

LIVE WEBINAR

2025 CalPERS Returns, Fed Policy, and What Agencies Should Expect

Thursday, August 14 | 11 AM PT



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Peter Tchir, Head of Macro Strategy



With more than 25 years in industry focusing on fixed income. His background helps bring a unique frame of reference to Academy's market strategy and analysis. Peter works closely with the Geopolitical Intelligence Group to provide market read-throughs on geostrategic risk.

- Our Macro Strategy Offering is designed to assist corporates & investors to navigate financial markets and the economy through thought-provoking commentary
- In tandem with our Geopolitical Intelligence Group, Peter distills geopolitical commentary into his market analysis to provide a unique take on current events in the context of financial markets and economics
- Peter is frequently cited and featured in news and media forums such as Bloomberg, CNBC, Financial Times, & Forbes, to name a few

Agenda for Today's Webinar

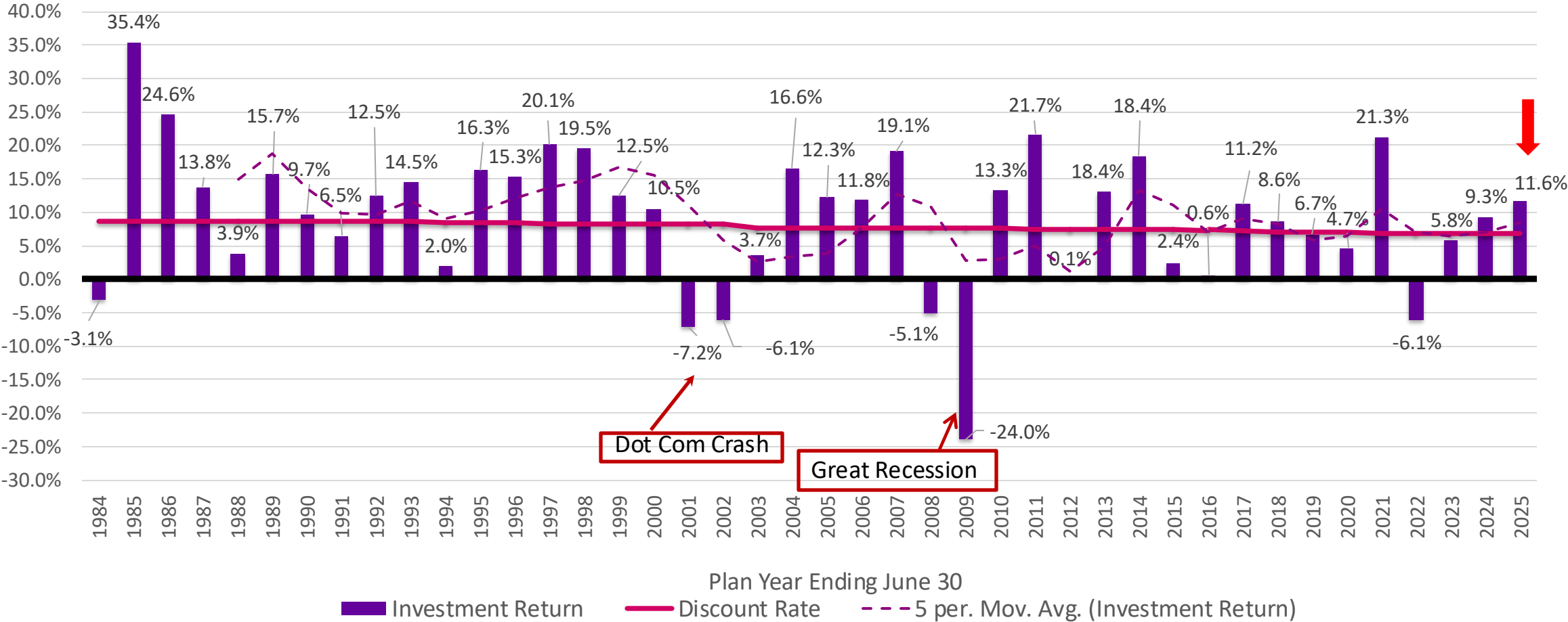
- CalPERS Investment Return for 2024-25
- How Did We Get Here?
- Impact of Return
- Looking Forward

CalPERS Investment Return

Public Employers Retirement Fund (PERF) Summary

	6/30/2023	6/30/2024	6/30/2025
Market Value of Assets	\$462.8B	\$502.9B	\$555.8B
Official Preliminary Return	5.9%	9.3%	11.6%
Final Adjusted Return	6.1%	9.5%	?
Funded Status	72%	75%	79%

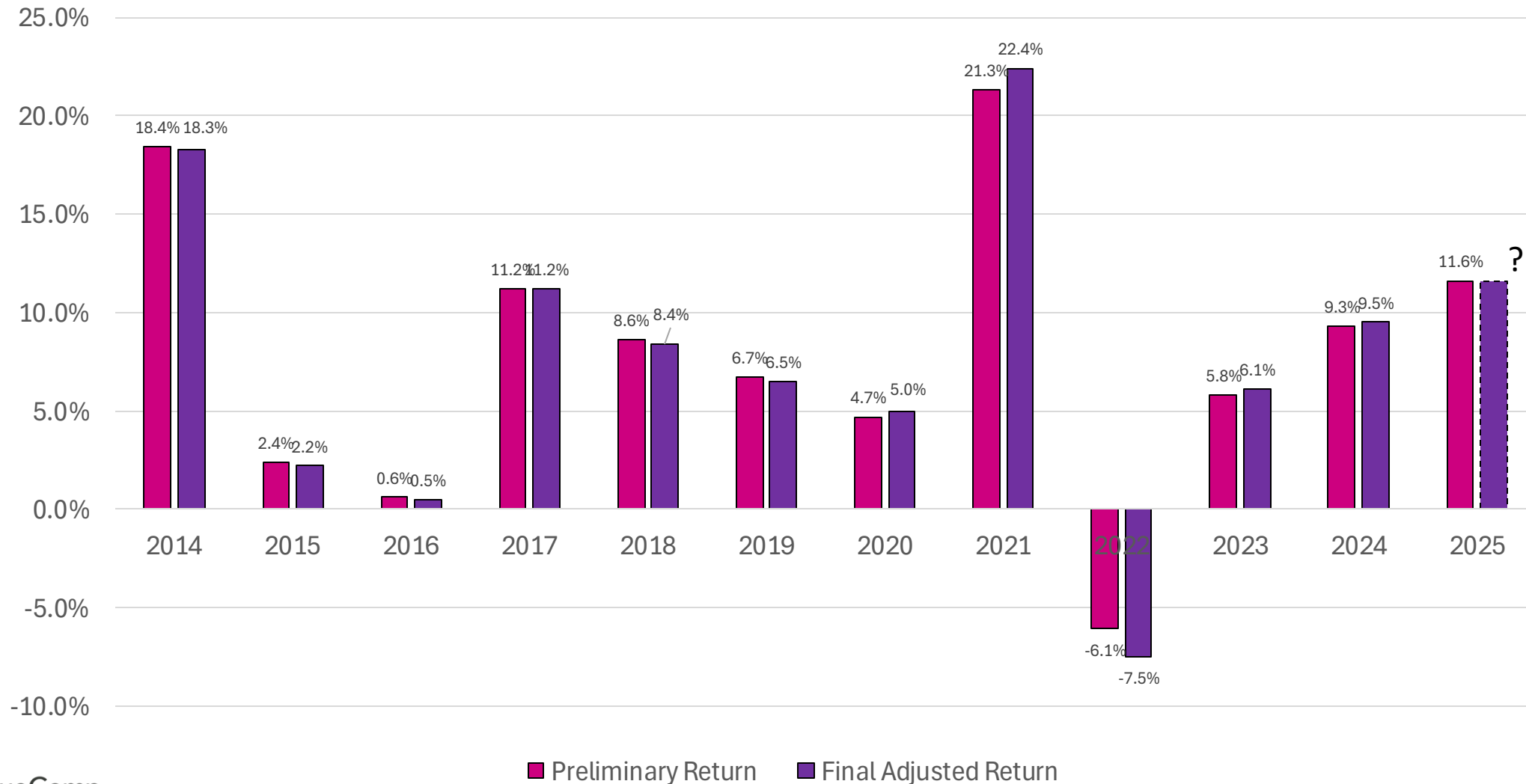
CalPERS Historical Investment Returns (Official Preliminary Returns)*



Compound Annual Return					
	1 Year	5 Year	10 Year	20 Year	30 Year
June 30, 2025	11.6%	8.0%	7.1%	6.7%	7.6%
June 30, 2024	9.3%	6.6%	6.2%	6.7%	7.7%

* CalPERS Investment Office does not adjust reporting to final returns.

CalPERS Historical Pattern of Prelim and Final Adjusted Investment Returns



Approximate Return By Asset Class

CalPERS Portfolio		Year Ended June 30,							Allocation		Approximate Return Attribution
		2019	2020	2021	2022	2023	2024	2025	Target	Actual	
	Public Equity	6.1%	0.6%	36.3%	-13.1%	14.1%	17.5%	16.8%	37%	39%	6.5%
	Fixed Income	7.7%	12.5%	-0.1%	-14.5%	0.0%	3.7%	6.5%	28%	30%	1.9%
	Real Estate	3.7%	4.6%	2.6%	24.1%	-3.1%	-7.1%	2.7%	15%	13%	0.3%
	Private Equity	9.6%	-5.1%	43.8%	21.3%	-2.3%	10.9%	14.3%	17%	18%	2.5%
	Private Debt				0.3%	6.5%	17.0%	12.8%	8%	4%	0.5%
	Leverage & Other								-5%	-6%	0.0%
	Prelim Return	6.7%	4.7%	21.3%	-6.1%	5.8%	9.3%	11.6%	100%	100%	11.6%



April 15, 2025

“We must prepare for the possibility that current events here in the US could have a serious impact on our investment returns as of June 30 [2025] and into the fiscal year that begins after that.”

Marci Frost
CalPERS CEO

Polling Question #1

Are US Stocks Overvalued?

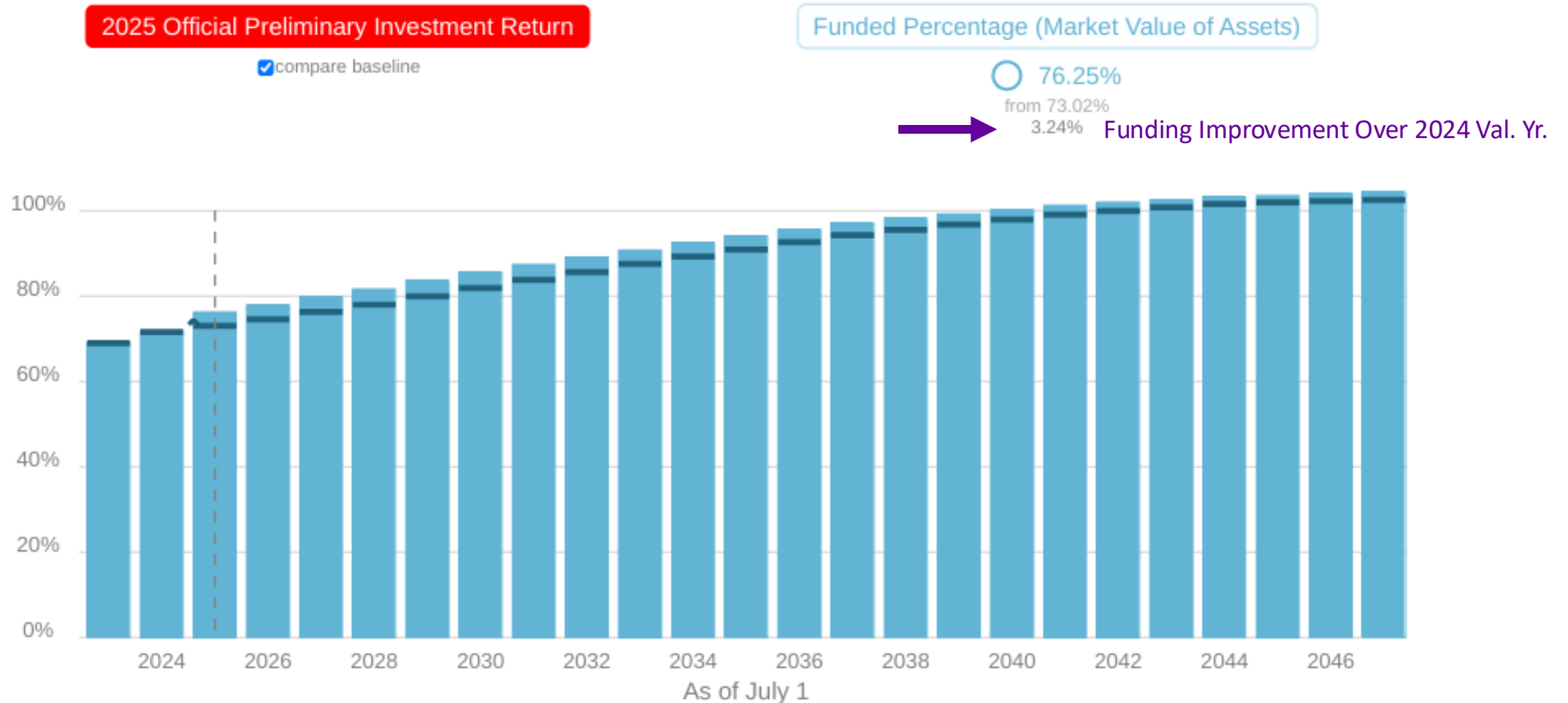
- 1) No
- 2) Yes, Mildly Overvalued
- 3) Yes, Approaching Dot Com Bubble Proportions

Impact on Plans

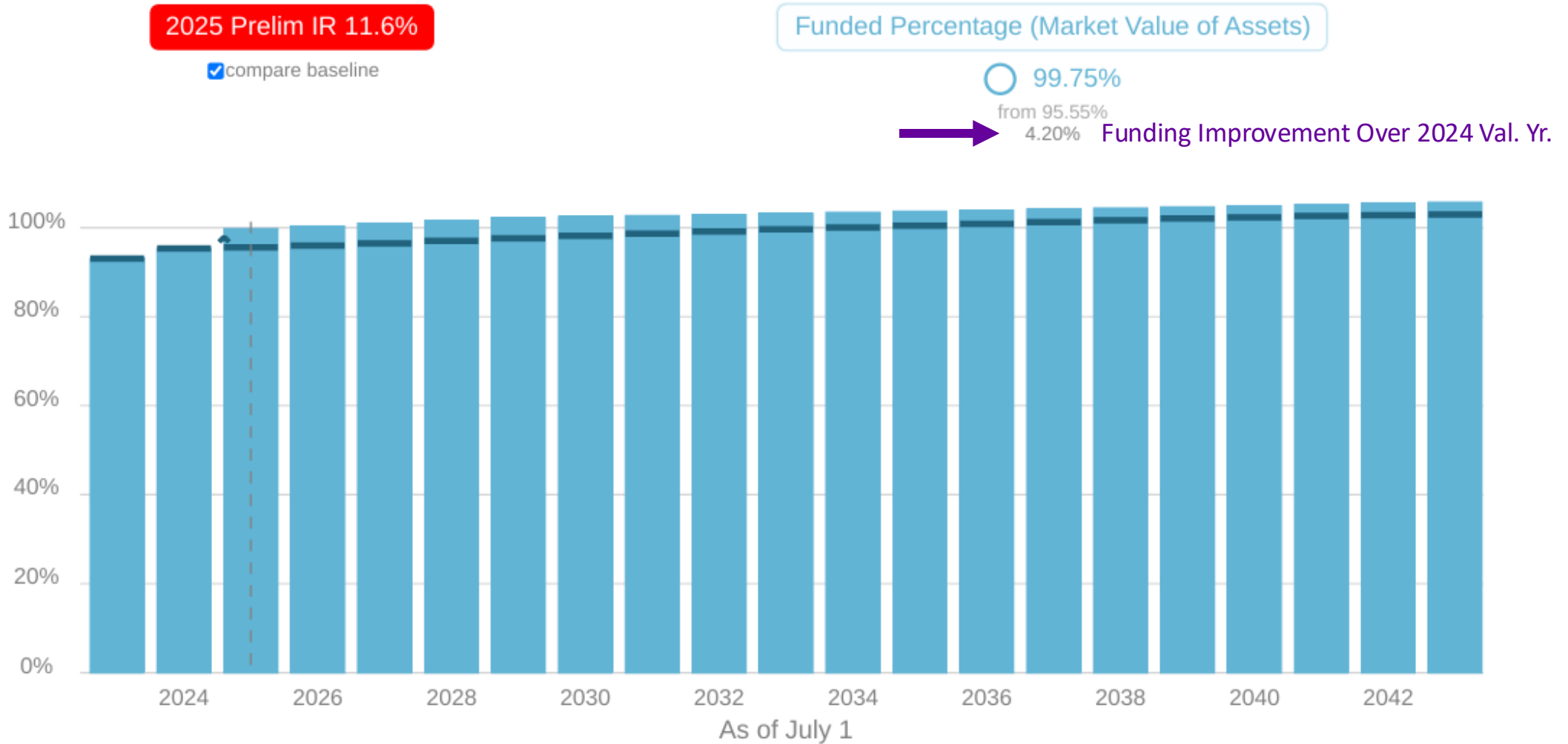
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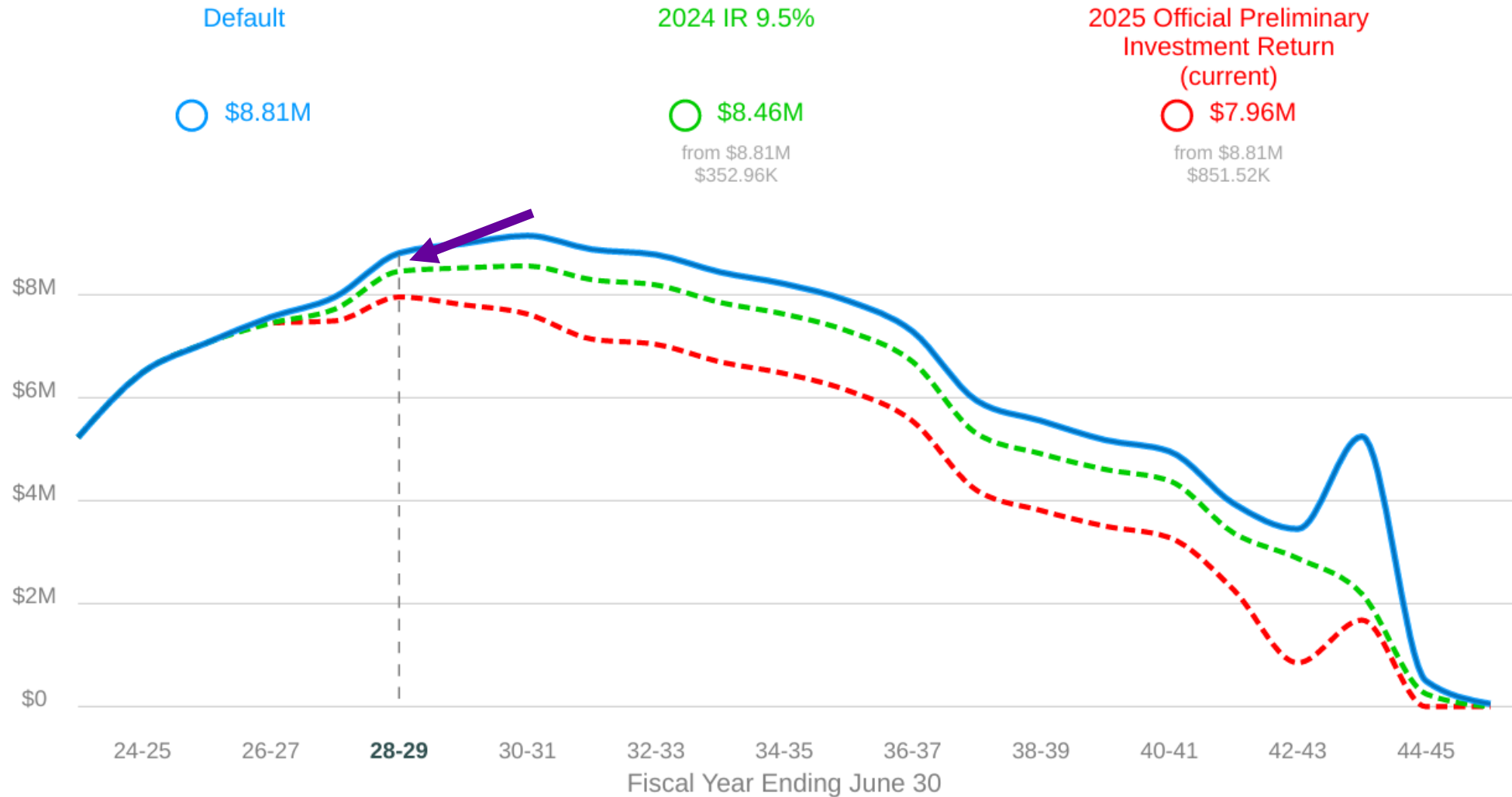
Strong Returns Improve Funded Percentage – Average Funded Agency



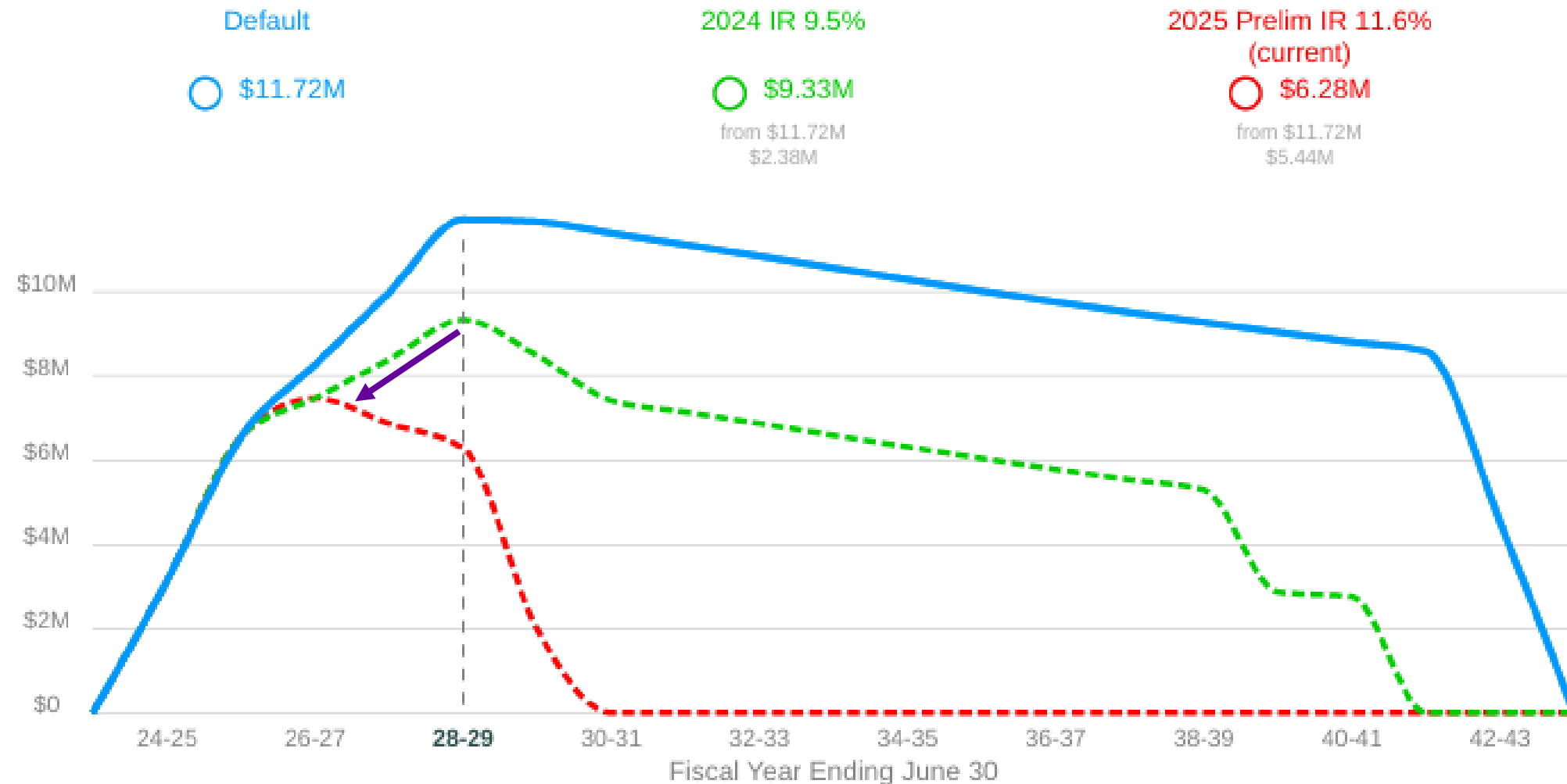
Strong Returns Improve Funded Percentage – Well Funded Agency



Impact on Annual Amortization Payment - Average Funded Plan



Impact on Annual Amortization Payment - Well Funded Plan



Looking Forward Headlines in the Crosshairs

Polling Question #2

What are you most concerned about?

- 1) Poor Market Returns Driving up pension costs and draining liquidity
- 2) Stagnation or Decline in Sales Tax or Tourism Revenues
- 3) Unsustainable Inflation Raising Costs of Wages, Goods, Services and Energy
- 4) Unrealistic Demands from Labor Groups

Investors Overwhelmingly Believe U.S. Stocks Are Overpriced, Survey Finds

Bank of America's latest global fund manager poll also found that a net 37% of investors were overweight emerging market stocks in August, the highest level since February 2023.

<https://www.barrons.com/advisor/articles/stock-market-bank-of-america-fund-manager-poll-august-cba58e14?mod=Searchresults>

The US economy



Donald Trump's awful trade policy will outlast him

He thinks America is winning. It is not

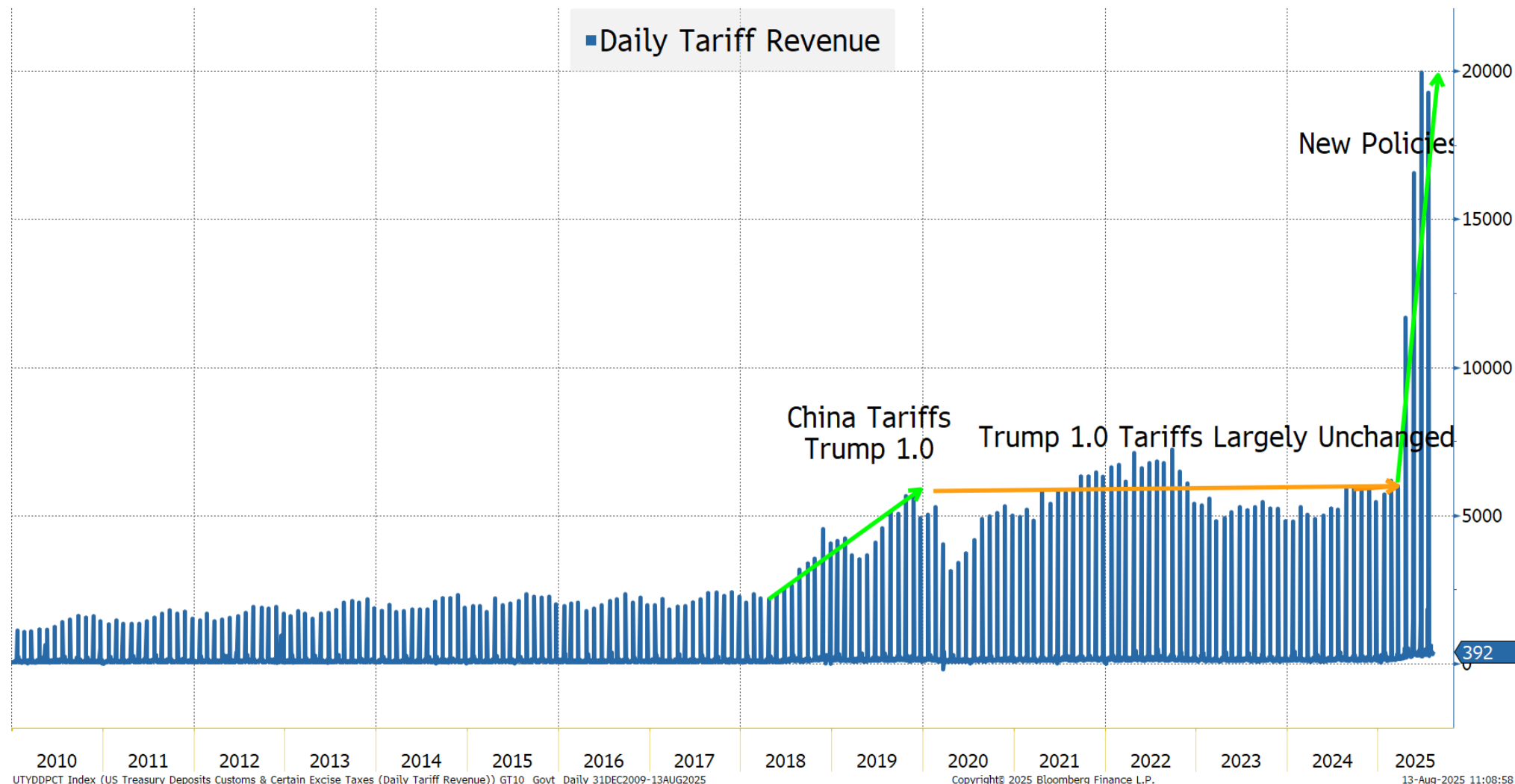


Trump tariffs

Trump extends trade war truce with China

Global stocks rally as Washington and Beijing signal trade talks

US July budget deficit up 20% year-over-year despite record Trump tariff income



Free Market Enterprise?

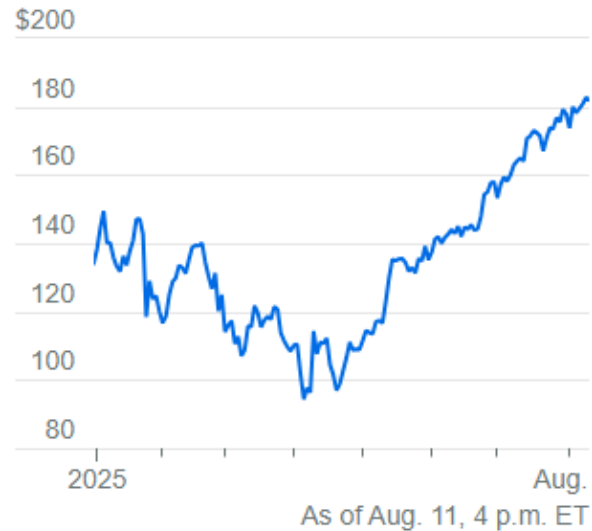
Trump Expands His Trade Policy's 'Pay-for-Play' With Nvidia. Is It Worth It?

The federal government will take 15% of Nvidia's AI chip sales to China—\$2.76 billion. Is such a paltry sum worth all the risks?

🕒 Long Read

- The Deal Is 'Far Beyond Uncharted Waters.' Expect Legal Scrutiny.
- Trump Met With Intel CEO, Says Tan Will Bring 'Suggestions' Next Week
- Nvidia Gets a Little Bump for Its Sales Agreement With the U.S.
- The AI Trade Is More Than Just Nvidia and AMD. Watch Arista and Astera.

Nvidia hit a record closing high on Friday.



Source: FactSet

TECHNOLOGY

Trump Calls for Intel CEO to Resign, Stock Drops



Trump called for Intel CEO Lip-Bu Tan to resign in a post on the Truth Social platform. (ANNABELLE CHIH/BLOOMBERG)

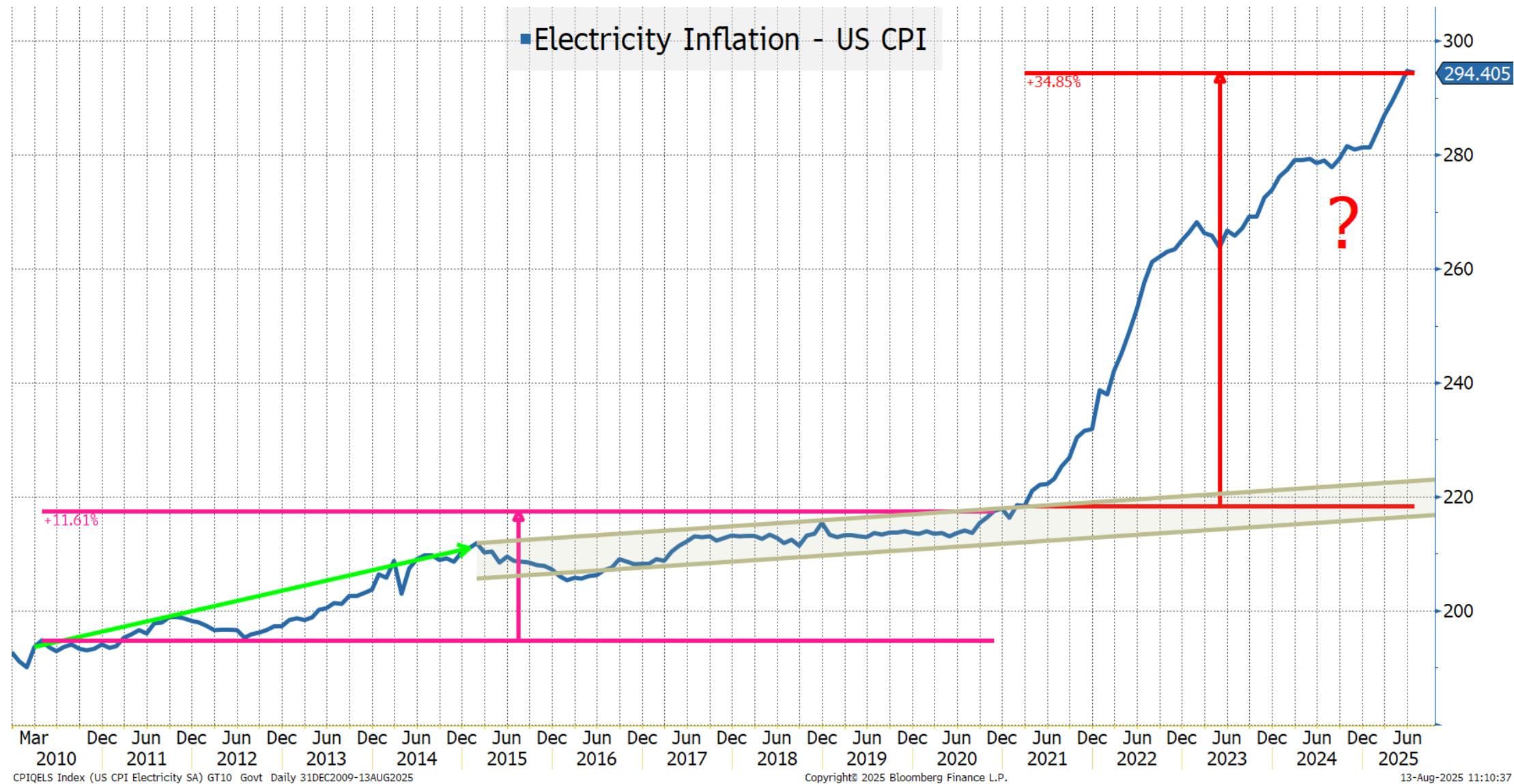
President Donald Trump called for [Intel](#) CEO Lip-Bu Tan to resign in a [social media post](#) on Thursday morning.

Understanding the Economic Impact of US Dollar Decline in 2025

BY JOHN ZADEH ON JULY 3, 2025

The US dollar has experienced its worst start to a year since 1973, marking a significant shift in its trajectory. This decline follows a prolonged 15-year upward cycle, which is unusually long compared to typical 5-year uptrends. With the dollar already declining approximately 10% from recent highs, many economists believe we may be witnessing the beginning of a new downward cycle that could have far-reaching implications for the impact of US dollar decline on economy globally.

Electricity Inflation



America may soon be in recession, according to a famous rule

But is it right?



IMAGE: THE ECONOMIST


Like all good rules, it is parsimonious. If the unemployment rate increases by half a percentage point from its trough of the past 12 months, the economy is said to be in a recession. To smooth out the figures, which jump around, both the current unemployment rate and the trough are measured as three-month moving averages. At present the Sahm indicator stands at 0.33 percentage points. It would not take much for it to reach the half-point mark. If the unemployment rate, which hit 3.9% in October, rises to 4.0% this month and 4.1% next month, the economy would, according to the Sahm rule, be in a recession.



THANK YOU

CalPERS Valuation Report Webinar – September 18

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Academy Securities Resources

Geopolitical Intelligence Group

Academy Securities provides direct access to the nation's foremost experts in foreign policy & national security. Our advisors have served at the highest levels of government and maintain strong relationships with current officials, providing relevant and reliable perspectives on the geostrategic risk landscape and its impacts on financial markets.

Recent Geopolitical Insights

[Around the World: Status of the Gaza Ceasefire Discussions, Russia | Ukraine Ceasefire Talks in Turkey, Trade Deal with China and the Race for Rare Earths and AI](#)

[SITREP: U.S. Repositions Nuclear Submarines in Response To Russian Threats](#)

[Academy Podcast: Around the World with Academy Securities \(Available on Apple Podcasts/Spotify\)](#)

Please reach out to your Academy representative to get access to our timely geopolitical insights.

Topics of Discussion

- Cyber Risks & Artificial Intelligence
- Supply Chain Risk
- Chinese Military Expansion
- Russia/Ukraine Conflict
- Counter-terrorism
- Alliance Challenges
- Aerospace Defense
- Great Power Competition
- Chemical, Biological, Nuclear

Resources Offered

- Monthly 'Around the World' risk analysis
- Immediate analysis on geopolitical events
- Keynote Speaker Events
- Webinars
- One-on-One Meetings
- Client Dinners

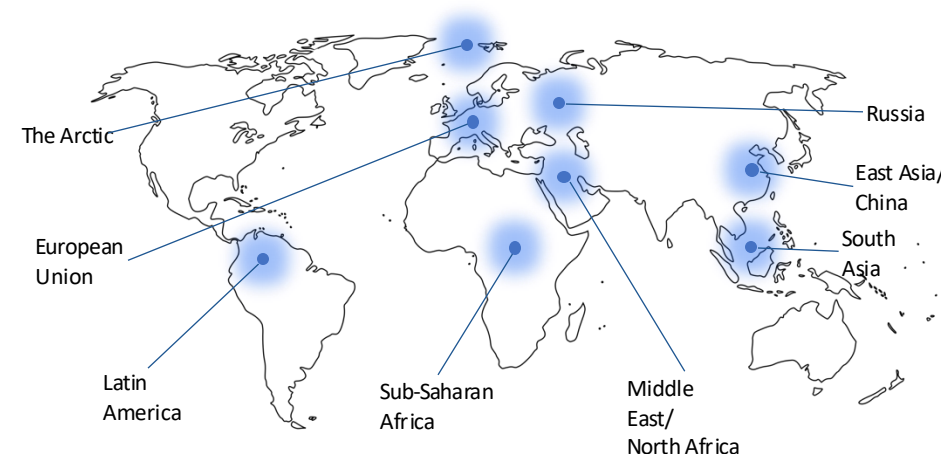


Major General (Ret.) James A. "Spider" Marks is Head of Geopolitical Strategy and Academy Securities' Senior Advisory Board Member. He served over 30 years in the Army holding every command position from infantry platoon leader to commanding general and was the senior intelligence officer in the LA Riots, the Balkans, Korea, and Operation Iraqi Freedom. He culminated his career as the Commanding General of the US Army Intelligence Center and School.



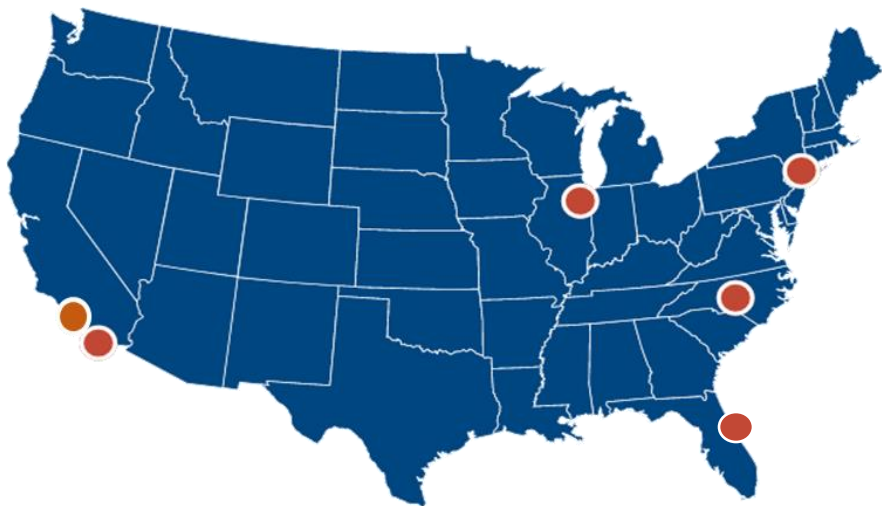
Lieutenant General (Ret.) Robert S. Walsh served in the Marine Corps for over 35 years, completing his career as the Commanding General of the Marine Corps Combat Development Command and the Deputy Commandant for Combat Development & Integration. In his last assignment, he was responsible for strategic planning and executing the reorganization of the Marine Corps to meet the new National Defense Strategy roles and missions.

REGIONAL EXPERTISE



Fixed Income Investment Services

Highly Experienced Team with Nationwide Distribution



- Rates Liquidity team exemplifies Academy's mission to hire, train, and mentor post-9/11 Veterans
- Military Veterans paired with Industry Veterans
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Kimberly Cash **N** Caroline Mixon **AF**
 - Matt McQuillen (GE Capital), Joe Tarditi (BAML, JEF), Mike DiMeglio (BAML, BNY, GE Capital), Kim Lupica (BAML)
- 25 years average industry experience
- 6 Fixed Income offices nationwide with 32 generalist sales professionals

Products and Services Overview

Corporate Debt

- IG Corporate Bonds & MTN Notes
- Commercial Paper, Yankee and Domestic CD's

U.S. Treasury Debt

- Bills, Fixed Coupon Notes & Bonds
- TIPs, IOs & POs, Floating Rate Notes

GSE Debt

- Dealer: FFCB, FHLB, FHLMC, FNMA, IADB, IBRD, IFC, TVA
- Discount Notes, Bullets, Callables

Institutional Money Market Funds

- Academy share classes/JPMorgan partnership
- Prime, Gov't, Treasury, Treasury+

Academy Asset Management

- Academy Asset Management is the nation's first post-9/11 veteran-owned and operated institutional asset manager, specializing in fixed-income funds and separately managed accounts.
- Our leadership and team members bring rigorous military training combined with deep expertise in global capital markets. Mission-driven and guided by a strong ethical foundation, we operate with a high degree of accountability and a relentless focus on our clients' success.
- Academy Asset Management has offices in New York, Chicago, and San Diego. To learn more, visit www.academyassetmanagement.com.



Market Commentary

Academy Securities offers market intelligence and unique perspectives helping clients stay informed and make strategic decisions through:

- **Geopolitical Intelligence Group** – *Around the World / Geopolitical Podcast*
- **Macro Strategy Commentary** – *T Report* by Peter Tchir
- **Weekly Academy UST Market Analysis**
- **Weekly GSE & SSA Callable and Bullet Update**

Resource Contacts


















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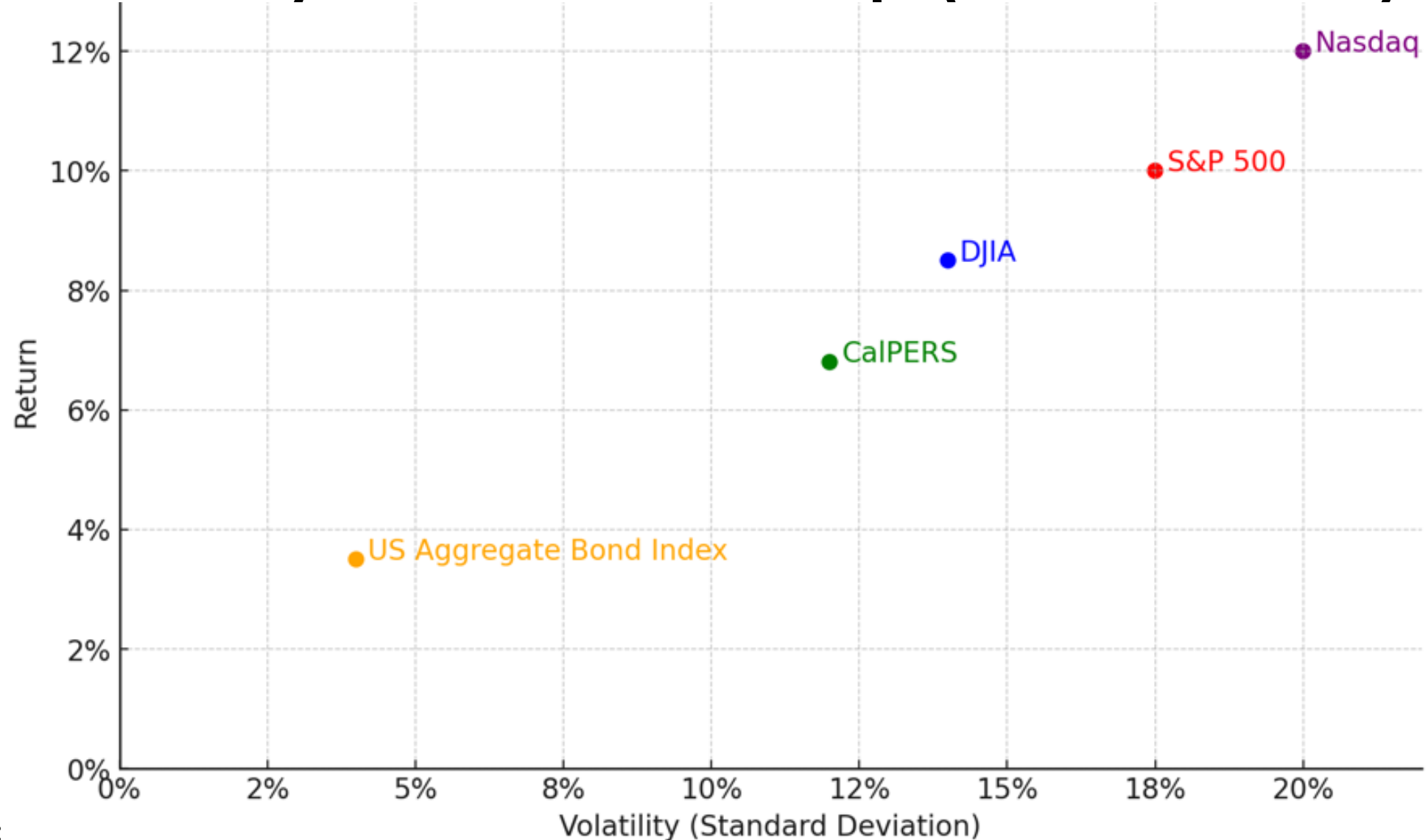
Reference

New Strategic Asset Allocation As of March 2024

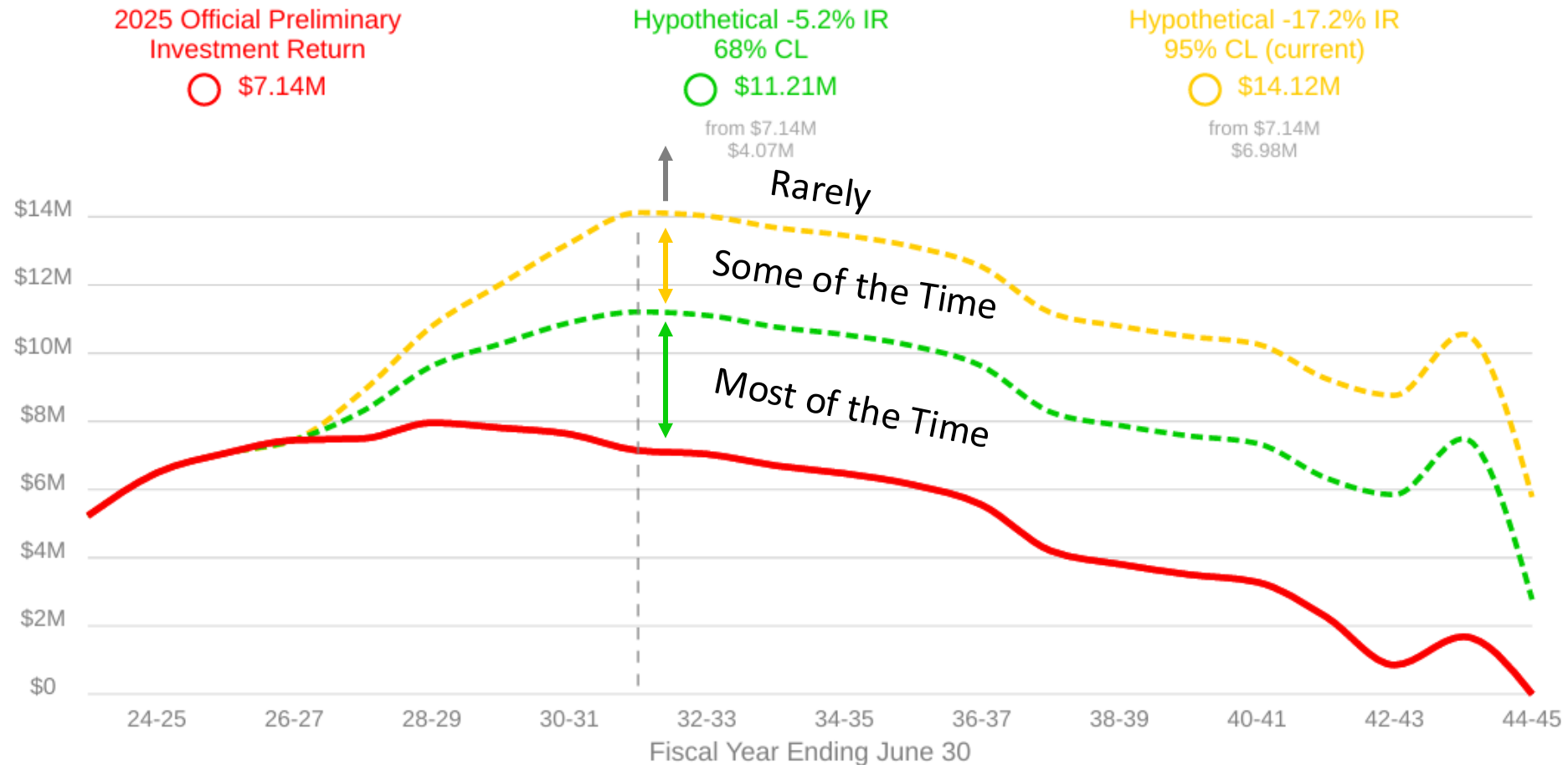
Approved March 2024
Candidate A Mid-Cycle Review

Global Equity	50%		42%		37%	
Fixed Income	28%		30%		28%	
Real Assets	13%		15%		15%	
Private Equity	8%		21% 13%		33% 17%	
Private Debt	0%		5%		8%	

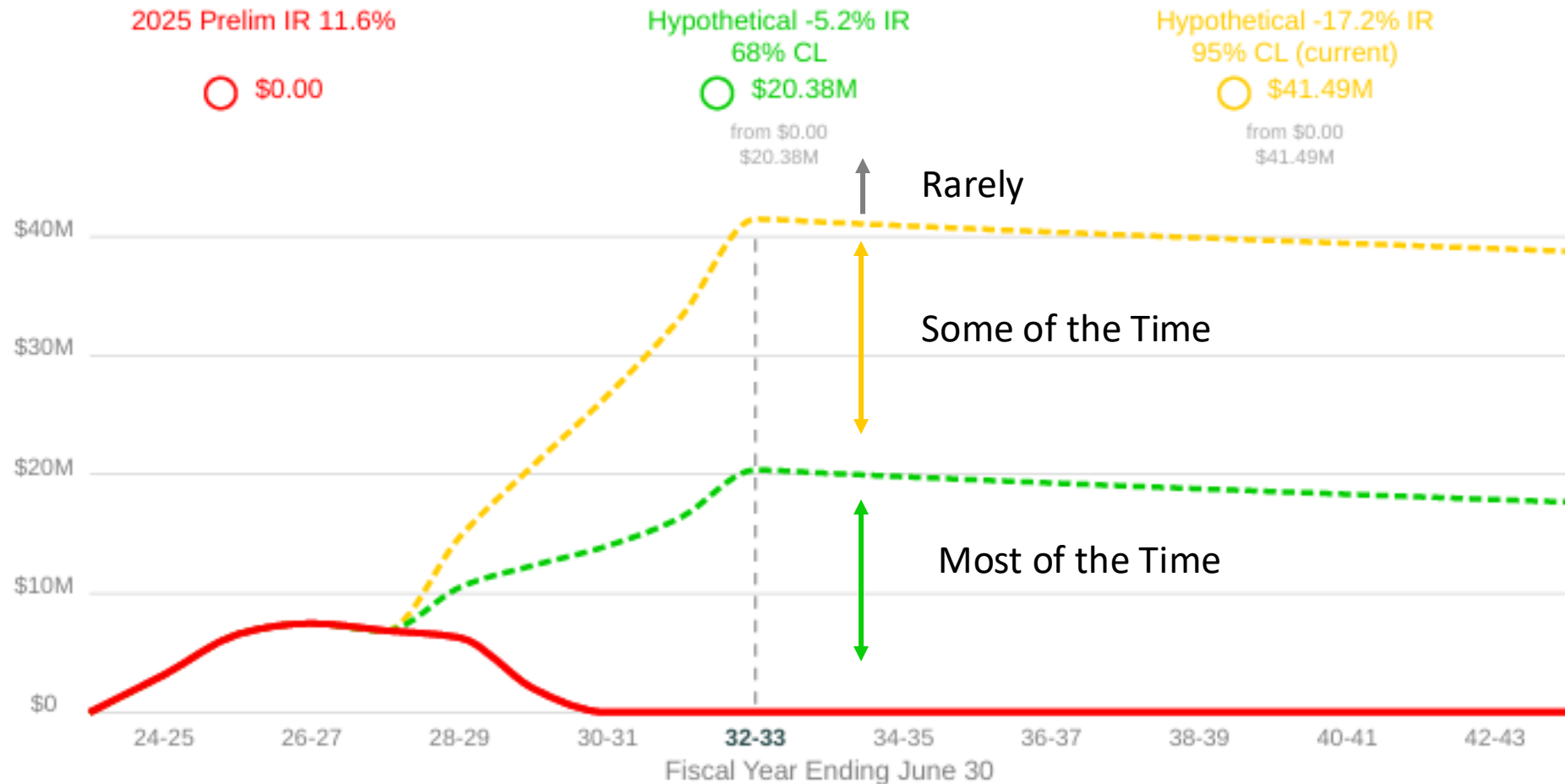
Relative Risk/Return Relationship (Risk Tolerance)



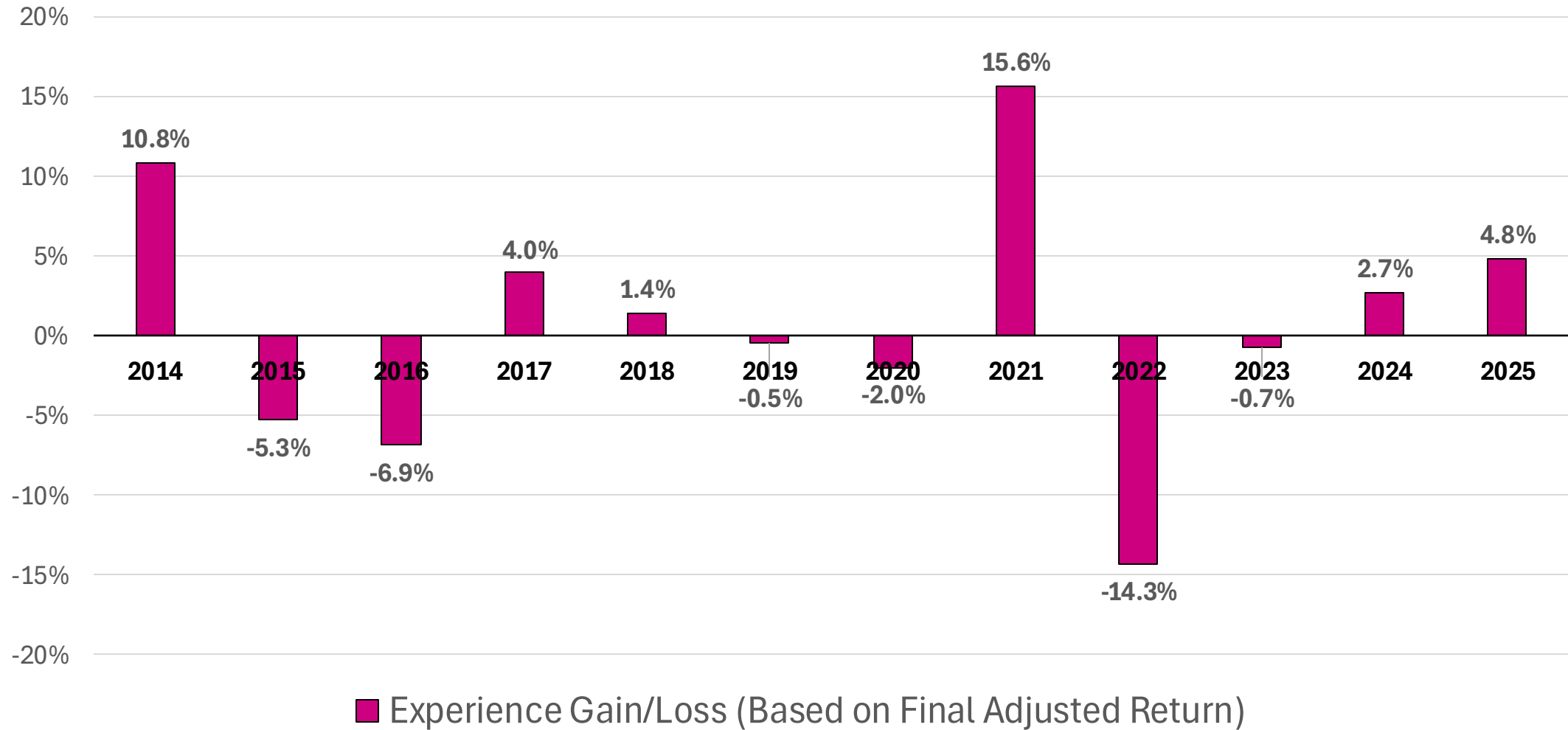
Average Funded Plan - Stress Test



Highly Funded Plan – Stress Test



CalPERS Investment Experience Gain/Loss





Disclaimer

While tested against actuarial valuation results, the software results will not necessarily match actuarial valuation results, as no two actuarial models are identical. The software offers financially sound projections and analysis; however, outputs do not guarantee compliance with standards under the Government Accounting Standards Board or Generally Accepted Accounting Principles. The software and this presentation are not prepared in accordance with standards as promulgated by the American Academy of Actuaries, nor do outputs or this presentation constitute Statements of Actuarial Opinion. TrueComp has used census data, plan provisions, and actuarial assumptions provided by Customer and/or Customer's actuary to develop the software for Customer. TrueComp has relied on this information without audit.