
JUNE 20, 2023

**AGENDA ITEM 3
INFORMATION ITEM**

CALIFORNIA ABLE ACT BOARD

Review of CalABLE Investment Performance for the First Quarter 2023

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 First Quarter 2023.

Presenter

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

Attachments

- Attachment #1 – CalABLE Investment Performance Report 1Q23

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TIAA-CREF Tuition Financing, Inc.

Quarterly Investment Performance Report

1st Quarter 2023

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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: Q1 2023

Key Themes

- U.S. equities posted positive returns during the first quarter as the market reacted to a variety of impactful headlines, including a stronger than expected jobs report in January and the collapse of Silicon Valley Bank. The Russell 3000 Index gained 7.18% in the first quarter.

Equities

- Seven out of eleven GIC sectors in the S&P 500 produced positive returns in the first quarter. Technology was the strongest performer, while Financials declined the most.

Fixed Income

- The U.S. Federal Reserve raised its target range for the Fed Funds Rate by 25 basis points in February and 25 basis points in March. Treasury yields declined across the curve during the quarter, while the 2year-10year yield curve remained inverted. The Bloomberg U.S. Aggregate Bond Index of intermediate-term investment grade U.S. bonds returned 2.96% during the first quarter.

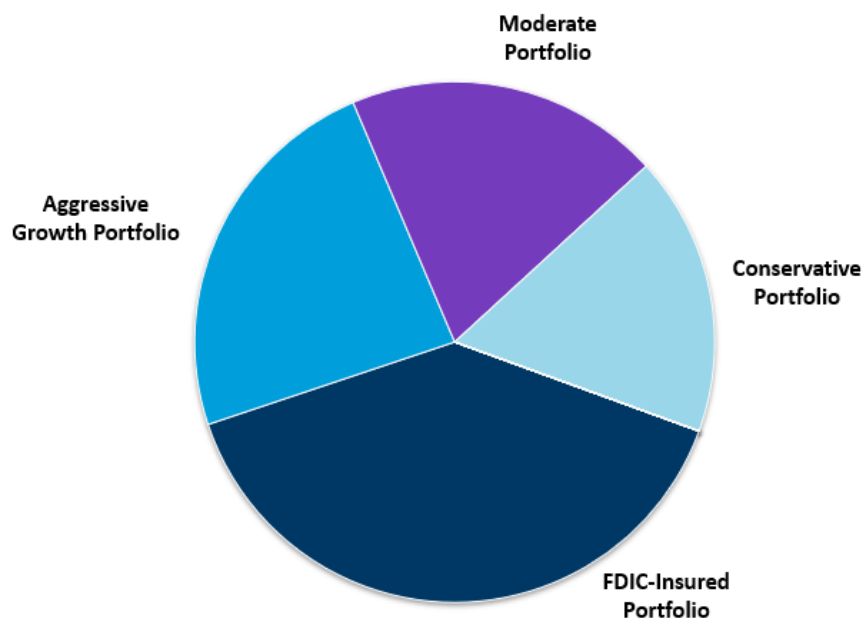
Past performance is not indicative of future results. You can not invest directly in an index. U.S. Equities – Russell 3000 Index; U.S. Growth Stocks – Russell 1000 Growth Index; U.S. Value Stocks – Russell 1000 Value Index; U.S. Mid Cap Stocks – Russell Midcap Index; U.S. Small-Cap Stocks – Russell 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	-8.58	18.48	10.45
U.S. Growth Stocks	14.37	-10.90	18.58	13.66
U.S. Value Stocks	1.01	-5.91	17.93	7.50
U.S. Mid-Cap Stocks	4.06	-8.78	19.20	8.05
U.S. Small-Cap Stocks	2.74	-11.61	17.51	4.71
Int'l Developed Stocks	8.47	-1.38	12.99	3.52
Emerging Markets Stocks	3.96	-10.70	7.83	-0.91
Real Estate Stocks	1.74	-19.40	10.17	6.25
U.S. Investment Grade Bonds	2.96	-4.78	-2.77	0.91
Inflation-Linked Bonds	2.94	-2.92	2.89	3.18
High Yield Bonds	3.55	-2.98	5.31	3.25
Commodities	-5.36	-12.49	20.82	5.36
Cash	1.12	2.60	0.92	1.43
Consumer Price Index, March 2023		4.98	5.35	3.88

Asset Overview by Options as of Q1 2023

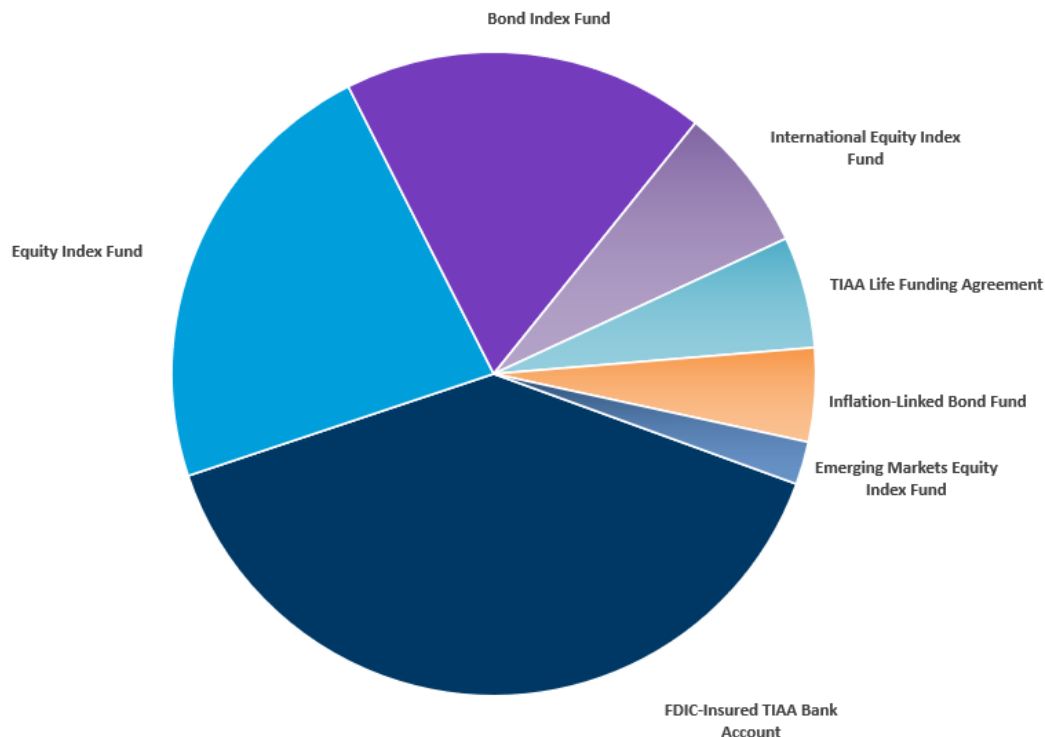
Total Assets: \$100.9 Million



Assets (in thousands)

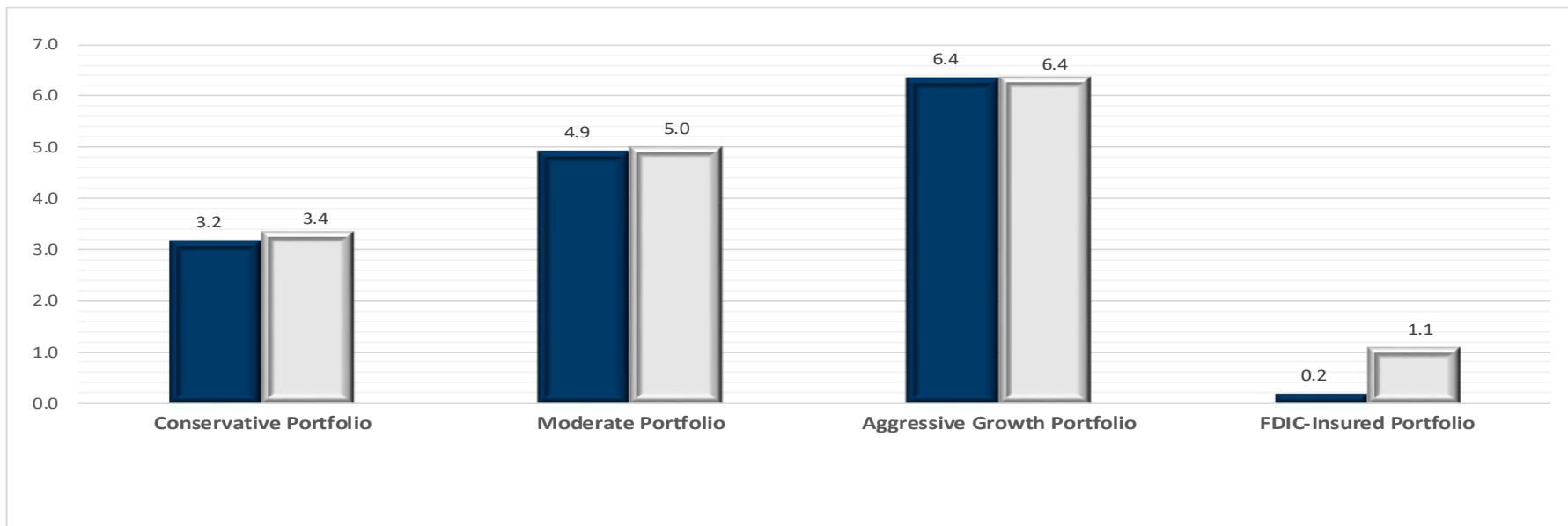
Portfolio	January	February	March	Quarter-End % of Assets
FDIC-Insured Portfolio	\$37,121	\$37,953	\$39,035	39%
Aggressive Growth Portfolio	\$23,702	\$23,630	\$24,654	24%
Moderate Portfolio	\$19,109	\$19,073	\$19,845	20%
Conservative Portfolio	\$16,757	\$16,716	\$17,327	17%
Total Assets	\$96,689	\$97,373	\$100,861	100%

Asset Overview by Underlying Fund as of Q1 2023



	% of Assets	\$ Thousands		% of Assets	\$ Thousands
FDIC-Insured TIAA Bank Account	39%	\$39,035	International Equity Index Fund	8%	\$7,706
Equity Index Fund	23%	\$23,586	TIAA Life Funding Agreement	5%	\$5,400
Bond Index Fund	18%	\$18,238	Inflation-Linked Bond Fund	5%	\$4,697
			Emerging Markets Equity Index Fund	2%	\$2,199

Investment Portfolios vs. Composite Indexes: Q1 2023 Return (%)



■ Investment Portfolios

□ Composite Indexes

- The U.S. economy gained 236,000 jobs in March and the unemployment rate remained at 3.5 percent. Health care, leisure and hospitality business services continued to add jobs.
- Real average hourly earnings of all employees on private nonfarm payrolls increased 4.2% year-over-year from last March, seasonally adjusted.
- Sales of new single-family houses in the United States were at a seasonally adjusted annual rate of 640,000 in February.
- The three risk-based portfolios had positive absolute returns in Q1.
- All underlying mutual funds in the program experienced positive returns in Q1. The TIAA-CREF Life Funding Agreement, which is held in the Moderate Portfolio and Conservative Portfolio, continued to credit a positive rate of return.
- The Program is primarily composed of index funds, which have an objective to replicate respective benchmark returns gross of fees.
- Conservative and Moderate Portfolio returns slightly lagged those of the blended indexes. This was primarily due to the Funding Agreement, which underperformed its benchmark in a rising interest rate environment.

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

	Average Annual Total Return								
	January	February	March	3 Month	YTD	1 Year	3 Year	Since Inception	Inception Date
Conservative Portfolio	3.09%	-1.76%	1.89%	3.18%	3.18%	-3.90%	2.11%	3.00%	12/17/18
Composite Index Returns	3.04%	-1.70%	2.06%	3.37%	3.37%	-2.93%	2.66%	3.55%	
Difference	0.05%	-0.06%	-0.17%	-0.19%	-0.19%	-0.97%	-0.55%	-0.55%	
Moderate Portfolio	4.93%	-2.43%	2.49%	4.93%	4.93%	-5.83%	6.74%	5.87%	12/17/18
Composite Index Returns	4.86%	-2.32%	2.51%	5.01%	5.01%	-5.05%	7.53%	6.54%	
Difference	0.07%	-0.11%	-0.02%	-0.08%	-0.08%	-0.78%	-0.79%	-0.67%	
Aggressive Growth Portfolio	6.43%	-2.71%	2.71%	6.36%	6.36%	-6.87%	12.20%	8.85%	12/17/18
Composite Index Returns	6.33%	-2.53%	2.64%	6.38%	6.38%	-6.30%	12.87%	9.33%	
Difference	0.10%	-0.18%	0.07%	-0.02%	-0.02%	-0.57%	-0.67%	-0.48%	
FDIC-Insured Portfolio	0.00%	0.10%	0.10%	0.20%	0.20%	0.50%	0.23%	0.28%	12/17/18
FTSE 3-Month T-Bill	0.37%	0.35%	0.40%	1.12%	1.12%	2.61%	0.95%	1.30%	
Difference	-0.37%	-0.25%	-0.30%	-0.92%	-0.92%	-2.11%	-0.72%	-1.02%	

*Returns are net of all fees.

The crediting rate of 2.95% for the Funding Agreement in the Conservative Portfolio and Moderate Portfolio is guaranteed through 11/30/23.

Asset Allocation, Fees, and Performance

Portfolio	Q1 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	19	7	25	N/A	N/A
Conservative Portfolio	3.18%	51	14.00%	4.50%	1.50%	44.00%	11.00%	25.00%	
Moderate Portfolio	4.93%	52	35.00%	11.25%	3.75%	36.00%	9.00%	5.00%	
Aggressive Growth Portfolio	6.36%	51	56.00%	18.00%	6.00%	16.00%	4.00%	0.00%	
FDIC-Insured Portfolio**	0.20%	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	3.15%	3.15%	-4.91%	-2.95%	0.79%	1.22%	2.23%	09/14/2009
Bloomberg Barclays U.S. Aggregate Bond Index	2.96%	2.96%	-4.78%	-2.77%	0.91%	1.36%	2.41%	
Difference	0.19%	0.19%	-0.13%	-0.18%	-0.12%	-0.14%	-0.18%	
T-C Emerging Markets Equity Index Fund*	4.38%	4.38%	-9.86%	7.74%	-1.24%	1.87%	2.29%	08/31/2010
MSCI Emerging Markets Index	3.96%	3.96%	-10.70%	7.83%	-0.91%	2.00%	2.59%	
Difference	0.42%	0.42%	0.84%	-0.09%	-0.33%	-0.13%	-0.30%	
T-C Equity Index Fund	7.15%	7.15%	-8.58%	18.44%	10.42%	11.71%	6.86%	07/01/1999
Russell 3000 Index	7.18%	7.18%	-8.58%	18.49%	10.45%	11.73%	6.92%	
Difference	-0.03%	-0.03%	0.00%	-0.05%	-0.03%	-0.02%	-0.06%	
T-C Inflation-Linked Bond Fund	2.98%	2.98%	-3.01%	2.67%	3.01%	1.27%	3.71%	10/01/2002
Bloomberg Barclays 1-10 Year U.S. TIPS Index	2.94%	2.94%	-2.92%	2.89%	3.18%	1.55%	3.57%	
Difference	0.04%	0.04%	-0.09%	-0.22%	-0.17%	-0.28%	0.14%	
T-C International Equity Index Fund*	8.59%	8.59%	-0.06%	13.36%	3.60%	5.14%	7.08%	10/01/2002
MSCI EAFE Index	8.47%	8.47%	-1.38%	12.99%	3.52%	5.00%	7.01%	
Difference	0.12%	0.12%	1.32%	0.37%	0.08%	0.14%	0.07%	

* 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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