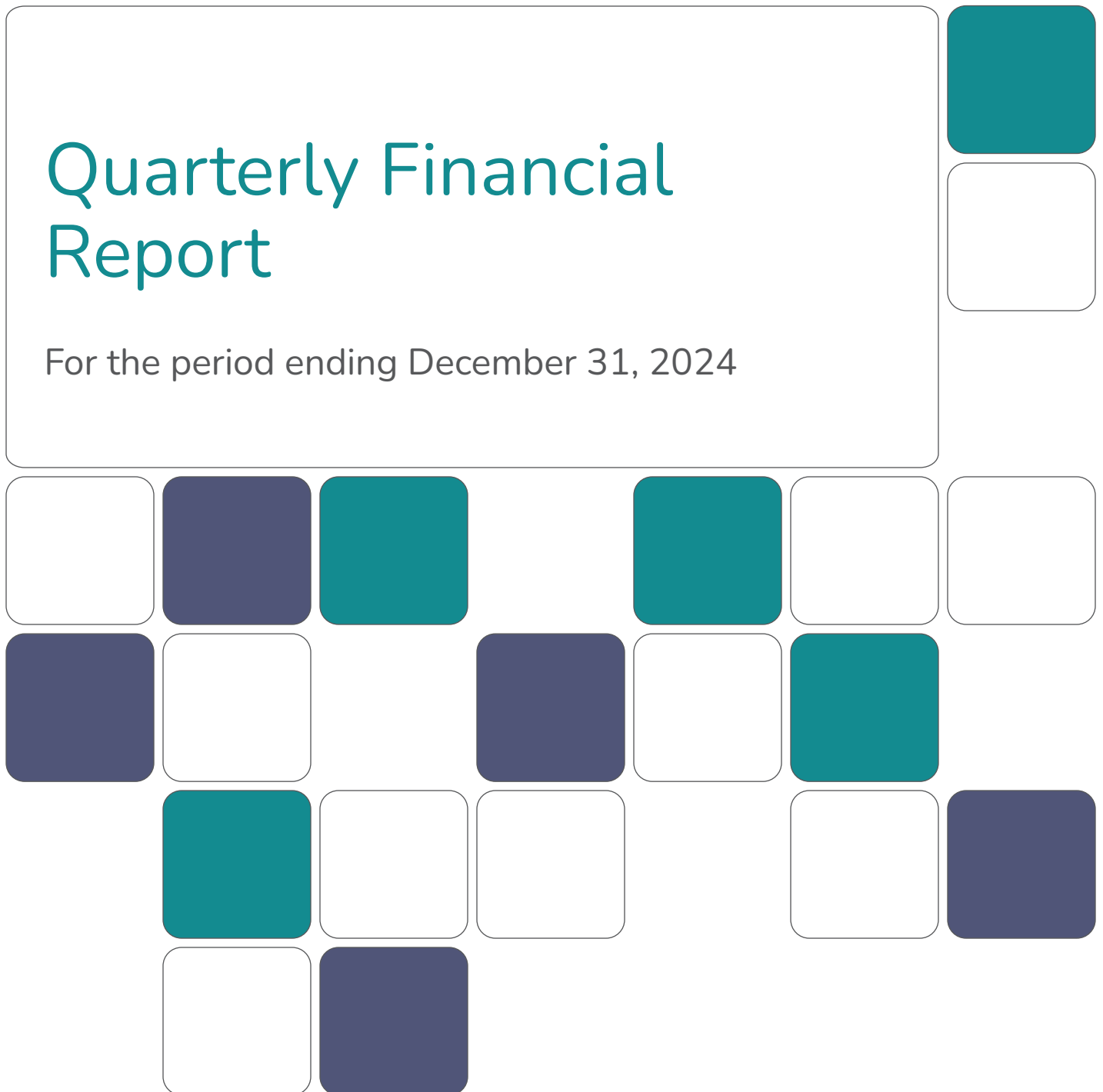


# Quarterly Financial Report

For the period ending December 31, 2024



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## Statement of Net Position

As of December 31, 2024 and December 31, 2023

	12/31/2024 (u)	12/31/2023
<b>Assets</b>		
<b>Cash &amp; short-term investments:</b>		
Cash & short-term investments	\$ 65,033,200	\$ 54,754,251
Security lending collateral	170,756,605	61,700,970
<b>Total cash &amp; short-term investments</b>	<b>235,789,805</b>	<b>116,455,221</b>
<b>Receivable:</b>		
Investment income	2,427,236	1,934,082
Unsettled securities sold	-	2,478,656
Contributions	9,517,042	9,159,813
Leases receivable	56,475	56,475
<b>Total receivable</b>	<b>12,000,753</b>	<b>13,629,026</b>
<b>Investments, at fair value:</b>		
U.S. government obligations	366,985,990	295,916,409
Domestic corporate and other fixed income	254,121,543	302,940,355
Domestic equity	655,895,630	510,492,429
International equity	551,791,715	533,909,954
Real estate	172,703,581	191,834,900
Alternative investments	360,766,849	417,790,675
Absolute return	184,709,380	171,236,709
Infrastructure	79,542,308	72,096,192
<b>Total investments</b>	<b>2,626,516,996</b>	<b>2,496,217,623</b>
<b>Capital assets:</b>		
Property and equipment, net of accumulated depreciation	1,529,228	1,529,228
<b>Total assets</b>	<b>2,875,836,782</b>	<b>2,627,831,098</b>
<b>Liabilities</b>		
Unsettled securities purchased	605,000	14,742
Securities lending obligations	170,756,605	61,700,970
Lease payable	34,650	34,650
Accounts payable	(92,669)	2,144,180
<b>Total liabilities</b>	<b>171,303,586</b>	<b>63,894,542</b>
<b>Deferred inflow of resources</b>	<b>56,475</b>	<b>56,475</b>
<b>Net position restricted for benefits</b>	<b>\$ 2,704,476,721</b>	<b>\$ 2,563,880,081</b>
Net position restricted for benefits	2,654,890,990	2,505,149,356
Net position restricted for DROP benefits	49,585,731	58,730,725
<b>Net position restricted for benefits</b>	<b>\$ 2,704,476,721</b>	<b>\$ 2,563,880,081</b>

(u) Unaudited

## Statement of Change in Net Position

for the 12 month period ended December 31, 2024 and for the year ended December 31, 2023

	12/31/2024 (u)	12/31/2023
<b>Additions:</b>		
<b>Contributions:</b>		
Employer	\$ 172,012,862	\$ 159,584,423
Plan members	80,309,043	75,788,120
<b>Total contributions</b>	<b>252,321,905</b>	235,372,543
<b>Investments income:</b>		
Net appreciation/(depreciation) in fair value of investments	157,832,912	194,982,293
Earning on investment	47,210,623	46,893,824
Investment expenses	(15,866,127)	(16,217,030)
<b>Net investment income from investing activities</b>	<b>189,177,408</b>	<b>225,659,087</b>
Securities lending income	3,607,196	3,627,850
Securities lending borrower rebates	(3,224,991)	(3,318,983)
Securities lending agent fees	(95,526)	(77,189)
<b>Net income from securities lending</b>	<b>286,679</b>	<b>231,678</b>
<b>Net investment income from investing activities</b>	<b>189,464,087</b>	<b>225,890,765</b>
<b>Total additions</b>	<b>441,785,992</b>	<b>461,263,308</b>
<b>Deductions:</b>		
Retired member benefits	278,042,801	269,116,655
DROP benefits	10,150,946	15,612,129
Refund of contributions	7,437,726	6,595,035
Administrative expenses	5,557,879	5,303,549
<b>Total deductions</b>	<b>301,189,352</b>	<b>296,627,368</b>
<b>Net Change</b>	<b>140,596,640</b>	<b>164,635,940</b>
<b>Net position held in trust for benefits</b>		
Beginning of period	2,563,880,081	2,399,244,141
<b>End of period</b>	<b>2,704,476,721</b>	<b>2,563,880,081</b>

Net Position Available for Benefits		
Cost value	Market value	Unrealized
12/31/2024	12/31/2024	gain/(loss)
<u>\$ 2,160,054,129</u>	<u>\$ 2,704,476,721</u>	<u>\$ 544,422,592</u>

(u) Unaudited

### Statement of Change in Net Position

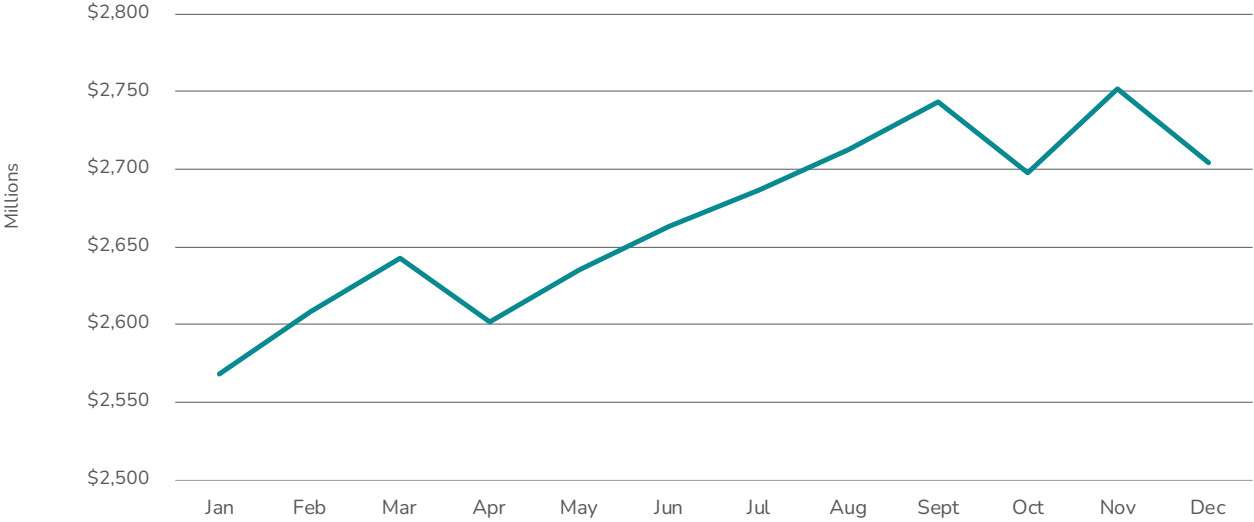
Actuarial value of assets		<u>Funded Ratio</u>
Pension benefits	\$ 2,612,204,774	60.9%
Health benefits	81,782,169	52.1%
<b>Total actuarial value of assets 1/1/2024</b>	<b>\$ 2,693,986,943</b>	60.6%
Unfunded actuarial liability		
Pension benefits	\$ 1,677,037,000	
Health benefits	75,099,000	
<b>Total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

### Statement of Change in Net Position

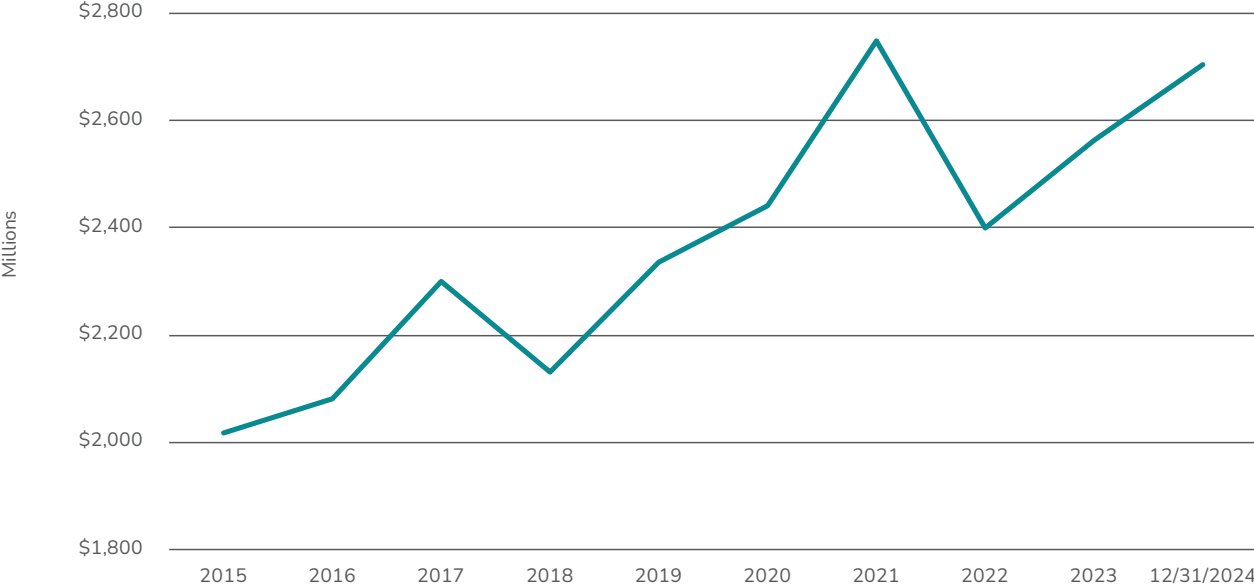
For the quarter ended 12/31/2024	(0.8%)
For the year to date ended 12/31/2024	7.9%
For the 1 year period ended 12/31/2024 (annualized)	7.9%
For the 3 year period ended 12/31/2024 (annualized)	2.8%
For the 5 year period ended 12/31/2024 (annualized)	6.4%
For the 10 year period ended 12/31/2024 (annualized)	6.3%
For the 25 year period ended 12/31/2024 (annualized)	5.7%
For the period beginning 1/1/1986 (annualized)	8.3%

# Market Value of Net Position

12 month period ended December 30, 2024



9 Year Period Ended December 31, 2024



## Analysis of Recent Investment Returns

### Fourth 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.

For the quarter, our portfolio declined 0.8%. In a reversal from the prior quarter, non-US equity markets were down significantly, in large part due to currency moves. Our results were similar to both our overall blended benchmark and our peer group of large public pensions, each of which posted losses of 0.9%.

For the year, the strong US economy coupled with stubborn, yet moderating, inflation was a backdrop for strong domestic equity markets. Non-US equity markets performed decently in local currency terms but produced mediocre results in USD terms. Only emerging markets, particularly China, Taiwan, and India, produced robust results to US investors.

DERP's calendar year return of 7.9% exceeded our 7% target, although it lagged the 9.0% produced by the median public plan. A smaller allocation to US equities in general as well as a smaller exposure to the so-called Magnificent Seven explains most of the difference. Similarly, our overall results trailed our passive fund policy index mostly due to reduced Magnificent Seven holdings. For the last 5-year period, the portfolio has produced a return of 6.4%, 50 basis points behind the blended benchmark and large public plans. For the trailing 10-year period returns were 6.3% and lagged the benchmark and peers by 40 and 60 basis points, respectively.

### Quarterly Portfolio Analysis

During the quarter, our portfolio of US equities gained another 2%, bringing the annual return to 21.6%. Unsurprisingly, most of the gains were produced by large cap stocks. The annual results trailed the broad US equity Russell 3000 return of 23.8% but still represent a strong year.

The international equities portfolio declined 7.3% in the fourth quarter. Returns would have been flat without the large currency moves. The quarterly losses erased much of the prior gains, reducing results for the year to a still-respectable 6.9%. Every active manager within this allocation outperformed its benchmark for the quarter and year.

Fixed income was perfectly flat for the last quarter, with small losses in core fixed income positions offset by similar small gains in private debt. For the year, fixed income results were 5.5% as both core and non-core positions produced expected levels of performance.

The overall real estate portfolio swung to positive in the quarter, indicating the asset class may have reached a bottom. Gains were 1.1% for the quarter, but the year produced a 6.3% loss. We did not rebalance into the asset class as it declined, but contemplate additional purchases in 2025.

Natural resources gave up 2.0% and ended the year with a return of 2.1% on disappointing results from energy offset somewhat by good performance from timber.

Private equity was up 2.9% in the quarter, and the year ended with a 4.7% gain. Increased merger and acquisition and IPO activity has not yet materialized.

Infrastructure gained 1.9% in the last quarter, and has been a steady producer of results, ending the year with a 9.0% return.

Hedge funds declined by 0.1%, and ended the year up 3.6%, slightly underperforming core fixed income but largely independent of macroeconomic conditions.

The full year results participated in the good investing environment that existed in 2024. While our results would have been stronger with a higher allocation to equities- particularly large US growth names- we are consequently less exposed to concentrated risks and elevated equity valuations and better able to weather any downturn.



## Investment Returns (Net of Fees)

for Periods Ended December 31, 2024

	Quarter	1 Year	5 Years <sup>1</sup>	10 Years <sup>1</sup>
<b>Total Fund</b>	<b>(0.8%)</b>	<b>7.9%</b>	<b>6.4%</b>	<b>6.3%</b>
Total Fund Policy Index	(0.9%)	8.7%	6.9%	6.7%
InvMetrics Median Public Fund <sup>2</sup>	(0.9%)	9.0%	6.9%	6.9%
<b>Domestic Equity</b>	<b>2.0%</b>	<b>21.6%</b>	<b>13.3%</b>	<b>12.5%</b>
Russell 3000 Index	2.6%	23.8%	13.9%	12.5%
<b>International Equity</b>	<b>(7.3%)</b>	<b>6.9%</b>	<b>5.4%</b>	<b>5.1%</b>
64% MSCI EAFE Index / 36% MSCI EM Index	(8.1%)	5.3%	3.8%	5.0%
<b>Fixed Income</b>	<b>0.0%</b>	<b>5.5%</b>	<b>1.7%</b>	<b>2.9%</b>
67% Core FI Policy Index / 33% Non-Core FI Policy Index <sup>3</sup>	(1.0%)	4.0%	1.8%	2.6%
<b>Real Estate</b>	<b>1.1%</b>	<b>(6.3%)</b>	<b>(0.2%)</b>	<b>3.6%</b>
NCREIF-ODCE + 0.2%	1.2%	(1.2%)	3.1%	6.0%
<b>Natural Resources</b>	<b>(2.0%)</b>	<b>2.1%</b>	<b>3.1%</b>	<b>2.3%</b>
CPI + 3% since October 2019, composite index prior	1.1%	5.5%	7.1%	4.9%
<b>Private Equity</b>	<b>2.9%</b>	<b>4.7%</b>	<b>12.1%</b>	<b>12.4%</b>
Burgiss Global Private Equity Index (since October 2019)	2.9%	7.9%	15.5%	14.3%
<b>Infrastructure</b>	<b>1.9%</b>	<b>9.0%</b>	<b>N/A</b>	<b>N/A</b>
CPI +3%	1.1%	5.5%	N/A	N/A
<b>Absolute Return Hedge Funds</b>	<b>(0.1%)</b>	<b>3.6%</b>	<b>6.3%</b>	<b>4.0%</b>
HFRI FOF Conservative Index	1.5%	6.6%	5.2%	3.8%

<sup>1</sup> Annualized return

<sup>2</sup> InvMetrics Public Fund > \$1 Billion database

<sup>3</sup> 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

