



# CalPERS Reports Preliminary 4.7% Investment Return for Fiscal Year 2019-20

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## Communications & Stakeholder Relations

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**SACRAMENTO, Calif.** – CalPERS today reported a preliminary 4.7% net return on investments for the 12-month period that ended June 30, 2020. CalPERS assets at the end of the fiscal year stood at more than \$389 billion.

Individual asset class returns included Fixed Income, which generated a 12.5% net return, followed by Real Assets and Public Equity net returns of 4.6% and 0.6%, respectively. Despite significant market volatility which included assets under management declining by an estimated \$70 billion in late February and March, the CalPERS Public Employee Retirement Fund (PERF) was able to recover nearly all of that value by the end of June.

Based on these preliminary fiscal year returns, the funded status of the overall PERF is an estimated 70%. This estimate is based on a 7% discount rate.

“What started out as a health crisis turned into an economic crisis and severely affected investors everywhere, including CalPERS,” said Yu (Ben) Meng, CalPERS chief investment officer.

“However, we’ve been doing the hard work of preparing for a downturn for some time. When it came, we were in a strong position to reduce its impact on our portfolio and take advantage of new opportunities created by the changing economic climate. I’m proud that our strategy enabled us to navigate volatile markets and end the fiscal year on a strong note.

“We’ll continue to focus on the long term and execute on our strategy to achieve our 7% targeted return.”

The CalPERS go-forward strategy utilizes its structural advantages and includes increasing investments in private assets over several years, and prudently using leverage to take advantage of market opportunities at the appropriate time.

The 2019-20 fiscal year return brings total fund performance to 6.3% for the five-year time period, 8.5% for the 10-year time period, and 5.5% for the 20-year time period. Over the past 30 years, the PERF has returned an average of 8.0% annually.

Today's announcement includes 12-month asset class performance as follows:

Asset Class	Net Rate of Return
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Asset Class	Net Rate of Return
Total Fund	4.7%
Public Equity	0.6%
Private Equity	-5.1%
Fixed Income	12.5%
Real Assets	4.6%
Liquidity	1.6%

Returns for real assets and private equity reflect market values through March 31, 2020.

“The preliminary returns for private equity reflect the steep drop in economic activity during a period of unprecedented change,” Meng said. “No doubt significant uncertainty still remains, but with our focus on investing over many years we firmly believe that private equity will help us generate the returns we need to pay retirement benefits.”

Private equity has been CalPERS’ highest returning asset class, with 10-year annual returns of 10.4% and 20-year annual returns averaging 7.5%.

CalPERS' 2019-20 final fiscal year investment performance will be calculated based on audited figures and will be reflected in contribution levels for the State of California and school districts in fiscal year 2021-22, and for contracting cities, counties, and special districts in fiscal year 2022-23.

The ending value of the PERF is based on several factors and not investment performance alone. Contributions made to CalPERS from employers and employees, monthly payments made to retirees, and the performance of its investments, among other factors, all influence the ending total value of the PERF.

## About CalPERS

For more than eight decades, CalPERS has built retirement and health security for state, school, and public agency members who invest their lifework in public service. Our pension fund serves more than 2 million members in the CalPERS retirement system and administers benefits for more than 1.5 million members and their families in our health program, making us the largest defined-benefit public pension in the U.S. CalPERS' total fund market value currently stands at approximately \$397 billion. For more information, visit [www.calpers.ca.gov](http://www.calpers.ca.gov).