
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: +1.4%
- (Ann.) Infrastructure Benchmark: +5.42%
- (FYTD) Bloomberg Commodity Index: +20.13%
- (FYTD) US TIPS Index: +4.70%

CalSTRS Portfolio Allocation:

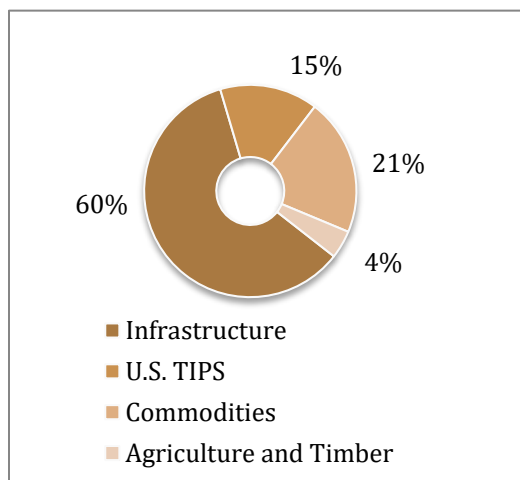
- Long-term Target: 6% of the overall CalSTRS portfolio
- Currently 3.6% of the overall portfolio

US CPI has continued to advance throughout 2020 after the initial dip to a low of 0.1% in May 2020 from Covid-19 linked economic concerns. Financial markets have recovered and are moving to new highs. The Infrastructure benchmark has returned 5.42% annualized through December 2020 and the US TIPS Index is up a respectable 4.70% through the fiscal year. Commodities were down double digits in the first quarter of 2020 and have recovered most of that loss and are up just over 20% on a fiscal year basis. Commodities are the most volatile part of the Inflation Sensitive portfolio and will benefit from a quickening pace of the economy and concern around a variety of commodity types going forward. Projections are for a slight increase in inflation above the Federal Reserve Board's 2% target. We do see the possibility for slightly higher CPI numbers in the coming months and years but nothing that indicates inflation is out of control. There will be scares along the way and supply concerns in certain commodities, but we expect to take advantage of those by increasing our commodity exposure. We currently sit at 3.6% of the overall portfolio and are moving towards our 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



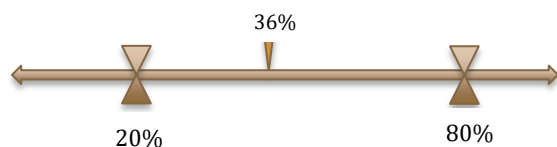
Portfolio Value as of December 31, 2020

Asset Type	Market Value (\$)	Committed Amount (\$)
U.S. Treasury Inflation Protected Securities	1,561,495,389	--
Infrastructure*	5,981,608,147	9,824,529,484
Commodities	2,110,698,620	--
Agriculture and Timber*	431,990,445	550,000,000
Total	10,085,792,601	10,374,529,484

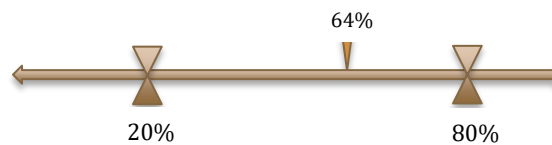
*Market value based on Q3 pricing

Current Allocation

Public Inflation Sensitive Assets



Private Inflation Sensitive Assets



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