
Investment Committee Semi-Annual Activity Report

| 4. FIXED INCOME



FIXED INCOME SEMI-ANNUAL REPORT

MARKET RISKS¹

As of 12/31/2021

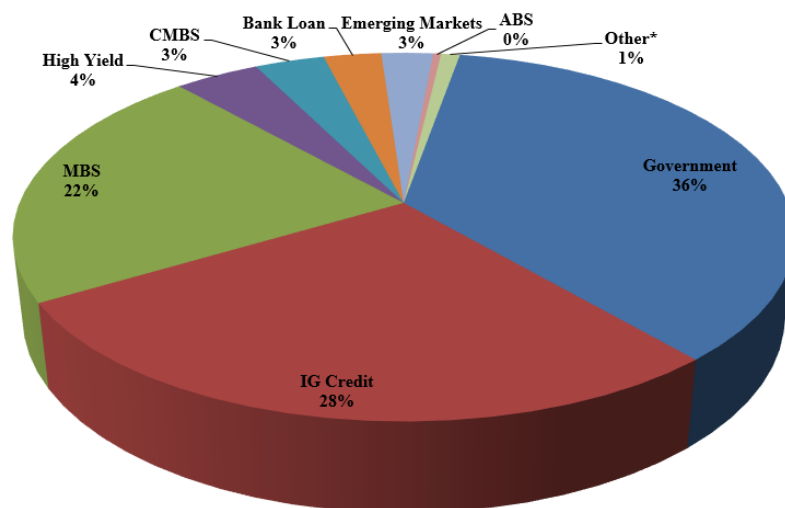
Indicator	12/31/2021	6/30/2021	Change	Risk / Valuation Level
Monetary Policy	0 - 0.25%	0 - 0.25%	0.00%	← Accommodative Neutral Restrictive →
U.S. Unemployment Rate	3.90%	5.90%	-2.00%	← Low Moderate High →
10 Yr. U.S. Treasury Yield (Interest Rate Risk)	1.51%	1.47%	0.04%	← Low Moderate High →
Current Inflation (CPI)	7.00%	5.40%	1.60%	← Low Moderate High →
Cost of Corporate Credit (Spread over U.S. Treasury)	0.87%	0.77%	0.10%	← Cheap Fair Value Rich →

¹ Current level compared to long-term averages

CALSTRS SECTOR WEIGHTS

Assets Under Management \$34.3 Billion

10.5% Allocation vs. Target of 12%

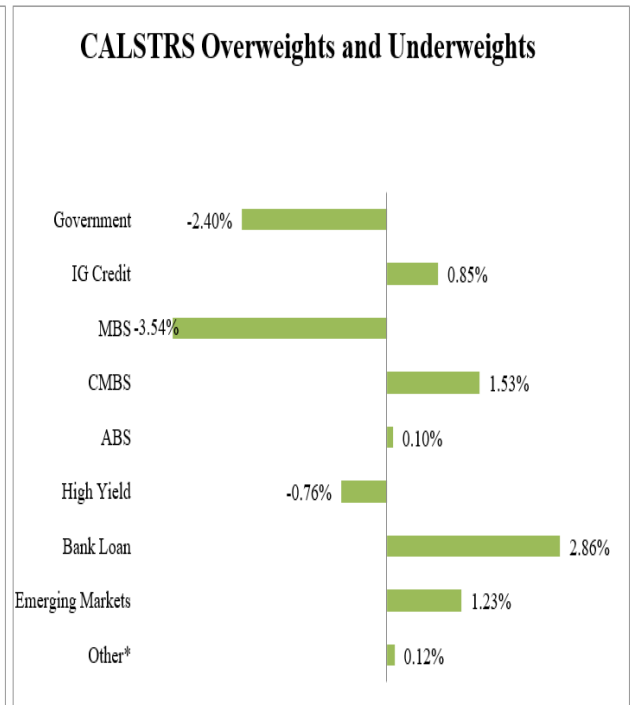
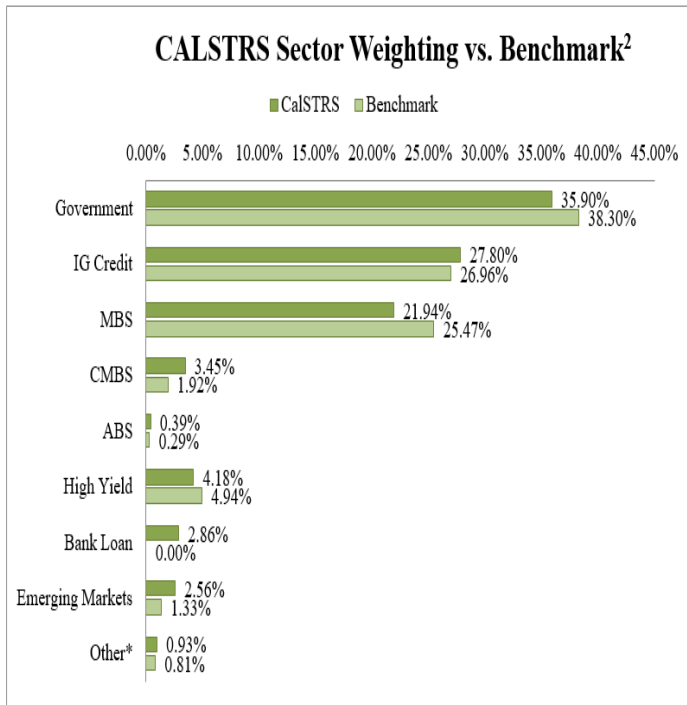


*Includes other investments such as International Sovereign Bonds, Derivatives and Cash

ACTIVITY UPDATE

The Fixed Income portfolio represented 10.5% of the total fund as of December 31, 2021. Chairman Powell signaled inflation is now enemy number one to keeping the economy on track. In an abrupt pivot, the Fed sped up the drawdown of its asset-purchase program and laid out a road map for a series of interest-rate increases over coming years, starting with three hikes in 2022. During the period, Fixed Income received a \$2 billion allocation from the Total Plan and deployed assets to most portfolios. The Board approved a dedicated 5% allocation to Private Credit and a new active risk budget range of 10 to 60 basis points. Lastly, the unit reduced its underweight to MBS and overweight to IG Credit. The portfolio continues to be overweight IG Credit and CMBS.

FIXED INCOME SEMI-ANNUAL REPORT



²Benchmark: (95%) Bloomberg U.S. Aggregate Custom Index + (5%) Bloomberg U.S. High Yield 2% Issuer Capped Custom Index

Index Sector Weightings and Overweights/Underweights may have some rounding variations due to calculations by BlackRock Risk System

PERFORMANCE PEER GROUP COMPARISON

	5th Percentile
	25th Percentile
	Median
	75th Percentile
	95th Percentile



	1 year		3 years		5 years	
	Return %	Rank	Return %	Rank	Return %	Rank
▲ CalSTRS	-0.92	38	5.55	49	4.22	38
● Benchmark ²	-1.21	52	5.00	81	3.71	83