

Investment Strategy – First 90 Days

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Investment Committee
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Agenda

- Executive Summary
- Recap of Mission & Vision
- Strategic Plan and Objectives
- Listening Tour – First 90 Days
- Building a Resilient Investment Portfolio
- Questions

Executive Summary

- First 90 Day Listening Tour in progress
- Took action on limited "quick win" priorities
 - Refreshed INVO Governance & Oversight Framework
 - Committed to set of Business Objectives that align with INVO "4 Ps" and Enterprise Objectives
 - Introduced "Innovation" as key tenet of INVO's "4 Ps"
 - Established working groups, with accountability held by MIDs
 - Initiated recruitment of key hires to fill talent gaps required to execute SAA
- Success will require a long-term commitment to our strategy through cycles, focused on **innovation, governance, execution and accountability**

Mission & Vision

Mission

- Manage the CalPERS investment portfolio in an efficient and risk aware manner to generate returns to sustainably pay benefits

Vision

- Work as one team, with a culture of trust, respect, and accountability to effectively manage one total fund.

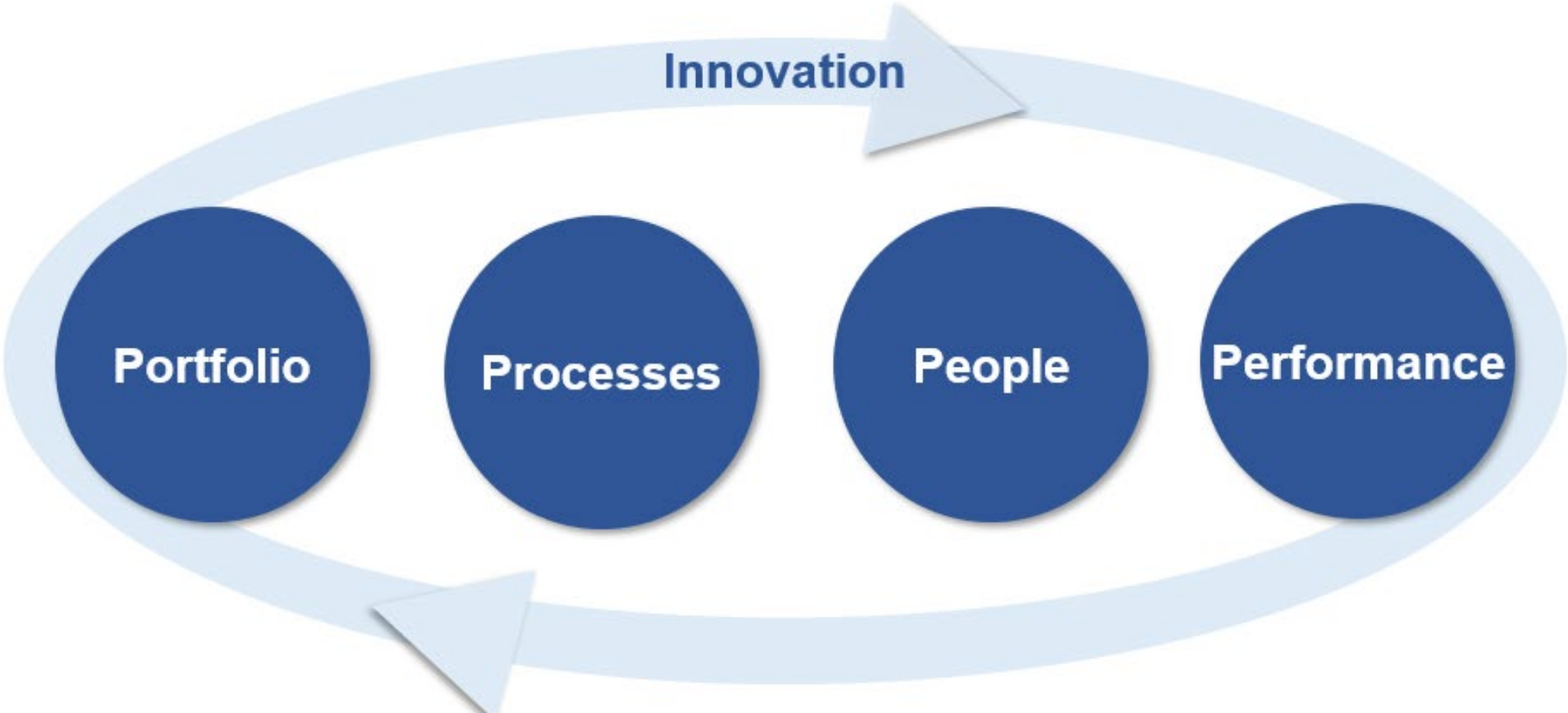
Strategic Plan

2021-22 Current State

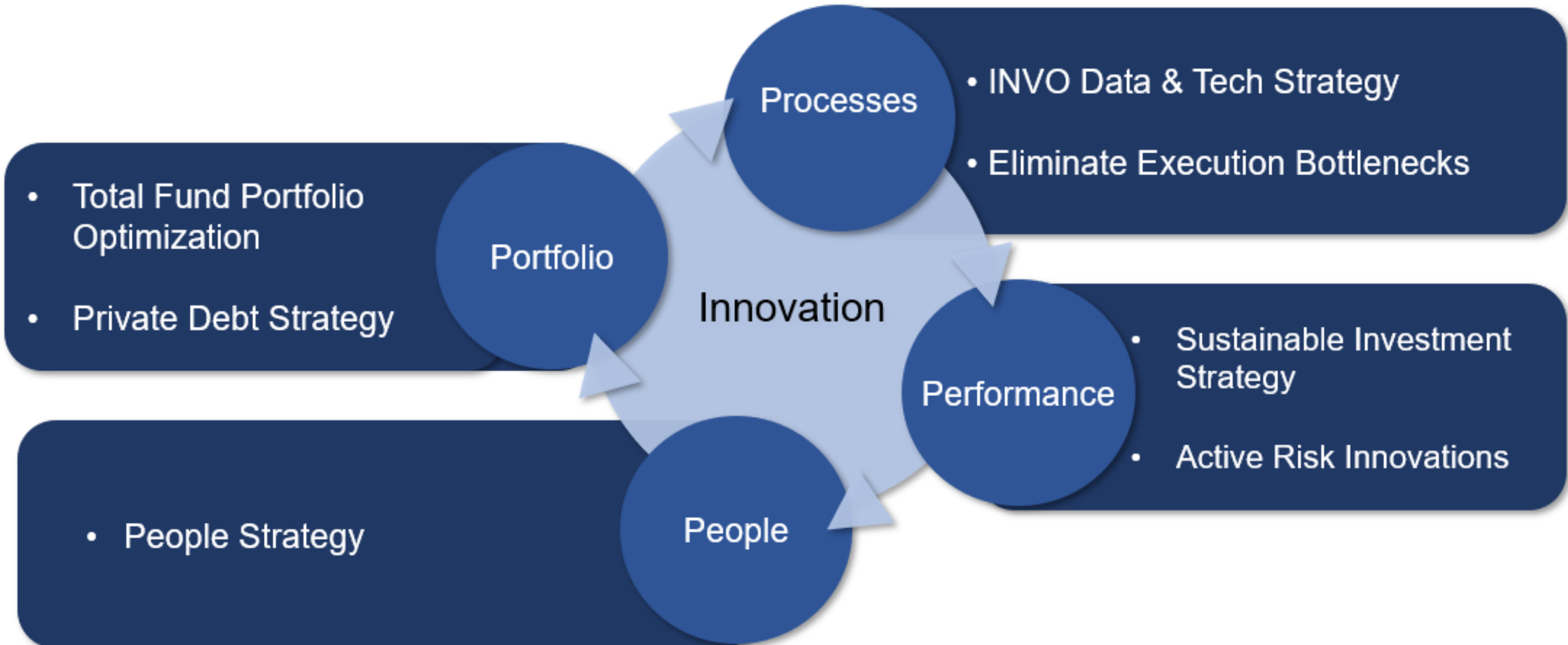
- Refreshing INVO Strategic Plan to align with Enterprise 2022-2027 Plan
- New strategic asset allocation approved November 2021
 - 6.8% discount rate, adding 5% leverage
 - Private Debt as an asset class
 - Increased Private Equity, Fixed Income and Real Assets
- New INVO governance & oversight framework implemented



Strategic Objectives



Strategic Objectives – 4Ps ^ Innovation



Listening Tour – First 90 days

Strategy Evolution	<ul style="list-style-type: none">✓ Listening Tour – met entire team via mix of 1:1 and teams✓ Portfolio Briefings☐ Strategy Deep Dives – next 90 days
Culture	<ul style="list-style-type: none">✓ Gauge culture, risk tolerances, organizational health
Investment Process & Performance	<ul style="list-style-type: none">✓ Governance process – how investment decisions are made✓ Risk Budget Framework and Liquidity Framework✓ Performance monitoring and reporting✓ Identify bottlenecks to executing new SAA
Talent Review	<ul style="list-style-type: none">✓ Diversity & Global Perspectives✓ Key role review / identify existing gaps
Innovation & Technology	<ul style="list-style-type: none">✓ Technology stack & Data capabilities✓ Reporting capabilities (risk and return)✓ Innovation appetite (operations and investment)

Unprecedented Market Dynamics



Building a Resilient Investment Portfolio

Ambition	Create inspiring, full potential ambition, with clear strategic objectives that align to mission & target sustainable returns
Governance	Ensure robust processes that enable agile execution of the strategy, robust risk management, and clear accountability
Talent & Culture	Ensure talent capabilities, risk tolerances, and culture of innovation align with strategic aspirations
Agility & Transparency	Ensure bottlenecks to execution are removed, with emphasis on transparency throughout strategy development & execution

Questions