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MEMORANDUM

TO: Members of the Investment Committee, CalPERS
FROM: Meketa Investment Group
DATE: September 15, 2025
RE: Infrastructure Trust Level Review, as of June 30, 2025

In our role as the Board Infrastructure Consultant, Meketa Investment Group ("Meketa") conducted a quarterly performance review of the Infrastructure Portfolio ("the Portfolio") for the California Public Employees' Retirement System ("CalPERS") Real Assets Program (the "Program") for the period ended June 30, 2025 based on data provided by Wilshire Associates[1] and selected CalPERS reports.[2] This memorandum provides the following: Portfolio performance data; implementation summary; status of key policy parameters; conclusory observations, and a summarized market commentary provided as an attachment.

Performance

CalPERS' Infrastructure Portfolio outperformed its policy benchmark for all reporting periods.

Net Returns as of June 30, 2025	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Infrastructure Portfolio Returns	7.5	6.1	8.0	9.0
Infrastructure Policy Benchmark[3]	1.2	(5.0)	2.0	3.8
Over (under) Performance[4]	6.3	11.2	6.0	5.2
Consumer Price Index (for reference only)	2.4	3.6	4.4	3.1

Comparing the above June 2025 returns to those posted a year ago, on an absolute basis, the one- and five-year trailing returns are up from 6.1% and 6.5%, respectively. At the same time, the three- and ten-year trailing period returns are down from 8.4% and 9.5%, respectively. Based on relative performance compared to the benchmark versus a year ago, the June 2025 three- and five-year trailing period over performance exceeded a year ago, when they were 6.0% and 4.0%, respectively. However, the June 2025 one- and ten-year over performance was not as great as a year ago, when they were 18.0% and 5.5%, respectively.

All trailing period returns exceed CalPERS' expectations for the asset class of 5.3% and 5.5%, set by the Capital Market Assumptions ("CMA") for Real Assets for the near- and long-term (five and 20 years), respectively. With the exception of the three-year return at 6.1%, the other periods fall in the 7% to 10% range that we have seen across many previous quarters. The lower three-year return likely reflects the absorption of several prior quarters of lower than usual one-year returns, which, when reporting on them, we attributed to J curve effects for newer commitments, including vehicles with low, negative, or no (i.e.,

[1] Wilshire performance for the period ended June 30, 2025 is reported with a 1-quarter lag, so data are as of March 31, 2025 (State Street Bank data).
[2] CalPERS Real Assets Quarterly Performance Report, including underlying Allocation, Characteristics, and Leverage Reports (Excel files), for the period ending March 31, 2025, as well as web-based data through Real Assets Power BI Analytics.
[3] CalPERS Custom Infrastructure Benchmark, with historical composition as follows: MSCI/PREA U.S. ACOE Quarterly Property Fund Index Net of Fees (April 1, 2018 forward); Consumer Price Index ("CPI") + 400 basis points (July 1, 2011 through March 31, 2018); and CPI + 500 basis points (October 1, 2007 through June 30, 2011).
[4] Calculated using more decimal places than shown, so result may not calculate exactly from the table data due to rounding.

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not yet meaningful) returns for the reporting periods. We note that 68.0% of the Portfolio's Net Asset Value ("NAV") was acquired in the last four and a quarter years, with 2021 at 22.0%, 2022 at 17.5%, 2023 at 13.9%, 2024 at 13.4%, and 2025 (through Q1) at 1.2% of the NAV.

For consistency with prior reporting, we note that the Infrastructure Portfolio's comparison to its benchmark should be viewed in the context that, since April 2018, the benchmark has had underlying assets that are 100% real estate, which is now completely reflected in all trailing periods except the ten-year, with the ten-year benchmark being more than half real estate, with the balance CPI+400 or +500 basis points.

Relative to CPI, as seen above, returns for all trailing periods are coming in above CPI, which we provide for reference only, as it used to be part of the Portfolio's benchmark and continues to be used by other institutional investors, usually with a premium of anywhere from +300 to +500 basis points, depending on the risk orientation of the portfolio. Also visible in the table above is the relatively higher CPI for the three- and five-year periods, reflecting prior elevated levels compared to more recent and longer historical periods. We note that the Portfolio's returns exceeded CPI by 250 to 590 basis points over the reported periods.

Other aspects of performance drivers are consistent with prior reporting periods and recent market conditions, as highlighted below.[1] Please see the Market Activity Attachment for additional information on selected infrastructure sectors and related economic data.

All returns cited are for the trailing one-year period.

Risk Classification[2]

→ Core, comprising 66.6% of the Portfolio, delivered low teens returns. Global Diversified Infrastructure comprised more than half of the Core portfolio at 60.2%, with 14.8% in US Power & Energy, 12.6% in Transportation (all geographies), and 12.4% in Communications (all geographies).

→ Non-Core: Value Add, comprising 31.9% of the Portfolio, posted low teens returns. Approximately two-thirds of this sub-portfolio's NAV is in commingled funds, predominantly global diversified strategies at 45.8%, two communications funds at 17.5%, and some co-investments at 31.7%.

→ Non-Core: Opportunistic, comprising 1.5% of the Portfolio, posted negative single-digit returns. This category comprises one diversified commingled fund investment that is in wind-down mode.

Sectors[3]

→ Global Diversified Infrastructure comprises 62.8% of the NAV and delivered low teens returns.

→ US Power/Energy represents 12.6% of the Portfolio and delivered high single-digit returns.

→ Global Communications comprises 10.8% of the Portfolio and delivered mid single-digit returns.

→ US Transportation accounts for 5.5% of the portfolio and posted mid single-digit returns.

→ Global Transportation is 4.7% of the portfolio and posted high single-digit returns.

→ International Communications is 2.5% of the portfolio and posted low single-digit returns.

→ Global Power/Energy is 1.2% of the portfolio and performance is in the low single digits.

[1] Real Assets QPR Q1 2025 Final.
[2] Sector attributions are based on vehicle-level risk classification.
[3] Based on vehicle-level sector classification.

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Net Income

→ The Portfolio's one-year net income was 2.0%, up from 1.3% a year ago. We would expect yield levels to be in the low single-digit range based on several factors, including the increasing proportion of Non-Core investments, selected portfolio companies' retention of cash for growth and capex, and some lingering effects of asset positioning during COVID. We note the Core Portfolio NAV has decreased slightly to 66.6% of the total Infrastructure Portfolio compared to 69.4% a year ago.

Implementation

The Portfolio's NAV as of June 30, 2025, was $21.1 billion, an increase of $4.7 billion, or 28.3%, compared to the June 30, 2024, NAV of $16.5 billion. The current NAV represents 3.8% of the Total Fund and 28.9% of the Real Assets Program,[1] an increase compared to 3.3% and 24.8% a year ago.

The increase in NAV is the result of a combination of contributions to existing and new investments, distributions, and net realized and unrealized gains and losses. For the prior-year period, the Portfolio's annual contributions outpaced distributions $2.9 billion to $0.6 billion.[2] We continue to expect to see contributions outpace distributions going forward, given the number and size of new commitments made over the last several years, and continuing currently, compared to the remaining smaller size of legacy assets.

Through CalPERS' various investment vehicles, during the prior year period the Portfolio made 65 new investments into assets or portfolio companies representing $2.5 billion in NAV as of June 30, 2025.[3] Most of the capital, 78.0%, was invested in the US, with 13.8% in the UK, and the balance in a number of other countries around the world, each at 2% or less. About half was invested in the utility sector, with significant amounts also in digital infrastructure and power infrastructure, and smaller amounts in energy and transport assets.

As of June 30, 2025, Portfolio NAV distribution is as follows relative to investment type: Transportation was 30.1%; Data Infrastructure 21.5%; Utilities 21.1%; Renewable Power 15.1%; Conventional Power 5.0%; Energy 3.1%; Other 3.1%; Environmental Services 0.5%; and Social Infrastructure 0.4%.[4]

[1] The Total Fund market value was $556.3 billion, and the Real Asset Program NAV was $73.0 billion, as of June 30, 2025, per Wilshire.
[2] Real Assets QPR Q1 2025 Final.
[3] For the trailing year April 1, 2024 through March 31, 2025, reflecting the one-quarter reporting lag.
[4] Web-based Real Assets Power BI Analytics, Vital Statistics-Characteristics.

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Key Policy Parameters

The Portfolio is compliant with key parameters related to diversification and other limits applicable at the Portfolio level, as documented in the table below. We note that policy changes aimed at updating and harmonizing the Total Fund Policy as relates to Real Assets, approved effective as of June 2024, collapsed the previously separate Value Add and Opportunistic risk classifications into a single Non-Core classification (for all Real Assets portfolios) and increased the Infrastructure Non-Core upper limit to 50% (from 40%). Meketa believes the changes are consistent with the Strategic Plan and was supportive at the First Reading and subsequent Second Reading.

Key Portfolio Parameter	Policy Range/Limit	NAV 6/30/25[1]
Risk Classification[2]	**(%)**	**(%)**
Core	50-100	66.6
Non-Core	0-50	33.4
Geographic Region[3]	**(%)**	**(%)**
United States	30-100	53.6
International Developed	0-70	43.6
International Developing	0-15	2.8
International Frontier	0-5	0.0
Manager Exposure[4]	**(%)**	**(%)**
Largest Partner Relationship	20 max	8.9
Investments with No External Manager	20 max	1.6
Leverage[5]		
Loan to Value	65% max	39.7
Debt Service Coverage Ratio	1.25x min	2.36

[1] Private investment data are one quarter lagged, so effectively as of March 31, 2025.
[2] Web-based Real Assets Power BI Analytics, Landing Page, and 2025.3.31 RA Characteristics Data Sheet.
[3] Web-based Real Assets Power BI Analytics, Landing Page, and 2025.3.31 RA Characteristics Data Sheet.
[4] 2025.3.31 RA Allocation Data Sheet: calculated based on manager- and account-level NAV. Percent calculated using relevant NAV plus total unfunded commitments for relationships/investments and same for the Real Assets Program ($86.4 billion).
[5] Web-based Real Assets Power BI Analytics, Landing Page.

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Conclusion

For the current reporting period ending June 30, 2025, the Infrastructure Portfolio outperformed the Infrastructure Policy Benchmark, CPI, and CalPERS' CMA for Real Assets for all trailing periods. Compared to a year ago, the absolute returns are mixed with the one- and five-year returns improved and the three- and ten-year returns somewhat lower; on a relatively basis; the three- and five-year returns over performed the benchmark by more than a year ago, while the one- and ten-year periods still over performed the benchmark, but by less than a year ago.

The Portfolio's development and its current position remains appropriate and consistent with applicable policies and guidelines:

→ *Risk*—NAVs are within the classification policy ranges;

→ *Geography*—NAVs are within the categorical ranges;

→ *Partner Relationships and Direct Investments*—Exposures are well below the maximums allowed; and

→ *Leverage*—Metrics are comfortably compliant.

The Portfolio continues to grow consistent with its Strategic Plan, now at 28.9% of the Real Assets Program and 3.8% of the Total Plan, compared to 24.8% and 3.3%, respectively, a year ago. Over the past year, new investments adding $2.5 billion to the NAV were made through a combination of existing and new commingled fund commitments, separate accounts, and co-investments. As we noted in the most recent Annual Review presented at the June 2025 meeting, over the last year the Real Assets Program has added a meaningful number of new active partners, partnerships, and investment vehicles that, together with prior existing ones, have significantly increased the Infrastructure Portfolio's ability to source investments and deploy capital into attractive opportunities. In particular, the new managers are helping the Portfolio successfully target relatively more non-core investments, consistent the CalPERS' objectives to seek a more diverse set of assets and a higher return target. We continue to believe that the Portfolio is very well-positioned to continue adding scale—as evidenced in part by its year-over-year $4.7 billion NAV increase—and providing diversification and enhanced, consistent return potential for the benefit of the Total Fund.

Please do not hesitate to contact us if you have questions or require additional information.

EFB/WP/SPM/jls

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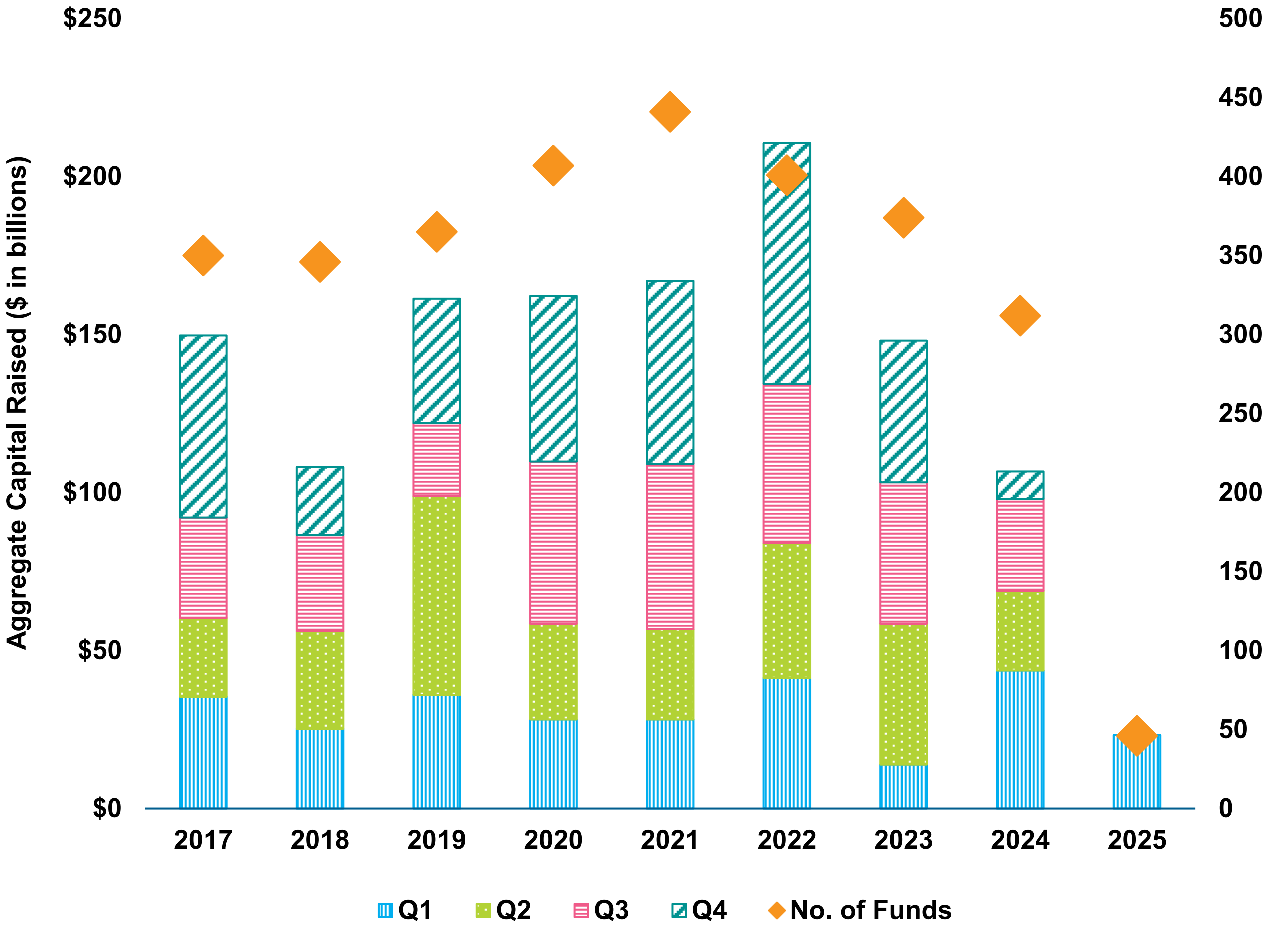
Attachment[1]

Infrastructure Market Commentary – Q1 2025

Global Quarterly Unlisted Infrastructure Fundraising[2]



Fundraising totals have declined each of the past three years and the first quarter of 2025 did not show a recovery. During the first quarter, infrastructure managers raised $23 billion across 46 funds, which was a recovery from the fourth quarter of 2024.

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[1] Commentary based on analysis of aggregated and deal-level data from Preqin, and other Preqin data, unless otherwise cited. Prior year data may have changed from figures shown in prior reports.

[2] Source: Preqin 1Q 2025.

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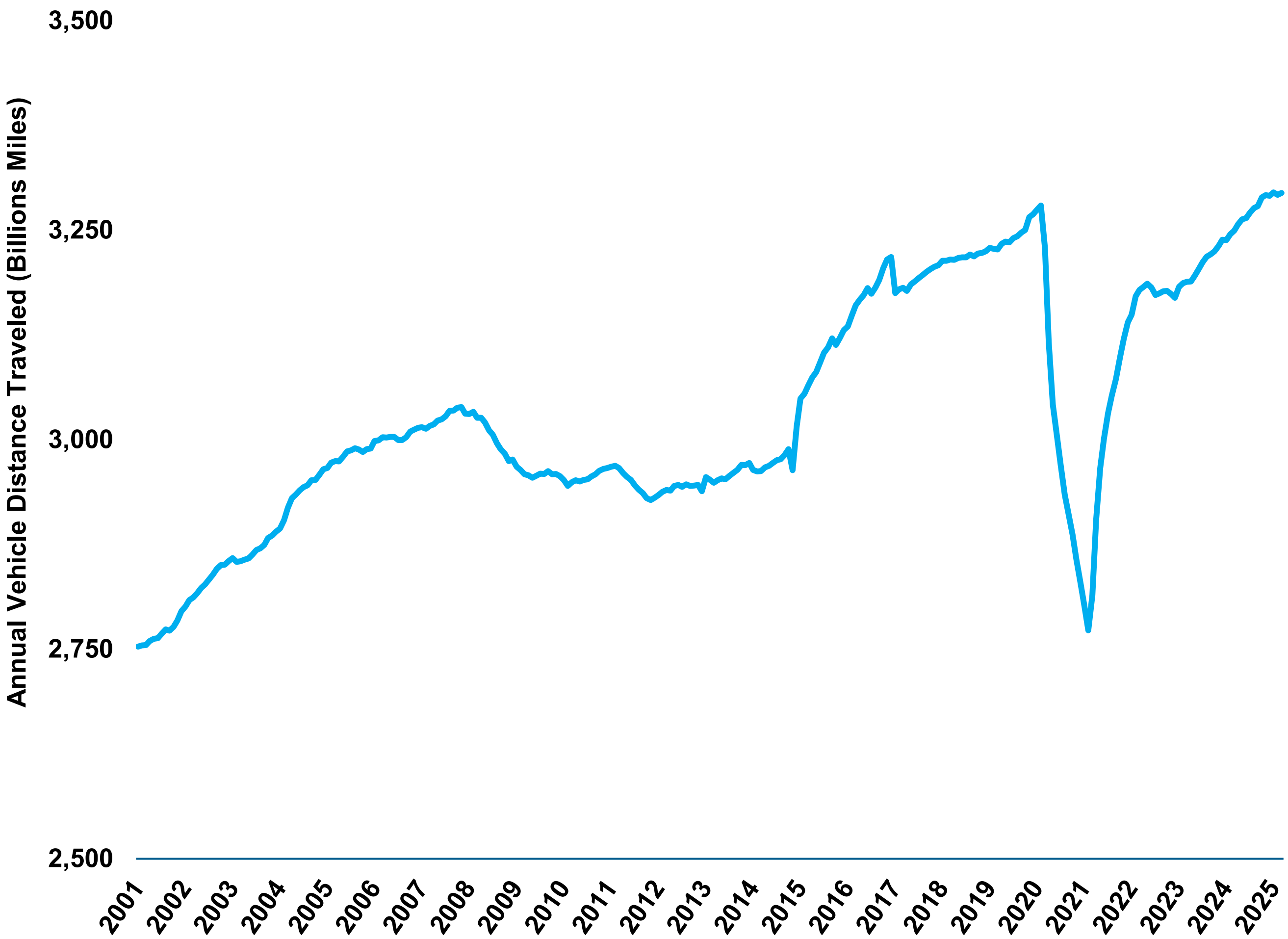
Trailing 12-month Annual Vehicle Miles on All US Roads[1]



The first quarter continued the steady increase in annual vehicle miles with a total of approximately 766 billion miles. This represented an increase of 0.4% over the same period in 2024 and represents the nine straight quarterly increase. Also, the 12-month annual miles reached a new peak set the prior quarter.

[1] Source: US Department of Transportation, Federal Highway Administration: Office of Highway Policy Information.

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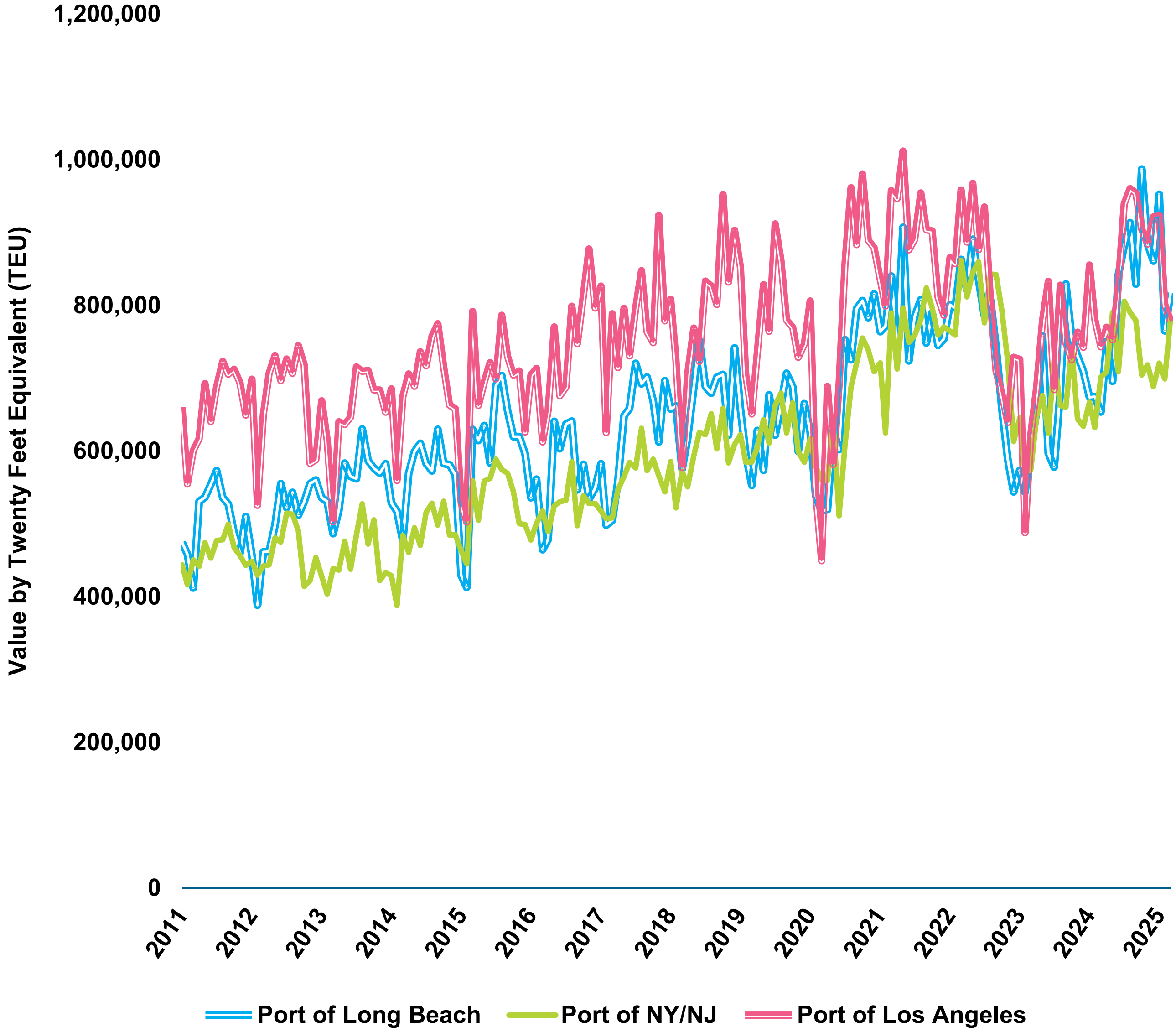
US Port Activity – Container Trade in TEUs[1]



The chart presents the top three US ports by container volume, as measured by twenty-foot equivalent units (TEU). Activity at the three ports provides a high level representation of the volume at US ports more broadly.

During the first quarter, volumes across the three ports increased by 0.9 million units relative to the same period last year. On a year-over-year basis, the combined port volumes increased by 4.0 million TEUs, or 16%, over the prior 12-month period. The Port of Long Beach recorded an increase of 23% (1.9 million TEUs), the Port of NY/NJ reported an increase of 11% (0.9 million TEU), and the Port of Los Angeles recorded an increase of 14% (1.2 million TEUs) over the prior 12 months.

[1] Source: www.polb.com, www.panynj.gov and www.portoflosangeles.org

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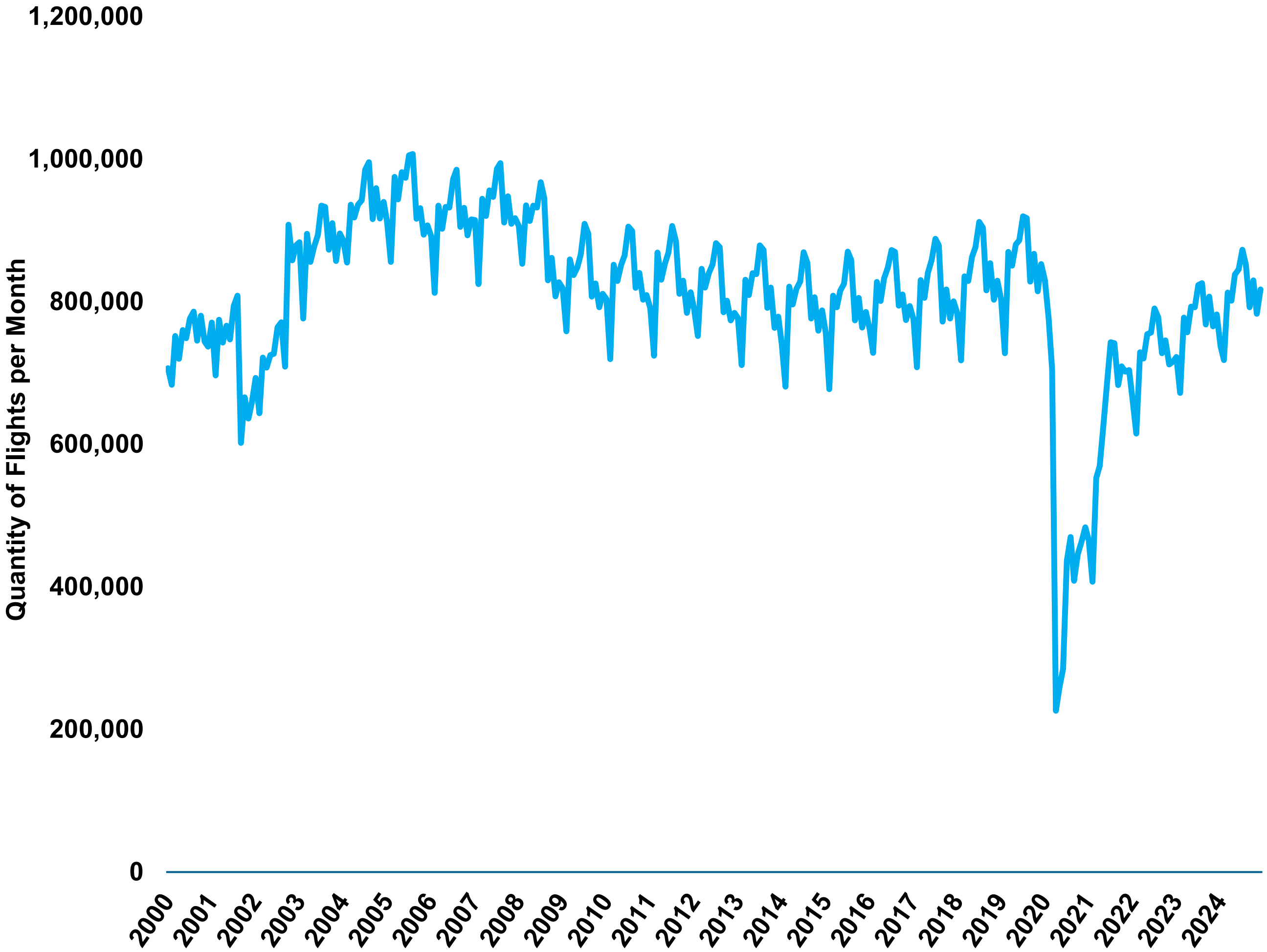
Total US Domestic and International Flights[1]



The chart above presents all US domestic and international flights, excluding foreign point-to-point flights by month. Historically, air traffic is cyclical with peaks in the summer months and troughs in the winter months.

There were 0.1 million more flights during the first quarter of 2025 over the same period in 2024, representing a 2.3% increase. In addition to the number of flights, the total number of passengers travelling on US and international airlines increased by 3% for the 12 months ended March 31, 2025.

[1] Source: Bureau of Transportation Statistics: Flights, All US, and Foreign Carriers.

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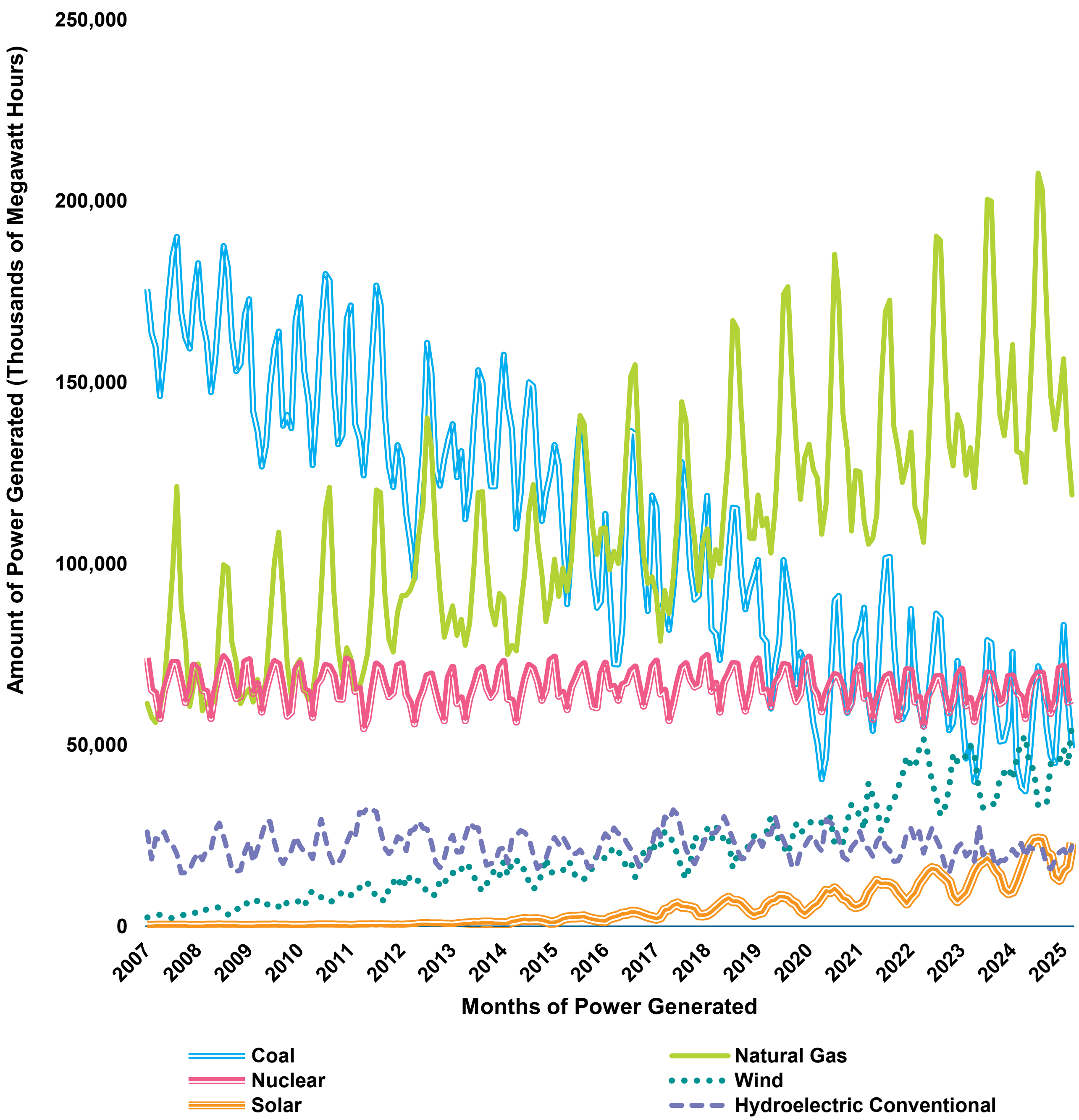
US Power Generation by Source[1]



In the first quarter 2025, total Utility Scale US power generated increased by 5% over the same period in 2023. Wind and utility-scale solar continue to make up a small portion of total net energy generation in the US, accounting for 12% and 5% of energy generation, respectively. Natural gas, coal, and nuclear accounted for 43%, 16%, and 18%, respectively.

[1] Source: US Energy Information Administration: Electric Power Monthly, March 2025.

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