

# Infrastructure Annual Program Review

As of Quarter Ending on March 31, 2025

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Real Assets

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# Program Overview

## Role

- Provide stable and predictable cash yield, diversification of equity risk, and inflation protection
- Returns derived from both capital appreciation and income
- Infrastructure focuses on large scale, essential, and defensive assets with proven revenue models

## Key Metrics

- NAV: \$19.7 billion\*
- 15 Partners and 40 Partnerships

## Investment Beliefs

- A long investment horizon is a responsibility and an advantage (IB 2)
- CalPERS will take risk only where we have a strong belief that we will be rewarded for it (IB 7)
- Costs matter and need to be effectively managed (IB 8)
- Strong processes, teamwork and deep resources are needed to achieve CalPERS goals and objectives (IB 10)



# Strategy and Portfolio Positioning

## Positioning

- Infrastructure targets essential, durable, and long-lived assets
- Core to fulfill downside protection role of Infrastructure
- Continue enhancing returns through expansion of Non-Core strategies

## Strategies

- Increase allocation to Infrastructure portfolio
- Maintain focus on Core via separate accounts; expand Non-Core via commingled funds and co-investments utilizing cost-efficient structures
- Consistent with the Sustainable Investments (SI) 2030 Plan, increase focus on SI opportunities including energy transition, renewables, and carbon-neutral assets
- Exit non-strategic assets



# Market Environment

## Current Concerns

- Refinancing risk and elevated financing costs
- Pricing of high-demand sectors
- Uncertainty around tariffs and geopolitical environment

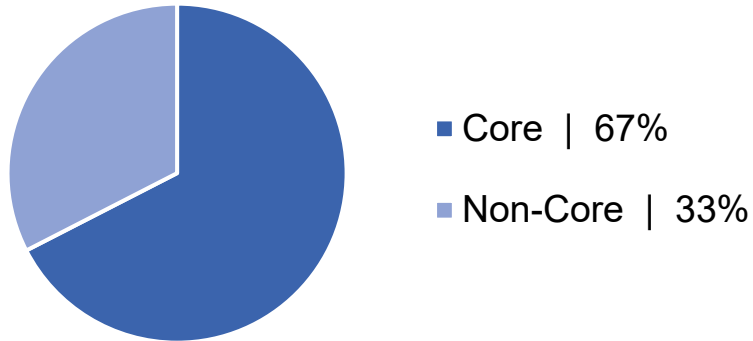
## Deployment Themes

- Weak fundraising environment and reduced dry powder
- Some investors have reached target allocations, which may present opportunities
- Tailwinds exist for Digital assets and Energy Transition assets
- Capital market dislocation may present attractive opportunities for well-capitalized investors



# Portfolio Performance | Infrastructure

## Risk Type



## Key Metrics

Unfunded Commitments\*

**\$5.7B**

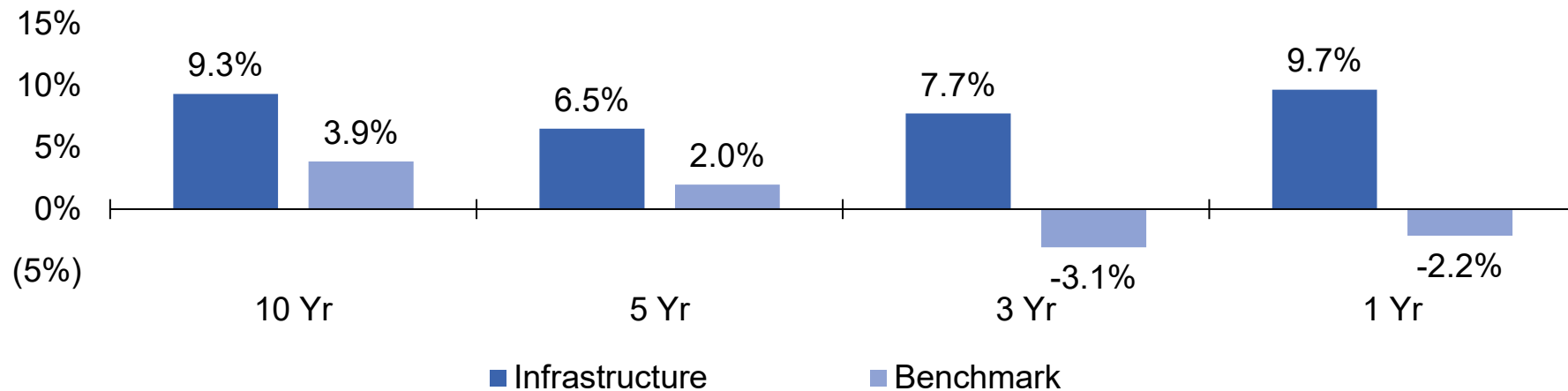
TVPI\*\*

**1.4**

Forecasted Volatility

**13.7%**

## Total Return

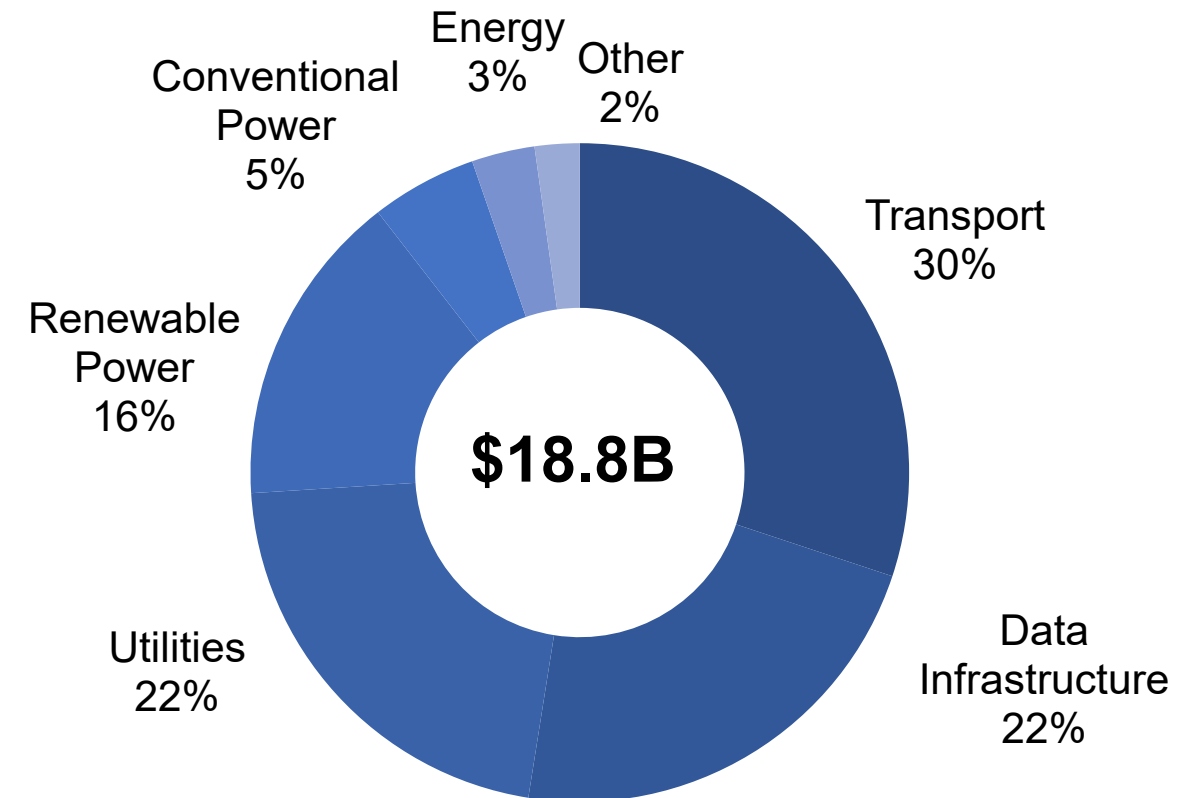
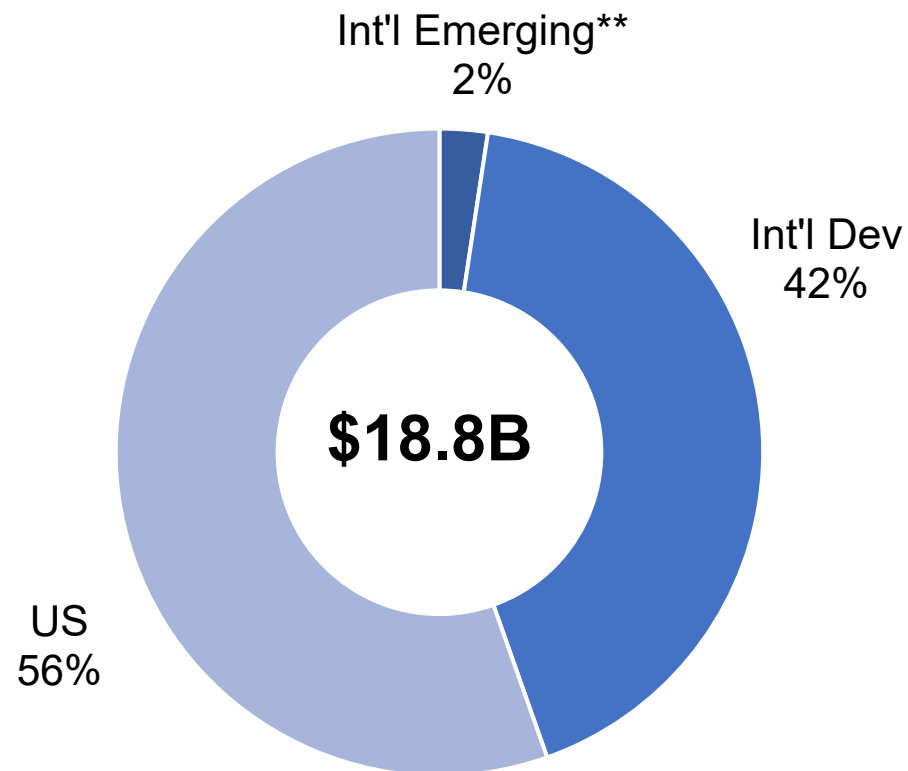




# Geography & Asset Sector\* | Infrastructure

## Geography

## Asset Sector





## Business Updates and Key Initiatives | Evaluation

- Infrastructure outperformed the policy benchmark over the 1, 3, 5, and 10-year periods
- Strong progress made towards SI 2030 Plan goals
- Deepened existing relationships with strategic partners
- Expanded Non-Core exposure
- Further strengthened team
- Increased allocations to cost efficient co-investment strategies





## Key Initiatives

- Structure new relationships with best-in-class managers, increasing allocation to Non-Core strategies
- Accelerate deployment in co-investment vehicles
- Align with Total Fund objectives to grow SI exposure consistent with the SI 2030 Plan
- Evaluate disposition opportunities to maximize value
- Evaluate middle market infrastructure opportunities



## Key Initiatives | Integration of Governance and Sustainability

SI Activities	Description / Status
<b>Governance</b>	Worked with SI to develop a governance framework around Climate Investing (approved in OAC in Q1 2025)
<b>ESG Integration</b>	Working with SI to develop ESG Integration plan across Infrastructure & enhance ESG due-diligence & monitoring
<b>Climate Risk &amp; Energy Transition Research</b>	Collaborating with SI to implement 2030 SI Business Plan for Infrastructure