Virginia Retirement System®

Investments Report

FOR THE QUARTER ENDING MARCH 31, 2026

Virginia Retirement System®

From the CIO

FOR THE QUARTER ENDING MARCH 31, 2026

Andrew H. Junkin
Chief Investment Officer

For the quarter ended March 31, 2026, the VRS portfolio posted positive results despite a more difficult and volatile market. The Total Fund returned 0.3% for the quarter and 11.5% for the one-year period, reflecting the benefits of diversification during a time of falling global stock markets, ongoing inflation concerns and uncertainty about interest rates.

Long-term performance remains a clear strength of the VRS investment program. Over the five- and 10-year periods ended March 31, 2026, the Total Fund returned 7.8% and 8.8%, respectively, above the 6.75% actuarial assumed rate of return for both periods. The fund also outperformed its benchmark over those longer periods, adding 1.0% annually over five years and 0.6% annually over 10 years. These results show the value of a steady, long-term approach across changing market conditions.

As of 03/31/2026	FYTD	1 Year	3 Years	5 Years	10 Years
VRS Total Fund	6.8	11.5	9.7	7.8	8.8
Benchmark	7.8	12.2	11.0	6.8	8.2
Excess Return	-1.0	-0.7	-1.3	1.0	0.6

Financial markets were more volatile during the quarter as investors reacted to conflict in the Middle East, inflation that remained above central bank targets, and uncertainty about when interest rates might begin to fall. Global stock markets declined, especially in technology and other fast-growing sectors, after strong gains over the prior year. Bond markets also faced pressure as rates stayed high and inflation proved more persistent than expected.

Our diversified portfolio is designed to perform across fluctuating market environments. Over shorter periods, this approach can result in lower excess returns, especially when one asset class or a narrow group of stocks posts strong gains. Over time, however, diversification helps manage risk and support more consistent long-term results.

In this environment, VRS' mix of investment strategies bolstered the overall portfolio. To illustrate, real assets delivered strong returns, helped by infrastructure and energy investments. Credit strategies also contributed positively through strong income and solid business fundamentals. Private equity posted gains as portfolio companies remained generally stable despite slower deal activity and tighter financing conditions. Fixed income continued to provide stability and offered better yields than in recent years.

As of March 31, 2026, the VRS Total Fund had a market value of about $129 billion. The portfolio remains diversified across public and private markets and continues to maintain strong liquidity and flexibility. The investment team remains focused on disciplined portfolio construction, careful risk management and finding opportunities to improve long-term returns.

While market conditions may remain uncertain in the near term, a long-term perspective remains central to supporting the retirement security of VRS beneficiaries for generations to come.

Virginia Retirement System®

Performance Summary

AS OF MARCH 31, 2026

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	**11.1**	**10.1**	**17.4**	**20.8**	**-1.6**	**-7.2**	**8.9**	**-1.6**
Benchmark [1]	11.1	9.1	16.1	18.4	-2.1	-6.9	7.3	-2.1
Total Private Equity	**14.1**	**11.2**	**7.0**	**8.3**	**1.7**	**1.6**	**6.4**	**1.7**
Benchmark [2]	13.8	11.6	21.0	22.3	3.5	1.0	24.1	3.5
Total Real Assets	**7.0**	**6.2**	**1.4**	**5.9**	**2.2**	**2.0**	**4.6**	**2.2**
Benchmark [3]	4.8	3.7	-0.6	4.1	0.7	0.3	2.8	0.7
Total Credit Strategies	**7.8**	**7.8**	**10.3**	**8.8**	**0.7**	**0.5**	**6.9**	**0.7**
Benchmark [4]	6.0	5.1	8.1	5.9	-0.5	-0.3	2.9	-0.5
Total Diversifying Strategies	**n/a**	**5.2**	**7.9**	**6.2**	**1.6**	**-1.4**	**6.8**	**1.6**
Benchmark [5]	n/a	4.7	8.0	6.5	1.5	0.5	4.8	1.5
Total Private Investment Partnerships	**8.8**	**10.0**	**7.9**	**8.3**	**0.8**	**0.8**	**5.6**	**0.8**
Benchmark [6]	7.9	7.1	9.0	10.5	1.2	0.3	9.4	1.2
Total Fixed Income	**2.7**	**1.2**	**4.7**	**5.4**	**0.0**	**-1.8**	**4.0**	**0.0**
Benchmark [7]	1.9	0.6	4.1	4.7	-0.2	-1.8	3.3	-0.2
Total Fund	**8.8**	**7.8**	**9.7**	**11.5**	**0.3**	**-2.2**	**6.8**	**0.3**
VRS Custom Benchmark [8]	8.2	6.8	11.0	12.2	0.0	-2.3	7.8	0.0

Notes:

1. Effective July 2025, the Public Equity Custom Benchmark is a 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 VRS taxes) (15%).
2. Effective July 2025, the Private Equity Custom Benchmark is the regional benchmarks of the MSCI ACWI IMI Index ex Selected Countries (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 Diversifying Strategies Custom Benchmark is the ICE BofA US 3-Month Treasury Bill Index plus 250 basis points per annum.
6. Effective July 2025, 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.

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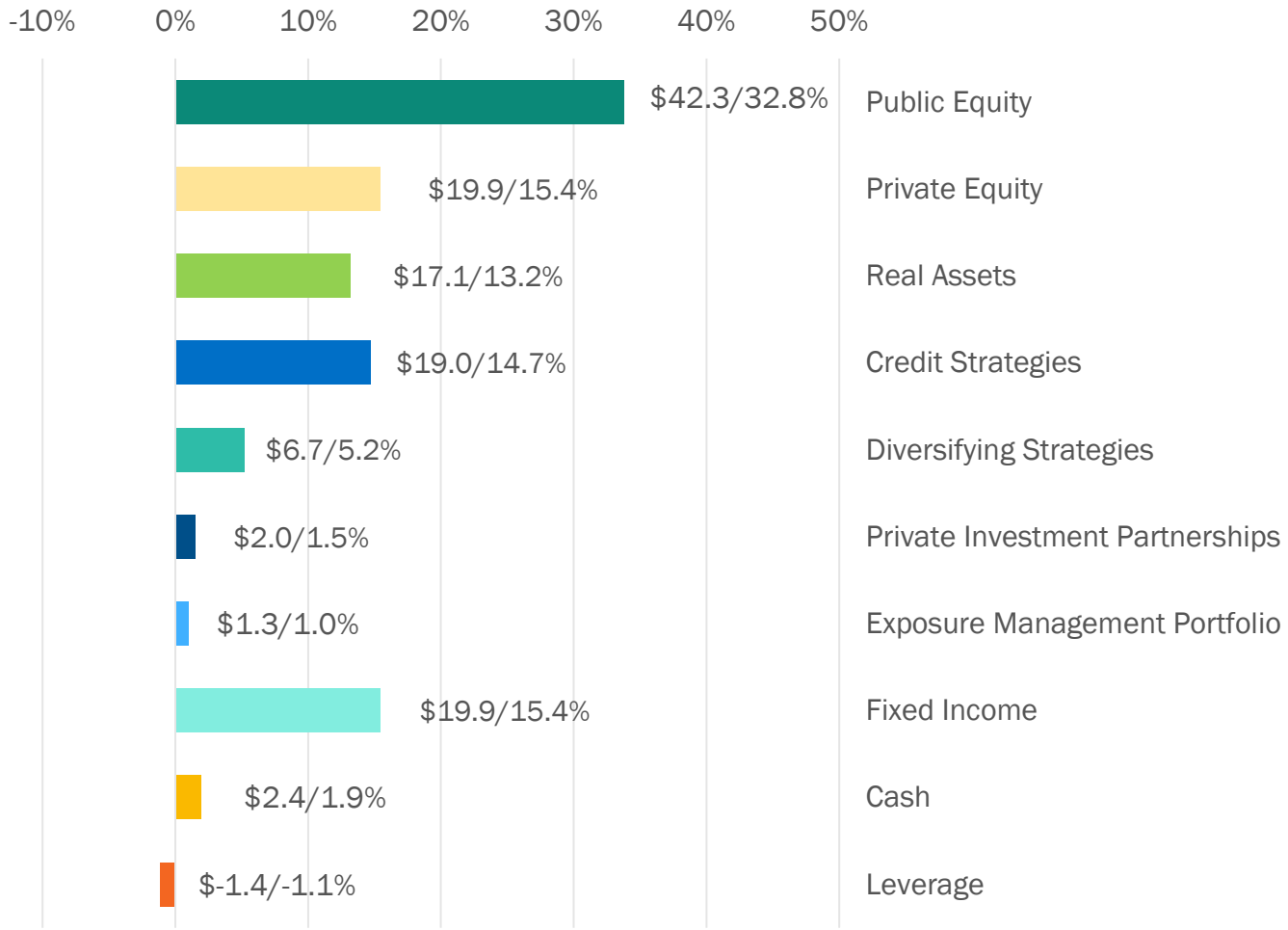
Asset Allocation

AS OF MARCH 31, 2026

Total Fund Market Value = $129.3 billion



Dollar Amounts in Billions / Percent of Total Fund

Source: Bank of New York

Differences in totals are due to rounding.

Fund Performance

NET OF FEES

	VRS Return (as of March 31, 2026)
1-year	11.5
3-year	9.7
5-year	7.8
10-year	8.8
15-year	8.2
20-year	7.1
25-year	7.2

Source: Bank of New York