

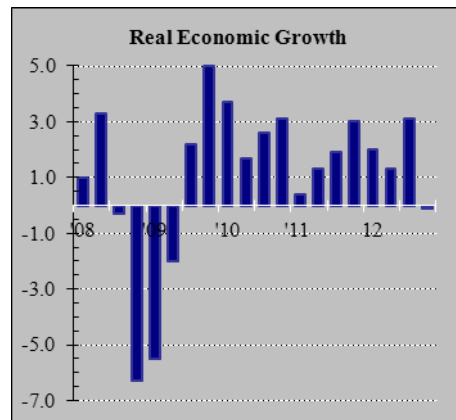
**CITY OF BURLINGTON EMPLOYEES  
RETIREMENT PLAN  
PERFORMANCE REVIEW  
DECEMBER 2012**



## ECONOMIC ENVIRONMENT

### *Some Good News at Quarter-End Mixed With Surprisingly Weak GDP Figures*

During the fourth quarter, just as the waning Euro crisis improved investor sentiment, pessimism returned thanks to worries over the fiscal cliff stalemate. Economists were expecting a slightly lower GDP growth rate than the third quarter's 3.1% figure, but were shocked when the



BLS figure of -0.1% was announced. The two reasons given for the poor figure was a cut back in defense spending in anticipation of the fiscal cliff and overall reductions in inventory in the manufacturing sectors. Yet there was an abundance of really good economic news: (1) the December jobs report showed a positive pace of new hires; (2) housing prices improved,

exceeding expectations, and continued to provide momentum to that sector of the economy; (3) the Fed resolutely extended its bond purchasing programs to contain short-term and long-term interest rates, promote home buying and further reduce unemployment; (4) manufacturing levels were up as were estimates for GDP growth in 2013; and (5) inflation remained low, helped by falling energy prices. Lastly, with the contentious elections over, almost everyone breathed a sigh of relief.

The unprecedented delay addressing the fiscal cliff hurt 4<sup>th</sup> quarter markets. When Congress finally did act on January 2<sup>nd</sup>, it deferred severe budget cuts, e.g. defense, for a couple months. On the other hand, it approved new tax rules that avoided higher tax rates for most taxpayers. The compromise brought a tax rate hike for individuals earning over \$400,000 and married couples earning more than \$450,000, who will now pay 39.6% on amounts above those levels. The same households will also pay higher tax rates on capital gains, dividends and estates. All other taxpayers will see essentially no change

to the Bush era tax rates. However, the payroll tax withholding rate will increase 2% for all wage earners.

The Bureau of Labor Statistics reported encouraging numbers for December job growth and unemployment. Non-farm payroll rose by 155,000. The biggest job gains came from the construction sector (30,000); manufacturing (25,000); and healthcare (45,000). Unemployment remained at 7.8%, with long-term job seekers representing almost 40% of the total. Although relatively high, current unemployment is decidedly lower than 8.5%, where it stood just one year ago.

As of October, the latest reporting month, the S&P/Case-Shiller Index was highly favorable as home prices had risen 4.3% from a year earlier, based on a 20 major city composite. Overall, the index has rebounded to its autumn 2003 price level! However, prices are still 30% below the July 2006 peak. New construction was another bright spot as housing starts were up 21% from a year earlier.

The Institute for Supply Management (ISM) reported that overall manufacturing activity grew in December for the 43<sup>rd</sup> consecutive month. The New Orders and Production Indices stood at 50.3 and 52.6, respectively, both indicative of growth. Topping the list of expanding industry sectors were: furniture; paper; energy; metals; electronics; and food. The non-manufacturing index (service sector) was more robust still, reaching 56.1 in December and its highest level since last February. Since the service sector is huge, its growth is an indicator for a healthier economy.

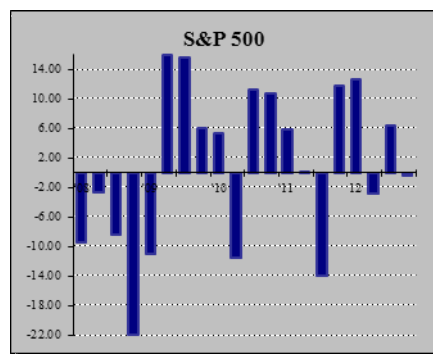
The Federal Reserve has put its full weight toward the recovery. In December, the Fed declared its intention to continue the purchase of Government Agency mortgage-backed securities and longer-maturity Treasuries. The buying program should dampen short-term and long-term interest rates in a bid to spur home-buying and business borrowing, while also lowering the unemployment rate. The two buying programs involve a hefty commitment of \$85 billion per month. The Fed currently has a moderately positive 2013 outlook. It projects a real GDP growth of 2.3% - 3.0%; the unemployment rate falling to between 7.4% and 7.7%; and core inflation in the neighborhood of 1.6% to 1.9%. For reference, the December CPI core inflation rate (excluding food and energy) was a benign 1.9%.

## EQUITY MARKET

### *OK Quarter – Good Year*

There was a great deal of market volatility during the quarter. Stocks slumped initially and then regained momentum, only to fade in late December. Because the year ended just before Congress approved the fiscal bill, it therefore finished on a down note.

Broadly speaking, value performed better than growth and smaller-sized companies moved ahead of their larger counterparts. The bellwether S&P 500 retreated 0.4% and the broader (but also large-cap oriented)



Russell 1000 added a scant 0.1%. Among the Russell growth indices, results varied: the large caps lost 1.3%, while the mid caps gained 1.7% and the small caps eked out a 0.5% return. By comparison, the value indices did measurably better: +1.5% for large-caps; +3.9% for mid-caps; and +3.2% for small-caps.

For the full year, there were only minor differences among the standard indices. The S&P turned in an excellent 16% annual gain. Returns for the other major indices ranged from 14.6% (Russell 2000 Growth) to 19.2% (Russell 2500 Value).

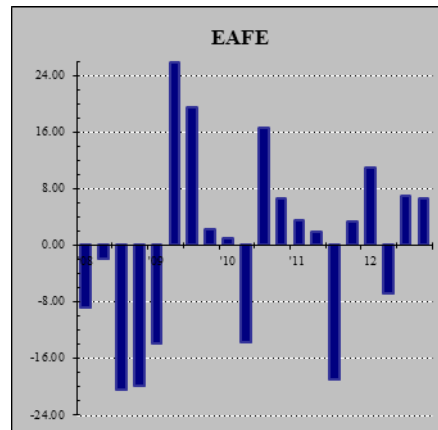
Sector results varied a great deal during the quarter. Consumers stepped up their discretionary spending, leading that sector to an 11.7% advance. Financials, driven by a turnaround in bank profits and partial resolution of the mortgage lending debacle, was up 7%. Energy, hit by falling commodity prices and lagging demand, fell 1.9%. Traditional utilities fared worse still, losing 2.7%.

The S&P dividend rate rose slightly to 2.1%, as some companies declared extra dividends in anticipation of higher taxes in 2013. The S&P P/E ratio fell from 19.1x to 18.4x, due to higher third quarter earnings. As of year-end, 72% of stock holdings had P/E ratios below 20x; arguably, the market is conservatively priced, going into the new year.

## INTERNATIONAL EQUITIES

### *Positive Quarter and Healthy Year*

In the fourth quarter, international investors focused on: central bank easing around the world; reduced anxiety regarding Europe's and China's economies; and low but positive corporate earnings growth during the quarter. This resulted in positive developed market returns across the board and especially among the weaker Euro members. The



EAFE International Index was up 6.6%. EMU country returns climbed 9.7%, fueled by Italy (+9.3%); Spain (+9.9%); Portugal (+10.5%); and Greece (+28%). In return for substantial budget-cutting, Greece benefited disproportionately from its bailout. The economically strongest European countries also performed well. Germany gained 8.5% and France rose 10.9%.

Fourth quarter performance was lower in the Pacific (+5.9%) than in Europe. Japan had a relatively good quarter (+5.8%) after the new Prime Minister promised a weaker Yen to stimulate exports. Australia grew by 6.9%, ahead of New Zealand's 4.7% return. Israel, the newest addition to the index, was the only component in the red (-3.8%); this country market was impacted, not by economic issues, but by Iranian threats and a looming election.

EAFE Index's full-year return was a very healthy 17.9%. The weakest links were the PIIGS: Portugal (5.0%); Italy (13.5%); Ireland (6.3%); Greece (5.7%); and Spain (4.7%). Japan, the largest component of EAFE, failed to get its act together, growing just 8.4%. By comparison, the Pacific ex-Japan component shined, returning almost 25%.

Emerging market fourth quarter returns were mixed, with the overall EM Index adding 5.6%. Stability, or the expectation of more stability, carried several countries into double-digit territory. Leading the pack was Turkey, a NATO ally, surging 18.4%. China, saw a 12.9% return

that reflected renewed political and economic stability after its recent change in leadership. Columbia's 12.6% gain was partially attributable to the headway made against that country's drug lords. The Philippines' rising export economy contributed to an 11.6% gain, the highest in the region. Poland continued to make steady economic progress making it Eastern Europe's top performer (+11.7%).

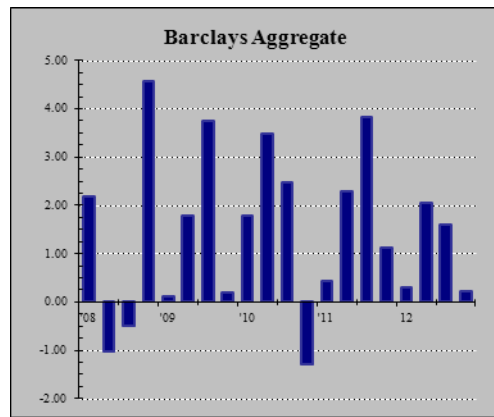
The remaining three BRIC countries performed worse for the quarter. Brazil rose 3.6%; Russia gained 2.5%; and India returned a meager 0.5%. Egypt was the most notable EM disappointment; its 10.8% loss reflected its chaotic political environment and economic difficulties.

Emerging market as a group posted returns for the year that were strong but not spectacular at 18.6%. However, there were five countries where there were spectacular gains: Turkey soared 65%; Egypt and the Philippines, each surged 47%; Poland jumped 41%; and Columbia gained 36%.

## BOND MARKET

### *Marginally Positive Quarter – Surprisingly Positive Year*

The Barclays Aggregate Index offered very little to investors last quarter, inching ahead 0.2%. However, investors who embraced credit risk saw better returns. For example, the Barclays



Corporate High Yield Index moved up by 3.3%. It was Treasuries that drove down the index because its paltry -0.1% return was amplified by a substantial 36% weighting within the composite. Government mortgage-backed debt (MBS), which accounted for 30% of the index, led to another 0.2% loss. The Aggregate posted only 4.2% for the full year, roughly half as much as in 2011. As interest rates hovered at their historic lows, it was very difficult to generate price appreciation.

For the quarter, Treasury performance weakened as maturity lengthened. While short-term Treasuries eked out just +0.1%, twenty-year and longer versions gave back close to one percent. The reason for the difference was simple enough: interest rates backed up during the quarter and mainly impacted longer maturities. GNMA mortgage-backed paper also lost ground, dropping 0.3%. Given the absolutely low interest rates, corporate bonds were in the sweet spot. Unlike 2010 and 2011, the latest year proved lackluster for Treasuries of all stripes. Overall, the average Treasury gain was held to 2%.

Investment grade (BBB and above) corporates gained an average 1.1% for the quarter. The advantage went to the lowest (BBB) credits, as that segment gained 1.7%. By comparison, AAA bonds added only 0.2%. Financials were the best-performing sector (1.9%), reflecting the same investor confidence as on the equity side. Continuing its multi-year advance, commercial mortgage-backed securities (CMBS) returned a relatively high 1.2%. High grade corporates made sense for the full year as well. The composite 2012 performance was 9.8%, with financials gaining an impressive 14.7%. CMBS advanced 9.7%.

At year-end, the Aggregate Index yielded a very low 1.74%, but crept up from September's 1.61% yield. Average maturity was 7-years and the related duration level was 5.1-years. Total market value of assets represented in the index remained near \$17 Trillion.

## CASH EQUIVALENTS

### *Flat Quarter and Year*

As we've reported all year, money market investors earned next to nothing all year. The twelve-month return was between 0.1% and 0.2% for one-year and shorter Treasury bills. Maturities between one and five-years returned only an average 0.9%. In fact, placing cash under the pillow would have provided almost identical results.

## MARKET SUMMARY

## ECONOMIC STATISTICS

	CURRENT QTR	LAST QTR
GDP	-0.1	3.1
Unemployment	7.8	7.8
CPI All Items Year/Year	1.74	1.99
Fed Funds Rate	0.25	0.25
Industrial Capacity	78.8	78.4
US Dollars per Euro	1.32	1.29

## MAJOR INDEX QUARTER RETURNS

INDEX	PERFORMANCE
Russell 3000	0.3
S&P 500	-0.4
Russell Mid	2.9
Russell 2000	1.8
MSCI EAFE	6.6
MSCI Emg Mkts	5.6
NCREIF ODCE	2.3
Barclays Agg	0.2
90 Day Tbills	0.0

## EQUITY RETURN DISTRIBUTIONS

QUARTER				TRAILING YEAR			
	VAL	COR	GRO		VAL	COR	GRO
LC	1.5	0.1	-1.3	LC	17.5	16.4	15.3
MC	3.9	2.9	1.7	MC	18.5	17.3	15.8
SC	3.2	1.8	0.4	SC	18.1	16.3	14.6

## MARKET SUMMARY

- \* The advance estimate placed 4th quarter GDP at -0.1%.
- \* The US unemployment rate remains at 7.8%
- \* International Equity markets rallied, while Domestic Equity markets trailed behind, with Value outpacing Growth and Mid Cap outpacing Large Cap. The S&P 500 declined by 0.4%.
- \* CPI increased 1.74% year over year.
- \* The US Dollar weakened relative to the Euro.

## **INVESTMENT RETURN**

On December 31st, 2012, the City of Burlington Employees Retirement System was valued at \$145,136,253, representing an increase of \$3,068,756 from the September quarter's ending value of \$142,067,497. Last quarter, the Fund posted withdrawals totaling \$127,106, which partially offset the portfolio's net investment return of \$3,195,862. Since there were no income receipts for the fourth quarter, the portfolio's net investment return figure was the product of net realized and unrealized capital gains totaling \$3,195,862.

## **RELATIVE PERFORMANCE**

### **Total Fund**

For the fourth quarter, the Composite portfolio returned 2.3%, which was 0.5% greater than the Burlington Manager Shadow Index's return of 1.8% and ranked in the 25th percentile of the Public Fund universe. Over the trailing year, the portfolio returned 12.8%, which was 2.5% above the benchmark's 10.3% performance, ranking in the 53rd percentile. Since December 2002, the account returned 7.3% on an annualized basis and ranked in the 38th percentile.

## EXECUTIVE SUMMARY

## PERFORMANCE SUMMARY

	-----Annualized-----				
	Quarter	YTD	1 Year	3 Years	10 Years
<b>Total Portfolio</b>	2.3	12.8	12.8	9.7	7.3
<i>PUBLIC FUND RANK</i>	(25)	(53)	(53)	(14)	(38)
MANAGER SHADOW	1.8	10.3	10.3	7.6	----
POLICY INDEX	1.2	11.6	11.6	8.3	7.2
<b>Diversified Assets</b>	2.2	15.1	15.1	10.7	----
<i>BALANCED FUND RANK</i>	( 8)	(14)	(14)	( 3)	----
60 MSCI/40 WGBI	0.9	10.5	10.5	6.5	7.6
CPI + 5	0.5	6.9	6.9	7.3	7.5
<b>Equity</b>	3.6	17.5	17.5	10.3	----
<i>GLOBAL EQUITY RANK</i>	(44)	(47)	(47)	(17)	----
MSCI AC WORLD	3.0	16.8	16.8	7.2	8.7
AC WORLD EX-US	5.9	17.4	17.4	4.3	10.2
MSCI EAFE	6.6	17.9	17.9	4.0	8.7
MSCI EMG MKTS	5.6	18.6	18.6	5.0	16.9
RUSSELL 3000	0.3	16.4	16.4	11.2	7.7
CAMBRIDGE PE	0.0	9.0	9.0	13.4	14.6
<b>Absolute Return</b>	2.6	9.2	9.2	----	----
HFRI FOF	1.3	4.7	4.7	0.8	3.7
<b>Real Assets</b>	1.0	6.4	6.4	7.2	----
REAL ASSETS IDX	0.6	6.1	6.1	6.1	----
NCREIF ODCE	2.3	10.9	10.9	14.4	6.7
NCREIF TIMBER	5.9	7.8	7.8	3.0	8.2
DOW JONES UBS	-6.3	-1.1	-1.1	0.1	----
<b>Fixed Income</b>	1.2	9.4	9.4	9.4	----
<i>BROAD MARKET FIXED RANK</i>	(29)	(32)	(32)	(27)	----
GLOBAL AGGREGATE	-0.5	4.3	4.3	5.2	6.0
GLOBAL AGG EX US	-1.0	4.1	4.1	4.5	6.5
BARCLAYS AGG	0.2	4.2	4.2	6.2	5.2

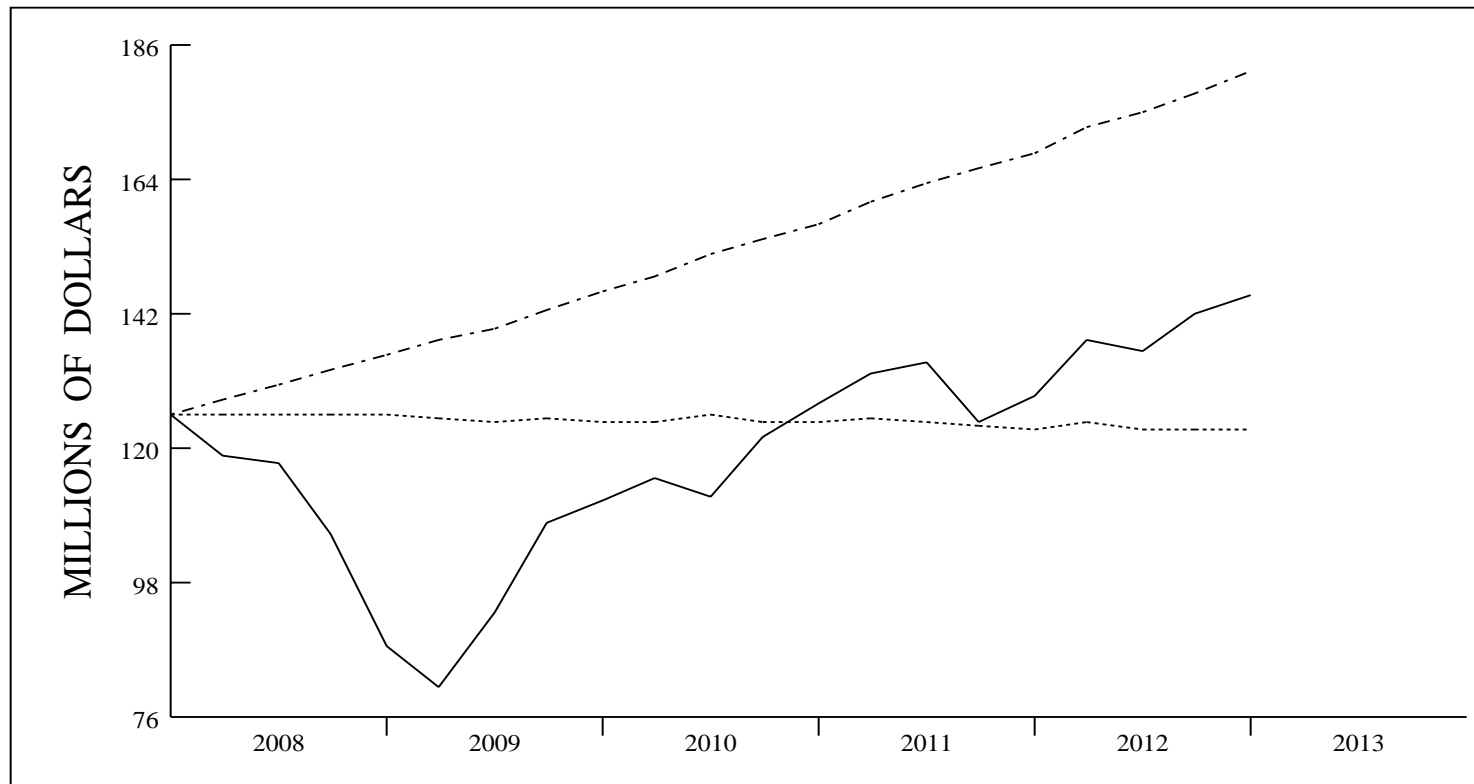
## ASSET ALLOCATION

Diversified	18.6%	\$ 26,958,336
Equity	36.1%	52,440,428
Absolute Retn	4.3%	6,308,837
Real Assets	8.2%	11,925,897
Fixed Income	32.0%	46,466,101
Cash	0.7%	1,036,654
<b>Total Portfolio</b>	<b>100.0%</b>	<b>\$ 145,136,253</b>

## INVESTMENT RETURN

Market Value 9/2012	\$ 142,067,497
Contribs / Withdrawals	-127,106
Income	0
Capital Gains / Losses	3,195,862
Market Value 12/2012	\$ 145,136,253

## INVESTMENT GROWTH



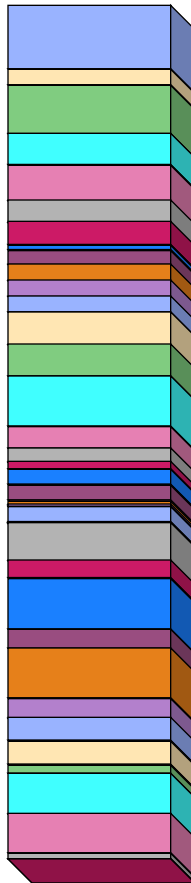
— ACTUAL RETURN  
 - - - 8.0%  
 ..... 0.0%

VALUE ASSUMING  
 8.0% RETURN  
 \$ 181,856,627

	LAST QUARTER	PERIOD 12/07 - 12/12
BEGINNING VALUE	\$ 142,067,497	\$ 126,047,968
NET CONTRIBUTIONS	-127,106	- 2,750,466
INVESTMENT RETURN	3,195,862	21,838,752
ENDING VALUE	\$ 145,136,253	\$ 145,136,253
INCOME	0	95,963
CAPITAL GAINS (LOSSES)	3,195,862	21,742,788
INVESTMENT RETURN	3,195,862	21,838,752



## MANAGER ALLOCATION SUMMARY



Name	Market Value	Percent
AQR (DIV)	\$10,791,028	7.4
Mellon (DIV)	\$2,647,826	1.8
Pimco All Asset (DIV)	\$8,197,223	5.6
Wellington GAA (DIV)	\$5,322,259	3.7
SSgA S&P 500 (LCC)	\$6,038,413	4.2
T Rowe Price (LCC)	\$3,840,504	2.6
SSgA EqWeight (LCC)	\$3,930,144	2.7
SSgA S&P 400 (MC)	\$705,675	0.5
Champlain (SMID)	\$2,350,831	1.6
SSgA R2000G (SCG)	\$2,875,514	2.0
Wellington SCV (SCV)	\$2,802,869	1.9
SSgA AC Ex-US (FORN)	\$2,704,234	1.9
Acadian (INEQ)	\$5,580,605	3.8
Mondrian Int'l Eq (INEQ)	\$5,425,503	3.7
Aberdeen (EMKT)	\$8,540,863	5.9
Martin Currie (EMKT)	\$3,657,735	2.5
Schroders (CMDT)	\$2,436,509	1.7
GAM (HEDG)	\$1,254,360	0.9
Grosvenor (HEDG)	\$2,547,626	1.8
Permal (HEDG)	\$2,506,851	1.7
Hamilton VII A (PREQ)	\$648,529	0.4
Hamilton VII B (PREQ)	\$406,250	0.3
Hamilton Lane II (PREQ)	\$2,557,950	1.8
Harbourvest Buyout (PREQ)	\$131,198	0.1
Harbourvest Credit (PREQ)	\$22,970	0.0
Harbourvest Venture (PREQ)	\$77,539	0.1
Harbourvest Dover (PREQ)	\$143,102	0.1
VPIC R E (REAL)	\$6,479,874	4.5
Molpus (TIMB)	\$3,009,514	2.1
Pimco Unc. (FIXD)	\$8,591,134	5.9
Allianz (FIXD)	\$3,232,889	2.2
Pimco Core Plus (FIXD)	\$8,486,586	5.8
Wellington FX (FIXD)	\$3,346,531	2.3
Mondrian Fixed (GLFX)	\$3,888,337	2.7
BlackRock TIPS (TIPS)	\$3,918,067	2.7
KDP (HIYL)	\$1,358,867	0.9
Post HY Bonds (HIYL)	\$6,947,836	4.8
Wellington EmFx (EMFX)	\$6,695,854	4.6
Cash (CASH)	\$974,200	0.7
VPIC Cash (CASH)	\$62,454	0.0
<b>Total</b>	<b>\$145,136,253</b>	<b>100.0</b>

## MANAGER PERFORMANCE SUMMARY

Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	Inception
Total Portfolio	(Public Fund)	2.3 (25)	12.8 (53)	12.8 (53)	9.7 (14)	3.4 (38)	7.3 (38) 12/02
<i>Burlington Manager Shadow Index</i>		<i>1.8 ----</i>	<i>10.3 ----</i>	<i>10.3 ----</i>	<i>7.6 ----</i>	<i>2.7 ----</i>	<i>---- ----</i>
AQR	(Balanced)	1.7 (16)	15.7 (13)	15.7 (13)	15.4 ( 1)	---- ----	15.8 ( 1) 09/09
<i>60%MSCI World/ 40% CITI WGBI</i>		<i>0.9 ----</i>	<i>10.5 ----</i>	<i>10.5 ----</i>	<i>6.5 ----</i>	<i>2.2 ----</i>	<i>6.5 ----</i>
Mellon Global Alpha I	(Balanced)	0.6 (52)	11.3 (44)	11.3 (44)	9.3 (23)	1.9 (83)	1.9 (83) 12/07
<i>60%MSCI World/ 40% CITI WGBI</i>		<i>0.9 ----</i>	<i>10.5 ----</i>	<i>10.5 ----</i>	<i>6.5 ----</i>	<i>2.2 ----</i>	<i>2.2 ----</i>
Pimco All Asset	(Balanced)	3.0 ( 2)	16.4 (12)	16.4 (12)	11.3 ( 1)	7.8 ( 1)	7.8 ( 1) 12/07
<i>CPI Plus 5</i>		<i>0.5 ----</i>	<i>6.9 ----</i>	<i>6.9 ----</i>	<i>7.3 ----</i>	<i>6.9 ----</i>	<i>6.9 ----</i>
Wellington Opportunistic GAA	(Balanced)	2.8 ( 3)	14.3 (16)	14.3 (16)	5.1 (93)	---- ----	8.1 (16) 09/08
<i>65% MSCI World / 35% Agg</i>		<i>1.8 ----</i>	<i>12.3 ----</i>	<i>12.3 ----</i>	<i>7.3 ----</i>	<i>2.1 ----</i>	<i>6.7 ----</i>
SSgA S&P 500 Cap-Weighted	(LC Core)	-0.4 (60)	16.1 (46)	16.1 (46)	---- ----	---- ----	12.8 (48) 09/10
<i>S&amp;P 500</i>		<i>-0.4 ----</i>	<i>16.0 ----</i>	<i>16.0 ----</i>	<i>10.8 ----</i>	<i>1.6 ----</i>	<i>12.8 ----</i>
T Rowe Price Enhanced Index	(LC Core)	-0.2 (56)	16.8 (35)	16.8 (35)	10.7 (50)	2.5 (41)	2.5 (41) 12/07
<i>S&amp;P 500</i>		<i>-0.4 ----</i>	<i>16.0 ----</i>	<i>16.0 ----</i>	<i>10.8 ----</i>	<i>1.6 ----</i>	<i>1.6 ----</i>
SSgA Equal Weighted Index	(LC Core)	3.0 ( 4)	17.5 (27)	17.5 (27)	12.7 (14)	4.5 ( 8)	4.5 ( 8) 12/07
<i>Equal Weighted S&amp;P 500</i>		<i>2.2 ----</i>	<i>17.0 ----</i>	<i>17.0 ----</i>	<i>12.5 ----</i>	<i>4.5 ----</i>	<i>4.5 ----</i>
SSgA S&P 400	(Mid Cap)	3.6 (26)	18.0 (31)	18.0 (31)	---- ----	---- ----	25.9 (28) 09/11
<i>S&amp;P 400</i>		<i>3.6 ----</i>	<i>17.9 ----</i>	<i>17.9 ----</i>	<i>13.6 ----</i>	<i>5.1 ----</i>	<i>25.8 ----</i>
Champlain	(Smid Cap)	1.2 (77)	12.9 (78)	12.9 (78)	12.8 (58)	---- ----	14.0 (53) 09/09
<i>Russell 2500</i>		<i>3.1 ----</i>	<i>17.9 ----</i>	<i>17.9 ----</i>	<i>13.3 ----</i>	<i>4.3 ----</i>	<i>14.0 ----</i>
SSgA Russell 2000 Growth	(SC Growth)	0.2 (53)	14.4 (53)	14.4 (53)	12.7 (64)	3.4 (51)	3.4 (51) 12/07
<i>Russell 2000 Growth</i>		<i>0.4 ----</i>	<i>14.6 ----</i>	<i>14.6 ----</i>	<i>12.8 ----</i>	<i>3.5 ----</i>	<i>3.5 ----</i>
Wellington Small Cap Value	(SC Value)	4.0 (50)	16.9 (59)	16.9 (59)	15.1 (23)	8.3 (17)	8.3 (17) 12/07
<i>Russell 2000 Value</i>		<i>3.2 ----</i>	<i>18.1 ----</i>	<i>18.1 ----</i>	<i>11.6 ----</i>	<i>3.5 ----</i>	<i>3.5 ----</i>

## MANAGER PERFORMANCE SUMMARY




















Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	Inception
Total Portfolio	(Public Fund)	2.3 (25)	12.8 (53)	12.8 (53)	9.7 (14)	3.4 (38)	7.3 (38) 12/02
<i>Burlington Manager Shadow Index</i>		<i>1.8 ----</i>	<i>10.3 ----</i>	<i>10.3 ----</i>	<i>7.6 ----</i>	<i>2.7 ----</i>	<i>---- ----</i>
SSgA ACWI Ex-US	(Intl Eq)	6.0 (58)	17.2 (70)	17.2 (70)	---- ----	---- ----	3.8 (68) 09/10
<i>MSCI All Country World Ex US</i>		<i>5.9 ----</i>	<i>17.4 ----</i>	<i>17.4 ----</i>	<i>4.3 ----</i>	<i>-2.5 ----</i>	<i>3.9 ----</i>
Acadian	(Intl Eq)	5.2 (73)	17.0 (73)	17.0 (73)	5.3 (59)	-5.3 (93)	-5.3 (93) 12/07
<i>MSCI EAFE Net</i>		<i>6.6 ----</i>	<i>17.3 ----</i>	<i>17.3 ----</i>	<i>3.6 ----</i>	<i>-3.7 ----</i>	<i>-3.7 ----</i>
Mondrian International Equity	(Intl Eq)	3.6 (91)	9.9 (94)	9.9 (94)	3.2 (82)	-3.0 (75)	-3.0 (75) 12/07
<i>MSCI EAFE Net</i>		<i>6.6 ----</i>	<i>17.3 ----</i>	<i>17.3 ----</i>	<i>3.6 ----</i>	<i>-3.7 ----</i>	<i>-3.7 ----</i>
Aberdeen Emerging Markets	(Emerging Mkt)	6.6 (44)	26.4 (10)	26.4 (10)	13.5 ( 7)	---- ----	11.1 ( 3) 03/08
<i>MSCI Emerging Markets</i>		<i>5.6 ----</i>	<i>18.6 ----</i>	<i>18.6 ----</i>	<i>5.0 ----</i>	<i>-0.6 ----</i>	<i>1.8 ----</i>
Martin Currie	(Emerging Mkt)	7.5 (22)	22.6 (23)	22.6 (23)	8.2 (23)	---- ----	21.2 (64) 03/09
<i>MSCI Emerging Markets</i>		<i>5.6 ----</i>	<i>18.6 ----</i>	<i>18.6 ----</i>	<i>5.0 ----</i>	<i>-0.6 ----</i>	<i>21.1 ----</i>
Schroders		-5.8 ----	0.5 ----	0.5 ----	2.0 ----	---- ----	2.0 ---- 12/09
<i>Dow Jones UBS Commodity Index</i>		<i>-6.3 ----</i>	<i>-1.1 ----</i>	<i>-1.1 ----</i>	<i>0.1 ----</i>	<i>-5.2 ----</i>	<i>0.1 ----</i>
GAM		2.3 ----	8.3 ----	8.3 ----	---- ----	---- ----	2.0 ---- 03/11
<i>HFRI FOF Composite</i>		<i>1.3 ----</i>	<i>4.7 ----</i>	<i>4.7 ----</i>	<i>0.8 ----</i>	<i>-1.6 ----</i>	<i>-1.2 ----</i>
Grosvenor		2.5 ----	8.5 ----	8.5 ----	---- ----	---- ----	2.4 ---- 12/10
<i>HFRI FOF Composite</i>		<i>1.3 ----</i>	<i>4.7 ----</i>	<i>4.7 ----</i>	<i>0.8 ----</i>	<i>-1.6 ----</i>	<i>-0.7 ----</i>
Permal		2.9 ----	10.5 ----	10.5 ----	---- ----	---- ----	1.6 ---- 03/11
<i>HFRI FOF Composite</i>		<i>1.3 ----</i>	<i>4.7 ----</i>	<i>4.7 ----</i>	<i>0.8 ----</i>	<i>-1.6 ----</i>	<i>-1.2 ----</i>
Hamilton Lane PE Fund VII Series A		2.4 ----	13.1 ----	13.1 ----	---- ----	---- ----	10.3 ---- 09/11
<i>Cambridge US Private Equity</i>		<i>0.0 ----</i>	<i>9.0 ----</i>	<i>9.0 ----</i>	<i>13.4 ----</i>	<i>5.2 ----</i>	<i>11.7 ----</i>
Hamilton Lane PE Fund VII Series B		3.9 ----	10.7 ----	10.7 ----	---- ----	---- ----	6.5 ---- 09/11
<i>Cambridge US Private Equity</i>		<i>0.0 ----</i>	<i>9.0 ----</i>	<i>9.0 ----</i>	<i>13.4 ----</i>	<i>5.2 ----</i>	<i>11.7 ----</i>
Hamilton Lane Secondary Fund II		1.8 ----	11.6 ----	11.6 ----	19.4 ----	---- ----	21.4 ---- 03/09
<i>Cambridge US Private Equity</i>		<i>0.0 ----</i>	<i>9.0 ----</i>	<i>9.0 ----</i>	<i>13.4 ----</i>	<i>5.2 ----</i>	<i>15.4 ----</i>
VPIC Real Estate		4.4 ----	12.5 ----	12.5 ----	14.1 ----	-3.3 ----	-3.3 ---- 12/07
<i>NCREIF NFI-ODCE Index</i>		<i>2.3 ----</i>	<i>10.9 ----</i>	<i>10.9 ----</i>	<i>14.4 ----</i>	<i>-1.1 ----</i>	<i>-1.1 ----</i>
Molpus		0.0 ----	-0.2 ----	-0.2 ----	-1.6 ----	---- ----	1.0 ---- 03/09
<i>NCREIF Timber Index</i>		<i>5.9 ----</i>	<i>7.8 ----</i>	<i>7.8 ----</i>	<i>3.0 ----</i>	<i>2.7 ----</i>	<i>0.9 ----</i>

## MANAGER PERFORMANCE SUMMARY

















Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	Inception
Total Portfolio	(Public Fund)	2.3 (25)	12.8 (53)	12.8 (53)	9.7 (14)	3.4 (38)	7.3 (38) 12/02
<i>Burlington Manager Shadow Index</i>		<i>1.8 ----</i>	<i>10.3 ----</i>	<i>10.3 ----</i>	<i>7.6 ----</i>	<i>2.7 ----</i>	<i>---- ----</i>
Pimco Unconstrained Bond Fund (Global Fixed)		0.6 (63)	4.6 (79)	4.6 (79)	---- ----	---- ----	4.5 (76) 09/11
<i>3-Month LIBOR</i>		<i>0.1 ----</i>	<i>0.4 ----</i>	<i>0.4 ----</i>	<i>0.4 ----</i>	<i>0.9 ----</i>	<i>0.4 ----</i>
Allianz Structured Alpha	(Core Fixed)	0.2 (85)	10.6 ( 1)	10.6 ( 1)	10.2 ( 2)	---- ----	7.6 (12) 03/08
<i>Barclays Aggregate Index</i>		<i>0.2 ----</i>	<i>4.2 ----</i>	<i>4.2 ----</i>	<i>6.2 ----</i>	<i>6.0 ----</i>	<i>5.8 ----</i>
Pimco Core Plus	(Core Fixed)	0.5 (45)	7.4 (16)	7.4 (16)	8.0 (13)	---- ----	7.6 (17) 09/09
<i>Barclays Aggregate Index</i>		<i>0.2 ----</i>	<i>4.2 ----</i>	<i>4.2 ----</i>	<i>6.2 ----</i>	<i>6.0 ----</i>	<i>5.8 ----</i>
Wellington DAS Fixed	(Core Fixed)	2.1 ( 1)	8.5 ( 6)	8.5 ( 6)	11.5 ( 1)	---- ----	11.0 ( 2) 09/08
<i>Barclays Aggregate Index</i>		<i>0.2 ----</i>	<i>4.2 ----</i>	<i>4.2 ----</i>	<i>6.2 ----</i>	<i>6.0 ----</i>	<i>6.9 ----</i>
Mondrian Global Fixed Income	(Intl Fx)	-2.9 (98)	2.1 (96)	2.1 (96)	5.5 (83)	7.1 (73)	7.1 (73) 12/07
<i>Citi World Gov't Bond Index</i>		<i>-1.7 ----</i>	<i>1.6 ----</i>	<i>1.6 ----</i>	<i>4.4 ----</i>	<i>5.3 ----</i>	<i>5.3 ----</i>
BlackRock TIPS	(Broad Fixed)	0.7 (47)	7.0 (46)	7.0 (46)	8.9 (31)	---- ----	8.9 (31) 12/09
<i>Barclays US TIPS</i>		<i>0.7 ----</i>	<i>7.0 ----</i>	<i>7.0 ----</i>	<i>8.9 ----</i>	<i>7.0 ----</i>	<i>8.9 ----</i>
KDP	(Hi Yield)	2.6 (82)	12.8 (84)	12.8 (84)	10.1 (90)	---- ----	10.3 (93) 09/09
<i>Citi High Yield BB &amp; B Index</i>		<i>3.0 ----</i>	<i>14.5 ----</i>	<i>14.5 ----</i>	<i>11.4 ----</i>	<i>7.8 ----</i>	<i>12.0 ----</i>
Post High Yield Bonds	(Hi Yield)	3.2 (45)	15.3 (53)	15.3 (53)	11.6 (55)	9.8 (50)	9.8 (50) 12/07
<i>Citi High Yield BB &amp; B Index</i>		<i>3.0 ----</i>	<i>14.5 ----</i>	<i>14.5 ----</i>	<i>11.4 ----</i>	<i>7.8 ----</i>	<i>7.8 ----</i>
Wellington Emerging Debt		3.6 ----	19.8 ----	19.8 ----	13.6 ----	---- ----	13.6 ---- 12/09
<i>JP Morgan EMBI</i>		<i>2.8 ----</i>	<i>17.4 ----</i>	<i>17.4 ----</i>	<i>12.3 ----</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	0.8 
Mellon	60 MSCI/40 WGBI	-0.3 
Pimco All Asset	CPI + 5	2.6 
Wellington GAA	65World/35Agg	1.0 
SSgA S&P 500	S&P 500	0.0
T Rowe Price	S&P 500	0.2 
SSgA EqWeight	Equal Wtd S&P	0.8 
SSgA S&P 400	S&P 400	0.0
Champlain	Russell 2500	-1.9 
SSgA R2000G	Russell 2000G	-0.3 
Wellington SCV	Russell 2000V	0.8 
SSgA AC Ex-US	AC World Ex-US	0.1 
Acadian	MSCI EAFE Net	-1.3 
Mondrian Int'l Eq	MSCI EAFE Net	-3.0 
Aberdeen	MSCI Emg Mkts	1.0 
Martin Currie	MSCI Emg Mkts	1.9 
Schroders	Dow Jones UBS	0.5 
GAM	HFRI FOF	1.0 
Grosvenor	HFRI FOF	1.3 
Permal	HFRI FOF	1.6 
<b>Total Portfolio</b>	<b>Manager Shadow</b>	0.4 

## Trailing Twelve Months
















Manager	Benchmark	Value Added Vs. Benchmark
AQR	60 MSCI/40 WGBI	5.2 
Mellon	60 MSCI/40 WGBI	0.7 
Pimco All Asset	CPI + 5	9.5 
Wellington GAA	65World/35Agg	2.0 
SSgA S&P 500	S&P 500	0.1
T Rowe Price	S&P 500	0.8 
SSgA EqWeight	Equal Wtd S&P	0.5 
SSgA S&P 400	S&P 400	0.1
Champlain	Russell 2500	-4.9 
SSgA R2000G	Russell 2000G	-0.2
Wellington SCV	Russell 2000V	-1.2 
SSgA AC Ex-US	AC World Ex-US	-0.2
Acadian	MSCI EAFE Net	-0.3
Mondrian Int'l Eq	MSCI EAFE Net	-7.4 
Aberdeen	MSCI Emg Mkts	7.8 
Martin Currie	MSCI Emg Mkts	4.0 
Schroders	Dow Jones UBS	1.5 
GAM	HFRI FOF	3.6 
Grosvenor	HFRI FOF	3.8 
Permal	HFRI FOF	5.9 
<b>Total Portfolio</b>	<b>Manager Shadow</b>	2.5 

## MANAGER VALUE ADDED

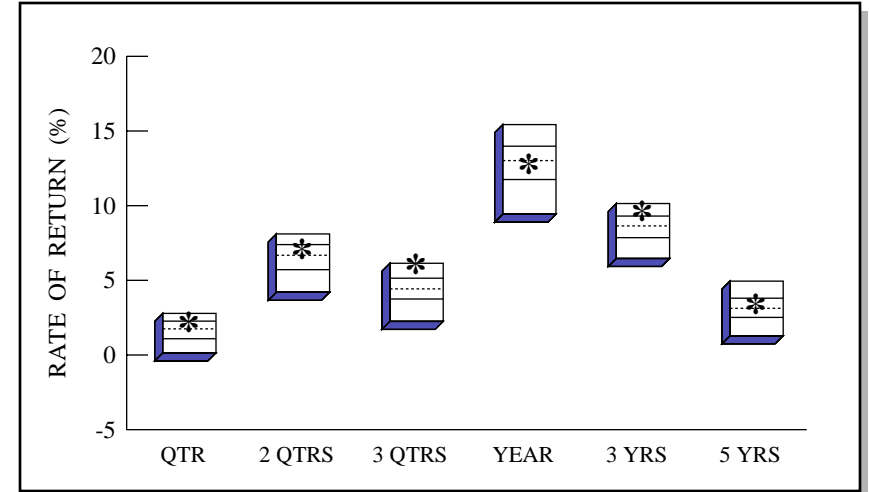
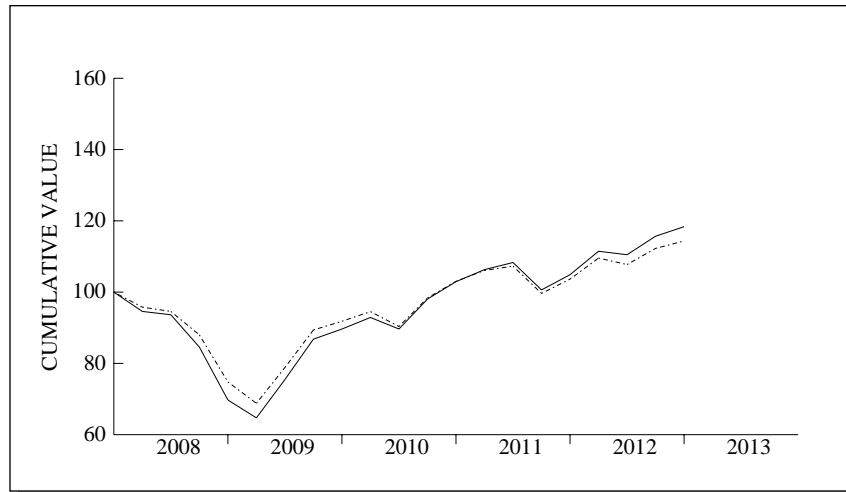
## Most Recent Quarter

Manager	Benchmark	Value Added Vs. Benchmark
Hamilton VII A	Cambridge PE	2.4 
Hamilton VII B	Cambridge PE	3.9 
Hamilton Lane II	Cambridge PE	1.8 
VPIC R E	NCREIF ODCE	2.1 
Molpus	NCREIF Timber	-5.9 
Pimco Unc.	3-Month LIBOR	0.5 
Allianz	Barclays Agg	0.0 
Pimco Core Plus	Barclays Agg	0.3 
Wellington FX	Barclays Agg	1.8 
Mondrian Fixed	Citi WGBI	-1.2 
BlackRock TIPS	Barclays TIPS	0.0 
KDP	BB & B Index	-0.4 
Post HY Bonds	BB & B Index	0.2 
Wellington EmFx	JPM EMBI	0.8 
<b>Total Portfolio</b>	<b>Manager Shadow</b>	0.4 

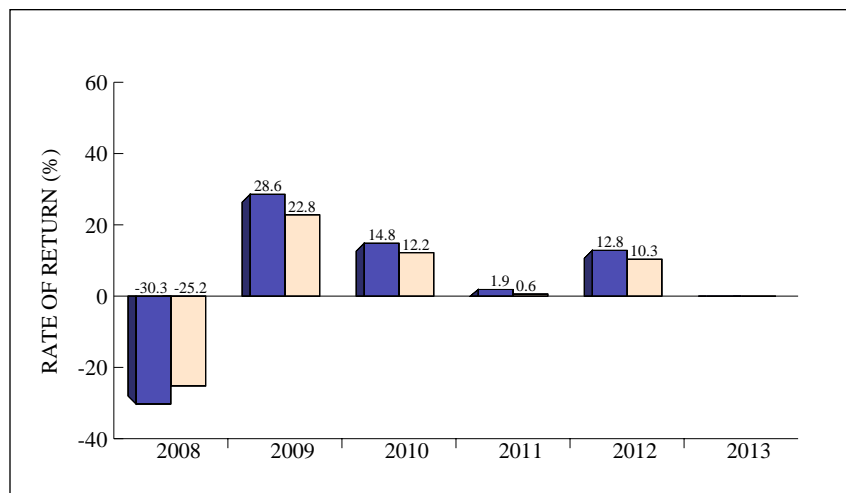
## Trailing Twelve Months

Manager	Benchmark	Value Added Vs. Benchmark
Hamilton VII A	Cambridge PE	4.1 
Hamilton VII B	Cambridge PE	1.7 
Hamilton Lane II	Cambridge PE	2.6 
VPIC R E	NCREIF ODCE	1.6 
Molpus	NCREIF Timber	-7.9 
Pimco Unc.	3-Month LIBOR	4.2 
Allianz	Barclays Agg	6.4 
Pimco Core Plus	Barclays Agg	3.1 
Wellington FX	Barclays Agg	4.2 
Mondrian Fixed	Citi WGBI	0.5 
BlackRock TIPS	Barclays TIPS	0.0 
KDP	BB & B Index	-1.6 
Post HY Bonds	BB & B Index	0.8 
Wellington EmFx	JPM EMBI	2.4 
<b>Total Portfolio</b>	<b>Manager Shadow</b>	2.5 

## TOTAL RETURN COMPARISONS

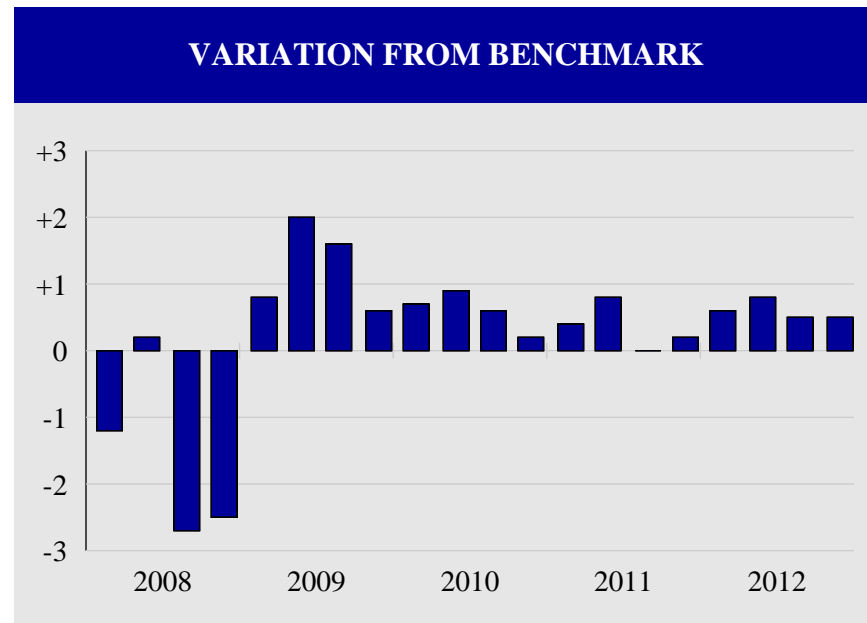


Public Fund Universe



	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	2.3	7.1	6.1	12.8	9.7	3.4
(RANK)	(25)	(34)	( 6)	(53)	(14)	(38)
5TH %ILE	2.8	8.1	6.2	15.4	10.2	4.9
25TH %ILE	2.3	7.4	5.2	14.0	9.3	3.8
MEDIAN	1.8	6.7	4.4	13.0	8.6	3.1
75TH %ILE	1.1	5.7	3.8	11.8	7.9	2.5
95TH %ILE	0.1	4.2	2.3	9.4	6.5	1.3
<i>Mgr Shadow</i>	<i>1.8</i>	<i>6.1</i>	<i>4.4</i>	<i>10.3</i>	<i>7.6</i>	<i>2.7</i>

Public Fund Universe

**TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY****COMPARATIVE BENCHMARK: BURLINGTON MANAGER SHADOW INDEX**

<b>Total Quarters Observed</b>	<b>20</b>
<b>Quarters At or Above the Benchmark</b>	<b>17</b>
<b>Quarters Below the Benchmark</b>	<b>3</b>
<b>Batting Average</b>	<b>.850</b>

<b>RATES OF RETURN</b>						
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
12/12	2.3	1.8	0.5	18.3	14.3	4.0



**Private Equity Investor Report as of December 31, 2012**  
**Hamilton Lane Secondary Fund II LP**

<b>IRR Since Inception</b>	<b>20.5%</b>	Annualized, Net of Fees
<b>Market Value*</b>	<b>\$ 2,557,950</b>	Last Appraisal Date: 9/30/2012
Initial Commitment	\$ 3,400,000	100.00%
Capital Committed	\$ 2,902,651	85.37%
Remaining Commitment	\$ 497,349	14.63%
Net Investment Income/(Loss)	\$ (159,078)	
Net Unrealized Gain/(Loss)	\$ 914,298	

<b>Date</b>	<b>Contributions</b>	<b>% of Commitment</b>	<b>Recallable Contributions</b>	<b>% of Commitment</b>	<b>Distributions</b>
3/20/2009	\$ 323,182	9.51%	\$ -	-	\$ -
4/14/2009	\$ 127,179	3.74%	\$ -	-	\$ -
5/26/2009	\$ 68,000	2.00%	\$ -	-	\$ -
7/2/2009	\$ -	-	\$ (113,343)	-3.33%	\$ -
8/25/2009	\$ -	-	\$ (38,561)	-1.13%	\$ -
1/20/2010	\$ 34,000	1.00%	\$ -	-	\$ (14,231)
4/8/2010	\$ 55,828	1.64%	\$ -	-	\$ (27,185)
5/20/2010	\$ 102,000	3.00%	\$ -	-	\$ -
6/23/2010	\$ 144,500	4.25%	\$ -	-	\$ (28,290)
7/28/2010	\$ 34,000	1.00%	\$ -	-	\$ -
10/28/2010	\$ 127,500	3.75%	\$ -	-	\$ -
12/14/2010	\$ 221,000	6.50%	\$ -	-	\$ (18,286)
12/27/2010	\$ 391,000	11.50%	\$ -	-	\$ -
2/11/2011	\$ -	-	\$ (115,109)	-3.39%	\$ -
4/29/2011	\$ 152,519	4.49%	\$ -	-	\$ (190,317)
7/8/2011	\$ 68,000	2.00%	\$ -	-	\$ (22,014)
7/22/2011	\$ 61,871	1.82%	\$ -	-	\$ (26,312)
8/29/2011	\$ 48,921	1.44%	\$ -	-	\$ -
9/26/2011	\$ 204,000	6.00%	\$ -	-	\$ (122,591)
10/27/2011	\$ 71,943	2.12%	\$ -	-	\$ -
1/27/2012	\$ 224,461	6.60%	\$ -	-	\$ (243,571)
3/26/2012	\$ 276,260	8.13%	\$ -	-	\$ -
6/26/2012	\$ 204,000	6.00%	\$ -	-	\$ (151,491)
8/6/2012	\$ 144,500	4.25%	\$ -	-	\$ (150,759)
10/31/2012	\$ 51,000	1.50%	\$ -	-	\$ (129,738)
12/27/2012	\$ 34,000	1.00%	\$ -	-	\$ (157,957)
<b>Total</b>	<b>\$ 3,169,664</b>	<b>93.23%</b>	<b>\$ (267,013)</b>	<b>-7.85%</b>	<b>\$ (1,282,742)</b>

Valuations of non-public securities are provided by Hamilton Lane, based on current market and company conditions.

\*The Market Value reflects the last appraisal value adjusted for any contributions/distributions since that time

**Private Equity Investor Report as of December 31, 2012**  
**Hamilton Lane Private Equity Fund VII LP Series A Offshore**

<b>IRR Since Inception</b>	<b>1.66%</b>	Annualized, Net of Fees
<b>Market Value*</b>	<b>\$ 648,529</b>	Last Appraisal Date: 9/30/2012
Initial Commitment	\$ 1,500,000	100.00%
Capital Committed	\$ 670,987	44.73%
Remaining Commitment	\$ 829,013	55.27%
Net Investment Income/(Loss)	\$ (29,896)	
Net Unrealized Gain/(Loss)	\$ 26,363	

<b>Date</b>	<b>Contributions</b>	<b>% of Commitment</b>	<b>Recallable Contributions</b>	<b>% of Commitment</b>	<b>Distributions</b>
7/27/2011	\$ 172,500	11.50%	\$ -	-	\$ -
9/27/2011	\$ 52,500	3.50%	\$ -	-	\$ -
11/15/2011	\$ 52,500	-	\$ -	-	\$ -
12/30/2011	\$ 67,947	4.53%	\$ -	-	\$ -
4/24/2012	\$ 83,394	5.56%	\$ -	-	\$ (32,311)
6/24/2012	\$ 52,500	3.50%	\$ -	-	\$ -
8/23/2012	\$ 45,000	3.00%	\$ -	-	\$ (3,692)
10/15/2012	\$ 66,082	4.41%	\$ -	-	\$ (23,429)
11/21/2012	\$ 78,564	5.24%	\$ -	-	\$ -
<b>Total</b>	<b>\$ 670,987</b>	<b>44.73%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (59,432)</b>

**Hamilton Lane Private Equity Fund VII LP Series B Offshore**

<b>IRR Since Inception</b>	<b>3.66%</b>	Annualized, Net of Fees
<b>Market Value*</b>	<b>\$ 406,250</b>	Last Appraisal Date: 9/30/2012
Initial Commitment	\$ 1,000,000	100.00%
Capital Committed	\$ 431,162	43.12%
Remaining Commitment	\$ 568,838	56.88%
Net Investment Income/(Loss)	\$ (26,813)	
Net Unrealized Gain/(Loss)	\$ 13,427	

<b>Date</b>	<b>Contributions</b>	<b>% of Commitment</b>	<b>Recallable Contributions</b>	<b>% of Commitment</b>	<b>Distributions</b>
7/27/2011	\$ 160,000	16.00%	\$ -	-	\$ -
9/27/2011	\$ 35,000	3.50%	\$ -	-	\$ -
12/28/2011	\$ 50,723	5.07%	\$ -	-	\$ -
4/24/2012	\$ 56,445	5.64%	\$ -	-	\$ (22,962)
6/24/2012	\$ 50,000	5.00%	\$ -	-	\$ -
8/23/2012	\$ 50,000	5.00%	\$ -	-	\$ (2,909)
11/21/2012	\$ 28,994	2.90%	\$ -	-	\$ (16,717)
<b>Total</b>	<b>\$ 431,162</b>	<b>43.12%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (42,588)</b>

Valuations of non-public securities are provided by Hamilton Lane, based on current market and company conditions.

\*The Market Value reflects the last appraisal value adjusted for any contributions/distributions since that time

**Timber Investor Report as of December 31, 2012**  
**Molpus Sustainable Woodlands Fund II, LP**

<b>IRR Since Inception</b>	<b>-2.38%</b>	Annualized, Net of Fees
<b>Market Value*</b>	<b>\$ 3,009,514</b>	Last Appraisal Date: 9/30/2012
Initial Commitment	\$ 3,400,000	100.00%
Capital Committed	\$ 3,400,000	100.00%
Remaining Commitment	\$ -	0.00%
Net Investment Income/(Loss)	\$ (109,780)	
Net Unrealized Gain/(Loss)	\$ (60,462)	

<b>Date</b>	<b>Contributions</b>	<b>% of Commitment</b>	<b>Recallable Contributions</b>	<b>% of Commitment</b>	<b>Distributions</b>
2/28/2009	\$ 510,000	15.00%	\$ -	-	\$ -
9/30/2009	\$ 2,890,000	85.00%	\$ -	-	\$ -
4/30/2010	\$ -	-	\$ -	-	\$ (19,365)
6/30/2010	\$ -	-	\$ -	-	\$ (67,116)
12/31/2010	\$ -	-	\$ -	-	\$ (28,663)
6/30/2011	\$ -	-	\$ -	-	\$ (19,109)
12/31/2011	\$ -	-	\$ -	-	\$ (38,218)
12/31/2012	\$ -	-	\$ -	-	\$ (47,772)
<b>Total</b>	<b>\$ 3,400,000</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (220,243)</b>

\*The Market Value reflects the last appraisal value adjusted for any contributions/distributions since that time

# BURLINGTON EMPLOYEES RETIREMENT SYSTEM

## Portfolio Returns as of September 30, 2012

Portfolio	3rd Quarter	YTD	1-Year	Since 3/31/09	Since 12/31/07	Inception Date
Martin Currie	7.8	14.1	19.6	20.3	N/A	03/09
Hamilton Lane***	0.4	9.5	14.1	22.9	N/A	03/09
Molpus Timber	-0.1	-0.2	-9.4	1.0	N/A	03/09
Non-VPIC Assets**	2.7	7.7	6.9	15.1	N/A	03/09
VPIC Assets*	5.1	10.8	16.0	18.3	3.2	12/07
Total Portfolio	4.7	10.3	15.0	18.1	3.1	12/07

*\*Source: NEPC*

*\*\*Asset allocation on 6/30/12: 32.5% Emerging Markets, 36.1% Private Equity, 31.4% 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
Total Portfolio	-0.9	17.9

*\*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
Total Portfolio	6.3	19.9

*\*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
Total Portfolio	5.0	30.4

*\*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
Total Portfolio	9.4	31.9

*\*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
Total Portfolio	-3.5	29.8

*\*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
Total Portfolio	3.6	43.5

*\*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
Total Portfolio	3.3	38.5

*\*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
Total Portfolio	15.0	34.1

*\*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
Total Portfolio	16.6

*\*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	0.3	16.4	16.4	11.2	2.0
S&P 500	Large Cap Core	-0.4	16.0	16.0	10.8	1.6
Russell 1000	Large Cap Core	0.1	16.4	16.4	11.1	1.9
Russell 1000 Growth	Large Cap Growth	-1.3	15.3	15.3	11.4	3.1
Russell 1000 Value	Large Cap Value	1.5	17.5	17.5	10.9	0.6
Russell 2000	Small Cap	1.8	16.3	16.3	12.2	3.6
Russell 2000 Growth	Small Cap Growth	0.4	14.6	14.6	12.8	3.5
Russell 2000 Value	Small Cap Value	3.2	18.1	18.1	11.6	3.5
MSCI EAFE	Developed Markets	6.6	17.9	17.9	4.0	-3.2
MSCI EAFE Growth	Developed Markets Growth	5.8	17.3	17.3	5.2	-2.7
MSCI EAFE Value	Developed Markets Value	7.4	18.4	18.4	2.8	-3.7
MSCI Emerging Markets	Emerging Markets	5.6	18.6	18.6	5.0	-0.6
MSCI All Country World	Global Equity	3.0	16.8	16.8	7.2	-0.6
MSCI All Country World Ex US	Global Equity (ex. US)	5.9	17.4	17.4	4.3	-2.5
<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	0.2	4.2	4.2	6.2	6.0
Barclays Gov/Credit	Gov/Credit	0.4	4.8	4.8	6.7	6.1
Barclays Capital Gov't Bond	Treasuries	-0.1	2.0	2.0	5.5	5.2
Barclays Capital Credit Bond	Corporate Bonds	1.9	10.6	10.6	9.1	8.3
Intermediate Aggregate	Core Intermediate	0.2	3.5	3.5	5.2	5.4
Intermediate Gov/Credit	Gov / Credit Intermediate	0.3	3.9	3.9	5.2	5.2
ML/BoA 1-3 Year Treasury	Short Term Treasuries	0.4	0.7	0.7	1.5	2.4
CSFB High Yield	High Yield Bonds	3.1	14.7	14.7	11.4	9.5
Barclays Global Ex-US	International Treasuries	-2.4	2.3	2.3	1.4	3.6
Citi World Gov't Bond Index	International Fixed Income	-1.7	1.6	1.6	4.4	5.3
Barclays Global Aggregate	International Fixed Income	-0.5	4.3	4.3	5.2	5.4
Barclays Global Aggregate Ex US	International Fixed Income	-1.0	4.1	4.1	4.5	5.1
<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	2.3	10.9	10.9	14.4	-1.1
HFRI FOF Composite	Hedge Funds	1.3	4.7	4.7	0.8	-1.6

**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.
- \* All values for the Pooled Cash account since June 2012 are estimated and subject to change.