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CalPERS Announces Preliminary Net Investment Return of -6.1% for the 2021-22 Fiscal Year

July 20, 2022

Communications & Stakeholder Relations
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Challenging global public markets, strong private market returns lead to varied performance

SACRAMENTO, Calif. – Tumultuous global markets played a role in CalPERS' first loss since the global financial crisis of 2009, as the System today announced a preliminary -6.1% net return on investments for the 12-month period that ended June 30, 2022. Assets stood at \$440 billion at the end of the fiscal year.

"We've done a lot of work in recent years to plan and prepare for difficult conditions," said CalPERS Chief Executive Officer Marcie Frost. "Despite the market conditions and their impact on our returns, we're focused on long-term performance and our members can be confident that their retirement is safe and secure."

Volatile global financial markets, geopolitical instability, domestic interest rate hikes, and inflation all have had an impact on public market returns. CalPERS' investments in global public stocks returned -13.1%, while fixed income investments returned -14.5%. Public market investments make up roughly 79% of the CalPERS' total fund. CalPERS' private market investments fared much better, with private equity and real assets sectors returning 21.3% and 24.1%, respectively.

"This is a unique moment in the financial markets, and we've seen a deviation from some investing fundamentals," said CalPERS Chief Investment Officer Nicole Musicco. "For instance, our traditional diversification strategies were less effective than expected, as we saw both public equity and fixed income assets fall in tandem. But despite a challenging year, we were

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able to outperform our total fund benchmark by 90 basis points and provide strong returns from our private market asset classes. These are bright spots that we can build on as we implement our new strategic asset allocation and increase our exposure to private market assets.”

Total fund annualized returns for the 5-year period ending June 30, 2022 stood at 6.7%, the 10-year period at 7.7%, the 20-year period at 6.9%, and 30-year period at 7.7%.

Asset Class	Net Rate of Return	Policy Benchmark
Total Fund	-6.1%	-7.0%
Public Equity	-13.1%	-13.2%
Fixed Income	-14.5%	-14.5%
Private Equity*	21.3%	8.3%
Real Assets*	24.1%	27.1%
Liquidity	0.3%	0.1%

* Private market asset valuations lag one quarter and are as of March 31, 2022.

With CalPERS’ discount rate of 6.8% and this year’s preliminary return of -6.1%, the estimated overall funded status stands at 72%.

The official total fund performance numbers go through multiple layers of review and oversight. View the Total Fund and Benchmark Performance Calculation – Wilshire Associates (PDF) for more information.

CalPERS’ 2021-22 final fiscal year investment performance will be calculated based on audited figures and will be reflected in contribution levels for the State of California and school districts in fiscal year 2023-24, and for contracting cities, counties, and special districts in fiscal year 2024-25.

The ending value of the fund is based on several factors and not investment performance alone. Contributions made to CalPERS from employers and employees, monthly payments made to retirees, investment fees, and the performance of its investments, among other factors, all influence the ending total value of the PERF.

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MEDIA ADVISORY

What: Media availability to discuss fiscal year investment returns

Who: CalPERS CEO, CIO, senior investment office staff

When: Wednesday, July 20, at 10 a.m. PT.

Format: Credentialed media only; call 800-369-3154. Password: CalPERS

About CalPERS

For more than eight decades, CalPERS has built retirement and health security for state, school, and public agency members who invest their lifework in public service. Our pension fund serves more than 2 million members in the CalPERS retirement system and administers benefits for more than 1.5 million members and their families in our health program, making us the largest defined-benefit public pension in the U.S. CalPERS' total fund market value currently stands at approximately \$442 billion. For more information, visit www.calpers.ca.gov.

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June Meeting Agenda

10:00 a.m. June 24, 2022
 279-666-3100 / ID 855 695 156#

The meeting begins at 10:00 a.m. via MS Teams or the provided call-in number.

1. **Opening Business**
2. **Report on EC Meeting**
3. **2022 FAC Issues Matrix**

2022 FAC Issues Matrix – Updated 5/20/2022	
Priority Issues	Update
1. Future Costs and Potential Rate Impacts	Robert
2. Remediation of CVP Costs	
a. PL 111-11 XM Rate	Sabir
b. Remediation of 2014-2019 costs	Sabir
c. Recharacterization of Reimbursability of Costs (BGT 02-02)	
3. CVPIA	
a. True-up and Accounting BPG	
b. Finance Plan	
c. Progress Activity Report (CPAR)	
4. CBG’s CVP Reserved Works Application	Ann
5. CVP Final Cost Allocation (FCA) true-up	
6. Folsom SOD Cost Recovery - Dike 1-6	
7. Contractor Contact list	Kevin
Tracking Issues	
1. PL 116-260 Aging Infrastructure Account	
2. WIIN Act Section 4007 Storage Projects	
a. Cost recovery of Op-flex	
3. Reclamation Manual Updates	Kevin
4. BOR-Works Enhancements	
5. Warren Act Rates for 2023	Sabir
6. Ability-to-Pay Studies	
7. San Luis Joint Use O&M Cost Reallocation Study	
8. Annual Budget Review with Stakeholders	
9. Trinity PUD assessment collection	
11. WRDA 2022 draft language	

5. Reclamation D&S Comment Period

- a. [April 14-15](#) Planning, Approval, and Reporting Conference Related Activities for Spending (comments by 7/15/2022)

6. CRS Report

- a. Bureau of Reclamation: FY2023 Budget and Appropriations
[June 3, 2022](#)

7. WaterSMART Funding Opportunity

- a. [WaterSMART Water and Energy Efficiency Grants for FY 2023 Program](#). Due July 28th. [Grants.gov](#)
- b. June 15, 2022 Webinar [Click here to view a recording of the webinar](#). If you have questions regarding applicant and project eligibility, program requirements, or the evaluation criteria, [click here](#) to schedule time to talk with the program coordinator.
- c. You may complete this [form](#) to receive WaterSMART program notification from the Bureau of Reclamation.

8. 2022 FAC Presentations

2022 FAC Schedule of Presentations – Updated 4/22/2022		
Month	Topic	Presenter
January 13	2022 Financial Affairs Meeting	Robert Ward
February 18	Regional Director 2022 P&A Issues	Christiane Washington
March 18	Annual Budget Overview	Ann Lubas-Williams
April 22	CVPWA Finance Plan	Robert Ward
May 20	Local Water Rates	Steve Pavich and Ann Lubas-Williams
June 17	Reserved Works Application for Aging Infrastructure Account Funding	Duane Stroup, Ed Young, Ann Lubas-Williams
July 15	Future Costs	Robert Ward
August 19	Ratesetting 101	Sabir Ahmad
September 16	Revenues	Christiane Washington
October 21	Planning (Storage Projects)	Richard Welsh (pending)
November 18	Ability-to-Pay	Steve Pavich
December 16	TBD	

9. May Presentation – Reserved Works Application for Aging Infrastructure Account Funding – Duane Stroup, Ed Young, and Ann Lubas-Williams

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