



Annual Review of Delegation

Approval Decision on Investments	
Public Market External Managers	
The Chief Investment Officer, or designee, has the authority to retain, terminate and allocate assets to Global Equity, Sustainable Investment & Stewardship Strategies, Fixed Income and currency investment managers.	
Sustainable Investment & Stewardship Strategies	
Public Co-Investments	Shall not exceed \$100 million at the time of investment
All Private Portfolios	Shall comply with delegation authority limits outlined in CalSTRS existing Private Equity, Inflation Sensitive, and Real Estate and Innovative Strategies policies.
Real Estate	
New (to CalSTRS) Firms	Up to 2% of Net Asset Value of the total Real Estate portfolio
Follow-on Investments	Up to 4% of Net Asset Value of the total Real Estate portfolio. Thereafter, incremental allocations beyond the 6% may be approved by staff, subject to review by the Investment Committee if requested.
Large Transactions	Discretion to approve up to two transactions in any rolling 12-month period, which may include co-investment opportunities for up to 10% of the Net Asset Value of the total Real Estate portfolio
Private Equity	
New (to CalSTRS) <u>Commingled</u> Limited Partnerships	Up to <u>2% of Net Asset Value of the total Private Equity portfolio</u> \$400 million or 25% of the partnership capitalization, whichever is less.
Follow-on <u>Commingled</u> Limited Partnerships	Up to <u>4% of Net Asset Value of the total Private Equity portfolio</u> \$750 million or 25% of the partnership capitalization, whichever is less.
Separately Managed Accounts	Shall not exceed <u>4% of Net Asset Value of the total Private Equity portfolio</u> \$750 million for a follow-on vehicle or <u>2% of Net Asset Value of the total Private Equity portfolio</u> \$400 million for a new vehicle.
Co-Investments	Shall not exceed <u>2% of Net Asset Value of the total Private Equity portfolio</u> \$250 million or be more than 50% of a <u>financing round</u> 10% of the size of the limited partnership, or 100% of limited partnership's investment in the transaction.

<u>Secondary Market</u>	
Commingled Limited Partnerships Interest and Separately Managed Accounts	Up to <u>4% of Net Asset Value of the total Private Equity portfolio</u> \$1.5 billion (Diversified Pools) and <u>2% of Net Asset Value of the total Private Equity portfolio</u> \$750 million (Single Interests and Non-Diversified Pools).
Co-investments, General Partner Interests and Portfolio Companies	Up to <u>4% of Net Asset Value of the total Private Equity portfolio</u> \$500 million (Diversified Pools) and <u>2% of Net Asset Value of the total Private Equity portfolio</u> \$250 million (Single Interests and Non-Diversified Pools).
Direct Investment in General Partnerships	Shall not exceed <u>2% of Net Asset Value of the total Private Equity portfolio</u> \$250 million and ownership shall not exceed 25% economic interest.

<u>Proactive Portfolio</u>	
New (to CalSTRS) Fund of Funds	Shall not exceed \$100 million
Follow-on Investment Fund of Funds	Shall not exceed \$250 million
New and Follow-on Fund of Funds Side-by-Side	Shall not exceed \$100 million or 30% of the total amount of the partnership capitalization, whichever is less.
<u>Co-investments with GPs in underlying Special Mandate portfolios</u>	<u>Shall not exceed 2% of Net Asset Value of the total Private Equity portfolio and limited to \$100 million per financing round.</u>
Infrastructure	
Initial Commitment to a New Investment Manager	Up to \$500 million
Subsequent Commitments	Maximum of 20% of the CalSTRS Infrastructure Portfolio; thereafter if a single investment manager manages a total portfolio in excess of 20% of the CalSTRS Infrastructure Portfolio additional allocations or commitments may still be approved by staff but are subject to review by the Investment Committee if requested.
Eligible Ownership Vehicles (Accounts and Co-Investments)	Up to 5% of the CalSTRS Infrastructure Portfolio
Innovative Strategies	
Co-Investments	Shall not exceed \$100 million at the time of investment
Credit Enhancement Program	
Outstanding Commitments	Shall not exceed 3% of the market value of the CalSTRS Investment Portfolio.
Per Transaction	Up to \$400 million

Notice to Investment Committee

The Investment Committee will be notified when the below conditions for new and existing managers are met.

Real Estate Conditions

New Manager New allocation or individual investment is above 3% of the total Real Estate Net Asset Value.

- Existing Manager
1. Further allocation or individual investment above 10% of the total Real Estate Net Asset Value.
 2. Further allocation plus existing above 30% of the total Real Estate Net Asset Value.
 3. Manager rating is Tier 3.

Approval Limits¹

	Global Equity Internal Portfolios ^{2,3}	Fixed Income Internal Portfolios ^{2,4}	Currency Management ^{2,5}
Chief Investment	Up to 10% of total global equity portfolio	Up to 10% of total fixed income portfolio	Up to 10% of total non-USD holdings
Deputy Chief Investment	Up to 10% of total global equity portfolio	Up to 10% of total fixed income portfolio	Up to 10% of total non-USD holdings
Director	Up to 5% of total global equity portfolio	Up to 5% of total fixed income portfolio	Up to 5% of total non-USD holdings
Portfolio Manager	Up to 4% per internally managed portfolio	Up to 10% of internally managed portfolio	Up to 5% of core (notional) program
Associate Portfolio Investment Officer III	Up to 3% per internally managed portfolio	Up to 8% of internally managed portfolio	Up to 4% of core (notional) program
Investment Officer II	Up to 2.5% per internally managed portfolio	Up to 6% of internally managed portfolio	Up to 3% of core (notional) program
Investment Officer I	Up to 2% per internally managed portfolio	Up to 4% of internally managed portfolio	Up to 2% of core (notional) program
Investment Officer I	Up to 1% per internally managed portfolio	Up to 2% of internally managed portfolio	Up to 1% of core (notional) program

	Home Loan Program ⁶	Credit Enhancement	Private Asset ⁷
Chief Investment Officer	\$100 million	\$600 million	\$1.5 billion
Deputy Chief Investment Officer	\$100 million	\$600 million	\$1.5 billion
Director	\$50 million	\$400 million	\$750 million
Portfolio Manager	\$35 million	\$300 million	\$250 million
Associate Portfolio Manager	\$30 million	\$200 million	\$150 million
Investment Officer III	\$20 million	\$100 million	\$100 million
Investment Officer II	\$10 million	\$75 million	\$50 million
Investment Officer I	\$5 million	\$50 million	\$15 million

- ¹ Any transaction or cash approval limits defined within as asset class policy are superseded by the limits that are defined in Attachment B of the Investment Policy and Management Plan.
- ² Public Asset Approval Policy: Approval limits for transactions within internally managed portfolio trading public assets will use the respective trading parameters by investment type. Non-cumulative daily trade limits.
- ³ For derivatives and transition management portfolios, the risk-based trading parameters are applied to the market value of the U.S. or Non-U.S. segments of the Global Equity portfolio.
- ⁴ For derivative instruments, overlay and/or transition management portfolios, tighter trading parameters may be applied.— Short-term assets: No daily limits within the liquidity portfolio shall be established.
- ⁵ Notional amount parameters are intended to take into account the position range referenced in the Currency Management Program Policy.
- ⁶ Daily trade activity or authority to transfer funds.
- ⁷ Private investment portfolios will use a single approval structure to approve the outgoing cash transactions of previously approved investment commitments and does not include the authorization of new investments.— The receipt of cash to private investment portfolios does not require approval limits. Non-cumulative daily approval limits apply with respect to outgoing cash transactions.—