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CalSTRS Reports 13.4 Percent Net Investment Return for FY 16-17

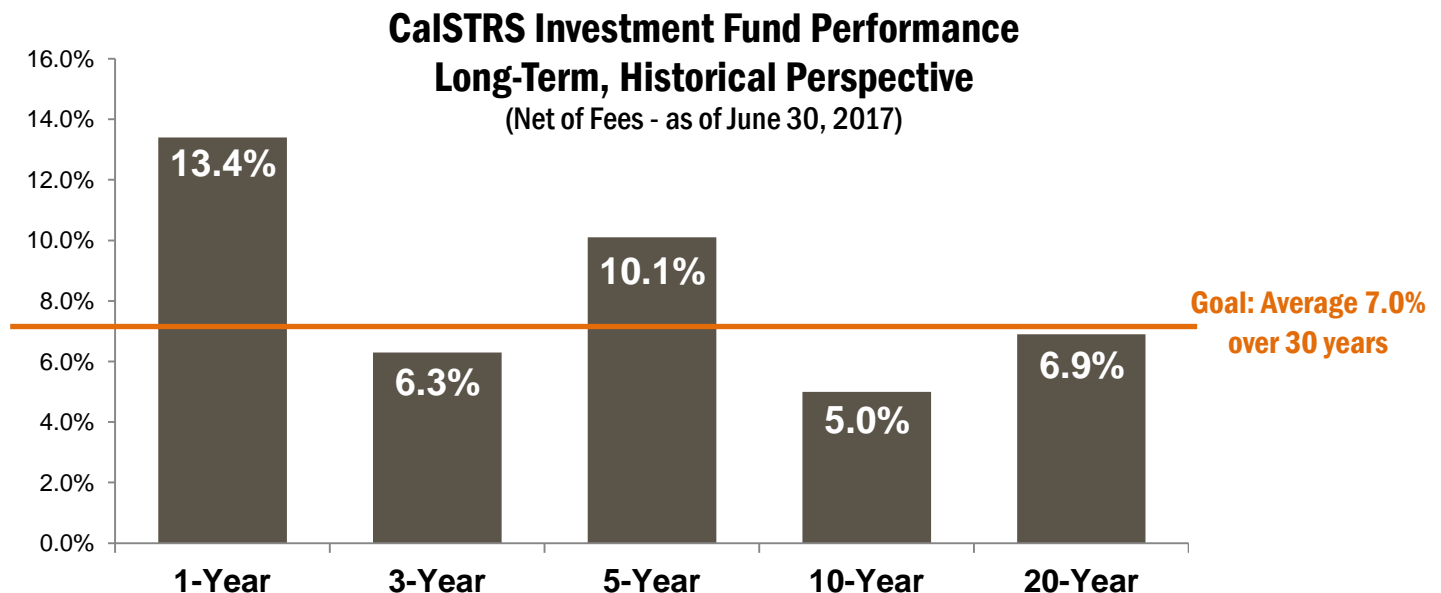
Ongoing emphasis on 30-year investment horizon and progress toward long-term funding plan.

WEST SACRAMENTO, Calif. – July 20, 2017 – The California State Teachers' Retirement System announced today that the fund posted a 13.4 percent net of fees return for the 2016-17 fiscal year, with growth being driven by strong performance across all markets, led by non-U.S. equity. As of June 30, 2017, the total fund value was \$208.7 billion.

This year's performance marks a successful year for CalSTRS following two fiscal years with single digit returns. However, in keeping with CalSTRS' long-term focus, Chief Investment Officer Christopher J. Ailman cautioned against making too much of a single year's high performance.

"Just as one bad year will not break us, one good year won't make us. We intentionally keep our eyes focused on a 30-year horizon and make our adjustments with that timeframe in mind, rather than reactively responding to any given situation at-hand," Mr. Ailman added. "Investment performance over time is the true hallmark and measure of success in a pension fund like CalSTRS, as we aim to achieve long-term value creation to secure the retirement futures for more than 914,000 California educators."

The current year's performance will be a positive contributor to CalSTRS' 7.0 percent 30-year investment return assumption, adopted by the Teachers' Retirement Board in February 2017 as part of the two-year phased-in approach outlined in the [actuarial experience study](#).



“While this year’s performance is obviously great news, we need to keep in mind that returns are just one piece of the overall funding picture for CalSTRS,” said Chief Executive Officer Jack Ehnes. “The [long-term funding plan](#), set into motion by the Governor and Legislature in July 2014 via AB 1469, established a predictable schedule of contribution rate increases shared between members, the state and employers over a 32-year span to bring CalSTRS toward full funding by 2046. The funding plan is a model of shared responsibility, and it works in tandem with the positive return performance that the investment portfolio generates, to advance CalSTRS along the path of long-term sustainability.”

**CalSTRS Returns (Net of Fees):
Asset Class and Benchmark Performance Breakdown**

CalSTRS Asset Class/Strategy	3-Yr Return	5-Yr Return	10-Yr Return	Fiscal Year 2016-2017		
				Return	Custom Benchmark Return	Over/Under Performance
Global Public Equity	6.3%	12.3%	5.2%	19.6%	19.5%	0.1%
Private Equity*	9.6%	12.4%	8.6%	17.2%	12.6%	4.6%
Real Estate*	10.3%	11.2%	1.4%	8.1%	7.4%	0.7%
Inflation Sensitive	2.7%	4.1%	N/A^	9.1%	4.6%	4.5%
Risk Mitigating Strategies	-0.9%	1.2%	N/A^	-8.9%	-8.2%	-0.7%
Innovative Strategies	2.3%	1.5%	N/A^	5.9%	11.4%	-5.5%
Fixed Income	3.0%	3.1%	5.1%	1.2%	0.3%	0.9%
Total Fund Performance	6.3%	10.1%	5.0%	13.4%	12.6%	0.8%

**Asset valuations and benchmark returns lag by one quarter.*

^ Newly funded strategies without 10-year return figures.

As of June 30, 2017, the CalSTRS investment portfolio holdings were 56.4 percent in U.S. and non-U.S. stocks, or Global Equity; 8.1 percent in Private Equity; 12.6 percent in Real Estate; 1.3 percent in Inflation Sensitive; 5.1 percent in Risk Mitigating Strategies; 0.3 percent in Innovative Strategies and Strategic Overlay; 14.7 percent in Fixed Income; and 1.5 percent in Cash.

About CalSTRS:

The [California State Teachers’ Retirement System](#), with a portfolio valued at \$208.7 billion as of June 30, 2017, is the largest educator-only pension fund in the world. CalSTRS administers a hybrid retirement system, consisting of traditional defined benefit, cash balance and voluntary defined contribution plans. CalSTRS also provides disability and survivor benefits. CalSTRS serves California’s more than 914,000 public school educators and their families from the state’s 1,700 school districts, county offices of education and community college districts.

See how CalSTRS demonstrates its strong commitment to long-term corporate sustainability principles in its annual Global Reporting Initiative sustainability report: [Global Stewardship at Work](#). Follow us on [Twitter @CalSTRS](#)