



Vermont Municipal Employees' Retirement System

Vermont Pension Investment Committee

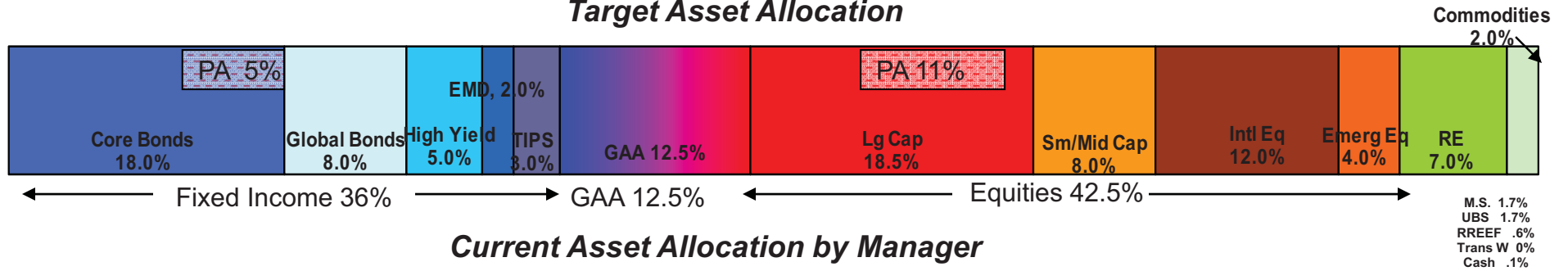
Plan Asset Allocation

Period Ending September 30, 2009

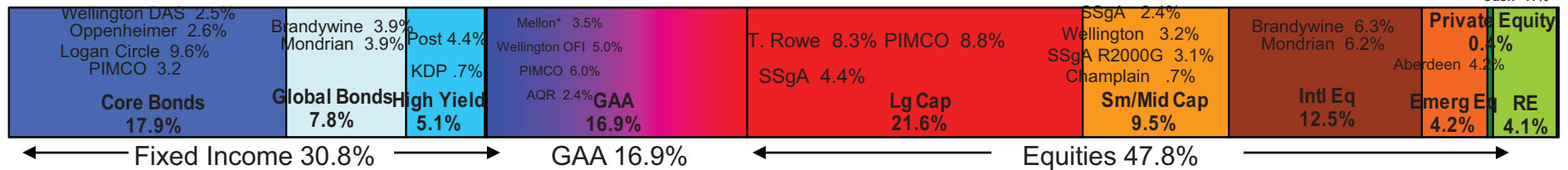


Asset Allocation

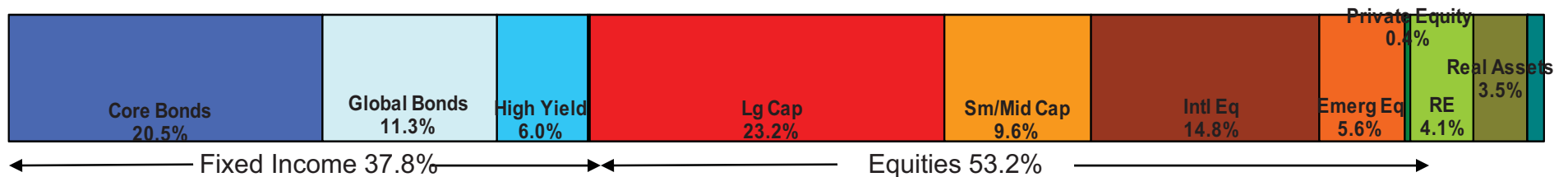
Target Asset Allocation



Current Asset Allocation by Manager



Current Asset Allocation by Asset Class



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

* See disclosure pages in appendix under manager analysis

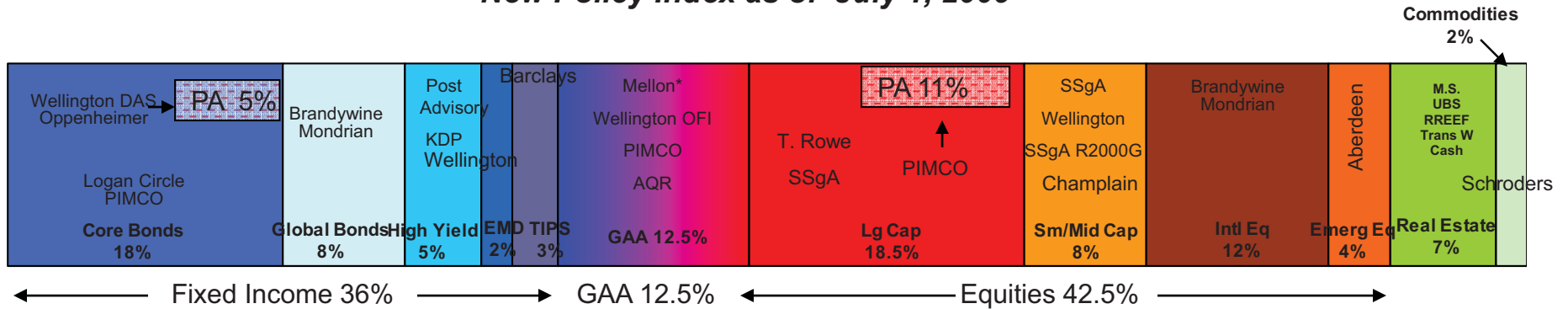
Vermont Pension Investment Committee

New Policy Asset Allocation and Risk Budgeting
 Period Ending September 30, 2009

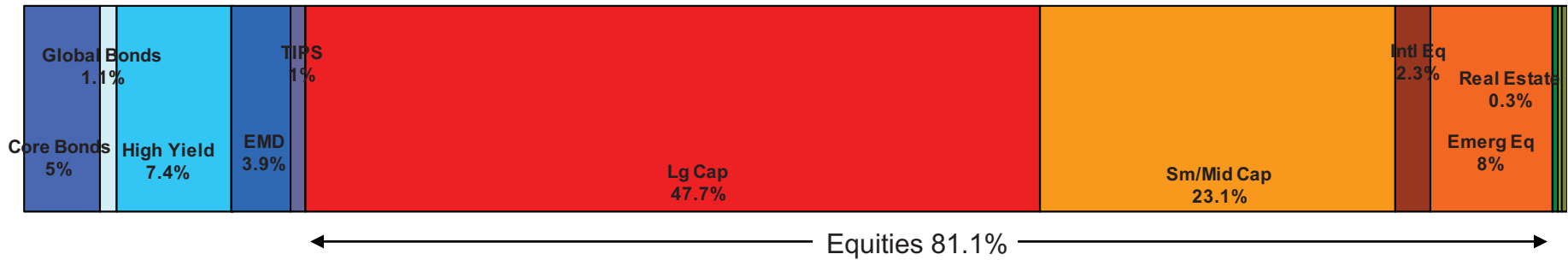


Asset Allocation

New Policy Index as of July 1, 2009



Actual Risk Allocation



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

* See disclosure pages in appendix under manager analysis



Asset Breakdown

	Domestic Large Core	Domestic Smid	Domestic Small Core	Domestic Small Value	Domestic Small Growth	Core Fixed	High Yield	Int'l Equity	Global Bonds	Real Estate	GAA	Private Investment	Cash	Total
Composite	\$66,149	\$2,220	\$7,489	\$9,746	\$9,529	\$54,859	\$15,807	\$51,117	\$23,801	\$12,544	\$51,822	\$1,166	\$123	\$306,372
T. Rowe	25,561	0	0	0	0	0	0	0	0	0	0	0	0	\$25,561
PIMCO	26,997	0	0	0	0	0	0	0	0	0	0	0	0	\$26,997
SSgA Equal Wgt	13,591	0	0	0	0	0	0	0	0	0	0	0	0	\$13,591
Champlain	0	2,220	0	0	0	0	0	0	0	0	0	0	0	\$2,220
SSgA R-2500	0	0	7,489	0	0	0	0	0	0	0	0	0	0	\$7,489
Wellington	0	0	0	9,746	0	0	0	0	0	0	0	0	0	\$9,746
SSgA R-2000 Growth	0	0	0	0	9,529	0	0	0	0	0	0	0	0	\$9,529
Acadian	0	0	0	0	0	0	0	19,186	0	0	0	0	0	\$19,186
Mondrian	0	0	0	0	0	0	0	18,979	0	0	0	0	0	\$18,979
Aberdeen	0	0	0	0	0	0	0	12,952	0	0	0	0	0	\$12,952
Logan Circle	0	0	0	0	0	29,453	0	0	0	0	0	0	0	\$29,453
Oppenheimer	0	0	0	0	0	7,904	0	0	0	0	0	0	0	\$7,904
Wellington DAS	0	0	0	0	0	7,742	0	0	0	0	0	0	0	\$7,742
PIMCO Core Plus	0	0	0	0	0	9,760	0	0	0	0	0	0	0	\$9,760
Post Advisory	0	0	0	0	0	0	13,587	0	0	0	0	0	0	\$13,587
KDP	0	0	0	0	0	0	2,220	0	0	0	0	0	0	\$2,220
Mondrian	0	0	0	0	0	0	0	0	11,881	0	0	0	0	\$11,881
Brandywine	0	0	0	0	0	0	0	0	11,920	0	0	0	0	\$11,920
Morgan Stanely	0	0	0	0	0	0	0	0	0	5,074	0	0	0	\$5,074
UBS Realty	0	0	0	0	0	0	0	0	0	5,343	0	0	0	\$5,343
RREEF	0	0	0	0	0	0	0	0	0	1,775	0	0	0	\$1,775
Transwestern	0	0	0	0	0	0	0	0	0	44	0	0	0	\$44
Real Estate Cash	0	0	0	0	0	0	0	0	0	308	0	0	0	\$308
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	10,786	0	0	\$10,786
PIMCO AA	0	0	0	0	0	0	0	0	0	0	18,377	0	0	\$18,377
Wellington OIF	0	0	0	0	0	0	0	0	0	0	15,269	0	0	\$15,269
AQR	0	0	0	0	0	0	0	0	0	0	7,390	0	0	\$7,390
Alt. Assets	0	0	0	0	0	0	0	0	0	0	0	1,166	0	\$1,166
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	123	\$123

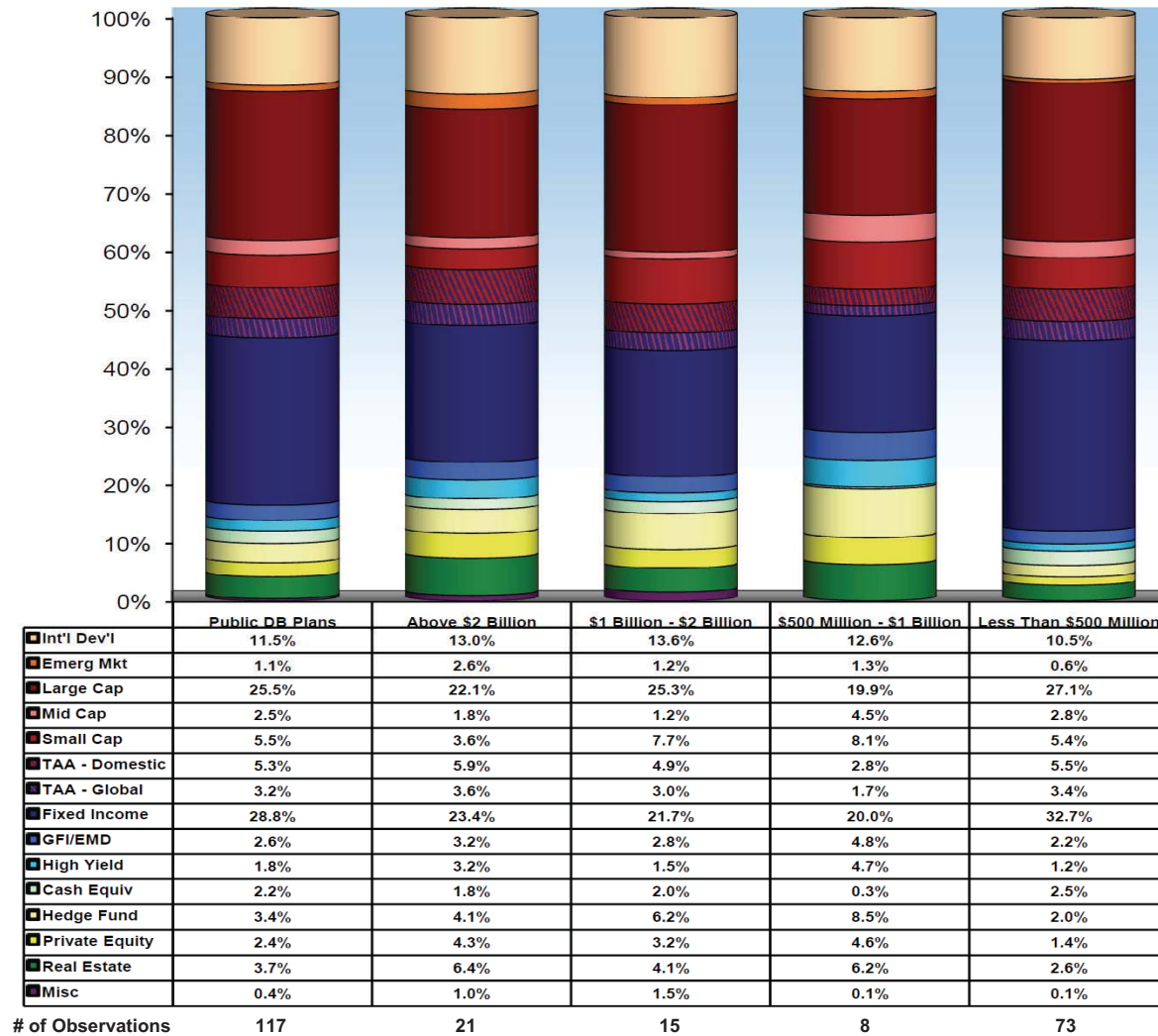
(Dollars in 000's)

ICC Public DB Plans – Average Asset Allocation

Period Ending June 30, 2009



Asset Allocation



Disclosure:

Allocations may not add to 100% due to rounding. Average asset allocations shown include all portfolios submitted to the ICC universe as of 9/25/09 for periods ending 6/30/09. Portfolios included correspond with the ICC universe requirements and exclude portfolios meeting the following criteria: 1) An allocation greater than 95% to one asset class and 2) Portfolios without an asset allocation.

VERMONT PENSION INVESTMENT COMMITTEE

Municipal Retirement System
 Period Ending September 30, 2009



Total Fund Asset Growth Summary

	One Quarter	Year to Date	One Year	Since Inception
MUNI COMPOSITE				
Beginning Market Value	265,853	236,338	282,392	163,148
Net External Growth	2,395	10,784	10,807	54,234
Return on Investment	38,126	59,251	13,174	88,991
Income Received	0	91	97	25,245
Gain/Loss	38,126	59,160	13,077	63,747
Ending Market Value	306,374	306,374	306,374	306,374
Return	14.3%	24.2%	4.0%	

VERMONT PENSION INVESTMENT COMMITTEE

POLICY INDEX

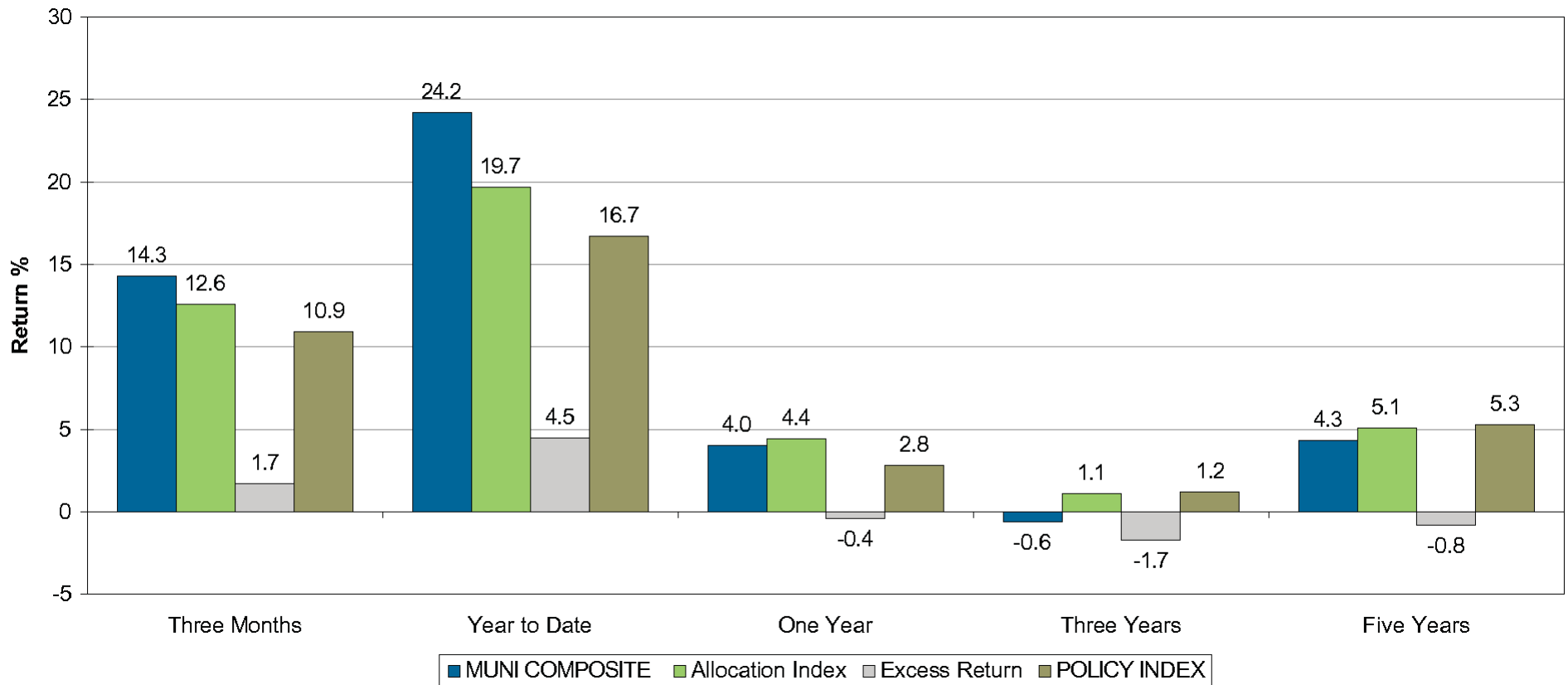
Benchmark:

Periods Ending September 30, 2009



Fund Performance vs. Benchmark

MUNI COMPOSITE



* Performance shown is gross of manager fees.

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

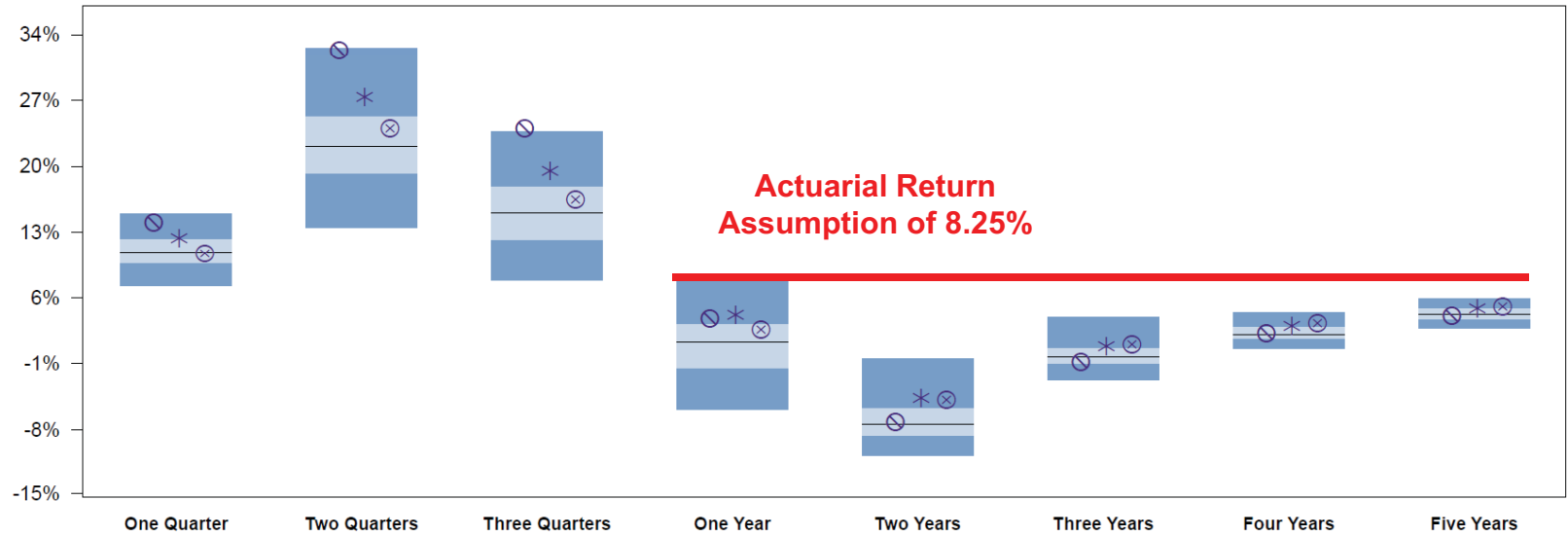


VERMONT PENSION INVESTMENT COMMITTEE

Municipal Retirement System
 Period Ending September 30, 2009



Total Public Funds – Total Rates of Return



	One Quarter	Two Quarters	Three Quarters	One Year	Two Years	Three Years	Four Years	Five Years
⊖ MUNI COMPOSITE	14.3	32.6	24.2	4.0	-7.0	-0.6	2.4	4.3
* Allocation Index	12.6	27.6	19.7	4.4	-4.4	1.1	3.2	5.1
⊗ POLICY INDEX	10.9	24.2	16.7	2.8	-4.6	1.2	3.5	5.3
5th Percentile	15.0	32.6	23.7	8.2	-0.5	3.9	4.4	5.9
25th Percentile	12.3	25.4	17.9	3.2	-5.7	0.7	2.9	4.9
50th Percentile	10.9	22.1	15.1	1.3	-7.4	-0.3	2.1	4.2
75th Percentile	9.6	19.2	12.1	-1.6	-8.7	-1.1	1.6	3.6
95th Percentile	7.3	13.5	7.8	-5.9	-11.0	-2.7	0.6	2.7

- **Policy Index:** Measures the effectiveness of *Plan Structure*. (Target asset class weights X Return of the respective passive benchmark)
- **Allocation Index:** Measures the effectiveness of *deviating from the target policy weights*. (Policy Index - Allocation Index) Allocation Index = weighted average return of the actual asset class weights and the return of the respective passive benchmark.
- **Composite:** Actual composite return = actual asset class weights times the actual manager return. Measures the *effectiveness of the managers*. (Actual composite return - Allocation Index)

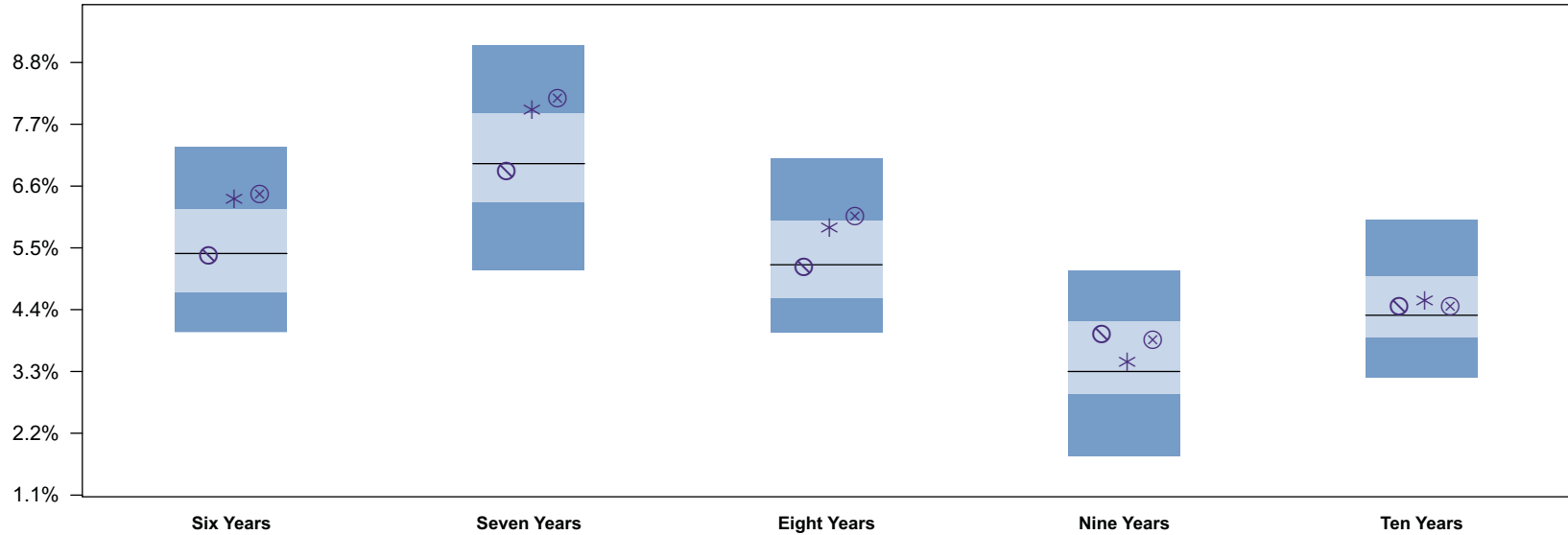
VERMONT PENSION INVESTMENT COMMITTEE

Total Fund - Universe: PUBLIC FUNDS (DB)

Periods Ending September 30, 2009



Total Fund Performance - Trailing Periods



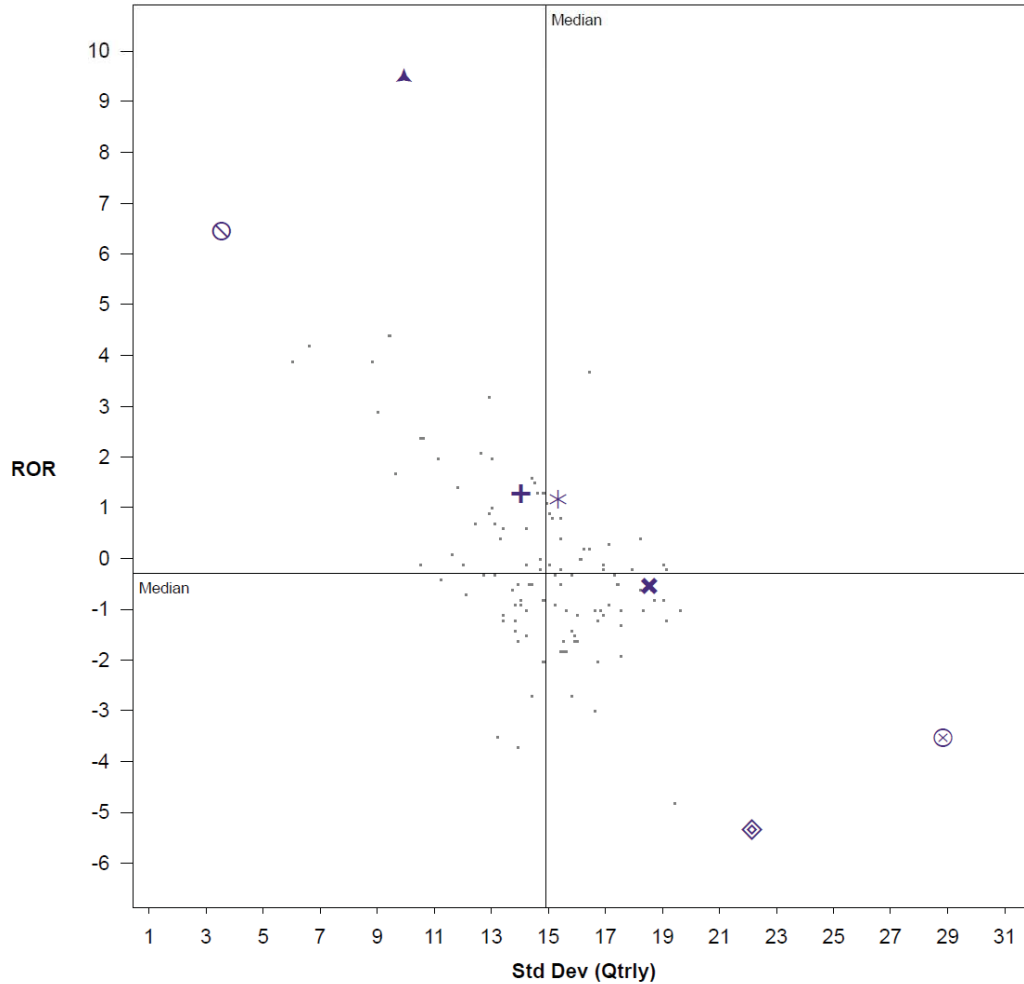
	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
○ MUNI COMPOSITE	5.4	50	6.9	53	5.2	51	4.0	30	4.5	43
* Allocation Index	6.4	18	8.0	23	5.9	26	3.5	43	4.6	38
⊗ POLICY INDEX	6.5	16	8.2	16	6.1	23	3.9	31	4.5	45
5th Percentile	7.3		9.1		7.1		5.1		6.0	
25th Percentile	6.2		7.9		6.0		4.2		5.0	
50th Percentile	5.4		7.0		5.2		3.3		4.3	
75th Percentile	4.7		6.3		4.6		2.9		3.9	
95th Percentile	4.0		5.1		4.0		1.8		3.2	

VERMONT PENSION INVESTMENT COMMITTEE

Municipal Retirement System
 Period Ending September 30, 2009



Total Fund Risk / Return Analysis – 3 Years



NAME	Return	Standard Deviation	Sharpe Ratio
x MUNI COMPOSITE	-0.6 59	18.6 93	
* Allocation Index	1.1 19	15.4 56	-0.1 20
+ POLICY INDEX	1.2 19	14.1 36	-0.1 21
◇ S&P 500	-5.4 100	22.2 100	-0.4 96
⊘ BC AGGREGATE	6.4 1	3.6 1	1.0 2
⊗ MSCI EAFE (NET)	-3.6 99	28.9 100	-0.2 61
▲ CITIGROUP WORLD GOV'T BOND	9.4 1	10.0 7	0.7 2
Median	-0.3	14.9	-0.2

Funded status as of Fiscal Year 2007 = 106.2%

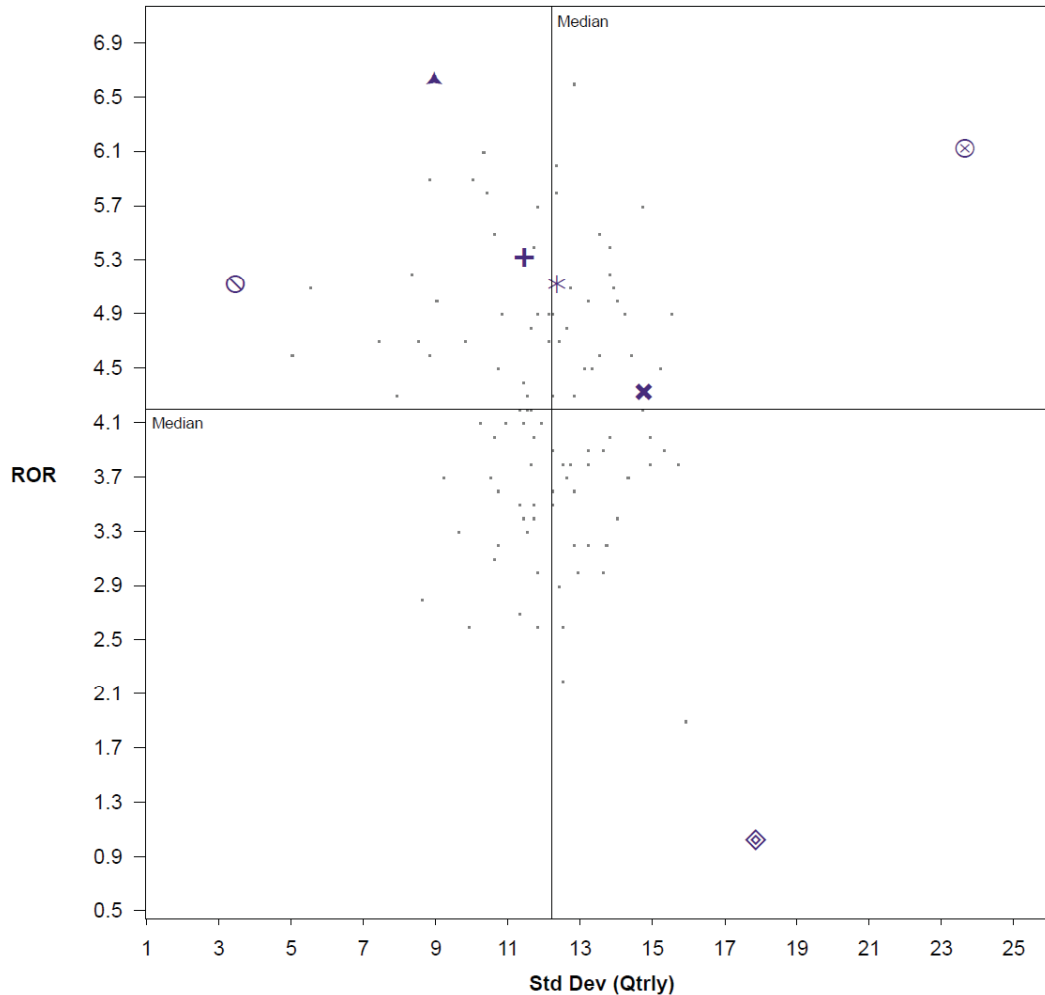
* Standard deviation is based on quarterly returns

VERMONT PENSION INVESTMENT COMMITTEE

Municipal Retirement System
 Period Ending September 30, 2009



Total Fund Risk / Return Analysis – 5 Years



NAME	Return	Standard Deviation	Sharpe Ratio
x MUNI COMPOSITE	4.3 46	14.8 92	
* Allocation Index	5.1 16	12.4 57	0.2 21
+ POLICY INDEX	5.3 15	11.5 33	0.2 16
◇ S&P 500	1.0 100	17.9 100	-0.1 100
⊘ BC AGGREGATE	5.1 16	3.5 1	0.6 2
⊗ MSCI EAFE (NET)	6.1 3	23.7 100	0.1 34
▲ CITIGROUP WORLD GOVT BOND	6.6 1	9.0 9	0.4 2
Median	4.2	12.2	0.1

Funded status as of Fiscal Year 2007 = 106.2%

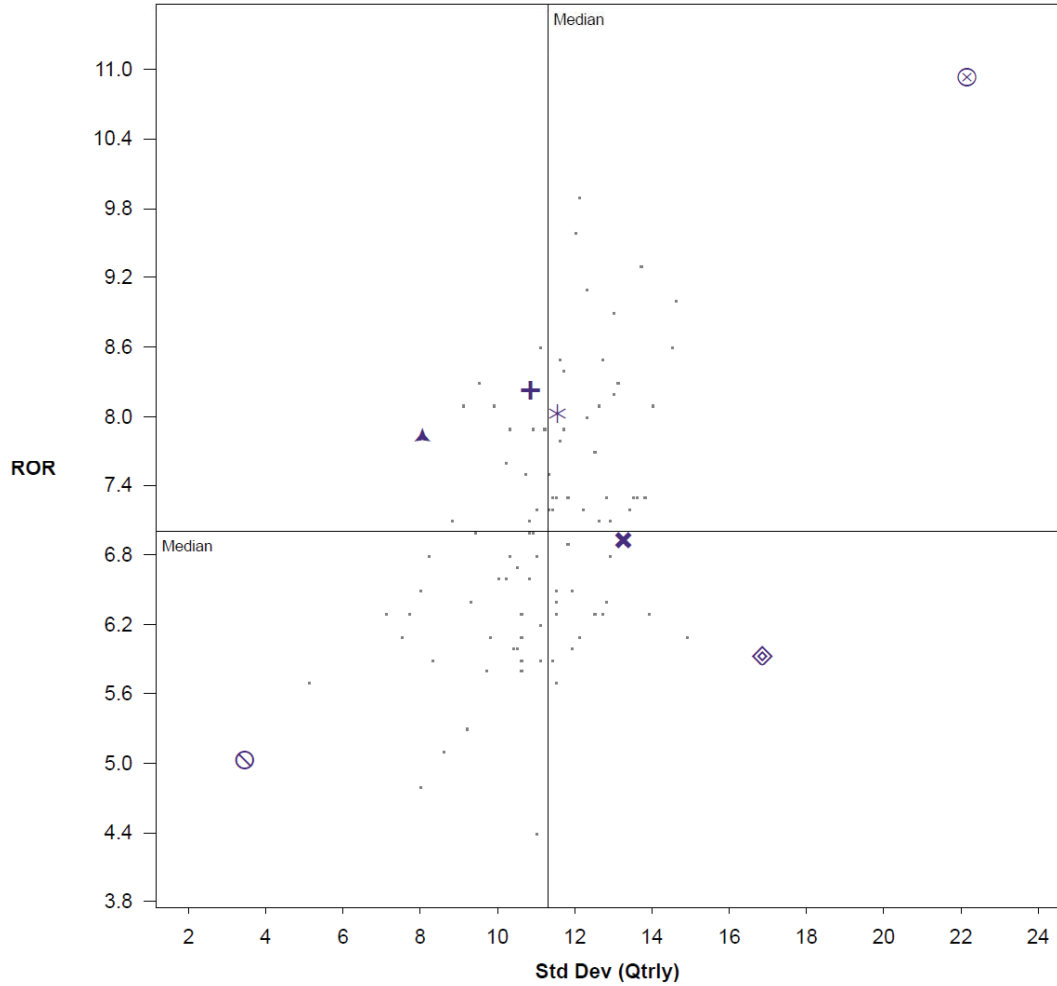
* Standard deviation is based on quarterly returns

VERMONT PENSION INVESTMENT COMMITTEE

Municipal Retirement System
 Period Ending September 30, 2009



Total Fund Risk / Return Analysis – 7 Years



NAME	Return	Standard Deviation	Sharpe Ratio
✕ MUNI COMPOSITE	6.9 53	13.3 91	
* Allocation Index	8.0 23	11.6 60	0.5 26
+ POLICY INDEX	8.2 16	10.9 40	0.5 13
◇ S&P 500	5.9 90	16.9 100	0.2 90
⊘ BC AGGREGATE	5.0 96	3.5 1	0.7 2
⊗ MSCI EAFE (NET)	10.9 2	22.2 100	0.4 56
▲ CITIGROUP WORLD GOV'T BOND	7.8 29	8.1 9	0.6 2
Median	7.0	11.3	0.4

Funded status as of Fiscal Year 2007 = 106.2%

* Standard deviation is based on quarterly returns

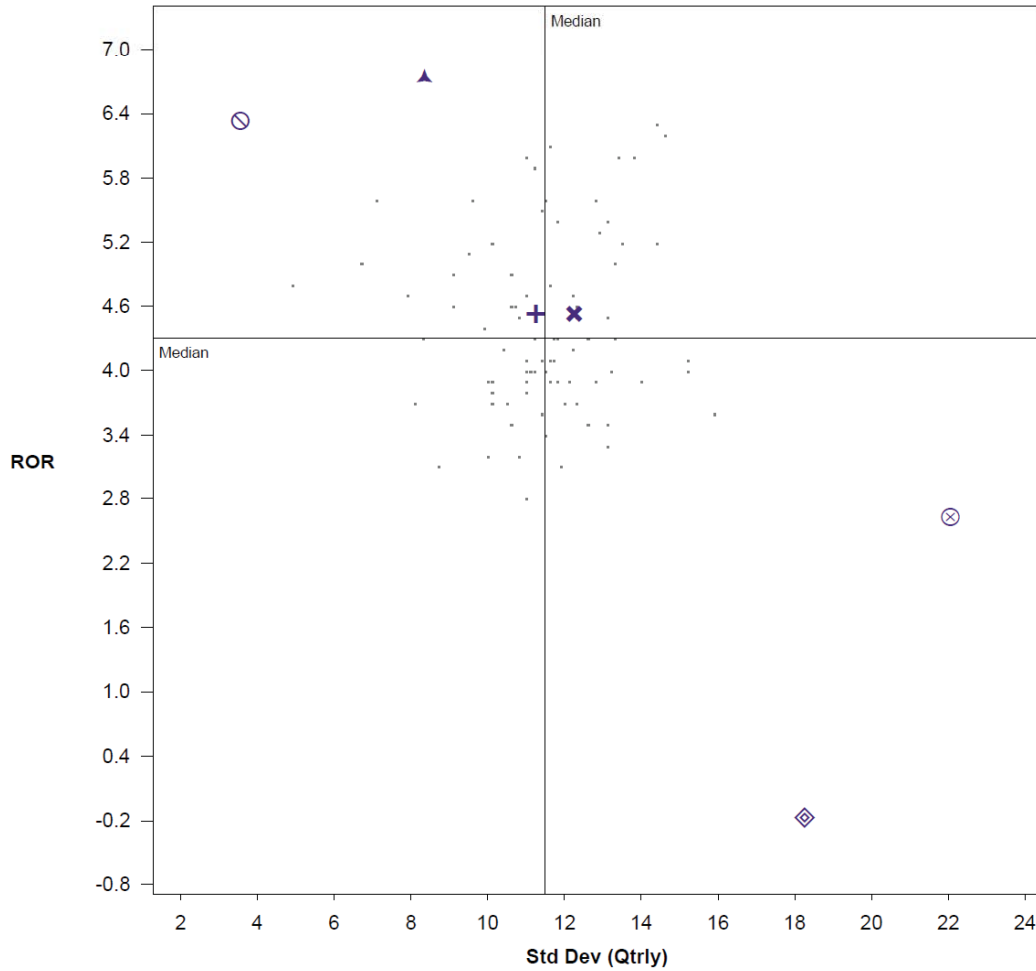


VERMONT PENSION INVESTMENT COMMITTEE

Municipal Retirement System
 Period Ending September 30, 2009



Total Fund Risk / Return Analysis – 10 Years



NAME	Return	Standard Deviation	Sharpe Ratio
✖ MUNI COMPOSITE	4.5 43	12.3 74	
+ POLICY INDEX	4.5 45	11.3 47	0.1 35
◇ S&P 500	-0.2 100	18.3 99	-0.2 99
⊙ BC AGGREGATE	6.3 3	3.6 1	0.9 2
⊗ MSCI EAFE (NET)	2.6 100	22.1 99	-0.0 93
▲ CITIGROUP WORLD GOVT BOND	6.7 2	8.4 9	0.4 5
Median	4.3	11.5	0.1

Funded status as of Fiscal Year 2007 = 106.2%

* Standard deviation is based on quarterly returns

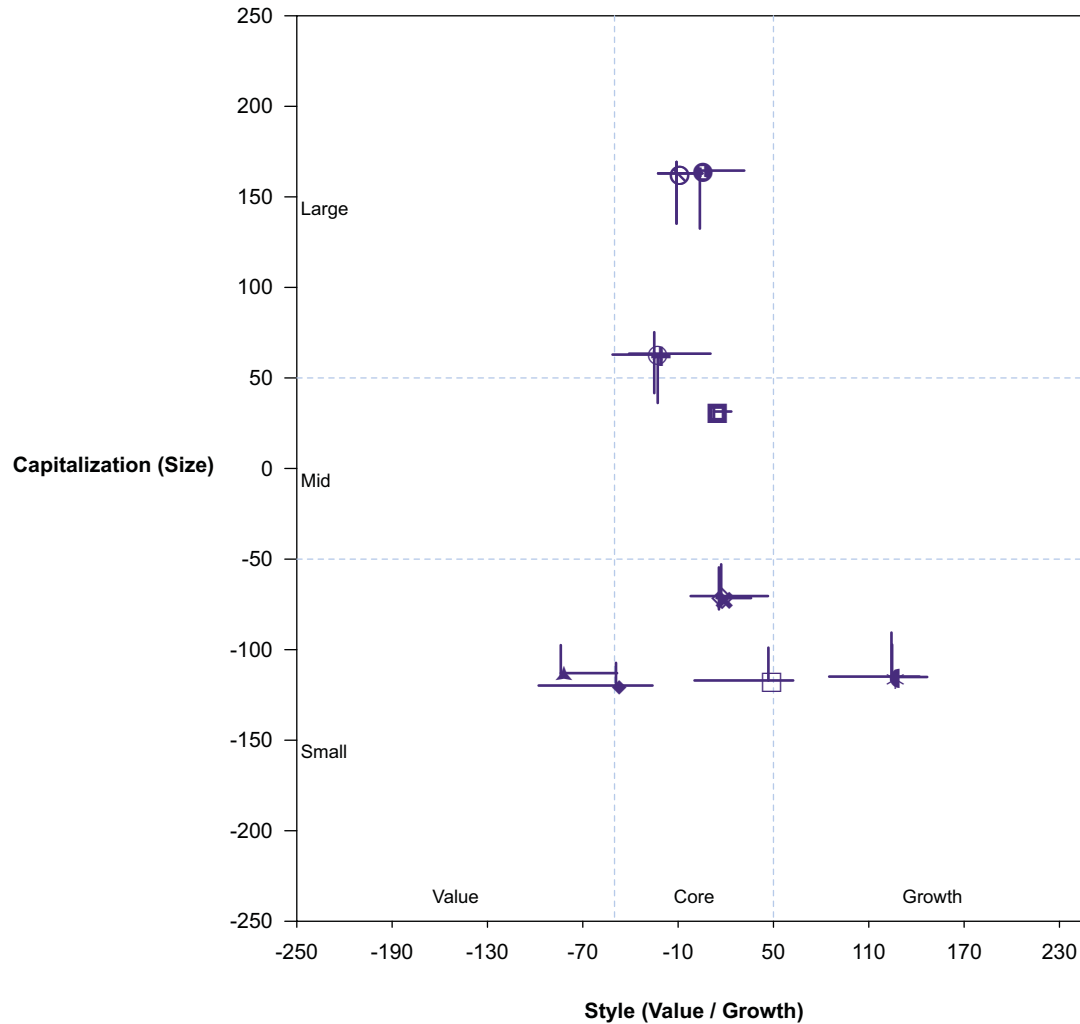
VERMONT PENSION INVESTMENT COMMITTEE

Equity Funds

Period Ending September 30, 2009



Equity Style Analysis - Drift Over Time



FUND	Style (Value / Growth)	Capitalization (Size)
MUNI COMPOSITE	12.6	31.5
LARGE CAP EQ		
○ S&P 500	-11.0	163.0
● T. ROWE	3.7	164.5
○ S&P 500	-11.0	163.0
+ SSGA EQ WEIGHT	-22.8	62.9
⊗ S&P 500 (EQL WGHTD)	-25.0	63.4
SMALL CAP EQ		
□ RUSSELL 2000	46.8	-117.0
× SSGA R-2500	17.1	-71.5
◇ RUSSELL 2500	15.7	-70.4
▲ WELLINGTON	-83.8	-113.0
◆ RUSSELL 2000 VALUE	-49.1	-119.8
* SSGA R-2000 G	124.7	-115.1
● RUSSELL 2000 GROWTH	124.3	-114.9

* Equity style analysis is based on Morningstar Size and VCG Scores and Morningstar Style Box(TM) methodology

