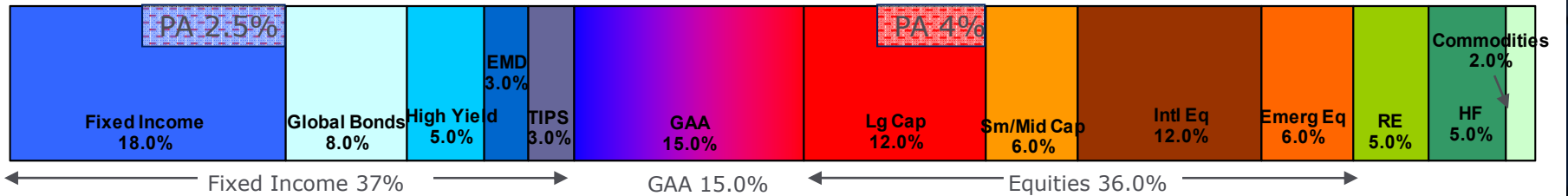




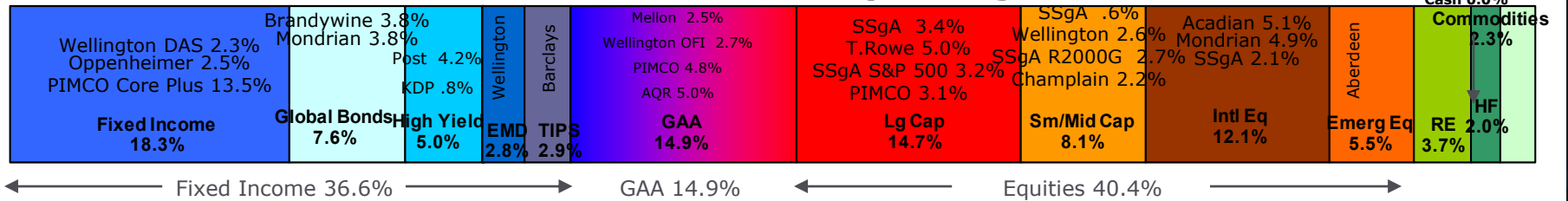
Vermont Municipal Employees' Retirement System

Total Plan Asset Allocation

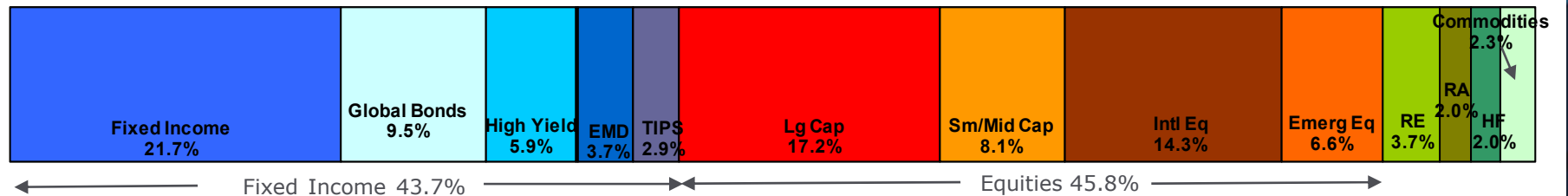
Target Asset Allocation



Current Asset Allocation by Manager



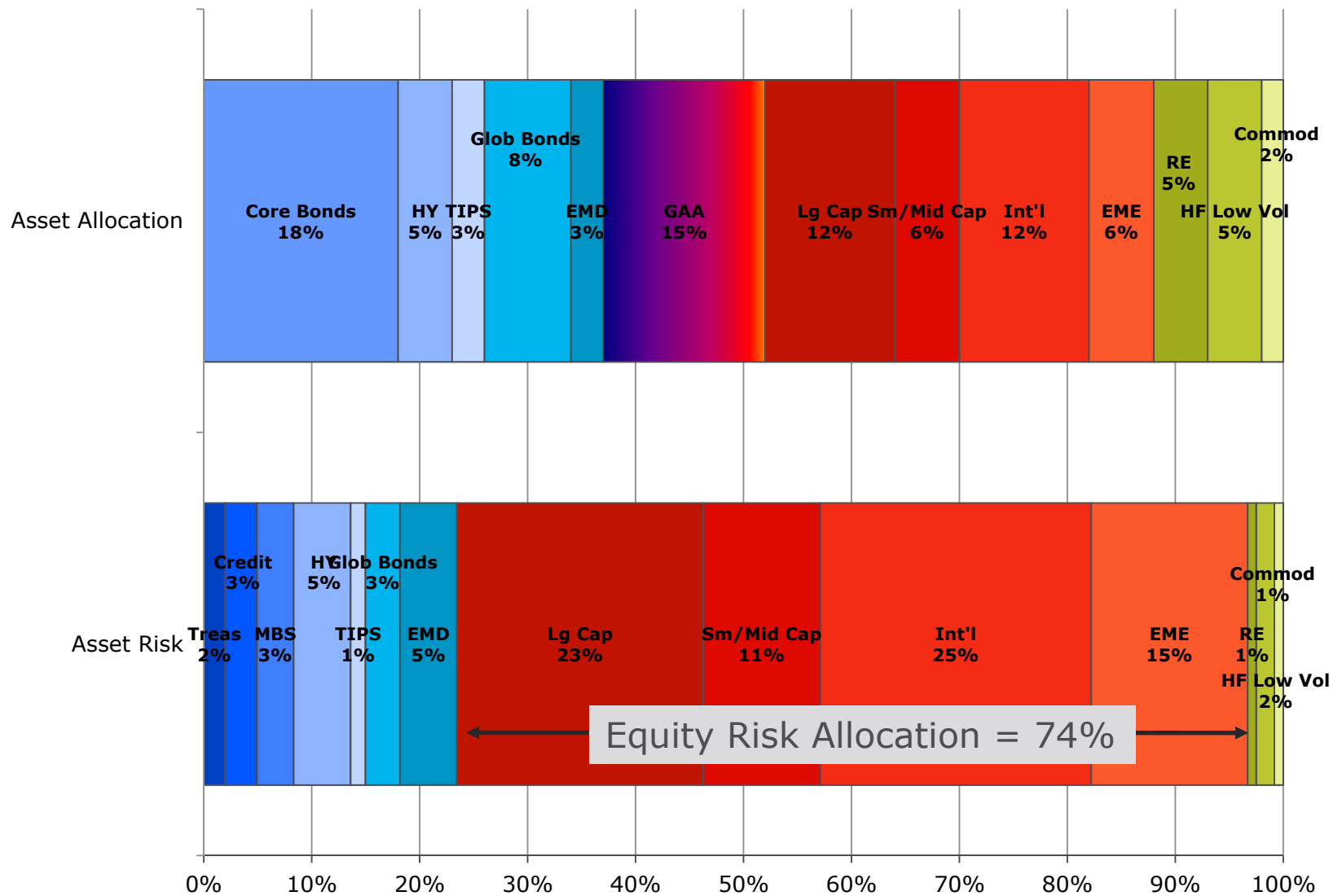
Current Asset Allocation by Asset Class



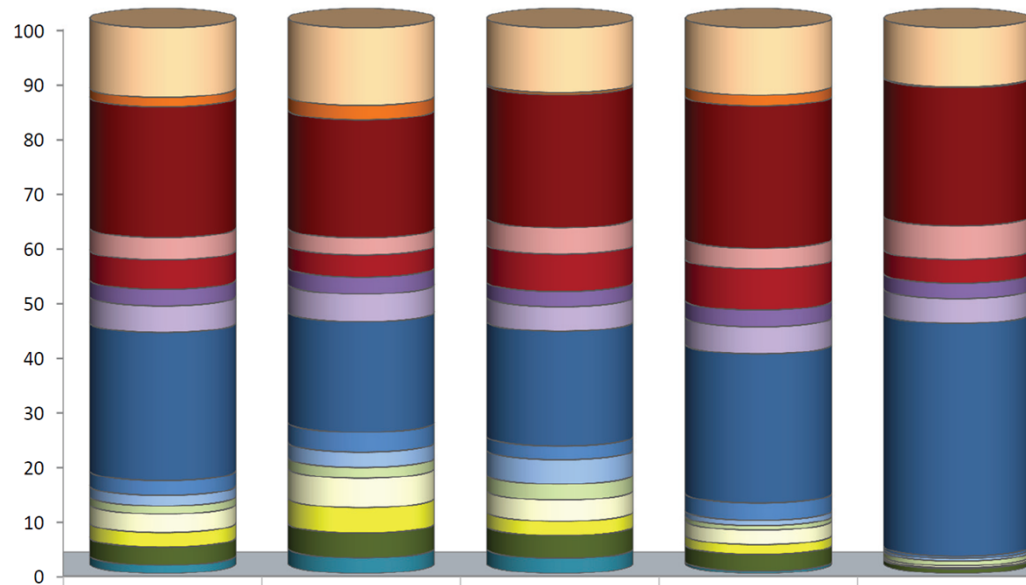
Numbers may not add up to 100% due to rounding.



Policy Asset Allocation and Risk Budgeting



ICC Public DB Plans – Average Asset Allocation



	ICC Public DB	Above \$1Billion	\$500M-\$1 Billion	\$100M-\$500 Million	Less Than \$100 Million	Muni
Observations	110	45	9	33	23	
Int'l Dev'l	12.8	14.3	11.9	12.4	10.8	12.1%
Emerg Mkt	1.7	2.6	0.4	2.0	0.1	5.5%
Large Cap	23.9	21.6	24.4	26.1	25.3	14.7%
Mid Cap	4.1	3.1	4.8	3.8	6.2	2.2%
Small Cap	5.4	4.1	6.8	7.6	4.3	5.9%
TAA - Domestic	3.0	3.1	2.8	3.1	2.8	0.0%
TAA - Global	4.9	5.1	4.5	5.0	4.6	14.9%
Fixed Income	27.1	20.2	21.0	27.3	42.6	21.3%
GFI/EMD	2.7	3.6	2.5	3.1	0.5	10.4%
High Yield	1.9	2.8	4.5	1.0	0.5	5.0%
Cash Equiv	1.5	2.0	2.9	0.8	0.9	0.0%
Hedge Fund	3.4	5.4	3.9	2.7	0.4	2.0%
Private Equity	2.7	4.6	2.6	1.8	0.2	0.0%
Real Estate	3.3	4.6	4.2	3.1	0.9	3.7%
Misc	1.6	2.9	2.8	0.5	0.0	2.3%

Disclosure:

Allocations may not add to 100% due to rounding. Average asset allocations shown include all portfolios submitted to the ICC universe as of 1/25/11 for periods ending 9/30/10. Portfolios included correspond with the ICC universe requirements and exclude portfolios meeting the following criteria: 1) An allocation greater than 95% to one asset class and 2) Portfolios not providing an asset allocation.



Asset Breakdown

	Domestic Large Core	Domestic Smid	Domestic Small Core	Domestic Small Value	Domestic Small Growth	Core Fixed	High Yield	TIPS	Int'l Equity	EMD	Global Bonds	Real Estate	GAA	Other	Cash	Total
Composite	\$54,807	\$8,380	\$2,294	\$9,699	\$10,022	\$68,296	\$18,483	\$10,675	\$66,023	\$10,633	\$28,426	\$13,805	\$55,753	\$15,836	\$203	\$373,335
T. Rowe	18,680	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$18,680
PIMCO	11,541	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$11,541
SSgA Equal Wgt	12,076	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$12,076
SSgA S&P 500	12,510	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$12,510
Champlain	0	8,380	0	0	0	0	0	0	0	0	0	0	0	0	0	\$8,380
SSgA R-2500	0	0	2,294	0	0	0	0	0	0	0	0	0	0	0	0	\$2,294
Wellington	0	0	0	9,699	0	0	0	0	0	0	0	0	0	0	0	\$9,699
SSgA R-2000 Growth	0	0	0	0	10,022	0	0	0	0	0	0	0	0	0	0	\$10,022
Acadian	0	0	0	0	0	0	0	0	19,133	0	0	0	0	0	0	\$19,133
Mondrian	0	0	0	0	0	0	0	0	18,278	0	0	0	0	0	0	\$18,278
SSgA ACWI ex US	0	0	0	0	0	0	0	0	7,896	0	0	0	0	0	0	\$7,896
Aberdeen	0	0	0	0	0	0	0	0	20,716	0	0	0	0	0	0	\$20,716
Oppenheimer	0	0	0	0	0	9,254	0	0	0	0	0	0	0	0	0	\$9,254
Wellington DAS	0	0	0	0	0	8,536	0	0	0	0	0	0	0	0	0	\$8,536
PIMCO Core Plus	0	0	0	0	0	50,506	0	0	0	0	0	0	0	0	0	\$50,506
Post Advisory	0	0	0	0	0	0	15,618	0	0	0	0	0	0	0	0	\$15,618
KDP	0	0	0	0	0	0	2,865	0	0	0	0	0	0	0	0	\$2,865
Wellington EMD	0	0	0	0	0	0	0	0	0	10,633	0	0	0	0	0	\$10,633
Barclays	0	0	0	0	0	0	0	10,675	0	0	0	0	0	0	0	\$10,675
Mondrian	0	0	0	0	0	0	0	0	0	0	14,090	0	0	0	0	\$14,090
Brandywine	0	0	0	0	0	0	0	0	0	0	14,336	0	0	0	0	\$14,336
Morgan Stanley	0	0	0	0	0	0	0	0	0	0	0	6,084	0	0	0	\$6,084
UBS Realty	0	0	0	0	0	0	0	0	0	0	0	5,840	0	0	0	\$5,840
RREEF	0	0	0	0	0	0	0	0	0	0	0	1,759	0	0	0	\$1,759
Transwestern	0	0	0	0	0	0	0	0	0	0	0	118	0	0	0	\$118
Real Estate Cash	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	\$4
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	0	0	9,288	0	0	\$9,288
PIMCO AA	0	0	0	0	0	0	0	0	0	0	0	0	18,039	0	0	\$18,039
Wellington OIF	0	0	0	0	0	0	0	0	0	0	0	0	9,945	0	0	\$9,945
AQR	0	0	0	0	0	0	0	0	0	0	0	0	18,481	0	0	\$18,481
Alt. Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	48	0	\$48
Grosvenor	0	0	0	0	0	0	0	0	0	0	0	0	0	7,294	0	\$7,294
Schroders	0	0	0	0	0	0	0	0	0	0	0	0	0	8,494	0	\$8,494
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	203	\$203

(Dollars in 000's)



Total Fund Asset Growth Summary

VERMONT MUNICIPAL EMPLOYEES

MUNICIPAL SYSTEM COMPOSITE

Periods Ending December 31, 2010

Total Fund Asset Growth Summary (\$000)

	One Quarter	Year to Date	One Year
MUNI COMPOSITE			
Beginning Market Value	354,503	314,470	314,470
Net External Growth	1,898	11,271	11,271
Return on Investment	16,935	49,021	49,021
Income Received	0	19	19
Gain/Loss	16,935	49,002	49,002
Ending Market Value	373,336	373,336	373,336

Return

4.8% 15.0% 15.0%

Fund Performance vs. Benchmark

VERMONT MUNICIPAL EMPLOYEES

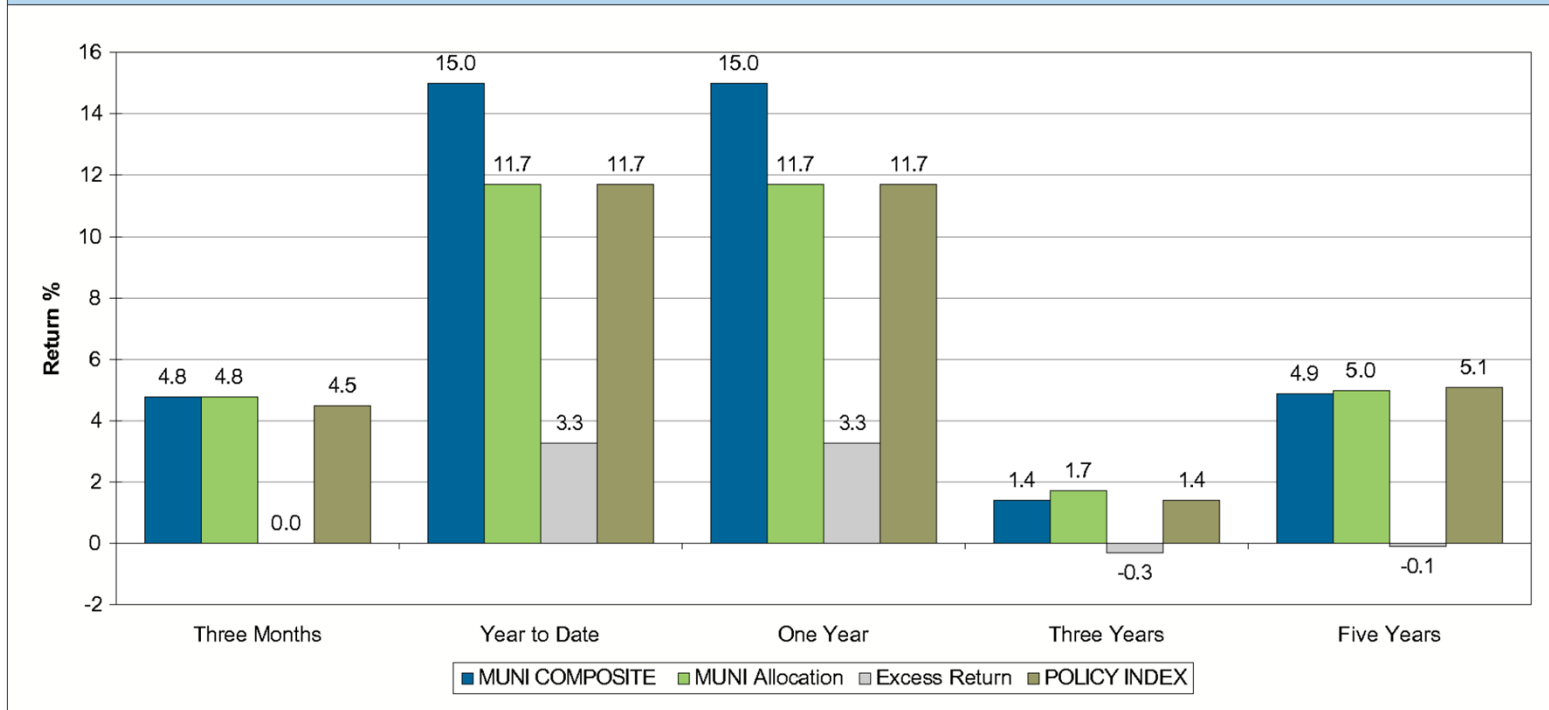
POLICY INDEX

Benchmark:

Periods Ending December 31, 2010

Fund Performance vs. Benchmark

MUNI COMPOSITE



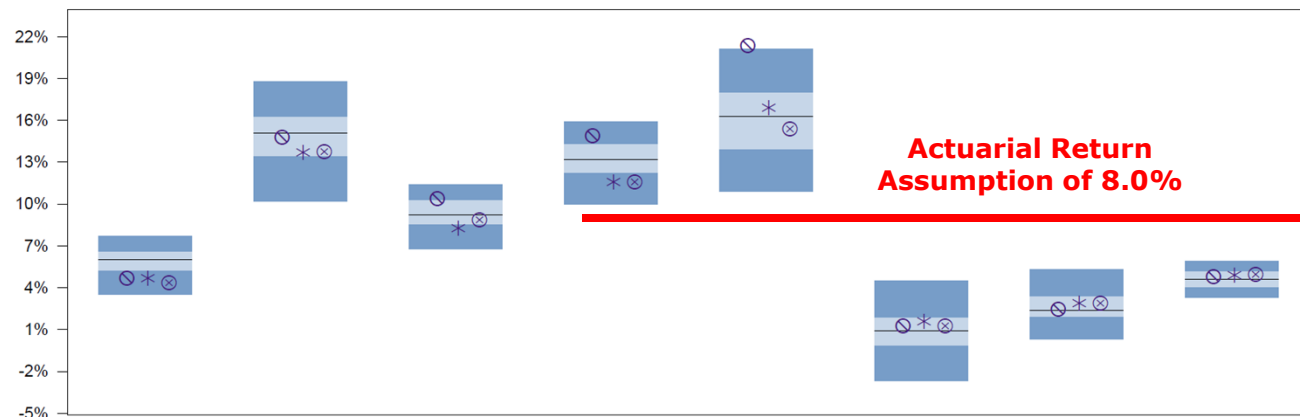
Total Public Funds Performance

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending December 31, 2010

Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
○ MUNI COMPOSITE	4.8	84	14.9	53	10.5	14	15.0	15	21.5	3	1.4	38	2.6	45	4.9	35
* MUNI Allocation	4.8	85	13.8	70	8.4	80	11.7	82	17.0	42	1.7	27	3.0	36	5.0	34
⊗ POLICY INDEX	4.5	90	13.9	69	9.0	58	11.7	82	15.5	63	1.4	40	3.0	36	5.1	30
5th Percentile	7.7		18.8		11.4		15.9		21.1		4.5		5.3		5.9	
25th Percentile	6.6		16.3		10.3		14.3		18.0		1.9		3.4		5.2	
50th Percentile	6.0		15.1		9.2		13.2		16.3		0.9		2.4		4.6	
75th Percentile	5.2		13.4		8.5		12.2		13.9		-0.2		1.9		4.0	
95th Percentile	3.5		10.2		6.8		10.0		10.9		-2.7		0.3		3.3	

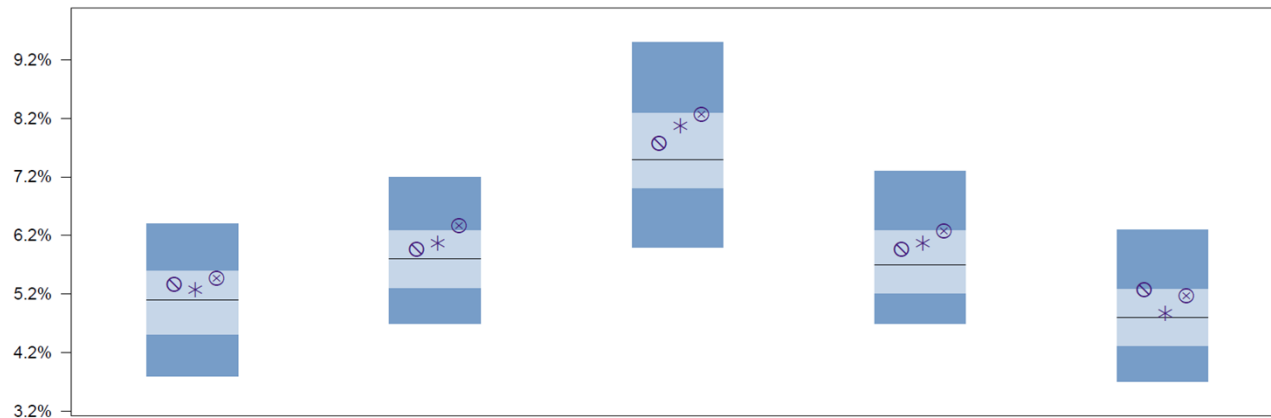
Total Public Funds Performance

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending December 31, 2010

Total Fund Performance - Trailing Periods



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊖ MUNI COMPOSITE	5.4 33	6.0 39	7.8 42	6.0 38	5.3 25
* MUNI Allocation	5.3 41	6.1 35	8.1 27	6.1 32	4.9 49
⊗ POLICY INDEX	5.5 30	6.4 23	8.3 25	6.3 24	5.2 28
5th Percentile	6.4	7.2	9.5	7.3	6.3
25th Percentile	5.6	6.3	8.3	6.3	5.3
50th Percentile	5.1	5.8	7.5	5.7	4.8
75th Percentile	4.5	5.3	7.0	5.2	4.3
95th Percentile	3.8	4.7	6.0	4.7	3.7

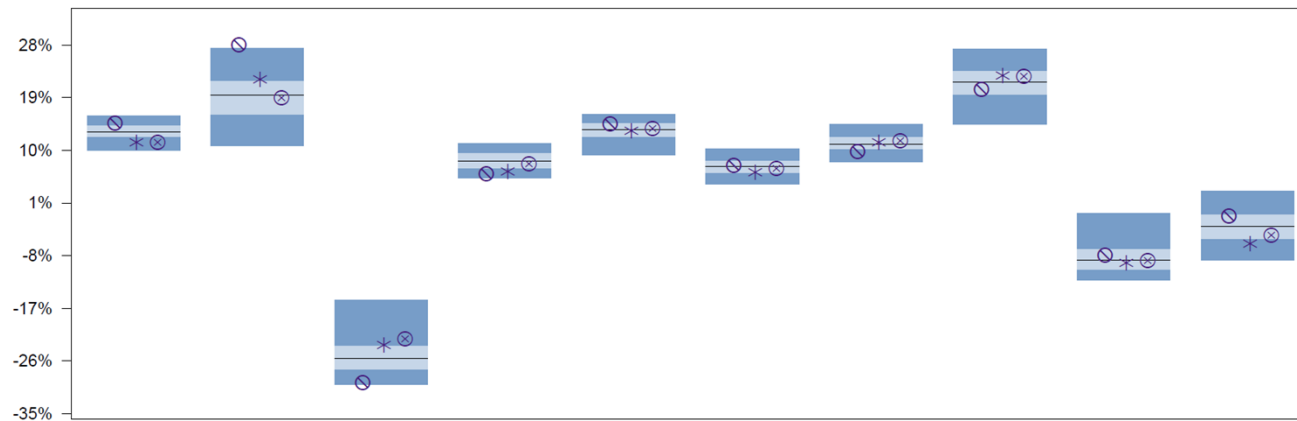
Total Public Funds Performance

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2010

Total Fund Performance - One Year Time Periods



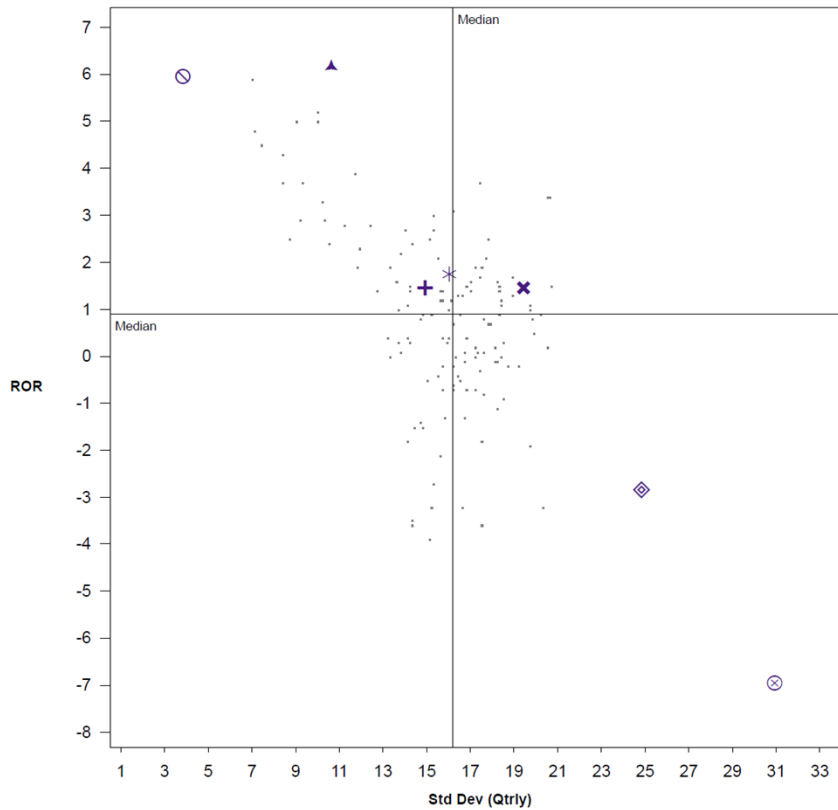
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001										
○ MUNI COMPOSITE	15.0	15	28.4	3	-29.4	90	6.3	87	14.8	23	7.8	36	10.1	74	20.8	62	-7.6	37	-0.9	25
* MUNI Allocation	11.7	82	22.5	22	-23.0	22	6.7	80	13.6	51	6.5	68	11.7	37	23.1	35	-8.9	51	-5.6	81
⊗ POLICY INDEX	11.7	82	19.3	51	-21.9	14	8.0	56	14.1	35	7.2	52	11.9	33	23.0	36	-8.5	48	-4.2	64
5th Percentile	15.9	27.5	-15.6	11.2	16.2	10.3	14.5	27.3	-0.8	3.1										
25th Percentile	14.3	22.0	-23.4	9.6	14.7	8.3	12.4	23.7	-6.8	-0.9										
50th Percentile	13.2	19.4	-25.6	8.2	13.6	7.3	11.1	21.7	-8.8	-3.0										
75th Percentile	12.2	16.1	-27.6	6.9	12.2	6.0	10.1	19.4	-10.5	-5.2										
95th Percentile	10.0	10.8	-30.1	5.3	9.2	4.3	8.0	14.5	-12.2	-8.7										

Risk vs. Return Analysis – 3 Years

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)
 Period Ending December 31, 2010

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
* MUNI COMPOSITE	1.4 38	19.5 91	0.0 42
* MUNI Allocation	1.7 27	16.1 49	0.1 27
+ POLICY INDEX	1.4 40	15.0 33	0.0 36
◇ S&P 500	-2.9 96	24.9 100	-0.1 93
○ BC AGGREGATE	5.9 1	3.9 1	1.3 1
⊗ MSCI EAFE (NET)	-7.0 100	31.0 100	-0.3 97
▲ Citigroup WGBI (All Maturities)	6.1 1	10.7 10	0.5 3
Median	0.9	16.2	0.0

Funded status as of Fiscal Year 2009 = 90%

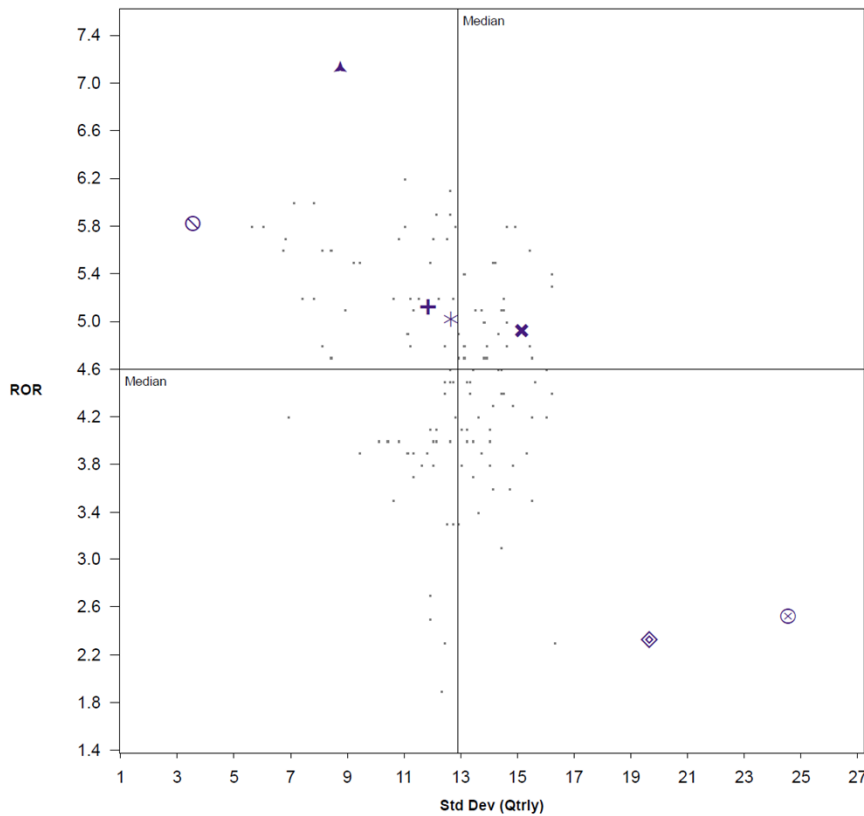


Risk vs. Return Analysis – 5 Years

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)
 Period Ending December 31, 2010

Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✖ MUNI COMPOSITE	4.9 35	15.2 90	0.2 53
* MUNI Allocation	5.0 34	12.7 47	0.2 36
+ POLICY INDEX	5.1 30	11.9 30	0.2 30
◇ S&P 500	2.3 99	19.7 100	-0.0 97
○ BC AGGREGATE	5.8 6	3.6 1	0.9 1
⊗ MSCI EAFE (NET)	2.5 98	24.6 100	0.0 97
▲ Citigroup WGBI (All Maturities)	7.1 1	8.8 11	0.5 3
Median	4.6	12.9	0.2

Funded status as of Fiscal Year 2009 = 90%



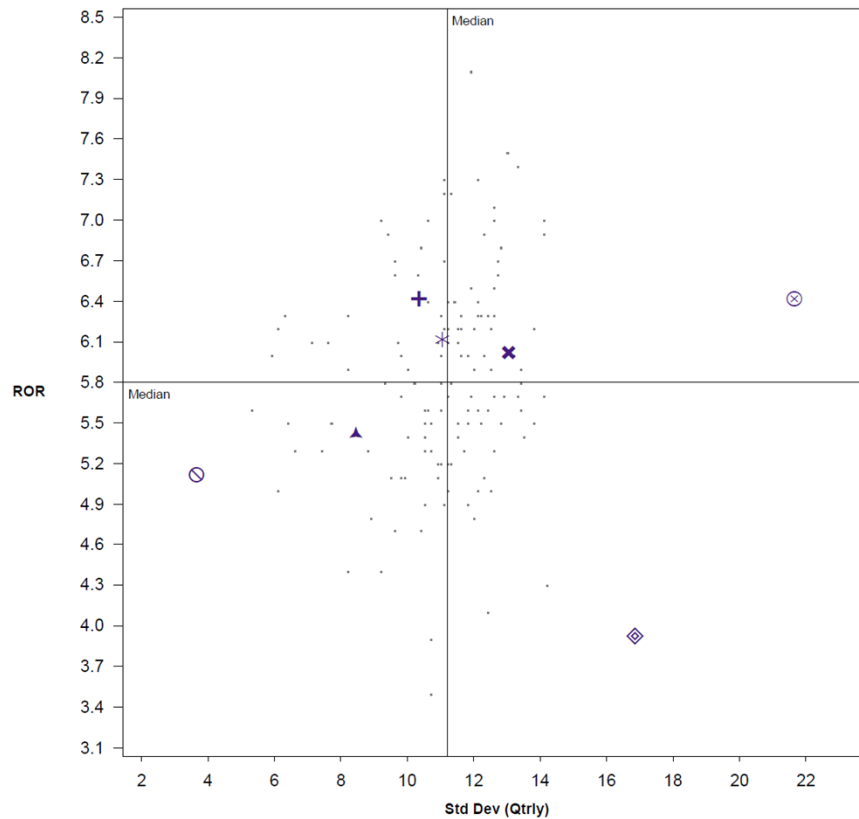
Risk vs. Return Analysis – 7 Years

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2010

Risk vs. Return - 7 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✖ MUNI COMPOSITE	6.0 39	13.1 90	0.3 66
* MUNI Allocation	6.1 35	11.1 43	0.3 39
+ POLICY INDEX	6.4 23	10.4 26	0.4 25
◇ S&P 500	3.9 100	16.9 100	0.1 100
○ BC AGGREGATE	5.1 85	3.7 1	0.7 1
⊗ MSCI EAFE (NET)	6.4 22	21.7 100	0.2 97
▲ Citigroup WGBI (All Maturities)	5.4 73	8.5 11	0.4 33
Median	5.8	11.2	0.3

Funded status as of Fiscal Year 2009 = 90%

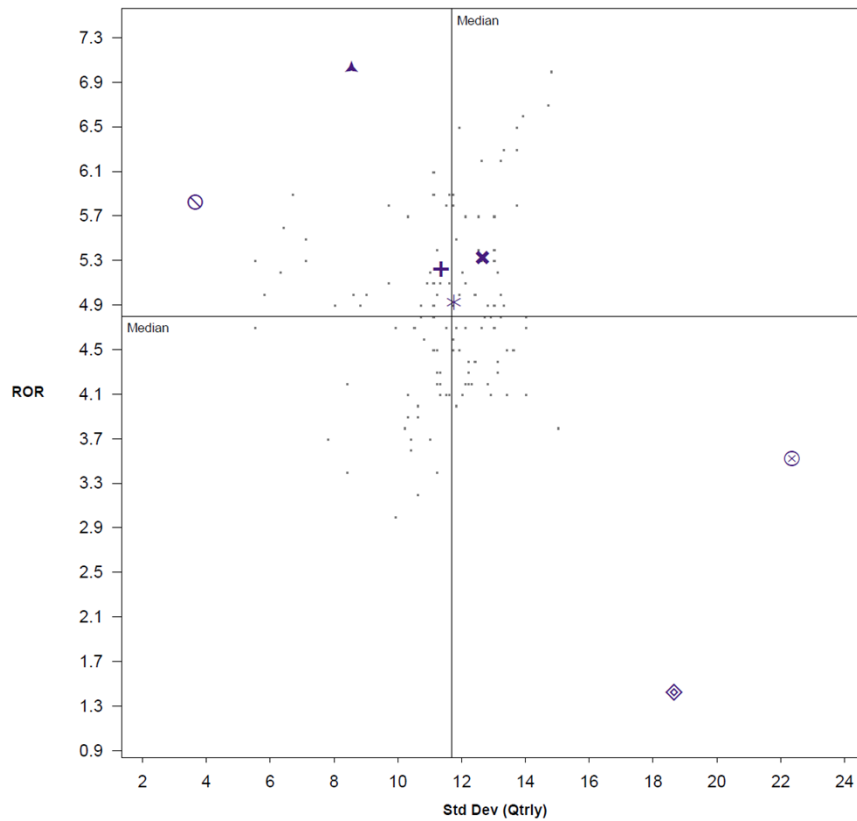


Risk vs. Return Analysis – 10 Years

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)
 Period Ending December 31, 2010

Risk vs. Return - 10 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✖ MUNI COMPOSITE	5.3 25	12.7 74	0.2 45
* MUNI Allocation	4.9 49	11.8 55	0.2 53
+ POLICY INDEX	5.2 28	11.4 43	0.2 35
◇ S&P 500	1.4 100	18.7 100	-0.1 100
○ BC AGGREGATE	5.8 13	3.7 1	0.9 1
⊗ MSCI EAFE (NET)	3.5 97	22.4 100	0.0 100
▲ Citigroup WGBI (All Maturities)	7.0 2	8.6 10	0.5 2
Median	4.8	11.7	0.2

Funded status as of Fiscal Year 2009 = 90%

