

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
INVESTMENT COMMITTEE**

**MINUTES OF MEETING  
OPEN SESSION**

**June 20, 2023**

The Investment Committee (Committee) met on June 20, 2023, in the Lincoln Plaza North Building, Feckner Auditorium, 400 Q Street, Sacramento California.

The meeting was called to order at 9:22 a.m. and the following members were present:

David Miller, Chair  
Theresa Taylor, Vice Chair  
Malia Cohen  
Fiona Ma  
Lisa Middleton  
Eraina Ortega  
Jose Luis Pacheco  
Kevin Palkki  
Ramón Rubalcava  
Yvonne Walker  
Mullissa Willette

**AGENDA ITEM 3 – ACTION CONSENT ITEMS**

On **MOTION** by Ms. Taylor, **SECONDED** by Mr. Pacheco, and **CARRIED**, to approve the following items:

- a. Approval of the June 20, 2023, Investment Committee Timed Agenda
- b. Approval of the March 13, 2023, Investment Committee Open Session Meeting Minutes.

**AGENDA ITEM 4 – INFORMATION CONSENT ITEMS**

The Committee accepted the following information consent items with no additional discussion:

- a. Annual Calendar Review
- b. Draft Agenda for the September 18, 2023, Investment Committee Meeting
- c. Quarterly Update – Performance and Risk
- d. Quarterly Update – Investment Controls
- e. Disclosure of Placement Agent Fees and Material Violations

**AGENDA ITEM 2 – EXECUTIVE REPORT – CHIEF INVESTMENT OFFICER BRIEFING**

Nicole Musicco, Chief Investment Officer (CIO), briefed the Committee on the day's agenda and current market events.

## **AGENDA ITEM 6a – CURRENT TRENDS IN INVESTING AND SUSTAINABILITY**

Ms. Musicco, CIO, and Mark Carney, Vice Chair of Brookfield Asset Management and Head of Transition Investing, presented Current Trends in Investing and Sustainability. The discussion focused on current development in the marketplace and its implication for CalPERS returns. They also discussed the management of climate risk and moving towards sustainable investments over the upcoming years.

The Committee heard public comment on this item from:

- Alyssa Giachino, Private Equity Stakeholder Project,
- Jovana Figueroa, Teamsters,
- Ty Hudson, Unite Here
- Melissa Reyes, International Brotherhood of Electrical Workers, and
- Sara Theiss, Fossil Free California.

At 10:56 a.m. the Committee recessed into a break. The Committee reconvened into Open Session at 11:11 a.m.

## **AGENDA ITEM 5a – REVISIONS TO THE CALPERS INVESTMENT POLICY FOR INSIDER TRADING**

Amy Deming, Investment Director (ID) and Brian McQuade, Investment Manager (IM), provided staff's recommendation for approval of the Revisions to the CalPERS Investment Policy for Insider Trading. The existing statement of Investment Policy is intended to ensure that the CalPERS Board members and team members are aware and comply with the anti-fraud provisions of the federal securities laws. The policy is reflective of the requirements and prohibitions of Section 10(b) of the Securities Exchange Act of 1934 and U.S. Securities and Exchange Commission (SEC) Rule 10b-05, which prohibit the purchase or sale of securities based on material, non-public information on breach of a duty of trust or confidence.

On **MOTION** by Mr. Pacheco, **SECONDED** by Ms. Taylor, to approve the revisions to the CalPERS Investment Policy for Insider Trading.

Mr. Pacheco withdrew his motion.

On **MOTION** by Ms. Walker, **SECONDED** by Ms. Taylor, and **CARRIED**, to postpone approval of the revisions to the CalPERS Investment Policy for Insider Trading until the Union and Supervisor Organizations are notified of the changes to the policy. This item is scheduled to return at the September 18, 2023 Investment Committee Meeting.

The Committee heard public comment on this item from:

- J.J. Jelincic, CalPERS Retiree.

## **AGENDA ITEM 6b – INVESTMENT OFFICE 2022-23 STRATEGIC INITIATIVES UPDATE**

Ms. Musicco, CIO, presented the Investment Office 2022-23 Strategic Initiatives Update. The presentation focused on identifying goals and purpose, the nine strategic initiatives, leadership, collaboration, demonstrated abilities, outcomes, and lessons learned.

## **AGENDA ITEM 6c – QUARTERLY INVESTMENT OFFICER REPORT**

Ms. Musicco, CIO, presented the Quarterly Investment Officer Report. This presentation provided an update on economic conditions, and commentary on performance and risk positioning across CalPERS funds.

At 12:42 p.m. the Committee recessed into lunch. The Committee reconvened into Open Session at 1:33 p.m.

## **AGENDA ITEM 6d – PRIVATE EQUITY ANNUAL PROGRAM REVIEW**

Anton Orlich, Managing Investment Director (MID), presented the Private Equity Annual Program Review. This presentation provided information on Private Equity's role in the overall portfolio, the benefits and risk of investing in Private Equity, and the current market environment of the asset class.

The Committee heard public comment on this item from:

- Valeria Alvarez, United Food and Commercial Workers,
- Jered Gaby-Beigel, United Food and Commercial Workers, and
- Valentina Davos, Private Equity Stakeholder Project.

## **AGENDA ITEM 6e – REAL ASSETS ANNUAL PROGRAM REVIEW**

Sarah Corr, MID, presented the Real Assets Annual Program Review. This presentation provided a program review update, market environment, portfolio performance and risk analysis, and key initiatives.

At 3:32 p.m. the Committee recessed into a break. The Committee reconvened into Open Session at 3:44 p.m.

## **AGENDA ITEM 6f – INTRODUCTION TO RISK BUDGETING STRATEGY**

Michael Krimm, ID, presented the Introduction to Risk Budgeting Strategy. This presentation introduced the concept of Active Risk Budgeting. This strategy focuses on a staff-level activity to manage active risk across the Public Employees' Retirement Fund (PERF) from a total portfolio perspective. The goal is to generate value add commensurate to the risk being taken. The presentation discussed the theoretical foundation of investment return drivers and how that relates to portfolio constructions before addressing the practical governance and management aspects of risk budgeting.

## **AGENDA ITEM 6g – SUMMARY OF COMMITTEE DIRECTION**

The Chair directed staff to:

- Provide the proposed revisions of the CalPERS Investment Policy for Insider Trading to the Union and Supervisory Organizations prior to approval in September,
- Provide the CalPERS sustainable investing ration number,

- Provide a review and refresh of the Real Estate Responsible Contractor Policy (RCP) as soon as feasible, and
- Provide updates to the Board regarding steps in response to the labor dispute in public comment.

#### **AGENDA ITEM 6h – PUBLIC COMMENT**

There were no public comments.

The Committee convened into Closed Session at 4:13 p.m. and reconvened at 5:15 p.m.

The meeting adjourned at 5:15 p.m.

The next Committee meeting is scheduled for September 18, 2023, in Sacramento, California.

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MARCIE FROST  
Chief Executive Officer

Prepared by: Laura Manzo  
Committee Secretary