

CalPERS Update

Cal Cities Annual Conference & Expo

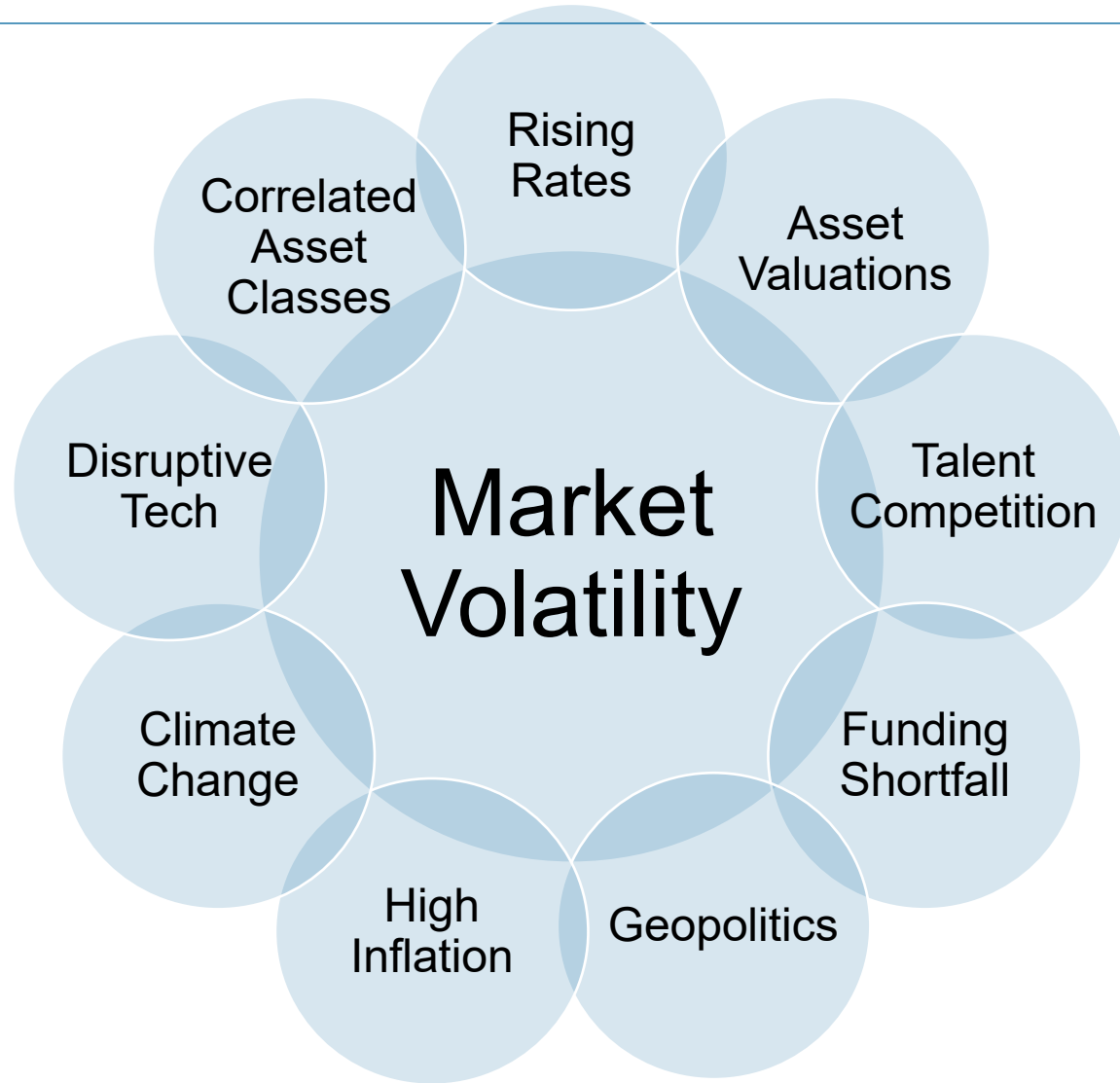
September 8, 2022

Marcie Frost

CalPERS, Chief Executive Officer

with David Teykaerts, CalPERS Stakeholder Relations

Unprecedented Market Dynamics



Total Net Investment Returns Over Time

30 year	7.7%
20 year	6.9%
10 year	7.7%
5 year	6.7%
1 year	-6.1%

(As of fiscal-year ending 6/30/22)

2021-22 PERF Investment Returns

\$440 Billion Assets Under Management, as of June 30, 2022

Fiscal Year 2021-22
By Asset Class

Asset Class	Return
Public Equity	-13.1%
Private Equity¹	21.3%
Income	-14.5%
Real Assets¹	24.1%
Liquidity	0.3%

¹ Private asset valuations are lagged one quarter and reported as of March 31, 2022

Key Stock Indices Performance in FY 2021-22

S&P 500

Down 980.9 points

- -20.6%

Dow Jones

Down 5,562.87

- -15.5%

Nasdaq

Down 4,616.24

- -29.5%

Asset Liability Management (ALM) Outcome











**Board selected
6.8% discount rate** with
5% leverage (Candidate
Portfolio B2)

**New strategic asset
allocation:**

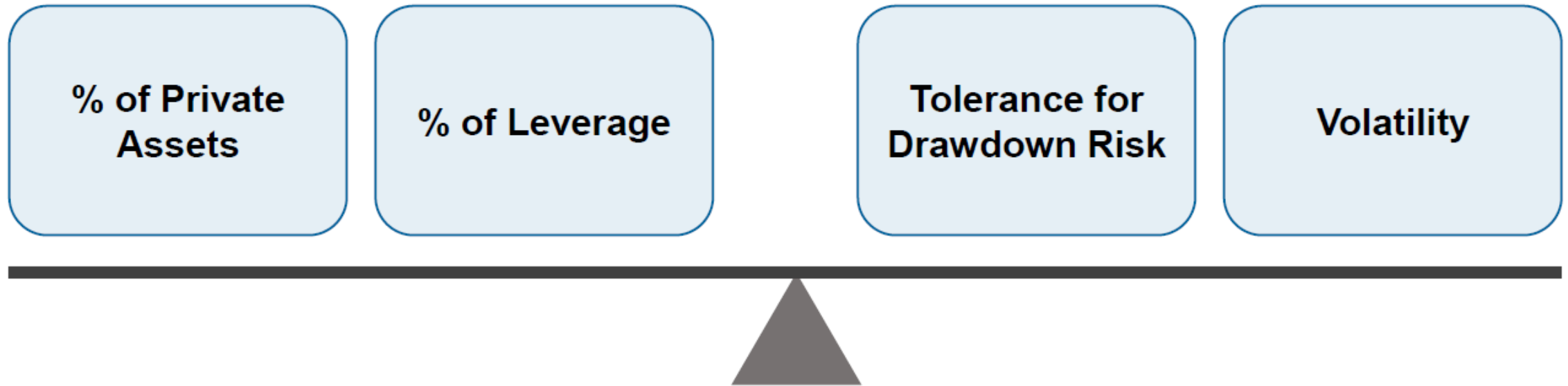
- 5% leverage
- Increased allocation
to private assets

**New actuarial
assumptions adopted**

Public Employees' Retirement Fund (PERF) Asset Allocation

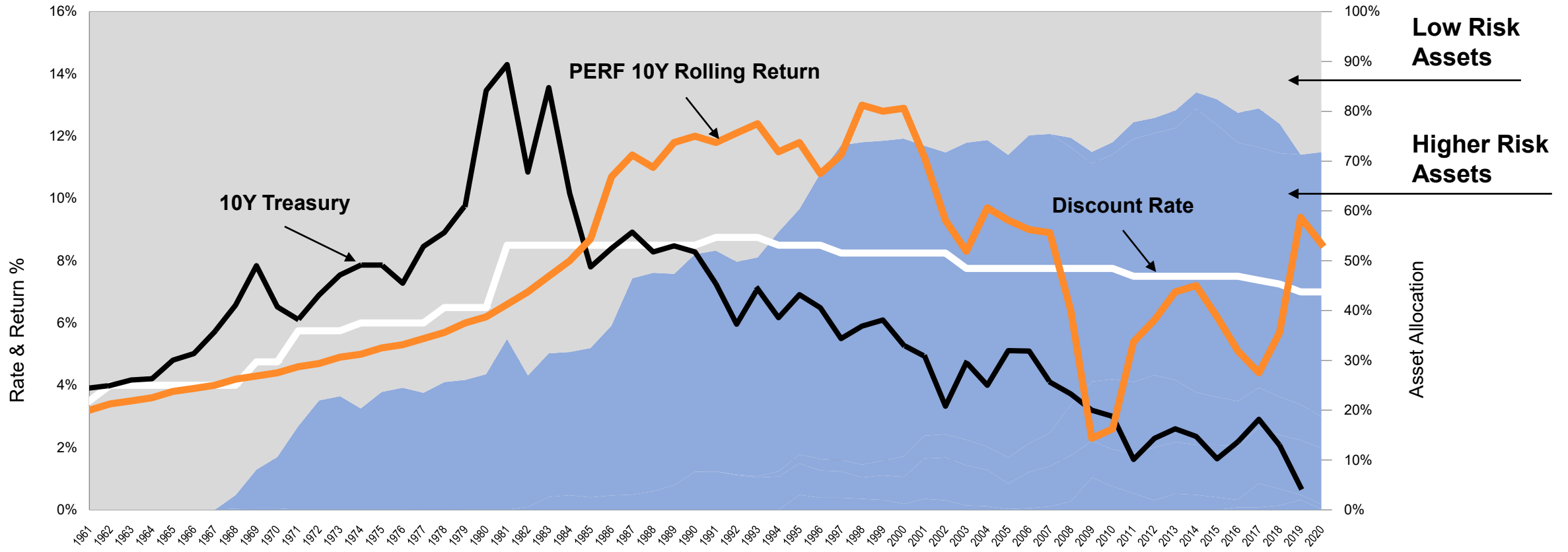
	Pre-ALM Asset Mix	New Asset Mix
Global Equity	50% 	42% 
Fixed Income	28% 	30% 
Real Assets	13% 	15% 
Private Equity	8% 	13% 
Private Debt	0% 	5% 

Balancing Risk & Reward



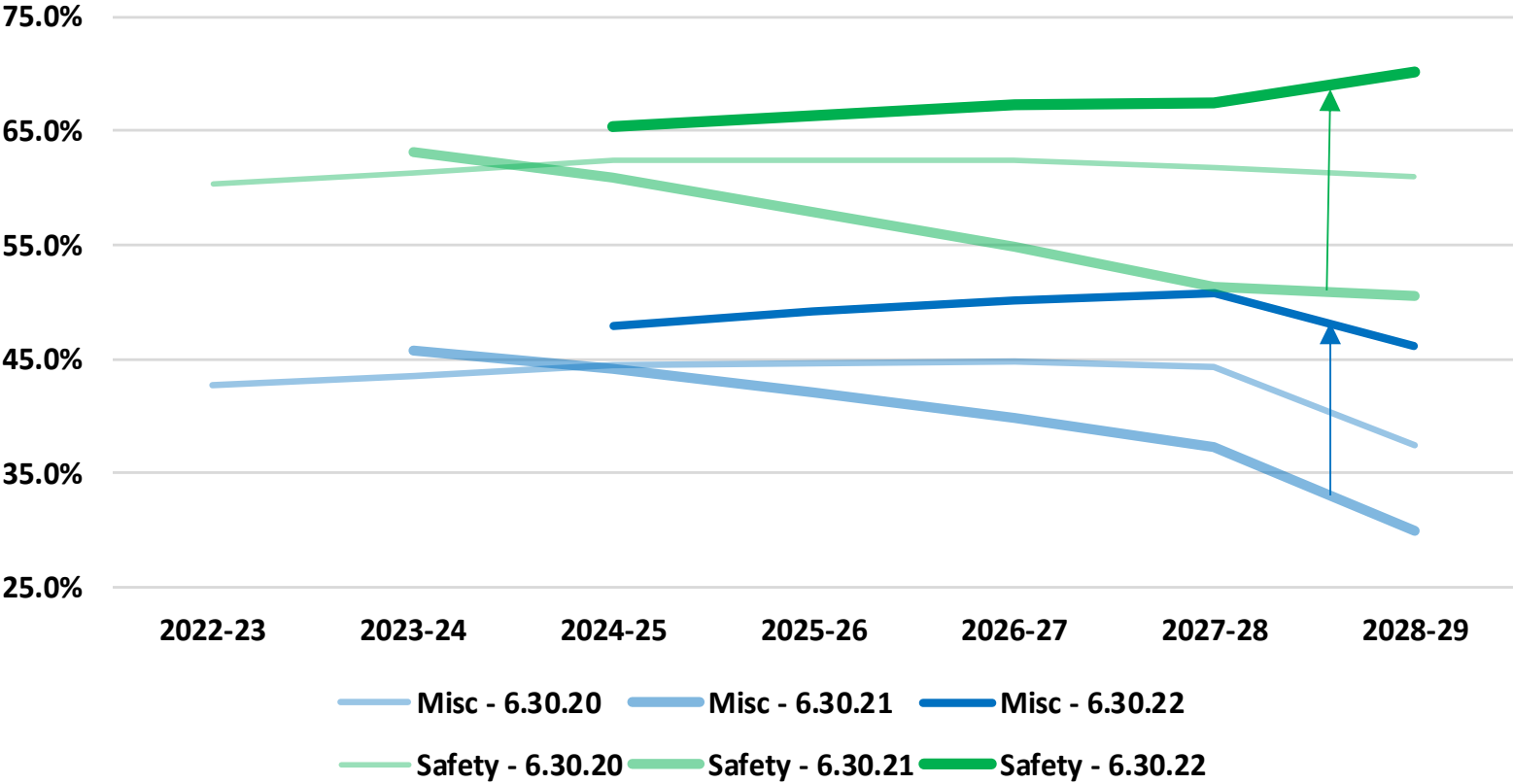
Challenges to Achieving Target Returns

Low Risk Assets Do Not Provide Enough Return to Meet Goals



Projected Contribution Rates — Sample Plan

Projected Employer Rates from 6/30/2022 Estimates



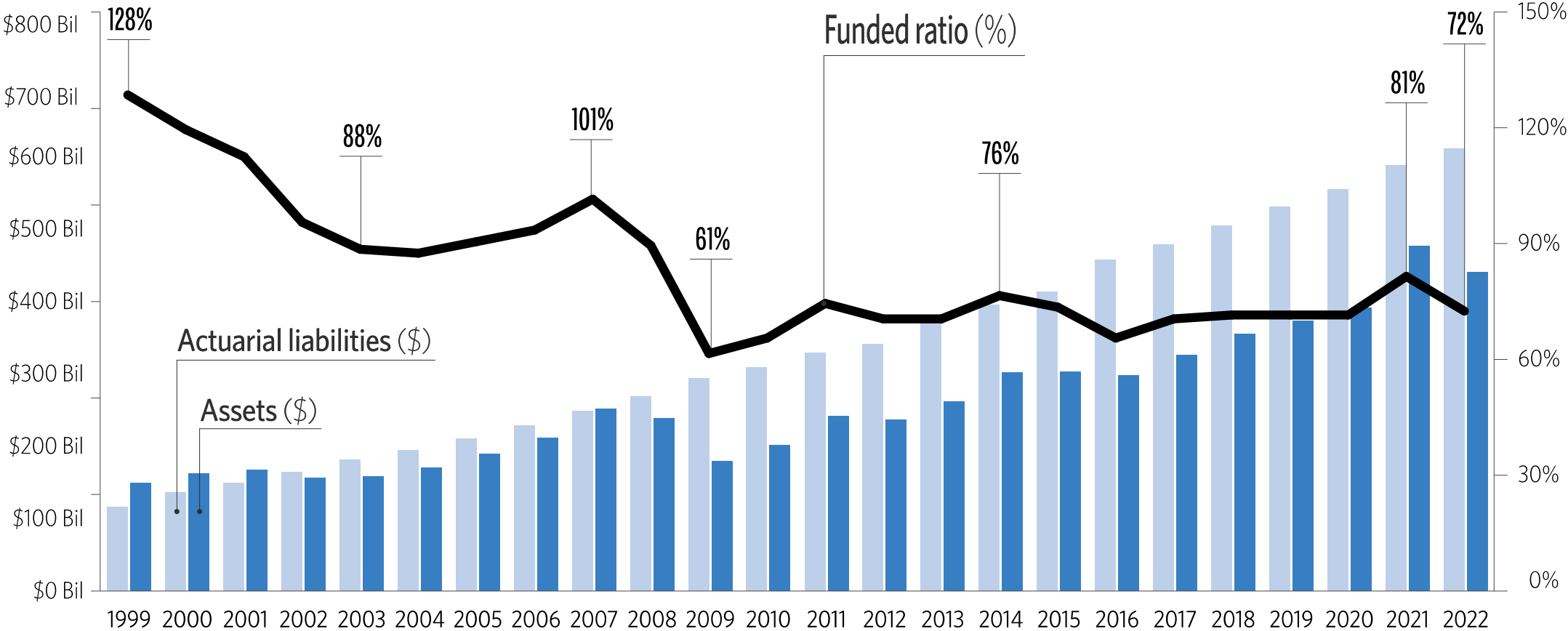
When will contribution changes occur?

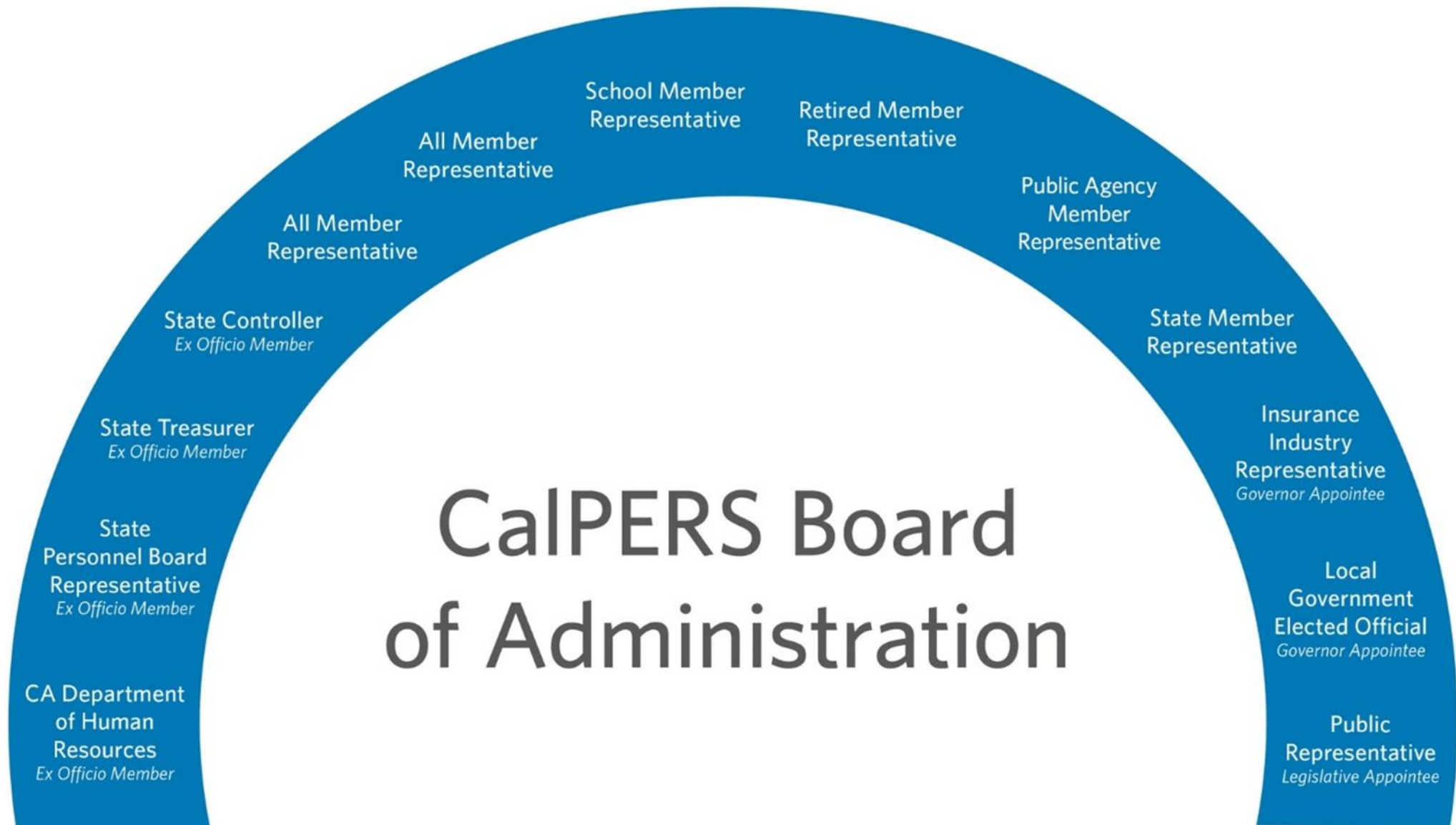
The 2021-22 investment return will first impact employer contribution rates for public agencies in fiscal year **2024-25**

Member contribution rates will **not** be impacted by the current year's negative return

CalPERS Assets and Liabilities 2021-22

**Our assets have grown over the years, especially since the financial crisis.
But liabilities have grown at a faster pace.**





CalPERS Board of Administration

CA Department
of Human
Resources
Ex Officio Member

State
Personnel Board
Representative
Ex Officio Member

State Treasurer
Ex Officio Member

State Controller
Ex Officio Member

All Member
Representative

All Member
Representative

School Member
Representative

Retired Member
Representative

Public Agency
Member
Representative

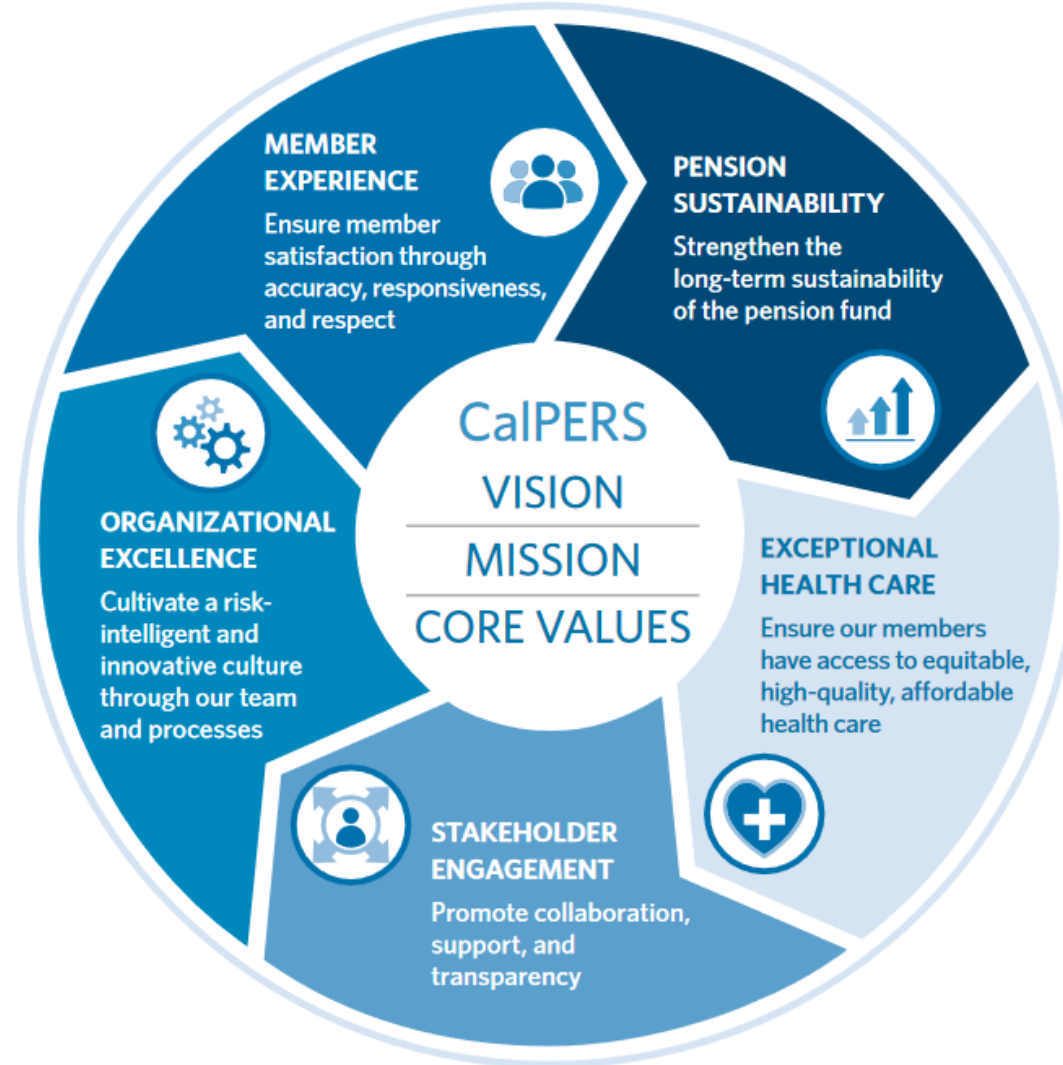
State Member
Representative

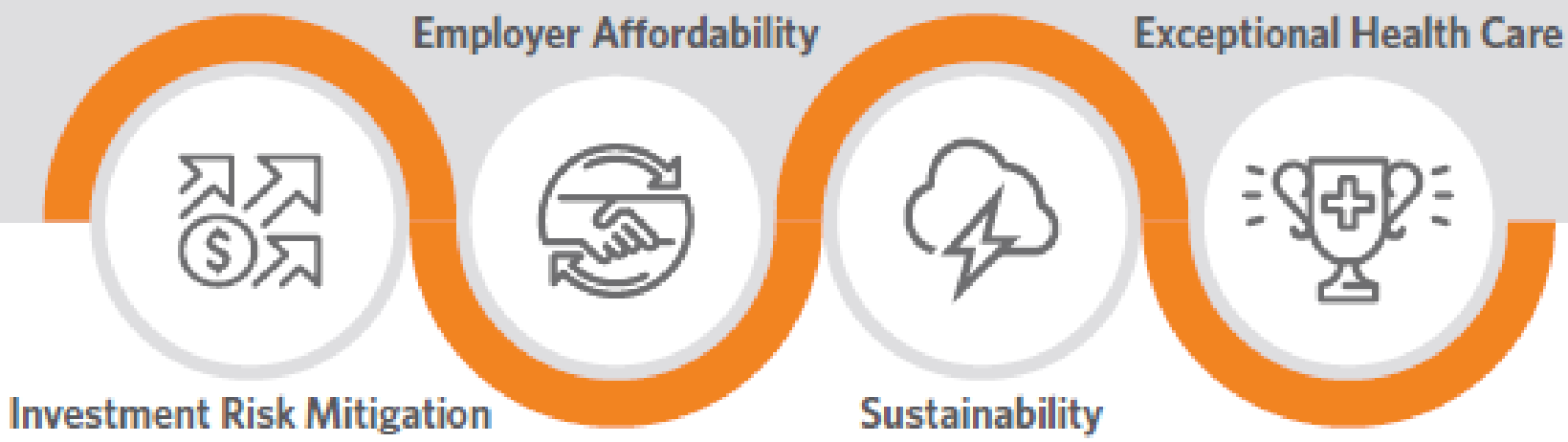
Insurance
Industry
Representative
Governor Appointee

Local
Government
Elected Official
Governor Appointee

Public
Representative
Legislative Appointee

Achieving Our Mission





Sustainability Efforts



Exceptional Health Care



The logo consists of the letters 'E' and 'F' in a white, sans-serif font, positioned above a horizontal line, with the year '2022' below it. The entire logo is enclosed in a white square border.

EF

2022

CalPERS
Educational Forum
November 1-3

4 Reasons to Attend

- **Educational Offerings:** Choose from over 30 sessions tailored to your needs
- **Advance Your Career:** Earn Continuing Education Credit, acquire new skills and knowledge
- **Partnerships:** Share best practices with colleagues across the state
- **Personal Connections:** Schedule a consultation, speak directly with experts in the exhibit hall, and participate in interactive discussions

<http://www.calpers.ca.gov/educationalforum>

Open Q&A

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