



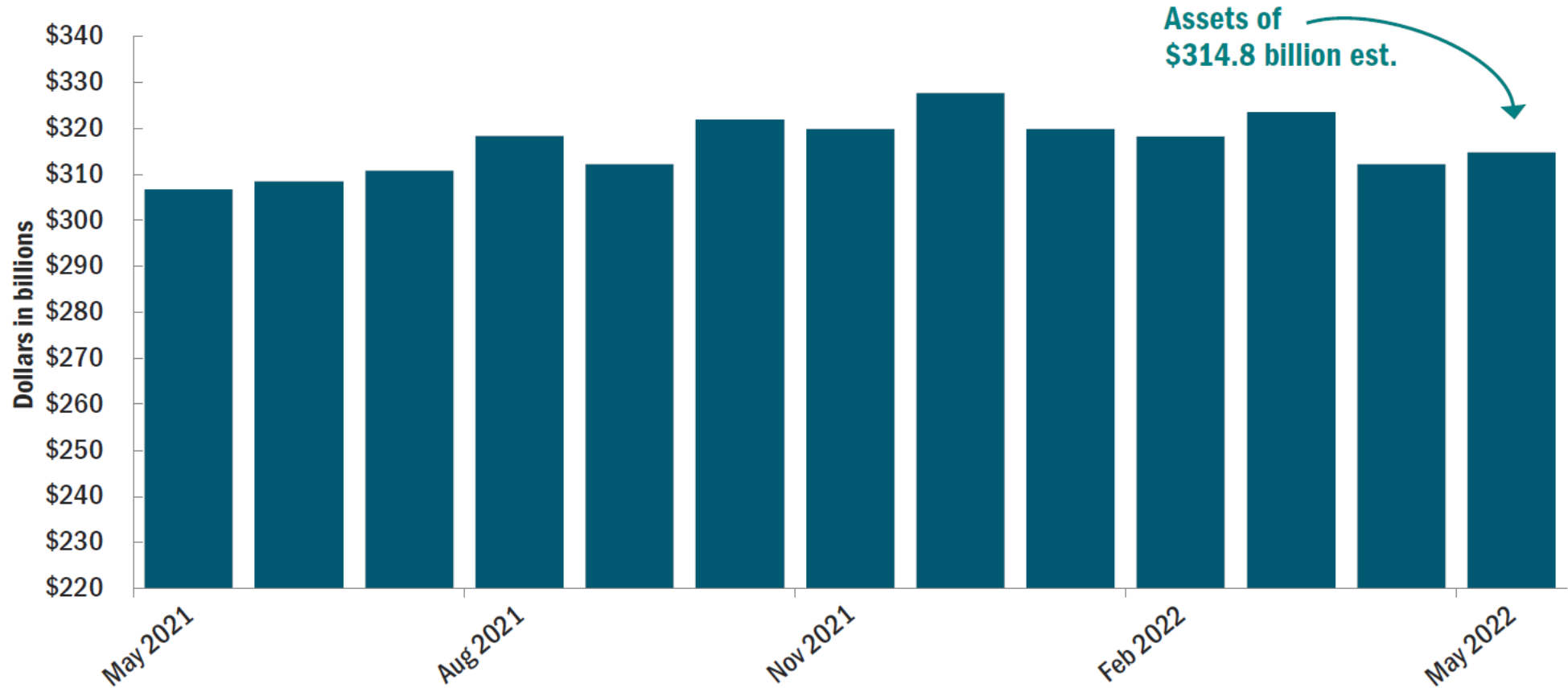
CALSTRS®

Chief Investment Officer Report

July 2022

Trust fund assets (Combined Defined Benefit funds)

**May 31, 2022
assets
\$314.8 bil.
est.**



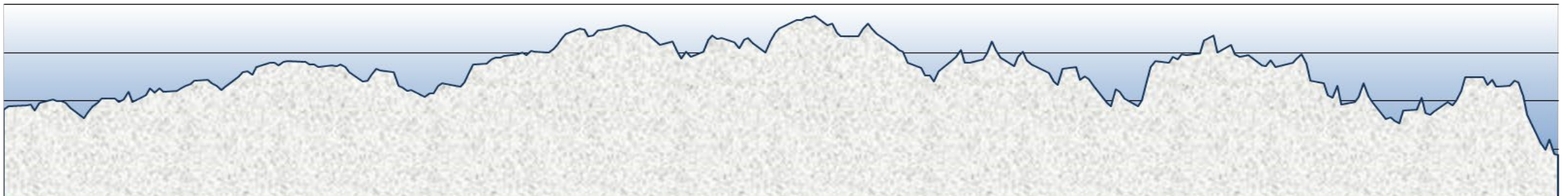
Tale of two parts to the year

July – Dec. 2021

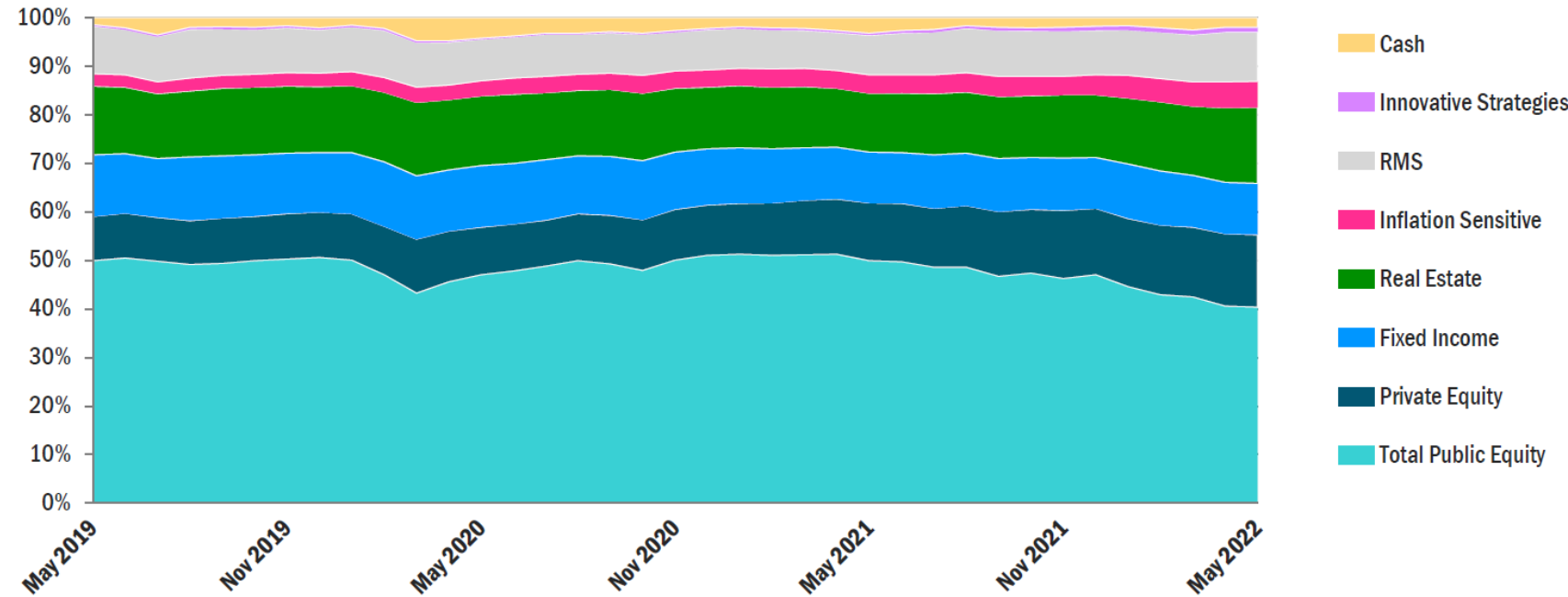
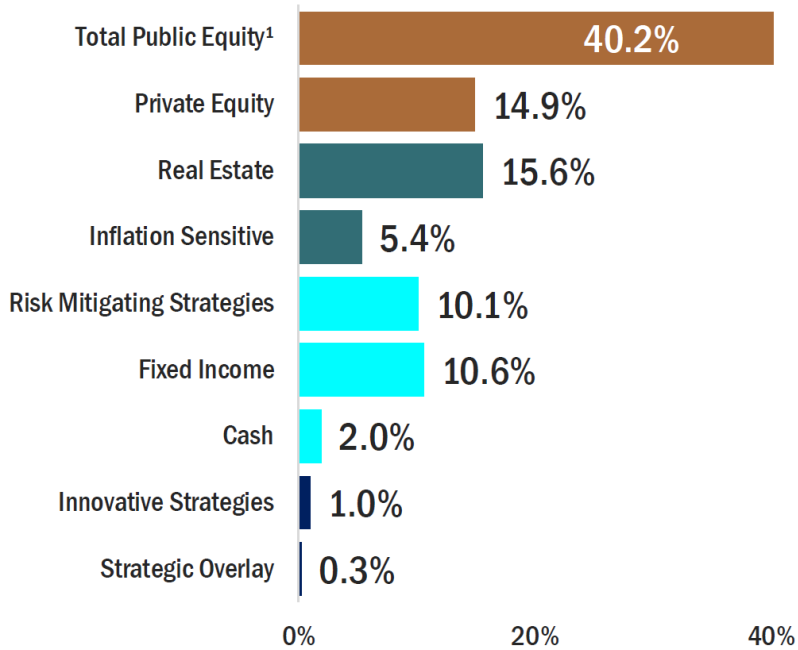
- Bull Market +9.2%
- Fund grows to \$327 all-time high
- Solid start to a Fiscal Year

Jan. – June 2022

- Bear market US drops -21%
- Fund drops below \$300 billion
- Fed Raises Interest Rates



Asset allocation - as of May 31, 2022



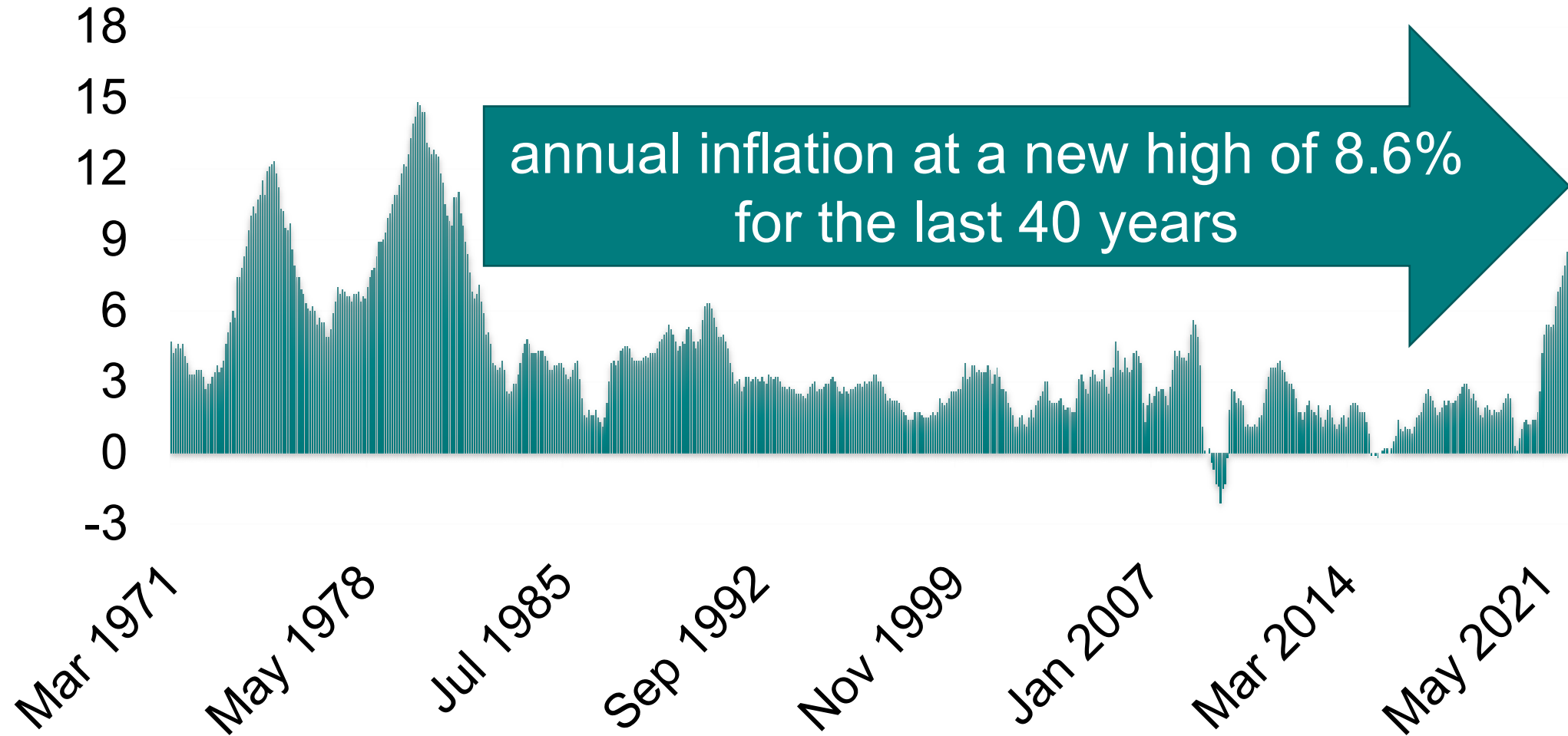
Strategic Classes



¹ Total Public Equity includes the following sub-units: Global Equity, SISS and Innovation GE

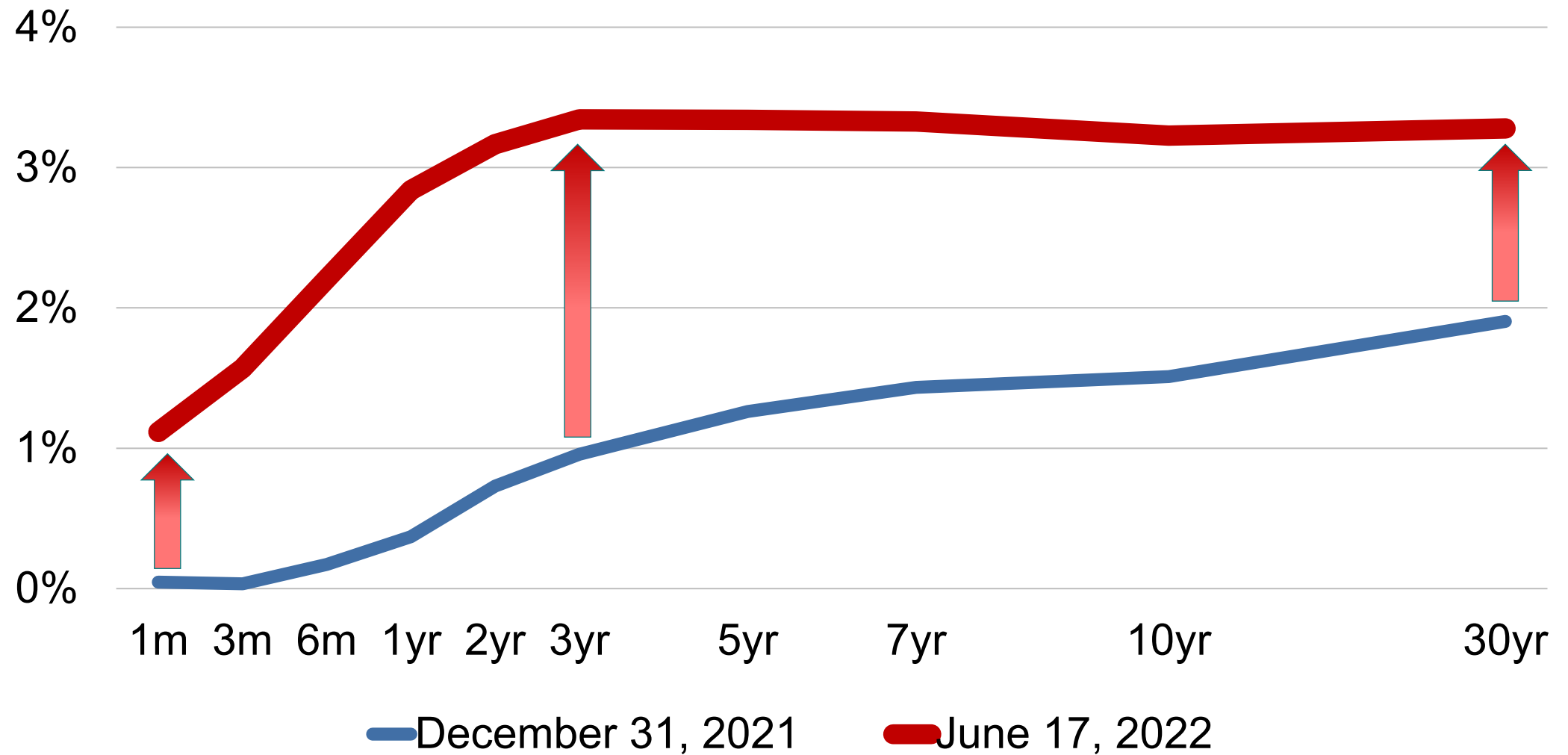
Inflation soaring

U.S. annual inflation in percentage

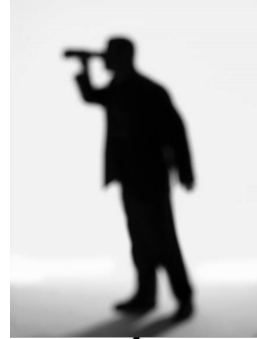


Source: Bloomberg.

U.S. Treasury yield curve



Looking out to the horizon



Key risks to monitor :

- 🚨 Inflation – 7- 8% annualized
- 🚨 Central Bank Policy – Fed, ECB, BoJ, BoE tightening mode
- 🚨 Fed to raise rates +75 again

Positives:

- ⚙️ Strong labor market
- ⚙️ Solid Corporate Balance sheets

Uncertainties :

- 🕷️ How long will the Fed raise rates?
- 🕷️ Will it take a recession to slow inflation?

Inevitable surprises

- 🚨 Climate extremes
- 🚨 Domestic Terrorism
- 🚨 Digital Virus - Cyber attacks
- 🚨 Income inequality
- 🚨 Social unrest / protests
- 🚨 Global Pandemic – biological virus
- 🚨 Russia / Ukraine
- 🚨 North Korea, Iran aggression
- 🚨 China & Taiwan tensions
- 🚨 Earthquakes
- 🚨 Space junk / Near Earth objects
- 🚨 **U.S. & Global Energy transition**



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HOW WILL YOU SPEND YOUR FUTURE ?