

## SEMI-ANNUAL FINANCIAL REPORT (PERF)

Fiscal Year-to-Date December 31, 2016

### Preliminary Unaudited Financial Results

Fiscal Year to Date, December 31	2016	2015	\$ Change	FISCAL YEAR TO DATE COMPARISON
	(\$ Thousands)			
Net Position, July 1	\$ 298,704,002	\$ 302,764,518	\$ (4,060,516)	(1%) ↓ From July 2015
Contributions	8,760,808	7,905,967	854,841	11% ↑ Employer contribution rates increased between 0.6% and 3.3% for State, and 2.0% for schools. Additionally, the number of active members who contribute increased by 0.5%, based on the fiscal year end numbers
Pension Benefits	(10,424,055)	(9,893,454)	530,601	5% ↑ The number of benefit recipients increased by 6.1%, based on the fiscal year end numbers
Termination and Refund Benefits	(105,445)	(113,097)	(7,652)	(7%) ↓ Decrease is due to a reduction in members separating from the plan. Note: refund benefits will vary due to the nature of refund related activity
Administration Costs [1]	(135,659)	(158,392)	(22,733)	(14%) ↓ Decrease in administrative expenses are due to:  a) CalPERS share of State's administrative costs for Q1 & Q2 2016-17 for \$14.2M was not included due to the timing of when the invoice was received; Q1 & Q2 2015-16 was \$12.7M  b) Consultant service external expenses decreased by \$8.3M, as CalPERS is reducing reliance on external consultants
	(1,904,351)	(2,258,976)	1,355,057	
Investment & Other Income	11,596,123	(8,518,646)	20,114,769	236% ↑ Market conditions improved in FY2016-17, resulting in higher investment returns, most notably in the Global Equity and Private Equity asset classes
Investment Management Fees	(169,883)	(350,667)	(180,784)	(52%) ↓ Incentive fees for real assets decreased, as unrealized gains reported by partnerships decreased
Other Investment Expenses [2]	(84,013)	(74,984)	9,029	12% ↑ Increase in dividend expense, dividend tax withheld, tax expense, and external manager advisor fees
<b>Total Increase/Decrease</b>	<b>9,437,876</b>	<b>(11,203,273)</b>	<b>21,298,071</b>	
Net Position, December 31	\$ 308,141,878	\$ 291,561,245	\$ 17,237,555	6% ↑ From December 2015

#### [1] ADMINISTRATIVE COSTS

Administrative costs include personnel services, external consultant and professional services, and operating expenses and equipment

#### 2] 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 external manager advisor fees