



Executive Summary of Performance

Prepared For

California Public Employees' Retirement System

Judges II

Long-Term Care

Legislators' Fund

California Employers' Retiree Benefit Trust

Supplemental Income Plans

First Quarter 2012

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TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
Capital Market Review	3
Summary of all Plans	6
PERF	7
Judges II/Long-Term Care	27
Legislators' Fund	34
California Employers' Retiree Benefit Trust	38
Supplemental Income Plans	43

Capital Market Overview

Global stock markets carried rally momentum into the first quarter of 2012, with increased optimism among investors pushing equities to impressive gains. That optimism was fueled by positive developments in the unfolding Eurozone financial crisis and further signs of a solidifying recovery in the U.S. economy. The European Central Bank moved to initiate a Long-Term Refinancing Operation (LTRO), providing over \$1 trillion USD of short-term financing to the region's beleaguered banks and injecting some needed liquidity into Europe's capital markets. Greece formalized a bond swap deal that allowed the country to avoid uncontrolled default on its sovereign debt; although many of Mediterranean Europe's economies are having difficulty servicing their sovereign paper, yields in the region fell thanks to LTRO support. In the U.S., real Gross Domestic Product grew at an annualized 3.0% rate in the fourth quarter of 2011; over calendar 2011, however, GDP grew only 1.7%, after a 3.0% expansion rate for calendar 2010. Housing prices in the U.S. have continued to fall; however, the economy added over 700,000 new jobs in the three months ended February 29, 2012 (source: Department of Labor), providing more evidence of ongoing recovery from recession. Consumer-level prices, as measured by the Consumer Price Index (All Urban Consumers) rose 1.65% in the first quarter, reversing course from the -0.54% fall in the fourth quarter of 2011.

U.S. Equity Market

The U.S. stock market sprinted to its best first-quarter return since 1998, and its best quarterly performance since the third quarter of 2009, with a first quarter 2012 12.76% return for the Wilshire 5000 Total Market IndexSM. From a total return perspective, the Wilshire 5000 has now erased all of its losses since October 2007 to set new highs. The S&P 500 index was not far behind the broader Wilshire index, returning 12.58% in the first quarter. Investors exhibited an appetite for riskier holdings, favoring smaller-cap stocks over larger-cap issuance (Wilshire US Micro-CapSM, 18.75%; Wilshire US Small-CapSM, 13.31%; Wilshire US Large-CapSM, 12.66%). Among large-cap stocks, growth-oriented issues strongly outperformed value names (Wilshire US Large-Cap GrowthSM, 15.59%; Wilshire US Large-Cap ValueSM, 9.90%). However, in the small-cap arena, value stocks held an edge over growth (Wilshire US Small-Cap ValueSM, 13.74%; Wilshire US Small-Cap GrowthSM, 12.79%). Turning to economic sectors of the S&P 500 (GICS classification), Financials (22.00%) and Information Technology (21.45%) were the strongest performers for the first quarter of 2012. In contrast, the Utilities sector actually lost ground over the quarter (-1.58%), with Telecom Services stocks returning a lackluster 2.05% over the same period. Real estate-related stocks enjoyed good overall performance in the first quarter, with the Wilshire US Real Estate Securities IndexSM returning 10.93%.

Fixed Income Market

As investors rotated into higher-risk asset space, they became net sellers of U.S. Treasury paper, driving yields higher over the first quarter of 2012. The Federal Reserve has locked down their target Fed Funds range of 0.0-0.25% for the foreseeable future, providing a fairly strong anchor for short-term Treasury yields; the 2-year U.S. Treasury yield nudged 8 basis points higher to 0.33% as of quarter-end. However, holders of longer-term Treasuries cashed in on recent-period gains; over the first quarter the yield on the bellwether 10-year Treasuries rose 34 bps to 2.23%, while the yield on 30-year Treasuries jumped 46 bps to 3.35%. Unsurprisingly, these long-term issues dramatically underperformed short-term paper (Barclays



Long Treasury, -5.80%; Barclays 1-3 Year Treasury, -0.08%). Credit spreads on non-U.S. government debt tightened over the quarter, as bond investors continued their quest for higher yields in the challenging current interest-rate environment (Barclays U.S. Credit, 2.04%; Barclays U.S. MBS, 0.57%; Barclays U.S. Government, -1.12%). The below investment-grade bond sector also saw its overall option-adjusted credit spread to Treasuries tighten 123 bps over the first quarter (to a 576-bps spread); as a result, U.S. high yields broadly outperformed investment-grade issues (Barclays U.S. High Yield, 5.33%; Barclays U.S. Aggregate, 0.30%).

Non-U.S. Markets

The economic turmoil in continental Europe proved to be a drag on stock market performance in that region for the first quarter of 2012. Still, the strength of export-driven economies like that of Germany allowed European stocks to yield relatively strong performance (MSCI Europe, net dividends, 7.59% local currency, 10.66% USD). Stocks in the Asia-Pacific region also performed well. Japan's first annual trade deficit in more than 30 years pressured the Bank of Japan to pledge ¥10 trillion (\$128 billion) of asset purchases and set an inflation target of 1%; BOJ's announcement led to a massive rally in Japanese equities, which had their best quarterly performance in 24 years, and propelled Asia-Pacific region stocks to outperform their European counterparts (MSCI Pacific net, 15.43% local, 11.27% USD). The heightened appetite for risk assets in the marketplace favored emerging-market stocks over developed-market issues in general (MSCI Emerging Markets net, 10.70% local, 14.08% USD; MSCI EAFE net, 10.22% local, 10.86% USD). Non-dollar denominated bonds presented a mixed picture over the first quarter, as emerging markets paper underperformed developed market bonds in local-currency terms, but outperformed when the gains were converted to US dollar terms (Barclays Global Aggregate ex-US, 1.72% USD-hedged, 1.16% USD-unhedged; Barclays Emerging Market Local Currency Government Universal, 0.74% USD-hedged, 4.99% USD-unhedged).

Summary of Index Returns

For Periods Ended March 31, 2012

	<u>Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	<u>Ten Years</u>
Domestic Equity					
Standard & Poor's 500	12.58%	8.53%	23.41%	2.01%	4.11%
Wilshire 5000	12.76	7.24	24.15	2.27	4.95
Wilshire 4500	14.21	1.56	28.56	3.53	7.98
Wilshire Large Cap	12.66	8.07	23.26	2.16	4.55
Wilshire Small Cap	13.31	0.90	31.71	4.10	8.37
Wilshire Micro Cap	18.75	-2.41	29.86	-0.49	8.03
Domestic Equity					
Wilshire Large Value	9.90%	7.71%	22.43%	-0.12%	4.47%
Wilshire Large Growth	15.59	8.41	24.09	4.37	4.55
Wilshire Mid Value	12.20	3.34	29.41	2.22	6.71
Wilshire Mid Growth	12.51	-1.29	30.40	5.86	8.94
Wilshire Small Value	13.74	0.79	30.57	2.91	8.31
Wilshire Small Growth	12.79	0.79	32.69	5.24	8.29
International Equity					
MSCI All World ex U.S. (USD)	11.23%	-7.17%	19.12%	-1.56%	7.28%
MSCI All World ex U.S. (local currency)	10.14	-3.85	14.24	-2.94	3.38
MSCI EAFE	10.86	-5.77	17.13	-3.51	5.77
MSCI Europe	10.66	-7.54	17.58	-3.99	5.43
MSCI Pacific	11.27	-2.03	16.57	-2.42	6.41
MSCI EMF Index	14.08	-8.80	25.07	4.67	14.13
Domestic Fixed Income					
Barclays Aggregate Bond	0.30%	7.72%	6.84%	6.25%	5.80%
Barclays Credit	2.04	9.58	12.32	6.91	6.59
Barclays Mortgage	0.57	6.21	5.26	6.33	5.64
Barclays Treasury	-1.29	8.57	3.90	6.23	5.67
Citigroup High Yield Cash Pay	5.10	6.76	22.72	7.77	8.95
Barclays US TIPS	0.86	12.20	8.74	7.60	7.51
91-Day Treasury Bill	0.01	0.06	0.13	1.23	1.91
International Fixed Income					
Citigroup Non-U.S. Gov. Bond	-0.22%	3.93%	6.93%	6.95%	8.54%
Citigroup World Gov. Bond	-0.51	5.12	6.23	6.78	7.89
Citigroup Hedged Non-U.S. Gov.	1.32	6.38	3.40	4.42	4.61
Currency*					
Euro vs. \$	2.58%	-6.16%	0.10%	0.01%	4.32%
Yen vs. \$	-6.51	0.71	6.27	7.49	4.88
Pound vs. \$	2.81	-0.32	3.69	-4.02	1.16
Real Estate					
Wilshire REIT Index	10.79%	13.39%	44.69%	-0.67%	10.41%
Wilshire RESI	10.93	12.94	44.82	-0.82	10.33
NCREIF Property Index	2.59	13.41	5.96	2.88	8.17

CalPERS
Performance Analysis
March 31, 2012



Summary Review of Plans Periods Ended 3/31/12

	<u>Market Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
TOTAL FUND for PERF	\$236.3 bil	6.7%	3.7%	13.5%	1.2%	5.7%
<i>Total Fund Policy Benchmark ¹</i>		7.4%	3.9%	16.5%	3.6%	6.6%
<i>Actuarial Rate</i>		1.9%	7.8%	7.8%	7.8%	7.8%
Affiliate Fund						
Judges II	\$642.2 mil	8.9%	6.3%	19.9%	3.1%	5.9%
<i>Weighted Policy Benchmark</i>		8.8%	7.2%	19.1%	3.3%	6.0%
Long-Term Care ("LTC")	\$3,497.6 mil	6.6%	5.5%	18.9%	3.9%	6.0%
<i>Weighted Policy Benchmark</i>		6.3%	6.0%	17.8%	4.0%	5.9%
CERBT Strategy 1	\$1,831.2 mil	9.0%	4.0%	20.8%	--%	--%
<i>Weighted Policy Benchmark</i>		8.9%	4.4%	20.5%	--%	--%
CERBT Strategy 2	\$178.6 mil	7.1%	--%	--%	--%	--%
<i>Weighted Policy Benchmark</i>		7.0%	--%	--%	--%	--%
CERBT Strategy 3	\$3.8 mil	4.8%	--%	--%	--%	--%
<i>Weighted Policy Benchmark</i>		4.8%	--%	--%	--%	--%
Legislators' Fund						
LRS	\$123.9 mil	5.3%	8.2%	16.8%	5.5%	6.3%
<i>Weighted Policy Benchmark</i>		5.0%	9.1%	14.8%	5.4%	6.6%

¹ The Total Fund Policy Benchmark return equals the return for each asset class benchmark weighted at the current target asset allocation.



Total Fund Review PERF
Periods Ended 3/31/2012

	Market Value	Five-Year Ratios							
		Qtr	1 Year	3 Year	5 Year	10 Year	VaR ¹²	Sharpe ¹³	Info ¹⁴
TOTAL FUND	\$236.3 bil	6.7%	3.7%	13.5%	1.2%	5.7%	\$28.1 bil	0.0	-0.7
<i>Total Fund Policy Benchmark</i> ²		7.4%	3.9%	16.5%	3.6%	6.6%		0.2	0.0
<i>Actuarial Rate</i>		1.9%	7.8%	7.8%	7.8%	7.8%			
GROWTH	153.0	10.0%	0.6%	19.2%	0.9%	5.6%	\$30.4 bil	0.0	-0.4
<i>Growth Policy Benchmark</i> ³		11.8%	-0.8%	21.0%	2.3%	6.0%		0.1	0.0
PUBLIC EQUITY	119.5	12.2%	-1.3%	21.7%	0.0%	5.1%	\$22.6 bil	-0.1	-0.6
<i>Public Equity Policy Benchmark</i> ⁴		12.2%	-1.2%	21.8%	0.9%	5.5%		0.0	0.0
PRIVATE EQUITY	33.4	2.6%	7.0%	12.4%	7.8%	9.3%	\$10.6 bil	0.6	-0.2
<i>Private Equity Policy Benchmark</i> ⁵		9.9%	-0.9%	19.1%	10.6%	8.0%		0.6	0.0
INCOME	40.4	0.1%	11.3%	14.8%	8.5%	8.2%	\$5.2 bil	1.0	0.1
<i>Income Policy Benchmark</i> ⁶		-0.4%	12.8%	10.1%	8.1%	7.6%		1.1	0.0
REAL ASSETS ⁷	21.8	1.9%	7.1%	-12.5%	-11.9%	2.6%	\$2.5 bil	-0.8	-1.2
<i>Real Assets Policy Benchmark</i> ⁸		2.9%	12.2%	3.7%	4.4%	9.8%		0.5	0.0
INFLATION	7.5	3.6%	3.5%	12.4%	-.-%	-.-%	\$0.6 bil	N/A	N/A
<i>Inflation Policy Benchmark</i> ⁹		3.0%	5.4%	10.3%	-.-%	-.-%		N/A	N/A
LIQUIDITY	8.0	-0.4%	3.4%	1.4%	2.2%	2.5%	\$0.4 bil	N/A	N/A
<i>Liquidity Policy Benchmark</i> ¹⁰		-0.5%	3.7%	1.4%	2.2%	2.4%		N/A	N/A
ABSOLUTE RETURN STRATEGIES ¹¹	5.2	1.5%	-1.9%	6.7%	0.7%	4.9%		-0.1	-0.9
<i>Absolute Return Strategies Policy Benchmark</i> ¹¹		1.2%	5.4%	5.8%	7.4%	7.4%		6.5	0.0
CURRENCY + ASSET ALLOCATION TRANSITION	0.5	-.-%	-.-%	-.-%	-.-%	-.-%			

² The Total Fund Policy Benchmark return equals the return for each asset class benchmark weighted at the current target asset allocations.

³ Growth Policy Benchmark equals the benchmark returns of public equity and private equity weighted at policy allocation target percentages.

⁴ The Public Equity Policy Benchmark is a custom global benchmark maintained by FTSE.

⁵ The Private Equity Policy Benchmark is currently 1-quarter lagged (67% FTSE US TMI + 33% FTSE AW x-US TMI) with a hurdle of + 3%.

⁶ The Income Policy Benchmark equals the benchmark returns of domestic and international fixed income components weighted at policy allocation target percentages.

⁷ Real Assets include real estate, whose returns are net of investment management fees and all expenses, including property level operations expenses netted from property income. This method differs from GASB 31, which requires all investment expenses be identified for inclusion in the System's general purpose financial statements.

⁸ The Real Assets Policy Benchmark equals the benchmark returns of real estate, timber, and infrastructure weighted at policy allocation target percentages.

⁹ The Inflation Policy Benchmark equals the benchmark returns of commodities and TIPS weighted at policy allocation target percentages.

¹⁰ The Liquidity Policy Benchmark is a custom index maintained by State Street Bank.

¹¹ The Absolute Return Strategies program was excluded from Public Equity on July 1, 2011. Public Equity history does not include Absolute Return Strategies performance. The Absolute Return Strategies Policy Benchmark is currently Merrill Lynch Treasury 1-Year Note + 5%.

¹² VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value ((Expected Return - (1.65 X SD)) X MV).

¹³ The Sharpe Ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the total risk taken. The 5-year period was selected to provide sufficient data points for a meaningful calculation, but is still short enough to reflect the changes to the investment programs over the last few years.

¹⁴ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per unit of excess risk ventured.

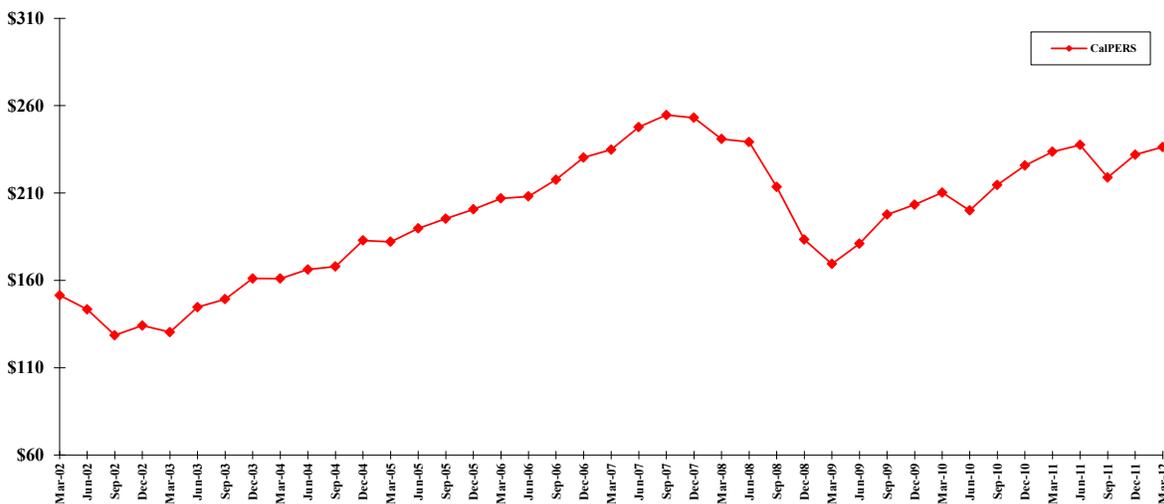
Total Fund Review for PERF (continued) Periods Ended 3/31/12

Total Fund Flow

<u>(\$Millions)</u>	<u>Beg. Mkt Value</u>	<u>Net Cash Flow</u>	<u>Invest. Mgmt Fees</u>	<u>Invest. Gain/Loss</u>	<u>End. Mkt Value</u>	<u>Total Return</u>
1Q12	224,975	(1,706)	(167)	13,204	236,306	6.7%

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>1Q11</u>	<u>2Q11</u>	<u>3Q11</u>	<u>4Q11</u>	<u>1Q12</u>
Market Value (\$bil)	161.0	182.8	200.6	230.3	253.0	183.3	203.3	225.7	233.6	237.5	218.9	225.0	236.3

Total Fund Market Value



Asset Allocation

Asset Allocation: Actual versus Target Weights*

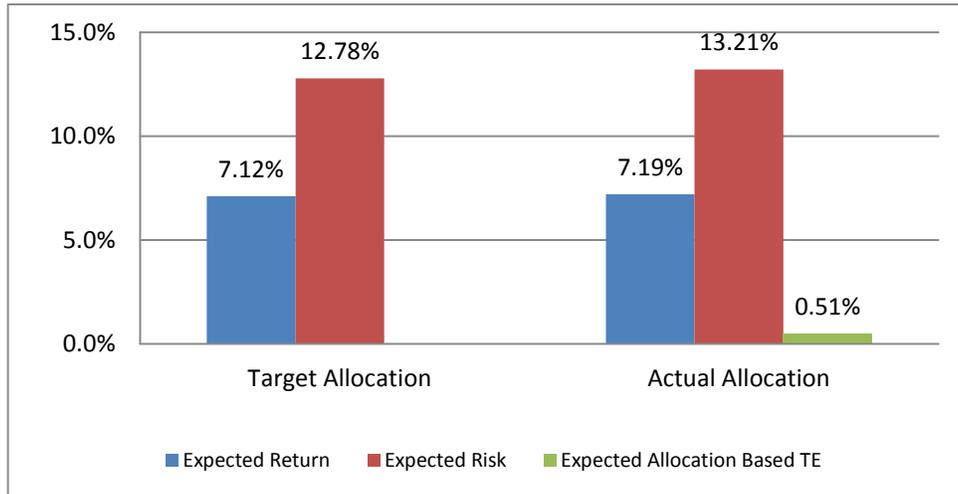
<u>Asset Class</u>	<u>Actual Asset Allocation</u>	<u>Target Asset Allocation</u>	<u>Difference</u>
Growth	64.9%	64.0%	0.9%
Income	17.1%	17.0%	0.1%
Real Assets	9.2%	11.0%	-1.8%
Inflation	3.2%	4.0%	-0.8%
ARS	2.2%	0.0%	2.2%
Liquidity	3.4%	4.0%	-0.6%

* Asset allocation targets are in the process of shifting to the new targets adopted by the Investment Committee in January 2008. Transitions accounts are included with their respective asset classes. The 3/31 cash allocation included transition assets that have been recaptured elsewhere since the adoption of a new asset allocation policy in July

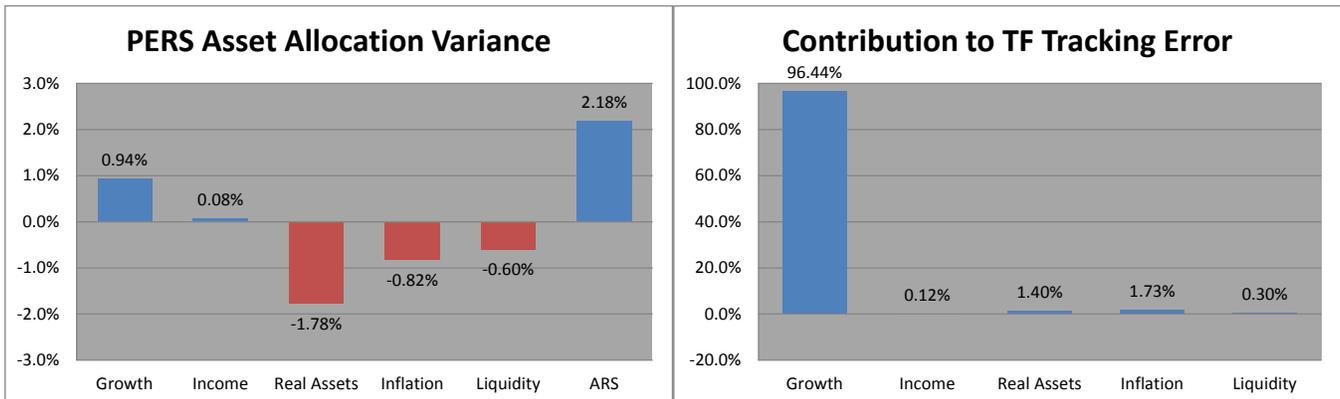
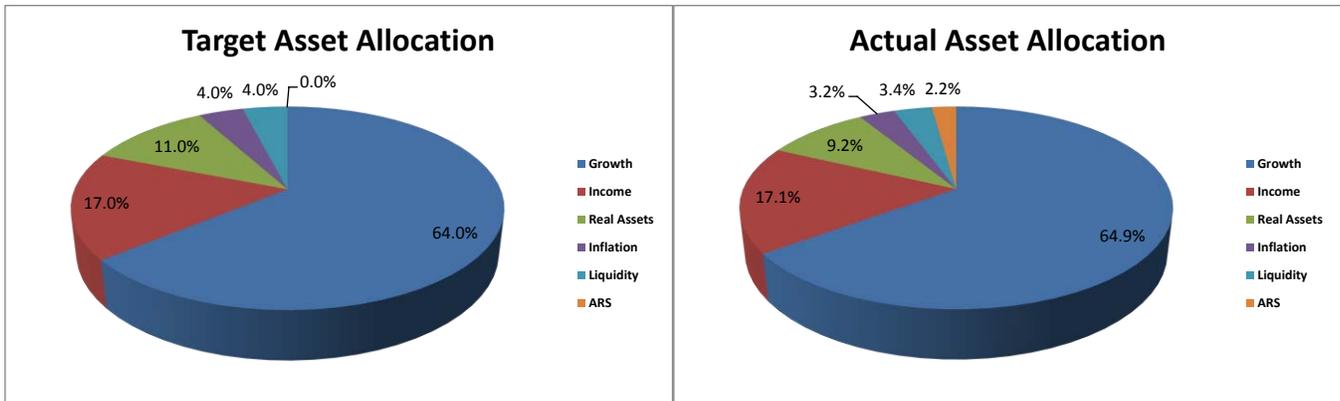


Total Fund Review for PERF (continued) Periods Ended 3/31/12

Expected Return/Risk and Tracking Error based on Wilshire's Asset Class Assumptions



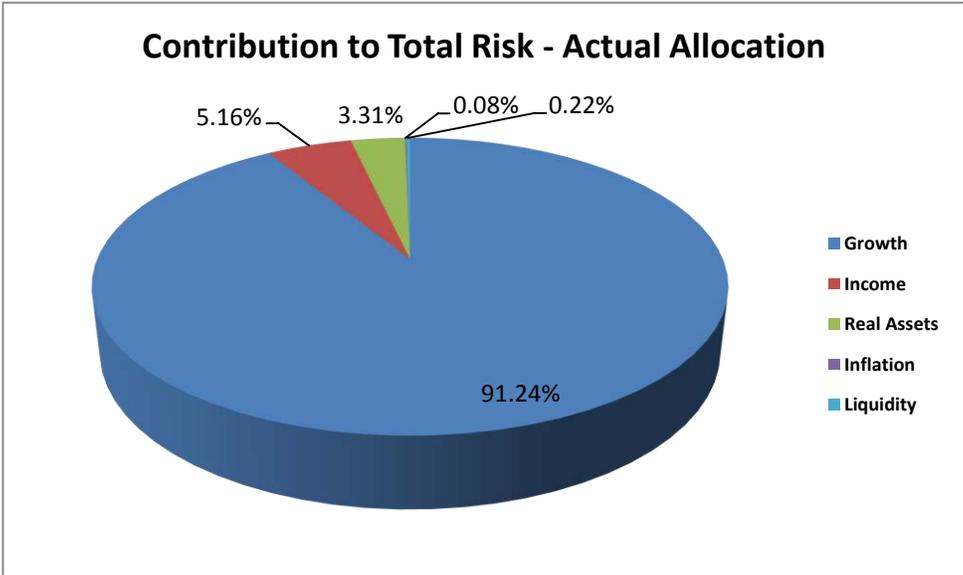
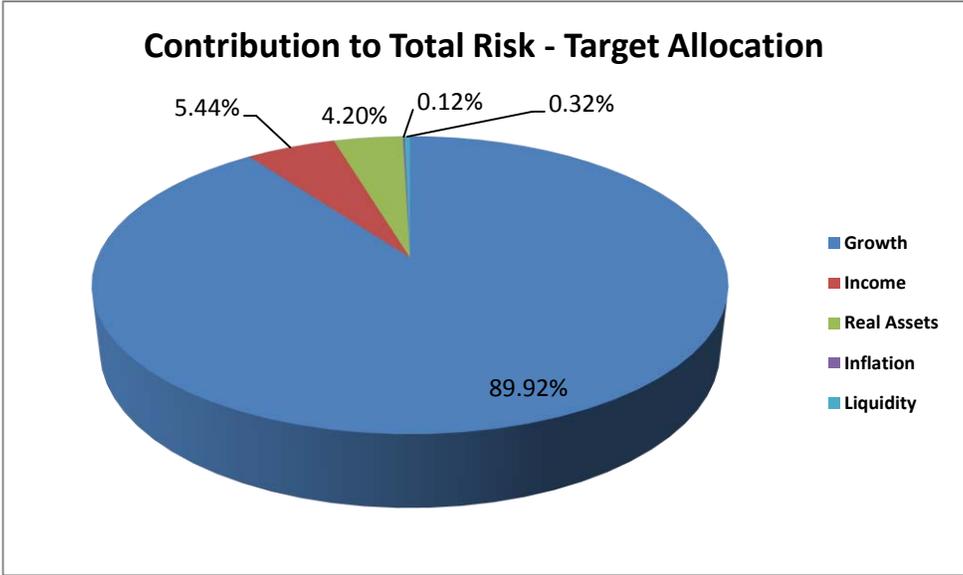
Total Fund Asset Allocation





Total Fund Review for PERF (continued)
Periods Ended 3/31/12

Contribution to Total Risk based on Wilshire's Asset Class Assumptions



California Public Employees' Retirement System
Total Fund Attribution
Quarter Ended 3/31/2012

Asset Class	Actual (%)		Policy (%)		Difference (%)		Total Fund Return Contribution (%)			
	Weight	Return	Weight	Return	Weight	Return	Actual Allocation	Interaction	Active Management	Total
Growth	63.06	10.00	64.00	11.77	-0.94	-1.78	-0.05	0.04	-1.15	-1.16
Income	17.80	0.14	17.00	-0.44	0.80	0.59	-0.08	0.00	0.10	0.03
Real Assets	9.47	1.93	11.00	2.86	-1.53	-0.94	0.06	0.02	-0.10	-0.02
Inflation	3.21	3.58	4.00	3.00	-0.79	0.57	0.04	-0.01	0.02	0.06
Absolute Return	2.24	1.48	0.00	1.23	2.24	0.25	-0.15	0.01	0.00	-0.15
Liquidity	4.22	-0.41	4.00	-0.46	0.22	0.06	-0.01	0.00	0.00	-0.01
Total Buy/Hold	100.00	6.57	100.00	7.81		-1.24	-0.19	0.06	-1.12	-1.25
Trading/Hedging		0.15		-0.42		0.58				0.59
Total		6.72		7.39		-0.66				-0.66

The Total Fund Attribution displays the return contribution of each asset class to the total fund using the allocation to each program at the beginning of the quarter and this quarter's returns to determine if tactical allocation and active management within asset classes helped or hurt performance.



Total Fund Review for PERF (continued) Periods Ended 3/31/12

- ◆ The California Public Employees' Retirement System ("CalPERS, the System") generated a total fund return of 6.7%, for the quarter ended March 31, 2012. CalPERS' return can be attributed as follows:

7.39%	Strategic Policy Allocation
-0.19%	Actual/Tactical Asset Allocation
-1.12%	Active Management
0.06%	Interaction
<u>0.59%</u>	Trading/Currency Hedging
6.72%	Total Return

- ◆ The total fund attribution table on the previous page displays the return contribution of each asset class to the total fund. This table will allow the Board to see if tactical allocation and active management within asset classes helped or hurt performance during the quarter.
 - Strategic Policy: The contribution to total return from each asset class, calculated as the percentage allocated to each asset class multiplied by the benchmark for that asset class.
 - Actual Allocation: The return contribution during the quarter due to differences in the actual allocation from the policy allocation (i.e. the actual allocation to total equity was higher than the policy allocation). A positive number would indicate an overweight benefited performance and vice versa.
 - Active Management: The return contribution from active management. The number would be positive if the asset class outperformed the designated policy index and vice versa (i.e. the US fixed income segment outperformed its custom benchmark during the quarter and contributed positively to active management).
 - Interaction: Captures the interaction of managers' performance and asset class weighting differences.
 - Actual Return: The actual return of the asset classes if allocations to them were static during the quarter. These returns will not match exactly with the actual segment returns since asset class allocations change during the quarter due to market movement, cash flows, etc.
- ◆ CalPERS' Total Fund opened the year of 2012 strong by earning an overall return of 6.7% during the first quarter, although this gain did not keep pace with its strategic policy benchmark, which returned 7.4%. Per Wilshire's attribution, negative active management impact was this quarter's primary detractor, mainly due to the relative underperformance reported by the Growth segment: while Growth was the highest returning asset class during the first quarter of 2012, it trailed its policy benchmark by a margin of 178 bps. Coupled with the fact that Growth represented over 60% of CalPERS' total assets, this underperformance was a meaningful drag on the System's overall return. Asset allocation variance also produced a small negative impact, as the System had a higher-than-target allocation to the Income and Absolute Return Strategy segments, which were among the lowest returning asset classes in absolute terms during the quarter.
- ◆ The Total Fund composite's 6.7% return outpaced its actuarial rate (1.9%) this quarter. Its longer-term track record over the one-year, five-year and ten-year marks has continued to trail the actuarial rate.

Total Fund Review for PERF (continued) Periods Ended 3/31/12

Relative to the Total Fund Policy Benchmark:

- ◆ **Growth Exposure:** The System's Growth composite generated a return of 10.0% for the quarter and was again the highest returning major asset class in absolute terms. Supportive policy measures in Europe and improving fundamentals in the U.S. helped drive the continued rally in public equities, which allowed Growth to beat the total fund policy benchmark (7.4%) by a notable margin; although the composite's gain lagged behind the 11.8% return of its own policy benchmark.
- ◆ **Income Exposure:** CalPERS' overall Income composite was nearly flat for the quarter with a return of 0.1%, trailing the total fund policy benchmark but compared favorably to its own policy benchmark's return of -0.4%. With gains from the credit and high yield portfolios offsetting the continued selloff in Treasuries, the U.S. fixed income composite ended the first quarter of 2011 with a small positive return of 0.2%. The international fixed income composite had a return of -0.3% that was a small drag on the overall Income composite performance.
- ◆ **Real Assets Exposure:** The System's Real Assets segment produced a modest gain of 1.9% during the first quarter, underperforming the total fund policy benchmark as well as its own custom policy benchmark (2.9%). The segment's real estate investments generated a respectable return of 3.1%, but this performance was mostly offset by the -7.2% loss from the forestland portfolio.
- ◆ **Inflation Exposure:** The CalPERS Inflation composite was the second highest returning major asset class for the quarter with a gain of 3.6%, beating its own custom policy benchmark (3.0%) but trailed when compared to the total fund policy benchmark. Similar to the prior quarter, the composite's results continued to be largely driven by the commodities portfolio, whose performance remained strong mainly due to the rally of crude and precious metal.
- ◆ **Liquidity:** CalPERS' Liquidity/short-term asset class reported a first quarter return of -0.4%, faring slightly better than its custom policy benchmark's -0.5% return but underperformed relative to the total fund policy benchmark.
- ◆ **Absolute Return Strategy:** Reversing the losing trend from the past three quarters, the Absolute Return Strategy (ARS) program returned to the positive territory and earned a small gain of 1.5% during the first quarter. This performance trailed relative to the total fund policy benchmark but outpaced ARS' own custom policy benchmark (1.2%)



Growth Review for PERF Periods Ended 3/31/12

Growth Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Growth	64.9%	64.0%	+0.9%
Public Equity	50.8%	50.0%	+0.8%
Private Equity	14.1%	14.0%	+0.1%

Growth Segment Performance

	Market Value						VaR ²²	5-year Sharpe Ratio ²³	5-year Info Ratio ²⁴
		Qtr	1 Year	3 Year	5 Year	10 Year		Ratio ²³	Ratio ²⁴
GROWTH	153.0	10.0%	0.6%	19.2%	0.9%	5.6%	\$30.4 bil	0.0	-0.4
<i>Growth Policy Benchmark</i>		11.8%	-0.8%	21.0%	2.3%	6.0%		0.1	0.0
<i>Value Added</i>		-1.8%	1.4%	-1.8%	-1.4%	-0.4%			
PUBLIC EQUITY¹⁵	119.5	12.2%	-1.3%	21.7%	0.0%	5.1%	\$22.6 bil	-0.1	-0.6
<i>Public Equity Policy Benchmark¹⁶</i>		12.2%	-1.2%	21.8%	0.9%	5.5%		0.0	0.0
<i>Value Added</i>		0.0%	-0.1%	-0.1%	-0.9%	-0.4%			
US Equity Composite (ex ARS)	56.5	12.8%	6.0%	24.1%	2.1%	4.7%		0.0	-0.3
<i>Custom US Equity Benchmark¹⁷</i>		12.9%	6.6%	23.9%	2.3%	4.7%		0.1	0.0
<i>Value Added</i>		-0.1%	-0.6%	0.2%	-0.2%	0.0%			
Total Int'l Equity (ex ARS)	62.2	11.7%	-7.1%	20.2%	-1.4%	7.4%		-0.1	0.4
<i>Custom Int'l Equity Benchmark¹⁸</i>		11.2%	-7.0%	18.6%	-1.8%	7.1%		-0.1	0.0
<i>Value Added</i>		0.5%	-0.1%	1.6%	0.4%	0.3%			
Global Equity Equitization	0.9	10.6%	0.6%	-.-%	-.-%	-.-%			
<i>Custom Benchmark¹⁹</i>		12.2%	-1.2%	-.-%	-.-%	-.-%			
<i>Value Added</i>		-1.6%	1.8%	-.-%	-.-%	-.-%			
PRIVATE EQUITY (AIM)²⁰	33.4	2.6%	7.0%	12.4%	7.8%	9.3%	\$10.6 bil	0.6	-0.2
<i>AIM Policy Benchmark²¹</i>		9.9%	-0.9%	19.1%	10.6%	8.0%		0.6	0.0
<i>Value Added</i>		-7.3%	7.9%	-6.7%	-2.8%	1.3%			
Private Equity Partnership Investments	33.3	2.7%	7.2%	12.5%	7.9%	9.3%			
Private Equity Distribution Stock	0.1	-14.3%	-29.4%	13.5%	5.7%	9.1%			

¹⁵ Includes domestic equity, international equity, corporate governance, and MDP ventures. It does not include asset allocation transition accounts; those accounts are reflected in total fund but are not included in any composite.

¹⁶ The Public Equity Policy Benchmark is a custom global benchmark maintained by FTSE.

¹⁷ The Custom US Equity Benchmark currently represents the FTSE Total Market Index. It is linked historically to its prior benchmarks.

¹⁸ The Custom Int'l Equity Benchmark currently represents the FTSE All World ex US Index. It is linked historically to its prior benchmarks.

¹⁹ The Custom Global Equity Equitization Benchmark is currently the same as the Public Equity Policy Benchmark.

²⁰ The performance of CalPERS' private equity (AIM) investments is 1-quarter lagged.

²¹ The AIM Policy Benchmark currently equals 3% + 1-quarter lagged (67% FTSE US TMI + 33% FTSE AW x-US TMI), and is linked historically to its prior benchmarks.

²² VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

²³ The Sharpe Ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

²⁴ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per unit of excess risk ventured.

Growth Review for PERF (continued)

Comments Regarding Growth Segment Performance

Helped Performance:

- ◆ **U.S. Equity Exposure:** CalPERS' internal and external U.S. equity composites generated a 1Q return of 12.7% and 13.4%, respectively, and both handily beat the 11.8% return of the Growth policy benchmark.
- ◆ **MDP:** The Manager Development Program generated an overall return of 13.2% for the quarter and outperformed the Growth policy benchmark.
- ◆ **FoF:** The Total Fund of Funds composite was the highest returning equity program during the first quarter by posting a gain of 13.6%. This strong performance beat its own policy benchmark as well as the Growth policy benchmark.
- ◆ **Asset Allocation:** Relative to its asset allocation targets, the System had a higher overweight in public equity (+0.8%) than it did in private equity (+0.1%). This allocation variance contributed positively given that public equity continued to experience stronger appreciation than private equity during the first quarter.

Impeded Performance:

- ◆ **International Equity Exposure:** The System's international equity portfolios nearly matched the Growth asset class' policy benchmark during the first quarter. The external international equity composite saw a gain of 12.6%, but this return was partially offset by the internally managed international equity composite, which reported a lower quarterly return of 11.5%.
- ◆ **Private Equity Exposure:** The private equity composite, represented by the AIM investments, returned 2.6% during the first quarter, underperforming both of its policy benchmark and the Growth Policy benchmark.
- ◆ **Corporate Governance:** The corporate governance program's 1Q return of 10.5% underperformed its own policy benchmark as well as the Growth policy benchmark.

CalPERS
Performance Analysis
March 31, 2012



Public Equity Review for PERF - U.S. Equity

	<u>Market Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10-Year</u>	<u>Date</u>
US Equity Composite (ex ARS)	56.5	12.8%	6.0%	24.1%	2.1%	4.7%	12/79
<i>Custom US Equity Benchmark</i> ²⁵		12.9%	6.6%	23.9%	2.3%	4.7%	
<i>Value Added</i>		-0.1%	-0.6%	0.2%	-0.2%	0.0%	
Total Internal US Equity	48.7	12.7%	6.5%	24.4%	2.5%	4.8%	6/88
<i>Custom Internal US Equity Benchmark</i> ²⁶		12.9%	6.6%	23.9%	2.3%	4.7%	
<i>Value Added</i>		-0.2%	-0.1%	0.5%	0.2%	0.1%	
Total External US Equity	7.4	13.4%	2.8%	21.4%	0.7%	4.1%	12/98
<i>Custom External US Equity Benchmark</i> ²⁷		12.2%	7.1%	22.7%	2.3%	5.1%	
<i>Value Added</i>		1.2%	-4.3%	-1.3%	-1.6%	-1.0%	

Public Equity Review for PERF - International Equity

	<u>Market Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10-Year</u>	<u>Date</u>
Total Int'l Equity (ex ARS)	62.2	11.7%	-7.1%	20.2%	-1.4%	7.4%	12/02
<i>Custom Int'l Equity Benchmark</i> ²⁸		11.2%	-7.0%	18.6%	-1.8%	7.1%	
<i>Value Added</i>		0.5%	-0.1%	1.6%	0.4%	0.3%	
Total Internal Int'l Equity	49.0	11.5%	-7.5%	19.4%	-1.5%	-.%	3/05
<i>Custom Internal Int'l Equity Benchmark</i> ²⁹		10.9%	-6.9%	18.2%	-2.4%	-.%	
<i>Value Added</i>		0.6%	-0.6%	1.2%	0.9%	-.%	
Total External Int'l Equity	13.2	12.6%	-6.1%	22.4%	-0.4%	8.4%	6/89
<i>Custom External Int'l Equity Benchmark</i> ³⁰		12.3%	-7.3%	20.0%	-0.7%	8.4%	
<i>Value Added</i>		0.3%	1.2%	2.4%	0.3%	0.0%	

Public Equity Review for PERF - Corporate Governance/MDP/FoF

	<u>Market Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Date</u>
Total Corporate Governance	4.4	10.5%	-5.3%	16.9%	-3.3%	5.3%	12/98
<i>Policy Benchmark</i>		12.0%	1.3%	16.4%	-1.9%	4.4%	
<i>Value Added</i>		-1.5%	-6.6%	0.5%	-1.4%	0.9%	
Total MDP	1.9	13.2%	2.2%	19.1%	1.2%	5.3%	6/00
<i>Policy Benchmark</i>		12.8%	2.8%	20.0%	2.2%	6.5%	
<i>Value Added</i>		0.4%	-0.6%	-0.9%	-1.0%	-1.2%	
Total FoF	0.9	13.6%	-0.2%	25.3%	-.%	-.%	3/08
<i>Policy Benchmark</i>		13.2%	-0.6%	24.6%	-.%	-.%	
<i>Value Added</i>		0.4%	0.4%	0.7%	-.%	-.%	

²⁵ The Custom US Equity Benchmark currently represents the FTSE Total Market Index. It is linked historically to its prior benchmarks.

²⁶ The Custom Internal US Equity Benchmark currently represents the FTSE Total Market Index. It is linked historically to its prior benchmarks.

²⁷ The Custom External US Equity Benchmark return equals the return for each manager's benchmark weighted at the current target asset allocation.

²⁸ The Custom Int'l Equity Benchmark currently represents the FTSE All World ex US Index. It is linked historically to its prior benchmarks.

²⁹ The Custom Internal Int'l Equity Benchmark currently represents the FTSE Developed World ex US/Tobacco Index. This benchmark is linked historically to its prior benchmarks.

³⁰ The Custom External Int'l Equity Benchmark return equals the return for each manager's benchmark weighted at the current target asset allocation.



Absolute Return Strategies Review for PERF Period Ended 3/31/12

ARS Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
ARS	2.2%	0.0%	+2.2%

ARS Segment Performance

	<u>Market Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>5-Year Info Ratio³²</u>	<u>5-Year Up Capture Ratio</u>	<u>5-Year Sharpe Ratio³³</u>	<u>5-Year Sortino Ratio³⁴</u>
Absolute Return Strategies	5.2	1.5%	-1.9%	6.7%	0.7%	-0.9	0.1	-0.1	-0.1
<i>ARS Policy Benchmark³¹</i>		1.2%	5.4%	5.8%	7.4%				
<i>Value Added</i>		0.3%	-7.3%	0.9%	-6.7%				
Total Direct Investments	3.6	1.4%	-1.5%	8.7%	1.3%				
Total Emerging Fund of Hedge Funds	1.5	1.6%	-3.1%	1.3%	-0.3%				
HFRI Fund of Funds Index		3.4%	-3.5%	4.6%	-0.7%				

ARS Characteristics

Percentage of positive <u>Months</u>	<u>Beta vs. S&P 500</u>	<u>Rolling Correlations vs. Index</u>			
		<u>PERS W5000</u>	<u>Domestic 2500</u>	<u>MSCI Fixed Index</u>	<u>AW X US</u>
		64%	0.2	0.6	0.6

- ◆ Beta vs. S&P 500: This measures the amount of stock market risk in the portfolio. A beta of 1.0 would indicate that the portfolio's performance should closely track the stock market, while a beta higher than 1.0 implies greater-than-market risk and possibly leverage. The portfolio's beta is 0.3 which implies a semi-weak relationship to stock market return, which is appropriate for this program.
- ◆ Correlation vs. various indices: We have calculated the historical correlation between the ARS and CalPERS' other main asset classes. Over a market cycle, the ARS has shown positive correlation to the equity markets while exhibiting a negative correlation with fixed income markets.

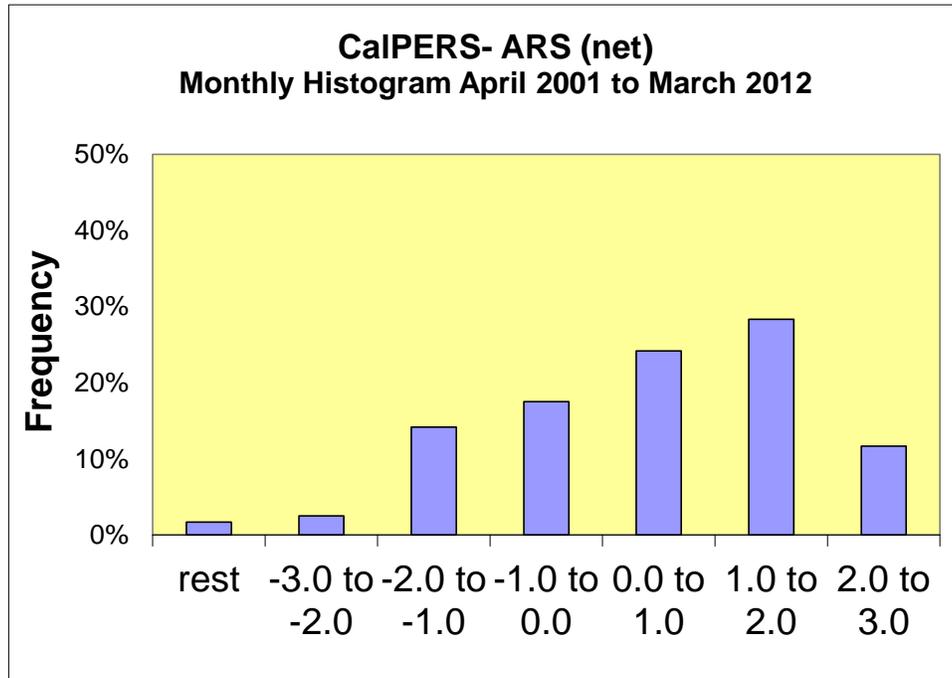
³¹ The ARS Policy Benchmark consists of the Merrill Lynch 1-Year Treasury Note + 5% and is linked historically to its prior benchmark.

³² The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per risk ventured.

³³ The Sharpe Ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

³⁴ The Sortino Ratio is measure of a risk-adjusted return of an investment asset. It is an extension of the Sharpe Ratio. While the Sharpe ratio takes into account any volatility, in return of an asset, Sortino ratio differentiates volatility due to up and down movements. The up movements are considered desirable and not accounted in the volatility.

Absolute Return Strategies Review for PERF (Continued)
Period Ended 3/31/12



- ◆ Histogram: The ARS is designed to generate small amounts of return on a consistent basis. This chart shows the frequency of monthly performance results. A significant number of outlying monthly performance returns would indicate insufficient risk controls. We believe that the distribution of monthly returns is as expected.



Income Review for PERF Periods Ended 3/31/12

Income Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Income	17.1%	17.0%	+0.1%

Income Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ³⁸	5-year Sharpe Ratio ³⁹	5-year Info Ratio ⁴⁰
INCOME	40.4	0.1%	11.3%	14.8%	8.5%	8.2%	\$5.2 bil	1.0	0.1
<i>Income Policy Benchmark</i> ³⁵		-0.4%	12.8%	10.1%	8.1%	7.6%		1.1	0.0
<i>Value Added</i>		0.5%	-1.5%	4.7%	0.4%	0.6%			
U.S. Income	36.8	0.2%	11.9%	15.3%	8.6%	7.9%		1.1	0.1
<i>U.S. Income Policy Benchmark</i> ³⁶		-0.5%	13.5%	10.3%	8.1%	7.4%		1.1	0.0
<i>Value Added</i>		0.7%	-1.6%	5.0%	0.5%	0.5%			
Non-U.S. Income	3.6	-0.3%	5.7%	10.9%	8.2%	9.3%		0.7	0.7
<i>Non-US Income Policy Benchmark</i> ³⁷		-0.3%	4.1%	7.3%	6.9%	8.6%		0.6	0.0
<i>Value Added</i>		0.0%	1.6%	3.6%	1.3%	0.7%			

Comments Regarding Income Segment Performance

Helped Performance:

- ◆ **Corporate Bonds:** CalPERS' corporate bonds portfolio did well during the first quarter of 2011 with a positive return of 2.6%. This quarter's results were driven by continued encouraging U.S. economic data and the generally positive outcome of the stress tests for 19 U.S. banks, which allowed investment grade corporate bonds to outperform the overall Income policy benchmark's -0.4% return this quarter.
- ◆ **Mortgage Bonds:** CalPERS' mortgage portfolio reported a return of 1.0% that beat the overall income policy benchmark for the quarter.

³⁵ The Income Policy Benchmark return equals the benchmark returns for domestic and international fixed income components weighted at policy allocation target percentages.

³⁶ The US Fixed Income Policy Benchmark consists of the Barclays Long Liability Index and is linked historically to its prior benchmark.

³⁷ The Non-US Fixed Income Policy Benchmark consists of the Barclays International Fixed Income and is linked historically to its prior benchmark.

³⁸ VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

³⁹ The Sharpe Ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

⁴⁰ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per risk ventured.



- ◆ **High Yield Bonds:** High yield bonds generated the highest return among all major Income portfolios, with an overall gain of 4.0%. Due to more favorable economic outlook and risk appetite for risk assets, both the internal and external high yield portfolios did well during the quarter and returned 4.2% and 5.3%, respectively.
- ◆ **International Fixed Income:** The System's external international bond segment returned -0.3%, but was slightly ahead of the Income policy benchmark.

Impeded Performance:

- ◆ **Treasury Bonds:** The treasuries portfolio declined -3.0% during the quarter, underperforming the Income policy benchmark and most other fixed income portfolios, as investors sought after bonds offering extra income and pushed up U.S. Treasury yields.



Income Review for PERF (Continued)

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	Date
INCOME	40.4						
<i>Income Policy Benchmark</i> ⁴¹		-0.4%	12.8%	10.1%	8.1%	7.6%	
<i>Value Added</i>		0.5%	-1.5%	4.7%	0.4%	0.6%	
Internal US Income + Opportunistic	36.8	0.2%	11.9%	15.3%	8.6%	7.9%	12/95
Mortgage Bonds*	9.3	1.0%	6.8%	9.9%	6.5%	5.9%	12/82
Long Duration Mortgages*	3.0	2.3%	11.0%	18.1%	9.4%	-.%	6/05
Corporate Bonds*	8.8	2.6%	12.6%	18.8%	8.6%	8.2%	3/02
U.S. Government*	13.7	-3.0%	18.1%	6.9%	8.6%	7.6%	12/99
Sovereign Bonds* ⁴²	1.0	1.9%	15.5%	13.0%	8.4%	8.9%	6/96
Duration/SEC Allocation*	0.1	4.3%	17.1%	29.3%	10.4%	-.%	9/05
<i>Custom Benchmark</i> ⁴³		-0.5%	13.5%	10.3%	8.1%	7.4%	
Opportunistic ⁴⁴	2.3	4.0%	-5.2%	34.0%	0.9%	9.6%	6/00
Internal High Yield Bonds*	0.7	4.2%	-1.9%	20.5%	11.3%	13.6%	9/99
External High Yield*	1.1	5.3%	5.5%	20.9%	3.1%	7.5%	3/02
High Yield Mortgage*	0.2	2.6%	-7.2%	9.4%	-.%	-.%	3/08
<i>Citigroup High Yield Cash Pay</i>		5.0%	6.5%	23.0%	7.7%	8.9%	
Special Investments	0.4	0.6%	3.6%	3.6%	4.8%	5.6%	3/91
External International Income	3.6	-0.3%	5.7%	10.9%	8.2%	9.3%	3/89
<i>Custom Benchmark</i> ⁴⁵		-0.3%	4.1%	7.3%	6.9%	8.6%	
<i>Value Added</i>		0.0%	1.6%	3.6%	1.3%	0.7%	
Currency overlay ⁴⁶							
Pareto	0.1	0.1%	-2.1%	-0.8%	-0.4%	0.9%	6/02
<i>Custom Benchmark</i>		-0.1%	-0.6%	-0.4%	-0.1%	0.1%	
<i>Value Added</i>		0.2%	-1.5%	-0.4%	-0.3%	0.8%	
SSgA	0.0	0.0%	-0.9%	0.5%	0.4%	0.9%	12/96
<i>Custom Benchmark</i>		-0.1%	-0.6%	-0.4%	-0.1%	0.1%	
<i>Value Added</i>		0.1%	-0.3%	0.9%	0.5%	0.8%	

⁴¹ The Income Policy Benchmark return equals the benchmark returns for domestic and international fixed income components weighted at policy allocation target percentages.

⁴² The Internal Sovereign Bond market value is also included in the Internal Treasury Bond market value.

⁴³ The custom benchmark consists of the Barclays Long Liability Index. Prior of 3Q 2004 the benchmark was Citigroup LPF.

⁴⁴ Opportunistic includes internal and external high yield. Internal High Yield's market value is included in both the Total Internal Bonds and the Opportunistic Market Values.

⁴⁵ The custom benchmark consists of the Barclays International Fixed Income Index and is linked historically to its prior benchmark.

⁴⁶ The Currency Overlay program is rolled directly into total fund but it is managed by the fixed income managers. The market value is the gain or loss.

* These portfolios and/or composites are unitized and are included across multiple plans.

** These portfolios hold the collateral for the security lending program.

CalPERS
Performance Analysis
March 31, 2012



Income Review for PERF (Continued)

	Market	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Date</u>
Securities Lending*	8.1	0.1%	1.8%	2.9%	1.3%	2.1%	8/00
<i>Custom Benchmark</i>		0.0%	0.1%	0.1%	1.2%	2.0%	
<i>Value Added</i>		0.1%	1.7%	2.8%	0.1%	0.1%	
High Quality LIBOR**	1.6	0.2%	0.6%	1.9%	0.9%	1.9%	9/00
<i>Custom Benchmark</i>		0.0%	0.1%	0.1%	1.2%	2.0%	
<i>Value Added</i>		0.2%	0.5%	1.8%	-0.3%	-0.1%	
Short Duration LIBOR**	0.9	1.0%	2.5%	8.5%	2.2%	-.-%	9/02
<i>Custom Benchmark</i>		0.0%	0.1%	0.1%	1.2%	-.-%	
<i>Value Added</i>		1.0%	2.4%	8.4%	1.0%	-.-%	
Sec Lending Internal Collateral Reinvest**	0.3	0.1%	0.5%	-.-%	-.-%	-.-%	9/09
<i>Custom Benchmark</i>		0.0%	0.1%	-.-%	-.-%	-.-%	
<i>Value Added</i>		0.1%	0.4%	-.-%	-.-%	-.-%	
Internal Active Short Term**	0.7	0.1%	0.2%	-.-%	-.-%	-.-%	3/11
<i>Custom Benchmark</i>		0.0%	0.0%	-.-%	-.-%	-.-%	
<i>Value Added</i>		0.1%	0.2%	-.-%	-.-%	-.-%	
CalPERS ESEC Cash Collateral**	4.4	0.0%	-.-%	-.-%	-.-%	-.-%	6/10
<i>Custom Benchmark</i>		0.0%	0.1%	-.-%	-.-%	-.-%	
<i>Value Added</i>		0.0%	-.-%	-.-%	-.-%	-.-%	

* The Securities Lending composite is a non-PERF composite. The composite includes the Structure Investment Vehicles performance.

** These portfolios hold the collateral for the securities lending program.



Inflation Performance for PERF Period Ended 3/31/12

Inflation Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Inflation	3.2%	4.0%	-0.8%

Inflation Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ⁴⁹	5-year	5-year
								Sharpe	Info
INFLATION	7.5	3.6%	3.5%	12.4%	--%	--%	\$0.6 bil	Ratio ⁵⁰	Ratio ⁵¹
<i>Inflation Policy Benchmark</i> ⁴⁷		3.0%	5.4%	10.3%	--%	--%		N/A	N/A
<i>Value Added</i>		0.6%	-1.9%	2.1%	--%	--%		N/A	N/A
Commodities ⁴⁸	3.6	5.9%	-6.3%	13.5%	--%	--%			
<i>GSCI Total Return Index</i>		5.9%	-6.2%	13.1%	--%	--%			
<i>Value Added</i>		0.0%	-0.1%	0.4%	--%	--%			
Inflation Linked Bonds	3.9	1.6%	11.1%	9.6%	--%	--%			
<i>Custom Benchmark</i>		2.0%	10.8%	9.4%	--%	--%			
<i>Value Added</i>		-0.4%	0.3%	0.2%	--%	--%			

- ◆ The CalPERS Inflation asset class posted another quarter of solid return and performed better than its policy benchmark by roughly 60 basis points. Most of this can be attributed to the continued rally of the commodities portfolio, which followed up its 4Q gain of 9.0% by matching the GSCI Total Return Index' 5.9% return during the first quarter of 2012. The inflation linked fixed income portfolio also finished in the positive territory with a return of 1.6% for the quarter, although it slightly trailed its custom benchmark. The Inflation asset class' one-year return currently trails its policy benchmark, but it has outperformed over the three-year mark.

⁴⁷ The Inflation Policy Benchmark equals the benchmark returns of commodities and TIPS weighted at policy allocation target percentages.

⁴⁸ The commodities overlay portfolio is a derivatives portfolio which has no market value but a notional value approximately equal to the size of the commodities collateral.

⁴⁹ VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

⁵⁰ The Sharpe Ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

⁵¹ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per unit of excess risk ventured.



Real Assets Review for PERF Period Ended 3/31/12

Real Assets Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Real Assets	9.2%	11.0%	-1.8%

Real Assets Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ⁵⁶	5-year Sharpe Ratio ⁵⁷	5-year Info Ratio ⁵⁸
REAL ASSETS	21.8	1.9%	7.1%	-12.5%	-11.9%	2.6%	\$2.5 bil	-0.8	-1.2
<i>Real Assets Policy Benchmark</i> ⁵²		2.9%	12.2%	3.7%	4.4%	9.8%		0.5	0.0
<i>Value Added</i>		-1.0%	-5.1%	-16.2%	-16.3%	-7.2%			
Real Estate ⁵³	18.9	3.1%	8.6%	-14.0%	-13.4%	1.7%	\$2.6 bil	-0.8	-1.2
<i>Real Estate Policy Benchmark</i> ⁵⁴		3.4%	14.1%	6.8%	4.8%	8.9%		0.5	0.0
<i>Value Added</i>		-0.3%	-5.5%	-20.8%	-18.2%	-7.2%			
Forestland ⁵⁵	2.1	-7.2%	-10.8%	-4.0%	-.%	-.%			
<i>NCREIF Timberland Index</i>		0.5%	1.6%	-1.1%	-.%	-.%			
<i>Value Added</i>		-7.7%	-12.4%	-2.9%	-.%	-.%			
Infrastructure ⁵⁵	0.8	0.5%	42.5%	26.2%	-.%	-.%			
<i>CPI + 400 BPS 1Qtr Lag</i>		0.4%	7.5%	7.3%	-.%	-.%			
<i>Value Added</i>		0.1%	35.0%	18.9%	-.%	-.%			

- ◆ CalPERS' Real Assets composite generated a total return of 1.9% during the first quarter and underperformed relative to its policy benchmark. The System's real estate portfolios, which include public as well as private real estate investments and currently represent 87% of the Real Assets composite, posted solid 1Q gains of 3.1% that was just slightly behind its policy benchmark's 3.4%. The Real Assets composite's two remaining components, which consist of forestland and infrastructure portfolios, did not perform as well as their real estate counterpart. This was particularly notable with the forestland portfolio, which reported a decline of -7.2% during the first quarter, underperforming its policy benchmark and was a large drag on the Real Assets composite's overall performance. Over the one-year and longer periods, the Real Assets composite's track record has continued to lag behind its policy benchmark.

⁵² The Real Assets Policy Benchmark equals the benchmark returns of real estate, timber, and infrastructure weighted at policy allocation target percentages.

⁵³ The Real Estate performance is reported on a 1-quarter lagged basis. The Real Estate total returns are net of investment management fees and all expenses, including property level operations expenses netted from property income. This method differs from GASB 31, which requires all investment expenses be identified for inclusion in the System's general purpose financial statements.

⁵⁴ The Real Estate Policy Benchmark consists of the NCREIF ODCE Index (1-quarter lagged) and the FTSE EPRA/NAREIT Developed Index weighted at their policy allocation target percentages. It is historically linked to its prior benchmarks.

⁵⁵ These investments are reported on a 1-quarter lagged basis.

⁵⁶ VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

⁵⁷ The Sharpe Ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

⁵⁸ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per unit of excess risk ventured.



Real Assets Review for PERF (Continued) Period Ended 3/31/12

Real Estate Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ⁶¹	5-year Sharpe Ratio ⁶²	5-year Info Ratio ⁶³
Real Estate ⁵⁹	18.9	3.1%	8.6%	-14.0%	-13.4%	1.7%	\$2.6 bil	-0.8	-1.2
<i>Real Estate Policy Benchmark</i> ⁶⁰		3.4%	14.1%	6.8%	4.8%	8.9%		0.5	0.0
<i>Value Added</i>		-0.3%	-5.5%	-20.8%	-18.2%	-7.2%			
Strategic Real Estate	11.0	2.4%	9.9%	2.4%	5.0%	13.1%			
<i>Wt. NCREIF ODCE+FTSE EPRA NAREIT</i>		3.4%	14.1%	6.8%	4.8%	8.9%			
<i>Value Added</i>		-1.0%	-4.2%	-4.4%	0.2%	4.2%			
Legacy Real Estate ex Public	6.5	2.4%	8.4%	-20.9%	-18.4%	-1.7%			
<i>Wt. NCREIF ODCE+FTSE EPRA NAREIT</i>		3.4%	14.1%	6.8%	4.8%	8.9%			
<i>Value Added</i>		-1.0%	-5.7%	-27.7%	-23.2%	-10.6%			
Public REITS	1.3	12.9%	3.0%	30.7%	-5.2%	-.-%			
<i>FTSE EPRA/NAREIT DE Index</i>		12.9%	3.2%	31.5%	-4.1%	-.-%			
<i>Value Added</i>		0.0%	-0.2%	-0.8%	-1.1%	-.-%			

⁵⁹ The Real Estate performance is reported on a 1-quarter lagged basis. The Real Estate total returns are net of investment management fees and all expenses, including property level operations expenses netted from property income. This method differs from GASB 31, which requires all investment expenses be identified for inclusion in the System's general purpose financial statements.

⁶⁰ The Real Estate Policy Benchmark consists of the NCREIF ODCE Index (1-quarter lagged) and the FTSE EPRA/NAREIT Developed Index weighted at their policy allocation target percentages. It is historically linked to its prior benchmarks.

⁶¹ VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

⁶² The Sharpe Ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

⁶³ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per unit of excess risk ventured.



Liquidity Review for PERF Period Ended 3/31/12

Liquidity Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Liquidity	3.4%	4.0%	-0.6%

Liquidity Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ⁶⁶	5-year Sharpe Ratio ⁶⁷	5-year Info Ratio ⁶⁸
LIQUIDITY	8.0	-0.4%	3.4%	1.4%	2.2%	2.5%	\$0.4 bil	N/A	N/A
<i>Liquidity Policy Benchmark</i> ⁶⁴		-0.5%	3.7%	1.4%	2.2%	2.4%			
<i>Value Added</i>		0.1%	-0.3%	0.0%	0.0%	0.1%			
US 2-10 Year	5.2	-0.7%	-.%	-.%	-.%	-.%			
<i>Barclays Gov Liquidity 2-10 Yr Idx</i>		-0.6%	-.%	-.%	-.%	-.%			
<i>Value Added</i>		-0.1%	-.%	-.%	-.%	-.%			
Cash Composite	2.8	0.0%	0.1%	0.3%	1.5%	2.2%			
<i>Csutom STIF</i> ⁶⁵		0.0%	0.0%	0.2%	1.5%	2.0%			
<i>Value Added</i>		0.0%	0.1%	0.1%	0.0%	0.2%			

⁶⁴The Liquidity Policy Benchmark is a custom index maintained by State Street Bank.

⁶⁵The Custom STIF Policy Benchmark is a custom index maintained by State Street Bank.

⁶⁶VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

⁶⁷The Sharpe Ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

⁶⁸The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per unit of excess risk ventured.

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Performance Analysis
March 31, 2012*

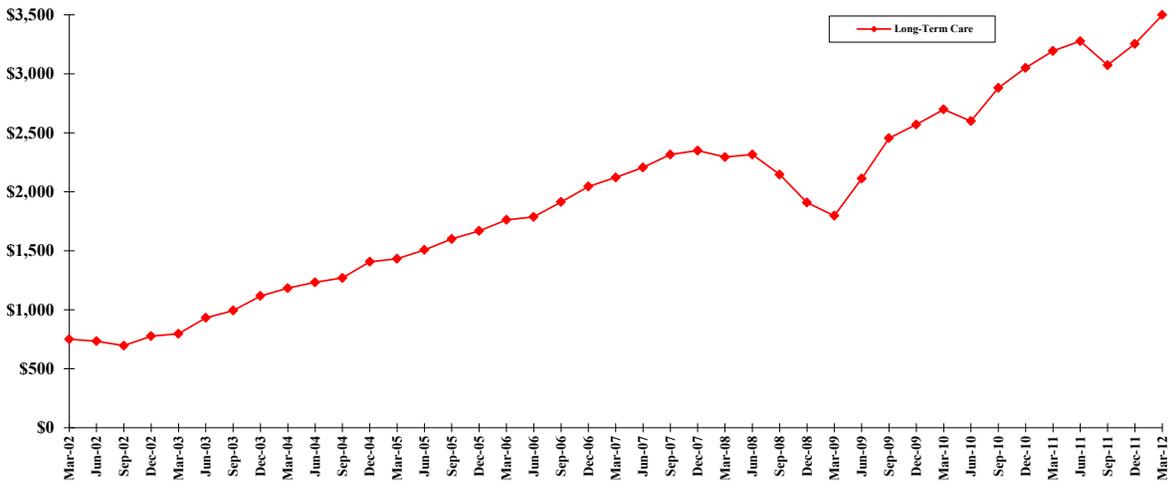
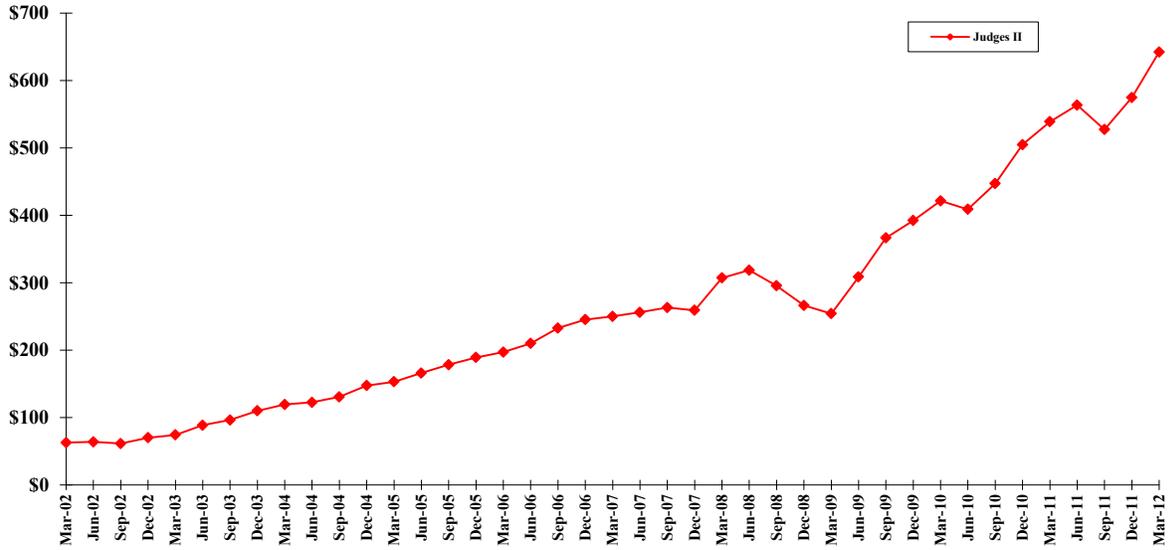


Affiliate Fund Information



Affiliate Fund Performance Period Ended March 31, 2012

Growth in Assets (in \$Millions)



Total Fund Performance Results

Total Fund Performance Periods Ended March 31, 2012

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Judges II	\$642.2 mil	8.9%	6.3%	19.9%	3.1%	5.9%
<i>Weighted Policy Benchmark</i> ⁶⁹		8.8	7.2	19.1	3.3	6.0
Long-Term Care ("LTC")	\$3,497.6 mil	6.6	5.5	18.9	3.9	6.0
<i>Weighted Policy Benchmark</i> ⁶⁹		6.3	6.0	17.8	4.0	5.9

Total Fund Asset Allocation

Judges II Asset Allocation: Actual versus Target Weights*

<u>Asset Class</u>	<u>Actual Asset Allocation (%)</u>	<u>Target Asset Allocation (%)</u>	<u>Difference</u>
Global Equity	63.2	63.0	0.2
US Fixed Income	19.9	20.0	-0.1
TIPS	5.9	6.0	-0.1
REITs	8.1	8.0	0.1
Commodities	2.9	3.0	-0.1
Total	100.0	100.0	0.0

LTC Asset Allocation: Actual versus Target Weights*

<u>Asset Class</u>	<u>Actual Asset Allocation (%)</u>	<u>Target Asset Allocation (%)</u>	<u>Difference</u>
US Equity	25.5	25.0	0.5
Int'l Equity	19.0	19.0	0.0
US Fixed Income	29.6	30.0	-0.4
TIPS	14.8	15.0	-0.2
REITs	8.2	8.0	0.2
Commodities	2.9	3.0	-0.1
Total	100.0	100.0	0.0

⁶⁹ The weighted policy benchmark returns for Judges II and LTC are based on asset class index returns weighted by asset class policy targets.

* The policy allocation targets shown for Judges II are as of 10/1/2011 and for LTC are as of 12/31/2011. The LTC fund is currently transitioning towards a different asset allocation mix. The process was initiated in September 2011 and is expected to be completed in summer of 2012.



Commentary – Total Fund

- ◆ For the quarter ended March 31, 2012, the Judges II (JRS II) generated a total return of 8.9% and outpaced its weighted policy benchmark's return of 8.8%. The Plan's long-term performance matched well against its policy benchmark and has outperformed over the three-year mark.
- ◆ The Long-Term Care Program (LTC) generated a first quarter return of 6.6% and outperformed its weighted policy benchmark's return of 6.3%. The LTC's longer term record has also done well, outpacing its policy benchmark over the three-year and ten-year periods.
- ◆ At the end of the quarter, Judges II was overweight in global equity and public real estate securities while underweight in U.S. fixed income, TIPS and commodities.
- ◆ The LTC was overweight in equities and public real estate securities while underweight in U.S. fixed income, TIPS and commodities.

Asset Class Performance Results – Judges II

Judges II Asset Class Performance Periods Ended March 31, 2012

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
JRS II Global Equity	\$406.1 mil	12.2%	-0.3%	20.4%	-0.2%	4.6%
<i>Global Equity Benchmark</i> ⁷⁰		12.2	-0.1	20.4	-0.2	4.5
JRS II US Fixed Income	\$127.4 mil	0.2	12.3	14.2	8.4	7.0
<i>Custom Benchmark</i> ⁷¹		-0.5	13.5	10.3	8.1	6.6
JRS II TIPS	\$37.8 mil	0.9	--	--	--	--
<i>Custom Benchmark</i> ⁷²		0.9	--	--	--	--
JRS II REITs	\$52.2 mil	12.9	3.0	31.7	-5.5	--
<i>Custom Benchmark</i> ⁷³		12.9	3.2	32.2	-6.1	--
JRS II Commodities	\$18.6 mil	5.9	--	--	--	--
<i>GSCI Total Return Index</i>		5.9	--	--	--	--

⁷⁰ The JRS II Global Equity Benchmark is a custom global benchmark maintained by FTSE starting on 9/8/2011. Prior of that it is calculated as an asset weighted benchmark of its underlying domestic and international funds.

⁷¹ The current US Fixed Income Custom Benchmark is the Barclays Long Liability Index. Barclays Long Liability ex TIPS was used as the benchmark between June 2005 and May 2007. Prior of that the benchmark was Citigroup LPF.

⁷² The TIPS benchmark is the Barclays U.S. TIPS Index.

⁷³ The REIT Custom Benchmark is the FTSE EPRA/NAREIT Developed Index. Historically, it has been the Wilshire RESI and REIT Indices.

Commentary – Judges II

- ◆ JRS II's global equity portfolio generated a return of 12.2% during Q1 and matched its custom benchmark. Over the one-year and longer periods, the portfolio continues to track very closely to its custom benchmark.
- ◆ The Judges II's US fixed income portfolio eked out a small gain of 0.2% for the quarter and performed better than its custom benchmark, the Barclays Long Liability Index, which was down -0.5%. Over the long-term, the fixed income portfolio's track record has also done well versus the benchmark.
- ◆ The TIPS portfolio, which just finished its second quarter since funding, returned 0.9% and matched the Barclays U.S. TIPS Index.
- ◆ Similar to global equity, JRS II's REIT portfolio reported a solid quarter with a gain of 12.9% that mirrored its custom benchmark, currently the FTSE EPRA/NAREIT Developed Index. In absolute terms, the REIT portfolio's track record has done well over the one-year and three-year periods, but it still lags the custom benchmark by a small margin.
- ◆ The relatively new commodities portfolio posted a gain of 5.9% and matched its benchmark, currently the GSCI Total Return Index.



Asset Class Performance Results – Long-Term Care

Long-Term Care Asset Class Performance Periods Ended March 31, 2012

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
LTC US Equity	\$890.7 mil	12.6%	8.1%	23.2%	1.8%	3.9%
<i>Custom Benchmark ⁷⁴</i>		12.6	8.1	23.2	1.8	3.9
LTC Int'l Equity	\$663.9 mil	11.0	-6.8	18.3	-2.4	6.4
<i>Custom Benchmark ⁷⁵</i>		10.9	-6.9	18.2	-2.4	6.3
LTC US Fixed Income	\$1,036.4mil	0.2	12.3	14.2	8.4	7.2
<i>Custom Benchmark ⁷⁶</i>		-0.5	13.5	10.3	8.1	6.6
LTC TIPS	\$517.2 mil	0.9	12.1	8.5	7.7	--
<i>Barclays U.S. TIPS Index</i>		0.9	12.2	8.7	7.6	--
LTC REITs	\$285.8 mil	12.9	3.0	31.7	-5.9	--
<i>Custom Benchmark ⁷⁷</i>		12.9	3.2	32.2	-6.1	--
LTC Commodities	\$103.5 mil	5.9	--	--	--	--
<i>GSCI Total Return Index</i>		5.9	--	--	--	--

Commentary – Long-Term Care

- ◆ The LTC US equity fund, which is invested in the Custom S&P 500 ex-Tobacco Index Fund, produced a solid gain of 12.6% for the quarter and matched the return of its custom benchmark. The US equity fund has continued to track very closely to the S&P 500 ex-Tobacco Index over longer-term periods.
- ◆ The LTC international equity fund also generated a strong return of 11.0% that was slightly ahead of its custom benchmark, the FTSE Developed World ex-US & Tobacco Index. Over the long term, the fund continues to track closely to the benchmark.

⁷⁴ The LTC US Equity Custom Benchmark is a custom tobacco-free S&P 500 since February 2001 performance. Prior of that the benchmark was the S&P 500 Index.

⁷⁵ Effective October 1, 2006, the LTC Int'l Custom Benchmark is the FTSE Developed World ex-U.S. & Tobacco Index. Prior of that the benchmark was the MSCI EAFE Index (Net).

⁷⁶ The LTC US Fixed Income Custom Benchmark is the Barclays Long Liability Index. Barclays Long Liability ex TIPS ex High Yield was the benchmark between June 2007 and July 2005. Prior of that the benchmark was the Barclays Aggregate Bond Index.

⁷⁷ The REIT Custom Benchmark is the FTSE EPRA/NAREIT Developed Index. Historically, it has been the Wilshire RESI and REIT Indices.

Commentary – Long-Term Care

- ◆ The LTC U.S. fixed income portfolio was the lowest returning segment during the 1Q with a 0.2% gain, but still performed better relative to its custom benchmark, the Barclays Long Liability Index. Over the long-term, the fixed income portfolio's track record also fared well relative to the benchmark.
- ◆ The LTC TIPS portfolio mirrored its custom benchmark, currently the Barclays U.S. TIPS Index, for the quarter with a small gain of 0.9%. The TIPS portfolio is performing in line with expectations and has added value over the five-year period.
- ◆ The REIT portfolio was the highest returning asset class this quarter, at 12.9% and matched its custom benchmark, currently the FTSE EPRA/NAREIT Developed Index. The REIT portfolio's longer-term track record has done well and continues to track relatively close to its benchmark.
- ◆ The commodities portfolio, which has just finished its first full quarter of performance, saw a gain of 5.9% and mirrored its benchmark, the GSCI Total Return Index.

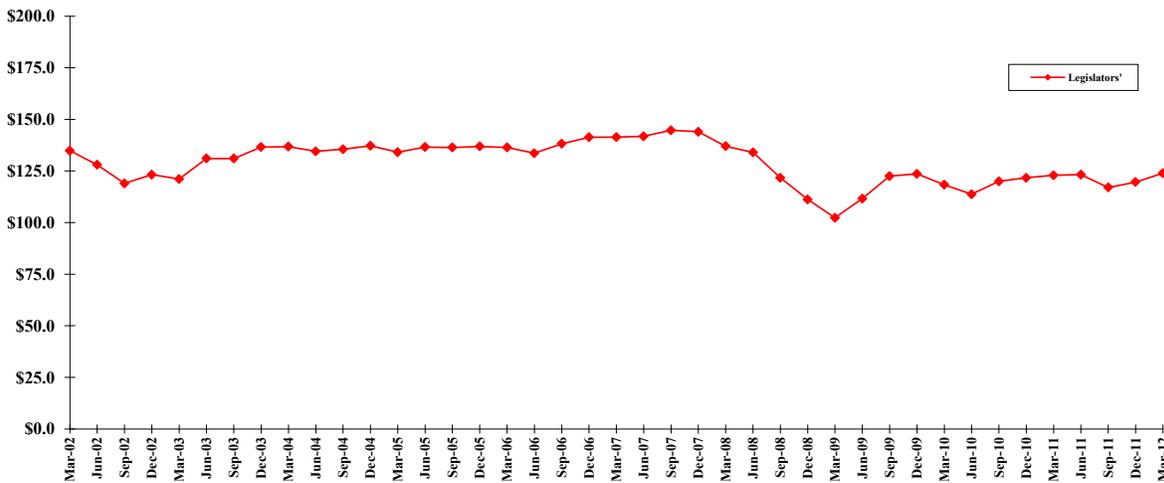
*CalPERS
Performance Analysis
March 31, 2012*



Legislators' Information

California Legislators' Retirement System

Growth in Assets



Total Fund Performance Results

Total Fund Performance Periods Ended March 31, 2012

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
LRS	\$123.9 mil	5.3%	8.2%	16.8%	5.5%	6.3%
<i>Weighted Policy Benchmark</i> ⁷⁸		5.0	9.1	14.8	5.4	6.6

Asset Allocation

Asset Class	Actual	Policy	Difference
Global Equity	32.2%	32.0%	+0.2%
US Fixed Income	41.8	42.0	-0.2
TIPS	14.9	15.0	-0.1
REITs	8.1	8.0	+0.1
Commodities	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>
	100.0	100.0	0.0

⁷⁸ The weighted policy benchmark returns are calculated based on asset class index returns weighted by asset class policy targets.



Commentary

- ◆ The California Legislators' Retirement System ("LRS, the System") generated an overall return of 5.3% for the first quarter of 2012 and modestly beat its weighted policy benchmark, which returned 5.0%. While the System's one-year return trailed the policy benchmark by a notable margin, its longer-term track record has otherwise performed relatively well, beating its policy benchmark over the three- and five-year marks.
- ◆ As of March 31, the System was slightly overweight in global equity and REITs while underweight in U.S. fixed income and TIPS.

Asset Classes Performance Results

Asset Class Performance Periods Ended March 31, 2012

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
LRS Global Equity	\$39.9 mil	12.2%	0.3%	20.4%	0.0%	4.2%
<i>Global Equity Benchmark</i> ⁷⁹		12.2	0.5	20.5	0.0	4.2
LRS US Fixed Income	\$51.8 mil	0.2	12.3	14.2	8.4	7.1
<i>Custom Benchmark</i> ⁸⁰		-0.5	13.5	10.3	8.1	7.4
LRS TIPS	\$18.4 mil	0.9	12.1	8.5	7.7	--
<i>Custom Benchmark</i> ⁸¹		0.9	12.2	8.7	7.6	--
LRS REITs	\$10.1 mil	12.9	--	--	--	--
<i>Custom Benchmark</i> ⁸²		12.9	--	--	--	--
LRS Commodities	\$3.7 mil	5.9	--	--	--	--
<i>GSCI Total Return Index</i>		5.9	--	--	--	--

⁷⁹ The LRS Global Equity Benchmark is a custom global benchmark maintained by FTSE starting on 9/8/2011. Prior of that it is calculated as an asset weighted benchmark of its underlying domestic and international funds.

⁸⁰ The current benchmark is the Barclays Long Liability Index. Barclays Long Liability ex TIPS was used as the benchmark between June 2005 and May 2007. Prior of that the benchmark was Citigroup LPF.

⁸¹ The current benchmark is the Barclays U.S. TIPS Index. Prior of July 2007 the benchmark was the Barclays Long Liability TIPS Index.

⁸² The REIT Custom Benchmark is the FTSE EPRA/NAREIT Developed Index.

Commentary

- ◆ The System's global equity portfolio delivered strong gains in the first quarter of 2012, returning 12.2% and matched its custom benchmark.
- ◆ LRS' U.S. fixed income portfolio earned a small but positive return of 0.2% that beat its custom benchmark, the Barclays Long Liability Index, which was down -0.5% for the quarter. Over the long-term, the portfolio's track record has done well relative to the benchmark.
- ◆ The LRS TIPS portfolio's 1Q return of 0.9% matched its custom benchmark, currently the Barclays U.S. TIPS Index. The TIPS portfolio is performing in line with expectations and has added value over the five-year period.
- ◆ The LRS REIT portfolio, which was funded in late 2011, finished the first quarter of 2012 with a gain of 12.9%, matching its custom benchmark and was the highest performing LRS asset class.
- ◆ The LRS commodities portfolio, funded together with the REITs allocation, generated a return of 5.9% for the quarter and matched the GSCI Total Return Index.

*CalPERS
Performance Analysis
March 31, 2012*



California Employers' Retiree Benefit Trust



California Employers' Retiree Benefit Trust Strategy 1

Asset Allocation

Asset Class	Actual	Policy*	Difference
US Equity	35.4%	35.0%	+0.4%
International Equity	30.7	31.0	-0.3
US Bonds	17.9	18.0	-0.1
High Yield	0.0	0.0	0.0
TIPS	4.9	5.0	-0.1
REITS	8.0	8.0	0.0
Commodities	2.9	3.0	-0.1
Cash Equivalents	<u>0.2</u>	<u>0.0</u>	<u>+0.2</u>
	100.0	100.0	0.0

Total Fund Performance Results

Total Fund Performance Periods Ended March 31, 2012

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
Total Fund	\$1,831.2 mil	9.0%	4.0%	20.8%	--%	--%
<i>Benchmark</i>		8.9	4.4	20.5	--	--
Domestic Equity	647.4 mil	12.6	8.1	23.2	--	--
<i>Benchmark</i>		12.6	8.1	23.2	--	--
International Equity	562.0 mil	11.0	-6.8	18.3	--	--
<i>Benchmark</i>		10.9	-6.9	18.2	--	--
Fixed Income	326.9 mil	0.2	12.3	14.2	--	--
<i>Benchmark</i>		-0.5	13.5	10.3	--	--
High Yield	0.03 mil	-1.8	-2.9	20.3	--	--
<i>Benchmark</i>		5.0	6.5	23.0	--	--
REITs	147.0 mil	12.9	3.0	31.6	--	--
<i>Benchmark</i>		12.9	3.2	32.2	--	--
TIPS	90.5 mil	0.9	--	--	--	--
<i>Benchmark</i>		0.9	--	--	--	--
Commodities	53.8 mil	5.9	--	--	--	--
<i>Benchmark</i>		5.9	--	--	--	--
Cash	3.4 mil	0.0	0.1	0.2	--	--

* The policy asset allocation targets shown are interim targets as of 1/1/2012. The CERBT Strategy 1 is currently transitioning towards a different asset allocation mix. The process was initiated in September 2011 and is expected to be completed in summer of 2012.



California Employers' Retiree Benefit Trust Strategy 2

Asset Allocation

Asset Class	Actual	Policy*	Difference
US Equity	20.3%	20.0%	+0.3%
International Equity	29.9	30.0	-0.1
US Bonds	23.9	24.0	-0.1
TIPS	14.9	15.0	-0.1
REITS	8.1	8.0	+0.1
Commodities	2.9	3.0	-0.1
Cash Equivalents	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	100.0	100.0	0.0

Total Fund Performance Results

Total Fund Performance Periods Ended March 31, 2012

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
Total Fund	\$178.6 mil	7.1%	--	--%	--%	--%
<i>Benchmark</i>		7.0	--	--	--	--
Domestic Equity	36.2 mil	12.6	--	--	--	--
<i>Benchmark</i>		12.6	--	--	--	--
International Equity	53.4 mil	11.0	--	--	--	--
<i>Benchmark</i>		10.9	--	--	--	--
Fixed Income	42.6 mil	0.2	--	--	--	--
<i>Benchmark</i>		-0.5	--	--	--	--
TIPS	26.6 mil	0.9	--	--	--	--
<i>Benchmark</i>		0.9	--	--	--	--
REITs	14.4 mil	12.9	--	--	--	--
<i>Benchmark</i>		12.9	--	--	--	--
Commodities	5.3 mil	5.9	--	--	--	--
<i>Benchmark</i>		5.9	--	--	--	--
Cash	0.03 mil	0.0	--	--	--	--

* The policy asset allocation targets shown are interim targets as of 10/1/2011. The CERBT Strategy 2 is currently transitioning towards a different asset allocation mix. The process was initiated in September 2011 and is expected to be completed in summer of 2012.



California Employers' Retiree Benefit Trust Strategy 3

Asset Allocation

Asset Class	Actual	Policy*	Difference
US Equity	13.1%	12.8%	+0.3%
International Equity	19.3	19.2	+0.1
US Bonds	41.7	42.0	-0.3
TIPS	14.8	15.0	-0.2
REITS	8.1	8.0	+0.1
Commodities	3.0	3.0	0.0
Cash Equivalents	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	100.0	100.0	0.0

Total Fund Performance Results

Total Fund Performance Periods Ended March 31, 2012

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
Total Fund	\$3.8 mil	4.8%	-.%	-.%	-.%	-.%
<i>Benchmark</i>		4.8	--	--	--	--
Domestic Equity	0.5 mil	12.6	--	--	--	--
<i>Benchmark</i>		12.6	--	--	--	--
International Equity	0.7 mil	11.0	--	--	--	--
<i>Benchmark</i>		10.9	--	--	--	--
Fixed Income	1.6 mil	0.2	--	--	--	--
<i>Benchmark</i>		-0.5	--	--	--	--
TIPS	0.6 mil	0.9	--	--	--	--
<i>Benchmark</i>		0.9	--	--	--	--
REITs	0.3 mil	12.9	--	--	--	--
<i>Benchmark</i>		12.9	--	--	--	--
Commodities	0.1 mil	5.9	--	--	--	--
<i>Benchmark</i>		5.9	--	--	--	--
Cash	0.0 mil	0.0	--	--	--	--

* The policy asset allocation targets shown are interim targets as of 10/1/2011. The CERBT Strategy 3 is currently transitioning towards a different asset allocation mix. The process is expected to be completed in summer of 2012.



Health Care Bond Fund

Total Fund Performance Results

Total Fund Performance Periods Ended March 31, 2012

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Health Care Bond Fund	\$477.3 mil	0.9%	7.3%	8.3%	-.-%	-.-%
<i>Benchmark</i>		0.3	7.7	6.8	--	--

*CalPERS
Performance Analysis
March 31, 2012*



Supplemental Income Plans

CalPERS
Performance Analysis
March 31, 2012



Supplemental Income Plan Performance

Net Fund Performance Results – Supplemental Contribution Plan

Periods Ended March 31, 2012

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>
CalPERS International Index	\$303.3 thous	10.9	-6.9	18.1	--
<i>FTSE Dev. World Index Ex-US</i>		10.9	-6.8	18.4	--
CalPERS Small/Mid Equity Index	\$389.7 thous	13.0	1.5	28.4	--
<i>Russell 2500</i>		13.0	1.3	28.4	--
CalPERS Target 2010	\$103.3 thous	6.6	4.5	13.7	--
<i>SIP 2010 Index</i>		5.9	5.4	15.2	--
CalPERS Target 2015	\$14.5 thous	7.6	3.7	--	--
<i>SIP 2015 Index</i>		6.9	4.7	--	--
CalPERS Target 2020	\$83.4 thous	8.4	2.9	16.7	--
<i>SIP 2020 Index</i>		7.8	4.0	18.0	--
CalPERS Target 2025	\$64.8 thous	9.7	2.0	--	--
<i>SIP 2020 Index</i>		9.0	3.2	--	--
CalPERS Target 2030	\$0.4 thous	10.7	1.6	19.7	--
<i>SIP 2030 Index</i>		10.1	3.0	21.0	--
CalPERS Target 2035	\$8.7 thous	11.8	1.2	--	--
<i>SIP 2035 Index</i>		11.2	2.5	--	--
CalPERS Target 2040	\$84.3 thous	12.1	1.1	20.9	--
<i>SIP 2040 Index</i>		11.6	2.5	22.3	--
CalPERS Target 2045	\$41.3 thous	12.1	1.1	--	--
<i>SIP 2045 Policy</i>		11.6	2.5	--	--
CalPERS Total Return Bond Fund	\$374.6 thous	0.9	7.0	7.9	--
<i>Barclays Aggregate Bond Index</i>		0.3	7.7	6.8	--
CalPERS Target Income	\$160.8 thous	4.7	5.1	10.5	--
<i>SIP Income Policy</i>		4.0	5.9	11.8	--
CalPERS TIPS Securities	\$575.9 thous	0.8	11.8	8.2	--
<i>Barclays U.S. TIP Index</i>		0.9	12.2	8.7	--
PIMCO Short Term Bond Fund	\$27.5 thous	0.9	0.6	--	--
<i>CalPERS ML 6-month T-Bill</i>		0.0	0.2	--	--

CalPERS
Performance Analysis
March 31, 2012



	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>
CalPERS Aggressive Asset Allocation Fund <i>SIP Aggressive Policy</i>	\$20.9 thous	12.1 11.6	1.1 2.5	21.0 22.3	-- --
CalPERS Moderate Asset Allocation Fund <i>SIP Moderate Policy</i>	\$15.0 mil	8.8 8.1	3.2 4.3	16.3 17.6	-- --
CalPERS Conservative Asset Allocation <i>SIP Conservative Policy</i>	\$194.4 thous	4.7 4.0	5.1 5.9	10.5 11.8	-- --
CalPERS S&P 500 Equity Index <i>S&P 500 Index</i>	\$919.3 thous	12.5 12.6	8.5 8.5	23.4 23.4	-- --
AllianceBernstein Large Cap Value <i>Russell 1000 Value</i>	\$8.9 thous	13.3 11.1	-1.0 4.8	20.3 22.8	-- --
Pyramis Select International <i>CalPERS FTSE Dev World x-US</i>	\$19.9 thous	11.8 10.9	-5.8 -6.4	17.0 17.7	-- --
Turner Large Cap Growth <i>Russell 1000 Growth</i>	\$62.8 thous	17.0 14.7	3.9 11.0	21.0 25.3	-- --
The Boston Company SMID Growth <i>Russell 2500 Growth</i>	\$15.6 thous	15.2 14.6	10.7 2.7	-- --	-- --
The Boston Company SMID Value <i>Russell 2500 Value</i>	\$4.9 thous	11.6 11.5	-- --	-- --	-- --
SSgA STIF <i>BofAML 3-month US T-Bill</i>	\$864.5 thous	0.0 0.0	-0.1 0.1	-- --	-- --
SCP Aggregate <i>CalPERS Custom SCP Plan</i>	\$19.4 mil	8.2 7.6	3.1 4.1	15.4 16.7	-- --

Net Fund Performance Results – State Peace Officers' & Firefighters' (POFF) Defined Contribution Plan

Periods Ended March 31, 2012

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
State Peace Officers' & Firefighters Plan (POFF) <i>SIP Moderate Policy</i>	\$489.7 mil	8.8% 8.1	3.2% 4.3	16.3% 17.7	2.1% 3.1	4.3% 5.3

CalPERS
Performance Analysis
March 31, 2012



CalPERS 457 Program Net Funds Periods Ended March 31, 2012

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
CalPERS S&P 500 Equity Index	\$155.4 mil	12.5	8.2	23.1	1.9	3.9
<i>S&P 500 Index</i>		12.6	8.5	23.4	2.0	4.1
AllianceBernstein Large Cap Value	\$4.8 mil	13.2	-1.3	20.0	--	--
<i>Russell 1000 Value</i>		11.1	4.8	22.8	--	--
Turner Large Cap Growth	\$47.0 mil	16.9	3.7	20.8	--	--
<i>Russell 1000 Growth</i>		14.7	11.0	25.3	--	--
CalPERS Small/Mid Equity Index	\$123.7 mil	12.9	1.2	28.1	--	--
<i>Russell 2500 Index</i>		13.0	1.3	28.4	--	--
CalPERS Total Return Bond Fund	\$60.1 mil	0.8	6.7	7.7	--	--
<i>Barclays Aggregate</i>		0.3	7.7	6.8	--	--
CalPERS TIPS Securities	\$40.1 mil	0.8	11.5	8.0	--	--
<i>Barclays U.S. TIPS Index</i>		0.9	12.2	8.7	--	--
CalPERS International Index	\$15.2 mil	10.9	-7.1	17.8	--	--
<i>FTSE Dev. World Index Ex-US</i>		10.9	-6.8	18.4	--	--
Boston Company SMID Growth	\$5.5 mil	15.2	10.7	26.7	--	--
<i>Russell 2500 Growth Index</i>		14.6	2.7	29.9	--	--
Boston Company SMID Value	\$2.5 mil	11.6	-1.3	21.2	--	--
<i>Russell 2500 Value Index</i>		11.5	0.1	27.1	--	--
Pyramis Select International	\$31.7 mil	11.7	-6.0	16.9	--	--
<i>CalPERS FTSE Dev World x-US</i>		10.9	-6.4	17.7	--	--
CalPERS Conservative Asset Allocation	\$35.4 mil	4.7	5.0	10.4	--	--
<i>SIP Conservative Index</i>		4.0	5.9	11.8	--	--
CalPERS Moderate Asset Allocation Fund	\$110.0 mil	8.8	3.2	16.3	--	--
<i>SIP Moderate Policy</i>		8.1	4.3	17.6	--	--
CalPERS Target Income Fund	\$12.3 mil	4.6	5.0	10.4	--	--
<i>SIP Income Policy</i>		4.0	5.9	11.8	--	--

CalPERS
Performance Analysis
March 31, 2012



CalPERS 457 Program Net Funds
Periods Ended March 31, 2012

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
CalPERS Aggressive Asset Allocation	\$52.8 mil	12.1	1.1	20.9	--	--
<i>SIP Aggressive Policy</i>		11.6	2.5	22.3	--	--
CalPERS Target 2005 Fund	\$1.8 mil	5.5	4.4	12.4	--	--
<i>SIP 2005 Policy</i>		4.9	5.3	13.9	--	--
CalPERS Target 2010 Fund	\$15.8 mil	6.6	4.4	13.6	--	--
<i>SIP 2010 Policy</i>		5.9	5.4	15.2	--	--
CalPERS Target 2015 Fund	\$22.0 mil	7.5	3.6	15.1	--	--
<i>SIP 2015 Policy</i>		6.9	4.7	16.5	--	--
CalPERS Target 2020 Fund	\$28.8 mil	8.4	2.8	16.6	--	--
<i>SIP 2020 Policy</i>		7.8	4.0	18.0	--	--
CalPERS Target 2025 Fund	\$11.1 mil	9.7	1.9	18.0	--	--
<i>SIP 2025 Policy</i>		9.0	3.2	19.4	--	--
CalPERS Target 2030 Fund	\$16.9 mil	10.8	1.7	19.7	--	--
<i>SIP 2030 Policy</i>		10.1	3.0	21.0	--	--
CalPERS Target 2035 Fund	\$4.4 mil	11.8	1.2	20.7	--	--
<i>SIP 2035 Policy</i>		11.2	2.5	22.2	--	--
CalPERS Target 2040 Fund	\$9.5 mil	12.1	1.0	20.8	--	--
<i>SIP 2040 Policy</i>		11.6	2.5	22.3	--	--
CalPERS Target 2045 Fund	\$1.0 mil	12.1	1.1	20.7	--	--
<i>SIP 2045 Policy</i>		11.6	2.5	22.3	--	--
CalPERS Target 2050 Fund	\$0.6 mil	12.1	1.0	20.7	--	--
<i>SIP 2050 Policy</i>		11.6	2.5	22.3	--	--
SSgA STIF	\$150.2 mil	-0.1	-0.4	--	--	--
<i>BofAML 3-month US T-Bill</i>		0.0	0.1	--	--	--
PIMCO Short-Term Bond Fund	\$6.7 mil	0.9	0.4	--	--	--
<i>ML 6-month T-Bill</i>		0.0	0.2	--	--	--
457 Aggregate	\$965.3 mil	7.9	2.7	13.6	2.0	3.9
<i>CalPERS Custom 457 Plan Index</i>		7.6	3.7	14.0	2.5	4.0