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MEMORANDUM

TO: Members of the Investment Committee, CalPERS
FROM: Meketa Investment Group
DATE: September 14, 2026
RE: Infrastructure Trust Level Review, as of June 30, 2026

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, 2026 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 has outperformed its policy benchmark across all reporting periods.

Net Returns as of June 30, 2026	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Infrastructure Portfolio Returns	9.4	7.7	8.4	9.0
Infrastructure Policy Benchmark[3]	3.1	(2.7)	2.4	3.6
Over (under) Performance[4]	6.3	10.4	6.1	5.4
Consumer Price Index (for reference only)	3.5	3.1	4.6	3.3

Comparing the above June 2026 returns to those posted a year ago, on an absolute basis, the one-, three-, and five-year trailing returns are up from 7.5%, 6.1%, and 8.0%, respectively, while the ten-year return remains the same, at 9.0%. Based on relative performance compared to the benchmark versus a year ago, the June 2026 five- and ten-year trailing period over performance slightly exceed a year ago, when they were 6.0% and 5.2%, respectively, while the one-year outperformance remains the same, and the three-year over performance is slightly less than the 11.2% posted a year ago.

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. Returns for all periods fall within the 7% to 10% range that we have seen across many previous quarters.

[1] Wilshire performance for the period ended June 30, 2026 is reported with a 1-quarter lag, so data are as of March 31, 2026 (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, 2026, 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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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 real estate for more than eight years, with the balance CPI+400 or +500 basis points.

As seen above, returns for all trailing periods are coming in well 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 390 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

→ Core, comprising 61.5% of the total Portfolio, delivered mid-single-digit returns. Global Diversified Infrastructure comprised more than half of the Core portfolio at 63.6%, with 12.4% in US Power and Energy, 12.0% in Communications (all geographies), and 11.9% in Transportation (all geographies).

→ Non-Core: Value Add, comprising 37.5% of the total 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 82.5% of this sub-portfolio, with Global Communications investments comprising 12.2%, and smaller amounts in Global and US Power and Energy (3.2% and 2.2%, respectively).

→ Non-Core: Opportunistic, comprising 1.0% of the total Portfolio, posted high double-digit returns. This category comprises one diversified commingled fund investment that is in wind-down mode.

Sectors

→ Global Diversified Infrastructure comprises 68.8% of the NAV and delivered low double-digit returns.

→ Global Communications comprises 9.8% of the Portfolio and delivered mid-single digit returns.

→ US Power/Energy represents 9.6% of the Portfolio and delivered low single-digit returns.

→ US Transportation accounts for 4.6% of the portfolio and posted low single-digit returns.

→ Global Transportation is 4.1% of the portfolio and posted mid single-digit returns.

→ International Communications is 2.2% of the portfolio and posted flat returns.

→ Global Power/Energy is 0.8% of the portfolio and performance, posting negative double-digit returns.

[1] Real Assets QPR Q1 2026 Final.

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Net Income

- The Portfolio's one-year net income was 1.9%, down slightly from 2.0% 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 to 61.5% of the total Infrastructure Portfolio compared to 66.6% a year ago, consistent with the goal of increasing the relative proportion of Non-Core investments in the Portfolio.

Implementation

The Portfolio's NAV as of June 30, 2026, was $24.9 billion, an increase of $3.7 billion, or 17.7%, compared to the June 30, 2025 NAV of $21.1 billion. The current NAV represents 3.9% of the Total Fund and 31.1% of the Real Assets Program,[1] an increase compared to 3.8% and 28.9% a year ago, respectively.

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 $4.0 billion to $1.1 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 a combination of commingled funds, co-investment vehicles, and separate accounts, during the prior year period the Portfolio acquired 46 new investments representing $3.9 billion in NAV as of March 31, 2026.[3] Most of the capital (59.6%) was invested in the United States, with a significant amount also in the UK and Europe (30.3%), and smaller amounts in Latin America (7.3%) and Asia-Pacific (2.8%). The majority of the capital was deployed into utilities (37.4%) and renewable power (34.5%), with meaningful amounts invested in data infrastructure, energy, and other types of assets.

As of March 31, 2026, Portfolio NAV distribution is as follows relative to investment type: Transportation was 26.7%; Utilities 23.4%; Data Infrastructure 20.6%; Renewable Power 16.9%; Energy 3.9%; Conventional Power 3.5%; Other 3.4%, Social Infrastructure 1.1%; and Environmental Services 0.4%.[4]

[1] The Total Fund market value was $635.4 billion, and the Real Asset Program NAV was $79.9 billion, as of March 31, 2026, per Wilshire.
[2] Real Assets QPR Q1 2026 Final.
[3] Asset values as of March 31, 2026 due to 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.

Key Portfolio Parameter	Policy Range/Limit	NAV 6/30/26[1]
Risk Classification[2]	**(%)**	**(%)**
Core	50 - 100	61.5
Non-Core	0 - 50	38.5
Geographic Region[3]	**(%)**	**(%)**
United States	30 - 100	54.4
International Developed	0 - 70	41.8
International Developing	0 - 15	3.8
International Frontier	0 - 5	0.0
Manager Exposure[4]	**(%)**	**(%)**
Largest Partner Relationship	20 max	10.8
Investments with No External Manager	20 max	1.4
Leverage[5]		
Loan to Value	65% max	43.9%
Debt Service Coverage Ratio	1.25x min	2.07x

Conclusion

For the current reporting period ending June 30, 2026, the Infrastructure Portfolio outperformed the Infrastructure Policy Benchmark, CalPERS' CMA for Real Assets, and CPI for all trailing periods. Compared to absolute returns a year ago, three periods are moderately higher, and one period is the same. Compared to relative returns a year ago against the benchmark, two periods are slightly up, one is slightly down, and one is the same. Overall, all periods are continuing to fall in the 7% to 10% range that we would expect to see for the Portfolio as invested.

[1] Private investment data are one quarter lagged, so effectively as of March 31, 2026.
[2] Web-based Real Assets Power BI Analytics, Landing Page.
[3] Web-based Real Assets Power BI Analytics, Landing Page.
[4] 2026.03.31 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 ($100.3 billion).
[5] Web-based Real Assets Power BI Analytics, Landing Page.

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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 31.1% of the Real Assets Program and 3.9% of the Total Plan, compared to 28.9% and 3.8%, respectively, a year ago. Over the past year, new investments adding $3.9 billion to the NAV were made through various investment vehicles. The Portfolio also continues to make progress toward increasing its Non-Core exposure, with Non-Core and Core now at 38.5% and 61.5%, respectively, compared to 33.4% and 66.6% a year ago. The increasing exposure to Non-Core investments allows CalPERS to target higher returns than Core, but still secure some of the downside protection that many Non-Core infrastructure assets can offer. As Meketa has previously noted, the shift also enables the Portfolio to increase its diversification along sectors and sub-sectors, geographies, and portfolio company business strategies, which helps enhance its resiliency in the face of global economic and political volatility.

As CalPERS transitions to the Total Portfolio Approach (TPA) in the coming quarters, the Infrastructure Portfolio appears well positioned to contribute to the Total Fund's return and diversification objectives. In future quarters, Meketa will begin reporting on the infrastructure asset class in the context of its role within the TPA, and reflecting its contribution to risk and return at the total portfolio level.

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

EFB/RMD/JA/SPM/jls

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Attachment[1]

Infrastructure Market Commentary – Q1 2026

Global Quarterly Unlisted Infrastructure Fundraising[2]

ADA non-color legend: A=Q1 B=Q2 C=Q3 D=Q4 Diamond shape = Number of Funds

After a strong fourth quarter 2025 that saw infrastructure managers raise over $100 billion in capital, the first quarter brought in just $22 billion in interim closes. The first quarter was about half the average quarterly fundraising total over the past nine+ years across 40 infrastructure 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 1Q 2026.

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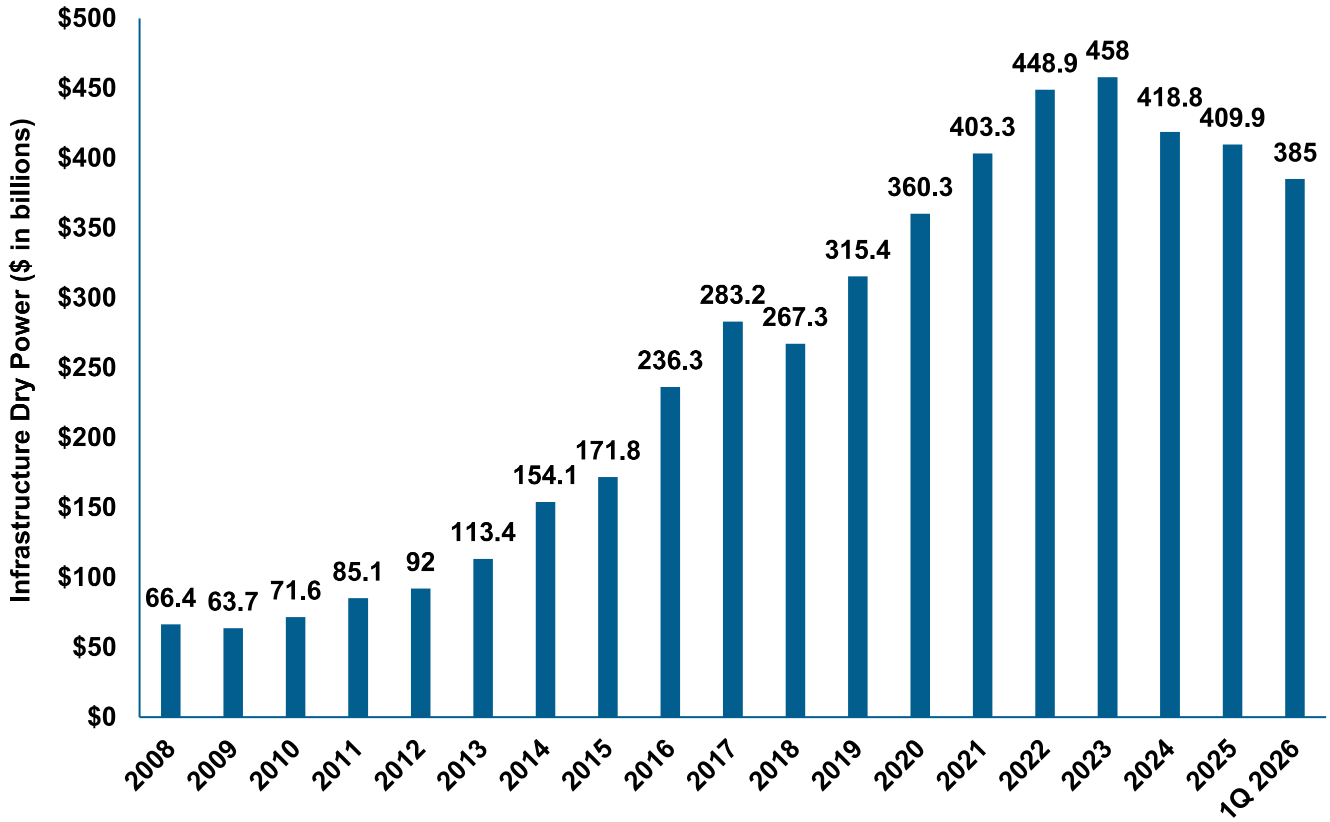
Global Infrastructure Dry Powder[1]



After reaching a peak of over $450 billion in 2023, the available infrastructure dry powder has steadily decreased to $385 billion as of the end of 1Q 2026. The dry powder includes $88 billion in core infrastructure funds and the remainder in non-core offerings.

[1] Source: Preqin Dry Powder downloaded June 2026.

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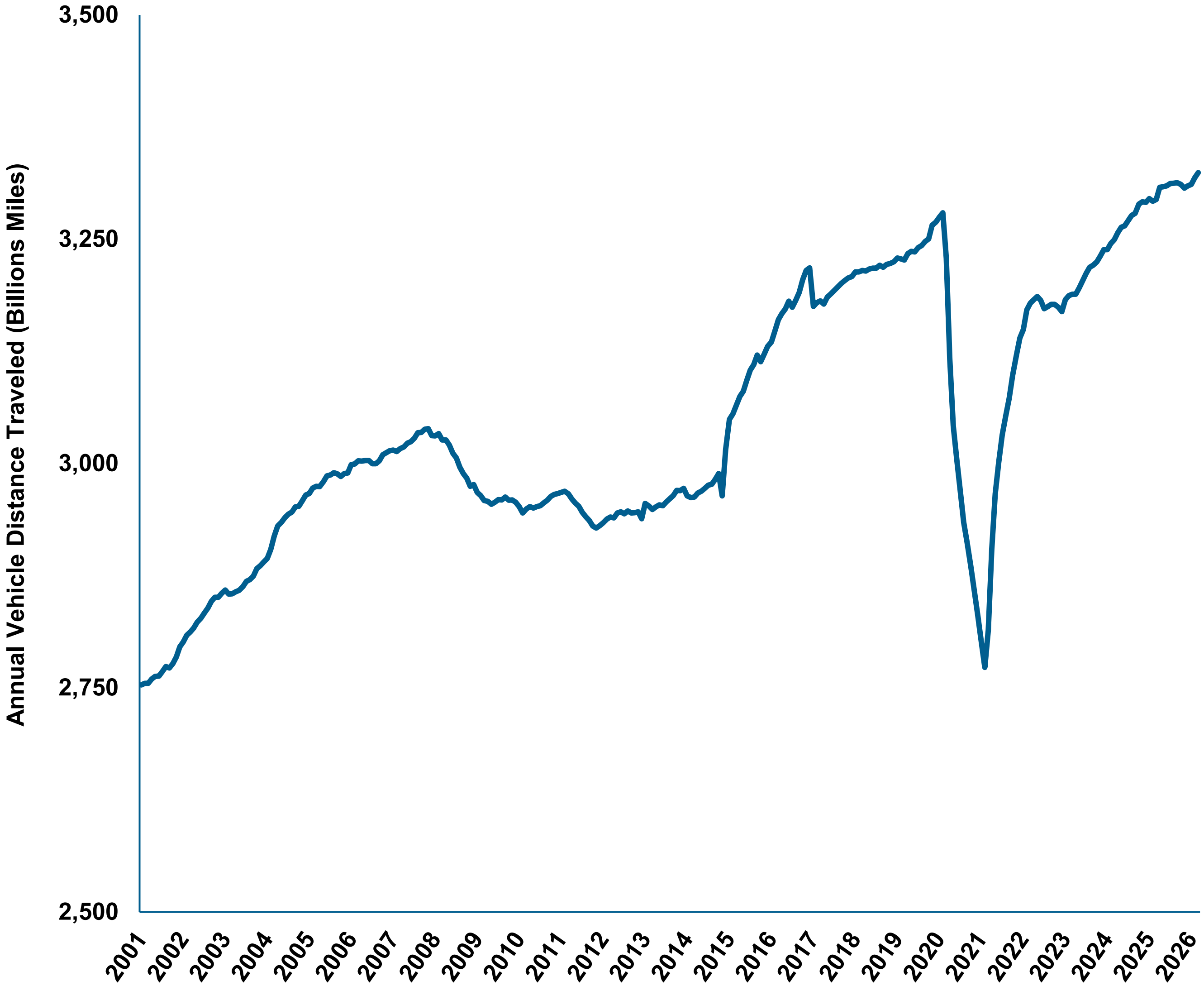
Trailing 12-month Annual Vehicle Miles on All US Roads[1]



The first quarter continued the steady increase in the annual vehicle miles on US roads setting a new 12-month peak of 3,324 billion miles. The first quarter total miles of 781 billion miles represented an increase of 1.9% over the same period in 2025.

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

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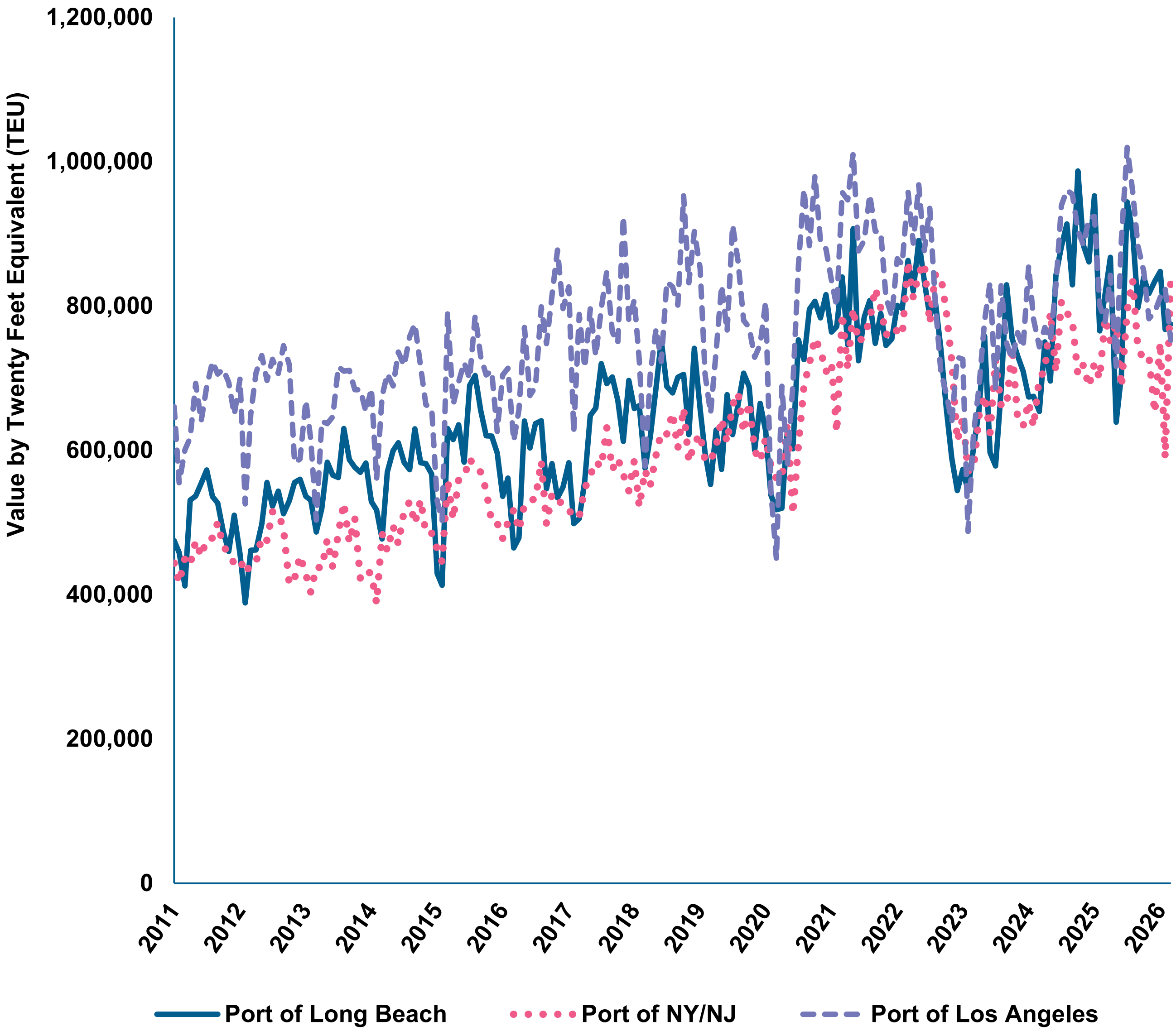
US Port Activity – Container Trade in TEUs[1]



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 decreased relative to the same period last year. On a year-over-year basis, the combined port volumes decreased by 0.8 million TEUs, or 3%, over the prior 12-month period. The Port of Long Beach recorded an decrease of 4% (0.4 million TEUs), the Port of NY/NJ reported an decrease of 0.3% (0.03 million TEU), and the Port of Los Angeles recorded a decrease of 3% (0.3 million TEUs) over the prior 12 months.

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

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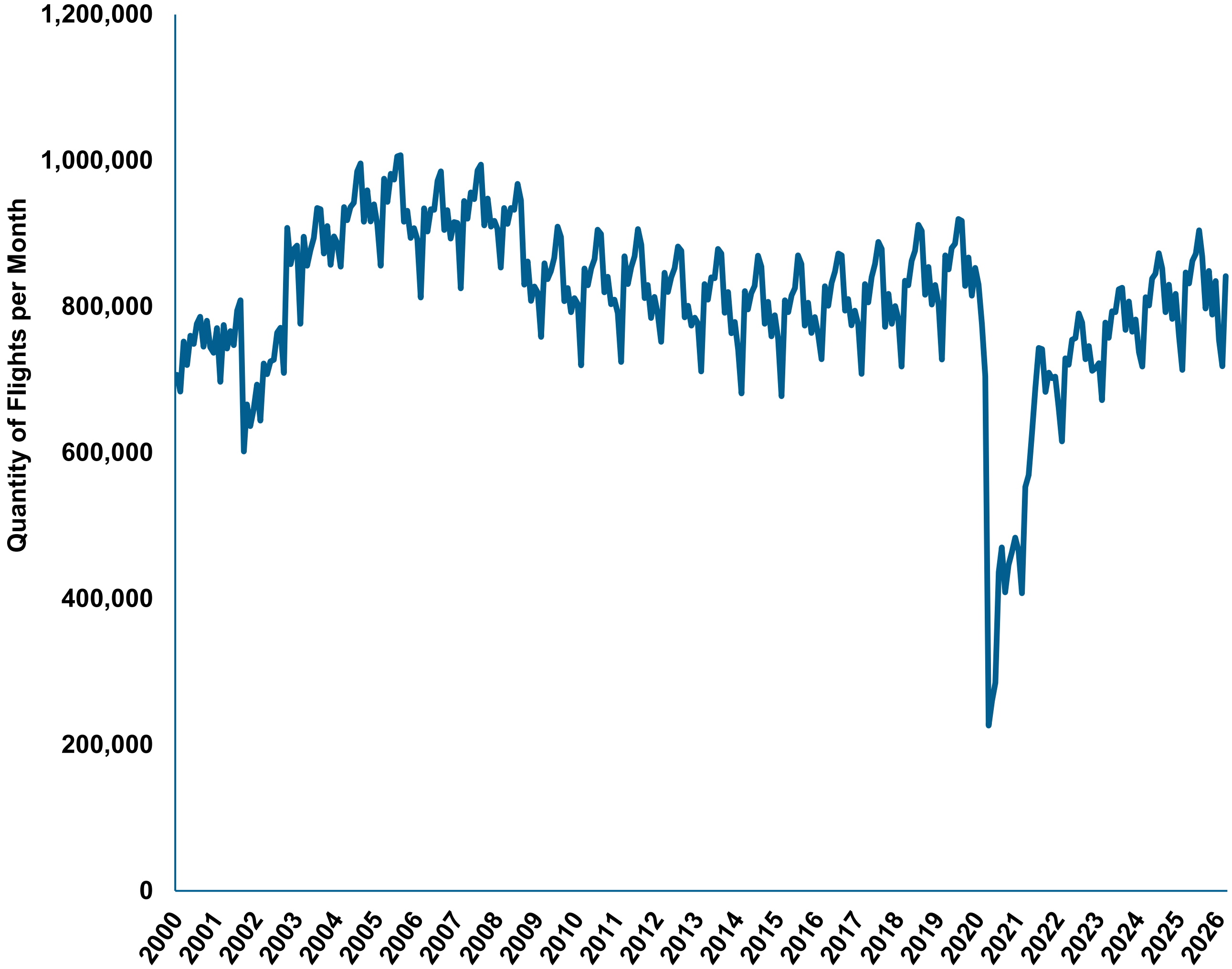
Total US Domestic and International Flights[1]



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.

The number of flights was flat in the first quarter of 2026 over the same period in 2025. 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 March 31, 2026.

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

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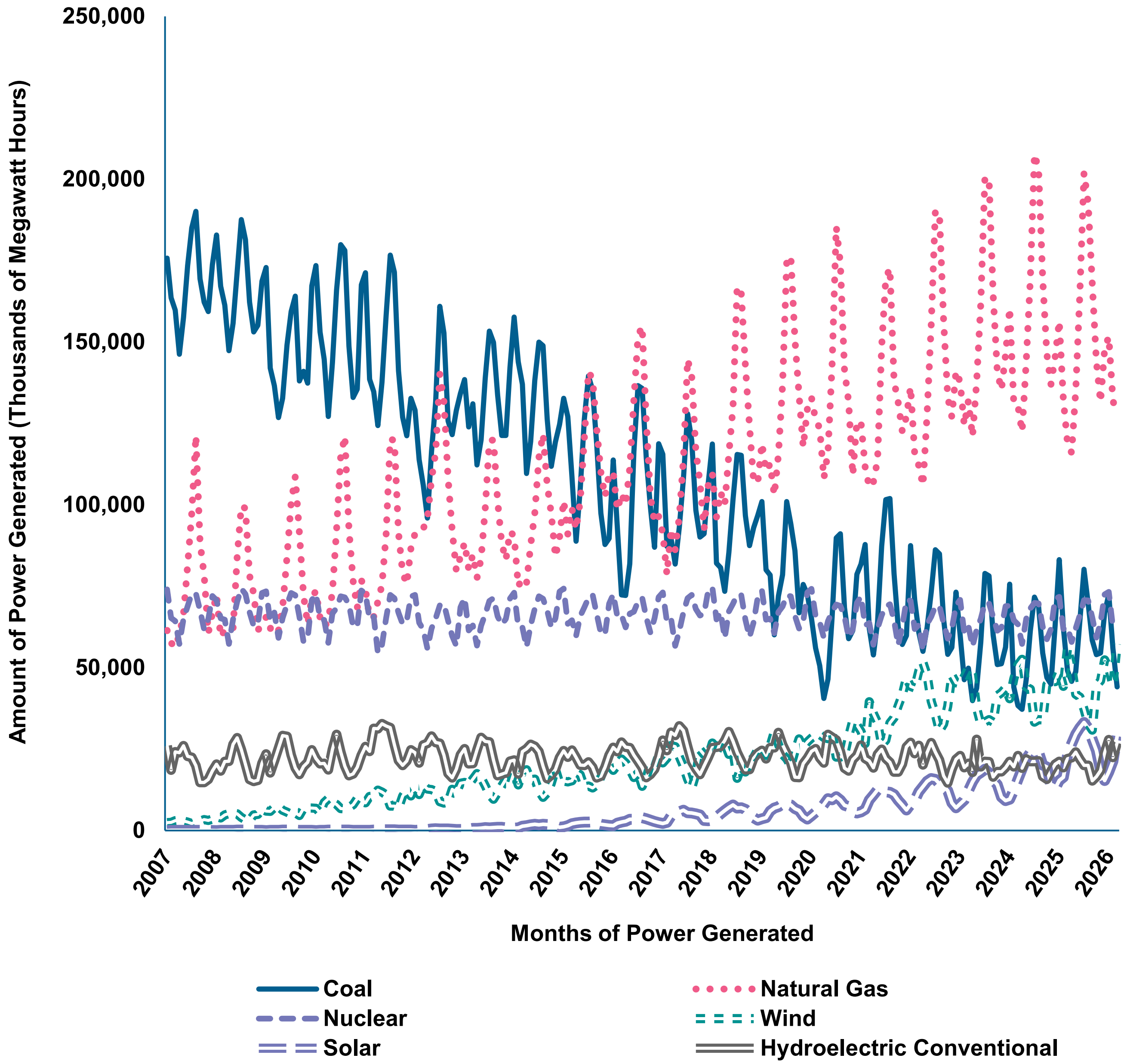
US Power Generation by Source[1]



In the first quarter 2026, total Utility Scale US power generated increased by 2% over the same period in 2025. 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%, 16%, and 18%, respectively.

[1] Source: US Energy Information Administration: Electric Power Monthly, March 2026.

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