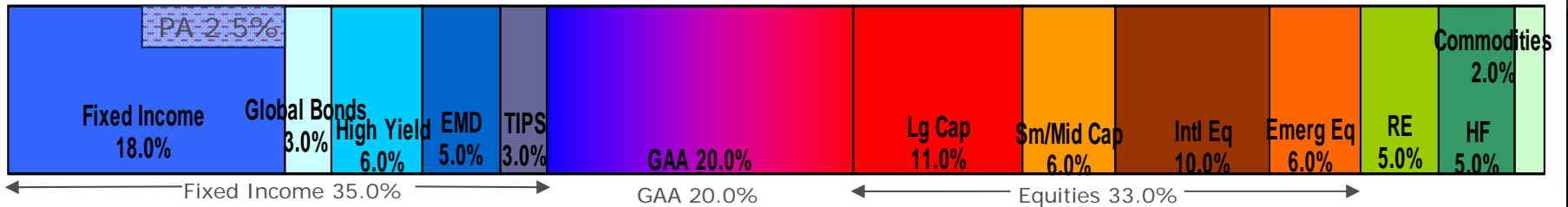




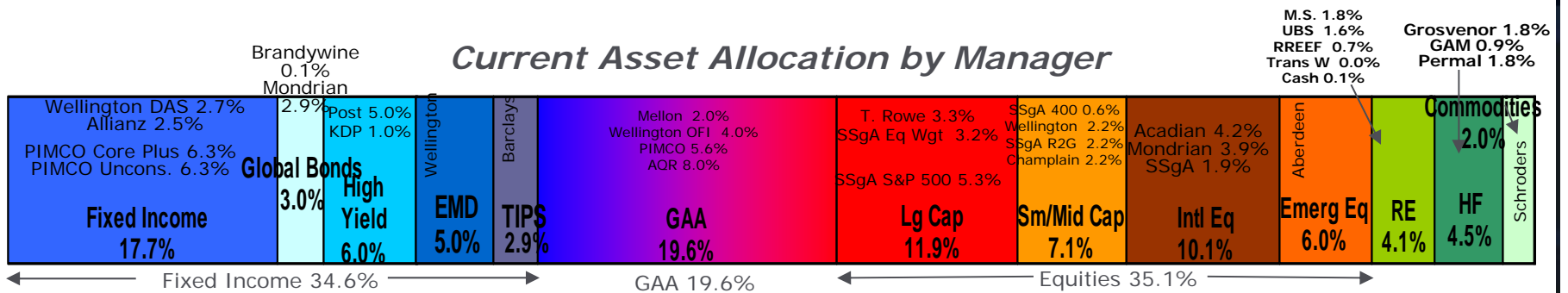
State Municipal Employees' Retirement System

Total Plan Asset Allocation - Municipal

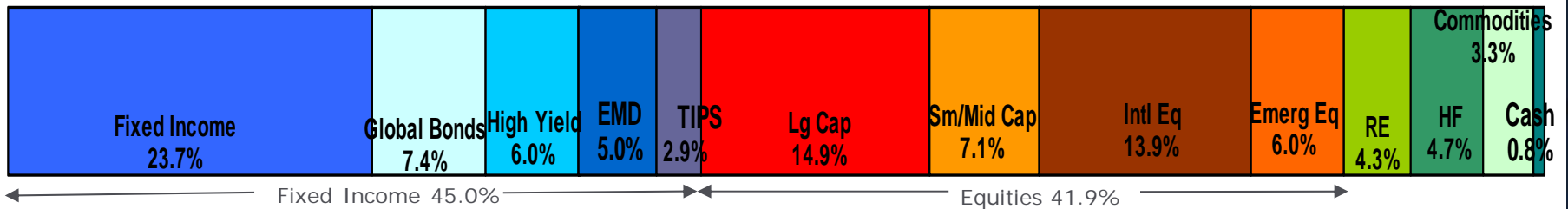
Target Asset Allocation



Current Asset Allocation by Manager



Current Asset Allocation by Asset Class

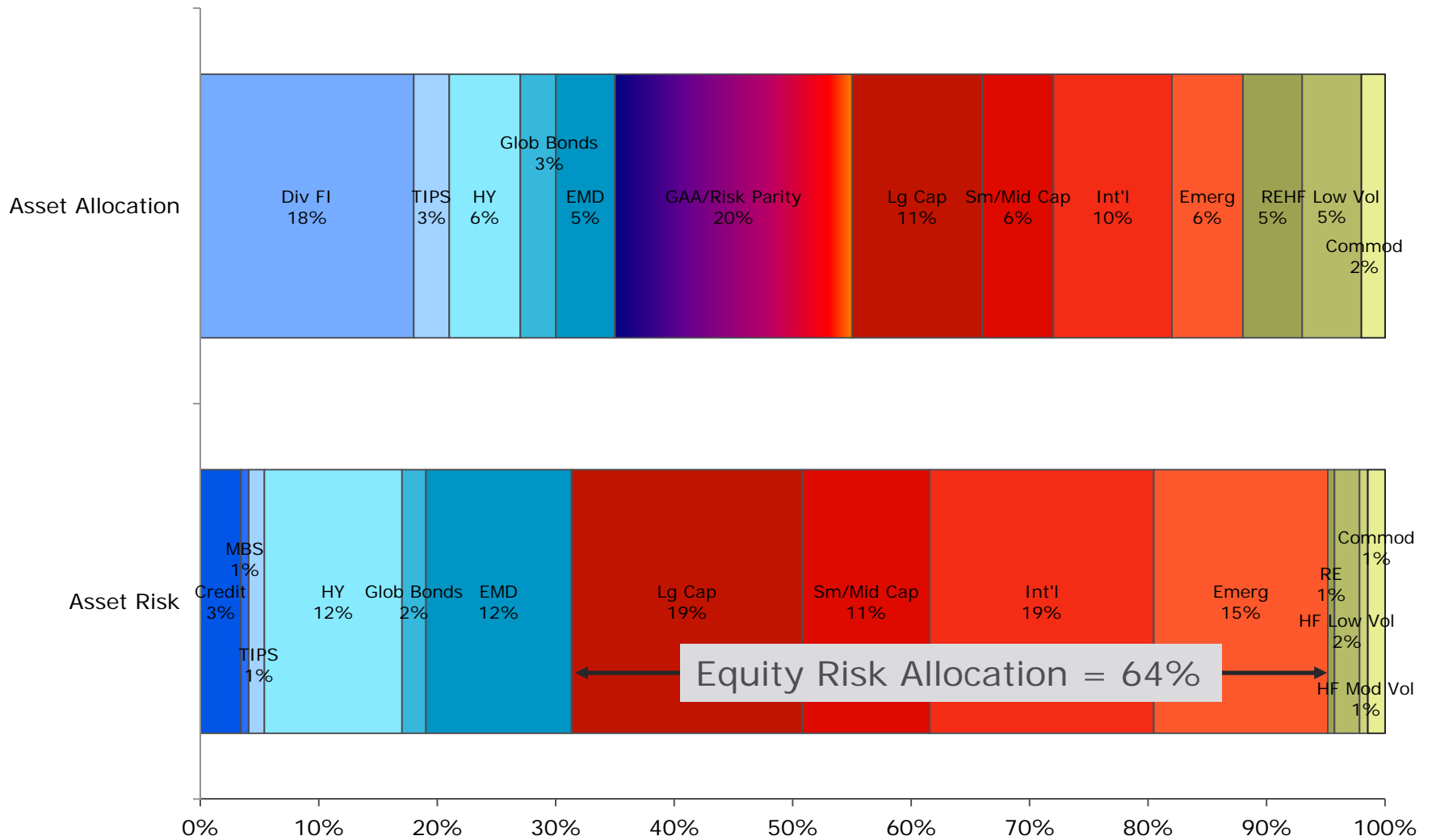


Numbers may not add up to 100% due to rounding.

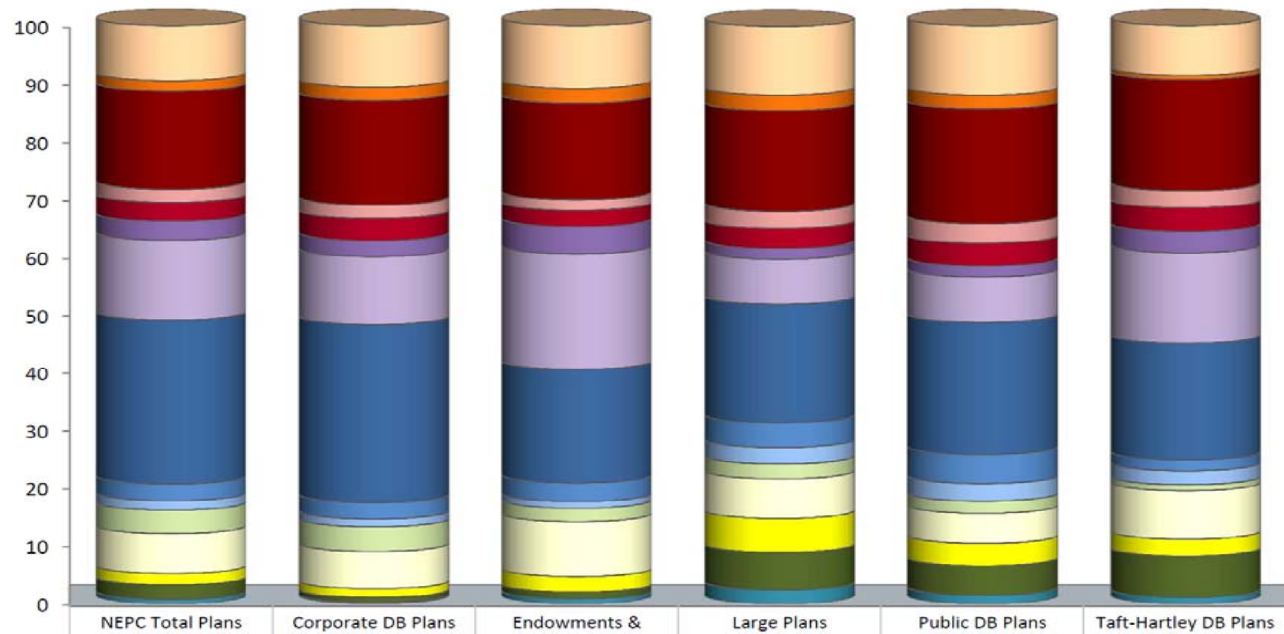
New Target Asset Allocation is effective as of 3/1/2012.



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	Muni
Observations	368	91	60	46	62	50	
Int'l Dev'l	9.4	10.6	10.8	11.8	11.9	8.6	10.1
Emerg Mkt	1.8	2.3	2.5	2.7	2.4	0.7	6.0
Large Cap	17.0	18.1	16.7	17.4	19.8	19.2	11.8
Mid Cap	2.3	2.3	1.7	2.9	3.3	2.9	2.8
Small Cap	3.3	3.9	2.8	3.5	3.9	4.1	4.4
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	19.6
Fixed Income	28.4	30.9	19.7	20.7	23.0	20.3	20.7
GFI/EMD	2.9	2.8	3.2	4.2	5.0	1.9	8.0
High Yield	1.6	1.4	1.1	2.8	3.1	2.4	6.0
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	4.5
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	4.1
Misc	0.8	0.2	0.9	2.4	1.5	1.1	2.0

Disclosure:

Allocations may not add to 100% due to rounding. Average asset allocations shown include all portfolios submitted to the ICC universe as of 4/18/12 for periods ending 12/31/11. 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	\$48,980	\$8,902	\$2,544	\$9,006	\$8,968	\$73,604	\$24,828	\$12,098	\$66,334	\$20,658	\$12,541	\$16,952	\$81,025	\$26,654	\$265	\$413,359
T. Rowe	13,781	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$13,781
PIMCO	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$26
SSgA Equal Wgt	13,433	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$13,433
SSgA S&P 500	21,740	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$21,740
Champlain	0	8,902	0	0	0	0	0	0	0	0	0	0	0	0	0	\$8,902
SSgA Mid	0	0	2,544	0	0	0	0	0	0	0	0	0	0	0	0	\$2,544
Wellington	0	0	0	9,006	0	0	0	0	0	0	0	0	0	0	0	\$9,006
SSgA R-2000 Growth	0	0	0	0	8,968	0	0	0	0	0	0	0	0	0	0	\$8,968
Acadian	0	0	0	0	0	0	0	0	17,497	0	0	0	0	0	0	\$17,497
Mondrian	0	0	0	0	0	0	0	0	16,075	0	0	0	0	0	0	\$16,075
SSgA ACWI ex US	0	0	0	0	0	0	0	0	7,987	0	0	0	0	0	0	\$7,987
Aberdeen	0	0	0	0	0	0	0	0	24,775	0	0	0	0	0	0	\$24,775
Allianz	0	0	0	0	0	10,128	0	0	0	0	0	0	0	0	0	\$10,128
Wellington DAS	0	0	0	0	0	11,353	0	0	0	0	0	0	0	0	0	\$11,353
PIMCO Core Plus	0	0	0	0	0	26,168	0	0	0	0	0	0	0	0	0	\$26,168
PIMCO Unconst.	0	0	0	0	0	25,955	0	0	0	0	0	0	0	0	0	\$25,955
Post Advisory	0	0	0	0	0	0	20,724	0	0	0	0	0	0	0	0	\$20,724
KDP	0	0	0	0	0	0	4,104	0	0	0	0	0	0	0	0	\$4,104
Welligton EMD	0	0	0	0	0	0	0	0	0	20,658	0	0	0	0	0	\$20,658
Barclays	0	0	0	0	0	0	0	12,098	0	0	0	0	0	0	0	\$12,098
Mondrian	0	0	0	0	0	0	0	0	0	0	12,188	0	0	0	0	\$12,188
Brandywine	0	0	0	0	0	0	0	0	0	0	353	0	0	0	0	\$353
Morgan Stanley	0	0	0	0	0	0	0	0	0	0	0	7,264	0	0	0	\$7,264
UBS Realty	0	0	0	0	0	0	0	0	0	0	0	6,811	0	0	0	\$6,811
RREEF	0	0	0	0	0	0	0	0	0	0	0	2,795	0	0	0	\$2,795
Transwestern	0	0	0	0	0	0	0	0	0	0	0	82	0	0	0	\$82
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	0	0	8,143	0	0	\$8,143
PIMCO AA	0	0	0	0	0	0	0	0	0	0	0	0	23,173	0	0	\$23,173
Wellington OIF	0	0	0	0	0	0	0	0	0	0	0	16,572	0	0	0	\$16,572
AQR	0	0	0	0	0	0	0	0	0	0	0	0	33,137	0	0	\$33,137
Alt. Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Grosvenor	0	0	0	0	0	0	0	0	0	0	0	0	0	7,342	0	\$7,342
GAM	0	0	0	0	0	0	0	0	0	0	0	0	3,719	0	0	\$3,719
Permal	0	0	0	0	0	0	0	0	0	0	0	0	7,418	0	0	\$7,418
Schroders	0	0	0	0	0	0	0	0	0	0	0	0	8,175	0	0	\$8,175
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	265	0	\$265

(Dollars in 000's)

Total Fund Asset Growth Summary

VERMONT MUNICIPAL EMPLOYEES

MUNICIPAL SYSTEM COMPOSITE

Periods Ending March 31, 2012

Total Fund Asset Growth Summary (\$000)

	One Quarter	Year to Date	One Year	Since Inception
MUNI COMPOSITE				
Beginning Market Value	387,418	387,418	387,971	0
Net External Growth	1,401	1,401	5,913	71,024
Return on Investment	24,539	24,539	19,475	343,761
Income Received	1	1	1	24,309
Gain/Loss	24,538	24,538	19,474	319,451
Ending Market Value	413,359	413,359	413,359	413,359
Return	6.3%	6.3%	5.1%	8.6%

Fund Performance vs. Benchmark

VERMONT MUNICIPAL EMPLOYEES

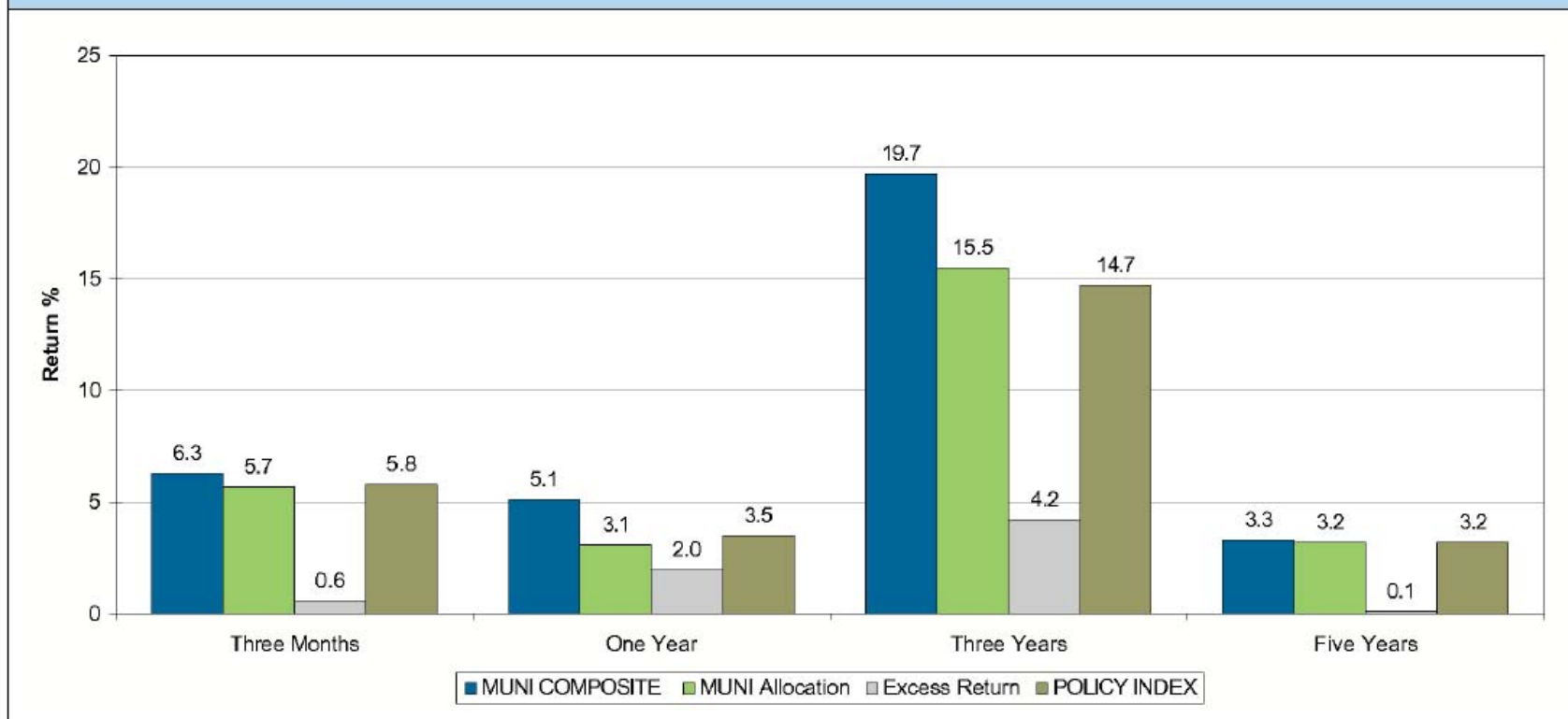
POLICY INDEX

Benchmark:

Periods Ending March 31, 2012

Fund Performance vs. Benchmark

MUNI COMPOSITE



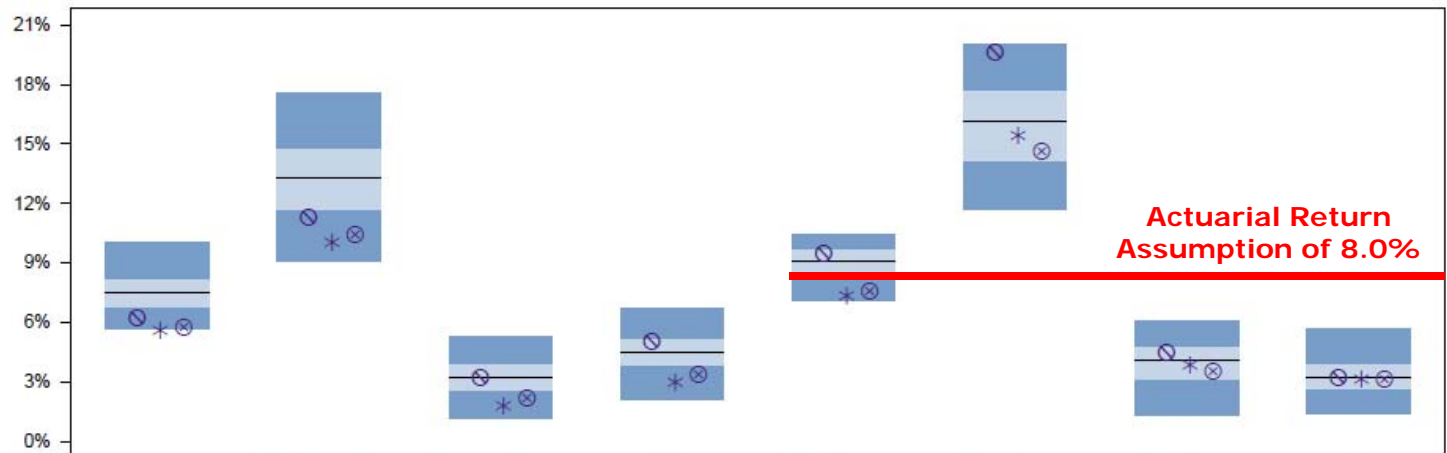
Total Public Funds Performance

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending March 31, 2012

Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
○ MUNI COMPOSITE	6.3	85	11.4	79	3.3	47	5.1	28	9.6	31	19.7	7	4.6	31	3.3	42
* MUNI Allocation	5.7	96	10.1	93	1.9	89	3.1	90	7.4	93	15.5	59	3.9	53	3.2	53
□ POLICY INDEX	5.8	95	10.5	90	2.3	78	3.5	85	7.7	88	14.7	68	3.6	63	3.2	53
5th Percentile	10.0		17.6		5.3		6.7		10.4		20.0		6.1		5.7	
25th Percentile	8.2		14.8		3.9		5.2		9.7		17.7		4.8		3.9	
50th Percentile	7.5		13.3		3.2		4.5		9.1		16.1		4.1		3.2	
75th Percentile	6.7		11.6		2.5		3.8		8.3		14.1		3.1		2.6	
95th Percentile	5.7		9.1		1.2		2.1		7.1		11.7		1.3		1.4	

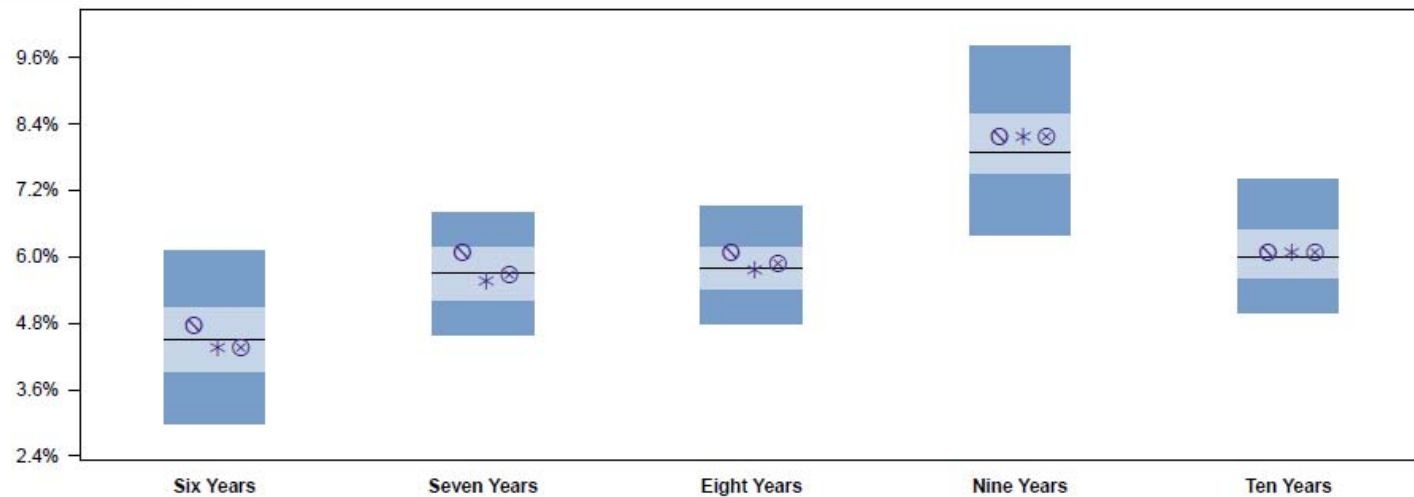
Total Public Funds Performance

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending March 31, 2012

Total Fund Performance - Trailing Periods



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
○ MUNI COMPOSITE	4.8 36	6.1 30	6.1 38	8.2 41	6.1 43
* MUNI Allocation	4.4 52	5.6 56	5.8 55	8.2 41	6.1 44
□ POLICY INDEX	4.4 53	5.7 52	5.9 48	8.2 34	6.1 41
5th Percentile	6.1	6.8	6.9	9.8	7.4
25th Percentile	5.1	6.2	6.2	8.6	6.5
50th Percentile	4.5	5.7	5.8	7.9	6.0
75th Percentile	3.9	5.2	5.4	7.5	5.6
95th Percentile	3.0	4.6	4.8	6.4	5.0

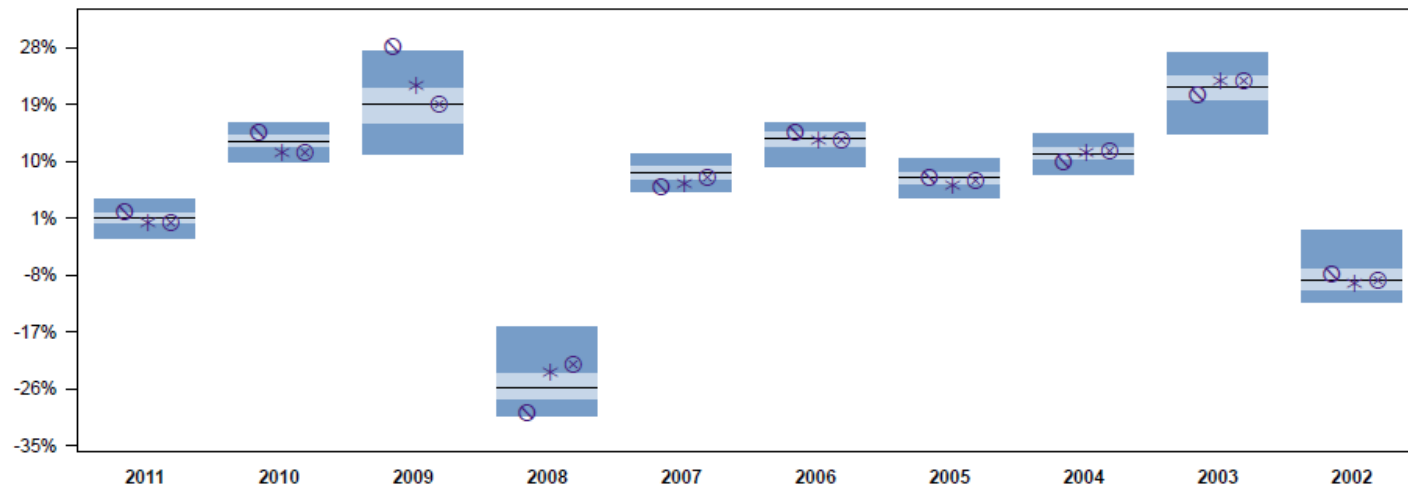
Total Public Funds Performance

VERMONT MUNICIPAL EMPLOYEES

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
○ MUNI COMPOSITE	2.3	14.9	28.4	-29.4	6.3	14.8	7.8	10.1	20.8	-7.6
* MUNI Allocation	0.6	11.8	22.2	-23.0	6.7	13.6	6.5	11.7	23.1	-8.9
⊙ POLICY INDEX	0.6	11.7	19.3	-21.9	7.7	13.7	7.2	11.9	23.0	-8.5
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

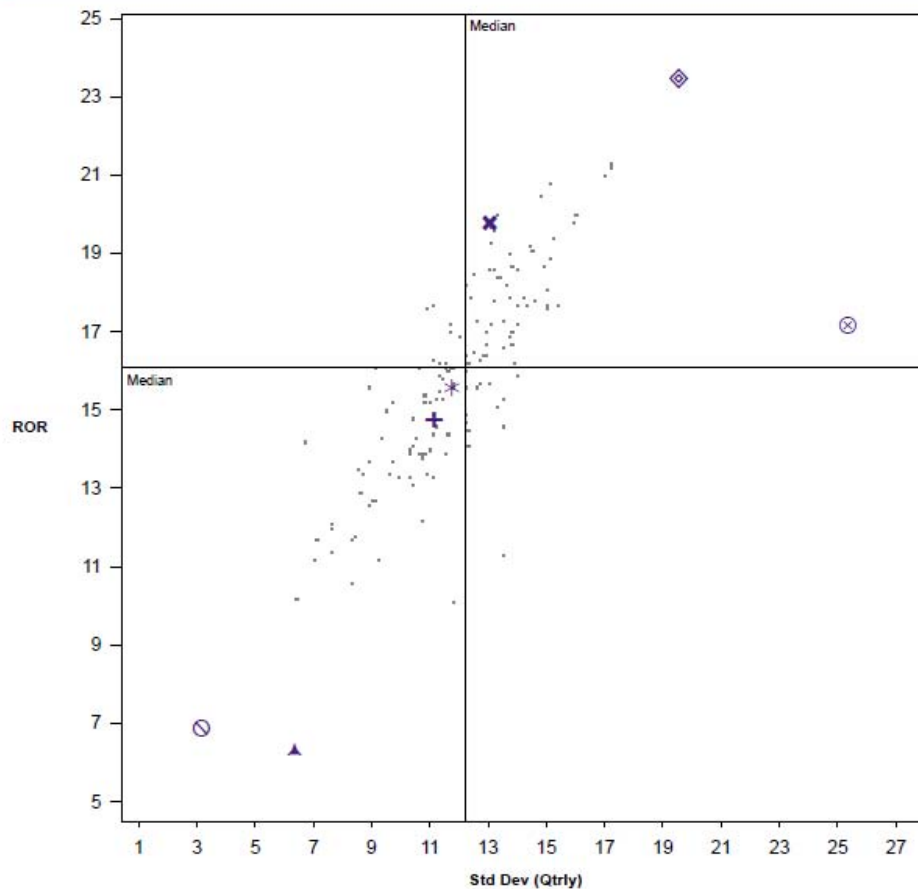
Risk vs. Return Analysis – 3 Years

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending March 31, 2012

Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✖ MUNI COMPOSITE	19.7 7	13.1 68	1.5 15
* MUNI Allocation	15.5 59	11.8 49	1.3 59
+ POLICY INDEX	14.7 68	11.2 35	1.3 59
◇ S&P 500	23.4 1	19.6 100	1.2 88
⊖ BARCLAYS AGGREGATE BOND	6.8 100	3.2 1	2.1 1
⊙ MSCI EAFE (NET)	17.1 34	25.4 100	0.7 100
▲ Citigroup WGBI (All Maturities)	6.2 100	6.4 1	0.9 99
Median	16.1	12.2	1.3

Funded status as of July 1st, 2011 = 92.0%

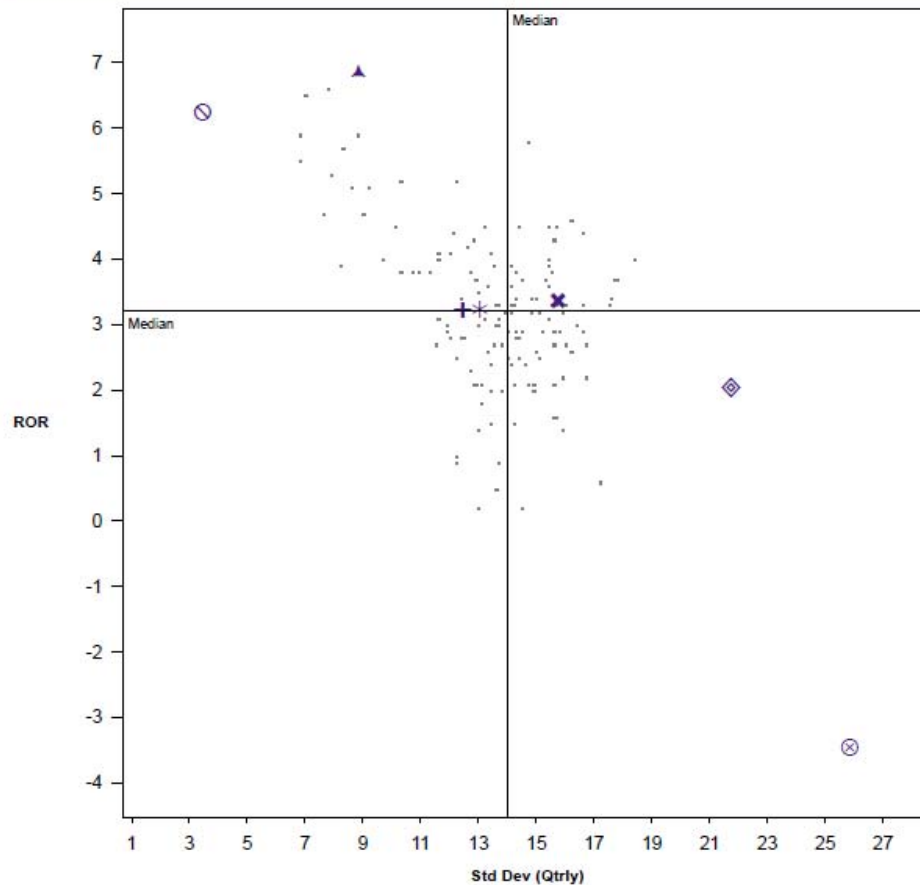
Risk vs. Return Analysis – 5 Years

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending March 31, 2012

Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✖ MUNI COMPOSITE	3.3 42	15.8 86	0.1 56
* MUNI Allocation	3.2 53	13.1 35	0.1 47
+ POLICY INDEX	3.2 53	12.5 25	0.2 44
◇ S&P 500	2.0 89	21.8 100	0.0 91
⊘ BARCLAYS AGGREGATE BOND	6.2 3	3.5 1	1.4 1
⊗ MSCI EAFE (NET)	-3.5 100	25.9 100	-0.2 100
▲ Citigroup WGBI (All Maturities)	6.8 1	8.9 8	0.6 5
Median	3.2	14.0	0.1

Funded status as of July 1st, 2011 = 92.0%



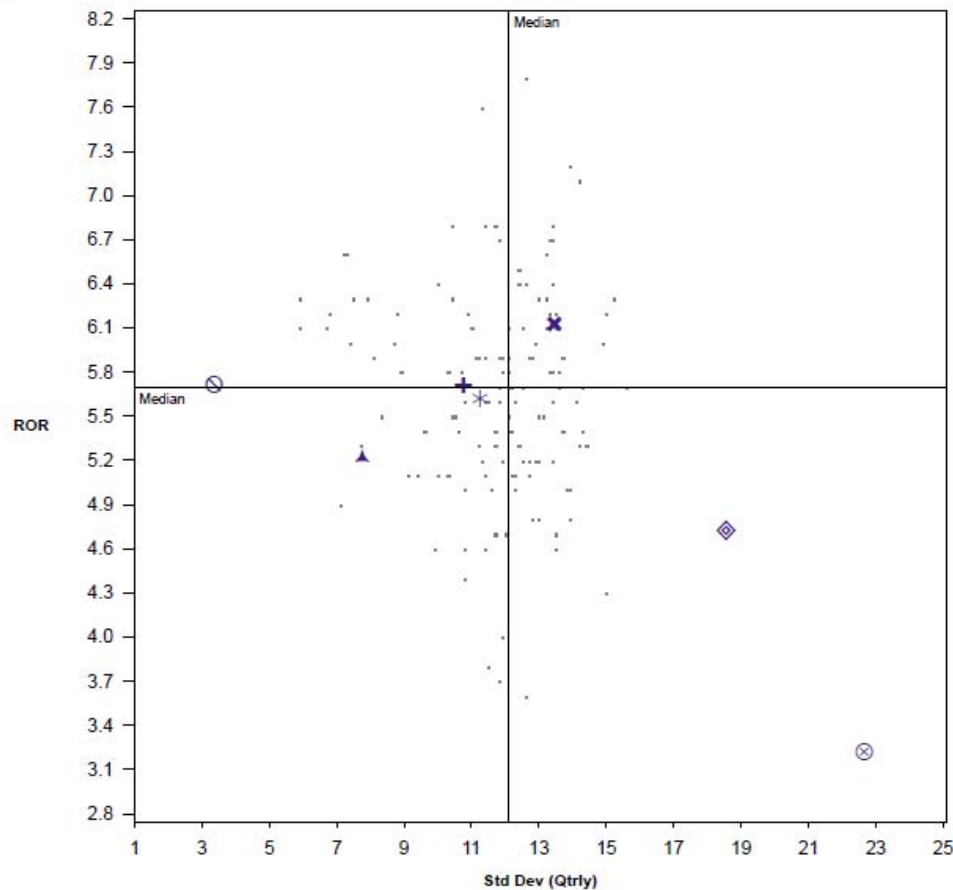
Risk vs. Return Analysis – 7 Years

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending March 31, 2012

Risk vs. Return - 7 Year



NAME	Return	Std Dev	Sharpe Ratio
✖ MUNI COMPOSITE	6.1 30	13.5 85	0.3 57
* MUNI Allocation	5.8 56	11.3 31	0.3 49
+ POLICY INDEX	5.7 52	10.8 25	0.3 37
◇ S&P 500	4.7 92	18.6 100	0.1 99
⊖ BARCLAYS AGGREGATE BOND	5.7 48	3.4 1	1.1 1
⊗ MSCI EAFE (NET)	3.2 100	22.7 100	0.1 100
▲ Citigroup WGBI (All Maturities)	5.2 76	7.8 8	0.4 21
Median	5.7	12.1	0.3

Funded status as of July 1st, 2011 = 92.0%

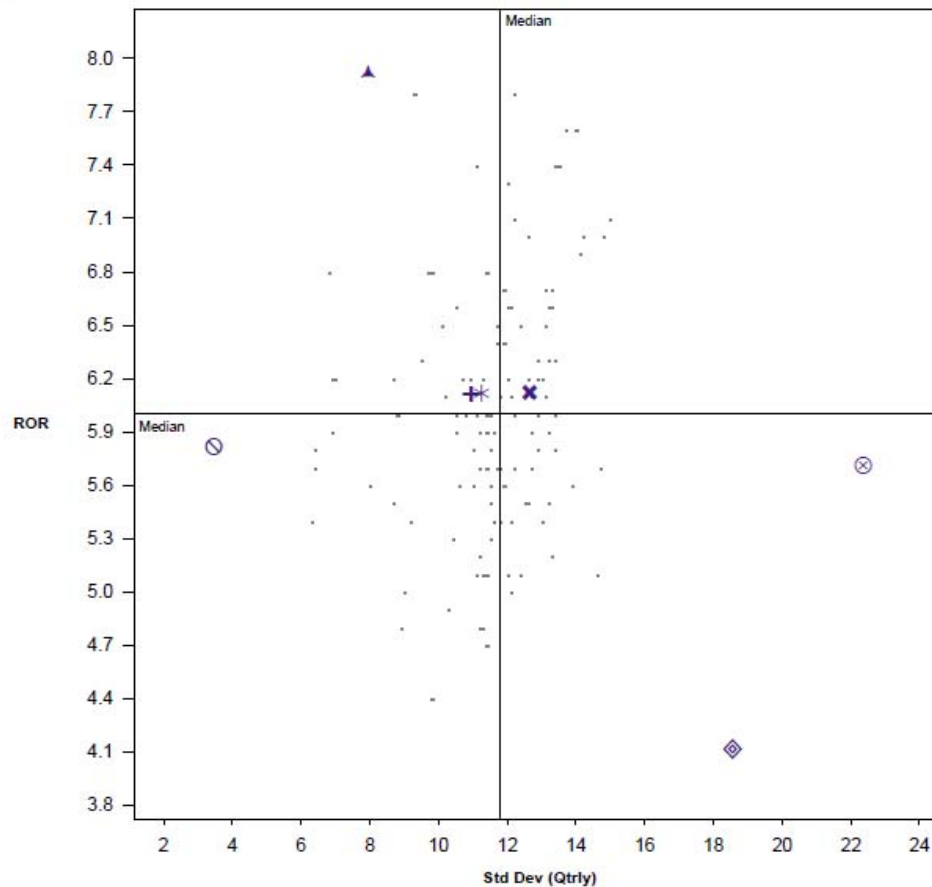
Risk vs. Return Analysis – 10 Years

VERMONT MUNICIPAL EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending March 31, 2012

Risk vs. Return - 10 Year



NAME	Return	Standard Deviation	Sharpe Ratio
✖ MUNI COMPOSITE	6.1 43	12.7 71	0.3 70
* MUNI Allocation	6.1 44	11.3 35	0.4 42
+ POLICY INDEX	6.1 41	11.0 27	0.4 36
◇ S&P 500	4.1 100	18.6 100	0.1 100
⊖ BARCLAYS AGGREGATE BOND	5.8 62	3.5 1	1.1 1
⊗ MSCI EAFE (NET)	5.7 68	22.4 100	0.2 100
▲ Citigroup WGBI (All Maturities)	7.9 1	8.0 7	0.7 1
Median	6.0	11.8	0.4

Funded status as of July 1st, 2011 = 92.0%

