

# Quarterly Financial Report

For the period ending September 30, 2025

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## Statement of Net Position

As of September 30, 2025 and December 31, 2024

	9/30/2025 (u)	12/31/2024
<b>Assets</b>		
<b>Cash &amp; short-term investments:</b>		
Cash & short-term investments	\$ 86,562,138	\$ 62,204,580
Security lending collateral	185,864,643	35,894,038
<b>Total cash &amp; short-term investments</b>	<b>272,426,781</b>	<b>98,098,618</b>
<b>Receivable:</b>		
Investment income	2,137,091	9,517,042
Unsettled securities sold	267,237	-
Contributions	-	2,427,236
Leases receivable	23,600	23,600
<b>Total receivable</b>	<b>2,427,928</b>	<b>11,967,878</b>
<b>Investments, at fair value:</b>		
U.S. government obligations	420,778,793	366,985,990
Domestic corporate and other fixed income	267,167,550	258,334,342
Domestic equity	760,284,304	655,895,630
International equity	587,753,884	551,791,715
Real estate	196,614,790	172,691,150
Alternative investments	335,474,050	360,516,146
Absolute return	185,859,288	184,709,380
Infrastructure	103,566,337	79,542,308
<b>Total investments</b>	<b>2,857,498,996</b>	<b>2,630,466,661</b>
<b>Prepaid items</b>	-	1,944,906
<b>Capital assets:</b>		
Property and equipment, net of accumulated depreciation	1,213,093	1,213,094
<b>Total assets</b>	<b>3,133,566,798</b>	<b>2,743,691,157</b>
<b>Liabilities</b>		
Unsettled securities purchased	471,461	605,000
Securities lending obligations	185,864,643	35,894,038
Lease payable	59,729	59,729
Accounts payable	1,032,638	1,868,181
<b>Total liabilities</b>	<b>187,428,471</b>	<b>38,426,948</b>
<b>Deferred inflow of resources</b>	23,600	23,600
<b>Net position restricted for benefits</b>	<b>\$ 2,946,114,727</b>	<b>\$ 2,705,240,609</b>
Net position restricted for benefits	2,899,611,393	2,655,654,878
Net position restricted for DROP benefits	46,503,334	49,585,731
<b>Net position restricted for benefits</b>	<b>\$ 2,946,114,727</b>	<b>\$ 2,705,240,609</b>

(u) Unaudited

## Statement of Change in Net Position

For the nine-month period ended September 30, 2025 and for the year ended December 31, 2024

	9/30/2025 (u)	12/31/2024
<b>Additions:</b>		
<b>Contributions:</b>		
Employer	\$ 129,755,209	\$ 172,012,862
Plan members	60,154,855	80,309,044
<b>Total contributions</b>	<b>189,910,064</b>	<b>252,321,906</b>
<b>Investments income:</b>		
Net appreciation/(depreciation)		
in fair value of investments	253,659,931	157,093,210
Earning on investment	36,456,867	50,752,795
Investment expenses	(11,547,293)	(17,565,127)
<b>Net investment income from investing activities</b>	<b>278,569,505</b>	<b>190,280,878</b>
Securities lending income	2,015,527	3,607,196
Securities lending borrower rebates	(1,661,713)	(3,224,991)
Securities lending agent fees	(88,438)	(95,526)
<b>Net income from securities lending</b>	<b>265,376</b>	<b>286,679</b>
<b>Net investment income</b>	<b>278,834,881</b>	<b>190,567,557</b>
<b>Total additions</b>	<b>468,744,945</b>	<b>442,889,463</b>
<b>Deductions:</b>		
Retired member benefits	213,660,666	278,042,801
DROP benefits	3,437,552	10,150,946
Refund of contributions	6,332,542	7,437,726
Administrative expenses	4,440,067	5,897,462
<b>Total deductions</b>	<b>227,870,827</b>	<b>301,528,935</b>
<b>Net Change</b>	<b>240,874,118</b>	<b>141,360,528</b>
<b>Net position held in trust for benefits</b>		
Beginning of period	2,705,240,609	2,563,880,081
<b>End of period</b>	<b>2,946,114,727</b>	<b>2,705,240,609</b>

Net Position Available for Benefits		
Cost value	Market value	Unrealized
9/30/2025	9/30/2025	gain/(loss)
<b>\$ 2,212,545,922</b>	<b>\$ 2,946,114,727</b>	<b>\$ 733,568,805</b>

(u) Unaudited

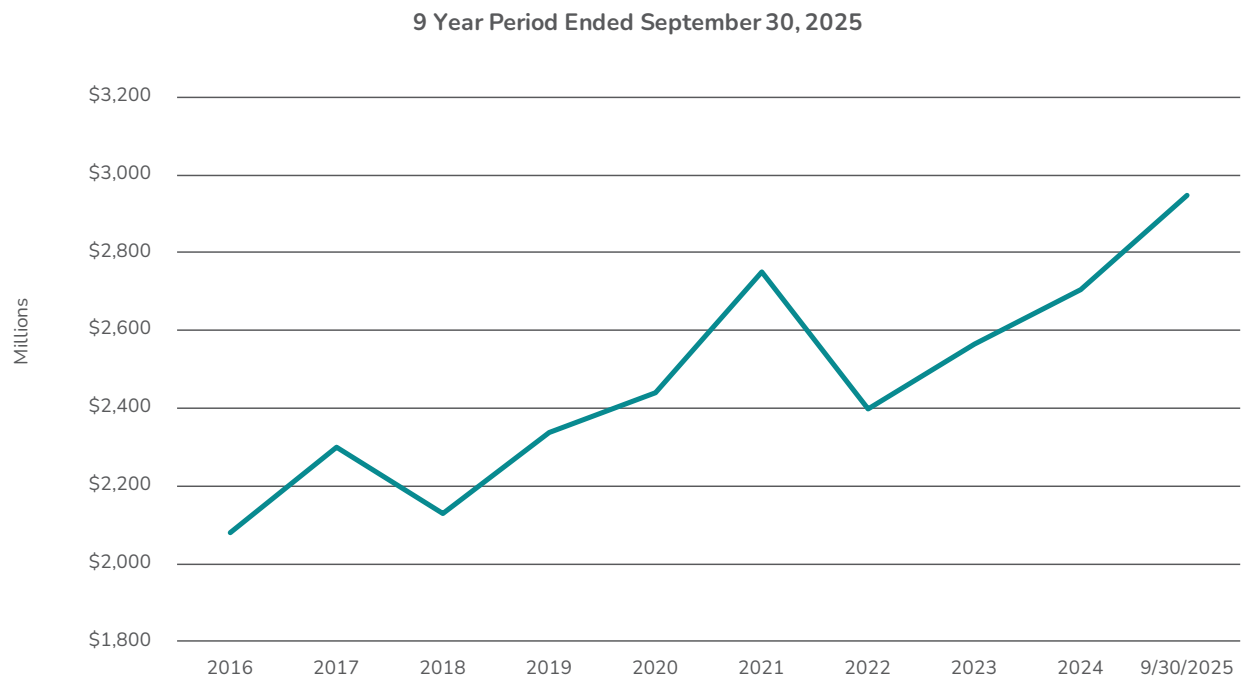
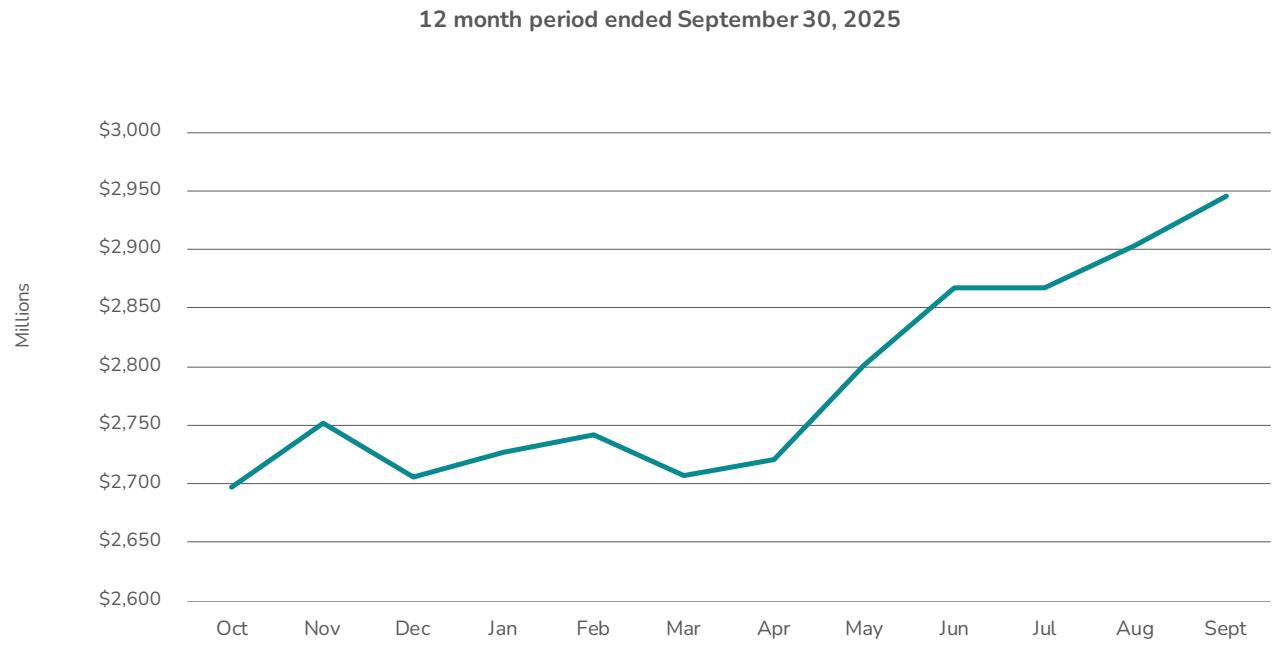
## Estimated Funded and Unfunded Actuarial Liability

Actuarial value of assets		Funded Ratio
Pension benefits	\$ 2,711,277,918	61.8%
Health benefits	83,238,354	53.0%
<b>Total actuarial value of assets 1/1/2025</b>	<b>\$ 2,794,516,272</b>	<b>61.5%</b>
Unfunded actuarial liability		
Pension benefits	\$ 1,677,424,000	
Health benefits	73,811,000	
<b>Total unfunded actuarial liability 1/1/2025</b>	<b>\$ 1,751,235,000</b>	

## Total Returns from Investments (Net of Fees)

For the quarter ended 9/30/2025	3.8%
For the year to date ended 9/30/2025	10.4%
For the 1 year period ended 9/30/2025 (annualized)	9.5%
For the 3 year period ended 9/30/2025 (annualized)	10.3%
For the 5 year period ended 9/30/2025 (annualized)	9.4%
For the 10 year period ended 9/30/2025 (annualized)	7.8%
For the 25 year period ended 9/30/2025 (annualized)	6.0%
For the period beginning 1/1/1986 (annualized)	8.4%

# Market Value of Net Position



## Analysis of Recent Investment Returns

### Third Quarter 2025

The following discussion presents comparative data for DERP's investment returns for the most recent Quarterly, 12-Month, 5-Year, and 10-Year periods. Analysis and highlights of portfolio performance are presented below. All figures are net of fees.

The third quarter experienced a surge in global equity prices. Optimism around AI was evident in U.S. large cap and around the world. The U.S. government shutdown delayed information flow, but had a negligible effect on economic activity. Markets priced in expectations of further interest rate cuts. All major asset classes posted positive results.

Our portfolio gained 3.8% for the quarter, with international and domestic equities once again providing most of the returns. These results trailed the overall benchmark and the median large public plan by 40 basis points, each of which produced 4.2%.

For the trailing 12 months DERP's return was 9.5%, which was behind the policy benchmark return of 10.0% and the 9.9% earned by our large peers. For the 5-year period, the portfolio earned 9.4%, beating the benchmark and peer returns which both returned 8.9%. For the trailing 10-year period, returns were 7.8%, which trailed the benchmark of 8.3% and peers of 8.2% respectively.

### Quarterly Portfolio Analysis

U.S equities advanced 5.8% in the quarter. Results lagged the broad market, as positioning by active managers was less concentrated in technology names (large cap), and more biased to quality (small cap).

The international equity portfolio produced a return of 5.9%, lagging the benchmark return of 6.1%. Active management in growth stocks was the biggest detractor.

Fixed income continued to deliver a steady yield, returning 1.4%. Without significant changes in interest rates there was no meaningful change in prices.

Real estate made 0.8% for the quarter, mostly from income. Property fundamentals continue to improve, benefitting cash flow.

Natural resources were up 2.6%, with timber and energy contributing equally.

Private equity advanced 4.2% in the quarter, accelerating from earlier in the year as merger and acquisition activity increased.

Infrastructure returned 3.9% as economies of scale in portfolio companies continue to be realized. Acquisition activity is expected to continue, supported by strong capital inflows.

The hedge fund portfolio earned 2.8%, fulfilling its role as a steady contributor insulated from broader market conditions.

The third quarter saw a continuation of positive sentiment and relatively benign economic conditions, and equity and other risk assets advanced accordingly. U.S. valuation and concentration concerns remain, however, and we're cognizant of the risks. We have a smaller equity allocation than many of our peers, and our overall portfolio positioning is more conservative as well.



## Investment Returns (Net of Fees)

for Periods Ended September 30, 2025

	Quarter	1 Year	5 Years <sup>1</sup>	10 Years <sup>1</sup>
<b>Total Fund</b>	<b>3.8%</b>	<b>9.5%</b>	<b>9.4%</b>	<b>7.8%</b>
Total Fund Policy Index	4.2%	10.0%	8.9%	8.3%
InvMetrics Median Public Fund <sup>2</sup>	4.2%	9.9%	8.9%	8.2%
<b>Domestic Equity</b>	<b>5.8%</b>	<b>12.9%</b>	<b>14.0%</b>	<b>14.1%</b>
Russell 3000 Index	8.2%	17.4%	15.7%	14.7%
<b>International Equity</b>	<b>5.9%</b>	<b>17.9%</b>	<b>13.2%</b>	<b>8.6%</b>
64% MSCI EAFE Index / 36% MSCI EM Index	6.1%	15.3%	9.7%	8.3%
<b>Fixed Income</b>	<b>1.4%</b>	<b>5.3%</b>	<b>2.0%</b>	<b>3.5%</b>
67% Core FI Policy Index / 33% Non-Core FI Policy Index <sup>3</sup>	1.7%	3.9%	1.6%	3.3%
<b>Real Estate</b>	<b>0.8%</b>	<b>3.3%</b>	<b>0.7%</b>	<b>2.8%</b>
NCREIF-ODCE + 0.2%	0.6%	3.6%	3.6%	5.1%
<b>Natural Resources</b>	<b>2.6%</b>	<b>(7.8%)</b>	<b>11.8%</b>	<b>2.8%</b>
CPI + 3% since October 2019, composite index prior	1.6%	5.7%	7.4%	6.6%
<b>Private Equity</b>	<b>4.2%</b>	<b>9.3%</b>	<b>11.7%</b>	<b>11.6%</b>
Burgiss Global Private Equity Index (since October 2019)	4.2%	9.8%	15.3%	13.6%
<b>Infrastructure</b>	<b>3.9%</b>	<b>10.4%</b>	<b>N/A</b>	<b>N/A</b>
CPI +3%	1.6%	5.7%	N/A	N/A
<b>Absolute Return Hedge Funds</b>	<b>2.8%</b>	<b>6.5%</b>	<b>7.6%</b>	<b>4.7%</b>
HFRI FOF Conservative Index	2.8%	6.9%	6.2%	4.3%

<sup>1</sup> Annualized return

<sup>2</sup> InvMetrics Public Fund > \$1 Billion database

<sup>3</sup> Core Fixed Income Policy Index = 47% Bloomberg US Gov TR/ 53% Bloomberg US Govt/Credit 1-3Yr TR  
Non-Core Fixed Income Policy Index = 77% CS Leveraged Loans / 23% JP Morgan GBI EM Global Diversified TR USD

