

CALSTRS

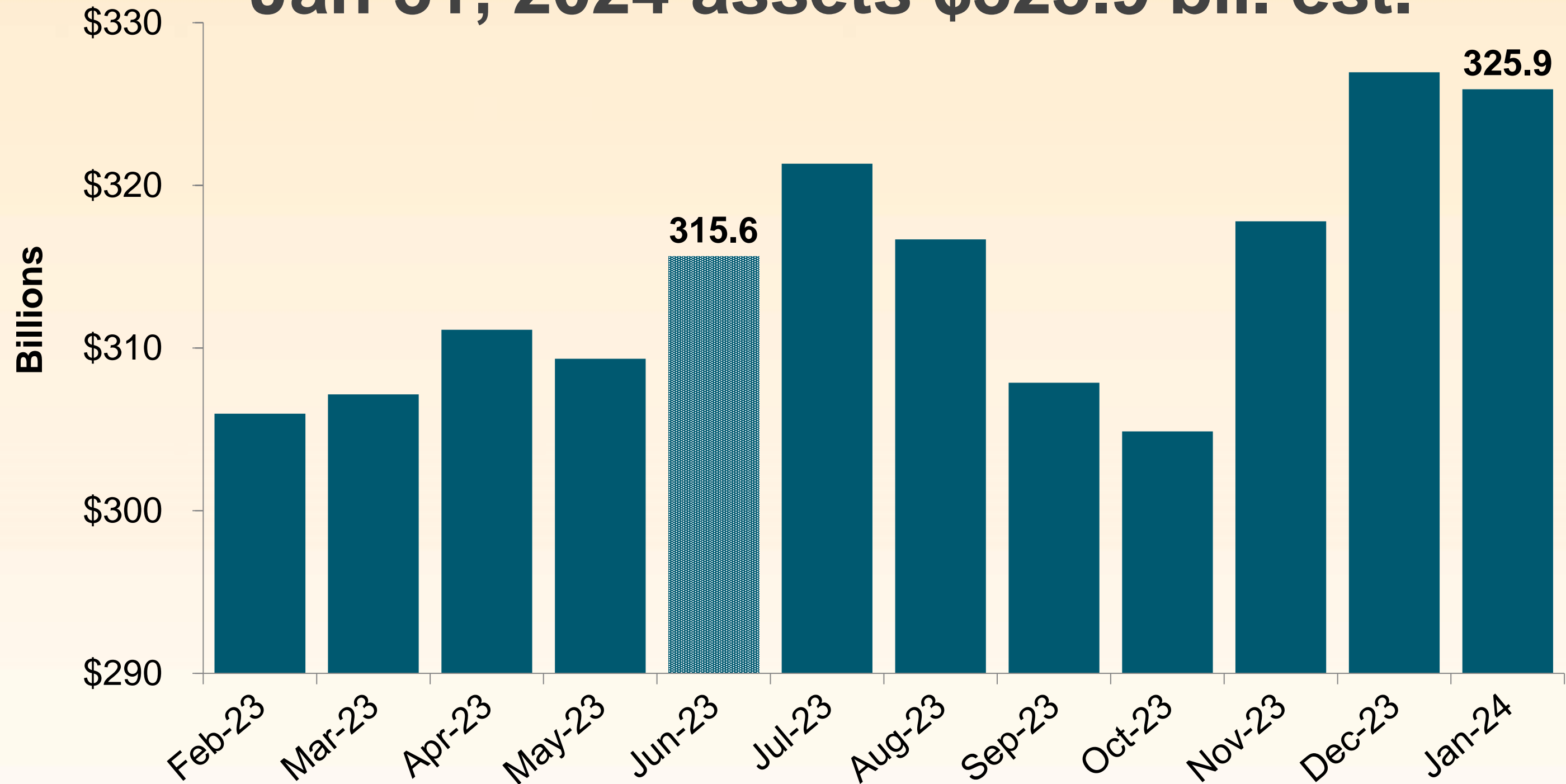
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Chief Investment Officer Report

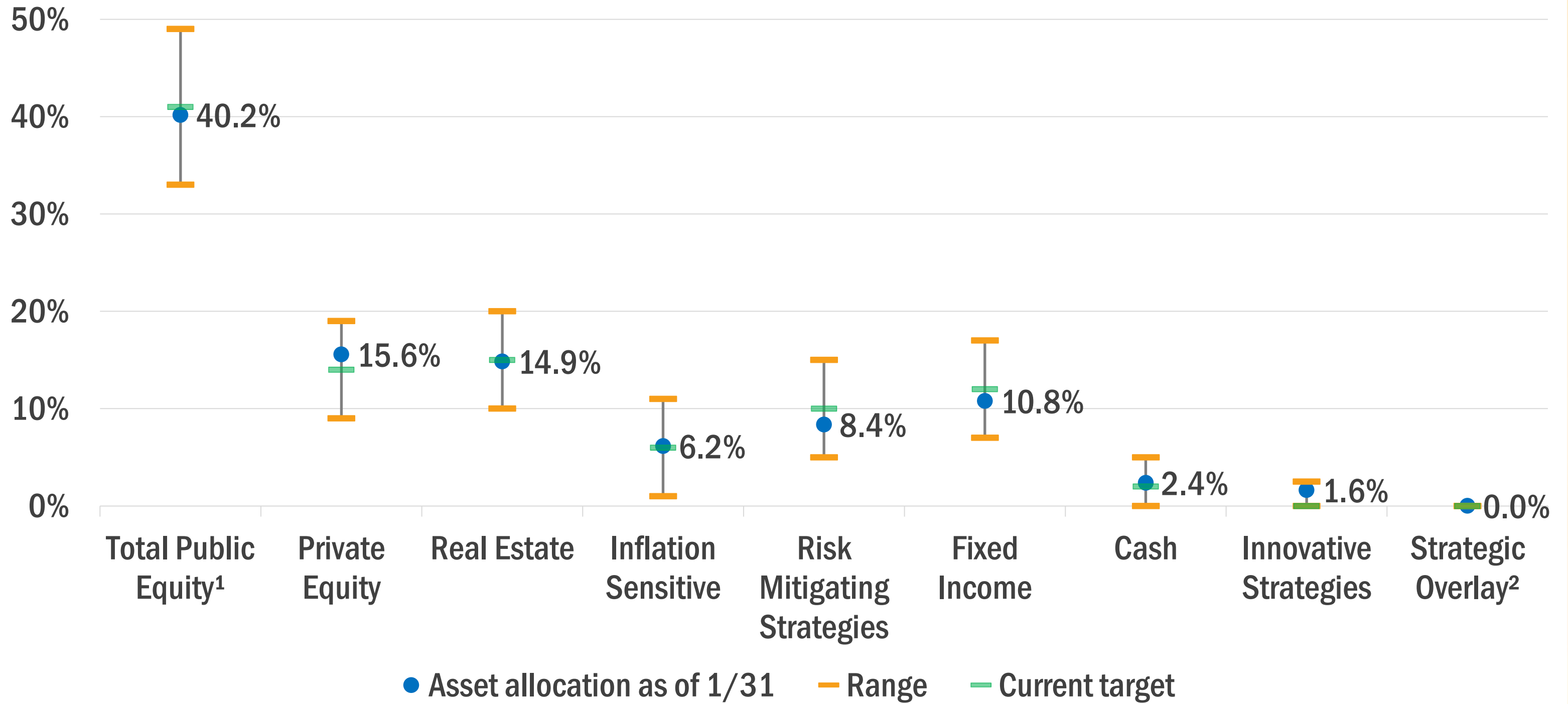
March 2024



Jan 31, 2024 assets \$325.9 bil. est.



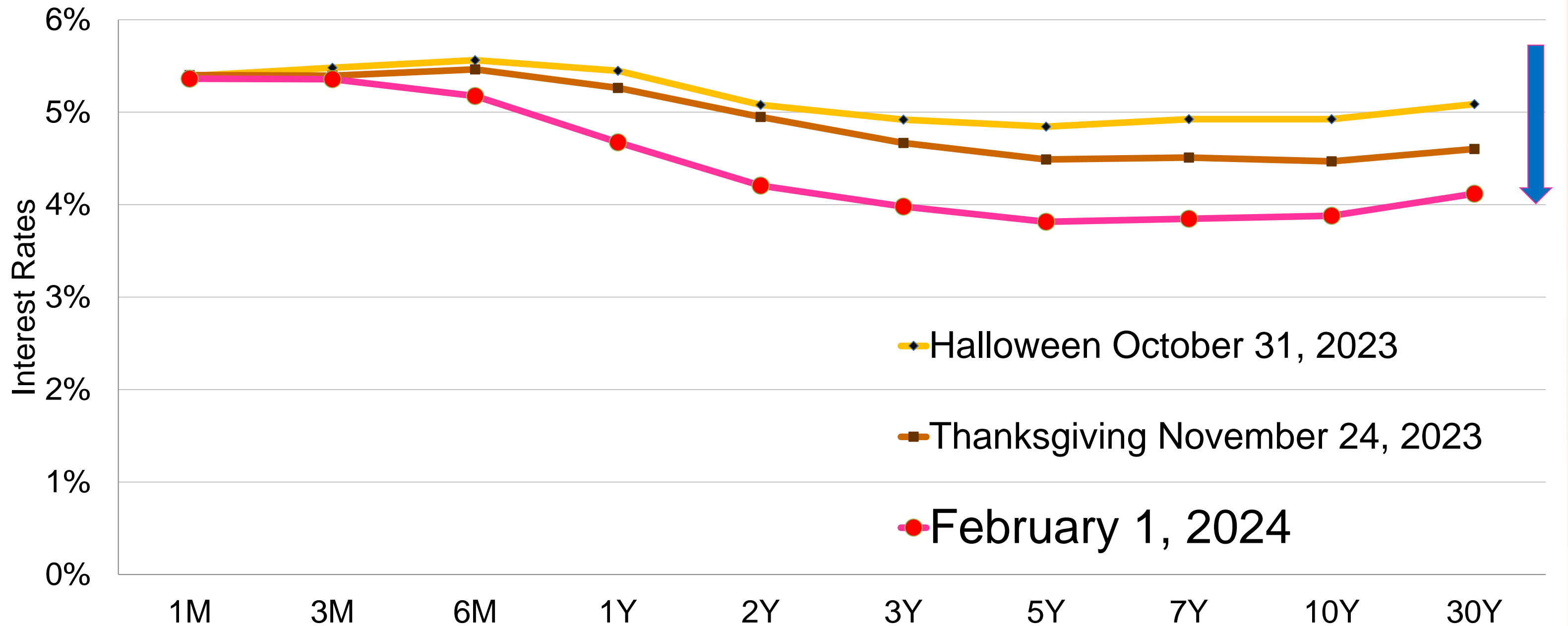
Asset mix



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

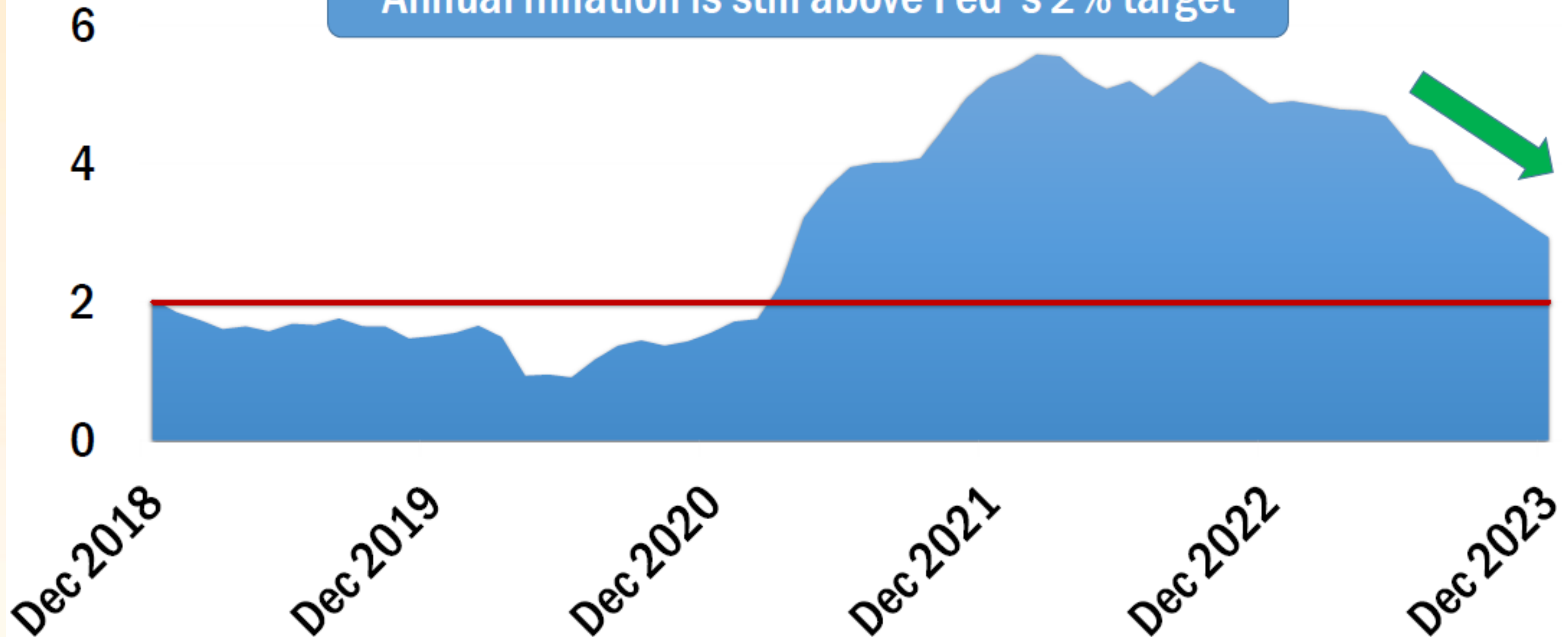
² Strategic Overlay includes Currency and Derivatives Overlay

U.S. Treasury Yield Curves

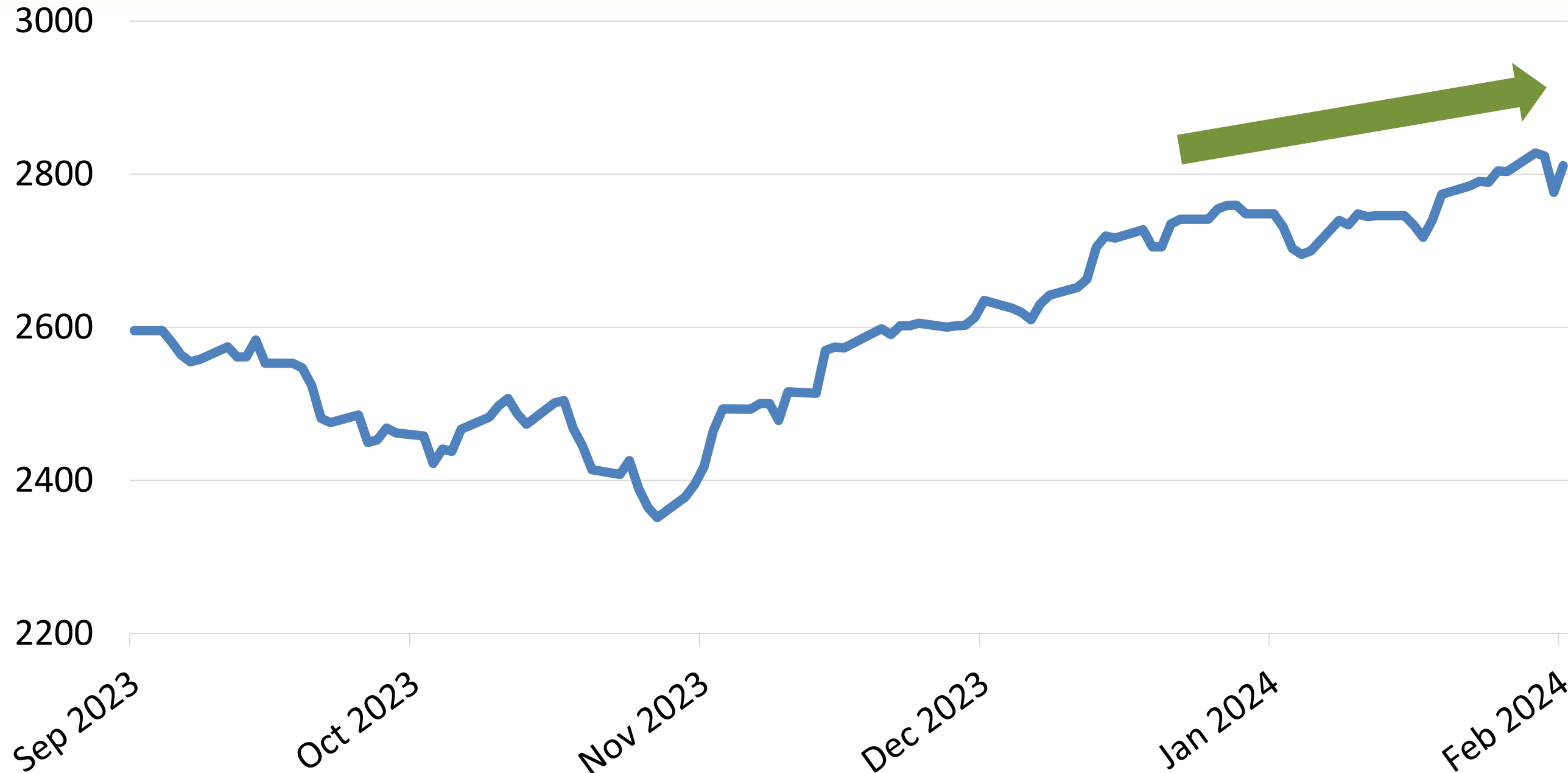


U.S. annual inflation in percentage

Annual inflation is still above Fed's 2% target



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

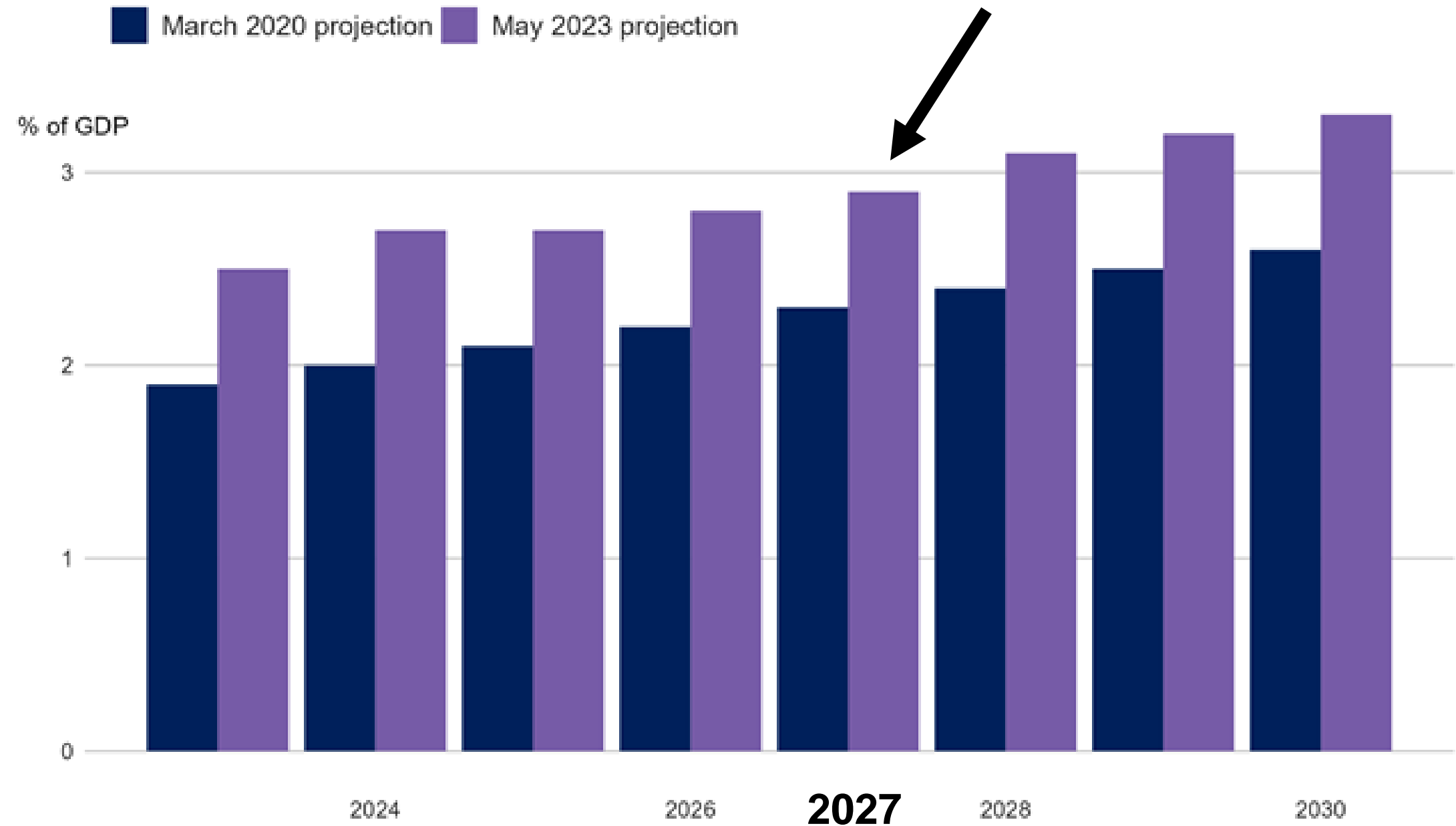


Russell 3000 Price Index from September 1, 2023 through February 1, 2023

Interest on the Federal deficit will cost 3% of GDP by 2027

MORE than we spend on Defense

CBO projections of interest spending have significantly increased



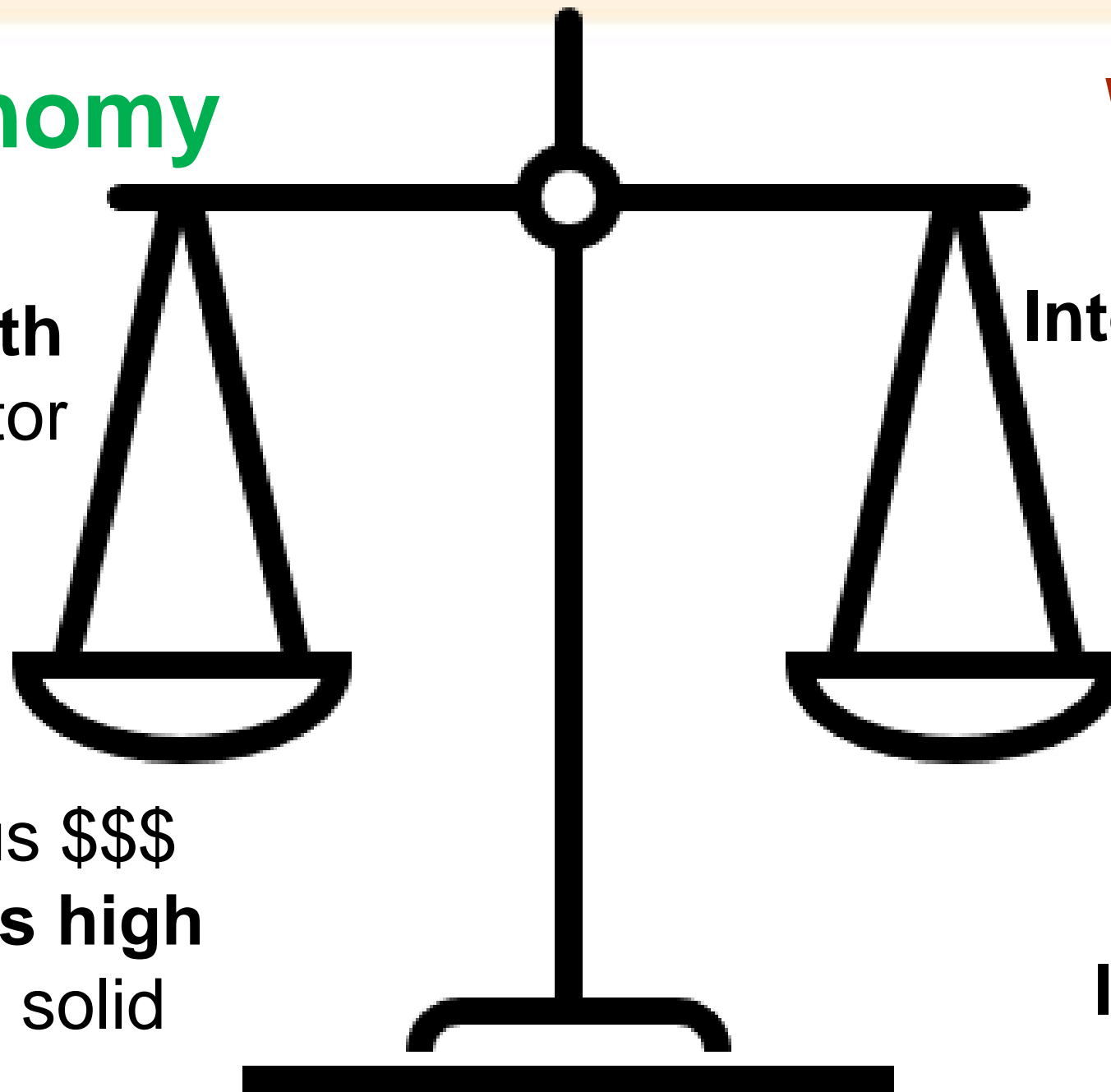
Source: Congressional Budget Office, Eurasia Group

Mixed 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%



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*

- 🚨 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

The logo for CALSTRS, featuring the word "CALSTRS" in a large, orange, serif font. The letters are bold and have a classic, slightly ornate appearance. The background of the slide is white with a large orange bar at the top and a vertical orange bar on the right side. The text is centered on the white background.

CALSTRS

HOW WILL YOU SPEND YOUR FUTURE?

www.CalSTRS.com