CALSTRS INVESTMENTS

CalSTRS Investment Branch Shared Vision

WORKING DRAFT
As of October 19, 2026

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Introduction

We are pleased to introduce the CalSTRS Investment Branch Shared Vision, a document that sets our direction for the next decade and articulates how and why we must evolve for the future.

This Shared Vision is the result of a collective effort by the Teachers' Retirement Board, Investment Branch staff, executive staff, key groups representing members, the board's investment consultants, and peer institutions. Each brought important perspectives to foundational questions: Why is evolution required? Where are we headed? What are we prioritizing? How will we measure success?

The answers led us to our Shared Vision: to be a Top Global Allocator. For CalSTRS, this means having the people, judgment, partnerships, capabilities, and operating discipline needed to compete globally and deliver long-term value for California's educators. It also means recognizing that value creation is not the responsibility of one team, one function, or one decision point. Everyone contributes to value creation for CalSTRS members.

Investment earnings fund 61.7% of every dollar paid in benefits.

CalSTRS is a Top Global Allocator today, a position that has benefited our members and beneficiaries. Today, investment earnings fund 61.7% of every dollar paid in benefits. This document focuses on how the Investment Branch must evolve to continue creating value in a more complex and competitive environment.

As we look ahead, the forces shaping our work are significant. Markets are changing, technology is advancing, competition is intensifying, and workforce transitions are ahead. At the same time, CalSTRS' portfolio continues to grow.

What made us successful will not be enough to keep us successful. The future demands more than repeating the past. To continue delivering on our mission, we must evolve intentionally, preserving the strengths that have served CalSTRS well while building the capabilities needed for the future.

To do this we must innovate, adapt, and lead. To innovate is to build the talent, tools, and organizational capacity needed to capture emerging opportunities. To adapt is to operate with the agility and resilience required to navigate change. To lead is to sustain CalSTRS' position as a respected global allocator and continue delivering value in service of California's educators.

What made us successful will not be enough to keep us successful. The future demands more than repeating the past.

We are grateful to everyone who contributed to this effort. Their contributions helped shape a vision that is ambitious, grounded in CalSTRS' mission, and reflective of the shared responsibility required to bring it to life. Just as this vision was developed collectively, it will be implemented collectively. Together, we will continue evolving the Investment Branch so that CalSTRS can sustain its position as a Top Global Allocator — and, through that position, fulfill its mission of securing the financial future and sustaining the trust of California's educators.



Harry Keiley
Chair, Investment Committee



Scott Chan
Chief Investment Officer

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Document Purpose

Throughout 2025 and 2026, the Investment Branch engaged the The Teachers' Retirement Board, Investment Branch staff, executive staff, key groups representing members, the board's investment consultants, and peer institutions to help inform its long-term vision.

This document reflects the synthesis of that input and the culmination of our efforts to define our Shared Vision.

The Shared Vision will guide the Investment Branch's strategic and annual planning efforts over the next 10 years.

It is intentionally aspirational rather than tactical or prescriptive, establishing a framework for how the branch will evolve to remain competitive in an increasingly competitive investment environment.

The chief investment officer and their senior management team will use this document as the foundation for participation in the enterprise's strategic planning process. The Areas for Intentional Evolution described in this document should inform the development of the Investment Branch's three-year strategic priorities to be incorporated as objectives in the CalSTRS Strategic Plan. These Strategic Plan objectives will then inform annual business plans with more discrete, shorter-term initiatives that support the branch in achieving its long-term outcomes.

CalSTRS Mission, Vision & Core Values

CalSTRS Mission

Securing the financial future and sustaining the trust of California's educators.

CalSTRS Vision

Your Reward—A secure retirement
Our Reward—Getting you there

CalSTRS Core Values

The CalSTRS Core Values are a set of attitudes, beliefs and behaviors that define CalSTRS and its employees.

CUSTOMER SERVICE We never compromise on quality as we strive to meet or exceed the expectations of our customers.

ACCOUNTABILITY We operate with transparency and accept responsibility for our actions.

LEADERSHIP We model best practices in our industry and innovate to achieve higher standards.

STRENGTH We ensure the strength of our system by embracing a diversity of ideas and people.

TRUST We conduct ourselves with integrity, acting ethically in every endeavor.

RESPECT We respect the needs of our members, coworkers, and others, treating everyone with fairness, honesty and courtesy.

STEWARDSHIP We recognize our fiduciary responsibility as the foundation for all decision-making

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Why is evolution required?

Key Drivers of Change

We recognize that the environment in which CalSTRS operates is increasingly complex, competitive, and dynamic. The markets of the future are expected to look meaningfully different from those of the past, requiring new skills, perspectives, and capabilities. Success over the next decade will depend on our ability to anticipate and adapt to forces reshaping the global institutional investment landscape. The continued growth of our assets under management also requires us to adapt. This context shapes where we focus our intention for evolution: the priorities we set, the capabilities we build, and the risks we manage.

External Environmental Factors

As the largest educator-only public pension fund in the world, CalSTRS competes with other institutional investors for investment opportunities, partnerships, talent, and resources. That competitive environment is becoming increasingly crowded and sophisticated, while broader structural changes are reshaping the investment landscape.

To succeed in the future, scale alone will not be sufficient; we must continually strengthen our competitive advantages and evolve to become a more dynamic long-term investor.

Geopolitical Shifts

An increasingly multi-polar, geopolitically fragmented world has created a more volatile and complex investment environment, requiring stronger governance, robust risk management, and the ability to adapt portfolio strategies as conditions change. We will need compliance and regulatory knowledge, enhanced oversight, and local markets expertise to navigate new geopolitical contexts — and to benefit from new opportunities from geographic diversification.

Product and Market Realignments

The investment landscape is transforming as previously clear lines between asset classes, liquidity strategies, and investment products begin to blur. These product and market convergences reshape how value is sourced, created and distributed, which demands that we continuously evolve our investment strategies, areas of expertise, data infrastructure, and team structures.

New Sources of Capital and Competitors

Our competitors are not limited to other U.S. public pensions but encompass a global ecosystem of a diverse set of players with different mandates and structures, including sovereign wealth funds. Additionally, new types of competitors, including ultra-high-net-worth investors and insurance companies, have become increasingly sophisticated allocators of capital. These competitors, along with retail investors, will continue to gain new access to institutional products. This new landscape will create heightened competition for high-quality investment and partnership opportunities that require us to sustain our global reputation and continuously enhance our investment execution capabilities.

Technological Change

Rapid advances in technology could fundamentally alter the investment landscape over the next 10 years. The Investment Branch must remain at the forefront of emerging technologies that create opportunities for deeper market insights, differentiated investment strategies, enhanced returns, and advances in risk management. Global allocators will require teams with additional technical skills and strong data foundations to identify market inefficiencies, structure portfolios, and compete effectively. We also need to be positioned to unlock competitive advantages from our proprietary data.

Internal Factors

Regardless of market conditions in any given year, the long-term trajectory of the CalSTRS portfolio is one of continued growth, and the portfolio is expected to be significantly larger a decade from now than it is today. This growth will increase both opportunity and complexity, requiring greater precision in how we operate and make decisions. In addition to pressures from external factors, operating at a larger scale will require us to build increasingly sophisticated operational infrastructure and to manage new operational risks and challenges with greater dexterity.

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Where are we headed?

Our Shared Vision is to uphold our competitive status as a Top Global Allocator.

The CalSTRS mission is our north star and obligation: to secure the financial future and sustain the trust of California's educators. To do so, we must sustain our position as a Top Global Allocator. Through continued global leadership, we amplify our ability to deliver investment results that safeguard retirement security for generations.

Defining a Top Global Allocator

Through research, interviews, facilitated discussions, and board engagement, we explored what it means for CalSTRS to sustain its position as a Top Global Allocator in an increasingly complex and competitive environment. A Top Global Allocator is characterized by:

- A mission-driven mindset
- World-class talent
- Smart execution
- Organizational agility
- Being a partner of choice

These characteristics that follow reflect a shared understanding of the capabilities, attributes, and culture most critical to CalSTRS' continued success over the next decade.

These characteristics are not intended to capture every attribute of a successful investment organization. Rather, they reflect the collective perspective that emerged throughout this process and informed discussions among the board regarding CalSTRS' future direction.

Mission-driven mindset: Top Global Allocators focus relentlessly on long-term fund sustainability.

What this means to CalSTRS

We see governance as a competitive advantage: we operate within a fiduciary framework that creates conviction and enables disciplined decision-making. The CalSTRS mission drives us to pursue intentional strategies that deliver results and to take informed risks while maintaining accountability and trust. Our long-term investment horizon gives us the confidence to navigate short-term disruptions and the patience to build valuable partnerships. We proactively adapt our governance structures to enable dynamic operations within complex, uncertain environments.

World-class talent: Top Global Allocators attract, grow and empower elite teams with the capabilities to compete globally.

What this means to CalSTRS

We foster a culture that rewards curiosity, collaboration, and excellence, creating a place where ambitious problem solvers thrive. We attract and retain elite investment professionals who value meaningful work, exceptional colleagues, continuous learning, and the opportunity to contribute to the long-term success of California's educators. We develop long-tenured leaders and maintain strong succession planning practices to ensure continued success. We build a sophisticated, creative team with the diverse expertise, skillsets and capabilities needed to navigate increasingly complex global markets.

Smart execution: Top Global Allocators navigate market dynamics with strategic foresight.

What this means to CalSTRS

We pride ourselves on our track record of growing and protecting CalSTRS' assets through continued innovation. We demonstrate consistent outperformance and effectively respond to market cycles, risk, and economic disruptions. We leverage our expertise, technology, and proprietary data to proactively identify market inefficiencies, enhance returns, and build a resilient portfolio. We maintain the flexibility and resilience needed to navigate market cycles, manage risk through uncertainty, and capitalize on opportunities that emerge during periods of disruption. We take smart, informed risks and execute with discipline to deliver results for California's educators.

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Organizational agility: Top Global Allocators operate with the flexibility and coordination needed to act decisively in changing markets.

What this means to CalSTRS

We intentionally design structures and processes that allow us to act decisively while maintaining alignment across the Investment Branch and the broader CalSTRS organization. We foster an ownership mindset that values proactivity and collaboration. We continuously look ahead to ensure we have the right skills, structures, and systems to respond dynamically to significant changes in investment approaches and practices.



Partner of choice: Top Global Allocators earn preferred access through trusted, high-value partnerships.

What this means to CalSTRS

We build relationships with key partners and operate as effective, efficient collaborators. We are trusted for the quality of our people, the strength of our relationships, and the consistency of our actions. Our reputation earns us a position as the first call for strategic partnerships. We are selective and intentional in choosing partnerships that align with our strategy and long-term objectives. We engage globally to drive innovation, influence industry best practices, and set the global standard for collaboration and fiduciary excellence. Our global reach improves our vantage point, granting us competitive access to the best investments and opportunities.

The Path Forward

As part of the Shared Vision process, Teachers' Retirement Board members, Investment Branch staff, and executive staff explored what it will take for CalSTRS to sustain its position as a Top Global Allocator over the next decade.

While all five characteristics of a Top Global Allocator remain essential to long-term success, discussions highlighted Organizational Agility and World-Class Talent as areas requiring particular focus in the decade ahead. Participants emphasized that sustaining investment excellence will depend on CalSTRS' ability to attract exceptional talent, adapt to changing conditions, operate dynamically, and continuously evolve its capabilities.

The discussions also reinforced the importance of preserving CalSTRS' strengths. There was broad agreement that our mission-driven culture and commitment to California's educators remain foundational to our success and should continue to guide decision-making as the branch evolves.

The five characteristics establish our vision for what excellence looks like. The strategic implications that emerged through this process help illuminate where focused attention, leadership, and intentional evolution may be required to achieve that vision over the next decade.

The remainder of this document addresses how the Investment Branch will continue strengthening these characteristics over the next decade.

Our Areas for Intentional Evolution provide a framework for leadership to identify strategic priorities, objectives, and initiatives that support our vision.

Our Bold Goal serves as a clear measure of accountability for sustaining our position as a Top Global Allocator across all five characteristics.

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What are we prioritizing?

Areas for Intentional Evolution

The Investment Branch must continuously earn its status as a Top Global Allocator. Scale alone will not ensure continued success; how we adapt, invest, and operate will determine our ability to compete. In a rapidly changing global environment, we need to intentionally evolve. We commit to intentionally evolving in three key areas:

- Team
- Capabilities
- Operating model

These three areas reflect the priorities that emerged throughout the Shared Vision process as the most important to sustaining long-term investment excellence: a team ready to compete and lead globally, specialized capabilities to generate insight and execute effectively, and an operating model that enables agility, discipline, and accountability. While all five characteristics of a Top Global Allocator remain essential to future success, board members, CalSTRS executive staff, and Investment Branch staff consistently emphasized the importance of evolving in these areas to thrive in an increasingly complex and competitive environment.

To achieve our vision, we will focus our attention, energy, and resources on building our competitive advantages from these foundational enablers of long-term success. Investment Branch leadership will use these areas for intentional evolution to develop recommendations for board consideration through the CalSTRS strategic planning process and to guide annual business planning within the branch.

The following descriptions address how we aspire to evolve in each of these areas.

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Evolving Our Team

Our Aspiration: **We have the talent, expertise, and partnerships needed to sustain our position as a Top Global Allocator.**

CalSTRS' competitors do not just compete with us for deals — they compete for people and partners as well. Attracting and retaining top talent will be a defining factor in sustaining our performance. We seek to build an environment where talented professionals can do their best work, grow throughout their careers, and earn recognition as respected contributors within the global investment community.

We will build a representative team with the diverse expertise and skillsets needed to create value, manage risk, and execute effectively in an increasingly global and complex investment landscape. As a branch, we will hone our leadership acumen, technological savviness, and strategic thinking capabilities to ensure we are competitive at scale and able to execute with discipline. At the same time, we will cultivate a culture of innovation, collaboration, and solution-oriented thinking.

We will seek external partners — including investment managers, service providers, and advisors — that can support and enhance our value creation efforts. Success also depends on our partnership and integration within the broader CalSTRS organization. We will leverage the talent and expertise of shared services personnel across CalSTRS as valued contributors within our own team.

The board is a key partner in evolving our team, and we will collaborate on strategic priorities, fulfilling resource needs, and maintaining accountability.

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Evolving Our Capabilities

Our Aspiration: **We have a future-ready investment platform that enables the excellence, innovation, and creativity needed to sustain our position as a Top Global Allocator.**

The next decade will present a complex, evolving environment with new opportunities to pursue value creation.

Technology disruption will redefine competitive advantage within the institutional investment arena. As investment markets evolve, so must our digital infrastructure, data capabilities, and operational processes. We will build the technology infrastructure that allows us to use our proprietary data to identify market opportunities, manage risks more dynamically, and foster cross-portfolio collaboration.

We will equip our team with technologies, systems, tools, and capabilities that enable smarter, faster, and more resilient investment decisions. Our proprietary data will be treated as a strategic asset — integrated across the portfolio in how we source, evaluate and monitor investments. We will ensure we have the skills, expertise, and foresight to evolve how we research, execute, and monitor deals. At the same time, we will be disciplined in adopting new technologies, prioritizing solutions that reduce complexity and improve decision quality.

More advanced investment capabilities will enable us to design and implement a portfolio strategy that thrives under uncertainty. Our investment platform will increasingly connect insights from research, execution, and portfolio monitoring, enabling more integrated and dynamic portfolio construction.

Ultimately, our goal is to build an investment platform that amplifies the judgment of our team, combining human expertise with data-driven insights to convert information into a sustained competitive advantage.

We will partner closely with the board to invest deliberately in evolving these capabilities, focusing on those that most enhance our ability to generate returns, manage risk, and operate at scale.

Evolving Our Operating Model

Our Aspiration: **We operate efficiently, collaboratively, and dynamically to enable the foresight, innovation, and execution required to sustain our position as a Top Global Allocator.**

Market volatility, regulatory shifts, and technological disruption demand an organizational structure that can embrace change and innovation. We must operate in a unified manner while remaining nimble to respond to changes in our external environment. This requires clear decision-making, consistent governance, aligned priorities, and the ability to act with speed and coordination.

We seek to embed a unified operating model that balances autonomy with collaboration across the entire Investment Branch. As our investment strategies evolve, we need to also evolve our processes, policies, guidelines, roles, and responsibilities. Developing more streamlined processes and empowered decision-making will help ensure that opportunities are not missed, risks are not overlooked, and cost efficiencies are realized.

Removing operational inefficiencies and structural frictions is critical to sustaining operational excellence. We will seek to further align our authority, responsibility, and accountability so that decisions can be made efficiently, opportunities can be acted upon in a timely manner, and resources can be deployed where they create the greatest value. We will build internal capabilities in change management and organizational design to ensure that we create the structural agility needed to deliver on our mission.

We will foster a culture of adaptability, ownership, and continuous improvement that supports consistent execution and strong governance.

Success in evolving our operating model requires alignment with the board on shared priorities, clear accountabilities, and long-term objectives.

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How will we measure success?

Our Bold Goal: Value add of $38 billion over the next decade

Accomplishing this Bold Goal will enable us to continuously deliver on CalSTRS' mission.

To hold ourselves accountable to our long-term vision and to measure the impact we aim to deliver for our members, we have established a quantifiable Bold Goal: **We commit to generating $38 billion of value add in the next 10 years.**

This goal is bold because it demands more than incremental progress — it calls for transformational thinking, relentless execution, and unwavering alignment with our mission. It is the ultimate expression of our commitment to delivering enduring value for and sustaining the trust of California's educators.



Success will be assessed through a transparent, investment-policy-aligned framework that specifies the benchmark, time horizon, risk parameters, and operating guardrails. The Bold Goal will be measured over a ten-year period against the Policy Portfolio Benchmark as established in Investment Committee policy. The Bold Goal is not a call to take more risk. It is a measure of the value CalSTRS seeks to create through stronger capabilities, disciplined execution, and continued alignment with board-approved investment policies and risk parameters.

Progress will be reported to the Investment Committee throughout the decade, illustrating how continuously strengthening the five Top Global Allocator characteristics enables the branch to deliver sustained excess value.

The Bold Goal is not a call to take more risk. It is a measure of the value CalSTRS seeks to create through stronger capabilities, disciplined execution, and continued alignment with board-approved investment policies and risk parameters.

The Value of a Bold Goal

The Bold Goal links measurable value creation directly to the long-term health of the CalSTRS Funding Plan. By producing durable excess returns, it strengthens the system's ability to fully fund benefits while reducing the probability and severity of funding shortfalls that can arise during periods of market stress or prolonged equity weakness.

The Bold Goal enhances CalSTRS resiliency by:

- Raising the likelihood of achieving full funding earlier and with greater certainty;
- Reducing downside risk in weak decades, where even modest incremental alpha can close the gap between meeting or missing return objectives; and
- Supporting stable contribution requirements by mitigating the impact of adverse market cycles on plan funding.

In this way, the Bold Goal serves as both a performance target and a strategic safeguard — advancing long-term sustainability while reinforcing the broader purpose of delivering secure retirement benefits for California's educators.

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Conclusion

This Shared Vision reflects a deliberate choice to innovate, adapt and lead in an increasingly global environment. It aligns our principles, priorities, and actions around a single objective — to sustain our position as a Top Global Allocator in service of our members. By focusing our efforts on what matters most, we position the Investment Branch to create enduring value over time. This is how we will fulfill our mission and sustain the trust placed in us by California's educators.

Reference

CalSTRS Strategic Plan:
https://www.calstrs.com/strategic-plan

CalSTRS Investment Beliefs:
https://www.calstrs.com/investment-beliefs

CalSTRS Investment Policies:
https://www.calstrs.com/investment-policies

About the Teachers' Retirement Board:
https://www.calstrs.com/teachers-retirement-board

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