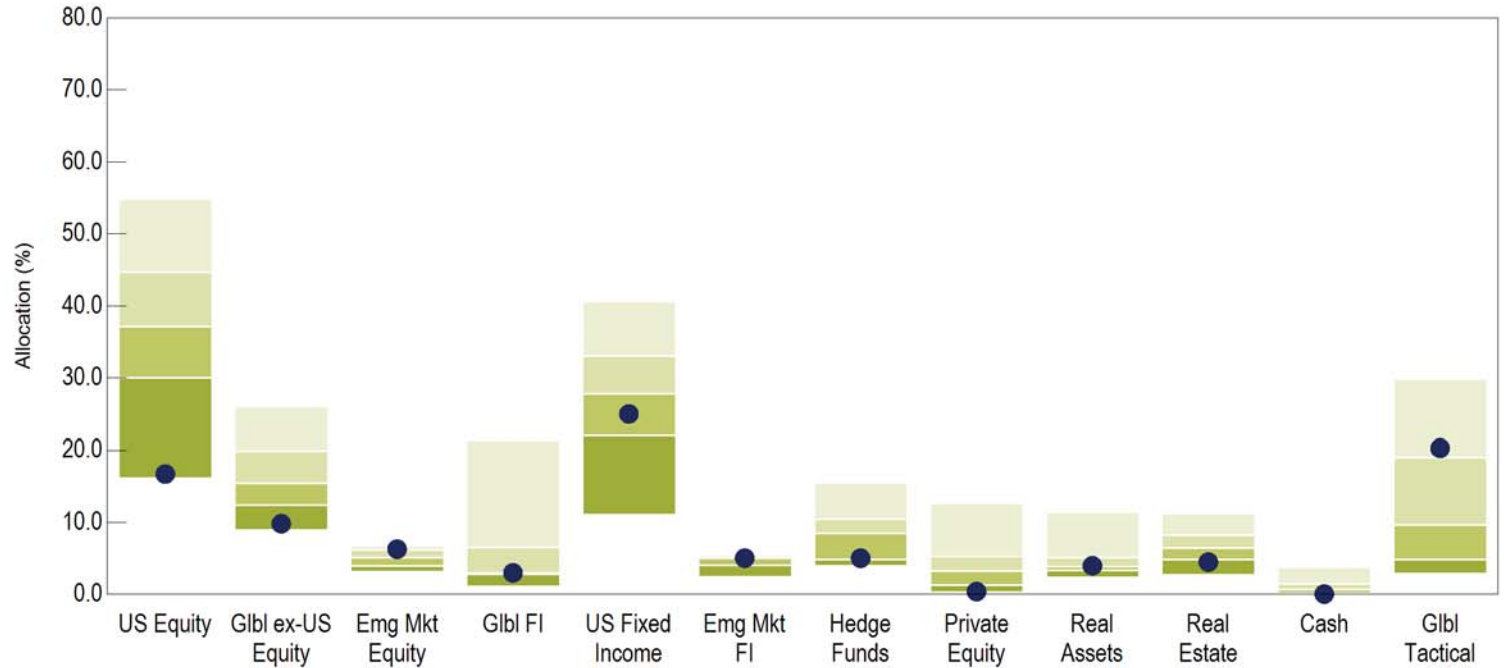
Total Fund Return Summary vs. Peer Universe



	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
● Employees Composite	8.6 (94)	13.1 (25)	2.2 (17)	14.9 (12)	27.4 (6)	-29.6 (90)	6.4 (81)	14.9 (16)	6.6 (56)	11.3 (42)
▲ Policy Index	9.5 (92)	10.9 (71)	0.6 (62)	11.7 (72)	19.5 (53)	-22.5 (39)	7.6 (52)	13.9 (31)	6.3 (59)	12.1 (23)
× Allocation Index	9.8 (91)	10.6 (74)	0.5 (63)	11.9 (69)	22.6 (26)	-23.9 (46)	6.6 (79)	14.1 (27)	6.0 (66)	11.5 (35)

Total Plan Allocation vs. Peer Universe

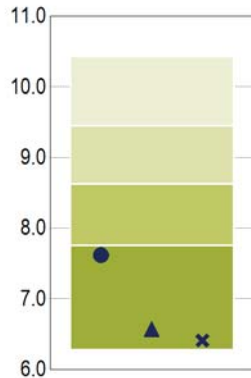
Total Plan Allocation vs. InvestorForce Public DB Gross
As of March 31, 2014



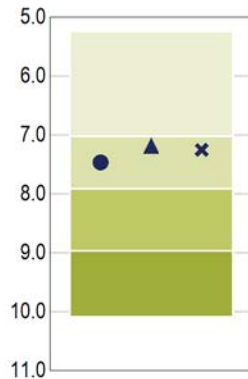
	Allocation (Rank)												
5th Percentile	54.8	26.0	6.7	21.4	40.6	5.5	15.5	12.7	11.4	11.3	3.8	29.8	--
25th Percentile	44.7	19.9	6.2	6.6	33.1	5.2	10.5	5.4	5.2	8.3	1.6	19.1	--
Median	37.2	15.5	5.2	3.0	27.9	5.1	8.6	3.3	3.9	6.5	0.7	9.8	--
75th Percentile	30.1	12.5	4.0	2.9	22.1	4.1	4.9	1.3	3.4	4.9	0.2	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	--
● Employees Composite	16.7 (94)	9.8 (93)	6.3 (22)	3.0 (60)	25.0 (67)	5.0 (56)	5.0 (70)	0.4 (91)	4.0 (48)	4.5 (83)	0.0 (91)	20.3 (20)	--

Employees Composite vs. IFx Public DB Gross
3 Years

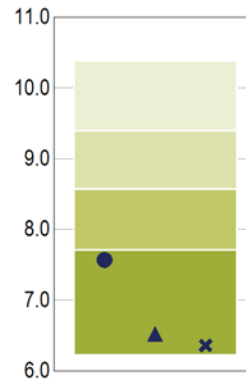
Anlzd Return



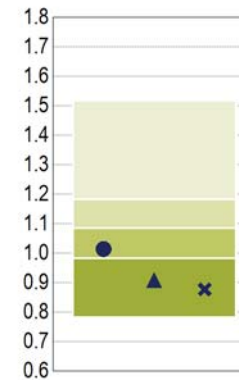
Anlzd Standard Deviation



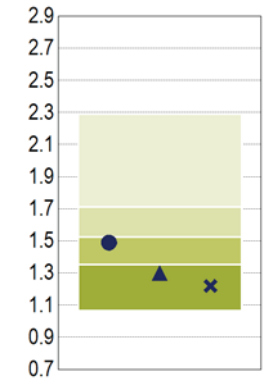
Ann Excess RF Return



Sharpe Ratio



Sortino Ratio RF



● Employees Composite	
Value	7.62
%tile	78
▲ Policy Index	
Value	6.57
%tile	94
× Allocation Index	
Value	6.41
%tile	95
Universe	
5th %tile	10.43
25th %tile	9.45
Median	8.63
75th %tile	7.77
95th %tile	6.28

● Employees Composite	
Value	7.47
%tile	37
▲ Policy Index	
Value	7.19
%tile	31
× Allocation Index	
Value	7.26
%tile	32
Universe	
5th %tile	5.24
25th %tile	7.01
Median	7.91
75th %tile	8.96
95th %tile	10.08

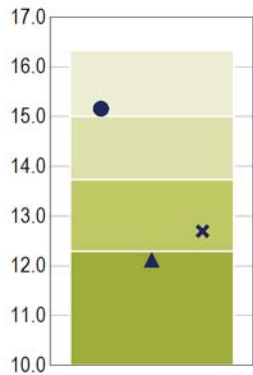
● Employees Composite	
Value	7.57
%tile	78
▲ Policy Index	
Value	6.52
%tile	94
× Allocation Index	
Value	6.36
%tile	95
Universe	
5th %tile	10.38
25th %tile	9.40
Median	8.58
75th %tile	7.72
95th %tile	6.23

● Employees Composite	
Value	1.01
%tile	69
▲ Policy Index	
Value	0.91
%tile	86
× Allocation Index	
Value	0.88
%tile	89
Universe	
5th %tile	1.52
25th %tile	1.18
Median	1.09
75th %tile	0.98
95th %tile	0.78

● Employees Composite	
Value	1.49
%tile	57
▲ Policy Index	
Value	1.30
%tile	81
× Allocation Index	
Value	1.22
%tile	87
Universe	
5th %tile	2.29
25th %tile	1.71
Median	1.53
75th %tile	1.36
95th %tile	1.07

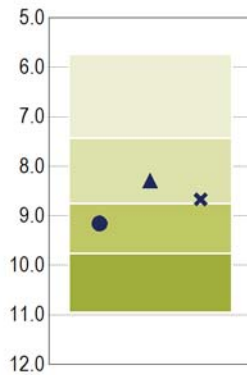
Employees Composite vs. IFx Public DB Gross
5 Years

Anlzd Return



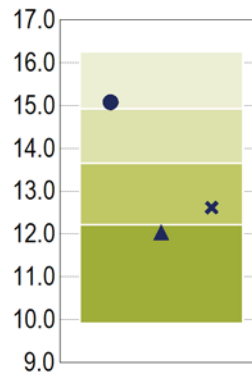
● Employees Composite	
Value	15.16
%tile	20
▲ Policy Index	
Value	12.12
%tile	76
✕ Allocation Index	
Value	12.70
%tile	69
Universe	
5th %tile	16.33
25th %tile	15.02
Median	13.74
75th %tile	12.30
95th %tile	10.01

Anlzd Standard Deviation



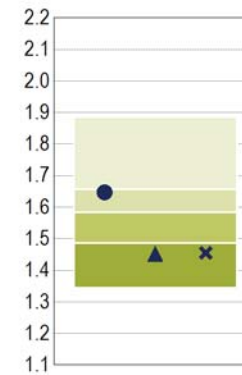
● Employees Composite	
Value	9.16
%tile	60
▲ Policy Index	
Value	8.29
%tile	42
✕ Allocation Index	
Value	8.67
%tile	48
Universe	
5th %tile	5.74
25th %tile	7.41
Median	8.74
75th %tile	9.75
95th %tile	10.94

Ann Excess RF Return



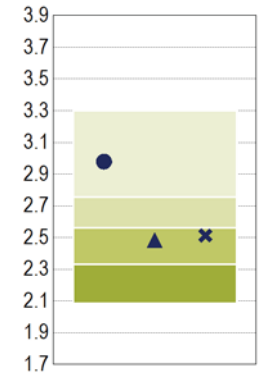
● Employees Composite	
Value	15.08
%tile	20
▲ Policy Index	
Value	12.04
%tile	76
✕ Allocation Index	
Value	12.62
%tile	69
Universe	
5th %tile	16.25
25th %tile	14.94
Median	13.66
75th %tile	12.22
95th %tile	9.93

Sharpe Ratio



● Employees Composite	
Value	1.65
%tile	28
▲ Policy Index	
Value	1.45
%tile	83
✕ Allocation Index	
Value	1.46
%tile	83
Universe	
5th %tile	1.89
25th %tile	1.66
Median	1.59
75th %tile	1.49
95th %tile	1.35

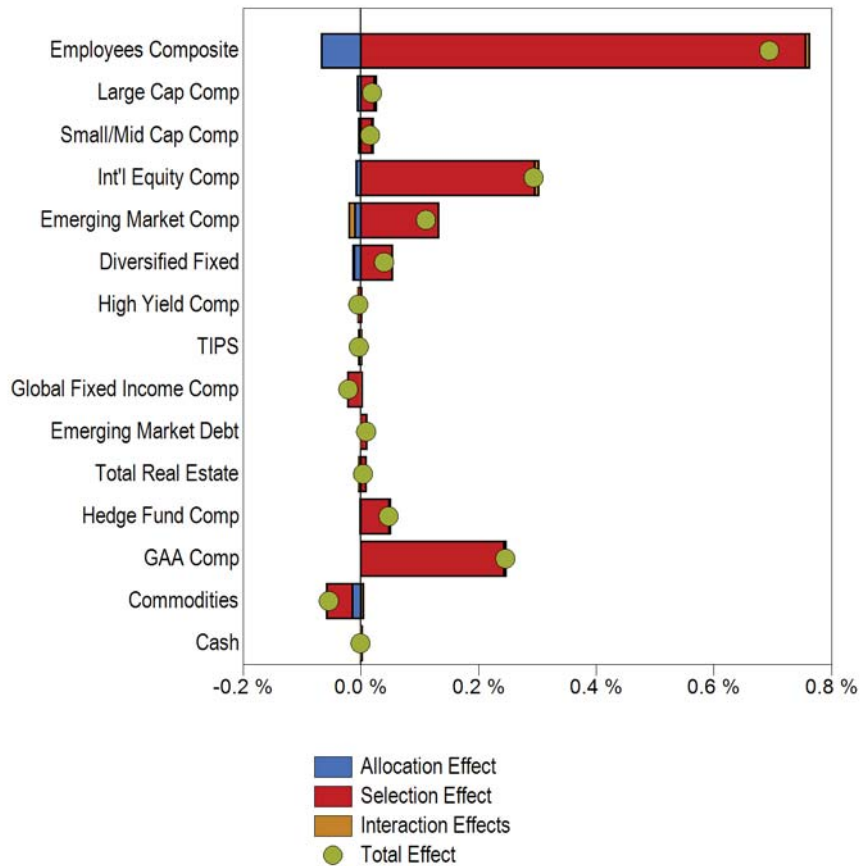
Sortino Ratio RF



● Employees Composite	
Value	2.98
%tile	13
▲ Policy Index	
Value	2.48
%tile	56
✕ Allocation Index	
Value	2.51
%tile	55
Universe	
5th %tile	3.30
25th %tile	2.76
Median	2.57
75th %tile	2.34
95th %tile	2.09

Total Fund Attribution Analysis

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



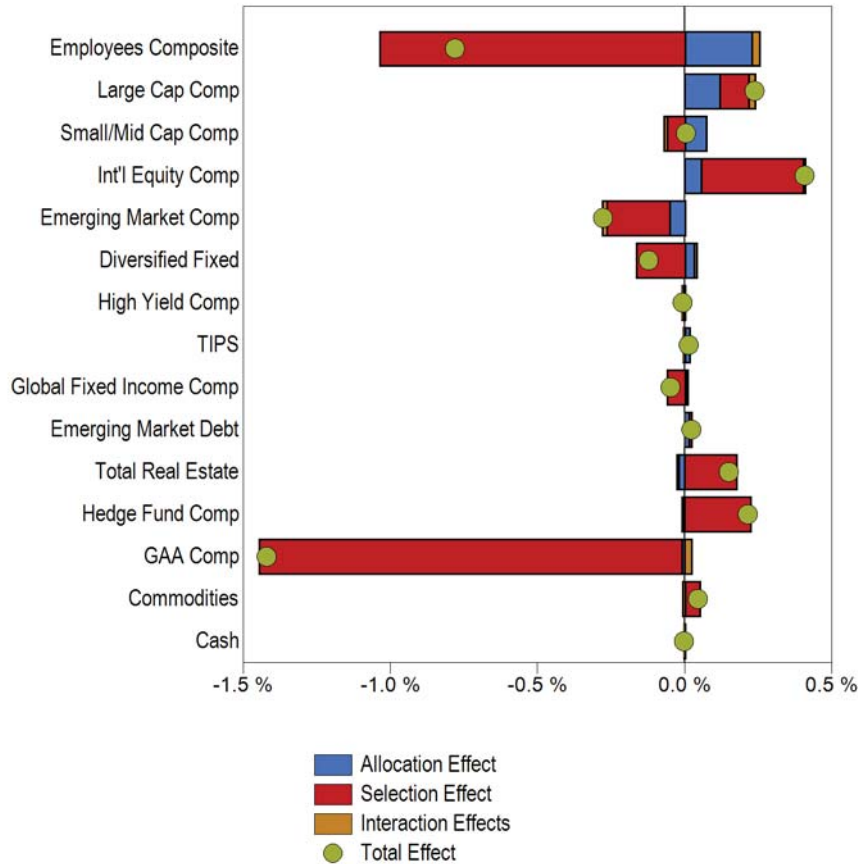
Attribution Summary
3 Months Ending March 31, 2014

	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%	0.3%	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%	0.2%	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%	1.2%	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.

Total Fund Attribution Analysis

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	23.0%	21.9%	1.1%	0.1%	0.1%	0.0%	0.2%
Small/Mid Cap Comp	23.9%	24.9%	-1.0%	-0.1%	0.1%	0.0%	0.0%
Int'l Equity Comp	21.5%	17.6%	3.9%	0.3%	0.1%	0.0%	0.4%
Emerging Market Comp	-4.9%	-1.4%	-3.5%	-0.2%	-0.1%	0.0%	-0.3%
Diversified Fixed	-0.9%	-0.1%	-0.8%	-0.2%	0.0%	0.0%	-0.1%
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%	0.2%
Hedge Fund Comp	10.4%	5.9%	4.5%	0.2%	0.0%	0.0%	0.2%
GAA Comp	3.3%	10.4%	-7.1%	-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	7.5%	8.2%	-0.7%	-1.0%	0.2%	0.0%	-0.8%

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 State 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
Employees Composite	100.00%	7.62%	78	7.47%	37	0.83%	17	1.01	69	1.49	57	0.85%	16
Policy Index	--	6.57%	94	7.19%	31	0.00%	41	0.91	86	1.30	81	0.00%	1
US Equity	16.72%	14.85%	44	13.93%	41	-0.69%	45	1.06	41	1.58	41	1.53%	3
Russell 3000	--	14.61%	48	13.04%	28	0.00%	39	1.12	34	1.73	30	0.00%	1
Large Cap Comp	10.94%	14.91%	45	13.20%	49	-0.57%	52	1.13	48	1.75	44	1.15%	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	5.79%	14.72%	37	15.43%	34	2.71%	39	0.95	34	1.41	29	2.54%	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	9.82%	8.55%	58	15.56%	24	1.92%	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	6.28%	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	24.98%	5.33%	36	3.46%	66	1.66%	34	1.53	54	1.94	71	2.05%	46
Barclays Aggregate	--	3.75%	63	2.84%	49	0.00%	87	1.30	78	1.91	73	0.00%	1
Diversified Fixed	17.90%	4.61%	47	3.40%	65	0.69%	65	1.34	75	1.90	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	4.11%	8.91%	50	5.49%	25	1.35%	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	2.97%	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	2.98%	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	5.03%	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	4.47%	15.58%	--	6.75%	--	-0.35%	--	2.30	--	1,887.27	--	2.66%	--
NCREIF Property Index	--	11.69%	--	4.72%	--	0.00%	--	2.47	--	1,414.58	--	0.00%	--
Hedge Fund Comp	5.03%	5.98%	28	4.56%	48	3.53%	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	20.29%	6.26%	39	8.94%	49	0.79%	55	0.70	52	0.95	52	3.19%	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	3.97%	-5.93%	--	13.34%	--	0.17%	--	-0.45	--	-0.65	--	5.05%	--

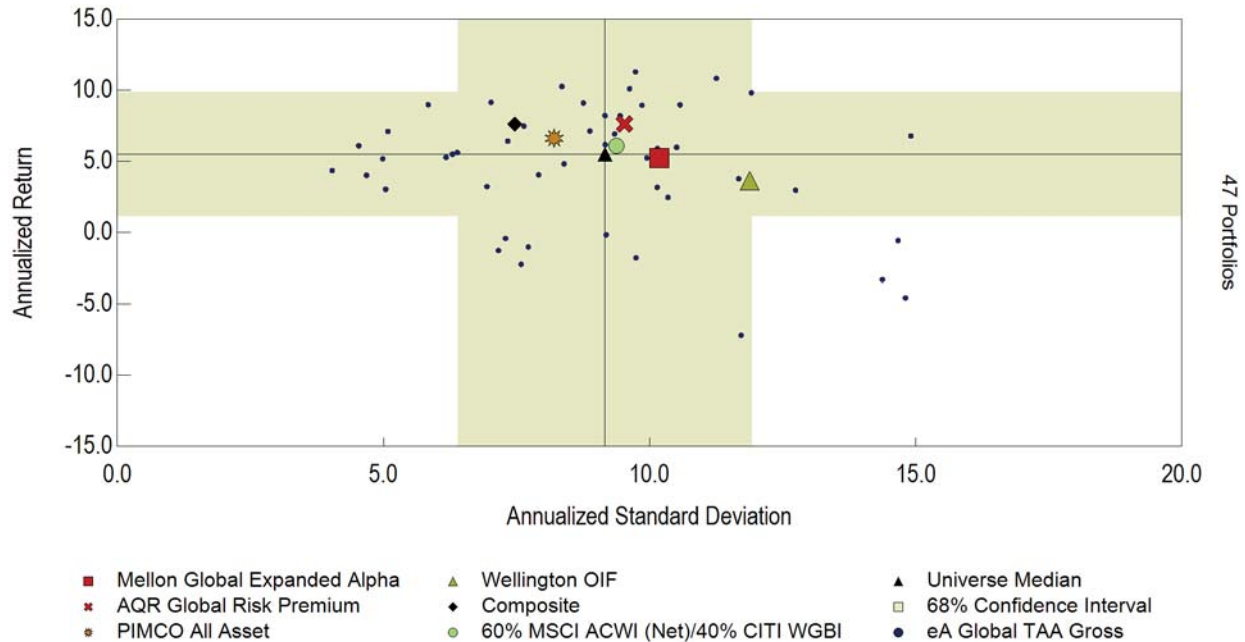
Vermont State Employees

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
Employees Composite	100.00%	15.16%	20	9.16%	60	1.92%	8	1.65	28	2.98	13	1.51%	60
Policy Index	--	12.12%	76	8.29%	42	0.00%	60	1.45	83	2.48	56	0.00%	1
US Equity	16.72%	--	--	--	--	--	--	--	--	--	--	--	--
Russell 3000	--	21.93%	62	14.58%	30	0.00%	55	1.50	39	2.58	34	0.00%	1
Large Cap Comp	10.94%	24.05%	9	15.10%	64	1.35%	24	1.59	21	2.73	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	5.79%	25.74%	47	17.15%	41	3.95%	43	1.50	34	2.65	28	2.84%	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	9.82%	16.54%	74	17.06%	20	1.83%	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	6.28%	--	--	--	--	--	--	--	--	--	--	--	--
MSCI Emerging Markets	--	14.48%	79	21.62%	47	0.00%	77	0.67	77	1.15	67	0.00%	1
US Fixed Income	24.98%	--	--	--	--	--	--	--	--	--	--	--	--
Barclays Aggregate	--	4.80%	66	2.82%	42	0.00%	86	1.67	77	2.40	79	0.00%	1
Diversified Fixed	17.90%	8.83%	30	4.27%	70	3.05%	32	2.05	55	4.01	28	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	4.11%	14.83%	77	6.13%	18	2.36%	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	2.97%	--	--	--	--	--	--	--	--	--	--	--	--
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	2.98%	7.21%	58	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	5.03%	--	--	--	--	--	--	--	--	--	--	--	--
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	4.47%	--	--	--	--	--	--	--	--	--	--	--	--
NCREIF Property Index	--	7.89%	--	5.93%	--	0.00%	--	1.32	--	2.31	--	0.00%	--
Hedge Fund Comp	5.03%	--	--	--	--	--	--	--	--	--	--	--	--
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	20.29%	14.67%	19	9.38%	53	4.55%	19	1.56	25	2.41	34	3.69%	22
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	3.97%	--	--	--	--	--	--	--	--	--	--	--	--

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2014

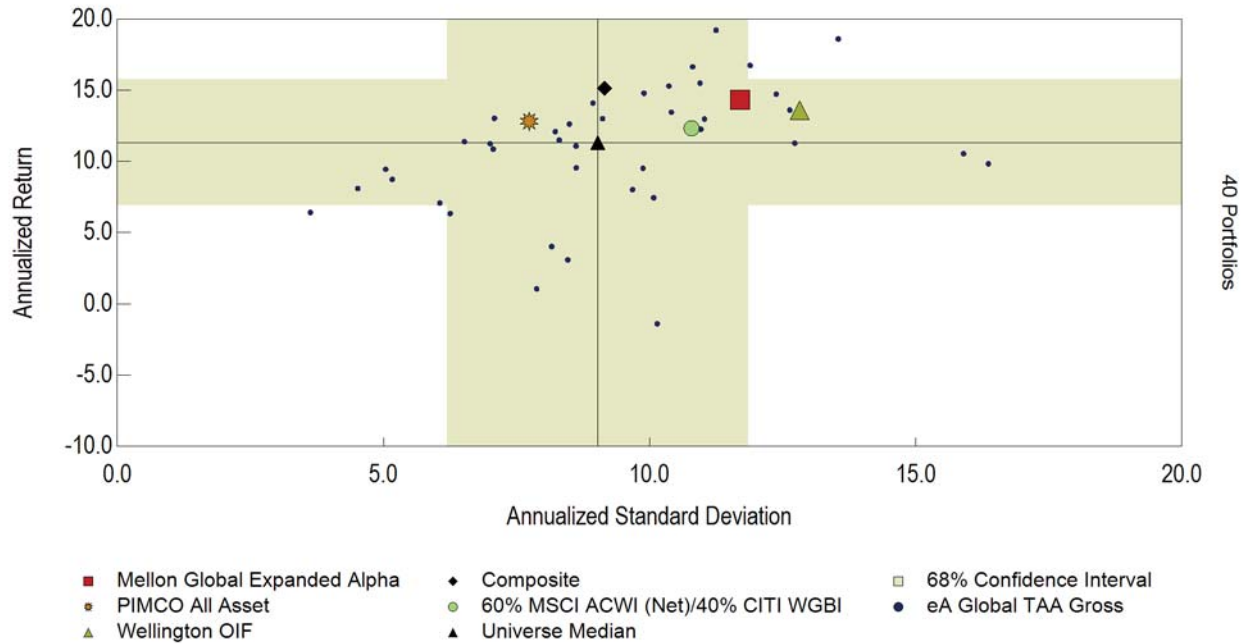


Statistics Summary

3 Years Ending March 31, 2014

	Anlzd Return	Anlzd Standard Deviation
GAA Comp	6.26%	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	7.62%	7.47%

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2014



Statistics Summary

5 Years Ending March 31, 2014

	Anlzd Return	Anlzd Standard Deviation
GAA Comp	14.67%	9.38%
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%	9.16%

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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