

Quarterly Financial Report

For the period ending December 31, 2025



Table of Contents

Statement of Net Position	2
Statement of Change in Net Position	3
Estimated Funded and Unfunded Actuarial Liability	4
Total Returns from Investments (Net of Fees)	4
Market Value of Net Position	5
Analysis of Recent Investment Returns	6
Investment Returns (Net of Fees)	8

Statement of Net Position

As of December 31, 2025 and December 31, 2024

	12/31/2025 (u)	12/31/2024
Assets		
Cash & short-term investments:		
Cash & short-term investments	\$ 92,163,680	\$ 62,204,580
Security lending collateral	151,571,603	35,894,038
Total cash & short-term investments	243,735,283	98,098,618
Receivable:		
Investment income	2,363,692	2,427,236
Unsettled securities sold	-	-
Contributions	9,443,974	9,517,042
Leases receivable	93,591	23,600
Total receivable	11,901,257	11,967,878
Investments, at fair value:		
U.S. government obligations	426,370,031	366,985,990
Domestic corporate and other fixed income	266,375,720	258,334,342
Domestic equity	740,995,902	655,895,630
International equity	604,797,828	551,791,715
Real estate	239,220,438	172,691,150
Alternative investments	339,984,513	360,516,146
Absolute return	177,051,717	184,709,380
Infrastructure	105,629,863	79,542,308
Total investments	2,900,426,012	2,630,466,661
Prepaid items	1,946,861	1,944,906
Capital assets:		
Property and equipment, net of accumulated depreciation	1,195,413	1,213,094
Total assets	3,159,204,826	2,743,691,157
Liabilities		
Unsettled securities purchased	179,307	605,000
Securities lending obligations	151,571,603	35,894,038
Unearned Contributions	8,897,517	-
Lease payable	42,305	59,729
Accounts payable	2,078,722	1,868,181
Total liabilities	162,769,454	38,426,948
Deferred inflow of resources	93,591	23,600
Net position restricted for benefits	\$ 2,996,341,781	\$ 2,705,240,609
Net position restricted for benefits	2,951,853,236	2,655,654,878
Net position restricted for DROP benefits	44,488,545	49,585,731
Net position restricted for benefits	\$ 2,996,341,781	\$ 2,705,240,609

Statement of Change in Net Position

For the twelve-month period ended December 31, 2025 and for the year ended December 31, 2024

	12/31/2025 (u)	12/31/2024
Additions:		
Contributions:		
Employer	\$ 174,348,145	\$ 172,012,862
Plan members	81,097,351	80,309,044
Total contributions	255,445,496	252,321,906
Investments income:		
Net appreciation/(depreciation) in fair value of investments	309,174,327	157,093,210
Earning on investment	48,627,696	50,752,795
Investment expenses	(15,244,146)	(17,565,127)
Net investment income from investing activities	342,557,877	190,280,878
Securities lending income	2,726,179	3,607,196
Securities lending borrower rebates	(2,240,309)	(3,224,991)
Securities lending agent fees	(121,445)	(95,526)
Net income from securities lending	364,425	286,679
Net investment income	342,922,302	190,567,557
Total additions	598,367,798	442,889,463
Deductions:		
Retired member benefits	286,461,695	278,042,801
DROP benefits	5,564,648	10,150,946
Refund of contributions	9,196,902	7,437,726
Administrative expenses	6,043,381	5,897,462
Total deductions	307,266,626	301,528,935
Net Change	291,101,172	141,360,528
Net position held in trust for benefits		
Beginning of period	2,705,240,609	2,563,880,081
End of period	2,996,341,781	2,705,240,609

Net Position Available for Benefits		
Cost value	Market value	Unrealized
12/31/2025	12/31/2025	gain/(loss)
\$ 2,250,590,959	\$ 2,996,341,781	\$ 745,750,822

(u) Unaudited

Estimated Funded and Unfunded Actuarial Liability

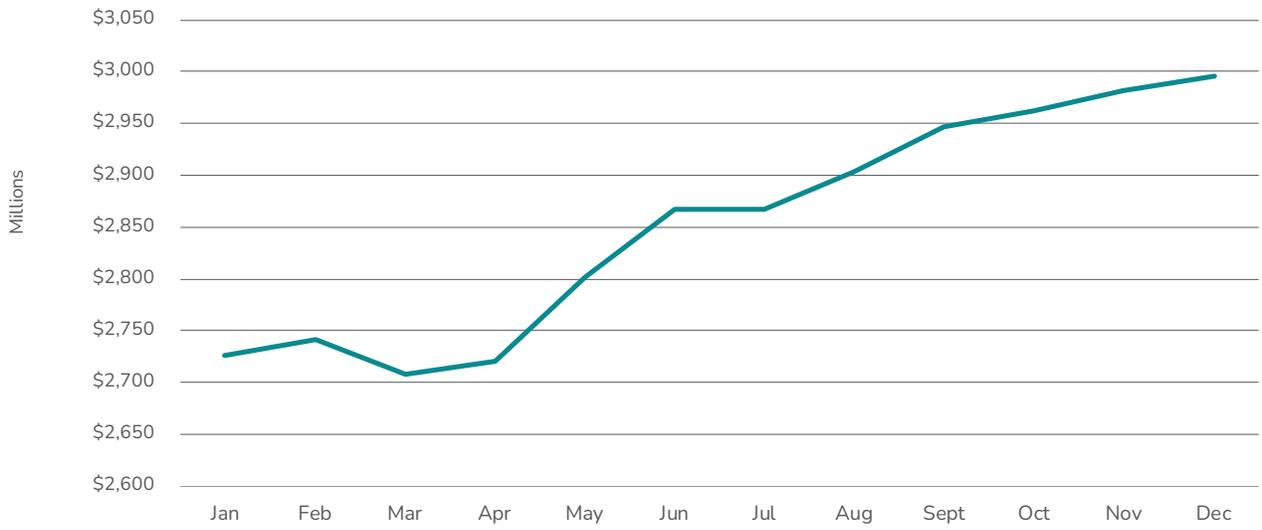
Actuarial value of assets		<u>Funded Ratio</u>
Pension benefits	\$ 2,711,277,918	61.8%
Health benefits	83,238,354	53.0%
Total actuarial value of assets 1/1/2025	\$ 2,794,516,272	61.5%
Unfunded actuarial liability		
Pension benefits	\$ 1,677,424,000	
Health benefits	73,811,000	
Total unfunded actuarial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

Total Returns from Investments (Net of Fees)

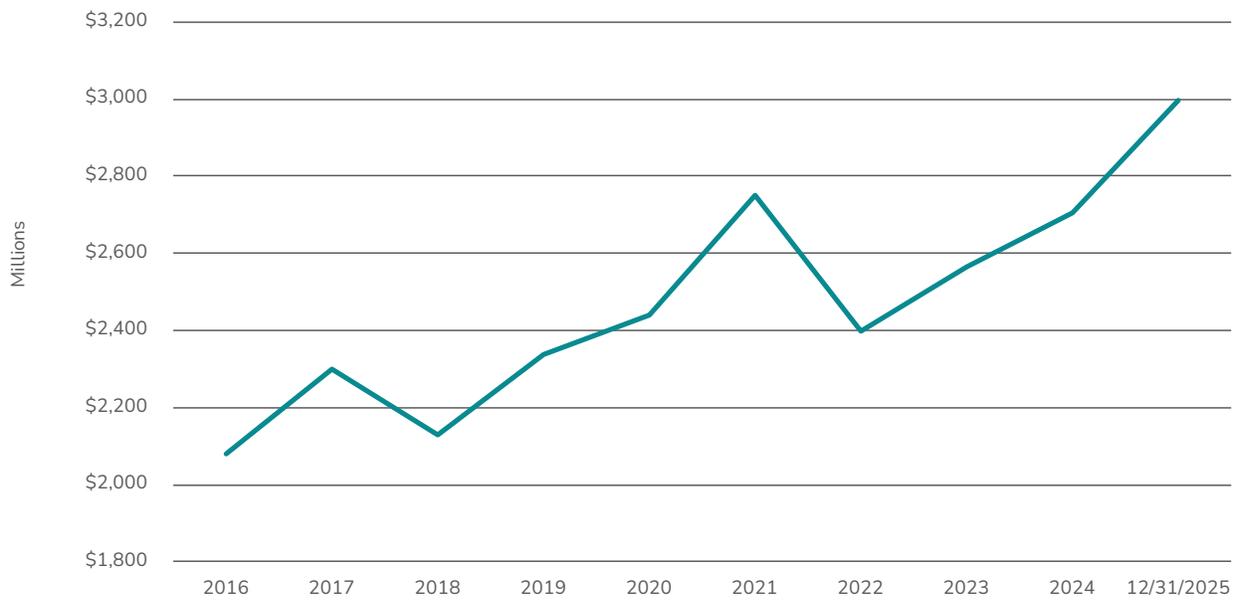
For the quarter ended 12/31/2025	2.1%
For the year to date ended 12/31/2025	12.7%
For the 1 year period ended 12/31/2025 (annualized)	12.7%
For the 3 year period ended 12/31/2025 (annualized)	10.1%
For the 5 year period ended 12/31/2025 (annualized)	7.8%
For the 10 year period ended 12/31/2025 (annualized)	7.7%
For the 25 year period ended 12/31/2025 (annualized)	6.2%
For the period beginning 1/1/1986 (annualized)	8.4%

Market Value of Net Position

12 month period ended December 31, 2025



9 Year Period Ended December 31, 2025



Analysis of Recent Investment Returns

Fourth 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 fourth quarter continued to be a positive environment for risk assets, particularly equities. In the U.S., GDP, inflation, and interest rates were all favorable to stock prices. Optimism and spending around AI continued to be a significant theme around the world. The U.S. dollar continued to weaken, which augmented foreign asset appreciation. Stock appreciation broadened, extending beyond tech names, and speculative high-risk securities advanced the most.

The DERP portfolio had a return of 2.1% in the quarter, with international and domestic equities continuing to lead the way. These results were behind the overall benchmark by 0.3% and the median large public plan by 0.1%.

For the full year DERP's return was 12.7%, well above the actuarial assumption of 7.0% but lagging the policy benchmark return of 13.6% and the 13.4% earned by our large peers. For the 5-year period, the portfolio earned 7.8%, beating both the benchmark return of 7.4% and peer returns of 7.1%. For the trailing 10-year period, returns were 7.7%, which trailed the benchmark of 8.3% and peers of 8.2% respectively.

Quarterly Portfolio Analysis

U.S equities were up 2.3% in the quarter. Results slightly trailed the broad market, as our active managers struggled to keep pace with a speculative market. For the year, the underperformance was more pronounced, but for the same reasons. A large cap growth manager was also terminated for underperformance. Still, domestic equities were an overall top contributor to results.

The international equity portfolio produced a return of 2.9% in the fourth quarter, lagging the benchmark return of 4.8%. For the year, the international allocation produced an impressive 30.9% return despite trailing the overall market by 60bps. Currency movements accounted for approximately a third of the annual return. Active developed markets managers were the biggest detractors, while strong results from small caps and emerging markets helped to offset.

Fixed income remained steady, returning 1.4%. A rate cut in the fourth quarter caused prices of core fixed income to appreciate, and non-core positions continued to perform well.

Real estate made 0.9% for the quarter, again mostly from income. Occupancy levels are good and rents have been increasing across all property types. We have begun rebalancing back into our target allocation as we believe current prices represent a good entry point.

Natural resources were up 3.4% for the quarter but ended the full year with a loss of 2.8%, as timber produced a small gain while energy investments lost.

Private equity had a return of 1.9 for the quarter and 8.2% for the year. Merger and acquisition activity has increased and the conditions for monetization have improved.

Infrastructure returned 2.2% in the quarter and 9.6% for the year. Maturing companies and successful execution of business plans have underpinned improving profits and valuations. A weakening dollar was also helpful.

The hedge fund portfolio earned 2.6% in the quarter. Despite its generally defensive positioning, volatility in the markets enabled the capture of outsized returns and the portfolio ended the year with a 9.3% return.

Fourth quarter and calendar year results reflect the overall positive economic environment that has existed. We have now had three strong years of equity returns in a row, and the DERP portfolio has averaged annual returns of more than 10% in that time. However, it is unlikely the next three years will be as strong. We have remained disciplined about harvesting appreciated assets and redeploying funds into assets where valuations reflect relative bargains, and our overall risk level remains moderate.

Investment Returns (Net of Fees)

for Periods Ended December 31, 2025

	Quarter	1 Year	5 Years ¹	10 Years ¹
Total Fund	2.1%	12.7%	7.8%	7.7%
Total Fund Policy Index	2.4%	13.6%	7.4%	8.3%
InvMetrics Median Public Fund ²	2.2%	13.4%	7.1%	8.2%
Domestic Equity	2.3%	13.2%	11.2%	13.6%
Russell 3000 Index	2.4%	17.1%	13.1%	14.3%
International Equity	2.9%	30.9%	9.9%	8.7%
64% MSCI EAFE Index / 36% MSCI EM Index	4.8%	31.5%	7.2%	8.4%
Fixed Income	1.3%	6.6%	1.9%	3.7%
67% Core FI Policy Index / 33% Non-Core FI Policy Index ³	1.3%	6.3%	1.6%	3.5%
Real Estate	0.9%	3.2%	1.1%	2.4%
NCREIF-ODCE + 0.2%	0.7%	3.1%	3.4%	4.8%
Natural Resources	3.4%	(2.8%)	10.7%	3.4%
CPI + 3% since October 2019, composite index prior	1.4%	6.1%	7.5%	7.0%
Private Equity	1.9%	8.2%	10.0%	11.9%
Burgiss Global Private Equity Index (since October 2019)	3.1%	10.0%	13.5%	14.0%
Infrastructure	2.2%	9.6%	N/A	N/A
CPI +3%	1.4%	6.1%	N/A	N/A
Absolute Return Hedge Funds	2.6%	9.3%	6.6%	4.9%
HFRI FOF Conservative Index	2.3%	8.0%	5.5%	4.5%

¹ Annualized return

² InvMetrics Public Fund > \$1 Billion database

³ 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

