

**CITY OF BURLINGTON EMPLOYEES  
RETIREMENT PLAN  
PERFORMANCE REVIEW  
JUNE 2011**

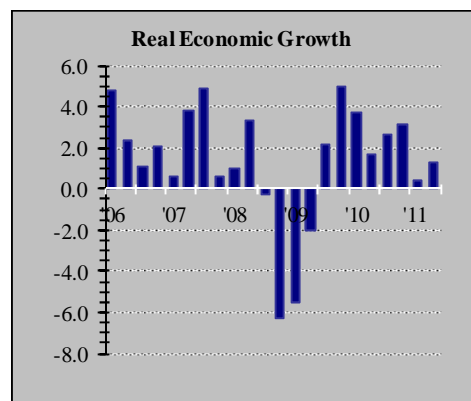


## ECONOMIC ENVIRONMENT

### Still no Jobs

The US economic expansion continued through the first half of the year but at a slower pace than had been experienced in 2010. While the industrial sector continued to expand, housing languished and consumers found themselves spending more on gas and food.

First quarter 2011 GDP (latest available) grew at a 0.4% annual rate, far slower than the prior quarter's 3.1%. The second quarter is predicted to be a bit better, with recent estimates of 2.8% being revised downwards to 1.3%.



Industrial production increased at a 0.8% annualized rate during the quarter. While positive, overall production suffered significantly from the supply chain disruptions in Japan. The Japanese earthquake and tsunami had a decidedly negative effect, hindering new car manufacturing, in particular.

On the plus side, total production was 3.4% above last year's level. Further, capacity utilization was close to 77% or two percentage points above last year's reading. As a result, the overall economy advanced for the 25<sup>th</sup> consecutive month.

The employment situation, however, was another story. After falling to 8.8% last April, the unemployment rate climbed to 9.2% by June. The June report for non-farm new jobs was a very disappointingly low 18,000. This drop compounded the weak May figure of 54,000. The economy needs to add roughly 150,000 new jobs each month to prevent higher unemployment. (The New York Times recently noted that the

“real” unemployment level is over 16% or 14.1 million. This includes those who can only find part-time work as well as those who have stopped looking.) There are three key reasons for the eroding picture: 1) significant layoffs by federal, state and local governments around the country; 2) the fact that small and especially large employers would rather pay for overtime than hire new staff; and 3) further layoffs in the construction, finance and temporary services industries.

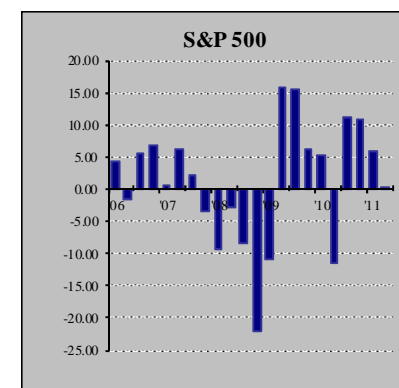
Housing figures offered no promise for relief. The activity levels of existing home sales and new home starts remained historically depressed despite record affordability and absolutely low mortgage rates available to creditworthy borrowers.

Headline CPI fell an annualized 0.2% in June due to lower oil prices and somewhat moderating food costs. By comparison, core CPI (excluding food and energy) increased 0.3% in May and again in June. This brought the 12-month increase to 1.6%.

## EQUITY MARKET

### Back and Forth and Back Again

The US equity markets were essentially flat during the quarter. However, looking closer the markets were up in April, down in May and volatile in June. Three factors contributed to the May pullback: a softening domestic economy, issues concerning the euro (especially in Greece) and a slowing economic pace in China. The range of returns among most indices was narrow. Daily volatility seemed to hinge upon the perception of the likelihood of Greek default and its impact on global banking.



While REITs (effectively small cap value stocks) scored the best returns (+2.9%) in the second quarter, the Russell Microcap Index scored the lowest (-3.5%). In between, the S&P 500 was essentially flat (+0.1%) and the Russell 2000 Index lost 1.6%. Larger-sized companies fared better than their smaller counterparts, as investors sought greater liquidity. Growth bested value as the Russell 1000 Growth Index returned +0.8% and the Russell 1000 Value fell 0.5%. Traditional defensive S&P sectors took the lead after lagging for several quarters. Non-Durable Consumer Goods and Consumer Services gained 7.0% and 5.0%, respectively. The Utility sector surged 4.6%, helped by hefty dividend rates. REITs advanced again, thanks to decent dividends, improving balance sheets and the perception that commercial real estate would outperform its residential counterpart. By contrast, Energy stocks took a 4.7% pounding, followed closely by a 4.5% decline in Finance. Energy names suffered from lower overseas demand and increased supply via the Strategic Reserve. Financial stocks were hampered by fallout from new consumer financial regulations and consumer mortgage suits. Basic industry stocks, including metals and mining, also declined, losing 3.1%.

The S&P dividend rate held steady at 1.8% due mainly to a flat market quarter. Its P/E ratio changed only nominally to 18.6 times for the same reason. 75.3% of the 500 names had P/E ratios below 20, suggesting that the market was not running out of steam.

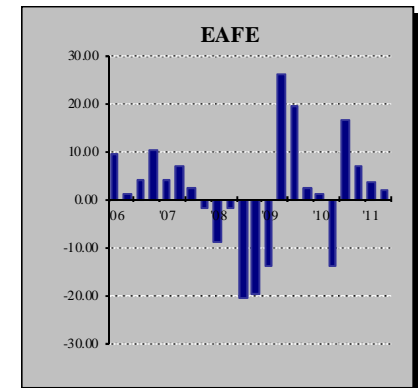
## INTERNATIONAL EQUITIES

### Not Bad Given the Euro Crisis

Overall, offshore market results were much the same as they were in the US. MSCI EAFE Index returned +1.8%. Within Europe, investors decidedly favored countries with solid, growing economies. For example, the Germany index component rose 7.0% and France was up 5.3%. UK results were similar to EAFE, gaining a modest 1.7%. One of the best performers was Switzerland (+7.3%), as the Swiss franc

appreciated relative to the Euro. Three of the five PIIGS also did relatively well. Ireland gained 7.6%, Spain 2.1% and Portugal 1.5%. Arguably, Ireland was already implementing its belt tightening program and both Spain and Portugal appeared to be in better shape than Greece. On the other hand, Italy's finances seemed shaky, helping to cut 1.8% from its stock index. Predictably, the most dramatic decline belonged to Greece, whose index plummeted 16.3%.

In Asia, the Japanese stock market posted a nominal 0.2% return. That figure was a positive surprise was that the return since the country was still dealing with the March earthquake and tsunami. Australia, a large raw materials source for China, lost 0.6% due to drought and reduced Chinese demand for its exports. Hong Kong (China itself is not part of EAFE) dropped 1.0%, while Singapore, an economic powerhouse, added 2.0%.



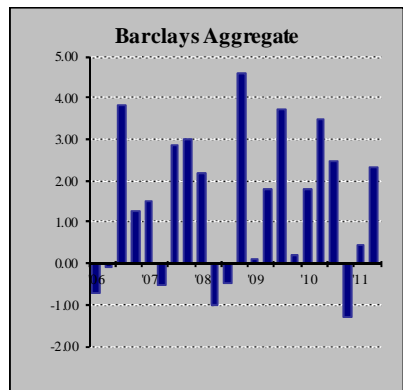
The strongest EAFE sectors mirrored the performance of their domestic equivalents. Investors exhibited a defensive bias sending both consumer staples and consumer discretionary up 7% and healthcare up 9%; the consumer discretionary performance reflected auto demand. Other sectors had close to breakeven performance. The exception was energy, which slid 3%.

Emerging market performance continued its temporary fall from grace after phenomenal 2009-2010 gains. For the quarter, the MSCI EM Index declined 1.0%. Among the disappointments were the BRICs: Brazil lost 4.0%; Russia fell 5.4%; India dropped 3.6%; and that global giant China dipped 1.8%. Rising inflation, oil prices and central bank tightening contributed to investor concerns. Other Asian countries had much better showings. Malaysia was up 3.6%; Indonesia rose 8.0% and the Philippines advanced 3.3%. Korea was in positive territory, but gained a more modest 0.9%.

While not a large segment of the market, Middle East country markets were in play, concurrent with the changes wrought by the “Arab Spring”. Yet the losses were all contained compared to the prior quarter. Turkey lost the most (-3.9%) and Egypt and Morocco were each down 1.2%. South Africa, a partially mining-based economy, lost 2.0%. In Latin America, returns were all over the map. Notably, Peru fell 15.2% due in part to recent election concerns. Mexico declined a modest 0.6%, as its government continues the fight against drug terrorism.

## BOND MARKET

### *A Bright Spot*



The Barclays Aggregate Index advanced a healthy 2.3%, higher than both US and international equities. Unlike recent quarters, Treasury securities stood out favorably. This was attributable to several factors, including a modest flight to quality, reduced inflation concerns, an unchanged Fed Funds’ rate and a downward revision for corporate growth. Ten year

Treasuries led with a 3.6% return. All maturities five-years or longer earned at least 3%. TIPS (Treasury Inflation Protected Securities) returned 3.7%, helped by higher expected long-term inflation.

Other major bond sectors underperformed 10 year Treasuries. The fully guaranteed GNMA mortgage market served up a 2.8% return. Lower homeowner prepayments also enhanced the value of the mortgage sector. Investment grade corporates just matched the overall index. Within corporates, defensive utilities produced 2.8%. Reflecting new regulatory constraints, the more cyclical financial names returned less

(1.9%). The CMBS (commercial mortgage) sector returned an atypically low 1.6%. BAA quality performed best among investment grade issues.

Outside of the U.S., sovereign risk debt among other developed countries produced wide-ranging results. Combined, the World Government Bond Index ex-US gained 3.7%. Emerging market debt performance (+3.4%) was also surprisingly high.

As of June 30<sup>th</sup>, the Aggregate Index yielded 2.83% (yield-to-worst), had an average maturity of 7.4 years, and a modified adjusted duration of 5.19 years. Total assets comprising the Index are currently valued at \$15.2 Trillion.

## CASH EQUIVALENTS

### *Still Not the Place to Be*

Conservative investors might just as well have placed their money under the bed as invested in cash equivalents. Last quarter, one-to-three month Treasury bills returned all of 0.03%.

**MARKET SUMMARY**

**ECONOMIC STATISTICS**

	<b>CURRENT QTR</b>	<b>LAST QTR</b>
GDP	1.3	0.4
Unemployment	9.2	8.8
CPI All Items Year/Year	3.56	2.68
Fed Funds Rate	0.25	0.25
Industrial Capacity	76.7	77.0
US Dollars per Euro	1.45	1.42

**MAJOR INDEX QUARTER RETURNS**

<b>INDEX</b>	<b>PERFORMANCE</b>
Russell 3000	0.0
S&P 500	0.1
Russell Mid	0.4
Russell 2000	-1.6
MSCI EAFE	1.8
MSCI Emg Mkts	-1.0
NCREIF ODCE	4.6
Barclays Agg	2.3
90 Day Tbills	0.0

**EQUITY RETURN DISTRIBUTIONS**

	<b>QUARTER</b>			<b>TRAILING YEAR</b>		
	<b>VAL</b>	<b>COR</b>	<b>GRO</b>	<b>VAL</b>	<b>COR</b>	<b>GRO</b>
LC	-0.5	0.1	0.8	28.9	32.0	35.0
MC	-0.7	0.4	1.6	34.3	38.5	43.2
SC	-2.7	-1.6	-0.6	31.3	37.4	43.5

**MARKET SUMMARY**

- \* GDP growth slowed by more than expected, with revised estimates of 1.3% for the second quarter.
- \* Unemployment climbed back to a 9.2% rate.
- \* The equity markets were generally flat as appetite for risk waned.
- \* Year-over-year CPI increased by 3.56%, the largest increase since 2008.

## **INVESTMENT RETURN**

On June 30th, 2011, the City of Burlington Employees Retirement System was valued at \$134,471,348, representing an increase of \$2,101,815 from the March quarter's ending value of \$132,369,533. Last quarter, the Fund posted withdrawals totaling \$166,174, which partially offset the portfolio's net investment return of \$2,267,989.

For the cumulative period since December 2001, the fund has recorded net withdrawals totaling \$14.4 million and posted net investment gains totaling \$50.0 million. Since December 2001, if the account had returned a compounded nominal rate of 8.0% it would have been valued at \$180.2 million or \$45.7 million more than its actual value as of June 30th, 2011.

## **RELATIVE PERFORMANCE**

### **Total Fund**

For the second quarter, the Composite portfolio gained 1.7%, which was 0.6% above the Burlington Manager Shadow Index's return of 1.1% and ranked in the 18th percentile of the Public Fund universe. Over the trailing year, this portfolio returned 20.7%, which was 2.0% greater than the benchmark's 18.7% performance, and ranked in the 58th percentile. Since December 2001, the portfolio returned 5.1% per annum and ranked in the 92nd percentile.

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

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 12/2001
<b>Total Portfolio</b>	1.7	5.1	20.7	4.9	5.1
<i>PUBLIC FUND RANK</i>	(18)	(52)	(58)	(50)	(92)
MANAGER SHADOW	1.1	4.1	18.7	4.3	---
POLICY INDEX	1.2	4.7	20.2	4.8	5.8
<b>Diversified Assets</b>	1.6	4.6	19.5	6.7	---
<i>BALANCED FUND RANK</i>	(51)	(65)	(52)	(29)	---
CPI + 5	2.3	5.6	8.8	5.9	7.7
60 MSCI/40 WGBI	1.7	5.0	22.7	3.7	7.0
<b>Equity</b>	0.4	7.6	35.4	7.1	---
<i>ALL CAP RANK</i>	(34)	(36)	(41)	(37)	---
RUSSELL 3000	0.0	6.3	32.4	4.0	4.3
<b>Foreign Equity</b>	2.3	4.8	31.0	1.6	---
<i>INTERNATIONAL EQUITY RANK</i>	(31)	(54)	(44)	(37)	---
MSCI EAFE	1.8	5.3	30.9	-1.3	7.4
MSCI EMG MKTS	-1.0	1.0	28.1	4.5	17.6
MSCI AC WORLD	0.4	5.0	30.7	1.5	6.3
AC WORLD EX-US	0.6	4.1	30.3	0.1	9.2
<b>Commodity</b>	-7.6	0.8	28.7	---	---
DOW JONES UBS	-6.7	-2.5	25.9	-11.9	---
<b>Hedge Fund</b>	-0.5	1.4	---	---	---
HFRI FOF	-1.3	-0.4	6.6	-0.9	4.3
<b>Private Equity</b>	0.0	11.4	27.0	---	---
CAMBRIDGE PE	0.0	5.4	19.3	3.9	12.7
<b>Real Estate</b>	7.7	10.9	22.1	-5.8	---
NCREIF ODCE	4.6	8.8	20.5	-7.6	5.8
<b>Timber</b>	-0.4	-0.8	5.6	---	---
NCREIF TIMBER	0.7	1.4	0.5	0.0	8.0
<b>Fixed Income</b>	2.7	4.4	9.9	8.2	---
<i>BROAD MARKET FIXED RANK</i>	(18)	(23)	(22)	(42)	---
GLOBAL AGGREGATE	3.1	4.4	10.5	6.0	7.4
GLOBAL AGG EX US	3.6	5.5	15.4	5.8	8.9
BARCLAYS AGG	2.3	2.7	3.9	6.5	5.5

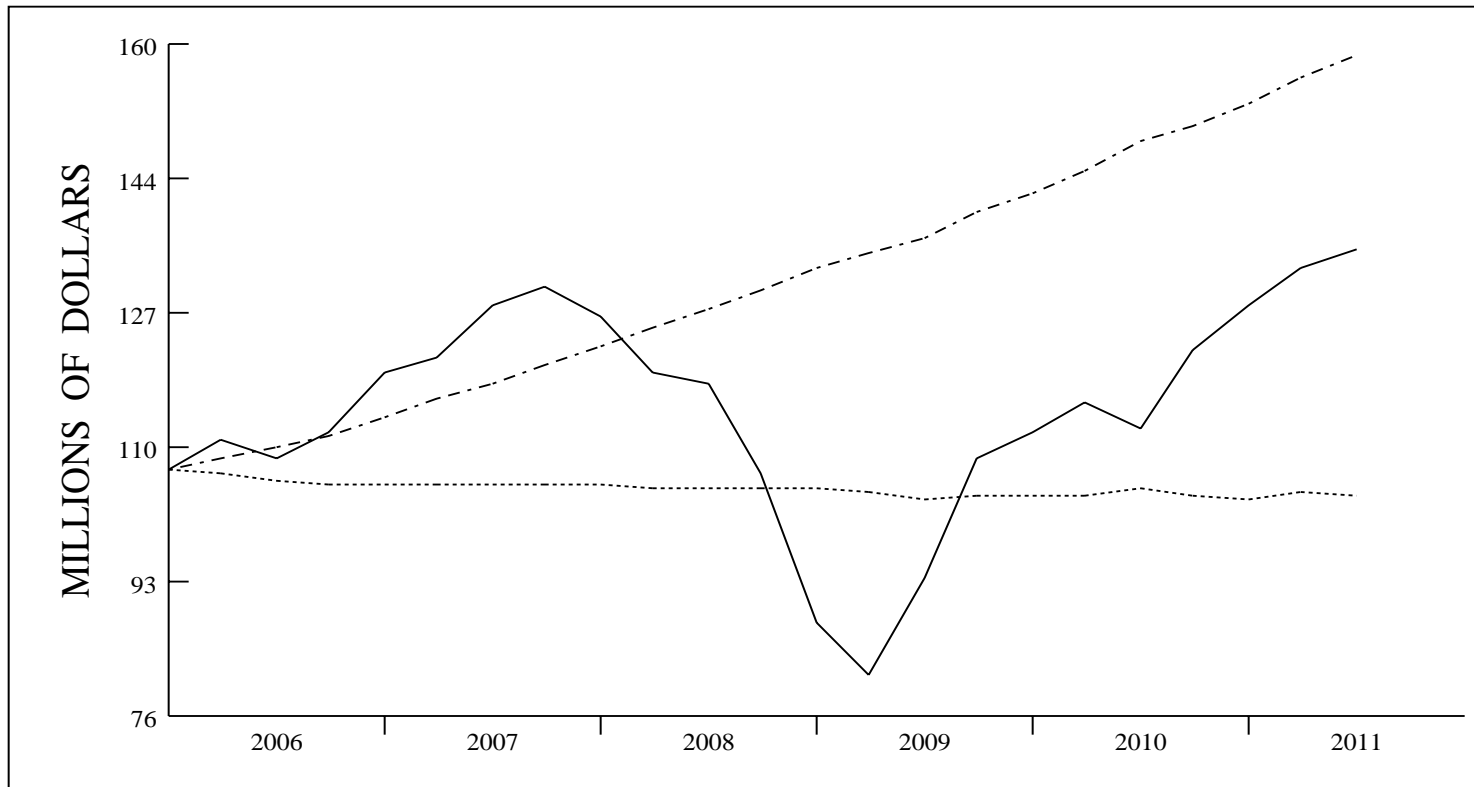
**ASSET ALLOCATION**

Diversified	14.0%	\$ 18,828,142
Equity	16.7%	22,452,551
Foreign Equity	19.0%	25,565,804
Commodity	2.0%	2,623,507
Hedge Fund	4.5%	6,097,802
Private Equity	1.3%	1,768,064
Real Estate	4.0%	5,401,420
Timber	2.6%	3,464,491
Fixed Income	34.0%	45,711,922
Cash	1.9%	2,557,645
<b>Total Portfolio</b>	<b>100.0%</b>	<b>\$ 134,471,348</b>

**INVESTMENT RETURN**

Market Value 3/2011	\$ 132,369,533
Contribs / Withdrawals	-166,174
Income	-39,278
Capital Gains / Losses	2,307,267
Market Value 6/2011	\$ 134,471,348

**INVESTMENT GROWTH**



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

VALUE ASSUMING  
 8.00% RETURN  
 \$ 159,040,400

	LAST QUARTER	PERIOD 12/05 - 6/11
BEGINNING VALUE	\$ 132,369,533	\$ 107,142,072
NET CONTRIBUTIONS	-166,174	- 3,274,231
<u>INVESTMENT RETURN</u>	<u>2,267,989</u>	<u>30,603,508</u>
ENDING VALUE	\$ 134,471,348	\$ 134,471,348
INCOME	- 39,278	5,892,108
<u>CAPITAL GAINS (LOSSES)</u>	<u>2,307,267</u>	<u>24,711,400</u>
INVESTMENT RETURN	2,267,989	30,603,508



## MANAGER ALLOCATION SUMMARY

Name	Market Value	Percent
AQR (DIV)	\$6,195,536	4.6
Mellon (DIV)	\$3,131,272	2.3
Pimco All Asset (DIV)	\$6,237,237	4.6
Wellington GAA (DIV)	\$3,264,097	2.4
Pimco Stocks + (LC)	\$3,668,874	2.7
SSgA S&P 500 (LCC)	\$3,612,032	2.7
T Rowe Price (LCC)	\$3,549,743	2.6
SSgA EqWeight (LCC)	\$3,647,359	2.7
Champlain (SMID)	\$2,531,218	1.9
SSgA R2500 (SMID)	\$536,674	0.4
SSgA R2000G (SCG)	\$2,427,911	1.8
Wellington SCV (SCV)	\$2,478,740	1.8
SSgA ACWI Ex-US (FORN)	\$1,901,507	1.4
Acadian (INEQ)	\$6,119,153	4.6
Mondrian (INEQ)	\$6,149,112	4.6
Aberdeen (EMKT)	\$7,678,294	5.7
Martin Currie (EMKT)	\$3,717,738	2.8
Schroders (CMDT)	\$2,623,507	2.0
GAM (HEDG)	\$1,197,411	0.9
Grosvenor (HEDG)	\$2,473,763	1.8
Permal (HEDG)	\$2,426,628	1.8
Hamilton Lane (PREQ)	\$1,768,064	1.3
VPIC R E (REAL)	\$5,401,420	4.0
Molpus (TIMB)	\$3,464,491	2.6
Oppenheimer (FIXD)	\$3,181,252	2.4
Pimco Core Plus (FIXD)	\$16,059,669	11.9
Wellington FX (FIXD)	\$3,096,536	2.3
Brandvwine (GLFX)	\$4,948,097	3.7
Mondrian Fixed (GLFX)	\$4,955,507	3.7
Barclavs TIPS (TIPS)	\$3,641,768	2.7
KDP (HIYL)	\$895,693	0.7
Post HY Bonds (HIYL)	\$5,250,723	3.9
Wellington EmFx (EMFX)	\$3,682,677	2.7
Cash (CASH)	\$2,387,684	1.8
VPIC Cash (CASH)	\$169,961	0.1
<b>Total</b>	<b>\$134,471,348</b>	<b>100.0</b>

## MANAGER PERFORMANCE SUMMARY

Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	Inception	
Total Portfolio	(Public Fund)	1.7 (18)	5.1 (52)	20.7 (58)	4.9 (50)	4.8 (61)	5.1 (92)	12/01
<i>Burlington Manager Shadow Index</i>		<i>1.1 ----</i>	<i>4.1 ----</i>	<i>18.7 ----</i>	<i>4.3 ----</i>	<i>---- ----</i>	<i>---- ----</i>	
AQR	(Balanced)	3.5 (3)	6.5 (7)	22.9 (28)	---- ----	---- ----	20.8 (1)	09/09
<i>60%MSCI World/ 40% CITI WGBI</i>		<i>1.7 ----</i>	<i>5.0 ----</i>	<i>22.7 ----</i>	<i>3.7 ----</i>	<i>5.2 ----</i>	<i>9.7 ----</i>	
Mellon Global Alpha I	(Balanced)	1.8 (40)	5.1 (48)	25.1 (19)	4.2 (63)	---- ----	0.7 (77)	12/07
<i>60%MSCI World/ 40% CITI WGBI</i>		<i>1.7 ----</i>	<i>5.0 ----</i>	<i>22.7 ----</i>	<i>3.7 ----</i>	<i>5.2 ----</i>	<i>1.9 ----</i>	
Pimco All Asset	(Balanced)	1.8 (31)	5.4 (29)	14.5 (81)	8.4 (20)	---- ----	7.2 (17)	12/07
<i>CPI Plus 5</i>		<i>2.3 ----</i>	<i>5.6 ----</i>	<i>8.8 ----</i>	<i>5.9 ----</i>	<i>7.2 ----</i>	<i>7.0 ----</i>	
Wellington Opportunistic GAA	(Balanced)	-2.3 (97)	-0.8 (97)	21.4 (37)	---- ----	---- ----	13.1 (5)	09/08
<i>65% MSCI World / 35% Agg</i>		<i>1.3 ----</i>	<i>4.7 ----</i>	<i>21.2 ----</i>	<i>3.7 ----</i>	<i>4.6 ----</i>	<i>8.1 ----</i>	
Pimco Stocks +	(LC Core)	0.6 (24)	7.7 (15)	35.5 (8)	6.3 (12)	---- ----	1.6 (12)	12/07
<i>S&amp;P 500</i>		<i>0.1 ----</i>	<i>6.0 ----</i>	<i>30.7 ----</i>	<i>3.3 ----</i>	<i>2.9 ----</i>	<i>-0.8 ----</i>	
SSgA S&P 500 Cap-Weighted	(LC Core)	0.1 (45)	6.0 (64)	---- ----	---- ----	---- ----	17.5 (54)	09/10
<i>S&amp;P 500</i>		<i>0.1 ----</i>	<i>6.0 ----</i>	<i>30.7 ----</i>	<i>3.3 ----</i>	<i>2.9 ----</i>	<i>17.4 ----</i>	
T Rowe Price Enhanced Index	(LC Core)	0.1 (54)	5.9 (75)	30.1 (73)	3.8 (36)	---- ----	0.2 (31)	12/07
<i>S&amp;P 500</i>		<i>0.1 ----</i>	<i>6.0 ----</i>	<i>30.7 ----</i>	<i>3.3 ----</i>	<i>2.9 ----</i>	<i>-0.8 ----</i>	
SSgA Equal Weighted Index	(LC Core)	0.6 (24)	7.9 (14)	36.1 (7)	9.0 (3)	---- ----	4.0 (5)	12/07
<i>Equal Weighted S&amp;P 500</i>		<i>0.8 ----</i>	<i>8.1 ----</i>	<i>36.5 ----</i>	<i>9.0 ----</i>	<i>5.5 ----</i>	<i>4.2 ----</i>	
Champlain	(Smid Cap)	1.4 (19)	10.7 (26)	37.5 (64)	---- ----	---- ----	23.5 (55)	09/09
<i>Russell 2500</i>		<i>-0.6 ----</i>	<i>6.7 ----</i>	<i>37.5 ----</i>	<i>7.7 ----</i>	<i>4.9 ----</i>	<i>22.2 ----</i>	
SSgA Russell 2500	(Smid Cap)	-0.5 (53)	8.1 (61)	39.5 (53)	8.1 (68)	---- ----	4.4 (73)	12/07
<i>Russell 2500</i>		<i>-0.6 ----</i>	<i>6.7 ----</i>	<i>37.5 ----</i>	<i>7.7 ----</i>	<i>4.9 ----</i>	<i>4.0 ----</i>	
SSgA Russell 2000 Growth	(SC Growth)	-0.6 (69)	8.5 (68)	43.4 (50)	8.4 (69)	---- ----	4.3 (65)	12/07
<i>Russell 2000 Growth</i>		<i>-0.6 ----</i>	<i>8.6 ----</i>	<i>43.5 ----</i>	<i>8.3 ----</i>	<i>5.8 ----</i>	<i>4.3 ----</i>	
Wellington Small Cap Value	(SC Value)	0.6 (6)	6.4 (21)	35.7 (36)	12.0 (40)	---- ----	8.5 (23)	12/07
<i>Russell 2000 Value</i>		<i>-2.7 ----</i>	<i>3.8 ----</i>	<i>31.3 ----</i>	<i>7.1 ----</i>	<i>2.2 ----</i>	<i>2.9 ----</i>	

## MANAGER PERFORMANCE SUMMARY
















Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	Inception
Total Portfolio	(Public Fund)	1.7 (18)	5.1 (52)	20.7 (58)	4.9 (50)	4.8 (61)	5.1 (92) 12/01
<i>Burlington Manager Shadow Index</i>		<i>1.1 ----</i>	<i>4.1 ----</i>	<i>18.7 ----</i>	<i>4.3 ----</i>	<i>---- ----</i>	<i>---- ----</i>
SSgA ACWI Ex-US	(Intl Eq)	0.5 (77)	3.9 (68)	---- ----	---- ----	---- ----	11.4 (68) 09/10
<i>MSCI All Country World Ex US</i>		<i>0.6 ----</i>	<i>4.1 ----</i>	<i>30.3 ----</i>	<i>0.1 ----</i>	<i>4.1 ----</i>	<i>11.7 ----</i>
Acadian	(Intl Eq)	2.6 (23)	6.0 (30)	33.1 (23)	-4.0 (89)	---- ----	-6.5 (91) 12/07
<i>MSCI EAFE Net</i>		<i>1.6 ----</i>	<i>5.0 ----</i>	<i>30.4 ----</i>	<i>-1.8 ----</i>	<i>1.5 ----</i>	<i>-4.7 ----</i>
Mondrian International	(Intl Eq)	3.8 ( 9)	8.3 ( 6)	30.0 (57)	-0.1 (54)	---- ----	-3.6 (59) 12/07
<i>MSCI EAFE Net</i>		<i>1.6 ----</i>	<i>5.0 ----</i>	<i>30.4 ----</i>	<i>-1.8 ----</i>	<i>1.5 ----</i>	<i>-4.7 ----</i>
Aberdeen Emerging Markets	(Emerging Mkt)	1.8 (13)	1.7 (29)	29.7 (33)	13.8 ( 9)	---- ----	12.8 ( 6) 03/08
<i>MSCI Emerging Markets</i>		<i>-1.0 ----</i>	<i>1.0 ----</i>	<i>28.1 ----</i>	<i>4.5 ----</i>	<i>11.7 ----</i>	<i>3.9 ----</i>
Martin Currie	(Emerging Mkt)	1.0 (18)	1.9 (24)	30.5 (21)	---- ----	---- ----	37.0 (86) 03/09
<i>MSCI Emerging Markets</i>		<i>-1.0 ----</i>	<i>1.0 ----</i>	<i>28.1 ----</i>	<i>4.5 ----</i>	<i>11.7 ----</i>	<i>40.0 ----</i>
Schroders		-7.6 ----	0.8 ----	28.7 ----	---- ----	---- ----	9.3 ---- 12/09
<i>Dow Jones UBS Index</i>		<i>-6.7 ----</i>	<i>-2.5 ----</i>	<i>25.9 ----</i>	<i>-11.9 ----</i>	<i>0.0 ----</i>	<i>9.0 ----</i>
GAM		-1.3 ----	---- ----	---- ----	---- ----	---- ----	-1.3 ---- 03/11
<i>HFRI FOF Composite</i>		<i>-1.3 ----</i>	<i>-0.4 ----</i>	<i>6.6 ----</i>	<i>-0.9 ----</i>	<i>2.1 ----</i>	<i>-1.3 ----</i>
Grosvenor		-0.3 ----	1.8 ----	---- ----	---- ----	---- ----	1.8 ---- 12/10
<i>HFRI FOF Composite</i>		<i>-1.3 ----</i>	<i>-0.4 ----</i>	<i>6.6 ----</i>	<i>-0.9 ----</i>	<i>2.1 ----</i>	<i>-0.4 ----</i>
Permal		-0.4 ----	---- ----	---- ----	---- ----	---- ----	-0.4 ---- 03/11
<i>HFRI FOF Composite</i>		<i>-1.3 ----</i>	<i>-0.4 ----</i>	<i>6.6 ----</i>	<i>-0.9 ----</i>	<i>2.1 ----</i>	<i>-1.3 ----</i>
Hamilton Lane		0.0 ----	11.4 ----	27.0 ----	---- ----	---- ----	25.6 ---- 03/09
<i>Cambridge US Private Equity</i>		<i>0.0 ----</i>	<i>5.4 ----</i>	<i>19.3 ----</i>	<i>3.9 ----</i>	<i>9.5 ----</i>	<i>18.9 ----</i>
VPIC Real Estate		7.7 ----	10.9 ----	22.1 ----	-11.1 ----	---- ----	-9.6 ---- 12/07
<i>NCREIF NFI-ODCE Index</i>		<i>4.6 ----</i>	<i>8.8 ----</i>	<i>20.5 ----</i>	<i>-7.6 ----</i>	<i>0.0 ----</i>	<i>-6.1 ----</i>
Molpus		-0.4 ----	-0.8 ----	5.6 ----	---- ----	---- ----	5.8 ---- 03/09
<i>NCREIF Timber Index</i>		<i>0.7 ----</i>	<i>1.4 ----</i>	<i>0.5 ----</i>	<i>0.0 ----</i>	<i>6.1 ----</i>	<i>-1.9 ----</i>

## MANAGER PERFORMANCE SUMMARY















Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	Inception
Total Portfolio	(Public Fund)	1.7 (18)	5.1 (52)	20.7 (58)	4.9 (50)	4.8 (61)	5.1 (92) 12/01
<i>Burlington Manager Shadow Index</i>		<i>1.1 ----</i>	<i>4.1 ----</i>	<i>18.7 ----</i>	<i>4.3 ----</i>	<i>---- ----</i>	<i>---- ----</i>
Oppenheimer US Core Fixed	(Core Fixed)	4.2 ( 1)	6.9 ( 1)	17.2 ( 1)	8.5 (23)	---- ----	7.7 (21) 03/08
<i>Barclays Aggregate Index</i>		<i>2.3 ----</i>	<i>2.7 ----</i>	<i>3.9 ----</i>	<i>6.5 ----</i>	<i>6.5 ----</i>	<i>5.6 ----</i>
Pimco Core Plus	(Core Fixed)	2.2 (54)	3.1 (36)	5.1 (45)	---- ----	---- ----	7.3 (34) 09/09
<i>Barclays Aggregate Index</i>		<i>2.3 ----</i>	<i>2.7 ----</i>	<i>3.9 ----</i>	<i>6.5 ----</i>	<i>6.5 ----</i>	<i>5.4 ----</i>
Wellington DAS Fixed	(Core Fixed)	1.8 (89)	3.1 (41)	5.5 (37)	---- ----	---- ----	8.5 (56) 09/08
<i>Barclays Aggregate Index</i>		<i>2.3 ----</i>	<i>2.7 ----</i>	<i>3.9 ----</i>	<i>6.5 ----</i>	<i>6.5 ----</i>	<i>7.3 ----</i>
Brandywine	(Intl Fx)	3.1 (41)	5.4 (28)	14.4 (54)	9.8 ( 9)	---- ----	8.6 (15) 12/07
<i>Citi World Gov't Bond Index</i>		<i>3.3 ----</i>	<i>4.0 ----</i>	<i>10.5 ----</i>	<i>5.8 ----</i>	<i>7.3 ----</i>	<i>6.4 ----</i>
Mondrian Global FX	(Intl Fx)	4.0 (16)	4.7 (46)	12.1 (58)	9.3 (13)	---- ----	9.4 ( 9) 12/07
<i>Citi World Gov't Bond Index</i>		<i>3.3 ----</i>	<i>4.0 ----</i>	<i>10.5 ----</i>	<i>5.8 ----</i>	<i>7.3 ----</i>	<i>6.4 ----</i>
Barclays TIPS	(Broad Fixed)	3.7 ( 7)	5.8 ( 9)	7.7 (27)	---- ----	---- ----	8.2 (45) 12/09
<i>Barclays US TIPS</i>		<i>3.7 ----</i>	<i>5.8 ----</i>	<i>7.7 ----</i>	<i>5.3 ----</i>	<i>6.9 ----</i>	<i>8.2 ----</i>
KDP	(Hi Yield)	0.4 (88)	2.9 (94)	12.1 (84)	---- ----	---- ----	10.3 (96) 09/09
<i>Citi High Yield BB &amp; B Index</i>		<i>1.0 ----</i>	<i>4.9 ----</i>	<i>14.6 ----</i>	<i>8.2 ----</i>	<i>6.8 ----</i>	<i>13.3 ----</i>
Post High Yield Bonds	(Hi Yield)	1.0 (57)	5.2 (47)	15.3 (52)	11.2 (40)	---- ----	9.6 (37) 12/07
<i>Citi High Yield BB &amp; B Index</i>		<i>1.0 ----</i>	<i>4.9 ----</i>	<i>14.6 ----</i>	<i>8.2 ----</i>	<i>6.8 ----</i>	<i>6.6 ----</i>
Wellington Emerging Debt		4.2 ----	5.2 ----	13.7 ----	---- ----	---- ----	12.6 ---- 12/09
<i>JP Morgan EMBI</i>		<i>3.8 ----</i>	<i>4.8 ----</i>	<i>11.4 ----</i>	<i>10.4 ----</i>	<i>---- ----</i>	<i>11.4 ----</i>

## MANAGER VALUE ADDED

## Most Recent Quarter












Manager	Benchmark	Value Added Vs. Benchmark
AQR	60 MSCI/40 WGBI	1.7 
Mellon	60 MSCI/40 WGBI	0.0
Pimco All Asset	CPI + 5	 -0.5
Wellington GAA	65World/35Agg	 -3.6
Pimco Stocks +	S&P 500	0.5 
SSgA S&P 500	S&P 500	0.0
T Rowe Price	S&P 500	0.0
SSgA EqWeight	Equal Wtd S&P	 -0.2
Champlain	Russell 2500	2.0 
SSgA R2500	Russell 2500	0.0
SSgA R2000G	Russell 2000G	0.0
Wellington SCV	Russell 2000V	3.3 
SSgA ACWI Ex-USAC World Ex-US		-0.1
Acadian	MSCI EAFE Net	1.0 
Mondrian	MSCI EAFE Net	2.2 
Aberdeen	MSCI Emg Mkts	2.9 
Martin Currie	MSCI Emg Mkts	2.0 
Schroders	Dow Jones UBS	 -0.9
GAM	HFRI FOF	0.1
Grosvenor	HFRI FOF	1.1 
Permal	HFRI FOF	0.9 
Hamilton Lane	Cambridge PE	0.0
<b>Total Portfolio</b>	<b>Manager Shadow</b>	0.6 

## Trailing Twelve Months












Manager	Benchmark	Value Added Vs. Benchmark
AQR	60 MSCI/40 WGBI	0.2
Mellon	60 MSCI/40 WGBI	2.3 
Pimco All Asset	CPI + 5	5.6 
Wellington GAA	65World/35Agg	0.1
Pimco Stocks +	S&P 500	4.8 
SSgA S&P 500	S&P 500	N/A
T Rowe Price	S&P 500	 -0.6
SSgA EqWeight	Equal Wtd S&P	 -0.3
Champlain	Russell 2500	0.0
SSgA R2500	Russell 2500	2.0 
SSgA R2000G	Russell 2000G	0.0
Wellington SCV	Russell 2000V	4.3 
SSgA ACWI Ex-USAC World Ex-US		N/A
Acadian	MSCI EAFE Net	2.7 
Mondrian	MSCI EAFE Net	 -0.3
Aberdeen	MSCI Emg Mkts	1.5 
Martin Currie	MSCI Emg Mkts	2.4 
Schroders	Dow Jones UBS	2.8 
GAM	HFRI FOF	N/A
Grosvenor	HFRI FOF	N/A
Permal	HFRI FOF	N/A
Hamilton Lane	Cambridge PE	7.7 
<b>Total Portfolio</b>	<b>Manager Shadow</b>	1.9 

**MANAGER VALUE ADDED**

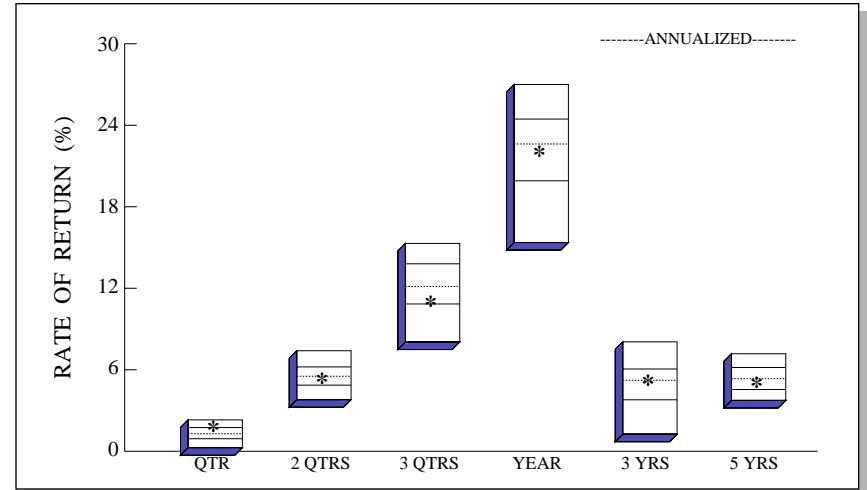
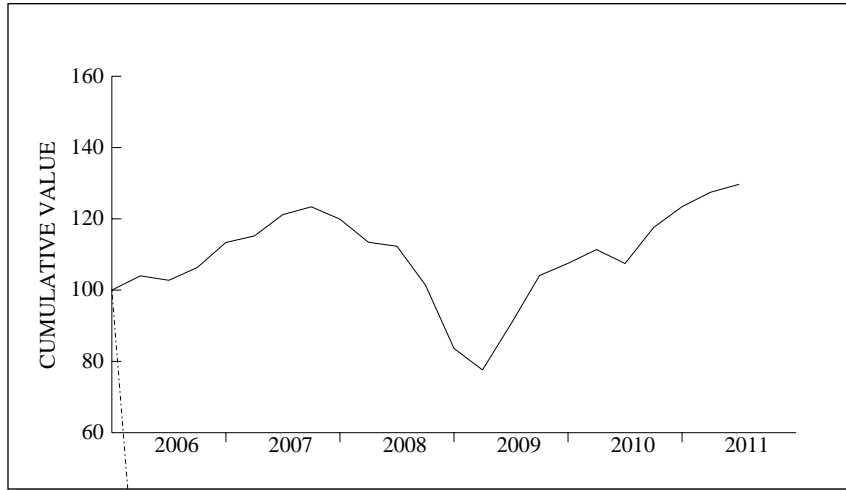
**Most Recent Quarter**

Manager	Benchmark	Value Added Vs. Benchmark
VPIC R E	NCREIF ODCE	3.1 
Molpus	NCREIF Timber	-1.1 
Oppenheimer	Barclays Agg	1.9 
Pimco Core Plus	Barclays Agg	-0.1 
Wellington FX	Barclays Agg	-0.5 
Brandywine	Citi WGBI	-0.3 
Mondrian Fixed	Citi WGBI	0.7 
Barclays TIPS	Barclays TIPS	0.0
KDP	BB & B Index	-0.6 
Post HY Bonds	BB & B Index	-0.1 
Wellington EmFx	JPM EMBI	0.3 
<b>Total Portfolio</b>	<b>Manager Shadow</b>	0.6 

**Trailing Twelve Months**

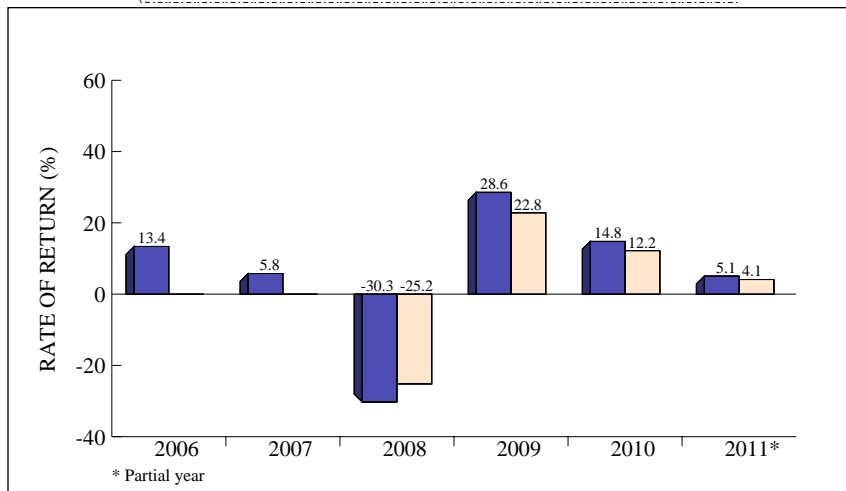
Manager	Benchmark	Value Added Vs. Benchmark
VPIC R E	NCREIF ODCE	1.6 
Molpus	NCREIF Timber	5.1 
Oppenheimer	Barclays Agg	13.2 
Pimco Core Plus	Barclays Agg	1.1 
Wellington FX	Barclays Agg	1.6 
Brandywine	Citi WGBI	3.9 
Mondrian Fixed	Citi WGBI	1.6 
Barclays TIPS	Barclays TIPS	0.0
KDP	BB & B Index	-2.5 
Post HY Bonds	BB & B Index	0.7 
Wellington EmFx	JPM EMBI	2.3 
<b>Total Portfolio</b>	<b>Manager Shadow</b>	1.9 

**TOTAL RETURN COMPARISONS**



Public Fund Universe

■ ——— PORTFOLIO  
■ - - - - MANAGER SHADOW



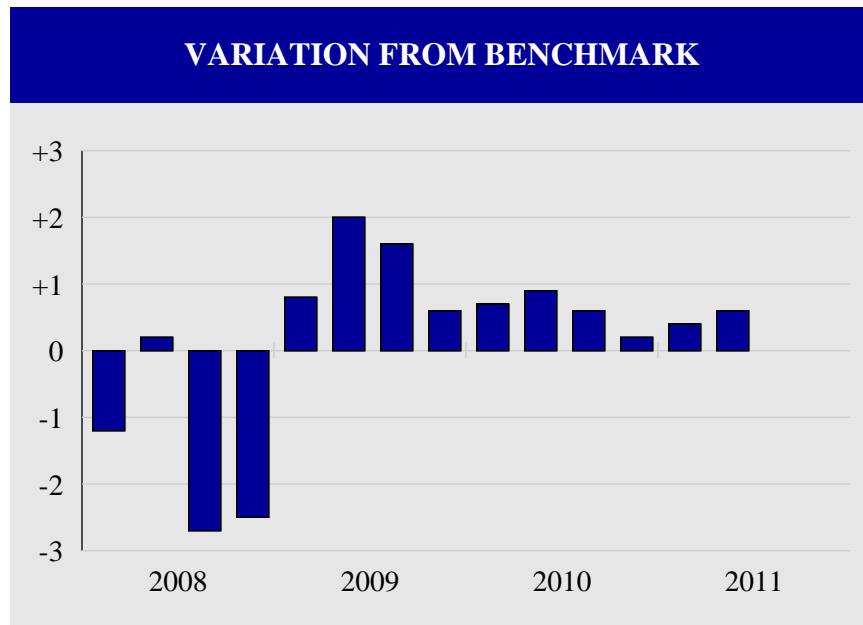
\* Partial year

	<u>QTR</u>	<u>2QTRS</u>	<u>3QTRS</u>	<u>YEAR</u>	<u>3 YRS</u>	<u>5 YRS</u>
RETURN	1.7	5.1	10.3	20.7	4.9	4.8
(RANK)	(18)	(52)	(73)	(58)	(50)	(61)
5TH %ILE	2.2	6.9	14.3	25.2	7.5	6.7
25TH %ILE	1.6	5.8	12.9	22.8	5.7	5.8
MEDIAN	1.2	5.2	11.3	21.1	4.9	5.0
75TH %ILE	0.9	4.5	10.1	18.6	3.5	4.2
95TH %ILE	0.3	3.6	7.5	14.3	1.2	3.5
<b>Mgr Shadow</b>	<b>1.1</b>	<b>4.1</b>	<b>9.1</b>	<b>18.7</b>	<b>4.3</b>	<b>---</b>

Public Fund Universe

**TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY**

**COMPARATIVE BENCHMARK: BURLINGTON MANAGER SHADOW INDEX**



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	1.7	1.1	0.6	8.1	7.3	0.8

<b>Total Quarters Observed</b>	<b>14</b>
<b>Quarters At or Above the Benchmark</b>	<b>11</b>
<b>Quarters Below the Benchmark</b>	<b>3</b>
<b>Batting Average</b>	<b>.786</b>



**Private Equity Investor Report**  
**Hamilton Lane Secondary Fund II LP**  
**As of June 30, 2011**

<b>IRR Since Inception</b>	<b>24.39%</b> Annualized, Net of Fees	
<b>Market Value*</b>	<b>\$ 1,768,064</b>	Last Appraisal Date: 03/31/2011
Initial Commitment	\$ 3,400,000	100.00%
Capital Committed	\$ 1,513,695	44.52%
Remaining Commitment	\$ 1,886,305	55.48%
Net Investment Income/(Loss)	\$ (103,288)	
Net Unrealized Gain/(Loss)	\$ 627,819	

<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)
<b>Total</b>	<b>\$ 1,780,708</b>	<b>52.37%</b>	<b>\$ (267,013)</b>	<b>-7.85%</b>	<b>\$ (278,309)</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

## 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	0.0	6.3	32.4	4.0	3.4
S&P 500	Large Cap Core	0.1	6.0	30.7	3.3	2.9
Russell 1000	Large Cap Core	0.1	6.4	32.0	3.7	3.3
Russell 1000 Growth	Large Cap Growth	0.8	6.8	35.0	5.0	5.3
Russell 1000 Value	Large Cap Value	-0.5	5.9	28.9	2.3	1.2
Russell 2000	Small Cap	-1.6	6.2	37.4	7.8	4.1
Russell 2000 Growth	Small Cap Growth	-0.6	8.6	43.5	8.3	5.8
Russell 2000 Value	Small Cap Value	-2.7	3.8	31.3	7.1	2.2
MSCI EAFE	Developed Markets	1.8	5.3	30.9	-1.3	2.0
MSCI EAFE Growth	Developed Markets Growth	2.3	4.7	31.7	-1.5	2.9
MSCI EAFE Value	Developed Markets Value	1.3	6.0	30.1	-1.1	1.0
MSCI Emerging Markets	Emerging Markets	-1.0	1.0	28.1	4.5	11.7
MSCI All Country World	Global Equity	0.4	5.0	30.7	1.5	3.7
MSCI All Country World Ex US	Global Equity (ex. US)	0.6	4.1	30.3	0.1	4.1

<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	2.3	2.7	3.9	6.5	6.5
Barclays Gov/Credit	Gov/Credit	2.3	2.6	3.7	6.2	6.3
Barclays Capital Gov't Bond	Treasuries	2.2	2.1	2.3	5.1	6.1
Barclays Capital Credit Bond	Corporate Bonds	2.3	3.2	6.0	8.9	7.4
Intermediate Aggregate	Core Intermediate	2.2	2.7	4.0	6.3	6.4
Intermediate Gov/Credit	Gov / Credit Intermediate	2.1	2.5	3.8	5.8	6.1
ML/BoA 1-3 Year Treasury	Short Term Treasuries	0.8	0.9	1.3	2.8	4.1
CSFB High Yield	High Yield Bonds	1.0	4.8	14.6	11.4	8.7
Global Ex-US	International Treasuries	3.7	4.7	2.3	3.8	6.4
Citi World Gov't Bond Index	International Fixed Income	3.3	4.0	10.5	5.8	7.3
Barclays Global Aggregate	International Fixed Income	3.1	4.4	10.5	6.0	7.1
Barclays Global Aggregate Ex US	International Fixed Income	3.6	5.5	15.4	5.8	7.4

<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	4.6	8.8	20.5	-7.6	0.0
HFRI FOF Composite	Hedge Funds	-1.3	-0.4	6.6	-0.9	2.1
HFRI FOF Conservative Index	Hedge Funds - Conservative	-0.9	0.6	6.3	-0.2	2.0

**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	
- \* 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.