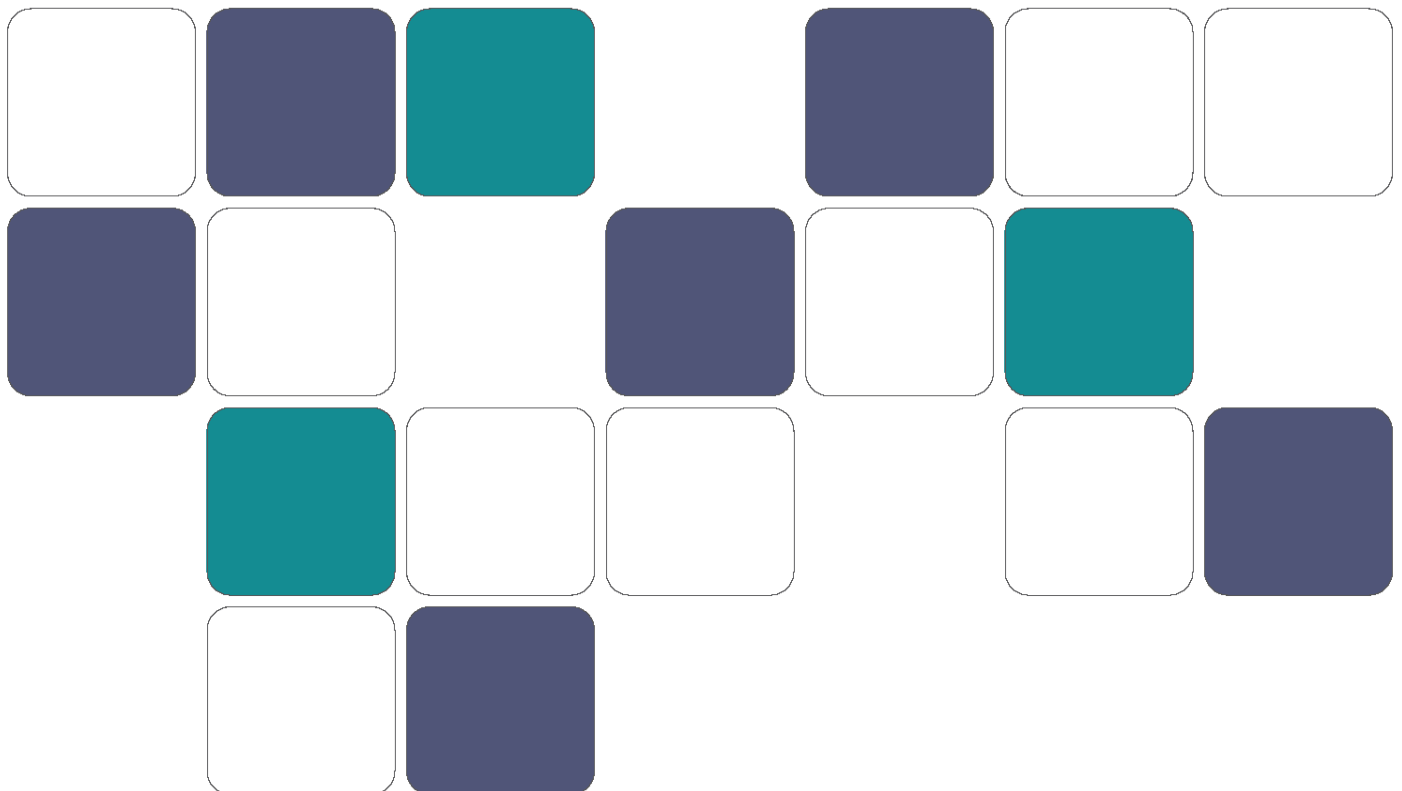


Quarterly Financial Report

*For the period ending
December 31, 2021*



Statement of Net Position

as of December 31, 2021 and December 31, 2020

	12/31/2021 (u)	12/31/2020
Assets		
Cash and short-term investments		
Cash and short-term investments	\$ 84,560,206	\$ 56,448,623
Security lending collateral	136,045,003	82,051,725
Total cash and short-term investments	220,605,209	138,500,348
Receivables:		
Investment income	1,368,676	1,420,389
Unsettled securities sold	49,690	270,094
Total receivables	1,418,366	1,690,483
Investments, at fair value:		
U.S. government obligations	131,154,211	155,040,399
Domestic corporate and other fixed income	556,490,477	471,787,108
Domestic equity	532,772,973	510,224,162
International equity	555,365,598	529,656,674
Real estate	241,796,624	168,606,473
Alternative investments	552,704,875	518,457,913
Absolute return	69,175,620	29,461,318
Total investments	2,639,460,378	2,383,234,047
Prepaid items	—	33,844
Capital assets		
Property and equipment, net of accumulated depreciation	2,727,175	2,716,226
Total assets	2,864,211,128	2,526,174,948
Liabilities		
Unsettled securities purchased	213,850	390,287
Securities lending obligations	136,045,003	82,051,725
Accounts payable	2,040,911	2,041,863
Total liabilities	138,299,764	84,483,875
Net position restricted for benefits	\$ 2,725,911,364	\$ 2,441,691,073
Net position restricted for pension benefits	2,604,943,111	2,319,174,144
Net position restricted for DROP benefits	120,968,253	122,516,929
Net position restricted for benefits	\$ 2,725,911,364	\$ 2,441,691,073
(u) Unaudited		

Statement of Change in Net Position

for the twelve month period ended December 31,2021 and for the year ended December 31, 2020

	For the period 12/31/2021 (u)	For the year 12/31/2020
Additions:		
Contributions:		
Employer	\$ 117,358,550	\$ 112,733,625
Plan members	66,416,197	67,845,591
Total contributions	183,774,747	180,579,216
Investments income:		
Net appreciation/(depreciation) in fair value of investments	344,401,606	200,430,935
Earnings on investments	50,048,530	(1,226,470)
Investment expenses	(12,989,304)	(13,395,682)
Net investment income from investing activities	381,460,832	185,808,783
Securities lending income	263,678	616,478
Securities lending borrower rebates	91,205	(221,560)
Securities lending agent fees	(88,673)	(98,670)
Net income from securities lending	266,210	296,248
Net investment income	381,727,042	186,105,031
Total additions	565,501,789	366,684,247
Deductions:		
Retired members benefits	253,899,876	241,094,522
DROP benefits	15,261,679	4,476,210
Refunds of contributions	7,743,279	4,986,810
Administrative expenses	4,376,664	4,607,234
Total deductions	281,281,498	255,164,776
Net change	284,220,291	111,519,471
Net position held in trust for benefits		
Beginning of period	2,441,691,073	2,330,171,602
End of period	\$ 2,725,911,364	\$ 2,441,691,073

Net Position Available for Benefits

Cost value 12/31/2021	Market value 12/31/2021	Unrealized gain/(loss)
2,007,751,744	2,725,911,364	718,159,620

(u) Unaudited

Estimated Funded and Unfunded Actuarial Accrued Liability

Funded actuarial accrued liability

Pension benefits	\$ 2,378,772,435	60.3 %
Health benefits	75,471,409	44.4 %
Total funded actuarial accrued liability 1/1/2021	\$ 2,454,243,844	59.6 %

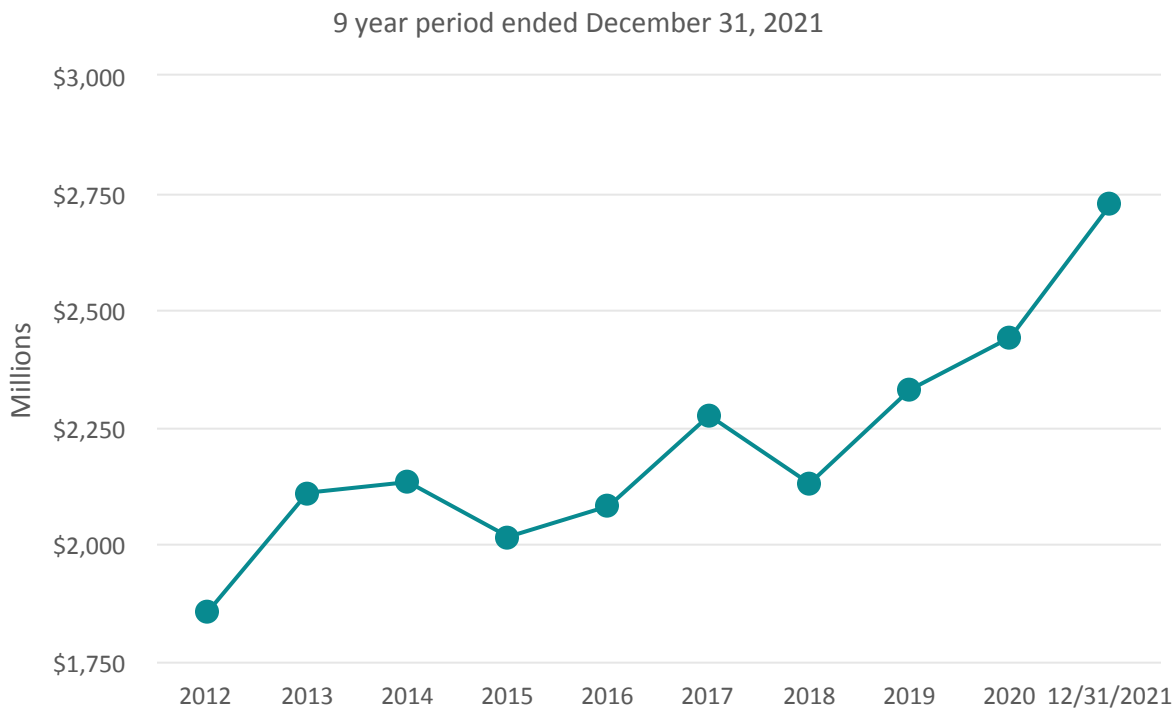
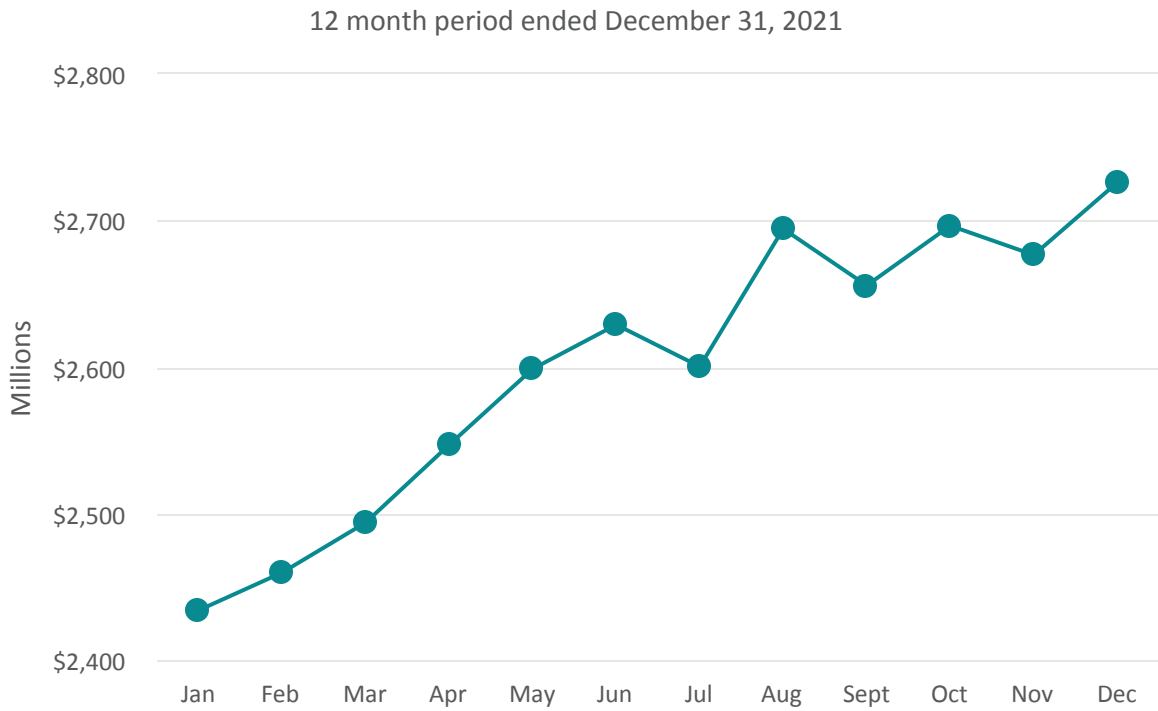
Unfunded actuarial accrued liability

Pension benefits	\$ 1,568,894,847	39.7 %
Health benefits	94,482,945	55.6 %
Total unfunded actuarial accrued liability 1/1/2021	\$ 1,663,377,792	40.4 %

Total Returns from Investment (net of fees)

For the quarter ended 12/31/2021	2.8 %
For the year to date ended 12/31/2021	17.1 %
For the 1 year period ended 12/31/2021 (annualized)	17.1 %
For the 3 year period ended 12/31/2021 (annualized)	11.9 %
For the 5 year period ended 12/31/2021 (annualized)	9.5 %
For the 10 year period ended 12/31/2021 (annualized)	8.9 %
For the 25 year period ended 12/31/2021 (annualized)	7.3 %
For the period beginning 1/1/1986 (annualized)	8.7 %

Market Value of Net Position



Analysis of Recent Investment Returns

Fourth Quarter 2021

The following discussion presents comparative data for DERP's Investment Returns for the most-recent Quarterly, 12-Month, Three-Year, and Five-Year Periods. Analysis and highlights of portfolio performance are presented below. All figures are net of fees.

The DERP portfolio advanced 2.8% in the fourth quarter, driven mostly by a surge in domestic equities following strong corporate earnings. International stocks were mixed, with developed market equities advancing while emerging markets equities, which continued to struggle with the Chinese property market, posted another decline. Real estate and natural resources also experienced strong moves.

Despite the good return of 2.8% for the quarter, the results lagged both the blended benchmark return of 3.5% and the median public fund return of 4.0%. This relative underperformance was largely attributable to large cap manager results. However, the overall outcome for the full year of 2021 is good all the way around. The fund finished the year with a 17.1% return which compares quite favorably with the 14.1% return of the fund policy index and the 14.2% return of our peers.

The trailing 3-year return stands at 11.9%, which despite trailing the blended benchmark return of 13.4% and the peer group results of 14.6%, exceeds our assumed rate of return by a wide margin. In the same vein, the trailing 5-year period our annualized results are a respectable 9.5%, behind our benchmark return of 10.1% and the large public pension plan median of 10.7%.

Portfolio Analysis

For the fourth quarter, the domestic stock portfolio rose 7.2%, while the broad market was up 9.3%. Large caps experienced a rotation favoring real estate, materials, and consumer staples, areas the portfolio is underrepresented.

International equities advanced 2.2%, while the benchmark was up only 1.2%. Most of the outperformance was delivered by emerging markets, and developed markets growth stocks.

Fixed income was up only slightly, with a return of 0.3%. Although intermediate interest rates rose during the quarter, long rates declined somewhat so that losses and gains offset each other within our holdings.

Real estate continued its steady march and returned 5.1% for the quarter. These results, while good in an absolute sense, fell behind the overall market as struggles with certain retail holdings continued.

Midstream energy (MLPs) produced an unexceptional 1.2% for the quarter, but beat the benchmark which had a loss of 0.4%. Strong results in the first half of the year enabled a full-year return of almost 40%.

The alternatives portfolio also had a decent quarter, with a 1.6% return. But as with MLPs, prior quarters resulted in a gain of more than 43% for the year. Strong performance from private equity and energy were tailwinds.

The benign environment that seemed to exist at the end of the year has been upended with a war in Europe. Sanctions will be bad for trade, with energy and agricultural product prices likely to push inflation levels. The market still anticipates increases in interest rates domestically and globally (Russia has already more than doubled its rates to 20%) which may slow economic activity and reduce asset prices. We are cautious in our outlook and braced for difficult markets.

Investment Returns (Net of Fees)

for Periods Ended December 31, 2021

	Quarter	1 Year	3 Years ¹	5 Years ¹
Total Fund	2.8 %	17.1 %	11.9 %	9.5 %
Fund Policy Index	3.5 %	14.1 %	13.4 %	10.1 %
InvMetrics Median Public Fund ²	4.0 %	14.2 %	14.6 %	10.7 %
Domestic Equity	7.2 %	23.4 %	26.8 %	19.5 %
Russell 3000 Index	9.3 %	25.7 %	25.8 %	18.0 %
Large Cap Equity	8.0 %	26.2 %	27.5 %	20.2 %
Russell 1000 Index	9.8 %	26.5 %	26.2 %	18.4 %
Small Cap Equity	3.8 %	11.5 %	23.5 %	15.9 %
Russell 2000 Index	2.1 %	14.8 %	20.0 %	12.0 %
International Equity	2.2 %	12.9 %	12.3 %	8.4 %
International Equity Benchmark	1.2 %	6.2 %	12.8 %	9.8 %
Fixed Income	0.3 %	0.1 %	4.2 %	4.2 %
Fixed Income Benchmark	0.6 %	(0.9)%	5.1 %	3.9 %
Real Estate	5.1 %	16.1 %	4.6 %	5.2 %
ODCE Index	8.0 %	22.2 %	9.2 %	8.7 %
MLP's	1.2 %	39.4 %	5.1 %	(0.6)%
MLP Benchmark	(0.4)%	38.4 %	6.4 %	(0.3)%
Alternatives ex MLPs & HF	1.6 %	43.2 %	12.6 %	13.6 %
Alternatives ex MLPs Benchmark	0.8 %	38.1 %	17.2 %	16.3 %

¹ Annualized return

² InvMetrics Public Fund > \$1 Billion database