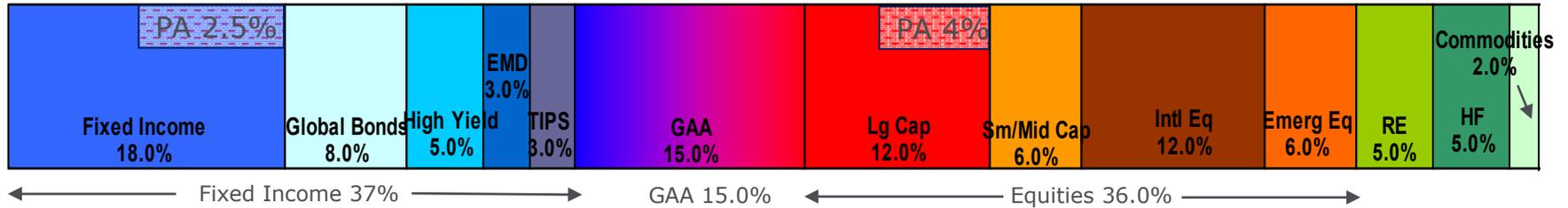


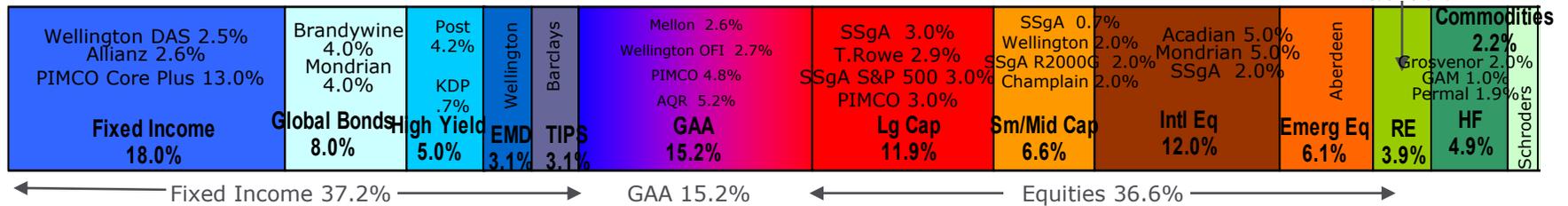
# **Vermont State Employees' Retirement System**

# Total Plan Asset Allocation

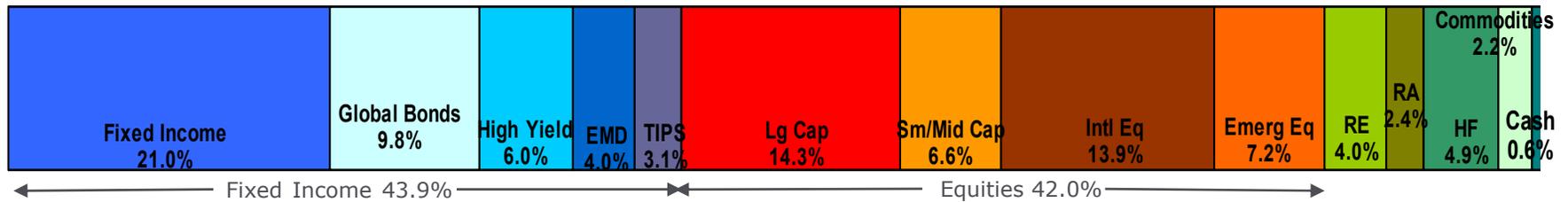
## Target Asset Allocation



## Current Asset Allocation by Manager



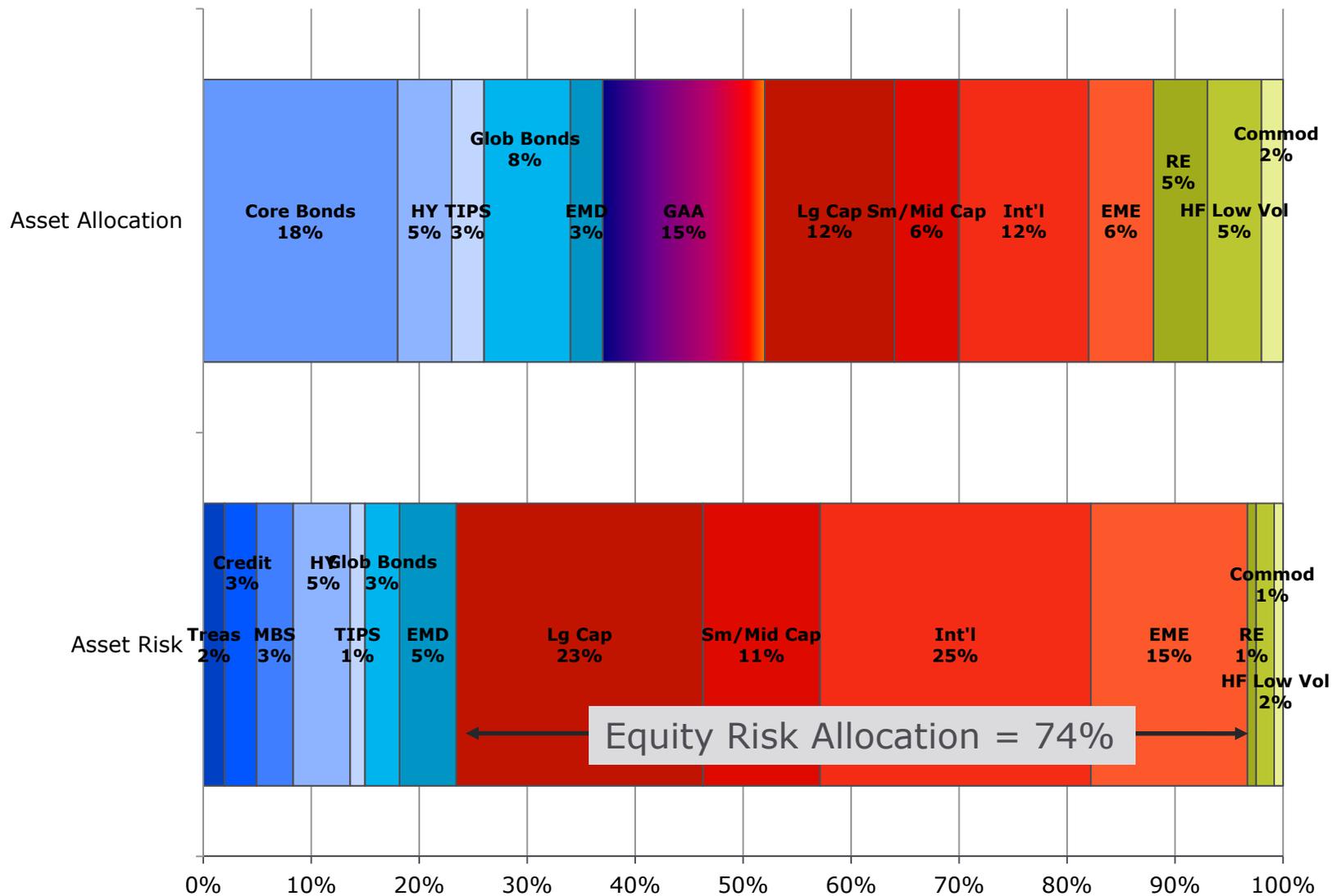
## Current Asset Allocation by Asset Class



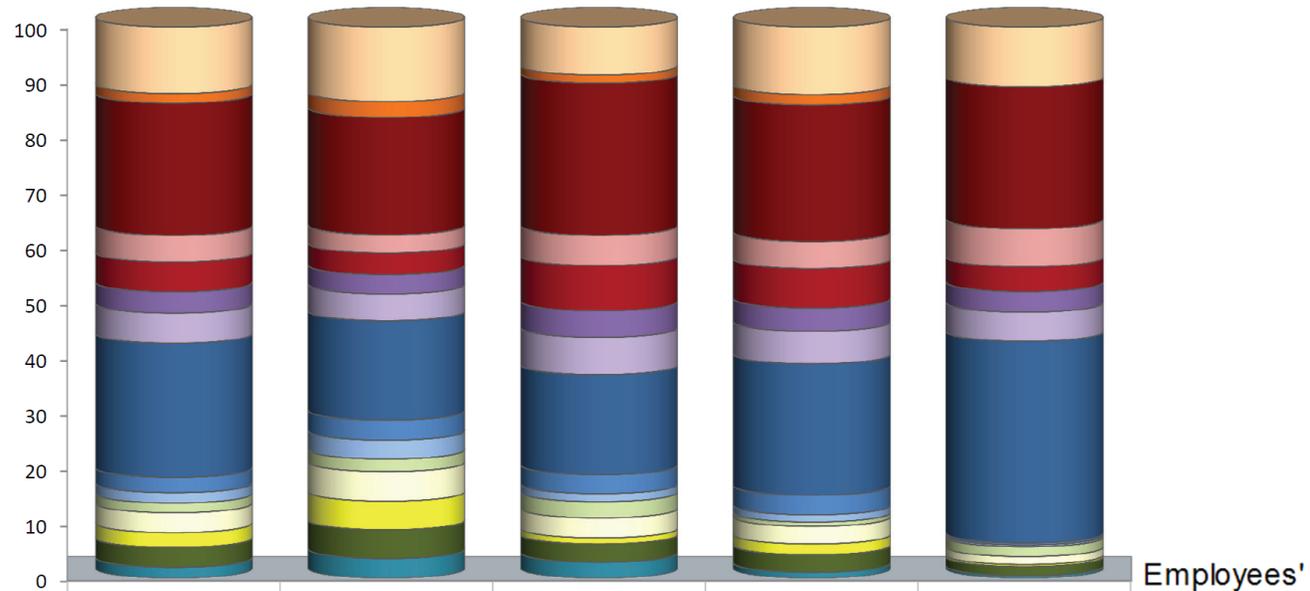
Numbers may not add up to 100% due to rounding.



# Policy Asset Allocation and Risk Budgeting



# ICC Public DB Plans – Average Asset Allocation



	ICC Public DB	Above \$1Billion	\$500M-\$1 Billion	\$100M-\$500 Million	Less Than \$100 Million	Employees'
Observations	113	42	10	33	28	
Int'l Dev'l	12.1	13.6	8.7	12.3	10.9	12.0
Emerg Mkt	1.8	2.9	1.5	1.9	0.0	6.1
Large Cap	24.0	21.3	27.6	24.7	25.8	11.9
Mid Cap	4.9	3.3	5.5	4.9	6.9	2.6
Small Cap	5.4	3.9	8.2	7.2	4.5	4.0
TAA - Domestic	3.9	3.5	4.8	4.2	3.7	0.0
TAA - Global	5.4	4.9	6.8	5.9	5.3	15.2
Fixed Income	24.3	18.0	18.1	23.8	36.6	21.0
GFI/EMD	2.8	3.7	3.4	3.5	0.4	11.1
High Yield	1.9	3.4	1.5	1.3	0.3	5.0
Cash Equiv	1.8	2.3	2.9	0.8	1.8	0.0
Hedge Fund	3.6	5.4	3.6	3.2	1.4	4.9
Private Equity	2.7	5.2	1.1	2.0	0.4	0.1
Real Estate	3.6	5.2	3.3	3.2	1.7	3.9
Misc	2.0	3.6	2.9	1.1	0.5	2.2

**Disclosure:**

Allocations may not add to 100% due to rounding. Average asset allocations shown include all portfolios submitted to the ICC universe as of 6/29/11 for periods ending 3/31/11. 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 Small Core	Domestic Small Value	Domestic Small Growth	Core Fixed	High Yield	TIPS	Int'l Equity	EMD	Global Bonds	Real Estate	GAA	Other	Cash	Total
<b>Composite</b>	\$162,723	\$27,177	\$9,017	\$27,164	\$26,792	\$248,455	\$68,391	\$42,320	\$248,344	\$42,776	\$109,579	\$53,153	\$208,704	\$97,465	\$342	\$1,372,402
T. Rowe	40,390	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$40,390
PIMCO	40,793	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$40,793
SSgA Equal Wgt	40,546	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$40,546
SSgA S&P 500	40,994	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$40,994
Champlain	0	27,177	0	0	0	0	0	0	0	0	0	0	0	0	0	\$27,177
SSgA R-2500	0	0	9,017	0	0	0	0	0	0	0	0	0	0	0	0	\$9,017
Wellington	0	0	0	27,164	0	0	0	0	0	0	0	0	0	0	0	\$27,164
SSgA R-2000 Growth	0	0	0	0	26,792	0	0	0	0	0	0	0	0	0	0	\$26,792
Acadian	0	0	0	0	0	0	0	0	68,325	0	0	0	0	0	0	\$68,325
Mondrian	0	0	0	0	0	0	0	0	68,572	0	0	0	0	0	0	\$68,572
SSgA ACWI ex US	0	0	0	0	0	0	0	0	27,629	0	0	0	0	0	0	\$27,629
Aberdeen	0	0	0	0	0	0	0	0	83,818	0	0	0	0	0	0	\$83,818
Allianz	0	0	0	0	0	35,709	0	0	0	0	0	0	0	0	0	\$35,709
Wellington DAS	0	0	0	0	0	34,282	0	0	0	0	0	0	0	0	0	\$34,282
PIMCO Core Plus	0	0	0	0	0	178,465	0	0	0	0	0	0	0	0	0	\$178,465
Post Advisory	0	0	0	0	0	0	58,242	0	0	0	0	0	0	0	0	\$58,242
KDP	0	0	0	0	0	0	10,149	0	0	0	0	0	0	0	0	\$10,149
Wellington EMD	0	0	0	0	0	0	0	0	0	42,776	0	0	0	0	0	\$42,776
Barclays	0	0	0	0	0	0	0	42,320	0	0	0	0	0	0	0	\$42,320
Mondrian	0	0	0	0	0	0	0	0	0	0	55,245	0	0	0	0	\$55,245
Brandywine	0	0	0	0	0	0	0	0	0	0	54,334	0	0	0	0	\$54,334
Morgan Stanley	0	0	0	0	0	0	0	0	0	0	0	22,512	0	0	0	\$22,512
UBS Realty	0	0	0	0	0	0	0	0	0	0	0	21,592	0	0	0	\$21,592
RREEF	0	0	0	0	0	0	0	0	0	0	0	8,727	0	0	0	\$8,727
Transwestern	0	0	0	0	0	0	0	0	0	0	0	322	0	0	0	\$322
Real Estate Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	0	0	35,251	0	0	\$35,251
PIMCO AA	0	0	0	0	0	0	0	0	0	0	0	0	65,873	0	0	\$65,873
Wellington OIF	0	0	0	0	0	0	0	0	0	0	0	0	36,897	0	0	\$36,897
AQR	0	0	0	0	0	0	0	0	0	0	0	0	70,683	0	0	\$70,683
Alt. Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	1,007	0	\$1,007
Grosvenor	0	0	0	0	0	0	0	0	0	0	0	0	0	26,799	0	\$26,799
GAM	0	0	0	0	0	0	0	0	0	0	0	0	0	13,172	0	\$13,172
Permal	0	0	0	0	0	0	0	0	0	0	0	0	0	26,693	0	\$26,693
Schroders	0	0	0	0	0	0	0	0	0	0	0	0	0	29,794	0	\$29,794
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	342	\$342

(Dollars in 000's)



# Total Fund Asset Growth Summary

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

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

	One Quarter	Year to Date	One Year
<b>ERS COMPOSITE</b>			
Beginning Market Value	1,356,112	1,320,867	1,160,073
Net External Growth	-8,529	-18,575	-30,806
Return on Investment	24,819	70,111	243,136
Income Received	49	49	125
Gain/Loss	24,770	70,062	243,011
Ending Market Value	1,372,402	1,372,402	1,372,402

Return      1.8%      5.3%      21.2%



# Fund Performance vs. Benchmark

## VERMONT STATE EMPLOYEES

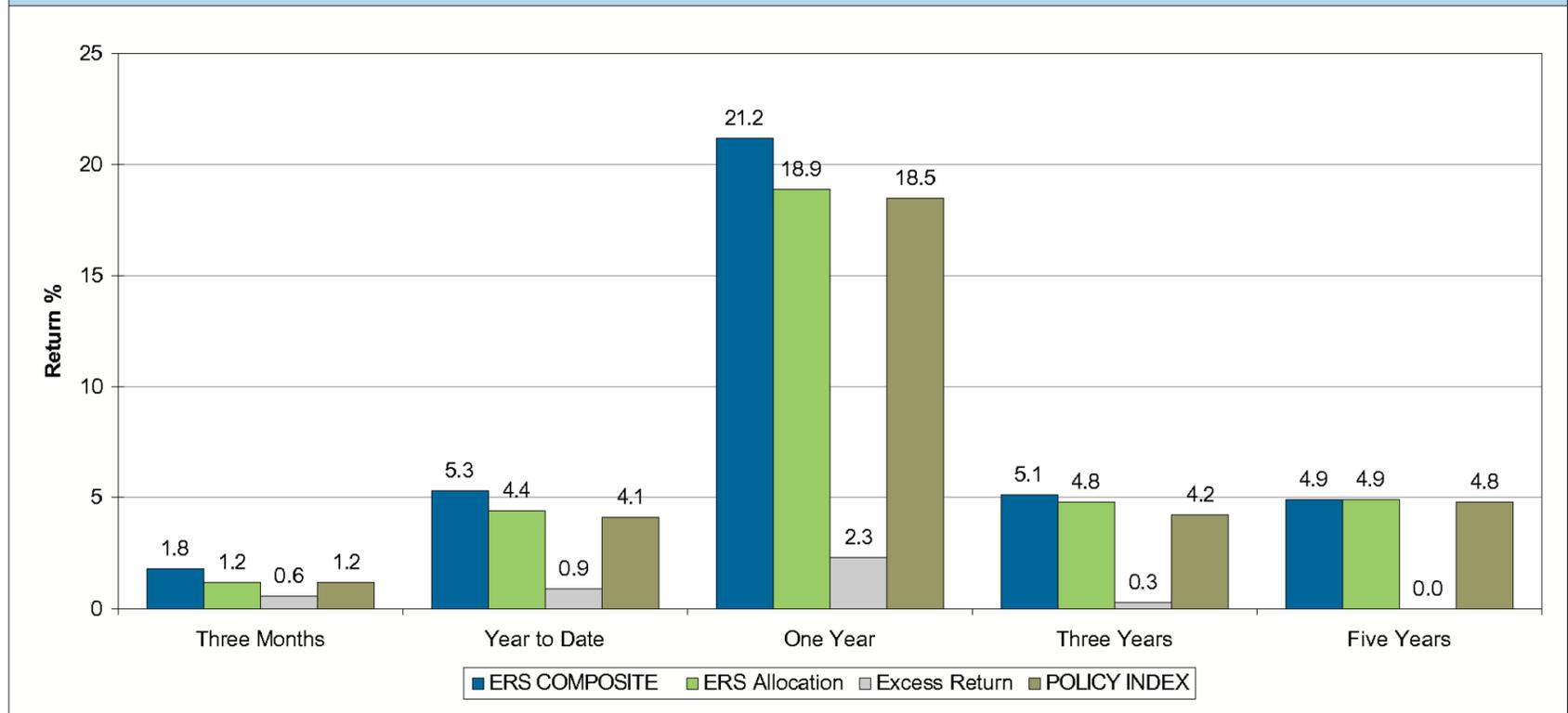
POLICY INDEX

Benchmark:

Periods Ending June 30, 2011

### Fund Performance vs. Benchmark

#### ERS COMPOSITE



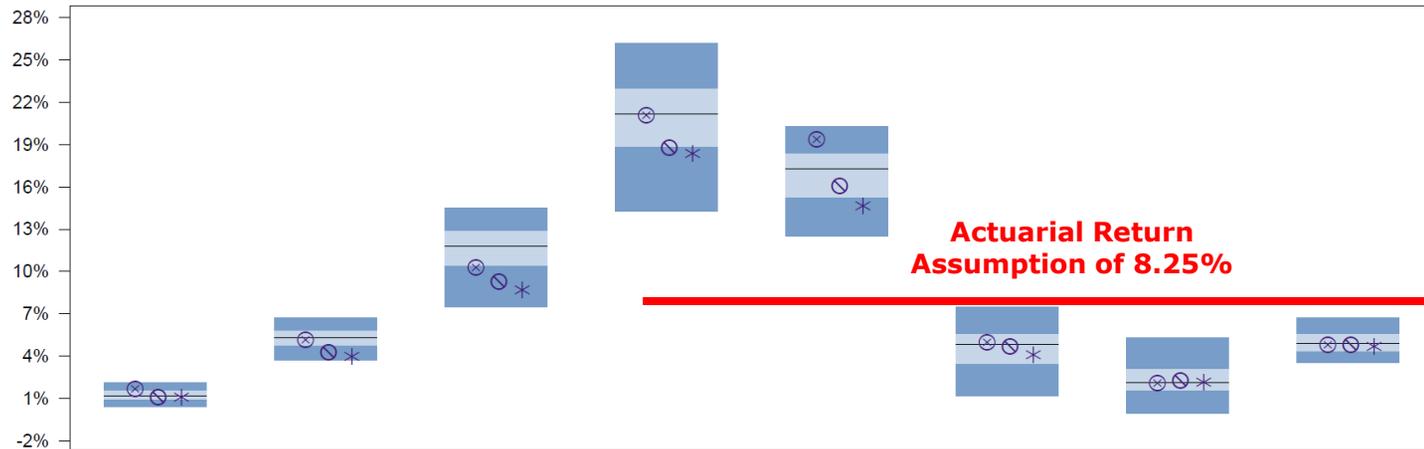
# Total Public Funds Performance

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending June 30, 2011

### Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ ERS COMPOSITE	1.8	10	5.3	47	10.4	74	21.2	52	19.5	14	5.1	42	2.2	48	4.9	49
⊙ ERS Allocation	1.2	54	4.4	84	9.4	86	18.9	75	16.2	63	4.8	52	2.4	43	4.9	51
* POLICY INDEX	1.2	43	4.1	90	8.8	91	18.5	81	14.8	80	4.2	63	2.3	45	4.8	56
5th Percentile	2.1		6.7		14.5		26.2		20.3		7.5		5.3		6.7	
25th Percentile	1.6		5.8		12.9		23.0		18.4		5.6		3.1		5.6	
50th Percentile	1.2		5.3		11.8		21.2		17.3		4.8		2.1		4.9	
75th Percentile	0.9		4.7		10.4		18.8		15.2		3.4		1.5		4.3	
95th Percentile	0.4		3.7		7.5		14.3		12.5		1.2		-0.1		3.5	

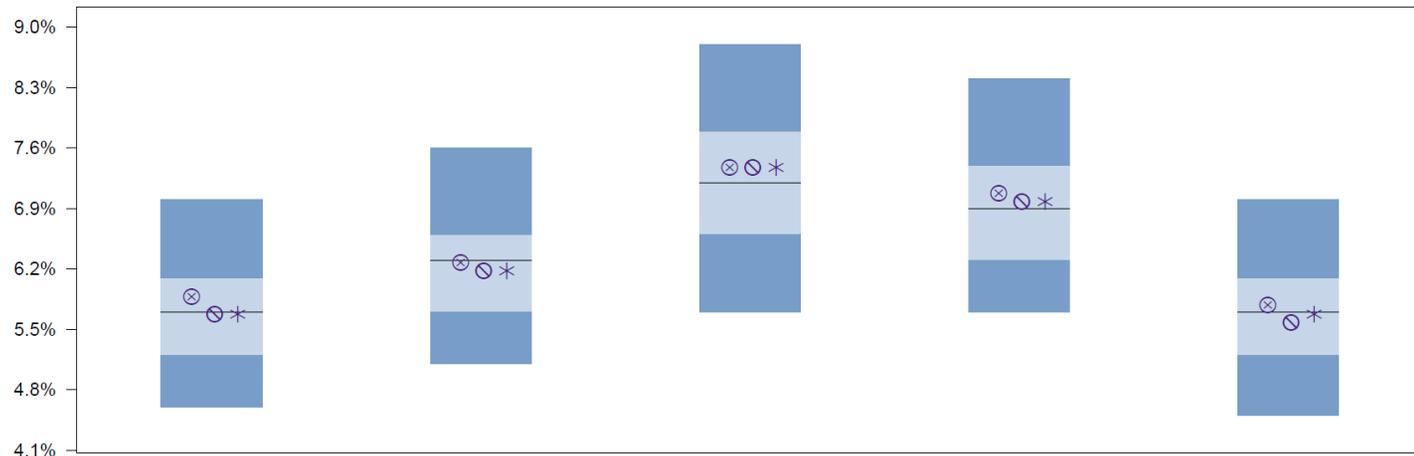
# Total Public Funds Performance

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending June 30, 2011

### Total Fund Performance - Trailing Periods



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊗ <b>ERS COMPOSITE</b>	5.9 37	6.3 47	7.4 40	7.1 38	5.8 36
⊙ ERS Allocation	5.7 49	6.2 55	7.4 42	7.0 44	5.6 53
* <b>POLICY INDEX</b>	5.7 51	6.2 53	7.4 40	7.0 43	5.7 39
5th Percentile	7.0	7.6	8.8	8.4	7.0
25th Percentile	6.1	6.6	7.8	7.4	6.1
50th Percentile	5.7	6.3	7.2	6.9	5.7
75th Percentile	5.2	5.7	6.6	6.3	5.2
95th Percentile	4.6	5.1	5.7	5.7	4.5

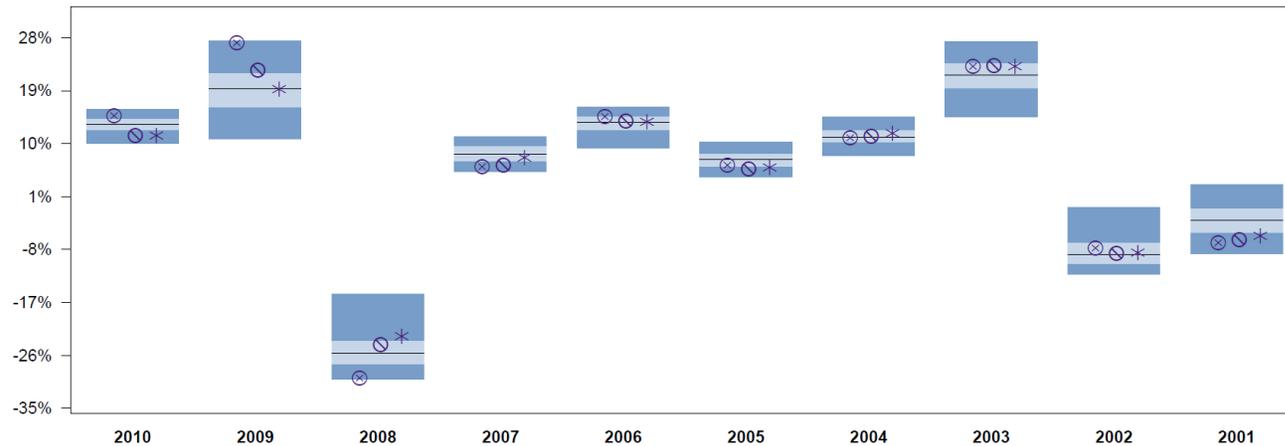
# Total Public Funds Performance

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2010

### Total Fund Performance - One Year Time Periods



	2010	9	2009	6	2008	92	2007	84	2006	23	2005	67	2004	47	2003	29	2002	35	2001	90
⊗ ERS COMPOSITE	15.1		27.4		-29.6		6.4		14.9		6.6		11.3		23.4		-7.5		-6.6	
⊙ ERS Allocation	11.7	82	22.8	22	-23.9	35	6.6	81	14.1	36	6.0	76	11.5	40	23.6	26	-8.3	48	-6.0	84
* POLICY INDEX	11.7	82	19.5	49	-22.5	18	7.9	56	14.0	40	6.3	71	12.1	30	23.4	28	-8.2	45	-5.4	80
5th Percentile	15.9		27.5		-15.6		11.2		16.2		10.3		14.5		27.3		-0.8		3.1	
25th Percentile	14.3		22.0		-23.4		9.6		14.7		8.3		12.4		23.7		-6.8		-0.9	
50th Percentile	13.2		19.4		-25.6		8.2		13.6		7.3		11.1		21.7		-8.8		-3.0	
75th Percentile	12.2		16.1		-27.6		6.9		12.2		6.0		10.1		19.4		-10.5		-5.2	
95th Percentile	10.0		10.8		-30.1		5.3		9.2		4.3		8.0		14.5		-12.2		-8.7	

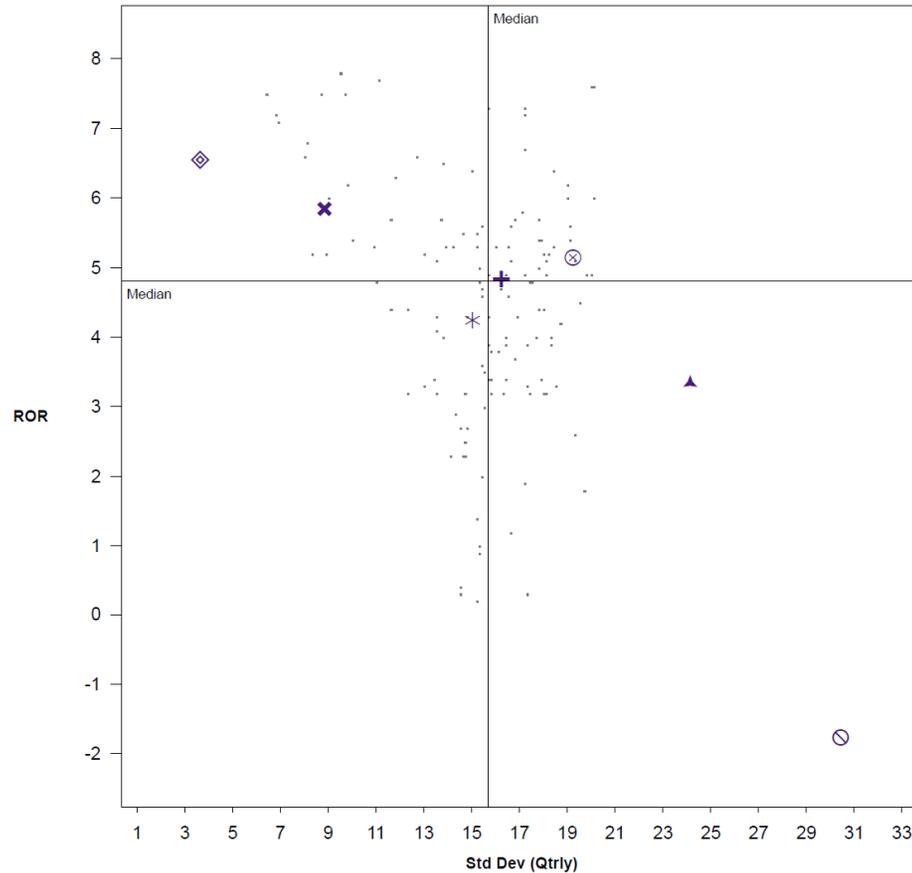
# Risk vs. Return Analysis – 3 Years

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending June 30, 2011

### Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	5.1 42	19.3 94	0.2 62
+ ERS Allocation	4.8 52	16.3 57	0.3 51
* POLICY INDEX	4.2 63	15.1 37	0.3 59
▲ S&P 500	3.3 76	24.2 100	0.1 90
◇ BC AGGREGATE	6.5 14	3.7 1	1.7 1
⊘ MSCI EAFE (NET)	-1.8 100	30.5 100	-0.1 100
✱ Citigroup WGBI (All Maturities)	5.8 20	8.9 6	0.6 9
Median	4.8	15.7	0.3

**Funded status as of Fiscal Year 2011 = 81.2%**



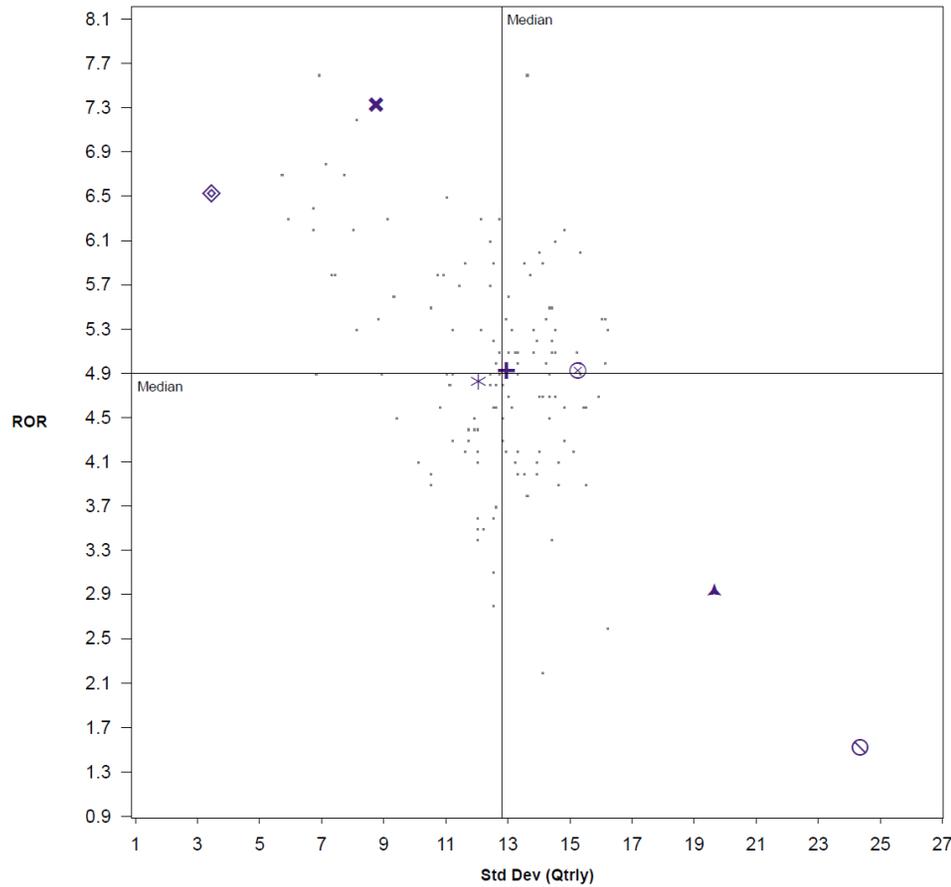
# Risk vs. Return Analysis – 5 Years

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending June 30, 2011

### Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	4.9 49	15.3 92	0.2 69
+ ERS Allocation	4.9 51	13.0 53	0.2 54
* POLICY INDEX	4.8 56	12.1 34	0.2 47
▲ S&P 500	2.9 98	19.7 100	0.0 97
◇ BC AGGREGATE	6.5 6	3.5 1	1.3 1
⊘ MSCI EAFE (NET)	1.5 100	24.4 100	-0.0 99
✕ Citigroup WGBI (All Maturities)	7.3 3	8.8 10	0.6 5
Median	4.9	12.8	0.2

**Funded status as of Fiscal Year 2011 = 81.2%**



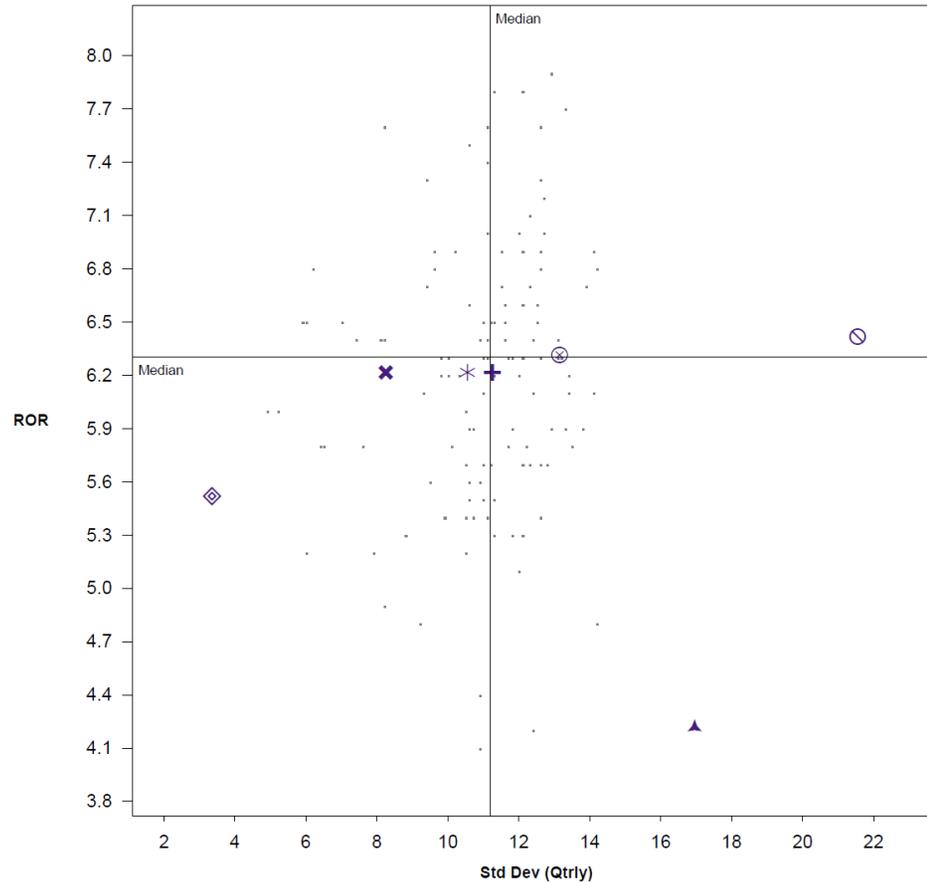
# Risk vs. Return Analysis – 7 Years

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending June 30, 2011

### Risk vs. Return - 7 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	6.3 47	13.2 90	0.3 75
+ ERS Allocation	6.2 55	11.3 55	0.3 60
* POLICY INDEX	6.2 53	10.6 32	0.4 45
▲ S&P 500	4.2 100	17.0 100	0.1 99
◇ BC AGGREGATE	5.5 84	3.4 1	0.9 1
○ MSCI EAFE (NET)	6.4 36	21.6 100	0.2 97
✕ Citigroup WGBI (All Maturities)	6.2 52	8.3 13	0.5 18
Median	6.3	11.2	0.4

**Funded status as of Fiscal Year 2011 = 81.2%**

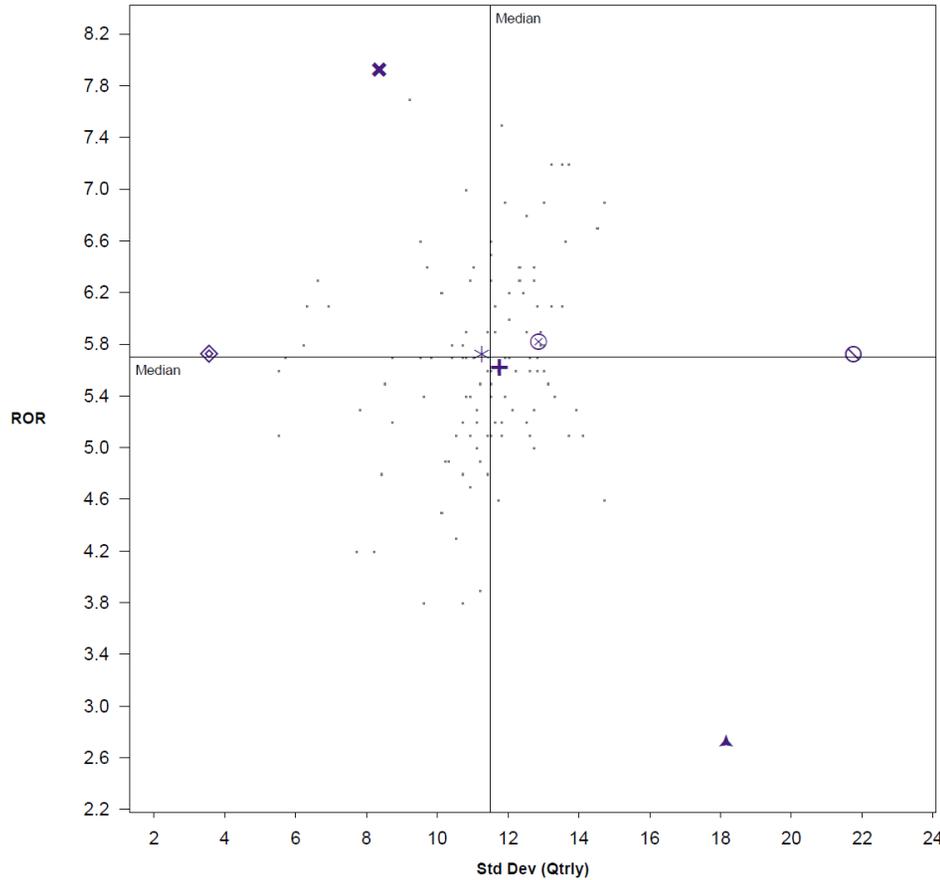


# Risk vs. Return Analysis – 10 Years

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)  
 Period Ending June 30, 2011

Risk vs. Return - 10 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	5.8 36	12.9 84	0.3 65
+ ERS Allocation	5.6 53	11.8 58	0.3 61
* POLICY INDEX	5.7 39	11.3 43	0.3 47
▲ S&P 500	2.7 100	18.2 100	0.0 99
◇ BC AGGREGATE	5.7 39	3.6 1	1.0 2
○ MSCI EAFE (NET)	5.7 48	21.8 100	0.2 99
✕ Citigroup WGBI (All Maturities)	7.9 1	8.4 9	0.7 2
Median	5.7	11.5	0.3

**Funded status as of Fiscal Year 2011 = 81.2%**

