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Vermont Pension Investment Committee

Fourth Fiscal Quarter 2017 Preliminary Investment Performance Analysis

September 26, 2017

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NEPC Update



Highlights of Second Quarter Happenings at NEPC

June 30, 2017

NEPC Insights

- 2017 First Quarter Market Thoughts (April 2017)
- The French Election – A Sigh of Relief (May 2017)
- An Insight into a Goals-Based Asset Allocation Framework (May 2017)
- The Essential Guide to Third-Party Valuations for Hedge Fund Investors (May 2017)
- Market Chatter: What's Next for Puerto Rico Bondholders? (June 2017)
- Are US Equities Falling out of Favor? (June 2017)

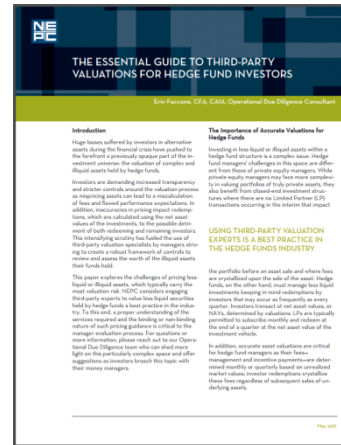
Webinar Replays

- NEPC's 7th Annual Investment Manager Webinar (May 2017)

To download NEPC's recent insights and webinar replays, visit: www.NEPC.com/insights

Conference Recap

- NEPC hosted its 22nd Annual Investment Conference in Boston in May. This year's agenda focused on the uncertainty and challenges facing investors today. Over 200 NEPC clients attended the panel discussions, keynote presentations and breakout sessions. Thank you to everyone who took time out of their schedules to make this conference our biggest and, according to our attendees, our best one yet! Check out some pictures from the event here: <http://info.nepc.com/nepc-22nd-annual-investment-conference>



Recent Updates

- Healthcare Financial Management Association (HFMA) has awarded NEPC's Healthcare practice with the "Peer Reviewed by HFMA ®" designation.*



NEPC Gives Back

- NEPC's Stacey Flier, CFA, Private Wealth Senior Consultant, hosted an educational day to discuss the importance of education and preparing for future careers to a group of 7th grade girls that attend St. Andrew Nativity School, a college-prep middle school in Portland, OR, that provides education for low-income, primarily minority, students of all religious backgrounds.
- NEPC participated in the J.P. Morgan Corporate Challenge Series, a world-wide series of 3.5-mile running events open to groups from organizations within the business and public sectors in Boston. The Corporate Challenge is set up to be the world's greenest road race, and this year the race made a donation to the Boston Children's Hospital Trust.



*HFMA staff and volunteers determined that this business solution has met specific criteria developed under the HFMA Peer Review Process. HFMA does not endorse or guarantee the use of this business solution.

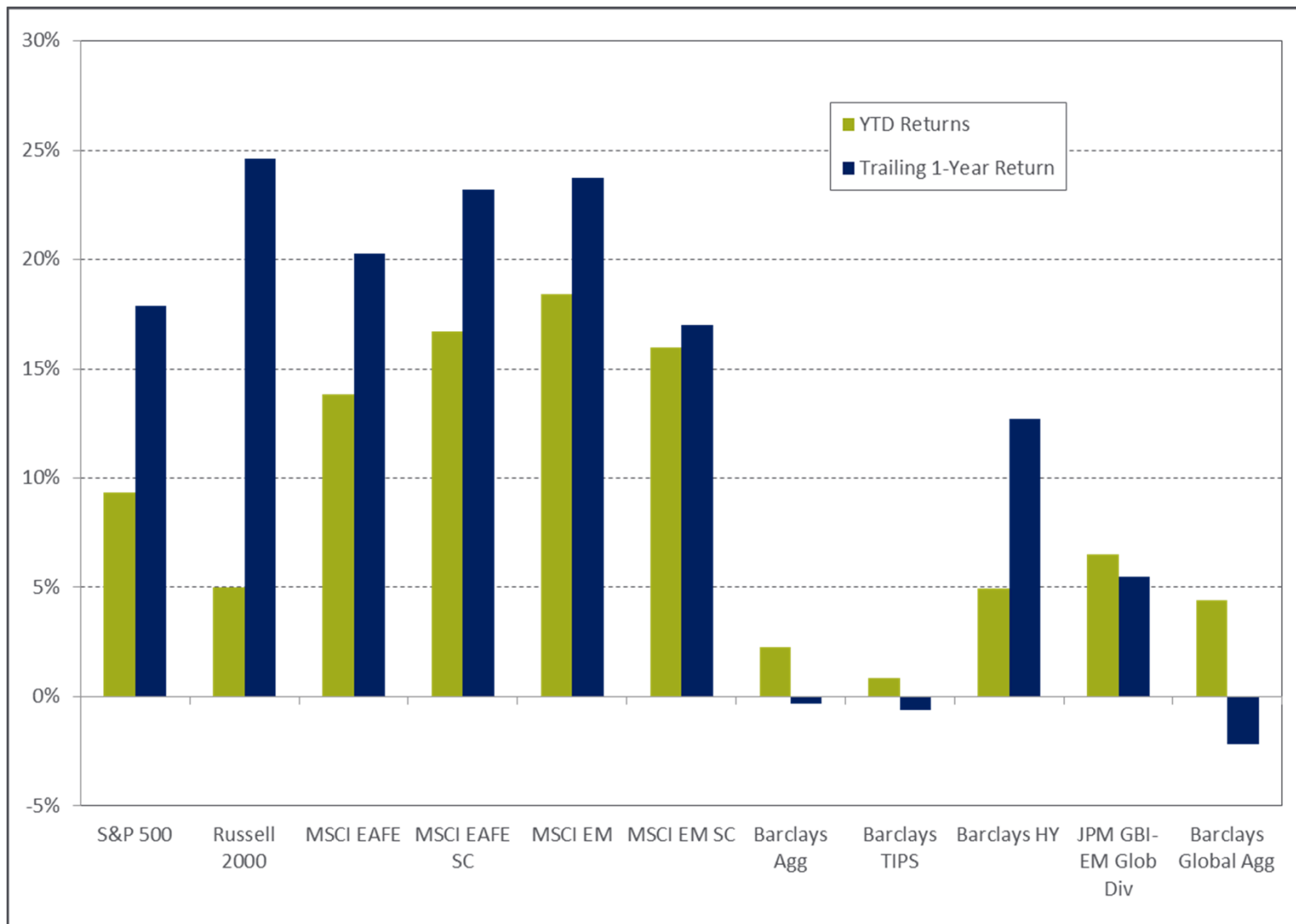
Market Environment



- **The US economy is experiencing an extended economic growth cycle**
 - US consumers and a tightening labor market are driving the US economy
 - Growth recovery in Europe and the emerging markets reinforces US economic conditions
 - Stable economic growth is a positive backdrop but expected risk asset returns are subdued
- **Federal Reserve monetary policy remains on a gradual normalization path**
 - Despite the June increase, markets continue to price in a slow pace for Fed rate hikes
 - Market impact of the Fed's planned reduction of the \$4.5T balance sheet is untested
 - Chair Yellen's uncertain tenure may stoke market unease as her term expires in Feb. 2018
- **China is modestly tightening financial conditions to slow credit growth and manage an orderly transition to a consumer led economy**
 - Markets have responded positively to the PBOC's management of a more stable yuan
 - Capital outflow pressure persists and large scale currency devaluation remains a tail risk
 - Continued credit expansion and real estate development risk inflating asset price bubbles
- **Globalization backlash is disrupting the political and economic orthodoxy**
 - Outcomes of the French and UK elections have eased market fears but conditions driving anti-establishment political sentiment have not subsided
 - Capital market fundamentals may not be materially altered but risks stemming from globalization backlash likely lead to higher levels of currency volatility
 - Potential changes to US trade policy under the current administration remain uncertain

- **Trim US equity gains as US equity markets continue to rally**
 - Expanding valuations have driven recent gains and profit margins sit near all-time highs
- **Maintain overweight exposure to non-US developed market equities**
 - We believe a multi-year earnings recovery offers the potential for an elevated return
- **Emerging market equities remain attractive and offer robust total returns**
 - Fundamentals support an overweight relative to index weights (e.g. 15% to 20%)
- **Allocate to TIPS as inflation expectations are priced attractively**
 - Preserve US duration exposure with a bias to TIPS over core bonds
- **Reduce high yield bonds with credit spreads below long-term medians**
 - Credit markets continue to benefit from high demand in a low rate environment but current credit spread levels do not provide adequate compensation for the risks
- **For tactical investors, look to fund emerging local debt from risk assets**
 - Valuations for many emerging market currencies remain attractive despite the recent rally
- **Add macro hedge fund strategies for portfolio diversification benefits**
 - Systematic strategies tend to exhibit low correlation to equity markets

Year to Date Performance: All Assets Have Moved Higher



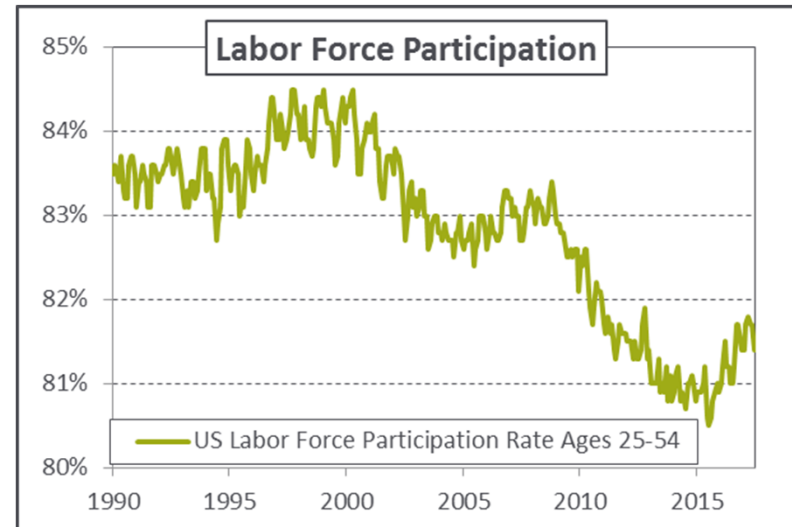
Source: S&P, Russell, MSCI, Barclays, JPM, Bloomberg
As of 06/30/2017

Extended US Economic Cycle

US recession concerns are muted

The US economy appears on a path of slow but steady growth as excess capacity is gradually absorbed by the economy

The labor market recovery has been strong but slack remains as many have yet to return to the workforce

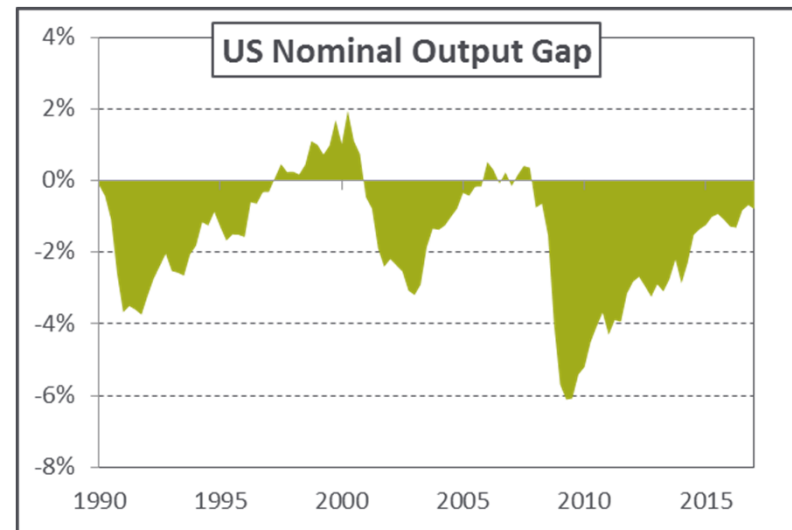


Source: FRED

US household balance sheets have room to expand and support further consumer spending gains

Improvement of economic conditions in Europe and emerging markets reinforce US economic gains as global growth factors synchronize

US corporate profitability is near all time highs and may be a challenge for companies to boost economic growth rate



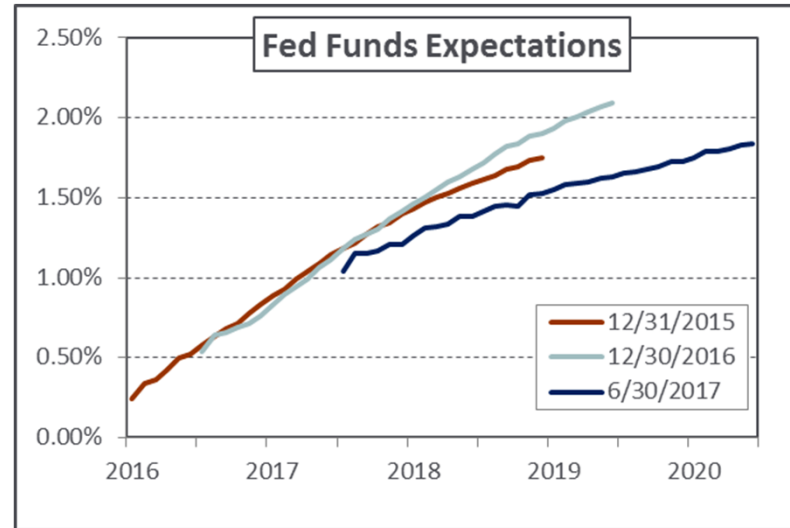
Source: Congressional Budget Office, Bloomberg

Federal Reserve Gradualism

The Federal Reserve is expected to slowly increase interest rates

Expected path of Fed policy through 2019 matters more than timing of the next hike as the disconnect between market expectations and Fed signaling has grown

A relatively accommodative Fed is likely to continue, unless there is a dramatic acceleration in inflation

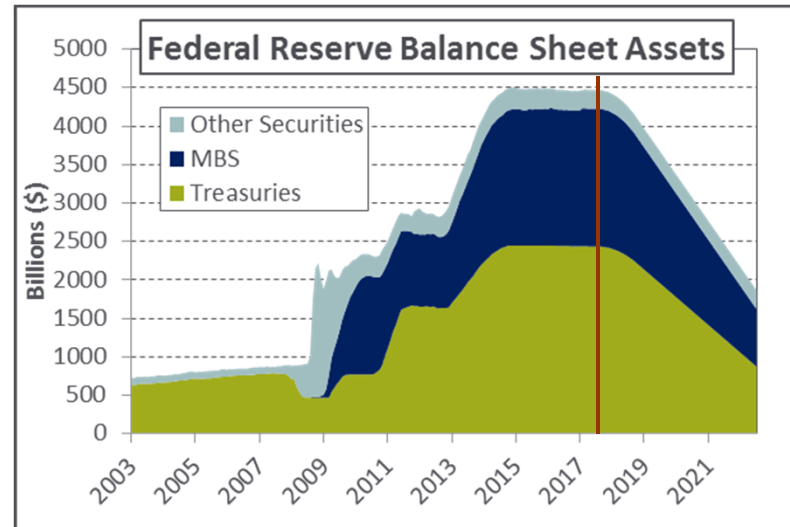


Source: Fed, Bloomberg

Reduction of the Fed balance sheet will likely be a gradual process

The market impact is untested but the Fed has announced a specific schedule to not reinvest a portion of the balance sheet securities that mature

Politics could intersect with Fed policy as Fed Chair Janet Yellen's term is set to expire in February 2018



Source: Fed, Bloomberg, NEPC

Forecast based on the June Fed Minutes: MBS assumes \$4B per month for 3-month intervals over 12 months with a \$20B cap; Treasuries assume \$6B per month for 3-month intervals over 12 months with a \$30B cap; Other Securities are assumed to stay constant

Despite Transparency, a Number of Outstanding Questions Remain...

What does this mean for the future path of rate hikes?

“The evolution of the economy will warrant gradual increases in the federal funds rate over time to achieve and maintain maximum employment and stable prices.”

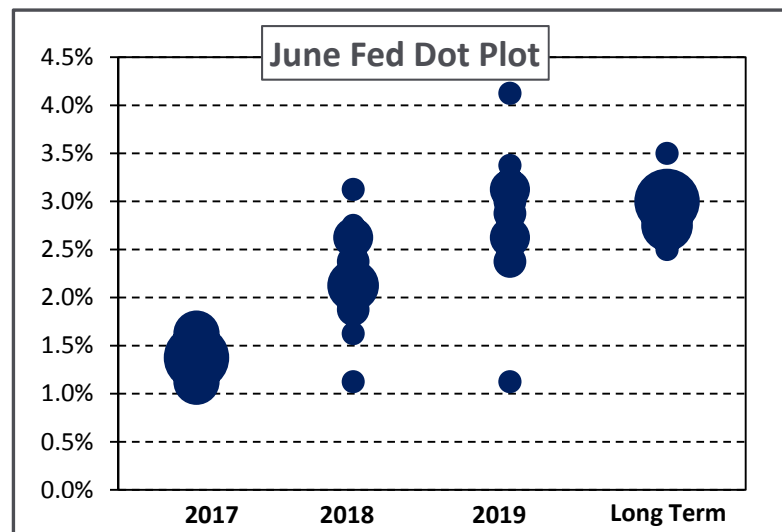
- Fed Chair Janet Yellen July 12th, 2017

What implications does this have for other central banks?

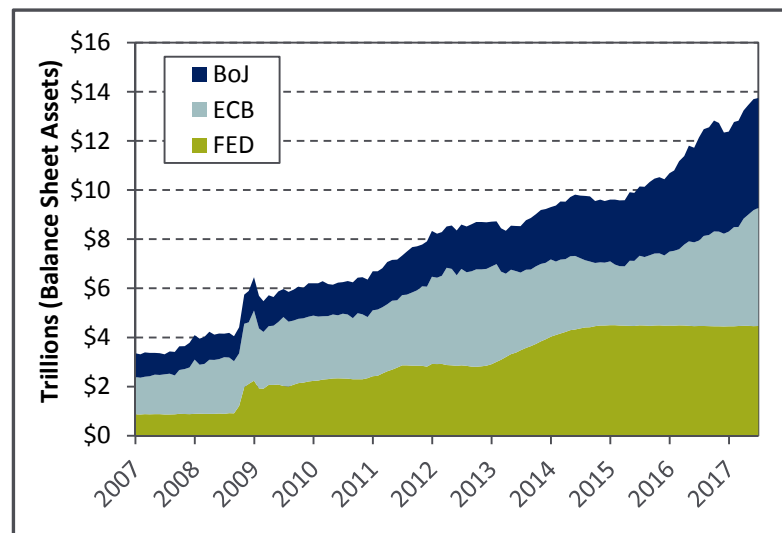
ECB: “A very substantial degree of monetary accommodation is still needed for underlying inflation pressures to gradually build...”

- ECB President Mario Draghi July 20th, 2017

BoJ: Though the monetary stimulus program remained unchanged in July, the 2% inflation target was postponed further – indicating ongoing stimulus measures will continue to be necessary



Source: Fed, NEPC



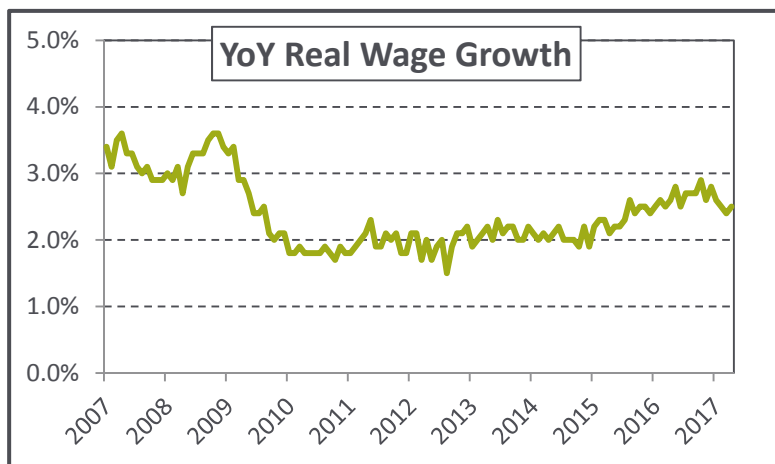
Source: Bloomberg, Federal Reserve, Bank of Japan, ECB, NEPC

The Fed's Challenge

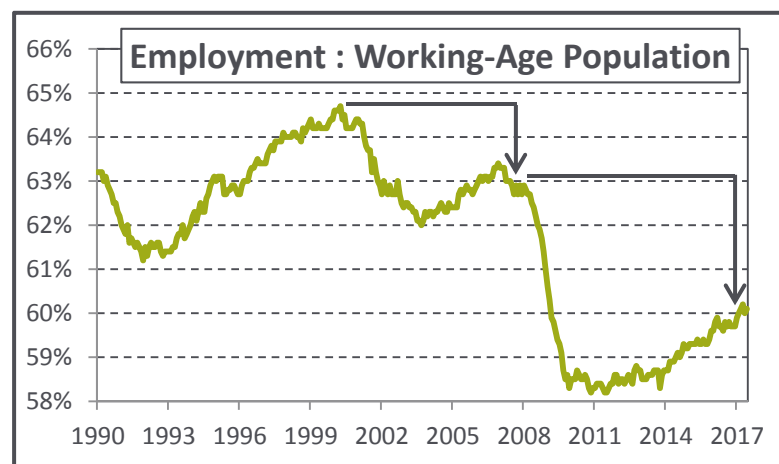
“With further gradual adjustments in the stance of monetary policy, the economy will continue to expand at a moderate pace over the next couple of years, with the job market strengthening somewhat further and inflation rising to 2%”

- Fed Chair Janet Yellen July 12th, 2017

- **The ongoing challenge for the Fed will be to balance continued strength in the labor market with lagging inflation**
 - Even with sustained improvements in unemployment, there has been significant difficulty reaching the 2% inflation target
- **Despite historically low unemployment, structural changes in demographics and the labor pool have introduced uncertainty regarding the remaining slack in the labor force**



Source: Bureau of Labor Statistics, Bloomberg



Source: Bureau of Labor Statistics
Represents employed persons as a percentage of age 16+ population

China Transitions

China is the global growth engine but faces fundamental transitions

China's economic transition is pivoting from a production to a service and consumption based economy

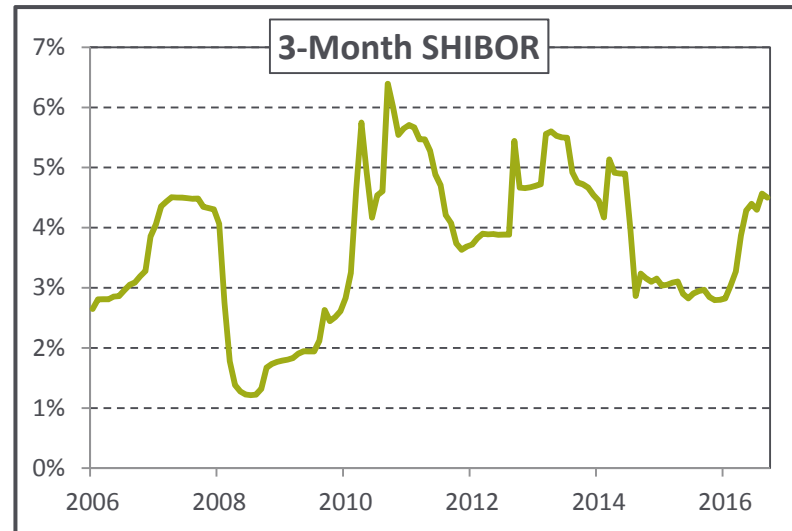
Fixed investment is required to sustain the production based economy and support labor force migration

Any disruption to these transitions will have global repercussions due to China's role in the global economy

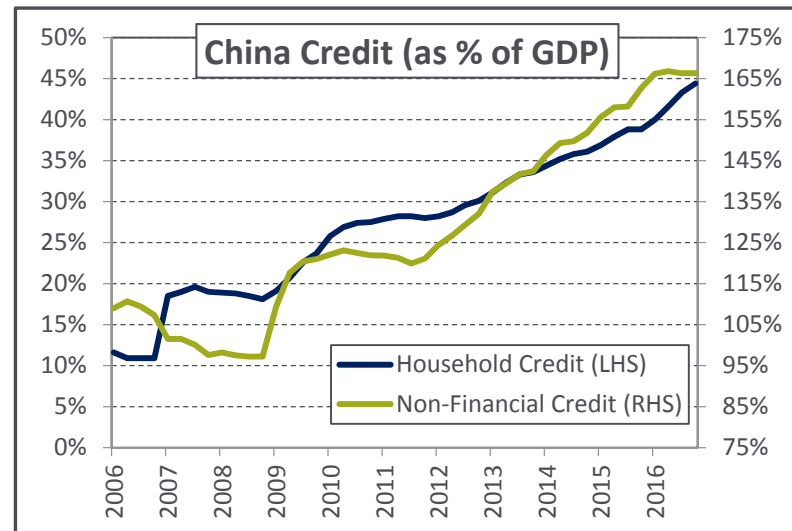
China's government is negotiating a balance between deleveraging and near term economic growth

Unrestrained growth in credit and real estate markets pose a systematic risk

Concerns of capital outflows have forced greater intervention from the central bank to limit currency movements



Source: China Foreign Exchange Trade System, Bloomberg



Source: Bank for International Settlements

State Employees' Retirement System

Vermont State Employees

Total Fund Performance Summary - Net

	Market Value	3 Mo	Rank	YTD	Rank	Fiscal YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	7 Yrs	Rank	10 Yrs	Rank
Employees Composite	\$1,740,006,749	2.6%	69	6.8%	67	10.6%	77	10.6%	77	3.7%	84	6.6%	91	7.8%	77	4.2%	82
<i>Policy Index</i>		2.5%	77	6.3%	82	10.1%	84	10.1%	84	3.8%	81	6.5%	93	7.3%	90	4.2%	80
<i>Allocation Index</i>		2.7%	60	6.8%	68	10.5%	78	10.5%	78	3.7%	83	6.5%	93	7.2%	91	4.2%	81
<i>InvestorForce Public DB Net Median</i>		2.8%		7.3%		11.9%		11.9%		4.9%		8.2%		8.6%		5.0%	

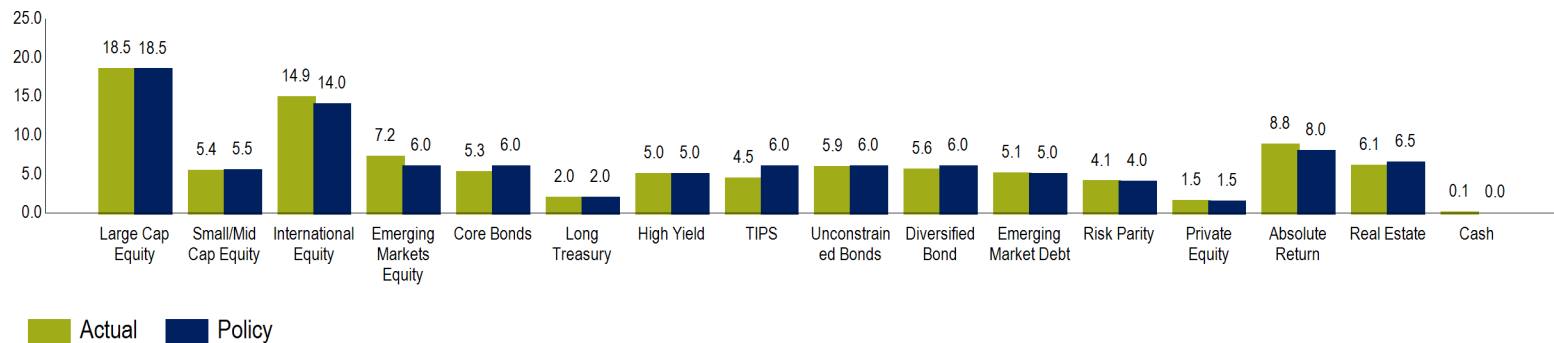
3 Years Ending June 30, 2017

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Employees Composite	3.67%	84	5.66%	27	0.61	78	1.05	64
Policy Index	3.78%	81	5.24%	10	0.68	65	1.18	47
Allocation Index	3.70%	83	5.47%	21	0.63	75	1.07	62

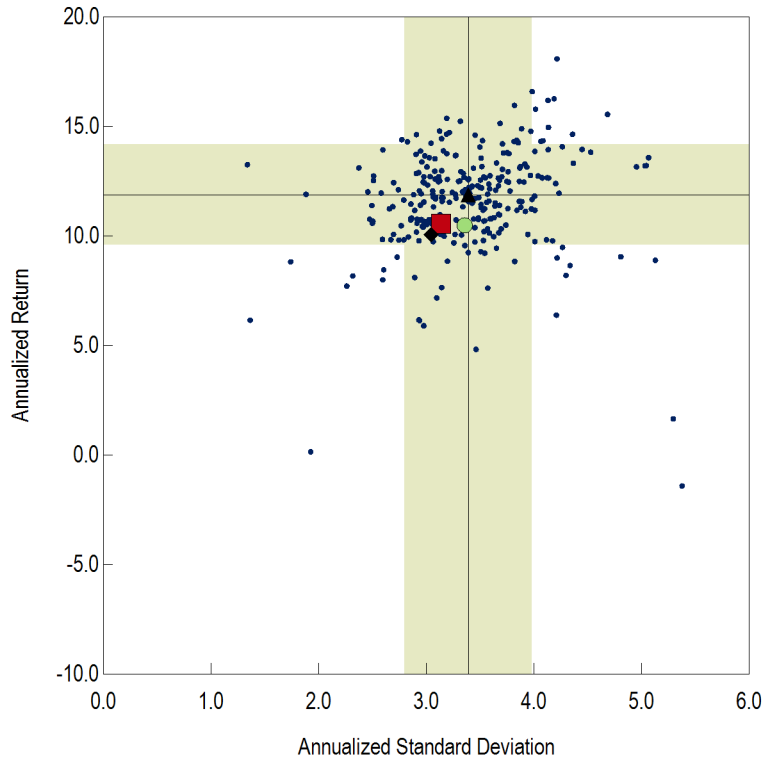
5 Years Ending June 30, 2017

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Employees Composite	6.60%	91	5.50%	31	1.17	83	2.04	70
Policy Index	6.48%	93	5.05%	13	1.25	74	2.24	49
Allocation Index	6.48%	93	5.16%	18	1.23	77	2.12	62

Actual vs Target Allocation (%)



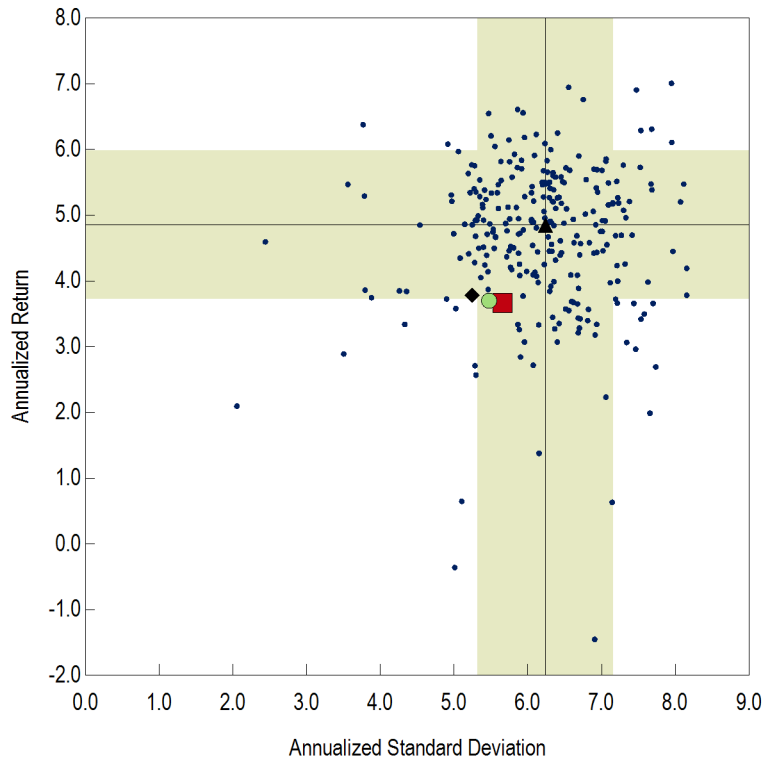
1 Year Ending June 30, 2017



1 Year Ending June 30, 2017

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Employees Composite	10.56%	77	3.14%	35	3.20	63
Policy Index	10.07%	84	3.05%	27	3.13	66
S&P 500	17.90%	1	6.09%	99	2.85	80
Citi WGBI	-4.14%	99	6.58%	99	-0.71	99
MSCI ACWI	18.78%	1	5.34%	99	3.42	45
MSCI ACWI ex USA	20.45%	1	7.16%	99	2.78	84
InvestorForce Public DB Net Median	11.88%	--	3.39%	--	3.34	--

3 Years Ending June 30, 2017

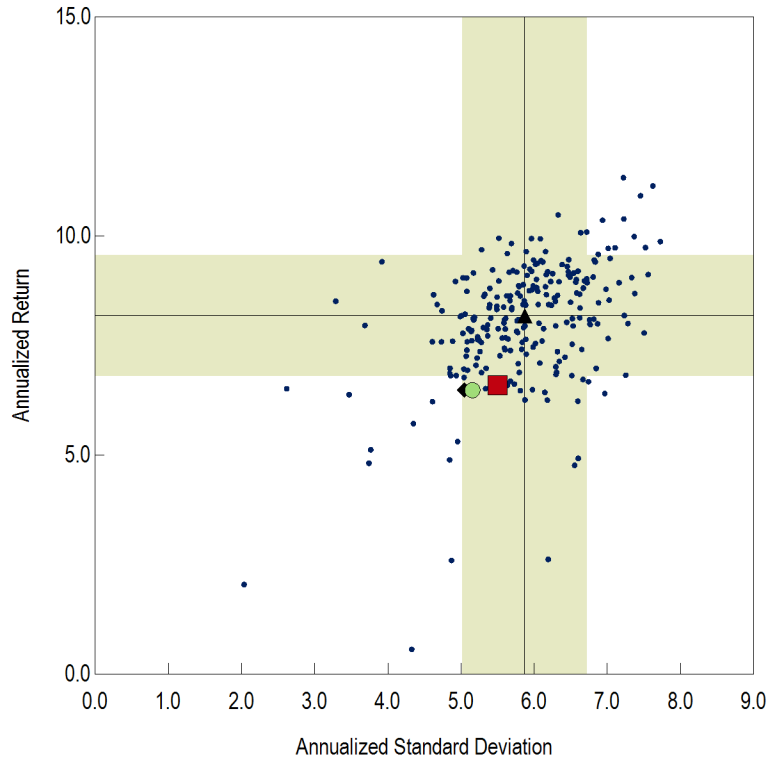


- Employees Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Net

3 Years Ending June 30, 2017

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Employees Composite	3.67%	84	5.66%	27	0.61	78
Policy Index	3.78%	81	5.24%	10	0.68	65
S&P 500	9.61%	1	10.35%	99	0.91	18
Citi WGBI	-1.00%	99	5.98%	40	-0.21	99
MSCI ACWI	4.82%	51	10.78%	99	0.43	96
MSCI ACWI ex USA	0.80%	99	12.44%	99	0.05	99
InvestorForce Public DB Net Median	4.85%	--	6.24%	--	0.74	--

5 Years Ending June 30, 2017



- Employees Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Net

5 Years Ending June 30, 2017

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Employees Composite	6.60%	91	5.50%	31	1.17	83
Policy Index	6.48%	93	5.05%	13	1.25	74
S&P 500	14.63%	1	9.56%	99	1.51	23
Citi WGBI	-0.20%	99	5.33%	25	-0.07	99
MSCI ACWI	10.54%	2	9.97%	99	1.04	93
MSCI ACWI ex USA	7.22%	80	11.56%	99	0.61	99
InvestorForce Public DB Net Median	8.19%	--	5.87%	--	1.37	--

245 Portfolios

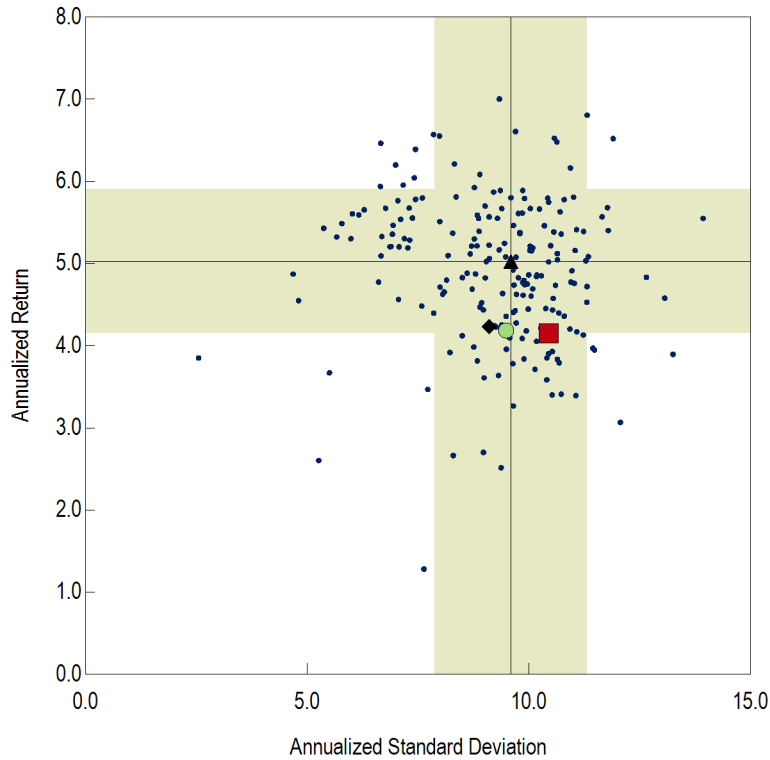
7 Years Ending June 30, 2017



7 Years Ending June 30, 2017

	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Employees Composite	7.77%	77	6.81%	34	1.12	65
Policy Index	7.28%	90	6.56%	25	1.09	73
S&P 500	15.41%	1	11.69%	99	1.31	22
Citi WGBI	1.68%	99	5.67%	8	0.27	99
MSCI ACWI	10.48%	3	13.05%	99	0.79	98
MSCI ACWI ex USA	6.66%	96	14.97%	99	0.44	99
InvestorForce Public DB Net Median	8.59%	--	7.34%	--	1.17	--

10 Years Ending June 30, 2017

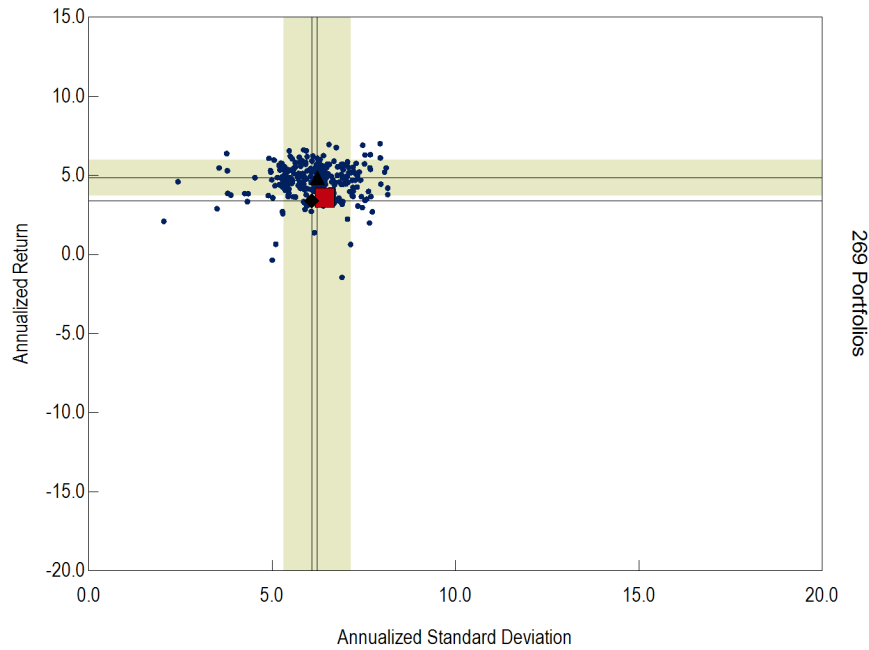


- Employees Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Net

10 Years Ending June 30, 2017

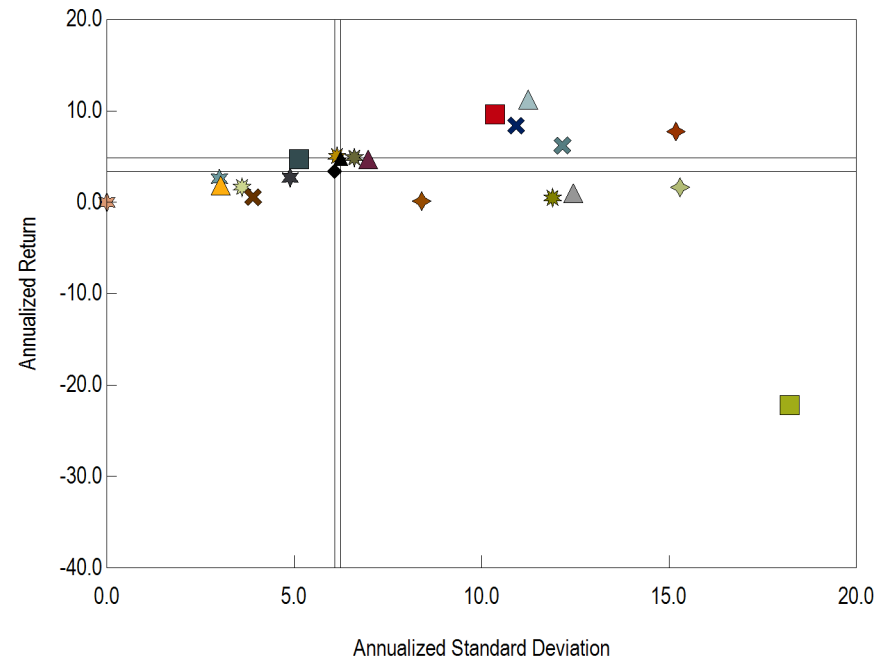
	Anlzd Return	Anlzd Return Rank	Anlzd Standard Deviation	Anlzd Standard Deviation Rank	Sharpe Ratio	Sharpe Ratio Rank
Employees Composite	4.15%	82	10.44%	77	0.36	86
Policy Index	4.23%	80	9.10%	41	0.42	70
S&P 500	7.18%	1	15.21%	99	0.44	59
Citi WGBI	3.49%	95	6.80%	9	0.45	57
MSCI ACWI	3.71%	93	16.95%	99	0.19	99
MSCI ACWI ex USA	1.13%	99	19.14%	99	0.04	99
InvestorForce Public DB Net Median	5.03%	--	9.59%	--	0.48	--

Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 2017



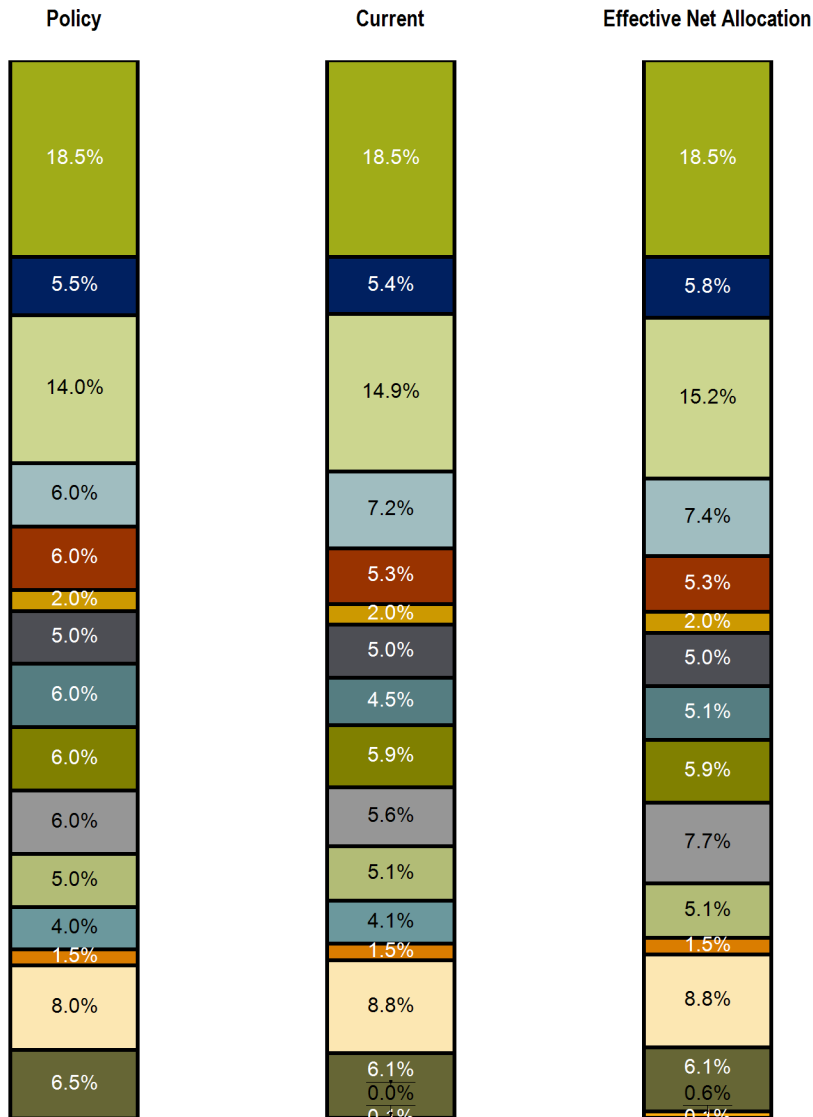
- Total Marketable Assets
- ◆ Total Marketable Assets Custom Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 2017



- SSgA S&P 500 Cap-Wgt
- ◆ SSgA S&P 500 Equal-Wgt
- T. Rowe
- ▲ Champlain
- ◆ Wellington
- ◆ Acadian
- ◆ Mondrian
- ▲ SSgA ACWI Ex US
- ◆ Aberdeen
- * PIMCO Core Plus
- * Z Terminated - Wellington DAS
- ▲ PIMCO Unconstrained
- * KDP
- Guggenheim
- * BlackRock TIPS
- * Wellington Opportunistic EMD
- ▲ Mellon Dynamic Growth
- ◆ AQR Global Risk Premium
- * Vermont Cash
- Z Terminated- Schroder
- ◆ Total Marketable Assets Custom Index
- ▲ Universe Median
- 68% Confidence Interval

Total Fund Asset Allocation vs. Policy Targets



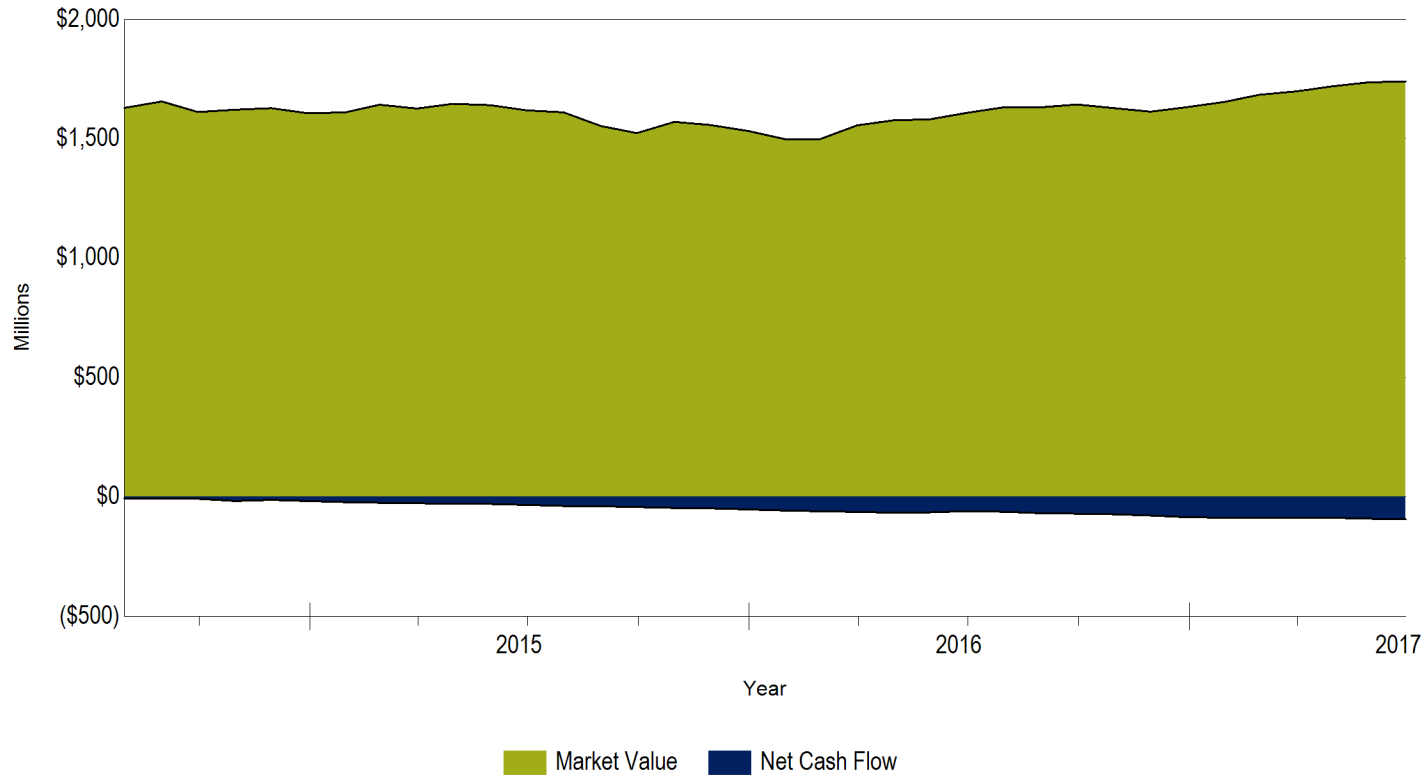
Asset Allocation vs. Target

	Policy	Current	Effective Net Allocation
Large Cap Equity	18.5%	18.5%	18.5%
Small/Mid Cap Equity	5.5%	5.4%	5.8%
International Equity	14.0%	14.9%	15.2%
Emerging Markets Equity	6.0%	7.2%	7.4%
Core Bonds	6.0%	5.3%	5.3%
Long Treasury	2.0%	2.0%	2.0%
High Yield	5.0%	5.0%	5.0%
TIPS	6.0%	4.5%	5.1%
Unconstrained Bonds	6.0%	5.9%	5.9%
Diversified Bond	6.0%	5.6%	7.7%
Emerging Market Debt	5.0%	5.1%	5.1%
Risk Parity	4.0%	4.1%	--
Private Equity	1.5%	1.5%	1.5%
Absolute Return	8.0%	8.8%	8.8%
Real Estate	6.5%	6.1%	6.1%
Commodities	--	--	0.6%
Cash	--	0.1%	0.1%
Total	100.0%	100.0%	100.0%

Effective Net Allocation breaks out the exposure of AQR Global Risk Premium. Absolute Return includes Grosvenor, Pinnacle Natural Resources, L.P., and Allianz Structured Alpha.

Total Fund Asset Growth Summary

3 Years Ending June 30, 2017



	Last Three Months	Year-To-Date	Fiscal Year-To-Date	One Year	Three Years
Beginning Market Value	\$1,698,765,699	\$1,633,425,741	\$1,608,681,493	\$1,608,681,493	\$1,650,586,256
Contributions	\$190,241,079	\$199,826,821	\$236,036,458	\$236,036,458	\$844,574,099
Withdrawals	-\$196,547,595	-\$208,341,555	-\$270,070,901	-\$270,070,901	-\$938,319,544
Net Cash Flow	-\$6,306,517	-\$8,514,735	-\$34,034,443	-\$34,034,443	-\$93,745,445
Net Investment Change	\$47,547,567	\$115,095,744	\$165,359,700	\$165,359,700	\$183,165,938
Ending Market Value	\$1,740,006,749	\$1,740,006,749	\$1,740,006,749	\$1,740,006,749	\$1,740,006,749

Vermont State Employees

Total Fund Asset Growth Summary by Manager

	Quarter Ending June 30, 2017					Ending Market Value
	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	
Aberdeen	\$118,134,913	\$211,984	-\$211,984	\$0	\$7,774,354	\$125,909,267
Acadian	\$72,214,486	\$87,185	-\$87,185	\$0	\$7,802,051	\$80,016,537
Allianz Structured Alpha	\$31,088,191	\$0	-\$101,205	-\$101,205	\$528,640	\$31,515,625
AQR Global Risk Premium	\$136,246,511	\$141,836	-\$67,549,667	-\$67,407,831	\$2,084,971	\$70,923,651
BlackRock TIPS	\$64,665,711	\$13,493,133	-\$11,567	\$13,481,566	-\$244,593	\$77,902,684
Champlain	\$36,294,247	\$10,325,374	-\$73,487	\$10,251,887	\$2,119,222	\$48,665,355
GAM	\$165,474	\$0	\$0	\$0	\$1,556	\$167,030
GAM Unconstrained Bond	\$59,229,765	\$0	-\$78,291	-\$78,291	\$1,226,122	\$60,377,596
Grosvenor	\$80,299,835	\$0	\$0	\$0	\$349,573	\$80,649,409
Guggenheim	\$68,529,755	\$78,393	-\$78,393	\$0	\$1,215,882	\$69,745,638
Harbourvest Dover Street Fund IX	\$1,595,849	\$722,264	\$0	\$722,264	\$0	\$2,318,113
Harbourvest Dover VIII Fund	\$7,356,047	\$0	-\$291,641	-\$291,641	\$0	\$7,064,406
Harbourvest Partners IX Buyout Fund	\$6,285,450	\$0	-\$63,904	-\$63,904	\$0	\$6,221,546
Harbourvest Partners IX Credit Opportunities	\$906,469	\$0	-\$17,295	-\$17,295	\$0	\$889,174
Harbourvest Partners IX Venture Fund	\$4,683,578	\$0	-\$18,698	-\$18,698	\$0	\$4,664,881
Harbourvest Partners X Buyout Fund	\$2,021,150	\$480,767	-\$167,288	\$313,479	\$0	\$2,334,629
Harbourvest Partners X Venture Fund	\$900,920	\$247,252	\$0	\$247,252	\$0	\$1,148,172
HIPEP VII	\$1,913,486	\$218,786	\$0	\$218,786	\$0	\$2,132,272
KDP	\$17,111,101	\$27,648	-\$27,648	\$0	\$308,354	\$17,419,455
Mellon Dynamic Growth	\$32,947,759	\$0	-\$33,244,977	-\$33,244,977	\$347,093	\$49,875
Mondrian	\$69,656,139	\$65,578	-\$65,578	\$0	\$3,050,966	\$72,707,105
Morgan Stanley Prime Property	\$48,160,530	\$0	\$0	\$0	\$0	\$48,160,530
PIMCO Core Plus	\$95,187,475	\$69,874	-\$69,874	\$0	\$1,651,309	\$96,838,784
PIMCO Unconstrained	\$42,095,618	\$63,318	-\$63,318	\$0	\$455,333	\$42,550,951
Pinnacle Natural Resources, L.P.	\$21,798,620	\$20,241,790	\$0	\$20,241,790	-\$911,219	\$41,129,191

Vermont State Employees

Total Fund Asset Growth Summary by Manager

	Quarter Ending June 30, 2017					Ending Market Value
	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	
RREEF America REIT III	\$205,264	\$0	-\$879	-\$879	-\$5,053	\$199,332
Siguler Guff DREOF II	\$13,111,434	\$0	-\$367,106	-\$367,106	\$494,799	\$13,239,126
Siguler Guff DREOF II Co-Investment	\$3,866,124	\$0	\$0	\$0	\$88,180	\$3,954,304
SSgA ACWI Ex US	\$75,899,336	\$25,574,683	-\$13,129	\$25,561,554	\$5,029,906	\$106,490,797
SSgA Barclays Aggregate Index	\$49,681,232	\$42,980,599	-\$2,006,112	\$40,974,487	\$976,606	\$91,632,325
SSgA S&P 500 Cap-Wgt	\$214,453,323	\$28,993,606	-\$5,515,766	\$23,477,839	\$7,067,800	\$244,998,962
SSgA S&P 500 Equal-Wgt	\$75,123,307	\$7,797	-\$7,797	\$0	\$1,922,829	\$77,046,136
State Street Long U.S. Treasury Index	--	\$34,049,838	\$0	\$34,049,838	\$198,204	\$34,248,042
T. Rowe	\$3,085	\$0	\$0	\$0	\$0	\$3,085
Transwestern / Aslan III	\$102,653	\$0	\$0	\$0	\$0	\$102,653
UBS Trumbull	\$39,616,332	\$87,317	-\$87,317	\$0	\$466,360	\$40,082,692
Vermont Cash	\$772,429	\$2,731,628	-\$2,100,907	\$630,721	\$0	\$1,403,150
Wellington	\$36,986,312	\$9,337,263	-\$69,762	\$9,267,501	-\$613,052	\$45,640,761
Wellington Opportunistic EMD	\$87,293,616	\$0	\$0	\$0	\$2,169,892	\$89,463,508
Z Terminated - SSgA Russell 2000 Growth	\$8,074,767	\$1,730	-\$9,269,231	-\$9,267,501	\$1,192,734	\$0
Z Terminated - SSgA S&P 400	\$9,793,138	\$1,437	-\$10,253,323	-\$10,251,887	\$458,749	\$0
Z Terminated - Wellington DAS	\$43,526,865	\$0	-\$44,392,476	-\$44,392,476	\$865,610	\$0
Z Terminated- Schroder	\$20,767,402	\$0	-\$20,241,790	-\$20,241,790	-\$525,612	\$0
Total	\$1,698,765,699	\$190,241,079	-\$196,547,595	-\$6,306,517	\$47,547,567	\$1,740,006,749

Vermont State Employees

Total Fund Performance Detail - Net

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
Employees Composite	1,740,006,749	100.0	100.0	2.6	69	6.8	67	10.6	77	10.6	77	3.7	84	6.6	91	4.2	82
Policy Index				2.5	77	6.3	82	10.1	84	10.1	84	3.8	81	6.5	93	4.2	80
Allocation Index				2.7	60	6.8	68	10.5	78	10.5	78	3.7	83	6.5	93	4.2	81
InvestorForce Public DB Net Median				2.8		7.3		11.9		11.9		4.9		8.2		5.0	
Total Marketable Assets	1,454,033,665	83.6	--	3.1	29	8.0	20	11.6	57	11.6	57	3.6	87	6.5	93	--	--
Total Marketable Assets Custom Index				2.9	44	7.1	55	10.6	74	10.6	74	3.4	90	6.6	91	--	--
InvestorForce Public DB Net Median				2.8		7.3		11.9		11.9		4.9		8.2		5.0	
US Equity	416,354,300	23.9	24.0	2.6	53	7.8	49	17.8	60	17.8	60	9.1	27	--	--	--	--
Russell 3000				3.0	46	8.9	39	18.5	55	18.5	55	9.1	27	14.6	34	7.3	46
eA All US Equity Net Median				2.8		7.6		19.1		19.1		7.6		13.8		7.1	
Large Cap Comp	322,048,184	18.5	18.5	2.9	52	9.0	48	17.8	51	17.8	51	9.3	27	14.9	23	7.7	30
S&P 500				3.1	48	9.3	45	17.9	50	17.9	50	9.6	22	14.6	28	7.2	45
eA US Large Cap Equity Net Median				3.0		8.7		17.8		17.8		7.8		13.7		7.0	
SSgA S&P 500 Cap-Wgt	244,998,962	14.1	14.0	3.1	48	9.3	45	17.9	49	17.9	49	9.6	22	14.6	28	--	--
S&P 500				3.1	48	9.3	45	17.9	50	17.9	50	9.6	22	14.6	28	7.2	45
SSgA S&P 500 Equal-Wgt	77,046,136	4.4	4.5	2.5	61	7.9	59	17.2	56	17.2	56	8.4	40	15.4	14	8.0	27
S&P 500 Equal Weighted				2.5	61	8.1	58	17.3	56	17.3	56	8.5	37	15.5	13	8.3	19
T. Rowe	3,085	0.0	0.0														
Small/Mid Cap Comp	94,306,116	5.4	5.5	1.7	66	4.1	75	18.1	63	18.1	63	9.1	20	14.5	30	8.2	29
Russell 2000				2.5	51	5.0	69	24.6	15	24.6	15	7.4	38	13.7	44	6.9	62
eA US Small-Mid Cap Equity Net Median				2.5		6.6		19.7		19.7		6.6		13.4		7.4	
Champlain	48,665,355	2.8	2.8	4.8	24	10.6	33	21.3	19	21.3	19	11.2	4	16.0	12	--	--
Russell 2500				2.1	57	6.0	71	19.8	29	19.8	29	6.9	55	14.0	48	7.4	53
eA US Mid Cap Equity Net Median				2.5		8.1		17.2		17.2		7.2		14.0		7.6	
Wellington	45,640,761	2.6	2.8	-1.0	90	-2.4	93	14.6	94	14.6	94	7.7	33	13.0	66	8.1	17
Russell 2000 Value				0.7	56	0.5	64	24.9	30	24.9	30	7.0	46	13.4	60	5.9	76
eA US Small Cap Value Equity Net Median				0.9		1.7		22.3		22.3		6.7		14.0		6.9	

Vermont State Employees

Total Fund Performance Detail - Net

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
Int'l Equity Comp	259,214,439	14.9	14.0	7.0	42	16.0	33	22.5	33	22.5	33	2.7	44	10.0	43	1.3	69
MSCI EAFE				6.1	67	13.8	61	20.3	48	20.3	48	1.1	77	8.7	67	1.0	76
eA All EAFE Equity Net Median				6.6		14.6		20.1		20.1		2.3		9.6		2.3	
Acadian	80,016,537	4.6	4.0	10.7	4	21.8	4	31.0	3	31.0	3	6.2	12	13.1	14	1.7	61
Mondrian	72,707,105	4.2	4.0	4.3	95	12.0	85	16.0	79	16.0	79	0.5	86	8.4	72	1.6	63
MSCI EAFE				6.1	67	13.8	61	20.3	48	20.3	48	1.1	77	8.7	67	1.0	76
SSgA ACWI Ex US	106,490,797	6.1	6.0	5.9	78	14.3	75	20.7	45	20.7	45	1.0	72	7.4	81	--	--
MSCI ACWI ex USA				5.8	79	14.1	76	20.5	45	20.5	45	0.8	74	7.2	82	1.1	75
eA ACWI ex-US All Cap Equity Net Median				6.9		15.8		20.0		20.0		2.4		9.2		2.5	
Emerging Market Comp	125,909,267	7.2	6.0	6.4	50	18.8	56	18.7	71	18.7	71	1.6	55	3.9	73	--	--
Aberdeen	125,909,267	7.2	6.0	6.4	50	18.8	56	18.7	71	18.7	71	1.6	55	3.9	74	--	--
MSCI Emerging Markets				6.3	53	18.4	62	23.7	42	23.7	42	1.1	68	4.0	73	1.9	66
eA Emg Mkts Equity Net Median				6.4		19.3		22.9		22.9		1.7		5.2		2.5	
US Fixed Income	490,715,475	28.2	31.0	1.3	54	3.1	36	3.5	27	3.5	27	3.4	30	--	--	--	--
BBgBarc US Aggregate TR				1.4	50	2.3	56	-0.3	84	-0.3	84	2.5	52	2.2	61	4.5	52
eA All US Fixed Inc Net Median				1.4		2.5		0.9		0.9		2.5		2.8		4.5	
Diversified Fixed	325,647,698	18.7	20.0	1.7	38	3.5	31	2.3	34	2.3	34	3.5	29	2.9	47	4.0	63
BBgBarc US Aggregate TR				1.4	50	2.3	56	-0.3	84	-0.3	84	2.5	52	2.2	61	4.5	52
eA All US Fixed Inc Net Median				1.4		2.5		0.9		0.9		2.5		2.8		4.5	
PIMCO Core Plus	96,838,784	5.6	6.0	1.7	22	3.3	5	1.1	17	1.1	17	2.6	51	2.3	66	--	--
BBgBarc US Aggregate TR				1.4	64	2.3	65	-0.3	72	-0.3	72	2.5	59	2.2	72	4.5	76
SSgA Barclays Aggregate Index	91,632,325	5.3	6.0	1.4	68	2.2	71	-0.4	74	-0.4	74	--	--	--	--	--	--
BBgBarc US Aggregate TR				1.4	64	2.3	65	-0.3	72	-0.3	72	2.5	59	2.2	72	4.5	76
3-Month Libor Total Return USD				0.3	99	0.6	99	1.0	20	1.0	20	0.6	99	0.5	99	1.0	99
eA US Core Fixed Inc Net Median				1.5		2.4		0.2		0.2		2.6		2.5		4.7	
State Street Long U.S. Treasury Index	34,248,042	2.0		--	--	--	--	--	--	--	--	--	--	--	--	--	--
BBgBarc US Treasury Long TR				4.0	--	5.4	--	-7.2	--	-7.2	--	5.6	--	2.8	--	7.3	--

Vermont State Employees

Total Fund Performance Detail - Net

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
Unconstrained Fixed Income	102,928,547	5.9	6.0	1.5	62	4.2	48	7.9	30	7.9	30	--	--	--	--	--	--
25% HY, 25% EMD, 50% BC Agg				1.8	48	3.9	59	4.3	76	4.3	76	3.6	16	4.2	43	6.1	26
BBgBarc Global Aggregate TR				2.6	21	4.4	43	-2.2	99	-2.2	99	-0.4	97	0.8	98	3.7	91
eA Global Unconstrained Fixed Inc Net Median				1.8		4.1		7.0		7.0		2.5		4.0		5.5	
PIMCO Unconstrained	42,550,951	2.4	2.5	0.9	94	3.0	76	7.0	51	7.0	51	1.8	75	1.4	97	--	--
25% HY, 25% EMD, 50% BC Agg				1.8	48	3.9	59	4.3	76	4.3	76	3.6	16	4.2	43	6.1	26
3-Month Libor Total Return USD				0.3	95	0.6	99	1.0	98	1.0	98	0.6	90	0.5	99	1.0	99
GAM Unconstrained Bond	60,377,596	3.5	3.5	1.9	43	5.1	32	8.5	26	8.5	26	--	--	--	--	--	--
3-Month LIBOR + 3%				1.1	90	2.1	93	4.1	80	4.1	80	3.6	15	3.5	64	4.0	89
eA Global Unconstrained Fixed Inc Net Median				1.8		4.1		7.0		7.0		2.5		4.0		5.5	
High Yield Comp	87,165,093	5.0	5.0	1.7	72	3.6	81	11.6	41	11.6	41	4.4	30	6.5	35	7.1	36
BBgBarc US High Yield TR				2.2	35	4.9	24	12.7	27	12.7	27	4.5	28	6.9	25	7.7	14
eA US High Yield Fixed Inc Net Median				2.0		4.4		11.3		11.3		3.8		6.3		6.8	
KDP	17,419,455	1.0	1.0	1.6	73	3.4	83	7.9	87	7.9	87	2.7	84	4.6	93	--	--
BBgBarc US High Yield TR				2.2	35	4.9	24	12.7	27	12.7	27	4.5	28	6.9	25	7.7	14
BofA Merrill Lynch US High Yield BB-B Rated				2.2	29	4.6	44	11.2	52	11.2	52	4.5	26	6.7	31	7.1	36
Guggenheim	69,745,638	4.0	4.0	1.7	72	3.7	78	12.6	29	12.6	29	4.7	21	--	--	--	--
BBgBarc US High Yield TR				2.2	35	4.9	24	12.7	27	12.7	27	4.5	28	6.9	25	7.7	14
eA US High Yield Fixed Inc Net Median				2.0		4.4		11.3		11.3		3.8		6.3		6.8	

Vermont State Employees

Total Fund Performance Detail - Net

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
TIPS	77,902,684	4.5	6.0														
BlackRock TIPS	77,902,684	4.5	6.0	-0.4	--	0.8	--	-0.6	--	-0.6	--	0.6	--	0.2	--	--	--
<i>BBgBarc US TIPS TR</i>				-0.4	--	0.9	--	-0.6	--	-0.6	--	0.6	--	0.3	--	4.3	--
Emerging Market Debt	89,463,508	5.1	5.0														
Wellington Opportunistic EMD	89,463,508	5.1	5.0	2.5	48	6.8	62	9.0	27	9.0	27	5.1	9	5.9	14	--	--
<i>JP Morgan EMBI Global TR</i>				2.2	61	6.2	74	5.5	86	5.5	86	4.6	18	5.2	29	7.3	22
<i>eA All Emg Mkts Fixed Inc Net Median</i>				2.4		7.8		7.3		7.3		2.4		3.7		6.3	
Risk Parity/GAA	70,973,526	4.1	4.0	1.1	84	5.4	58	5.0	77	5.0	77	0.5	76	4.4	58	3.9	66
Mellon Dynamic Growth	49,875	0.0	0.0	1.2	47	4.1	38	3.4	82	3.4	82	4.7	18	6.5	30	2.9	51
<i>Mellon Dynamic Growth Benchmark</i>				3.7	9	8.0	12	9.3	35	9.3	35	2.8	43	6.2	33	3.6	34
Risk Parity	70,923,651	4.1	4.0	1.2	82	5.8	53	5.6	72	5.6	72	0.1	83	4.2	62	--	--
<i>eA Global TAA Net Median</i>				2.5		6.3		7.0		7.0		1.5		5.0		4.3	
AQR Global Risk Premium	70,923,651	4.1	4.0	1.2	82	5.8	53	5.6	72	5.6	72	0.1	83	4.2	62	--	--
<i>60% MSCI World (Net) / 40% CITI WGBI</i>				3.6	26	8.2	34	8.8	40	8.8	40	2.9	32	6.7	24	4.1	64
Cash	1,403,150	0.1	0.0														
Vermont Cash	1,403,150	0.1		0.0	--	0.0	--	0.0	--	0.0	--	0.0	--	0.0	--	0.7	--
<i>91 Day T-Bills</i>				0.2	--	0.4	--	0.5	--	0.5	--	0.2	--	0.2	--	0.4	--

Risk Parity Composite formerly shown as Risk Parity/GAA.

Mellon Dynamic Growth was included in Risk Parity/GAA composite prior to 04/01/2016.

Vermont State Employees

Total Fund Performance Detail - Net

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
Total Real Estate	105,738,638	6.1	6.5	0.9	--	2.3	--	6.6	--	6.6	--	10.4	--	11.4	--	--	--
<i>NCREIF Property Index</i>				1.8	--	3.3	--	7.0	--	7.0	--	10.2	--	10.5	--	6.4	--
<i>NCREIF ODCE</i>				1.7	--	3.5	--	7.9	--	7.9	--	11.3	--	11.8	--	5.2	--
UBS Trumbull	40,082,692	2.3		1.0	--	1.9	--	4.6	--	4.6	--	8.8	--	8.8	--	4.5	--
Siguler Guff DREOF II	13,239,126	0.8		3.9	--	4.2	--	12.5	--	12.5	--	10.7	--	--	--	--	--
Siguler Guff DREOF II Co- Investment	3,954,304	0.2		2.3	--	5.9	--	--	--	--	--	--	--	--	--	--	--
RREEF America REIT III	199,332	0.0		-2.9	--	-3.6	--	-16.1	--	-16.1	--	-1.9	--	7.0	--	-5.5	--
Morgan Stanley Prime Property	48,160,530	2.8		0.0	--	1.9	--	6.7	--	6.7	--	11.6	--	12.5	--	5.2	--
Transwestern / Aslan III	102,653	0.0		0.0	--	0.0	--	0.0	--	0.0	--	3.6	--	14.3	--	-21.9	--
Absolute Return	153,461,254	8.8	8.0	-0.2	80	-0.2	91	4.1	76	4.1	76	0.0	80	4.5	64	--	--
<i>HFRI Fund of Funds Composite Index</i>				0.7	62	3.1	54	6.4	57	6.4	57	1.5	59	3.9	70	0.9	91
<i>eV Alt Fund of Funds - Multi- Strategy Median</i>				1.0		3.2		7.2		7.2		2.0		5.2		2.9	
Grosvenor	80,649,409	4.6	3.0	0.4	70	2.2	65	7.5	49	7.5	49	1.7	54	5.6	42	--	--
Allianz Structured Alpha	31,515,625	1.8	2.0	1.4	41	2.3	65	5.0	67	5.0	67	8.0	6	6.4	31	--	--
<i>91 Day T-Bills</i>				0.2	73	0.4	88	0.5	91	0.5	91	0.2	78	0.2	98	0.4	94
<i>eV Alt Fund of Funds - Multi- Strategy Median</i>				1.0		3.2		7.2		7.2		2.0		5.2		2.9	
Pinnacle Natural Resources, L.P.	41,129,191	2.4	3.0	-3.0	--	-10.9	--	-9.4	--	-9.4	--	--	--	--	--	--	--
<i>Bloomberg Commodity Index</i>				-3.0	--	-5.3	--	-6.5	--	-6.5	--	-14.8	--	-9.2	--	-6.5	--
GAM	167,030	0.0	0.0														

Absolute Return composite formerly shown as Hedge Funds composite. As of 04/01/2016, Absolute Return includes Allianz Structured Alpha.

Allianz Structured Alpha was included Diversified Fixed income composite prior to 04/01/2016.

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

Real Estate values are finalized as of 06/30/2017. Morgan Stanley will be liquidated, funding UBS and SSgA Long US Treasury Index.

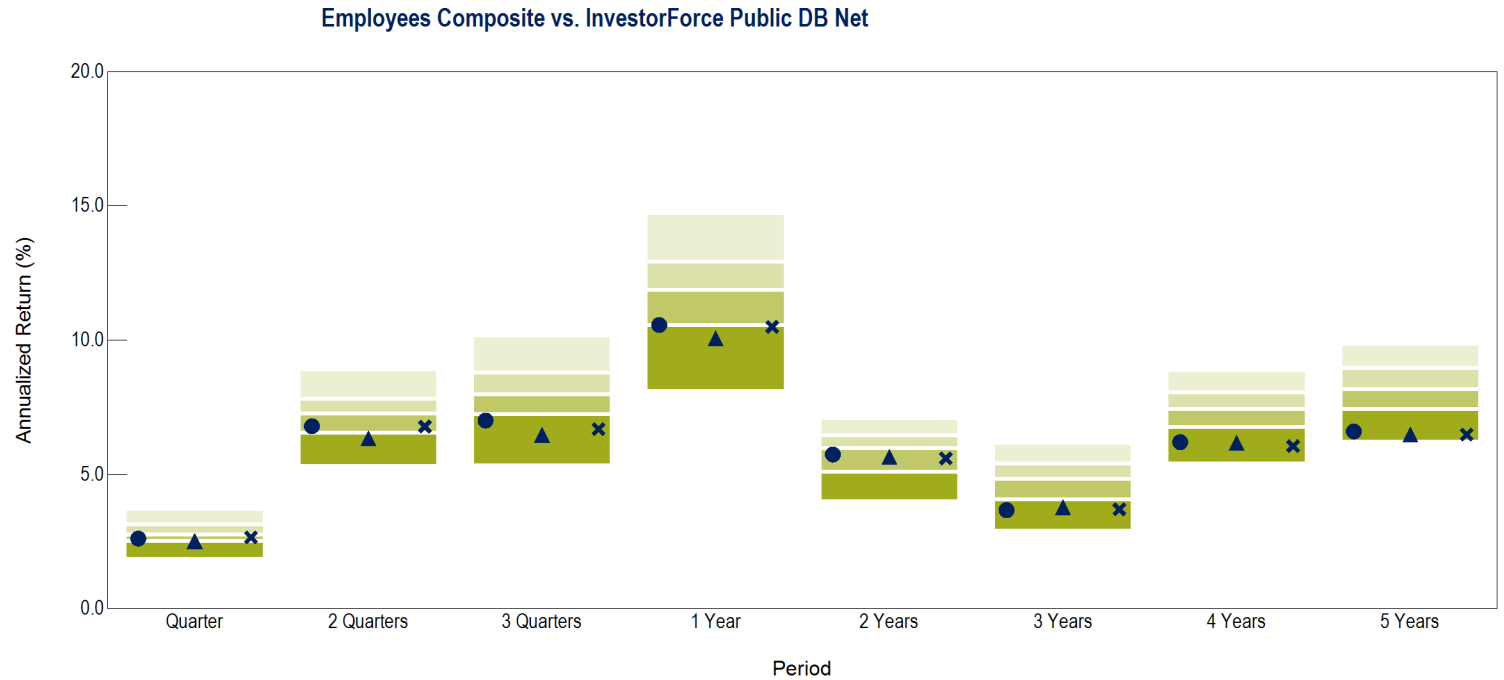
Vermont State Employees

Total Fund Performance Detail - Net

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
Private Equity	26,773,193	1.5	1.5	0.0	--	0.3	--	7.8	--	7.8	--	13.7	--	--	--	--	--
<i>Cambridge Associates US All PE</i>				<i>0.0</i>	<i>--</i>	<i>4.3</i>	<i>--</i>	<i>13.3</i>	<i>--</i>	<i>13.3</i>	<i>--</i>	<i>8.4</i>	<i>--</i>	<i>12.7</i>	<i>--</i>	<i>9.0</i>	<i>--</i>
Harbourvest Partners IX Credit Opportunities	889,174	0.1															
Harbourvest Partners IX Venture Fund	4,664,881	0.3															
Harbourvest Partners IX Buyout Fund	6,221,546	0.4															
Harbourvest Partners X Venture Fund	1,148,172	0.1															
Harbourvest Partners X Buyout Fund	2,334,629	0.1															
Harbourvest Dover VIII Fund	7,064,406	0.4															
Harbourvest Dover Street Fund IX	2,318,113	0.1															
HIPEP VII	2,132,272	0.1															

Harbourvest values based on final Capital Account Statements for Q1, and cash adjusted through Q2.

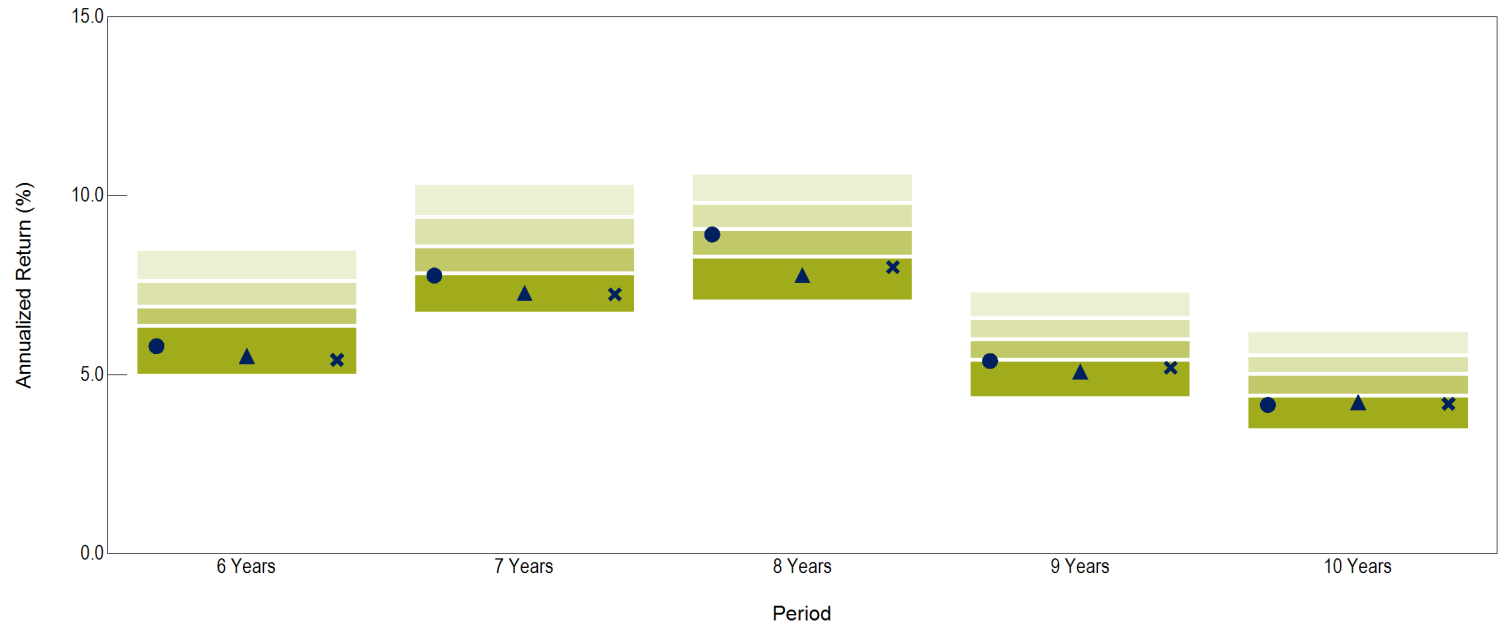
Total Fund Return Summary vs. Peer Universe - Net



	Return (Rank)															
5th Percentile	3.7	8.9	10.2	14.7	7.1	6.2	8.9	9.9								
25th Percentile	3.2	7.8	8.8	12.9	6.5	5.4	8.1	9.0								
Median	2.8	7.3	8.0	11.9	6.0	4.9	7.4	8.2								
75th Percentile	2.5	6.6	7.3	10.6	5.1	4.1	6.8	7.4								
95th Percentile	1.9	5.3	5.4	8.1	4.0	2.9	5.4	6.2								
# of Portfolios	283	283	282	282	278	269	255	245								
● Employees Composite	2.6 (69)	6.8 (67)	7.0 (82)	10.6 (77)	5.7 (58)	3.7 (84)	6.2 (88)	6.6 (91)								
▲ Policy Index	2.5 (77)	6.3 (82)	6.5 (90)	10.1 (84)	5.7 (59)	3.8 (81)	6.2 (88)	6.5 (93)								
× Allocation Index	2.7 (60)	6.8 (68)	6.7 (88)	10.5 (78)	5.6 (60)	3.7 (83)	6.1 (90)	6.5 (93)								

Total Fund Return Summary vs. Peer Universe - Net

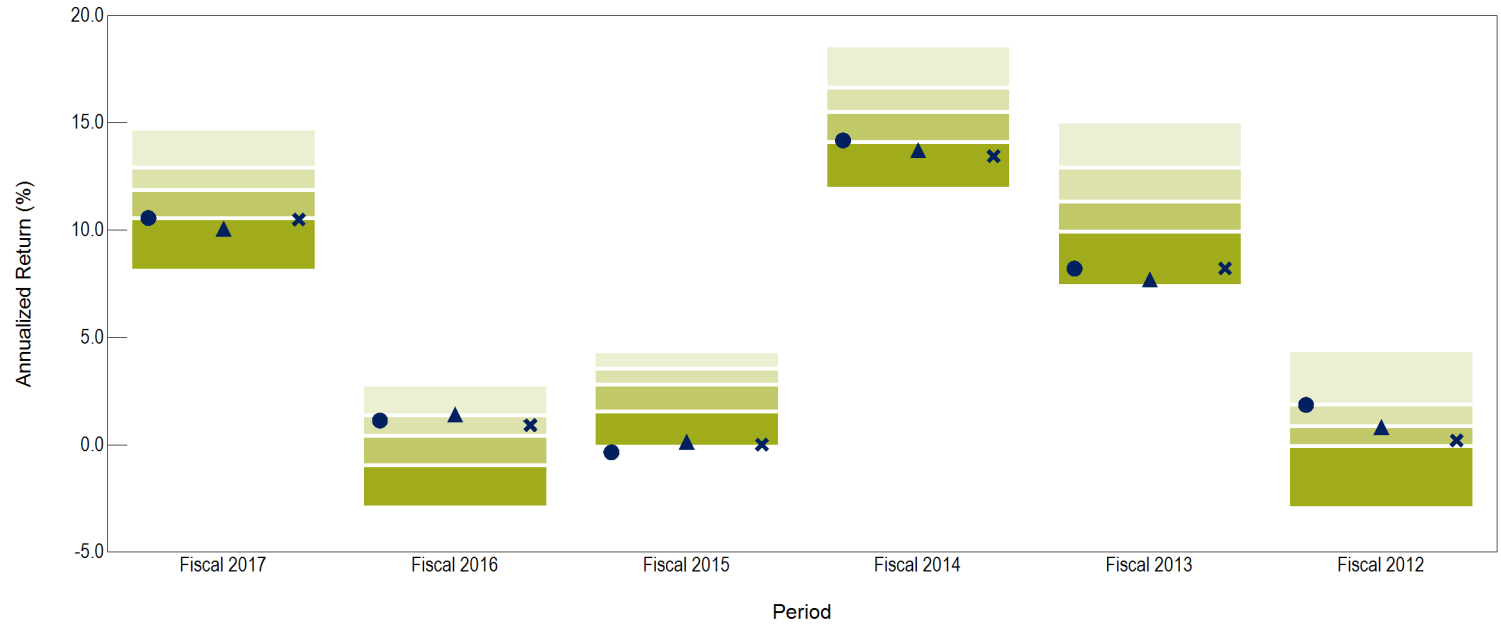
Employees Composite vs. InvestorForce Public DB Net



	Return (Rank)									
5th Percentile	8.5		10.3		10.6		7.3		6.2	
25th Percentile	7.6		9.4		9.8		6.6		5.5	
Median	6.9		8.6		9.1		6.0		5.0	
75th Percentile	6.4		7.8		8.3		5.4		4.4	
95th Percentile	5.0		6.7		7.0		4.4		3.5	
# of Portfolios	230		220		211		206		199	
● Employees Composite	5.8	(88)	7.8	(77)	8.9	(55)	5.4	(78)	4.2	(82)
▲ Policy Index	5.5	(92)	7.3	(90)	7.8	(87)	5.1	(85)	4.2	(80)
× Allocation Index	5.4	(92)	7.2	(91)	8.0	(85)	5.2	(84)	4.2	(81)

Total Fund Return Summary vs. Peer Universe - Net

Employees Composite vs. InvestorForce Public DB Net

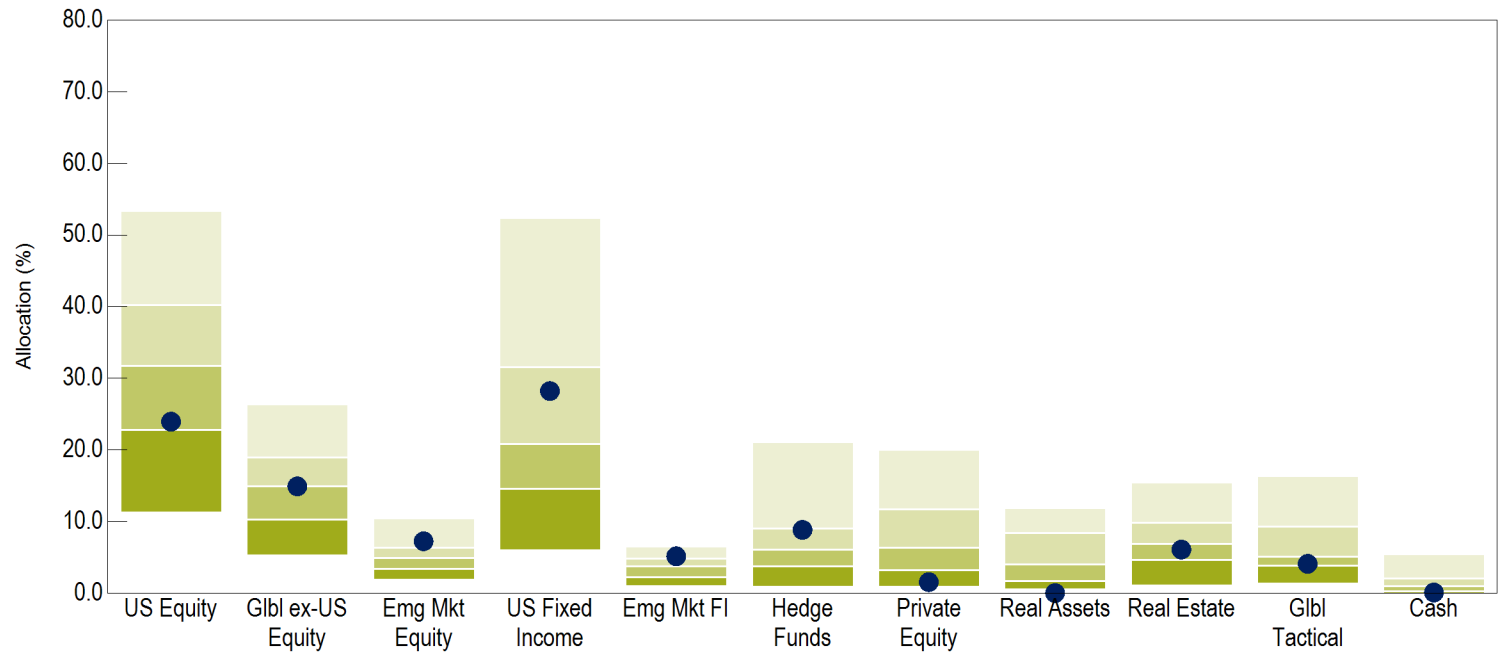


	Fiscal 2017		Fiscal 2016		Fiscal 2015		Fiscal 2014		Fiscal 2013		Fiscal 2012	
	Return	(Rank)	Return	(Rank)	Return	(Rank)	Return	(Rank)	Return	(Rank)	Return	(Rank)
5th Percentile	14.7		2.8		4.4		18.6		15.0		4.4	
25th Percentile	12.9		1.4		3.6		16.7		12.9		1.9	
Median	11.9		0.4		2.8		15.5		11.3		0.9	
75th Percentile	10.6		-0.9		1.6		14.1		9.9		0.0	
95th Percentile	8.1		-2.9		-0.1		11.9		7.4		-2.9	
# of Portfolios	282		258		231		173		192		147	
● Employees Composite	10.6	(77)	1.1	(32)	-0.3	(96)	14.2	(73)	8.2	(93)	1.9	(26)
▲ Policy Index	10.1	(84)	1.4	(25)	0.1	(94)	13.7	(84)	7.7	(94)	0.8	(52)
× Allocation Index	10.5	(78)	0.9	(36)	0.0	(95)	13.4	(89)	8.2	(93)	0.2	(70)

Vermont State Employees

Total Fund Allocation vs. Peer Universe - Net

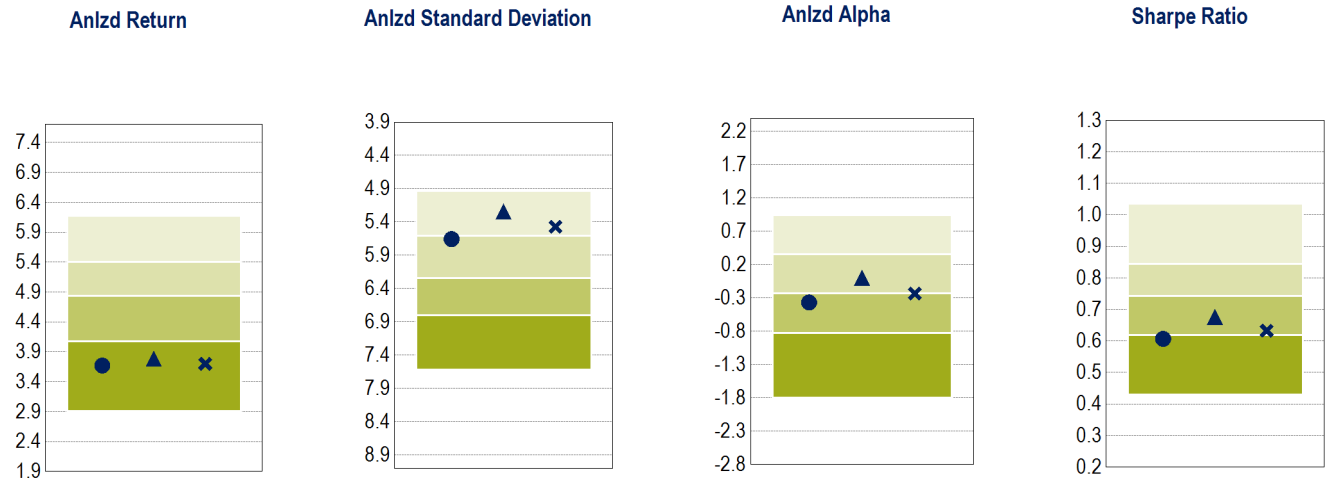
Total Plan Allocation vs. InvestorForce Public DB Net
As of June 30, 2017



	Allocation (Rank)											
5th Percentile	53.3	26.3	10.4	52.4	6.5	21.1	20.0	11.9	15.5	16.4	5.4	--
25th Percentile	40.3	19.1	6.4	31.6	4.9	9.1	11.8	8.5	9.9	9.4	2.1	--
Median	31.8	15.0	5.0	20.9	3.8	6.1	6.4	4.1	7.0	5.1	1.0	--
75th Percentile	22.9	10.4	3.5	14.7	2.3	3.8	3.3	1.8	4.8	3.9	0.3	--
95th Percentile	11.4	5.3	2.0	6.0	1.0	0.9	1.0	0.6	1.2	1.4	0.0	--
# of Portfolios	203	228	142	205	47	97	124	71	172	65	244	--
● Employees Composite	23.9 (72)	14.9 (51)	7.2 (19)	28.2 (34)	5.1 (20)	8.8 (27)	1.5 (88)	0.0 (99)	6.1 (55)	4.1 (74)	0.1 (90)	--

Total Fund Risk Statistics vs. Peer Universe - Net

Employees Composite vs. IFx Public DB Net
3 Years



● Employees Composite	Value	3.67
	Rank	84
▲ Policy Index	Value	3.78
	Rank	81
✕ Allocation Index	Value	3.70
	Rank	83
Universe		
	5th %tile	6.17
	25th %tile	5.42
	Median	4.85
	75th %tile	4.08
	95th %tile	2.92

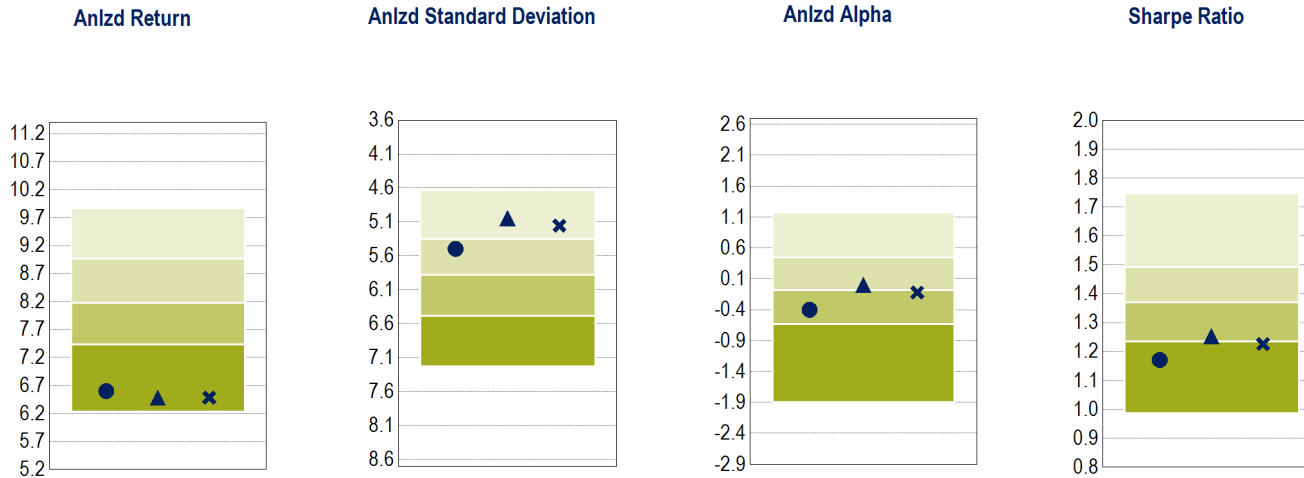
● Employees Composite	Value	5.66
	Rank	27
▲ Policy Index	Value	5.24
	Rank	10
✕ Allocation Index	Value	5.47
	Rank	21
Universe		
	5th %tile	4.93
	25th %tile	5.60
	Median	6.24
	75th %tile	6.79
	95th %tile	7.61

● Employees Composite	Value	-0.37
	Rank	57
▲ Policy Index	Value	0.00
	Rank	37
✕ Allocation Index	Value	-0.24
	Rank	52
Universe		
	5th %tile	0.94
	25th %tile	0.36
	Median	-0.22
	75th %tile	-0.82
	95th %tile	-1.79

● Employees Composite	Value	0.61
	Rank	78
▲ Policy Index	Value	0.68
	Rank	65
✕ Allocation Index	Value	0.63
	Rank	75
Universe		
	5th %tile	1.04
	25th %tile	0.85
	Median	0.74
	75th %tile	0.62
	95th %tile	0.43

Total Fund Risk Statistics vs. Peer Universe - Net

Employees Composite vs. IFx Public DB Net
5 Years



● Employees Composite	
Value	6.60
Rank	91
▲ Policy Index	
Value	6.48
Rank	93
✕ Allocation Index	
Value	6.48
Rank	93
Universe	
5th %tile	9.87
25th %tile	8.98
Median	8.19
75th %tile	7.44
95th %tile	6.24

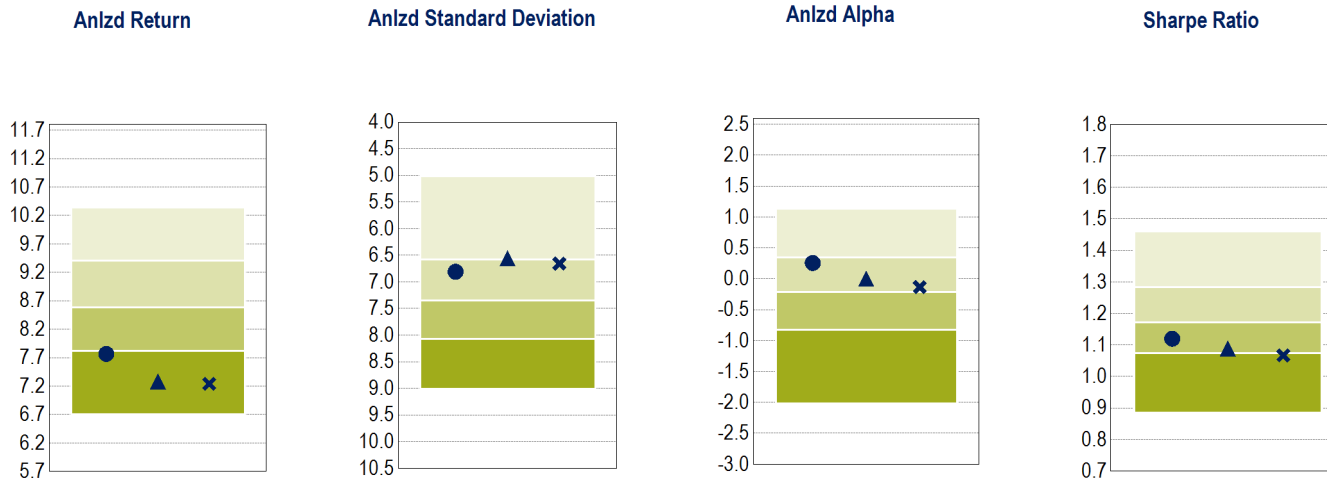
● Employees Composite	
Value	5.50
Rank	31
▲ Policy Index	
Value	5.05
Rank	13
✕ Allocation Index	
Value	5.16
Rank	18
Universe	
5th %tile	4.63
25th %tile	5.34
Median	5.87
75th %tile	6.47
95th %tile	7.22

● Employees Composite	
Value	-0.40
Rank	67
▲ Policy Index	
Value	0.00
Rank	46
✕ Allocation Index	
Value	-0.12
Rank	55
Universe	
5th %tile	1.18
25th %tile	0.45
Median	-0.08
75th %tile	-0.62
95th %tile	-1.88

● Employees Composite	
Value	1.17
Rank	83
▲ Policy Index	
Value	1.25
Rank	74
✕ Allocation Index	
Value	1.23
Rank	77
Universe	
5th %tile	1.75
25th %tile	1.49
Median	1.37
75th %tile	1.24
95th %tile	0.99

Total Fund Risk Statistics vs. Peer Universe - Net

Employees Composite vs. I/Fx Public DB Net
7 Years



● Employees Composite	
Value	7.77
Rank	77
▲ Policy Index	
Value	7.28
Rank	90
✕ Allocation Index	
Value	7.24
Rank	91
Universe	
5th %tile	10.34
25th %tile	9.41
Median	8.59
75th %tile	7.83
95th %tile	6.71

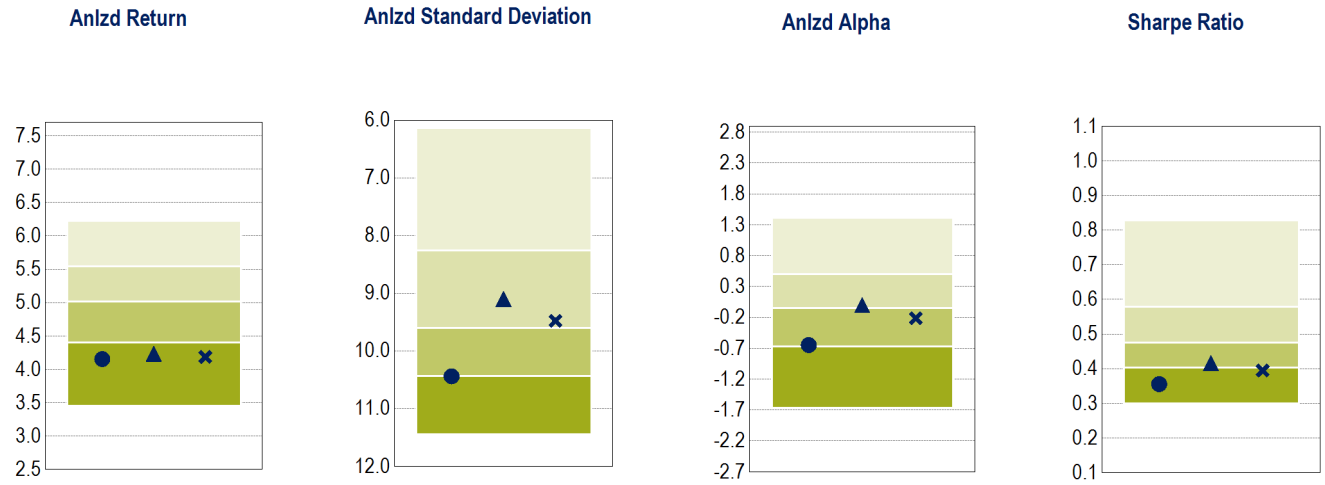
● Employees Composite	
Value	6.81
Rank	34
▲ Policy Index	
Value	6.56
Rank	25
✕ Allocation Index	
Value	6.66
Rank	28
Universe	
5th %tile	5.02
25th %tile	6.57
Median	7.34
75th %tile	8.06
95th %tile	9.00

● Employees Composite	
Value	0.25
Rank	29
▲ Policy Index	
Value	0.00
Rank	39
✕ Allocation Index	
Value	-0.14
Rank	46
Universe	
5th %tile	1.14
25th %tile	0.36
Median	-0.21
75th %tile	-0.81
95th %tile	-2.01

● Employees Composite	
Value	1.12
Rank	65
▲ Policy Index	
Value	1.09
Rank	73
✕ Allocation Index	
Value	1.07
Rank	78
Universe	
5th %tile	1.46
25th %tile	1.29
Median	1.17
75th %tile	1.08
95th %tile	0.89

Total Fund Risk Statistics vs. Peer Universe - Net

Employees Composite vs. I/Fx Public DB Net
10 Years



● Employees Composite	
Value	4.15
Rank	82
▲ Policy Index	
Value	4.23
Rank	80
✕ Allocation Index	
Value	4.18
Rank	81
Universe	
5th %tile	6.23
25th %tile	5.55
Median	5.03
75th %tile	4.42
95th %tile	3.46

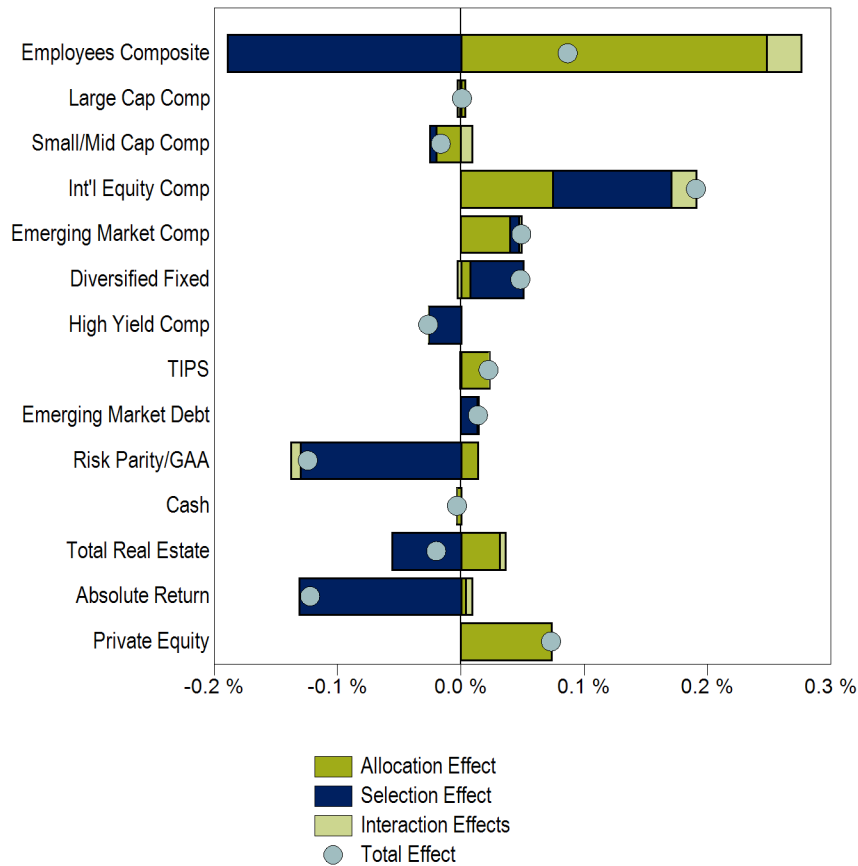
● Employees Composite	
Value	10.44
Rank	77
▲ Policy Index	
Value	9.10
Rank	41
✕ Allocation Index	
Value	9.48
Rank	49
Universe	
5th %tile	6.14
25th %tile	8.25
Median	9.59
75th %tile	10.43
95th %tile	11.44

● Employees Composite	
Value	-0.65
Rank	73
▲ Policy Index	
Value	0.00
Rank	49
✕ Allocation Index	
Value	-0.21
Rank	61
Universe	
5th %tile	1.41
25th %tile	0.51
Median	-0.04
75th %tile	-0.66
95th %tile	-1.66

● Employees Composite	
Value	0.36
Rank	86
▲ Policy Index	
Value	0.42
Rank	70
✕ Allocation Index	
Value	0.39
Rank	77
Universe	
5th %tile	0.83
25th %tile	0.58
Median	0.48
75th %tile	0.40
95th %tile	0.30

Total Fund Attribution Analysis - Net

Attribution Effects Relative to Policy Index
3 Months Ending June 30, 2017



Attribution Summary
3 Months Ending June 30, 2017

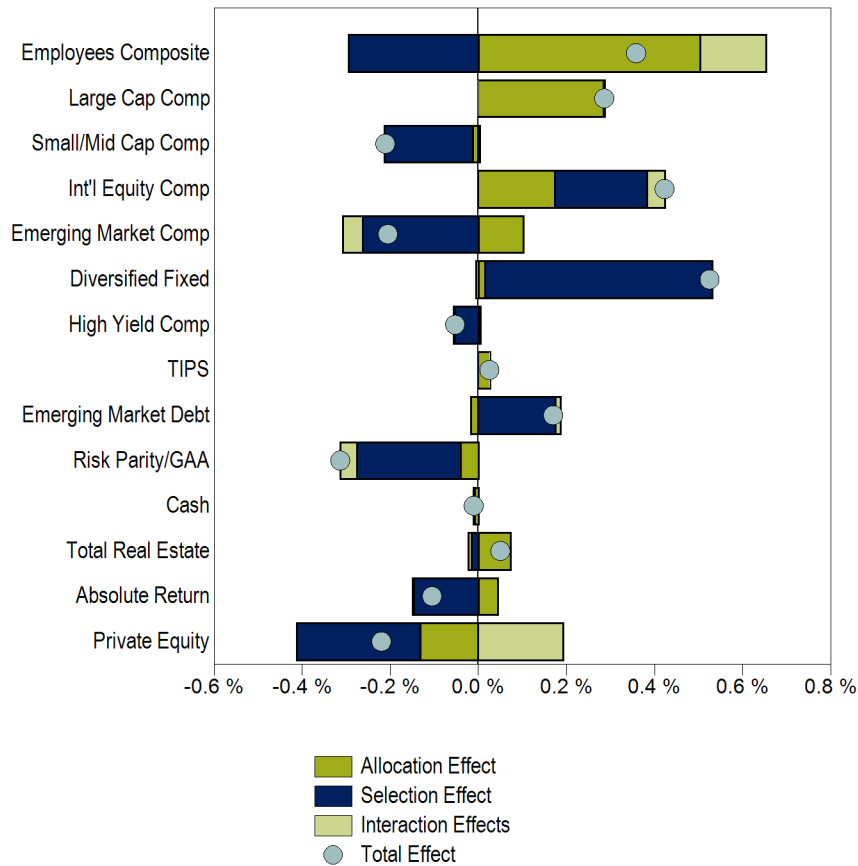
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Large Cap Comp	2.9%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Small/Mid Cap Comp	1.7%	1.6%	0.1%	0.0%	0.0%	0.0%	0.0%
Int'l Equity Comp	7.0%	6.0%	0.9%	0.1%	0.1%	0.0%	0.2%
Emerging Market Comp	6.4%	6.3%	0.1%	0.0%	0.0%	0.0%	0.0%
Diversified Fixed	1.7%	1.4%	0.2%	0.0%	0.0%	0.0%	0.0%
High Yield Comp	1.7%	2.2%	-0.5%	0.0%	0.0%	0.0%	0.0%
TIPS	-0.4%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Emerging Market Debt	2.5%	2.2%	0.3%	0.0%	0.0%	0.0%	0.0%
Risk Parity/GAA	1.1%	3.6%	-2.5%	-0.1%	0.0%	0.0%	-0.1%
Cash	0.0%	0.2%	-0.2%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	0.9%	1.8%	-0.8%	-0.1%	0.0%	0.0%	0.0%
Absolute Return	-0.2%	1.3%	-1.5%	-0.1%	0.0%	0.0%	-0.1%
Private Equity	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%
Total	2.7%	2.5%	0.1%	-0.2%	0.2%	0.0%	0.1%

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.

Absolute Return's Wtd. index Return is calculated using a weighting of the respective benchmarks for each underlying strategy part of the composite.

Total Fund Attribution Analysis - Net

**Attribution Effects Relative to Policy Index
1 Year Ending June 30, 2017**



**Attribution Summary
1 Year Ending June 30, 2017**

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Large Cap Comp	17.8%	17.8%	0.0%	0.0%	0.3%	0.0%	0.3%
Small/Mid Cap Comp	18.1%	22.0%	-3.8%	-0.2%	0.0%	0.0%	-0.2%
Int'l Equity Comp	22.5%	20.3%	2.1%	0.2%	0.2%	0.0%	0.4%
Emerging Market Comp	18.7%	23.7%	-5.0%	-0.3%	0.1%	0.0%	-0.2%
Diversified Fixed	2.3%	-0.3%	2.6%	0.5%	0.0%	0.0%	0.5%
High Yield Comp	11.6%	12.7%	-1.1%	-0.1%	0.0%	0.0%	-0.1%
TIPS	-0.6%	-0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Emerging Market Debt	9.0%	5.5%	3.4%	0.2%	0.0%	0.0%	0.2%
Risk Parity/GAA	5.0%	8.8%	-3.8%	-0.2%	0.0%	0.0%	-0.3%
Cash	0.0%	0.5%	-0.5%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	6.6%	7.0%	-0.4%	0.0%	0.1%	0.0%	0.1%
Absolute Return	4.1%	5.7%	-1.6%	-0.1%	0.0%	0.0%	-0.1%
Private Equity	7.8%	13.3%	-5.5%	-0.3%	-0.1%	0.2%	-0.2%
Total	10.8%	10.2%	0.7%	-0.3%	0.5%	0.1%	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.

Absolute Return's Wtd. index Return is calculated using a weighting of the respective benchmarks for each underlying strategy part of the composite.

Asset Allocation Effect - Measures VPIC's ability to effectively allocate their portfolio's assets to various asset classes. The allocation effect determines whether the overweighting or underweighting of asset classes relative to a benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is overweighted in an asset class that outperforms the benchmark. Negative allocation occurs when the portfolio is overweighted in an asset class that underperforms the benchmark and underweighted in an asset class that outperforms the benchmark.

Selection Effect - Measures VPIC's ability to select managers within a given asset class relative to a benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by VPIC's allocation to the asset class. The weight of the manager in the portfolio determines the size of the effect -- the larger the manager, the larger the effect is, positive or negative.

Interaction Effect - The interaction effect measures the combined impact of VPIC's manager selection and manager allocation decisions within an asset class. For example, if VPIC had superior manager selection and overweighted that particular asset class, the interaction effect is positive. If VPIC had superior manager selection, but underweighted that asset class, the interaction effect is negative. In this case, VPIC did not take advantage of the superior manager selection by allocating more assets to that asset class.

Vermont State Employees

Risk Statistics - 3 Years Ending June 30, 2017 - Net

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Anlzd AJ	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank	Tracking Error	Rank
Employees Composite	100.00%	3.67%	84	5.66%	27	-0.35%	56	0.61	78	1.05	64	0.88%	32
Policy Index	--	3.78%	81	5.24%	10	0.00%	36	0.68	65	1.18	47	0.00%	1
US Equity	23.93%	9.14%	27	10.83%	28	-0.06%	30	0.82	21	1.38	23	1.40%	2
Russell 3000	--	9.10%	27	10.63%	25	0.00%	29	0.83	19	1.37	24	0.00%	1
Large Cap Comp	18.51%	9.27%	27	10.45%	36	-0.42%	31	0.86	24	1.56	19	0.70%	1
S&P 500	--	9.61%	22	10.35%	34	0.00%	24	0.91	18	1.52	21	0.00%	1
Small/Mid Cap Comp	5.42%	9.09%	20	12.83%	46	3.06%	24	0.69	21	1.35	12	4.05%	2
Russell 2000	--	7.36%	38	15.38%	93	0.00%	61	0.46	57	0.77	53	0.00%	1
Int'l Equity Comp	14.90%	2.68%	44	11.78%	42	1.60%	45	0.21	44	0.37	43	2.06%	7
MSCI EAFE	--	1.15%	77	12.42%	76	0.00%	78	0.07	78	0.13	76	0.00%	1
Emerging Market Comp	7.24%	1.64%	55	15.29%	61	0.65%	55	0.09	56	0.18	49	5.16%	56
MSCI Emerging Markets	--	1.07%	68	16.06%	78	0.00%	67	0.05	67	0.10	66	0.00%	1
US Fixed Income	28.20%	3.42%	30	2.96%	61	1.27%	27	1.07	26	1.57	29	1.69%	36
BBgBarc US Aggregate TR	--	2.48%	52	2.90%	59	0.00%	76	0.77	61	1.07	66	0.00%	1
Diversified Fixed	18.72%	3.51%	29	3.00%	61	1.15%	28	1.09	24	1.37	40	1.22%	24
BBgBarc US Aggregate TR	--	2.48%	52	2.90%	59	0.00%	76	0.77	61	1.07	66	0.00%	1
Unconstrained Fixed Income	5.92%	--	--	--	--	--	--	--	--	--	--	--	--
25% HY, 25% EMD, 50% BC Agg	--	3.56%	16	3.68%	51	0.00%	48	0.90	28	1.50	28	0.00%	1
High Yield Comp	5.01%	4.36%	30	5.04%	43	0.69%	38	0.82	41	1.48	48	1.62%	37
BBgBarc US High Yield TR	--	4.48%	28	6.09%	83	0.00%	57	0.70	55	1.56	40	0.00%	1
TIPS	4.48%	0.59%	27	3.90%	70	-0.05%	22	0.09	23	0.16	21	0.18%	4
BBgBarc US TIPS TR	--	0.63%	23	3.83%	59	0.00%	18	0.10	18	0.18	18	0.00%	1
Emerging Market Debt	5.14%	5.05%	9	6.14%	28	0.44%	15	0.78	13	1.21	16	1.32%	9
JP Morgan EMBI Global TR	--	4.64%	18	6.04%	27	0.00%	25	0.73	21	1.07	22	0.00%	1
Total Real Estate	6.08%	10.40%	--	4.64%	--	0.15%	--	0.61	--	0.56	--	1.44%	--
NCREIF Property Index	--	10.16%	--	4.28%	--	0.00%	--	0.61	--	0.52	--	0.00%	--
Absolute Return	8.82%	0.02%	80	3.15%	21	-1.29%	76	-0.07	83	-0.09	83	1.66%	6
HFRI Fund of Funds Composite Index	--	1.53%	59	3.30%	27	0.00%	56	0.39	51	0.45	56	0.00%	1
Risk Parity/GAA	4.08%	0.49%	76	7.32%	62	-1.96%	80	0.03	77	0.06	77	4.42%	41
60% MSCI World (Net) / 40% CITI WGBI	--	2.86%	32	7.04%	55	0.00%	42	0.37	38	0.74	26	0.00%	1

Vermont State Employees

Risk Statistics - 5 Years Ending June 30, 2017 - Net

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Anlzd AJ	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank	Tracking Error	Rank
Employees Composite	100.00%	6.60%	91	5.50%	31	-0.39%	67	1.17	83	2.04	70	0.84%	26
Policy Index	--	6.48%	93	5.05%	13	0.00%	46	1.25	74	2.24	49	0.00%	1
US Equity	23.93%	--	--	--	--	--	--	--	--	--	--	--	--
Russell 3000	--	14.58%	34	9.80%	18	0.00%	29	1.47	12	2.53	17	0.00%	1
Large Cap Comp	18.51%	14.92%	23	9.67%	28	0.16%	21	1.53	10	2.87	8	0.74%	1
S&P 500	--	14.63%	28	9.56%	24	0.00%	26	1.51	11	2.61	18	0.00%	1
Small/Mid Cap Comp	5.42%	14.53%	30	11.96%	47	3.00%	43	1.20	31	2.44	12	3.47%	1
Russell 2000	--	13.70%	44	13.88%	87	0.00%	85	0.98	75	1.61	70	0.00%	1
Int'l Equity Comp	14.90%	10.04%	43	11.20%	38	1.87%	42	0.88	38	1.63	29	2.08%	7
MSCI EAFE	--	8.69%	67	11.74%	71	0.00%	79	0.73	72	1.28	67	0.00%	1
Emerging Market Comp	7.24%	3.95%	73	14.40%	70	0.20%	71	0.26	72	0.44	69	4.74%	51
MSCI Emerging Markets	--	3.96%	73	14.40%	70	0.00%	75	0.26	72	0.44	69	0.00%	1
US Fixed Income	28.20%	--	--	--	--	--	--	--	--	--	--	--	--
BBgBarc US Aggregate TR	--	2.21%	61	2.86%	52	0.00%	83	0.72	77	0.98	74	0.00%	1
Diversified Fixed	18.72%	2.90%	47	3.17%	63	0.62%	53	0.86	62	1.10	64	1.13%	24
BBgBarc US Aggregate TR	--	2.21%	61	2.86%	52	0.00%	83	0.72	77	0.98	74	0.00%	1
Unconstrained Fixed Income	5.92%	--	--	--	--	--	--	--	--	--	--	--	--
25% HY, 25% EMD, 50% BC Agg	--	4.15%	43	3.78%	57	0.00%	72	1.06	50	1.51	53	0.00%	1
High Yield Comp	5.01%	6.48%	35	4.40%	30	0.84%	33	1.44	33	2.27	46	1.37%	36
BBgBarc US High Yield TR	--	6.89%	25	5.28%	76	0.00%	64	1.27	58	2.37	41	0.00%	1
TIPS	4.48%	0.20%	56	4.56%	73	-0.07%	55	0.01	56	0.01	55	0.16%	1
BBgBarc US TIPS TR	--	0.27%	37	4.52%	59	0.00%	40	0.02	40	0.03	40	0.00%	1
Emerging Market Debt	5.14%	5.90%	14	6.65%	28	0.91%	16	0.86	16	1.20	15	1.27%	7
JP Morgan EMBI Global TR	--	5.20%	29	6.81%	31	0.00%	30	0.74	26	1.04	30	0.00%	1
Total Real Estate	6.08%	11.43%	--	4.92%	--	0.98%	--	0.11	--	0.12	--	1.51%	--
NCREIF Property Index	--	10.49%	--	4.30%	--	0.00%	--	-0.09	--	-0.09	--	0.00%	--
Absolute Return	8.82%	4.51%	64	3.53%	33	0.79%	57	1.23	44	1.88	40	1.63%	7
HFRI Fund of Funds Composite Index	--	3.86%	70	3.25%	27	0.00%	67	1.14	49	1.51	53	0.00%	1
Risk Parity/GAA	4.08%	4.35%	58	7.22%	64	-1.75%	82	0.58	71	0.86	74	4.10%	44
60% MSCI World (Net) / 40% CITI WGBI	--	6.75%	24	6.63%	53	0.00%	47	0.99	17	2.07	5	0.00%	1

Appendix

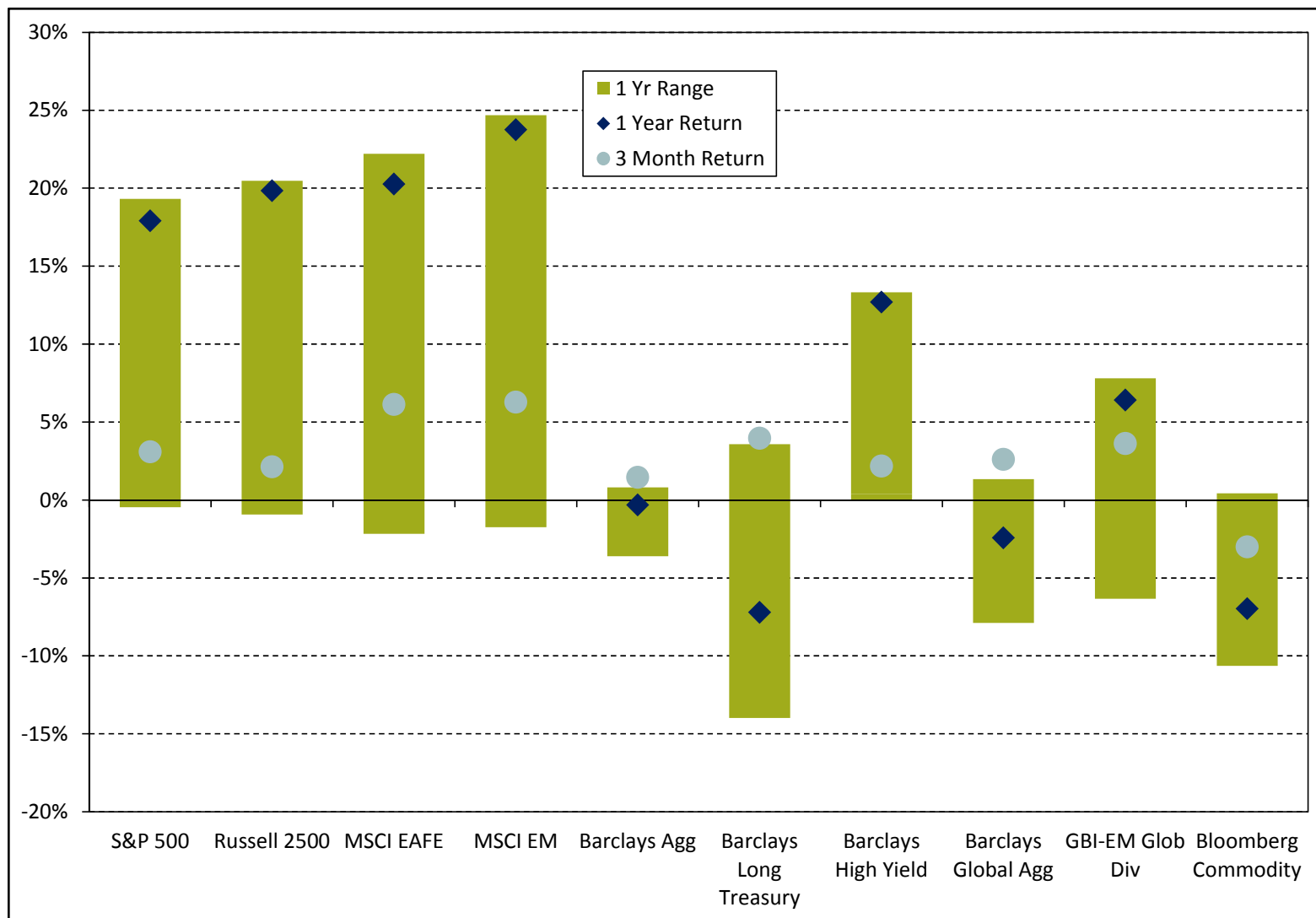


Index Performance Summary as of 06/30/2017

	2009	2010	2011	2012	2013	2014	2015	2016	Q1	April	May	June	Q2	YTD
MSCI EM	78.5%	18.9%	-18.4%	18.2%	-2.6%	-2.2%	-14.9%	11.2%	11.4%	2.2%	3.0%	1.0%	6.3%	18.4%
MSCI EAFE	31.8%	7.8%	-12.1%	17.3%	22.8%	-4.9%	-0.8%	1.0%	7.2%	2.5%	3.7%	-0.2%	6.1%	13.8%
MSCI ACWI	34.6%	12.7%	-7.3%	16.1%	22.8%	4.2%	-2.4%	7.9%	6.9%	1.6%	2.2%	0.5%	4.3%	11.5%
JPM GBI-EM Global Div	22.0%	15.7%	-1.8%	16.8%	-9.0%	-5.7%	-14.9%	9.9%	6.5%	1.2%	2.0%	0.5%	3.6%	10.4%
S&P 500	26.5%	15.1%	2.1%	16.0%	32.4%	13.7%	1.4%	12.0%	6.1%	1.0%	1.4%	0.6%	3.1%	9.3%
Russell 1000	28.4%	16.1%	1.5%	16.4%	33.1%	13.2%	0.9%	12.1%	6.0%	1.1%	1.3%	0.7%	3.1%	9.3%
BC US STRIPS 20+ Yr	-36.0%	10.9%	58.5%	3.0%	-21.0%	46.4%	-3.7%	1.4%	1.8%	1.8%	3.1%	1.1%	6.1%	8.0%
BC US Long Credit	16.8%	10.7%	17.1%	12.7%	-6.6%	16.4%	-4.6%	10.2%	1.7%	1.6%	2.1%	1.0%	4.7%	6.4%
JPM EMBI Glob Div	29.8%	12.2%	7.3%	17.4%	-5.3%	7.4%	1.2%	10.2%	3.9%	1.6%	0.9%	-0.1%	2.2%	6.2%
BC US Govt/Cred Long	1.9%	10.2%	22.5%	8.8%	-8.8%	19.3%	-3.3%	6.7%	1.6%	1.6%	2.0%	0.8%	4.4%	6.0%
Russell 2500	34.4%	26.7%	-2.5%	17.9%	36.8%	7.1%	-2.9%	17.6%	3.8%	0.8%	-1.1%	2.5%	2.1%	6.0%
Russell 2000	27.2%	26.9%	-4.2%	16.3%	38.8%	4.9%	-4.4%	21.3%	2.5%	1.1%	-2.0%	3.5%	2.5%	5.0%
BC US Corporate HY	58.2%	15.1%	5.0%	15.8%	7.4%	2.5%	-4.5%	17.1%	2.7%	1.2%	0.9%	0.1%	2.2%	4.9%
BC Global Agg	-6.5%	-5.3%	-5.3%	-4.1%	2.7%	-0.6%	3.3%	2.1%	1.8%	1.1%	1.5%	-0.1%	2.6%	4.4%
BC Municipal	12.9%	2.4%	10.7%	6.8%	-2.6%	9.1%	3.3%	0.2%	1.6%	0.7%	1.6%	-0.4%	2.0%	3.6%
CS Hedge Fund	18.6%	10.9%	-2.5%	7.7%	9.7%	4.1%	-0.7%	1.2%	2.1%	0.4%	0.8%	-	1.3%	3.4%
FTSE NAREIT Eqy REITs	28.0%	28.0%	8.3%	18.1%	2.5%	30.1%	3.2%	8.5%	1.2%	0.1%	-0.8%	2.2%	1.5%	2.7%
BC US Agg Bond	5.9%	6.5%	7.8%	4.2%	-2.0%	6.0%	0.5%	2.6%	0.8%	0.8%	0.8%	-0.1%	1.4%	2.3%
CS Leveraged Loan	44.9%	10.0%	1.8%	9.4%	6.2%	2.1%	-0.4%	9.9%	1.2%	0.4%	0.4%	-0.1%	0.8%	2.0%
BC US Agg Interm	6.5%	6.1%	6.0%	3.6%	-1.0%	4.1%	1.2%	2.0%	0.7%	0.6%	0.5%	-0.3%	0.9%	1.6%
BC TIPS	11.4%	6.3%	13.6%	7.0%	-8.6%	3.6%	-1.4%	4.7%	1.3%	0.6%	0.0%	-0.9%	-0.4%	0.9%
BC US Govt/Cred 1-3 Yr	3.8%	2.8%	1.6%	1.3%	0.6%	0.8%	0.7%	1.3%	0.4%	0.2%	0.2%	0.0%	0.3%	0.7%
Alerian MLP	76.4%	35.9%	13.9%	4.8%	27.6%	4.8%	-32.6%	18.3%	3.9%	-1.3%	-4.5%	-0.6%	-6.4%	-2.7%
BBG Commodity	18.9%	16.8%	-13.3%	-1.1%	-9.5%	-17.0%	-24.7%	11.8%	-2.3%	-1.5%	-1.4%	-0.3%	-3.2%	-5.6%

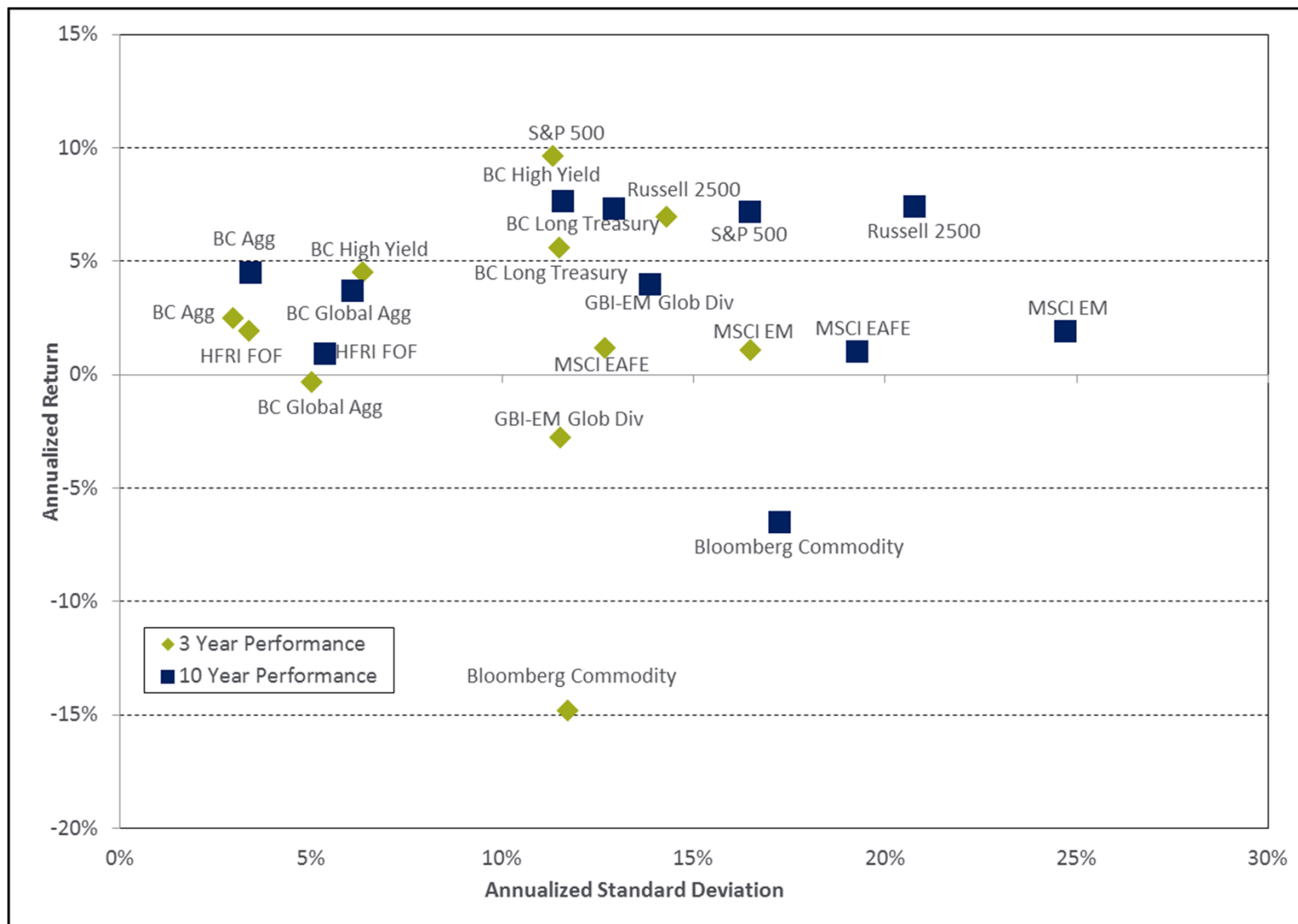
Source: Bloomberg, Barclays, Alerian, Nareit, MSCI, JP Morgan, Credit Suisse

Near Term Broad Market Performance Summary as of 06/30/2017



Source: Bloomberg, Standard and Poors, Russell, MSCI, Barclays, JP Morgan
 *1 Yr Range: Represents range of cumulative high/low daily index returns for an investment made one year ago

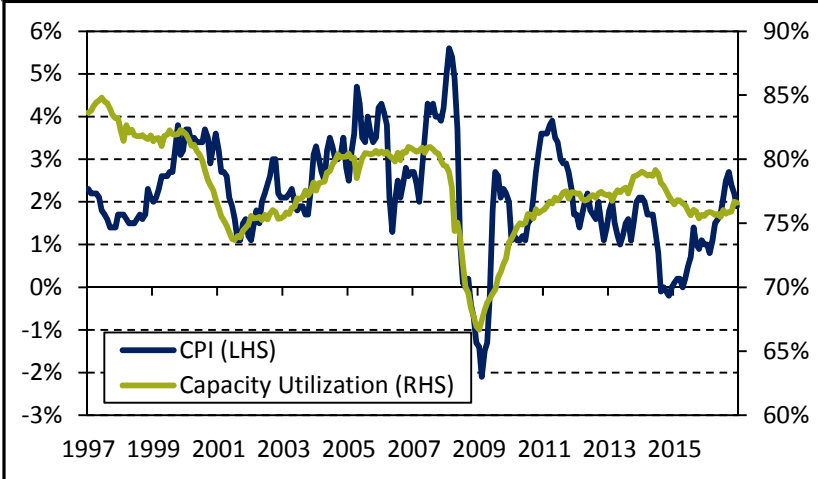
Long Term Broad Market Performance Summary as of 06/30/2017



Source: Bloomberg, Standard and Poors, Russell, MSCI, Barclays, JP Morgan

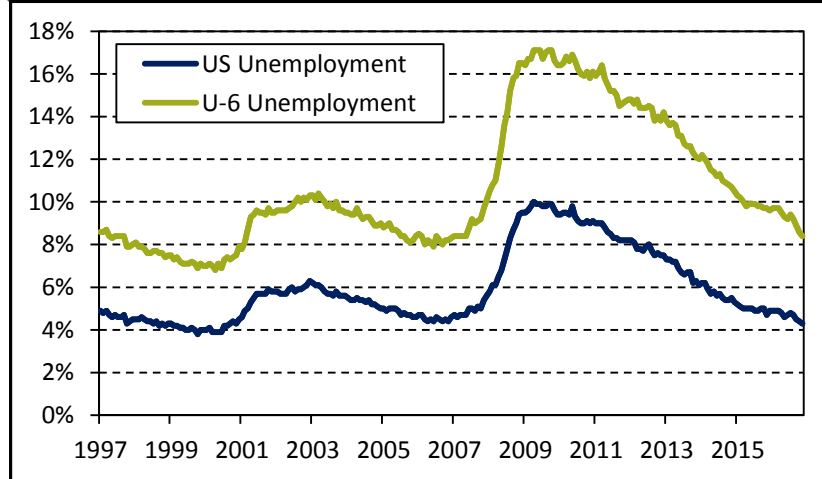
US Economic Indicators

Inflation continues to decline, while capacity utilization trends upward



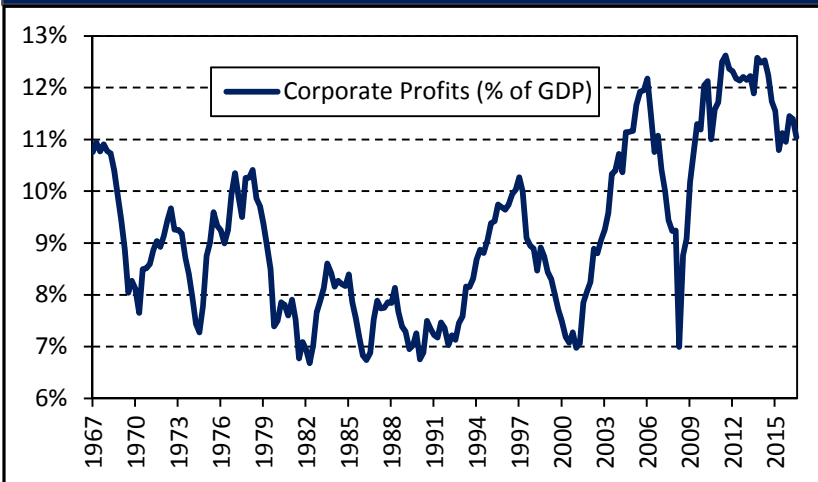
Source: Bloomberg, Federal Reserve, Bureau of Labor Statistics

Unemployment is still declining



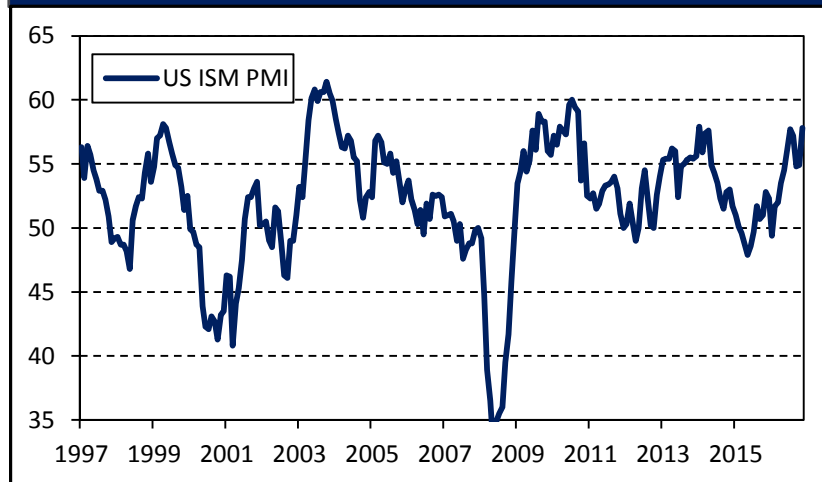
Source: Bloomberg, Bureau of Labor Statistics

Corporate profits fall off recent highs



Source: Bloomberg, Bureau of Economic Analysis

Manufacturing growth hit a multi-year high

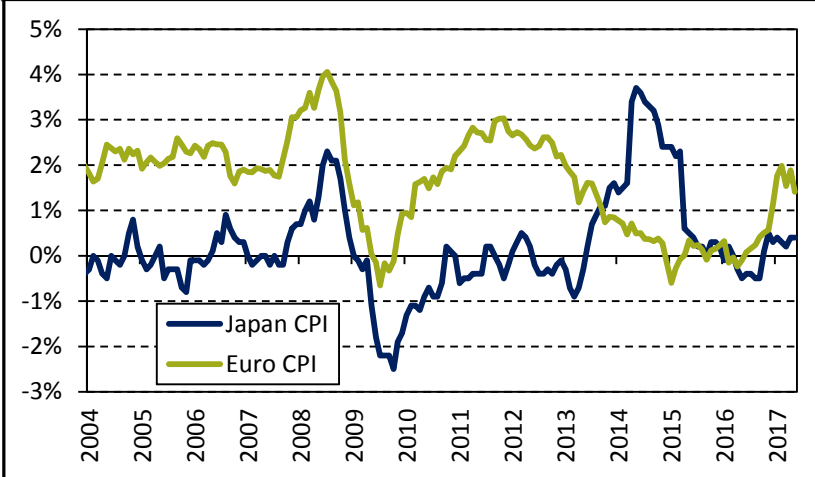


Source: Bloomberg, Institute for Supply Management



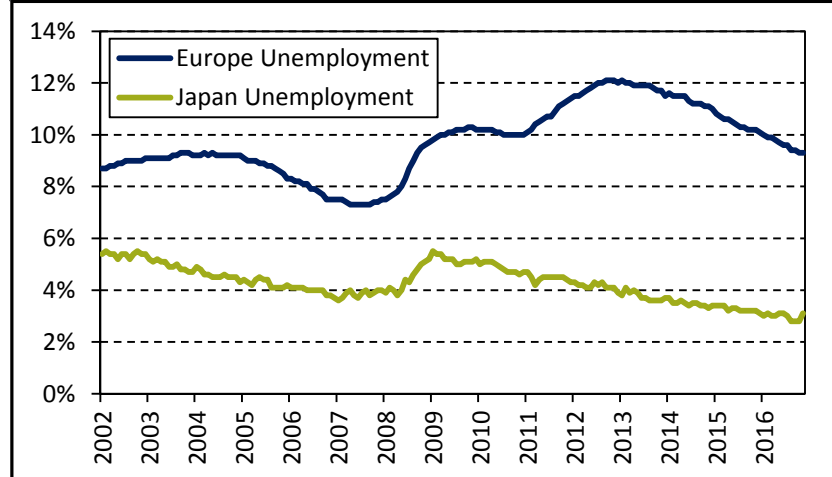
International Economic Indicators

Eurozone inflation fell to 1.4%, remaining below the 2% target



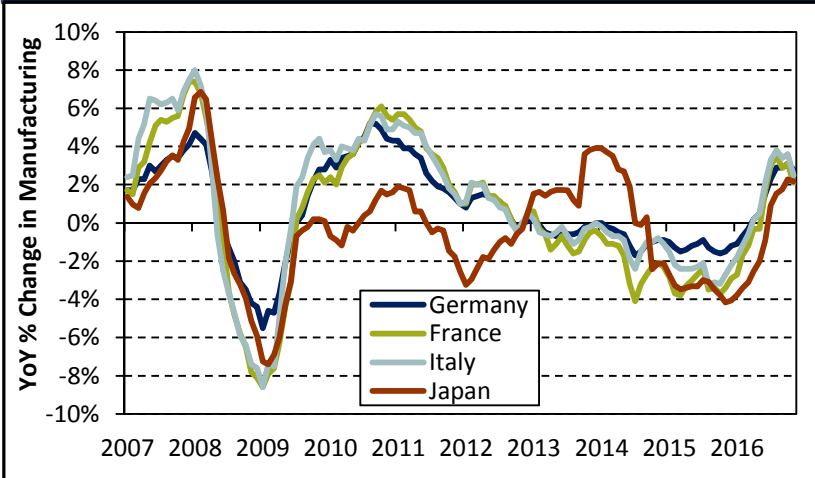
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

Japan unemployment increased off previous month lows



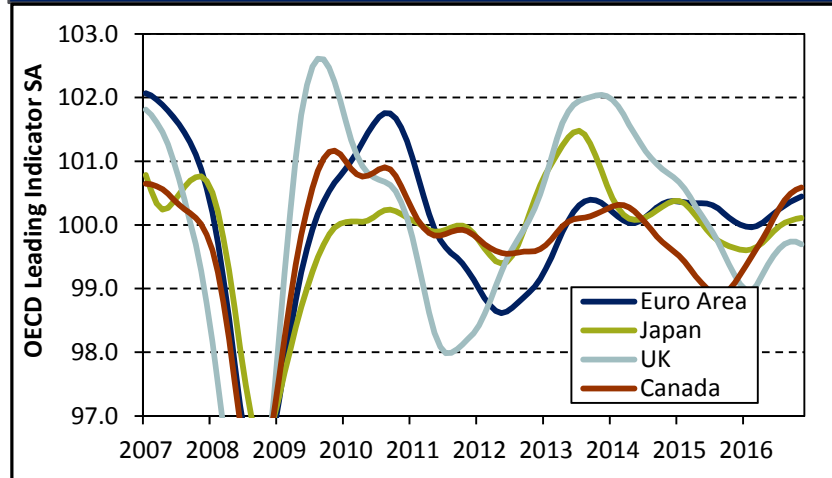
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

Manufacturing has fallen, though still remains elevated



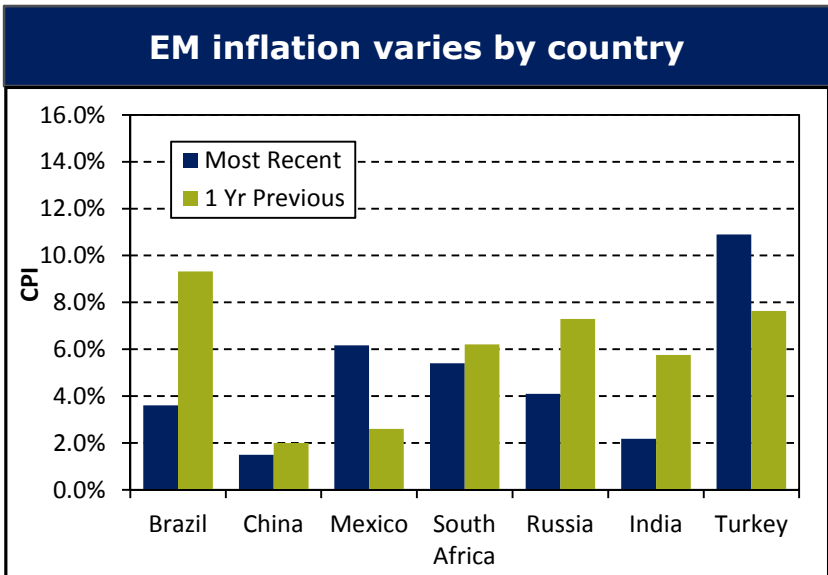
Source: Bloomberg, OECD, Eurostat

UK leading indicators have begun to decline

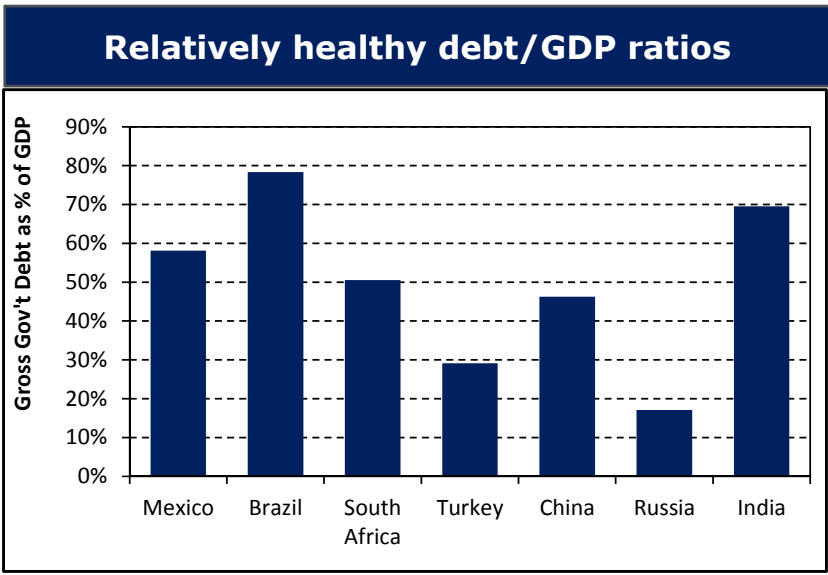


Source: Bloomberg, OECD

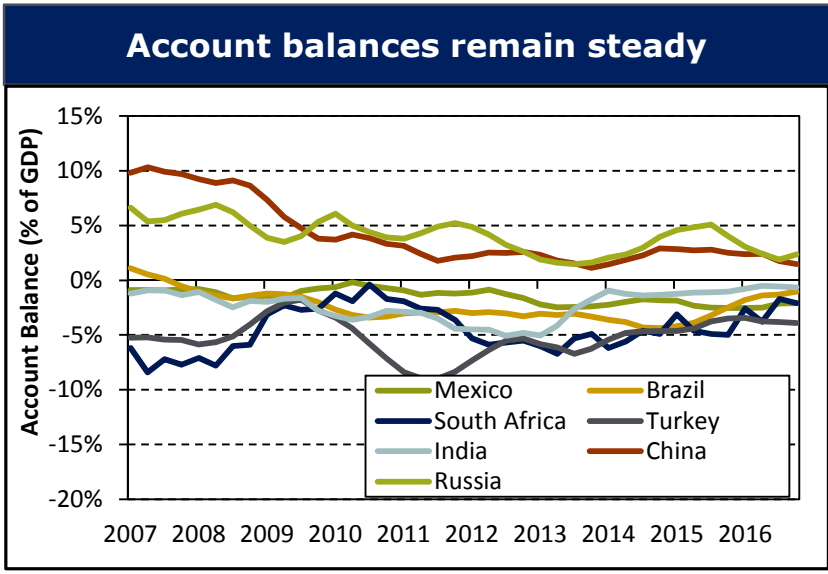
Emerging Market Economic Indicators



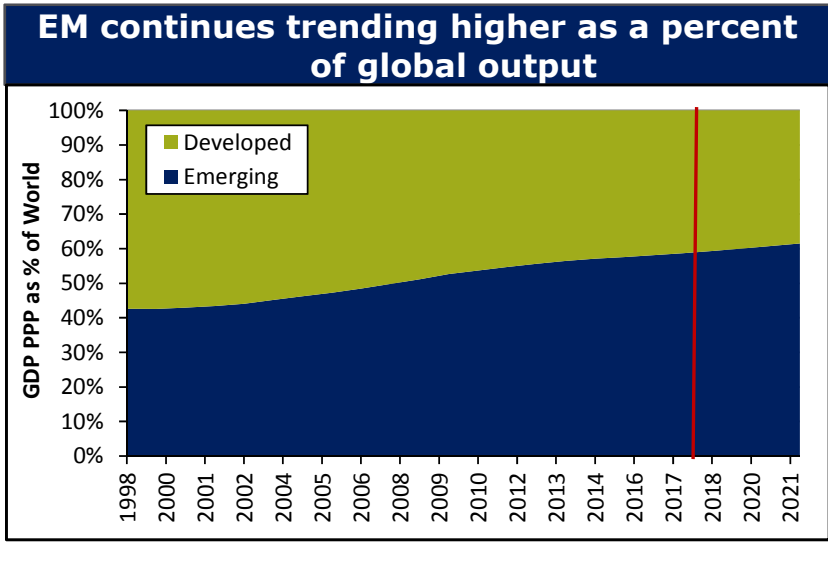
Source: Bloomberg



Source: Bloomberg, IMF

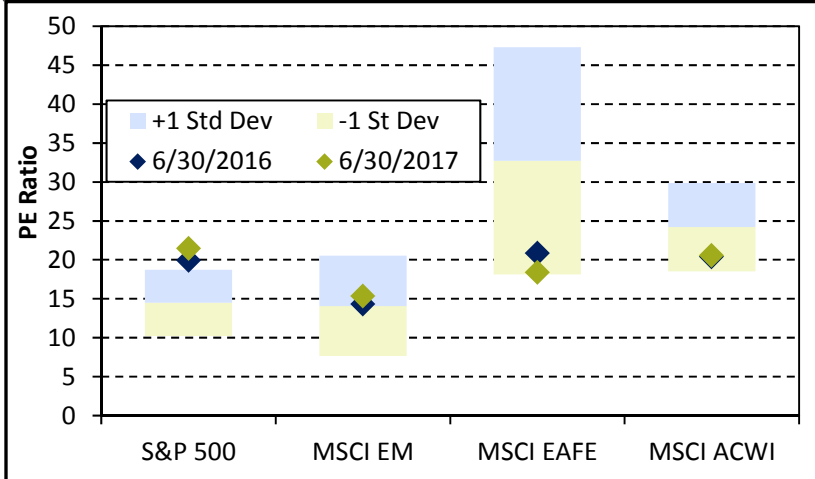


Source: Bloomberg



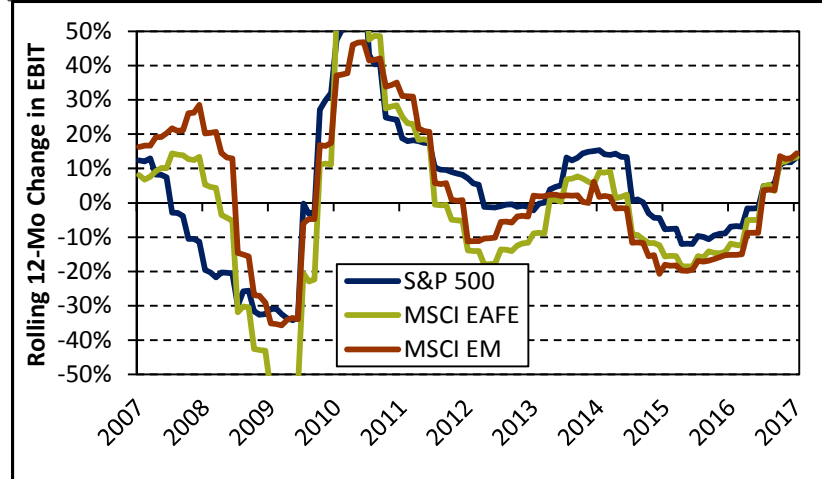
Source: Bloomberg, IMF

EAFE valuations remain lower than the previous year



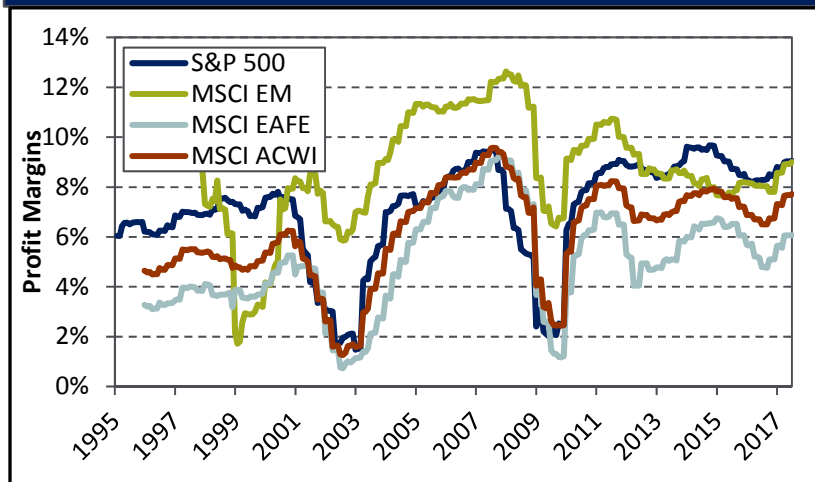
Source: Bloomberg, Standard and Poors, MSCI *MSCI EAFE is ex UK Telecom
*Standard deviation calculations on 20 years of data except S&P 500 (30 years)

Rolling annual earnings growth continues trending upward off contraction



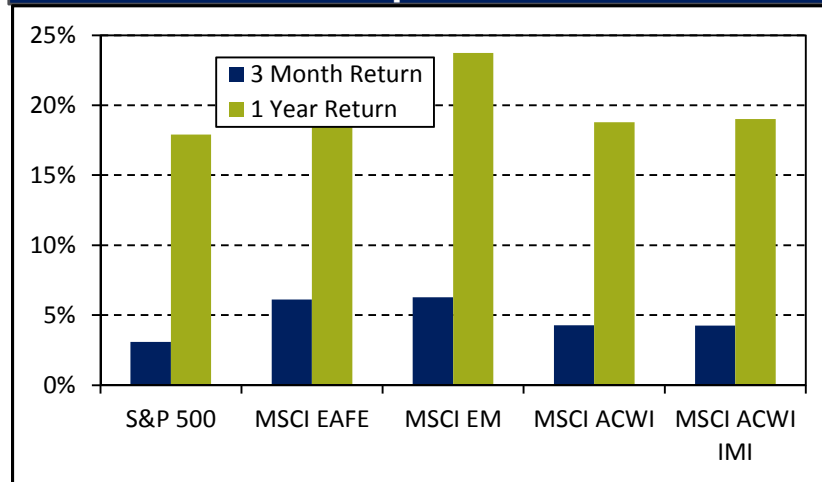
Source: Bloomberg, Standard and Poors, MSCI

Profit margins continue to improve



Source: Bloomberg, MSCI

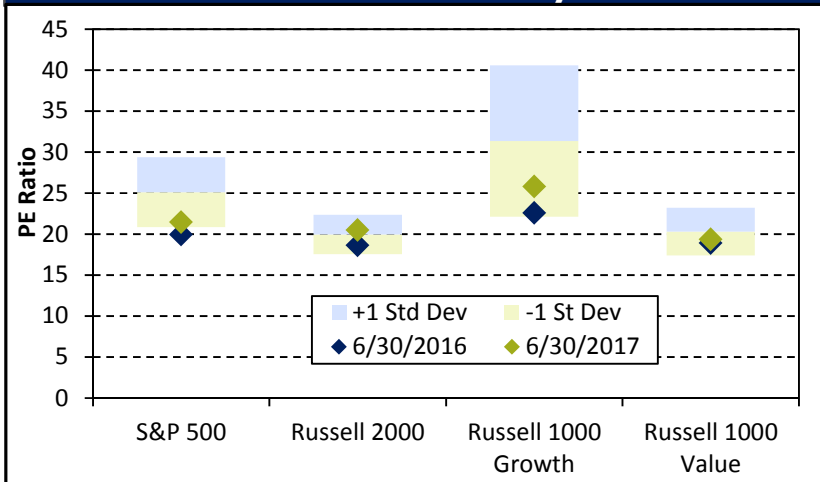
Equities have experienced positive short-term performance



Source: Bloomberg, MSCI

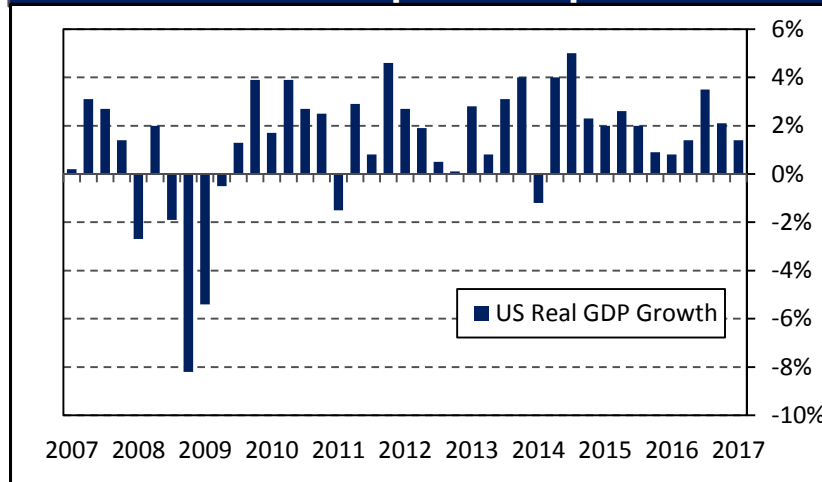
US Equity

US equity valuations remain elevated relative to last year



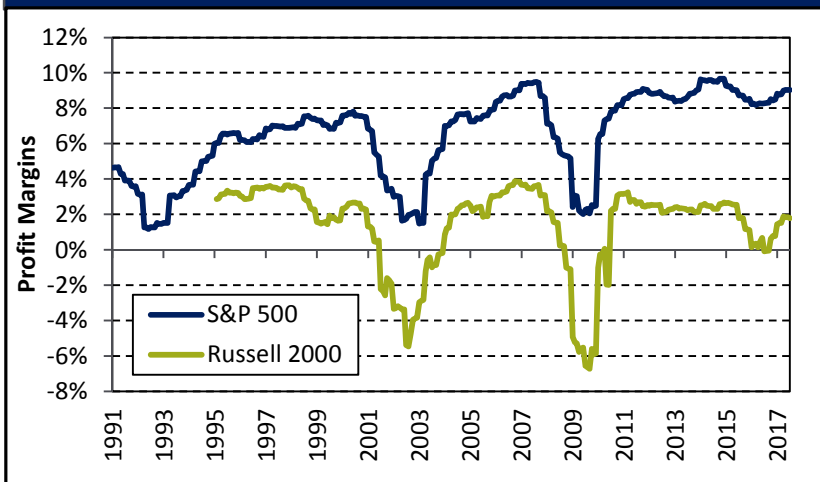
Source: Bloomberg, Standard and Poors, Russell *Russell 2000 PE is index adjusted positive* Standard deviation calculations based on 20 years of data

Real GDP growth declined significantly from the previous quarter



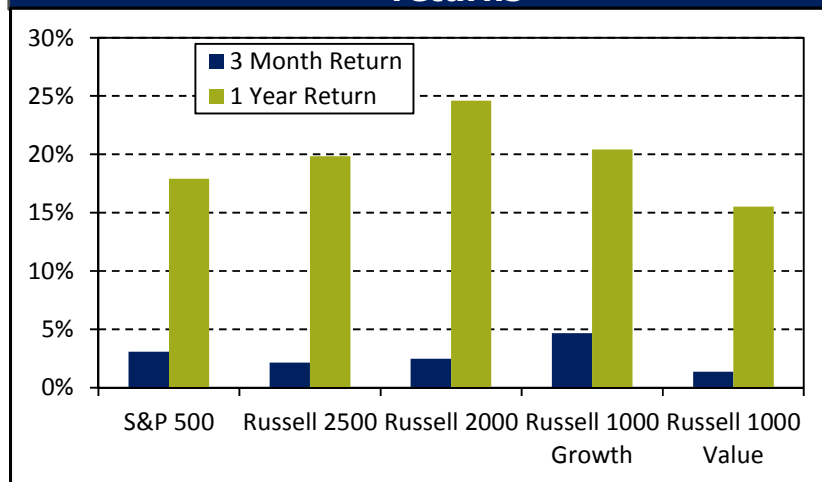
Source: Bloomberg, Bureau of Economic Analysis

Profit margins experience an uptick



Source: Bloomberg, Standard and Poors, Russell

US equity continues to post positive returns

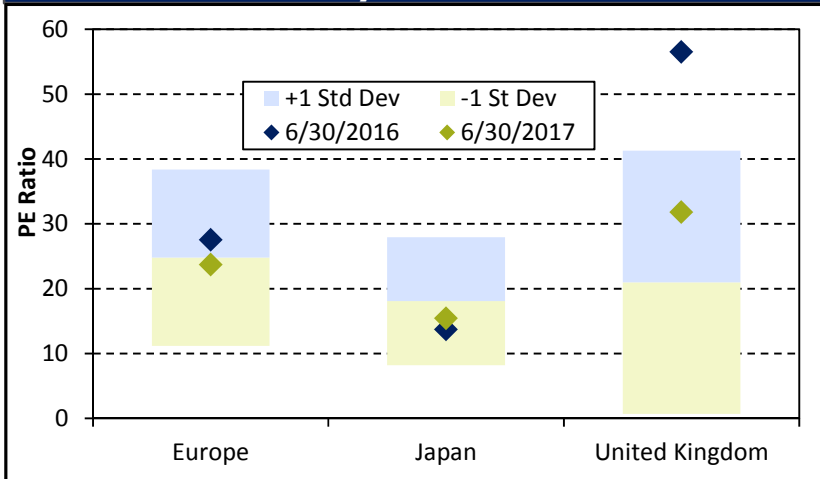


Source: Bloomberg, Standard and Poors, Russell



International Equity

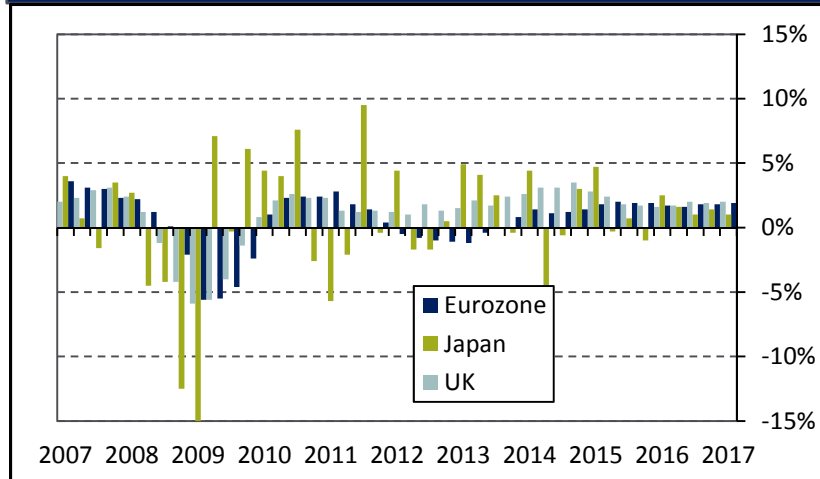
UK and Europe PEs remain below previous year levels



Source: Bloomberg, MSCI, FTSE *UK represented by FTSE 100 Index

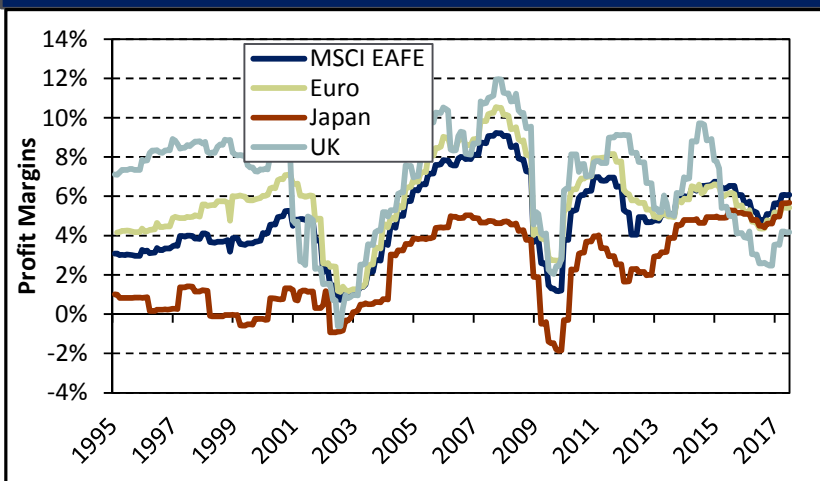
*Standard deviation calculations based on 20 years of data, with Europe since 12/1998

International growth has steadied



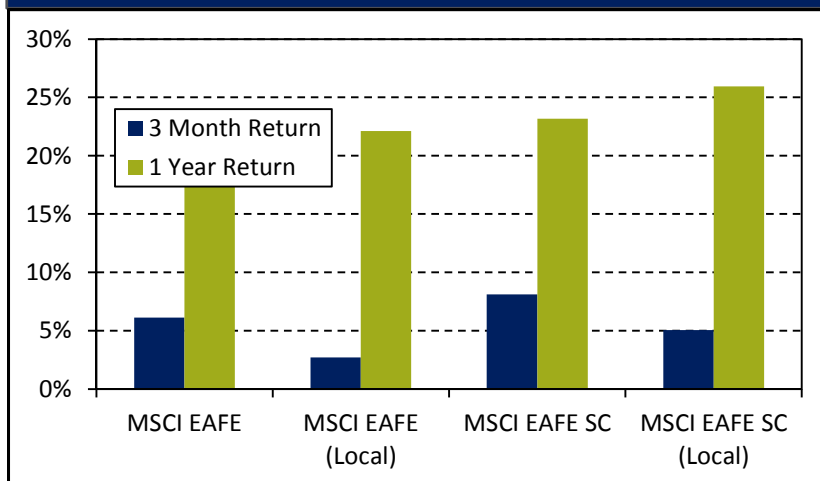
Source: Bloomberg

Profit margins continue trending higher



Source: Bloomberg, MSCI

Strong short-term performance for EAFE

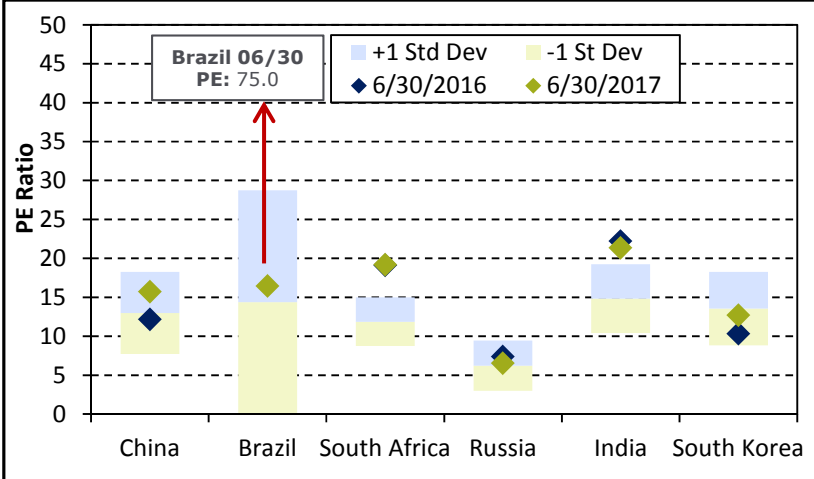


Source: Bloomberg, MSCI



Emerging Markets Equity

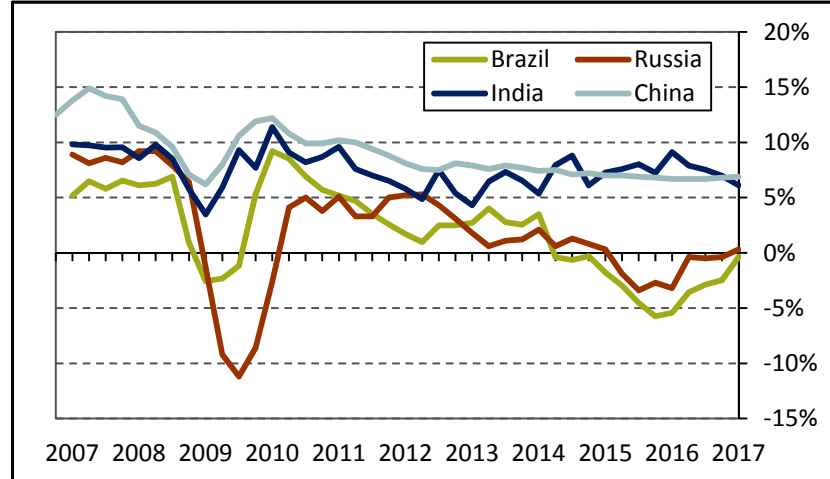
India's valuation fell below the previous year, though still remains elevated



Source: Bloomberg, MSCI

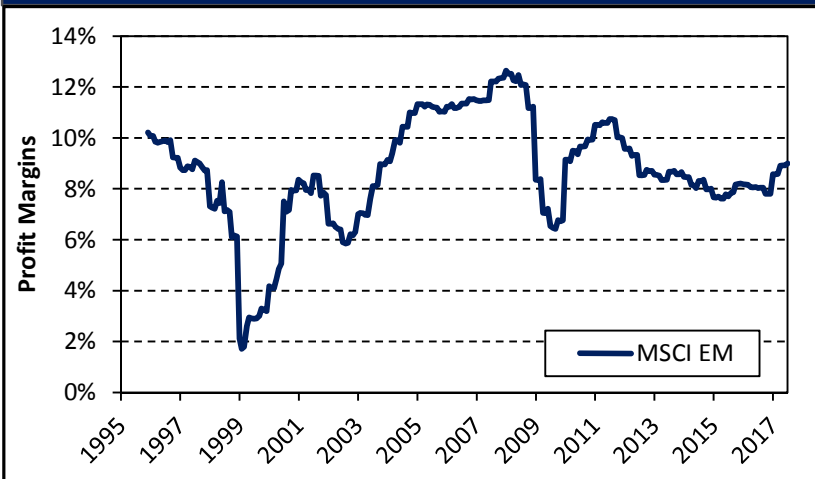
*Standard deviation calculations based on 20 years of data, with Russia since 01/1998

Brazil continues to rebound off earnings contraction



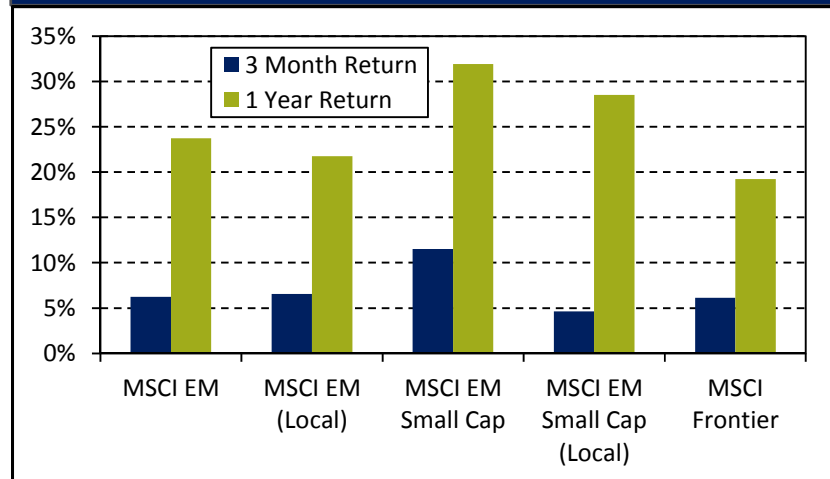
Source: Bloomberg

Profit margins continue trending upward



Source: Bloomberg, MSCI

EM posts strong short-term returns



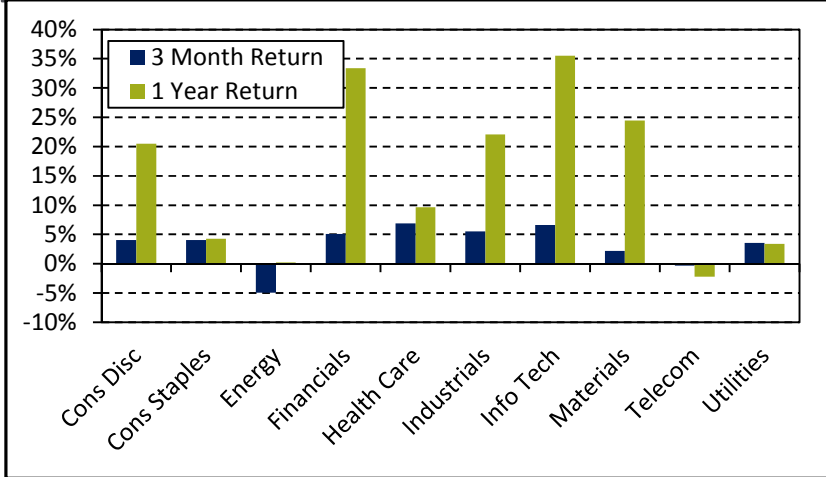
Source: Bloomberg, MSCI



NEPC, LLC

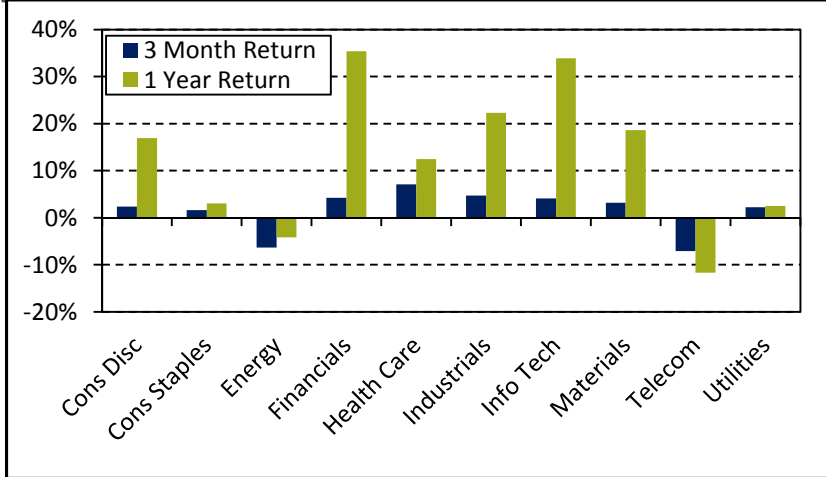
Global Equity by Sector

Ex-energy and telecom, MSCI ACWI has posted broad short-term returns



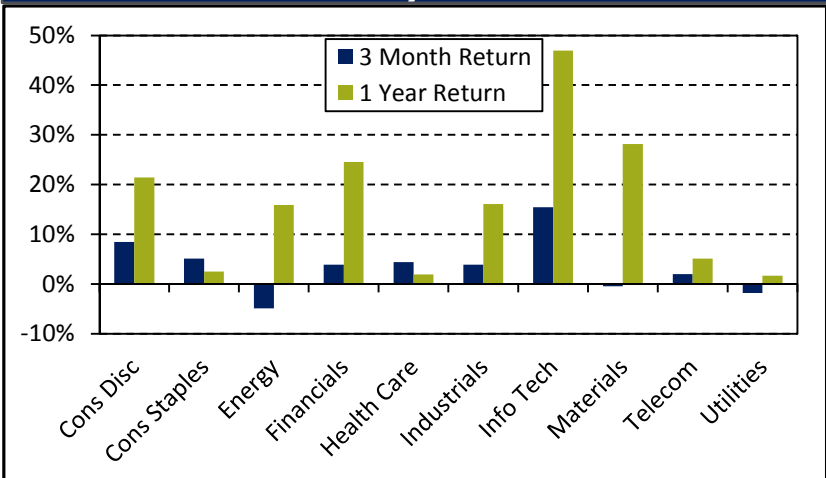
Source: Bloomberg, MSCI

Energy and telecom sectors drag S&P 500 short-term returns



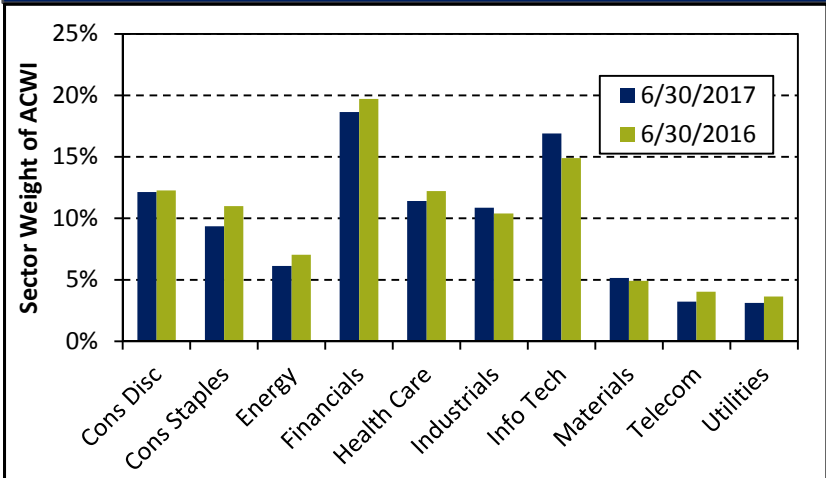
Source: Bloomberg, Standard and Poors

MSCI EM short-term returns have been lead by Info Tech



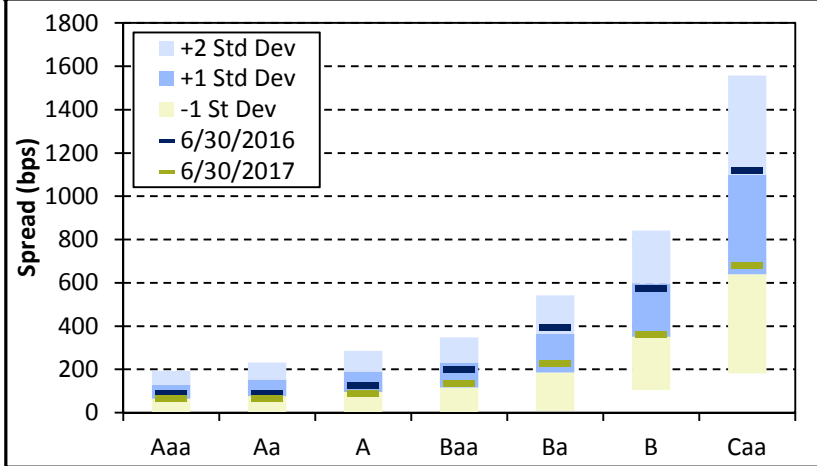
Source: Bloomberg, MSCI

Financials sector weight has decreased in favor of Info Tech and Industrials



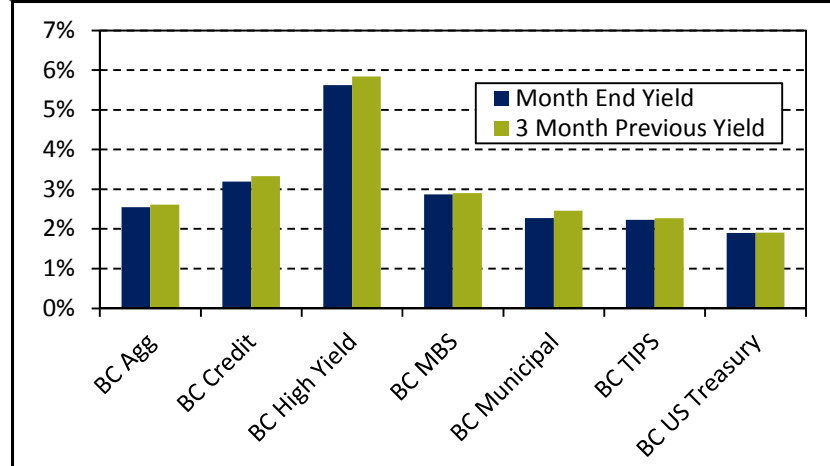
Source: Bloomberg, MSCI

Spreads remain lower than the previous year



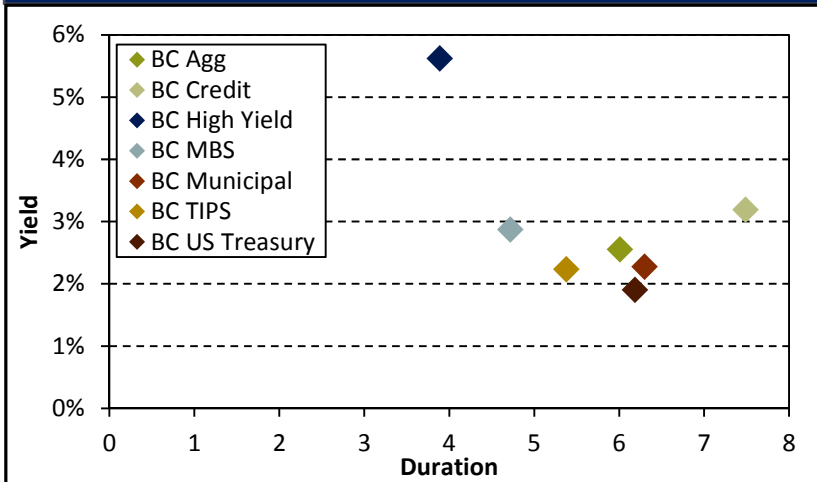
Source: Bloomberg, Barclays
*Standard deviation calculations based on 20 years of data

Yields have declined slightly relative to three months prior



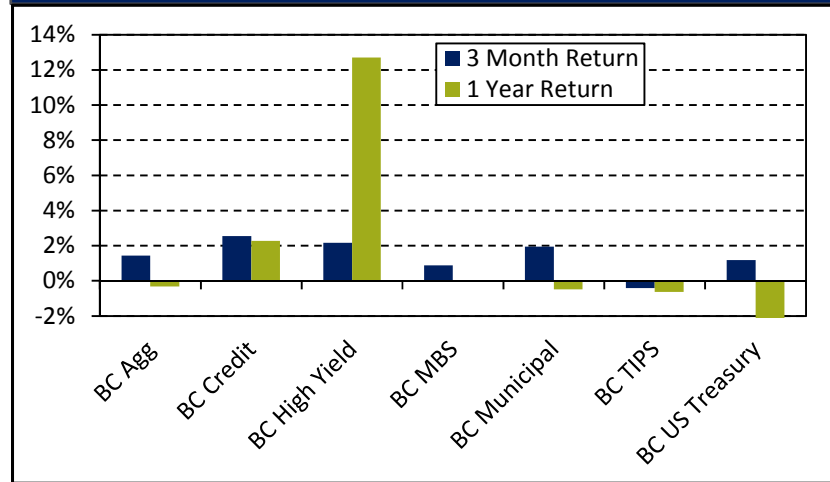
Source: Bloomberg, Barclays

Similar duration/yield profiles among core indices



Source: Bloomberg, Barclays

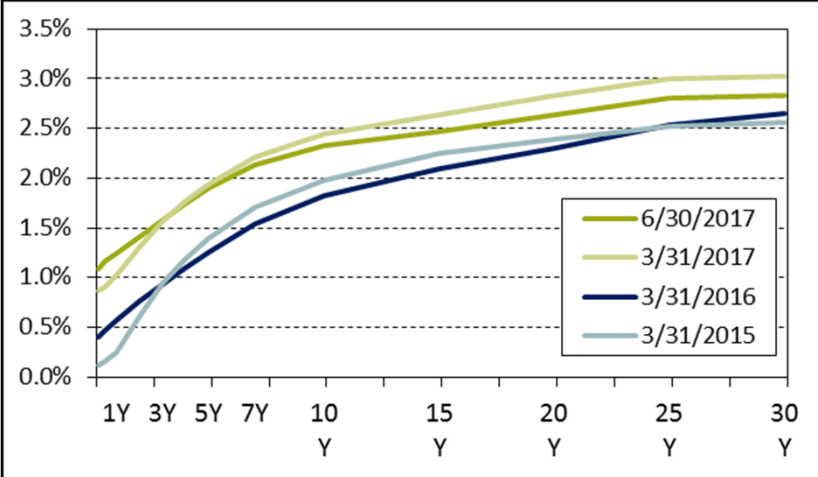
Ex-TIPS, fixed income indices post positive short-term returns



Source: Bloomberg, Barclays

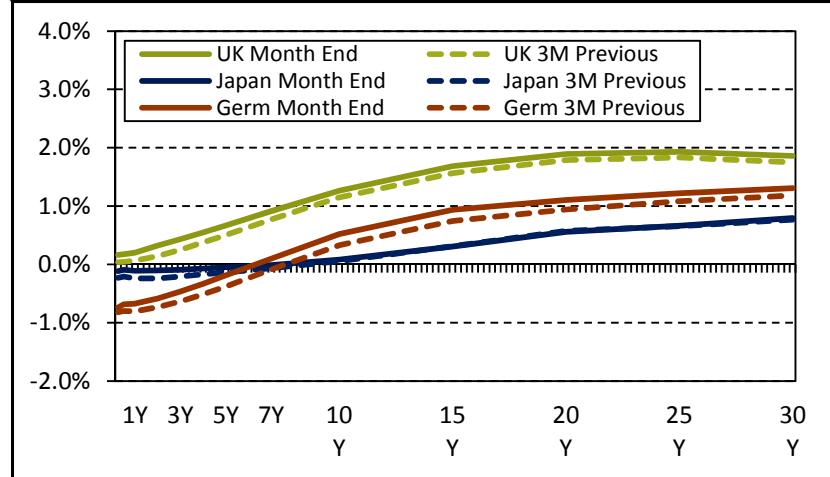
Rates

Short-term rate expectations increased with long-term rates declining slightly



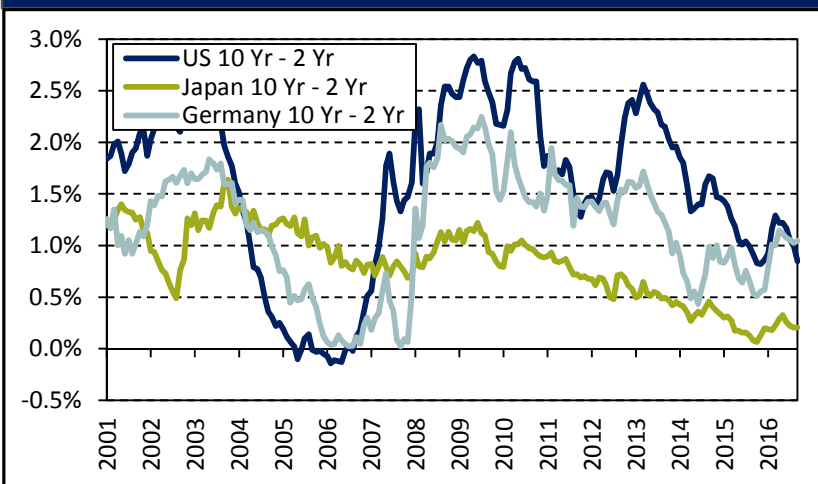
Source: Bloomberg

Interest rate expectations have increased relative to prior months



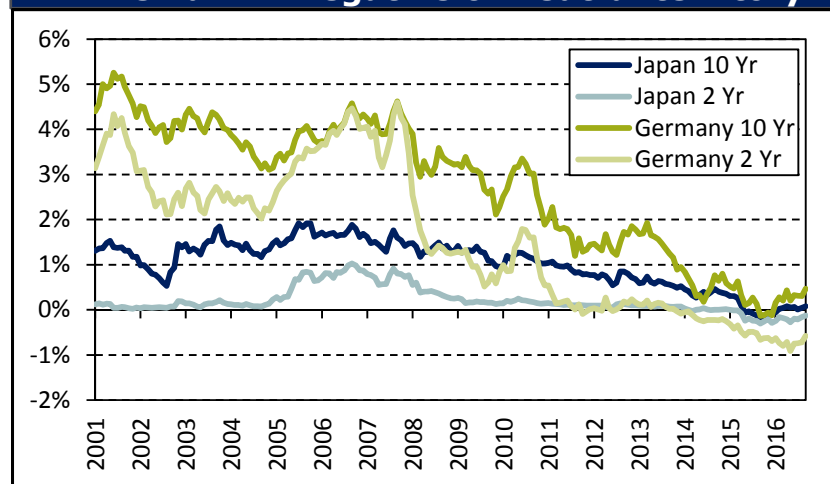
Source: Bloomberg

10-2 spreads continue tightening



Source: Bloomberg

Sovereign bond yields increased, though remain in negative or neutral territory



Source: Bloomberg

