

# Update on the Denver Employees Retirement Plan



Briefing for the Denver City Council  
Finance Committee  
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# Superior Investment Performance

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- For calendar year 2007, our return of 11.20% ranked in the **top 5%** of public pension funds nationally (per the CAI PFS Database)
- For the most recent, rolling 4-quarter period for which comparative data have been published, end of Second Quarter 2008, our return of -2.05% ranked in the **top 10%** of public pension funds nationally

# But Now...

## Enormous Volatility

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- Prior to March, 2007, the equity markets went 900-plus days without a 2% or greater down day, the longest run since 1950 (2% down = a 200 point movement in the Dow currently)
- Now, for **30 of the last 34 straight trading days**, the Dow has seen a **triple-digit swing** from the prior day's close -- unprecedented
- Further, volatility *within* the trading day has become the norm: on October 16, the Dow changed directions **75 times** during the session; on October 27, the Dow crossed between positive and negative territory **60 times**

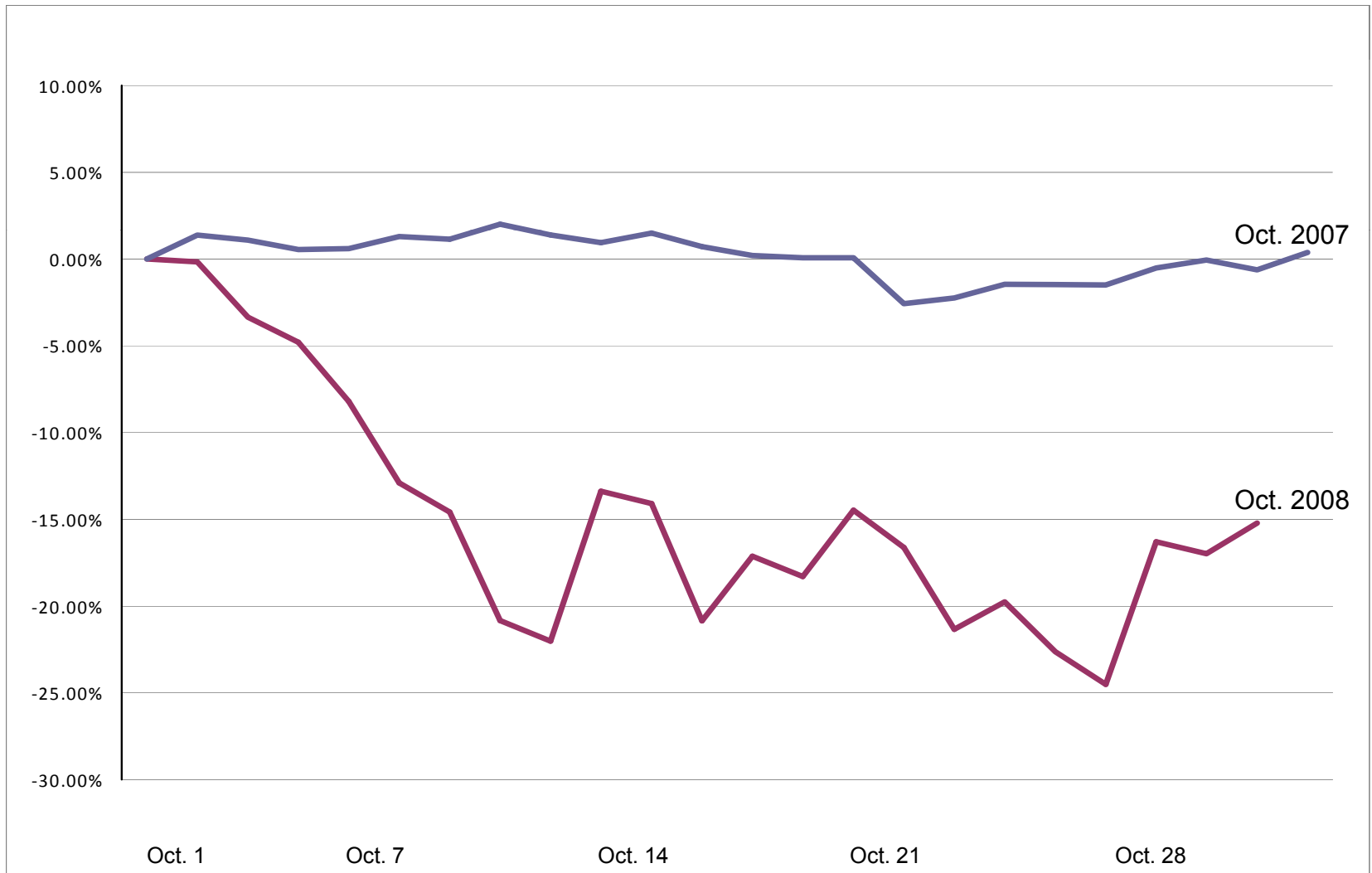
# Example of that Volatility

- The week of October 13 saw the Dow:

Monday:	up 936 points
Tuesday:	down 76 points
Wednesday:	down 733 points
Thursday:	up 401 points
Friday:	down 127 points

- A “good” week, with the net change up 401 points, or 4.75%
- But on the heels of the prior week, which was the Dow’s worst week ever, when it fell 18.20%

# Comparison of DJIA Daily Performance October 2007 vs. October 2008



# Strengths in our Favor

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- Nearly fully-funded status of **98.2%** at the beginning of the year, compared to a national average of approximately 85% funded status
- Broad, deep diversification of assets: over 13,500 holdings
- An asset allocation that has served us well
- A solid organization, with a dedicated Board and stable staff

# Other Significant Developments During the Year

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- Per the renegotiated Agreement between DERP and Denver Health (DHHA), requiring DHHA to make an annual Supplemental Contribution to DERP, the amount to be paid in 2008 is **\$2,100,976.**
- The one-time Additional Benefit Payment to all retirees, allowed by the August, 2008 change in Ordinance, was very well received by the membership, with 167 positive calls/comments received after the payments were made, and 1 negative.