

Quarterly Financial Report

*For the period ending
March 31, 2024*



Statement of Net Position

as of March 31, 2024 and December 31, 2023

	3/31/2024	12/31/2023
Assets		
Cash and short-term investments		
Cash and short-term investments	\$ 54,698,031	\$ 54,754,251
Security lending collateral	196,401,694	61,700,970
Total cash and short-term investments	251,099,725	116,455,221
Receivables:		
Investment income	1,927,371	1,934,082
Unsettled securities sold	2,131,279	2,478,656
Contributions	176,457	9,159,813
Leases receivable	56,475	56,475
Total receivables	4,291,582	13,629,026
Investments, at fair value:		
U.S. government obligations	314,059,622	295,916,409
Domestic corporate and other fixed income	304,235,549	302,940,355
Domestic equity	546,726,236	510,492,429
International equity	566,920,662	533,909,954
Real estate	183,680,866	191,834,900
Alternative investments	412,346,014	417,790,675
Absolute return	183,430,380	171,236,709
Infrastructure	73,412,922	72,096,192
Total investments	2,584,812,251	2,496,217,623
Capital assets		
Property and equipment, net of accumulated depreciation	1,529,228	1,529,228
Total assets	2,841,732,786	2,627,831,098
Liabilities		
Unsettled securities purchased	948,475	14,742
Securities lending obligations	196,401,694	61,700,970
Lease payable	34,650	34,650
Accounts payable	1,103,408	2,144,180
Total liabilities	198,488,227	63,894,542
Deferred inflow of resources	56,475	56,475
Net position restricted for benefits	\$ 2,643,188,084	\$ 2,563,880,081
Net position restricted for pension benefits	2,584,457,438	2,505,149,356
Net position restricted for DROP benefits	58,730,646	58,730,725
Net position restricted for benefits	\$ 2,643,188,084	\$ 2,563,880,081

Statement of Change in Net Position

for the three month period ended March 31, 2024 and for the year ended December 31, 2023

	For the period 3/31/2024	For the year 12/31/2023
Additions:		
Contributions:		
Employer	\$ 39,593,536	\$ 159,584,423
Plan members	18,668,309	75,788,120
Total contributions	58,261,845	235,372,543
Investments income:		
Net appreciation/(depreciation) in fair value of investments	87,054,330	194,982,293
Earnings on investments	12,409,638	46,893,824
Investment expenses	(2,808,585)	(16,217,030)
Net investment income from investing activities	96,655,383	225,659,087
Securities lending income	968,711	3,627,850
Securities lending borrower rebates	(874,350)	(3,318,983)
Securities lending agent fees	(23,583)	(77,189)
Net income from securities lending	70,778	231,678
Net investment income	96,726,161	225,890,765
Total additions	154,988,006	461,263,308
Deductions:		
Retired members benefits	68,641,023	269,116,655
DROP benefits	3,778,742	15,612,129
Refunds of contributions	1,866,675	6,595,035
Administrative expenses	1,393,563	5,303,549
Total deductions	75,680,003	296,627,368
Net change	79,308,003	164,635,940
Net position held in trust for benefits		
Beginning of period	2,563,880,081	2,399,244,141
End of period	\$ 2,643,188,084	\$ 2,563,880,081

Net Position Available for Benefits

Cost value 3/31/2024	Market value 3/31/2024	Unrealized gain/(loss)
2,077,798,849	2,643,188,084	565,389,235

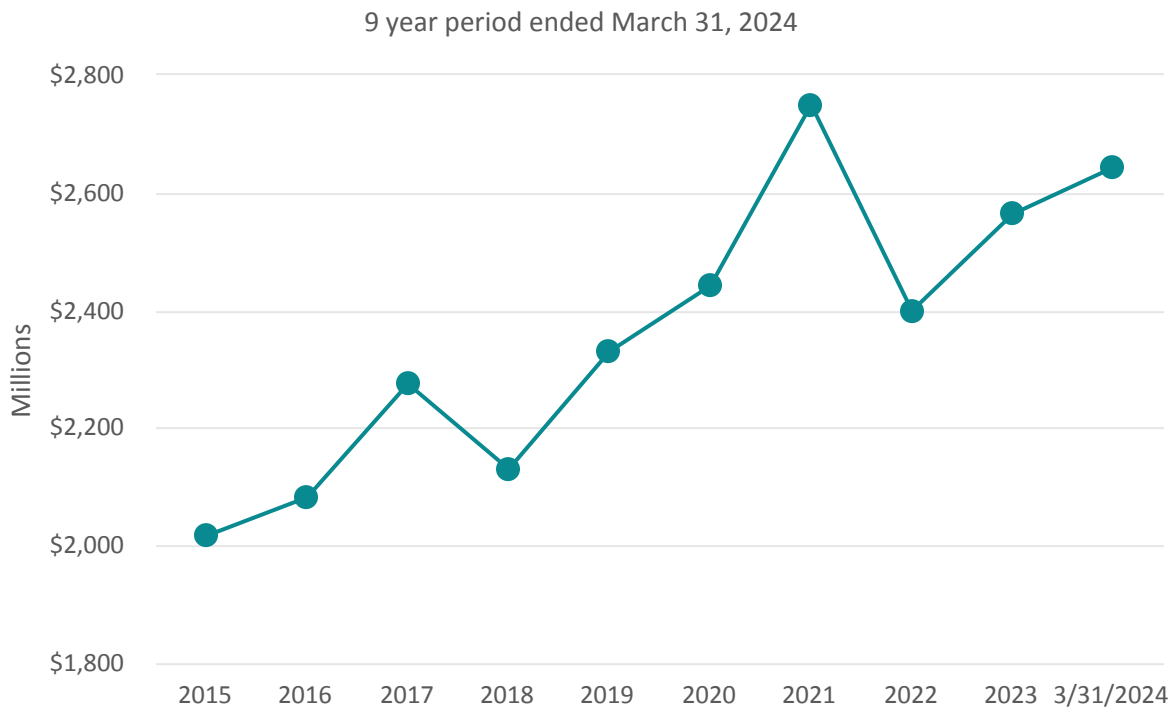
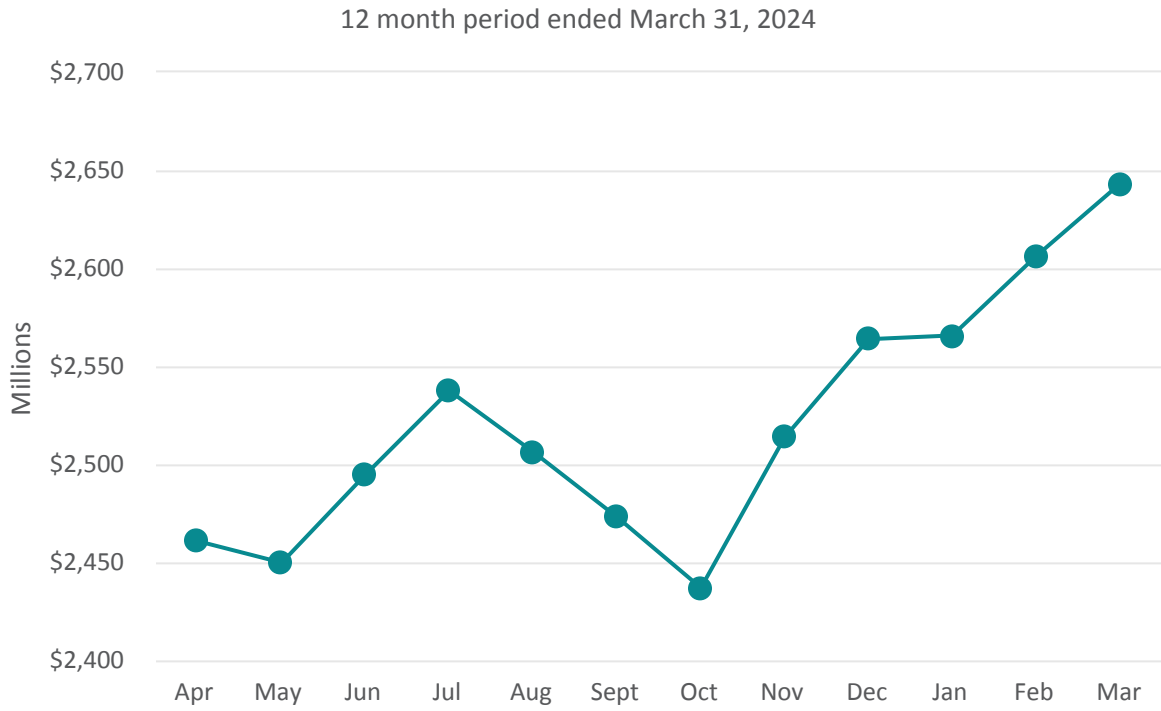
Estimated Funded and Unfunded Actuarial Liability

Actuarial value of assets		Funded Ratio
Pension benefits	\$ 2,612,204,774	60.9 %
Health benefits	81,782,169	52.1 %
Total actuarial value of assets 1/1/2024	\$ 2,693,986,943	60.6 %
Unfunded actuarial liability		
Pension benefits	\$ 1,677,037,000	
Health benefits	75,099,000	
Total unfunded actuarial liability 1/1/2024	\$ 1,752,136,000	

Total Returns from Investment (net of fees)

For the quarter ended 3/31/2024	3.6 %
For the year to date ended 3/31/2024	3.6 %
For the 1 year period ended 3/31/2024 (annualized)	10.0 %
For the 3 year period ended 3/31/2024 (annualized)	5.7 %
For the 5 year period ended 3/31/2024 (annualized)	6.8 %
For the 10 year period ended 3/31/2024 (annualized)	6.1 %
For the 25 year period ended 3/31/2024 (annualized)	6.0 %
For the period beginning 1/1/1986 (annualized)	8.3 %

Market Value of Net Position



Analysis of Recent Investment Returns

First Quarter 2024

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 advanced 3.6% in the first quarter. Equity markets, particularly large cap domestic stocks, were the largest drivers of returns. Some inflation indicators remained stubbornly high or even accelerated, pushing expectations for interest rate cuts further into the future. Economic indicators were favorable and corporate earnings remained healthy. By several measures, equity prices appear expensive.

For the trailing 12 months the portfolio generated a 10.0% return, exceeding the 7.0% assumed rate of return, but lower than the 11.5% reported by our peers. For the trailing 5-Year period the fund has averaged an annual 6.8% return, behind the blended fund policy index of 7.3% and the median large plan return of 7.7%. For the 10-year trailing period, the average annual return was 6.1%, lagging the composite benchmark return of 6.6% and the median public plan return of 6.8%.

Quarterly Portfolio Analysis

The DERP domestic equity was the strongest performer during the quarter, with a gain of 10.1% for the period. Large cap beat small cap, and growth beat value in a continuation of recent trends.

International equities were up 6.1% for the quarter, also a strong showing. Although not as pronounced as with US stocks, large stocks did better than small, and growth stocks did better than value. Our emerging market stocks produced the smallest gains within the equity category but still advanced 4.3%.

Fixed income was nearly flat for the quarter, up just 0.6%.

Real estate property values experienced another decline in valuations, despite stable occupancies and rents. A number of recent transactions have been at prices below replacement cost, and appraised values are reflecting this environment.

Natural resources experienced a slight decline in values, but cash flow distributions look to remain intact.

Private equity positions added 2.5% in the quarter. Portfolio companies are performing well in the current economic environment, and there is optimism that IPO and merger and acquisition markets will rebound in a more benign interest rate and inflation environment.

Infrastructure rose 3.1% as underlying companies consolidated, gaining operating efficiencies and scale.

Finally, the hedge fund portfolio gained 2.7% for the quarter despite being positioned defensively.

In aggregate it was a good quarter and start to the year, with most asset classes exhibiting good results.

Investment Returns (Net of Fees)

for Periods Ended December 31, 2023

	Quarter	1 Year	5 Years ¹	10 Years ¹
Total Fund	3.6 %	10.0 %	6.8 %	6.1 %
Fund Policy Index	3.3 %	10.2 %	7.3 %	6.6 %
InvMetrics Median Public Fund ²	3.7 %	11.5 %	7.7 %	6.8 %
Domestic Equity	10.1 %	30.3 %	14.3 %	12.3 %
Russell 3000 Index	10.0 %	29.3 %	14.3 %	12.3 %
International Equity	6.1 %	18.6 %	7.0 %	4.4 %
64% MSCI EAFE Index / 36% MSCI EM Index	4.6 %	12.8 %	5.6 %	4.4 %
Fixed Income	0.6 %	4.7 %	1.7 %	2.6 %
67% Core FI Policy Index / 33% Non-Core FI Policy Index ³	0.4 %	4.9 %	1.9 %	2.4 %
Real Estate	(5.0)%	(15.1)%	0.3 %	4.6 %
NCREIF-ODCE + 0.2%	(2.3)%	(11.1)%	3.6 %	6.9 %
Natural Resources	(0.6)%	3.8 %	1.6 %	1.8 %
CPI + 3% since October 2019, composite index prior	0.4 %	6.5 %	6.4 %	4.1 %
Private Equity	2.5 %	(1.9)%	13.5 %	13.4 %
Burgiss Global Private Equity Index (since October 2019)	3.0 %	5.8 %	16.8 %	15.1 %
Infrastructure	3.1 %	8.8 %	N/A	N/A
CPI +3%	0.4 %	6.5 %	N/A	N/A
Absolute Return Hedge Funds	2.7 %	8.0 %	6.8 %	4.2 %
HFRI FOF Conservative Index	2.5 %	7.1 %	5.0 %	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

