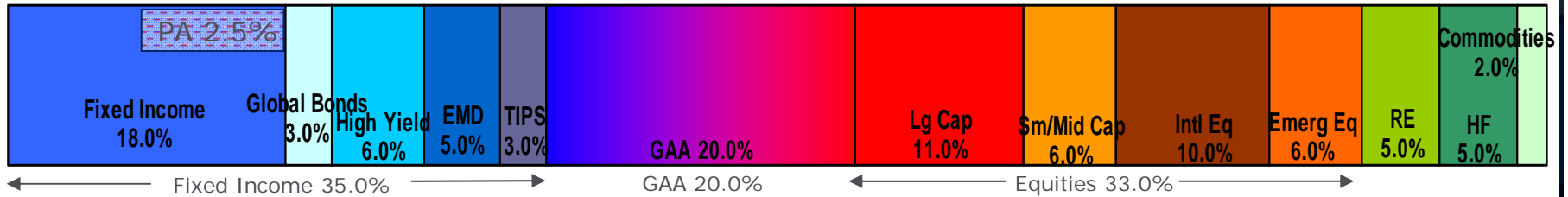




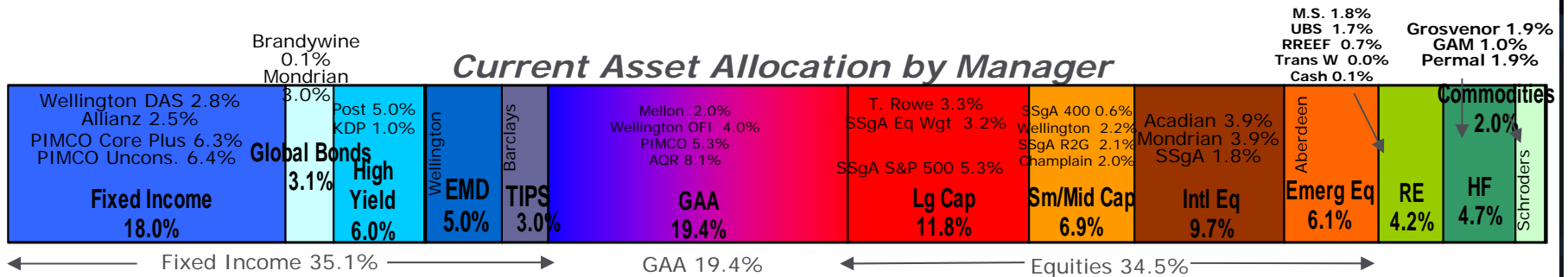
# **State Employees' Retirement System**

# Total Plan Asset Allocation – Employees'

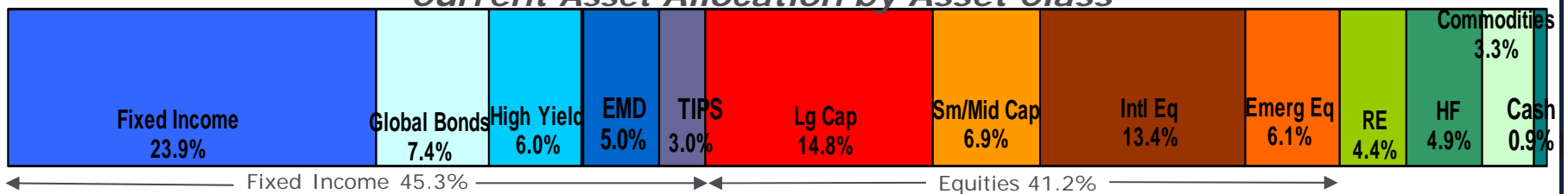
## Target Asset Allocation



## Current Asset Allocation by Manager



## Current Asset Allocation by Asset Class

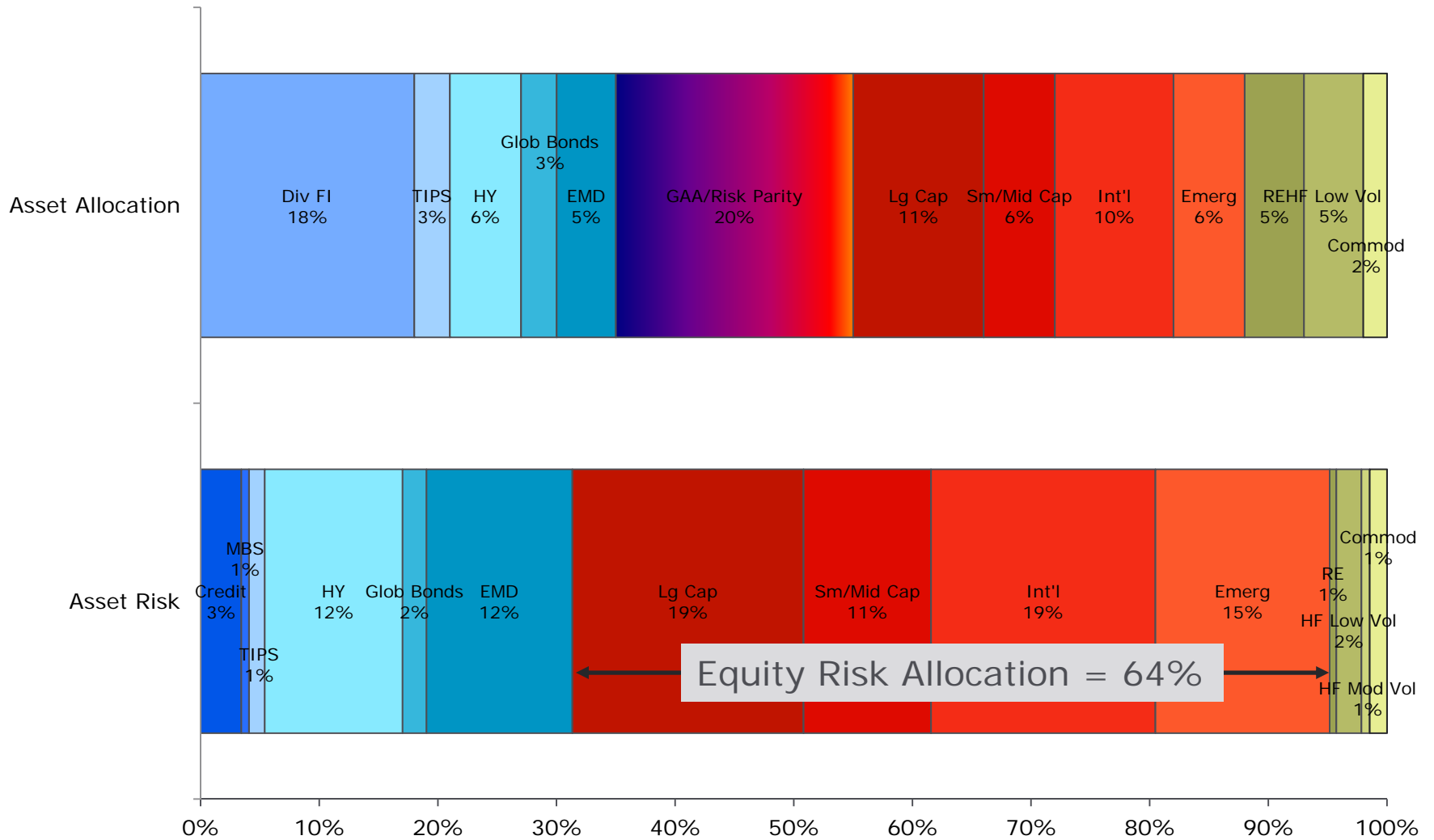


Numbers may not add up to 100% due to rounding.

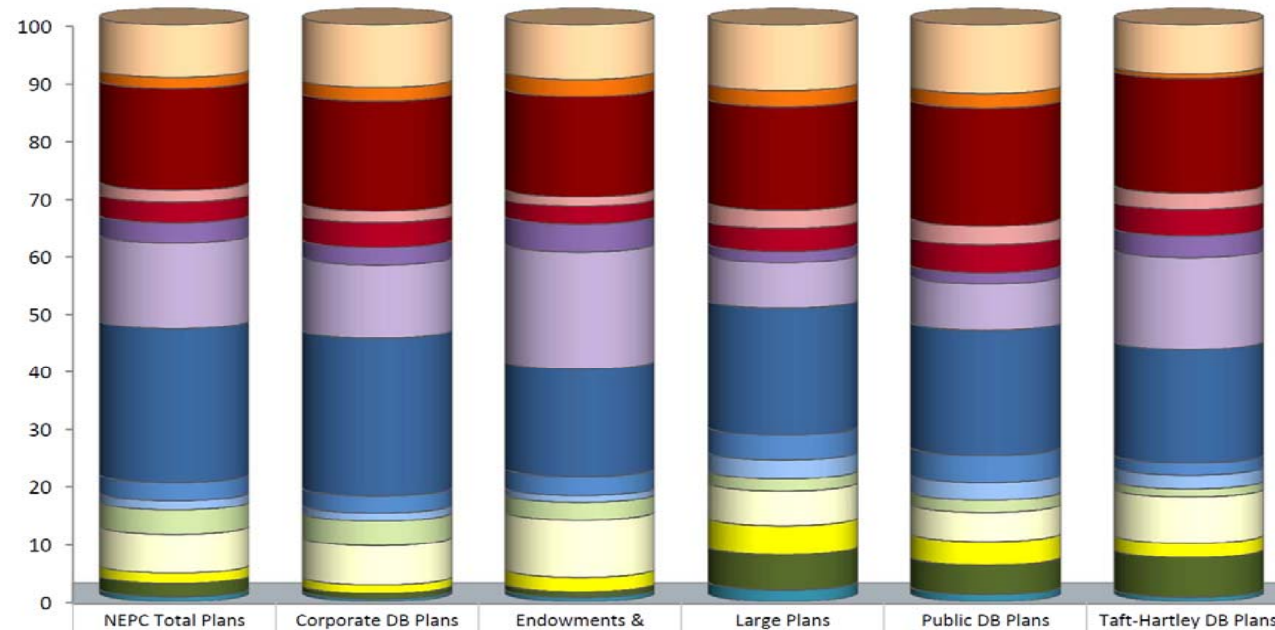
New Target Asset Allocation is effective as of 3/1/2012.



# Policy Asset Allocation and Risk Budgeting



# ICC Plans by Type – Average Asset Allocation



	NEPC Total Plans	Corporate DB Plans	Endowments & Foundations	Large Plans	Public DB Plans	Taft-Hartley DB Plans	Employees'
Observations	364	90	58	45	59	50	
Int'l Dev'l	9.1	10.9	9.5	11.4	11.9	8.5	9.7
Emerg Mkt	1.9	2.4	2.9	2.8	2.5	0.8	6.1
Large Cap	17.6	19.0	17.4	17.9	20.5	19.8	11.8
Mid Cap	2.0	2.0	1.6	3.1	3.2	2.8	2.6
Small Cap	3.6	4.3	3.1	4.0	4.9	4.6	4.3
TAA - Domestic	3.5	3.0	4.8	1.9	1.9	3.7	0.0
TAA - Global	14.8	12.7	20.4	7.9	8.1	15.9	19.4
Fixed Income	26.8	27.5	18.7	22.2	21.8	19.8	21.1
GFI/EMD	3.2	3.0	3.3	4.3	4.7	2.1	8.0
High Yield	1.6	1.4	1.2	3.2	3.0	2.4	6.0
Cash Equiv	4.2	4.2	3.1	2.1	2.1	1.4	0.1
Hedge Fund	6.7	6.8	9.9	6.1	5.1	8.0	4.7
Private Equity	1.8	1.5	2.5	5.0	4.0	2.5	0.0
Real Estate	2.3	0.9	1.0	6.1	5.1	6.9	4.2
Misc	0.8	0.5	0.7	2.0	1.2	0.8	2.0

**Disclosure:**

Allocations may not add to 100% due to rounding. Average asset allocations shown include all portfolios submitted to the ICC universe as of 4/18/12 for periods ending 12/31/11. Portfolios included correspond with the ICC universe requirements and exclude portfolios meeting the following criteria: 1) An allocation greater than 95% to one asset class and 2) Portfolios not providing an asset allocation.



# Asset Breakdown

	Domestic Large Core	Domestic Smid	Domestic Mid Core	Domestic Small Value	Domestic Small Growth	Core Fixed	High Yield	TIPS	Int'l Equity	EMD	Global Bonds	Real Estate	GAA	Other	Cash	Total
<b>Composite</b>	\$164,142	\$28,406	\$7,970	\$31,035	\$29,011	\$250,168	\$83,438	\$41,147	\$218,916	\$69,452	\$42,151	\$58,401	\$270,421	\$95,383	\$366	\$1,390,407
T. Rowe	45,896	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$45,896
PIMCO	85	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$85
SSgA Equal Wgt	45,150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$45,150
SSgA S&P 500	73,011	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$73,011
Champlain	0	28,406	0	0	0	0	0	0	0	0	0	0	0	0	0	\$28,406
SSgA Mid	0	0	7,970	0	0	0	0	0	0	0	0	0	0	0	0	\$7,970
Wellington	0	0	0	31,035	0	0	0	0	0	0	0	0	0	0	0	\$31,035
SSgA R-2000 Growth	0	0	0	0	29,011	0	0	0	0	0	0	0	0	0	0	\$29,011
Acadian	0	0	0	0	0	0	0	0	53,731	0	0	0	0	0	0	\$53,731
Mondrian	0	0	0	0	0	0	0	0	54,901	0	0	0	0	0	0	\$54,901
SSgA ACWI ex US	0	0	0	0	0	0	0	0	25,570	0	0	0	0	0	0	\$25,570
Aberdeen	0	0	0	0	0	0	0	0	84,714	0	0	0	0	0	0	\$84,714
Allianz	0	0	0	0	0	35,435	0	0	0	0	0	0	0	0	0	\$35,435
Wellington DAS	0	0	0	0	0	39,234	0	0	0	0	0	0	0	0	0	\$39,234
PIMCO Core Plus	0	0	0	0	0	87,054	0	0	0	0	0	0	0	0	0	\$87,054
PIMCO Unconst.	0	0	0	0	0	88,445	0	0	0	0	0	0	0	0	0	\$88,445
Post Advisory	0	0	0	0	0	0	69,573	0	0	0	0	0	0	0	0	\$69,573
KDP	0	0	0	0	0	0	13,865	0	0	0	0	0	0	0	0	\$13,865
Wellington EMD	0	0	0	0	0	0	0	0	0	69,452	0	0	0	0	0	\$69,452
Barclays	0	0	0	0	0	0	0	41,147	0	0	0	0	0	0	0	\$41,147
Mondrian	0	0	0	0	0	0	0	0	0	0	41,149	0	0	0	0	\$41,149
Brandywine	0	0	0	0	0	0	0	0	0	0	1,002	0	0	0	0	\$1,002
Morgan Stanley	0	0	0	0	0	0	0	0	0	0	0	25,021	0	0	0	\$25,021
UBS Realty	0	0	0	0	0	0	0	0	0	0	0	23,468	0	0	0	\$23,468
RREEF	0	0	0	0	0	0	0	0	0	0	0	9,630	0	0	0	\$9,630
Transwestern	0	0	0	0	0	0	0	0	0	0	0	282	0	0	0	\$282
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	0	0	27,505	0	0	\$27,505
PIMCO AA	0	0	0	0	0	0	0	0	0	0	0	74,242	0	0	0	\$74,242
Wellington OIF	0	0	0	0	0	0	0	0	0	0	0	0	55,686	0	0	\$55,686
AQR	0	0	0	0	0	0	0	0	0	0	0	0	112,988	0	0	\$112,988
Alt. Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	1,050	0	\$1,050
Grosvenor	0	0	0	0	0	0	0	0	0	0	0	0	0	26,512	0	\$26,512
GAM	0	0	0	0	0	0	0	0	0	0	0	0	0	13,269	0	\$13,269
Permal	0	0	0	0	0	0	0	0	0	0	0	0	0	26,111	0	\$26,111
Schroders	0	0	0	0	0	0	0	0	0	0	0	0	0	28,441	0	\$28,441
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	366	\$366

(Dollars in 000's)

# Total Fund Asset Growth Summary

## VERMONT STATE EMPLOYEES

EMPLOYEES RETIREMENT SYSTEM CO

Periods Ending March 31, 2012

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

	One Quarter	Year to Date	One Year	Since Inception
<b>ERS COMPOSITE</b>				
Beginning Market Value	1,317,261	1,317,261	1,356,113	0
Net External Growth	-9,840	-9,840	-31,179	-346,199
Return on Investment	82,987	82,987	65,473	1,741,083
Income Received	1	1	50	129,339
Gain/Loss	82,986	82,986	65,423	1,611,744
Ending Market Value	1,390,407	1,390,407	1,390,407	1,390,407
Return	6.3%	6.3%	5.1%	8.2%

# Fund Performance vs. Benchmark

## VERMONT STATE EMPLOYEES

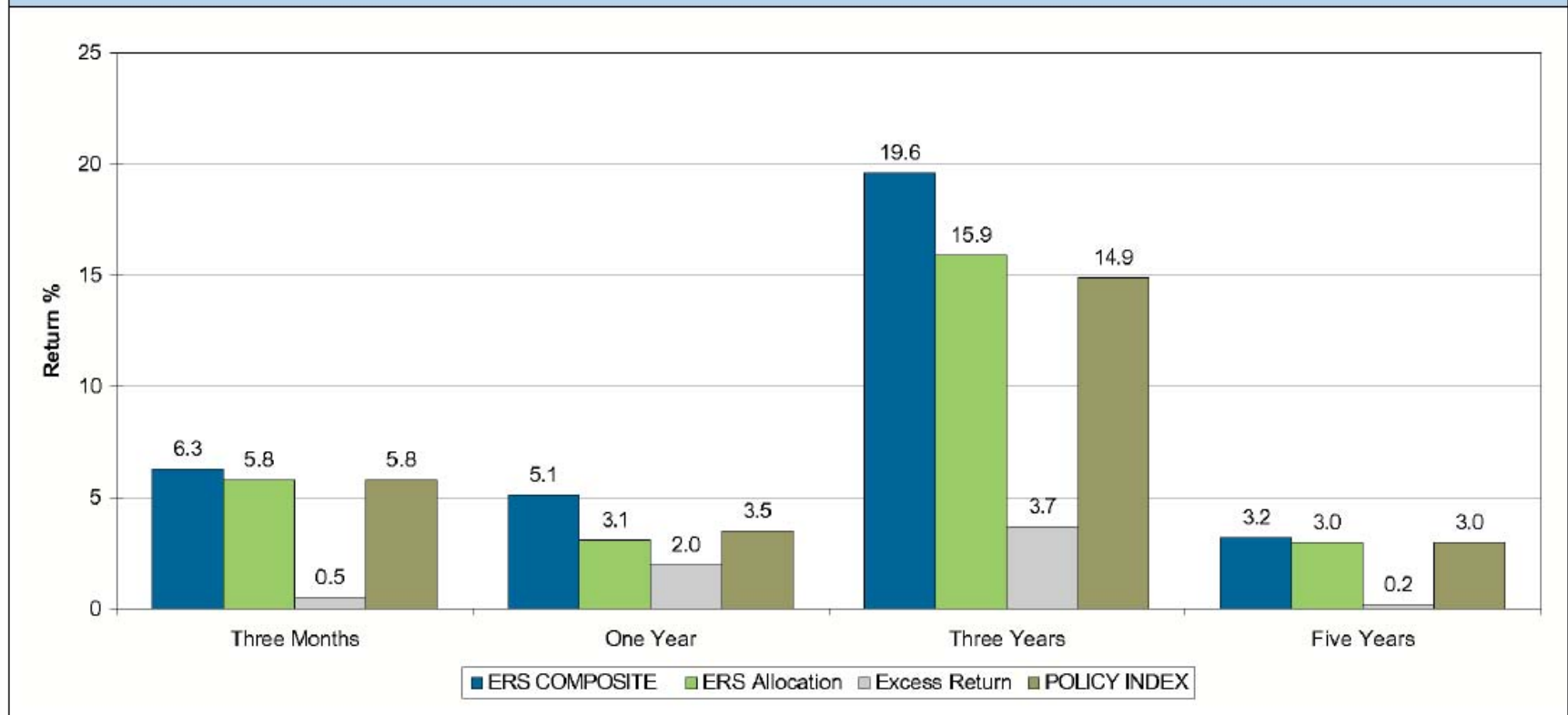
POLICY INDEX

Benchmark:

Periods Ending March 31, 2012

### Fund Performance vs. Benchmark

#### ERS COMPOSITE



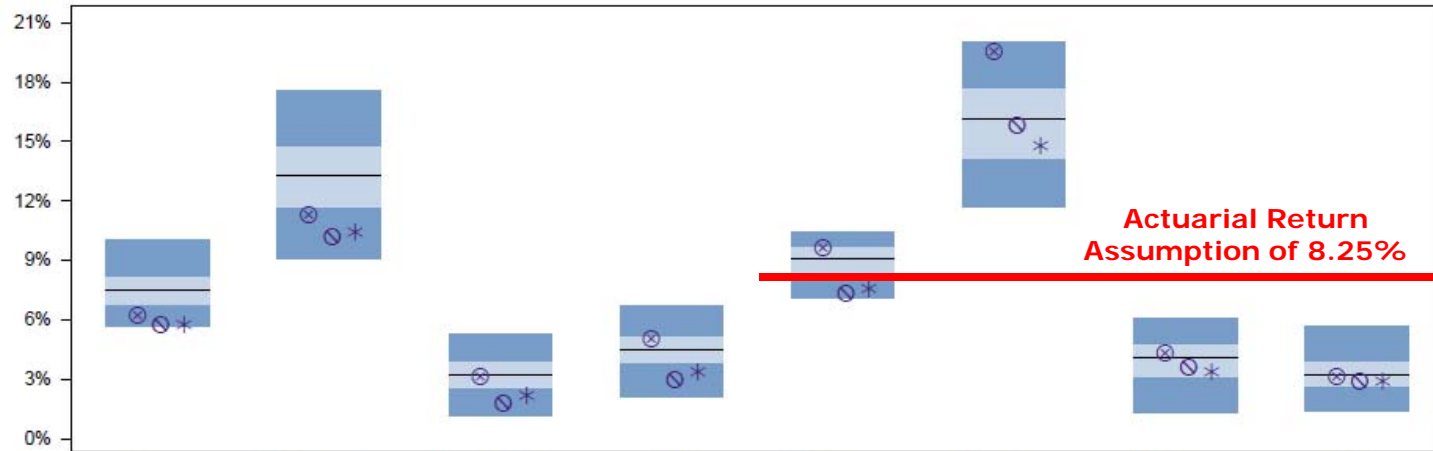
# Total Public Funds Performance

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending March 31, 2012

### Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ ERS COMPOSITE	6.3	85	11.4	79	3.2	50	5.1	30	9.7	29	19.6	7	4.4	40	3.2	52
⊙ ERS Allocation	5.8	94	10.3	91	1.9	89	3.1	90	7.4	93	15.9	54	3.7	61	3.0	58
* POLICY INDEX	5.8	95	10.5	90	2.3	78	3.5	85	7.7	88	14.9	67	3.5	66	3.0	57
5th Percentile	10.0		17.6		5.3		6.7		10.4		20.0		6.1		5.7	
25th Percentile	8.2		14.8		3.9		5.2		9.7		17.7		4.8		3.9	
50th Percentile	7.5		13.3		3.2		4.5		9.1		16.1		4.1		3.2	
75th Percentile	6.7		11.6		2.5		3.8		8.3		14.1		3.1		2.6	
95th Percentile	5.7		9.1		1.2		2.1		7.1		11.7		1.3		1.4	



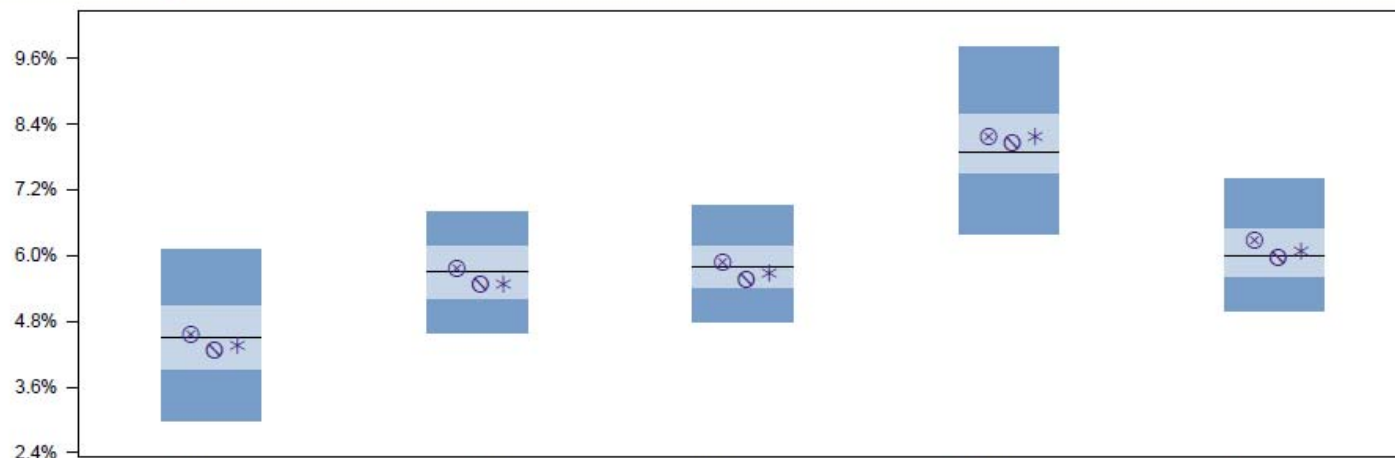
# Total Public Funds Performance

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Periods Ending March 31, 2012

### Total Fund Performance - Trailing Periods



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊗ ERS COMPOSITE	4.6 43	5.8 44	5.9 46	8.2 34	6.3 30
⊙ ERS Allocation	4.3 60	5.5 63	5.6 63	8.1 46	6.0 44
* POLICY INDEX	4.4 57	5.5 63	5.7 59	8.2 41	6.1 42
5th Percentile	6.1	6.8	6.9	9.8	7.4
25th Percentile	5.1	6.2	6.2	8.6	6.5
50th Percentile	4.5	5.7	5.8	7.9	6.0
75th Percentile	3.9	5.2	5.4	7.5	5.6
95th Percentile	3.0	4.6	4.8	6.4	5.0

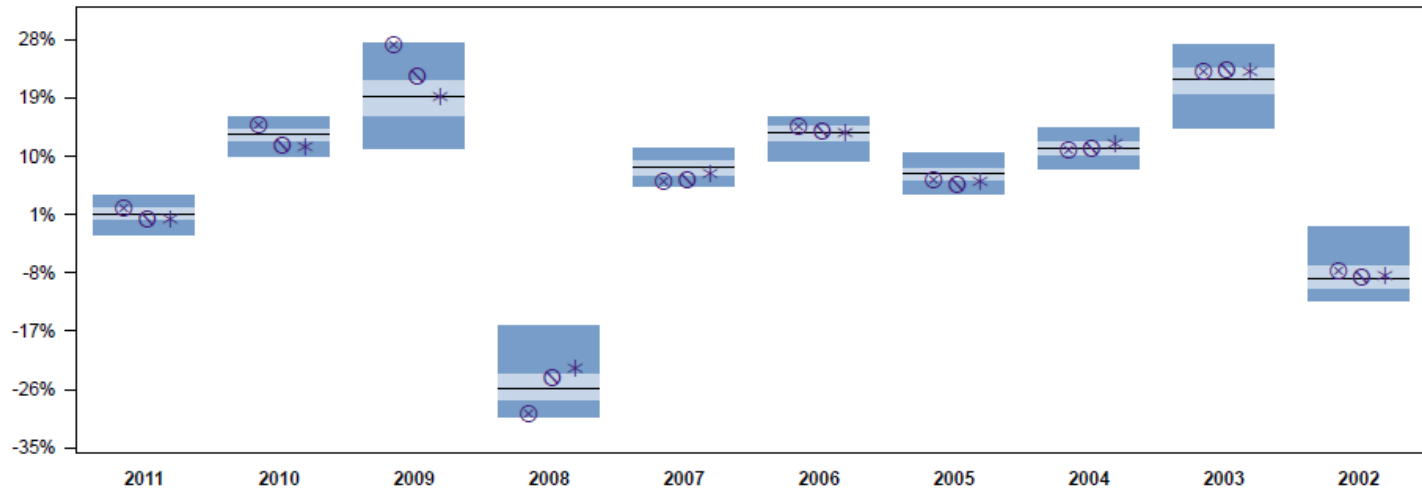
# Total Public Funds Performance

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2011

### Total Fund Performance - One Year Time Periods



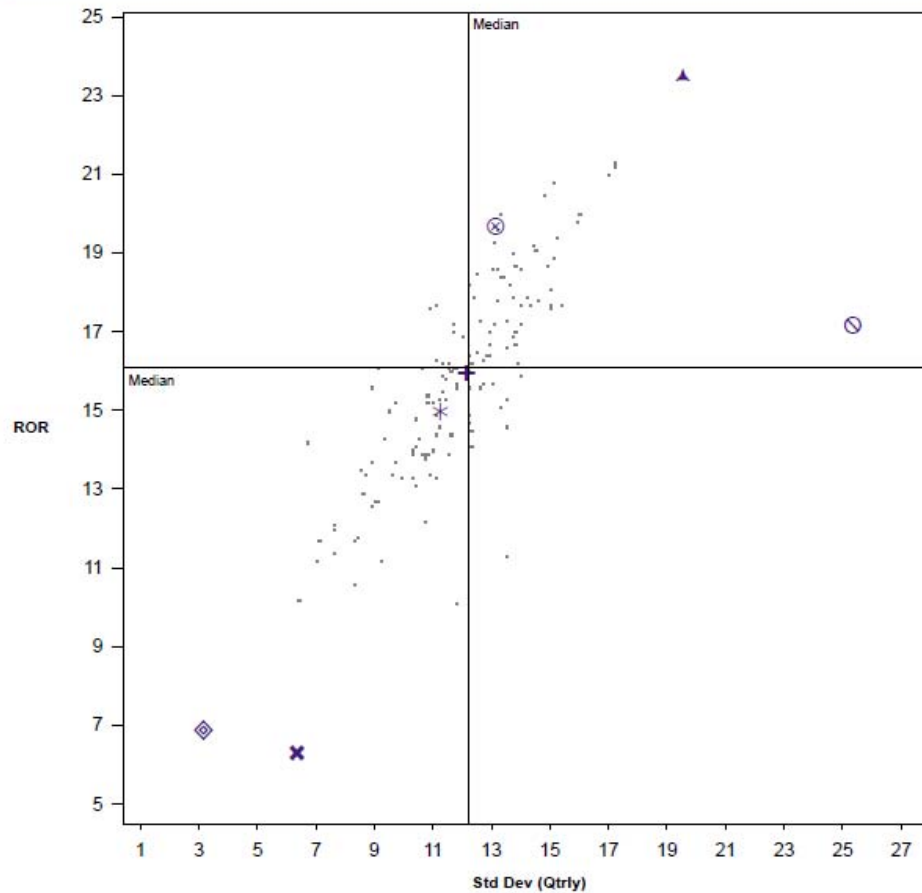
	2011		2010		2009		2008		2007		2006		2005		2004		2003		2002	
⊗ ERS COMPOSITE	2.3	24	15.1	10	27.4	6	-29.6	92	6.4	85	14.9	23	6.6	68	11.3	50	23.4	31	-7.5	35
⊙ ERS Allocation	0.5	70	11.9	81	22.6	22	-23.9	34	6.6	82	14.1	37	6.0	77	11.5	42	23.6	28	-8.3	48
* POLICY INDEX	0.6	69	11.7	83	19.5	47	-22.5	18	7.6	61	13.9	44	6.3	72	12.1	31	23.4	30	-8.2	44
5th Percentile	4.0		16.1		27.4		-16.2		11.2		16.2		10.4		14.5		27.3		-0.8	
25th Percentile	2.2		14.4		21.9		-23.4		9.5		14.8		8.4		12.4		23.9		-6.8	
50th Percentile	1.1		13.3		19.2		-25.8		8.2		13.6		7.4		11.3		21.9		-8.8	
75th Percentile	0.2		12.2		16.0		-27.7		6.9		12.2		6.2		10.1		19.5		-10.5	
95th Percentile	-2.0		10.0		11.3		-30.1		5.4		9.2		4.3		8.0		14.5		-12.2	

# Risk vs. Return Analysis – 3 Years

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)  
 Period Ending March 31, 2012

### Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	19.6 7	13.2 69	1.5 17
+ ERS Allocation	15.9 54	12.2 51	1.3 61
* POLICY INDEX	14.9 67	11.3 38	1.3 59
▲ S&P 500	23.4 1	19.6 100	1.2 88
◆ BARCLAYS AGGREGATE BOND	6.8 100	3.2 1	2.1 1
⊙ MSCI EAFE (NET)	17.1 34	25.4 100	0.7 100
✖ Citigroup WGBI (All Maturities)	6.2 100	6.4 1	0.9 99
Median	16.1	12.2	1.3

Funded status as of July 1<sup>st</sup>, 2011 = 81.2%

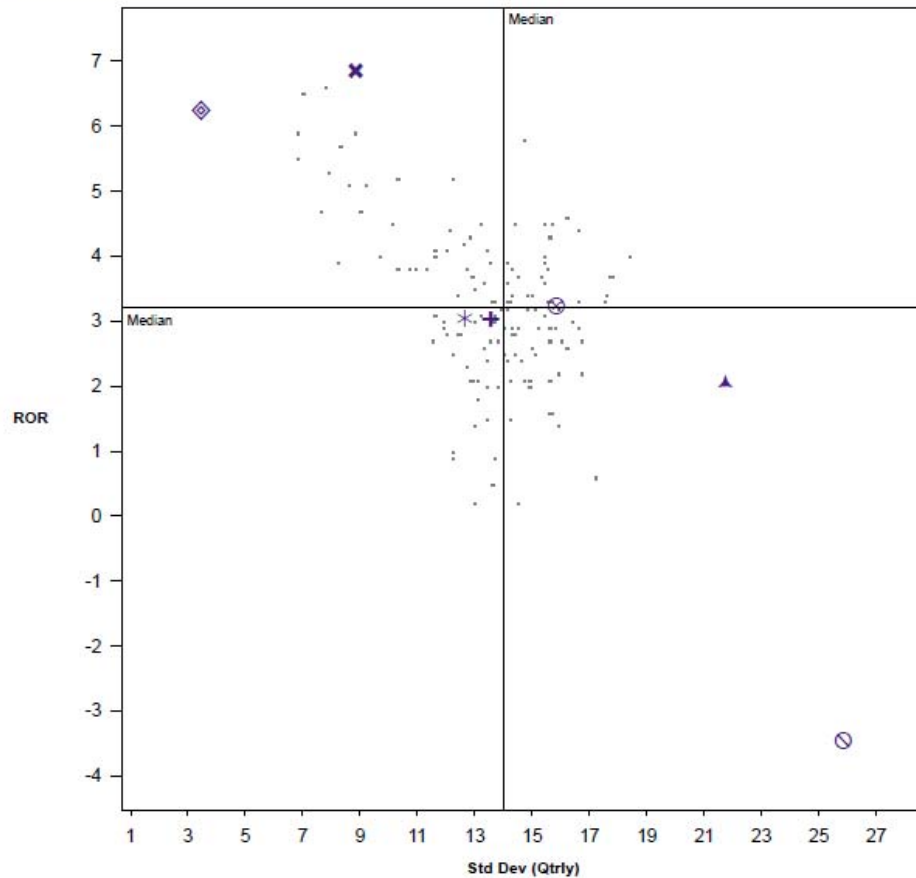


# Risk vs. Return Analysis – 5 Years

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)  
 Period Ending March 31, 2012

Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊙ ERS COMPOSITE	3.2 52	15.9 88	0.1 65
+ ERS Allocation	3.0 58	13.6 44	0.1 63
* POLICY INDEX	3.0 57	12.7 27	0.1 51
▲ S&P 500	2.0 89	21.8 100	0.0 91
◆ BARCLAYS AGGREGATE BOND	6.2 3	3.5 1	1.4 1
⊘ MSCI EAFE (NET)	-3.5 100	25.9 100	-0.2 100
✕ Citigroup WGBI (All Maturities)	6.8 1	8.9 8	0.6 5
Median	3.2	14.0	0.1

Funded status as of July 1<sup>st</sup>, 2011 = 81.2%

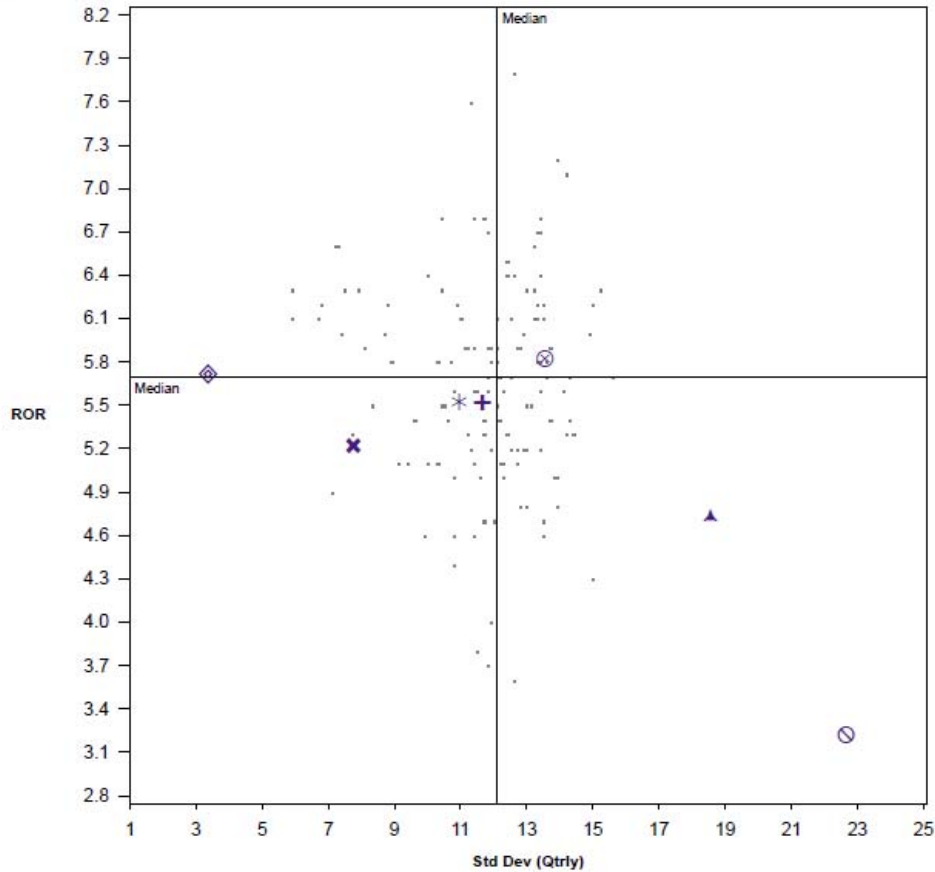


# Risk vs. Return Analysis – 7 Years

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)  
 Period Ending March 31, 2012

Risk vs. Return - 7 Year



NAME	Return	Standard Deviation	Sharpe Ratio
ERS COMPOSITE	5.8 44	13.6 87	0.3 71
ERS Allocation	5.5 63	11.7 40	0.3 61
POLICY INDEX	5.5 63	11.0 27	0.3 49
S&P 500	4.7 92	18.6 100	0.1 99
BARCLAYS AGGREGATE BOND	5.7 48	3.4 1	1.1 1
MSCI EAFE (NET)	3.2 100	22.7 100	0.1 100
Citigroup WGBI (All Maturities)	5.2 76	7.8 8	0.4 21
Median	5.7	12.1	0.3

Funded status as of July 1<sup>st</sup>, 2011 = 81.2%



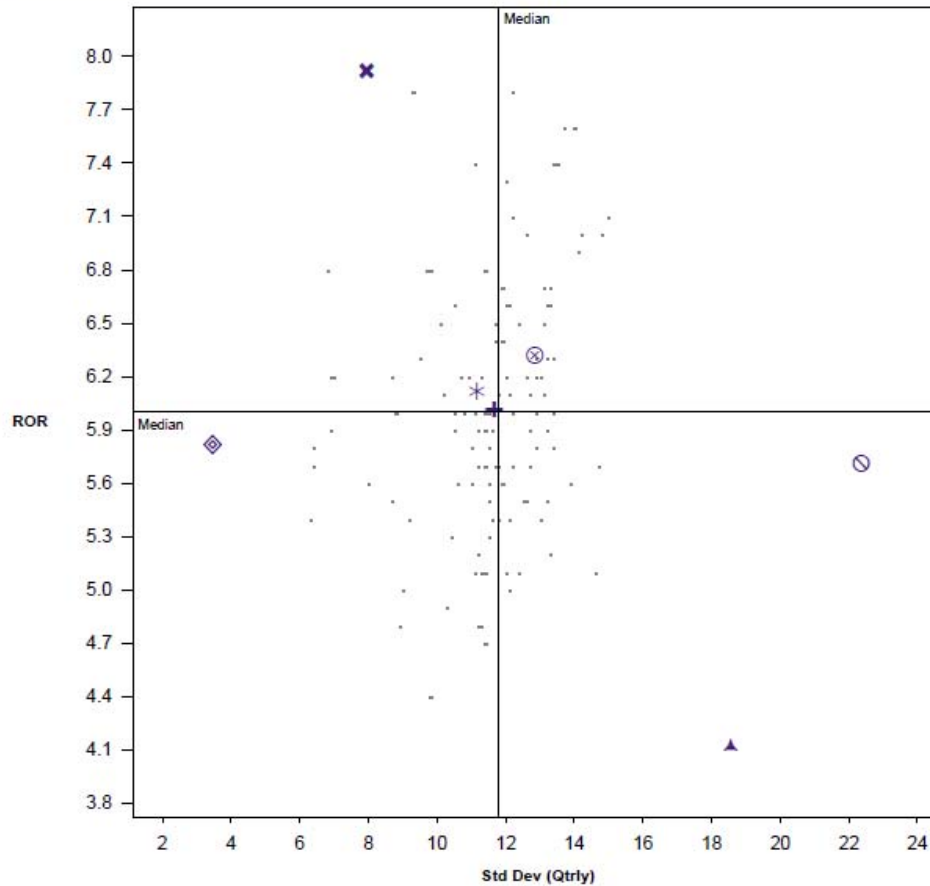
# Risk vs. Return Analysis – 10 Years

## VERMONT STATE EMPLOYEES

Total Fund - Universe: Public Funds (DB)

Period Ending March 31, 2012

### Risk vs. Return - 10 Year



NAME	Return	Standard Deviation	Sharpe Ratio
⊗ ERS COMPOSITE	6.3 30	12.9 74	0.3 58
+ ERS Allocation	6.0 44	11.7 46	0.4 50
* POLICY INDEX	6.1 42	11.2 33	0.4 40
▲ S&P 500	4.1 100	18.6 100	0.1 100
◆ BARCLAYS AGGREGATE BOND	5.8 62	3.5 1	1.1 1
⊙ MSCI EAFE (NET)	5.7 68	22.4 100	0.2 100
✕ Citigroup WGBI (All Maturities)	7.9 1	8.0 7	0.7 1
Median	6.0	11.8	0.4

Funded status as of July 1<sup>st</sup>, 2011 = 81.2%