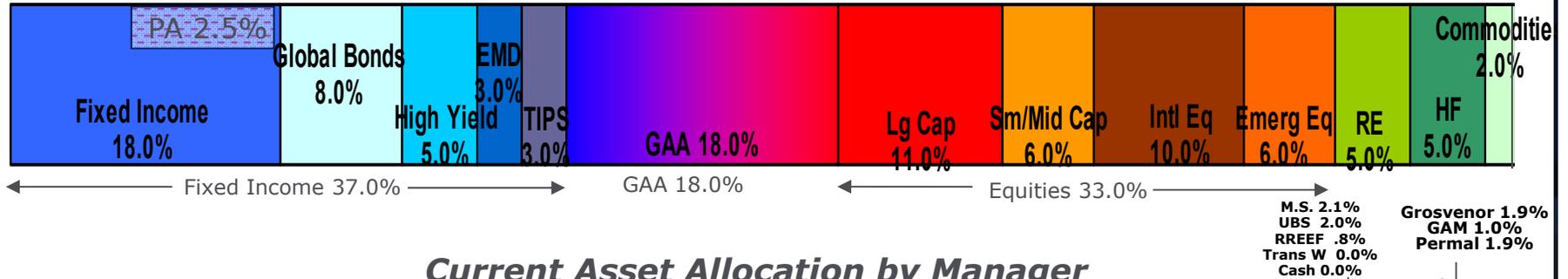


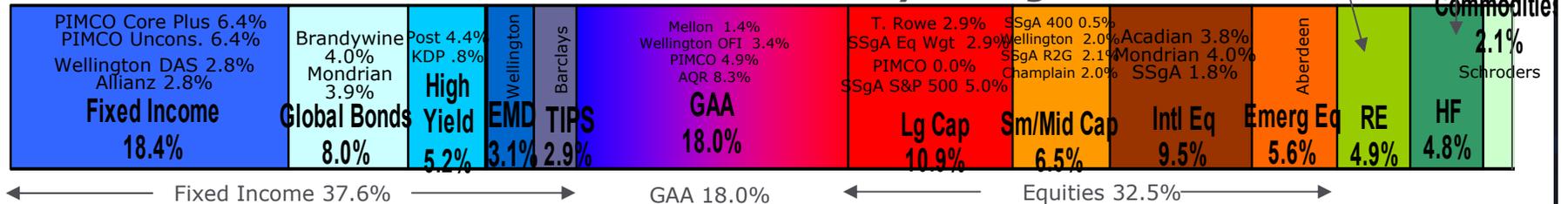
# **State Teachers' Retirement System of Vermont**

# Total Plan Asset Allocation - VTRS

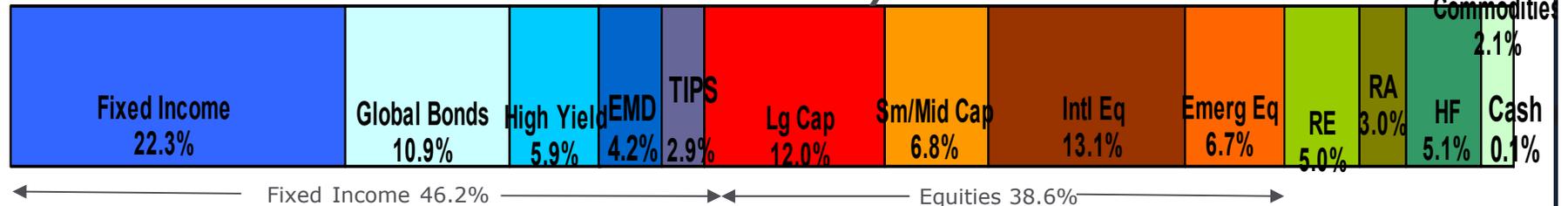
## Target Asset Allocation



## Current Asset Allocation by Manager



## Current Asset Allocation by Asset Class

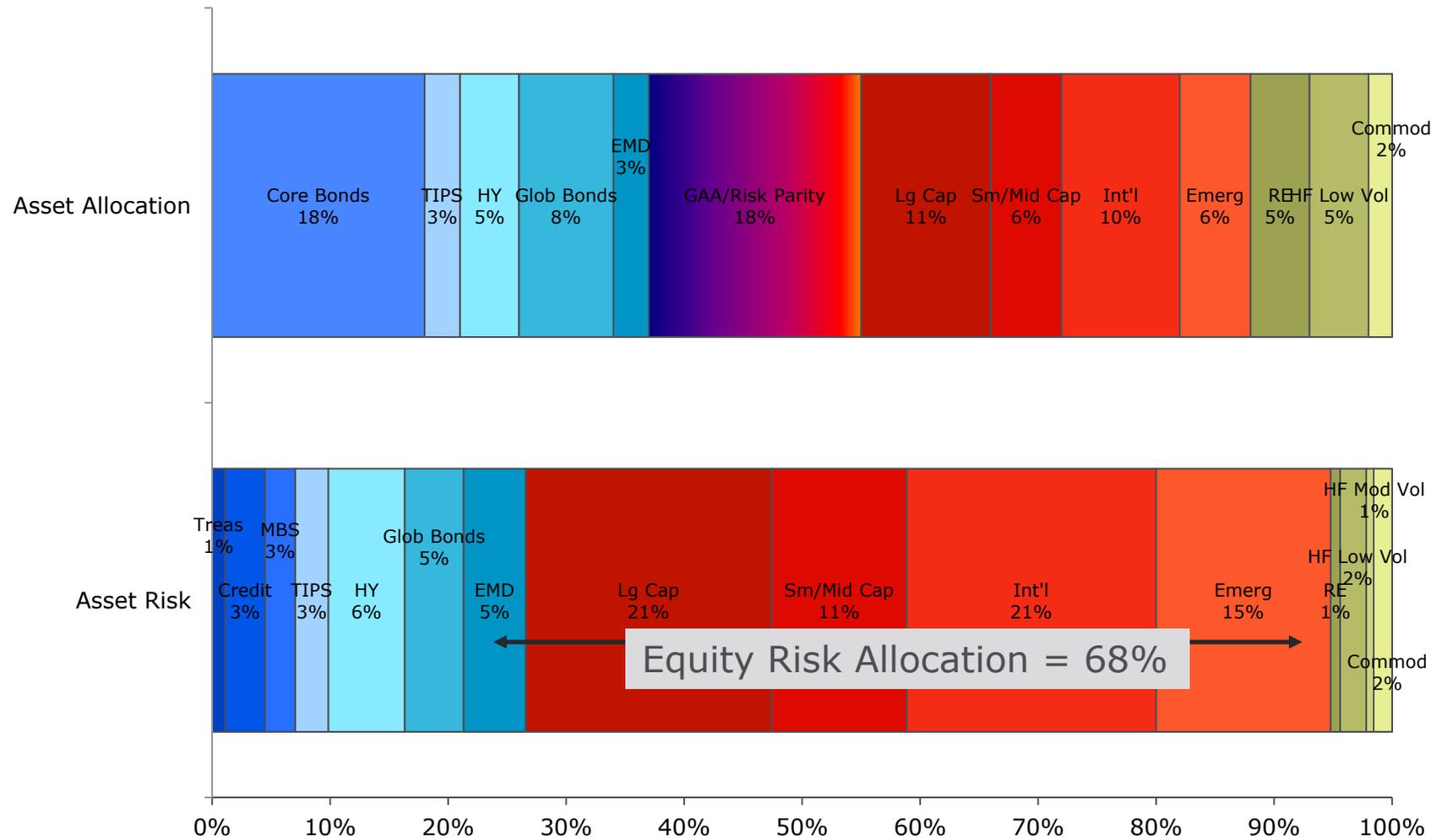


Numbers may not add up to 100% due to rounding.

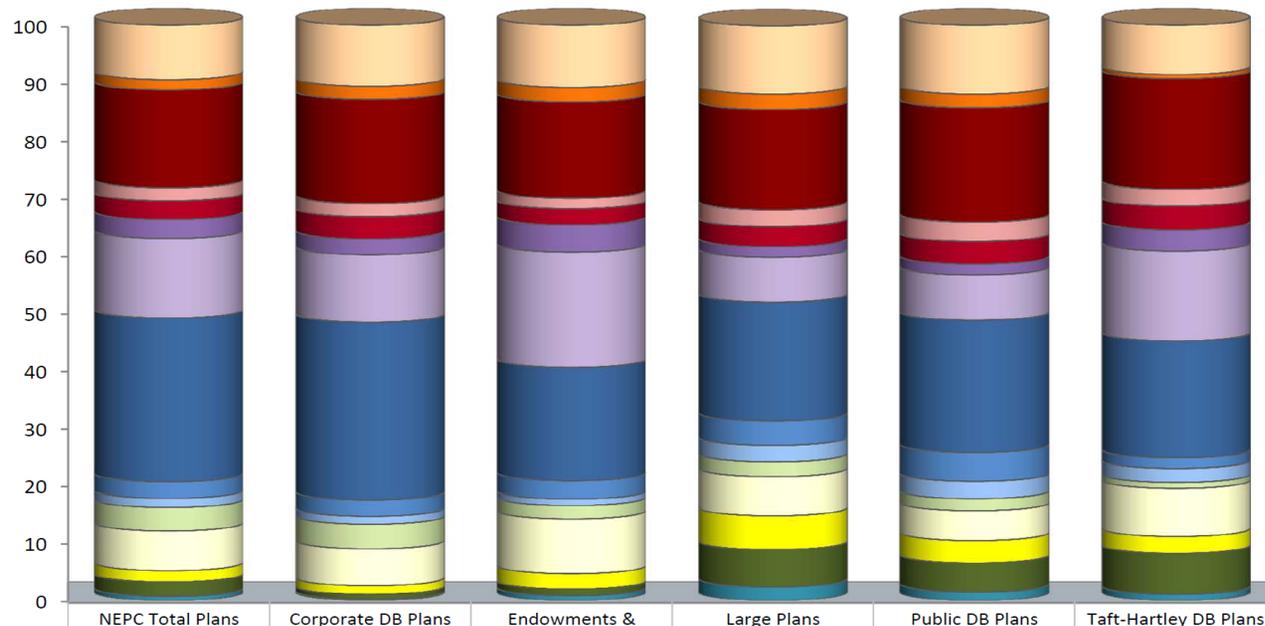
New Target Asset Allocation is effective as of 10/1/2011.



# Policy Asset Allocation and Risk Budgeting



# NEPC Plans by Type – Average Asset Allocation



	NEPC Total Plans	Corporate DB Plans	Endowments & Foundations	Large Plans	Public DB Plans	Taft-Hartley DB Plans	Teachers
Observations	368	91	60	46	62	50	
Int'l Dev'l	9.4	10.6	10.8	11.8	11.9	8.6	9.5
Emerg Mkt	1.8	2.3	2.5	2.7	2.4	0.7	5.6
Large Cap	17.0	18.1	16.7	17.4	19.8	19.2	10.9
Mid Cap	2.3	2.3	1.7	2.9	3.3	2.9	2.5
Small Cap	3.3	3.9	2.8	3.5	3.9	4.1	4.1
TAA - Domestic	3.3	2.8	4.7	1.8	1.9	3.7	0.0
TAA - Global	13.8	11.7	20.0	7.8	7.9	15.6	18.0
Fixed Income	28.4	30.9	19.7	20.7	23.0	20.3	21.3
GFI/EMD	2.9	2.8	3.2	4.2	5.0	1.9	11.1
High Yield	1.6	1.4	1.1	2.8	3.1	2.4	5.3
Cash Equiv	4.1	4.3	2.3	2.6	2.1	1.0	0.0
Hedge Fund	6.9	6.4	9.5	6.8	5.2	8.4	4.8
Private Equity	2.0	1.5	2.7	5.9	3.9	2.9	0.0
Real Estate	2.5	0.9	1.1	6.5	5.1	7.1	4.8

**Disclosure:**

Allocations may not add to 100% due to rounding. Average asset allocations shown include all portfolios submitted to the ICC universe as of 1/9/12 for periods ending 9/30/11. 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
Composite	\$159,071	\$28,999	\$7,602	\$28,717	\$29,921	\$268,662	\$75,607	\$42,804	\$220,705	\$44,971	\$116,286	\$71,099	\$262,523	\$101,198	\$326	\$1,458,491
T. Rowe	42,893	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$42,893
PIMCO	171	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$171
SSgA Equal Wgt	73,581	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$73,581
SSgA S&P 500	42,426	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$42,426
Champlain	0	28,999	0	0	0	0	0	0	0	0	0	0	0	0	0	\$28,999
SSgA Mid	0	0	7,602	0	0	0	0	0	0	0	0	0	0	0	0	\$7,602
Wellington	0	0	0	28,717	0	0	0	0	0	0	0	0	0	0	0	\$28,717
SSgA R-2000 Growth	0	0	0	0	29,921	0	0	0	0	0	0	0	0	0	0	\$29,921
Acadian	0	0	0	0	0	0	0	0	54,872	0	0	0	0	0	0	\$54,872
Mondrian	0	0	0	0	0	0	0	0	58,537	0	0	0	0	0	0	\$58,537
SSgA ACWI ex US	0	0	0	0	0	0	0	0	25,698	0	0	0	0	0	0	\$25,698
Aberdeen	0	0	0	0	0	0	0	0	81,598	0	0	0	0	0	0	\$81,598
Allianz	0	0	0	0	0	41,352	0	0	0	0	0	0	0	0	0	\$41,352
Wellington DAS	0	0	0	0	0	41,441	0	0	0	0	0	0	0	0	0	\$41,441
PIMCO Core Plus	0	0	0	0	0	93,006	0	0	0	0	0	0	0	0	0	\$93,006
PIMCO Unconst.	0	0	0	0	0	92,863	0	0	0	0	0	0	0	0	0	\$92,863
Post Advisory	0	0	0	0	0	0	63,915	0	0	0	0	0	0	0	0	\$63,915
KDP	0	0	0	0	0	0	11,692	0	0	0	0	0	0	0	0	\$11,692
Wellington EMD	0	0	0	0	0	0	0	0	0	44,971	0	0	0	0	0	\$44,971
Barclays	0	0	0	0	0	0	0	42,804	0	0	0	0	0	0	0	\$42,804
Mondrian	0	0	0	0	0	0	0	0	0	0	57,605	0	0	0	0	\$57,605
Brandywine	0	0	0	0	0	0	0	0	0	0	58,681	0	0	0	0	\$58,681
Morgan Stanely	0	0	0	0	0	0	0	0	0	0	0	30,560	0	0	0	\$30,560
UBS Realty	0	0	0	0	0	0	0	0	0	0	0	28,472	0	0	0	\$28,472
RREEF	0	0	0	0	0	0	0	0	0	0	0	11,677	0	0	0	\$11,677
Transwestern	0	0	0	0	0	0	0	0	0	0	0	390	0	0	0	\$390
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	0	0	20,031	0	0	\$20,031
PIMCO AA	0	0	0	0	0	0	0	0	0	0	0	0	71,584	0	0	\$71,584
Wellington OIF	0	0	0	0	0	0	0	0	0	0	0	0	50,205	0	0	\$50,205
AQR	0	0	0	0	0	0	0	0	0	0	0	0	120,703	0	0	\$120,703
Grosvenor	0	0	0	0	0	0	0	0	0	0	0	0	0	27,992	0	\$27,992
GAM	0	0	0	0	0	0	0	0	0	0	0	0	0	14,282	0	\$14,282
Permal	0	0	0	0	0	0	0	0	0	0	0	0	0	27,874	0	\$27,874
Schroders	0	0	0	0	0	0	0	0	0	0	0	0	0	31,050	0	\$31,050
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	326	\$326

(Dollars in 000's)



# Total Fund Asset Growth Summary

**VERMONT STATE TEACHERS**  
 TEACHERS' RETIREMENT SYSTEM CO  
 Periods Ending December 31, 2011

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

	One Quarter	Year to Date
<b>TRS COMPOSITE</b>		
Beginning Market Value	1,424,568	1,477,108
Net External Growth	-31,443	-47,850
Return on Investment	65,365	29,233
Income Received	1	18
Gain/Loss	65,364	29,215
Ending Market Value	1,458,491	1,458,491
Return	4.7%	2.0%



# Fund Performance vs. Benchmark

## VERMONT PENSION INVESTMENT COMMITTEE

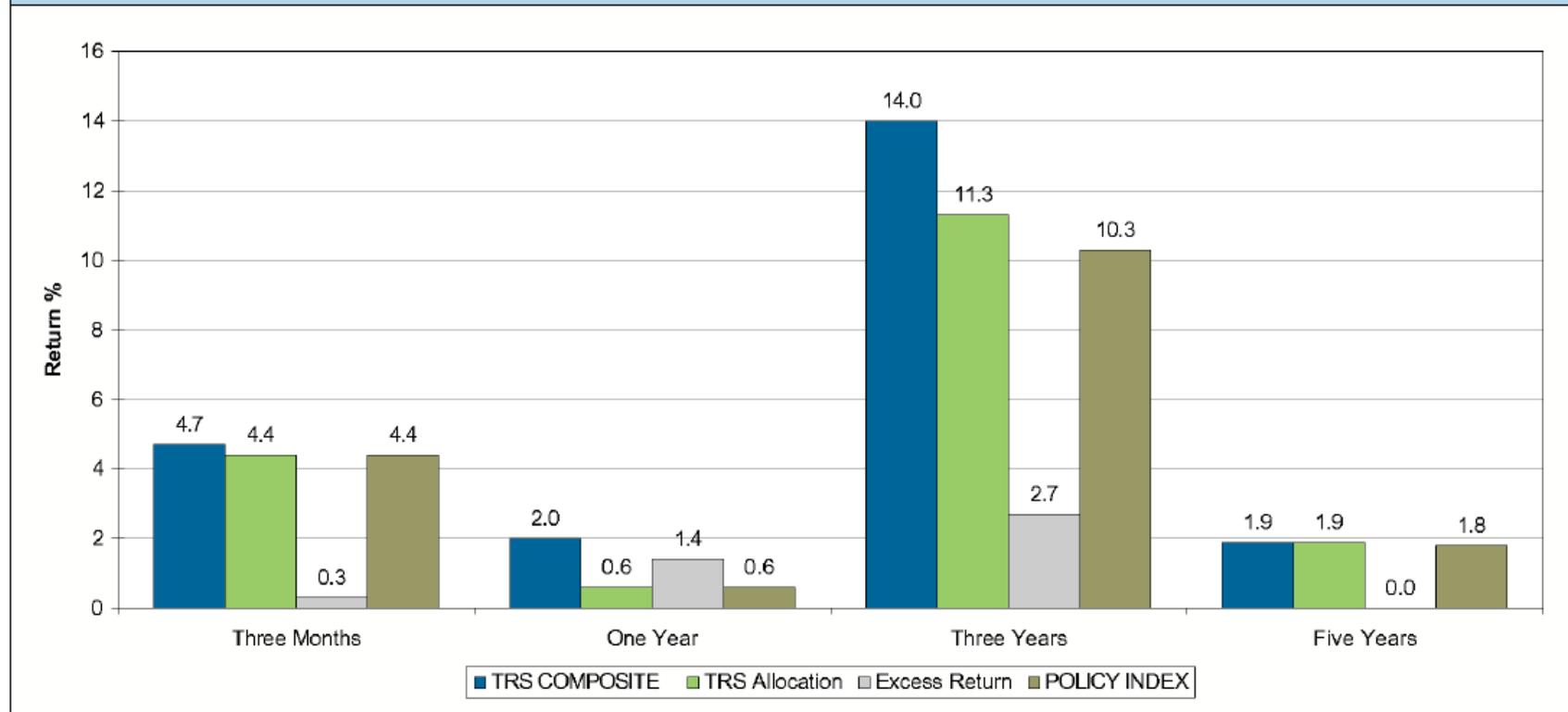
POLICY INDEX

Benchmark:

Periods Ending December 31, 2011

### Fund Performance vs. Benchmark

#### TRS COMPOSITE



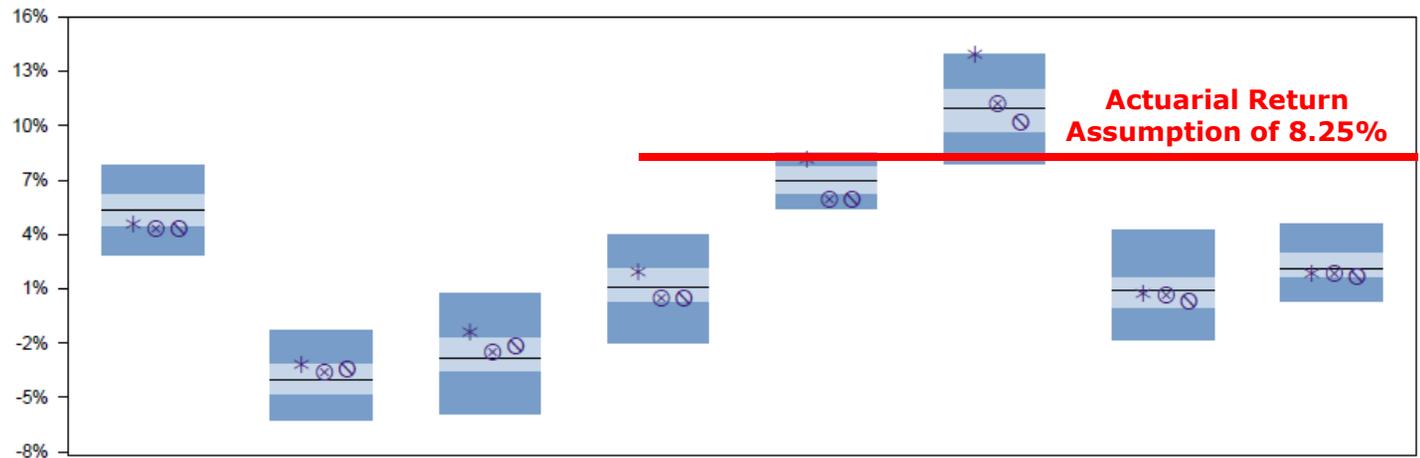
# Total Public Funds Performance

## VERMONT PENSION INVESTMENT COMMITTEE

Total Fund - Universe: Public Funds (DB)

Periods Ending December 31, 2011

### Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
* TRS COMPOSITE	4.7	66	-3.1	26	-1.3	18	2.0	32	8.2	14	14.0	5	0.8	51	1.9	61
⊗ TRS Allocation	4.4	77	-3.5	37	-2.4	41	0.6	70	6.0	85	11.3	41	0.7	54	1.9	63
⊙ POLICY INDEX	4.4	74	-3.3	31	-2.1	36	0.6	69	6.0	82	10.3	65	0.4	61	1.8	65
5th Percentile	7.8		-1.3		0.7		4.0		8.5		13.9		4.2		4.6	
25th Percentile	6.3		-3.1		-1.6		2.2		7.8		12.1		1.7		3.0	
50th Percentile	5.3		-4.0		-2.8		1.1		7.0		11.0		0.9		2.1	
75th Percentile	4.4		-4.9		-3.6		0.2		6.2		9.6		-0.1		1.6	
95th Percentile	2.9		-6.2		-5.9		-2.0		5.4		7.9		-1.8		0.3	



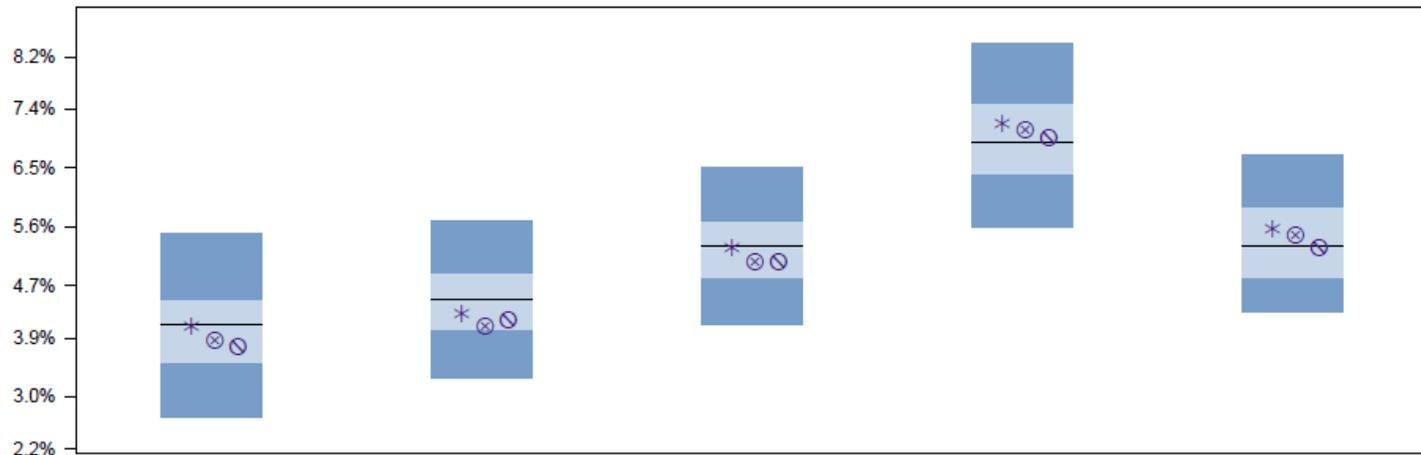
# Total Public Funds Performance

## VERMONT STATE TEACHERS

Total Fund - Universe: Public Funds (DB)

Periods Ending December 31, 2011

### Total Fund Performance - Trailing Periods



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
* TRS COMPOSITE	4.1 47	4.3 60	5.3 47	7.2 37	5.6 33
⊗ TRS Allocation	3.9 55	4.1 71	5.1 61	7.1 44	5.5 42
⊙ POLICY INDEX	3.8 61	4.2 66	5.1 59	7.0 47	5.3 51
5th Percentile	5.5	5.7	6.5	8.4	6.7
25th Percentile	4.5	4.9	5.7	7.5	5.9
50th Percentile	4.1	4.5	5.3	6.9	5.3
75th Percentile	3.5	4.0	4.8	6.4	4.8
95th Percentile	2.7	3.3	4.1	5.6	4.3

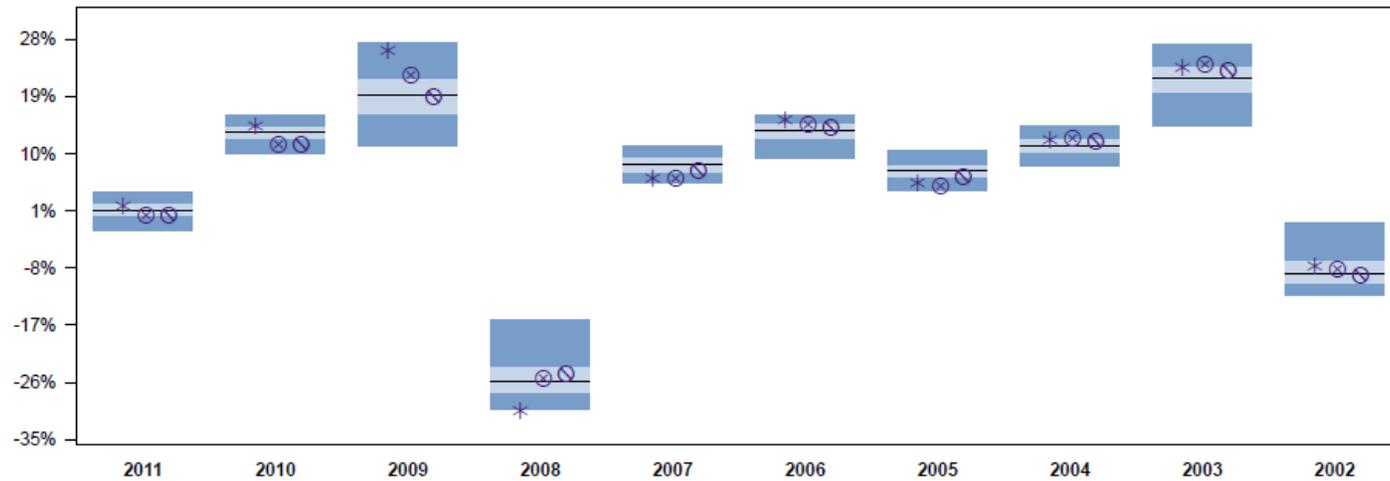
# Total Public Funds Performance

## VERMONT STATE TEACHERS

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2011

### Total Fund Performance - One Year Time Periods



	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
* TRS COMPOSITE	2.0 32	14.7 19	26.5 7	-30.1 95	6.3 87	15.7 9	5.6 83	12.4 24	23.8 26	-7.5 37
⊗ TRS Allocation	0.6 70	11.6 83	22.7 21	-25.2 46	6.5 84	14.8 25	5.1 90	12.6 20	24.4 21	-8.0 43
⊙ POLICY INDEX	0.6 69	11.7 83	19.3 49	-24.3 38	7.6 61	14.4 33	6.6 69	12.2 29	23.3 31	-9.0 53
5th Percentile	4.0	16.1	27.4	-16.2	11.2	16.2	10.4	14.5	27.3	-0.8
25th Percentile	2.2	14.4	21.9	-23.4	9.5	14.8	8.4	12.4	23.9	-6.8
50th Percentile	1.1	13.3	19.2	-25.8	8.2	13.6	7.4	11.3	21.9	-8.8
75th Percentile	0.2	12.2	16.0	-27.7	6.9	12.2	6.2	10.1	19.5	-10.5
95th Percentile	-2.0	10.0	11.3	-30.1	5.4	9.2	4.3	8.0	14.5	-12.2

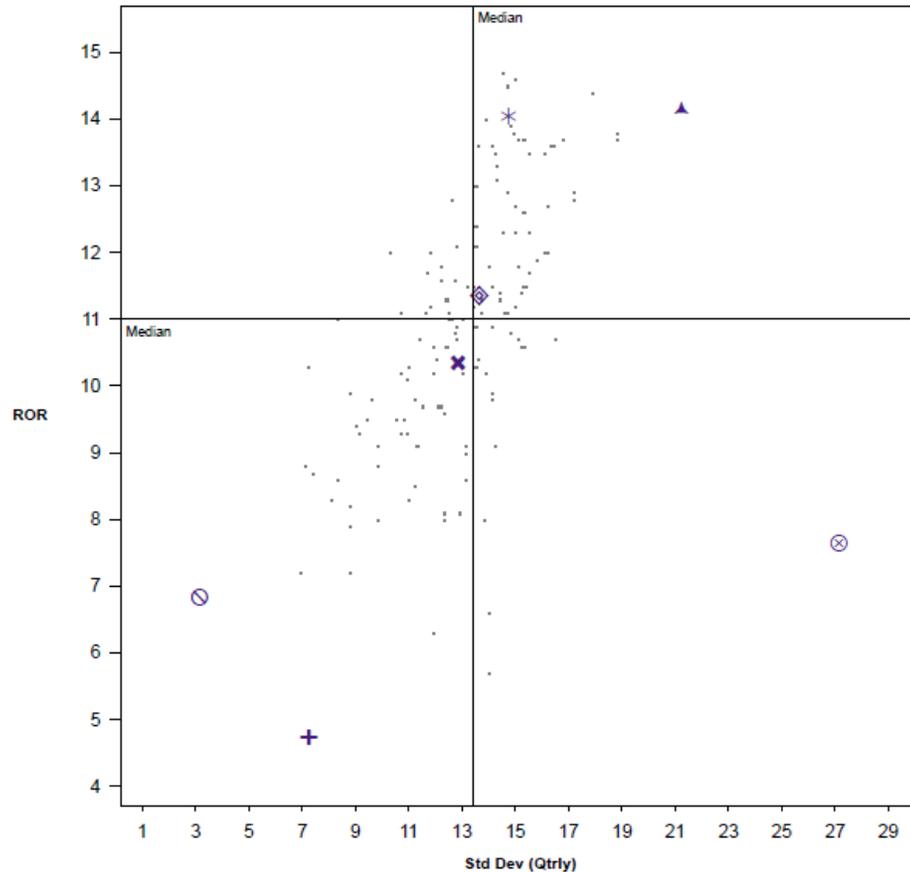
# Risk vs. Return Analysis – 3 Years

## VERMONT STATE TEACHERS

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2011

### Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
* TRS COMPOSITE	14.0 5	14.8 76	0.9 27
◇ TRS Allocation	11.3 41	13.7 57	0.8 59
* POLICY INDEX	10.3 65	12.9 45	0.8 68
▲ S&P 500	14.1 4	21.3 100	0.7 92
⊗ BC AGGREGATE	6.8 98	3.2 1	2.1 1
⊗ MSCI EAFE (NET)	7.6 96	27.2 100	0.3 100
+ Citigroup WGBI (All Maturities)	4.7 100	7.3 3	0.6 97
Median	11.0	13.4	0.8

Funded status as of July 1<sup>st</sup>, 2011 = 66.5%



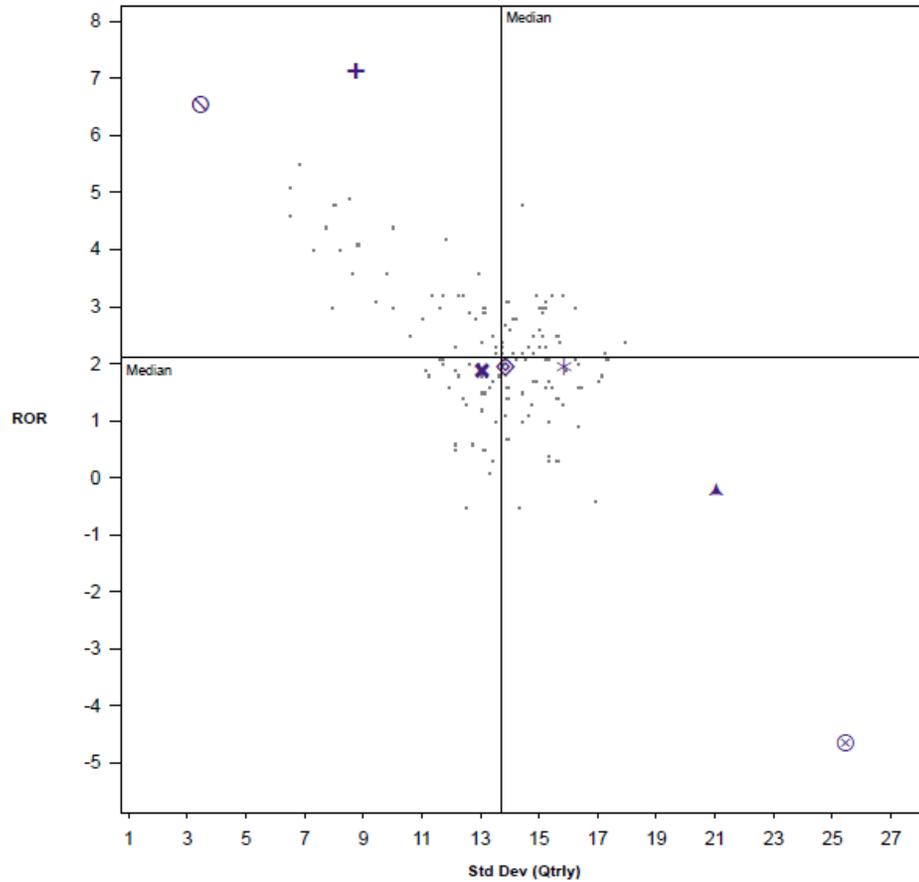
# Risk vs. Return Analysis – 5 Years

## VERMONT STATE TEACHERS

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2011

### Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
* TRS COMPOSITE	1.9 61	15.9 91	0.0 68
◇ TRS Allocation	1.9 63	13.9 54	0.0 68
* POLICY INDEX	1.8 65	13.1 40	0.0 71
▲ S&P 500	-0.3 98	21.1 100	-0.1 95
⊖ BC AGGREGATE	6.5 1	3.5 1	1.4 1
⊗ MSCI EAFE (NET)	-4.7 100	25.5 100	-0.2 100
+ Citigroup WGBI (All Maturities)	7.1 1	8.8 10	0.6 1
Median	2.1	13.7	0.1

Funded status as of July 1<sup>st</sup>, 2011 = 66.5%



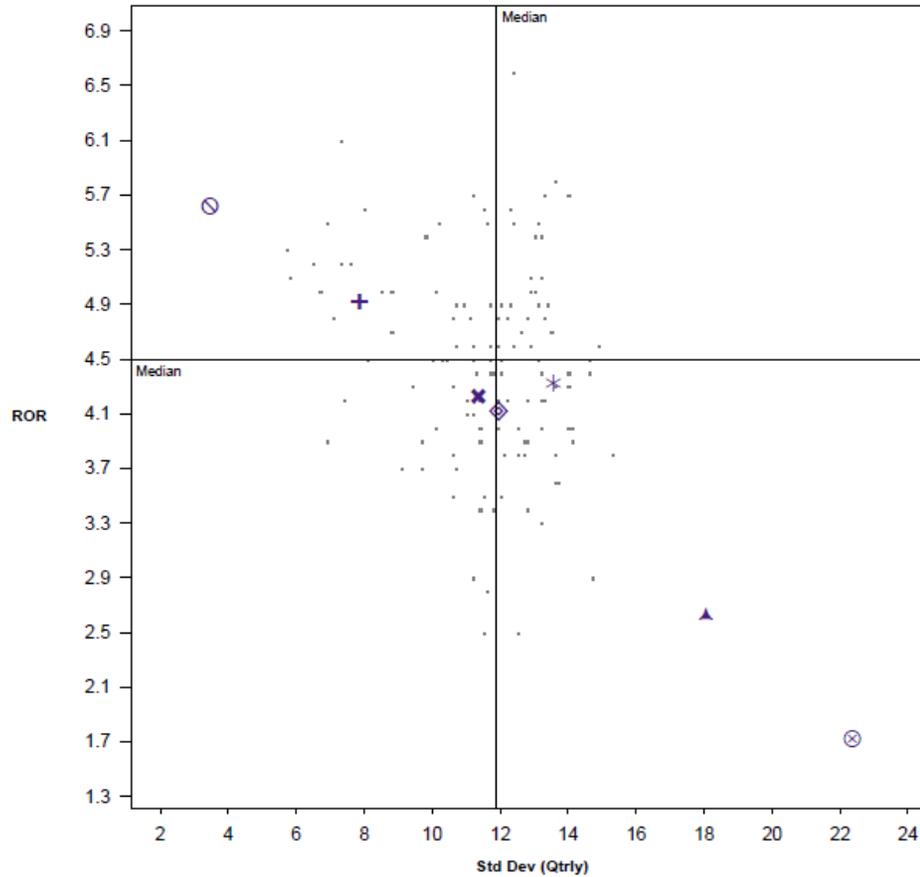
# Risk vs. Return Analysis – 7 Years

## VERMONT STATE TEACHERS

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2011

Risk vs. Return - 7 Year



NAME	Return	Standard Deviation	Sharpe Ratio
* TRS COMPOSITE	4.3 60	13.6 90	0.2 74
◇ TRS Allocation	4.1 71	12.0 55	0.2 73
* POLICY INDEX	4.2 66	11.4 39	0.2 65
▲ S&P 500	2.6 99	18.1 100	0.0 100
○ BC AGGREGATE	5.6 7	3.5 1	1.0 1
⊗ MSCI EAFE (NET)	1.7 100	22.4 100	-0.0 100
+ Citigroup WGBI (All Maturities)	4.9 31	7.9 9	0.3 12
Median	4.5	11.9	0.2

Funded status as of July 1<sup>st</sup>, 2011 = 66.5%



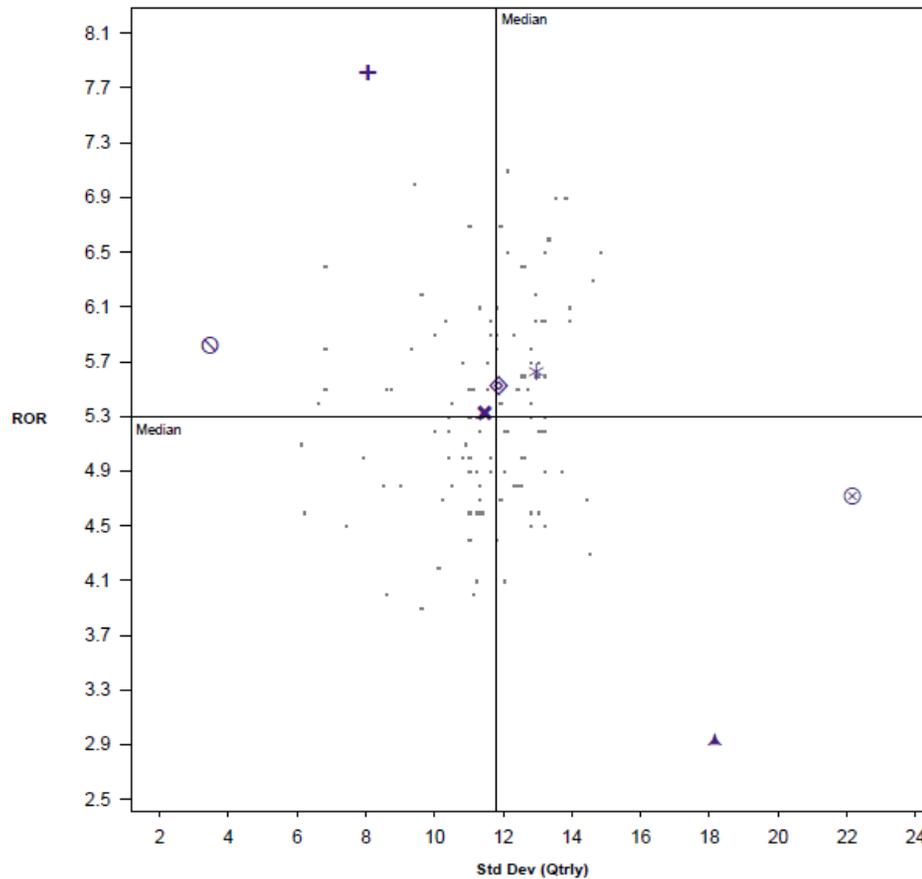
# Risk vs. Return Analysis – 10 Years

## VERMONT STATE TEACHERS

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2011

### Risk vs. Return - 10 Year



NAME	Return	Standard Deviation	Sharpe Ratio
* TRS COMPOSITE	5.6 33	13.0 82	0.3 59
◇ TRS Allocation	5.5 42	11.9 58	0.3 53
* POLICY INDEX	5.3 51	11.5 45	0.3 54
▲ S&P 500	2.9 100	18.2 100	0.1 99
⊙ BC AGGREGATE	5.8 28	3.5 1	1.1 2
⊙ MSCI EAFE (NET)	4.7 85	22.2 100	0.1 99
+ Citigroup WGBI (All Maturities)	7.8 1	8.1 7	0.7 2
Median	5.3	11.8	0.3

Funded status as of July 1<sup>st</sup>, 2011 = 66.5%