



NEPC, LLC

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Vermont Pension Investment Committee

Second Quarter State Teachers' Investment Performance Analysis

October 25th, 2016

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NEPC Update



NEPC Updates

June 30, 2016

Highlights of Second Quarter Happenings at NEPC

NEPC Research

Recent White Papers

- "Thinking Ahead to Stay Ahead: Strategic Private Equity Investing in Healthcare" (April 2016)
- Market Chatter: "Implications of Brexit" (June 2016)
- Market Chatter: "Brexit... What Now?" (June 2016)
- "The Disease of Doubt" (July 2016)

Webinar

- "Brexit - A Vote for Volatility" (June 2016); Panel provides perspectives on the EU Referendum.



NEPC's 21st Annual Investment Conference

"Excellent breadth of materials, plenty of concurrent sessions, and the speakers were vibrant and humorous!" is just one of many positive reviews from attendees. The conference attracted more than 200 people to the Hynes Convention Center in Boston on May 10-11, 2016.

News from NEPC

We are excited to announce NEPC's active presence on five social media channels: Facebook, Google+, LinkedIn, Twitter and YouTube, and we will continue to post on the Endowments and Foundations Twitter. We will be using these online channels to share company news, information and articles throughout the industry. Those interested in keeping up with the latest news from NEPC can follow our accounts. Company news and industry insights will continue to be available on our website, which has been updated with a new optimized search feature.



Upcoming Events

NEPC's 22nd Annual Investment Conference will be held on May 9-10, 2017 at the InterContinental Hotel in Boston, MA.

MARK YOUR CALENDAR!

NEPC Client Recognitions

We are pleased to announce that three of NEPC's public fund clients won Institutional Investor (II) Awards.

- **Arn Andrews**, CIO of San Jose Police & Fire, won the award for Chief Investment Officer of the Year.
- **Sam Masoudi**, CIO of Wyoming Retirement System, won the award for Opportunistic Investment Strategies Award.
- **Bob Jacksha**, CIO of New Mexico Employees Retirement Board, won the award for Portfolio Construction.

We are also pleased to announce that two NEPC clients, **San Bernardino County Employees' Retirement System** and **Arizona Public Safety Personnel Retirement System**, were nominated for Institutional Investor magazine's 14th Annual Hedge Fund Industry Awards in the "Public Plan of the Year, Small" category.

Market Environment



- **US economic cycle and US central bank policy are at the forefront of major cyclical and secular forces informing our Assumptions and Actions**
 - These factors interact to create a supportive environment for risk assets in the near term but ultimately push long term capital market forecasts lower relative to history
- **The US economy is nearly 7 years removed from the previous recession but the health of US consumers can extend the expansion**
 - Prolonged US economic cycle has the potential to push the US dollar higher
- **Persistent US Dollar strength tightens global monetary conditions and materially weakens the US corporate earnings profile**
 - A strong dollar strains international borrowers with dollar based debt
 - Outsized credit growth in Asia, specifically China, at risk from a stronger US dollar
- **Influence of central bank policies in the developed world remain broadly supportive for risk assets but come with long term effects**
 - US policy is slowly diverging from Europe and Japan but gradual expected pace of hikes provides a positive backdrop for US equities and credit in the near term
 - Extraordinary central bank measures from Europe and Japan continue to expand and support a strong bias to equities in these markets

- **US economic expansion continues as Federal Reserve begins policy shift**
 - Economic conditions and health of US consumers remain supportive for growth
 - US Corporate earnings quality has weakened under pressure from profit margin declines
- **Central Banks continue to dictate the global investment outlook**
 - Subdued market expectation of Fed action over next 36 months; a surprise Fed rate increase poses risk to both US equities and interest rates
 - ECB and BoJ likely to maintain and expand accommodative monetary policies
 - Easing in China is broadly stimulative in the near term but currency policy is unpredictable
- **Rise of political populism fuels equity and currency market uncertainty**
 - Populist movements are destabilizing for the established political and economic order posing a risk for the cohesion of the European Union and global trade relationships
 - However, elevated risk offers an opportunity should market sentiment be overly pessimistic
- **Large currency adjustments across most emerging countries have provided a foundation to support improved capital market returns**
 - Continued political and economic reform is needed across EM to stimulate economic growth
 - Chinese Yuan (RMB) depreciation has been incremental relative to other EM FX adjustments and fears of further adjustment remain an over-hanging concern
- **Embrace illiquidity in opportunistic credit and private credit strategies**
 - Stressed credit liquidity magnifies the scale of price movements in traditional credit assets
 - Credit markets ability to absorb an exodus from crowded positions is challenged

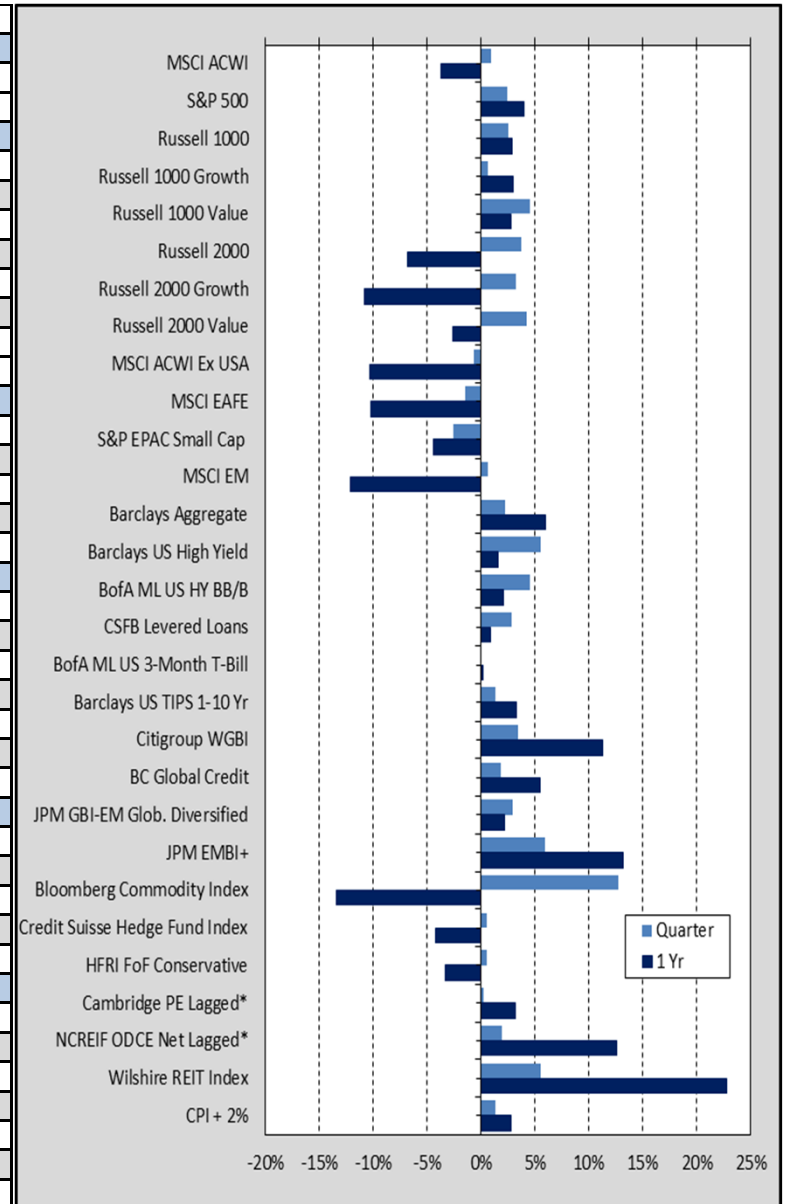
General Actions for Clients

- **Trim US equity exposure as US markets have rebounded significantly**
 - Remain disciplined and look for rebalancing opportunities should equity markets decline
 - Look to capture pockets of value in US high yield with credit spreads in-line with averages
- **Maintain overweight exposure to non-US developed market equities**
 - Central bank support and dollar strength provide a positive economic backdrop
 - A more dramatic expansion of political risk may soften our overweight view
 - Small-cap equity and global equity are preferred implementation approaches
 - These strategies offer the best opportunity to exploit valuation discrepancies among individual stocks that may result from elevated volatility levels
- **Recommend investors continue to hedge developed market currencies**
 - 50% hedge ratio remains an ideal neutral point for developed currency exposure
 - Current US dollar valuation hovers within a neutral band, opportunities to tactically adjust currency hedge ratios may arise should the US dollar significantly strengthen or weaken
- **Recent strength validates commitment to emerging market equities**
 - Valuations and long-term fundamentals suggest an overweight
 - China uncertainty, dollar pressure and idiosyncratic country risks temper excitement
 - Overweight small-cap and consumer focused strategies relative to broad mandates
- **Developed market duration exposure is generally unattractive**
 - Preserve US duration exposure with a bias towards TIPS over core bonds
 - Rebalance long treasuries, long credit, and risk parity following recent outsized gains
 - Look to eliminate WGBI focused global bond strategies with yields at historic lows



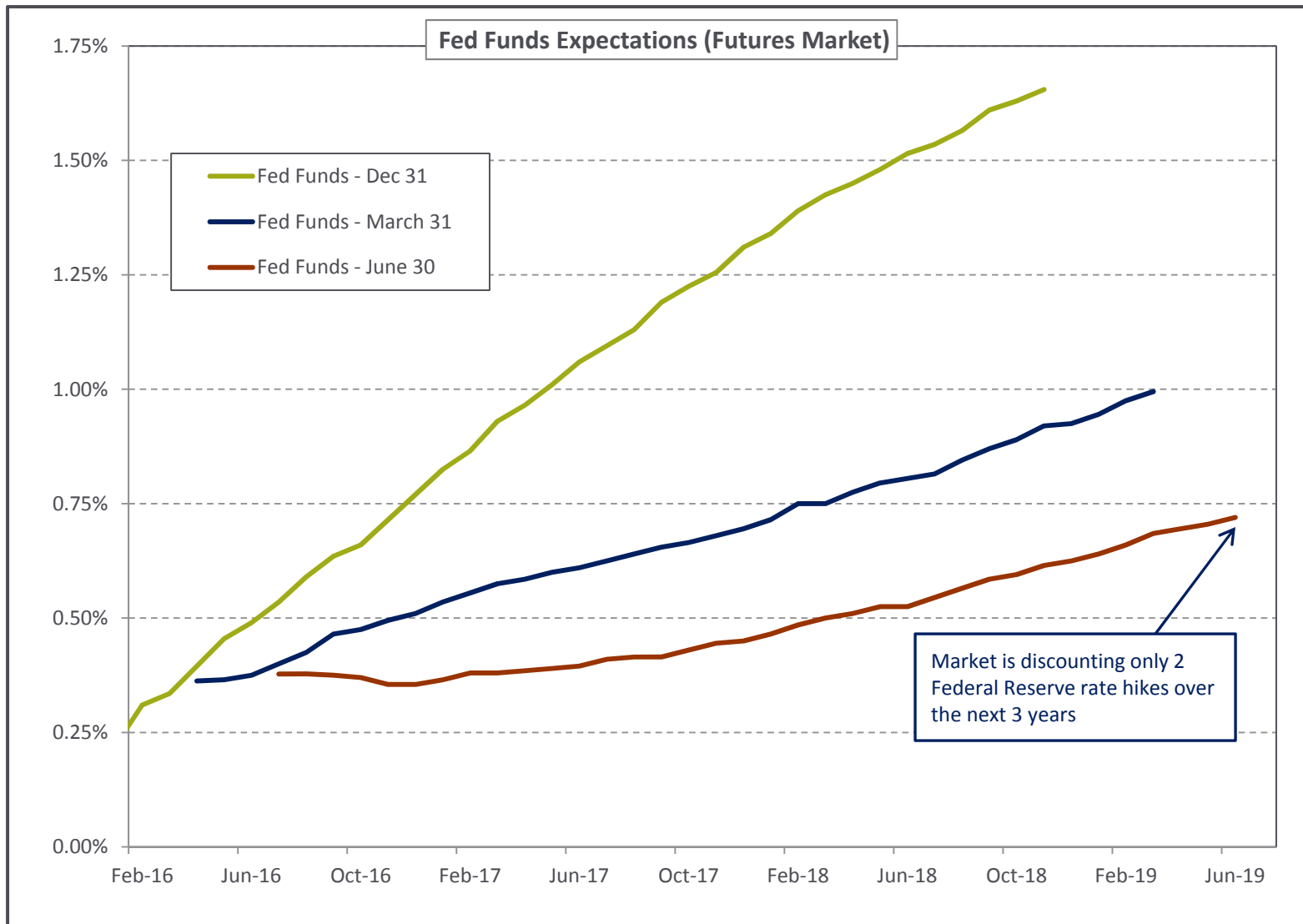
Market Environment – Q2 2016 Overview

| | | Qtr. | 1 Yr. | 3 Yr. | 5 Yr. | 10 Yr. |
|---|------------------------|-------|--------|--------|--------|--------|
| World Equity Benchmarks | | | | | | |
| MSCI ACWI | World | 1.0% | -3.7% | 6.0% | 5.4% | 4.3% |
| | | Qtr. | 1 Yr. | 3 Yr. | 5 Yr. | 10 Yr. |
| Domestic Equity Benchmarks | | | | | | |
| S&P 500 | Large Core | 2.5% | 4.0% | 11.7% | 12.1% | 7.4% |
| Russell 1000 | Large Core | 2.5% | 2.9% | 11.5% | 11.9% | 7.5% |
| Russell 1000 Growth | Large Growth | 0.6% | 3.0% | 13.1% | 12.3% | 8.8% |
| Russell 1000 Value | Large Value | 4.6% | 2.9% | 9.9% | 11.4% | 6.1% |
| Russell 2000 | Small Core | 3.8% | -6.7% | 7.1% | 8.4% | 6.2% |
| Russell 2000 Growth | Small Growth | 3.2% | -10.8% | 7.7% | 8.5% | 7.1% |
| Russell 2000 Value | Small Value | 4.3% | -2.6% | 6.4% | 8.1% | 5.2% |
| | | Qtr. | 1 Yr. | 3 Yr. | 5 Yr. | 10 Yr. |
| International Equity Benchmarks | | | | | | |
| MSCI ACWI Ex USA | World ex-US | -0.6% | -10.2% | 1.2% | 0.1% | 1.9% |
| MSCI EAFE | Int'l Developed | -1.5% | -10.2% | 2.1% | 1.7% | 1.6% |
| S&P EPAC Small Cap | Small Cap Int'l | -2.6% | -4.4% | 7.6% | 5.0% | 4.3% |
| MSCI EM | Emerging Equity | 0.7% | -12.1% | -1.6% | -3.8% | 3.5% |
| | | Qtr. | 1 Yr. | 3 Yr. | 5 Yr. | 10 Yr. |
| Domestic Fixed Income Benchmarks | | | | | | |
| Barclays Aggregate | Core Bonds | 2.2% | 6.0% | 4.1% | 3.8% | 5.1% |
| Barclays US High Yield | High Yield | 5.5% | 1.6% | 4.2% | 5.8% | 7.6% |
| BofA ML US HY BB/B | High Yield | 4.6% | 2.1% | 4.6% | 5.9% | 7.0% |
| CSFB Levered Loans | Bank Loans | 2.9% | 0.9% | 3.0% | 4.0% | 4.2% |
| BofA ML US 3-Month T-Bill | Cash | 0.1% | 0.2% | 0.1% | 0.1% | 1.0% |
| Barclays US TIPS 1-10 Yr | Inflation | 1.3% | 3.3% | 1.6% | 1.6% | 4.0% |
| | | Qtr. | 1 Yr. | 3 Yr. | 5 Yr. | 10 Yr. |
| Global Fixed Income Benchmarks | | | | | | |
| Citigroup WGBI | World Gov. Bonds | 3.4% | 11.3% | 2.6% | 1.2% | 4.2% |
| BC Global Credit | Global Bonds | 1.9% | 5.5% | 3.2% | 3.1% | 4.7% |
| JPM GBI-EM Glob. Diversified | Em. Mkt. Bonds (Local) | 3.0% | 2.2% | -3.5% | -2.2% | 5.7% |
| JPM EMBI+ | Em. Mkt. Bonds | 6.0% | 13.2% | 7.1% | 6.4% | 8.0% |
| | | Qtr. | 1 Yr. | 3 Yr. | 5 Yr. | 10 Yr. |
| Alternative Benchmarks | | | | | | |
| Bloomberg Commodity Index | Commodity | 12.7% | -13.4% | -10.6% | -10.8% | -5.6% |
| Credit Suisse Hedge Fund Index | Hedge Fund | 0.6% | -4.2% | 2.5% | 2.9% | 4.2% |
| HFRI FoF Conservative | Fund of Funds | 0.5% | -3.3% | 1.9% | 1.9% | 1.4% |
| Cambridge PE Lagged* | Private Equity | 0.3% | 3.2% | 10.9% | 11.4% | 10.8% |
| NCREIF ODCE Net Lagged* | Real Estate | 2.0% | 12.6% | 12.6% | 12.2% | 5.4% |
| Wilshire REIT Index | REIT | 5.6% | 22.8% | 13.6% | 12.5% | 7.0% |
| CPI + 2% | Inflation/Real Assets | 1.3% | 2.8% | 3.0% | 3.3% | 3.8% |



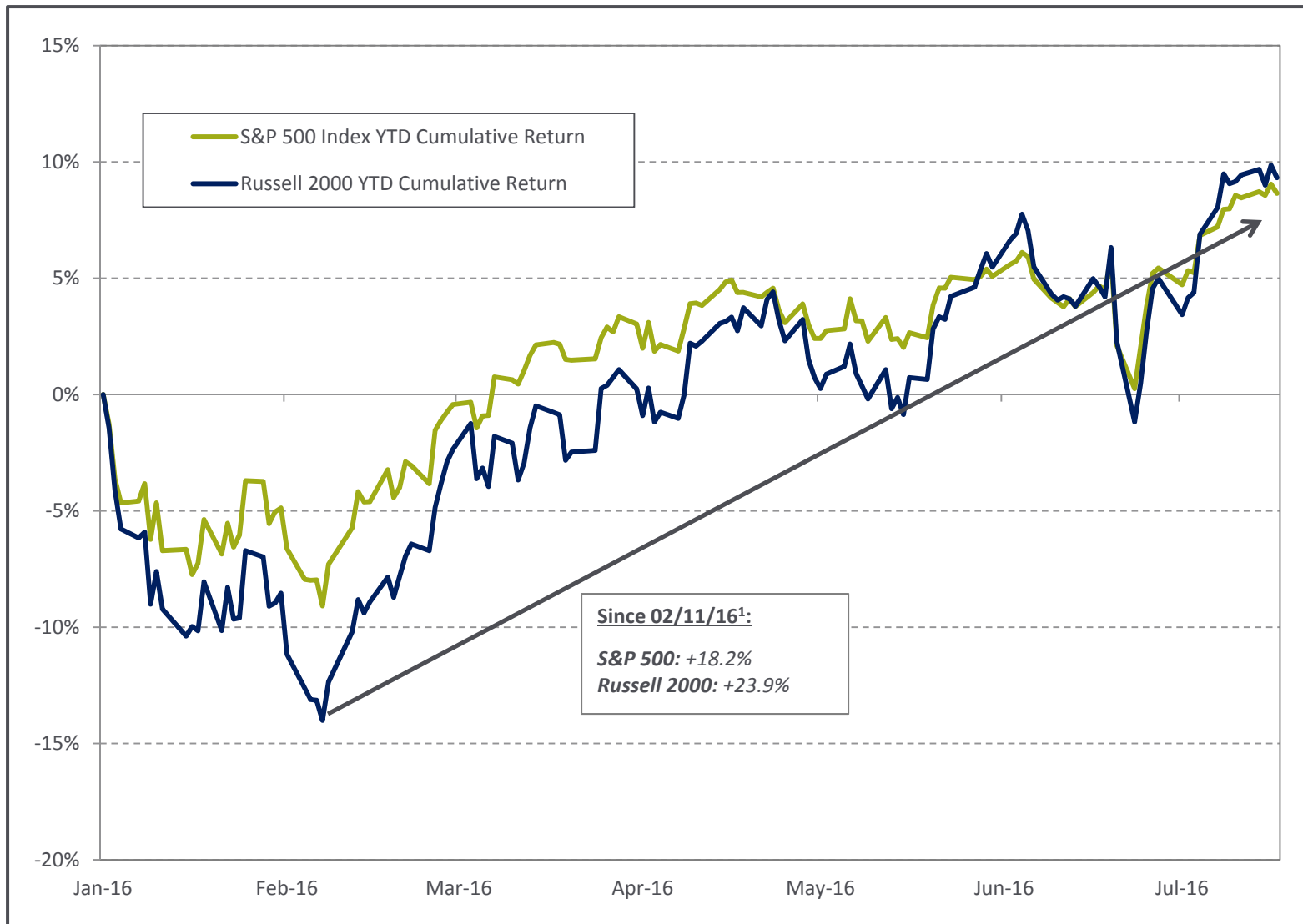
* As of 3/31/2016

An Uptick in Fed Funds Expectations of Current Lows is Likely to Fuel Dollar Strength



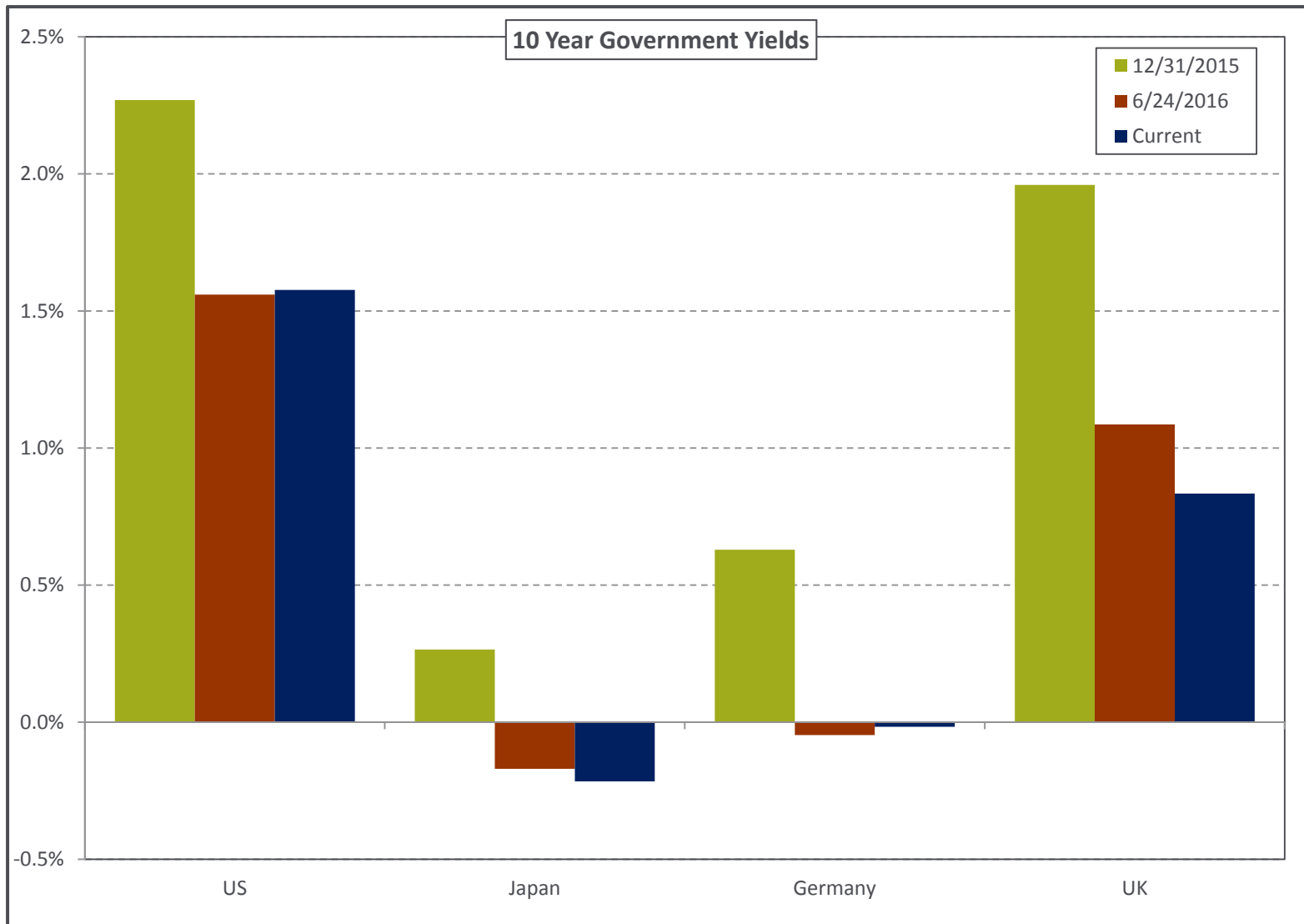
Source: Bloomberg

Significant US Equity Gains From February Lows – Remain Disciplined in Rebalancing



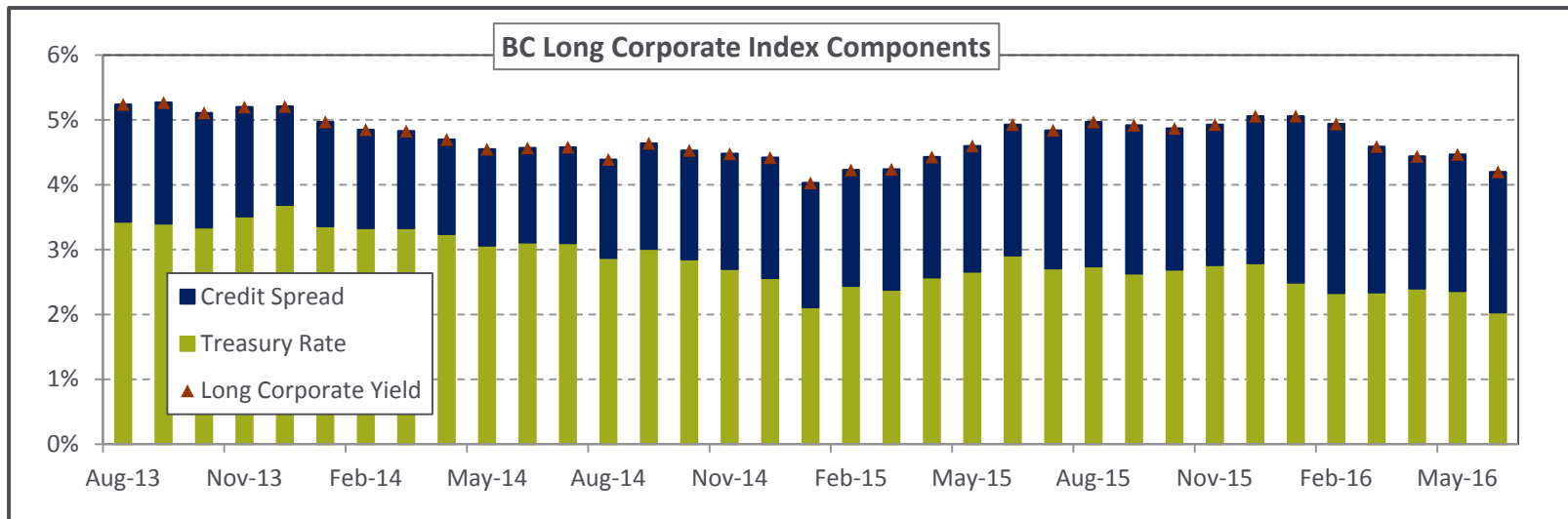
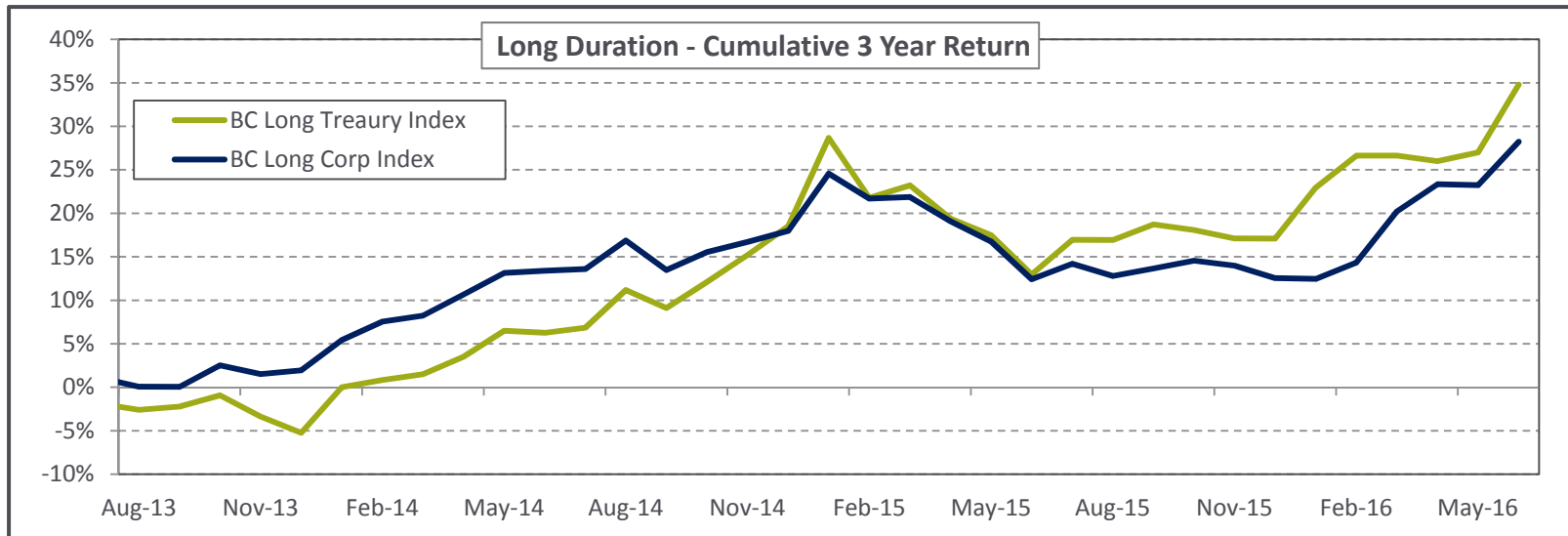
Source: Bloomberg
¹As of July 22, 2016

Global Bond Yields at Record Lows; Re-Evaluate WGBI Exposure



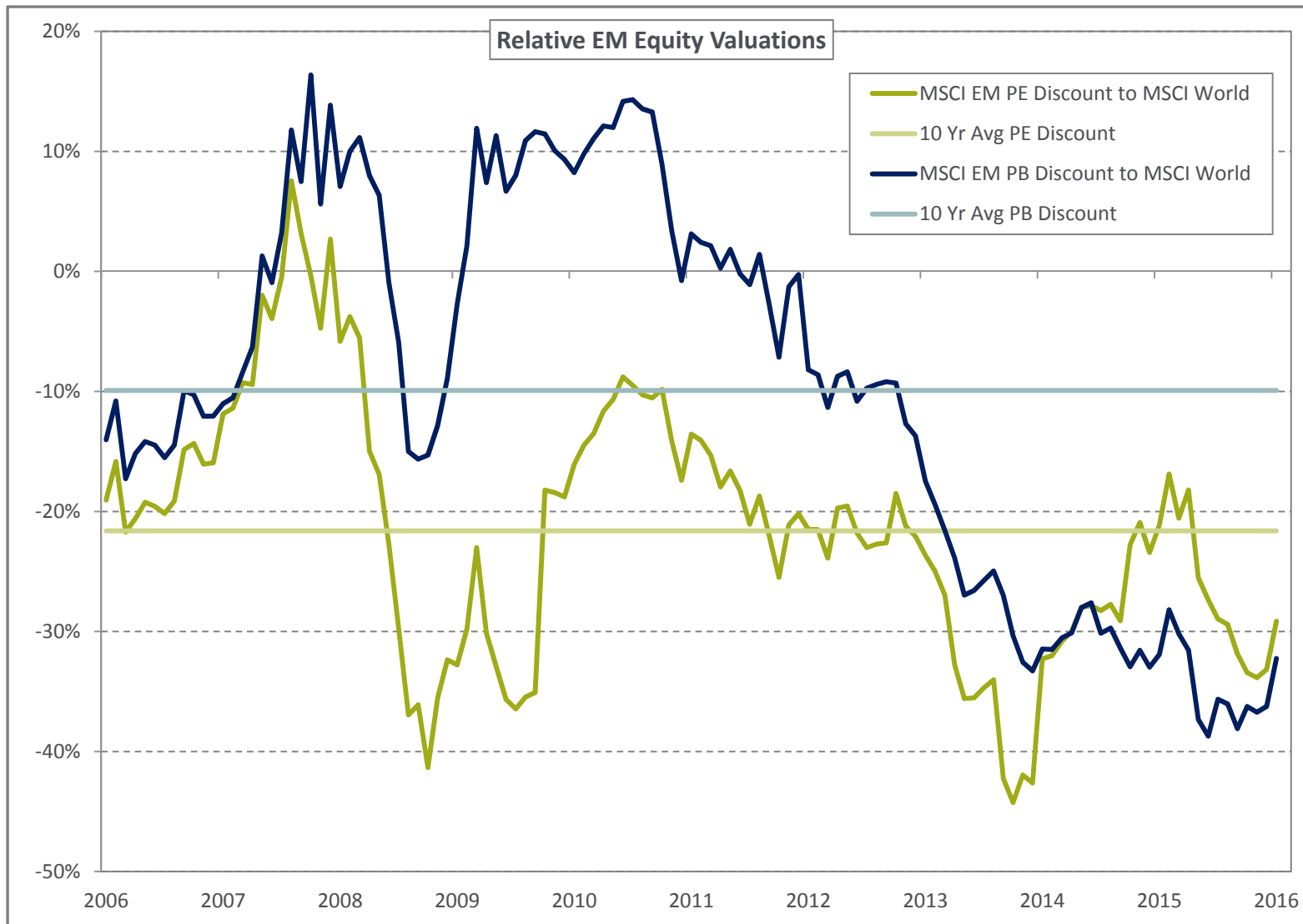
Source: Bloomberg
Results of Brexit vote announced on 06/24/2016

Treasury Exposure Provided Significant Gains – Opportunities for Profit Taking in Long Bonds



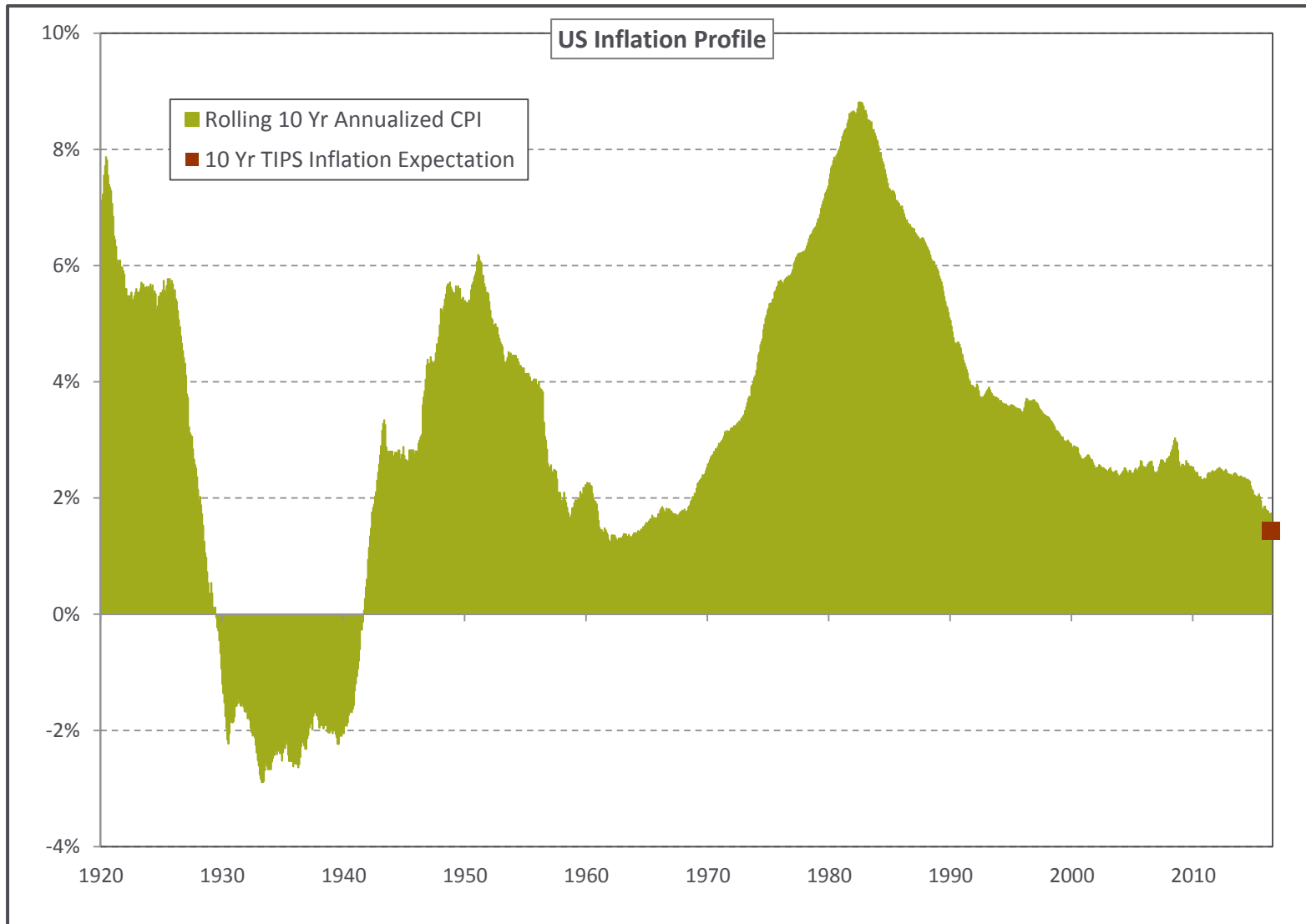
Source: Bloomberg

Emerging Markets Continue to Offer Reasonable Equity Valuations



Source: Bloomberg

US Inflation Expectations Near Historic Lows – Attractive Valuation for TIPS Relative to Core Bonds



Source: Bloomberg, BLS

Index Performance Summary as of 07/29/2016

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Q1 | Q2 | July | YTD |
|-------------------------------------|--------|-------|--------|-------|--------|--------|--------|-------|-------|-------|-------|
| Barclays US STRIPS 20+ Yr | -36.0% | 10.9% | 58.5% | 3.0% | -21.0% | 46.4% | -3.7% | 11.4% | 9.6% | 3.9% | 26.7% |
| FTSE NAREIT Equity REITs | 28.0% | 28.0% | 8.3% | 18.1% | 2.5% | 30.1% | 3.2% | 6.0% | 7.0% | 4.2% | 18.1% |
| Barclays US Govt/Credit Long | 1.9% | 10.2% | 22.5% | 8.8% | -8.8% | 19.3% | -3.3% | 7.3% | 6.5% | 2.6% | 17.2% |
| Barclays US Long Credit | 16.8% | 10.7% | 17.1% | 12.7% | -6.6% | 16.4% | -4.6% | 6.8% | 6.7% | 2.8% | 17.1% |
| Alerian MLP | 76.4% | 35.9% | 13.9% | 4.8% | 27.6% | 4.8% | -32.6% | -4.2% | 19.7% | 0.6% | 15.3% |
| JPM GBI-EM Global Div | 22.0% | 15.7% | -1.8% | 16.8% | -9.0% | -5.7% | -14.9% | 11.0% | 2.7% | 0.6% | 14.7% |
| JPM EMBI Global Diversified | 29.8% | 12.2% | 7.3% | 17.4% | -5.3% | 7.4% | 1.2% | 5.0% | 5.0% | 1.8% | 12.3% |
| Barclays US Corporate HY | 58.2% | 15.1% | 5.0% | 15.8% | 7.4% | 2.5% | -4.5% | 3.4% | 5.5% | 2.7% | 12.0% |
| MSCI EM | 78.5% | 18.9% | -18.4% | 18.2% | -2.6% | -2.2% | -14.9% | 5.7% | 0.7% | 5.0% | 11.8% |
| Citi WGBI | 2.6% | 5.2% | 6.4% | 1.6% | -4.0% | -0.5% | -3.6% | 7.1% | 3.4% | 0.5% | 11.3% |
| Russell 2500 | 34.4% | 26.7% | -2.5% | 17.9% | 36.8% | 7.1% | -2.9% | 0.4% | 3.6% | 5.2% | 9.4% |
| Russell 2000 | 27.2% | 26.9% | -4.2% | 16.3% | 38.8% | 4.9% | -4.4% | -1.5% | 3.8% | 6.0% | 8.3% |
| Russell 1000 | 28.4% | 16.1% | 1.5% | 16.4% | 33.1% | 13.2% | 0.9% | 1.2% | 2.5% | 3.8% | 7.7% |
| S&P 500 | 26.5% | 15.1% | 2.1% | 16.0% | 32.4% | 13.7% | 1.4% | 1.3% | 2.5% | 3.7% | 7.7% |
| Bloomberg Commodity | 18.9% | 16.8% | -13.3% | -1.1% | -9.5% | -17.0% | -24.7% | 0.4% | 12.8% | -5.1% | 7.5% |
| Barclays US Agg Bond | 5.9% | 6.5% | 7.8% | 4.2% | -2.0% | 6.0% | 0.5% | 3.0% | 2.2% | 0.6% | 6.0% |
| Credit Suisse Leveraged Loan | 44.9% | 10.0% | 1.8% | 9.4% | 6.2% | 2.1% | -0.4% | 1.3% | 2.9% | 1.4% | 5.7% |
| MSCI ACWI | 34.6% | 12.7% | -7.3% | 16.1% | 22.8% | 4.2% | -2.4% | 0.2% | 1.0% | 4.3% | 5.6% |
| Barclays Municipal | 12.9% | 2.4% | 10.7% | 6.8% | -2.6% | 9.1% | 3.3% | 1.7% | 2.6% | 0.1% | 4.4% |
| Barclays US Agg Interm | 6.5% | 6.1% | 6.0% | 3.6% | -1.0% | 4.1% | 1.2% | 2.3% | 1.4% | 0.3% | 4.1% |
| BC US Govt/Credit 1-3 Yr | 3.8% | 2.8% | 1.6% | 1.3% | 0.6% | 0.8% | 0.7% | 1.0% | 0.7% | 0.0% | 1.7% |
| MSCI EAFE | 31.8% | 7.8% | -12.1% | 17.3% | 22.8% | -4.9% | -0.8% | -3.0% | -1.5% | 5.1% | 0.4% |
| Credit Suisse Hedge Fund | 18.6% | 10.9% | -2.5% | 7.7% | 9.7% | 4.1% | -0.7% | -2.2% | 0.6% | -0.1% | -1.6% |

Source: Morningstar Direct



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Index Performance Summary as of 08/31/2016

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Q1 | Q2 | July | Aug | YTD |
|-------------------------------------|--------|-------|--------|-------|--------|--------|--------|-------|-------|-------|-------|-------|
| Barclays US STRIPS 20+ Yr | -36.0% | 10.9% | 58.5% | 3.0% | -21.0% | 46.4% | -3.7% | 11.4% | 9.6% | 3.9% | -1.1% | 25.3% |
| Barclays US Long Credit | 16.8% | 10.7% | 17.1% | 12.7% | -6.6% | 16.4% | -4.6% | 6.8% | 6.7% | 2.8% | 0.6% | 17.8% |
| Barclays US Govt/Credit Long | 1.9% | 10.2% | 22.5% | 8.8% | -8.8% | 19.3% | -3.3% | 7.3% | 6.5% | 2.6% | 0.0% | 17.2% |
| JPM GBI-EM Global Div | 22.0% | 15.7% | -1.8% | 16.8% | -9.0% | -5.7% | -14.9% | 11.0% | 2.7% | 0.6% | 0.0% | 14.8% |
| MSCI EM | 78.5% | 18.9% | -18.4% | 18.2% | -2.6% | -2.2% | -14.9% | 5.7% | 0.7% | 5.0% | 2.5% | 14.5% |
| Barclays US Corporate HY | 58.2% | 15.1% | 5.0% | 15.8% | 7.4% | 2.5% | -4.5% | 3.4% | 5.5% | 2.7% | 2.1% | 14.3% |
| JPM EMBI Global Diversified | 29.8% | 12.2% | 7.3% | 17.4% | -5.3% | 7.4% | 1.2% | 5.0% | 5.0% | 1.8% | 1.8% | 14.3% |
| Alerian MLP | 76.4% | 35.9% | 13.9% | 4.8% | 27.6% | 4.8% | -32.6% | -4.2% | 19.7% | 0.6% | -1.3% | 13.8% |
| FTSE NAREIT Equity REITs | 28.0% | 28.0% | 8.3% | 18.1% | 2.5% | 30.1% | 3.2% | 6.0% | 7.0% | 4.2% | -3.7% | 13.8% |
| Citi WGBI | 2.6% | 5.2% | 6.4% | 1.6% | -4.0% | -0.5% | -3.6% | 7.1% | 3.4% | 0.5% | -0.9% | 10.4% |
| Russell 2500 | 34.4% | 26.7% | -2.5% | 17.9% | 36.8% | 7.1% | -2.9% | 0.4% | 3.6% | 5.2% | 0.8% | 10.3% |
| Russell 2000 | 27.2% | 26.9% | -4.2% | 16.3% | 38.8% | 4.9% | -4.4% | -1.5% | 3.8% | 6.0% | 1.8% | 10.2% |
| Russell 1000 | 28.4% | 16.1% | 1.5% | 16.4% | 33.1% | 13.2% | 0.9% | 1.2% | 2.5% | 3.8% | 0.1% | 7.8% |
| S&P 500 | 26.5% | 15.1% | 2.1% | 16.0% | 32.4% | 13.7% | 1.4% | 1.3% | 2.5% | 3.7% | 0.1% | 7.8% |
| Credit Suisse Leveraged Loan | 44.9% | 10.0% | 1.8% | 9.4% | 6.2% | 2.1% | -0.4% | 1.3% | 2.9% | 1.4% | 0.8% | 6.5% |
| MSCI ACWI | 34.6% | 12.7% | -7.3% | 16.1% | 22.8% | 4.2% | -2.4% | 0.2% | 1.0% | 4.3% | 0.3% | 5.9% |
| Barclays US Agg Bond | 5.9% | 6.5% | 7.8% | 4.2% | -2.0% | 6.0% | 0.5% | 3.0% | 2.2% | 0.6% | -0.1% | 5.9% |
| Bloomberg Commodity | 18.9% | 16.8% | -13.3% | -1.1% | -9.5% | -17.0% | -24.7% | 0.4% | 12.8% | -5.1% | -1.8% | 5.6% |
| Barclays Municipal | 12.9% | 2.4% | 10.7% | 6.8% | -2.6% | 9.1% | 3.3% | 1.7% | 2.6% | 0.1% | 0.1% | 4.5% |
| Barclays US Agg Interm | 6.5% | 6.1% | 6.0% | 3.6% | -1.0% | 4.1% | 1.2% | 2.3% | 1.4% | 0.3% | -0.1% | 3.9% |
| BC US Govt/Credit 1-3 Yr | 3.8% | 2.8% | 1.6% | 1.3% | 0.6% | 0.8% | 0.7% | 1.0% | 0.7% | 0.0% | -0.1% | 1.6% |
| MSCI EAFE | 31.8% | 7.8% | -12.1% | 17.3% | 22.8% | -4.9% | -0.8% | -3.0% | -1.5% | 5.1% | 0.1% | 0.5% |
| Credit Suisse Hedge Fund | 18.6% | 10.9% | -2.5% | 7.7% | 9.7% | 4.1% | -0.7% | -2.2% | 0.6% | -0.1% | 1.1% | -0.5% |

Source: Morningstar Direct



NEPC, LLC

State Teachers' Retirement System

Vermont State Teachers

Total Fund Performance Summary

| | Market Value | 3 Mo | Rank | YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank |
|---|------------------------|-------------|----------|-------------|----------|-------------|-----------|-------------|-----------|-------------|-----------|
| Teachers Composite | \$1,609,239,957 | 3.0% | 6 | 5.6% | 1 | 1.3% | 27 | 4.8% | 86 | 4.8% | 88 |
| <i>Policy Index</i> | | 2.2% | 24 | 4.5% | 7 | 1.2% | 29 | 4.9% | 84 | 4.6% | 90 |
| <i>Allocation Index</i> | | 2.3% | 18 | 4.5% | 7 | 0.8% | 37 | 4.5% | 89 | 4.4% | 93 |
| <i>InvestorForce Public DB Net Median</i> | | 1.8% | | 3.0% | | 0.4% | | 6.0% | | 6.0% | |

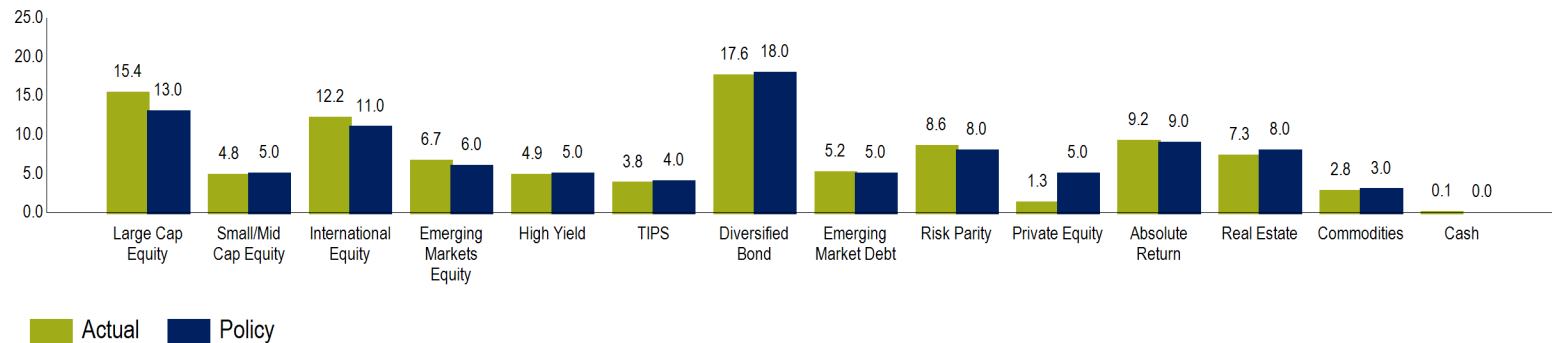
3 Years Ending June 30, 2016

| | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Sharpe Ratio | Rank | Sortino Ratio RF | Rank |
|--------------------|-----------|------|---------------|------|--------------|------|------------------|------|
| Teachers Composite | 4.75% | 86 | 6.11% | 25 | 0.77 | 72 | 1.55 | 51 |
| Policy Index | 4.85% | 84 | 5.73% | 10 | 0.84 | 63 | 1.67 | 37 |
| Allocation Index | 4.50% | 89 | 5.86% | 12 | 0.76 | 72 | 1.41 | 66 |

5 Years Ending June 30, 2016

| | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Sharpe Ratio | Rank | Sortino Ratio RF | Rank |
|--------------------|-----------|------|---------------|------|--------------|------|------------------|------|
| Teachers Composite | 4.81% | 88 | 6.92% | 30 | 0.68 | 74 | 1.11 | 64 |
| Policy Index | 4.60% | 90 | 6.63% | 20 | 0.68 | 74 | 1.06 | 70 |
| Allocation Index | 4.40% | 93 | 6.76% | 26 | 0.64 | 81 | 0.96 | 77 |

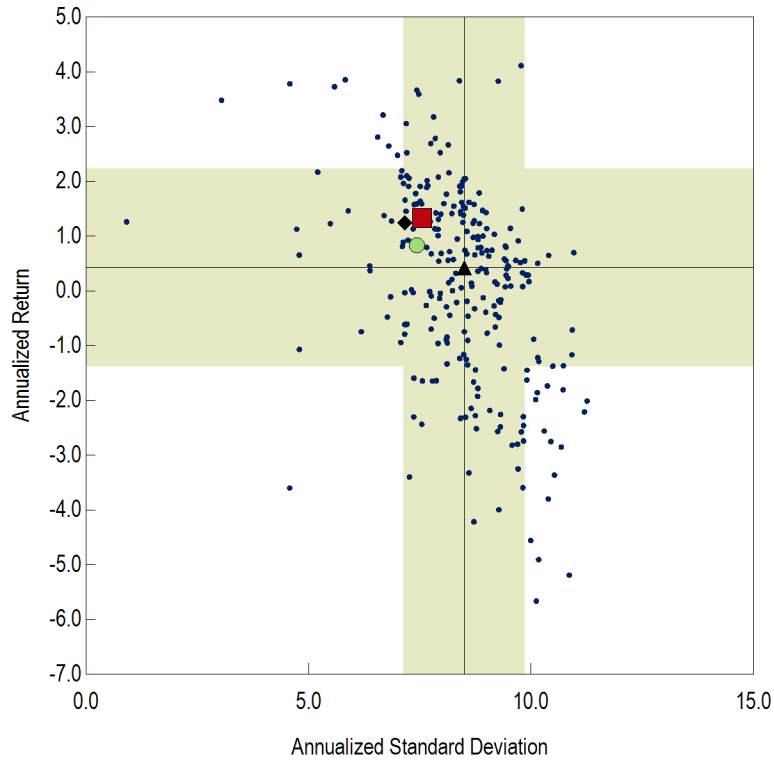
Actual vs Target Allocation (%)



Vermont State Teachers

Total Fund Risk/Return

1 Year Ending June 30, 2016



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

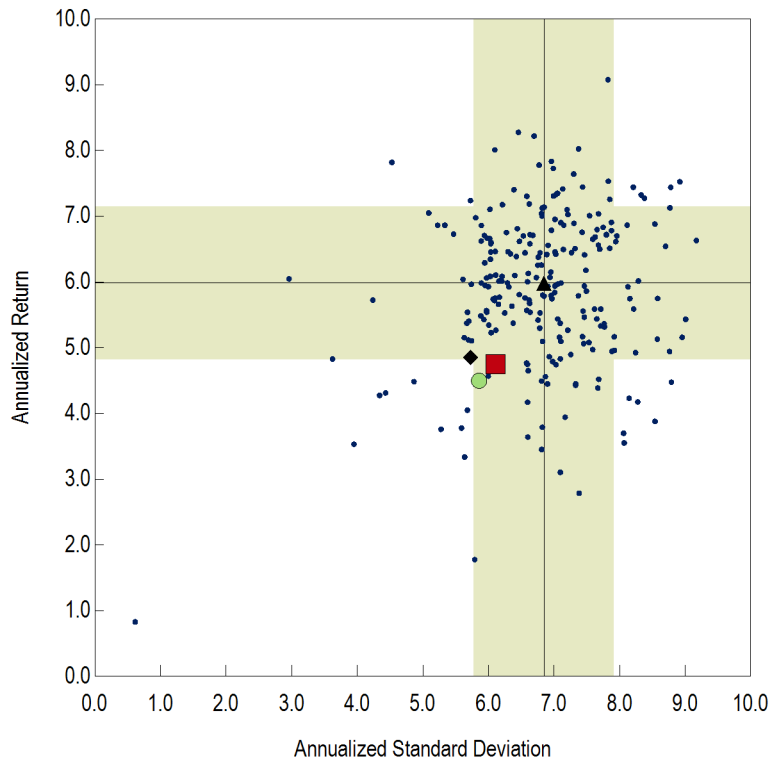
1 Year Ending June 30, 2016

| | Anlzd Return | Anlzd Return Rank | Anlzd Standard Deviation | Anlzd Standard Deviation Rank | Sharpe Ratio | Sharpe Ratio Rank |
|------------------------------------|--------------|-------------------|--------------------------|-------------------------------|--------------|-------------------|
| Teachers Composite | 1.34% | 27 | 7.54% | 24 | 0.16 | 25 |
| Policy Index | 1.24% | 29 | 7.17% | 13 | 0.15 | 26 |
| S&P 500 | 3.99% | 1 | 14.50% | 99 | 0.26 | 10 |
| Citi WGBI | 11.26% | 1 | 5.84% | 4 | 1.90 | 1 |
| MSCI ACWI | -3.73% | 98 | 15.50% | 99 | -0.25 | 87 |
| MSCI ACWI ex USA | -10.24% | 99 | 16.89% | 99 | -0.62 | 99 |
| InvestorForce Public DB Net Median | 0.43% | -- | 8.50% | -- | 0.03 | -- |

Vermont State Teachers

Total Fund Risk/Return

3 Years Ending June 30, 2016

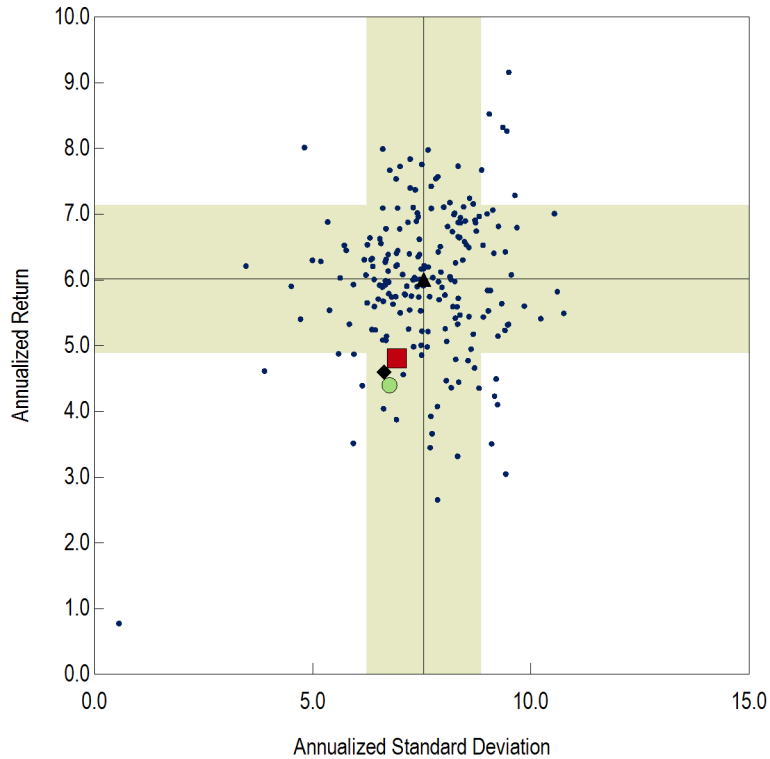


- Teachers Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Net

3 Years Ending June 30, 2016

| | Anlzd Return | Anlzd Return Rank | Anlzd Standard Deviation | Anlzd Standard Deviation Rank | Sharpe Ratio | Sharpe Ratio Rank |
|------------------------------------|--------------|-------------------|--------------------------|-------------------------------|--------------|-------------------|
| Teachers Composite | 4.75% | 86 | 6.11% | 25 | 0.77 | 72 |
| Policy Index | 4.85% | 84 | 5.73% | 10 | 0.84 | 63 |
| S&P 500 | 11.66% | 1 | 11.25% | 99 | 1.03 | 19 |
| Citi WGBI | 2.65% | 99 | 5.11% | 4 | 0.50 | 97 |
| MSCI ACWI | 6.03% | 48 | 11.82% | 99 | 0.50 | 97 |
| MSCI ACWI ex USA | 1.16% | 99 | 13.25% | 99 | 0.08 | 99 |
| InvestorForce Public DB Net Median | 5.98% | -- | 6.85% | -- | 0.88 | -- |

5 Years Ending June 30, 2016

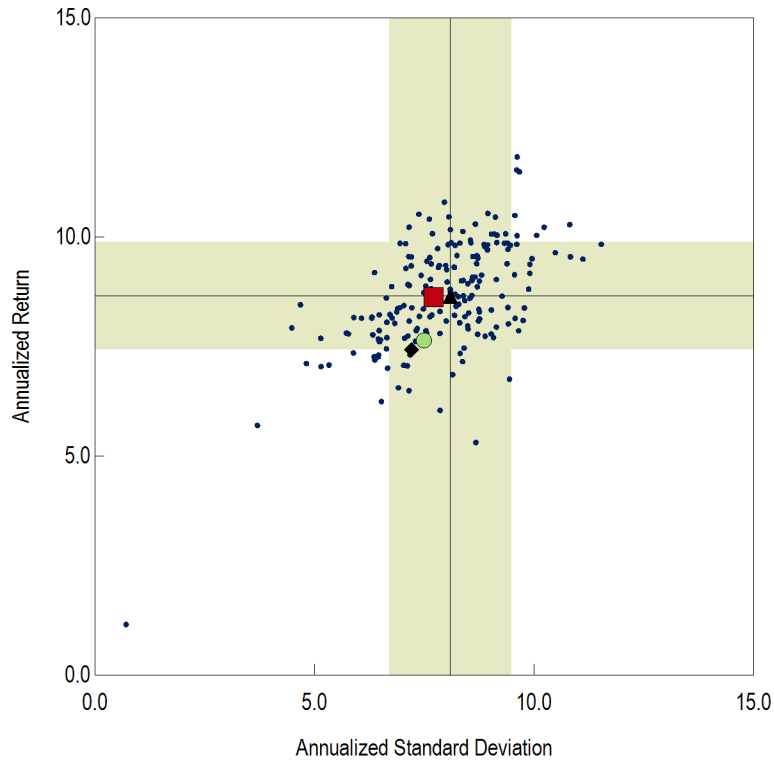


- Teachers Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Net

5 Years Ending June 30, 2016

| | Anlzd Return | Anlzd Return Rank | Anlzd Standard Deviation | Anlzd Standard Deviation Rank | Sharpe Ratio | Sharpe Ratio Rank |
|------------------------------------|--------------|-------------------|--------------------------|-------------------------------|--------------|-------------------|
| Teachers Composite | 4.81% | 88 | 6.92% | 30 | 0.68 | 74 |
| Policy Index | 4.60% | 90 | 6.63% | 20 | 0.68 | 74 |
| S&P 500 | 12.10% | 1 | 12.10% | 99 | 0.99 | 14 |
| Citi WGBI | 1.18% | 99 | 4.97% | 3 | 0.22 | 99 |
| MSCI ACWI | 5.38% | 76 | 13.54% | 99 | 0.39 | 99 |
| MSCI ACWI ex USA | 0.10% | 99 | 15.54% | 99 | 0.00 | 99 |
| InvestorForce Public DB Net Median | 6.01% | -- | 7.55% | -- | 0.81 | -- |

7 Years Ending June 30, 2016



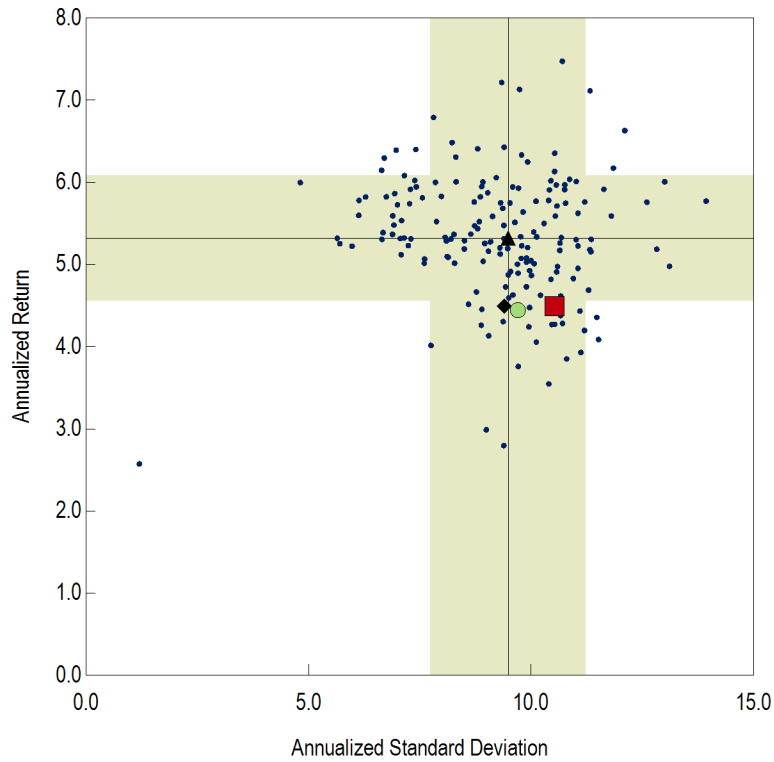
7 Years Ending June 30, 2016

| | Anlzd Return | Anlzd Return Rank | Anlzd Standard Deviation | Anlzd Standard Deviation Rank | Sharpe Ratio | Sharpe Ratio Rank |
|------------------------------------|--------------|-------------------|--------------------------|-------------------------------|--------------|-------------------|
| Teachers Composite | 8.64% | 52 | 7.70% | 42 | 1.11 | 44 |
| Policy Index | 7.43% | 89 | 7.21% | 30 | 1.02 | 69 |
| S&P 500 | 14.92% | 1 | 13.02% | 99 | 1.14 | 40 |
| Citi WGBI | 2.73% | 99 | 5.81% | 5 | 0.46 | 99 |
| MSCI ACWI | 9.52% | 27 | 14.38% | 99 | 0.66 | 99 |
| MSCI ACWI ex USA | 5.35% | 99 | 16.20% | 99 | 0.33 | 99 |
| InvestorForce Public DB Net Median | 8.66% | -- | 8.09% | -- | 1.09 | -- |

Vermont State Teachers

Total Fund Risk/Return

10 Years Ending June 30, 2016

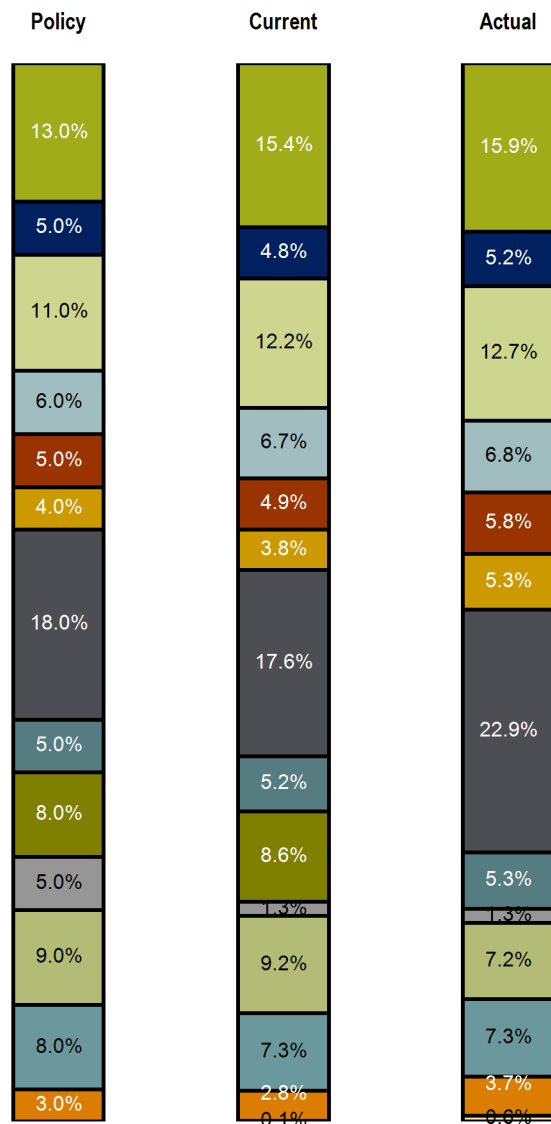


- Teachers Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Net

10 Years Ending June 30, 2016

| | Anlzd Return | Anlzd Return Rank | Anlzd Standard Deviation | Anlzd Standard Deviation Rank | Sharpe Ratio | Sharpe Ratio Rank |
|------------------------------------|--------------|-------------------|--------------------------|-------------------------------|--------------|-------------------|
| Teachers Composite | 4.49% | 87 | 10.53% | 76 | 0.34 | 90 |
| Policy Index | 4.49% | 87 | 9.39% | 49 | 0.38 | 82 |
| S&P 500 | 7.42% | 1 | 15.24% | 99 | 0.43 | 65 |
| Citi WGBI | 4.22% | 94 | 6.65% | 6 | 0.50 | 43 |
| MSCI ACWI | 4.26% | 93 | 16.99% | 99 | 0.20 | 99 |
| MSCI ACWI ex USA | 1.87% | 99 | 19.15% | 99 | 0.05 | 99 |
| InvestorForce Public DB Net Median | 5.32% | -- | 9.48% | -- | 0.47 | -- |

Total Fund Asset Allocation vs. Policy Targets

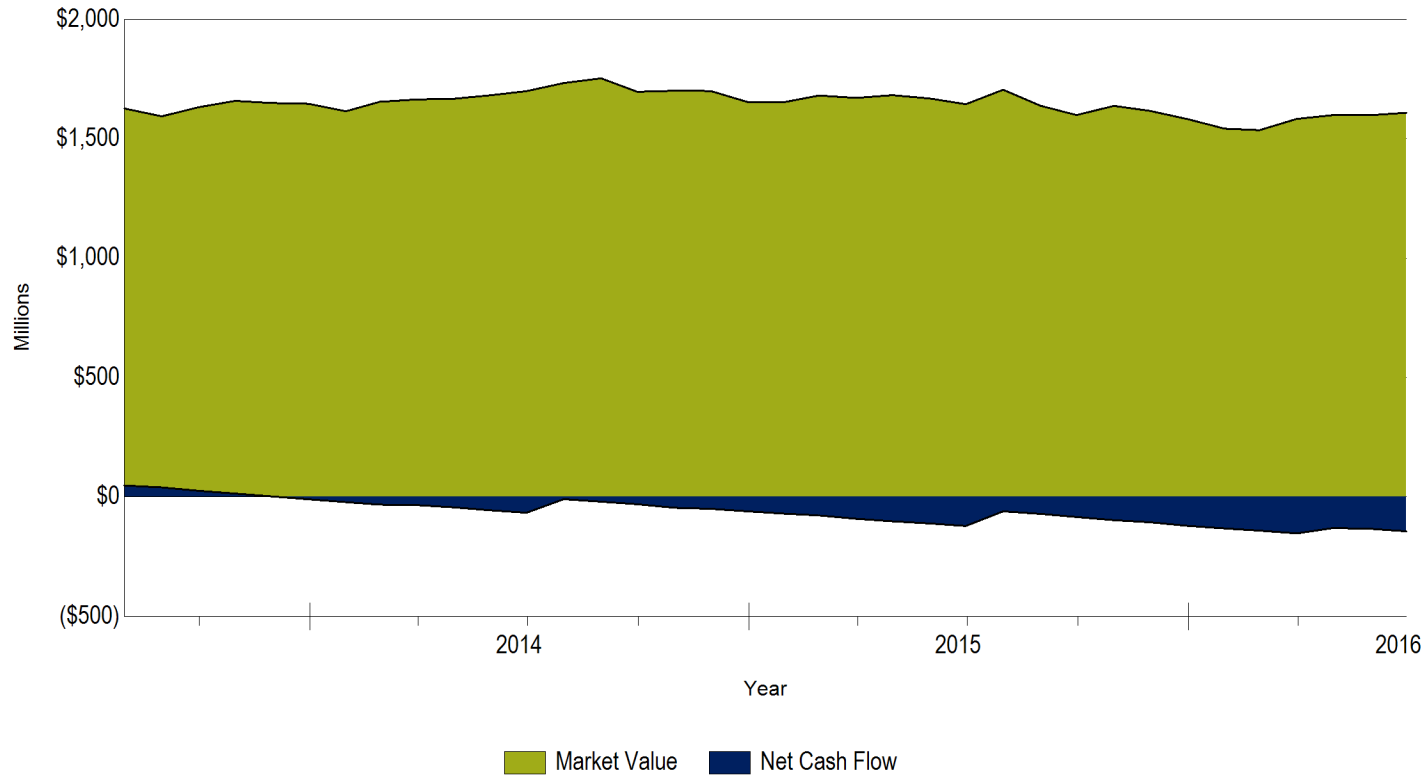


| | Asset Allocation vs. Target | | | |
|-------------------------|-----------------------------|----------------|---------------|-------------|
| | Current | Interim Policy | Current | Difference* |
| Large Cap Equity | \$248,221,218 | 13.0% | 15.4% | 2.4% |
| Small/Mid Cap Equity | \$77,860,924 | 5.0% | 4.8% | -0.2% |
| International Equity | \$196,802,157 | 11.0% | 12.2% | 1.2% |
| Emerging Markets Equity | \$107,037,010 | 6.0% | 6.7% | 0.7% |
| High Yield | \$78,518,123 | 5.0% | 4.9% | -0.1% |
| TIPS | \$61,588,503 | 4.0% | 3.8% | -0.2% |
| Diversified Bond | \$283,599,093 | 18.0% | 17.6% | -0.4% |
| Emerging Market Debt | \$83,853,781 | 5.0% | 5.2% | 0.2% |
| Risk Parity | \$137,664,715 | 8.0% | 8.6% | 0.6% |
| Private Equity | \$21,546,915 | 5.0% | 1.3% | -3.7% |
| Absolute Return | \$148,072,960 | 9.0% | 9.2% | 0.2% |
| Real Estate | \$118,099,193 | 8.0% | 7.3% | -0.7% |
| Commodities | \$45,493,590 | 3.0% | 2.8% | -0.2% |
| Cash | \$881,776 | -- | 0.1% | 0.1% |
| Total | \$1,609,239,957 | 100.0% | 100.0% | |

Difference between Interim Policy and Current Allocation
 Actual Allocation breaks out Mellon Dynamic Growth and AQR Global Risk Premium

Total Fund Asset Growth Summary

3 Years Ending June 30, 2016



| | Last Three Months | Year-To-Date | One Year | Three Years |
|------------------------|-------------------|-----------------|-----------------|------------------|
| Beginning Market Value | \$1,552,254,600 | \$1,582,816,776 | \$1,645,024,961 | \$1,544,981,481 |
| Withdrawals | -\$67,981,696 | -\$309,094,972 | -\$428,193,637 | -\$1,045,136,842 |
| Contributions | \$76,675,592 | \$286,078,066 | \$405,817,275 | \$900,892,923 |
| Net Cash Flow | \$8,693,896 | -\$23,016,906 | -\$22,376,362 | -\$144,243,919 |
| Net Investment Change | \$48,291,461 | \$49,440,088 | -\$13,408,642 | \$208,502,395 |
| Ending Market Value | \$1,609,239,957 | \$1,609,239,957 | \$1,609,239,957 | \$1,609,239,957 |

Vermont State Teachers

Total Fund Asset Growth Summary by Manager

| | Quarter Ending June 30, 2016 | | | | | Ending Market Value |
|--|------------------------------|---------------|---------------|---------------|-----------------------|---------------------|
| | Beginning Market Value | Withdrawals | Contributions | Net Cash Flow | Net Investment Change | |
| Aberdeen | \$97,731,943 | -\$170,793 | \$5,170,793 | \$5,000,000 | \$4,305,066 | \$107,037,010 |
| Acadian | \$64,755,795 | -\$79,622 | \$79,622 | \$0 | \$394,969 | \$65,150,764 |
| Allianz Structured Alpha | \$53,342,503 | -\$23,689,417 | \$189,417 | -\$23,500,000 | \$397,412 | \$30,239,915 |
| AQR Global Risk Premium | \$129,970,112 | -\$129,359 | \$129,359 | \$0 | \$7,694,602 | \$137,664,715 |
| BlackRock TIPS | \$60,549,974 | -\$9,811 | \$9,811 | \$0 | \$1,038,529 | \$61,588,503 |
| Champlain | \$32,630,222 | -\$70,712 | \$70,712 | \$0 | \$2,031,435 | \$34,661,658 |
| GAM | \$256,676 | -\$68,872 | \$0 | -\$68,872 | \$11,896 | \$199,700 |
| GAM Unconstrained Bond | \$54,713,347 | -\$57,563 | \$57,563 | \$0 | \$1,154,011 | \$55,867,358 |
| Grosvenor | \$84,305,445 | \$0 | \$0 | \$0 | \$1,264,553 | \$85,569,999 |
| Guggenheim | \$58,794,488 | -\$60,109 | \$60,109 | \$0 | \$3,180,893 | \$61,975,381 |
| Harbourvest Dover VIII Fund | \$7,494,151 | \$0 | \$0 | \$0 | \$0 | \$7,494,151 |
| Harbourvest Partners IX Buyout Fund | \$5,660,263 | \$0 | \$271,424 | \$271,424 | \$0 | \$5,931,687 |
| Harbourvest Partners IX Credit Opportunities | \$881,244 | \$0 | \$27,135 | \$27,135 | \$0 | \$908,379 |
| Harbourvest Partners IX Venture Fund | \$4,518,756 | \$0 | \$0 | \$0 | \$0 | \$4,518,756 |
| Harbourvest Partners X Buyout Fund | \$418,432 | \$0 | \$499,043 | \$499,043 | \$0 | \$917,475 |
| Harbourvest Partners X Venture Fund | \$212,131 | \$0 | \$256,651 | \$256,651 | \$0 | \$468,782 |
| HIPEP VII | \$1,069,539 | \$0 | \$238,145 | \$238,145 | \$0 | \$1,307,685 |
| KDP | \$15,911,864 | -\$26,432 | \$26,432 | \$0 | \$630,877 | \$16,542,742 |
| Mellon Dynamic Growth | \$0 | -\$57,960 | \$31,240,906 | \$31,182,946 | \$880,400 | \$32,063,346 |
| Mondrian | \$63,281,318 | -\$63,048 | \$63,048 | \$0 | \$296,452 | \$63,577,770 |
| Morgan Stanley Prime Property | \$55,149,099 | \$0 | \$0 | \$0 | \$1,311,958 | \$56,461,058 |
| PIMCO Core Plus | \$89,441,524 | -\$55,693 | \$55,693 | \$0 | \$2,122,785 | \$91,564,309 |
| PIMCO Unconstrained | \$41,122,831 | -\$3,063,752 | \$63,752 | -\$3,000,000 | \$441,121 | \$38,563,953 |
| RREEF America REIT III | \$2,172,973 | -\$546,782 | \$0 | -\$546,782 | \$11,604 | \$1,637,795 |
| Schroder | \$39,772,420 | \$0 | \$0 | \$0 | \$5,721,170 | \$45,493,590 |

Vermont State Teachers

Total Fund Asset Growth Summary by Manager

| | Quarter Ending June 30, 2016 | | | | | |
|-------------------------------|------------------------------|----------------------|---------------------|--------------------|-----------------------|------------------------|
| | Beginning Market Value | Withdrawals | Contributions | Net Cash Flow | Net Investment Change | Ending Market Value |
| Siguler Guff | \$11,490,589 | -\$8,905 | \$663,709 | \$654,804 | \$234,876 | \$12,380,269 |
| SSgA ACWI Ex US | \$39,217,806 | -\$6,273 | \$29,006,273 | \$29,000,000 | -\$144,182 | \$68,073,624 |
| SSgA Barclays Aggregate Index | \$49,495,050 | -\$6,048 | \$6,048 | \$0 | \$1,100,681 | \$50,595,732 |
| SSgA Russell 2000 Growth | \$5,014,119 | -\$1,627 | \$1,627 | \$0 | \$159,892 | \$5,174,011 |
| SSgA S&P 400 | \$7,685,416 | -\$1,451 | \$1,451 | \$0 | \$307,484 | \$7,992,900 |
| SSgA S&P 500 Cap-Wgt | \$182,170,330 | -\$10,507,827 | \$7,007,827 | -\$3,500,000 | \$4,303,385 | \$182,973,714 |
| SSgA S&P 500 Equal-Wgt | \$63,513,557 | -\$5,745 | \$5,745 | \$0 | \$1,731,437 | \$65,244,994 |
| T. Rowe | \$2,510 | \$0 | \$0 | \$0 | \$0 | \$2,510 |
| Transwestern / Aslan III | \$128,447 | \$0 | \$0 | \$0 | -\$2,110 | \$126,336 |
| UBS Trumbull | \$46,660,977 | \$0 | \$0 | \$0 | \$832,757 | \$47,493,735 |
| Vermont Cash | \$1,702,374 | -\$2,245,113 | \$1,424,514 | -\$820,598 | \$0 | \$881,776 |
| Wellington | \$34,194,814 | -\$4,548,782 | \$48,782 | -\$4,500,000 | \$337,542 | \$30,032,356 |
| Wellington DAS | \$52,942,404 | -\$7,500,000 | \$0 | -\$7,500,000 | \$1,565,337 | \$47,007,741 |
| Wellington Opportunistic EMD | \$93,879,154 | -\$15,000,000 | \$0 | -\$15,000,000 | \$4,974,627 | \$83,853,781 |
| Total | \$1,552,254,600 | -\$67,981,696 | \$76,675,592 | \$8,693,896 | \$48,291,461 | \$1,609,239,957 |

Vermont State Teachers

Total Fund Performance Detail

| | Market Value (\$) | % of Portfolio | Policy % | 3 Mo (%) | Rank | YTD (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank | 10 Yrs (%) | Rank |
|---|----------------------|-------------------|--------------|-------------|-----------|------------|-----------|-------------|-----------|--------------|-----------|--------------|-----------|---------------|-----------|
| Teachers Composite | 1,609,239,957 | 100.0 | 100.0 | 3.0 | 6 | 5.6 | 1 | 1.3 | 27 | 4.8 | 86 | 4.8 | 88 | 4.5 | 87 |
| <i>Policy Index</i> | | | | 2.2 | 24 | 4.5 | 7 | 1.2 | 29 | 4.9 | 84 | 4.6 | 90 | 4.5 | 87 |
| <i>Allocation Index</i> | | | | 2.3 | 18 | 4.5 | 7 | 0.8 | 37 | 4.5 | 89 | 4.4 | 93 | 4.4 | 89 |
| <i>InvestorForce Public DB Net Median</i> | | | | 1.8 | | 3.0 | | 0.4 | | 6.0 | | 6.0 | | 5.3 | |
| US Equity | 326,082,143 | 20.3 | 18.0 | 2.8 | 38 | 4.9 | 24 | 2.5 | 19 | 11.3 | 22 | -- | -- | -- | -- |
| <i>Russell 3000</i> | | | | 2.6 | 40 | 3.6 | 33 | 2.1 | 20 | 11.1 | 24 | 11.6 | 21 | 7.4 | 44 |
| <i>eA All US Equity Net Median</i> | | | | 2.1 | | 1.7 | | -2.7 | | 9.1 | | 9.8 | | 7.1 | |
| Large Cap Comp | 248,221,218 | 15.4 | 13.0 | 2.5 | 30 | 4.4 | 22 | 3.7 | 18 | 11.6 | 26 | 11.9 | 20 | 8.0 | 28 |
| <i>S&P 500</i> | | | | 2.5 | 31 | 3.8 | 25 | 4.0 | 16 | 11.7 | 25 | 12.1 | 14 | 7.4 | 42 |
| <i>eA US Large Cap Equity Net Median</i> | | | | 1.4 | | 1.0 | | -1.1 | | 10.1 | | 10.4 | | 7.0 | |
| SSgA S&P 500 Cap-Wgt | 182,973,714 | 11.4 | 10.0 | 2.4 | 31 | 3.8 | 26 | 4.0 | 16 | 11.7 | 25 | 12.1 | 14 | -- | -- |
| <i>S&P 500</i> | | | | 2.5 | 31 | 3.8 | 25 | 4.0 | 16 | 11.7 | 25 | 12.1 | 14 | 7.4 | 42 |
| SSgA S&P 500 Equal-Wgt | 65,244,994 | 4.1 | 3.0 | 2.7 | 27 | 6.1 | 12 | 2.7 | 21 | 11.5 | 27 | 11.8 | 21 | 8.4 | 18 |
| <i>S&P 500 Equal Weighted</i> | | | | 2.7 | 28 | 5.8 | 14 | 2.7 | 21 | 11.6 | 26 | 11.9 | 20 | 8.7 | 14 |
| T. Rowe | 2,510 | 0.0 | 0.0 | | | | | | | | | | | | |
| Small/Mid Cap Comp | 77,860,924 | 4.8 | 5.0 | 3.5 | 22 | 6.2 | 15 | 0.4 | 16 | 10.8 | 15 | 10.8 | 14 | 7.9 | 36 |
| <i>Russell 2000</i> | | | | 3.8 | 20 | 2.2 | 50 | -6.7 | 60 | 7.1 | 61 | 8.4 | 51 | 6.2 | 74 |
| <i>eA US Small-Mid Cap Equity Net Median</i> | | | | 2.2 | | 2.2 | | -5.6 | | 7.8 | | 8.4 | | 7.3 | |
| SSgA S&P 400 | 7,992,900 | 0.5 | 0.5 | 4.0 | 13 | 7.9 | 11 | 1.3 | 21 | 10.4 | 27 | -- | -- | -- | -- |
| <i>S&P 400 MidCap</i> | | | | 4.0 | 13 | 7.9 | 10 | 1.3 | 20 | 10.5 | 24 | 10.5 | 26 | 8.6 | 29 |
| <i>eA US Mid Cap Equity Net Median</i> | | | | 2.3 | | 2.1 | | -3.4 | | 9.2 | | 9.3 | | 7.8 | |
| Champlain | 34,661,658 | 2.2 | 2.0 | 6.0 | 3 | 8.7 | 8 | 3.7 | 10 | 12.3 | 7 | 11.5 | 16 | -- | -- |
| <i>Russell 2500</i> | | | | 3.6 | 19 | 4.0 | 36 | -3.7 | 53 | 8.6 | 64 | 9.5 | 48 | 7.3 | 68 |
| <i>eA US Mid Cap Equity Net Median</i> | | | | 2.3 | | 2.1 | | -3.4 | | 9.2 | | 9.3 | | 7.8 | |
| Wellington | 30,032,356 | 1.9 | 2.0 | 0.7 | 74 | 4.3 | 51 | -1.5 | 30 | 9.2 | 19 | 10.4 | 19 | 8.7 | 6 |
| <i>Russell 2000 Value</i> | | | | 4.3 | 17 | 6.1 | 27 | -2.6 | 38 | 6.4 | 72 | 8.1 | 69 | 5.2 | 86 |
| <i>eA US Small Cap Value Equity Net Median</i> | | | | 2.2 | | 4.3 | | -3.9 | | 7.5 | | 9.0 | | 6.6 | |
| SSgA Russell 2000 Growth | 5,174,011 | 0.3 | 0.5 | 3.2 | 54 | -1.7 | 61 | -10.8 | 60 | 7.6 | 39 | 8.4 | 44 | -- | -- |
| <i>Russell 2000 Growth</i> | | | | 3.2 | 53 | -1.6 | 61 | -10.8 | 60 | 7.7 | 36 | 8.5 | 42 | 7.1 | 42 |
| <i>eA US Small Cap Growth Equity Net Median</i> | | | | 3.6 | | -0.7 | | -8.7 | | 7.0 | | 8.2 | | 6.8 | |

Vermont State Teachers

Total Fund Performance Detail

| | Market Value (\$) | % of Portfolio | Policy % | 3 Mo (%) | Rank | YTD (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank | 10 Yrs (%) | Rank |
|---|--------------------|----------------|-------------|------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|------------|-----------|------------|-----------|
| Int'l Equity Comp | 196,802,157 | 12.2 | 11.0 | 0.1 | 21 | 0.0 | 15 | -6.4 | 30 | 4.0 | 35 | 2.6 | 55 | 2.1 | 63 |
| MSCI EAFE | | | | -1.5 | 44 | -4.4 | 57 | -10.2 | 62 | 2.1 | 68 | 1.7 | 73 | 1.6 | 76 |
| eA All EAFE Equity Net Median | | | | -1.8 | | -4.0 | | -8.8 | | 3.0 | | 2.7 | | 2.5 | |
| Acadian | 65,150,764 | 4.0 | 4.0 | 0.5 | 16 | -0.1 | 15 | -2.7 | 14 | 5.7 | 20 | 3.6 | 37 | 1.7 | 71 |
| Mondrian | 63,577,770 | 4.0 | 4.0 | 0.4 | 19 | 0.8 | 10 | -7.3 | 38 | 3.7 | 37 | 2.8 | 49 | 2.7 | 50 |
| MSCI EAFE | | | | -1.5 | 44 | -4.4 | 57 | -10.2 | 62 | 2.1 | 68 | 1.7 | 73 | 1.6 | 76 |
| SSgA ACWI Ex US | 68,073,624 | 4.2 | 3.0 | -0.5 | 43 | -0.8 | 40 | -10.0 | 66 | 1.4 | 82 | 0.3 | 87 | -- | -- |
| MSCI ACWI ex USA | | | | -0.6 | 46 | -1.0 | 43 | -10.2 | 66 | 1.2 | 82 | 0.1 | 89 | 1.9 | 77 |
| eA ACWI ex-US All Cap Equity Net Median | | | | -1.1 | | -2.3 | | -7.5 | | 3.5 | | 2.7 | | 2.8 | |
| Emerging Market Comp | 107,037,010 | 6.7 | 6.0 | 4.1 | 12 | 12.6 | 7 | -3.7 | 7 | -1.1 | 57 | -- | -- | -- | -- |
| Aberdeen | 107,037,010 | 6.7 | 6.0 | 4.1 | 12 | 12.6 | 7 | -3.7 | 7 | -1.1 | 57 | -0.4 | 19 | -- | -- |
| MSCI Emerging Markets | | | | 0.7 | 75 | 6.4 | 44 | -12.1 | 72 | -1.6 | 69 | -3.8 | 77 | 3.5 | 72 |
| eA Emg Mkts Equity Net Median | | | | 1.8 | | 5.9 | | -9.7 | | -0.8 | | -2.3 | | 4.5 | |
| US Fixed Income | 423,705,718 | 26.3 | 27.0 | 2.7 | 35 | 5.6 | 34 | 4.6 | 41 | 3.9 | 42 | -- | -- | -- | -- |
| Barclays Aggregate | | | | 2.2 | 49 | 5.3 | 38 | 6.0 | 27 | 4.1 | 39 | 3.8 | 52 | 5.1 | 47 |
| eA All US Fixed Inc Net Median | | | | 2.2 | | 4.5 | | 4.0 | | 3.6 | | 3.9 | | 5.0 | |
| Diversified Fixed | 283,599,093 | 17.6 | 18.0 | 2.3 | 46 | 5.1 | 43 | 5.4 | 33 | 4.1 | 38 | 4.2 | 43 | 4.4 | 63 |
| Barclays Aggregate | | | | 2.2 | 49 | 5.3 | 38 | 6.0 | 27 | 4.1 | 39 | 3.8 | 52 | 5.1 | 47 |
| eA All US Fixed Inc Net Median | | | | 2.2 | | 4.5 | | 4.0 | | 3.6 | | 3.9 | | 5.0 | |
| PIMCO Core Plus | 91,564,309 | 5.7 | 6.0 | 2.3 | 53 | 4.8 | 78 | 4.9 | 85 | 3.5 | 84 | 3.8 | 66 | -- | -- |
| Barclays Aggregate | | | | 2.2 | 63 | 5.3 | 43 | 6.0 | 41 | 4.1 | 56 | 3.8 | 70 | 5.1 | 75 |
| Wellington DAS | 47,007,741 | 2.9 | 3.0 | 3.4 | 1 | 8.3 | 1 | 14.4 | 1 | 9.3 | 1 | 9.1 | 1 | -- | -- |
| Wellington Custom Benchmark | | | | 3.9 | 1 | 10.3 | 1 | 12.6 | 1 | 7.4 | 1 | 7.5 | 2 | 7.0 | 2 |
| SSgA Barclays Aggregate Index | 50,595,732 | 3.1 | 3.0 | 2.2 | 63 | 5.3 | 44 | 6.0 | 41 | -- | -- | -- | -- | -- | -- |
| Barclays Aggregate | | | | 2.2 | 63 | 5.3 | 43 | 6.0 | 41 | 4.1 | 56 | 3.8 | 70 | 5.1 | 75 |
| 3-Month Libor Total Return USD | | | | 0.2 | 99 | 0.3 | 99 | 0.5 | 99 | 0.3 | 99 | 0.4 | 99 | 1.4 | 99 |
| eA US Core Fixed Inc Net Median | | | | 2.3 | | 5.3 | | 5.8 | | 4.1 | | 4.0 | | 5.4 | |

Vermont State Teachers

Total Fund Performance Detail

| | Market Value (\$) | % of Portfolio | Policy % | 3 Mo (%) | Rank | YTD (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank | 10 Yrs (%) | Rank |
|--|-------------------|----------------|------------|------------|-----------|------------|-----------|-------------|-----------|------------|-----------|------------|-----------|------------|-----------|
| Unconstrained Fixed Income | 94,431,311 | 5.9 | 6.0 | 1.9 | 48 | 2.5 | 64 | -0.4 | 71 | -- | -- | -- | -- | -- | -- |
| 25% HY, 25% EMD, 50% BC Agg | | | | 3.8 | 14 | 7.7 | 9 | 6.0 | 3 | 4.7 | 7 | 5.0 | 19 | 6.6 | 19 |
| Barclays Global Aggregate | | | | 2.9 | 31 | 9.0 | 4 | 8.9 | 1 | 2.8 | 55 | 1.8 | 81 | 4.4 | 66 |
| eA Global Unconstrained Fixed Inc Net Median | | | | 1.9 | | 3.9 | | 1.7 | | 3.1 | | 3.6 | | 5.2 | |
| PIMCO Unconstrained | 38,563,953 | 2.4 | 2.5 | 1.9 | 50 | 1.6 | 73 | -1.2 | 75 | 0.3 | 88 | 1.2 | 88 | -- | -- |
| 25% HY, 25% EMD, 50% BC Agg | | | | 3.8 | 14 | 7.7 | 9 | 6.0 | 3 | 4.7 | 7 | 5.0 | 19 | 6.6 | 19 |
| 3-Month Libor Total Return USD | | | | 0.2 | 90 | 0.3 | 85 | 0.5 | 56 | 0.3 | 86 | 0.4 | 97 | 1.4 | 99 |
| GAM Unconstrained Bond | 55,867,358 | 3.5 | 3.5 | 2.0 | 47 | 3.1 | 59 | 0.0 | 64 | -- | -- | -- | -- | -- | -- |
| 3-Month LIBOR + 3% | | | | 0.9 | 84 | 1.8 | 72 | 3.5 | 24 | 3.3 | 45 | 3.4 | 54 | 4.5 | 65 |
| eA Global Unconstrained Fixed Inc Net Median | | | | 1.9 | | 3.9 | | 1.7 | | 3.1 | | 3.6 | | 5.2 | |
| High Yield Comp | 78,518,123 | 4.9 | 5.0 | 5.0 | 29 | 7.1 | 46 | 0.4 | 60 | 3.8 | 56 | 5.6 | 39 | 6.9 | 43 |
| Barclays High Yield | | | | 5.5 | 17 | 9.1 | 9 | 1.6 | 36 | 4.2 | 38 | 5.8 | 30 | 7.6 | 18 |
| eA US High Yield Fixed Inc Net Median | | | | 4.3 | | 6.9 | | 0.8 | | 3.9 | | 5.4 | | 6.8 | |
| KDP | 16,542,742 | 1.0 | 1.0 | 3.8 | 67 | 6.3 | 60 | -0.1 | 64 | 3.0 | 77 | 4.6 | 78 | -- | -- |
| Barclays High Yield | | | | 5.5 | 17 | 9.1 | 9 | 1.6 | 36 | 4.2 | 38 | 5.8 | 30 | 7.6 | 18 |
| BofA Merrill Lynch US High Yield BB-B Rated | | | | 4.6 | 39 | 7.9 | 25 | 2.1 | 29 | 4.6 | 21 | 5.9 | 29 | 7.0 | 39 |
| Guggenheim | 61,975,381 | 3.9 | 4.0 | 5.3 | 19 | 7.2 | 39 | 0.5 | 59 | -- | -- | -- | -- | -- | -- |
| Barclays High Yield | | | | 5.5 | 17 | 9.1 | 9 | 1.6 | 36 | 4.2 | 38 | 5.8 | 30 | 7.6 | 18 |
| eA US High Yield Fixed Inc Net Median | | | | 4.3 | | 6.9 | | 0.8 | | 3.9 | | 5.4 | | 6.8 | |
| TIPS | 61,588,503 | 3.8 | 4.0 | | | | | | | | | | | | |
| BlackRock TIPS | 61,588,503 | 3.8 | 4.0 | 1.7 | -- | 6.2 | -- | 4.3 | -- | 2.2 | -- | 2.5 | -- | -- | -- |
| Barclays US TIPS | | | | 1.7 | -- | 6.2 | -- | 4.4 | -- | 2.3 | -- | 2.6 | -- | 4.7 | -- |

Vermont State Teachers

Total Fund Performance Detail

| | Market Value (\$) | % of Portfolio | Policy % | 3 Mo (%) | Rank | YTD (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank | 10 Yrs (%) | Rank |
|--|--------------------|----------------|------------|------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|------------|-----------|------------|-----------|
| Emerging Market Debt | 83,853,781 | 5.2 | 5.0 | | | | | | | | | | | | |
| Wellington Opportunistic EMD | 83,853,781 | 5.2 | 5.0 | 5.8 | 19 | 10.6 | 59 | 8.8 | 14 | 5.7 | 10 | 6.1 | 7 | -- | -- |
| JP Morgan EMBI Global TR | | | | 5.4 | 25 | 10.9 | 51 | 10.3 | 5 | 6.4 | 5 | 6.2 | 6 | 7.9 | 33 |
| eA All Emg Mkts Fixed Inc Net Median | | | | 4.3 | | 11.0 | | 5.1 | | 3.6 | | 3.6 | | 7.6 | |
| Total Real Estate | 118,099,193 | 7.3 | 8.0 | 2.1 | -- | 4.1 | -- | 10.3 | -- | 12.6 | -- | -- | -- | -- | -- |
| NCREIF Property Index | | | | 2.0 | -- | 4.3 | -- | 10.6 | -- | 11.6 | -- | 11.5 | -- | 7.4 | -- |
| NCREIF ODCE | | | | 2.1 | -- | 4.4 | -- | 11.8 | -- | 13.0 | -- | 12.7 | -- | 6.2 | -- |
| Morgan Stanley Prime Property | 56,461,058 | 3.5 | | 2.4 | -- | 4.3 | -- | 11.5 | -- | 13.7 | -- | 14.0 | -- | 6.5 | -- |
| UBS Trumbull | 47,493,735 | 3.0 | | 1.8 | -- | 3.9 | -- | 11.8 | -- | 10.9 | -- | 10.3 | -- | 6.1 | -- |
| RREEF America REIT III | 1,637,795 | 0.1 | | 0.7 | -- | -4.1 | -- | -10.1 | -- | 11.1 | -- | 14.2 | -- | -2.6 | -- |
| Transwestern / Aslan III | 126,336 | 0.0 | | -1.6 | -- | -1.6 | -- | 0.4 | -- | -1.3 | -- | 5.8 | -- | -24.1 | -- |
| Siguler Guff | 12,380,269 | 0.8 | | 1.9 | -- | 5.7 | -- | 6.4 | -- | -- | -- | -- | -- | -- | -- |
| Absolute Return | 148,072,960 | 9.2 | 9.0 | 1.5 | 25 | -2.6 | 52 | -4.9 | 37 | 2.0 | 41 | 3.2 | 38 | -- | -- |
| HFRI Fund of Funds Composite Index | | | | 0.6 | 54 | -2.6 | 51 | -5.4 | 42 | 1.9 | 44 | 1.6 | 70 | 1.6 | 91 |
| eV Alt Fund of Funds - Multi-Strategy Median | | | | 0.7 | | -2.6 | | -6.2 | | 1.8 | | 2.6 | | 3.2 | |
| Grosvenor | 85,569,999 | 5.3 | 5.0 | 1.5 | 22 | -2.6 | 51 | -4.9 | 37 | 2.8 | 31 | 3.6 | 30 | -- | -- |
| GAM | 199,700 | 0.0 | 0.0 | | | | | | | | | | | | |
| Mellon Dynamic Growth | 32,063,346 | 2.0 | 2.0 | 2.6 | 4 | 0.8 | 8 | -1.6 | 15 | 6.3 | 7 | 5.4 | 10 | 4.2 | 28 |
| Mellon Dynamic Growth Benchmark | | | | 1.4 | 25 | 4.3 | 1 | 0.8 | 4 | 4.3 | 17 | 4.3 | 17 | 4.1 | 29 |
| Allianz Structured Alpha | 30,239,915 | 1.9 | 2.0 | 0.6 | 54 | 6.3 | 1 | 9.3 | 1 | 8.7 | 3 | 6.9 | 4 | -- | -- |
| Citi 10 Year Treasury | | | | 3.0 | 3 | 8.0 | 1 | 9.5 | 1 | 5.3 | 11 | 5.6 | 8 | 6.3 | 6 |
| eV Alt Fund of Funds - Multi-Strategy Median | | | | 0.7 | | -2.6 | | -6.2 | | 1.8 | | 2.6 | | 3.2 | |

Absolute Return composite formerly shown as Hedge Funds composite. As of 04/01/2016, Absolute Return includes Mellon Dynamic Growth and Allianz Structured Alpha. Risk Parity Composite formerly shown as GAA/Risk Parity. Mellon Dynamic Growth was included in Risk Parity/GAA composite prior to 04/01/2016. Allianz Structured Alpha was included Diversified Fixed income composite prior to 04/01/2016. Mellon Dynamic Growth Benchmark: 60% MSCI All Country World Index IMI / 40% Citigroup GDP Weighted. Real Estate performance reported on a quarterly basis. NCREIF Property is available 25 days after quarter end. All Real Estate values are finalized as of 6/30/2016, except for Transwestern and Siguler Guff, which are preliminary.

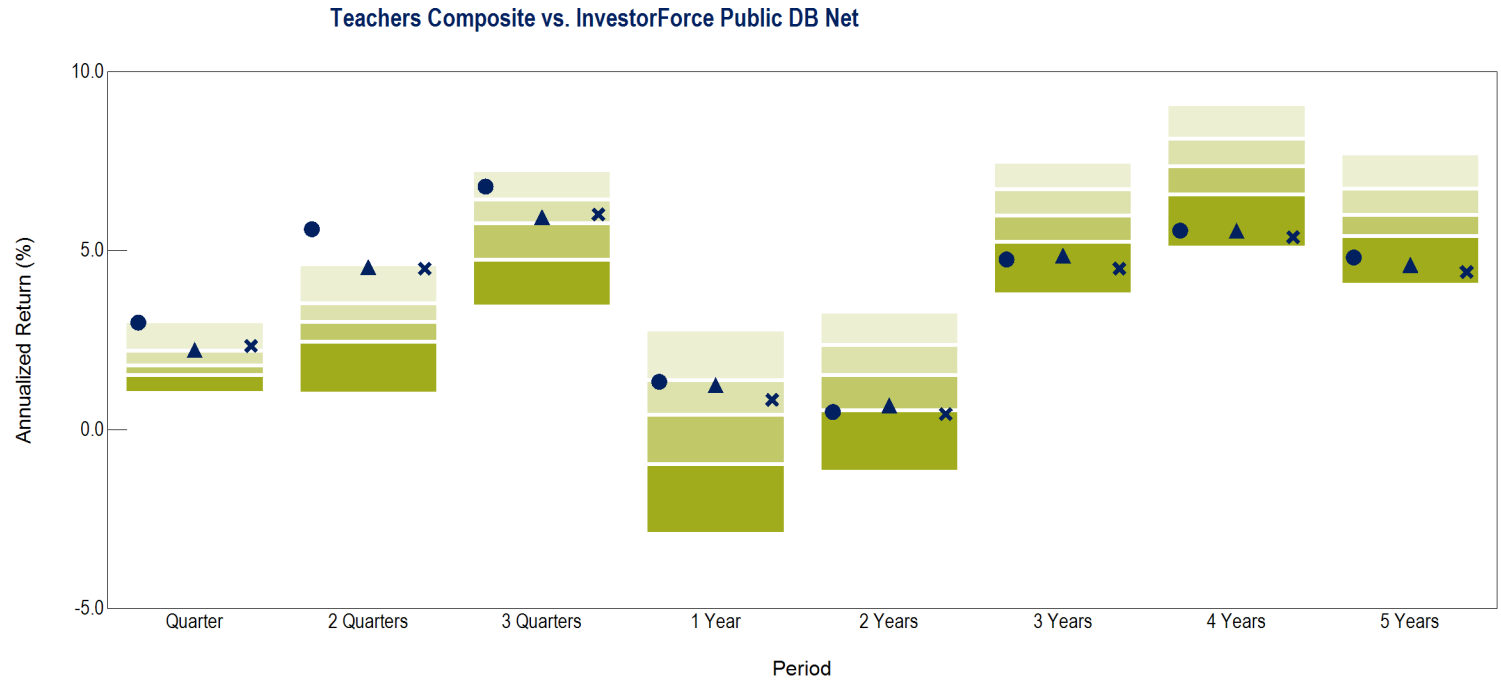
Vermont State Teachers

Total Fund Performance Detail

| | Market Value (\$) | % of Portfolio | Policy % | 3 Mo (%) | Rank | YTD (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank | 10 Yrs (%) | Rank |
|---|----------------------|-------------------|------------|-------------|-----------|------------|-----------|-------------|-----------|--------------|-----------|--------------|-----------|---------------|-----------|
| Risk Parity | 137,664,715 | 8.6 | 8.0 | 5.8 | 2 | 9.0 | 3 | -0.5 | 33 | 3.9 | 44 | 3.6 | 44 | 4.8 | 60 |
| <i>eA Global TAA Net Median</i> | | | | 1.8 | | 2.5 | | -1.2 | | 3.5 | | 3.4 | | 5.0 | |
| AQR Global Risk Premium | 137,664,715 | 8.6 | 8.0 | 5.8 | 2 | 10.8 | 1 | -0.7 | 40 | 4.0 | 43 | 4.1 | 29 | -- | -- |
| <i>60% MSCI World (Net) / 40% CITI WGBI</i> | | | | 2.0 | 46 | 4.7 | 20 | 2.9 | 11 | 5.4 | 16 | 4.6 | 25 | 4.7 | 63 |
| Commodities | 45,493,590 | 2.8 | 3.0 | | | | | | | | | | | | |
| Schroder | 45,493,590 | 2.8 | 3.0 | 14.4 | -- | 16.2 | -- | -12.0 | -- | -13.7 | -- | -12.0 | -- | -- | -- |
| <i>Bloomberg Commodity Index</i> | | | | 12.8 | -- | 13.3 | -- | -13.3 | -- | -10.6 | -- | -10.8 | -- | -5.6 | -- |
| Cash | 881,776 | 0.1 | 0.0 | | | | | | | | | | | | |
| Vermont Cash | 881,776 | 0.1 | 0.0 | 0.0 | -- | 0.0 | -- | 0.0 | -- | 0.0 | -- | 0.0 | -- | 1.2 | -- |
| <i>91 Day T-Bills</i> | | | | 0.1 | -- | 0.1 | -- | 0.2 | -- | 0.1 | -- | 0.1 | -- | 0.9 | -- |
| Private Equity | 21,546,915 | 1.3 | 5.0 | 0.0 | -- | 1.3 | -- | 2.2 | -- | 15.2 | -- | -- | -- | -- | -- |
| <i>Cambridge Associates US All PE</i> | | | | 0.0 | -- | 0.2 | -- | -0.6 | -- | 9.7 | -- | 10.4 | -- | 10.4 | -- |
| Harbourvest Partners IX Credit Opportunities | 908,379 | 0.1 | | | | | | | | | | | | | |
| Harbourvest Partners IX Venture Fund | 4,518,756 | 0.3 | | | | | | | | | | | | | |
| Harbourvest Partners IX Buyout Fund | 5,931,687 | 0.4 | | | | | | | | | | | | | |
| Harbourvest Partners X Venture Fund | 468,782 | 0.0 | | | | | | | | | | | | | |
| Harbourvest Partners X Buyout Fund | 917,475 | 0.1 | | | | | | | | | | | | | |

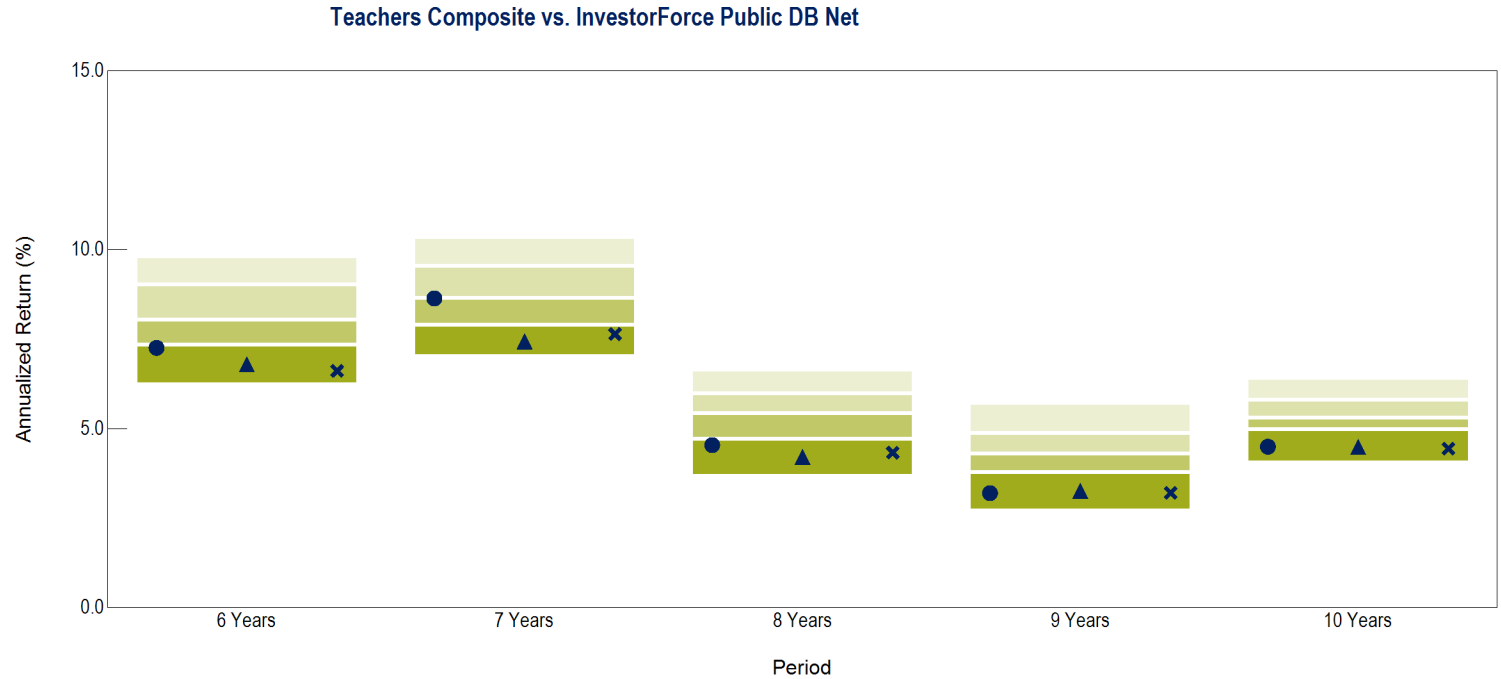
Harbourvest valuations are based on final Capital Account Statements for Q1 2016, and cash adjusted through June for any Capital Calls or Distributions.

Total Fund Return Summary vs. Peer Universe



| | Return (Rank) | | | | | | | | | | | | | | | |
|----------------------|---------------|------|-----|------|------|------|-----|------|-----|------|-----|------|-----|------|-----|------|
| 5th Percentile | 3.0 | 4.6 | 7.2 | 2.8 | 3.3 | 7.5 | 9.1 | 7.7 | | | | | | | | |
| 25th Percentile | 2.2 | 3.5 | 6.4 | 1.4 | 2.4 | 6.7 | 8.1 | 6.7 | | | | | | | | |
| Median | 1.8 | 3.0 | 5.8 | 0.4 | 1.5 | 6.0 | 7.4 | 6.0 | | | | | | | | |
| 75th Percentile | 1.5 | 2.5 | 4.8 | -0.9 | 0.5 | 5.2 | 6.6 | 5.4 | | | | | | | | |
| 95th Percentile | 1.0 | 1.0 | 3.4 | -2.9 | -1.2 | 3.8 | 5.1 | 4.1 | | | | | | | | |
| # of Portfolios | 260 | 259 | 258 | 258 | 251 | 235 | 222 | 208 | | | | | | | | |
| ● Teachers Composite | 3.0 | (6) | 5.6 | (1) | 6.8 | (13) | 1.3 | (27) | 0.5 | (76) | 4.8 | (86) | 5.6 | (92) | 4.8 | (88) |
| ▲ Policy Index | 2.2 | (24) | 4.5 | (7) | 5.9 | (48) | 1.2 | (29) | 0.7 | (72) | 4.9 | (84) | 5.6 | (92) | 4.6 | (90) |
| × Allocation Index | 2.3 | (18) | 4.5 | (7) | 6.0 | (45) | 0.8 | (37) | 0.4 | (76) | 4.5 | (89) | 5.4 | (94) | 4.4 | (93) |

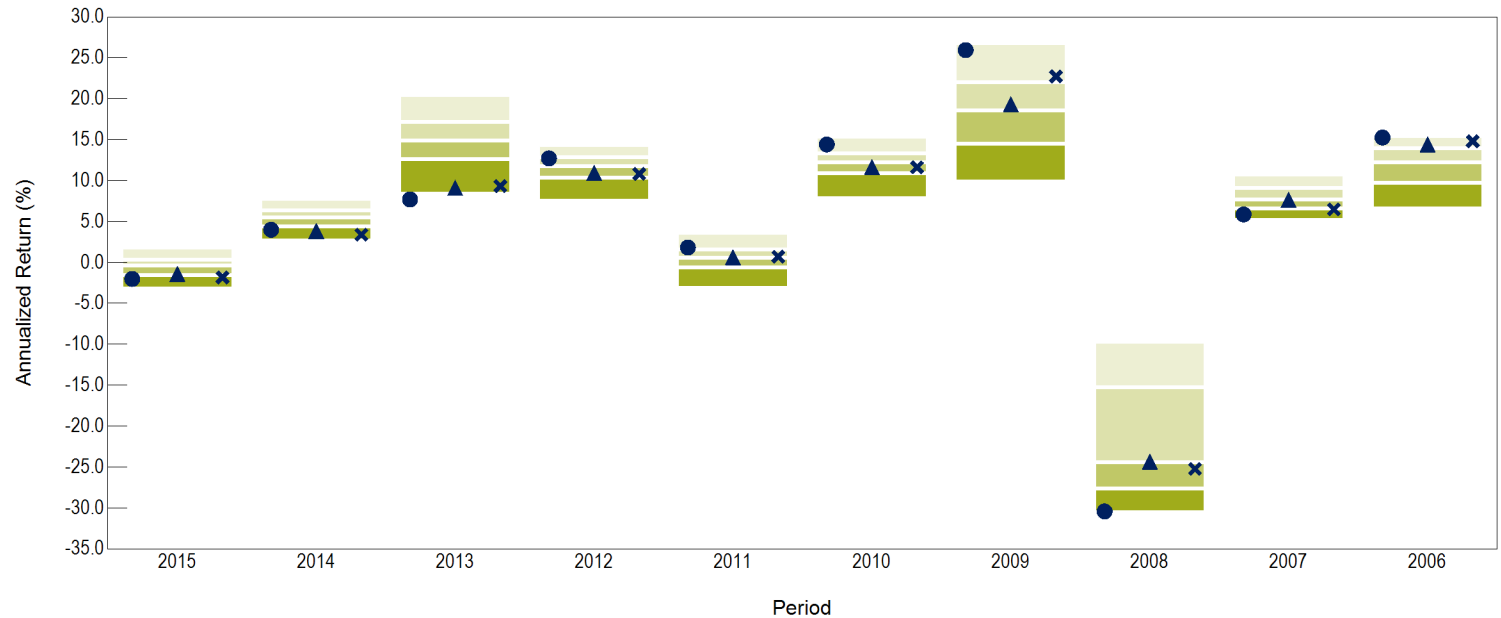
Total Fund Return Summary vs. Peer Universe



| | Return (Rank) | | | | | | | | | |
|----------------------|---------------|------|------|------|-----|------|-----|------|-----|------|
| 5th Percentile | 9.8 | | 10.3 | | 6.6 | | 5.7 | | 6.4 | |
| 25th Percentile | 9.0 | | 9.6 | | 6.0 | | 4.9 | | 5.8 | |
| Median | 8.1 | | 8.7 | | 5.4 | | 4.3 | | 5.3 | |
| 75th Percentile | 7.4 | | 7.9 | | 4.7 | | 3.8 | | 5.0 | |
| 95th Percentile | 6.3 | | 7.0 | | 3.7 | | 2.7 | | 4.1 | |
| # of Portfolios | 202 | | 193 | | 185 | | 180 | | 173 | |
| ● Teachers Composite | 7.3 | (79) | 8.6 | (52) | 4.5 | (82) | 3.2 | (87) | 4.5 | (87) |
| ▲ Policy Index | 6.8 | (91) | 7.4 | (89) | 4.2 | (89) | 3.3 | (87) | 4.5 | (87) |
| × Allocation Index | 6.6 | (93) | 7.6 | (86) | 4.3 | (87) | 3.2 | (87) | 4.4 | (89) |

Total Fund Return Summary vs. Peer Universe

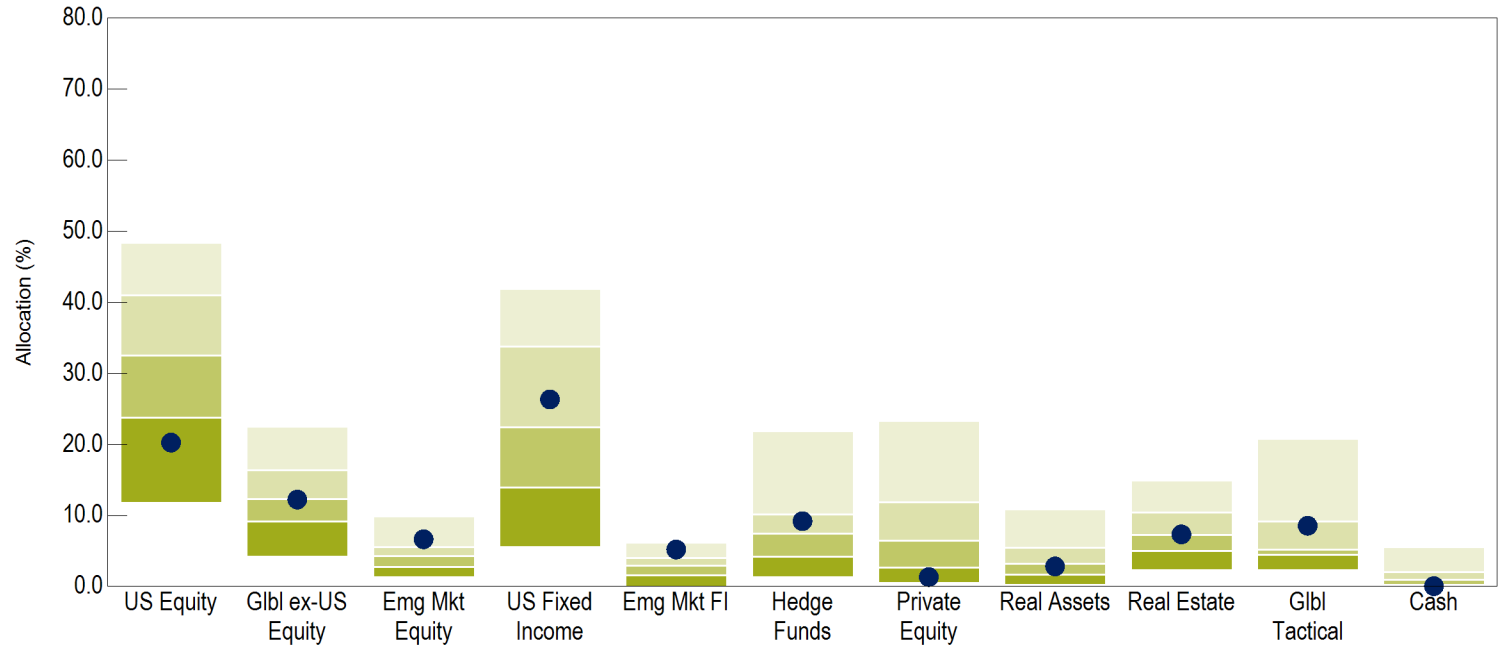
Teachers Composite vs. InvestorForce Public DB Net



| | Return (Rank) | | | | | | | | | | |
|----------------------|---------------|----------|----------|-----------|----------|-----------|-----------|------------|----------|-----------|--|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | |
| 5th Percentile | 1.7 | 7.7 | 20.4 | 14.3 | 3.6 | 15.3 | 26.8 | -9.8 | 10.7 | 15.4 | |
| 25th Percentile | 0.4 | 6.4 | 17.2 | 12.9 | 1.6 | 13.4 | 22.0 | -15.2 | 9.1 | 14.0 | |
| Median | -0.4 | 5.5 | 14.9 | 11.8 | 0.6 | 12.2 | 18.6 | -24.4 | 7.8 | 12.3 | |
| 75th Percentile | -1.5 | 4.4 | 12.7 | 10.4 | -0.5 | 10.9 | 14.5 | -27.6 | 6.7 | 9.8 | |
| 95th Percentile | -3.2 | 2.7 | 8.4 | 7.6 | -3.1 | 7.9 | 9.9 | -30.5 | 5.2 | 6.6 | |
| # of Portfolios | 262 | 210 | 191 | 159 | 137 | 131 | 128 | 125 | 122 | 115 | |
| ● Teachers Composite | -2.0 (82) | 4.0 (82) | 7.7 (97) | 12.7 (31) | 1.8 (22) | 14.4 (10) | 25.9 (7) | -30.4 (94) | 5.9 (88) | 15.3 (6) | |
| ▲ Policy Index | -1.4 (74) | 3.8 (84) | 9.1 (93) | 10.9 (67) | 0.6 (50) | 11.7 (63) | 19.3 (48) | -24.3 (50) | 7.6 (52) | 14.4 (16) | |
| × Allocation Index | -1.8 (81) | 3.4 (91) | 9.3 (92) | 10.8 (70) | 0.7 (47) | 11.6 (65) | 22.7 (23) | -25.2 (53) | 6.5 (80) | 14.8 (9) | |

Total Fund Allocation vs. Peer Universe

Total Plan Allocation vs. InvestorForce Public DB Net
As of June 30, 2016

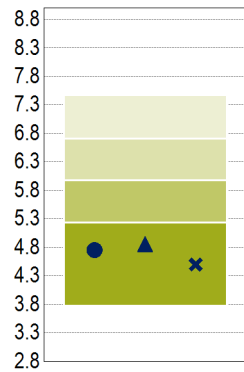


| | Allocation (Rank) | | | | | | | | | | | |
|----------------------|-------------------|-----------|----------|-----------|----------|----------|----------|----------|----------|----------|----------|----|
| 5th Percentile | 48.4 | 22.5 | 9.9 | 41.9 | 6.2 | 21.8 | 23.3 | 10.9 | 15.0 | 20.8 | 5.6 | -- |
| 25th Percentile | 41.1 | 16.4 | 5.6 | 33.8 | 4.1 | 10.2 | 11.9 | 5.6 | 10.5 | 9.3 | 2.2 | -- |
| Median | 32.6 | 12.4 | 4.4 | 22.5 | 3.0 | 7.5 | 6.6 | 3.3 | 7.4 | 5.3 | 1.1 | -- |
| 75th Percentile | 23.9 | 9.3 | 2.8 | 14.0 | 1.6 | 4.3 | 2.7 | 1.7 | 5.1 | 4.6 | 0.3 | -- |
| 95th Percentile | 11.8 | 4.3 | 1.4 | 5.6 | 0.0 | 1.4 | 0.6 | 0.3 | 2.4 | 2.4 | 0.0 | -- |
| # of Portfolios | 207 | 202 | 114 | 166 | 41 | 82 | 112 | 56 | 149 | 64 | 218 | -- |
| ● Teachers Composite | 20.3 (84) | 12.2 (53) | 6.7 (15) | 26.3 (41) | 5.2 (16) | 9.2 (36) | 1.3 (89) | 2.8 (56) | 7.3 (51) | 8.6 (30) | 0.1 (90) | -- |

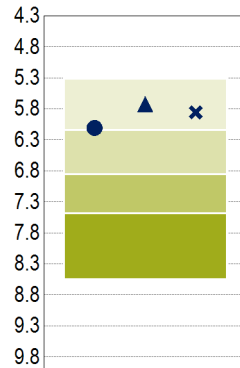
Hedge Funds represents the allocation to Absolute Return managers.
Gbl Tactical represents the allocation to Risk Parity.

Teachers Composite vs. IFX Public DB Net
3 Years

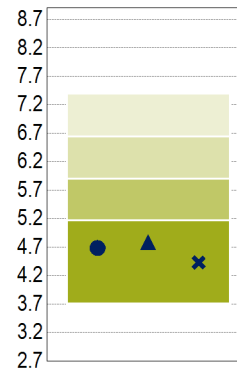
Anlzd Return



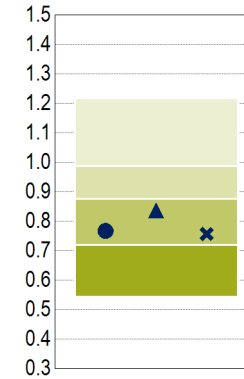
Anlzd Standard Deviation



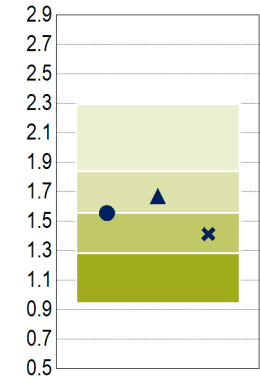
Ann Excess RF Return



Sharpe Ratio



Sortino Ratio RF



| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 4.75 |
| %tile | 86 |
| ▲ Policy Index | |
| Value | 4.85 |
| %tile | 84 |
| ✕ Allocation Index | |
| Value | 4.50 |
| %tile | 89 |
| Universe | |
| 5th %tile | 7.47 |
| 25th %tile | 6.72 |
| Median | 5.98 |
| 75th %tile | 5.25 |
| 95th %tile | 3.79 |

| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 6.11 |
| %tile | 25 |
| ▲ Policy Index | |
| Value | 5.73 |
| %tile | 10 |
| ✕ Allocation Index | |
| Value | 5.86 |
| %tile | 12 |
| Universe | |
| 5th %tile | 5.32 |
| 25th %tile | 6.13 |
| Median | 6.85 |
| 75th %tile | 7.47 |
| 95th %tile | 8.54 |

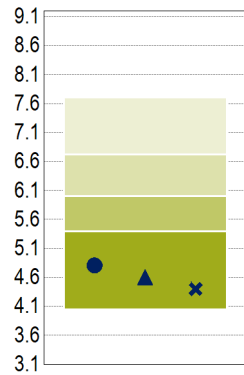
| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 4.68 |
| %tile | 86 |
| ▲ Policy Index | |
| Value | 4.78 |
| %tile | 84 |
| ✕ Allocation Index | |
| Value | 4.43 |
| %tile | 89 |
| Universe | |
| 5th %tile | 7.40 |
| 25th %tile | 6.65 |
| Median | 5.91 |
| 75th %tile | 5.18 |
| 95th %tile | 3.72 |

| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 0.77 |
| %tile | 72 |
| ▲ Policy Index | |
| Value | 0.84 |
| %tile | 63 |
| ✕ Allocation Index | |
| Value | 0.76 |
| %tile | 72 |
| Universe | |
| 5th %tile | 1.22 |
| 25th %tile | 0.99 |
| Median | 0.88 |
| 75th %tile | 0.72 |
| 95th %tile | 0.54 |

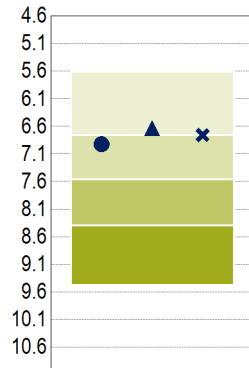
| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 1.55 |
| %tile | 51 |
| ▲ Policy Index | |
| Value | 1.67 |
| %tile | 37 |
| ✕ Allocation Index | |
| Value | 1.41 |
| %tile | 66 |
| Universe | |
| 5th %tile | 2.30 |
| 25th %tile | 1.84 |
| Median | 1.56 |
| 75th %tile | 1.28 |
| 95th %tile | 0.95 |

Teachers Composite vs. IFlx Public DB Net
5 Years

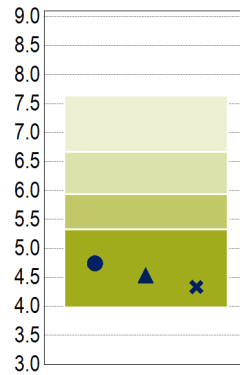
Anlzd Return



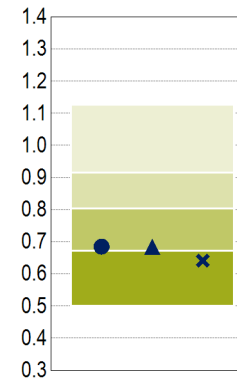
Anlzd Standard Deviation



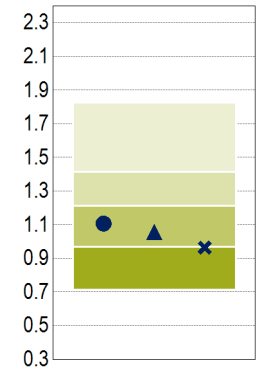
Ann Excess RF Return



Sharpe Ratio



Sortino Ratio RF



| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 4.81 |
| %tile | 88 |
| ▲ Policy Index | |
| Value | 4.60 |
| %tile | 90 |
| ✕ Allocation Index | |
| Value | 4.40 |
| %tile | 93 |
| Universe | |
| 5th %tile | 7.71 |
| 25th %tile | 6.74 |
| Median | 6.01 |
| 75th %tile | 5.41 |
| 95th %tile | 4.05 |

| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 6.92 |
| %tile | 30 |
| ▲ Policy Index | |
| Value | 6.63 |
| %tile | 20 |
| ✕ Allocation Index | |
| Value | 6.76 |
| %tile | 26 |
| Universe | |
| 5th %tile | 5.61 |
| 25th %tile | 6.74 |
| Median | 7.55 |
| 75th %tile | 8.39 |
| 95th %tile | 9.46 |

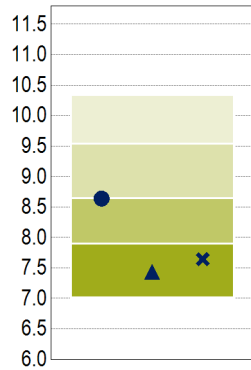
| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 4.74 |
| %tile | 88 |
| ▲ Policy Index | |
| Value | 4.54 |
| %tile | 90 |
| ✕ Allocation Index | |
| Value | 4.33 |
| %tile | 93 |
| Universe | |
| 5th %tile | 7.64 |
| 25th %tile | 6.67 |
| Median | 5.95 |
| 75th %tile | 5.34 |
| 95th %tile | 3.99 |

| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 0.68 |
| %tile | 74 |
| ▲ Policy Index | |
| Value | 0.68 |
| %tile | 74 |
| ✕ Allocation Index | |
| Value | 0.64 |
| %tile | 81 |
| Universe | |
| 5th %tile | 1.13 |
| 25th %tile | 0.92 |
| Median | 0.81 |
| 75th %tile | 0.67 |
| 95th %tile | 0.50 |

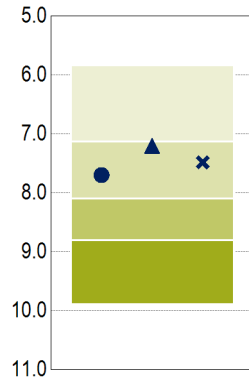
| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 1.11 |
| %tile | 64 |
| ▲ Policy Index | |
| Value | 1.06 |
| %tile | 70 |
| ✕ Allocation Index | |
| Value | 0.96 |
| %tile | 77 |
| Universe | |
| 5th %tile | 1.82 |
| 25th %tile | 1.42 |
| Median | 1.22 |
| 75th %tile | 0.97 |
| 95th %tile | 0.72 |

Teachers Composite vs. IFx Public DB Net
7 Years

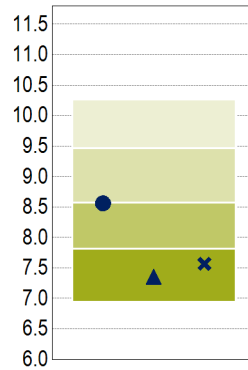
Anlzd Return



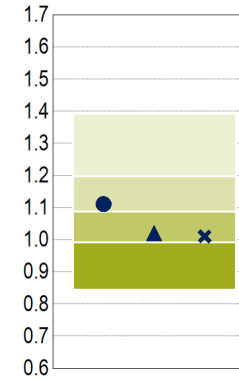
Anlzd Standard Deviation



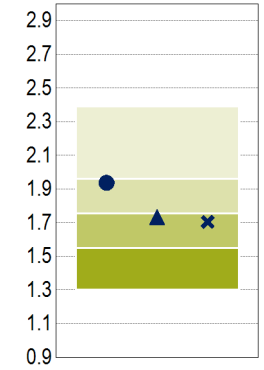
Ann Excess RF Return



Sharpe Ratio



Sortino Ratio RF



| | |
|----------------------|-------|
| ● Teachers Composite | |
| Value | 8.64 |
| %tile | 52 |
| ▲ Policy Index | |
| Value | 7.43 |
| %tile | 89 |
| ✕ Allocation Index | |
| Value | 7.64 |
| %tile | 86 |
| Universe | |
| 5th %tile | 10.34 |
| 25th %tile | 9.55 |
| Median | 8.66 |
| 75th %tile | 7.91 |
| 95th %tile | 7.03 |

| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 7.70 |
| %tile | 42 |
| ▲ Policy Index | |
| Value | 7.21 |
| %tile | 30 |
| ✕ Allocation Index | |
| Value | 7.49 |
| %tile | 34 |
| Universe | |
| 5th %tile | 5.84 |
| 25th %tile | 7.13 |
| Median | 8.09 |
| 75th %tile | 8.80 |
| 95th %tile | 9.88 |

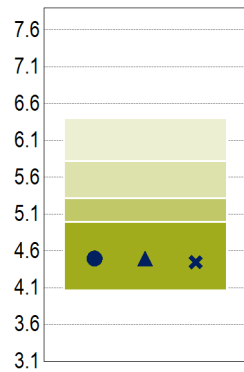
| | |
|----------------------|-------|
| ● Teachers Composite | |
| Value | 8.56 |
| %tile | 52 |
| ▲ Policy Index | |
| Value | 7.36 |
| %tile | 89 |
| ✕ Allocation Index | |
| Value | 7.57 |
| %tile | 86 |
| Universe | |
| 5th %tile | 10.26 |
| 25th %tile | 9.48 |
| Median | 8.58 |
| 75th %tile | 7.83 |
| 95th %tile | 6.95 |

| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 1.11 |
| %tile | 44 |
| ▲ Policy Index | |
| Value | 1.02 |
| %tile | 69 |
| ✕ Allocation Index | |
| Value | 1.01 |
| %tile | 71 |
| Universe | |
| 5th %tile | 1.39 |
| 25th %tile | 1.20 |
| Median | 1.09 |
| 75th %tile | 0.99 |
| 95th %tile | 0.85 |

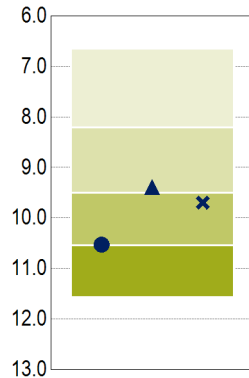
| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 1.94 |
| %tile | 31 |
| ▲ Policy Index | |
| Value | 1.73 |
| %tile | 54 |
| ✕ Allocation Index | |
| Value | 1.70 |
| %tile | 60 |
| Universe | |
| 5th %tile | 2.39 |
| 25th %tile | 1.96 |
| Median | 1.76 |
| 75th %tile | 1.55 |
| 95th %tile | 1.30 |

Teachers Composite vs. IFx Public DB Net
10 Years

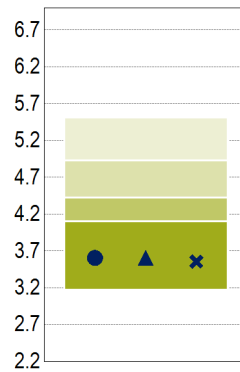
Anlzd Return



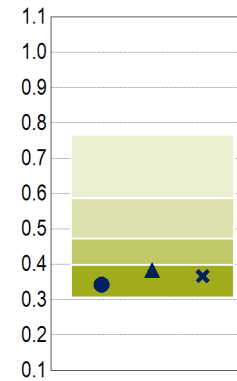
Anlzd Standard Deviation



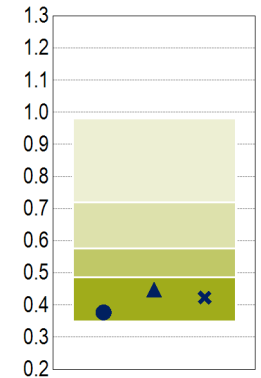
Ann Excess RF Return



Sharpe Ratio



Sortino Ratio RF



| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 4.49 |
| %tile | 87 |
| ▲ Policy Index | |
| Value | 4.49 |
| %tile | 87 |
| ✕ Allocation Index | |
| Value | 4.44 |
| %tile | 89 |
| Universe | |
| 5th %tile | 6.40 |
| 25th %tile | 5.83 |
| Median | 5.32 |
| 75th %tile | 5.00 |
| 95th %tile | 4.07 |

| | |
|----------------------|-------|
| ● Teachers Composite | |
| Value | 10.53 |
| %tile | 76 |
| ▲ Policy Index | |
| Value | 9.39 |
| %tile | 49 |
| ✕ Allocation Index | |
| Value | 9.70 |
| %tile | 55 |
| Universe | |
| 5th %tile | 6.64 |
| 25th %tile | 8.19 |
| Median | 9.48 |
| 75th %tile | 10.53 |
| 95th %tile | 11.56 |

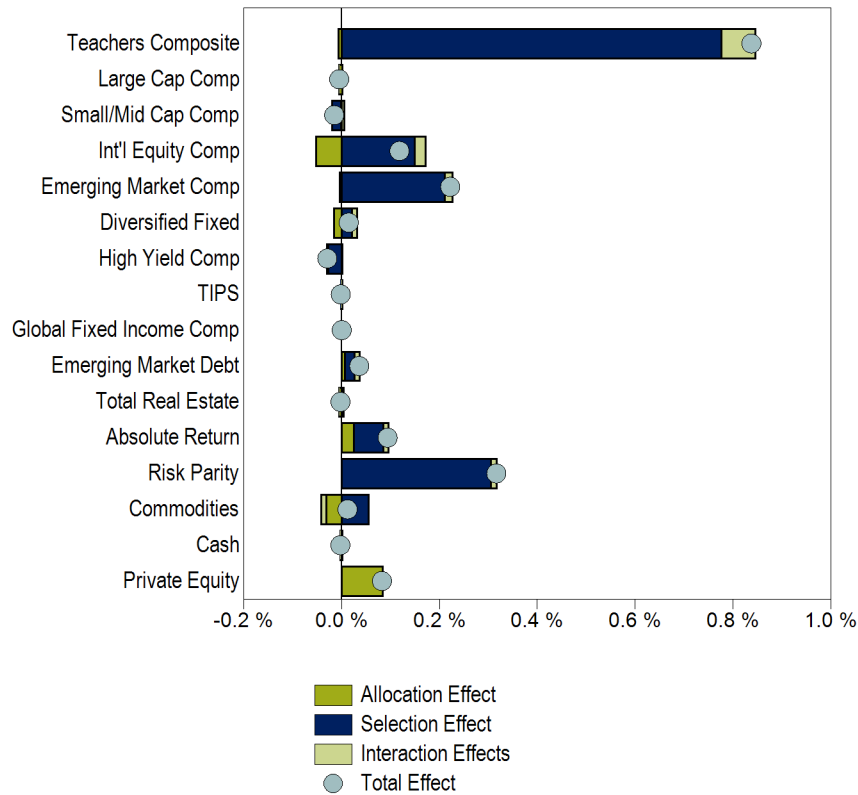
| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 3.60 |
| %tile | 87 |
| ▲ Policy Index | |
| Value | 3.60 |
| %tile | 87 |
| ✕ Allocation Index | |
| Value | 3.55 |
| %tile | 89 |
| Universe | |
| 5th %tile | 5.51 |
| 25th %tile | 4.93 |
| Median | 4.43 |
| 75th %tile | 4.11 |
| 95th %tile | 3.18 |

| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 0.34 |
| %tile | 90 |
| ▲ Policy Index | |
| Value | 0.38 |
| %tile | 82 |
| ✕ Allocation Index | |
| Value | 0.37 |
| %tile | 86 |
| Universe | |
| 5th %tile | 0.77 |
| 25th %tile | 0.59 |
| Median | 0.47 |
| 75th %tile | 0.40 |
| 95th %tile | 0.31 |

| | |
|----------------------|------|
| ● Teachers Composite | |
| Value | 0.38 |
| %tile | 93 |
| ▲ Policy Index | |
| Value | 0.45 |
| %tile | 84 |
| ✕ Allocation Index | |
| Value | 0.42 |
| %tile | 88 |
| Universe | |
| 5th %tile | 0.98 |
| 25th %tile | 0.72 |
| Median | 0.58 |
| 75th %tile | 0.49 |
| 95th %tile | 0.35 |

Total Fund Attribution Analysis

**Attribution Effects Relative to Policy Index
3 Months Ending June 30, 2016**



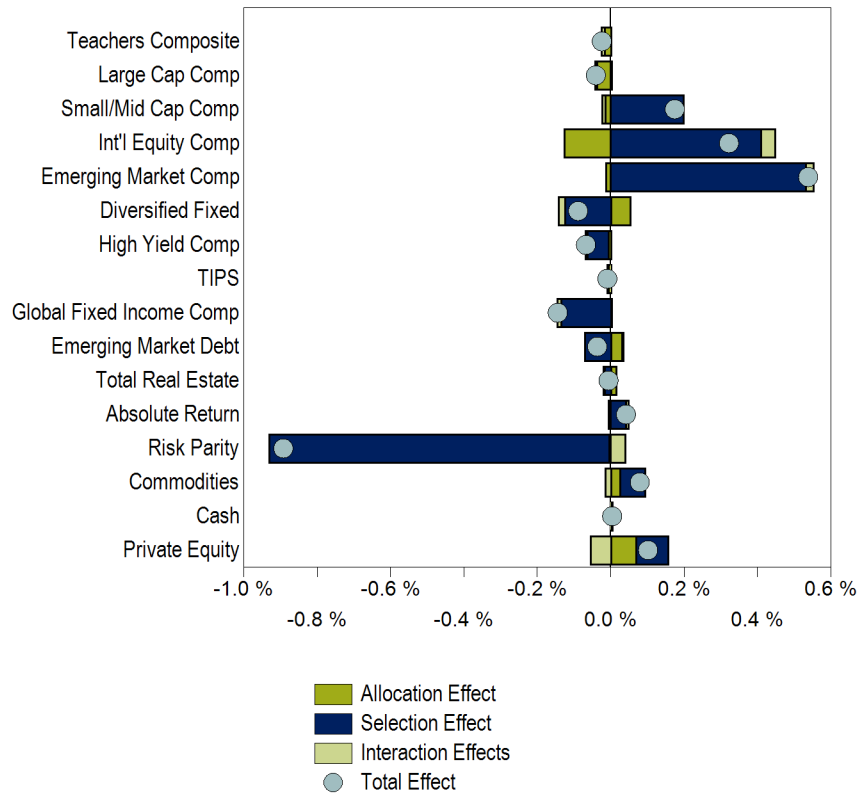
**Attribution Summary
3 Months Ending June 30, 2016**

| | Wtd. Actual Return | Wtd. Index Return | Excess Return | Selection Effect | Allocation Effect | Interaction Effects | Total Effects |
|--------------------------|--------------------|-------------------|---------------|------------------|-------------------|---------------------|---------------|
| Large Cap Comp | 2.5% | 2.5% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Small/Mid Cap Comp | 3.5% | 3.9% | -0.4% | 0.0% | 0.0% | 0.0% | 0.0% |
| Int'l Equity Comp | 0.1% | -1.3% | 1.4% | 0.1% | -0.1% | 0.0% | 0.1% |
| Emerging Market Comp | 4.1% | 0.7% | 3.4% | 0.2% | 0.0% | 0.0% | 0.2% |
| Diversified Fixed | 2.3% | 2.2% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| High Yield Comp | 5.0% | 5.5% | -0.5% | 0.0% | 0.0% | 0.0% | 0.0% |
| TIPS | 1.7% | 1.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Global Fixed Income Comp | -- | -- | -- | -- | 0.0% | -- | -- |
| Emerging Market Debt | 5.8% | 5.4% | 0.4% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total Real Estate | 2.1% | 2.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Absolute Return | 1.5% | 0.8% | 0.7% | 0.1% | 0.0% | 0.0% | 0.1% |
| Risk Parity | 5.8% | 2.0% | 3.8% | 0.3% | 0.0% | 0.0% | 0.3% |
| Commodities | 14.4% | 12.8% | 1.6% | 0.1% | 0.0% | 0.0% | 0.0% |
| Cash | 0.0% | 0.1% | -0.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| Private Equity | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% | 0.0% | 0.1% |
| Total | 3.1% | 2.2% | 0.8% | 0.8% | 0.0% | 0.1% | 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 policyindex 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 alongwith 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 June 30, 2016



Attribution Summary
1 Year Ending June 30, 2016

| | Wtd. Actual Return | Wtd. Index Return | Excess Return | Selection Effect | Allocation Effect | Interaction Effects | Total Effects |
|--------------------------|--------------------|-------------------|---------------|------------------|-------------------|---------------------|---------------|
| Large Cap Comp | 3.7% | 3.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Small/Mid Cap Comp | 0.4% | -3.5% | 3.9% | 0.2% | 0.0% | 0.0% | 0.2% |
| Int'l Equity Comp | -6.4% | -10.2% | 3.8% | 0.4% | -0.1% | 0.0% | 0.3% |
| Emerging Market Comp | -3.7% | -12.1% | 8.4% | 0.5% | 0.0% | 0.0% | 0.5% |
| Diversified Fixed | 5.4% | 6.0% | -0.6% | -0.1% | 0.1% | 0.0% | -0.1% |
| High Yield Comp | 0.4% | 1.6% | -1.2% | -0.1% | 0.0% | 0.0% | -0.1% |
| TIPS | 4.3% | 4.4% | -0.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| Global Fixed Income Comp | -- | 7.6% | -- | -0.1% | 0.0% | 0.0% | -0.1% |
| Emerging Market Debt | 8.8% | 10.3% | -1.5% | -0.1% | 0.0% | 0.0% | 0.0% |
| Total Real Estate | 10.3% | 10.6% | -0.3% | 0.0% | 0.0% | 0.0% | 0.0% |
| Absolute Return | -4.9% | -5.2% | 0.3% | 0.0% | 0.0% | 0.0% | 0.0% |
| Risk Parity | -0.5% | 3.6% | -4.1% | -0.9% | 0.0% | 0.0% | -0.9% |
| Commodities | -12.0% | -13.3% | 1.3% | 0.1% | 0.0% | 0.0% | 0.1% |
| Cash | 0.0% | 0.2% | -0.2% | 0.0% | 0.0% | 0.0% | 0.0% |
| Private Equity | 2.2% | -0.6% | 2.8% | 0.1% | 0.1% | -0.1% | 0.1% |
| Total | 1.2% | 1.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

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 policyindex 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 Teachers

Total Fund Risk Statistics - 3 Years Ending June 30, 2016

| | % of Tot | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Anlzd AJ | Rank | Sharpe Ratio | Rank | Sortino Ratio RF | Rank | Tracking Error | Rank |
|--------------------------------------|----------|-----------|------|---------------|------|----------|------|--------------|------|------------------|------|----------------|------|
| Teachers Composite | 100.00% | 4.75% | 86 | 6.11% | 25 | -0.38% | 53 | 0.77 | 72 | 1.55 | 51 | 0.89% | 32 |
| Policy Index | -- | 4.85% | 84 | 5.73% | 10 | 0.00% | 37 | 0.84 | 63 | 1.67 | 37 | 0.00% | 1 |
| US Equity | 20.26% | 11.27% | 22 | 11.71% | 28 | 0.01% | 25 | 0.96 | 19 | 1.90 | 16 | 1.56% | 2 |
| Russell 3000 | -- | 11.13% | 24 | 11.47% | 22 | 0.00% | 25 | 0.96 | 18 | 1.77 | 22 | 0.00% | 1 |
| Large Cap Comp | 15.42% | 11.59% | 26 | 11.32% | 30 | -0.10% | 28 | 1.02 | 21 | 2.10 | 15 | 0.75% | 1 |
| S&P 500 | -- | 11.66% | 25 | 11.25% | 29 | 0.00% | 27 | 1.03 | 20 | 1.96 | 21 | 0.00% | 1 |
| Small/Mid Cap Comp | 4.84% | 10.77% | 15 | 13.38% | 48 | 4.65% | 19 | 0.80 | 18 | 1.75 | 9 | 3.40% | 1 |
| Russell 2000 | -- | 7.09% | 61 | 15.22% | 86 | 0.00% | 76 | 0.46 | 72 | 0.79 | 70 | 0.00% | 1 |
| Int'l Equity Comp | 12.23% | 4.00% | 35 | 12.70% | 50 | 2.05% | 35 | 0.31 | 35 | 0.61 | 34 | 2.33% | 11 |
| MSCI EAFE | -- | 2.06% | 68 | 13.29% | 79 | 0.00% | 72 | 0.15 | 71 | 0.27 | 69 | 0.00% | 1 |
| Emerging Market Comp | 6.65% | -1.12% | 57 | 16.25% | 72 | 0.33% | 57 | -0.07 | 57 | -0.15 | 60 | 5.45% | 61 |
| MSCI Emerging Markets | -- | -1.56% | 69 | 16.51% | 76 | 0.00% | 64 | -0.10 | 64 | -0.18 | 66 | 0.00% | 1 |
| US Fixed Income | 26.33% | 3.93% | 42 | 3.01% | 67 | -0.03% | 77 | 1.28 | 68 | 2.78 | 66 | 1.54% | 35 |
| Barclays Aggregate | -- | 4.06% | 39 | 2.66% | 57 | 0.00% | 75 | 1.50 | 49 | 3.94 | 36 | 0.00% | 1 |
| Diversified Fixed | 17.62% | 4.13% | 38 | 2.96% | 66 | -0.02% | 76 | 1.37 | 62 | 3.26 | 54 | 1.20% | 26 |
| Barclays Aggregate | -- | 4.06% | 39 | 2.66% | 57 | 0.00% | 75 | 1.50 | 49 | 3.94 | 36 | 0.00% | 1 |
| Unconstrained Fixed Income | 5.87% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 25% HY, 25% EMD, 50% BC Agg | -- | 4.73% | 7 | 3.58% | 44 | 0.00% | 29 | 1.30 | 18 | 2.99 | 13 | 0.00% | 1 |
| High Yield Comp | 4.88% | 3.78% | 56 | 4.96% | 31 | 0.39% | 52 | 0.75 | 49 | 1.41 | 54 | 1.59% | 45 |
| Barclays High Yield | -- | 4.18% | 38 | 6.00% | 78 | 0.00% | 59 | 0.69 | 56 | 1.62 | 46 | 0.00% | 1 |
| TIPS | 3.83% | 2.23% | 29 | 4.33% | 75 | -0.11% | 40 | 0.50 | 35 | 1.08 | 30 | 0.20% | 5 |
| Barclays US TIPS | -- | 2.31% | 21 | 4.27% | 73 | 0.00% | 29 | 0.52 | 27 | 1.15 | 26 | 0.00% | 1 |
| Emerging Market Debt | 5.21% | 5.75% | 10 | 6.39% | 27 | -0.61% | 19 | 0.89 | 19 | 1.76 | 15 | 1.15% | 5 |
| JP Morgan EMBI Global TR | -- | 6.44% | 5 | 6.37% | 27 | 0.00% | 13 | 1.00 | 8 | 1.92 | 11 | 0.00% | 1 |
| Total Real Estate | 7.34% | 12.61% | -- | 5.16% | -- | 0.16% | -- | 2.43 | -- | 494.03 | -- | 1.22% | -- |
| NCREIF Property Index | -- | 11.60% | -- | 4.68% | -- | 0.00% | -- | 2.46 | -- | 454.25 | -- | 0.00% | -- |
| Absolute Return | 9.20% | 2.03% | 41 | 3.74% | 29 | 0.18% | 45 | 0.52 | 35 | 0.77 | 36 | 1.18% | 1 |
| HFRI Fund of Funds Composite Index | -- | 1.92% | 44 | 3.67% | 29 | 0.00% | 48 | 0.50 | 37 | 0.73 | 40 | 0.00% | 1 |
| Risk Parity | 8.55% | 3.91% | 44 | 7.74% | 51 | -0.70% | 44 | 0.50 | 43 | 0.83 | 47 | 4.34% | 46 |
| 60% MSCI World (Net) / 40% CITI WGBI | -- | 5.38% | 16 | 7.60% | 49 | 0.00% | 31 | 0.70 | 20 | 1.61 | 6 | 0.00% | 1 |

Vermont State Teachers

Total Fund Risk Statistics - 5 Years Ending June 30, 2016

| | % of Tot | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Anlzd AJ | Rank | Sharpe Ratio | Rank | Sortino Ratio RF | Rank | Tracking Error | Rank |
|--------------------------------------|----------|-----------|------|---------------|------|----------|------|--------------|------|------------------|------|----------------|------|
| Teachers Composite | 100.00% | 4.81% | 88 | 6.92% | 30 | 0.04% | 30 | 0.68 | 74 | 1.11 | 64 | 0.84% | 13 |
| Policy Index | -- | 4.60% | 90 | 6.63% | 20 | 0.00% | 32 | 0.68 | 74 | 1.06 | 70 | 0.00% | 1 |
| US Equity | 20.26% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Russell 3000 | -- | 11.60% | 21 | 12.56% | 21 | 0.00% | 22 | 0.92 | 15 | 1.48 | 19 | 0.00% | 1 |
| Large Cap Comp | 15.42% | 11.90% | 20 | 12.59% | 39 | -0.65% | 28 | 0.94 | 22 | 1.57 | 24 | 1.02% | 1 |
| S&P 500 | -- | 12.10% | 14 | 12.10% | 27 | 0.00% | 19 | 0.99 | 14 | 1.67 | 19 | 0.00% | 1 |
| Small/Mid Cap Comp | 4.84% | 10.77% | 14 | 14.86% | 43 | 3.38% | 24 | 0.72 | 25 | 1.22 | 18 | 3.11% | 1 |
| Russell 2000 | -- | 8.35% | 51 | 16.58% | 82 | 0.00% | 71 | 0.50 | 60 | 0.78 | 60 | 0.00% | 1 |
| Int'l Equity Comp | 12.23% | 2.61% | 55 | 14.39% | 27 | 1.05% | 53 | 0.18 | 52 | 0.27 | 49 | 2.29% | 7 |
| MSCI EAFE | -- | 1.68% | 73 | 15.37% | 69 | 0.00% | 74 | 0.10 | 73 | 0.16 | 71 | 0.00% | 1 |
| Emerging Market Comp | 6.65% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| MSCI Emerging Markets | -- | -3.78% | 77 | 18.84% | 65 | 0.00% | 78 | -0.20 | 80 | -0.32 | 81 | 0.00% | 1 |
| US Fixed Income | 26.33% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Barclays Aggregate | -- | 3.76% | 52 | 2.77% | 49 | 0.00% | 82 | 1.34 | 50 | 2.23 | 43 | 0.00% | 1 |
| Diversified Fixed | 17.62% | 4.18% | 43 | 3.21% | 62 | 0.35% | 64 | 1.28 | 57 | 2.01 | 59 | 1.53% | 28 |
| Barclays Aggregate | -- | 3.76% | 52 | 2.77% | 49 | 0.00% | 82 | 1.34 | 50 | 2.23 | 43 | 0.00% | 1 |
| Unconstrained Fixed Income | 5.87% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 25% HY, 25% EMD, 50% BC Agg | -- | 4.96% | 19 | 3.95% | 31 | 0.00% | 29 | 1.24 | 14 | 2.12 | 14 | 0.00% | 1 |
| High Yield Comp | 4.88% | 5.58% | 39 | 5.56% | 22 | 0.75% | 36 | 0.99 | 30 | 1.68 | 42 | 1.52% | 44 |
| Barclays High Yield | -- | 5.84% | 30 | 6.65% | 72 | 0.00% | 58 | 0.87 | 56 | 1.64 | 45 | 0.00% | 1 |
| TIPS | 3.83% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Barclays US TIPS | -- | 2.63% | 33 | 5.02% | 72 | 0.00% | 25 | 0.51 | 26 | 0.72 | 24 | 0.00% | 1 |
| Emerging Market Debt | 5.21% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| JP Morgan EMBI Global TR | -- | 6.25% | 6 | 7.34% | 18 | 0.00% | 7 | 0.84 | 5 | 1.27 | 4 | 0.00% | 1 |
| Total Real Estate | 7.34% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| NCREIF Property Index | -- | 11.51% | -- | 4.61% | -- | 0.00% | -- | 2.48 | -- | 561.43 | -- | 0.00% | -- |
| Absolute Return | 9.20% | 3.23% | 38 | 4.25% | 34 | 1.56% | 37 | 0.74 | 31 | 1.05 | 31 | 1.30% | 1 |
| HFRI Fund of Funds Composite Index | -- | 1.63% | 70 | 3.95% | 30 | 0.00% | 63 | 0.40 | 57 | 0.54 | 56 | 0.00% | 1 |
| Risk Parity | 8.55% | 3.60% | 44 | 8.58% | 56 | -0.59% | 68 | 0.41 | 71 | 0.61 | 68 | 4.11% | 41 |
| 60% MSCI World (Net) / 40% CITI WGBI | -- | 4.64% | 25 | 8.40% | 54 | 0.00% | 56 | 0.54 | 50 | 0.87 | 41 | 0.00% | 1 |



Appendix

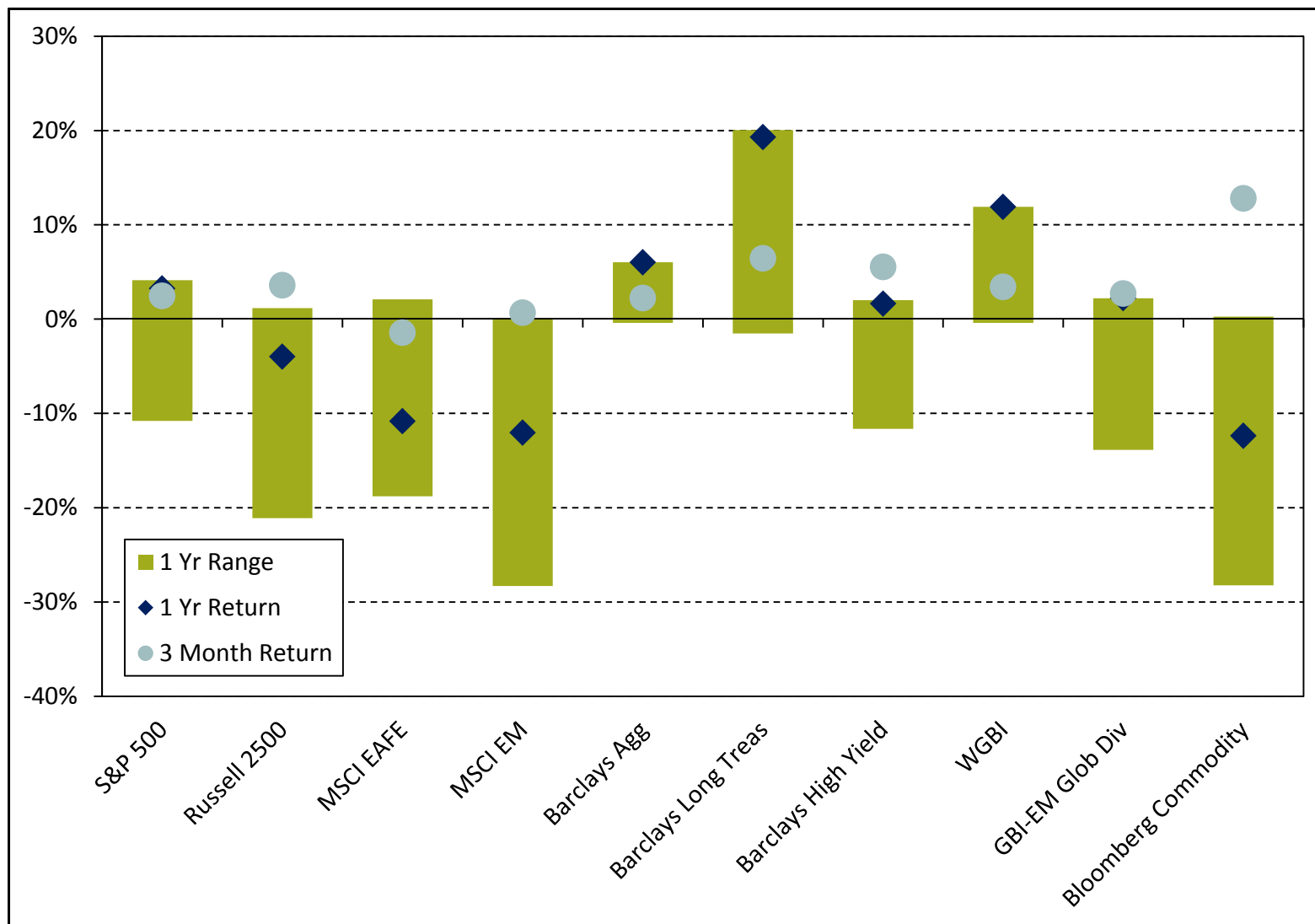


Index Performance Summary as of 6/30/2016

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Q1 | APRIL | MAY | JUNE | Q2 | YTD |
|-------------------------------------|--------|-------|--------|-------|--------|--------|--------|-------|-------|-------|-------|-------|-------|
| Barclays US STRIPS 20+ Yr | -36.0% | 10.9% | 58.5% | 3.0% | -21.0% | 46.4% | -3.7% | 11.4% | -0.9% | 1.5% | 9.0% | 9.6% | 22.0% |
| Alerian MLP | 76.4% | 35.9% | 13.9% | 4.8% | 27.6% | 4.8% | -32.6% | -4.2% | 11.0% | 2.5% | 5.1% | 19.7% | 14.7% |
| Barclays US Govt/Credit Long | 1.9% | 10.2% | 22.5% | 8.8% | -8.8% | 19.3% | -3.3% | 7.3% | 1.2% | 0.3% | 4.9% | 6.5% | 14.3% |
| JPM GBI-EM Global Div | 22.0% | 15.7% | -1.8% | 16.8% | -9.0% | -5.7% | -14.9% | 11.0% | 2.6% | -5.4% | 5.9% | 2.7% | 14.0% |
| Barclays US Long Credit | 16.8% | 10.7% | 17.1% | 12.7% | -6.6% | 16.4% | -4.6% | 6.8% | 2.4% | 0.0% | 4.2% | 6.7% | 13.9% |
| FTSE NAREIT Equity REITs | 28.0% | 28.0% | 8.3% | 18.1% | 2.5% | 30.1% | 3.2% | 6.0% | -2.4% | 2.4% | 7.0% | 7.0% | 13.4% |
| Bloomberg Commodity | 18.9% | 16.8% | -13.3% | -1.1% | -9.5% | -17.0% | -24.7% | 0.4% | 8.5% | -0.2% | 4.1% | 12.8% | 13.3% |
| Citi WGBI USD | 2.6% | 5.2% | 6.4% | 1.6% | -4.0% | -0.5% | -3.6% | 7.1% | 1.3% | -1.5% | 3.7% | 3.4% | 10.7% |
| JPM EMBI Global Diversified | 29.8% | 12.2% | 7.3% | 17.4% | -5.3% | 7.4% | 1.2% | 5.0% | 1.8% | -0.2% | 3.4% | 5.0% | 10.3% |
| Barclays US Corporate HY | 58.2% | 15.1% | 5.0% | 15.8% | 7.4% | 2.5% | -4.5% | 3.4% | 3.9% | 0.6% | 0.9% | 5.5% | 9.1% |
| MSCI EM | 78.5% | 18.9% | -18.4% | 18.2% | -2.6% | -2.2% | -14.9% | 5.7% | 0.5% | -3.7% | 4.0% | 0.7% | 6.4% |
| Barclays US Agg Bond | 5.9% | 6.5% | 7.8% | 4.2% | -2.0% | 6.0% | 0.5% | 3.0% | 0.4% | 0.0% | 1.8% | 2.2% | 5.3% |
| Barclays Municipal | 12.9% | 2.4% | 10.7% | 6.8% | -2.6% | 9.1% | 3.3% | 1.7% | 0.7% | 0.3% | 1.6% | 2.6% | 4.3% |
| Credit Suisse Leveraged Loan | 44.9% | 10.0% | 1.8% | 9.4% | 6.2% | 2.1% | -0.4% | 1.3% | 1.9% | 0.9% | 0.0% | 2.9% | 4.2% |
| Russell 2500 | 34.4% | 26.7% | -2.5% | 17.9% | 36.8% | 7.1% | -2.9% | 0.4% | 1.5% | 2.1% | 0.0% | 3.6% | 4.0% |
| S&P 500 | 26.5% | 15.1% | 2.1% | 16.0% | 32.4% | 13.7% | 1.4% | 1.3% | 0.4% | 1.8% | 0.3% | 2.5% | 3.8% |
| Barclays US Agg Interm | 6.5% | 6.1% | 6.0% | 3.6% | -1.0% | 4.1% | 1.2% | 2.3% | 0.2% | 0.0% | 1.2% | 1.4% | 3.8% |
| Russell 1000 | 28.4% | 16.1% | 1.5% | 16.4% | 33.1% | 13.2% | 0.9% | 1.2% | 0.5% | 1.8% | 0.2% | 2.5% | 3.7% |
| Russell 2000 | 27.2% | 26.9% | -4.2% | 16.3% | 38.8% | 4.9% | -4.4% | -1.5% | 1.6% | 2.3% | -0.1% | 3.8% | 2.2% |
| BC US Govt/Credit 1-3 Yr | 3.8% | 2.8% | 1.6% | 1.3% | 0.6% | 0.8% | 0.7% | 1.0% | 0.1% | -0.1% | 0.6% | 0.7% | 1.7% |
| MSCI ACWI | 34.6% | 12.7% | -7.3% | 16.1% | 22.8% | 4.2% | -2.4% | 0.2% | 1.5% | 0.1% | -0.6% | 1.0% | 1.2% |
| Credit Suisse Hedge Fund | 18.6% | 10.9% | -2.5% | 7.7% | 9.7% | 4.1% | -0.7% | -2.2% | 0.3% | 0.4% | N/A | N/A | -1.5% |
| MSCI EAFE | 31.8% | 7.8% | -12.1% | 17.3% | 22.8% | -4.9% | -0.8% | -3.0% | 2.9% | -0.9% | -3.4% | -1.5% | -4.4% |

Source: Morningstar Direct

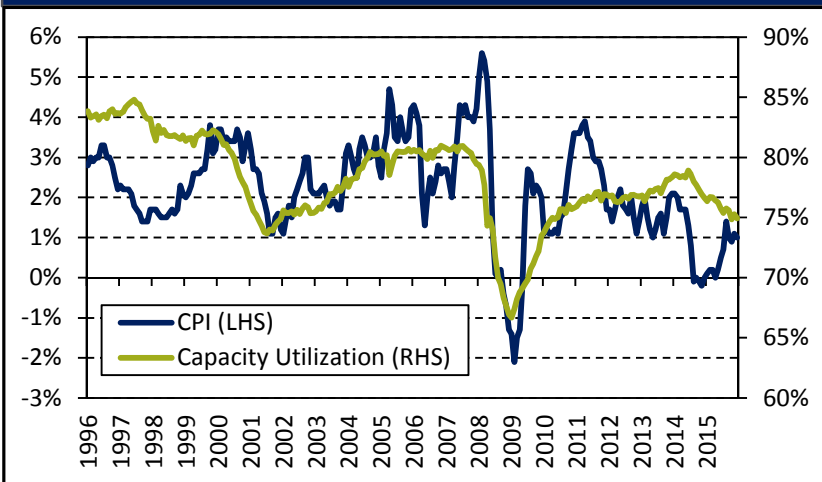
Near Term Broad Market Performance Summary as of 6/30/2016



Source: Bloomberg, Standard and Poors, Russell, MSCI, Barclays, Citigroup, JP Morgan
 *1 Yr Range: Represents range of cumulative high/low daily index returns for an investment made one year ago

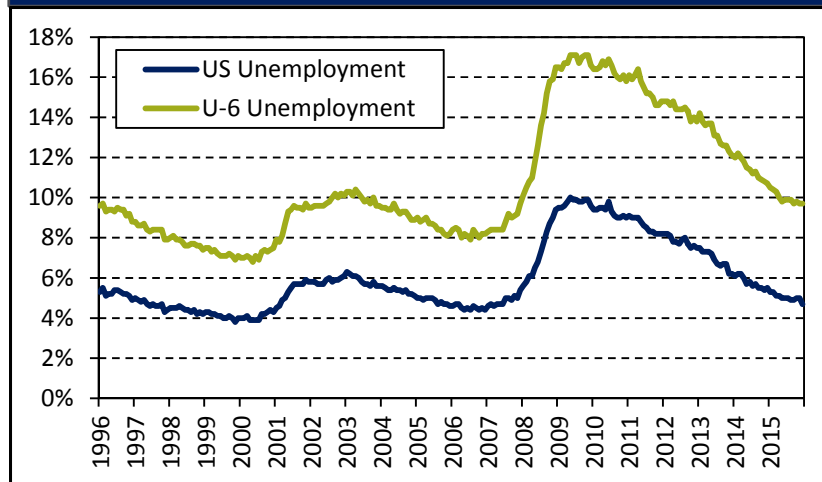
US Economic Indicators

Inflation has increased off lows



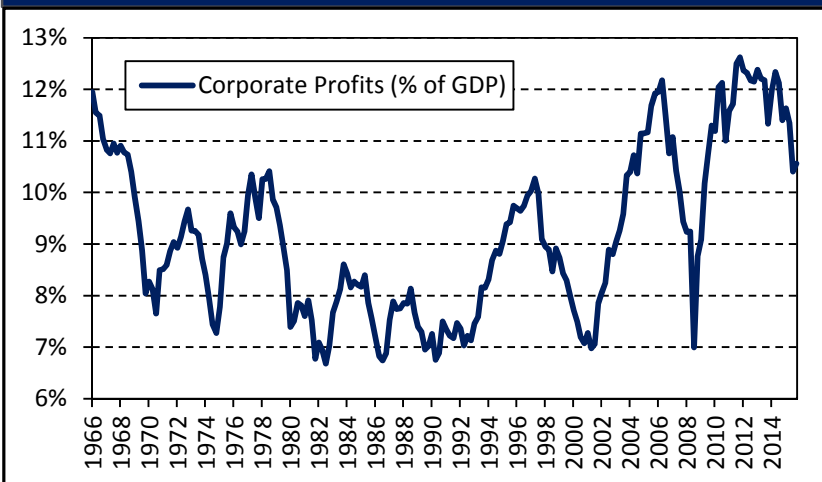
Source: Bloomberg, Federal Reserve, Bureau of Labor Statistics

Unemployment steadily improving



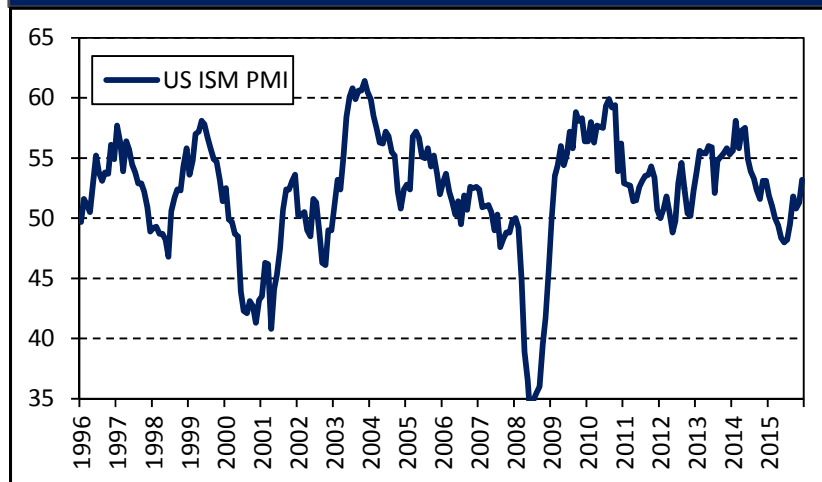
Source: Bloomberg, Bureau of Labor Statistics

Corporate profits lower off cyclical highs



Source: Bloomberg, Bureau of Economic Analysis

Manufacturing trending higher after dip

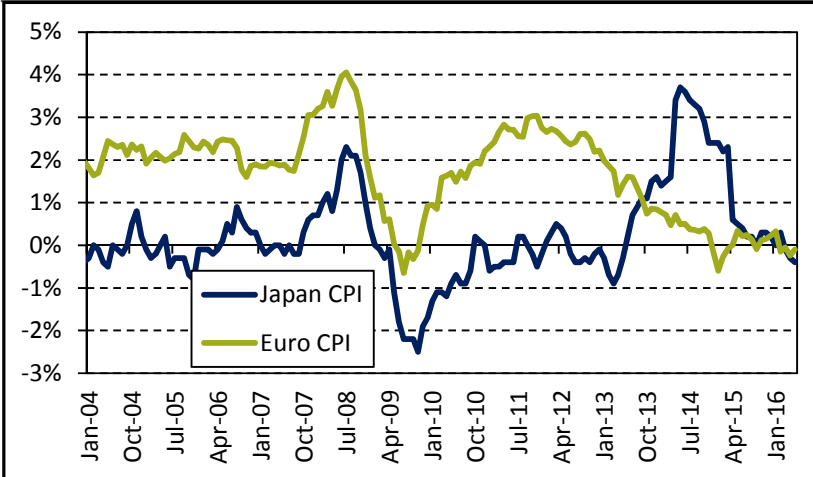


Source: Bloomberg, Institute for Supply Management



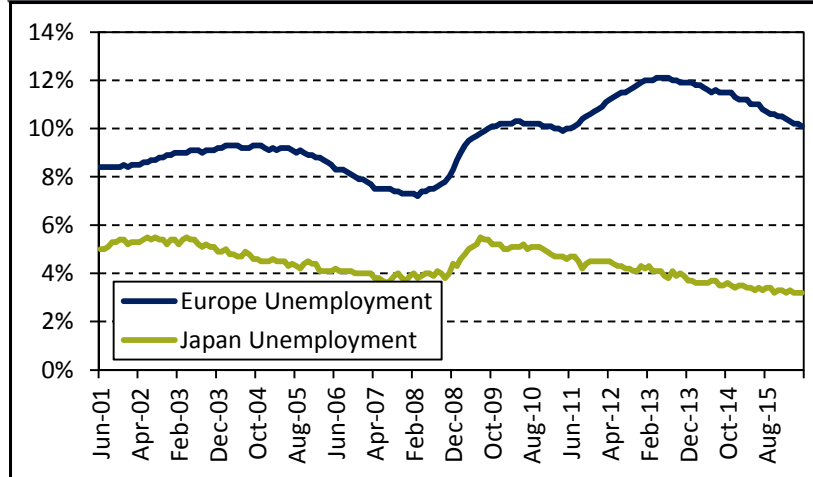
International Economic Indicators

Inflation remains muted



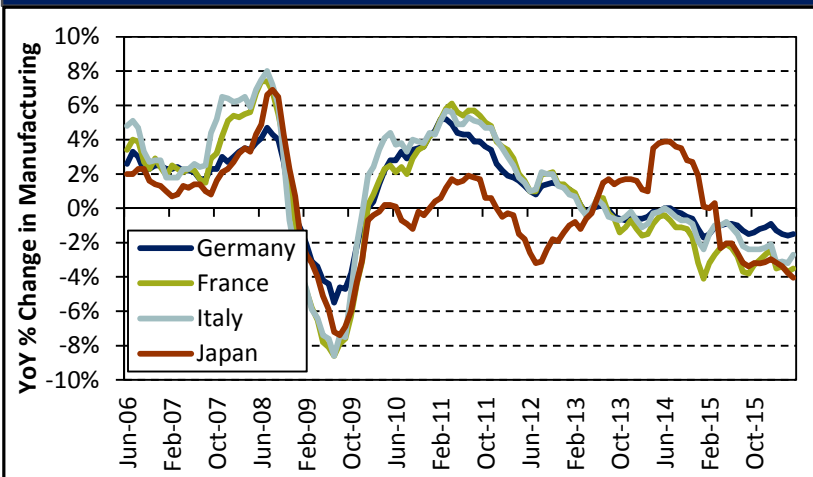
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

Europe unemployment trending lower



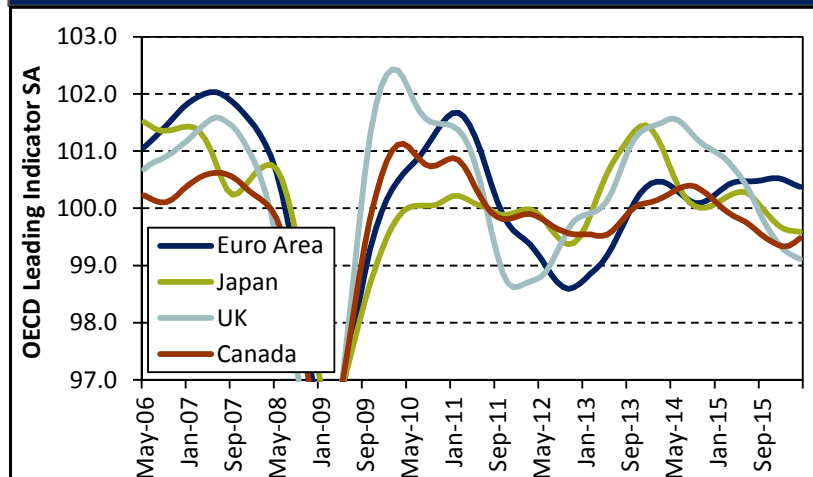
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

Manufacturing continues to lag



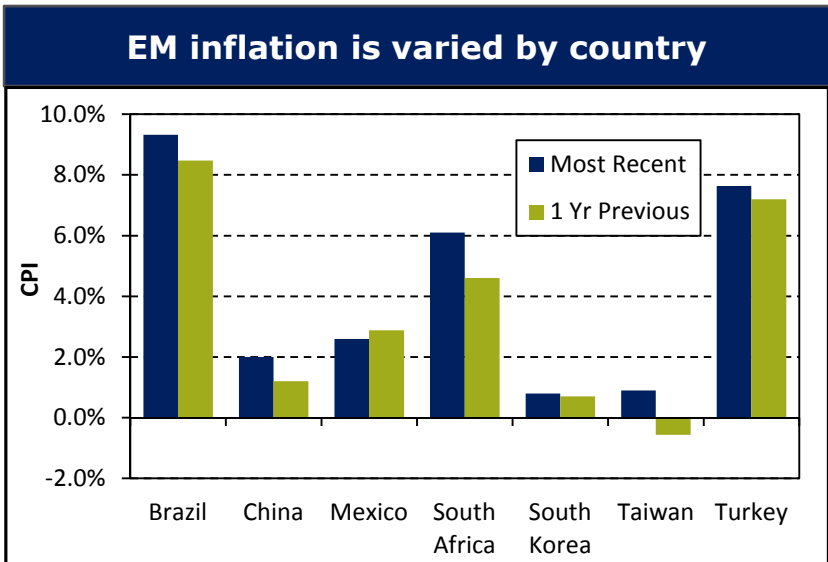
Source: Bloomberg, OECD, Eurostat

Leading indicators mostly neutral

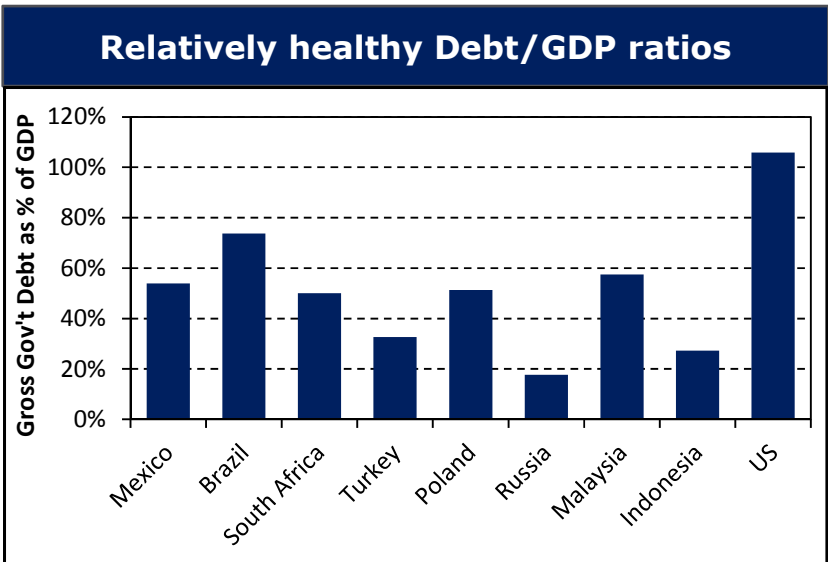


Source: Bloomberg, OECD

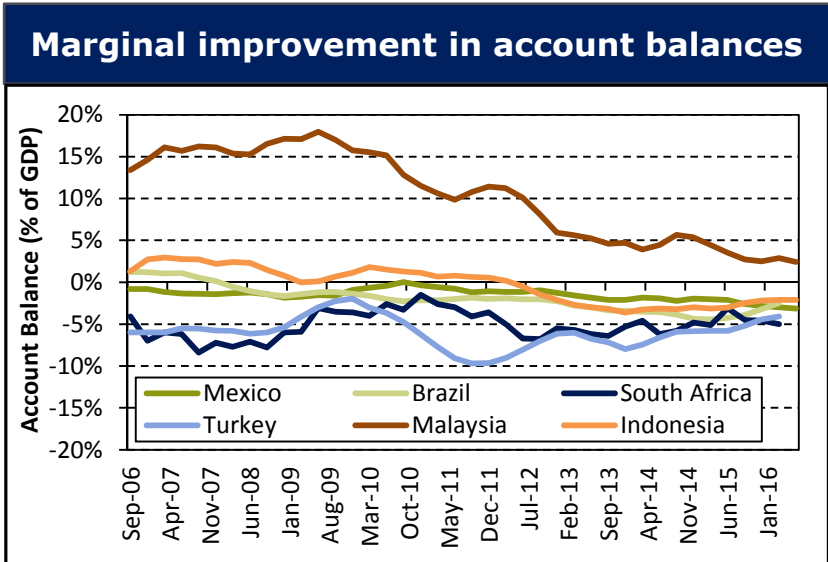
Emerging Market Economic Indicators



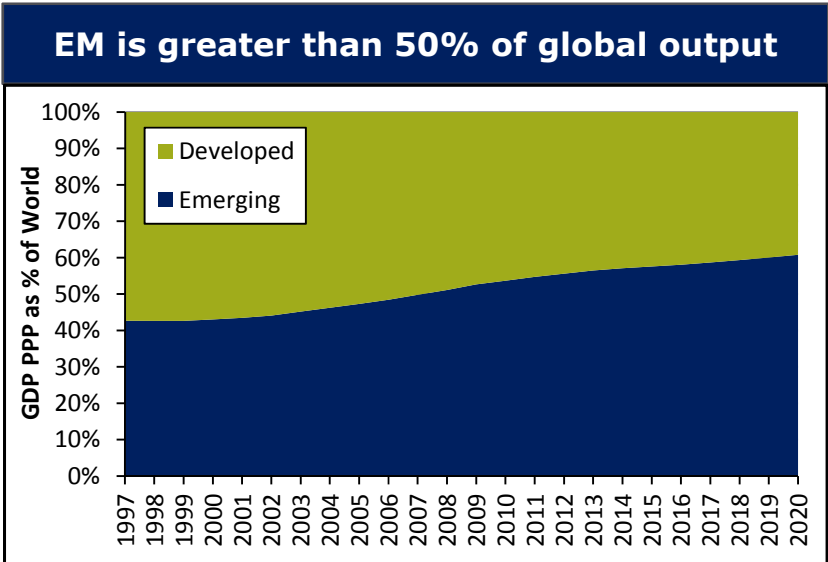
Source: Bloomberg



Source: Bloomberg, IMF



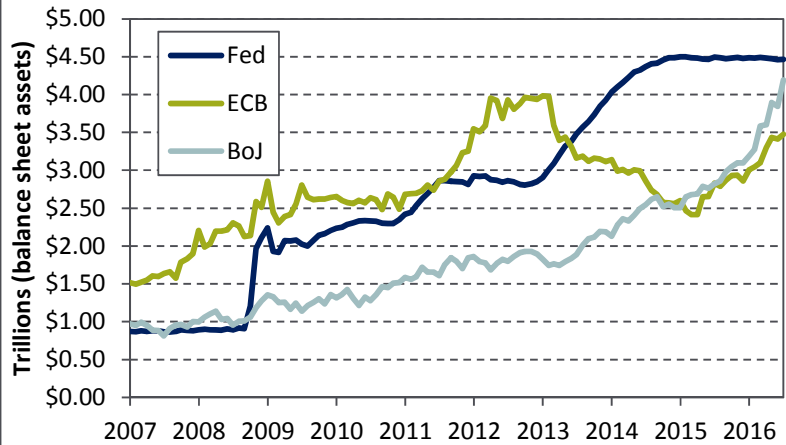
Source: Bloomberg



Source: Bloomberg, IMF

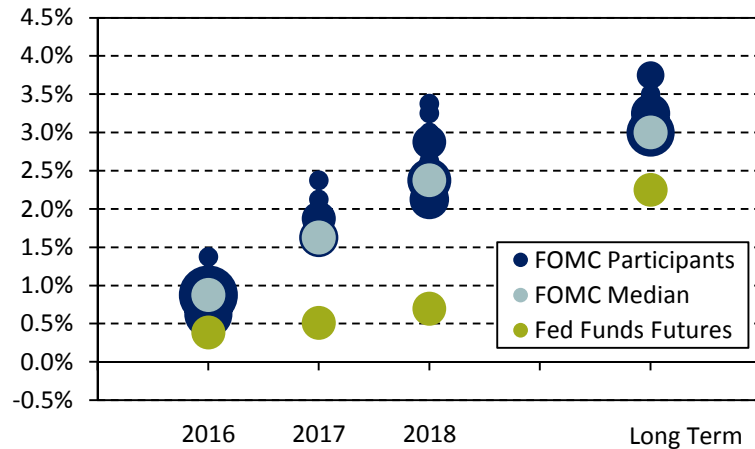
Central Banks

Major central bank policy divergence



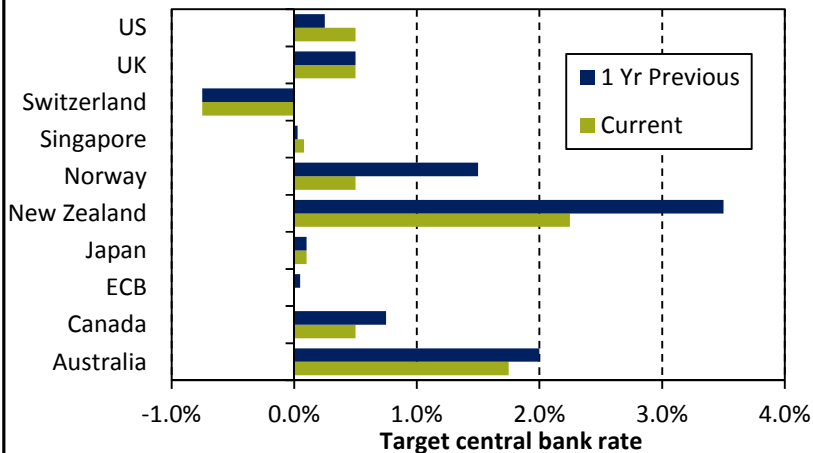
Source: Bloomberg, Federal Reserve, Bank of Japan, ECB, NEPC

Fed's projected policy rate firming above market expectations



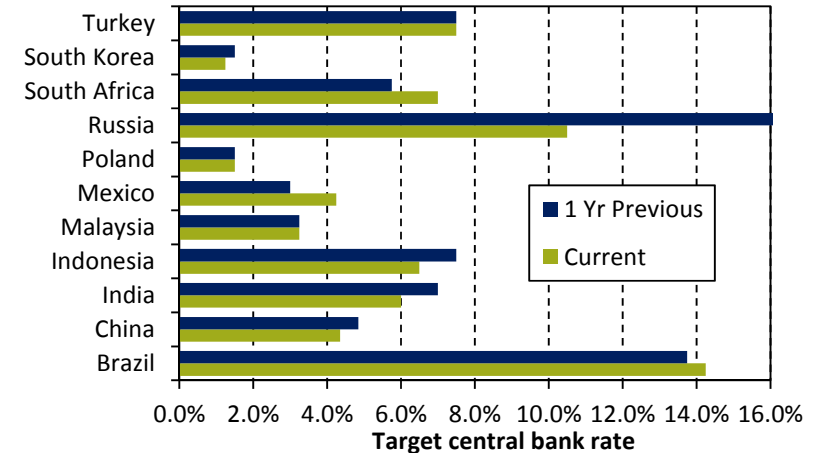
Source: Bloomberg, Federal Reserve, NEPC

Many developed central banks have maintained low interest rates



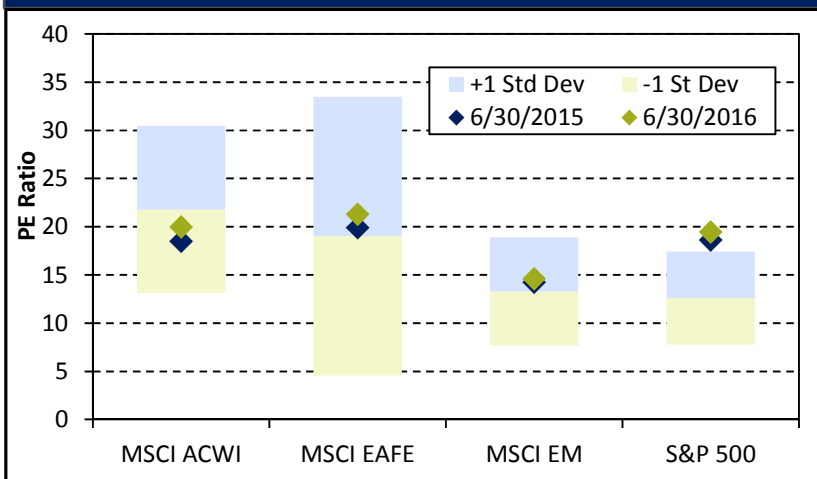
Source: Bloomberg

EM central bank policies vary by country-specific economic conditions



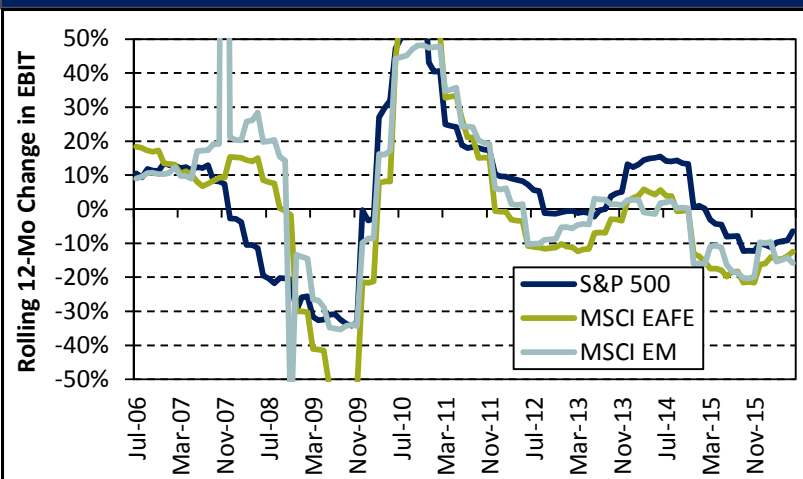
Source: Bloomberg

Global valuations are mixed



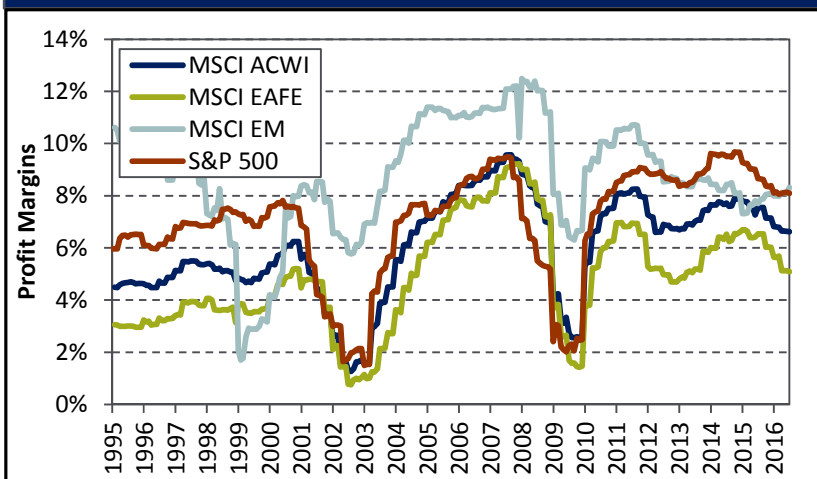
Source: Bloomberg, Standard and Poors, MSCI *MSCI EAFE is ex UK Telecom

Earnings growth has trended lower



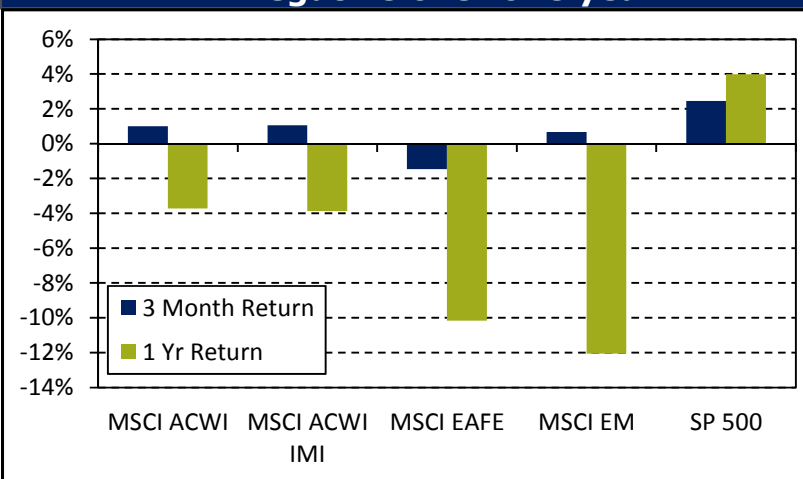
Source: Bloomberg, Standard and Poors, MSCI

Margins declining outside of EM



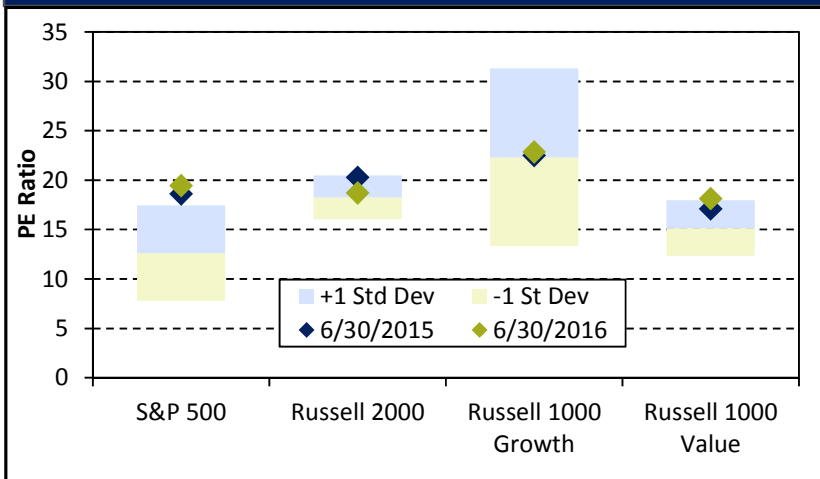
Source: Bloomberg, MSCI

Global equity returns have been mostly negative over one year



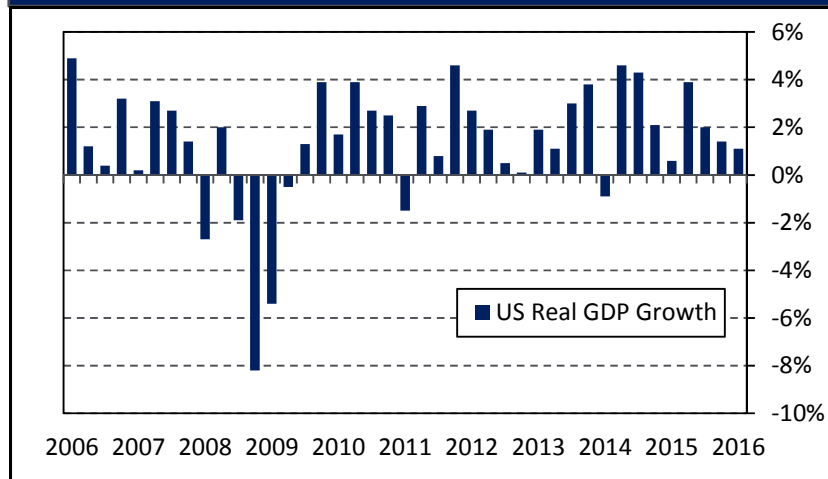
Source: Bloomberg, MSCI

Valuations near or above historical norms



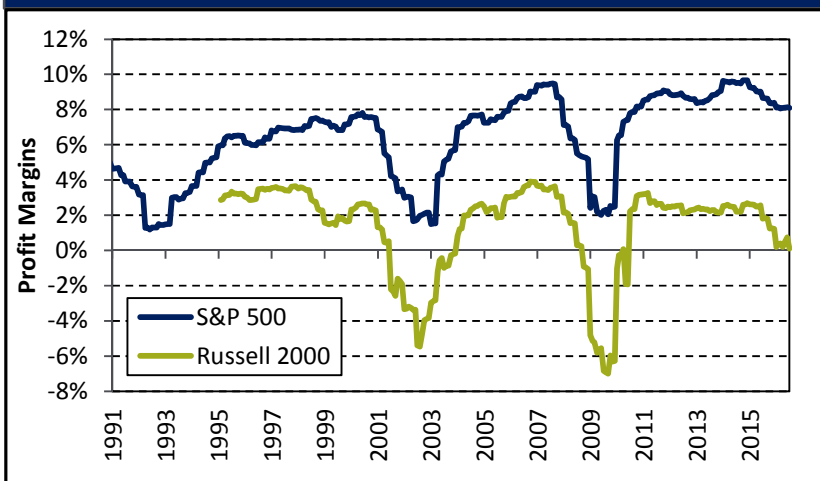
Source: Bloomberg, Standard and Poors, Russell *Russell 2000 PE is index adjusted positive

Growth recovery marked by inconsistency



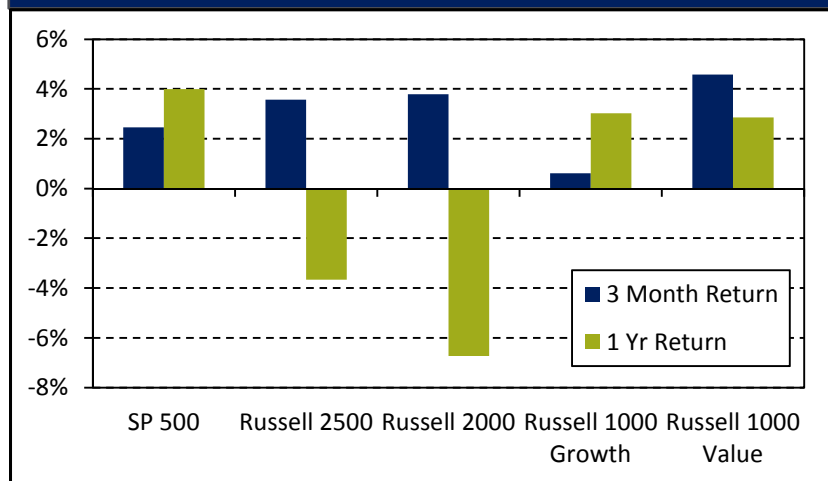
Source: Bloomberg, Bureau of Economic Analysis

Profit margins lower off highs



Source: Bloomberg, Standard and Poors, Russell

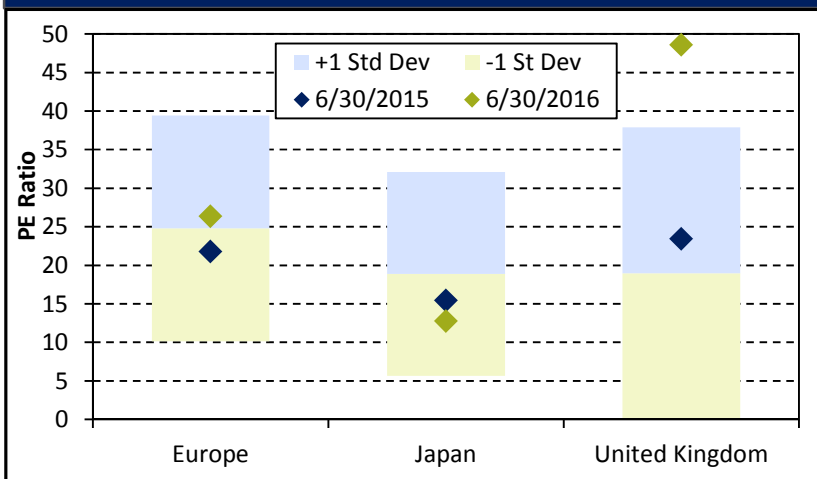
Trailing performance has been mixed



Source: Bloomberg, Standard and Poors, Russell

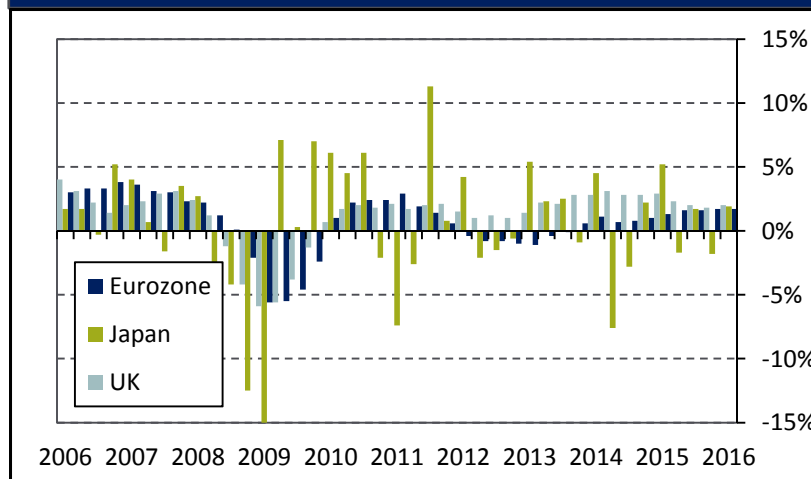
International Equity

PE levels varied by region/country



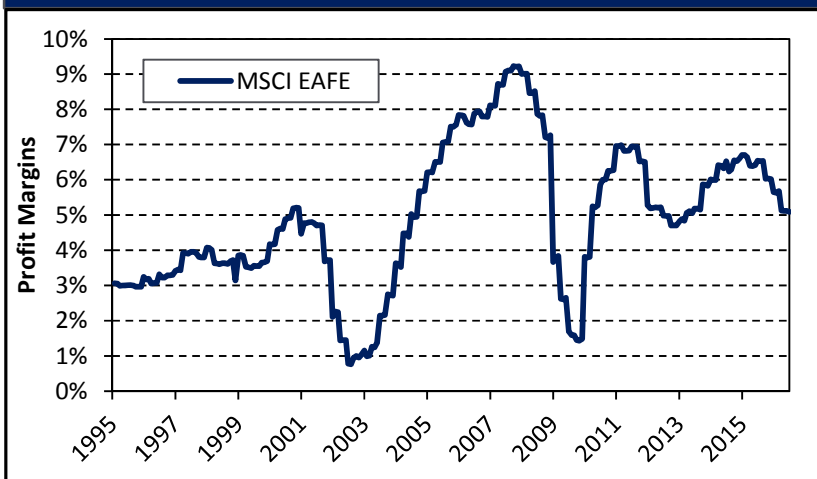
Source: Bloomberg, MSCI, FTSE *UK represented by FTSE 100 Index

Global growth remains subdued



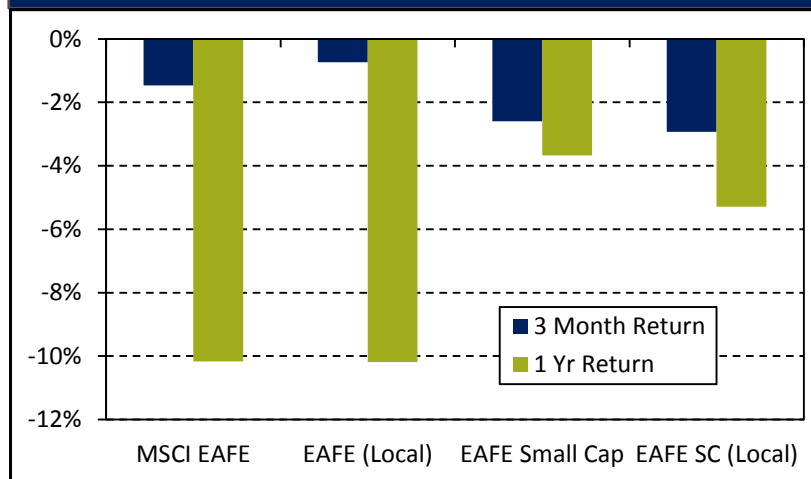
Source: Bloomberg

Margins recently declining



Source: Bloomberg, MSCI

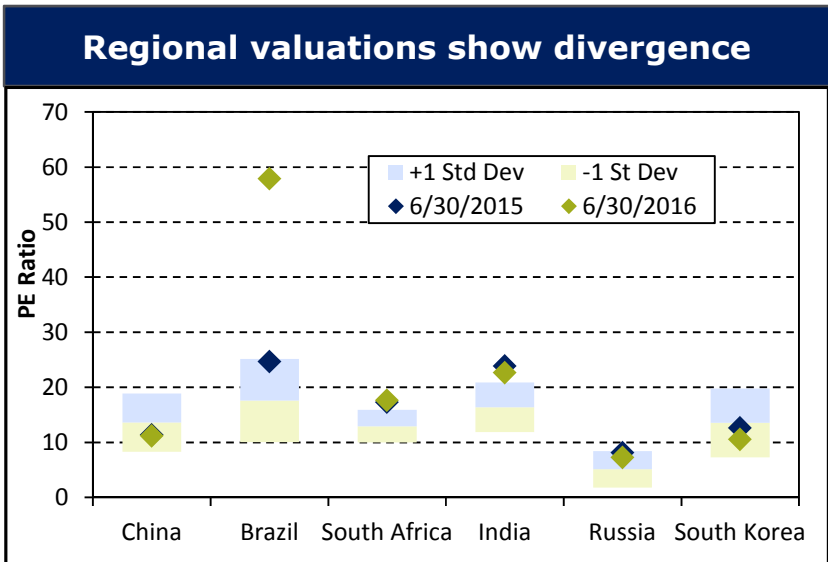
Returns broadly negative



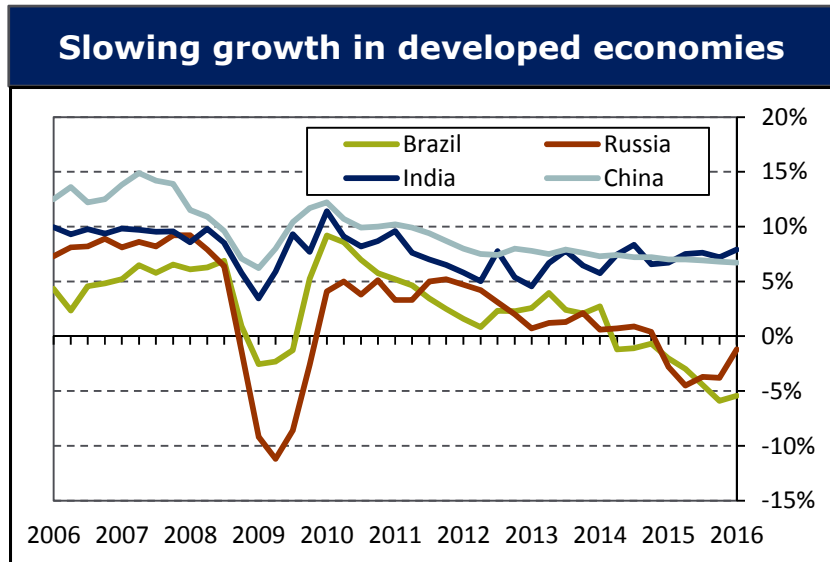
Source: Bloomberg, MSCI



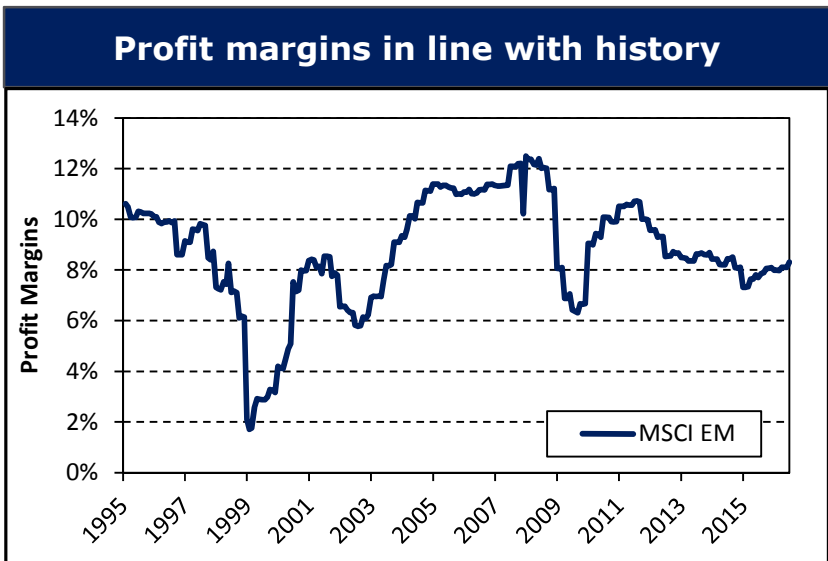
Emerging Markets Equity



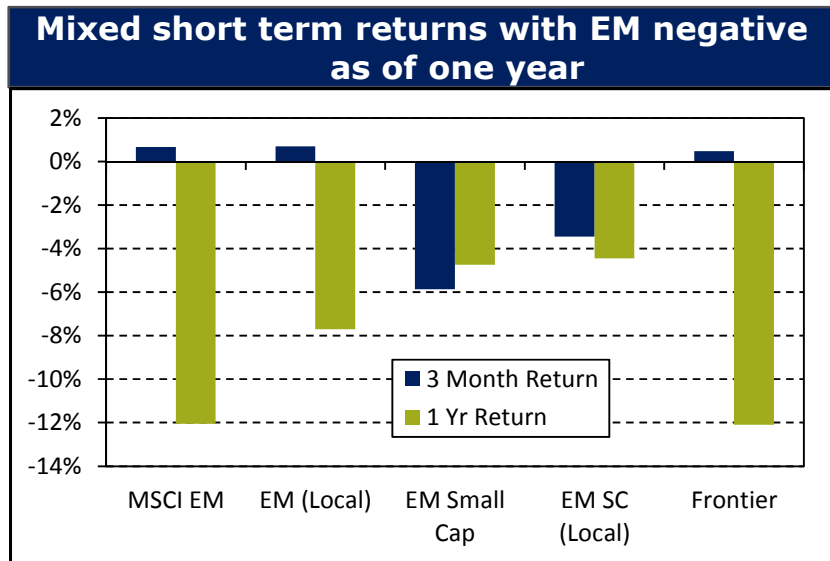
Source: Bloomberg, MSCI



Source: Bloomberg

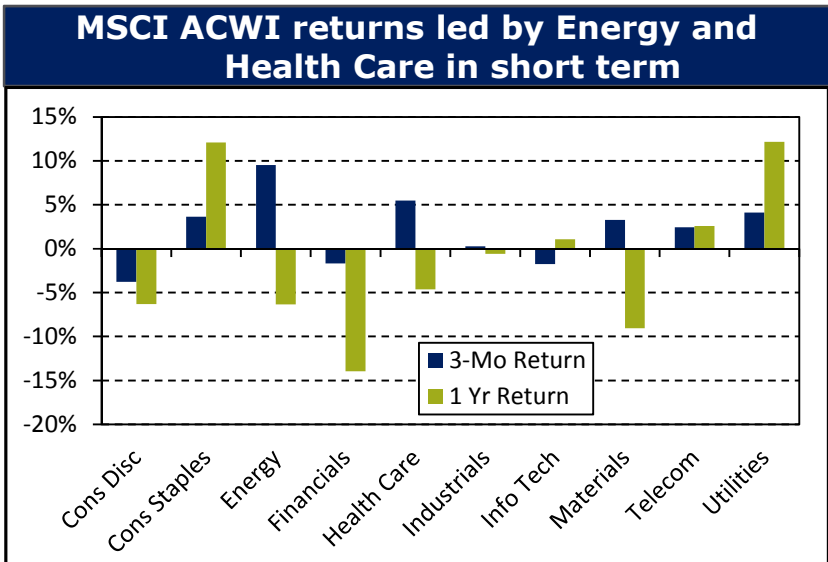


Source: Bloomberg, MSCI

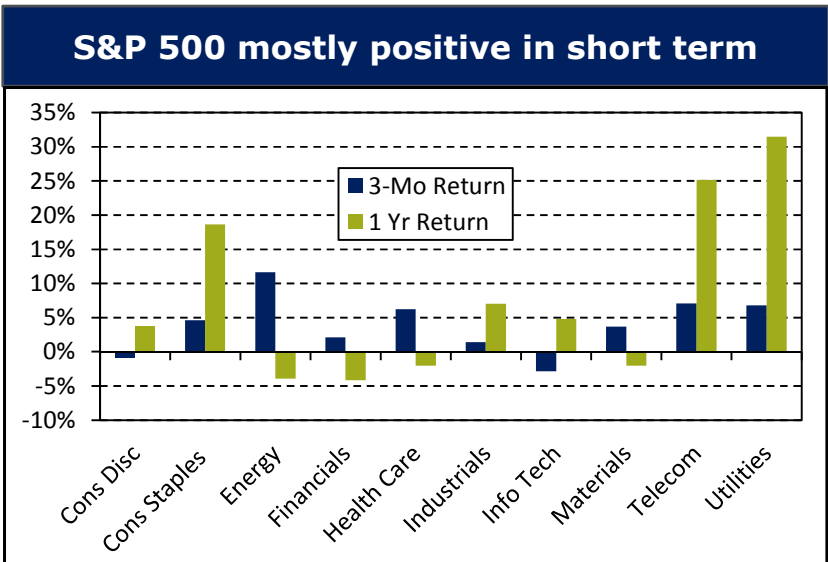


Source: Bloomberg, MSCI

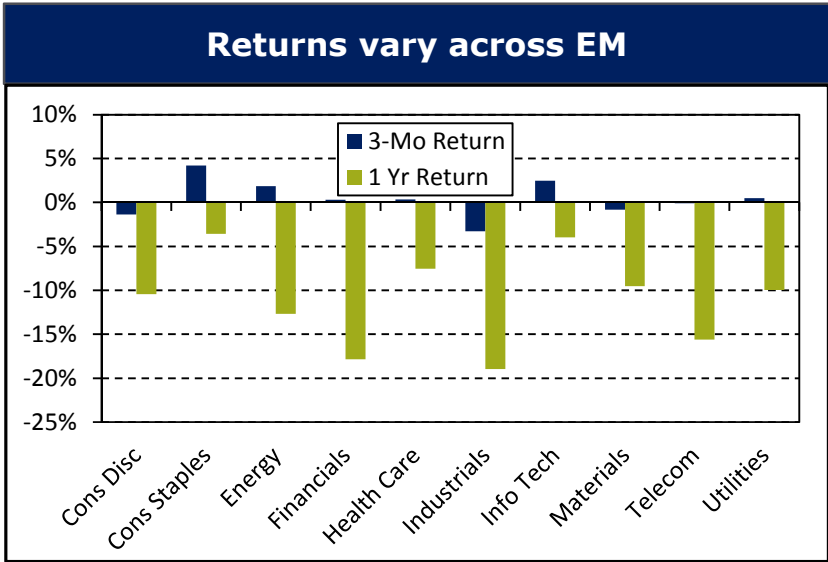
Global Equity by Sector



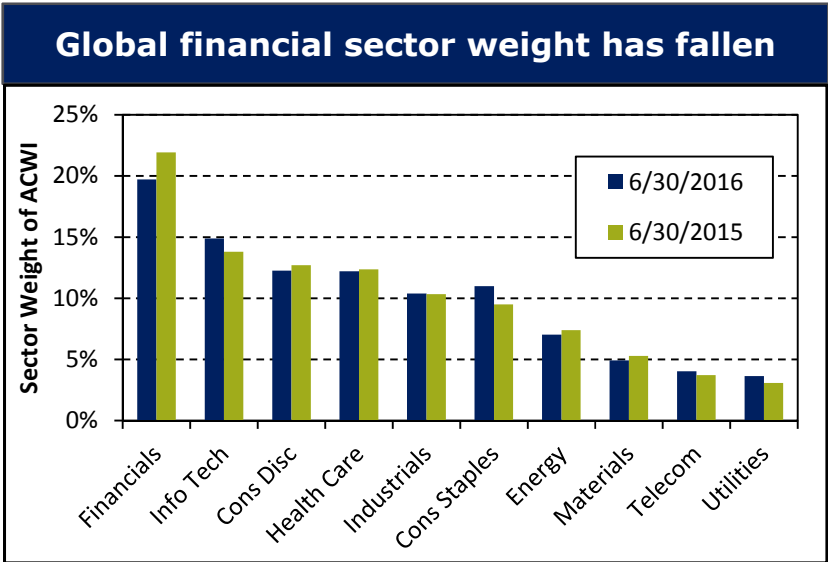
Source: Bloomberg, MSCI



Source: Bloomberg, Standard and Poors



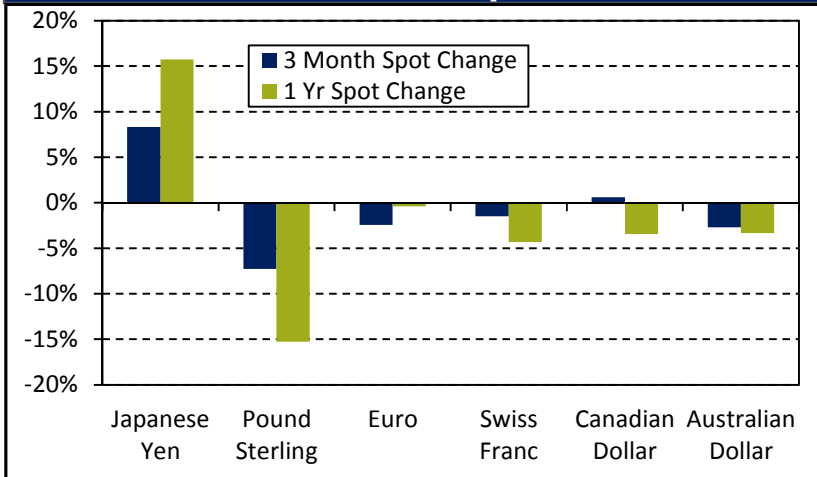
Source: Bloomberg, MSCI



Source: Bloomberg, MSCI

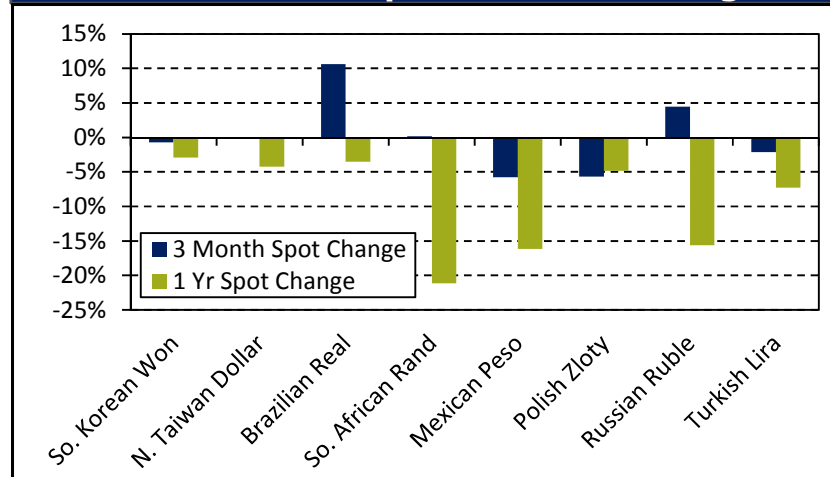
Currencies

Developed currencies declined versus the dollar with the exception of the Yen



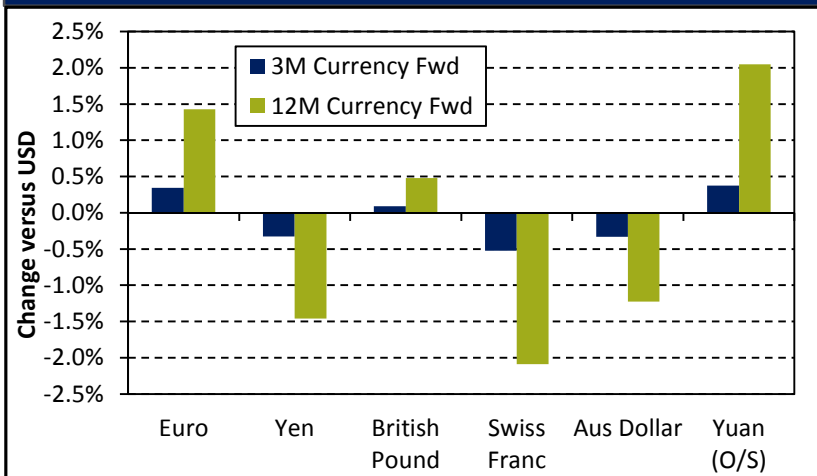
Source: Bloomberg

EM currencies declined over the year as the Real and Ruble posted short term gains



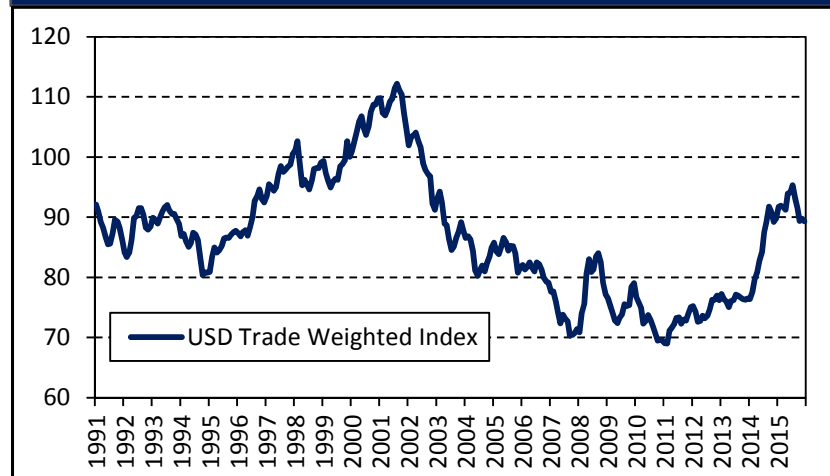
Source: Bloomberg

USD expectations vary across developed markets



Source: Bloomberg

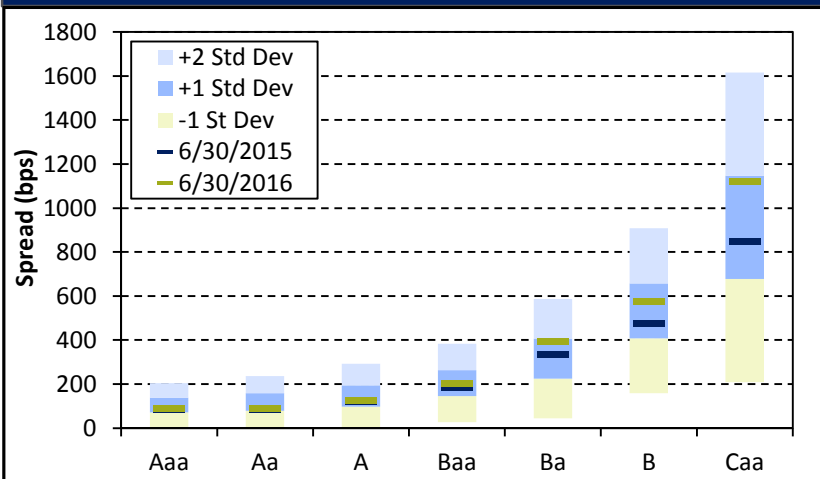
Dollar strength has retreated slightly



Source: Bloomberg, Federal Reserve

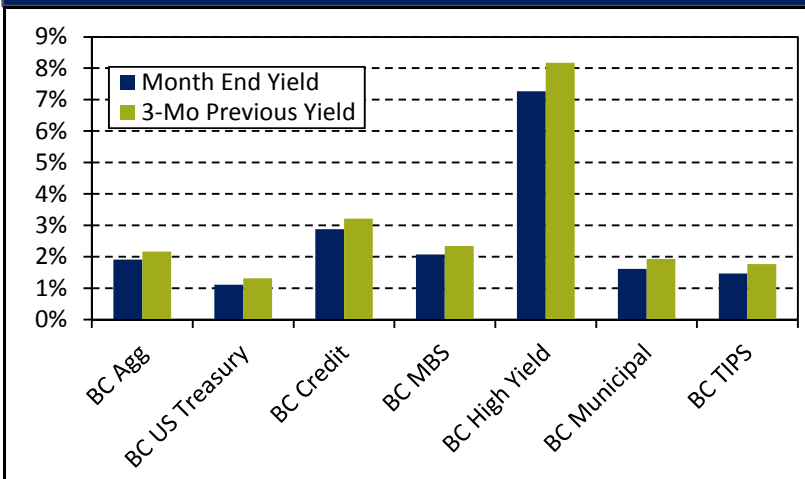


Spread levels above historical medians



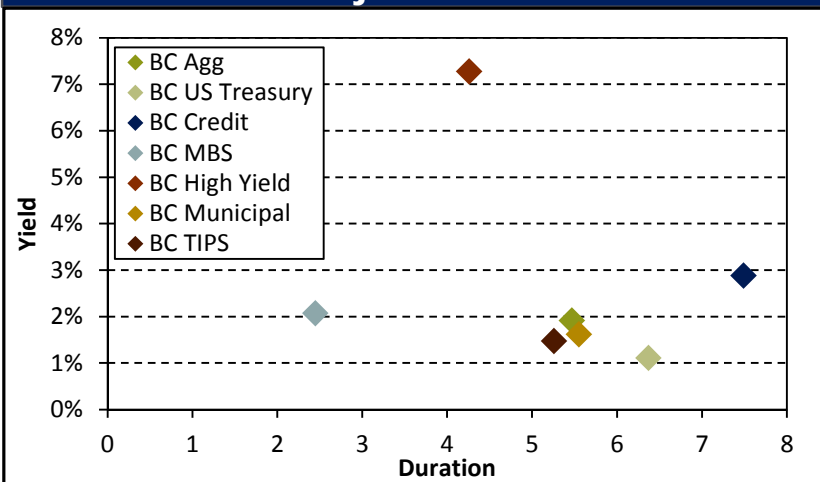
Source: Bloomberg, Barclays

Yields are declining month over month



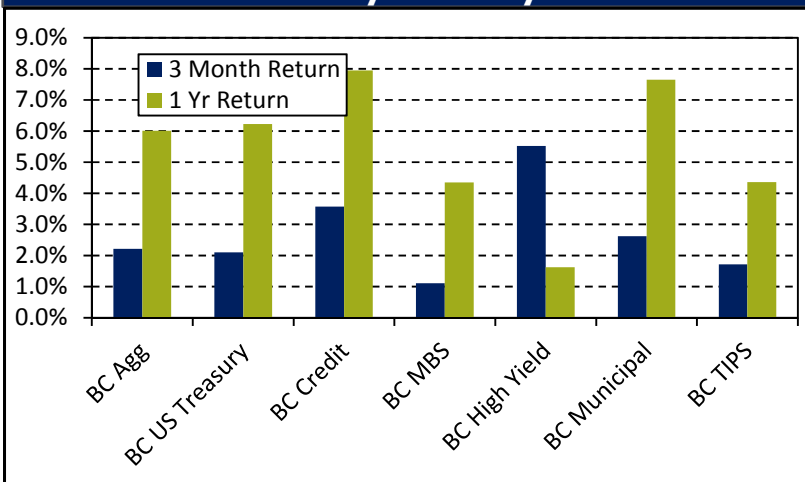
Source: Bloomberg, Barclays

Similar yield/duration tradeoff among major US indices



Source: Bloomberg, Barclays

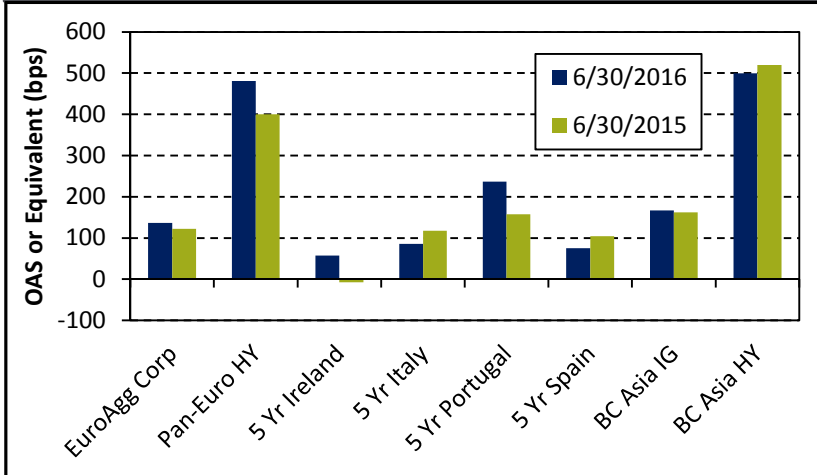
Returns marked by recent credit and high yield rally



Source: Bloomberg, Barclays

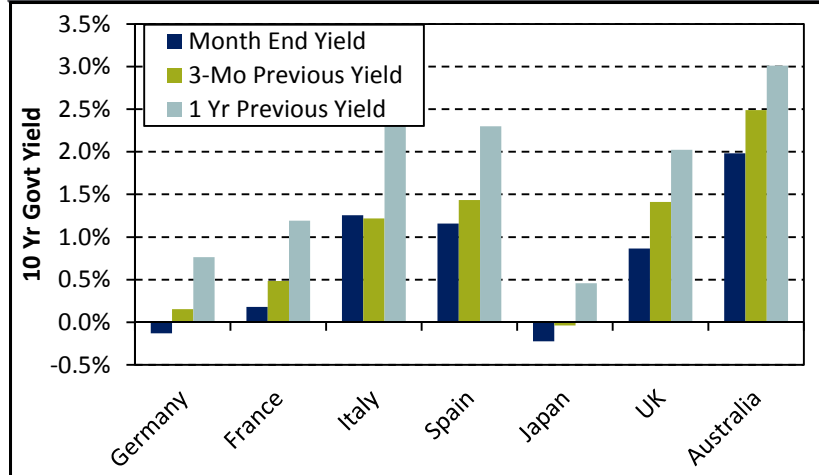
International Developed Fixed Income

European periphery yields at small premium relative to Germany



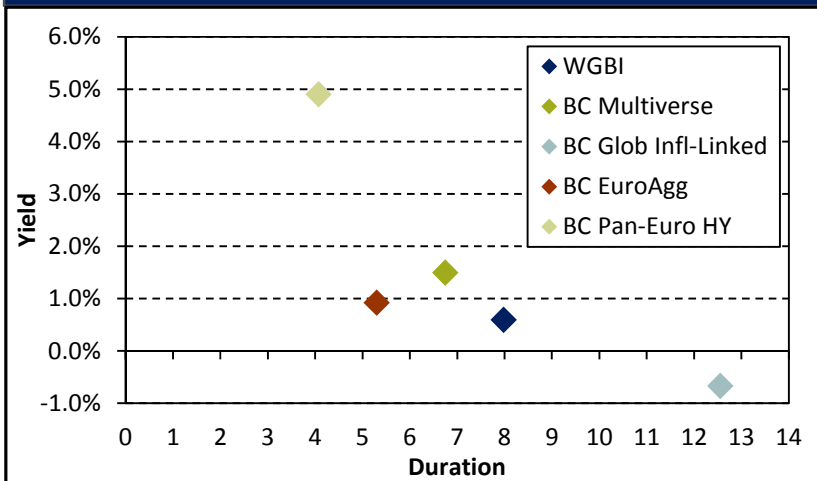
Source: Barclays, Bloomberg, *European periphery spreads are over equivalent German Bund

Global yields are at or near historic lows



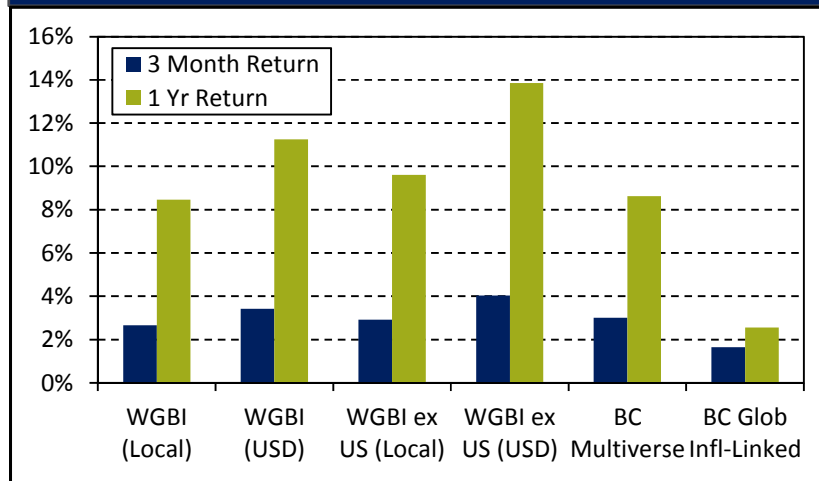
Source: Bloomberg

Low global yields relative to duration



Source: Bloomberg, Citigroup, Barclays

Global bond returns have been positive

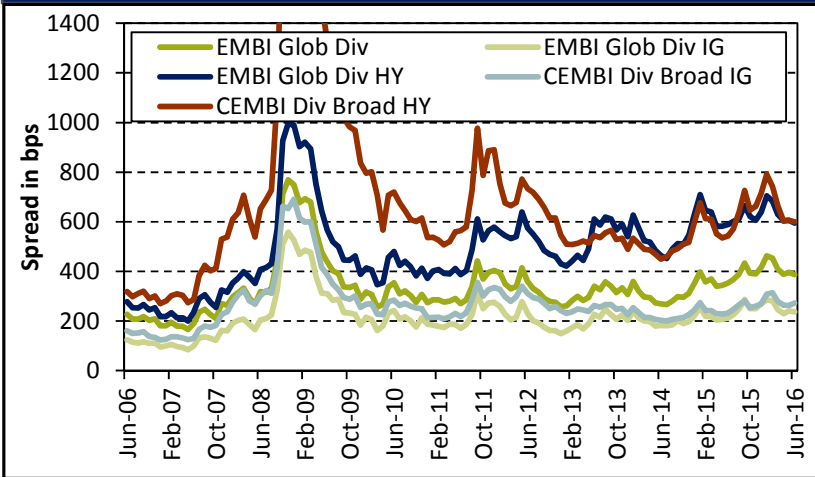


Source: Bloomberg, Citigroup, Barclays



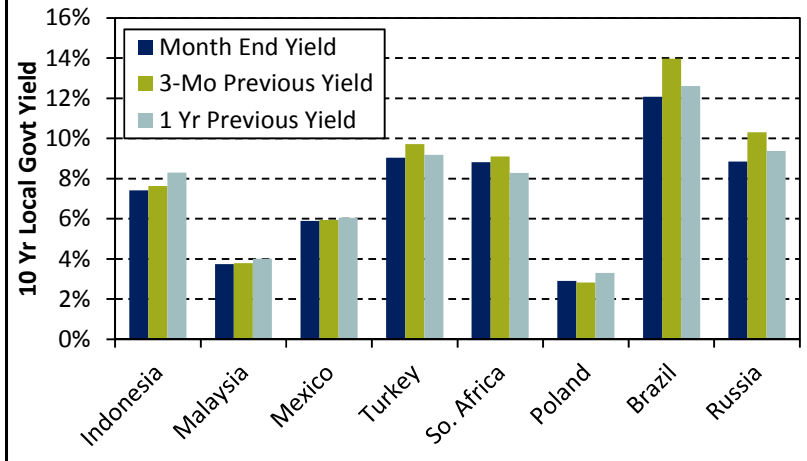
Emerging Markets Fixed Income

Spreads have declined slightly



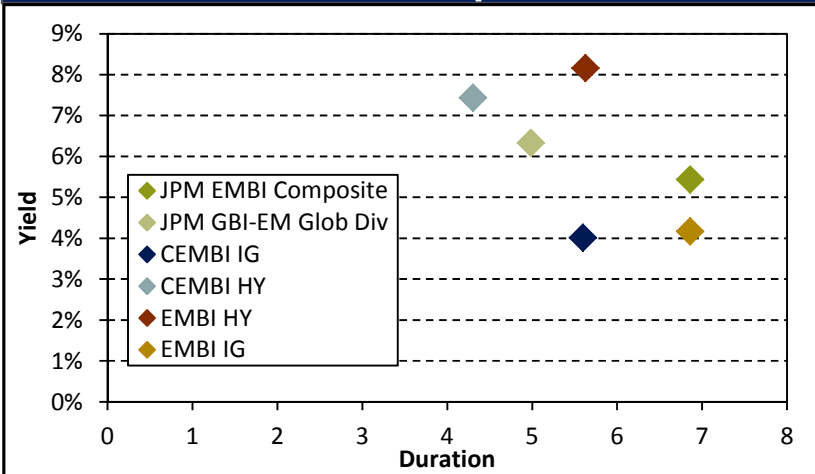
Source: Bloomberg, JP Morgan

EM bond yields nearly unchanged



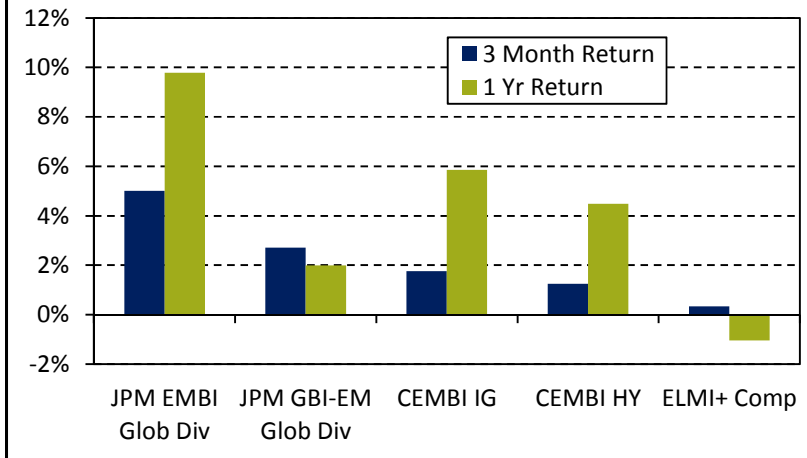
Source: Bloomberg

EM yields higher versus global counterparts



Source: Bloomberg, JP Morgan

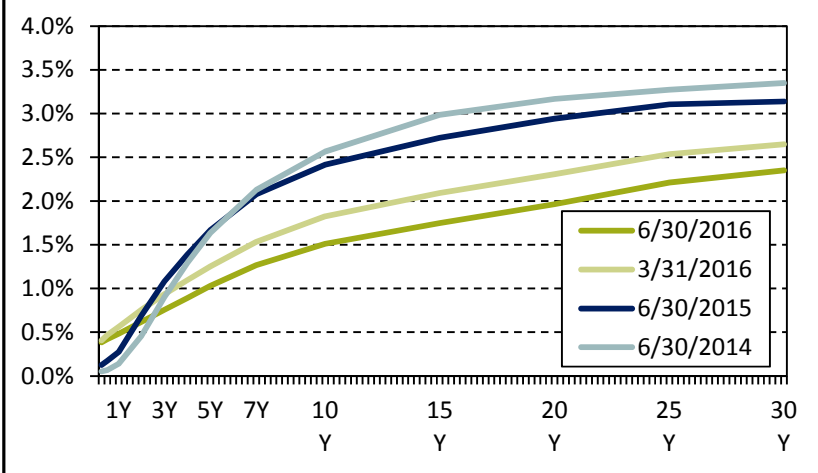
Currency effect pronounced in EMD returns



Source: Bloomberg, JP Morgan

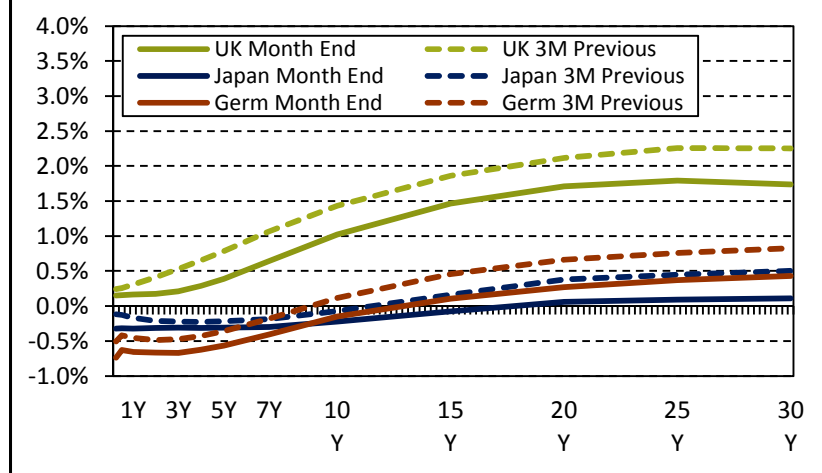


Treasury yield curve declined with market uncertainty



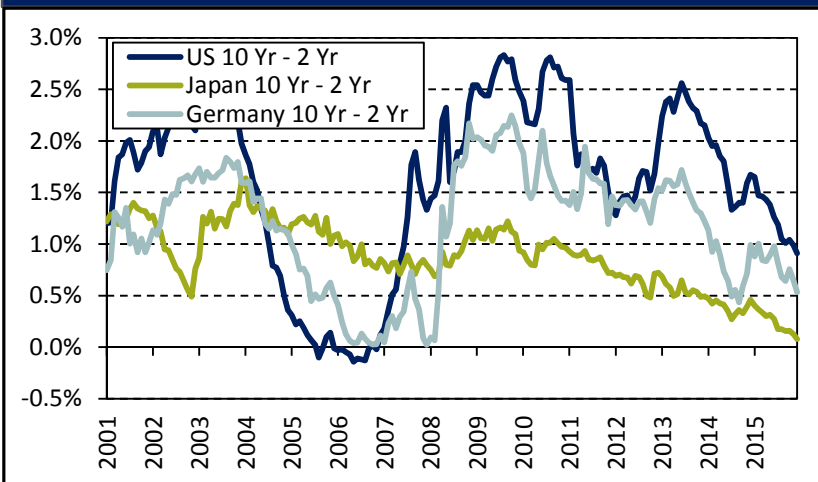
Source: Bloomberg

Lower yields across the board



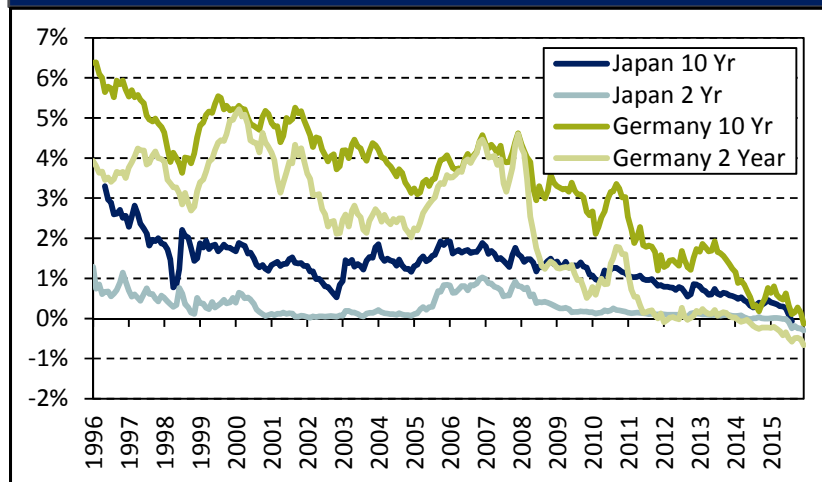
Source: Bloomberg

Global yields nearing lows



Source: Bloomberg

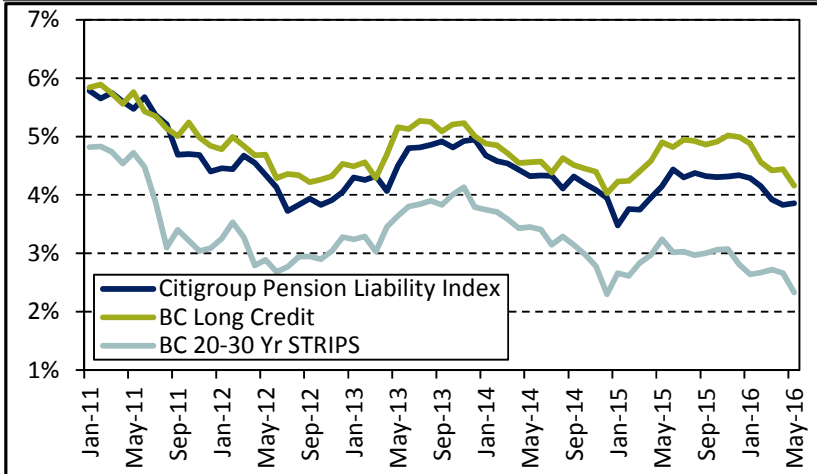
Global yields trending lower over long term



Source: Bloomberg

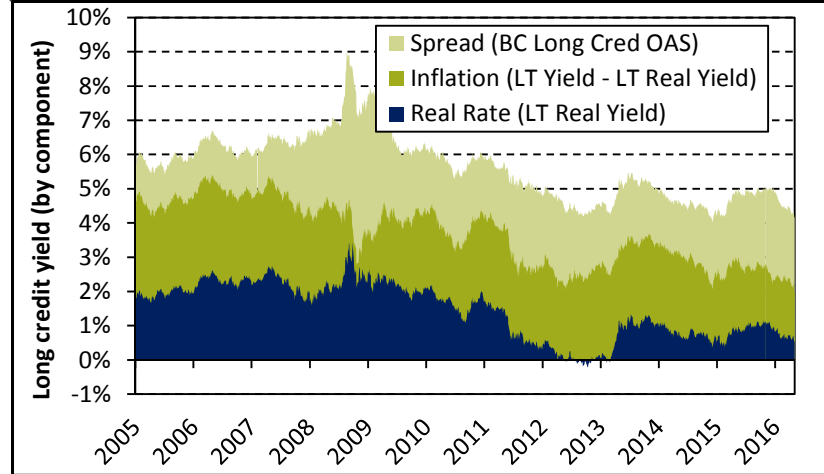
Long Rates and Liability

Long duration yields have fallen over last few years



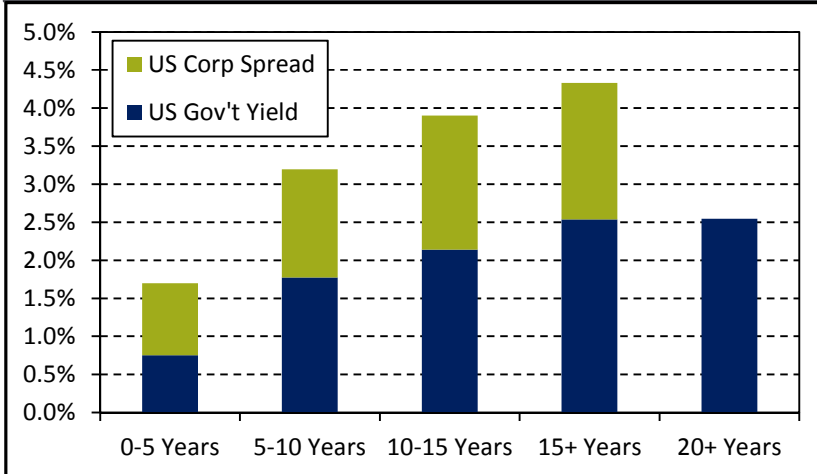
Source: Bloomberg, Citigroup, Barclays

Lower yields driven by low inflation expectations and real rates



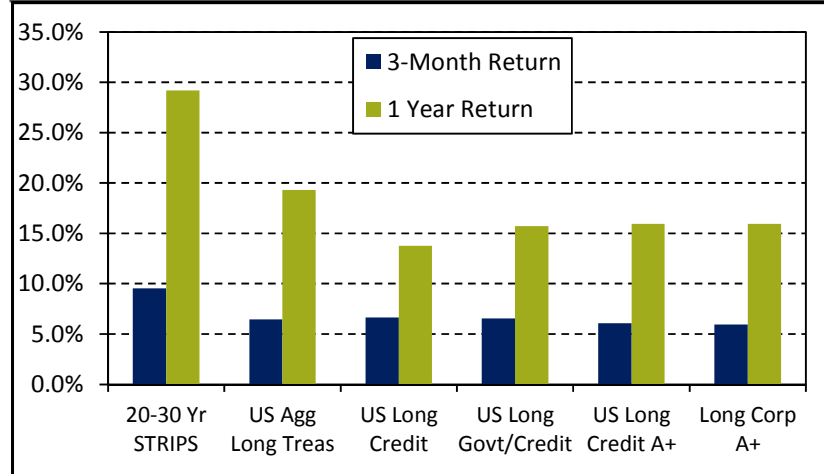
Source: Bloomberg, US Treasury, Barclays, NEPC

Yields are low but spreads above historic averages



Source: Bloomberg, BofA Merrill Lynch, Barclays *No index for 20+ year corporate

Positive returns as investors turn to safer assets

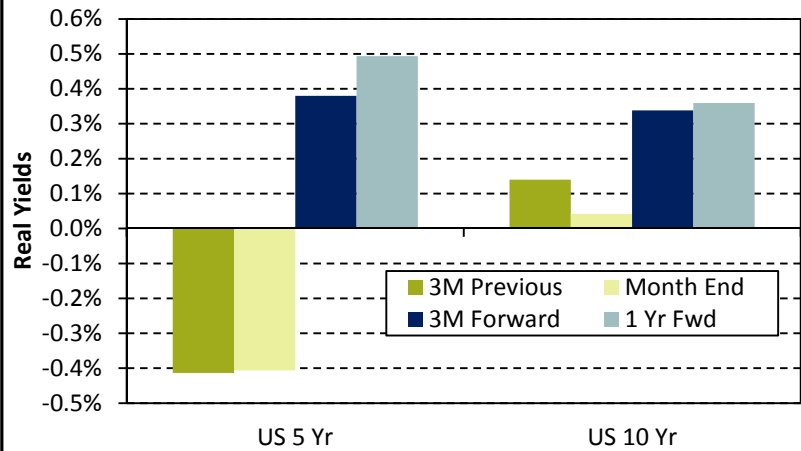


Source: Bloomberg, Barclays



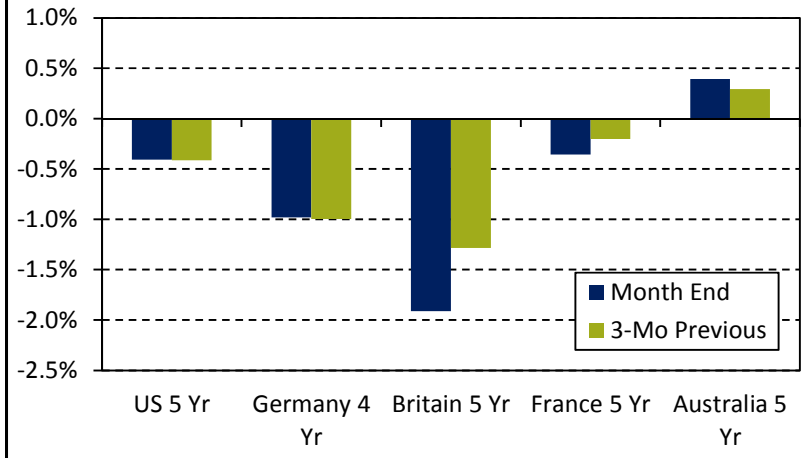
Inflation and Real Rates

US real yields have increased



Source: Bloomberg

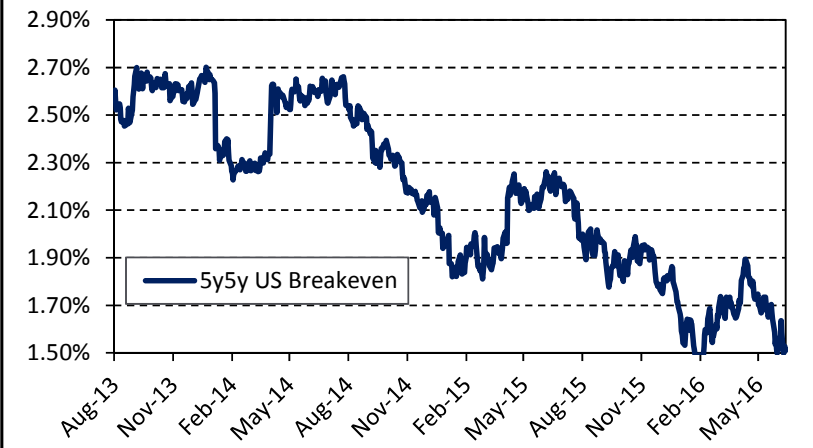
Global real yields mostly negative



*3-Mo data not available for Germany 4 year rate

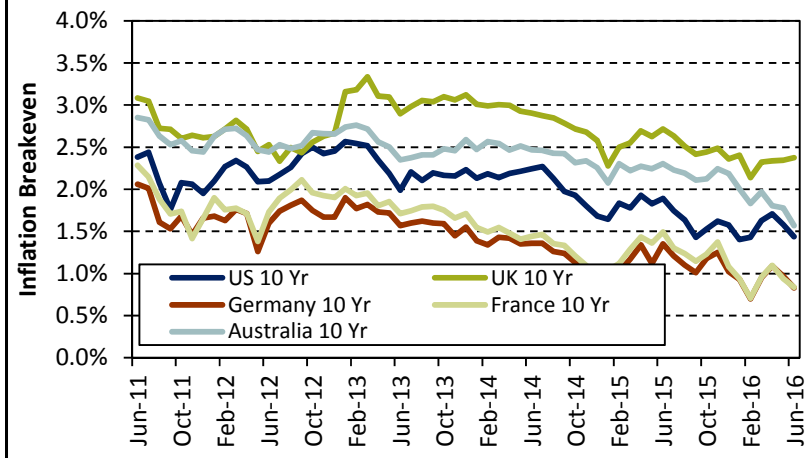
Source: Bloomberg

US inflation expectations remain low



Source: Bloomberg

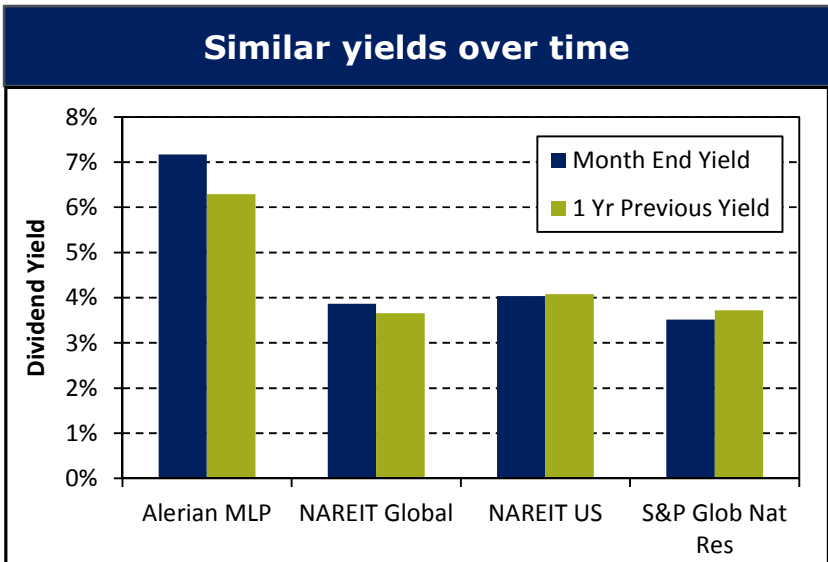
Global inflation expectations declining with the exception of the UK



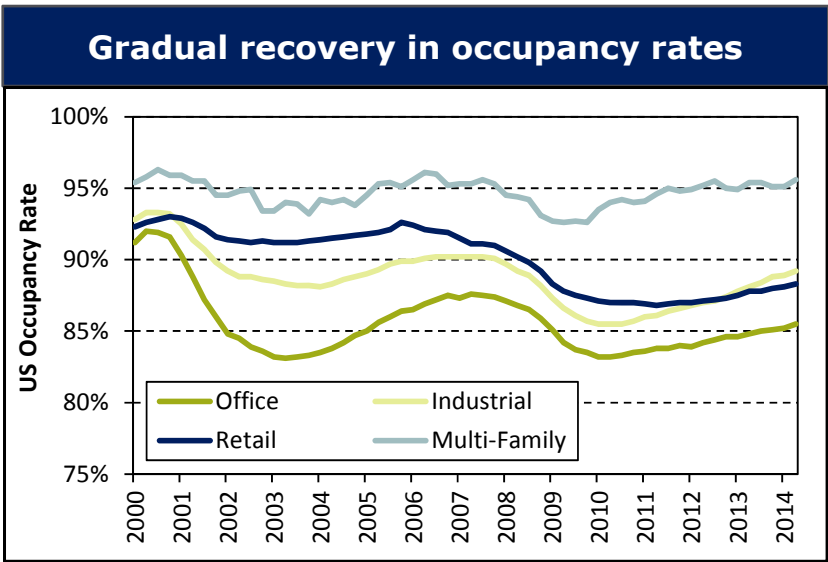
Source: Bloomberg



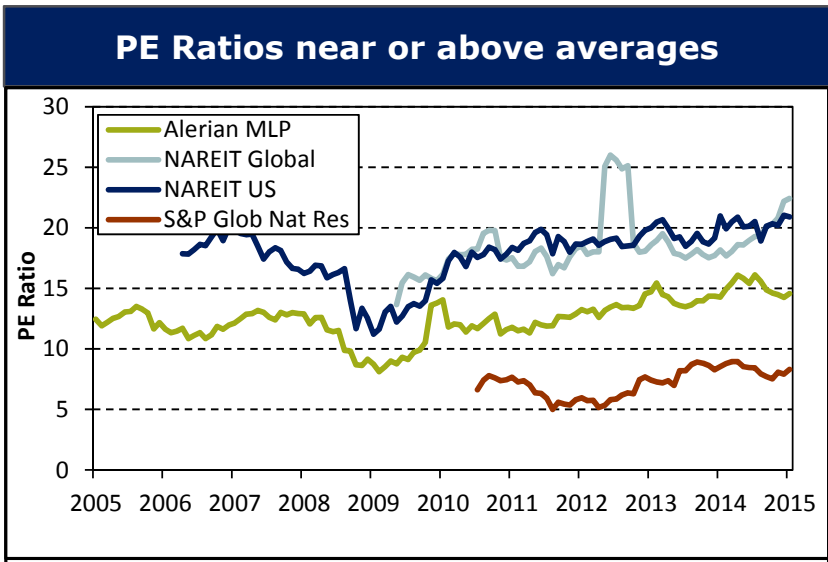
Inflation Sensitive Growth Assets



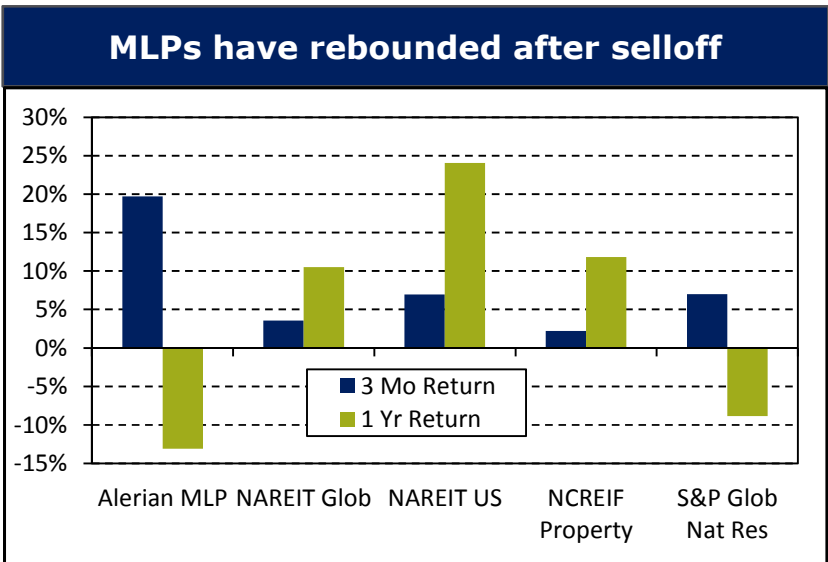
Source: Bloomberg, Alerian, Nareit, Standard and Poors



Source: Bloomberg, CB Richard Ellis



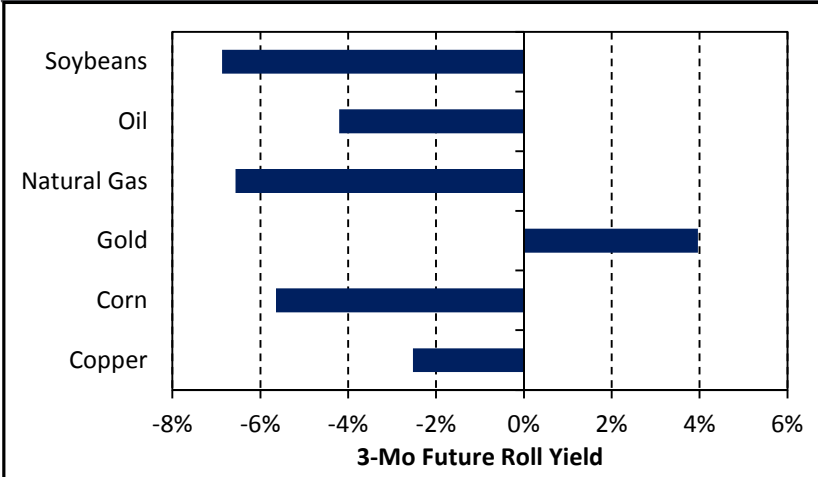
Source: Bloomberg, US Census Bureau



Source: Bloomberg, Alerian, Nareit, Standard and Poors

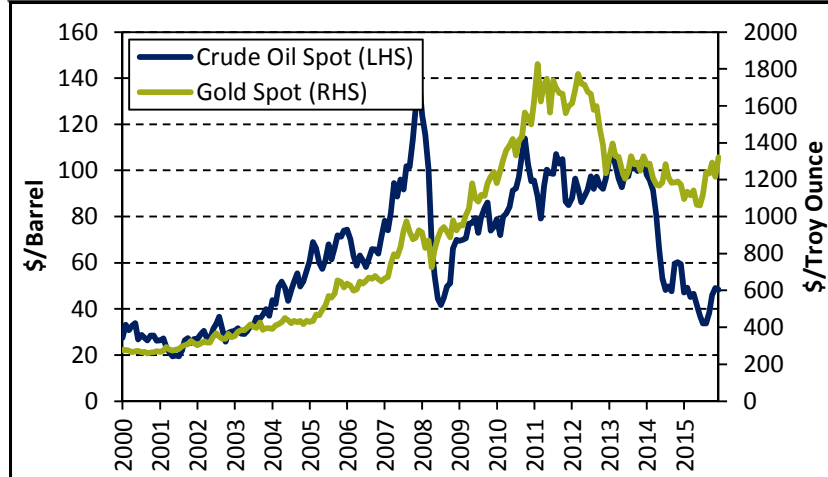
Commodities

Backwardation in major commodity futures with gold positive amid uncertainty



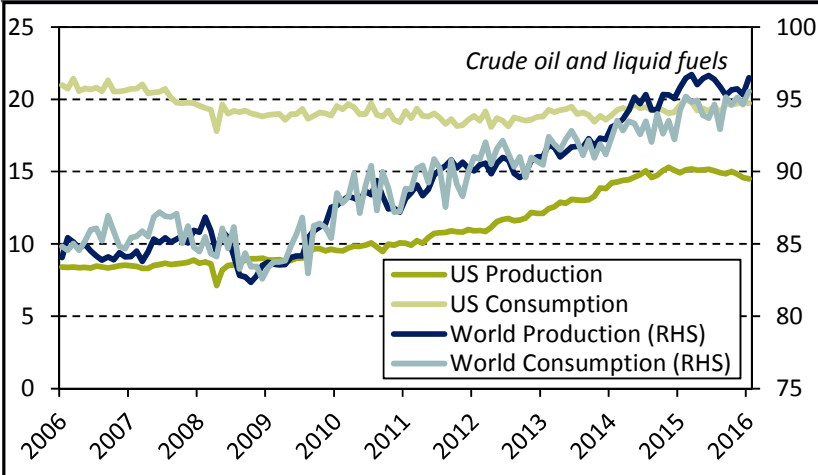
Source: Bloomberg

Oil prices slightly increasing



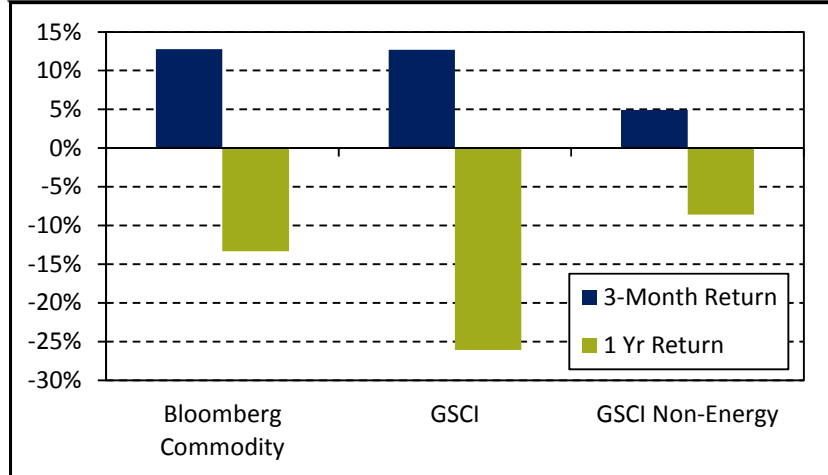
Source: Bloomberg

US fuel production closing gap with consumption



Source: Bloomberg, US Department of Energy *Crude oil and liquid fuels

Commodity indices posting short term gains after last year's sell off



Source: Bloomberg, Standard and Poors



Glossary of Investment Terminology

The calculation methodology for each measure of performance is outlined below.

| Measurement | Description | Equation |
|---------------------------------|---|---|
| Policy Target | Measures policy allocation decisions. | = TARGET ASSET WEIGHTS X INDEX RETURNS |
| Allocation Index | Measures actual allocation decisions. Deviations from the policy target can be derived. (Allocation Index – Policy Index) | = ACTUAL ASSET WEIGHTS X INDEX RETURNS |
| Composite (Total Return) | Measures actual performance and can derive active management decisions. (Composite – Allocation Index) | = ACTUAL ASSET WEIGHTS X ACTUAL RETURNS |

The calculation methodology for each measure of attribution is outlined below.

| Measurement | Description | Equation |
|---------------------------|--|---|
| Allocation Effect | Measure the effects of overweighting or underweighting managers and asset classes. | = (ACTUAL MANAGER WEIGHT – POLICY TARGET WEIGHT) X POLICY INDEX RETURN |
| Selection Effect | Measures the managers’ ability to add excess return relative to the policy index. | = (ACTUAL MANAGER RETURN – INDEX RETURN) X POLICY TARGET WEIGHT |
| Interaction Effect | Measures the cross correlation of both selection and allocation affects and is often referred to as an “error term”. | = (ACTUAL MANAGER RETURN X (ACTUAL MANAGER WEIGHT – POLICY TARGET WEIGHT)) – ((MANAGER WEIGHT – POLICY TARGET WEIGHT) X INDEX RETURN) |

Information Disclaimer and Reporting Methodology

Information Disclaimer

- Past performance is no guarantee of future results.
- All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.
- NEPC's source for portfolio pricing, calculation of accruals, and transaction information is the plan's custodian bank. Information on market indices and security characteristics is received from other sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- Some index returns displayed in this report or used in calculation of a policy, allocation or custom benchmark may be preliminary and subject to change.
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Reporting Methodology

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC generally 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 manager 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.