

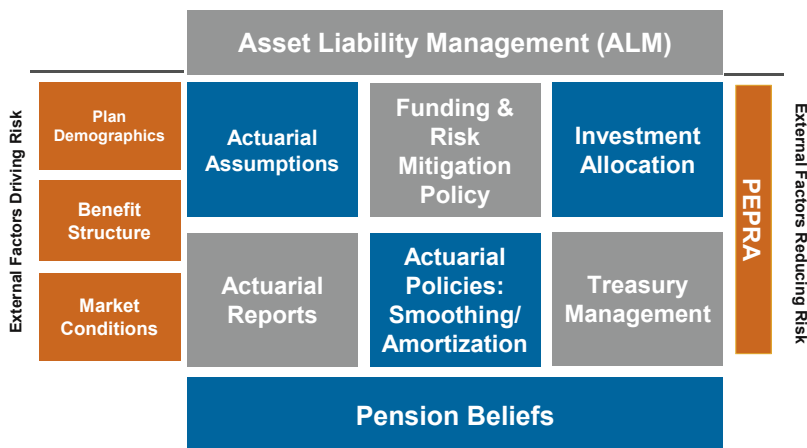
# CalPERS: Our Shared Path to a Sustainable System

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## Asset Liability Management (ALM) Framework



## Factors Driving Funding Risk



### Plan Demographics

- Asset and liability ratios
- Plans are maturing
- Public employees are living longer
- Increased cash outflows

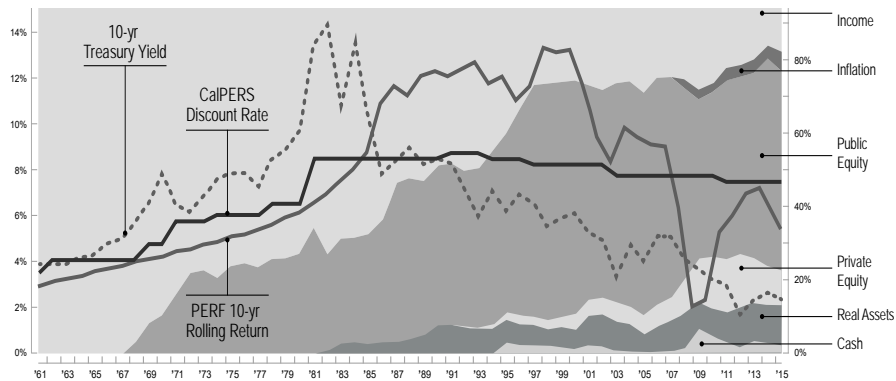


### Market Conditions

- Current portfolio and market environment includes significant risk of volatility
- Market valuations and return expectations

## CalPERS Historical Allocation

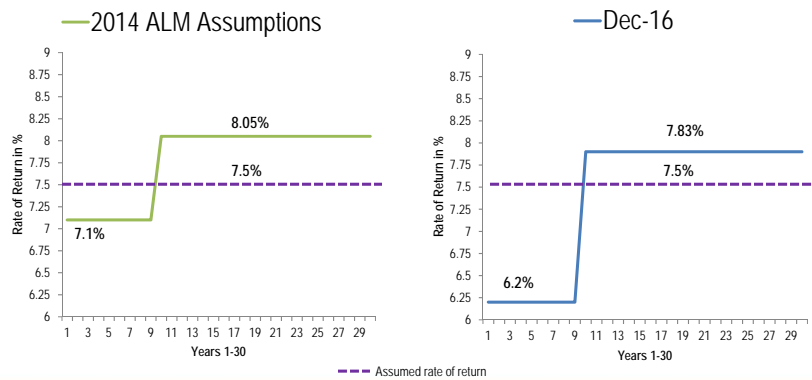
Discount Rate, 10yr Rolling Return, and 10yr US Treasury Yield



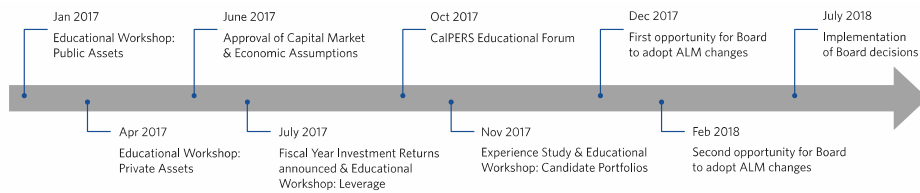
Data Source:

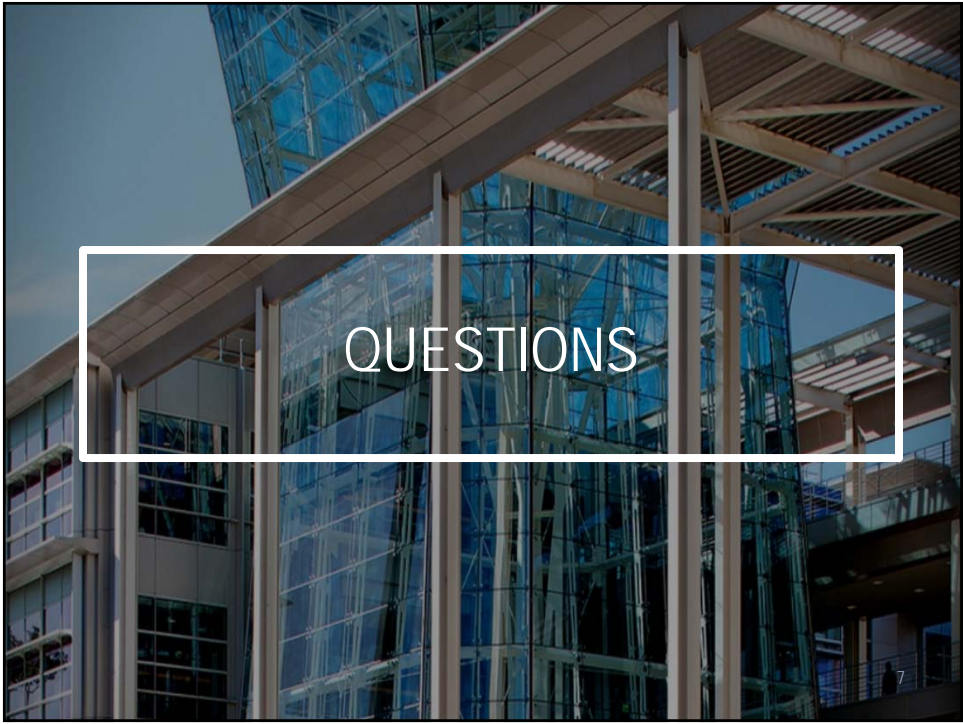
- CalPERS Comprehensive Annual Financial Reports (CAFR) for Discount rate, 10yr rolling returns and allocation
- Bloomberg for 10YR US Treasury Constant Maturity Rate (H15T10Y)
- Inflation asset class was not provided as a separate line item in the 2014 & 2015 CAFRs. Used the asset allocations from the INVO AA-Spreadsheet.

## Change in Market Conditions



## 2017-18 Key Asset Liability Management Milestones





# QUESTIONS