

SEMI-ANNUAL FINANCIAL REPORT (PERF)

Fiscal Year-to-Date December 31, 2022

Preliminary Unaudited Financial Results

For the mid-year ended December 31,	2022	2021	\$ Change	% Change	MID-YEAR TO MID-YEAR COMPARISON
	(\$ Thousands)				
ADDITIONS					
Retirement Contributions					
Members	\$2,802,910	\$2,552,257	\$250,653	10%	↑
					The increase in member contributions is primarily attributable to an increase in covered payroll resulting from: 1. State employee salary increase effective July 1, 2022; pay for employees represented by Local 1000 increased by 2.5%. 2. The number of active PEPRA members who contribute at higher rates than Classic members continues to increase. As of 6/30/22 there were 480,024 active PEPRA employees, compared to 422,403 at 6/30/21, an increase of 13.6% (most recent data available); Classic member count fell 7.9% to 404,919 from 439,627 over the same time period.
Employers	\$15,470,907	\$14,794,359	\$676,548	5%	↑
					Effective 7/1/22, employer contribution rates increased between 2.7% and 17.2% for State, 2.5% for schools, and between 2.1% and 3.6% on average for public agency miscellaneous and safety plans (respectively).
Total Retirement Contributions	\$18,273,817	\$17,346,616	\$927,201	5%	↑
Investment & Other Income					
Net Appreciation (Depreciation) in Fair Value of Investments	(\$1,923,119)	\$18,140,718	(20,063,837)	(111%)	↓
					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 5.9% at 12/31/21 to 0.1% at 12/31/22.
Interest & Amortization	1,539,732	1,461,991	77,741	5%	↑
					Increase results from fixed income interest revenue higher by \$154M this period and lower fixed income amortization debit balance (offset to income) by \$167M, partially offset by decreases in short-term securities interest income (lower by \$249M).
Dividends	2,258,565	2,454,794	(196,229)	(8%)	↓
					Dividend income will vary depending on the specific dividend payment policies of holdings within global equity securities.
Other Investment Income	12,851	28,694	(15,843)	(55%)	↓
					Decrease is primarily due to lower gains in opportunistic strategy holdings this period.
<i>Less Investment Expenses:</i>					
Management & Performance Fees	(399,601)	(408,130)	(8,529)	(2%)	↓
					Decrease results primarily from a decrease of (\$63M) in performance fees (global equity and real assets), partially offset by increases of \$15M in base fees (all asset classes), and \$40M increase in private equity and private debt management fees.
Other [1]	(178,494)	(188,348)	(9,854)	(5%)	↓
					Decrease results primarily from decreases in dividend and dividend tax expenses (\$36M), partially offset by increases in taxes \$28M.
Net Investment & Other Income	\$1,309,934	\$21,489,719	(\$20,179,785)	(94%)	↓
Securities Lending Income	\$141,850	\$58,965	82,885	141%	↑
					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	(\$106,548)	(\$13,668)	92,880	680%	↑
					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.
Net Securities Lending	\$35,302	\$45,297	(\$9,995)	(22%)	↓
Other Income	\$4,561	\$5,486	(925)	(17%)	↓
					Decrease this period results primarily from \$1.2M received in the prior period per 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 current period; additionally, revenue from deposits of unclaimed benefits over 4 years was \$0.2M lower.
Plan-to-Plan Resource Movement	\$288	\$4,693	(4,405)	(94%)	↓
					Balances represent the internal transfer of funds resulting from adjustments in balances between PERF A, B, and C.
TOTAL ADDITIONS	\$19,623,902	\$38,891,811	(\$19,267,909)	(50%)	↓
DEDUCTIONS					
Retirement, Death & Survivor Benefits	(\$15,307,114)	(\$14,297,007)	1,010,107	7%	↑
					Number of retirees & beneficiaries continues to increase based on the fiscal year end numbers. The number of retirees and beneficiaries increased by 3.3%, from 750,618 as of 6/30/21 to 775,285 as of 6/30/22 (most recent data available).
Refund of Contributions	(204,922)	(145,813)	59,109	41%	↑
					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	(\$288)	(\$4,693)	(4,405)	(94%)	↓
					Balances represent the internal transfer of funds resulting from adjustments in balances between PERF A, B, and C.
Administration Costs [2]	(166,081)	(170,410)	(4,329)	(3%)	↓
					Decrease results primarily from decreases in IT equipment (\$3M) and software (\$3M) expenses, partially offset by increases in software/hardware maintenance of \$4M.
TOTAL DEDUCTIONS	\$ (15,678,405)	\$ (14,617,923)	\$ 1,060,482	7%	↑
Change in Net Position	\$3,945,497	\$24,273,888	(\$20,328,391)	(84%)	↓
NET POSITION					
Beginning of Year	\$ 439,359,026	\$ 477,322,748	\$ (37,963,722)	(8%)	↓
					From July 2021
Net Position, December 31	\$ 443,304,523	\$ 501,596,636	\$ (58,292,113)	(12%)	↓
					From December 2021

[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.