

MEMORANDUM

TO: Members of the Investment Committee, CalPERS
FROM: Meketa Investment Group
DATE: June 15, 2026
RE: Annual Program Review, inclusive of Quarterly Infrastructure Performance Review, as of March 31, 2026

In our role as the Board Infrastructure Consultant, Meketa Investment Group (Meketa) conducted an annual performance review, inclusive of the 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 March 31, 2026, based on data provided by Wilshire Associates and selected CalPERS reports.¹ This memorandum provides the following: Portfolio performance data; implementation summary; Portfolio structure summary; status of key policy parameters; a Program update; concluding remarks; and a summarized market commentary provided as an attachment.

Performance²

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

Net Returns as of March 31, 2026	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Infrastructure Portfolio Returns	8.9	8.1	8.5	9.1
Infrastructure Policy Benchmark ³	2.9	(4.2)	2.5	3.7
Over (under) Performance ⁴	6.0	12.3	6.0	5.4
Consumer Price Index (For Reference Only)	2.9	3.0	4.5	3.2

Comparing the above March 2026 returns to those posted a year ago, on an absolute basis, the one-year trailing returns are down slightly from 9.7%, while the three- and five-year returns are both up, from 7.7% and 6.5%, respectively, and the ten-year trailing period returns are about the same compared to 9.3% as of a year ago. On a relative basis, the March 2026 three- and five-year trailing periods posted better performance versus the benchmark compared to a year ago, when overperformance was 10.9%, 4.5%, respectively, while the one-year relative performance is not as impressive as last year's 11.8%, and the ten-year relative performance is about the same last year's 5.5%

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. The trailing-period returns continue to fall in the 7% to 10% range that we have seen across

¹ CalPERS Real Assets Quarterly Performance Report, including underlying Allocation, Characteristics, and Leverage Reports (Excel files), for the period ending December 31, 2025.

² Per Wilshire for the period ended March 31, 2026, reported with a 1-quarter lag, so as of December 31, 2025 (State Street Bank data).

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.



June 15, 2026

many previous quarters, but we note that for this reporting period they all fall in an especially tight 100 basis points range, between 8.1% and 9.1%. We also note we are not seeing a lower one-year trailing return sitting lower than the other periods, which we have seen intermittently over the past year or two, which we have attributed, in part, to J-curves from the Portfolio's new non-core investments.

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 well more than half real estate, with the balance CPI+400 or +500 basis points. Real estate has struggled over the last several years, as reflected in the benchmark.

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. We note that the Portfolio's returns exceeded CPI by 400 to 600 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 and are time-weighted net of fees.

Risk Classification

- Core, comprising 61.4% of the Portfolio, delivered mid single-digit returns. Global Diversified Infrastructure comprised more than half of the Core portfolio at 62.7%, with 12.9% in US Power and Energy, 12.1% in Transportation (all geographies), and 12.2% in Communications (all geographies).
- Non-Core: Value Add, comprising 37.5% of the Portfolio, posted mid teens returns. These investments are a combination of commingled funds and co-investments, with Global Diversified Infrastructure accounting for most of the NAV at 81.4% of this sub-portfolio, with two communications fund investments comprising 13.1%, and smaller amounts in Global and US Power and Energy.
- Non-Core: Opportunistic, comprising 1.1% of the Portfolio, posted positive double-digit returns. This category comprises one diversified commingled fund investment that is in wind-down mode.

Sectors

- Global Diversified Infrastructure comprises 67.8% of the NAV and delivered low double-digit returns.
- US Power/Energy represents 10.1% of the Portfolio and delivered mid single-digit returns.
- Global Communications comprises 10.1% of the Portfolio and delivered mid single-digit returns.
- US Transportation accounts for 4.7% of the portfolio and posted low single-digit returns.
- Global Transportation is 4.2% of the portfolio and posted mid single-digit returns.
- International Communications is 2.3% of the portfolio and posted flat returns.
- Global Power/Energy is 0.8% of the portfolio and posted negative mid teens returns.

¹ Real Assets QPR Q4 2025 Final.



June 15, 2026

Net Income

- The Portfolio's one-year net income was 2.1%, essentially the same as the 2.0% posted year ago. We still 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. The Core Portfolio NAV has decreased slightly to 61.4% of total Infrastructure, compared to 67.5% a year ago.

Implementation

The Portfolio's NAV as of March 31, 2025 was \$24.4 billion, an increase of \$4.6 billion, or 23.5%, compared to the March 31, 2024, NAV of \$19.7 billion. The current NAV represents 4.1% of the Total Fund and 30.9% of the Real Assets Program,¹ an increase in both shares compared to 3.7% and 28.0% 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 \$3.7 billion to \$1.1 billion,² which is consistent with the Real Assets Program's goal of increasing the Portfolio's NAV on an absolute and relative basis.

Through a combination of commingled funds, co-investment vehicles, and separate accounts, during the prior year period the Portfolio acquired 45 new investments representing \$3.3 billion in NAV as of December 31, 2025.³ Most of the capital (60.6%) was invested in the United States, with a significant amount also in the UK and Europe (30.2%), and smaller amounts in Latin America (5.2%) and Asia-Pacific (4.0%). The majority of the capital was deployed into utilities and renewable power (~30% to each), with meaningful amounts invested in data infrastructure, energy, and other types of assets.

As of December 31, 2025, Portfolio NAV distribution is as follows relative to investment type: Transportation was 27.3%; Utilities 22.5%; Data Infrastructure 20.7%; Renewable Power 16.9%; Energy 3.9%; Conventional Power 3.8%; Other 3.4%, Social Infrastructure 1.2%; and Environmental Services 0.4%.⁴

¹ The Total Fund market value was \$597.7 billion, and the Real Asset Program NAV was \$78.9 billion, as of March 31, 2026, per Wilshire.

² Real Assets QPR Q4 2025 Final.

³ Asset values as of December 31, 2025 due to the one-quarter reporting lag.

⁴ Web-based Real Assets Power BI analytics, Vital Statistics-Characteristics.



June 15, 2026

Infrastructure Portfolio Structure

The Portfolio invests via a number of different managers and investment vehicles, currently relying primarily on separate accounts and commingled funds for most of its capital deployment, as seen in the table below. Compared to a year ago, on a net basis the Program has two new active partners, 11 additional partnerships, 45 additional investment entities, and exposures in roughly the same number of countries. Also on a net basis, over the last year, one commingled fund and one co-investment account have been added to the Portfolio. The distribution of NAV is about the same as a year ago across vehicle types, while the total exposure (NAV + Unfunded) for co-investments increased meaningfully from 16% to 26%, with separate accounts and commingled funds each coming down slightly, and direct investments staying about the same. The increase in commitments to co-investment accounts is consistent with expanding the Portfolio's capital deployment capacity while benefiting from co-investments' having no or substantially lower management and incentive fees, reducing the aggregate percentage fee load for the whole Portfolio.

Active Partners	Partnerships	Investment Entities	Countries
15	43	239	27+

Investment Vehicle Type	Count	% of NAV	% of NAV + Unfunded
Separate Account	5	51%	42%
Commingled Funds	22	26%	29%
Co-Investment Accounts ¹	14	16%	26%
Direct Investments	2	6%	4%
Total	43	100%	100%

¹ A co-investment vehicle may hold one or more individual co-investments, depending on its mandate and structure.



June 15, 2026

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. For this annual review, we included the data from a year ago, as of March 31, 2025, as shown in the table below. We observe that most of the parameters are about the same in the geographic, manager exposure, and leverage parameter categories. Staff is intentionally decreasing Core NAV and increasing Value Add NAV consistent with the Strategic Plan.

Key Portfolio Parameter	Policy Range/Limit	NAV 3/31/25 ¹	NAV 3/31/26 ²
Risk Classification³	(%)	(%)	(%)
Core	50-100	67.5	61.4
Non-Core	0-50	32.5	38.6
Geographic Region⁴	(%)	(%)	(%)
United States	30-100	55.4	53.9
International Developed	0-70	42.2	42.7
International Developing	0-15	2.4	3.4
International Frontier	0-5	0.0	0.0
Manager Exposure⁵	(%)	(%)	(%)
Largest Partner Relationship	20 max	8.9	10.7
Investments with No External Manager	20 max	1.6	1.4
Leverage⁶			
Loan to Value	65% max	39.5%	43.6%
Debt Service Coverage Ratio	1.25x min	2.41x	1.89x

¹ Private investment data are one quarter lagged, so effectively as of December 31, 2025.

² Private investment data are one quarter lagged, so effectively as of December 31, 2025.

³ 2025.12.31 RA Characteristics Data Sheet.

⁴ 2025.12.31 RA Characteristics Data Sheet.

⁵ 2025.12.31 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 the same for the Real Assets Program (\$99.7 billion).

⁶ Web-based Real Assets Power BI analytics, Landing Page.



June 15, 2026

Real Assets Staffing Program Update

The Real Assets Program is led by its Managing Investment Director (MID), along with three Investment Directors (IDs), who together oversee 37 other Staff positions, as of April 1, 2026. Of the Program's 10 Investment Manager (IM) positions, three are dedicated to infrastructure, with eight additional positions supporting them, also on a dedicated basis, giving the Infrastructure Portfolio 12 dedicated investment professionals (excluding its MID). Most of these team members work across all phases of the investment program, including sourcing, due diligence for new investments, and managing existing investments and manager relationships.

Staffing movements among professionals supporting the Infrastructure Portfolio over the prior calendar year included: one IO1 departure; and one internal promotion from an Associate IM (AIM) to an IM. The recruitment processes to replace the IO1 and AIM are underway. Additionally, an IO3 position vacant since last year will be filled in June 2026. Subsequent to April 1, an AIM departed and the team expects to select two candidates for the already underway AIM recruitment process.

As Meketa attends the weekly Real Assets Investment Committee (RAIC) meeting virtually, and speaks biweekly with the senior leadership team, we observe that the professionals focused on infrastructure continue to take a thoughtful and rigorous approach to manager and investment selection, as well as structuring commitments of discretionary and non-discretionary capital across vehicle types to maximize capital deployment capacity and minimize aggregate fee loads.

Conclusion

For the current reporting period ending March 31, 2026, the Infrastructure Portfolio outperformed its formal benchmarks and other targets for all four trailing periods considered, beating the Infrastructure Policy Benchmark, CalPERS' CMA for Real Assets, and CPI. We note that two of the four trailing period absolute returns are slightly up compared to a year ago, one period is slightly down, and one is essentially the same. Factors in the changes continue to include the increasing level of commitments to, and consequent rise in relative NAV exposure, to Value Add investments. A similar pattern exists for the Portfolio's relative overperformance versus the benchmark as of this reporting period compared to a year ago: two periods are better; one is slightly down; and one is about the same.

The Portfolio's development and its current position remain 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.
- *Leverage*—Metrics are comfortably compliant.



June 15, 2026

The Portfolio continues to grow consistent with its Strategic Plan, now comprising 30.9% of the Real Assets Program and 4.1% of the Total Plan, compared to 28.0% and 3.7% a year ago. In 2025, the Real Assets Program began investing through several new vehicles comprising a combination of commingled funds and co-investments, while approximately \$3.3 billion in new or follow-on infrastructure investments closed under new or existing managers through a variety of investment vehicles. A dedicated infrastructure team of 12 continues to develop relationships with new managers and expand investment capacities with existing ones, as reflected in the Portfolio's \$4.6 billion increase in NAV and additional 45 investment entities (which can be single or multi-asset portfolio companies). In particular, the team has been successfully focusing on expanding selected managers' focus on Non-Core investments, as reflected in the continued relative reduction in Core exposures and increase in Non-Core compared to a year ago. This shift enhances the Portfolio's diversification and increases its return potential.

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

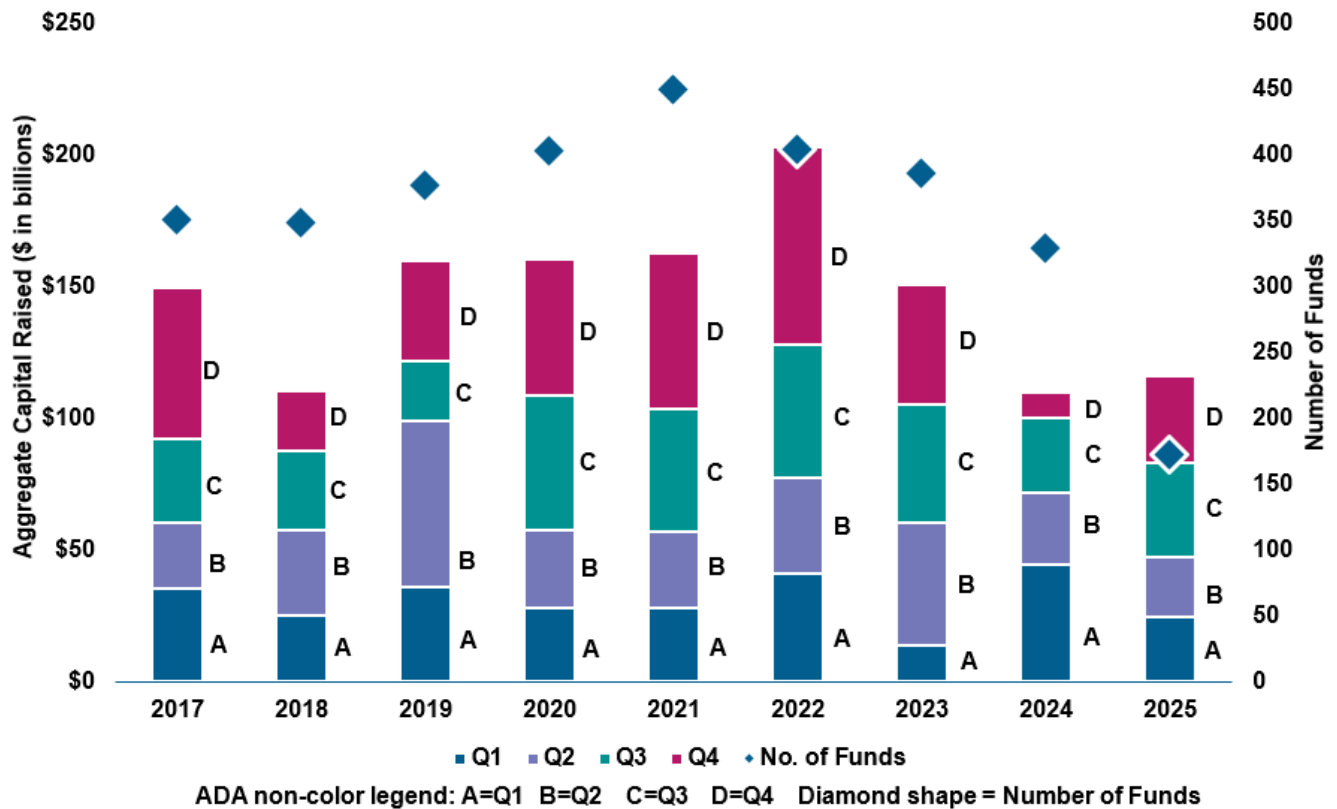
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Attachment¹

Infrastructure Market Commentary – Q4 2025

Global Quarterly Unlisted Infrastructure Fundraising²



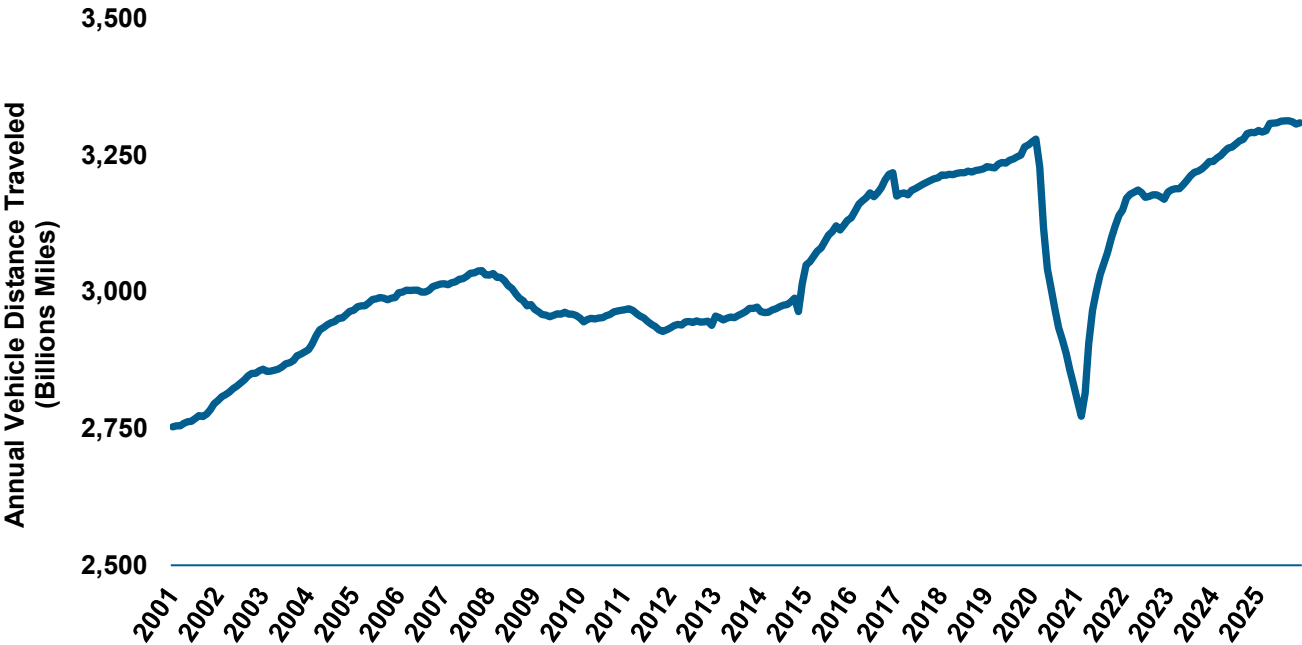
Although an increase over 2024 capital raised, fundraising totals for 2025 were well below the average over the past eight years at \$116 billion. During the fourth quarter, infrastructure managers raised \$33 billion across 28 funds.

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 4Q 2025.



Trailing 12-month Annual Vehicle Miles on All US Roads¹

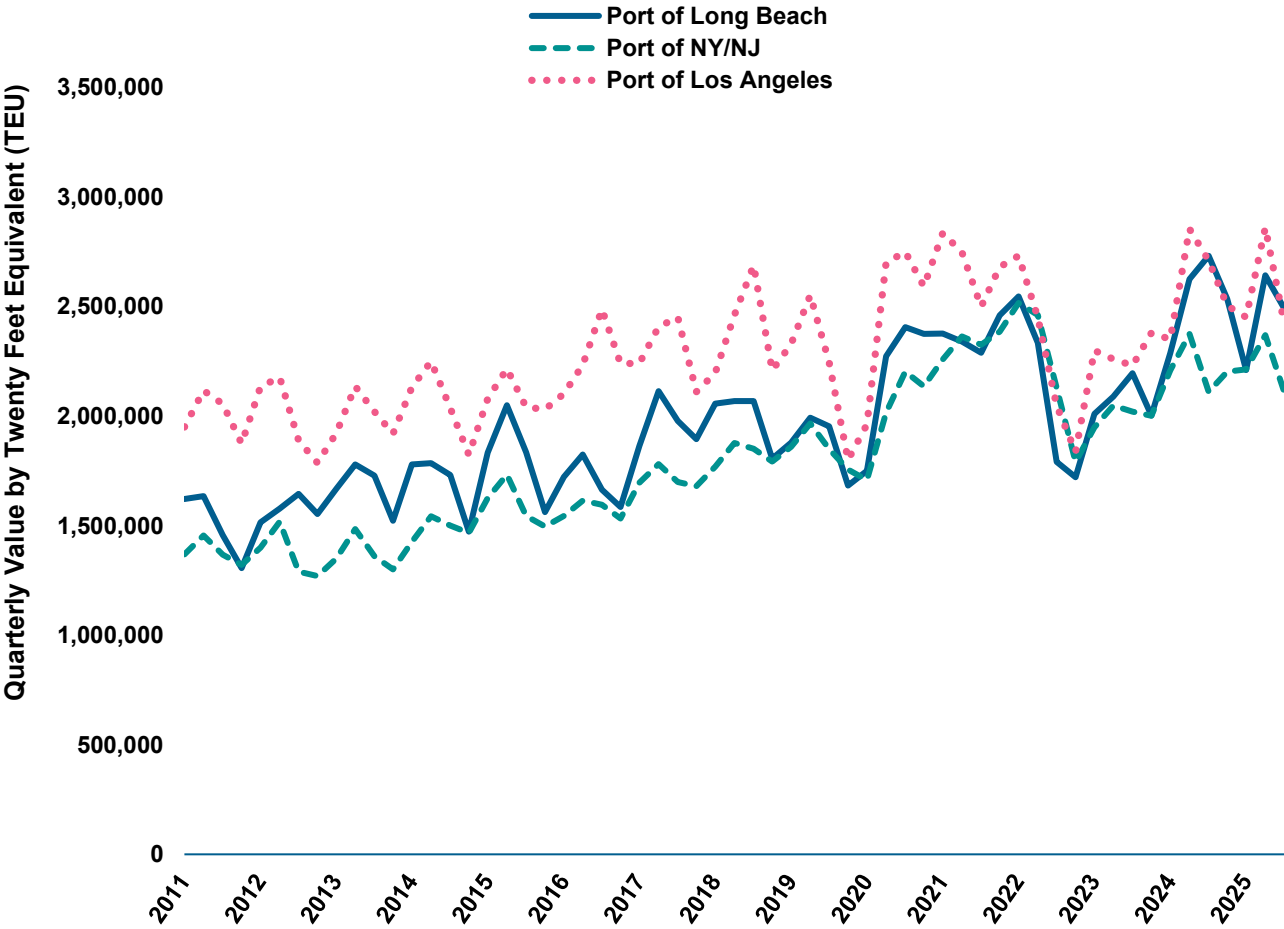


The fourth quarter continued the strong annual vehicle miles totals at approximately 818 billion miles. This represented a decrease of -0.4% over the same period in 2024 but continued the high totals post-COVID.

¹ Sources: US Department of Transportation, Federal Highway Administration: Office of Highway Policy Information.



US Port Activity – Container Trade in TEUs¹



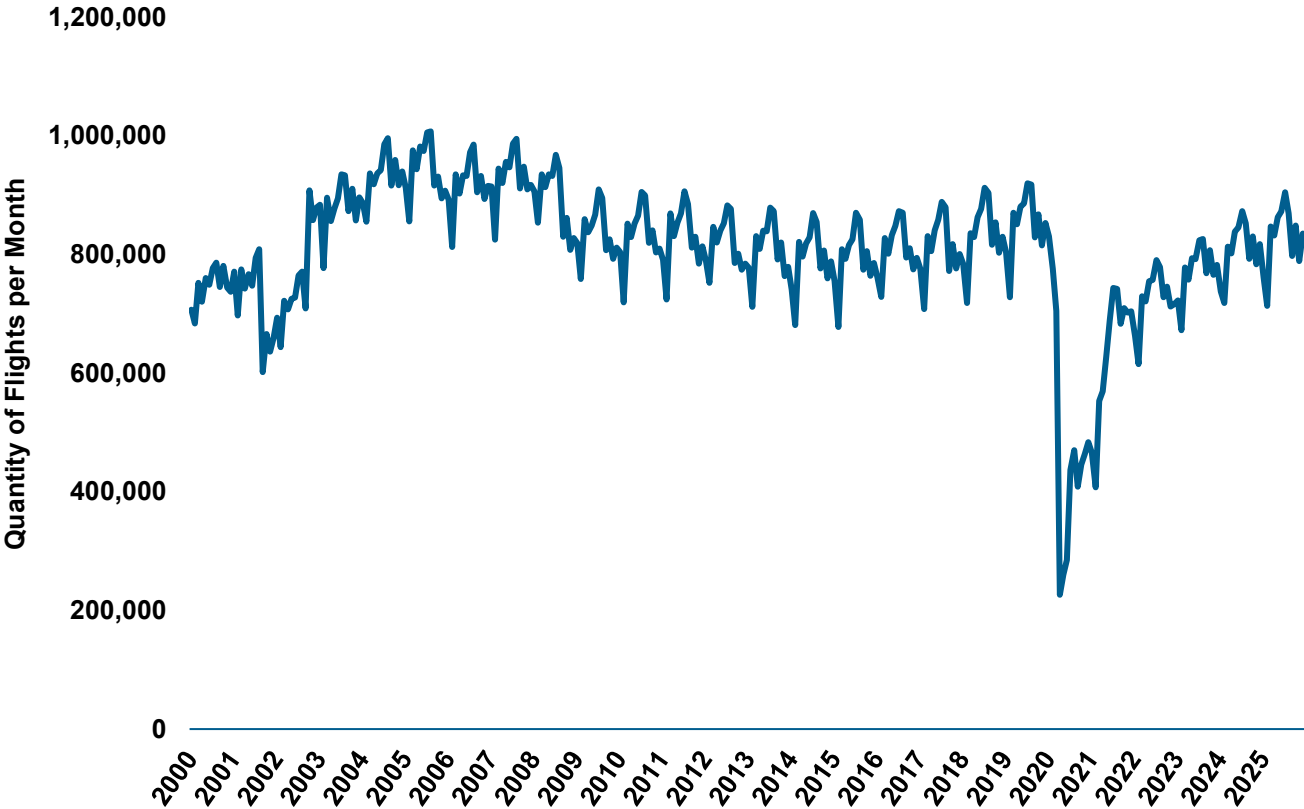
The chart presents the top three US ports by container volume, as measured by twenty-foot equivalent units (TEU). Activity at the three ports provides a high level representation of the volume at US ports more broadly.

During the fourth quarter, volumes across the three ports decreased relative to the same period last year. On a year-over-year basis, the combined port volumes increased by 0.4 million TEUs, or 1%, over the prior 12-month period. The Port of Long Beach recorded an increase of 2% (0.2 million TEUs), the Port of NY/NJ reported an increase of 2% (0.2 million TEU), and the Port of Los Angeles recorded a decrease of 1% (0.1 million TEUs) over the prior 12 months.

¹ Sources: www.polb.com, www.panynj.gov and www.portoflosangeles.org



Total US Domestic and International Flights¹



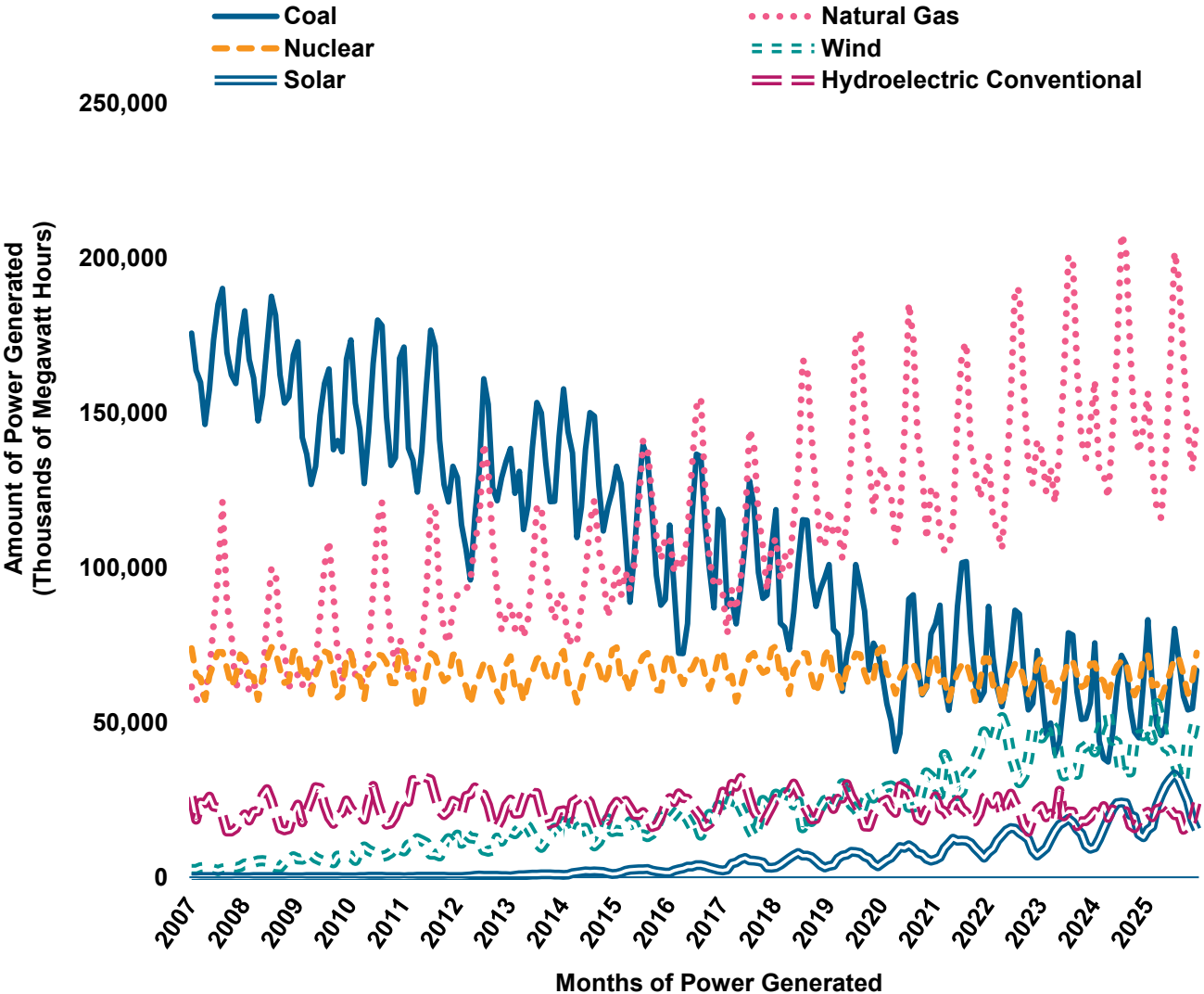
The chart above presents all US domestic and international flights, excluding foreign point-to-point flights by month. Historically, air traffic is cyclical with peaks in the summer months and troughs in the winter months.

There were 0.04 million more flights during the fourth quarter of 2025 over the same period in 2024, representing a 1.7% increase. In addition to the number of flights, the total number of passengers travelling on US and international airlines decreased year over year by -1% for the year ended December 31, 2025.

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



US Power Generation by Source¹



In the fourth quarter 2025, total Utility Scale US power generated increased by 4% over the same period in 2024. Wind and utility-scale solar continue to make up a small portion of total net energy generation in the US, accounting for 12% and 7% of energy generation, respectively. Natural gas, coal, and nuclear accounted for 41%, 17%, and 18%, respectively.

¹ Source: US Energy Information Administration: Electric Power Monthly, December 2025.



June 15, 2026

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