CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

INVESTMENT COMMITTEE
PORTFOLIO RISK REPORT

September 2026

Contents

Investment portfolio as of July 31, 2026

Chart 1. Portfolio value

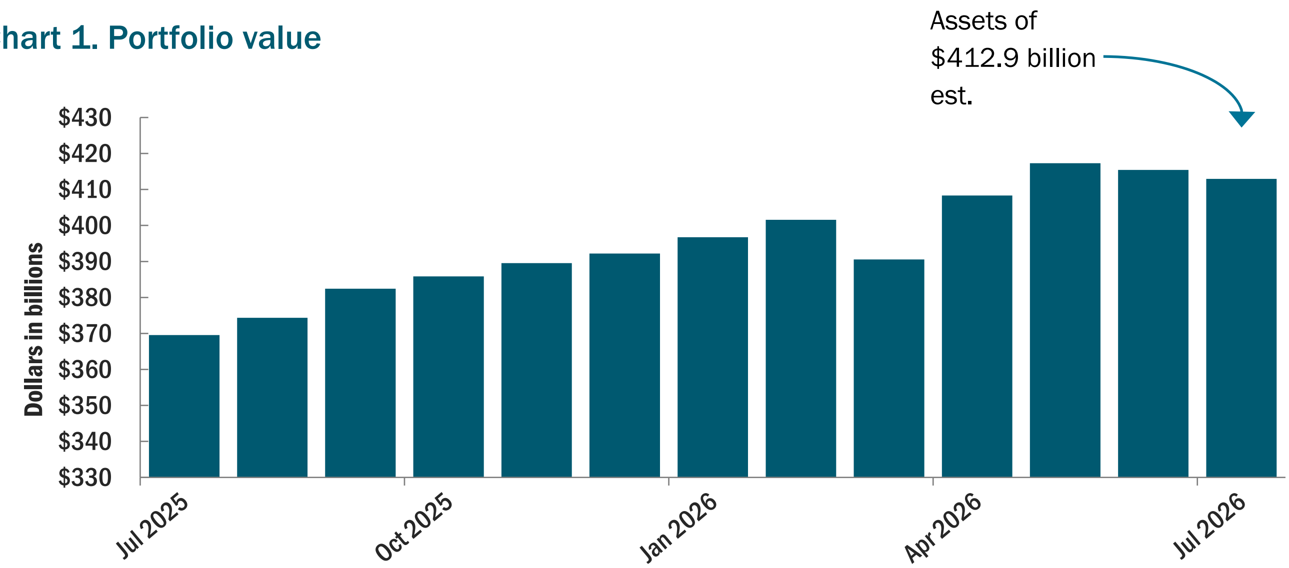


Chart 2. Asset allocation[1]

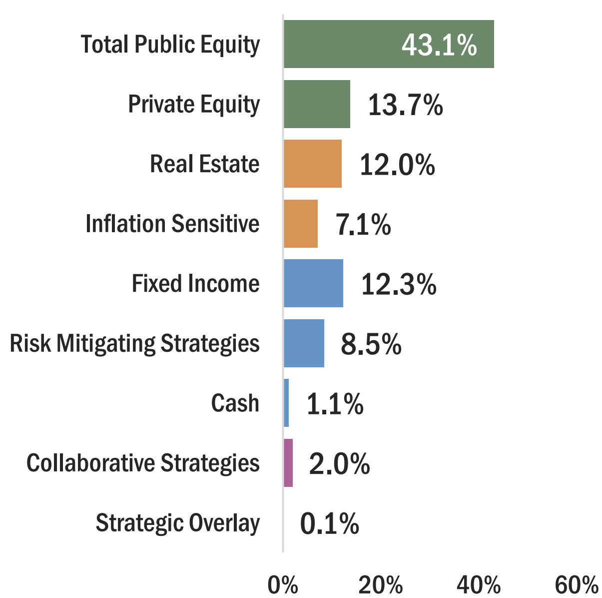
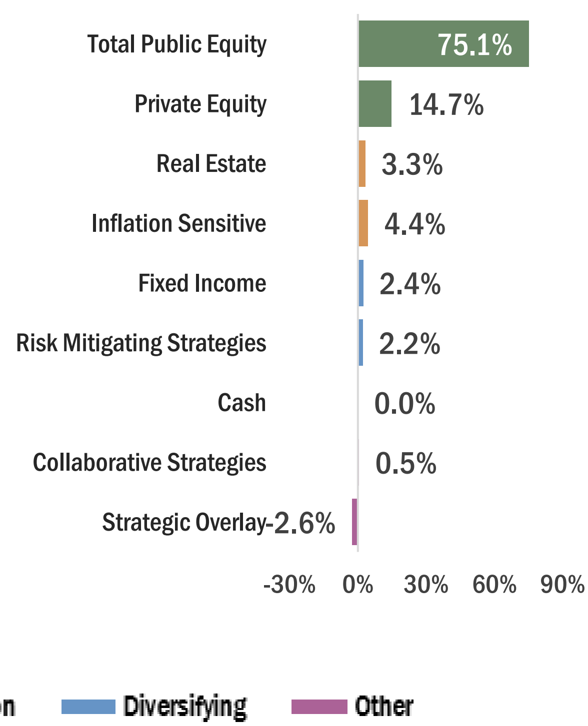


Chart 3. Portfolio risk[1]



[1] Total Public Equity includes the following sub-units: Global Equity Public, Total SISS Public Equity and Innovation Global Equity. Strategic Overlay includes Currency and Derivatives Overlay.

Total Fund risk and asset allocation as of July 31, 2026

The Risk team utilizes the BlackRock Aladdin risk management system for the total plan portfolio. According to the BlackRock risk model, approximately 75% of the total risk in the CalSTRS Investment Portfolio comes from Public Equity, versus an asset weight of approximately 43%. Public Equity risk and Private Equity risk combined now comprise about 90% of portfolio risk. Portfolio risk has declined modestly over the past few months.

Chart 4. Asset allocation over the past three years (monthly)

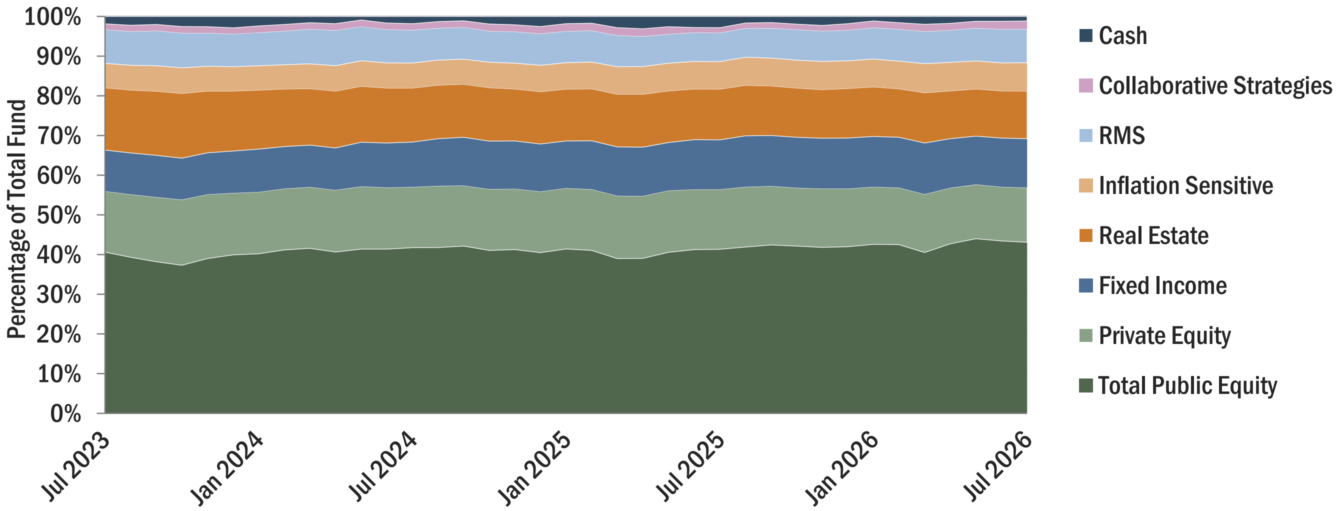
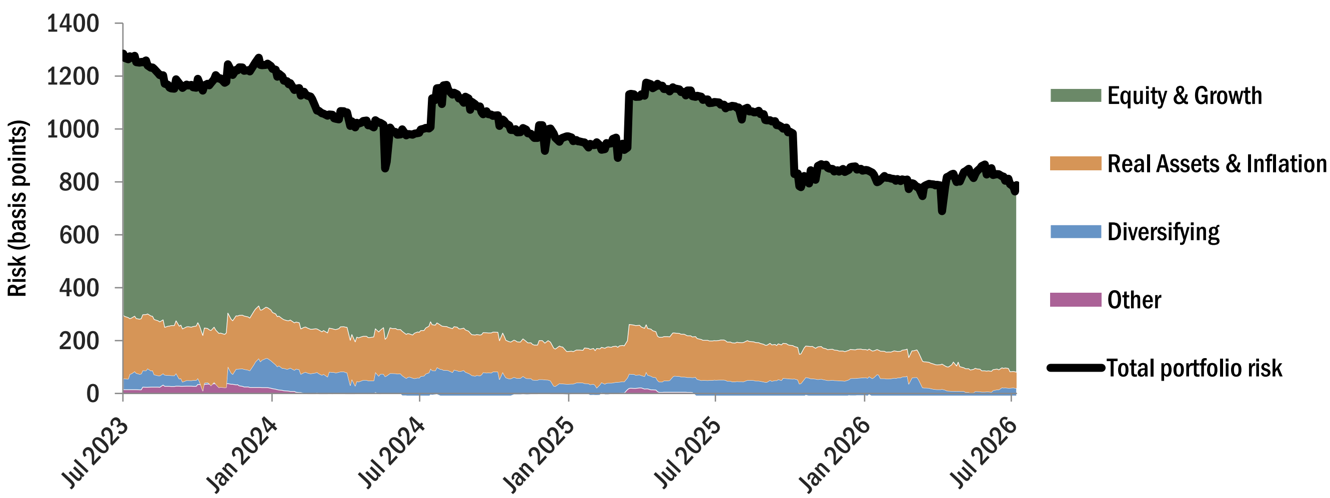


Chart 5. Sources of portfolio risk[1]



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[1] Equity & Growth includes Total Public Equity and Private Equity. Real Assets & Inflation includes Real Estate and Inflation Sensitive. Diversifying includes Risk Mitigating Strategies, Fixed Income & Cash. Other includes Collaborative Strategies and Strategic Overlay.

CalSTRS market exposures

Across all asset classes, the fund has significant exposure to the U.S. with over 76% of the portfolio invested in the U.S. The next largest exposure is 2.4% in Japan. Switzerland remains at number 10, followed closely by Netherlands and India, respectively. China is the 7th largest country exposure. Chart 7 shows the top 10 Total Fund portfolio exposures by parent company, as a percentage of the Total Fund portfolio.

Chart 6. Top 10 Country exposures by Market Value, as of July 31, 2026

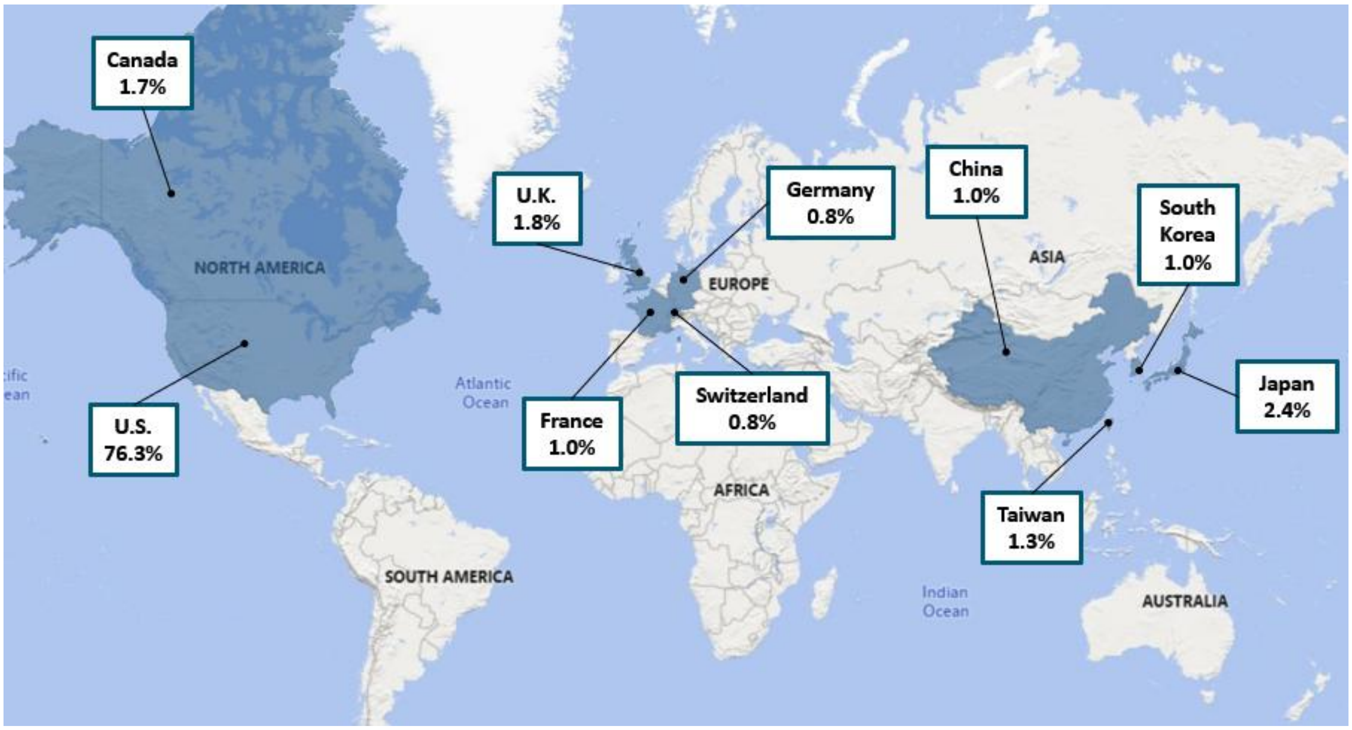
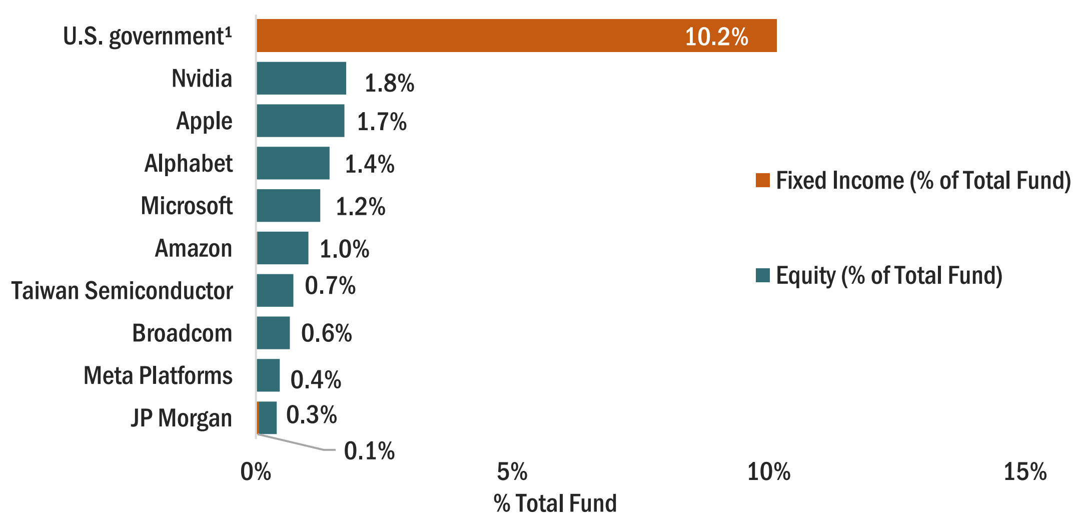


Chart 7. Total Fund top 10 exposures[2]



CalSTRS market and sector exposures

Charts 8 and 9 show the top 10 Total Public Equity Portfolio exposures and the top 10 Total Fixed Income exposures, by parent company as a percentage of the respective portfolios.

Chart 8. Total Public Equity top 10 exposures

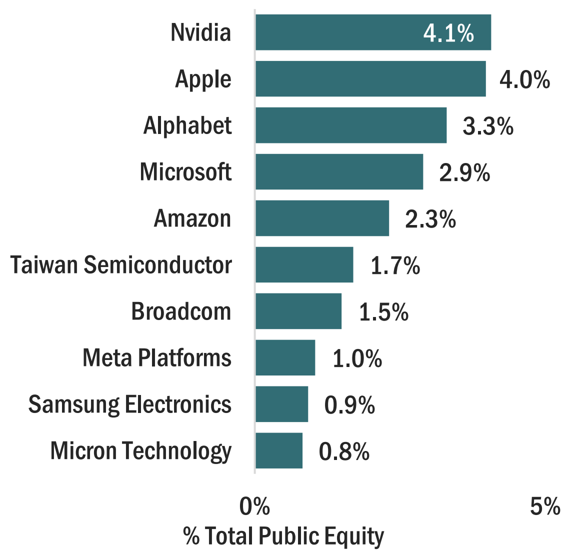


Chart 9. Total Fixed Income top 10 exposures[1]

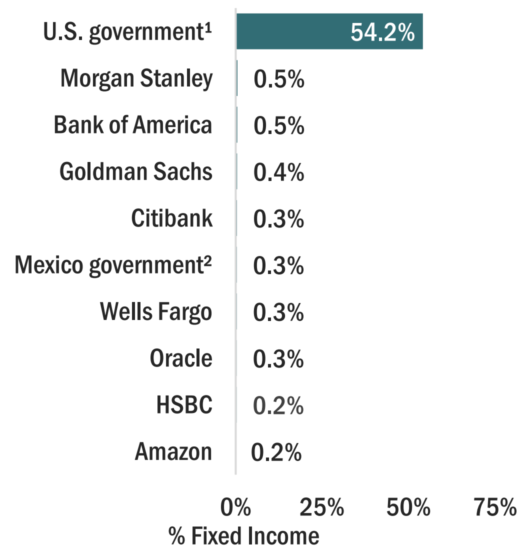
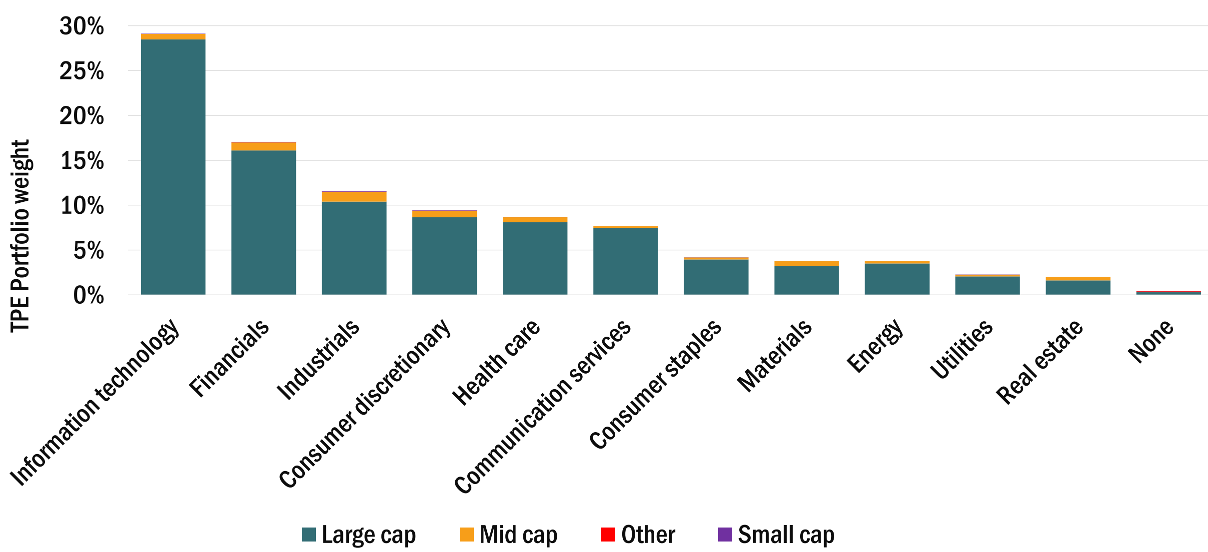


Chart 10. Total Public Equity — Sector portfolio exposures as of July 31, 2026



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[1] U.S. Treasuries, Agency MBS and other government agency debt

[2] Mexico government includes PEMEX and Mexico government debt.

CalSTRS largest manager exposures

Table 1 summarizes the top 10 manager exposures by relationship, aggregated across all asset classes. Chart 11 shows the same exposure, as a percentage of the CalSTRS Total Fund.

Table 1. CalSTRS Total Fund[1]

Manager	Relationship length (years)[2]	Exposure (million)
Principal	42	$11,540
Blackstone	33	$9,250
BlackRock	26	$6,024
Arrowstreet	10	$4,745
Ares	14	$4,432
Mondrian	26	$3,663
PCCP	21	$3,414
Stonepeak	12	$3,315
Fairfield	24	$3,290
KKR	29	$3,126

Chart 11. CalSTRS Total Fund[1]

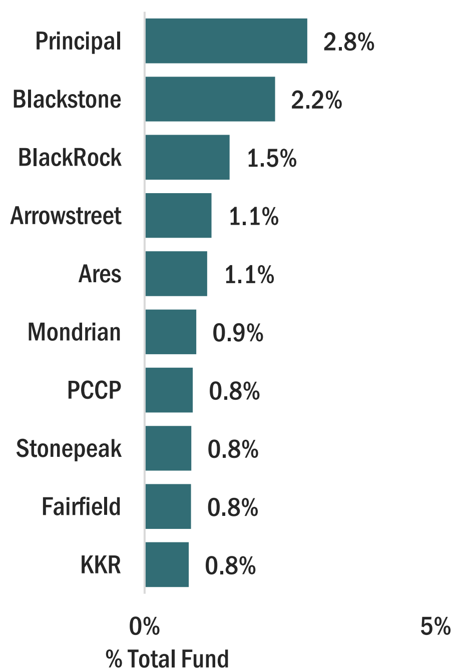
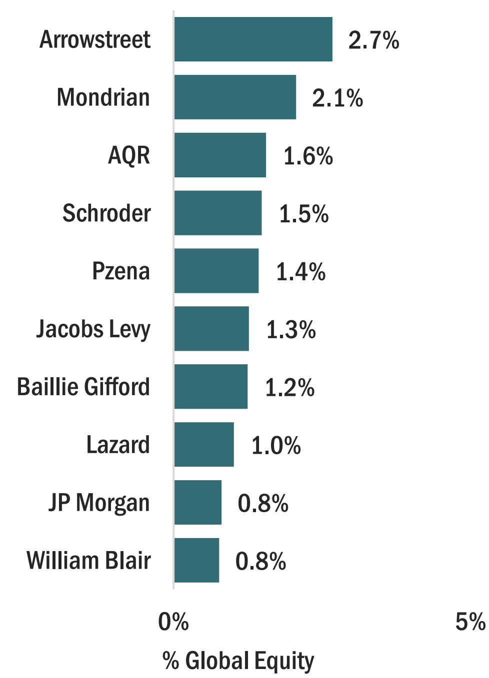


Chart 12. Global Equity



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[1] Public asset & Fixed Income private manager exposures reported are as of 7/31/26.
Private asset manager exposures reported are as of 6/30/26.

[2] Relationship length reflects the longest tenure for those manager relationships with multiple Asset Class coverage.

CalSTRS largest manager exposures

Charts 13 – 16 show the top 10 manager exposures by relationship, as a percentage of each respective asset class portfolio.

Chart 13. Fixed Income[1]

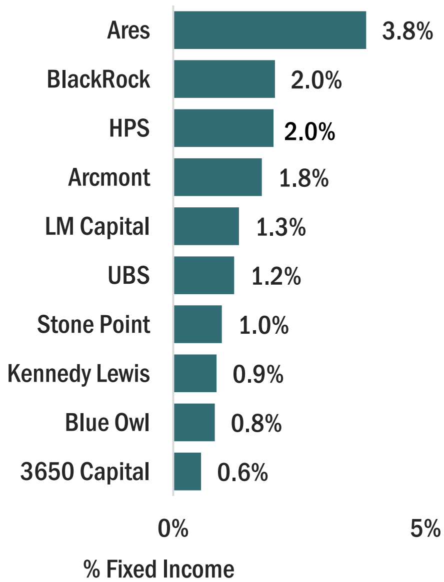


Chart 14. Currency

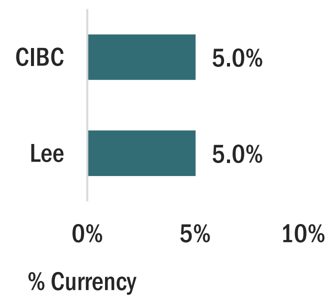


Chart 15. SISS[1]

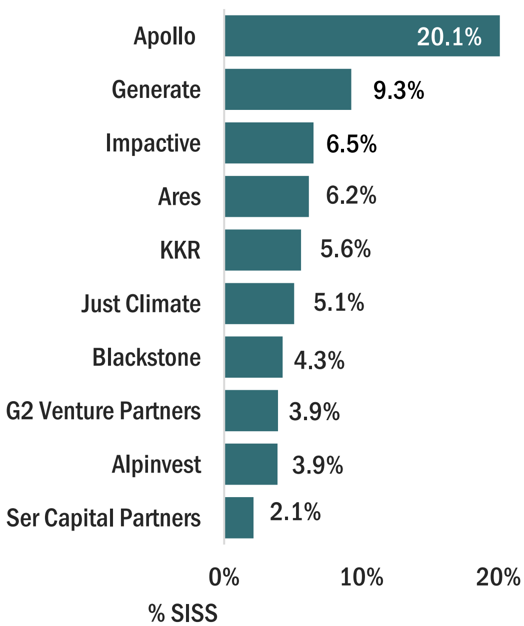
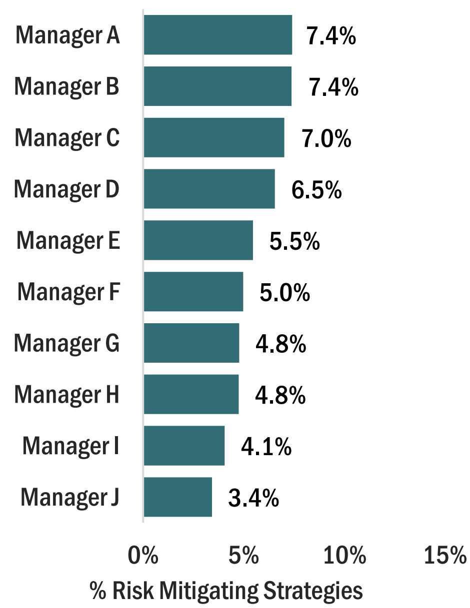


Chart 16. Risk Mitigating Strategies



[1] Public asset & Fixed Income manager exposures reported are as of 7/31/26. SISS private asset manager exposures are reported as of 3/31/26.

CalSTRS largest manager exposures

Charts 17 – 20 show the top 10 manager exposures by relationship, as a percentage of each respective asset class portfolio.

Chart 17. Inflation Sensitive[1]

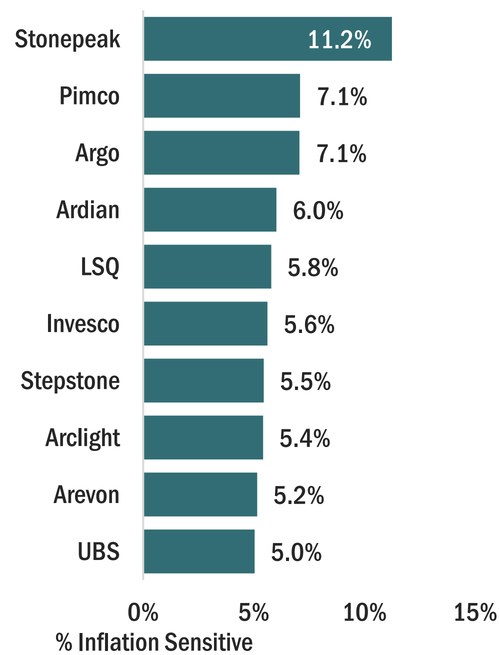


Chart 18. Collaborative Strategies[1]

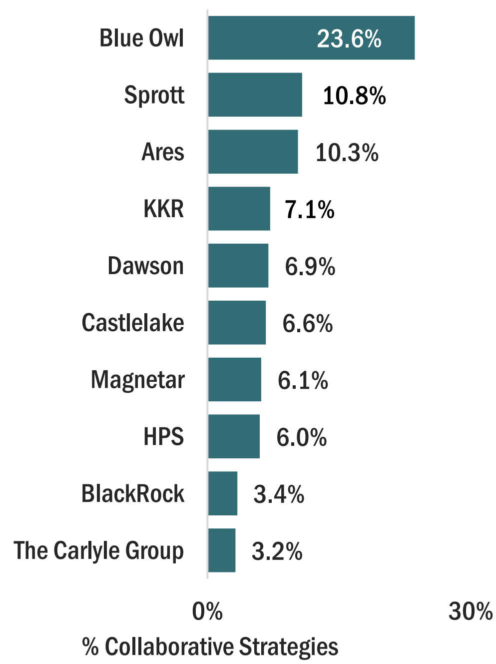


Chart 19. Real Estate[1]

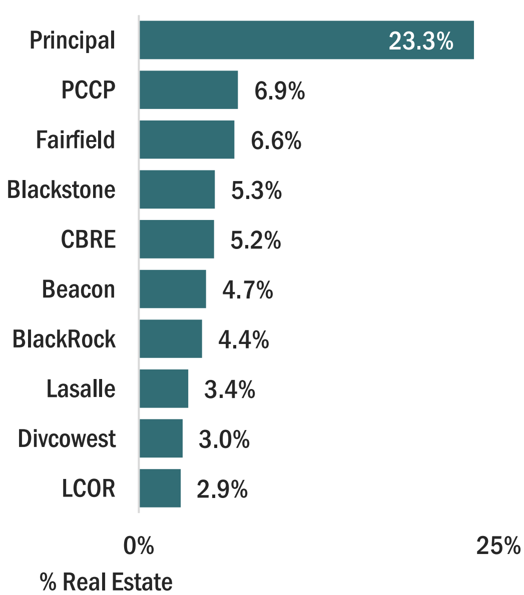
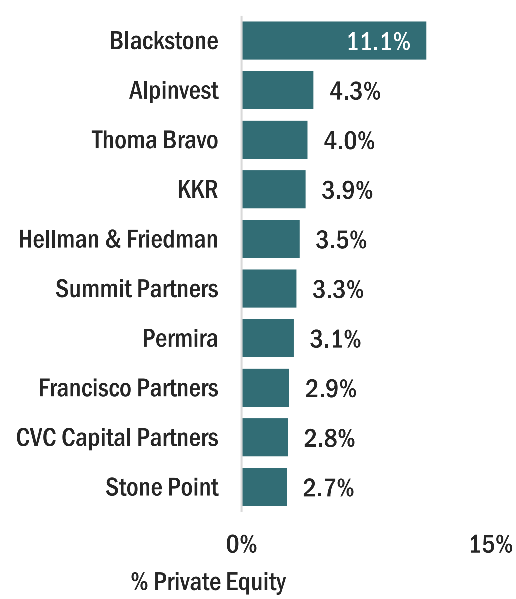


Chart 20. Private Equity[1]



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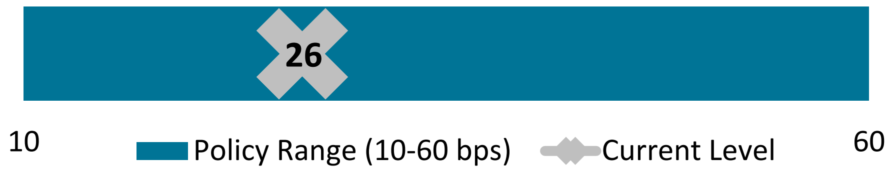
[1] Public asset manager exposures reported are as of 7/31/26, while private asset manager exposures are as of 6/30/26.

Total Public Equity — Active risk summary

Chart 21. Current active risk (bps)[1]

At the May 2023 Investment Committee meeting, the committee approved a governance policy for Total Public Equity, which established an active risk budget range of 10 to 60 basis points. As of July 31, 2026, the expected active risk of the Total Public Equity portfolio is 26 basis points.



Historical active risk (bps)

Chart 22. Forecasted[2]

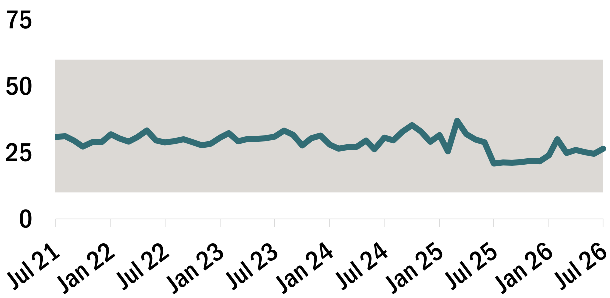
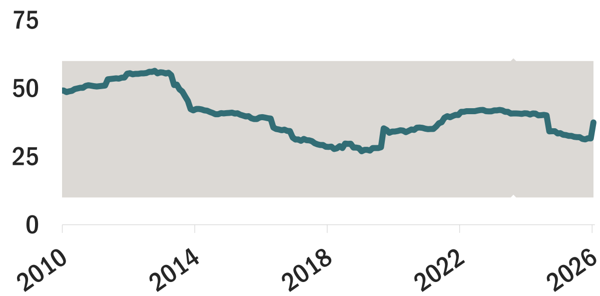


Chart 23. Realized[3]



Exposures vs. benchmark (market value %)

Chart 24. Geographic active exposures

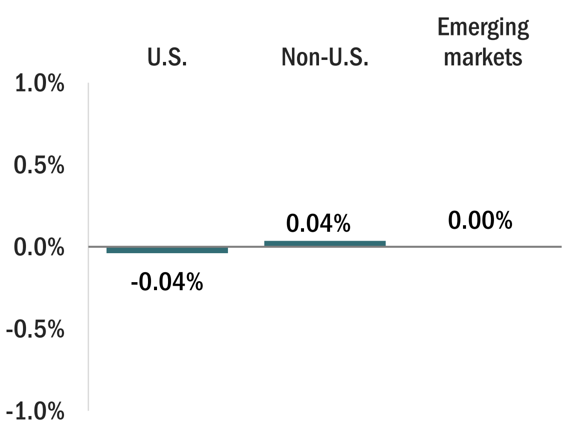
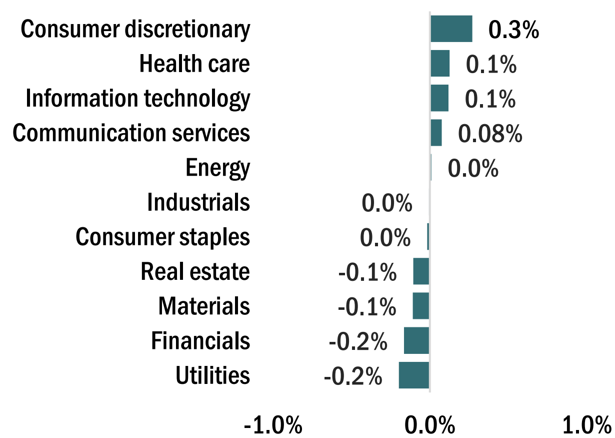


Chart 25. Sector active exposures



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[1] Forecasted active risk based on BlackRock Aladdin model calculation.

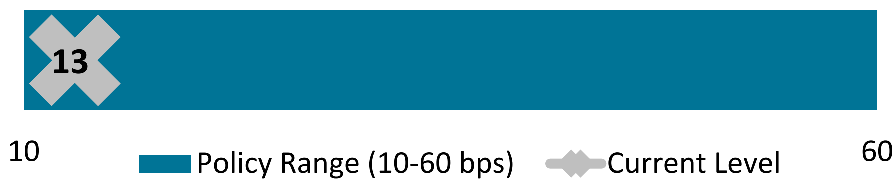
[2] Forecasted active risk based on the Total Public Equity Portfolio and market conditions over time.

[3] Based on a rolling 60-month period of realized returns through July 31, 2026

Fixed Income — Active risk summary

Chart 26. Current active risk (bps)[1]

At the September 2021 Investment Committee meeting, the committee approved a governance policy for Fixed Income, which established an active risk budget range of 10 to 60 basis points. As of July 31, 2026, the expected active risk of the Fixed Income Public Portfolio is 13 basis points.



Historical active risk (bps)

Chart 27. Forecasted[2]

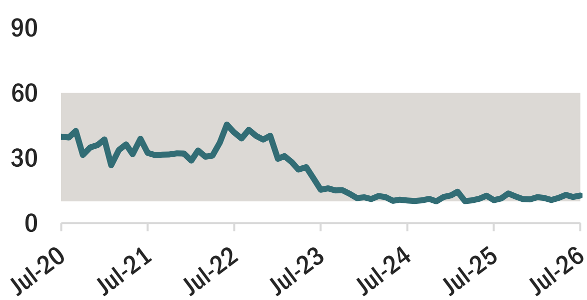
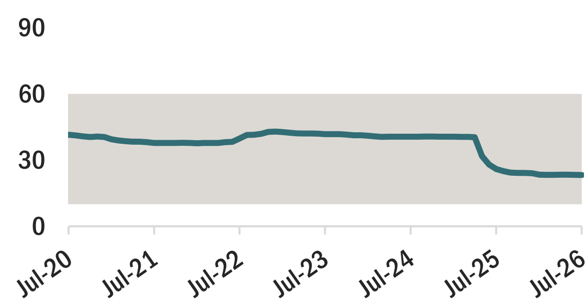


Chart 28. Realized[3]



Fixed Income exposures vs. benchmark (market value %)

Chart 29. Geographic active exposures

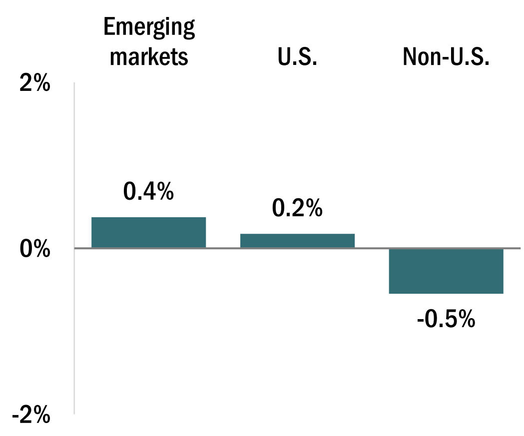
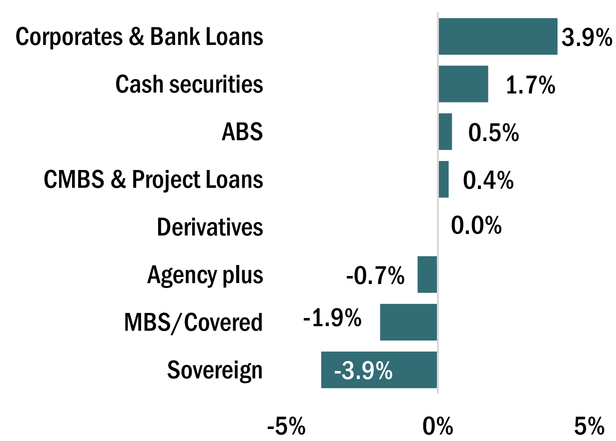


Chart 30. Sector active exposures



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1 Forecasted active risk based on BlackRock Aladdin model calculation.

2 Forecasted active risk based on the Fixed Income Portfolio and market conditions over time.

2 Based on a rolling 60-month period of realized returns through July 31, 2026

Risk Mitigating Strategies

Risk Mitigating Strategies [RMS] plays an essential role in protecting the total portfolio during significant equity market downturns. Under the RMS policy, strategies are grouped into two primary functions- Defenders and Diversifiers, which together intend to provide consistent low or negative long-term correlation to equities and diversification over a full business cycle. This approach enhances the total portfolio resilience and supports prudent risk management, even as short-term correlations fluctuate. While correlation remains a key metric, we plan to expand future reports to include additional measures for a more comprehensive assessment.

Chart 31. Historical asset allocation

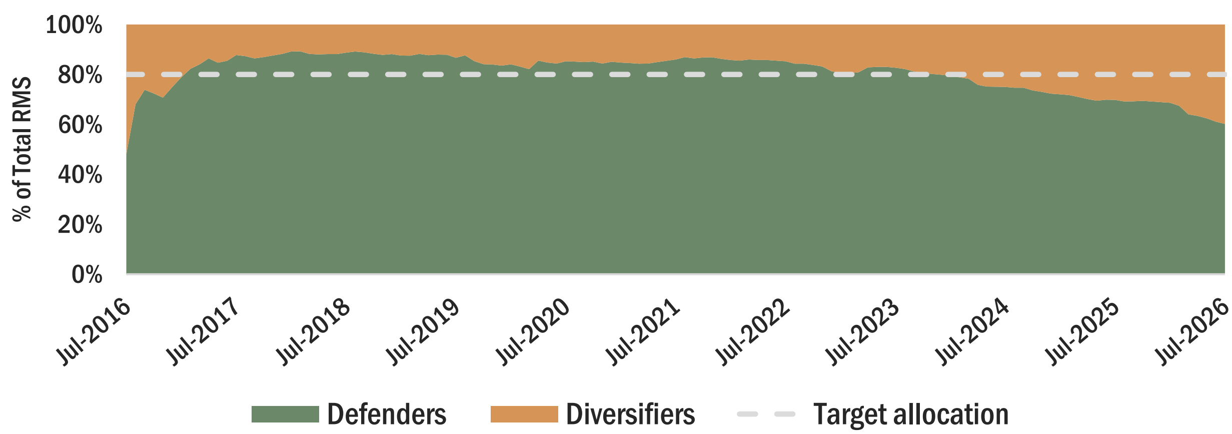
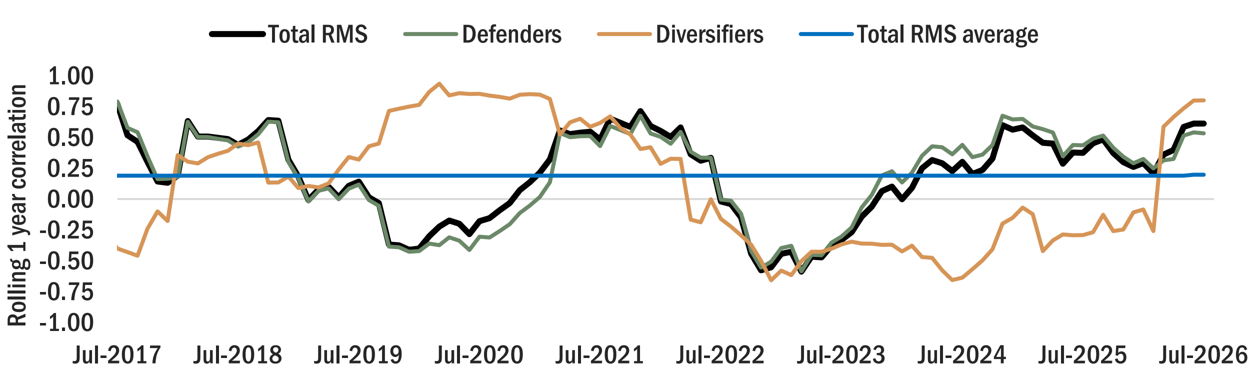


Table 2. Average portfolio correlation

Average correlation	
Total RMS	0.20
Defenders	0.20
Diversifiers	0.11

Chart 32. Rolling 1 year correlation to MSCI ACWI Net Total Return Index



Real Estate

At the July 2021 Investment Committee meeting, the committee approved a CalSTRS Real Estate Investment Policy that sets limits on Real Estate leverage depending on CalSTRS' level of control. Controlled structures have a leverage limit of 50% and are typically separate accounts and joint ventures where CalSTRS is the majority investor. Non-controlled structures have a leverage limit of 65% and are typically commingled funds where CalSTRS is a minority partner with typical limited-partner rights.

Real Estate data is based on CalSTRS' share of gross asset value as of March 31, 2026.

Real Estate leverage

Chart 33. Leverage and limits

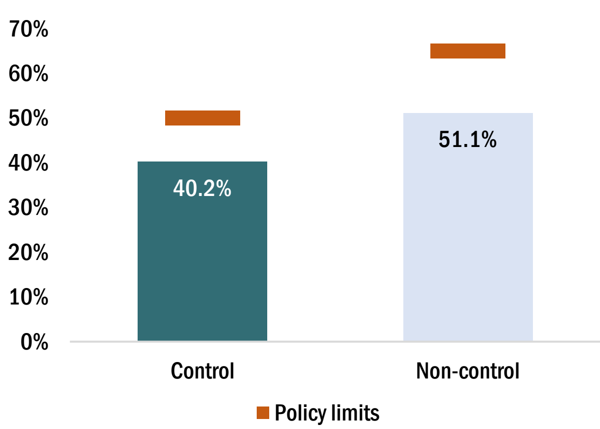
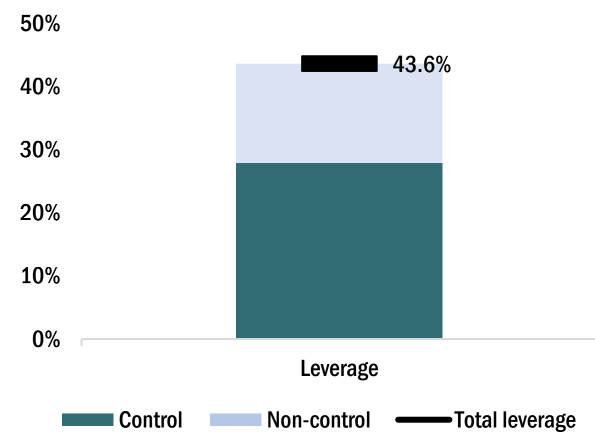


Chart 34. Total leverage



Real Estate Portfolio exposure

Chart 35. Geographic exposure[1]

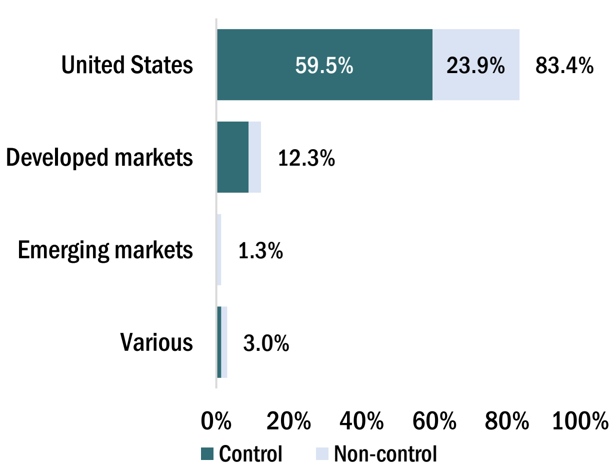
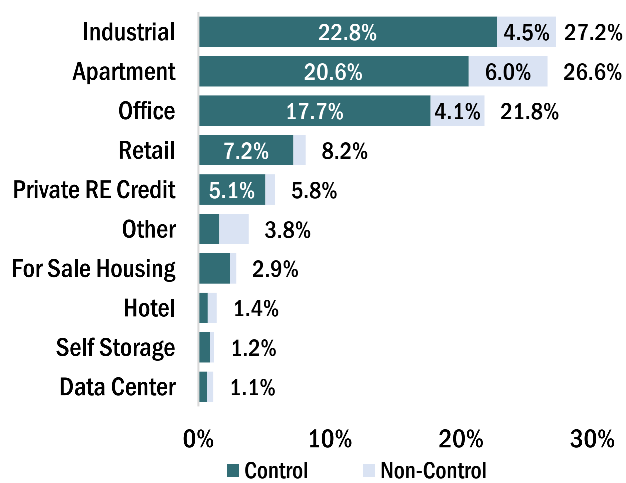


Chart 36. Property type exposure[2]



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[1] Various investments have properties in multiple countries that could be in multiple regions.

[2] Includes international properties. Other property type includes diversified investments that contain multiple property types and all other property types (for example, studios).

Private Equity

Private Equity Portfolio company level data as of December 31, 2025.

Chart 37. Sector exposure

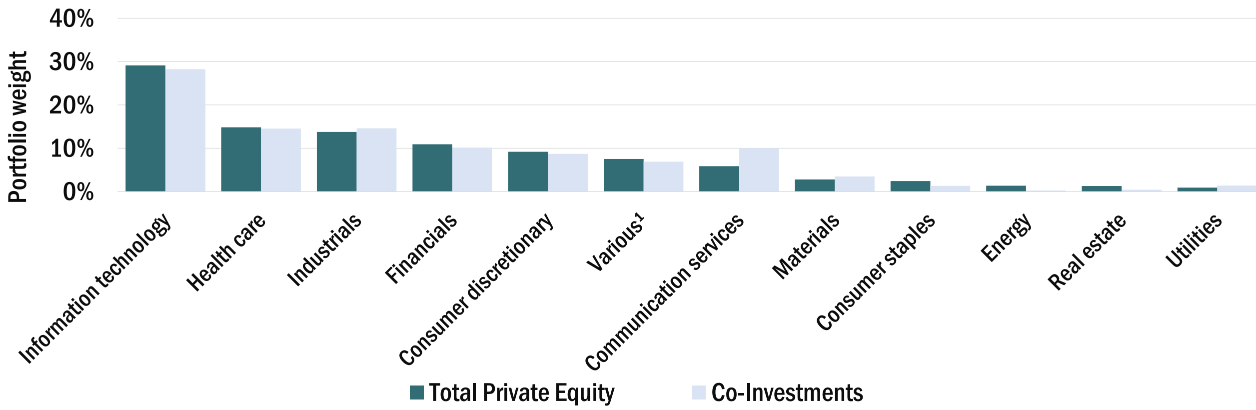
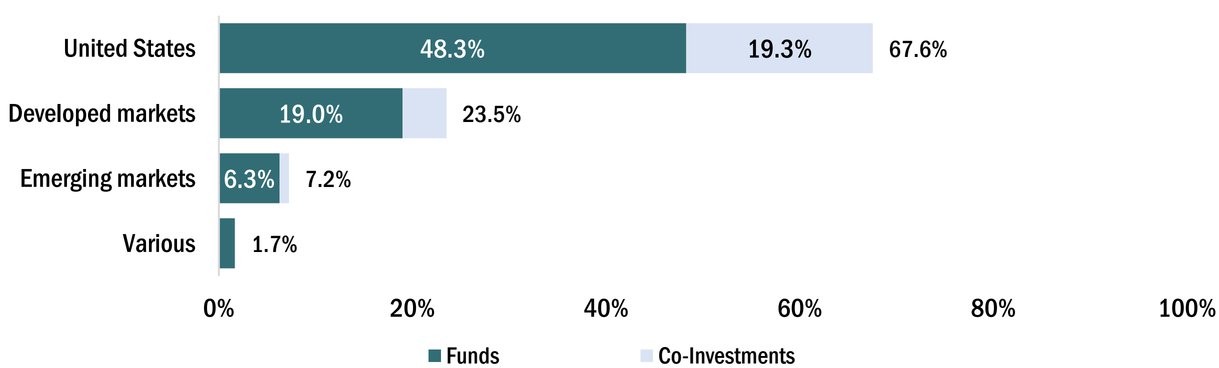


Table 3. Top 10 portfolio company exposure

Company	Investment vehicle	Market value (millions)	% of Private Equity
1	Co-Investments & funds	$772	1.27%
2	Co-Investments & funds	$460	0.76%
3	Co-Investments & funds	$452	0.74%
4	Funds	$390	0.64%
5	Co-Investments & funds	$385	0.63%
6	Co-Investments & funds	$370	0.61%
7	Co-Investments & funds	$358	0.59%
8	Funds	$340	0.56%
9	Co-Investments & funds	$329	0.54%
10	Co-Investments & funds	$326	0.54%

Chart 38. Geographic exposure[1]



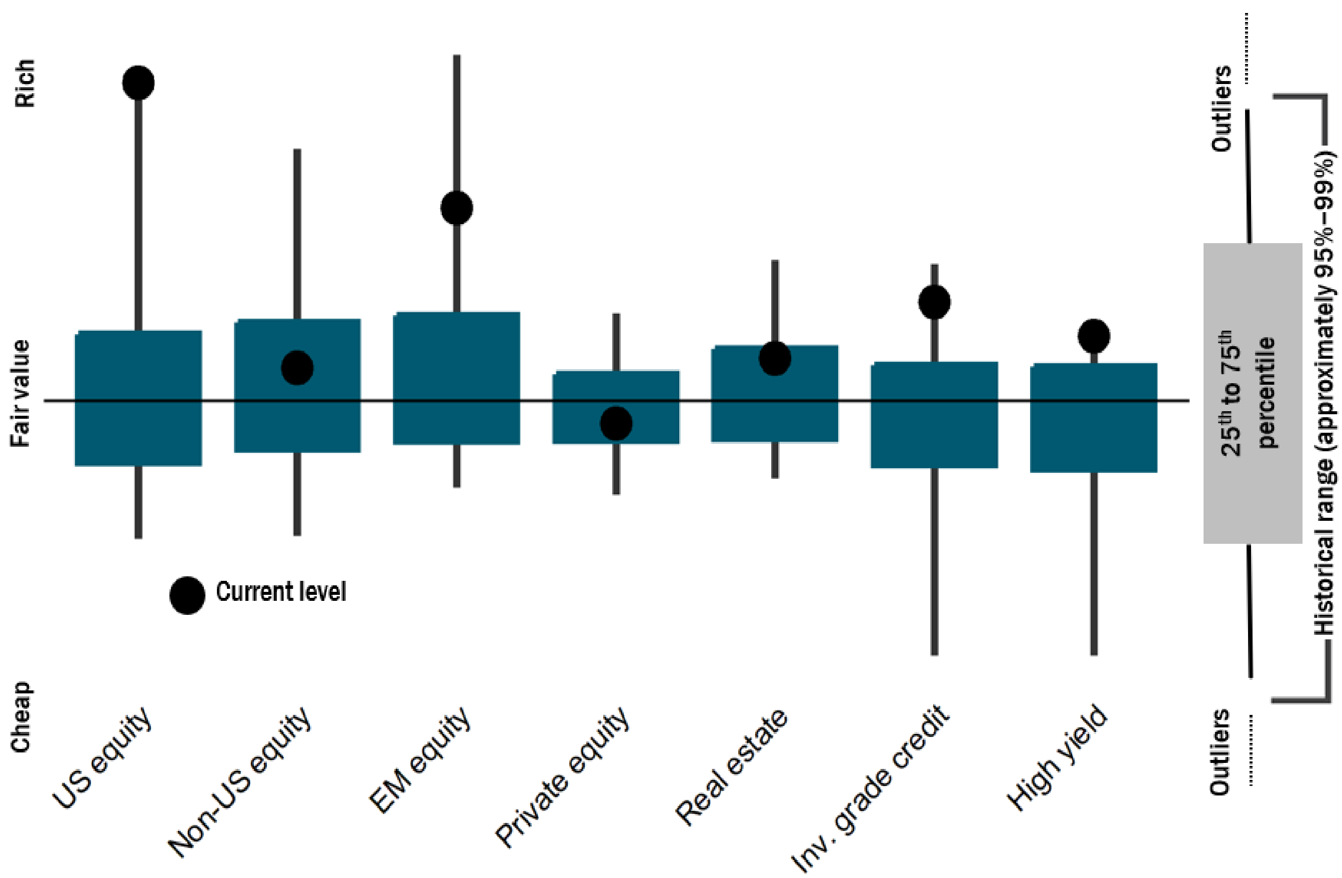
[1] Various includes investments in which the sector or geography data is not available at the level of detail of the data set.

Valuations

For most of the larger asset classes in the portfolio, the price of the asset at any given time is an important component of expected return, particularly over the medium term (three to five years). Higher prices tend to precede periods of lower returns, an important consideration for the risk-return opportunities across the portfolio.

Chart 39 shows several common measures of valuation converted to a common scale for comparability. U.S. equity persistently has higher valuations than non-U.S. developed and emerging market equity. In the past few months, the valuations for U.S. equity, non-U.S. developed market equity, emerging market equity, and private real estate have increased, while the valuations for private equity have decreased.

Chart 39. Asset class valuations[1]



[1] Valuation metrics: long-term P/E ratio for public equity; enterprise value/EBITDA for private equity; transaction cap rate for real estate; credit spreads for investment grade and high yield credit.

Market volatility

The volatility index presented in Chart 40 and Chart 41 is an indicator of general market turbulence. The red lines provide a threshold by which to judge whether a day is an outlier or not. The long-term chart shows that, historically, periods of higher turbulence tend to cluster in time. The clustering of turbulent periods means that if a particular day is an outlier, the following day is much more likely to be an outlier. Several days in a row of outliers are a strong indicator that market turbulence could persist for many weeks or months. Recent turbulence was driven by geopolitical and oil-market shocks, tariff-related inflation concerns, and uncertainty over the Federal Reserve’s interest-rate path.

Chart 40. Market turbulence—long term

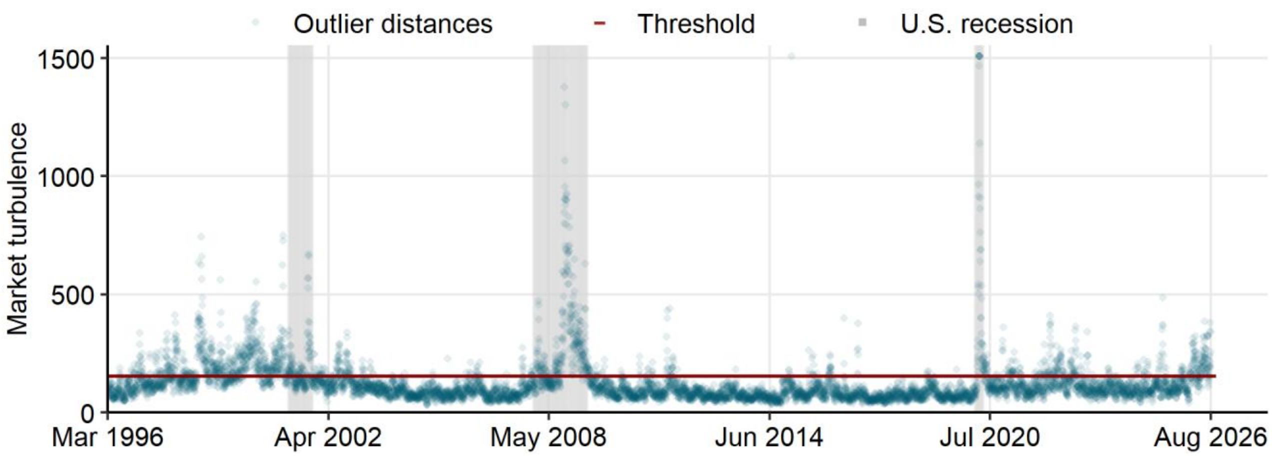
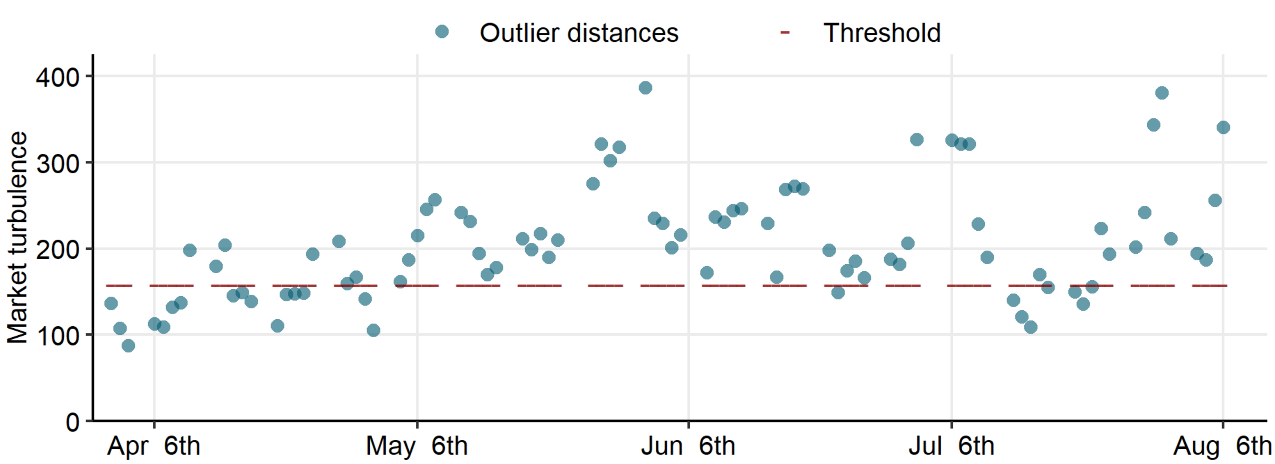


Chart 41. Market turbulence—recent



Fund liquidity as of July 31, 2026

Maintaining liquidity to pay benefits, rebalance the portfolio, avoid forced selling, and take advantage of market opportunities are key liquidity oversight objectives. Grouping portfolio assets into "liquidity tiers" is a convenient framework for measuring available liquidity. As described below, the portfolio maintains an allocation to cash and a large allocation to assets that can be readily converted to cash:

- Cash.
- Liquid assets: Securities that trade frequently and can be readily converted to cash. Generally liquid securities that can still trade at prevailing price levels even in periods of modest market stress.
- Illiquid assets: Securities that are by their nature illiquid, such as Private Equity Portfolio partnerships and otherwise liquid assets that become illiquid in periods of stress.

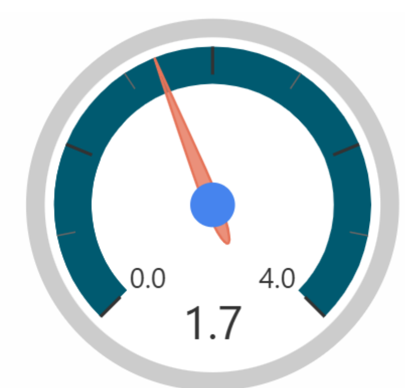
Table 4 shows the liquidity profile of the total portfolio by liquidity tier. The combination of Cash and Liquid assets provide a substantial cushion, even in periods of extended market stress.

Table 4. Fund liquidity

Asset	Portfolio value (%)	Months of benefit payments
Cash	0.8%	2.0
Liquid assets	58.4%	139.4
Illiquid assets	40.8%	97.3

Another way to monitor the liquidity of the CalSTRS portfolio is through the Liquidity Coverage Ratio [LCR]. The LCR is a commonly used liquidity risk metric in the financial services industry and is helpful for monitoring the liquidity of the portfolio in a stressed environment. The LCR shown below refers to the proportion of cash available to meet stressed liquidity needs over a 90-day period. Chart 42 shows the 90-day LCR is 1.7, or 170%, as of July 31, 2026. The portfolio holds substantial cash to meet potential needs in a stressed environment.

Chart 42. 90-day Liquidity Coverage Ratio (as of July 31, 2026)



Total Fund leverage as of July 31, 2026

Leverage is an investment strategy where money or capital is borrowed to increase the potential return of an investment or portfolio. At the January 2024 Investment Committee meeting, the committee approved a CalSTRS Investment Policy Statement that set a limit on Total Fund net leverage at 10%. The portfolio is unlevered with more cash than total fund gross leverage.

Table 5. Total Fund leverage

Leverage category	Notional (millions)	Total Fund %
Total Fund gross leverage	**$8,937**	**2.2%**
Total Fund cash	-$9,231	-2.2%
Total Fund net leverage	**-$294**	**-0.1%**
Total Fund assets	$412,934	

Chart 43. Total Fund leverage