



Investment Committee

Item number 7 – Open session

Subject: Annual Review of Delegation to Staff

Presenter(s): Chairperson

Item type: Consent information

Date and time: September 25, 2024 – 0 minutes

Attachment(s): Attachment 1 – Annual Review of Delegation within Asset Class Policies

Attachment 2 – Annual Review of the CIO’s Approval Limit Delegation to Staff

Attachment 3 – Technical Updates to Investment Policies Resulting from IC Decisions

PowerPoint presentation(s): None

Item purpose

The purpose of this item is to provide the Investment Committee (IC) with an annual comprehensive review of the investment discretion(s) delegated to staff and investment policy updates resulting from IC decisions.

Executive summary

The Investment Committee (IC) delegates certain discretion over investments to staff. The delegation is listed in the individual asset class policies and in the Investment Policy Statement. Attachment 1 memorializes the IC-approved asset class policy changes through fiscal year 2023/24.

This item includes three attachments:

Attachment 1 – Annual Review of Delegation within Asset Class Policies: This attachment summarizes the changes to Investment Policies delegations that were approved by the IC over the fiscal year 2023/24.

Attachment 2 – Annual Review of the CIO’s approval limit delegation to staff: This attachment summarizes the CIO’s delegation to staff over the fiscal year 2023/24.

Attachment 3 – Technical Updates to Investment Policies resulting from IC decisions: This attachment summarizes the fiscal year 2023/24 technical updates to investment policies resulting from IC decisions.

The following updates made in fiscal year 2023/24 are summarized below:

Summary of changes to delegation

1. **Credit Enhancement Policy (CEP)** - The decommissioning of the CEP was approved at the March 2024 IC. The outstanding commitments, transactions, and trading limits outlined for the CEP program were removed (Attachment 2).
2. **Collaborative Strategies (CS) Policy** - The CS Policy was approved at the May 2024 IC and replaced the Innovative Strategies Policy. The CS Policy included Single Investment Allocation authority to the CIO or designee of 1.0% of the CalSTRS Total Portfolio Net Asset Value at month end, calculated using the total commitments as of the investment decision date (Attachment 1).
3. **New Classifications** - As delegated to the CIO from the IC, the trading limits for internally traded securities in the public markets and cash movements were modified to include two new management classifications, Senior Investment Director and Senior Portfolio Manager (Attachment 2).

Background

The Annual Review of Delegation to Staff provides a comprehensive review of the investment discretion(s) delegated to staff as outlined in the Investment Policy Statement and underlying investment asset class policies. There are three types of delegations that govern the Investment Branch.

1. The delegation the Teachers’ Retirement Board gives to the CEO located in the Board Governance Manual;
2. The private asset commitment and deal delegation within the investment asset class policies;
3. The delegation of trading limits for internally traded securities in the public markets and cash movements that are the contractual obligations of the deal/commitment in the asset classes.

This is for informational purposes only and staff request the Investment Committee accept this annual report.

Investment Committee – Item 7

September 25, 2024

Page 3

Strategic Plan linkage: Goal 1 of the [CalSTRS Strategic Plan](#). Trusted stewards – Ensuring a well-governed, financially sound trust fund.

Board Policy linkage: [CalSTRS Investment Policy Statement](#)

Optional reference material: *(prior board items, supplemental educational materials, etc.)*

March 6, 2024 Investment Committee: [Credit Enhancement Program Policy](#)

[May 1, 2024 Investment Committee: Collaborative Strategies Portfolio Investment Policy – Second Reading](#)

[Teachers' Retirement Board Linkage: Board Governance Manual](#)