



Investment Committee

Item number 8 – Open session

Subject: DIMI Annual Report

Presenter(s): Chairperson

Item type: Consent information

Date and time: May 27, 2026 – 5 minutes

Attachment(s): Diversity in the Management of Investments (DIMI) - Annual Report (Fiscal Year 2024-2025)

PowerPoint presentation(s): None

Item purpose

This item presents an annual update to the Investment Committee (“committee”) of the [Diversity in the Management of Investments \(“DIMI”\) report](#). The DIMI report includes a review of key DIMI achievements in fiscal year 2024 – 2025.

Recommendation

This item is for information only. No action is requested.

Executive summary

As stewards of the retirement security for over one million California public educators and their beneficiaries, CalSTRS is committed to protecting their financial future. At CalSTRS, we recognize that developing talent leads to better performance and long-term value creation. We are committed to building the highest-performing investment organization, portfolio companies, and ensuring access to the most comprehensive investment opportunities.

This [DIMI report](#) (Attachment 1) captures an overview of the Investment Branch’s DIMI strategy and initiatives, including three key areas: internal talent development, engagement within the investment industry, and highlights of our emerging manager programs across the portfolio. The report demonstrates how developing a broad talent pipeline, inclusive talent strategies, and expanding merit-based excellence are not simply goals—they’re embedded across our investment processes. We highlight our progress, including internal development programs, engagement with managers, and measurable transparency and accountability.

Background

CalSTRS DIMI strategy aligns with CalSTRS [core values](#). CalSTRS' efforts to develop talent and build the highest performing investment organization, partnerships and portfolio companies began over 30 years ago. More recently, the Investment Branch has focused on operationalizing the DIMI strategy to support long-term accountability and alignment - serving as a strategic framework for daily tasks and resource management. Moving beyond a siloed approach, DIMI is now supported by every business unit within the Investment Branch. This ensures objectives are synchronized with DIMI's key focus areas.

DIMI current focus areas

As a strategic priority the DIMI strategy was based on three focus areas: (1) talent development, (2) industry engagement, and (3) portfolio management - each driven by a specific objective. These objectives are now part of established programs and strategies that demonstrate our commitment to building the highest-performing investment team, resilient portfolio companies and ensuring continued access to the most comprehensive investment opportunities.

Talent development: CalSTRS invests resources to build high-performing teams and an inclusive workforce capable of long-term value creation. Over the years, we've worked hard to embed talent management across the branch through partnerships and standardized programs that build a sustainable talent pipeline. For example:

- The Investment branch partners with Enterprise Human Resources to integrate specialized recruitment and professional growth into talent management across the Branch.
- The Investment Mentor Program scales leadership potential, while Career Pathways provides hands-on experience for staff early in their careers to learn and develop across investment divisions.
- The Student Intern Program serves as a recruitment pool, with one-third of participants transitioning to permanent roles, since inception of the program.

Industry engagement: CalSTRS engages with partners, managers and portfolio companies to enhance diversity within their organizations and ensure proper oversight of human capital management, which helps to maintain culture and employee retention, both of which are correlated with financial outperformance. Some examples of our efforts include:

- CalSTRS Stewardship Team leverages peers to engage portfolio companies with a goal to standardize human capital metrics – important disclosures to manage risk.
- Continue to hold portfolio companies accountable by setting standards for board diversity through our proxy votes.
- Co-hosting the CalSTRS and CalPERS Catalyst Forum to connect global investors with diverse and emerging investment firms. Over 500 participants attended the 2025 event.

Portfolio management: CalSTRS has developed partnerships and programs to expand our capabilities and ensure we are tapping into the broadest range of investment management talent and benefit from the performance of smaller managers.

The majority of asset classes have established relationships with emerging and diverse firms or utilize partners to provide access to a broad set of investment opportunities.

CalSTRS remains steadfast in its commitment to DIMI. As we continue to advance talent development, strengthen engagement across the investment industry and support a robust ecosystem of managers, CalSTRS’ efforts reflect a consistent focus on execution, accountability and long-term value creation. The Investment Branch will maintain this work across investment divisions to ensure DIMI remains an integrated, operatized priority that supports CalSTRS mission and the financial future of California’s educators.

Strategic plan linkage:

- [CalSTRS Enterprise Core Values](#)
- [CalSTRS Enterprise 2025-28 Strategic Plan](#): *“Goal 1: Trusted stewards – DEI efforts drive organizational outperformance.”*
- [2025-26 CalSTRS Business Plan](#): *“I-B-2 – Execute the Diversity in the Management of Investments work plan.”*

Board policy linkage:

- [CalSTRS Investment Policy Statement](#)
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Optional reference material: *(prior board items, supplemental educational materials, etc.)*

- [CalSTRS Investments Diversity Statement](#) (Video link)
- [CalSTRS Investments 2024-2025 Business Plans](#)
- [CalSTRS Bill Analysis: AB 890 \(Cervantes\) – Emerging manager report](#)