Virginia Retirement System®

Investments Report

FOR THE QUARTER ENDING
JUNE 30, 2026

From the CIO

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Chief Investment Officer

One of the most important measures of success for a retirement system is whether it can generate strong returns over long periods of time while managing risk responsibly. By that measure, the VRS investment program continues to deliver strong results. Over the 10-year period ended June 30, 2026, the VRS Total Fund returned 9.2% annually, well above the actuarial assumed rate of return of 6.75% and ahead of the fund's custom benchmark. These results reflect the benefits of a disciplined investment strategy designed to serve members, retirees and beneficiaries over decades, not quarters.

Fiscal year 2026 was another positive year for the portfolio, with the total fund returning 12.1% for the year ended June 30. Solid performance across a broad range of investment strategies contributed to the result. Public equity markets generated particularly strong returns during the year, while credit strategies, real assets and other investment programs also contributed positive results. The portfolio's diversified structure allows VRS to participate in rising markets while maintaining balance across different economic environments.

Diversification remains one of the portfolio's greatest strengths. VRS invests across public and private markets, fixed income, real assets and specialized strategies that each play an important role in supporting long-term returns. While individual asset classes will lead or lag during different market conditions, the combination of these investments has helped the portfolio produce consistent results over time. This approach reduces reliance on any single market or investment strategy and positions the fund to better navigate changing economic conditions.

The portfolio's long-term results continue to demonstrate the value of this disciplined approach.

As of 06/30/2026	FYTD	1 Year	3 Years	5 Years	10 Years
VRS Total Fund	12.1	12.1	10.6	7.6	9.2
Benchmark	12.7	12.7	11.4	6.8	8.5
Excess Return	-0.6	-0.6	-0.8	0.9	0.7

Performance results as of June 30, 2026. Source: VRS Performance Summary, net of fees. Differences in totals are due to rounding.

As of June 30, 2026, the VRS Total Fund had a market value of approximately $135 billion. The investment team remains focused on maintaining a thoughtful and diversified portfolio, managing risk prudently and identifying opportunities that can improve long-term returns. While markets will continue to experience periods of uncertainty, VRS remains committed to a long-term investment approach designed to support the retirement security of Virginia's public employees for generations to come.

Virginia Retirement System®

Performance Summary

AS OF JUNE 30, 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	**12.5**	**11.6**	**20.6**	**23.8**	**13.7**	**0.6**	**23.8**	**11.9**
Benchmark [1]	12.4	10.4	18.8	21.7	13.5	-0.4	21.7	11.1
Total Private Equity	**13.9**	**8.3**	**5.6**	**5.2**	**-1.1**	**-1.3**	**5.2**	**0.5**
Benchmark [2]	13.3	9.7	17.1	20.3	-3.1	-6.4	20.3	0.3
Total Real Assets	**6.9**	**5.8**	**2.3**	**6.7**	**2.0**	**1.7**	**6.7**	**4.2**
Benchmark [3]	4.8	3.5	0.4	4.4	1.6	0.7	4.4	2.4
Total Credit Strategies	**7.6**	**7.2**	**9.7**	**8.3**	**1.3**	**0.9**	**8.3**	**2.1**
Benchmark [4]	5.9	5.2	8.1	5.2	2.2	0.2	5.2	1.7
Total Diversifying Strategies	**n/a**	**4.6**	**6.8**	**7.1**	**0.3**	**-1.0**	**7.1**	**1.9**
Benchmark [5]	n/a	4.2	7.6	6.4	1.5	0.5	6.4	3.0
Total Private Investment Partnerships	**9.1**	**9.0**	**8.9**	**9.7**	**3.9**	**2.3**	**9.7**	**4.7**
Benchmark [6]	7.9	6.5	8.2	9.7	0.3	-1.8	9.7	1.5
Total Fixed Income	**2.6**	**1.0**	**5.3**	**5.3**	**1.2**	**0.5**	**5.3**	**1.2**
Benchmark [7]	1.7	0.4	4.6	4.2	1.0	0.3	4.2	0.8
Total Fund	**9.2**	**7.6**	**10.6**	**12.1**	**5.0**	**0.4**	**12.1**	**5.3**
VRS Custom Benchmark [8]	8.5	6.8	11.4	12.7	4.6	-1.0	12.7	4.6

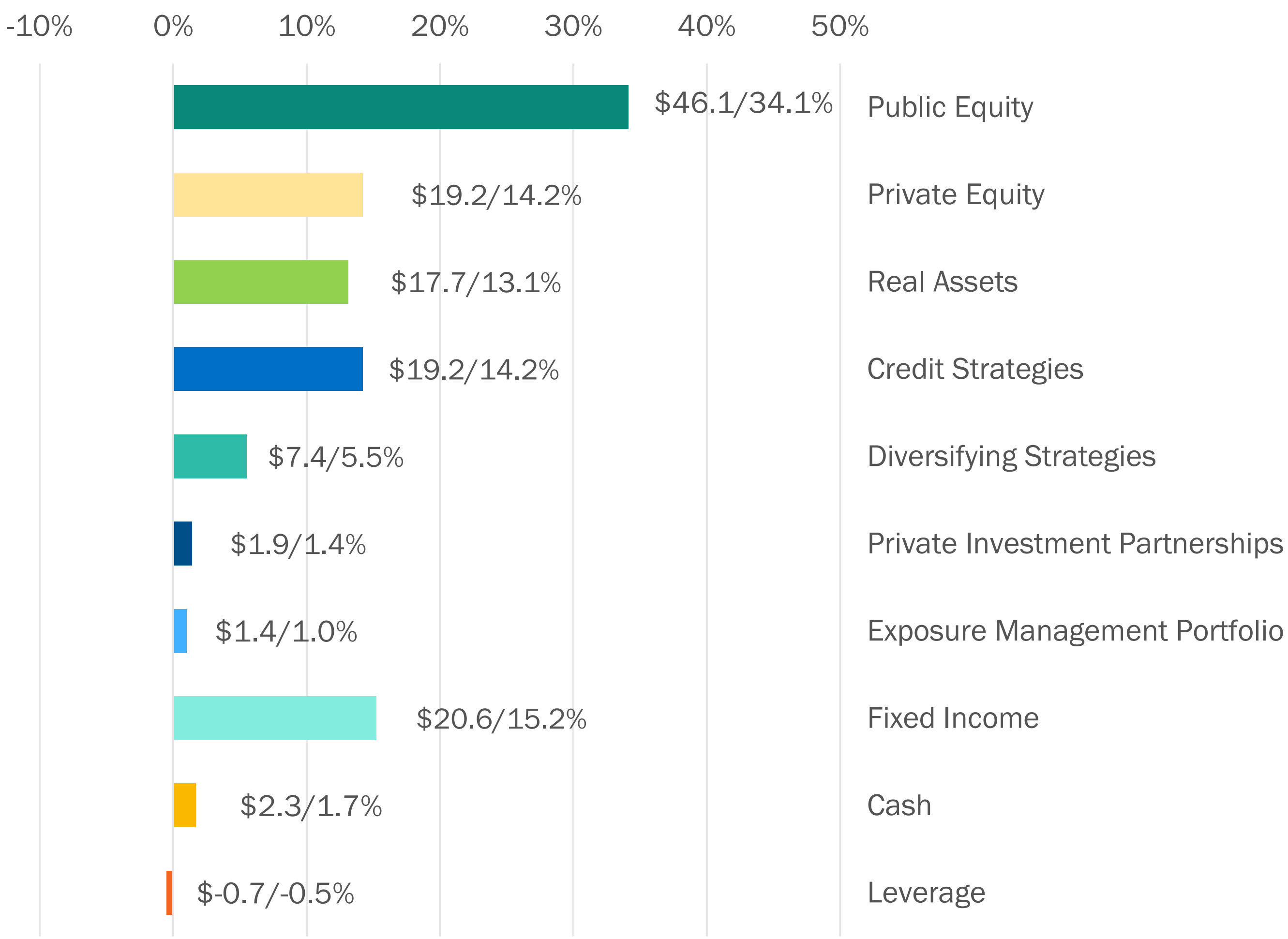
Notes:

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.

Asset Allocation

AS OF JUNE 30, 2026

Total Fund Market Value = $135.2 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 June 30, 2026)
1-year	12.1
3-year	10.6
5-year	7.6
10-year	9.2
15-year	8.4
20-year	7.4
25-year	7.3

Source: Bank of New York

Fund Performance

GROSS OF FEES

	VRS Return (as of June 30, 2026)
1-year	12.7
3-year	11.3
5-year	8.3
10-year	9.7
15-year	8.9
20-year	7.8
25-year	7.7

Source: Bank of New York