



JOHN CHIANG
TREASURER
STATE OF CALIFORNIA

October 6, 2017

Mr. Harry Keiley
Chair, Investment Committee
Teachers' Retirement Board
California State Teachers' Retirement System
100 Waterfront Place
West Sacramento, CA 95605

Dear Mr. Keiley:

Most Americans are shocked and deeply saddened by the massacre that killed at least 58 concert goers and injured hundreds of others in Las Vegas. But shock and sympathy provide little consolation to the families who must now bury a child, a sibling, a spouse, or a loved one. Let us leave our platitudes and rituals of grief at the door and focus on what can be done to deny weapons of mass carnage to the next loon.

In 2013, this board responsibly reacted to the shootings at Sandy Hook Elementary School by divesting from companies that manufacture firearms and ammunition that are illegal for sale or possession in California. While it was a complicated, two-year divestment process that left me and the nearly 880,000 teachers served by the California State Teachers' Retirement System sometimes frustrated by its sluggish pace, we emerged from 2015 free of any investment holdings in companies that manufacture banned firearms and ammunition.

Today, I urge you to go further.

I respectfully call upon this board to refrain from allocating even a penny of our \$213 billion in investable assets to the benefit of wholesale or retail sellers of these banned weapons. Neither taxpayer funds nor the pension contributions of any public school educator – such as the three California teachers slain in Las Vegas – should be invested in the purveyors of banned military-style assault weapons.

I also strongly believe CalSTRS should not have any investments – direct or indirect – in any company which manufacturers or sells bump stocks, slide-fire devices, and other accessories that can accelerate a semi-automatic rifle's rate of fire. These relatively easy-to-buy and inexpensive aftermarket products allow semi-automatic weapons to simulate automatic fire. A

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rifle that may normally fire at a rate of 45 to 60 rounds per minute can be altered to release a torrent of devastation at 400 to 800 rounds per minute.

The deadly efficiency of these senseless products was on display this past Sunday as 58 were killed and more than 500 wounded in the span of ten minutes. According to the Bureau of Alcohol, Tobacco and Firearms, twelve bump-fire stocks were found on weapons recovered from the murderer's hotel room.

This issue is of enduring importance to me. It would be recklessly inconsistent for anyone who supports California's assault weapons ban to believe that investing in companies making or selling these weapons or ancillary devices ensures teachers' retirement security.

Divestment in such companies would be faithful to CalSTRS' existing investment policy and uphold the Board's fiduciary duty to the pension system's members. Current policy requires us to view our investment decisions through a number of prisms, one of which is risk of investing in companies making products detrimental to public health and safety. It would be difficult to argue that battlefield assault weapons and aftermarket accessories which are designed to rain down bullets do not fall into this category.

I am eager to discuss this with CalSTRS staff and my colleagues on the Board. So that we can have an informed discussion, I respectfully ask you to assign staff to develop a comprehensive accounting of CalSTRS' exposure to companies which manufacture or sell the products mentioned in this letter.

Should you have any questions or concerns, please contact me or Deputy Treasurer Jeree Glasser-Hedrick.

Sincerely,



JOHN CHIANG
California State Treasurer

cc: Members, CalSTRS Investment Committee
Jack Ehnes, CEO, CalSTRS
Christopher Ailman, CIO, CalSTRS