



Virginia
Retirement
System®

Investments Report

FOR THE QUARTER ENDING
MARCH 31, 2024





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Chief Investment Officer

VRS' 3.9% Total Fund return for the third quarter of fiscal year 2024 was driven by continued strength in global stock markets, which returned 8.2% for the quarter and 23.2% over the last 12 months. The VRS portfolio continues to show strong performance over the longer-term, outperforming its benchmark and the 6.75% actuarial assumed rate of return as shown in the table below.

As of 03/31/24	FYTD	1 Year	3 Years	5 Years	10 Years
VRS Total Fund	8.7%	11.5%	7.1%	9.1%	7.9%
Benchmark	9.1%	12.8%	4.6%	7.6%	6.9%
Excess Return	-0.4%	-1.3%	2.5%	1.5%	1.0%

Globally, inflation remains a concern but has slowed enough that major central banks are no longer raising short-term interest rates. U.S. inflation remains persistently above the Federal Reserve's target of 2% and policymakers have indicated they are cautiously waiting before making additional interest rate adjustments.

Geopolitical tensions persist with key flashpoints including the Russian invasion of Ukraine, the conflict between Israel and Hamas, and pressures in the South China Sea. Politics and economies are shifting from a period of globalization to polarization.

While economic and geopolitical uncertainty remains high, VRS continues to follow its strategy of diversification over the long-term to achieve returns while balancing the various risks faced by investors. Recently, VRS has further expanded portfolio diversification by initiating a modest amount of leverage. Over the long-term, this strategy enables us to balance risks without sacrificing expected returns.

Our long-standing diversification strategy has served us well and generated solid returns, exceeding both the VRS Board-approved benchmark and the actuarial assumed rate of return over the 3-, 5- and 10-year periods. We remain focused on our mission of supporting the more than 800,000 members, retirees and beneficiaries into the future.

TOTAL FUND PERFORMANCE

(Expressed in Percentages, Net of Fees)

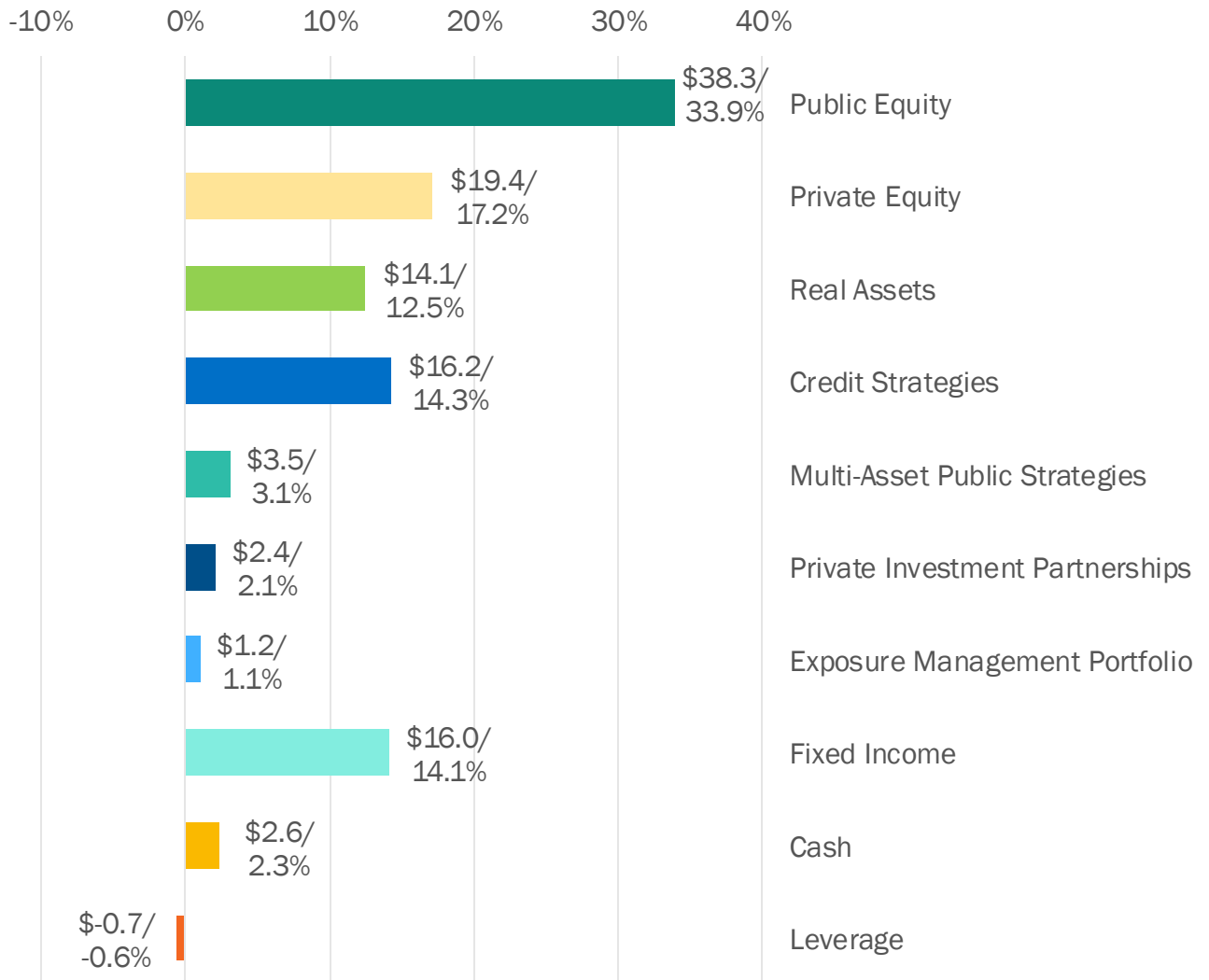
	10 Yr.	5 Yr.	3 Yr.	1 Yr.	Qtr.	Month	Fiscal YTD	Cal YTD
Total Public Equity	8.9	10.9	7.5	24.4	9.7	3.9	18.4	9.7
<i>Benchmark ¹</i>	8.8	10.8	6.7	22.6	7.5	3.1	15.7	7.5
Total Private Equity	14.8	16.6	14.3	7.7	2.7	2.8	4.7	2.7
<i>Benchmark ²</i>	10.8	13.1	6.2	22.7	11.8	5.4	14.6	11.8
Total Real Assets	8.6	6.6	7.8	-3.3	-2.0	-1.8	-2.7	-2.0
<i>Benchmark ³</i>	6.5	4.3	4.6	-6.3	-3.1	-1.0	-5.0	-3.1
Total Credit Strategies	6.1	7.5	6.8	12.3	2.7	2.0	9.1	2.7
<i>Benchmark ⁴</i>	5.0	5.3	4.3	11.5	1.9	1.0	9.1	1.9
Total Multi-Asset Public Strategies	n/a	5.8	5.1	13.1	5.0	1.9	9.1	5.0
<i>Benchmark ⁵</i>	n/a	5.8	3.1	9.9	1.9	0.7	7.0	1.9
Total Private Investment Partnerships	n/a	9.6	11.2	7.2	2.3	2.3	6.0	2.3
<i>Benchmark ⁶</i>	n/a	8.5	5.7	8.3	3.3	1.7	5.7	3.3
Total Fixed Income	2.4	1.6	-1.7	2.9	-0.4	1.0	3.4	-0.4
<i>Benchmark ⁷</i>	1.6	0.6	-2.2	2.5	-0.5	1.0	3.2	-0.5
Total Fund	7.9	9.1	7.1	11.5	3.9	2.2	8.7	3.9
<i>VRS Custom Benchmark ⁸</i>	6.9	7.6	4.6	12.8	4.2	2.1	9.1	4.2

Notes:

1. Effective January 2024, the Public Equity Custom Benchmark is a weighted average of the MSCI ACWI IMI Index (net VRS taxes) (85%) and the MSCI World Min Vol Index (net VRS taxes) (15%).
2. Effective January 2024, the Private Equity Custom Benchmark is the regional benchmarks of the MSCI ACWI IMI Index (net VRS taxes) lagged by three months, weighted to reflect the Private Equity opportunity set (currently 75% North America, 20% Europe, and 5% Asia and Emerging Markets).
3. Effective January 2023, the Real Assets Custom Benchmark is 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).
4. Effective July 2023, the Credit Strategies Custom Benchmark is a blend of the Morningstar LSTA Performing Loan Index (50%) and the Bloomberg US High Yield Ba/B 2% Issuer Cap Index (50%).
5. Effective January 2024, the Multi-Asset Public Strategies (MAPS) Custom Benchmark is the ICE BofA US 3-Month Treasury Bill Index plus 250 basis points per annum.
6. Effective January 2024, the Private Investment Partnerships (PIP) Custom Benchmark is the weighted average of the Private Equity Custom Benchmark (33%), the NCREIF Private Real Estate Benchmark (25%), the Other Real Assets Custom Benchmark (8%), the Bloomberg US High Yield Ba/B 2% Issuer Cap Index (17%), and the Morningstar LSTA Performing Loan Index (17%).
7. Effective July 2020, the Fixed Income Custom Benchmark is a blend of the Bloomberg US Aggregate Bond Index (90%), Bloomberg US High Yield Ba/B 2% Issuer Cap Index (5%), and JP Morgan EMBI Global Core Index (5%).
8. The VRS Custom Benchmark is a blend of the Asset Class Benchmarks at policy weights.



Total Fund Market Value = \$113.0 billion



Dollar Amounts in Billions /
Percent of Total Fund

Source: Bank of New York Mellon

Differences in totals are due to rounding.



	VRS Return (as of March 31, 2024)
1-year	11.5%
3-year	7.1%
5-year	9.1%
10-year	7.9%
15-year	9.8%
20-year	7.4%
25-year	6.9%

Source: Bank of New York Mellon