Global Fixed Income Annual Program Review

As of Fiscal Year End June 30, 2026

Justin Scripps

Managing Investment Director

David Bader

Investment Director

Richard Fiebrandt

Investment Manager

Investment Committee

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Today's Presentation

- Global Fixed Income (GFI) Program Summary
- Market Environment
- Strategy Positioning, Performance and Risk Analysis
- Key Initiatives and Business Updates
- Appendix

All data as of Fiscal Year End (FYE) June 30, 2026 unless otherwise noted.

GFI Program Summary

Component Strategies

Active	Passive
GFI Active Strategy	Policy Benchmark Strategy (U.S. Treasuries)
Short-Term Investment Fund	

Strategy Management

Portfolio Strategy	Internal	External
GFI Active (73%)	66%	34%
GFI Passive (27%)	100%	0%
Total GFI (100%)	75%	25%

Team Composition

Team Role	Average GFI Tenure (13 years)
Portfolio Managers	16.5 years
Traders and Market Analysts	17.1 years
Credit Research Analysts	8.7 years
Portfolio Data Analysts	9.7 years

GFI Program Summary

Dollar value add over 10-year period exceeds $3.5 billion

$195.6B AUM

	20-Year	10-Year	5-Year	3-Year	1-Year
Total Return	4.63%	2.17%	(0.01%)	5.34%	5.82%
Excess Return	49 bps	34 bps	14 bps	24 bps	41 bps

Strategy	% GFI	AUM
GFI Active	73%	$142.8B
GFI Passive	27%	$52.8B

GFI Program Summary: TPA Strategy Bucketing

Re-categorization to Represent GFI Activities under TPA

GFI Strategy Bucketing Under SAA

Strategy	Sub-Strategy	Active/Passive
Income	Investment Grade Credit	Active
	High Yield Credit	Active
	Securitized	Active
	Emerging Market Debt	Active
	U.S. Treasuries	Passive

GFI Strategy Bucketing Under TPA

Strategy	Sub-Strategy
Active Strategy	Investment Grade Credit
	High Yield Credit
	Securitized
	Emerging Market Debt
	Opportunistic
Passive Strategy	U.S. Treasuries

GFI Program Summary – Active Strategy

- 6.9% 1-year return exceeded the PERF discount rate
- 57 basis point excess return delivered $692 million dollar value add

$125.3B AUM

	20-Year	10-Year	5-Year	3-Year	1-Year
Total Return	4.88%	2.66%	1.16%	6.58%	6.90%
Excess Return	57 bps	49 bps	19 bps	34 bps	57 bps

Active Strategy Components	AUM	Description	Yield	Duration
Securitized	$32.0B	Residential, Consumer, Commercial Debt	4.96%	5.3 years
Investment Grade Credit	$28.8B	Investment Grade Corporate Debt	5.62%	10.5 years
High Yield Credit	$32.1B	Non-Investment Grade Corporate Debt	6.63%	2.9 years
Emerging Market Debt	$32.4B	Government and/or Corporate Debt in Developing Countries	6.92%	6.8 years

GFI Program Summary – Other Strategies

$52.8B AUM

10-Year	5-Year	3-Year	1-Year
Total Return (0.64%)	Total Return (4.14%)	Total Return 0.71%	Total Return 2.85%

Policy Benchmark Strategy	Description	Yield	Duration
U.S. Treasuries (UST)	U.S. Government Debt	4.76%	11.99 years

100% Internally Managed

$17.5B AUM

	5-Year	3-Year	1-Year
Total Return	3.82%	4.94%	4.24%
Excess Return	31 bps	28 bps	31 bps

Short Term Investment Fund Strategy	Description	Yield	Duration
Short Term Investment Fund (STIF)	High Quality Money-Market Instruments	3.81%	0.06 years

100% Internally Managed

Market Environment

Investment Themes

- Bonds as Income Engines
- Divergent Global Central Bank Activity
- Resilient Corporate Health
- Government Borrowing Dominance

Current Concerns & Opportunities

- Concerns: Tight Credit Spreads, Persistent Inflation, Fiscal Deficit Pressures
- Opportunities: Yield Persistence, Global Relative Value, Diversification, Volatility

Strategy Performance and Risk Analysis – Active Strategy

All strategy components delivered positive excess return and risk-adjusted return is strong

Strategy	10-Year Total Return (%)	10-Year Excess Return (bps)	5-Year Total Return (%)	5-Year Excess Return (bps)	3-Year Total Return (%)	3-Year Excess Return (bps)	1-Year Total Return (%)	1-Year Excess Return (bps)	5-Yr Active $ Value Added	5-Yr Information Ratio[1]
GFI Active	2.66	49	1.16	19	6.58	34	6.90	57	$1,163	1.3
Securitized	1.88	43	0.91	34	5.22	54	6.15	104	$507M	0.8
Investment Grade Credit	2.84	43	(1.33)	(4)	4.85	8	5.03	8	($34M)	(0.2)
High Yield Credit	-	-	4.14	8	8.41	9	6.06	7	$111M	0.4
Emerging Market Debt[2]	-	-	-	-	8.66	67	10.59	113	$568M	2.0

[1] For footnote, see slide 15 in the Appendix – Footnote 1
[2] For footnote, see slide 15 in the Appendix – Footnote 2

CalPERS

Look Back | Business & Key Initiatives

What Worked

- Collaboration:
  - Credit analyst support to cross-asset class investment underwriting with Private Equity and Private Debt
  - Leverage deployment and balance sheet collaboration with Investment Treasury Group
- Expansion of active manager roster in Emerging Markets strategy

Opportunities

- Strategy design changes to build active risk capacity
- External manager research across existing strategy areas
- Enhance analytics and reporting integration across GFI teams

Look Forward | Business & Key Initiatives

Building an Integrated Global Fixed Income Platform

- Team Structure Design
- Evolution of Existing Active Strategies
- Research on New Strategy Addition
- Continued Collaboration with:
  - Private Market Teams on Credit Opportunities
  - Data and Technology Modernization Initiative
  - Sustainable Investments Team on Portfolio Implementation

Key Initiatives | Governance and Sustainability Integration

Activities	Description	Status
Labor Rights Principles	• External Manager Compliance Attestations • Collaboration with Corporate Governance Engagement	Active
ESG	• ESG Risk Screen Using Rating Agency Scores • ESG Factor-Based Scorecard for Economic, Political, and Social Rankings • Quarterly ESG Screen Portfolio Meeting • ESG Questionnaire in External Manager Due Diligence	Active
Climate Solutions	• Climate Transition Opportunity Research with External Partners	Active

Appendix

Investment Beliefs

Investment Beliefs Associated with Global Fixed Income

- Investment Belief 2: A long investment horizon is a responsibility and an advantage.
- Investment Belief 7: CalPERS will take risk only where we have a strong belief we will be rewarded for it.
- Investment Belief 8: Costs matter and need to be effectively managed.
- Investment Belief 10: Strong processes and teamwork and deep resources are needed to achieve CalPERS goals and objectives.

Footnotes

Footnote 1 on Slide 9: Risk measures are calculated using monthly returns.

Footnote 2 on Slide 9: Emerging Market return contribution reported since strategy inception (1/1/2023)

U.S. Treasury Curve Change (FY25-26)

U.S. Treasury Curve	Yield (basis points)		
	6/30/2025	6/30/2026	Change
2 year	372	417	+45
5 year	380	423	+43
10 year	423	447	+24
30 year	477	495	+18

Global Fixed Income Market Spread Change (FY25-26)

Spread Sectors	Spread to U.S. Treasuries (basis points)		
	6/30/2025	6/30/2026	Change
Securitized	**40**	**27**	**-13**
Investment Grade Corporates	**101**	**90**	**-11**
High Yield Corporates	**229**	**213**	**-16**
Emerging Markets Sovereign	**192**	**156**	**-39**

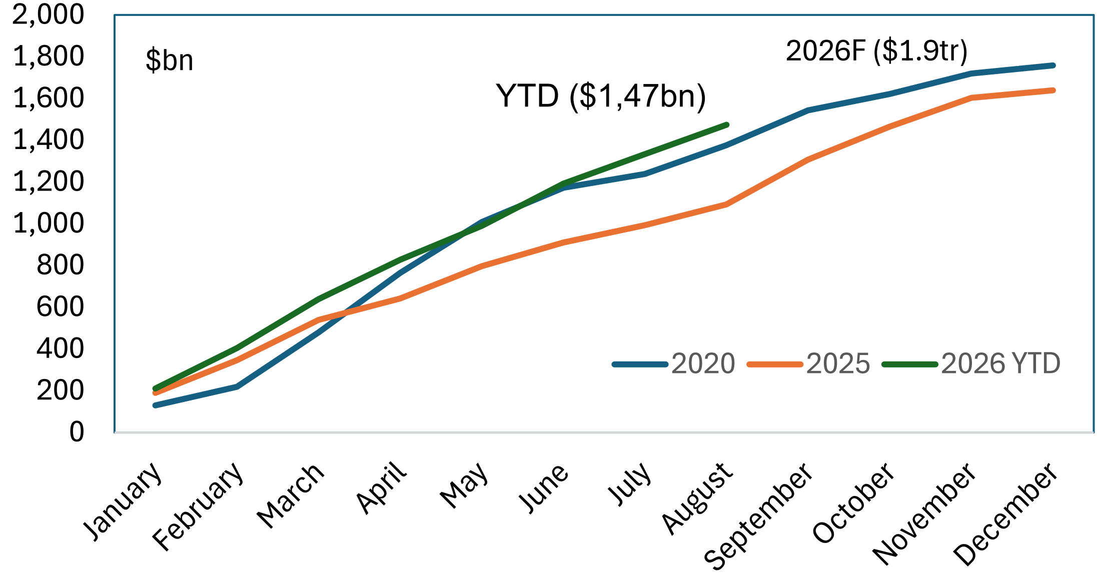
Global Fixed Income Market Total Return Decomposition (FY25-26)

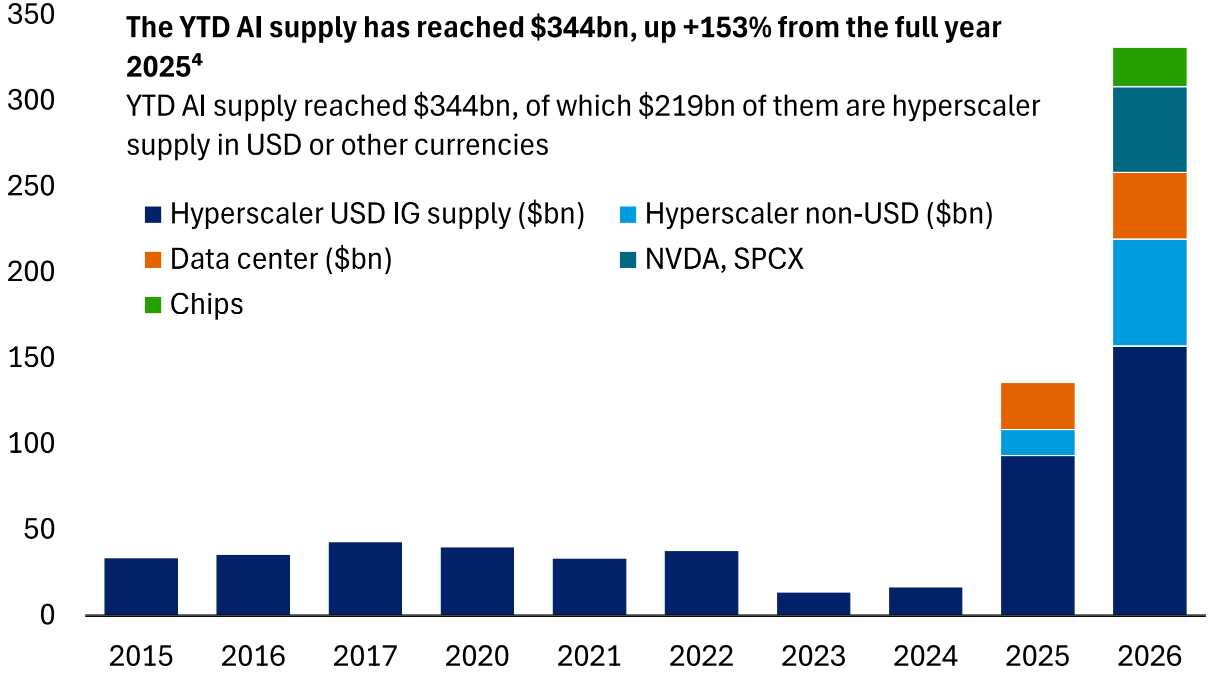
	Price Return (%)	Coupon Return (%)	Total Return (%)
U.S. Treasuries	-1.27	4.12	2.85

Spread Sectors	Treasury Return (%)	Credit Return (%)	Total Return (%)
Securitized	3.16	1.96	5.12
Investment Grade Corporates	2.95	2.00	4.95
High Yield Corporates	2.92	3.07	5.99
Emerging Markets Sovereign	2.85	6.61	9.47

Investment Grade Corporates Bond Supply

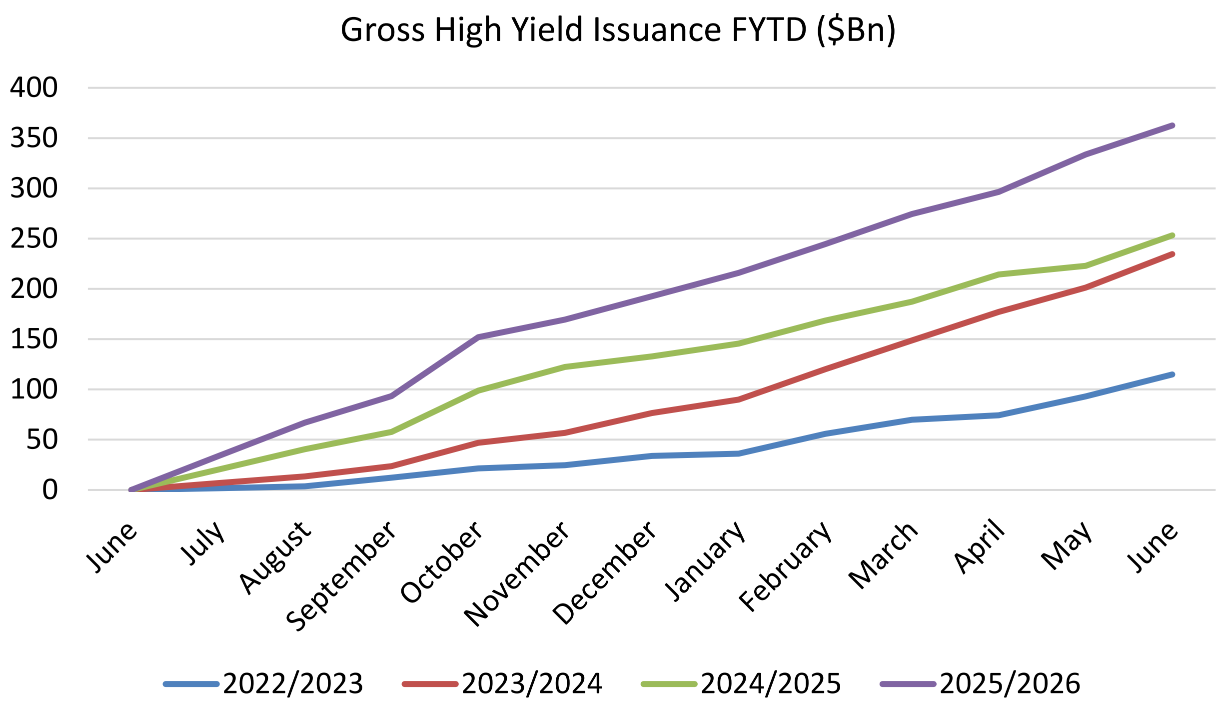
2026 YTD supply already surpassed prior record in 2020 and up 35% YoY[3]

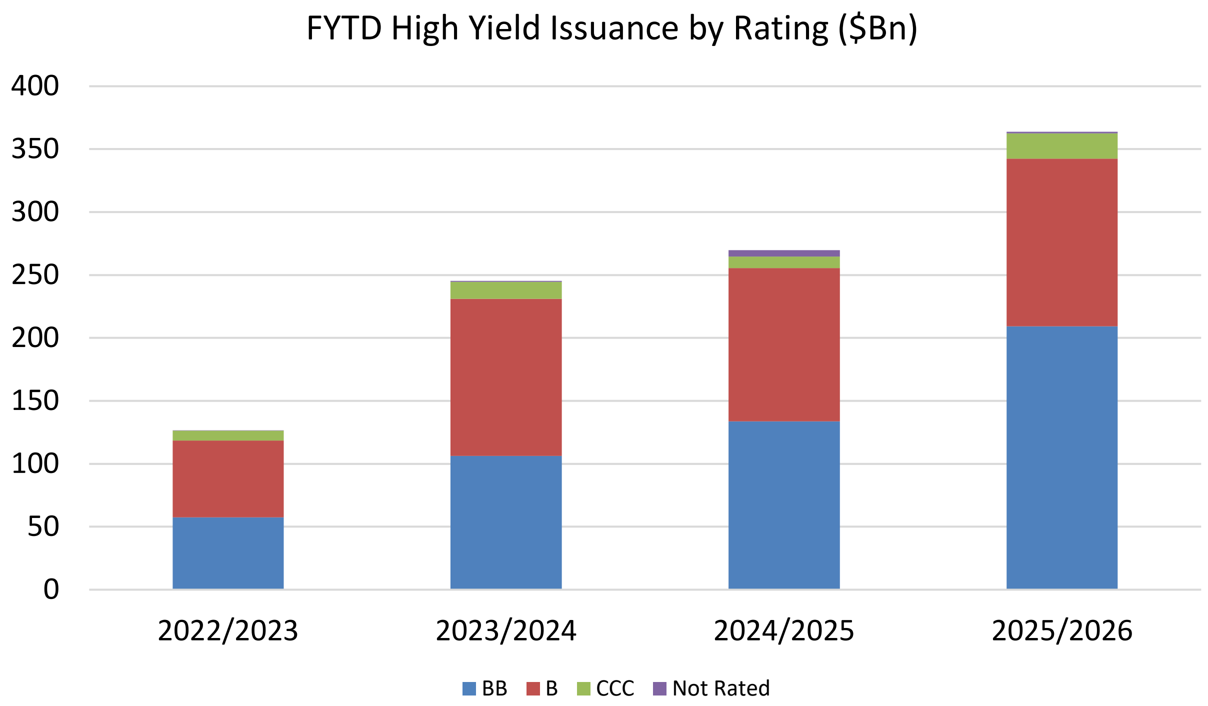




[3] Source: J.P. Morgan, Dealogic
[4] Source: BofA Global Research

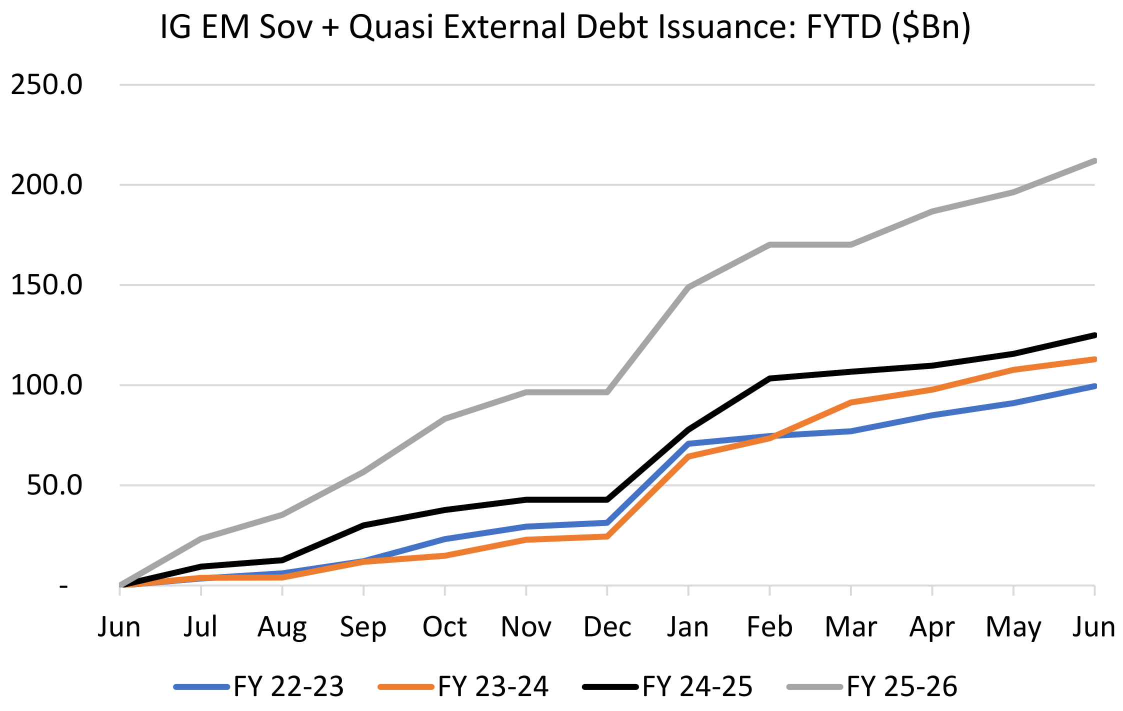
High Yield Corporates Bond Supply[5]

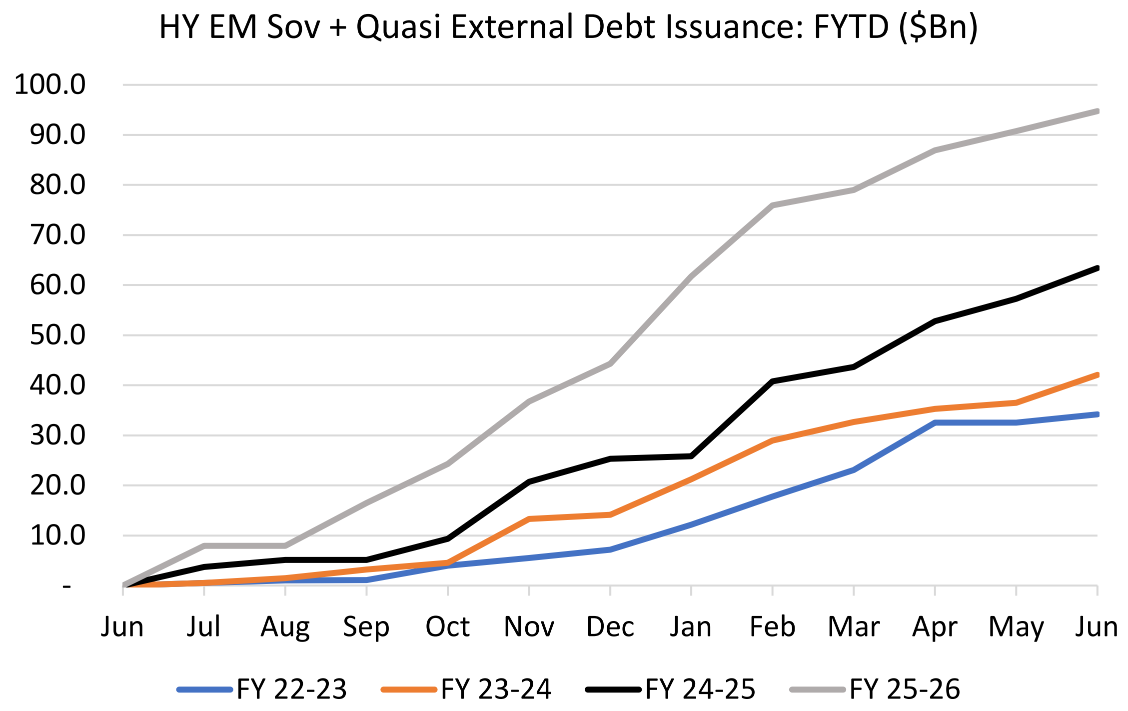




[5] Source: Dealogic and Goldman GIR (global investment research)

Emerging Markets Bond Supply[6]





[6] Source: J.P. Morgan

Portfolio Characteristics – CalPERS Short Term Investment Fund

Portfolio Characteristics

Weighted Average Days to Maturity (2A7)	5
Weighted Average Life (2A7)	40
Overnight Liquidity	85%
7 Day Liquidity	85%
30 Day Liquidity	86%
Net Yield	3.81%

Maturity Schedule