
MARCH 21, 2023

**AGENDA ITEM 3
INFORMATION ITEM**

CALIFORNIA ABLE ACT BOARD

Review of CalABLE Investment Performance for the Fourth 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 Fourth Quarter 2022.

Presenter

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

Attachments

- Attachment #1 – CalABLE Investment Performance Report 4Q22

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TIAA-CREF Tuition Financing, Inc.

Quarterly Investment Performance Report

4th 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: Q4 2022

Key Themes

- U.S. equities posted positive returns during the fourth quarter as the market reacted favorably to decreasing levels of inflation and the prospect of the Fed slowing interest rate hikes. The Russell 3000 Index gained 7.18% in the fourth quarter.

Equities

- Ten out of eleven GIC sectors in the S&P 500 produced positive returns in the fourth quarter. Consumer Discretionary (-9.09%) was the only sector that declined during the quarter, while Energy (22.86%) was the strongest performer.

Fixed Income

- The U.S. Federal Reserve raised interest rates by 50 basis points in December, continuing its effort to tame inflation. Short-term treasury yields moved higher while long-term yields remained relatively flat across the curve, which increased the inversion for the 2year-10year treasury yield spread. The Bloomberg U.S. Aggregate Bond Index of intermediate-term investment grade U.S. bonds returned 1.87% during the fourth quarter.

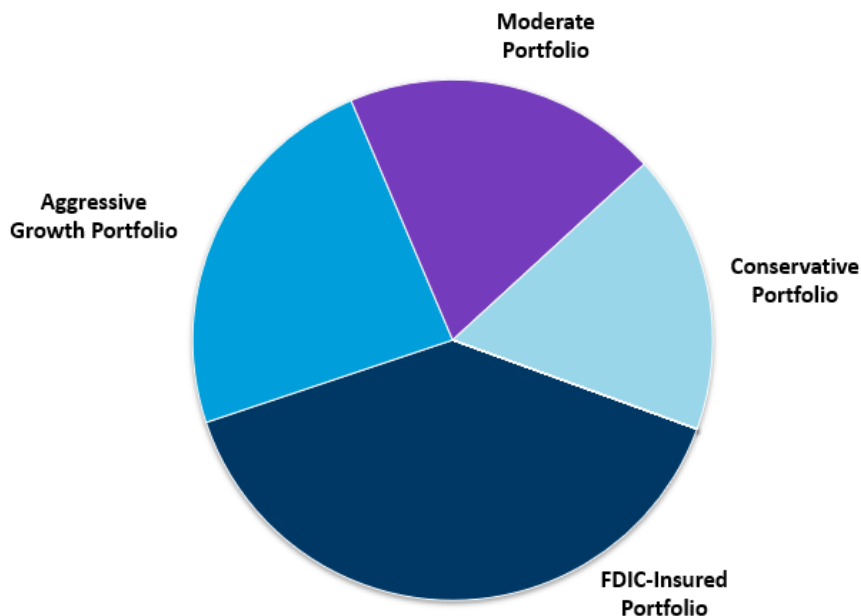
Past performance is not indicative of future results. You can not invest directly in an index. U.S. Equities – Russell 3000 Index; U.S. Growth Stocks – Russell 1000 Growth Index; U.S. Value Stocks – Russell 1000 Value Index; U.S. Mid Cap Stocks – Russell Midcap Index; U.S. Small-Cap Stocks – Russell 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	7.18	-19.21	7.07	8.79
U.S. Growth Stocks	2.20	-29.14	7.79	10.96
U.S. Value Stocks	12.42	-7.54	5.96	6.67
U.S. Mid-Cap Stocks	9.18	-17.32	5.88	7.10
U.S. Small-Cap Stocks	6.23	-20.44	3.10	4.13
Int'l Developed Stocks	17.34	-14.45	0.87	1.54
Emerging Markets Stocks	9.70	-20.09	-2.69	-1.40
Real Estate Stocks	4.14	-24.95	0.20	4.43
U.S. Investment Grade Bonds	1.87	-13.01	-2.71	0.02
Inflation-Linked Bonds	1.64	-7.34	2.01	2.50
High Yield Bonds	4.31	-10.59	-0.20	2.31
Commodities	2.22	16.09	12.65	6.44
Cash	0.90	1.51	0.74	1.28
Consumer Price Index, December 2022		6.45	4.92	3.78

Asset Overview by Options as of Q4 2022

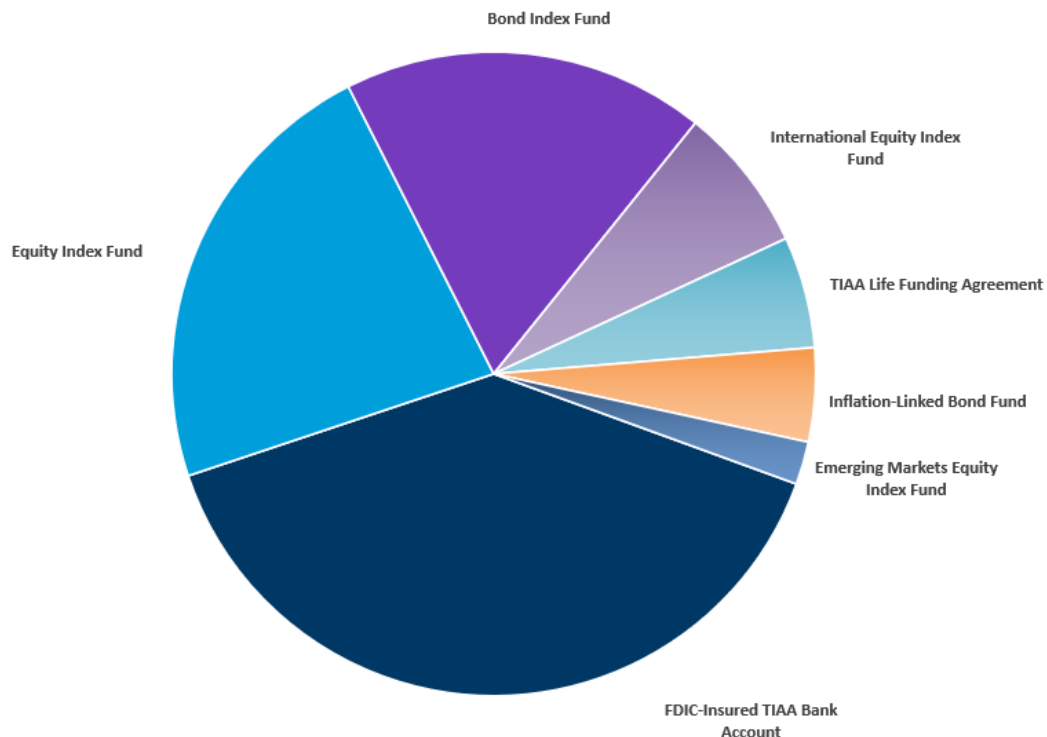
Total Assets: \$89.6 Million



Assets (in thousands)

Portfolio	October	November	December	Quarter-End % of Assets
FDIC-Insured Portfolio	\$32,957	\$33,611	\$35,214	39%
Aggressive Growth Portfolio	\$19,310	\$21,070	\$21,260	24%
Moderate Portfolio	\$15,973	\$17,141	\$17,537	20%
Conservative Portfolio	\$14,443	\$15,172	\$15,554	17%
Total Assets	\$82,683	\$86,994	\$89,565	100%

Asset Overview by Underlying Fund as of Q4 2022



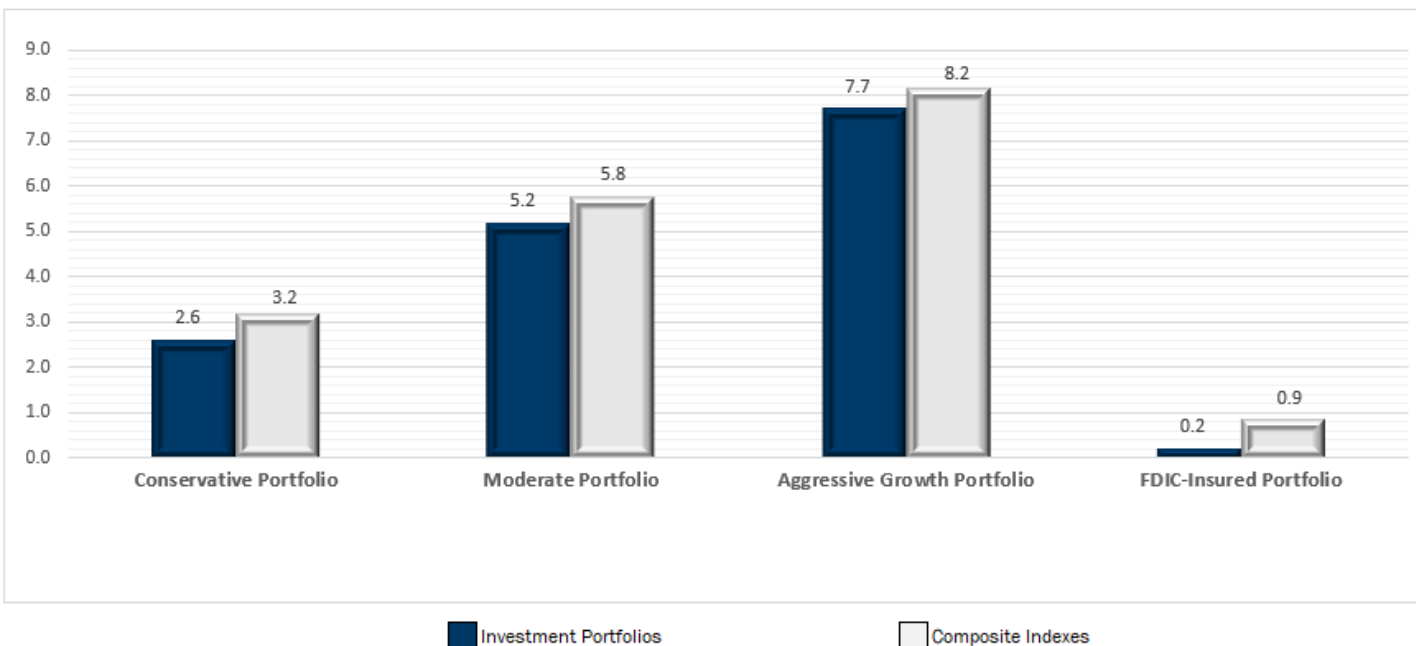
% of Assets \$ Thousands

% of Assets \$ Thousands

FDIC-Insured TIAA Bank Account	39%	\$35,214
Equity Index Fund	23%	\$20,306
Bond Index Fund	18%	\$16,332

International Equity Index Fund	7%	\$6,556
TIAA Life Funding Agreement	6%	\$5,012
Inflation-Linked Bond Fund	5%	\$4,219
Emerging Markets Equity Index Fund	2%	\$1,925

Investment Portfolios vs. Composite Indexes: Q4 2022 Return (%)



- The U.S. economy gained 223,000 jobs in December 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 increased 4.6% year-over-year from last December, seasonally adjusted.
- Sales of new single-family houses in the United States were at a seasonally adjusted annual rate of 640,000 in November.
- The three risk-based portfolios had positive absolute returns in Q4.
- All underlying mutual funds in the program experienced positive returns in Q4 during an accommodating environment. 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 lagged those of blended indexes. This was primarily due to the fixed income funds as the bond market displayed short periods of notable volatility throughout the quarter.

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

Investment Options vs. Composite Indexes*

	Average Annual Total Return								
	October	November	December	3 Month	YTD	1 Year	3 Year	Since Inception	Inception Date
Conservative Portfolio	3.24%	0.75%	-1.35%	2.61%	-10.64%	-10.64%	0.03%	2.39%	12/17/18
Composite Index Returns	3.29%	0.96%	-1.03%	3.20%	-9.75%	-9.75%	0.48%	2.92%	
Difference	-0.05%	-0.21%	-0.32%	-0.59%	-0.89%	-0.89%	-0.45%	-0.53%	
Moderate Portfolio	5.21%	2.77%	-2.72%	5.19%	-14.95%	-14.95%	1.47%	4.98%	12/17/18
Composite Index Returns	5.10%	3.00%	-2.30%	5.77%	-14.13%	-14.13%	2.13%	5.67%	
Difference	0.11%	-0.23%	-0.42%	-0.58%	-0.82%	-0.82%	-0.66%	-0.69%	
Aggressive Growth Portfolio	6.66%	5.26%	-4.05%	7.73%	-17.46%	-17.46%	3.34%	7.75%	12/17/18
Composite Index Returns	6.48%	5.21%	-3.45%	8.16%	-16.69%	-16.69%	3.91%	8.26%	
Difference	0.18%	0.05%	-0.60%	-0.43%	-0.77%	-0.77%	-0.57%	-0.51%	
FDIC-Insured Portfolio	0.10%	0.00%	0.10%	0.20%	0.30%	0.30%	0.20%	0.25%	12/17/18
FTSE 3-Month T-Bill	0.29%	0.25%	0.34%	0.87%	1.50%	1.50%	0.71%	1.10%	
Difference	-0.19%	-0.25%	-0.24%	-0.67%	-1.20%	-1.20%	-0.51%	-0.85%	

*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	Q4 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	2.61%	51	14.00%	4.50%	1.50%	44.00%	11.00%	25.00%	
Moderate Portfolio	5.19%	52	35.00%	11.25%	3.75%	36.00%	9.00%	5.00%	
Aggressive Growth Portfolio	7.73%	51	56.00%	18.00%	6.00%	16.00%	4.00%	0.00%	
FDIC-Insured Portfolio**	0.20%	44							100.00%

Underlying Fund Rating

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* 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	1.59%	-13.24%	-13.24%	-2.89%	-0.16%	0.88%	2.04%	09/14/2009
Bloomberg Barclays U.S. Aggregate Bond Index	1.87%	-13.01%	-13.01%	-2.71%	0.02%	1.06%	2.23%	
Difference	-0.28%	-0.23%	-0.23%	-0.18%	-0.18%	-0.18%	-0.19%	
T-C Emerging Markets Equity Index Fund*	9.74%	-20.22%	-20.22%	-3.09%	-1.62%	1.16%	1.98%	08/31/2010
MSCI Emerging Markets Index	9.70%	-20.09%	-20.09%	-2.69%	-1.40%	1.44%	2.32%	
Difference	0.04%	-0.13%	-0.13%	-0.40%	-0.22%	-0.28%	-0.34%	
T-C Equity Index Fund	7.16%	-19.17%	-19.17%	7.05%	8.76%	12.11%	6.62%	07/01/1999
Russell 3000 Index	7.18%	-19.21%	-19.21%	7.06%	8.79%	12.13%	6.68%	
Difference	-0.02%	0.04%	0.04%	-0.01%	-0.03%	-0.02%	-0.06%	
T-C Inflation-Linked Bond Fund	1.36%	-7.20%	-7.20%	1.83%	2.29%	0.93%	3.61%	10/01/2002
Bloomberg Barclays 1-10 Year U.S. TIPS Index	1.64%	-7.34%	-7.34%	2.01%	2.50%	1.29%	3.47%	
Difference	-0.28%	0.14%	0.14%	-0.18%	-0.21%	-0.36%	0.14%	
T-C International Equity Index Fund*	18.12%	-14.20%	-14.20%	1.08%	1.76%	4.73%	6.73%	10/01/2002
MSCI EAFE Index	17.34%	-14.45%	-14.45%	0.87%	1.54%	4.67%	6.67%	
Difference	0.78%	0.25%	0.25%	0.21%	0.22%	0.06%	0.06%	

* 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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