

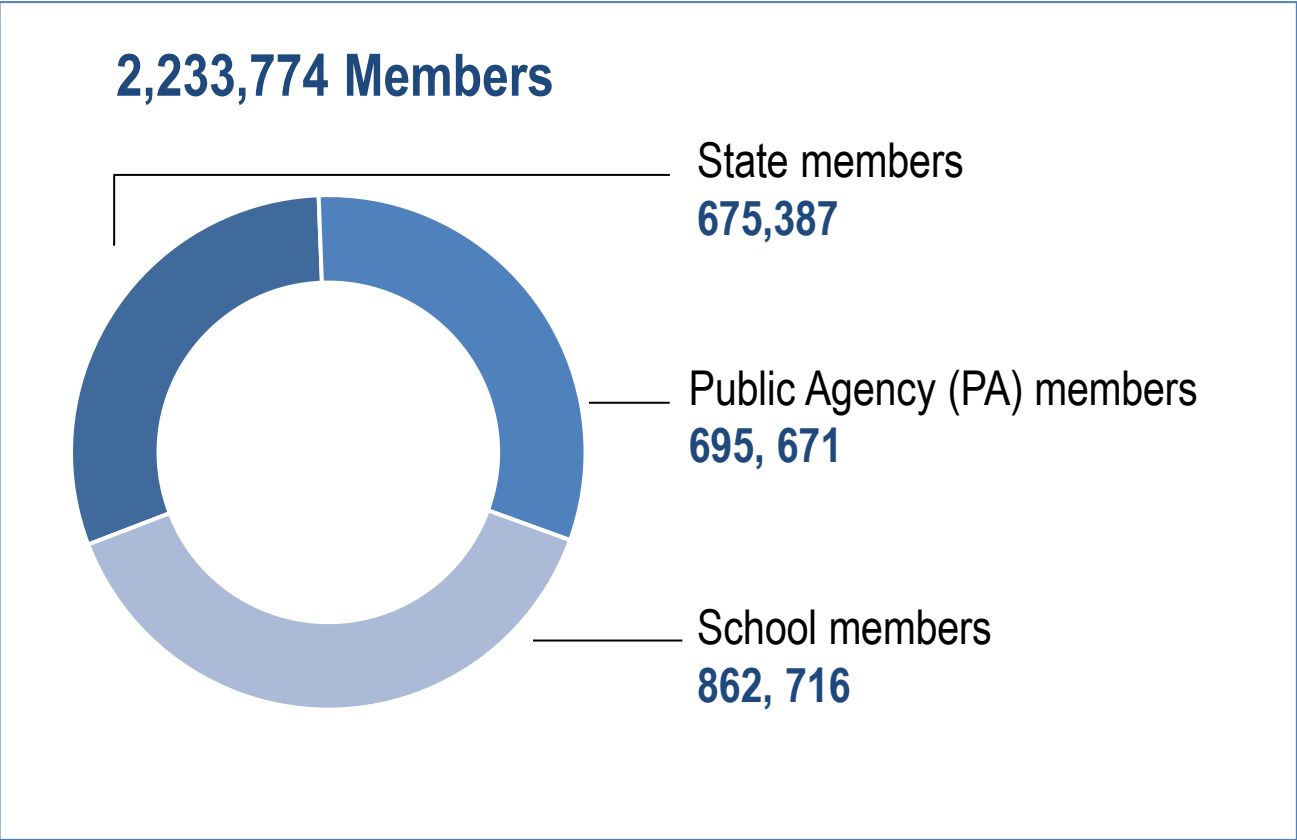


CalPERS Pension Update

Michael Cohen
Chief Operating Investment Officer
CalPERS

CalPERS Pension Update

About CalPERS (FY 2022-23)



\$31 Billion
paid in benefits

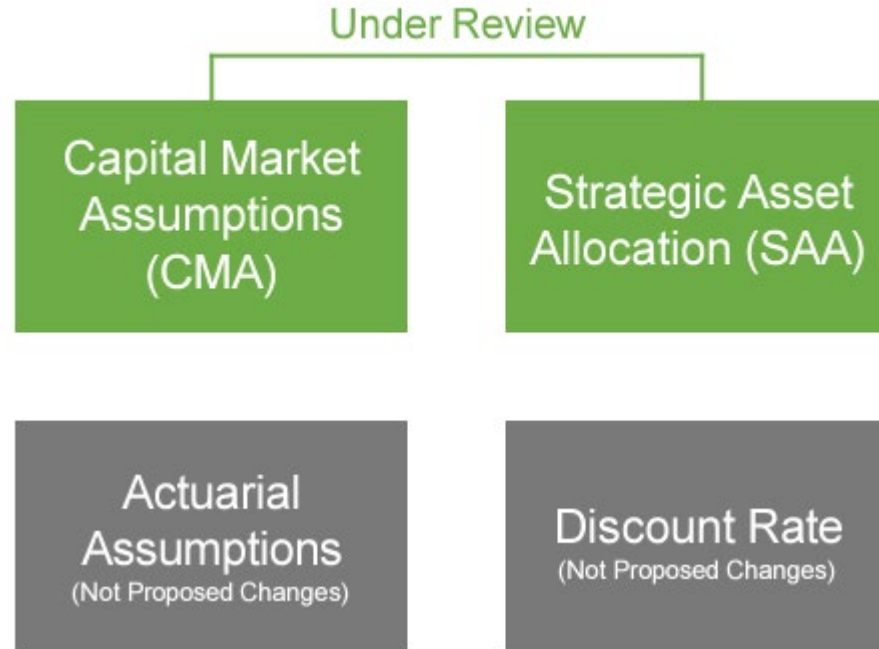
Maintaining a Long-Term Perspective

30 year	7.5%
20 year	7%
10 year	7.1%
5 year	6.1%
1 year	5.8%

As of fiscal year ending 06/30/23

What is the Mid-Cycle Review
















An opportunity for the board to evaluate if the current financial landscape still aligns with decisions made during the prior ALM cycle



ALM Process Timeline

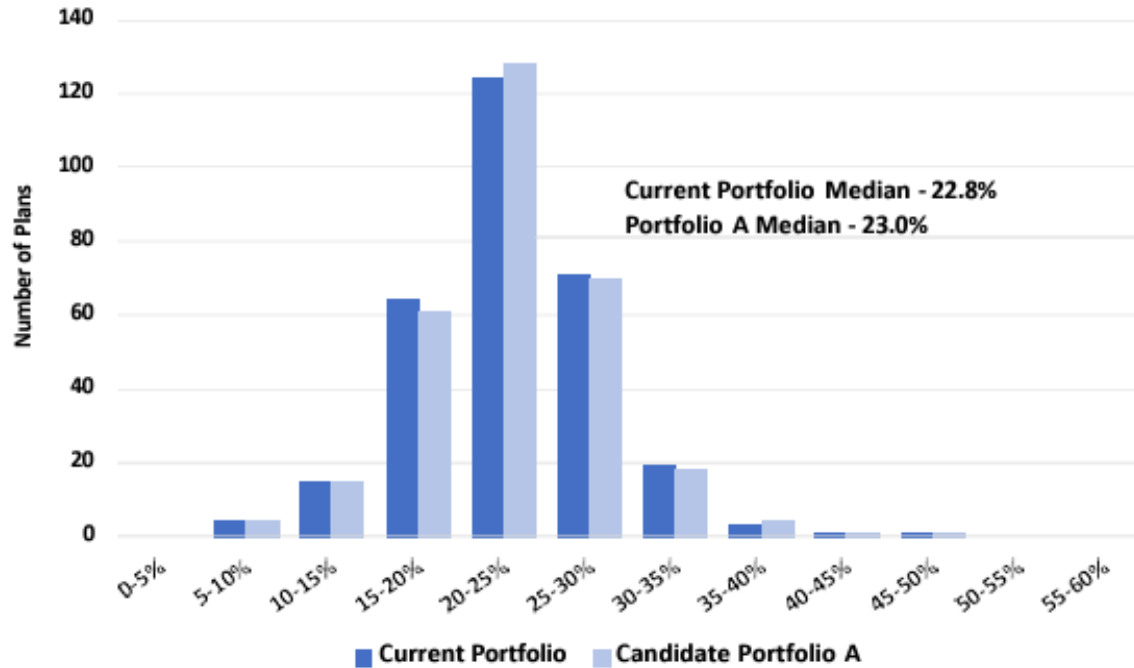
2021	2022	2023	2024	2025					
November	July*	February	November	March	February	June	July*	September	November
Experience study results	Effective date for strategic asset allocation	Educational sessions: concepts, framework, timeline	Discussion of mid-cycle review	Final approval of mid-cycle review asset allocation	Educational session: concepts, framework, timeline	Capital Market Assumptions	Educational sessions:	Discussion of candidate portfolios with proposed discount rates	Experience study results
Discussion of candidate portfolios with discount rates						Economic Assumptions	ALM process & framework		Discussion of candidate portfolios with discount rates
Final approval of discount rate							Investment funds risk assessment		Final approval of discount rate
Final approval of strategic asset allocation							Gauging the funds' ability to tolerate market risk		Final approval of strategic asset allocation

Public Employees' Retirement Fund (PERF) Asset Allocation

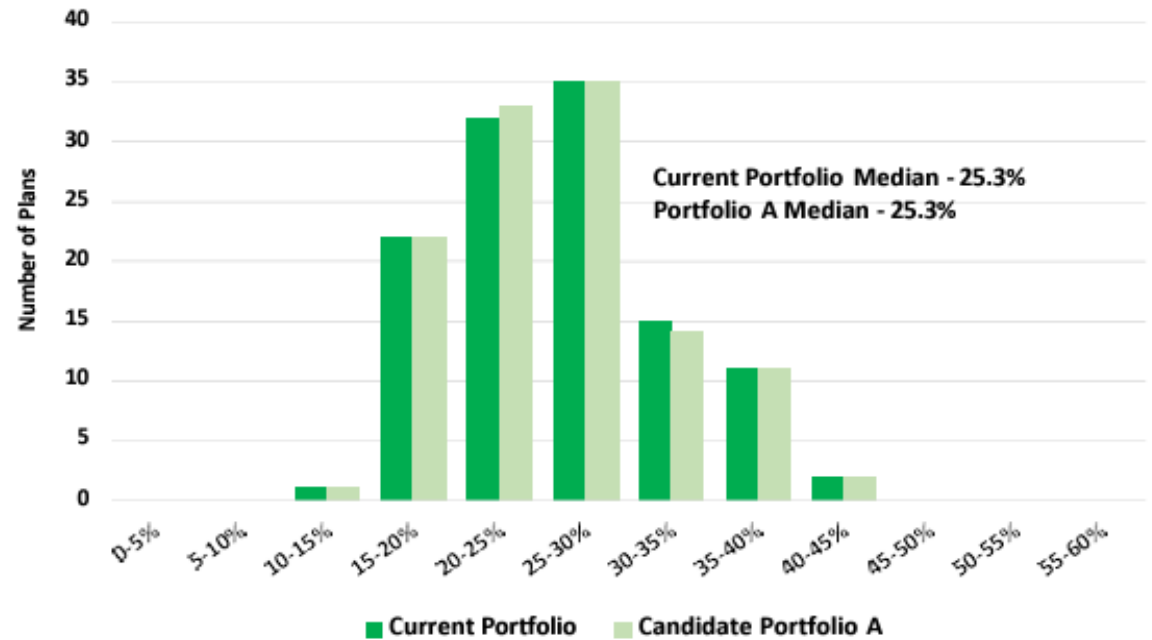
	Pre-2021	2021 ALM	Candidate A Mid-Cycle Review
Global Equity	50% 	42% 	37% 
Fixed Income	28% 	30% 	28% 
Real Assets	13% 	15% 	15% 
Private Equity	8% 	13% 	17% 
Private Debt	0% 	5% 	8% 

Probability of Falling Below 50% Funded

Distribution of Miscellaneous Non-Pooled Plans

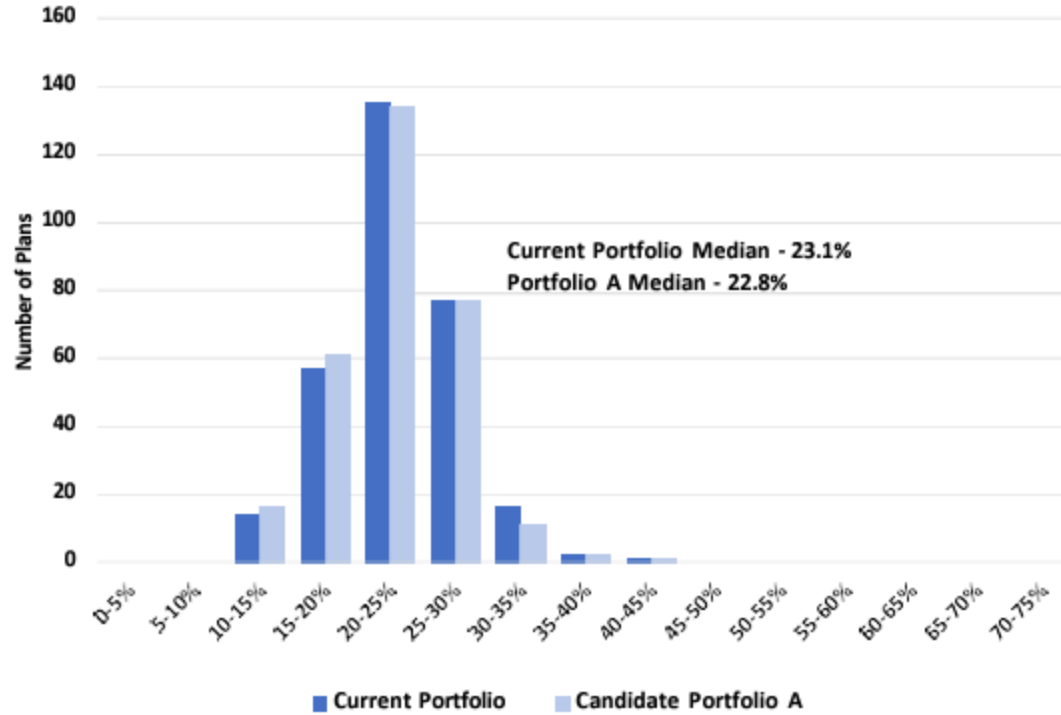


Distribution of Safety Non-Pooled Plans

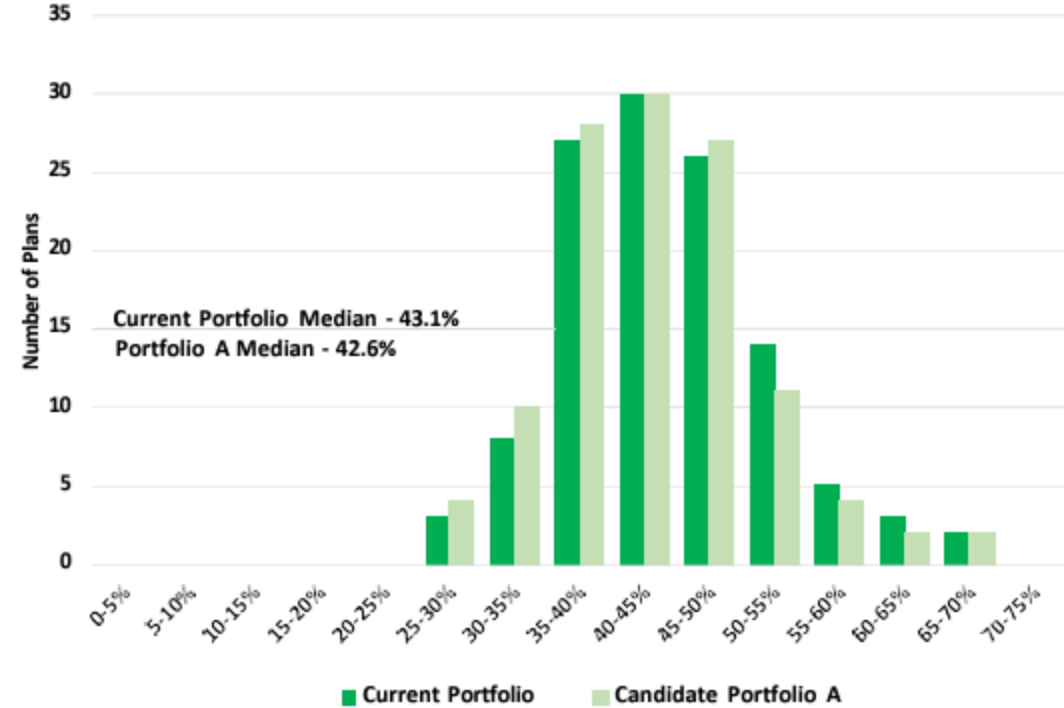


Employer Contribution Rates

Distribution of Miscellaneous Non-Pooled Plans



Distribution of Safety Non-Pooled Plans



CalPERS' Sustainable Investments 2030 Strategy

Objectives

- 1 Generate **outperformance** by investing in climate solutions and emerging and diverse managers
- 2 Increase **portfolio resilience** by fully integrating ESG analysis, including climate risk analysis
- 3 Implement a **thoughtful path to Net Zero** through investments, engagement and advocacy
- 4 Promote greater **inclusion and representation** in the financial industry and the global economy
- 5 Build and promote **efficient and equitable** financial markets through advocacy and regulatory action

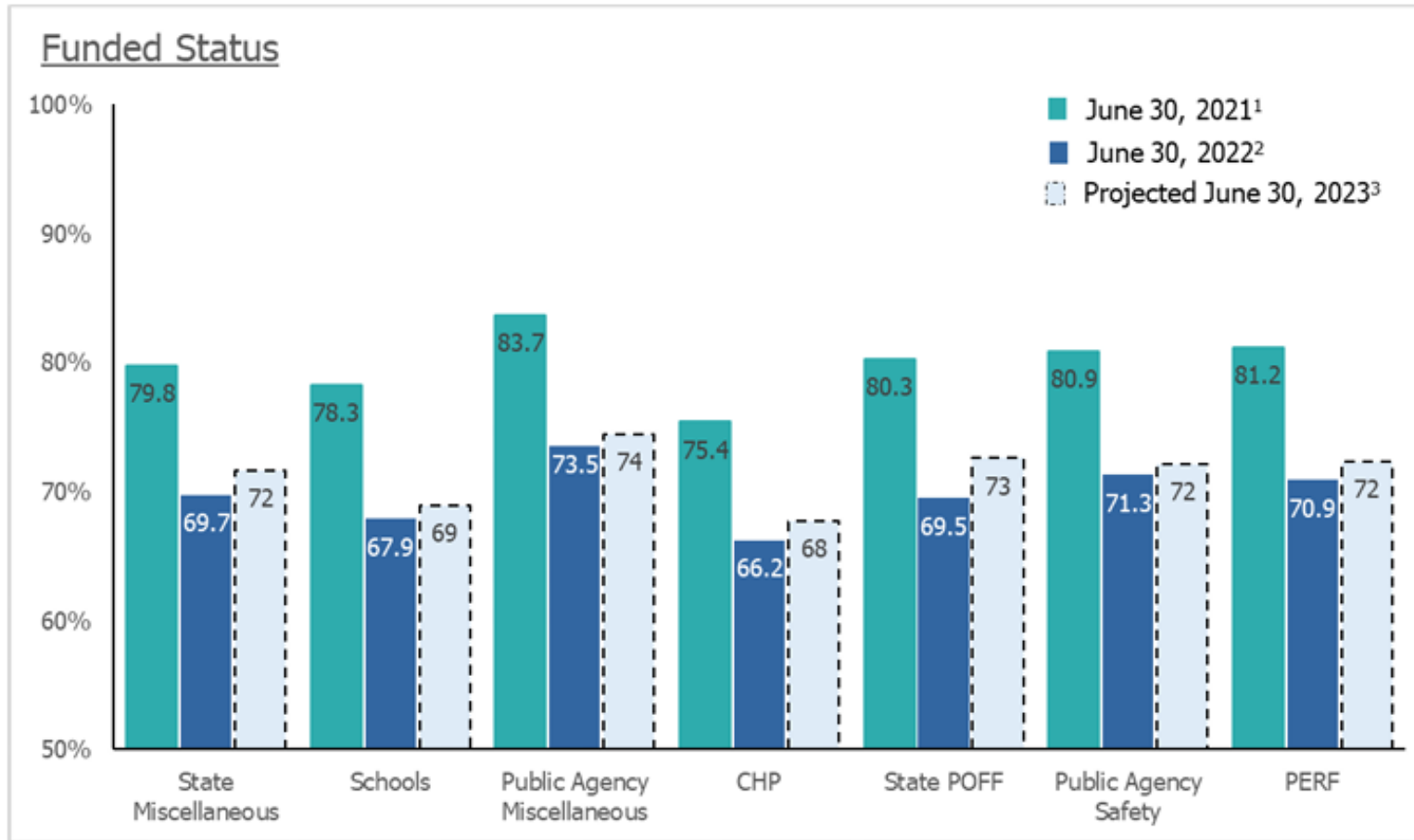
CalPERS' Sustainable Investments 2030 Strategy

A Synopsis....

The 2030 Sustainable Investment Strategy contributes to building a **higher performing** and **more resilient portfolio** by:

- Implementing a thoughtful plan to put CalPERS on a pathway to Net Zero by 2050, investing over \$100 billion towards climate solutions by 2030 (which is consistent with more than a 50% reduction in portfolio emissions intensity by 2030), and accelerating the transition to a low-carbon economy through more selective investments in high emitting sectors.
- Developing a process, subject to fiduciary duty and investment analysis, to exit certain securities, for companies without credible net zero plans.
- Building on our global leadership in stewardship and advocacy and promoting inclusion in the broader economy and advocating for fair and equitable financial markets.

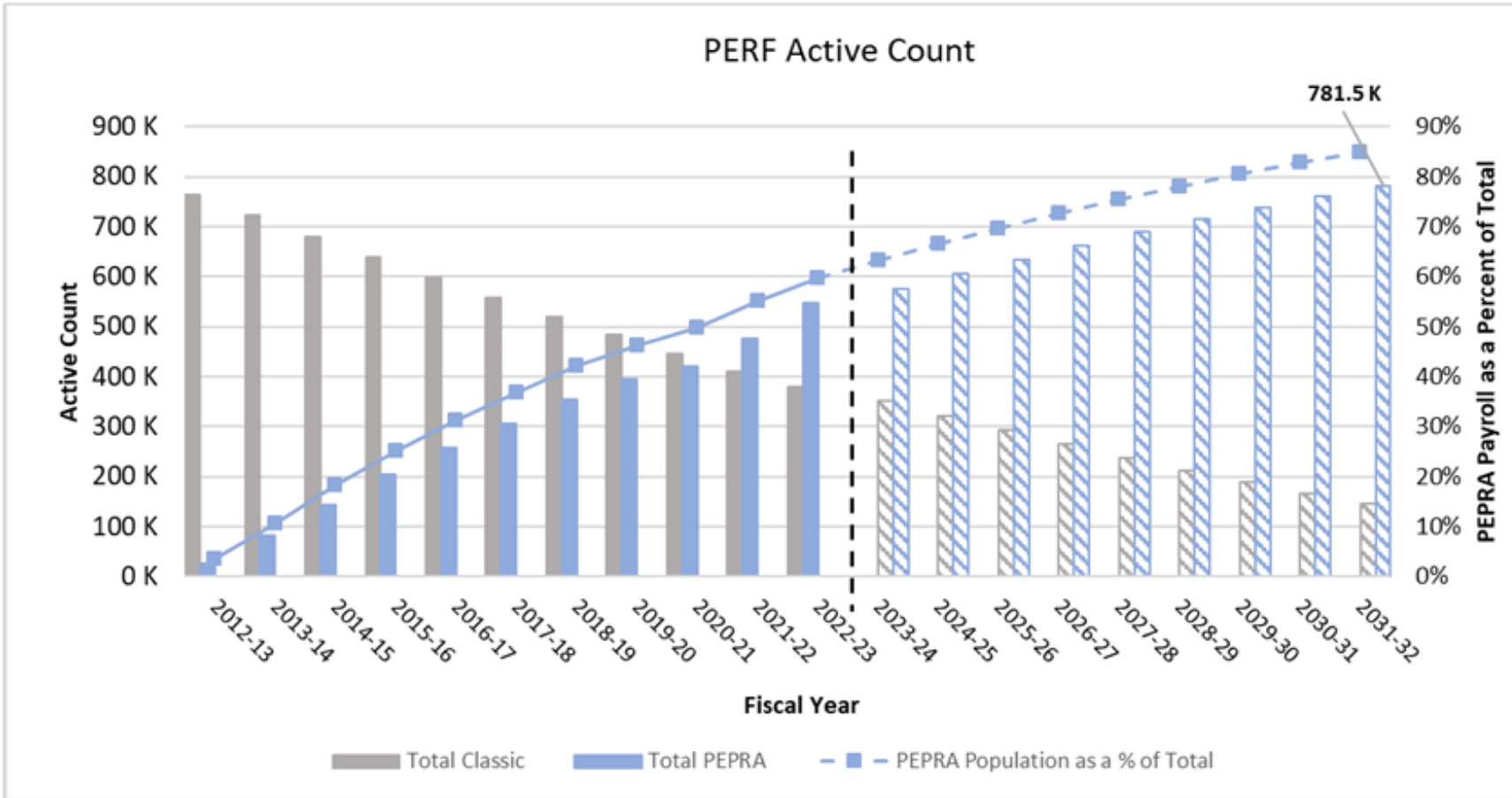
Current Funding Levels



Significant decrease from 6/30/21 to 6/30/22 due to -7.5% investment return.

Small improvement from 6/30/22 to since 6/30/2023 even though return was slightly lower than 6.8% assumed return.

PEPRA

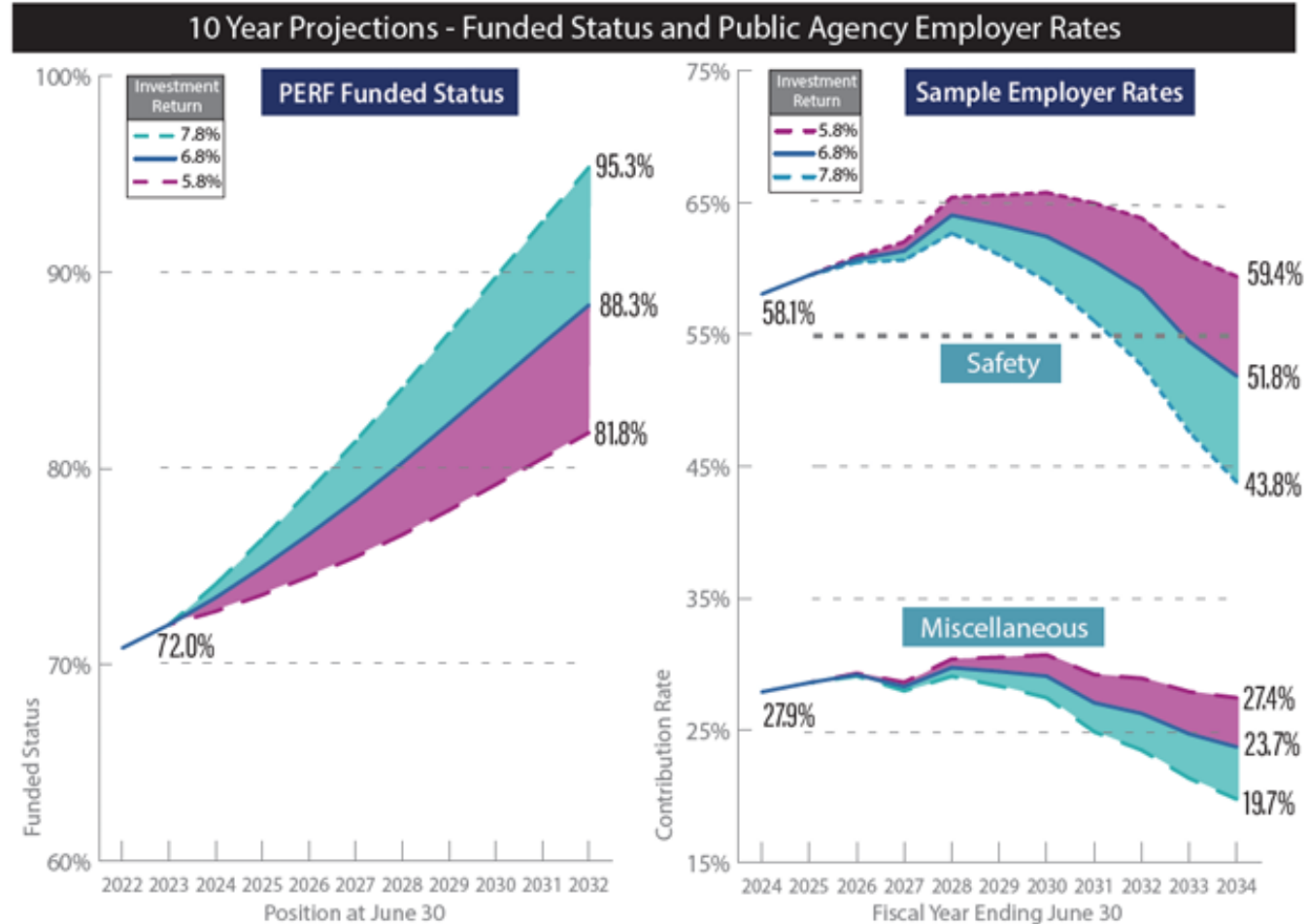


Assuming a level active population, PEPRA membership is expected to increase from about 60% today to 85% over the next 10 years.

Investment Risks – Achieving 6.8% Long-Term Return

Failing to achieve an average return of 6.8% may lead to slower improvement in funded status and higher employer contributions.

While higher or lower annual investment returns immediately impact the system's funded status, impacts on employer contributions are phased-in over 5 years.



Q & A

