

Global Public Equity Annual Program Review

As of Quarter Ending on June 30, 2025

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Global Public Equity
September 15, 2025

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Program Overview



Market Environment



Strategy, Performance, and Risk Analysis



Business Updates and Key Initiatives



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Program Overview

Role

- Principal asset class providing growth exposure and liquidity
- Delivers equity beta exposure in a risk and cost aware manner

Key Metrics¹

- Total AUM: \$215B (82% Cap Weighted, 18% Factor Weighted)
- Passive Assets: 68%, Active Assets: 32%
- Internally-Managed Assets: 89%, Externally-Managed Assets: 11%

Investment Beliefs

- A long investment horizon is a responsibility and an advantage. (IB 2)
- Long-term value creation requires effective management of three forms of capital: financial, physical, and human. (IB 4)
- CalPERS will take risk only where we have a strong belief we will be rewarded for it. (IB 7)
- Costs matter and need to be effectively managed. (IB 8)
- Strong processes and teamwork and deep resources are needed to achieve CalPERS goals and objectives. (IB 10)



Market Environment

Current Concerns & Opportunities

- Market volatility driven by geopolitical and policy uncertainty
- Elevated valuation may limit upside but is not a strong deterrent in isolation
- Persistence of narrow market leadership vs transition to broadening diversification
- Non-US markets may benefit from soft USD backdrop and potential for lower rates
- Bifurcated earnings backdrop favoring large caps in US

Investment Themes

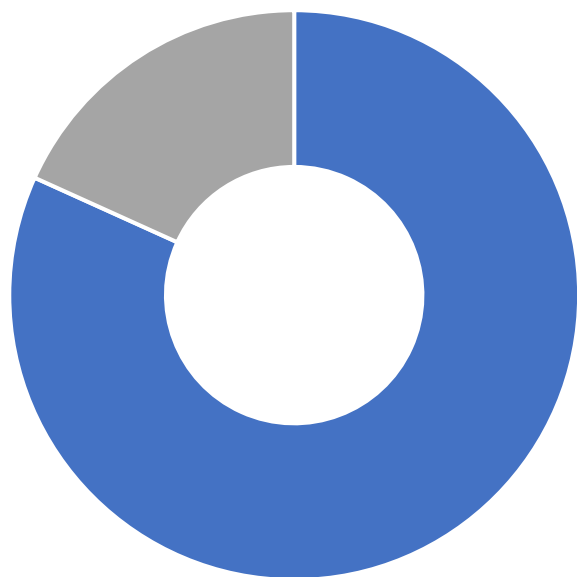
- Long-term Horizon: Endure short-term volatility while strategically pursuing active risk
- Regional Market Efficiency: Focus on active management in less efficient markets



Strategy and Portfolio Positioning | SAA Segments

GPE Portfolio Positioning as of June 30, 2025

Total Market Value: \$215B



- Cap Weighted | 82% | \$176B
- Factor Weighted | 18% | \$39B

Total Fund Allocation (%) as of June 30, 2025

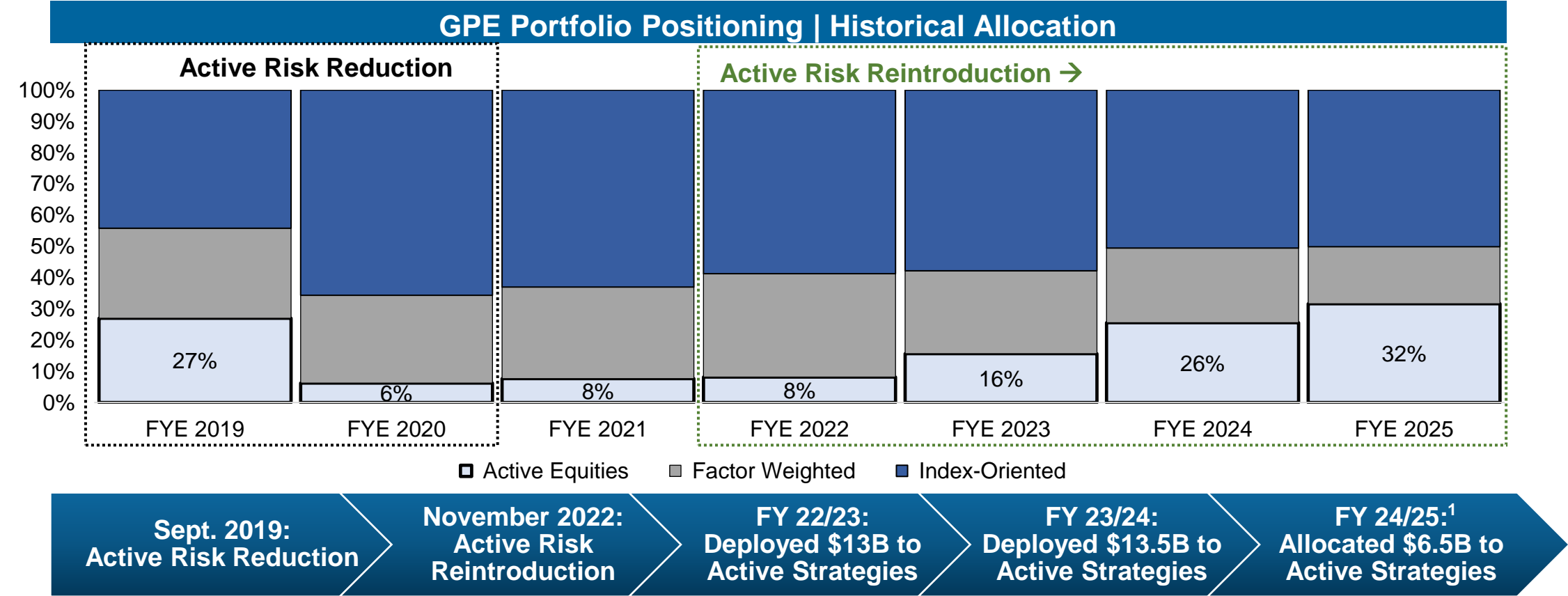
	% of Total Fund Actual	% of Total Fund Interim Target
Public Equity	39%	40.4 (+/- 7)
Cap Weighted	32%	30.4
Factor Weighted	7%	10.0

- Opportunistically overweighted Cap Weighted Segment within policy band tolerance



Strategy and Portfolio Positioning | Historical Allocation

Strategic Focus: Rebuilding Active Equities Allocation

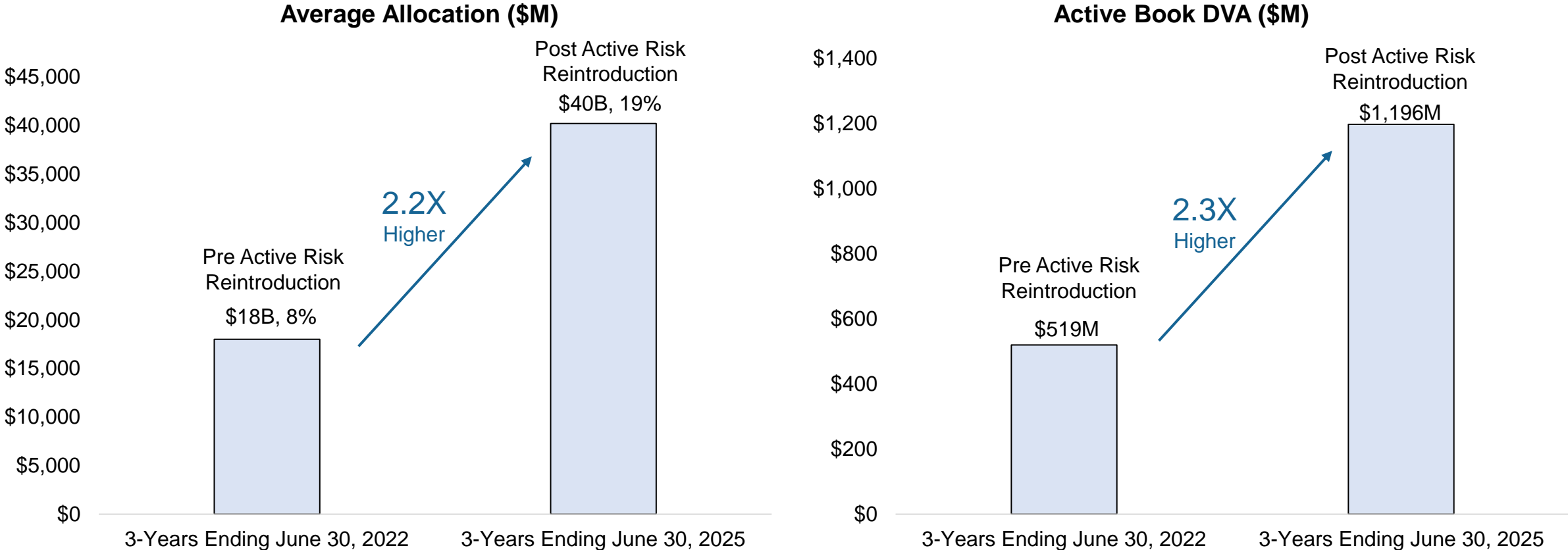


¹Deployed \$4.5B by fiscal-year-end and an additional \$2B in the beginning of FY 25/26



Strategy and Portfolio Positioning | Active Equities

CalPERS GPE Active Book Pre & Post Active Risk Reintroduction



Performance and Risk Analysis | SAA Segments

Total Global Public Equity

\$215B

Assets Under
Management

+13.2%

5-Year Total
Return

+25 bps

5-Year Excess
Return

\$2,392M

5-Year Cumulative
Value Added

Cap Weighted Segment

82%

Allocation of
Total GPE

18.8%

Forecasted
Volatility

43 bps

Forecasted
Tracking Error

Factor Weighted Segment

32%

Allocation to
Active Strategies

+16.8%

FY 24/25
Total Return

+45 bps

FY 24/25
Excess Return

\$804M

FY 24/25
Value Added

18%

Allocation of
Total GPE

15.7%

Forecasted
Volatility

29 bps

Forecasted
Tracking Error



Portfolio Performance | Active Management

How Staff Decisions Added \$1.5B DVA Over Last 3-Years

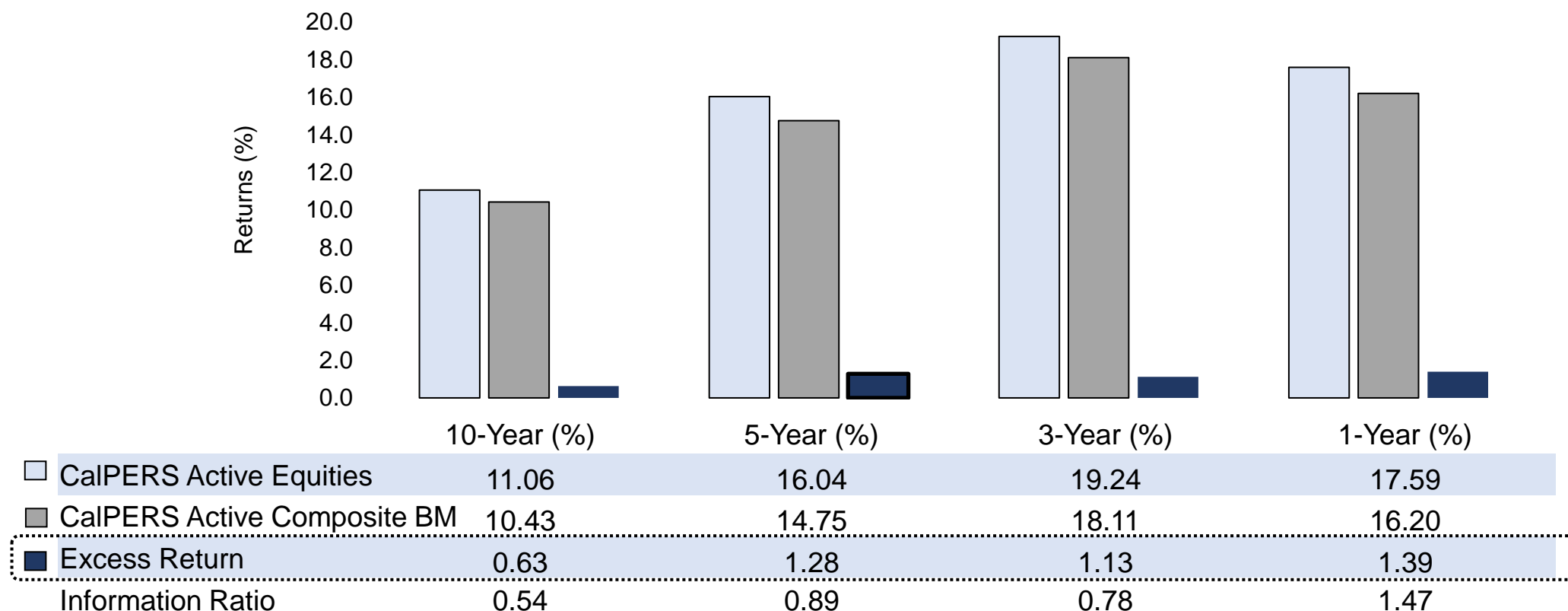




Performance | CalPERS Active Equities

CalPERS Active Equities Delivered Strong Returns While Maintaining Liquidity and Cost Efficiency

CalPERS Active Equities Performance As of June 30, 2025





Performance | Peer Universe Ranking

GPE 3-Year Performance Ranks Above Median to Top Quartile

As of Dec. 2024	CEM Equities Program Net Value Added (%) ¹	eVestment Active Equities Excess Return (%) ²	eVestment Active Equities Information Ratio ²
90th Percentile	0.6	3.06	0.93
75th Percentile	0.4	0.91	0.30
Peer Median	-0.3	-0.83	-0.20
25th Percentile	-0.7	-3.62	-0.64
10th Percentile	-1.3	-7.09	-1.06
Average	-0.3	-1.63	-0.08
Count	10	1,762	1,762

CalPERS GPE
0.0
0.97
0.64
CalPERS GPE Rank
Above Median
Top Quartile
Top Quartile

Looking Back on Business & Key Initiatives

What Worked



- Allocated \$6.5B¹ to active strategies in a risk-aware manner
- Advanced automation and development of manager skill assessments
- Advocated for shareholder rights and promoted board accountability
- Collaborated with Sustainable Investments to launch Climate Transition Index
- Staff development and culture promoting a connected, innovative team
- Delivered another year of strong absolute and excess returns

Areas for Refinement



- Formalize conviction-based capital allocation framework
- Refine analytics suite to augment decision-making capabilities
- Enhance strategy selection and monitoring processes
- Continue to improve data and technology capabilities

Key Initiatives – Looking Ahead

Support Total Portfolio Approach Efforts:



Participate in cross-asset forums to support Total Portfolio Approach

Continue to Enhance the Active Risk Framework and Portfolio Construction to:



Further diversify sources of alpha potential



Efficiently capture equity risk premia

Support the Data and Technology Modernization Initiative:



Engage in design and implementation of Total Fund and Capital Markets Platform Project

Progress the Sustainable Investments 2030 Strategy:



Define framework for identifying and selecting active climate transition strategies



Integration of Governance and Sustainability

Proxy Voting	Vote all public company proxies in a manner consistent with CalPERS' Governance & Sustainability Principles and CalPERS Investment Beliefs
Engagement	Actively engage portfolio companies on compensation, corporate board diversity, climate change, human capital management, other governance and sustainability considerations to promote long-term value creation
Partnerships	Use external and internal partnerships to actively engage global asset owners and managers, companies, data providers, regulators, and standards-setting bodies
Research	Research, develop, and integrate best practices and proxy voting enhancements, while evolving Governance & Sustainability Principles

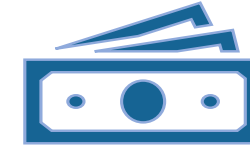
Stewardship | 2024-2025 Proxy Voting and Corporate Engagement



**>9,800 Meetings Voted
&
>93,000 Ballot Items**



**Opposed 400 Directors for
Climate Oversight Concerns**



**Opposed 41% of
Say-on-Pay Proposals (U.S)**



**402 Company Engagements
Representing \$119B AUM**



**Climate Action 100+ Lead
21 Companies**



**Opposed 1,235 Directors over
HCM/Diversity Concerns**



Stewardship | Key Issues and Priorities for FY 2025-26



Climate & Sustainability

- Climate Action 100+
- Director Accountability at CalPERS Top Emitters
- Support climate shareowner proposals:
 - Climate Risk
 - Net Zero Target Setting
 - Climate Transition
 - GHG Emissions
 - Pollution Related



Governance

- Board Composition and Diversity
- Enhance Disclosures of Director Characteristics
- U.S. State of Reincorporation Requests
- Executive Compensation (Say-on-Pay)
- Support governance shareowner proposals:
 - Independent Board Chair and Severance Agreements



Human Capital Management

- Support social-related/HCM-related shareowner proposals:
 - Freedom of Association
 - Labor/Human Rights
 - Racial Equity Audits



Stewardship | Regulatory Environment

Regulatory Developments:

Updates to Exempt Solicitation Rules (Form PX14A6G)

13D/G guideline changes putting potential constraints on investor dialog with companies

Staff Legal Bulletin 14M (SLB14M) – Rescinded SLB 14L relaxing the process for how companies can seek to exclude shareowner proposals (2025 increase in SEC “no action” relief (23% in 2025 vs. 14% in 2024))

Roundtable on Executive Pay – Discussion to remove pay for performance reporting, claw back, and CEO Pay Ratio

Congressional hearing on proxy advisory firm services

Multiple federal bills proposing regulation of proxy advisory firms

Business Roundtable (BRT) calls for enhanced oversight of proxy advisory firms

Proposals in Congress to dissolve PCAOB

Delaware Senate Bill 21

Texas Legislature passed Senate Bill 2337



Stewardship | 2024-25 Key Proxy Votes

Company		Proposal Description
Governance	Walgreens Boots Alliance (WBA)	Withheld vote from board leadership whose tenure overlapped with periods of long-term stock price underperformance
	Warner Bros Discovery (WBD)	Voted “against” Advisory Vote on Executive Compensation Withheld vote from Compensation Committee members
Environment	BJ’s Wholesale Club Holdings Inc. (BJ)	Report on Efforts to Reduce GHG Emissions
	Cintas Corporation (CTAS)	Report on Efforts to Reduce GHG Emissions in Alignment with Paris Agreement Goals
Social	Planet Fitness (PLNT)	Voted “for” shareowner proposal requesting EEO-1 Reporting
	Mondelez International Inc. (MDLZ)	Voted “for” shareowner proposal surrounding Freedom of Association and Collective Bargaining

Stewardship | Proxy Voting: Climate Risk Oversight



Climate Action 100+

- **Goals:**
 - Improve oversight of climate-related risks and opportunities
 - Curb greenhouse gas emissions
 - Strengthen climate-related financial disclosures
- **Progress Update:**
 - Leading engagement at 21 out of 170 focus companies
 - 80% of focus companies have set net zero commitment
 - 90% have some level of board oversight of material climate-related issues
 - 88% working to align with Taskforce on Climate Related Financial Disclosure recommendations



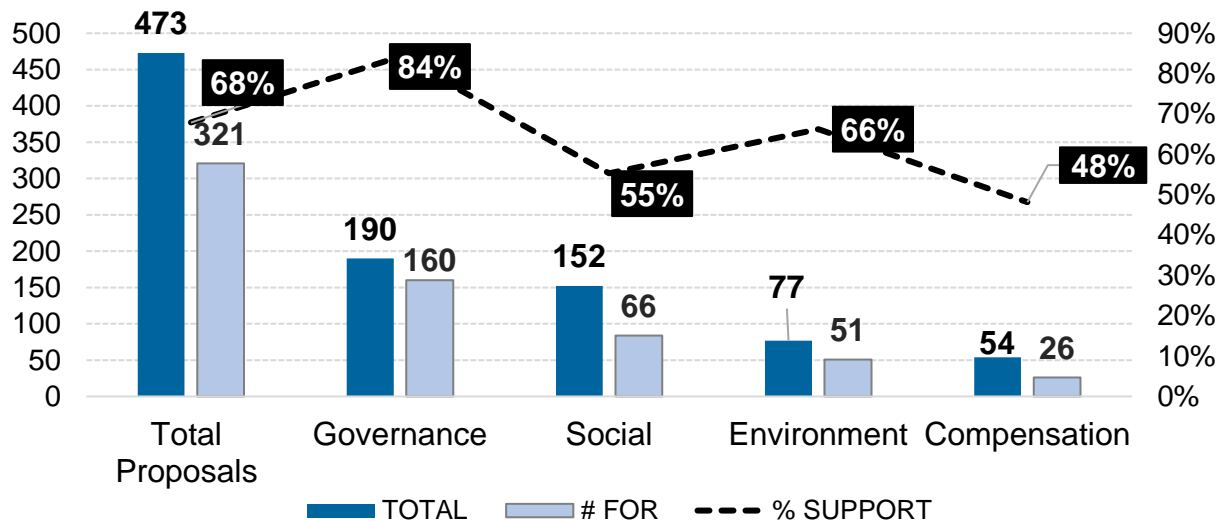
Top GHG Emitters

- **Top GHG Emitters:**
 - Account for 80% of portfolio scope 1 and 2 emissions
 - Account for over 70% of portfolio scope 3 emissions
- **Proxy Voting & Engagement:**
 - Held directors accountable at highest 350 emitting companies in the portfolio
 - Voted “against” 400 directors at 110 companies
 - CalPERS seeks to engage with all companies where directors were voted against

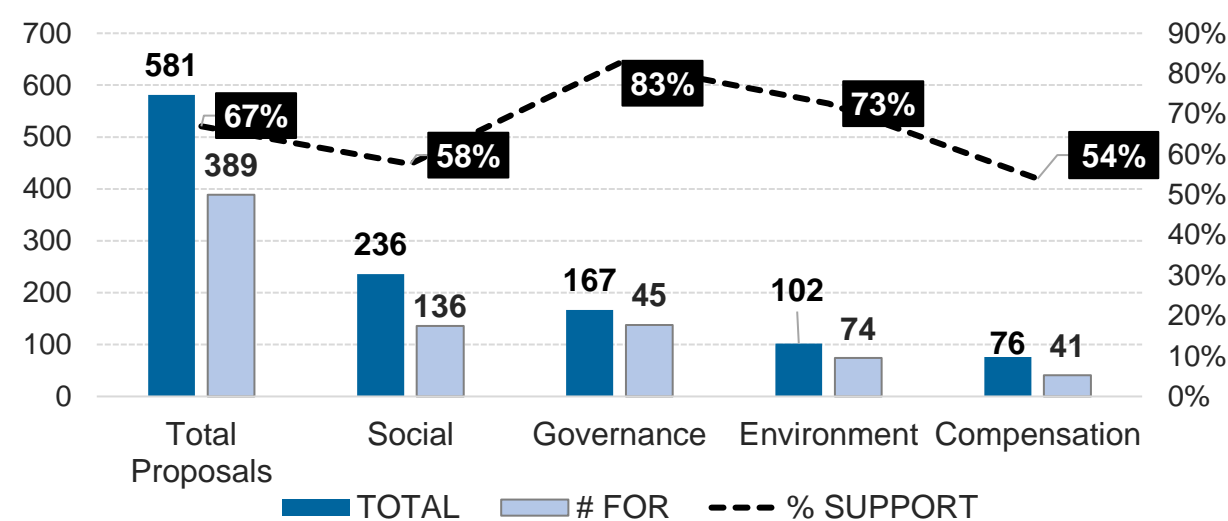
Stewardship | CalPERS Votes on U.S Shareowner Proposals

Environmental and Social Proposals Experienced Reduction in Vote “Support” Levels

Support Level at U.S. Shareowner Proposals: FY 2024-25



Support Level at U.S. Shareowner Proposals: FY 2023-24

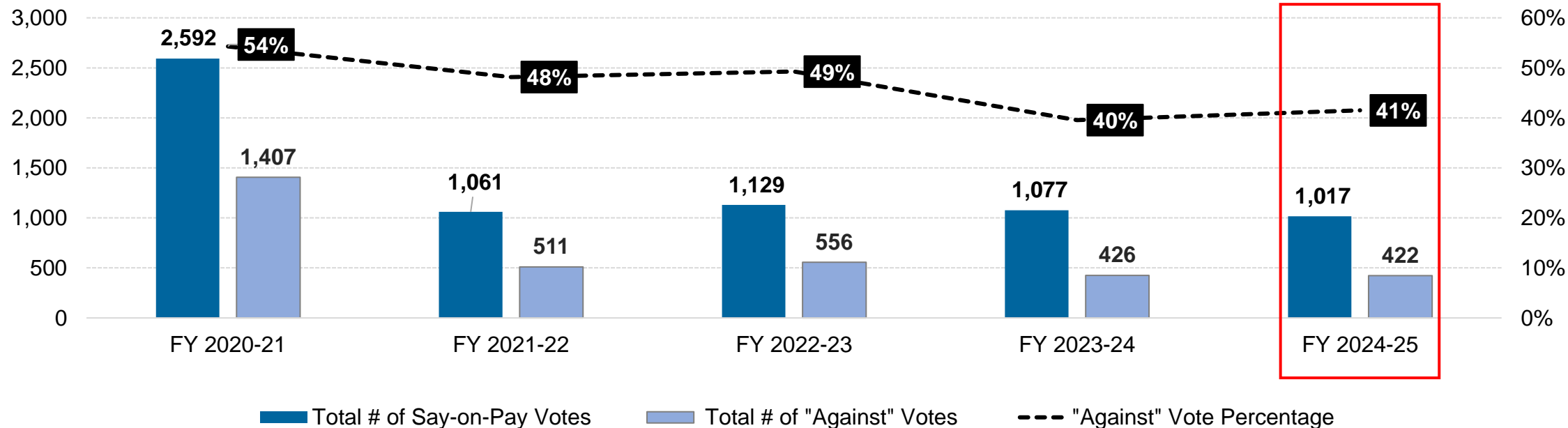




Stewardship | CalPERS U.S. Executive Compensation Votes

Voted “Against” 41% of Say-On-Pay Proposals and 1,037 Compensation Committee Members

CalPERS' U.S. Executive Compensation Votes: FY 2020-21 to FY 2024-25

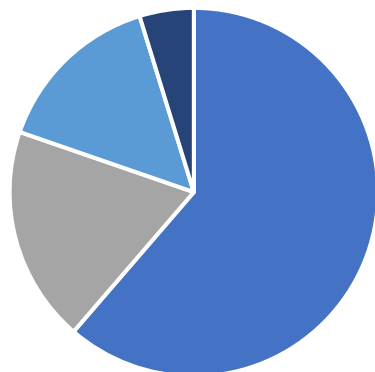


Appendix



Cap Weighted Segment

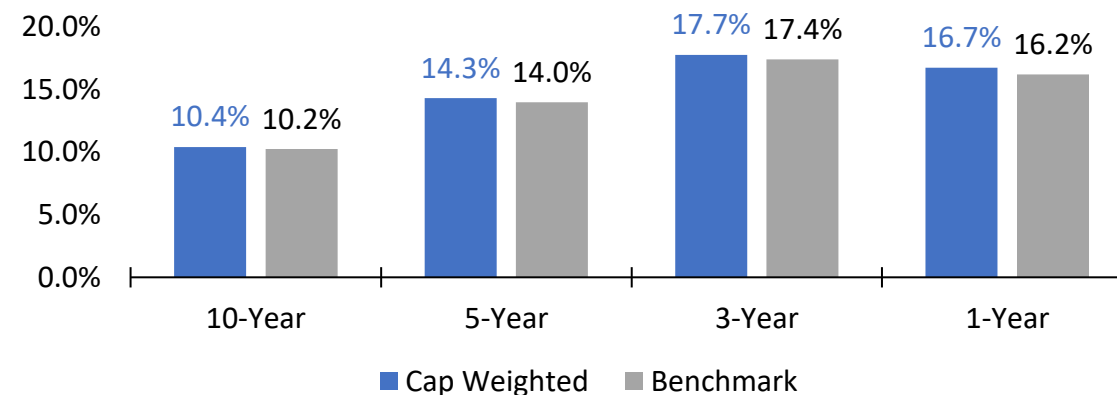
Strategy Allocation (\$ Bil)



Total Market Exposure: \$175.6

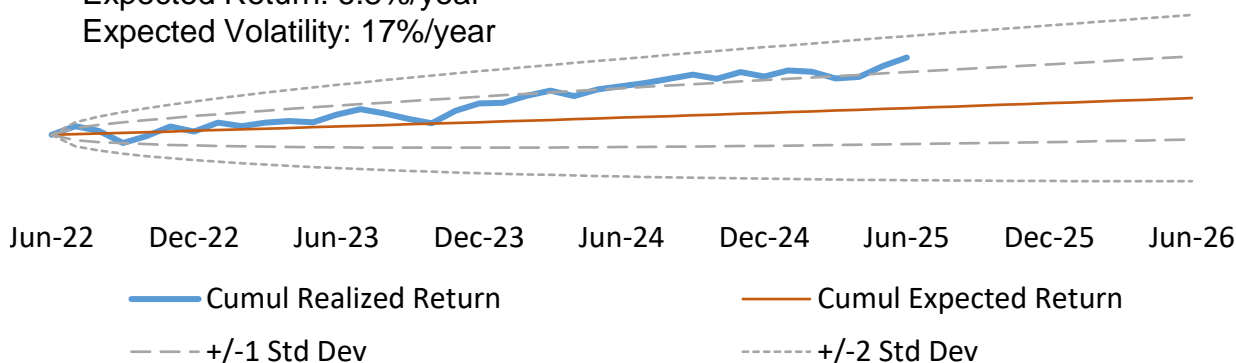
- Index-Oriented | 61.3% | \$107.7
- Enhanced Index | 19.0% | \$33.3
- Traditional Active | 14.9% | \$26.2
- Multi-Factor¹ | 4.8% | \$8.4

Total Return



Cumulative Return vs 2021 SAA Expectations

Expected Return: 6.8%/year
Expected Volatility: 17%/year



Key Metrics

Realized
10 Year
Sharpe Ratio
0.6

Realized
5 Year
Info Ratio
1.2

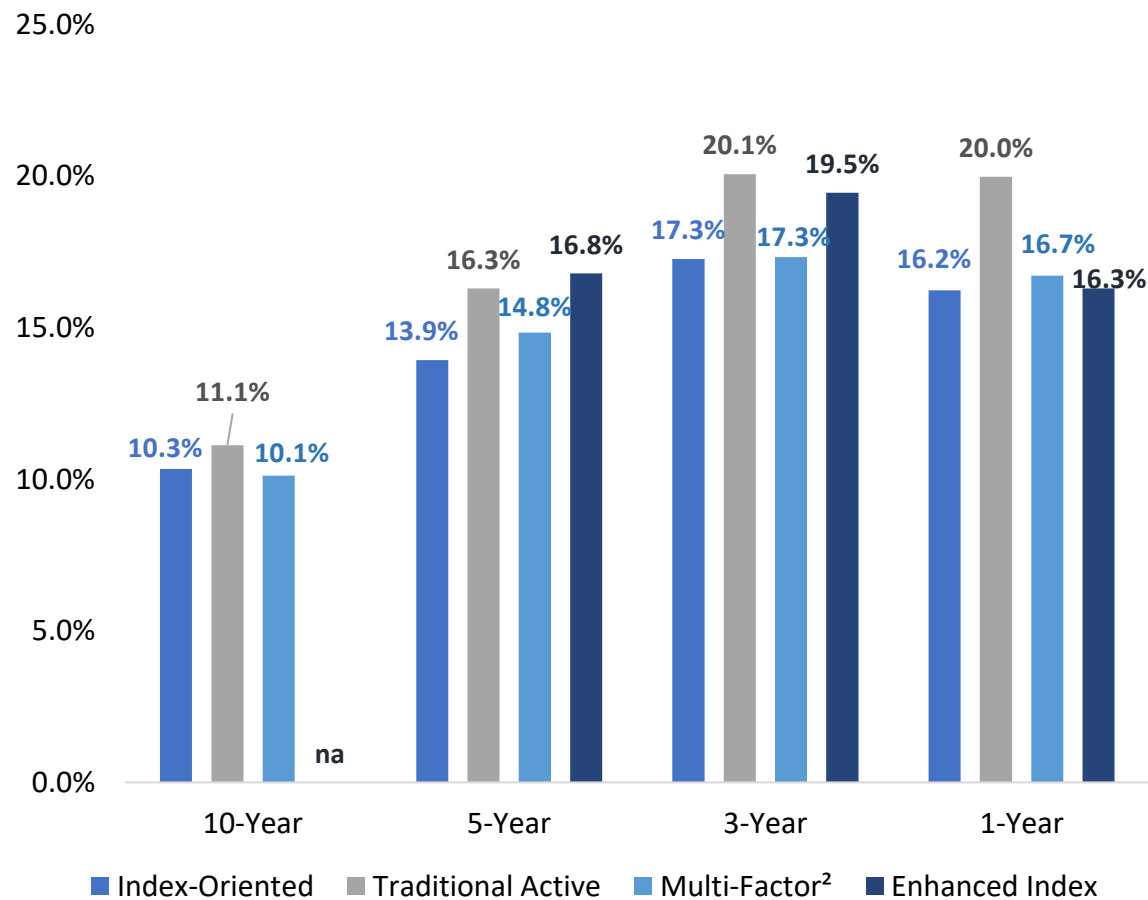
Forecasted
Volatility
18.8%

Forecasted
Tracking Error
43 bps

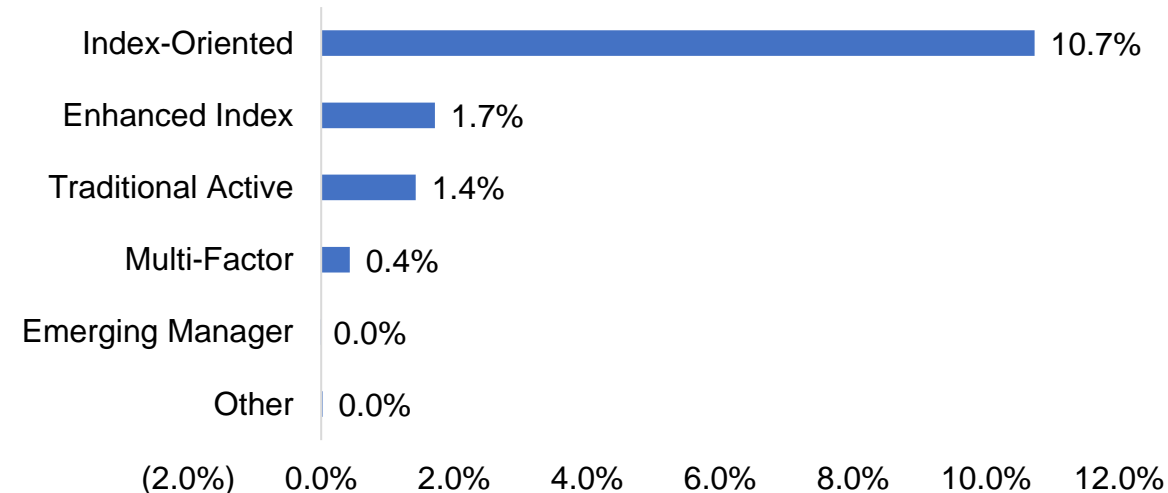


Portfolio Performance | Cap Weighted Total Return by Strategy

Total Return by Strategy

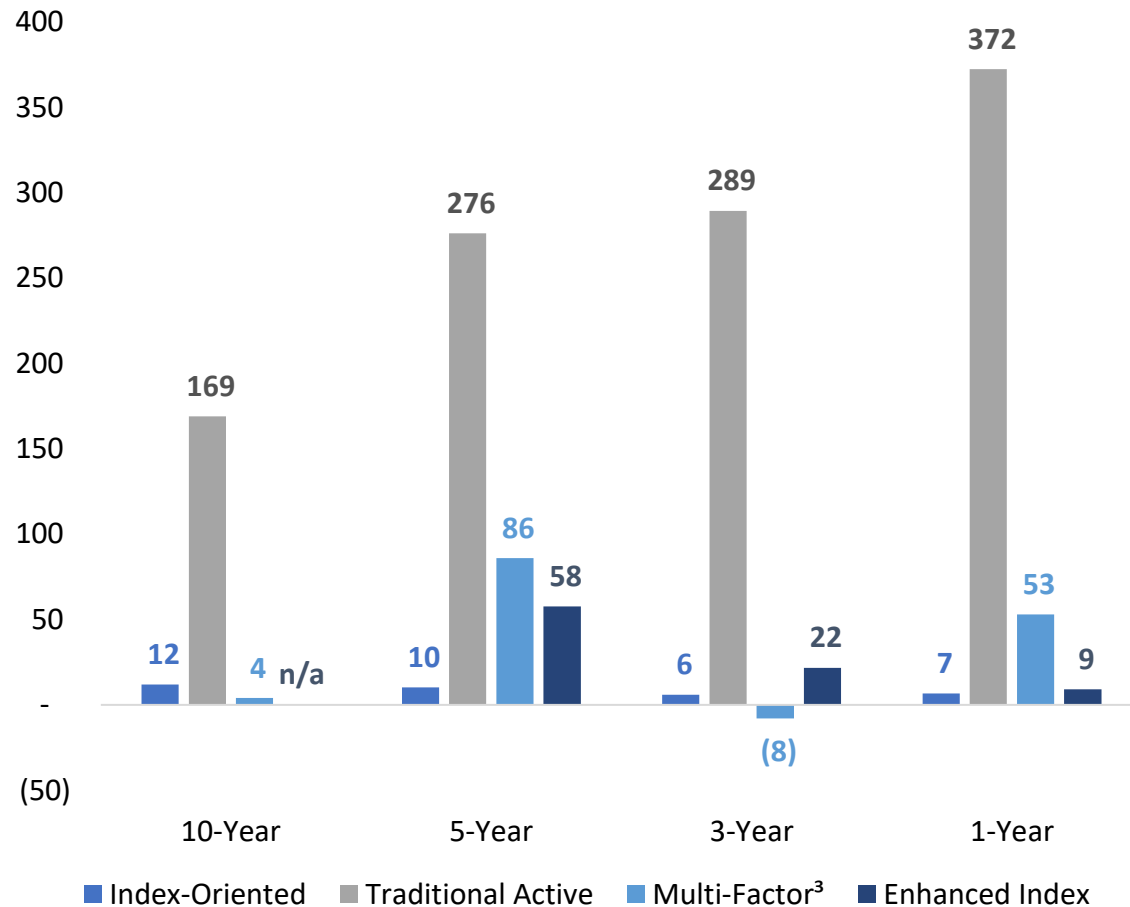
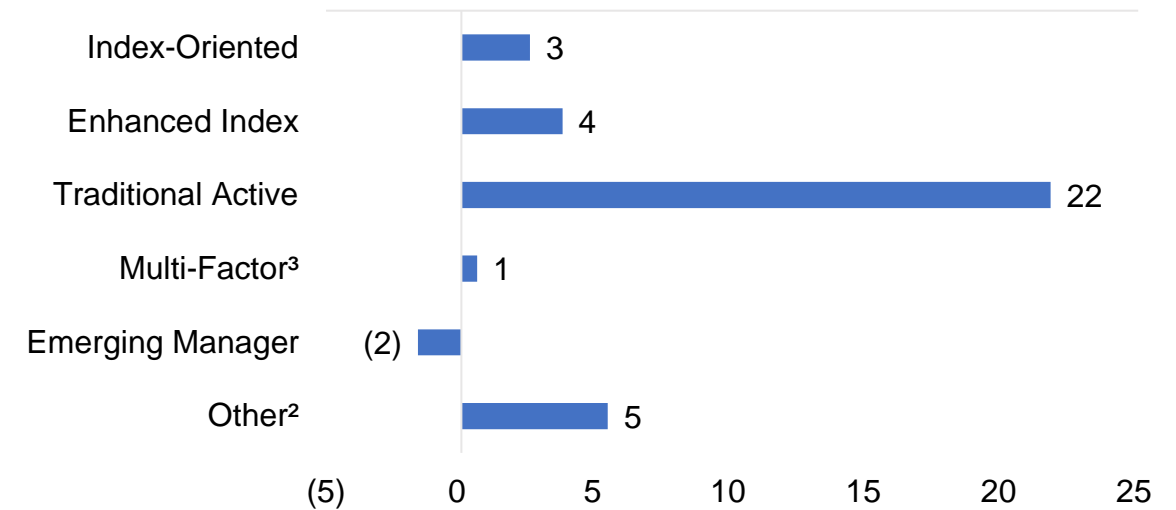


Contribution to Cap Weighted 5 Year Total Return



	Average Allocation	Return	Contribution to Return
Cap Weighted		14.3%	14.3%
Index-Oriented	80.3%	13.9%	10.7%
Enhanced Index	9.5%	16.8%	1.7%
Traditional Active	7.5%	16.3%	1.4%
Multi-Factor²	2.4%	14.8%	0.4%
Emerging Manager	0.2%		0.0%
Other¹	0.2%		0.0%

Portfolio Performance | Cap Weighted Excess Return by Strategy

Excess Return by Strategy² (bps)Contribution to Cap Weighted 5Y Excess Return¹ (bps)

	Avg Weight	Return	BM Return	Excess (bps)	Contribution to Excess
Cap Weighted		14.3%	14.0%	33	33
Index-Oriented	80.3%	13.9%	13.8%	10	3
Enhanced Index	9.5%	16.8%	16.2%	58	4
Traditional Active	7.5%	16.3%	13.5%	276	22
Multi-Factor ³	2.4%	14.8%	14.0%	86	1
Emerging Manager	0.2%				(2)
Other ²	0.2%				5

Note: All performance reported net of investment expenses and annualized. Public Equity benchmarks are net of taxes.

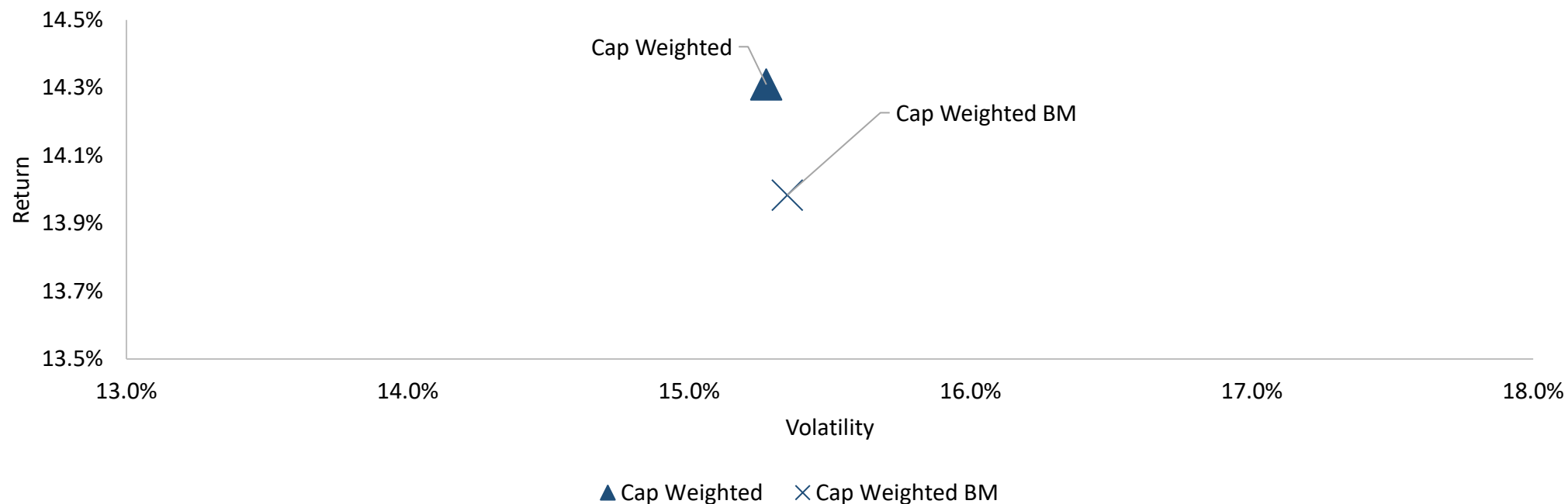
¹ Strategy contribution to excess excludes the impact of income from securities lending, which is reflected in "Other."

² Other includes impact from allocations to defunded strategies, income from securities lending, and allocation management. Excess returns shown include income from securities lending.

³ The Multi-Factor strategy transitioned from Alternative Beta in 2019.



5 Year Cap Weighted Risk-Return



	Return	Volatility	Sharpe Ratio	Tracking Error (bps)	Information Ratio
Cap Weighted	14.3%	15.3%	0.76	27	1.20
Index-Oriented	13.9%	15.4%	0.81	7	1.37
Enhanced Index	16.8%	16.0%	0.88	63	0.92
Traditional Active	16.3%	14.7%	0.92	288	0.96
Multi-Factor ¹	14.8%	14.7%	0.82	181	0.47



Cap Weighted Risk Summary

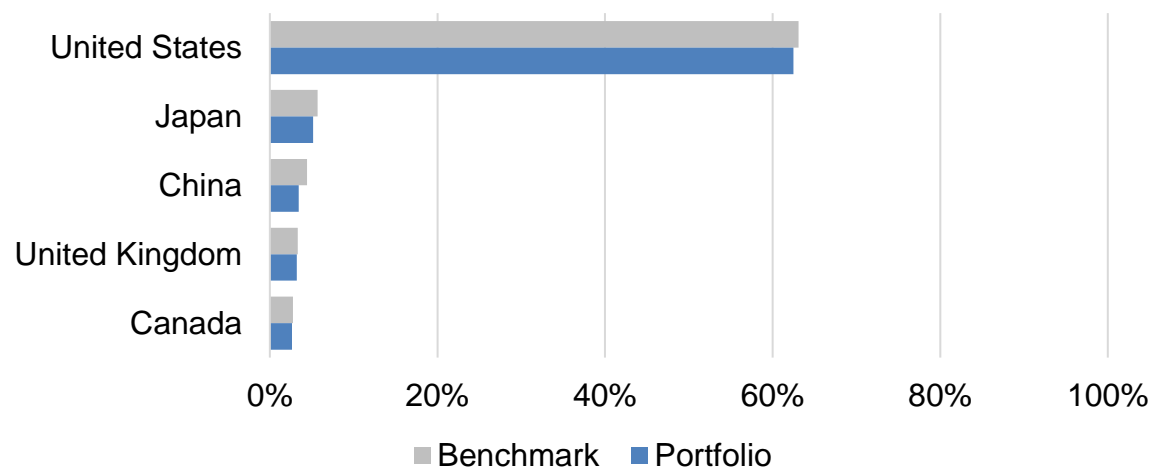
Segment Risk Statistics (Forecasted)

Forecasted Volatility	18.8%
Benchmark Volatility	19.0%
Tracking Error	0.43%
Portfolio Beta (to Bmk)	1.0

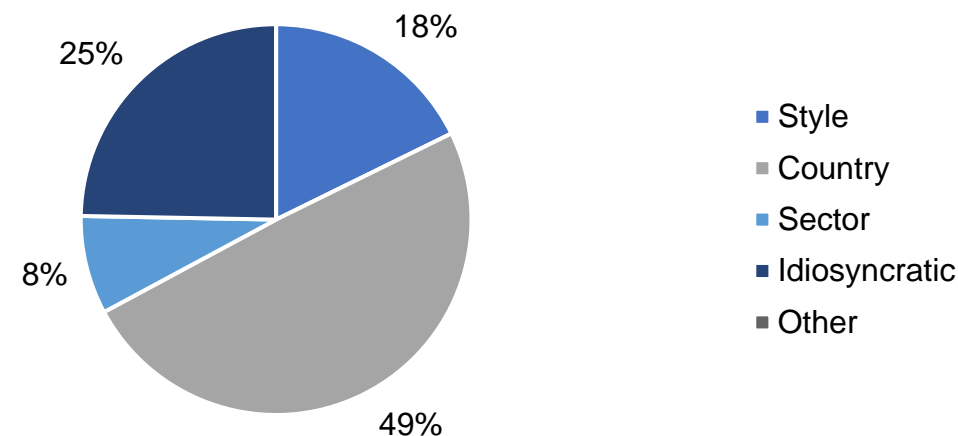
Risk Decomposition (Forecasted)

	Portfolio Risk Contribution	% Risk	Active Risk Contribution	% Risk
Total Segment Risk	18.8%	100.0%	0.43%	100.0%
Equity	18.0%	95.3%	0.40%	93.1%
Foreign Exchange	0.9%	4.7%	0.03%	6.8%
Rates	0.0%	0.0%	0.00%	0.1%
Spreads	0.0%	0.0%	0.00%	0.0%

Segment Allocation by Country (Top 5)



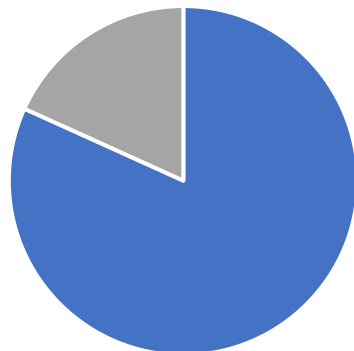
Active Risk from Equity Factors





Factor Weighted Segment

Strategy Allocation (\$ Bil)

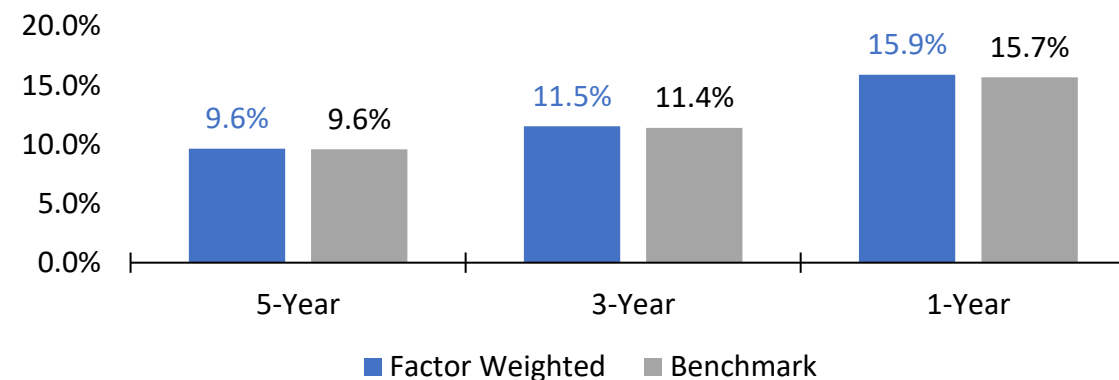


Total GPE Market Exposure: \$214.8

■ Cap Weighted | 81.8% | \$175.6

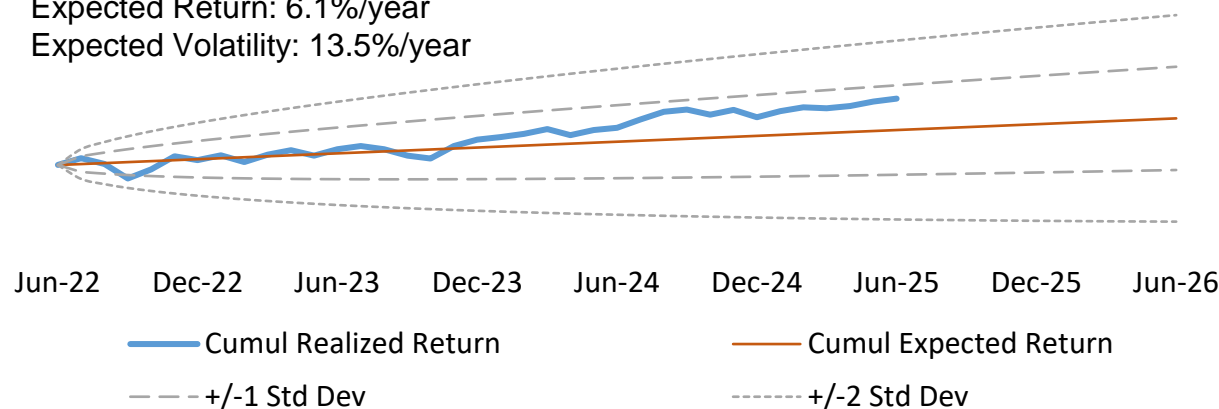
■ Factor Weighted | 18.2% | \$39.2

Total Return



Cumulative Return vs 2021 SAA Expectations

Expected Return: 6.1%/year
Expected Volatility: 13.5%/year



Key Metrics

Realized
5 Year
Sharpe Ratio
0.6

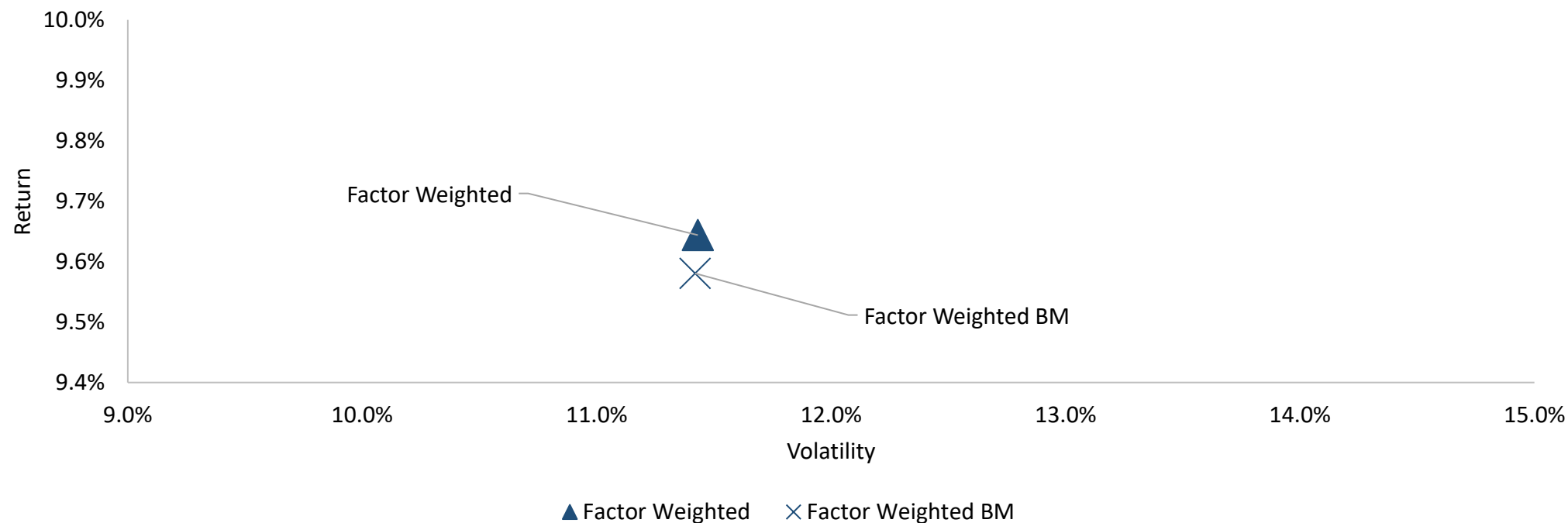
Realized
5 Year
Info Ratio
0.5

Forecasted
Volatility
15.7%

Forecasted
Tracking Error
29 bps



5 Year Factor Weighted Risk-Return



	Return	Volatility	Sharpe Ratio	Tracking Error (bps)	Information Ratio
Factor Weighted	9.6%	11.4%	0.60	13	0.48



Factor Weighted Risk Summary

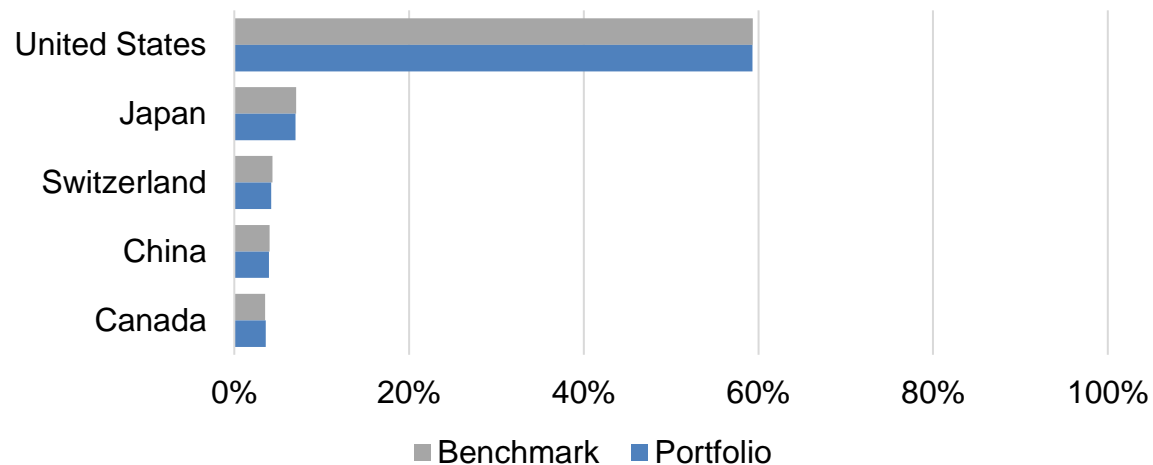
Segment Risk Statistics (Forecasted)

Forecasted Volatility	15.7%
Benchmark Volatility	15.6%
Tracking Error	0.29%
Portfolio Beta (to Bmk)	1.0

Risk Decomposition (Forecasted)

	Portfolio Risk Contribution	% Risk	Active Risk Contribution	% Risk
Total Segment Risk	15.7%	100.0%	0.29%	100.0%
Equity	14.9%	94.6%	0.28%	96.2%
Foreign Exchange	0.8%	5.4%	0.01%	3.8%
Rates	0.0%	0.0%	0.00%	0.0%
Spreads	0.0%	0.0%	0.00%	0.0%

Segment Allocation by Country (Top 5)



Active Risk from Equity Factors

