
Investment Committee Semi-Annual Activity Report

| 6. INFLATION SENSITIVE

CALSTRS INVESTMENT COMMITTEE SEMI-ANNUAL ACTIVITY REPORT

INFLATION SENSITIVE PROGRAM SUMMARY

Market Indicators:

- (YOY) US CPI: +7.0%
- (Ann.) Infrastructure Benchmark: +9.59%
- (FYTD) Bloomberg Commodity Index: +4.90%
- (FYTD) US TIPS Index: +4.16%

CalSTRS Portfolio Allocation:

- Long-term Target: 6% of the overall CalSTRS portfolio
- Currently 4.0% of the overall portfolio

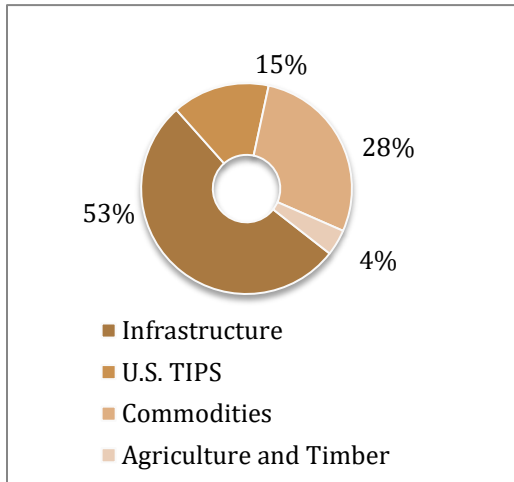
US CPI has continued to advance throughout 2021 to a new YOY high of 7.0%. Inflation concerns will persist through early-to-mid 2022. The Federal Reserve has already signaled that it will be addressing inflationary pressures through interest rate increases beginning in 2022. Inflation should moderate as the supply chain is brought back into balance, global demand slackens, and the threat from COVID-19, hopefully, moves from pandemic to endemic status.

The infrastructure benchmark has returned 9.59% annualized through December 2021 and the US TIPS Index is up 4.16% through the fiscal year. Commodities have returned 4.89% over the fiscal year as demand for commodities has continued to rise and other investors have sought inflation protection. Commodities are the most volatile part of the Inflation Sensitive portfolio and are the first sub-asset class to benefit from a quickening pace of the economy and inflationary pressures. The Inflation Sensitive asset class is currently at 4.0% of the overall portfolio and is moving towards its 6% total portfolio allocation by 2024.

Inflation Sensitive Risk Factors:

- Rapid and uncontrolled rise in interest rates
- Persistent currency volatility
- Rapid technological advancements in power and transportation industries

Inflation Sensitive Portfolio Allocation



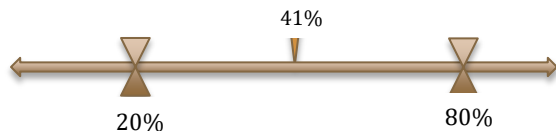
Portfolio Value as of December 31, 2021

Asset Class	Value	Value
U.S. Treasury Inflation Protected Securities	2,073,595,365	--
Infrastructure*	7,241,479,932	11,620,682,209
Commodities	3,885,679,555	--
Agriculture and Timber*	550,604,115	675,000,000
Total	13,751,358,967	12,295,682,209

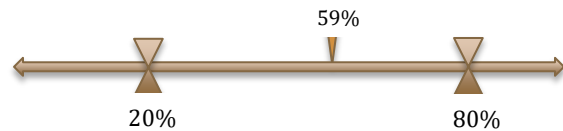
*Market value based on Q3 pricing

Current Allocation

Public Inflation Sensitive Assets



Private Inflation Sensitive Assets



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