Bob Burton: Laurie Weir is the Senior Portfolio Manager overseeing CalPERS targeted investment program. Laurie, what is the program and when was it created?

Laurie Weir: The targeted investment program was created in January of 2012. And it was created to have a total fund, integrated approach to certain investment strategies and programs that are designed to have positive impacts. We also act as a liaison between elected officials, labor stakeholder groups and other stakeholder groups and the investment office.

Bob: What are the specific areas that the targeted investment team covers?

Laurie: The targeted investment team covers emerging manager investment strategies, diversity and inclusion initiatives, all of the California investment initiatives across the investment office, our labor relations and responsible contractor programs and policies, as well as sustainability in real assets.

Bob: Tell us a little bit about the interest that the program has in emerging managers?

Laurie: So, emerging managers is at the top of our focus list right now and is very, very important for the investment office. Emerging managers are generally considered new, start-up firms. At CalPERS, we largely broadly define emerging managers as newer firms that have relatively small assets under management or not a very long track record. And our goal for investing with emerging managers is, of course, to achieve appropriate risk adjusted returns. Also to have those mangers identify investment strategies that our more established managers may sometimes overlook and finally, to cultivate that next generation of portfolio manager talent.

Bob: How does the targeted investment program relate to the CalPERS investment belief; that CalPERS investment decisions may reflect wider stakeholder views, provided they’re consistent with its fiduciary duty to members and beneficiaries?

Laurie: So this is one of the most important things, that the investment committee and the CalPERS investment office have done, which is to establish 10 investment beliefs that really are the bedrock and the guide, the decisions of the board and the actions of staff. And the targeted investment programs relate to several of these investment beliefs, but the one that you’ve referred to, which is about stakeholder engagement, is perhaps the one where we are most in the
forefront for that investment belief. The board, when they created that belief said, “The way we want CalPERS to work with stakeholders and their ideas and issues and concerns is engagement.” And it is the targeted investment programs that is in the forefront of engaging on issues for the investment office across all of the asset classes.

Bob: And what is your long-term goal for the targeted investment program?

Laurie: So the goal for the program is first of all to create this new program and make sure that it is fully up and running and that everyone understands what we’re doing and what we’re for. We also want to establish that there is consistent, across the total investment fund, understanding of program design, investment performance, program administration and reporting for all of the investment programs that we’re focused on. We are also looking to establish great relationships with our stakeholder community, that we have great reporting, very transparent on what the investment office is doing in these important programs and we look forward to working with the public and if the public is interested in knowing more and learning more about what we’re doing, they can certainly come to our website at CalPERS.ca.gov. They can also pick up the phone and give us a call and we’re looking forward to working with interested members of the public as we go forward. So, thanks very much to everyone.