

The logo for CALSTRS, consisting of the word "CALSTRS" in a white, serif font with a registered trademark symbol, set against a red rectangular background.

CALSTRS®

Private Equity

Policy Update

July 2021



Private Equity Policy Changes - Overview

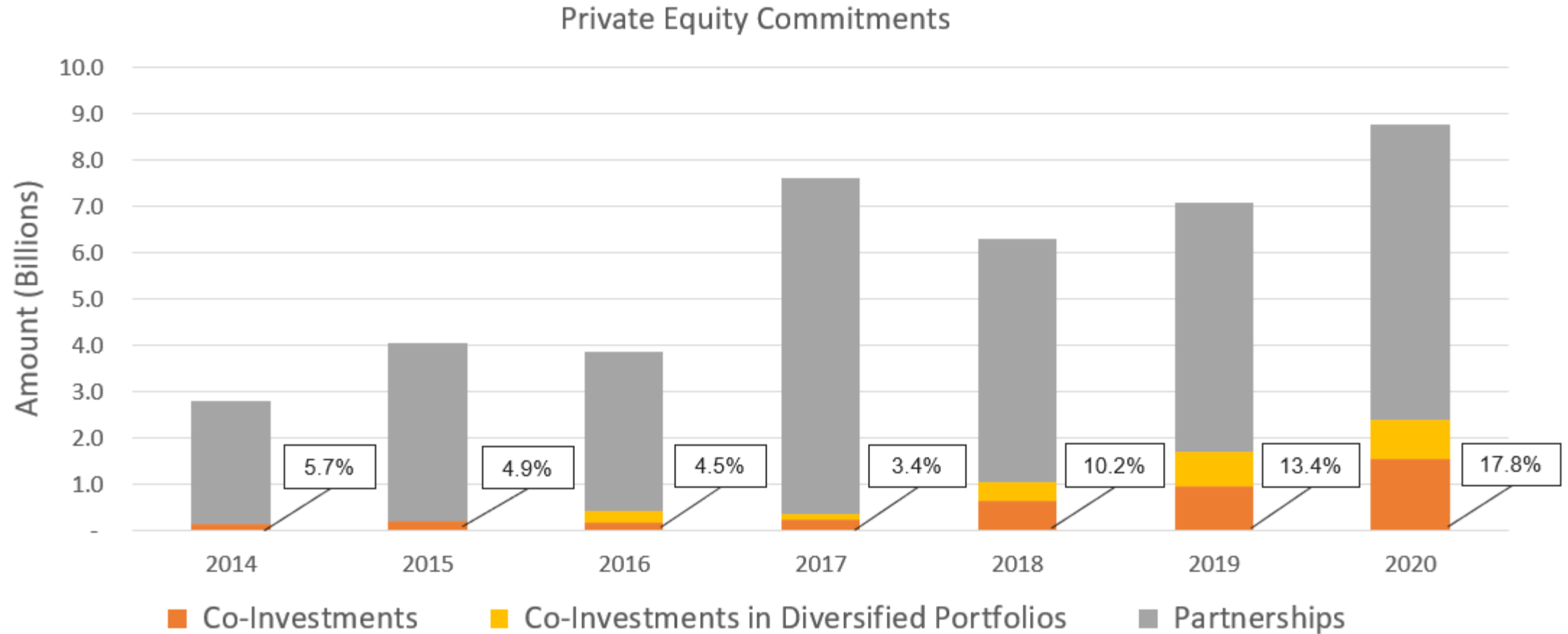
- 1. Collaborative Model Considerations**
- 2. Increase Delegation of Authority Limits**
- 3. Expand Co-Investment Flexibility and Improve Competitiveness**

1. Collaborative Model Considerations

Co-Investment Initiative **NEEDS**

- Relationships (Investment Partners) & Reputation
- Knowledge & Experience; Expanded Capabilities
- Resources (Human Capital)
- Flexibility, Buy-in, Culture
- Time

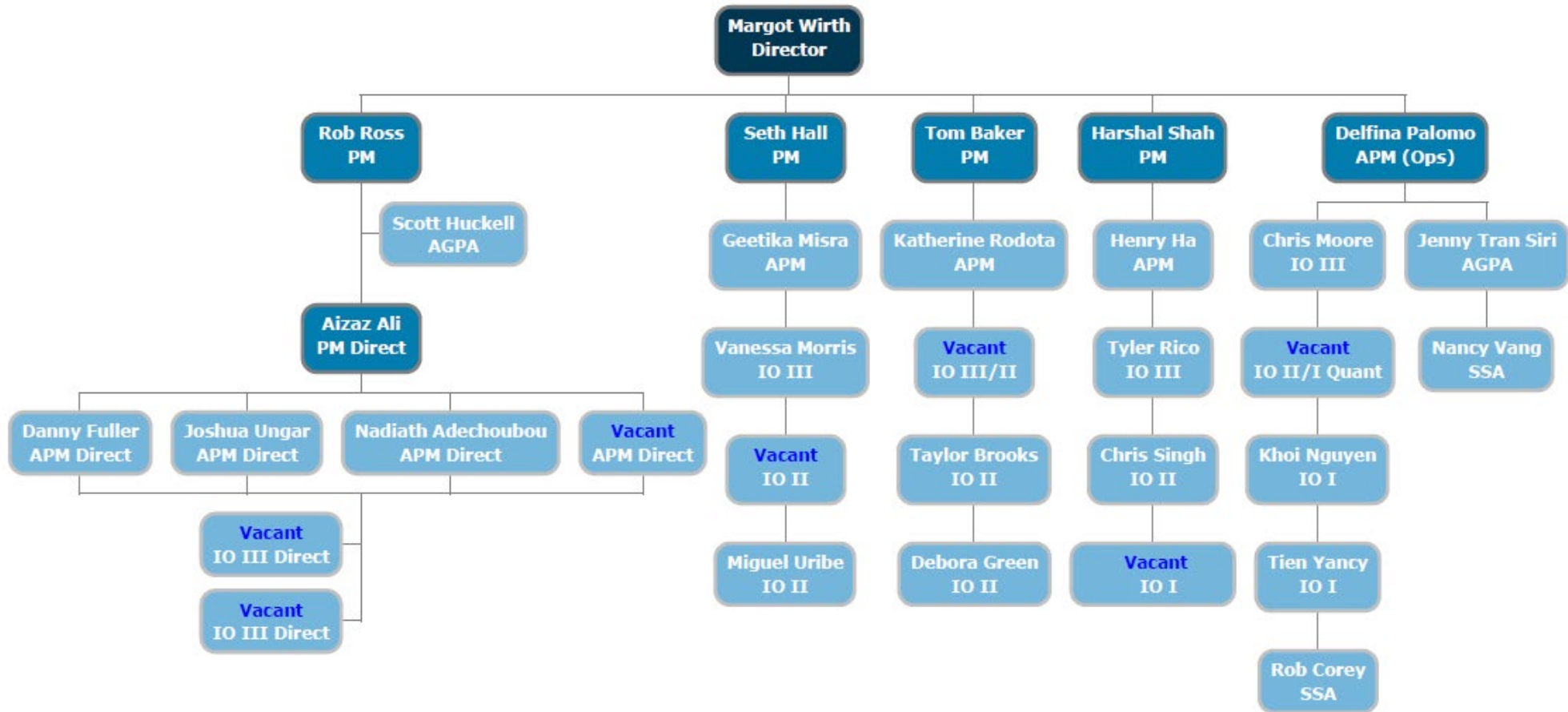
Co-Investment Pacing Ramp-up



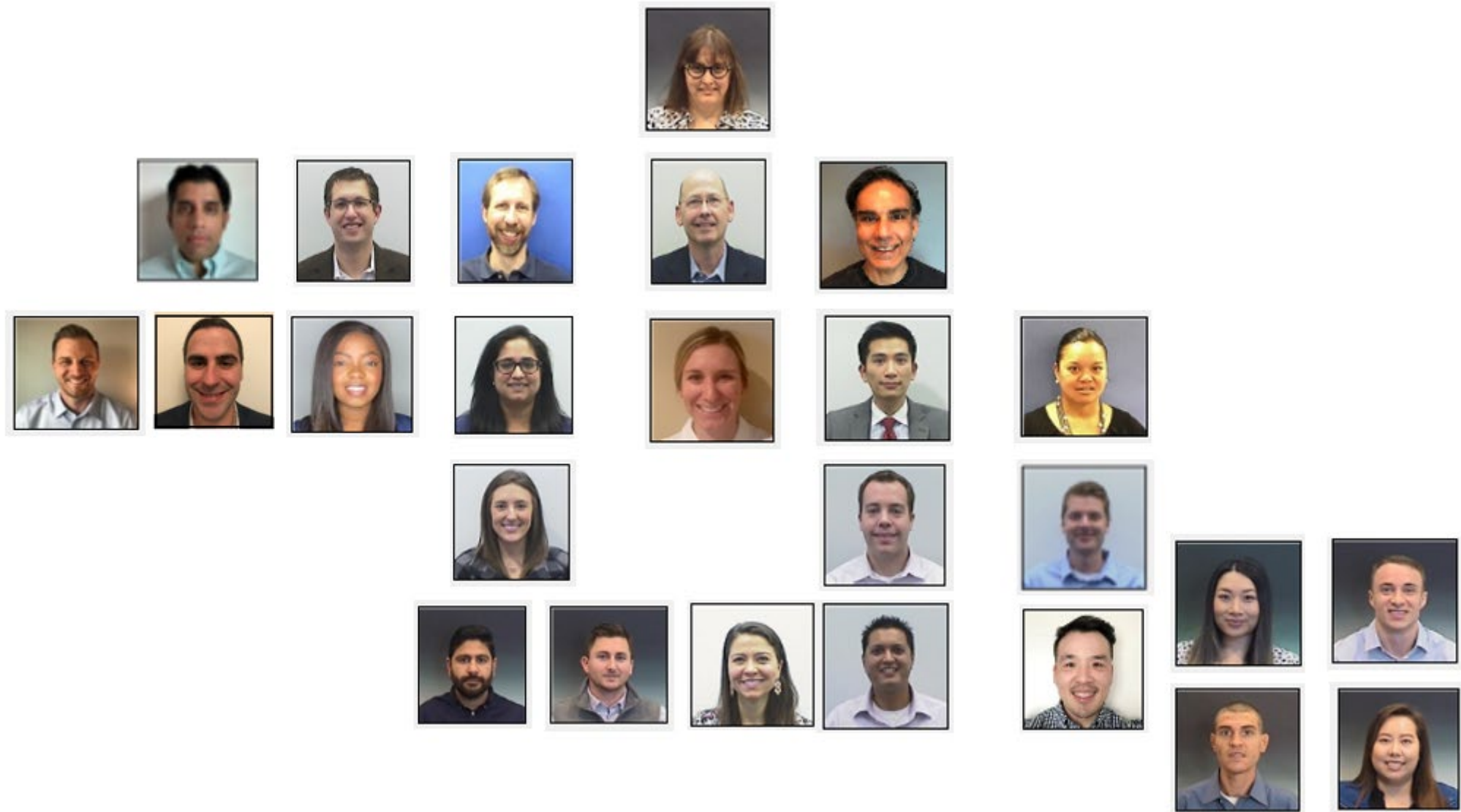
Private Equity Co-Investment Performance

Trailing Returns - 12/31/2020	1 Year	3 Year	5 Year	10 Year	NAV
Co-Investments	38.8%	24.7%	21.7%	15.2%	\$5.4B
Partnerships	25.0%	15.7%	14.6%	12.3%	\$27.9B
Delta	+ 13.9%	+ 9.0%	+ 7.2%	+ 2.9%	

Private Equity Org Chart

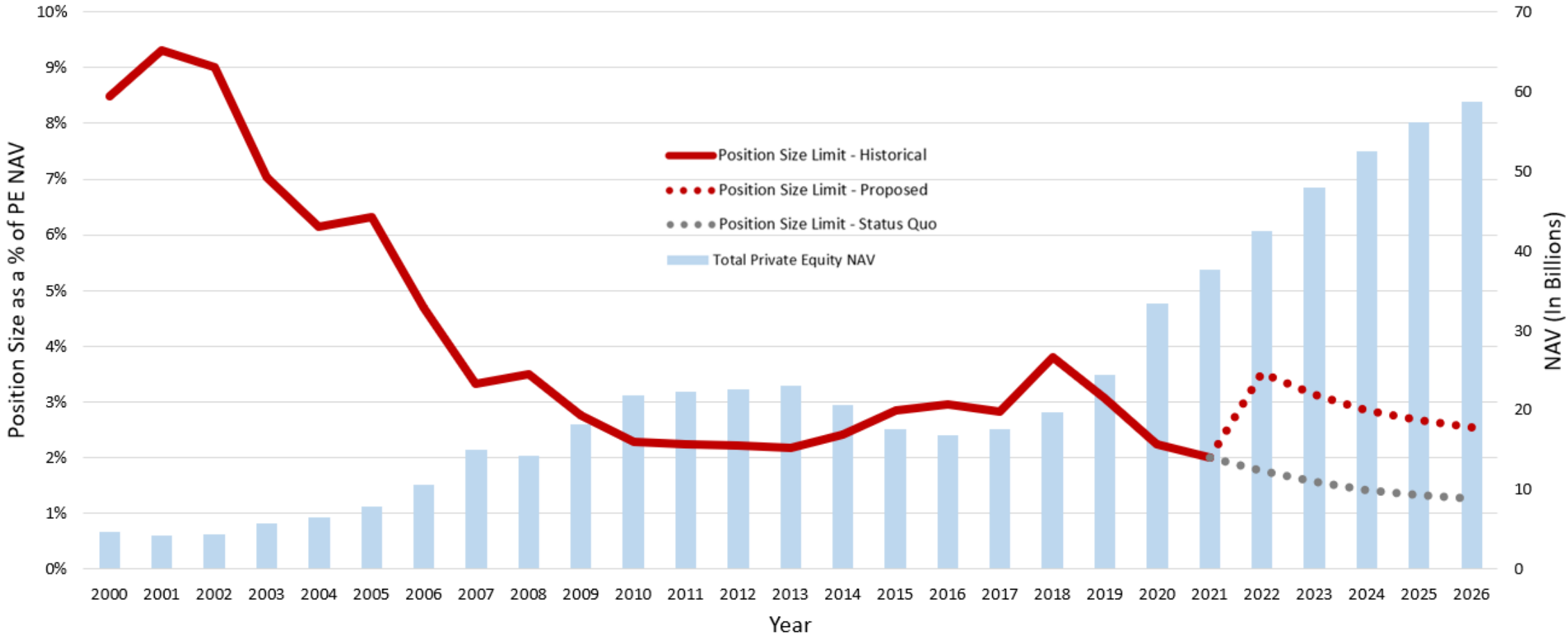


Private Equity Team

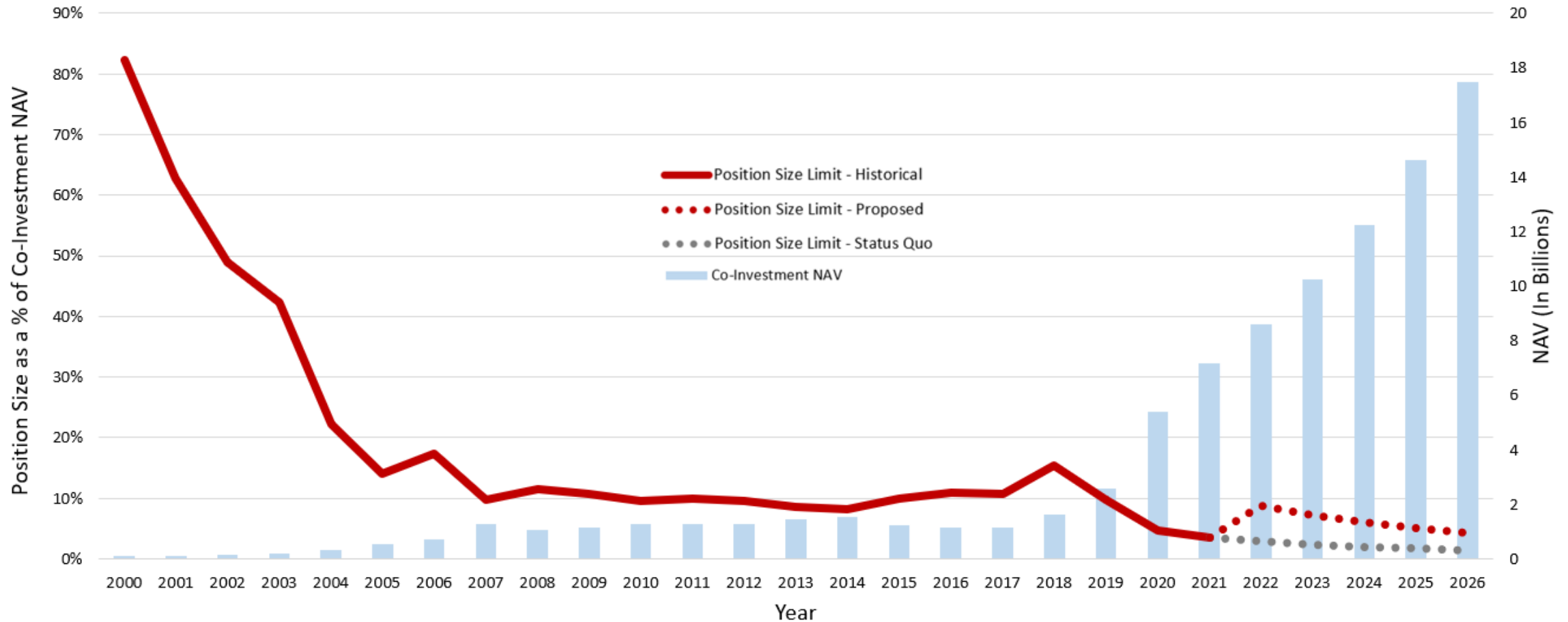


2. Increase Delegation of Authority Limits

Partnerships: Position Size Limit Relative to PE NAV

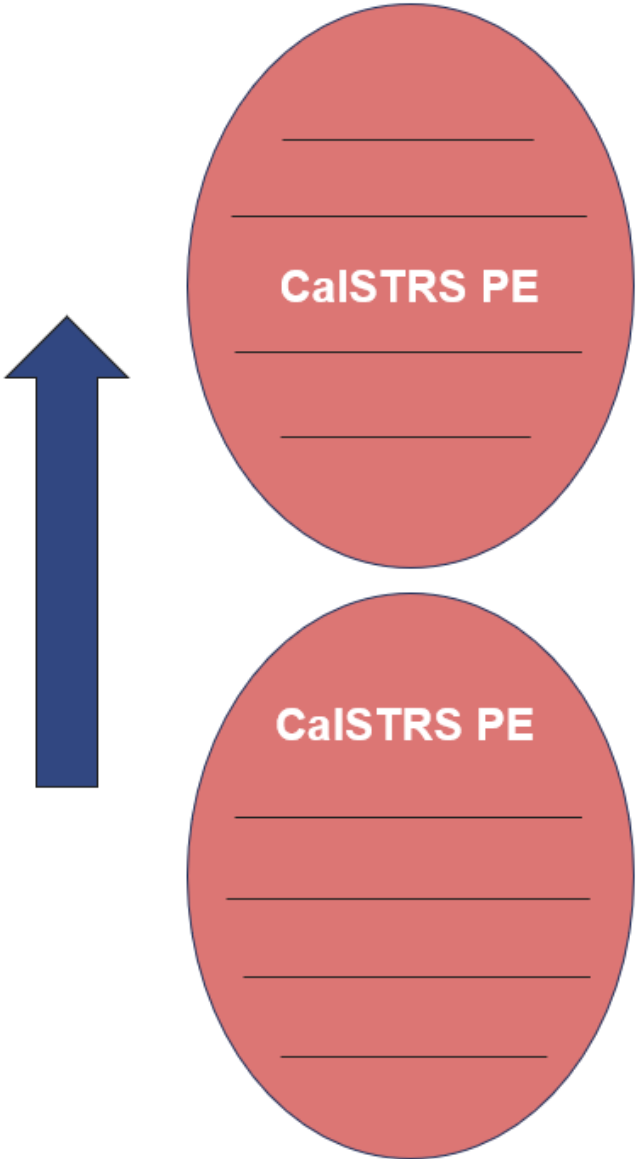


Co-Investments: Position Size Limit Relative to Co-Investment NAV



3. Expand Co-Investment Flexibility and Improve Competitiveness

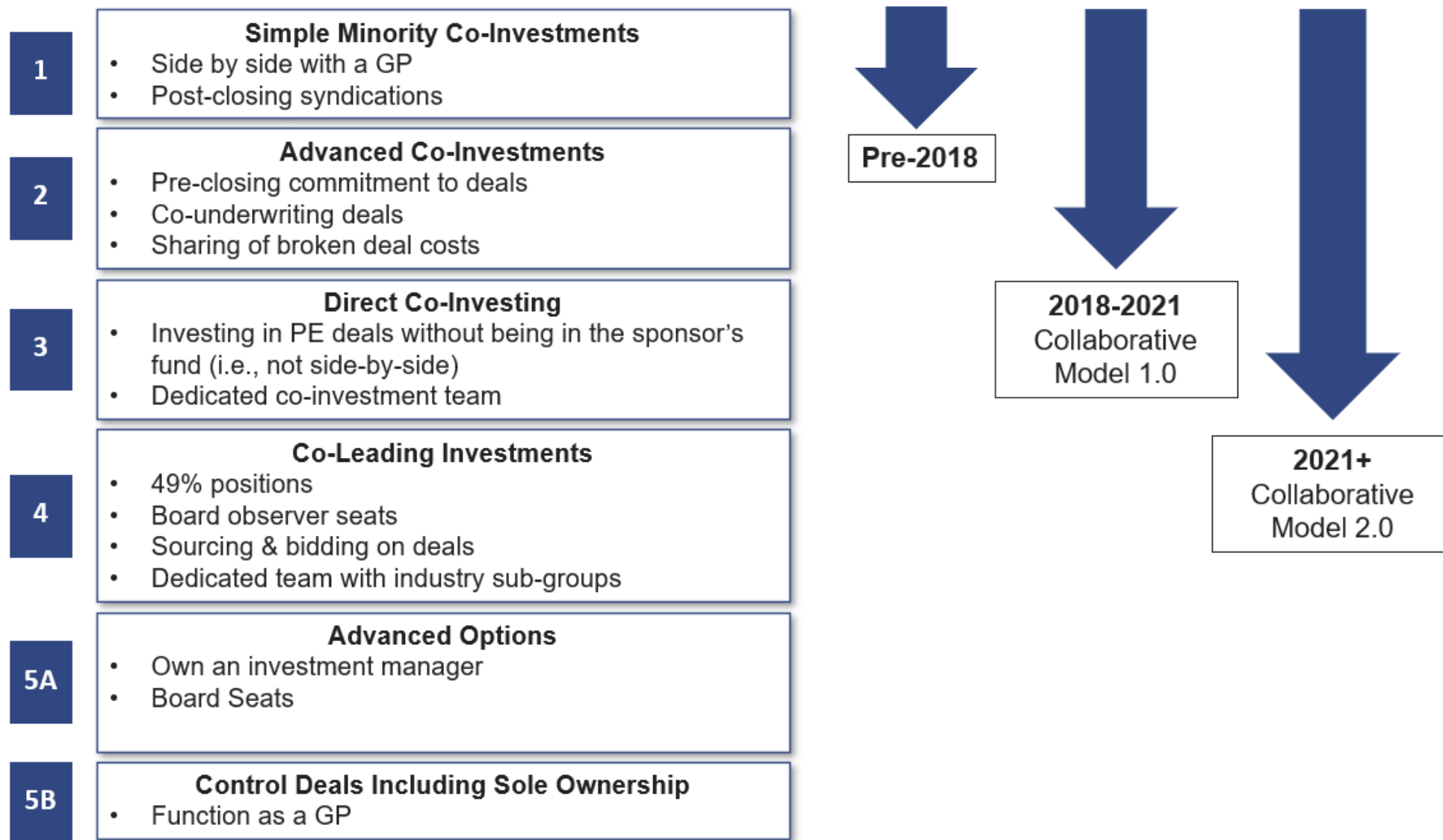
2018 Vision



Global SWF & National Pension Funds
'Best in Breed'
Large Private Equity Programs

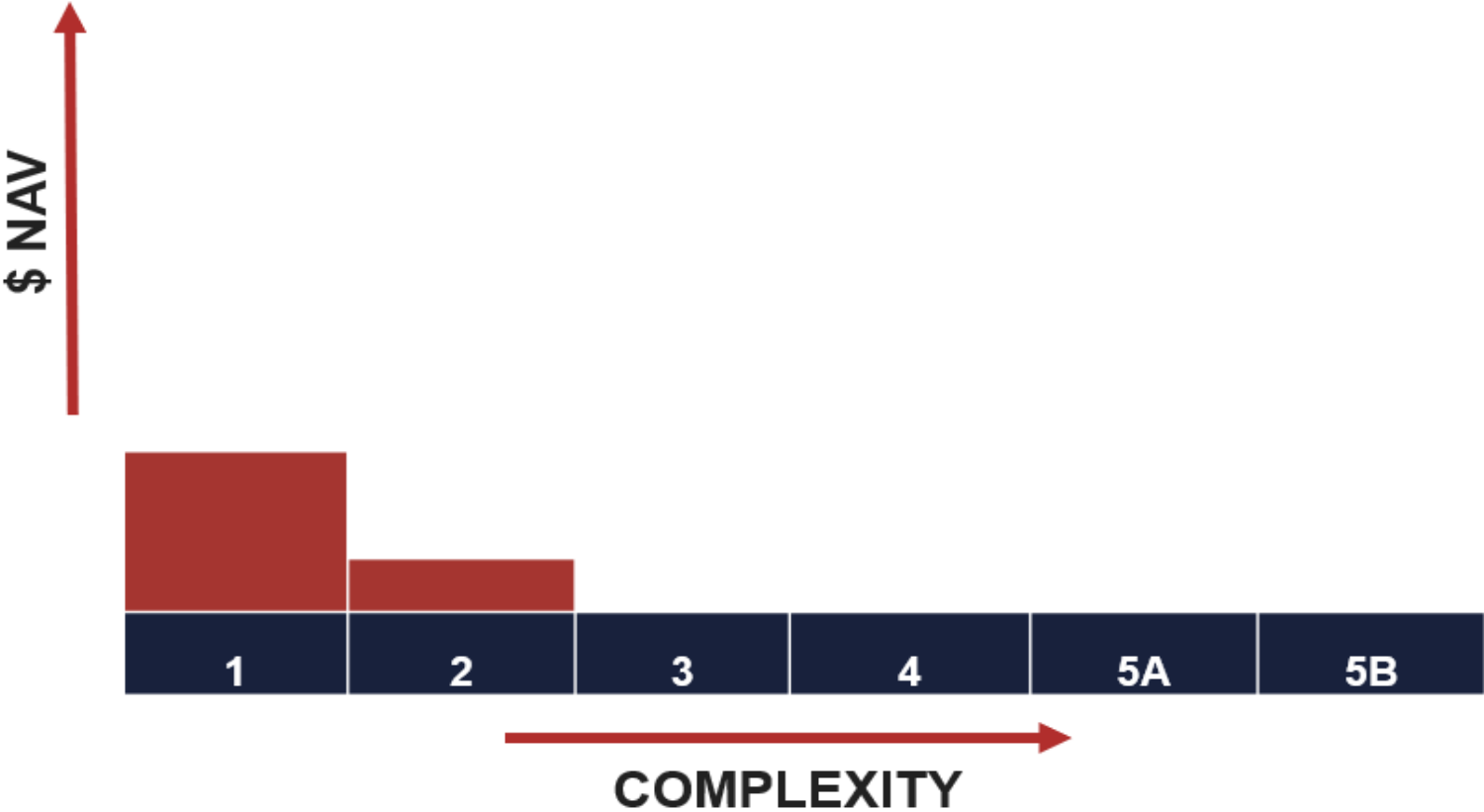
US Public Pension Funds
'Best in Breed'
Large Private Equity Programs

PE Co-Investment Program Evolution



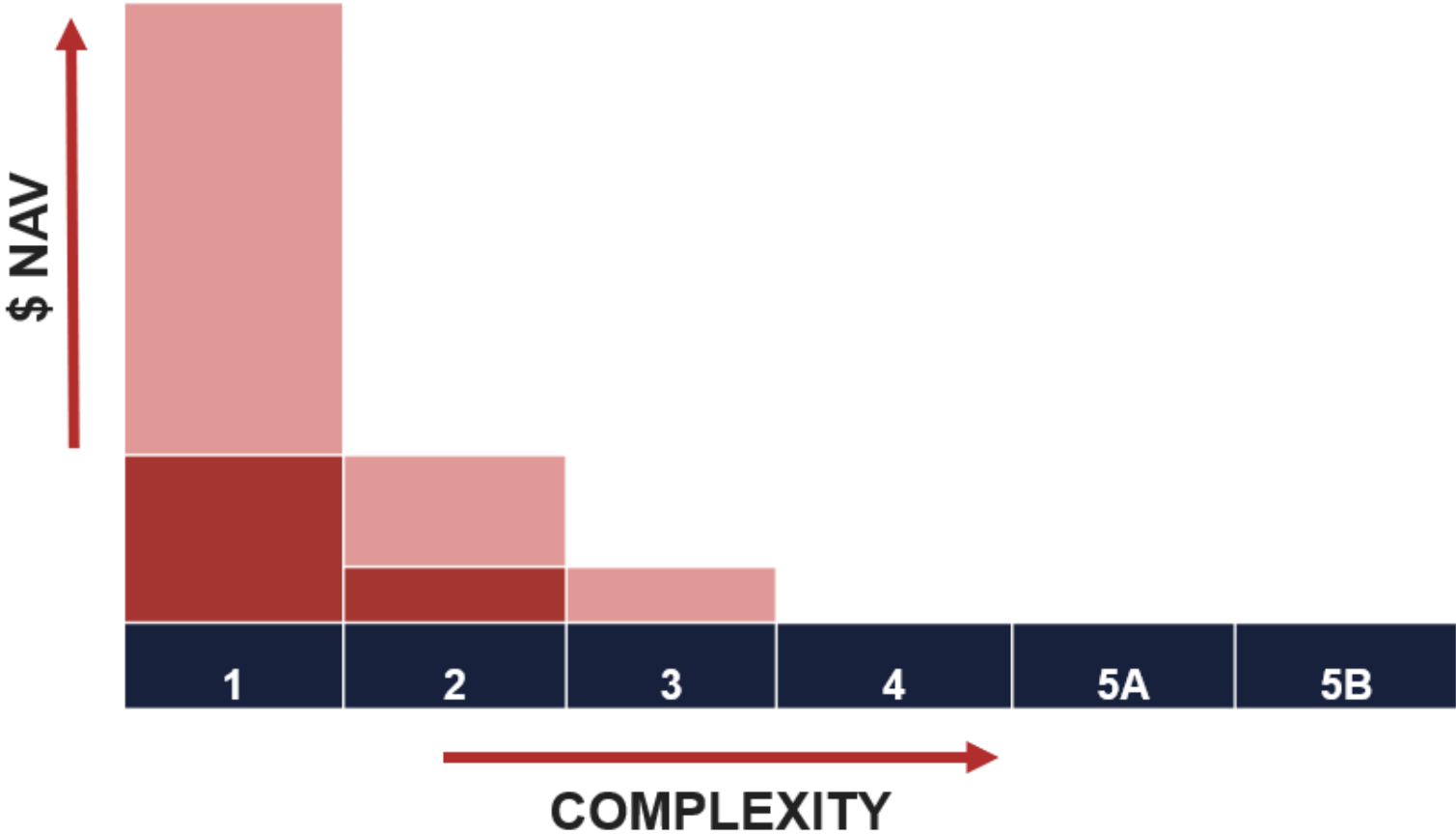
CalSTRS Private Equity Program Co-Investment Complexity Profile

Pre-2018

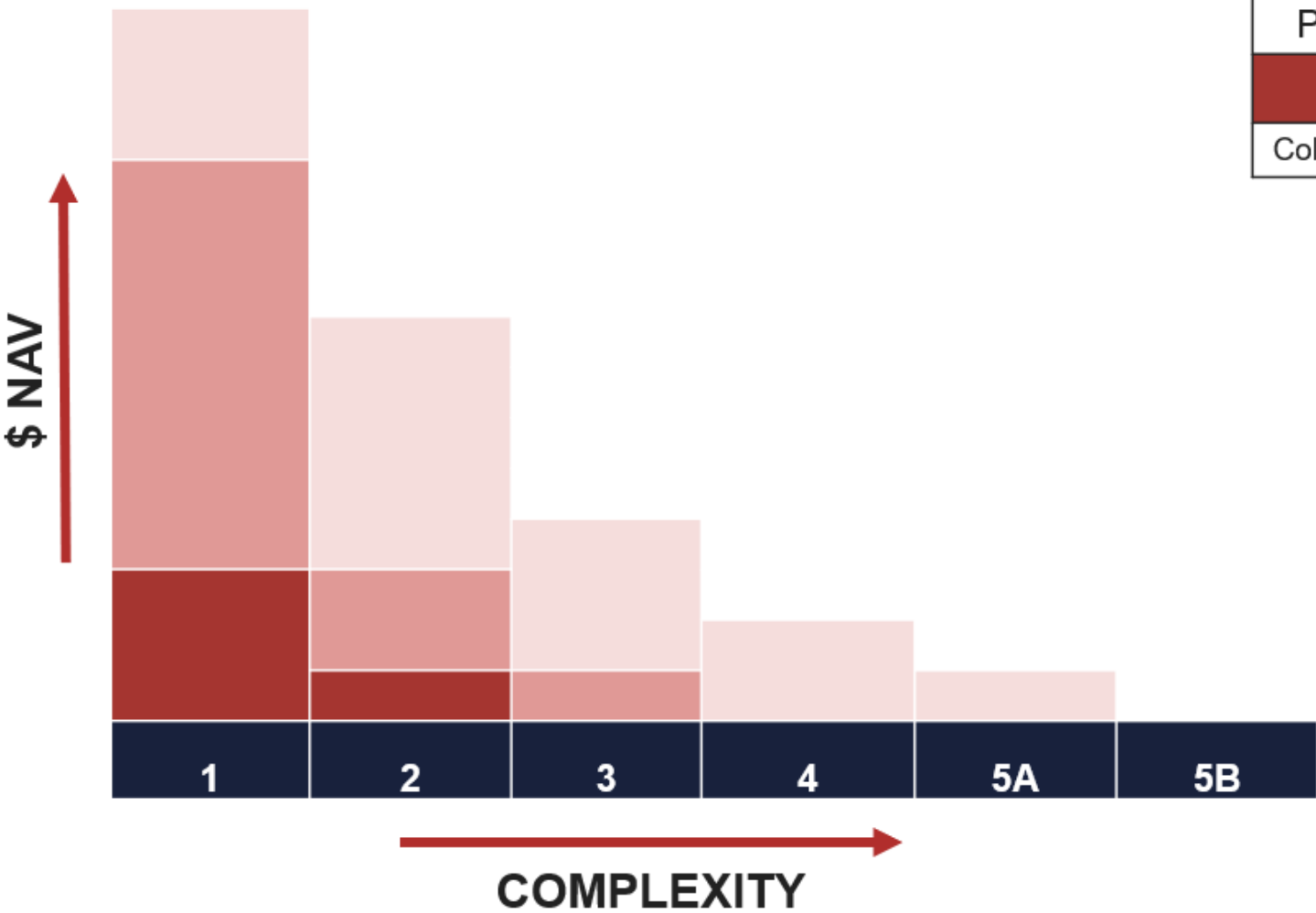


CalSTRS Private Equity Program Co-Investment Complexity Profile

Pre-2018	2018-2021



CalSTRS Private Equity Program Co-Investment Complexity Profile



Pre-2018	2018-2021	2021+
Collaborative Model 1.0		Collaborative Model 2.0

Co-Invest Process Streamlining

Waive IF requirement when investing alongside existing investment partners

- Parity with Global Funds
- Faster Closing
- Wider Funnel
- More Competitive

Broaden Co-Investment Funnel

Co-invest alongside institutional partners who are not existing investment partners

- Parity with Global Funds
- Wider Funnel
- Future Optionality
- Forerunner to Industry Sector Specialization

END