



CALSTRS®

Chief Investment Officer Report

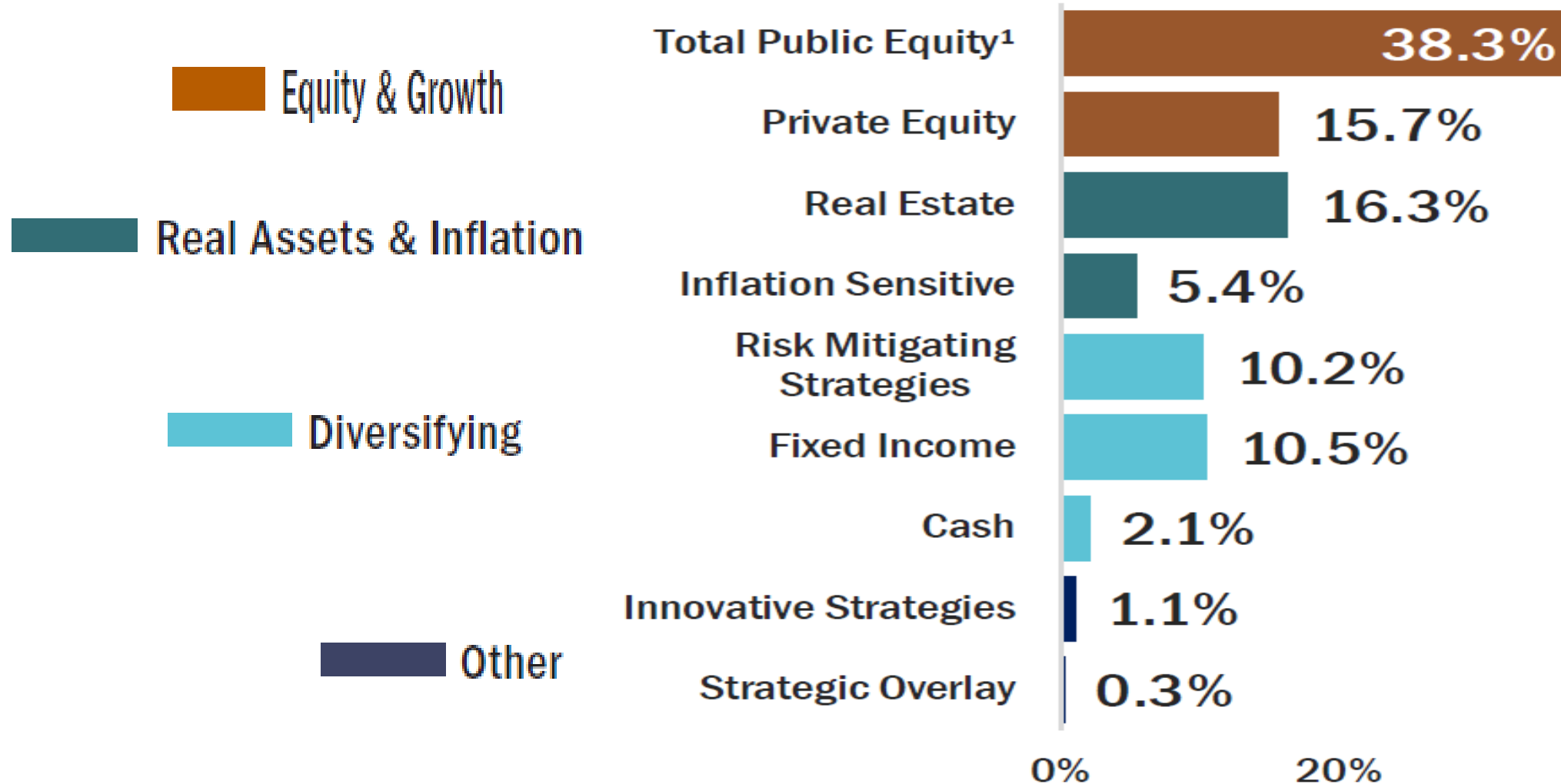
August 31, 2022

Trust Fund Assets *(Combined Defined Benefit Plans)*

**July 31, 2022
assets
\$311.8 bil.
est.**

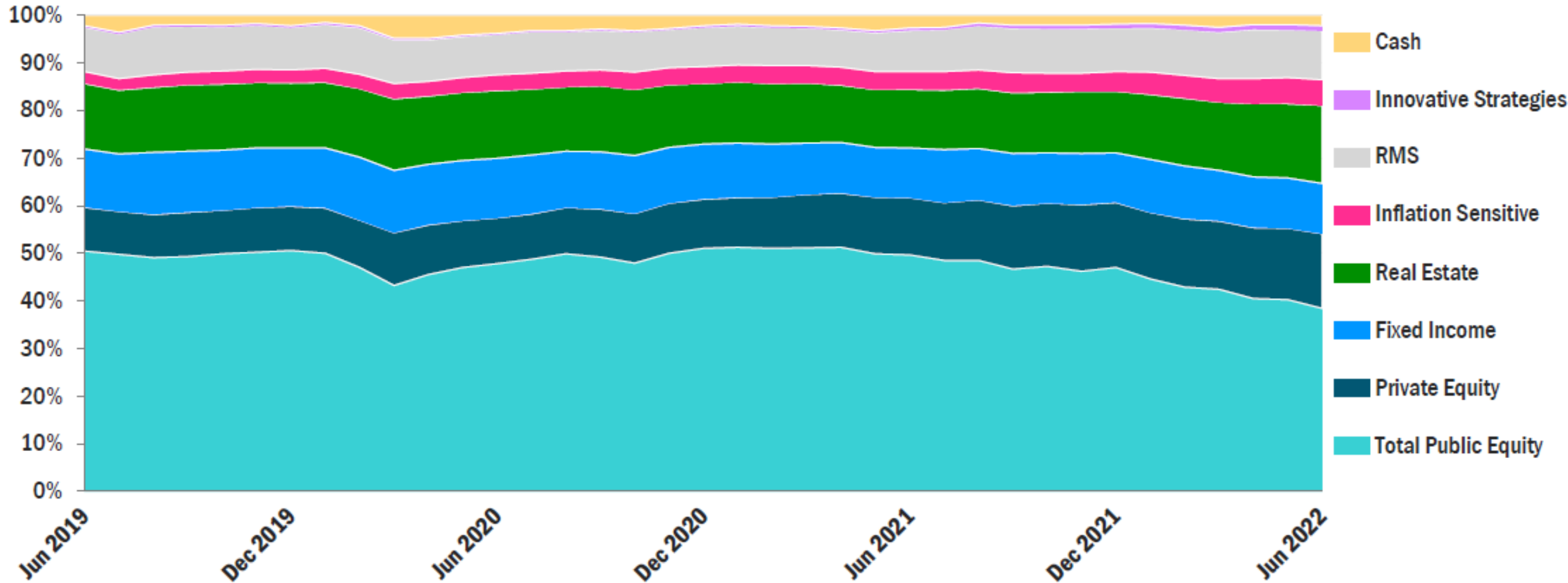


Asset Allocation by strategic classes– as of June 30, 2022



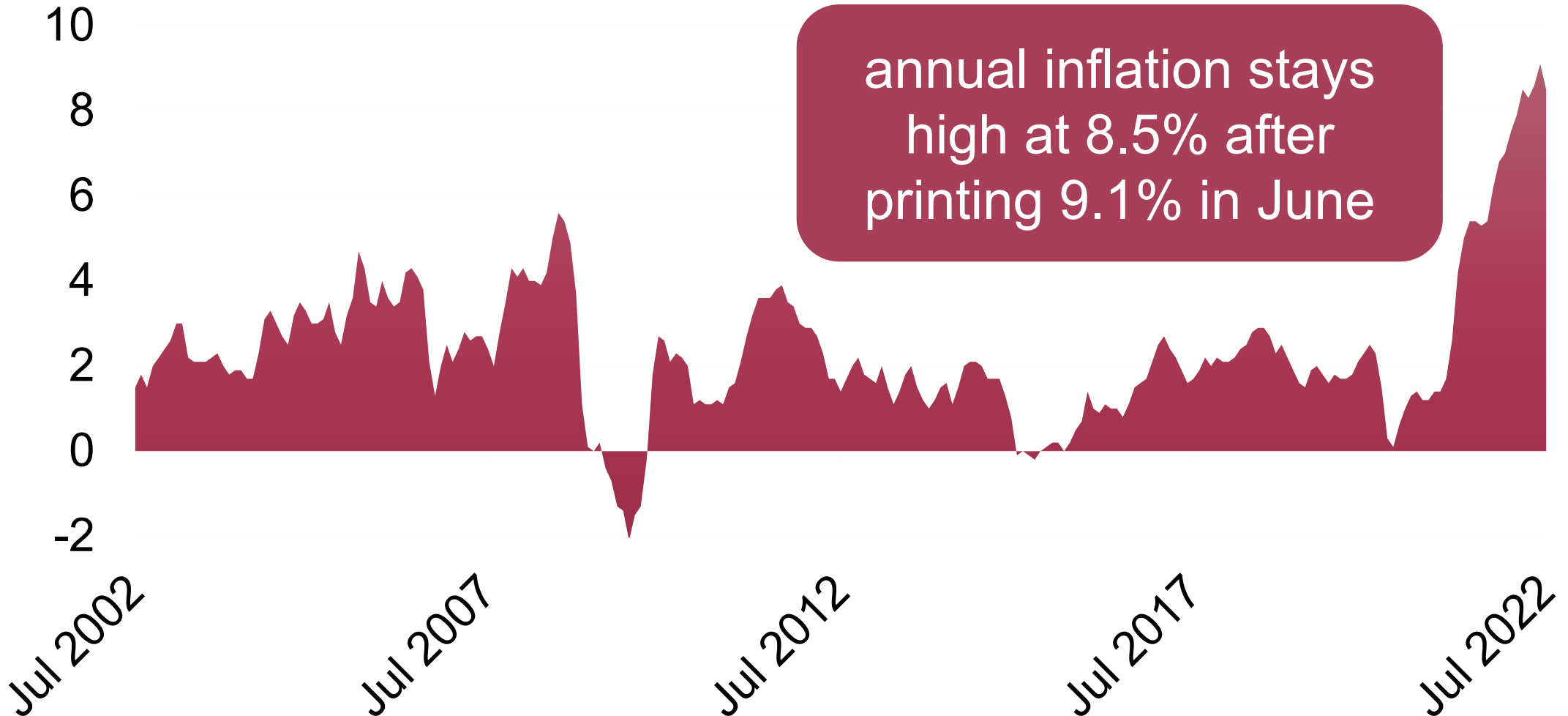
¹ Total Public Equity includes the following sub-units: Global Equity, SISS and Innovation GE

Asset Allocation trend over the last 3 years



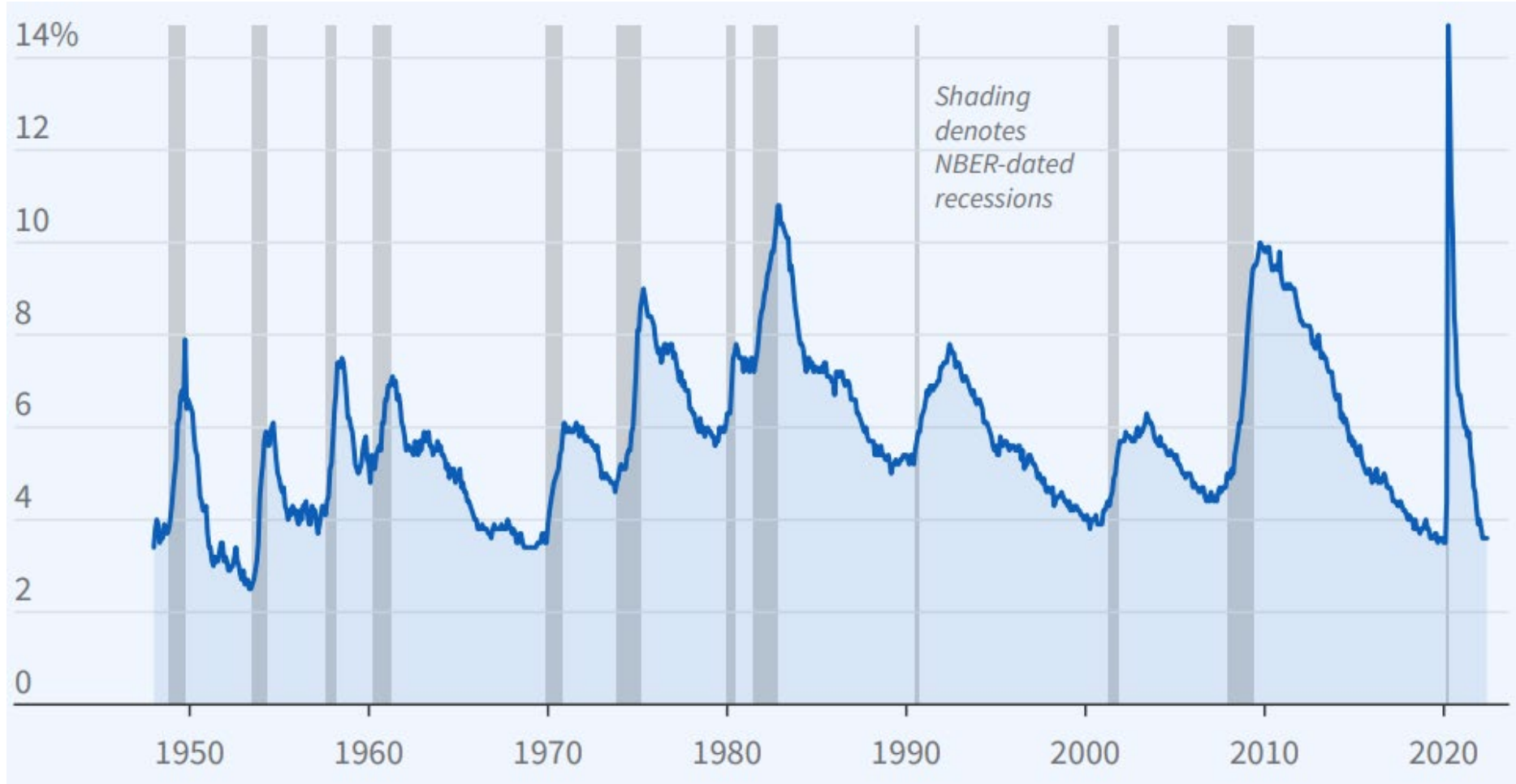
Inflation remains the focus for investors and traders

U.S. annual inflation in percentage



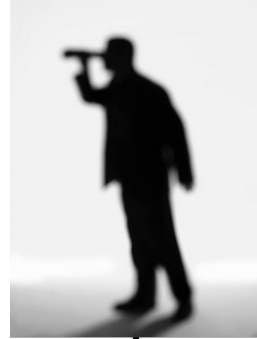
Source: Bloomberg.

U.S. unemployment rate and recessions



- Historically, NBER has not declared a recession with growing employment.
- However, with economic growth trending down, Fed policy may engineer a recession to combat inflation at the cost of employment.

Looking out to the horizon



Key risks to monitor :

- 🚨 Inflation – Still running high
- 🚨 Central Bank Policy – Fed, ECB, BoJ, BoE tightening mode
- 🚨 Fed to raise rates +75 again?

Positives:

- ⚙️ Strong labor market ?
- ⚙️ Solid Corporate Balance sheets

Uncertainties :

- 🕷️ How long will the Fed raise rates?
- 🕷️ Will it take a recession to slow inflation?

Inevitable surprises

- 🔔 Climate extremes
- 🔔 Domestic Terrorism
- 🔔 Digital Virus - Cyber attacks
- 🔔 Income inequality
- 🔔 Social unrest / protests
- 🔔 Global Pandemic – biological virus
- 🔔 **Russia / Ukraine**
- 🔔 North Korea, Iran aggression
- 🔔 **China & Taiwan** tensions
- 🔔 Earthquakes
- 🔔 Space junk / Near Earth objects
- 🔔 **U.S. & Global Energy transition**

Added annual reports

- **Divestment Cost report**

- Estimated at \$9.4 billion since 2000. Starting with the Tobacco – Benchmark Modification Policy

- **Special Mandates Policy**

- Performance Report
- Meketa Review - Comments



CALSTRS®

More information is available at:

[Calstrs.com/Investments](https://www.calstrs.com/Investments)