Denver Employees Retirement Plan

Quarterly Financial Report

For the period ending December 31, 2023

Statement of Net Position

as of December 31, 2023 and December 31, 2022

	12/31/2023 (u)	12/31/2022
Assets		
Cash and short-term investments		
Cash and short-term investments	$ 68,959,566	$ 56,579,912
Security lending collateral	61,700,970	68,602,894
Total cash and short-term investments	**130,660,536**	**125,182,806**
Receivables:		
Investment income	1,934,081	1,651,989
Unsettled securities sold	24,874	322,369
Contributions	9,159,813	8,174,993
Leases receivable	56,475	86,375
Total receivables	**11,175,243**	**10,235,726**
Investments, at fair value:		
U.S. government obligations	295,916,409	414,001,488
Domestic corporate and other fixed income	301,182,911	165,778,256
Domestic equity	510,492,429	427,424,871
International equity	533,909,954	461,045,869
Real estate	191,834,900	235,542,925
Alternative investments	415,101,514	437,244,499
Absolute return	171,236,709	120,580,067
Infrastructure	72,096,192	**70,980,435**
Total investments	**2,491,771,018**	**2,332,598,410**
Capital assets		
Property and equipment, net of accumulated depreciation	1,964,726	1,950,243
Total assets	**2,635,571,523**	**2,469,967,185**
Liabilities		
Unsettled securities purchased	14,742	11,890
Securities lending obligations	61,700,970	68,602,894
Lease payable	34,650	19,963
Accounts payable	1,959,599	2,001,922
Total liabilities	**63,709,961**	**70,636,669**
Deferred inflow of resources	56,475	**86,375**
Net position restricted for benefits	**$ 2,571,805,087**	**$ 2,399,244,141**
Net position restricted for pension benefits	2,513,074,441	2,325,553,063
Net position restricted for DROP benefits	58,730,646	73,691,078
Net position restricted for benefits	**$ 2,571,805,087**	**$ 2,399,244,141**

(u) Unaudited

Statement of Change in Net Position

for the twelve month period ended December 31, 2023 and for the year ended December 31, 2022

	For the period 12/31/2023 (u)	For the year 12/31/2022
Additions:		
Contributions:		
Employer	$ 159,584,423	$ 136,145,712
Plan members	75,788,120	72,428,925
Total contributions	**235,372,543**	**208,574,637**
Investments income:		
Net appreciation/(depreciation)		
in fair value of investments	207,195,032	(293,751,342)
Earnings on investments	40,632,393	64,583,514
Investment expenses	(14,595,567)	(14,914,617)
Net investment income from investing activities	**233,231,858**	**(244,082,445)**
Securities lending income	3,627,850	1,385,042
Securities lending borrower rebates	(3,318,983)	(1,036,362)
Securities lending agent fees	(77,189)	(87,132)
Net income from securities lending	**231,678**	**261,548**
Net investment income	**233,463,536**	**(243,820,897)**
Total additions	**468,836,079**	**(35,246,260)**
Deductions:		
Retired members benefits	269,116,655	261,801,340
DROP benefits	15,612,128	39,502,980
Refunds of contributions	6,595,036	9,153,814
Administrative expenses	4,951,314	4,804,468
Total deductions	**296,275,133**	**315,262,602**
Net change	172,560,946	(350,508,862)
Net position held in trust for benefits		
Beginning of period	2,399,244,141	2,749,753,003
End of period	**$ 2,571,805,087**	**$ 2,399,244,141**

Net Position Available for Benefits

Cost value 12/31/2023	**Market value** 12/31/2023	**Unrealized** gain/(loss)
2,053,067,212	**2,571,805,087**	**518,737,876**

(u) Unaudited

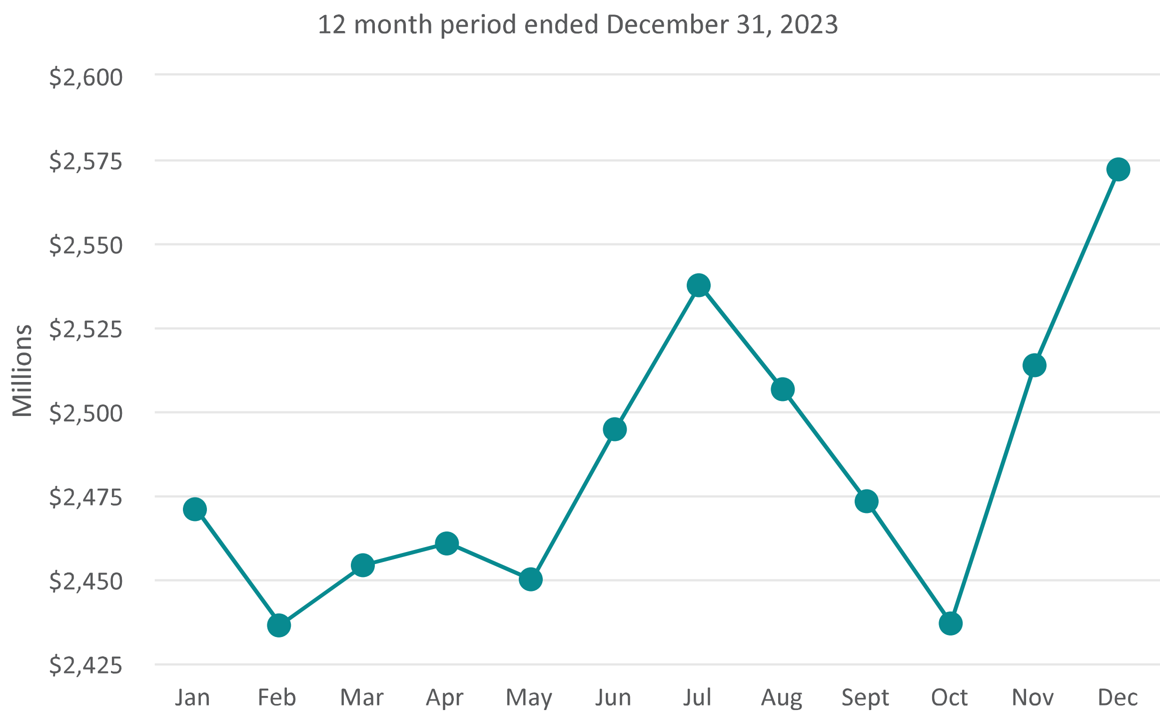
Estimated Funded and Unfunded Actuarial Liability

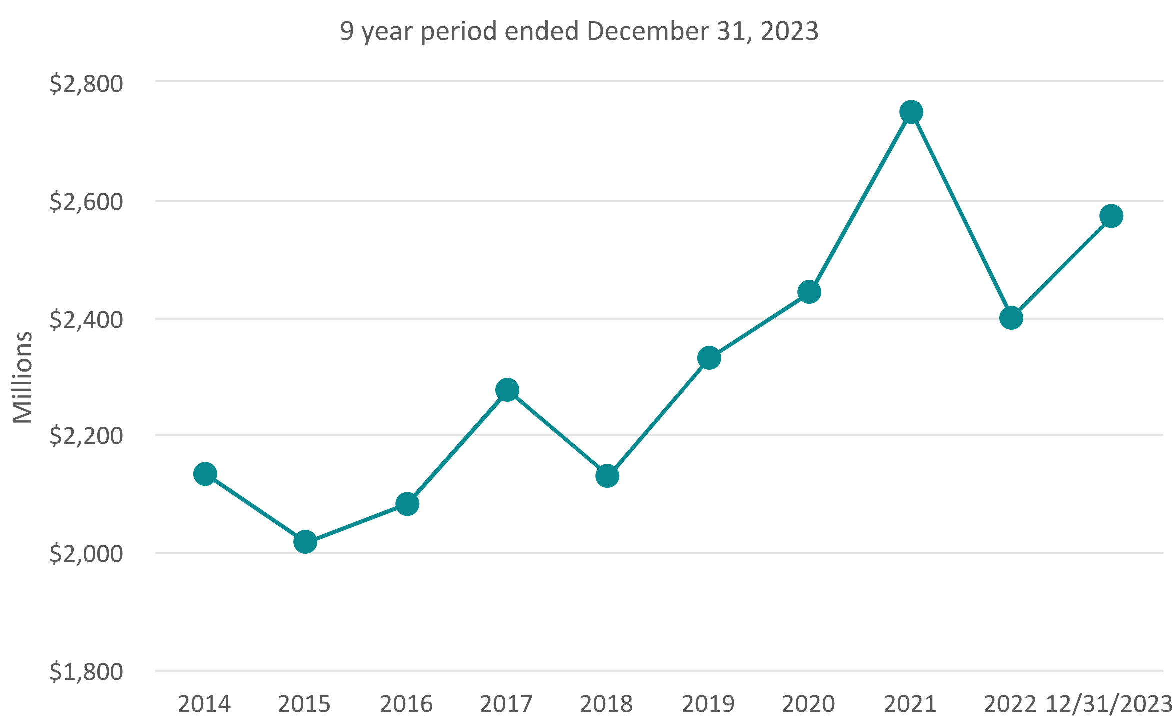
			Funded Ratio
Actuarial value of assets			
Pension benefits	$	2,508,204,000	59.7 %
Health benefits		79,800,000	49.9 %
Total actuarial value of assets 1/1/2023	**$**	**2,588,004,000**	**59.4 %**
Unfunded actuarial liability			
Pension benefits	$	1,691,774,000	
Health benefits		80,048,000	
Total unfunded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

Total Returns from Investment (net of fees)

For the quarter ended 12/31/2023	4.9 %
For the year to date ended 12/31/2023	9.6 %
For the 1 year period ended 12/31/2023 (annualized)	9.6 %
For the 3 year period ended 12/31/2023 (annualized)	6.1 %
For the 5 year period ended 12/31/2023 (annualized)	7.4 %
For the 10 year period ended 12/31/2023 (annualized)	6.0 %
For the 25 year period ended 12/31/2023 (annualized)	5.9 %
For the period beginning 1/1/1986 (annualized)	8.3 %

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 gained 4.9% in the fourth quarter, as global equity markets posted strong results. Inflation continued its generally downward trend and investors began to anticipate lower interest rates. Meanwhile, economic activity remained healthy. Stock markets around the world rose as a result.

For the full calendar year, the fund returned 9.6%, well above our 7.0% assumed rate of return. However, real estate and private equity fared poorly in 2023, and DERP's significant allocation to these asset classes were drags on performance. Consequently, our returns were behind the median large public plan return of 11.7%. For the trailing 5-Year period, the annual compounded return is 7.4%, but lags the fund policy index return of 8.2% and the median large public plan return of 8.3%. For the 10-year period, the DERP portfolio return stands at 6.0%, behind the 6.4% return of our blended benchmark and our peers.

Quarterly Portfolio Analysis

The DERP domestic equity portfolio gained 12.2% in the fourth quarter and bringing the results for the year to 29.4%. Much attention has been paid to the so-called Magnificent Seven stocks, the mega sized American technology stocks whose valuations have reached lofty levels. While the DERP portfolio participated in the good performance of these securities, our results were favorable across the broad portfolio as well. Active management contributed 3.4% more than the passive Russell 3000 return for the year.

Our non-US equities rose 10.4% for the quarter and ended the year up 19.5%. As with domestic stocks, active management was a significant source of added value, beating the blended benchmark by 4.3% for the year. Emerging markets returns were particularly strong for the quarter and year.

Fixed income had a gain of 2.9% for the quarter and finished the year with a gain of 5.5% despite rate volatility during the year.

Real estate continued to be a source of losses, falling another 5.5% for the quarter and ending the year with a 13.1% loss. Property values appear to have repriced sufficiently for yields to be competitive in the current interest rate environment, particularly if rates are stable or declining. The cost and availability of debt remain limiting factors in new construction, which should provide a level of support for existing properties. With the exception of office space, most of the valuation pressures seem to have subsided.

Natural resources finished the year strong, with a 10.1% return for the quarter and 7.0% for the year. We remain optimistic regarding cash flows from energy investments, which should enable large distributions during the upcoming year.

Our private equity positions fell 4.5% in the final quarter, contributing to a loss of 5.5% for the year. Stalled merger and acquisition activity, few initial public offerings, and reduced availability of lender and investor capital all exerted valuation pressures. There are signs of an improving environment, however.

Infrastructure rose 2.4% in the fourth quarter and ended the year up 10.9%.

Our hedge fund portfolio gained 1.0% for the quarter and 5.4% for the year, delivering fixed income levels of return as designed.

Overall, it was a strong year for the portfolio. Equity prices are not cheap, but with the exception of the Magnificent Seven, not excessive either. Moreover, there is reason to think the private equity and real estate portfolios are poised for better days. We were active in harvesting gains and redeploying proceeds into underappreciated asset classes, and feel comfortable with the positioning heading into the new year.

Investment Returns (Net of Fees)

for Periods Ended December 31, 2023

	Quarter	1 Year	5 Years [1]	10 Years [1]
Total Fund	4.9 %	9.6 %	7.4 %	6.0 %
Fund Policy Index	5.4 %	10.5 %	8.2 %	6.4 %
InvMetrics Median Public Fund[2]	6.7 %	11.7 %	8.3 %	6.4 %
Domestic Equity	12.2 %	29.4 %	15.3 %	11.3 %
Russell 3000 Index	12.1 %	26.0 %	15.2 %	11.5 %
International Equity	10.4 %	19.5 %	7.5 %	4.0 %
64% MSCI EAFE Index / 36% MSCI EM Index	9.5 %	15.2 %	6.7 %	4.0 %
Fixed Income	2.9 %	5.5 %	2.0 %	2.7 %
67% Core FI Policy Index / 33% Non-Core FI Policy Index[3]	4.2 %	7.1 %	2.7 %	2.6 %
Real Estate	(5.5)%	(13.1)%	1.5 %	5.5 %
NCREIF-ODCE + 0.2%	(4.8)%	(11.8)%	4.4 %	7.4 %
Natural Resources	10.1 %	7.0 %	0.7 %	1.9 %
CPI + 3% since October 2019, composite index prior	1.6 %	6.0 %	5.2 %	4.1 %
Private Equity	(4.5)%	(5.5)%	12.9 %	14.0 %
Burgiss Global Private Equity Index (since October 2019)	(0.6)%	3.3 %	16.1 %	15.6 %
Infrastructure	2.4 %	10.9 %	N/A	N/A
CPI +3%	1.6 %	6.8 %	N/A	N/A
Absolute Return Hedge Funds	1.0 %	5.4 %	7.3 %	4.0 %
HFRI FOF Conservative Index	1.8 %	5.3 %	5.1 %	3.4 %

[1] Annualized return

[2] InvMentrics 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

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