



Agenda Item 8a

June 15, 2015

ITEM NAME: Targeted Investment Programs and Manager Restructure Update

PROGRAM: Targeted Investment Programs

ITEM TYPE: Program Review – Information

EXECUTIVE SUMMARY

This agenda item provides a status report on Targeted Investment Program activities for the period of July 2014 to June 2015 and a related update on the manager restructure process. This update focuses, in particular, on CalPERS Five-Year Plan for Emerging Managers, Responsible Contractors Program, and the Investment Office's Diversity and Inclusion Initiatives.

STRATEGIC PLAN

This agenda item supports the CalPERS Strategic Plan goals to improve long-term pension and health benefit sustainability and engage in state and national policy development to enhance the long-term sustainability and effectiveness of our programs. The ability to gain stakeholders' feedback can help CalPERS make better informed investment decisions. Engagement with stakeholders also assists CalPERS to gain knowledge and establish collaborative relationships to better accomplish the System's investment objectives.

BACKGROUND

This program update highlights recent work guided by CalPERS' Investment Belief 3, that CalPERS' investment decisions may reflect wider stakeholder views, provided they are consistent with its fiduciary duty to members and beneficiaries, Investment Belief 4 that long-term value creation requires effective management of three forms of capital: financial, physical, and human and finally Investment Belief 10 that strong processes and teamwork and deep resources are needed to achieve CalPERS' goals and objectives.

In January 2012, Targeted Investment Programs was created to provide centralized coordination and reporting of Investment Committee and legislative initiatives that cross asset classes and multiple stakeholder groups. Over time, the program has expanded to manage additional initiatives for the Total Fund. In April 2014, Targeted Investment Programs responsibilities were broadened to include all Investment Office Communications and Governmental Affairs efforts.

In coordination with the Office of Public Affairs, Investment Office Communications efforts include stakeholder relations and event planning, subject specific communications plans and related talking points, Public Records Act and my|CalPERS/talkback requests, and the Investment Proposal Tracking System.

In coordination with the Legislative Affairs Division, Targeted Investment Programs coordinates and leads the Investment Office response to legislative enquiries, bill analysis, and presentations to legislative staff and elected officials.

ANALYSIS

This agenda item provides a report on the work that has been done by staff in the following areas:

- Progress on the CalPERS Emerging Manager Five-Year Plan, including the Emerging Manager Transition Program
- Update on the amended Responsible Contractor Program Policy and labor issues
- Update on Investment Office Diversity & Inclusion initiatives
- Progress on key Investment Office Communication and legislative efforts

BUDGET AND FISCAL IMPACTS

Not Applicable.

BENEFITS/RISKS

Targeted Investment Programs supports CalPERS fiduciary duty to provide sustainable, risk adjusted returns for its members.

ATTACHMENTS

Attachment 1 – Targeted Investment Programs and Manager Restructure Update Report

Attachment 2 – Targeted Investment Programs and Manager Restructure Update Presentation

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