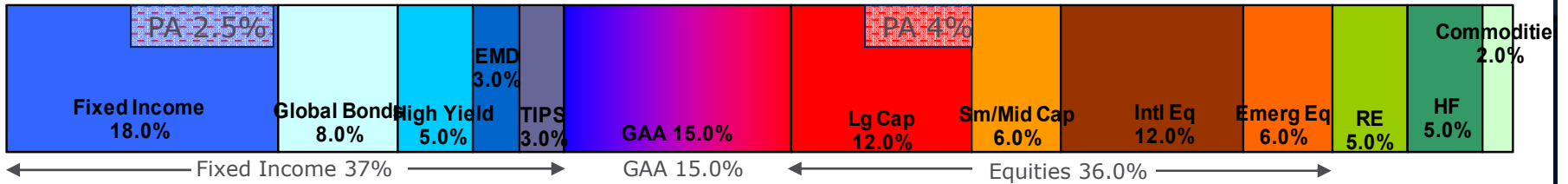




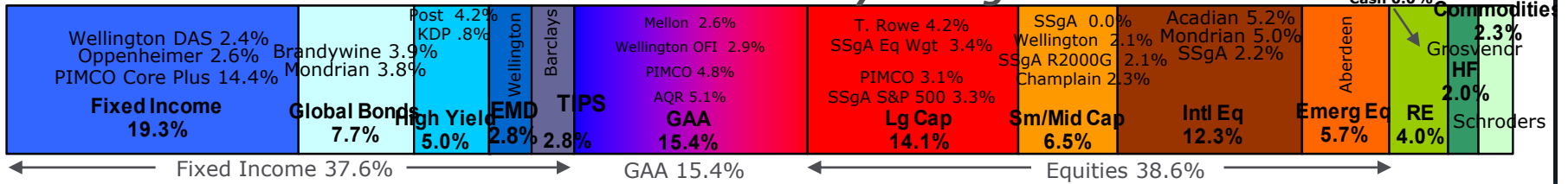
# **State Teachers' Retirement System of Vermont**

# Total Plan Asset Allocation

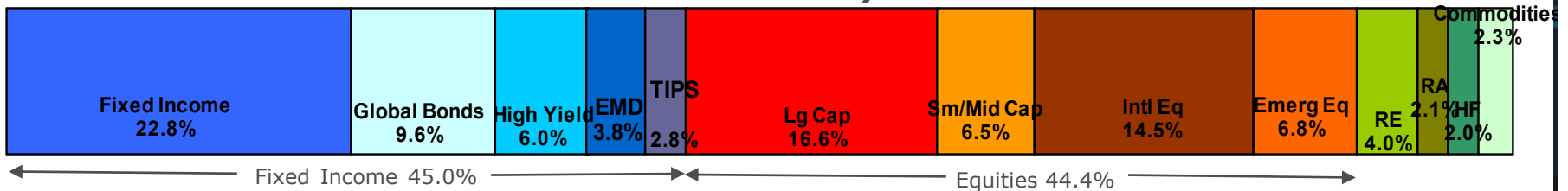
## Target Asset Allocation



## Current Asset Allocation by Manager



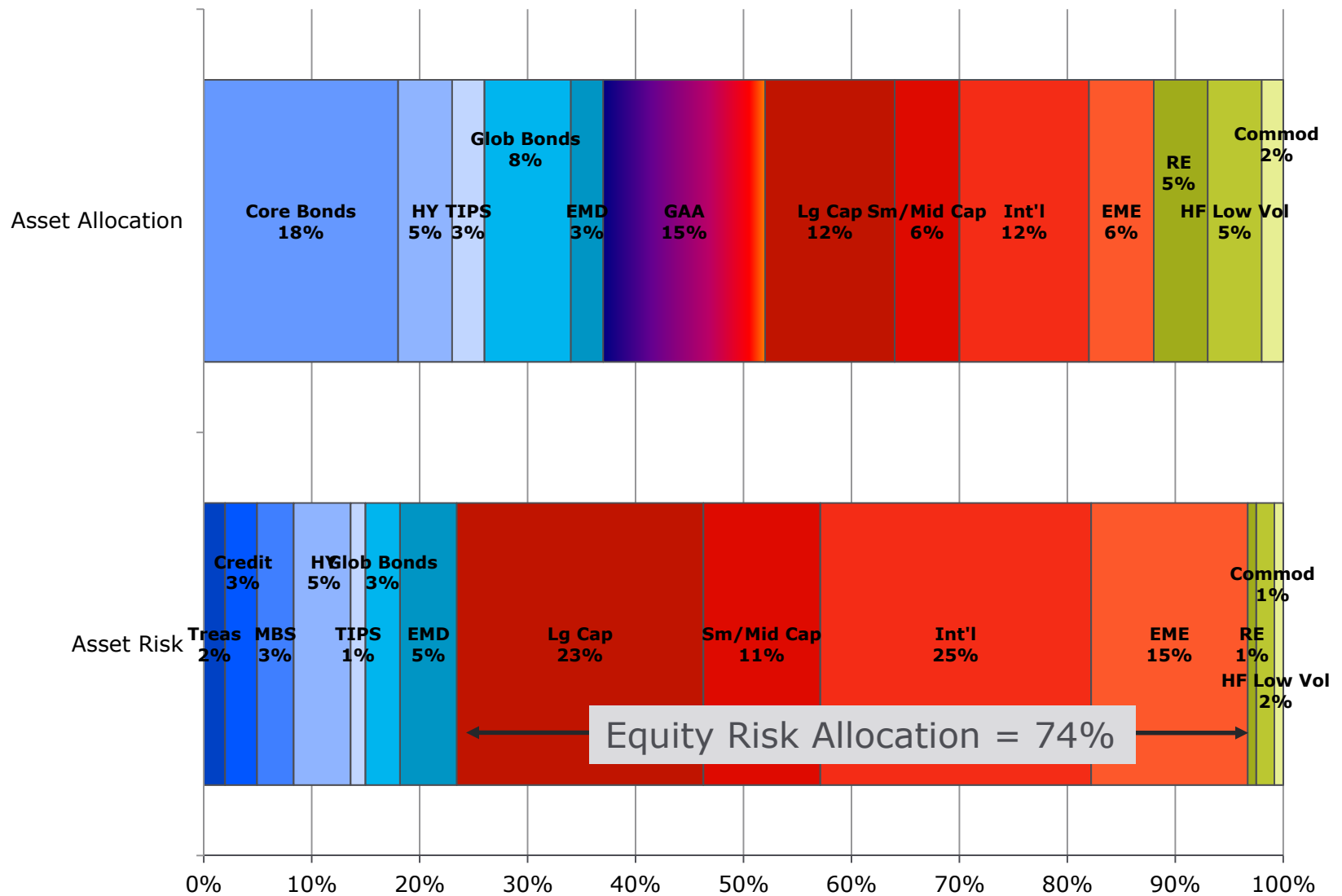
## Current Asset Allocation by Asset Class



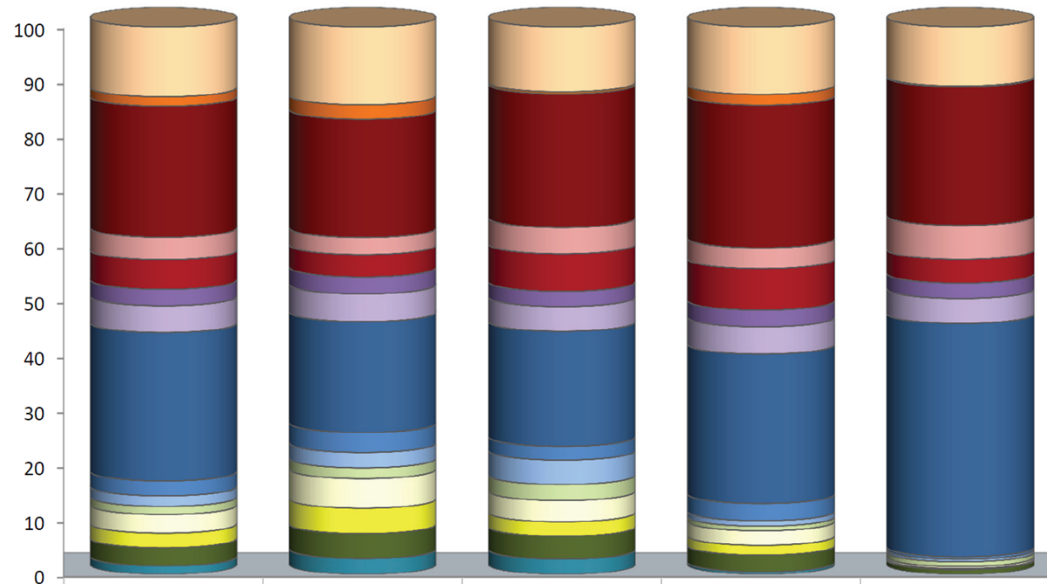
Numbers may not add up to 100% due to rounding.



# 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 |
|----------------|---------------|------------------|--------------------|----------------------|-------------------------|
| Observations   | 110           | 45               | 9                  | 33                   | 23                      |
| Int'l Dev'l    | 12.8          | 14.3             | 11.9               | 12.4                 | 10.8                    |
| Emerg Mkt      | 1.7           | 2.6              | 0.4                | 2.0                  | 0.1                     |
| Large Cap      | 23.9          | 21.6             | 24.4               | 26.1                 | 25.3                    |
| Mid Cap        | 4.1           | 3.1              | 4.8                | 3.8                  | 6.2                     |
| Small Cap      | 5.4           | 4.1              | 6.8                | 7.6                  | 4.3                     |
| TAA - Domestic | 3.0           | 3.1              | 2.8                | 3.1                  | 2.8                     |
| TAA - Global   | 4.9           | 5.1              | 4.5                | 5.0                  | 4.6                     |
| Fixed Income   | 27.1          | 20.2             | 21.0               | 27.3                 | 42.6                    |
| GFI/EMD        | 2.7           | 3.6              | 2.5                | 3.1                  | 0.5                     |
| High Yield     | 1.9           | 2.8              | 4.5                | 1.0                  | 0.5                     |
| Cash Equiv     | 1.5           | 2.0              | 2.9                | 0.8                  | 0.9                     |
| Hedge Fund     | 3.4           | 5.4              | 3.9                | 2.7                  | 0.4                     |
| Private Equity | 2.7           | 4.6              | 2.6                | 1.8                  | 0.2                     |
| Real Estate    | 3.3           | 4.6              | 4.2                | 3.1                  | 0.9                     |
| Misc           | 1.6           | 2.9              | 2.8                | 0.5                  | 0.0                     |

## Teachers

|       |
|-------|
| 12.3% |
| 5.7%  |
| 14.1% |
| 2.3%  |
| 4.2%  |
| 0.0%  |
| 15.4% |
| 22.2% |
| 10.5% |
| 5.0%  |
| 0.0%  |
| 2.0%  |
| 0.0%  |
| 4.0%  |
| 2.3%  |

### Disclosure:

Allocations may not add to 100% due to rounding. Average asset allocations shown include all portfolios submitted to the ICC universe as of 1/25/11 for periods ending 9/30/10. 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<br>Large Core | Domestic<br>Smid | Domestic<br>Small Core | Domestic<br>Small Value | Domestic<br>Small Growth | Core<br>Fixed | High<br>Yield | TIPS     | Int'l<br>Equity | EMD      | Global<br>Bonds | Real<br>Estate | GAA       | Other    | Cash  | Total       |
|--------------------|------------------------|------------------|------------------------|-------------------------|--------------------------|---------------|---------------|----------|-----------------|----------|-----------------|----------------|-----------|----------|-------|-------------|
| Composite          | \$208,220              | \$33,337         | \$576                  | \$31,302                | \$31,297                 | \$285,603     | \$73,207      | \$41,906 | \$265,490       | \$41,852 | \$113,772       | \$59,606       | \$228,179 | \$62,292 | \$575 | \$1,477,212 |
| T. Rowe            | 62,177                 | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$62,177    |
| PIMCO              | 46,068                 | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$46,068    |
| SSgA Equal Wgt     | 50,645                 | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$50,645    |
| SSgA S&P 500       | 49,330                 | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$49,330    |
| Champlain          | 0                      | 33,337           | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$33,337    |
| SSgA R-2500        | 0                      | 0                | 576                    | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$576       |
| Wellington         | 0                      | 0                | 0                      | 31,302                  | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$31,302    |
| SSgA R-2000 Growth | 0                      | 0                | 0                      | 0                       | 31,297                   | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$31,297    |
| Acadian            | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 76,863          | 0        | 0               | 0              | 0         | 0        | 0     | \$76,863    |
| Mondrian           | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 73,123          | 0        | 0               | 0              | 0         | 0        | 0     | \$73,123    |
| SSgA ACWI ex US    | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 31,822          | 0        | 0               | 0              | 0         | 0        | 0     | \$31,822    |
| Aberdeen           | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 83,682          | 0        | 0               | 0              | 0         | 0        | 0     | \$83,682    |
| Oppenheimer        | 0                      | 0                | 0                      | 0                       | 0                        | 38,525        | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$38,525    |
| Wellington DAS     | 0                      | 0                | 0                      | 0                       | 0                        | 35,020        | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$35,020    |
| PIMCO Core Plus    | 0                      | 0                | 0                      | 0                       | 0                        | 212,058       | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$212,058   |
| Post Advisory      | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 62,085        | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$62,085    |
| KDP                | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 11,122        | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$11,122    |
| Welligton EMD      | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 41,852   | 0               | 0              | 0         | 0        | 0     | \$41,852    |
| Barclays           | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 41,906   | 0               | 0        | 0               | 0              | 0         | 0        | 0     | \$41,906    |
| Mondrian           | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 56,193          | 0              | 0         | 0        | 0     | \$56,193    |
| Brandywine         | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 57,579          | 0              | 0         | 0        | 0     | \$57,579    |
| Morgan Stanely     | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 26,269         | 0         | 0        | 0     | \$26,269    |
| UBS Realty         | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 25,216         | 0         | 0        | 0     | \$25,216    |
| RREEF              | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 7,594          | 0         | 0        | 0     | \$7,594     |
| Transwestern       | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 508            | 0         | 0        | 0     | \$508       |
| Real Estate Cash   | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 19             | 0         | 0        | 0     | \$19        |
| Mellon GA 1        | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 38,830    | 0        | 0     | \$38,830    |
| PIMCO AA           | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 71,249    | 0        | 0     | \$71,249    |
| Wellington OIF     | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 42,686    | 0        | 0     | \$42,686    |
| AQR                | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 75,414    | 0        | 0     | \$75,414    |
| Grosvenor          | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 28,973   | 0     | \$28,973    |
| Schroders          | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 33,319   | 0     | \$33,319    |
| Vermont Cash       | 0                      | 0                | 0                      | 0                       | 0                        | 0             | 0             | 0        | 0               | 0        | 0               | 0              | 0         | 0        | 575   | \$575       |

(Dollars in 000's)



# Total Fund Asset Growth Summary

**VERMONT STATE TEACHERS**  
 TEACHERS' RETIREMENT SYSTEM  
 Periods Ending December 31, 2010

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

|                        | One Quarter | Year to Date | One Year  |
|------------------------|-------------|--------------|-----------|
| <b>TRS COMPOSITE</b>   |             |              |           |
| Beginning Market Value | 1,438,186   | 1,330,497    | 1,330,497 |
| Net External Growth    | -26,499     | -41,870      | -41,870   |
| Return on Investment   | 65,525      | 192,424      | 192,424   |
| Income Received        | 12          | 148          | 148       |
| Gain/Loss              | 65,513      | 192,276      | 192,276   |
| Ending Market Value    | 1,477,212   | 1,477,212    | 1,477,212 |

Return

4.6% 14.7% 14.7%



# Fund Performance vs. Benchmark

## VERMONT STATE TEACHERS

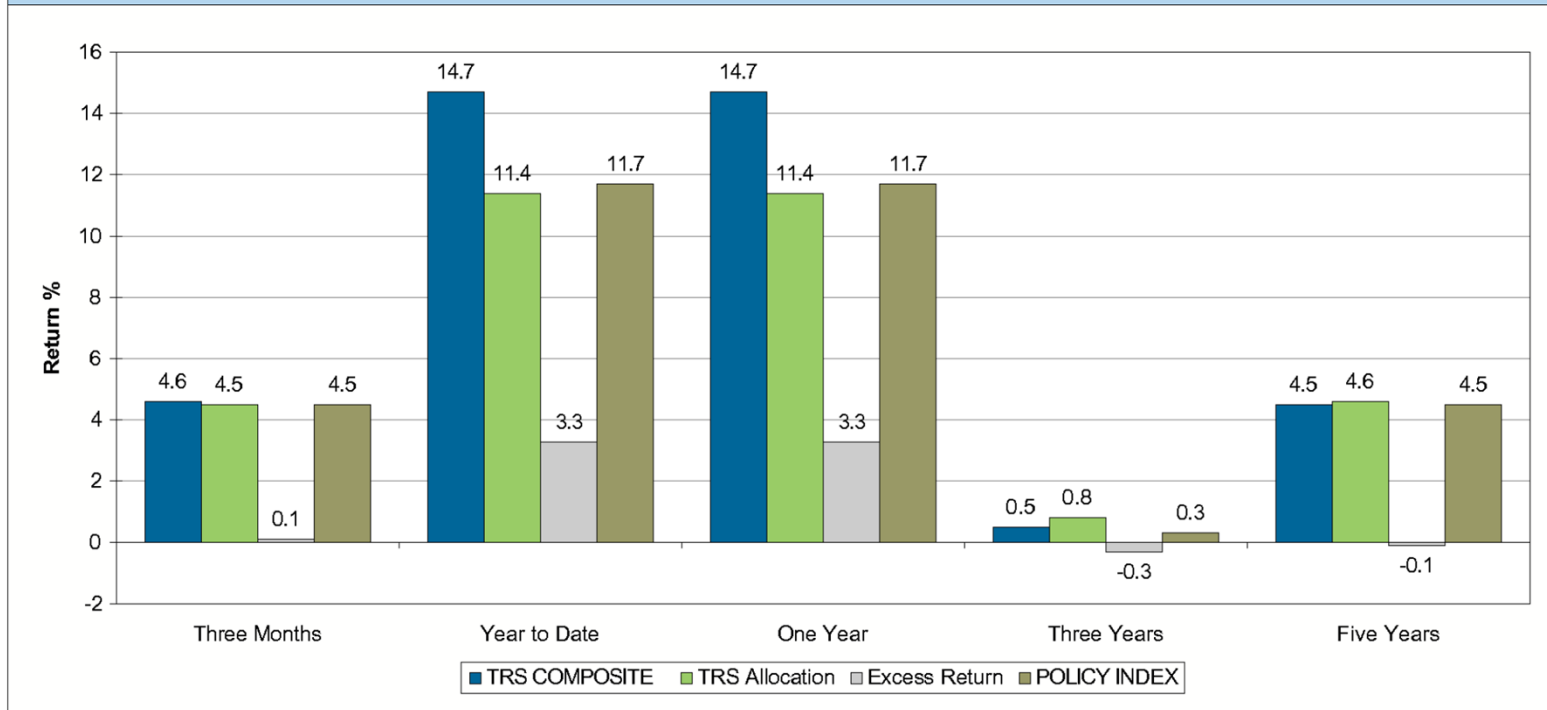
POLICY INDEX

Benchmark:

Periods Ending December 31, 2010

### Fund Performance vs. Benchmark

#### TRS COMPOSITE



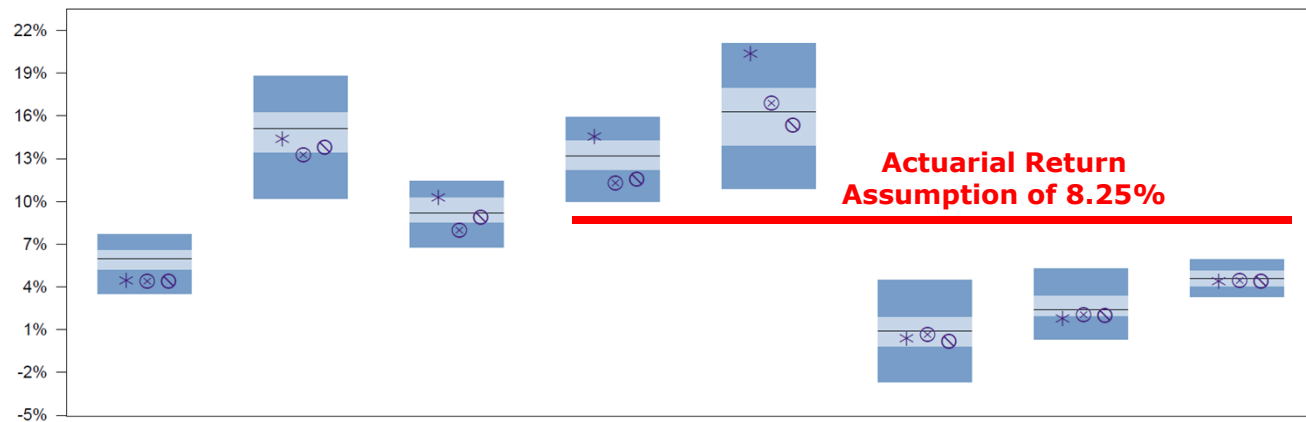
# Total Public Funds Performance

## VERMONT STATE TEACHERS

Total Fund - Universe: Public Funds (DB)

Periods Ending December 31, 2010

### Total Fund Performance - Trailing Periods



|                  | One Quarter |    | Two Quarters |    | Three Quarters |    | One Year |    | Two Years |    | Three Years |    | Four Years |    | Five Years |    |
|------------------|-------------|----|--------------|----|----------------|----|----------|----|-----------|----|-------------|----|------------|----|------------|----|
| * TRS COMPOSITE  | 4.6         | 89 | 14.5         | 60 | 10.4           | 20 | 14.7     | 21 | 20.5      | 10 | 0.5         | 58 | 1.9        | 76 | 4.5        | 53 |
| ⊗ TRS Allocation | 4.5         | 91 | 13.4         | 73 | 8.1            | 85 | 11.4     | 85 | 17.0      | 42 | 0.8         | 54 | 2.2        | 64 | 4.6        | 51 |
| ⊖ POLICY INDEX   | 4.5         | 90 | 13.9         | 69 | 9.0            | 58 | 11.7     | 82 | 15.5      | 63 | 0.3         | 61 | 2.1        | 64 | 4.5        | 53 |
| 5th Percentile   | 7.7         |    | 18.8         |    | 11.4           |    | 15.9     |    | 21.1      |    | 4.5         |    | 5.3        |    | 5.9        |    |
| 25th Percentile  | 6.6         |    | 16.3         |    | 10.3           |    | 14.3     |    | 18.0      |    | 1.9         |    | 3.4        |    | 5.2        |    |
| 50th Percentile  | 6.0         |    | 15.1         |    | 9.2            |    | 13.2     |    | 16.3      |    | 0.9         |    | 2.4        |    | 4.6        |    |
| 75th Percentile  | 5.2         |    | 13.4         |    | 8.5            |    | 12.2     |    | 13.9      |    | -0.2        |    | 1.9        |    | 4.0        |    |
| 95th Percentile  | 3.5         |    | 10.2         |    | 6.8            |    | 10.0     |    | 10.9      |    | -2.7        |    | 0.3        |    | 3.3        |    |



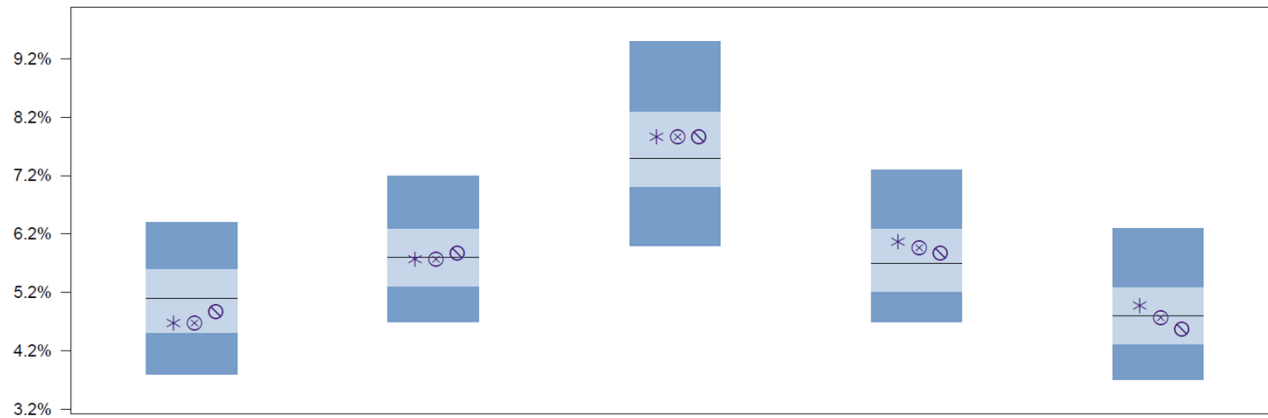
# Total Public Funds Performance

## VERMONT STATE TEACHERS

Total Fund - Universe: Public Funds (DB)

Periods Ending December 31, 2010

### Total Fund Performance - Trailing Periods



|                  | Six Years | Seven Years | Eight Years | Nine Years | Ten Years |
|------------------|-----------|-------------|-------------|------------|-----------|
| * TRS COMPOSITE  | 4.7 65    | 5.8 52      | 7.9 39      | 6.1 34     | 5.0 41    |
| ⊙ TRS Allocation | 4.7 68    | 5.8 52      | 7.9 39      | 6.0 35     | 4.8 52    |
| ⊘ POLICY INDEX   | 4.9 56    | 5.9 49      | 7.9 39      | 5.9 42     | 4.6 63    |
| 5th Percentile   | 6.4       | 7.2         | 9.5         | 7.3        | 6.3       |
| 25th Percentile  | 5.6       | 6.3         | 8.3         | 6.3        | 5.3       |
| 50th Percentile  | 5.1       | 5.8         | 7.5         | 5.7        | 4.8       |
| 75th Percentile  | 4.5       | 5.3         | 7.0         | 5.2        | 4.3       |
| 95th Percentile  | 3.8       | 4.7         | 6.0         | 4.7        | 3.7       |

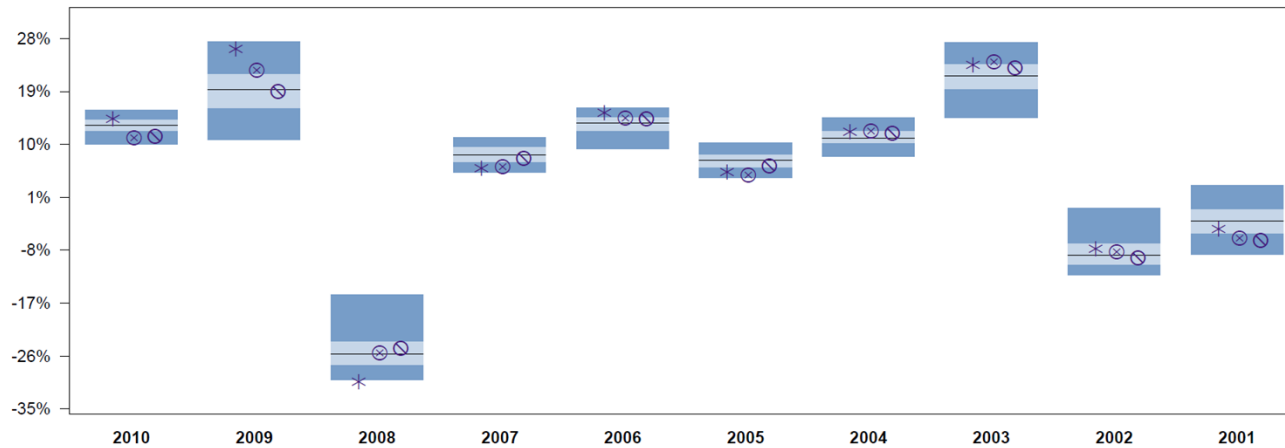
# Total Public Funds Performance

## VERMONT STATE TEACHERS

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2010

### Total Fund Performance - One Year Time Periods



|                  | 2010 | 2009 | 2008  | 2007 | 2006  | 2005 | 2004 | 2003 | 2002  | 2001 |     |    |      |    |      |    |      |    |      |    |
|------------------|------|------|-------|------|-------|------|------|------|-------|------|-----|----|------|----|------|----|------|----|------|----|
| * TRS COMPOSITE  | 14.7 | 21   | 26.5  | 7    | -30.1 | 95   | 6.3  | 86   | 15.7  | 8    | 5.6 | 82 | 12.4 | 22 | 23.8 | 25 | -7.5 | 37 | -4.1 | 62 |
| ⊗ TRS Allocation | 11.4 | 85   | 22.9  | 22   | -25.2 | 48   | 6.5  | 83   | 14.8  | 24   | 5.1 | 88 | 12.6 | 18 | 24.4 | 19 | -8.0 | 44 | -5.7 | 82 |
| ⊙ POLICY INDEX   | 11.7 | 82   | 19.3  | 51   | -24.4 | 39   | 7.9  | 56   | 14.6  | 28   | 6.6 | 68 | 12.2 | 28 | 23.3 | 30 | -9.0 | 53 | -6.0 | 84 |
| 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 |     |    |      |    |      |    |      |    |      |    |

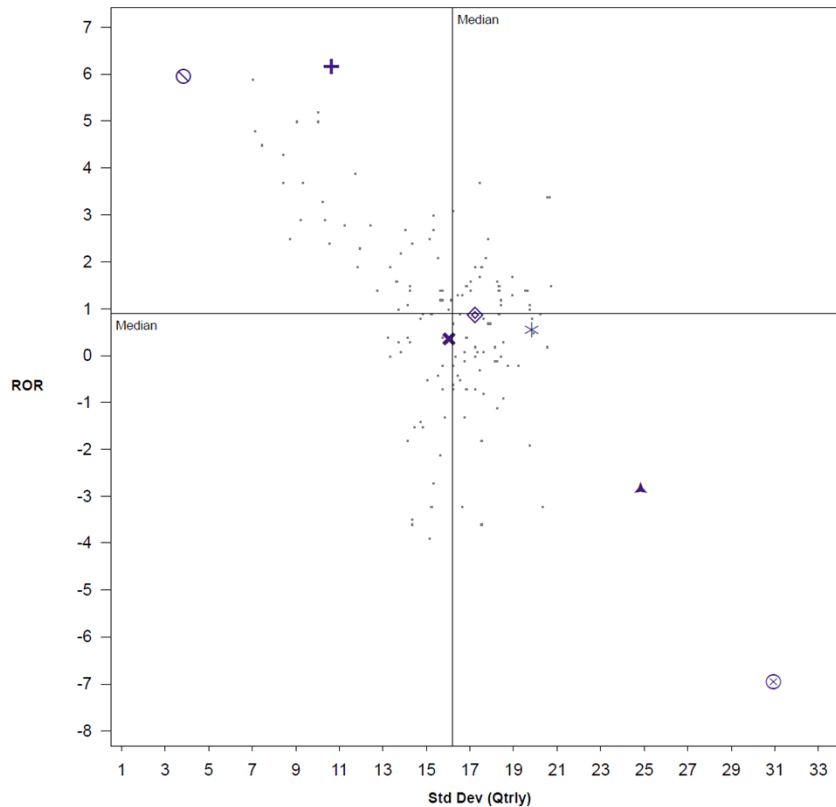
# Risk vs. Return Analysis – 3 Years

## VERMONT STATE TEACHERS

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2010

Risk vs. Return - 3 Year



| NAME                              | Return   | Standard Deviation | Sharpe Ratio |
|-----------------------------------|----------|--------------------|--------------|
| * TRS COMPOSITE                   | 0.5 58   | 19.9 95            | -0.0 60      |
| ◇ TRS Allocation                  | 0.8 54   | 17.3 68            | -0.0 59      |
| * POLICY INDEX                    | 0.3 61   | 16.1 49            | -0.0 66      |
| ▲ S&P 500                         | -2.9 96  | 24.9 100           | -0.1 93      |
| ⊙ BC AGGREGATE                    | 5.9 1    | 3.9 1              | 1.3 1        |
| ⊙ MSCI EAFE (NET)                 | -7.0 100 | 31.0 100           | -0.3 97      |
| + Citigroup WGBI (All Maturities) | 6.1 1    | 10.7 10            | 0.5 3        |
| Median                            | 0.9      | 16.2               | 0.0          |

Funded status as of Fiscal Year 2009 = 65%

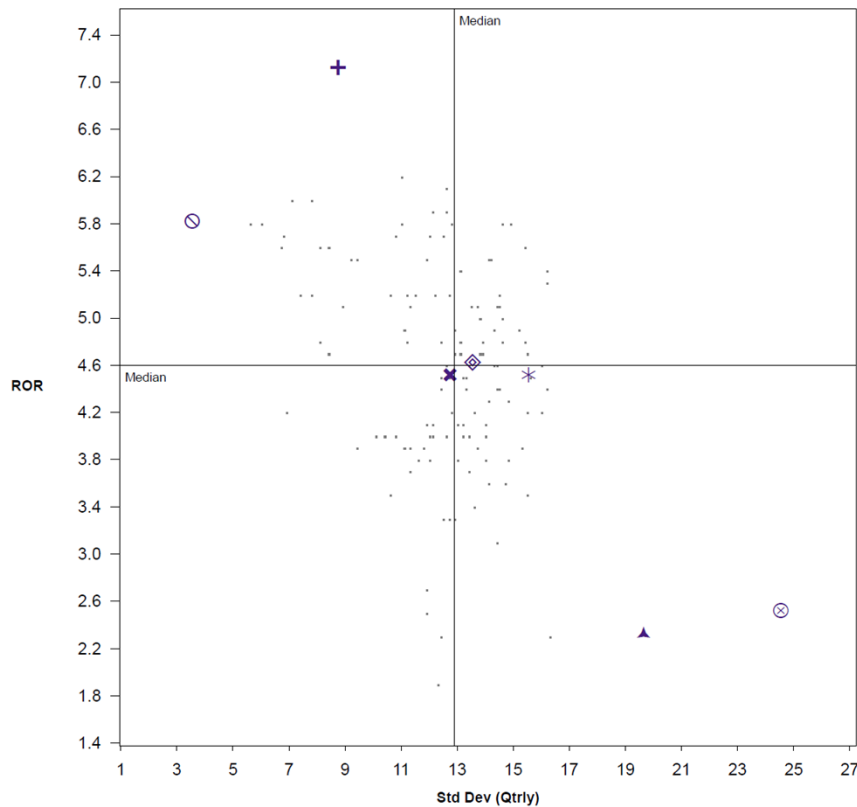
# Risk vs. Return Analysis – 5 Years

## VERMONT STATE TEACHERS

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2010

### Risk vs. Return - 5 Year



| NAME                              | Return | Standard Deviation | Sharpe Ratio |
|-----------------------------------|--------|--------------------|--------------|
| * TRS COMPOSITE                   | 4.5 53 | 15.6 95            | 0.1 68       |
| ◊ TRS Allocation                  | 4.6 51 | 13.6 67            | 0.2 58       |
| x POLICY INDEX                    | 4.5 53 | 12.8 50            | 0.2 53       |
| ▲ S&P 500                         | 2.3 99 | 19.7 100           | -0.0 97      |
| ⊘ BC AGGREGATE                    | 5.8 6  | 3.6 1              | 0.9 1        |
| ⊗ MSCI EAFE (NET)                 | 2.5 98 | 24.6 100           | 0.0 97       |
| + Citigroup WGBI (All Maturities) | 7.1 1  | 8.8 11             | 0.5 3        |
| Median                            | 4.6    | 12.9               | 0.2          |

Funded status as of Fiscal Year 2009 = 65%

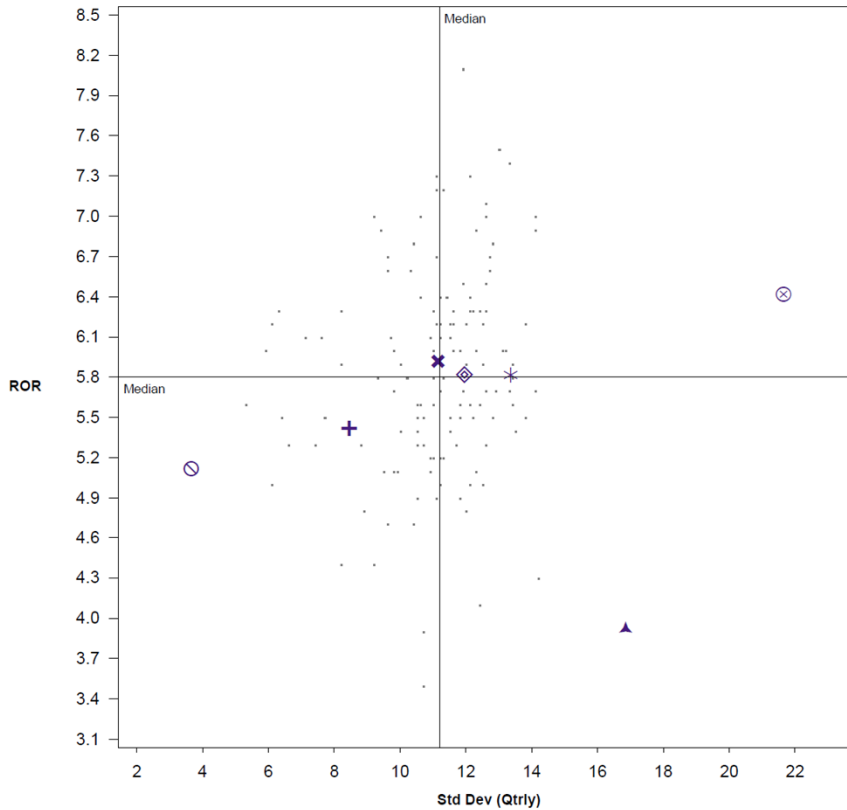
# Risk vs. Return Analysis – 7 Years

## VERMONT STATE TEACHERS

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2010

Risk vs. Return - 7 Year



| NAME                              | Return  | Standard Deviation | Sharpe Ratio |
|-----------------------------------|---------|--------------------|--------------|
| * TRS COMPOSITE                   | 5.8 52  | 13.4 94            | 0.3 80       |
| ◇ TRS Allocation                  | 5.8 52  | 12.0 67            | 0.3 64       |
| * POLICY INDEX                    | 5.9 49  | 11.2 49            | 0.3 52       |
| ▲ S&P 500                         | 3.9 100 | 16.9 100           | 0.1 100      |
| ○ BC AGGREGATE                    | 5.1 85  | 3.7 1              | 0.7 1        |
| ⊗ MSCI EAFE (NET)                 | 6.4 22  | 21.7 100           | 0.2 97       |
| + Citigroup WGBI (All Maturities) | 5.4 73  | 8.5 11             | 0.4 33       |
| Median                            | 5.8     | 11.2               | 0.3          |

Funded status as of Fiscal Year 2009 = 65%



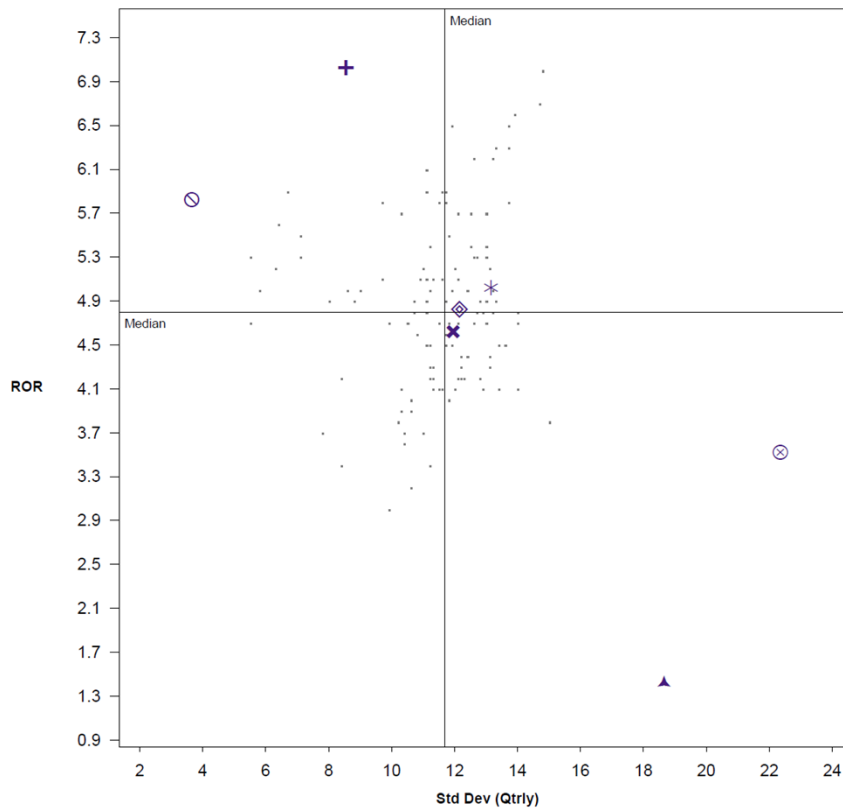
# Risk vs. Return Analysis – 10 Years

## VERMONT STATE TEACHERS

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2010

Risk vs. Return - 10 Year



| NAME                              | Return  | Standard Deviation | Sharpe Ratio |
|-----------------------------------|---------|--------------------|--------------|
| * TRS COMPOSITE                   | 5.0 41  | 13.2 86            | 0.2 56       |
| ⊠ TRS Allocation                  | 4.8 52  | 12.2 66            | 0.2 55       |
| * POLICY INDEX                    | 4.6 63  | 12.0 61            | 0.2 62       |
| ▲ S&P 500                         | 1.4 100 | 18.7 100           | -0.1 100     |
| ⊙ BC AGGREGATE                    | 5.8 13  | 3.7 1              | 0.9 1        |
| ⊙ MSCI EAFE (NET)                 | 3.5 97  | 22.4 100           | 0.0 100      |
| + Citigroup WGBI (All Maturities) | 7.0 2   | 8.6 10             | 0.5 2        |
| Median                            | 4.8     | 11.7               | 0.2          |

Funded status as of Fiscal Year 2009 = 65%