



Vermont State Employees' Retirement System

Vermont Pension Investment Committee

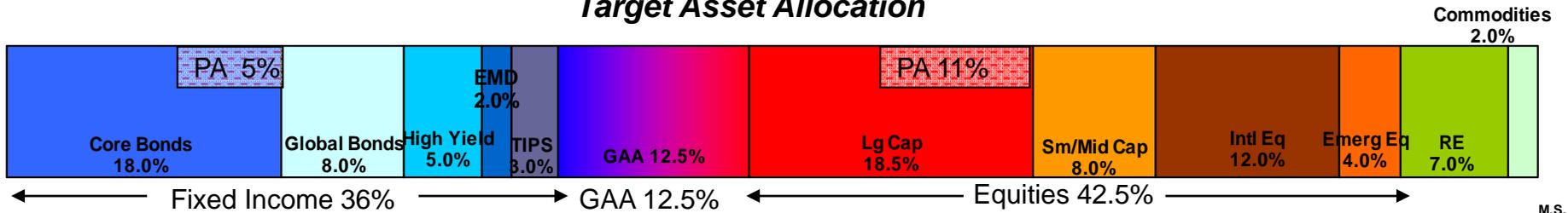
Plan Asset Allocation

Period Ending December 31, 2009

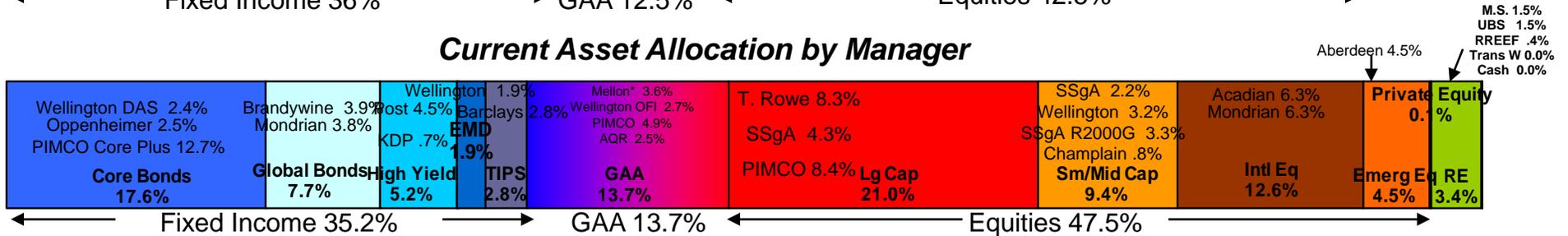


Asset Allocation

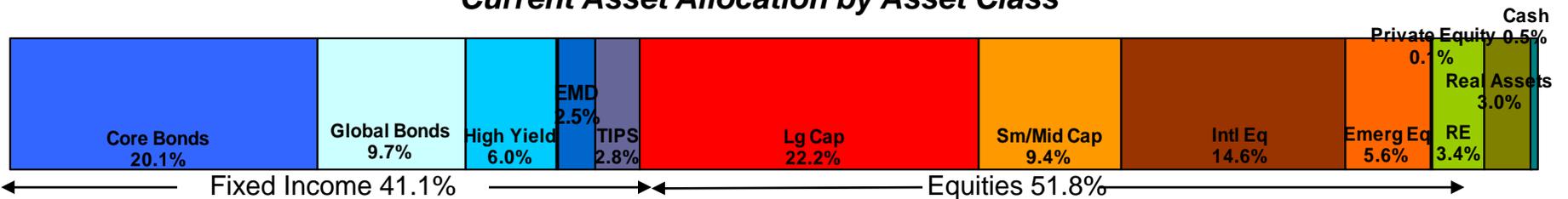
Target Asset Allocation



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

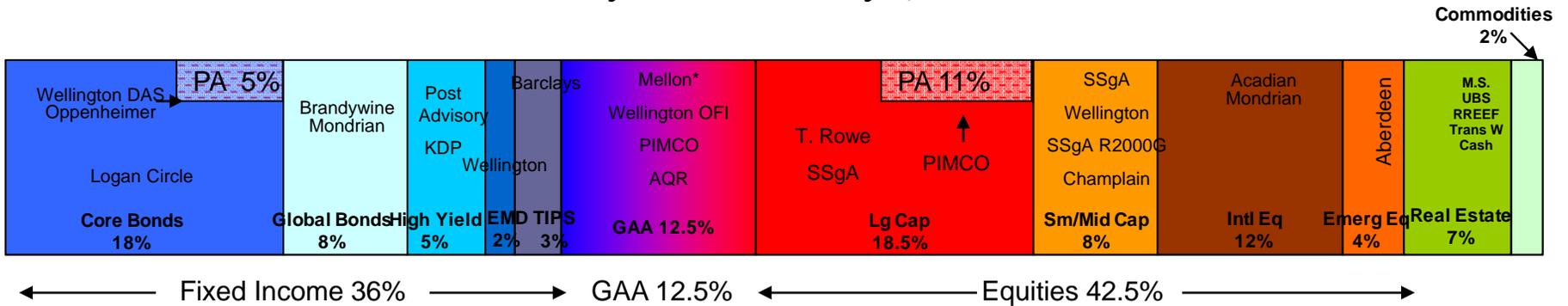
Vermont Pension Investment Committee

Policy Asset Allocation and Risk Budgeting
 Period Ending December 31, 2009

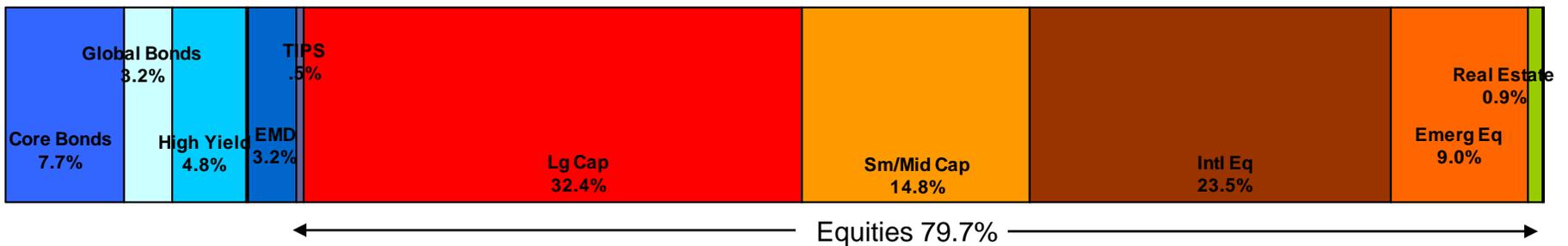


Asset Allocation

Policy Index as of July 1, 2009



2010 NEPC Risk Budgeting Risk Allocation



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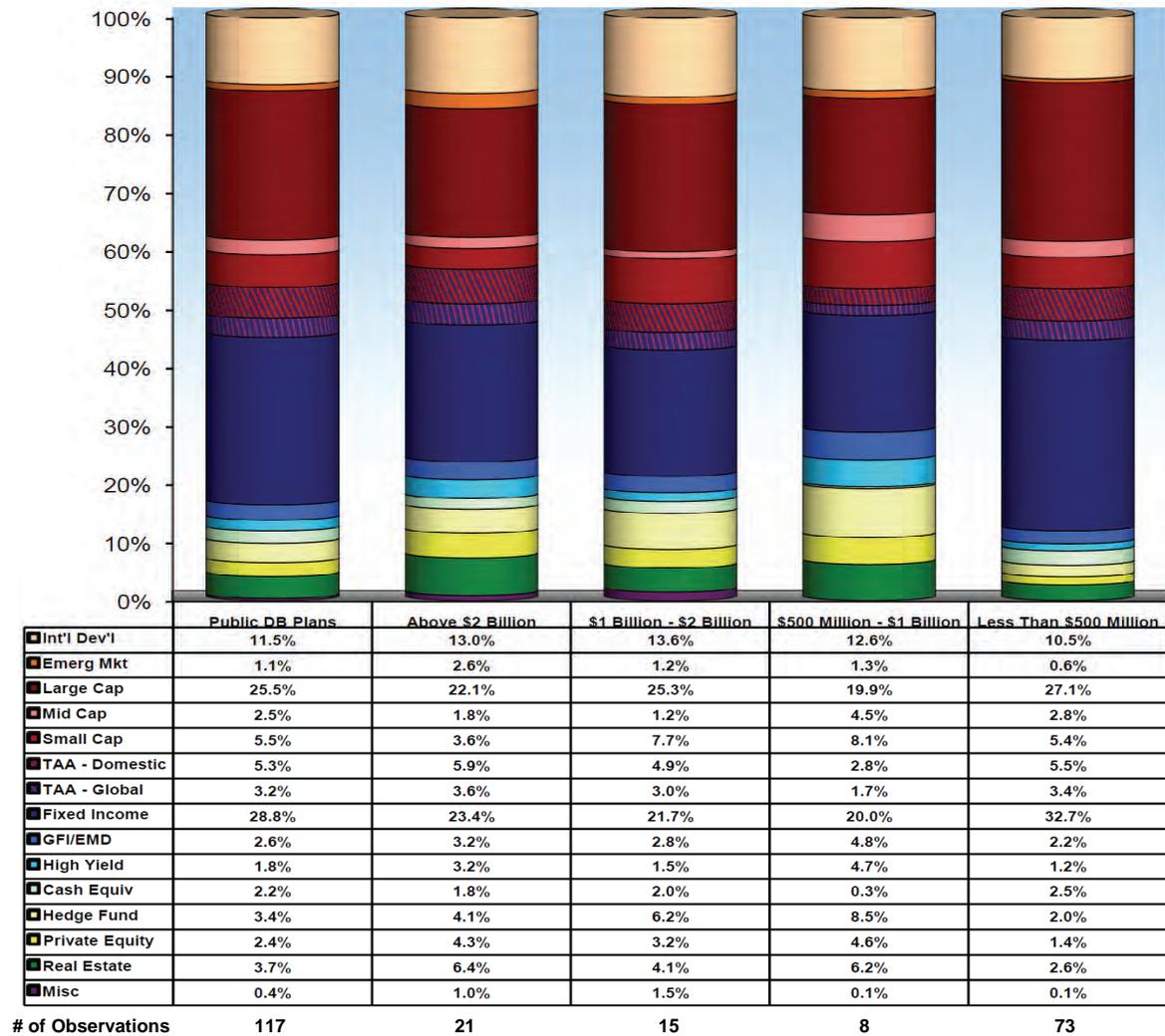
* See disclosure pages in appendix under manager analysis



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.





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	Private Investment	Cash	Total
Composite	\$245,224	\$8,870	\$25,642	\$37,230	\$38,227	\$206,058	\$61,404	\$33,355	\$199,471	\$22,732	\$90,049	\$40,098	\$160,253	\$1,461	\$344	\$1,170,420
T. Rowe	97,168	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$97,168
PIMCO	97,743	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$97,743
SSgA Equal Wgt	50,313	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$50,313
Champlain	0	8,870	0	0	0	0	0	0	0	0	0	0	0	0	0	\$8,870
SSgA R-2500	0	0	25,642	0	0	0	0	0	0	0	0	0	0	0	0	\$25,642
Wellington	0	0	0	37,230	0	0	0	0	0	0	0	0	0	0	0	\$37,230
SSgA R-2000 Growth	0	0	0	0	38,227	0	0	0	0	0	0	0	0	0	0	\$38,227
Acadian	0	0	0	0	0	0	0	0	73,000	0	0	0	0	0	0	\$73,000
Mondrian	0	0	0	0	0	0	0	0	73,954	0	0	0	0	0	0	\$73,954
Aberdeen	0	0	0	0	0	0	0	0	52,517	0	0	0	0	0	0	\$52,517
PIMCO Liq. Account	0	0	0	0	0	5,264	0	0	0	0	0	0	0	0	0	\$5,264
Oppenheimer	0	0	0	0	0	29,633	0	0	0	0	0	0	0	0	0	\$29,633
Wellington DAS	0	0	0	0	0	28,071	0	0	0	0	0	0	0	0	0	\$28,071
PIMCO Core Plus	0	0	0	0	0	143,090	0	0	0	0	0	0	0	0	0	\$143,090
Post Advisory	0	0	0	0	0	0	52,822	0	0	0	0	0	0	0	0	\$52,822
KDP	0	0	0	0	0	0	8,582	0	0	0	0	0	0	0	0	\$8,582
Wellington EMD	0	0	0	0	0	0	0	0	0	22,732	0	0	0	0	0	\$22,732
Barclays	0	0	0	0	0	0	0	33,355	0	0	0	0	0	0	0	\$33,355
Mondrian	0	0	0	0	0	0	0	0	0	0	44,572	0	0	0	0	\$44,572
Brandywine	0	0	0	0	0	0	0	0	0	0	45,477	0	0	0	0	\$45,477
Morgan Stanley	0	0	0	0	0	0	0	0	0	0	0	17,029	0	0	0	\$17,029
UBS Realty	0	0	0	0	0	0	0	0	0	0	0	17,295	0	0	0	\$17,295
RREEF	0	0	0	0	0	0	0	0	0	0	0	5,254	0	0	0	\$5,254
Transwestern	0	0	0	0	0	0	0	0	0	0	0	412	0	0	0	\$412
Real Estate Cash	0	0	0	0	0	0	0	0	0	0	0	108	0	0	0	\$108
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	0	0	41,831	0	0	\$41,831
PIMCO AA	0	0	0	0	0	0	0	0	0	0	0	0	57,733	0	0	\$57,733
Wellington OIF	0	0	0	0	0	0	0	0	0	0	0	0	31,555	0	0	\$31,555
AQR	0	0	0	0	0	0	0	0	0	0	0	0	29,134	0	0	\$29,134
Vermont Investment	0	0	0	0	0	0	0	0	0	0	0	0	0	1,461	0	\$1,461
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	344	\$344

(Dollars in 000's)

VERMONT PENSION INVESTMENT COMMITTEE

Employees Retirement System
 Period Ending December 31, 2009



Total Fund Asset Growth Summary

	One Quarter	Year to Date	One Year	Since Inception
ERS COMPOSITE				
Beginning Market Value	1,150,160	948,964	948,964	934,947
Net External Growth	-18,287	-42,413	-42,413	-209,875
Return on Investment	38,547	263,870	263,870	445,348
Income Received	-688	-410	-410	128,982
Gain/Loss	39,235	264,279	264,279	316,366
Ending Market Value	1,170,421	1,170,421	1,170,421	1,170,421
Return	3.2%	27.5%	27.5%	



VERMONT STATE EMPLOYEES

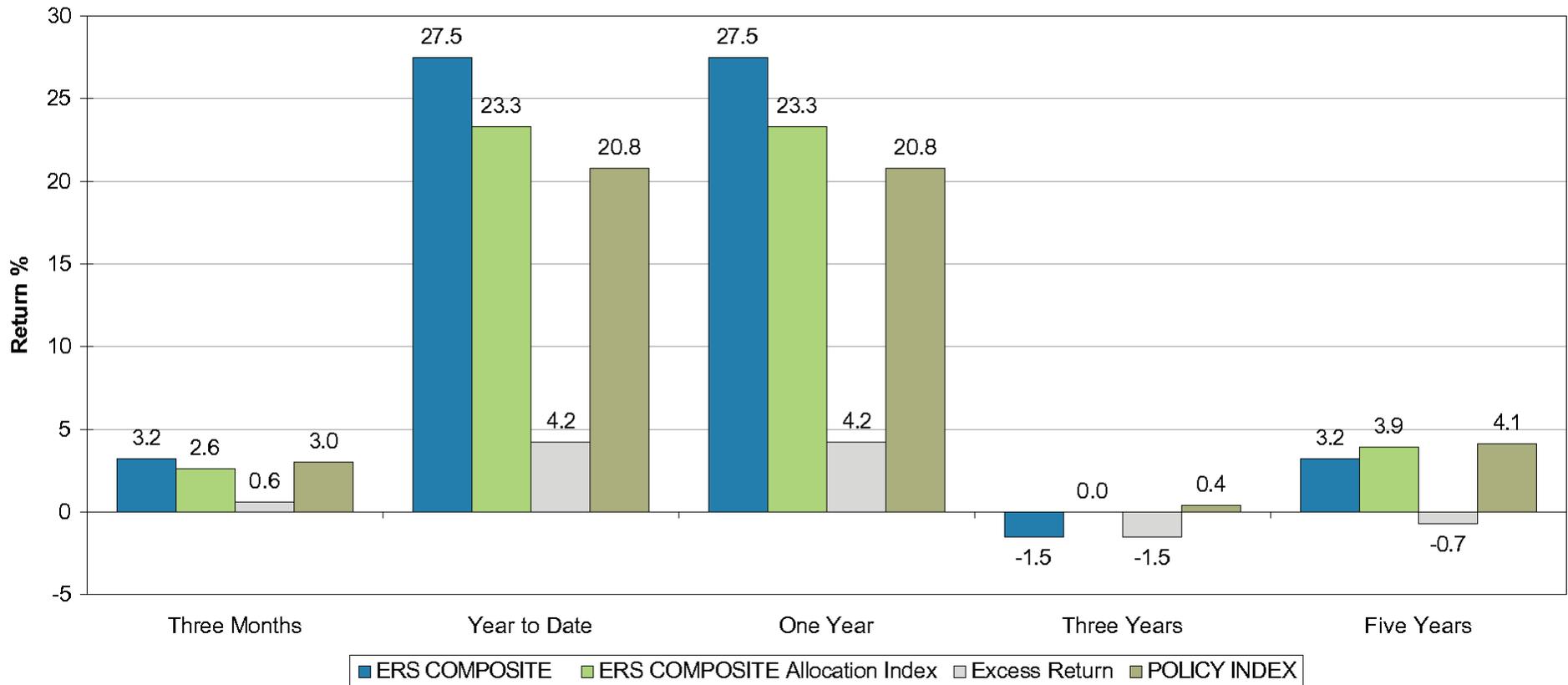
POLICY INDEX

Benchmark:

Periods Ending December 31, 2009

Fund Performance vs. Benchmark

ERS COMPOSITE



* Performance shown is gross of manager fees.

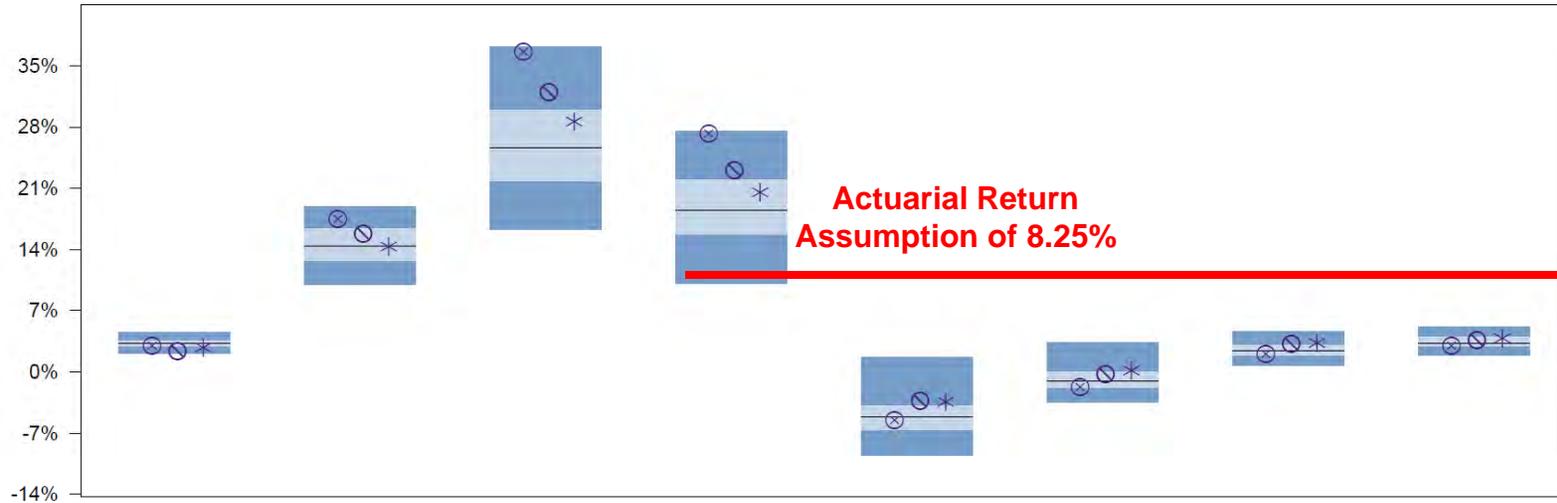
** Results for periods longer than one year are annualized.

VERMONT PENSION INVESTMENT COMMITTEE

Employees Retirement System
 Period Ending December 31, 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	3.2	54	17.7	13	36.8	7	27.5	6	-5.3	53	-1.5	67	2.3	51	3.2	57
⊙ ERS COMPOSITE Allocation	2.6	87	16.0	30	32.2	15	23.3	19	-3.1	22	0.0	27	3.4	23	3.9	30
* POLICY INDEX	3.0	65	14.6	47	28.9	33	20.8	34	-3.2	22	0.4	23	3.6	21	4.1	23
5th Percentile	4.5		18.9		37.2		27.5		1.7		3.4		4.6		5.1	
25th Percentile	3.7		16.5		30.1		22.1		-3.8		0.1		3.2		4.1	
50th Percentile	3.3		14.4		25.6		18.5		-5.1		-1.1		2.4		3.3	
75th Percentile	2.8		12.6		21.8		15.7		-6.7		-1.9		1.8		2.8	
95th Percentile	2.1		10.0		16.3		10.1		-9.6		-3.5		0.7		1.9	

•**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)

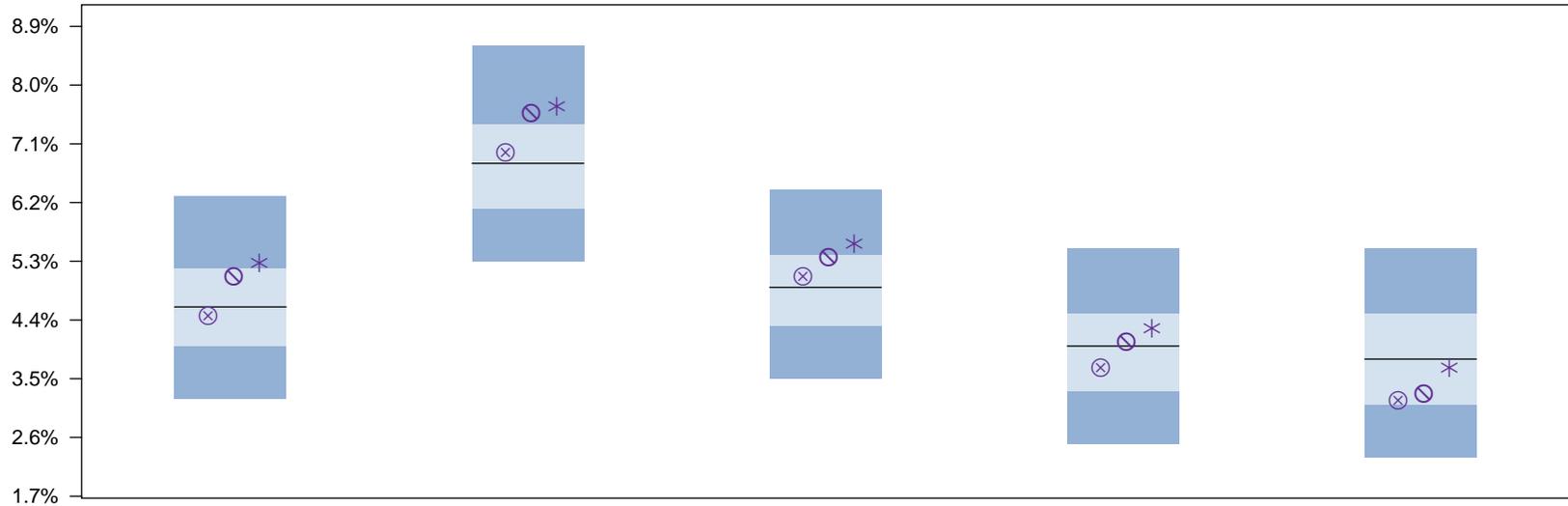


VERMONT STATE EMPLOYEES

Total Fund - Universe: PUBLIC FUNDS (DB)

Periods Ending December 31, 2009

Total Fund Performance - Trailing Periods



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊗ ERS COMPOSITE	4.5 58	7.0 43	5.1 40	3.7 59	3.2 71
⊙ ERS COMPOSITE Allocation Index	5.1 31	7.6 21	5.4 24	4.1 42	3.3 63
* POLICY INDEX	5.3 24	7.7 19	5.6 21	4.3 34	3.7 52
5th Percentile	6.3	8.6	6.4	5.5	5.5
25th Percentile	5.2	7.4	5.4	4.5	4.5
50th Percentile	4.6	6.8	4.9	4.0	3.8
75th Percentile	4.0	6.1	4.3	3.3	3.1
95th Percentile	3.2	5.3	3.5	2.5	2.3

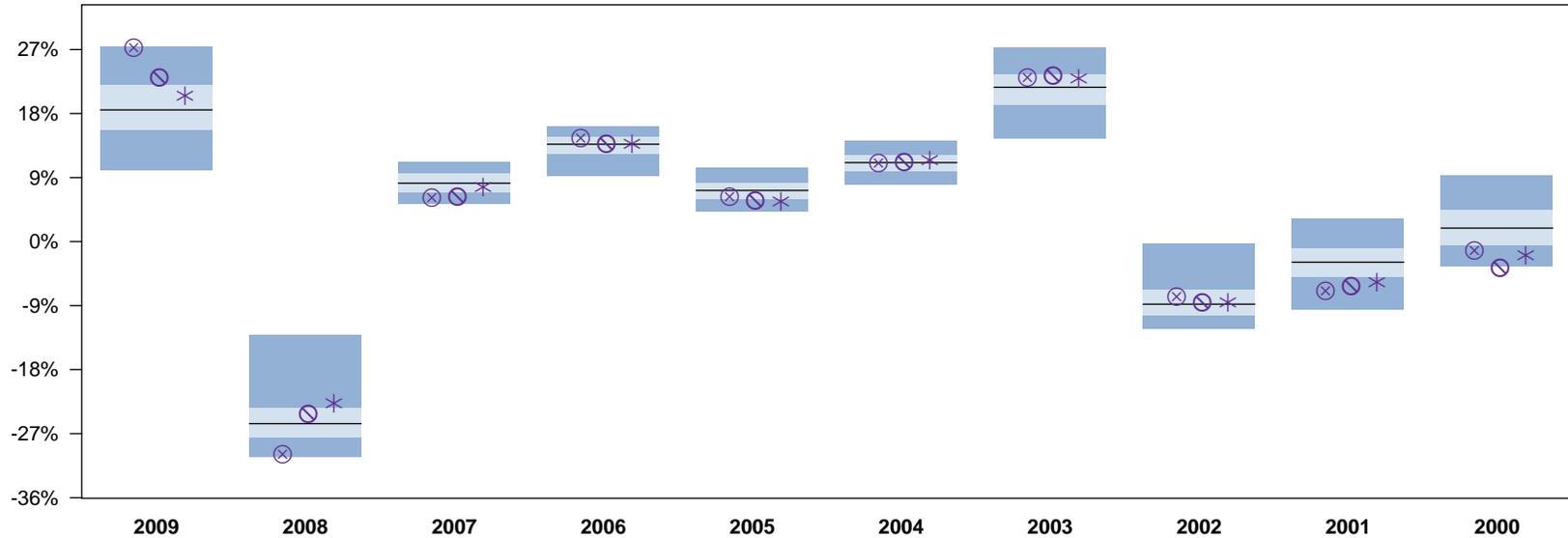


VERMONT STATE EMPLOYEES

Total Fund - Universe: PUBLIC FUNDS (DB)

Period Ending December 31, 2009

Total Fund Performance - One Year Time Periods



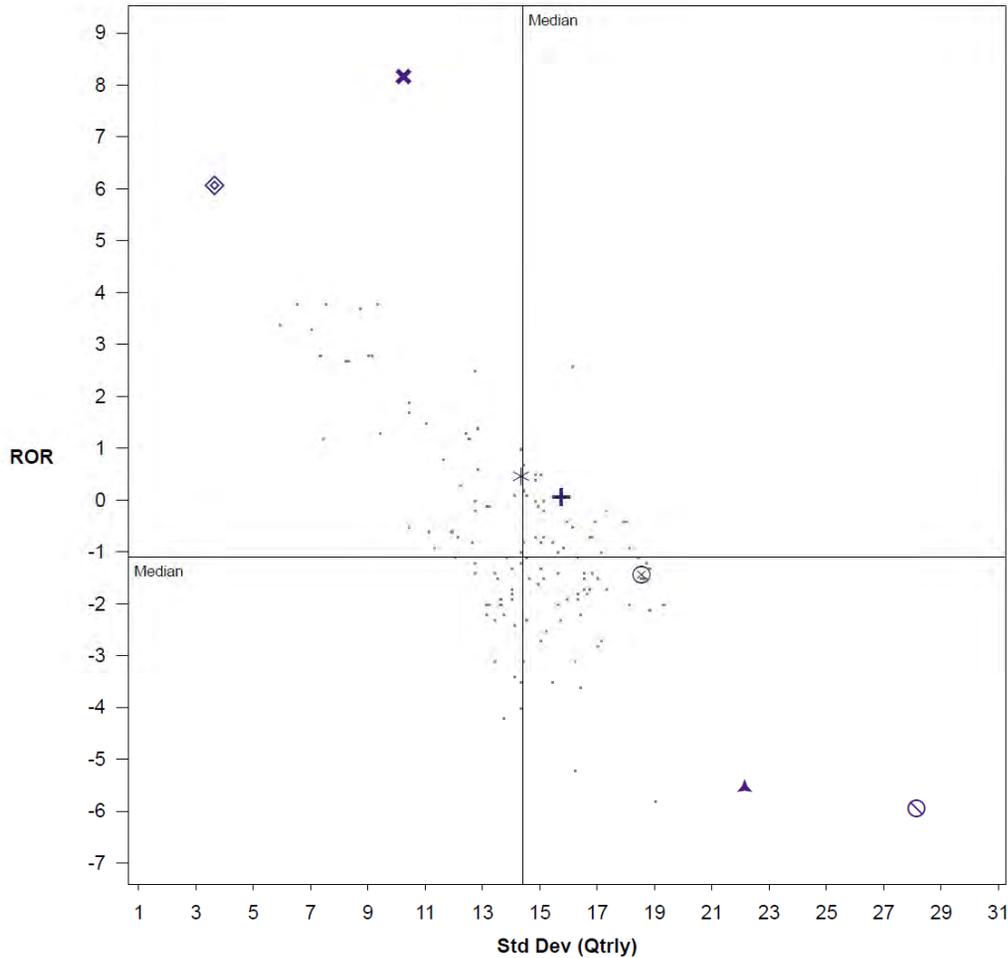
	2009		2008		2007		2006		2005		2004		2003		2002		2001		2000	
⊗ ERS COMPOSITE	27.5	6	-29.6	92	6.4	84	14.9	23	6.6	65	11.3	45	23.4	29	-7.5	35	-6.6	89	-1.0	83
⊖ ERS COMPOSITE Allocati	23.3	19	-23.9	35	6.6	81	14.1	37	6.0	75	11.5	39	23.6	26	-8.3	48	-6.0	84	-3.4	96
* POLICY INDEX	20.8	34	-22.4	18	7.9	56	14.0	41	5.9	76	11.7	36	23.2	32	-8.3	48	-5.4	80	-1.6	88
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	

VERMONT PENSION INVESTMENT COMMITTEE

Employees Retirement System
 Period Ending December 31, 2009



Total Fund Risk / Return Analysis – 3 Years



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	-1.5 67	18.6 95	-0.2 51
+ ERS COMPOSITE Allocation Index	0.0 27	15.8 70	-0.2 27
* POLICY INDEX	0.4 23	14.4 51	-0.1 25
▲ S&P 500	-5.6 100	22.2 100	-0.4 92
◇ BC AGGREGATE	6.0 1	3.7 1	1.0 1
⊙ MSCI EAFE (NET)	-6.0 100	28.2 100	-0.3 80
⊗ CITIGROUP WORLD GOVT BOND	8.1 1	10.3 10	0.5 1
Median	-1.1	14.4	-0.2

Funded status as of Fiscal Year 2009 = 79%

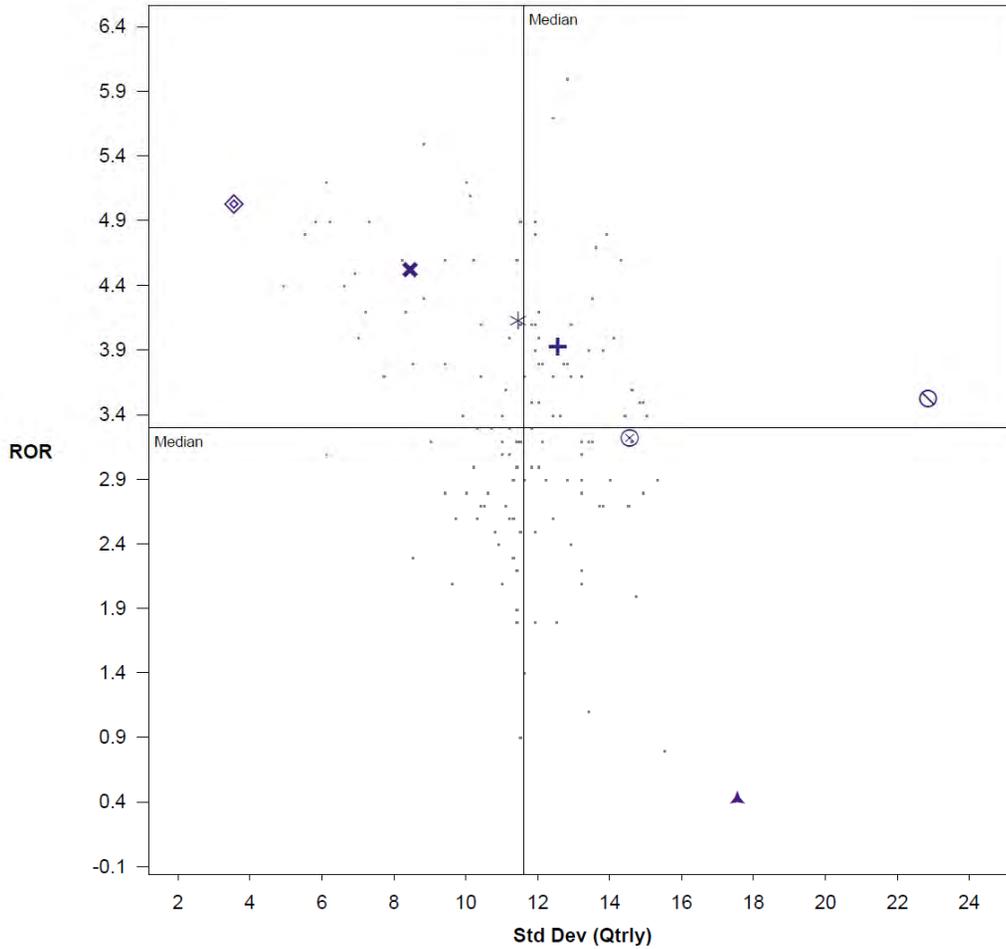
* Standard deviation is based on quarterly returns

VERMONT PENSION INVESTMENT COMMITTEE

Employees Retirement System
 Period Ending December 31, 2009



Total Fund Risk / Return Analysis – 5 Years



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	3.2 57	14.6 94	0.0 63
+ ERS COMPOSITE Allocation Index	3.9 30	12.6 68	0.1 36
* POLICY INDEX	4.1 23	11.5 47	0.1 30
▲ S&P 500	0.4 100	17.6 100	-0.1 100
◇ BC AGGREGATE	5.0 6	3.6 1	0.5 1
⊙ MSCI EAFE (NET)	3.5 43	22.9 100	0.0 59
⊗ CITIGROUP WORLD GOVT BOND	4.5 16	8.5 12	0.2 14
Median	3.3	11.6	0.0

Funded status as of Fiscal Year 2009 = 79%

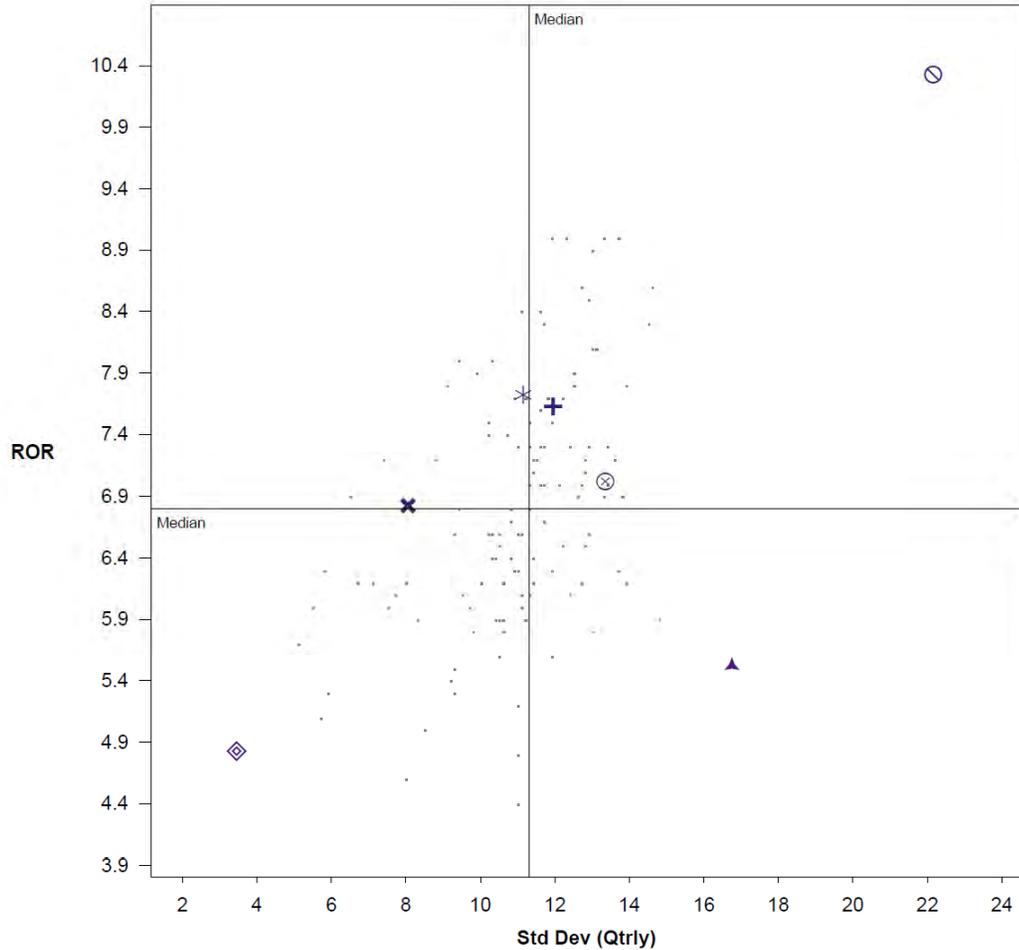
* Standard deviation is based on quarterly returns

VERMONT PENSION INVESTMENT COMMITTEE

Employees Retirement System
 Period Ending December 31, 2009



Total Fund Risk / Return Analysis – 7 Years



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	7.0 43	13.4 91	0.3 79
+ ERS COMPOSITE Allocation Index	7.6 21	12.0 70	0.4 41
* POLICY INDEX	7.7 19	11.2 50	0.5 29
▲ S&P 500	5.5 94	16.8 100	0.2 100
◇ BC AGGREGATE	4.8 99	3.5 1	0.6 4
⊘ MSCI EAFE (NET)	10.3 1	22.2 100	0.4 74
✕ CITIGROUP WORLD GOVT BOND	6.8 50	8.1 10	0.5 15
Median	6.8	11.3	0.4

Funded status as of Fiscal Year 2009 = 79%

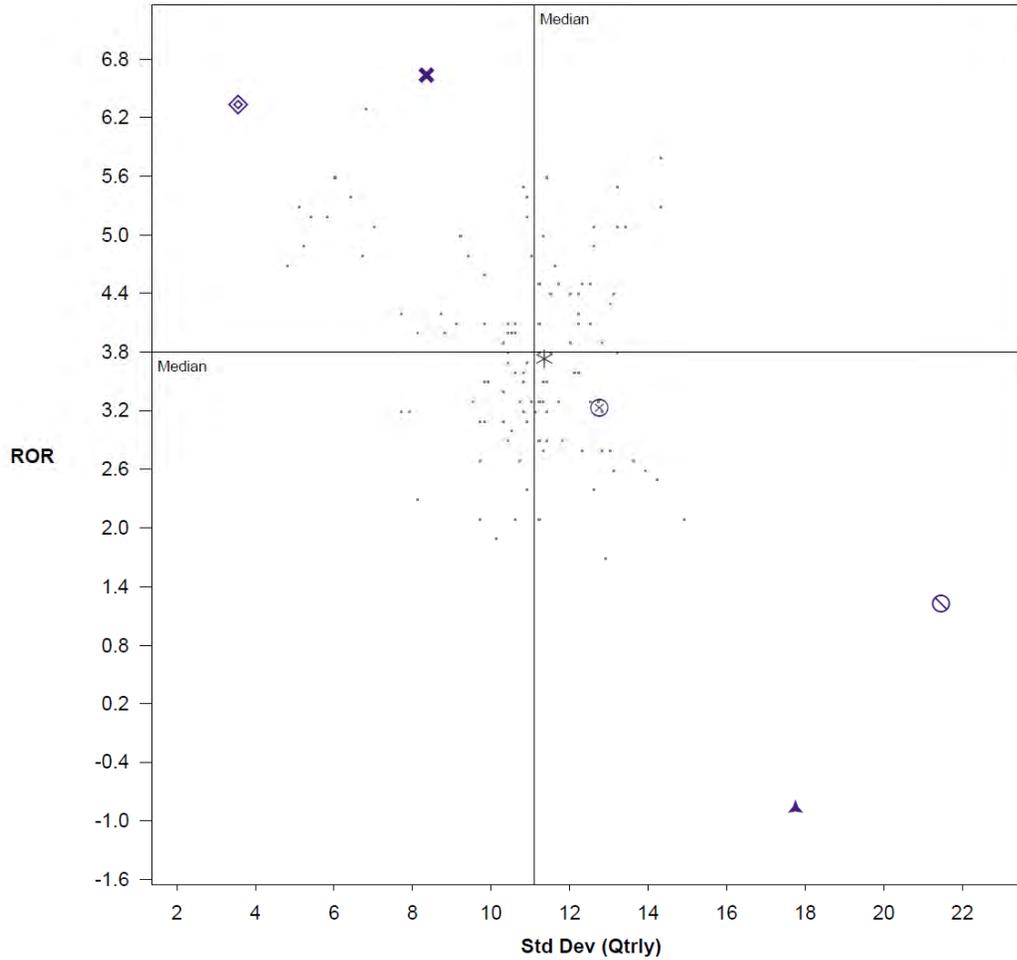
* Standard deviation is based on quarterly returns

VERMONT PENSION INVESTMENT COMMITTEE

Employees Retirement System
 Period Ending December 31, 2009



Total Fund Risk / Return Analysis – 10 Years



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	3.2 71	12.8 86	0.0 74
* POLICY INDEX	3.7 52	11.4 62	0.1 57
▲ S&P 500	-0.9 100	17.8 100	-0.2 100
◇ BC AGGREGATE	6.3 1	3.6 1	0.9 2
⊘ MSCI EAFE (NET)	1.2 100	21.5 100	-0.1 96
* CITIGROUP WORLD GOV'T BOND	6.6 1	8.4 13	0.4 5
Median	3.8	11.1	0.1

Funded status as of Fiscal Year 2009 = 79%

* Standard deviation is based on quarterly returns