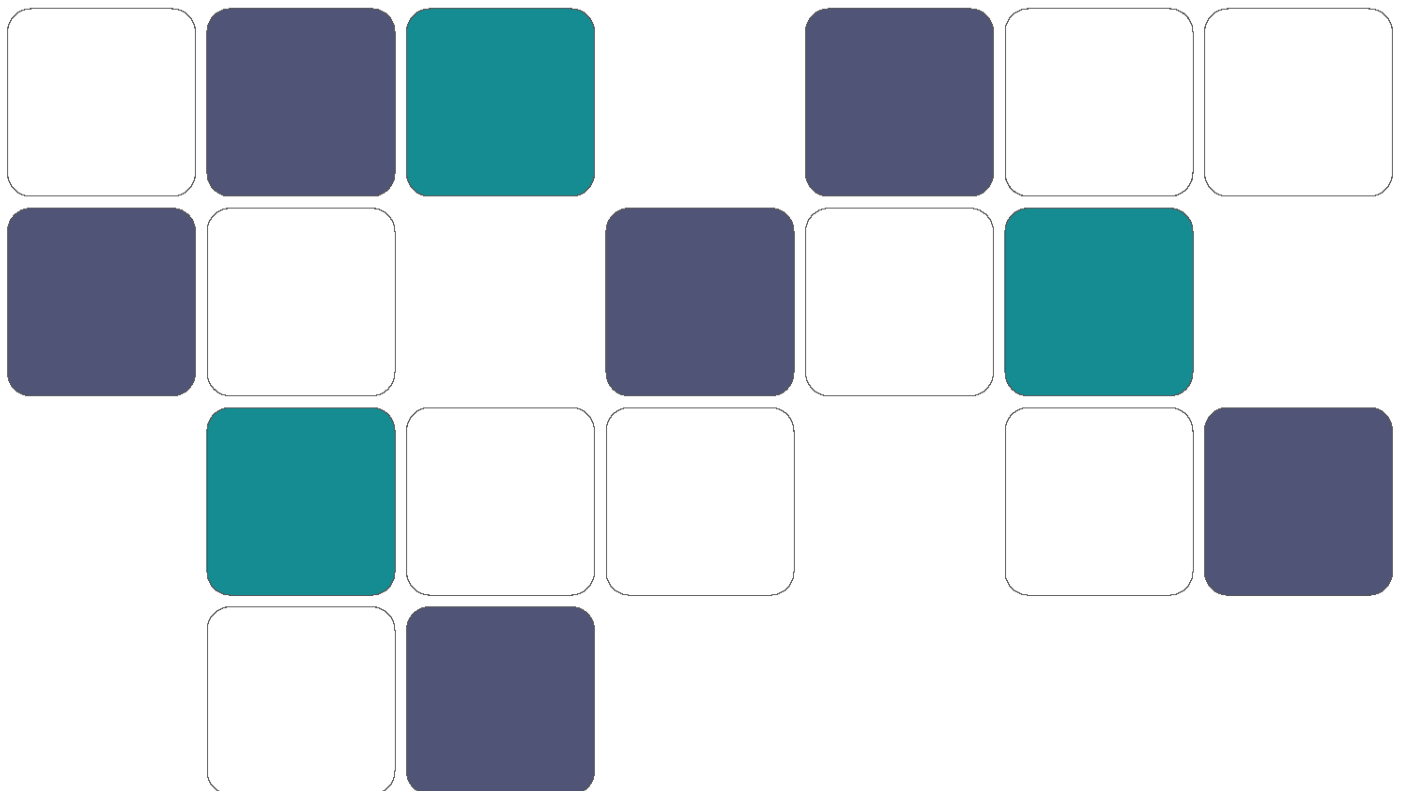


Quarterly Financial Report

*For the period ending
June 30, 2022*



Statement of Net Position

as of June 30, 2022 and December 31, 2021

	6/30/2022	12/31/20201
Assets		
Cash and short-term investments		
Cash and short-term investments	\$ 61,892,768	\$ 84,569,097
Security lending collateral	139,716,367	77,080,319
Total cash and short-term investments	201,609,135	161,649,416
Receivables:		
Investment income	1,516,340	1,368,675
Unsettled securities sold	142,844	49,690
Leases receivable	22,218	22,218
Total receivables	1,681,402	1,440,583
Investments, at fair value:		
U.S. government obligations	341,089,582	416,012,652
Domestic corporate and other fixed income	276,314,051	272,310,932
Domestic equity	433,477,821	532,772,973
International equity	424,029,467	555,365,597
Real estate	257,818,847	241,720,064
Alternative investments	492,520,352	576,542,588
Absolute return	110,604,486	69,175,620
Infrastructure	69,783,579	—
Total investments	2,405,638,185	2,663,900,426
Capital assets		
Property and equipment, net of accumulated depreciation	2,329,334	2,329,334
Total assets	2,611,258,056	2,829,319,759
Liabilities		
Unsettled securities purchased	5,359,095	213,850
Securities lending obligations	139,716,367	77,080,319
Lease payable	30,570	30,570
Accounts payable	1,100,052	2,219,799
Total liabilities	146,206,084	79,544,538
Deferred inflow of resources	22,218	22,218
Net position restricted for benefits	\$ 2,465,029,754	\$ 2,749,753,003
Net position restricted for pension benefits	2,344,061,501	2,637,431,329
Net position restricted for DROP benefits	120,968,253	112,321,674
Net position restricted for benefits	\$ 2,465,029,754	\$ 2,749,753,003

Statement of Change in Net Position

for the six month period ended June 30, 2022 and for the year ended December 31, 2021

	For the period 6/30/2022	For the year 12/31/2021
Additions:		
Contributions:		
Employer	\$ 63,099,878	\$ 117,270,262
Plan members	33,695,927	66,425,088
Total contributions	96,795,805	183,695,350
Investments income:		
Net appreciation/(depreciation) in fair value of investments	(247,057,889)	362,175,795
Earnings on investments	33,656,099	57,841,622
Investment expenses	(5,276,213)	(14,295,147)
Net investment income from investing activities	(218,678,003)	405,722,270
Securities lending income	174,212	263,678
Securities lending borrower rebates	13,220	91,205
Securities lending agent fees	(46,837)	(88,673)
Net income from securities lending	140,595	266,210
Net investment income	(218,537,408)	405,988,480
Total additions	(121,741,603)	589,683,830
Deductions:		
Retired members benefits	129,630,687	253,811,589
DROP benefits	26,930,702	15,261,680
Refunds of contributions	4,118,512	7,743,279
Administrative expenses	2,301,745	4,805,352
Total deductions	162,981,646	281,621,900
Net change	(284,723,249)	308,061,930
Net position held in trust for benefits		
Beginning of period	2,749,753,003	2,441,691,073
End of period	\$ 2,465,029,754	\$ 2,749,753,003

Net Position Available for Benefits

Cost value 6/30/2022	Market value 6/30/2022	Unrealized gain/(loss)
2,036,775,073	2,465,029,754	428,254,681

Estimated Funded and Unfunded Actuarial Accrued Liability

Funded actuarial accrued liability

Pension benefits	\$ 2,480,031,000	61.8 %
Health benefits	78,898,000	47.7 %
Total funded actuarial accrued liability 1/1/2022	\$ 2,558,929,000	61.2 %

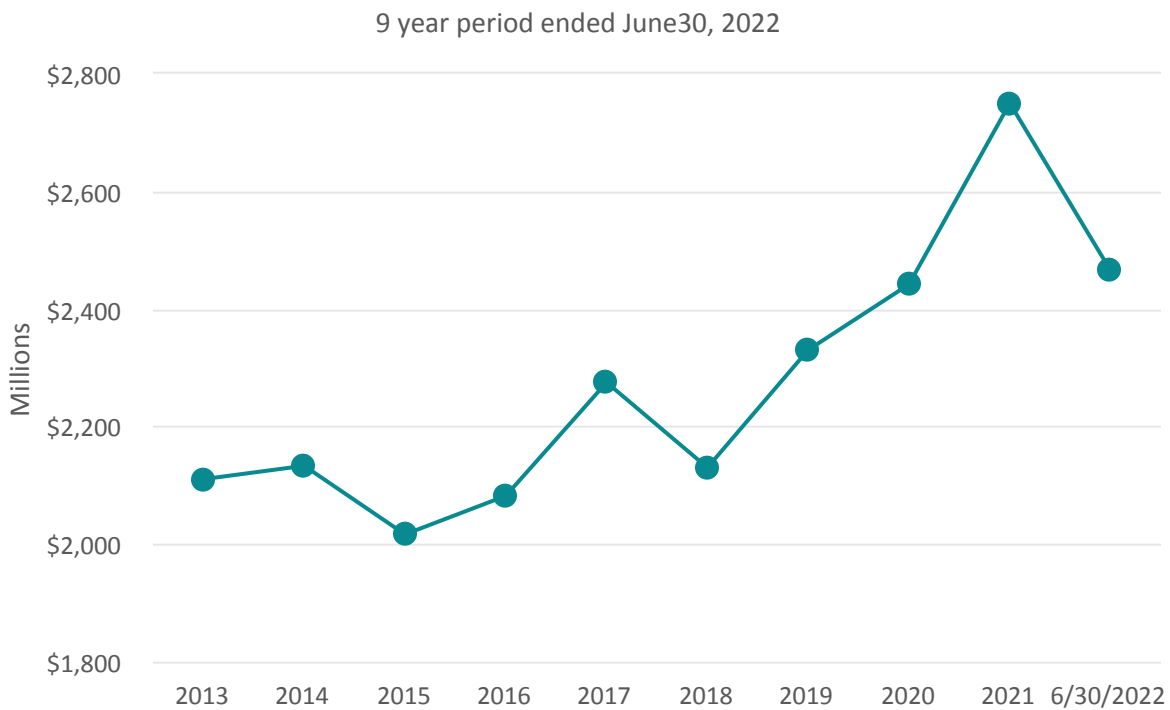
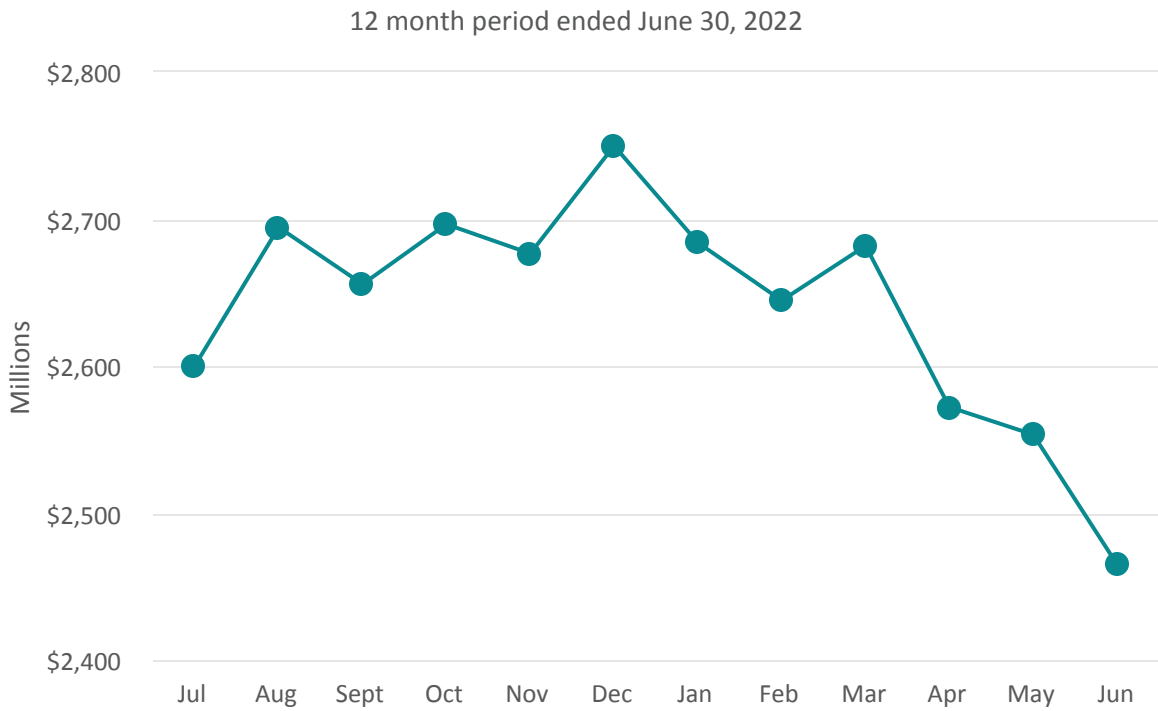
Unfunded actuarial accrued liability

Pension benefits	\$ 1,532,671,000	38.2 %
Health benefits	86,495,000	52.3 %
Total unfunded actuarial accrued liability 1/1/2022	\$ 1,619,166,000	38.8 %

Total Returns from Investment (net of fees)

For the quarter ended 6/30/2022	(6.0)%
For the year to date ended 6/30/2022	(7.6)%
For the 1 year period ended 6/30/2022 (annualized)	(1.6)%
For the 3 year period ended 6/30/2022 (annualized)	6.5 %
For the 5 year period ended 6/30/2022 (annualized)	6.5 %
For the 10 year period ended 6/30/2022 (annualized)	7.7 %
For the 25 year period ended 6/30/2022 (annualized)	6.7 %
For the period beginning 1/1/1986 (annualized)	8.4 %

Market Value of Net Position



Analysis of Recent Investment Returns

Second Quarter 2022

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 lost 6.0% in the second quarter, bringing our year-to-date loss to 7.6% and our trailing 12 months to a loss of 1.6%. The same major themes present in the first quarter continued to cause large disruptions in the global economy and capital markets. The Russia/Ukraine war, China COVID-19 lockdowns, inflation, and central bank tightening all remained significant detractors for most financial assets. The US stock market experienced one of its worst starts to a year ever, and the domestic bond market, generally a haven during periods of equity turmoil, also experienced historically large losses as interest rates rose. During the quarter, domestic equities fell 16.7%, non-US equities fell 14.5%, and the broad bond market declined 4.7%. Despite the magnitude and breadth of losses in stocks and bonds, real estate and energy were of great benefit in moderating the DERP portfolio results, as was a relative underweight to public equity.

Compared to benchmarks, our loss of 6.0% for the quarter was better than the aggregate fund policy index decline of 7.0, and significantly ahead of the 8.6% median drop experienced by large public pension plans. The comparison over the last 12 months is even more favorable, with the DERP portfolio return of -1.6% much better than the -4.3% loss of our blended benchmark and far smaller than the -7.4% of our peers. Nonetheless, the recent losses have had a large negative impact in the trailing 3-year and 5-year periods, where our returns of 6.5% are in line with both our fund policy index and the results achieved by our peers.

Portfolio Analysis

The domestic equity portfolio was hard hit during the quarter, declining 17.4% and faring slightly worse than the overall market decline of 16.7%. Value held up slightly better than growth, but all sectors were negative.

The international equity portfolio declined by 13.7%. As with domestic stocks, value fared better than growth, but not enough to make a difference, as our results trailed the benchmark loss of 13.4%. Somewhat unusually, emerging markets lost marginally less than developed markets.

Fixed income continued to decline as the market priced in higher rates and inflation. Our moves to further reduce interest rate exposure came too late to avoid losses, but the portfolio is positioned to fare well in the expected rising interest rate environment.

Real estate continued to advance as property prices rose and rents and occupancy remained healthy. Softness in certain office and retail properties continue to drag on our performance, but overall results have been a major source of support.

The alternatives portfolio was the other source of positive returns in the quarter, advancing 3.2%. In a repeat of first quarter, energy positions did quite well, but private equity and infrastructure were relatively flat, muting gains in the overall category.

To date our losses have been modest and manageable, and we are prepared and able to withstand further difficulty in the capital markets. Liquidity is strong, and the portfolio is situated well for rising rates, high inflation, and an eventual recovery in the equity markets. We expect to emerge in a position of relative strength ready to play offense as conditions permit.

Investment Returns (Net of Fees)

for Periods Ended June 30, 2022

	Quarter	1 Year	3 Years ¹	5 Years ¹
Total Fund	(6.0)%	(1.6)%	6.5 %	6.5 %
Fund Policy Index	(7.0)%	(4.3)%	6.4 %	6.6 %
InvMetrics Median Public Fund ²	(8.6)%	(7.4)%	6.3 %	6.6 %
Domestic Equity	(17.4)%	(18.2)%	8.5 %	10.8 %
Russell 3000 Index	(16.7)%	(13.9)%	9.8 %	10.6 %
Large Cap Equity	(17.8)%	(17.0)%	9.4 %	11.3 %
Russell 1000 Index	(16.7)%	(13.0)%	10.2 %	11.0 %
Small Cap Equity	(15.7)%	(23.4)%	4.6 %	8.2 %
Russell 2000 Index	(17.2)%	(25.2)%	4.2 %	5.2 %
International Equity	(13.7)%	(17.8)%	1.5 %	1.2 %
International Equity Benchmark	(13.4)%	(20.5)%	1.1 %	2.2 %
Fixed Income	(3.5)%	(7.0)%	0.1 %	2.0 %
Fixed Income Benchmark	(3.2)%	(7.0)%	(0.2)%	1.5 %
Real Estate	3.9 %	27.1 %	9.3 %	7.6 %
Real Estate Benchmark	4.8 %	29.8 %	12.9 %	10.7 %
Alternatives ex HF's	3.2 %	29.7 %	17.4 %	15.4 %
Alternatives ex HF's Benchmark	0.2 %	20.4 %	20.6 %	17.3 %

¹ Annualized return

² InvMetrics Public Fund > \$1 Billion database