

Virginia Association of Counties - Memorandum

TO: County Administrators

FROM: Dean A. Lynch, CAE
Director of Intergovernmental Affairs

SUBJECT: VRS experiences 14.1 percent return on investment portfolio

DATE: August 31, 2010

From VRS Press Release:

VRS Experiences 14.1 Percent Return for 2010

RICHMOND, VA August 30, 2010 —The Virginia Retirement System (VRS) experienced a 14.1 percent return on its investment portfolio for fiscal year 2010, ending the year with \$47.7 billion in assets. The three-year annualized return was -4.9 percent and the five-year annualized return was 3.1 percent. These returns compare to the intermediate policy benchmark returns of 15.3 percent, -4.4 percent and 2.9 percent, respectively for the last one-, three- and five-year periods.

"We are pleased with last year's performance, especially in light of a number of defensive positions initiated in the portfolio over the last few years. With over 50 percent of the portfolio allocated to a combination of investment grade bonds, credit strategies and lower volatility equity investments, last year's performance was particularly strong on a risk-adjusted basis," said Chief Investment Officer Charles W. Grant.

The fund's public equity program returned 14.8 percent and the fixed income portfolio returned 14.2 percent. The credit strategies program returned 22.2 percent, while private equity returned 17.3 percent and the real estate program returned 1.5 percent.

The portfolio included \$21.3 billion in public equity, \$10.6 billion in fixed income, \$7.8 billion in credit strategies, \$4.3 billion in private equity and \$3.1 billion in real estate, as of June 30, 2010.

"The VRS Board of Trustees is committed to sound long-term investment strategies, and we have established for our investment team a flexible and opportunistic investment policy in order to manage risk and take advantage of attractive investment opportunities. Although economic and financial market uncertainty remains high, we are confident that our long-term return expectations will be met," said VRS Board Chair Diana F. Cantor.

VRS serves approximately 600,000 members, retirees and beneficiaries. The active employees include about 148,000 teachers, 104,000 local government employees and about 89,000 state employees. In addition, VRS provides benefits to over 148,000 retirees and beneficiaries. The retirement system ranks as the nation's 22nd largest public or private pension fund.

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