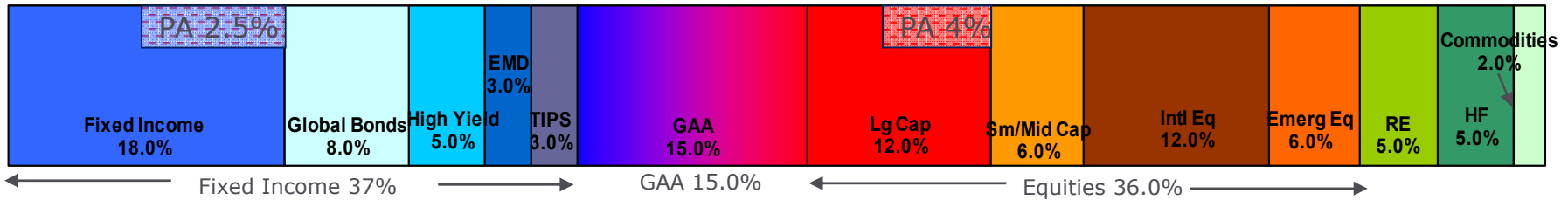




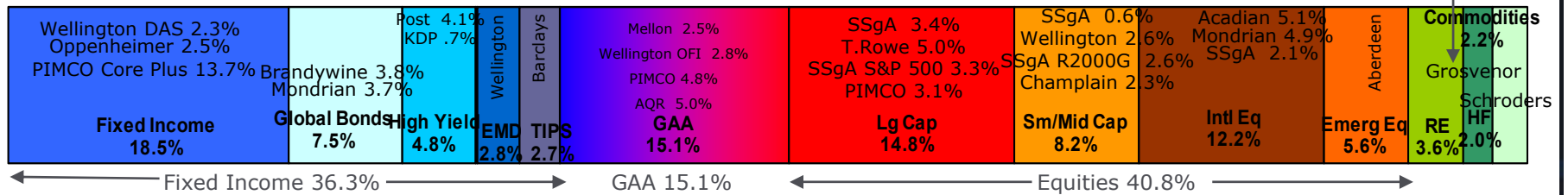
# **Vermont State Employees' Retirement System**

# Total Plan Asset Allocation

## Target Asset Allocation

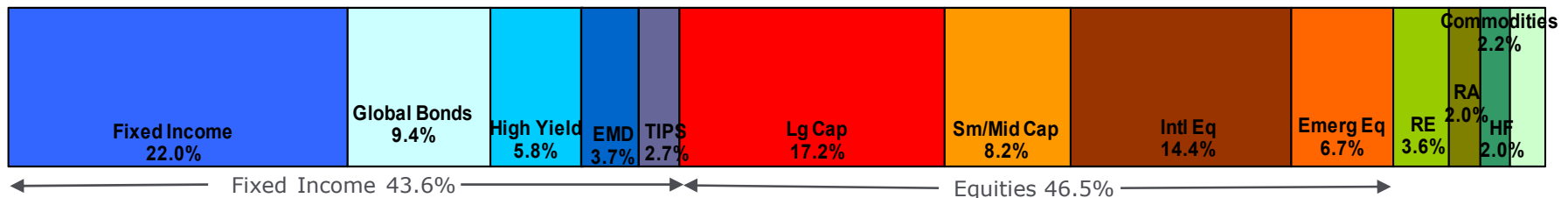


## Current Asset Allocation by Manager



M.S. 1.6%  
 UBS 1.5%  
 RREEF .5%  
 Trans W 0.0%  
 Cash 0.0%

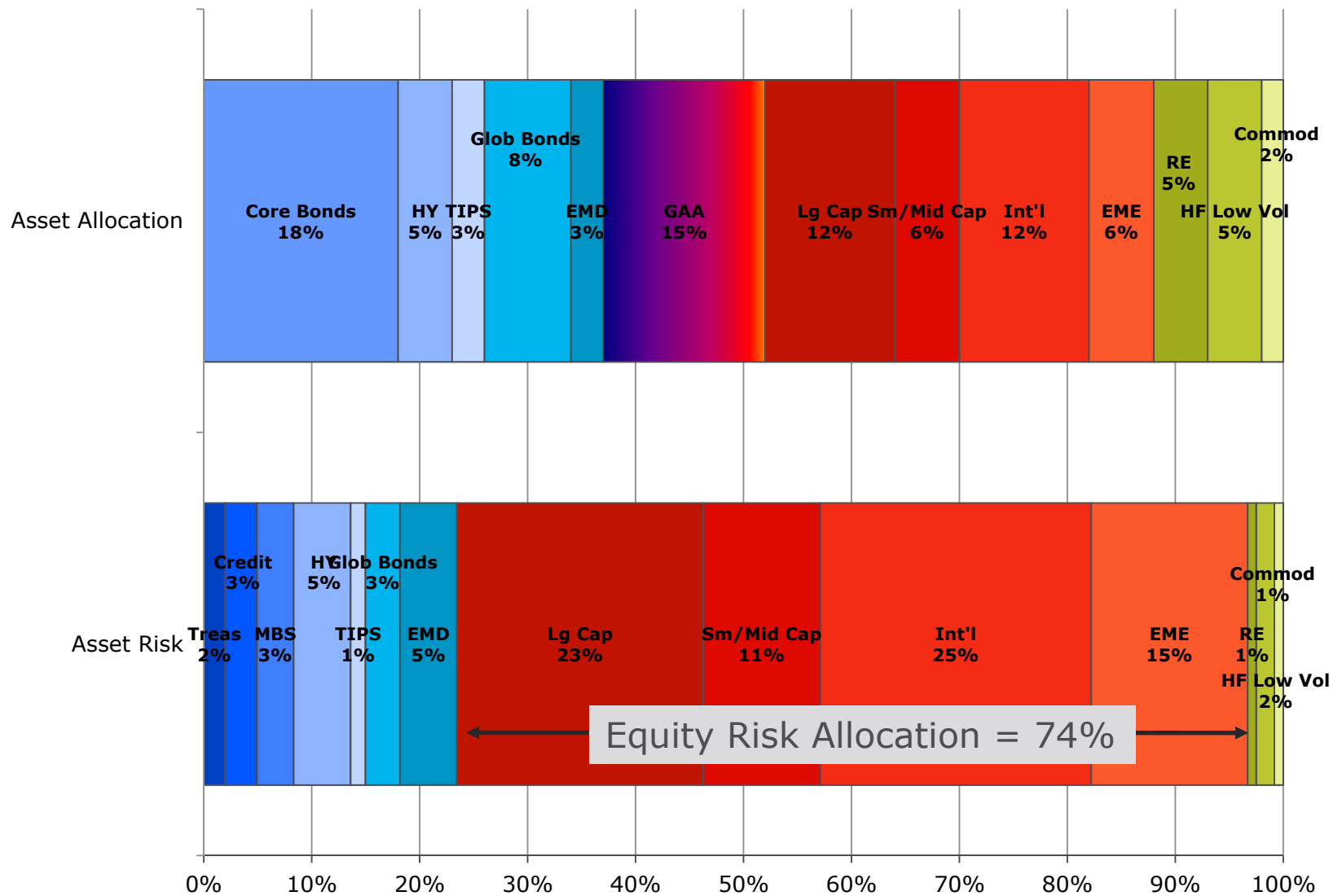
## Current Asset Allocation by Asset Class



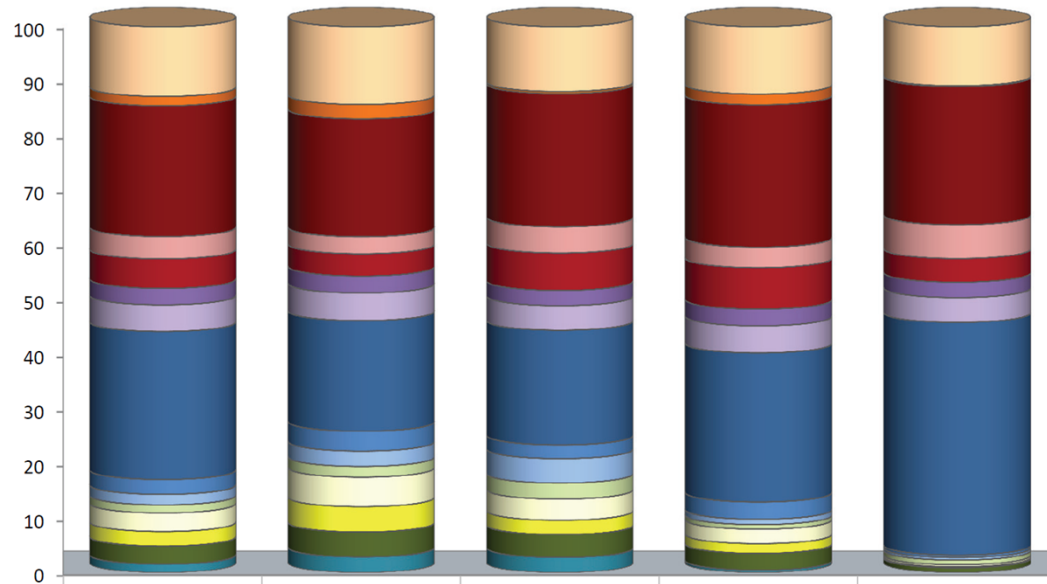
Numbers may not add up to 100% due to rounding.



# Policy Asset Allocation and Risk Budgeting



# ICC Public DB Plans – Average Asset Allocation



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

Employees'
12.2%
5.6%
14.8%
2.3%
5.9%
0.0%
15.1%
21.2%
10.3%
4.8%
0.0%
2.0%
0.0%
3.6%
2.2%

**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
<b>Composite</b>	\$194,962	\$30,026	\$8,343	\$34,901	\$34,779	\$244,040	\$63,809	\$36,276	\$234,315	\$36,716	\$98,597	\$47,557	\$199,907	\$56,471	\$261	\$1,320,959
T. Rowe	65,463	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$65,463
PIMCO	41,394	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$41,394
SSgA Equal Wgt	43,352	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$43,352
SSgA S&P 500	44,753	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$44,753
Champlain	0	30,026	0	0	0	0	0	0	0	0	0	0	0	0	0	\$30,026
SSgA R-2500	0	0	8,343	0	0	0	0	0	0	0	0	0	0	0	0	\$8,343
Wellington	0	0	0	34,901	0	0	0	0	0	0	0	0	0	0	0	\$34,901
SSgA R-2000 Growth	0	0	0	0	34,779	0	0	0	0	0	0	0	0	0	0	\$34,779
Acadian	0	0	0	0	0	0	0	0	67,897	0	0	0	0	0	0	\$67,897
Mondrian	0	0	0	0	0	0	0	0	64,674	0	0	0	0	0	0	\$64,674
SSgA ACWI ex US	0	0	0	0	0	0	0	0	28,286	0	0	0	0	0	0	\$28,286
Aberdeen	0	0	0	0	0	0	0	0	73,459	0	0	0	0	0	0	\$73,459
Oppenheimer	0	0	0	0	0	33,403	0	0	0	0	0	0	0	0	0	\$33,403
Wellington DAS	0	0	0	0	0	30,287	0	0	0	0	0	0	0	0	0	\$30,287
PIMCO Core Plus	0	0	0	0	0	180,350	0	0	0	0	0	0	0	0	0	\$180,350
Post Advisory	0	0	0	0	0	0	54,188	0	0	0	0	0	0	0	0	\$54,188
KDP	0	0	0	0	0	0	9,621	0	0	0	0	0	0	0	0	\$9,621
Wellington EMD	0	0	0	0	0	0	0	0	0	36,716	0	0	0	0	0	\$36,716
Barclays	0	0	0	0	0	0	0	36,276	0	0	0	0	0	0	0	\$36,276
Mondrian	0	0	0	0	0	0	0	0	0	0	49,040	0	0	0	0	\$49,040
Brandywine	0	0	0	0	0	0	0	0	0	0	49,557	0	0	0	0	\$49,557
Morgan Stanley	0	0	0	0	0	0	0	0	0	0	0	20,959	0	0	0	\$20,959
UBS Realty	0	0	0	0	0	0	0	0	0	0	0	20,119	0	0	0	\$20,119
RREEF	0	0	0	0	0	0	0	0	0	0	0	6,059	0	0	0	\$6,059
Transwestern	0	0	0	0	0	0	0	0	0	0	0	405	0	0	0	\$405
Real Estate Cash	0	0	0	0	0	0	0	0	0	0	0	15	0	0	0	\$15
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	0	0	33,544	0	0	\$33,544
PIMCO AA	0	0	0	0	0	0	0	0	0	0	0	0	62,794	0	0	\$62,794
Wellington OIF	0	0	0	0	0	0	0	0	0	0	0	0	37,187	0	0	\$37,187
AQR	0	0	0	0	0	0	0	0	0	0	0	0	66,383	0	0	\$66,383
Alt. Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	584	0	\$584
Grosvenor	0	0	0	0	0	0	0	0	0	0	0	0	0	26,339	0	\$26,339
Schroders	0	0	0	0	0	0	0	0	0	0	0	0	0	29,548	0	\$29,548
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	261	\$261

(Dollars in 000's)



# Total Fund Asset Growth Summary

## VERMONT STATE EMPLOYEES

EMPLOYEES RETIREMENT SYSTEM

Periods Ending December 31, 2010

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

	One Quarter	Year to Date	One Year
<b>ERS COMPOSITE</b>			
Beginning Market Value	1,267,191	1,170,378	1,170,378
Net External Growth	-7,231	-22,431	-22,431
Return on Investment	60,990	177,480	177,480
Income Received	15	306	306
Gain/Loss	60,975	177,173	177,173
Ending Market Value	1,320,950	1,320,950	1,320,950

Return

4.8% 15.1% 15.1%

# Fund Performance vs. Benchmark

## VERMONT STATE EMPLOYEES

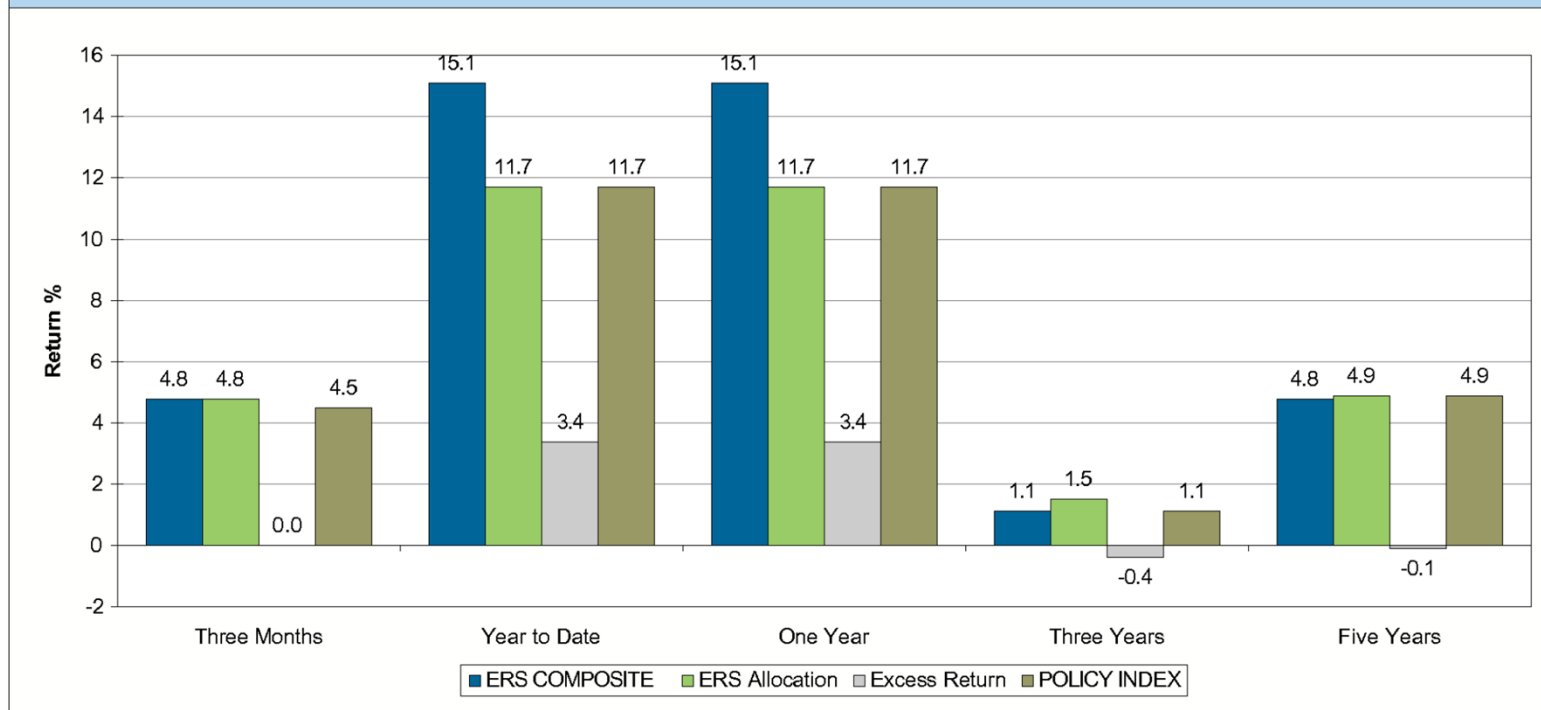
POLICY INDEX

Benchmark:

Periods Ending December 31, 2010

### Fund Performance vs. Benchmark

#### ERS COMPOSITE

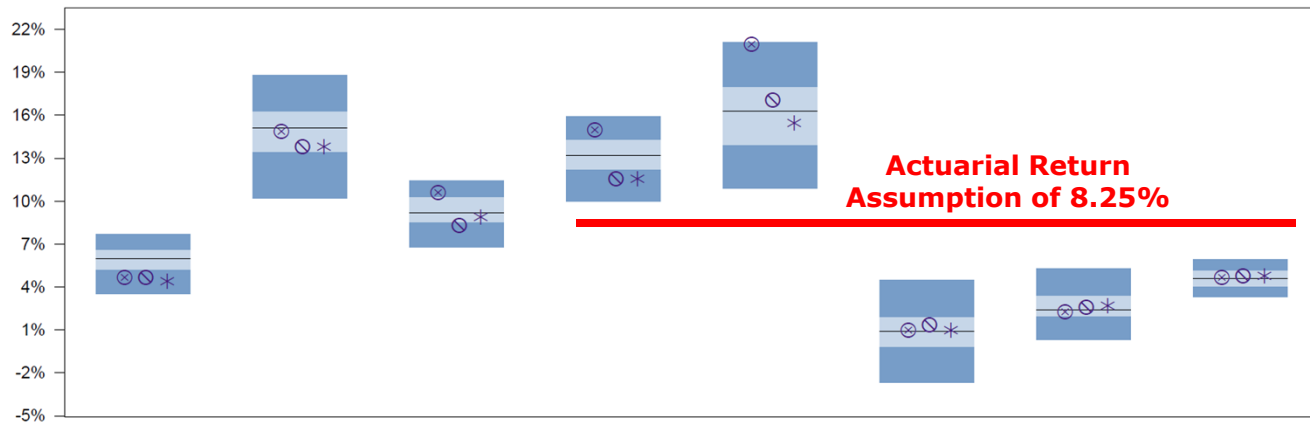


# Total Public Funds Performance

## VERMONT STATE 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	
⊗ <b>ERS COMPOSITE</b>	4.8	81	15.0	51	10.7	11	15.1	9	21.1	5	1.1	44	2.4	51	4.8	40
⊙ ERS Allocation	4.8	83	13.9	68	8.4	80	11.7	82	17.2	40	1.5	34	2.7	41	4.9	36
* <b>POLICY INDEX</b>	4.5	90	13.9	69	9.0	58	11.7	82	15.6	62	1.1	44	2.8	41	4.9	35
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	

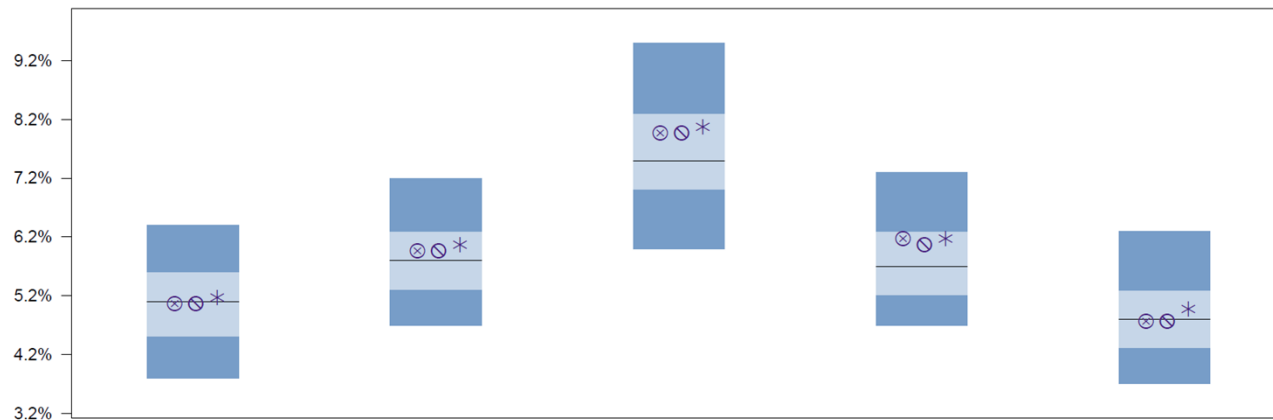


# Total Public Funds Performance

## VERMONT STATE 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
⊗ ERS COMPOSITE	5.1 49	6.0 45	8.0 36	6.2 31	4.8 50
⊙ ERS Allocation	5.1 49	6.0 43	8.0 31	6.1 32	4.8 50
* POLICY INDEX	5.2 46	6.1 35	8.1 27	6.2 28	5.0 41
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

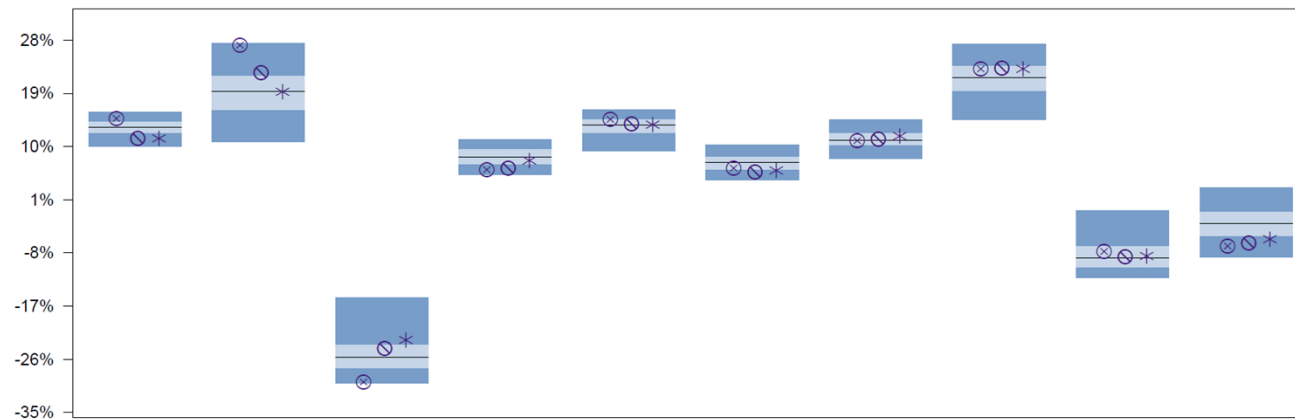
# Total Public Funds Performance

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2010

### Total Fund Performance - One Year Time Periods



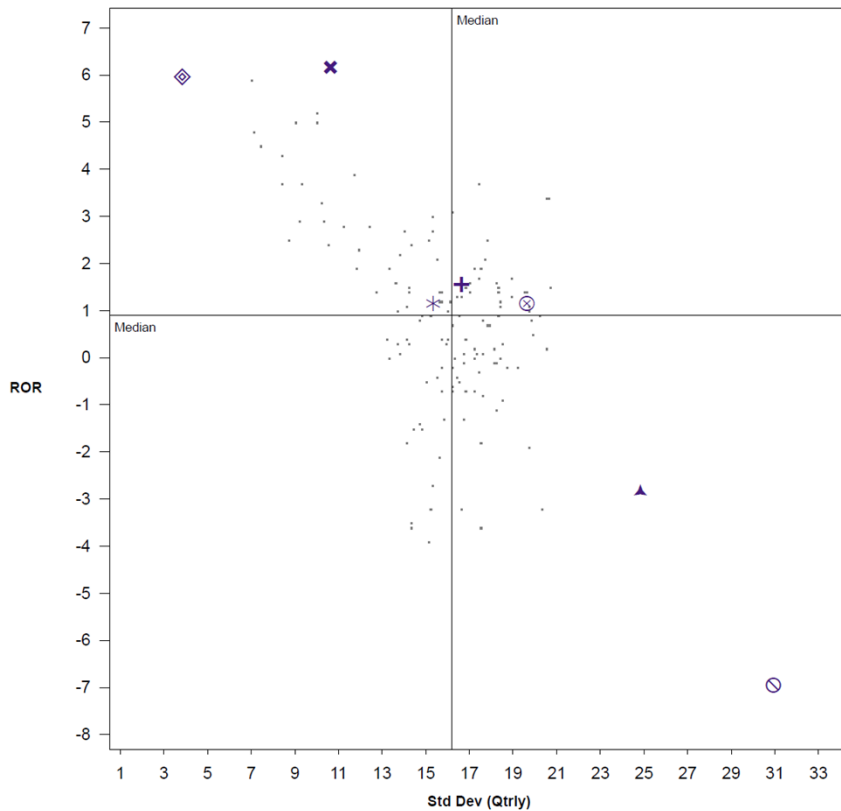
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001										
⊗ <b>ERS COMPOSITE</b>	15.1	9	27.4	6	-29.6	92	6.4	84	14.9	23	6.6	67	11.3	47	23.4	29	-7.5	35	-6.6	90
⊙ ERS Allocation	11.7	82	22.8	22	-23.9	35	6.6	81	14.1	36	6.0	76	11.5	40	23.6	26	-8.3	48	-6.0	84
* <b>POLICY INDEX</b>	11.7	82	19.5	49	-22.5	18	7.9	56	14.0	40	6.3	71	12.1	30	23.4	28	-8.2	45	-5.4	80
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 STATE EMPLOYEES

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

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	1.1 44	19.7 94	0.0 48
+ ERS Allocation	1.5 34	16.7 61	0.0 35
* POLICY INDEX	1.1 44	15.4 38	0.0 46
▲ 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
✱ Citiagroup 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 = 79%**

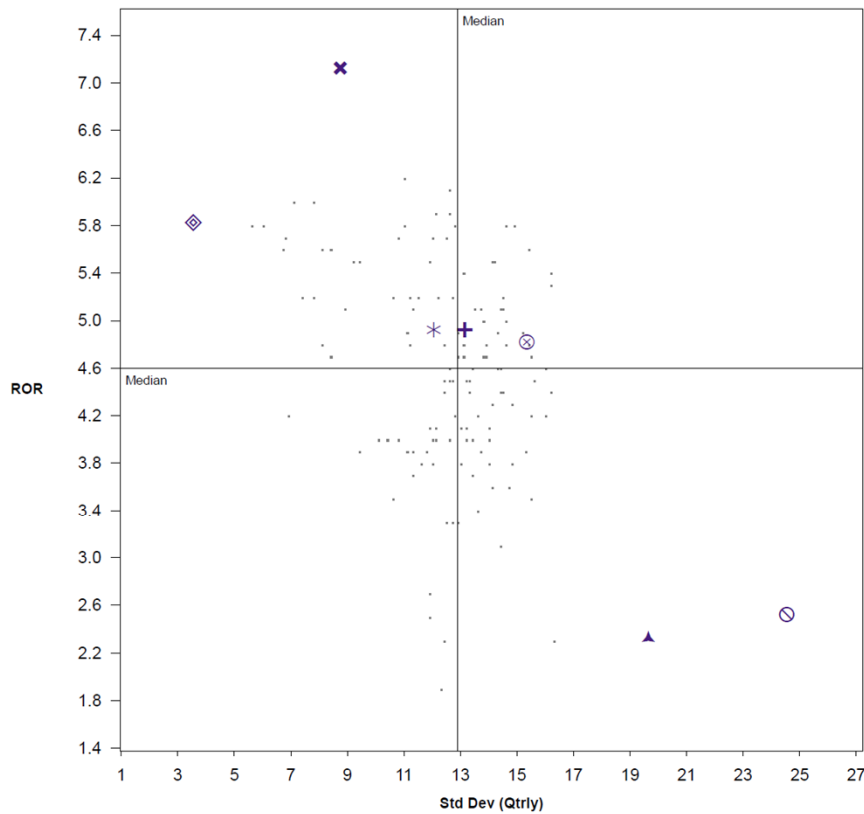


# Risk vs. Return Analysis – 5 Years

## VERMONT STATE EMPLOYEES

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

Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	4.8 40	15.4 92	0.2 60
+ ERS Allocation	4.9 36	13.2 58	0.2 41
* POLICY INDEX	4.9 35	12.1 35	0.2 36
▲ 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 = 79%

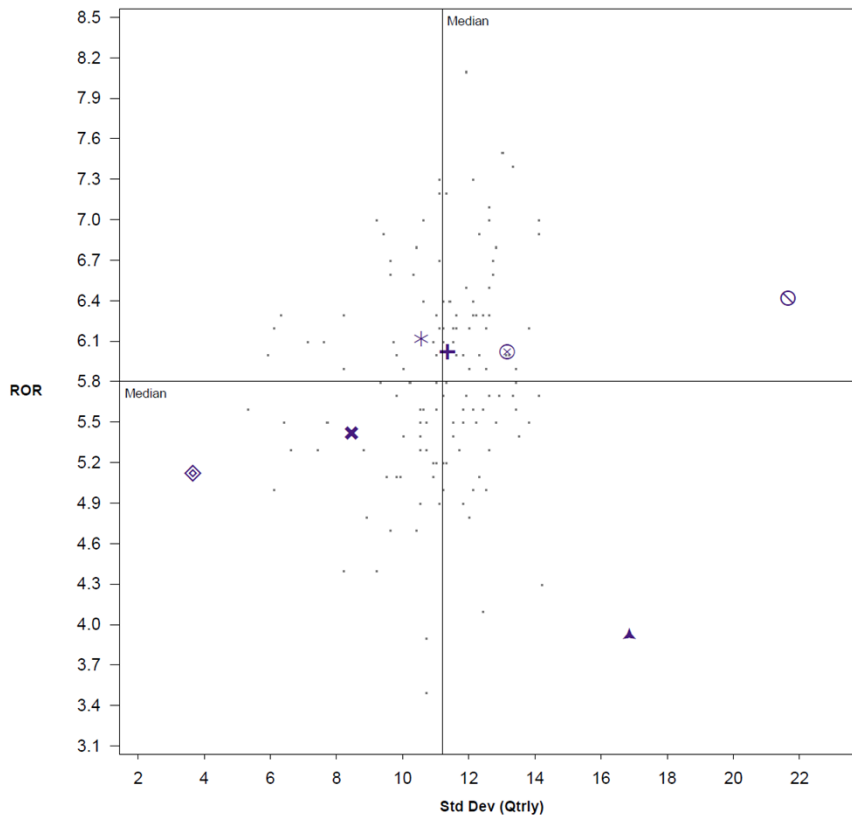


# Risk vs. Return Analysis – 7 Years

## VERMONT STATE EMPLOYEES

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

Risk vs. Return - 7 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	6.0 45	13.2 91	0.3 71
+ ERS Allocation	6.0 43	11.4 54	0.3 52
* POLICY INDEX	6.1 35	10.6 34	0.4 36
▲ 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 = 79%

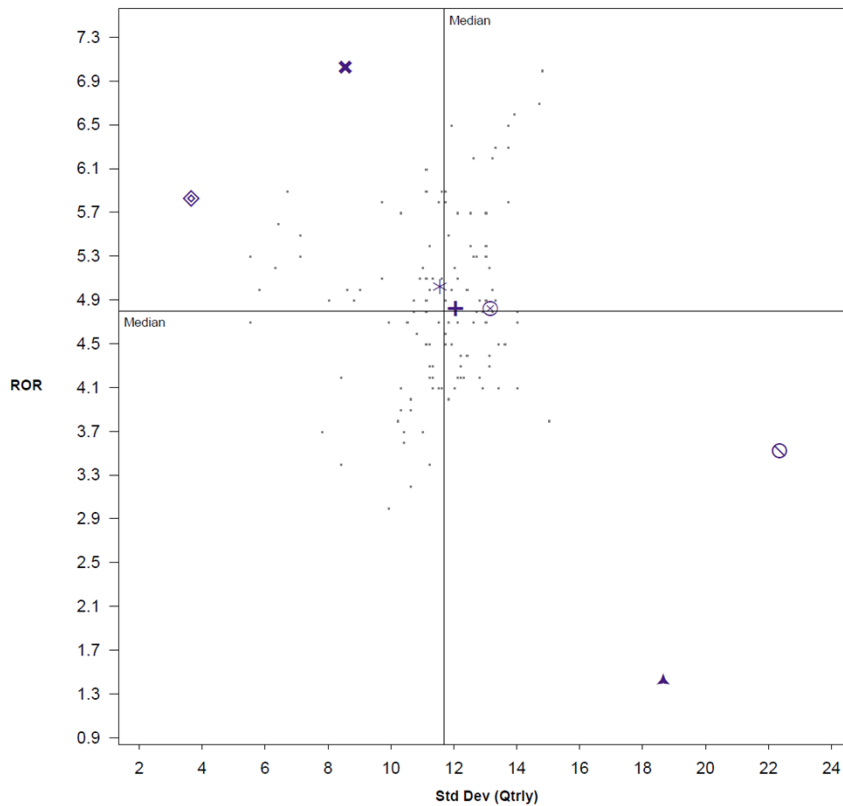


# Risk vs. Return Analysis – 10 Years

## VERMONT STATE EMPLOYEES

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

Risk vs. Return - 10 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	4.8 50	13.2 86	0.2 65
+ ERS Allocation	4.8 50	12.1 62	0.2 55
* POLICY INDEX	5.0 41	11.6 49	0.2 46
▲ 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 = 79%

