

SEMI-ANNUAL FINANCIAL REPORT (PERF)

Fiscal Year-to-Date December 31, 2020

Preliminary Unaudited Financial Results

For the mid-year ended December 31,	2020	2019	\$ Change	% Change	MID-YEAR TO MID-YEAR COMPARISON
	(\$ Thousands)				
ADDITIONS					
Retirement Contributions					
Members	\$2,361,822	\$2,437,140	(\$75,318)	(3%)	↓ The decrease in member contributions is primarily attributable to an effective 9.23% reduction in member compensation due to projected State revenue shortfalls in FY2020-21 because of COVID. (State employee members comprise 29% of total CalPERS membership as of 6/30/20.)
Employers	\$11,486,795	\$13,962,771	(\$2,475,976)	(18%)	↓ Decrease this period results from SB 90 which in the prior period added \$3.4B in additional contributions for State Safety, Schools, and State Misc pools, among others, with no such activity this period; partially offsetting this, employer contributions increased by \$0.4B this period compared to prior period (effective 7/1/20, employer contribution rates increased between 0.1% and 1.3% for State, 1.0% for schools, and 2.8% and 4.0% on average for public agency miscellaneous and safety plans, respectively).
Total Retirement Contributions	\$13,848,617	\$16,399,911	(\$2,551,294)	(16%)	↓
Investment & Other Income					
Net Appreciation (Depreciation) in Fair Value of Investments	\$59,119,029	\$17,933,098	41,185,931	230%	↑ Net Appreciation includes both unrealized and realized gains. Increase is due to higher investment returns this year. Total half-year net investment return increased from 5.7% at 12/31/19 to 13.4% at 12/31/20.
Interest & Amortization	1,350,515	1,352,754	(2,239)	(0%)	↓ n/a
Dividends	2,022,539	2,285,407	(262,868)	(12%)	↓ Dividend income will vary depending on the specific dividend payment policies of holdings within global equity securities.
Other Investment Income	155,955	15,081	140,874	934%	↑ Increase is primarily due to gains in opportunistic strategy holdings this period.
<i>Less Investment Expenses:</i>					
Management & Performance Fees	(307,991)	(375,366)	67,375	(18%)	↓ Decrease results primarily from a \$92M decrease in real asset external investment manager performance fees this period, compared to the prior period, partially offset by a \$24M increase in expenses in public and private equity management base fees.
Other [1]	(113,343)	(122,167)	8,824	(7%)	↓ Decrease results primarily from a combined decrease of \$12M in State Street, software and consultant fees, partially offset by \$7M in higher dividend tax withheld expense, compared to prior period; additionally, INVO salary and other admin expenses decreased \$3.5M this period.
Net Investment & Other Income	\$62,226,704	\$21,088,807	\$41,137,897	195%	↑
Securities Lending Income	\$47,843	\$81,013	(33,170)	(41%)	↓ Securities lending (SL) income does not necessarily correlate to prior years balances due to CalPERS auctioning all asset classes every year - current activity is reflective of current demand to borrow securities. As such, these balances will fluctuate from year to year. Decrease this year results from a \$39.7M decrease in SL collateral reinvestment earnings, partially offset by a \$6.5M increase in lending fee income.
Securities Lending Expense	(\$5,734)	(\$41,923)	\$36,189	(86%)	↓ Securities lending (SL) expenses reflect lending costs that year only, and there is no correlation in SL expenses from year to year. Decrease results from a \$36.1M decrease in SL rebates paid, plus a \$0.1M decrease in lending expenses (fees paid to SL agents, etc).
Net Securities Lending	\$42,109	\$39,090	\$3,019	8%	↑
Other Income	\$3,613	\$5,035	(1,422)	(28%)	↓ Unclaimed benefits over 4 years are escheated and recorded as other income. Variance in activity will vary depending on the \$ amount, and the number of unclaimed benefits escheated.
Plan-to-Plan Resource Movement	\$221	\$191	30	16%	↑ Balances represent the internal transfer of funds resulting from adjustments in balances between PERF A, B, and C.
TOTAL ADDITIONS	\$76,121,264	\$37,533,034	\$38,588,230	103%	↑
DEDUCTIONS					
Retirement, Death & Survivor Benefits	(\$13,481,149)	(\$12,683,461)	(\$797,688)	6%	↑ Number of retirees & beneficiaries continues to increase based on the fiscal year-end numbers. The number of retirees and beneficiaries increased by 2.9%, from 712,115 as of 6/30/19 to 732,529 as of 6/30/20. Note: member data only run at fiscal year end (quarterly data unavailable for trending purposes)
Refund of Contributions	(131,519)	(169,135)	37,616	(22%)	↓ Decrease in members separating from the plan. This activity will naturally vary year to year depending on the number of participants who elect to separate from PERS.
Plan to Plan Resource Movement	(\$221)	(\$191)	(30)	16%	↑ Balances represent the internal transfer of funds resulting from adjustments in balances between PERF A, B, and C.
Administration Costs [2]	(164,460)	(161,495)	(2,965)	2%	↑ n/a
TOTAL DEDUCTIONS	\$ (13,777,349)	\$ (13,014,282)	\$ (763,067)	6%	↑
Change in Net Position	\$62,343,915	\$24,518,752	\$37,825,163	154%	↑
NET POSITION					
Beginning of Year	\$ 392,452,541	\$ 372,611,433	\$ 19,841,108	5%	↑ From July 2019
Net Position, December 31	\$ 454,796,456	\$ 397,130,185	\$ 57,666,271	15%	↑ From December 2019

[1] OTHER INVESTMENT EXPENSES

Other investment expenses includes administrative and legal costs incurred in the Investment office (INVO), dividend tax withheld, other tax related expenses, and investment related consultant services.

[2] ADMINISTRATION COSTS

Administrative costs include personnel service, external consultant and professional services, and operating expenses and equipment. Excludes INVO admin expenses for both FY's.