
Investment Committee Semi-Annual Activity Report

| 4. FIXED INCOME



FIXED INCOME SEMI-ANNUAL REPORT

MARKET RISKS¹

As of 6/30/2021

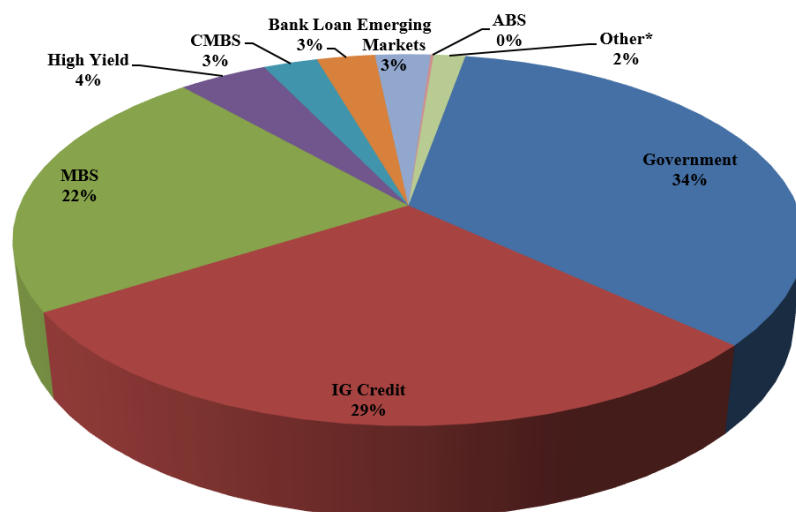
Indicator	6/30/2021	12/31/2020	Change	Risk / Valuation Level
Monetary Policy	0 - 0.25%	0 - 0.25%	0.00%	
U.S. Unemployment Rate	5.90%	6.70%	-0.80%	
10 Yr. U.S. Treasury Yield (Interest Rate Risk)	1.47%	0.91%	0.56%	
Current Inflation (CPI)	5.40%	1.40%	4.00%	
Cost of Corporate Credit (Spread over U.S. Treasury)	0.77%	0.92%	-0.15%	

¹ Current level compared to long-term averages

CALSTRS SECTOR WEIGHTS

Assets Under Management \$32.2 Billion

10.4% Allocation vs. Target of 13%



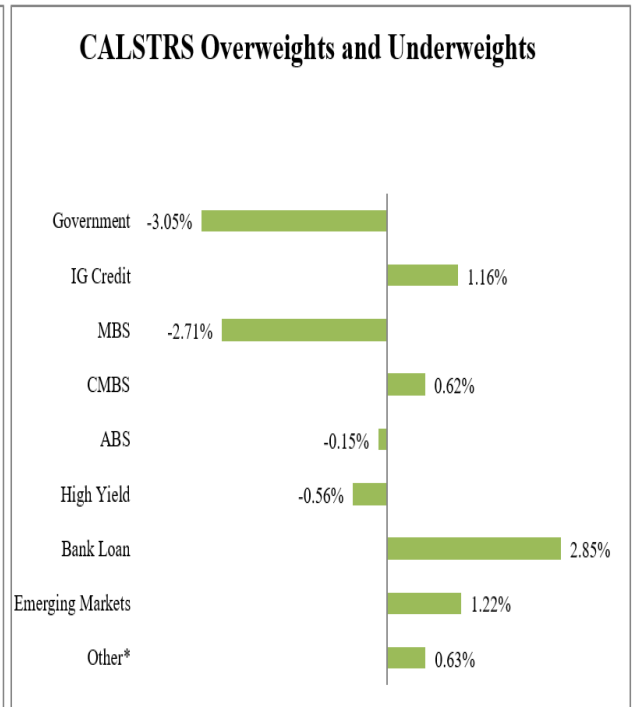
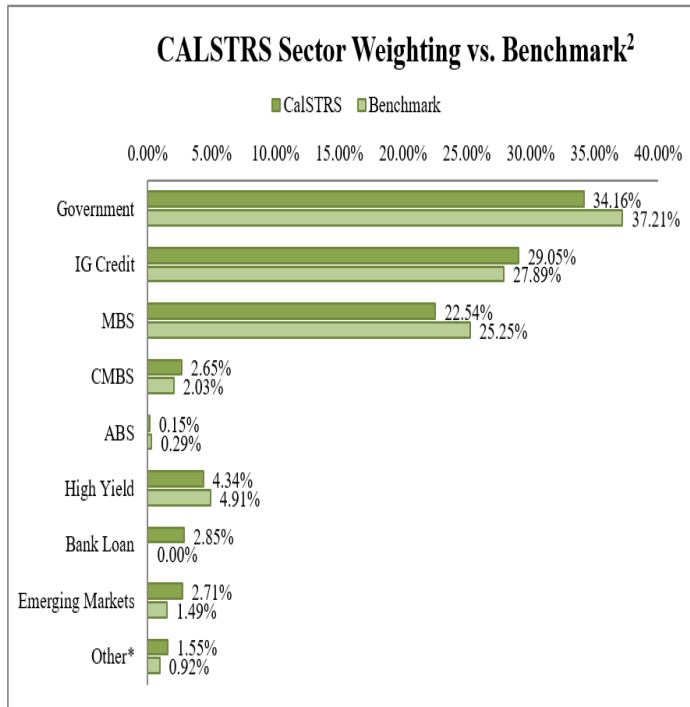
*Includes other investments such as International Sovereign Bonds, Derivatives and Cash

ACTIVITY UPDATE

The Fixed Income portfolio represented 10.4% of the total fund as of June 30, 2021, down from 11.5% on December 31, 2020 as equities reached all-time highs. In June, the Fed surprised investors as they pushed forward expected timing and pace of rate increases while kicking off a discussion of when to taper asset purchases.

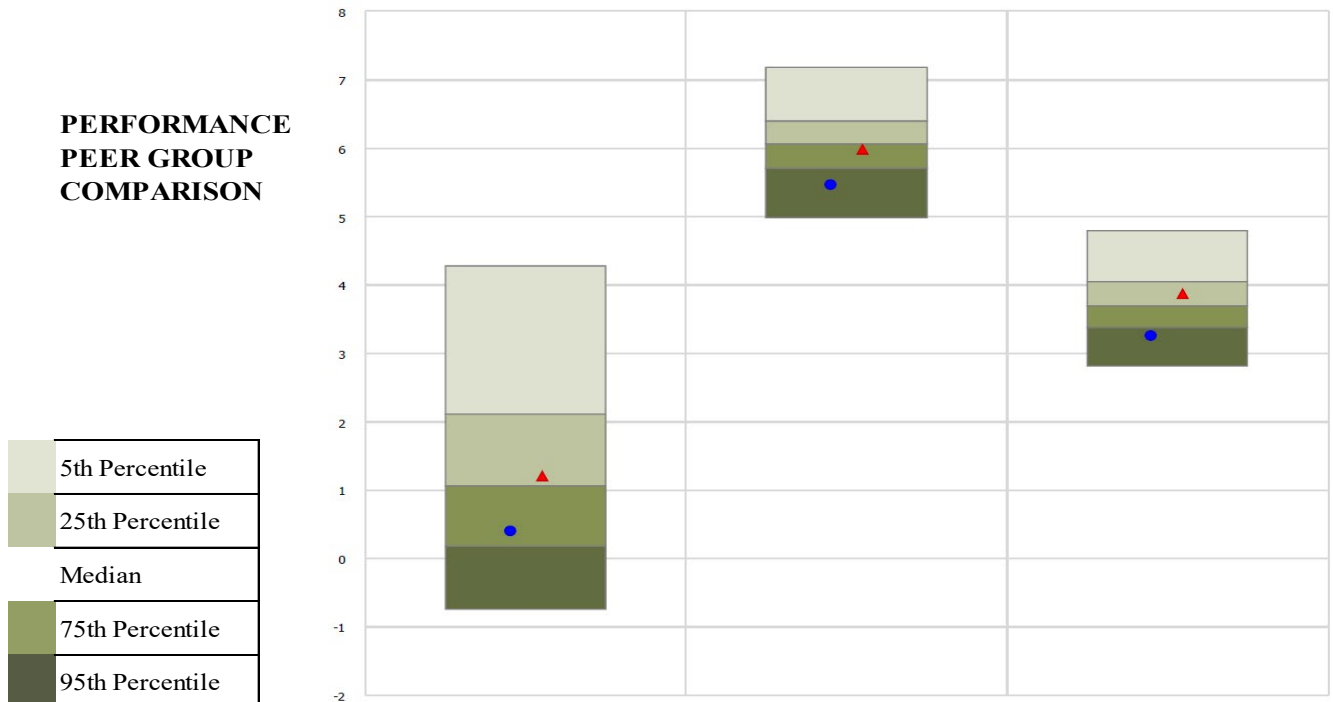
During the period, Fixed Income collaborated with Real Estate in a private credit joint venture. In May, Fixed Income defunded a core plus manager with proceeds re-allocated to existing core plus portfolios. As credit spreads compressed, Fixed Income reduced holdings in the MBS, Investment Grade and High Yield portfolios, opting to add to the Treasury and Bank Loan portfolios while still maintaining the overweight to Investment Grade Credit.

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²Benchmark: (95%) Bloomberg Barclays U.S. Aggregate Custom Index + (5%) Bloomberg Barclays U.S. High Yield 2% Issuer Capped Custom Index
 Index Sector Weightings and Overweights/Underweights may have some rounding variations due to calculations by BlackRock Risk System

PERFORMANCE PEER GROUP COMPARISON



	1 year		3 years		5 years	
	Return %	Rank	Return %	Rank	Return %	Rank
▲ CalSTRS	1.20	43	5.98	56	3.86	34
● Benchmark ²	0.40	68	5.46	88	3.25	82