

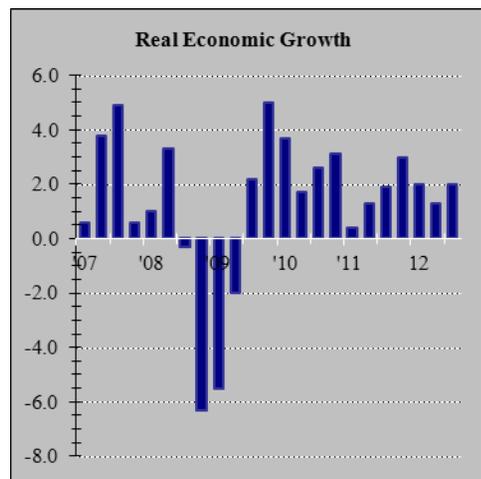
**CITY OF BURLINGTON EMPLOYEES  
RETIREMENT PLAN  
PERFORMANCE REVIEW  
SEPTEMBER 2012**



## ECONOMIC ENVIRONMENT

### *Good News at Quarter-End Overshadows Weak Economic Gains*

Good news on many fronts sent investors scurrying into global stock markets: 1) the September US jobs report detailed an unexpected reduction in unemployment; 2) statistics on new housing starts, existing



home sales and home prices were all meaningfully up; 3) the Fed initiated QE3, further lowering mortgage rates, leading to lower borrowing rates for small businesses; 4) manufacturing and new order levels increased; 5) consumer confidence jumped to a near-term high; 6) many foreign governments and especially the European Central Bank (ECB) instituted programs to ramp up regional economies, which will help the US economy through increased trade; and 7) core inflation remained tame, providing a temporary underpinning to QE3.

Probably the most important events of the quarter were actions taken by the ECB. On July 26th, President Draghi announced that the ECB would do “whatever it takes” to save the euro. In early September, Draghi introduced an open-ended but conditional bond buying program to help reduce the borrowing costs of financially strapped member countries. Key is that each debtor country becomes obligated to enact specific austerity measures. These announcements went a long way toward reducing uncertainty. Investors cheered and parked their legitimate concerns about the impending US fiscal cliff, the ongoing Eurozone recession and China’s economic slowdown.

The consensus estimates for US domestic GDP growth during the third quarter were a bit better than the first half figures, with most economists looking for figures at or a bit above 2%. Toward the end of September, the Bureau of Economic Analysis’ latest estimate of 2nd quarter real

GDP growth was revised downward from 1.7% to 1.3%. The final 1st quarter number was 2.0%.

The job rolls swelled by 114,000 in September and the Bureau of Labor Statistics also revised the July and August employment numbers upward. The gains led to a drop in the national unemployment rate from the steady 8+% rate through August to 7.8% in September.

Housing was another hopeful sector as of July, the latest available reporting month. S&P/Case-Shiller reported a 1.6% price increase in its 20-City Composite where fifteen of the surveyed cities saw price increases. July represented the third straight month of price gains and provided homeowners with average prices equal to their values in 2003. The rate of foreclosures was also slowing, indicating a possible clearing of the worst of the housing problems.

Manufacturing also boosted the economy in September. The Manufacturing Index expanded to 51.5 from 49.6 in the prior month and represented the 40<sup>th</sup> consecutive month of growth. The New Orders Index surged to 52.3 from August’s 47.1 level. Net-net, the manufacturing part of the economy was faring better than many had thought.

The Conference Board’s Consumer Confidence Index grew from 61.3 in August to 70.3 in September – a level not seen since last February. Just as relevant, the Consumer Expectation Index rose dramatically from 71.1 to 83.7. For the moment, at least, the average American expects a brighter economic future.

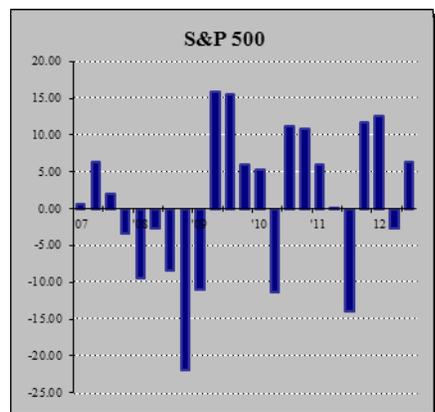
Near the end of the quarter, the Fed announced a third round of quantitative easing (QE3). Under this stimulus program, it will begin to purchase \$40 billion of US Agency mortgage obligations each month. The program will continue until the labor market substantially improves. Operation Twist also remains in force; this program features a maturity extension (via the selling of shorter maturities and the buying of longer maturities) from within the Fed’s security portfolio. The central bank will also keep interbank lending rates near zero until 2015.

## EQUITY MARKET

### Good Gains

The US market pushed aside an anemic domestic economy and a global slowdown. Instead, investors took heart from positive steps by the European Central Bank (ECB) and the Federal Reserve Bank.

Accordingly, stocks advanced approximately 5% or more across the board. There was only a modest difference between the performances of



large-cap vs. small-cap stocks and between value vs. growth. The broadest index, the Russell 3000, rose 6.2%. The bellwether S&P 500 gained a comparable 6.3%. The Russell 1000, representing large-cap companies, also climbed 6.3%. The Russell 2000 Small Cap Index grew 5.2%. Russell 1000 Value was up 6.5%, while its growth counterpart added 6.1%. However, REITs paused after a

long string of outperforming quarters; the S&P US REIT Index gained just 0.1%.

Sector results were almost uniformly positive. Energy was the top performer, up 10.2%, directly related to rising oil prices. Computer Technology gained 8.3%, propelled by Apple and Google. Services rose a solid 8.1%. Financials weren't far behind, posting a 7.2% advance; news of the Fed's QE3 program helped to buoy the results. Utilities, long a winning sector, added only 3.9%, as investors turned away from their defensive, high dividend posture. Finally, the small-sized Transportation sector was in the loss column suffering from higher oil prices.

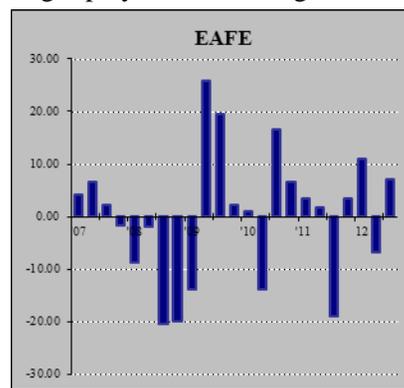
The S&P dividend rate dropped slightly to 2.0% due to price gains. The S&P P/E ratio increased from 18.0x to 19.1x, also reflecting higher prices. As of quarter-end, 34% of stock holdings had P/E ratios above 20x, well short of a market bubble.

## INTERNATIONAL EQUITIES

### Healthy Turnaround With ECB Help

Performance by the MSCI EAFE Index of developed countries benefited immeasurably from the ECB President's announcement "to do what it takes" to keep the Euro afloat and help stabilize the interest rate debt of faltering Eurozone countries. The EAFE Index returned 7.0%. Excluding the troubled Japanese market, the return would have been 9.1%.

Within Europe, financially robust Germany led the pack among the larger players. Its index gained 13.9%. France and the UK, the other two



European majors, each gained over 7%. Returns among the PIIGS components varied widely. Portugal was the best performer, gaining 13.1%. Spain followed, rising 11.5%; the Spanish government aided its market by temporarily easing concerns about bankruptcy. Italy provided a 7.6% result. Not surprisingly, Greece was flat (+0.3%). Ireland, with the largest overhang of home mortgage

delinquencies, lost 1.5%. Overall, EAFE Europe returned a very respectable 8.7%.

The EAFE Far East return was a meager 1.5%. This was mostly attributable to Japan, where the market was down 0.8%. There were several reasons for that country's poor showing, including a rapidly rising yen that held down exports, and the effects of restrictive Japanese bank lending. It is noteworthy that Japan's central bank took action to cut lending rates further.

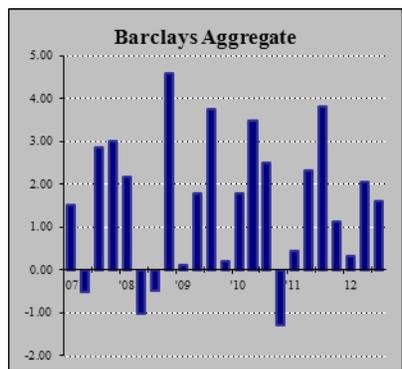
Other countries in the region did much better. Hong Kong climbed 12.5% and Singapore gained 10.6%. Australia, a separate EAFE segment, advanced 10.5%. Israel, a relatively new country in the index, added 6.4%. This gain took place in spite of growing tensions between Israel and Iran regarding the latter's atomic bomb development.

Regaining its role as market leader, the MSCI Emerging Market Index (EM) returned 7.9%. That result was higher than either the US or developed markets. The BRIC countries experienced wide-ranging results. Brazil only advanced 4.8%. Russia was up almost twice as much or 9.4% as rising auto sales and increased bank lending helped to lift its market. India was THE big winner, rocketing up 15.4%. Key to this market gain was government reform, allowing foreign retailers and airlines to obtain a foothold in that. Bringing up the rear was China, with a 4.7% return. Although China's booming economy is slowing, Chinese GDP probably remains in an enviable range above 6%.

## BOND MARKET

### *U.S. Corporates and European Treasuries Advanced*

The Barclays Aggregate Index chugged along, gaining 1.6%. The small gain included much higher performance in the credit sectors. However, since US Government debt represents over 41% of the index and



Government-backed mortgage instruments (MBS) comprise an additional 30% of the index, the strong credit returns were muted. Treasuries returned only 0.6% and MBS gained a low 1.1%, thus a low Aggregate return was the outcome.

Performance was negligible all along the Treasury yield curve. 1-3 Year Treasuries earned 0.3%. Seven-to-ten year paper performed

slightly better, 1.0%. Twenty+ year maturities were essentially flat for the quarter (+0.1%). The Government-backed mortgage component (GNMAs) earned 1.1%. The yield curve slope remained virtually unchanged because the only form of available return was from very low income yield. Just as relevant was the investor's search for higher yield, which was found mostly in corporate credits.

The U.S. Credit sector generated a 3.5% gain, much higher than that of Treasuries. Financial institutions, in particular, provided a healthy 5.1% return. From a credit quality perspective, single A bonds (the lowest

investment grade) averaged a 3.7% return. Commercial Mortgage-Backed Securities (CMBS), a small component of the index that has had significant volatility since 2008, has roared back from its 2009 lows as commercial real estate has come alive. The CMBS Index saw a 3.8% return, essentially matching the high of investment grade corporates.

Lower credit quality bonds bested investment grades, as they have for several quarters. This time, however, returns from BA credit down to single B credit quality were the same, or 4.4%. CAA credits earned a slightly higher 4.8%. Investing in the lowest-rated or CA-D bond segment would have brought a handsome 9.3% return.

At quarter-end, the Aggregate Index yielded an unprecedented low of 1.61% (yield-to-worst), with an average maturity of 6.7-years, and a modified adjusted duration of 4.85-years. Total assets of the combined index are currently valued close to \$17 trillion.

Sovereign risk returns among the G-6 countries (excluding US Treasuries) averaged 3.8% in US dollar terms. Italian and French sovereigns outperformed, returning 7.2% and 5.0%, respectively; those outsized results were again attributable to the announced ECB buying program.

Emerging market debt had a respectable 6.8% return. The majority of countries listed in the EM Index returned more than that. The five top performers were a mixed group. Argentina (+20.0%) bounced back from the Repsol nationalization during the prior quarter. Ivory Coast again surprised on the upside: +15.3%. Croatia, another ECB beneficiary, surged 14.2%. Venezuela, aided by higher oil prices, added 13.1%.

## CASH EQUIVALENTS

### *Nothing New In This Space*

The Federal Reserve has actually made matters worse for money market investors. Chairman Bernanke's latest (QE3) program of mortgage buybacks with no definite termination date has forced short-term interest rates to historic lows. The return on 1-3 month Treasuries was a paltry 0.02%, well below inflation. Under such circumstances, the only reason to hold money market instruments is for presumed safety.

**MARKET SUMMARY**

**ECONOMIC STATISTICS**

	CURRENT QTR	LAST QTR
GDP	2.0	1.3
Unemployment	7.8	8.2
CPI All Items Year/Year	1.99	1.66
Fed Funds Rate	0.25	0.25
Industrial Capacity	78.3	78.8
US Dollars per Euro	1.29	1.27

**MAJOR INDEX QUARTER RETURNS**

INDEX	PERFORMANCE
Russell 3000	6.2
S&P 500	6.3
Russell Mid	5.6
Russell 2000	5.2
MSCI EAFE	7.0
MSCI Emg Mkts	7.9
NCREIF ODCE	0.0
Barclays Agg	1.6
90 Day Tbills	0.0

**EQUITY RETURN DISTRIBUTIONS**

	QUARTER			TRAILING YEAR		
	VAL	COR	GRO	VAL	COR	GRO
LC	6.5	6.3	6.1	30.9	30.1	29.2
MC	5.8	5.6	5.3	29.2	28.0	26.7
SC	5.7	5.2	4.8	32.6	31.9	31.2

**MARKET SUMMARY**

- \* GDP for the third quarter was 2.0%.
- \* The US unemployment rate decreased to 7.8% over the third quarter.
- \* Global equity markets rallied, led by the emerging int'l markets, followed by developed int'l then US markets.
- \* CPI increased 1.99% year over year.
- \* The US dollar weakened relative to the Euro.

## **INVESTMENT RETURN**

On September 30th, 2012, the City of Burlington Employees Retirement System was valued at \$142,142,924, representing an increase of \$6,325,417 from the June quarter's ending value of \$135,817,507. Last quarter, the Fund posted withdrawals totaling \$63,205, which partially offset the portfolio's net investment return of \$6,388,622. Since there were no income receipts for the third quarter, the portfolio's net investment return figure was the product of net realized and unrealized capital gains totaling \$6,388,622.

## **RELATIVE PERFORMANCE**

### **Total Fund**

For the third quarter, the Composite portfolio returned 4.7%, which was 0.5% greater than the Burlington Manager Shadow Index's return of 4.2% and ranked in the 56th percentile of the Public Fund universe. Over the trailing year, the portfolio returned 15.0%, which was 2.3% above the benchmark's 12.7% performance, ranking in the 86th percentile. Since September 2002, the account returned 7.5% on an annualized basis and ranked in the 42nd percentile.

**EXECUTIVE SUMMARY****PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	10 Years
<b>Total Portfolio</b>	4.7	10.3	15.0	10.1	7.5
<i>PUBLIC FUND RANK</i>	(56)	(73)	(86)	(19)	(42)
MANAGER SHADOW	4.2	8.4	12.7	7.9	----
POLICY INDEX	4.4	10.2	17.2	9.0	7.7
<b>Diversified Assets</b>	7.1	12.6	17.2	11.5	----
<i>BALANCED FUND RANK</i>	(1)	(20)	(83)	(6)	----
60 MSCI/40 WGBI	5.3	9.6	14.6	6.8	8.2
CPI + 5	2.1	6.4	7.4	7.6	7.6
<b>Equity</b>	6.0	13.4	22.5	10.9	----
<i>GLOBAL EQUITY RANK</i>	(71)	(46)	(41)	(17)	----
MSCI AC WORLD	7.0	13.4	21.6	7.8	9.2
AC WORLD EX-US	7.5	10.9	15.0	3.6	10.3
MSCI EAFE	7.0	10.6	14.3	2.6	8.7
MSCI EMG MKTS	7.9	12.3	17.3	5.9	17.4
RUSSELL 3000	6.2	16.1	30.2	13.3	8.5
CAMBRIDGE PE	0.0	5.3	10.9	14.2	14.3
<b>Absolute Return</b>	3.1	6.5	6.8	----	----
HFRI FOF	2.4	3.4	2.9	0.9	3.7
<b>Real Assets</b>	2.6	5.3	4.3	5.9	----
REAL ASSETS IDX	4.4	5.4	6.9	6.0	----
NCREIF ODCE	2.8	8.4	11.6	12.2	6.7
NCREIF TIMBER	0.8	1.7	2.2	-0.5	7.6
DOW JONES UBS	9.7	5.6	6.0	5.3	----
<b>Fixed Income</b>	3.0	8.1	11.0	9.4	----
<i>BROAD MARKET FIXED RANK</i>	(32)	(30)	(28)	(29)	----
GLOBAL AGGREGATE	3.3	4.8	5.0	5.0	6.4
GLOBAL AGG EX US	4.4	5.2	4.8	4.3	7.3
BARCLAYS AGG	1.6	4.0	5.2	6.2	5.3

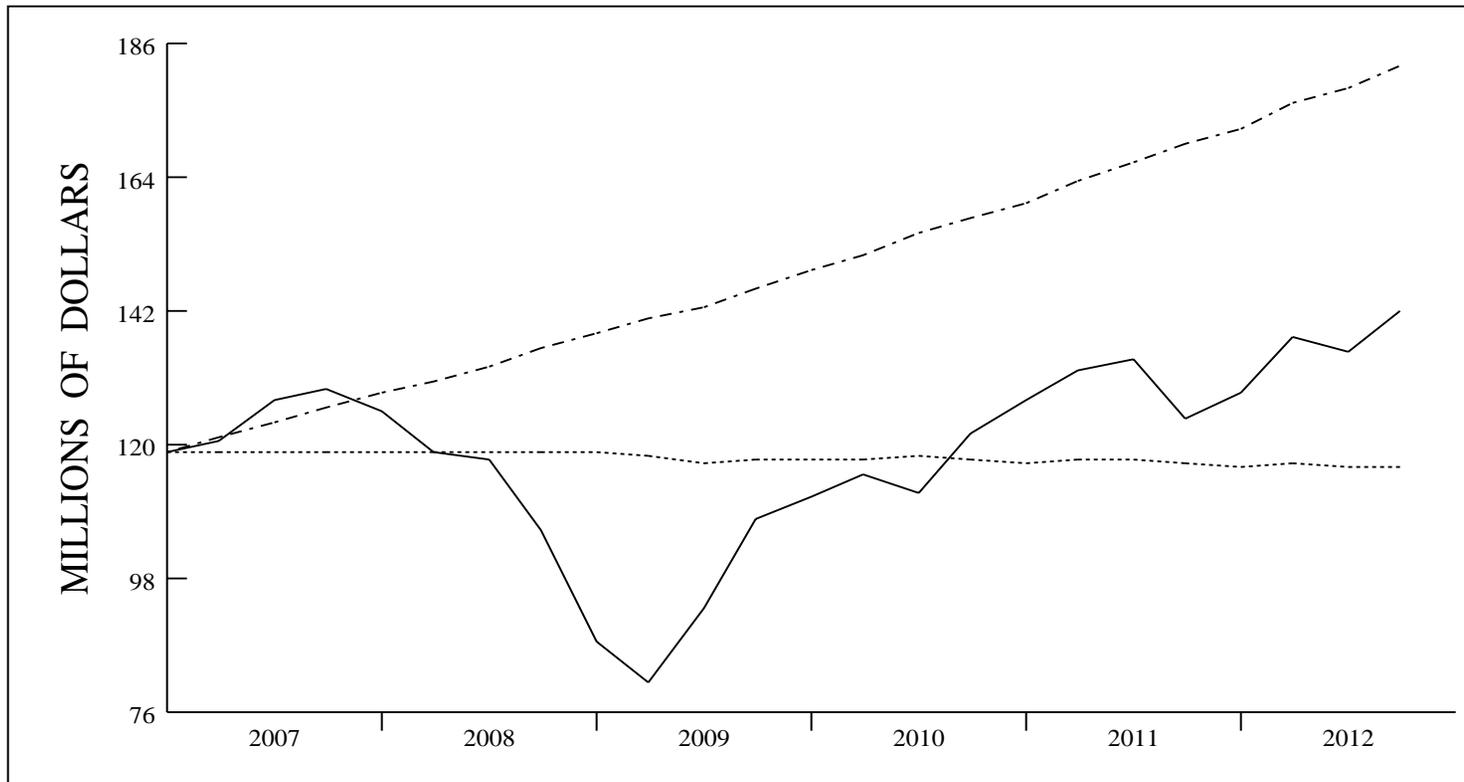
**ASSET ALLOCATION**

Diversified	18.4%	\$ 26,091,330
Equity	35.2%	50,044,415
Absolute Retn	4.3%	6,147,699
Real Assets	8.3%	11,849,752
Fixed Income	33.0%	46,901,850
Cash	0.8%	1,107,878
<b>Total Portfolio</b>	<b>100.0%</b>	<b>\$ 142,142,924</b>

**INVESTMENT RETURN**

Market Value 6/2012	\$ 135,817,507
Contribs / Withdrawals	- 63,205
Income	0
Capital Gains / Losses	6,388,622
Market Value 9/2012	\$ 142,142,924

**INVESTMENT GROWTH**



— ACTUAL RETURN  
 - - - 8.0%  
 ..... 0.0%

VALUE ASSUMING  
 8.0% RETURN  
 \$ 182,400,061

	LAST QUARTER	PERIOD 12/06 - 9/12
BEGINNING VALUE	\$ 135,817,507	\$ 119,125,856
NET CONTRIBUTIONS	- 63,205	- 2,511,817
<u>INVESTMENT RETURN</u>	<u>6,388,622</u>	<u>25,528,884</u>
ENDING VALUE	\$ 142,142,924	\$ 142,142,924
INCOME	0	2,756,617
<u>CAPITAL GAINS (LOSSES)</u>	<u>6,388,622</u>	<u>22,772,268</u>
INVESTMENT RETURN	6,388,622	25,528,884

## MANAGER ALLOCATION SUMMARY

Name	Market Value	Percent
AQR (DIV)	\$11,105,913	7.8
Mellon (DIV)	\$2,632,121	1.9
Pimco All Asset (DIV)	\$7,174,397	5.0
Wellington GAA (DIV)	\$5,178,899	3.6
SSgA S&P 500 (LCC)	\$6,368,459	4.5
T Rowe Price (LCC)	\$3,848,804	2.7
SSgA EqWeight (LCC)	\$3,815,663	2.7
SSgA S&P 400 (MC)	\$681,072	0.5
Champlain (SMID)	\$2,321,963	1.6
SSgA R2000G (SCG)	\$2,870,968	2.0
Wellington SCV (SCV)	\$2,695,102	1.9
SSgA AC Ex-US (FORN)	\$2,552,138	1.8
Acadian (INEO)	\$4,906,966	3.5
Mondrian (INEQ)	\$4,942,051	3.5
Aberdeen (EMKT)	\$8,010,984	5.6
Martin Currie (EMKT)	\$3,415,983	2.4
Schroders (CMDT)	\$2,587,681	1.8
GAM (HEDG)	\$1,226,338	0.9
Grosvenor (HEDG)	\$2,485,134	1.7
Permal (HEDG)	\$2,436,227	1.7
Hamilton VII A (PREQ)	\$503,216	0.4
Hamilton VII B (PREQ)	\$385,068	0.3
Hamilton Lane II (PREQ)	\$2,725,978	1.9
VPIC R E (REAL)	\$6,204,785	4.4
Molpus (TIMB)	\$3,057,286	2.2
Pimco Unc. (FIXD)	\$8,246,091	5.8
Allianz (FIXD)	\$3,525,911	2.5
Pimco Core Plus (FIXD)	\$8,444,170	5.9
Wellington FX (FIXD)	\$3,776,835	2.7
Mondrian Fixed (GLFX)	\$4,004,629	2.8
Barclays TIPS (TIPS)	\$3,891,399	2.7
KDP (HIYL)	\$1,324,417	0.9
Post HY Bonds (HIYL)	\$6,732,350	4.7
Wellington EmFx (EMFX)	\$6,956,048	4.9
Cash (CASH)	\$1,050,551	0.7
VPIC Cash (CASH)	\$57,327	0.0
<b>Total</b>	<b>\$142,142,924</b>	<b>100.0</b>

## MANAGER PERFORMANCE SUMMARY

Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	Inception
Total Portfolio	(Public Fund)	4.7 (56)	10.3 (73)	15.0 (86)	10.1 (19)	2.4 (65)	7.5 (42) 09/02
<i>Burlington Manager Shadow Index</i>		<b>4.2</b> ----	<b>8.4</b> ----	<b>12.7</b> ----	<b>7.9</b> ----	---- ----	---- ----
AQR	(Balanced)	8.2 ( 1)	13.8 (14)	19.2 (53)	16.6 ( 1)	---- ----	16.6 ( 1) 09/09
<i>60%MSCI World/ 40% CITI WGBI</i>		<b>5.3</b> ----	<b>9.6</b> ----	<b>14.6</b> ----	<b>6.8</b> ----	<b>2.1</b> ----	<b>6.8</b> ----
Mellon Global Alpha I	(Balanced)	7.4 ( 1)	10.6 (52)	17.5 (81)	9.8 (44)	---- ----	1.8 (80) 12/07
<i>60%MSCI World/ 40% CITI WGBI</i>		<b>5.3</b> ----	<b>9.6</b> ----	<b>14.6</b> ----	<b>6.8</b> ----	<b>2.1</b> ----	<b>2.1</b> ----
Pimco All Asset	(Balanced)	6.7 ( 7)	13.0 (17)	18.1 (74)	11.1 ( 9)	---- ----	7.6 ( 3) 12/07
<i>CPI Plus 5</i>		<b>2.1</b> ----	<b>6.4</b> ----	<b>7.4</b> ----	<b>7.6</b> ----	<b>7.2</b> ----	<b>7.1</b> ----
Wellington Opportunistic GAA	(Balanced)	5.4 (26)	11.2 (41)	14.0 (93)	6.4 (92)	---- ----	7.9 (36) 09/08
<i>65% MSCI World / 35% Agg</i>		<b>5.0</b> ----	<b>10.3</b> ----	<b>16.4</b> ----	<b>7.7</b> ----	<b>1.7</b> ----	<b>6.7</b> ----
SSgA S&P 500 Cap-Weighted	(LC Core)	6.4 (55)	16.5 (42)	30.3 (44)	---- ----	---- ----	14.8 (43) 09/10
<i>S&amp;P 500</i>		<b>6.3</b> ----	<b>16.4</b> ----	<b>30.2</b> ----	<b>13.2</b> ----	<b>1.0</b> ----	<b>14.8</b> ----
T Rowe Price Enhanced Index	(LC Core)	6.6 (41)	17.1 (32)	30.8 (35)	13.0 (48)	---- ----	2.7 (37) 12/07
<i>S&amp;P 500</i>		<b>6.3</b> ----	<b>16.4</b> ----	<b>30.2</b> ----	<b>13.2</b> ----	<b>1.0</b> ----	<b>1.8</b> ----
SSgA Equal Weighted Index	(LC Core)	5.8 (72)	14.0 (71)	28.6 (62)	14.1 (25)	---- ----	4.1 (12) 12/07
<i>Equal Weighted S&amp;P 500</i>		<b>5.9</b> ----	<b>14.4</b> ----	<b>28.7</b> ----	<b>14.0</b> ----	<b>3.0</b> ----	<b>4.3</b> ----
SSgA S&P 400	(Mid Cap)	5.4 (39)	13.9 (48)	28.7 (31)	---- ----	---- ----	28.7 (31) 09/11
<i>S&amp;P 400</i>		<b>5.4</b> ----	<b>13.8</b> ----	<b>28.5</b> ----	<b>14.3</b> ----	<b>3.8</b> ----	<b>28.5</b> ----
Champlain	(Smid Cap)	3.7 (87)	11.6 (67)	24.9 (77)	14.8 (43)	---- ----	14.8 (43) 09/09
<i>Russell 2500</i>		<b>5.6</b> ----	<b>14.3</b> ----	<b>30.9</b> ----	<b>14.1</b> ----	<b>2.8</b> ----	<b>14.1</b> ----
SSgA Russell 2000 Growth	(SC Growth)	4.8 (64)	14.2 (59)	31.2 (52)	14.3 (66)	---- ----	3.6 (53) 12/07
<i>Russell 2000 Growth</i>		<b>4.8</b> ----	<b>14.1</b> ----	<b>31.2</b> ----	<b>14.2</b> ----	<b>2.9</b> ----	<b>3.6</b> ----
Wellington Small Cap Value	(SC Value)	4.5 (72)	12.4 (60)	32.5 (43)	15.8 (18)	---- ----	7.8 (14) 12/07
<i>Russell 2000 Value</i>		<b>5.7</b> ----	<b>14.4</b> ----	<b>32.6</b> ----	<b>11.7</b> ----	<b>1.3</b> ----	<b>3.0</b> ----

## MANAGER PERFORMANCE SUMMARY

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<i>Burlington Manager Shadow Index</i>		<b>4.2</b> ----	<b>8.4</b> ----	<b>12.7</b> ----	<b>7.9</b> ----	---- ----	---- ----	
SSgA ACWI Ex-US	(Intl Eq)	7.4 (55)	10.6 (70)	14.7 (69)	---- ----	---- ----	1.3 (66)	09/10
<i>MSCI All Country World Ex US</i>		<b>7.5</b> ----	<b>10.9</b> ----	<b>15.0</b> ----	<b>3.6</b> ----	<b>-3.7</b> ----	<b>1.5</b> ----	
Acadian	(Intl Eq)	7.1 (64)	11.2 (64)	13.7 (76)	3.6 (69)	---- ----	-6.6 (93)	12/07
<i>MSCI EAFE Net</i>		<b>6.9</b> ----	<b>10.1</b> ----	<b>13.8</b> ----	<b>2.1</b> ----	<b>-5.2</b> ----	<b>-5.2</b> ----	
Mondrian International	(Intl Eq)	6.0 (83)	6.1 (93)	10.0 (90)	3.0 (75)	---- ----	-3.9 (66)	12/07
<i>MSCI EAFE Net</i>		<b>6.9</b> ----	<b>10.1</b> ----	<b>13.8</b> ----	<b>2.1</b> ----	<b>-5.2</b> ----	<b>-5.2</b> ----	
Aberdeen Emerging Markets	(Emerging Mkt)	7.9 (41)	18.6 (10)	24.7 (7)	13.9 (6)	---- ----	10.2 (2)	03/08
<i>MSCI Emerging Markets</i>		<b>7.9</b> ----	<b>12.3</b> ----	<b>17.3</b> ----	<b>5.9</b> ----	<b>-1.0</b> ----	<b>0.7</b> ----	
Martin Currie	(Emerging Mkt)	7.8 (43)	14.1 (36)	19.6 (30)	7.2 (37)	---- ----	20.3 (67)	03/09
<i>MSCI Emerging Markets</i>		<b>7.9</b> ----	<b>12.3</b> ----	<b>17.3</b> ----	<b>5.9</b> ----	<b>-1.0</b> ----	<b>20.9</b> ----	
Schroders		10.4 ----	6.7 ----	8.1 ----	---- ----	---- ----	4.5 ----	12/09
<i>Dow Jones UBS Commodity Index</i>		<b>9.7</b> ----	<b>5.6</b> ----	<b>6.0</b> ----	<b>5.3</b> ----	<b>-3.0</b> ----	<b>2.5</b> ----	
GAM		3.1 ----	5.9 ----	6.5 ----	---- ----	---- ----	0.8 ----	03/11
<i>HFRI FOF Composite</i>		<b>2.4</b> ----	<b>3.4</b> ----	<b>2.9</b> ----	<b>0.9</b> ----	<b>-1.5</b> ----	<b>-2.3</b> ----	
Grosvenor		2.7 ----	5.8 ----	6.3 ----	---- ----	---- ----	1.3 ----	12/10
<i>HFRI FOF Composite</i>		<b>2.4</b> ----	<b>3.4</b> ----	<b>2.9</b> ----	<b>0.9</b> ----	<b>-1.5</b> ----	<b>-1.5</b> ----	
Permal		3.7 ----	7.4 ----	7.4 ----	---- ----	---- ----	0.0 ----	03/11
<i>HFRI FOF Composite</i>		<b>2.4</b> ----	<b>3.4</b> ----	<b>2.9</b> ----	<b>0.9</b> ----	<b>-1.5</b> ----	<b>-2.3</b> ----	
Hamilton Lane PE Fund VII Series A		0.0 ----	7.2 ----	7.1 ----	---- ----	---- ----	7.1 ----	09/11
<i>Cambridge US Private Equity</i>		<b>0.0</b> ----	<b>5.3</b> ----	<b>10.9</b> ----	<b>14.2</b> ----	<b>5.1</b> ----	<b>10.9</b> ----	
Hamilton Lane PE Fund VII Series B		0.0 ----	7.3 ----	4.8 ----	---- ----	---- ----	4.8 ----	09/11
<i>Cambridge US Private Equity</i>		<b>0.0</b> ----	<b>5.3</b> ----	<b>10.9</b> ----	<b>14.2</b> ----	<b>5.1</b> ----	<b>10.9</b> ----	
Hamilton Lane Secondary Fund II		0.0 ----	9.6 ----	15.4 ----	20.0 ----	---- ----	22.5 ----	03/09
<i>Cambridge US Private Equity</i>		<b>0.0</b> ----	<b>5.3</b> ----	<b>10.9</b> ----	<b>14.2</b> ----	<b>5.1</b> ----	<b>15.5</b> ----	
VPIC Real Estate		1.0 ----	7.7 ----	11.0 ----	10.8 ----	---- ----	-4.4 ----	12/07
<i>NCREIF NFI-ODCE Index</i>		<b>2.8</b> ----	<b>8.4</b> ----	<b>11.6</b> ----	<b>12.2</b> ----	<b>-1.1</b> ----	<b>-1.6</b> ----	
Molpus		-0.1 ----	-0.2 ----	-9.4 ----	-1.7 ----	---- ----	1.0 ----	03/09
<i>NCREIF Timber Index</i>		<b>0.8</b> ----	<b>1.7</b> ----	<b>2.2</b> ----	<b>-0.5</b> ----	<b>3.3</b> ----	<b>-0.7</b> ----	

## MANAGER PERFORMANCE SUMMARY

Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	Inception
Total Portfolio	(Public Fund)	4.7 (56)	10.3 (73)	15.0 (86)	10.1 (19)	2.4 (65)	7.5 (42) 09/02
<i>Burlington Manager Shadow Index</i>		<i>4.2 ----</i>	<i>8.4 ----</i>	<i>12.7 ----</i>	<i>7.9 ----</i>	<i>---- ----</i>	<i>---- ----</i>
Pimco Unconstrained Bond Fund (Global Fixed)	(Global Fixed)	1.1 (93)	4.0 (88)	5.1 (84)	---- ----	---- ----	5.1 (84) 09/11
<i>3-Month LIBOR</i>		<i>0.1 ----</i>	<i>0.4 ----</i>	<i>0.5 ----</i>	<i>0.4 ----</i>	<i>1.2 ----</i>	<i>0.5 ----</i>
Allianz Structured Alpha	(Core Fixed)	2.4 (25)	10.4 (1)	23.2 (1)	11.5 (1)	---- ----	7.9 (7) 03/08
<i>Barclays Aggregate Index</i>		<i>1.6 ----</i>	<i>4.0 ----</i>	<i>5.2 ----</i>	<i>6.2 ----</i>	<i>6.5 ----</i>	<i>6.1 ----</i>
Pimco Core Plus	(Core Fixed)	2.3 (31)	6.8 (11)	8.4 (10)	8.1 (17)	---- ----	8.1 (17) 09/09
<i>Barclays Aggregate Index</i>		<i>1.6 ----</i>	<i>4.0 ----</i>	<i>5.2 ----</i>	<i>6.2 ----</i>	<i>6.5 ----</i>	<i>6.2 ----</i>
Wellington DAS Fixed	(Core Fixed)	0.7 (99)	6.3 (25)	7.5 (29)	10.6 (1)	---- ----	11.1 (2) 09/08
<i>Barclays Aggregate Index</i>		<i>1.6 ----</i>	<i>4.0 ----</i>	<i>5.2 ----</i>	<i>6.2 ----</i>	<i>6.5 ----</i>	<i>7.3 ----</i>
Mondrian Global FX	(Intl Fx)	3.3 (91)	5.2 (92)	4.9 (92)	6.4 (81)	---- ----	8.2 (68) 12/07
<i>Citi World Gov't Bond Index</i>		<i>3.0 ----</i>	<i>3.4 ----</i>	<i>3.3 ----</i>	<i>4.3 ----</i>	<i>6.4 ----</i>	<i>5.9 ----</i>
Barclays TIPS	(Broad Fixed)	2.1 (55)	6.2 (46)	9.0 (39)	---- ----	---- ----	9.5 (29) 12/09
<i>Barclays US TIPS</i>		<i>2.1 ----</i>	<i>6.2 ----</i>	<i>9.1 ----</i>	<i>9.3 ----</i>	<i>7.9 ----</i>	<i>9.5 ----</i>
KDP	(Hi Yield)	3.9 (80)	10.0 (82)	17.1 (70)	10.3 (90)	---- ----	10.3 (90) 09/09
<i>Citi High Yield BB &amp; B Index</i>		<i>4.1 ----</i>	<i>11.1 ----</i>	<i>17.9 ----</i>	<i>12.0 ----</i>	<i>7.0 ----</i>	<i>12.0 ----</i>
Post High Yield Bonds	(Hi Yield)	4.3 (59)	11.7 (58)	17.5 (69)	12.2 (66)	---- ----	9.6 (48) 12/07
<i>Citi High Yield BB &amp; B Index</i>		<i>4.1 ----</i>	<i>11.1 ----</i>	<i>17.9 ----</i>	<i>12.0 ----</i>	<i>7.0 ----</i>	<i>7.5 ----</i>
Wellington Emerging Debt		7.0 ----	15.7 ----	21.0 ----	---- ----	---- ----	13.4 ---- 12/09
<i>JP Morgan EMBI</i>		<i>6.6 ----</i>	<i>14.2 ----</i>	<i>19.6 ----</i>	<i>11.8 ----</i>	<i>10.1 ----</i>	<i>12.3 ----</i>

## MANAGER VALUE ADDED

## Most Recent Quarter

Manager	Benchmark	Value Added Vs. Benchmark
AQR	60 MSCI/40 WGBI	2.9 
Mellon	60 MSCI/40 WGBI	2.1 
Pimco All Asset	CPI + 5	4.6 
Wellington GAA	65World/35Agg	0.4 
SSgA S&P 500	S&P 500	0.0
T Rowe Price	S&P 500	0.3 
SSgA EqWeight	Equal Wtd S&P	0.0
SSgA S&P 400	S&P 400	0.0
Champlain	Russell 2500	 -1.8
SSgA R2000G	Russell 2000G	0.0
Wellington SCV	Russell 2000V	 -1.1
SSgA AC Ex-US	AC World Ex-US	-0.1
Acadian	MSCI EAFE Net	0.1 
Mondrian	MSCI EAFE Net	 -1.0
Aberdeen	MSCI Emg Mkts	0.0
Martin Currie	MSCI Emg Mkts	0.0
Schroders	Dow Jones UBS	0.7 
GAM	HFRI FOF	0.7 
Grosvenor	HFRI FOF	0.3 
Permal	HFRI FOF	1.3 
<b>Total Portfolio</b>	<b>Manager Shadow</b>	0.5 

## Trailing Twelve Months

Manager	Benchmark	Value Added Vs. Benchmark
AQR	60 MSCI/40 WGBI	4.5 
Mellon	60 MSCI/40 WGBI	2.8 
Pimco All Asset	CPI + 5	10.7 
Wellington GAA	65World/35Agg	 -2.4
SSgA S&P 500	S&P 500	0.1
T Rowe Price	S&P 500	0.6 
SSgA EqWeight	Equal Wtd S&P	-0.1
SSgA S&P 400	S&P 400	0.1
Champlain	Russell 2500	 -6.0
SSgA R2000G	Russell 2000G	0.0
Wellington SCV	Russell 2000V	-0.1
SSgA AC Ex-US	AC World Ex-US	-0.3
Acadian	MSCI EAFE Net	0.0
Mondrian	MSCI EAFE Net	 -3.7
Aberdeen	MSCI Emg Mkts	7.3 
Martin Currie	MSCI Emg Mkts	2.3 
Schroders	Dow Jones UBS	2.1 
GAM	HFRI FOF	3.6 
Grosvenor	HFRI FOF	3.4 
Permal	HFRI FOF	4.5 
<b>Total Portfolio</b>	<b>Manager Shadow</b>	2.3 

**MANAGER VALUE ADDED**

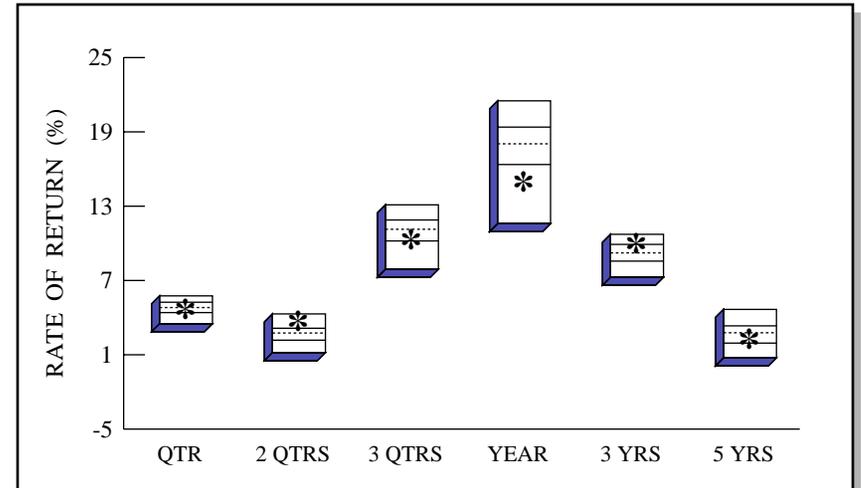
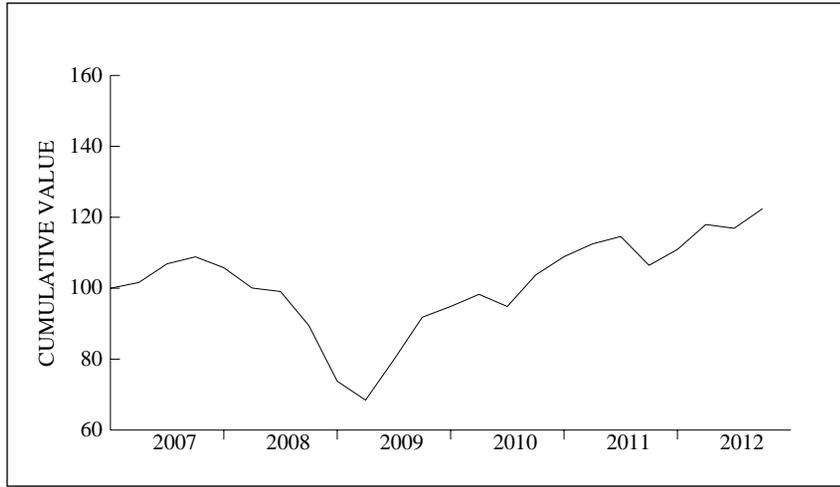
**Most Recent Quarter**

Manager	Benchmark	Value Added Vs. Benchmark
Hamilton VII A	Cambridge PE	0.0
Hamilton VII B	Cambridge PE	0.0
Hamilton Lane II	Cambridge PE	0.0
VPIC R E	NCREIF ODCE	 -1.8
Molpus	NCREIF Timber	 -0.8
Pimco Unc.	3-Month LIBOR	1.0 
Allianz	Barclays Agg	0.8 
Pimco Core Plus	Barclays Agg	0.7 
Wellington FX	Barclays Agg	 -0.9
Mondrian Fixed	Citi WGBI	0.3 
Barclays TIPS	Barclays TIPS	0.0
KDP	BB & B Index	 -0.3
Post HY Bonds	BB & B Index	0.1 
Wellington EmFx	JPM EMBI	0.4 
<b>Total Portfolio</b>	<b>Manager Shadow</b>	0.5 

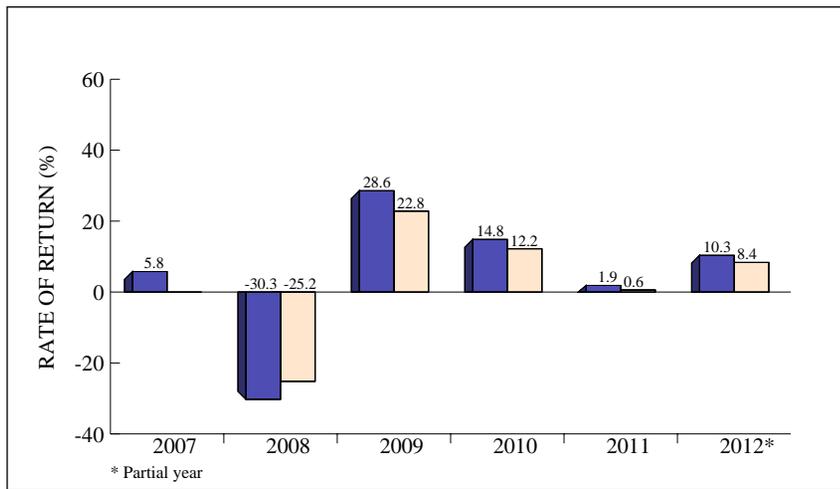
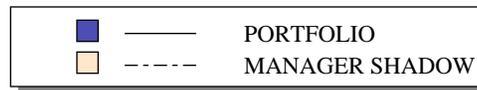
**Trailing Twelve Months**

Manager	Benchmark	Value Added Vs. Benchmark
Hamilton VII A	Cambridge PE	 -3.7
Hamilton VII B	Cambridge PE	 -6.1
Hamilton Lane II	Cambridge PE	4.5 
VPIC R E	NCREIF ODCE	-0.6
Molpus	NCREIF Timber	 -11.6
Pimco Unc.	3-Month LIBOR	4.6 
Allianz	Barclays Agg	18.0 
Pimco Core Plus	Barclays Agg	3.2 
Wellington FX	Barclays Agg	2.4 
Mondrian Fixed	Citi WGBI	1.7 
Barclays TIPS	Barclays TIPS	-0.1
KDP	BB & B Index	 -0.7
Post HY Bonds	BB & B Index	-0.3
Wellington EmFx	JPM EMBI	1.4 
<b>Total Portfolio</b>	<b>Manager Shadow</b>	2.3 

**TOTAL RETURN COMPARISONS**



Public Fund Universe



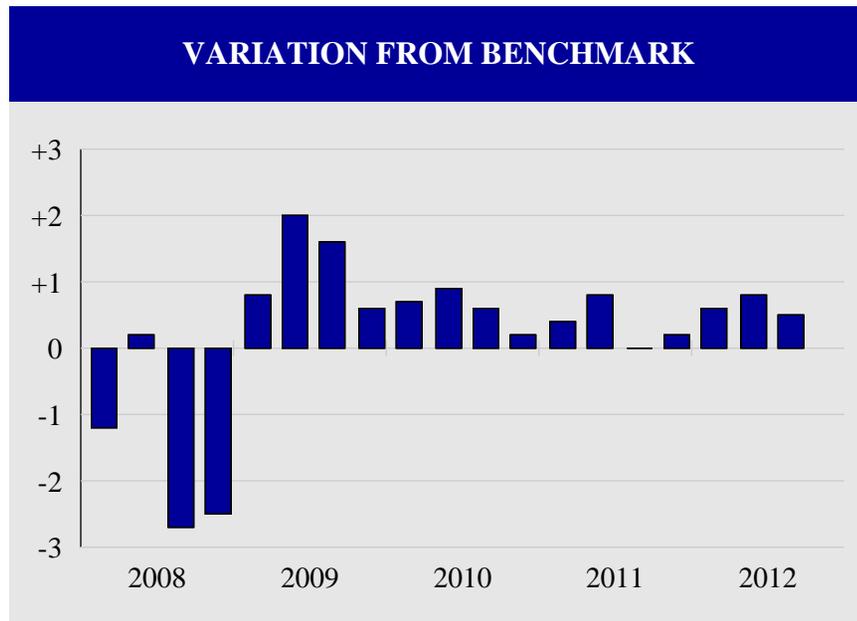
\* Partial year

	QTR	2QTRS	3QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	4.7	3.8	10.3	15.0	10.1	2.4
(RANK)	(56)	(10)	(73)	(86)	(19)	(65)
5TH %ILE	5.8	4.3	13.1	21.5	10.7	4.7
25TH %ILE	5.2	3.1	11.9	19.4	9.9	3.3
MEDIAN	4.8	2.8	11.1	18.0	9.2	2.8
75TH %ILE	4.4	2.2	10.2	16.4	8.6	1.9
95TH %ILE	3.5	1.2	7.9	11.6	7.3	0.8
<b>Mgr Shadow</b>	<b>4.2</b>	<b>2.5</b>	<b>8.4</b>	<b>12.7</b>	<b>7.9</b>	<b>---</b>

Public Fund Universe

**TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY**

**COMPARATIVE BENCHMARK: BURLINGTON MANAGER SHADOW INDEX**



<b>Total Quarters Observed</b>	<b>19</b>
<b>Quarters At or Above the Benchmark</b>	<b>16</b>
<b>Quarters Below the Benchmark</b>	<b>3</b>
<b>Batting Average</b>	<b>.842</b>

RATES OF RETURN						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
3/08	-5.4	-4.2	-1.2	-5.4	-4.2	-1.2
6/08	-1.0	-1.2	0.2	-6.3	-5.4	-0.9
9/08	-9.7	-7.0	-2.7	-15.4	-12.0	-3.4
12/08	-17.5	-15.0	-2.5	-30.3	-25.2	-5.1
3/09	-7.2	-8.0	0.8	-35.3	-31.2	-4.1
6/09	16.6	14.6	2.0	-24.5	-21.1	-3.4
9/09	15.0	13.4	1.6	-13.2	-10.6	-2.6
12/09	3.3	2.7	0.6	-10.3	-8.2	-2.1
3/10	3.6	2.9	0.7	-7.1	-5.5	-1.6
6/10	-3.5	-4.4	0.9	-10.4	-9.6	-0.8
9/10	9.4	8.8	0.6	-2.0	-1.7	-0.3
12/10	5.0	4.8	0.2	2.9	3.0	-0.1
3/11	3.3	2.9	0.4	6.3	6.1	0.2
6/11	1.9	1.1	0.8	8.3	7.3	1.0
9/11	-7.1	-7.1	0.0	0.6	-0.4	1.0
12/11	4.2	4.0	0.2	4.9	3.6	1.3
3/12	6.3	5.7	0.6	11.5	9.6	1.9
6/12	-0.9	-1.7	0.8	10.5	7.7	2.8
9/12	4.7	4.2	0.5	15.7	12.3	3.4

# BURLINGTON EMPLOYEES RETIREMENT SYSTEM

## Portfolio Returns as of June 30, 2012

Portfolio	2nd Quarter	YTD	1-Year	Since 3/31/09	Since 12/31/07	Inception Date
Martin Currie	-8.7	5.8	-12.9	19.3	N/A	03/09
Hamilton Lane***	0.8	9.1	12.7	24.7	N/A	03/09
Molpus Timber	0.0	-0.1	-9.5	1.1	N/A	03/09
Non-VPIC Assets**	-2.8	4.9	-5.3	15.4	N/A	03/09
VPIC Assets*	-0.8	5.4	2.4	18.0	2.3	12/07
<b>Total Portfolio</b>	<b>-0.9</b>	<b>5.4</b>	<b>2.0</b>	<b>17.9</b>	<b>2.2</b>	<b>12/07</b>

*\*Source: NEPC*

*\*\*Asset allocation on 3/31/12: 35.5% Emerging Markets, 33.3% Private Equity, 31.2% Timber*

*\*\*\*The Hamilton Lane portfolio represents the combined assets of the three Hamilton Lane investments.*

## BURLINGTON EMPLOYEES RETIREMENT SYSTEM

### Portfolio Returns as of June 30, 2012

Portfolio	2Q 2012	Since 3/31/09
Non-VPIC Assets**	-2.8	15.4
VPIC Assets*	-0.8	18.0
<b>Total Portfolio</b>	<b>-0.9</b>	<b>17.9</b>

*\*Source: NEPC*

*\*\*Asset allocation on 3/31/12: 35.5% Emerging Markets, 33.3% Private Equity, 31.2% Timber*

### Portfolio Returns as of March 31, 2012

Portfolio	1Q 2012	Since 3/31/09
Non-VPIC Assets**	7.9	17.8
VPIC Assets*	6.3	20.0
<b>Total Portfolio</b>	<b>6.3</b>	<b>19.9</b>

*\*Source: NEPC*

*\*\*Asset allocation on 12/31/11: 34.0% Emerging Markets, 31.5% Private Equity, 34.6% Timber*

## BURLINGTON EMPLOYEES RETIREMENT SYSTEM

### Portfolio Returns as of December 31, 2011

Portfolio	4Q 2011	Since 3/31/09
Non-VPIC Assets**	-0.8	16.3
VPIC Assets*	4.6	19.3
Total Portfolio	4.2	19.2

\*Source: NEPC

\*\*Asset allocation on 9/30/11: 32.9% Emerging Markets, 28.0% Private Equity, 39.1% Timber

### Portfolio Returns as of September 30, 2011

Portfolio	3Q 2011	Since 3/31/09
Non-VPIC Assets**	-9.0	18.5
VPIC Assets*	-7.2	19.3
Total Portfolio	-7.1	19.3

\*Source: NEPC

\*\*Asset allocation on 6/30/11: 40.9% Emerging Markets, 21.0% Private Equity, 38.1% Timber

### Portfolio Returns as of June 30, 2011

Portfolio	2Q 2011	Since 3/31/09
Non-VPIC Assets**	2.0	25.9
VPIC Assets*	1.9	25.8
Total Portfolio	1.9	25.7

\*Source: NEPC

\*\*Asset allocation on 3/31/11: 41.3% Emerging Markets, 20.1% Private Equity, 38.9% Timber

### Portfolio Returns as of March 31, 2011

Portfolio	1Q 2011	Since 3/31/09
Non-VPIC Assets**	2.5	28.3
VPIC Assets*	3.4	28.2
Total Portfolio	3.3	28.2

\*Source: NEPC

\*\*Asset allocation on 12/31/10: 41.3% Emerging Markets, 19.4% Private Equity, 39.3% Timber

## BURLINGTON EMPLOYEES RETIREMENT SYSTEM

### Portfolio Returns as of December 31, 2010

Portfolio	4Q 2010	Since 3/31/09
Non-VPIC Assets**	7.5	31.1
VPIC Assets*	4.7	30.3
<b>Total Portfolio</b>	<b>5.0</b>	<b>30.4</b>

*\*Source: NEPC*

*\*\*Asset allocation on 9/30/10: 44.9% Emerging Markets, 11.9% Private Equity, 43.2% Timber*

### Portfolio Returns as of September 30, 2010

Portfolio	3Q 2010	Since 3/31/09
Non-VPIC Assets**	8.0	30.7
VPIC Assets*	9.7	32.1
<b>Total Portfolio</b>	<b>9.4</b>	<b>31.9</b>

*\*Source: NEPC*

*\*\*Asset allocation on 6/30/10: 41.0% Emerging Markets, 11.8% Private Equity, 47.1% Timber*

### Portfolio Returns as of June 30, 2010

Portfolio	2Q 2010	Since 3/31/09
Non-VPIC Assets**	-2.1	29.6
VPIC Assets*	-3.6	29.7
<b>Total Portfolio</b>	<b>-3.5</b>	<b>29.8</b>

*\*Source: NEPC*

*\*\*Asset allocation on 3/31/10: 43.5% Emerging Markets, 7.9% Private Equity, 48.6% Timber*

### Portfolio Returns as of March 31, 2010

Portfolio	1Q 2010	Since 3/31/09
Non-VPIC Assets**	0.3	41.3
VPIC Assets*	3.9	43.6
<b>Total Portfolio</b>	<b>3.6</b>	<b>43.5</b>

*\*Source: NEPC*

*\*\*Asset allocation on 12/31/09: 43.5% Emerging Markets, 7.4% Private Equity, 49.0% Timber*

## BURLINGTON EMPLOYEES RETIREMENT SYSTEM

### Portfolio Returns as of December 31, 2009

Portfolio	4Q 2009	Since 3/31/09
Non-VPIC Assets**	1.7	40.9
VPIC Assets*	3.4	38.2
<b>Total Portfolio</b>	<b>3.3</b>	<b>38.5</b>

*\*Source: NEPC*

*\*\*Asset allocation on 9/30/09: 42.7% Emerging Markets, 7.3% Private Equity, 50.0% Timber*

### Portfolio Returns as of September 30, 2009

Portfolio	3Q 2009	Since 3/31/09
Non-VPIC Assets**	13.6	38.5
VPIC Assets*	15.0	33.6
<b>Total Portfolio</b>	<b>15.0</b>	<b>34.1</b>

*\*Source: NEPC*

*\*\*Asset allocation on 6/30/09: 67.9% Emerging Markets, 17.8% Private Equity, 14.3% Timber*

### Portfolio Returns as of June 30, 2009

Portfolio	2Q 2009
Non-VPIC Assets**	21.9
VPIC Assets*	16.2
<b>Total Portfolio</b>	<b>16.6</b>

*\*Source: NEPC*

*\*\*Asset allocation on 3/31/09: 68.3% Emerging Markets, 13.5% Private Equity, 18.2% Timber*

## APPENDIX - MAJOR MARKET INDEX RETURNS

<b>Equity</b>	<b>Style</b>	<b>QTR</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 years</b>	<b>5 Years</b>
Russell 3000	Broad Equity	6.2	16.1	30.2	13.3	1.3
S&P 500	Large Cap Core	6.3	16.4	30.2	13.2	1.0
Russell 1000	Large Cap Core	6.3	16.3	30.1	13.3	1.2
Russell 1000 Growth	Large Cap Growth	6.1	16.8	29.2	14.7	3.2
Russell 1000 Value	Large Cap Value	6.5	15.7	30.9	11.8	-0.9
Russell 2000	Small Cap	5.2	14.2	31.9	13.0	2.2
Russell 2000 Growth	Small Cap Growth	4.8	14.1	31.2	14.2	2.9
Russell 2000 Value	Small Cap Value	5.7	14.4	32.6	11.7	1.3
MSCI EAFE	Developed Markets	7.0	10.6	14.3	2.6	-4.8
MSCI EAFE Growth	Developed Markets Growth	6.4	10.9	15.2	4.7	-3.9
MSCI EAFE Value	Developed Markets Value	7.6	10.2	13.3	0.5	-5.7
MSCI Emerging Markets	Emerging Markets	7.9	12.3	17.3	5.9	-1.0
MSCI All Country World	Global Equity	7.0	13.4	21.6	7.8	-1.5
MSCI All Country World Ex US	Global Equity (ex. US)	7.5	10.9	15.0	3.6	-3.7

<b>Fixed Income</b>	<b>Style</b>	<b>QTR</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 years</b>	<b>5 Years</b>
Barclays Aggregate Index	Core Fixed Income	1.6	4.0	5.2	6.2	6.5
Barclays Gov/Credit	Gov/Credit	1.7	4.4	5.7	6.5	6.6
Barclays Capital Gov't Bond	Treasuries	0.6	2.1	2.9	5.1	6.0
Barclays Capital Credit Bond	Corporate Bonds	3.7	8.5	10.6	8.8	8.4
Intermediate Aggregate	Core Intermediate	1.4	3.4	4.3	5.3	6.0
Intermediate Gov/Credit	Gov / Credit Intermediate	1.4	3.5	4.4	5.2	5.7
ML/BoA 1-3 Year Treasury	Short Term Treasuries	0.3	0.4	0.6	1.4	2.8
CSFB High Yield	High Yield Bonds	4.3	11.2	17.9	12.5	8.6
Barclays Global Ex-US	International Treasuries	2.7	3.5	3.1	1.1	4.5
Citi World Gov't Bond Index	International Fixed Income	3.0	3.4	3.3	4.3	6.4
Barclays Global Aggregate	International Fixed Income	3.3	4.8	5.0	5.0	6.2
Barclays Global Aggregate Ex US	International Fixed Income	4.4	5.2	4.8	4.3	6.0

<b>Alternative Assets</b>	<b>Style</b>	<b>QTR</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 years</b>	<b>5 Years</b>
NCREIF NFI-ODCE Index	Real Estate	2.8	8.4	11.6	12.2	-1.1
HFRI FOF Composite	Hedge Funds	2.4	3.4	2.9	0.9	-1.5

**APPENDIX - DISCLOSURES**

- \* The Burlington Manager Shadow index is the weighted average of each manager portfolio's beginning value multiplied by its current quarter benchmark return.
- \* The Burlington Policy Index is a policy-weighted passive index constructed as follows:

35% S&P 500	10% Russell Midcap	15% MSCI EAFE
35% Barclays Aggregate	5% 91-Day TBills	
- \* The Real Assets Blended Index is comprised of equal parts:

NCREIF ODCE	NCREIF Timber	Dow Jones UBS Commodities
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- \* Returns presented in this report for periods prior to September 2004 have been incorporated into Dahab Associates performance databases from sources prior to our employment by the System. We believe these returns are reliable and accurate, but they have not been calculated directly by Dahab Associates, and may not necessarily reflect the capability of our performance measurement processes.
- \* Dahab Associates utilizes data provided by a custodian and other vendors it believes are reliable. However, it cannot assume responsibility for errors and omissions therefrom.
- \* All returns were calculated on a time-weighted basis, and are net of fees unless otherwise noted.
- \* All returns for periods greater than one year are annualized.
- \* All values are in US dollars.