

Minutes

A meeting of the Investment Advisory Committee of the Virginia Retirement System was held on August 18, 2022 with the following members present:

Larry Kochard, Chairperson
Michael Beasley
Theodore Economou
Deborah Allen Hewitt
Nancy Leake
Bryan Lewis
Rod Smyth

The following Board members were present:

A. Scott Andrews
Brandon Bell
John Bennett
Michael Disharoon
Brett Hayes
Troilen Seward

The following staff members were in attendance:

Trish Bishop, Ron Schmitz, Jennifer Schreck, Andrew Junkin, Stephen Adelaar, John Alouf, Rory Badura, Daniel Ball, Parham Behrooz, Kevin Bliss, Tom Coleman, Michael Cooper, Sara Denson, Jon Farmer, Laurie Fennell, Katherine Grawe, JT Grier, Dane Honrado, K.C. Howell, Kristina Koutrakos, Chung Ma, Curt Mattson, Jennifer MacKnight, Peter Murphy, Walker Noland, Greg Oliff, Steven Peterson, Vera Pleasants, Steven Ramirez, Michael Scott, Viet Tran, Larry Tentor, Lisa Turner, Leslie Weldon, Daniel Whitlock, Cindy Wilkinson, Steve Woodall, and Nick Zizzo.

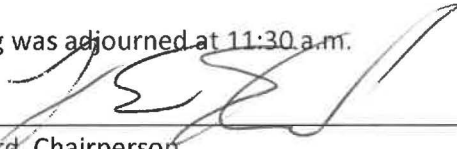
Also in attendance was Francis Albanese of Financial Investment News; John Kevin Balaod and Adam Rees of With Intelligence; David Barry and Mario Marroquin of Markets Group; Marianna Fazylova; Gary Gammon and Erin Rodriguez of the Virginia Auditor of Public Accounts; Gregg Gethard of PEI Media; Zack Hester; Madeline Katz of Mandate Wire; Mitchell King and Brigid Schutsky of BlackRock; Alex Meyer of Goldman Sachs; Mary Schultz; and Loc Vukhac of Pretium.

Mr. Kochard called the meeting to order at 9:00 a.m.

Minutes	<p>A motion was made by Mr. Beasley and seconded by Mr. Lewis to approve the minutes for the April 13, 2022 Committee meeting. The motion was unanimously approved.</p>
CIO Report	<p>Mr. Schmitz opened his CIO report commenting on market conditions for the first half of the year. Then Mr. Schmitz presented the Asset Allocation Report, Performance Summary, and Total Fund Tracking Error Report as of June 30, 2022. Mr. Schmitz then informed the Committee that Public Equity was below its lower policy limit due to market action as of June 30, 2022. The Board approved new policy weights for the new fiscal year, and, as of July 1, 2022, the portfolio was within its allowable range. Mr. Schmitz again shared with the Committee his view of looking at equity (public and private) exposure and positioning within the applicable ranges on a combined basis for the total fund. As a result, Mr. Schmitz stated he would not recommend any action if equity portfolios exceeded their respective allowable ranges if the breach was caused by market action. The Committee agreed with Mr. Schmitz's approach. Last, Mr. Schmitz reviewed the New Investments and Terminations Report.</p>
Forward Returns & Scenario Analysis	<p>Dr. Peterson and Mr. Badura led the Forward Returns and Stress Test Scenarios discussion. Dr. Peterson discussed the different types of factor attribution on return in calculating the 20-year forward return estimates for the total fund and the individual asset classes. Mr. Badura then discussed liabilities and presented four prospective scenarios and the possible impact on funded status on contributions.</p>
Portfolio Solutions Group Program Reviews	<p>Mr. Ma provided a general overview of the Portfolio Solutions Group (PSG) and introduced each program to be covered in the review.</p> <p>Ms. Koutrakos provided a review of the Dynamic Strategies program. Review topics included an overview of the team, program objectives, mandates, performance, and FY2023 plans and priorities.</p> <p>Mr. Ma provided a review of the Risk Based Investments program. Review topics included an overview of the team, program objectives, mandates, performance, and FY2023 plans and priorities.</p> <p>The Committee members engaged in general discussion throughout the reviews provided.</p> <p>Ms. Leake made a motion to adjourn the meeting. Mr. Beasley seconded the motion. Mr. Kochard asked for the Committee members to vote on the motion, and the motion passed unanimously.</p>

Adjournment

The meeting was adjourned at 11:30 a.m.



Larry Kochard, Chairperson