

**CALSTRS**

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM



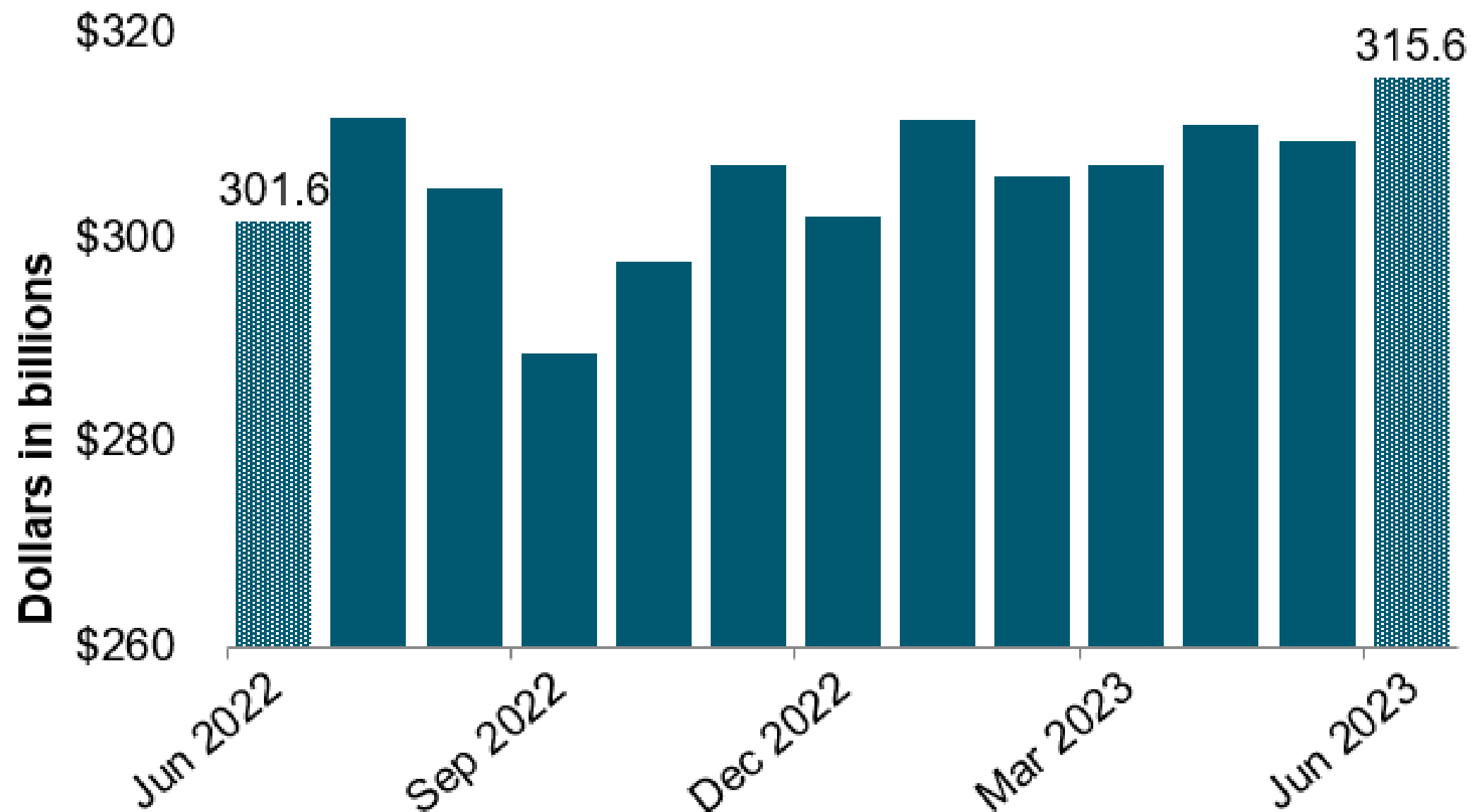
# Chief Investment Officer Report

July 2023 Board Off-site

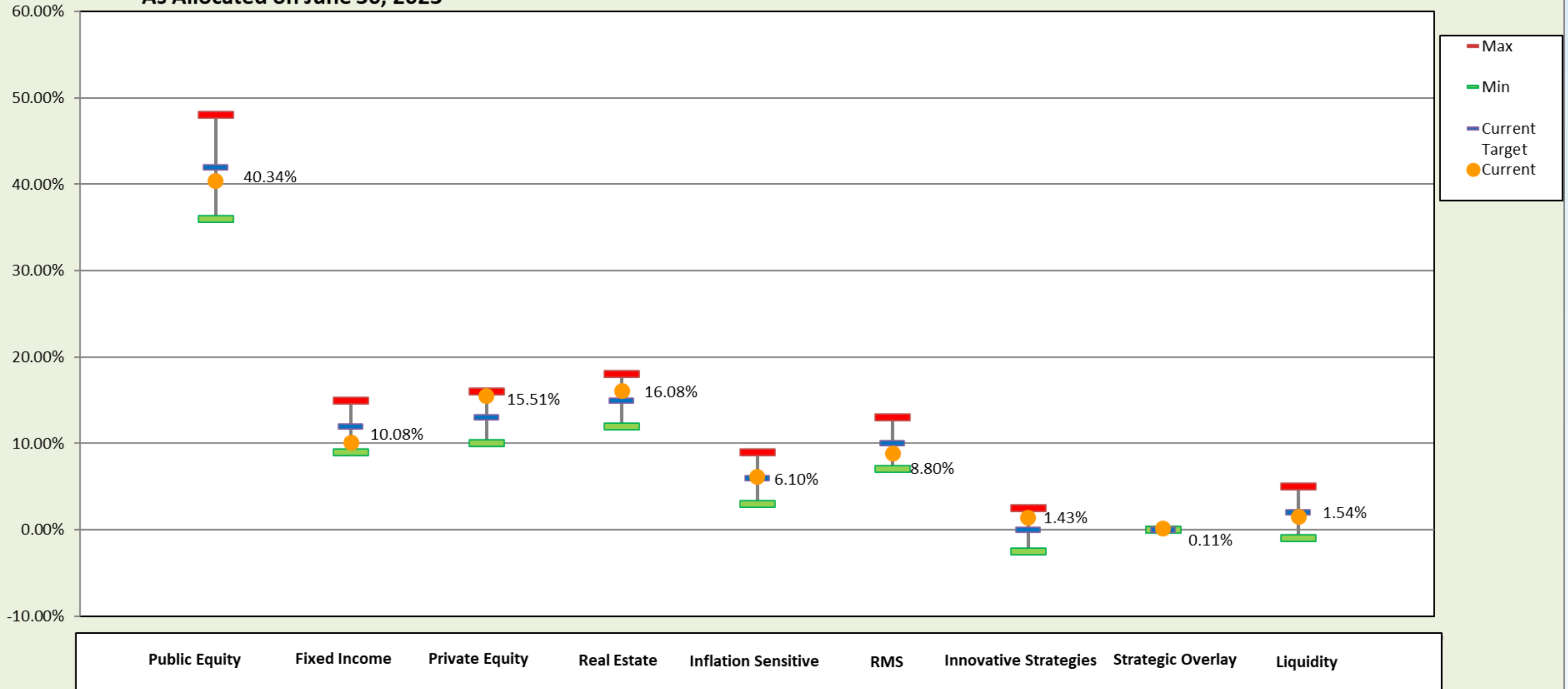
# Estimated FY 22/23 investment returns

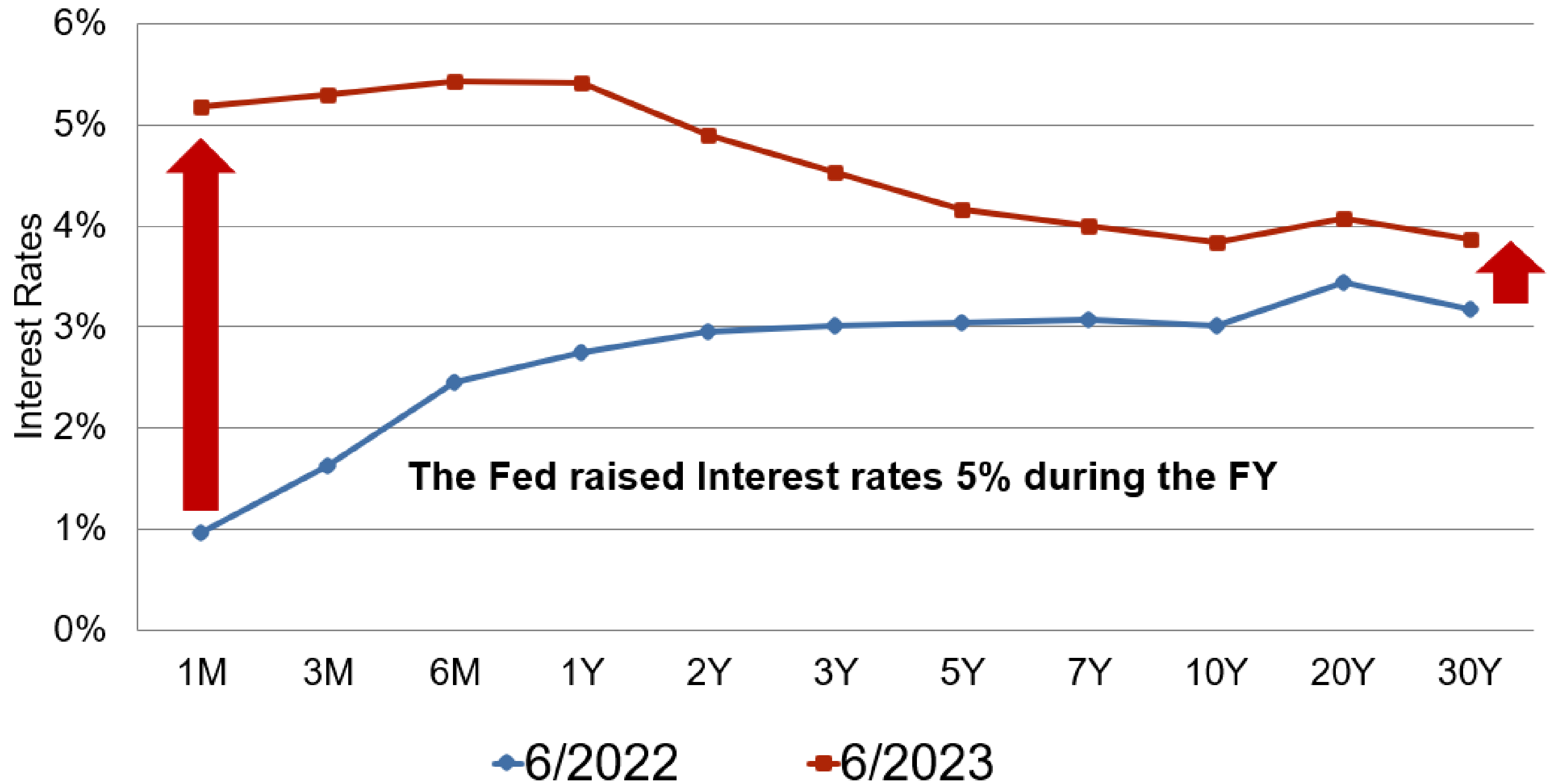
Time Period	Net Return
<b>FY 22-23</b>	<b>6.3%</b>
<b>3 Year</b>	<b>10.1%</b>
5 Year	8.2%
10 Year	8.7%
30 Year	7.8%

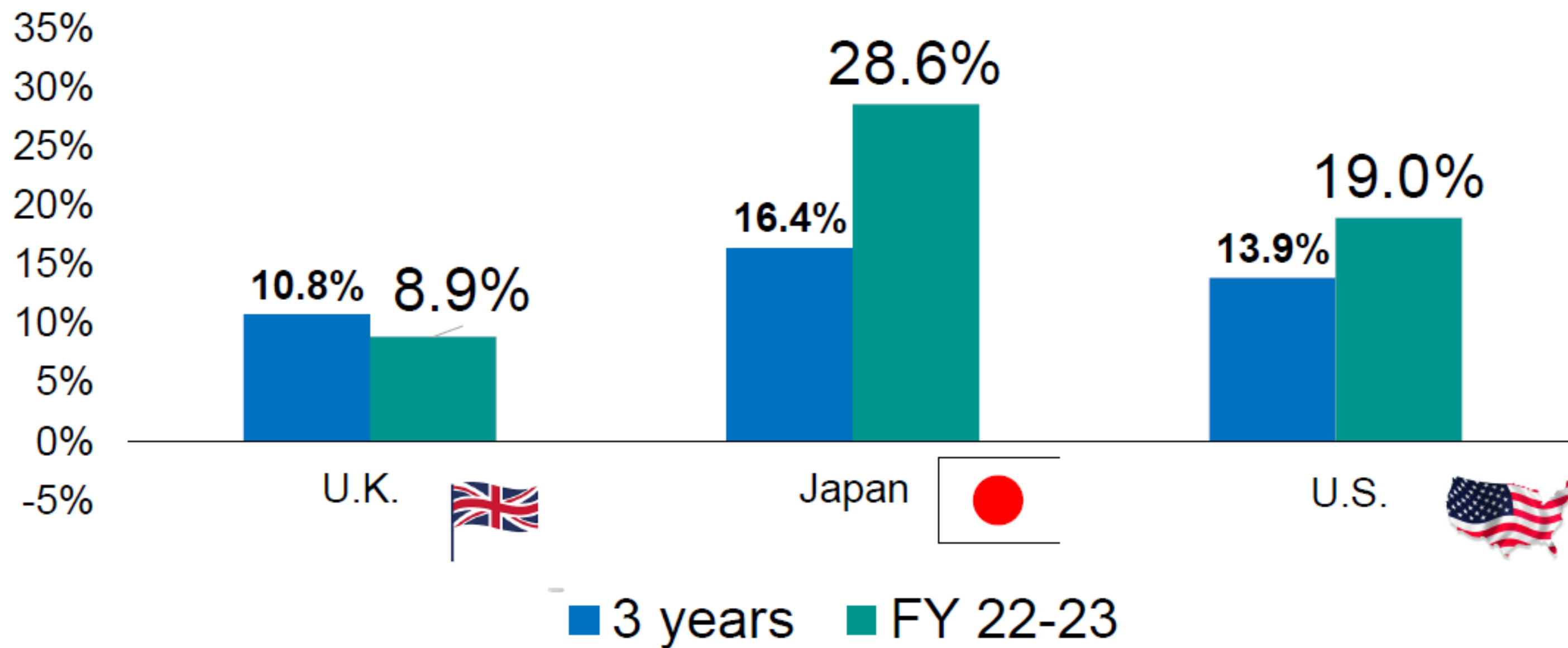
**June 30,  
2023  
assets  
\$315.6 bil.  
est.**



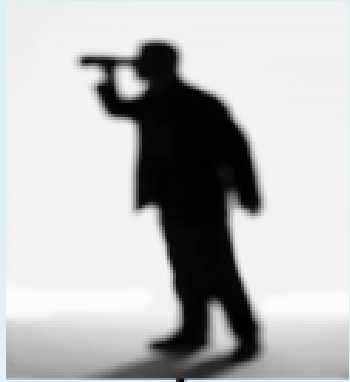
As Allocated on June 30, 2023







Returns as of June 30, 2023 for Russell 3000, NIKKEI, and FTSE.



## Looking out to the horizon

### Key risks to monitor :

- 🚨 Inflation – Slowing but still 3-4%
- 🚨 Fed to raise rates again?

### Uncertainties :

- Will the Fed “PAUSE”? *Soft landing?*
- Mixed Economic signals everywhere

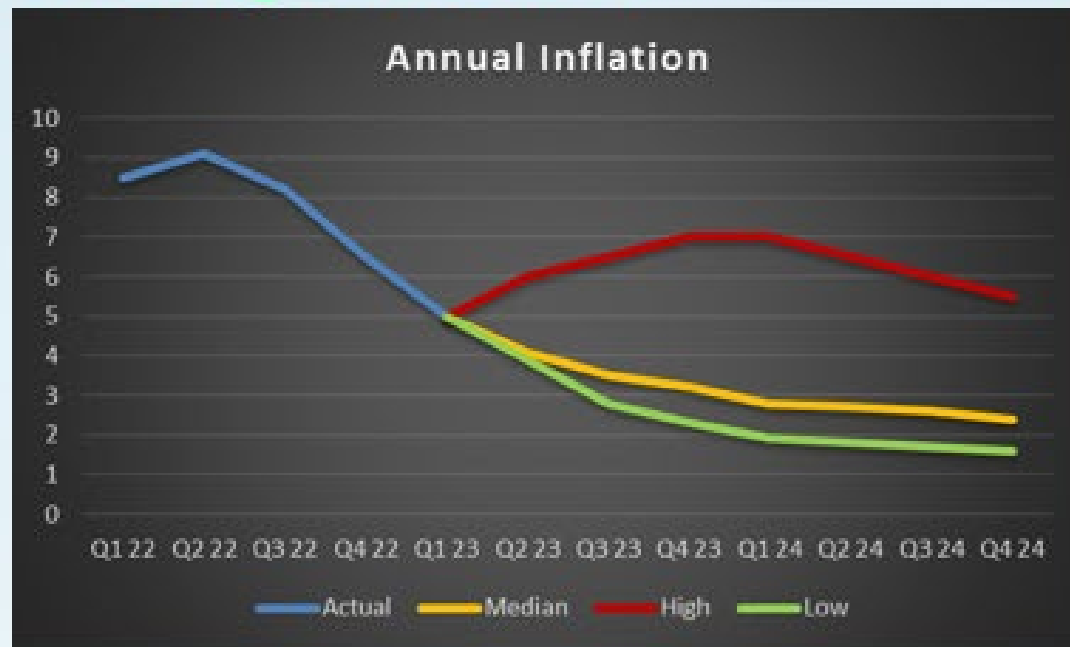
### Positives:

- 👉 *Labor market - steady*
- 👉 *Consumer spending*

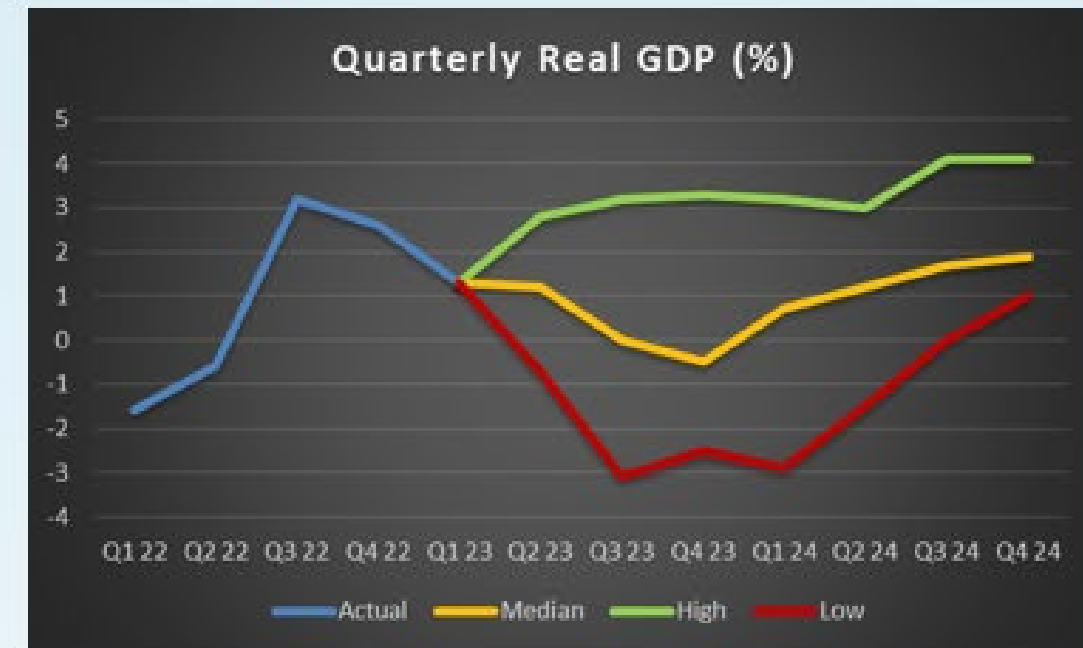
*Economists STILL predict a  
Recession in the two quarters.*



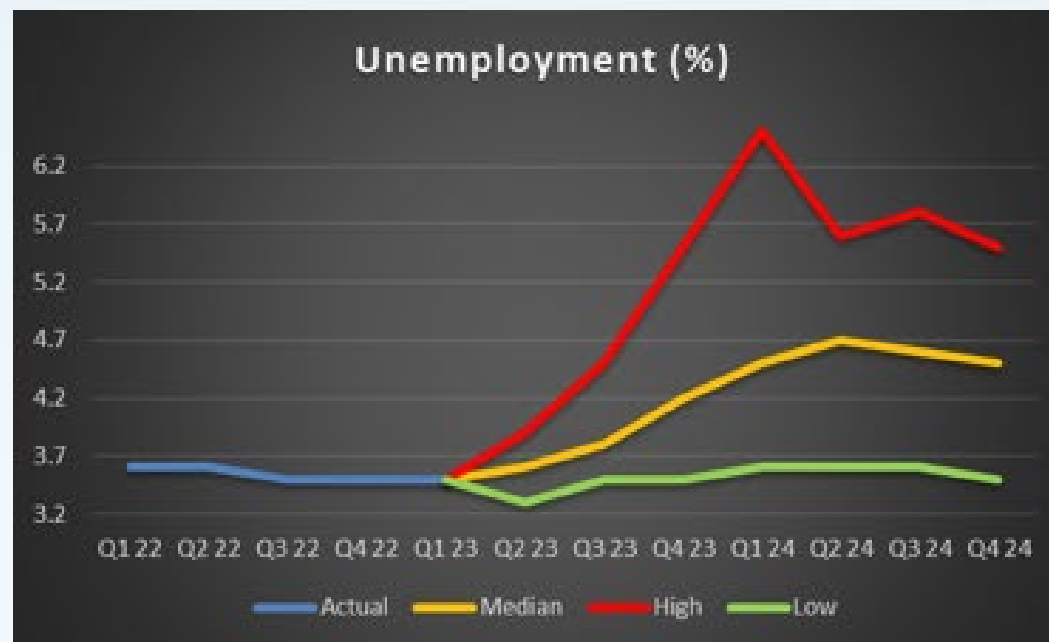
## •Cooling inflation



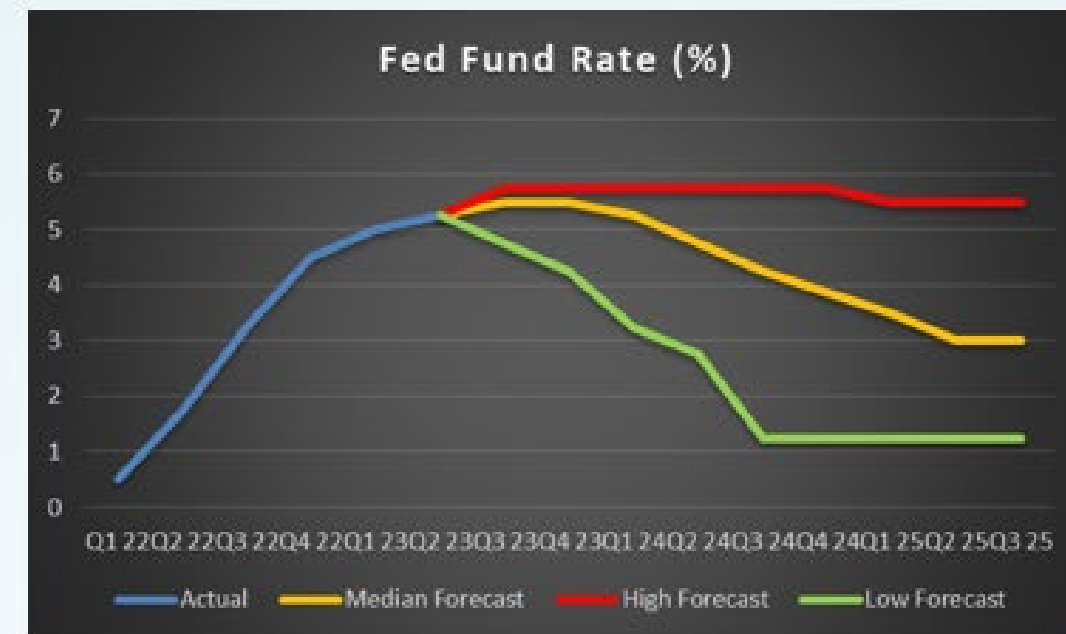
## •Lower growth



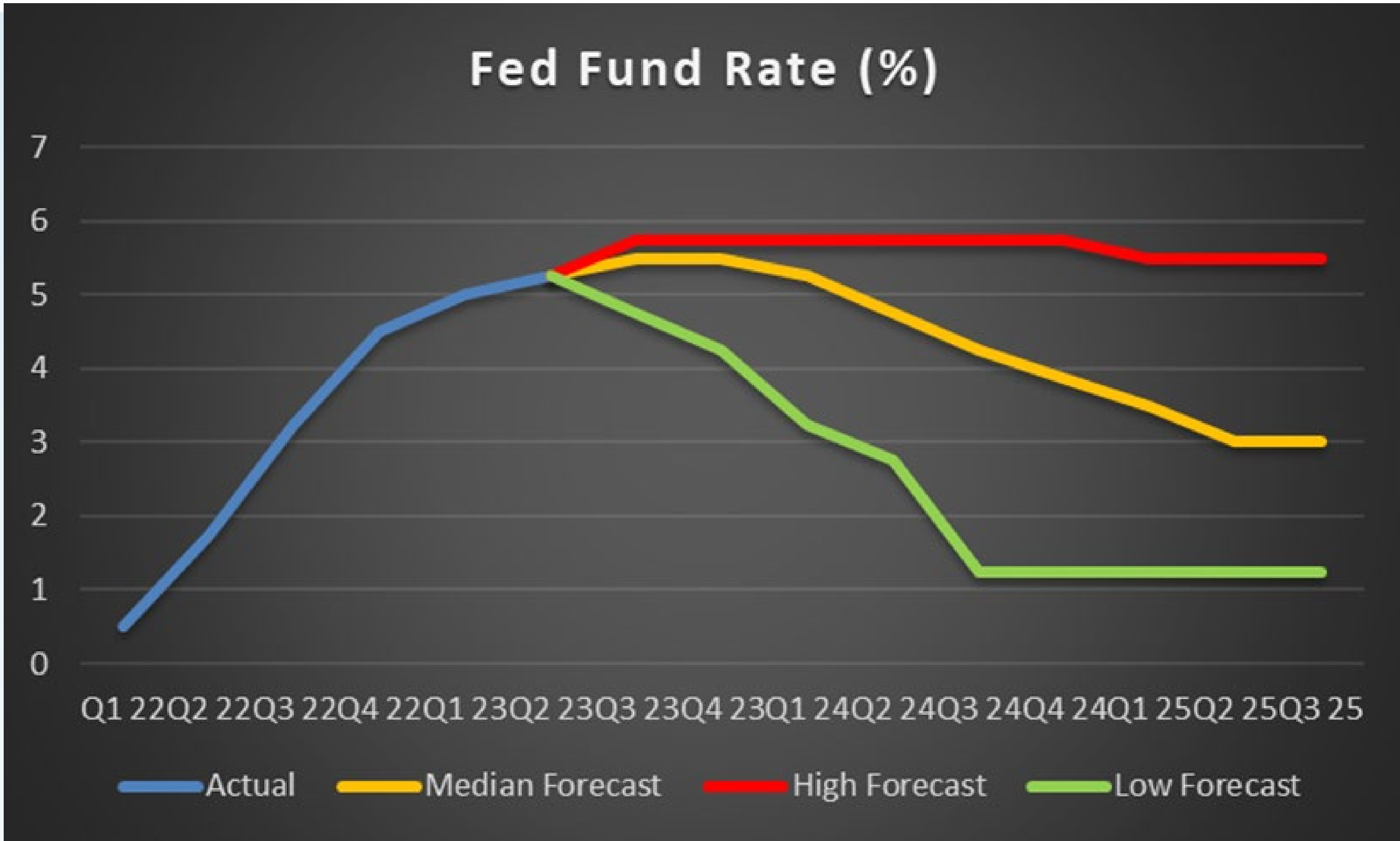
## •Rising unemployment



## •The Fed is almost done hiking







## Inevitable surprises *(Range from high to low likelihood, but potential of very high impact)*

- 🔔 Climate extremes
- 🔔 Digital virus / cyber attacks \*
- 🔔 Biological virus
- 🔔 Income inequality
- 🔔 Domestic terrorism or extremism
- 🔔 Earthquakes — South San Andreas Fault
- 🔔 U.S and Global Energy Transition
- 🔔 Russia / Ukraine\*
- 🔔 North Korea / Iran aggression \*
- 🔔 China / Taiwan / U.S. tensions \*
- 🔔 Lethal drones – micro drones \*
- 🔔 Space junk / near Earth objects

The logo for CALSTRS, featuring the word "CALSTRS" in a large, orange, serif font. The letters are closely spaced, and the "T" has a distinctive shape with a horizontal bar. The background of the slide includes a blue horizontal bar at the top, a green vertical bar on the right, and a teal vertical bar at the bottom right.

HOW WILL YOU SPEND YOUR FUTURE?

[www.CalSTRS.com](http://www.CalSTRS.com)