

4Q 2021 CalSTRS Semi-Annual Performance Report Summary

The CalSTRS Total Portfolio had an aggregate value of \$327.6 billion as of December 31, 2021. Over the latest calendar year, the Total Portfolio increased by \$44.2 billion (net of fees and contributions/benefits). During the latest 6-month period, the Total Portfolio increased by \$19.0 billion (net of fees and contributions/benefits). Over the latest calendar year, the Total Portfolio generated a return of 16.9%, outpacing the policy benchmark return of 15.5%, but marginally lagging the State Street median fund return of 17.0% (the Total Portfolio ranked in the 52nd percentile of the State Street Public Master Trusts greater than \$10 Billion universe). Over the trailing 3-year, 5-year, and 10-year periods, the Total Portfolio outperformed both the policy benchmark and the State Street universe median. The majority of the CalSTRS’ major strategic classes have produced strong absolute and relative returns over the trailing time periods. The Total Portfolio ended December 2021 overweight Private Markets, Inflation Sensitive, and Innovative Strategies, and underweight Global Equity, Fixed Income, and Strategic Overlay. Risk Mitigating Strategies and Cash ended the period in-line with their respective policy targets.

Key: ↓ Red indicates relative underperformance ↑ Green indicates relative outperformance (or matched performance)

Composite	Trailing Period Performance (Net-of-Manager Fees)				Actual vs. Target Allocations			
	10 Year	5 Year	3 Year	1 Year	Actual (\$M)	Actual %	Target %	Variance
Total Portfolio	↑10.9	↑12.1	↑16.1	↑16.9	327,603	100	100	---
Policy Benchmark ¹	10.8	11.3	15.2	15.5				
St. Street Median (>\$10B) ²	9.5	11.4	15.1	17.0				
Global Equity ³	↑12.9	↑14.5	↑20.5	↑18.1	153,944	47	49	-2
Policy Benchmark	12.9	14.5	20.5	18.1				
Fixed Income	↑3.7	↑4.2	↑5.5	↑-0.9	34,310	10	13	-3
Policy Benchmark	3.1	3.7	5.0	-1.2				
Private Markets	↑13.0	↑14.0	↑15.5	↑29.6	87,010	27	24	+3
Policy Benchmark	12.8	11.0	11.8	25.7				
Real Estate	↑10.4	↑9.2	↑9.3	↑14.8	42,171	13	14	-1
Policy Benchmark	9.0	6.6	6.1	13.6				
Private Equity	↓16.2	↑20.1	↑23.0	↑47.8	44,823	14	10	+4
Policy Benchmark	17.6	17.3	19.8	44.1				
Inflation Sensitive	↑6.6	↑9.9	↑11.8	↑19.9	13,751	4	3	+1
Policy Benchmark	5.0	5.7	7.4	12.8				
Risk Mitigating Strategies ⁴	↑3.2	↑5.2	↑9.1	↑4.8	29,813	9	9	---
Policy Benchmark	1.7	5.1	8.8	3.7				
Innovative Strategies	↑4.6	↑8.3	↑8.8	↑15.3	2,728	1	0	+1
Policy Benchmark	0.0	4.6	4.5	1.6				
Cash	↑1.3	↑1.4	↑1.2	↑0.2	5,913	2	2	---
Policy Benchmark	0.6	1.2	1.0	0.0				
Strategic Overlay	---	0.5	1.1	-1.2	-1,668	-1	0	-1
Futures Offsets	---	---	---	---	1,803	1	0	+1

Source: State Street; Callan; Investment Metrics.

¹ The Total Portfolio benchmark consists of passively managed strategic class portfolios (or other indices) held at policy weightings.

² State Street Universe – Public Funds greater than \$10 Billion. Mixture of net and gross-of-fees.

³ Total Public Equity (includes corporate governance and sustainability public equity assets).

⁴ Absolute Return class prior to 7/1/16.