

Virginia Retirement System
Alternative Investment Manager Aggregate Profit Sharing
By Year

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Virginia Retirement System
Alternative Investment Manager Aggregate Profit Sharing Results¹
Calendar Year 2023
(expressed in millions)

	Calendar Year 2023
Virginia Retirement System Portion	\$5,226
Alternative Investment Manager Portion	606
Total Profits	\$5,832

¹ *Based on available data for private investments with profit sharing arrangements for Calendar Year 2023.*

Notes:

The primary objective of the VRS investment portfolio is to achieve the highest level of return for a given level of risk over the long term. The VRS Board of Trustees believes in active management, which has been a value-added proposition for the fund, because market inefficiencies exist in varying degrees across and within all asset classes.

VRS invests with top-tier alternative investment managers that consistently generate strong net returns. These private investments have historically generated the highest absolute net returns of the plan.

To gain access to these attractive strategies, VRS may participate in profit-sharing (carried interest) arrangements with alternative investment managers. In general, profit sharing is when an investment manager is allocated a portion of the gain on an investment. Typically, the manager must meet the following three conditions before profit sharing occurs:

- return invested capital to VRS,
- return fees and expenses to VRS, and
- achieve a minimum annualized rate of return (or hurdle rate) on the investment.

Virginia Retirement System
Alternative Investment Manager Aggregate Profit Sharing Results¹
Calendar Year 2022
(expressed in millions)

	Calendar Year 2022
Virginia Retirement System Portion	\$372
Alternative Investment Manager Portion	20
Total Profits	\$392

¹ *Based on available data for private investments with profit sharing arrangements for Calendar Year 2022.*

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Virginia Retirement System
Alternative Investment Manager Aggregate Profit Sharing Results¹
Calendar Year 2021
(expressed in millions)

	Calendar Year 2021
Virginia Retirement System Portion	\$10,205
Alternative Investment Manager Portion	1,818
Total Profits	\$12,023

¹ *Based on available data for private investments with profit sharing arrangements for Calendar Year 2021.*

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Virginia Retirement System
Alternative Investment Manager Aggregate Profit Sharing Results¹
Calendar Year 2020
(expressed in millions)

	Calendar Year 2020
Virginia Retirement System Portion	\$4,783
Alternative Investment Manager Portion	812
Total Profits	\$5,595

¹ *Based on available data for private investments with profit sharing arrangements for Calendar Year 2020.*

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Virginia Retirement System
Alternative Investment Manager Aggregate Profit Sharing Results¹
Calendar Year 2019
(expressed in millions)

	Calendar Year 2019
Virginia Retirement System Portion	\$3,952
Alternative Investment Manager Portion	601
Total Profits	\$4,553

¹ *Based on available data for private investments with profit sharing arrangements for Calendar Year 2019.*

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Virginia Retirement System Alternative Investment Manager Aggregate Profit Sharing Results ¹ Calendar Year 2018 <i>(expressed in millions)</i>			
		Calendar Year 2018	
Virginia Retirement System Portion			\$712
Alternative Investment Manager Portion			217
Total Profits			\$929
¹ <i>Based on available data for private investments with profit sharing arrangements for Calendar Year 2018.</i>			

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