

**Virginia Retirement System
Performance Summary
As of December 31, 2014**

TOTAL FUND PERFORMANCE

(Expressed in Percentages)

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD
Total Public Equity	6.6	10.5	15.6	7.0	2.1	-0.9	0.8	7.0
<i>Benchmark ¹</i>	6.1	9.8	14.7	5.9	1.5	-1.2	0.2	5.9
Total Investment-Grade Fixed Income	5.3	5.4	3.4	6.2	1.8	0.1	1.9	6.2
<i>Benchmark ²</i>	4.8	4.5	2.9	5.9	1.8	0.1	2.0	5.9
Total Credit Strategies	6.3	8.1	9.0	5.0	-0.4	-1.0	-1.3	5.0
<i>Benchmark ³</i>	5.4	6.8	7.4	4.6	0.0	-1.4	-1.1	4.6
Total Real Assets	9.0	13.5	13.0	14.1	3.3	2.6	6.0	14.1
<i>Benchmark ⁴</i>	8.6	11.5	11.6	11.5	3.2	0.8	5.1	11.5
Total Private Equity	14.2	15.4	16.9	17.9	0.3	0.6	5.4	17.9
<i>Benchmark ⁵</i>	10.3	16.8	23.0	14.6	-1.0	-2.5	3.9	14.6
Total Strategic Opportunities Portfolio	n/a	n/a	n/a	1.5	-0.6	-0.2	-0.3	1.5
<i>Benchmark ⁶</i>	n/a	n/a	n/a	1.4	0.3	-0.3	0.3	1.4
Total Fund	6.6	9.6	11.6	7.9	1.5	-0.3	1.5	7.9
<i>VRS Custom Benchmark ⁷</i>	6.0	8.9	11.3	7.1	1.2	-0.9	1.2	7.1

Notes:

1. Effective July 2009, the Public Equity Custom Benchmark is risk-adjusted. Effective April 2010, the risk-adjusted benchmark is based on the MSCI ACWI IMI with the Developed Market Currencies 50% Hedged customized for the VRS dividend withholding tax rates.

2. Effective July 2014, the Investment-Grade Fixed Income Custom Benchmark consists of the Barclays Capital US Aggregate Index.

3. Effective July 2012, the Credit Strategies Custom Benchmark is the weighted average of the Citigroup Broad Investment Grade Index (10%), the Bank of America Merrill Lynch BB-B Constrained Index (20%), the S&P Performing Loan Index (30%), the Emerging Market Debt Custom Benchmark (20%), and the Bank of America Merrill Lynch All U.S. Convertibles Index (20%). For the four years prior to July 2012, the risk-adjusted benchmark is the weighted average of the Bank of America Merrill Lynch U.S. High Yield BB-B Constrained Index and the Bank of America All Convertibles Index.

4. Effective July 2014, the Real Assets Custom Benchmark is the market value weighted blend of the Total Real Estate Benchmark, of which 85% is the NCREIF Private Real Estate Benchmark (ODCE Index (net) lagged by three months) and 15% is the Total REIT Benchmark (FTSE/EPRA/NAREIT Developed REIT Index) and the Other Real Assets Custom Benchmark (the CPI-U Index plus 400 basis points per annum lagged by three months) with modified benchmarking for Other Real Assets during the increased allocation period.

5. Effective July 2013, the Private Equity Custom Benchmark is the MSCI ACWI IMI with the Developed Market Currencies 50% Hedged customized for the VRS dividend withholding tax rates lagged by three months plus 250 basis points per annum with modified benchmarking during the increased allocation period.

6. Effective November 2014, the Strategic Opportunities Portfolio Custom Benchmark is the market value, including notional value, weighted average of the benchmarks of the mandates within the program.

7. The VRS Custom Benchmark is a blend of the Asset Class Benchmarks at policy weights.

Virginia Retirement System

Asset Allocation as of December 31, 2014

(Dollar amounts in Billions / Percent of Total Fund)

