

Michael C. Schlachter, CFA
Managing Director & Principal

July 31, 2012

Mr. Henry Jones
Chair, Investment Committee
California Public Employees' Retirement System
400 Q Street
Sacramento, CA 95814

Re: External Investment Resource Conflict of Interest Policy

You requested our opinion regarding the changes to the Consultant Conflict of Interest Policy / External Investment Resource Conflict of Interest Policy presented by Staff.

Recommendation

We recommend that the Investment Committee approve the revisions to the policy as presented by Staff.

Discussion

Wilshire was presented with an initial version of this policy to review for comment and we suggested several changes to this policy, including the new name of the policy. All of the appropriate changes that we suggested were included by Staff in the final version of this policy.

Given that CalPERS may utilize resources or consulting-type advice provided by firms that do not fit under the narrow definition of "investment consultants" (such as investment managers), the existing policy should be broadened to cover all types of resource providers. As presented by Staff, the revised policy now covers all such service providers and delineates a variety of ways in which such service providers should be aware of the potential for conflicts of interest.

As stated above, Wilshire's suggested changes have been incorporated into this version of the policy and we therefore recommend approval.

Should you require anything further or have any questions, please do not hesitate to contact us.

Best regards,

Wilshire Associates

370 Interlocken Boulevard Suite 620 Broomfield, CO 80021 TEL 303.626.7444 FAX 303.466.1537
www.wilshire.com

A handwritten signature in black ink, appearing to read "Michael A. ...". The signature is fluid and cursive, with a long horizontal stroke extending to the right.