
DECEMBER 13, 2022

**AGENDA ITEM 4
INFORMATION ITEM**

CALIFORNIA ABLE ACT BOARD

Review of CalABLE Investment Performance for the Third Quarter 2022

Background

The CalABLE Act Board and its program administrator, TIAA Tuition Financing, Inc. will review the “Quarterly Investment Performance Report” for the CalABLE Plan for the Third Quarter 2022.

Presenter

Jeremy Thiessen, Head of Investment Strategies, TIAA Tuition Financing Inc.

Attachments

- Attachment #1 – CalABLE Investment Performance Report 3Q22

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TIAA-CREF Tuition Financing, Inc.

Quarterly Investment Performance Report

3rd Quarter 2022

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Before investing in the California Achieving a Better Life Experience (CalABLE) Program, you should consider the investment objectives, risks, charges, and expenses. The information contained in this report is subject to further change and amendments over time. Some changes may occur due to the result of adjustments. For a prospectus containing this and other information, as well as a Participant Agreement and Disclosure Statement, please call (833) 225-2253 or view it online at <https://calable.ca.gov/>. Please read these documents carefully before investing.

TIAA-CREF Tuition Financing, Inc., Program Manager. TIAA-CREF Individual & Institutional Services, LLC, member FINRA and SIPC, distributor and underwriter for the CalABLE plan.



Market Overview: Q3 2022

Key Themes

- In July and August U.S. equity markets rebounded as investor concerns eased. However, interest rate hikes in September caused both stock and bond markets to fall. Higher inflation, Ukraine War, and supply chain disruptions remain as contributors to a slow growth economy.

Equities

- All eleven GIC sectors lost ground in the third quarter of 2022. Consumer Discretionary was the highest returning sector losing -3.89%, while Communication Services experienced a loss of -11.58% as the lowest returning sector. Volatility remained high for both U.S. and global markets.

Fixed Income

- The U.S. Federal Reserve raised interest rates by 75 basis points in September continuing its effort to cool inflation. The markets reflect an expectation that the Fed Funds target will trend higher at the next FOMC meeting. Core bond markets continued its move toward lower levels, while Inflation-linked products proved modestly safer in this higher inflation era.

Past performance is not indicative of future results. You can not invest directly in an index. U.S. Equities – Russell 3000 Index; U.S. Growth Stocks – Russell 1000 Growth Index; U.S. Value Stocks – Russell 1000 Value Index; U.S. Mid Cap Stocks – Russell Midcap Index; U.S. Small-Cap Stocks – Russell 2000 Index; International Developed Markets – MSCI EAFE Index; Emerging Markets – MSCI Emerging Markets Index; Real Estate Stocks – FTSE NAREIT All Equity REITS Index; U.S. Investment Grade Bonds – Bloomberg Barclays U.S. Aggregate Bond Index; Inflation-Linked Bonds – Bloomberg Barclays TIPS 1-10 Years Index; High Yield Bonds – BofA Merrill Lynch BB/B Cash Pay Index; Commodities - Bloomberg Commodity Index; Cash – Bloomberg Barclays U.S. 3 month Treasury Bellweathers Index.

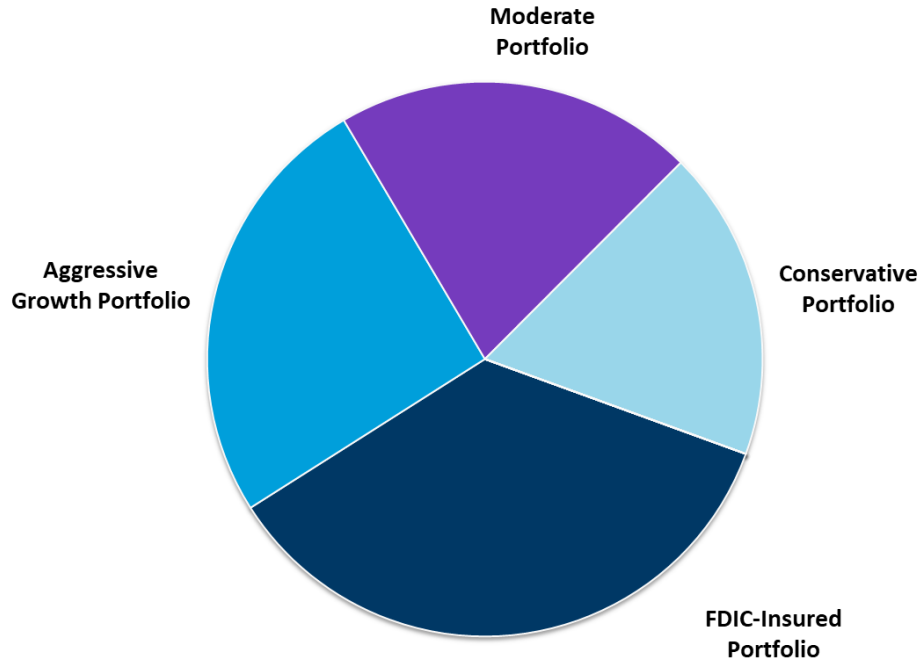
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Asset Class	3 Month	1 Year	3 Year	5 Year
U.S. Equities	-4.46	-17.63	7.70	8.62
U.S. Growth Stocks	-3.60	-22.59	10.67	12.17
U.S. Value Stocks	-5.62	-11.36	4.36	5.29
U.S. Mid-Cap Stocks	-3.44	-19.39	5.19	6.48
U.S. Small-Cap Stocks	-2.19	-23.50	4.29	3.55
Int'l Developed Stocks	-9.36	-25.13	-1.83	-0.84
Emerging Markets Stocks	-11.57	-28.11	-2.07	-1.81
Real Estate Stocks	-10.83	-16.27	-1.10	4.10
U.S. Investment Grade Bonds	-4.75	-14.60	-3.26	-0.27
Inflation-Linked Bonds	-3.94	-7.44	1.79	2.27
High Yield Bonds	-0.75	-13.66	-0.76	1.52
Commodities	-4.11	11.80	13.45	6.96
Cash	0.46	0.62	0.60	1.16
Consumer Price Index, Sept 2022		8.20	4.95	3.76

Asset Overview by Options as of Q3 2022

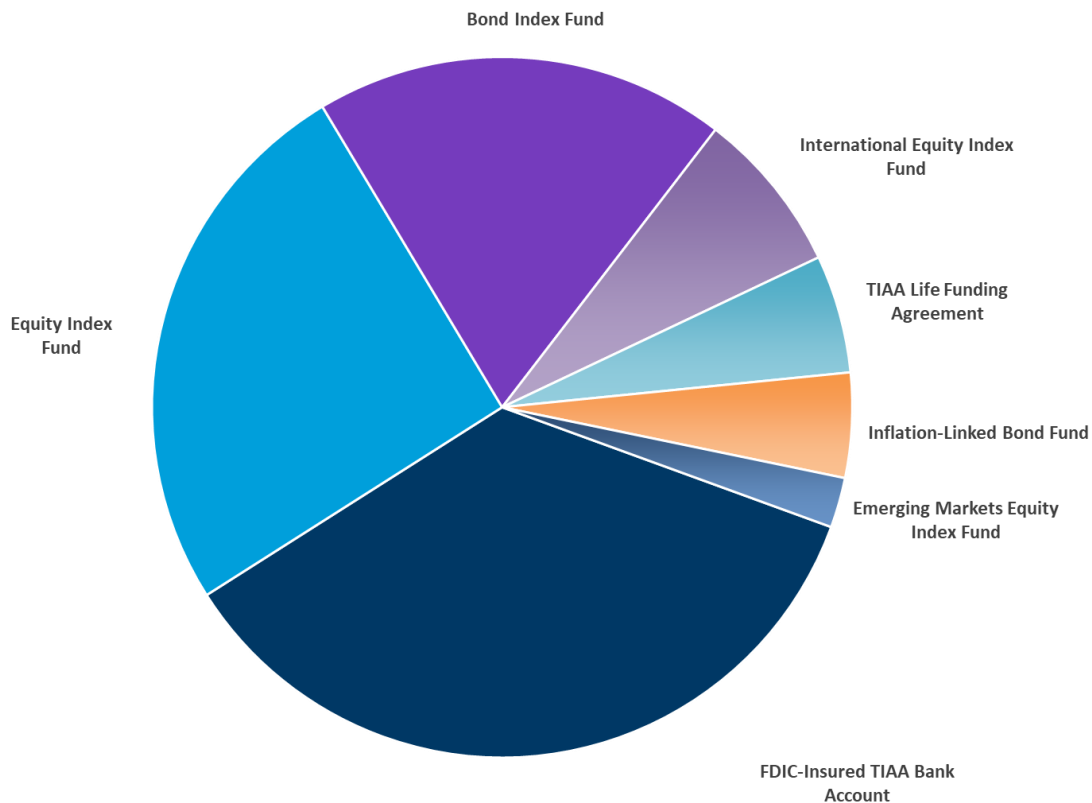
Total Assets: \$79.5 Million



Assets (in thousands)

Portfolio	July	August	September	Quarter-End % of Assets
FDIC-Insured Portfolio	\$30,533	\$31,090	\$31,927	40%
Aggressive Growth Portfolio	\$19,678	\$19,339	\$18,093	23%
Moderate Portfolio	\$16,351	\$16,183	\$15,320	19%
Conservative Portfolio	\$14,805	\$14,703	\$14,189	18%
Total Assets	\$81,367	\$81,315	\$79,530	100%

Asset Overview by Underlying Fund as of Q3 2022

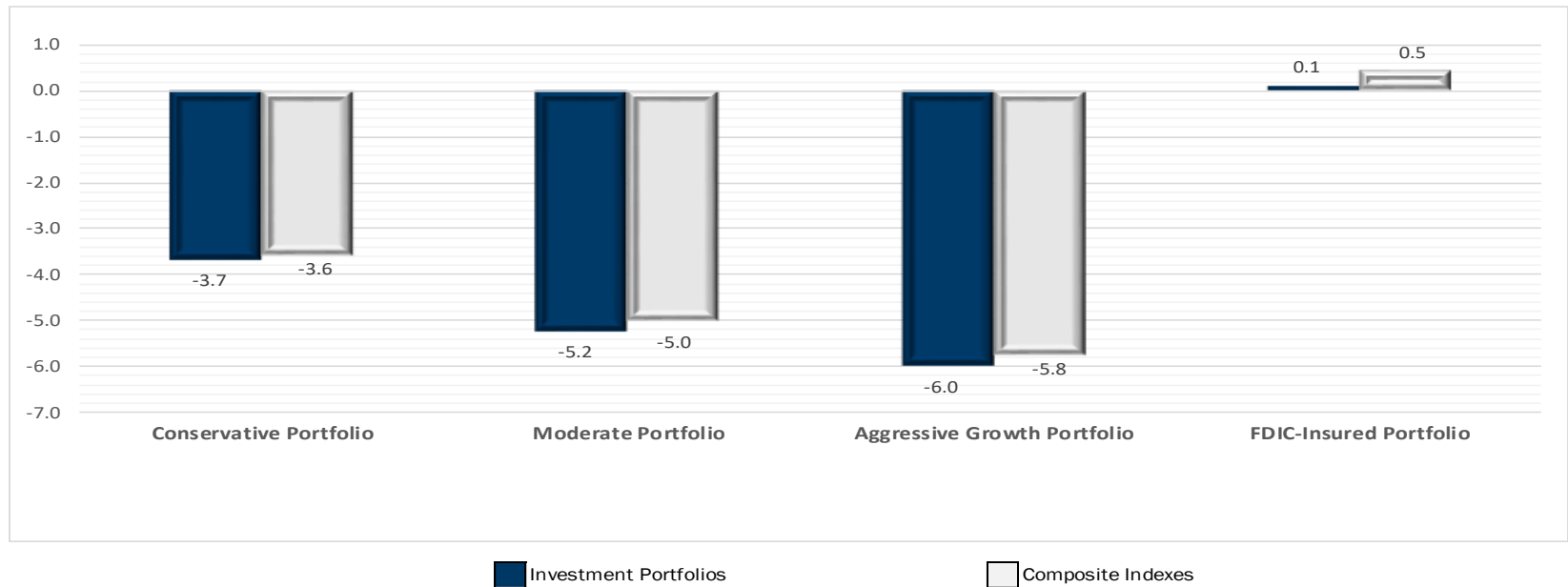


% of Assets \$ Thousands

% of Assets \$ Thousands

FDIC-Insured TIAA Bank Account	40%	\$31,927	International Equity Index Fund	6%	\$5,102
Equity Index Fund	22%	\$17,466	TIAA Life Funding Agreement	6%	\$4,695
Bond Index Fund	19%	\$14,882	Inflation-Linked Bond Fund	5%	\$3,863
			Emerging Markets Equity Index Fund	2%	\$1,595

Investment Portfolios vs. Composite Indexes: Q3 2022 Return (%)



- The U.S. economy gained 263,000 jobs in September and the unemployment rate fell to 3.5 percent. Health care, leisure and hospitality business services continued to add jobs. Despite the slowdown in housing market, construction jobs continue to increase.
- Real average hourly earnings of all employees on private nonfarm payrolls decreased 3.0% year-over-year from last September, seasonally adjusted.
- Home prices decreased -0.24% on a month-over-month basis and increased 15.8% year-over-year in July, based on the Case-Shiller 20-City Composite Home Price Index.
- The three risk-based portfolios had negative absolute returns in Q3.
- All underlying mutual funds in the program experienced negative returns in Q3 during a challenging environment. However, the TIAA-CREF Life Funding Agreement, which is held in the Moderate Portfolio and Conservative Portfolio, continued to credit a positive rate of return and benefited participants.
- The Program is primarily composed of index funds, which have an objective to replicate respective benchmark returns gross of fees. Portfolio returns were in line with those of blended indexes, which reflects this passive approach for low cost investing across primary asset classes.

Investment Portfolios* vs. Composite Benchmarks: Return (%)

	Average Annual Total Return								
	July	August	September	3 Month	YTD	1 Year	3 Year	Since Inception	Inception Date
Conservative Portfolio	2.96%	-2.36%	-4.20%	-3.68%	-12.92%	-11.62%	-0.19%	1.85%	12/17/18
Composite Index Returns	3.03%	-2.20%	-4.30%	-3.57%	-12.56%	-11.18%	0.12%	2.27%	
Difference	-0.07%	-0.16%	0.10%	-0.11%	-0.36%	-0.44%	-0.31%	-0.42%	
Moderate Portfolio	4.91%	-3.28%	-6.62%	-5.24%	-19.15%	-16.22%	1.24%	3.93%	12/17/18
Composite Index Returns	5.04%	-3.05%	-6.73%	-5.02%	-18.81%	-15.85%	1.78%	4.50%	
Difference	-0.13%	-0.23%	0.11%	-0.22%	-0.34%	-0.37%	-0.54%	-0.57%	
Aggressive Growth Portfolio	6.67%	-3.79%	-8.39%	-5.99%	-23.38%	-18.98%	3.13%	6.18%	12/17/18
Composite Index Returns	6.67%	-3.47%	-8.47%	-5.75%	-22.98%	-18.63%	3.63%	6.60%	
Difference	0.00%	-0.32%	0.08%	-0.24%	-0.40%	-0.35%	-0.50%	-0.42%	
FDIC-Insured Portfolio	0.00%	0.10%	0.00%	0.10%	0.10%	0.10%	0.17%	0.21%	12/17/18
FTSE 3-Month T-Bill	0.10%	0.15%	0.20%	0.45%	0.62%	0.63%	0.57%	0.95%	
Difference	-0.10%	-0.05%	-0.20%	-0.35%	-0.52%	-0.53%	-0.40%	-0.74%	

*Returns are net of all fees.

The crediting rate of 1.05% for the Funding Agreement in the Conservative Portfolio and Moderate Portfolio is guaranteed through 11/30/22.

Asset Allocation, Fees, and Performance

Portfolio	Q3 Investment Option Return	Annual Asset Based Fees (bp)*	TIAA-CREF Equity Index Fund	TIAA-CREF International Equity Index Fund	TIAA-CREF Emerging Markets Equity Index Fund	TIAA-CREF Bond Index Fund	TIAA-CREF Inflation-Linked Bond Fund	T-C Life Funding Agreement	FDIC-Insured TIAA Bank Account
Underlying Fund Expenses (bp)			5	5	18	7	25	N/A	N/A
Conservative Portfolio	-3.68%	51	14.00%	4.50%	1.50%	44.00%	11.00%	25.00%	
Moderate Portfolio	-5.24%	52	35.00%	11.25%	3.75%	36.00%	9.00%	5.00%	
Aggressive Growth Portfolio	-5.99%	51	56.00%	18.00%	6.00%	16.00%	4.00%	0.00%	
FDIC-Insured Portfolio**	0.10%	44							100.00%

Underlying Fund Rating



* Asset Based Fees include estimated Underlying Investment Expenses and State Administrative Fees.

**Currently, the 0.44% State Administrative Fee for the FDIC-Insured Portfolio is being waived by the Board. The Board reserves the right to charge a State Administrative Fee to the FDIC-Insured Portfolio in the future to the extent that the imposition of such Fee would not result in a loss of principal for Account Owners.

Underlying Funds vs. Benchmarks

	Average Annual Total Return							Incept. Date
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Life	
T-C Bond Index Fund	-4.76%	-14.60%	-14.75%	-3.40%	-0.42%	0.74%	1.95%	09/14/2009
Bloomberg Barclays U.S. Aggregate Bond Index	-4.75%	-14.61%	-14.60%	-3.25%	-0.27%	0.89%	2.13%	
Difference	-0.01%	0.01%	-0.15%	-0.15%	-0.15%	-0.15%	-0.18%	
T-C Emerging Markets Equity Index Fund*	-12.43%	-27.30%	-28.23%	-2.50%	-2.15%	0.86%	1.24%	08/31/2010
MSCI Emerging Markets Index	-11.57%	-27.16%	-28.11%	-2.07%	-1.81%	1.05%	1.58%	
Difference	-0.86%	-0.14%	-0.12%	-0.43%	-0.34%	-0.19%	-0.34%	
T-C Equity Index Fund	-4.45%	-24.57%	-17.60%	7.68%	8.58%	11.35%	6.37%	07/01/1999
Russell 3000 Index	-4.46%	-24.62%	-17.63%	7.70%	8.62%	11.39%	6.44%	
Difference	0.01%	0.05%	0.03%	-0.02%	-0.04%	-0.04%	-0.07%	
T-C Inflation-Linked Bond Fund	-3.80%	-8.44%	-7.17%	1.64%	2.14%	0.85%	3.58%	10/01/2002
Bloomberg Barclays 1-10 Year U.S. TIPS Index	-3.94%	-8.84%	-7.44%	1.79%	2.27%	1.17%	3.43%	
Difference	0.14%	0.40%	0.27%	-0.15%	-0.13%	-0.32%	0.15%	
T-C International Equity Index Fund*	-10.31%	-27.36%	-25.06%	-1.93%	-0.85%	3.76%	5.94%	10/01/2002
MSCI EAFE Index	-9.36%	-27.09%	-25.13%	-1.83%	-0.84%	3.67%	5.90%	
Difference	-0.95%	-0.27%	0.07%	-0.10%	-0.01%	0.09%	0.04%	

* For funds holding securities traded on foreign exchange that close before the U.S. market, fair value pricing creates tracking error relative to a benchmark index that uses foreign closing prices.



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