

MEMORANDUM

TO: Members of the Investment Committee, CalSTRS
FROM: Meketa Investment Group
DATE: August 31, 2022
RE: Semi-Annual Private Equity Summary as of March 31, 2022 – OPEN SESSION

In our role as the Board Private Equity Consultant, Meketa Investment Group (“Meketa”) conducted a semi-annual performance review of the Private Equity Portfolio (“the Portfolio”) for the period ended March 31, 2022, based on data provided by State Street and selected reports from staff.

Key Topics in Report

- Private Equity continued to appreciate over the trailing six months ended March 31, 2022, albeit at a slower rate than seen during the market recovery in the second half of 2020 and through 2021. CalSTRS’ Portfolio and the Benchmarks have generated strong positive returns for the 1-year period, primarily driven by returns posted in the first half of the period. Performance of the Portfolio and the Benchmarks across longer time periods (5 and 10 years) has also decreased slightly from six months prior. The Program’s performance exceeds the Custom Benchmark for each time horizon evaluated and the Custom State Street Index for all time periods except for modest underperformance over the 1-year period.
 - The Program’s outperformance against the Custom State Street Index was largely driven by strong Buyouts performance, particularly in Europe.
- The Program’s NAV increased by \$2.0 billion (net of cash flows) during the prior six months, and \$9.2 billion since March 31, 2021.
- Staff has achieved the 13% long-term allocation target. Private Equity currently makes up 14.5% of the Total Plan, compared to 14.3% six months ago. The Program’s NAV, currently \$47.0 billion, grew by 29% since March 31, 2021.
- Investment pacing has increased substantially in recent years. Continued disciplined investment pace will be required to maintain the long-term target.
 - Staff has increased its pace to Co-investments, which now represent approximately 20% of the Private Equity Program.
- The Portfolio remains well diversified across Strategy and Geography type, and is in line with sub-asset and diversification targets.

TF/LR/jls