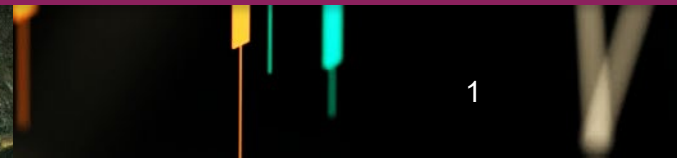




CALSTRS



CalSTRS Investment Portfolio Governance Overview



Governance structure overview

Governance documents (86)	Ownership
Investment beliefs (1)	Board/IC
Investment Policy Statement (1)	Board/IC
Asset class policies (9)	Board/IC
Program policies (10)	Board/IC
Internal committees (15+)	Management
Investment & administrative guidelines (34+)	Management
Risk and control (16)	Management

*as of December 2025

Investment policy statement

Sections

- Governance and oversight
- Investment objectives and measurements
- Investment risk
- Portfolio structure



Approved parameters

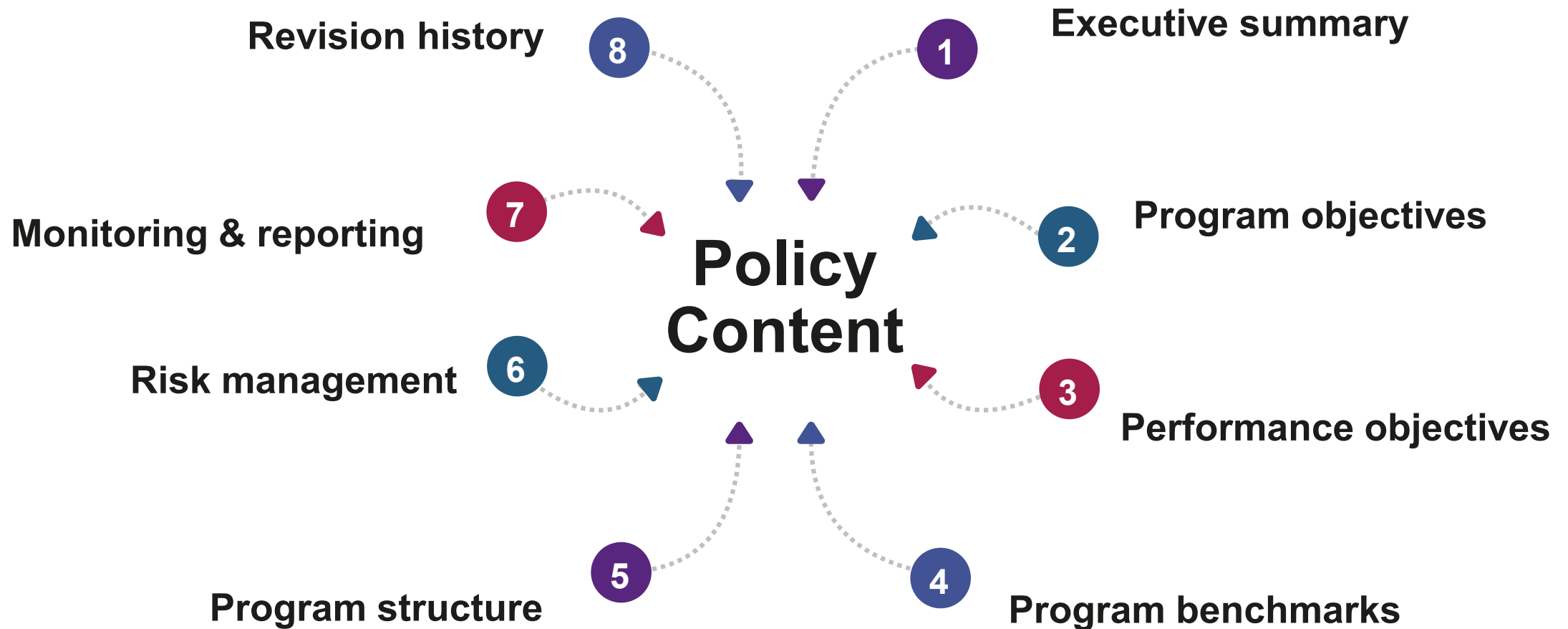
- Delegation
- Asset allocation
- Benchmarks
- Risk parameters
- Qualitative mandates

Approved parameters



Delegation to CIO	Delegation to trade in public markets and private markets: 10% of a public market portfolio, currency management and up to \$1.5B outgoing cash for private assets
Asset allocation Long-term targets	Long term asset allocation targets and bands with step change intervals based on the ALM study
Benchmarks	4 Total Fund Benchmarks; ~29 Asset Class and Program Benchmarks
Liquidity, leverage and risk	10% of Total Fund leverage; qualitative and quantitative liquidity and risk parameters
Private asset class deal size	Deal size and scale parameters based on investment type (co-investments, funds etc.)
Concentration limits	Single security and program level concentration limits
Sub asset class targets	Sub asset class target allocation (Commodities, Trend Following, Global Macro etc.)

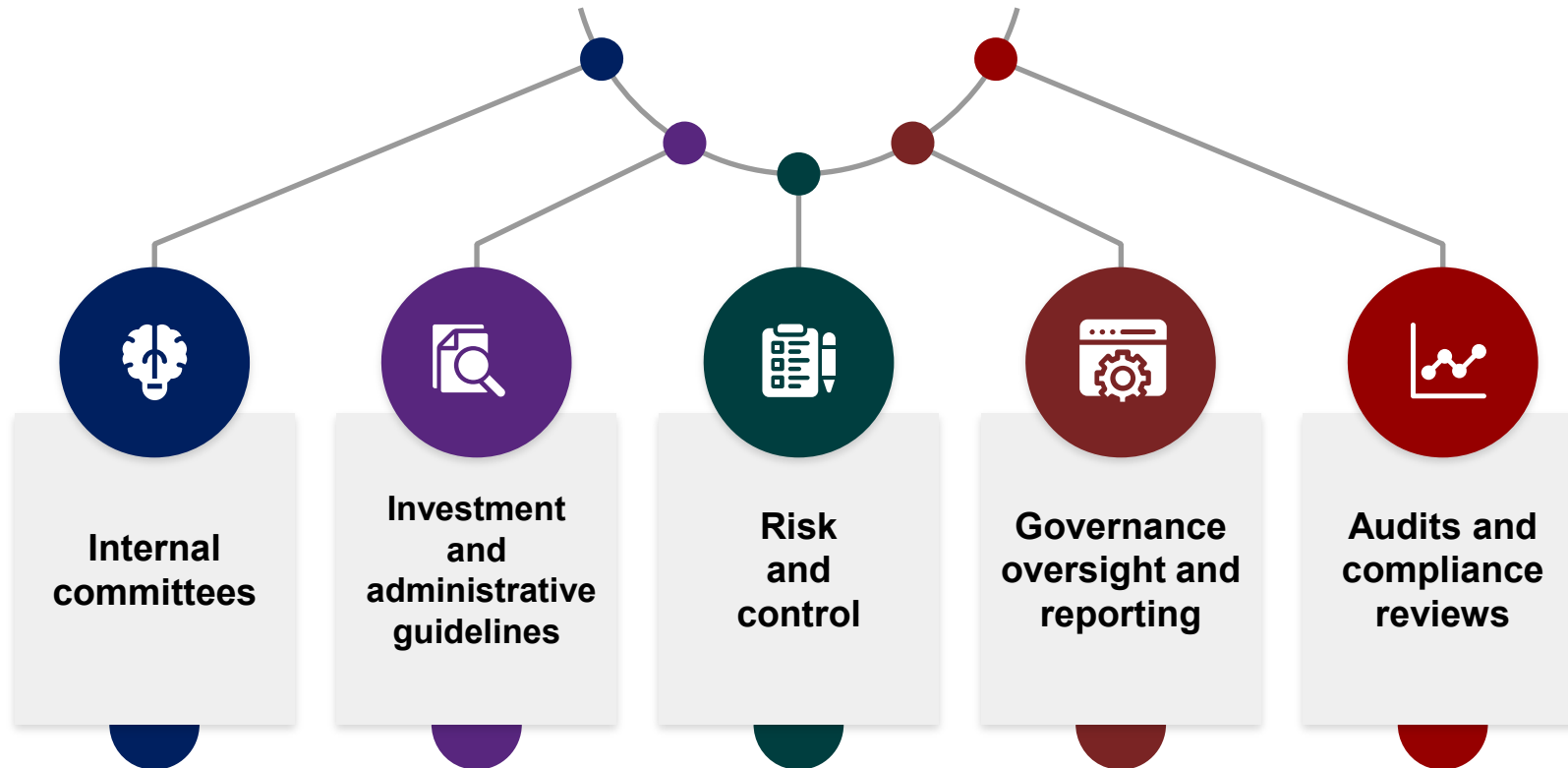
Asset class policies



Program policies



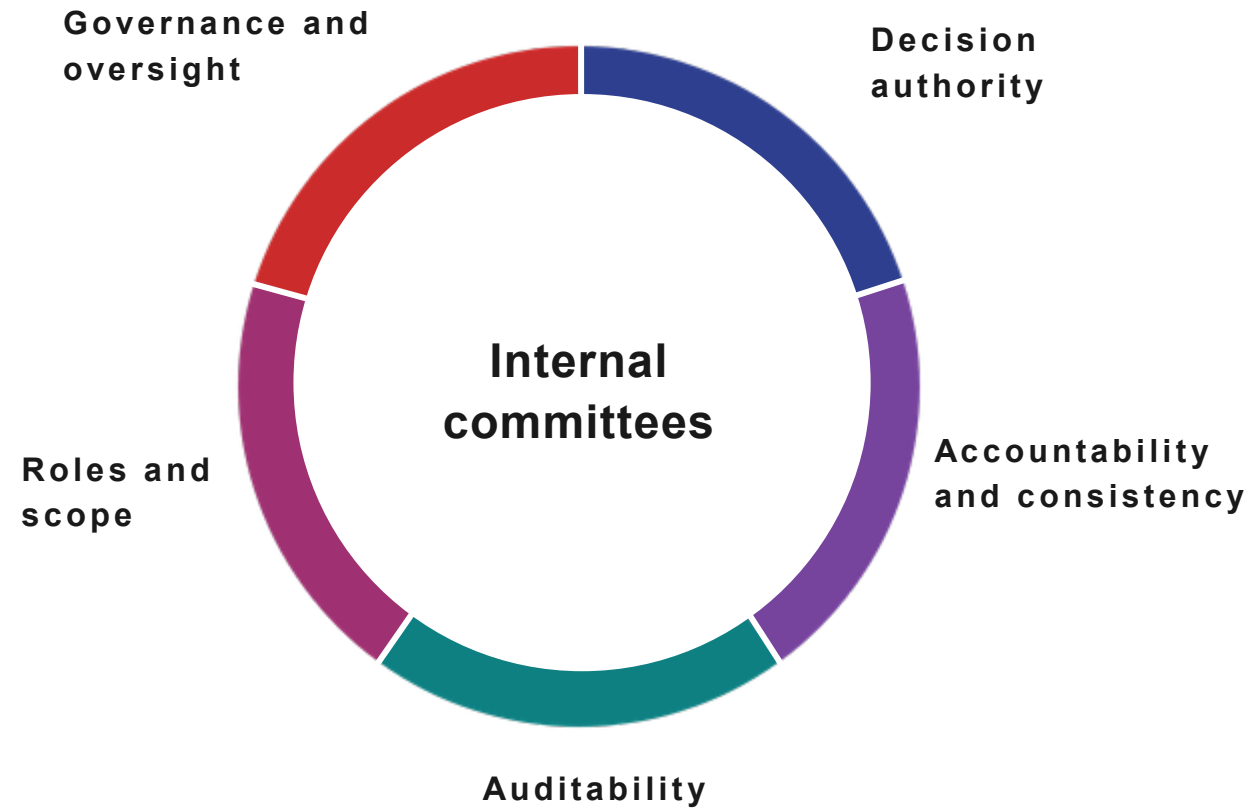
Internal governance framework



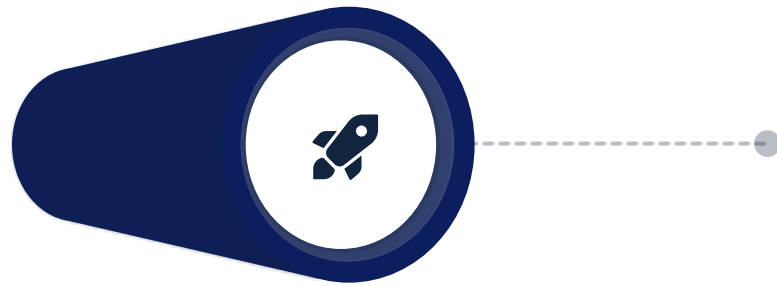
Internal committees

(examples)

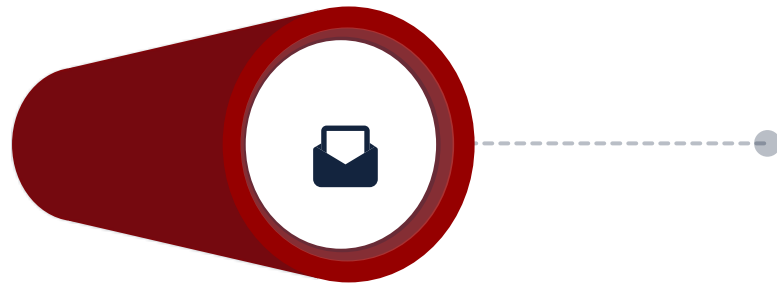
- Pacing
- Liquidity
- Risk allocation
- Investment technology and data governance
- Enterprise committees



Investment and administrative guidelines



- 1 Guidance that take policies into repeatable actions



- 2 Portfolio management guidelines and Investment Services functions



- 3 Further define risk parameters

Risk and control

1

Risks

Assessment for each asset class and Investment Services

2

Controls

Each risk is mitigated with actions based on roles and responsibilities

3

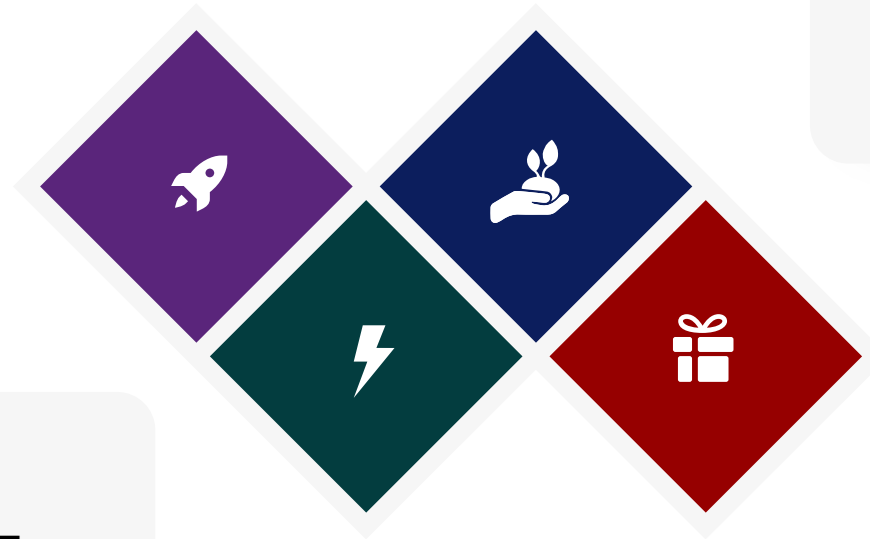
Risks

Changing environment = potential new risks

4

Controls

Ensure readiness for streamlined operations



Oversight and reporting

Board reporting

Management reporting

Risk reporting

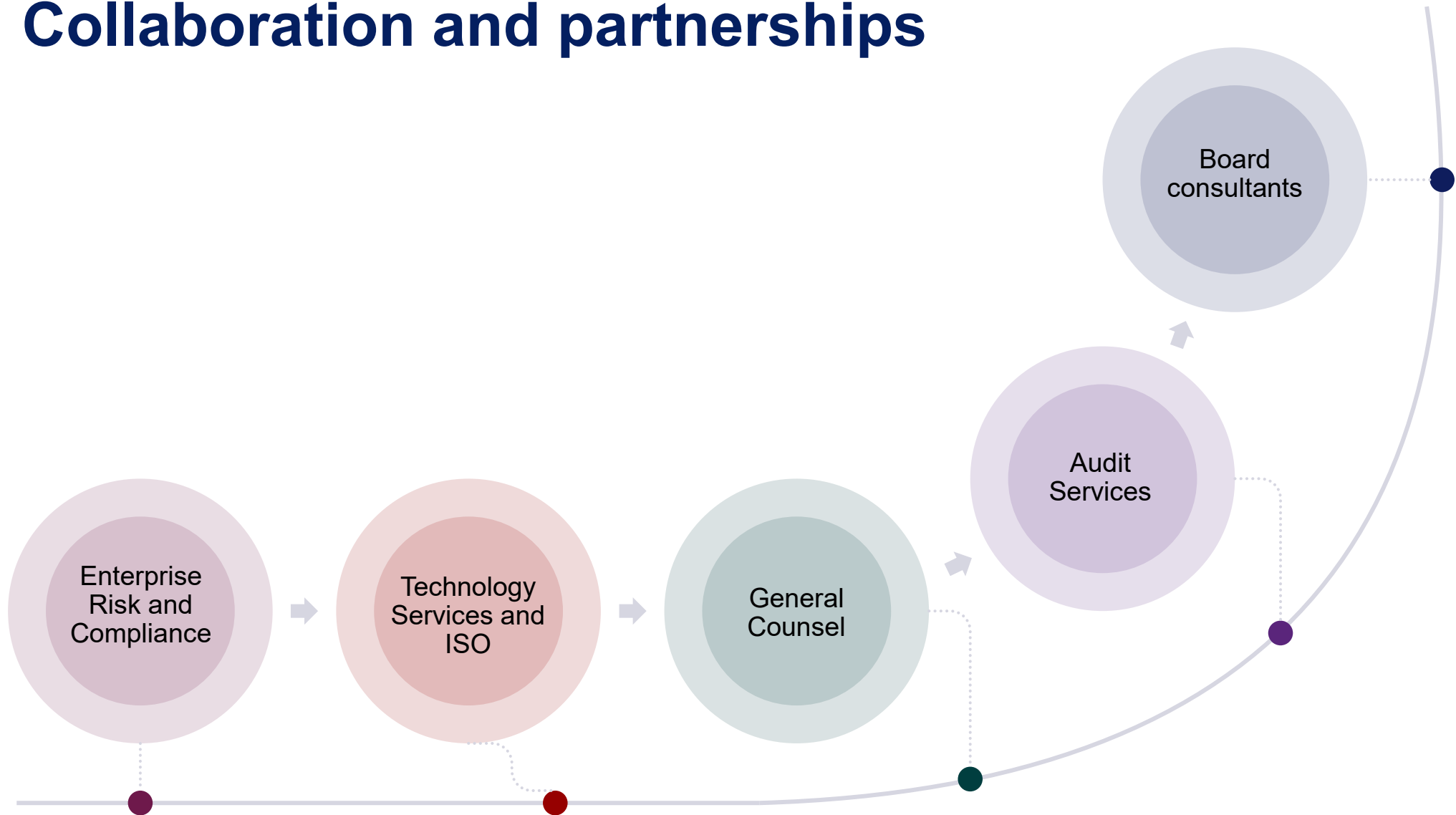


Policy oversight

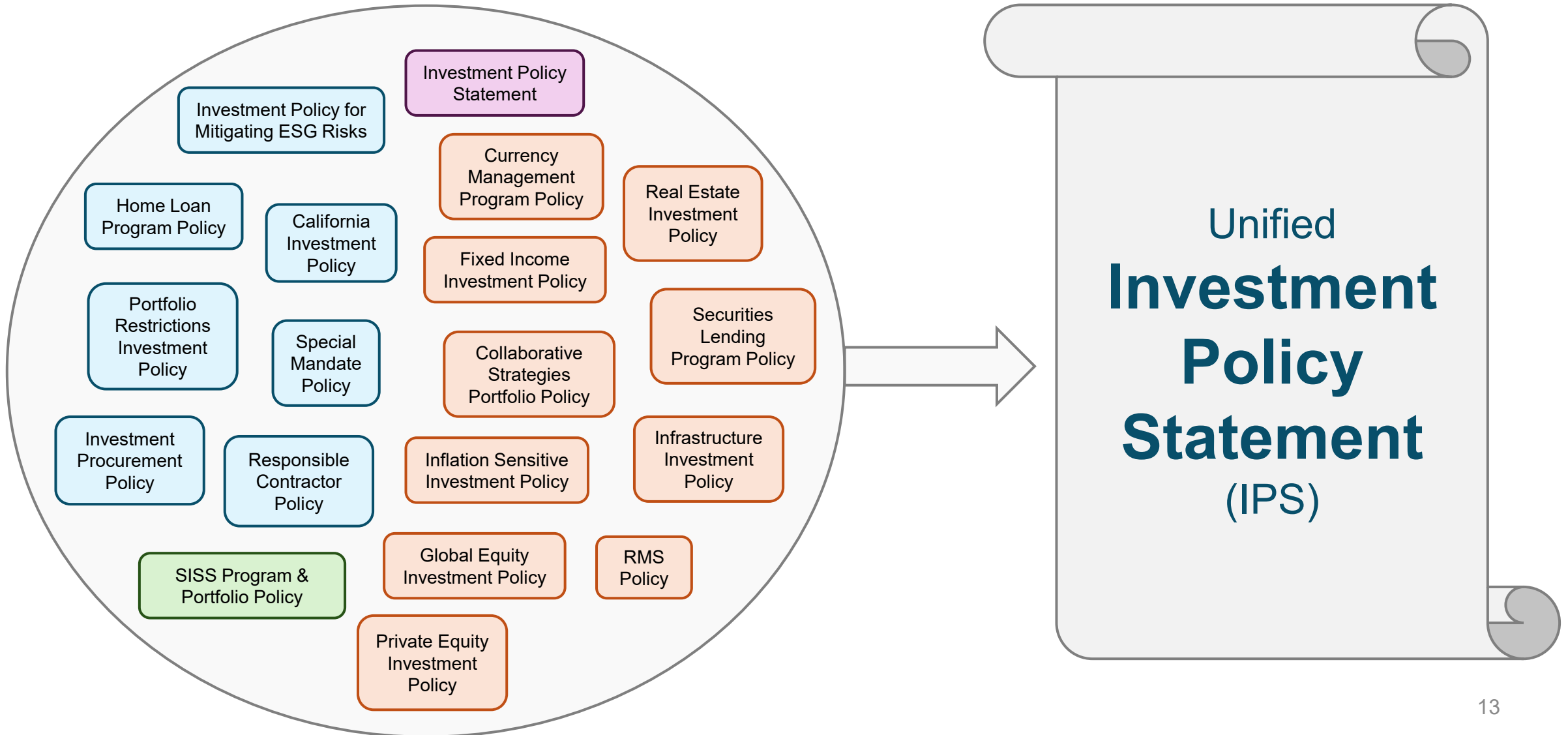
Program oversight

Manager, partners,
broker oversight

Collaboration and partnerships



Policy consolidation



Why IPS unification?

- Single source of truth for Total Fund oversight
- Reduce operational and oversight risk
- Simplify governance for coming changes

(committee structures, delegations, benchmarks, etc.)



Timeline

