

MEMORANDUM

TO: Investment Committee, CalSTRS
FROM: Stephen McCourt, Allan Emkin, Mika Malone, Stephanie Sorg, Meketa Investment Group
CC: Chris Ailman
DATE: May 1, 2024
RE: Opinion Memo – Collaborative Strategies Portfolio Policy

Summary and Recommendation

At the March Investment Committee meeting, Staff provided a first reading of a new Collaborative Strategies Policy, which is intended to govern the Innovation, SISS, and New Opportunities programs. As part of the creation of the new Policy, Staff recommended decommissioning the Innovative Strategies Policy, which would be subsumed by the new Policy.

Meketa engaged with Staff during the drafting of the Policy and provided the Committee with a comprehensive memorandum regarding the new Policy. Meketa supported the Policy as drafted in the first reading.

Since March, Staff has made additional changes to the Policy document, described in more detail below. ***After independently evaluating the proposed policy and the proposed changes since the first reading, Meketa Investment Group supports Staff's recommendation to establish the Collaborative Strategies Portfolio Policy and decommission the Innovative Strategies Policy.***

Discussion

In this second reading of the Collaborative Strategies Portfolio Policy, Staff has made the following changes:

- Modified the style and structure of the policy document to align with that of other CalSTRS policy documents.
- Added a performance objective section, for consistency with other policies.
- Clarified the delegation of authority language under the risk management section.

We note that the performance objective of the Collaborative Strategies Portfolio is aligned with the actuarial assumed rate of return for CalSTRS, and consistent with the performance objective of the previous Innovative Strategies Policy that was subsumed by this new policy.

The new Delegated Authority language clarifies the role of the Deputy CIO, Senior Investment Directors, and CalSTRS Investment Staff in the implementation of the investment strategy under the Policy.



Meketa has independently reviewed the proposed the Collaborative Strategies Portfolio policy and supports Staff’s recommendations for adoption, and the recommendation to decommission the Innovative Strategy Policy.

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

SBS/SPM/MLM/mps