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# CHIEF INVESTMENT OFFICER REPORT

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**Attachment(s):** Attachment 1 – CIO Risk Report

**PowerPoint(s):** PowerPoint 1 – CIO Report July 2023

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## **PURPOSE**

The purpose of this item is to provide the Board with the risk profile of the investment portfolio, the recent portfolio asset allocation, and critical financial market updates to assist in their oversight of the CalSTRS Investment Portfolio.

## **EXECUTIVE SUMMARY**

This report is divided into three sections. First, Investment Portfolio Risk Report produced by the Risk team under the leadership of Josh Diedesch. Second, a PowerPoint presentation by the CIO on key charts within the Risk Report, as well as current financial market conditions and potential risks on the horizon. Prior to the meeting, the PowerPoint presentation will be posted on the CalSTRS.com website. Lastly, the CIO and staff will provide a short verbal update to the Board Members on significant investment market news or movements.

## **BACKGROUND**

While this report has evolved over the years, it has been a mainstay of the Investment Committee agenda to help fulfill the Committee's fiduciary duty to closely monitor the risk and investment allocation of the commingled Trust Fund.

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Strategic Plan Linkage: **Trusted stewards:** Ensure a well-governed, financially sound trust fund.

Board Policy Linkage: [CalSTRS Investment Policy and Management Plan](#)

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## **Optional Reference Material: Investment Reports on the web**

- [CalSTRS.com/investments](#) – for the most current information on the CalSTRS Investment Portfolio.
- [Reports & Surveys](#) – for annual and semi-annual investment reports.
- [Investments 101](#) – for a video glossary of investment terms.

- [Inside CalSTRS Investments](#) – for a video library on key topics, such as fees, returns and asset classes.

**Fiscal Year 2022-2023 Market Index Returns.**

Here are the unmodified financial market returns for the year and three years ending June 30, 2023:

<b>INDEX</b>	<b>1 Year</b>	<b>3 Years</b>
Russell 3000 Index	18.9%	13.9%
S&P 500	19.6%	14.6%
S&P 500 (Equally weighted)	13.8%	15.8%
NASDAQ Composite (Price Change)	25.0%	11.1%
MSCI ACWI ex US	12.7%	7.2%
MSCI Emerging Market IMI	3.2%	3.6%
MSCI China A Shares	-20.3%	-0.9%
Bloomberg Aggregate (Bond Index)	-0.9%	-4.0%
Bloomberg High Yield Bond Index	9.1%	3.1%
Cash (T-Bills)	3.7%	1.3%