

CALSTRS

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Chief Investment Officer Report

Last and final

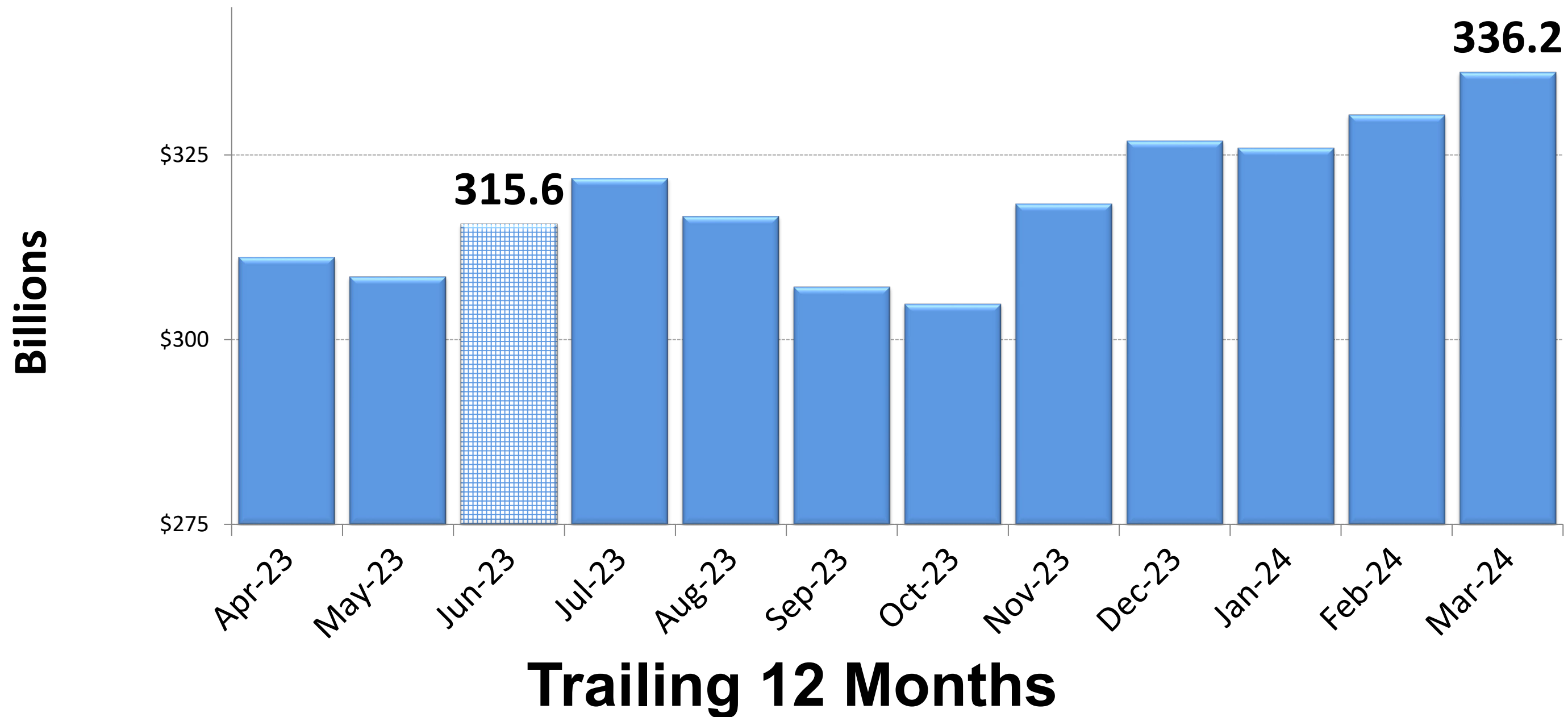
May 2024

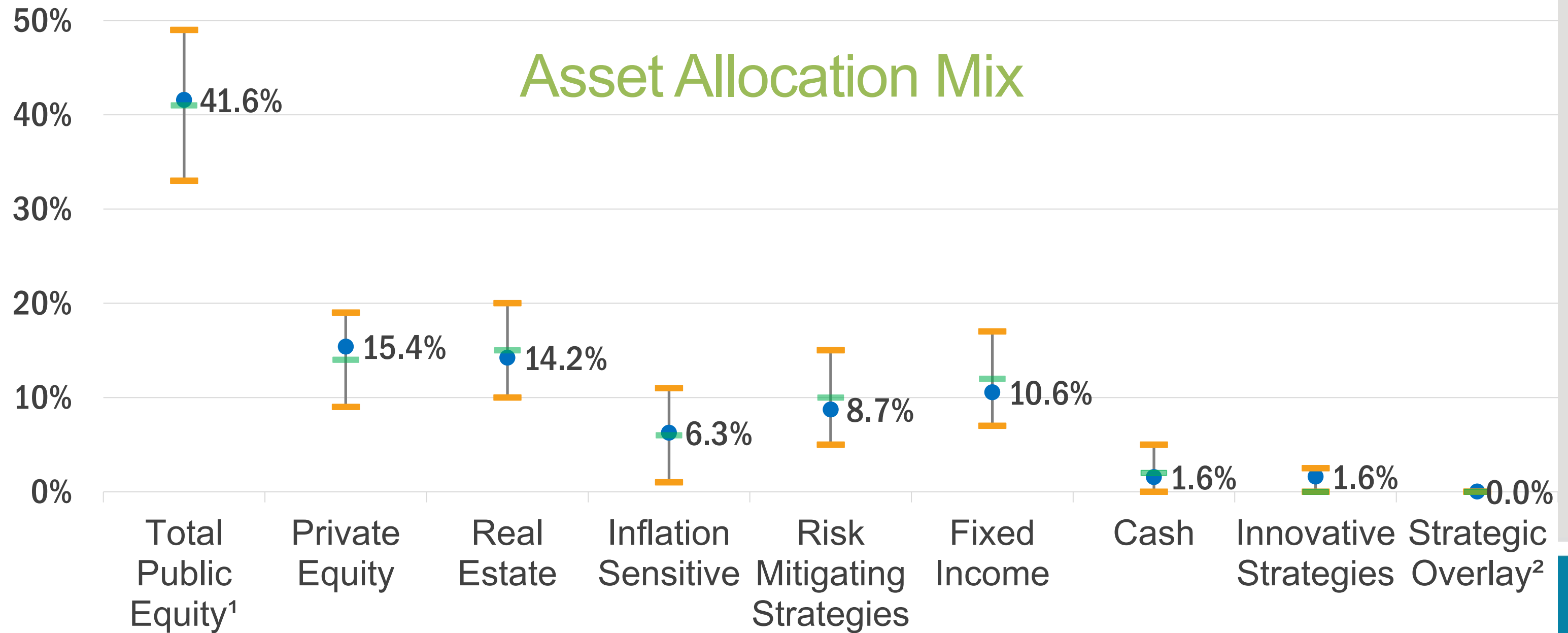


24 Years at the helm, quite a roller coaster



March 31, 2024, assets \$336.2 Billion est.

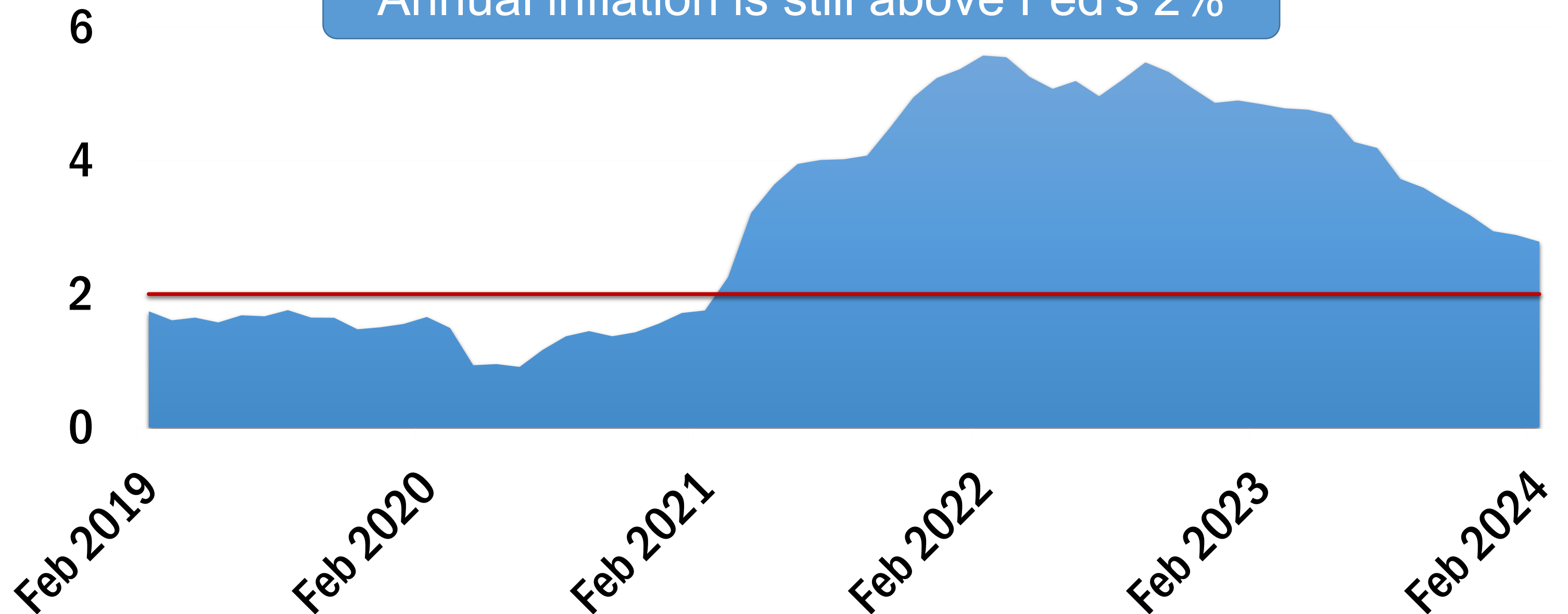




● Asset allocation as of 3/31 — Range — Current target

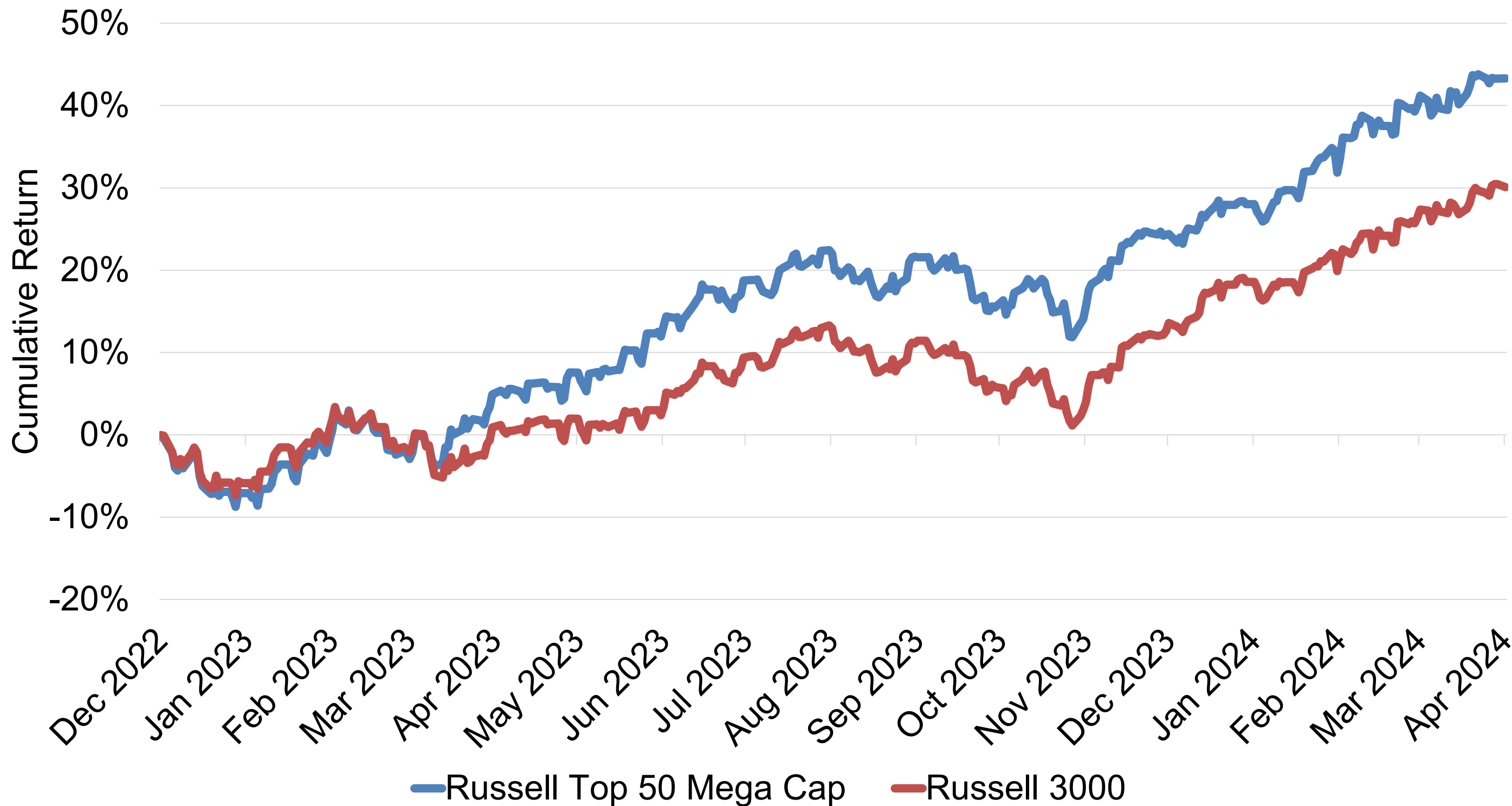
U.S. annual inflation in percentage

Annual inflation is still above Fed's 2%



Personal Consumption Expenditures Excluding Food and Energy, also known as Core PCE. Percent change from year ago, monthly, seasonally adjusted.

Mega-caps driving equity indices higher in A.I. rally



Pie rates of the Caribbean



Strawberry
\$6.75



Cherry
\$7.50



Key Lime
\$8.25

Three things that will define the future

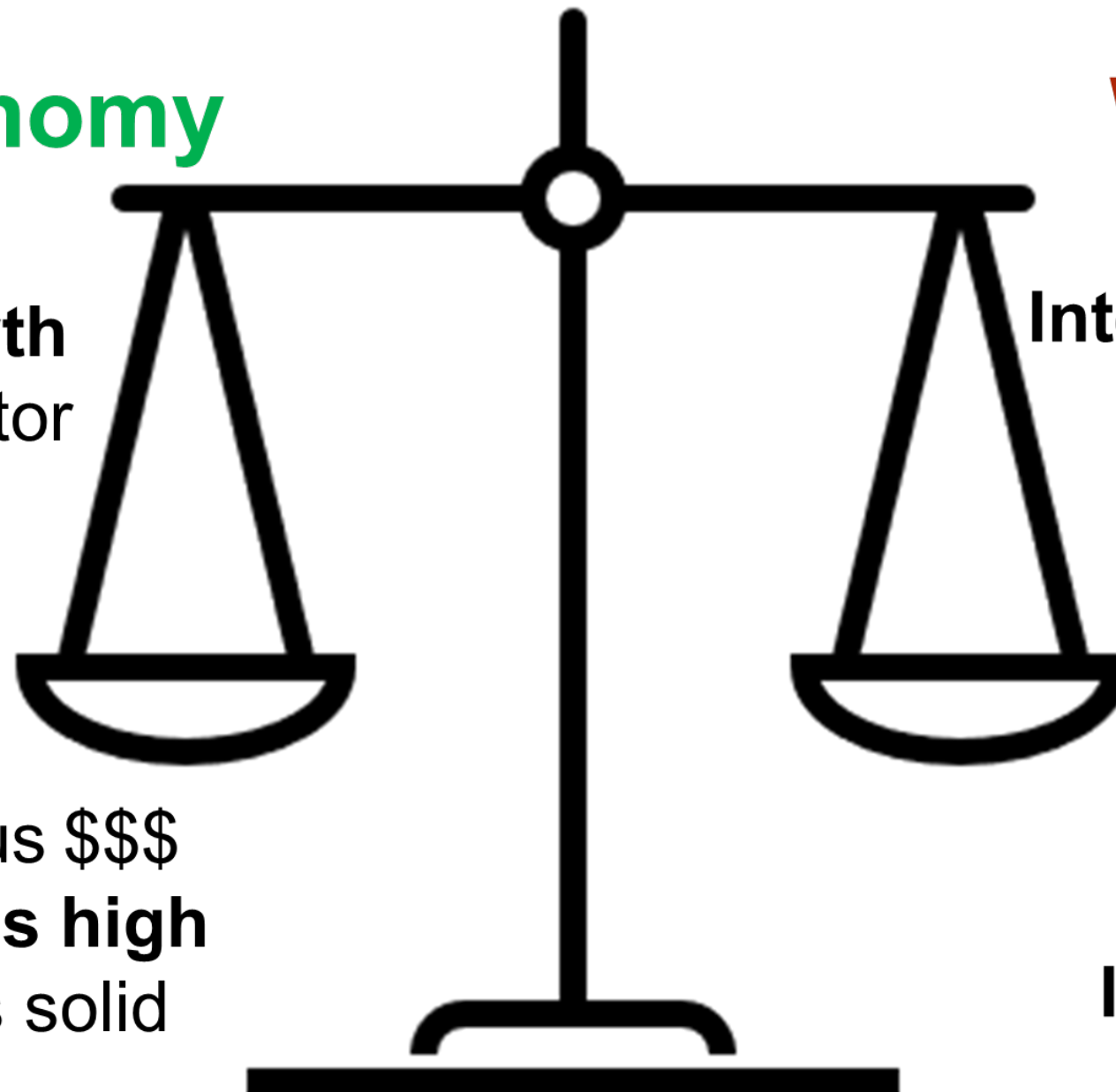
- US Debt cost -3% of GDP
- AI Productive boost & job disruption
- Climate change – reduce carbon emissions

Balanced economic picture

Strong economy

Strong job growth
Solid service sector

Still some stimulus \$\$\$
Inflation is off it's high
Corporate EPS is solid



Weak economy

Interest rates up 500 bps
Inverted Yield Curve

Geopolitical risk up
Two major wars
Inflation sticky at 3-4%



One last time up to the crows Nest

Key risks to monitor :

- ☠ Inflation – down to 3%
- ☠ China Economy slowing
- ☠ Two major wars

Positives:

- ⬆ Labor market - steady
- ⬆ Consumer spending
- ⬆ Fed likely to cut rates

Uncertainties :

- ⚡ *Conflict in the Red Sea*
- ⚡ *Election tension – Not just the USA*

The famous “inevitable risks”

- 🔔 Climate extremes
- 🔔 U.S and Global energy transition
- 🔔 Digital virus / cyber attacks
- 🔔 Biological virus
- 🔔 Income inequality
- 🔔 Earthquakes
- 🔔 Domestic terrorism or extremism
- 🔔 Russia / Ukraine war
- 🔔 Israel / Hamas war
- 🔔 North Korea / Iran
- 🔔 China / Taiwan / U.S. tensions



*That's All
folks...*

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