GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM OF THE U.S. VIRGIN ISLANDS

Financial Statements and Supplementary Information Together with Reports of Independent Public Accountants

For the Years Ended September 30, 2025 and 2024

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
OF THE U.S. VIRGIN ISLANDS

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Together with Reports of Independnet Public Accountants

SEPTEMBER 30, 2025 AND 2024

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Certified Public Accountants & Business Advisors
SBC

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

The Board of Trustees
Government Employees' Retirement System of the U.S. Virgin Islands

Opinions

We have audited the accompanying statements of fiduciary net position of the Government Employees' Retirement System of the U.S. Virgin Islands (the System) as of September 30, 2025 and 2024, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the System as of September 30, 2025 and 2024, and its respective changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The System's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal controls-related matters that we identified during the audit.

SBC Certified Public Accountants & Business Advisors

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in the employers' net pension liability and related ratios and related notes, and the schedule of employers' contributions and related notes as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the investment section but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2026, on our consideration of the System's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the System's internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal controls over financial reporting and compliance.

SB & Company, LLC

Owings Mills, Maryland
August 14, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
September 30, 2025 and 2024

Introduction

The following Management's Discussion and Analysis (MD&A) of the Government Employees' Retirement System of the U.S. Virgin Islands (the System) financial performance introduces the financial statements of the System as of and for the years ended September 30, 2025 and 2024, with comparative data for the year ended September 30, 2023. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the financial statements, required supplemental information and other supplemental information which follow this discussion.

Required Financial Statements

The System is a component unit of the primary government of the U.S. Virgin Islands (the Government) and is included in the Annual Comprehensive Financial Report of the Government. The financial statements for the System have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board.

The *Statements of Fiduciary Net Position* present the System's assets and liabilities, and the resulting net position restricted for pensions. These statements reflect a year-end snapshot of the System's investments, at fair value, receivables and other assets and liabilities.

The *Statements of Changes in Fiduciary Net Position* present information showing how the System's net position restricted for pensions changed during the year. These statements include additions for contributions by members and employers and investment earnings and deductions for benefit payments, refunded contributions, death benefit payments and administrative expenses.

Notes to the Financial Statements are an integral part of the financial statements and provide additional information that is necessary in order to gain a comprehensive understanding of the data reported in the financial statements. This section also includes the disclosure of actuarial methods and significant assumptions used in the most recent actuarial valuations and the funded status of the System.

Required Supplementary Information presents information concerning the System's funding progress and its obligations to provide pension benefits to members. A schedule of required employer contributions is also presented and is useful in evaluating the condition of the System.

Management's Discussion and Analysis
September 30, 2025 and 2024

Financial Analysis

The following schedules provide a comparative summary and an analysis of the System's assets, liabilities, and net position as of September 30:

Fiduciary Net Pension
(Dollar amounts expressed in thousands)

	2025	2024	2023	2025-2024		2024-2023	
				Increase (Decrease)	Percentage	Increase (Decrease)	Percentage
Cash and cash equivalents	**$ 22,291**	$ 19,503	$ 25,985	$ 2,788	14.30%	$ (6,482)	-24.95%
Investments	**446,971**	443,087	361,463	3,884	0.88%	81,624	22.58%
Member loans, net	**19,381**	21,914	7,692	(2,533)	-11.56%	14,222	184.89%
Real estate	**46,500**	46,500	41,000	-	0.00%	5,500	13.41%
Capital assets, net	**25,513**	22,958	23,223	2,555	11.13%	(265)	-1.14%
Other assets	**43,621**	31,718	22,562	11,903	37.53%	9,156	40.58%
Total Assets	**604,277**	585,680	481,925	18,597	3.18%	103,755	21.53%
Total Liabilities	**34,585**	28,321	26,541	6,264	22.12%	1,780	6.71%
Total Net Position Restricted for Pensions	**$ 569,692**	$ 557,359	$ 455,384	$ 12,333	2.21%	$ 101,975	22.39%

The table shown above reflects an increase of $18.6 million, a 3.18 percent increase in total assets as of September 30, 2025. In fiscal year 2024 there was an increase of $103.8 million, a 21.53 percent compared to the fiscal year ended September 30, 2023.

- Cash and cash equivalents consists of $1.2 million of cash in money market accounts and $21.1 million of cash in operational accounts as of September 30, 2025. Cash held in the money market accounts increased approximately $0.4 million as of September 30, 2025 from $0.8 million as of September 30, 2024 due to the System's need for funds to meet benefits obligations. Cash held in operational accounts increased approximately $2.3 million as of September 30, 2025 from $18.8 million as of September 30, 2024.
- The cash and cash equivalents increased by approximately $2.8 million as of September 30, 2025, from approximately $19.5 million as of September 30, 2024, to approximately $22.3 million as of September 30, 2025; and decreased by $6.5 million from September 30, 2023.
- The investments increased by approximately $3.9 million as of September 30, 2025, which represented a 0.88 percent increase over September 30, 2024; and an increase of approximately $81.6 million as of September 30, 2024, which represented a 22.58 percent increase over September 30, 2023.

Financial Analysis (continued)

- The members' loans decreased $2.5 million to approximately $19.4 million as of September 30, 2025, from approximately $21.9 million as of September 30, 2024 due to loan repayments in excess of new loans. There was an increase of $14.2 million during the year ended September 30, 2024, from approximately $7.7 million on September 30, 2023 due to the reinstatement of the member loan program in 2024.
- The value of real estate remained the same at $46.5 million as of September 30, 2025 and 2024. There was an increase of $5.5 million during the year ended September 30, 2024, from $41.0 million on September 30, 2023 due to the increased valuation of the Havensight Mall.
- Capital assets increased $2.6 million to approximately $25.5 million as of September 30, 2025, from approximately $23.0 million as of September 30, 2024 due to additions related to building improvements, computer hardware and computer software offset by current year depreciation.
- Other assets consist primarily of receivables due from other agencies of the Government of the U.S. Virgin Islands. Other assets increased $11.9 million to approximately $43.6 million as of September 30, 2025, from approximately $31.7 million as of September 30, 2024 primarily due to an increase in receivables due from other agencies of the Government of the U.S. Virgin Islands in the amount of $11.3 million in fiscal year 2025 compared to an increase of $9.2 million from fiscal year 2023 to 2024.
- As of September 30, 2025, the System's total liabilities are $34.6 million compared with $28.3 as of September 30, 2024 and $26.5 million as of September 30, 2023. Total liabilities increased as of September 30, 2025 primarily due to accounting for certain reserves. Total liabilities remained fairly consistent in September 30, 2024 when compared to September 30, 2023.

Financial Analysis (continued)

Additions

The primary sources of additions for the System include employee and employer contributions, the funding note, and investment income. The following table compares the source and the number of additions for the System during the fiscal years ended September 30, 2025, 2024 and 2023

Contributions and Investment Income
(Dollar amounts expressed in thousands)

	2025	2024	2023	2025-2024		2024-2023	
				Increase (Decrease)	Percentage	Increase (Decrease)	Percentage
Employer contributions	**$ 110,410**	$ 109,833	$ 107,398	$ 577	0.53%	$ 2,435	2.27%
Employee contributions	**55,974**	56,182	54,757	(208)	-0.37%	1,425	2.60%
Funding note	**101,571**	123,996	157,997	(22,425)	-18.09%	(34,001)	100.00%
Net investment income	**55,270**	110,185	39,039	(54,915)	-49.84%	71,146	182.24%
Other income	**2,227**	2,207	4,758	20	0.91%	(2,551)	-53.61%
Total Additions	**$ 325,452**	$ 402,403	$ 363,949	$ (76,951)	-19.12%	$ 38,454	10.57%

In FY 2025, the System received $101.6 million funding note proceeds to reduce the unfunded net pension liability of the primary plan sponsor, compared to $124.0 million in FY 2024. In FY 2023, the System received $158.0 million in proceeds from the funding note. For each of the years ended September 30, 2025, 2024 and 2023, there was shortfall of amounts received compared to the expected amounts.

Net investment income declined by 49.8 percent in FY 2025, due to less favorable market conditions. In the first quarter of fiscal year 2025, the System reduced total equity exposure by 10 percent and increased total bond exposure by 10 percent.

The System decreased its U.S. equity allocation by 10 percent and increased its investment-grade bond allocation by 10 percent. Moving capital from higher-yielding, more volatile assets to lower-yielding, lower-risk assets, along with ongoing asset liquidations to fund benefit payments, led to the year-over-year decrease. The net investment income for the System totaled $55.3 million for FY 2025, comprised of $52.8 million in unrealized and realized gains on investments, $2.6 million in interest and other income, less $165 thousand related to investment expenses. This is compared to the net investment income of $110.2 million in FY 2024, comprised of $103.9 million in unrealized and realized gains on investments, $7.5 million in interest and other income, less $174 thousand related to investment expenses.

Financial Analysis (continued)

Deductions

The primary sources of deductions from the System include the payment of retiree and survivor benefits, participant's refunds, and administrative expenses. The following table shows the deductions for the System during the fiscal years ended September 30, 2025, 2024 and 2023.

Deduction by Type

(Dollar amounts expressed in thousands)

	2025	2024	2023	2025-2024		2024-2023	
				Increase (Decrease)	Percentage	Increase (Decrease)	Percentage
Benefits paid to members	**$ 281,726**	$ 275,443	$ 282,209	$ 6,283	2.28%	$ (6,766)	-2.40%
Refunds member contributions	**8,385**	9,033	10,112	(648)	-7.17%	(1,079)	-10.67%
Administrative expenses	**23,009**	15,952	16,575	7,057	44.24%	(623)	-3.76%
Total Deductions	**$ 313,120**	$ 300,428	$ 308,896	$ 12,692	4.22%	$ (8,468)	-2.74%

In FY 2025 benefits paid to members increased due to members retiring with higher annuity payments in FY 2025 and an increase in retro payments to the members. In FY 2024 benefits paid to members decreased because of a decrease in the retro payments paid to members.

In FY 2025 refunds decreased by approximately $648 thousand or 7.17% due to a decrease in the number of members requesting refunds. In FY 2024, refunds decreased by approximately $1.1 million or 10.67% due to a decrease in the number of members requesting refunds. In FY 2025, administrative expenses increased by $7.4 million or 45.99% primarily due to increased salary and related compensation expenses, information technology upgrades and an increase in normal operating costs.

The components of the net pension liability (NPL) of the System as of September 30, 2025, 2024, and 2023, were as follows:

	2025	2024	2023
Total pension liability	**$ 4,080,703,675**	$ 4,315,703,675	$ 4,407,521,466
Plan net position (a)	**$ 569,692,189**	$ 557,359,244	$ 455,384,376
Funded ratio	**13.96%**	12.91%	10.33%

(a) At valuation date

The net investment return assumption was 5.48% and is an estimate derived from historical data, current, and recent market expectations.

Financial Analysis (continued)

The System's funding policy requires payment of the Actuarial Determined Employer Contributions (ADEC). Over the past 23 years, the amount contributed has been significantly less than the required ADEC; thus, the ADEC has continuously increased over that period from 35% to 67% of covered payroll as of September 30, 2025.

Financial Contact

This financial report is designed to provide our residents and the Government of U.S Virgin Islands with a general overview of the System's fiduciary net position and results of operations for the year. To obtain financial information about the System, contact the Chief Financial Officer of the Government Employees' Retirement System of the U.S. Virgin Islands, at 3438 Kronprindsens Gade GERS Complex, 3rd Floor, St. Thomas, Virgin Islands 00802.

BASIC FINANCIAL STATEMENTS

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM OF THE U.S. VIRGIN ISLANDS

Statements of Fiduciary Net Position
As of September 30, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	**$ 22,290,701**	$ 19,503,486
Investment in Havensight	**7,361,264**	7,565,601
Corporate obligations	**670**	530
Commingled and mutual funds	**435,148,801**	429,834,411
Limited partnerships	**4,459,941**	5,685,900
Total Cash, Cash Equivalents and Investments	**469,261,377**	462,589,928
Member loans:		
Mortgage	**2,130,091**	2,737,544
Personal	**17,251,066**	19,176,988
	19,381,157	21,914,532
Real estate:		
Havensight Mall	**46,500,000**	46,500,000
Due from other agencies of the Government of the U.S.Virgin Islands	**40,958,514**	29,681,574
Accrued interest receivable	**4,129**	2,254
Capital assets, net	**25,512,647**	22,958,304
Prepaid and other assets	**2,659,610**	2,033,400
Total Assets	**604,277,434**	585,679,992
LIABILITIES		
Retirement benefits in process of payment	**2,973,991**	3,973,100
Other liabilities	**31,611,254**	24,347,648
Total Liabilities	**34,585,245**	28,320,748
Net Position Restricted for Pensions	**$ 569,692,189**	$ 557,359,244

The accompanying notes are an integral part of these financial statements.

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM OF THE U.S. VIRGIN ISLANDS

Statements of Changes in Fiduciary Net Pension
For the Years Ended September 30, 2025 and 2024

	2025	2024
Additions:		
Investment income:		
Unrealized and realized gains on investments	**$ 52,812,025**	$ 102,897,122
Interest and dividends	**1,901,987**	1,573,481
Other investment income	**677**	5,506,190
Rental income	**720,511**	381,577
	55,435,200	110,358,370
Less:		
Investment management fees and custodian fees	**165,276**	173,697
	55,269,924	110,184,673
Contributions:		
Employer	**110,410,246**	109,833,501
Employee	**55,974,072**	56,181,602
Funding note	**101,571,380**	123,996,500
	267,955,698	290,011,603
Other income	**2,226,664**	2,206,735
Total Additions	**325,452,286**	402,403,011
Deductions:		
Benefits paid directly to members	**281,726,319**	275,443,064
Refunds of members' contributions	**8,384,511**	9,033,096
Administrative and operational expenses	**23,008,511**	15,951,983
Total Deductions	**313,119,341**	300,428,143
Net change in net position	**12,332,945**	101,974,869
Net position restricted for pensions:		
Net position beginning of year	**557,359,244**	455,384,375
Net Position End of Year	**$ 569,692,189**	$ 557,359,244

The accompanying notes are an integral part of these financial statements.

1. DESCRIPTION OF THE PLAN

The Government Employees' Retirement System of the U.S. Virgin Islands (the System or GERS) is a multiple employer defined benefit pension plan. The System was established as of October 1, 1959 by the Government of the U.S. Virgin Islands (the Government or Employer) as an independent and separate agency to provide pension benefits to its employees, and includes Judicial, Executive, Legislative Branches and outside agencies. Under the provisions of the Virgin Islands Code, Title 3, Chapter 27 (the Code), the Board of Trustees of the System are responsible for the administration of the System.

The System is a component unit of the Government for financial reporting purposes and is included in the Government's financial reports as a pension trust fund.

Eligibility and Membership

The System covers all employees of the Government of the U.S. Virgin Islands except casual, provisional, or any part-time employee who does not regularly work at least 20 hours per week. The System also covers employees whose services are compensated on a contractual fee or per diem basis who work exclusively for the Government at least 40 hours per week. Persons over the age of 55 may opt out of the System by providing formal notification to the System. The System provides retirement, death, and disability benefits to System members. Benefits may be extended to beneficiaries of System members.

There are two tiers within the System:

1) **Tier I** - Employees hired prior to September 30, 2005

2) **Tier II** - Employees hired on or after October 1, 2005

Membership as of September 30, consisted of:

	2025	**2024**
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	**8,909**	8,936
Current employees	**8,892**	8,912
	17,801	17,848

1. DESCRIPTION OF THE PLAN (continued)

Vesting

The System provides for retirement, death, and disability benefits to System members. Benefits may be extended to beneficiaries of plan members. Regular Tier I employees who have completed 30 years of credited service or have attained age 60 with at least 10 years of credited service are eligible for a full-service retirement annuity. Regular Tier II employees who have attained the age of 65 with at least ten years of service are eligible for a full-service retirement annuity. Members who are considered "safety employees" as defined in the Code are eligible for full retirement benefits when they have earned at least 20 years of government service or have reached the age of 55 with at least 10 years of credited service. Tier I regular and safety employees who have attained age 50 with at least 10 years of credited service may elect to retire early with a reduced benefit. Tier II regular and safety employees who have attained age 60 with at least 10 years of credited service may elect to retire early with a reduced benefit. Senators and members of the Legislature may receive a retirement annuity when they have attained age 50 and upon the completion of 6 years of credited service as a member of the legislature.

The semi-monthly annuity benefit payments are determined by applying a stipulated benefit ratio to the member's average compensation. Average compensation for Tier I members is determined by averaging the five highest years of credited service within the last ten years of service, subject to the maximum salary limitations in effect during such service. Average compensation for Tier II members is determined by averaging the most recent five years of credited service within the last ten years of service, subject to the maximum salary limitations in effect during the service. The maximum annual salary that can be used in this computation is $65,000, except for senators and judges, whose annual salary is used. The Board of Trustees (the Board) may set cost-of-living increases for annuitants and pensioners and determine when the annuity should be paid based on the most recent actuarial valuation and the Consumer Price Index. The annual increase in the case of a disability annuity shall be 1 percent per year prior to the member's attainment of age 60 and 1.5 percent per year thereafter. The Board of Trustees may not increase rates by more than 3.0% over a five-year period. The employer's contributions together with the Employee's contributions and the income of the System should be sufficient to provide an adequate actuarially determined reserve for the benefits prescribed by the Code.

Contributions

Contributions to the System are made by the Government and employees. From time to time, The Board may actuarially determine the rate of contribution for Tier I members and employers of the System.

The contributions required to fund the System on an "actuarial reserve basis" are calculated periodically by the System's actuarial consultant.

1. DESCRIPTION OF THE PLAN (continued)

Contributions (continued)

The Employer's required contribution is 23.5% (effective January 1, 2020) of the employee's annual salary and required employee contributions are 11% and 11.5% of annual salary for Tier I and Tier II regular employees, respectively, 12% and 14% for Tier I and Tier II senators, respectively, 15% for both Tier I and Tier II judges, and 13% and 13.625% for Tier I and Tier II safety (hazardous employees and eligible employees under Act 5226), respectively. Prior to June 29, 2000, member contributions were refundable without interest upon withdrawal from employment before retirement. Effective November 2, 2005, legislation was passed that required that the annual interest on refunded contributions be determined by the Board based on the experience of the System which shall not be less than 2%, nor more than 4% per annum. The System set the interest rate to 2% effective July 1, 2009.

Funding Note

On April 6, 2022, the Virgin Islands Public Finance Authority (the Authority) and the Bank of New York Mellon Trust Company N.A. as Trustee, entered into an agreement called GERS Funding Note (the Note) to provide funding to GERS in the amount of approximately $3.9 billion over a period of 30 years beginning October 1, 2022. The actuarial valuation indicates that the current combined statutory employer and employee contribution rates are not sufficient to meet the costs of the System on an actuarial basis. The purpose of the funding is to provide additional funds to GERS to reduce the unfunded net pension liability.

The Note is authorized pursuant to the Virgin Islands Revised Organic Act of 1954, as amended, the laws of the Government, and other applicable laws. The Note is secured under the indenture by an assignment and pledge to the Trustee of the Authority's rights in and to the Trust Estate. The Note does not constitute a general obligation of the Authority, or of the Government or the United States of America and cannot be called for redemption by the Authority. GERS is the registered owner of the Note and has only the rights to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any event or default under the indenture or to institute, appear in or defend any suit or other proceedings with respect thereto as provided in the Indenture. The Trustee shall treat GERS, the registered owner, as the person exclusively entitled to payment of principal and interest on this Note and entitled to the exercise of all other rights and powers of the owner.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements include all activities and funds administered by GERS. GERS is a component unit of the Government for financial reporting purposes. GERS financial statements are included in the fiduciary and proprietary funds in the Virgin Islands Annual Comprehensive Financial Report (ACFR).

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental organizations. In doing so, GERS adheres to the reporting requirements established by the Governmental Accounting Standards Board (GASB). Employee and employer contributions are recognized as additions to the System' net assets in the period in which employee services are performed. Benefits are recorded upon payment. Refunds are recognized when due and payable in accordance with the terms of the System.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in determining the reported amounts of plan assets, liabilities and net position, and changes net position, and disclosure of contingent assets and liabilities. Actual results may differ from those estimates. The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities could occur in the near term, and that such a change could materially affect the amounts reported in the financial statements.

Cash and Cash Equivalents

The System considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. As of September 30, 2025 and 2024, cash equivalents consist of money market funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Methods Used to Value Investments

Investments in marketable securities are carried out at quoted market values. Shares of mutual funds are valued at the net asset value of shares held by the System at year-end. Purchases and sales are recorded on a trade-date basis. Realized gains and losses on securities are determined by the average cost method.

Investments in member loans are valued at the outstanding principal balance less an allowance for estimated loan losses. Management of the System believes that, based upon interest rate and risk factors, this valuation approximates fair value. Investments in limited partnerships have no readily ascertainable market value and are based on the valuation reported by the general partners.

The System's office complex and other real property on St. Thomas and St. Croix that are used for operations are carried at historical cost, net of accumulated depreciation.

The carrying value for Havensight Mall real estate is based on an independent appraisal. The value of this investment is $46,500,000, as of September 30, 2025 and 2024. The carrying value of the investment includes various leases to unrelated tenants under lease agreements with differing terms and expiration dates. As such, separate lease accounting has not been applied as the value of the leases is included in the valuation of the investment. Rental income, net of related operating expenses and any abatements, are recorded when earned.

There are certain market risks, credit risks, liquidity risks, foreign exchange risks, and even risks which may subject the System to economic changes occurring in certain industries, sectors, or geographies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets in excess of $1,000, utilized in the operation of the System are recorded at historical cost less depreciation, computed using the straight-line method over the estimated useful lives of the assets. Furniture and equipment are depreciated over 5 years and building and improvements over 25 years.

Tax Exemption

The System is exempt from all income and property taxes.

3. NET PENSION LIABILITY

The components of the net pension liability (NPL), of the System as of September 30, 2025 and 2024, were as follows:

September 30, 2025

Valuation Date	Total Pension Liability (1)	Plan Fiduciary Net Position (2)	Net Pension Liability (1-2)	Plan Fiduciary Net Position as a % of Total Pension Liability (2/1)
September 30, 2025	**$ 4,080,703,675**	**$ 569,692,189**	**$ 3,511,011,486**	**13.96%**

September 30, 2024

Valuation Date	Total Pension Liability (1)	Plan Fiduciary Net Position (2)	Net Pension Liability (1-2)	Plan Fiduciary Net Position as a % of Total Pension Liability (2/1)
September 30, 2024	$ 4,315,703,675	$ 557,359,244	$ 3,758,344,431	12.91%

3. NET PENSION LIABILITY (continued)

The actuarial assumptions utilized in the valuation for the year ended September 30, 2025 were as follows:

Valuation Date	September 30, 2025
Actuarial Cost Method	Entry Age Normal Cost Method determined as a percentage of salary
Amortization Method	Level dollar
Amortization Period	20 years open amortization
Asset valuation Method	Market value
Inflation	2.50%
Salary Increases	5.00% per year for the plan years ending 2022-2026, and 4.00% thereafter
Investment Rate of Return	5.48% net of pension plan investment expense, including inflation
Mortality	Contingent survivor: Pub-2010 General Below-Median Amount-Weighted Contingent survivor mortality table with generational projection using Scale MP-2021. Healthy annuitant: Pub-2010 General Below-Median Amount-Weighted Employee and Healthy Annuitant Mortality Tables (95% load for males) with generational projection using Scale MP-2021. Disabled annuitant: Based on Pub-2010 Non-safety Amount-Weighted Disabled Annuitant Mortality Table with generational projection using Scale MP-2021.

The ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation component.

3. NET PENSION LIABILITY (continued)

The actuarial assumptions utilized in the valuation for the year ended September 30, 2024 were as follows:

Valuation Date	September 30, 2024
Actuarial Cost Method	Entry Age Normal Cost Method determined as a percentage of salary
Amortization Method	Level dollar
Amortization Period	20 years open amortization
Asset Valuation Method	Market value
Inflation	2.50%
Salary Increases	5.00% per year for the plan years ending 2022-2026, and 4.00% thereafter
Investment Rate of Return	5.00% net of pension plan investment expense, including inflation
Mortality	Contingent survivor: Pub-2010 General Below-Median Amount-Weighted Contingent survivor mortality table with generational projection using Scale MP-2021. Healthy annuitant: Pub-2010 General Below-Median Amount-Weighted Employee and Healthy Annuitant Mortality Tables (95% load for males) with generational projection using Scale MP-2021. Disabled annuitant: Based on Pub-2010 Non-safety Amount-Weighted Disabled Annuitant Mortality Table with generational projection using Scale MP-2021.

The ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation component.

3. NET PENSION LIABILITY (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 and 2024, are summarized as follows:

As of September 30, 2025

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	**35%**	**5.9%**
Developed market equity	**15%**	**6.0%**
Emerging market equity	**5%**	**7.2%**
Core fixed income	**30%**	**1.7%**
High yield bonds	**10%**	**3.3%**
Cash and other	**5%**	**0.9%**
Total	**100%**	

As of September 30, 2024

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.4%
Developed market equity	14%	6.5%
Emerging market equity	6%	7.8%
Core fixed income	20%	1.6%
High yield bonds	10%	3.4%
Cash and other	5%	0.8%
Total	**100%**	

Discount Rate

The discount rate used to measure the total pension liability was 5.48% and 5.00% as of September 30, 2025 and 2024, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.00% was applied to all periods of projected benefit payments that are covered by projected assets. For periods where projected future benefit payments are not covered by projected assets, the yield on a 20-year AA Municipal Bond Index was applied. As of September 30, 2025, that rate was 3.81% as compared to 4.09% as of September 30, 2024.

3. NET PENSION LIABILITY (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 5.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the discount rate as of September 30, 2025:

	1% Decrease (4.48%)	Current Discount (5.48%)	1% Increase (6.48%)
Net pension liability	**$ 3,964,922,801**	**$ 3,511,292,322**	**$ 3,131,656,600**

The following presents the net pension liability calculated using the discount rate of 4.87% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.87%) or 1-percentage-point higher (5.87%) than the discount rate as of September 30, 2024:

	1% Decrease (4.00%)	Current Discount (5.00%)	1% Increase (6.00%)
Net pension liability	$ 4,243,892,038	$ 3,758,344,431	$ 3,351,997,801

4. INVESTMENTS

The total System's cash, cash equivalents and investment securities as of September 30, 2025 and 2024, consisted of:

	2025	2024
System cash	**$ 21,087,542**	$ 18,753,569
Cash equivalents	**1,203,159**	749,917
Total cash and cash equivalents	**22,290,701**	19,503,486
Investment in Havensight	**7,361,264**	7,565,601
Corporate obligations	**670**	530
Commingled and mutual funds	**435,148,801**	429,834,411
Limited partnership	**4,459,941**	5,685,900
	$ 469,261,377	$ 462,589,928

Marketable Securities

The System's investments in marketable securities are held in trust by a Custodian bank (State Street Bank and Trust Company) on behalf of the System and are managed by several professional investment managers.

4. INVESTMENTS (continued)

Marketable Securities (continued)

The System's Board of Trustees has established investment policies that place limitations and provide guidelines on amounts that may be invested in certain investment categories. In addition, such policies provide guidance related to the type of investment transactions that can be entered. The System's Board of Trustees authorizes the System to invest in the following:

- United States Government agencies and instrumentalities obligations;

- Bonds or notes which are general obligations of any state in the United States, or of any political subdivision;

- Bonds or other obligations which are payable from revenue or earnings specifically pledged of a public utility, which is municipally owned either directly or indirectly through any civil division, authority, or public instrumentality of the municipality; provided that (a) the municipality has at least 30,000 inhabitants; (b) the utility has been in operation for at least 10 years prior to the date of the investment; (c) bonds or other obligations of such utility have not been in default for any period longer than 30 days; (d) rates for service are fixed and maintained and collected at all times so as to produce sufficient revenue or earnings to pay all operating and maintenance charges and both the principal and interest on such bonds or obligations; and (e) the total investment in this type of security shall not at any time exceed 10 percent of the total investment of the System;

- Bonds or any other evidence of indebtedness issued or guaranteed by any domestic railroad corporation, or in equipment trust certificates, provided that these securities bear a rating of "BBB" or better by any two nationally known security rating agencies. Not more than 2% of total investments should consist of any one issue of these bonds;

- Bonds or other evidence of indebtedness of any domestic public utility corporation provided that these securities and investments bear a rating of "BBB" or better by any two nationally known security rating agencies. Not more than 2% of total investments should consist of any one issue of these bonds;

- Bonds or other evidence of indebtedness of any domestic industrial corporation provided that these securities bear a rating of "BBB" or better by any two nationally known security rating agencies. Not more than 2% of total investments should consist of any one issue of these bonds;

4. INVESTMENTS (continued)

Marketable Securities (continued)

- Bonds or other obligations of the Commonwealth of Puerto Rico or of the Territories of the United States, provided that the investment in any one issue of bonds of these entities should not exceed 10% thereof, and that the total investment in all securities of any one of such entities should be limited to 2% of the total investment account of the System;

- Bonds or other indebtedness issued by foreign governments or foreign corporations provided that (a) these securities bear a rating of "BBB" or better by any two internationally known securities rating agencies, and (b) not more than 2% of total investments should consist of any one issue of these bonds. The aggregate amount to be invested in foreign bonds should be limited to 10% of the market value of the total investment of the System on the date the investment is made;

- Common and preferred stocks of any corporation chartered under the laws of the United States, or of any state, district, or territory thereof or common and preferred stocks of any foreign corporation if listed on any internationally recognized security exchange;

- The investment in the stock of any single corporation should not exceed 1% of the market value of the total investment of the fund on the date of purchase. The aggregate amount to be invested in common and preferred stocks should be limited to 60% of the market value of the total investments of the System on the date the investment is made. Investment in foreign stocks should be limited to 10% of the market value of the total investment of the System;

- The aggregate amount to be invested in common and preferred stock should be limited to 20% of the book value of the total investment of the System on the date the investment is made;

- Mutual funds of any corporation chartered under the laws of the United States, or any state, district, or territory thereof if listed on a national security exchange;

- Real property purchased and/or developed by the Board of Trustees for sale for homeownership purposes; and

- An investment in a limited partnership that seeks to generate returns through ownership interests in privately held investments.

4. INVESTMENTS (continued)

Marketable Securities (continued)

The fair value of the System's marketable investments as of September 30, 2025 and 2024, are listed below:

	2025	2024
Corporate obligations	**$ 670**	$ 530
Commingled and mutual funds	**435,148,801**	429,834,411
Limited partnerships	**4,459,941**	5,685,900
	$ 439,609,412	$ 435,520,841

The marketable investments generated interest and dividend income for the years ended September 30, 2025 and 2024, in the amount of $355,082 and $693,381, respectively. Interest for the Systems member loans was $1,546,905 and $880,100, for the years ended September 30, 2025 and 2024, respectively.

In addition, the unrealized and realized gains on the System's marketable investments for fiscal years 2025 and 2024 are listed below:

	2025	2024
Corporate obligations	**$ 120**	$ 114
Mortgage and asset-backed securities	**-**	16
Commingled and mutual funds	**52,315,646**	103,388,691
Limited partnership	**496,259**	(491,699)
Totals	**$ 52,812,025**	$ 102,897,122

Custodial Credit Risk-Deposits

GERS discloses cash and investments of all GERS - managed funds that are subjected to certain risks: custodial credit risk, concentration of credit risk, interest rate risk, credit risk and foreign currency risk, when such exposure exists.

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the System will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Cash equivalents consist of money market accounts.

4. INVESTMENTS (continued)

Custodial Credit Risk-Deposits (continued)

As required by law, banks or trust companies designated as depositories of public funds of the Government and its various agencies, authorities, and instrumentalities are to maintain corporate surety bonds or pledge collateral satisfactory to the U.S. Virgin Islands Commissioner of Finance to secure all funds deposited.

As of September 30, 2025 and 2024, all cash and cash equivalents were covered by federal deposit insurance, corporate surety bonds, or by collateral held by the System. The System's cash and cash equivalents consisted of the following as of September 30, 2025 and 2024:

	2025	
	Book Balance	**Bank Balance**
Demand deposits at financial institutions	**$ 22,290,701**	**$ 22,901,340**

	2024	
	Book Balance	**Bank Balance**
Demand deposits at financial institutions	$ 19,503,486	$ 20,576,446

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer of securities. The System's investment policy (the Investment Policy) establishes limitations on portfolio composition by investment type to limit its exposure to concentration of credit risk. The System does not have investments in any one investment type that exceeds the limit established by the Investment Policy.

Credit Risk

The Investment Policy is designed to minimize credit risk by restricting authorized investments to only those investments permitted by the statute, subject to certain additional limitations. These additional limitations consist of prohibitions against investments in derivative securities, options, futures, or short positions. However, the Investment Policy allows for investments in mortgage pass-through securities.

4. INVESTMENTS (continued)

Credit Risk (continued)

The fair value and credit ratings of debt securities (excluding U.S. government obligations and obligations expressly guaranteed by the U.S. government), money market funds, mutual funds, and other pooled investments of fixed income securities as of September 30, 2025 and 2024, included the following:

	As of September 30, 2025		Credit Ratings	
	Fair Value	Percentage of Portfolio	Standard & Poor's Credit Ratings	Moody's Investor Service Credit Ratings
Corporate obligations	**$ 670**	**0.00%**	**Not Rated**	**Not Rated**
U.S. equity commingled and mutual funds	**162,522,919**	**37.35%**	**Not Rated**	**Not Rated**
International equity commingled and mutual funds	**96,826,673**	**22.25%**	**Not Rated**	**Not Rated**
Domestic fixed income commingled and mutual funds	**175,799,209**	**40.40%**	**Not Rated**	**Not Rated**
Total	**$ 435,149,471**	**100.00%**		

Cash equivalents and other investments as of September 30, 2025, included the following:

		Credit Ratings	
	Fair Value	Standard & Poor's	Moody's
Cash equivalents	**$ 1,203,159**	Not Rated	Not Rated
Limited partnership	**4,459,941**	Not Rated	Not Rated
Total cash equivalents and other investments	**$ 5,663,100**		

	As of September 30, 2024		Credit Ratings	
	Fair Value	Percentage of Portfolio	Standard & Poor's Credit Ratings	Moody's Investor Service Credit Ratings
Corporate obligations	$ 530	0.00%	Not Rated	Not Rated
U.S. equity commingled and mutual funds	204,530,230	47.59%	Not Rated	Not Rated
International equity commingled and mutual funds	91,476,743	21.28%	Not Rated	Not Rated
Domestic fixed income commingled and mutual funds	133,827,438	31.13%	Not Rated	Not Rated
Total	$ 429,834,941	100.00%		

Cash equivalents and other investments as of September 30, 2024, included the following:

		Credit Ratings	
	Fair Value	Standard & Poor's	Moody's
Cash equivalents	$ 749,917	Not Rated	Not Rated
Limited partnership	5,685,900	Not Rated	Not Rated
Total cash equivalents and other investments	$ 6,435,817		

4. INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System does not have a specific policy to manage interest rate risk, but requires investment managers to diversify by issue, maturity, sector, coupon, and geography. Investment managers retained by the System follow specific investment guidelines and are evaluated against specific market benchmarks that represent their investment style. Any exemption from general guidelines requires approval from the System's Board of Trustees.

As of September 30, 2025, the System had the following investments and maturities:

		Maturity *(in years)*				
Investment Type	**Fair Value**	**Less Than 1 Year**	**1 to 5 Years**	**6 to 10 Years**	**More Than 10 Years**	**No Stated Maturity Date**
Commingled and mutual funds	**$ 435,148,801**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 435,148,801**
Corporate obligations	**670**	**670**	**-**	**-**	**-**	**-**
Limited partnership	**4,459,941**	**-**	**-**	**-**	**-**	**4,459,941**
Totals	**$ 439,609,412**	**$ 670**	**$ -**	**$ -**	**$ -**	**$ 439,608,742**

As of September 30, 2024, the System had the following investments and maturities:

		Maturity *(in years)*				
Investment Type	**Fair Value**	**Less Than 1 Year**	**1 to 5 Years**	**6 to 10 Years**	**More Than 10 Years**	**No Stated Maturity Date**
Commingled and mutual funds	$ 429,834,411	$ -	$ -	$ -	$ -	$ 429,834,411
Corporate obligations	530	530	-	-	-	-
Limited partnership	5,685,900	-	-	-	-	5,685,900
Totals	$ 435,520,841	$ 530	$ -	$ -	$ -	$ 435,520,311

Fair Value Measurements

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. In accordance with GAAP, the System is required to classify certain assets and liabilities based on the following fair value hierarchy:

- *Level I:* Quoted prices (unadjusted) for identical investments in active markets;
- *Level II:* Observable inputs other than quoted market prices; and
- *Level III:* Unobservable inputs.

4. INVESTMENTS (continued)

Fair Value Measurements (continued)

These levels are determined by the System's investment staff. These are determined at the fund level based on a review of the investment class, structure, and what kind of securities are held in the funds. The System will request information from the fund manager if necessary.

The System had the following recurring fair value measurements as of September 30, 2025:

	2025	Level I	Level II	Level III
Investments by Fair Value Level				
Debt securities				
Corporate obligation	$ 670	$ -	$ 670	$ -
Total Debt Securities	670	-	670	-
Limited partnership-private equity fund of funds	4,459,941	-	-	4,459,941
Private debt-direct lending (member loans)	19,381,157	-	-	19,381,157
Real estate	46,500,000	-	-	46,500,000
Total Other Investments	70,341,098	-	-	70,341,098
Total Investments by Fair Value Level	70,341,768	$ -	$ 670	$ 70,341,098
Investments Measured at Net Assets Value (NAV)				
Commingled equity funds	259,349,593			
Commingled bond funds	175,799,208			
Total investments Measured at the NAV	435,148,801			
Total Investments	$ 505,490,569			

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below:

Investments measured at Net Assets Value (NAV)

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	$ 259,349,593	$ -	Daily	None
Commingled bond funds	175,799,208	-	Daily	None
Total investments measured at the NAV	$ 435,148,801	$ -		

4. INVESTMENTS (continued)

Fair Value Measurements (continued)

The System had the following recurring fair value measurements as of September 30, 2024:

	2024	Level I	Level II	Level III
Investments by Fair Value Level				
Debt Securities				
Corporate obligation	$ 530	$ -	$ 530	$ -
Total debt securities	530	-	530	-
Limited partnership-private equity fund of funds	5,685,900	-	-	5,685,900
Private debt-direct lending (member loans)	21,914,532	-	-	21,914,532
Real estate	46,500,000	-	-	46,500,000
Total other investments	74,100,432	-	-	74,100,432
Total investments by fair value level	74,100,962	$ -	$ 530	$ 74,100,963
Investments measured at net assets value (NAV)				
Commingled equity funds	296,006,973			
Commingled bond funds	133,827,438			
Total investments measured at the NAV	429,834,411			
Total investments	$ 503,935,373			

The valuation method for investments measured at NAV per share, or equivalent, is presented in the table below:

Investments Measured at Net Asset Value (NAV)

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	$ 296,006,973	$ -	Daily	None
Commingled bond funds	133,827,438	-	Daily	None
Total investments measured at the NAV	$ 429,834,411	$ -		

Commingled Equity and Bond Funds

The System has seven commingled funds that invest in publicly traded domestic stocks, and domestic & global fixed income securities. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. The total commingled fund assets can be liquidated on a daily basis. There are no unfunded commitments to commingled funds at September 30, 2025 and 2024.

4. INVESTMENTS (continued)

Private Debt-Direct Lending (Member Loans)

The System's investments in member loans, net of allowances for loan losses, as of September 30, 2025 and 2024, were $19,381,157 and $21,914,532, respectively. Such investments in member loans generated interest income of $1,546,905 and $880,100 for the years ended September 30, 2025 and 2024, respectively. The average interest rate was 8% for each of the years ended September 2025 and 2024.

Real Estate

The investment in the Havensight Mall has an appraised value of $46,500,000, as of both September 30, 2025 and 2024.

5. CAPITAL ASSETS

The carrying value of capital assets as of September 30, 2025 and 2024, was as follows:

As of September 30, 2025

	Balance September 30, 2024	Additions	Transfers/ Disposals	Balance September 30, 2025
Capital Assets not Being Depreciated:				
Land	$ 8,892,679	$ -	$ -	$ 8,892,679
Capital Assets Being Depreciated:				
Buildings and improvements	24,905,940	3,062,113	-	27,968,053
Furniture and fixtures	1,321,791	7,656	-	1,329,447
Office Equipment	2,124,050	-	-	2,124,050
Vehicles	427,019	79,000	-	506,019
Computer hardware/software	5,554,806	612,894	-	6,167,700
Total Capital Assets Being Depreciated:	34,333,606	3,761,663	-	38,095,269
Accumulated depreciation for:				
Buildings and improvements	(11,514,045)	(818,539)	-	(12,332,584)
Furniture and fixtures	(1,309,952)	(3,794)	-	(1,313,746)
Office equipment	(2,042,545)	(9,227)	-	(2,051,772)
Vehicles	(326,430)	(37,400)	-	(363,830)
Computer hardware/software	(5,075,009)	(338,360)	-	(5,413,369)
Total Accumulated Depreciation	(20,267,981)	(1,207,320)	-	(21,475,301)
Total Capital Assets Being Depreciated, Net	14,065,625	2,554,343	-	16,619,968
Capital Assets, Net	$ 22,958,304	$ 2,554,343	$ -	$ 25,512,647

5. CAPITAL ASSETS (continued)

As of September 30, 2024

	Balance September 30, 2023	Additions	Transfers/ Disposals	Balance September 30, 2024
Capital Assets not Being Depreciated:				
Land	$ 8,892,679	$ -	$ -	$ 8,892,679
Capital Assets Being Depreciated:				
Buildings and improvements	24,273,817	632,123	-	24,905,940
Furniture and fixtures	1,317,508	4,283	-	1,321,791
Office equipment	2,098,626	25,425	-	2,124,050
Vehicles	319,019	108,000	-	427,019
Computer hardware/software	5,521,974	32,833	-	5,554,807
Total Capital Assets Being Depreciated:	33,530,943	802,664	-	34,333,607
Accumulated Depreciation for:				
Buildings and improvements	(10,722,969)	(791,076)	-	(11,514,045)
Furniture and fixtures	(1,306,397)	(3,555)	-	(1,309,952)
Office equipment	(2,035,688)	(6,857)	-	(2,042,545)
Vehicles	(303,847)	(22,583)	-	(326,430)
Computer hardware/software	(4,831,287)	(243,722)	-	(5,075,009)
Total Accumulated Depreciation	(19,200,188)	(1,067,793)	-	(20,267,981)
Total Capital Assets Being Depreciated, Net	14,330,755	(265,130)	-	14,065,625
Capital Assets, Net	$ 23,223,433	$ (265,130)	$ -	$ 22,958,304

6. DUE FROM OTHER AGENCIES OF THE GOVERNMENT OF THE U.S. VIRGIN ISLANDS

Contributions from other agencies of the Government are recorded in the year in which the contributions are determined by the System's actuary. As of September 30, 2025 and 2024 the amount recorded as due from other agencies of the Government was $40,958,514 and $29,681,574, respectively.

7. MANAGEMENT FEES AND CUSTODIAN FEES

The custodian and investment advisers of the System's investment fund are entitled to annual fees computed based on the market value of the System's investment fund assets and reimbursement of out-of-pocket expenses incidental to custodial duties. Such fees amounted to $165,267 and $173,697, for the years ended September 30, 2025 and 2024, respectively.

8. RISK OF LOSS

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims against the System, Board of Trustees, or any of its staff as a result of an actual or alleged breach of fiduciary duty are insured with a commercial insurance policy. Coverage provided is limited to $5,000,000, with a deductible amount of $150,000. Defense costs incurred in defending such claims will be paid by the insurance company. However, the total defense cost and claims paid shall not exceed the total aggregate coverage of the policy.

9. COMMITMENTS AND CONTINGENCIES

Commitments - Subscription-Based Information Technology Arrangements (SBITAs)

The System entered into a subscription-based information technology arrangement (SBITA) for the implementation of a benefit management system. The arrangement includes software access, implementation services, and related configuration activities.

As of September 30, 2025, the benefit management system had not been placed into service. Accordingly, no subscription asset or liability was recognized related to the net present value of the future payments; however, the payments paid to the vendor as of September 30, 2025, of $2,450,054, have been recorded as an asset included in prepaid and other assets. These costs will be reclassified to the subscription asset once the system has been placed into service.

The remaining contractual commitments associated with the subscription agreement and implementation phase are approximately $8,500,000, due as follows:

For the Year Ended September 30:	Amount
2026	$ **2,425,000**
2027	**2,525,000**
2028	**1,750,000**
2029	**1,800,000**
Total	**$ 8,500,000**

Management anticipates placing the system into service during fiscal year 2027.

Litigation

The System is a defendant in legal claims arising from its normal operations. It is management's opinion, after consulting with its legal counsel, that losses, if any, resulting from these claims will not have a material effect on the System's financial position. The System is also a plaintiff in various class action suits, whose outcomes are currently undeterminable.

10. CONDENSED FINANCIAL STATEMENTS

Substantially all of the Havensight Mall's assets consist of cash and accounts receivable, while substantially all of its liabilities consist of accounts payable and accrued expenses.

The following presents condensed revenue and expense information for the Havensight Mall for the years ended September 30, 2025 and 2024:

	2025	2024
Revenue	**$ 6,276,391**	$ 5,329,812
Less: Expense	**4,298,878**	5,612,045
Net Income (Loss)	**$ 1,977,513**	$ (282,233)

Net operating income (loss) for the Havensight Mall is included in other income in the accompanying statements of changes in fiduciary net pension.

11. SUBSEQUENT EVENTS

The System's management has evaluated subsequent events through August 14, 2026, the date the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that exist at the balance sheet date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events that did not exist at the balance sheet date, but disclosures of such events, if any, are included in the accompanying notes.

In June 2026, the Active Personal Loans program was reinstated with both districts (St. Thomas/St. John and St. Croix) receiving $10,000,000, each for the administering of the program. Members may receive a maximum of $10,000, with a loan term of up to five (5) years at an 8% interest rate.

On October 1, 2025, the System received $101,571,380, from the funding note, a short fall of $56,425,120, from the expected amount of $157,996,500.

REQUIRED SUPPLEMENTARY INFORMATION

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM OF THE U.S. VIRGIN ISLANDS

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios
Last Ten Fiscal Years

Fiscal Year Ended September 30:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 55,900,000	$ 57,396,147	$ 57,711,656	$ 119,441,940	$ 126,707,925	$ 112,031,997	$ 76,814,792	$ 89,233,179	$ 101,716,941	$ 87,734,650
Interest on the Total Pension Liability	211,300,000	210,514,493	210,020,984	144,894,105	141,595,763	159,341,425	207,423,206	193,824,703	176,503,962	192,803,756
Benefit Changes	-	-	-	-	-	-	-	-	-	(48,588,579)
Differences between Actual and Expected Experience	(11,700,000)	(16,969,006)	(12,402,222)	(56,164,946)	(370,470,229)	17,582,658	(2,954,116)	2,839,939	25,049,512	76,689,946
Changes of Assumptions	(200,400,000)	(58,283,265)	(46,892,402)	(1,206,473,661)	(213,831,991)	351,004,813	1,045,622,246	(304,877,189)	(361,658,766)	431,433,618
Benefit Payments and Refunds	(290,100,000)	(284,476,160)	(292,321,085)	(281,234,077)	(271,876,439)	(273,912,806)	(275,738,622)	(265,331,162)	(259,464,878)	(259,011,168)
Net Change in Total Pension Liability	(235,000,000)	(91,817,791)	(83,883,069)	(1,279,536,639)	(587,874,971)	366,048,087	1,051,167,506	(284,310,530)	(317,853,229)	481,062,223
Total Pension Liability – Beginning	4,315,703,675	4,407,521,466	4,491,404,535	5,770,941,174	6,358,816,145	5,992,768,058	4,941,600,552	5,225,911,082	5,543,764,311	5,062,702,088
Total Pension Liability – Ending (A)	$ 4,080,703,675	$ 4,315,703,675	$ 4,407,521,466	$ 4,491,404,535	$ 5,770,941,174	$ 6,358,816,145	$ 5,992,768,058	$ 4,941,600,552	$ 5,225,911,082	$ 5,543,764,311
Plan Fiduciary Net Position										
Contributions – Employer	$ 110,410,246	$ 109,833,501	$ 107,398,147	$ 105,883,097	$ 104,844,144	$ 100,422,478	$ 106,183,907	$ 96,747,868	$ 84,802,335	$ 86,346,597
Contributions – Employee	55,974,072	56,181,602	54,757,299	54,172,778	50,991,005	50,861,065	49,035,132	44,481,827	47,925,193	41,459,511
Funding Note	101,571,380	123,996,500	157,996,500	89,198,738	-	-	-	-	-	-
Net Investment Income	55,269,924	110,184,673	39,039,526	(35,316,275)	20,247,558	38,093,939	40,161,690	54,077,199	67,401,362	70,993,934
Benefit Payments and Refunds	(290,110,830)	(284,476,160)	(292,321,085)	(281,234,077)	(271,876,439)	(273,912,786)	(275,738,622)	(265,331,162)	(259,464,878)	(259,011,168)
Administrative Expense	(23,008,511)	(15,951,983)	(16,575,143)	(15,196,848)	(14,282,647)	(14,688,039)	(15,162,645)	(14,505,786)	(14,997,033)	(15,267,630)
Other Income	2,226,664	2,206,735	4,758,140	7,695,671	2,664,548	3,642,816	4,820,140	7,880,224	2,641,471	1,599,548
Net Change in Plan Fiduciary Net Position	12,332,945	101,974,868	55,053,384	(74,796,916)	(107,411,831)	(95,580,527)	(90,700,398)	(76,649,830)	(71,691,550)	(73,879,208)
Plan Fiduciary Net Position – Beginning	557,359,244	455,384,376	400,330,992	475,127,908	582,539,739	678,120,266	768,820,664	845,470,494	917,162,044	991,041,252
Plan Fiduciary Net Position – Ending (B)	569,692,189	557,359,244	455,384,376	400,330,992	475,127,908	582,539,739	678,120,266	768,820,664	845,470,494	917,162,044
Net Pension Liability – Ending (A) – (B)	$ 3,511,011,486	$ 3,758,344,431	$ 3,952,137,090	$ 4,091,073,543	$ 5,295,813,266	$ 5,776,276,406	$ 5,314,647,792	$ 4,172,779,888	$ 4,380,440,588	$ 4,626,602,267

Fiscal Year Ended September 30:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**13.96%**	**12.91%**	**8.91%**	**8.91%**	**8.23%**	**9.16%**	**11.32%**	**15.56%**	**16.18%**	**16.54%**
Covered Employee Payroll	$ 455,042,770	$ 455,042,770	$ 452,693,873	$ 433,180,978	$ 429,477,835	$ 411,757,386	$ 399,386,941	$ 404,775,714	$ 393,771,228	$ 368,023,518
Net Pension Liability as a Percentage of Covered Employee Payroll	771.58%	825.93%	873.03%	944.43%	1233.08%	1402.83%	1330.70%	1030.89%	1112.43%	1257.15%

**Notes to Schedule of Changes in the Employers' Net Pension Liability
September 30, 2025 and 2024**

Benefits Provided: In the year ended September 30, 2016, there were changes to the eligibility and benefit amounts for Tier II Regular and Public Safety Employees for service and Early pensions reflected in this valuation.

Change of Assumptions:

In the year ended September 30, 2016, amounts reported as changes in assumptions resulted from a decrease in the discount rate used to measure the total pension liability from 3.84% as of September 30, 2015 to 3.20% as of September 30, 2016.

In the year ended September 30, 2017, amounts reported as changes in assumptions resulted from an increase in the discount rate and to measure the total pension liability from 3.20% as of September 30, 2016 to 3.74% as of September 30, 2017.

In the year ended September 30, 2018, amounts reported as changes in assumptions resulted from an increase in the discount rate and to measure the total pension liability from 3.74% as of September 30, 2017 to 4.25% as of September 30, 2018.

In the year ended September 30, 2019, amounts reported as changes in assumptions resulted from a decrease in the discount rate and to measure the total pension liability from 4.25% as of September 30, 2018 to 2.67% as of September 30, 2019.

In the year ended September 30, 2020, amounts reported as changes in assumptions resulted from a decrease in the discount rate and to measure the total pension liability from 2.67% as of September 30, 2019 to 2.23% as of September 30, 2020.

In the year ended September 30, 2021, amounts reported as changes in assumptions resulted from an increase in the discount rate and to measure the total pension liability from 2.23% as of September 30, 2020 to 2.52% as of September 30, 2021.

In the year ended September 30, 2022, amounts reported as changes in assumptions resulted from an increase in the discount rate and to measure the total pension liability from 2.52% as of September 30, 2021 to 4.77% as of September 30, 2022.

In the year ended September 30, 2023, amounts reported as changes in assumptions resulted from an increase in the discount rate and to measure the total pension liability from 4.77% as of September 30, 2022 to 4.87% as of September 30, 2023.

In the year ended September 30, 2024, amounts reported as changes in assumptions resulted from an increase in the discount rate and to measure the total pension liability from 4.87% as of September 30, 2023 to 5.00% as of September 30, 2024.

**Notes to Schedule of Changes in the Employers' Net Pension Liability
September 30, 2025 and 2024**

In the year ended September 30, 2025, amounts reported as changes in assumptions resulted from an increase in the discount rate and to measure the total pension liability from 5.00% as of September 30, 2024 to 5.48% as of September 30, 2025.

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
OF THE U.S. VIRGIN ISLANDS

Schedule of Employers' Contributions
Last Ten Fiscal Years

Fiscal Years Ended September 30	Actuarially Determined Contributions	Actual Contributions [1]	Contribution Deficiency (Excess)	Covered Payroll	Percentage Contributed
2016	$ 247,158,137	$ 86,346,838	$ 160,811,299	$ 363,023,518	23.79%
2017	250,574,023	84,802,335	165,771,688	393,771,228	21.54%
2018	267,743,116	96,747,868	170,995,248	401,071,344	24.12%
2019	277,523,563	106,183,907	171,339,656	404,775,714	26.23%
2020	365,803,372	100,422,478	265,380,894	399,386,941	25.14%
2021	373,748,689	104,844,144	268,904,545	411,757,386	25.46%
2022	361,771,924	195,081,835	166,690,089	429,477,835	45.42%
2023	311,958,096	265,394,647	46,563,449	433,180,978	61.27%
2024	304,268,206	233,830,001	70,438,205	452,693,873	51.65%
2025	304,268,206	211,981,626	92,286,580	452,693,873	46.83%

[1] Beginning with the year ended September 30, 2022, includes funding note payments received.

Notes to Schedule of Employers' Contributions
Last Ten Fiscal Years

Valuation Date	September 30, 2025
Actuarial Cost Method	Entry Age Normal Cost Method determined as a percentage of salary
Amortization Method	Level dollar
Amortization Period	20 years open amortization
Asset valuation Method	Market value
Inflation	2.50%
Salary Increases	5.00% per year for the plan years ending 2022-2026, and 4.00% thereafter
Investment Rate of Return	5.48% net of pension plan investment expense, including inflation
Mortality	Contingent survivor: Pub-2010 General Below-Median Amount-Weighted Contingent survivor mortality table with generational projection using Scale MP-2021. Healthy annuitant: Pub-2010 General Below-Median Amount-Weighted Employee and Healthy Annuitant Mortality Tables (95% load for males) with generational projection using Scale MP-2021. Disabled annuitant: Based on Pub-2010 Non-safety Amount-Weighted Disabled Annuitant Mortality Table with generational projection using Scale MP-2021.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees
Government Employees' Retirement System of the U.S. Virgin Islands

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Government Employees' Retirement System of the U.S. Virgin Islands (the System) as of and for the year ended September 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated August 14, 2026.

Report on Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal controls over financial reporting (internal controls) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal controls. Accordingly, we do not express an opinion on the effectiveness of the System's internal controls.

A *deficiency in internal controls* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

SB & Company, LLC

Owings Mills, Maryland
August 14, 2026

OTHER INFORMATION

INVESTMENT OVERVIEW

The Government Employees' Retirement System of the Virgin Islands (the System or GERS) returned 12.0 percent gross of fees in fiscal year 2025, relative to the actuarial return target of 6.0 percent, and 7.3 percent for its policy benchmark. Including the payment of benefits, the fair market value of assets increased by approximately $12.0 million, from $557.4 million on September 30, 2024 to $569.4 million on September 30, 2025.

In fiscal year 2025, all asset classes posted positive returns as economic conditions remained favorable for most risk assets. The System's total public equity portfolio returned 18.4 percent, while total fixed income returned 4.9 percent. Performance was also positive across the remaining asset classes, with private market investments as represented by private equity gained 8.5 percent and real estate and other real assets delivered a dollar-weighted return of 11.9 percent respectively for the fiscal year.

The Board's asset allocation strategy is designed to achieve the actuarial rate of return over long periods by maintaining a diversified portfolio across multiple asset classes. Because asset-class performance varies from year to year, diversification is expected to produce more stable results over time than a less diversified approach. This framework is intended to reduce risk while capturing the differing risk-and-return characteristics of assets across market environments, ultimately supporting a larger asset base for beneficiaries than a more volatile portfolio with the same average return. Accordingly, the Board's asset allocation principles are central to interpreting results in any single fiscal year.

The System's policy portfolio is organized into four broad sleeves—Growth/Equity, Diversifiers, Risk Mitigators, and Real Assets/Other Real Assets—which together define the strategic asset allocation and associated risk budget.

The Growth/Equity assets sleeve is comprised of public equity and private equity exposures. The public equity program is implemented through dedicated allocations to U.S., international developed, and emerging markets equities. The objective of the Growth/Equity assets sleeve is to deliver long-term capital appreciation by capturing equity risk premia associated with global economic growth.

The Diversifier assets sleeve is intended to access below-investment-grade corporate debt in order to capture incremental yield and credit spread premia relative to investment-grade fixed income. Returns are driven by a combination of coupon carry, changes in option-adjusted spreads, and realized credit losses (i.e., defaults and recoveries) over the credit cycle. While the asset class is generally less volatile than equities, its risk profile is meaningfully influenced by credit beta and can exhibit higher correlation to equities during periods of spread widening. This category is currently implemented primarily through high yield bonds.

The Risk Mitigating asset sleeve provides exposure primarily to high-quality, investment-grade fixed income intended to serve as a duration-centric hedge within the total portfolio, and cash. Its return profile is driven largely by interest-rate movements and coupon income, with price appreciation potential during risk-off environments when yields typically decline. The allocation is designed to dampen overall portfolio volatility while providing liquidity and capital preservation characteristics, and it may also contribute to inflation protection. This category is currently implemented primarily through long-duration U.S. Treasuries, TIPS, investment-grade corporate credit, and securitized sectors. The cash allocation is maintained to meet near-term liquidity requirements associated with the System's cash-flow needs, including benefit payments, and portfolio rebalancing activity. Cash is generally managed in high-quality, short-duration instruments to preserve principal and provide operational flexibility.

Real Assets/Other Real Assets consist primarily of core real estate exposures and undeveloped land holdings. The allocation is expected to contribute a combination of contractual and/or rental income and potential capital appreciation, with return drivers influenced by property-level fundamentals, prevailing capitalization rates, and appraisal-based valuation dynamics. Due to its linkage to replacement costs and underlying cash flows, the asset class is expected to exhibit positive inflation sensitivity over time and to provide diversification benefits relative to traditional public equities and nominal fixed income.

INVESTMENT PERFORMANCE, POLICY, STATISTICS AND ACTIVITY

The Board-adopted Investment Policy governs investment activity at the Government Employees Retirement System (GERS). The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long-term increases in the value of assets. The Board is responsible for managing the assets of the Fund effectively, prudently, and for the exclusive benefit of GERS' members and beneficiaries.

INVESTMENT POLICY

The Board approves the Statement of Investment Policy. The purpose of the policy is to set forth GERS' investment philosophy and objectives. The policy establishes investment policies and describes the organization and division of responsibilities necessary to implement the Board's philosophy and objectives prudently; and establishes a framework for making investment decisions, monitoring investment activity, and promotes effective communication between the Board, Staff, and other involved parties.

INVESTMENT OBJECTIVES

The primary objective of the investment portfolio is to achieve investment returns exceeding the return of our Policy Benchmark within prudent risk parameters. Over the long term, it is expected that investment returns also should meet or exceed the Board approved actuarial net investment return assumption of 6.0%.

ASSET ALLOCATION

The Board implements an asset allocation policy that is predicated on several factors, including:

1. A projection of actuarial assets, liabilities, and benefit payments and the cost of contributions;
2. Past and anticipated long-term behavior of capital market risk and return;
3. An assessment of future economic conditions, including inflation and interest rate levels; and
4. The current and projected funding status

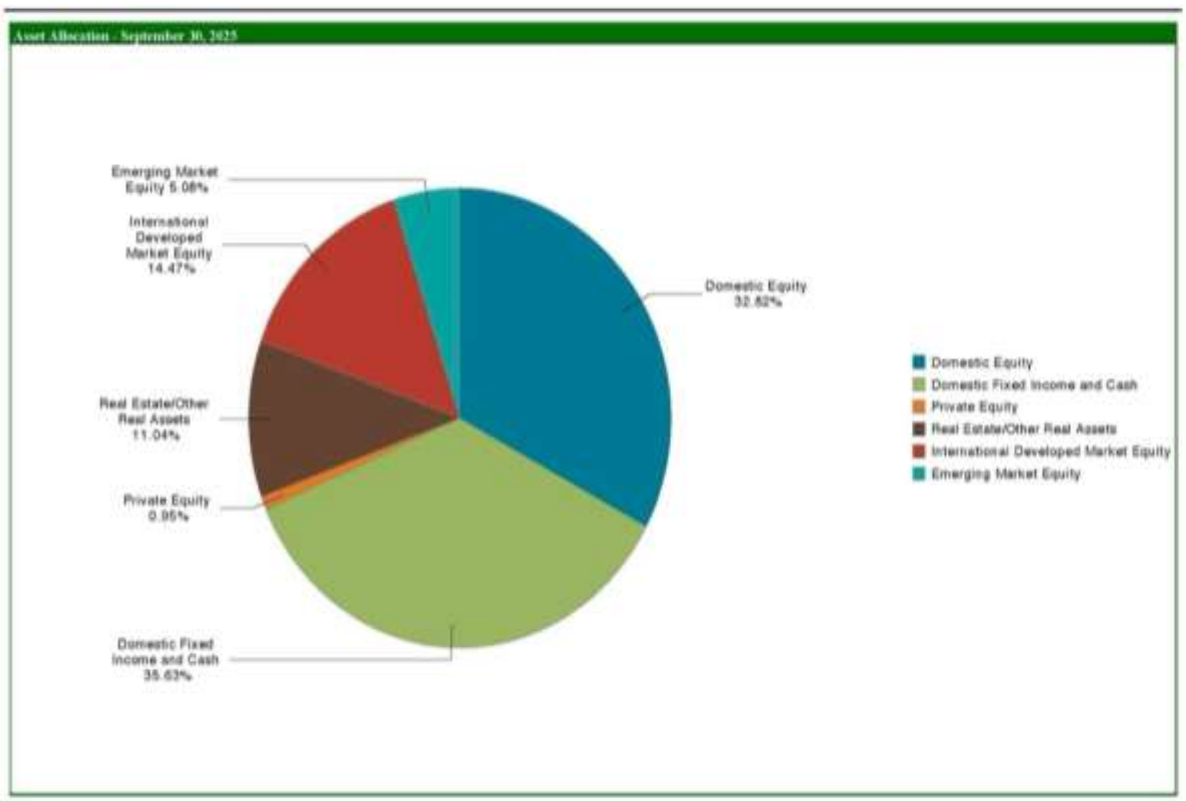
The asset allocation policy provides for diversification of assets to maximize the Fund's investment return consistent with market conditions. Asset allocation modeling identifies asset classes that the Board will utilize and the percentage that each asset class represents of the total Fund. Due to fluctuations in market values, positioning within a specific range is acceptable and constitutes compliance with the policy. It is anticipated that periodic revisions to the policy may occur and implementing such changes may require an extended period.

On January 31, 2022, ACT No. 8540, also known as the GERS Rescue Act, was passed and thereafter signed into law. Through this legislation, over a 30 year period (through 2052), the System is expected to receive approximately $3.8 billion. In late fiscal year 2022 due to the updated projected cash flows expected the Board approved a transition from a Dynamic Asset Allocation structure, implemented in fiscal year 2015, to a more traditional asset allocation seeking a higher long-term target rate of return. During the first quarter of the fiscal year 2025, the Board approved changes to the asset allocation policy targets that reduced total equity exposure by 10 percentage points and increased total bond exposure by 10 percentage points. The Board also implemented a modest adjustment within international equities—an increase of 1 percentage point to international developed markets and a decrease of 1 percentage point to emerging markets—to better align exposures with global market weights. No changes were made to policy ranges. During the second quarter of the fiscal year 2025, the U.S. Equity allocation was restructured. The Russell 3000 Index Fund was terminated, and the proceeds were reallocated to newly implemented Russell 1000 Index and Russell 2000 Index strategies. Under the revised structure, the U.S. Equity allocation is positioned at approximately 30 percent in U.S. large-cap equities and 5 percent in U.S. small-cap equities. The Board's long-term asset class targets and ranges as of September 30, 2025 are shown below.

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM OF THE U.S. VIRGIN ISLANDS

Investment Section
September 30, 2025 and 2024

ASSET CLASS	LONG-TERM POLICY TARGET (%)	RANGE (%)
U.S. Equity	35	0-55
International Developed Market Equity	15	0-20
Emerging Market Equity	5	0-10
Investment Grade Bonds	20	0-80
TIPS	10	0-15
High Yield Bonds	10	0-15
Cash	5	0-35
Alternative Investments	0	0-35
Total Assets	**100**	



INVESTMENT PERFORMANCE-ANNUALIZED RETURNS - SEPTEMBER 30, 2025

	1 Year	3 Year	5 Year
Total Fund Time-Weighted Returns			
GERS	12.0 [a]	14.8 [a]	7.0 [a]
Policy Benchmark	11.4	16.8	9.4
Domestic Equity			
GERS	17.2	21.2	15.7
Russell 3000® Index	17.4	24.1	15.7
International Developed Equity			
GERS	15.4	-	-
MSCI EAFE® Index	15.6	-	-
Emerging Markets Equity			
GERS	18.0	-	-
MSCI Emerging Markets Index	17.3	-	-
Domestic Fixed Income			
GERS	2.2	6.7	0.6
Bloomberg U.S. Universal Index	2.1	5.6	0.1

Investment performance data for the System is calculated using time-weighted rates of return (except where noted). Total return encompasses both interest and dividends, along with capital appreciation. Returns shown are provided by the System's investment consultant, The Meketa Investment Group, and custodian bank; State Street Bank & Trust & State Street Global Advisors. Valuations are based on published national securities exchange prices, where available, and all valuations are reconciled between the various investment managers and the custodian bank. Returns are gross of fees paid to investment managers (except where noted).

a: Total Fund returns utilize lagged valuations for private equity. Performance shown does not include assets domiciled in the U.S. Virgin Islands

The policy benchmark is 35% Russell 3000, 15% MSCI EAFE, 5% MSCI Emerging Markets, 20% Bloomberg US Aggregate, 10% Bloomberg US TIPS T-Bill.

ECONOMIC AND CAPITAL MARKET OVERVIEW

U.S. equities were the dominant contributor to risk-asset returns early in the fiscal year, supported by a favorable domestic earnings backdrop and an initial repricing toward a more growth-supportive policy mix. Most fixed income markets fell for the quarter with interest rates rising given fears of inflation from the proposed policies of the incoming U.S. administration. The broad U.S. bond market (Bloomberg Aggregate) declined 3.1% for the quarter, reducing its 2024 gain to 1.3%. In the subsequent quarter, market breadth improved meaningfully as leadership broadened across non-U.S. developed and emerging markets, aided by U.S. dollar depreciation, more accommodative policy signaling outside the United States, and continued progress in the inflation normalization process.

By the third quarter, tariff-related developments and broader trade-policy uncertainty generated a temporary widening in risk premia and a more volatile cross-asset backdrop; however, the drawdown proved transitory, and risk assets subsequently re-rated higher, led by non-U.S. and emerging market equities, with domestic technology and other duration-sensitive growth exposures also participating. Fixed income markets followed a similar sequence. Duration was initially a headwind as yields adjusted upward in response to inflation persistence and firmer term premium assumptions, then recovered as activity indicators softened and disinflation advanced, before producing mixed but generally positive returns later in the period as rate volatility moderated and credit spreads remained broadly contained. From a portfolio construction standpoint, the period reinforced the value of maintaining diversified regional and factor exposures, as return leadership became less concentrated, correlations evolved with the policy cycle, and relative performance remained highly sensitive to central bank reaction functions, fiscal developments, and global trade policy transmission.

PUBLIC EQUITIES

As of September 30, 2025, approximately $259.3 million was invested in public equities, representing 65.9 percent of total assets. The public equity program consists of three components: U.S. equities, international developed equities, and emerging markets equities.

A. Domestic Equities

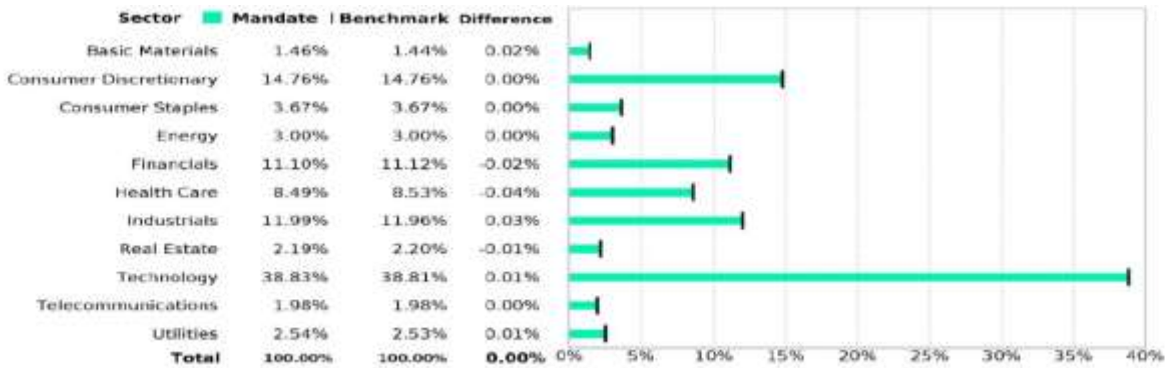
As of September 30, 2025, approximately $162.5 million, or 32.8 percent of total assets was invested in U.S. public equities and were passively managed. For fiscal year 2025, domestic equities returned 17.2 percent, compared to 17.4 percent for its benchmark, the Russell 3000® Index.

Domestic Equity	$ Millions	% of Total Plan
SSIM Russell 1000 Index SL	$137.7	27.8%
SSIM Russell 2000 Index SL	24.8	5.0%
Total	**$162.5**	**32.8%**

Domestic Equities: Top 10 Holdings

Security	Mandate	Benchmark	Difference
NVIDIA CORP	7.10%	7.10%	0.00%
MICROSOFT CORP	6.24%	6.24%	0.00%
APPLE INC	6.03%	6.03%	0.00%
AMAZON.COM INC	3.42%	3.42%	0.00%
META PLATFORMS INC-CLASS A	2.61%	2.61%	0.00%
BROADCOM INC	2.48%	2.48%	0.00%
ALPHABET INC-CL A	2.30%	2.30%	0.00%
TESLA INC	2.03%	2.03%	0.00%
ALPHABET INC-CL C	1.87%	1.87%	0.00%
BERKSHIRE HATHAWAY INC-CL B	1.51%	1.51%	0.00%

Domestic Equities: Sector Allocation (%) vs Russell 3000



Note: The mandate percentages are calculated based on the total value of the portfolio including derivatives but excluding cash and cash equivalents.

B. International Developed Equities

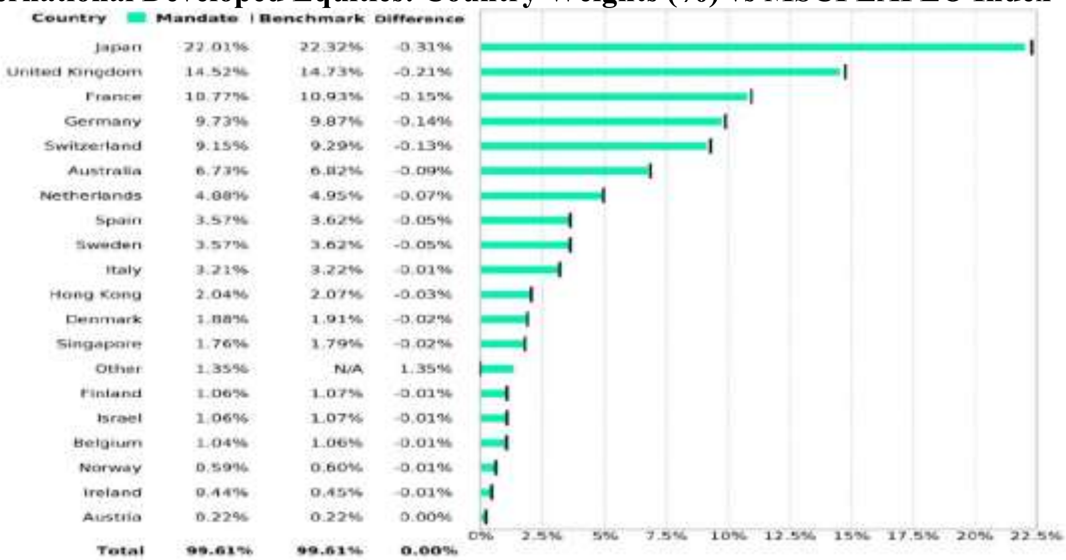
As of September 30, 2025, approximately $71.7 million, or 14.5 percent of total assets was invested in international developed equities and were passively managed. For fiscal year 2025, international developed equities returned 15.4 percent, compared to 15.0 percent for its benchmark, the MSCI EAFE® Index.

International Developed Equity	$ Millions	% of Total Plan
SSIM MSCI EAFE Index SL	$71.7	14.5%
Total	**$71.7**	**14.5%**

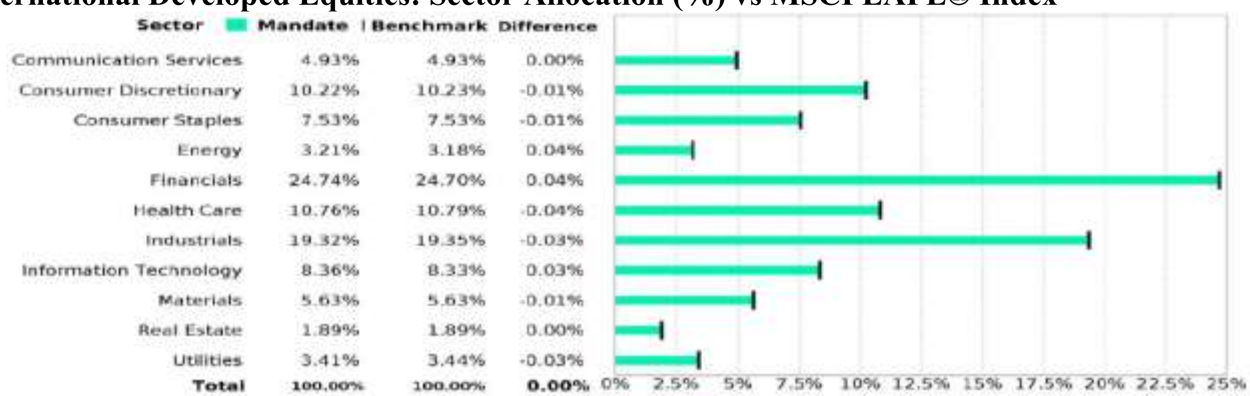
International Developed Equities: Top 10 Holdings

Security	Mandate	Benchmark	Difference
ASML HOLDING NV	1.97%	1.96%	0.01%
SAP SE	1.41%	1.43%	-0.02%
HSBC HOLDINGS PLC	1.26%	1.25%	0.01%
NOVARTIS AG-REG	1.21%	1.22%	-0.01%
NESTLE SA-REG	1.20%	1.21%	-0.01%
ASTRAZENECA PLC	1.19%	1.19%	0.00%
ROCHE HOLDING AG-GENUSSCHEIN	1.16%	1.17%	-0.01%
SHELL PLC	1.07%	1.07%	0.00%
SIEMENS AG-REG	1.03%	1.05%	-0.02%
MITSUBISHI UFJ FINANCIAL GRO	0.95%	0.95%	0.00%

International Developed Equities: Country Weights (%) vs MSCI EAFE® Index



International Developed Equities: Sector Allocation (%) vs MSCI EAFE® Index



Note: The mandate percentages are calculated based on the total value of the portfolio including derivatives but excluding cash and cash equivalents.

C. Emerging Markets Equities

As of September 30, 2025, approximately $25.2 million, or 5.1 percent of total assets was invested in emerging markets equities and were passively managed. For fiscal year 2025, emerging markets equities returned 18.0 percent, compared to 17.3 percent for its benchmark, the MSCI Emerging Markets Index.

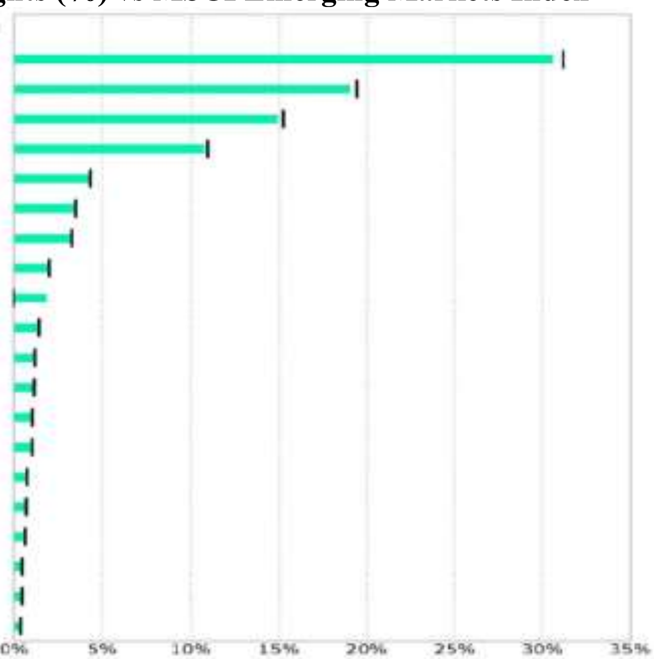
Emerging Market Equity	$ Millions	% of Total Plan
SSIM MSCI Emerging Markets Index SL	$25.2	5.1%
Total	**$25.2**	**5.1%**

Emerging Markets Equities: Top 10 Holdings

Security	Mandate	Benchmark	Difference
TAIWAN SEMICONDUCTOR MANUFAC	10.86%	10.87%	-0.01%
TENCENT HOLDINGS LTD	5.65%	5.63%	0.02%
ALIBABA GROUP HOLDING LTD	4.03%	4.02%	0.01%
SAMSUNG ELECTRONICS CO LTD	2.92%	2.92%	0.00%
SK HYNIX INC	1.39%	1.39%	0.00%
HDFC BANK LIMITED	1.26%	1.25%	0.01%
XIAOMI CORP-CLASS B	1.23%	1.23%	0.00%
PDD HOLDINGS INC	0.97%	0.97%	0.00%
RELIANCE INDUSTRIES LIMITED	0.96%	0.96%	0.00%
CHINA CONSTRUCTION BANK-H	0.96%	0.95%	0.01%

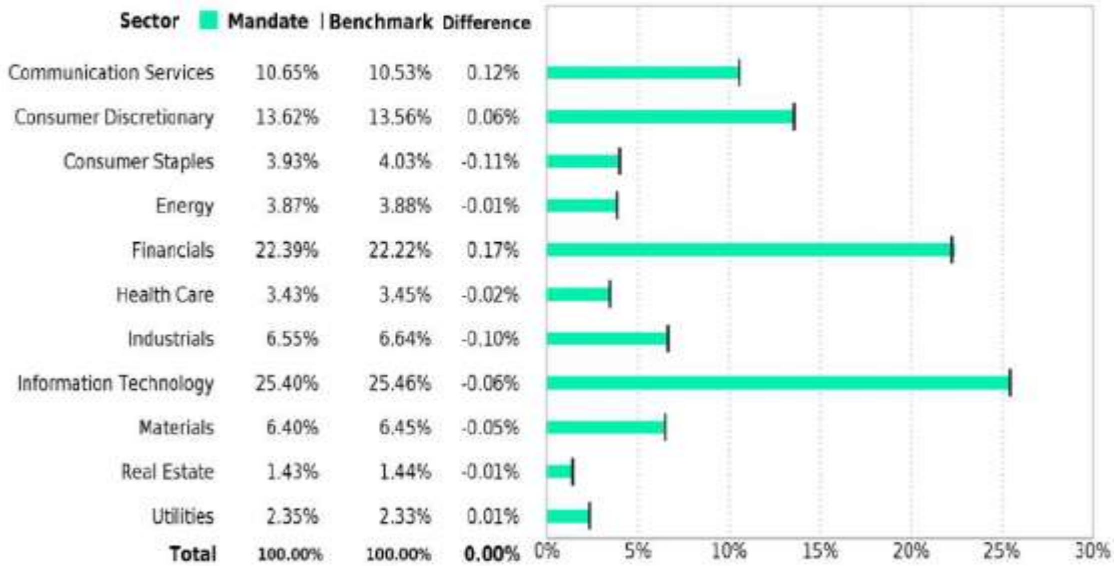
Emerging Markets Equities: Country Weights (%) vs MSCI Emerging Markets Index

Country	Mandate	Benchmark	Difference
China	30.59%	31.16%	-0.57%
Taiwan	19.06%	19.43%	-0.37%
India	14.94%	15.22%	-0.28%
Korea	10.79%	10.97%	-0.18%
Brazil	4.23%	4.31%	-0.08%
South Africa	3.45%	3.51%	-0.06%
Saudi Arabia	3.23%	3.30%	-0.07%
Mexico	1.96%	2.00%	-0.03%
Other	1.89%	N/A	1.89%
United Arab Emirates	1.41%	1.44%	-0.04%
Malaysia	1.18%	1.18%	0.00%
Indonesia	1.08%	1.12%	-0.05%
Thailand	1.01%	1.02%	-0.01%
Poland	0.99%	1.01%	-0.03%
Kuwait	0.72%	0.73%	-0.02%
Qatar	0.68%	0.70%	-0.02%
Greece	0.62%	0.63%	-0.01%
Turkey	0.45%	0.46%	-0.01%
Chile	0.44%	0.46%	-0.02%
Philippines	0.37%	0.38%	-0.02%
Total	**99.06%**	**99.04%**	**0.03%**



Investment Section
September 30, 2025 and 2024

Emerging Markets Equities: Sector Allocation (%) vs MSCI Emerging Markets Index



Note: The mandate percentages are calculated based on the total value of the portfolio including derivatives but excluding cash and cash equivalents.

FIXED INCOME

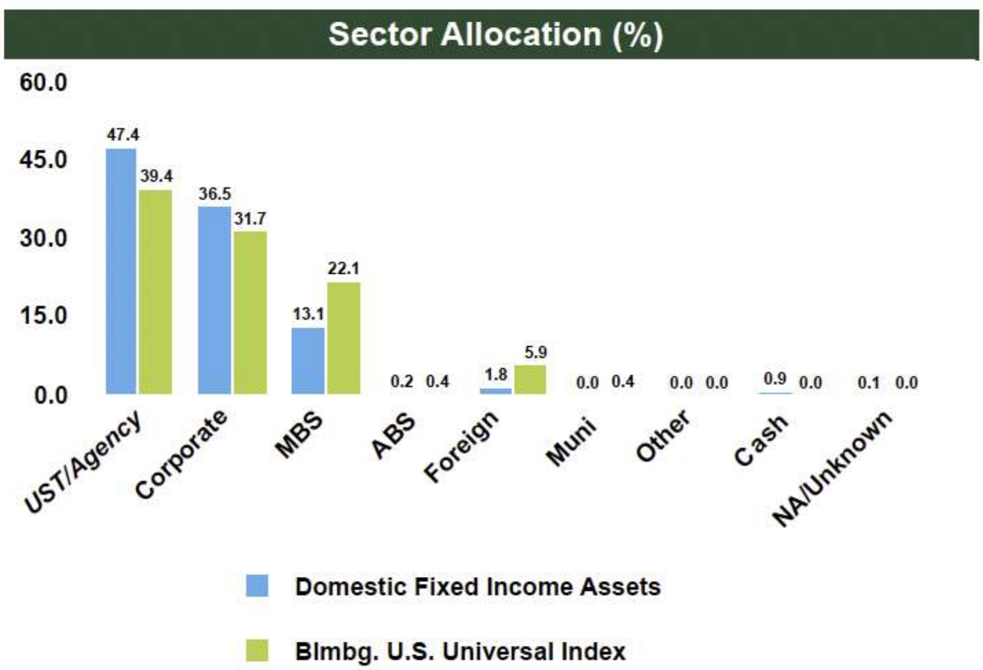
As of September 30, 2025, approximately $177 million, or 35.6 percent of total assets was invested in domestic fixed income securities and were passively managed. For fiscal year 2025, total domestic fixed income returned 2.2 percent, compared to 2.1 percent for its benchmark, the Bloomberg U.S. Universal Index.

Domestic Fixed Income	$ Millions	% of Total Plan
SSIM Bloomberg US Agg Bond Index SL	$89.1	18.0%
SSIM US TIPS Index SL	$42.6	8.6%
SSIM US High Yield Bond Index SL	$44.1	8.9%
State Street Institutional U.S. Gov't MMF-Premier Class(GVMXX)	$1.2	0.2%
Total	**$177.0**	**35.7%**

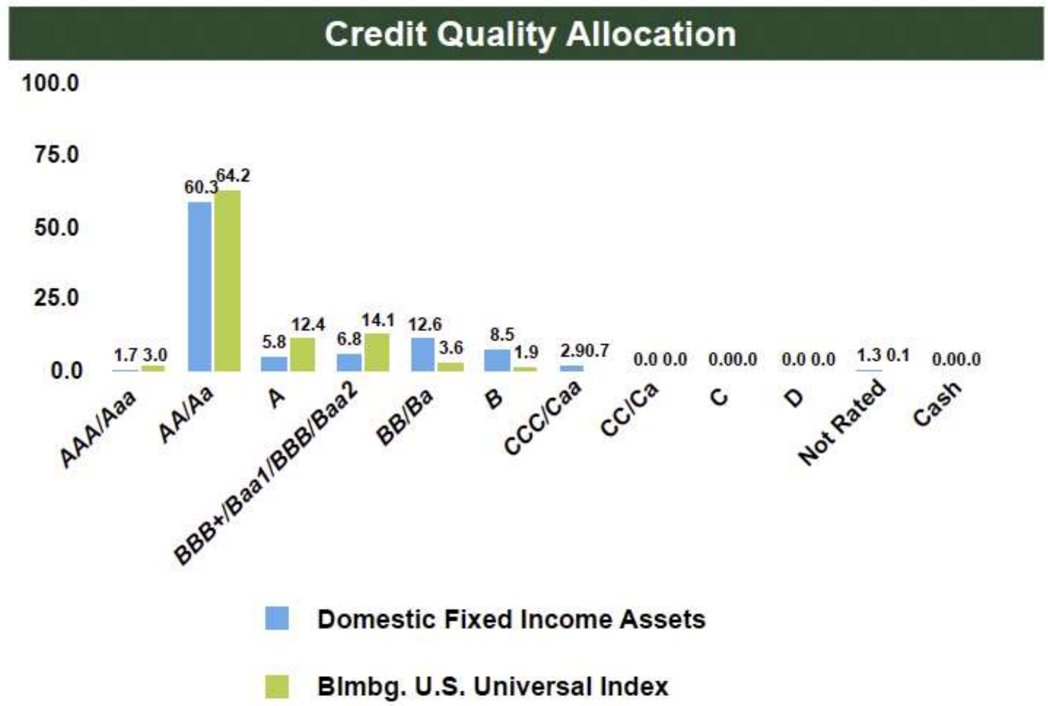
Domestic Fixed Income: Characteristics vs Bloomberg U.S. Universal Index

Domestic Fixed Income Characteristics vs. Bloomberg US Universal TR	Portfolio	Benchmark
Yield To Maturity (%)	5.0	4.5
Average Duration	5.3	5.7
Avg. Quality	A	A
Weighted Average Maturity	7.1	8.1

Domestic Fixed Income: Sector Allocation (%) vs Bloomberg U.S. Universal Index



Domestic Fixed Income: Credit Quality (%) vs Bloomberg U.S. Universal Index



PUBLIC MARKETS INVESTMENTS EXPENSE[1]

Public Markets Investment Expense Analysis As of September 30, 2025	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee (%)
Domestic Equity		$162,522,919		
SSIM Russell 1000 Index SL	0.01 % of Assets	$137,749,541	$13,775	0.01
SSIM Russell 2000 Index SL	0.02 % of	$24,773,378	$4,955	0.02
International Developed Equity		$71,669,710		
SSIM MSCI EAFE Index SL	0.03 % of Assets	$71,669,710	$21,501	0.03
Emerging Market Equity		$25,156,964		
SSIM MSCI Emerging Markets Index SL	0.07 % of Assets	$25,156,964	$16,352	0.07
Domestic Fixed Income Assets		$175,799,208		
Investment Grade Bonds		$89,076,724		
SSIM Bloomberg US Agg Bond Index SL	0.02 % of Assets	$89,076,724	$17,815	0.02
TIPS		$42,631,534		
SSIM US TIPS Index SL	0.02 % of Assets	$42,631,534	$8,526	0.02
High Yield Bonds		$44,090,951		
SSIM US High Yield Bond Index SL	0.07 % of Assets	$44,090,951	$30,864	0.07
Cash		$1,203,159		
Cash		$1,203,259	$1,324	0.11
Total		$436,352,060	$115,112	0.03

[1] Public Manager Expense analysis is based on manager fee schedule multiplied by market value as of September 30, 2024. The table is for illustrative purposes only. Total effective fee and market value does not include cash. Estimate does not take into consideration potential performance-based fees and fund expenses or charges.

PRIVATE EQUITY

As of September 30, 2025, private equity fair value totaled approximately $4.3[1] million or 1.0 percent of total assets. The asset class includes buyouts, growth equity, venture capital, and secondaries. Since the inception of the private equity program in fiscal year 2006, $24.1 million or 96.4 percent of the dollars committed had been called. The System invested in two funds-of-funds, Mesirow Financial Private Equity, L.P. Fund IV, and Fund V. From inception to September 30, 2025 the Funds' net internal-rate-of-return (IRR) was 11.1 percent and 15.7 percent, respectively.

Partnership	Vintage Year	Committed ($M)	Contributed ($)	Distributed ($)	Fair Value [1] ($M)	Total Value [2] ($M)	Net IRR [3] (%)
Mesirow Financial Private Equity Partnership Fund IV, L.P.	2006	15.0	14.7	26.8	1.5	28.3	11.1
Mesirow Financial Private Equity Partnership Fund V, L.P.	2009	10.0	9.5	20.0	2.8	22.8	15.7

[1] Fair value is calculated using the Capital Account statement as of June 30, 2025, and adjusting for any cash flows that have occurred through September 30, 2025.
[2] Total Value is calculated using the Capital Account statement as of June 30, 2025, and adjusting for any cash flows that have occurred through September 30, 2025, plus total distributions.
[3] IRR as of June 30, 2025. The September 30, 2025 Capital Account statement and IRR were not yet available as of the production of this illustration.

Figure 1: Mesirow Financial Private Equity Fund IV, L.P.

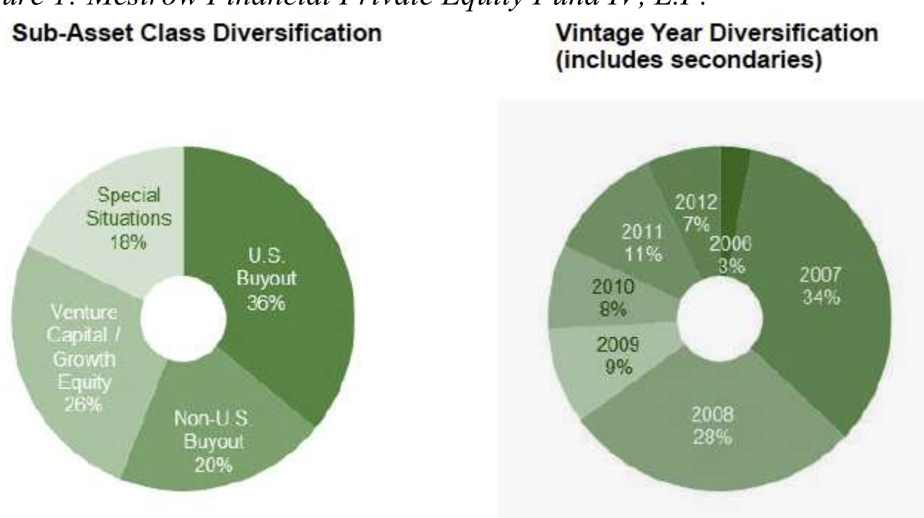
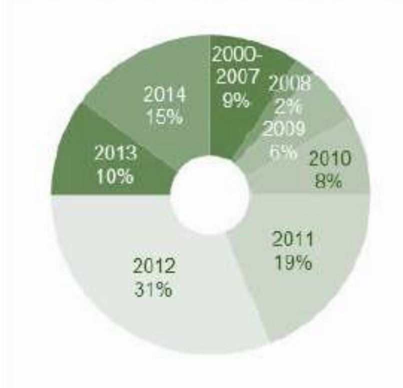


Figure 2: Mesirow Financial Private Equity Fund V, L.P.

Sub-Asset Class Diversification

Vintage Year Diversification (secondaries denoted in light blue)



Below are details on specific terminology and calculation methodologies used throughout this report:

Vintage Year	The year of fund formation and/or its first takedown of capital.
Committed	The original commitment amount made to a given fund. Some funds may be denominated in non-USD currencies, and such commitment amounts represent the sum of fund contributions translated to USD at their daily conversion rates plus the unfunded balance translated at the rate as of the date of this report.
Contributed	The amount of capital called by a fund manager against the commitment amount. Contributions may be used for new or follow-on investments, fees, and expenses, as outlined in each fund's limited partnership agreement. Some capital distributions from funds may reduce contributed capital balances. Some funds may be denominated in non-USD currencies, and such aggregate contributions represent the sum of each fund contribution translated to USD at its daily conversion rate.
Distributed	The amount of capital returned from a fund manager for returns of invested capital, profits, interest, and other investment related income. Some distributions may be subject to re-investment, as outlined in each fund's limited partnership agreement. Some funds may be denominated in non-USD currencies, and such aggregate distributions represent the sum of each fund distribution translated to USD at its daily conversion rate.
Net IRR	Acronym for Net "Internal Rate of Return", which is a performance measurement for Private Market investments. IRRs are calculated and provided by the fund manager (Mesirow). IRRs are net of all fund fees and expenses.
Fair Value	The investor's value as reported by a fund manager on the investor's capital account statement. All investor values in this report are as of the date of this report, unless otherwise noted. Some funds may be denominated in non-USD currencies, and such remaining values represent the fund's local currency value translated to USD at the rate as of the date of this report.
Total Value	The Total Value is calculated by taking the Fair Value plus total amount distributed.