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## Minutes

A meeting of the Investment Advisory Committee of the Virginia Retirement System was held on November 30, 2022 with the following members present:

Larry Kochard, Chairperson  
Hance West  
Michael Beasley  
Theodore Economou  
Palmer Garson  
Tom Gayner  
Nancy Leake  
Bryan Lewis  
Rod Smyth

The following Board members were present:

A. Scott Andrews  
Joseph Montgomery  
Brandon Bell  
John Bennett  
Michael Disharoon  
William Garrett

The following staff members were in attendance:

Trish Bishop, Ron Schmitz, Jennifer Schreck, Andrew Junkin, John Alouf, Rory Badura, Daniel Ball, Parham Behrooz, Erica Billingslea, Kevin Bliss, Jeanne Chenault, Tom Coleman, Michael Cooper, Perry Corsello, Sara Denson, Barry Faison, Laurie Fennell, Josh Fox, Katherine Grawe, JT Grier, Dane Honrado, K.C. Howell, De'Von Jones, Ross Kasarda, Kristina Koutrakos, Matt Lacy, Chung Ma, Jennifer MacKnight, Tom Mulvin, Walker Noland, Greg Oliff, Steven Peterson, Steven Ramirez, Jummai Sarki-Hurd, Daniel Schlussler, Jenny Schoeller, Kristy Scott, Michael Scott, Viet Tran, Lisa Turner, Leslie Weldon, Daniel Whitlock, Cindy Wilkinson, and Steve Woodall.

Also in attendance was Lauren Albanese of Financial Investment News; Jamie Bitz with Joint Audit & Review Commission; John Kevin Balaod of With Intelligence; Andrea Cinkovic and Alex Meyer of Goldman Sachs; Brian Deveney and Gary Gammon of the Virginia Auditor of Public Accounts; Madeline Katz of Mandate Wire; Mitchell King and Brigid

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Schutsky of BlackRock; Laura Kreutzer with Wall Street Journal; Brian McCleave with Empower; and Bessi Tozluoku of Pretium.

Mr. Kochard called the meeting to order at 8:57 a.m.

Mr. Kochard welcomed new Committee member Palmer Garson, replacing Deborah Allen-Hewitt as she retires from the Committee. Mr. Kochard also thanked Mr. Schmitz for his service to VRS as CIO, as this was Mr. Schmitz's last Committee meeting prior to retirement.

**Minutes**

A motion was made by Mr. Gayner and seconded by Mr. Lewis to approve the minutes for the August 18, 2022 Committee meeting. The motion was unanimously approved.

**CIO Report**

Mr. Schmitz opened his CIO report commenting on market conditions for the second half of the year. Then Mr. Schmitz presented the Asset Allocation Report, Performance Summary, and Total Fund Tracking Error Report as of September 30, 2022. Last, Mr. Schmitz reviewed the New Investments and Terminations Report.

**Private Markets Team  
Program Reviews**

Mr. Howell began by thanking Mr. Schmitz for his service to VRS. Then Mr. Howell moved into providing a general overview of the Private Markets Teams and introduced each program to be covered in the review.

Each Program Director presented their respective reports in two parts: a review of key points for each portfolio and then a discussion of respective program's key dynamics.

Mr. Noland provided a review of the Real Assets program. Review topics included an overview of program objectives, the team, markets, exposures, results, top 10 investment managers, Diverse Investment Management Engagement managers, commitments, and FY2024 plans and priorities.

Mr. Alouf provided a review of the Private Equity program. Review topics included an overview of the team, exposures, markets, results, Diverse Investment Management Engagement managers, and FY2024 plans and priorities.

Mr. Woodall provided a review of the Credit Strategies program. Review topics included an overview of the team, markets, exposures, results, top 10 investment managers, and FY2024 plans and priorities.

Mr. Woodall provided a review of the Private Investment Partnership program. Review topics included an overview of the team, results, and FY2024 plans and priorities.

The Committee members engaged in general discussion throughout the reviews provided.

**Discuss Proposed  
Benchmark Changes**

Next, Mr. Schmitz led a discussion on a proposed benchmark change for Real Assets and Risk-Based Investments (RBI). Specifically, Mr. Schmitz recommended eliminating the global REITS from the Real Estate portfolio, as well as from the Total Real Estate Benchmark, and the risk parity from the Risk-Based Investments benchmark. Removing REITS and Risk Parity better aligns Real Assets and Risk-Based Investments, respectively, with each program's main objective of providing meaningful diversification to the Plan. The recommended benchmarks are:

**Real Assets:** The market value weighted blend of the NCREIF Private Real Estate Benchmark (ODCE Index (net) lagged by three months) and the Other Real Assets Custom Benchmark (the CPI-U Index plus 400 basis points per annum lagged by three months).

**Risk-Based Investments:** The Bloomberg Barclays US Treasury Bellwethers: 3 month plus 250 basis points per annum.

After some discussion, the committee indicated its agreement with both proposed benchmark changes.

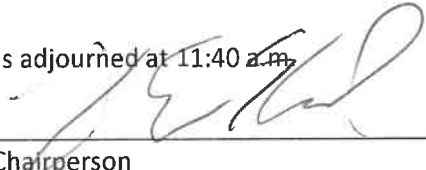
**Asset Liability  
Management Kick-off**

Mr. Junkin and Dr. Peterson provided an overview of the Asset Liability Management process and the supporting components including financial condition, cash flow, risk assessment, asset allocation, liquidity, diversification, forward returns, correlation convergence and active management. A timeline of the process leading up to a vote by the Board in June was also provided.

**Adjournment**

Mr. Beasley made a motion to adjourn the meeting. Mr. Gayner seconded the motion. Mr. Kochard asked for the Committee members to vote on the motion, and the motion passed unanimously.

The meeting was adjourned at 11:40 a.m.

  
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Larry Kochard, Chairperson