

# SEMI-ANNUAL FINANCIAL REPORT (PERF)

Fiscal Year-to-Date December 31, 2023

## Preliminary Unaudited Financial Results

For the mid-year ended December 31,	2023	2022	\$ Change	% Change	MID-YEAR TO MID-YEAR COMPARISON
	(\$ Thousands)				
<b>ADDITIONS</b>					
<b>Retirement Contributions</b>					
Members	\$3,079,418	\$2,802,910	\$276,508	10%	↑ The increase in member contributions is primarily attributable to an increase in covered payroll resulting from: (1) The number of active PEPRA members who contribute at higher rate continues to increase. As of 6/30/23, PEPRA membership increased by 14.2% from the prior year, while Classic membership decreased by 7.2% (2) State employee salary increase effective July 1, 2023; pay for employees represented by Local 1000 increased by 3%.
Employers	\$14,532,873	\$15,470,907	(\$938,034)	(6%)	↓ Effective 7/1/23, employer contribution rates changed between 0.1% increase and 3.7% decrease for State plans; increased 1.3% for schools; and increased 0.042% and decreased 1.807% on average for public agency miscellaneous and safety plans, respectively.
<b>Total Retirement Contributions</b>	<b>\$17,612,291</b>	<b>\$18,273,817</b>	<b>(\$661,526)</b>	<b>(4%)</b>	<b>↓</b>
<b>Investment &amp; Other Income</b>					
Net Appreciation (Depreciation) in Fair Value of Investments	\$18,971,264	(\$1,923,119)	20,894,383	1086%	↑ 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 0.1% at 12/31/22 to 4.38% at 12/31/23.
Interest & Amortization	1,217,663	1,539,732	(322,069)	(21%)	↓ Decrease results primarily from a greater loss in short-term securities interest (-\$699k) in the current period, partially offset by an increase in fixed income interest revenue (+\$365M).
Dividends	2,149,594	2,258,565	(108,971)	(5%)	↓ Dividend income will vary depending on the specific dividend payment policies of holdings within global equity securities.
Other Investment Income	12,618	12,851	(233)	(2%)	↓ Other investment income is primarily made up of bank loan interest and cash proceeds from stock litigation settlements.
<i>Less Investment Expenses:</i>					
Management & Performance Fees	(523,065)	(399,601)	123,464	31%	↑ Increase results from: (1) \$70M increase in private equity and private debt management fees (2) \$43M increase in performance fees (global equity and real assets) (3) \$10M increase in base fees (all asset classes).
Other [1]	(202,727)	(178,494)	24,233	14%	↑ Increase results primarily from \$50M increase in dividend and dividend tax expenses, partially offset by \$32M decrease in taxes.
<b>Net Investment &amp; Other Income</b>	<b>\$21,625,347</b>	<b>\$1,309,934</b>	<b>\$20,315,413</b>	<b>1551%</b>	<b>↑</b>
Securities Lending Income	\$252,081	\$141,850	110,231	78%	↑ 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. Increase this year results almost entirely from higher reinvestment income.
Securities Lending Expense	(\$218,058)	(\$106,548)	111,510	105%	↑ Securities lending (SL) expenses reflect lending costs that year only, and there is no correlation in SL expenses from year to year. Increase results almost entirely from higher rebate expense, compared to the prior period.
<b>Net Securities Lending</b>	<b>\$34,023</b>	<b>\$35,302</b>	<b>(\$1,279)</b>	<b>(4%)</b>	<b>↓</b>
Other Income	\$9,470	\$4,561	4,909	108%	↑ Increase results primarily from \$4.9M increase in revenue from deposits of unclaimed benefits over 4 years.
Plan-to-Plan Resource Movement	\$139	\$288	(149)	(52%)	↓ Balances represent the internal transfer of funds resulting from adjustments in balances between PERF A, B, and C.
<b>TOTAL ADDITIONS</b>	<b>\$39,281,270</b>	<b>\$19,623,902</b>	<b>\$19,657,368</b>	<b>100%</b>	<b>↑</b>
<b>DEDUCTIONS</b>					
Retirement, Death & Survivor Benefits	(\$16,179,654)	(\$15,307,114)	872,540	6%	↑ Number of retirees & beneficiaries continues to increase based on the fiscal year end numbers. The number of retirees and beneficiaries increased by 1.8%, from 775,285 as of 6/30/22 to 789,016 as of 6/30/2023. Note: Member data is only generated at fiscal year end (quarterly data unavailable for trending purposes).
Refund of Contributions	(187,924)	(204,922)	(16,998)	(8%)	↓ 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	(\$139)	(\$288)	(149)	(52%)	↓ Balances represent the internal transfer of funds resulting from adjustments in balances between PERF A, B, and C.
Administration Costs [2]	(164,958)	(\$166,081)	(1,123)	(1%)	↓
<b>TOTAL DEDUCTIONS</b>	<b>\$ (16,532,675)</b>	<b>\$ (15,678,405)</b>	<b>\$ 854,270</b>	<b>5%</b>	<b>↑</b>
<b>Change in Net Position</b>	<b>\$22,748,595</b>	<b>\$3,945,497</b>	<b>\$18,803,098</b>	<b>477%</b>	<b>↑</b>
<b>NET POSITION</b>					
Beginning of Year	\$ 464,578,159	\$ 439,359,026	\$ 25,219,133	6%	↑ From July 2022
<b>Net Position, December 31</b>	<b>\$ 487,326,754</b>	<b>\$ 443,304,523</b>	<b>\$ 44,022,231</b>	<b>10%</b>	<b>↑ From December 2022</b>

### [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 FYs.