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# Investment Committee Semi-Annual Activity Report

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| 6. Inflation Sensitive

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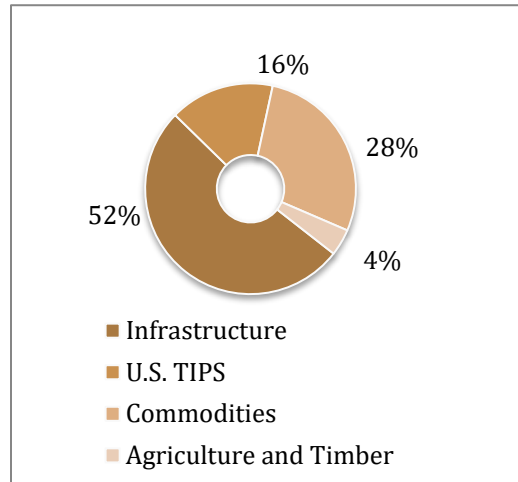
INFLATION SENSITIVE PROGRAM SUMMARY

<p><b>Market Indicators:</b></p> <ul style="list-style-type: none"> <li>(YOY) US CPI: +6.5%</li> <li>(Ann.) Infrastructure Benchmark: +12.50%</li> <li>(FYTD) Bloomberg Commodity Index: -3.63%</li> <li>(FYTD) US TIPS Index: -3.21%</li> </ul> <p>US CPI, on a year-over-year basis, has begun to decline from its earlier high of 9.1%, in the summer of 2022, to its current level at the end of December, of 6.5%. Federal Reserve led interest rate hikes are influencing inflation and are cooling the economy, but economic activity remains higher than most economists and market analysts prefer. Employment has not broadly suffered from interest rate increases, though activity with strong linkages to interest rates such housing, technology, and building trades have slowed. We expect inflation to continue to moderate into 2023 to around 3% - 4%, longer term, as demand and supply normalize throughout the economy.</p> <p>The infrastructure benchmark has returned 12.50% annualized through December 2022 and the US TIPS Index is down -3.21% through the fiscal year. Commodity returns have slowed to -3.63% over the fiscal year as major commodities complexes (e.g., oil) have retreated from highs notched earlier in 2022. We expect Chinese emergence from Covid lockdowns to spur demand for some commodities in 2023. Commodities are the most volatile part of the Inflation Sensitive portfolio. We currently are at 5.8% of the overall portfolio and are close to our 6% target allocation.</p>	<p><b>CalSTRS Portfolio Allocation:</b></p> <ul style="list-style-type: none"> <li>Long-term Target: 6% of the overall CalSTRS portfolio</li> <li>Currently 5.8% of the overall portfolio</li> </ul>
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**Inflation Sensitive Risk Factors:**

- Rapid and uncontrolled rise in interest rates
- Persistent currency volatility
- Rapid technological advancements in power and transportation industries

Inflation Sensitive Portfolio Allocation



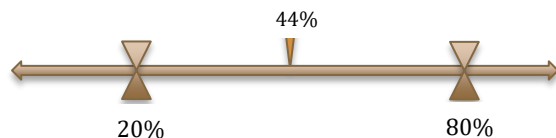
Portfolio Value as of December 31, 2022

Asset Type	Market Value (\$)	Committed Amount (\$)
U.S. Treasury Inflation Protected Securities	2,948,889,069	--
Infrastructure*	9,220,946,580	13,768,239,259
Commodities	5,001,769,704	--
Agriculture and Timber*	728,210,489	875,000,000
<b>Total</b>	<b>17,899,815,842</b>	<b>14,643,239,259</b>

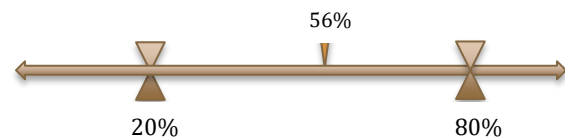
\*Market value based on Q3 pricing

Current Allocation

Public Inflation Sensitive Assets



Private Inflation Sensitive Assets



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CALSTRS INVESTMENT COMMITTEE SEMI-ANNUAL ACTIVITY REPORT

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