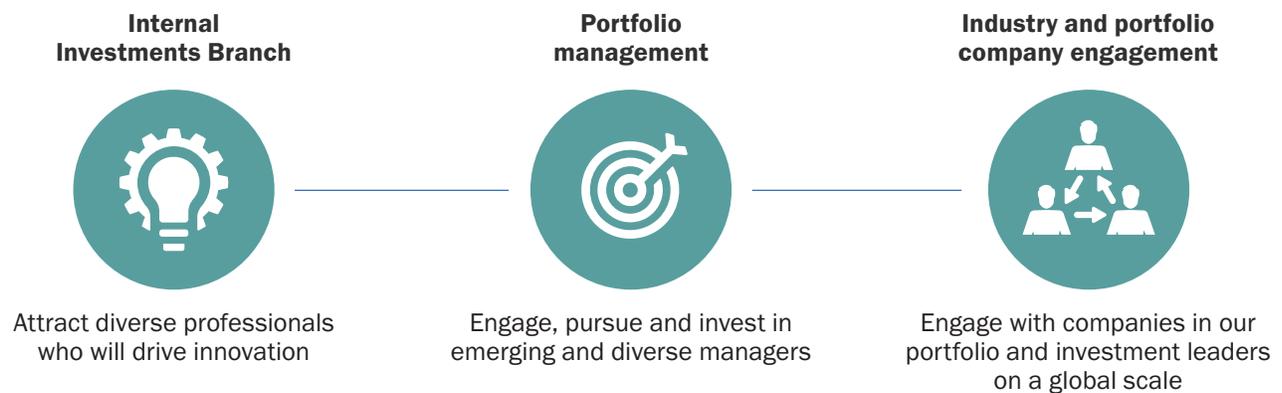


# Diversity in the Management of Investments

## 2023 report highlights

The CalSTRS Investments Branch is committed to setting best practice precedents; implementing innovative diversity, equity and inclusion principles; and advancing change within the investment industry. These best practices include transparency and reporting.

Our most recent *Diversity in the Management of Investments Report* reflects accomplishments completed in calendar year 2023. Building on nearly three decades of integrating diversity in the management of investments, we continued our momentum behind each of DIMI’s three core pillars.



## Internal Investments Branch

### Attract diverse professionals who will drive innovation

We believe workforce diversity brings advantages to organizations through increased profitability, enhanced creativity, stronger governance and problem-solving abilities. Through recruitment practices, the Investment Mentor and Student Intern programs, the CalSTRS Investment Branch, in collaboration with CalSTRS Human Resources, continued to build and support a highly qualified diverse pipeline and workforce.

#### RECRUITMENT

To produce a diverse candidate pool, we conduct inclusive and equitable hiring and onboarding practices, including posting open job positions on affinity networks.

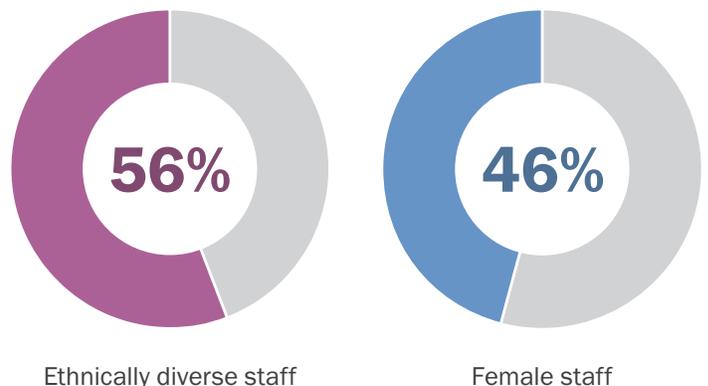
#### INTERNAL TALENT MANAGEMENT

Forty-six percent of the branch’s 236 staff are female, and 56% are ethnically diverse.

#### INVESTMENT MENTOR PROGRAM

This in-house program pairs mentees with mentors to help promote a healthy and collaborative culture.

#### Investments Branch ethnic and gender diversity



(Six staff chose not to identify their ethnicity)

## STUDENT INTERN PROGRAM

Since 2004, the Investments Branch has mentored students from diverse backgrounds and who are underrepresented on Wall Street. In 2023, we continued to build on the success of our Student Intern Program. Each student shadowed Chief Investment Officer Christopher J. Ailman and worked with a director, portfolio manager or investment officer from each asset class. Most importantly, a good measurement of students completed the 500 hours of work experience required to take the California Human Resources Investment Officer I exam upon graduation from college.



## Portfolio management

### Engage, pursue and invest in emerging and diverse managers

We invest in emerging managers and diverse managers directly, or with the assistance of manager-of-managers or program partners, in separately managed accounts or commingled funds. While our parameters for emerging and diverse managers evolved over time, we remain committed to this investment approach.

### NEW CAPITAL ALLOCATION AND TRANSITIONS OF EMERGING AND DIVERSE MANAGERS

CalSTRS' Private Equity has made commitments to new and emerging fund-of-fund managers in excess of \$2.5 billion. Recent commitments include \$125 million to Muller & Monroe Asset Management and \$40 million to Valor Equity Partners. Valor Equity Partners, a growth equity firm, was originally in two of CalSTRS' fund-of-funds.

CalSTRS' Infrastructure Program committed capital to diverse managers:

- **\$75 million co-investment alongside I Squared Capital.** ISQ focuses on global infrastructure investments, such as energy, utilities, transport and telecom projects.
- **\$350 million to Arjun Infrastructure Partners.** AIP focuses on infrastructure investments, such as utilities, energy, renewable, digital and transportation.

Global Equity's emerging manager-of-managers, Xponance Asset Management and Investment, is a minority-owned and women-owned investment management firm. In 2023, through our manager-of-managers vehicle with Xponance, we invested in underlying emerging and diverse firms Centerstone Investors and Haven Global Partners.

CalSTRS' Real Estate and Belay Investment Group approved an investment with Primestor's Urban Vision Fund I, LP. Primestor is a minority-owned and led emerging manager that has fostered local economic development in historically overlooked urban minority communities. Primestor has created more than 14,000 local construction and permanent jobs that are estimated to generate \$1.3 billion of annual local economic activity in historically underserved Latino and Black communities. The Urban Vision Fund I serves as a platform to acquire and develop transit-oriented, mixed-use real estate investment opportunities.

### TRADES WITH EMERGING AND DIVERSE BROKER-DEALERS

CalSTRS' Fixed Income Liquidity Portfolio traded \$3.8 billion, or 12.8% of trades, with emerging broker-dealers.

## Industry and portfolio company engagement

### Engage with companies in our portfolio and investment leaders on a global scale

As a significant investor in global companies, we recognize that diversity is crucial to companies' long-term financial success. Along with our investment industry partners, we continue to influence global markets by steering changes in board and workforce diversity.

#### CATALYST: CALIFORNIA DIVERSE INVESTMENT MANAGER FORUM

Hosted by CalSTRS and CalPERS, the Catalyst: California's Diverse Investment Manager Forum brought institutional investors and other global allocators together to meet and engage with diverse investor entrepreneurs and general partners with the goal of forging a new path in leadership and growth.

At the event, we:

- Discussed the challenges in funding diverse talent.
- Described how institutional investors and other global allocators can build a diverse emerging manager portfolio.
- Paired institutional investors, global allocators, investor entrepreneurs and general partners for introductions and connections.
- Shared insight and lessons learned from other investor entrepreneurs and general partners who overcame funding obstacles.



[Click on the image to watch highlights from the forum.](#)

#### INDUSTRY PARTNERS

We've established collaborative relationships across a vast network of industry associations in which we continue to contribute insight in support of diversity, equity and inclusion. We work with organizations within the investment industry, including: Association of Asian American Investment, CFA Institute, Hispanic Heritage Foundation, The Investment Diversity Exchange, New America Alliance, National Association of Securities Professionals - Southern California Chapter and Northern California Chapter, Girls Who Invest, 100 Women In Finance, The Robert Toigo Foundation, Milken Institute and Stanford's VMware Women's Leadership Innovation Lab.

#### CORPORATE BOARD DIVERSITY

The Investments Branch continued to promote gender diversity on corporate boards through engagements with coalitions of aligned investors, such as the Thirty Percent Coalition, the Human Capital Management Coalition and California Investors for Effective Board Diversity. Overall, more than 600 companies appointed at least one woman to their board since the campaign launched in 2012. We presented more details on CalSTRS DEI-related engagement activities at the January 2023 Investment Committee meeting.