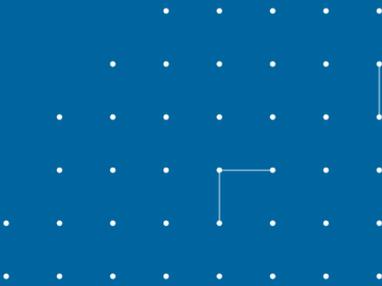


Addressing Key Risks to the System



Today's Discussion Together



Investment
risk/liquidity



Employer
affordability



Climate risk

Investment Risk and Liquidity



10.56%

8.97%

0.1576116750
0.2443476110
0.3152233500
0.7355211510
359534520
521820

88,990
210
8

50,041
18,553
37,107
14,743
39,900
10,640
12,660
0,523
957

0.40200000
0.12240000
0.20110000
0.46410000
0.22750000
0.17440000
0.12240000
0.12850000
0.1095

40,
15,25
10,693
78

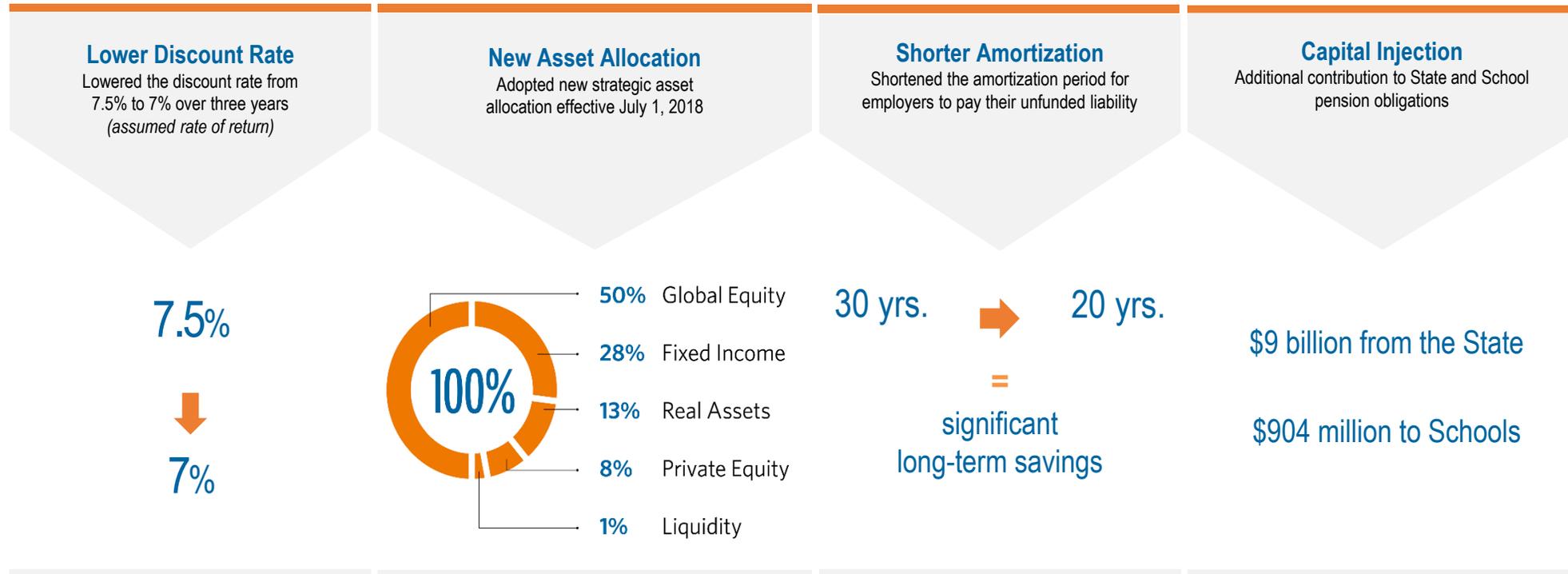
Where We Stand



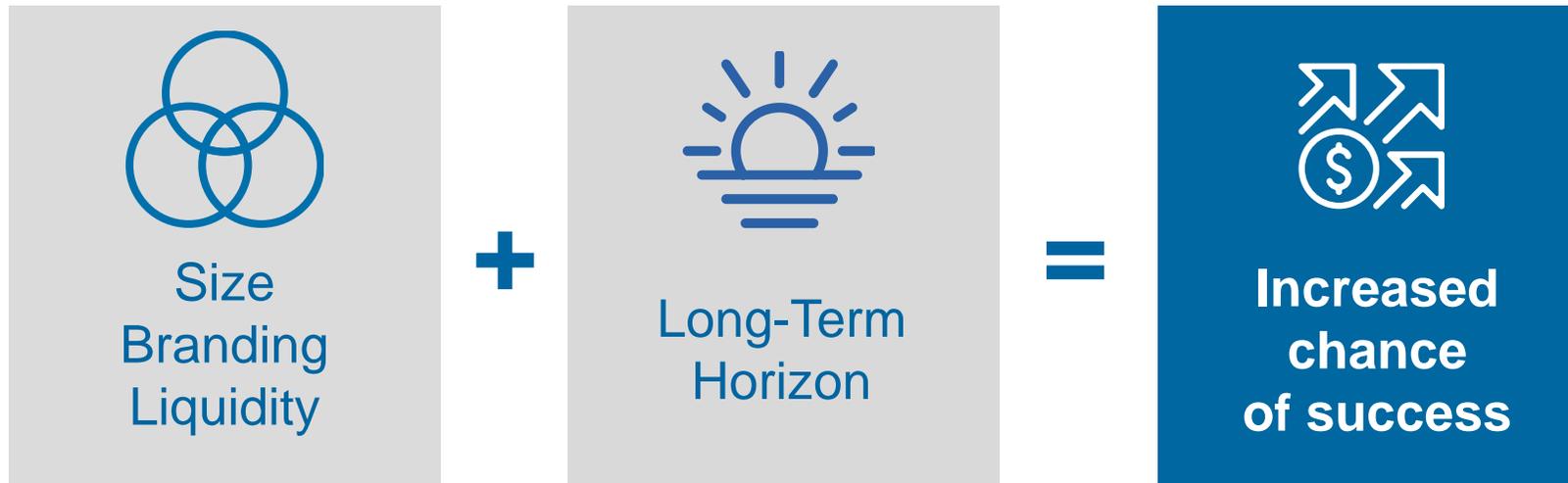
Challenges

- Challenges over the next 10 years
 - Declining interest rates, increasing profit margins less likely to repeat
 - Current valuations are high
 - Slower global economic growth
 - Fewer opportunities to generate excess returns
 - Underfunded status limits options
- Uncontrollable factors
 - Unpredictability of current economic environment

Strong Foundational Challenges



Investment Focus: CalPERS Advantages



Philosophy of the Investment Strategy Review



New
Direction



In-house
Strategies



External
Manager
Analysis

Private Equity



Co-Investments



Innovative Private Equity
Models

Employers' Ability to Pay

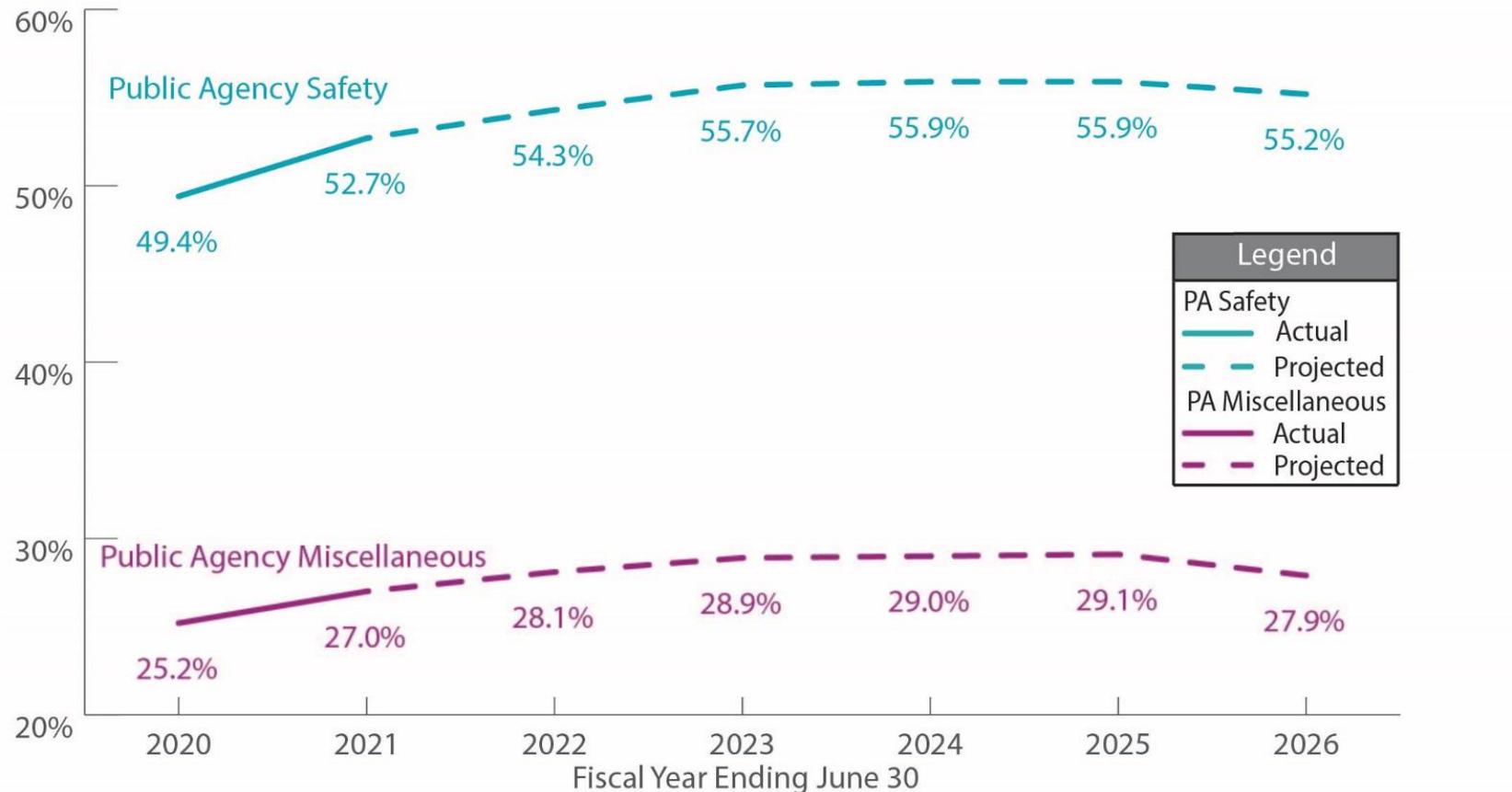


How CalPERS' Retirement Benefits are Funded



Public Agency Employer Contributions

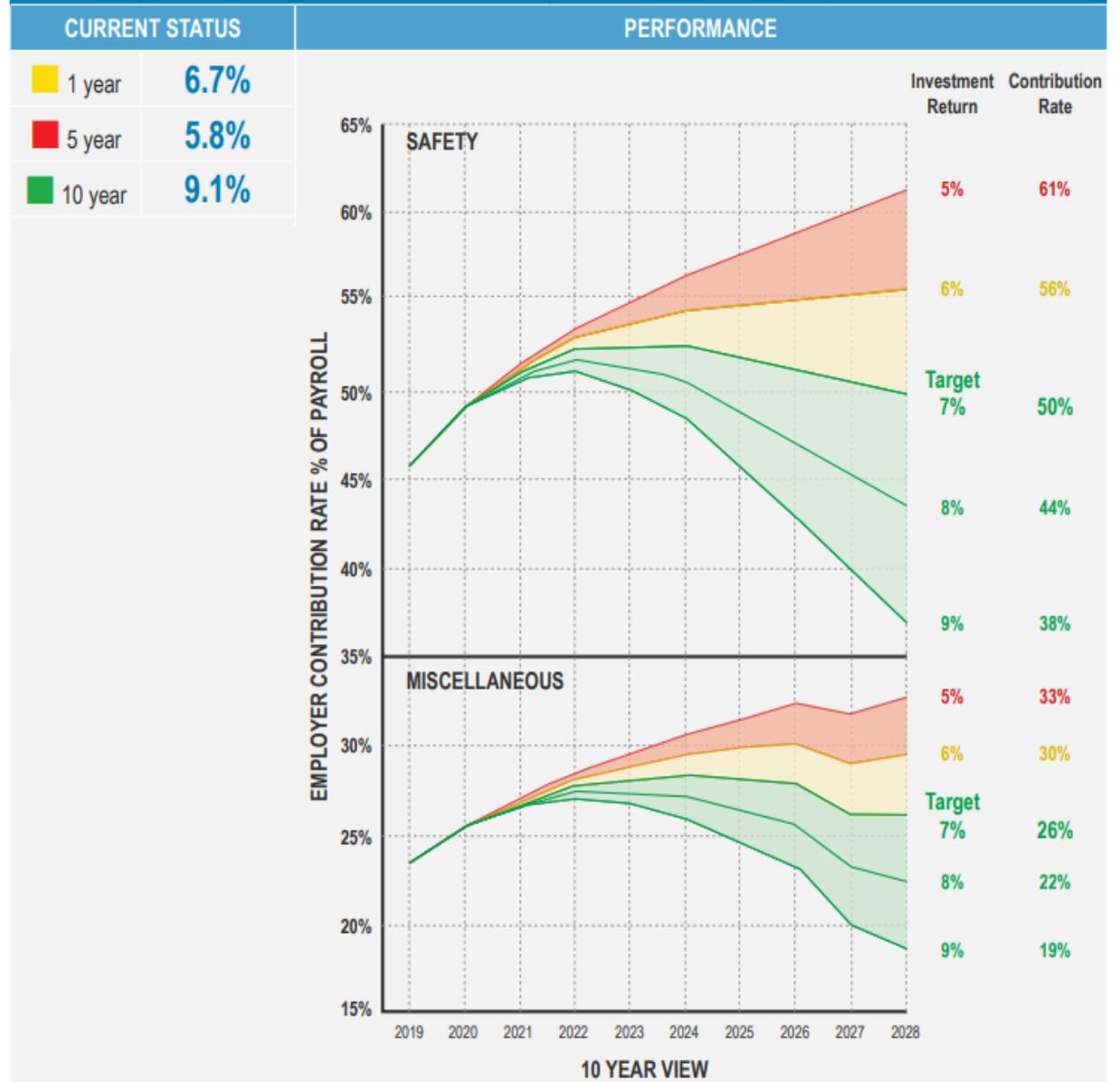
Average of Public Agency Total Employer Contribution Rates (FY 2019-20 to 2025-26)



Our Board Monitors Employer Contribution Rate Impact



Investment return: Employer contribution rate impact



We're Working Toward the Same Goal



Funding
Programs



Pension
Outlook Tool



Partnerships

Climate Risk



How We Are Addressing Climate Risk



Working With You



Laser-focused on our top priorities

**Benefits are only as secure as
our employers' ability to pay them**

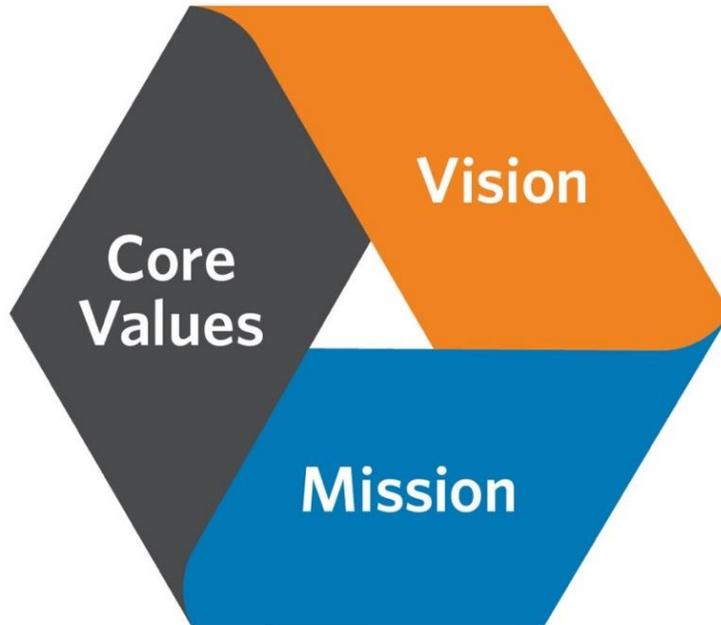
Thank you
Questions?



Appendix



Strategic Goals Focuses on Reducing Risk



Strategic Goals

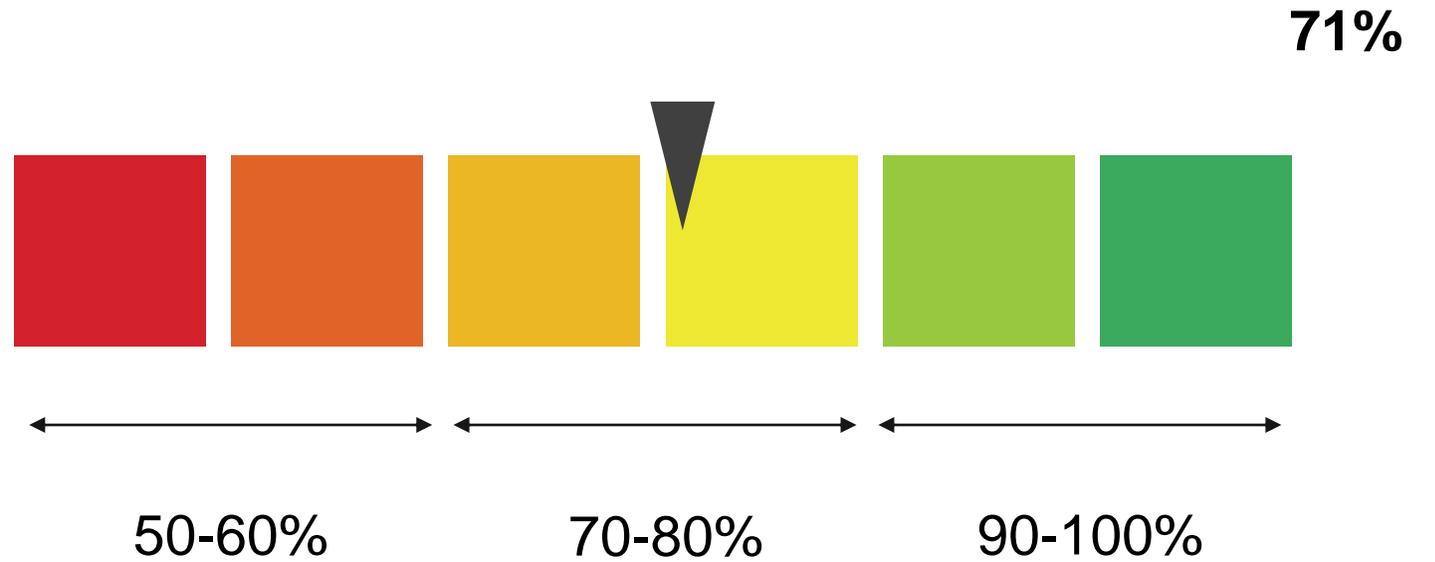
-  Fund Sustainability
-  Health Care Affordability
-  Reduce Complexity
-  Risk Management
-  Talent Management

Current Value \$395 billion



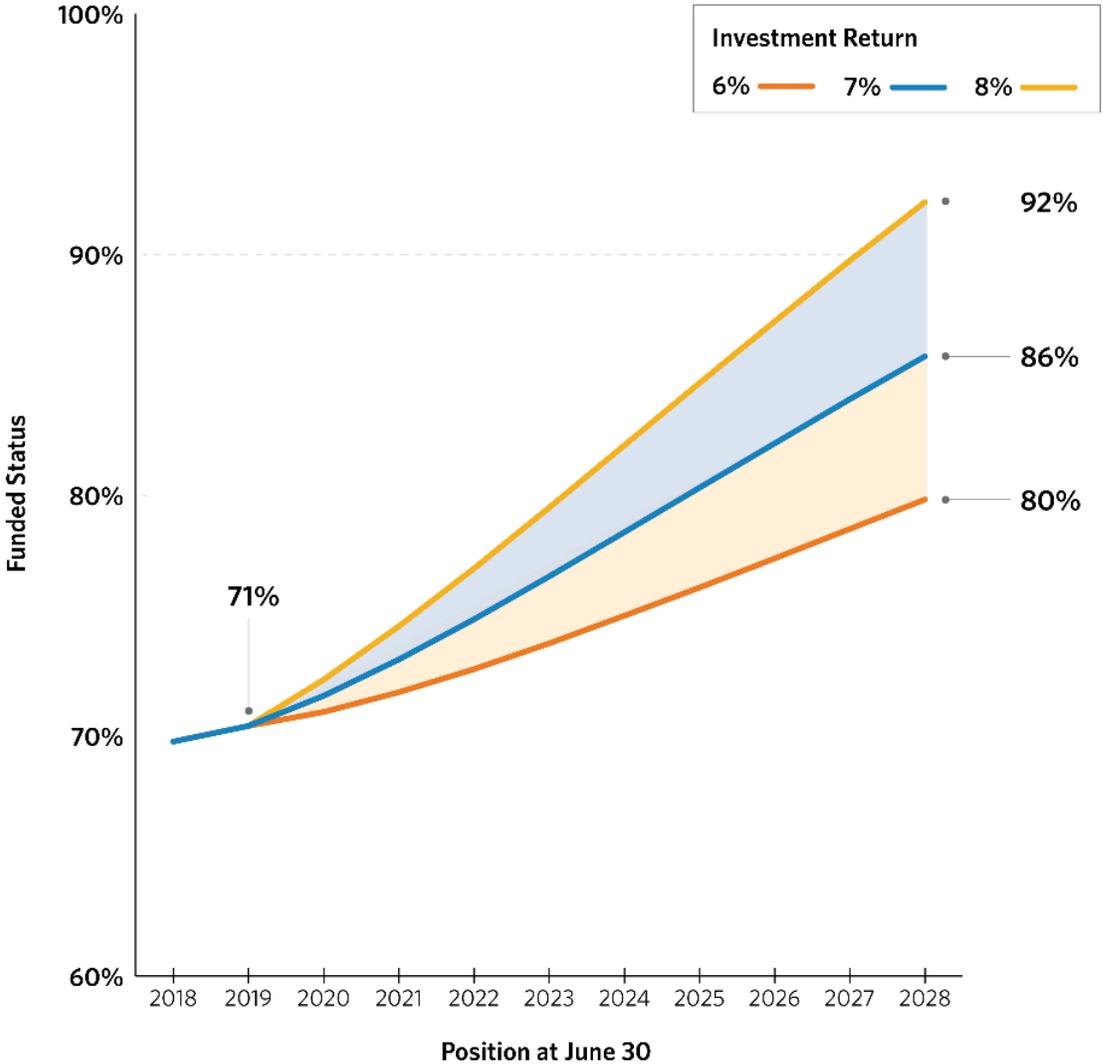


Funded status goal:
100%



Estimate for 2019

10-Year Projection of Funded Status



How We Got Here – 20-Year Look

