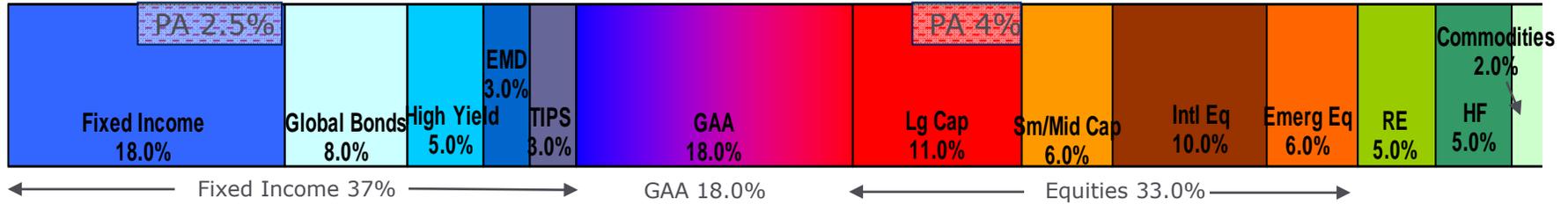


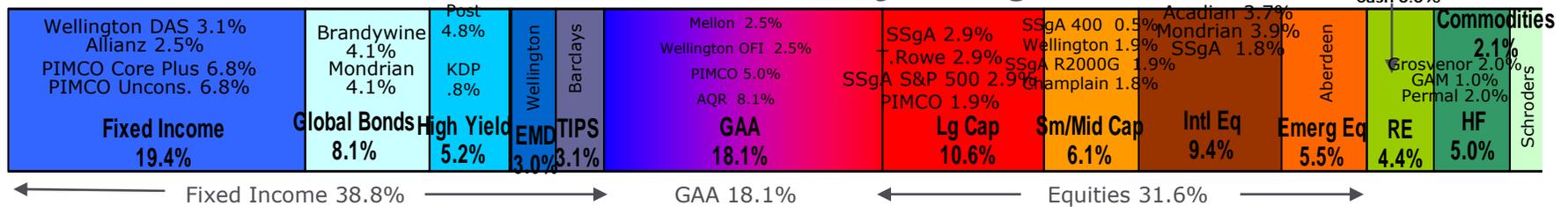
# **Vermont State Employees' Retirement System**

# Total Plan Asset Allocation

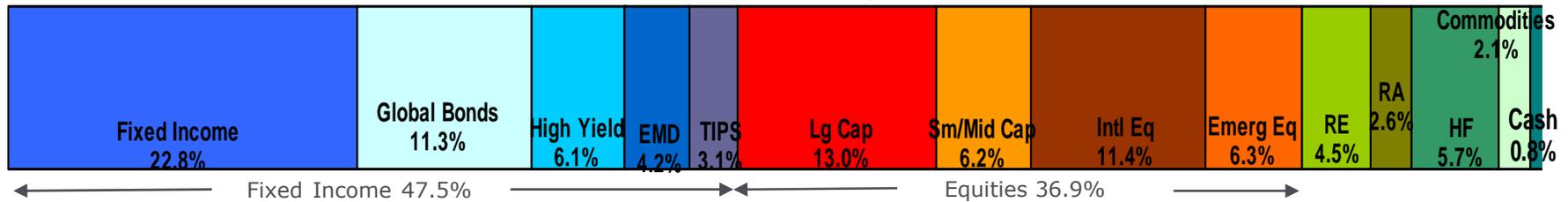
## Target Asset Allocation



## Current Asset Allocation by Manager



## Current Asset Allocation by Asset Class

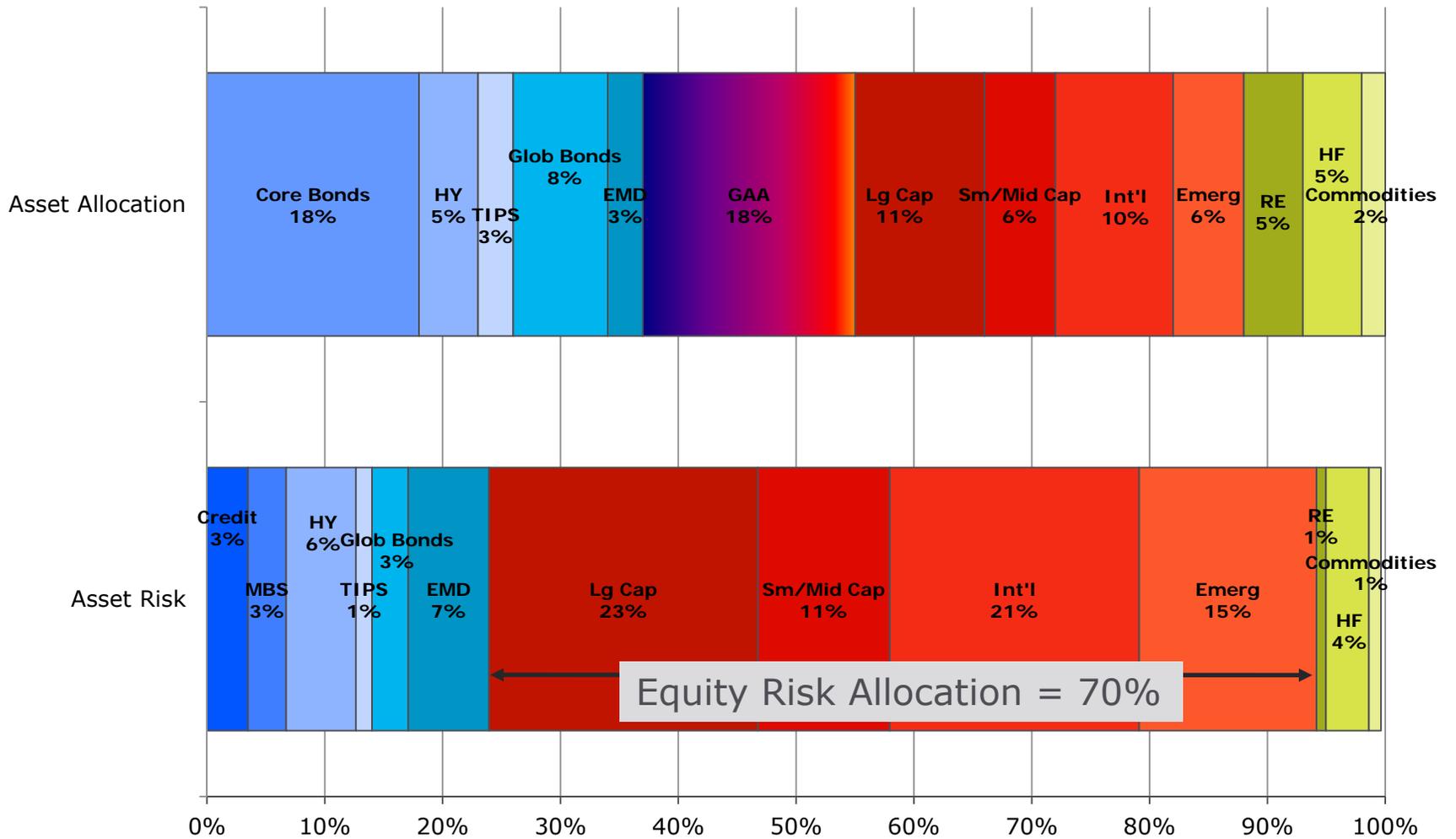


Numbers may not add up to 100% due to rounding.

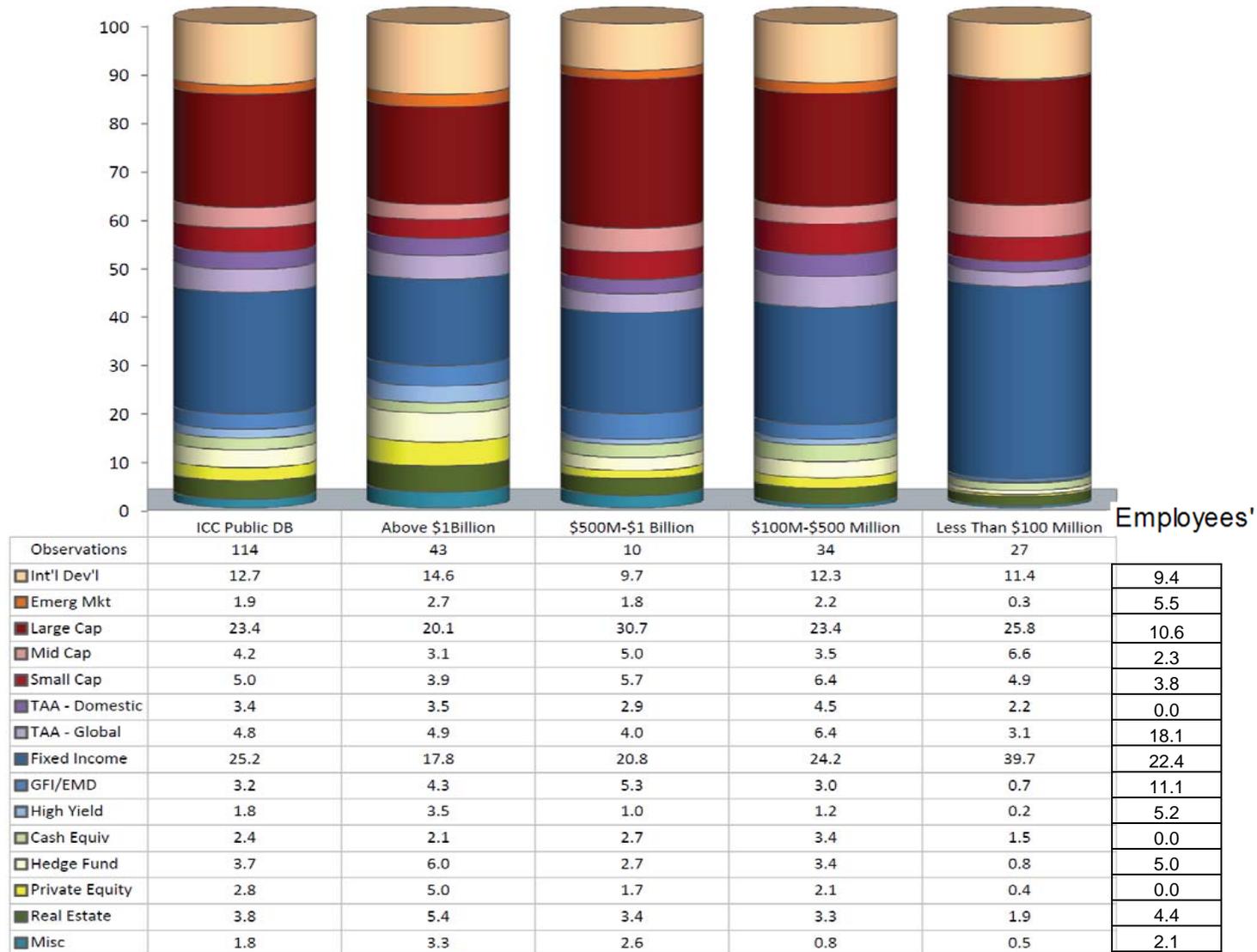
New Target Asset Allocation is effective as of 10/1/2011.



# Policy Asset Allocation and Risk Budgeting



# 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 9/27/11 for periods ending 6/30/11. 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 Mid 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>	\$134,529	\$22,732	\$6,212	\$23,918	\$23,844	\$243,715	\$65,300	\$39,753	\$189,004	\$38,239	\$103,099	\$55,494	\$228,641	\$90,918	\$194	\$1,265,592
T. Rowe	37,313	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$37,313
PIMCO	23,637	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$23,637
SSgA Equal Wgt	36,456	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$36,456
SSgA S&P 500	37,123	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$37,123
Champlain	0	22,732	0	0	0	0	0	0	0	0	0	0	0	0	0	\$22,732
SSgA Mid	0	0	6,212	0	0	0	0	0	0	0	0	0	0	0	0	\$6,212
Wellington	0	0	0	23,918	0	0	0	0	0	0	0	0	0	0	0	\$23,918
SSgA R-2000 Growth	0	0	0	0	23,844	0	0	0	0	0	0	0	0	0	0	\$23,844
Acadian	0	0	0	0	0	0	0	0	47,085	0	0	0	0	0	0	\$47,085
Mondrian	0	0	0	0	0	0	0	0	49,623	0	0	0	0	0	0	\$49,623
SSgA ACWI ex US	0	0	0	0	0	0	0	0	22,152	0	0	0	0	0	0	\$22,152
Aberdeen	0	0	0	0	0	0	0	0	70,144	0	0	0	0	0	0	\$70,144
Allianz	0	0	0	0	0	32,121	0	0	0	0	0	0	0	0	0	\$32,121
Wellington DAS	0	0	0	0	0	38,886	0	0	0	0	0	0	0	0	0	\$38,886
PIMCO Core Plus	0	0	0	0	0	86,431	0	0	0	0	0	0	0	0	0	\$86,431
PIMCO Unconst.	0	0	0	0	0	86,277	0	0	0	0	0	0	0	0	0	\$86,277
Post Advisory	0	0	0	0	0	0	55,516	0	0	0	0	0	0	0	0	\$55,516
KDP	0	0	0	0	0	0	9,784	0	0	0	0	0	0	0	0	\$9,784
Wellington EMD	0	0	0	0	0	0	0	0	0	38,239	0	0	0	0	0	\$38,239
Barclays	0	0	0	0	0	0	0	39,753	0	0	0	0	0	0	0	\$39,753
Mondrian	0	0	0	0	0	0	0	0	0	0	51,414	0	0	0	0	\$51,414
Brandywine	0	0	0	0	0	0	0	0	0	0	51,685	0	0	0	0	\$51,685
Morgan Stanley	0	0	0	0	0	0	0	0	0	0	0	23,688	0	0	0	\$23,688
UBS Realty	0	0	0	0	0	0	0	0	0	0	0	22,264	0	0	0	\$22,264
RREEF	0	0	0	0	0	0	0	0	0	0	0	9,215	0	0	0	\$9,215
Transwestern	0	0	0	0	0	0	0	0	0	0	0	327	0	0	0	\$327
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	0	0	31,886	0	0	\$31,886
PIMCO AA	0	0	0	0	0	0	0	0	0	0	0	62,874	0	0	0	\$62,874
Wellington OIF	0	0	0	0	0	0	0	0	0	0	0	31,262	0	0	0	\$31,262
AQR	0	0	0	0	0	0	0	0	0	0	0	0	102,619	0	0	\$102,619
Alt. Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	798	0	\$798
Grosvenor	0	0	0	0	0	0	0	0	0	0	0	0	0	25,327	0	\$25,327
GAM	0	0	0	0	0	0	0	0	0	0	0	0	0	12,666	0	\$12,666
Permal	0	0	0	0	0	0	0	0	0	0	0	0	0	24,947	0	\$24,947
Schroders	0	0	0	0	0	0	0	0	0	0	0	0	0	27,180	0	\$27,180
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	194	\$194

(Dollars in 000's)

# Total Fund Asset Growth Summary

**VERMONT STATE EMPLOYEES**  
 EMPLOYEES RETIREMENT SYSTEM CO  
 Periods Ending September 30, 2011

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

	One Quarter	Year to Date	One Year
<b>ERS COMPOSITE</b>			
Beginning Market Value	1,372,407	1,320,867	1,267,183
Net External Growth	-6,202	-24,777	-32,009
Return on Investment	-100,614	-30,499	30,416
Income Received	0	49	64
Gain/Loss	-100,614	-30,548	30,352
Ending Market Value	1,265,591	1,265,591	1,265,591
Return	-7.3%	-2.4%	2.3%



# Fund Performance vs. Benchmark

## VERMONT STATE EMPLOYEES

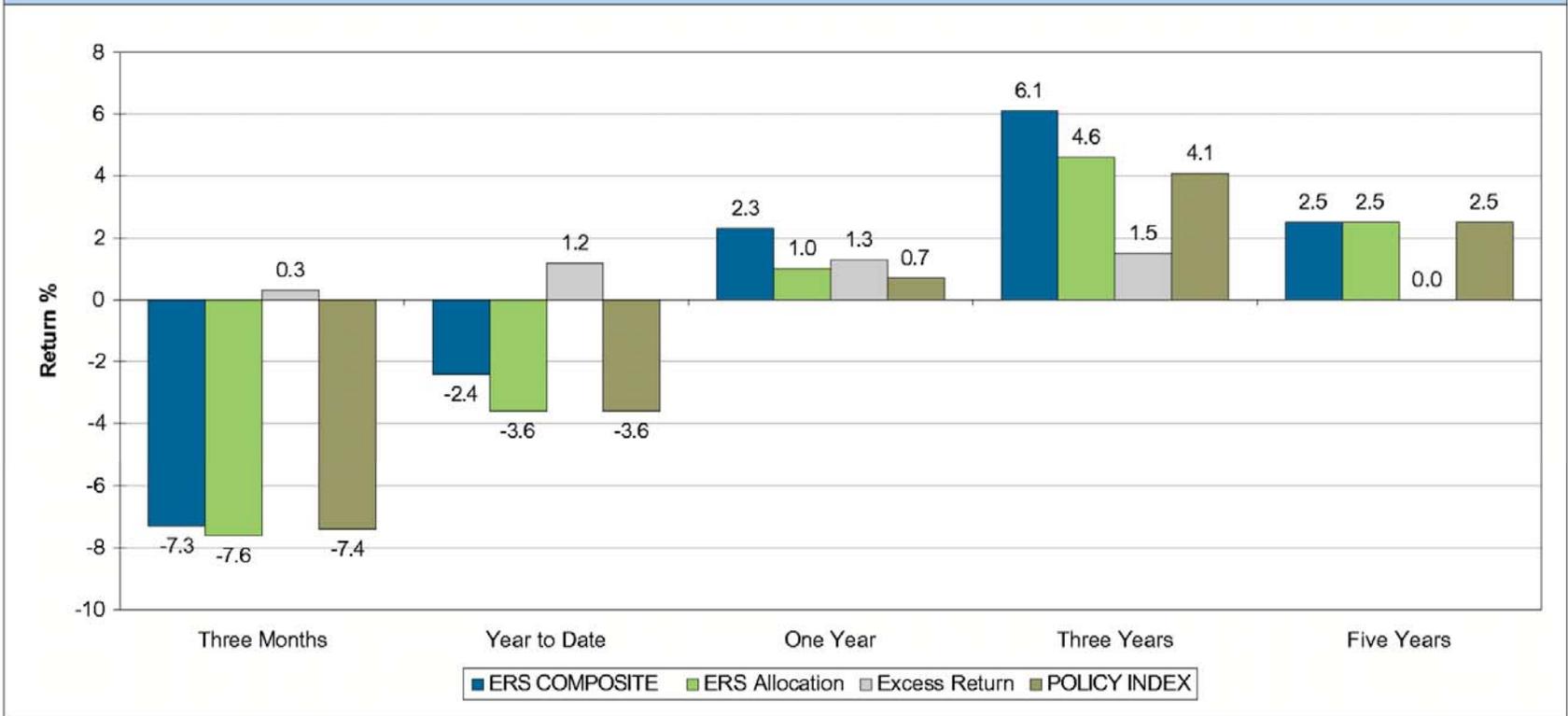
POLICY INDEX

Benchmark:

Periods Ending September 30, 2011

### Fund Performance vs. Benchmark

#### ERS COMPOSITE



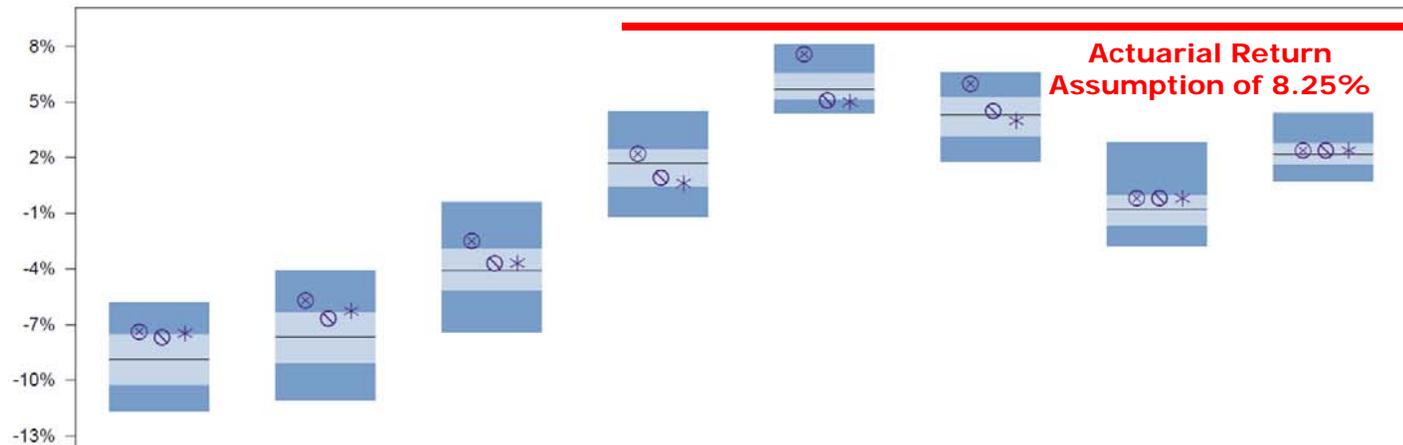
# Total Public Funds Performance

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending September 30, 2011

### Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ ERS COMPOSITE	-7.3	24	-5.6	19	-2.4	21	2.3	31	7.7	11	6.1	11	-0.1	30	2.5	37
⊘ ERS Allocation	-7.6	26	-6.6	30	-3.6	42	1.0	66	5.2	71	4.6	43	-0.1	29	2.5	38
* POLICY INDEX	-7.4	24	-6.2	24	-3.6	42	0.7	71	5.1	73	4.1	58	-0.1	31	2.5	38
5th Percentile	-5.8		-4.1		-0.4		4.5		8.1		6.6		2.8		4.4	
25th Percentile	-7.5		-6.3		-2.9		2.5		6.6		5.3		0.0		2.8	
50th Percentile	-8.9		-7.7		-4.1		1.7		5.7		4.3		-0.8		2.2	
75th Percentile	-10.3		-9.1		-5.2		0.4		5.1		3.1		-1.7		1.6	
95th Percentile	-11.7		-11.1		-7.4		-1.2		4.4		1.8		-2.8		0.7	

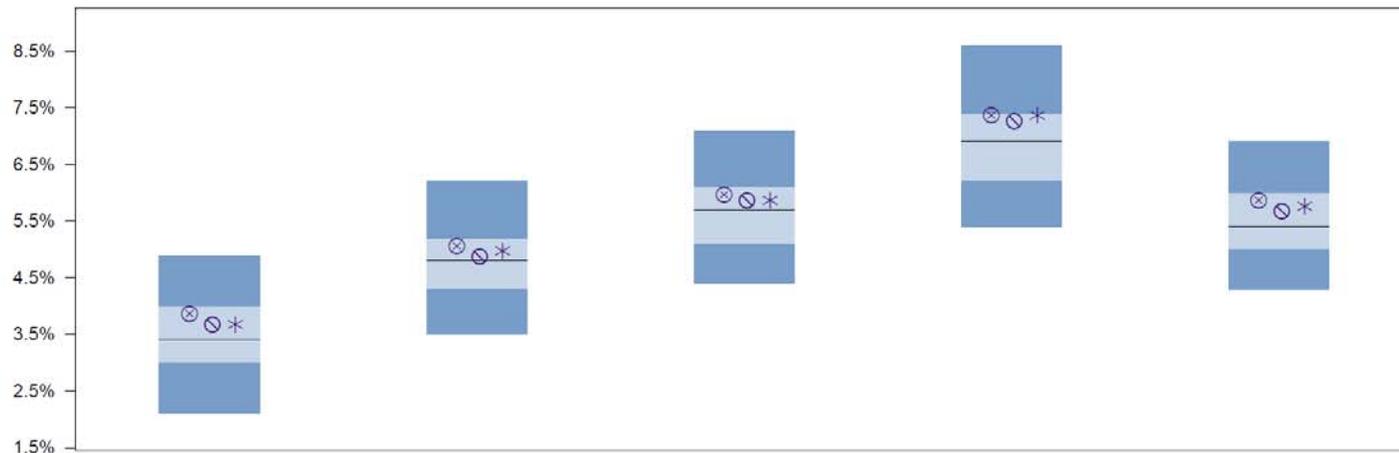
# Total Public Funds Performance

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending September 30, 2011

### Total Fund Performance - Trailing Periods



	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
⊗ ERS COMPOSITE	3.9	29	5.1	36	6.0	35	7.4	26	5.9	30
⊙ ERS Allocation	3.7	36	4.9	44	5.9	38	7.3	35	5.7	37
* POLICY INDEX	3.7	37	5.0	40	5.9	38	7.4	28	5.8	32
5th Percentile	4.9		6.2		7.1		8.6		6.9	
25th Percentile	4.0		5.2		6.1		7.4		6.0	
50th Percentile	3.4		4.8		5.7		6.9		5.4	
75th Percentile	3.0		4.3		5.1		6.2		5.0	
95th Percentile	2.1		3.5		4.4		5.4		4.3	

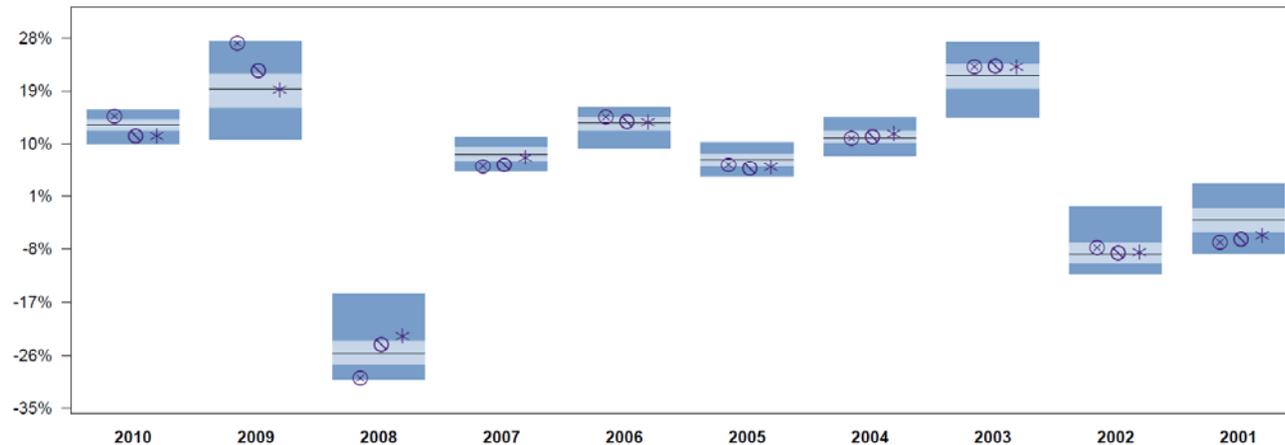
# Total Public Funds Performance

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2010

### Total Fund Performance - One Year Time Periods



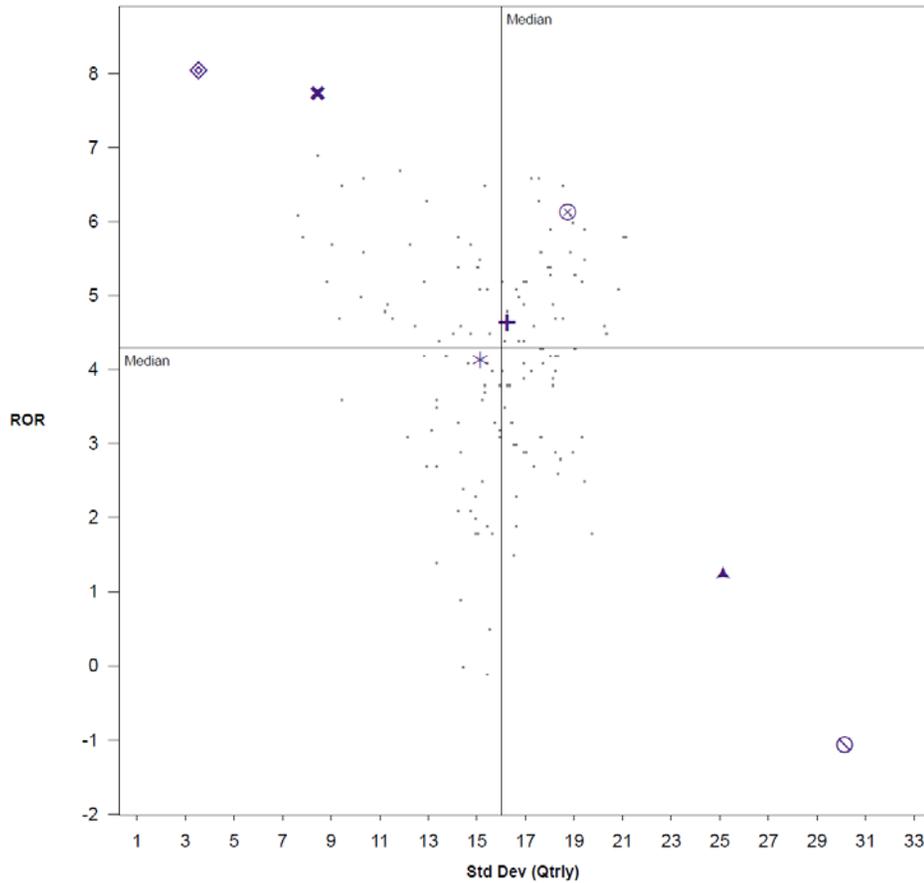
	2010	9	2009	6	-29.6	92	2008	6.4	84	2007	14.9	23	2006	6.6	67	2005	11.3	47	2004	23.4	29	2003	-7.5	35	2002	-6.6	90	2001
⊗ ERS COMPOSITE	15.1	9	27.4	6	-29.6	92	6.4	84	14.9	23	6.6	67	11.3	47	23.4	29	-7.5	35	-6.6	90								
⊙ ERS Allocation	11.7	82	22.8	22	-23.9	35	6.6	81	14.1	36	6.0	76	11.5	40	23.6	26	-8.3	48	-6.0	84								
* POLICY INDEX	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 September 30, 2011

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	6.1 11	18.8 88	0.3 28
+ ERS Allocation	4.6 43	16.3 55	0.3 46
* POLICY INDEX	4.1 58	15.2 37	0.3 52
▲ S&P 500	1.2 98	25.2 100	0.0 96
◇ BC AGGREGATE	8.0 1	3.6 1	2.2 1
⊘ MSCI EAFE (NET)	-1.1 100	30.2 100	-0.0 99
✕ Citigroup WGBI (All Maturities)	7.7 1	8.5 3	0.9 1
Median	4.3	16.0	0.3

Funded status as of July 1<sup>st</sup>, 2011 = 81.2%



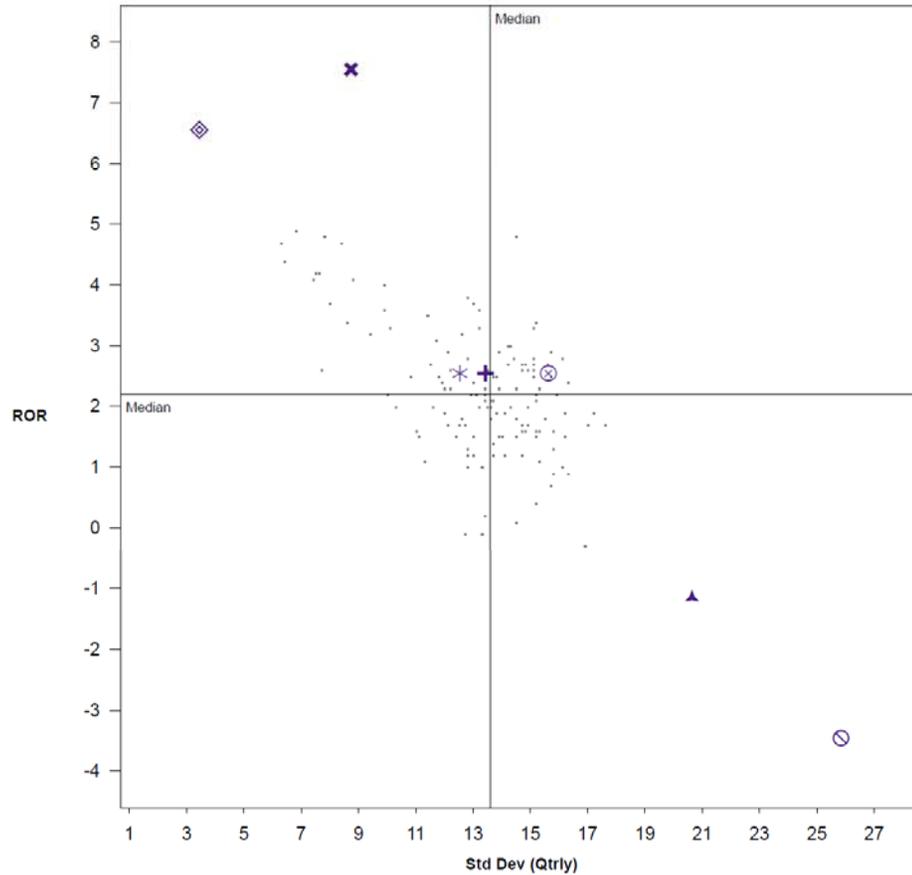
# Risk vs. Return Analysis – 5 Years

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending September 30, 2011

### Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	2.5 37	15.7 88	0.0 45
+ ERS Allocation	2.5 38	13.5 48	0.1 43
* POLICY INDEX	2.5 38	12.6 29	0.1 38
▲ S&P 500	-1.2 100	20.7 100	-0.1 99
◇ BC AGGREGATE	6.5 1	3.5 1	1.4 1
⊘ MSCI EAFE (NET)	-3.5 100	25.9 100	-0.2 100
✕ Citigroup WGBI (All Maturities)	7.5 1	8.8 9	0.7 1
Median	2.2	13.6	0.0

Funded status as of July 1<sup>st</sup>, 2011 = 81.2%

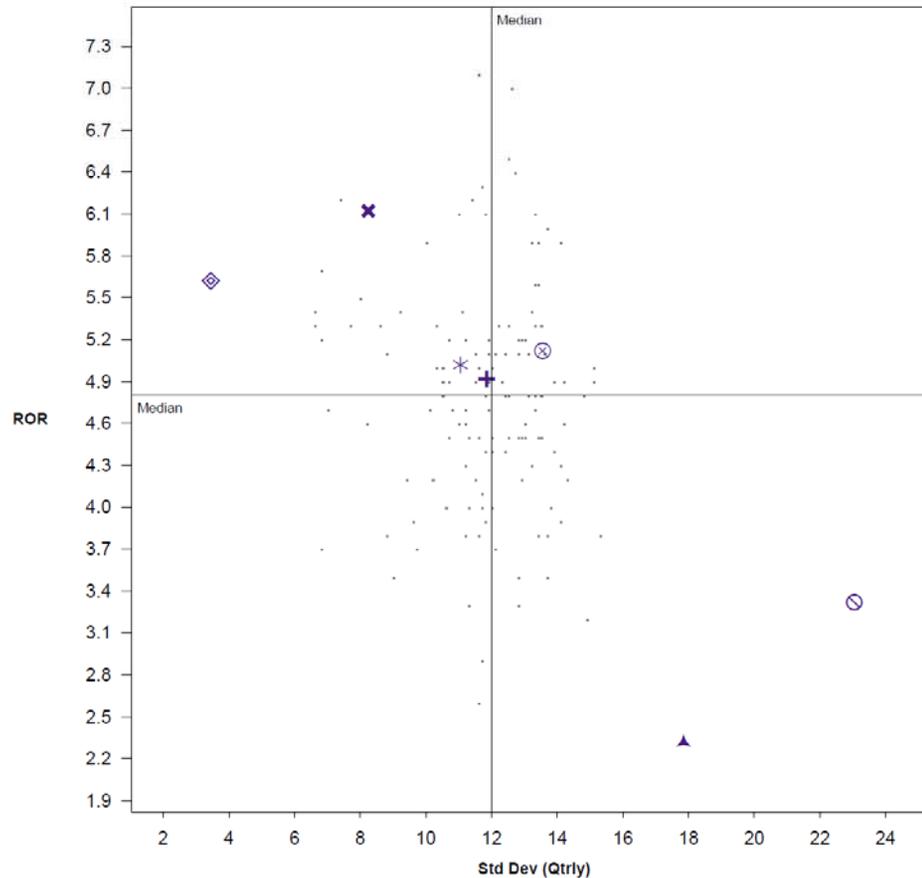
# Risk vs. Return Analysis – 7 Years

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending September 30, 2011

### Risk vs. Return - 7 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	5.1 36	13.6 85	0.2 58
+ ERS Allocation	4.9 44	11.9 46	0.2 44
* POLICY INDEX	5.0 40	11.1 26	0.2 34
▲ S&P 500	2.3 100	17.9 100	0.0 99
◇ BC AGGREGATE	5.6 15	3.5 1	1.0 1
⊘ MSCI EAFE (NET)	3.3 97	23.1 100	0.0 99
✕ Citigroup WGBI (All Maturities)	6.1 6	8.3 8	0.5 6
Median	4.8	12.0	0.2

Funded status as of July 1<sup>st</sup>, 2011 = 81.2%

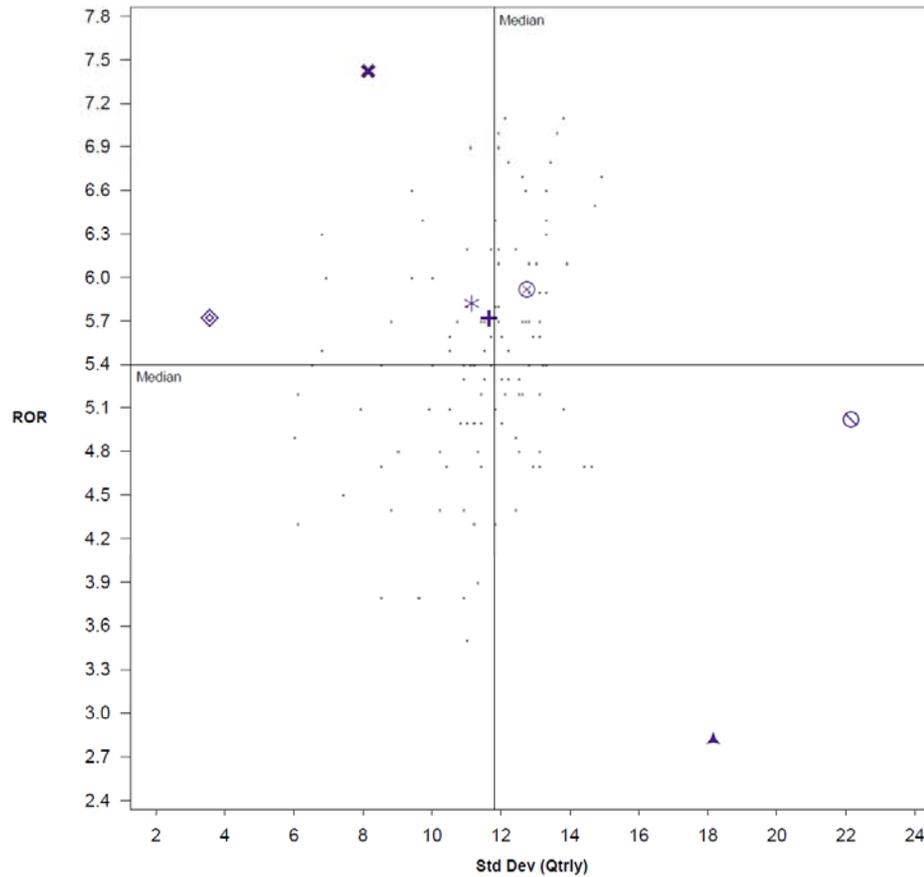
# Risk vs. Return Analysis – 10 Years

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending September 30, 2011

### Risk vs. Return - 10 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	5.9 30	12.8 77	0.3 54
+ ERS Allocation	5.7 37	11.7 46	0.3 44
* POLICY INDEX	5.8 32	11.2 38	0.3 34
▲ S&P 500	2.8 100	18.2 100	0.0 100
◇ BC AGGREGATE	5.7 41	3.6 1	1.0 1
⊙ MSCI EAFE (NET)	5.0 72	22.2 100	0.1 100
⊗ Citigroup WGBI (All Maturities)	7.4 1	8.2 8	0.7 1
Median	5.4	11.8	0.3

Funded status as of July 1<sup>st</sup>, 2011 = 81.2%