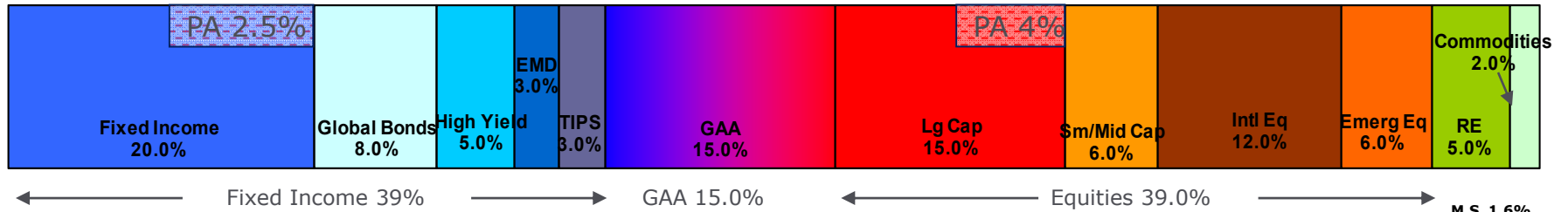




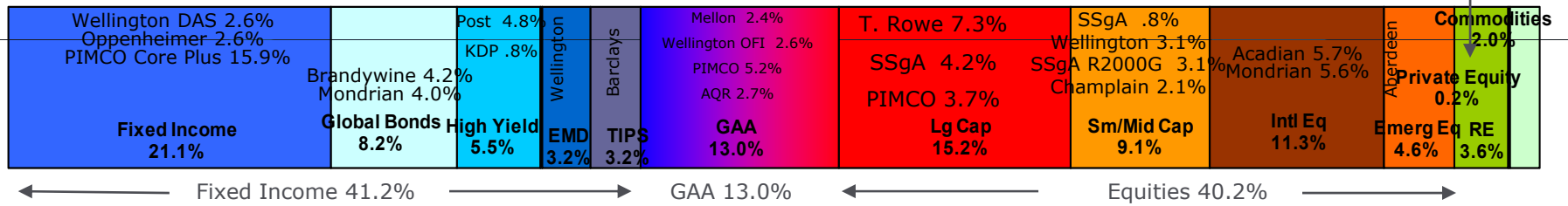
# **Vermont State Employees' Retirement System**

# Total Plan Asset Allocation

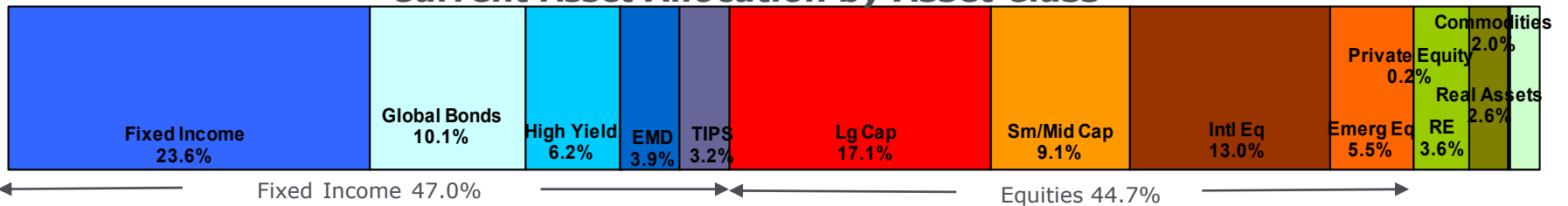
## Target Asset Allocation



## Current Asset Allocation by Manager



## Current Asset Allocation by Asset Class

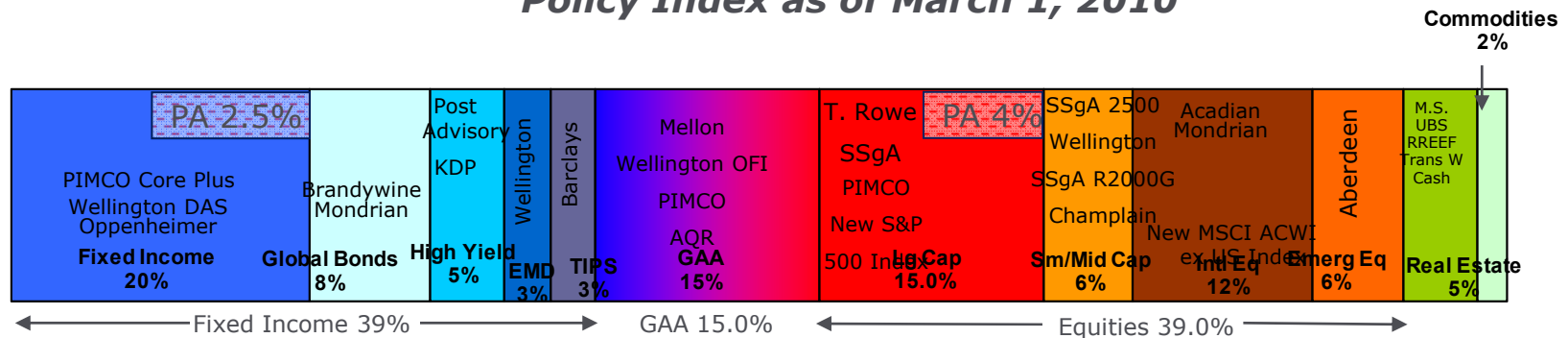


Numbers may not add up to 100% due to rounding.

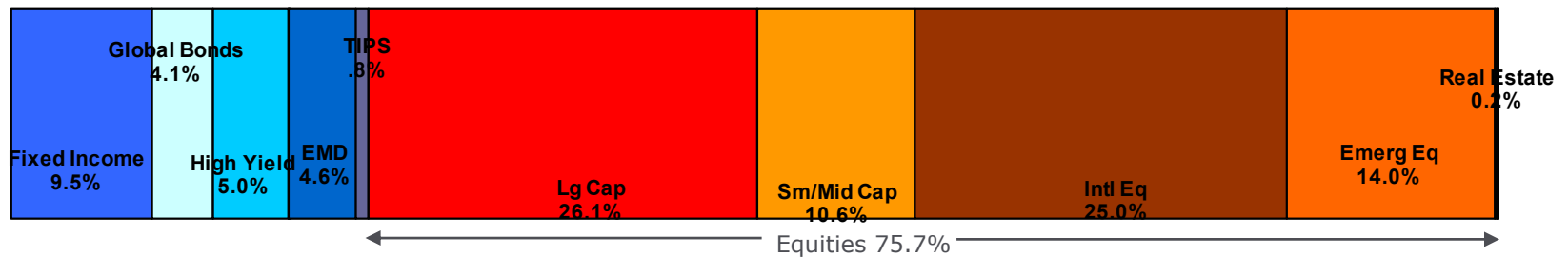


# Policy Asset Allocation and Risk Budgeting

## Policy Index as of March 1, 2010

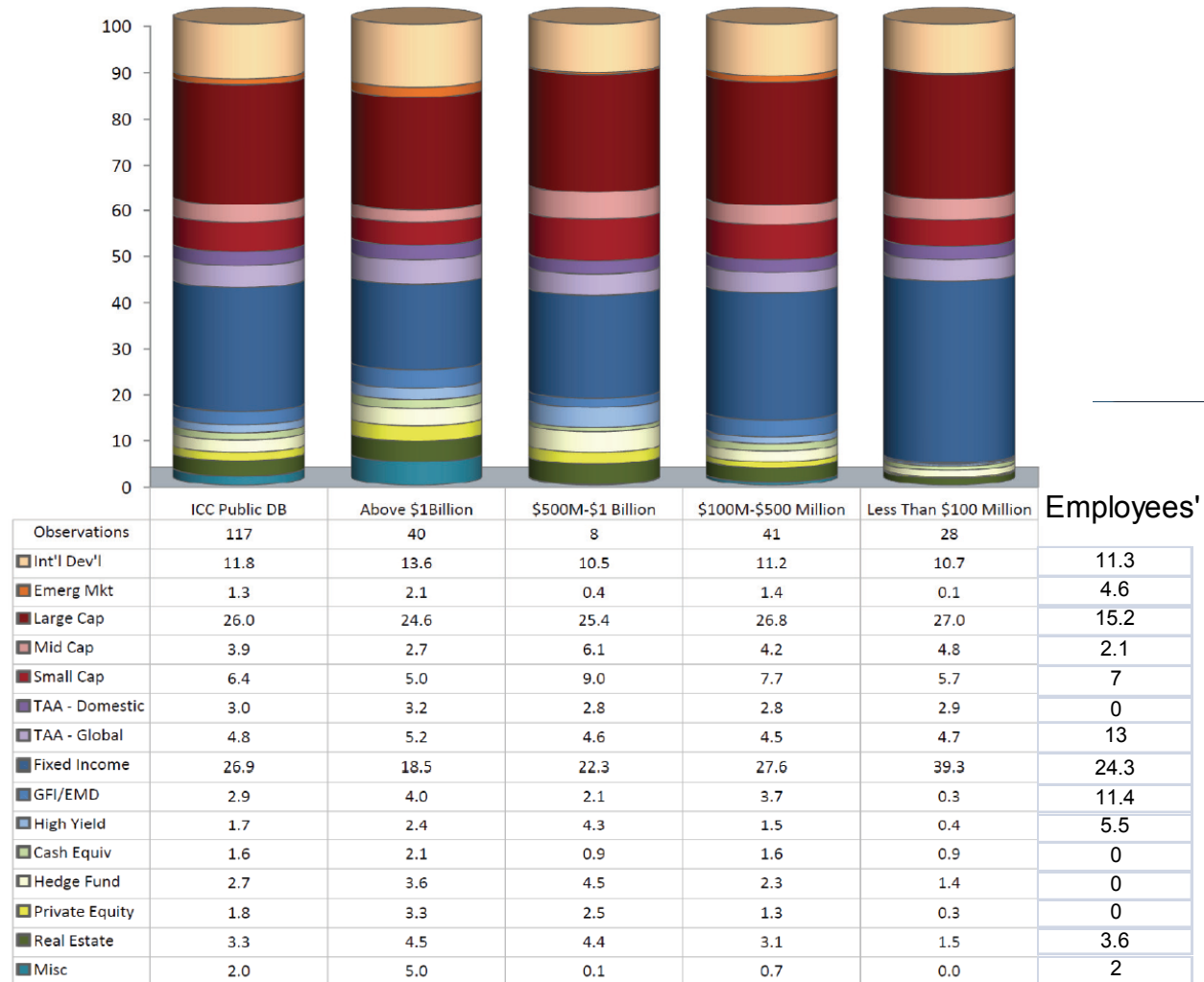


## 2010 NEPC Risk Budgeting Risk Allocation



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

# ICC Public DB Plans – Average Asset Allocation



**Disclosure:**

Allocations may not add to 100% due to rounding. Average asset allocations shown include all portfolios submitted to the ICC universe as of 6/26/10 for periods ending 3/31/10. Portfolios included correspond with the ICC universe requirements and exclude portfolios meeting the following criteria: 1) An allocation greater than 95% to one asset class and 2) Portfolios without an asset allocation.

Employees' allocation is as of 6/30/2010



# Asset Breakdown

	Domestic Large Core	Domestic Smid	Domestic Small Core	Domestic Small Value	Domestic Small Growth	Core Fixed	High Yield	TIPS	Int'l Equity	EMD	Global Bonds	Real Estate	GAA	Other	Cash	Total
<b>Composite</b>	\$175,781	\$24,184	\$9,303	\$36,251	\$36,142	\$244,583	\$63,935	\$36,595	\$184,379	\$37,158	\$95,078	\$41,695	\$150,900	\$23,712	\$209	\$1,159,905
T. Rowe	84,693	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$84,693
PIMCO	42,787	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$42,787
SSgA Equal Wgt	48,301	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$48,301
Champlain	0	24,184	0	0	0	0	0	0	0	0	0	0	0	0	0	\$24,184
SSgA R-2500	0	0	9,303	0	0	0	0	0	0	0	0	0	0	0	0	\$9,303
Wellington	0	0	0	36,251	0	0	0	0	0	0	0	0	0	0	0	\$36,251
SSgA R-2000 Growth	0	0	0	0	36,142	0	0	0	0	0	0	0	0	0	0	\$36,142
Acadian	0	0	0	0	0	0	0	0	66,559	0	0	0	0	0	0	\$66,559
Mondrian	0	0	0	0	0	0	0	0	64,650	0	0	0	0	0	0	\$64,650
Aberdeen	0	0	0	0	0	0	0	0	53,170	0	0	0	0	0	0	\$53,170
Oppenheimer	0	0	0	0	0	30,481	0	0	0	0	0	0	0	0	0	\$30,481
Wellington DAS	0	0	0	0	0	29,596	0	0	0	0	0	0	0	0	0	\$29,596
PIMCO Core Plus	0	0	0	0	0	184,506	0	0	0	0	0	0	0	0	0	\$184,506
Post Advisory	0	0	0	0	0	0	55,098	0	0	0	0	0	0	0	0	\$55,098
KDP	0	0	0	0	0	0	8,837	0	0	0	0	0	0	0	0	\$8,837
Wellington EMD	0	0	0	0	0	0	0	0	0	37,158	0	0	0	0	0	\$37,158
Barclays	0	0	0	0	0	0	0	36,595	0	0	0	0	0	0	0	\$36,595
Mondrian	0	0	0	0	0	0	0	0	0	0	46,703	0	0	0	0	\$46,703
Brandywine	0	0	0	0	0	0	0	0	0	0	48,375	0	0	0	0	\$48,375
Morgan Stanley	0	0	0	0	0	0	0	0	0	0	0	18,419	0	0	0	\$18,419
UBS Realty	0	0	0	0	0	0	0	0	0	0	0	17,853	0	0	0	\$17,853
RREEF	0	0	0	0	0	0	0	0	0	0	0	5,171	0	0	0	\$5,171
Transwestern	0	0	0	0	0	0	0	0	0	0	0	238	0	0	0	\$238
Real Estate Cash	0	0	0	0	0	0	0	0	0	0	0	14	0	0	0	\$14
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	0	0	28,177	0	0	\$28,177
PIMCO AA	0	0	0	0	0	0	0	0	0	0	0	0	60,870	0	0	\$60,870
Wellington OIF	0	0	0	0	0	0	0	0	0	0	0	0	30,402	0	0	\$30,402
AQR	0	0	0	0	0	0	0	0	0	0	0	0	31,451	0	0	\$31,451
Alt. Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	566	0	\$566
Schroders	0	0	0	0	0	0	0	0	0	0	0	0	0	23,146	0	\$23,146
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	209	\$209

(Dollars in 000's)



# Total Fund Asset Growth Summary

**VERMONT STATE EMPLOYEES**  
 EMPLOYEES RETIREMENT SYSTEM  
 Periods Ending June 30, 2010

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

	One Quarter	Year to Date	One Year	Since Inception
<b>ERS COMPOSITE</b>				
Beginning Market Value	1,213,830	1,170,378	1,010,564	0
Net External Growth	-10,516	-10,336	-35,100	-292,880
Return on Investment	-43,409	4,341	188,919	1,457,263
Income Received	217	230	-431	129,213
Gain/Loss	-43,626	4,111	189,350	1,328,050
Ending Market Value	1,159,906	1,159,906	1,159,906	1,159,906

Return

-3.7%	0.2%	17.9%
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# Fund Performance vs. Benchmark

## VERMONT STATE EMPLOYEES

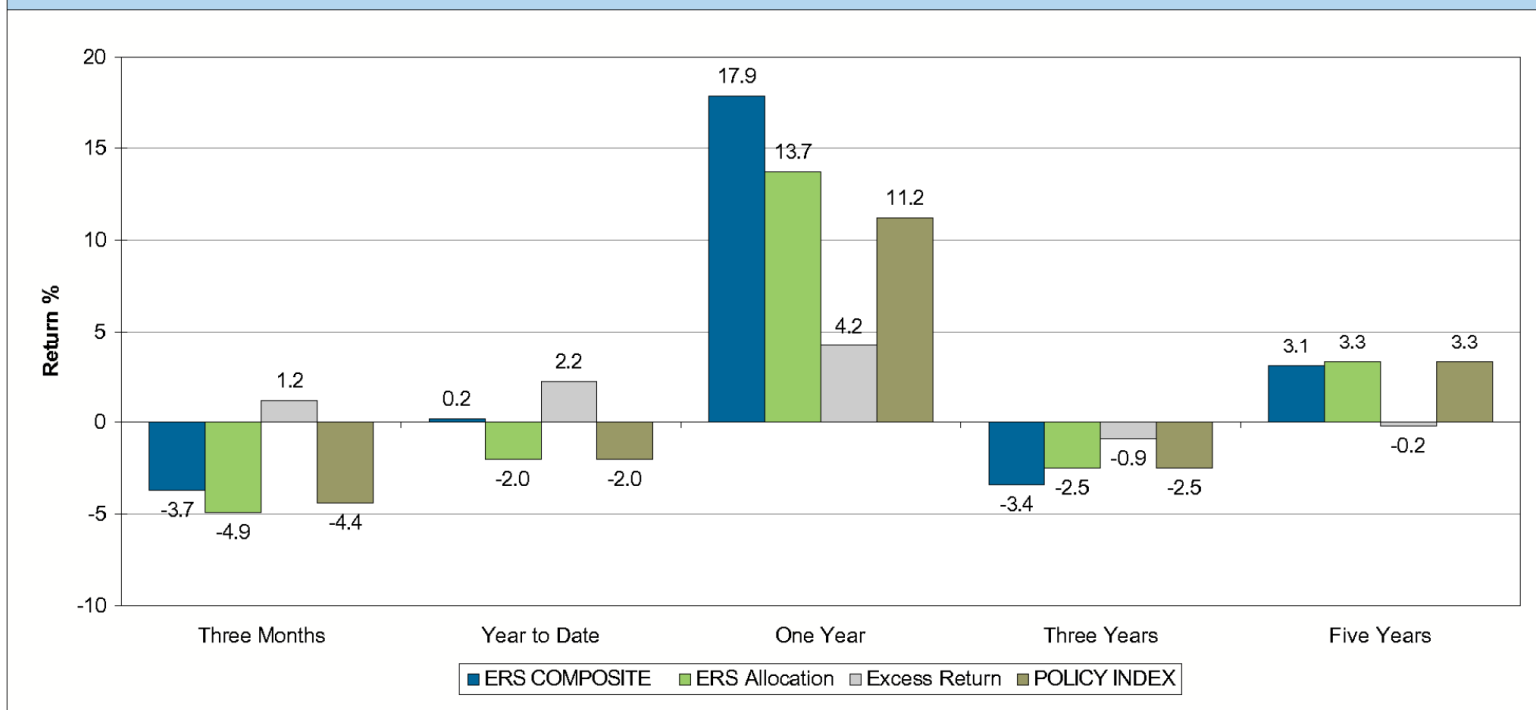
POLICY INDEX

Benchmark:

Periods Ending June 30, 2010

### Fund Performance vs. Benchmark

#### ERS COMPOSITE



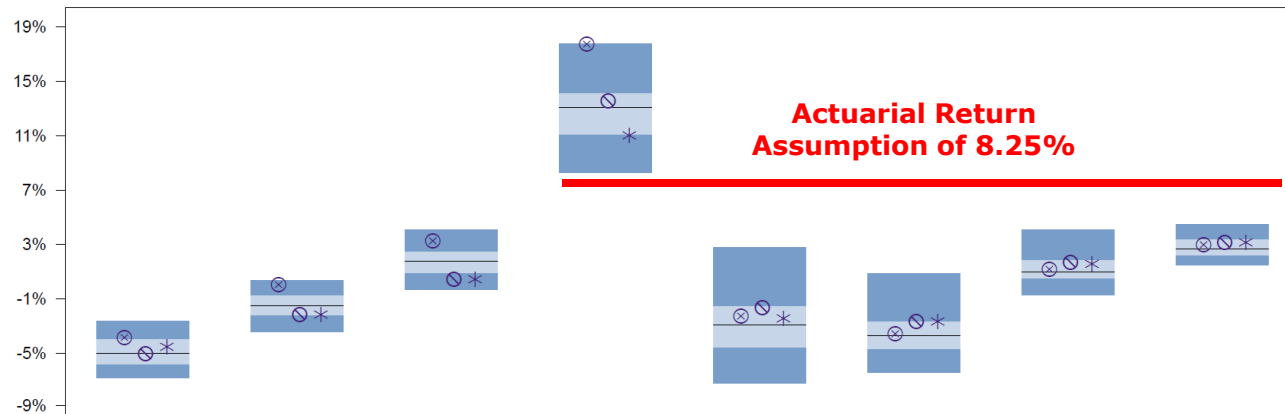
# Total Public Funds Performance

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending June 30, 2010

### Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ ERS COMPOSITE	-3.7	21	0.2	8	3.4	12	17.9	5	-2.1	34	-3.4	42	1.3	41	3.1	36
⊙ ERS Allocation	-4.9	49	-2.0	68	0.6	86	13.7	36	-1.5	25	-2.5	23	1.8	28	3.3	31
* POLICY INDEX	-4.4	33	-2.0	68	0.6	84	11.2	73	-2.3	38	-2.5	23	1.7	29	3.3	33
5th Percentile	-2.6		0.4		4.1		17.8		2.8		0.9		4.1		4.5	
25th Percentile	-3.9		-0.7		2.5		14.2		-1.5		-2.6		1.9		3.4	
50th Percentile	-5.0		-1.5		1.8		13.1		-2.9		-3.7		1.0		2.7	
75th Percentile	-5.8		-2.2		0.9		11.1		-4.6		-4.7		0.5		2.2	
95th Percentile	-6.8		-3.4		-0.3		8.3		-7.2		-6.4		-0.7		1.5	



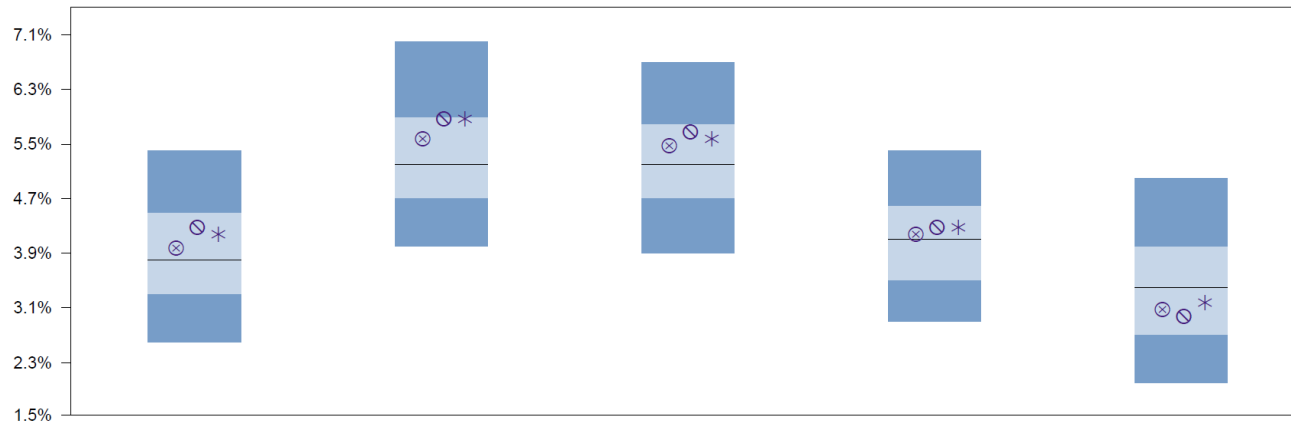
# Total Public Funds Performance

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending June 30, 2010

### Total Fund Performance - Trailing Periods



	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
⊗ ERS COMPOSITE	4.0	42	5.6	35	5.5	37	4.2	40	3.1	62
⊙ ERS Allocation	4.3	34	5.9	25	5.7	29	4.3	40	3.0	66
* POLICY INDEX	4.2	35	5.9	26	5.6	30	4.3	38	3.2	55
5th Percentile	5.4		7.0		6.7		5.4		5.0	
25th Percentile	4.5		5.9		5.8		4.6		4.0	
50th Percentile	3.8		5.2		5.2		4.1		3.4	
75th Percentile	3.3		4.7		4.7		3.5		2.7	
95th Percentile	2.6		4.0		3.9		2.9		2.0	

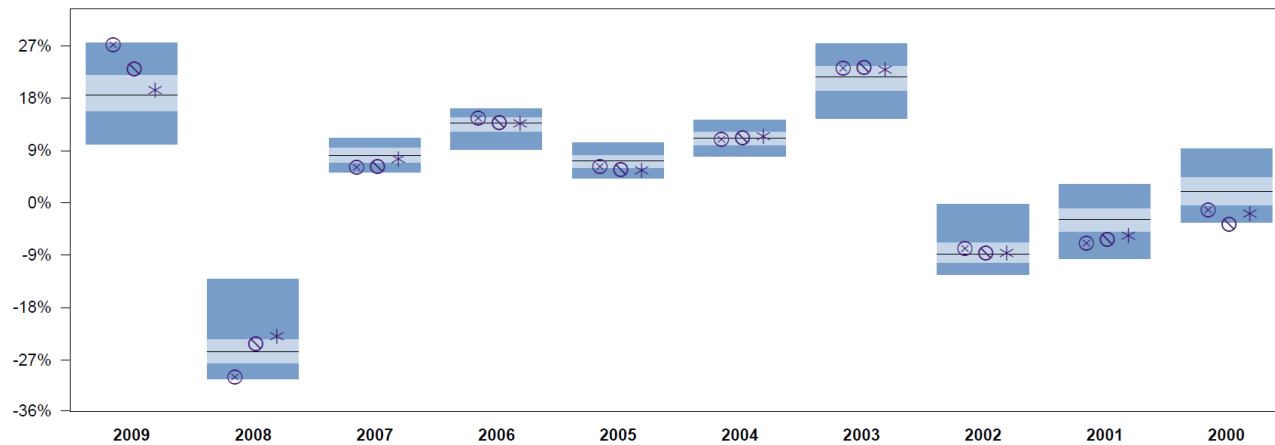
# Total Public Funds Performance

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2009

### Total Fund Performance - One Year Time Periods

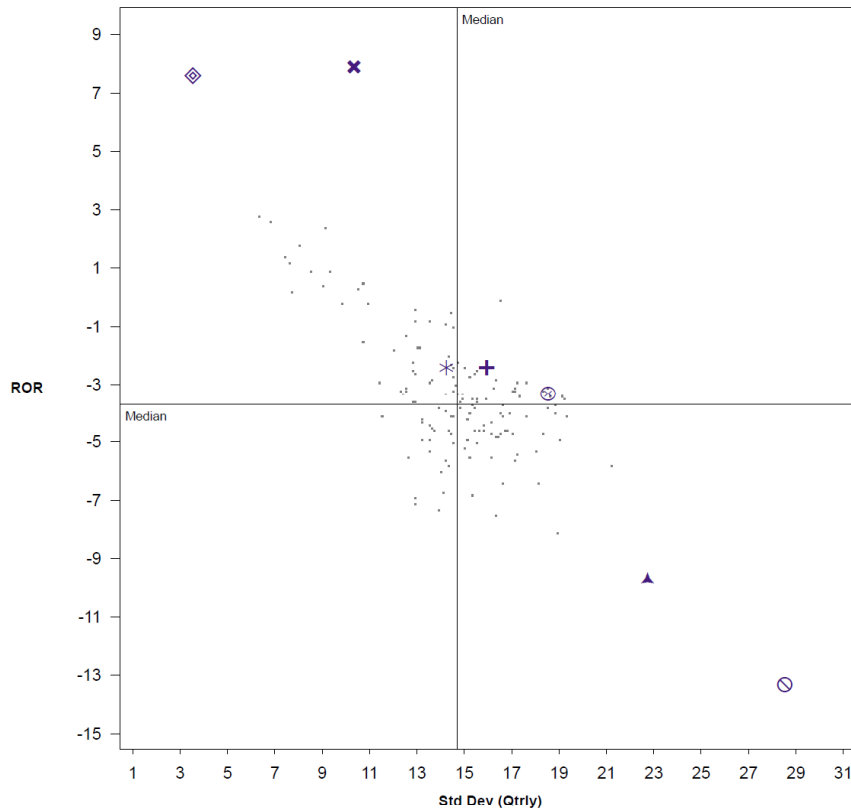


	2009	6	2008	92	2007	84	2006	23	2005	65	2004	45	2003	29	2002	35	2001	89	2000	83
⊗ ERS COMPOSITE	27.4	6	-29.6	92	6.4	84	14.9	23	6.6	65	11.3	45	23.4	29	-7.5	35	-6.6	89	-1.0	83
⊙ ERS Allocation	23.3	19	-23.9	35	6.6	81	14.1	37	6.0	75	11.5	39	23.6	26	-8.3	48	-6.0	84	-3.4	96
* POLICY INDEX	19.7	43	-22.6	20	7.9	56	14.0	41	5.9	76	11.7	36	23.2	32	-8.3	48	-5.4	80	-1.6	88
5th Percentile	27.5		-13.1		11.2		16.2		10.4		14.2		27.3		-0.3		3.2		9.3	
25th Percentile	22.1		-23.3		9.6		14.8		8.3		12.3		23.6		-6.7		-0.9		4.5	
50th Percentile	18.5		-25.6		8.2		13.7		7.2		11.1		21.7		-8.8		-2.9		1.9	
75th Percentile	15.7		-27.6		6.8		12.2		6.0		9.8		19.2		-10.4		-5.1		-0.5	
95th Percentile	10.1		-30.3		5.3		9.2		4.3		8.0		14.5		-12.3		-9.6		-3.4	

# Risk vs. Return Analysis – 3 Years

**VERMONT STATE EMPLOYEES**  
 Total Fund - Universe: Public Funds (DB)  
 Period Ending June 30, 2010

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	-3.4 42	18.6 94	-0.3 29
+ ERS Allocation	-2.5 23	16.0 71	-0.3 22
* POLICY INDEX	-2.5 23	14.3 42	-0.3 38
▲ S&P 500	-9.8 100	22.8 100	-0.5 94
◇ BC AGGREGATE	7.5 1	3.6 1	1.7 1
⊘ MSCI EAFE (NET)	-13.4 100	28.6 100	-0.5 95
× Citigroup WGBI (All maturities)	7.8 1	10.4 9	0.6 1
Median	-3.7	14.7	-0.3

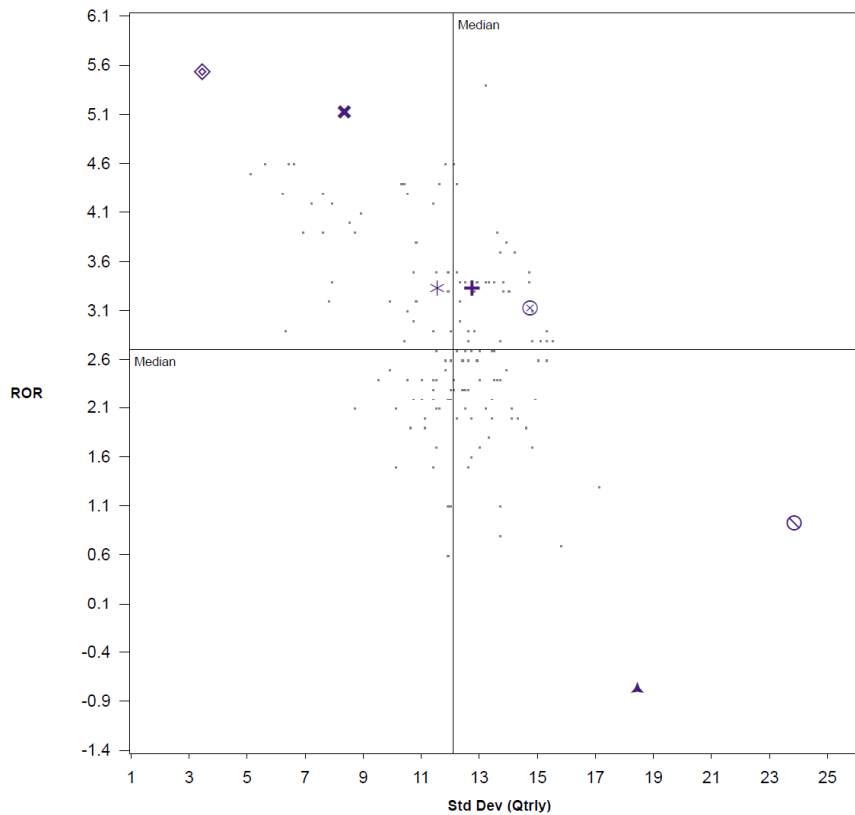
**Funded status as of Fiscal Year 2009 = 79%**



# Risk vs. Return Analysis – 5 Years

**VERMONT STATE EMPLOYEES**  
 Total Fund - Universe: Public Funds (DB)  
 Period Ending June 30, 2010

Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	3.1 36	14.8 92	0.0 43
+ ERS Allocation	3.3 31	12.8 68	0.0 34
* POLICY INDEX	3.3 33	11.6 38	0.0 32
▲ S&P 500	-0.8 100	18.5 100	-0.2 100
◇ BC AGGREGATE	5.5 1	3.5 1	0.8 1
⊖ MSCI EAFE (NET)	0.9 98	23.9 100	-0.1 89
* Citigroup WGBI (All maturities)	5.1 2	8.4 9	0.3 2
Median	2.7	12.1	-0.0

**Funded status as of Fiscal Year 2009 = 79%**

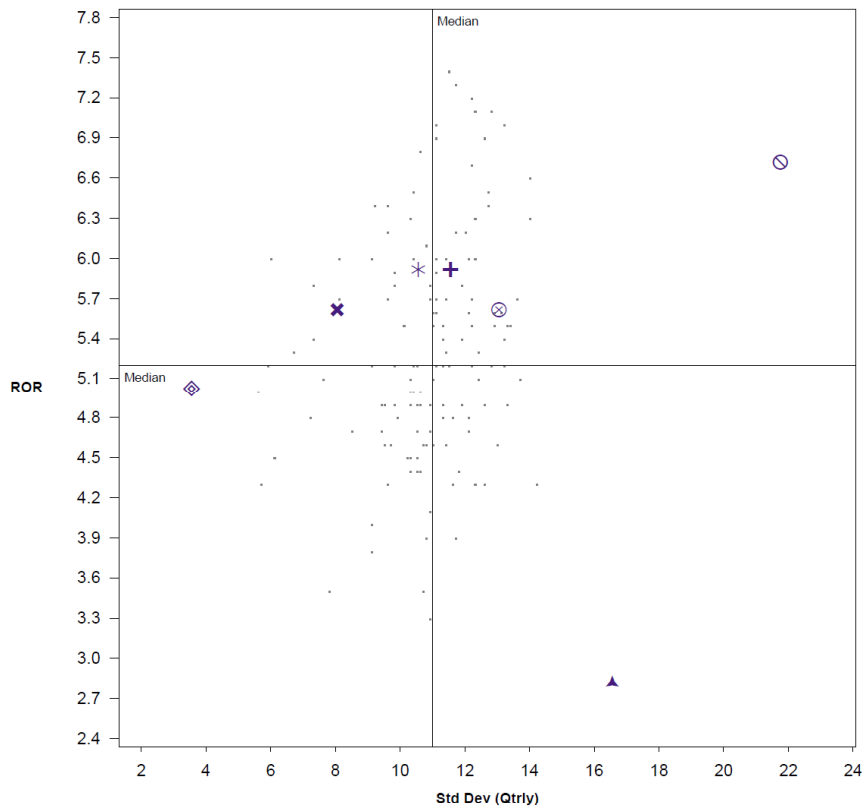


# Risk vs. Return Analysis – 7 Years

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)  
 Period Ending June 30, 2010

Risk vs. Return - 7 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	5.6 35	13.1 91	0.2 58
+ ERS Allocation	5.9 25	11.6 66	0.3 37
* POLICY INDEX	5.9 26	10.6 39	0.3 28
▲ S&P 500	2.8 100	16.6 100	0.0 100
◇ BC AGGREGATE	5.0 61	3.6 1	0.7 1
⊖ MSCI EAFE (NET)	6.7 9	21.8 100	0.2 83
✖ Citigroup WGBI (All maturities)	5.6 38	8.1 10	0.4 16
Median	5.2	11.0	0.3

Funded status as of Fiscal Year 2009 = 79%



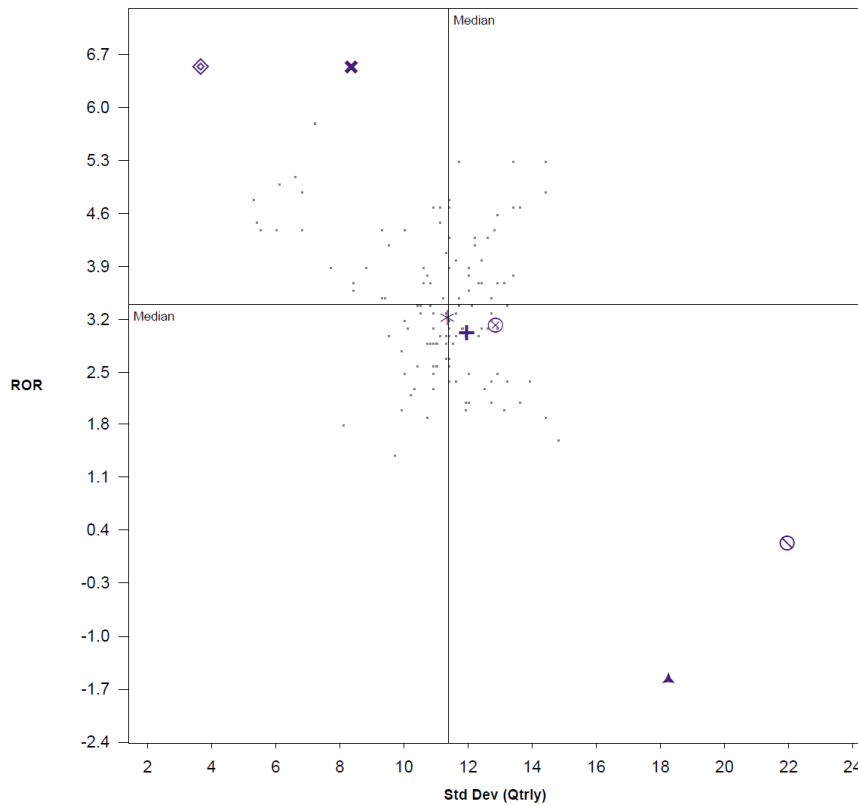
# Risk vs. Return Analysis – 10 Years

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending June 30, 2010

Risk vs. Return - 10 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	3.1 62	12.9 88	0.0 65
+ ERS Allocation	3.0 66	12.0 71	0.0 67
* POLICY INDEX	3.2 55	11.4 54	0.0 58
▲ S&P 500	-1.6 100	18.3 100	-0.2 100
◇ BC AGGREGATE	6.5 1	3.7 1	1.0 1
⊖ MSCI EAFE (NET)	0.2 100	22.0 100	-0.1 99
* Citigroup WGBI (All maturities)	6.5 1	8.4 10	0.5 2
Median	3.4	11.4	0.1

Funded status as of Fiscal Year 2009 = 79%

