CalPERS

Investment Committee

Agenda Item 6d

September 14, 2026

Item Name: Global Fixed Income Annual Program Review

Program: Global Fixed Income

Item Type: Information

Executive Summary

This agenda item provides the CalPERS Board of Administration's Investment Committee (Committee) with an annual program review of the Global Fixed Income (GFI) program. The presentation includes a program overview, investment review, portfolio positioning, performance and risk, investment and business objectives, and a governance and sustainability integration update.

Strategic Plan

This item supports CalPERS Strategic Plan goal of improving long-term pension and health benefit sustainability by supporting the Committee in its oversight role for CalPERS' investment program.

Investment Beliefs

The item supports the following CalPERS' Investment Beliefs:

- Investment Belief II: A long investment horizon is a responsibility and an advantage
- Investment Belief VII: CalPERS will take risk only where we have a strong belief we will be rewarded for it
- Investment Belief VIII: Costs matter and need to be effectively managed
- Investment Belief X: Strong processes and teamwork and deep resources are needed to achieve CalPERS goals and objectives

Background

The Public Employees Retirement Fund (PERF) Investment Policy requires an annual asset class review including an overview, investment review, and business review.

GFI includes both passive index (index-oriented) exposure focused on facilitating PERF liquidity and leverage and active investment strategies aimed at generating additional value across the full breadth of available investments in the global public fixed income universe. GFI may also invest in assets with lower liquidity or private credit-like characteristics as markets evolve and/or opportunities arise. These strategies may be implemented internally or through external managers. GFI investment activities collectively enable the PERF to balance income generation, liquidity, and diversification while supporting overall portfolio resilience and long-term objectives.

Global Fixed Income Positioning and Performance as of June 30, 2026:

As of June 30, 2026, total Global Fixed Income program assets were approximately $196 billion, with 75% of assets classified as internally managed and 25% classified as externally managed. As of fiscal year-end, approximately 73% of assets were classified as actively managed assets and 27% classified as passively managed assets.

Global Fixed Income posted positive excess returns across its Active Strategy components for the fiscal year with the securitized and emerging markets sectors each adding over 100 basis points of excess return. The overall Active Strategy absolute return of 6.90% exceeded the PERF discount rate, and its 57 basis points of excess return produced $692 million in dollar value add. Over a 5-year horizon, dollar value add is approximately $1.2 billion and the Active Strategy's 1.32 information ratio reflects strong risk-adjusted return.

Business and Key Initiatives

Global Fixed Income has identified several areas for continuous improvement that will remain critical to the program's success over time. These include strategy design changes to build active risk capacity, external manager research across existing strategy areas, and enhanced analytics and reporting integration across GFI teams.

Analysis

Not applicable

Budget and Fiscal Impacts

Not Applicable

Benefits and Risks

Not Applicable

Attachments

Attachment 1 – Global Fixed Income Annual Program Review

Attachment 2 – Global Fixed Income Annual Program Review (Wilshire Associates)

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