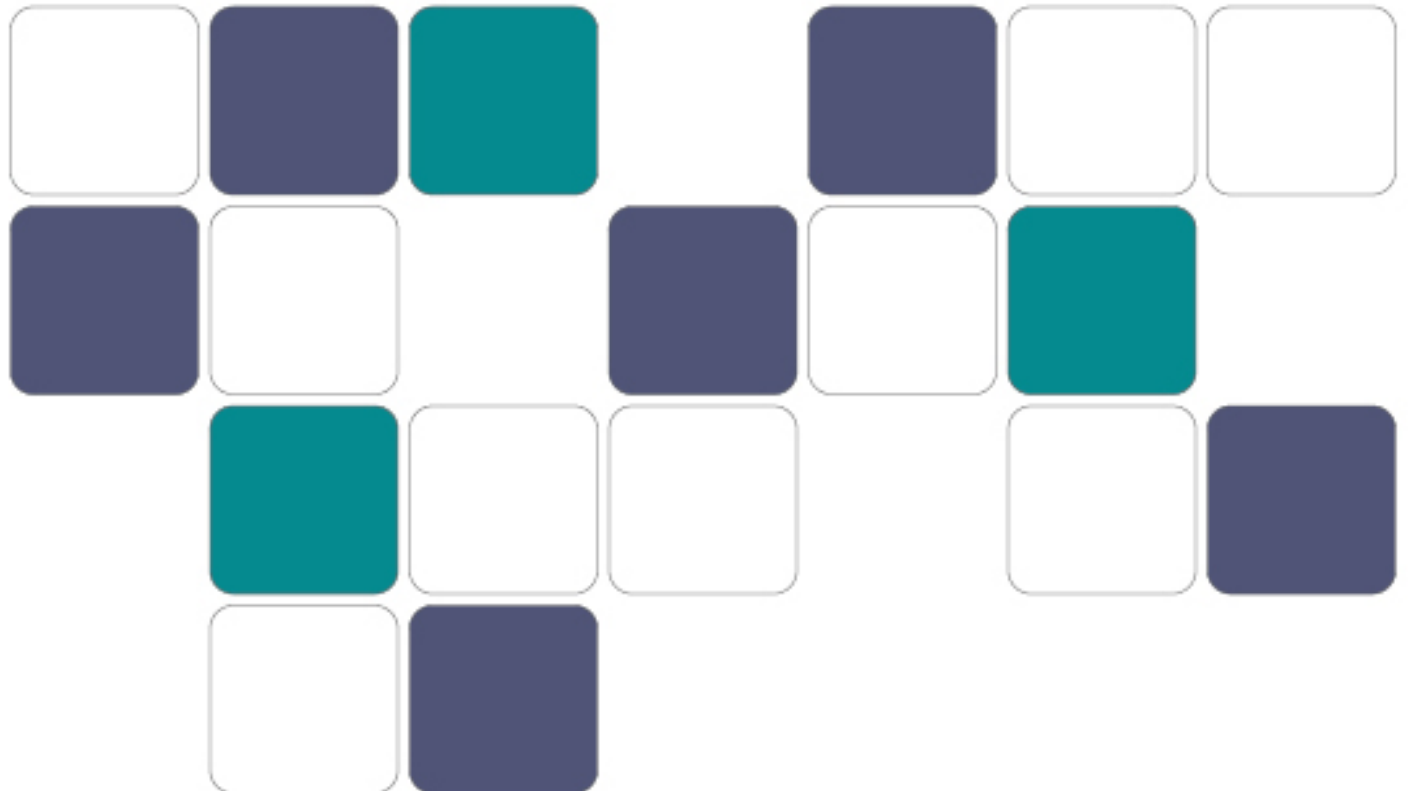


Quarterly Financial Report

*For the period ending
September 30, 2023*



Statement of Net Position

as of September 30, 2023 and December 31, 2022

	9/30/2023	12/31/2022
Assets		
Cash and short-term investments		
Cash and short-term investments	\$ 58,673,088	\$ 56,579,912
Security lending collateral	164,356,114	68,602,894
Total cash and short-term investments	223,029,202	125,182,806
Receivables:		
Investment income	1,876,191	1,651,989
Unsettled securities sold	416,333	322,369
Contributions	151,762	8,174,993
Leases receivable	86,375	86,375
Total receivables	2,530,661	10,235,726
Investments, at fair value:		
U.S. government obligations	284,550,267	414,001,488
Domestic corporate and other fixed income	291,387,193	165,778,256
Domestic equity	474,146,562	427,424,871
International equity	485,252,622	461,045,869
Real estate	204,438,799	235,542,925
Alternative investments	431,008,618	437,244,499
Absolute return	169,290,645	120,580,067
Infrastructure	70,881,678	70,980,435
Total investments	2,410,956,384	2,332,598,410
Capital assets		
Property and equipment, net of accumulated depreciation	1,950,243	1,950,243
Total assets	2,638,466,490	2,469,967,185
Liabilities		
Unsettled securities purchased	114,494	11,890
Securities lending obligations	164,356,114	68,602,894
Lease payable	19,963	19,963
Accounts payable	1,294,018	2,001,922
Total liabilities	165,784,589	70,636,669
Deferred inflow of resources	86,375	86,375
Net position restricted for benefits	\$ 2,472,595,526	\$ 2,399,244,141
Net position restricted for pension benefits	2,407,819,459	2,325,553,063
Net position restricted for DROP benefits	64,776,067	73,691,078
Net position restricted for benefits	\$ 2,472,595,526	\$ 2,399,244,141

Statement of Change in Net Position

for the nine month period ended September 30, 2023 and for the year ended December 31, 2022

	For the period 9/30/2023	For the year 12/31/2022
Additions:		
Contributions:		
Employer	\$ 115,523,746	\$ 136,145,712
Plan members	54,978,168	72,428,925
Total contributions	170,501,914	208,574,637
Investments income:		
Net appreciation/(depreciation) in fair value of investments	99,818,081	(293,751,342)
Earnings on investments	35,506,434	64,583,514
Investment expenses	(10,363,535)	(14,914,617)
Net investment income from investing activities	124,960,980	(244,082,445)
Securities lending income	2,689,809	1,385,042
Securities lending borrower rebates	(2,467,576)	(1,036,362)
Securities lending agent fees	(55,537)	(87,132)
Net income from securities lending	166,696	261,548
Net investment income	125,127,676	(243,820,897)
Total additions	295,629,590	(35,246,260)
Deductions:		
Retired members benefits	201,153,125	261,801,340
DROP benefits	11,858,690	39,502,980
Refunds of contributions	5,246,686	9,153,814
Administrative expenses	4,019,704	4,804,468
Total deductions	222,278,205	315,262,602
Net change	73,351,385	(350,508,862)
Net position held in trust for benefits		
Beginning of period	2,399,244,141	2,749,753,003
End of period	\$ 2,472,595,526	\$ 2,399,244,141

Net Position Available for Benefits

Cost value 9/30/2023	Market value 9/30/2023	Unrealized gain/(loss)
2,043,221,147	2,472,595,526	429,374,380

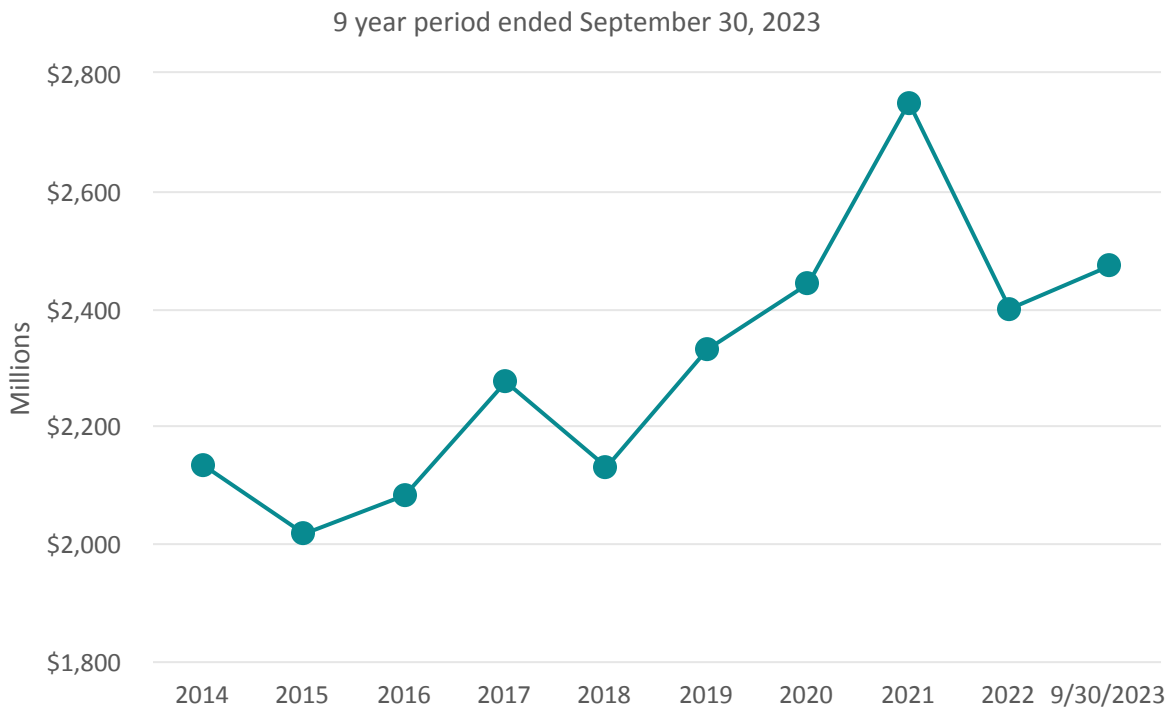
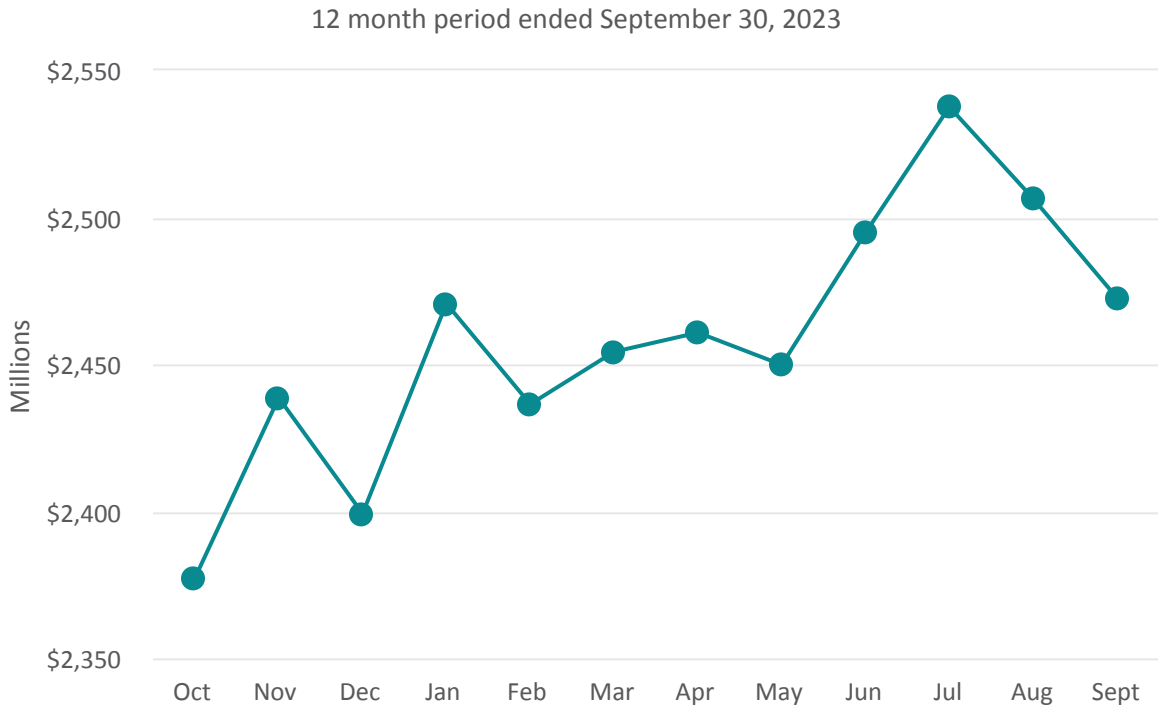
Estimated Funded and Unfunded Actuarial Liability

Actuarial value of assets		Funded Ratio
Pension benefits	\$ 2,508,204,000	59.7 %
Health benefits	79,800,000	49.9 %
Total actuarial value of assets 1/1/2023	\$ 2,588,004,000	59.4 %
Unfunded actuarial liability		
Pension benefits	\$ 1,691,774,000	
Health benefits	80,048,000	
Total unfunded actuarial liability 1/1/2023	\$ 1,771,822,000	

Total Returns from Investment (net of fees)

For the quarter ended 9/30/2023	(1.2)%
For the year to date ended 9/30/2023	4.5 %
For the 1 year period ended 9/30/2023 (annualized)	7.4 %
For the 3 year period ended 9/30/2023 (annualized)	7.9 %
For the 5 year period ended 9/30/2023 (annualized)	5.0 %
For the 10 year period ended 9/30/2023 (annualized)	6.1 %
For the 25 year period ended 9/30/2023 (annualized)	6.2 %
For the period beginning 1/1/1986 (annualized)	8.2 %

Market Value of Net Position



Analysis of Recent Investment Returns

Third Quarter 2023

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 DERP portfolio fell 1.2% in the third quarter, driven mostly by declining equity markets. A large contributing factor was a continued rise in interest rates, despite the FED's pause after a 25 basis point increase in July, with negative effects felt in the fixed income and real estate markets as well. Inflation continued to moderate, but remains above target.

The quarterly loss of 1.2% was in line with the total fund policy index loss of 1.3%, but better than the median loss of 2.1% incurred by large public funds. It is typical that the DERP portfolio tends to hold up well when markets decline, and lag when markets rise sharply.

For the trailing 1 year period, the DERP portfolio is up 7.4%, but lags both the blended benchmark return of 9.9% and the peer group return of 10.0%. The trailing 5-Year annual compounded return was 5.0%, slightly behind the fund policy index and the median large public plan, both of which returned 5.5%. For the 10-year period, the DERP portfolio return was 6.1%, which was behind the 6.4% return of our blended benchmark and our peers.

Quarterly Portfolio Analysis

The domestic equity declined 2.8% in the quarter, faring better than the loss of 3.3% experienced by the broad market. Active management, particularly in the large cap space, added value.

Similarly, the international equity holdings fell 2.2% while the benchmark fell 3.7%. Here too active management, particularly our small cap and value tilts, was of significant help in minimizing losses.

Fixed income had a gain of 0.3%, as our conservatively positioned core bonds avoided losses from rising rates. Our non-core and private debt investments had a return of zero for the period.

Real estate again declined, falling 4.3%. As with recent quarters, rents and occupancy remain generally healthy, but higher interest rates are pressuring cap rates and valuations. Rate pressures and office space challenges remain headwinds.

Natural resources lost 1.2%, as energy properties adjusted to a new commodity price structure. However, at least for the next few quarters, we expect returns to be strong from hedged cash flow and sales of properties to large buyers. Timber holdings continue to perform well.

Private equity rose 0.7%. With valuations having retreated from peaks and reduced availability of new investor capital, current investment activity should result in future gains.

Infrastructure rose 0.7%, consistent with the slow and steady business models underpinning the asset class.

Our defensive hedge fund portfolio rose 1.5%, performing as intended by providing small steady returns.

By many measures, stock markets are not cheap, and real estate returns are likely to remain challenged. Still, the overall portfolio has performed consistently, and we feel we enter the 4th quarter well positioned.

Investment Returns (Net of Fees)

for Periods Ended September 30, 2023

	Quarter	1 Year	5 Years ¹	10 Years ¹
Total Fund	(1.2)%	7.4 %	5.0 %	6.1 %
Fund Policy Index	(1.3)%	9.9 %	5.5 %	6.4 %
InvMetrics Median Public Fund ²	(2.1)%	10.0 %	5.5 %	6.4 %
Domestic Equity	(2.8)%	22.6 %	9.2 %	11.1 %
Russell 3000 Index	(3.3)%	20.5 %	9.1 %	11.3 %
International Equity	(2.2)%	24.9 %	2.7 %	3.5 %
64% MSCI EAFE Index / 36% MSCI EM Index	(3.7)%	20.6 %	2.2 %	3.5 %
Fixed Income	0.3 %	4.0 %	1.7 %	2.4 %
67% Core FI Policy Index / 33% Non-Core FI Policy Index ³	(0.1)%	4.3 %	1.8 %	2.2 %
Real Estate	(4.3)%	(13.1)%	3.0 %	6.5 %
NCREIF-ODCE + 0.2%	(1.9)%	(12.0)%	5.8 %	8.2 %
Natural Resources	(1.2)%	(6.7)%	(0.8)%	1.1 %
CPI + 3% since October 2019, composite index prior	1.8 %	5.1 %	5.3 %	4.2 %
Private Equity	0.7 %	(4.4)%	15.2 %	15.1 %
Burgiss Global Private Equity Index (since October 2019)	1.6 %	3.9 %	17.5 %	16.3 %
Infrastructure	0.7 %	7.8 %	N/A	N/A
CPI +3%	1.8 %	6.1 %	N/A	N/A
Absolute Return Hedge Funds	1.5 %	3.0 %	5.7 %	4.3 %
HFRI FOF Conservative Index	1.5 %	5.0 %	4.1 %	3.5 %

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