

## SEMI-ANNUAL FINANCIAL REPORT (PERF)

Fiscal Year-to-Date December 31, 2021

## Preliminary Unaudited Financial Results

For the mid-year ended December 31,	2021	2020	\$ Change	% Change	MID-YEAR TO MID-YEAR COMPARISON
	(\$ Thousands)				
<b>ADDITIONS</b>					
<b>Retirement Contributions</b>					
Members	\$2,552,257	\$2,361,822	\$190,435	8%	↑ The increase in member contributions is primarily attributable to the lifting of the 9.23% reduction in member compensation in FY 2021-22 which was in effect during the prior period (state employee members comprise 29% of total CalPERS membership as of 6/30/20.) Additionally, the number of active PEPRAs who contribute at higher rates than Classic members continues to increase. As of 6/30/21 there were 575,778 active PEPRAs employees, compared to 526,579 at 6/30/20, an increase of 9.3% (most recent data available); Classic member count fell 5.3% to 750,899 from 792,974 over the same time period.
Employers	\$14,794,359	\$11,486,795	\$3,307,564	29%	↑ Increase this period results from additional employer service contributions of \$2.88 from the state that were applied toward the unfunded actuarial liability this year and from the lifting of the 9.23% reduction in state payroll taken place in prior year. (Effective 7/1/21, employer contribution rates decreased between 2.0% and 15.8% for state, but increased 2.2% for schools, and 1.7% and 2.5% on average for public agency miscellaneous and safety plans, respectively).
<b>Total Retirement Contributions</b>	<b>\$17,346,616</b>	<b>\$13,848,617</b>	<b>\$3,497,999</b>	<b>25%</b>	<b>↑</b>
<b>Investment &amp; Other Income</b>					
Net Appreciation (Depreciation) in Fair Value of Investments	\$18,140,718	\$59,119,029	(40,978,311)	(69%)	↓ Net Appreciation includes both unrealized and realized gains. Decrease is due to lower investment returns this year. Total half-year net investment return decreased from 13.4% at 12/31/20 to 5.9% at 12/31/21.
Interest & Amortization	1,461,991	1,350,515	111,476	8%	↑ Increase results from fixed income interest revenue higher by \$154M this period, partially offset by fixed income amortization premium/discount (offset) higher by \$42M.
Dividends	2,454,794	2,022,539	432,255	21%	↑ Dividend income will vary depending on the specific dividend payment policies of holdings within global equity securities.
Other Investment Income	28,694	155,955	(127,261)	(82%)	↓ Decrease is primarily due to lower gains in opportunistic strategy holdings this period.
Less Investment Expenses:					
Management & Performance Fees	(408,130)	(307,991)	100,139	33%	↑ Increase results primarily from an increase of \$51M in private equity and private debt management fees, of \$31M in performance fees (global equity and real assets), and of \$17M in base fees (all asset classes).
Other [1]	(188,348)	(113,343)	75,005	66%	↑ Increase results primarily from increases in expenses for dividend tax withheld (\$33M), dividend short accrual (\$23M), taxes (\$9M), software (\$5M), custody (\$2M), and INVO payroll (\$2M).
<b>Net Investment &amp; Other Income</b>	<b>\$21,489,719</b>	<b>\$62,226,704</b>	<b>(\$40,736,985)</b>	<b>(65%)</b>	<b>↓</b>
Securities Lending Income	\$58,965	\$47,843	11,122	23%	↑ 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 lending fee income.
Securities Lending Expense	(\$13,668)	(\$5,734)	7,934	138%	↑ 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 lending expenses (fees paid to SL agents, etc.).
<b>Net Securities Lending</b>	<b>\$45,297</b>	<b>\$42,109</b>	<b>\$3,188</b>	<b>8%</b>	<b>↑</b>
Other Income	\$5,486	\$3,613	1,873	52%	↑ Increase this period results primarily from \$1.2M adjustment to appropriation for executive order EO E 21/22-150 related to COVID-19 (reimbursement for payroll costs incurred for team members redirected to COVID-19 contact tracing activities), with no such in the prior period; additionally, revenue from deposits of unclaimed benefits over 4 years was \$1.0M higher, partially offset by \$0.4M lower parking facility income.
Plan-to-Plan Resource Movement	\$4,693	\$221	4,472	2024%	↑ Balances represent the internal transfer of funds resulting from adjustments in balances between PERF A, B, and C.
<b>TOTAL ADDITIONS</b>	<b>\$38,891,811</b>	<b>\$76,121,264</b>	<b>(\$37,229,453)</b>	<b>(49%)</b>	<b>↓</b>
<b>DEDUCTIONS</b>					
Retirement, Death & Survivor Benefits	(\$14,297,007)	(\$13,481,149)	815,858	6%	↑ Number of retirees & beneficiaries continues to increase based on the fiscal year end numbers. The number of retirees and beneficiaries increased by 2.5%, from 732,529 as of 6/30/20 to 750,618 as of 6/30/21 (most recent data available).
Refund of Contributions	(145,813)	(131,519)	14,294	11%	↑ Increase 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	(\$4,693)	(\$221)	4,472	2024%	↑ Balances represent the internal transfer of funds resulting from adjustments in balances between PERF A, B, and C.
Administration Costs [2]	(170,410)	(164,460)	5,950	4%	↑ Increase results mostly from higher payroll expense.
<b>TOTAL DEDUCTIONS</b>	<b>\$ (14,617,923)</b>	<b>\$ (13,777,349)</b>	<b>\$ 840,574</b>	<b>6%</b>	<b>↑</b>
<b>Change in Net Position</b>	<b>\$24,273,888</b>	<b>\$62,343,915</b>	<b>(\$38,070,027)</b>	<b>(61%)</b>	<b>↓</b>
<b>NET POSITION</b>					
Beginning of Year	\$ 477,322,748	\$ 392,452,541	\$ 84,870,207	22%	↑ From July 2020
Net Position, December 31	\$ 501,596,636	\$ 454,796,456	\$ 46,800,180	10%	↑ From December 2020

**[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.