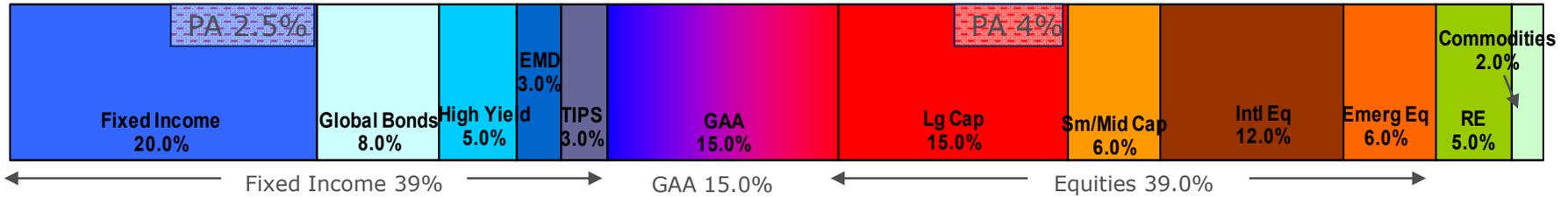


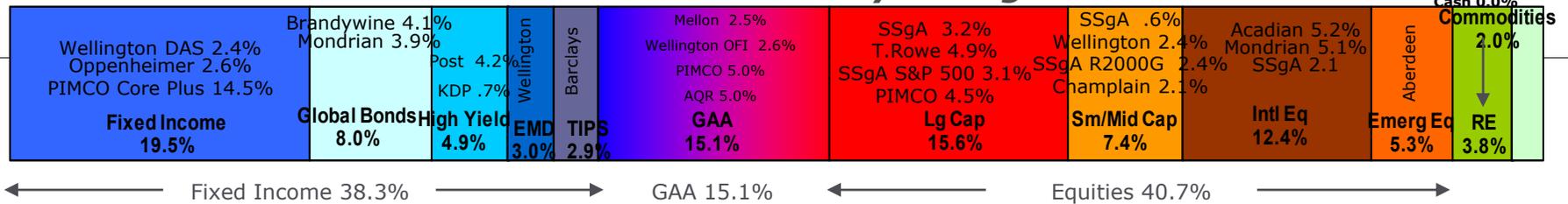
Vermont Municipal Employees' Retirement System

Total Plan Asset Allocation

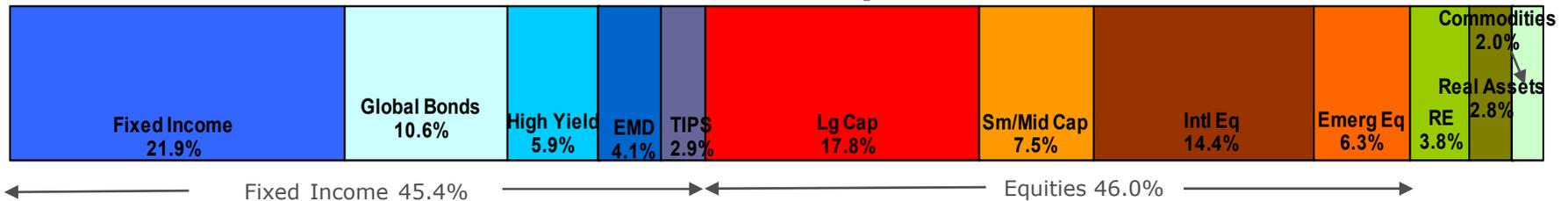
Target Asset Allocation



Current Asset Allocation by Manager



Current Asset Allocation by Asset Class

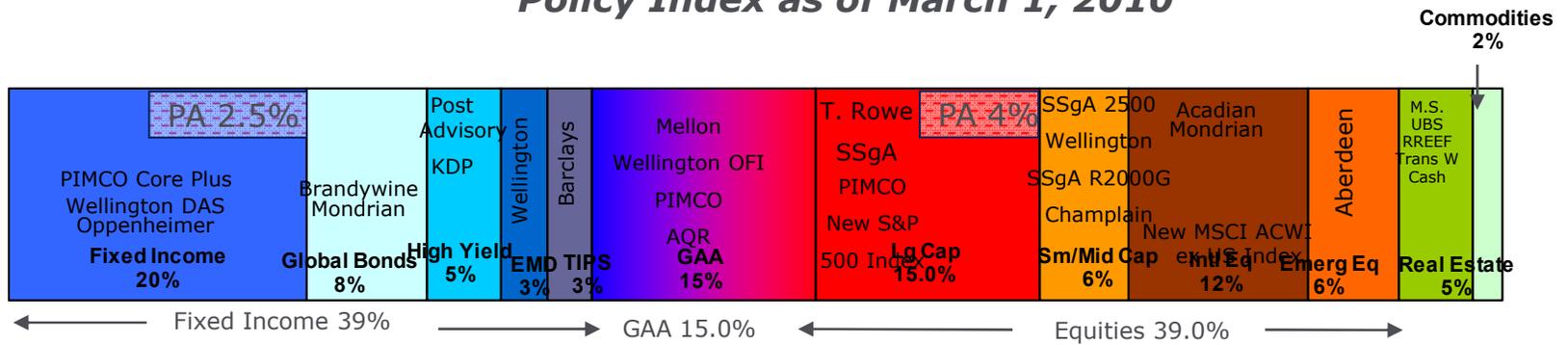


Numbers may not add up to 100% due to rounding.

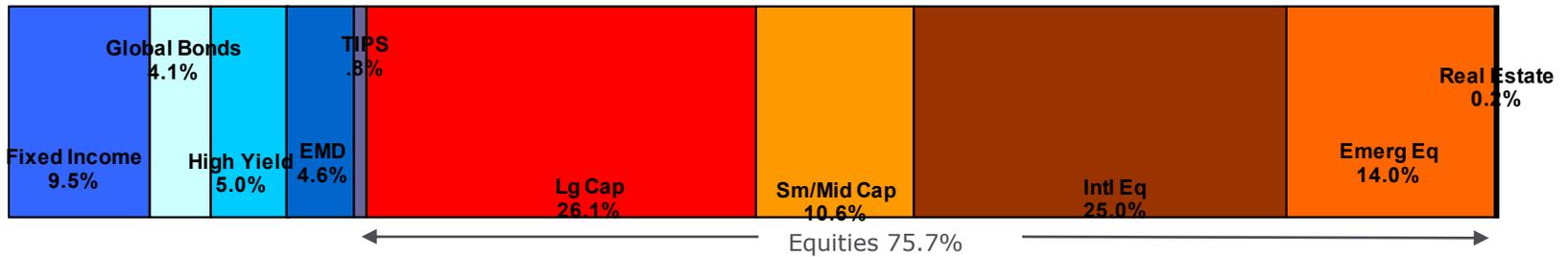


Policy Asset Allocation and Risk Budgeting

Policy Index as of March 1, 2010



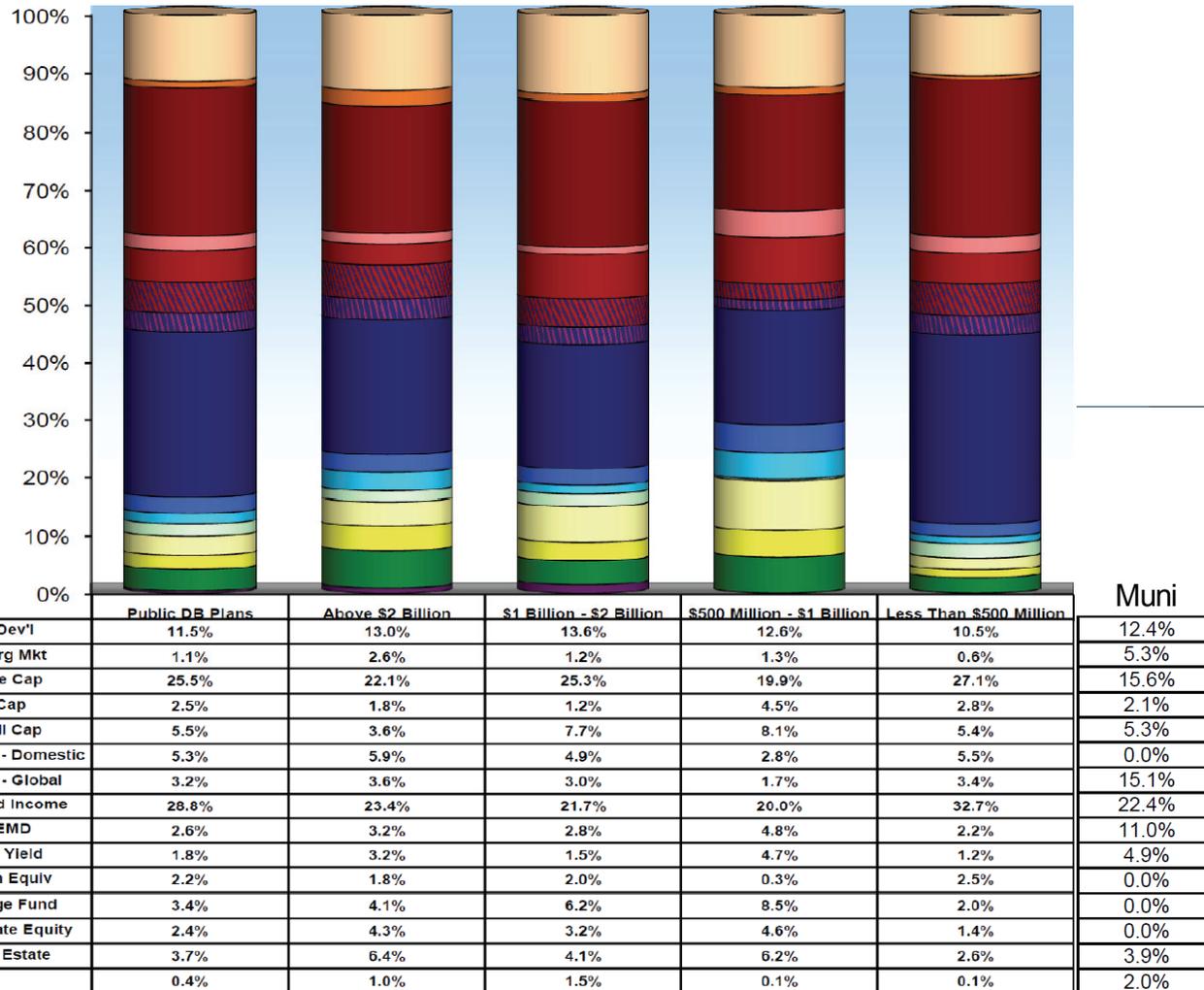
2010 NEPC Risk Budgeting Risk Allocation



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



ICC Public DB Plans – Average Asset Allocation



Disclosure:

Allocations may not add to 100% due to rounding. Average asset allocations shown include all portfolios submitted to the ICC universe as of 10/15/10 for periods ending 6/30/10. 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 without an asset allocation.

Muni allocation is as of 9/30/2010



Asset Breakdown

	Domestic Large Core	Domestic Smid	Domestic Small Core	Domestic Small Value	Domestic Small Growth	Core Fixed	High Yield	TIPS	Int'l Equity	EMD	Global Bonds	Real Estate	GAA	Other	Cash	Total
Composite	\$55,411	\$7,463	\$1,997	\$8,350	\$8,549	\$69,083	\$17,221	\$10,257	\$62,951	\$10,738	\$28,334	\$13,339	\$53,542	\$7,082	\$184	\$354,503
T. Rowe	17,295	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$17,295
PIMCO	16,043	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$16,043
SSgA Equal Wgt	11,171	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$11,171
SSgA S&P 500	10,903	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$10,903
Champlain	0	7,463	0	0	0	0	0	0	0	0	0	0	0	0	0	\$7,463
SSgA R-2500	0	0	1,997	0	0	0	0	0	0	0	0	0	0	0	0	\$1,997
Wellington	0	0	0	8,350	0	0	0	0	0	0	0	0	0	0	0	\$8,350
SSgA R-2000 Growth	0	0	0	0	8,549	0	0	0	0	0	0	0	0	0	0	\$8,549
Acadian	0	0	0	0	0	0	0	0	18,551	0	0	0	0	0	0	\$18,551
Mondrian	0	0	0	0	0	0	0	0	18,217	0	0	0	0	0	0	\$18,217
SSgA ACWI ex US	0	0	0	0	0	0	0	0	7,364	0	0	0	0	0	0	\$7,364
Aberdeen	0	0	0	0	0	0	0	0	18,819	0	0	0	0	0	0	\$18,819
Oppenheimer	0	0	0	0	0	9,139	0	0	0	0	0	0	0	0	0	\$9,139
Wellington DAS	0	0	0	0	0	8,538	0	0	0	0	0	0	0	0	0	\$8,538
PIMCO Core Plus	0	0	0	0	0	51,406	0	0	0	0	0	0	0	0	0	\$51,406
Post Advisory	0	0	0	0	0	0	14,728	0	0	0	0	0	0	0	0	\$14,728
KDP	0	0	0	0	0	0	2,493	0	0	0	0	0	0	0	0	\$2,493
Wellington EMD	0	0	0	0	0	0	0	0	0	10,738	0	0	0	0	0	\$10,738
Barclays	0	0	0	0	0	0	0	10,257	0	0	0	0	0	0	0	\$10,257
Mondrian	0	0	0	0	0	0	0	0	0	0	13,848	0	0	0	0	\$13,848
Brandywine	0	0	0	0	0	0	0	0	0	0	14,486	0	0	0	0	\$14,486
Morgan Stanley	0	0	0	0	0	0	0	0	0	0	0	5,806	0	0	0	\$5,806
UBS Realty	0	0	0	0	0	0	0	0	0	0	0	5,645	0	0	0	\$5,645
RREEF	0	0	0	0	0	0	0	0	0	0	0	1,766	0	0	0	\$1,766
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	8,781	0	0	\$8,781
PIMCO AA	0	0	0	0	0	0	0	0	0	0	0	0	17,762	0	0	\$17,762
Wellington OIF	0	0	0	0	0	0	0	0	0	0	0	0	17,830	0	0	\$17,830
AQR	0	0	0	0	0	0	0	0	0	0	0	0	9,169	0	0	\$9,169
Alt. Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	48	0	\$48
Schroders	0	0	0	0	0	0	0	0	0	0	0	0	0	7,034	0	\$7,034
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	184	\$184

(Dollars in 000's)



Total Fund Asset Growth Summary

VERMONT MUNICIPAL EMPLOYEES

MUNICIPAL SYSTEM COMPOSITE

Periods Ending September 30, 2010

Total Fund Asset Growth Summary (\$000)

	One Quarter	Year to Date	One Year	Since Inception
MUNI COMPOSITE				
Beginning Market Value	320,728	314,470	306,449	0
Net External Growth	2,700	9,373	7,011	61,399
Return on Investment	31,076	32,086	42,470	294,531
Income Received	14	19	-937	24,308
Gain/Loss	31,061	32,067	43,407	270,224
Ending Market Value	354,503	354,503	354,503	354,503

Return

9.6% 9.7% 13.5%



9/30/2010

Fund Performance vs. Benchmark

VERMONT MUNICIPAL EMPLOYEES

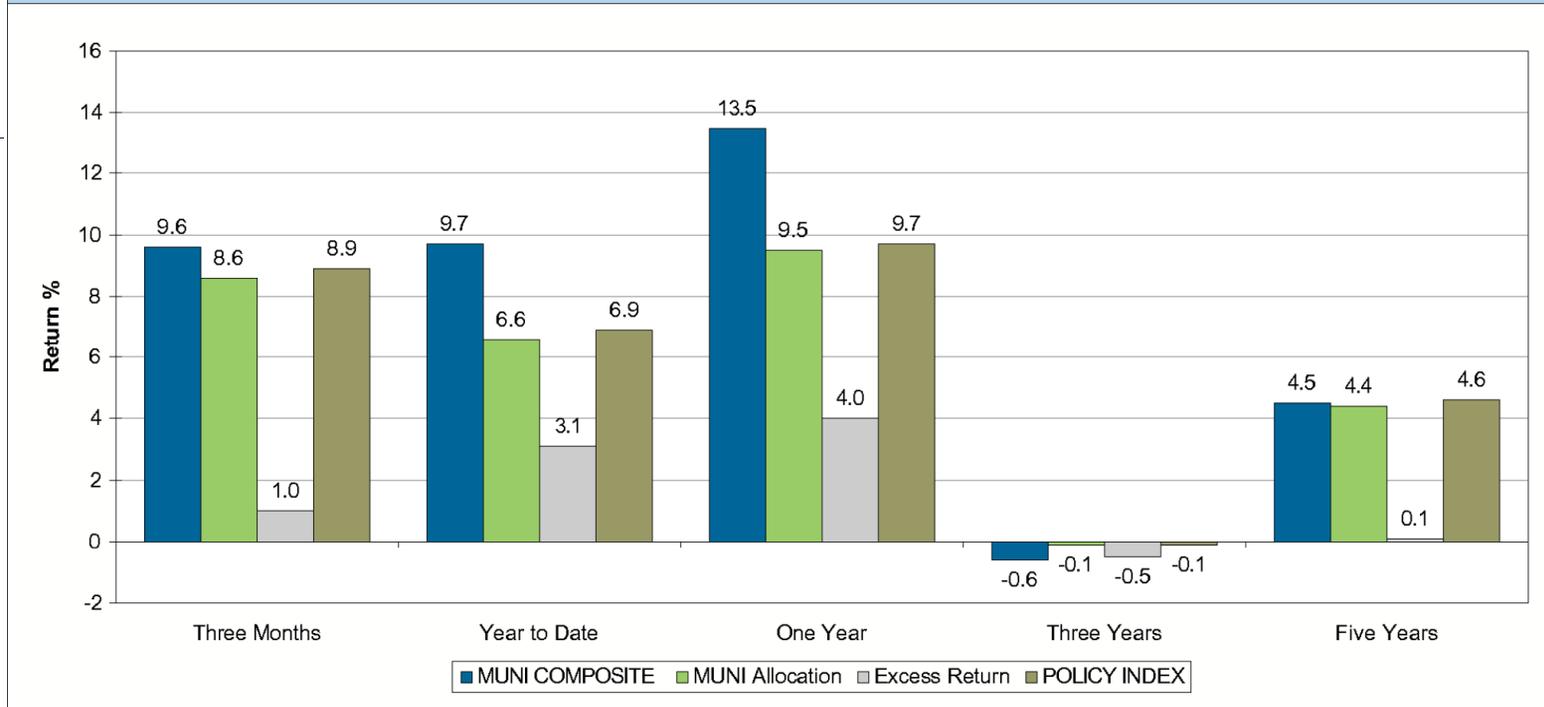
POLICY INDEX

Benchmark:

Periods Ending September 30, 2010

Fund Performance vs. Benchmark

MUNI COMPOSITE



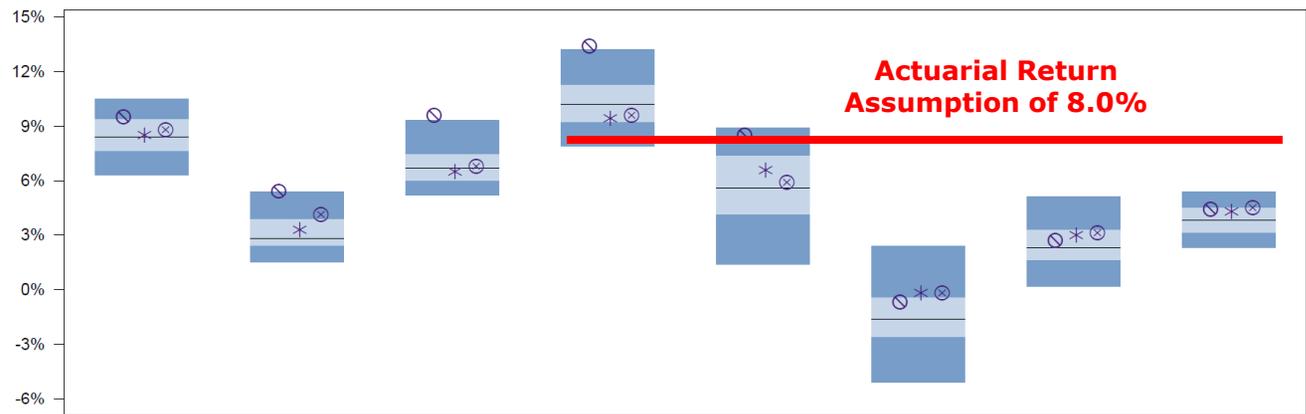
Total Public Funds Performance

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending September 30, 2010

Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
○ MUNI COMPOSITE	9.6	18	5.5	4	9.7	4	13.5	2	8.6	9	-0.6	29	2.8	36	4.5	25
* MUNI Allocation	8.6	42	3.4	39	6.6	53	9.5	70	6.7	36	-0.1	23	3.1	29	4.4	28
⊗ POLICY INDEX	8.9	36	4.2	19	6.9	40	9.7	66	6.0	44	-0.1	24	3.2	27	4.6	22
5th Percentile	10.5		5.4		9.3		13.2		8.9		2.4		5.1		5.4	
25th Percentile	9.4		3.9		7.5		11.3		7.4		-0.4		3.3		4.5	
50th Percentile	8.4		2.8		6.7		10.2		5.6		-1.6		2.3		3.8	
75th Percentile	7.6		2.4		6.0		9.2		4.1		-2.6		1.6		3.1	
95th Percentile	6.3		1.5		5.2		7.9		1.4		-5.1		0.2		2.3	

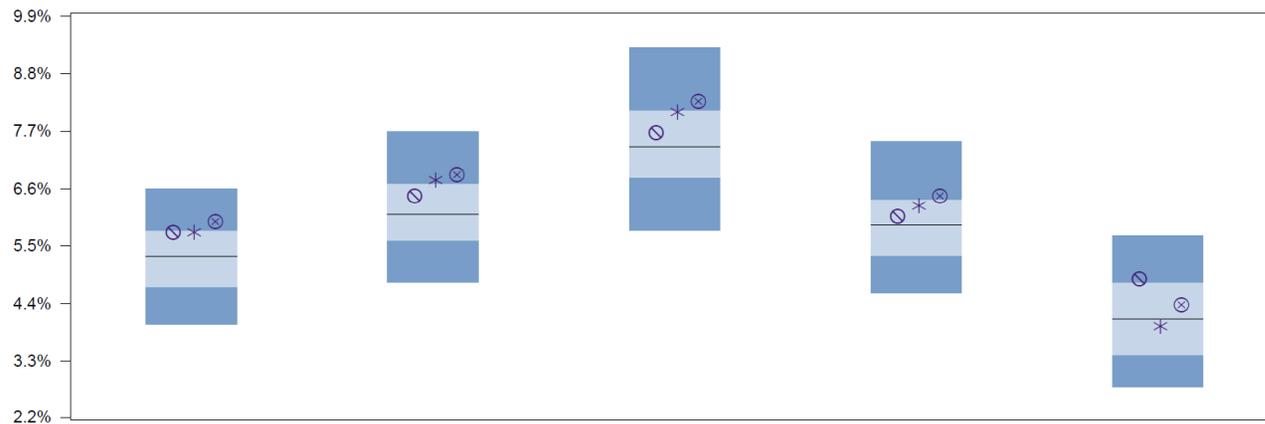
Total Public Funds Performance

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending September 30, 2010

Total Fund Performance - Trailing Periods



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊗ MUNI COMPOSITE	5.8 30	6.5 33	7.7 38	6.1 35	4.9 20
* MUNI Allocation	5.8 29	6.8 23	8.1 25	6.3 29	4.0 55
⊗ POLICY INDEX	6.0 22	6.9 19	8.3 18	6.5 23	4.4 39
5th Percentile	6.6	7.7	9.3	7.5	5.7
25th Percentile	5.8	6.7	8.1	6.4	4.8
50th Percentile	5.3	6.1	7.4	5.9	4.1
75th Percentile	4.7	5.6	6.8	5.3	3.4
95th Percentile	4.0	4.8	5.8	4.6	2.8

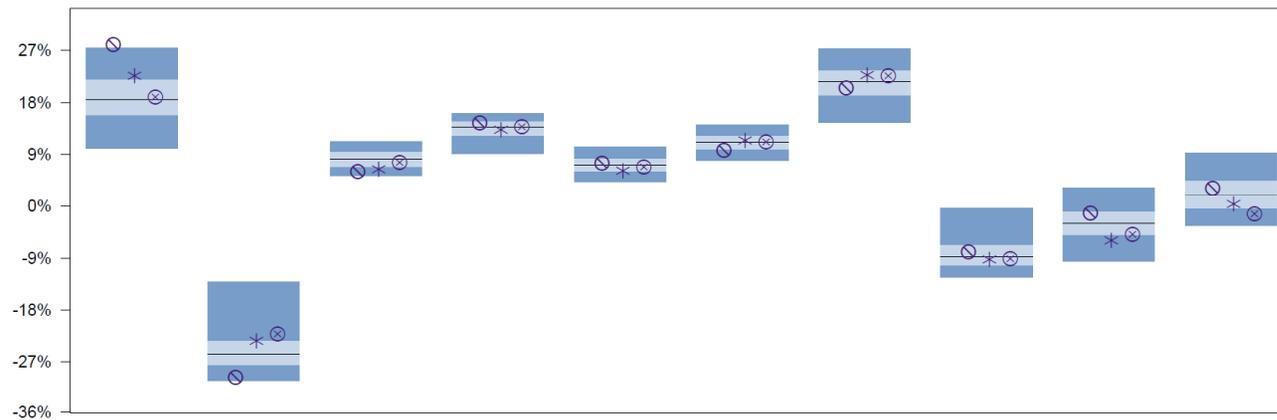
Total Public Funds Performance

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2009

Total Fund Performance - One Year Time Periods



	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
○ MUNI COMPOSITE	28.4	-29.4	6.3	14.8	7.8	10.1	20.8	-7.6	-0.9	3.5
* MUNI Allocation	22.9	-23.0	6.7	13.6	6.5	11.7	23.1	-8.9	-5.6	0.7
⊗ POLICY INDEX	19.3	-21.9	8.0	14.1	7.1	11.5	23.0	-8.8	-4.6	-1.0
5th Percentile	27.5	-13.1	11.2	16.2	10.4	14.2	27.3	-0.3	3.2	9.3
25th Percentile	22.1	-23.3	9.6	14.8	8.3	12.3	23.6	-6.7	-0.9	4.5
50th Percentile	18.5	-25.6	8.2	13.7	7.2	11.1	21.7	-8.8	-2.9	1.9
75th Percentile	15.7	-27.6	6.8	12.2	6.0	9.8	19.2	-10.4	-5.1	-0.5
95th Percentile	10.1	-30.3	5.3	9.2	4.3	8.0	14.5	-12.3	-9.6	-3.4

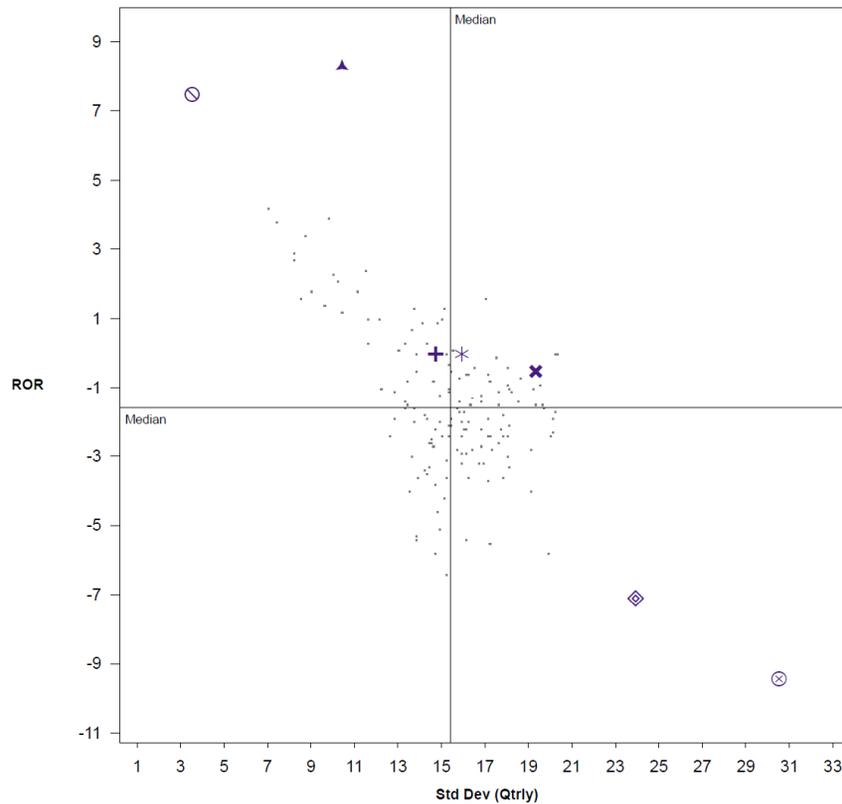
Risk vs. Return Analysis – 3 Years

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending September 30, 2010

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✖ MUNI COMPOSITE	-0.6 29	19.4 93	-0.1 27
* MUNI Allocation	-0.1 23	16.0 58	-0.1 23
+ POLICY INDEX	-0.1 24	14.8 39	-0.1 27
◇ S&P 500	-7.2 100	24.0 100	-0.3 95
○ BC AGGREGATE	7.4 1	3.6 1	1.8 1
⊗ MSCI EAFE (NET)	-9.5 100	30.6 100	-0.3 95
▲ Citigroup WGBI (All Maturities)	8.2 1	10.5 10	0.7 1
Median	-1.6	15.4	-0.1

Funded status as of Fiscal Year 2009 = 90%



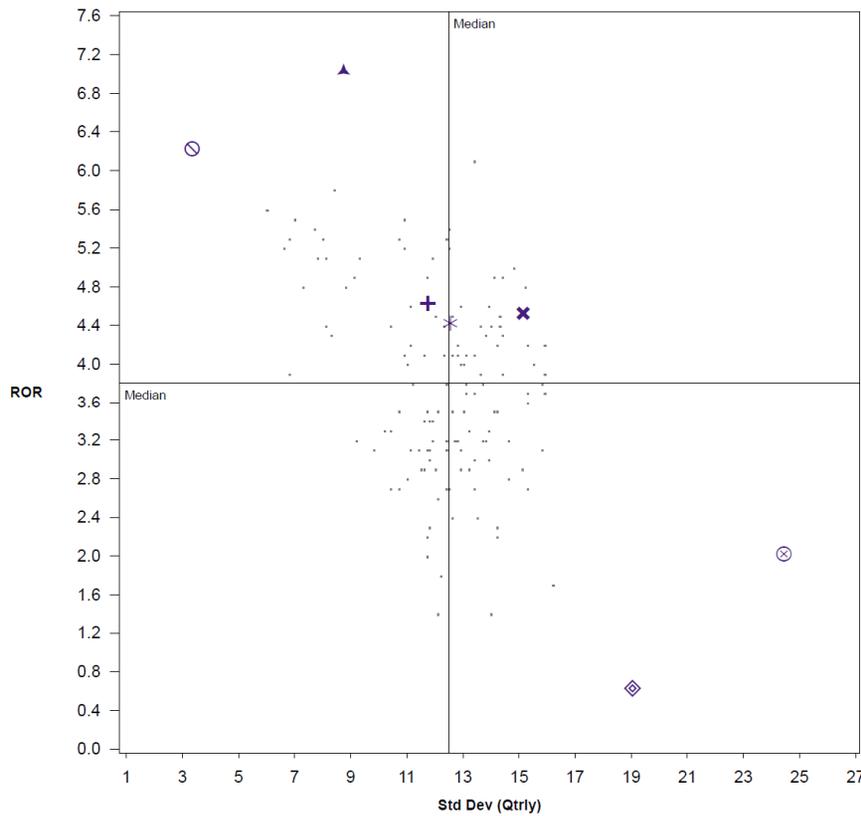
Risk vs. Return Analysis – 5 Years

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending September 30, 2010

Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✖ MUNI COMPOSITE	4.5 25	15.2 90	0.1 37
* MUNI Allocation	4.4 28	12.6 54	0.1 29
+ POLICY INDEX	4.6 22	11.8 35	0.2 21
◇ S&P 500	0.6 100	19.1 100	-0.1 100
⊖ BC AGGREGATE	6.2 1	3.4 1	1.1 1
⊗ MSCI EAFE (NET)	2.0 98	24.5 100	-0.0 95
▲ Citigroup WGBI (All Maturities)	7.0 1	8.8 10	0.5 1
Median	3.8	12.5	0.1

Funded status as of Fiscal Year 2009 = 90%



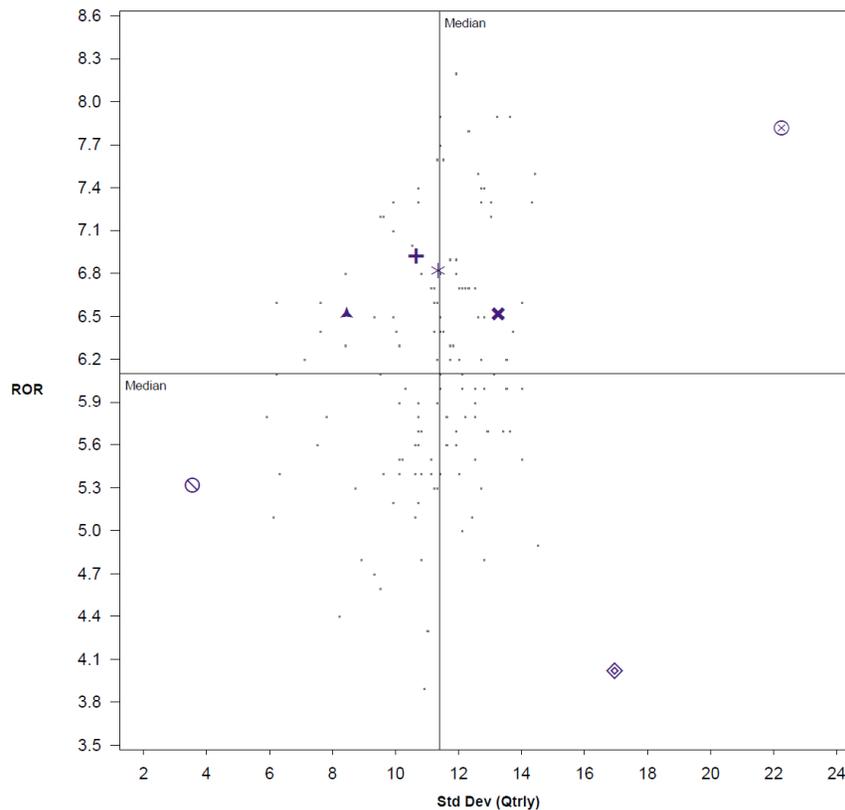
Risk vs. Return Analysis – 7 Years

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending September 30, 2010

Risk vs. Return - 7 Year



NAME	Return	Standard Deviation	Sharpe Ratio
* MUNI COMPOSITE	6.5 33	13.3 90	0.3 56
* MUNI Allocation	6.8 23	11.4 50	0.4 31
+ POLICY INDEX	6.9 19	10.7 31	0.4 21
◇ S&P 500	4.0 100	17.0 100	0.1 100
⊙ BC AGGREGATE	5.3 87	3.6 1	0.8 1
⊗ MSCI EAFE (NET)	7.8 5	22.3 100	0.2 92
▲ Citigroup WGBI (All Maturities)	6.5 37	8.5 10	0.5 11
Median	6.1	11.4	0.3

Funded status as of Fiscal Year 2009 = 90%



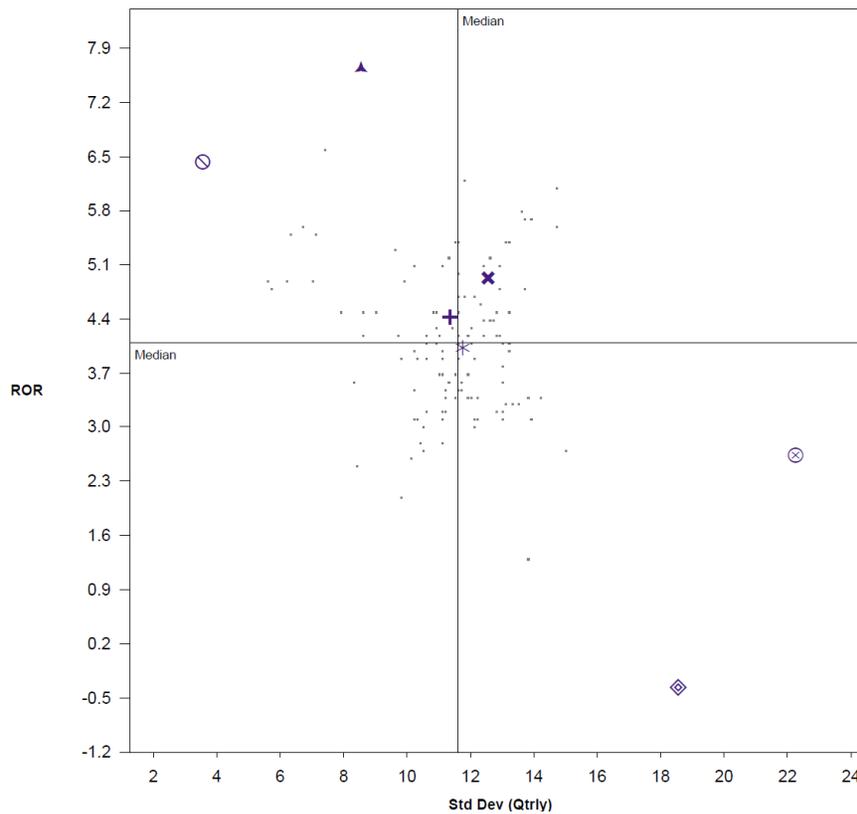
Risk vs. Return Analysis – 10 Years

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending September 30, 2010

Risk vs. Return - 10 Year



NAME	Return	Standard Deviation	Sharpe Ratio
* MUNI COMPOSITE	4.9 20	12.6 72	0.2 30
* MUNI Allocation	4.0 55	11.8 56	0.1 58
+ POLICY INDEX	4.4 39	11.4 44	0.2 40
◇ S&P 500	-0.4 100	18.6 100	-0.2 100
⊗ BC AGGREGATE	6.4 2	3.6 1	1.1 1
⊗ MSCI EAFE (NET)	2.6 98	22.3 100	0.0 97
▲ Citigroup WGBI (All Maturities)	7.6 1	8.6 9	0.6 1
Median	4.1	11.6	0.1

Funded status as of Fiscal Year 2009 = 90%