



# Portfolio Restrictions Investment Policy

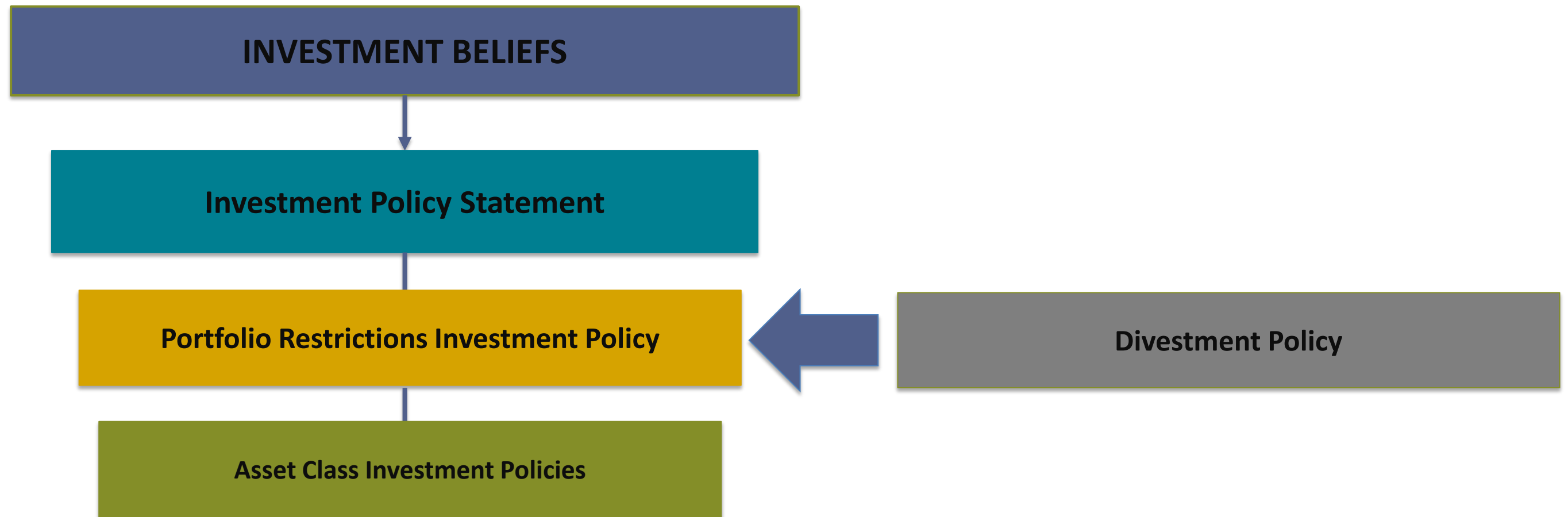
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# CALSTRS Part of investment policy modernization



***Objective:** Adopt a modern policy that is rooted in the Board's fiduciary duty and aligned with current best practices.*

- ✓ **March 2009:** Board adopted Divestment Policy
- ✓ **April 2017:** Minor update to Divestment Policy to reflect new reporting frequency
- ✓ **Nov 2021:** Investment and legal staff begin discussions to modernize Divestment Policy
- ✓ **May 2023:** Staff presented a first reading of Investment Policy Statement
- ✓ **Sept. 2023:** Board adopted modernized Investment Policy Statement

# CALSTRS Why modernize now



- Driven by General Counsel's goal to further strengthen Board's fiduciary responsibility.
- Expand analysis to support any active investment decision.
- Respond to evolving engagement practices.



Portfolio Restrictions  
Investment Policy

California Constitution;  
Education Code; and  
Board fiduciary duties

Any restriction is based  
on several considerations

Recognizes there may be  
instances where it is  
prudent to restrict, exit or  
exclude investments

Divestment Policy

California Constitution;  
Education Code; and  
Board fiduciary duties

Any restriction is based  
on several considerations

Recognizes there may be  
instances where it is  
prudent to divest  
investments



## Portfolio Restrictions Investment Policy

- Establishes a defined due diligence process.
- Expanded tools to support analysis of any active investment decision.
- Engagement is now part of comprehensive analysis and not the only tool.
- Updated Name



- Investment Committee will continue to monitor any action taken under this Policy or the outdated Divestment Policy.
- CIO will continue to provide a securities restrictions cost report on a semi-annual basis.
- Investment Committee may request further analysis on any prior decision taken under the Policy.