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Vermont Pension Investment Committee

Investment Performance Analysis

February 26, 2013

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State Municipal Employees' Retirement System



Vermont Municipal Employees

Total Fund Performance Summary

	Market Value	3 Mo	Rank	Fiscal YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Municipal Composite	\$441,820,876	2.1%	20	7.3%	18	13.1%	23	10.0%	5	3.8%	35
<i>Policy Index</i>		1.7%	51	6.3%	53	10.9%	67	7.6%	74	3.0%	69
<i>Allocation Index</i>		1.8%	43	6.4%	51	10.7%	70	7.6%	75	3.2%	64
<i>IF Public DB Gross Median</i>		1.7%		6.4%		11.9%		8.4%		3.5%	

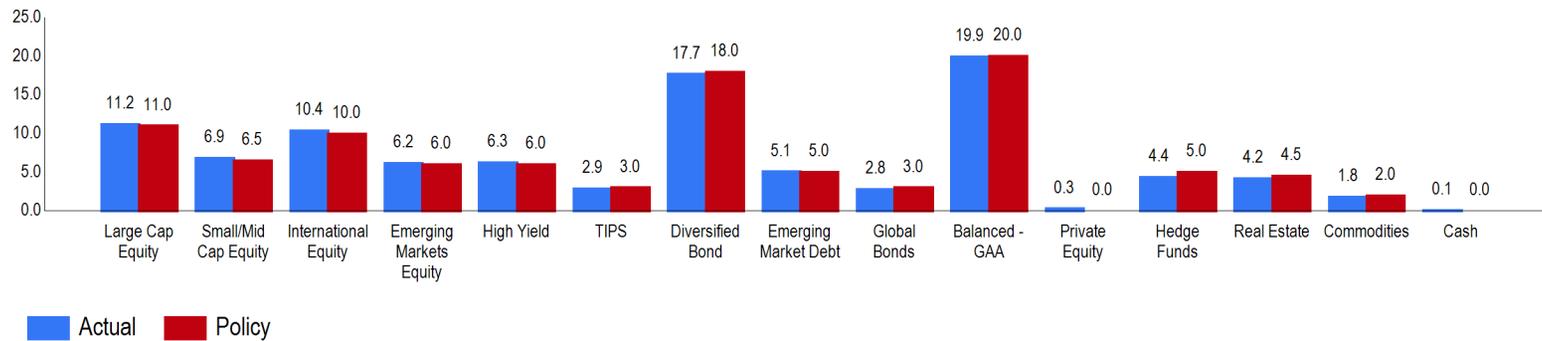
3 Years Ending December 31, 2012

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Municipal Composite	10.00%	5	8.74%	48	1.13	15	1.69	16
Policy Index	7.61%	74	8.57%	45	0.88	65	1.38	56
Allocation Index	7.59%	75	8.68%	47	0.86	68	1.34	60

5 Years Ending December 31, 2012

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Municipal Composite	3.82%	35	13.45%	80	0.26	51	0.30	58
Policy Index	3.04%	69	11.51%	47	0.23	58	0.29	60
Allocation Index	3.21%	64	11.87%	50	0.24	56	0.29	58

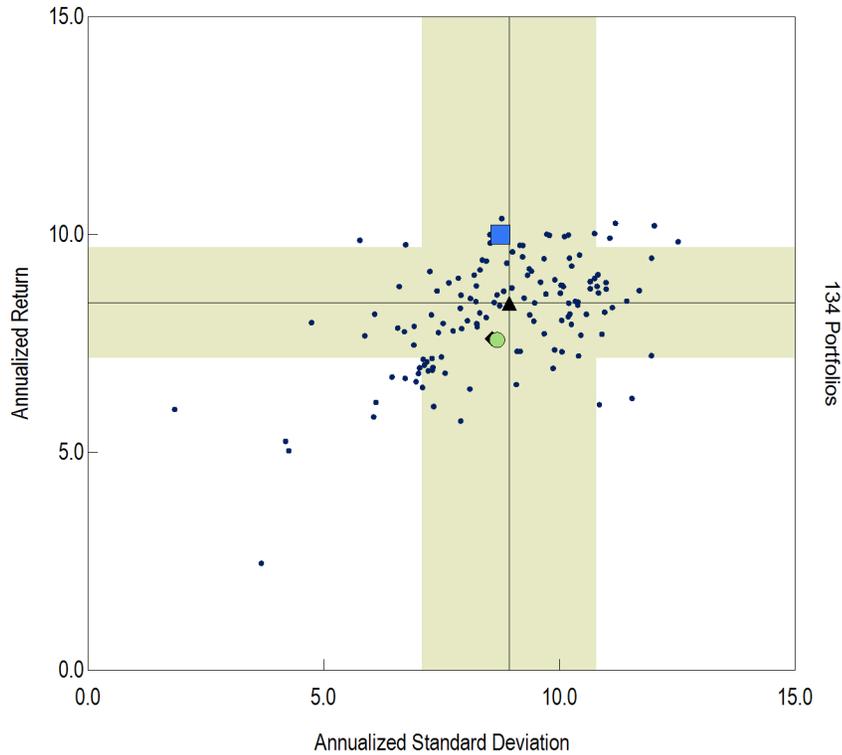
Actual vs Target Allocation (%)



Vermont Municipal Employees

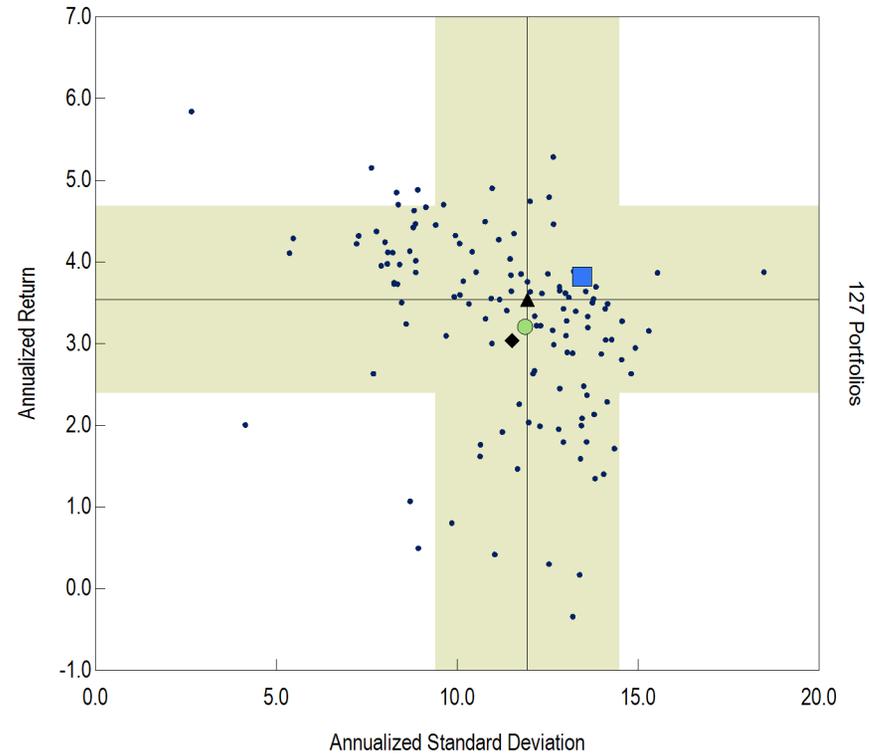
Total Fund Risk/Return

3 Years Ending December 31, 2012



- Municipal Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- IF Public DB Gross

5 Years Ending December 31, 2012



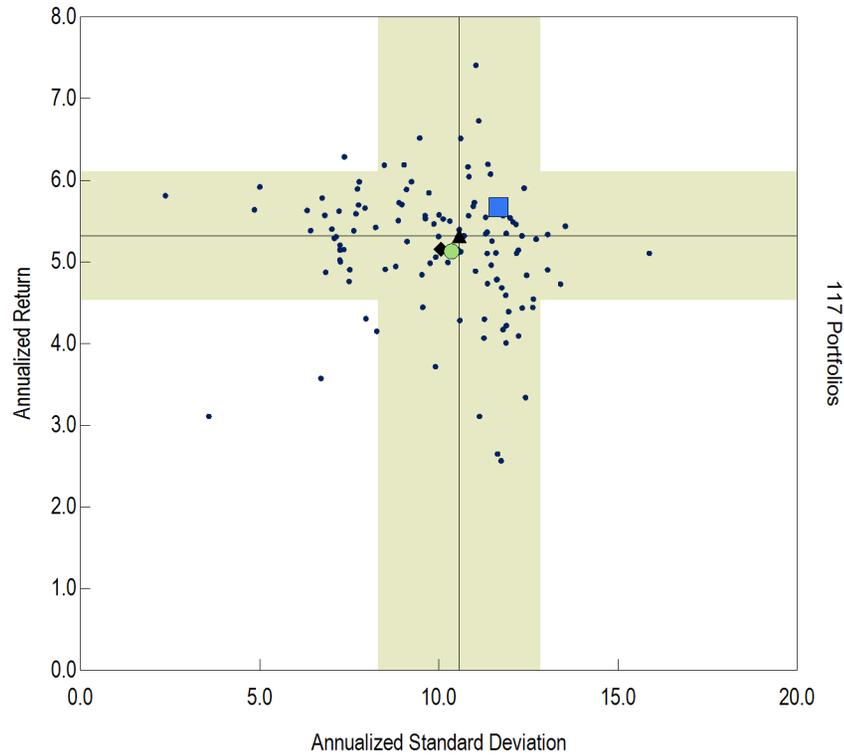
- Municipal Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- IF Public DB Gross



Vermont Municipal Employees

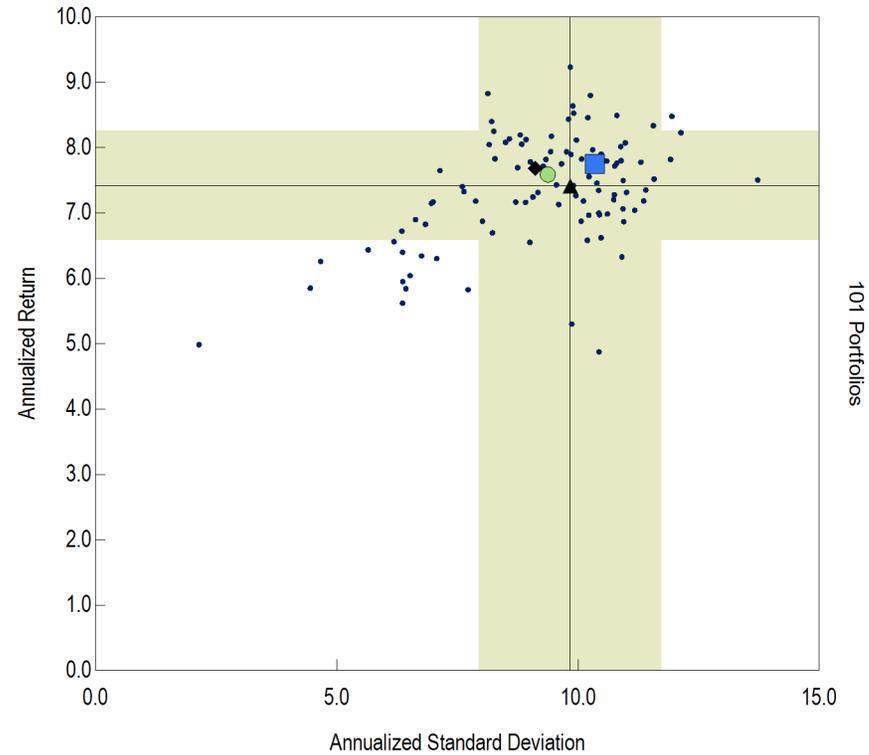
Total Fund Risk/Return

7 Years Ending December 31, 2012



- Municipal Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- IF Public DB Gross

10 Years Ending December 31, 2012

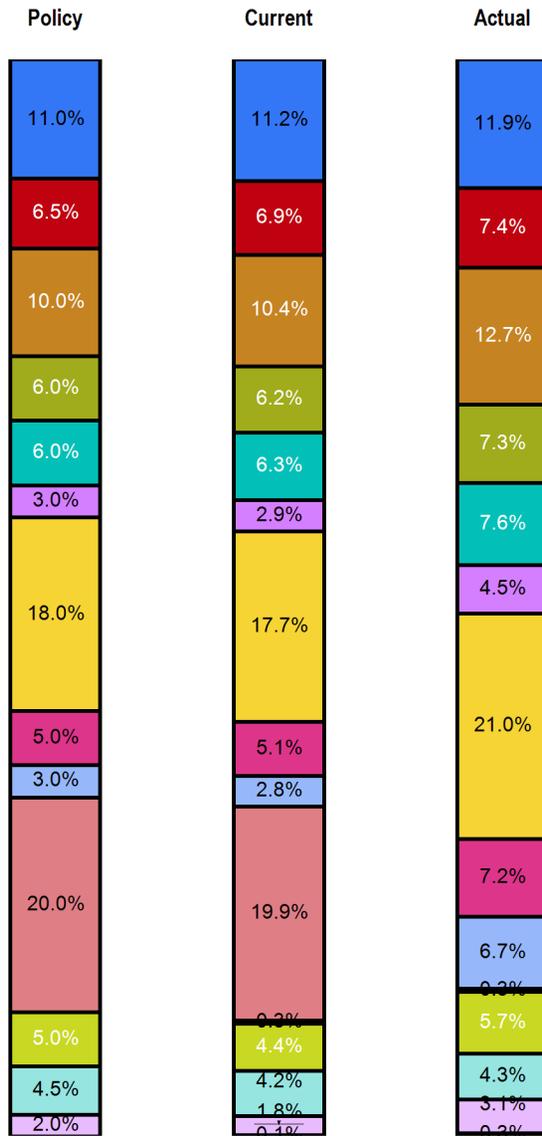


- Municipal Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- IF Public DB Gross



Vermont Municipal Employees

Total Fund Asset Allocation vs. Policy Targets



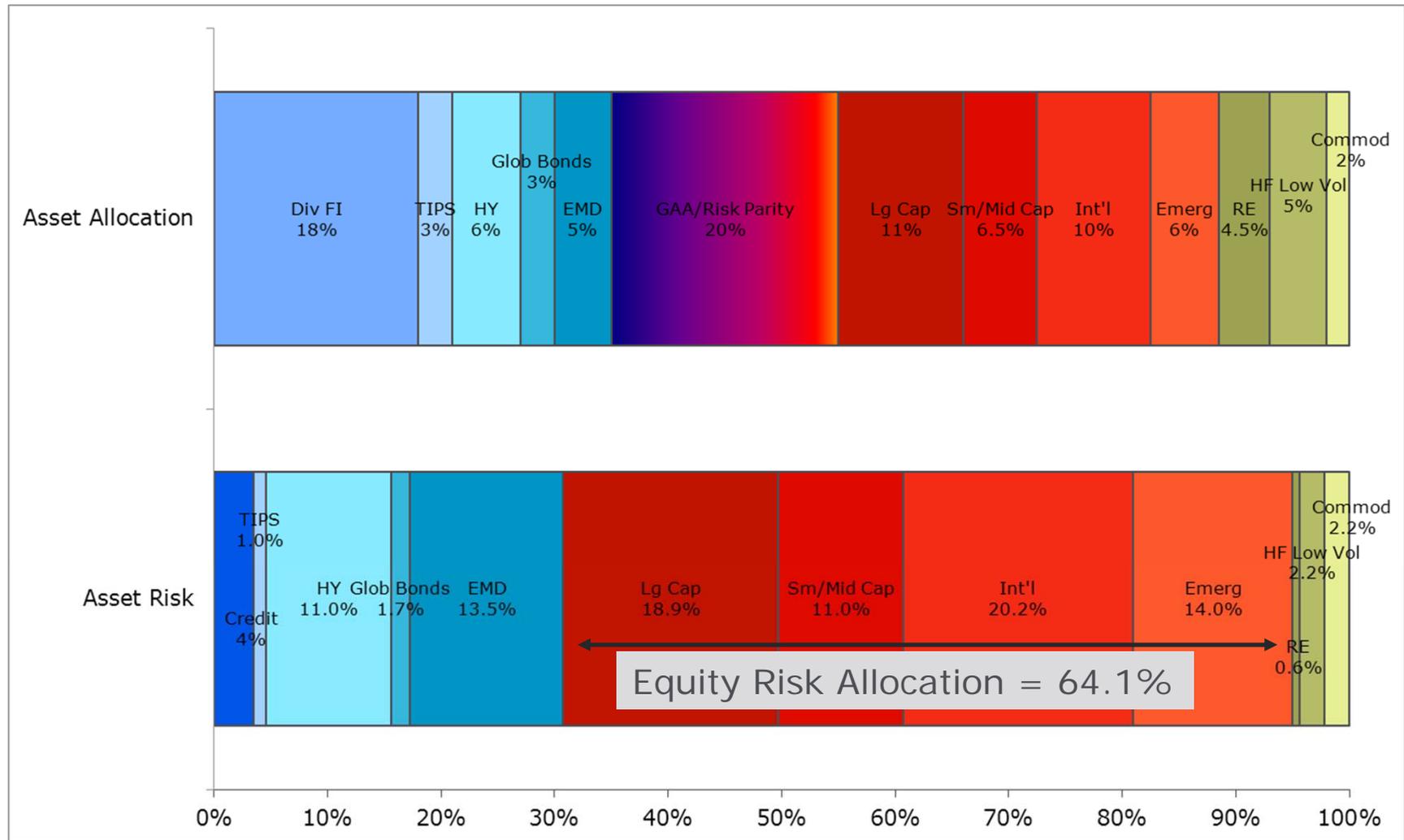
Asset Allocation vs. Target

	Current	Policy	Current	Difference*
Large Cap Equity	\$49,540,729	11.0%	11.2%	0.2%
Small/Mid Cap Equity	\$30,266,000	6.5%	6.9%	0.4%
International Equity	\$45,872,996	10.0%	10.4%	0.4%
Emerging Markets Equity	\$27,266,208	6.0%	6.2%	0.2%
High Yield	\$27,700,686	6.0%	6.3%	0.3%
TIPS	\$12,831,834	3.0%	2.9%	-0.1%
Diversified Bond	\$78,100,906	18.0%	17.7%	-0.3%
Emerging Market Debt	\$22,358,902	5.0%	5.1%	0.1%
Global Bonds	\$12,435,078	3.0%	2.8%	-0.2%
Balanced - GAA	\$88,008,604	20.0%	19.9%	-0.1%
Private Equity	\$1,235,619	--	0.3%	0.3%
Hedge Funds	\$19,344,398	5.0%	4.4%	-0.6%
Real Estate	\$18,578,479	4.5%	4.2%	-0.3%
Commodities	\$7,953,759	2.0%	1.8%	-0.2%
Cash	\$326,678	--	0.1%	0.1%
Total	\$441,820,876	100.0%	100.0%	

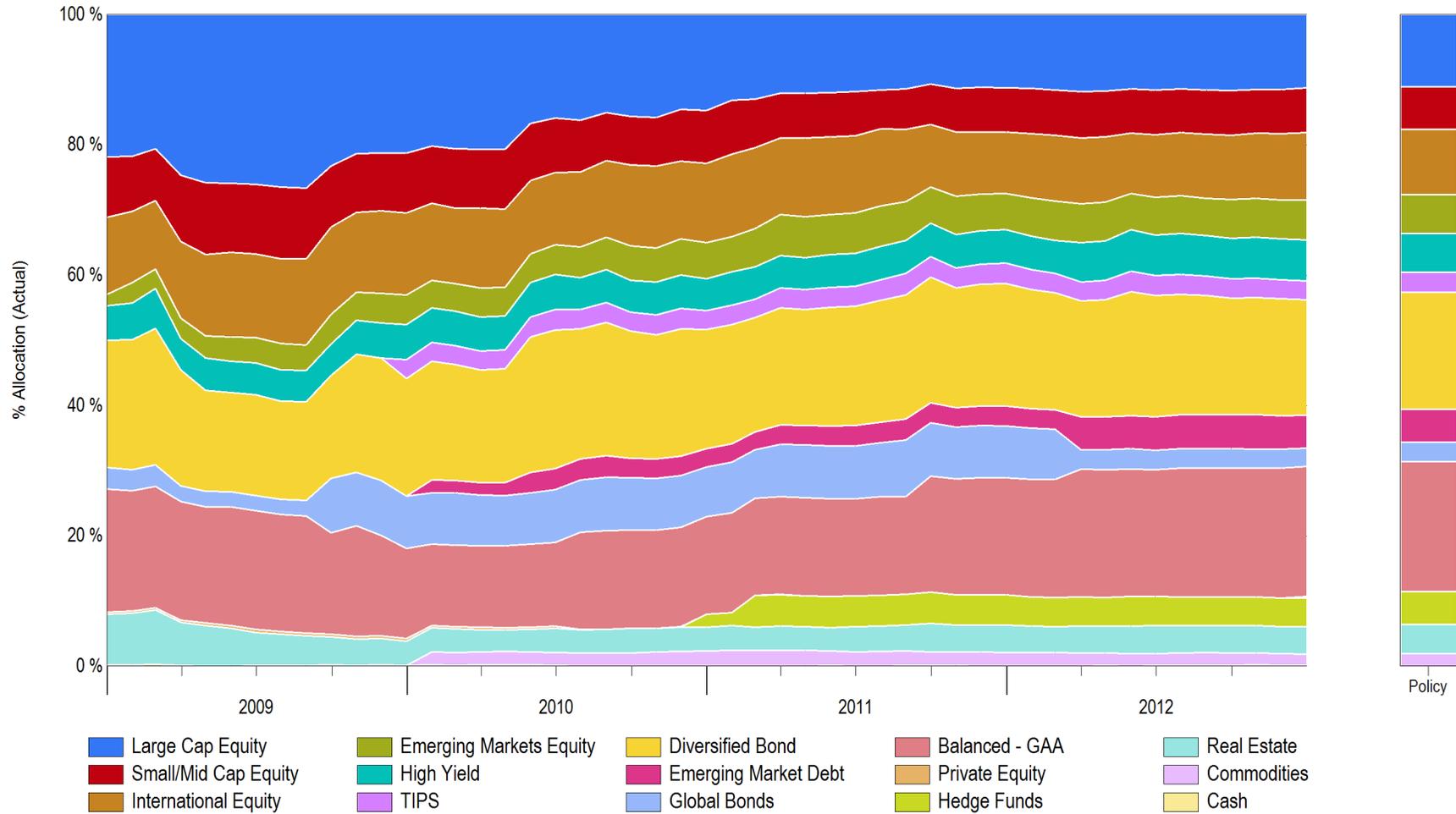
*Difference between Policy and Current Allocation

*Actual' allocation graph represents look through to the GAA managers.

New Policy has been approved to include 3% Private Equity targets and will be reflected beginning January 1, 2013.



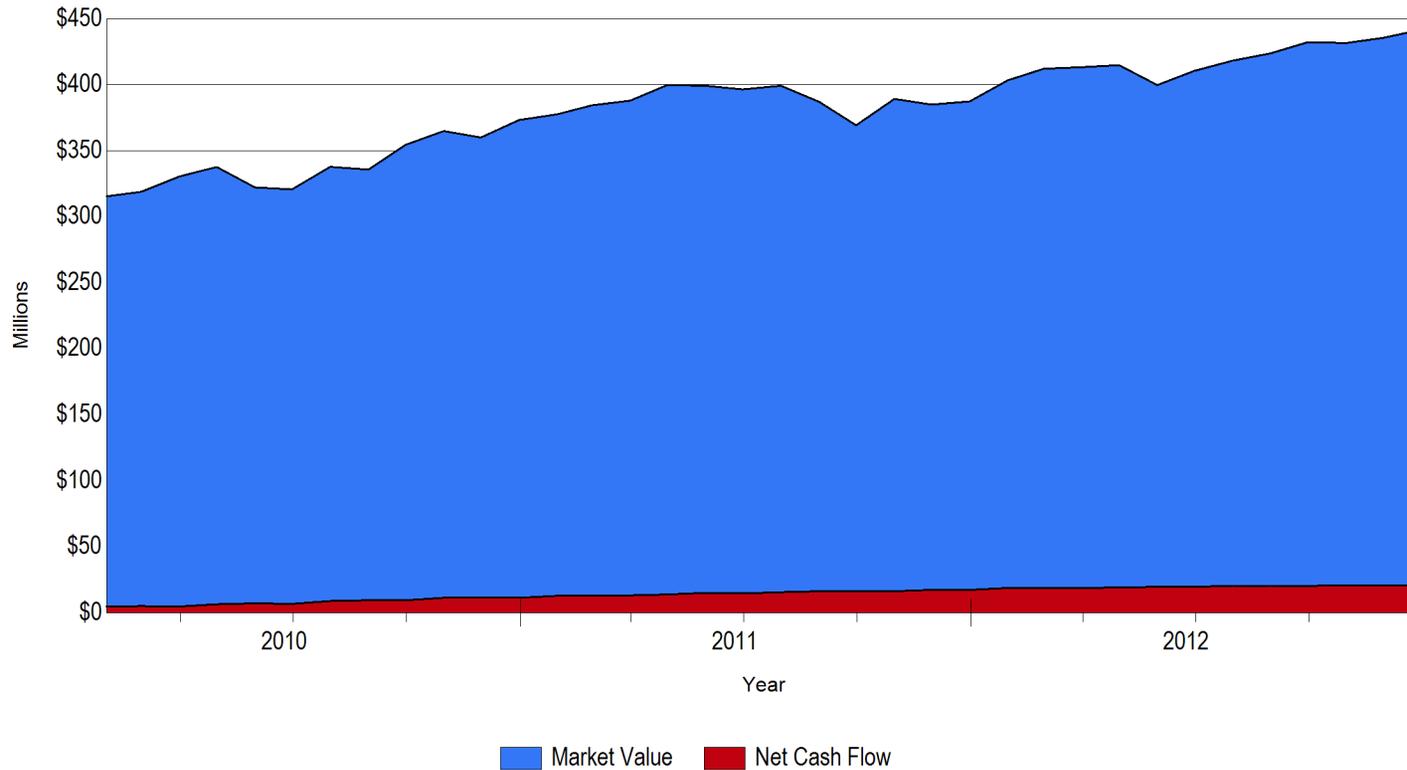
Asset Allocation History



Vermont Municipal Employees

Total Fund Asset Growth Summary

3 Years Ending December 31, 2012



	Last Three Months	Year-To-Date	Fiscal Year-To-Date	One Year	Three Years
Beginning Market Value	\$432,317,176	\$387,418,022	\$410,567,350	\$387,418,022	\$314,470,498
- Withdrawals	-\$5,825,354	-\$46,430,207	-\$5,909,930	-\$46,430,207	-\$292,888,307
+ Contributions	\$6,226,575	\$49,895,708	\$7,026,653	\$49,895,708	\$313,582,002
= Net Cash Flow	\$401,221	\$3,465,501	\$1,116,723	\$3,465,501	\$20,693,695
+ Net Investment Change	\$9,102,480	\$50,937,353	\$30,136,803	\$50,937,353	\$106,656,683
= Ending Market Value	\$441,820,876	\$441,820,876	\$441,820,876	\$441,820,876	\$441,820,876



Vermont Municipal Employees

Total Fund Asset Growth Summary by Manager

	Quarter Ending December 31, 2012					Ending Market Value
	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	
Aberdeen	\$25,574,601	\$0	\$0	\$0	\$1,691,607	\$27,266,208
Acadian	\$17,433,838	\$0	\$0	\$0	\$910,971	\$18,344,809
Allianz Structured Alpha	\$11,300,668	-\$500,000	\$0	-\$500,000	\$34,493	\$10,835,161
AQR Global Risk Premium	\$35,871,277	-\$1,000,000	\$0	-\$1,000,000	\$615,882	\$35,487,160
BlackRock TIPS	\$12,744,494	\$0	\$0	\$0	\$87,340	\$12,831,834
Champlain	\$8,896,998	\$0	\$0	\$0	\$110,613	\$9,007,611
GAM	\$3,781,209	\$0	\$0	\$0	\$86,401	\$3,867,610
Grosvenor	\$7,455,403	\$0	\$0	\$0	\$187,474	\$7,642,878
Harbourvest Dover VIII Fund	--	\$0	\$256,643	\$256,643	\$215,115	\$471,758
Harbourvest Partners IX Buyout Fund	--	\$0	\$433,236	\$433,236	-\$720	\$432,516
Harbourvest Partners IX Credit Opportunities	--	\$0	\$68,873	\$68,873	\$6,853	\$75,726
Harbourvest Partners IX Venture Fund	--	\$0	\$250,927	\$250,927	\$4,693	\$255,620
KDP	\$4,284,564	\$0	\$0	\$0	\$111,449	\$4,396,013
Mellon Global Expanded Alpha	\$8,485,197	\$0	\$0	\$0	\$50,629	\$8,535,825
Mondrian	\$17,446,701	\$0	\$0	\$0	\$614,397	\$18,061,098
Mondrian GFI	\$12,806,984	\$0	\$0	\$0	-\$371,906	\$12,435,078
Morgan Stanley Prime Property	\$7,701,081	-\$16,505	\$0	-\$16,505	\$222,423	\$7,907,000
Permal	\$7,613,209	\$0	\$0	\$0	\$220,702	\$7,833,910
PIMCO All Asset	\$24,498,130	-\$57,498	\$1,500,000	\$1,442,502	\$786,595	\$26,727,227
PIMCO Core Plus	\$27,498,507	\$0	\$500,000	\$500,000	\$140,204	\$28,138,711
PIMCO Unconstrained	\$26,620,104	-\$181,159	\$1,700,000	\$1,518,841	\$163,254	\$28,302,199
Post Advisory	\$22,581,884	\$0	\$0	\$0	\$722,789	\$23,304,673
RREEF America REIT III	\$3,263,768	-\$5,206	\$0	-\$5,206	\$64,841	\$3,323,403
Schroder	\$8,447,244	\$0	\$0	\$0	-\$493,485	\$7,953,759
SSgA ACWI Ex US	\$7,938,597	\$0	\$1,000,000	\$1,000,000	\$528,492	\$9,467,089

Vermont Municipal Employees

Total Fund Asset Growth Summary by Manager

	Quarter Ending December 31, 2012					Ending Market Value
	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	
SSgA Russell 2000 Growth	\$9,033,140	\$0	\$0	\$0	\$14,303	\$9,047,443
SSgA S&P 400	\$2,551,504	\$0	\$0	\$0	\$92,171	\$2,643,675
SSgA S&P 500 Cap-Wgt	\$22,492,617	-\$1,045,412	\$0	-\$1,045,412	-\$82,997	\$21,364,208
SSgA S&P 500 Equal-Wgt	\$13,607,027	\$0	\$0	\$0	\$408,253	\$14,015,281
T. Rowe	\$14,191,846	\$0	\$0	\$0	-\$30,606	\$14,161,240
Transwestern / Aslan III	\$81,916	\$0	\$0	\$0	\$0	\$81,916
UBS Trumbull	\$7,146,316	-\$19,574	\$0	-\$19,574	\$139,419	\$7,266,160
Vermont Cash	\$309,776	-\$500,000	\$516,897	\$16,897	\$5	\$326,678
Wellington	\$9,199,421	\$0	\$0	\$0	\$367,850	\$9,567,271
Wellington DAS	\$12,099,870	-\$1,500,000	\$0	-\$1,500,000	\$224,965	\$10,824,834
Wellington OIF	\$16,793,520	\$0	\$0	\$0	\$464,873	\$17,258,393
Wellington Opportunistic EMD	\$22,565,763	-\$1,000,000	\$0	-\$1,000,000	\$793,139	\$22,358,902
Total	\$432,317,176	-\$5,825,354	\$6,226,575	\$401,221	\$9,102,480	\$441,820,876



Vermont Municipal Employees

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	2012 Q4 (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
Municipal Composite	441,820,876	100.0	100.0	2.1	20	13.1	23	10.0	5	3.8	35
Policy Index				1.7	51	10.9	67	7.6	74	3.0	69
Allocation Index				1.8	43	10.7	70	7.6	75	3.2	64
IF Public DB Gross Median				1.7		11.9		8.4		3.5	
Large Cap Comp	49,540,729	11.2	11.0	0.6	40	16.6	38	11.6	27	3.1	32
S&P 500				-0.4	62	16.0	45	10.9	42	1.7	61
eA US Large Cap Equity Gross Median				0.1		15.6		10.4		2.2	
T. Rowe	14,161,240	3.2	3.0	-0.2	58	16.8	35	10.6	45	2.5	44
SSgA S&P 500 Cap-Wgt	21,364,208	4.8	5.0	-0.4	62	16.1	44	--	--	--	--
S&P 500				-0.4	62	16.0	45	10.9	42	1.7	61
SSgA S&P 500 Equal-Wgt	14,015,281	3.2	3.0	3.0	8	17.5	29	12.7	13	4.5	13
S&P 500 Equal Weighted				2.8	9	17.7	27	12.7	13	4.8	11
Small/Mid Cap Comp	30,266,000	6.9	6.5	2.0	67	15.0	60	13.8	43	5.4	42
Russell 2000				1.9	69	16.3	49	12.2	69	3.6	70
eA US Small-Mid Cap Equity Gross Median				3.0		16.0		13.2		4.9	
SSgA S&P 400	2,643,675	0.6	0.5	3.6	28	18.0	30	--	--	--	--
S&P 400 MidCap				3.6	28	17.9	31	13.6	33	5.1	29
eA US Mid Cap Equity Gross Median				2.4		16.1		12.8		4.0	
Champlain	9,007,611	2.0	2.0	1.2	73	12.9	78	12.9	48	--	--
Russell 2500				3.1	37	17.9	31	13.3	39	4.3	43
eA US Mid Cap Equity Gross Median				2.4		16.1		12.8		4.0	
Wellington	9,567,271	2.2	2.0	4.0	48	16.9	51	15.1	20	8.3	14
Russell 2000 Value				3.2	67	18.0	43	11.6	72	3.5	86
eA US Small Cap Value Equity Gross Median				4.0		16.9		13.1		5.6	
SSgA Russell 2000 Growth	9,047,443	2.0	2.0	0.2	51	14.4	50	12.8	66	3.5	54
Russell 2000 Growth				0.4	45	14.6	48	12.8	66	3.5	54
eA US Small Cap Growth Equity Gross Median				0.2		14.3		14.2		3.8	

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.

Vermont Municipal Employees

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	2012 Q4 (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
Int'l Equity Comp	45,872,996	10.4	10.0	4.7	88	14.1	92	4.3	79	-4.1	88
MSCI EAFE				6.6	45	17.3	77	3.6	87	-3.7	86
eA All EAFE Equity Gross Median				6.4		20.4		6.1		-1.8	
Acadian	18,344,809	4.2	4.0	5.2	78	17.0	83	5.2	66	-5.4	94
Mondrian	18,061,098	4.1	4.0	3.5	95	9.8	99	3.1	92	-3.0	74
MSCI EAFE				6.6	45	17.3	77	3.6	87	-3.7	86
SSgA ACWI Ex US	9,467,089	2.1	2.0	6.0	58	17.2	75	--	--	--	--
MSCI ACWI ex USA				5.8	59	16.8	77	3.9	86	-2.9	80
eA ACWI ex-US All Cap Equity Gross Median				6.1		19.6		7.1		-1.0	
Emerging Market Comp	27,266,208	6.2	6.0	6.6	--	--	--	--	--	--	--
Aberdeen	27,266,208	6.2	6.0	6.6	48	26.4	11	13.5	4	--	--
MSCI Emerging Markets				5.6	70	18.2	68	4.7	62	-0.9	64
eA Emg Mkts Equity Gross Median				6.5		20.9		6.3		-0.1	
Diversified Fixed	78,100,906	17.7	18.0	0.7	23	7.0	27	8.4	11	5.7	90
Barclays Aggregate				0.2	82	4.2	90	6.2	84	5.9	85
eA US Core Fixed Inc Gross Median				0.5		5.9		7.1		6.8	
Allianz Structured Alpha	10,835,161	2.5	2.0	0.4	65	10.7	2	10.2	2	--	--
Citigroup 10 Year Treasury				-0.2	99	4.2	89	9.6	4	7.4	21
PIMCO Core Plus	28,138,711	6.4	6.5	0.5	47	7.4	20	8.1	15	--	--
Barclays Aggregate				0.2	82	4.2	90	6.2	84	5.9	85
PIMCO Unconstrained	28,302,199	6.4	6.5	0.6	36	4.6	82	--	--	--	--
25% HY, 25% EMD, 50% BC Agg				1.8	1	10.6	2	9.3	4	8.4	4
3-Month Libor Total Return USD				0.1	91	0.4	99	0.4	99	1.0	99
Wellington DAS	10,824,834	2.5	3.0	2.1	1	8.5	8	11.6	2	--	--
Wellington Custom Benchmark				-0.6	99	3.5	96	11.5	2	9.1	2
High Yield Comp	27,700,686	6.3	6.0	3.1	49	14.9	62	11.4	64	9.6	52
Barclays High Yield				3.3	41	15.8	43	11.9	46	10.3	28
eA US High Yield Fixed Inc Gross Median				3.1		15.5		11.7		9.7	
Post Advisory	23,304,673	5.3	5.0	3.2	46	15.3	53	11.6	57	9.8	46
KDP	4,396,013	1.0	1.0	2.6	80	12.8	83	10.2	87	--	--
Barclays High Yield				3.3	41	15.8	43	11.9	46	10.3	28
BofA Merrill Lynch US High Yield BB-B Rated				3.1	50	14.7	65	11.4	64	9.1	63

Wellington DAS Custom Benchmark tracked the BC Agg from 5/2002 through 2/2011, and the CG US Treasury STRIPS from 7/11 through present. The benchmark change coincided with the switch in collateral position.

Vermont Municipal Employees

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	2012 Q4 (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
Global Fixed Income Comp	12,435,078	2.8	3.0	-2.9	99	3.6	90	7.2	47	7.4	33
<i>Citigroup WGBI</i>				-1.7	98	1.6	98	4.4	92	5.3	79
<i>eA All Global Fixed Inc Gross Median</i>				1.9		9.5		6.9		6.6	
Mondrian GFI	12,435,078	2.8	3.0	-2.9	99	2.1	97	5.5	81	7.0	42
<i>Citigroup WGBI</i>				-1.7	98	1.6	98	4.4	92	5.3	79
Emerging Market Debt	22,358,902	5.1	5.0								
Wellington Opportunistic EMD	22,358,902	5.1	5.0	3.6	63	19.9	35	13.6	24	--	--
<i>JP Morgan EMBI Global TR</i>				3.3	73	18.5	59	12.9	41	10.5	50
<i>eA All Emg Mkts Fixed Inc Gross Median</i>				3.9		19.1		12.3		10.4	
TIPS	12,831,834	2.9	3.0								
BlackRock TIPS	12,831,834	2.9	3.0	0.7	--	7.0	--	8.9	--	--	--
<i>Barclays US TIPS</i>				0.7	--	7.0	--	8.9	--	7.0	--
Total Real Estate	18,578,479	4.2	4.5								
Morgan Stanley Prime Property	7,907,000	1.8	2.0	2.9	--	12.5	--	15.0	--	-0.8	--
UBS Trumbull	7,266,160	1.6	2.0	2.0	--	10.2	--	13.4	--	1.0	--
RREEF America REIT III	3,323,403	0.8	0.5	2.0	--	23.7	--	28.0	--	-15.2	--
Transwestern / Aslan III	81,916	0.0	0.0	0.0	--	1.3	--	-19.5	--	-45.7	--
<i>NCREIF Property Index</i>				2.5	--	10.5	--	12.6	--	2.1	--
<i>NCREIF ODCE</i>				2.4	--	10.9	--	14.4	--	-1.1	--
Hedge Fund Comp	19,344,398	4.4	5.0	2.6	23	9.3	24	--	--	--	--
<i>eA HFN FOF - Multi-Strategy Net Median</i>				1.8		6.5		2.7		0.9	
Grosvenor	7,642,878	1.7	2.0	2.5	25	8.5	29	--	--	--	--
GAM	3,867,610	0.9	1.0	2.3	31	8.3	31	--	--	--	--
Permal	7,833,910	1.8	2.0	2.9	19	10.5	14	--	--	--	--
<i>HFRI Fund of Funds Composite Index</i>				1.2	65	4.7	75	1.4	76	-1.8	80

Wellington Opportunistic EMD was transitioned from Wellington EMD on October 3, 2011. Past performance has been linked to the current account.

Vermont Municipal Employees

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	2012 Q4 (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
GAA Comp	88,008,604	19.9	20.0	2.2	22	15.2	5	11.0	9	5.8	19
<i>eA Global TAA Gross Median</i>				1.1		10.6		7.0		3.2	
Mellon Global Expanded Alpha	8,535,825	1.9	2.5	0.6	62	11.3	40	9.2	17	1.9	74
<i>Mellon CF GEA Index</i>				2.6	12	11.0	46	5.1	77	1.2	77
AQR Global Risk Premium	35,487,160	8.0	8.0	1.8	27	15.8	1	15.4	2	--	--
<i>60% MSCI World / 40% CITI WGBI</i>				0.9	56	10.6	51	6.6	59	2.2	72
PIMCO All Asset	26,727,227	6.0	5.0	3.0	6	16.5	1	11.3	8	7.9	2
<i>PIMCO All Asset Index</i>				0.8	57	8.1	62	8.1	29	6.5	14
<i>CPI + 5%</i>				1.0	53	6.8	69	7.1	45	6.9	10
Wellington OIF	17,258,393	3.9	4.5	2.8	9	14.3	11	5.1	78	--	--
<i>65% MSCI ACWI (Net) / 35% BC Agg</i>				1.9	26	12.1	28	6.9	53	1.8	75
Commodities	7,953,759	1.8	2.0								
Schroder	7,953,759	1.8	2.0	-5.8	--	0.5	--	3.1	--	--	--
<i>Dow Jones-UBS Commodity Index TR</i>				-6.3	--	-1.1	--	0.1	--	-5.2	--
<i>eA Commodities Gross Median</i>				--	--	--	--	--	--	--	--
Cash	326,678	0.1	0.0								
Vermont Cash	326,678	0.1	0.0	0.0	--	0.1	--	0.2	--	0.7	--
<i>91 Day T-Bills</i>				0.0	--	0.1	--	0.1	--	0.3	--
Private Equity	1,235,619	0.3	--								
Harbourvest Partners IX Credit Opportunities	75,726	0.0		--	--	--	--	--	--	--	--
Harbourvest Partners IX Venture Fund	255,620	0.1		--	--	--	--	--	--	--	--
Harbourvest Partners IX Buyout Fund	432,516	0.1		--	--	--	--	--	--	--	--
Harbourvest Dover VIII Fund	471,758	0.1		--	--	--	--	--	--	--	--

Real Estate performance reported on a quarterly basis. NCREIF Property is available 25 days after quarter end.

Transwestern market value as of 6/30/2012.

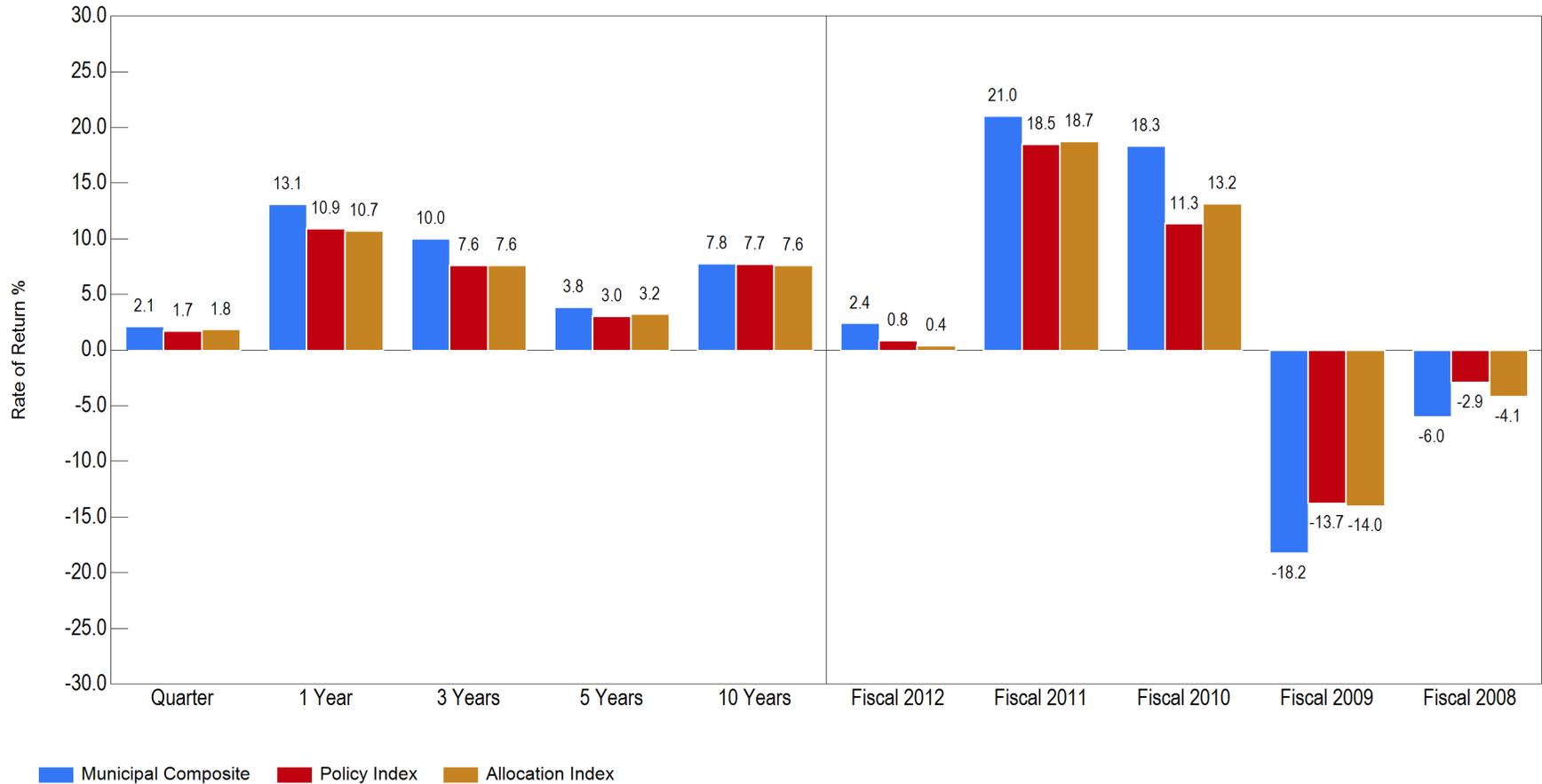
PIMCO All Asset Index: 40% BC Agg / 30% TIPS / 10% S&P500 / 10% BC HY / 10% JPM EMBI+

Mellon CF GEA Index: 50% MSCI ACWI / 25% CITI WGBI H/H / 10% BC Global Inflation Linked H/H / 5% BC US Interm. Credit / 5% DJ-UBS Commodity / 5% R2000.

Vermont Municipal Employees

Total Fund Return Summary

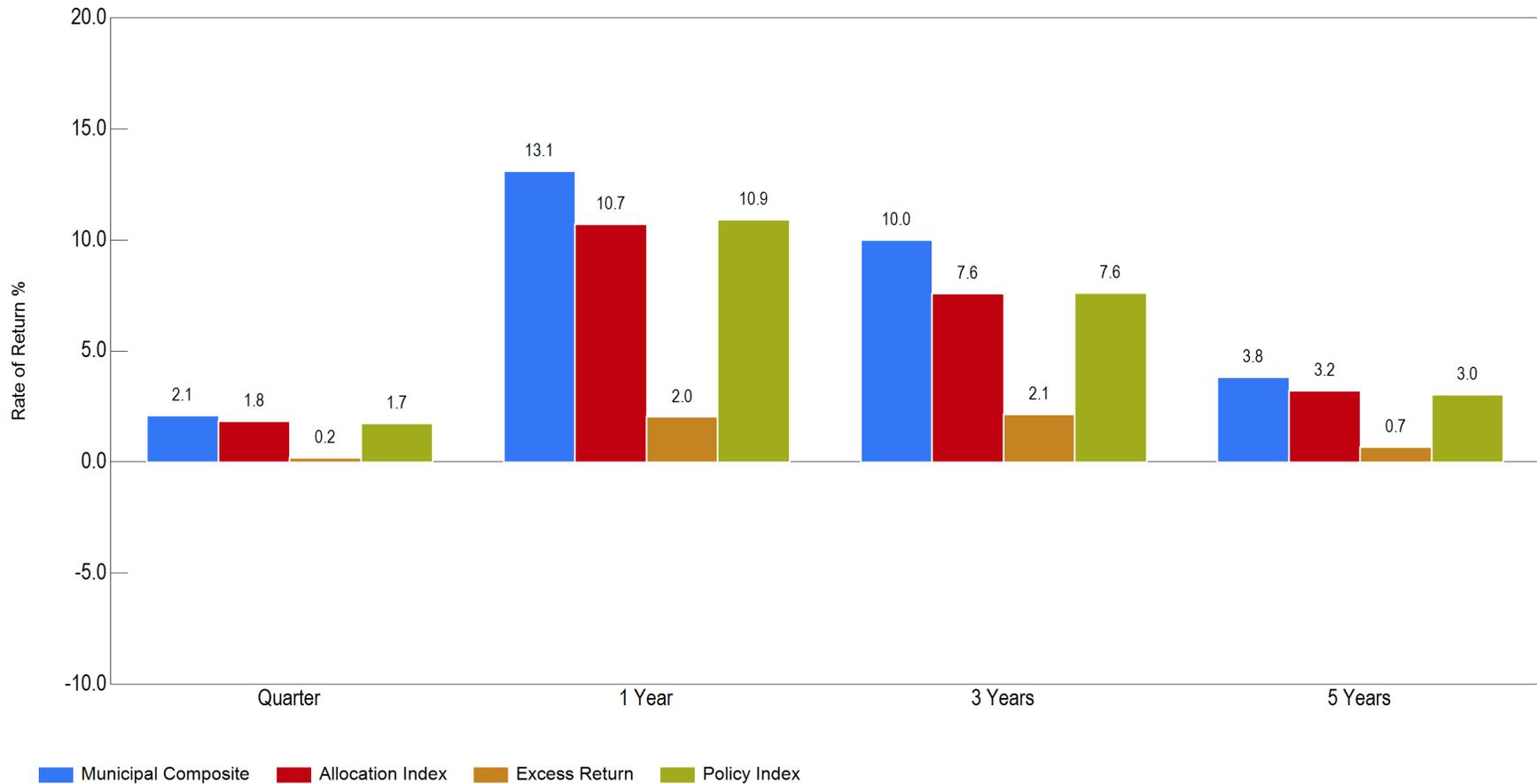
Return Summary Gross



Vermont Municipal Employees

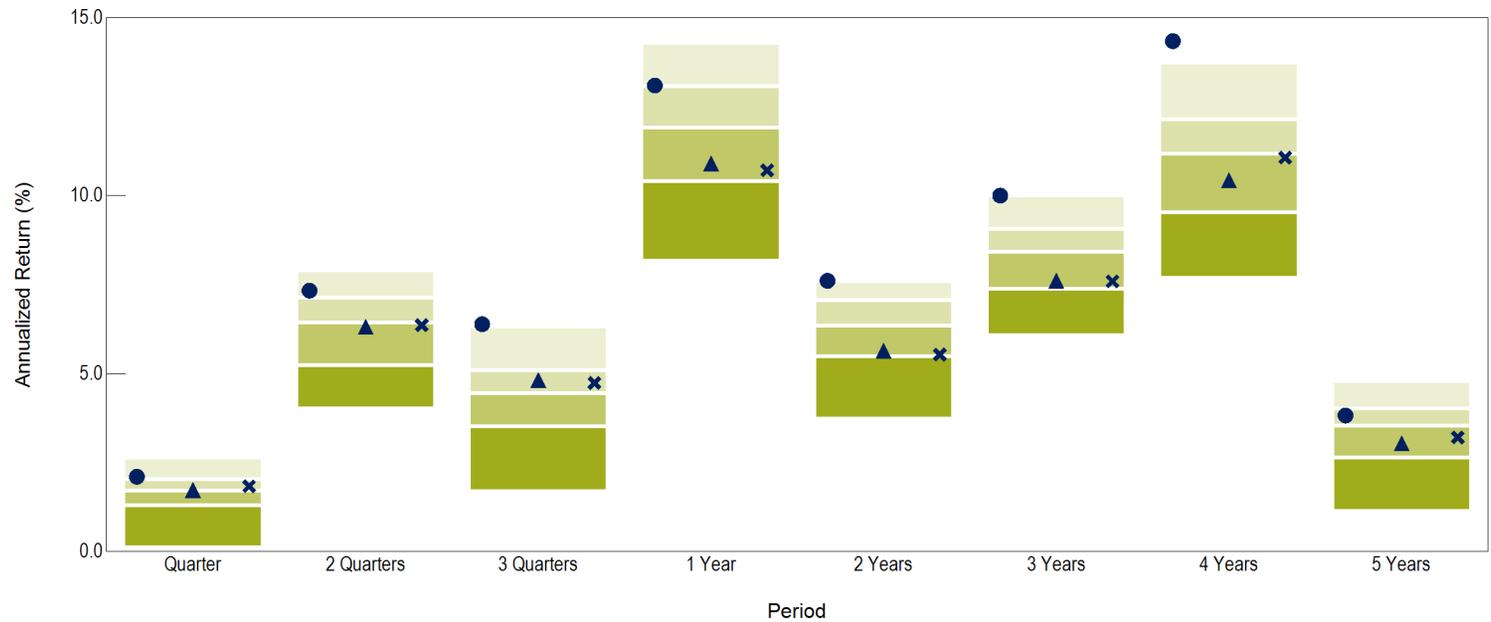
Total Fund Return Summary

Return Summary Gross



Total Fund Return Summary vs. Peer Universe

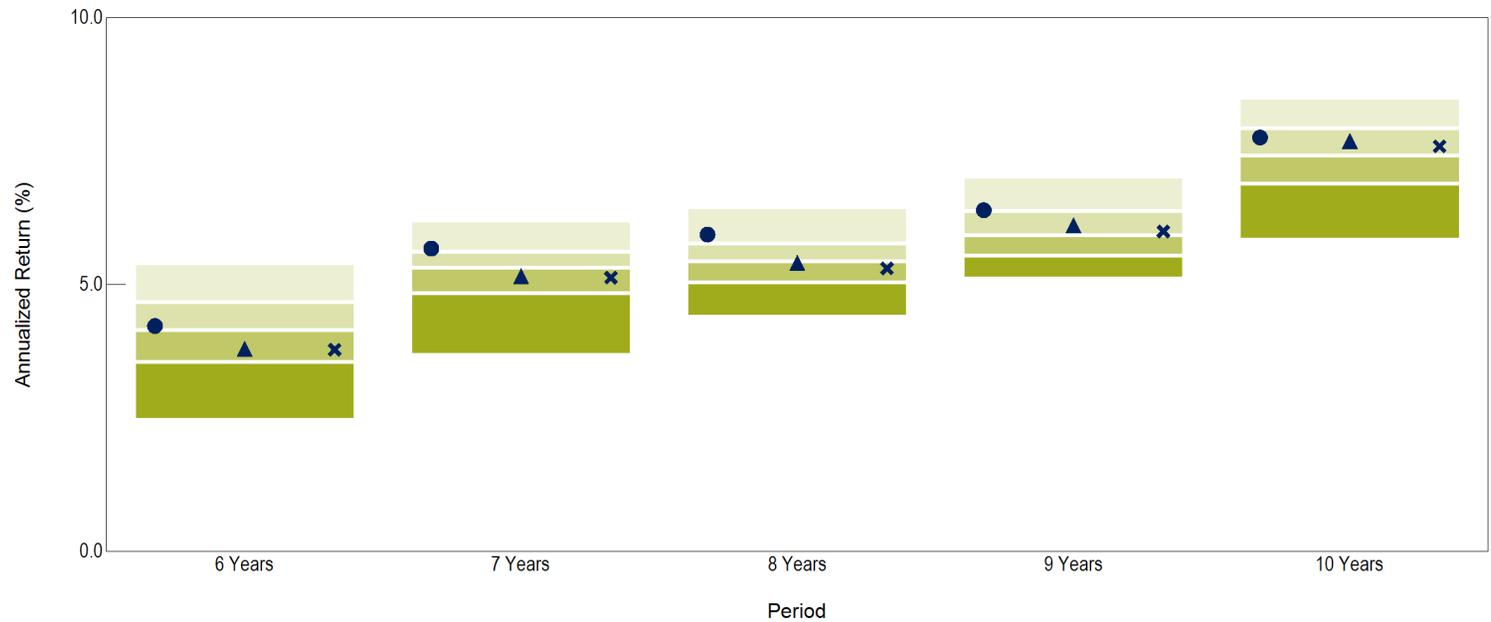
Municipal Composite vs. IF Public DB Gross



	Return (Rank)							
	Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	4 Years	5 Years
5th Percentile	2.6	7.9	6.3	14.3	7.6	10.0	13.7	4.8
25th Percentile	2.0	7.1	5.1	13.1	7.1	9.1	12.2	4.0
Median	1.7	6.4	4.5	11.9	6.3	8.4	11.2	3.5
75th Percentile	1.3	5.3	3.5	10.4	5.5	7.4	9.5	2.7
95th Percentile	0.1	4.0	1.7	8.2	3.7	6.1	7.7	1.2
# of Portfolios	166	164	163	162	143	134	131	127
● Municipal Composite	2.1 (20)	7.3 (18)	6.4 (4)	13.1 (23)	7.6 (5)	10.0 (5)	14.3 (1)	3.8 (35)
▲ Policy Index	1.7 (51)	6.3 (53)	4.8 (36)	10.9 (67)	5.6 (73)	7.6 (74)	10.4 (65)	3.0 (69)
× Allocation Index	1.8 (43)	6.4 (51)	4.7 (39)	10.7 (70)	5.5 (75)	7.6 (75)	11.1 (53)	3.2 (64)

Total Fund Return Summary vs. Peer Universe

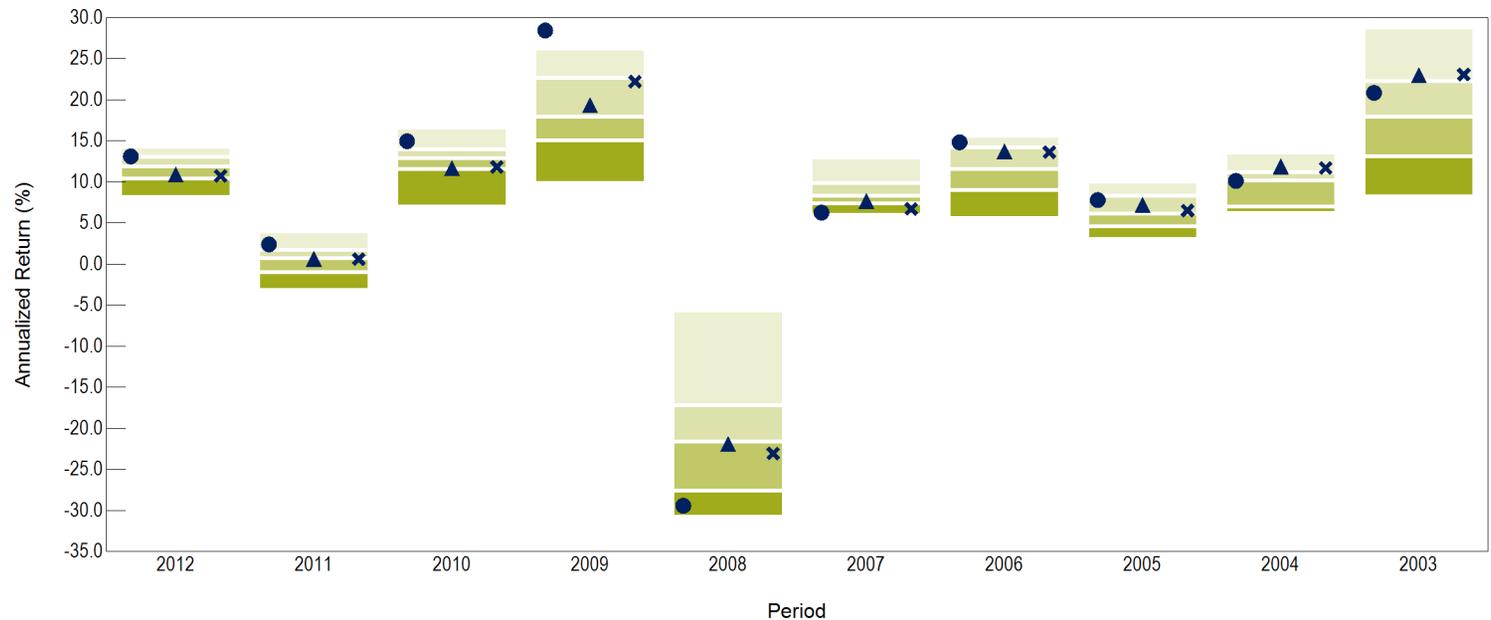
Municipal Composite vs. IF Public DB Gross



	Return (Rank)									
5th Percentile	5.4		6.2		6.4		7.0		8.5	
25th Percentile	4.7		5.6		5.8		6.4		7.9	
Median	4.1		5.3		5.4		5.9		7.4	
75th Percentile	3.6		4.8		5.0		5.5		6.9	
95th Percentile	2.5		3.7		4.4		5.1		5.8	
# of Portfolios	123		117		111		107		101	
● Municipal Composite	4.2	(48)	5.7	(22)	5.9	(17)	6.4	(25)	7.8	(38)
▲ Policy Index	3.8	(68)	5.2	(57)	5.4	(55)	6.1	(44)	7.7	(43)
× Allocation Index	3.8	(69)	5.1	(61)	5.3	(64)	6.0	(47)	7.6	(44)

Total Fund Return Summary vs. Peer Universe

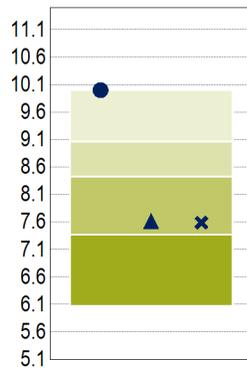
Municipal Composite vs. IF Public DB Gross



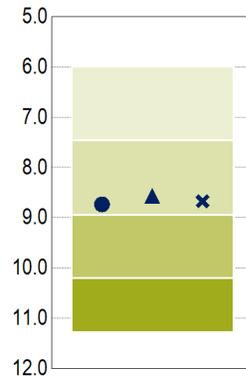
	Return (Rank)										
5th Percentile	14.3	3.9	16.6	26.2	-5.7	13.0	15.6	10.0	13.6	28.7	
25th Percentile	13.1	1.8	14.0	22.7	-17.1	9.9	14.3	8.4	11.2	22.3	
Median	11.9	0.8	13.0	17.9	-21.6	8.4	11.6	6.2	10.2	18.0	
75th Percentile	10.4	-1.0	11.6	15.1	-27.5	7.4	9.0	4.6	7.0	13.1	
95th Percentile	8.2	-3.1	7.0	9.9	-30.7	6.0	5.7	3.0	6.2	8.3	
# of Portfolios	162	39	37	34	34	31	28	27	23	19	
● Municipal Composite	13.1 (23)	2.4 (18)	14.9 (19)	28.4 (2)	-29.4 (91)	6.3 (95)	14.8 (11)	7.8 (37)	10.1 (52)	20.8 (32)	
▲ Policy Index	10.9 (67)	0.6 (51)	11.7 (75)	19.3 (40)	-21.9 (54)	7.7 (72)	13.7 (30)	7.2 (47)	11.9 (14)	23.0 (23)	
× Allocation Index	10.7 (70)	0.6 (51)	11.8 (73)	22.2 (28)	-23.0 (62)	6.7 (93)	13.6 (31)	6.5 (49)	11.7 (16)	23.1 (23)	

Municipal Composite vs. IF Public DB Gross
3 Years

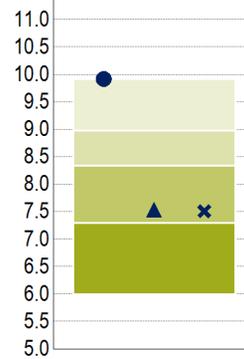
Anlzd Return



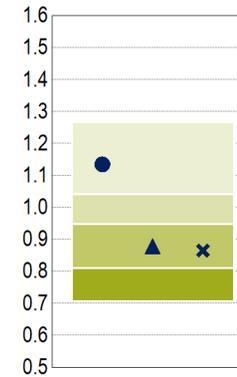
Anlzd Standard Deviation



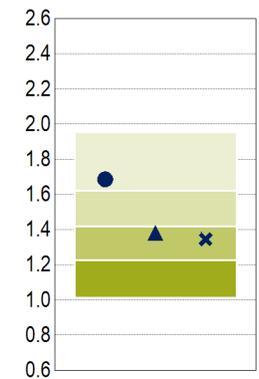
Ann Excess RF Return



Sharpe Ratio



Sortino Ratio RF



● Municipal Composite	
Value	10.00
%tile	5
▲ Policy Index	
Value	7.61
%tile	74
× Allocation Index	
Value	7.59
%tile	75
Universe	
5th %tile	10.00
25th %tile	9.07
Median	8.43
75th %tile	7.38
95th %tile	6.08

● Municipal Composite	
Value	8.74
%tile	48
▲ Policy Index	
Value	8.57
%tile	45
× Allocation Index	
Value	8.68
%tile	47
Universe	
5th %tile	5.99
25th %tile	7.45
Median	8.93
75th %tile	10.19
95th %tile	11.27

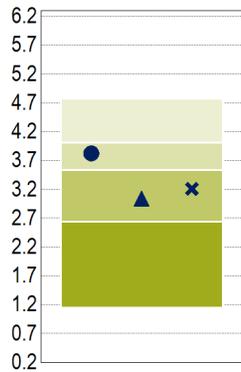
● Municipal Composite	
Value	9.91
%tile	5
▲ Policy Index	
Value	7.53
%tile	74
× Allocation Index	
Value	7.50
%tile	75
Universe	
5th %tile	9.91
25th %tile	8.99
Median	8.35
75th %tile	7.30
95th %tile	6.00

● Municipal Composite	
Value	1.13
%tile	15
▲ Policy Index	
Value	0.88
%tile	65
× Allocation Index	
Value	0.86
%tile	68
Universe	
5th %tile	1.27
25th %tile	1.04
Median	0.95
75th %tile	0.81
95th %tile	0.71

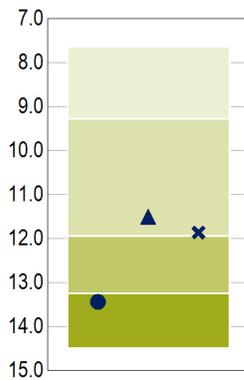
● Municipal Composite	
Value	1.69
%tile	16
▲ Policy Index	
Value	1.38
%tile	56
× Allocation Index	
Value	1.34
%tile	60
Universe	
5th %tile	1.96
25th %tile	1.62
Median	1.42
75th %tile	1.23
95th %tile	1.01

Municipal Composite vs. IF Public DB Gross
5 Years

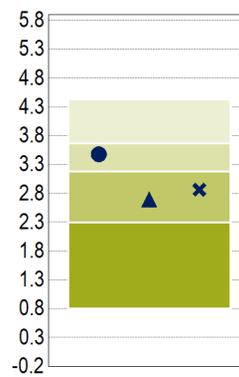
Anlzd Return



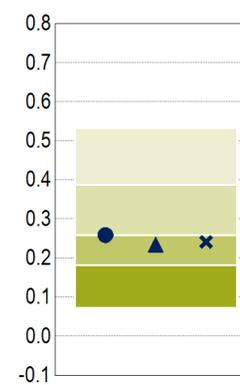
Anlzd Standard Deviation



Ann Excess RF Return



Sharpe Ratio



Sortino Ratio RF



● Municipal Composite	
Value	3.82
%tile	35
▲ Policy Index	
Value	3.04
%tile	69
× Allocation Index	
Value	3.21
%tile	64
Universe	
5th %tile	4.78
25th %tile	4.03
Median	3.54
75th %tile	2.65
95th %tile	1.15

● Municipal Composite	
Value	13.45
%tile	80
▲ Policy Index	
Value	11.51
%tile	47
× Allocation Index	
Value	11.87
%tile	50
Universe	
5th %tile	7.64
25th %tile	9.26
Median	11.93
75th %tile	13.24
95th %tile	14.48

● Municipal Composite	
Value	3.48
%tile	35
▲ Policy Index	
Value	2.69
%tile	69
× Allocation Index	
Value	2.86
%tile	64
Universe	
5th %tile	4.43
25th %tile	3.68
Median	3.19
75th %tile	2.31
95th %tile	0.81

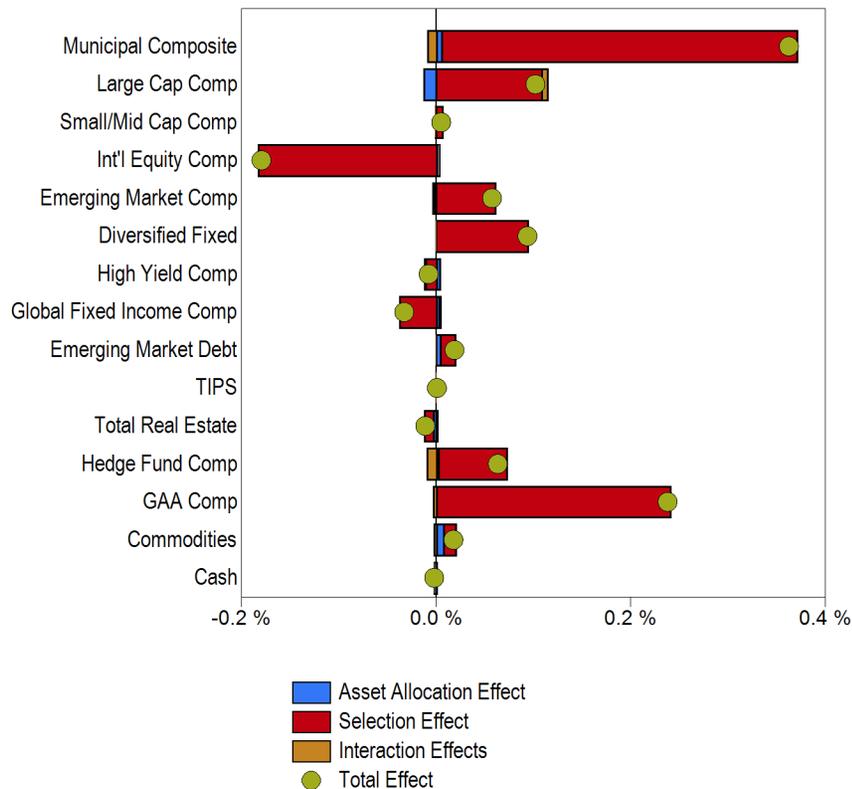
● Municipal Composite	
Value	0.26
%tile	51
▲ Policy Index	
Value	0.23
%tile	58
× Allocation Index	
Value	0.24
%tile	56
Universe	
5th %tile	0.53
25th %tile	0.39
Median	0.26
75th %tile	0.18
95th %tile	0.07

● Municipal Composite	
Value	0.30
%tile	58
▲ Policy Index	
Value	0.29
%tile	60
× Allocation Index	
Value	0.29
%tile	58
Universe	
5th %tile	0.67
25th %tile	0.48
Median	0.32
75th %tile	0.23
95th %tile	0.09

Vermont Municipal Employees

Total Fund Attribution Analysis

Attribution Effects Relative to Policy Index
3 Months Ending December 31, 2012



Attribution Summary
3 Months Ending December 31, 2012

	Actual Return	Target Return	Relative Return	Selection Effect	Asset Allocation Effect	Interaction Effects	Total Effects
Large Cap Comp	0.6%	-0.4%	1.0%	0.1%	0.0%	0.0%	0.1%
Small/Mid Cap Comp	2.0%	1.9%	0.1%	0.0%	0.0%	0.0%	0.0%
Int'l Equity Comp	4.7%	6.6%	-1.9%	-0.2%	0.0%	0.0%	-0.2%
Emerging Market Comp	6.6%	5.6%	1.0%	0.1%	0.0%	0.0%	0.1%
Diversified Fixed	0.7%	0.2%	0.5%	0.1%	0.0%	0.0%	0.1%
High Yield Comp	3.1%	3.3%	-0.2%	0.0%	0.0%	0.0%	0.0%
Global Fixed Income Comp	-2.9%	-1.7%	-1.2%	0.0%	0.0%	0.0%	0.0%
Emerging Market Debt	3.6%	3.3%	0.3%	0.0%	0.0%	0.0%	0.0%
TIPS	0.7%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	2.3%	2.5%	-0.2%	0.0%	0.0%	0.0%	0.0%
Hedge Fund Comp	2.6%	1.2%	1.4%	0.1%	0.0%	0.0%	0.1%
GAA Comp	2.2%	1.0%	1.2%	0.2%	0.0%	0.0%	0.2%
Commodities	-5.8%	-6.3%	0.5%	0.0%	0.0%	0.0%	0.0%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	2.1%	1.7%	0.4%	0.4%	0.0%	0.0%	0.4%

Note: Plan attribution calculations are returns based and the results shown reflect the composites shown. As a result, the total returns shown may vary from the calculated returns shown on the performance report.

-The target return shown for each composite is a custom index, based on aggregated policy indices. This policy index asset weights the underlying policy indices of each option in the plan and the respective benchmark.

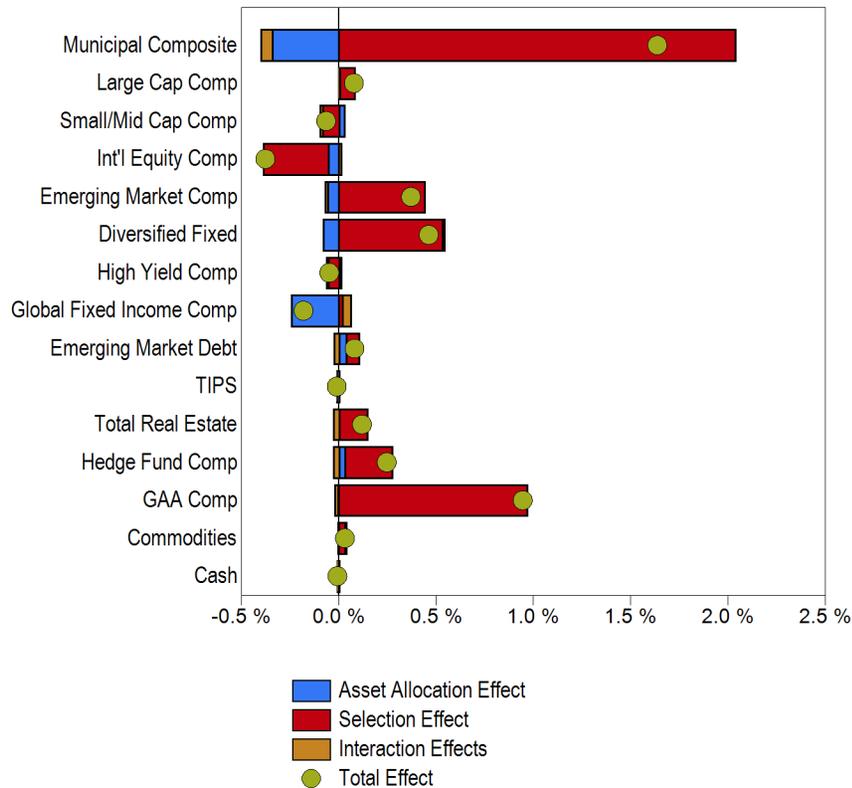
-The allocation, selection, and interaction effects are calculated using the custom index described above along with the policy or target weight of each composite.

-May not add up due to rounding.

Vermont Municipal Employees

Total Fund Attribution Analysis

Attribution Effects Relative to Policy Index
1 Year Ending December 31, 2012



Attribution Summary
1 Year Ending December 31, 2012

	Actual Return	Target Return	Relative Return	Selection Effect	Asset Allocation Effect	Interaction Effects	Total Effects
Large Cap Comp	16.6%	16.0%	0.6%	0.1%	0.0%	0.0%	0.1%
Small/Mid Cap Comp	15.0%	16.3%	-1.3%	-0.1%	0.0%	0.0%	-0.1%
Int'l Equity Comp	14.1%	17.3%	-3.2%	-0.3%	-0.1%	0.0%	-0.4%
Emerging Market Comp	26.4%	18.2%	8.2%	0.4%	-0.1%	0.0%	0.4%
Diversified Fixed	7.0%	4.2%	2.8%	0.5%	-0.1%	0.0%	0.5%
High Yield Comp	14.9%	15.8%	-0.9%	-0.1%	0.0%	0.0%	0.0%
Global Fixed Income Comp	3.6%	1.6%	2.0%	0.0%	-0.2%	0.0%	-0.2%
Emerging Market Debt	19.9%	18.5%	1.3%	0.1%	0.0%	0.0%	0.1%
TIPS	7.0%	7.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	13.3%	10.5%	2.8%	0.1%	0.0%	0.0%	0.1%
Hedge Fund Comp	9.3%	4.7%	4.6%	0.2%	0.0%	0.0%	0.2%
GAA Comp	15.2%	10.3%	4.8%	1.0%	0.0%	0.0%	0.9%
Commodities	0.5%	-1.1%	1.5%	0.0%	0.0%	0.0%	0.0%
Cash	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	13.0%	11.3%	1.7%	2.0%	-0.3%	-0.1%	1.6%

Note: Plan attribution calculations are returns based and the results shown reflect the composites shown. As a result, the total returns shown may vary from the calculated returns shown on the performance report.

-The target return shown for each composite is a custom index, based on aggregated policy indices. This policy index asset weights the underlying policy indices of each option in the plan and the respective benchmark.

-The allocation, selection, and interaction effects are calculated using the custom index described above along with the policy or target weight of each composite.

-May not add up due to rounding.

Vermont Municipal Employees

Total Fund Risk Statistics

3 Years Ending December 31, 2012

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Anlzd AJ	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank	Tracking Error	Rank
Municipal Composite	100.00%	10.00%	5	8.74%	48	2.27%	9	1.13	15	1.69	16	0.78%	1
Policy Index	--	7.61%	74	8.57%	45	0.00%	67	0.88	65	1.38	56	0.00%	1
Large Cap Comp	11.21%	11.61%	27	16.15%	57	0.17%	36	0.71	34	1.19	35	1.34%	1
S&P 500	--	10.87%	42	15.30%	33	0.00%	39	0.71	36	1.21	33	0.00%	1
Small/Mid Cap Comp	6.85%	13.84%	43	18.03%	30	3.10%	38	0.76	36	1.33	31	3.13%	2
Russell 2000	--	12.25%	69	20.48%	76	0.00%	79	0.59	76	1.01	68	0.00%	1
Int'l Equity Comp	10.38%	4.27%	79	18.04%	17	1.01%	75	0.23	73	0.33	76	2.36%	10
MSCI EAFE	--	3.56%	87	19.65%	56	0.00%	87	0.18	87	0.27	86	0.00%	1
Emerging Market Comp	6.17%	--	--	--	--	--	--	--	--	--	--	--	--
MSCI Emerging Markets	--	--	--	--	--	--	--	--	--	--	--	--	--
Diversified Fixed	17.68%	8.40%	11	2.86%	85	2.63%	14	2.90	42	7.19	24	1.78%	89
Barclays Aggregate	--	6.19%	84	2.42%	48	0.00%	86	2.53	79	4.91	76	0.00%	1
High Yield Comp	6.27%	11.43%	64	5.88%	27	1.83%	28	1.93	29	2.95	29	1.66%	58
Barclays High Yield	--	11.86%	46	7.18%	70	0.00%	75	1.64	74	2.42	62	0.00%	1
Global Fixed Income Comp	2.81%	7.22%	47	5.96%	55	2.93%	63	1.20	54	1.84	43	2.33%	16
Citigroup WGBI	--	4.37%	92	5.59%	46	0.00%	94	0.77	86	1.03	83	0.00%	1
Emerging Market Debt	5.06%	--	--	--	--	--	--	--	--	--	--	--	--
JP Morgan EMBI Global TR	--	--	--	--	--	--	--	--	--	--	--	--	--
TIPS	2.90%	--	--	--	--	--	--	--	--	--	--	--	--
Barclays US TIPS	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Real Estate	4.20%	--	--	--	--	--	--	--	--	--	--	--	--
NCREIF Property Index	--	--	--	--	--	--	--	--	--	--	--	--	--
Hedge Fund Comp	4.38%	--	--	--	--	--	--	--	--	--	--	--	--
HFRI Fund of Funds Composite Index	--	--	--	--	--	--	--	--	--	--	--	--	--
GAA Comp	19.92%	10.99%	9	8.90%	37	6.45%	16	1.23	13	1.78	21	3.95%	26
60% MSCI ACWI (Net)/40% CITI WGBI	--	6.05%	63	11.37%	63	0.00%	77	0.52	68	0.78	68	0.00%	1
Commodities	1.80%	--	--	--	--	--	--	--	--	--	--	--	--
Dow Jones-UBS Commodity Index TR	--	--	--	--	--	--	--	--	--	--	--	--	--
Cash	0.07%	--	--	--	--	--	--	--	--	--	--	--	--
91 Day T-Bills	--	--	--	--	--	--	--	--	--	--	--	--	--

Vermont Municipal Employees

Total Fund Risk Statistics

5 Years Ending December 31, 2012

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Anlzd AJ	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank	Tracking Error	Rank
Municipal Composite	100.00%	3.82%	35	13.45%	80	0.37%	50	0.26	51	0.30	58	2.74%	30
Policy Index	--	3.04%	69	11.51%	47	0.00%	60	0.23	58	0.29	60	0.00%	1
Large Cap Comp	11.21%	3.10%	32	21.01%	82	1.31%	35	0.13	37	0.18	37	2.87%	9
S&P 500	--	1.66%	61	19.04%	46	0.00%	61	0.07	61	0.09	60	0.00%	1
Small/Mid Cap Comp	6.85%	5.40%	42	23.09%	51	2.05%	44	0.22	43	0.31	44	3.00%	1
Russell 2000	--	3.56%	70	24.55%	73	0.00%	73	0.13	72	0.19	70	0.00%	1
Int'l Equity Comp	10.38%	-4.09%	88	22.25%	23	-0.62%	89	-0.20	89	-0.26	88	2.36%	7
MSCI EAFE	--	-3.69%	86	23.47%	45	0.00%	85	-0.17	85	-0.24	86	0.00%	1
Emerging Market Comp	6.17%	--	--	--	--	--	--	--	--	--	--	--	--
MSCI Emerging Markets	--	--	--	--	--	--	--	--	--	--	--	--	--
Diversified Fixed	17.68%	5.73%	90	6.72%	98	-1.70%	99	0.80	99	0.74	99	5.11%	97
Barclays Aggregate	--	5.95%	85	3.53%	31	0.00%	82	1.59	62	2.50	42	0.00%	1
High Yield Comp	6.27%	9.61%	52	10.21%	19	2.30%	21	0.91	20	0.78	48	5.14%	69
Barclays High Yield	--	10.34%	28	14.06%	89	0.00%	81	0.71	77	0.71	68	0.00%	1
Global Fixed Income Comp	2.81%	7.43%	33	8.23%	50	2.57%	50	0.86	37	1.29	30	4.23%	31
Citigroup WGBI	--	5.27%	79	7.73%	40	0.00%	87	0.64	72	0.96	54	0.00%	1
Emerging Market Debt	5.06%	--	--	--	--	--	--	--	--	--	--	--	--
JP Morgan EMBI Global TR	--	--	--	--	--	--	--	--	--	--	--	--	--
TIPS	2.90%	--	--	--	--	--	--	--	--	--	--	--	--
Barclays US TIPS	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Real Estate	4.20%	--	--	--	--	--	--	--	--	--	--	--	--
NCREIF Property Index	--	--	--	--	--	--	--	--	--	--	--	--	--
Hedge Fund Comp	4.38%	--	--	--	--	--	--	--	--	--	--	--	--
HFRI Fund of Funds Composite Index	--	--	--	--	--	--	--	--	--	--	--	--	--
GAA Comp	19.92%	5.83%	19	13.43%	58	4.08%	30	0.41	37	0.46	38	4.07%	16
60% MSCI ACWI (Net)/40% CITI WGBI	--	1.90%	74	14.24%	66	0.00%	80	0.11	74	0.14	74	0.00%	1
Commodities	1.80%	--	--	--	--	--	--	--	--	--	--	--	--
Dow Jones-UBS Commodity Index TR	--	--	--	--	--	--	--	--	--	--	--	--	--
Cash	0.07%	--	--	--	--	--	--	--	--	--	--	--	--
91 Day T-Bills	--	--	--	--	--	--	--	--	--	--	--	--	--

VPIC Composite



VPIC Composite

Total Plan Performance

Ending December 31, 2012

	2012 Q4 (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	Market Value (\$)	% of Portfolio
Composite	2.1	20	13.1	22	9.9	8	3.4	54	3,617,086,194	100.0
<i>IF Public DB Gross Median</i>	1.7		11.9		8.4		3.5			
Teachers' Composite										
Teachers Composite	2.1	20	13.1	21	9.8	11	3.2	64	1,585,026,016	100.0
<i>Policy Index</i>	1.7	51	10.9	67	7.6	74	2.4	80		
<i>Allocation Index</i>	1.8	43	10.8	69	7.6	75	2.7	75		
Employees' Composite										
Employees Composite	2.1	20	13.1	23	10.0	3	3.6	42	1,456,333,639	100.0
<i>Policy Index</i>	1.7	51	10.9	67	7.6	74	2.9	72		
<i>Allocation Index</i>	1.8	43	10.6	71	7.6	75	3.0	69		
Municipal Composite										
Municipal Composite	2.1	20	13.1	23	10.0	5	3.8	35	441,820,876	100.0
<i>Policy Index</i>	1.7	51	10.9	67	7.6	74	3.0	69		
<i>Allocation Index</i>	1.8	43	10.7	70	7.6	75	3.2	64		
Burlington Composite										
Burlington Composite	2.1	20	13.1	23	10.0	4	3.5	51	133,905,663	100.0
<i>Policy Index</i>	1.7	51	10.9	67	7.6	74	2.4	80		

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.

VPIC Composite

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	2012 Q4 (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	Fiscal YTD (%)	Rank
Composite	3,617,086,194	100.0	100.0	2.1	20	13.1	22	9.9	8	3.4	54	7.3	18
<i>IF Public DB Gross Median</i>				1.7		11.9		8.4		3.5		6.4	
Large Cap Comp	378,017,138	10.5	11.0	0.6	39	16.6	38	11.6	28	3.1	32	6.9	43
<i>S&P 500</i>				-0.4	62	16.0	45	10.9	42	1.7	61	6.0	60
<i>eA US Large Cap Equity Gross Median</i>				0.1		15.6		10.4		2.2		6.5	
T. Rowe	109,266,744	3.0	3.0	-0.2	58	16.8	35	10.7	45	2.5	44	6.4	52
SSgA S&P 500 Cap-Wgt	155,962,384	4.3	5.0	-0.3	61	16.1	44	--	--	--	--	6.0	59
<i>S&P 500</i>				-0.4	62	16.0	45	10.9	42	1.7	61	6.0	60
SSgA S&P 500 Equal-Wgt	112,788,010	3.1	3.0	3.0	8	17.5	29	12.7	13	4.5	13	9.0	15
<i>S&P 500 Equal Weighted</i>				2.8	9	17.7	27	12.7	13	4.8	11	8.9	16
Small/Mid Cap Comp	226,570,045	6.3	6.5	2.0	67	15.1	59	13.9	42	5.5	41	6.5	71
<i>Russell 2000</i>				1.9	69	16.3	49	12.2	69	3.6	70	7.2	66
<i>eA US Small-Mid Cap Equity Gross Median</i>				3.0		16.0		13.2		4.9		8.6	
SSgA S&P 400	20,271,278	0.6	0.5	3.6	28	18.0	30	--	--	--	--	9.3	30
<i>S&P 400 MidCap</i>				3.6	28	17.9	31	13.6	33	5.1	29	9.2	30
<i>eA US Mid Cap Equity Gross Median</i>				2.4		16.1		12.8		4.0		7.4	
Champlain	70,844,595	2.0	2.0	1.2	73	12.9	78	12.9	49	--	--	5.0	81
<i>Russell 2500</i>				3.1	37	17.9	31	13.3	39	4.3	43	8.8	34
<i>eA US Mid Cap Equity Gross Median</i>				2.4		16.1		12.8		4.0		7.4	
Wellington	75,562,918	2.1	2.0	4.0	48	16.9	51	15.1	20	8.3	14	8.7	62
<i>Russell 2000 Value</i>				3.2	67	18.0	43	11.6	72	3.5	86	9.1	55
<i>eA US Small Cap Value Equity Gross Median</i>				4.0		16.9		13.1		5.6		9.6	
SSgA Russell 2000 Growth	59,891,254	1.7	2.0	0.2	51	14.4	50	12.8	66	3.5	54	5.0	56
<i>Russell 2000 Growth</i>				0.4	45	14.6	48	12.8	66	3.5	54	5.3	51
<i>eA US Small Cap Growth Equity Gross Median</i>				0.2		14.3		14.2		3.8		5.4	

All sub-composite returns for the total plan are based off TRS returns up to 4/31/2012, and include all plans thereafter.

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.

VPIC Composite

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	2012 Q4 (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	Fiscal YTD (%)	Rank
Int'l Equity Comp	373,627,043	10.3	10.0	4.7	84	14.0	92	4.2	82	-3.8	82	11.7	88
MSCI EAFE				6.6	48	17.3	77	3.6	87	-3.7	82	13.9	56
eA EAFE All Cap Equity Gross Median				6.5		20.1		5.9		-2.1		14.2	
Acadian	150,455,992	4.2	4.0	5.2	78	17.0	82	5.3	66	-5.4	94	12.6	84
Mondrian	147,641,331	4.1	4.0	3.5	95	9.8	99	3.1	92	-3.0	74	9.7	96
MSCI EAFE				6.6	45	17.3	77	3.6	87	-3.7	86	13.9	59
S&P EPAC LargeMidCap				6.5	49	18.1	70	4.4	78	-2.8	70	14.2	54
SSgA ACWI Ex US	75,529,720	2.1	2.0	6.0	58	17.2	75	--	--	--	--	13.8	54
MSCI ACWI ex USA				5.8	59	16.8	77	3.9	86	-2.9	80	13.7	60
eA ACWI ex-US All Cap Equity Gross Median				6.1		19.6		7.1		-1.0		14.0	
Emerging Market Comp	232,197,295	6.4	6.0										
Aberdeen	232,197,295	6.4	6.0	6.6	48	26.4	11	13.5	4	--	--	15.1	38
MSCI Emerging Markets				5.6	70	18.2	68	4.7	62	-0.9	64	13.8	65
eA Emg Mkts Equity Gross Median				6.5		20.9		6.3		-0.1		14.6	
Diversified Fixed	642,433,369	17.8	18.0	0.7	23	7.0	26	8.4	12	5.7	90	2.4	62
Barclays Aggregate				0.2	82	4.2	90	6.2	84	5.9	85	1.8	87
eA US Core Fixed Inc Gross Median				0.5		5.9		7.1		6.8		2.7	
Allianz Structured Alpha	87,751,240	2.4	2.0	0.4	69	10.6	2	10.2	2	--	--	2.7	50
Citigroup 10 Year Treasury				-0.2	99	4.2	89	9.6	4	7.4	21	0.7	99
PIMCO Core Plus	232,831,660	6.4	6.5	0.5	47	7.4	20	8.0	15	--	--	2.8	41
Barclays Aggregate				0.2	82	4.2	90	6.2	84	5.9	85	1.8	87
PIMCO Unconstrained	232,757,669	6.4	6.5	0.6	36	4.6	82	--	--	--	--	1.7	91
25% HY, 25% EMD, 50% BC Agg				1.8	1	10.6	2	9.3	4	8.4	4	5.4	1
3-Month Libor Total Return USD				0.1	91	0.4	99	0.4	99	1.0	99	0.2	99
Wellington DAS	89,092,799	2.5	3.0	2.1	1	8.5	8	11.5	2	--	--	2.8	45
Wellington Custom Benchmark				-0.6	99	3.5	96	11.5	2	9.1	2	-0.3	99
High Yield Comp	220,592,701	6.1	6.0	3.1	50	14.9	62	11.4	64	9.6	52	7.4	63
eA US High Yield Fixed Inc Gross Median				3.1		15.5		11.7		9.7		7.7	
Post Advisory	183,704,048	5.1	5.0	3.2	46	15.3	53	11.6	57	9.8	46	7.6	54
KDP	36,888,653	1.0	1.0	2.6	80	12.8	83	10.2	87	--	--	6.6	84
Barclays High Yield				3.3	41	15.8	43	11.9	46	10.3	28	8.0	42
BofA Merrill Lynch US High Yield BB-B Rated				3.1	50	14.7	65	11.4	64	9.1	63	7.7	50

Wellington DAS Custom Benchmark tracked the BC Agg from 5/2002 through 2/2011, and the CG US Treasury STRIPS from 7/11 through present. The benchmark change coincided with the switch in collateral position.

VPIC Composite

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	2012 Q4 (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	Fiscal YTD (%)	Rank
Global Fixed Income Comp	104,369,101	2.9	3.0	-2.9	99	3.7	90	7.3	47	7.5	31	0.3	99
<i>eA All Global Fixed Inc Gross Median</i>				1.9		9.5		6.9		6.6		5.6	
Mondrian GFI	104,369,101	2.9	3.0	-2.9	99	2.1	97	5.5	81	7.1	42	0.3	99
<i>Citigroup WGBI</i>				-1.7	98	1.6	98	4.4	92	5.3	79	1.2	96
Emerging Market Debt	184,375,175	5.1	5.0										
Wellington Opportunistic EMD	184,375,175	5.1	5.0	3.6	63	19.9	35	13.6	24	--	--	10.9	41
<i>JP Morgan EMBI Global TR</i>				3.3	73	18.5	59	12.9	41	10.5	50	10.3	55
<i>eA All Emg Mkts Fixed Inc Gross Median</i>				3.9		19.1		12.3		10.4		10.5	
TIPS	106,180,670	2.9	3.0										
BlackRock TIPS	106,180,670	2.9	3.0	0.7	--	7.0	--	8.9	--	--	--	2.8	--
<i>Barclays US TIPS</i>				0.7	--	7.0	--	8.9	--	7.0	--	2.8	--
Total Real Estate	169,292,288	4.7	4.5	2.4	--	13.4	--	--	--	--	--	6.3	--
Morgan Stanley Prime Property	72,050,791	2.0	2.0	3.0	--	12.6	--	15.0	--	-0.8	--	6.6	--
UBS Trumbull	66,211,280	1.8	2.0	2.0	--	10.2	--	13.4	--	1.0	--	4.5	--
RREEF America REIT III	30,283,777	0.8	0.5	2.0	--	23.8	--	28.0	--	-15.2	--	9.9	--
Transwestern / Aslan III	746,439	0.0	0.0										
<i>NCREIF Property Index</i>													
<i>NCREIF ODCE</i>													
Hedge Fund Comp	171,268,866	4.7	5.0	2.6	23	9.3	24	--	--	--	--	5.9	23
<i>eA HFN FOF - Multi-Strategy Net Median</i>				1.8		6.5		2.7		0.9		4.3	
Grosvenor	68,148,991	1.9	2.0	2.5	25	8.5	29	--	--	--	--	5.2	32
GAM	34,390,369	1.0	1.0	2.3	31	8.3	31	--	--	--	--	5.4	27
Permal	68,729,506	1.9	2.0	2.9	19	10.5	14	--	--	--	--	6.7	15
<i>HFRI Fund of Funds Composite Index</i>				1.2	65	4.7	74	1.4	76	-1.8	80	3.7	64

Wellington Opportunistic EMD was transitioned from Wellington EMD on October 3, 2011. Past performance has been linked to the current account.

VPIC Composite

Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	Policy %	2012 Q4 (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	Fiscal YTD (%)	Rank
GAA Comp	727,383,952	20.1	20.0	2.2	22	15.2	5	11.0	9	5.7	20	9.5	2
<i>eA Global TAA Gross Median</i>				1.1		10.6		7.0		3.2		6.1	
Mellon Global Expanded Alpha	71,734,527	2.0	2.5	0.6	62	11.3	40	9.2	17	1.9	74	8.0	11
<i>Mellon CF GEA Index</i>				2.6	12	11.0	46	5.1	77	1.2	77	8.4	7
AQR Global Risk Premium	291,519,300	8.1	8.0	1.8	27	15.8	1	15.4	2	--	--	10.1	1
<i>60% MSCI World / 40% CITI WGBI</i>				0.9	56	10.6	51	6.6	59	2.2	72	6.2	43
PIMCO All Asset	219,803,722	6.1	5.0	3.0	6	16.5	1	11.3	8	7.9	2	9.9	1
<i>PIMCO All Asset Index</i>				0.8	57	8.1	62	8.1	29	6.5	14	3.8	80
<i>CPI + 5%</i>				1.0	53	6.8	69	7.1	45	6.9	10	3.5	81
Wellington OIF	144,326,403	4.0	4.5	2.8	9	14.3	11	5.1	78	--	--	8.3	8
<i>65% MSCI World (Net) /35% BC Agg</i>				1.7	29	11.9	29	7.1	49	1.8	75	6.7	41
Commodities	69,260,903	1.9	2.0										
Schroder	69,260,903	1.9	2.0	-5.8	--	0.5	--	3.1	--	--	--	4.0	--
<i>Dow Jones-UBS Commodity Index TR</i>				-6.3	--	-1.1	--	0.1	--	-5.2	--	2.7	--
<i>eA Commodities Gross Median</i>				--	--	--	--	--	--	--	--	--	--
Cash	1,286,732	0.0	0.0	0.0	--	0.1	--	0.2	--	0.7	--	0.0	--
Cash	1,286,732	0.0	0.0	0.0	--	0.1	--	--	--	--	--	0.0	--
<i>91 Day T-Bills</i>				0.0	--	0.1	--	0.1	--	0.3	--	0.0	--
Private Equity	10,230,917	0.3	--	--	--	--	--	--	--	--	--	--	--
Harbourvest Partners IX Credit Opportunities	627,007	0.0	--										
Harbourvest Partners IX Venture Fund	2,116,530	0.1	--										
Harbourvest Partners IX Buyout Fund	3,581,229	0.1	--										
Harbourvest Dover VIII Fund	3,906,151	0.1	--										

Real Estate performance reported on a quarterly basis. NCREIF Property is available 25 days after quarter end.

Transwestern market value as of 6/30/2012.

PIMCO All Asset Index: 40% BC Agg / 30% TIPS / 10% S&P500 / 10% BC HY / 10% JPM EMBI+

Mellon CF GEA Index: 50% MSCI ACWI / 25% CITI WGBI H/H / 10% BC Global Inflation Linked H/H /5% BC US Interm. Credit / 5% DJ-UBS Commodity / 5% R2000.

VPIC Composite

Total Plan Performance

	2012 (%)	Rank	2011 (%)	Rank	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank
<i>IF Public DB Gross Median</i>	11.9		0.8		13.0		17.9		-21.6		8.4		11.6		6.2	
Teachers' Composite																
Teachers Composite	13.1	21	2.1	19	14.7	20	26.5	3	-30.1	94	6.3	95	15.7	4	5.6	54
<i>Policy Index</i>	10.9	67	0.6	51	11.7	75	19.3	40	-24.3	64	7.6	72	14.4	18	6.6	49
<i>Allocation Index</i>	10.8	69	0.7	51	11.6	76	22.7	25	-25.2	70	6.5	94	14.8	11	5.1	60
Employees' Composite																
Employees Composite	13.1	23	2.3	18	15.1	17	27.4	3	-29.6	92	6.4	94	14.9	11	6.6	49
<i>Policy Index</i>	10.9	67	0.6	51	11.7	75	19.5	39	-22.5	60	7.6	73	13.9	29	6.3	50
<i>Allocation Index</i>	10.6	71	0.5	51	11.9	72	22.6	26	-23.9	63	6.6	94	14.1	28	6.0	52
Municipal Composite																
Municipal Composite	13.1	23	2.4	18	14.9	19	28.4	2	-29.4	91	6.3	95	14.8	11	7.8	37
<i>Policy Index</i>	10.9	67	0.6	51	11.7	75	19.3	40	-21.9	54	7.7	72	13.7	30	7.2	47
<i>Allocation Index</i>	10.7	70	0.6	51	11.8	73	22.2	28	-23.0	62	6.7	93	13.6	31	6.5	49
Burlington Composite																
Burlington Composite	13.1	23	2.4	18	15.0	18	28.0	2	-30.3	95	5.5	97	13.4	32	7.9	35
<i>Policy Index</i>	10.9	67	0.6	51	11.7	75	19.3	40	-24.3	64	7.4	77	12.6	36	6.1	51

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.



NEPC, LLC

VPIC Composite

Total Fund Performance Detail

	2012 (%)	Rank	2011 (%)	Rank	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank
Composite	13.1	22	2.2	18	14.9	19	27.0	3	-29.8	93	6.3	95	15.3	7	6.2	50
<i>IF Public DB Gross Median</i>	11.9		0.8		13.0		17.9		-21.6		8.4		11.6		6.2	
Large Cap Comp	16.6	38	1.4	41	17.6	22	40.5	11	-40.3	81	4.6	74	16.2	40	4.6	79
<i>S&P 500</i>	16.0	45	2.1	34	15.1	47	26.5	56	-37.0	57	5.5	68	15.8	43	4.9	77
<i>eA US Large Cap Equity Gross Median</i>	15.6		0.4		14.8		28.0		-36.3		8.0		14.8		7.7	
T. Rowe	16.8	35	1.8	37	14.0	61	30.4	41	-36.0	49	6.2	62	16.9	36	--	--
SSgA S&P 500 Cap-Wgt	16.1	44	2.2	33	--	--	--	--	--	--	--	--	--	--	--	--
<i>S&P 500</i>	16.0	45	2.1	34	15.1	47	26.5	56	-37.0	57	5.5	68	15.8	43	4.9	77
SSgA S&P 500 Equal-Wgt	17.5	29	-0.1	56	22.0	5	46.7	4	-40.6	83	0.5	90	15.9	42	--	--
<i>S&P 500 Equal Weighted</i>	17.7	27	-0.1	56	21.9	5	46.3	5	-39.7	78	1.5	87	15.8	43	8.1	47
Small/Mid Cap Comp	15.1	59	0.8	32	27.4	48	33.6	58	-34.0	21	1.8	73	10.9	71	4.8	89
<i>Russell 2000</i>	16.3	49	-4.2	70	26.9	52	27.2	82	-33.8	21	-1.6	84	18.4	21	4.6	90
<i>eA US Small-Mid Cap Equity Gross Median</i>	16.0		-1.5		26.9		35.2		-38.1		8.8		13.9		10.4	
SSgA S&P 400	18.0	30	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<i>S&P 400 MidCap</i>	17.9	31	-1.7	52	26.6	33	37.4	53	-36.2	30	8.0	59	10.3	72	12.5	47
<i>eA US Mid Cap Equity Gross Median</i>	16.1		-1.4		24.5		37.9		-40.1		9.7		13.7		12.1	
Champlain	12.9	78	3.8	14	22.8	64	--	--	--	--	--	--	--	--	--	--
<i>Russell 2500</i>	17.9	31	-2.5	60	26.7	33	34.4	66	-36.8	34	1.4	85	16.2	31	8.1	83
<i>eA US Mid Cap Equity Gross Median</i>	16.1		-1.4		24.5		37.9		-40.1		9.7		13.7		12.1	
Wellington	16.9	51	1.8	16	28.3	39	32.6	50	-26.5	15	-2.1	45	20.5	33	11.2	26
<i>Russell 2000 Value</i>	18.0	43	-5.5	69	24.5	72	20.6	85	-28.9	27	-9.8	82	23.5	14	4.7	78
<i>eA US Small Cap Value Equity Gross Median</i>	16.9		-3.3		26.9		32.0		-32.3		-2.9		18.7		8.2	
SSgA Russell 2000 Growth	14.4	50	-3.0	61	29.2	44	34.2	60	-38.4	26	--	--	--	--	--	--
<i>Russell 2000 Growth</i>	14.6	48	-2.9	60	29.1	46	34.5	59	-38.5	26	7.0	64	13.3	40	4.2	79
<i>eA US Small Cap Growth Equity Gross Median</i>	14.3		-1.5		28.6		36.5		-41.5		11.0		12.3		7.6	

All sub-composite returns for the total plan are based off TRS returns up to 4/31/2012, and include all plans thereafter.

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.

VPIC Composite

Total Fund Performance Detail

	2012 (%)	Rank	2011 (%)	Rank	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank
Int'l Equity Comp	14.0	92	-9.2	27	9.4	75	25.4	88	-42.0	40	10.9	65	33.7	7	14.2	79
MSCI EAFE	17.3	77	-12.1	57	7.8	86	31.8	63	-43.4	52	11.2	63	26.3	62	13.5	81
eA EAFE All Cap Equity Gross Median	20.1		-11.4		11.7		34.3		-42.9		13.4		27.4		17.7	
Acadian	17.0	82	-13.0	60	14.6	34	27.7	85	-49.0	85	8.7	78	37.4	3	--	--
Mondrian	9.8	99	-3.5	3	3.6	97	24.4	94	-37.1	11	12.4	55	31.1	22	13.4	83
MSCI EAFE	17.3	77	-12.1	53	7.8	83	31.8	69	-43.4	45	11.2	62	26.3	61	13.5	83
S&P EPAC LargeMidCap	18.1	70	-11.7	47	9.2	73	34.3	59	-43.3	44	12.9	52	25.2	74	15.2	70
SSgA ACWI Ex US	17.2	75	-13.5	73	--	--	--	--	--	--	--	--	--	--	--	--
MSCI ACWI ex USA	16.8	77	-13.7	73	11.2	75	41.4	41	-45.5	58	16.7	63	26.7	70	16.6	94
eA ACWI ex-US All Cap Equity Gross Median	19.6		-11.5		15.0		38.7		-45.2		17.4		28.6		20.5	
Emerging Market Comp																
Aberdeen	26.4	11	-10.5	4	29.1	6	81.6	38	--	--	--	--	--	--	--	--
MSCI Emerging Markets	18.2	68	-18.4	48	18.9	64	78.5	57	-53.3	42	39.4	60	32.2	70	34.0	70
eA Emg Mkts Equity Gross Median	20.9		-18.6		20.1		79.5		-54.0		40.5		34.2		36.5	
Diversified Fixed	7.0	26	8.7	16	9.4	8	21.7	2	-14.9	99	4.4	96	--	--	--	--
Barclays Aggregate	4.2	90	7.8	46	6.5	76	5.9	80	5.2	37	7.0	47	4.3	69	2.4	79
eA US Core Fixed Inc Gross Median	5.9		7.7		7.3		8.9		4.1		6.9		4.5		2.7	
Allianz Structured Alpha	10.6	2	7.3	67	12.7	1	22.6	2	--	--	--	--	--	--	--	--
Citigroup 10 Year Treasury	4.2	89	17.0	1	8.1	26	-9.9	99	20.3	1	9.8	1	1.4	99	2.0	93
PIMCO Core Plus	7.4	20	7.7	52	9.1	9	--	--	--	--	--	--	--	--	--	--
Barclays Aggregate	4.2	90	7.8	46	6.5	76	5.9	80	5.2	37	7.0	47	4.3	69	2.4	79
PIMCO Unconstrained	4.6	82	--	--	--	--	--	--	--	--	--	--	--	--	--	--
25% HY, 25% EMD, 50% BC Agg	10.6	2	7.4	63	10.1	6	23.1	2	-7.1	95	5.5	86	7.6	1	4.6	1
3-Month Libor Total Return USD	0.4	99	0.3	99	0.3	99	0.8	99	3.2	56	5.5	87	5.4	3	3.7	3
Wellington DAS	8.5	8	18.3	1	7.9	29	9.8	43	--	--	--	--	--	--	--	--
Wellington Custom Benchmark	3.5	96	25.7	1	6.5	76	5.9	80	5.2	37	7.0	47	4.3	69	2.4	79
High Yield Comp	14.9	62	5.7	37	14.0	71	41.2	65	-19.0	29	4.7	11	--	--	--	--
eA US High Yield Fixed Inc Gross Median	15.5		4.9		14.9		45.0		-21.2		3.5		10.5		3.7	
Post Advisory	15.3	53	5.6	40	14.3	67	41.6	64	-19.0	29	4.7	11	9.2	76	4.1	35
KDP	12.8	83	5.7	35	12.1	91	--	--	--	--	--	--	--	--	--	--
Barclays High Yield	15.8	43	5.0	49	15.1	45	58.2	14	-26.2	81	1.9	89	11.8	28	2.7	81
BofA Merrill Lynch US High Yield BB-B Rated	14.7	65	5.4	45	14.5	64	46.1	49	-23.7	70	2.7	72	10.7	49	3.4	64

Wellington DAS Custom Benchmark tracked the BC Agg from 5/2002 through 2/2011, and the CG US Treasury STRIPS from 7/11 through present. The benchmark change coincided with the switch in collateral position.

VPIC Composite

Total Fund Performance Detail

	2012 (%)	Rank	2011 (%)	Rank	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank
Global Fixed Income Comp	3.7	90	7.3	21	10.9	21	16.0	32	0.3	57	11.2	15	--	--	--	--
<i>eA All Global Fixed Inc Gross Median</i>	9.5		5.0		7.3		10.6		1.4		8.7		6.1		-1.2	
Mondrian GFI	2.1	97	5.8	38	8.6	33	8.8	59	10.2	11	11.5	13	5.5	64	-3.5	61
<i>Citigroup WGBI</i>	1.6	98	6.4	33	5.2	85	2.6	97	10.9	9	11.0	17	6.1	51	-6.9	93
Emerging Market Debt																
Wellington Opportunistic EMD	19.9	35	7.6	16	13.7	70	--	--	--	--	--	--	--	--	--	--
<i>JP Morgan EMBI Global TR</i>	18.5	59	8.5	7	12.0	87	28.2	65	-10.9	52	6.3	73	9.9	95	10.7	74
<i>eA All Emg Mkts Fixed Inc Gross Median</i>	19.1		2.6		14.5		30.7		-10.8		7.7		12.3		12.3	
TIPS																
BlackRock TIPS	7.0	--	13.6	--	6.4	--	--	--	--	--	--	--	--	--	--	--
<i>Barclays US TIPS</i>	7.0	--	13.6	--	6.3	--	11.4	--	-2.4	--	11.6	--	0.4	--	2.8	--
Total Real Estate	13.4	--	20.0	--	--	--	--	--	--	--	--	--	--	--	--	--
Morgan Stanley Prime Property	12.6	--	16.8	--	15.8	--	-33.7	--	-4.7	--	16.2	--	18.4	--	19.9	--
UBS Trumbull	10.2	--	13.2	--	16.9	--	-22.3	--	-7.5	--	13.9	--	16.6	--	21.1	--
RREEF America REIT III	23.8	--	55.4	--	9.1	--	-64.1	--	-41.7	--	18.1	--	--	--	--	--
Transwestern / Aslan III																
<i>NCREIF Property Index</i>																
Hedge Fund Comp	9.3	24	-3.8	46	--	--	--	--	--	--	--	--	--	--	--	--
<i>eA HFN FOF - Multi-Strategy Net Median</i>	6.5		-4.0		6.1		13.9		-20.2		11.2		10.8		7.6	
Grosvenor	8.5	29	-3.4	42	--	--	--	--	--	--	--	--	--	--	--	--
GAM	8.3	31	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Permal	10.5	14	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<i>HFRI Fund of Funds Composite Index</i>	4.7	74	-5.7	68	5.7	55	11.5	62	-21.4	57	10.3	56	10.4	56	7.5	51

Wellington Opportunistic EMD was transitioned from Wellington EMD on October 3, 2011. Past performance has been linked to the current account.

VPIC Composite

Total Fund Performance Detail

	2012 (%)	Rank	2011 (%)	Rank	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank
GAA Comp	15.2	5	0.6	34	17.9	20	31.0	21	-26.3	61	5.7	87	--	--	--	--
<i>eA Global TAA Gross Median</i>	10.6		-0.8		14.6		23.4		-25.5		11.0		14.3		8.4	
Mellon Global Expanded Alpha	11.3	40	1.0	34	16.1	29	31.4	17	-36.0	92	1.7	95	--	--	--	--
<i>Mellon CF GEA Index</i>	11.0	46	-4.9	86	10.1	82	25.4	37	-27.0	65	13.4	36	16.6	34	7.5	68
AQR Global Risk Premium	15.8	1	6.6	12	24.6	7	--	--	--	--	--	--	--	--	--	--
<i>60% MSCI World / 40% CITI WGBI</i>	10.6	51	-0.3	43	9.8	83	19.2	78	-22.7	46	10.3	52	14.7	47	3.1	99
PIMCO All Asset	16.5	1	3.4	17	14.7	50	24.1	44	-14.8	24	9.6	53	--	--	--	--
<i>PIMCO All Asset Index</i>	8.1	62	7.6	11	8.5	87	16.5	80	-6.7	14	7.7	61	6.0	99	3.5	99
<i>CPI + 5%</i>	6.8	69	8.1	11	6.5	94	7.9	92	5.0	1	9.3	53	7.6	99	8.5	47
Wellington OIF	14.3	11	-13.8	98	17.8	20	36.8	14	--	--	--	--	--	--	--	--
<i>65% MSCI World (Net) /35% BC Agg</i>	11.9	29	-0.7	50	10.5	81	21.6	62	-26.9	64	8.4	55	14.4	48	7.1	75
Commodities																
Schroder	0.5	--	-6.8	99	17.1	53	--	--	--	--	--	--	--	--	--	--
<i>Dow Jones-UBS Commodity Index TR</i>	-1.1	--	-13.3	99	16.8	55	18.9	67	-35.6	30	16.2	94	2.1	56	21.4	99
<i>eA Commodities Gross Median</i>	--		0.0		17.6		24.5		-40.3		33.4		2.8		27.1	
Cash																
91 Day T-Bills	0.1	--	0.2	--	--	--	--	--	--	--	--	--	--	--	--	--
<i>91 Day T-Bills</i>	0.1	--	0.0	--	0.1	--	0.1	--	1.3	--	4.4	--	5.0	--	3.2	--
Private Equity																
Harbourvest Partners IX Credit Opportunities	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Harbourvest Partners IX Venture Fund	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Harbourvest Partners IX Buyout Fund	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Harbourvest Dover VIII Fund	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Real Estate performance reported on a quarterly basis. NCREIF Property is available 25 days after quarter end.

Transwestern market value as of 6/30/2012.

PIMCO All Asset Index: 40% BC Agg / 30% TIPS / 10% S&P500 / 10% BC HY / 10% JPM EMBI+

Mellon CF GEA Index: 50% MSCI ACWI / 25% CITI WGBI H/H / 10% BC Global Inflation Linked H/H / 5% BC US Interm. Credit / 5% DJ-UBS Commodity / 5% R2000.



NEPC, LLC

December 31, 2012

Total Plan Performance Analysis

What helped performance

- Returns were positive for the quarter with global equities posting mixed results and more risky segments of the fixed income market continuing to experience strong gains
- International equities buoyed by positive news flow within the Euro zone, Japanese export-driven stocks and stronger economic data from China, beat domestic and emerging markets in the fourth quarter
 - Small/Mid caps generally outperformed Large caps in the domestic equity space
 - Active generally ahead of passive for the quarter
 - Aberdeen strongly outperformed the MSCI Emerging Market index in the fourth quarter returning 6.6% vs. the index return of 5.6%
- Emerging markets debt and high yield bonds rose the most as yield hungry investors sought higher returns in the low interest rate environment
 - Fixed Income experienced positive absolute returns for the quarter
 - The Diversified Fixed Income managers were mostly ahead of their benchmarks as Allianz Structured Alpha and PIMCO Core Plus outperformed returning 0.4% and 0.5% respectively. PIMCO Unconstrained returned 0.6% slightly underperforming its benchmark, while Wellington DAS returned 2.1%, well ahead of its custom benchmark.
 - High Yield managers each underperformed the index over the quarter with Post Advisory returning 3.2% and KDP returning 2.6% versus the Barclays High Yield Index return of 3.3% Mondrian experienced a negative return of -2.9% trailing the Citigroup WGBI return of -1.7%
 - Wellington Opportunistic EMD slightly outperformed the benchmark returning 3.6% while the JP Morgan EMBI Global TR returned 3.3%
- Active management contributed to relative performance in the fourth quarter
 - Active management contributed 30bps of performance to each plan
- GAA Strategies performed well in the fourth quarter
 - PIMCO All Asset returned 3.0% and Wellington OIF returned 2.8% for the quarter, both benefitting from greater fixed income exposure
 - Mellon and AQR and returned 0.6% and 1.8%

What hurt performance

- Individual manager performance in the international composite trailed benchmarks
 - Acadian returned 5.2%, and Mondrian returned 3.5% both underperforming the MSCI EAFE return of 6.6%
 - The Total International Equity composite returned 4.7% underperforming the MSCI EAFE for the quarter
- PIMCO Unconstrained returned 0.6% for the quarter, underperforming its benchmark return of 1.8%
- Mondrian Global Fixed Income return -2.9% underperforming the Citigroup WBGI return of -1.7%
- High yield as an asset class did well in the fourth quarter, but individual manager performance lagged their benchmarks with Post Advisory returning 3.2% and KDP returning 2.6% versus the Barclays High Yield return of 3.3%
- Commodities struggled in the fourth quarter leaving the 2012 return relatively flat
 - Schroders returned -5.8% outperforming the Dow Jones-UBS Commodity Index TR which returned -6.3%

T. Rowe Price – Large Cap Core

- What Helped: Outperformed slightly for the quarter primarily due to stock selection within the materials sector, especially within the chemicals industry
- What Hurt: Stock selection in financials and energy detracted almost equally from relative return

SSgA S&P 500 Equal Weighted – Large Cap Core

- What Helped: Industrials had the largest contribution to return at 0.83%
- What Hurt: Utilities contributed the least to total return detracting 0.14%

SSgA S&P 500 Cap Weighted – Large Cap Core

- What Helped: Financials had the biggest contribution to return at 0.86%
- What Hurt: Information Technology detracted 1.14%% from total return

SSgA S&P Mid Cap 400 – SMID

- What Helped: Industrials had the biggest contribution to return at 1.68%%
- What Hurt: Health Care detracted the most, detracting 0.16%

Wellington – Small Cap Value Equities

- What Helped: Sector allocation was a significant contributor to outperformance during the quarter, in particular an overweight allocation to the strong-performing industrials sector was additive
- What Hurt: Security selection in materials and information technology detracted from performance

Champlain – Mid Cap Core Equities

- What Helped: Software stock selection was favorable for the quarter, although the sector was a slight drag for relative returns for the quarter
- What Hurt: Holdings in industrials & materials, energy, financials, and consumer staples all detracted from performance as the strategy underperformed by 190bps over the quarter.

SSgA Russell 2000 Growth – Small Cap Growth Equities

- What Helped: Telecommunication Services was the best performing industry returning 5.86% for the quarter
- What Hurt: Consumer Staples returned -1.07%, the only sector with a negative return for the quarter

Acadian – Int'l Developed Equities

- What Helped: Stock selection and an overweight position in Germany and a combination of stock selection and a market underweight to U.K. and an active allocation to Poland
- What Hurt: Portfolio underperformed its benchmark by 120bps with country allocations detracting value while stock selection was neutral

SSgA – MSCI ACWI Ex-US

- What Helped: Financials contributed 2.58% to the quarterly return
- What Hurt: Telecommunication Services detracted 0.16% from the quarter's return

Mondrian – Int'l Developed Equities

- What Helped: Country allocation added modestly to relative returns
- What Hurt: Stock selection within markets held back relative investment returns, in particular holdings in Japan and in the UK failed to match strong absolute returns from those country markets.

Aberdeen – Emerging Market Equities

- What Helped: Stock selection led relative performance, in particular Turkey and Mexico positions drove performance over the quarter.
- What Hurt: Asset allocation was broadly negative, specifically at the country level where an underweight to China detracted most from relative return as the stock market rebounded on signs of improved domestic growth and a smooth leadership transition.

PIMCO – Core Plus Fixed Income

- What Helped: Investment grade and high yield corporate bonds outperformed like-duration Treasuries along with Emerging markets outperforming for the quarter as investor demand for risk assets remained elevated given persistently low Treasury yields.
- What Hurt: Agency MBS underperformed like-duration Treasuries in the fourth quarter, U.S. Treasuries underperformed most other developed sovereign bond markets on a hedged basis for the quarter

Allianz – Core Fixed Income

- What Helped: Delivered positive quarterly outperformance by largely waiting out the exogenous risks posed by arbitrary political deadline.
- What Hurt: Allianz viewed option prices in December as too low to compensate the portfolio for the exogenous risk.

PIMCO - Unconstrained

- What Helped: Contributors to the quarter's outperformance include exposure to non-Agency mortgages amid ongoing strong demand for spread products, an emphasis on U.S. Financials, short-duration payer US dollar swap and swaptions, exposure to emerging market duration, especially in Brazil, as local rates continued to fall.
- What Hurt: Short-credit exposure through credit default swap indexes, which detracted as corporate spreads broadly tightened, and short core European rates, as swap rates were net lower while swap spreads also declined.

Wellington – Diversified Alpha Strategies

- What Helped: Ten of 13 strategies contributed to alpha during the period as the strategy outperformed its benchmark. Select Intrinsic Value, International Contrarian Value, and Government Relative Value were the largest sources of outperformance.
- What Hurt: Negative contributors included Select Quality Equity, Health Care, and Long/Short Country Alpha.

Schroders – Commodities

- What Helped: Despite a negative return of 2.3% on the month, remarkably, gold completed its 12th straight year of positive returns, rising 7.1% during 2012.
- What Hurt: Strategy has struggled to understand whether the fundamentals of supply, demand and inventory which, with few exceptions, have been largely deflationary (as supply has outstripped demand) or the macroeconomic fundamentals, which are inherently inflationary as the money supply expands, have been in the ascendency.

Post Advisory – High Yield Debt

- What Helped: Focused on higher quality businesses in defensive and stable industries
- What Hurt: Holding small amount of cash (approximately 5% for 2012) was a drag on performance over the quarter and year

KDP – High Yield Debt

- What Helped: most significant bond gainers were FMG Resources (+14%), Alpha Natural Resources (+12%) and Ally Financial (+11.5%), while the most significant loan gains came from new issues including Astoria (+7.7%) and Ardent Health (+6.5%).
- What Hurt: The most significant drag on Bond performance was a 9% decline in AMD bonds and a 3% decline in the portfolio's JC Penney bonds.

Mondrian – Global Fixed Income

- What Helped: Strongest performing markets were Poland (up 9.2%) and the Eurozone (up 5.6%). Eurozone performance also benefitted from currency strength and falling yields in Italy and Spain.
- What Hurt: Weakest performing markets were Japan (down 10.1%) and Canada (down 1.2%).

Wellington – Opportunistic Emerging Market Debt

- What Helped: Security selection contributed 69bps to overall performance over the quarter. Positioning in Brazil (+13bps) Russia (+11 bps), and Mexico (+8 bps) were the top contributors to overall performance.
- What Hurt: Underweights to Venezuela (-15 bps) and Turkey (-4 bps), as well as an allocation to South Korea (-4 bps) detracted.

Mellon Global Expanded Alpha I – Global Asset Allocation

- What Helped: Bond Country Allocation added 95bps to performance
- What Hurt: Currency Allocation detracted 191bps from total performance

PIMCO All Asset – Global Asset Allocation

- What Helped: Exposure to emerging market bonds (both local and U.S. dollar-denominated), holdings in high yield and non-Agency MBS credit strategies as spreads narrowed, exposure to non-U.S. equities, as developed non-U.S. and emerging market equities gained on optimism over improving global economy.
- What Hurt: Exposure to commodities as commodity markets posted negative returns

Wellington OIF – Global Asset Allocation

- What Helped: Security selection within alpha managers, absolute return strategies, and the European exposure added value.
- What Hurt: Precious metals equities and commodities were the primary detractors from absolute and relative returns.

AQR Global Risk Premium – Global Asset Allocation

- What Helped: Returns for three of the four risk categories in the Fund were positive for the quarter, with Equities contributing +0.7%, Nominal Interest Rates contributing +0.6%, and Credit contributing +1.0%.
- What Hurt: Inflation risk detracted -0.5% over the quarter

Manager Executive Summary

Manager	Historical Staff & Organization Changes	Investment Process Changes	Focused Placement List	Watch List History	Latest Meeting with NEPC
T. Rowe Price	No changes	No Changes	Preferred: No Action	n/a	11/27/2012: Onsite visit and update on firm and product.
SSgA S&P 500 Cap-Wght	No changes	No changes	Neutral: No Action	n/a	12/18/2012: Update on the firm and portfolio management teams.
SSgA S&P 500 Equal-Wght	No changes	No changes	Neutral: No Action	n/a	12/18/2012: Update on the firm and portfolio management teams.
SSgA S&P 400	No changes	No changes	Neutral: No Action	n/a	12/18/2012: Update on the firm and portfolio management teams.

Manager Executive Summary

Manager	Historical Staff & Organization Changes	Investment Process Changes	Focused Placement List	Watch List History	Latest Meeting with NEPC
Champlain SMID	No changes	No changes	Preferred: No Action	n/a	5/4/2012: Firm and product update and current market environment.
Wellington Small Value	No changes	No changes	Preferred: No Action	n/a	11/5/2012: Onsite visit, firm and product update
SSgA Russell 2000 Growth	No changes	No changes	Neutral: No Action	n/a	12/18/2012: Update on the firm and portfolio management teams.
Acadian Int'l Equity	<p>6/2/10: James Wylie, Head of Sales, left.</p> <p>6/15/10: Charles Wang, Director of Research, left.</p> <p>7/2/10: Matt Cohen, Portfolio Manager, will depart at yr end.</p> <p>Oct 2010: Joshua White will be joining as a Portfolio Manager</p> <p>March 2011: Terrance Burnham, Director of Portfolio Management, left.</p> <p>Qi Zeng, Client Portfolio Manager, left</p>	Acadian has moved from the Barra risk model to an in house developed model based off of Axioma data. This gives the team the ability to develop their own risk factors. The risk model was implemented on September 1st 2012.	Preferred: No Action	<p>7/28/2010: Watch</p> <p>10/24/2011: Preferred</p>	10/31/2012: General update.
Mondrian Int'l Equity	<p>March 2010: Fiona Barwick, Partner, will depart.</p> <p>Hellman & Friedman, a PE firm with a 27% stake is looking to exit over the next few years.</p>	No Changes	Preferred: No Action	n/a	10/10/2012: Update with Clive Gilmore at NEPC



Manager Executive Summary

Manager	Historical Staff & Organization Changes	Investment Process Changes	Focused Placement List	Watch List History	Latest Meeting with NEPC
SSgA ACWI Ex-US	No changes	No changes	Neutral: No Action	n/a	12/18/2012: Update on the firm and portfolio management teams.
Aberdeen Emerging Markets	No changes	No changes	Preferred: No Action	n/a	9/17/2012: Update meeting
Allianz Structured Alpha	No changes	No changes	Neutral: No Action	n/a	9/1/2011: Review of recent performance.
Wellington DAS	No changes	No changes	Neutral: No Action	n/a	9/11/2012: Update meeting
PIMCO Core Plus	No changes	No changes	Preferred: No Action	n/a	11/13/2012: Update meeting, onsite visit at PIMCO



Manager Executive Summary

Manager	Historical Staff & Organization Changes	Investment Process Changes	Focused Placement List	Watch List History	Latest Meeting with NEPC
Post Advisory	<p>March 2012: Jeff Lapin research analyst and Ralph Canada, Head of Marketing and Sales left.</p> <p>January 2013: Melinda Newman, Senior Portfolio Manager no longer with firm.</p>	No changes	Preferred: On Hold	<p>3/29/2011: Hold</p> <p>1/9/2012: No Action</p> <p>4/3/2012: Hold</p>	7/31/2012: Update on product and recent departures
KDP	No changes	No changes	Neutral: No Action	n/a	9/23/2011: Update meeting
Mondrian Global Bonds	No changes	No changes	Neutral: No Action	n/a	6/28/12- Firm and strategy update
Wellington Opportunistic Emerging Market Debt	No changes	No changes	Preferred: No Action	n/a	1/18/2013: Update meeting at Mondrian

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BlackRock TIPS	No changes	No changes	Preferred:No Action	4/12/2012: Preferred	7/29/2011: Annual onsite meeting.
Mellon Global Expanded Alpha I	10/28/2010: Helen Potter, Portfolio Manager March 2011: Michael Ho, CIO, is leaving Lex Hubert is returning to MCM	New, more diversified benchmark adds international and emerging small cap equities, high yield and emerging market debt. Changes to portfolio/benchmarked expected to occur at end of third quarter.	Preferred: Watch	1/19/2012: Preferred	5/22/2012: Update
AQR Global Risk Premium	No changes	No changes	Preferred: No Action	4/29/2010: Preferred	11/27/2012: Update
PIMCO All Asset	No changes	No changes	Preferred: No Action	n/a	5/1/2012: Reviewed recent performance, investment strategy, and market expectations.
Wellington OIF	November 2012: Mark Lynch hired as Portfolio Manager	No changes	Preferred: No Action	n/a	11/16/2012: Update meeting, discuss Mark Lynch as new Portfolio Manager



Manager Executive Summary

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Schroders	No changes	No changes	Preferred: No Action	n/a	12/20/2012: Update and market outlook
Grosvenor	No changes	No changes	Preferred: No Action	n/a	10/31/2012 : Q3 update
GAM	11/15/2011: Hire Anthony Lawler as a portfolio manager	Changes to build optionality/convexity into portfolio. Moving from singular downside protection/uncorrelated focus to also upside participation. Should be a positive for the strategy	Neutral: No Action	6/30/2010: Preferred 4/19/2012: Neutral	4/19/12 – Q4 performance update
Permal	10/1/2012: Mark Fetting, Chairman and Chief Executive Officer, has decided to step down effective October 1st.	No changes	Preferred: No Action	n/a	10/24/2012: Update, Q3 performance update