

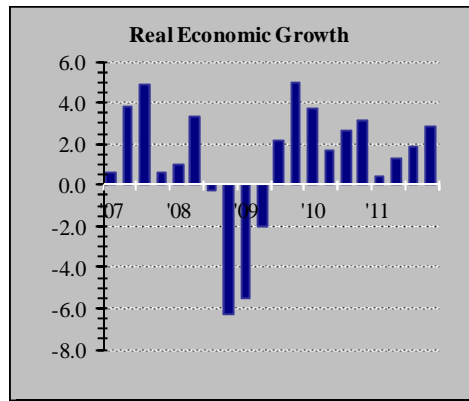
**CITY OF BURLINGTON EMPLOYEES
RETIREMENT PLAN
PERFORMANCE REVIEW
DECEMBER 2011**



ECONOMIC ENVIRONMENT

Finally some strong positive signals

Late last year, U.S. economic indicators turned decidedly positive. There were upticks in manufacturing, employment, consumer confidence and GDP. While housing results remained negative, it is possible that housing indicators are bottoming out as well. Commodity prices were mixed as oil prices spiked and gold was down as the year came to a close.



While domestic results were favorable, the Euro zone fiscal crisis remained the “elephant in the room”. Even the best case scenarios will have a global impact if Europe slips into recession as it appears ready to. Still, EU member nations continue to look for workable solutions to address their fiscal woes. Progress was evident with the implementation of a \$640 Billion ECB lending program to help European banks shore up their balance sheets.

According to the Conference Board, fourth quarter domestic GDP grew at an estimated 2.8% rate. This would be a marked improvement over the third quarter’s 1.8% annual rate and the second quarter’s 1.3%. The expansion was driven by construction, exports, plus consumer and federal government spending. Strong auto sales in November, and electronics sales at Christmas, contributed within the consumer area. A high level of imports and a decline in municipal government spending dampened a stronger advance.

Other statistical measures also supported the picture of an economy that is continuing to expand. Economic activity in the manufacturing sector improved for the 29th consecutive month. Small business, the backbone of corporate America, also showed promise as the National Federation of Independent Business Sentiment Index rose to 93.8, the highest since

last February. Further, consumer confidence ended the year at 64.5 up 9 points from November on strong holiday sales.

Welcome news came from the Labor Bureau, which announced that the unemployment rate had fallen to a three year low of 8.5% in December. In December, private payrolls climbed by 212,000, strongly offsetting 12,000 municipal layoffs. More encouraging still was the fact that employment increased within every major job category, from construction and manufacturing to service and retail. While a big improvement from the peak unemployment rate of 10.0% in October 2009, an unemployment rate of 8.5% is still quite high relative to the January 2001 rate of 4.2%.

One key economic component continued downward. The S&P/Case-Shiller Home Price Index fell another 1.1% from September to October (latest report available). Home prices were weaker in 19 of the 20 major cities tracked in the index. The Atlanta metro district and the Midwest were the two areas most negatively impacted. Detroit was the exception in the Midwest as home prices there rose from their steep recession lows. Year over year, Las Vegas, Seattle and Tampa saw the sharpest declines. Optimistically, those same low prices, along with low mortgage rates and declining personal debt, could lay the groundwork for a 2012 housing market recovery.

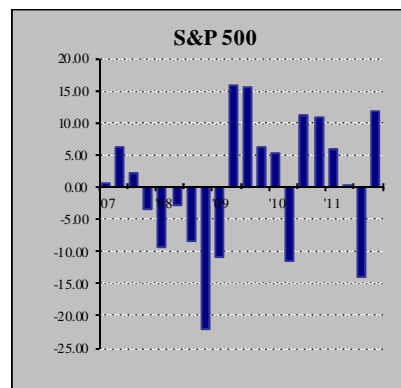
For the year, CPI (all items) increased by 3%, the highest calendar year increase since 2007. The energy index increased by 6.6%, representing a deceleration from the prior year’s 7.7% increase. Food increased by 4.7%, up from a 1.5% increase in 2010. All items, less energy and food, also accelerated from 2010, increasing by 2.2%

While the full year results were neither terrific nor horrible, global investors won’t soon forget the market volatility. The wild swings reflected investors’ loss of confidence in both US and European economies and in their political leaders’ abilities to deal with the problems. China wrestled with its own problems as it tried to tame rampant real estate speculation and contain the drop in its export economy.

EQUITY MARKET

A flat year full of ups and downs

The US equity market regained momentum during the fourth quarter. This was partially attributable to an investor attitude that “almost nothing else can go wrong.” That spirit, along with excellent corporate earnings and other broad economic statistics buoyed the market. With the sole exception of the NASDAQ (+7.9%), all major indices climbed into the double digits. The bellwether measures set the pace. The DJ Industrials climbed 12.8% and the S&P 500 gained 11.8%. Looking at the total stock market, smaller-capitalization companies bested larger-cap names. The more cyclical value stocks moderately outperformed their growth counterparts. The best index performer was the Russell Small Cap Value, up 16%. The REIT segment, also gained 16%, benefiting from increased capital.



The more economically sensitive S&P sectors performed especially well. Among the winners were consumer durables (+18.3%); energy (+17.8%); and basic industries (+16.3%). By comparison, traditionally defensive sectors advanced at lower rates: consumer non-durables (+11.6%); utility companies (+11.1%); and consumer services (+9.4%). The financial sector bounced back 11.6% from the

prior quarter, while computer technology gained 8.7%. Every sector made a remarkable turnaround from the dismal third quarter, when utilities were the only positive performing group.

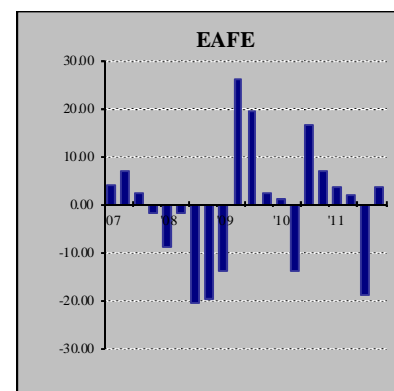
Many domestic stock indices spilled some red ink for the year. The Russell 2000 was down 4.2% and the Midcap was off 1.6%. Large caps fared a bit better, as the Russell 1000 advanced 1.5% and the S&P added 2.1%. There were also some outliers. Overall, flat performance was the order of the day; the broadest market index, the Russell 3000, gained a paltry 1%.

The year-end S&P dividend rate declined slightly to 2.1%, due mainly to the 4th quarter upturn in market values. Similarly, the S&P P/E Ratio increased from 16.6 to 17.6.

INTERNATIONAL EQUITIES

Disappointing compared to the US

International markets staged a mild turnaround, but nothing like the domestic market. The MSCI EAFE Index of developed country markets rose 3.4%.



Within Europe, the negative impact of the Euro crisis was telling. Germany, the most stable of the group, gained 3.9% and France earned 2.8%. However, Greece, Italy, Portugal and Spain suffered terribly. The Greek market's 27.5% decline was symptomatic of investor fears. Italy eked out a positive 0.9%, with a new technocratic Prime Minister in charge.

It was not all bad news abroad. Ireland surprised investors by bouncing back 22.4% as its economy steadily climbed out of its earlier debt crisis. The UK enjoyed a 9.1% gain after instituting an aggressive austerity program in response to its own debt crisis. Australia turned in a solid 7.5%. Still recovering from its March nuclear disaster, Japan dropped 3.9%; a weak economy and an appreciating yen also contributed to its poor performance.

The EAFE countries struggled for much of 2011. Besides Ireland (+14.3% for the year), no major country index was in the black last year. The EAFE Index retreated 11% and its Euro Zone component fell almost 16%. The Greek market was in free fall, plunging 62.7%! Italy and Portugal both gave back approximately 22%. Australia (-10.8%) and Japan (-14.2%) were of no help. The UK declined by a relatively small 2.5%.

The MSCI Emerging Market Index (EM) earned 4.5% last quarter, reflecting sizable gains in Asia and Latin America. Three of the BRIC markets were well into positive territory. China, the dominant component of the index, gained 8.1%; this result was partially attributable to a lowering of its bank reserve requirements. Brazil appreciated 8.9%. Even Russia managed to earn 6.2% despite alleged election fraud and related large street demonstrations. Indian stocks, lost big (-14.3%), due partly to a rapidly falling rupee.

For the full year, emerging markets were generally poor investment choices. The EM Index fell 18.2%, a far greater loss than either the US or EAFE markets. Nonetheless, this investment space has provided significant absolute and relative gains for the latest 10-year period (+14.2% per year). During this same period, the S&P provided only 2.9% and EAFE, 5.1%. Clearly, though, EM investors experienced a lot of volatility along the way.

BOND MARKET

High quality carried the day

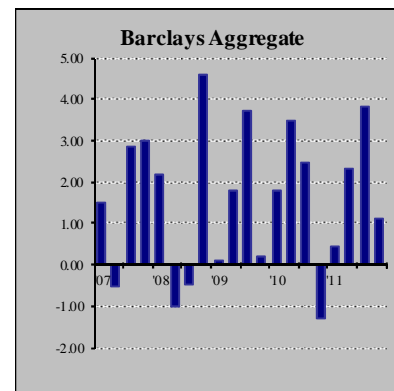
The Barclays Aggregate Index moved ahead a modest 1.1% last quarter. After the phenomenal US Treasury gains during the third quarter, a more modest 4th quarter gain was no surprise. Overall, Treasuries advanced 0.9%, with longer maturities gaining 1.9%. TIPS earned more (+2.7%) due to lingering inflation concerns. It's now several months since the S&P downgraded America's credit rating. For all the hand-wringing, defensive investors simply ignored the downgrade and kept buying U.S. paper.

The Barclays Credit Index returned 1.7%. Long maturity bonds climbed a much higher 3.2%, reflecting investor confidence in an improving economy. Industrial and electric/gas utility bonds both advanced in the 2¼% range. Financial institutions performance was a lesser 1.2%, as investors remained skittish about the health of money center banks as well as the activities of the new Consumer Protection Agency.

Corporate high yield bonds experienced a 5.0% advance for 2011. The highest credits, the BAA segment, earned 9.5% year-to-date, while CAA

names gained only 1.2%. Still lower CA-D credits, the names with clear default risk, actually **lost** 12.4% over the last 12 months.

For the full year, the Aggregate index posted a healthy 7.8% gain. Treasuries, comprising 35% of the index, gained 9.8%, while long maturity Treasuries rallied almost 30%! Clearly, US bonds were the favored asset class compared to virtually any equity index. Given the much lower yield curve and potential inflation concerns, it's unlikely that bonds will perform as well in 2012.



As of year-end, the Aggregate Index yielded an extremely low 2.24%, had an average maturity of 7.1 years, and a modified adjusted duration of 4.95-years. Total assets comprising the index are currently valued at \$15.9 trillion. Again this past quarter, the yield, maturity and duration declined and the index value grew due to the continuing gains of long maturity (investment grade) bonds.

Emerging market debt made a comeback in the fourth quarter, turning in a 4.9% return. All of the BRIC country markets were in the black, thereby contributing to the overall sector. Brazil was the best performer, returning 5.1%. Russia added a very respectable 4.2%, after being in the red the prior quarter. China earned 2.8% and India appreciated only 1.4%; Egypt's bond market fell 8% largely due to the political turmoil there.

CASH EQUIVALENTS

Nothing changed

Echoing prior quarters in 2011, 1 to 3 month Treasury-bills returned literally zero in the 4th quarter. The price change was negative 5 basis points, offset by roughly the same in coupon return.

MARKET SUMMARY

ECONOMIC STATISTICS

	CURRENT QTR	LAST QTR
GDP	2.8	1.8
Unemployment	8.5	9.1
CPI All Items Year/Year	2.96	3.71
Fed Funds Rate	0.25	0.25
Industrial Capacity	78.1	77.4
US Dollars per Euro	1.30	1.36

MAJOR INDEX QUARTER RETURNS

INDEX	PERFORMANCE
Russell 3000	12.1
S&P 500	11.8
Russell Mid	12.3
Russell 2000	15.5
MSCI EAFE	3.4
MSCI Emg Mkts	4.4
NCREIF ODCE	3.0
Barclays Agg	1.1
90 Day Tbills	0.0

EQUITY RETURN DISTRIBUTIONS

	QUARTER			TRAILING YEAR		
	VAL	COR	GRO	VAL	COR	GRO
LC	13.1	11.9	10.6	0.4	1.5	2.6
MC	13.4	12.3	11.2	-1.4	-1.6	-1.7
SC	16.0	15.5	15.0	-5.5	-4.2	-2.9

MARKET SUMMARY

- * Estimates currently place GDP growth at 2.8%, reflecting expansion in construction, exports, and consumer and government spending.
- * At 8.5%, unemployment was the lowest in three years.
- * Equity markets regained momentum as broad economic statistics set a positive tone.
- * Year-over-year CPI increased by 2.96%.
- * The US dollar strengthened relative to the euro.

INVESTMENT RETURN

On December 31st, 2011, the City of Burlington Employees Retirement System was valued at \$129,426,790, representing an increase of \$5,093,936 from the September quarter's ending value of \$124,332,854. Last quarter, the Fund posted withdrawals totaling \$23,449, which partially offset the portfolio's net investment return of \$5,117,385. 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 \$5,117,385.

For the cumulative period since December 2001, the account has posted net withdrawals totaling \$15.1 million and recorded net investment gains totaling \$45.7 million. Since December 2001, if the portfolio returned a compounded nominal rate of 8.0% it would have been valued at \$186.4 million or \$57.0 million more than its actual value as of December 31st, 2011.

RELATIVE PERFORMANCE

Total Fund

For the fourth quarter, the Composite portfolio returned 4.1%, which was 0.1% greater than the Burlington Manager Shadow Index's return of 4.0% and ranked in the 74th percentile of the Public Fund universe. Over the trailing year, the portfolio returned 1.7%, which was 1.1% above the benchmark's 0.6% performance, ranking in the 37th percentile.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	10 Years
Total Portfolio	4.1	1.7	1.7	14.5	4.5
<i>PUBLIC FUND RANK</i>	(74)	(37)	(37)	(2)	(90)
MANAGER SHADOW	4.0	0.6	0.6	11.5	----
POLICY INDEX	6.3	1.8	1.8	11.1	5.2
Diversified Assets	4.0	0.7	0.7	15.6	----
<i>BALANCED FUND RANK</i>	(76)	(63)	(63)	(3)	----
60 MSCI/40 WGBI	4.6	-0.9	-0.9	9.1	6.0
CPI + 5	0.9	8.4	8.4	7.4	7.6
Equity	7.7	-4.0	-4.0	16.8	----
<i>GLOBAL EQUITY RANK</i>	(22)	(29)	(29)	(11)	----
MSCI AC WORLD	7.3	-6.9	-6.9	12.6	4.8
AC WORLD EX-US	3.7	-13.3	-13.3	11.2	6.8
MSCI EAFE	3.4	-11.8	-11.8	8.1	5.1
MSCI EMG MKTS	4.4	-18.2	-18.2	20.4	14.2
RUSSELL 3000	12.1	1.0	1.0	14.9	3.5
CAMBRIDGE PE	0.0	5.4	5.4	12.6	12.0
Absolute Return	0.4	-3.7	-3.7	----	----
HFRI FOF	0.4	-4.7	-4.7	3.4	3.5
Real Assets	-1.1	3.3	3.3	-8.0	----
REAL ASSETS IDX	1.4	1.3	1.3	1.7	----
NCREIF ODCE	3.0	16.0	16.0	-1.7	6.2
NCREIF TIMBER	0.5	1.5	1.5	-1.1	7.6
DOW JONES UBS	0.3	-13.3	-13.3	6.4	----
Fixed Income	2.7	8.3	8.3	14.1	----
<i>BROAD MARKET FIXED RANK</i>	(24)	(21)	(21)	(23)	----
GLOBAL AGGREGATE	0.2	5.6	5.6	6.0	7.2
GLOBAL AGG EX US	-0.4	4.4	4.4	5.6	8.3
BARCLAYS AGG	1.1	7.9	7.9	6.8	5.8

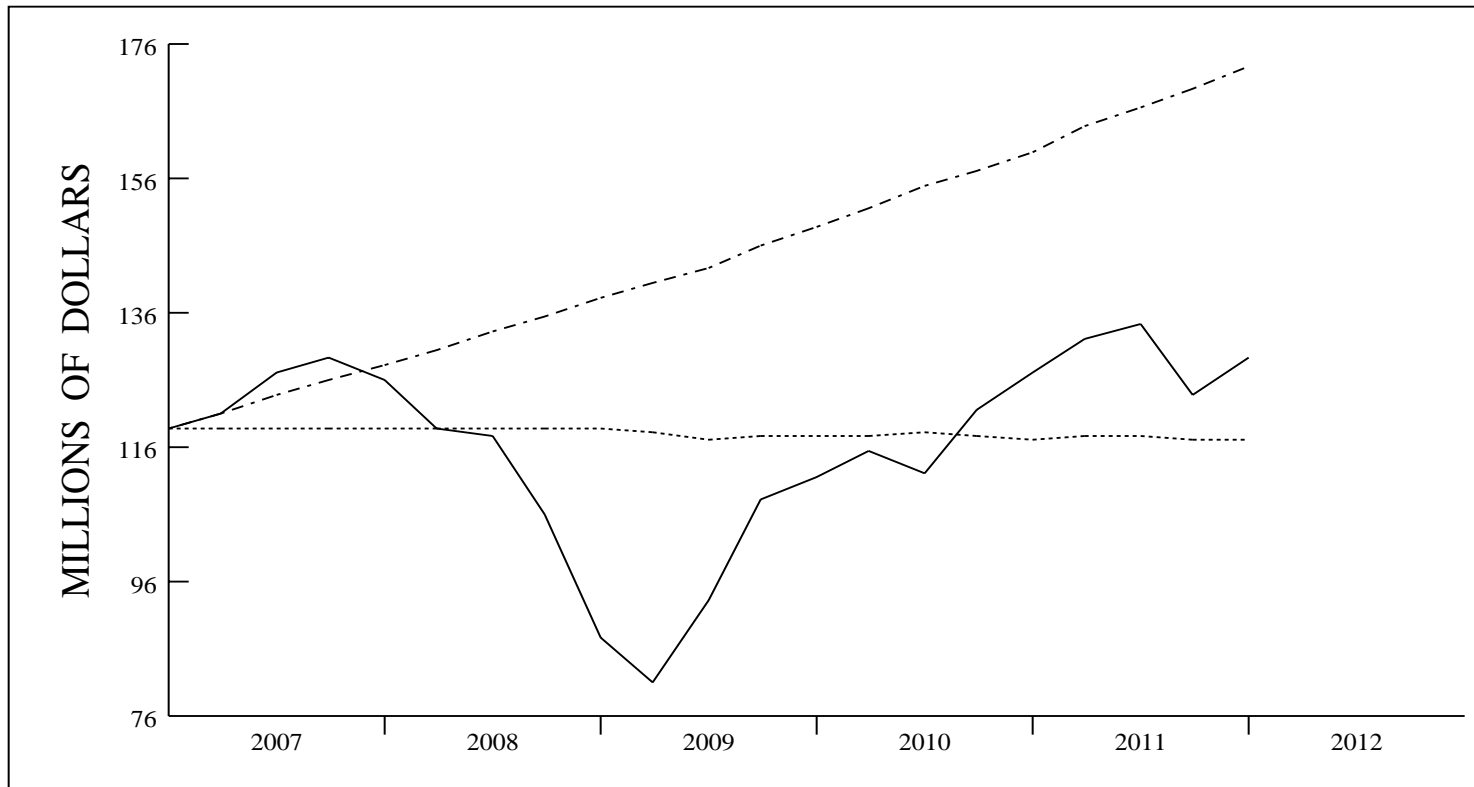
ASSET ALLOCATION

Diversified	16.5%	\$ 21,417,232
Equity	34.5%	44,660,601
Absolute Retn	4.5%	5,774,761
Real Assets	8.7%	11,272,539
Fixed Income	35.0%	45,317,882
Cash	0.8%	983,775
Total Portfolio	100.0%	\$ 129,426,790

INVESTMENT RETURN

Market Value 9/2011	\$ 124,332,854
Contribs / Withdrawals	- 23,449
Income	0
Capital Gains / Losses	5,117,385
Market Value 12/2011	\$ 129,426,790

INVESTMENT GROWTH

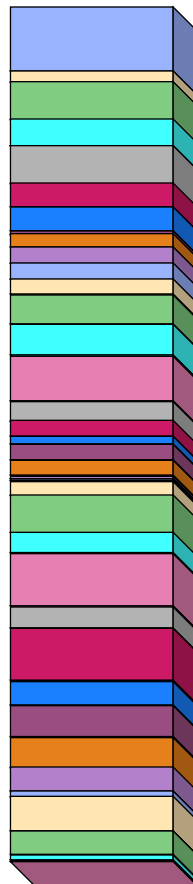


— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

VALUE ASSUMING
 8.0% RETURN
 \$ 172,828,735

	LAST QUARTER	PERIOD 12/06 - 12/11
BEGINNING VALUE	\$ 124,332,854	\$ 119,125,856
NET CONTRIBUTIONS	- 23,449	- 1,847,641
<u>INVESTMENT RETURN</u>	<u>5,117,385</u>	<u>12,148,575</u>
ENDING VALUE	\$ 129,426,790	\$ 129,426,790
INCOME	0	2,741,732
<u>CAPITAL GAINS (LOSSES)</u>	<u>5,117,385</u>	<u>9,406,843</u>
INVESTMENT RETURN	5,117,385	12,148,575

MANAGER ALLOCATION SUMMARY



Name	Market Value	Percent
AQR (DIV)	\$9,762,921	7.5
Mellon (DIV)	\$1,720,592	1.3
Pimco All Asset (DIV)	\$5,825,131	4.5
Wellington GAA (DIV)	\$4,108,588	3.2
Pimco Stocks + (LC)	\$13,410	0.0
SSgA S&P 500 (LCC)	\$5,823,699	4.5
T Rowe Price (LCC)	\$3,641,965	2.8
SSgA EqWeight (LCC)	\$3,614,312	2.8
SSgA S&P 400 (MC)	\$597,989	0.5
Champlain (SMID)	\$2,081,360	1.6
SSgA R2000G (SCG)	\$2,514,254	1.9
Wellington SCV (SCV)	\$2,487,435	1.9
SSgA ACWI Ex-US (FORN)	\$2,308,150	1.8
Acadian (INEQ)	\$4,413,414	3.4
Mondrian (INEO)	\$4,659,618	3.6
Aberdeen (EMKT)	\$6,755,843	5.2
Martin Currie (EMKT)	\$3,031,937	2.3
Schroders (CMDT)	\$2,424,778	1.9
GAM (HEDG)	\$1,158,040	0.9
Grosvenor (HEDG)	\$2,348,973	1.8
Permal (HEDG)	\$2,267,748	1.8
Hamilton Lane VII A (PREQ)	\$345,664	0.3
Hamilton Lane VII B (PREQ)	\$247,819	0.2
Hamilton Lane II (PREO)	\$2,123,732	1.6
VPIC R E (REAL)	\$5,762,052	4.5
Molpus (TIMB)	\$3,085,709	2.4
Pimco Unconstrained (FIXD)	\$7,941,184	6.1
Allianz (FIXD)	\$3,194,156	2.5
Pimco Core Plus (FIXD)	\$7,904,949	6.1
Wellington FX (FIXD)	\$3,553,736	2.7
Brandywine (GLFX)	\$4,708,852	3.6
Mondrian Fixed (GLFX)	\$4,607,718	3.6
Barclays TIPS (TIPS)	\$3,662,720	2.8
KDP (HIYL)	\$919,847	0.7
Post HY Bonds (HIYL)	\$5,266,420	4.1
Wellington EmFx (EMFX)	\$3,558,300	2.7
Cash (CASH)	\$770,735	0.6
VPIC Cash (CASH)	\$213,040	0.2
Total	\$129,426,790	100.0

MANAGER PERFORMANCE SUMMARY

Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	Inception
Total Portfolio	(Public Fund)	4.1 (74)	1.7 (37)	1.7 (37)	14.5 (2)	2.1 (55)	4.5 (90) 12/01
<i>Burlington Manager Shadow Index</i>		4.0 ----	0.6 ----	0.6 ----	11.5 ----	---- ----	---- ----
AQR	(Balanced)	4.8 (39)	6.5 (8)	6.5 (8)	---- ----	---- ----	15.9 (5) 09/09
<i>60%MSCI World/ 40% CITI WGBI</i>		4.6 ----	-0.9 ----	-0.9 ----	9.1 ----	2.2 ----	4.8 ----
Mellon Global Alpha I	(Balanced)	6.2 (22)	1.0 (57)	1.0 (57)	15.5 (5)	---- ----	-0.4 (74) 12/07
<i>60%MSCI World/ 40% CITI WGBI</i>		4.6 ----	-0.9 ----	-0.9 ----	9.1 ----	2.2 ----	0.2 ----
Pimco All Asset	(Balanced)	4.5 (49)	3.3 (40)	3.3 (40)	13.7 (42)	---- ----	5.8 (20) 12/07
<i>CPI Plus 5</i>		0.9 ----	8.4 ----	8.4 ----	7.4 ----	7.3 ----	6.8 ----
Wellington Opportunistic GAA	(Balanced)	2.5 (88)	-13.8 (97)	-13.8 (97)	11.6 (67)	---- ----	6.3 (55) 09/08
<i>65% MSCI World / 35% Agg</i>		5.5 ----	-0.9 ----	-0.9 ----	10.3 ----	1.4 ----	5.1 ----
Pimco Stocks +	(LC Core)	11.4 (76)	0.8 (66)	0.8 (66)	21.3 (3)	---- ----	-0.3 (17) 12/07
<i>S&P 500</i>		11.8 ----	2.1 ----	2.1 ----	14.1 ----	-0.2 ----	-1.6 ----
SSgA S&P 500 Cap-Weighted	(LC Core)	11.8 (53)	2.1 (43)	2.1 (43)	---- ----	---- ----	10.3 (37) 09/10
<i>S&P 500</i>		11.8 ----	2.1 ----	2.1 ----	14.1 ----	-0.2 ----	10.4 ----
T Rowe Price Enhanced Index	(LC Core)	11.7 (67)	1.9 (48)	1.9 (48)	14.8 (29)	---- ----	-0.8 (24) 12/07
<i>S&P 500</i>		11.8 ----	2.1 ----	2.1 ----	14.1 ----	-0.2 ----	-1.6 ----
SSgA Equal Weighted Index	(LC Core)	12.7 (16)	-0.1 (75)	-0.1 (75)	21.4 (3)	---- ----	1.5 (7) 12/07
<i>Equal Weighted S&P 500</i>		12.5 ----	-0.1 ----	-0.1 ----	21.0 ----	1.6 ----	1.6 ----
SSgA S&P 400	(Mid Cap)	13.0 (59)	---- ----	---- ----	---- ----	---- ----	13.0 (59) 09/11
<i>S&P 400</i>		13.0 ----	-1.7 ----	-1.7 ----	19.6 ----	3.3 ----	13.0 ----
Champlain	(Smid Cap)	12.0 (83)	3.6 (20)	3.6 (20)	---- ----	---- ----	14.5 (42) 09/09
<i>Russell 2500</i>		14.5 ----	-2.5 ----	-2.5 ----	18.4 ----	1.2 ----	12.3 ----
SSgA Russell 2000 Growth	(SC Growth)	14.9 (42)	-3.0 (67)	-3.0 (67)	18.9 (74)	---- ----	0.9 (66) 12/07
<i>Russell 2000 Growth</i>		15.0 ----	-2.9 ----	-2.9 ----	19.0 ----	2.1 ----	0.9 ----
Wellington Small Cap Value	(SC Value)	17.9 (11)	1.8 (5)	1.8 (5)	20.1 (29)	---- ----	6.2 (6) 12/07
<i>Russell 2000 Value</i>		16.0 ----	-5.5 ----	-5.5 ----	12.4 ----	-1.9 ----	0.2 ----

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Total Portfolio	(Public Fund)	4.1 (74)	1.7 (37)	1.7 (37)	14.5 (2)	2.1 (55)	4.5 (90) 12/01
<i>Burlington Manager Shadow Index</i>		4.0 ----	0.6 ----	0.6 ----	11.5 ----	---- ----	---- ----
SSgA ACWI Ex-US	(Intl Eq)	3.8 (54)	-13.5 (67)	-13.5 (67)	---- ----	---- ----	-5.9 (69) 09/10
<i>MSCI All Country World Ex US</i>		3.7 ----	-13.3 ----	-13.3 ----	11.2 ----	-2.5 ----	-5.7 ----
Acadian	(Intl Eq)	2.3 (78)	-13.0 (60)	-13.0 (60)	8.4 (62)	---- ----	-10.2 (89) 12/07
<i>MSCI EAFE Net</i>		3.3 ----	-12.1 ----	-12.1 ----	7.7 ----	-4.7 ----	-8.3 ----
Mondrian International	(Intl Eq)	3.7 (54)	-3.5 (8)	-3.5 (8)	7.6 (70)	---- ----	-5.9 (38) 12/07
<i>MSCI EAFE Net</i>		3.3 ----	-12.1 ----	-12.1 ----	7.7 ----	-4.7 ----	-8.3 ----
Aberdeen Emerging Markets	(Emerging Mkt)	5.1 (29)	-10.5 (12)	-10.5 (12)	28.0 (6)	---- ----	7.3 (6) 03/08
<i>MSCI Emerging Markets</i>		4.4 ----	-18.2 ----	-18.2 ----	20.4 ----	2.7 ----	-2.3 ----
Martin Currie	(Emerging Mkt)	4.7 (32)	-14.8 (23)	-14.8 (23)	---- ----	---- ----	21.2 (73) 03/09
<i>MSCI Emerging Markets</i>		4.4 ----	-18.2 ----	-18.2 ----	20.4 ----	2.7 ----	22.0 ----
Schroders		1.3 ----	-6.8 ----	-6.8 ----	---- ----	---- ----	2.8 ---- 12/09
<i>Dow Jones UBS Index</i>		0.3 ----	-13.3 ----	-13.3 ----	6.4 ----	-2.1 ----	0.7 ----
GAM		0.6 ----	---- ----	---- ----	---- ----	---- ----	-4.5 ---- 03/11
<i>HFRI FOF Composite</i>		0.4 ----	-4.7 ----	-4.7 ----	3.4 ----	-0.4 ----	-5.5 ----
Grosvenor		0.5 ----	-3.3 ----	-3.3 ----	---- ----	---- ----	-3.3 ---- 12/10
<i>HFRI FOF Composite</i>		0.4 ----	-4.7 ----	-4.7 ----	3.4 ----	-0.4 ----	-4.7 ----
Permal		0.0 ----	---- ----	---- ----	---- ----	---- ----	-6.9 ---- 03/11
<i>HFRI FOF Composite</i>		0.4 ----	-4.7 ----	-4.7 ----	3.4 ----	-0.4 ----	-5.5 ----
Hamilton Lane PE Fund VII Series A		0.0 ----	---- ----	---- ----	---- ----	---- ----	0.0 ---- 09/11
<i>Cambridge US Private Equity</i>		0.0 ----	5.4 ----	5.4 ----	12.6 ----	6.0 ----	0.0 ----
Hamilton Lane PE Fund VII Series B		0.0 ----	---- ----	---- ----	---- ----	---- ----	0.0 ---- 09/11
<i>Cambridge US Private Equity</i>		0.0 ----	5.4 ----	5.4 ----	12.6 ----	6.0 ----	0.0 ----
Hamilton Lane Secondary Fund II		0.0 ----	17.5 ----	17.5 ----	---- ----	---- ----	22.9 ---- 03/09
<i>Cambridge US Private Equity</i>		0.0 ----	5.4 ----	5.4 ----	12.6 ----	6.0 ----	15.2 ----
VPIC Real Estate		3.1 ----	18.3 ----	18.3 ----	-5.1 ----	---- ----	-6.9 ---- 12/07
<i>NCREIF NFI-ODCE Index</i>		3.0 ----	16.0 ----	16.0 ----	-1.7 ----	-0.2 ----	-3.9 ----
Molpus		-9.5 ----	-10.2 ----	-10.2 ----	---- ----	---- ----	1.0 ---- 03/09
<i>NCREIF Timber Index</i>		0.5 ----	1.5 ----	1.5 ----	-1.1 ----	4.6 ----	-1.5 ----

MANAGER PERFORMANCE SUMMARY

Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	Inception
Total Portfolio	(Public Fund)	4.1 (74)	1.7 (37)	1.7 (37)	14.5 (2)	2.1 (55)	4.5 (90) 12/01
<i>Burlington Manager Shadow Index</i>		4.0 ----	0.6 ----	0.6 ----	11.5 ----	---- ----	---- ----
Pimco Unconstrained Bond Fund		1.1 ----	---- ----	---- ----	---- ----	---- ----	1.1 ---- 09/11
<i>90 Day T Bill</i>		0.0 ----	0.1 ----	0.1 ----	0.1 ----	1.2 ----	0.0 ----
Allianz Structured Alpha	(Core Fixed)	11.6 (1)	7.4 (56)	7.4 (56)	14.1 (3)	---- ----	6.8 (50) 03/08
<i>Barclays Aggregate Index</i>		1.1 ----	7.9 ----	7.9 ----	6.8 ----	6.5 ----	6.2 ----
Pimco Core Plus	(Core Fixed)	1.5 (34)	7.7 (44)	7.7 (44)	---- ----	---- ----	7.7 (28) 09/09
<i>Barclays Aggregate Index</i>		1.1 ----	7.9 ----	7.9 ----	6.8 ----	6.5 ----	6.5 ----
Wellington DAS Fixed	(Core Fixed)	1.2 (58)	18.3 (1)	18.3 (1)	11.9 (11)	---- ----	11.8 (5) 09/08
<i>Barclays Aggregate Index</i>		1.1 ----	7.9 ----	7.9 ----	6.8 ----	6.5 ----	7.7 ----
Brandywine	(Intl Fx)	1.0 (38)	8.9 (12)	8.9 (12)	15.0 (10)	---- ----	8.3 (14) 12/07
<i>Citi World Gov't Bond Index</i>		-0.1 ----	6.4 ----	6.4 ----	4.7 ----	7.1 ----	6.2 ----
Mondrian Global FX	(Intl Fx)	-0.2 (72)	5.8 (48)	5.8 (48)	7.8 (38)	---- ----	8.4 (12) 12/07
<i>Citi World Gov't Bond Index</i>		-0.1 ----	6.4 ----	6.4 ----	4.7 ----	7.1 ----	6.2 ----
Barclays TIPS	(Broad Fixed)	2.6 (26)	13.6 (11)	13.6 (11)	---- ----	---- ----	9.9 (19) 12/09
<i>Barclays US TIPS</i>		2.7 ----	19.0 ----	19.0 ----	12.1 ----	9.0 ----	12.5 ----
KDP	(Hi Yield)	6.5 (17)	5.7 (38)	5.7 (38)	---- ----	---- ----	9.2 (86) 09/09
<i>Citi High Yield BB & B Index</i>		6.0 ----	6.6 ----	6.6 ----	19.3 ----	5.4 ----	11.0 ----
Post High Yield Bonds	(Hi Yield)	5.2 (41)	5.5 (41)	5.5 (41)	19.5 (57)	---- ----	8.5 (37) 12/07
<i>Citi High Yield BB & B Index</i>		6.0 ----	6.6 ----	6.6 ----	19.3 ----	5.4 ----	6.2 ----
Wellington Emerging Debt		4.6 ----	7.6 ----	7.6 ----	---- ----	---- ----	10.6 ---- 12/09
<i>JP Morgan EMBI</i>		4.7 ----	7.3 ----	7.3 ----	16.1 ----	---- ----	9.8 ----

MANAGER VALUE ADDED

Most Recent Quarter







Manager	Benchmark	Value Added Vs. Benchmark
AQR	60 MSCI/40 WGBI	0.1
Mellon	60 MSCI/40 WGBI	1.6
Pimco All Asset	CPI + 5	3.7
Wellington GAA	65World/35Agg	-3.0
Pimco Stocks +	S&P 500	-0.4
SSgA S&P 500	S&P 500	0.0
T Rowe Price	S&P 500	-0.1
SSgA EqWeight	Equal Wtd S&P	0.3
SSgA S&P 400	S&P 400	0.0
Champlain	Russell 2500	-2.6
SSgA R2000G	Russell 2000G	-0.1
Wellington SCV	Russell 2000V	2.0
SSgA AC Ex-US	AC World Ex-US	0.0
Acadian	MSCI EAFE Net	-1.1
Mondrian	MSCI EAFE Net	0.4
Aberdeen	MSCI Emg Mkts	0.7
Martin Currie	MSCI Emg Mkts	0.2
Schroders	Dow Jones UBS	1.0
GAM	HFRI FOF	0.2
Grosvenor	HFRI FOF	0.1
Permal	HFRI FOF	-0.4

Trailing Twelve Months












Manager	Benchmark	Value Added Vs. Benchmark
AQR	60 MSCI/40 WGBI	7.4
Mellon	60 MSCI/40 WGBI	1.8
Pimco All Asset	CPI + 5	-5.1
Wellington GAA	65World/35Agg	-12.9
Pimco Stocks +	S&P 500	-1.3
SSgA S&P 500	S&P 500	-0.1
T Rowe Price	S&P 500	-0.2
SSgA EqWeight	Equal Wtd S&P	0.0
SSgA S&P 400	S&P 400	N/A
Champlain	Russell 2500	6.2
SSgA R2000G	Russell 2000G	-0.1
Wellington SCV	Russell 2000V	7.3
SSgA AC Ex-US	AC World Ex-US	-0.2
Acadian	MSCI EAFE Net	-0.8
Mondrian	MSCI EAFE Net	8.6
Aberdeen	MSCI Emg Mkts	7.7
Martin Currie	MSCI Emg Mkts	3.4
Schroders	Dow Jones UBS	6.5
GAM	HFRI FOF	N/A
Grosvenor	HFRI FOF	1.4
Permal	HFRI FOF	N/A

MANAGER VALUE ADDED

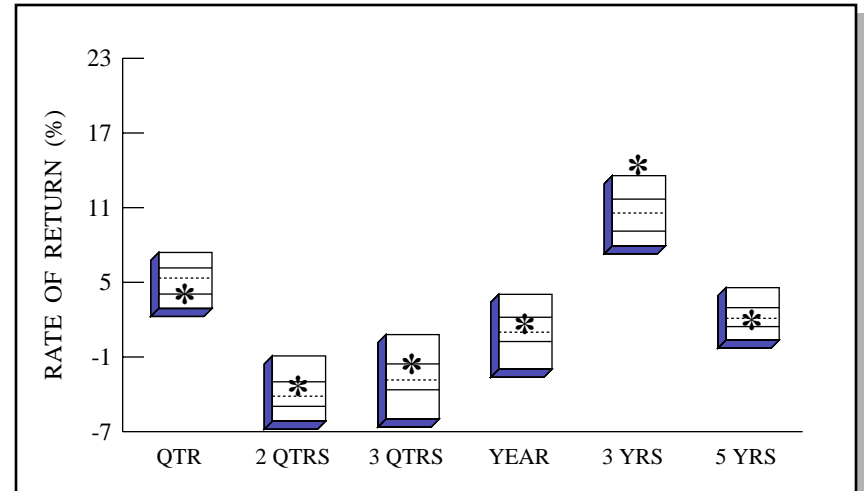
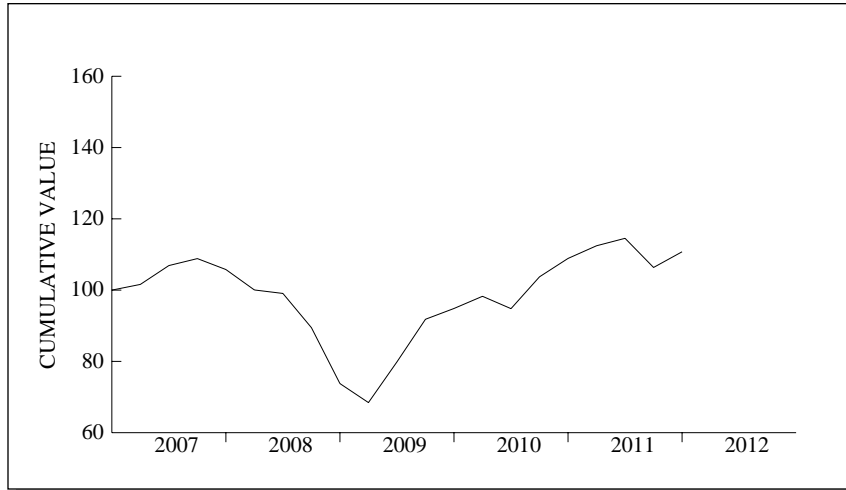
Most Recent Quarter

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	0.1
Molpus	NCREIF Timber	 -10.0
Pimco Unc.	90 Day Tbills	1.1 
Allianz	Barclays Agg	10.5 
Pimco Core Plus	Barclays Agg	0.3
Wellington FX	Barclays Agg	0.1
Brandywine	Citi WGBI	1.1 
Mondrian Fixed	Citi WGBI	-0.1
Barclays TIPS	Barclays TIPS	-0.1
KDP	BB & B Index	0.5 
Post HY Bonds	BB & B Index	 -0.8
Wellington EmFx	JPM EMBI	-0.1
Total Portfolio	Manager Shadow	0.1

Trailing Twelve Months

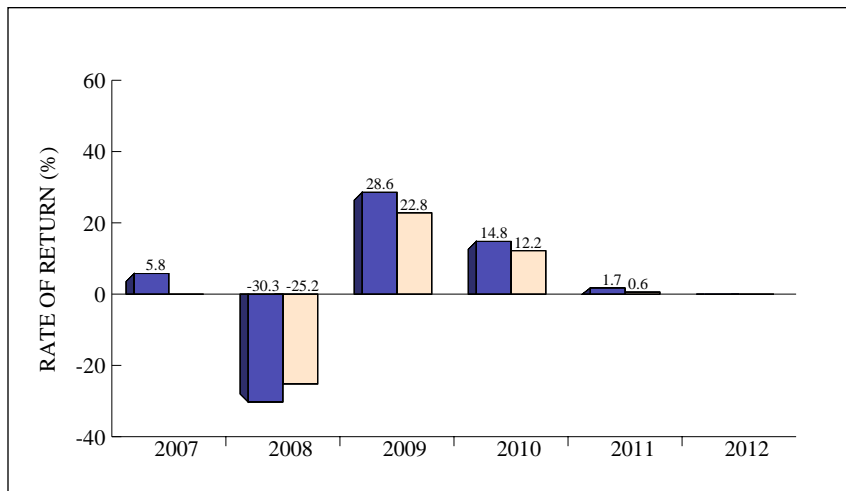
Manager	Benchmark	Value Added Vs. Benchmark
Hamilton VII A	Cambridge PE	N/A
Hamilton VII B	Cambridge PE	N/A
Hamilton Lane II	Cambridge PE	12.1 
VPIC R E	NCREIF ODCE	2.3 
Molpus	NCREIF Timber	 -11.7
Pimco Unc.	90 Day Tbills	N/A
Allianz	Barclays Agg	 -0.5
Pimco Core Plus	Barclays Agg	-0.2
Wellington FX	Barclays Agg	10.4 
Brandywine	Citi WGBI	2.5 
Mondrian Fixed	Citi WGBI	 -0.6
Barclays TIPS	Barclays TIPS	 -5.4
KDP	BB & B Index	 -0.9
Post HY Bonds	BB & B Index	 -1.0
Wellington EmFx	JPM EMBI	0.2
Total Portfolio	Manager Shadow	1.2 

TOTAL RETURN COMPARISONS



Public Fund Universe

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

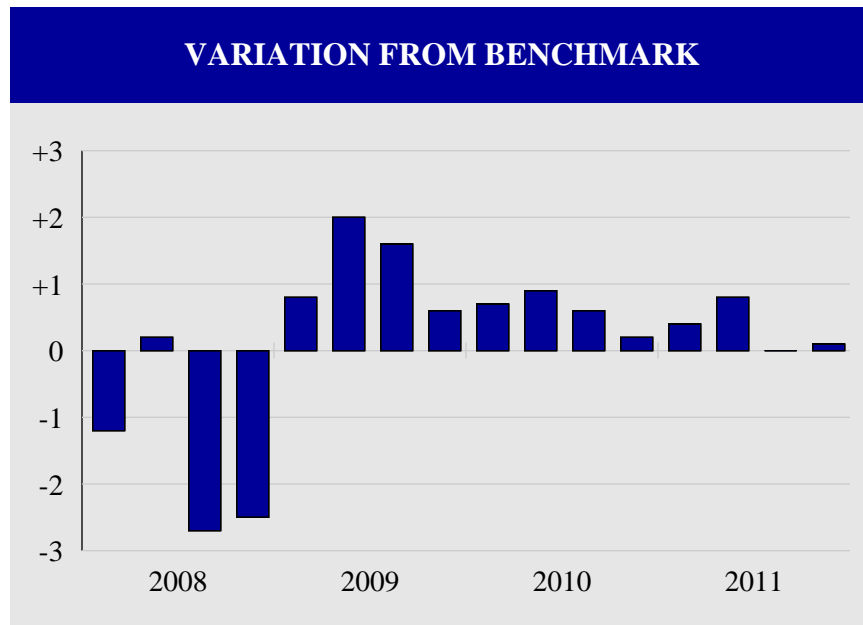


	<u>QTR</u>	<u>2QTRS</u>	<u>3QTRS</u>	<u>YEAR</u>	-----ANNUALIZED-----	
					<u>3 YRS</u>	<u>5 YRS</u>
RETURN	4.1	-3.3	-1.5	1.7	14.5	2.1
(RANK)	(74)	(29)	(23)	(37)	(2)	(55)
5TH %ILE	7.4	-0.9	0.8	4.0	13.6	4.6
25TH %ILE	6.2	-3.0	-1.6	2.2	11.7	3.0
MEDIAN	5.3	-4.2	-2.9	1.0	10.6	2.1
75TH %ILE	4.1	-5.0	-3.6	0.2	9.1	1.4
95TH %ILE	2.9	-6.2	-6.0	-2.0	7.9	0.3
<i>Mgr Shadow</i>	4.0	-3.4	-2.3	0.6	11.5	----

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: BURLINGTON MANAGER SHADOW INDEX



Total Quarters Observed	16
Quarters At or Above the Benchmark	13
Quarters Below the Benchmark	3
Batting Average	.813

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	0.5	-0.4	0.9
12/11	4.1	4.0	0.1	4.7	3.6	1.1

Private Equity Investor Report as of December 31, 2011
Hamilton Lane Secondary Fund II LP

IRR Since Inception	19.21%	Annualized, Net of Fees
Market Value*	\$ 2,123,732	Last Appraisal Date: 09/30/2011
Initial Commitment	\$ 3,400,000	100.00%
Capital Committed	\$ 1,968,430	57.90%
Remaining Commitment	\$ 1,431,570	42.11%
Net Investment Income/(Loss)	\$ (122,328)	
Net Unrealized Gain/(Loss)	\$ 662,326	

Date	Contributions	% of Commitment	Recallable Contributions	% of Commitment	Distributions
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%	\$ -	-	\$ -
Total	\$ 2,235,443	65.75%	\$ (267,013)	-7.85%	\$ (449,226)

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, 2011
Hamilton Lane Private Equity Fund VII LP Series A Offshore

IRR Since Inception	0.11%	Annualized, Net of Fees
Market Value*	\$ 345,664	Last Appraisal Date: 09/30/2011
Initial Commitment	\$ 1,500,000	100.00%
Capital Committed	\$ 345,447	23.03%
Remaining Commitment	\$ 1,154,553	76.97%
Net Investment Income/(Loss)	\$ (21,557)	
Net Unrealized Gain/(Loss)	\$ 12,704	

Date	Contributions	% of Commitment	Recallable Contributions	% of Commitment	Distributions
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%	\$ -	-	\$ -
Total	\$ 345,447	23.03%	\$ -	0.00%	\$ -

Hamilton Lane Private Equity Fund VII LP Series B Offshore

IRR Since Inception	1.28%	Annualized, Net of Fees
Market Value*	\$ 247,819	Last Appraisal Date: 09/30/2011
Initial Commitment	\$ 1,000,000	100.00%
Capital Committed	\$ 245,723	24.57%
Remaining Commitment	\$ 754,277	75.43%
Net Investment Income/(Loss)	\$ (17,597)	
Net Unrealized Gain/(Loss)	\$ 14,185	

Date	Contributions	% of Commitment	Recallable Contributions	% of Commitment	Distributions
7/27/2011	\$ 160,000	16.00%	\$ -	-	\$ -
9/27/2011	\$ 35,000	3.50%	\$ -	-	\$ -
12/28/2011	\$ 50,723	5.07%	\$ -	-	\$ -
Total	\$ 245,723	24.57%	\$ -	0.00%	\$ -

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

Equity	Style	QTR	YTD	1 Year	3 years	5 Years
Russell 3000	Broad Equity	12.1	1.0	1.0	14.9	0.0
S&P 500	Large Cap Core	11.8	2.1	2.1	14.1	-0.2
Russell 1000	Large Cap Core	11.9	1.5	1.5	14.8	0.0
Russell 1000 Growth	Large Cap Growth	10.6	2.6	2.6	18.0	2.5
Russell 1000 Value	Large Cap Value	13.1	0.4	0.4	11.5	-2.6
Russell 2000	Small Cap	15.5	-4.2	-4.2	15.6	0.2
Russell 2000 Growth	Small Cap Growth	15.0	-2.9	-2.9	19.0	2.1
Russell 2000 Value	Small Cap Value	16.0	-5.5	-5.5	12.4	-1.9
MSCI EAFE	Developed Markets	3.4	-11.8	-11.8	8.1	-4.3
MSCI EAFE Growth	Developed Markets Growth	3.9	-11.8	-11.8	8.8	-2.8
MSCI EAFE Value	Developed Markets Value	2.8	-11.6	-11.6	7.4	-5.8
MSCI Emerging Markets	Emerging Markets	4.4	-18.2	-18.2	20.4	2.7
MSCI All Country World	Global Equity	7.3	-6.9	-6.9	12.6	-1.4
MSCI All Country World Ex US	Global Equity (ex. US)	3.7	-13.3	-13.3	11.2	-2.5

Fixed Income	Style	QTR	YTD	1 Year	3 years	5 Years
Barclays Aggregate Index	Core Fixed Income	1.1	7.9	7.9	6.8	6.5
Barclays Gov/Credit	Gov/Credit	1.2	8.7	8.7	6.6	6.5
Barclays Capital Gov't Bond	Treasuries	0.8	9.0	9.0	4.0	6.6
Barclays Capital Credit Bond	Corporate Bonds	1.9	8.2	8.2	11.6	7.2
Intermediate Aggregate	Core Intermediate	0.9	6.0	6.0	6.2	6.1
Intermediate Gov/Credit	Gov / Credit Intermediate	0.8	5.8	5.8	5.6	5.9
ML/BoA 1-3 Year Treasury	Short Term Treasuries	0.2	1.6	1.6	1.6	3.7
CSFB High Yield	High Yield Bonds	6.0	5.5	5.5	23.0	7.1
Barclays Global Ex-US	International Treasuries	-0.4	3.5	3.5	2.1	5.4
Citi World Gov't Bond Index	International Fixed Income	-0.1	6.4	6.4	4.7	7.1
Barclays Global Aggregate	International Fixed Income	0.2	5.6	5.6	6.0	6.5
Barclays Global Aggregate Ex US	International Fixed Income	-0.4	4.4	4.4	5.6	6.4

Alternative Assets	Style	QTR	YTD	1 Year	3 years	5 Years
NCREIF NFI-ODCE Index	Real Estate	3.0	16.0	16.0	-1.7	-0.2
HFRI FOF Composite	Hedge Funds	0.4	-4.7	-4.7	3.4	-0.4
HFRI FOF Conservative Index	Hedge Funds - Conservative	0.1	-3.3	-3.3	3.9	0.1

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
-------------	---------------	---------------------------
- * 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 gross of fees unless otherwise noted.
- * All returns for periods greater than one year are annualized.
- * All values are in US dollars.