



NEPC, LLC

YOU DEMAND MORE. So do we.™



Vermont Pension Investment Committee

Third Quarter Investment Performance Analysis

November 26, 2013

Richard M. Charlton, Chairman and CEO
Christopher Levell, ASA, CFA, CAIA, Partner
Douglas Moseley, Partner
Richard Pszenny, CFA, CAIA, Senior Analyst

255 State Street, Boston, MA 02109 | TEL: 617.374.1300 | FAX: 617.374.1313 | www.nepc.com

BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | SAN FRANCISCO

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

Market Review

Investment Market Update: As of September 30, 2013

PERFORMANCE THROUGH 9/30/2013

Sector	Index	2008	2009	2010	2011	2012	Q1	Q2	SEP	Q3	2013
Small Cap Growth	Russell 2000 Growth	-38.5%	34.5%	29.1%	-2.9%	14.6%	13.2%	3.7%	7.0%	12.8%	32.5%
Small Cap	Russell 2000	-33.8%	27.2%	26.9%	-4.2%	16.3%	12.4%	3.1%	6.4%	10.2%	27.7%
SMID Cap	Russell 2500	-36.8%	34.4%	26.7%	-2.5%	17.9%	12.8%	2.3%	5.7%	9.1%	25.9%
Small Cap Value	Russell 2000 Value	-28.9%	20.6%	24.5%	-5.5%	18.1%	11.6%	2.5%	5.8%	7.6%	23.1%
Large Cap Growth	Russell 1000 Growth	-38.4%	37.2%	16.7%	2.6%	15.3%	9.5%	2.1%	4.5%	8.1%	20.9%
Large Cap	Russell 1000	-37.6%	28.4%	16.1%	1.5%	16.4%	11.0%	2.7%	3.5%	6.0%	20.8%
Large Cap Value	Russell 1000 Value	-36.8%	19.7%	15.5%	0.4%	17.5%	12.3%	3.2%	2.5%	3.9%	20.5%
Large Cap	S&P 500	-37.0%	26.5%	15.1%	2.1%	16.0%	10.6%	2.9%	3.1%	5.2%	19.8%
Int'l Developed	MSCI EAFE	-43.4%	31.8%	7.8%	-12.1%	17.3%	5.1%	-1.0%	7.4%	11.6%	16.1%
Diversified	Diversified*	-24.5%	24.1%	13.5%	1.3%	12.7%	5.9%	0.1%	3.4%	4.7%	11.2%
High Yield	Barclays US High Yield	-26.2%	58.2%	15.1%	5.0%	15.8%	2.9%	-1.4%	1.0%	2.3%	3.7%
REITS	Wilshire US REIT	-39.2%	28.6%	28.6%	9.2%	17.6%	7.4%	-1.4%	3.3%	-3.0%	2.7%
Govt/Credit	Barclays US Govt/Credit 1-3 Yr	5.0%	3.8%	2.8%	1.6%	1.3%	0.2%	-0.1%	0.3%	0.4%	0.5%
Govt/Credit	Barclays Govt/Credit 1-5 Yr	5.1%	4.6%	4.1%	3.1%	2.2%	0.3%	-0.7%	0.6%	0.6%	0.1%
Interm Govt/Credit	Barclays US Govt/Credit Interm	5.1%	5.2%	5.9%	5.8%	3.9%	0.3%	-1.7%	0.8%	0.6%	-0.8%
Interm Core Bonds	Barclays US Agg Interm	4.9%	6.5%	6.1%	6.0%	3.6%	0.2%	-1.8%	1.0%	0.8%	-0.9%
Core Bonds	Barclays US Agg Bond	5.2%	5.9%	6.5%	7.8%	4.2%	-0.1%	-2.3%	0.9%	0.6%	-1.9%
Muni Bonds	Barclays Municipal	-2.5%	12.9%	2.4%	10.7%	6.8%	0.3%	-3.0%	2.2%	-0.2%	-2.9%
Global Bonds	Citi WGBI	10.9%	2.6%	5.2%	6.4%	1.6%	-2.8%	-3.0%	2.0%	2.9%	-2.9%
Emerging Equities	MSCI EM	-53.3%	78.5%	18.9%	-18.4%	18.2%	-1.6%	-8.1%	6.5%	5.8%	-4.4%
EMD External	Barclays EM USD	-14.7%	34.2%	12.8%	7.0%	17.9%	-1.5%	-5.1%	2.3%	1.4%	-5.2%
EMD Local	JPM GBI EM Glob Div	-5.2%	22.0%	15.7%	-1.8%	16.8%	-0.1%	-7.0%	4.4%	-0.4%	-7.6%
Long Credit	Barclays US Long Credit	-3.9%	16.8%	10.7%	17.1%	12.7%	-1.8%	-6.3%	0.5%	-0.0%	-8.0%
Commodities	DJ UBS Commodity	-35.6%	18.9%	16.8%	-13.3%	-1.1%	-1.1%	-9.5%	-2.6%	2.1%	-8.6%
Long Govt/Credit	Barclays US Govt/Credit Long	8.4%	1.9%	10.2%	22.5%	8.8%	-2.0%	-6.1%	0.5%	-0.8%	-8.7%
Treasury STRIPS	Barclays US Strips 20+ Yr	59.5%	-36.0%	10.9%	58.5%	3.0%	-5.4%	-7.6%	-1.0%	-5.4%	-17.2%

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

Sources: Barclays, Bloomberg, Wilshire

Investment Market Update: As of October 31, 2013

PERFORMANCE THROUGH 10/31/2013

Sector	Index	2008	2009	2010	2011	2012	Q1	Q2	Q3	OCT	2013
Small Cap Growth	Russell 2000 Growth	-38.5%	34.5%	29.1%	-2.9%	14.6%	13.2%	3.7%	12.8%	1.8%	34.9%
Small Cap	Russell 2000	-33.8%	27.2%	26.9%	-4.2%	16.3%	12.4%	3.1%	10.2%	2.5%	30.9%
SMID Cap	Russell 2500	-36.8%	34.4%	26.7%	-2.5%	17.9%	12.8%	2.3%	9.1%	3.2%	30.0%
Small Cap Value	Russell 2000 Value	-28.9%	20.6%	24.5%	-5.5%	18.1%	11.6%	2.5%	7.6%	3.3%	27.1%
Large Cap Growth	Russell 1000 Growth	-38.4%	37.2%	16.7%	2.6%	15.3%	9.5%	2.1%	8.1%	4.4%	26.2%
Large Cap	Russell 1000	-37.6%	28.4%	16.1%	1.5%	16.4%	11.0%	2.7%	6.0%	4.4%	26.1%
Large Cap Value	Russell 1000 Value	-36.8%	19.7%	15.5%	0.4%	17.5%	12.3%	3.2%	3.9%	4.4%	25.7%
Large Cap	S&P 500	-37.0%	26.5%	15.1%	2.1%	16.0%	10.6%	2.9%	5.2%	4.6%	25.3%
Int'l Developed	MSCI EAFE	-43.4%	31.8%	7.8%	-12.1%	17.3%	5.1%	-1.0%	11.6%	3.4%	20.0%
Diversified	Diversified*	-24.5%	24.1%	13.5%	1.3%	12.7%	5.9%	0.1%	4.7%	3.0%	14.6%
REITS	Wilshire US REIT	-39.2%	28.6%	28.6%	9.2%	17.6%	7.4%	-1.4%	-3.0%	4.1%	6.9%
High Yield	Barclays US High Yield	-26.2%	58.2%	15.1%	5.0%	15.8%	2.9%	-1.4%	2.3%	2.5%	6.3%
Govt/Credit	Barclays US Govt/Credit 1-3 Yr	5.0%	3.8%	2.8%	1.6%	1.3%	0.2%	-0.1%	0.4%	0.2%	0.6%
Govt/Credit	Barclays Govt/Credit 1-5 Yr	5.1%	4.6%	4.1%	3.1%	2.2%	0.3%	-0.7%	0.6%	0.4%	0.5%
Emerging Equities	MSCI EM	-53.3%	78.5%	18.9%	-18.4%	18.2%	-1.6%	-8.1%	5.8%	4.9%	0.3%
Interm Govt/Credit	Barclays US Govt/Credit Interm	5.1%	5.2%	5.9%	5.8%	3.9%	0.3%	-1.7%	0.6%	0.6%	-0.2%
Interm Core Bonds	Barclays US Agg Interm	4.9%	6.5%	6.1%	6.0%	3.6%	0.2%	-1.8%	0.8%	0.6%	-0.2%
Core Bonds	Barclays US Agg	5.2%	5.9%	6.5%	7.8%	4.2%	-0.1%	-2.3%	0.6%	0.8%	-1.1%
Global Bonds	Citi WGBI	10.9%	2.6%	5.2%	6.4%	1.6%	-2.8%	-3.0%	2.9%	1.0%	-2.0%
Muni Bonds	Barclays Municipal	-2.5%	12.9%	2.4%	10.7%	6.8%	0.3%	-3.0%	-0.2%	0.8%	-2.1%
EMD External	Barclays EM USD Agg	-14.7%	34.2%	12.8%	7.0%	17.9%	-1.5%	-5.1%	1.4%	2.1%	-3.2%
EMD Local	JPM GBI EM Glob Div	-5.2%	22.0%	15.7%	-1.8%	16.8%	-0.1%	-7.0%	-0.4%	2.7%	-5.0%
Long Credit	Barclays US Long Credit	-3.9%	16.8%	10.7%	17.1%	12.7%	-1.8%	-6.3%	-0.0%	2.5%	-5.8%
Long Govt/Credit	Barclays US Govt/Credit Long	8.4%	1.9%	10.2%	22.5%	8.8%	-2.0%	-6.1%	-0.8%	2.1%	-6.9%
Commodities	DJ UBS Commodity	-35.6%	18.9%	16.8%	-13.3%	-1.1%	-1.1%	-9.5%	2.1%	-1.5%	-9.9%
Treasury STRIPS	Barclays US Strips 20+ Yr	59.5%	-36.0%	10.9%	58.5%	3.0%	-5.4%	-7.6%	-5.4%	2.1%	-15.5%

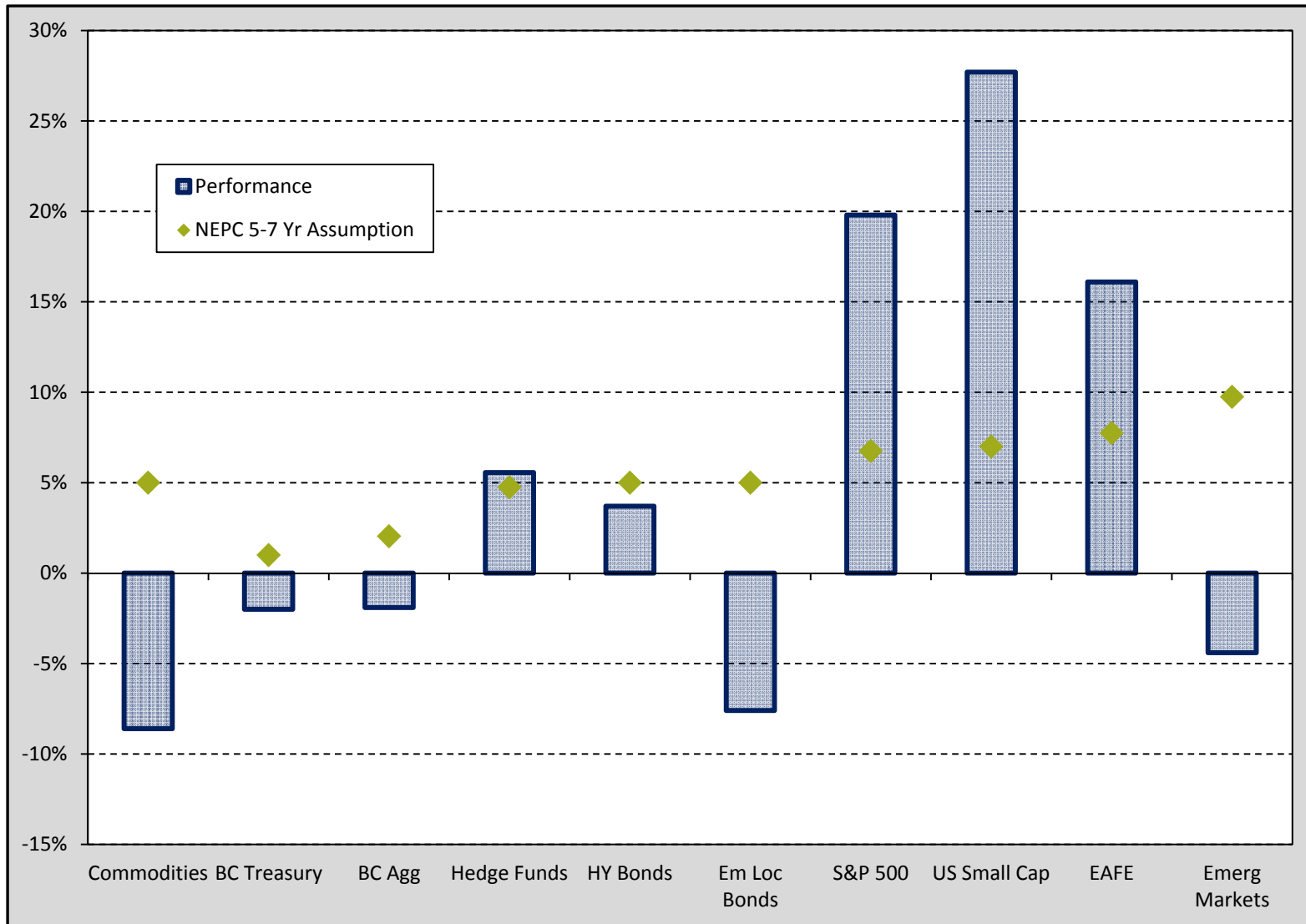
* 35% LC, 10% SC, 12% Intl Equity, 3% Emerging Equity, 25% Core Bonds, 5% HY, 5% Global Bonds, 5% REITS

Source: Morningstar Direct

- **After a volatile 2nd quarter that left few places for investors to take shelter, equity markets surged in the 3rd quarter**
 - Fears of a 2013 Fed taper proved overstated when a continuation of current bond purchasing policy was announced on September 18th
 - Volatility receded in most asset classes outside of Treasuries
 - US equities, led by small cap issues, continued their extraordinary run and markets (once again) shrugged off the prospect of fiscal gridlock
 - European and Emerging Markets issues finally joined in on the upswing
 - Following a difficult 2nd quarter Risk Parity strategies rebounded
- **While investors will gladly accept the gains from the domestic equity rally, for many a diversified portfolio has been challenging**
 - Emerging market equity and debt indices remain negative through the 3rd quarter
 - Though yields have risen, fixed income returns have been muted
 - High Yield and Bank Loans have posted modest returns whereas many 'safer' asset classes have posted losses on the year
 - While positive, hedge fund returns have been tame in comparison to traditional US equity markets
 - Commodities stayed mired in a slump as the energy landscape continued to change

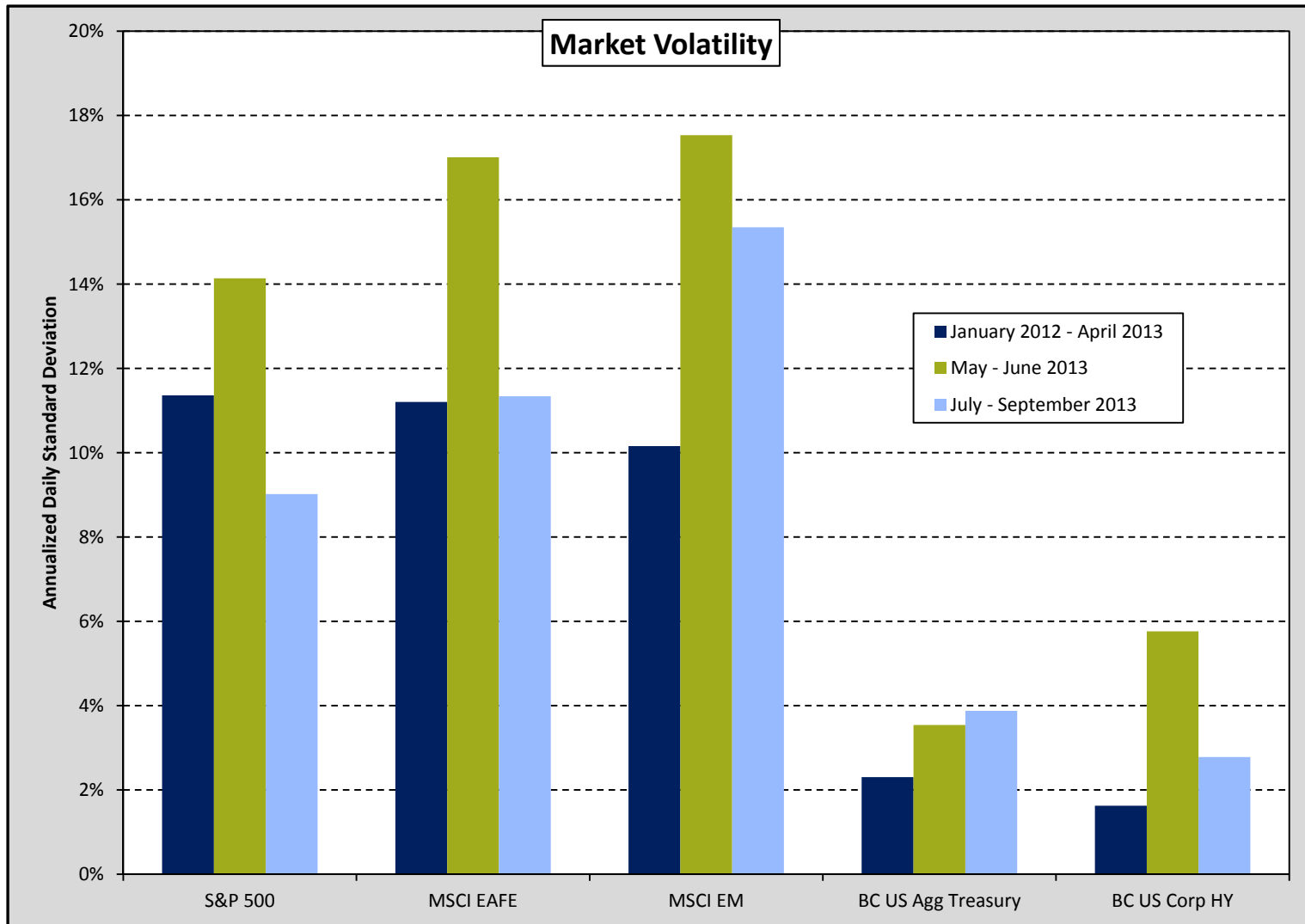
- **Divergence in returns and policy has complicated the “Risk On, Risk Off” environment driven by central banks**
 - Fed action has overwhelmed US legislative inaction to propel markets but the extent to which this will continue remains uncertain
 - Complacency by the European Central Bank hasn’t held back a surging European equity market but threatens to do so in the future
 - Emerging market central banks have been battling currency depreciation and face unique country-by-country growing pains
 - Meanwhile Japan faces the unknown outcomes of “Abe-nomics” and the BoJ’s grand experiment in monetary stimulus
- **The case to stay the course remains strong**
 - US equity surge backed more by Fed actions than fundamental improvements
 - Corporate profits remain at secular highs, cyclically adjusted valuations are expensive, the growth outlook is still mild, and long term fiscal issues persist unresolved
 - High relative growth and attractive valuations in emerging economies remain in place
 - But an active approach is likely necessary as some countries face their own problems
 - Even so, a 10-15% allocation to EM within the equity portfolio is market neutral, a sound starting point for portfolios when rebalancing gains from US equities
 - Multi-asset strategies such as Risk Parity remain solid building blocks for a diversified allocation
 - Private credit strategies including direct lending and real estate debt represent attractive opportunities
- **It is important to stay vigilant by balancing risks and keeping a watchful eye on opportunities that often arise amid periods of changing volatility**

So Far in 2013... Diversification Hasn't Helped



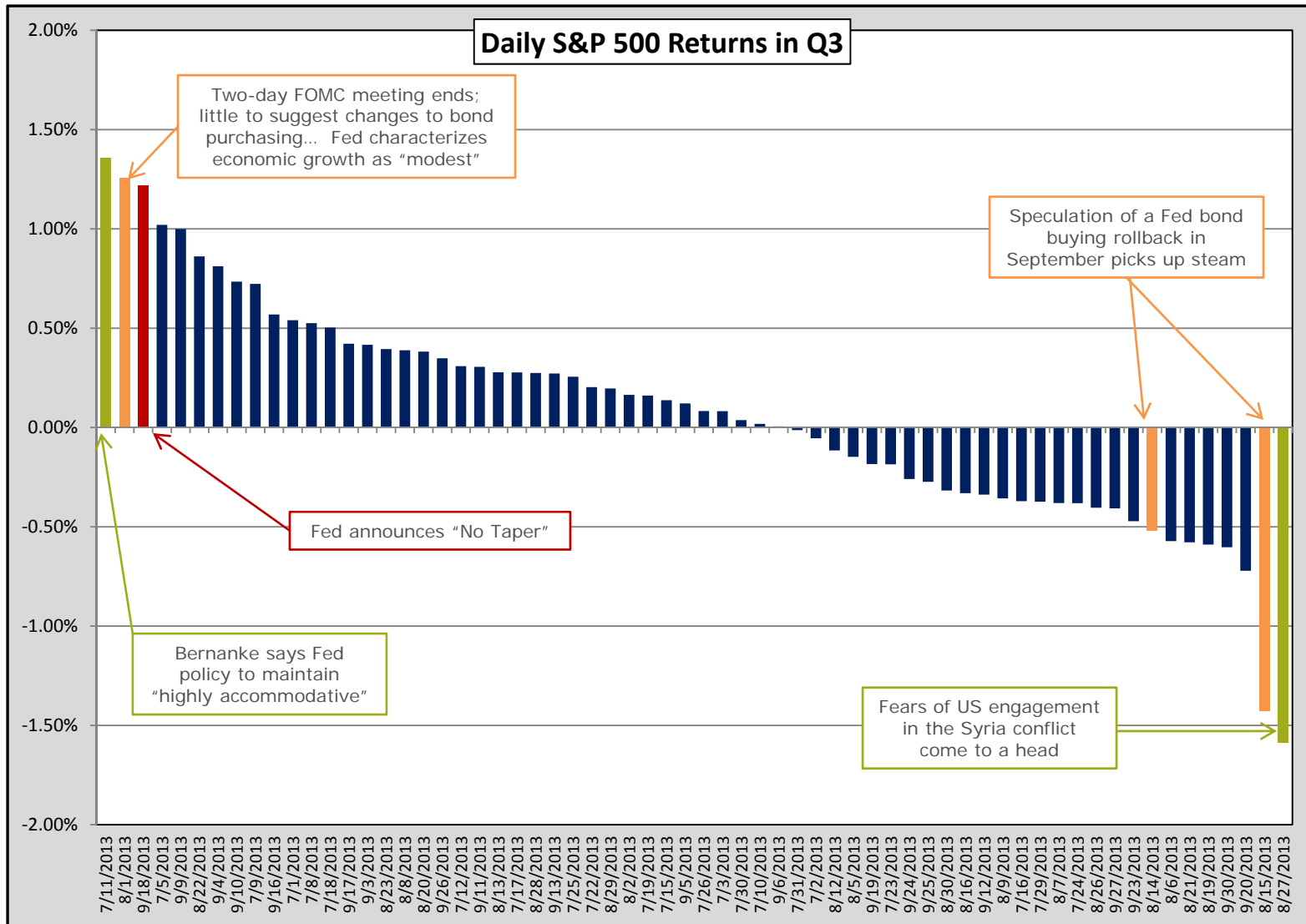
Source: Bloomberg, NEPC as of 9/30

Volatility Has Receded in Most Asset Classes After a Spike in May and June



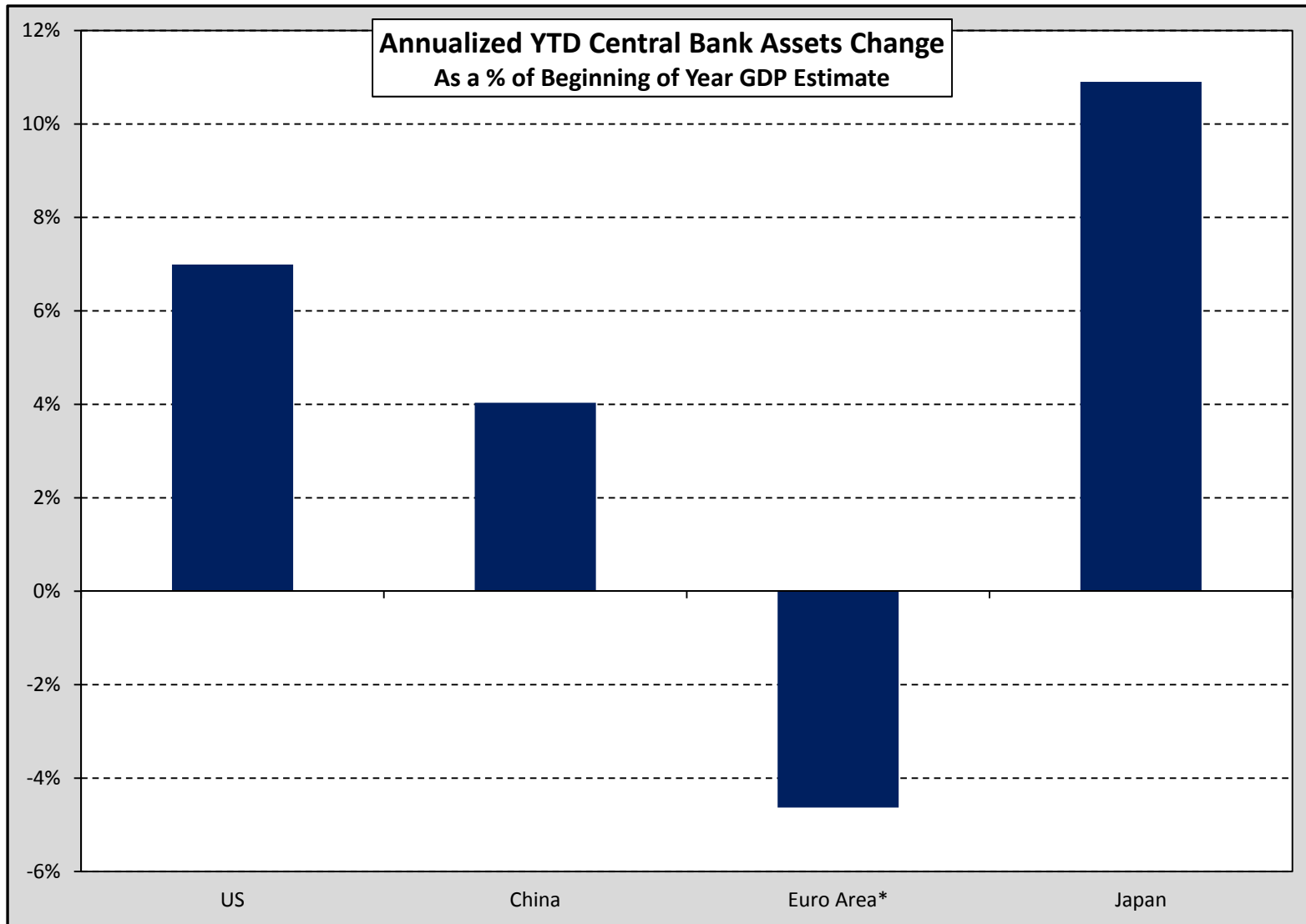
Source: Bloomberg as of 9/30

The Fed Continued to Prove It Can Drive Markets



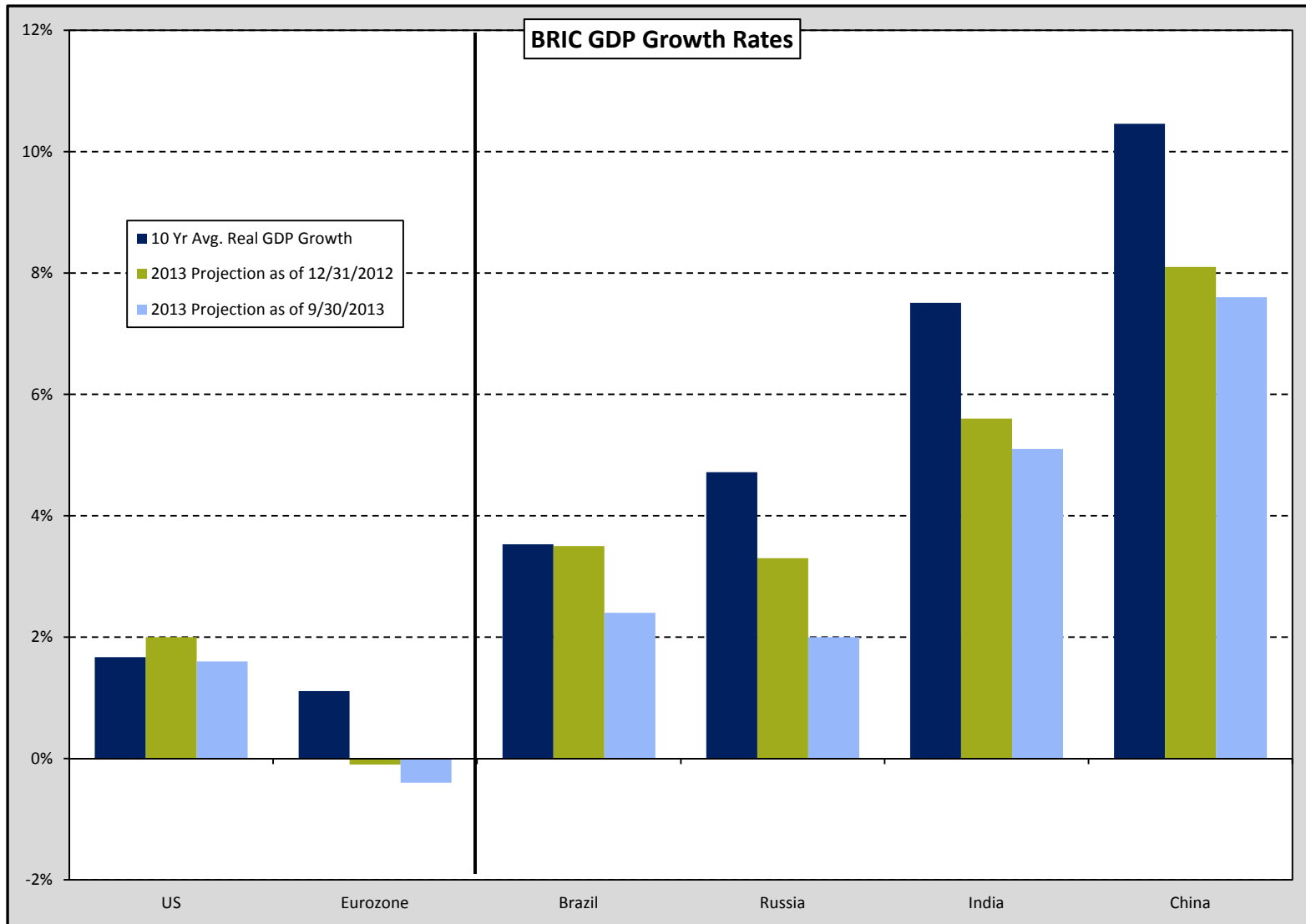
Source: Bloomberg, NEPC as of 9/30

Major Economies Continue Easing while the ECB Has Tightened



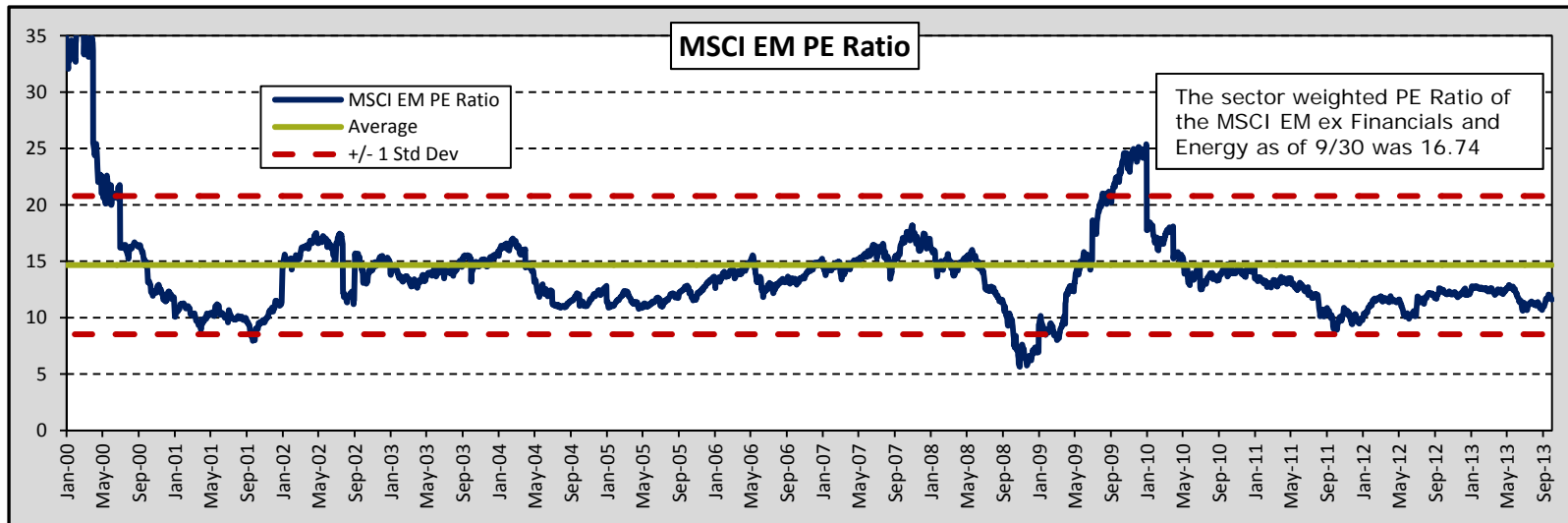
Source: Bloomberg as of 9/30; All calculations converted to USD *GDP figure reflects World Bank Euro Area GDP

Real GDP Growth Forecasts

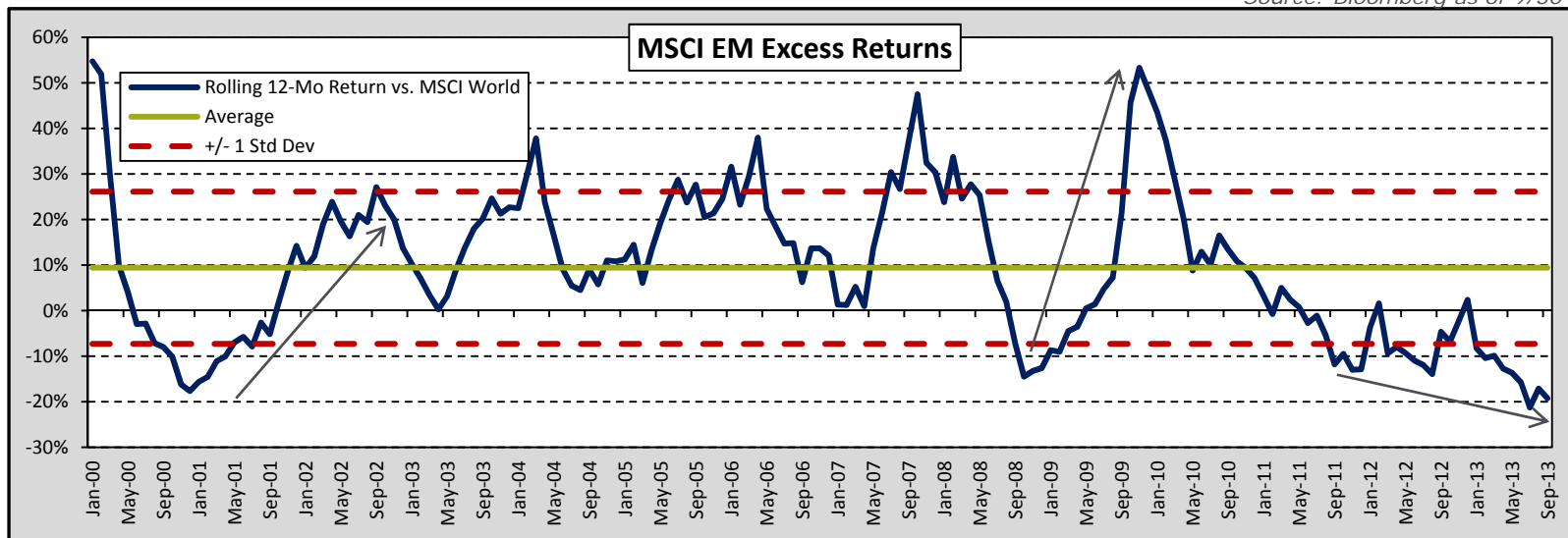


Source: Bloomberg as of 9/30

Valuations Attractive on the Whole and Performance Relative to MSCI World Is At Lower Bound

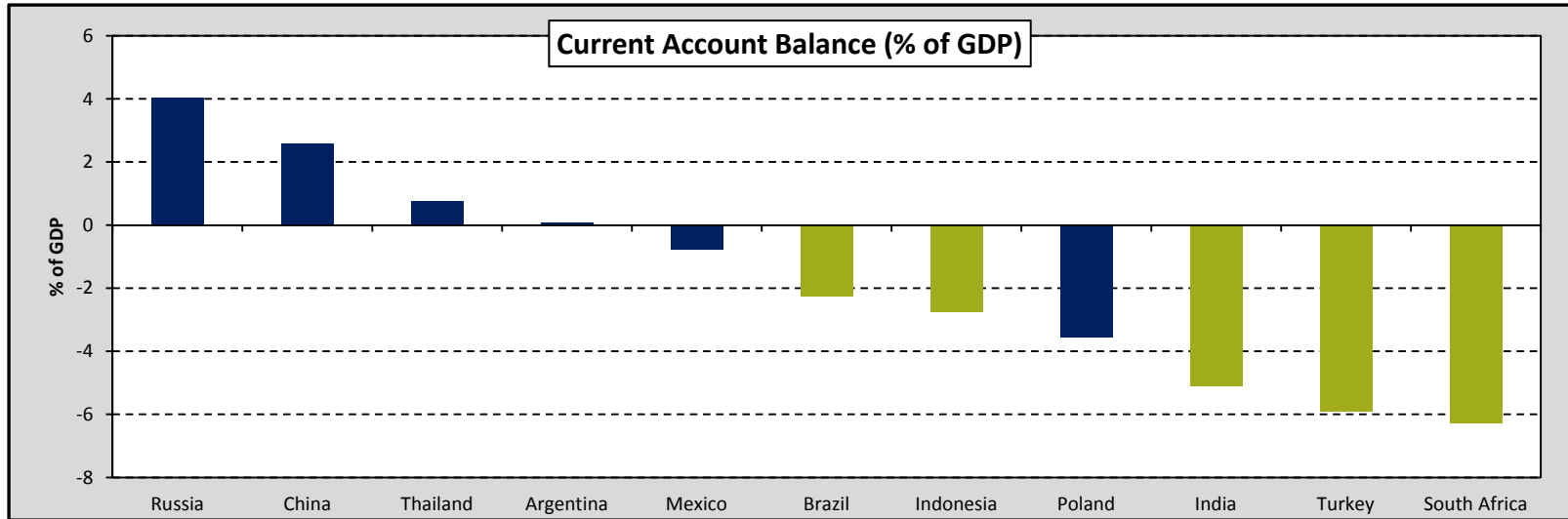


Source: Bloomberg as of 9/30

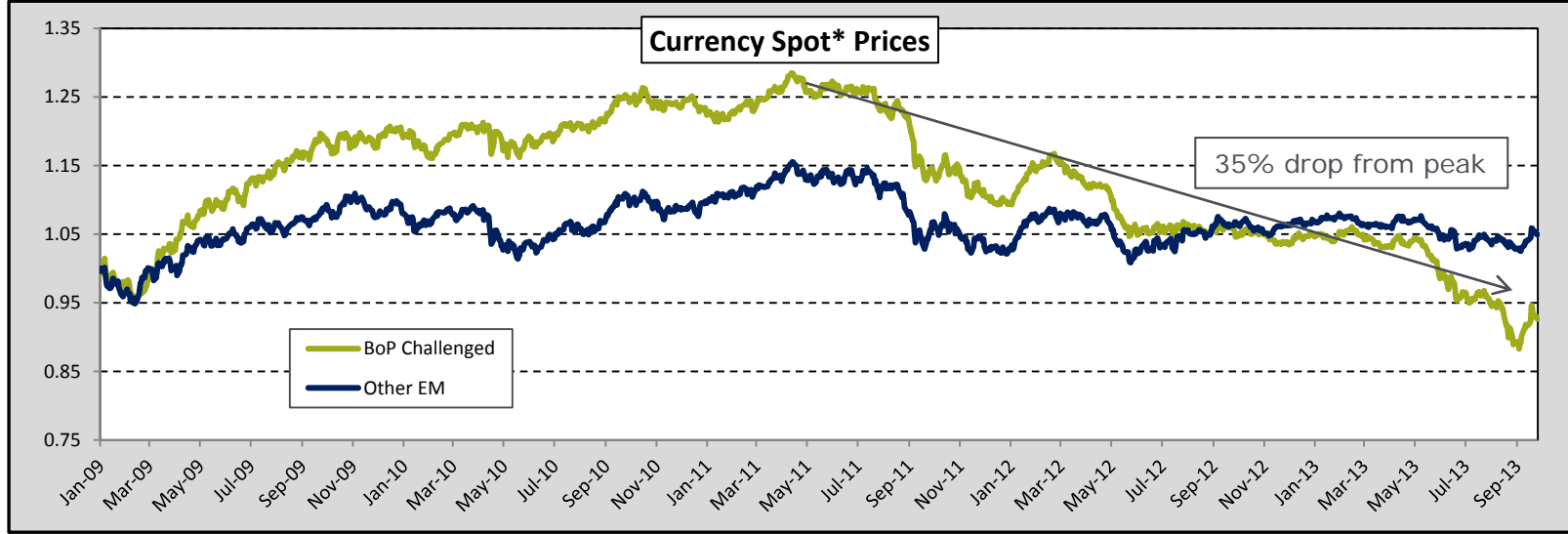


Source: Bloomberg as of 9/30

EM Countries With Current Account Deficits Face Currency Headwinds



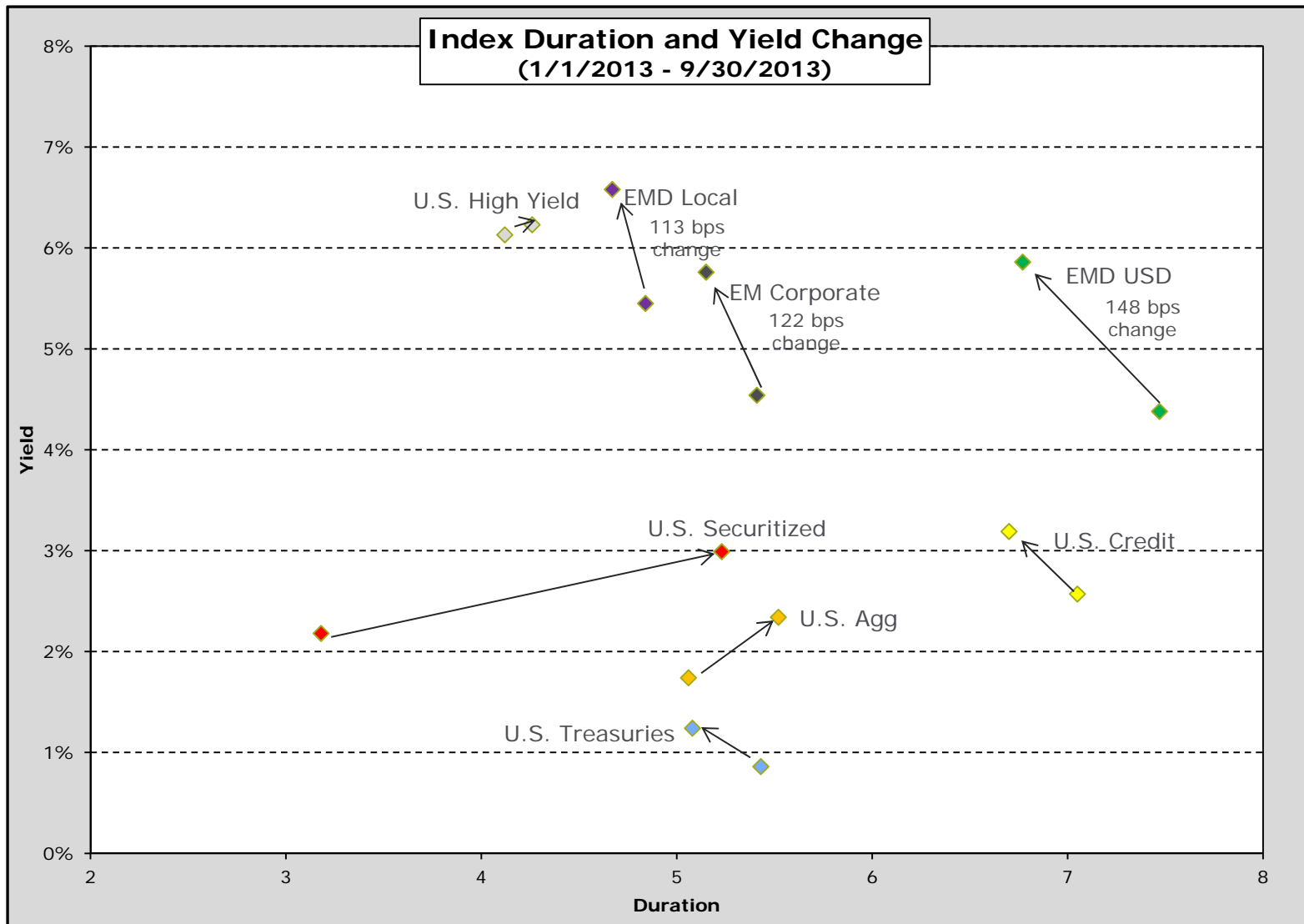
Source: IMF



Source: Bloomberg as of 9/25

*Versus USD; Brazilian Real, Indian Rupee, Indonesian Rupiah, Turkish Lira, and South African Rand make up BoP Challenged basket

Yields Changed but EM Debt Retained Relative Attractiveness



Source: Barclays and JP Morgan as of 9/30

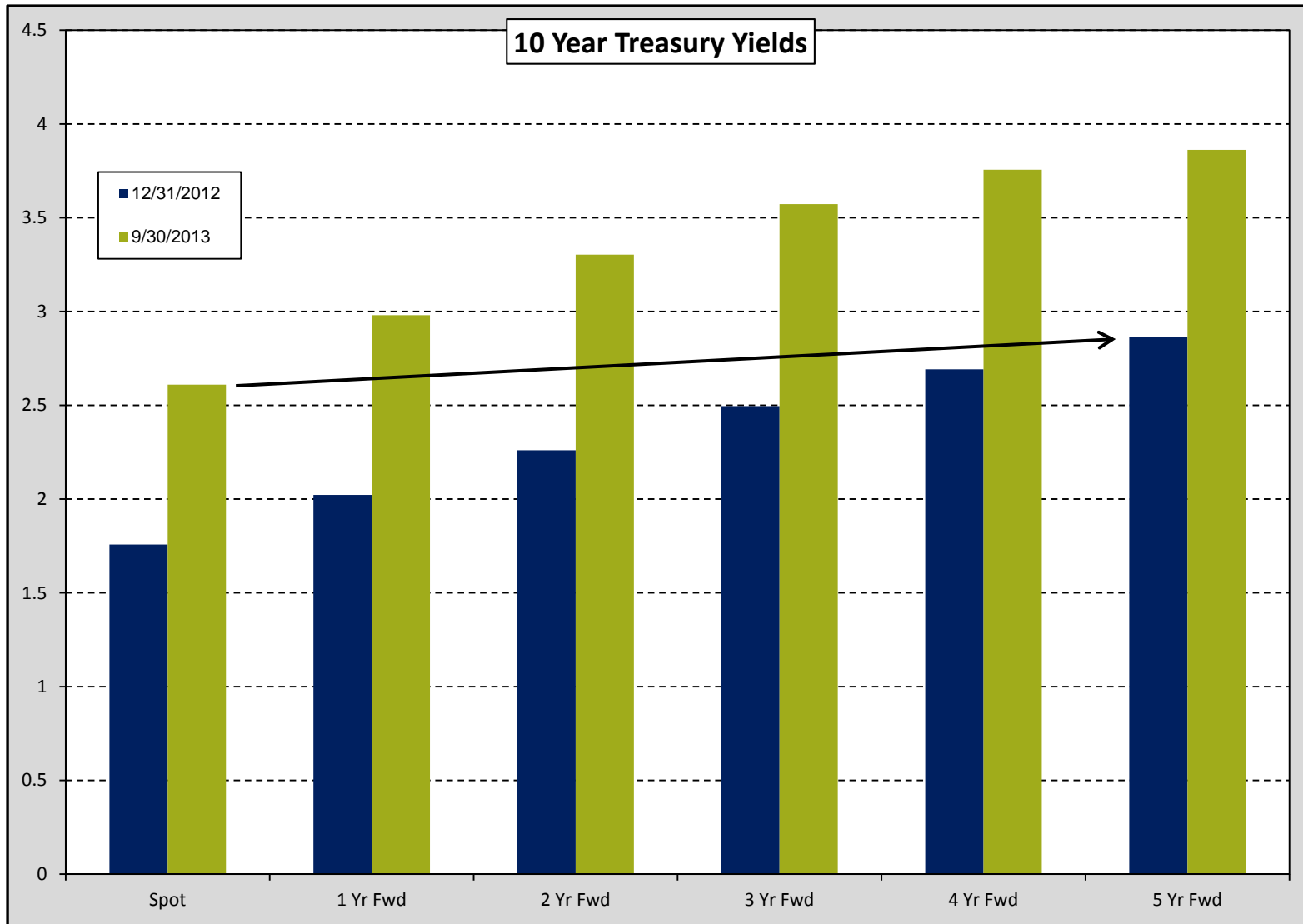
- **Emerging markets remain likely to outpace developed markets in economic growth**
 - Yet lower than recent experience

- **There are several reasons to maintain a positive outlook on EM**
 - Growth is still high relative to the developed world
 - Overall valuations attractive on a historical basis
 - Healthy government balance sheets
 - Continued development of middle class

- **There are also reasons to proceed with caution**
 - Slowing growth (though now priced in)
 - Balance of payment and currency issues in prominent countries
 - Potential to get worse before it gets better
 - Economies face challenging growth
 - Transition to reliance on Consumption vs. Investment/exports
 - Social unrest and political turmoil threaten to derail this path

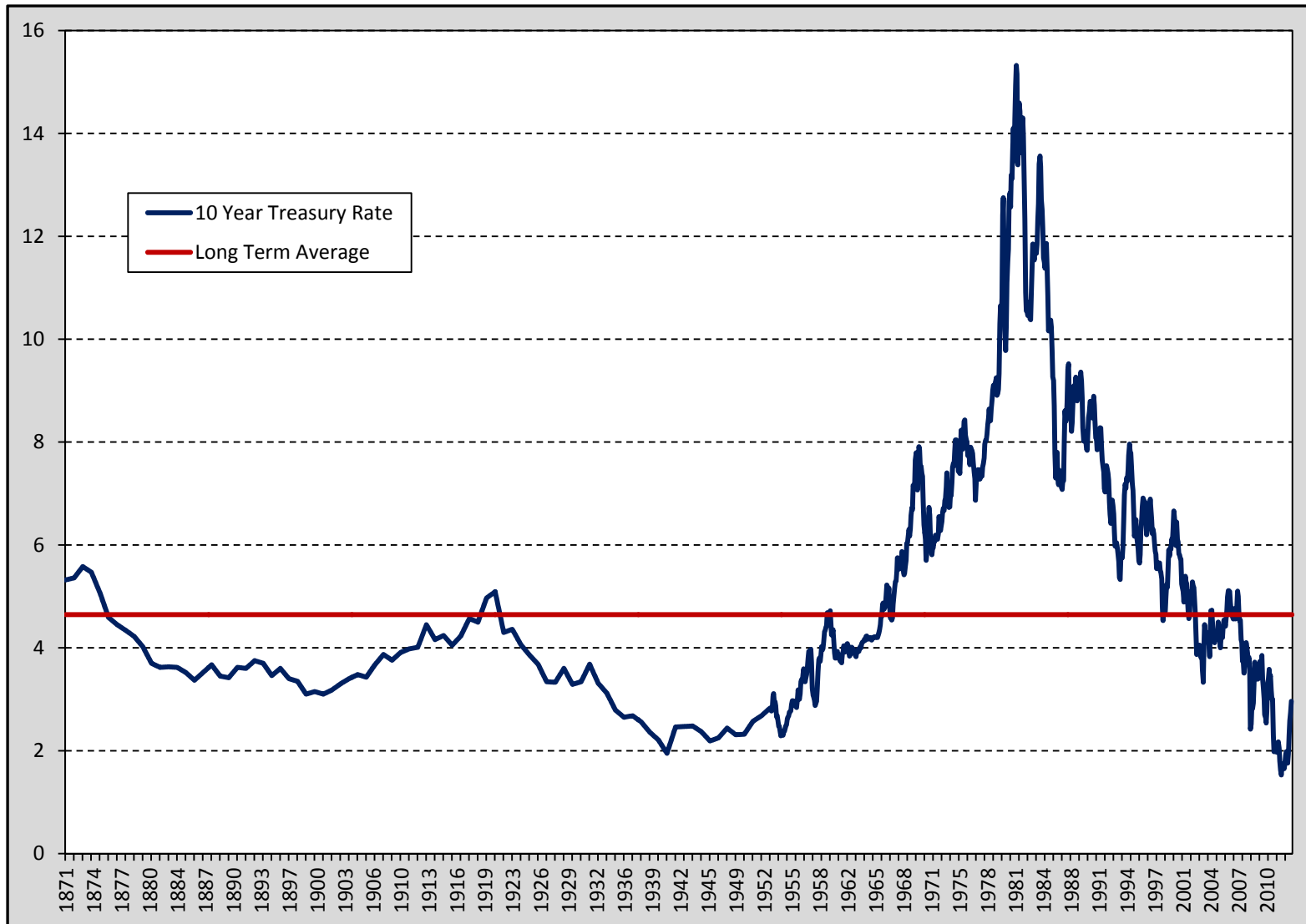
- **Looking forward, a more nuanced view on emerging markets is needed to navigate a tricky environment**
 - Individual EM countries are likely to behave in a more idiosyncratic fashion
 - Sound active management can alleviate some of the macro challenges
 - Critical to recognize that higher return expectations come with high volatility

Vermont Pension Investment Committee
Market Expectations – Then and Now



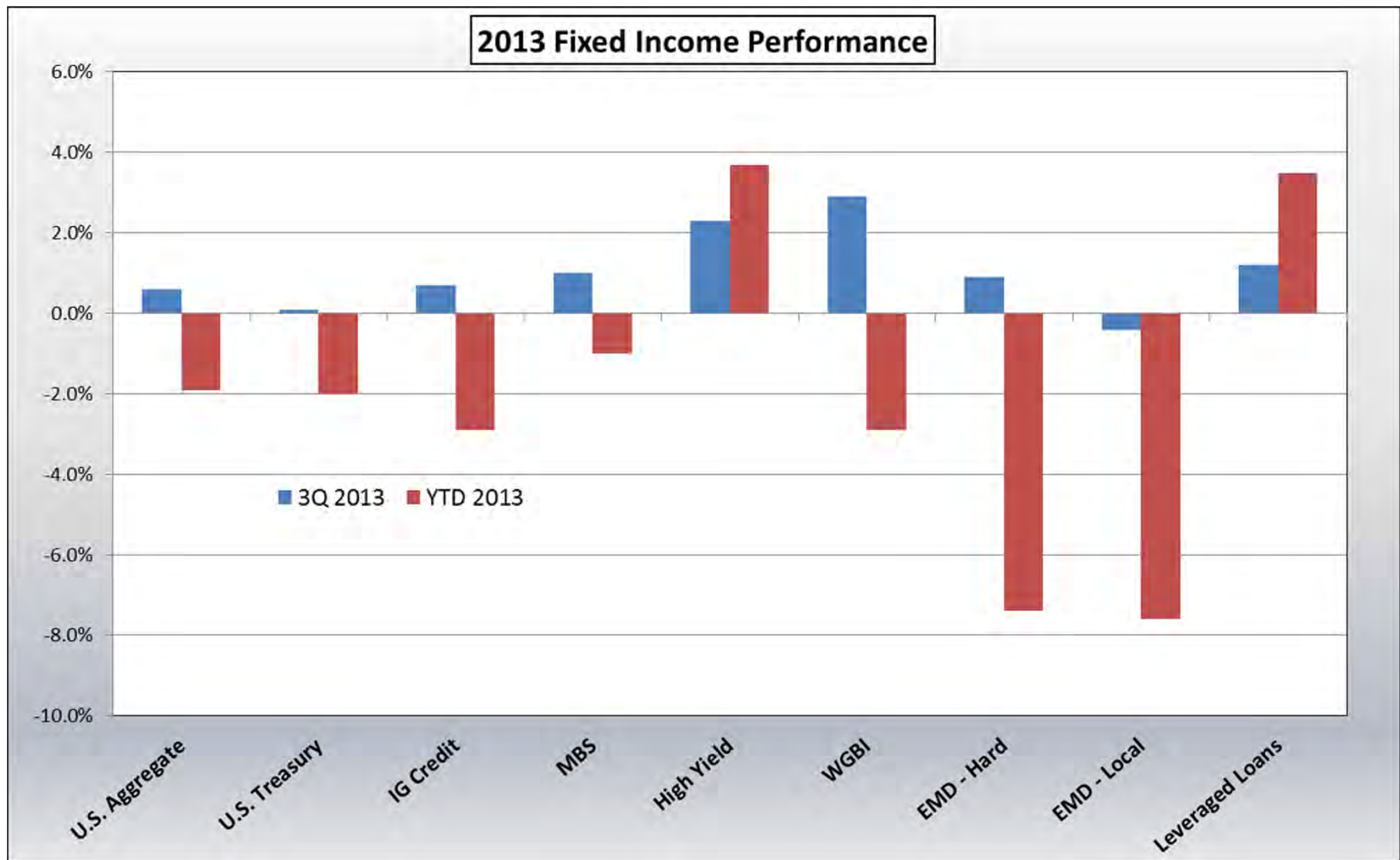
Source: Bloomberg as of 9/30

Yields Have Historically Moved in Long Term Cycles



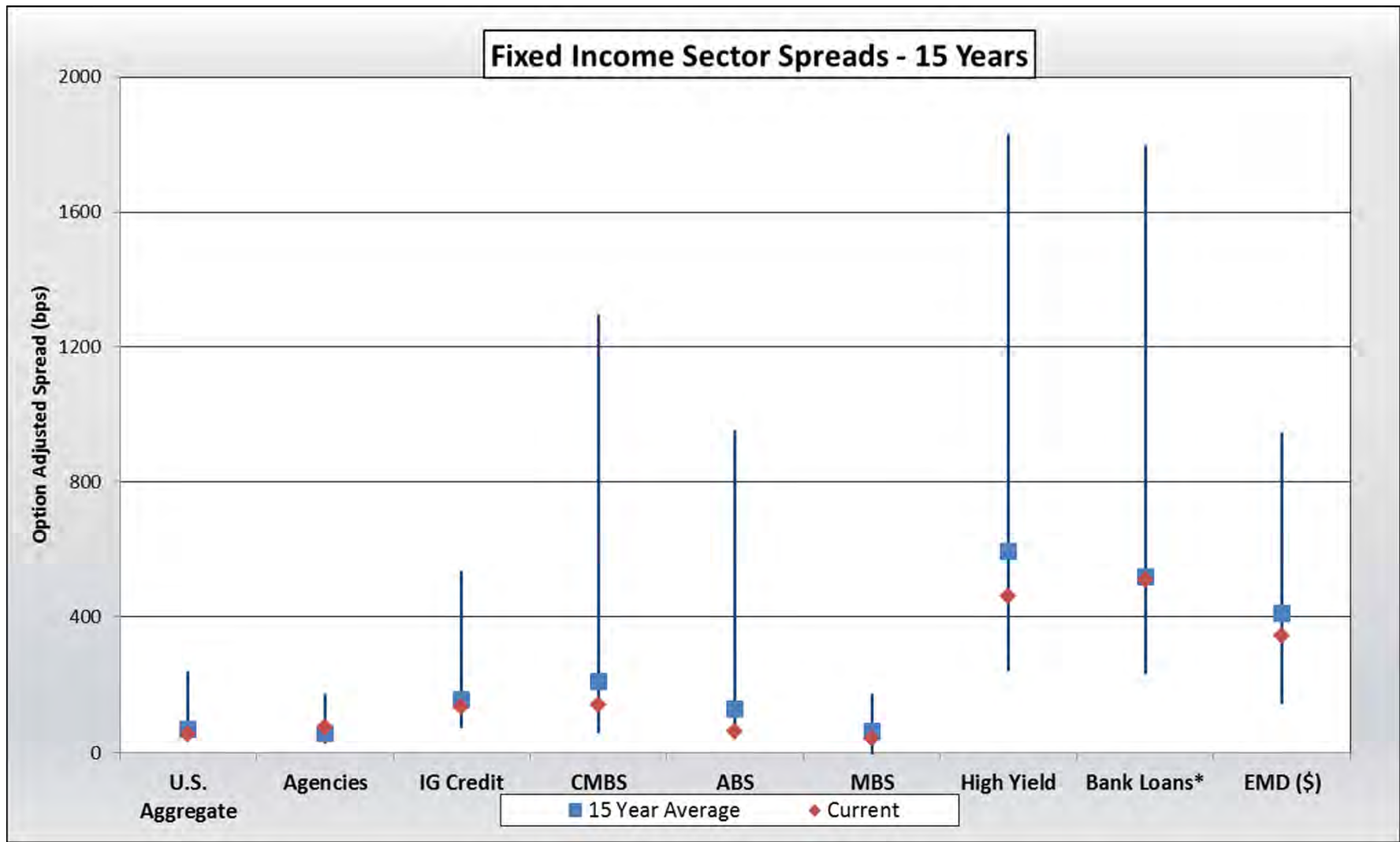
Source: Shiller Data as of 9/30

Fixed Income Performance



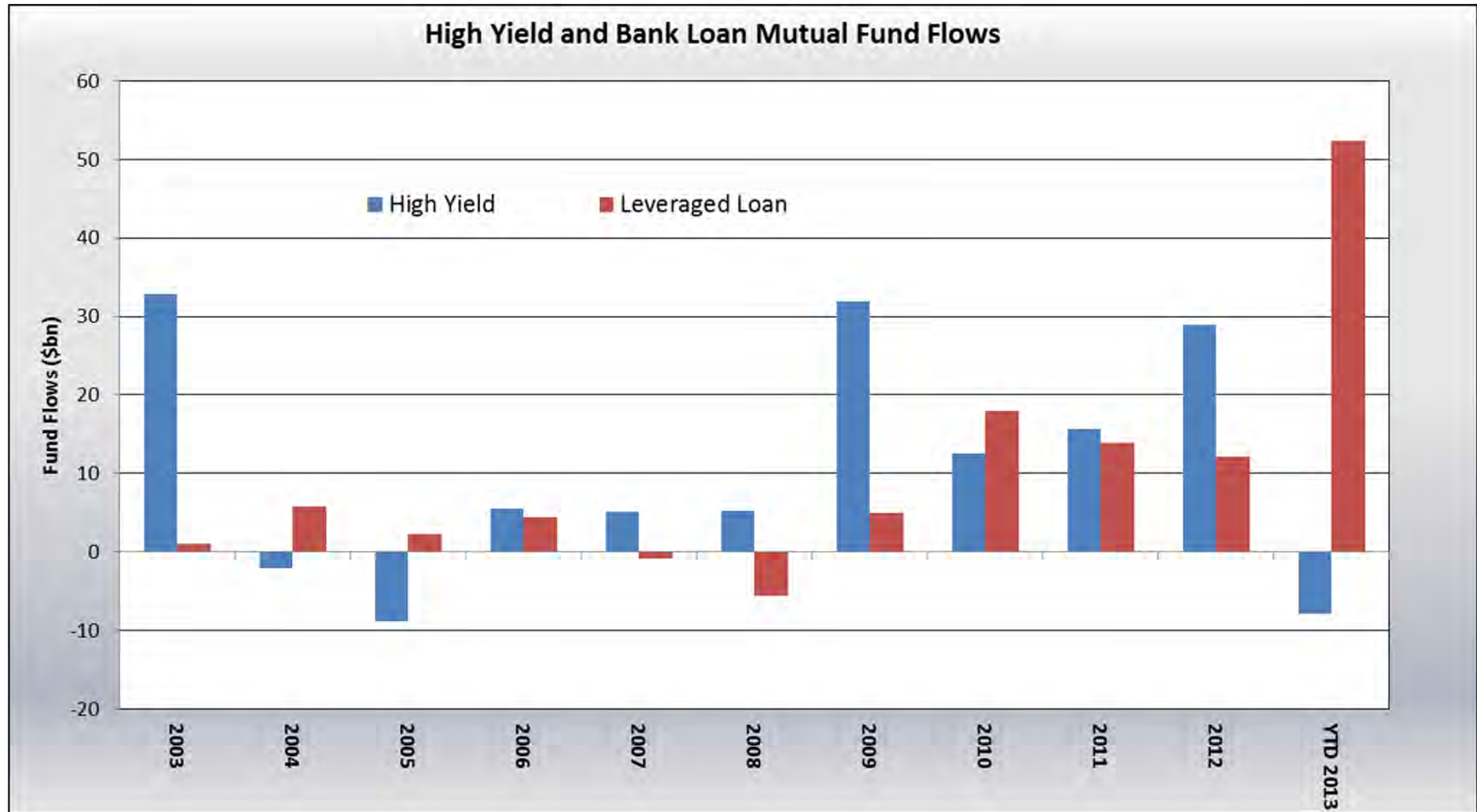
Source: Bloomberg, as of 9/30/2013

Fixed Income Sector Spreads



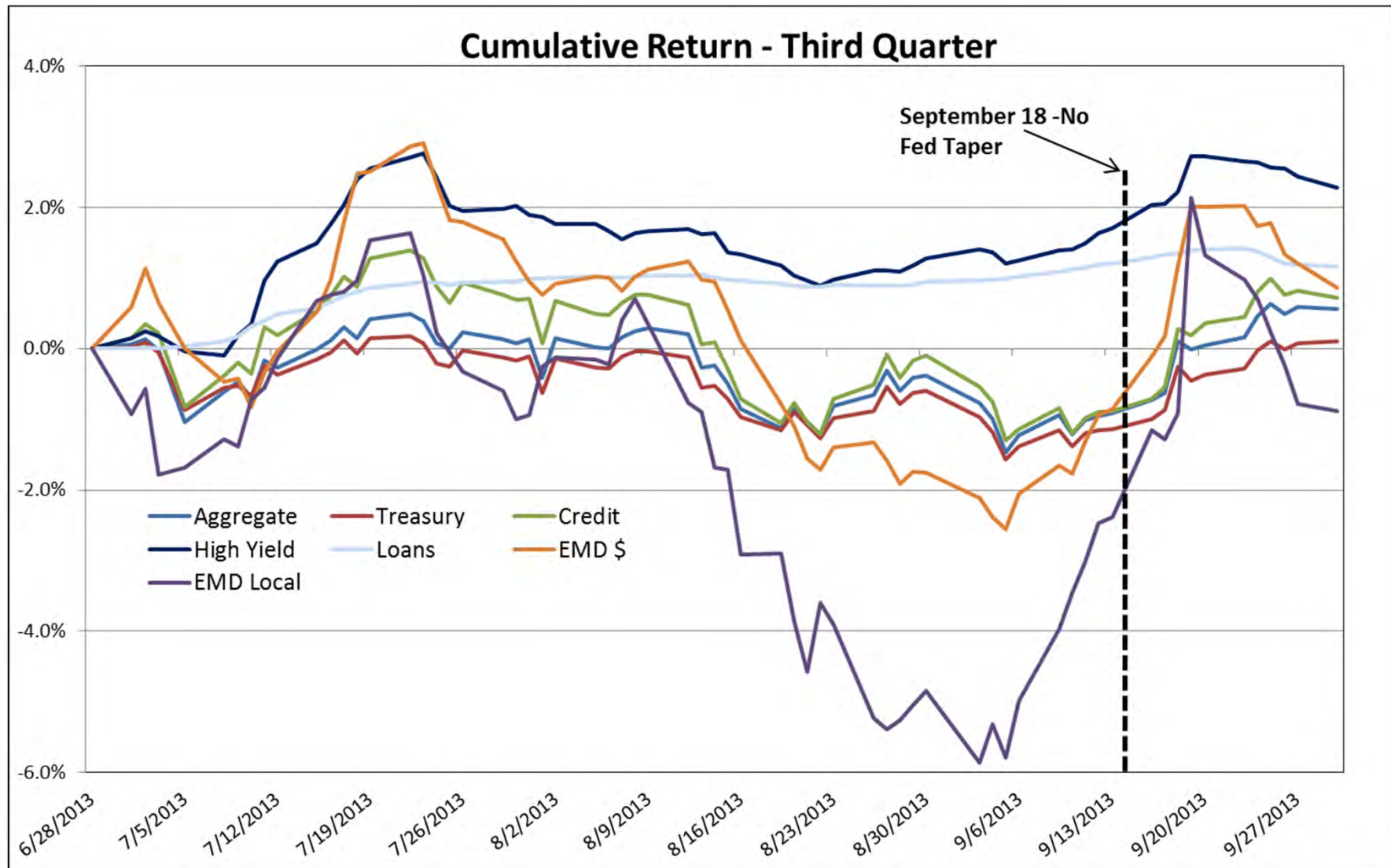
* Using 3-year Discount Margin

Source: Barclays Live, as of 9/30/2013



- **67 consecutive weeks of inflows into loan funds**
 - \$52 billion into a \$650 billion market
 - Supply is keeping pace

Source: JP Morgan, as of 9/30/2013



Source: Bloomberg, as of 9/30/2013

State Employees' Retirement System

Vermont State Employees

Total Fund Performance Summary

	Market Value	3 Mo	Rank	YTD	Rank	Fiscal YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Employees Composite	\$1,513,003,488	4.0%	82	5.3%	96	4.0%	82	7.5%	94	8.5%	75	8.3%	37
<i>Policy Index</i>		4.2%	75	5.8%	92	4.2%	75	7.7%	93	7.3%	97	6.7%	89
<i>Allocation Index</i>		4.4%	69	6.3%	91	4.4%	69	8.2%	91	7.4%	97	7.0%	81
<i>IFx Public DB Gross Median</i>		4.7%		10.1%		4.7%		12.0%		9.5%		8.0%	

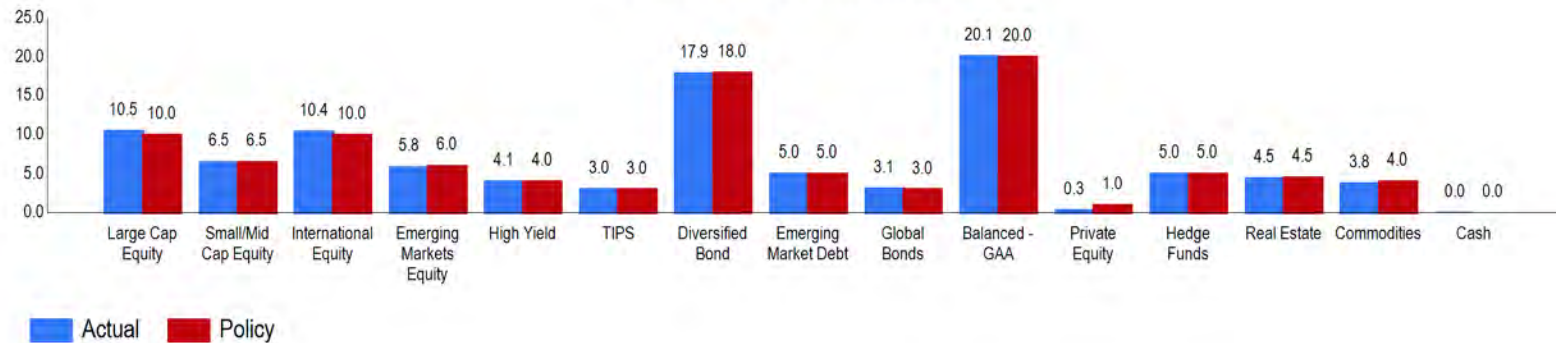
3 Years Ending September 30, 2013

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Employees Composite	8.51%	71	7.56%	43	1.12	69	1.68	43
Policy Index	7.26%	97	7.35%	37	0.98	91	1.44	76
Allocation Index	7.39%	97	7.43%	39	0.99	89	1.41	80

5 Years Ending September 30, 2013

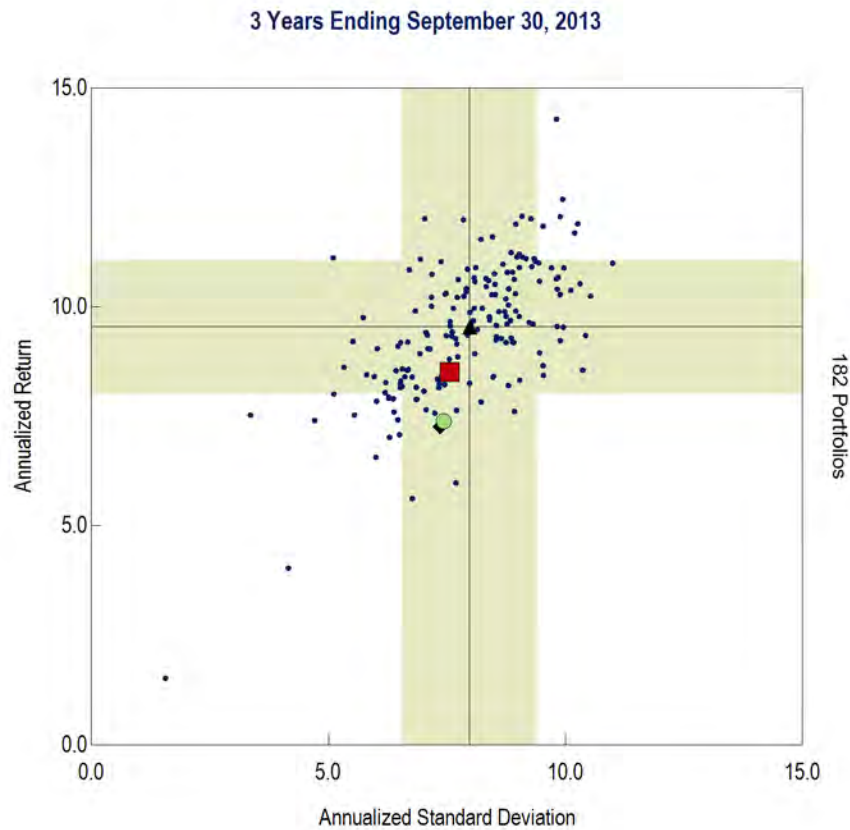
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Employees Composite	8.31%	34	12.65%	81	0.65	72	0.70	81
Policy Index	6.67%	88	11.11%	48	0.59	87	0.69	82
Allocation Index	7.00%	80	11.59%	57	0.60	86	0.69	83

Actual vs Target Allocation (%)

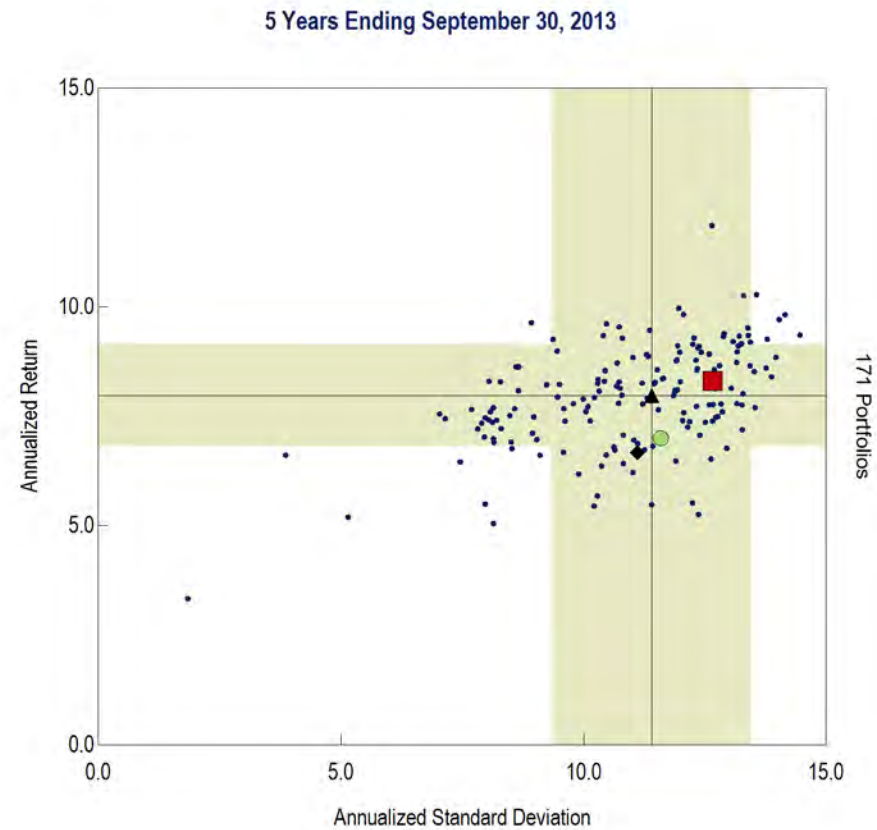


Vermont State Employees

Total Fund Risk/Return



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

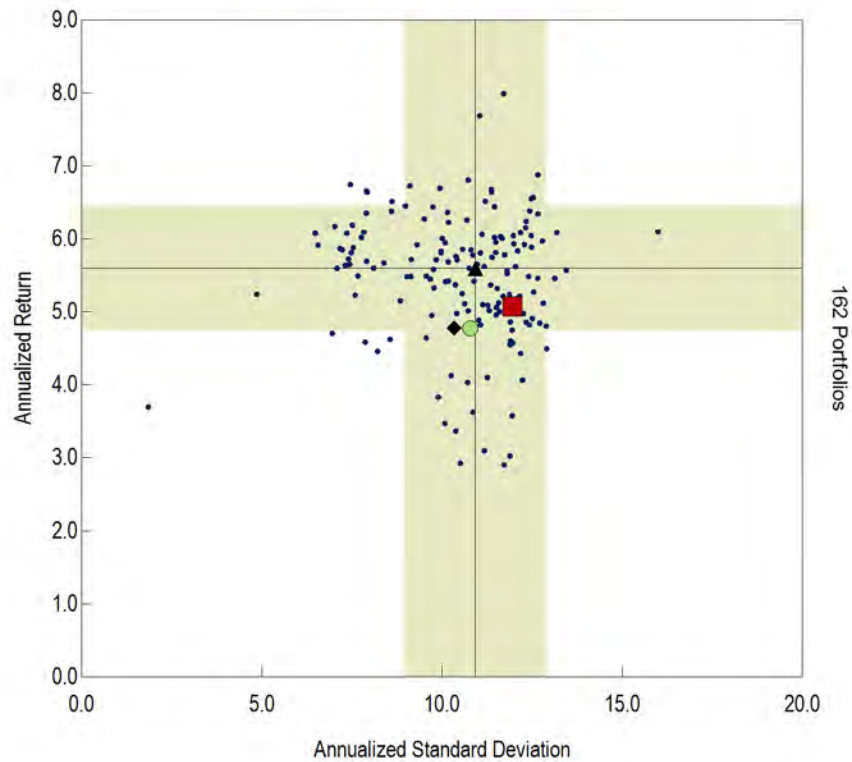


- Employees Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- IFx Public DB Gross

Vermont State Employees

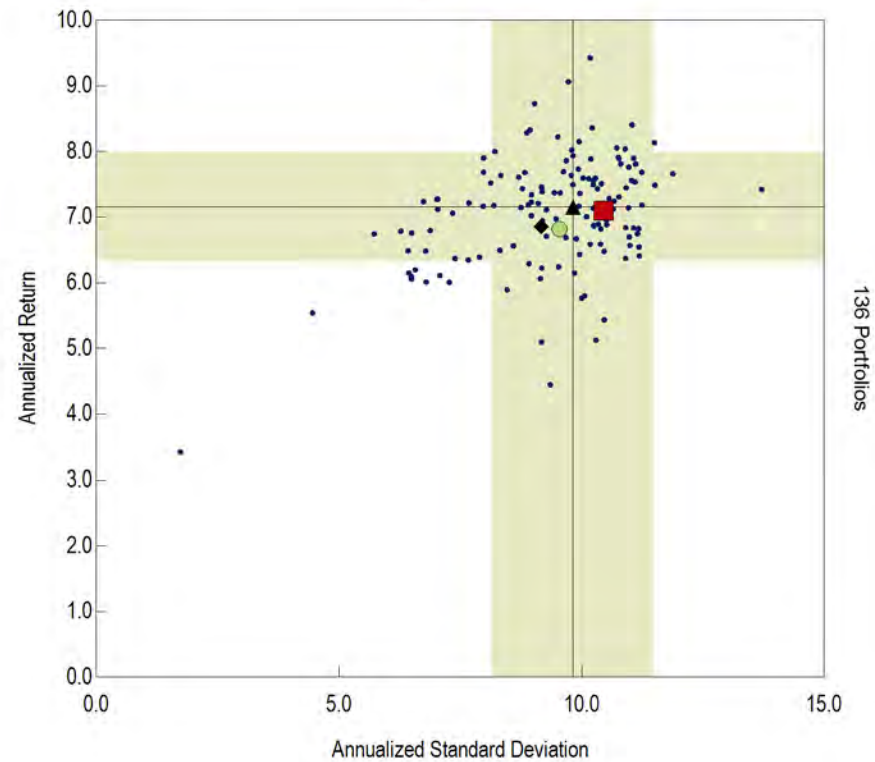
Total Fund Risk/Return

7 Years Ending September 30, 2013



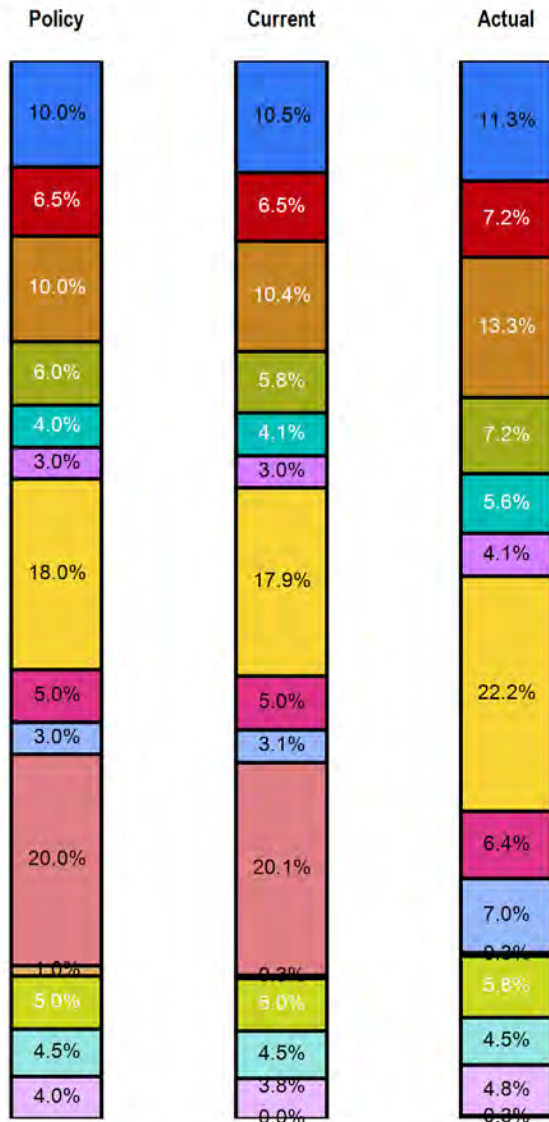
- Employees Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- IFx Public DB Gross

10 Years Ending September 30, 2013



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

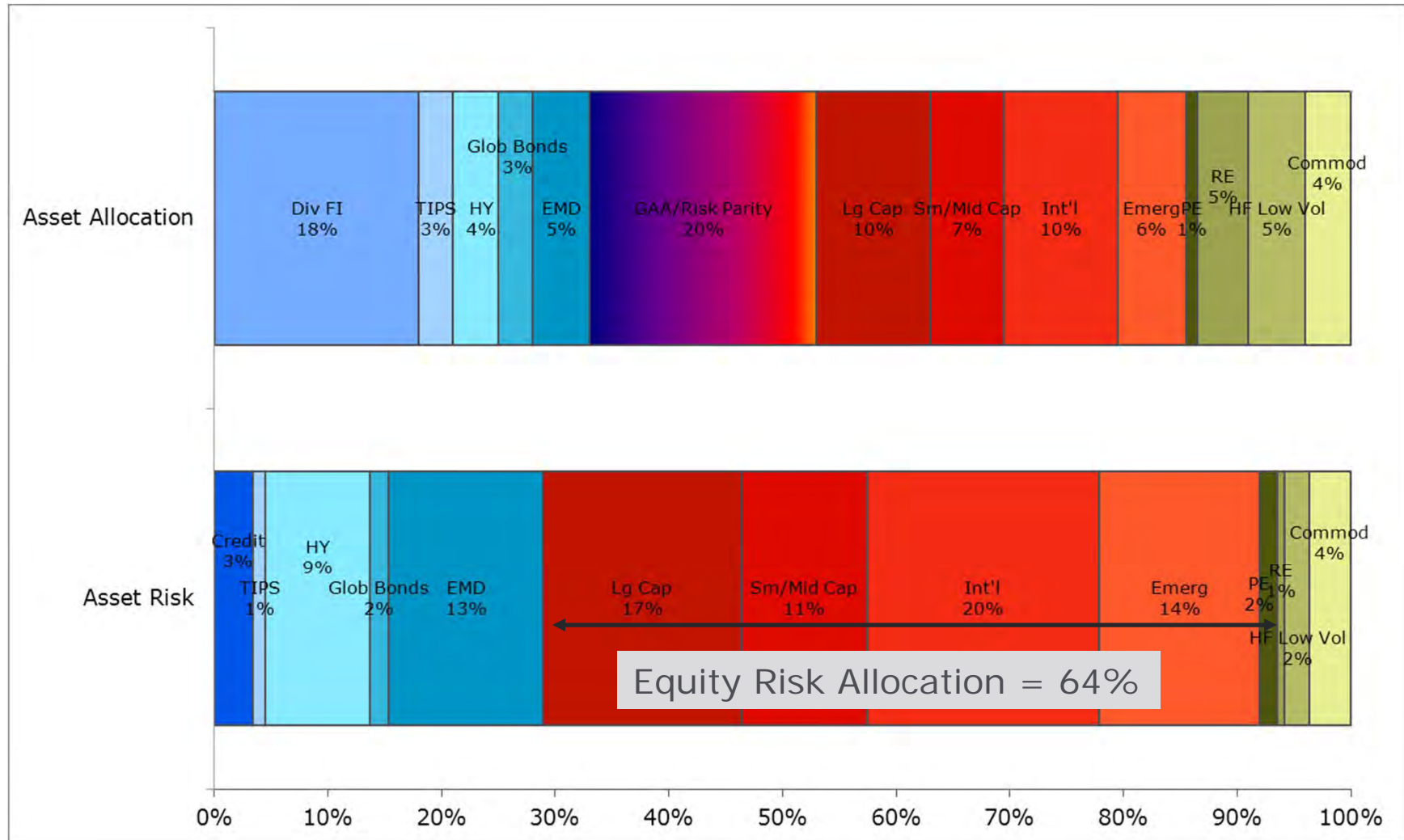
Total Fund Asset Allocation vs. Policy Targets



Asset Allocation vs. Target

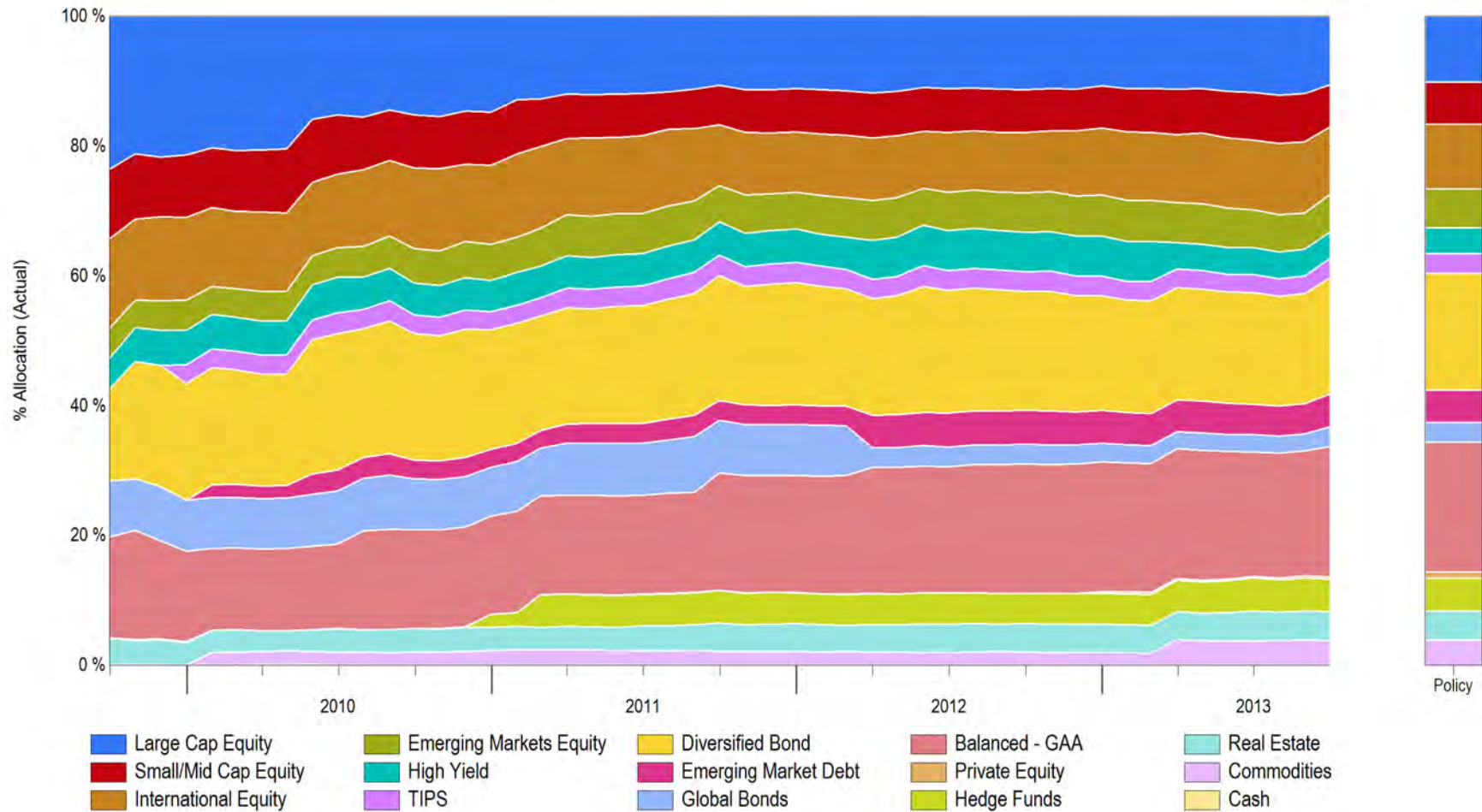
	Current	Policy	Current	Difference*
Large Cap Equity	\$158,838,683	10.0%	10.5%	0.5%
Small/Mid Cap Equity	\$98,409,039	6.5%	6.5%	0.0%
International Equity	\$157,267,708	10.0%	10.4%	0.4%
Emerging Markets Equity	\$88,197,761	6.0%	5.8%	-0.2%
High Yield	\$61,322,990	4.0%	4.1%	0.1%
TIPS	\$45,690,293	3.0%	3.0%	0.0%
Diversified Bond	\$270,223,088	18.0%	17.9%	-0.1%
Emerging Market Debt	\$76,392,502	5.0%	5.0%	0.0%
Global Bonds	\$46,733,260	3.0%	3.1%	0.1%
Balanced - GAA	\$304,359,702	20.0%	20.1%	0.1%
Private Equity	\$4,357,137	1.0%	0.3%	-0.7%
Hedge Funds	\$75,421,192	5.0%	5.0%	0.0%
Real Estate	\$67,794,832	4.5%	4.5%	0.0%
Commodities	\$57,743,490	4.0%	3.8%	-0.2%
Cash	\$251,811	--	0.0%	0.0%
Total	\$1,513,003,488	100.0%	100.0%	

*Difference between Policy and Current Allocation



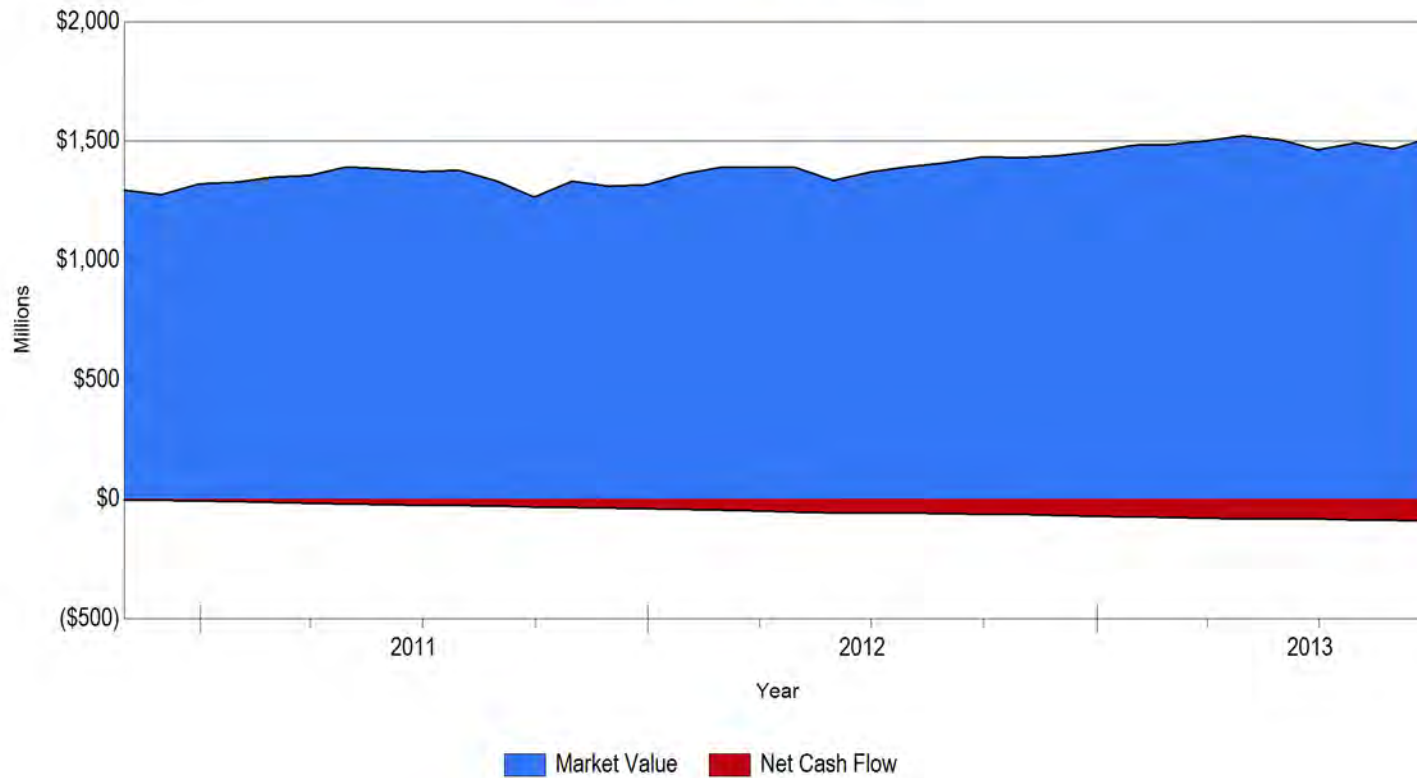
Total Fund Asset Allocation History

Asset Allocation History



Total Fund Asset Growth Summary

3 Years Ending September 30, 2013



	Last Three Months	Year-To-Date	Fiscal Year-To-Date	One Year	Three Years
Beginning Market Value	\$1,464,010,770	\$1,456,507,232	\$1,464,010,770	\$1,434,364,031	\$1,267,182,755
- Withdrawals	-\$60,328,881	-\$106,114,031	-\$60,328,881	-\$137,990,298	-\$691,945,415
+ Contributions	\$50,627,859	\$85,522,185	\$50,627,859	\$109,255,681	\$599,730,153
= Net Cash Flow	-\$9,701,021	-\$20,591,846	-\$9,701,021	-\$28,734,616	-\$92,215,261
+ Net Investment Change	\$58,693,739	\$77,088,101	\$58,693,739	\$107,374,073	\$338,035,994
= Ending Market Value	\$1,513,003,488	\$1,513,003,488	\$1,513,003,488	\$1,513,003,488	\$1,513,003,488

Vermont State Employees

Total Fund Asset Growth Summary by Manager

	Quarter Ending September 30, 2013					Ending Market Value
	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	
Aberdeen	\$86,157,514	\$0	\$0	\$0	\$2,040,247	\$88,197,761
Acadian	\$63,837,347	-\$6,000,000	\$0	-\$6,000,000	\$6,451,532	\$64,288,879
Allianz Structured Alpha	\$34,380,390	\$0	\$3,000,000	\$3,000,000	\$264,003	\$37,644,393
AQR Global Risk Premium	\$109,403,985	\$0	\$8,200,000	\$8,200,000	\$2,526,709	\$120,130,693
BlackRock TIPS	\$40,391,428	\$0	\$5,000,000	\$5,000,000	\$298,865	\$45,690,293
Champlain	\$33,619,227	-\$3,700,000	\$0	-\$3,700,000	\$2,824,711	\$32,743,938
GAM	\$14,903,436	\$0	\$0	\$0	\$166,037	\$15,069,472
Grosvenor	\$29,469,690	\$0	\$0	\$0	\$1,049,502	\$30,519,192
Harbourvest Dover VIII Fund	\$1,528,910	-\$44,608	\$200,900	\$156,292	\$0	\$1,685,202
Harbourvest Partners IX Buyout Fund	\$1,504,038	\$0	\$0	\$0	\$0	\$1,504,038
Harbourvest Partners IX Credit Opportunities	\$278,211	\$0	\$0	\$0	\$0	\$278,211
Harbourvest Partners IX Venture Fund	\$889,686	\$0	\$0	\$0	\$0	\$889,686
KDP	\$14,935,578	\$0	\$0	\$0	\$223,071	\$15,158,649
Mellon Global Expanded Alpha	\$29,588,247	\$0	\$0	\$0	\$1,369,167	\$30,957,414
Mondrian	\$62,732,057	-\$5,000,000	\$0	-\$5,000,000	\$6,069,901	\$63,801,958
Mondrian GFI	\$38,835,444	\$0	\$7,000,000	\$7,000,000	\$897,817	\$46,733,260
Morgan Stanley Prime Property	\$29,453,464	-\$98,978	\$0	-\$98,978	\$1,251,817	\$30,606,303
Permal	\$29,198,186	\$0	\$0	\$0	\$634,343	\$29,832,528
PIMCO All Asset	\$84,931,221	-\$194,995	\$4,500,000	\$4,305,005	\$2,680,066	\$91,916,292
PIMCO Core Plus	\$91,119,574	\$0	\$6,500,000	\$6,500,000	\$455,091	\$98,074,665
PIMCO Unconstrained	\$92,307,809	\$0	\$4,500,000	\$4,500,000	\$222,189	\$97,029,998
Post Advisory	\$45,023,853	\$0	\$0	\$0	\$1,140,488	\$46,164,341
RREEF America REIT III	\$11,703,406	-\$2,416,845	\$0	-\$2,416,845	\$436,156	\$9,722,718
Schroder	\$54,380,505	\$0	\$1,500,000	\$1,500,000	\$1,862,984	\$57,743,490
SSgA ACWI Ex US	\$30,125,518	-\$4,000,000	\$0	-\$4,000,000	\$3,051,354	\$29,176,872

Vermont State Employees

Total Fund Asset Growth Summary by Manager

	Quarter Ending September 30, 2013					Ending Market Value
	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	
SSgA Russell 2000 Growth	\$30,410,655	-\$10,500,000	\$0	-\$10,500,000	\$3,852,657	\$23,763,312
SSgA S&P 400	\$9,503,807	\$0	\$0	\$0	\$720,541	\$10,224,347
SSgA S&P 500 Cap-Wgt	\$69,667,896	-\$2,000,000	\$0	-\$2,000,000	\$3,645,460	\$71,313,355
SSgA S&P 500 Equal-Wgt	\$51,525,672	-\$12,700,000	\$0	-\$12,700,000	\$3,455,162	\$42,280,834
T. Rowe	\$50,398,829	-\$8,200,000	\$0	-\$8,200,000	\$3,045,664	\$45,244,493
Transwestern / Aslan III	\$377,306	\$0	\$0	\$0	\$0	\$377,306
UBS Trumbull	\$26,370,019	-\$72,519	\$72,519	\$0	\$718,486	\$27,088,505
Vermont Cash	\$498,306	-\$400,937	\$154,441	-\$246,496	\$0	\$251,811
Wellington	\$33,919,068	-\$5,000,000	\$0	-\$5,000,000	\$2,758,373	\$31,677,441
Wellington DAS	\$34,219,675	\$0	\$3,000,000	\$3,000,000	\$254,358	\$37,474,033
Wellington OIF	\$57,671,555	\$0	\$0	\$0	\$3,683,748	\$61,355,303
Wellington Opportunistic EMD	\$68,749,259	\$0	\$7,000,000	\$7,000,000	\$643,243	\$76,392,502
Total	\$1,464,010,770	-\$60,328,881	\$50,627,859	-\$9,701,021	\$58,693,739	\$1,513,003,488

Vermont State Employees

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	2013 Q3 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
Employees Composite	1,513,003,488	100.0	100.0	4.0	82	5.3	96	7.5	94	8.5	75	8.3	37
<i>Policy Index</i>				4.2	75	5.8	92	7.7	93	7.3	97	6.7	89
<i>Allocation Index</i>				4.4	69	6.3	91	8.2	91	7.4	97	7.0	81
<i>IFx Public DB Gross Median</i>				4.7		10.1		12.0		9.5		8.0	
Large Cap Comp	158,838,683	10.5	10.0	5.9	58	21.2	48	22.0	43	16.8	39	12.1	21
<i>S&P 500</i>				5.2	70	19.8	68	19.3	69	16.3	48	10.0	60
<i>eA US Large Cap Equity Gross Median</i>				6.3		21.0		21.4		16.2		10.5	
T. Rowe	45,244,493	3.0	3.0	5.9	56	20.6	56	20.4	60	16.8	40	10.7	46
SSgA S&P 500 Cap-Wgt	71,313,355	4.7	4.0	5.2	70	19.8	68	19.4	69	16.3	48	--	--
<i>S&P 500</i>				5.2	70	19.8	68	19.3	69	16.3	48	10.0	60
SSgA S&P 500 Equal-Wgt	42,280,834	2.8	3.0	6.7	43	23.8	21	27.5	11	17.6	25	13.8	7
<i>S&P 500 Equal Weighted</i>				6.7	42	23.9	19	27.4	11	17.7	23	13.8	8
Small/Mid Cap Comp	98,409,039	6.5	6.5	9.6	56	27.2	46	29.8	58	19.3	46	13.2	60
<i>Russell 2000</i>				10.2	47	27.7	42	30.1	56	18.3	59	11.2	85
<i>eA US Small-Mid Cap Equity Gross Median</i>				9.9		26.7		30.5		19.0		13.7	
SSgA S&P 400	10,224,347	0.7	0.5	7.6	74	23.4	63	27.9	50	--	--	--	--
<i>S&P 400 MidCap</i>				7.5	74	23.2	64	27.7	52	17.5	52	13.1	59
<i>eA US Mid Cap Equity Gross Median</i>				8.6		24.8		27.8		17.5		13.4	
Champlain	32,743,938	2.2	2.0	8.6	50	27.0	29	28.6	38	18.7	34	--	--
<i>Russell 2500</i>				9.1	45	25.9	39	29.8	30	18.4	36	12.7	64
<i>eA US Mid Cap Equity Gross Median</i>				8.6		24.8		27.8		17.5		13.4	
Wellington	31,677,441	2.1	2.0	8.2	64	23.8	72	28.8	68	19.6	37	13.8	37
<i>Russell 2000 Value</i>				7.6	80	23.1	77	27.0	81	16.6	75	9.1	96
<i>eA US Small Cap Value Equity Gross Median</i>				8.7		26.3		31.0		18.7		12.9	
SSgA Russell 2000 Growth	23,763,312	1.6	2.0	12.7	57	32.5	61	33.0	59	19.9	72	13.1	74
<i>Russell 2000 Growth</i>				12.8	57	32.5	61	33.1	59	20.0	72	13.2	74
<i>eA US Small Cap Growth Equity Gross Median</i>				13.2		34.0		34.0		21.5		14.7	

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.

Vermont State Employees

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	2013 Q3 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
Int'l Equity Comp	157,267,708	10.4	10.0	10.0	75	15.5	64	20.9	74	8.4	78	6.0	87
MSCI EAFE				11.6	39	16.1	58	23.8	55	8.5	78	6.4	82
eA All EAFE Equity Gross Median				11.1		16.5		24.1		10.2		8.2	
Acadian	64,288,879	4.2	4.0	10.1	72	17.2	43	23.3	58	9.1	70	6.0	87
Mondrian	63,801,958	4.2	4.0	9.7	81	16.5	51	20.6	76	8.6	76	6.2	84
MSCI EAFE				11.6	39	16.1	58	23.8	55	8.5	78	6.4	82
SSGA ACWI Ex US	29,176,872	1.9	2.0	10.2	46	10.3	74	16.8	77	6.2	90	--	--
MSCI ACWI ex USA				10.1	49	10.0	75	16.5	82	5.9	92	6.3	84
eA ACWI ex-US All Cap Equity Gross Median				10.0		12.1		19.4		9.2		8.6	
Emerging Market Comp	88,197,761	5.8	6.0	2.4	85	-5.4	85	0.9	79	--	--	--	--
Aberdeen	88,197,761	5.8	6.0	2.4	85	-5.4	85	0.9	79	4.2	13	13.8	8
MSCI Emerging Markets				5.8	48	-4.4	73	1.0	78	-0.3	69	7.2	70
eA Emg Mkts Equity Gross Median				5.7		-2.2		4.0		1.2		8.7	
Diversified Fixed	270,223,088	17.9	18.0	0.5	72	-1.7	73	-1.0	68	4.2	39	7.8	31
Barclays Aggregate				0.6	64	-1.9	78	-1.7	82	2.9	68	5.4	66
eA All US Fixed Inc Gross Median				0.7		-0.8		-0.3		3.6		6.2	
Allianz Structured Alpha	37,644,393	2.5	2.0	0.8	31	-1.5	41	-1.1	50	5.8	1	8.6	5
Citigroup 10 Year Treasury				-0.7	98	-5.5	99	-5.7	99	2.9	83	5.2	94
PIMCO Core Plus	98,074,665	6.5	6.5	0.5	73	-1.9	74	-1.4	65	3.7	43	--	--
Barclays Aggregate				0.6	65	-1.9	74	-1.7	80	2.9	83	5.4	90
PIMCO Unconstrained	97,029,998	6.4	6.5	0.2	93	-1.1	25	-0.5	24	--	--	--	--
25% HY, 25% EMD, 50% BC Agg				1.1	3	-1.9	75	-0.2	17	5.1	3	8.7	5
3-Month Libor Total Return USD				0.1	95	0.2	4	0.3	9	0.4	99	0.6	99
Wellington DAS	37,474,033	2.5	3.0	0.7	34	-3.1	97	-1.1	47	7.5	1	8.6	5
Wellington Custom Benchmark				-2.1	99	-9.1	99	-9.7	99	5.3	2	6.9	34
High Yield Comp	61,322,990	4.1	4.0	2.4	40	4.6	35	7.8	38	9.4	49	11.4	76
Barclays High Yield				2.3	54	3.7	61	7.1	53	9.2	57	13.5	19
eA US High Yield Fixed Inc Gross Median				2.3		4.1		7.3		9.3		12.3	
Post Advisory	46,164,341	3.1	3.0	2.7	17	5.2	23	8.5	27	9.8	35	11.7	69
KDP	15,158,649	1.0	1.0	1.5	96	2.1	95	4.7	93	7.8	92	--	--
Barclays High Yield				2.3	54	3.7	61	7.1	53	9.2	57	13.5	19
BofA Merrill Lynch US High Yield BB-B Rated				2.1	66	2.9	80	6.1	76	8.4	80	11.9	64

Wellington DAS Custom Benchmark tracked the BC Agg from 5/2002 through 2/2011, and the CG US Treasury STRIPS from 7/11 through present. The benchmark change coincided with the switch in collateral position.

Vermont State Employees

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	2013 Q3 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
Global Fixed Income Comp	46,733,260	3.1	3.0	2.3	48	-5.4	96	-8.1	99	1.4	93	6.4	56
<i>Citi WGBI</i>				2.9	29	-2.9	76	-4.6	90	1.0	94	4.3	94
<i>eA All Global Fixed Inc Gross Median</i>				2.2		-1.0		0.6		4.0		6.7	
Mondrian GFI	46,733,260	3.1	3.0	2.3	48	-5.4	96	-8.1	99	0.4	99	5.1	83
<i>Citi WGBI</i>				2.9	29	-2.9	76	-4.6	90	1.0	94	4.3	94
Emerging Market Debt	76,392,502	5.0	5.0										
Wellington Opportunistic EMD	76,392,502	5.0	5.0	0.9	33	-5.9	38	-2.5	43	6.3	21	--	--
<i>JP Morgan EMBI Global TR</i>				0.9	35	-7.4	71	-4.3	81	5.3	47	9.9	58
<i>eA All Emg Mkts Fixed Inc Gross Median</i>				0.6		-6.6		-3.0		5.1		10.3	
TIPS	45,690,293	3.0	3.0										
BlackRock TIPS	45,690,293	3.0	3.0	0.7	--	-6.8	--	-6.1	--	4.0	--	--	--
<i>Barclays US TIPS</i>				0.7	--	-6.7	--	-6.1	--	4.0	--	5.3	--
Total Real Estate	67,794,832	4.5	4.5										
Morgan Stanley Prime Property	30,606,303	2.0	2.0	4.3	--	13.4	--	16.9	--	16.1	--	1.4	--
UBS Trumbull	27,088,505	1.8	2.0	2.8	--	8.0	--	10.1	--	11.7	--	2.3	--
RREEF America REIT III	9,722,718	0.6	0.5	4.7	--	13.4	--	15.7	--	29.7	--	-9.9	--
Transwestern / Aslan III	377,306	0.0	0.0	0.0	--	43.6	--	61.9	--	5.6	--	-38.1	--
<i>NCREIF Property Index</i>				2.6	--	8.2	--	11.0	--	12.7	--	3.4	--
<i>NCREIF ODCE</i>				3.6	--	10.4	--	13.0	--	14.3	--	0.7	--
Hedge Fund Comp	75,421,192	5.0	5.0	2.5	32	9.3	25	12.2	20	--	--	--	--
<i>eA HFN FOF - Multi-Strategy Net Median</i>				2.0		6.9		8.8		4.7		4.6	
Grosvenor	30,519,192	2.0	2.0	3.6	16	10.6	14	13.4	14	--	--	--	--
GAM	15,069,472	1.0	1.0	1.1	72	9.2	26	11.7	26	--	--	--	--
Permal	29,832,528	2.0	2.0	2.2	45	8.2	35	11.3	29	--	--	--	--
<i>HFRI Fund of Funds Composite Index</i>				1.6	59	5.1	72	6.4	73	2.5	78	1.9	79

Wellington Opportunistic EMD was transitioned from Wellington EMD on October 3, 2011. Past performance has been linked to the current account.

Traswestern is as of June 30th

Vermont State Employees

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	2013 Q3 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
GAA Comp	304,359,702	20.1	20.0	3.6	58	0.4	62	2.7	58	6.7	43	9.6	8
<i>eA Global TAA Gross Median</i>				3.9		2.4		3.7		5.6		7.9	
Mellon Global Expanded Alpha	30,957,414	2.0	2.5	4.6	41	7.4	28	8.0	35	8.5	26	9.1	38
<i>Mellon CF GEA Index</i>				6.8	5	4.7	40	7.4	36	4.9	54	5.9	72
AQR Global Risk Premium	120,130,693	7.9	8.0	2.3	76	-3.7	85	-2.0	84	7.3	37	--	--
<i>60% MSCI World / 40% CITI WGBI</i>				6.1	13	9.1	16	10.1	24	8.0	33	7.2	59
PIMCO All Asset	91,916,292	6.1	5.0	3.2	65	0.1	65	3.2	53	6.9	39	9.5	10
<i>PIMCO All Asset Index</i>				1.3	87	-0.8	69	0.0	68	5.1	53	6.9	60
<i>CPI + 5%</i>				1.7	86	5.0	40	6.2	40	7.4	36	6.4	66
Wellington OIF	61,355,303	4.1	4.5	6.4	11	5.8	37	8.7	30	4.2	64	8.1	47
<i>65% MSCI ACWI (Net) / 35% BC Agg</i>				5.3	25	8.5	20	10.6	18	7.9	35	7.4	58
Commodities	57,743,490	3.8	4.0										
Schroder	57,743,490	3.8	4.0	3.4	--	-6.8	--	-12.3	--	0.3	--	--	--
<i>Dow Jones-UBS Commodity Index TR</i>				2.1	--	-8.6	--	-14.3	--	-3.2	--	-5.3	--
<i>eA Commodities Gross Median</i>				--		--		--		--		--	
Cash	251,811	0.0	0.0										
Vermont Cash	251,811	0.0		0.0	--	0.0	--	0.0	--	0.1	--	0.3	--
<i>91 Day T-Bills</i>				0.0	--	0.0	--	0.1	--	0.1	--	0.1	--
Private Equity	4,357,137	0.3	1.0										
Harbourvest Partners IX Credit Opportunities	278,211	0.0											
Harbourvest Partners IX Venture Fund	889,686	0.1											
Harbourvest Partners IX Buyout Fund	1,504,038	0.1											
Harbourvest Dover VIII Fund	1,685,202	0.1											
<i>Cambridge Private Equity Index</i>													

Real Estate performance reported on a quarterly basis. NCREIF Property is available 25 days after quarter end

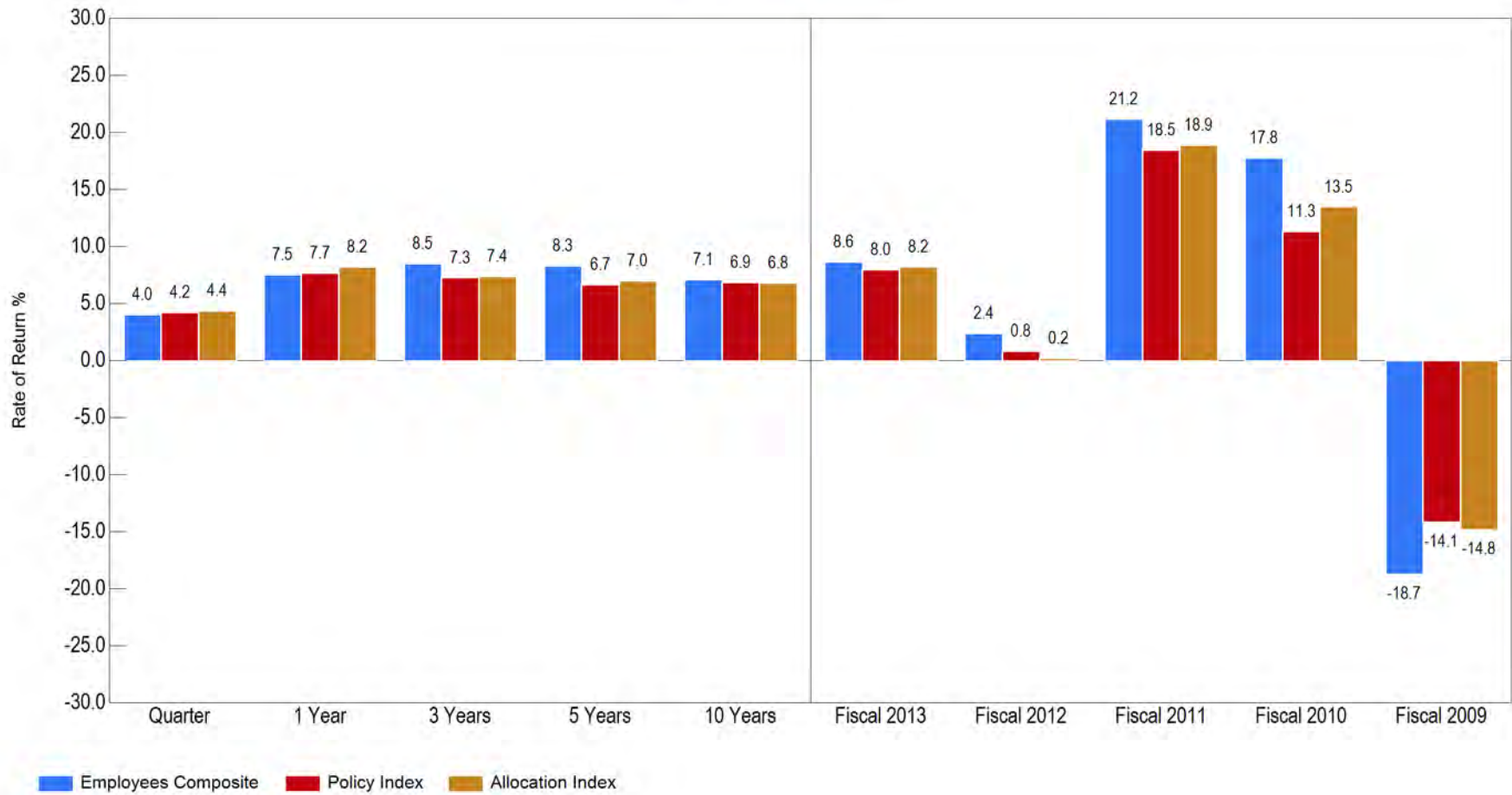
PIMCO All Asset Index: 40% BC Agg/ 30% TIPS/ 10% S&P500/ 10% BC HY/ 10% JPM EMBI+

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

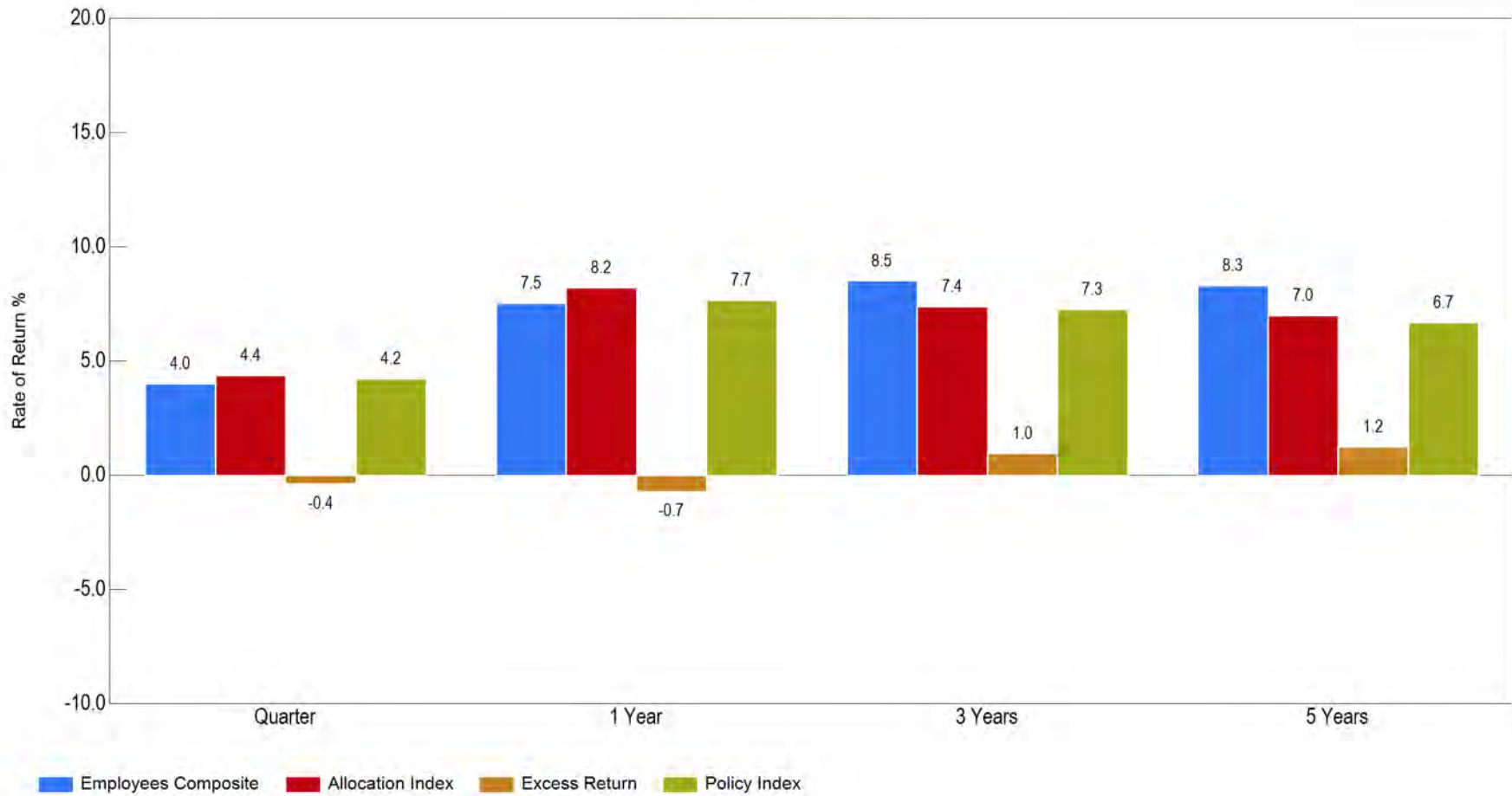
Harbourvest is as of June 30th, and has been cash adjust for capital call and disbursements

Total Fund Return Summary

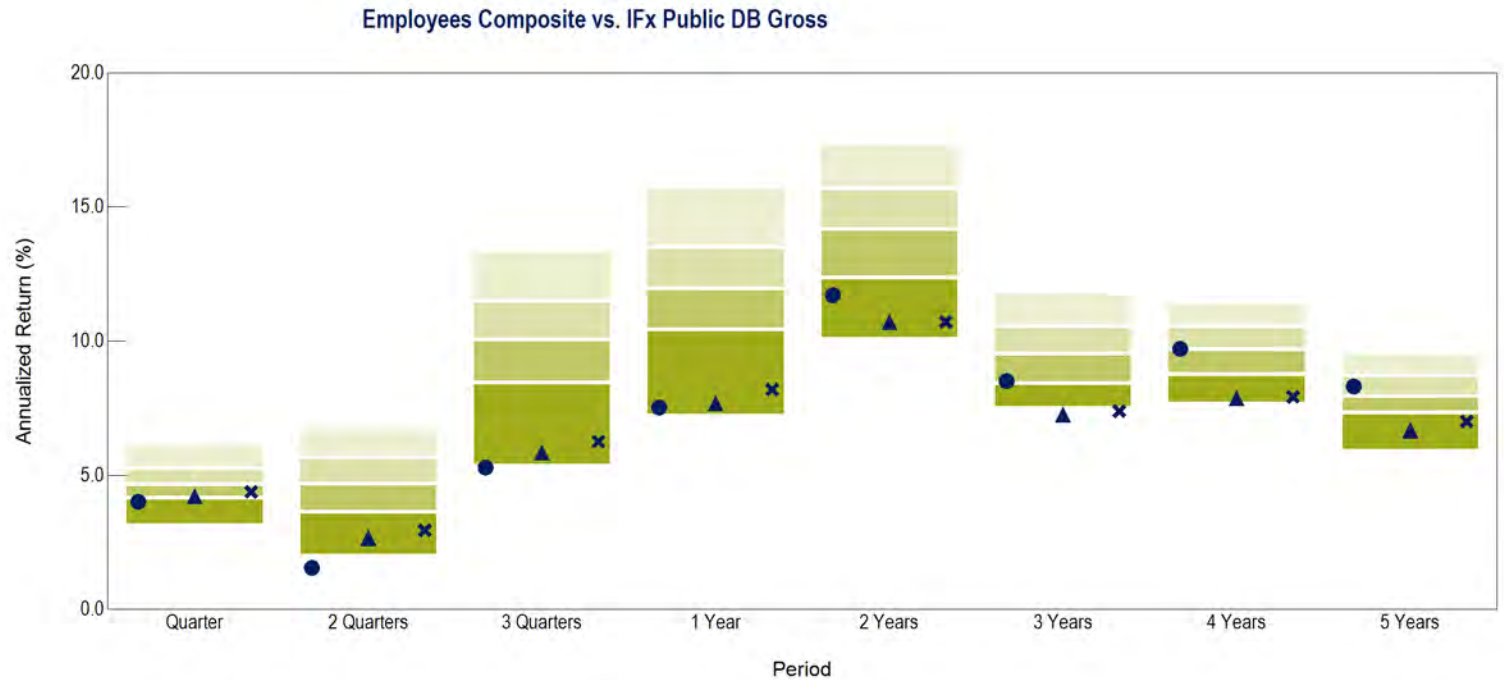
Return Summary Gross



Return Summary Gross

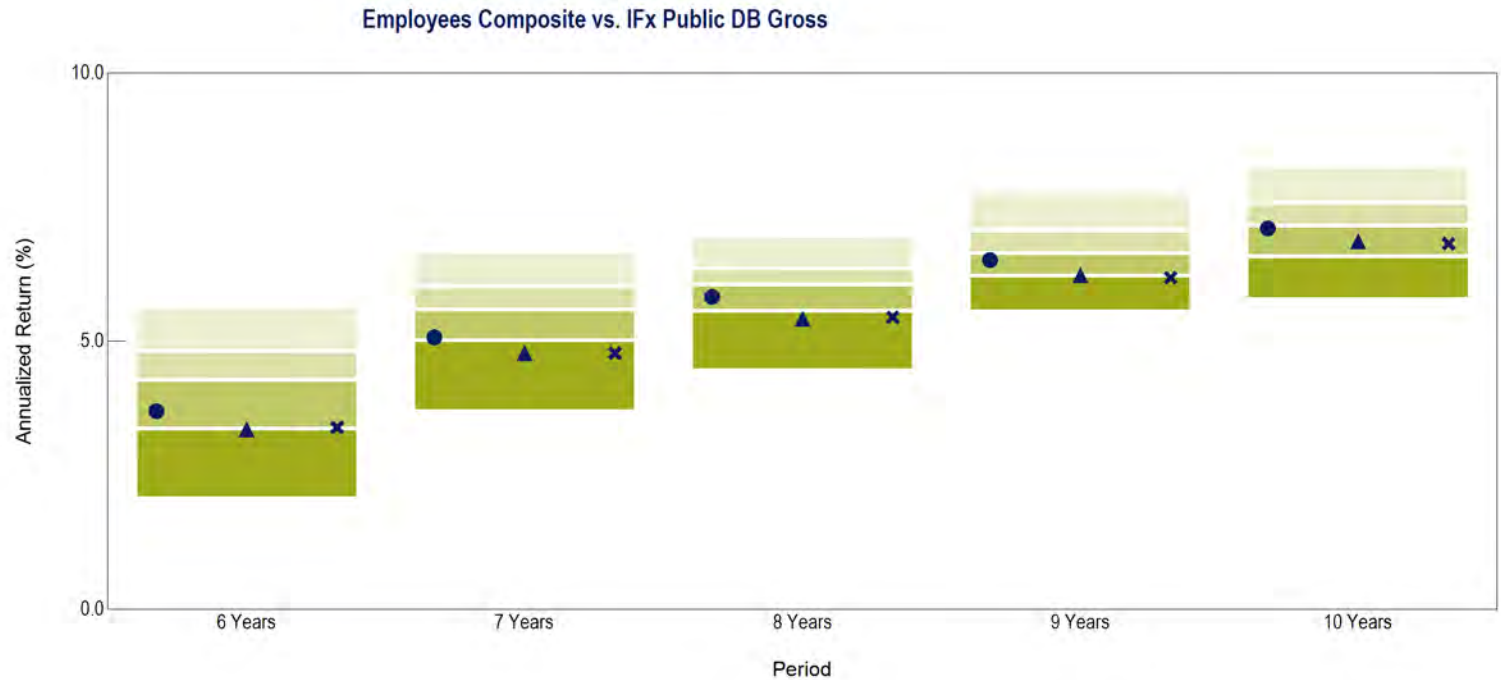


Total Fund Return Summary vs. Peer Universe



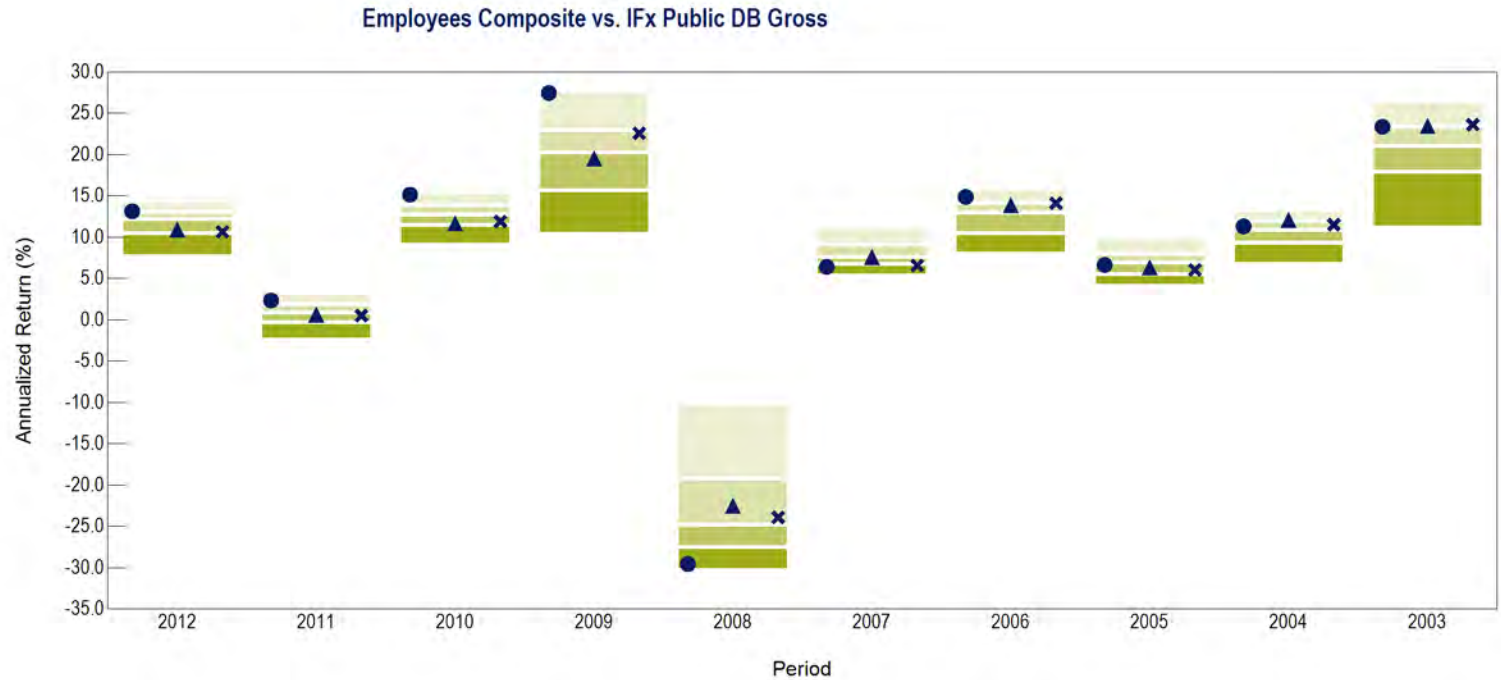
	Return (Rank)							
	Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	4 Years	5 Years
5th Percentile	6.2	6.8	13.4	15.8	17.4	11.8	11.5	9.6
25th Percentile	5.3	5.7	11.5	13.5	15.7	10.6	10.6	8.7
Median	4.7	4.7	10.1	12.0	14.2	9.5	9.7	8.0
75th Percentile	4.2	3.6	8.5	10.4	12.4	8.4	8.8	7.4
95th Percentile	3.1	2.0	5.4	7.2	10.1	7.5	7.7	5.9
# of Portfolios	215	214	214	211	201	182	174	171
● Employees Composite	4.0 (82)	1.6 (98)	5.3 (96)	7.5 (94)	11.7 (87)	8.5 (75)	9.7 (50)	8.3 (37)
▲ Policy Index	4.2 (75)	2.7 (89)	5.8 (92)	7.7 (93)	10.7 (93)	7.3 (97)	7.9 (93)	6.7 (89)
× Allocation Index	4.4 (69)	2.9 (86)	6.3 (91)	8.2 (91)	10.7 (93)	7.4 (97)	7.9 (92)	7.0 (81)

Total Fund Return Summary vs. Peer Universe



	Return (Rank)									
	6 Years		7 Years		8 Years		9 Years		10 Years	
5th Percentile	5.6		6.7		7.0		7.8		8.2	
25th Percentile	4.8		6.0		6.4		7.1		7.6	
Median	4.3		5.6		6.1		6.6		7.2	
75th Percentile	3.4		5.0		5.6		6.2		6.6	
95th Percentile	2.1		3.7		4.5		5.6		5.8	
# of Portfolios	165		162		152		143		136	
● Employees Composite	3.7	(68)	5.1	(73)	5.8	(64)	6.5	(60)	7.1	(56)
▲ Policy Index	3.4	(76)	4.8	(85)	5.4	(81)	6.2	(75)	6.9	(64)
× Allocation Index	3.4	(75)	4.8	(85)	5.4	(80)	6.2	(77)	6.8	(67)

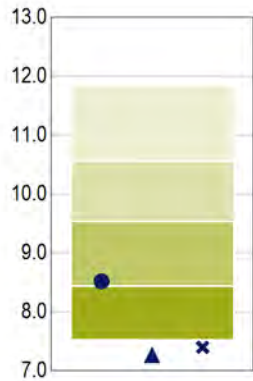
Total Fund Return Summary vs. Peer Universe



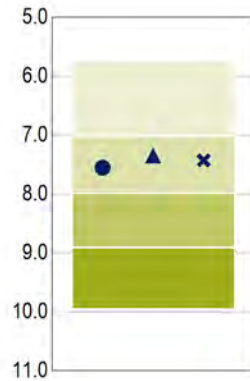
	Return (Rank)																			
5th Percentile	14.3	3.4	15.5	27.6	-10.2	11.1	15.8	9.9	13.2	26.5										
25th Percentile	13.1	1.9	13.9	23.0	-19.2	9.1	14.2	8.1	12.0	23.4										
Median	12.2	0.9	12.8	20.3	-24.7	7.7	13.0	6.9	10.9	21.0										
75th Percentile	10.5	-0.3	11.5	15.7	-27.4	6.8	10.5	5.5	9.4	17.9										
95th Percentile	7.7	-2.4	9.2	10.4	-30.2	5.4	8.0	4.2	6.8	11.2										
# of Portfolios	192	162	154	152	149	146	136	131	125	119										
● Employees Composite	13.1	(25)	2.3	(16)	15.1	(8)	27.4	(6)	-29.6	(90)	6.4	(81)	14.9	(16)	6.6	(56)	11.3	(42)	23.4	(28)
▲ Policy Index	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)	23.4	(25)
× Allocation Index	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)	23.6	(23)

Employees Composite vs. IFx Public DB Gross
3 Years

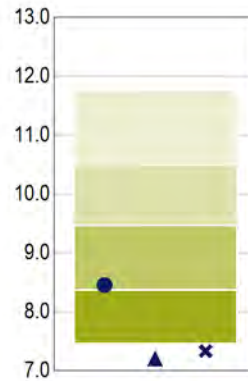
Anlzd Return



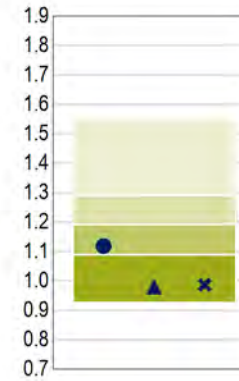
Anlzd Standard Deviation



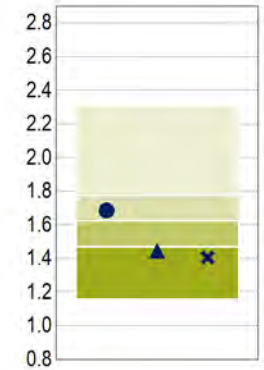
Ann Excess RF Return



Sharpe Ratio



Sortino Ratio RF



● Employees Composite

Value	8.51
%tile	75
▲ Policy Index	
Value	7.26
%tile	97
✕ Allocation Index	
Value	7.39
%tile	97

Universe	
5th %tile	11.84
25th %tile	10.57
Median	9.54
75th %tile	8.44
95th %tile	7.53

● Employees Composite

Value	7.56
%tile	38
▲ Policy Index	
Value	7.35
%tile	33
✕ Allocation Index	
Value	7.43
%tile	34

Universe	
5th %tile	5.74
25th %tile	7.02
Median	7.98
75th %tile	8.90
95th %tile	9.95

● Employees Composite

Value	8.45
%tile	75
▲ Policy Index	
Value	7.20
%tile	97
✕ Allocation Index	
Value	7.33
%tile	97

Universe	
5th %tile	11.77
25th %tile	10.50
Median	9.48
75th %tile	8.38
95th %tile	7.46

● Employees Composite

Value	1.12
%tile	69
▲ Policy Index	
Value	0.98
%tile	91
✕ Allocation Index	
Value	0.99
%tile	90

Universe	
5th %tile	1.55
25th %tile	1.29
Median	1.19
75th %tile	1.09
95th %tile	0.93

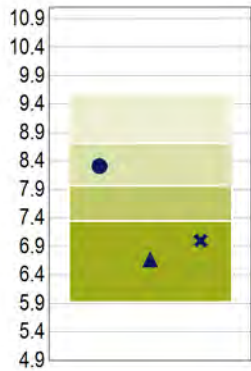
● Employees Composite

Value	1.68
%tile	41
▲ Policy Index	
Value	1.44
%tile	78
✕ Allocation Index	
Value	1.41
%tile	81

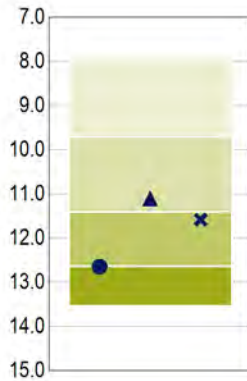
Universe	
5th %tile	2.31
25th %tile	1.78
Median	1.63
75th %tile	1.47
95th %tile	1.16

Employees Composite vs. IFx Public DB Gross
5 Years

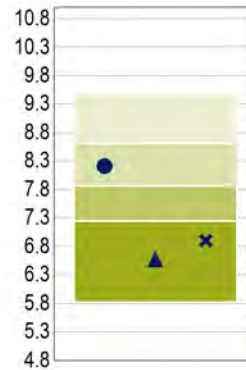
Anlzd Return



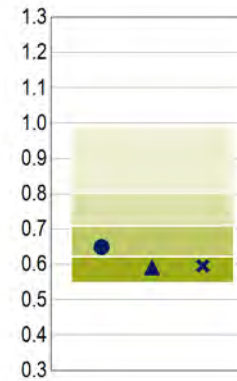
Anlzd Standard Deviation



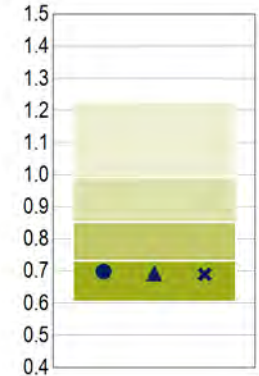
Ann Excess RF Return



Sharpe Ratio



Sortino Ratio RF



● Employees Composite	
Value	8.31
%tile	37
▲ Policy Index	
Value	6.67
%tile	89
× Allocation Index	
Value	7.00
%tile	81
Universe	
5th %tile	9.58
25th %tile	8.73
Median	7.98
75th %tile	7.35
95th %tile	5.93

● Employees Composite	
Value	12.65
%tile	76
▲ Policy Index	
Value	11.11
%tile	45
× Allocation Index	
Value	11.59
%tile	55
Universe	
5th %tile	7.93
25th %tile	9.70
Median	11.40
75th %tile	12.63
95th %tile	13.52

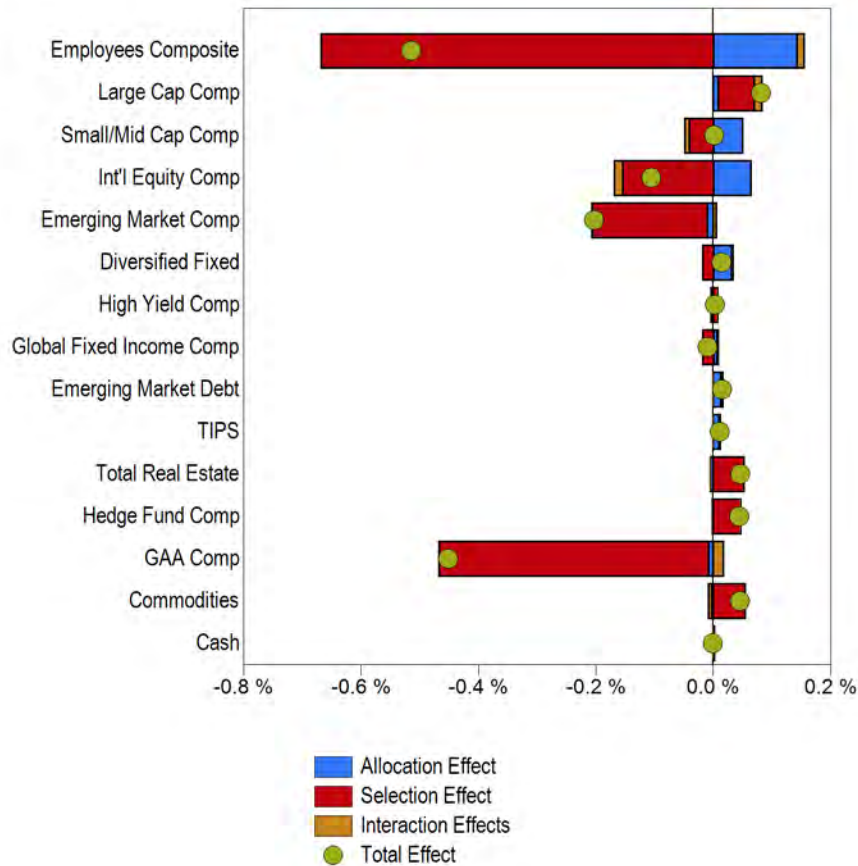
● Employees Composite	
Value	8.21
%tile	37
▲ Policy Index	
Value	6.57
%tile	89
× Allocation Index	
Value	6.90
%tile	81
Universe	
5th %tile	9.48
25th %tile	8.63
Median	7.88
75th %tile	7.26
95th %tile	5.83

● Employees Composite	
Value	0.65
%tile	70
▲ Policy Index	
Value	0.59
%tile	87
× Allocation Index	
Value	0.60
%tile	86
Universe	
5th %tile	0.99
25th %tile	0.80
Median	0.71
75th %tile	0.62
95th %tile	0.55

● Employees Composite	
Value	0.70
%tile	81
▲ Policy Index	
Value	0.69
%tile	82
× Allocation Index	
Value	0.69
%tile	83
Universe	
5th %tile	1.23
25th %tile	0.99
Median	0.85
75th %tile	0.73
95th %tile	0.61

Total Fund Attribution Analysis

Attribution Effects Relative to Policy Index
3 Months Ending September 30, 2013



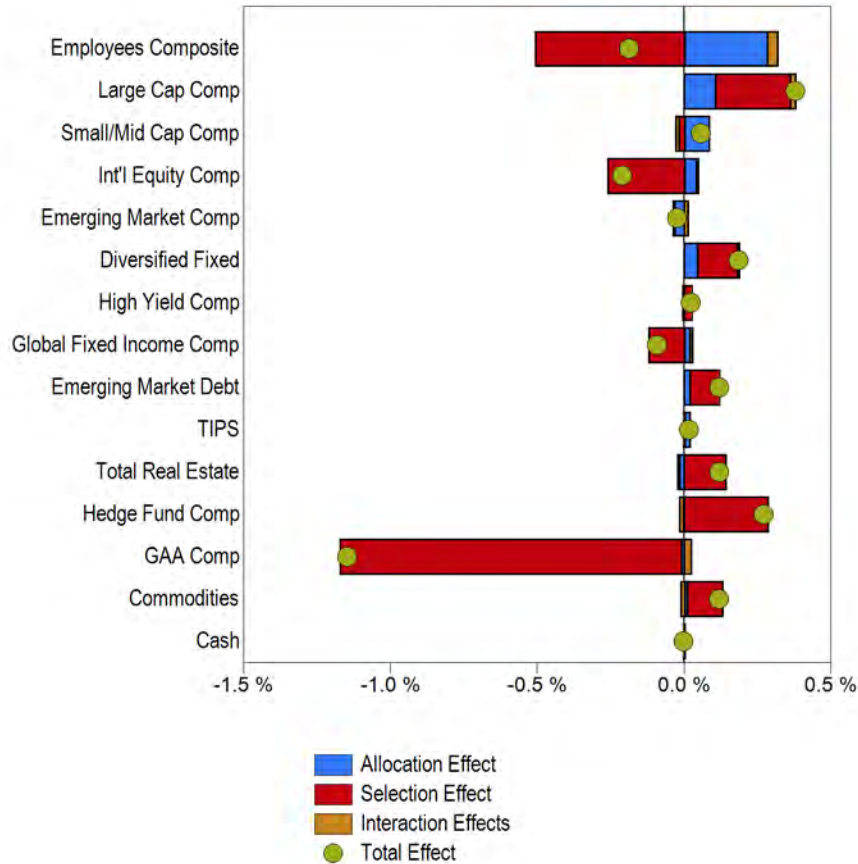
Attribution Summary
3 Months Ending September 30, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Large Cap Comp	5.9%	5.2%	0.6%	0.1%	0.0%	0.0%	0.1%
Small/Mid Cap Comp	9.6%	10.2%	-0.6%	0.0%	0.0%	0.0%	0.0%
Int'l Equity Comp	10.0%	11.6%	-1.6%	-0.2%	0.1%	0.0%	-0.1%
Emerging Market Comp	2.4%	5.8%	-3.4%	-0.2%	0.0%	0.0%	-0.2%
Diversified Fixed	0.5%	0.6%	-0.1%	0.0%	0.0%	0.0%	0.0%
High Yield Comp	2.4%	2.3%	0.1%	0.0%	0.0%	0.0%	0.0%
Global Fixed Income Comp	2.3%	2.9%	-0.6%	0.0%	0.0%	0.0%	0.0%
Emerging Market Debt	0.9%	0.9%	0.1%	0.0%	0.0%	0.0%	0.0%
TIPS	0.7%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	3.7%	2.6%	1.1%	0.1%	0.0%	0.0%	0.0%
Hedge Fund Comp	2.5%	1.6%	0.9%	0.0%	0.0%	0.0%	0.0%
GAA Comp	3.6%	5.9%	-2.3%	-0.5%	0.0%	0.0%	-0.5%
Commodities	3.4%	2.1%	1.3%	0.1%	0.0%	0.0%	0.0%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	4.0%	4.5%	-0.5%	-0.7%	0.1%	0.0%	-0.5%

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 September 30, 2013



Attribution Summary
1 Year Ending September 30, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Large Cap Comp	22.0%	19.3%	2.7%	0.3%	0.1%	0.0%	0.4%
Small/Mid Cap Comp	29.8%	30.1%	-0.3%	0.0%	0.1%	0.0%	0.1%
Int'l Equity Comp	20.9%	23.8%	-2.8%	-0.3%	0.0%	0.0%	-0.2%
Emerging Market Comp	0.9%	1.0%	-0.1%	0.0%	0.0%	0.0%	0.0%
Diversified Fixed	-1.0%	-1.7%	0.7%	0.1%	0.0%	0.0%	0.2%
High Yield Comp	7.8%	7.1%	0.7%	0.0%	0.0%	0.0%	0.0%
Global Fixed Income Comp	-8.1%	-4.6%	-3.5%	-0.1%	0.0%	0.0%	-0.1%
Emerging Market Debt	-2.5%	-4.3%	1.8%	0.1%	0.0%	0.0%	0.1%
TIPS	-6.1%	-6.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	14.1%	11.0%	3.1%	0.1%	0.0%	0.0%	0.1%
Hedge Fund Comp	12.2%	6.4%	5.8%	0.3%	0.0%	0.0%	0.3%
GAA Comp	2.7%	8.4%	-5.7%	-1.2%	0.0%	0.0%	-1.1%
Commodities	-12.2%	-14.3%	2.1%	0.1%	0.0%	0.0%	0.1%
Cash	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	7.5%	7.6%	-0.1%	-0.5%	0.3%	0.0%	-0.2%

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 September 30, 2013

	% 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%	8.51%	75	7.56%	38	1.09%	15	1.12	69	1.68	41	0.79%	11
Policy Index	--	7.26%	97	7.35%	33	0.00%	52	0.98	91	1.44	78	0.00%	1
Large Cap Comp	10.50%	16.82%	39	13.20%	50	-0.45%	47	1.27	44	1.88	41	1.15%	1
S&P 500	--	16.27%	48	12.41%	30	0.00%	42	1.31	36	2.01	31	0.00%	1
Small/Mid Cap Comp	6.50%	19.32%	46	15.72%	36	2.65%	44	1.22	41	1.78	32	2.30%	1
Russell 2000	--	18.29%	59	17.14%	70	0.00%	72	1.06	68	1.56	55	0.00%	1
Int'l Equity Comp	10.39%	8.42%	78	16.00%	22	0.64%	72	0.52	70	0.74	69	2.16%	8
MSCI EAFE	--	8.47%	78	17.35%	59	0.00%	82	0.48	81	0.71	74	0.00%	1
Emerging Market Comp	5.83%	--	--	--	--	--	--	--	--	--	--	--	--
MSCI Emerging Markets	--	-0.33%	69	19.65%	57	0.00%	69	-0.02	69	-0.03	69	0.00%	1
Diversified Fixed	17.86%	4.17%	39	3.39%	64	1.16%	42	1.21	58	1.71	59	1.64%	38
Barclays Aggregate	--	2.86%	68	2.82%	49	0.00%	84	0.99	77	1.38	80	0.00%	1
High Yield Comp	4.05%	9.40%	49	5.64%	25	1.66%	30	1.66	28	2.41	36	1.30%	51
Barclays High Yield	--	9.19%	57	6.63%	68	0.00%	73	1.38	73	2.07	71	0.00%	1
Global Fixed Income Comp	3.09%	1.38%	93	5.96%	53	0.35%	95	0.22	94	0.35	89	2.01%	11
Citi WGBI	--	1.02%	94	5.50%	41	0.00%	96	0.17	96	0.22	96	0.00%	1
Emerging Market Debt	5.05%	--	--	--	--	--	--	--	--	--	--	--	--
JP Morgan EMBI Global TR	--	5.32%	47	7.88%	20	0.00%	43	0.67	41	0.89	31	0.00%	1
TIPS	3.02%	--	--	--	--	--	--	--	--	--	--	--	--
Barclays US TIPS	--	4.02%	54	5.67%	81	0.00%	83	0.70	84	0.86	63	0.00%	1
Total Real Estate	4.48%	--	--	--	--	--	--	--	--	--	--	--	--
NCREIF Property Index	--	12.67%	--	5.19%	--	0.00%	--	2.43	--	1,068.40	--	0.00%	--
Hedge Fund Comp	4.98%	--	--	--	--	--	--	--	--	--	--	--	--
HFRI Fund of Funds Composite Index	--	2.45%	78	4.21%	40	0.00%	78	0.57	75	0.79	73	0.00%	1
GAA Comp	20.12%	6.68%	43	8.98%	42	0.89%	44	0.74	42	1.06	41	3.33%	11
60% MSCI ACWI (Net)/40% CITI WGBI	--	6.69%	43	9.78%	60	0.00%	54	0.68	47	0.97	43	0.00%	1
Commodities	3.82%	--	--	--	--	--	--	--	--	--	--	--	--
Dow Jones-UBS Commodity Index TR	--	-3.16%	--	16.44%	--	0.00%	--	-0.20	--	-0.27	--	0.00%	--
Cash	0.02%	--	--	--	--	--	--	--	--	--	--	--	--
91 Day T-Bills	--	0.06%	--	0.01%	--	0.00%	--	0.00	--	--	--	0.00%	--

Vermont State Employees

Total Fund Risk Statistics

5 Years Ending September 30, 2013

	% 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%	8.31%	37	12.65%	76	0.80%	49	0.65	70	0.70	81	2.31%	68
Policy Index	--	6.67%	89	11.11%	45	0.00%	83	0.59	87	0.69	82	0.00%	1
Large Cap Comp	10.50%	12.09%	21	19.87%	82	1.15%	41	0.60	39	0.74	47	2.62%	9
S&P 500	--	10.02%	60	18.08%	45	0.00%	62	0.55	58	0.70	57	0.00%	1
Small/Mid Cap Comp	6.50%	13.24%	60	22.47%	60	2.85%	65	0.58	63	0.75	60	2.76%	1
Russell 2000	--	11.15%	85	24.01%	82	0.00%	92	0.46	90	0.61	84	0.00%	1
Int'l Equity Comp	10.39%	5.97%	87	20.75%	19	0.04%	86	0.28	85	0.37	84	2.31%	6
MSCI EAFE	--	6.35%	82	22.16%	53	0.00%	86	0.28	85	0.38	80	0.00%	1
Emerging Market Comp	5.83%	--	--	--	--	--	--	--	--	--	--	--	--
MSCI Emerging Markets	--	7.23%	70	26.35%	50	0.00%	69	0.27	70	0.37	65	0.00%	1
Diversified Fixed	17.86%	7.83%	31	5.91%	72	1.59%	54	1.31	73	1.24	81	4.17%	69
Barclays Aggregate	--	5.41%	66	3.66%	46	0.00%	88	1.45	63	2.18	53	0.00%	1
High Yield Comp	4.05%	11.40%	76	9.81%	20	1.78%	35	1.15	32	0.87	75	4.77%	69
Barclays High Yield	--	13.53%	19	13.28%	88	0.00%	84	1.01	78	0.91	67	0.00%	1
Global Fixed Income Comp	3.09%	6.36%	56	8.37%	57	2.15%	70	0.75	67	1.12	49	3.98%	30
Citi WGBI	--	4.25%	94	7.43%	38	0.00%	96	0.56	90	0.80	76	0.00%	1
Emerging Market Debt	5.05%	--	--	--	--	--	--	--	--	--	--	--	--
JP Morgan EMBI Global TR	--	9.95%	58	10.80%	8	0.00%	30	0.91	23	0.77	22	0.00%	1
TIPS	3.02%	--	--	--	--	--	--	--	--	--	--	--	--
Barclays US TIPS	--	5.31%	70	7.40%	66	0.00%	83	0.70	86	0.72	78	0.00%	1
Total Real Estate	4.48%	--	--	--	--	--	--	--	--	--	--	--	--
NCREIF Property Index	--	3.35%	--	7.83%	--	0.00%	--	0.42	--	0.51	--	0.00%	--
Hedge Fund Comp	4.98%	--	--	--	--	--	--	--	--	--	--	--	--
HFRI Fund of Funds Composite Index	--	1.92%	79	5.29%	35	0.00%	82	0.34	79	0.37	79	0.00%	1
GAA Comp	20.12%	9.60%	8	12.73%	52	3.56%	31	0.75	28	0.82	42	4.12%	19
60% MSCI ACWI (Net)/40% CITI WGBI	--	6.77%	61	13.62%	66	0.00%	74	0.49	66	0.64	61	0.00%	1
Commodities	3.82%	--	--	--	--	--	--	--	--	--	--	--	--
Dow Jones-UBS Commodity Index TR	--	-5.29%	--	19.17%	--	0.00%	--	-0.28	--	-0.35	--	0.00%	--
Cash	0.02%	--	--	--	--	--	--	--	--	--	--	--	--
91 Day T-Bills	--	0.10%	--	0.03%	--	0.00%	--	0.00	--	--	--	0.00%	--

