



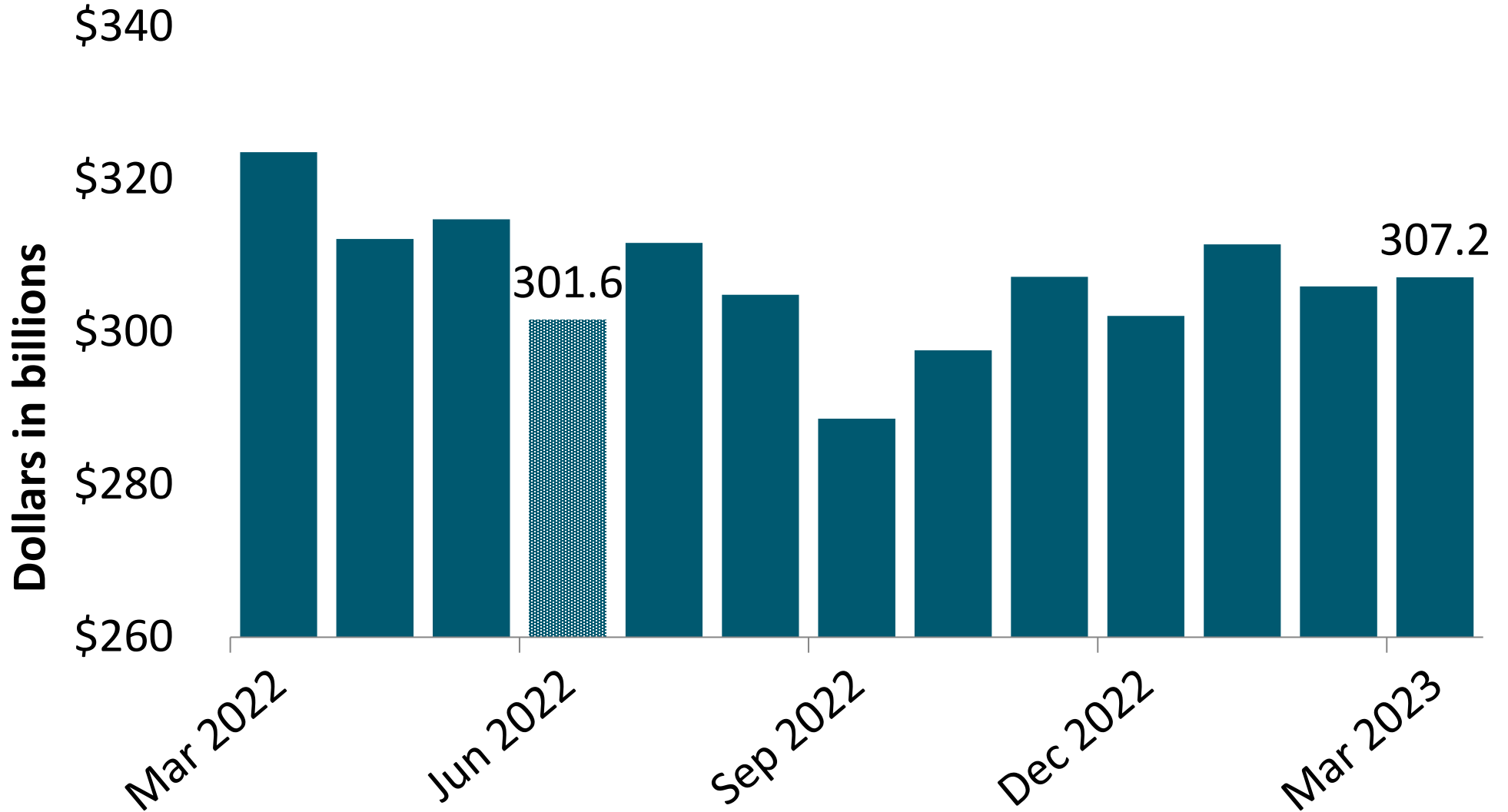
CALSTRS®

Chief Investment Officer Report

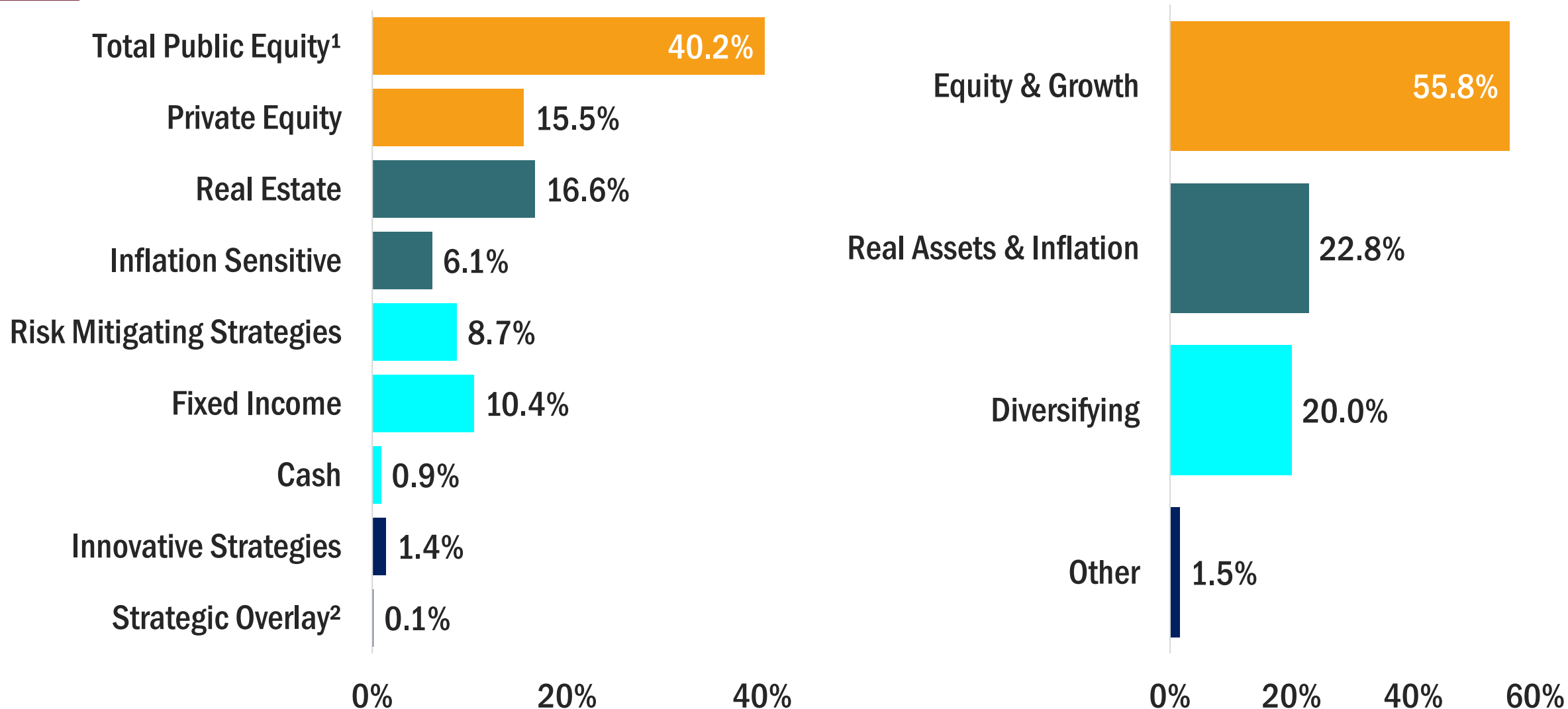
May 4, 2023

Trust fund assets *(combined Defined Benefit plans)*

Mar. 31, 2023
assets
\$307.2 bil.
est.



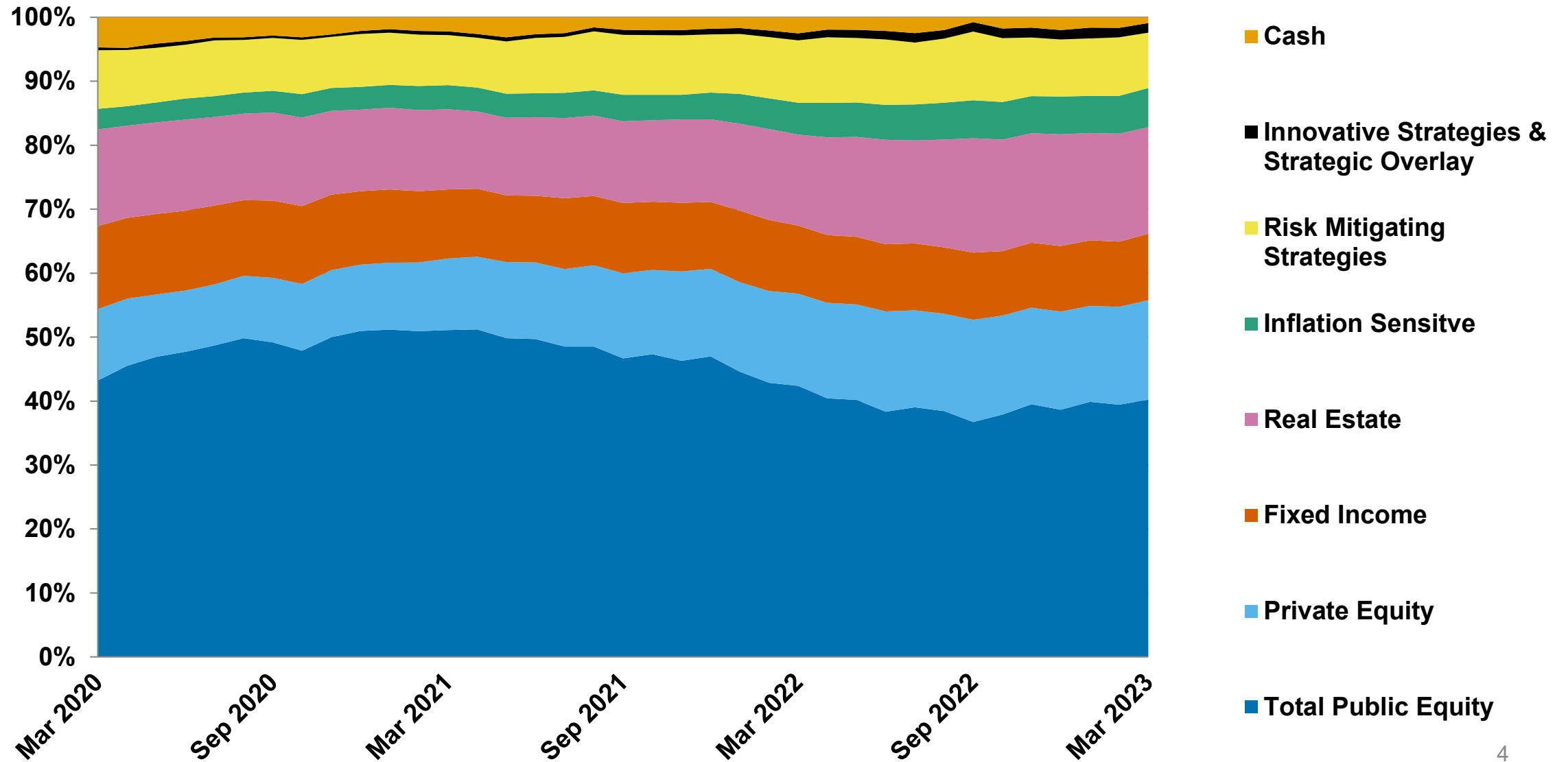
Asset allocation – as of March 31, 2023



¹ Total Public Equity includes the following sub-units: Global Equity, SISS and Innovation GE

² Strategic Overlay includes Currency and Derivatives Overlay

Asset allocation trend over the last 3 years



Headline Inflation Cooled 100 bps in March, Falling to Lowest Rate Since May 2021

CPI All Items All Urban Consumers Up 5.0% YoY, Core CPI Excluding Food and Energy Up 5.6%



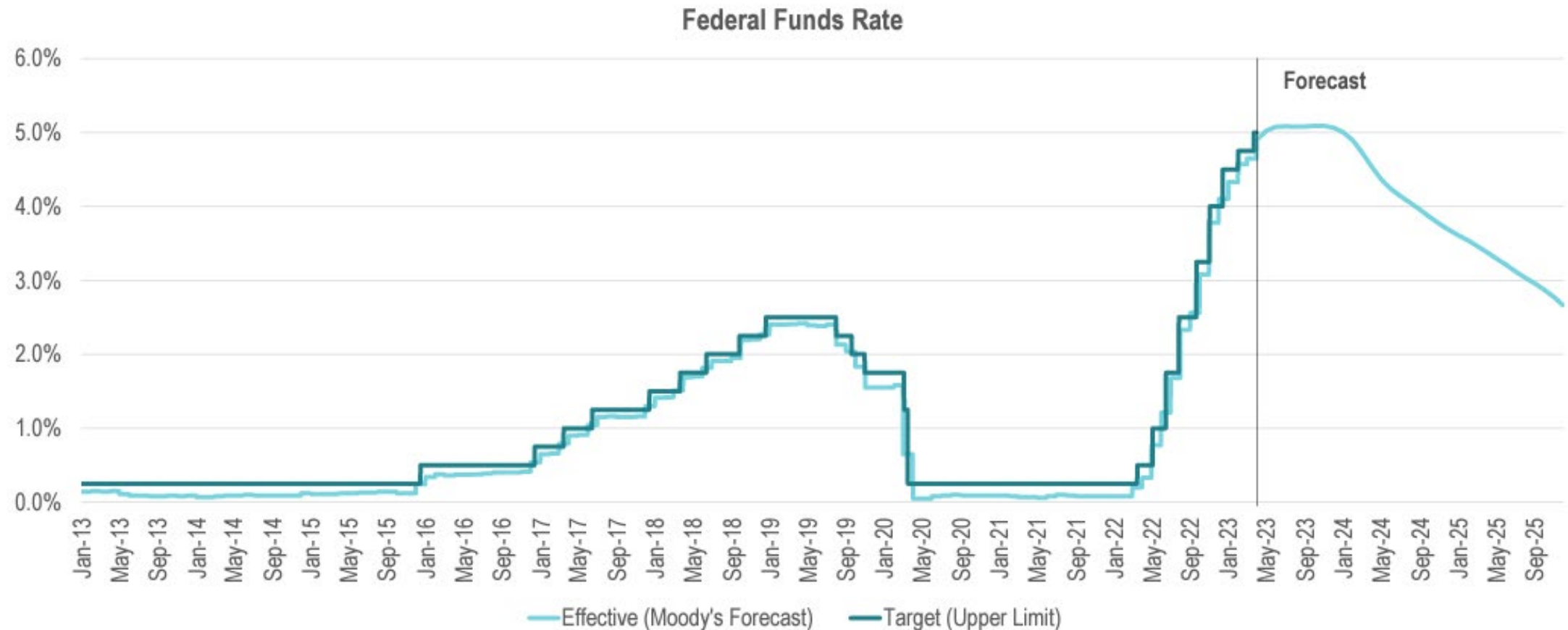
The information contained in this report is confidential, may be legally privileged, and is intended only for the use of select clients of RCLCO Fund Advisors.

Data are as of March 2023.
Note: Figures represent seasonally adjusted CPI.
Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis

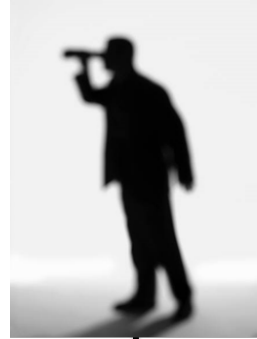
Courtesy of the RFA monthly economic indicator report

The Fed Issued a 25-bps Rate Hike in March with Another Likely in May

Rates Are Expected to Remain Elevated Through 2023 with Rate Cuts in Early 2024



Looking out to the horizon



Key risks to monitor :

- 🔴 Inflation – Slowing but still 5%
- 🔴 Fed to raise rates again?
May 3rd

Positives:

- ⚙️ *Labor market - steady*
- ⚙️ *Corporate Balance sheets?*

Uncertainties :

- 🕷️ Will the Fed “PAUSE”? *Soft landing?*
- 🕷️ Mixed Economic signals everywhere

Inevitable surprises *(Range from high to low likelihood, but potential of very high impact)*

- 🚨 Climate extremes
- 🚨 Digital virus / cyber attacks *
- 🚨 Biological virus
- 🚨 Income inequality
- 🚨 Domestic terrorism or extremism
- 🚨 Earthquakes
- 🚨 U.S and Global Energy Transition
- 🚨 Russia / Ukraine*
- 🚨 North Korea / Iran aggression *
- 🚨 China / Taiwan / U.S. tensions *
- 🚨 Lethal drones – micro drones *
- 🚨 Space junk / near Earth objects

* Additional risks added or noted based on the off-site discussion



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More information is available at:
Calstrs.com/Investments