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# Investment Committee Semi-Annual Activity Report

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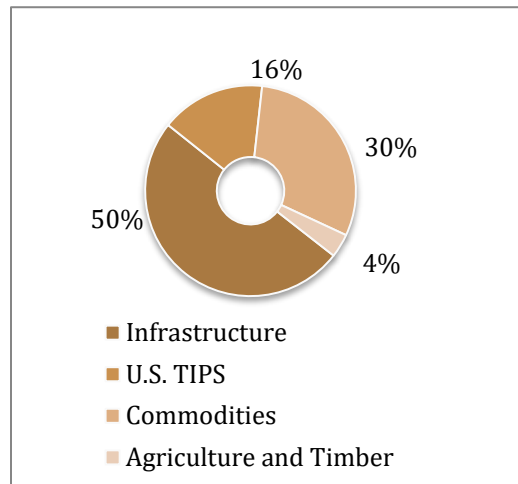
| 6. Inflation Sensitive

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INFLATION SENSITIVE PROGRAM SUMMARY

<p><b>Market Indicators:</b></p> <ul style="list-style-type: none"> <li>(YOY) US CPI: +9.1%</li> <li>(Ann.) Infrastructure Benchmark: +12.85%</li> <li>(FYTD) Bloomberg Commodity Index: +23.81%</li> <li>(FYTD) US TIPS Index: -5.41%</li> </ul> <p>US CPI has continued to advance throughout 2022 to a new YOY level of 9.1%. Inflation has remained stubbornly high and will continue to be the number one topic of economic conversation for the rest of this year and into next year. There is a justifiable concern that inflation expectations will remain elevated thus crystallizing in the minds and pocketbooks of many, persistently higher levels of inflation than in the past. The rate of increase in inflation has been rapid, it is certainly unclear if inflation expectations will recede as rapidly in the other direction as economic growth slows. We expect inflation to begin to moderate by the end of 2022 and into 2023 to around 4% longer term as demand normalizes, supply disruptions are resolved, and the Federal Reserve’s rate hikes work to slow economic growth and cool demand.</p> <p>The infrastructure benchmark has returned 12.85% annualized through June 2022 and the US TIPS Index is down -5.41% through the fiscal year. Commodities have returned a very respectable 23.81% over the fiscal year as demand rose in virtually all categories. Commodities are the most volatile part of the Inflation Sensitive portfolio. Commodities will benefit from scarcity, global economic growth, and are viewed as a place where inflationary pressures are first felt in the economy. We currently are at 5.7% of the overall portfolio and are moving towards our 6% total portfolio allocation by the end of 2022 or very early 2023.</p> <p><b>Inflation Sensitive Risk Factors:</b></p> <ul style="list-style-type: none"> <li>Rapid and uncontrolled rise in interest rates</li> <li>Persistent currency volatility</li> <li>Rapid technological advancements in power and transportation industries</li> </ul>	<p><b>CalSTRS Portfolio Allocation:</b></p> <ul style="list-style-type: none"> <li>Long-term Target: 6% of the overall CalSTRS portfolio</li> <li>Currently 5.7% of the overall portfolio</li> </ul>
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Inflation Sensitive Portfolio Allocation



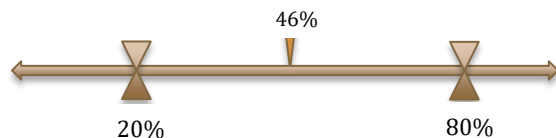
Portfolio Value as of June 30, 2022

Asset Type	Market Value (\$)	Committed Amount (\$)
U.S. Treasury Inflation Protected Securities	2,656,084,972	--
Infrastructure*	8,229,317,968	11,988,471,387
Commodities	4,933,001,252	--
Agriculture and Timber*	594,120,028	875,000,000
<b>Total</b>	<b>16,412,524,220</b>	<b>12,863,471,387</b>

\*Market value based on Q1 pricing

Current Allocation

Public Inflation Sensitive Assets



Private Inflation Sensitive Assets

