FOR FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

City of Phoenix Employees' Retirement System

COPERS

A Component Unit of the City of Phoenix, Arizona

Annual Comprehensive Financial Report

BUILDING THE PHOENIX OF TOMORROW

COPERS

CITY OF PHOENIX
EMPLOYEES' RETIREMENT PLAN
(A Component Unit of the City of Phoenix, Arizona)

SEVENTY-NINTH
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
JUNE 30, 2025 and 2024

200 West Washington Ave, 10th Floor
Phoenix, Arizona 85003
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FAX (602) 495-2008

Prepared by:
City of Phoenix
Employees' Retirement System
and
City of Phoenix
Finance Department

COPERS

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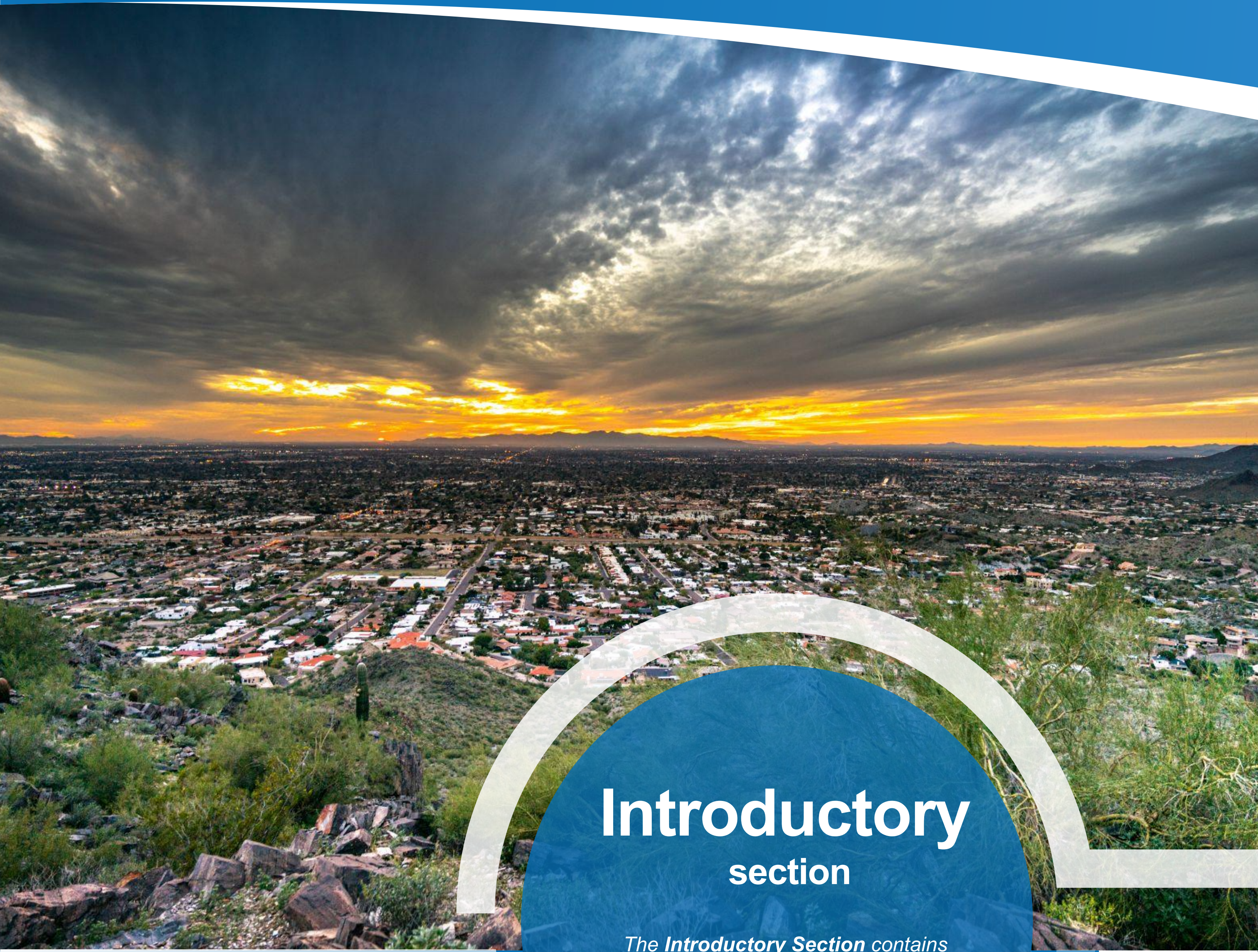


Introductory
section

*The **Introductory Section** contains the Certificate of Achievement for Excellence in Financial Reporting, the letter of transmittal, the Retirement Board structure, the administrative organization and the Chairperson’s Report.*

COPERS

City of Phoenix
RETIREMENT SYSTEM

November 14, 2025

Esteemed Members of the City of Phoenix Employees' Retirement System, Members of the Retirement Board, and Mayor and City Council:

We are pleased to present the City of Phoenix Employees' Retirement System (COPERS) Annual Comprehensive Financial Report (ACFR) for the fiscal years ended June 30, 2025, and June 30, 2024. This annual report contains information regarding COPERS' administration, financial statements, investments, actuarial and statistical data.

COPERS is governed by the City of Phoenix Employees' Retirement Law of 1953 (Chapter XXIV of the City of Phoenix Charter). This law has been revised over the years, with the latest amendment approved by the City of Phoenix voters on August 25, 2015.

The ACFR is presented with a commitment to accuracy, completeness, and transparency, with responsibility resting with the Retirement Board. The Retirement Office and the City's Finance Department have diligently managed COPERS' record-keeping, financial statements, and investment oversight. We are confident that this report is accurate in all material respects, reflecting COPERS' Fiduciary Net Position and Changes in Fiduciary Net Position. Comprehensive disclosures are included to ensure readers fully understand COPERS' financial activities. For a detailed narrative of our financial performance and key highlights for the fiscal years ending June 30, 2024, and June 30, 2025, we invite readers to explore the Management's Discussion and Analysis section beginning on page 26.

Internal Controls- Internal controls are procedures designed to safeguard assets from loss, theft, or misuse; ensure the accuracy and reliability of accounting data; enhance operational efficiency; and promote adherence to managerial policies. The COPERS Board and City of Phoenix management are responsible for establishing a robust system of internal controls to provide reasonable assurance that these objectives are achieved. Recognizing that the costs of controls should not outweigh their benefits, the system is designed to offer reasonable, rather than absolute, assurance that financial statements are free of material misstatements. The City Auditor's Department collaborates with the COPERS Board to review audit plans and present findings. Additionally, the City maintains budgetary controls to ensure compliance with the annual budget approved by the Mayor and City Council.

Independent Audit- The COPERS Board engaged Forvis Mazars, LLP to audit and render an opinion on the fairness of COPERS' 2025 financial statements. This report adheres to the Governmental Accounting Standards Board's principles. COPERS uses accrual-based accounting, recognizing revenues when earned and expenses when incurred. The City's internal controls ensure the accuracy, reliability, and integrity of all financial records.

COPERS History- COPERS, a qualified retirement plan under the Internal Revenue Code, provides retirement, survivor, and disability benefits to City of Phoenix general employees, with the COPERS Board as trustee. The Mayor and City Council join the Elected Officials Retirement Plan of Arizona (EORPA), while sworn police and fire employees participate in the Arizona Public Safety Personnel Retirement System (AZPSPRS), both established by Arizona statute. State Boards manage EORPA and AZPSPRS benefits, investments, and administration, issuing separate financial reports. The City's Fire and Police Pension Boards ensure AZPSPRS compliance, supported by the COPERS Retirement Program Administrator and staff.

Administrative Budget- The City provides an annual budgetary allocation for COPERS' administration with an annual budget of $2.322 million for the fiscal year ended June 30, 2025. Most investment-related expenses, including custody costs, investment management fees, and consultant fees, totaling $20.548 million, are paid directly from Plan assets, equating to 0.52% of total assets.

Professional Services- The COPERS Board engages distinguished professional consultants to ensure the administration of the City of Phoenix Employees' Retirement System in accordance with its fiduciary obligations. Gabriel Roeder Smith & Company (GRS) provides expert actuarial services and certification. The Bank of New York Mellon serves as the master custodian, safeguarding Plan assets. Meketa Investment Group delivers comprehensive investment performance analysis, strategic asset allocation guidance, and advisory services. Aksia provides specialized expertise in real estate investments. The City Attorney's Office provides legal representation, with Ice Miller retained for outside legal services in the event the City Attorney's office has a conflict or for specialized legal work.

Investment Performance- COPERS maintains a diversified strategic asset allocation to optimize returns within prudent risk parameters. As of June 30, 2025, COPERS' net position increased by $297,309 from $3,615,815 billion in FY 2024 to $3,913,124 billion. On a fair value basis, the investment rate of return for fiscal year 2025 was 8.6%, compared with 7.30% in fiscal year 2024. The funded ratio, based on fair asset value, rose from 72.62% for FY 2024 to 74.65% for FY 2025. For details on investment policies and performance, see the Investment section beginning on page 59.

Funded Status- COPERS contracts with an independent actuarial firm, GRS, each year to conduct a valuation of pension liabilities, funding progress, and actuarially determined contributions, while evaluating experience variances. The City of Phoenix has adopted a Pension Funding Policy that serves as a roadmap to a fully funded pension plan. The Policy underscores its commitment to contributing at least 100% of the actuarially determined amount and implementing strategic measures to achieve full funding, thereby ensuring COPERS' long-term financial integrity.

Awards- The Government Finance Officers Association (GFOA) awarded COPERS the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2024, for superior fiduciary reporting and transparency, recognizing COPERS for the 39th consecutive year. COPERS also received the Public Pension Standards Award for Funding and Administration. This award was presented by the Public Pension Coordinating Council, a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and National Council on Teacher Retirement. This is the 13th year COPERS has applied for and received this award.

Conclusion- The COPERS Retirement Board remains wholeheartedly committed to its fiduciary responsibilities, serving active members, retirees, and beneficiaries with integrity. This report offers clear and essential insights into the pension plan's operations and financial standing. We sincerely thank the Retirement Board, Finance Department, and COPERS staff for their outstanding dedication and service to our valued members.

Sincerely,

Brett B. Hutchison

Hon. Brett B. Hutchison
Retirement Board Chair

Scott Steventon

Scott Steventon
Retirement Program Administrator

COPERS

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Phoenix Employees' Retirement Plan
Arizona

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2025

Presented to

City of Phoenix Employees' Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Robert A. Wylie
Program Administrator

COPERS

Retirement Board



BRETT HUTCHISON
Chairperson, Retirement Board
Elected Board Member

AARON AVILA
Vice Chairperson, Retirement Board
Elected Board Member

INGER ERICKSON
Deputy City Manager
City of Phoenix
Ex-Officio Board Member



JOE JATZKEWITZ
Assistant Finance Director/City Treasurer
City of Phoenix
Ex-Officio Board Member

DAVE MATHEWS
Deputy City Manager
City of Phoenix
Ex-Officio Board Member

KATHLEEN GITKIN
Chief Financial Officer
City of Phoenix
Ex-Officio Board Member



ROB SWEENEY
Retiree Board Member

STEPHEN VITAL
Elected Board Member

ALAN MAGUIRE
Citizen Board Member

Retirement Board Committees

Investment Committee

Aaron Avila, Chairperson
Stephen Vital, Vice Chairperson
Brett Hutchison
Kathleen Gitkin
Joe Jatzkewitz
Rob Sweeney
Alan Maguire

Charter Amendments/ Policies & Procedures Committee

Brett Hutchison, Chairperson
Kathleen Gitkin
Stephen Vital
David Mathews

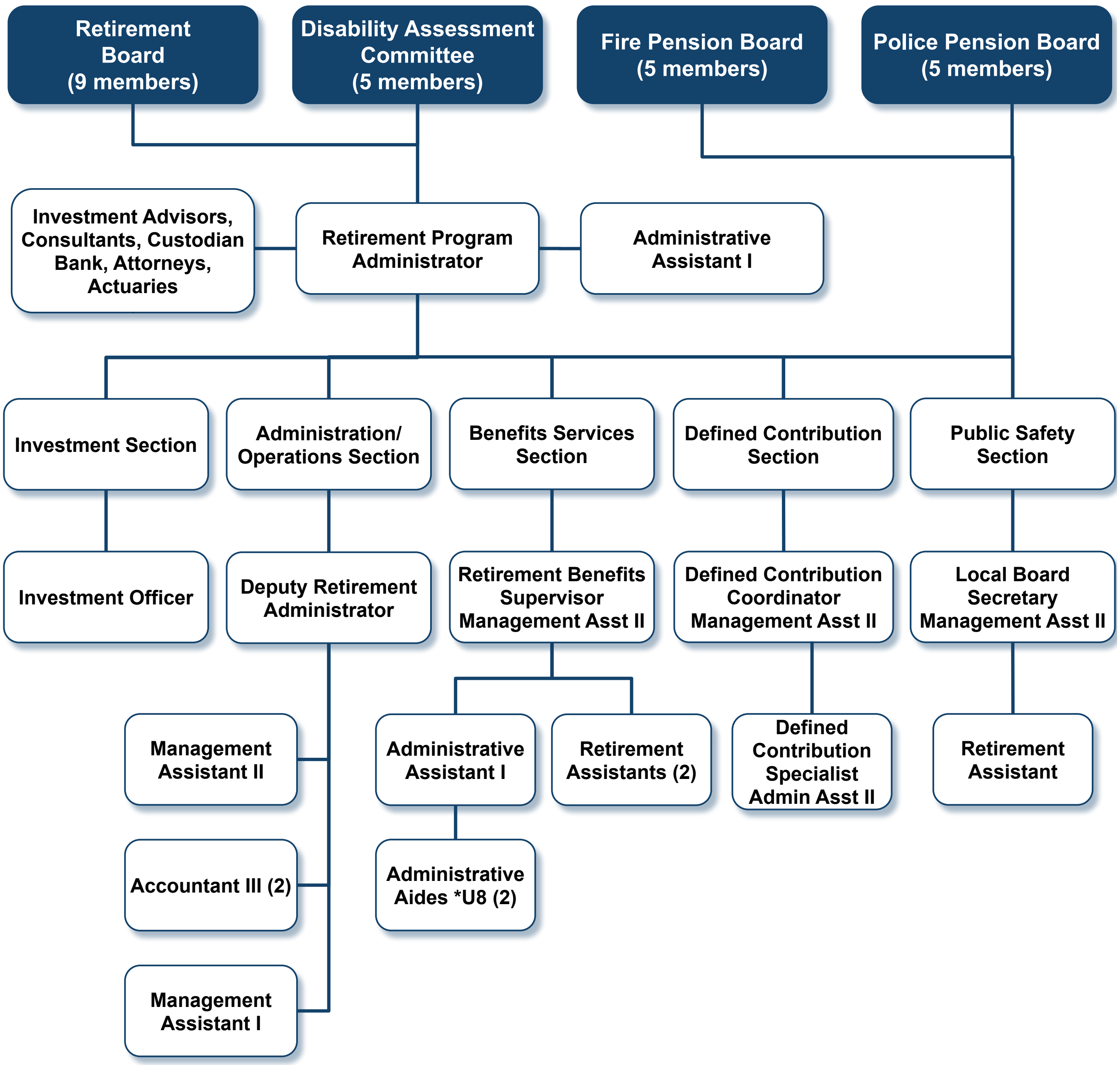
Legal Review Committee

Inger Erickson, Chairperson
David Mathews
Stephen Vital
Brett Hutchison

Disability Assessment Committee

Scott Steventon, Chairperson
Robert Jones, M.D.
Debra Payan
Maria Enriquez
Nicole Harris

Retirement Department
Administrative Organization



(1) Please refer to the Investment Section for a list of Investment Managers on page 69 - 70, the Schedule of Investment Fees on pages 77 - 78 and the Schedule of Commissions on page 80.

Administrative Staff	
Scott Steventon	Retirement Program Administrator
Stacy Osborne-Fry	Deputy Retirement Administrator
Tina Esparza	Local Board Secretary
Marissa Hernandez	Retirement Benefits Supervisor
Greg Fitchet	Investment Officer
Jamie Yagodnik	Deferred Compensation Coordinator
Claudya Quintero	Defined Contribution Specialist
Doris Fung	Management Assistant II
Trista Sims	Management Assistant I
Valerie Livingston	Accountant III
Alicia Cable	Administrative Assistant I
Alejandra Montoya	Administrative Assistant I
Corrina Apolinar	Retirement Assistant
Rita Azcona	Retirement Assistant
Kyle Patton	Retirement Assistant
Rosa Rogers	Administrative Aide
Sophie Gonzalez	Administrative Aide
Vacant	Accountant III

Accounting	
Kathleen Gitkin	Chief Financial Officer, Finance Department

Treasurer	
Joe Jatzkewitz	City Treasurer, Finance Department

Legal	
Michelle Wood	Assistant City Attorney IV, Law Department

Actuary	
Gabriel, Roeder Smith & Company	Denver, CO

Auditor	
Forvis Mazars, LLP	Dallas, TX Certified Public Accountants

Investment Services	
Refer to Investment Section for:	Investment Managers on page 69 - 70 Schedule of Investment Fees on page 77 - 78 and Schedule of Commissions on page 80

Legal Services	
ICE Miller	Indianapolis, IN
Kelley Law Group	Phoenix, AZ

Master Custodian	
BNY Mellon	Pittsburgh, Pennsylvania

Medical Advisors	
Integrated Medical Evaluations, Inc	Tempe, AZ

COPERS

Financial
section

*The **Financial Section** contains the opinion of the independent auditors, management's discussion and analysis, the audited financial statements, notes to the financial statements, and relevant supplemental information.*

COPERS

Forvis Mazars, LLP
14221 Dallas Parkway, Suite 400
Dallas, TX 75254
P 972.702.8262 | F 972.702.0673
forvismazars.us

forvis mazars

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Phoenix Employees' Retirement System Retirement Board
Phoenix, Arizona

Opinion

We have audited the financial statements of the City of Phoenix Employees' Retirement System (Plan), a fiduciary component unit of the City of Phoenix, Arizona, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of June 30, 2025 and 2024, and the changes in fiduciary net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Honorable Mayor and Members of the City Council
City of Phoenix Employees' Retirement System Retirement Board

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The schedule of investment expenses, schedule of administrative expenditures and encumbrances, schedule of administrative expenses, and schedule of payments to consultants are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of investment expenses, schedule of administrative expenditures and encumbrances, schedule of administrative expenses and schedule of payments to consultants are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and Members of the City Council
City of Phoenix Employees' Retirement System Retirement Board

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory, investment, actuarial, and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

Dallas, Texas
December 2, 2025

Management's Discussion and Analysis (unaudited)

Dear Members and Retirees:

The City of Phoenix Employees' Retirement System ("COPERS" or the "Plan") is pleased to provide the following analysis of the financial activities for the fiscal years ended June 30, 2025 and 2024. This discussion is presented as a narrative overview only. Readers are encouraged to consider the information presented in this analysis in conjunction with the Transmittal Letter in the Introductory Section, the financial statements and the other information provided in this report.

Financial Highlights:
(in thousands)

- The Plan's Net Position Restricted for Pensions increased by $297,309 or approximately 8.2% to $3,913,124 as of June 30, 2025 as reflected in the Statement of Fiduciary Net Position on page 32. The Net Position Restricted for Pensions as of June 30, 2024, was $3,615,815. The increase during fiscal year 2025 was primarily attributable to favorable investment performance.
- Total additions to the Net Position Restricted for Pensions, as reported in the Statement of Changes in Fiduciary Net Position on page 33, for the fiscal year ended June 30, 2025 was $588,148 compared to $519,022 for fiscal year ended June 30, 2024. The increase for the current year was primarily attributable to favorable investment performance. Total additions include employer and employee contributions of $275,865 and total net investment gain of $309,961 for the fiscal year ending June 30, 2025 compared to $267,768 and an investment gain of $249,173 in the prior year.
- The recent actuarial valuation prepared as of June 30, 2025 reported the funded ratio to be 74.65%, up from 72.62% the prior fiscal year. This is based on a total pension liability of $5,209,416 and the smoothed actuarial value of assets.
- On a fair value basis, the investment rate of return for this fiscal year was 8.6% compared with 7.30% in fiscal year 2024.
- Retirement benefits paid to retirees and beneficiaries increased 2.3% to $282,471 for fiscal year 2025, compared to $276,224 in fiscal year 2024.

Using This Annual Report:

This report is prepared to provide information as a means for making management decisions, complying with statutory provisions, and demonstrating the responsible stewardship of the assets of the Plan. The financial statements starting on page 32 in the Financial Section identify the Net Position Restricted for Pensions and provide a comparison of the current fiscal year to the prior year.

Overview of Financial Statements:

The Financial Section includes the following:

- Statement of Fiduciary Net Position (Page 32)
- Statement of Changes in Fiduciary Net Position (Page 33)
- Notes to the Financial Statements (Page 34)
- Required Supplementary Information (Page 51)
- Supplementary Information (Page 54)

Statement of Fiduciary Net Position:

This statement presents information on all of the assets and liabilities of the Plan with the difference reported as Net Position Restricted for Pensions available to retirees and survivors. The current year information is provided in comparison to the previous year to assist the reader in evaluating the progress of the Plan.

Statement of Changes in Fiduciary Net Position:

The Statement of Changes in Fiduciary Net Position presents information showing how the Plan's net position changed during the stated fiscal year.

Notes to the Financial Statements:

The Notes to the Financial Statements are an integral part of the financial statements. The information provides the reader additional information that is essential to a full understanding of the data presented in the financial statements to further evaluate the financial condition and operation of the Plan.

Required Supplementary Information:

The Schedule of Changes in Net Pension Liability and Related Ratios provides the Plan's funding progress for the last ten years and the funding ratio that indicates the Plan's ability to meet its current and future benefit obligations. The Schedule of Employer Contributions reflects the City's Actuarial Determined Contribution and Actual Contributions for the last ten years. The Notes to the Required Supplementary Information provide additional information regarding actuarial assumptions and factors affecting trends.

Supplementary Information:

The Supplementary Information includes investment expenses and administrative expenditures for the current and previous fiscal years. The Schedule of Investment Expenses provides the reader with the cost to the Plan for managing and monitoring the Plan's assets.

Financial Analysis
(in thousands)

The evaluation of the Plan's net position provides a measurement tool in assessing the progress and performance of the Plan. COPERS' Net Position Restricted for Pensions as of June 30, 2025 was $3,913,124. This amount represents an increase of 8.2% from Net Position Restricted for Pensions of $3,615,815 as of June 30, 2024.

Uninvested cash is reflected as Cash & Cash Equivalents on the Statement of Fiduciary Net Position and may fluctuate due to the timing of investments, pension payroll and other transactions. Cash & Cash Equivalents decreased from $164,995 as of June 30, 2024 to $140,142 as of June 30, 2025, a decrease of $24,853.

The Plan had liabilities of $69,441 on June 30, 2025 compared to $139,323 on June 30, 2024. This change was primarily attributable to decreases in payables related to securities lending collateral and unsettled investment broker transactions.

The overall return on investments for fiscal years 2025, 2024 and 2023 was 8.6%, 7.30% and 5.40%, respectively. The chart below illustrates the performance of major asset classes over the last three fiscal years.

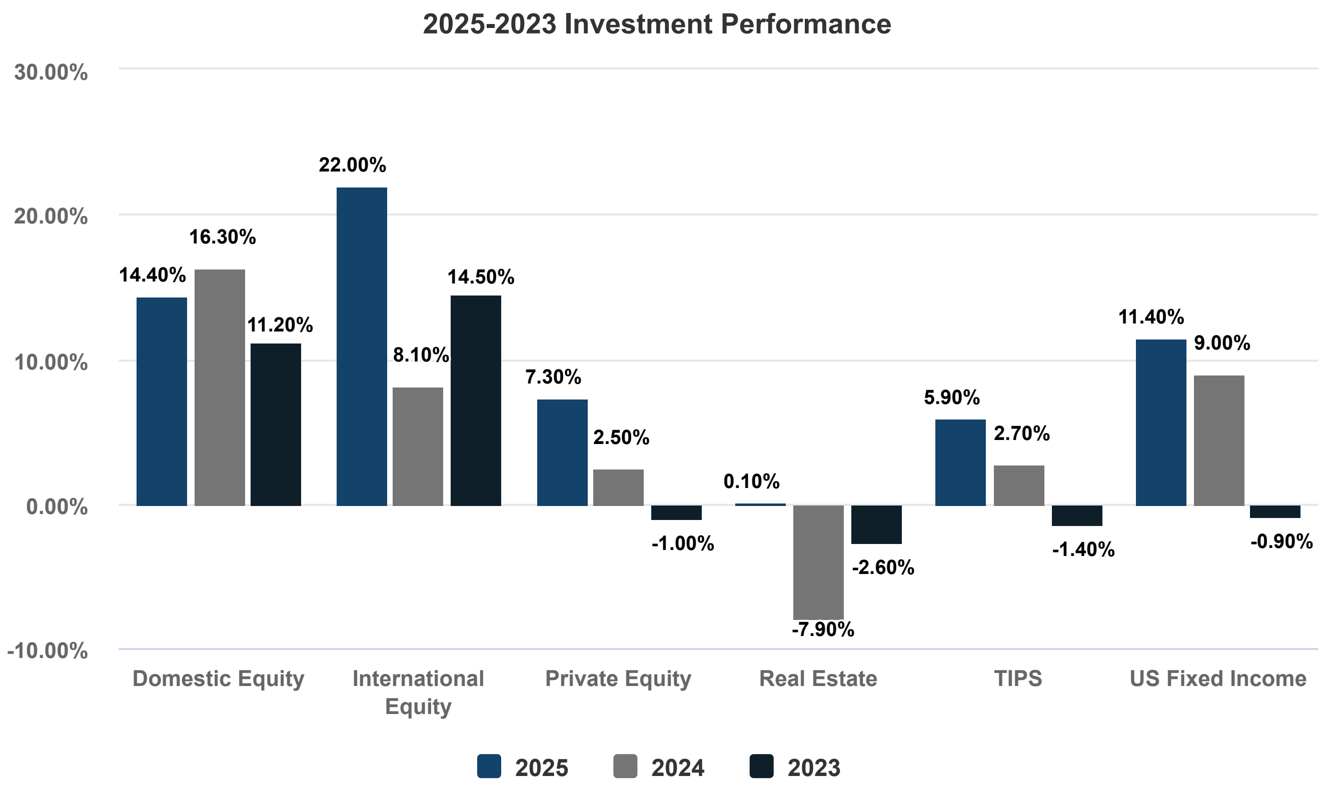

2025-2023 Investment Performance
30.00%
20.00%
10.00%
0.00%
-10.00%
14.40%
16.30%
11.20%
22.00%
8.10%
14.50%
7.30%
2.50%
-1.00%
0.10%
-7.90%
-2.60%
5.90%
2.70%
-1.40%
11.40%
9.00%
-0.90%
Domestic Equity
International Equity
Private Equity
Real Estate
TIPS
US Fixed Income
2025
2024
2023

Table 1: COPERS Fiduciary Net Position for Benefits for June 30, 2025 and 2024 (in thousands)

	2025	2024	Change	% Change
Cash & Cash Equivalents	$ 140,142	$ 164,995	$ (24,853)	(15.1)%
Total Receivables	23,941	96,077	(72,136)	(75.1)
Total Investments	3,818,481	3,494,066	324,415	9.3
Total Assets	3,982,564	3,755,138	227,426	6.1
Total Liabilities	69,441	139,323	(69,882)	(50.2)
COPERS Net Position	**$ 3,913,124**	**$ 3,615,815**	**$ 297,308**	**8.2%**

Table 2: COPERS Fiduciary Net Position for Benefits for June 30, 2024 and 2023 (in thousands)

	2024	2023	Change	% Change
Cash & Cash Equivalents	$ 164,995	$ 104,316	$ 60,679	58.2%
Total Receivables	96,077	27,320	68,757	251.7
Total Investments	3,494,066	3,315,336	178,730	5.4
Total Assets	3,755,138	3,446,972	308,166	8.9
Total Liabilities	139,323	62,876	76,447	121.6
COPERS Net Position	**$ 3,615,815**	**$ 3,384,096**	**$ 231,719**	**6.8%**

Reserves:

COPERS maintains five reserve funds to separately account for various transactions of the Plan. Additions to the reserves come from employer and member contributions, and investment income. Deductions from the reserves include monthly pension benefits and payments to investment managers. A schedule of reserve account balances is included in Note 3 to the Financial Statements.

COPERS' Activities:

(in thousands)

COPERS provides retirement pensions, survivor benefits and disability benefits to qualified members and their beneficiaries. These benefits are financed by income on COPERS investments and employer and member contributions.

Total net investment income, which includes net appreciation or depreciation in fair value of investments, bond interest, dividend income, net securities lending income and investment expenses for the fiscal year ended June 30, 2025 was positive $309,961 due to a strong financial market environment. This compares to net investment gain for June 30, 2024 of $249,173 and net investment gain of $175,400 for June 30, 2023 respectively.

Historical long-term performance rates of returns demonstrate that COPERS has struggled to meet or exceed its actuarial assumed rate of return of 7.0% over long periods. As of June 30, 2025, COPERS' annualized rate of return for the five-year period was 7.5% (.5% above the policy benchmark), the ten-year period was 6.4% (less than one-percent below the policy benchmark), and the since inception return was 7.4% (slightly above the policy benchmark).

Despite volatility in the stock market, management and COPERS' actuary concur that COPERS remains in a very strong financial position to meet its obligations to the plan participants and beneficiaries.

Total employer contributions were $209,931 in fiscal year 2025, compared to $210,701 in fiscal year 2024 and $193,136 in fiscal year 2023. The City provided additional employer contributions of $12,817 in FY 2025, $18,163 in FY 2024, and $13,520 in FY 2023 in an effort to assist the Plan in reaching 100% funded status. Benefit payments for the fiscal years 2025, 2024 and 2023 were $282,471, $276,224 and $268,868, respectively. Total deductions increased by 1.2% over the prior fiscal year, primarily as a result of an increase in the number of retirees.

The summary of COPERS revenues (additions) and expenses (deductions) for the fiscal years ended June 30, 2025, 2024 and 2023 are provided in Table 3 and Table 4:

Table 3: Summary Statement of Changes in Net Position (in thousands)

	2025	2024	Change	% Change
Additions				
Employer Contributions	$ 209,931	$ 210,701	$ (770)	(0.4)%
Members' Contributions	$ 65,934	57,067	8,867	15.5
Retirement Office Administration	$ 2,322	2,081	241	11.6
Net Investment Income	$ 309,815	248,972	60,843	24.4
Net Securities Lending Income	$ 146	201	(55)	(27.4)
Total Additions	**$ 588,148**	**$ 519,022**	**$ 69,126**	**13.3%**
Deductions				
Benefit Payments	$ 282,471	$ 276,224	$ 6,247	2.3%
Refunds	$ 4,288	4,000	288	7.2
Inter-System Transfers	$ 6	128	(122)	(95.3)
Retirement Office Administration	$ 2,322	2,081	241	11.6
Administrative Expense	1,752	4,870	(3,118)	(64.0)
Total Deductions	**$ 290,839**	**$ 287,303**	**$ 3,536**	**1.2%**
Increase in Net Position	**$ 297,309**	**$ 231,719**	**$ 65,590**	**28.3%**
Net Position Restricted for Pensions				
Beginning of Year	3,615,815	3,384,096		
End of Year	**$ 3,913,124**	**$ 3,615,815**		

Table 4: Summary Statement of Changes in Net Position (in thousands)

	2024	2023	Change	% Change
Additions				
Employer Contributions	$ 210,701	$ 193,136	$ 17,565	9.1%
Members' Contributions	57,067	47,749	9,318	19.5
Retirement Office Administration	2,081	2,201	(120)	(5.5)
Net Investment Income	248,972	175,211	73,761	42.1
Net Securities Lending Income	201	189	12	6.3
Total Additions	**$ 519,022**	**$ 418,486**	**$ 100,536**	**24.0%**
Deductions				
Benefit Payments	$ 276,224	$ 268,868	$ 7,356	2.7%
Refunds	4,000	4,120	(120)	(2.9)
Inter-System Transfers	128	514	(386)	(75.1)
Retirement Office Administration	2,081	2,201	(120)	(5.5)
Administrative Expense	4,870	1,373	3,497	254.7
Total Deductions	**$ 287,303**	**$ 277,077**	**$ 10,227**	**3.7%**
Increase in Net Postion	**$ 231,719**	**$ 141,409**	**$ 90,309**	**63.9%**
Net Position Restricted for Pensions				
Beginning of Year	3,384,096	3,242,687		
End of Year	**$ 3,615,815**	**$ 3,384,096**		

Requests for Information:

This report is prepared to provide the Retirement Board, members, retirees and citizens with an overview of the plan, to assess COPERS' financial position and to show accountability for funds received. Questions regarding the information provided in this financial report or requests for additional information may be addressed to:

COPERS

200 W. Washington, 10th Floor

Phoenix, AZ 85003

(602) 534-4400

www.phoenix.gov/copers

Statement of Fiduciary Net Position as of June 30, 2025 and 2024 (in thousands)

	2025	2024
Assets		
Cash and Cash Equivalents	$ 140,142	$ 164,995
Receivables		
City of Phoenix Contributions	12,817	18,163
Member Contributions	1,458	-
Interest and Dividends	4,143	4,941
Unsettled Broker Transactions - Sales	4,975	70,983
Other	548	1,990
Total Receivables	**23,941**	**96,077**
Investments		
Temporary Investments from Securities Lending Collateral	35,871	110,225
Fixed Income	481,223	531,305
Domestic Equities	1,222,198	998,612
Private Equity	508,256	463,615
Private Debt	202,491	-
Global Commingled	-	236,478
International Equities	736,284	572,622
Hedge Funds	157,908	98,983
Real Estate	474,250	482,226
Total Investments	**3,818,481**	**3,494,066**
Total Assets	**3,982,564**	**3,755,138**
Liabilities		
Payable for Securities Lending Collateral	35,871	110,225
Unsettled Broker Transactions - Purchases	7,245	4,882
Due to the City of Phoenix	24,101	23,252
Investment Management Fees Payable	2,052	824
Other Payables	172	140
Total Liabilities	**69,441**	**139,323**
Net Position Restricted for Pensions	**$ 3,913,124**	**$ 3,615,815**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position for fiscal years ended June 30, 2025 and 2024 (in thousands)

	2025	2024
Additions		
Contributions		
City of Phoenix	$ 209,931	$ 210,701
Member	65,934	57,067
Retirement Office Administration	2,322	2,081
Total Contributions	**278,187**	**269,849**
Net Investment Income		
Net Appreciation in Fair Value of Investments	273,180	214,255
Interest	36,046	36,673
Dividends	2,546	9,656
Other	18,591	4,936
Total Income from Investing Activities	330,363	265,520
Less Investing Activities Expense	(20,548)	(16,548)
Net Income from Investing Activities	309,815	248,972
Securities Lending Gross Income	2,841	3,964
Less Agent Fees	(62)	(86)
Less Broker Rebates/Collateral Management Fees	(2,633)	(3,677)
Net Securities Lending Expenses	(2,695)	(3,763)
Net Income from Securities Lending Activities	146	201
Total Net Investment Income	309,961	249,173
Total Additions	**588,148**	**519,022**
Deductions		
Benefit Payments	282,471	276,224
Refunds of Contributions	4,288	4,000
Retirement Office Administration	2,322	2,081
Inter-System Transfers	6	128
Administrative Expenses	1,752	4,870
Total Deductions	**290,839**	**287,303**
Increase In Net Position	297,309	231,719
Net Position Restricted for Pensions		
Beginning of Year	3,615,815	3,384,096
End of Year	**$ 3,913,124**	**$ 3,615,815**

The accompanying notes are an integral part of these financial statements.

Note 1 - Summary of Significant Accounting Policies

The City of Phoenix Employees' Retirement Plan ("COPERS" or the "Plan") is a defined benefit single-employer public employees' retirement system for the City of Phoenix ("City") general municipal employees. The accounting policies of COPERS conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental retirement plans.

A. Reporting Entity

COPERS prepares and distributes separate financial statements as required by the Charter of the City of Phoenix (Chapter XXIV, Article II, Employees' Retirement Law of 1953) ("Charter"). Its financial statements are also included as a component unit of the City due to the significance of COPERS' operational and financial relationships with the City. The cost of administering the Retirement Office is reflected as offsetting contributions and deductions on the Statement of Changes in Fiduciary Net Position although the costs are borne solely by the City. The City is the only non-employee contributor to the pension plan. Not all employees of the City are covered under COPERS. Police officers and firefighters are covered under the Arizona Public Safety Personnel Retirement System ("AZPSPRS") and elected officials are covered under the Elected Officials Retirement Plan of Arizona ("EORPA"). AZPSPRS and EORPA were established by Arizona State Statute and are administered by an independent Board of Trustees. The City's involvement with these plans is limited to the administration of benefits for AZPSPRS through the City of Phoenix Fire and Police Local Boards and making the required annual contributions.

B. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in conformity with United States generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. COPERS' transactions are accounted for using the flow of economic resources measurement focus. Employee contributions are recognized as revenue in the period in which employee services are rendered and the contributions are therefore earned. Employer contributions are recognized at the same time, as the City is formally committed to contributing the actuarially determined amount each year. Pension payments and refunds are recognized when due and payable and expenses are recorded when the corresponding liabilities are incurred, regardless of when payments are made.

C. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make a number of estimates and assumptions that affect the reported amounts of net position restricted for pensions and changes therein. Actual results could differ from those estimates.

D. Investments

Equity securities and fixed-income securities are reported at fair value (Note 14). Interest and dividends are recognized on the accrual basis as earned. Purchases and sales of investments are recorded on a trade-date basis. Cash equivalents are determined by using a maturity of no more than 90 days at time of purchase. The fair value of an investment is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair values of investments are generally based on published market prices and quotations obtained from major investment firms. Certain investments are reported at the net asset values calculated by the investment manager as a practical expedient.

In March of 2017, the Board significantly revised the Investment Policy Statement that was more than 10 years old. The Board considered it necessary to:

- Update the objectives and guidelines that govern the investment of COPERS' assets;
- Establish a long-term target asset allocation with a high likelihood of meeting COPERS' objectives; and
- Protect the financial health of COPERS through the implementation of a stable, long-term investment policy.

Significant areas of revision include modifying the asset allocation, reflecting the changes in the Phoenix City Charter that previously limited the types of investments COPERS could make, and adding prudent investor language. In consultation with their investment manager and consulting actuary, the Board believes the revised asset allocation will have a greater probability of realizing the assumed rate of return. The revised asset allocation was adopted during fiscal year 2017, was implemented in phases and completed in 2020. An update to the asset allocation plan became effective March 2023.

Note 1 - Summary of Significant Accounting Policies (Continued)

The table below reflects the target and actual allocation of the portfolio and the expected return on those asset classes:

Asset Class	FY 2025 Target Allocation	FY 2025 Actual Allocation	10-Year Expected Real Return
U.S. Equity	16.00%	21.00%	7.60%
Developed Market Equity (non-U.S.)	9.0	11.0	8.5
Emerging Non-US Equity	8.0	8.0	9.0
Private Equity	9.0	8.0	12.2
TIPS	6.0	5.0	4.5
Private Debt	10.0	5.0	9.6
High Yield Bonds	5.0	5.0	6.8
Bank Loans	3.0	3.0	6.7
Emerging Market Bonds	3.0	2.0	7.3
Infrastructure	4.0	4.0	8.5
Natural Resources	4.0	2.0	9.3
Real Estate	12.0	12.0	7.8
Risk Mitigating Strategies	5.0	4.0	2.7
Short Duration Bonds	6.0	7.0	4.2
Cash	-	3.0	2.8

Note 2 - Description of Plan

A. Purpose

COPERS is a single-employer, defined benefit pension plan established by the City Charter. Its purpose is to provide retirement, disability retirement and survivor benefits for its members. Members are full-time employees on a work schedule which consists of the number of full-time hours per week designated for the class of employment for the employee's classification with a work schedule intended to be continuous over a period of twelve months. All full-time classified civil service employees and full-time appointive officials of the City are required, as a condition of employment, to contribute to COPERS.

B. Administration

The general administration, management and operation of COPERS are vested in a nine-member Retirement Board consisting of three elected employee members, four statutory members, a citizen member and a retiree member. The Retirement Board appoints the Retirement Program Administrator, a civil service position, and contracts other services necessary to properly administer the Plan.

C. Plan Amendment and Termination

COPERS is administered in accordance with the Charter and can be amended or repealed only by a vote of the people. There are no provisions for termination of COPERS. Voters approved changes to the City of Phoenix retirement system in an election held on August 25, 2015. New employees hired on or after January 1, 2016 were placed in Tier 3. The employee contribution rate for Tier 3 is based on 50% of the actuarially determined rate or 11% whichever is lower.

D. Membership Data

	June 30	
	2025	2024
Retirees, beneficiaries and survivors	8,044	7,870
Alternate payees	203	195
Terminated vested members	1,143	1,144
Refunds eligible count [1]	3,185	3,013
Active members:		
Tier 1	3,272	3,545
Tier 2	482	509
Tier 3	5,283	4,712
Total Members	**21,612**	**20,988**

Note 2 - Description of Plan (Continued)

E. Pension Benefits

Benefits are calculated on the basis of a given rate, final average salary and service credit. Members are eligible for retirement benefits at age 60 plus ten or more years of service credit, age 62 with five or more years of service credit, or where age and service credits equal 80 for Tier 1 employees and 87 for Tier 2 and 3 employees. The below table outlines the benefits for each tier.

Tier 1	Tier 2	Tier 3
• Up to 32.5 yrs service @ 2.0%	• Less than 20 yrs service @ 2.10%	• Less than 10 yrs service @1.85%
• 32.5 to 35.5 yrs service @ 1.0%	• 20 yrs but less than 25 yrs service @ 2.15%	• 10 yrs but less than 20 yrs service @ 1.9%
• 35.5 yrs service & over @ 0.5%	• 25 yrs but less than 30 yrs service @ 2.20%	• 20 yrs but less than 30 yrs service @ 2.0%
	• 30 yrs or more @ 2.30%	• 30 yrs or more @ 2.1%

A deferred pension is available at age 62 to members who end their City employment with five or more years of service credit and leave their accumulated contributions in COPERS.

A supplemental post-retirement payment and a permanent benefit increase (under the Pension Equalization Program) may be provided to Tier 1 and Tier 2 retirees if sufficient reserves are available at the end of the fiscal year. The reserve is funded if the five-year average investment return exceeds 8%.

F. Disability Benefits

A member who becomes permanently disabled for the performance of duty is eligible for a disability benefit if the disability is 1) due to a personal injury or disease and the member has ten or more years of service credit or 2) due to injuries sustained on the job, regardless of service credit.

G. Survivor Benefits

Dependents of deceased members may qualify for survivor benefits if the deceased member had ten or more years of service credit or if the member's death was in the line of duty with the City and compensable under the Workmen's Compensation Act of the State of Arizona. Chapter XXIV, Section 25 of the Charter of the City of Phoenix specifies conditions for eligibility of survivor benefits.

H. Refunds

Upon separation from employment, a member or beneficiary not entitled to a pension may withdraw the member's contribution plus applicable interest. Acceptance of a refund revokes the individual's rights and benefits in COPERS. Employer contributions to COPERS are not refundable. An interest rate of 3.75%, the rate cap imposed by the City Charter, was granted by the Retirement Board to be applied effective June 30, 2025 to the members' mean account balances during the fiscal year. The interest rate granted in fiscal year 2024 was also 3.75%.

I. Tax Exempt Status of Member Contributions

COPERS has received a favorable letter of determination of qualification from the Internal Revenue Service under Section 401(a) of the Internal Revenue Code. Continued tax-exempt status of COPERS is contingent on future operations remaining in compliance with Section 401(a).

Under Internal Revenue Code Section 414(h)(2) and Revenue Ruling 81-36, effective January 1, 1985 the City of Phoenix authorized that a portion of its contributions be earmarked as being made by the members of COPERS, and "picked up" that portion of the designated active member contributions. The member contribution that is picked up by the City of Phoenix is treated as an employer contribution for federal and state income tax purposes and excluded from the member's gross income until distributed by COPERS.

Note 3 – Net Position Restricted for Pensions

Five reserve funds have been established to separately account for transactions of the Plan:

- The Income Account is used to account for COPERS' investment income and loss, including net appreciation or depreciation in fair value and miscellaneous income. At year-end, the Income Account is closed to the Employees' Savings Account, the Pension Accumulation Account, the Pension Reserve Account and the Pension Equalization Reserve Account, which results in no fund balance in the Income Account.
- The Employees' Savings Account is used to account for member contributions, member refunds, and the member portion of investment income. As a condition of employment, a member hired before July 1, 2013 is required to contribute 5% of his/her covered compensation; a member hired after this date is required to contribute 50% of the actuarially determined rate, while the City contributes the other 50%. Effective with the election on August 25, 2015, the employee contribution for Tiers 2 and 3 cannot exceed 11%. Accumulated contributions receive regular interest that is computed at the end of each fiscal year on the mean balance in the members' accounts during the year. The rate of interest is established each year by the Board and is capped at 3.75% by the City Charter. Transfers are made from the Employees' Savings Account to the Pension Reserve Account when a member retires or becomes eligible for disability benefits.
- The Pension Accumulation Account is used to account for employer contributions and for a portion of investment income. The Charter requires the City to contribute an amount that is determined annually by COPERS' retained actuaries. Contributions are based upon a level percentage of payroll. The Pension Accumulation Account may carry a negative balance as the City contribution rate includes a component for the unfunded actuarial liability (UAL). Transfers are made from the Pension Accumulation Account to the Pension Reserve Account when a member retires or becomes eligible for disability benefits.
- The Pension Reserve Account is used to account for distributions to retirees and the balance receives regular interest that is computed at the end of each fiscal year on the mean balance during the year. The rate of interest is the actuarial assumed rate.
- The Pension Equalization Reserve Account is used for funding increases to eligible pensions under the Pension Equalization Program and the "13th Check." The Pension Equalization Program was established on October 1, 1991, when voters of the City of Phoenix approved an amendment to the City Charter, allowing pension adjustments to be paid to retired members of COPERS. These adjustments are to be made exclusively from COPERS' investment earnings in excess of 8% (per Charter) over the preceding 5-year period and may not exceed the Phoenix Area Consumer Price Index (CPI). This amendment was effective January 1, 1992, and will benefit only retirees who, as of January 1 of each year, have received at least 36 pension payments.

Following are the fiscal year-end reserve balances as of June 30, 2025 and 2024 respectively, based on amortized cost for fixed income investments and cost for equity investments (in thousands):

	2025	2024
Employees' Savings	$ 652,602	$ 601,916
Pension Accumulation	(2,615,701)	(2,796,719)
Pension Reserve	5,248,769	5,047,748
Pension Equalization Reserve	570	550
Convert to Fair Value	626,883	762,320
Total Based on Fair Value	**$ 3,913,124**	**$ 3,615,815**

Note 4 - Investment Fees (in thousands)

The investment costs paid from Plan assets were $20,548 and $16,548 for the fiscal years 2025 and 2024, respectively. This information is provided in greater detail in the Supplementary Information section of this document.

Employer contributions are actuarially determined amounts, which together with member contributions are sufficient to cover both (i) normal costs of the plan and (ii) financing of unfunded actuarial costs over a selected period of future years (See Note 6).

Note 5 - Funding Requirement Determinations and Actual Contributions (in thousands)

City of Phoenix contributions for fiscal year 2025 were $209,931, which is equivalent to 25.79% of the estimated annual active member payroll, compared to $210,701 or 28.09% for the fiscal year 2024. Member contributions for the fiscal years 2025 and 2024 were $65,934 and $57,067, respectively. The Tier 1 employee contribution rate is 5%. The Tier 2 and Tier 3 employee contribution rate is 11%.

Note 6 – Funded Status and Funding Progress (as of most recent valuation)

Unfunded actuarial liabilities are determined annually by the consulting actuary, applying actuarial assumptions to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements, such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows:

	Methods/Assumptions	
Description Valuation Date	**June 30, 2025**	**June 30, 2024**
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Method	• The UAL of June 30, 2013 is amortized over a closed 25-year period. • The impact of September 2013 assumption changed is amortized over a closed 25-year period. • The impact of August 2015 assumption changed is amortized over a closed 25-year period with a four-year phase-in. • Future gains and losses are amortized over closed 20 year period.	
Actuarial Assumptions		
Investment Rate of Return	7.00%	7.00%
Projected Salary Increases	2.8%-7.0%	2.8%-7.0%
Cost-of-Living Adjustments	0.5% to 1.25%	0.5% to 1.25%
Wage Inflation	3.00%	2.80%
Payroll Growth Rate	2.50%	2.50%

The actuarial assumptions used for the June 30, 2025 valuation, include the following:

1. Salary Scale – Salary increases are composed of a price inflation component, a real wage growth component and a merit or longevity component that varies by age. Growth in total payroll is assumed to be 2.50%.
2. Multiple Decrement Tables:
   a. Death - For determination of member, retiree and beneficiary mortality, the Pub-2010.
   b. Disability – Based on 20% of the Arizona State Retirement System disability table.
   c. Withdrawal - Based upon COPERS' experience, measures the probability of members terminating employment for reasons other than retirement, death or disability.

The foregoing actuarial assumptions are based on the presumption that COPERS will continue as presently chartered. If COPERS is amended, different actuarial assumptions and other factors might be applicable in determining actuarial present values.

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2025 and June 30, 2024. This single discount rate was based on the expected rate of return on pension plan investments. The projection of cash flows used to determine the discount rate assumed that Tier 1 member contributions remain at 5% of payroll, Tier 2 and 3 member contributions are set equal to half of the total actuarially determined contribution rate, not to exceed 11%, and City contributions will be made at rates equal to the difference between the actuarially

Note 6 – Funded Status and Funding Progress (as of most recent valuation) (Continued)

determined contribution rates and the member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The table below presents the net pension liability of the Plan calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.0% lower (6.00%) or 1.0% higher (8.00%) than the rates at June 30, 2025 and June 30, 2024. Changes in the discount rate affect the measurement of the TPL (Total Pension Liability). Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL (Net Pension Liability) can be significant for a relatively small change in the discount rate. A 1.0% decrease in the discount rate increases the TPL by approximately 11.8% and increases the NPL by approximately 47.4%. A 1.0% increase in the discount rate,and decreases the NPL by approximately 39.8%. The table below shows the sensitivity of the NPL to the discount rate.

Sensitivity of Net Pension Liability to Changes in Discount Rate (in thousands):

Sensitivity as of June 30, 2025	**1% Decrease 6.00%**	**Discount Rate 7.00%**	**1% Increase 8.00%**
Total Pension Liability	$ 5,824,031	$ 5,209,416	$ 4,693,588
Plan Fiduciary Net Position	3,913,124	3,913,124	3,913,124
Net Pension Liability	**1,910,907**	**1,296,292**	**780,464**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.2%	75.1%	83.4%

Sensitivity as of June 30, 2024	**1% Decrease 6.00%**	**Discount Rate 7.00%**	**1% Increase 8.00%**
Total Pension Liability	$ 5,767,243	$ 5,147,294	$ 4,630,162
Plan Fiduciary Net Position	3,615,814	3,615,814	3,615,814
Net Pension Liability	**2,151,429**	**1,531,480**	**1,014,348**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.7%	70.2%	78.1%

Note 7 - Funding Policy

The City has formally adopted a pension funding policy that requires payment of at least 100 percent of the actuarially determined contribution every year. Under current actuarial calculations and amortization periods COPERS will be fully funded by June 30, 2039.

As a condition of employment, COPERS members are also required to contribute a percentage of their salary as provided in Chapter XXIV, Section 27, of the City Charter. The table below outlines the contribution rates for Tiers 1, 2, and 3.

Tier	Contribution Rate
Tier 1	5%
Tier 2	Capped at 11%
Tier 3	Capped at 11%

Present members' accumulated contributions at June 30, 2025 were $652,602, including interest compounded annually, compared to $601,916 at June 30, 2024, and are included in the Employee Savings Account as discussed on page 37.

Note 8 – Investments

The Board has a fiduciary duty to invest and manage the assets of the Plan solely in the interests of members and beneficiaries. The Board invests and manages trust assets as a prudent investor would, considering the purposes, terms, distribution requirements, and other circumstances of the Plan. In satisfying this standard, the Board exercises reasonable care, skill, and caution.

In fulfilling its responsibilities, the Board has contracted with various investment management firms and a master global custodian. The Board's investment policy addresses permissible investment categories and appropriate allocation.

A summary of investments at June 30, 2025 and 2024 is as follows (in thousands):

	2025		2024	
	Fair Value	Amortized Cost	Fair Value	Amortized Cost
Temporary Investments from Securities Lending Collateral (Note 9)	$ 35,871	$ 35,871	$ 110,225	$ 110,225
Fixed Income	481,223	477,506	531,305	539,417
Domestic Equity	1,222,198	1,072,693	998,612	773,720
Private Equity	508,256	356,239	463,615	326,363
Private Debt	202,491	199,562	-	-
International Equities	736,284	498,521	572,622	422,432
Global Commingled	-	-	236,478	83,626
Hedge Funds	157,908	155,822	98,983	69,886
Real Estate	474,250	395,384	482,226	406,079
Total Investments	**$ 3,818,481**	**$ 3,191,598**	**$ 3,494,066**	**$ 2,731,748**
Cash and Cash Equivalents	140,142	140,142	164,995	164,995
Total	**$ 3,958,623**	**$ 3,331,740**	**$ 3,659,061**	**$ 2,896,743**

COPERS investments are managed by professional fund managers and are held by a global master custodian who acts as COPERS' agent.

Note 8 - Investments (Continued)

The following schedule provides the fair value of each investment category at June 30, 2025 and 2024 (in thousands):

Investment Categories	2025 Fair Value	2024 Fair Value
Cash	$ -	$ 7,203
Short-Term Investment Fund	140,142	157,792
Cash and Cash Equivalents	$ 140,142	$ 164,995
Temporary Investments from Securities Lending Collateral	$ 35,871	$ 110,225
Fixed Income:		
Derivatives	$ -	$ 9
U S Government Guaranteed Securities	35,733	57,378
Government Agencies Securities	416	770
Mortgage Backed Securities-Residential	9,766	18,144
Asset Backed Securities	24,624	37,657
Municipal Bonds	2,320	1,519
Corporate Bonds	313,340	328,855
Foreign Commingled	95,024	86,973
	$ 481,223	$ 531,305
Domestic Equities	$ 1,222,198	$ 998,612
Global Commingled	$ -	$ 236,478
International Equities	$ 736,284	$ 572,622
Private Equity	$ 508,256	$ 463,615
Private Debt	$ 202,491	$ -
Hedge Funds	$ 157,908	$ 98,983
Real Estate Funds	$ 474,250	$ 482,226
Total with Securities Lending Collateral	**$ 3,958,623**	**$ 3,659,061**

Note 8 - Investments (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a depository institution failure, a government will not be able to recover deposits or collateral held by an outside party. As of June 30, 2025, COPERS did not realize any losses related to custodial credit risk for deposits.

Annual Money-Weighted Rate of Return

The rate of return for the year ended June 30, 2025, which is the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.6%, compared to 7.30% for the prior year. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that in the event of a failure of a counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2025, COPERS did not realize any losses due to custodial credit risk for investments or securities lending arrangements. Note 9 on page 46 provides detailed information regarding securities lending. COPERS' policy requires all investments to be collateralized and registered in COPERS' or its nominee's name.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. COPERS' investment policy does not allow for an investment in any one issuer in excess of 5% of COPERS' total investments which includes futures, options and swaps, except investments issued or explicitly guaranteed by the U.S. government. As of June 30, 2025, COPERS did not have any investments with any one issuer in excess of 5%.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates may adversely affect the fair value of an investment or a deposit. COPERS' investment in foreign fixed income is managed by Longfellow and Western Asset. The managers' report dollar and non-dollar denominated holdings and provide for direct ownership of the underlying security. The following table presents the foreign currency exposure for the Plan's fixed income investments.

Foreign Currency Exposure June 30, 2025 and 2024 (in thousands):

Currency	2025	2024
British Pound	14	4
Canadian Dollar	-	-
Australian Dollar	13	19
Euro	-	-
Totals	**$ 27**	**$ 23**

Commitments (in thousands)

In connection with the purchase of various private equity, natural resources, infrastructure and real estate investments, COPERS had unfunded commitments totaling $581,420 as of June 30, 2025 and $634,685 as of June 30, 2024. Remaining unfunded commitments for real estate were $150,600 as of June 30, 2025. COPERS is not in any redemption queues. All non-core real estate is self-liquidating. COPERS also had $430,820 in other unfunded alternative investment commitments as of June 30, 2025.

Note 8 - Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. COPERS' investment policy permits purchasing securities included in the Barclays Capital US Aggregate Index and relies on the methodology used by Barclays Capital to determine if a security is investment grade. For fixed income securities and their futures or options derivatives, emphasis is on high-quality securities.

COPERS currently has two managers responsible for fixed income investments. Longfellow Investment Management and Western Asset Management Company ("Western") are active bond managers. As part of their portfolios, Longfellow and Western may enter into futures, options, and swap contracts for hedging purposes and/or as a part of the overall portfolio strategy and will be incidental to its securities trading activities for the account. COPERS also invests in index funds SSgA U.S. Aggregate Bond Index and SSgA U.S. TIPS.

The table on page 44 provides fixed income investments as of June 30, 2025 subject to credit risk along with current credit ratings.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Typically, the longer the maturity of an investment, the greater the sensitivity of its fair value to interest rate changes. COPERS' contract with Western directs them to maintain an average weighted duration of portfolio security holdings including futures and options positions within +/- 20% of the Barclays Capital US Aggregate Index. COPERS' contract with Longfellow specifies a weighted average duration of +/- 20% of the Barclays Capital US Aggregate Index. The contracts with Brigade and DDJ Capital Management require a weighted average duration of +/- two years of the Barclays Capital US Aggregate Index.

Information about the interest rate risk exposure of COPERS is provided in the table on page 44. COPERS assets include several collateralized mortgage obligations and mortgage-backed securities, which could be considered as highly sensitive to interest rate changes, depending upon the exercise of prepayment options.

COPERS' investment policy permits the following investments, which include investments that are considered to be highly sensitive to interest rate changes due to long maturities, prepayment options, coupon multipliers, reset dates and similar terms:

- Obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal Agencies or U.S. government-sponsored corporations and agencies.
- Obligations of U.S. and non-U.S. corporations such as mortgage bonds, convertible and non-convertible notes and debentures.
- Mortgage-backed and asset-backed securities, swaps, forwards, options on swaps, and options on forwards.
- Obligations denominated in U.S. dollars of international agencies, supranational entities and foreign governments (or their subdivisions or agencies).
- Securities defined under Rule 144A and Commercial paper defined under Section 4(2) of the Securities Act of 1933.
- Bank Loans, TBA Securities and Mortgage Dollar Rolls.
- General obligation bonds, revenue bonds, improvement district bonds, or other evidence of indebtedness of any state of the United States, or any of the counties or incorporated cities, towns and duly organized school districts in the State of Arizona which are not in default as to principal and interest.

Note 8 – Investments (Continued)

Credit Rating and Maturity for COPERS' Fixed Income Investments (in thousands)

	2025			2024		
	Credit Quality Ratings	Fair Value	Weighted Average Maturity (Years)	Credit Quality Ratings	Fair Value	Weighted Average Maturity (Years)
Derivatives	Not Rated	$ -	-	Not Rated	$ 9	1.675
Total Derivatives		**-**			**9**	
U.S. Government Guaranteed	AAA	$ 2,179	3.381	AAA	$ 39,763	1.748
U.S. Government Guaranteed	AA	30,376	0.449	AA	-	-
U.S. Government Guaranteed	B	-	-	B	40	4.173
U.S. Government Guaranteed	Not Rated	3,178	1.035	Not Rated	17,575	2.055
Total U. S. Government Guaranteed		**35,733**			**57,378**	
Government Agency	AAA	$ -	-	AAA	$ 237	1.403
Government Agency	AA	247	2.710	AA	0	-
Government Agency	BBB	-	-	BBB	290	1.967
Government Agency	Not Rated	169	0.668	Not Rated	243	2.663
Total Government Agency		**416**			**770**	
Mortgage Backed	AAA	$ 1,696	1.008	AAA	$ 2,428	20.252
Mortgage Backed	AA	-	-	AA	180	14.066
Mortgage Backed	B	-	-	B	202	14.301
Mortgage Backed	Not Rated	8,070	4.470	Not Rated	15,334	24.002
Total Mortgage Backed		**9,766**			**18,144**	
Asset Backed	AAA	$ 6,545	2.661	AAA	$ 6,138	6.533
Asset Backed	AA	461	3.077	AA	1,995	9.976
Asset Backed	A	640	9.815	A	2,525	0.047
Asset Backed	BBB	310	3.175	BBB	1,723	5.255
Asset Backed	BB	136	3.137	BB	284	6.562
Asset Backed	B	1,359	1.273	B	1,749	5.595
Asset Backed	CC	-	-	CC	189	1.874
Asset Backed	Not Rated	15,173	2.721	Not Rated	23,054	7.038
Total Asset Backed		**24,624**			**37,657**	
Municipal Bonds	AA	1,207	3.346	AA	1,057	3.390
Municipal Bonds	A	484	-	A	462	2.340
Municipal Bonds	Not Rated	629	3.699	B	-	-
Total Municipal Bonds		**2,320**			**1,519**	

Note 8 – Investments (Continued)

Credit Rating and Maturity for COPERS’ Fixed Income Investments (in thousands)

	2025			2024		
	Credit Quality Ratings	Fair Value	Weighted Average Maturity (Years)	Credit Quality Ratings	Fair Value	Weighted Average Maturity (Years)
Corporate Bonds	AAA	$ 2,222	10.310	AAA	$ 16,487	5.050
Corporate Bonds	AA	2,138	8.841	AA	8,313	4.044
Corporate Bonds	A	14,338	6.534	A	29,468	3.963
Corporate Bonds	BBB	11,403	14.177	BBB	25,799	3.083
Corporate Bonds	BB	24,547	8.449	BB	13,981	4.643
Corporate Bonds	B	52,452	5.016	B	27,815	4.473
Corporate Bonds	CCC	49,596	5.971	CCC	20,080	4.212
Corporate Bonds	CC	1,652	11.289	CC	1,860	8.582
Corporate Bonds	C	-	-	C	116	1.874
Corporate Bonds	Not Rated	154,992	5.598	Not Rated	184,936	4.305
Total Corporate Bonds		**313,340**			**328,855**	
Foreign	AA	554	1.359	AA	713	2.734
Foreign	A	2,705	0.468	A	587	3.667
Foreign	BBB	571	0.921	BBB	893	2.801
Foreign	B	-	-	B	412	3.685
Foreign	Not Rated	91,194	-	Not Rated	84,368	10.263
Total Foreign		**95,024**			**86,973**	
Total Fixed Income Investments		**$ 481,223**			**$ 531,305**	

Note 9 – Securities Lending Program

State statutes and City Charter do not prohibit COPERS from participating in securities lending transactions, and COPERS has, via a Securities Lending Authorization Agreement effective May 6, 2015, authorized Bank of New York Mellon ("BNY") to lend its securities to broker-dealers and banks pursuant to a form of loan agreement.

During 2025 and 2024, BNY lent, on behalf of COPERS, certain securities held by BNY as custodian and received cash (United States and foreign currency), securities issued or guaranteed by the United States government and irrevocable letters of credit as collateral. BNY did not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 102% of the fair value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105% of the fair value of the loaned securities.

At June 30, 2025 and 2024, COPERS had the following securities out-on-loan (in thousands).

June 30, 2025	Fair Value of Securities Lent	Cash Collateral Value	Non-Cash Collateral Value
U.S. Equities	$ 67	$ 67	$ -
U.S. Corporate Securities	31,075	29,955	1,120
U.S. Government Securities	4,729	4,160	569
Total	**$ 35,871**	**$ 34,182**	**$ 1,689**

June 30, 2024	Fair Value of Securities Lent	Cash Collateral Value	Non-Cash Collateral Value
U.S. Equities	$ 31,645	$ 31,139	$ 506
U.S. Corporate Securities	36,624	36,616	8
U.S. Government Securities	41,956	34,086	7,870
Total	**$ 110,225**	**$ 101,841**	**$ 8,384**

During 2025 and 2024, COPERS and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a liquidity pool and a duration pool. As of June 30, 2025, the collateral pool had a weighted average maturity (WAM) of 3 days and a weighted average life (WAL) of 10 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral.

Note 10 – Risk and Uncertainties

COPERS invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of fiduciary net position. Because the values of individual investments fluctuate with market conditions, the amount of investment gains or losses that COPERS will recognize in its future financial statements cannot be determined.

Note 11 – Funds To/From Other Systems

Under the provisions of Arizona Revised Statutes, Sections 38-730 and 38-922 as amended, transfers between COPERS and the Arizona State Retirement System ("ASRS") are allowed when the City hires an employee who

Note 11 – Funds To/From Other Systems (Continued)

was formerly covered by ASRS, or a COPERS member who separates from City of Phoenix employment goes to work for an entity whose employees are covered under ASRS. Effective July 2011, an amendment in statute changed the calculation method of retirement service credit transfers between COPERS and ASRS. Previously, retirement service credits (time) were transferred between systems without possible service reduction or member cost. Beginning July 2011, retirement service credit transfers are based on an actuarial present value (APV) methodology to the extent the prior retirement system is funded on a fair value basis. With this calculation method a member may have to pay for a portion of the transferred service or accept a reduced transfer of service credits.

Also, City employees previously employed by other government entities may purchase prior service credits.

Note 12 – Interfund Balances

Because COPERS does not have a local bank account, the City of Phoenix Payroll Section acts as a paying and collecting agent for COPERS. Payroll issues pension payments and employee retirement contribution refunds from the City's bank account and handles payment reclamations through the City's bank account. This type of activity, if any, is reflected in the Statement of Fiduciary Net Position as a liability or receivable, as applicable.

Note 13 – Contingent Liabilities

Management is not aware of any pending or threatened claims against COPERS.

Note 14 – Fair Value Measurements (in thousands)

Investment valuation

COPERS categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of fiduciary net position at the end of each reporting period. Fair value investments measurements are as follows at June 30, 2025 and 2024 (in thousands).

Note 14 – Fair Value Measurements (in thousands) (Continued)

	Fair Value June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Domestic Equities	$ 1,222,198	$ 5,633	$ -	$ 1,216,565
International Equities	736,284	181,487	-	554,797
Fixed Income				
US Government and Agency	36,149	35,086	1,063	-
Mortgage Backed - Residential	9,766	-	9,766	-
Asset Backed	24,624	-	24,624	-
Municipal Bonds	2,320	-	2,320	-
Corporate Bonds	313,340	-	164,565	148,775
Foreign	95,024	-	4,088	90,936
Private Debt	202,491	-	-	202,491
Temporary Investments from Securities Lending	1,689	1,689	-	-
Total Investments by Fair Value Level	**$ 2,643,885**	**$ 223,895**	**$ 206,426**	**$ 2,213,564**
Investments measured at net asset value (NAV)				
Private Equity	508,256			
Hedge Funds	157,908			
Real Estate Funds	474,250			
Total Investments Measured at NAV	**$ 1,140,414**			
Cash Equivalents in Securities Lending	34,182			
Total Investments	**$ 3,818,481**			

Note 14 – Fair Value Measurements (in thousands) (Continued)

	Fair Value June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Domestic Equities	$ 998,612	$ 359,282	$ -	$ 639,330
International Equities	572,622	151,667	-	420,955
Fixed Income				
Derivatives	9	14	(5)	-
US Government and Agency	58,148	57,378	770	-
Mortgage Backed - Residential	18,144	-	18,144	-
Asset Backed	37,657	-	37,657	-
Municipal Bonds	1,519	-	1,519	-
Corporate Bonds	328,855	-	192,481	136,374
Foreign	86,973	-	4,820	82,153
Temporary Investments from Securities Lending	8,384	8,384	-	-
Total Investments by Fair Value Level	**$ 2,110,923**	**$ 576,725**	**$ 255,386**	**$ 1,278,812**
Investments measured at net asset value (NAV)				
Private Equity	463,615			
Hedge Funds	98,983			
Global Commingled	236,478			
Real Estate Funds	482,226			
Total Investments Measured at NAV	**$ 1,281,302**			
Cash Equivalents in Securities Lending	101,841			
Total Investments	**$ 3,494,066**			

Note 14 – Fair Value Measurements (in thousands) (Continued)

Alternative investments measured at NAV include private equity funds, hedge funds, real estate, opportunistic and global fixed income. Below is a description of the various investment strategies:

- COPERS has one private equity fund manager that focuses on limited partnership arrangements.
- COPERS invests in four direct hedge funds which all have a global macro strategy.
- COPERS' real estate investments consist of three core real estate funds and 18 non-core real estate partnerships. The core funds permit redemptions with a 90-day notice, the non-core fund investments have a limited liquidity and redemptions are restricted.

Certain investments are reported at the net asset values calculated by the investment manager as a practical expedient and are not classified by level in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position. These investments (in thousands), at June 30, 2025, detailed in the following table, are subject to capital calls and specific redemption terms:

	6/30/2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds	157,908	-	Quarterly	90 Days
Private Equity	508,256	430,820	Quarterly	0-90 Days
Real Estate Funds	474,250	150,600	Quarterly	0 - 90 Days

Debt and equity securities categorized as Level 1 are valued based on prices quoted in active markets for those debts and securities. Debt and equity securities categorized as Level 2 are valued using matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the relationship to benchmark quoted prices. Investment derivative instruments categorized as Level 2 are valued using market approaches that consider, as applicable, benchmark interest rates or foreign exchange rates. Mortgage-backed securities categorized as Level 2 are valued using discounted cash flow techniques. Debt and equity securities categorized as Level 3 are debt and securities whose stated market price is unobservable by the marketplace, many of these securities are priced by the issuers or industry groups for these securities. Collateralized debt obligations categorized as Level 3 are valued using consensus pricing. The fair value of international equity funds and related short-term investments classified as Level 3 represent the value of unit positions in funds that are not publicly traded on an exchange. Fair value of these securities can be impacted by redemption restrictions imposed by the fund managers.

Required Supplementary Information

The schedule below shows the changes in Net Pension Liability and related ratios required by GASB. As more information becomes available, additional years will be presented.

Schedule of Changes in Net Pension Liability and Related Ratios (in thousands) *

Total Pension Liability	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Service cost	$ 101,467	$ 89,016	$ 81,561	$ 79,869	$ 78,643	$ 81,119	$ 73,255	$ 73,072	$ 72,876	$ 80,757
Interest on total pension liability	353,935	335,308	324,026	311,636	303,102	313,397	300,543	293,883	293,258	293,206
Changes of benefit terms	-	-	-	-	-	-	-	-	-	(3,229)
Difference between expected and actual experience	26,205	119,160	28,788	52,647	(4,347)	(77,698)	39,370	(42,785)	429	(76,891)
Changes of assumptions	(132,720)	-	-	-	-	(62,386)	-	-	2,420	(69,420)
Benefit payments, including refunds of member contributions	(286,765)	(280,352)	(273,504)	(262,660)	(249,713)	(242,143)	(237,389)	(227,576)	(223,667)	(216,193)
Net change in pension liability	**$ 62,122**	**$ 263,132**	**$ 160,871**	**$ 181,492**	**$ 127,685**	**$ 12,289**	**$ 175,779**	**$ 96,594**	**$ 145,315**	**$ 8,230**
Total Pension liability - beginning	**$ 5,147,294**	**$ 4,884,162**	**$ 4,723,291**	**$ 4,541,799**	**$ 4,414,114**	**$ 4,401,825**	**$ 4,226,046**	**$ 4,129,452**	**$ 3,984,137**	**$ 3,975,907**
Total Pension liability - ending	**$ 5,209,416**	**$ 5,147,294**	**$ 4,884,162**	**$ 4,723,291**	**$ 4,541,799**	**$ 4,414,114**	**$ 4,401,825**	**$ 4,226,046**	**$ 4,129,452**	**$ 3,984,137**
Plan Fiduciary Net Position										
Contributions - employer	209,931	210,701	193,136	178,319	357,382	175,947	165,796	229,006	152,153	119,844
Contributions - member	65,934	57,067	47,749	53,350	40,561	39,356	35,042	33,340	30,870	29,523
Net investment income/(loss)	309,961	249,173	175,400	(161,785)	610,554	50,389	142,964	166,514	243,210	9,171
Benefit payments, including refunds of member contributions and transfer outs	(286,765)	(280,352)	(273,504)	(262,660)	(249,713)	(242,143)	(237,389)	(227,576)	(223,667)	(216,409)
Administrative Expenses	(1,751)	(4,870)	(1,373)	(2,564)	(1,930)	(2,509)	(793)	(377)	(380)	(234)
Net change in plan fiduciary net position	**$ 297,310**	**$ 231,719**	**$ 141,409**	**$ (195,340)**	**$ 756,854**	**$ 21,039**	**$ 105,620**	**$ 200,907**	**$ 202,186**	**$ (58,105)**
Plan fiduciary net position - beginning	**$ 3,615,814**	**$ 3,384,095**	**$ 3,242,687**	**$ 3,438,027**	**$ 2,681,173**	**$ 2,660,134**	**$ 2,554,514**	**$ 2,353,607**	**$ 2,151,421**	**$ 2,209,526**
Plan fiduciary net position - ending	**$ 3,913,124**	**$ 3,615,814**	**$ 3,384,096**	**$ 3,242,687**	**$ 3,438,027**	**$ 2,681,173**	**$ 2,660,134**	**$ 2,554,514**	**$ 2,353,607**	**$ 2,151,421**
Net Pension Liability	**$ 1,296,293**	**$ 1,531,480**	**$ 1,500,066**	**$ 1,480,604**	**$ 1,103,772**	**$ 1,732,941**	**$ 1,741,691**	**$ 1,671,532**	**$ 1,775,845**	**$ 1,832,716**
Plan fiduciary net position as a percentage of the total pension liability	**75.12%**	**70.25%**	**69.29%**	**68.65%**	**75.70%**	**60.74%**	**60.43%**	**60.45%**	**57.00%**	**54.00%**
Covered payroll	**$ 813,949**	**$ 750,171**	**$ 653,263**	**$ 595,304**	**$ 580,451**	**$ 568,089**	**$ 561,938**	**$ 526,667**	**$ 521,295**	**$ 473,974**
Net pension liability as a percentage of covered payroll	**159.26%**	**204.15%**	**229.63%**	**248.71%**	**190.16%**	**305.05%**	**309.94%**	**317.38%**	**340.66%**	**386.67%**

* May not sum due to rounding

Required Supplementary Information (Continued)

Schedule of Employer Contributions – Last 10 Fiscal Years (in thousands)

Schedule of Employer Contributions	Actuarial Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions As A Percentage of Covered Payroll
2024-25	$ 197,114	$ 209,931	$ (12,817)	$ 813,949	25.79%
2023-24	192,538	210,701	(18,163)	750,171	28.09%
2022-23	179,616	193,136	(13,520)	653,263	29.56%
2021-22	167,843	178,319	(10,476)	595,304	29.95%
2020-21	178,090	357,382	(179,292)	580,451	61.57%
2019-20	175,947	175,947	-	568,089	30.97%
2018-19	165,796	165,796	-	561,938	29.50%
2017-18	159,006	229,006	(70,000)	526,667	43.48%
2016-17	152,153	152,153	-	521,295	29.19%
2015-16	119,844	119,844	-	473,974	25.28%

* For fiscal year 2014-15, the Plan's actuary was calculating covered payroll based on their assumption this was an estimated amount. For subsequent reports, the actuary began using actual amounts which slightly changed the amounts previously reported.

Schedule of Investment Returns

	2025	2024	2023	2022	2021
Annual money-weighted rate of return, net of investment expenses	8.60%	7.30%	5.40%	-4.70%	22.80%

	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expenses	1.40%	6.20%	7.10%	7.30%	0.60%

Notes to the Required Supplementary Information

In August 2025, the COPERS Board adopted new actuarial assumptions based upon the recommendations from its actuary, GRS, for the purpose of determining contribution rates. The 2025 adopted changes are:

1. The discount rate was maintained at 7.00%.
2. The rate of inflation was raised from 2.30% to 2.40.
3. The payroll growth rate remains at 2.50%.
4. Pension Equalization Reserve (PER) was valued for future benefits payable through the PER as an annual compound cost-of-living adjustment (COLA) payable January 1, the first five years is reduced to 0.75%, 1.00% for the next five years; maintaining the ultimate rate of 1.25%.
5. The wage inflation assumption was raised from 2.8% to 3.00%.
6. Other demographic assumption changes were made to termination, retirement, and disability rates to better reflect recent experience.
7. Post-retirement, active life and disabled life mortality was updated to be based on the Pub-2016 tables and the ultimate rates of the most recently published improvement scales.

In July 2020, the COPERS Board adopted several new actuarial assumptions based upon the recommendations from its actuary, GRS, for the purpose of determining contribution rates. The 2020 adopted changes are:

1. The discount rate was lowered to 7.00%.
2. The rate of inflation was lowered to 2.30%.
3. The payroll growth rate was lowered to 2.50%.
4. Pension Equalization Reserve (PER) was valued for future benefits payable through the PER as an annual compound cost-of-living adjustment (COLA) payable January 1, equal to 0.50% through 2024, 1.00% from 2025-2029, and then 1.25% thereafter.
5. The wage inflation assumption was lowered to 2.80%.
6. Individual merit/promotion increases were change to be service based rates ranging from 4.20% at 1 year of service to 0.00% at 15 or more years of service.
7. Unused sick leave, vacation time and compensation time was updated to be valued explicitly with a 1.50% load included for adverse experience.
8. Post-retirement, active life and disabled life mortality was updated to be based on the Pub-2010 tables with multipliers for healthy annuitant mortality and projected with the ultimate rates from the MP projection scales.
9. Rates of disability, retirement and termination were updated to reflect recent experience.

In July and August 2017, the COPERS Board adopted several new actuarial assumptions based upon the recommendations from its actuary, GRS, for the purpose of determining contribution rates. The 2017 adopted changes were:

1. The discount rate was lowered to 7.25%.
2. The rate of inflation was lowered to 2.50%.
3. The payroll growth rate lowered to 3.00%.
4. Pension Equalization Reserve (PER) was valued for future benefits payable through the PER as a 1.5% annual compound cost-of-living adjustment (COLA).

Supplementary Information

Schedule of Investment Expenses for the Fiscal Years Ended June 30, 2025 and 2024 (in thousands)

Payee	Fees 2025	Fees 2024	Nature of Services
American Landmark	$ 323	$ 0	Investment Management
Ares Pathfinder	1,997	-	
Artisan Global Opportunities	239	1,476	Investment Management
Ascentris Value Add Fund III	258	170	Investment Management
Ascentris Fund B III	41	13	Investment Management
Baillie Gifford	689	880	Investment Management
BNY Mellon	220	231	Master Custodian
Brevan Howard (BH-DG)	365	420	Investment Management
Brigade Capital Management	663	439	Investment Management
Carbel	162	-	Investment Management
Cramer Rosenthal McGlynn	-	480	Investment Management
DDJ Capital Management	461	426	Investment Management
Driehaus	204	185	Investment Management
Eagle Asset Management	42	384	Investment Management
Fir Tree	203	732	Investment Management
First Eagle	596	594	Investment Management
FOCUS Healthcare Partners	1,211	545	Investment Management
GQG	901	535	Investment Management
Hammes Partners III	239	170	Investment Management
Hammes Partners IV	796	-	Investment Management
HSI Real Estate V	39	4	Investment Management
J P Morgan	455	668	Investment Management
Logan Circle (MetLife)	478	440	Investment Management
Longfellow	199	235	Investment Management
LSV Asset Management	1,720	1,200	Investment Management
Morgan Stanley	701	737	Investment Management
Neuberger Fund LP	-	58	Investment Management
Neuberger Sonoran A	320	178	Investment Management
Neuberger Sonoran B	564	438	Investment Management
Neuberger Sonoran C	463	436	Investment Management
Neuberger Sonoran D	453	313	Investment Management
Neuberger Sonoran E	841	496	Investment Management
Neuberger Sonoran F	365	445	Investment Management
Northwood GP, LLC IV	-	51	Investment Management
Northwood Series V	422	376	Investment Management
Northwood RE TE	357	136	Investment Management
One River	385	170	Investment Management
PAAMCO	-	57	Investment Management
Pacific Asset Management	463	175	Investment Management
PIMCO All Asset	828	659	Investment Management
Realterm Logistics	208	130	Investment Management
RECAP V	-	189	Investment Management
Robeco Investment Management	273	520	Investment Management
SC Core Fund	8	-	Investment Management
SSgA FTSE RAFI Developed ex-U.S. Low Volatility	83	86	Investment Management

Supplementary Information (Continued)

Schedule of Investment Expenses for the Fiscal Years Ended June 30, 2025 and 2024 (in thousands) (continued)

Payee	Fees 2025	Fees 2024	Nature of Services
SSgA FTSE RAFI U.S. Low Volatility	48	101	Investment Management
SSgA U.S. TIPS	68	47	Investment Management
SSgA US Aggregate Bond	-	20	Investment Management
SSgA Russell	102	-	Investment Management
SSA Short-Term Bond	38	21	Investment Management
Western Asset	117	191	Investment Management
Wheelock II	77	66	Investment Management
Wheelock III	42	-	Investment Management
Wheelock V	170	-	Investment Management
Wheelock VI	276	-	Investment Management
Wheelock VII	375	225	Investment Management
Total	**$ 20,548**	**$ 16,548**	
Net Securities Lending Expenses	$ 2,695	$ 3,763	Agent Fees/Broker Rebates

Supplementary Information (Continued)

Schedule of Administrative Expenditures and Encumbrances (Non-GAAP Budgetary Basis) Paid by the City of Phoenix for the Fiscal Years Ended June 30, 2025 and 2024

	2025		2024	
	Original Budget	Actual	Original Budget	Actual
Personal Services				
Staff Salaries and Benefits	$ 1,461,585	$ 1,387,002	$ 1,575,660	$ 1,211,151
Insurance	302,169	266,970	242,438	240,129
Social Security and Medicare	99,031	92,867	99,493	81,238
Retirement Contributions	406,034	391,394	479,849	386,925
Total Personal Services	**$ 2,268,819**	**$ 2,138,233**	**$ 2,397,440**	**$ 1,919,443**
Professional Services				
Consultants	$ 1,230	$ 3,315	$ 980	$ 1,513
Audit and Accounting	145,842	113,135	127,797	144,821
Medical Advisors	-	10,650	4,250	4,271
Total Professional Services	**$ 147,072**	**$ 127,100**	**$ 133,027**	**$ 146,334**
Communications				
Printing	$ 19,077	$ 15,235	$ 13,000	$ 9,747
Postage and Mailing	20,100	24,926	20,300	20,542
Telephone	2,700	2,787	2,700	1,182
Subscriptions and Memberships	2,190	2,365	2,190	3,120
Total Communications	**$ 44,067**	**$ 45,313**	**$ 38,190**	**$ 34,591**
Miscellaneous				
Supplies	$ 5,000	$ 5,573	$ 5,000	$ 7,481
Office Furniture	-	936		55
Computer Equipment	-	2,127	-	2,594
Other	(118,369)	2,897	(215,853)	(29,332)
Total Miscellaneous	**$ (113,369)**	**$ 11,533**	**$ (210,853)**	**$ (19,202)**
Total Administrative Expenditures and Encumbrances	**$ 2,346,589**	**$ 2,322,179**	**$ 2,357,804**	**$ 2,081,166**

Note: The schedule above represents administrative expenditures of COPERS that are budgeted and paid by the City of Phoenix through the general fund. They are recognized as offsetting contributions and deductions on the Statement of Changes in Fiduciary Net Position.

Schedule of Administrative Expenses (Plan Assets) for the Fiscal Years Ended June 30, 2025 and 2024

	Fees Paid	
Expense Category	**2025**	**2024**
Technology	$ 801,962	$ 2,421,512
Consulting	677,163	564,091
Actuarial Consulting	65,200	39,550
Legal Services	253,124	432,243
Administrative - Other	305,150	1,412,638
Total	**$ 2,102,599**	**$ 4,870,034**

Supplementary Information (Continued)

Schedule of Payments to Consultants (Plan Assets) for the Fiscal Years Ended June 30, 2025 and 2024

Consultant	2025	2024
Aksia	$ 128,765	$ 145,422
Segal, LifeStatus, Hyas	260,831	-
Meketa Investment Group	287,567	418,669
Total	**$ 677,163**	**$ 564,091**

COPERS

Investment
section

*The **Investment Section** contains the Plan’s report on investment activity, its investment policies, schedules of investment results and related information.*

COPERS

MEKETA

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Carlsbad, CA 92008

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Meketa.com

MEMORANDUM

October 22, 2025

Board of Trustees
City of Phoenix Employees' Retirement System
c/o Scott Steventon
Retirement Program Administrator
200 W. Washington Street, 10th Floor
Phoenix, AZ 85003

Dear Board Members,

Please find below a summary of the market environment and System performance for the 2025 fiscal year.

Fiscal 2025 Year in Review

At the beginning of Fiscal Year 2025, the global economy was characterized by stubborn inflation and steady growth. Global growth was projected at 3.2%[1] for 2024, and 3.3% in 2025, roughly in line with previous forecasts. Inflation in global services-oriented sectors was elevated and keeping inflation levels above the tolerance levels for many central banks, especially in developed markets, delaying anticipated interest rate cuts.

Quarter ended September 30, 2024

As the first quarter of fiscal 2025 began, markets were guided by the continued themes of inflation trends and economic growth projections across key regions. In the Eurozone, inflation had unexpectedly increased to 2.6% in July, from 2.5%[2] in June, driven by rising energy costs, while Japan's inflation remained steady at 2.8%, prompting the Bank of Japan to raise the policy rate to 0.25% after decades of near-zero rates. China's central bank had implemented another round of interest rate cuts, aiming to support the economy amid a modest inflation recovery to 0.5% in July. In the US, inflation continued to decline, with year-over-year headline inflation falling to 2.9% in July, although shelter and services costs remained a significant contributor to monthly price increases.

Global economic growth was projected to remain stable, and most major economies were expected to avoid a recession. However, key economic data in the US had weakened, leading markets to anticipate multiple rate cuts by the Federal Reserve in response to improving inflation data and signs of economic weakness. This divergence in monetary policy among central banks, with some reducing rates and others raising them, was likely to influence capital flows and currency movements in the coming months.

In the first fiscal quarter of 2024, the US equity markets, represented by the Russell 3000 Index, rose by 6.2%. This increase was driven by a broadening rally that included strong performance in value and small cap stocks, reversing the earlier trend of narrow leadership by large cap growth stocks. The technology sector continued to perform well, contributing to the overall gains in the US equity markets.

Non-US developed equity markets, as measured by the MSCI EAFE Index, increased by 7.3% in the first quarter, with Japanese equities hitting multi-decade highs, which significantly contributed to the overall performance. In a reversal of earlier trends, the weakening US dollar in first fiscal quarter had a beneficial impact on returns for US investors, as the local currency version of the index (MSCI EAFE Local) returned just 0.8%. Emerging markets equities, represented by the MSCI Emerging Markets Index, posted a return of 8.7% in the first fiscal quarter, outperforming developed market stocks. Within emerging markets,

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China (MSCI China) saw a significant rally of 23.5% for the quarter, driven by a substantial policy stimulus package aimed at supporting equity prices and reducing bank reserve requirements.

The broad US bond market, represented by the Bloomberg Aggregate Index, returned 5.2% in the first quarter, benefiting from expectations of additional policy rate cuts as inflation pressures receded and the economy showed signs of possible slowing. High yield bonds, as measured by the Bloomberg High Yield Index, were up 5.3% due to strong risk appetite and attractive yields.

Quarter ended December 31, 2024

At the start of the second fiscal quarter of 2025, the global economy was characterized by mixed outcomes influenced by various geopolitical and economic factors. The US election played a significant role, with markets reacting to the incoming Trump administration's proposed policies, which included tariffs, tax cuts, and deportations, raising concerns about future inflationary pressures and economic stability. Despite these concerns, US equities experienced a post-election rally driven by optimism over potential policy benefits, such as deregulation.

Even with the market focused on economic impacts from the incoming US administration's policies, the Federal Reserve cut its policy rate by 0.25% in December, but its Summary of Economic Projections and hawkish comments provoked a repricing of future rate cuts and their timing. That said, unemployment remained low and economic growth showed resilience throughout the quarter. Internationally, non-US markets faced challenges, with economic growth slowing in Europe and China, partly due to trade tensions and a strong US dollar. Overall, the quarter highlighted significant divergence between US and international markets, driven by varying economic policies and geopolitical uncertainties.

In the second fiscal quarter, global equity and bond markets exhibited varied performance. US equity markets, represented by the Russell 3000 Index, rose by 2.6%, driven by a post-election rally and strong performance in the technology sector. Non-US developed equity markets, as measured by the MSCI EAFE, declined by 8.1%, impacted by a strong US dollar and concerns over trade wars and slowing growth in Europe. Emerging markets equities, tracked by the MSCI Emerging Markets, fell by 8.0%, with China (MSCI China) declining by 7.7% due to slowing economic growth, property sector issues, and discouragement of US investments.

In the fixed income market, the broad US bond market (Bloomberg Aggregate) returned -3.1% due to higher inflation and rising interest rates. Conversely, High Yield bonds (Bloomberg High Yield) were up 0.2%, reflecting a continued strong risk appetite and attractive yields.

Quarter ended March 31, 2025

At the start of the third fiscal quarter of 2025, the global economy was guided by mixed outcomes across the globe influenced by various geopolitical and economic factors. Uncertainty surrounding US administration tariffs, economic policies, and inflationary pressures shaped market sentiment. In the US, domestic equities sold off during the first quarter, with the Russell 3000 Index declining by 4.7%. Growth stocks underperformed value stocks, while small-cap stocks trailed large-cap stocks. Defensive sectors outperformed, reflecting cautious investor sentiment.

Internationally, non-US developed market stocks, as measured by the MSCI EAFE, rose by 6.9%, bolstered by rate cuts from the European Central Bank, planned increases in EU defense spending, and a weakening US dollar. Emerging market equities, tracked by the MSCI Emerging Markets Index, returned 2.9%, with notable gains in Chinese equities (+15.0%), driven by enthusiasm around DeepSeek AI and stimulus measures introduced by the Chinese government. Divergence in the returns among

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various asset class displayed the benefits of a diversified portfolio after a long stretch of US Large Cap Equity dominance.

In the fixed income market, most segments posted positive returns. The broad US bond market (Bloomberg Aggregate) gained 2.8%, supported by a declining rate environment. Long-term Treasuries were the best performers, with the Bloomberg Long US Treasury index returning 4.7%, while high yield bonds, as represented by the Bloomberg High Yield index, posted modest gains (+1.0%) due to prevailing economic uncertainties. Bond and equity volatility increased during the quarter amidst policy and trade uncertainties, with the US Volatility Index (VIX) finishing above its long-run average.

Quarter ended June 30, 2025

At the close of the final fiscal quarter of 2025, the global economy exhibited mixed outcomes influenced by trade news, fiscal concerns, inflationary pressures, and improving risk sentiment across asset classes. In early April, President Trump unveiled the Liberation Day tariffs, which sent shock waves throughout global markets, before announcing a 90-day pause a week later.

In the US, equity markets posted strong returns during the quarter, with the Russell 3000 Index gaining 11.0%, driven by stabilizing tariff concerns, robust corporate earnings, and a resilient US economy. Growth stocks significantly outperformed value stocks, particularly in the large-cap segment (Russell 1000 Growth: +17.8% vs. Russell 1000 Value: +3.8%), bolstered by gains in AI-related mega-cap technology companies. Small-cap stocks (Russell 2000) also performed well, rising 8.5%, though they trailed large-cap stocks.

In the fixed income market, most segments posted positive returns, with the Bloomberg Aggregate gaining 1.2%, supported by stable or declining Treasury yields. Longer duration Treasuries underperformed (Bloomberg Long US Government: -1.5%) due to fiscal concerns driving yields higher along the 30-year curve. Inflation-related risks contributed to gains in Treasury Inflation-Protected Securities (TIPS), with the Bloomberg TIPS index gaining 0.5%.

In summary, the quarter underscored the benefits of diversification across asset classes, with varying performance driven by fiscal and inflationary dynamics alongside improving risk sentiment.

Summary

The table below highlights the full fiscal year returns for various benchmarks referenced in this review:

Index	1-Year Return as of June 30, 2025
S&P 500	15.2%
Russell 3000	15.3%
MSCI EAFE	17.7%
MSCI EAFE (Local)	8.0%
MSCI EM	15.3%
MSCI China	33.8%
Bloomberg Aggregate	6.1%
Bloomberg TIPS	5.8%
Barclays High Yield	10.3%
Bloomberg Long US Government	1.6%

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Overall, in fiscal 2025, global economies experienced varied growth and inflation trends. The US saw an annual GDP growth of 2.0% for the full fiscal year, using the advance estimate of economic growth from the Bureau of Economic Analysis. Inflation in the US moderated to 2.7% by June, and the Fed Funds rate declined from a range of 5.25-5.50% to start the fiscal year down to 4.25-4.50% by year end. Using the preliminary estimate from Eurostat, Eurozone's GDP grew by 1.4%[3] in fiscal 2025, with inflation stabilizing at 2.0% for the year. Japan's economy expanded by 0.8% in fiscal 2025 (preliminary), with an annual inflation rate of 3.3%, and was the only major economy to raise rates during the year. China's official government numbers showed it grew GDP by 5.2%[4], supported by resilient exports and government stimulus, though inflation remained low at 0.1% for the full fiscal year.

Unemployment rates also varied across these regions. In the US, the unemployment rate was 4.1%[5] in June 2025, reflecting a slight decrease from a year ago. The Eurozone's unemployment rate remained relatively stable, ending at 6.3%.[6] Japan's unemployment rate was low, at approximately 2.5%[7], down from 2.7% at the start of the fiscal year, supported by steady job creation. In China, the unemployment rate hovered around 5.0%[8], with government policies aimed at maintaining employment stability.

Fiscal Year 2026 Outlook

In fiscal year 2025, the US economy continued to outpace other developed markets, maintaining robust growth despite elevated interest rates. The Federal Funds rate ended the year just above 4% and roughly one percentage point lower than where it began, and economic activity remained well above recessionary levels. Investor resilience in the face of new tariffs, coupled with sustained enthusiasm for AI innovation, contributed to strong performance in equity markets. Fixed income markets also delivered positive returns, supported by the positive risk sentiment.

Fiscal year 2026 is poised to be a pivotal one, potentially marked by significant economic, political, and social developments. There are several areas that could guide markets, both positively and negatively. These include:

→ Trump Administration Policies

- The Trump Administration, so far, has entailed increased immigration enforcement, tariffs, and the passage of the fiscal spending and tax legislation known as the "One Big Beautiful Bill". While headlines and economists have opined on how these policies may affect the market and economy, limited impacts have flowed through to hard data so far.
- President Trump's tariff announcements, specifically on "Liberation Day" caused material market volatility. A week later, the administration announced a 90-day pause of these tariffs levels to allow for negotiations. Upon expiration of that 90-day pause, the delay was extended until August 1st. While some partial trade deals have been made, agreements with most trading partners are still up in the air, keeping uncertainty in place in the global economy. Uncertainty can delay business investment, depressing spending. While tariffs on imports from countries like China, Mexico, Canada, and the European Union aim to protect US industries and generate federal revenue, they could lead to domestic inflation by increasing the prices of imported goods, though the extent of this impact depends on the final breadth, height, and duration of the tariffs, as well as potential mitigating actions by companies and countries.[9]
- The One Big Beautiful Bill Act was signed into law by President Trump on July 4, 2025. This comprehensive legislation includes significant tax cuts, adjustments to federal spending, and an increase in the statutory debt limit. Major impacts include reductions in Medicaid and Affordable Care Act coverage, changes to student loan repayment options, and substantial funding for rural health programs.

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- The Congressional Budget Office (CBO) provided a detailed analysis of the One Big Beautiful Bill Act. Here are some key points:
  - Federal Deficit: The bill is projected to increase the federal deficit by $3.8 trillion over the 2026-2034 period, primarily due to tax changes, including making the 2017 tax cuts permanent.[10]
  - Medicaid and SNAP: There will be significant reductions in federal spending, with $698 billion less for Medicaid and $267 billion less for the Supplemental Nutrition Assistance Program (SNAP).[10]
  - Distributional Effects: The bill's benefits are not evenly distributed. Higher-income households are expected to see an increase in resources, while lower-income households, particularly those in the lowest decile, may experience a decrease.[10]
- Stricter immigration policies could reduce the labor force, leading to wage inflation and potential negative effects on economic growth and investment, especially as the US population ages and the share of seniors increases.[11]

→ Federal Reserve Policy Dynamics

- The Federal Reserve faces a challenging year in fiscal 2026, dealing with inflation levels above its target and uncertainties related to the Trump administration's economic policies.[12]
- The most recent Summary of Economic Projections (SEP) from March 2025 shows a slight downward revision in GDP growth estimates compared to the previous SEP from December 2024. The median GDP growth projection for 2025 was adjusted from 2.1% to 1.7%.[12]
- The SEP from March 2025 also indicates a slight upward revision in inflation expectations compared to the previous SEP from December 2024. The median projection for the Personal Consumption Expenditures (PCE) inflation rate for 2025 was adjusted from 2.2% to 2.4%, while the core PCE inflation rate, which excludes food and energy prices, was revised from 2.1% to 2.3% for 2025.[12]

→ US Equities and Market Concentration

- In fiscal 2026, US equities are likely focused on concentration risk and elevated valuations, with a few select large-cap stocks, known as the “Magnificent 7," driving much of the market gain.
- As of June 30, 2025, the Magnificent 7 accounted for 32.3% of the total market capitalization of the S&P 500. This is down from 32.5% on June 30, 2024.[13]
- Overall, since President Trump's election, consumer staples, materials and utilities have performed well. The outperformance of utilities is often credited to the massive energy needs of the expanding artificial intelligence businesses. Performance of these sectors, at the expense of Information Technology and Telecommunications, show that at least in calendar 2025, positive performance is broadening out versus just the Magnificent 7 companies.
- Valuations remain elevated, with price-to-earnings ratios well above historic averages as of the end of fiscal 2025, reflecting optimism about earnings growth and economic resilience, but also increasing vulnerability to macroeconomic shocks and earnings disappointments.

→ Global Economic Growth

- According to the International Monetary Fund’s (IMF) April annual report, global growth in 2025 was downgraded from 3.3% to 2.8%, 0.5% lower than 2024. For 2026, the IMF estimate of global growth declined from 3.3% to 3.0%. Concerns related to trade policy, including tariffs, and their impact on growth drove the reduction.[14]

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- Growth forecast in the US saw one of the larger declines for calendar 2025 (2.7% to 1.8%). The IMF cited trade war escalation, persistent inflation, and a possible slowdown in consumption as reasons for the decline.[15]
- China's growth forecast was also substantially lowered for this year (4.6% to 4.0%) versus the projection from January. Key reasons behind the downgrade include weaker external demand from trade tensions, continued property sector struggles, policy uncertainty and continued demographic pressures.[15]
- Growth in the EU is projected to only be slightly lower (1.0% to 0.8%) in 2025.[15]

Return, inflation and treasury rate data from Bloomberg unless otherwise indicated.

[1] Source: International Monetary Fund https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024#:~:text=Global%20growth%20broadly%20unchanged%20amid,and%203.3%20percent%20in%202025.

[2] Source: International Monetary Fund https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024#:~:text=Global%20growth%20broadly%20unchanged%20amid,and%203.3%20percent%20in%202025.

[3] Source: Eurostat via Bloomberg.

[4] Source: National Bureau of Statistics of China via Bloomberg.

[5] Source: FRED and BLS. Data is as of June 30, 2025.

[6] Source: Eurostat.

[7] Ministry of Internal Affairs and Communications via Bloomberg.

[8] National Bureau of Statistics of China via Bloomberg.

[9] Source: Bureau of Economic Analysis national accounts data as of December 2023.

[10] Source: https://www.cbo.gov/system/files/2025-05/61422-Reconciliation-Distributional-Analysis.pdf.

[11] Source: FRED as of November 2024. Between 2007 and November 2024 the number of employed workers rose from 137.6 million to 159.3 million.

[12] Source: https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20250319.htm.

[13] Source: Bloomberg.

[14] Source: https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025.

[15] Source: Bloomberg.

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Retirement System Investment Results

The System's net of fees return was +8.6%. Over the most recent three-year period, the System's net of fee return was +7.1%, +7.5% over five years, and +6.4% over ten years. As of June 30, 2025, the System's actuarial assumed rate of return was 7.0%. The System uses a time-weighted rate of return methodology. Returns are calculated by an independent third party (Meketa Investment Group) using data provided by the custodian.

As of June 30, 2025, the System's assets were allocated to growth (47.9%), income (15.0%), inflation hedging (23.1%), and crisis risk offset (14.0%).

In March 2023, the Board adopted a new asset allocation policy with a 20-year expected return of 8.2%, slightly above the actuarial assumed rate of return of 7.0%.

During the fiscal year, the System continued to implement the approved asset allocation policy, which included:

→ An update to the interim target policy weights

→ Termination of all active US equity managers

→ Addition of one US equity index manager

→ Termination of one short duration Fixed Income manager

→ Addition of two Private Credit managers

→ Addition of Risk Mitigating Strategies manager

As mentioned in the previous two letters, moving to the long-term targets will be a multi-year process. We look forward to continuing our work with Staff and the Board to move the Retirement System towards its new policy targets, with the ultimate goal of allowing the Retirement System to continue to meet its obligations to participants.

If you have any questions, please contact us at (760) 795-3450.

Sincerely,

Larry Witt, CFA
Managing Principal

Paola Nealon
Managing Principal

Imran Zahid
Investment Analyst

LW/PN/IZ/nca

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Outline of Investment Policies and Objectives

COPERS' asset allocation targets (at fair value) as of June 30, 2025 were:

Asset Class	Target Allocation
US Equity	16%
Developed Non-US Equity	9%
Emerging Non-US Equity	8%
Private Equity	9%
High Yield Bonds	5%
Bank Loans	3%
Emerging Market Bonds	3%
Private Debt	10%
TIPS	6%
Real Estate	12%
Infrastructure	4%
Natural Resources	4%
Short Duration Bonds	6%
Risk Mitigating Strategies	5%
Cash Equivalents	0%

A. In March 2023, the COPERS Board adopted a new asset allocation that more closely aligns the Board's risk tolerance and expected returns.

B. Each asset class will be broadly diversified to be similar to the market for the asset class. The market for equities shall be represented by the Russell 3000 Value Index, MSCI EAFE Index, MSCI Emerging Markets. The market for bonds shall be represented by the Barclays Capital Aggregate and Barclays High Yield. The market for real estate shall be represented by the NCREIF ODCE Property Index.

C. Multiple managers will be employed. Allocations among the managers will be controlled by the Trustees to maintain both diversification and policy guidelines.

D. Investments will conform to the Phoenix City Charter, Chapter XXIV, Part II, Section 34 (See Note 8).

E. COPERS' main investment objective is to achieve a rate of return that exceeds inflation by at least 3% over time. The actuarial assumed rate of return is 7.00%.

Investment Services Under Contract (as of June 30, 2025)

Equity Managers		
Baillie Gifford	Kathrin Hamilton	Edinburgh, SCT
Cramer Rosenthal McGlynn	Emily Ackers	Stamford, CT
Driehaus	Sarah Greene	Chicago, IL
Eagle Asset Management	Clay Lindsey	St. Petersburg, FL
First Eagle	Karin Penkala	New York, NY
GQG	Elizabeth Colquitt	Ft. Lauderdale, FL
LSV	Jason Ciaglo	Chicago, IL
Robeco Investment Management	William Supple	Boston, MA

Fixed Income Managers		
Ares Management	Scott McConnell	Los Angeles, CA
Brigade Capital Management	Joseph Turilli	New York, NY
DDJ Capital Management (Polen Capital Management)	Jennifer McCarthy	Waltham, MA
Logan Circle Partners	Angus Campbell	Philadelphia, PA
Longfellow Investment Management	Corrine Larson	Boston, MA
Pacific Asset Management	Michael Spitler	Newport Beach, CA
PIMCO	Kerrisha Jenkins	Newport Beach, CA
State Street Global Advisors	Sonya Park	San Francisco, CA
Western Asset Management	Kevin Gore	Pasadena, CA

Hedge Fund Managers		
36 South Capital Advisors	Timothy Evans	London, ENG
Brevan Howard US LLC	William Allen	London, ENG
Fir Tree Partners	Benjamin Ghriskey	New York, NY
One River Asset Management	Patrick Kazley	Stamford, CT

Transition Managers		
Russell Implementation Services, Inc	Steve Cauble	Seattle, WA

Private Equity, Infrastructure and Natural Resources		
Neuberger Berman	Kaci Boyer	Dallas, TX

Real Estate Managers		
Adler Real Estate	John Meyer	Miami, FL
American Landmark Apartments	David Tepperman	New York, NY
Ascentris	Rob Toomey	Denver, CO
Carlyle Property Investors, L.P.	Mitch Smith	Washington, D.C.
FOCUS Healthcare Partners	Michael Feinstein	Chicago, IL
Hammes Partners	Patrick Hammes	Milwaukee, WI
JP Morgan	Akash Patel	San Francisco, CA
Hemisferio Sul Investments	Antonio Costa	Sao Paulo, BRA
Morgan Stanley	Lauren Chin	New York, NY

Investment Services Under Contract (as of June 30, 2025) (Continued)

Real Estate Managers (continued)		
Northwood Real Estate Partners	Blair Drossner	New York, NY
Realterm Logistics Income	Shannon McAuliffe	Washington, DC
RECAP II, III, IV, SC Core	Chris Van Beek	Singapore, CHN
Wheelock Street Real Estate	Ewen Makarewicz	Greenwich, CT

Real Estate Consultant		
Aksia	Mark Bartmann	Chicago, IL

Investment Consultant		
Meketa Investment Group	Larry Witt	Carlsbad, CA
	Imran Zahid	

Schedule of Investment Results
For the Fiscal Year Ended June 30, 2025

	Annualized		
	1-Year	3-Years	5-Years
Total Portfolio:			
COPERS	8.6%	7.1%	7.5%
Policy Benchmark	9.3	8.1	8.8
Meketa All Pension Plans > $1B Net Median	10.4	8.7	8.6
Bank Loans			
Pacific Asset Management	7.4	9.9	7.2
Emerging Market Bonds			
MetLife Emerging Markets (9)	10.7	9.4	3.2
MetLife Custom Benchmark	10.2	8.1	2.3
Emerging Market Equities			
GQG Emerging Markets	(3.2)	11.9	8.9
MSCI Emerging Markets Growth	17.7	9.2	4.6
LSV Emerging Markets	15.7	17.8	14.9
MSCI Emerging Markets Value	12.7	10.2	9.1
Equity Funds			
Artisan Global Opportunities	20.3	1.2	11.4
MSCI ACWI	19.4	5.4	10.8
Baillie Gifford	19.7	14.8	6.0
MSCI ACWI Ex-USA Growth	14.1	12.4	7.1
Driehaus International (1)	19.0	14.8	-
MSCI ACWI Ex USA Small Growth	17.8	12.3	-
Eagle Asset Management	13.2	(4.5)	6.9
Russell 2000 Growth Index	9.1	(4.9)	6.2
First Eagle (11)	7.0	1.8	-
MSCI EAFE Value	13.7	5.5	6.1
GQG (2)	31.0	3.4	-
MSCI Emerging Markets Growth	11.1	(8.7)	3.2
LSV (10)	25.4	6.1	-
MSCI Emerging Markets Growth	14.1	(1.1)	2.9
SSgA FTSE RAFI US Low Vol	26.5	15.6	12.9
SSgA FTSE RAFI US Low Vol Index	26.0	15.3	12.6
SSgA FTSE RAFI Dev ex-US Low Vol	8.6	4.3	4.7
SSgA FTSE RAFI Dev ex-US Low Vol Index	8.4	4.2	4.5
SSgA Russell 3000 Index (15)	-	-	-
Russell 3000 Index	-	-	-
Hedge Fund of Funds			
BH-DG Systematic Trading (4)	32.8	17.7	-
Fir Tree International	19.6	0.8	6.3
High Yield Bonds			
Brigade Capital Management	15.6	9.5	8.1

Schedule of Investment Results (continued)
For the Fiscal Year Ended June 30, 2025

	Annualized		
	1-Year	3-Years	5-Years
Bloomberg US High Yield Index	10.3	9.9	6.0
Polen Capital Management	7.2	7.9	7.1
Bloomberg US High Yield	10.3	9.9	6.0
Infrastructure			
Neuberger Berman Sonoran (Tranche D) [8]	8.6	9.8	8.6
Neuberger Berman Sonoran (Tranche F)	-	-	-
Natural Resources			
Neuberger Berman Sonoran (Tranche C) [7]	15.1	13.3	20.2
Private Debt			
Ares Management [16]	-	-	-
Pimco Private Income Fund [18]	-	-	-
Private Equity Funds			
Neuberger Berman Sonoran (Tranche A) [6]	4.6	(0.2)	13.5
Neuberger Berman Sonoran (Tranche B)	5.6	4.9	18.5
Neuberger Berman Sonoran (Tranche E)	-	-	-
Real Estate Funds			
Core	2.3	(4.7)	3.6
Non-Core	(1.2)	(2.4)	5.1
Real Return Fund			
PIMCO All Asset	6.5	0.2	4.9
All Asset Index	8.1	1.2	4.0
Risk Mitigating Strategies			
36 South Kohinoor [13]	0.4	-	-
BH-DG Systematic Trading [4]	(16.5)	(7.4)	5.8
Crabel Fund [17]	-	-	-
One River Dynamic Convexity [12]	(6.0)	-	-
Short Duration Bonds			
SSgA US 1-3 Year [14]	6.0	3.1	(0.4)
SSGA Custom Benchmark	5.9	3.2	(0.3)
Longfellow Short Duration [5]	6.1	3.1	-
Longfellow Custom Benchmark	5.9	3.0	(0.5)
TIPS			
SSgA US TIPS [3]	5.9	2.3	1.6
Bloomberg US TIPS Index	5.8	2.3	1.6

Schedule of Investment Results (continued)
For the Fiscal Year Ended June 30, 2025

[1] Driehaus International was added as an equity manager effective May 1, 2021. Performance figures would not be representative of the benchmark index.

[2] GQG was added as an equity manager effective January 1, 2020. Performance figures would not be representative of the benchmark index.

[3] SSGA US TIPS was added on February 1, 2018.

[4] BH-DG Systematic Trading was added March 1, 2018.

[5] Longfellow Short Duration Bond was added on May 1, 2018

[6] Neuberger Berman Sonoran Tranche A was added April 1, 2015.

[7] Neuberger Berman Sonoran Tranche C was added September 1, 2019.

[8] Neuberger Berman Sonoran Tranche D was added September 1, 2019.

[9] MetLife was added as an emerging market bonds manager on September 1, 2019.

[10] LSV was added as an equity manager effective November 1, 2019. Performance figures would not be representative of the benchmark index.

[11] First Eagle was added as an equity manager effective December 1, 2020. Performance figures would not be representative of the benchmark index.

[12] One River Dynamic Convexity was added as a risk-mitigating strategy effective February 1, 2024. Performance figures would not be representative of the benchmark index.

[13] 36 South Capital was added as a risk-mitigating strategy effective February 1, 2024. Performance figures would not be representative of the benchmark index.

[14] SSGA US 1-3 Year Government was added on April 1, 2018.

[15] SSGA Russell 3000 was added on September 1, 2024

[16] Ares Management was added as a private debt manager on October 1, 2024. Performance figures would not be representative of the benchmark index.

[17] Crabel Fund was added as a risk-mitigating strategy manager on January 1, 2025. Performance figures would not be representative of the benchmark index.

[18] PIMCO Private Income Fund was added on February 1, 2025

The calculations above were prepared by COPERS' consultant, using a time-weighted rate of return, based on fair value.

Asset Allocation by Manager
For the Fiscal Year Ended June 30, 2025

Manager	Style	Management (in thousands)	% of Portfolio
Cash And Cash Equivalents Funds			
Brigade Capital Management	Fixed Income	$ 914	2.33%
COPERS Cash Account	Core Plus Fixed Income	132,947	3.39
Cramer Rosenthal McGlynn	Small Cap Growth	114	0.00
DDJ Capital Management	Small Cap Growth	5,182	0.13
Eagle Asset Management	Core Plus Fixed Income	36	0.00
Longfellow Core Fixed	Core Plus Fixed Income	559	0.01
Robeco Investment Management	Large Cap Value	35	0.00
Western Asset Management	Core Plus Fixed Income	355	0.01
Total Cash & Cash Equivalent Funds		**140,142**	**3.57**
Corporate Bonds			
Baillie Gifford	Bonds	181,487	4.63
Brigade Capital Management	Bonds	1,515	0.04
Total Corporate Bonds		**183,002**	**4.67**
Domestic Equities Funds			
Brigade Capital Management	Bonds	3,713	0.09
Cramer Rosenthal McGlynn	Bonds	-	-
DDJ Capital Management	Small Cap Value	406	0.01
Eagle Asset Management	Bonds	-	-
First Eagle Asset Management	Small Cap Growth	101,637	2.59
GQG Emerging Market	Large Cap Value	151,726	3.87
Robeco Investment Management	Bonds	-	-
SSgA FTSE RAFI DV EX US	Bonds	102,109	2.60
SSgA FTSE RAFI US LOW VOL	Large Cap Core	837,127	21.34
STATE ST US AG BND IND	Bonds	144,243	3.68
STATE ST US TIPS IDX	Bonds	235,194	6.00
Total Domestic Equities Funds		**1,576,155**	**40.18**
Fixed Income Funds			
Brigade Capital Management	Fixed Income	87,138	2.22
DDJ Capital Management	Fixed Income	80,930	2.06
Logan Circle	Fixed Income	108,573	2.77
Longfellow Core Fixed	Core Plus Fixed Income	90,936	2.32
Pacific Asset Management	Bank Loans	111,468	2.84
Pimco Income Fund	Core Plus Fixed Income	101,973	
Western Asset Management	Core Plus Fixed Income	-	-
Total Fixed Income Funds		**581,018**	**14.81**
Hedge Funds			
BH DG SYS TRD FD	Hedge Fund of Funds	37,446	0.95
Fir Tree Partners	Hedge Fund of Funds	38,127	0.97
BH DG SYS TRD FD	Hedge Fund of Funds	41,362	1.05
Fir Tree Partners	Hedge Fund of Funds	40,973	1.04
Total Hedge Funds		**157,908**	**4.03**

Asset Allocation by Manager
For the Fiscal Year Ended June 30, 2025

Manager	Style	Management (in thousands)	% of Portfolio
International Equities Funds			
Driehaus International	Large Cap Growth	169,177	4.31
LSV Emerging Market	International	30,147	0.77
Total International Equities Funds		**199,324**	**5.08**
Private Equity Funds			
Neuberger	Private Equity	508,256	12.96
Total Private Equity Funds		**508,256**	**12.96**
Real Estate Funds			
Adler	Non-Core Real Estate	12,439	0.32
American Landmark III	Non-Core Real Estate	29,552	0.75
American Landmark IV	Non-Core Real Estate	15,761	0.40
Ares Management LLC	Non-Core Real Estate	100,518	2.56
Ascentris Fund A III	Non-Core Real Estate	3,218	0.08
Ascentris Fund B III	Non-Core Real Estate	8,903	0.23
Focus Sh Fund I	Non-Core Real Estate	18,242	0.47
Focus Sh Fund II	Non-Core Real Estate	16,382	0.42
Hammes Partners III	Non-Core Real Estate	18,559	0.47
Hammes Partners IV	Core Real Estate	4,000	0.10
HSI Real Estate V	Non-Core Real Estate	60	0.00
JPM Strategic Property	Core Real Estate	61,645	1.57
Morgan Stanley Prime Property	Core Real Estate	82,179	2.09
Northwood IV	Non-Core Real Estate	30,332	0.77
Northwood V	Non-Core Real Estate	37,389	0.95
RealTerm LIF	Core Real Estate	36,770	0.94
RECAP III	Non-Core Real Estate	4,540	0.12
RECAP IV	Non-Core Real Estate	7,500	0.19
RECAP V	Non-Core Real Estate	16,074	0.41
SC Core Fund LP	Non-Core Real Estate	24,552	0.63
Wheelock Real Estate Fund	Non-Core Real Estate	7,855	0.20
Wheelock Street Partners	Non-Core Real Estate	2,508	0.06
Wheelock Street Partners II	Non-Core Real Estate	5,446	0.14
Wheelock Street Partners V	Non-Core Real Estate	9,851	0.25
Wheelock Street Partners VI	Non-Core Real Estate	20,493	0.52
Total Real Estate Funds		**574,768**	**14.65**
US Government Guaranteed			
Longfellow Core Fixed	Bonds	2,179	0.06
Total Private Equity Funds		**2,179**	**0.06**
Total Portfolio Before Securities Lending		**$ 3,922,752**	**100.00**
Securities Lending		35,871	
Total Investments		**$ 3,958,623**	

List of Largest Assets Held
As of June 30, 2025 (in thousands)

Ten Largest Bond Holdings (Fair Value)

Par Value	Description	Interest Rate	Due	Rating	Fair Value
$ 9,989	US Treasury Note	4.50	5/15/2027	AA	$ 10,025
5,200	US Treasury Note	4.50	5/31/2029	AA	5,244
4,986	US Treasury Note	3.75	8/15/2027	AA	5,002
3,877	US Treasury Note	4.00	2/28/2030	AA	3,902
3,004	Hub International	7.38	1/31/2032	B3	3,128
3,221	Baffinland Iron Mines	8.75	7/15/2026	CCC3	3,026
2,736	Surgery Center Holdings	7.25	4/15/2032	CCC1	2,773
2,535	US Treasury Note	4.50	11/15/2025	AA	2,531
2,400	US Treasury Note	3.63	5/31/2028	AA	2,424
2,310	Athena Health Group	6.50	2/15/2030	CCC2	2,381

*Does not have a fixed interest rate.

Ten Largest Stock Holdings (Fair Value)

Shares	Stock	Fair Value
178,321	Cenovus Energy Inc.	3,506
109,576	ACV Auctions Inc.	2,000
105,520	Mueller Water Products Inc.	1,886
95,910	Central Pacifica Financial Corp.	2,033
70,913	COPT Defense Properties	1,775
69,114	Wells Fargo & Co.	4,105
62,086	ChampionX Corp.	2,062
59,622	Horace Mann Educators Corp.	1,945
59,100	Walmart Inc.	4,002
56,215	Viper Energy Inc.	2,110

A complete list of portfolio holdings is available at the COPERS office.

Schedule of Investment Related Fees (in thousands)
For the Fiscal Year Ended June 30, 2025

	Management	Fees
Cash And Cash Equivalents Funds		
Brigade Capital Management	$ 914	$ -
COPERS Cash Account	132,947	-
Cramer Rosenthal McGlynn	114	-
DDJ Capital Management	5,182	-
Eagle Asset Management	36	-
Longfellow Core Fixed	559	-
Robeco Investment Management	35	-
Western Asset Management	355	-
Total Cash & Cash Equivalent Funds	**$ 140,142**	**-**
Corporate Bonds		
Baillie Gifford	181,487	689
Brigade Capital Management	1,515	663
Total Corporate Bonds	**183,002**	**1,352**
Domestic Equities Funds		
Artisan Global Opportunities	-	239
Brigade Capital Management	3,713	-
Cramer Rosenthal McGlynn	-	-
DDJ Capital Management	406	461
Eagle Asset Management	-	42
First Eagle Asset International	101,637	596
GQG Emerging Market	151,726	901
Robeco Investment Management	-	273
SSgA FTSE RAFI DV EX US	102,109	83
SSgA FTSE RAFI DV EX LOW VOL	837,127	48
SSgA Russell	-	102
SSgA Short-Term Bond	-	38
SSgA US Aggregate Bond	144,243	-
SSgA US TIPS	235,194	68
Total Domestic Equities Funds	**1,576,155**	**2,851**
Fixed Income Funds		
Brigade Capital Management	87,138	-
DDJ Capital Management	80,930	-
Longfellow Core Fixed	108,573	199
Logan Circle	90,936	478
Pacific Asset Management	111,468	463
Pimco Income Fund	101,973	828
Western Asset Management	-	117
Total Fixed Income Funds	**581,018**	**2,085**
Hedge Funds		
BH DG Sys Trd FD LP	37,446	365
Crabel Fund	38,127	162
Fir Tree	-	203
Kohinoor	41,362	**-**
One River	40,973	385
Total Hedge Funds	**157,908**	**1,115**

Schedule of Investment Related Fees (in thousands) (continued)
For the Fiscal Year Ended June 30, 2025

International Equities Funds		
Driehaus International	169,177	204
LSV	30,147	1,720
Total International Equities	**199,324**	**1,924**
Private Equity		-
Neuberger	508,256	3,006
Total Private Equity Funds	**508,256**	**3,006**
Real Estate Funds		
Adler	12,439	-
American Landmark III	29,552	323
American Landmark IV	15,761	-
Ares Management LLC	100,518	1,997
Ascentris Fund A III	3,218	258
Ascentris Fund B III	8,903	41
Focus I	18,242	1,211
Focus II	16,382	-
Hammes Partners III	18,559	239
Hammes Partners IV	4,000	796
HSI Real Estate V	60	39
JP Morgan Strategic Property	61,645	455
Morgan Stanley Prime Property	82,179	701
Northwood GP LLC IV	30,332	-
Northwood Series V	37,389	779
RealTerm LIF	36,770	208
RECAP III	4,540	-
RECAP IV	7,500	-
RECAP V	16,074	-
SC Core	24,552	8
Wheelock Real Estate Fund	7,855	-
Wheelock Street Partners	2,508	-
Wheelock Street Partners II	5,446	77
Wheelock Street Partners III	-	42
Wheelock Street Partners V	9,851	170
Wheelock Street Partners VI	20,493	276
Wheelock Street Partners VII	-	375
Total Real Estate	**574,768**	**7,995**
US Government Guaranteed		
Longfellow Core Fixed	2,179	-
Total US Government Guaranteed	**2,179**	**-**
Master Custodian Fees		
BNY Mellon	-	220
Total Master Custodian Fees	**-**	**220**
Total Securities Lending	35,871	
Total Investments	**$ 3,818,481**	**$ 20,548**
Total Cash & Cash Equivalents And Investments	**$ 3,958,623**	

Investment Summary by Sector (in thousands)
For the Fiscal Year Ended June 30, 2025

Type of Investment	Fair Value (in thousands)	Percent of Total Fair Value
Cash and Cash Equivalents:		
Cash & Cash Equivalents	$ 140,142	3.57%
Total Cash and Cash Equivalents	**140,142**	**3.57**
Corporate Bond		
Consumer Discretionary	181,487	4.63
Consumer Services	1,470	0.04
Financials	45	-
Total Corporate Bonds	**183,002**	**4.67**
Domestic Equities:		
Basic Materials	23	-
Consumer Discretionary	294	0.01
Consumer Goods	-	-
Consumer Services	-	-
Domestic Equity	837,127	21.34
Energy Related	82	0.00
Financials	944	0.02
Industrials	2,385	0.06
International Equities	355,472	9.06
Technology	391	0.01
US Government Bond	379,437	9.67
Total Domestic Equities	**1,576,155**	**40.18**
Fixed Income:		
Asset Backed	24,624	0.63
Corporate Bonds	317,428	8.09
Foreign Debt	90,936	2.32
Mortgage Backed	9,766	0.25
Municipal Bond	2,320	0.06
Private Debt	101,973	2.60
US Government Guaranteed	33,324	0.85
US Government Guaranteed	647	0.02
Total Fixed Income	**581,018**	**14.81**
Hedge Funds:		
Other	157,908	4.03
Total Hedge Funds	**157,908**	**4.03**
International Equities:		
International	199,324	5.08
Total International Equities	**199,324**	**5.08**
Private Equity:		
Private Equity	$ 508,256	12.96
Total Private Equity	**508,256**	**12.96**

Investment Summary by Sector (continued)
For the Fiscal Year Ended June 30, 2025

Type of Investment	Fair Value (in thousands)	Percent of Total Fair Value
Real Estate:		
Real Estate Fund	574,768	14.65
Total Real Estate	**574,768**	**14.65**
US Government Guaranteed		
US Government Guaranteed	2,179	0.06
Total US Government Guaranteed	**2,179**	**0.06**
Securities Lending	**35,871**	**-**
Total Investments	**$ 3,958,623**	**100%**

Schedule of Commissions (in thousands)
For the Fiscal Year Ended June 30, 2025

Brokerage Firm	Number of Shares Traded	Total Commissions	Commissions Per Share
Jefferies & Co., LLC, NY	182,161	$ 4,415	$ 0.023
Morgan Stanley & Co., LLC, NY	106,866	2,686	$ 0.026
National Financial Services Corp., NY	103,579	2,594	$ 0.022
Goldman Sachs & Co., NY	82,206	1,725	$ 0.023
Suntrust Capital	40,616	1,592	$ 0.038
RBC Capital	50,442	1,502	$ 0.027
JP Morgan Securities LLC, NY	32,506	1,034	$ 0.033
All Other Brokers (1)	239,195	7,510	
Total	**837,571**	**$ 23,058**	

(1) Includes brokers with total commissions less than $1,000 each.

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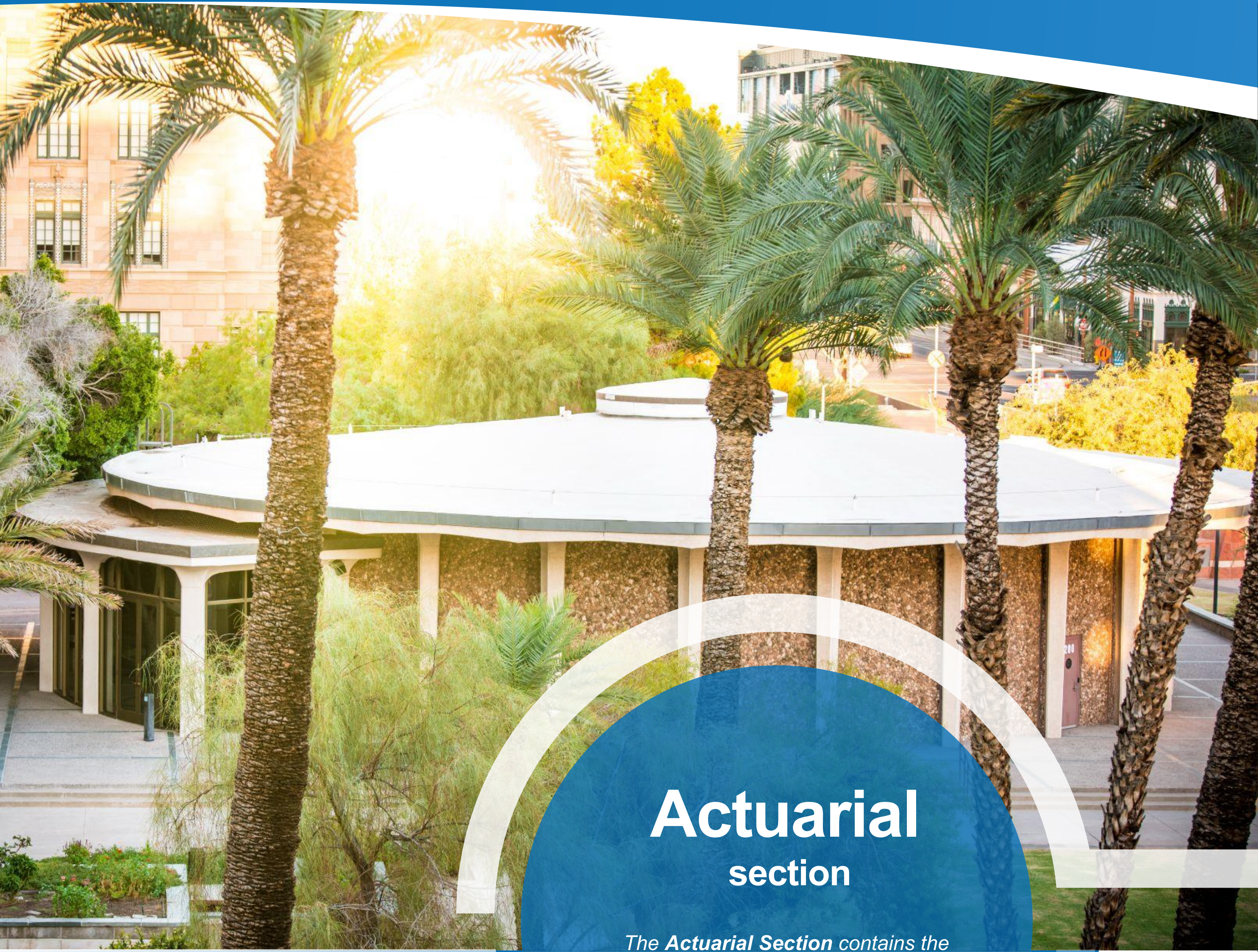

Actuarial
section

*The **Actuarial Section** contains the actuary's certification letter, supporting schedules prepared by the actuary and a summary of plan provisions.*

COPERS

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October 30, 2025

Mr. Scott Steventon
Retirement Program Administrator
City of Phoenix Employees' Retirement System
200 W. Washington Street, 10th Floor
Phoenix, Arizona 85003

Re: City of Phoenix Employees' Retirement System Actuarial Certification

Dear Mr. Steventon:

At the request of the City of Phoenix Employees' Retirement System ("COPERS"), Gabriel Roeder Smith & Company (GRS) has performed the actuarial valuation of the benefits associated with the COPERS defined benefit pension plan. The information in the Actuarial Section is based on our annual actuarial valuation report, with the most recent valuation conducted as of June 30, 2025. The Actuarial Section is intended to be used in conjunction with the full report.

The information in the Financial Section is based on the GASB 67 and 68 valuation report, with the most recent report conducted as of June 30, 2025. The Financial Section is intended to be used in conjunction with the full report.

This letter and the schedules listed below represent GRS' certification of the funded status as required for the financial report for the fiscal year ended June 30, 2025. GRS prepared the following schedules (information prior to 2017 was provided by COPERS):

- Actuarial Section
    - Summary of Benefit Provisions
    - Summary of Census Data
    - Summary of Actuarial Assumptions and Methods
    - Added To and Removed From Rolls
    - Solvency Test
    - Analysis of Financial Experience
- Financial Section
    - Sensitivity of Net Pension Liability to Changes in Discount Rate
    - Schedule of Changes in Net Pension Liability and Related Ratios
    - Schedule of Employer Contributions

Data

The valuation was based upon information as of June 30, 2025, furnished by COPERS staff, concerning system benefits, financial transactions, plan provisions and active members, terminated members, retirees

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Mr. Scott Steventon
October 30, 2025
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and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by COPERS staff.

Actuarial Assumptions and Methods

The Board accepted GRS's recommendations on the economic and demographic assumptions based on the most recent experience study that analyzed data through the period ending June 30, 2024. These new assumptions were adopted in July 2025.

We believe the assumptions are internally consistent and are reasonable, based on the actual experience of COPERS.

The actuarial assumptions and methods used to develop the Net Pension Liability, Discount Rate Sensitivity, Schedule of Changes in the Net Pension Liability, and Schedule of Net Pension Liability, noted above, meet the parameters set forth in the disclosures presented in the Financial Section by Government Accounting Standards Board Statement No. 67 including the use of the Entry Age Normal actuarial cost method to calculate the total pension liability.

Furthermore, the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice.

The results of the actuarial valuation are dependent upon the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods. A review of the impact of a different set of assumptions on the funded status of COPERS is outside the scope of this actuarial valuation.

The current actuarial assumptions are outlined in the section titled "Summary of Actuarial Assumptions and Methods."

Benefits

There were no changes to the plan provisions during the past year. The current benefit provisions are outlined in the section titled "Summary of Benefit Provisions."

Funding Policy and Objectives

The Actuarially Determined Contribution is determined by taking the sum of the normal cost, a component to amortize the unfunded liability and a component to cover administrative expenses. The Board's current funding policy is to contribute an amount each year based on the most recently calculated Actuarially Determined Contribution.

The unfunded accrued liability is comprised of experience gains and losses, assumption changes, and benefit changes. A base is established in each year for changes in the unfunded accrued liability arising from these sources. In September 2013, the Board adopted amortization payment methods that amortize

Mr. Scott Steventon
October 30, 2025
Page 3

the pre-assumption change liability as of July 1, 2013 over a closed 25-year period as a level percentage of payroll; amortizes the assumption change liability as of July 1, 2013 over a closed 25-year period as a level percentage of payroll; amortizes the assumption change liability as of July 1, 2015 over a closed 20-year period as a level percentage of payroll with a four-year phase in; and amortizes future gains and losses over a closed 20-year period. Future gains cannot be amortized over a period shorter than the period remaining on the 25-year amortization schedule. Since the 2024 actuarial valuation, the actuarially determined contribution has decreased from 33.02% of pay to 31.64% of pay. The decrease is primarily due to an increase in the contributory payroll and the assumption changes. If the contributions made are equal to the ADC, and if all actuarial assumptions are met, there will not be an unfunded accrued liability at the end of the 20-year period. Accordingly, the Actuarially Determined Contribution under the Board funding policy can be considered a "Reasonable Actuarially Determined Contribution" as required by the Actuarial Standards of Practice.

Assuming all actuarial assumptions are met, this method of payment of the unfunded liability will result in full funding of the unfunded accrued liability in 20 years. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions.

Certification

All of our work conforms with generally accepted actuarial principles and practices, and to the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of, where applicable, the Internal Revenue Code, and ERISA.

The signing actuaries are independent of COPERS sponsor. All signing actuaries are Members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries. Finally, all of the undersigned are experienced in performing valuations for large public retirement systems.

Respectfully submitted,

Gabriel, Roeder, Smith & Company

Paul T Wood

Paul Wood, ASA, FCA, MAAA
Senior Consultant

Krysti Kiesel

Krysti Kiesel, ASA, EA, MAAA
Consultant

GRS

Summary Of Benefit Provisions

Membership

Full-time employees of the City of Phoenix other than police officers, firefighters, or elected officials who are covered by another retirement system to which the City contributes.

Members who were hired before July 1, 2013, as well as members who joined the City between July 1, 2013 and December 31, 2015 who were members of ASRS prior to July 1, 2011 and did not withdraw their contributions are Tier 1 members.

Members hired into employment with the City between July 1, 2013 and December 31, 2015 who are not Tier 1 members are Tier 2 members.

Members hired into employment with the City on or after January 1, 2016 who are not Tier 1 members or Tier 2 members are Tier 3 members.

Final Average Compensation (FAC)

Tier 1/Tier 2

The average of annual compensation for the period of 3 consecutive years producing the highest average contained within the last 10 years immediately preceding retirement.

Tier 3

The average of annual compensation for the period of 5 consecutive years producing the highest average contained within the last 10 years immediately preceding retirement. Annual compensation will be limited to the first $125,000 of compensation, indexed to inflation (CPI-U) each January 1, commencing on January 1, 2017.

Credited Service

Credited service is determined based on Section 14 of Chapter XXIV of the Phoenix City Charter as well as COPERS administrative policy number 43. In no case is more than a year of service credited to any member for all service rendered in any calendar year. The amount of service credited to members varies by Tier, as detailed below.

Tier 1

A member is credited with a month of service for each calendar month in which the member performs at least 10 days of City service. A member is credited with a year of service for any calendar year in which the member has at least 10 months of credited service. If a member has less than 10 months of credited service for any calendar year, they are credited for the actual number of months.

Tier 2/Tier 3

A member is credited with a month of service for each calendar month in which the member performs at least 20 days of City service. A member is credited with a year of service for any calendar year in which the member has at least 12 months of credited service. If a member has less than 12 months of credited service for any calendar year, they are credited for the actual number of months.

Summary of Benefit Provisions (Continued)

Voluntary Retirement (no reduction for age)

Tier 1

Eligibility:

Sum of age and credited service equals 80 or more, age 60 with 10 or more years of credited service or age 62 with 5 or more years of credited service.

Annual Benefit:

Eligible unused sick leave service multiplied by 2% of FAC plus 2% of FAC times credited service up to 32.5 years plus 1% of FAC times service in excess of 32.5 years plus 0.5% of FAC times service in excess of 35.5 years. Minimum monthly pension is $250 ($500 if member has 15 or more years of service).

Tier 2/Tier3

Eligibility:

Sum of age and credited service equals 87 or more, age 60 with 10 or more years of credited service or age 62 with 5 or more years of credited service.

Annual Benefit:

Eligible unused sick leave service multiplied by 2% of FAC for Tier 2 members only plus FAC times credited service times the corresponding accrual rate:

Tier 2		Tier 3	
Years of Service	Accrual Rate	Years of Service	Accrual Rate
0 < Service ≤ 20	2.10%	0 < Service ≤10	1.85%
20 < Service ≤ 25	2.15%	10 < Service ≤ 20	1.90%
25 < Service ≤ 30	2.20%	20 < Service ≤ 30	2.00%
Service >30	2.30%	Service >30	2.10%

Note that for Tier 2 and Tier 3, the same accrual rate will apply for each year of service based on the total years of service.

Deferred Vested Retirement

Eligibility:

Termination of City employment prior to age 62 with 5 or more years of credited service.

Annual Benefit:

Accrued regular retirement amount based on credited service, unused sick leave service, and FAC at time of termination, payable beginning at age 62.

Summary of Benefit Provisions (Continued)

Duty Disability Retirement

Eligibility:

Total and permanent disability incurred in line of duty with the City.

Annual Benefit:

Computed in the same manner as the regular retirement amount based on FAC and credited service at time of disability retirement. Minimum is 15% of FAC for Tier 1 members and 15.75% for Tier 2 and Tier 3 members. Maximum during workers' compensation period is the difference between final compensation and annualized workers' compensation. At expiration of workers' compensation period, amount is recomputed to include years during which workers' compensation was paid.

Non-Duty Disability Retirement

Eligibility:

Total and permanent disability after 10 or more years of credited service.

Annual Benefit:

Computed in the same manner as the regular retirement amount based on FAC and credited service at time of disability retirement.

Pre-Retirement Duty Death Benefit

Eligibility:

Death in line of duty with the City and compensable under worker's compensation.

Annual Benefit:

To the spouse: Joint and 100% survivor actuarial equivalent of accrued regular retirement amount based on FAC and credited service and unused sick leave service at time of death. Minimum of 10 years of service is credited. To the children of a deceased member with 10 or more years of credited service: each child shall receive a monthly pension of $200 until adoption, marriage, death or attainment of age 18.

Pre-Retirement Non-Duty Death Benefit

Eligibility:

10 or more years of credited service.

Annual Benefit:

Same as Pre-Retirement Duty Death Benefit.

Summary of Benefit Provisions (Continued)

Refund of Contributions

Eligibility:

Termination of covered service employment prior to eligibility for any other benefits.

Annual Benefit:

No annual benefit. Accumulated member contribution with interest at no more than 3.75% annually after July 1, 2016.

Pension Equalization Reserve (PER)

The PER is credited with Excess Earnings, if any, each calendar year. Excess Earnings are defined as the excess over 8.00% of the annual average of the time-weighted rates of return for the immediately preceding five calendar years. The amounts credited to the PER are either used to fund percentage increases to pension amounts or one-time post retirement distribution benefits (13th checks).

On January 1 of each year, persons in receipt of a pension for at least 36 months receive a percentage increase based on the lesser of:

1. Phoenix area Consumer Price Index (CPI) and
2. The amount the balance in the PER can fully fund

The increase, subject to the availability of funds in the PER, is payable beginning with the April 1 payment each year, retroactive to January 1 of the same year.

Also, after each plan year's return is known, all pensioners (excluding minors) as of the end of the plan year are eligible to receive a one-time post retirement distribution (13th check). The 13th check is a percentage of the pensioner's annual benefits based on the lesser of:

1. One half of the Phoenix Area Consumer Price Index (CPI) and
2. The excess of the rate of return over the assumed interest rate

The percentage cannot be more than three percent, but must be at least one percent and is subject to the availability of funds in the PER. The 13th check is payable on December 1.

The PER is only applicable for Tiers 1 and 2.

Projected Percentage

Actuarially determined normal cost rate plus an amortization rate on the unfunded actuarial liability and a rate for administrative expenses, stated as a percentage of projected member compensation.

Member Contribution Rates

Tier 1:	5% of pay
Tier 2/Tier 3:	50% of the Projected Percentage not to exceed 11% of pay on or after January 1, 2016

City Contribution Rates

Total Projected Percentage less Member Contribution Rates for each Tier.

Summary of Census Data

	2025	2024	2023	2022	2021
Active Members					
Counts	9,037	8,766	8,407	7,938	7,969
Annual Compensation	$ 815,607,338	$ 751,455,022	$ 653,605,811	$ 595,761,181	$ 580,866,220
Average Annual Compensation	$ 90,252	$ 85,724	$ 77,745	$ 75,052	$ 72,891
Change in Average Annual Compensation	5.3%	10.3%	3.5%	3.0%	2.9%
Average Age	45.9	46.0	46.2	46.7	46.8
Average Service	10.6	10.9	11.0	11.8	12.2
Deferred Vested Members					
Counts	1,143	1,144	1,149	1,109	1,053
Annual Deferred Benefits	$ 16,310,415	$ 15,703,638	$ 16,206,791	$ 15,707,186	$ 14,506,046
Average Benefit	$ 14,270	$ 13,727	$ 14,105	$ 14,163	$ 13,776
Retired Members					
Counts	6,780	6,620	6,547	6,363	6,183
Annual Deferred Benefits	$ 253,776,534	$ 246,754,366	$ 242,086,009	$ 234,156,480	$ 221,252,111
Average Benefit	$ 37,430	$ 37,274	$ 36,977	$ 36,800	$ 35,784
Disability					
Counts	219	223	213	222	233
Annual Deferred Benefits	$ 3,875,754	$ 3,891,688	$ 3,737,831	$ 3,885,565	$ 3,898,236
Average Benefit	$ 17,698	$ 17,452	$ 17,549	$ 17,503	$ 16,731
Beneficiaries and QDROs					
Counts	1,248	1,222	1,226	1,195	1,171
Annual Benefits	$ 28,203,577	$ 27,507,711	$ 26,834,995	$ 25,842,433	$ 24,608,323
Average Benefit	$ 22,599	$ 22,510	$ 21,888	$ 21,625	$ 21,015
Refunds Eligible Count [(1)]	3,185	3,013	N/A	N/A	N/A
Total Members Included in Valuation	**21,612**	**20,988**	**17,542**	**16,827**	**16,609**

	2020	2019	2018	2017	2016
Active Members					
Counts	8,027	7,941	7,977	8,030	7,783
Annual Compensation	$ 568,646,484	$ 562,988,925	$ 527,160,824	$ 521,709,266	$ 496,332,801
Average Annual Compensation	$ 70,842	$ 70,896	$ 66,085	$ 64,970	$ 63,771
Change in Average Annual Compensation	-0.1%	7.3%	1.7%	1.9%	-1.8%
Average Age	46.8	46.6	46.6	46.5	46.5
Average Service	12.1	12.2	12.4	12.3	12.2
Deferred Vested Members					
Counts	1,033	1,008	943	925	885
Annual Deferred Benefits	$ 14,115,513	$ 13,619,208	$ 12,167,691	$ 11,638,455	$ 11,080,138
Average Benefit	$ 13,665	$ 13,511	$ 12,903	$ 12,582	$ 12,520
Retired Members					
Counts	6,109	6,013	5,813	5,661	5,576
Annual Deferred Benefits	$ 214,952,799	$ 210,707,173	$ 202,550,837	$ 195,912,247	$ 191,137,835
Average Benefit	$ 35,186	$ 35,042	$ 34,844	$ 34,607	$ 34,279
Disability					
Counts	233	245	249	247	249
Annual Deferred Benefits	$ 3,830,503	$ 3,963,226	$ 4,069,714	$ 4,000,756	$ 3,895,823
Average Benefit	$ 16,440	$ 16,176	$ 16,344	$ 16,197	$ 15,646
Beneficiaries and QDROs					

Summary of Census Data

Counts	1,160	1,110	1,076	1,072	1,060
Annual Benefits	$ 23,551,335	$ 22,007,859	$ 21,231,243	$ 20,639,481	$ 20,103,429
Average Benefit	$ 20,303	$ 19,827	$ 19,732	$ 19,253	$ 18,965
Refunds Eligible Count [1]	N/A	N/A	N/A	N/A	N/A
Total Members Included in Valuation	**16,562**	**16,317**	**16,058**	**15,935**	**15,553**

Summary of Actuarial Cost Methods and Assumptions

The assumptions were adopted by the City of Phoenix Employees' Retirement System based on the most recent experience study covering the period of July 1, 2020 through June 30, 2025. New assumptions, including updated mortality and economic assumption, were adopted in August of 2025 and will be used in the June 30, 2026 valuation.

I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

The actuarial valuation uses the Entry Age Normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial liability.

1. The valuation is prepared on the projected benefit basis. The present value of each participant's expected benefit payable at retirement or termination is determined, based on age, service, sex, compensation, and the interest rate assumed to be earned in the future (7.00%). The calculations take into account the probability of a participant's death or termination of employment prior to becoming eligible for a benefit, as well as the possibility of his terminating with a service benefit. Future salary increases are also anticipated. The present value of the expected benefits payable on account of the active participants is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits payable from the Plan on account of the present group of participants and beneficiaries.
2. The employer contributions required to support the benefits of the Plan are determined following a level percent of pay funding approach and consist of a normal cost contribution and an unfunded accrued liability contribution, plus a component to cover administrative expenses.
3. The normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using the individual entry age actuarial cost method having the following characteristics of (i) the annual normal costs for each active member, payable from the date of entry into the system to the date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement, and (ii) each annual normal cost is constant percentage of the member's year-by-year projected covered pay.
4. The unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability. Amortization bases are established each year and amortized over periods in accordance with the following amortization methods.
   a. The UAL as of June 30, 2013, developed prior to implementing the September 2013 assumption changes, is amortized over a closed 25-year period as a level percentage of payroll.
   b. The impact of the September 2013 assumption changes on the UAL is amortized over a closed 25-year period as a level percentage of payroll with a four-year phase-in to the full amortization rate. The phase-in is calculated by multiplying the first year amortization payment by 25 percent. For the second year, the amortization schedule is recalculated reflecting the 25 percent payment in the first year and the remaining 24-year period and the calculated amortization payment is then multiplied by 50 percent. The process is repeated until the full amortization payment is made beginning in the fourth year of the 25-year period.
   c. The impact of the August 2015 assumption changes on the UAL is amortized over a closed 20-year period as a level percentage of payroll with a four-year phase-in to the full amortization rate. The phase-in is calculated by multiplying the first year amortization payment by 25 percent. For the second year, the amortization schedule is recalculated reflecting the 25 percent payment in the first year and the remaining 19-year period and the calculated amortization payment is then multiplied by 50 percent. The process is repeated until the full amortization payment is made beginning in the fourth year of the 20-year period.
   d. Future gains and losses are amortized over closed 20-year periods as a level percentage of payroll from the valuation date in which they are first recognized. However, gains will not be amortized over a shorter period than the remaining period on the amortization of the 2013 UAL.

Summary of Actuarial Cost Methods and Assumptions (Continued)

III. Actuarial Value of Assets

The actuarial value of assets is determined by recognizing market value gains and losses over a four-year period. Gain and loss bases to be spread over the four-year period are determined by comparing expected returns based on the market value of assets and cash flows during the year to actual investment returns. The actuarial value of assets must be between 80 and 120% of market value.

IV. Actuarial Assumptions

A. Economic Assumptions

1. Investment return: 7.00% per annum, compounded annually. Inflation is assumed to be 2.40.
2. Salary increase rate: Individual salary increases are composed of a price inflation component, a real wage growth component, and a merit or longevity component that varies by service. The table below combines the various components of salary increases. Growth in the total payroll is assumed to be 2.50%.

	Percentage Increase in Salary			
Attained Years of Service	Price Inflation	Real Wage Growth	Merit or Longevity	Total
1-4	2.40 %	0.60 %	5.00 %	8.00 %
5-7	2.40	0.60	4.50	7.50
8	2.40	0.60	4.00	7.00
9	2.40	0.60	3.00	6.00
10-11	2.40	0.60	2.00	5.00
12-14	2.40	0.60	1.00	4.00
15-20	2.40	0.60	0.50	3.50
21-25	2.40	0.60	0.25	3.25
26+	2.40	0.60	0.00	3.00

3. COLA Due to Pension Equalization Reserve (PER): The PER only applies to Tier 1 and Tier 2 benefits. Future benefits payable through the PER are valued as an annual compound cost-of-living adjustment (COLA) payable January 1, equal to 0.75% from 2026-2030, 1.00% from 2031-2035 and then 1.25% thereafter.
4. Administrative expenses are assumed to be equal to the prior year's amount, increased by 2.50%.

B. Demographic Assumptions

1. Rates of Mortality for Healthy and Disabled Lives: Mortality rates are based on the sex- distinct employee and annuitant mortality tables described below, including adjustment factors applied to the published tables for each group. Half of active member deaths are assumed to be duty related. Future mortality improvements are reflected by applying the MP-2020 Ultimate projection scales on a generational basis to the adjusted base tables from the base year shown below.

(i) Non-Annuitant – Pub-2016, Amount-Weighted, General, Employee Mortality Table

Gender	Adjustment Factor	Base Year
Male	1.000	2016
Female	1.000	2016

Summary of Actuarial Cost Methods and Assumptions (Continued)

(ii) Healthy Annuitant - Pub-2016, Amount-Weighted, General, Health Retiree Mortality Table

Gender	Adjustment Factor	Base Year
Male	1.090	2016
Female	1.040	2016

(iii) Disabled Annuitant - Pub-2016, Amount-Weighted, General, Disabled Retiree Mortality Tables

Gender	Adjustment Factor	Base Year
Male	1.000	2016
Female	1.000	2016

Sample Rates with Projections to 2025 (not including adjustment factors)

	Probability of Death Pre-Retirement		Probability of Death Post-Retirement		Probability of Death Post-Disability	
Age	Men	Women	Men	Women	Men	Women
20	0.025%	0.009%	0.027%	0.009%	0.192%	0.070%
25	0.037	0.012	0.041	0.012	0.296	0.082
30	0.043	0.017	0.046	0.018	0.259	0.127
35	0.046	0.025	0.050	0.026	0.263	0.193
40	0.061	0.036	0.067	0.038	0.339	0.283
45	0.088	0.054	0.096	0.056	0.505	0.421
50	0.130	0.081	0.273	0.236	0.765	0.649
55	0.200	0.121	0.407	0.279	1.169	0.987
60	0.302	0.183	0.603	0.353	1.784	1.503
65	0.438	0.278	0.858	0.507	2.137	1.664
70	0.652	0.425	1.344	0.882	2.530	2.016
75	1.035	0.651	2.393	1.651	3.674	3.084
80	1.681	0.997	4.456	3.148	5.835	5.198
85	7.646	5.954	8.334	6.192	9.049	8.049
90	14.196	11.004	15.474	11.444	15.521	12.467

Summary of Actuarial Cost Methods and Assumptions (Continued)

2. Disability Rates. The disability incidence rates are 12% of the Arizona State Retirement System disability table. Half of disabilities are assumed to be duty-related. Sample disability rates of active members are provided in the table below. The rates apply to both male and female COPERS members.

Sample Attained Ages	Probability of Disablement
25	0.0022%
30	0.0031
35	0.0049
40	0.0073
45	0.0103
50	0.0191
55	0.0270
60	0.0387

3. Termination rates (for causes other than death, disability or retirement): Termination rates are based on age and service. Termination rates are not applied after a member becomes eligible for a retirement benefit. Rates at selected ages are shown.

Service	Probability of Termination	Service	Probability of Termination
1	17.00%	13	2.80%
2	11.00	14	2.50
3	9.00	15	2.20
4	7.00	16	2.00
5	6.00	17-18	1.80
6	5.50	19-20	1.20
7	5.00	21-22	1.00
8	4.50	23-24	0.80
9	4.00	25-26	0.60
10	3.50	27-28	0.40
11	3.20	29+	0.20
12	3.00		

Summary of Actuarial Cost Methods and Assumptions (Continued)

4. Retirement Rates

	Probability of Retirement Years of Service			
Age	**< 15**	**15-24**	**25-31**	**≥ 32**
50-51	0.00%	0.00%	37.50%	42.50%
52	0.00	0.00	37.50	30.00
53	0.00	0.00	35.00	25.00
54	0.00	0.00	30.00	20.00
55	0.00	0.00	25.00	20.00
56	0.00	30.00	20.00	20.00
57	0.00	30.00	20.00	20.00
58	0.00	20.00	20.00	20.00
59	0.00	20.00	18.00	20.00
60	8.00	17.50	18.00	20.00
61	8.00	17.50	18.00	20.00
62	11.00	17.50	20.00	20.00
63	13.00	17.50	15.00	20.00
64	13.00	17.50	15.00	18.00
65	18.00	20.00	20.00	20.00
66	19.00	22.50	22.50	25.00
67	20.00	25.00	25.00	25.00
68	20.00	25.00	25.00	30.00
69	20.00	25.00	25.00	40.00
70	100.00	100.00	100.00	100.00

C. Other Assumptions

1. Percent married: 90% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. Unused Vacation and Compensatory Time: For Tier 1 and Tier 2 members, compensatory service credits and lump sum payments for unused vacation and compensatory time are explicitly valued. Vacation leave hours and sick leave hours are limited to the minimum of current hours as of the valuation date and snapshot hours for the purposes of lump sum conversions. Compensatory hours are not limited. Compensatory hours, vacation hours and eligible sick leave hours are converted to a lump sum payout which will be considered in the final salary used for the FAC. Eligible sick leave hours not converted to lump sum payout are assumed to be converted to service at retirement.
4. Member Contribution Crediting Rate: Member contributions are assumed to be credited with interest at 3.75% per annum.
5. Non-Vested Terminated Members Due Refunds: Current non-vested terminated members with refunds of the member account balances due are assumed to take the refund at age 65.
6. Decrement Timing: Middle of the Year.

Summary of Actuarial Cost Methods and Assumptions (Continued)

Schedule of Retired Members Added to and Removed from Rolls

	Added to Rolls		Removed		Total			
Year Ended	Count	Annual Pensions*	Count	Annual Pensions*	Count	Annual Pensions*	Average Annual Pension	% Increase in Pensions
6/30/2016	375	$ 11,573	182	$ 4,329	6,734	$ 213,061	$ 31,640	3.5
6/30/2017	321	9,317	233	4,395	6,822	218,364	32,009	2.5
6/30/2018	370	11,314	218	4,825	6,974	225,644	32,355	3.3
6/30/2019	417	13,109	196	4,398	7,195	234,341	32,570	3.9
6/30/2020	378	12,025	251	6,530	7,322	239,836	32,756	2.3
6/30/2021	396	14,541	312	7,105	7,406	247,218	33,381	3.1
6/30/2022	477	21,208	287	7,196	7,596	261,231	34,391	5.7
6/30/2023	440	14,761	243	6,085	7,793	269,906	34,634	3.3
6/30/2024	326	11,992	252	6,555	7,867	275,342	35,000	2.0
6/30/2025	419	14,047	242	6,372	8,044	283,017	36,184	2.8

* Represents in thousands

Solvency Test (in thousands)

	Aggregated Accrued Liabilities for				Portion of Actuarial Liability Covered by Reported Assets		
Valuation Date	Active Member Contributions	Retirees and Beneficiaries and Vested Terminations	Members (Employer Financed Portion)	Actuarial Value Assets	(5)/(2)	[(5) - (2)]/(3)	[(5) - (2)] - (3)]/(4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
6/30/2016	393,626	2,522,989	1,067,522	2,283,216	100.00%	74.9%	0.0
6/30/2017	406,651	2,638,084	1,084,717	2,402,707	100.00%	75.7%	0.0
6/30/2018	417,314	2,704,971	1,103,761	2,562,847	100.00%	79.3%	0.0
6/30/2019	420,431	2,804,775	1,176,619	2,677,353	100.00%	80.5%	0.0
6/30/2020	437,719	2,857,254	1,119,141	2,811,163	100.00%	83.1%	0.0
6/30/2021	453,509	2,945,664	1,142,626	3,211,142	100.00%	93.6%	0.0
6/30/2022	456,197	3,124,986	1,142,108	3,361,409	100.00%	93.0%	0.0
6/30/2023	472,120	3,233,320	1,178,722	3,517,451	100.00%	94.2%	0.0
6/30/2024	512,345	3,303,886	1,331,063	3,738,075	100.00%	97.6%	0.0
6/30/2025	551,866	3,268,821	1,388,729	3,889,053	100.00%	100.0%	4.9

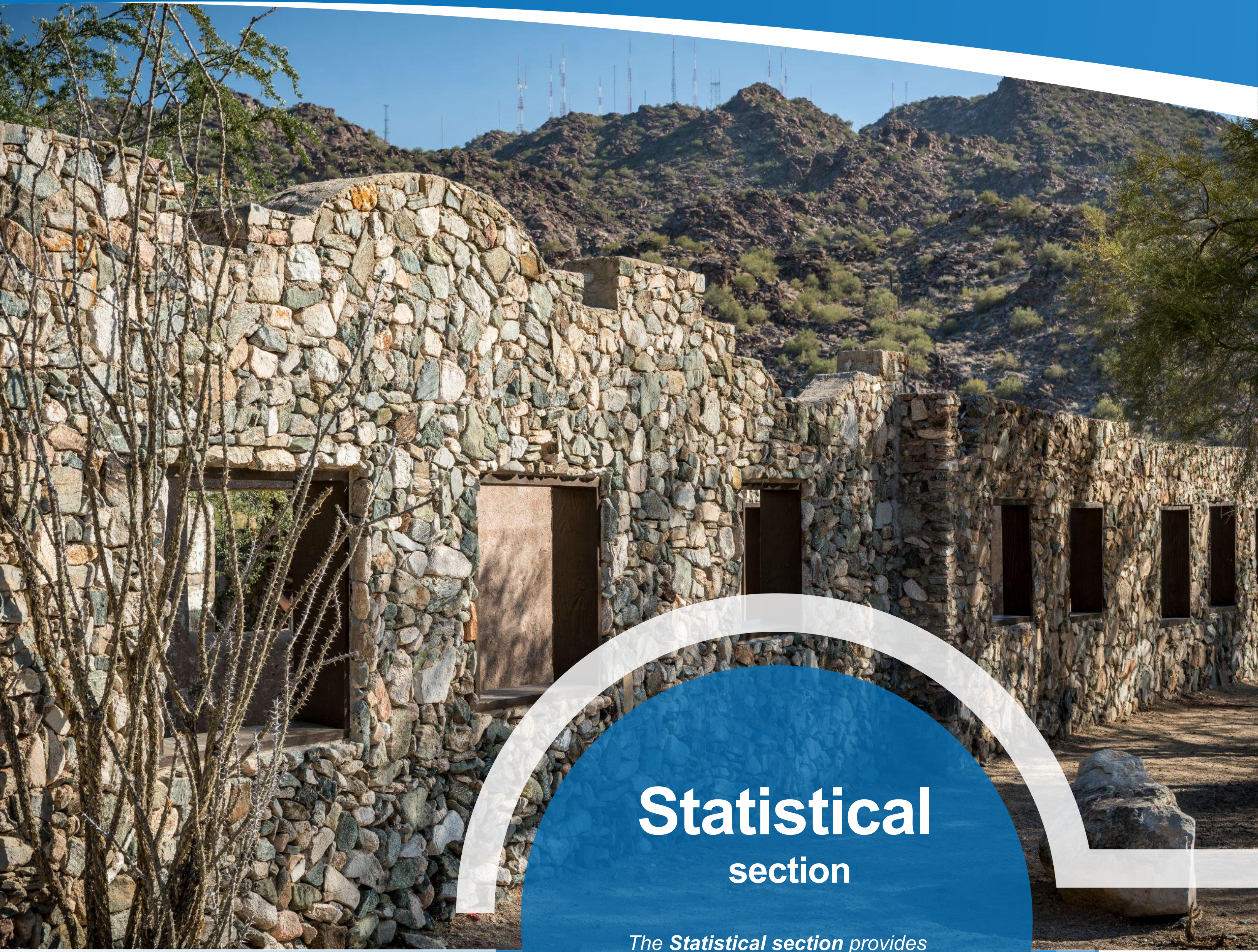
Summary of Actuarial Cost Methods and Assumptions (Continued)

Analysis of Financial Experience (in thousands)

	2025	2024	2023	2022	2021
(1) UAAL at Start of Year	1,409,218	1,366,711	1,361,882	1,330,656	1,602,951
(2) Normal Cost for Year*	103,219	93,886	82,934	82,433	80,573
(3) Expected Contributions	(237,917)	(222,628)	(202,152)	(218,122)	(222,103)
(4) Assumed Investment Income Accrual on (1), (2) and (3)	94,011	91,240	91,230	88,477	107,337
(5) Expected UAAL Before Changes	1,368,531	1,329,209	1,333,894	1,283,444	1,568,758
(6) Effect of Assumption/Method Changes	(132,720)	-	-	-	-
(7) Effect of Benefit Changes	-	-	-	-	-
(8) Expected UAAL After Changes	1,235,811	1,329,209	1,333,894	1,283,444	1,568,758
(9) Actual UAAL	1,320,363	1,409,218	1,366,711	1,361,882	1,330,656
(10) Gain/Loss [8. - 9.]	(84,552)	(80,009)	(32,817)	(78,438)	238,102
(11) As % of AAL at Start of Year	-1.64%	-1.64%	-0.69%	-1.73%	5.39%

	2019	2018	2017	2016	2015
(1) UAAL at Start of Year	1,724,473	1,663,199	1,726,745	1,700,921	1,772,985
(2) Normal Cost for Year	83,628	74,048	73,449	73,256	80,757
(3) Expected Contributions	(213,142)	(198,860)	(187,324)	(183,023)	(178,288)
(4) Assumed Investment Income Accrual on (1), (2) and (3)	120,412	116,137	121,133	123,527	129,383
(5) Expected UAAL Before Changes	1,715,371	1,654,524	1,734,003	1,714,681	1,804,837
(6) Effect of Assumption/Method Changes	(62,386)	-	-	2,420	(69,420)
(7) Effect of Benefit Changes	-	-	-	-	(3,229)
(8) Expected UAAL After Changes	1,652,985	1,654,524	1,734,003	1,717,101	1,732,188
(9) Actual UAAL	1,602,951	1,724,473	1,663,199	1,726,745	1,700,921
(10) Gain/Loss [8. - 9.]	50,034	(69,949)	70,804	(9,644)	31,267
(11) As % of AAL at Start of Year	1.14%	-1.66%	1.71%	-0.24%	0.80%

*Includes administrative expenses beginning in 2017



Statistical
section

*The **Statistical section** provides financial and demographic data pertaining to COPERS.*

COPERS

Introduction

The purpose of the statistical section is to provide the reader with data which is considered to be pertinent to the financial and economic condition of the retirement plan. Each schedule is defined below with an explanation of the schedule and an identification of the source of the data.

Schedule of Changes in Fiduciary Net Position

This schedule provides the additions and deductions to the plan for the past ten years. The change in net position is provided to illustrate whether the plan's assets are growing or not. This schedule is developed using the Statement of Changes in Fiduciary Net Position for the past ten years.

Schedule of Benefit Expenses by Type

This schedule provides the benefit expenses of the plan by type for the last ten years. COPERS benefits include service retirement payments, disability benefits, death in service benefits, child benefits, payment to alternate payees and survivor benefits. This schedule is developed using reports from the pension administration system. The total expenses can be found in COPERS' Statement of Changes in Fiduciary Net Position for the past ten years.

Schedule of Refunds by Type

This schedule provides the annual amount of refunds issued to employees and beneficiaries upon separation from City employment. This schedule is compiled using information from the pension administration system and the payroll system.

Schedule of Retired Members by Type of Benefit

This schedule provides the number of retired members in each benefit category. COPERS plan benefits include payments for deferred benefits, normal retirement benefits, disability benefits, survivor benefits, death benefits and payments to alternate payees. The schedule is developed using the pension administration system.

Schedule of Average Benefit Payment Amounts

This schedule provides the average benefit payments by years of credited service. This information is provided to illustrate how benefit payments increase as the years of credited service increases. This schedule is developed using the pension administration system.

Schedule of Funding Progress

This schedule provides the funding progress by fiscal year. This information is provided to illustrate the plan's long-term ability to pay promised benefit payments. The schedule is developed using reports from the actuarial valuation and the pension administration system.

Schedule of Changes in Fiduciary Net Position (in thousands)
Last Ten Fiscal Years

	2025	2024	2023	2022	2021
Additions					
Employer Contributions	$ 209,931	$ 210,701	$ 193,136	$ 178,319	$ 357,382
Member Contributions	65,934	57,067	47,749	53,350	40,561
Retirement Office Administration	2,322	2,081	2,201	2,122	2,047
Net Investment Income (Loss)	309,961	249,173	175,400	(161,784)	610,554
Total Additions	**588,148**	**519,023**	**418,486**	**72,007**	**1,010,544**
Deductions					
Benefit Payments	$ 282,471	$ 276,224	$ 268,868	$ 257,782	$ 246,214
Refunds of Contributions	4,288	4,000	4,120	4,436	3,047
Inter-System Transfers (Note 11)	6	128	515	443	452
Retirement Office Administration	2,322	2,081	2,201	2,122	2,047
Administrative Expenses	1,752	4,870	1,373	2,564	1,930
Total Deductions	**290,839**	**287,303**	**277,077**	**267,347**	**253,690**
Change In Net Position Restricted For Pensions	**$ 297,309**	**$ 231,720**	**$ 141,409**	**$ (195,340)**	**$ 756,854**

	2020	2019	2018	2017	2016
Additions					
Employer Contributions	$ 175,947	$ 165,796	$ 229,006	$ 152,153	$ 119,844
Member Contributions	39,356	35,042	33,340	30,870	29,306
Funds from Other Systems	-	-	-	-	217
Inter-System Transfers	-	375	484	43	-
Retirement Office Administration	2,134	1,986	1,863	-	-
Net Investment Income (Loss)	50,389	142,964	166,514	243,210	9,171
Total Additions	**267,826**	**346,163**	**431,207**	**426,276**	**158,538**
Deductions					
Benefit Payments	$ 239,407	$ 234,301	$ 224,454	$ 220,276	$ 213,047
Refunds of Contributions	2,526	3,012	3,472	3,227	3,047
Inter-System Transfers (Note 11)	211	451	134	207	315
Retirement Office Administration	2,134	1,986	1,863	-	-
Administrative Expenses	2,509	793	377	380	234
Total Deductions	**246,787**	**240,543**	**230,300**	**224,090**	**216,643**
Change In Net Position Restricted For Pensions	**$ 21,039**	**$ 105,620**	**$ 200,907**	**$ 202,186**	**$ (58,105)**

Schedule of Benefit Expenses by Type (in thousands)
Last Ten Fiscal Years

	Age & Service		Death & Disability Benefits (Retirees)						
Fiscal Year	Benefits (Retirees)	Death In Service	Duty	Non-Duty	Survivors	Deferred	Child	Alternate Payee	Total Benefits
2024-2025	$ 132,082	$ 108,587	$ 609	$ 2,899	$ 14,158	$ 18,306	$ 2,579	$ 3,251	$ 282,471
2023-2024	241,702	3,263	491	3,035	19,080	6,019	33	2,601	276,224
2022-2023	234,301	3,651	539	3,235	20,122	4,519	42	3,111	268,868
2021-2022	223,163	3,595	561	3,313	19,212	4,238	42	3,658	257,782
2020-2021	214,074	3,292	587	3,390	18,378	3,979	45	2,469	246,214
2019-2020	209,454	3,341	606	3,278	16,639	3,675	47	2,367	239,407
2018-2019	205,349	3,260	625	3,409	15,985	3,422	51	2,200	234,301
2017-2018	196,573	3,281	642	3,426	15,256	3,085	58	2,133	224,454
2016-2017	193,048	3,271	672	3,311	15,038	2,801	61	2,074	220,276
2015-2016	186,802	3,324	686	3,273	14,150	2,721	62	2,029	213,047

Schedule Refunds by Type (in thousands)
Last Ten Fiscal Years

Fiscal Year	Beneficiaries	Separation	Total Refunds
2024-2025	$ 2,825	$ 1,463	$ 4,288
2023-2024	898	3,102	4,000
2022-2023	1,129	2,991	4,120
2021-2022	1,224	3,212	4,436
2020-2021	942	2,105	3,047
2019-2020	481	2,045	2,526
2018-2019	496	2,516	3,012
2017-2018	332	3,140	3,472
2016-2017	518	2,709	3,227
2015-2016	589	2,413	3,002

Schedule of Retired Members by Type of Benefit
For the Fiscal Year ended June 30, 2025

		Type of Retirement						
Monthly Benefit	Number of Retirees	Deferred	Normal or Voluntary	Duty Disability	Non-Duty Disability	Survivor Payment	Death Benefit	Alternate Payee
Deferred	1,143	1,143	-					
$1 - $300	97		57	-	-	13	14	13
$301 – $400	120		79	4	1	21	-	15
$401 – $500	127		82	4	2	28	-	11
$501 – $600	152		108	5	3	21	2	13
$601 – $700	162		91	3	6	48	3	11
$701 – $800	170		100	-	9	42	4	15
$801 – $900	171		92	2	16	37	6	18
$901 – $1,000	161		106	1	7	31	6	10
$1,001 – $1,100	192		123	3	11	33	6	16
$1,101 – $1,200	204		131	1	12	41	8	11
$1,201 – $1,300	184		123	1	14	34	2	10
$1,301 – $1,400	185		123	0	17	27	8	10
$1,401 – $1,500	190		137	0	15	26	8	4
$1,501 – $2,000	912		672	13	32	134	39	22
$2,001 – $2,500	941		810	1	12	96	16	8
$2,501 – $3,000	938		832	-	12	72	12	9
$3,001 – $4,000	1,420		1,300	-	9	91	17	2
$4,001 – $5,000	898		849	-	3	38	6	2
$5,001+	1,023		965	-	-	51	4	3
Totals	**9,390**	**1,143**	**6,780**	**38**	**181**	**884**	**161**	**203**

Schedule of Average Benefit Payment Amounts By Year of Retirement (Last Five Fiscal Years)

Retirement Effective Dates	Years of Credited Service					
For Fiscal Years Ending June 30:	5-9	10-14	15-19	20-24	25-29	30+
2025						
Average Monthly Benefit	$ 721.08	$ 1,471.01	$ 2,305.09	$ 3,426.05	$ 4,105.94	$ 5,148.08
Mean Monthly Final Average Compensation	5,229.18	6,591.25	6,803.92	7,893.45	7,678.96	7,858.02
Number of New Retirees	38	47	47	50	72	47
2024						
Average Monthly Benefit	$ 663.01	$ 1,587.98	$ 1,870.89	$ 3,051.92	$ 4,460.58	$ 5,153.74
Mean Monthly Final Average Compensation	5,170.62	7,147.71	5,477.79	6,976.53	8,211.00	7,979.30
Number of New Retirees	28	28	26	55	78	32
2023						
Average Monthly Benefit	$ 775.10	$ 1,394.46	$ 2,046.20	$ 2,952.31	$ 3,986.87	$ 4,869.16
Mean Monthly Final Average Compensation	5,984.96	6,003.69	5,923.60	6,583.79	7,315.32	7,530.66
Number of New Retirees	34	22	60	70	102	53
2022						
Average Monthly Benefit	$ 1,032.43	$ 1,332.74	$ 1,957.11	$ 2,856.56	$ 4,119.39	$ 5,022.63
Mean Monthly Final Average Compensation	7,828.58	5,449.40	6,024.17	6,578.22	7,608.57	7,631.67
Number of New Retirees	18	21	57	90	94	64
2021						
Average Monthly Benefit	$ 794.64	$ 1,417.07	$ 1,856.51	$ 2,828.72	$ 3,881.98	$ 4,913.68
Mean Monthly Final Average Compensation	6,229.33	5,603.37	5,495.05	6,477.60	7,131.53	7,595.83
Number of New Retirees	25	37	42	74	75	43
From July 1, 2021 to June 30, 2025						
Average Monthly Benefit	$ 797.25	$ 1,440.65	$ 2,007.16	$ 3,023.11	$ 4,110.95	$ 5,021.46
Mean Monthly Final Average Compensation	6,088.53	6,159.08	5,944.91	6,901.92	7,589.08	7,719.10
Average Number of New Retirees	29	31	46	68	84	48

Schedule of Funding Progress (in thousands)
Last Ten Fiscal Years

Actuarial Valuation Date (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (4)=(3)-(2)	Funded Ratio (5=(2)/(3)	Covered Payroll (6)	UAAL as a Percentage of Covered Payroll (7)=(4)/(6)
6/30/2015	$2,202,923	$3,975,908	$1,772,985	55.40%	$484,853	365.70%
6/30/2016	2,283,216	3,984,137	1,700,921	57.30%	496,333	342.70%
6/30/2017	2,402,707	4,129,452	1,726,745	58.20%	521,709	331.00%
6/30/2018	2,562,847	4,226,046	1,663,199	60.60%	527,161	315.50%
6/30/2019	2,677,353	4,401,825	1,724,473	60.80%	562,989	306.30%
6/30/2020	2,811,163	4,414,114	1,602,951	63.70%	568,646	281.90%
6/30/2021	3,211,142	4,541,799	1,330,656	70.70%	580,866	229.10%
6/30/2022	3,361,409	4,723,291	1,361,882	71.20%	595,761	228.60%
6/30/2023	3,517,451	4,884,162	1,366,711	72.00%	653,606	209.10%
6/30/2024	3,738,075	5,147,294	1,409,218	72.60%	751,455	187.50%
6/30/2025	3,889,053	5,209,416	1,320,363	75.12%	813,949	159.26%

City of Phoenix
Employees' Retirement System
200 W. Washington St, 10th Floor
Phoenix, AZ 85003

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