



Vermont State Employees' Retirement System

Vermont Pension Investment Committee

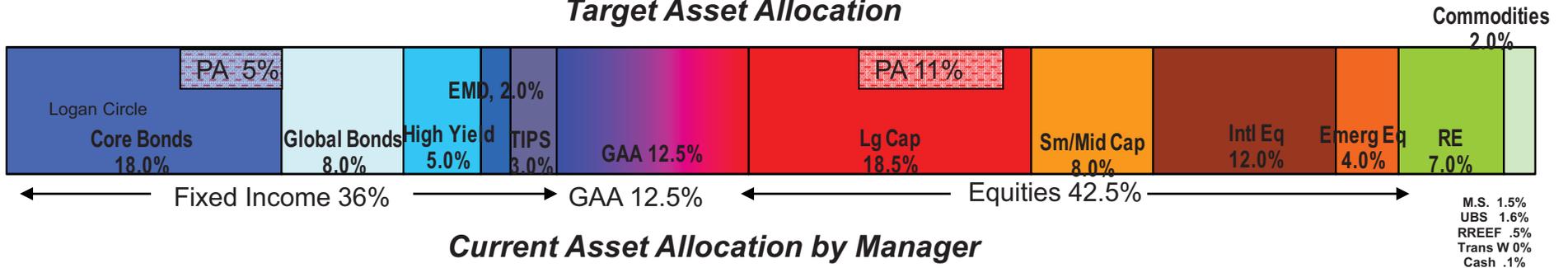
Plan Asset Allocation

Period Ending September 30, 2009

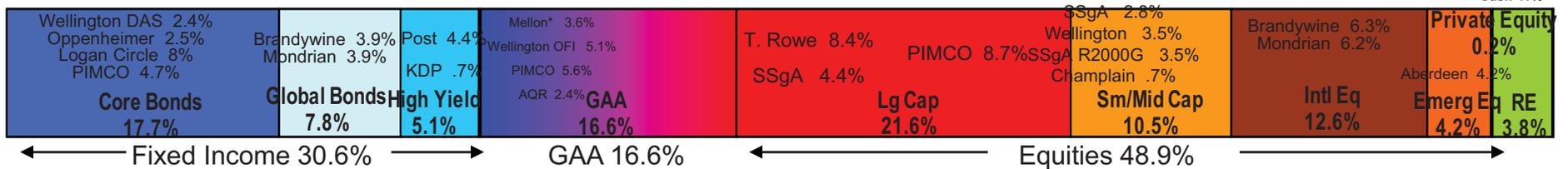


Asset Allocation

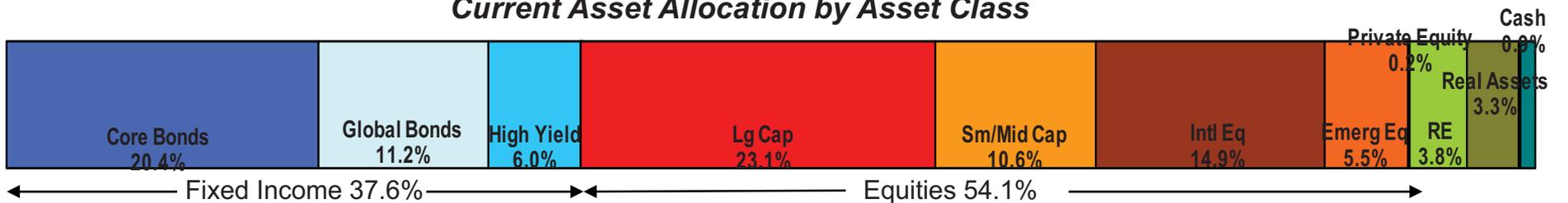
Target Asset Allocation



Current Asset Allocation by Manager



Current Asset Allocation by Asset Class



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

* See disclosure pages in appendix under manager analysis

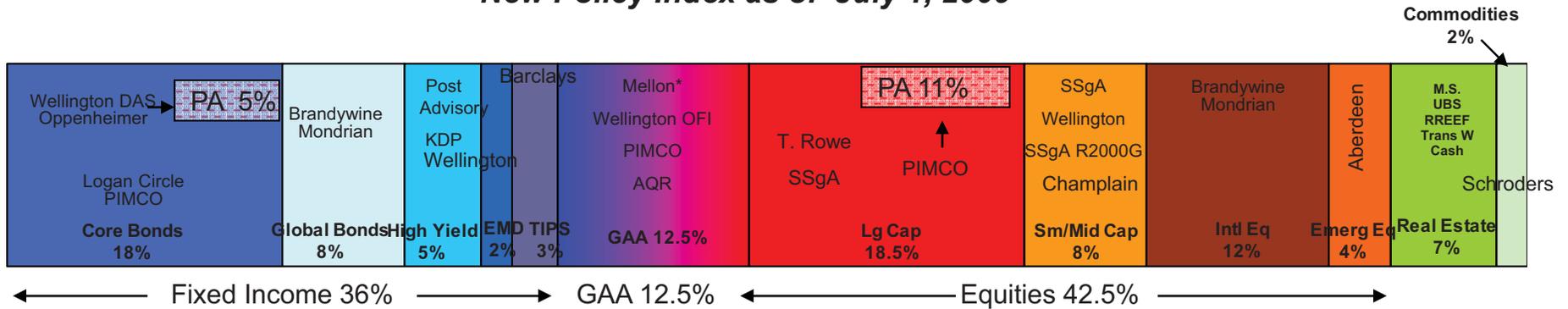
Vermont Pension Investment Committee

New Policy Asset Allocation and Risk Budgeting
 Period Ending September 30, 2009

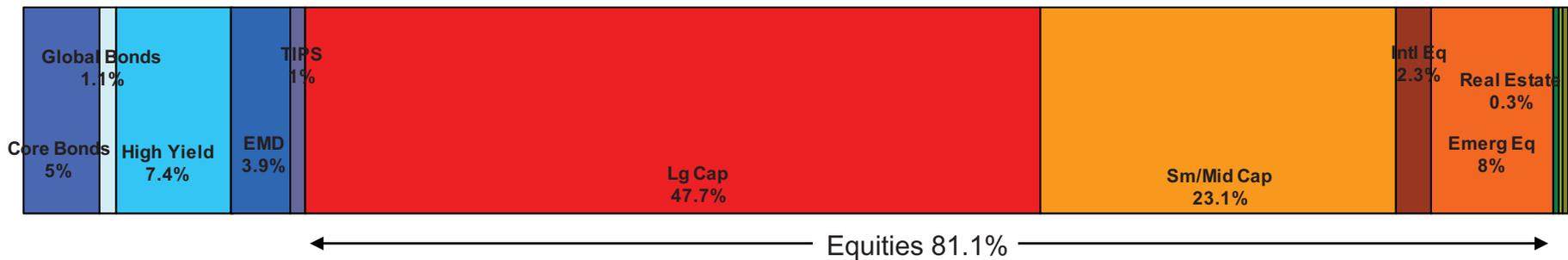


Asset Allocation

New Policy Index as of July 1, 2009



Actual Risk Allocation



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

* See disclosure pages in appendix under manager analysis



Asset Breakdown

	Domestic Large Core	Domestic Smid	Domestic Small Core	Domestic Small Value	Domestic Small Growth	Core Fixed	High Yield	Int'l Equity	Global Bonds	Real Estate	GAA	Private Investment	Cash	Total
Composite	\$247,723	\$8,330	\$32,023	\$40,602	\$39,782	\$203,600	\$58,712	\$193,230	\$90,009	\$43,218	\$191,173	\$1,307	\$198	\$1,149,907
T. Rowe	96,895	0	0	0	0	0	0	0	0	0	0	0	0	\$96,895
PIMCO	99,697	0	0	0	0	0	0	0	0	0	0	0	0	\$99,697
SSgA Equal Wgt	51,131	0	0	0	0	0	0	0	0	0	0	0	0	\$51,131
Champlain	0	8,330	0	0	0	0	0	0	0	0	0	0	0	\$8,330
SSgA R-2500	0	0	32,023	0	0	0	0	0	0	0	0	0	0	\$32,023
Wellington	0	0	0	40,602	0	0	0	0	0	0	0	0	0	\$40,602
SSgA R-2000 Growth	0	0	0	0	39,782	0	0	0	0	0	0	0	0	\$39,782
Acadian	0	0	0	0	0	0	0	72,740	0	0	0	0	0	\$72,740
Mondrian	0	0	0	0	0	0	0	71,837	0	0	0	0	0	\$71,837
Aberdeen	0	0	0	0	0	0	0	48,653	0	0	0	0	0	\$48,653
Logan Circle	0	0	0	0	0	92,426	0	0	0	0	0	0	0	\$92,426
Oppenheimer	0	0	0	0	0	28,527	0	0	0	0	0	0	0	\$28,527
Wellington DAS	0	0	0	0	0	28,167	0	0	0	0	0	0	0	\$28,167
PIMCO Core Plus	0	0	0	0	0	54,480	0	0	0	0	0	0	0	\$54,480
Post Advisory	0	0	0	0	0	0	50,382	0	0	0	0	0	0	\$50,382
KDP	0	0	0	0	0	0	8,330	0	0	0	0	0	0	\$8,330
Mondrian	0	0	0	0	0	0	0	0	44,854	0	0	0	0	\$44,854
Brandywine	0	0	0	0	0	0	0	0	45,155	0	0	0	0	\$45,155
Morgan Stanley	0	0	0	0	0	0	0	0	0	17,478	0	0	0	\$17,478
UBS Realty	0	0	0	0	0	0	0	0	0	18,406	0	0	0	\$18,406
RREEF	0	0	0	0	0	0	0	0	0	6,113	0	0	0	\$6,113
Transwestern	0	0	0	0	0	0	0	0	0	159	0	0	0	\$159
Real Estate Cash	0	0	0	0	0	0	0	0	0	1,062	0	0	0	\$1,062
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	40,918	0	0	\$40,918
PIMCO AA	0	0	0	0	0	0	0	0	0	0	63,828	0	0	\$63,828
Wellington OIF	0	0	0	0	0	0	0	0	0	0	58,667	0	0	\$58,667
AQR	0	0	0	0	0	0	0	0	0	0	27,760	0	0	\$27,760
Vermont Investment	0	0	0	0	0	0	0	0	0	0	0	1,307	0	\$1,307
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	198	\$198

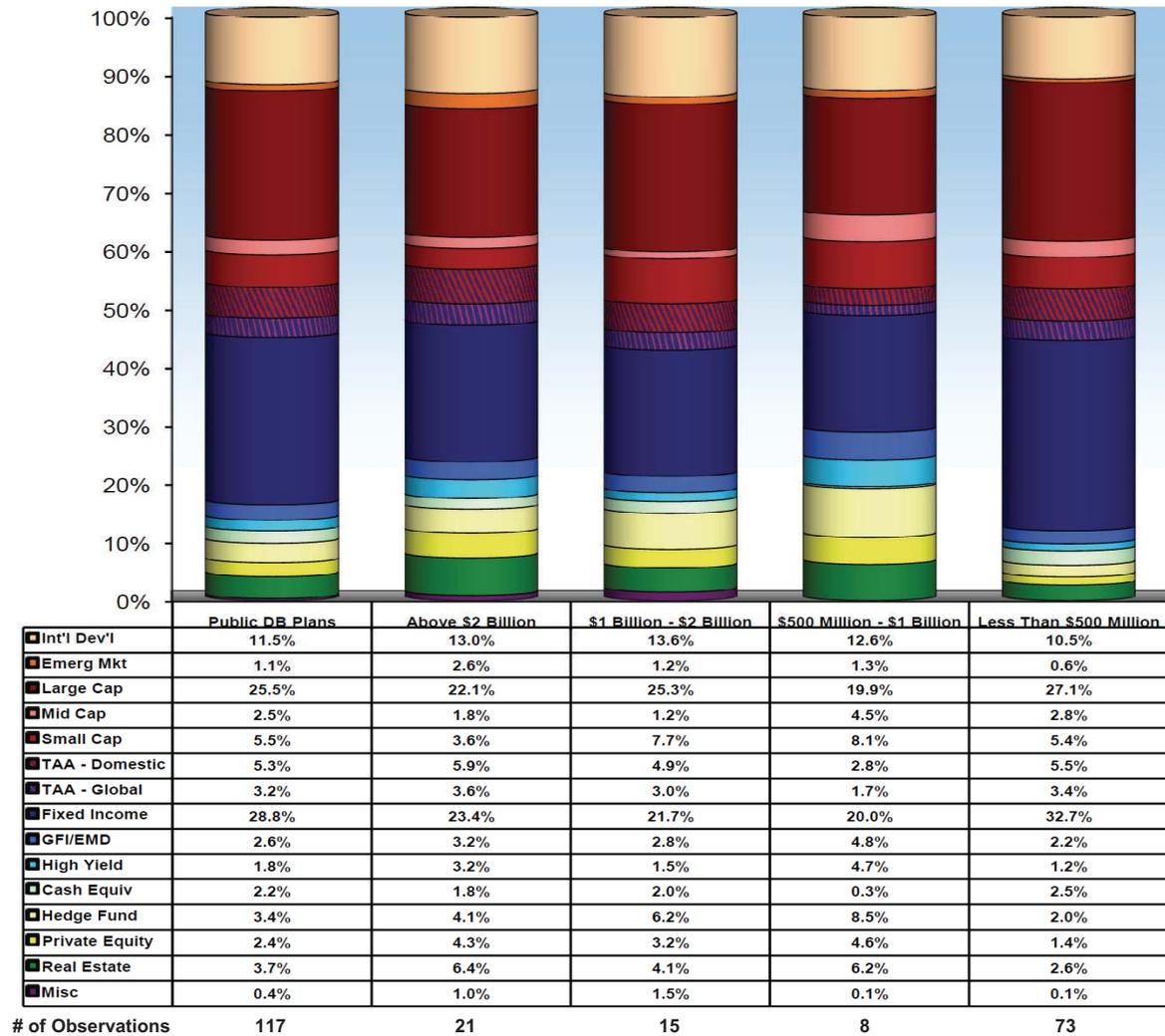
(Dollars in 000's)

ICC Public DB Plans – Average Asset Allocation

Period Ending June 30, 2009



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 9/25/09 for periods ending 6/30/09. 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.

VERMONT PENSION INVESTMENT COMMITTEE

Employees Retirement System
 Period Ending September 30, 2009



Total Fund Asset Growth Summary

	One Quarter	Year to Date	One Year	Since Inception
ERS COMPOSITE				
Beginning Market Value	1,010,564	948,964	1,144,293	934,947
Net External Growth	-6,763	-24,413	-28,529	-191,874
Return on Investment	146,106	225,356	34,143	406,834
Income Received	26	278	408	129,670
Gain/Loss	146,080	225,077	33,735	277,164
Ending Market Value	1,149,907	1,149,907	1,149,907	1,149,907
Return	14.0%	23.5%	2.9%	



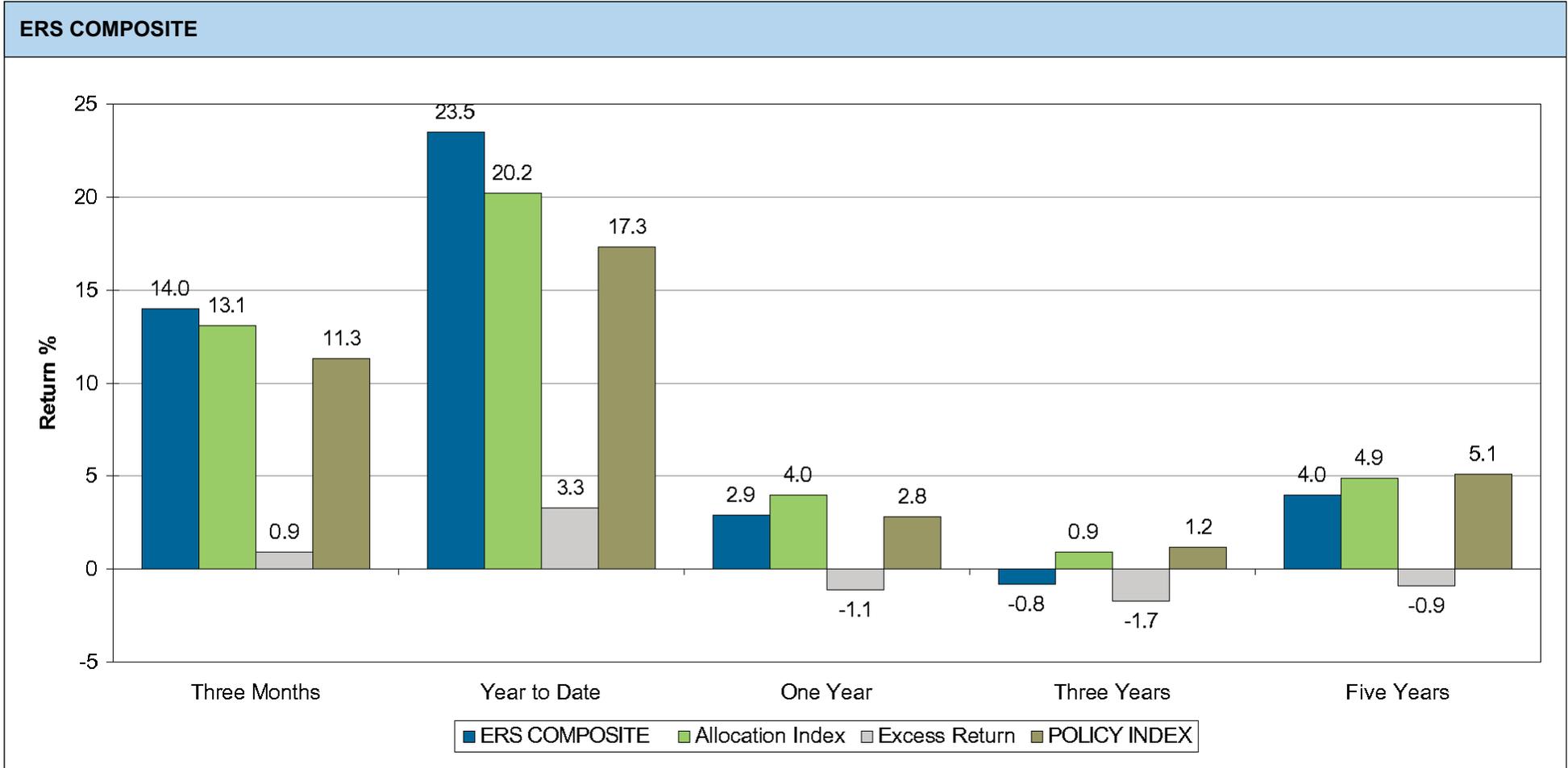
VERMONT PENSION INVESTMENT COMMITTEE

POLICY INDEX

Benchmark:

Periods Ending September 30, 2009

Fund Performance vs. Benchmark



* Performance shown is gross of manager fees.

** Results for periods longer than one year are annualized.

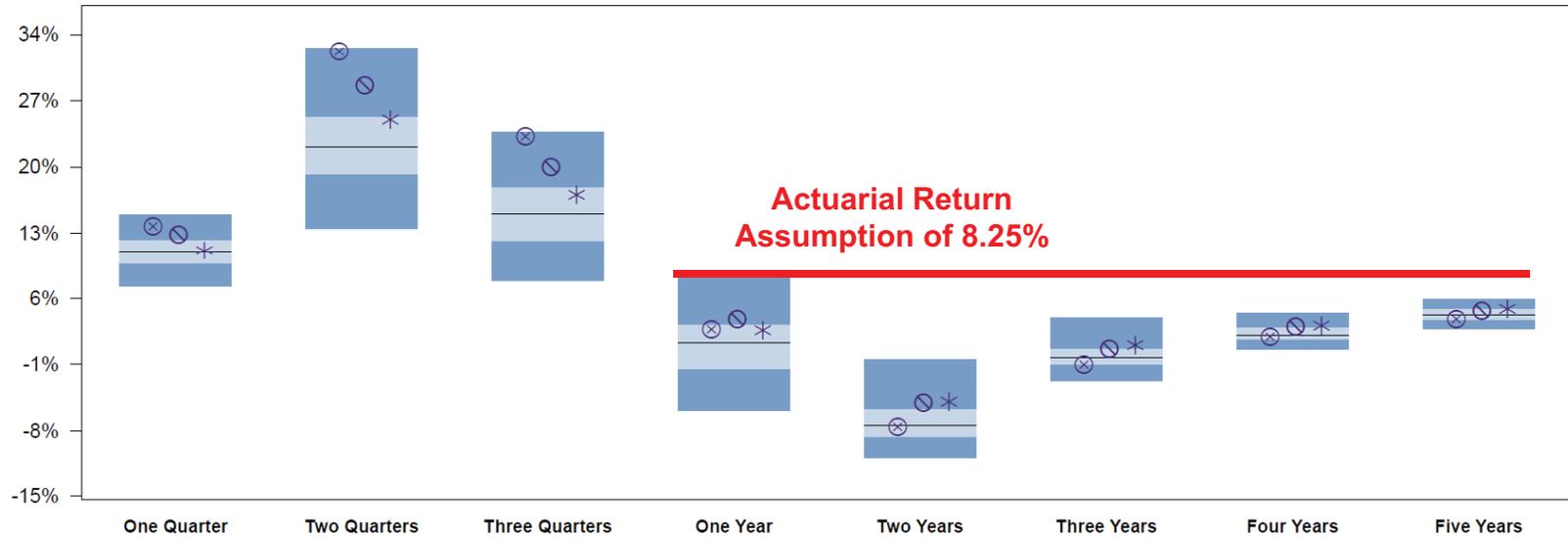


VERMONT PENSION INVESTMENT COMMITTEE

Employees Retirement System
 Period Ending September 30, 2009



Total Public Funds – Total Rates of Return



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ ERS COMPOSITE	14.0	8	32.5	6	23.5	6	2.9	27	-7.4	50	-0.8	63	2.1	55	4.0	58
⊙ Allocation Index	13.1	12	28.8	12	20.2	17	4.0	18	-4.8	18	0.9	22	3.2	23	4.9	23
* POLICY INDEX	11.3	45	25.2	26	17.3	30	2.8	28	-4.7	18	1.2	19	3.3	19	5.1	18
5th Percentile	15.0		32.6		23.7		8.2		-0.5		3.9		4.4		5.9	
25th Percentile	12.3		25.4		17.9		3.2		-5.7		0.7		2.9		4.9	
50th Percentile	10.9		22.1		15.1		1.3		-7.4		-0.3		2.1		4.2	
75th Percentile	9.6		19.2		12.1		-1.6		-8.7		-1.1		1.6		3.6	
95th Percentile	7.3		13.5		7.8		-5.9		-11.0		-2.7		0.6		2.7	

•*Policy Index*: Measures the effectiveness of *Plan Structure*. (Target asset class weights X Return of the respective passive benchmark)

•*Allocation Index*: Measures the effectiveness of *deviating from the target policy weights*. (*Policy Index - Allocation Index*) Allocation Index = weighted average return of the actual asset class weights and the return of the respective passive benchmark.

•*Composite*: Actual composite return = actual asset class weights times the actual manager return. Measures the *effectiveness of the managers*. (Actual composite return - Allocation Index)

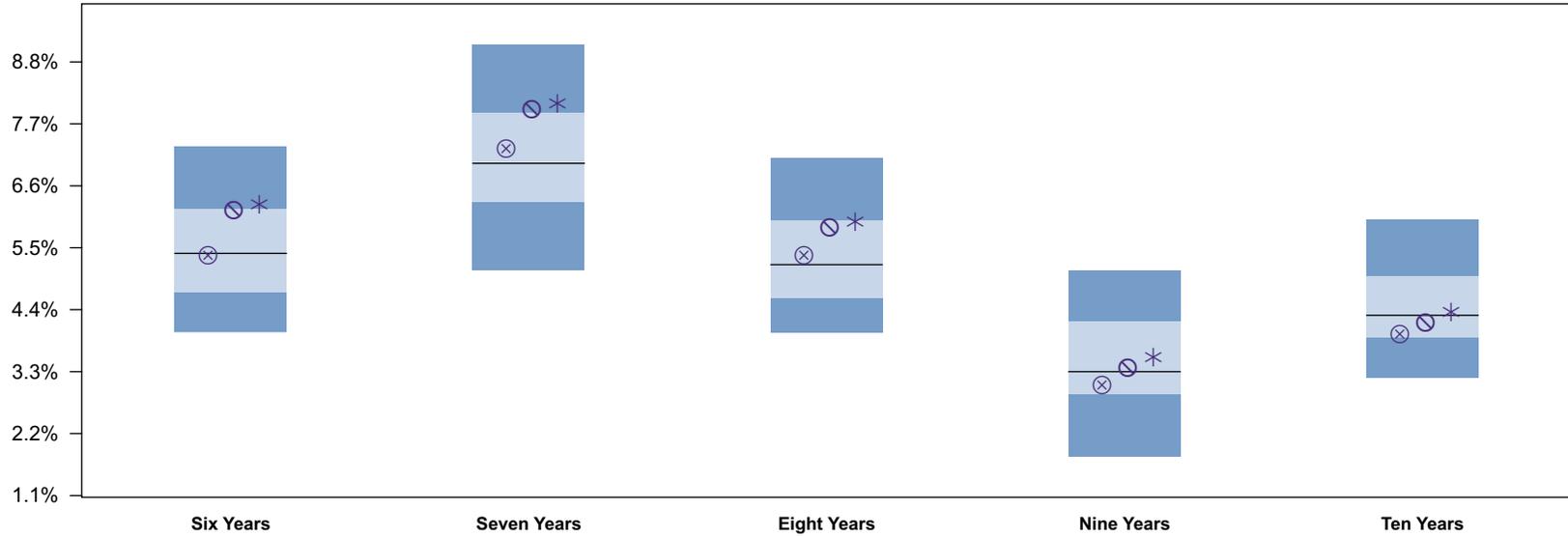
VERMONT PENSION INVESTMENT COMMITTEE

Total Fund - Universe: PUBLIC FUNDS (DB)

Periods Ending September 30, 2009



Total Fund Performance - Trailing Periods



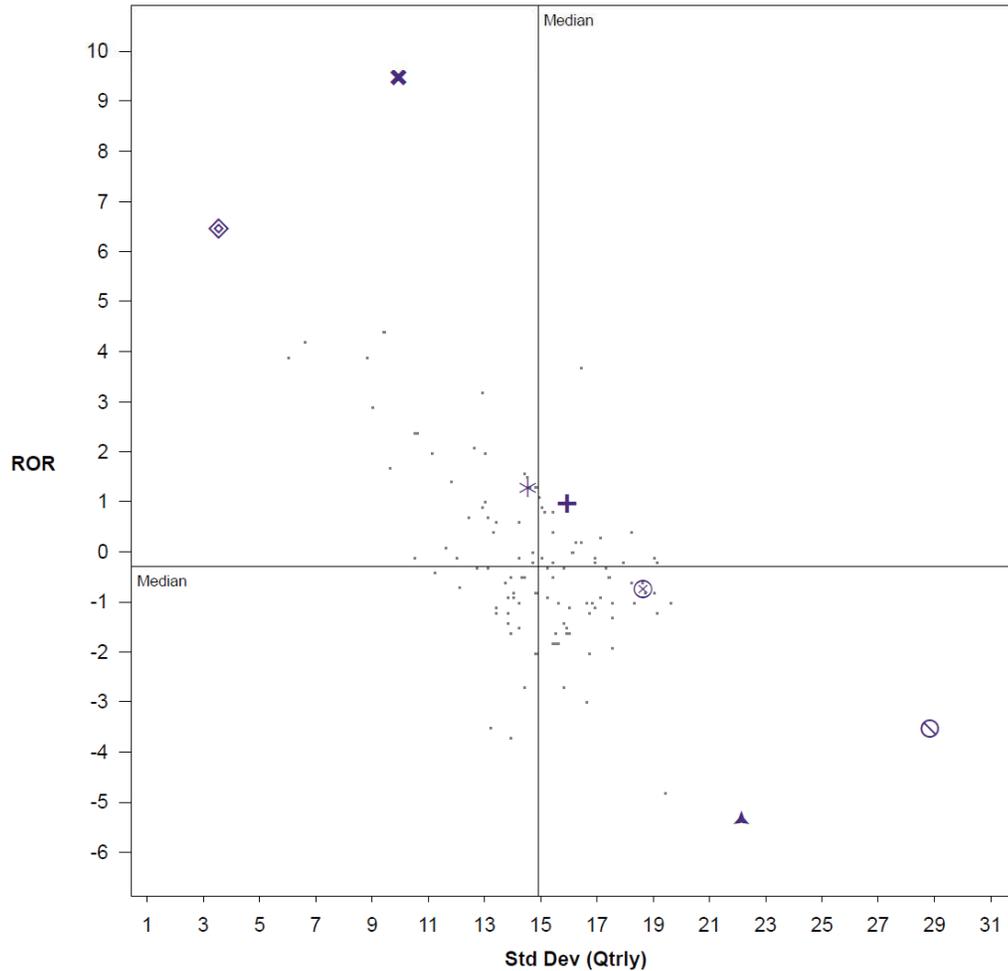
	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
⊗ ERS COMPOSITE	5.4	53	7.3	34	5.4	40	3.1	61	4.0	62
⊖ Allocation Index	6.2	25	8.0	23	5.9	27	3.4	45	4.2	53
* POLICY INDEX	6.3	23	8.1	22	6.0	24	3.6	41	4.4	46
5th Percentile	7.3		9.1		7.1		5.1		6.0	
25th Percentile	6.2		7.9		6.0		4.2		5.0	
50th Percentile	5.4		7.0		5.2		3.3		4.3	
75th Percentile	4.7		6.3		4.6		2.9		3.9	
95th Percentile	4.0		5.1		4.0		1.8		3.2	

VERMONT PENSION INVESTMENT COMMITTEE

Employees Retirement System
 Period Ending September 30, 2009



Total Fund Risk / Return Analysis – 3 Years



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	-0.8 63	18.7 94	-0.1 16
+ Allocation Index	0.9 22	16.0 70	-0.1 24
* POLICY INDEX	1.2 19	14.6 46	-0.1 20
▲ S&P 500	-5.4 100	22.2 100	-0.4 96
◇ BC AGGREGATE	6.4 1	3.6 1	1.0 2
⊘ MSCI EAFE (NET)	-3.6 99	28.9 100	-0.2 61
✕ CITIGROUP WORLD GOVT BOND	9.4 1	10.0 7	0.7 2
Median	-0.3	14.9	-0.2

Funded status as of Fiscal Year 2007 = 100.8%

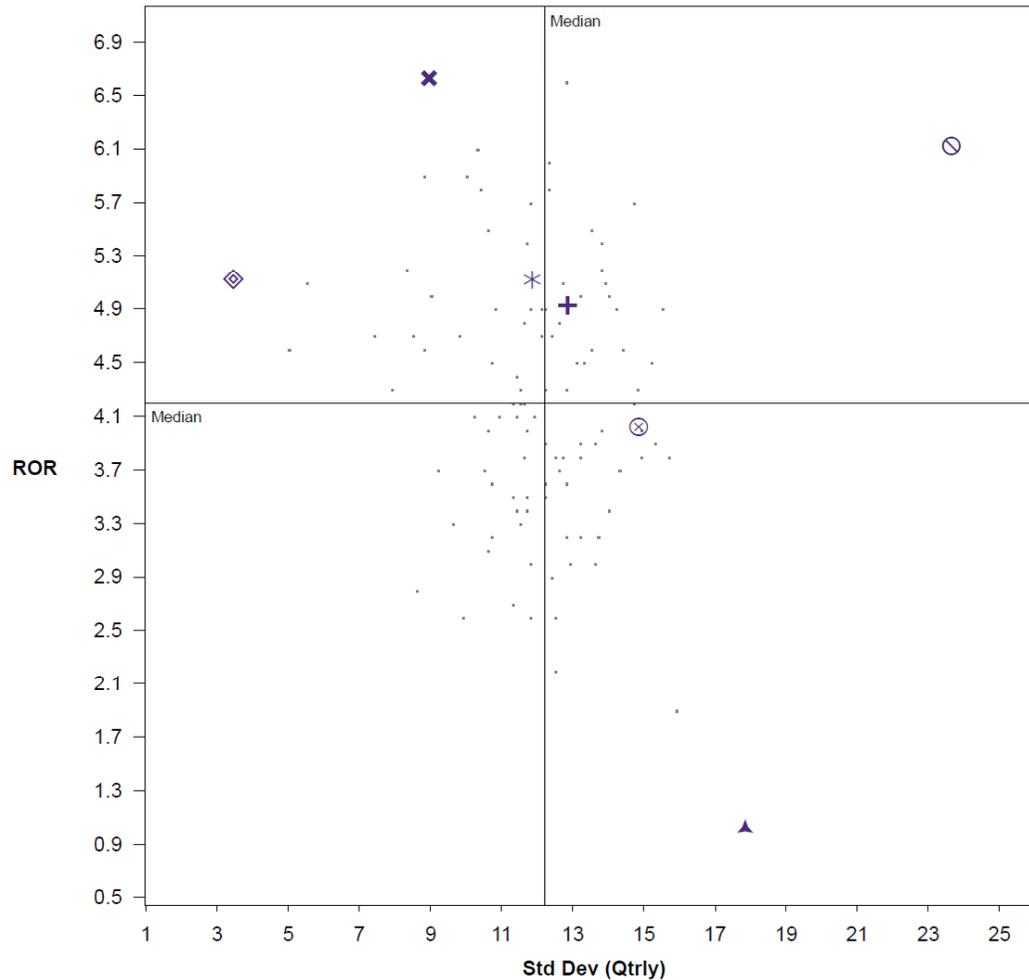
* Standard deviation is based on quarterly returns

VERMONT PENSION INVESTMENT COMMITTEE

Employees Retirement System
 Period Ending September 30, 2009



Total Fund Risk / Return Analysis – 5 Years



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	4.0 58	14.9 94	-0.1 92
+ Allocation Index	4.9 23	12.9 67	0.1 27
* POLICY INDEX	5.1 18	11.9 46	0.2 21
▲ S&P 500	1.0 100	17.9 100	-0.1 100
◊ BC AGGREGATE	5.1 16	3.5 1	0.6 2
○ MSCI EAFE (NET)	6.1 3	23.7 100	0.1 34
* CITIGROUP WORLD GOVT BOND	6.6 1	9.0 9	0.4 2
Median	4.2	12.2	0.1

Funded status as of Fiscal Year 2007 = 100.8%

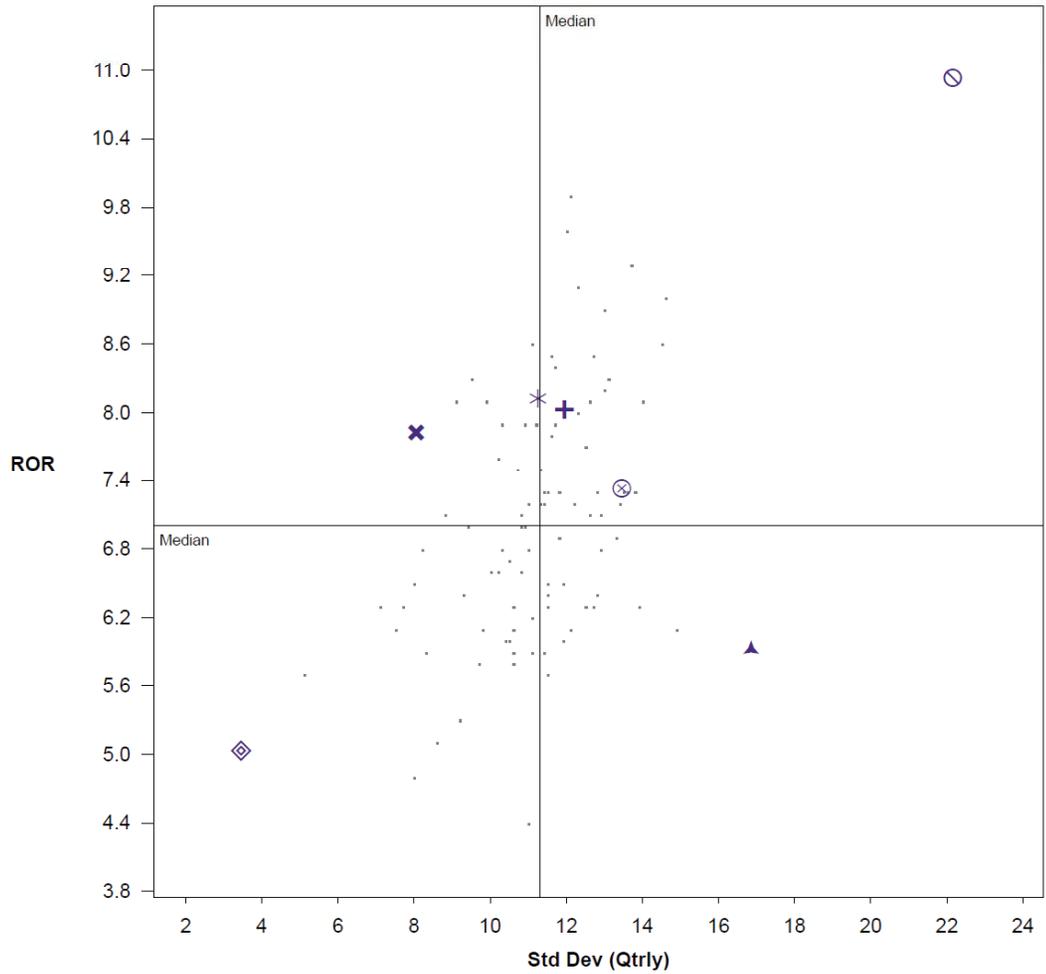
* Standard deviation is based on quarterly returns

VERMONT PENSION INVESTMENT COMMITTEE

Employees Retirement System
 Period Ending September 30, 2009



Total Fund Risk / Return Analysis – 7 Years



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	7.3 34	13.5 93	-0.0 95
+ Allocation Index	8.0 23	12.0 68	0.4 30
* POLICY INDEX	8.1 22	11.3 47	0.5 22
▲ S&P 500	5.9 90	16.9 100	0.2 90
◇ BC AGGREGATE	5.0 96	3.5 1	0.7 2
⊘ MSCI EAFE (NET)	10.9 2	22.2 100	0.4 56
* CITIGROUP WORLD GOVT BOND	7.8 29	8.1 9	0.6 2
Median	7.0	11.3	0.4

Funded status as of Fiscal Year 2007 = 100.8%

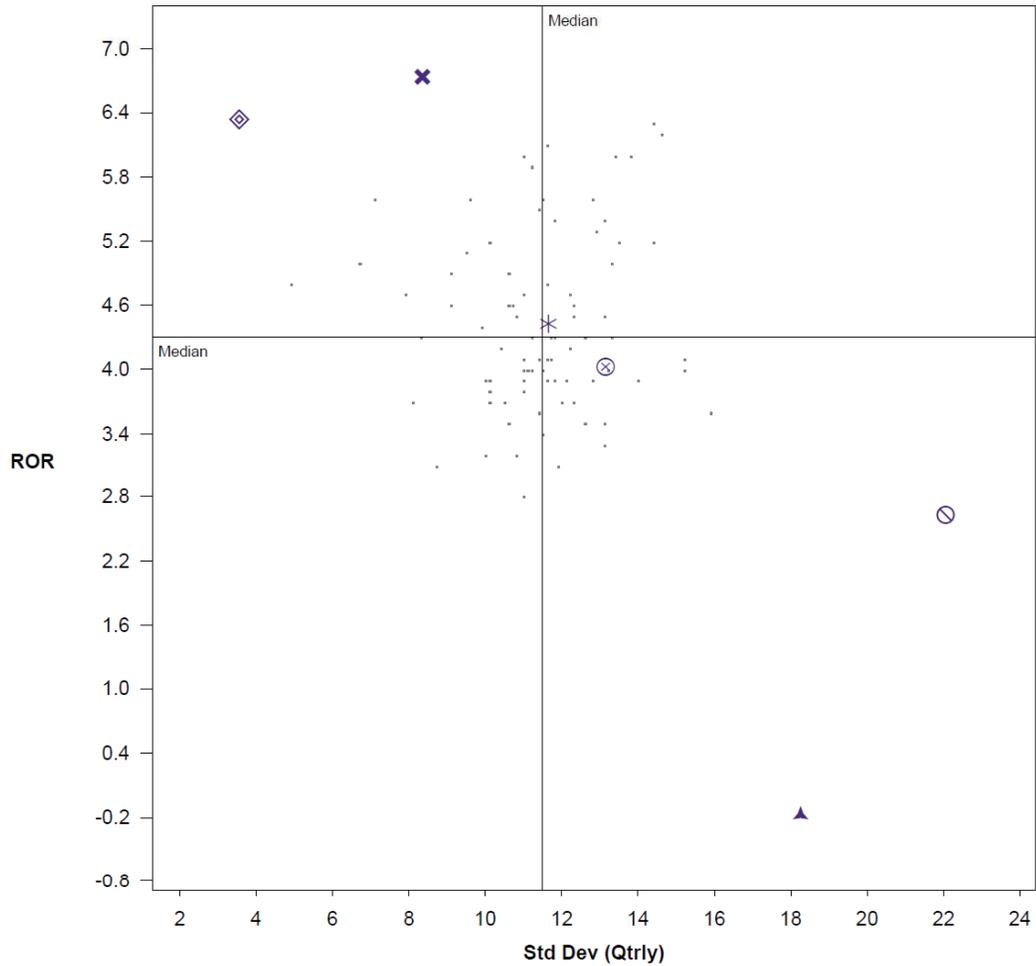
* Standard deviation is based on quarterly returns

VERMONT PENSION INVESTMENT COMMITTEE

Employees Retirement System
 Period Ending September 30, 2009



Total Fund Risk / Return Analysis – 10 Years



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	4.0 62	13.2 86	-0.0 91
* POLICY INDEX	4.4 46	11.7 58	0.1 41
▲ S&P 500	-0.2 100	18.3 99	-0.2 99
◇ BC AGGREGATE	6.3 3	3.6 1	0.9 2
○ MSCI EAFE (NET)	2.6 100	22.1 99	-0.0 93
* CITIGROUP WORLD GOVT BOND	6.7 2	8.4 9	0.4 5
Median	4.3	11.5	0.1

Funded status as of Fiscal Year 2007 = 100.8%

* Standard deviation is based on quarterly returns

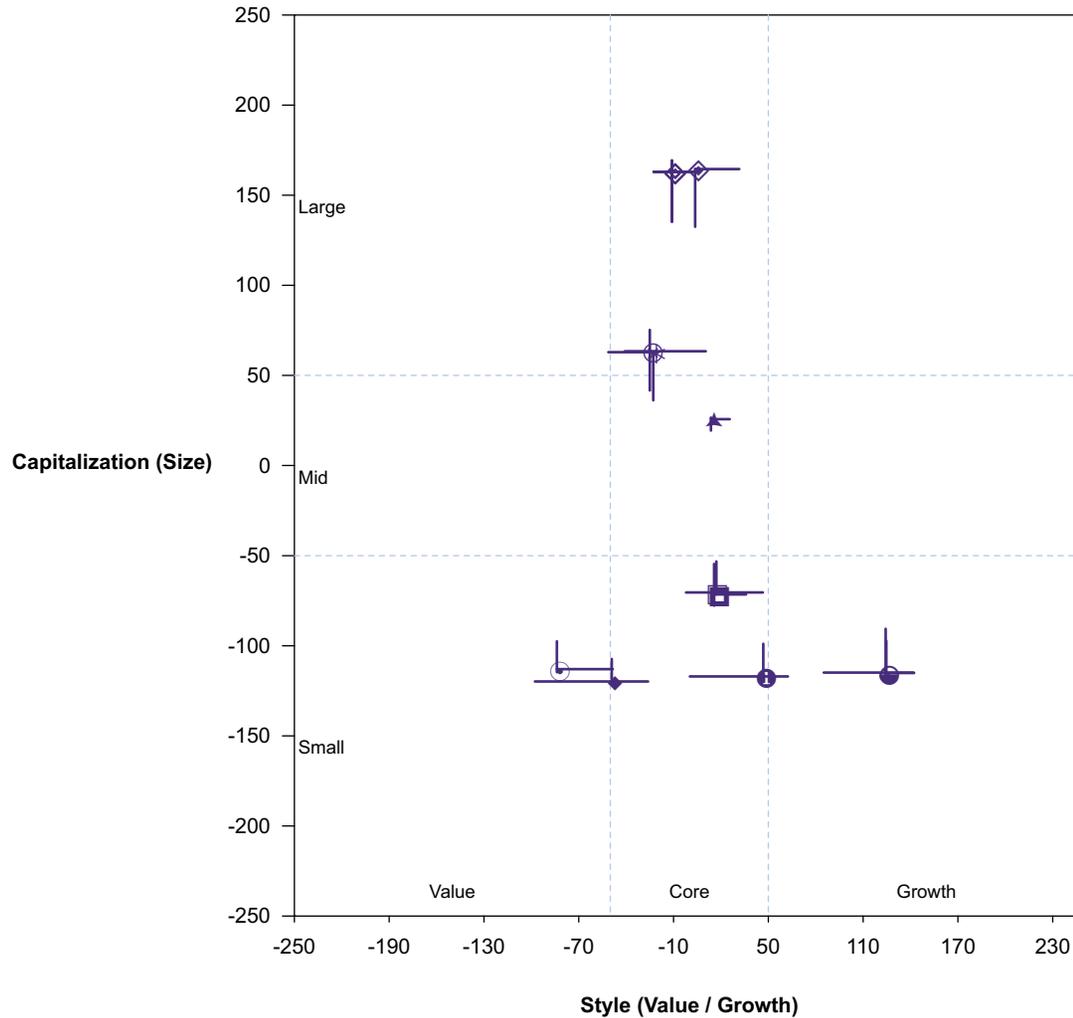
VERMONT PENSION INVESTMENT COMMITTEE

Equity Funds

Period Ending September 30, 2009



Equity Style Analysis - Drift Over Time



FUND	Style (Value / Growth)	Capitalization (Size)
▲ ERS COMPOSITE	13.7	25.7
+ LARGE CAP EQ		
◇ S&P 500	-11.0	163.0
◇ T. ROWE	3.7	164.5
◇ S&P 500	-11.0	163.0
* SSGA EQ WEIGHT	-22.8	62.9
⊗ S&P 500 (EQL WGHTD)	-25.0	63.4
× SMALL CAP EQ		
● RUSSELL 2000	46.8	-117.0
■ SSGA R-2500	17.1	-71.5
□ RUSSELL 2500	15.7	-70.4
○ WELLINGTON	-83.8	-113.0
◆ RUSSELL 2000 VALUE	-49.1	-119.8
⊖ SSGA R-2000 G	124.7	-115.1
▼ RUSSELL 2000 GROWTH	124.3	-114.9

* Equity style analysis is based on Morningstar Size and VCG Scores and Morningstar Style Box(TM) methodology

