

CalPERS for California 2023

For the Fiscal Year Ended June 30, 2023

Introduction

For more than nine decades, CalPERS has built retirement and health security for state, school, and public agency members who work in public service. CalPERS serves more than 2 million members in its retirement system and administers benefits for more than 1.5 million members and their families in its health program. CalPERS is the largest defined-benefit public pension in the U.S., with an investment portfolio valued at approximately \$465.9 billion as of June 30, 2023.¹

Approximately \$60.8 billion (or 13.1 percent) of CalPERS' portfolio was invested in California-based companies and projects.

This report highlights some of the broad ancillary benefits of portfolio investments in California held by CalPERS as identified by Tideline Advisors, a specialist impact investing consulting firm.

¹ CalPERS Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2023; Investment Section, page 113, table titled "Summary of Investments – PERF" and page 114, table titled "Portfolio of California Investments at Fair Value – PERF".

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Executive Summary

As the nation's largest defined benefit public pension fund, CalPERS plays a vital role in California's economy, providing retirement and health benefits to over 2 million public employees, retirees, and their families, and 2,888 contracted employers.²

CalPERS for California examines CalPERS' investment portfolio as of the fiscal year ending June 30, 2023. It describes the scale and breadth of CalPERS' investments in companies, properties, and projects in California and the ancillary benefits from CalPERS' private market investments. This report does not examine the financial performance of these investments.

The investment goal of CalPERS is to achieve an appropriate risk-adjusted return. All investment decisions must be consistent with the fiduciary responsibility of CalPERS' Board of Administration and its duty to protect the financial security of its members. Like many other large institutional investors, CalPERS' portfolio is diversified among categories of investments, called "asset classes," to reduce the exposure to any one market risk and maximize the return on investment. CalPERS' investment decisions are guided by its [Investment Beliefs](#) and are made in accordance with various investment policies guiding strategic asset allocation and risk management. Currently, these policies do not explicitly direct investing into California.

As the world's fifth-largest economy, the strength and diversity of California's economy offer a wide array of attractive investment opportunities for all investors.³ This dynamism is the primary driver for any investor seeking opportunities, and the location of an investment opportunity is one of many criteria used in weighing the financial merits of companies, properties, and projects. Investments in California that CalPERS staff and external managers and advisors select are the consequence of the investment portfolio management process. CalPERS' exposure to local communities and the related benefit of job creation is highlighted in this report.

This report offers a snapshot of California investments held by CalPERS and has been prepared by Tideline. The report uses the most recent U.S. Census Bureau data available where appropriate. The research methods and methodological decisions in this report are fully documented in footnotes and the Research Methodology and Analytical Assumptions appendix. The difficulty of attributing ancillary benefits directly to any individual investment is especially notable, which explains why ancillary benefits associated with public market investments are excluded from this report.

² CalPERS Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2023.

³ California's Strong Economic Week, April 19, 2024, Governor Newsom Press Release.

As of June 30, 2023, CalPERS had invested approximately 13.1 percent (or \$60.8 billion) of its \$465.9 billion investment portfolio in California.⁴

CalPERS' Investments in California by Asset Class: June 30, 2023			
	Total Portfolio Value (in Billions)⁵	Dollars Invested in California (in Billions)⁶	Percentage of Dollars Invested in California
Public Equity	\$200.9	\$29.9	14.9%
Fixed Income	\$123.7	\$6.3	5.1%
Private Equity	\$60.2	\$3.1	5.1%
Real Assets	\$68.8	\$20.0	29.1%
Private Debt	\$10.9	\$1.5	13.8%
Short-Term Investments⁷	\$1.5	N/A	N/A
Total	\$465.9	\$60.8	13.1%

In addition to achieving appropriate risk-adjusted returns, CalPERS' asset allocation to private markets investments indirectly supports the communities in which they are located. The ancillary benefits related to economic activity generated from private market investments in California, for instance, include the support of local jobs, infrastructure for communities and commerce, and business expansion. Tideline estimates that CalPERS' active private markets investments as of the 2022-23 fiscal year end in California supported \$45.2 billion in total economic activity across the state, in addition to the capital invested. This activity benefits not only businesses and projects receiving allocated capital from CalPERS but also suppliers, workers, and the public sector broadly through tax revenues.⁸

⁴ See footnote 1.

⁵ See footnote 1.

⁶ Value and percent of California investments differ from the numbers shown in the CalPERS Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2023; Investment Section, page 114, table titled "Portfolio of California Investments at Fair Value – PERF (Dollars in Thousands)" due to previously underreported Public Equities valuations in California. Real Assets, Private Equity, and Private Debt investments in California are as of March 31, 2023.

⁷ Short-term investments consist of U.S. Treasury and government-sponsored securities, money market funds, commercial paper, certificates of deposit, repurchase agreements, asset-backed securities, notes, bonds issued by U.S. corporations, and other allowable instruments that meet short-term maturity or average life, diversification, and credit quality restrictions.

⁸ Total economic activity in California is calculated using data from CalPERS' California private market investments in Private Equity, Real Estate, infrastructure, and Private Debt. This is input into the IMPLAN Version 7.3 economic multiplier model software package; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

The total number of estimated jobs supported by CalPERS' California investments in private markets is shown below.

Estimated Jobs Supported by CalPERS' Private Markets Investments: March 31, 2023⁹	
Private Equity	18,019
Real Assets	141,481
Private Debt	11,091
Total Private Markets	170,591

Public Markets

The largest amount of CalPERS' total assets is invested in the public markets through equity and fixed income securities.

CalPERS' investments in public companies and projects cannot be directly tied to the creation of jobs or other ancillary benefits at those companies and projects receiving investment. Therefore, public markets asset class investments are intentionally excluded from this analysis. The CalPERS for California report examines CalPERS' investment exposure in California, but not the job creation or ancillary benefits associated with its public market investments.

Public Equity

Total Market Value: \$200.9 billion¹⁰

Value in CA: \$29.9 billion¹¹

Percentage in California: 14.9%

Global Public Equity is the principal asset class providing growth exposure in the strategic asset allocation, representing approximately half of Total Fund assets. CalPERS' Public Equity program is responsible for managing all public equity exposure, which includes in-house implementation of domestic, international, and emerging market index and alternative-beta portfolios, as well as oversight of externally managed active strategies. The Public Equity program is also responsible for Corporate Governance activities, including proxy voting and corporate engagement.

Assets in the portfolio are comprised of U.S. and international public equities, foreign currencies, and derivative exposure.

⁹ Estimated jobs supported in California is calculated similarly to total economic activity using the IMPLAN model; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

¹⁰ See footnote 1.

¹¹ See footnote 1 and footnote 6.

Fixed Income

Total Market Value: \$123.7 billion¹²

Value in CA: \$6.3 billion¹³

Percentage in California: 5.1%

CalPERS' Fixed Income team is responsible for managing and overseeing the Total Fund's Fixed Income, the CalPERS Short Term Investment Fund, and the Tactical Fixed Income portfolio. Income consists mainly of investment-grade and high-yield corporate securities, emerging markets sovereign debt, mortgage-backed securities, and U.S. Treasuries. The income mandate is to serve as an economic diversifier to the Total Fund equity risk and to be a reliable source of income and liquidity. This asset class has exposure to investments in California through the following sectors:

- **Corporate bonds:** Companies issue corporate bonds to finance a variety of corporate purposes, such as investing in new plants and equipment or to fund the purchase of a company's equity or debt.
- **Structured securities:** Structured securities are investments in debt securities collateralized by a diverse group of loans including residential real estate, commercial real estate, and consumer loans. When issuing structured securities, these loans are bundled together, and underlying loan principal and interest repayment cash flows are packaged into varying structures offering investors different risk and return profiles.

¹² See footnote 1.

¹³ See footnote 1.

Private Markets

CalPERS' investments in private markets include Private Debt, Private Equity, and Real Assets. Real Assets comprises Real Estate and Infrastructure investment portfolios. Private market strategies encompass investments in companies, properties, and projects that cannot be accessed publicly.

Tideline provides econometric estimates for how CalPERS' California investments support job creation and other ancillary benefits within the state of California through its private market investments. Access to capital is an important factor in business and productivity growth, job and wealth creation, innovation, and sustainable community and economic development.

This section of the report highlights the following three categories in which deployed capital may create socially beneficial outcomes¹⁴:

- Low to moderate-income (LMI) areas
- High unemployment areas
- High minority areas

¹⁴ Section 2 of the Research Methods and Analytical Assumptions appendix provides descriptions of each category.

Previous reports included rural areas as a fourth ancillary benefits category. Due to changes in the way rural areas are classified in the decennial census that resulted in CalPERS' more limited exposure to rural areas in California, this category has been removed from the analysis.

Private Equity

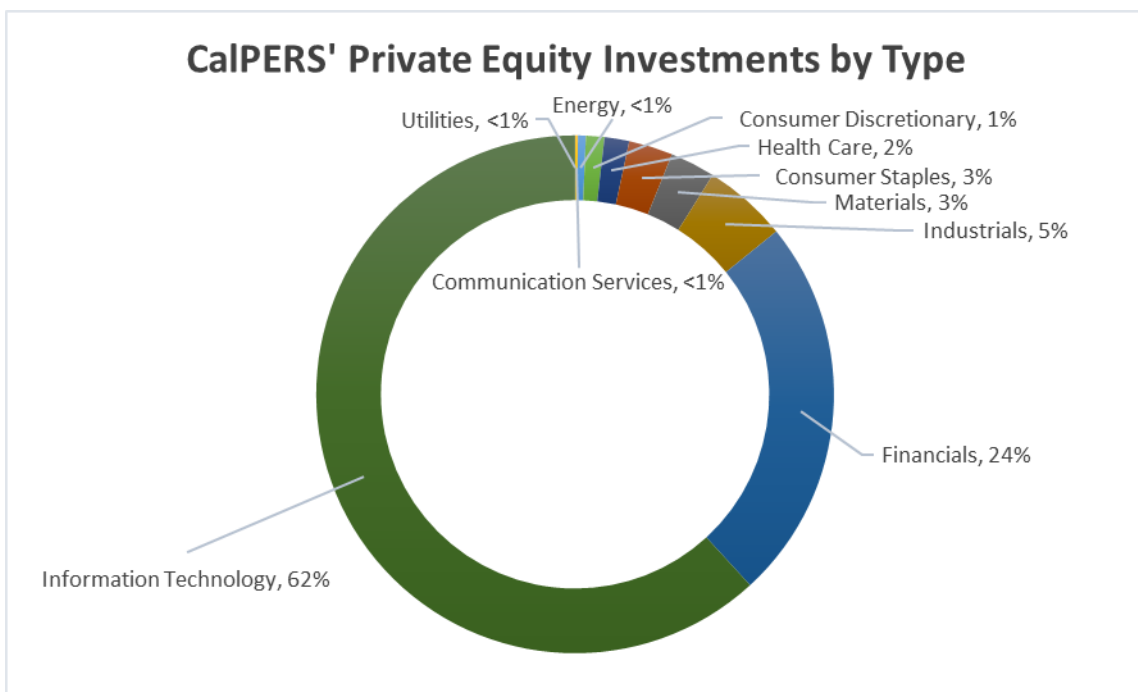
Total market value: \$60.2 billion¹⁵

Value in CA: \$3.1 billion¹⁶

Percentage in California: 5.1%

The Private Equity program focuses on leveraging its scale, expertise and long-term orientation to achieve attractive risk-adjusted equity returns by investing across private market strategies globally. Private Equity investments are typically held over longer-investment horizons with limited liquidity, but in return provide the Total Fund with increased diversification and enhanced returns. The program aims to build long-term partnerships with exceptional investors around the globe and invest in both fund partnerships and co-investments into operating companies.

Investments across a wide range of industries are represented in the portfolio. The following chart shows the diversity across ten industry sectors for the investments in California.



¹⁵ See footnote 1.

¹⁶ CalPERS' Private Equity data as of March 31, 2023. This number may differ from total portfolio value numbers in past reports due to varying standards for defining a California company. The methodology for calculating this data point changed after FY 2020. The comparability of reports completed for FY 2021 forward with past data will be limited because of this adjustment.

These companies are headquartered in California and CalPERS' investments in them are estimated to support 18,019 workers in the state. In addition to the \$3.1 billion in Private Equity investments, an estimated \$35.7 billion has been invested alongside CalPERS by other investors.¹⁷ However, these investments are not directly attributable to CalPERS' investments.

CalPERS' Private Equity Investments in California: March 31, 2023	
Total Companies	143
CalPERS Investments (in Billions)	\$3.1
Estimated Jobs in California ¹⁸	18,019

Tideline estimates 36% of the investments in California are in areas with a high minority representation in their population. The following table also shows Tideline's estimates for high unemployment, LMI, and high minority areas:

Ancillary Benefits of CalPERS' Private Equity Investments in California: March 31, 2023¹⁹		
	Percentage by Number of Investments	Percentage by Dollars Invested
High Unemployment Areas	3%	1%
High Minority Areas	36%	35%
LMI Areas	9%	6%

¹⁷ Includes capital invested alongside CalPERS in the same companies in the same Private Equity fund, not the total market value of the company. This figure excludes co-investments for Private Equity investments in the California Emerging Ventures program, for which this information was unavailable.

¹⁸ Estimated jobs supported by CalPERS' Private Equity investments in California are determined using IMPLAN; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

¹⁹ See Section 1.2 of the Research Methodology and Analytical Assumptions appendix for details on how these areas are designated.

This table was calculated using only investments which include a ZIP code. Furthermore, investments with ZIP codes associated to PO Boxes are excluded as the Census Bureau's ZCTA data does not provide demographic and economic information about these entities. Percentages are thus based on 97 investments totaling \$2.2 billion.

Real Assets

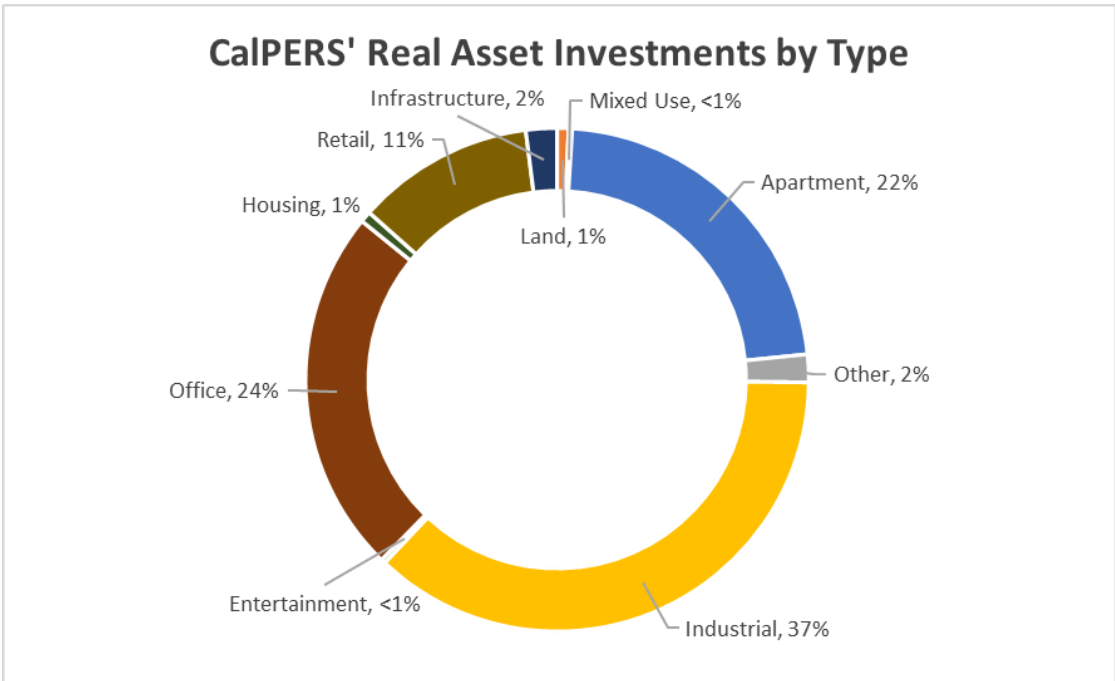
Total Market Value: \$68.8 billion²⁰

Value in CA: \$20.0 billion²¹

Percentage in California: 29.1%

CalPERS' Real Assets program includes Real Estate and Infrastructure investment portfolios. These investments are acquired and managed through separate accounts, joint ventures, and commingled funds. The role of the Real Estate program is to provide a stable and predictable cash yield, diversification of equity risk, and inflation protection.

The following chart highlights the exposure of the California Real Assets investments by type.



Investments in this asset class benefit California communities by creating jobs, contributing to local economic development, and providing critical community resources.²²

CalPERS' Real Assets Investments in California: March 31, 2023	
Number of Investments	350
CalPERS Investments (in Billions)	\$19.9
Estimated Jobs in California ²³	141,481

²⁰ See footnote 1.

²¹ See footnote 1.

²² For purposes of this report, forestland investment portfolios and unimproved land held in Real Estate investment portfolios were excluded from the analysis.

²³ Estimated jobs supported by CalPERS' Real Estate investments in California are determined using IMPLAN; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

Real Estate

CalPERS invests in real estate primarily through separate accounts and funds with third-party investment managers. The investment strategy for real estate is to invest primarily in core assets with stable income, diversified by property type and geography.

The Real Estate portfolio is more heavily weighted to California than any other asset class. This weighting reflects the fact that many core real estate markets in the current benchmark are concentrated in California. The portfolio in California includes a diverse group of properties that provide ancillary benefits in the areas in which they are located, including the creation of construction jobs and economic activity connected to construction, the accommodation of new retail, industrial and commercial employers, and the anchoring of communities with Real Assets.

In addition to the \$19.5 billion in Real Estate investments, an estimated \$18.4 billion has been invested alongside CalPERS by other investors.²⁴ However, these investments are not directly attributable to CalPERS' investments.

Combined, CalPERS' investments in real estate properties located in California support an estimated total of 140,022 jobs.²⁵ This figure encompasses jobs at the development and construction phase, as well as from income-generating properties. Real Estate investment in the development and construction phase supports an estimated total of 10,308 jobs. These real estate projects economically support workers within the construction industry, and indirectly support workers throughout the state.²⁶

²⁴ Value includes all other capital invested alongside CalPERS in the same Real Estate investments selected by third-party funds, partnerships, and Real Estate investment trusts.

²⁵ Estimated jobs supported by CalPERS' Real Estate investments in California are determined using IMPLAN; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

²⁶ California Real Estate projects in the development and construction phase indirectly support workers across the state through the purchase of goods and services needed for construction of these projects, and through the personal consumption by construction workers tasked to these projects.

CalPERS' Real Estate investment portfolio includes income-generating properties with high quality assets such as apartments, mixed use developments, retail centers, office buildings, and industrial centers. These properties provide housing, as well as infrastructure and operating space for retail, professional service providers, and manufacturers. The properties with high occupancy levels also support workers in property management, service, security, and other related industries.²⁷ The sales and leasing income from these income-generating properties supports a total of 129,714 jobs.

CalPERS' Real Estate Program Investments in California: March 31, 2023	
CalPERS Investments (in Billions)	\$19.5
Number of Investments	341
Estimated Jobs in California	140,022

Real Estate investments are often in central business districts and concentrated in urban areas, where property investments of all types are more readily available. These urban districts typically include a larger proportion of LMI, high unemployment, and areas with higher minority representation in their population.

Ancillary Benefits of CalPERS' Real Estate Investments in California: March 31, 2023²⁸		
	Percentage by Number of Investments	Percentage by Dollars Invested
High Unemployment Areas	4%	7%
High Minority Areas	57%	66%
LMI Areas	22%	24%

²⁷ California investments in income generating real estate properties directly support tenant businesses through the provision of critical infrastructure and operating space. Additionally, tenant businesses indirectly support workers across the state through the purchase of goods and services needed for day-to-day business operations and through the personal consumption of workers at their businesses or household purchases.

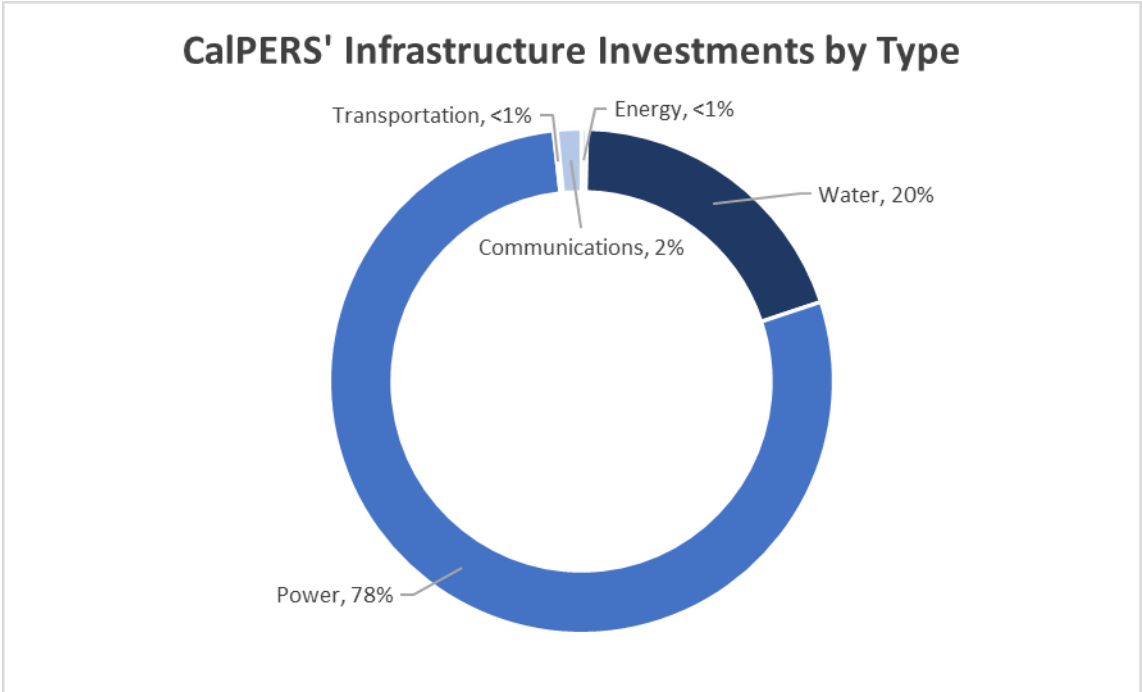
²⁸ See Section 1.2 of the Research Methodology and Analytical Assumptions appendix for details on how these areas are designated.

This table was calculated using only investments which include a ZIP code. Furthermore, investments with ZIP codes associated to PO Boxes are excluded as the Census Bureau's ZCTA data does not provide demographic and economic information about these entities. Percentages are thus based on 333 investments totaling \$19.4 billion.

Infrastructure

CalPERS also seeks stabilized cash flow from its infrastructure investments within the water, energy, waste, transportation, technology, and communications sectors. CalPERS invests both directly and in partnership with third-party investment managers. Infrastructure investments have the potential to benefit local economic development and provide essential community services within the state.

The following chart highlights the exposure of the California Infrastructure investments by type.



Infrastructure investments in California are estimated to employ 1,459 workers in the state. In addition to \$400 million in infrastructure investments, an estimated \$1.5 billion has been invested alongside CalPERS by other investors.²⁹ However, these investments from other funding sources are not directly attributable to CalPERS.

CalPERS' Infrastructure Investment in California: March 31, 2023	
CalPERS Investments (in Billions)	\$0.4
Number of Investments	9
Estimated Jobs in California ³⁰	1,459

²⁹ Value includes all other capital invested alongside CalPERS in the same infrastructure projects.

³⁰ Estimated jobs supported by CalPERS' infrastructure investments in California are determined using IMPLAN; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

Private Debt

Total Market Value: \$10.9 billion³¹

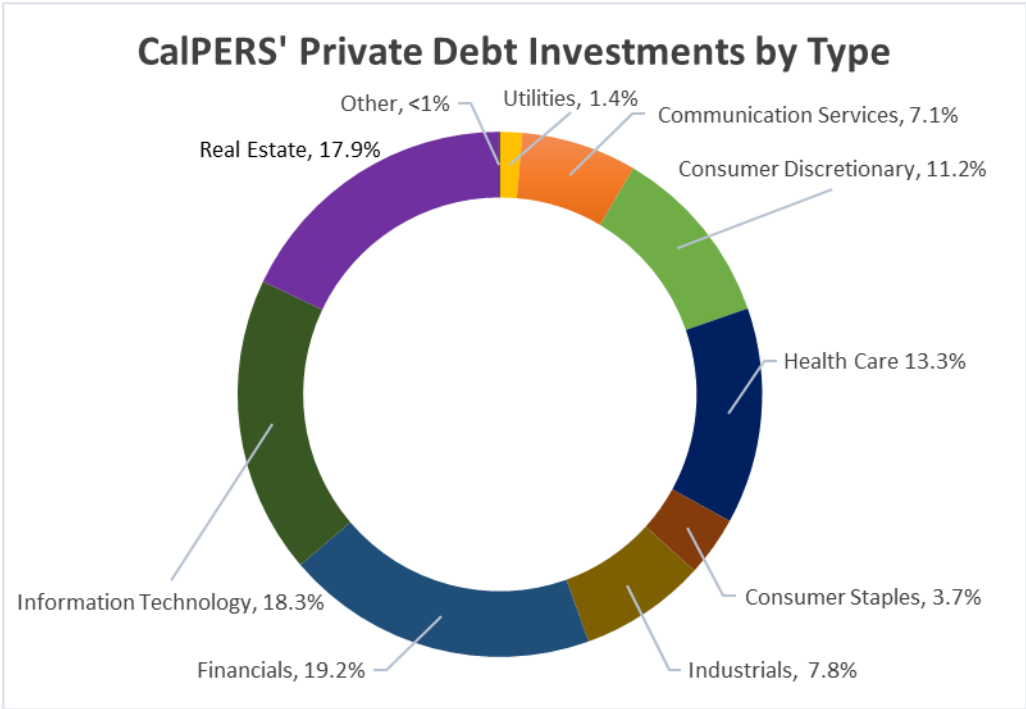
Value in CA: \$1.5 billion³²

Percentage in California: 13.8%

CalPERS Private Debt investments includes direct lending, residential mortgages, real estate financing, and specialty lending strategies. The Private Debt allocation has been implemented mainly through limited partnerships and co-investment opportunities.

CalPERS Private Debt Program invests primarily in privately negotiated, non-traded debt or debt-like instruments typically issued to companies. The program is intended to provide diversification to the Total Fund while seeking to add value over equivalent public debt markets through exposure to risks including illiquidity and leverage as well as terms and characteristics available through private transactions.

Investments across a wide range of companies in more than eight different industries is represented in the portfolio. The following chart shows the diversity of the investments in California across industry sectors.



³¹ See footnote 1.

³² See footnote 1.

CalPERS' Private Debt Investment in California: March 31, 2023	
CalPERS Investments (in Billions)	\$1.5
Number of Investments	68
Estimated Jobs in California ³³	11,091

Ancillary Benefits of CalPERS' Private Debt Investments in California: March 31, 2023³⁴		
	Percentage by Number of Investments	Percentage by Dollars Invested
High Unemployment Areas	7%	8%
High Minority Areas	30%	36%
LMI Areas	21%	14%

³³ Estimated jobs supported by CalPERS' infrastructure investments in California are determined using IMPLAN; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

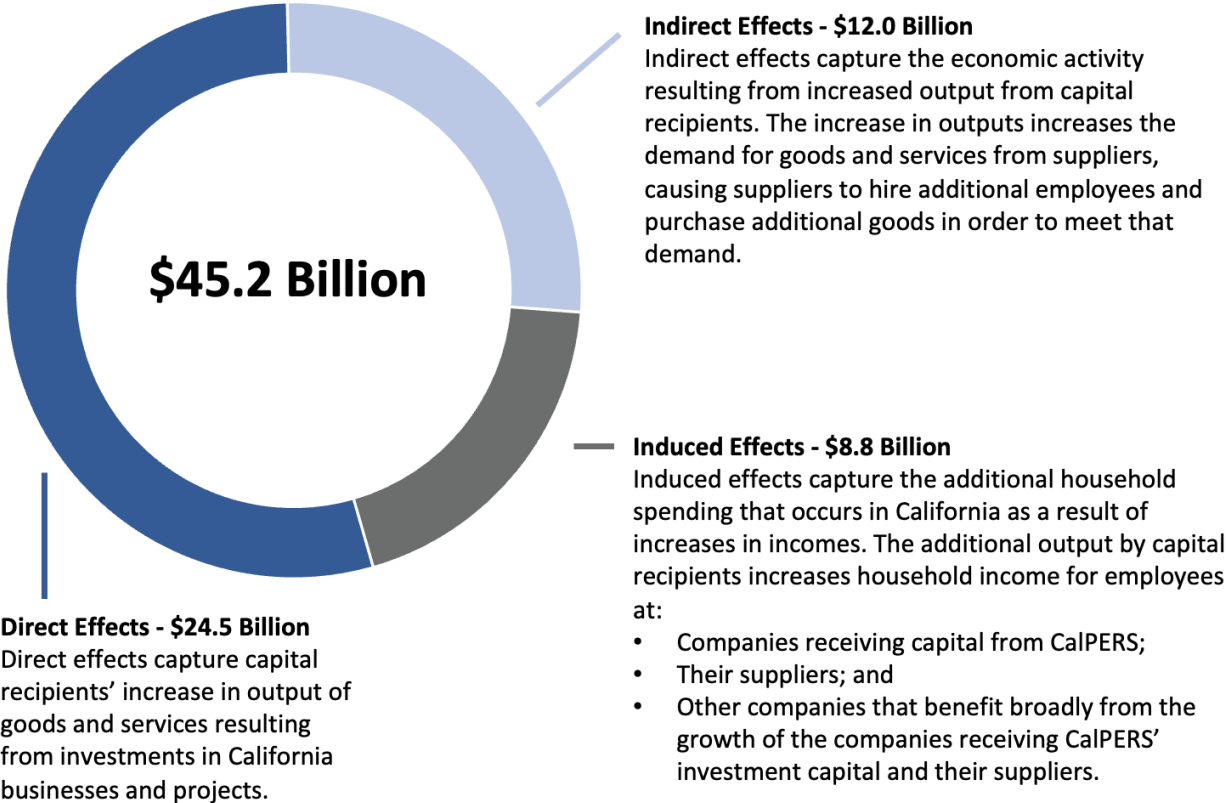
³⁴ See Section 1.2 of the Research Methodology and Analytical Assumptions appendix for details on how these areas are designated.

This table was calculated using only investments which include a ZIP code. Percentages are thus based on 67 investments totaling \$1.5 billion.

Total Economic Impact of CalPERS Private Markets Investments in California

CalPERS' private markets investments in California generate an estimated \$45.2 billion in economic activity across the state through the multiplier effect —the direct effects, indirect effects, and induced effects within the California economy are described in the chart below. A more detailed explanation of the methodology employed by Tideline to estimate total economic impact is included in the Research Methodology and Analytical Assumptions appendix.

Breakout of Total Economic Impact in California³⁵



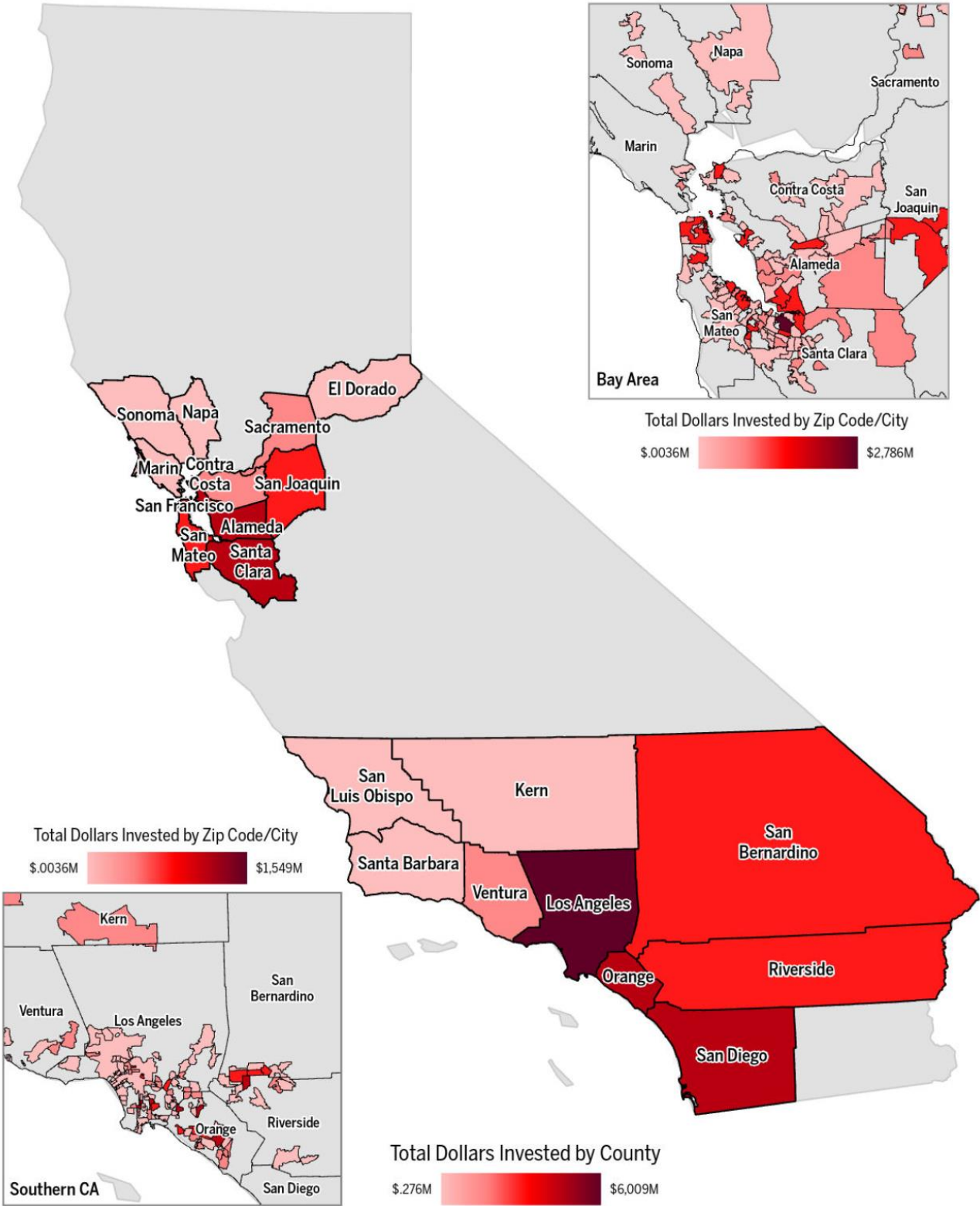
³⁵ The total economic impact of the private market investments is calculated using IMPLAN; see Section 1 of the Research Methodology and Analytical Assumptions appendix for further details.

Conclusion

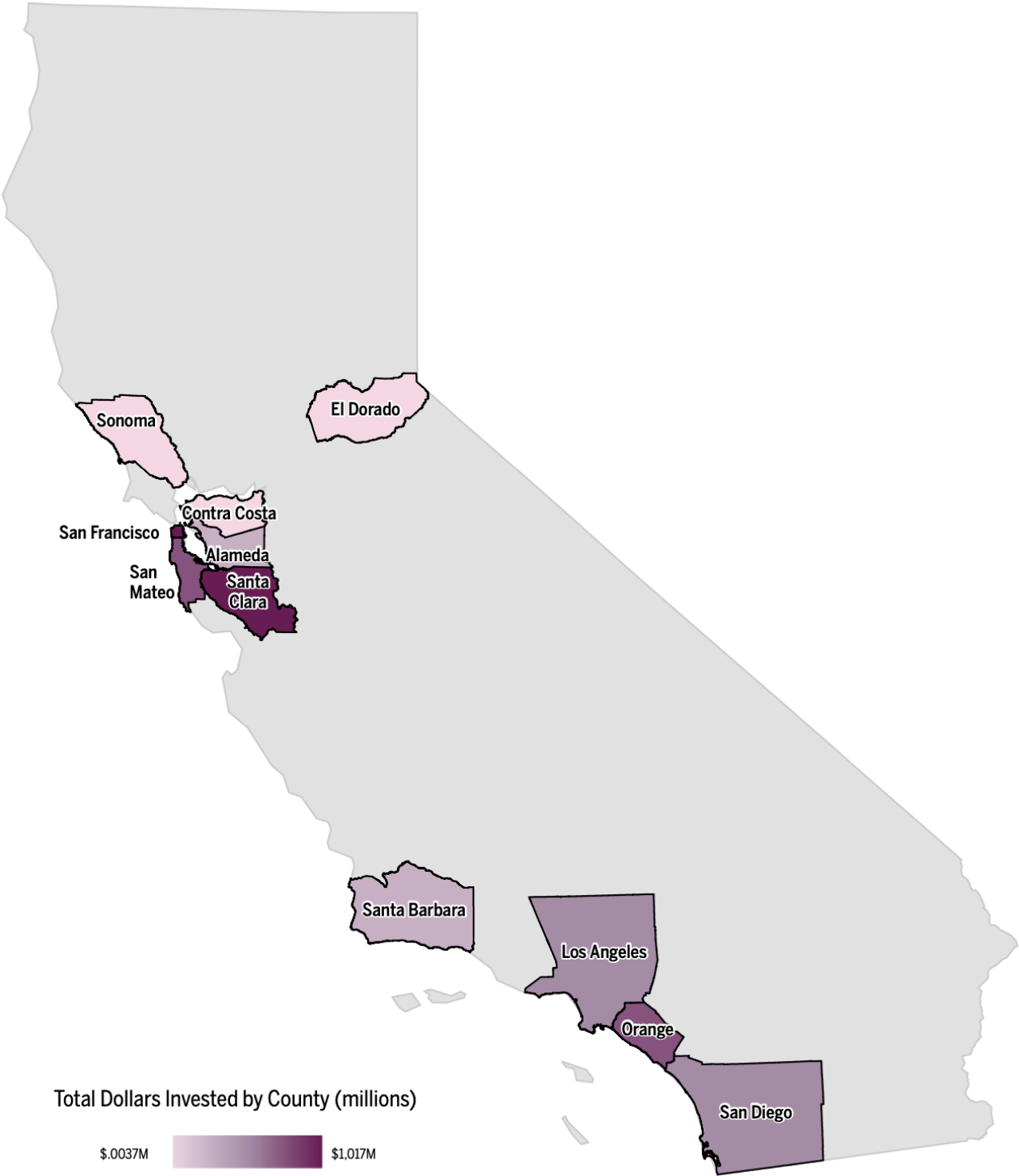
CalPERS' California investments, including in the state's underserved communities, totaled \$60.8 billion (or 13.1% of its \$465.9 billion investment portfolio as of June 30, 2023). Assets allocated to private market investments generated an estimated \$45.2 billion in economic activity in California. Through direct, indirect, and induced economic effects, CalPERS' private market investments provide significant ancillary benefits beyond an attractive rate of return.

Location of Investments in California

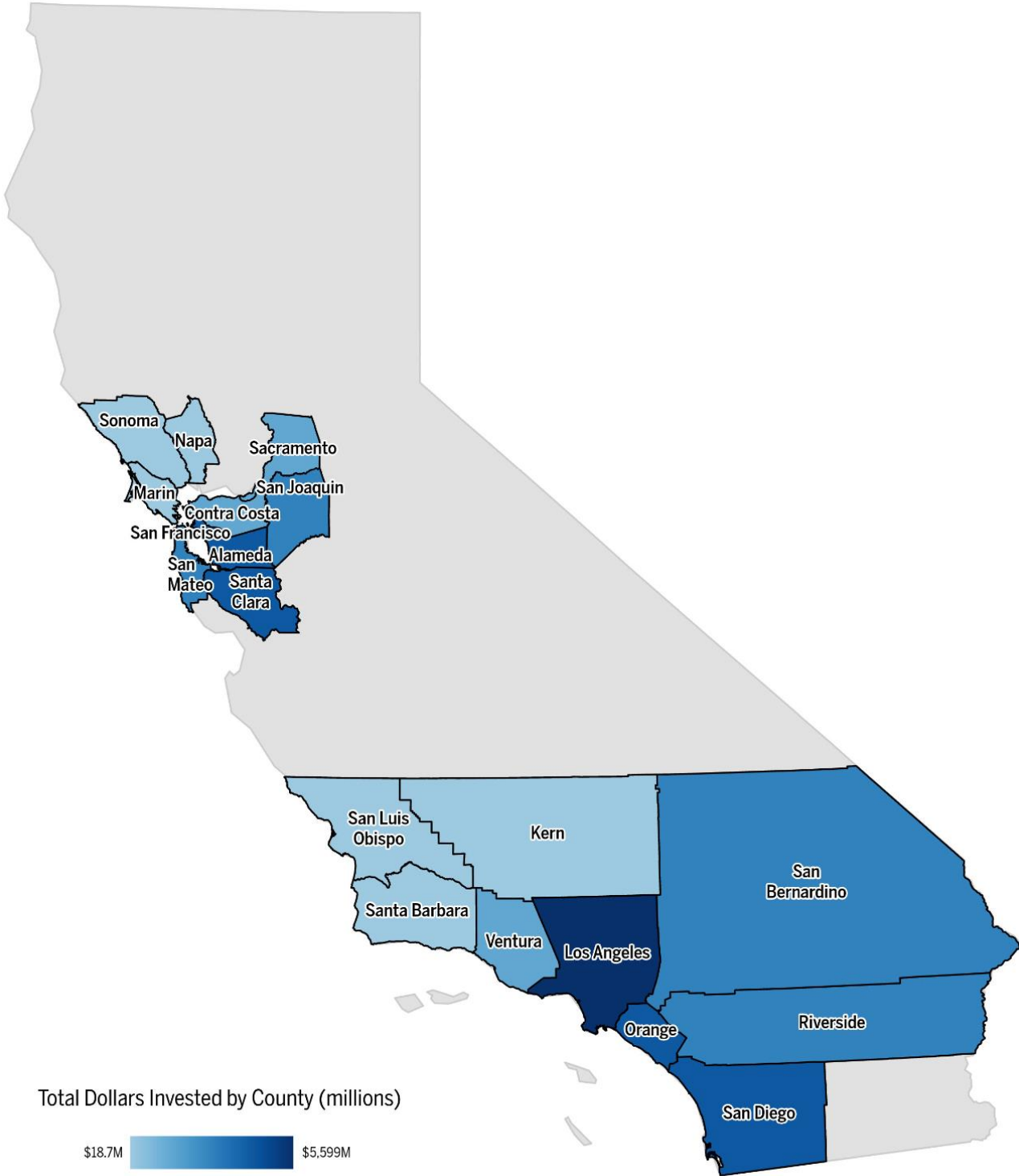
CalPERS' Investments (All Assets)



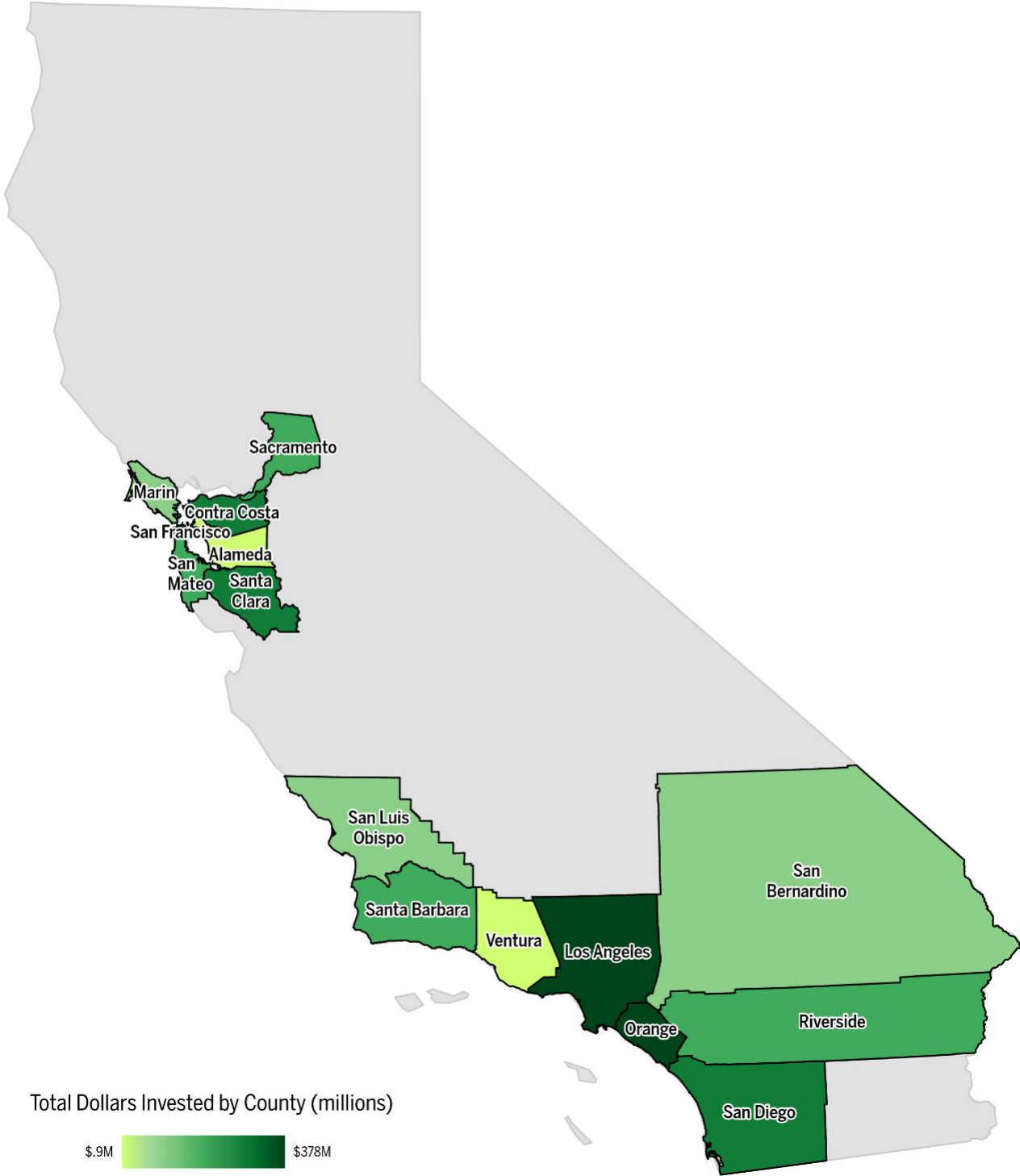
CalPERS' Private Equity Investments



CalPERS' Real Estate and Infrastructure Investments



CalPERS' Private Debt Investments



Appendix: Research Methodology and Analytical Assumptions

Section 1: Estimating Economic Impact using IMPLAN

1.1: IMPLAN Overview

The total economic impact and estimated number of jobs supported by the private market investments are calculated using the IMPLAN Version 7.3 economic multiplier model software package. [IMPLAN](#) is used by hundreds of government agencies, colleges and universities, nonprofit organizations, corporations, and business development and community planning organizations for analyzing economic impacts.

IMPLAN utilizes social accounts to analyze the consequences of projected economic transactions in a particular region. Used by over 2,000 public and private institutions, IMPLAN is a widely employed and accepted regional economic analysis tool. Social accounts describe the structure and function of a specific economy. IMPLAN employs input-output analysis in conjunction with region-specific social accounts or social accounting matrices (SAM) and multipliers to analyze economic impacts.

California private market investments in Private Equity, Real Estate, Infrastructure, and Private Debt are input separately into the IMPLAN economic multiplier model using the specific industries and sectors receiving investment. Public markets investments are intentionally excluded from this analysis due to the more indirect relationship between the investment of capital and the use of this capital by recipient public companies.

IMPLAN cannot be applied to public market investments in California, for the following reasons:

1. Attribution: Tideline is not able to directly tie CalPERS capital allocation to the operations and economic activity occurring at California headquartered public companies given CalPERS is often one of many investors in these businesses.
2. Overestimation: Applying the IMPLAN economic multiplier model to CalPERS' public market investments in California would overstate the total economic impact.
3. Area of study limitations: IMPLAN is an input-output economic multiplier model that requires a set geographic area of study. As California headquartered public companies have a significant number of facilities and operations in and outside of California, it is difficult to specify what proportion of CalPERS' investment in these companies is injected directly into California's economy, limiting the accuracy of the resulting total economic impact figure.

1.2: Inputs to IMPLAN by Asset Class

To determine the total economic impact of the California private market investments in Private Debt, Private Equity, Real Estate, and Infrastructure, the IMPLAN model examines the state of California as the geographic area of study, capturing and accounting for economic benefits statewide. Methodologies specific to each asset class were used in determining the input values for the IMPLAN model to best capture the economic impacts resulting from CalPERS' investments. The methodologies are described below:

Private Equity Investments

The amount of private equity investment in California private companies was uploaded directly into the IMPLAN model. Each investment was coded using the NAICS two-digit industry classification system to estimate the company's industry spending patterns. Only CalPERS' direct partnership investments and investments through third party investment managers were included in this analysis.

Real Estate Investments

Methodologies specific to property type and development phase were used in defining input values for the IMPLAN model to best capture the economic impacts resulting from the construction and operation of various property types. The methodologies are described as follows:

Construction of Residential and Nonresidential Properties

Total net asset values for residential and non-residential properties including apartments, housing, office, industrial, and retail under the predevelopment, development, and redevelopment categories were uploaded directly to the IMPLAN model for analysis where they are matched with construction activities per IMPLAN's 546 category industry aggregation scheme.

Operation of Residential and Nonresidential Properties

Total net asset values for apartment, retail, office, entertainment, mixed use, industrial, and other CalPERS' Real Estate investments at operating or stabilized capacity were uploaded directly to the IMPLAN model and matched to the appropriate industry per IMPLAN's 546 category industry aggregation scheme for analysis.

Infrastructure Investments

For each Infrastructure project, net asset values were input directly into the IMPLAN model using the appropriate industry code per IMPLAN's 546 category industry aggregation scheme.

Private Debt Investments

The amount of private equity investment in California private companies was uploaded directly into the IMPLAN model. Each investment was coded using the NAICS two-digit industry classification system to estimate the company's industry spending patterns.

1.3: Outputs from IMPLAN

For all asset classes, the analysis does not imply that the total economic impact and jobs created and sustained by CalPERS' investments are directly attributable to the system. Rather, it is an estimate of economic impact and employment directly related to the properties or companies in question, for which CalPERS' investments play an important enabling role.

Section 2: Additional Ancillary Benefits Overview

This report provides information on the proportion of CalPERS' investments in three categories of socially beneficial outcomes: Low and Moderate Income (LMI), high unemployment, and high minority areas.

The proportion of CalPERS' investments in LMI, high unemployment, and high minority areas reflects the demand for capital in the asset classes in which CalPERS invests. For example, CalPERS invests in companies and properties in central business districts and other economic hubs that offer attractive investment opportunities. These areas tend to be more ethnically and economically diverse, but CalPERS' investment is not a result of these characteristics; rather, all investment decisions are based on the investment merits of the underlying opportunity.

Areas are designated into one of the three socially beneficial outcome categories using demographic and income data from the 2020 U.S. Census and the 2022 5-Year American Community Surveys (ACS). The geographic units used are the Census Bureau's ZIP Code Tabulation Area (ZCTA's). ZCTA's generally correspond with the United States Postal Service's ZIP Code system, allowing for Census Bureau socioeconomic data to be mapped onto traditional ZIP code designations.

2.1: Category Definitions

California ZIP codes were designated to one or more socially beneficial outcome category using the following methodologies:

LMI Areas

A ZIP code is considered LMI if it meets any one of the following criteria:

- Poverty: 20% or more of the population is at or below computed official thresholds the U.S. Census Bureau uses
- Unemployment: The unemployment rate is at least 1.5 times the state average
- Median Family Income (MFI): The median family income (MFI) is at or below 80% of the metropolitan area (MSA) MFI or the California state MFI (whichever is greater). Tracts outside MSAs are at or below 80% of the statewide non-MSA MFI.

High Unemployment Areas

High unemployment areas are defined by the State of California Employment Training Panel as being 1.5 times higher than the California average. The 2022 5-Year ACS was used to determine the state unemployment rate of 6.4%. ZIP codes with unemployment rates above 9.6% were designated high unemployment areas.

High Minority Areas

Using the U.S. Census Bureau's 2022 5-Year ACS data, the median percentage of minority population for all California ZIP codes was determined. High minority areas are defined as ZIP codes which have a higher percentage of minority populations than the median value of 64.8%.

For more information about high minority areas, see [the U.S. Department of Commerce, Minority Business Development Agency's](#) research on access to capital for minority businesses.

2.2: Calculating Percentages for Each Category

To determine the dollar amounts invested in these areas, the market value of each investment is attributed to the ZIP code provided for a given company, property, or project. If the ZIP code in which an investment is located is determined to be an LMI, high unemployment, or high minority area, then the investment and the dollars associated with the investment are in the defined community.

The number of investments and dollars invested in all ZIP codes that match the given criteria are summed and reported as a percentage of the total number of investments and total market value by asset class, adjusted to include only those investments for which a ZIP code is available.