MEKETA

California State Teacher's Retirement System

2Q 2022 CalSTRS Semi-Annual Performance Report Summary

The CalSTRS Total Portfolio had an aggregate value of $301.6 billion as of June 30, 2022. Over the latest fiscal year, the Total Portfolio decreased by $7.0 billion (net of fees and contributions/benefits). During the latest 6-month period, the Total Portfolio decreased by $26.0 billion (net of fees and contributions/benefits). Over the latest fiscal year, the Total Portfolio generated a return of -1.3%, outpacing both the policy benchmark return of -2.2% and State Street median fund return of -2.9% (the Total Portfolio ranked in the 29th percentile of the State Street Public Master Trusts greater than $10 billion universe). Over the trailing three-, five-, and ten-year periods, the Total Portfolio outperformed both the policy benchmark and the State Street universe median. The majority of the CalSTRS' major strategic classes have produced strong absolute and relative returns over the trailing time periods. The Total Portfolio ended June 2022 overweight Private Markets, Inflation Sensitive, Innovative Strategies, and underweight Global Equity, and Fixed Income. Risk Mitigating and Cash ended the period in-line with their respective policy targets.

Key: ⬇ Red indicates relative underperformance   ⬆ Green indicates relative outperformance (or matched performance)

Composite	Trailing Period Performance (Net-of-Manager Fees)				Actual vs. Target Allocations			
	10 Year	5 Year	3 Year	1 Year	Actual ($M)	Actual %[1]	Target %	Variance
Total Portfolio	⬆9.4	⬆8.7	⬆9.3	⬆-1.3	301,580	100	100	---
Policy Benchmark[2]	*9.1*	*8.0*	*8.2*	*-2.2*				
St. Street Median (>$10B)[3]	*8.4*	*7.9*	*8.2*	*-2.9*				
Global Equity[4]	⬆9.6	⬆7.1	⬆6.2	⬆-16.6	115,650	38	45	-7
Policy Benchmark	*9.6*	*7.0*	*6.0*	*-16.8*				
Fixed Income	⬆2.2	⬆1.4	⬆-0.4	⬆-10.3	31,701	11	12	-1
Policy Benchmark	*1.7*	*1.0*	*-0.9*	*-10.4*				
Private Markets	⬆13.2	⬆14.7	⬆17.6	⬇25.0	96,470	32	27	+5
Policy Benchmark	*12.3*	*12.3*	*14.6*	*25.6*				
Real Estate	⬆11.4	⬆11.5	⬆13.0	⬇26.2	49,221	16	14	+2
Policy Benchmark	*10.0*	*8.9*	*10.3*	*27.3*				
Private Equity	⬆15.5	⬆18.8	⬆23.4	⬆23.8	47,249	16	13	+3
Policy Benchmark	*15.3*	*16.9*	*20.4*	*23.0*				
Inflation Sensitive	⬆7.0	⬆10.1	⬆11.9	⬆17.5	16,412	5	4	+1
Policy Benchmark	*5.5*	*6.6*	*8.7*	*12.9*				
Risk Mitigating Strategies[5]	⬆3.8	⬆6.6	⬆7.7	⬆8.9	30,903	10	10	--
Policy Benchmark	*2.4*	*6.3*	*7.6*	*6.8*				
Innovative Strategies	⬆5.0	⬆8.4	⬆7.1	⬆13.0	3,219	1	0	+1
Policy Benchmark	*3.1*	*3.2*	*1.5*	*0.5*				
Cash	⬆1.2	⬆1.3	⬆0.8	⬆0.3	6,417	2	2	--
Policy Benchmark	*0.7*	*1.1*	*0.6*	*0.2*				
Strategic Overlay	0.2	0.1	0.0	-2.4	808	0	0	--

Source: State Street; Callan; Investment Metrics.

[1] Actual allocations do not reflect notional overlay exposures. For example, the Global Equity average weight over the trailing 12-months was 45.4%. The 38% actual allocation at the end of June does not reflect $11 billion in equity futures.
[2] The Total Portfolio benchmark consists of passively managed strategic class portfolios (or other indices) held at policy weightings.
[3] State Street Universe – Public Funds greater than $10 billion. Mixture of net and gross-of-fees.
[4] Total Public Equity (includes corporate governance and sustainability public equity assets).
[5] Absolute Return class prior to 7/1/16.