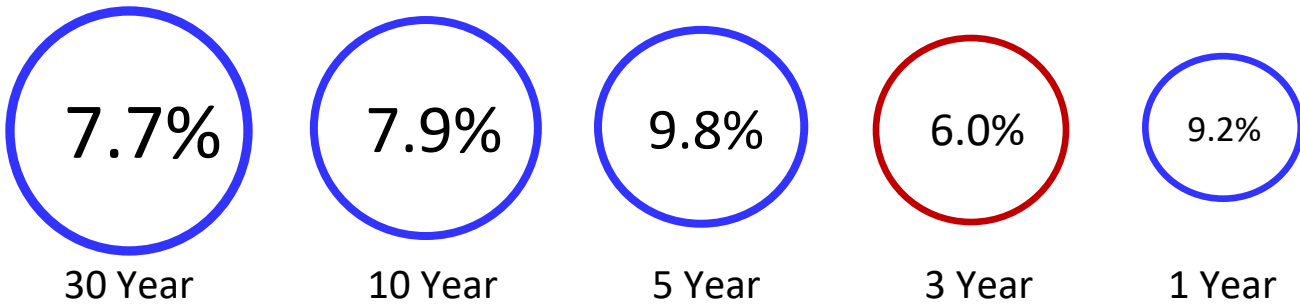


Investment Performance at a Glance

As of December 31, 2023

PACE

THE GOAL: average 7.0% over the next 30 years



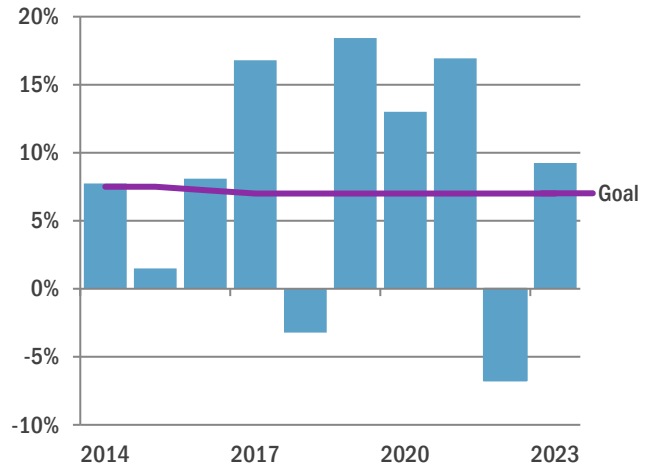
All returns are NET of manager fees.

Summary of market returns for 2023

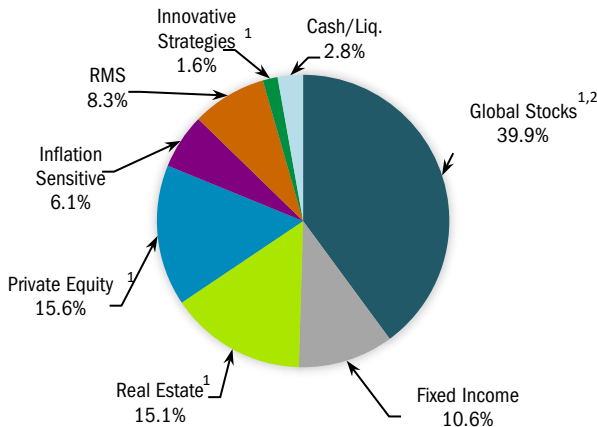
In 2023, U.S. interest rates rose 5% to fight inflation. Normally, you would expect U.S. stocks to struggle, and initially they did during the year. However, in mid-November, the Fed announced that they would ‘pause’ and stop raising rates since inflation had eased. With that as a starting whistle, U.S. and even non-U.S. stocks took off. So, in a year where most feared a recession, equity investments jumped in return. Additionally, the U.S. stock market return was dominated by just seven stocks, called the “magnificent seven.” Those few names produced over half of the investment return for the remaining 2,900 plus stocks. It was a difficult year where concentration, rather than diversification, rewarded investors. The CalSTRS portfolio is very broadly diversified, so while we achieved a high single digit return, it was pedestrian compared to aggressive risk takers. The other Asset Classes produced small returns – some positive and some negative.

As always, the reader is encouraged to focus on the long-term time periods, rather than the volatile single year results. To match CalSTRS long-term horizon, all the charts and tables start with the longer time periods first.

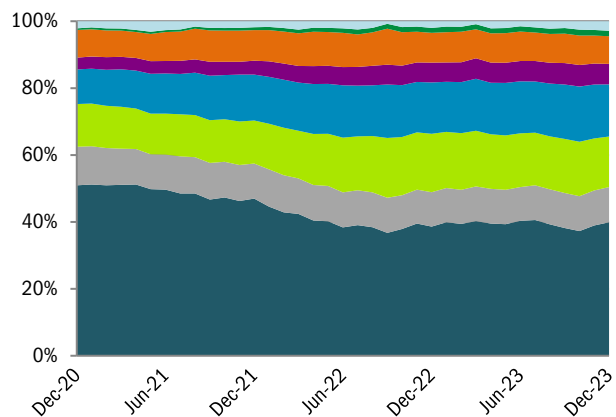
Total Fund 1-year returns (past 10 years)



Asset Allocation as of December 31, 2023



Asset mix over the past 3 years

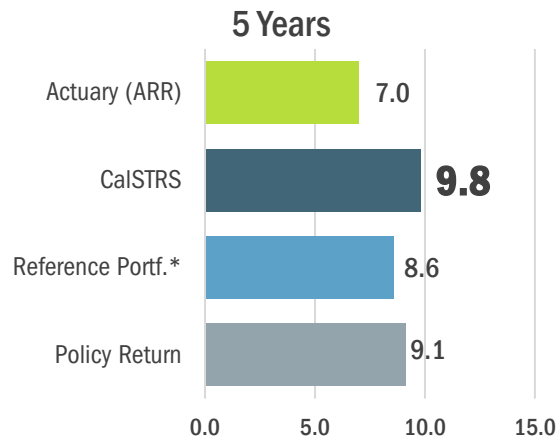
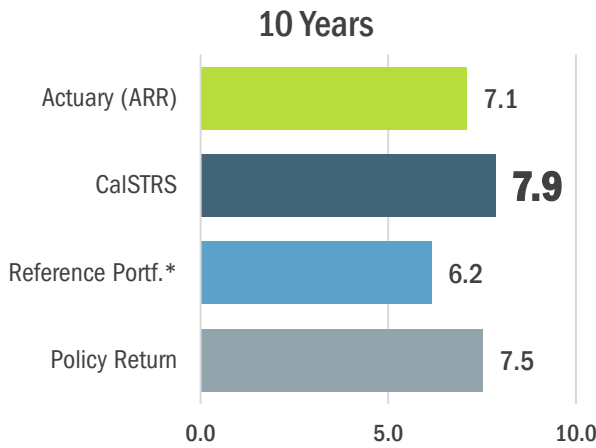


¹ Includes Sustainable Investment & Stewardship Strategies Public and Private investments total of \$4,997 (in Millions).

² Derivatives are not included which provide additional exposure to Public Equity bringing the Asset Allocation range within policy limits.

Investment Performance at a Glance

As of December 31, 2023



The Actuary (ARR) is the Actuary assumed rate of return for funding the System.

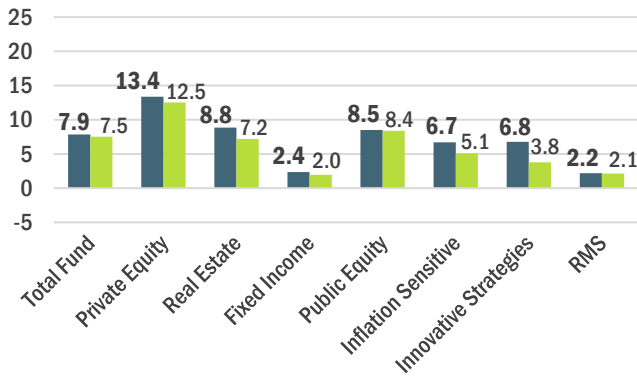
* Reference Portfolio is 70% MSCI ACWI IMI and 30% Bloomberg Aggregate Bond Index

Asset Class/Strategy Performance (% returns are NET of manager fees)

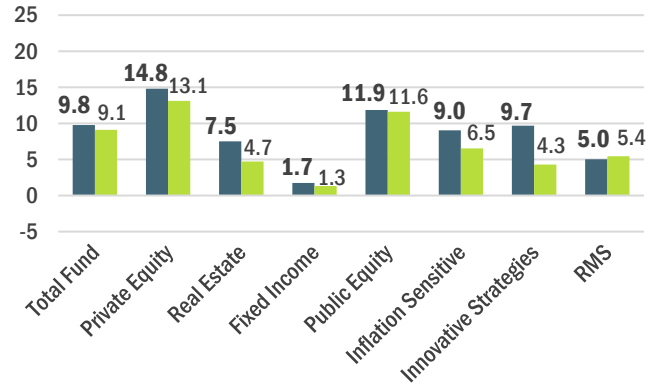
As a long-term investor, the focus should be on the 5-year and 10-year time periods.

Legend: ■ CalSTRS portfolio ■ Benchmark

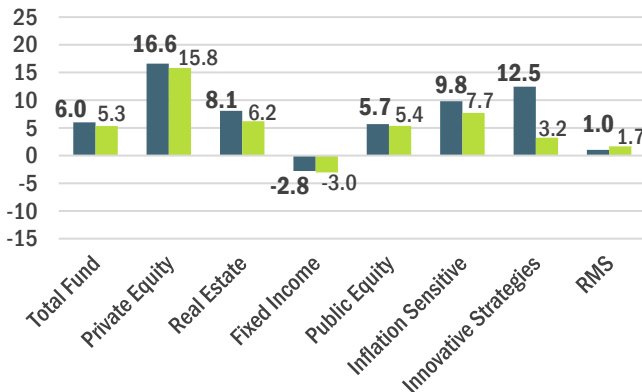
10 Year



5 Year



3 Year



1 Year

