

CalPERS Fundamentals: The Art of Asset Allocation

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Our objectives

Implementation



SAA Implementation



Alpha Generation



Risk Mitigation

Strategic Asset Allocation



Long-Term Return



Diversification



Risk Mitigation



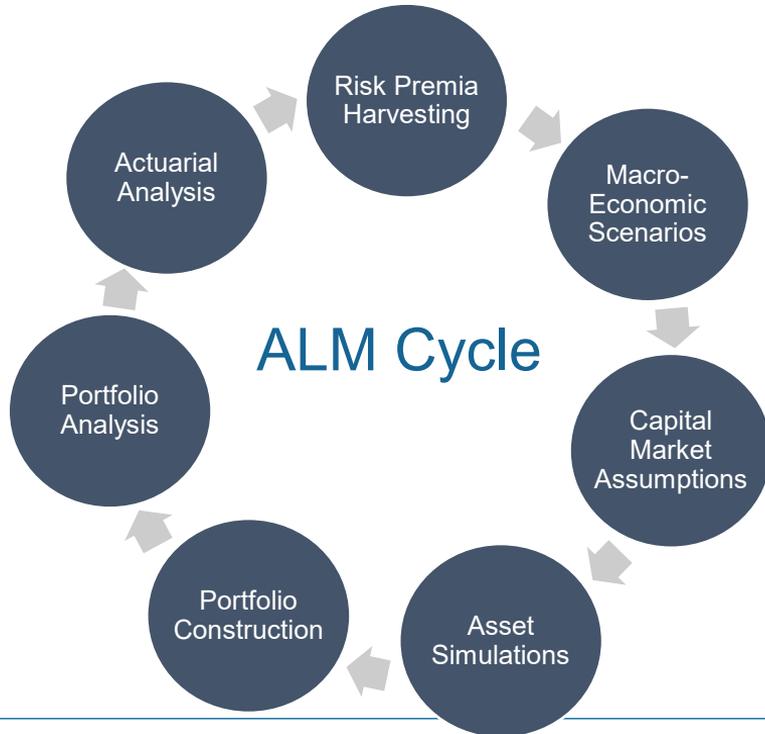
Sustainability

Asset and Liability Management

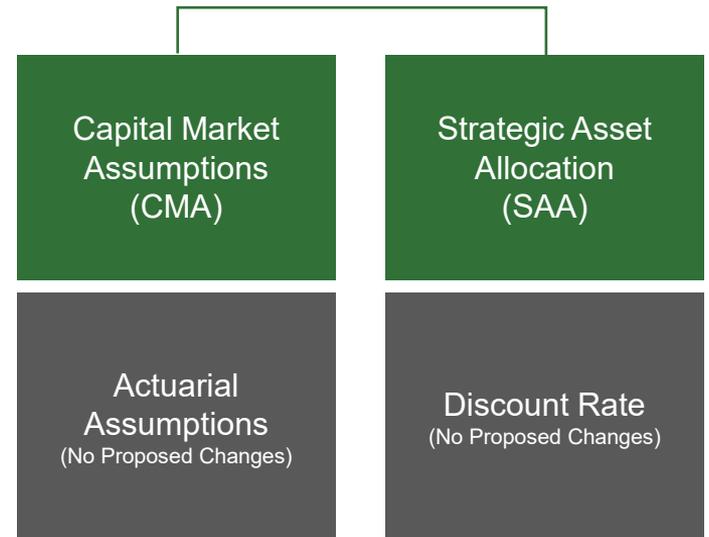
The ALM Process



Mid-Cycle Review



Under Review



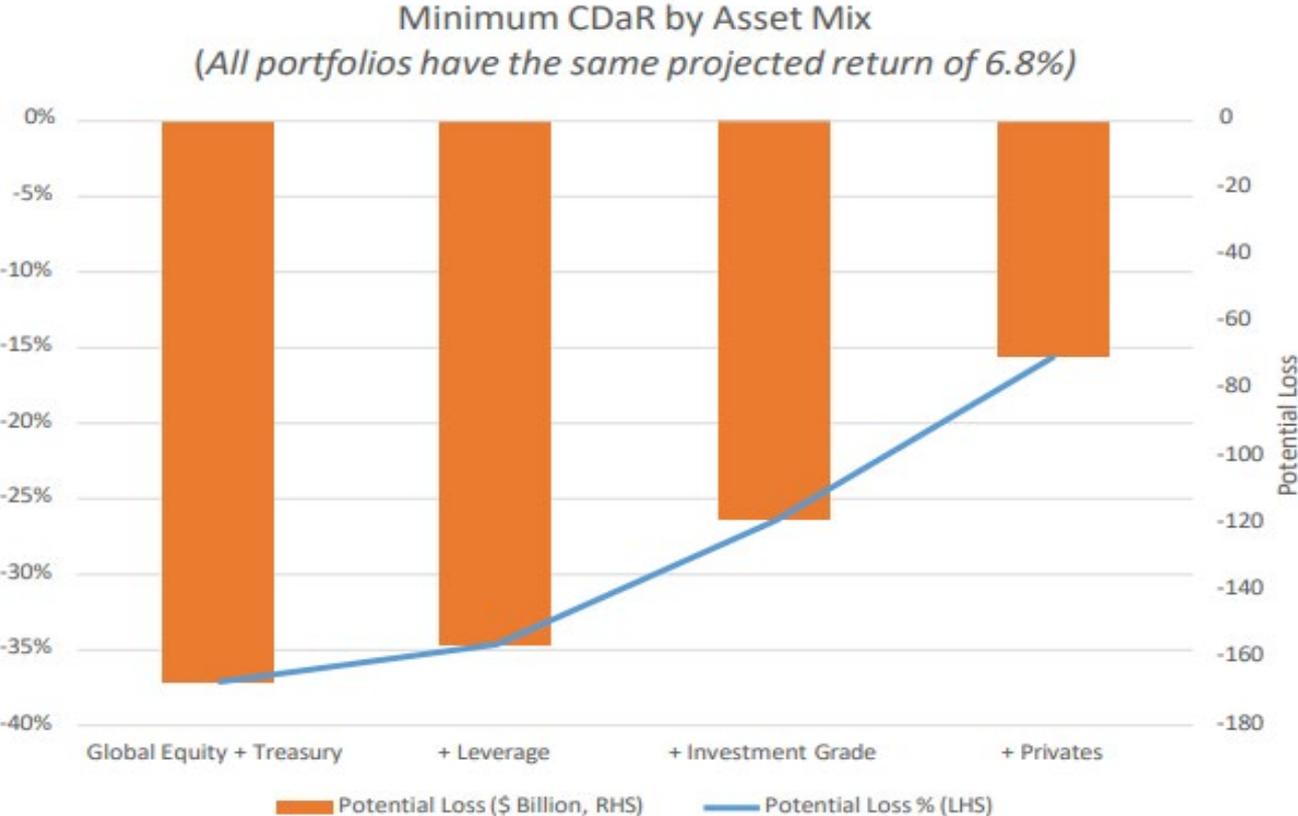
Strategic Asset Allocation

The role of asset classes

| Asset | Investment types |
|--------------|---|
| Equities | <ul style="list-style-type: none">• Public• Private |
| Fixed income | <ul style="list-style-type: none">• Treasuries• Credit<ul style="list-style-type: none">• Public• Private |
| Real assets | <ul style="list-style-type: none">• Real estate• Infrastructure |

Strategic Asset Allocation

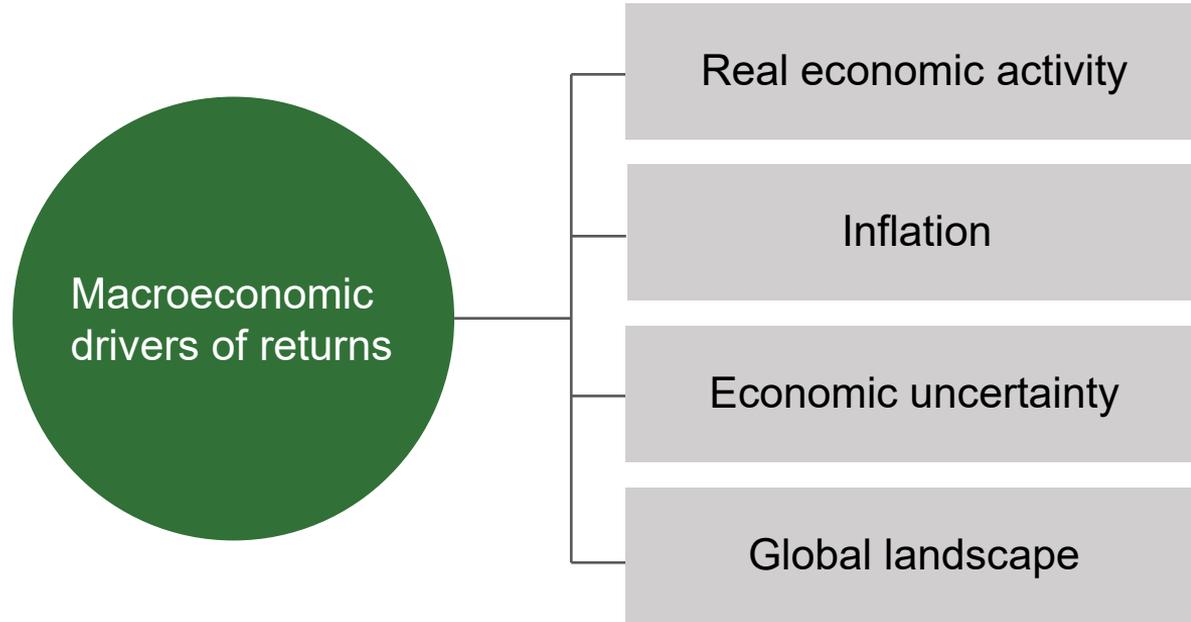
The value of diversification

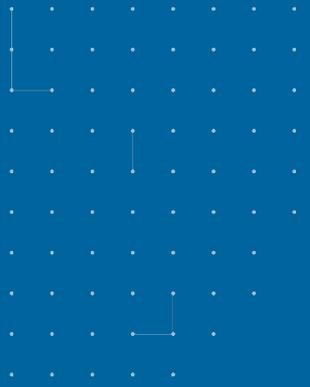


Note: Potential losses are based on a hypothetical fund with \$450Bn NAV

Strategic Asset Allocation

Economy and markets





Questions

