



Investment Advisory Committee (IAC) Meeting

1300 East Main Street, Courtroom C

Richmond, VA 23219

Wednesday, 4/8/2026

9:00 AM - 12:30 PM ET

1. Approval of Minutes (November 5, 2025)

IAC Meeting Minutes 11052025 FINAL - Page 2

2. CIO Report

CIO Report - April 2026 - Page 5

CIO Quarterly Report - QE December 2025 - Page 17

Performance Summary 01-31-2026 - Page 26

Asset Allocation Report - January 2026 - Page 27

Daily Asset Allocation Report 04-01-2026 - Page 28

New Investments and Terminations 04-08-2026 - Page 29

3. Discussion on Possible Benchmark Changes

2026.03 -- Investment Benchmark Updates April 2026 -- v6.0 - Page 30

4. Portfolio Diversification and Asset Allocation Update

IAC AA Update 2026 04 v2 - Page 50

5. Public Markets Program Review and Roundtable

04-08-26 Public Markets Overview, 040326 - Page 56

Public Equity Presentation 2026, 040226 - Page 57

IEM 2026 Presentation - Final - Page 80

April 2026 Fixed Income Presentation - Final Version, 032726 - Page 100

Public Markets - Roundtable - Page 119

6. Foreign Adversaries Update

Foreign Adversaries Update, 040126 - Page 120

IAC - Final Slide, 040326 - Page 125

Minutes

A meeting of the Investment Advisory Committee of the Virginia Retirement System was held on November 5, 2025 with the following members present:

Larry Kochard
Eric Baggesen
Theodore Economou
Palmer Garson, joined remotely under § 2.2-3708.3(B)(4)
Nancy Leake
Bryan Lewis
Rod Smyth
Hance West

The following Board members were present:

Brandon Bell (remote)
John Bennett (remote)
Lawrence Bernert
Clifford Foster

The following staff members were in attendance:

Trish Bishop, Andrew Junkin, Chung Ma, Stephen Adelaar, John Alouf, Rory Badura, Parham Behrooz, Brock Bell, Erica Billingslea, Ty Bowers, Lee Buchanan, Ryan Carlson, Warren Chang, Michael Cooper, Kenji Epling, Laurie Fennell, Laura Fields, Kevin Finity, Antonio Fisher, Kenny Fleming, Josh Fox, JT Grier, Mehtab Haleem, Dane Honrado, K.C. Howell, Robert Irving, Sandy Jack, Wendy Jenkins, Mengting Kim, Kristina Koutrakos, Matt Lacy, Jennifer MacKnight, Curt Mattson, Scott Mootz, Walker Noland, Greg Oliff, Laura Pugliese, Garret Rhodes, Andrew Ringle, Gregory Salvati, Daniel Schlussler, Jenny Schoeller, Jennifer Schreck, Kristy Scott, Michael Scott, Trib Singh, Richard Slate, Virginia Sowers, Larry Tentor, Nathan Thomas, Korey Turner, and Steve Woodall.

Also in attendance was Lauren Albanese with Financial Investment News; Megan Ballantyne and Cyril Espanol of With Intelligence; Doston Bradley of Cerberus Capital; Jacob Hodges with Encore; Jason Kobilka with Osmosis.fm; Alec Ostrowidzki of Goldman Sachs; and AK Ray of BlackRock.

Mr. Kochard called the meeting to order at 9:03 a.m.

Mr. Kochard took a roll call of each Committee member for attendance purposes:

Mr. Baggesen - present
Mr. Economou – present
Mr. Gayner – not present
Ms. Garson – present
Ms. Leake – present
Mr. Lewis – present
Mr. Smyth – present
Mr. West – present
Mr. Kochard – present

Mr. Kochard reminded attendees that no public comments will be received by the IAC at this meeting. Any member of the audience who disrupts the meeting and is unwilling to comply with the Committee’s rules related to the conduct of its business will be asked to leave the room. The IAC encourages any member of the public who wishes to submit comments to do so in writing. All written comments submitted to the IAC will be reviewed by the Committee, Board or VRS staff, as appropriate.

Minutes

A motion was made by Mr. Economou and seconded by Ms. Leake to approve the minutes from the August 20, 2025 Committee meeting. The motion was unanimously approved.

CIO Report

Mr. Junkin began his report with a market overview. Mr. Junkin then discussed the total fund performance and asset allocation. Last, Mr. Junkin reviewed the New Investments and Terminations Report.

Private Market Program Reviews

Mr. Howell discussed the agenda for the private assets program reviews and provided a general overview of Private Equity, Credit Strategies, Private Investment Partnerships, and Real Assets.

Mr. Alouf provided a review of the Private Equity Program. Review topics included an overview of the team, philosophy, asset allocation, market update, exposures, results, co-investments, General Partner diversification, DIME managers, as well as forward-looking plans for Private Equity.

Mr. Noland provided a review of the Real Assets program. Review topics included an overview of the team, asset allocation, an update on market fundamentals, exposures, results, co-investments, top ten managers, DIME managers, and forward-looking plans for Real Assets.

Mr. Woodall provided a review of the Credit Strategies Program. Review topics included an overview of the team, objectives, asset allocation, market update, exposures, results, co-investments, top ten managers and forward-looking plans for Credit Strategies.

In addition, Mr. Woodall indicated, that at this point, there will be no additional capital committed to Private Investment Partnerships Program. The meeting materials provided to the Committee includes a review of this Program.

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

**Private Market
Roundtable on Current
Topics**

The Private Markets Team hosted a roundtable discussion with IAC members covering topics including expansion of private assets into the retail channel, concerns of systemic risk from private credit, and impacts of AI on private markets.

Adjournment

Mr. Baggesen made a motion to adjourn the meeting. Ms. Leake seconded the motion. Mr. Kochard asked for the Committee members to vote on the motion, and the motion was unanimously approved.

The meeting was adjourned at 11:45 a.m.

Larry Kochard, Chairperson



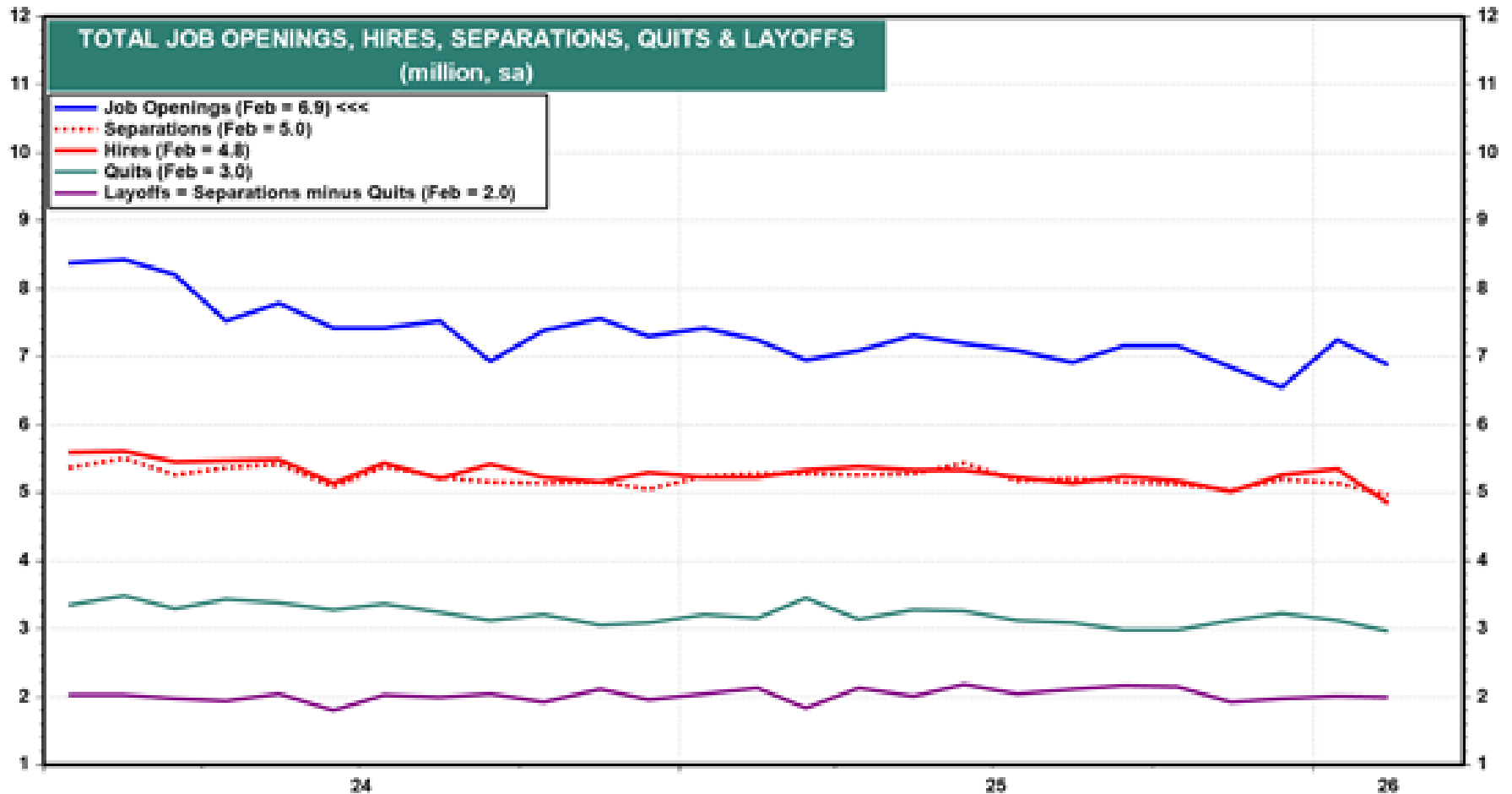
Chief Investment Officer Report

Market Review – April 2026
Andrew Junkin

Consumer confidence drifting lower

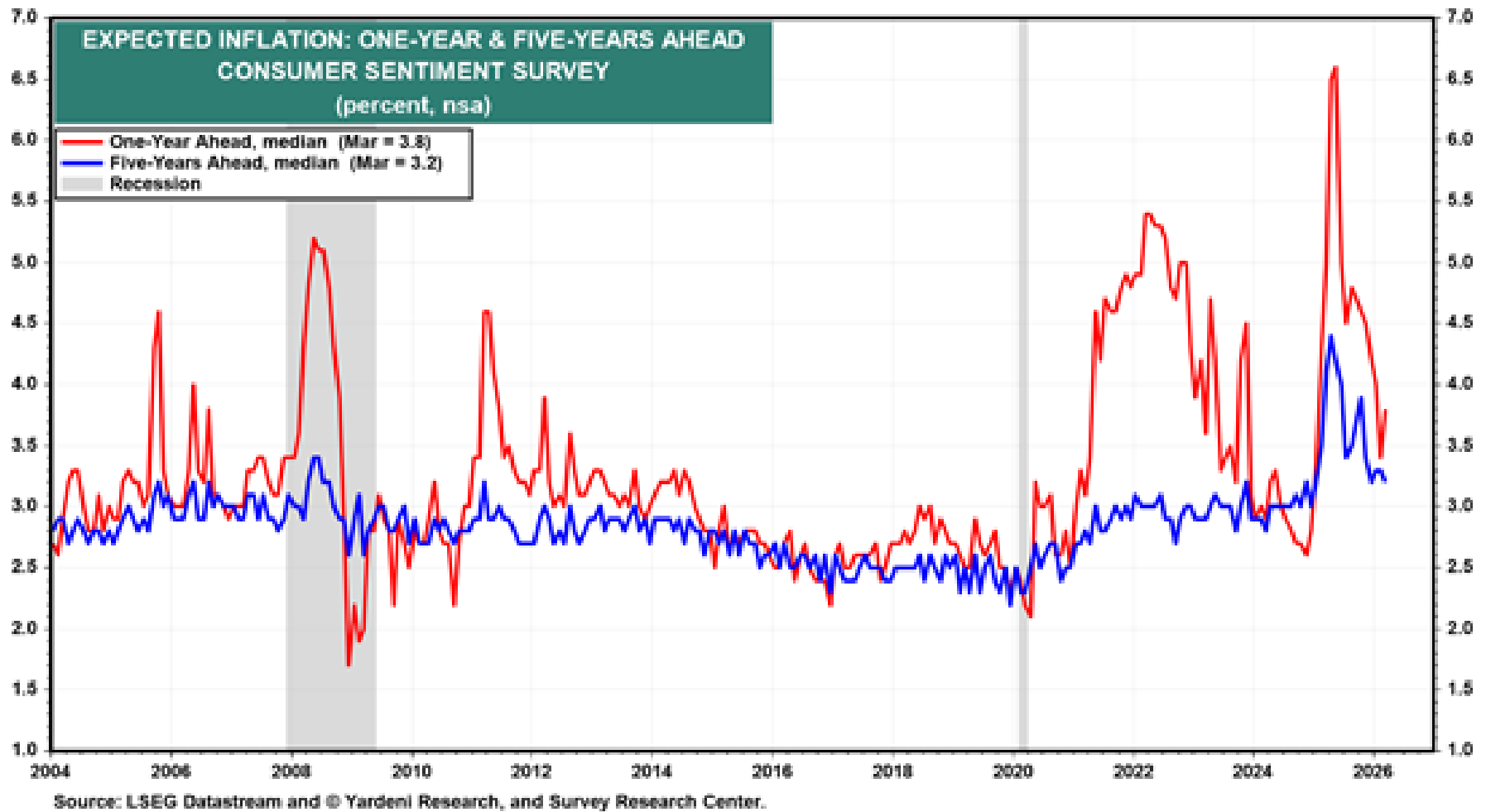


Job market slowing?



Source: LSEG Datastream and © Yardeni Research. Bureau of Labor Statistics.

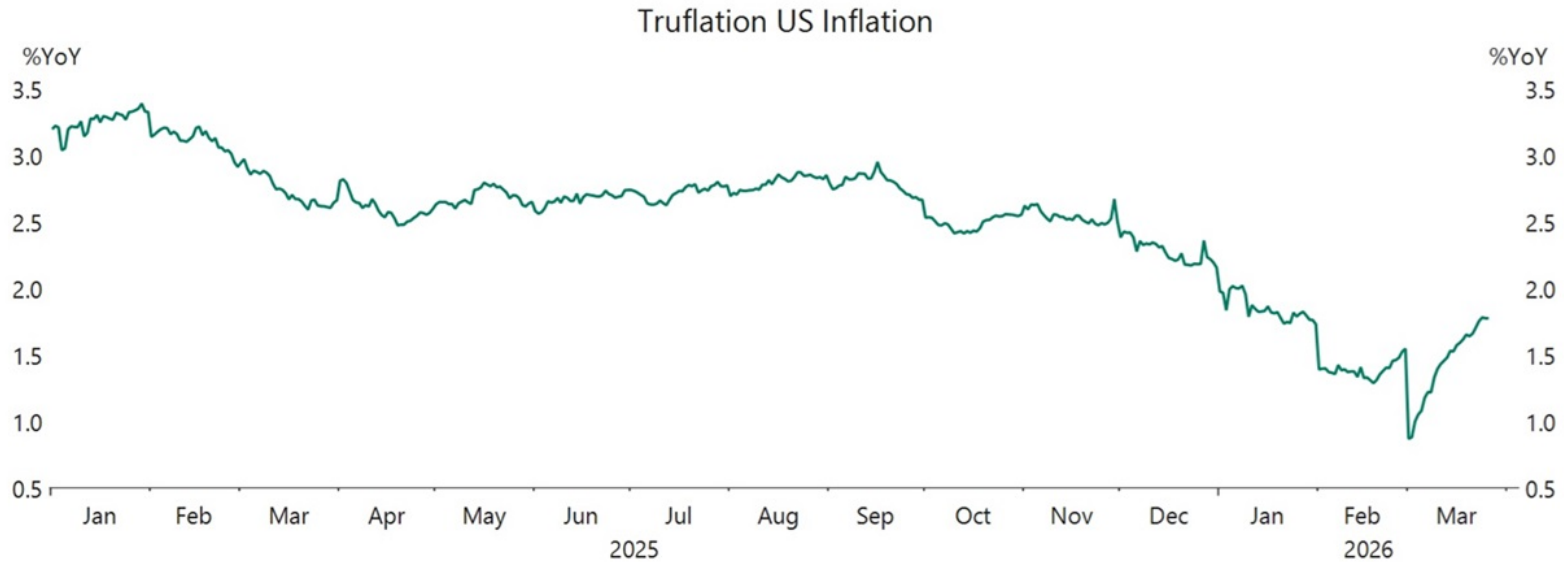
Inflation expectations elevated



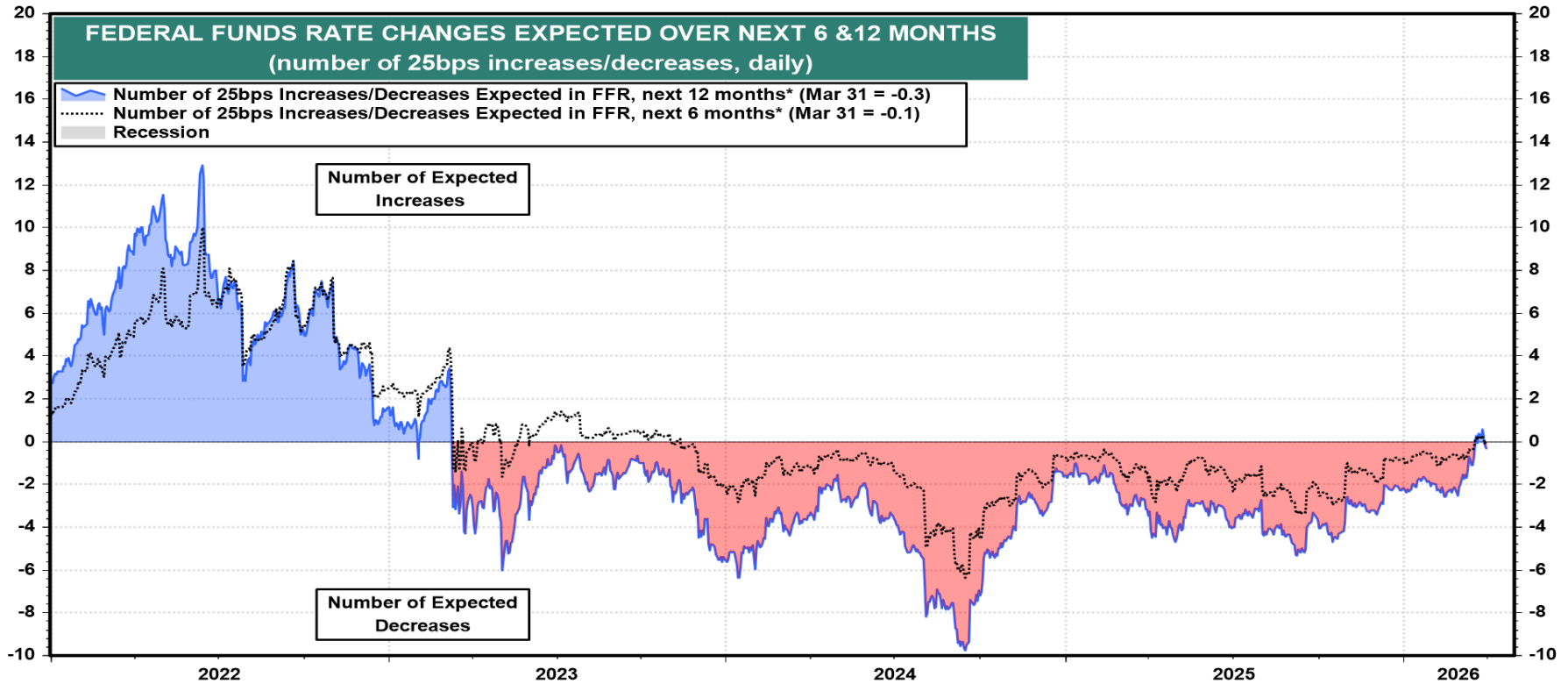
Timely data shows some increase

APOLLO

Daily inflation from Truflation shows re-acceleration



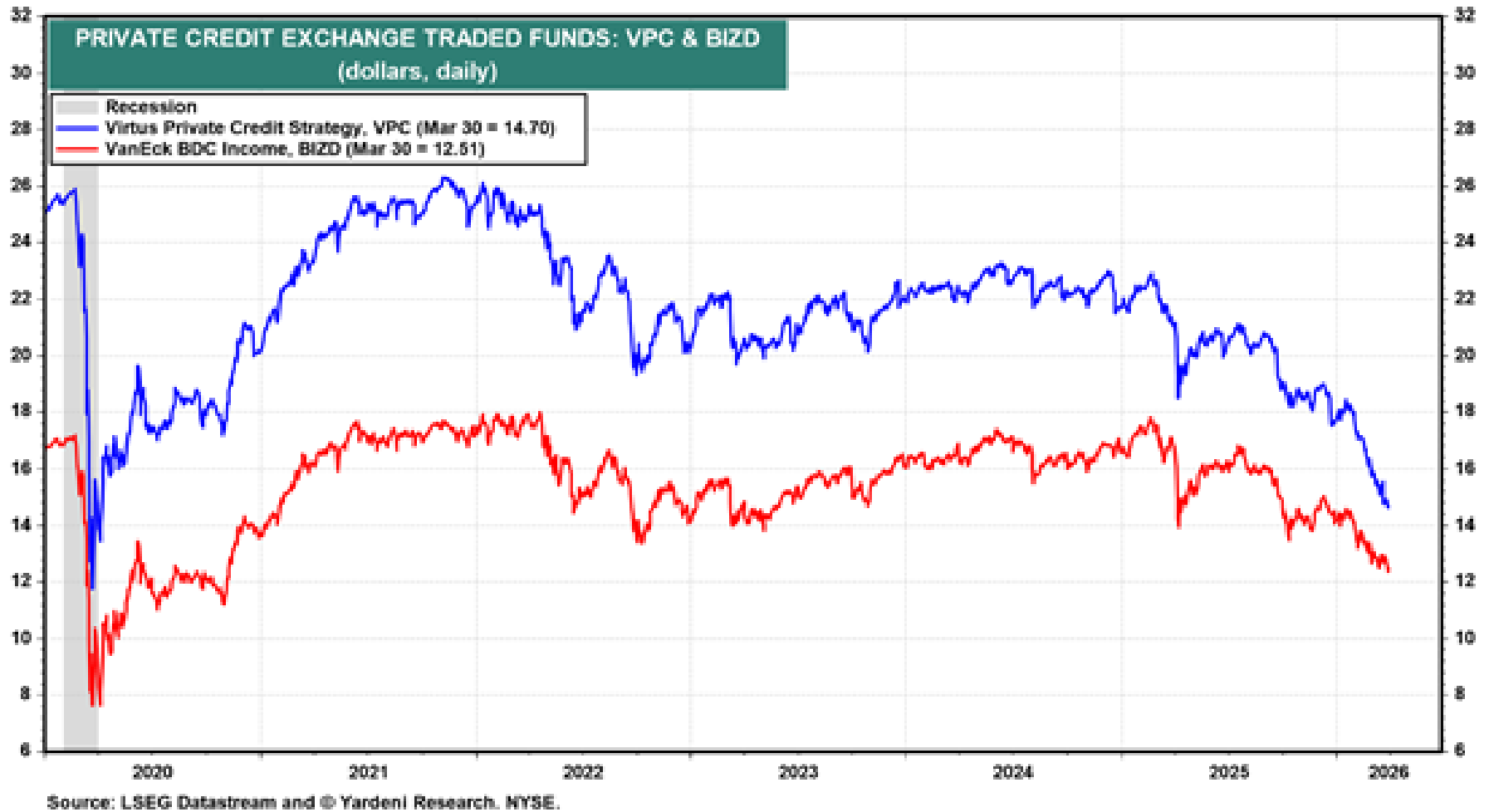
Fed Funds Forecast



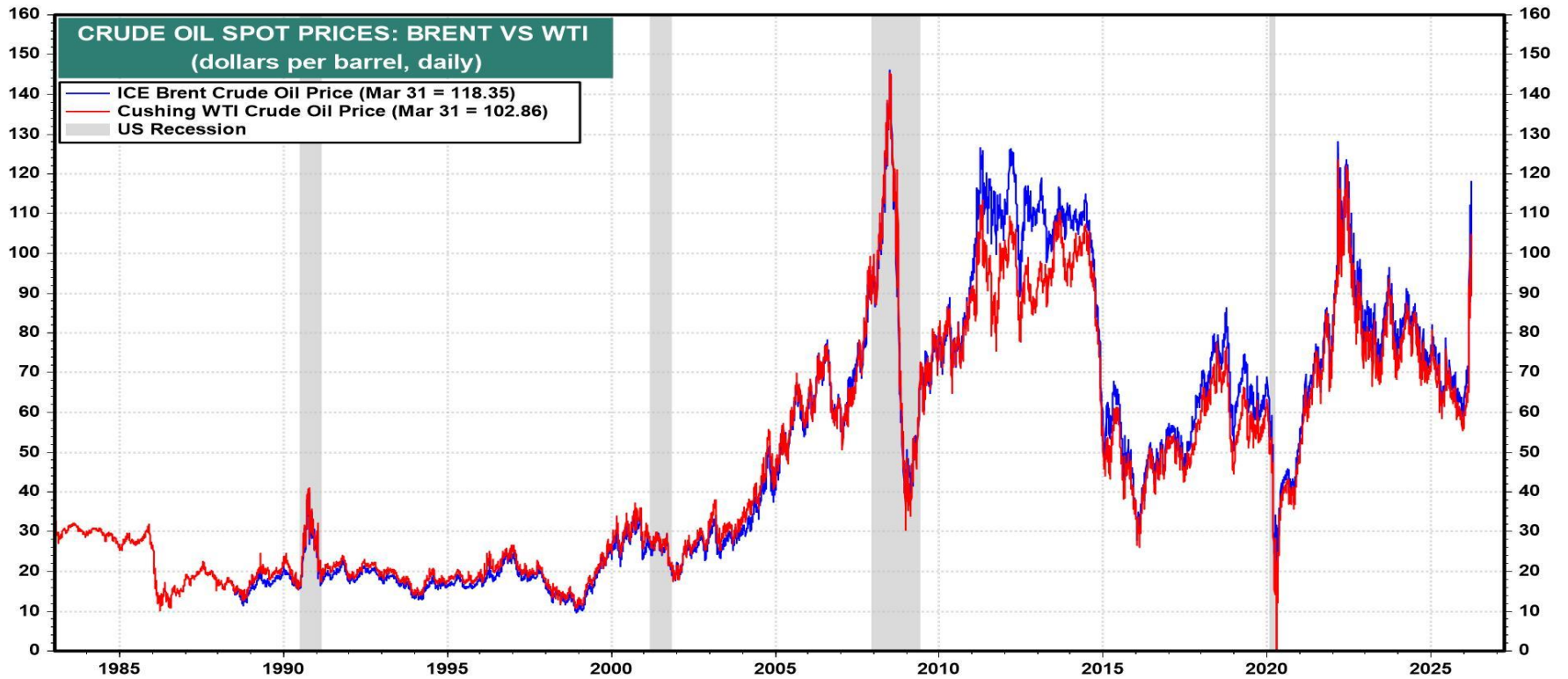
Source: LSEG Datastream and © Yardeni Research. Federal Reserve and Chicago Board of Trade.

* 6-month and 12-month futures FFR minus FFR all divided by 25.

Private credit repricing



Oil prices up on conflict



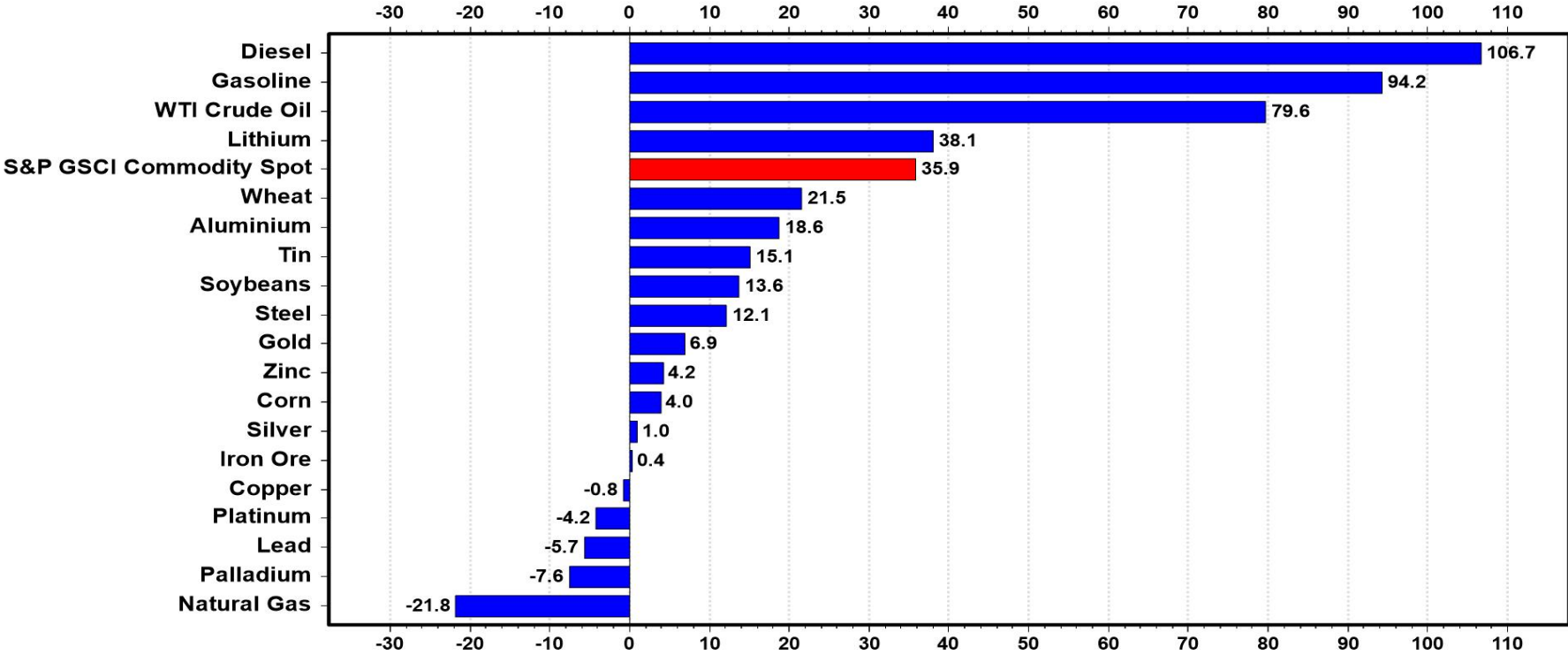
Creating inflationary pressure



Source: LSEG Datastream and © Yardeni Research. Energy Information Administration (EIA).

YTD Commodities prices showing more inflation to come

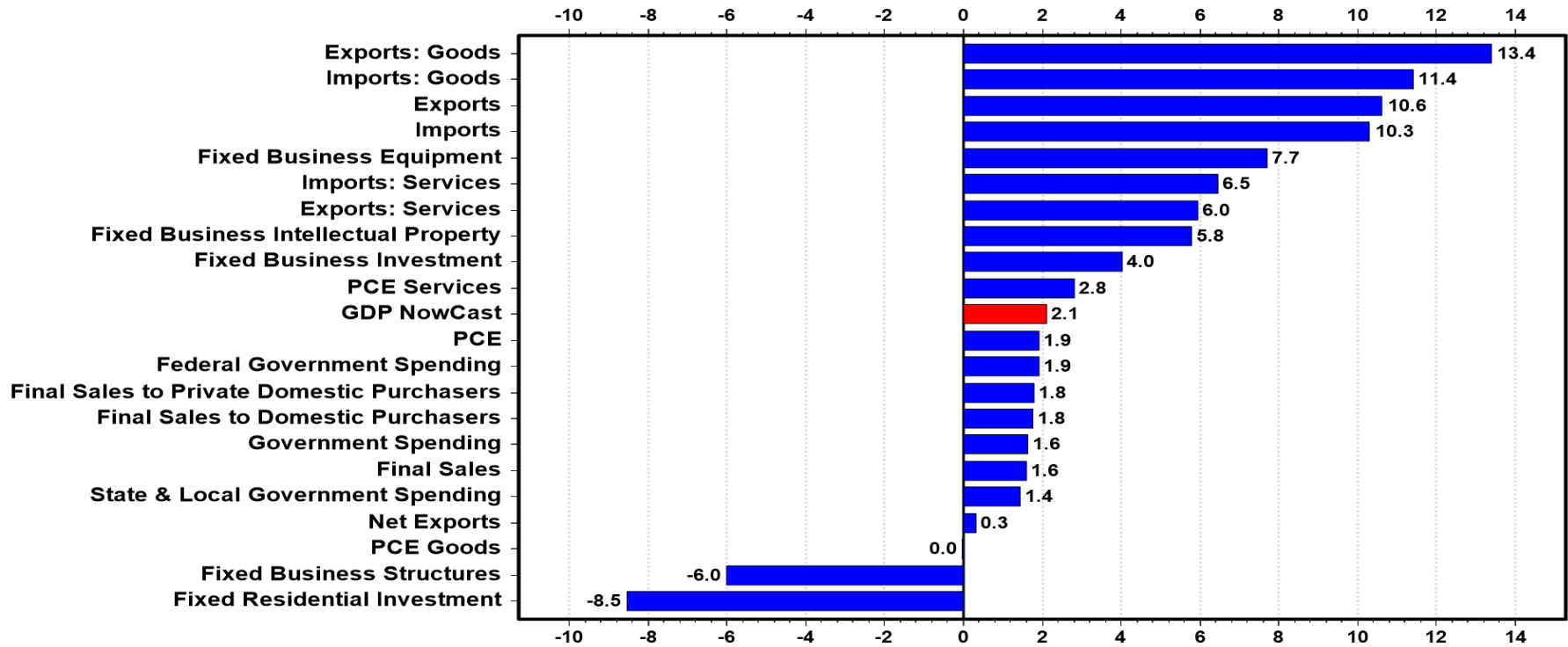
COMMODITIES PRICES
(YTD percent change, March 31)



Source: LSEG Datastream and © Yardeni Research. New York Mercantile Exchange, London Metal Exchange, and Intercontinental Exchange Futures Limited.

Economy still shows strength

ATLANTA FED GDPNOW ESTIMATE FOR Q1 2025
(quarterly percent change, saar, March 25)



Source: LSEG Datastream and © Yardeni Research.

Earnings forecasts remain strong



Source: LSEG Datastream and © Yardeni Research.

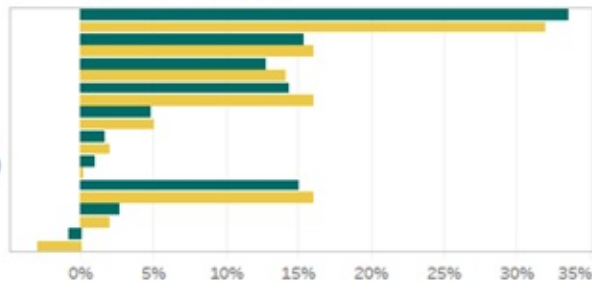
* Time-weighted average of analysts' consensus estimates for current and coming year.

Asset Allocation- December 31, 2025

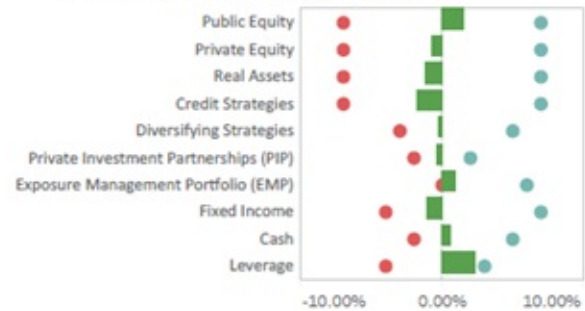
Current
Policy

Public Equity
Private Equity
Real Assets
Credit Strategies
Diversifying Strategies
Private Investment Partnerships (PIP)
Exposure Management Portfolio (EMP)
Fixed Income
Cash
Leverage

Absolute Weights (%)



Active Weights & Limits (%)



Tracking Error

5Yr-Total Fund	2.3%
5Yr-Total Public	1.6%

Weights (%)

Asset Class	Billions (\$)	Current	Policy	Variance	Min	Max	Internal
Public Equity	43.4	33.5%	32.0%	1.5%	25%	39%	52%
Private Equity	19.8	15.3%	16.0%	-0.7%	9%	23%	13%
Real Assets	16.5	12.8%	14.0%	-1.2%	7%	21%	17%
Credit Strategies	18.4	14.2%	16.0%	-1.8%	9%	23%	6%
Diversifying Strategies	6.2	4.8%	5.0%	-0.2%	2%	10%	
Private Investment Partnerships (PIP)	2.1	1.6%	2.0%	-0.4%	0%	4%	
Exposure Management Portfolio (EMP)	1.2	0.9%	0.0%	0.9%	0%	6%	
Fixed Income	19.4	15.0%	16.0%	-1.0%	12%	23%	
Cash	3.3	2.6%	2.0%	0.6%	0%	7%	
Leverage	-0.9	-0.7%	-3.0%	2.3%	-7%	0%	
<hr/>							
Asset Class	Billions (\$)	Current	Policy	Variance	Min	Max	Internal
Total Fund (Net Market Value)	129.4	100.0%	100.0%	0.0%			
Total Fund (Gross Market Value)	130.3	100.7%	103.0%	-2.3%			36%

Exposures by Policy Groups

Public + Private Equity	63.2	48.8%	48.0%	0.8%	38%	58%
Fixed Income + Cash	22.7	17.5%	18.0%	-0.5%	12%	27%

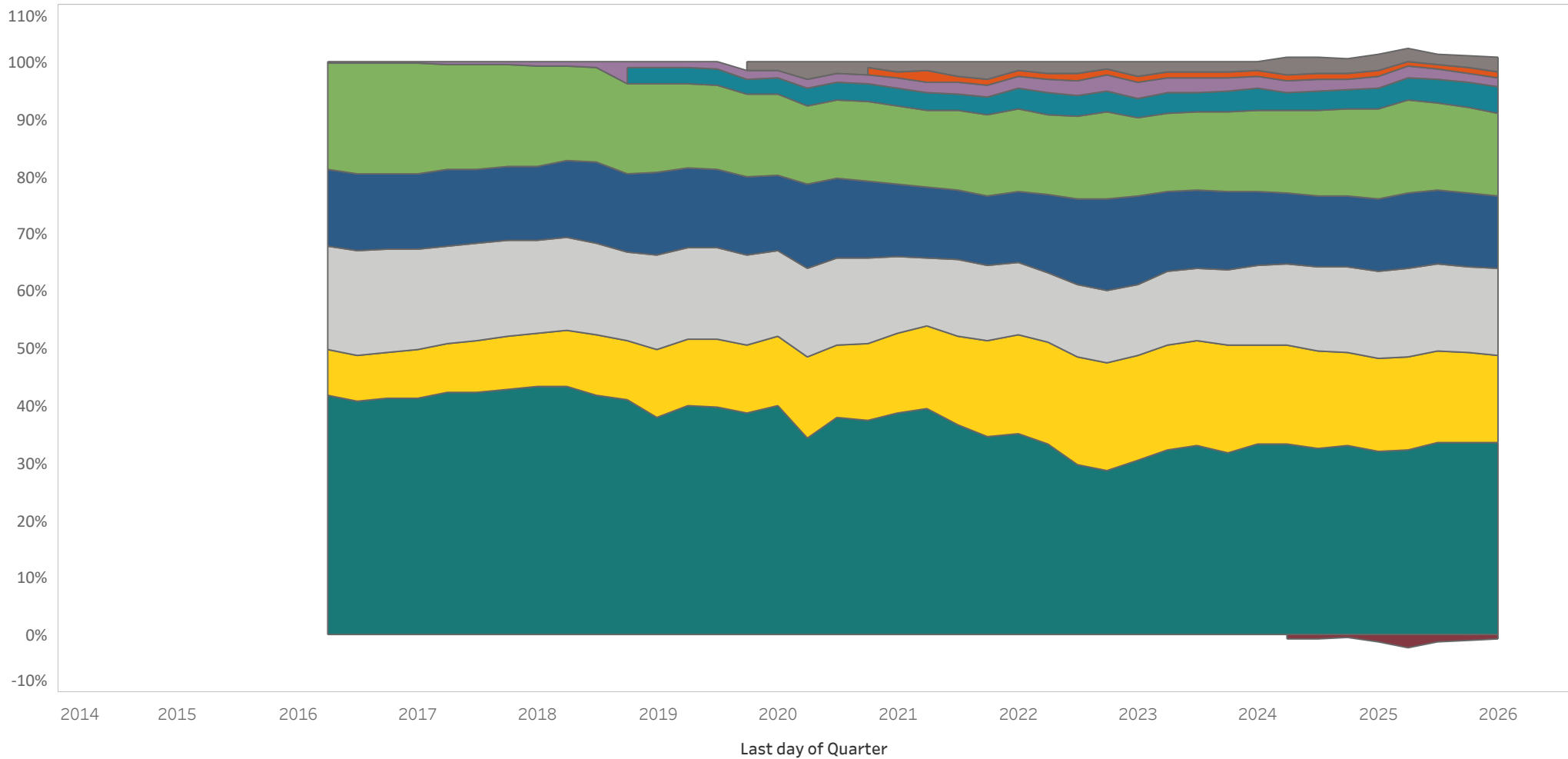
Total Fund includes the following amount held by the Treasurer of VA: \$501.6 million.

The values shown for each asset class on this report may reflect adjustments related to derivative positions in the Rebalance Account, pending transactions, and certain accruals, in order to provide a more descriptive representation of the true economic exposure to each asset class (0 adjustments applied).

The VRS Defined Benefit Plan Investment Policy Statement established the total fund tracking error range as the allowable observed tracking error calculated quarterly using 5 years of history as of 12/31/2025.

Differences in totals are due to rounding.

Asset Allocation Rolling 10-Year



As of December 31, 2025

Performance - December 31, 2025

	<i>(Net of Fees)</i>						Fiscal YTD	Cal YTD	Market Value (\$MM)
	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month			
Total Public Equity	11.3	12.0	20.4	23.4	4.0	1.6	10.7	23.4	43,351
<i>Benchmark</i>	11.2	10.7	19.6	20.8	3.0	0.9	9.6	20.8	
Total Private Equity	14.2	12.9	6.9	8.1	2.2	2.3	4.6	8.1	19,845
<i>Benchmark</i>	14.0	14.1	23.5	17.7	7.3	3.2	19.9	17.7	
Total Real Assets	7.1	6.4	0.3	4.6	1.1	1.0	2.4	4.6	16,546
<i>Benchmark</i>	5.0	3.9	-1.9	4.4	0.9	0.3	2.0	4.4	
Total Credit Strategies	7.9	8.3	10.8	10.1	1.4	1.7	6.1	10.1	18,424
<i>Benchmark</i>	6.3	5.4	9.4	7.4	1.4	0.6	3.5	7.4	
Total Diversifying Strategies	n/a	5.4	7.9	7.8	2.3	1.9	5.1	7.8	6,158
<i>Benchmark</i>	n/a	4.7	8.7	6.7	1.6	0.5	3.3	6.7	
Total Private Investment Partnerships	9.1	11.3	8.4	7.3	2.0	2.0	4.8	7.3	2,113
<i>Benchmark</i>	8.2	8.3	9.7	9.7	3.1	1.4	8.1	9.7	
Total Fixed Income	3.1	0.6	5.8	8.6	1.4	0.0	4.0	8.6	19,362
<i>Benchmark</i>	2.2	0.0	5.2	7.7	1.2	-0.1	3.4	7.7	
Total Fund	8.9	8.8	10.6	12.8	2.5	1.5	6.5	12.8	129,409
<i>VRS Custom Benchmark</i>	8.3	7.6	12.6	12.8	2.8	1.0	7.7	12.8	

Effective July 2013, the VRS Custom Benchmark is a blend of the Asset Class Benchmarks at policy weights.

Effective January 2024, the Total Fund includes leverage.

The VRS Cash Account, the Treasurer Short-Term Investment Account, the VRS Rebalancing Account, transition activity and accounts with market values of less than \$1 million are included in the Total Fund's market value. Differences in market value totals are due to rounding.

The Performance Report may differ from the VRS Annual Comprehensive Financial Report (ACFR) due to each report's requirements and objectives.

Leverage Cost Measurement Information *(Information provided for purposes of monitoring the cost effectiveness of leverage implementation.)*

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value (\$MM)
	Leverage	n/a	n/a	n/a	4.9	1.1	0.4	2.4	4.9
<i>Benchmark</i>	n/a	n/a	n/a	4.9	1.1	0.4	2.4	4.9	

Effective January 2024, the Leverage Custom Benchmark is the Secured Overnight Financing Rate (SOFR) plus 50 basis points per annum.

Performance Attribution

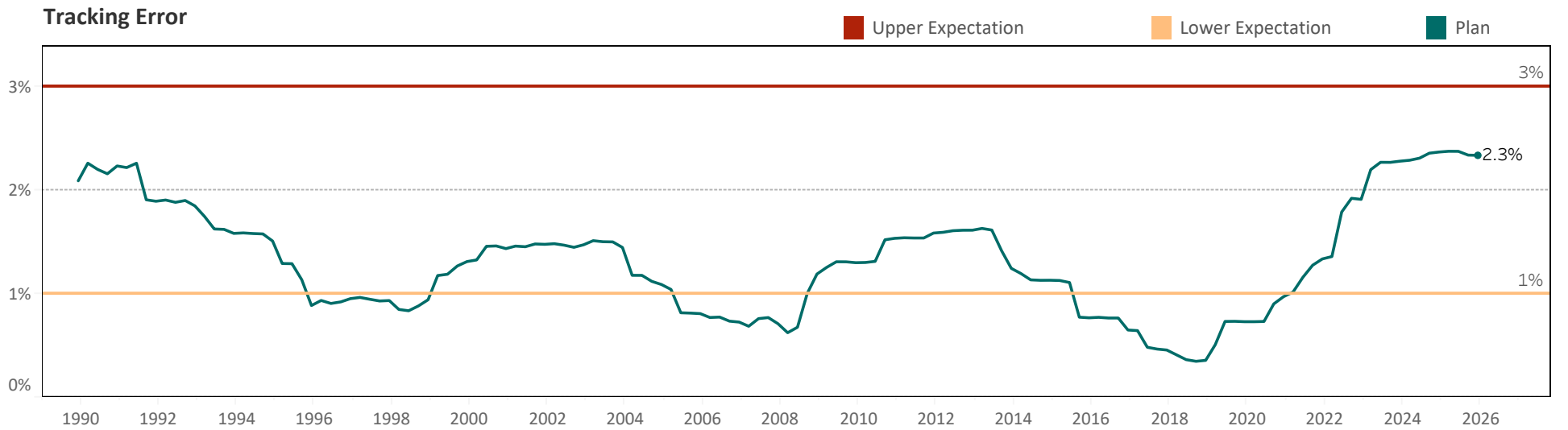
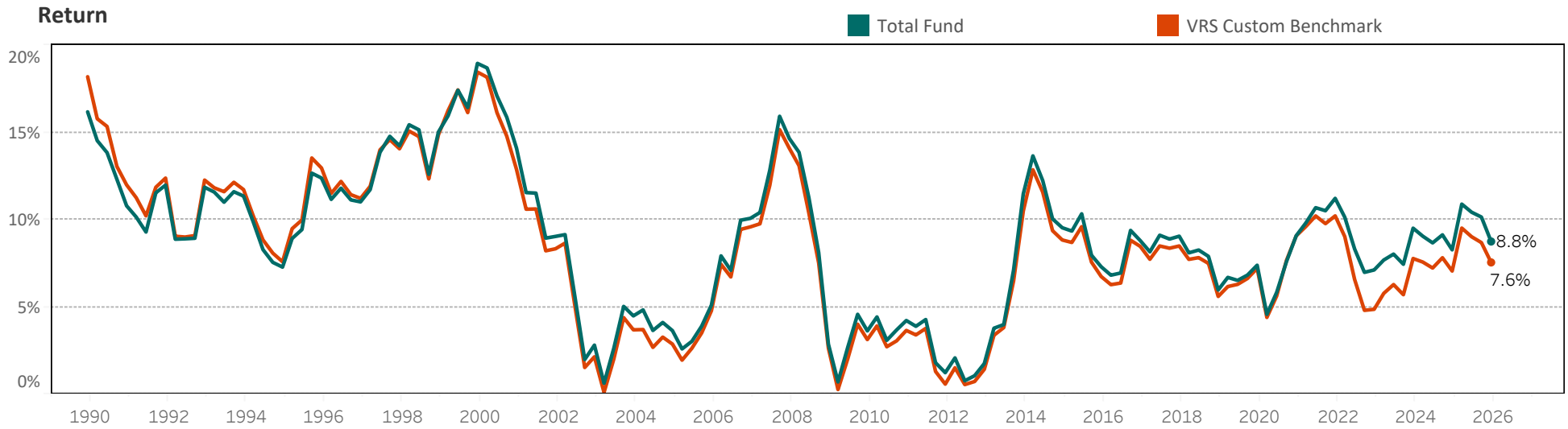
Fiscal Year-To-Date, ending December 31, 2025

	Portfolio		Policy		Attribution		
	Weight	Return	Weight	Return	Allocation	Selection	Total
TOTAL	100.0	6.5	100.0	7.8	0.1	-1.4	-1.3
Public Equity	33.3	10.7	32.0	9.6	0.0	0.4	0.4
Private Equity	15.8	4.6	16.0	19.9	0.0	-2.3	-2.4
Real Assets	12.9	2.4	14.0	2.1	0.1	0.0	0.1
Credit Strategies	14.9	6.1	16.0	3.5	0.0	0.4	0.4
Diversifying Strategies	4.5	5.1	5.0	3.3	0.0	0.1	0.1
Private Investment Partnerships	1.7	4.8	2.0	8.1	0.0	-0.1	-0.1
EMP	0.9	15.0			0.1	0.0	0.1
Fixed Income	15.2	4.0	16.0	3.4	0.0	0.1	0.1
Cash	1.6	0.8	2.0	2.1	0.0	0.0	0.0
Other	0.2	-3.9			0.0	0.0	0.0
Leverage	-0.8	2.4	-3.0	2.4	-0.1	0.0	-0.1

Differences in totals are due to rounding.

In return attribution, allocation refers to the value added by having different asset class weights in the portfolio than the asset class weights in the benchmark. Selection refers to the value added by holding individual securities or instruments within the asset class in different than benchmark weights.

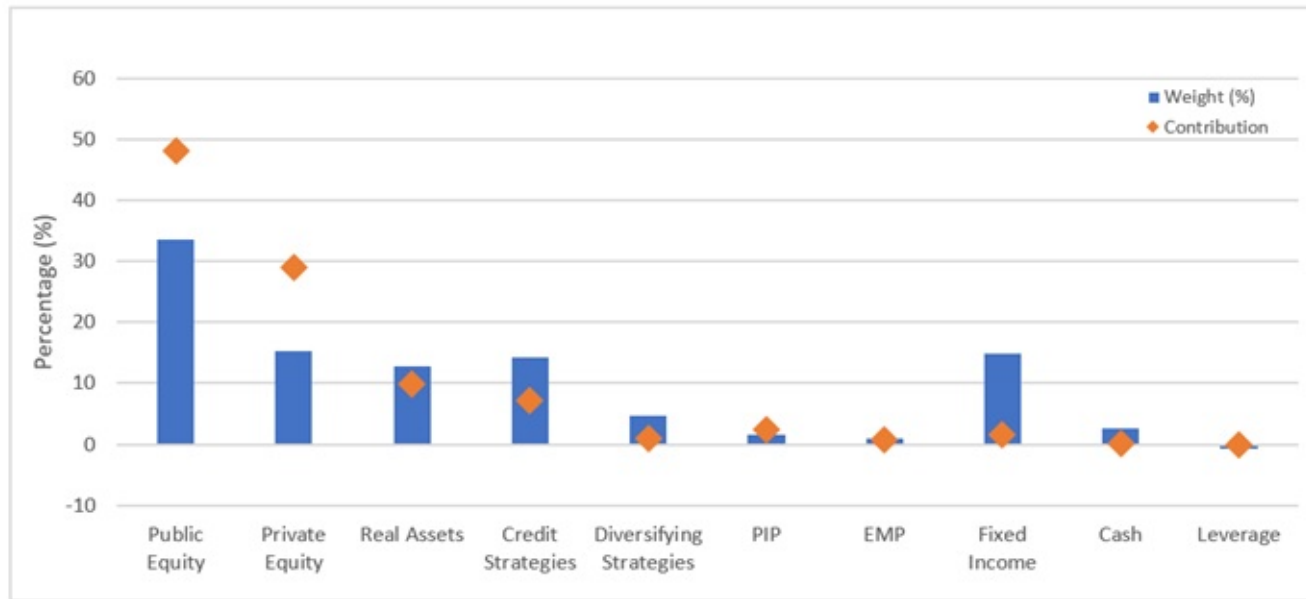
Total Fund Rolling 5-Year



As of December 31, 2025

The VRS Defined Benefit Plan Investment Policy Statement established the total fund tracking error range as the allowable observed tracking error calculated quarterly using 5 years of history.

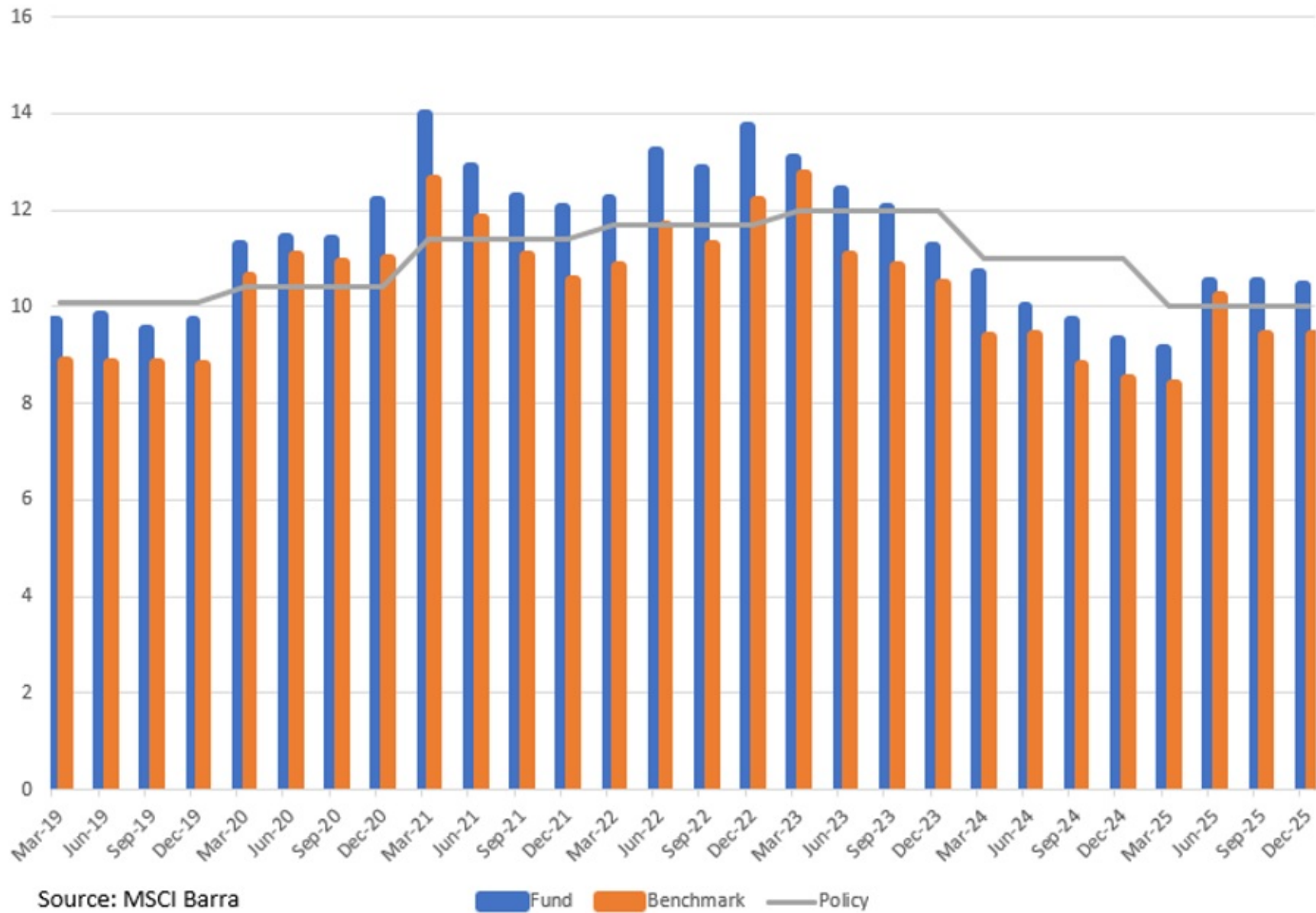
Projected Volatility and Risk Contribution – December 31, 2025



Asset Class	Market Value		Volatility (%)	
	Billions (\$)	Weight (%)	Projected	Contribution
Public Equity	43.4	33.5	15.8	48.1
Private Equity	19.8	15.3	21.7	29.1
Real Assets	16.5	12.8	10.2	9.9
Credit Strategies	18.4	14.2	8.5	7.2
Diversifying Strategies	6.2	4.8	3.8	1.0
Private Investment Partnership (PIP)	2.1	1.6	15.6	2.3
Exposure Management Portfolio (EMP)	1.2	0.9	18.9	0.7
Fixed Income	19.4	15.0	5.3	1.5
Cash	3.3	2.6	0.2	0.0
Leverage	-0.9	-0.7	0.0	0.0
Total Fund (Net Market Value)	129.4	100.0	10.4	100.0

Source: BNY, MSCI Barra

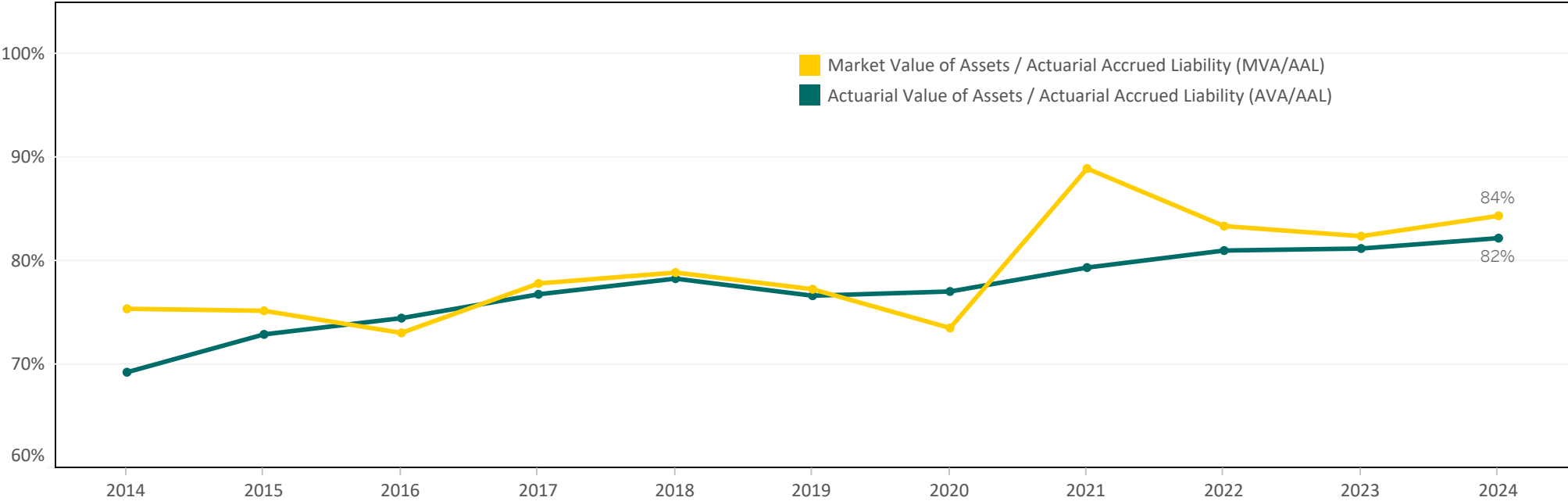
VRS Fund Projected Volatility – December 31, 2025



Source: MSCI Barra

■ Fund
 ■ Benchmark
 — Policy

Funded Status - Assets/Liabilities



As of end of fiscal year.

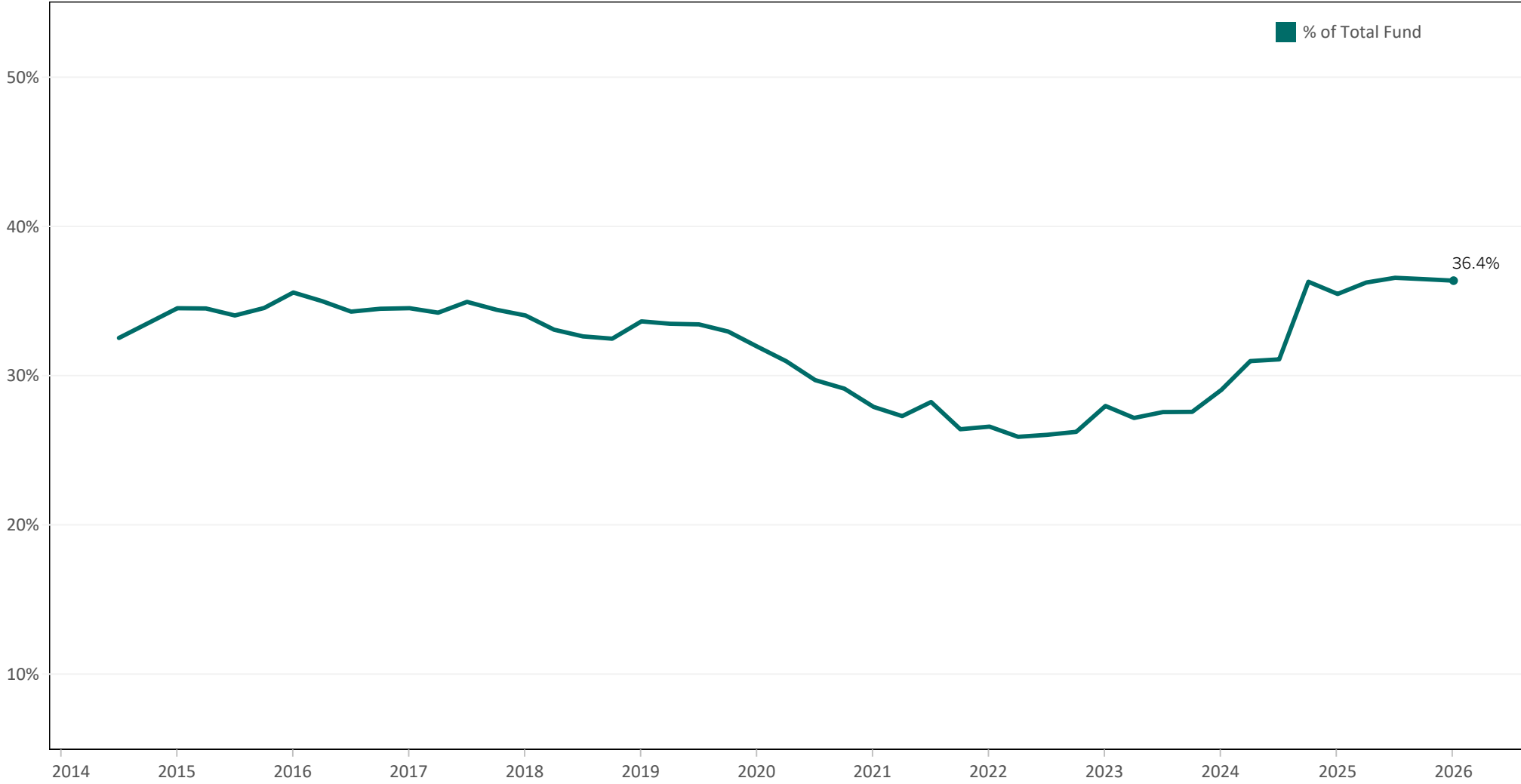
Market Value of Assets (MVA) – The value at which assets could be traded on the market.

Actuarial Value of Assets (AVA) – VRS generally uses a smoothed value of assets for actuarial value. The smoothed value phases in investment gains and losses over a five year period to reduce volatility.

Actuarial Accrued Liability (AAL) – Represents the portion of the Present Value of Future Projected Benefits attributable to service earned (or accrued) as of the valuation date.

Funded Status – The ratio of a plan’s current assets to the actuarial accrued liability (AAL). In financial reporting of public pension plans, funded status is reported using the MVA and the liabilities as of the reporting date. When referring to funding of the plan, the funded status equals the actuarial value of assets divided by the actuarial accrued liability as of the valuation date.

Internally Managed Assets



As of 9/30/2024, the percentage includes both internally managed Public Market Assets and Private Market Assets where VRS has full discretion.

PERFORMANCE SUMMARY

Rolling Periods Ending

January 31, 2026



TOTAL FUND PERFORMANCE

(Net of Fees)

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value (\$MM)
Total Public Equity	12.2	12.8	19.3	22.7	6.2	3.4	14.5	3.4	44,602
<i>Benchmark</i>	12.1	11.4	17.9	20.3	4.4	2.9	12.8	2.9	
Total Private Equity	14.2	12.9	6.9	8.2	2.5	0.1	4.7	0.1	20,000
<i>Benchmark</i>	13.4	15.0	21.8	22.4	8.0	2.0	22.2	2.0	
Total Real Assets	7.2	6.4	0.3	4.7	1.1	0.1	2.4	0.1	16,604
<i>Benchmark</i>	5.0	3.9	-1.5	4.3	0.9	0.3	2.3	0.3	
Total Credit Strategies	8.1	8.1	10.4	10.0	1.9	0.2	6.3	0.2	18,492
<i>Benchmark</i>	6.5	5.3	8.4	6.4	1.2	0.1	3.6	0.1	
Total Diversifying Strategies	n/a	5.7	7.7	8.9	4.3	1.9	7.1	1.9	6,544
<i>Benchmark</i>	n/a	4.8	7.8	6.6	1.5	0.5	3.8	0.5	
Total Private Investment Partnerships	9.1	11.3	8.4	7.3	2.0	0.0	4.8	0.0	2,113
<i>Benchmark</i>	8.2	8.6	9.0	10.8	3.3	0.8	9.0	0.8	
Total Fixed Income	3.0	0.8	4.8	8.1	1.0	0.2	4.3	0.2	19,409
<i>Benchmark</i>	2.0	0.1	4.1	7.2	0.7	0.1	3.6	0.1	
Total Fund	9.3	9.1	10.1	12.7	3.4	1.4	7.9	1.4	130,433
<i>VRS Custom Benchmark</i>	8.7	8.0	11.6	13.3	3.2	1.3	9.3	1.3	

Effective July 2013, the VRS Custom Benchmark is a blend of the Asset Class Benchmarks at policy weights.

Effective January 2024, the Total Fund includes leverage.

The VRS Cash Account, the Treasurer Short-Term Investment Account, the VRS Rebalancing Account, transition activity and accounts with market values of less than \$1 million are included in the Total Fund's market value. Differences in market value totals are due to rounding.

The Performance Report may differ from the VRS Annual Comprehensive Financial Report (ACFR) due to each report's requirements and objectives.

Leverage Cost Measurement Information

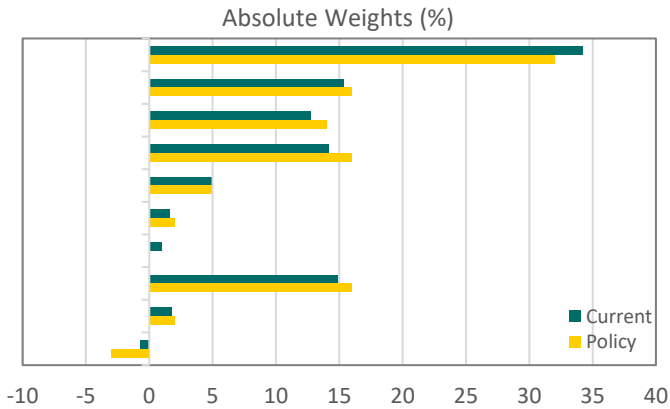
(Information provided for purposes of monitoring the cost effectiveness of leverage implementation.)

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value (\$MM)
Leverage	n/a	n/a	n/a	4.8	1.1	0.4	2.7	0.4	(903)
<i>Benchmark</i>	n/a	n/a	n/a	4.8	1.1	0.3	2.7	0.3	

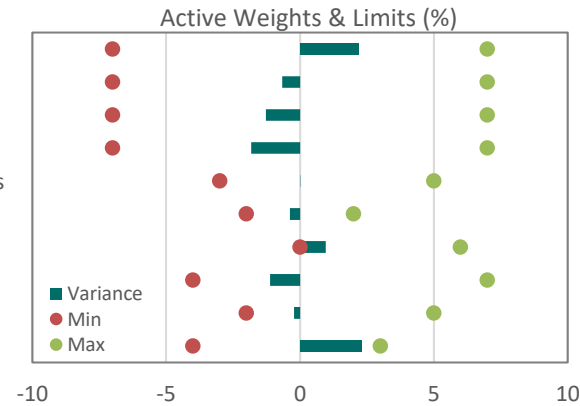
Effective January 2024, the Leverage Custom Benchmark is the Secured Overnight Financing Rate (SOFR) plus 50 basis points per annum.

Asset Allocation Report

January 31, 2026



Public Equity
Private Equity
Real Assets
Credit Strategies
Diversifying Strategies
PIP
EMP
Fixed Income
Cash
Leverage



Tracking Error (%)	
5Yr Fund	2.3
5Yr Public	1.6

Asset Class	Billions (\$)	Weights (%)					
		Current	Policy	Variance	Min	Max	Internal
Public Equity	44.6	34.2	32.0	2.2	25	39	51
Private Equity	20.0	15.3	16.0	-0.7	9	23	13
Real Assets	16.6	12.7	14.0	-1.3	7	21	17
Credit Strategies	18.5	14.2	16.0	-1.8	9	23	6
Diversifying Strategies	6.5	5.0	5.0	0.0	2	10	0
Private Investment Partnerships (PIP)	2.1	1.6	2.0	-0.4	0	4	0
Exposure Management Portfolio (EMP)	1.2	1.0	0.0	1.0	0	6	0
Fixed Income	19.4	14.9	16.0	-1.1	12	23	95
Cash	2.3	1.8	2.0	-0.2	0	7	0
Leverage	-0.9	-0.7	-3.0	2.3	-4	0	0
Total Fund (Net Market Value)	130.4	100.0	100.0	0.0	<i>n.a.</i>	<i>n.a.</i>	37
Total Fund (Gross Market Value)	131.3	100.7	103.0	-2.3	<i>n.a.</i>	<i>n.a.</i>	0

Exposures by Policy Groups

Public + Private Equity	64.6	49.5	48.0	1.5	38	58	<i>n.a.</i>
Fixed Income + Cash	21.7	16.7	18.0	-1.3	12	27	<i>n.a.</i>

- Total Fund includes the following amount held by the Treasurer of VA: \$ 90 million
- The values shown for each asset class on this report may reflect adjustments related to derivative positions in the Rebalance Account, pending transactions and certain accruals, in order to provide a more descriptive representation of the true economic exposure to each asset class (0 adjustments applied)
- The VRS Defined Benefit Plan Investment Policy Statement established the total fund tracking error range as the allowable observed tracking error calculated quarterly using 5 years of history as of 12/31/2025.
- Differences in totals are due to rounding

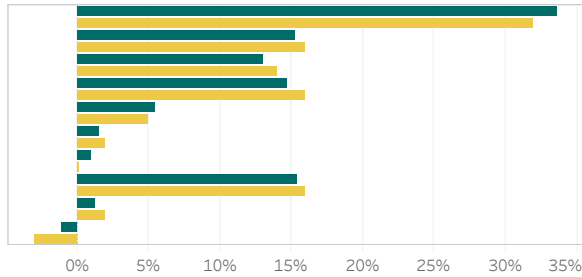
Daily Asset Allocation Report

April 1, 2026

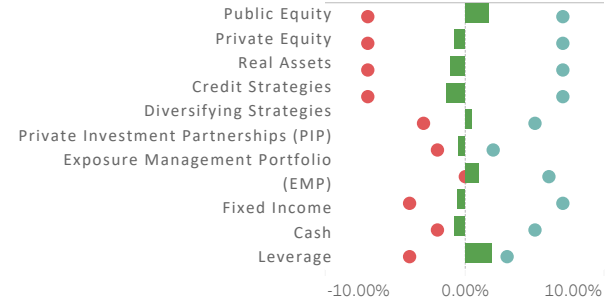
Current (Green)
Policy (Yellow)

Absolute Weights (%)

Public Equity
Private Equity
Real Assets
Credit Strategies
Diversifying Strategies
Private Investment Partnerships (PIP)
Exposure Management Portfolio (EMP)
Fixed Income
Cash
Leverage



Active Weights & Limits (%)



Tracking Error

5Yr-Total Fund: 2.3%
5Yr-Total Public: 1.6%

Weights (%)

Asset Class	Billions (\$)	Current	Policy	Variance	Min	Max	Internal
Public Equity	43.5	33.7%	32.0%	1.7%	25%	39%	51%
Private Equity	19.7	15.2%	16.0%	-0.8%	9%	23%	14%
Real Assets	16.8	13.0%	14.0%	-1.0%	7%	21%	17%
Credit Strategies	18.9	14.7%	16.0%	-1.3%	9%	23%	6%
Diversifying Strategies	7.0	5.4%	5.0%	0.4%	2%	10%	
Private Investment Partnerships (PIP)	1.9	1.5%	2.0%	-0.5%	0%	4%	
Exposure Management Portfolio (EMP)	1.3	1.0%	0.0%	1.0%	0%	6%	
Fixed Income	19.9	15.4%	16.0%	-0.6%	12%	23%	95%
Cash	1.6	1.2%	2.0%	-0.8%	0%	7%	
Leverage	-1.4	-1.1%	-3.0%	1.9%	-7%	0%	
<hr/>							
Asset Class	Billions (\$)	Current	Policy	Variance	Min	Max	Internal
Total Fund (Net Market Value)	129.1	100.0%	100.0%	0.0%			
Total Fund (Gross Market Value)	130.5	101.1%	103.0%	-1.9%			37%

Exposures by Policy Groups

Policy Group	Billions (\$)	Current	Policy	Variance	Min	Max
Public + Private Equity	63.1	48.9%	48.0%	0.9%	38%	58%
Fixed Income + Cash	21.4	16.6%	18.0%	-1.4%	12%	27%

Total Fund includes the following amount held by the Treasurer of VA: \$65.26M.

- The values shown for each asset class on this report may reflect adjustments related to derivative positions in the Rebalance Account, pending transactions, and certain accruals, in order to provide a more descriptive representation of the true economic exposure to each asset class (0 adjustments applied).
- The VRS Defined Benefit Plan Investment Policy Statement established the total fund tracking error range as the allowable observed tracking error calculated quarterly using 5 years of history as of 12/31/2025.
- Differences in totals are due to rounding.

Program	Action	Effective Date	Commitment/Current Value	Funding/Defunding Period	Description
Private Equity	Hired	10/31/2025	\$300 Million	6 Years	Charlesbank XI – Middle market private equity firm that invests in industrial, healthcare, technology & technology infrastructure and business and consumer services companies.
Private Equity	Hired	11/17/2025	\$150 Million	5 Years	Lead Edge Capital Fund VII – Growth equity investment firm that invests in software, internet, and technology-enabled services companies.
Private Equity	Hired	12/11/2025	\$300 Million	6 Years	Leonard Green X – Focuses on investing in market-leading companies providing services, including consumer, healthcare, and business services, as well as distribution and industrial.
Diversifying Strategies	Hired	12/01/2025	\$350 Million	Immediate	Garda Fixed Income Relative Value Opportunities Fund – A fixed income relative value hedge fund.
Credit Strategies	Hired	12/22/2025	\$250 Million	3 Years	ACORE Credit Partners III – A closed-end fund investing in newly originated mortgages secured by transitional commercial real estate.
Credit Strategies	Hired	02/23/2026	\$300 Million	4 Years	Ares SSG VII – A closed-end fund focused on Asia Pacific private credit.
Credit Strategies	Hired	03/24/2026	\$750 Million	Immediate	Barings Portfolio Finance – An evergreen fund providing senior loans to third party asset managers.
Public Equity	Terminated	12/31/2025	\$236 Million	Immediate	Select Equity Cooper Square – An international long-short equity strategy.
Public Equity	Hired	02/02/2026	\$100 Million	Immediate	ValueAct Japan Fund – A long-only, engagement-driven activist strategy investing in undervalued Japanese equities.
Exposure Management Portfolio	Hired	01/22/2026	\$35 Million	5 Years	JP Morgan – A private co-investment in an AI related company.
Real Assets	Hired	03/19/2026	\$100 Million	3 Years	Meadow Energy Ground Leases – A separate account focused on acquiring and owning land under power assets in the U.S. and U.K.



Benchmark Recommendations

Presented to the Investment Advisory Committee

April 2026
Scott Mootz

Agenda

- Review current VRS investment benchmarks
- Identify attributes of a good benchmark
- Discuss proposed enhancements
- Update on independent consultant review of benchmarks and hurdles
- Next steps

VRS Current Benchmarks

- **Public Equity** – custom 85%/15% blend of global cap weighted equity/global low volatility equity
- **Private Equity** – custom regionally adjusted cap weighted public equity index, lagged one quarter (75% North America, 20% Europe, 5% Asia and emerging markets)
- **Real Assets** – custom weighted blend of NCREIF ODCE (core real estate) and CPI+4% (other real assets)
- **Credit Strategies** – 50%/50% blend of high yield bonds/bank loans
- **Fixed Income** – custom 90%/5%/5% blend of investment grade US bonds/high yield bonds/emerging market debt
- **Diversifying Strategies** – 3-month treasury bills +2.5%
- **Private Investment Partnerships (PIP)** – 34%/33%/33% Credit Strategies/Private Equity/Real Assets benchmarks

Characteristics of a good benchmark

- According to the CFA Institute, an ideal benchmark would be:
 - Specified in advance: Constructed and agreed upon before the evaluation period begins.
 - Appropriate: Consistent with the investment style, mandate, or strategy.
 - Measurable: The return can be calculated frequently, accurately, and in a timely manner.
 - Unambiguous: The constituents and their weights are clearly defined and identifiable.
 - Reflective of current investment opinions: The investor has current knowledge of the securities in the benchmark.
 - Accountable: The investor accepts responsibility for the benchmark's constituents and performance.
 - Investable: It is possible for an investor to replicate the benchmark, or "passively hold."

Current Benchmark Status

	<u>Public Equity</u>	<u>Private Equity</u>	<u>Real Assets</u>	<u>Credit Strategies</u>	<u>Fixed Income</u>	<u>Diversifying Strategies</u>
Specified in Advance						
Appropriate						
Measurable						
Unambiguous						
Reflective of Opinions						
Accountable						
Investable						

VRS Proposed Benchmarks

- **Public Equity** – custom 85%/15% blend of global cap weighted equity/global low volatility equity
- **Private Equity** – [Fund Universe Benchmark \(MSCI Burgiss, ex Venture, ex Funds <\\$1B\)](#)
- **Real Assets** – custom weighted blend of NCREIF ODCE (core real estate) and CPI+4% (other real assets)
- **Credit Strategies** – 50%/50% blend of high yield bonds/bank loans, [lagged one quarter](#)
- **Fixed Income** – custom 90%/5%/5% blend of investment grade US bonds/high yield bonds/emerging market debt
- **Diversifying Strategies** – [75%/25%](#) 3-month treasury bills +2.5%/[HFRI Trend Index](#)
- **Private Investment Partnerships (PIP)** – 34%/33%/33% Credit Strategies/Private Equity/Real Assets benchmarks

Growth in Large Public Companies



Source: LSEG Datastream and © Yardeni Research. Standard & Poor's.

* Magnificent-7 stocks include Alphabet (Google), Amazon, Apple, Meta (Facebook), Microsoft, NVIDIA, and Tesla. Both classes of Alphabet are included.

Private Equity Benchmark Alternative

- Private Equity Fund Universe Benchmark – a benchmark comprised of actual private equity funds
 - These can be customized to better represent an investor’s actual investment approach, including geography, style, vintage year, fund size, etc.
 - Best fit for us is the MSCI Burgiss Private Equity Index ex. Venture and Funds <\$1B.
 - Sourced from actual manager data
 - More clearly represents the investible opportunity set
 - Many large pension fund peers also benchmark vs. a fund universe index
 - Mercer found that ~1/3 of the largest 100 Public Funds use a Fund Universe benchmark. Examples include TRS, Wisconsin, CalSTRS, NY Common, North Carolina, PA PSERS, Maryland, Alaska Permanent, Ohio PERS & Ohio Teachers, New Jersey, etc.
 - Can be used to judge actual implementation success: return, risk, diversification, manager selection

Private Equity Benchmark Implementation

- To avoid timing risk and in acknowledgement that adjustments to a mature private investment portfolio take time, we would look to phase-in the benchmark over 5 fiscal years.

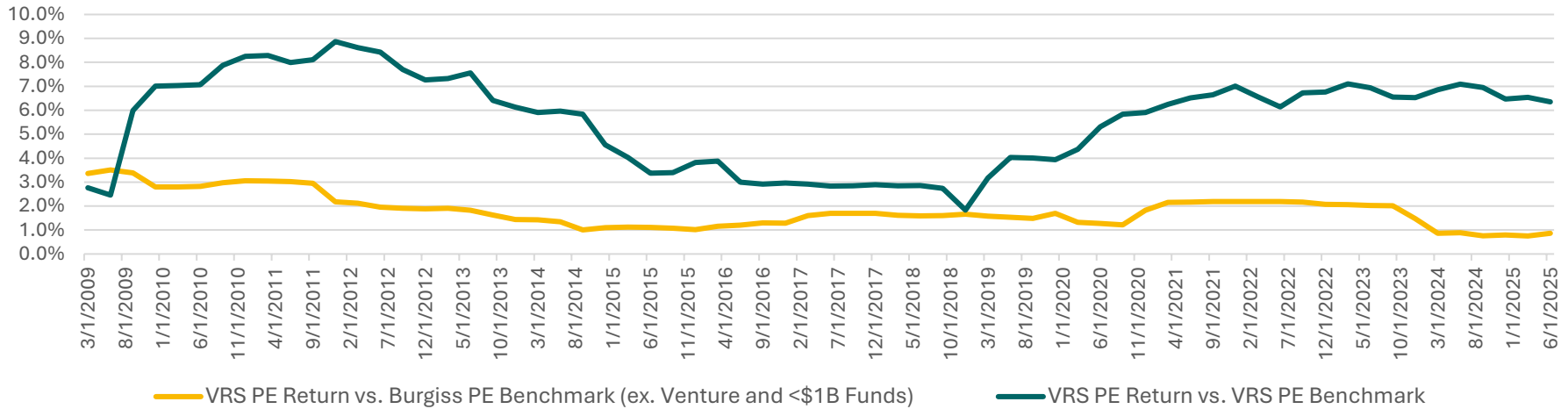
	Current Benchmark Public Market Index	Proposed Benchmark Private Fund Universe Index
FY 27	80%	20%
FY 28	60%	40%
FY 29	40%	60%
FY 30	20%	80%
FY 31	0%	100%

Performance Reporting: 12/31/25

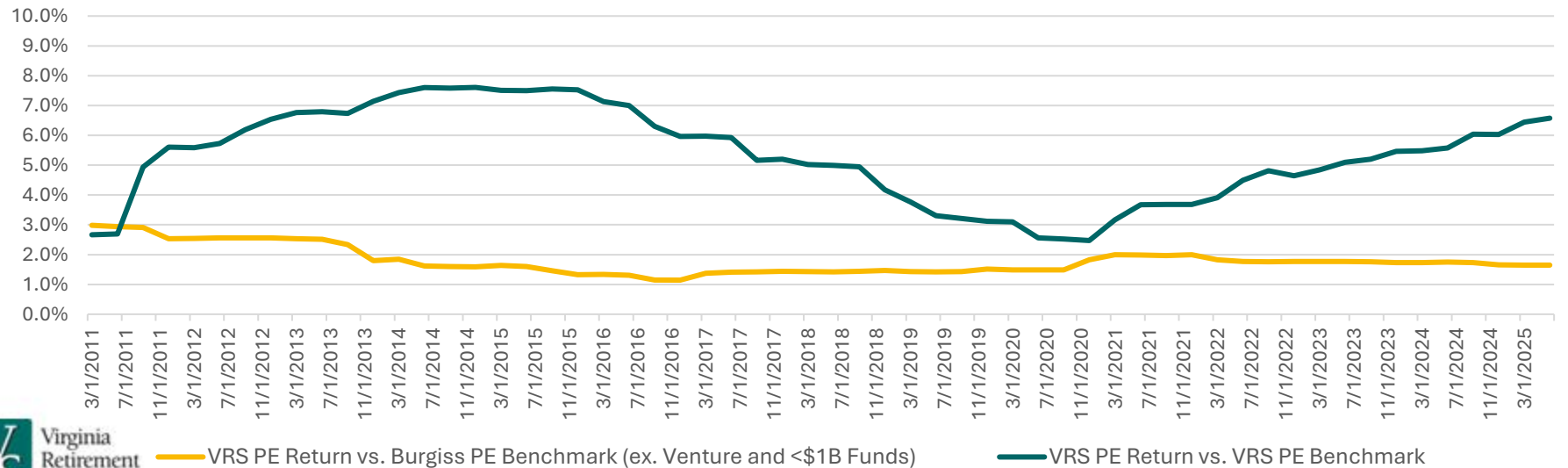
	(Net of Fees)						Fiscal YTD	Cal YTD	Market Value (\$MM)
	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month			
Total Public Equity	11.3	12.0	20.4	23.4	4.0	1.6	10.7	23.4	43,351
<i>Benchmark</i>	11.2	10.7	19.6	20.8	3.0	0.9	9.6	20.8	
Total Private Equity	14.2	12.9	6.9	8.1	2.2	2.3	4.6	8.1	19,845
<i>Benchmark</i>	14.0	14.1	23.5	17.7	7.3	3.2	19.9	17.7	
Total Real Assets	7.1	6.4	0.3	4.6	1.1	1.0	2.4	4.6	16,546
<i>Benchmark</i>	5.0	3.9	-1.9	4.4	0.9	0.3	2.0	4.4	
Total Credit Strategies	7.9	8.3	10.8	10.1	1.4	1.7	6.1	10.1	18,424
<i>Benchmark</i>	6.3	5.4	9.4	7.4	1.4	0.6	3.5	7.4	
Total Diversifying Strategies	n/a	5.4	7.9	7.8	2.3	1.9	5.1	7.8	6,158
<i>Benchmark</i>	n/a	4.7	8.7	6.7	1.6	0.5	3.3	6.7	
Total Private Investment Partnerships	9.1	11.3	8.4	7.3	2.0	2.0	4.8	7.3	2,113
<i>Benchmark</i>	8.2	8.3	9.7	9.7	3.1	1.4	8.1	9.7	
Total Fixed Income	3.1	0.6	5.8	8.6	1.4	0.0	4.0	8.6	19,362
<i>Benchmark</i>	2.2	0.0	5.2	7.7	1.2	-0.1	3.4	7.7	
Total Fund	8.9	8.8	10.6	12.8	2.5	1.5	6.5	12.8	129,409
<i>VRS Custom Benchmark</i>	8.3	7.6	12.6	12.8	2.8	1.0	7.7	12.8	

Private Equity Benchmark Tracking Error

3-year Rolling Tracking Error

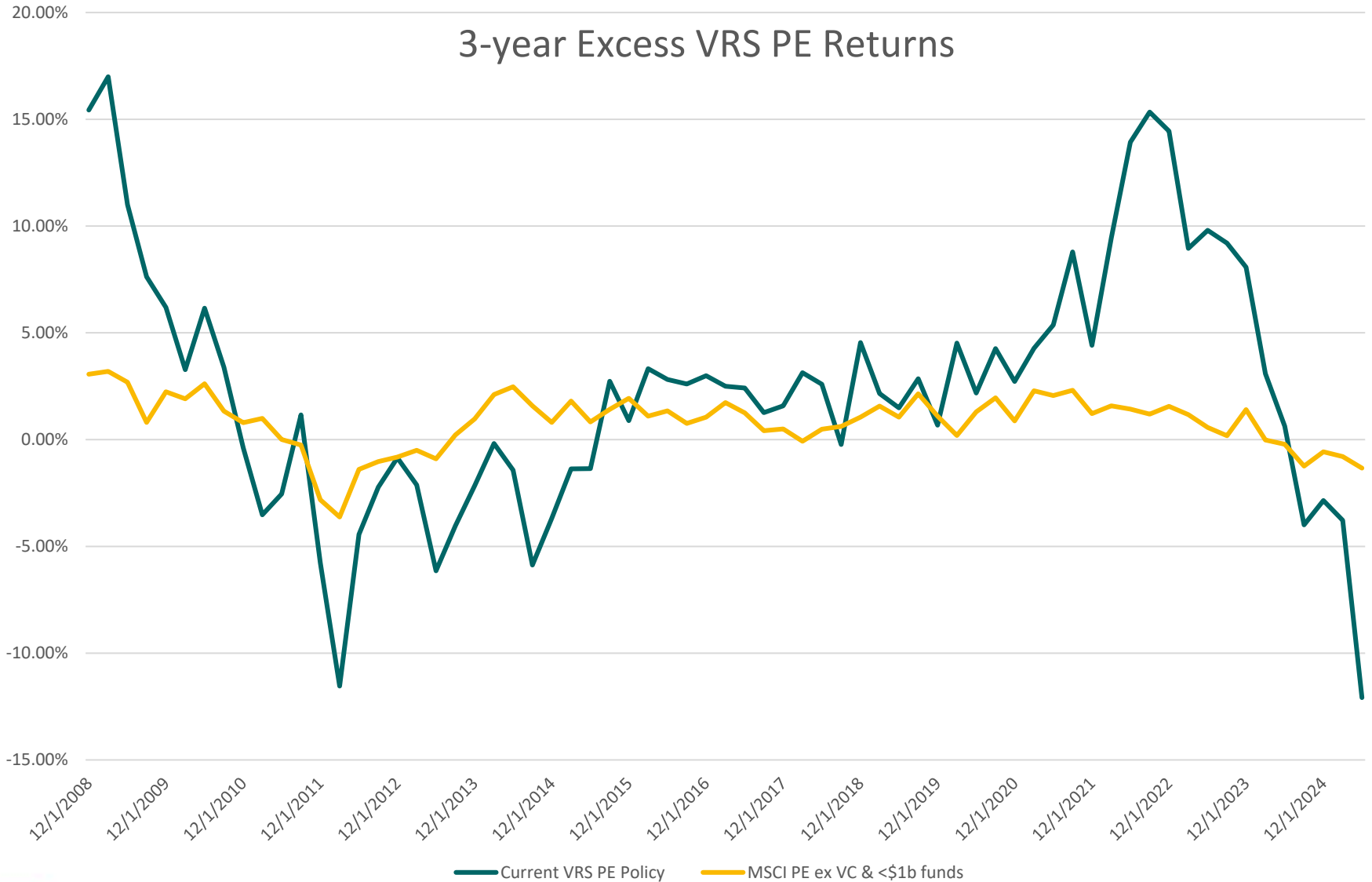


5-Year Rolling Tracking Error



Private Equity Benchmark Returns

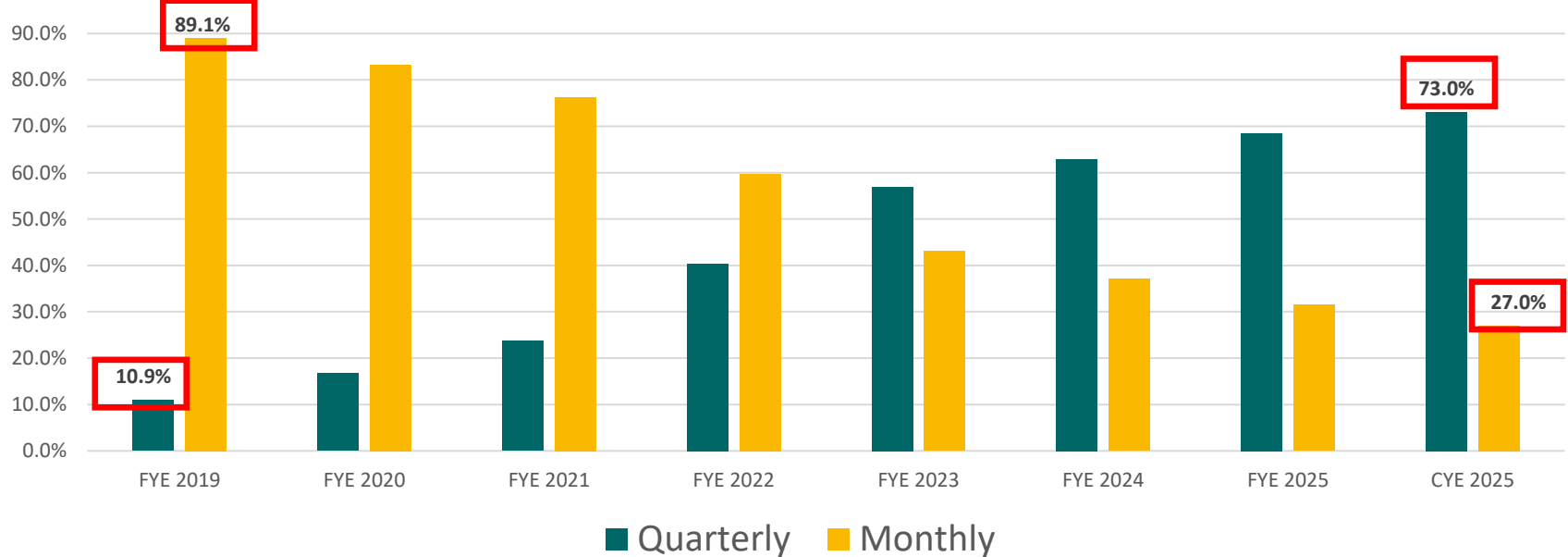
3-year Excess VRS PE Returns



Credit Strategies Has Evolved

- The investment vehicles utilized have changed over time as the program has become more private credit-focused.
- A lagged benchmark is needed to better match the reporting of the underlying investments.

Quarterly vs Monthly Reporting Accounts: % of CS Program



Diversifying Strategies Program

- Diversifying Strategies has changed meaningfully over the last several years
 - Combined former Risk Based Investing program with Dynamic Strategies program
 - Program now has two major components: Risk Responders and Return Enhancers
 - Risk Responders are designed to provide ballast when public equity markets are down
 - Return Enhancers are designed to harvest returns in most market environments in a way that is uncorrelated to the rest of the VRS portfolio

Diversifying Strategies Benchmark Components

- Cash + 250 bps (current benchmark)
 - Consistent with an absolute return mandate
 - Serves as a proxy for the opportunity cost of capital
 - Never negative with a historic volatility around 1%

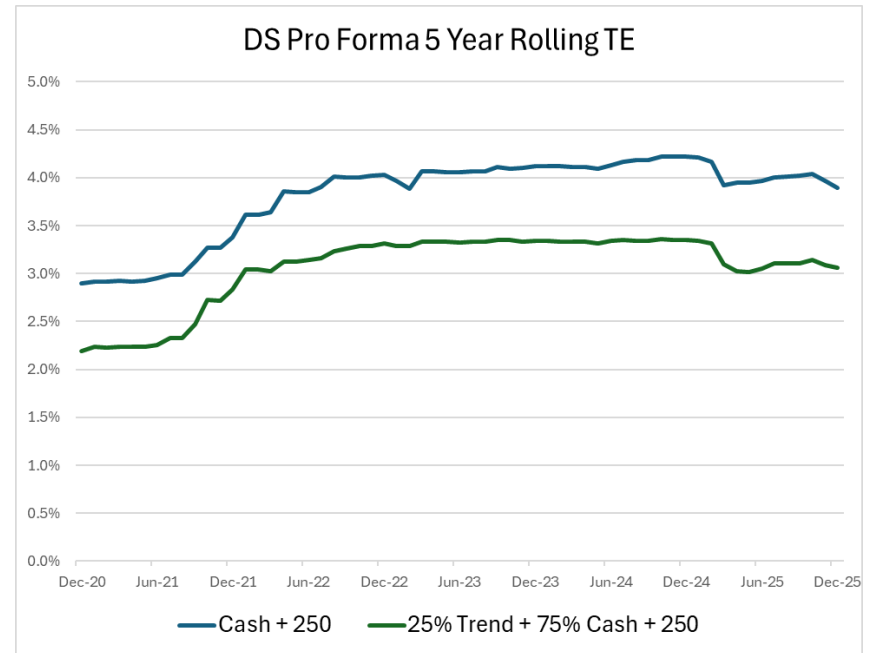
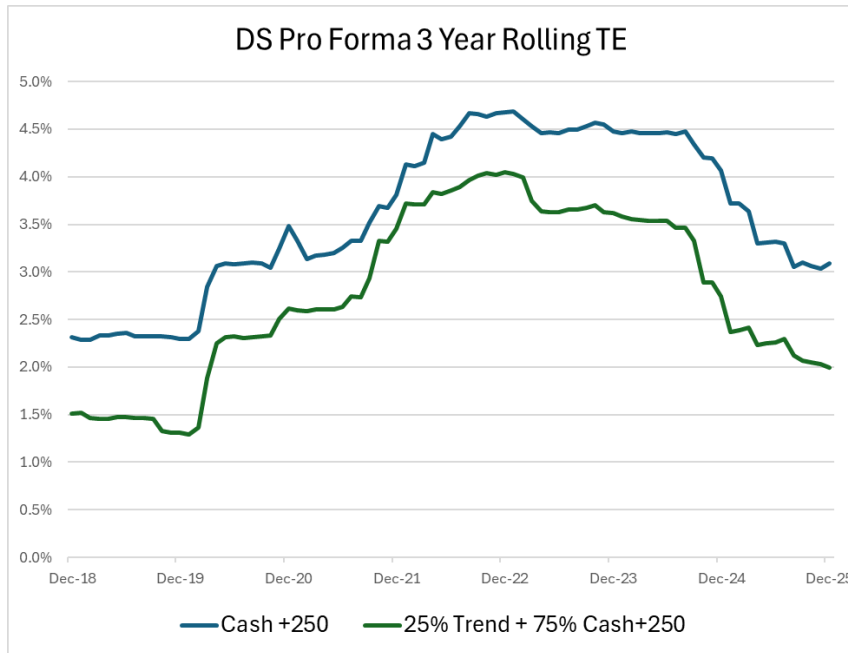
- HFRI Trend Following Index
 - Better reflects the make up of the defensive portion of the program
 - Exhibits a higher correlation to experienced and modeled returns
 - Introduces volatility into the benchmark more consistent with overall return patterns

Diversifying Strategies Benchmark Alternative

- Move to a blended benchmark
 - Retain cash plus 250 bps for absolute return – 75% of benchmark
 - Use HFRI Trend Following Index for the defensive portion of the program – 25% of benchmark
 - Weightings aligned with strategy evolution
- HFR Institutional Trend Following Index
 - Equal-weighted index representing the largest funds open to investment
 - Consistent with funds that are investible for an allocator of VRS's size
 - Index methodology consistent with VRS reporting and operational needs

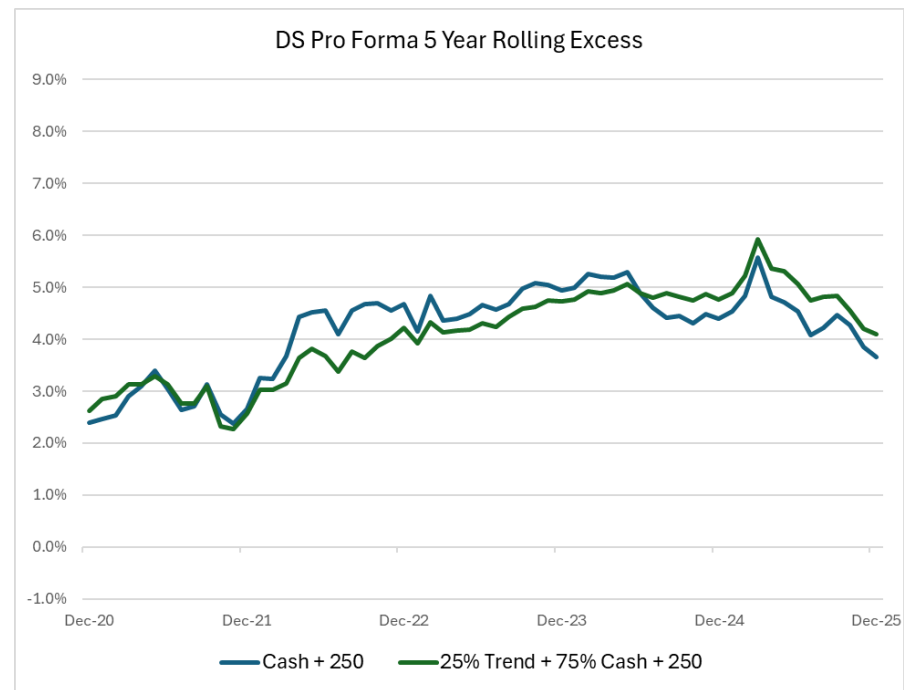
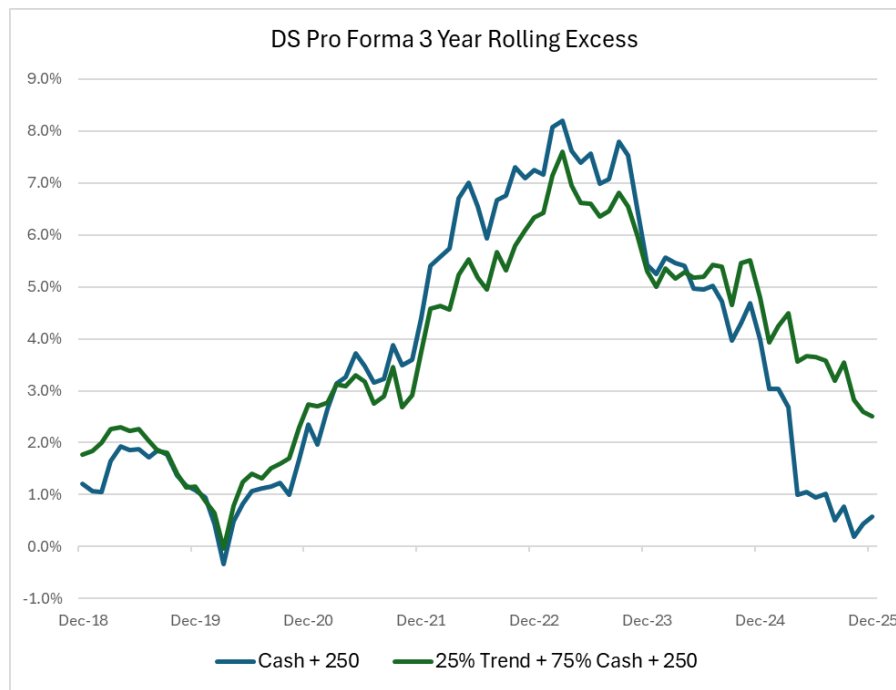
Reduced Tracking Error

The HFR Institutional Trend Following Index is about 70% correlated with the historical performance of the current Diversifying Strategies defensive mandates, thus reducing overall program tracking error.



Smother Excess Returns

Excess returns with the blended index is slightly smoother given the changes in cash rates the past few years.



Total Plan Impact & Conclusion

- Updating these three benchmarks suggests Total Fund tracking error could drop to 1.0-1.5% based on pro-forma estimates.
- The proposed changes allow the Board to separately and cleanly answer allocation outcomes (are illiquid investments adding value vs. public markets) and implementation decisions (are VRS staff adding value through manager selection)?
- All changes are prospective, starting no sooner than July 1st, 2026.

Process Update, Governance, and Next Steps

- November 2025: IAC discussions on benchmark evolution; private market program reviews
- January 2026: Mercer hired to review benchmark and hurdle rates as part of our regular schedule of independent review
- February 2026: Benchmark education presentation to IPC
- April 8, 2026: VRS concludes benchmark review and presents recommendations to IAC
- April 2026: Mercer presents to AFT and Board
- July 1, 2026: Effective date for changes (earliest)



Portfolio Diversification Update

Andrew Junkin
Chief Investment Officer

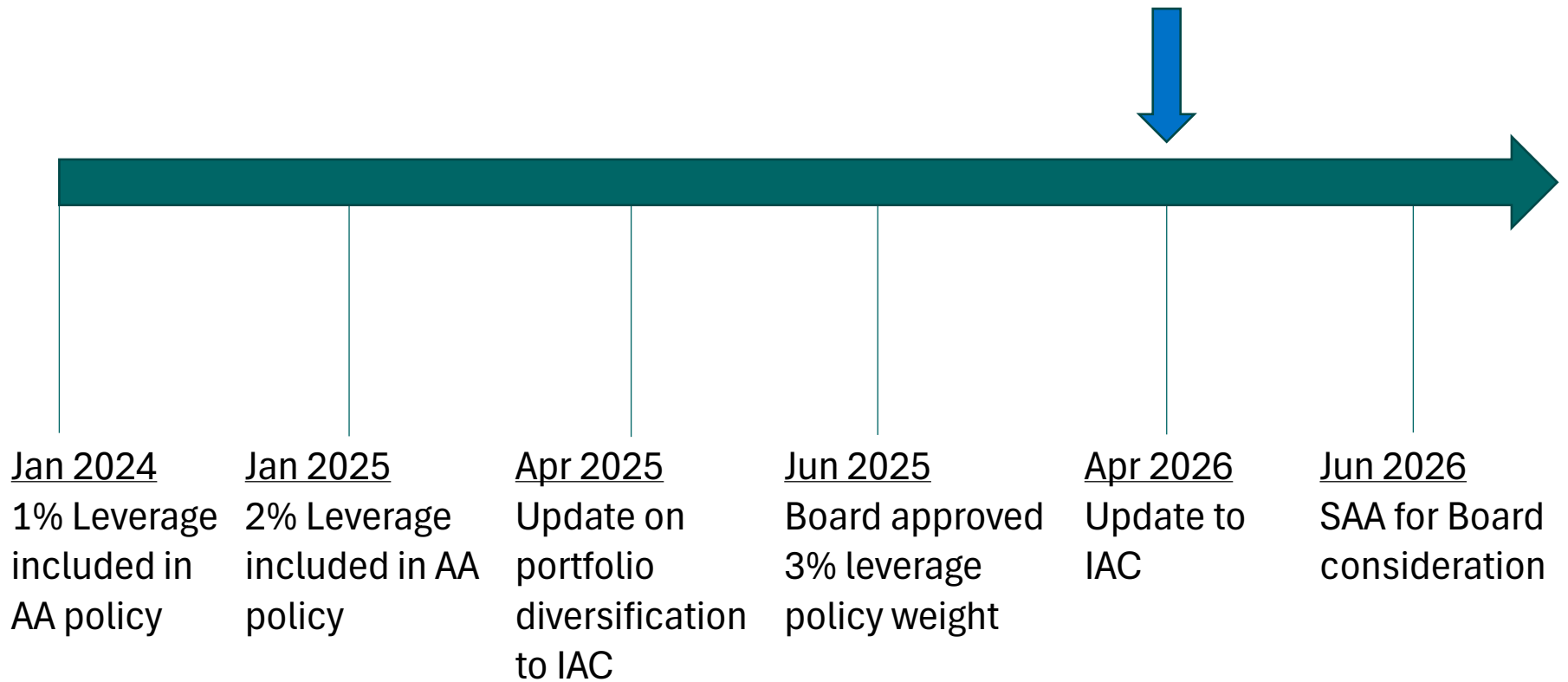
Chung Ma
Deputy Chief Investment Officer

April 8, 2026

Agenda

- Roadmap
- Proposed policy weights
- Implementation progress
- Looking forward

Roadmap



Proposed Policy Weights

	Current	July 2026	LT SAA
Public Equity	32	32	32
Private Equity	16	15 ↓	15
Real Assets	14	14	15 ↑
Credit Strategies	16	16	16
Div. Strategies	5	6 ↑	6
PIP**	2	2	1 ↓
Fixed Income	16	16	16
Cash	2	2	2
Gross MV*	103	103	103
Leverage	-3	-3	-3
Net MV*	100	100	100

* MV-market value

** Private Investment Partnerships



Implementation Progress

- Leverage successfully running since January 2024
- Further diversifying portfolio with increasing weight to Diversifying Strategies while decreasing weight to Private Equity
- Establishing new sources of funding and improving existing funding terms

Looking Forward

- Continue adding new funding sources
- Progress with centralizing data
- Prepare for upcoming asset liability management analysis



Public Markets Assets

Program Reviews
April 8, 2026

Total Public Equity

Dan Whitlock
Dan Schlussler

Program Directors



Public Equity Annual Review Topics

- Overview
- Markets
- Exposures
- Results
- Mandates
- Looking Forward

Global Equity Team Members

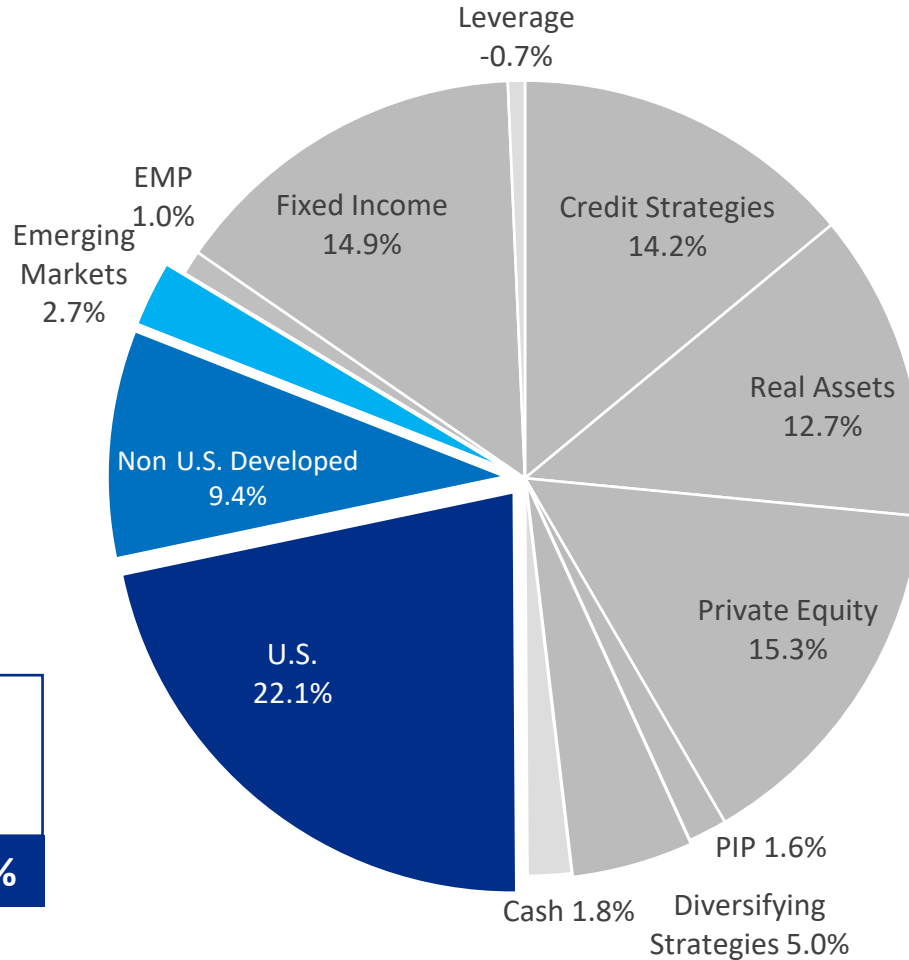
Professional	Position	Area(s) of Focus	Highest Degree	Professional Certifications	Investment Experience	VRS Tenure
Dan Whitlock	Program Director	Public Equity	MBA	CFA, CAIA	24	24
Stephen Adelaar	Sr. Portfolio Manager	Hedge Funds, Emerging Markets, Defined Contribution Plan	MS	CFA	26	19
Holly Glass	Portfolio Manager	Small Cap, Risk Management, Transition Management, Internal	MA	CFA	25	25
Korey Turner	Sr. Investment Analyst	Global	MS/MBA	Passed CFA Level 1	6	6
Kenji Epling	Investment Analyst	Reporting	MS		1	1
Kelly Baker	Portfolio Assistant		AAS		16	11
Additional Resources	Internal Equity Team, Portfolio Solutions Group, Governance Team, Management Committee, Operations Team, Compliance Team, Legal/Regulatory Team, Investment Decision Support					

Global Equity Team and Process

	<u>Stephen Adelaar</u>	<u>Holly Glass</u>	<u>Korey Turner</u>	<u>Daniel Whitlock</u>	<u>Kenji Epling</u>
Strategy Lead	Defined Contribution Emerging Markets Hedge Funds	<i>IEM Group (Italics)</i> Risk Management Small Cap Transition Management	Global Equity	Total Public Equity	Reporting
Analyst	<i>Afton (IEM)</i> Baillie Gifford EM Baillie Gifford Global Farallon Healthcare LSV Global LSV Non-U.S. Small LSV U.S. SC Select - SEG Partners WCM	Acadian EM Acadian Small Cap <i>Amherst (IEM)</i> Arrowstreet Global Cevian Lansdowne Global <i>Rivanna</i> Theleme	Ariel Global Coatue Cardinal Eminence 150/50 <i>Internal EM (IEM)</i> J.P. Morgan Maverick 130/30 ValueAct Capital ValueAct Japan	<i>BearFence</i> CET Energy Dynamics	

Total Public Equity Asset Allocation

*Note: Includes Plan Leverage of -0.7%
Other Slides Exclude Plan Leverage



U.S. Equity	22.1%
Non-U.S. Developed	9.4%
Emerging Market	2.7%
Total Public Equity	34.2%

As of 01/31/2026

Total Public Equity Philosophy

- **Primary Objective**

Gain exposure to global economic growth & the global equity risk premium

- **Specific Return Objective**

Outperform the strategic benchmark over three to five years

- **Approach**

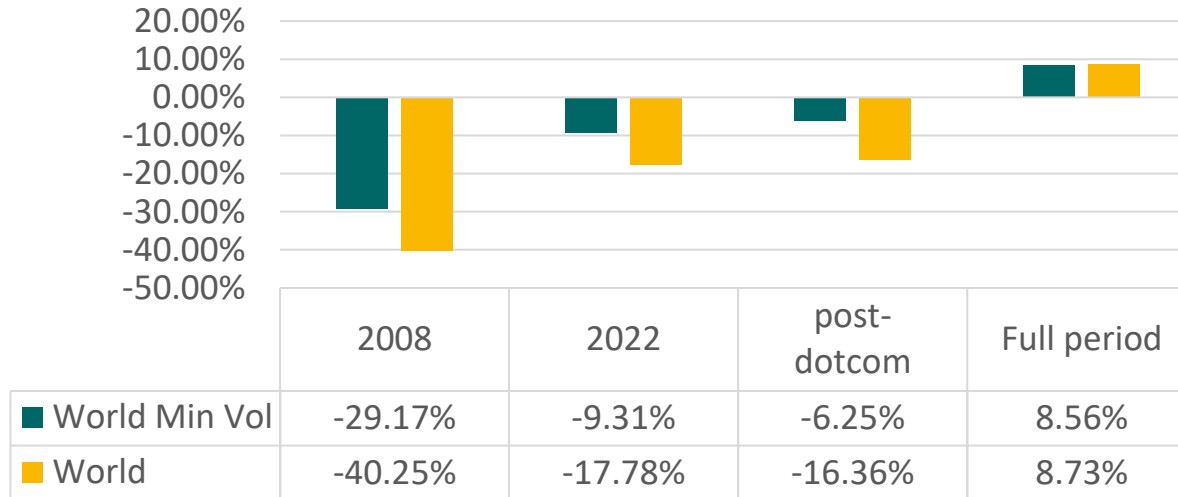
Both the program and benchmark have a lower absolute volatility than the capitalization weighted broad market to provide less downside risk to the plan

- **Strategic Benchmark (as of 7/1/2025)**

85% MSCI All-Country World Index Investable Markets Index and 15% MSCI World Minimum Volatility Index, excluding Selected Countries

Total Public Equity Philosophy

Min Vol Drawdowns and Full History



Full period is from May 1988 through January 2026. Index data from Bloomberg. World Min Vol and World are gross, total return, USD.

- **Low Volatility mandates decrease contribution rate volatility with 60-75% less volatility depending on the time period.**
- **Low Volatility mandates have historically outperformed or performed similarly over long periods of time with much less volatility by protecting capital, which is imperative to compounding.**
- **Why 15%?**
 - **Spending the risk in other areas of the plan:** Risk modeling shows a ~15% Min Vol Exposure in Public Equity combines with the theoretical higher risk of Private Equity to produce a volatility equal to that of a Public Markets Beta 1 volatility.
 - **Behaviorally staying the course:** The percentage of periods where losses are meaningful versus a capitalization weighted benchmark are tempered. There is a 1 in 100 chance of underperforming by 5% over 3 years at this level.

Total Public Equity Manager Evaluation Framework

Sustainable
Risk-Adjusted
Returns

Doing Things
Differently

Terms &
Back Office

- Long history, repeatable process, consistent philosophy
- Sustainable team and firm
- Outperformed in a consistently diversified manner
- Outperformed when considering risk profile
- Track record not driven by any particular outsized allocations

- Low correlations to existing book (quantitative & qualitative)
- Something VRS cannot produce internally
- Something one of VRS' existing external managers cannot provide
- Employ a different way of thinking or different strategies

- Favorable fees, liquidity, etc.
- Robust back office
- Partnership mentality
- Resources to manage sizeable allocations

Due Diligence: Constant Re-Underwriting

Existing Portfolio

- **Qualitative:** long-term relationships, frequent communication, monitor organizations & personnel
- **Quantitative:** monitor exposures & performance & risk, risk budget drives allocation, identify new strategic & tactical tilts

Assess Opportunity

- **Qualitative:** identify attractive investments, identify talented managers, utilize network of contacts
- **Quantitative:** multiple data sources/screen universe, identify potential manager, evaluate performance & risk of prospects

Manager Due Diligence

- **Qualitative:** face to face manager meetings, review firm strategy & process, detailed portfolio reviews, reference checks
- **Quantitative:** due diligence of existing managers, attribution, verify performance, assess risk

Portfolio Construction & Risk Management

- **Qualitative:** bottom-up portfolio construction, look for organizational “cracks” & process changes
- **Quantitative:** review targeted policy allocation & portfolio tilts, determine benchmark & manager allocations, perform risk analysis, monitor exposures



Markets: 1 Year Returns

	Global	Developed	Dev ex US	US	EMEA	Asia Pacific	Emerging	EM ASIA	EM LatAm	EM EMEA
All Sectors	21.9%	19.6%	31.5%	15.3%	32.4%	28.7%	42.8%	19.0%	63.0%	37.2%
Materials	37.9%	30.3%	45.5%	13.3%	29.9%	42.6%	76.7%	53.2%	98.5%	111.6%
Industrials	29.2%	27.9%	38.6%	20.2%	42.2%	43.9%	49.5%	51.8%	47.6%	23.9%
Information Technology	28.9%	23.9%	24.4%	23.9%	24.2%	66.7%	74.6%	75.2%	47.8%	-31.0%
Communication Services	28.5%	27.1%	17.5%	28.3%	11.0%	35.2%	40.2%	41.2%	61.4%	27.5%
Utilities	25.9%	26.5%	54.4%	12.9%	61.1%	22.1%	20.3%	10.7%	79.6%	-9.3%
Energy	23.9%	24.4%	32.9%	19.7%	29.0%	24.9%	20.5%	19.4%	24.8%	20.8%
Financials	22.6%	21.3%	47.6%	5.2%	58.2%	29.7%	31.2%	22.9%	71.1%	37.0%
Consumer Staples	12.0%	12.4%	19.2%	9.0%	20.1%	8.6%	7.7%	1.8%	33.6%	-1.3%
Health Care	9.3%	9.1%	16.3%	6.4%	20.4%	6.0%	16.9%	17.9%	83.6%	-8.5%
Real Estate	8.6%	8.1%	27.2%	2.7%	19.0%	25.0%	14.3%	4.1%	65.2%	23.1%
Consumer Discretionary	5.8%	3.8%	4.7%	3.4%	-0.6%	15.8%	22.2%	21.2%	85.4%	29.2%

Unhedged Total Returns

Sources: MSCI and Bloomberg

As of 01/31/2026

Markets: Artificial Intelligence Focus



Goldman Sachs Phases of the AI Trade



Nvidia



AI Infrastructure

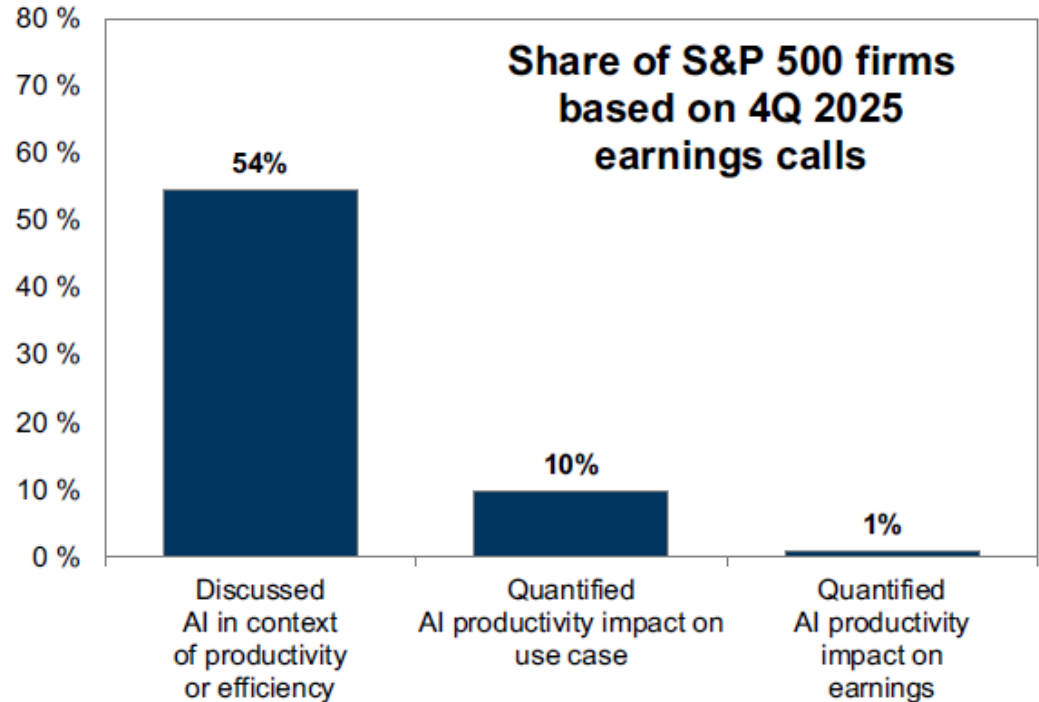


AI Revenue Boost



AI Productivity Enhancers

Exhibit 22: Breakdown of company mentions of AI on earnings calls



Source: Goldman Sachs Global Investment Research

Positioning

Total Public Equity Characteristics

As of: 1/31/26

\$44.6 Billion

34.2% of Plan Assets

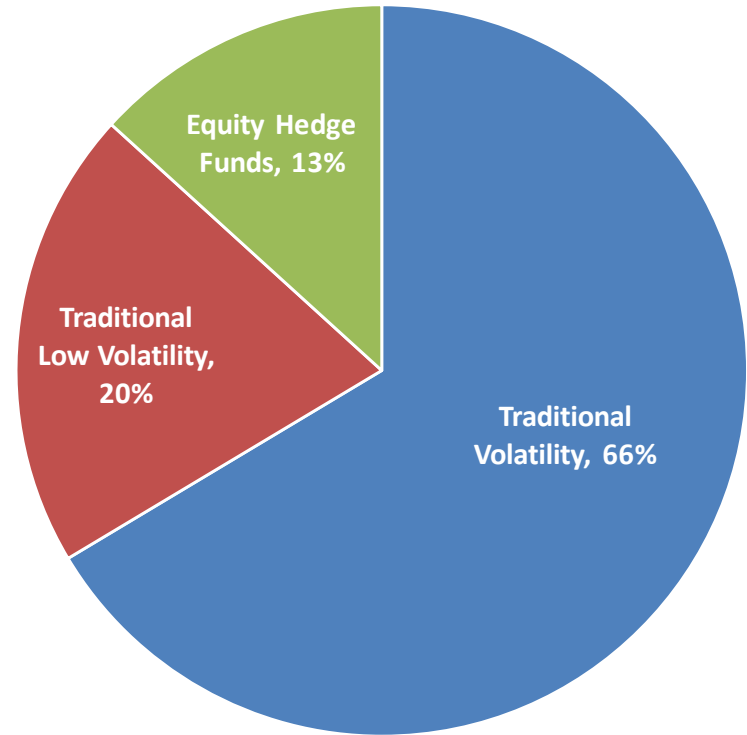
- 61% Traditional Domestic (-3.5% vs. bmk)
- 31% Traditional Non-US Developed (+3.5% vs. bmk)
- 8% Traditional Emerging Markets (+0% vs. bmk)

- 66% Active
- 34% Enhanced

- 53% Internal
- 47% External

- 66% Traditional Volatility
- 20% Traditional Low Volatility
- 13% Equity Hedge Funds

- 13.70% Forecasted Portfolio Risk (Barra)
- 13.70% Forecasted Strategic Benchmark Risk (Barra)
- 1.28% Forecasted Active Risk (Barra)



- 21 External Mandates (12 Traditional & 9 HFs)
- 17 External Managers (8 Traditional & 9 HFs)

Public Equity Portfolio Changes

- Raised ~\$3.2 billion for plan needs in the last year
- Initiatives included:
 - Benchmark change
 - Continued Hedge Fund changes
- 2 Manager Terminations, 1 Transfer, 1 Hire

Total PE	Jan-25	Jan-26	Difference
Traditional	63%	67%	4%
Low Volatility	22%	20%	-2%
Hedge Funds	15%	13%	-2%
Active	68%	66%	-1%
Enhanced	32%	34%	1%
Internal	51%	53%	2%
External	49%	47%	-2%
AUM (billions)	38	45	7
% of Total Fund	32%	34%	2%

Total Public Equity Portfolio Characteristics

Portfolio Characteristics	Program	Benchmark
Dividend Yield	1.8%	1.7%
Price to Book	2.9	3.2
Price to Earnings (F12)	17.3	20.0
Price to Earnings (T12)	19.5	22.4
Return on Equity	21.2%	20.4%
Return on Assets	12.7%	12.6%
Hist 3 Yr Sales Growth	11.3%	13.3%
Hist 3 Yr EPS Growth	24.6%	22.3%
Est 3 - 5 Yr EPS Growth	11.6%	12.2%
Profit Margin	18.6%	18.8%

More Attractive Value and Quality Metrics. Mixed Growth Characteristics.

Total Public Equity

	10 Year	5 Year	3 Year	1 Year
Total Public Equity	12.21	12.82	19.26	22.72
Strategic Benchmark	12.11	11.40	17.94	20.31
Excess Return	0.10	1.42	1.31	2.41
Beta vs. Strategic Benchmark*	0.94	0.91	0.95	
Alpha**	0.57	1.90	1.72	
Active Risk vs. Strategic Benchmark***	1.73	2.16	1.70	
Information Ratio vs. Strategic Benchmark****	0.06	0.66	0.77	

*Measure of volatility, or systematic risk, of a portfolio in comparison to a benchmark

**Risk-adjusted excess return (accounts for market Beta)

***A relative risk measure otherwise known as tracking error, this is the standard deviation of returns relative to a benchmark

****A measure of excess return per unit of relative risk (Portfolio Returns - Benchmark Returns) / Active Risk

As of 01/31/2026

Total Public Equity 1 Year Trailing Update

1 Year Performance Factor Attribution*

Factor Impact Summary:

- Stock selection was the largest contributor due to overweights in international stocks in the AI value chain.
- Momentum and Value contributed globally, while a smaller U.S. Size detracted.
- Underweight to U.S. Software contributed while a slight underweight to U.S. Semiconductors detracted.
- Hedge funds had headwinds from a slightly lower Beta in a strong market.

Attribution	1 Year Trailing (through Jan)
Portfolio Base Return	23.91%
Benchmark Base Return	20.39%
Excess Return (gross of fees)	3.52%
Currency	-0.03%
Market	-0.17%
Country Allocation	0.24%
Selection	3.48%
Industry	0.58%
Style	1.40%
Stock Specific Return	1.50%

*Attribution is an estimate and does not contain fees, intra-month trading, t-costs, etc.; some categories that are not material were left off.

External Manager Breakout

	10 Year	5 Year	3 Year	1 Year
External Managers (net of fees)	11.58	11.84	18.17	21.71
Associated Market Cap Benchmarks	11.64	11.19	18.17	22.85
Excess Return	-0.06	0.65	0.00	-1.14
Beta vs. Benchmarks*	0.94	0.88	0.93	
Alpha**	0.45	1.43	0.85	
Active Risk vs. Benchmarks***	2.48	3.17	2.54	
Information Ratio vs. Benchmarks****	-0.02	0.21	0.03	

*Measure of volatility, or systematic risk, of a portfolio in comparison to a benchmark

As of 01/31/2026

**Risk-adjusted excess return (accounts for market Beta)

***A relative risk measure otherwise known as tracking error, this is the standard deviation of returns relative to a benchmark

****A measure of excess return per unit of relative risk (Portfolio Returns - Benchmark Returns) / Active Risk

VRS Public Equity external managers have had a low excess return correlation (diversification) to internal management over time. Alpha should turn into Excess Return as the program targets a Beta of 1.0 to the relevant benchmarks going forward.

Total Public Equity Regional Breakout

	10 Year	5 Year	3 Year	1 Year	MV (\$M)
Traditional Public Equity	12.21	12.82	19.26	22.72	44,602
Strategic Benchmark ¹	12.11	11.40	17.94	20.31	
Excess Return	0.10	1.42	1.31	2.41	
U.S. Program	13.21	11.17	15.29	13.26	2,494
U.S. Benchmark ²	14.30	11.81	16.83	14.24	
Excess Return	-1.08	-0.64	-1.54	-0.98	
Non-U.S. Program	10.81	12.30	20.42	43.79	4,088
Non-U.S. Developed Benchmark ³	10.53	9.45	17.28	41.34	
Excess Return	0.29	2.85	3.14	2.45	
Global Program	13.93	14.74	21.01	23.13	32,109
Global Benchmark ⁴	13.00	11.75	18.40	18.35	
Excess Return	0.92	2.99	2.60	4.79	
Equity Hedge Fund Program	8.34	9.48	14.68	13.74	5,911
Equity Hedge Fund Program Benchmark ⁵	9.49	11.92	18.86	22.41	
Excess Return	-1.15	-2.45	-4.18	-8.66	

Please see endnotes for detail on benchmarks

As of 01/31/2026

Total Public Equity Top 5

Name	Mandates	# of Mandates	% of Program
VRS Internal Equity	Global, U.S., Emerging	5	53%
Arrowstreet	Global	1	9%
LSV	Global, Non-U.S. Small, U.S. Small	3	7%
Baillie Gifford	Global, Emerging	2	5%
Acadian	Non-U.S. Small, Emerging	2	3%
Total			77%

Total Public Equity Hires and Terminations

1 Year

Action	Effective Date	Commitment/ Current Value	Funding/ Defunding Period	Description
Terminated	06/05/2025	\$334 million	Immediate	Jackson Square – A fundamentals driven U.S. small cap growth manager with a concentrated portfolio built on high conviction names
Terminated	12/31/2025	\$236 million	Immediate	Select Cooper Square – An international long-short equity manager
Hired	02/02/2026	\$100 million	Immediate	ValueAct Japan Fund – A long-only, engagement-driven activist strategy investing in undervalued Japanese equities

Diverse Investment Management Engagement (DIME*)

Women & Minority Owned Management Firms Currently In The Lineup

- Ariel managing VRS assets since 2014
African-American, Asian-American & women-owned global equity manager

Continue To Meet With New Prospects & Consider New Investments

- 83 meetings with minority managers or consultants in last 5 years
- 278 meetings since we started tracking this in late 2009

*The manager is considered DIME under the Commonwealth of Virginia definition, which defines ownership threshold of 51% or more

Looking Forward

- Hedge Funds Blurring with Traditional Strategies
- Technological Improvements
- Ongoing
 - Opportunistic Manager Selection, Portfolio Management, and Risk Management
 - Continue Women & Minority Manager Outreach
 - Continue To Work Closely With All Cross Functional Teams
 - Remain a Liquidity Source for the Plan

End Notes

¹Effective July 2025, this is the weighted average of the MSCI ACWI IMI Index ex Selected Countries (net VRS taxes) (85%) and the MSCI World Min Vol Index ex Selected Countries (net of VRS taxes) (15%)

²Effective March 2017, this is a weighted average of MSCI U.S. Standard and MSCI U.S. Small Cap indices

³Effective July 2025, this is a weighted average of MSCI World ex U.S. Small Cap ex Selected Countries (net of VRS taxes) and MSCI Emerging IMI ex Selected Countries (net of VRS taxes)

⁴Effective July 2025, this is the weighted average MSCI ACWI Standard ex Selected Countries (net of VRS taxes) index, the MSCI World Standard ex Selected Countries (net of VRS taxes) index, the MSCI World ex Selected Countries (net of VRS taxes) 40% and the MSCI World Min Vol ex Selected Countries (net of VRS taxes) 60%, and the MSCI World Min Vol ex Selected Countries (net of VRS taxes) indices.

⁵Effective July 2025, this is the MSCI ACWI IMI ex Selected Countries (net of VRS taxes) index

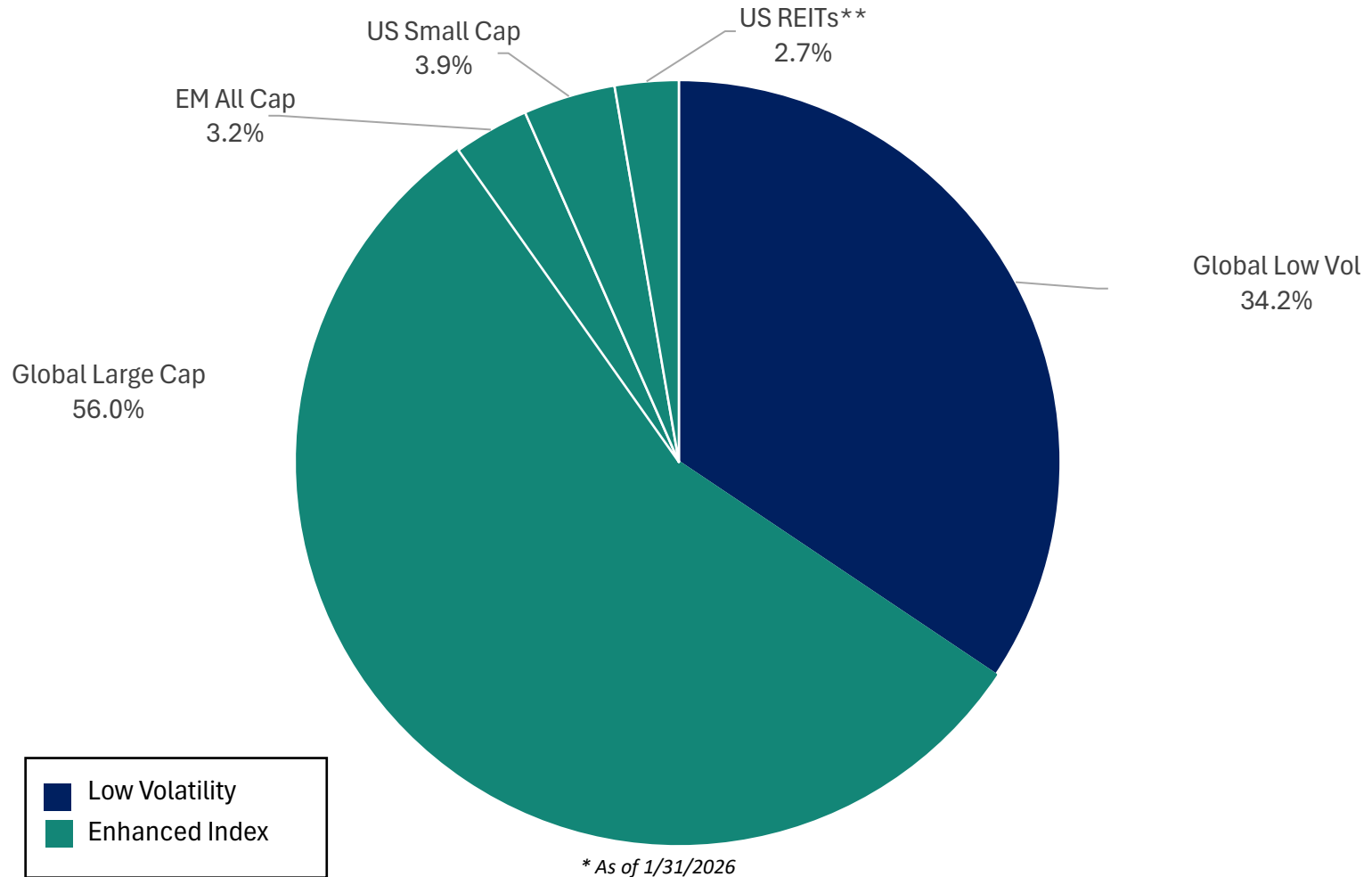
Internal Equity Annual Review Topics

- Overview
- Markets
- Exposures
- Results
- Mandates
- Looking Forward

Internal Equity Team Members

Professional	Position	Area(s) of Focus	Highest Degree	Professional Certifications	Investment Experience	VRS Tenure
Dan Schlussler	Program Director	Internal Equity	MBA	CFA	30	13
Ryan Carlson	Portfolio Manager	U.S. Small Cap & REIT, Investment Tools	BS	CFA	23	6
Bill Chen	Sr. Investment Officer	Research	MBA	CFA	8	3
Joe Kennebeck	Sr. Investment Officer	Head Trader	BA		33	19
Aaron Lazar	Sr. Investment Officer	U.S. REIT, Swaps & Equity Trading, Currency Hedge	MA	Passed CFA Level 1	12	12
Vu Le	Sr. Portfolio Manager	Global Enhanced, Research, Currency Hedge	PhD	CFA	15	14
Alex Muniz	Sr. Portfolio Manager	Global Low Volatility, Research	MA	CFA	25	25
Garret Rhodes	Sr. Investment Officer	Global Enhanced, Currency Hedge, Research, Emerging Markets	MS	CFA	7	7
Larry Tentor	Sr. Portfolio Manager	Global Low Volatility, Data Infrastructure, Investment Tools	PhD	FRM	24	18
Weldon Wirick	Portfolio Manager	Emerging Markets, Trading	MA	CFA	24	20
Additional Resources	Investment Operations Department Portfolio Solutions Group Investment Decision Support					

Internal Equity Asset Allocation



* As of 1/31/2026
** MSCI USA Portable Alpha Strategy

Internal Equity Philosophy

Provide Cost Effective Access To The Equity Risk Premium

Provide Risk-Controlled Value Added

Provide Insights Into The Capital Markets

Complement The Total Public Equity Program

Internal Equity Philosophy

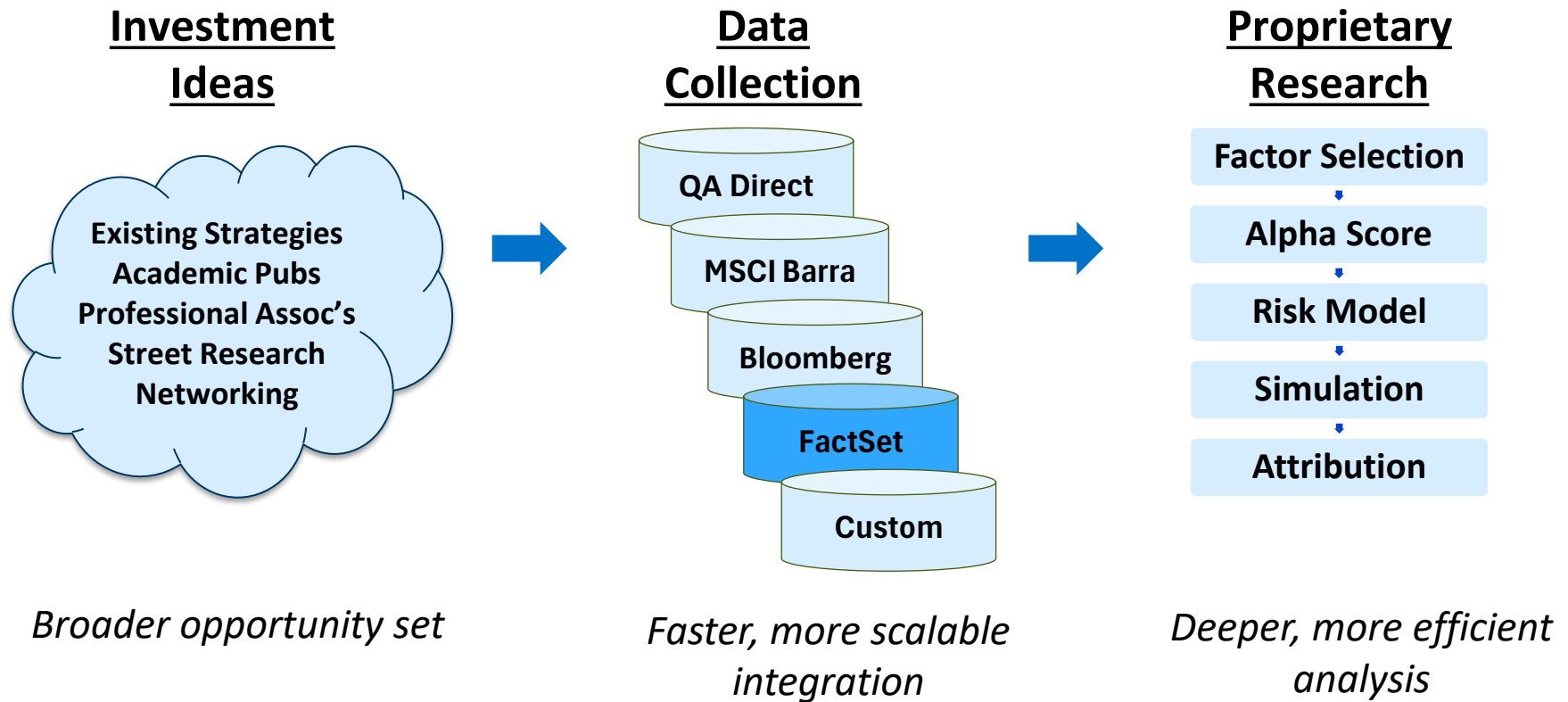
Philosophy – Risk Controlled Relative Value

- Markets are relatively efficient
- Behavioral biases create exploitable opportunities
- Systematic strategies are effective at capitalizing on these opportunities



Internal Equity Research Process

Advancing Our Research Platform



Internal Equity Factor Selection and Alpha Score

Valuation
Discounted Cash Flow
Relative Valuations



Quality
Prudent Accounting
Return on Equity



Market Sentiment
Momentum
Analyst Revisions



Composite Score

- DCF models provide robust estimates of intrinsic value
- RV models compare stocks within cohorts using accounting metrics
- Valuation models identify stocks trading at a discount or premium

- Cash based earnings are preferred to accrual-based earnings
- High & stable profitability help to avoid value traps
- Quality captures accounting strength & management efficiency

- Stock price movements show persistence in the intermediate term
- Analyst revisions have a predictable impact on stock prices
- Market sentiment indicates potential investment opportunities

Composite score identifies stocks that are trading at a discount, have superior management & positive market recognition

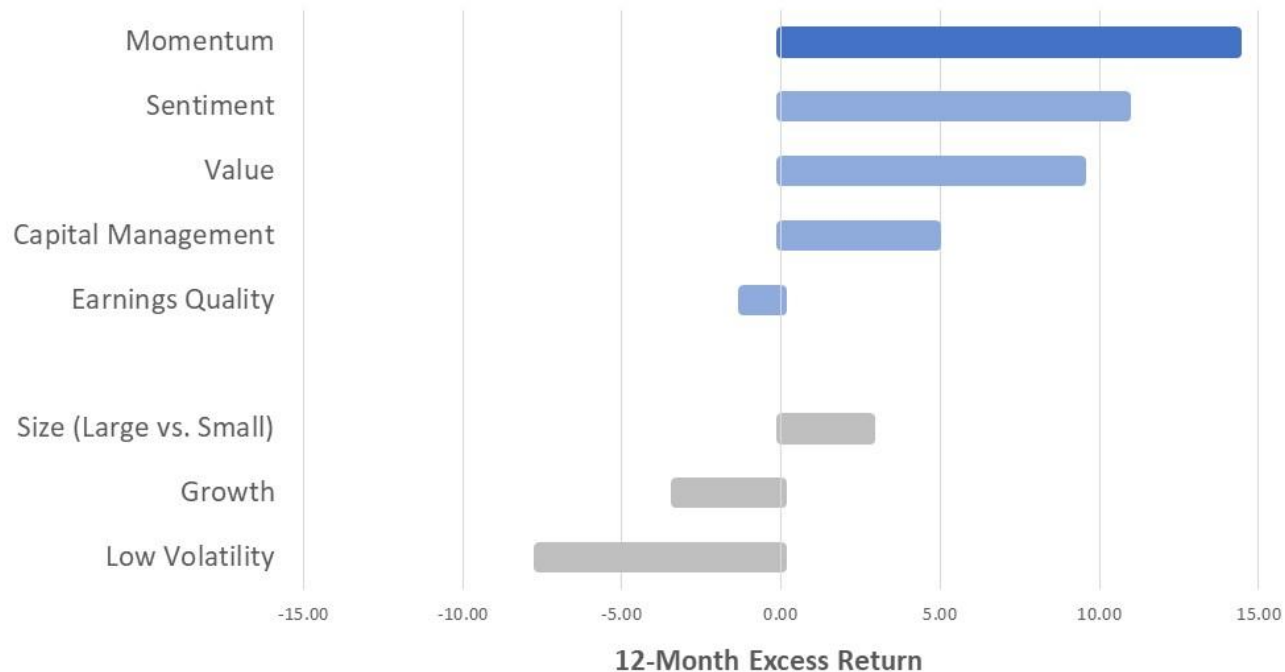
Internal Equity Portfolio & Risk Management

Quantitative	
Statistical Risk	<ul style="list-style-type: none">• Fundamental Multifactor Risk Models• PCA Risk Models
Factor Constraints	<ul style="list-style-type: none">• Relative or Total Risk• Return & Risk Factors• Industries, Sectors, Countries, Regions, etc.
Qualitative	
Fundamental & Non-Modeled Risks	<ul style="list-style-type: none">• Forensic Accounting, Shorting Activity, etc.• Individual Stock Modeling Tools
Expert Assessment	<ul style="list-style-type: none">• Continuous Monitoring• Thematic Trend Analysis• Proprietary Research

Factor Returns

Supportive Factor Environment

Global Style Factor Returns



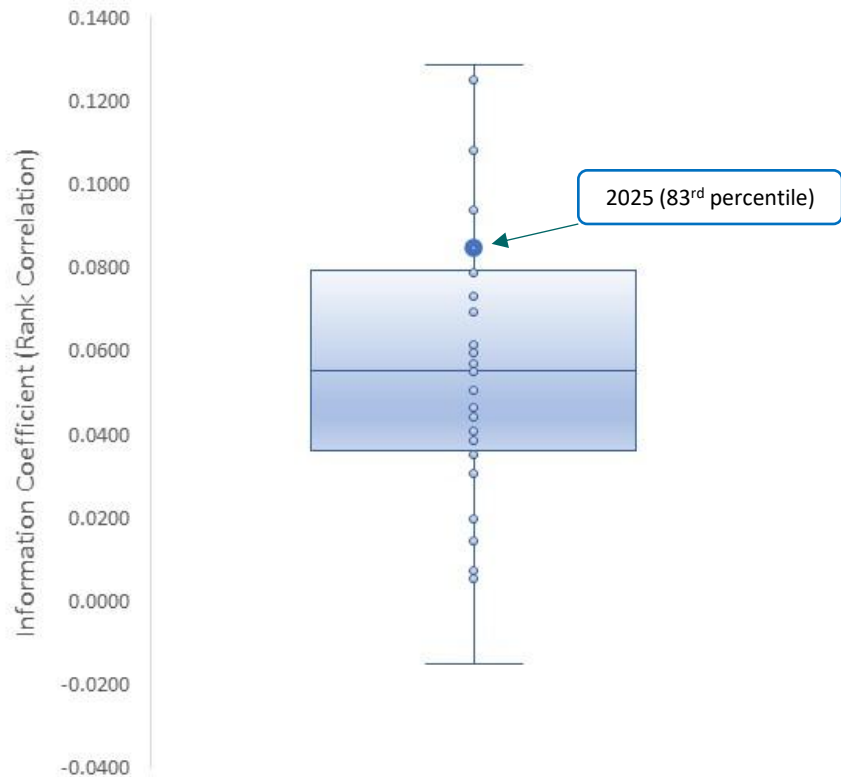
Source: HOLT Lens © UBS, MSCI Barra, VRS Analysis via FactSet
Long Minus Benchmark. Industry Neutral. Global Developed Universe
One-Year Returns Ending January 31, 2026

- *Broadly positive performance across core alpha signals*
- *Momentum was a strong contributor; earnings quality lagged modestly*
- *Risk-on environment was headwind for low volatility stocks*

Model Returns

Signal Effectiveness Above Historical Norms

Alpha Signal Effectiveness (1990 - 2025)



- 2025 ranks toward higher end of historical outcomes
- Supported greater precision in stock selection

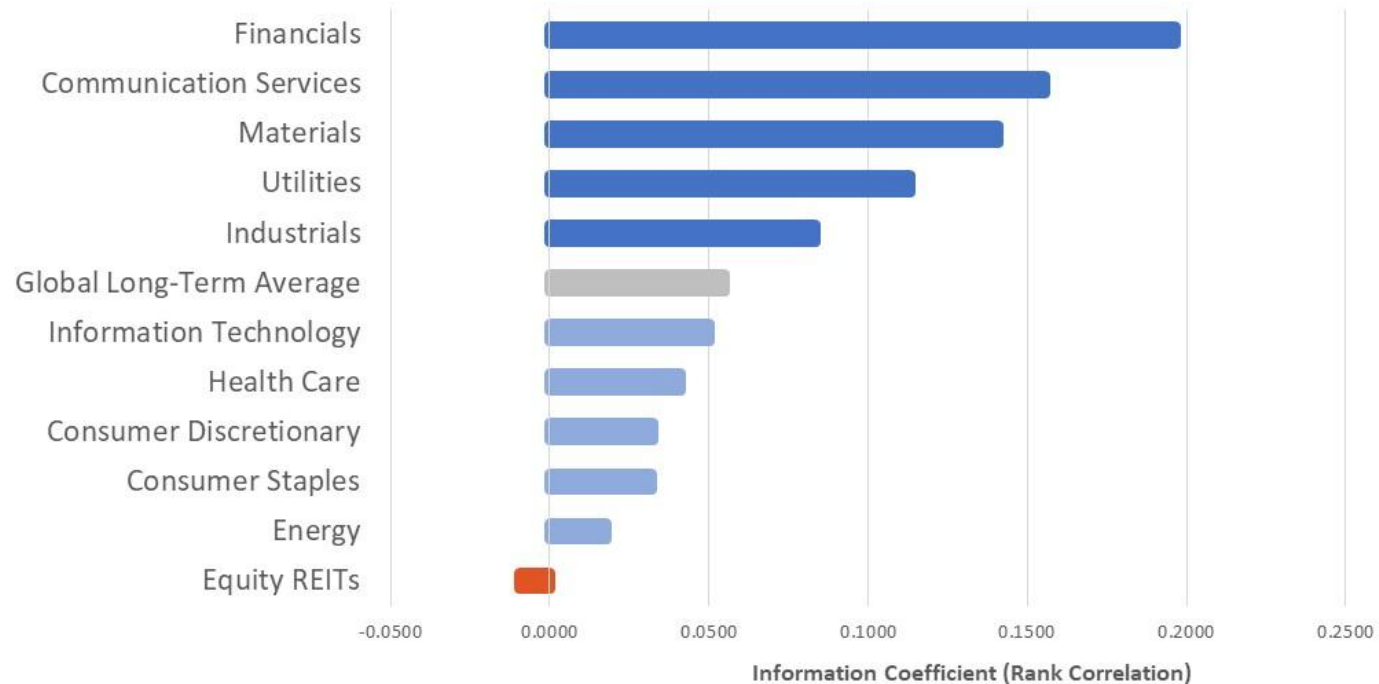
Information Coefficient measures the correlation between model signals and subsequent stock returns.

Source: VRS Analysis via FactSet
Global Developed Universe

Model Returns

Robust Performance Across Sectors & Regions

Signal Effectiveness by Sector



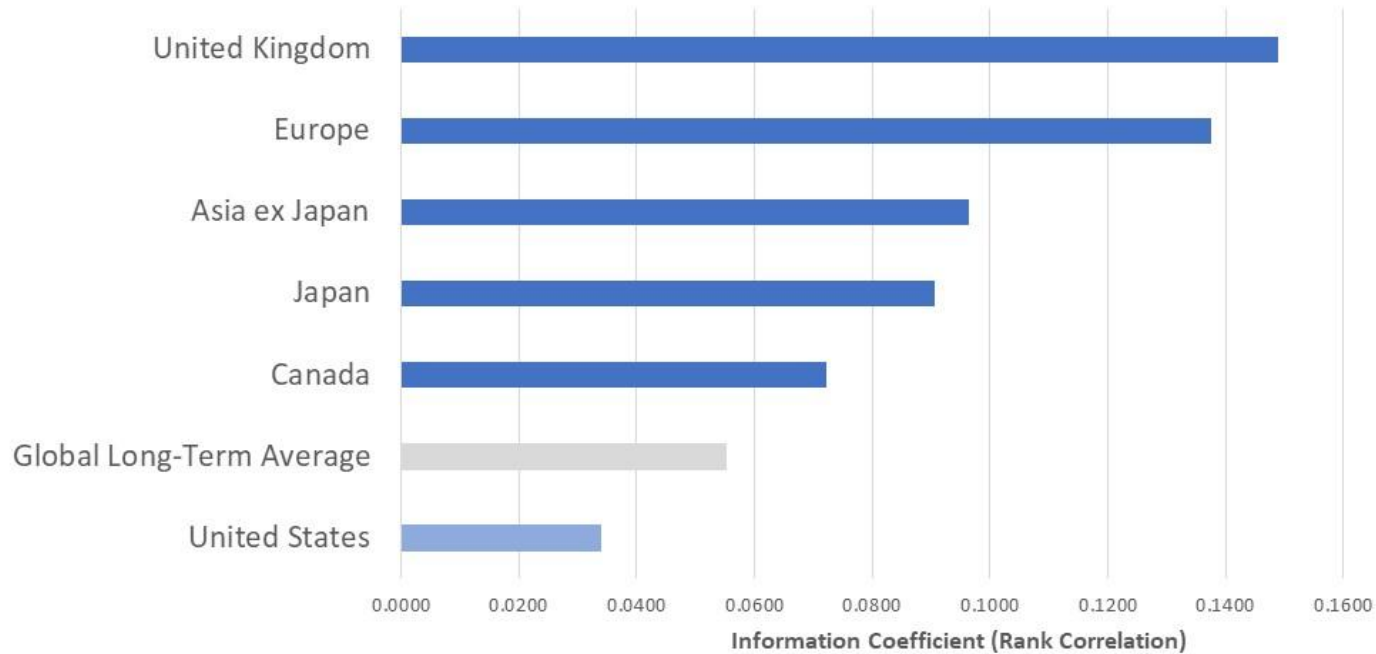
Information Coefficient measures the correlation between model signals and subsequent stock returns.

Source: VRS Analysis via FactSet
Global Developed Universe
One-Year Returns Ending January 31, 2026

Model Returns

Robust Performance Across Sectors & Regions

Signal Effectiveness by Region

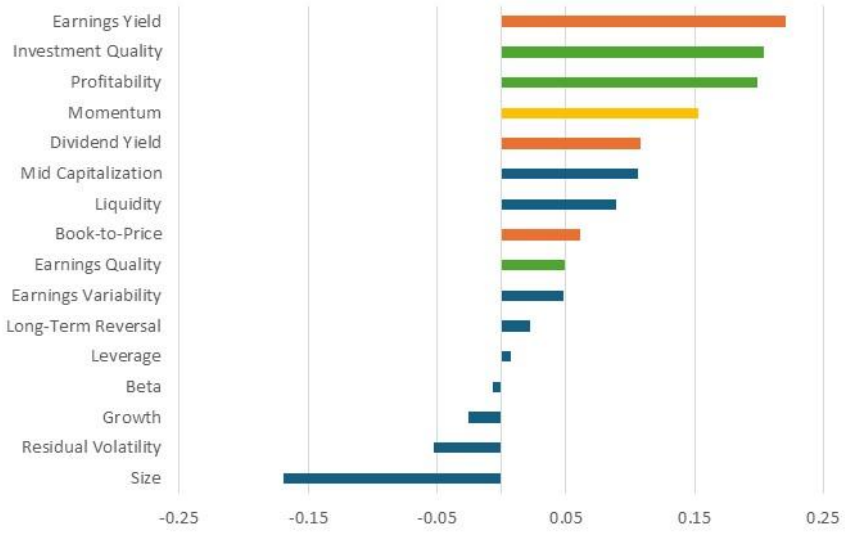


Information Coefficient measures the correlation between model signals and subsequent stock returns.

Source: VRS Analysis via FactSet
Global Developed Universe
One-Year Returns Ending January 31, 2026

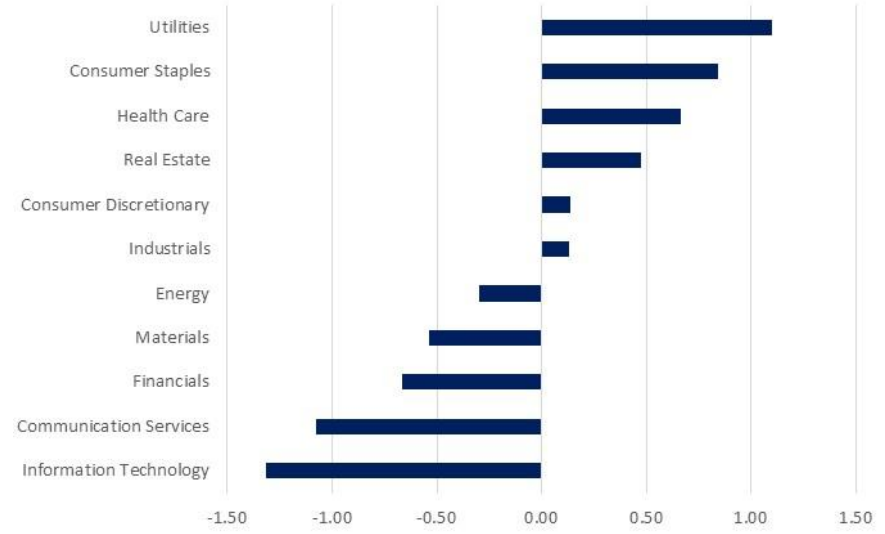
Internal Equity Style Factor and Sector Allocations

Style Factor Active Exposures



Source: MSCI Barra via FactSet
As of 1/31/2026

Sector Active Weights (%)



Source: FactSet
As of 1/31/2026

Risk Management

Monitoring the Quality of Momentum Exposure

1-Year Returns to Top Decile Momentum by Risk Factor (Relative to History)

Decile	Risk Factor							
	Beta	Earnings Variability	Growth	Leverage	Liquidity	Long-Term Reversal	Residual Volatility	Size
High Exposure	0.75	0.70	1.30	0.63	3.24	1.63	1.25	0.26
2	1.82	0.17	3.34	-0.93	-1.86	-1.88	-0.77	-0.52
3	-2.56	-0.20	-2.94	-0.86	-0.59	-0.27	1.17	-1.19
4	1.71	0.65	-2.12	-1.85	-0.76	-0.26	-1.11	1.42
5	0.15	-0.50	-0.88	0.61	-0.78	-2.45	-0.17	2.81
6	-0.44	-0.91	-0.37	3.41	-1.60	-2.40	-1.28	-0.35
7	-0.99	-1.12	3.14	-0.75	-2.75	1.15	-3.34	-1.33
8	1.29	-3.35	-0.77	0.94	-1.08	-1.71	0.09	0.00
9	-0.54	-0.21	-1.24	-0.10	-1.80	1.87	-0.17	-1.32
Low Exposure	-0.54	0.18	0.46	-1.36	-0.52	0.78	-0.06	-0.10

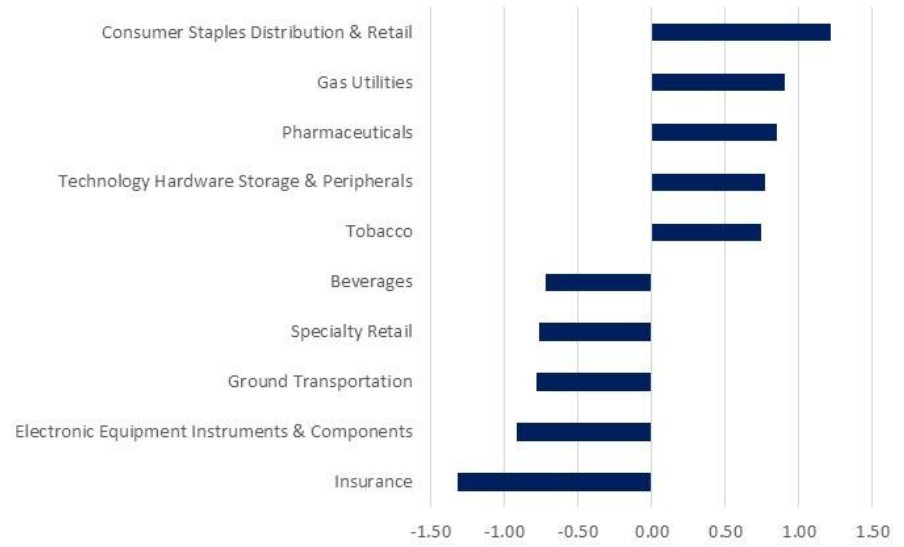
Top-decile momentum combined with high beta showed unusually strong performance

Returns are standardized (z-scores) relative to historical averages; higher (lower) values indicate stronger (weaker) performance versus history.

Source: MSCI Barra, VRS Analysis via FactSet
Global Developed Universe. One-Year Returns Ending January 31, 2026

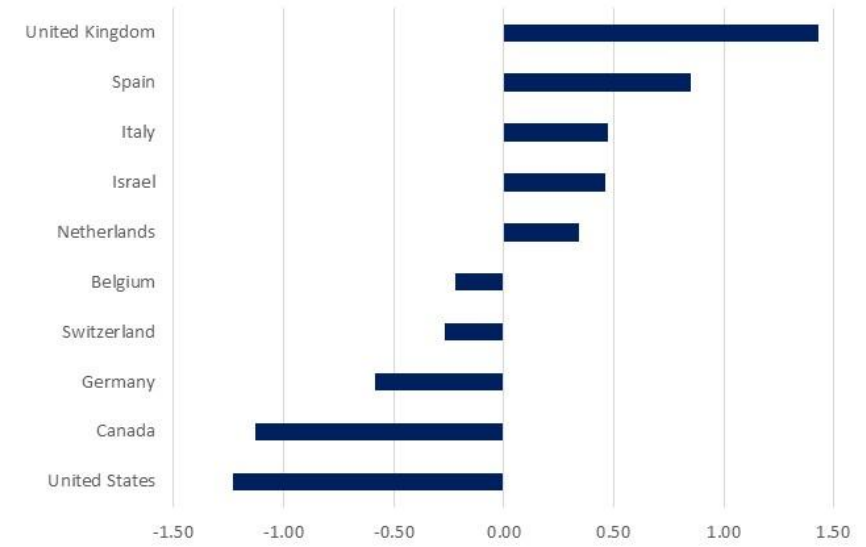
Internal Equity Industry and Country Allocations

Top & Bottom 5 Industry Active Weights (%)



Source: FactSet
As of 1/31/2026

Top & Bottom 5 Country Active Weights (%)



Source: FactSet
As of 1/31/2026

Internal Equity Risks & Positions

Risk Summary*	Strategy	Mkt Val (\$MM)	Weight	Tracking	% from CF Risk	% from Specific	Risk Attrib	% of TE
Program	Composite	22,797	100.0	1.21	61	39	1.22	100.0
Afton	US Small Cap	889	3.9	1.31	39	61	0.05	3.5
Amherst	US REIT**	622	2.7	1.22	21	79	0.03	2.3
Bearfence	Global Low Vol	7,801	34.2	1.88	52	48	0.54	44.3
Rivanna	Global Dev. Standard	12,755	56.0	1.24	57	43	0.58	47.6
Tuckahoe	Emerging Markets All-Cap	731	3.2	1.05	62	38	0.03	2.3

As of 1/31/2026

**MSCI USA Portable Alpha Strategy

Internal Equity Program Performance

	IEM Active				IEM Enhanced Index				IEM Low Volatility			
	10 Yr	5 Yr	3 Yr	1 Yr	10 Yr	5 Yr	3 Yr	1 Yr	10 Yr	5 Yr	3 Yr	1 Yr
Total Active Internal Equity	12.97	14.22	20.42	23.60	13.90	15.05	22.01	24.70	10.77	12.49	17.16	21.37
IEM Benchmark	12.41	11.72	17.42	18.04	13.17	12.58	19.00	20.60	10.67	10.00	14.24	13.07
<i>Excess Returns</i>	0.56	2.50	3.00	5.56	0.72	2.47	3.01	4.10	0.10	2.50	2.92	8.30
<i>Realized Tracking Error</i>	1.29	1.42	1.49	1.22	1.10	1.19	1.19	0.85	2.20	2.51	2.64	2.47
<i>Realized Information Ratio</i>	0.44	1.76	2.01	4.58	0.66	2.07	2.52	4.82	0.04	0.99	1.10	3.37

As of 1/31/2026

Internal Equity Strategy Performance

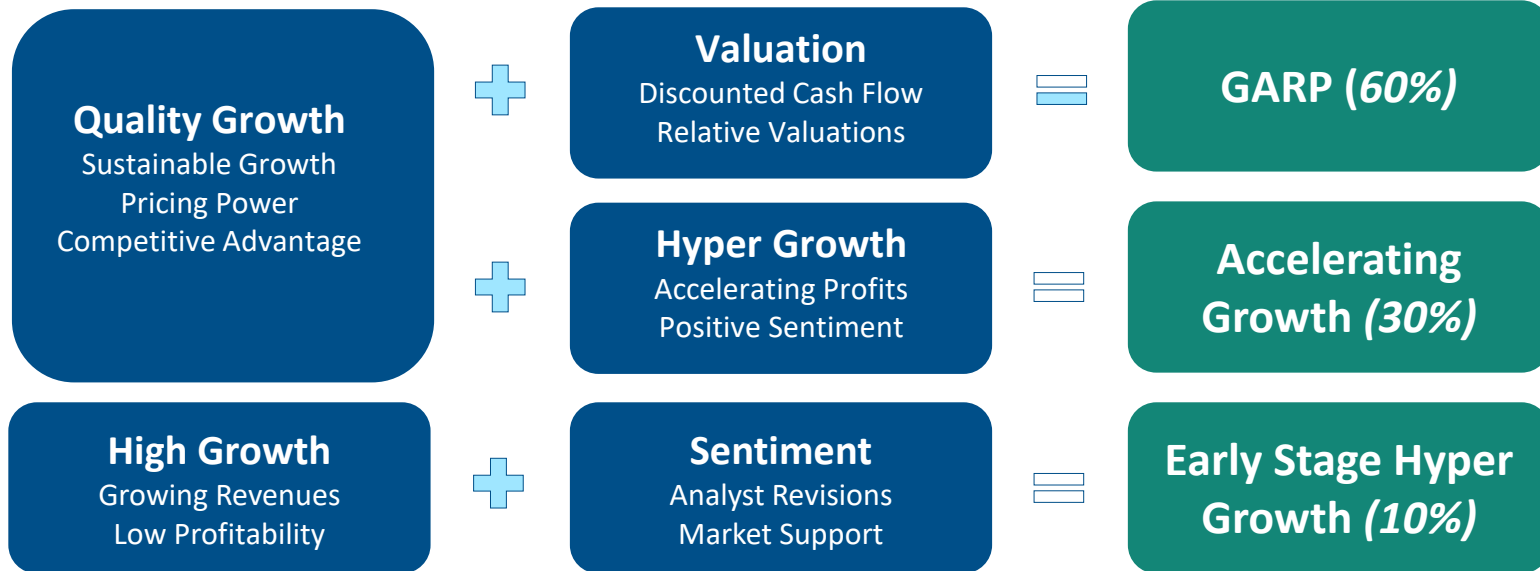
	Inception Date	Mkt Value (\$MM)	1-Year Return	1-Year Excess	Since Inc. Excess	Since Inc. Tracking
Enhanced Index Strategies		14,996	24.70	4.10	0.57	0.90
U.S. Small Cap (Afton)	Jun-05	889	15.35	1.32	0.65	1.86
U.S. REITs** (Amherst)	Dec-05	622	16.89	1.14	0.98	1.13
EM All Cap (Tuckahoe)	Sep-15	731	44.74	0.52	0.05	1.79
Global Dev. Large Cap (Rivanna)	Sep-22	12,755	24.64	4.63	3.12	1.29
Low Volatility Strategies		7,801	21.37	8.30	2.00	2.71
Global Dev. Large Cap (Bearfence)	Jan-24	7,801	21.34	8.30	4.08	2.80
Other Mandates						
Currency Hedging	Apr-09	2,187	N/A	N/A	N/A	N/A

As of 1/31/2026

**MSCI USA Portable Alpha Strategy

Looking Forward

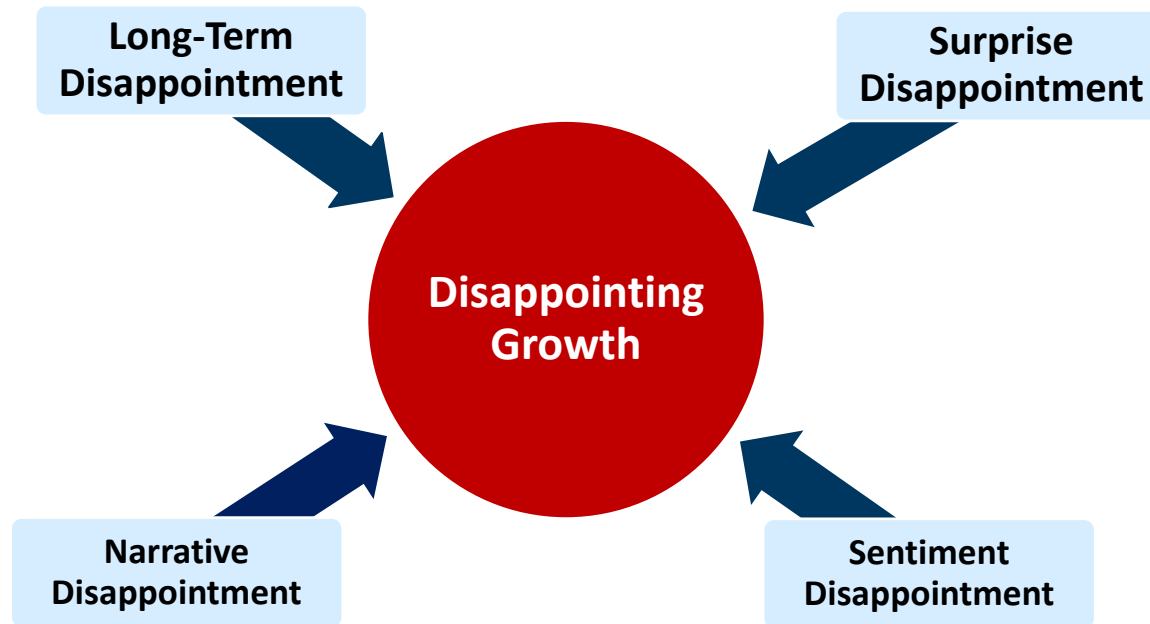
US Small Cap Quality Growth: Overweight Positions



- **Quality Growth** drives exposure to companies with durable growth, strong pricing power, and defensible competitive advantages
- **GARP** applies a valuation discipline to the Quality Growth universe to avoid exposure to valuation risk, forming the core of the strategy
- **Accelerating Growth** emphasizes growth and quality characteristics within the Quality Growth universe, providing a tailwind during traditional growth regimes
- **Early Stage Hyper Growth** provides a risk management hedge during speculative growth environments

Looking Forward

US Small Cap Quality Growth: Underweight Positions



- **Long-Term Disappointment** surfaces companies that consistently fail to deliver, including on operating performance and expectations of growth
- **Surprise Disappointment** captures growing companies that cannot translate growth into durable profits, eventually leading to earnings disappointments
- **Narrative Disappointment** seeks to uncover catalysts for a change in a success story, including accounting concerns and deterioration in management credibility
- **Sentiment Disappointment** relies on signals from the market suggesting risk to elevated growth expectations

Fixed Income

Parham Behrooz

Greg Oliff

Co-Directors



Fixed Income Annual Review Topics

- Overview
- Markets
- Exposures
- Results
- Looking Forward
- Collaboration

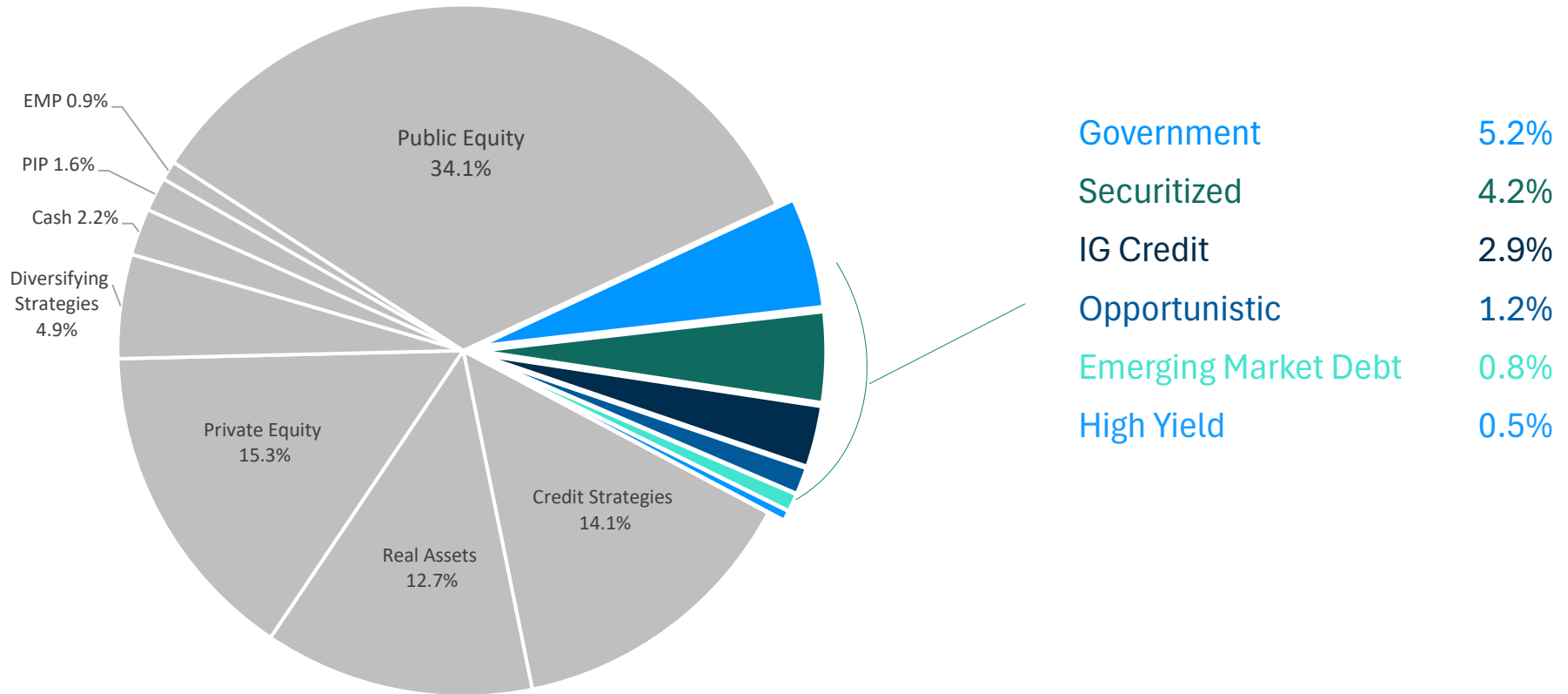
Team Members

Professional	Position	Highest Degree	Professional Certifications	Investment Experience	VRS Tenure
Parham Behrooz	Co-Director	BS	CFA	29	13
Greg Oliff	Co-Director	MBA	CFA	18	15
Mehtab Haleem	Senior Portfolio Manager	MS		17	5
Teresa Nguyen	Portfolio Manager	MS	CFA	24	9
Michael Desai	Investment Officer	MS	CFA	9	5
Kidus Molla	Senior Investment Analyst	BS	**	4	4
Additional Resources	Investment Operations Department, Portfolio Solutions Group, Investment Decision Support, Management Committee, Operations Team, Compliance Team, and Legal/Regulatory Team.				

** CFA Candidate

Asset Allocation

Total Fixed Income = 14.8%



Source: BNY Mellon
As of 1/30/2026

Risk Controlled Relative Value

Market factors provide opportunities to add value through optimal sector allocation and security selection, while managing risk exposures to the benchmark within controlled parameters



Risk Control
How different are we from the benchmark and are these differences intended and desired?

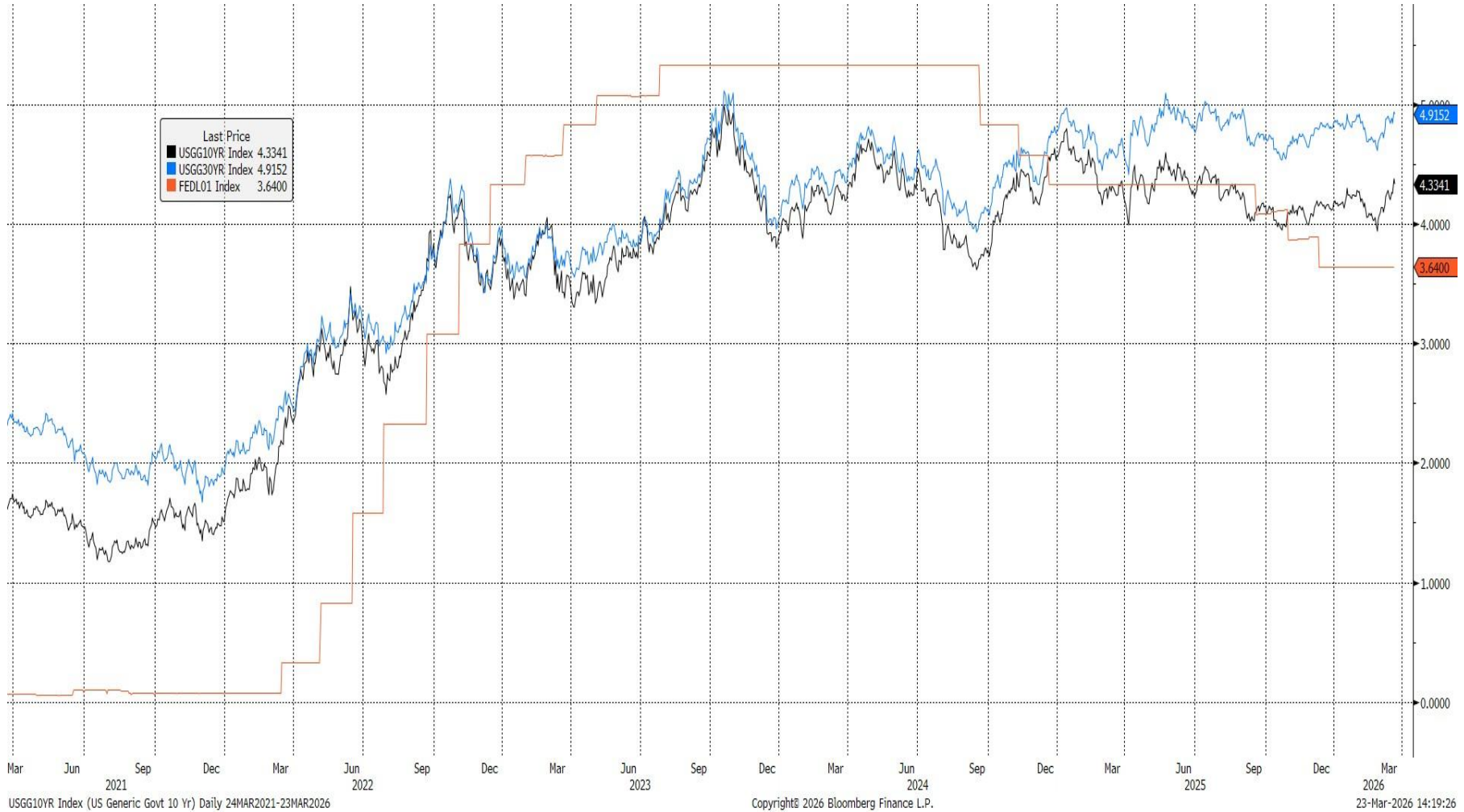


Relative Value
What should these differences be so that we can maximize excess return?



The Fixed Income Program serves as a diversifying asset class, historically providing a hedge against a deflationary economic environment while providing steady income.

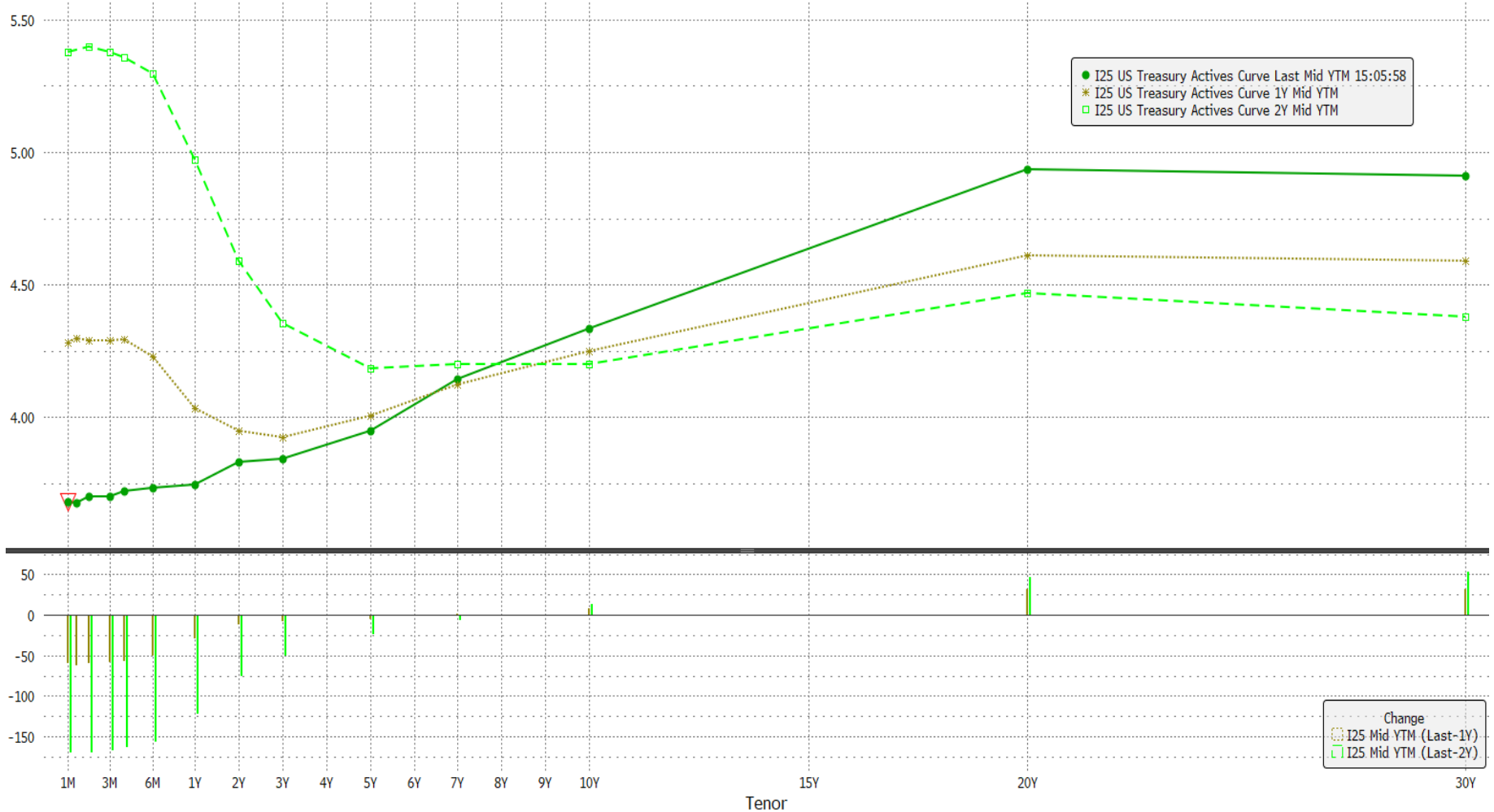
Interest Rates



Source: Bloomberg
As of 3/23/2026



Yield Curve



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23-Mar-2026 15:05:59

Source: Bloomberg
As of 3/23/2026



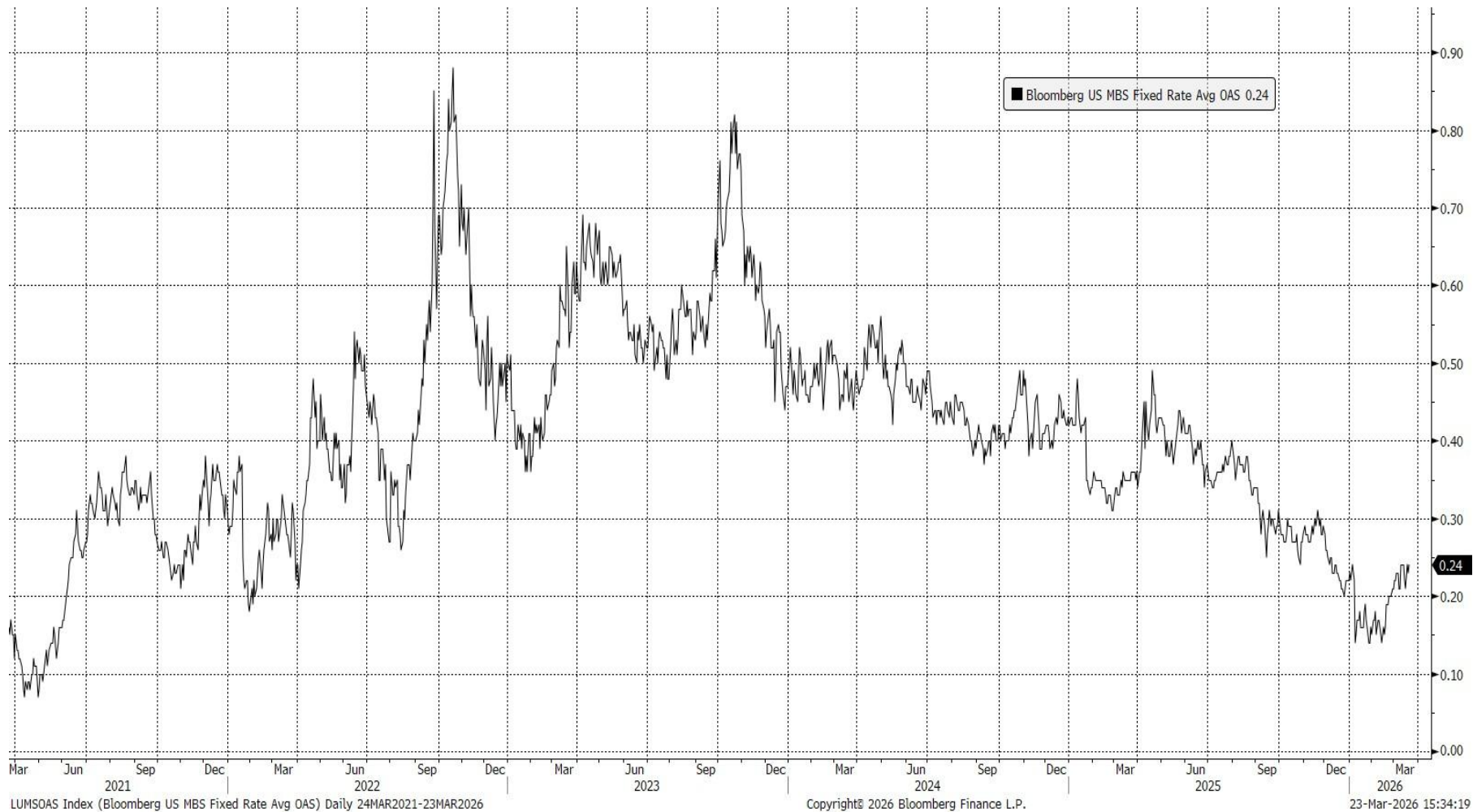
Credit Spreads



Source: Bloomberg
As of 3/23/2026



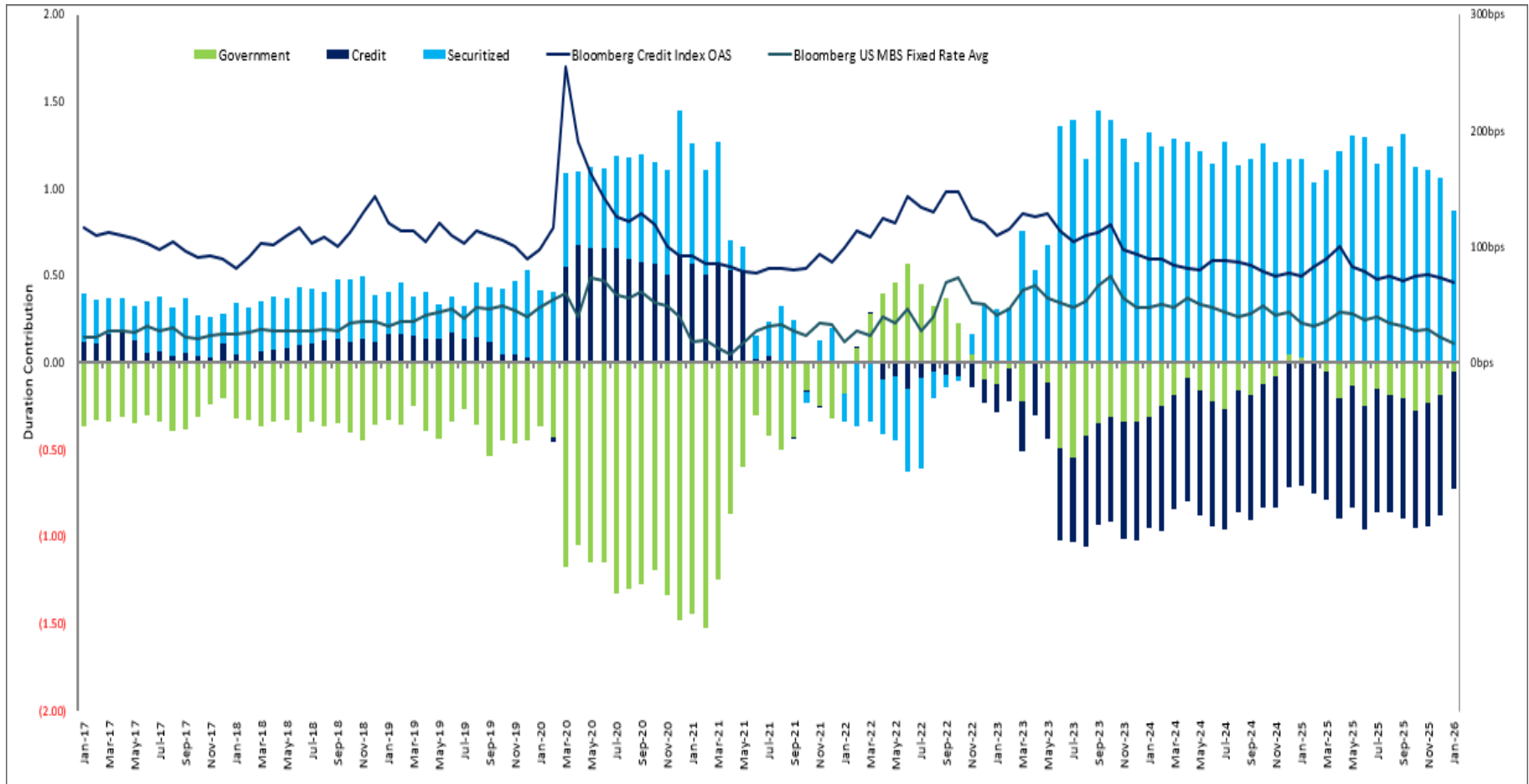
Mortgage Spreads



Source: Bloomberg
As of 3/23/2026

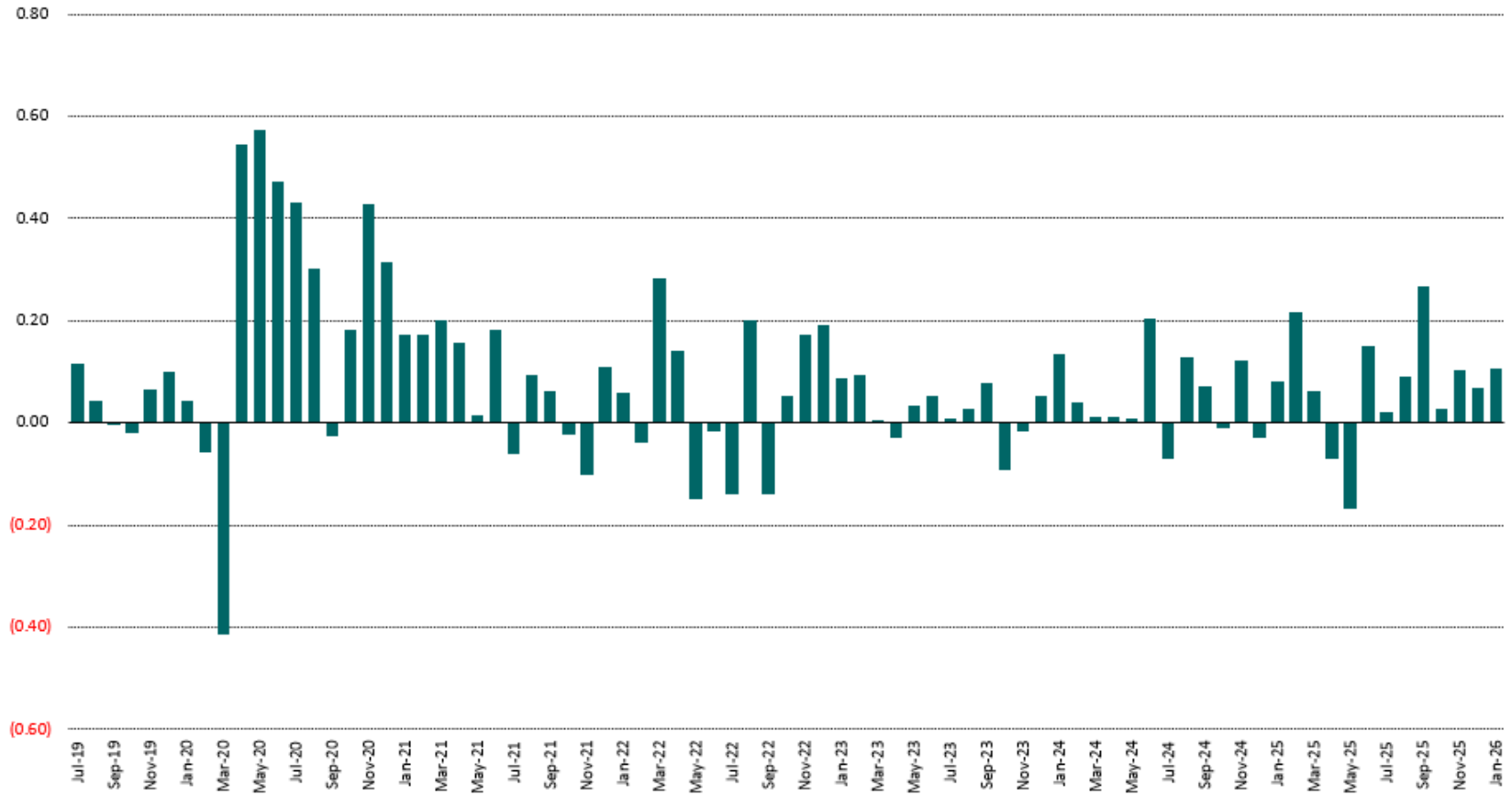


History of Core Sector Tilts



Source: Aladdin, Bloomberg
As of 1/30/2026

Program Monthly Excess Returns



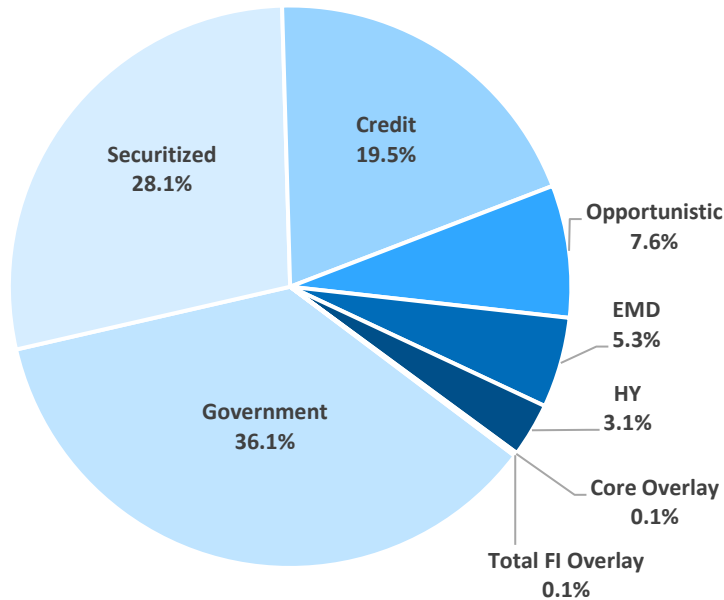
Source: BNY Mellon, VRS
As of 1/30/2026



Portfolio Positioning Over Time

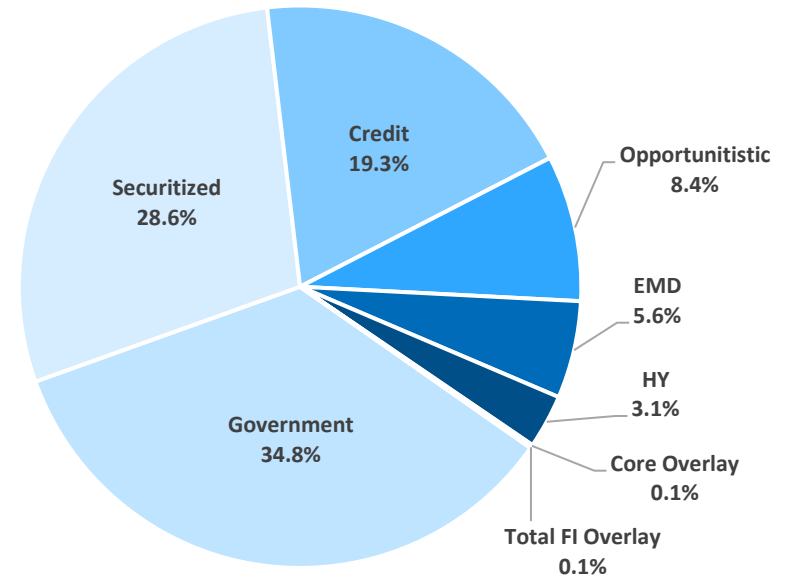
01/31/2025

\$18.0 Billion



01/30/2026

\$19.4 Billion



Portfolio	Jan-25	Jan-26	Difference
Government	36.1%	34.8%	(1.3%)
Securitized	28.1%	28.6%	0.5%
Credit	19.5%	19.3%	(0.2%)
Opportunistic	7.6%	8.4%	0.8%

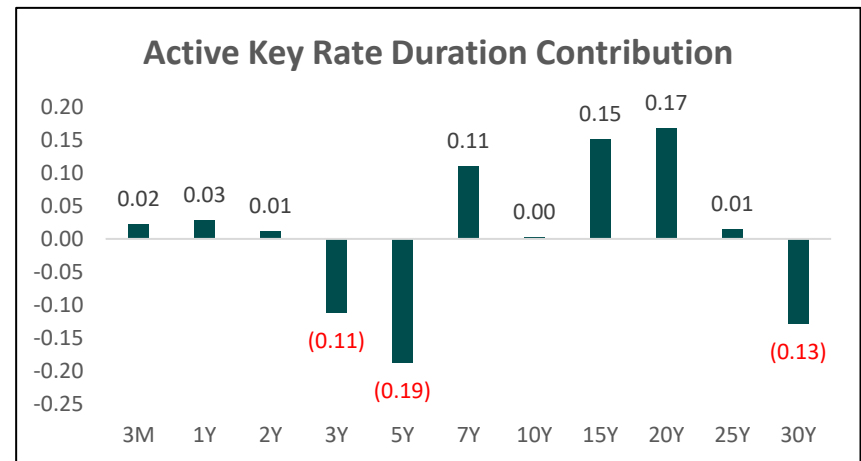
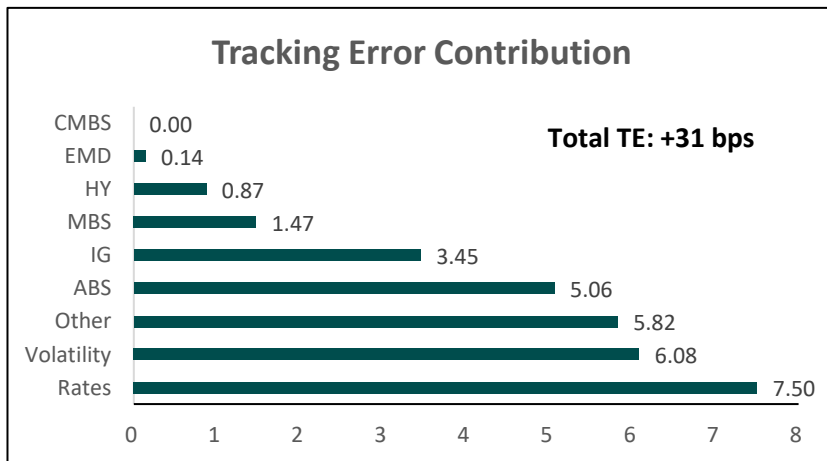
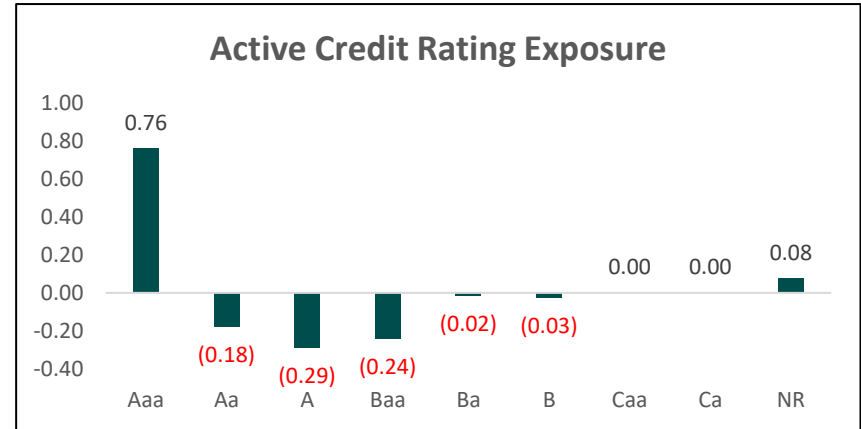
Portfolio	Jan-25	Jan-26	Difference
Emerging Market Debt	5.3%	5.6%	0.3%
High Yield	3.1%	3.1%	0.0%
Core Overlay	0.1%	0.1%	0.0%
Total FI Overlay	0.1%	0.1%	0.0%

Source: BNY Mellon
As of 1/30/2026

Portfolio Characteristics

Total Fixed Income Program Market Value: \$19.4 Billion

Portfolio Characteristics			
	Port	Bench	Diff
Effective Duration	5.75	5.67	0.08
Yield to Maturity	4.89	4.54	0.36
Option Adj. Spread	50	41	9



Source: Aladdin
As of 1/30/2026

Core Portfolio Attribution Factors for CY 2025

Macro Level

- The Fed held rates steady for much of last year before cutting 25 bps at each of the last three meetings of 2025 to settle at 3.50-3.75%.
- Prior to the Iran conflict's start on Feb 28th, the market was pricing in two 25 bps cuts this year, one in mid summer and another in late fall.
- With energy prices significantly higher (crude oil is +40% vs pre-war), the market is now pricing in the next rate cut in late 2027.

Program Level

- Fixed Income represents 14.8% of the total fund versus a policy weight of 16%
- Fixed income portfolios are opportunistically reallocated to maintain our defensive positioning
- Team worked vigilantly to use active portfolio positioning to take advantage of opportunities and dislocations within sectors
- Security selection added meaningfully to the Program's excess return for CY25

FI Program Risk / Return Characteristics

Program Excess Return and Statistics				
	10 Year	5 Year	3 Year	1 Year
Core IFI Program	0.89	0.71	0.64	0.94
Tracking Error	0.43	0.32	0.31	0.39
Information Ratio	2.08	2.21	2.10	2.44
Total FI Program	0.91	0.66	0.62	0.93
Tracking Error	0.47	0.36	0.30	0.41
Information Ratio	1.93	1.86	2.04	2.28

10 Year Batting Average

	Monthly Excess Returns	
Core IFI Program	94/120	78%

Source: BNY Mellon, Aladdin, VRS
As of 1/30/2026

Core Portfolio Risk / Return Characteristics

Fixed Income

Portfolio Excess Return and Statistics				
	10 Year	5 Year	3 Year	1 Year
Government	0.31	0.23	0.28	0.24
Tracking Error	0.15	0.13	0.07	0.01
Information Ratio	2.02	1.83	4.11	17.91
Securitized	1.09	1.51	1.29	1.65
Tracking Error	0.78	0.95	0.73	0.91
Information Ratio	1.40	1.58	1.76	1.82
Credit	0.64	0.22	0.00	-0.07
Tracking Error	0.30	0.26	0.20	0.24
Information Ratio	2.14	0.82	0.00	-0.30
Opportunistic	1.44	1.87	2.42	2.87
Tracking Error	1.42	1.85	1.01	0.68
Information Ratio	1.02	1.01	2.39	4.19

Source: BNY Mellon, Aladdin, VRS
As of 1/30/2026



EM / HY Portfolio Risk / Return Characteristics

Fixed Income

Portfolio Excess Return and Statistics			
	5 Year	3 Year	1 Year
Internal EMD	0.64	0.45	-0.27
Tracking Error	0.95	0.80	0.69
Information Ratio	0.68	0.57	-0.39
Payden & Rygel EMD	1.13	1.22	1.64
PIMCO EMD	1.39	1.54	2.71
Internal High Yield	0.78	0.39	-0.27
Tracking Error	1.23	1.19	1.25
Information Ratio	0.63	0.33	-0.22
Man Numeric High Yield	0.73	0.98	0.47

Source: BNY Mellon, Aladdin, VRS
As of 1/30/2026



Where Are We Focusing?

Continue To Implement Long Term Vision For The Program

Actively Find Ways To Collaborate Across Teams to Add Value to VRS

On The Radar

- Enhancements to portfolio processes and portfolio management tools
- Emphasize cross training throughout the program
- Cross-asset class working groups to enhance expertise
- Expand into more value-adding ideas in the Opportunistic Portfolio

Collaboration Across the Fund

Portfolios

- Treasury: Fixed Income Leverage, Securities Lending, Cash Release & Cash Management
- IEM: Systematic High Yield & Total Fund Rebalance Portfolio
- Operations: Collateral Management Portfolio
- PSG: Continuous Collaboration

People

- Intentional touch points across programs
- External manager partnership sessions
- Factor based investing and quantitative tool exploration
- Individual team member collaboration

Public Markets Roundtable



Foreign Adversaries Update

Andrew Junkin

Chief Investment Officer



Foreign Adversaries Policy

- Effective July 1, 2025, the VRS Board approved the Foreign Adversaries Policy
- The basis for the Foreign Adversary Policy was that investments in countries on that list are ill suited for investment for VRS and represent a poor risk/return trade off with significant non-economic risk present that is not appropriately compensated by markets
- Many have non-functioning capital markets

Current Foreign Adversaries list

- The Secretary of Commerce has defined a foreign adversary as “any foreign government or foreign non-government person determined by the Secretary to have engaged in a long-term pattern or serious instances of conduct significantly adverse to the national security of the United States or security and safety of United States persons”

- Currently, the Secretary has determined the following to be foreign adversaries:
 1. The People's Republic of China, including the Hong Kong Special Administrative Region (China);
 2. Republic of Cuba (Cuba);
 3. Islamic Republic of Iran (Iran);
 4. Democratic People's Republic of Korea (North Korea);
 5. Russian Federation (Russia); and
 6. Venezuelan politician Nicolás Maduro (Maduro Regime).

Update to VRS exposure

- Public markets exposure reduced by ~\$1B
- Approximately \$300 million in exposure remains, largely in commingled vehicles where VRS does not fully control the underlying securities
- VRS has partially hedged out some underlying exposure
- Private markets exposure is slowly rolling off – no secondary sales to reduce exposure as transaction pricing would have been non-economic

Ongoing efforts

- Where possible, VRS will invest in strategies that can be aligned with the Foreign Adversary Policy
- In private markets, no new commitments to Foreign Adversary Policy countries is anticipated
- In public markets, new strategies with persistent, significant exposure to Foreign Adversary Policy countries is restricted
- Existing managers exposures are monitored and additional diligence conducted around any remaining or additional exposure

Helping members
plan for tomorrow,
today

