



Virginia
Retirement
System®

Investments Report

FOR THE QUARTER ENDING
JUNE 30, 2025





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Chief Investment
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The conclusion of fiscal year 2025 marked another year in which the VRS portfolio demonstrated the benefits of a disciplined, diversified investment approach. Despite ongoing global policy uncertainties, including unresolved trade negotiations and fiscal policy debates, the portfolio delivered a 9.9% return for the fiscal year, exceeding the custom benchmark's 9.7% result.

The strength of the portfolio lies in its broad diversification across public and private markets, real assets, credit strategies and diversifying strategies. By design, this investment strategy allows the portfolio to participate in a variety of market environments while mitigating the impact of weakness in any single area. Over the past year, public equities were a leading contributor, benefiting from robust global stock market performance driven by continued earnings growth. Real assets provided stable income and inflation protection, while credit strategies and fixed income added further balance. Private equity continued to generate strong long-term results, even as it trailed its benchmark in a year dominated by public market strength.

The portfolio's long-term performance continues to meet or exceed both the board-approved benchmark and the actuarial assumed return of 6.75%, underscoring the value of our strategic asset allocation.

As of 06/30/25	FYTD	1 Year	3 Years	5 Years	10 Years
VRS Total Fund	9.9%	9.9%	8.6%	10.4%	8.1%
Benchmark	9.7%	9.7%	9.2%	9.0%	7.3%
Excess Return	0.2%	0.2%	-0.6%	1.4%	0.8%

These results highlight the resilience of a portfolio prudently designed to balance growth and risk over multiple market cycles. The combination of diverse return sources and careful risk management has allowed the fund to consistently outperform over five- and 10-year periods, supporting the long-term financial security of our members, retirees and beneficiaries.

The investment team remains focused on maintaining this discipline—seeking opportunities globally, adjusting allocations as market conditions evolve and ensuring the portfolio remains well-positioned to meet its commitments for decades to come.



TOTAL FUND PERFORMANCE

(Expressed in Percentages, Net of Fees)

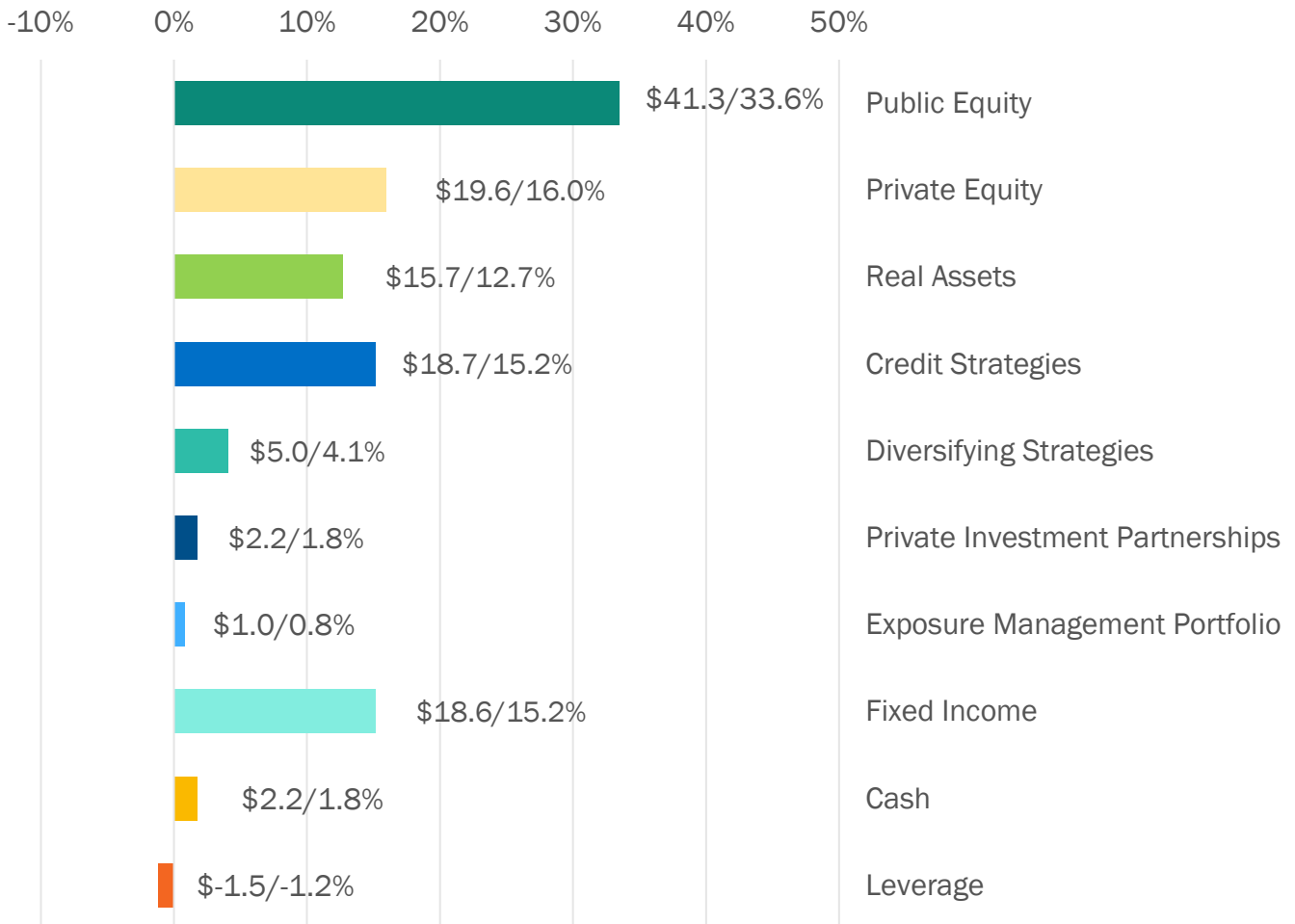
	10 Yr.	5 Yr.	3 Yr.	1 Yr.	Qtr.	Month	Fiscal YTD	Cal YTD
Total Public Equity	9.8	14.5	17.9	17.8	10.9	4.1	17.8	11.5
<i>Benchmark ¹</i>	9.8	13.7	17.1	16.7	10.4	3.9	16.7	10.3
Total Private Equity	14.1	16.9	3.6	5.7	1.8	1.5	5.7	3.3
<i>Benchmark ²</i>	11.1	15.8	7.3	7.4	-1.4	-4.3	7.4	-1.9
Total Real Assets	7.4	6.7	0.7	3.7	1.3	1.3	3.7	2.2
<i>Benchmark ³</i>	5.4	3.9	-1.3	2.9	1.3	0.4	2.9	2.3
Total Credit Strategies	6.9	9.1	8.8	9.1	1.8	1.4	9.1	3.7
<i>Benchmark ⁴</i>	5.6	6.4	9.4	8.3	2.9	1.3	8.3	3.8
Total Diversifying Strategies	n/a	7.0	7.0	3.6	-0.5	0.0	3.6	2.6
<i>Benchmark ⁵</i>	n/a	6.1	7.9	7.2	1.7	0.5	7.2	3.3
Total Private Investment Partnerships	9.0	12.9	6.3	8.8	2.6	2.8	8.8	2.4
<i>Benchmark ⁶</i>	7.8	9.3	5.3	6.2	1.0	-0.9	6.2	1.5
Total Fixed Income	2.7	0.6	3.7	6.9	1.3	1.7	6.9	4.4
<i>Benchmark ⁷</i>	1.9	-0.3	3.2	6.4	1.4	1.6	6.4	4.1
Total Fund	8.1	10.4	8.6	9.9	4.4	2.3	9.9	5.9
<i>VRS Custom Benchmark ⁸</i>	7.3	9.0	9.2	9.7	4.0	1.1	9.7	4.8

Notes:

1. Effective January 2024, the Public Equity Custom Benchmark is a weighted average of the MSCI ACWI IMI Index (net VRS taxes) (85%) and the MSCI World Min Vol Index (net VRS taxes) (15%).
2. Effective January 2024, the Private Equity Custom Benchmark is the regional benchmarks of the MSCI ACWI IMI Index (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 January 2024, 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.



Total Fund Market Value = \$122.8 billion



Dollar Amounts in Billions / Percent of Total Fund

Source: Bank of New York

Differences in totals are due to rounding.



VRS Return (as of June 30, 2025)	
1-year	9.9
3-year	8.6
5-year	10.4
10-year	8.1
15-year	8.9
20-year	7.4
25-year	6.5

Source: Bank of New York



VRS Return (as of June 30, 2025)	
1-year	10.5
3-year	9.2
5-year	11.1
10-year	8.6
15-year	9.3
20-year	7.8
25-year	6.9

Source: Bank of New York