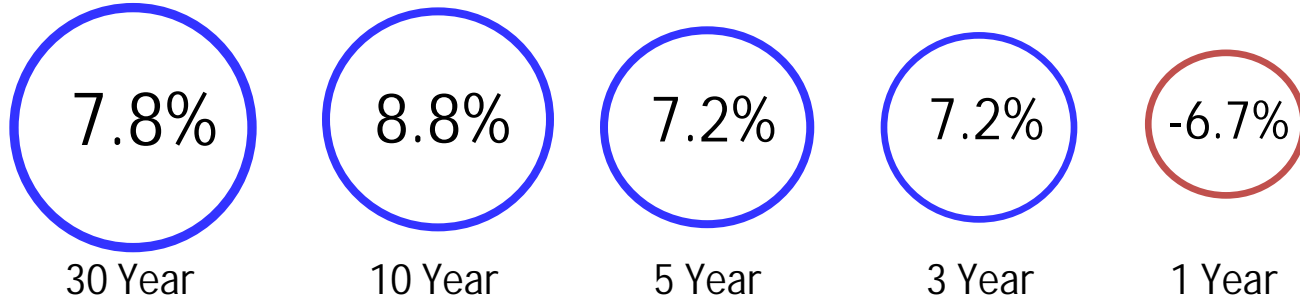


Investment Performance at a Glance

As of December 31, 2022

PACE

THE GOAL: average 7.0% over the next 30 years

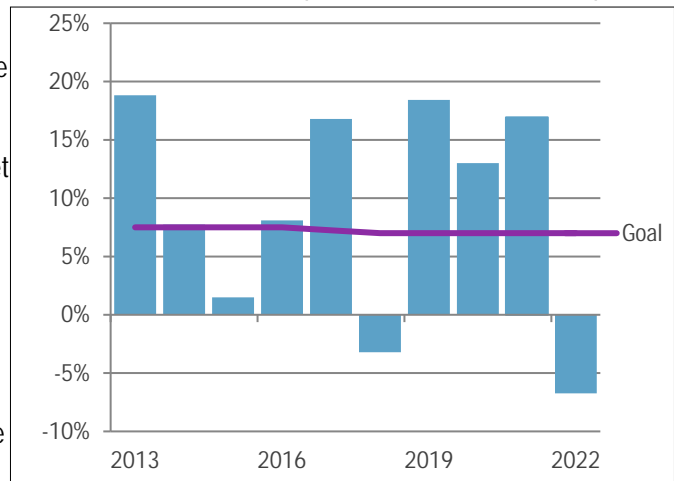


All returns are NET of manager fees

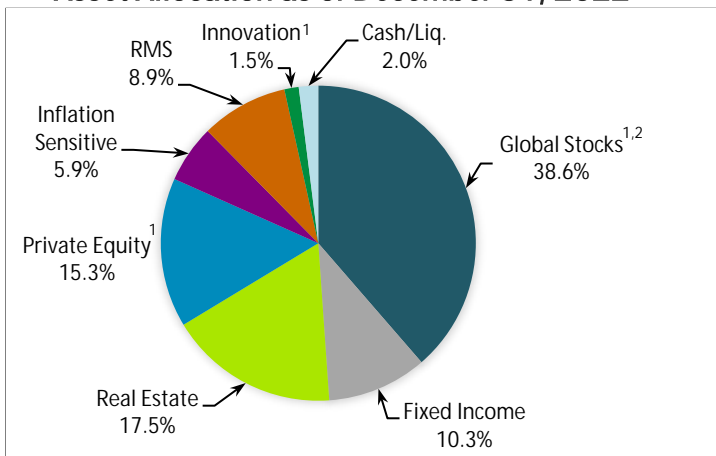
Summary of market returns for 2022

Calendar year 2022 was the first time since 1969, 54 years, that both U.S. stocks and bonds posted double digit losses. The investment returns on the year were neatly divided into two parts, right at the mid-point of June 30. The start of the year was a classic “Bear” market with 20% losses in U.S. stocks. Yet the 2nd half of the year saw U.S. stocks post a small positive return. The Federal Reserve aggressively raised interest rates seven times during 2022, to a peak of 4.75%. The aggressive tightening of monetary policy intended to fight rapidly rising inflation. It caused bonds to post a double-digit negative return. Inflation has been benign for decades and hit a high of over 8% mid-year of ‘22. For the CalSTRS portfolio, diversification of the asset mix helped buffer the declines of the public market asset classes. As shown below and on the following page, the portfolio has a diversified risk.

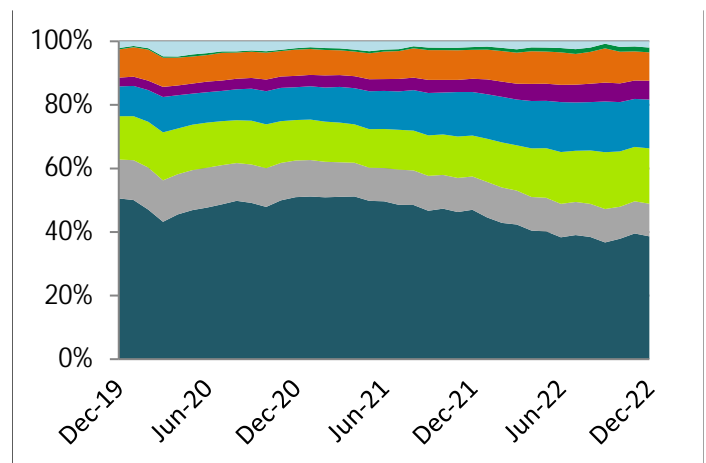
Total Fund 1-year returns (past 10 years)



Asset Allocation as of December 31, 2022

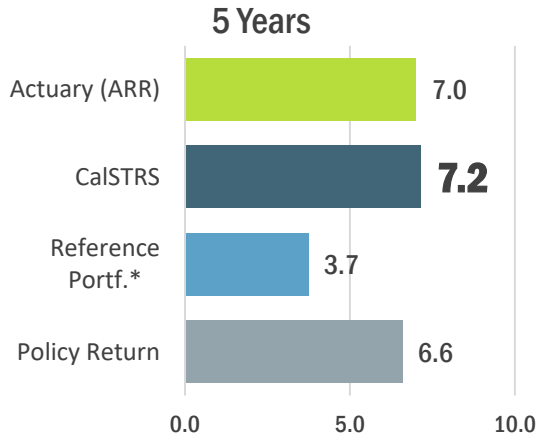
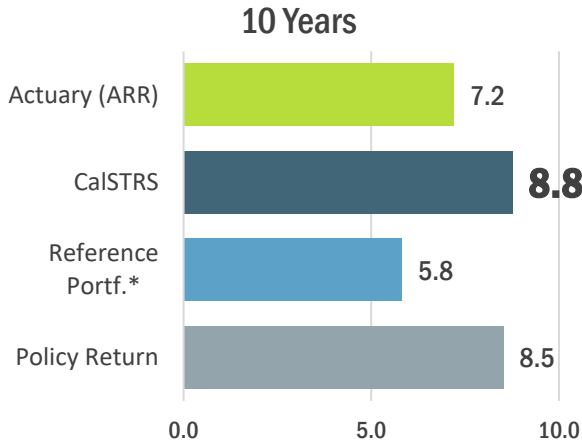


Asset mix over the past 3 years



¹ Includes Sustainable Investment & Stewardship Strategies Public and Private investments total of \$9,107 (in Millions).

² Derivatives are not included which provide additional exposure to Public Equity bringing the Asset Allocation range within policy limits.



The Actuary (ARR) is the Actuary assumed rate of return for funding the System.

* Reference Portfolio is the Morningstar Moderate Target Risk Index

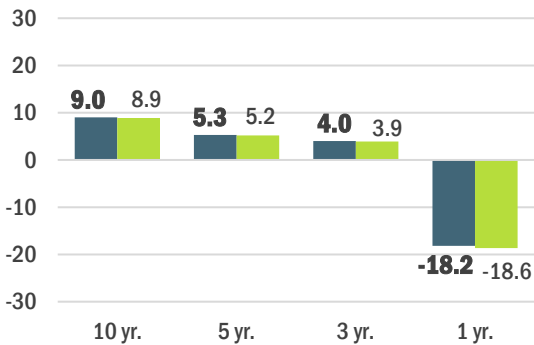
Performance of the four main Asset Classes over time

(% returns are NET of manager fees)

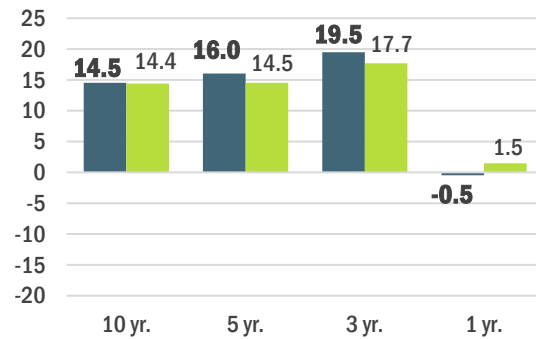
As a long-term investor, the focus should be on the 5-year and 10-year time periods. The scale is kept the same to allow comparison of results. All returns are net of manager fees.

Legend: ■ CalSTRS portfolio ■ Benchmark

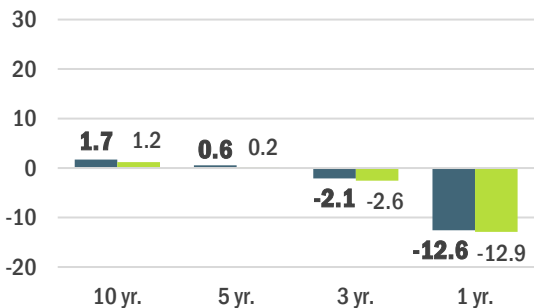
PUBLIC EQUITY



PRIVATE EQUITY



FIXED INCOME



REAL ESTATE

