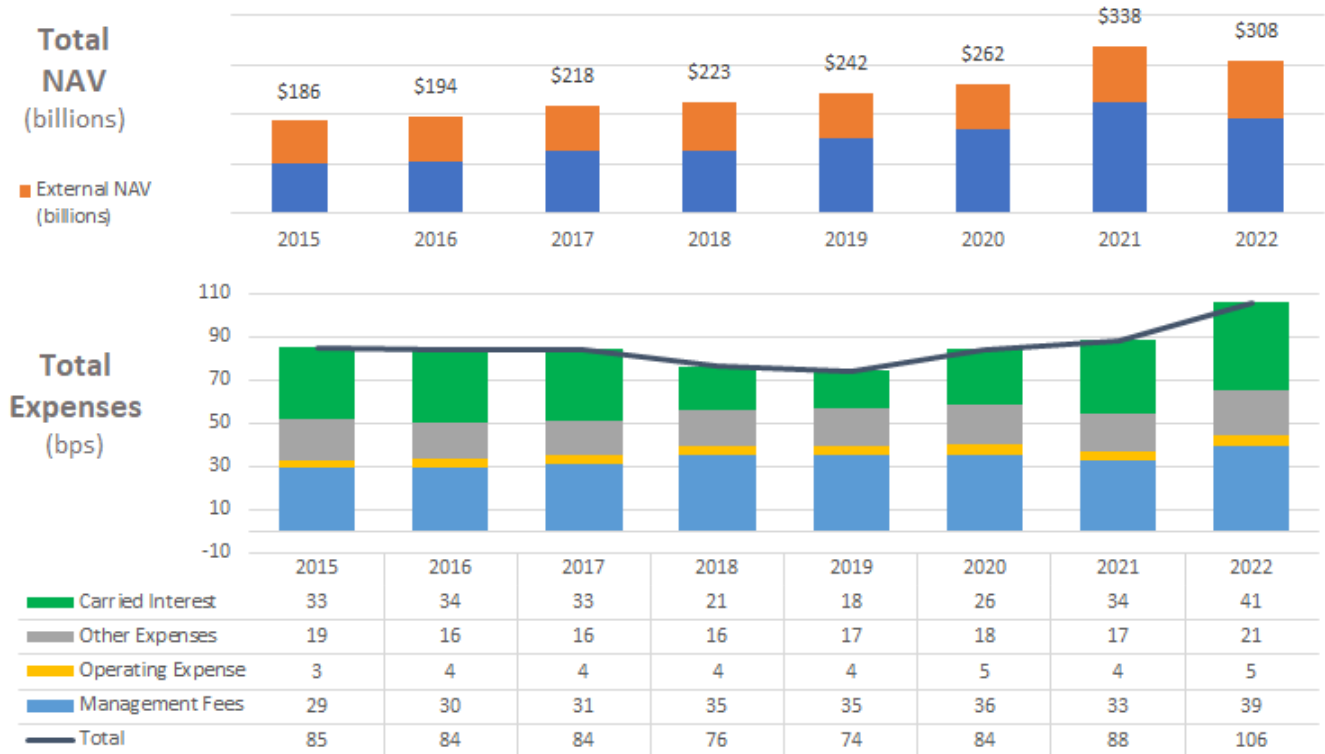
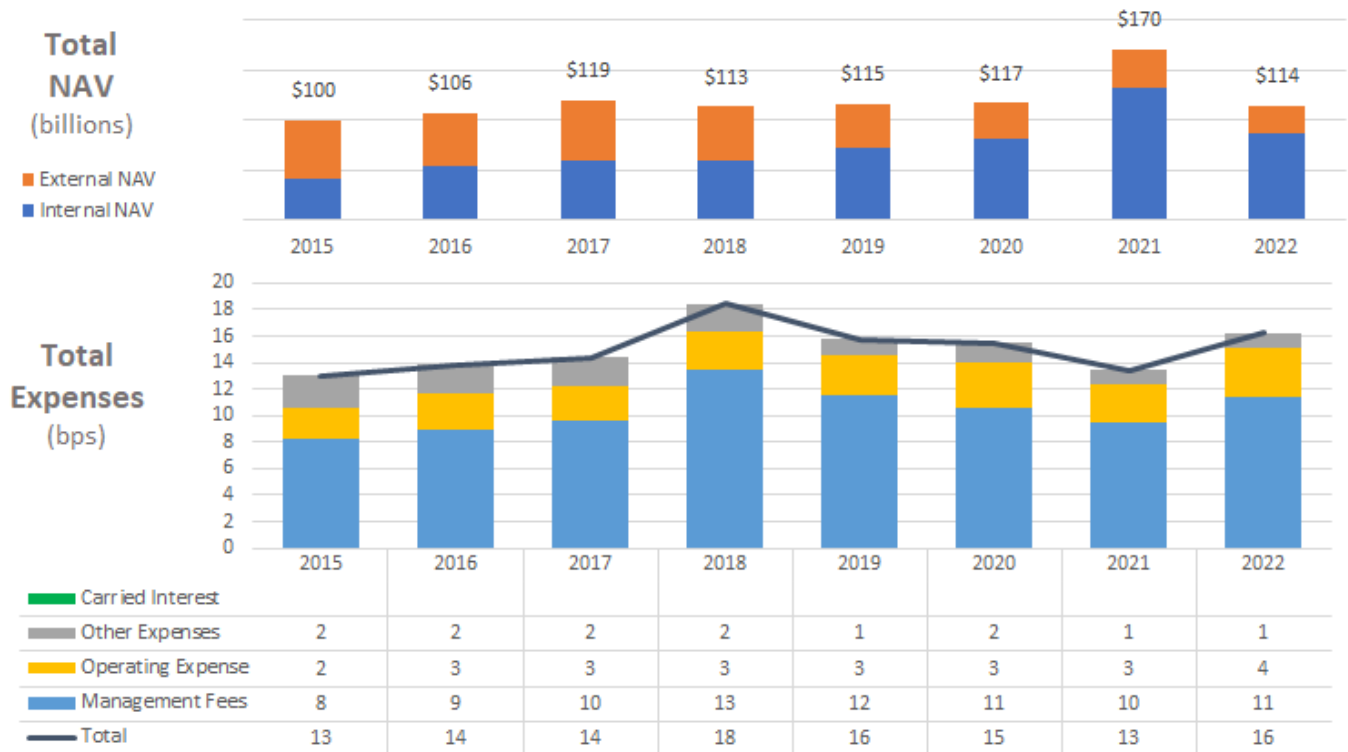


Total Fund



- After experiencing growth over the previous 6 years, the Total Portfolio NAV decreased in 2022 by 9%:
2022 return close to -6.7%, 3 year return over 7.2%, 5 year return over 7.2%. Capture ratio decreased 2.4%
- Total Portfolio Costs increased 9% in absolute terms and relative to the NAV by 11 bps
 - The increase in absolute costs overall is attributed to an increase in the private asset allocation due partially to a strategy shift, but predominantly from a decline in the public market over 2022
 - Internally managed assets decreased as a result of the public market decline. CalSTRS manages more public assets in house

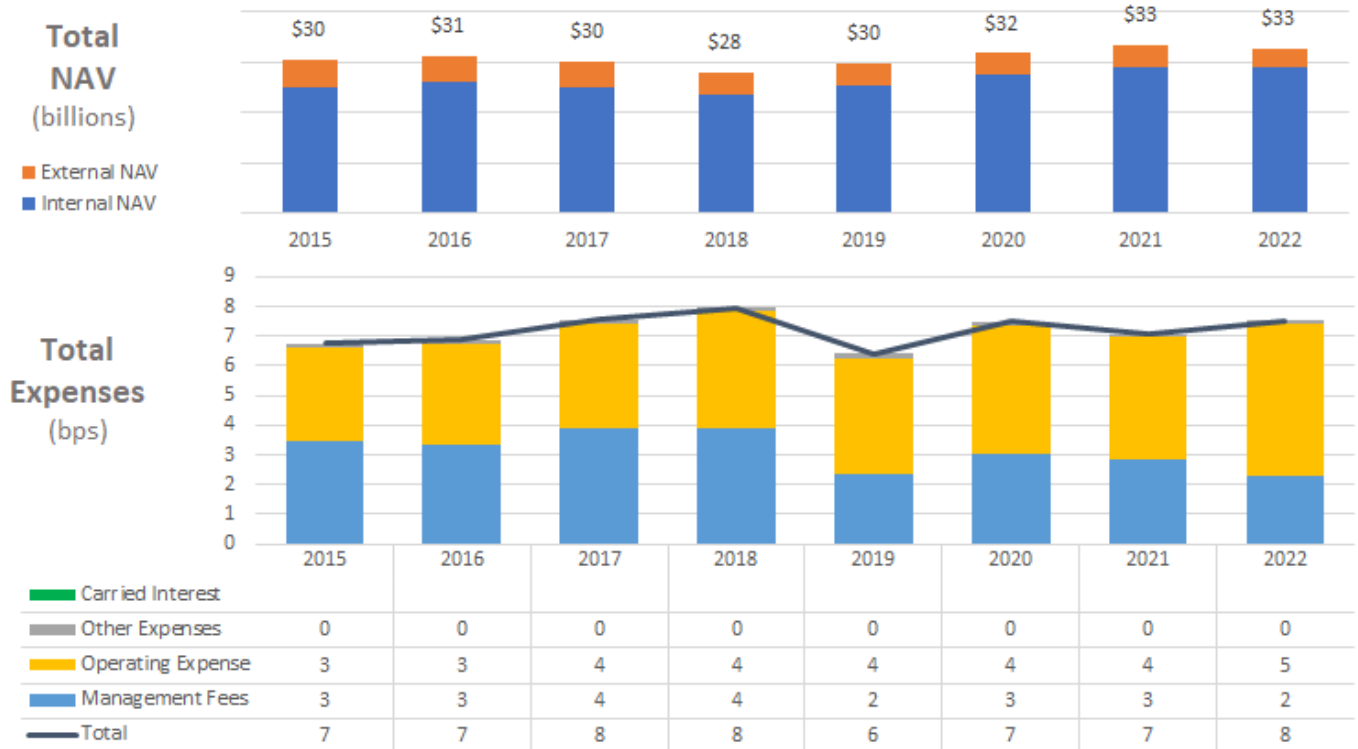
Global Equity



- The Global Equity NAV **decreased** in 2022 **driven by negative returns** for the year and **decreased cost capture**: 2022 return -18.1%, 3 year return 4.0% and 5 year 5.3%. Capture ratio decreased by 0.6%
- Total GE Portfolio Costs **decreased overall** by \$45M (20%), but they **increased relative to the NAV** by ~ 3 bps
 - The **decrease in absolute costs** overall is attributed to NAV change (management fee impact)
 - The **increase** in relative costs is partly attributed to **increased management fees**, which grew by ~ 2 bps relative to the NAV compared to last year

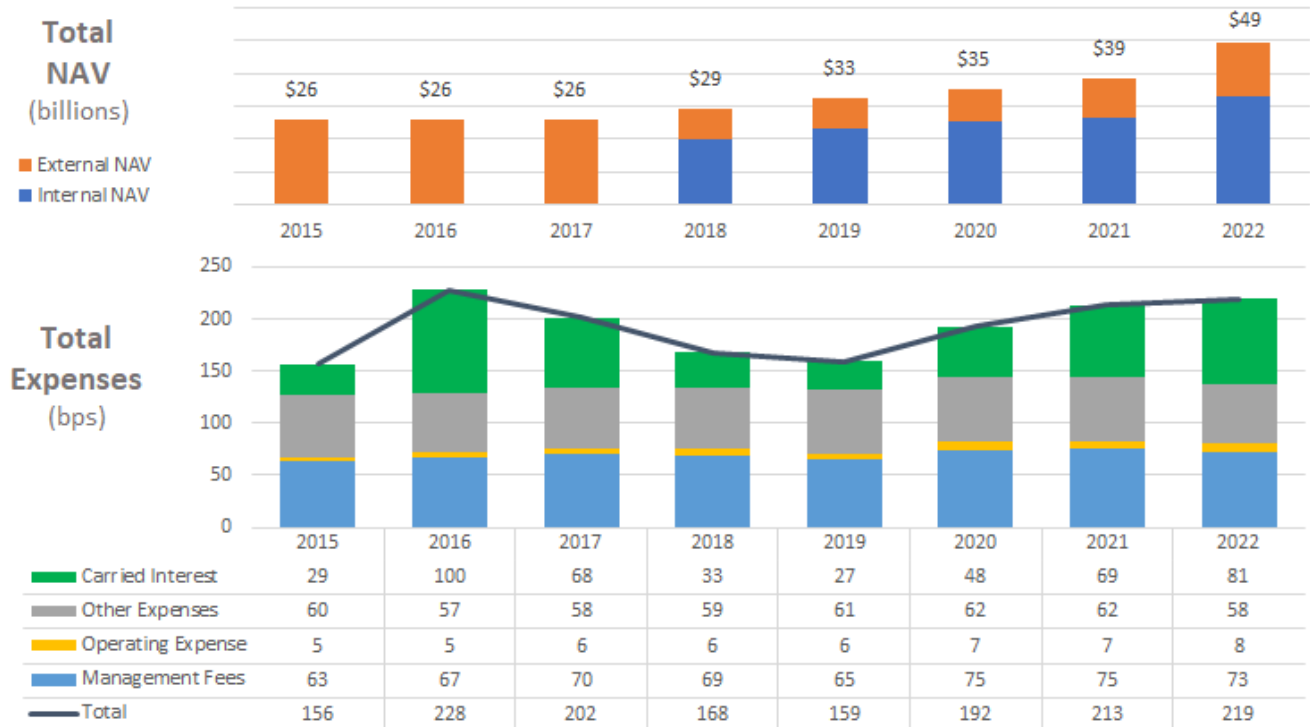
Note - The CY 2021 information has been restated due to four funds being incorrectly attributed to Global Equity instead of SISS. NAV and cost information presented here have been adjusted to reflect the corrected information.

Fixed Income



- The Fixed Income NAV remained **relatively stable** in 2022 even though the debt market decreased ~ 12% due to being allocated \$1.3B during the year:
2022 return -12.6%, 3 year return -2.1% and 5 year 0.6%. Capture ratio decreased by 1.7%.
- Total FI Portfolio Costs **increased** in absolute terms (4.4%), and relative to the NAV (1bp)
 - Fixed Income’s NAV was **relatively stable** from the prior period which resulted in a higher share of indirect org-wide expenses relative to other asset classes where NAV significantly decreased

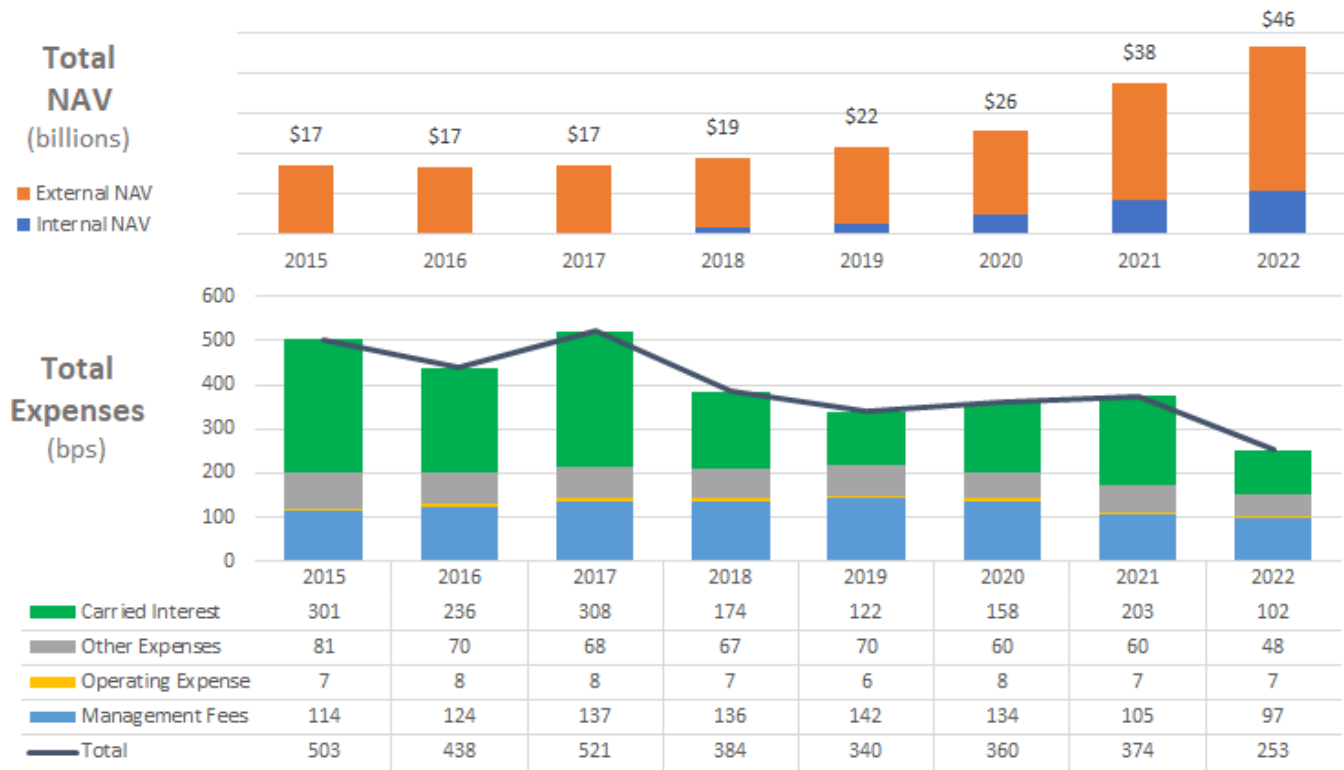
Real Estate



- The Real Estate NAV has **increased** significantly over the last 5 years **driven by solid returns** and increased **capture ratio**:
2022 return of 20.9%, 3 year return over 13%, 5 year return of 11.2%. Capture ratio increased 1.3%
- While Total RE Portfolio Costs increased in absolute terms (22.8%), they **decreased relative to the NAV** by ~ 6 bps
 - The **increase in absolute costs** overall is attributed to NAV growth (management fee impact) and an increase in partnership expenses
 - Operating expenses grew slightly relative to an increased allocation to Real Estate over 2022

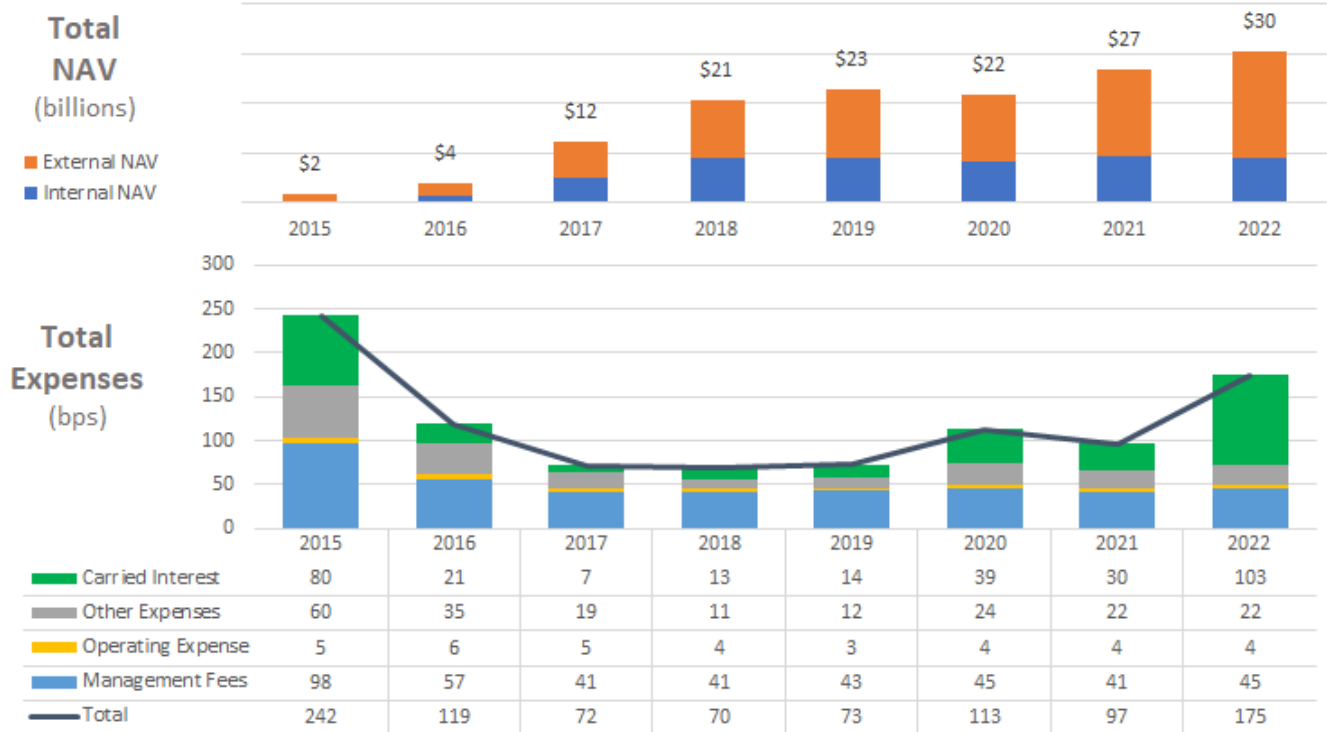
* Includes a less than 1% allocation to Public REIT managers

Private Equity



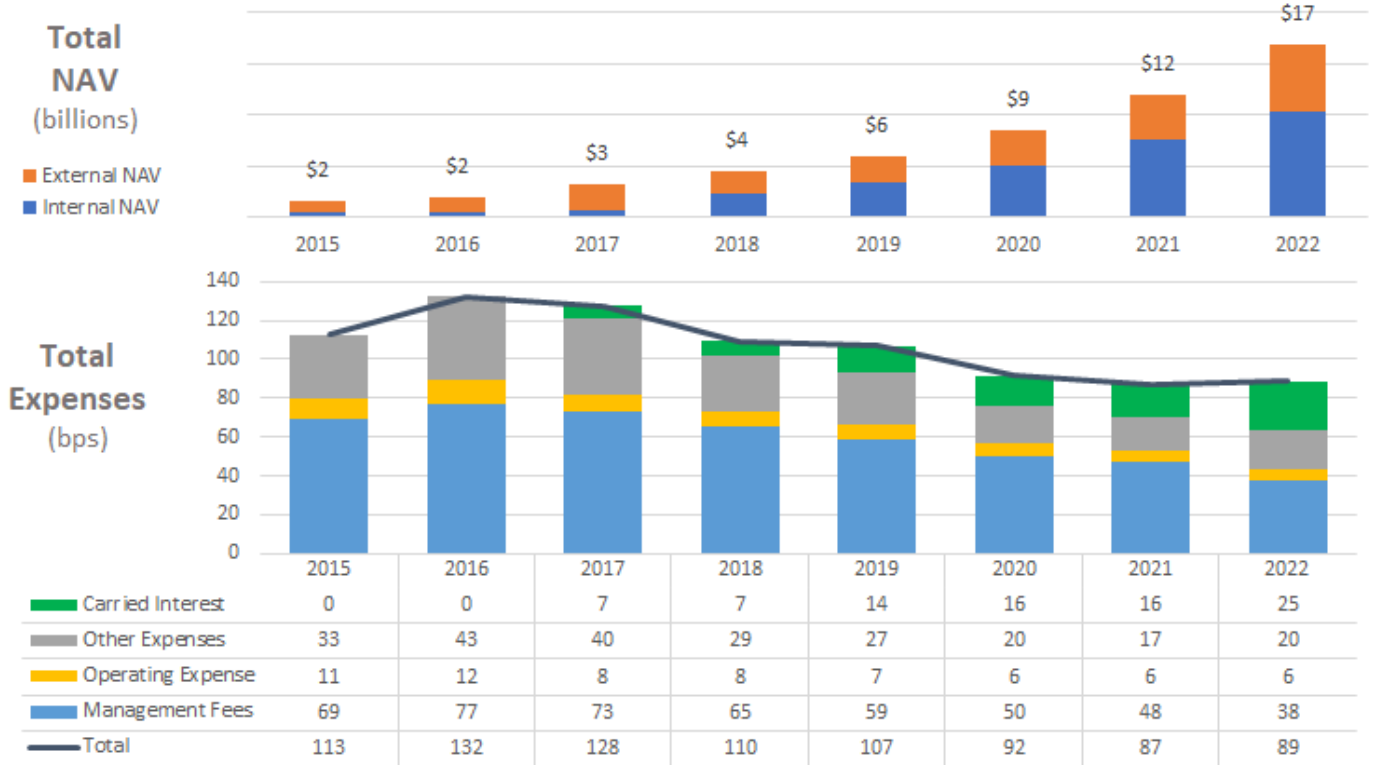
- The Private Equity **stayed flat** from a return perspective in 2022, but the NAV **grew due to increased allocation**
2022 return close to -0.5%, 3 year return over 19%, 5 year return over 16%. Capture ratio **decreased 1.4%**
- While Total PE Portfolio Costs increased in absolute terms (8.5%), they **decreased relative to the NAV** by ~ 20 bps
 - The Private Equity portfolio increased the commitment pace over the last five years, which generally leads to higher relative costs due to the J-curve effect
 - The **decrease in relative costs** is partly attributed to an **increased allocation to co-investments**, as external management fees decreased by 8 bps relative to the NAV

Risk Mitigating Strategies



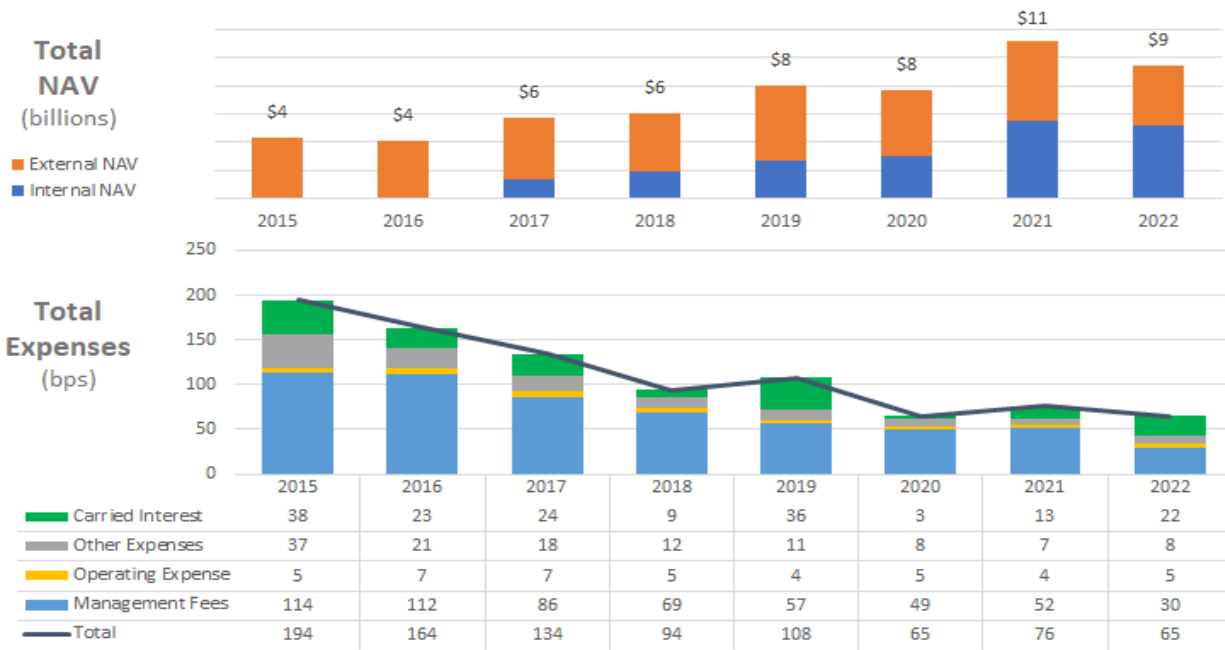
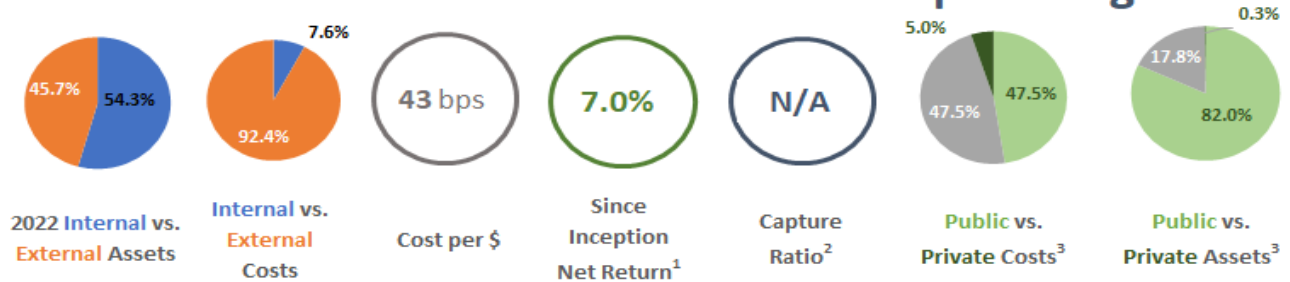
- The RMS NAV has **increased** significantly over the last 5 years **driven by an increased allocation** toward the strategy: 2022 return ~ 0.6%, 3 year return over 5.2%, 5 year return over 4.5%. Capture ratio decreased by 5%
- Total RMS Portfolio Costs **increased** in relative to the NAV by approximately 5 bps
 - The **increase** is attributed to NAV growth of the externally managed strategies, both management fees and organization wide cost allocations
 - **Other expenses stayed flat.** Note: portfolio costs increased by 12bps in 2020. This was due to a methodology change in how brokerage costs were reported. New regulation at the end of 2018 increased transparency around fees embedded in an assets price. When this methodology is applied to current period, RMS costs decreased
- **Carried interest increased** significantly as **exceptional returns in Trend Following** over the past few years were realized during 2022
- RMS' objective is to construct a portfolio that **provides protection to the total plan** during deep and extended equity market downturns

Inflation Sensitive



- The Inflation Sensitive NAV has **increased** significantly over the last 5 years **driven by** an increased allocation and positive **returns**:
2022 return ~ 6.3%, 3 year return ~ 10.6%, 5 year return ~ 9.0%. Capture ratio decreased 0.9%
- While Total Inflation Portfolio Costs increased in absolute terms (26%), they **decreased relative to the NAV** by ~ 7 bps
 - The **increase in absolute costs** overall is attributed to NAV growth (management fee impact), carried interest (realized profit sharing), and an increased percentage of private investments relative to public (Other and Operating expenses)

Sustainable Investment & Stewardship Strategies



- The SISS NAV may fluctuate over time given there is not a current allocation target.
2022 return ~ -19.9%, 3 year return ~ 4.3%, 5 year return ~ 6.0%
- Total SISS Portfolio Costs decreased in absolute terms (43%), and **relative to the NAV** by ~ 19 bps
 - The **decrease in absolute and relative costs** overall is attributed to a significant decrease in management fees, resulting from a sizeable shift toward internally managed public assets
- The SISS Portfolio is composed of the SISS Public Portfolio and the SISS Private Portfolio
 - The SISS Public Portfolio invests in public market securities across sustainability-focused managers and activist managers. The sustainability-focused managers are included as 'Public' costs. The activist portfolios are held in limited partnership vehicles, much like private assets, as such they are classified as 'Private' costs
 - The SISS Private Portfolio invests through a broad range of investment structures such as co-investment vehicles, separately managed accounts, and direct investments, in alignment with collaborative model objectives. These strategies are included as 'Private' costs

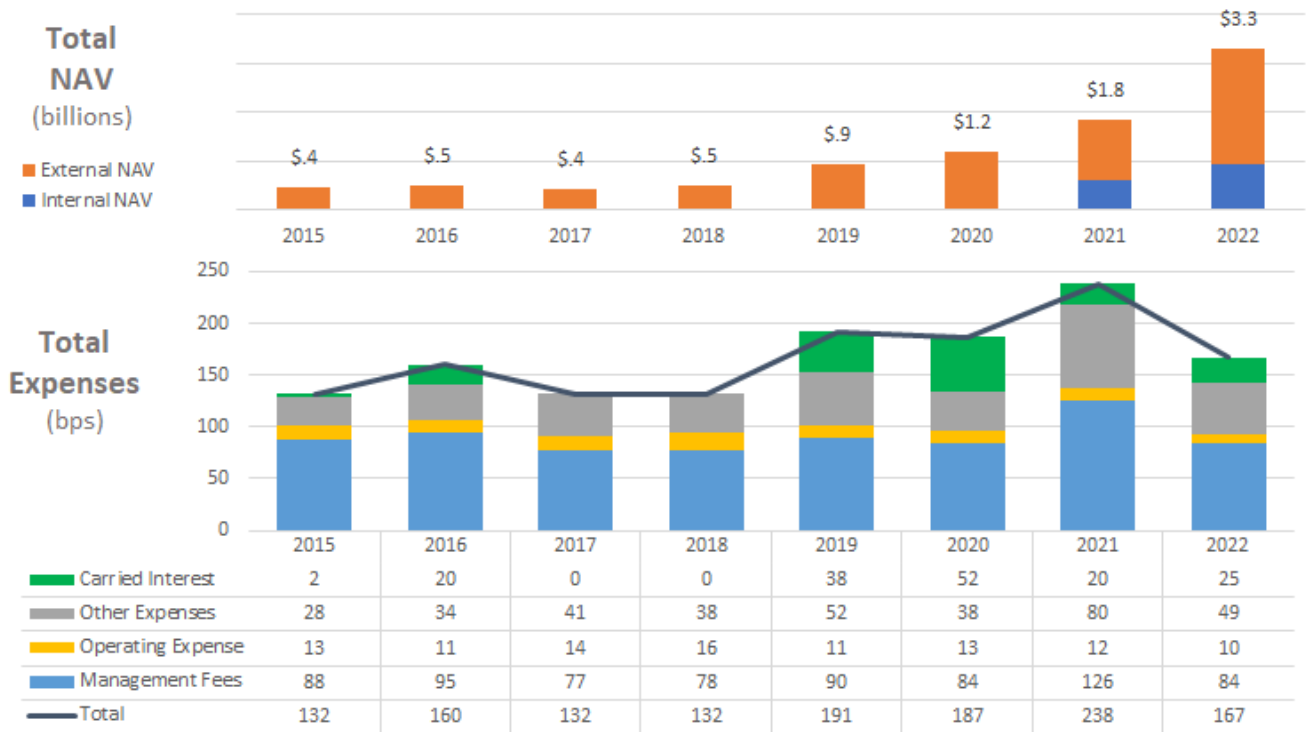
Note - The CY 2021 information has been restated due to four funds being incorrectly attributed to Global Equity instead of SISS. NAV and cost information presented here have been adjusted to reflect the corrected information.

¹ 8-year net return not provided as the SISS strategy does not have 8 years of return history - Inception date 07/2015

² Capture ratio N/A given potentially changing strategies over time and no target allocation

³ Private assets, and their associated costs, are broken out into SISS Private Portfolio assets (dark green) and SISS Public Portfolio - activist managers - assets (grey)

Innovative Strategies



• The Innovative Strategies NAV may fluctuate over time given there is not a current allocation target. Additionally, costs can fluctuate relative to changing strategies.

2022 return ~ 7.1%, 3 year return ~ 6.0%, 5 year return ~ 6.9%

• Total Innovation Portfolio Costs increased in absolute terms, but **decreased** relative to the NAV (76 bps)

- The **increase in absolute costs** overall is attributed to NAV growth (management fee impact), carried interest (realized profit sharing), and an increased percentage of private investments relative to public (Other and Operating expenses)

- The **decrease in relative costs** overall is attributed to lower management fees and a significant reduction in portfolio company fees

* Capture ratio N/A given potentially changing strategies over time and no target allocation