



CALSTRS®

FY 2022-23 Investment Office Business Plans
And the 10-Yr Financial Plan

FY 22-23 Business Plans

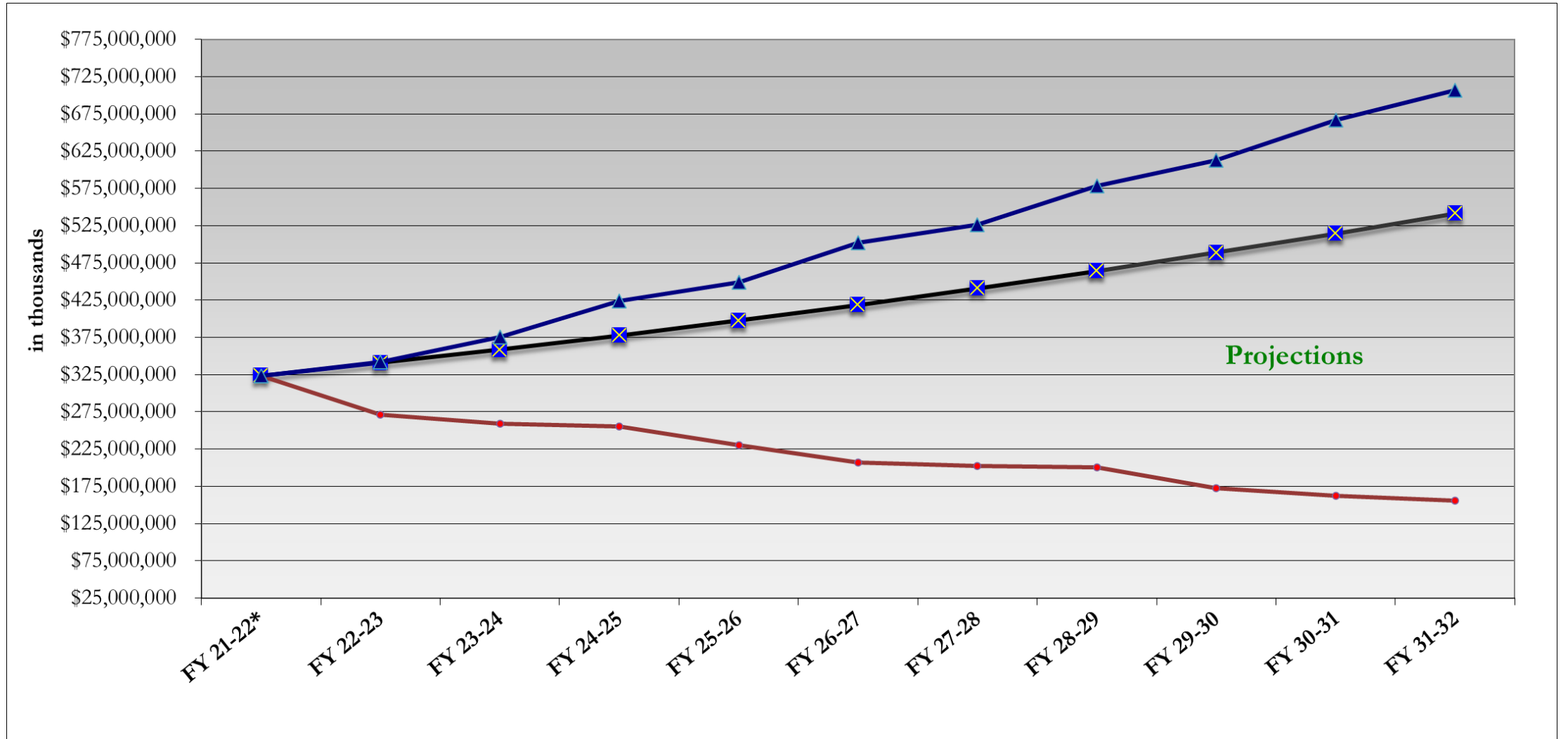
- Earn 7% on average over 20 years
- Beat our benchmarks over 3 years
 - Keep costs down – Collaborative Model 2.0
 - Achieve Net Zero GHG Portfolio by 2050
 - Expand the diversity of the management of assets

Focus on our long-term goals

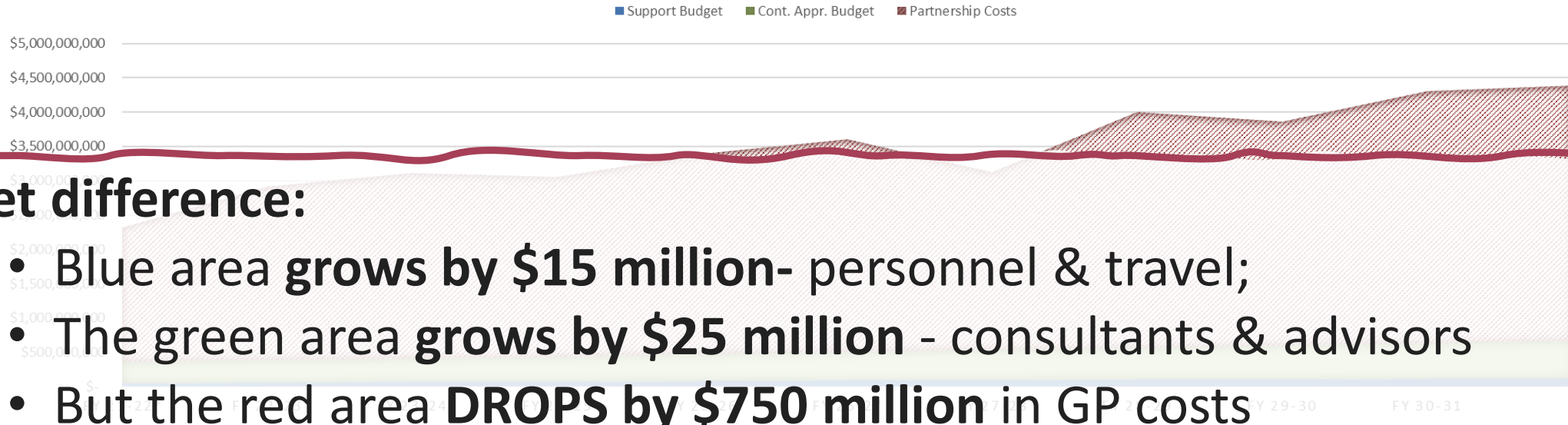
Uncertain future

- The Trust Assets may grow to as much as \$550 billion in the next 10 yrs.
- Complexity of the investments and structures are expected to continue to expand.
- The future work environment and structures will change.
- Costs in the future will rise unless we continue to implement the Collaborative Model.
- Collaborative Model 1.0 already is saving close to \$300 million per year in fees.
- Collaborative Model 2.0 and eventually 3.0 have the capacity to more than double the annual savings.

Potential growth of assets



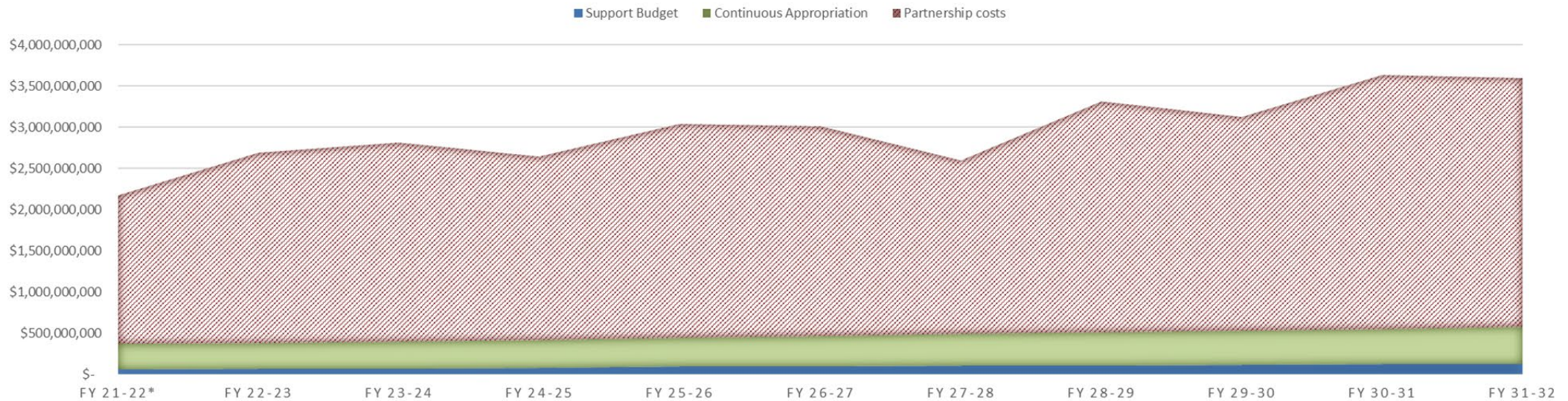
EST. INVESTMENT PORTFOLIO COSTS - 2022 STRUCTURE FORWARD



Net difference:

- Blue area grows by \$15 million- personnel & travel;
- The green area grows by \$25 million - consultants & advisors
- But the red area **DROPS** by \$750 million in GP costs

EST. INVESTMENT PORTFOLIO COSTS - COLLABORATIVE MODEL



Difference in status quo and Collaborative Model 2.0

- Grow the Private Equity Co-Investment Portfolio
- Expand the ownership of Real Estate Operating Companies, REOC's
- Develop collaborative structures in the private SISS portfolio
- More Collaborative Model structures in Infrastructure
- Expand some of the internal management of assets, GE, FI, RMS
- Equity and Co-Investment opportunities in the Innovation and potential Opportunistic Portfolio

Potential net fee savings in excess of $\frac{3}{4}$ ths billion per year

Milestones / challenges

- Continue to attract and retain staff with investment banking / direct investment skills. Policy of Competitive Pay
- Opportunity set of co-investments, REOCs, and collaborative structures
- Risk and legal oversight
- Technology for reporting and accounting on private and complex structures
- More control and more oversight and larger risks
- All this, while pulling off the massive global energy transition