CALSTRS
INVESTMENTS

INVESTMENT COMMITTEE
SEMI-ANNUAL ACTIVITY REPORT

Fixed Income

As of June 30, 2026

Fixed Income Market Risks[1]

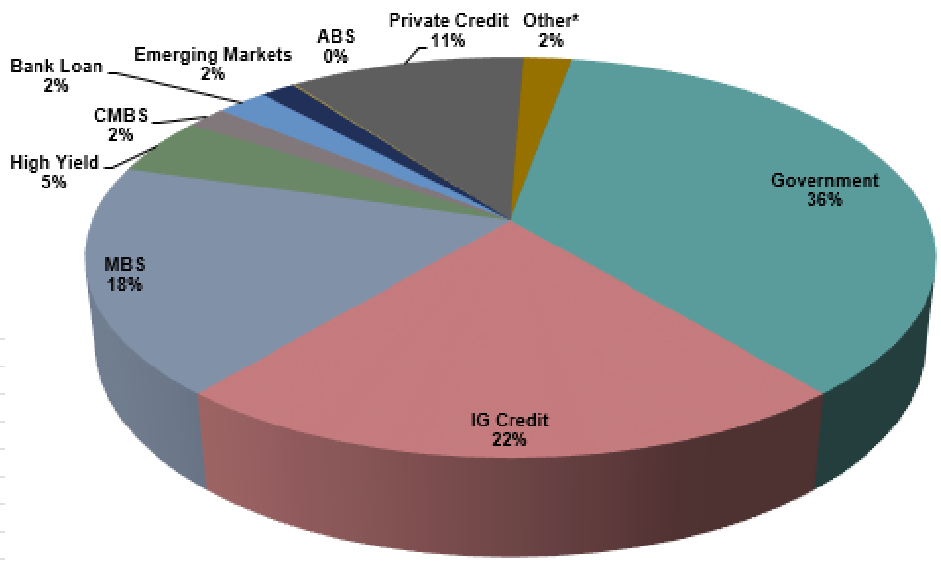
As of 06/30/2026

Indicator	6/30/2026	12/31/2025	Change	Risk / Valuation Level
Monetary Policy	**3.50% - 3.75%**	**3.50% - 3.75%**	**0.00%**	Accommodative, Neutral, Restrictive
U.S. Unemployment Rate	**4.20%**	**4.40%**	**-0.20%**	Low, Moderate, High
10 Yr. U.S. Treasury Yield (Interest Rate Risk)	**4.47%**	**4.17%**	**0.30%**	Low, Moderate, High
Current Inflation (CPI)	**3.50%**	**2.70%**	**0.80%**	Low, Moderate, High
Cost of Corporate Credit (Spread over U.S. Treasury)	**0.69%**	**0.73%**	**-0.04%**	Cheap, Fair Value, Rich

[1] Current level compared to long-term averages

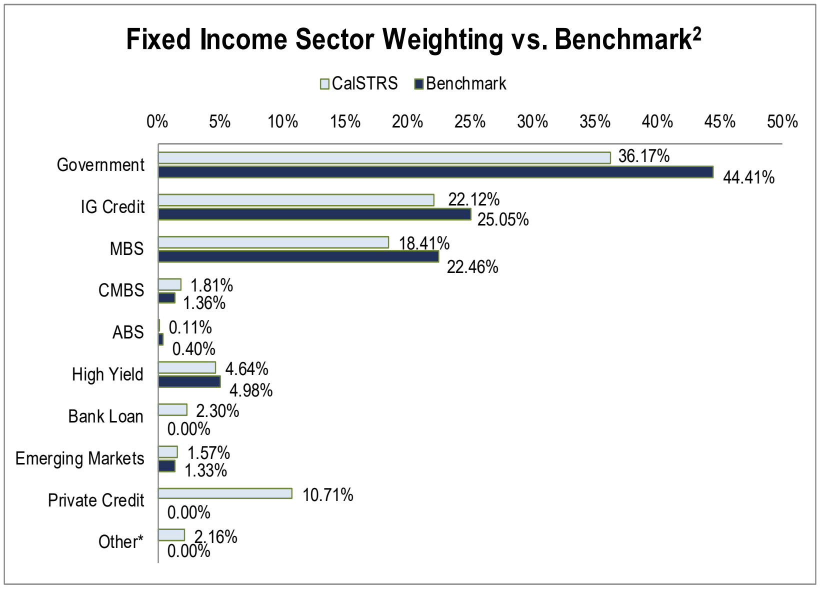
Fixed Income Sector Weights

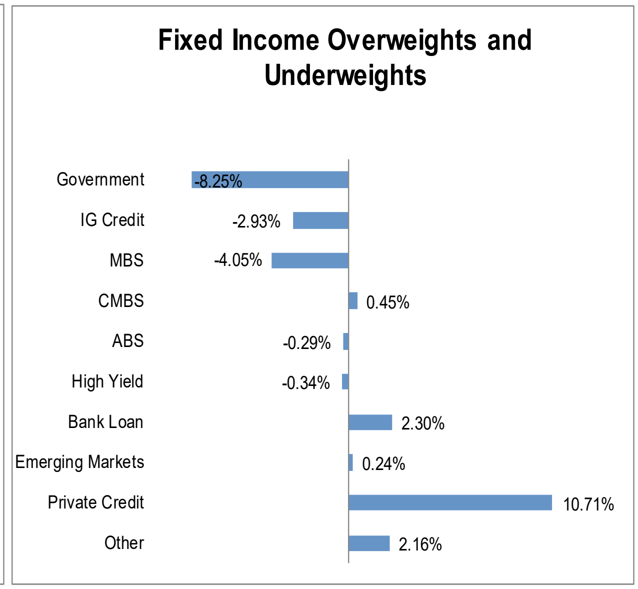
Assets Under Management $51.1 Billion
12.3% Allocation vs. Target of 13%



**Includes other investments such as Derivatives, Cash, and Equities*

Fixed Income





[2]Benchmark: (95%) Bloomberg MSCI U.S. Aggregate Climate Custom Index + (5%) Bloomberg MSCI U.S. High Yield 2% Cap Cash Pay Climate Custom Index
Index Sector Weightings and Overweights/Underweights may have some rounding variations due to calculations by BlackRock Risk System

Activity Update

As of June 30, 2026, the Fixed Income portfolio represented 12.3% of the Total Fund. During the period, the Federal Open Market Committee (FOMC) held federal funds rates steady at 3.50%-3.75%. Sticky inflation and resilient growth shifted markets from pricing 2026 rate cuts to pricing hikes. The US-Iran conflict disrupted energy supplies, intensified inflation fears, and complicated the Fed's policy path. After Chair Warsh took over in June, the Committee adopted a more hawkish stance, shortened its policy statement, and emphasized price stability. Warsh also moved away from traditional forward guidance, marking a regime change. With yields still elevated, the Total Fund allocated $1 billion of additional risk exposure to Fixed Income, implemented through derivative positions. Also, Staff paired back its bank loan exposure in favor of Treasuries, and out of mortgage backed securities and into emerging market debt. Fixed Income's private credit direct lending program continued to expand, closing $700 million in commitments during the period with an additional $500 million expected to close in August. Within its discretionary committed accounts, Private Credit also approved $511 million across 50 co-investment opportunities, and committed an additional $85 million across four deals in collaboration with the Collaborative Strategies Opportunities (CSO) portfolio.