

CALSTRS

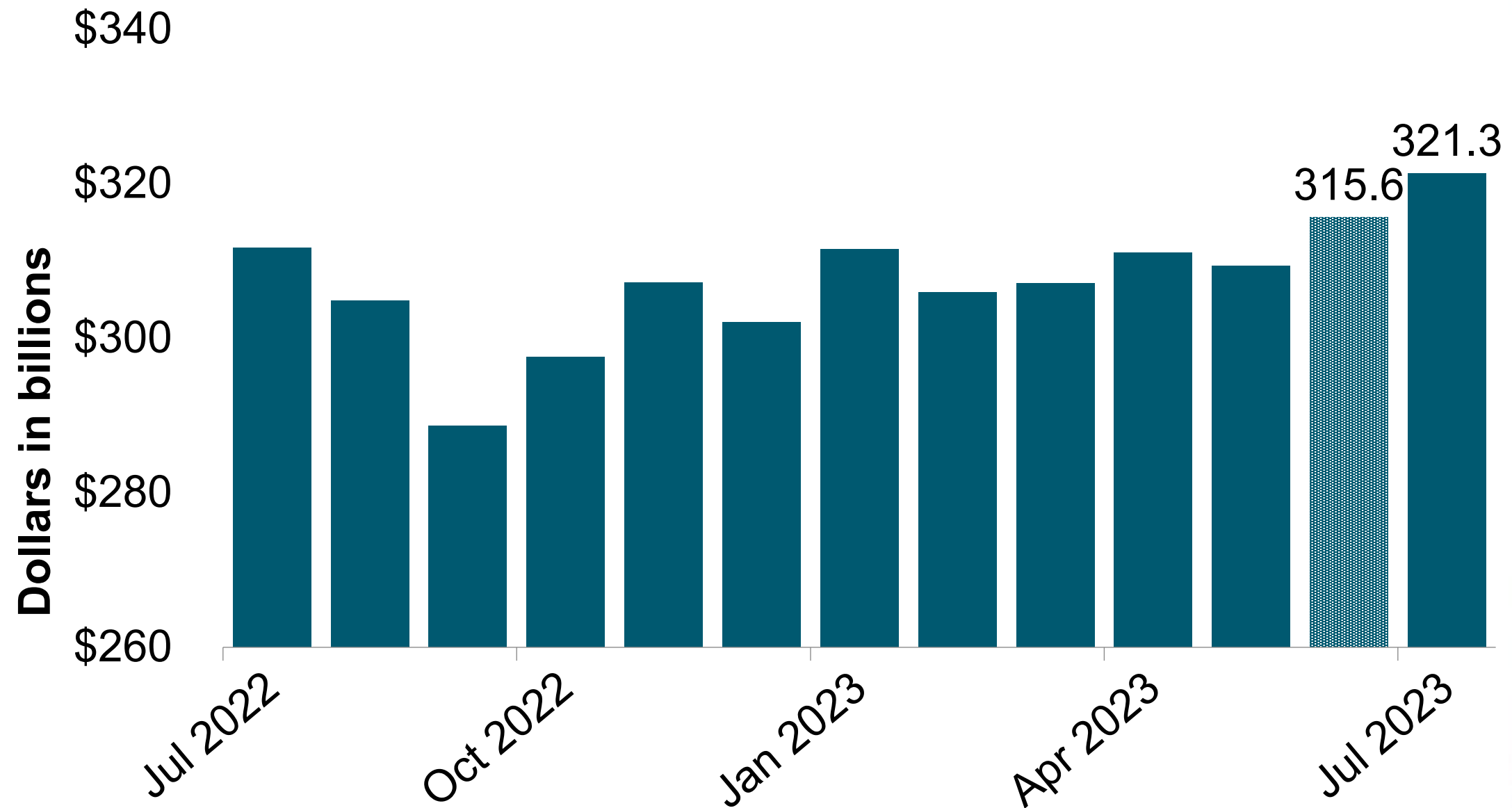
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

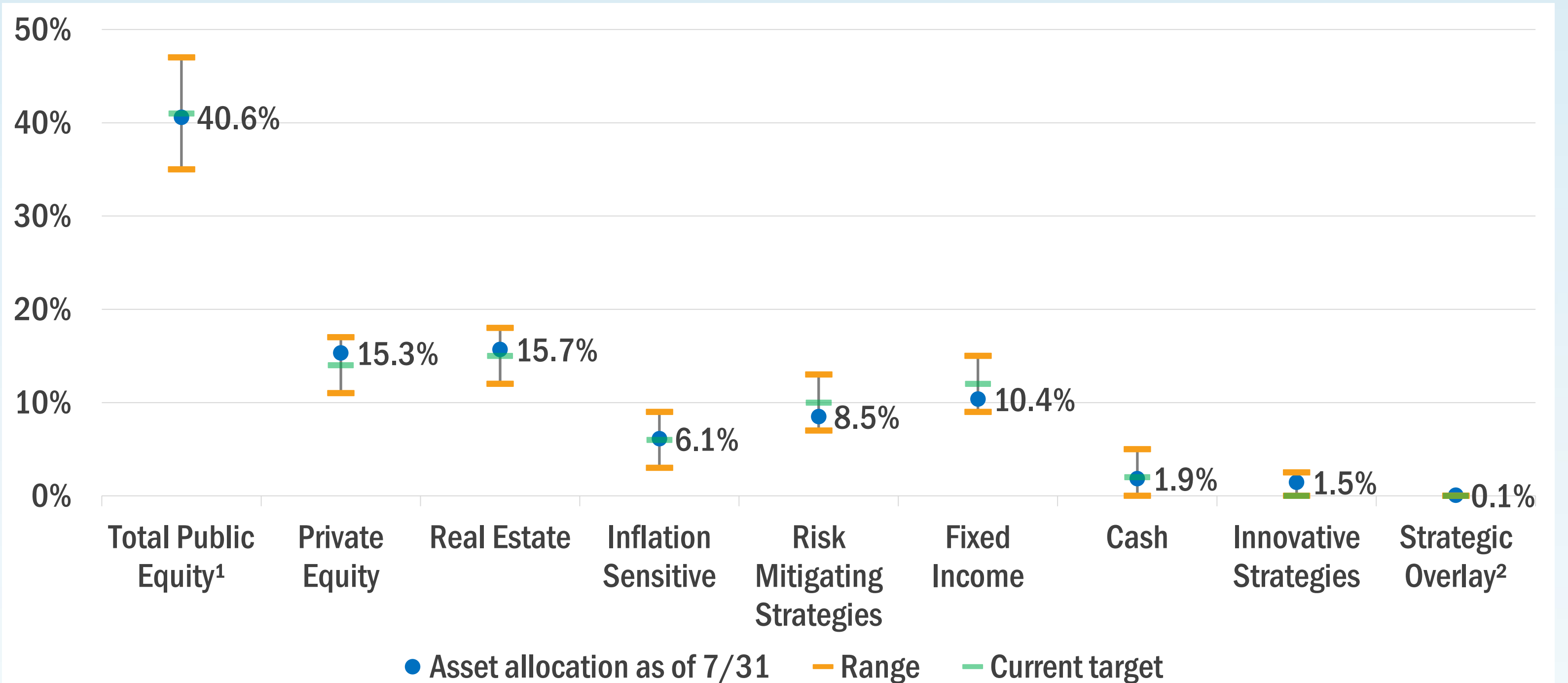


Chief Investment Officer Report

September 2023

**July 31,
2023
assets
\$321.3 bil.
est.**



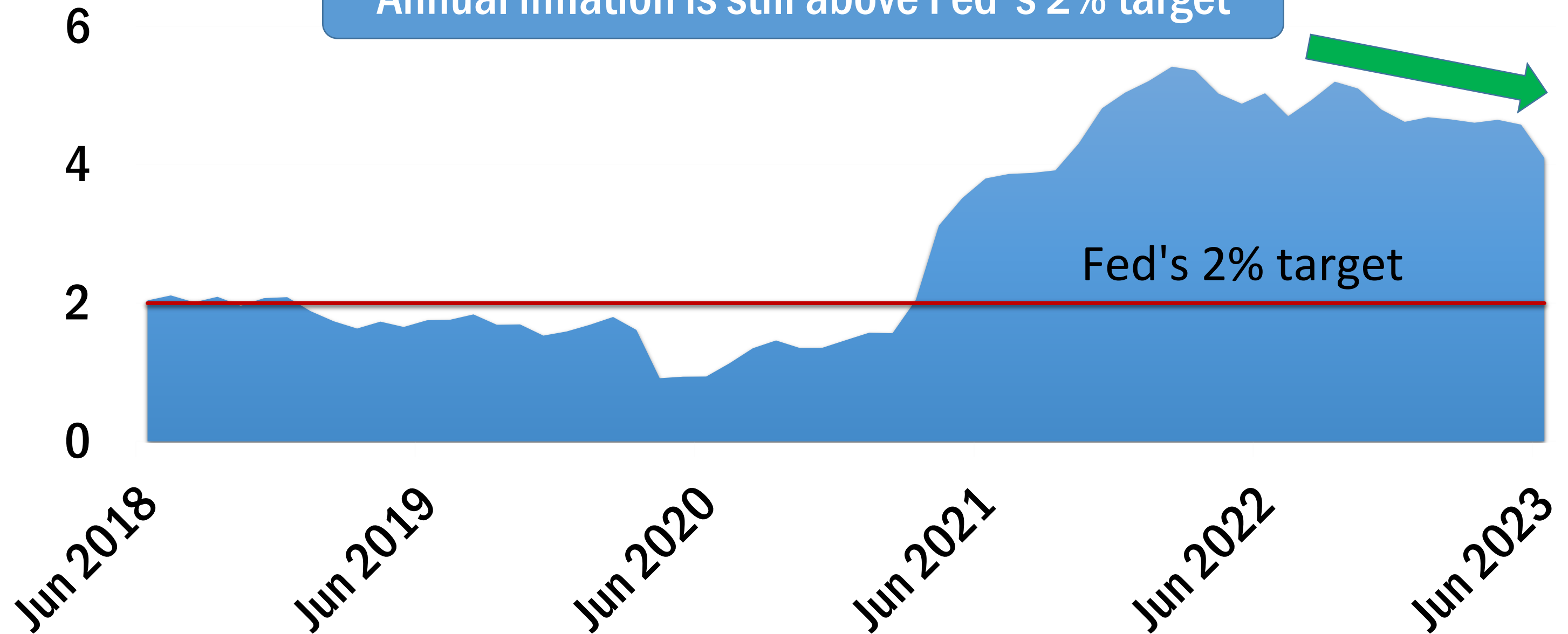


¹ Total Public Equity includes the following sub-units: Global Equity, SISS and Innovation GE

² Strategic Overlay includes Currency and Derivatives Overlay

U.S. annual inflation in percentage

Annual inflation is still above Fed's 2% target



Personal Consumption Expenditures Excluding Food and Energy, also known as Core PCE. Percent change from year ago, monthly, seasonally adjusted.

China growth problems

- **Real estate sector**
- **Challenging demographics**
- **High youth unemployment**
- **Deflation**
- **Debt**





Looking out to the horizon

Key risks to monitor :

- ⚡ Inflation – Slowing but still 3-4%
- ⚡ Fed to raise rates again?
- ⚡ China economy slowing

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.

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, with the "A" and "L" being particularly prominent. The "S" is also large and has a classic serif shape. The "T" is tall and narrow, and the "R" is wide and has a curved bottom. The "S" at the end is also large and has a classic serif shape.

CALSTRS

HOW WILL YOU SPEND YOUR FUTURE?

www.CalSTRS.com