

CaIPERS
Total Fund Monthly Update



CalPERS Total Fund Monthly Update

Month Ending August 31, 2012

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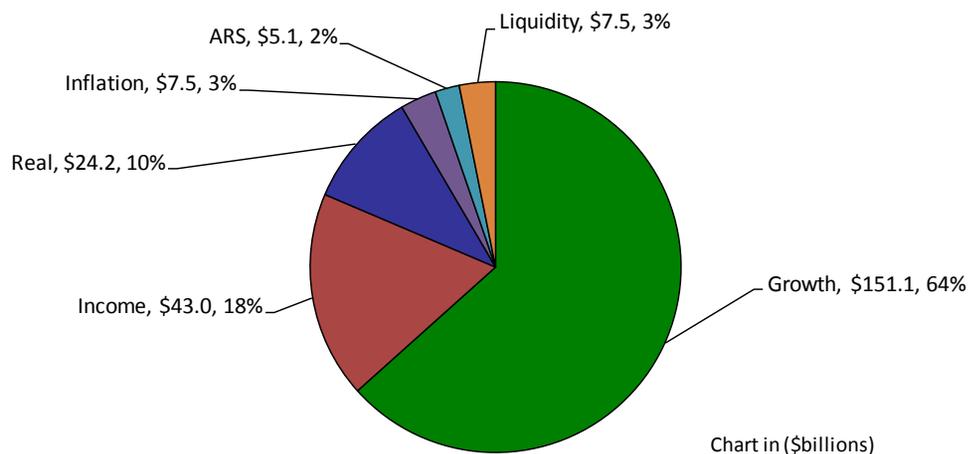
Investment Transactions Summary

Section I
Asset Allocation and Risk



Section I: Asset Allocation and Risk

Asset Allocation and Unfunded Commitments (as of August 31, 2012)



Asset Allocation as of August 31, 2012											
	Growth	Public Equity ¹	Private Equity ¹	Income	Liquidity	Real	Real Estate	Forestland/ Infrastructure	Inflation	ARS ³	Total Fund
Strategic Target Range %¹	56-70%	42-56%	10-18%	11-21%	1-7%	8-18%	7-13%	1-5%	1-7%		
Interim Strategic Target % ²	64%	50%	14%	17%	4%	11%	9%	2%	4%	N/A	N/A
Actual Investment %	63%	49%	14%	18%	3%	10%	9%	1%	3%	2%	N/A
Variance % (Strategic vs. Actual)	(1%)	(1%)	0%	1%	(1%)	(1%)	(0%)	(1%)	(1%)	N/A	N/A
Interim Strategic Target (\$billions)	\$152.6	\$119.2	\$33.4	\$40.5	\$9.5	\$26.2	\$21.5	\$4.8	\$9.5	N/A	\$238.4
Actual Investment (\$billions)	\$151.1	\$117.5	\$33.5	\$43.0	\$7.5	\$24.2	\$21.1	\$3.2	\$7.5	\$5.1	\$238.4
Variance \$(Interim Strategic vs. Actual) (\$billions)	(\$1.5)	(\$1.7)	\$0.2	\$2.5	(\$2.0)	(\$2.0)	(\$0.4)	(\$1.6)	(\$2.0)	N/A	N/A
% Passive	55%	71%	0%	0%	0%	6%	7%	0%	0%	0%	35%
% Active	45%	29%	100%	100%	100%	94%	93%	100%	100%	100%	65%
% Internal	65%	83%	0%	90%	100%	6%	7%	0%	100%	0%	64%
% External	35%	17%	100%	10%	0%	94%	93%	100%	0%	100%	36%

¹ Equity overlay and lending income are included in International Equity, undistributed lending income is included in Global Equity, currency overlay funds are included in Liquidity, and the Global Equity Cash Account is included in Domestic Equity, and Domestic Fixed Income Transition Account is included in Domestic Fixed Income.

² Interim strategic targets adopted by Board at the August 17, 2011 Investment Committee meeting

³ This report provides invested dollars and does not include futures overlay; notional value of futures = \$5.2 billion

Unfunded Market Commitments as of August 31, 2012										
	Private Equity		Real Estate (as of June 30, 2012)		Infrastructure (as of June 30, 2012)		Forestland (as of June 30, 2012)		Corporate Governance (as of July 31, 2012)	
Funded	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation
Fair Market Value (FMV)	\$33.5	14%	\$21.1	9%	\$1.0	0%	\$2.1	1%	\$4.1	2%
Unfunded Commitment (UC)	\$11.7	5%	\$7.6	3%	\$3	0%	\$0	0%	\$3	0%
FMV + UC	\$45.2	19%	\$28.6	12%	\$1.3	1%	\$2.1	1%	\$4.4	2%

Section I: Asset Allocation and Risk

Top 20 Exposures: Public Markets (as of August 31, 2012)

	Company Name ¹	Total Global Equity ²	Total Fixed Income ³	Market Value	% of Total Fund
1	APPLE INC	\$1821.1	\$0.0	\$1821.1	0.76%
2	EXXON MOBIL CORP	\$1287.4	\$0.0	\$1287.4	0.54%
3	GENERAL ELECTRIC CO	\$666.9	\$307.9	\$974.8	0.41%
4	AT&T INC	\$697.2	\$209.9	\$907.1	0.38%
5	MICROSOFT CORP	\$813.9	\$0.0	\$813.9	0.34%
6	WELLS FARGO & CO	\$587.6	\$159.7	\$747.3	0.31%
7	NESTLE SA REG	\$712.6	\$0.0	\$712.6	0.30%
8	CHEVRON CORP	\$683.6	\$0.0	\$683.6	0.29%
9	PFIZER INC	\$590.5	\$80.3	\$670.9	0.28%
10	INTL BUSINESS MACHINES CORP	\$660.7	\$0.0	\$660.7	0.28%
11	WAL MART STORES INC	\$551.2	\$104.6	\$655.8	0.28%
12	JPMORGAN CHASE & CO	\$466.7	\$164.0	\$630.7	0.26%
13	VODAFONE GROUP PLC	\$511.0	\$63.5	\$574.5	0.24%
14	JOHNSON & JOHNSON	\$555.6	\$0.0	\$555.6	0.23%
15	PROCTER & GAMBLE CO	\$548.0	\$0.0	\$548.0	0.23%
16	GOOGLE INC	\$533.0	\$0.0	\$533.0	0.22%
17	VERIZON COMMUNICATIONS INC	\$411.5	\$101.1	\$512.5	0.22%
18	NOVARTIS AG REG	\$501.1	\$0.0	\$501.1	0.21%
19	ORACLE CORP	\$498.0	\$0.0	\$498.0	0.21%
20	COCA COLA CO	\$494.7	\$0.0	\$494.7	0.21%

1 Only includes Global Equity and Fixed Income assets custodied with master custodian

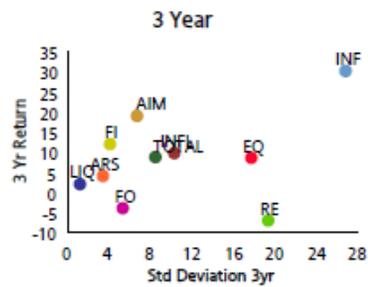
2 Source for Global Equity values: State Street Bank

3 Source for Global Fixed Income values: Blackrock Solutions

Section I: Asset Allocation and Risk

Total Fund Risk Profile (as of August 31, 2012)

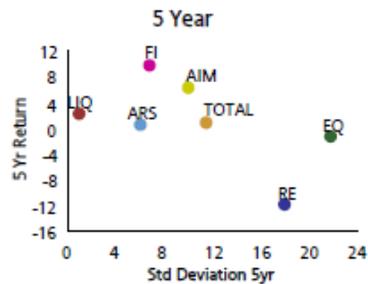
3 Year Risk Profile



TRACKING ERROR

	Excess Return (%)	Tracking Error	Information Ratio
TOTAL FUND	-0.79	2.68	-0.29
PUBLIC EQUITY	0.39	0.60	0.65
INCOME	1.77	1.80	0.98
PRIVATE EQUITY	3.00	15.82	0.19
REAL ESTATE	-15.32	16.37	-0.94
LIQUIDITY	-0.22	0.25	-0.86
INFLATION	1.59	3.88	0.41
ABSOLUTE RETURN STRATEGY	-1.74	3.54	-0.49
FORESTLAND	-2.86	6.58	-0.43
INFRASTRUCTURE	22.71	26.95	0.84

5 Year Risk Profile



TRACKING ERROR

	Excess Return (%)	Tracking Error	Information Ratio
TOTAL FUND	-2.29	3.19	-0.72
PUBLIC EQUITY	-0.86	1.05	-0.82
INCOME	0.41	3.29	0.12
PRIVATE EQUITY	-3.66	14.77	-0.25
REAL ESTATE	-16.56	14.48	-1.14
LIQUIDITY	-0.09	0.20	-0.46
INFLATION			
ABSOLUTE RETURN STRATEGY	-6.52	6.59	-0.99
FORESTLAND			
INFRASTRUCTURE			

Excess Return - The difference between the portfolio return and the index return for the given period

Tracking Error - Standard deviation of the Excess Return

Information Ratio - Excess Return divided by the Tracking Error

The information ratio is used to measure risk adjusted returns; industry practice suggests that below 0.15 is considered low, between 0.15 and 0.25 is medium, and above 0.35 is high.

Section I: Asset Allocation and Risk

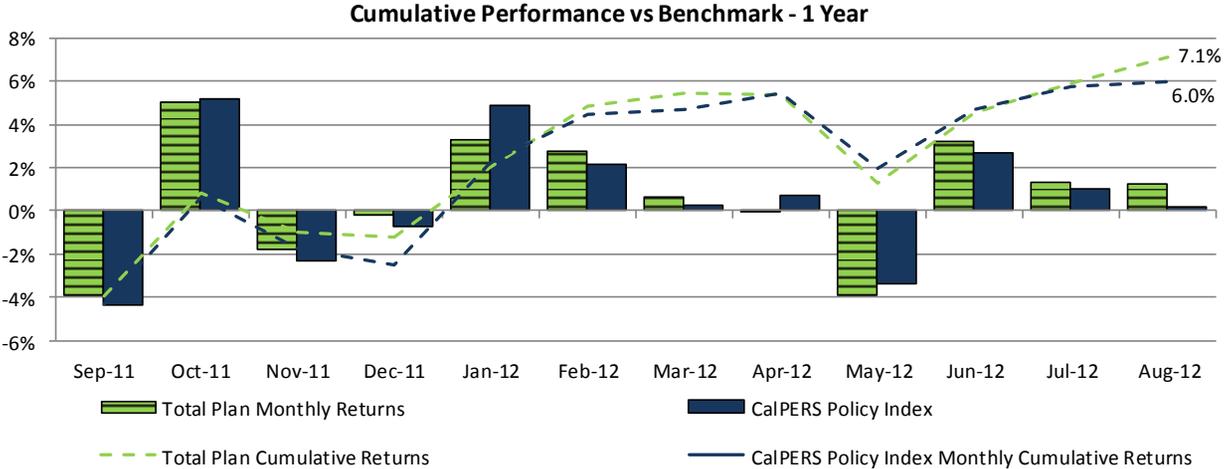
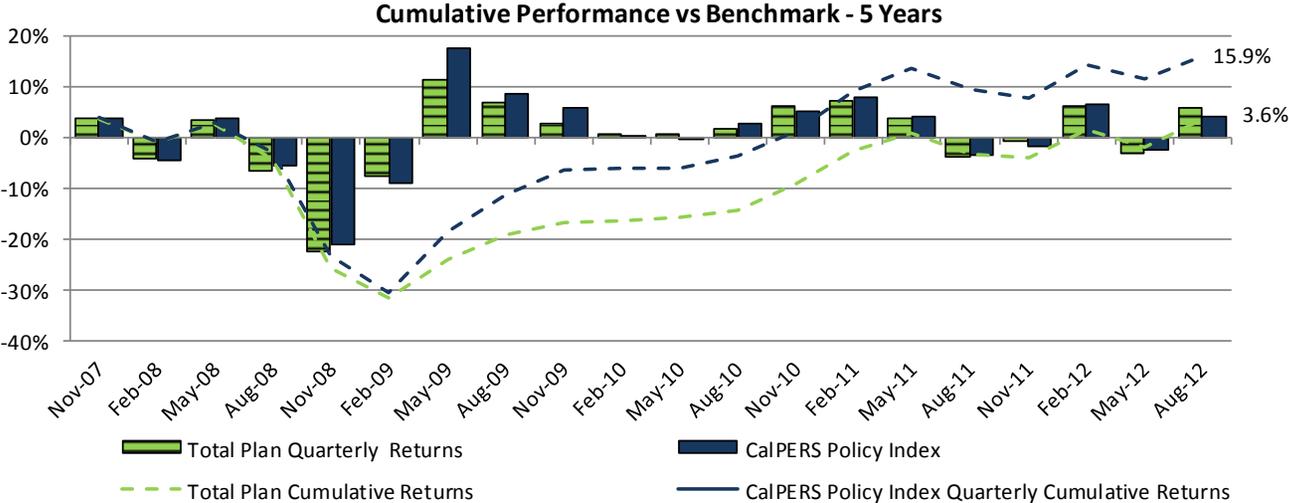
Total Fund Risk Profile *(as of August 31, 2012)*

Section II
Investment Performance



Section II: Investment Performance

Net Performance Summary (as of August 31, 2012)



Section II: Investment Performance

Net Performance Summary (as of August 31, 2012)

	Ending Market Value		1 Month		FYTD		1 Yr		3 Yr		5 Yr		10 Yr	
	(\$millions)	% of Total Assets	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps
TOTAL FUND SUMMARY														
GROWTH	150,381	63.1	1.8	155	2.8	185	5.4	142	10.6	71	(0.4)	(150)	7.4	(59)
PUBLIC EQUITY	116,843	49.0	2.6	11	3.7	2	6.0	(5)	8.4	39	(1.4)	(86)	6.9	(41)
PRIVATE EQUITY	33,538	14.1	(0.9)	679	(0.0)	835	3.1	898	18.8	300	6.1	(366)	10.2	(9)
INCOME	42,984	18.0	0.2	30	2.5	24	10.2	14	11.8	177	9.6	40	8.3	97
LIQUIDITY	7,594	3.2	0.0	(2)	0.5	(11)	2.3	(34)	1.9	(22)	2.1	(10)	2.6	4
REAL	24,228	10.2	0.0	(2)	0.2	(6)	13.5	195	(6.3)	(1,269)	(10.7)	(1,445)	3.2	(541)
REAL ESTATE	21,063	8.8	0.0	0	0.2	0	16.9	347	(7.2)	(1,532)	(11.9)	(1,655)	2.5	(662)
FORESTLAND	2,117	0.9	0.0	0	0.0	0	(11.0)	(1,219)	(4.1)	(286)				
INFRASTRUCTURE	1,048	0.4	0.0	(21)	0.0	(84)	8.4	259	30.0	2,271				
INFLATION	7,550	3.2	2.8	69	6.3	152	3.8	(60)	9.6	159				
COMMODITIES	3,505	1.5	5.5	(83)	11.9	(124)	(0.3)	(76)	7.5	41				
INFLATION LINKED BONDS	4,045	1.7	0.6	(15)	1.9	(17)	6.3	(15)	8.6	23				
ABSOLUTE RETURN STRATEGY	5,052	2.1	(0.2)	(67)	1.1	112	(0.4)	(560)	3.9	(175)	0.4	(651)	5.3	
OVERLAY & TRANSITION ACCOUNTS	590	0.2												
TOTAL FUND	238,379	100.0	1.2	101	2.5	132	7.1	118	8.6	(79)	0.7	(228)	6.9	(82)

Total Fund Inception to Date Net Return: 8.39%.

Inception date: 07/01/1988

Note: Returns for periods greater than one year are annualized.

Section II: Investment Performance

Net Performance vs. Long-Term Expected Returns (one year period ending August 31, 2012)

Asset Class	Actual	One-year Net	CalPERS Long-Term	Current Projected	Current	Expected	+/- One Standard
	Allocation	Asset Return	Expected Annual	Standard Deviation	+/- One Standard	Standard Deviation ¹	Deviation Range ³
	(%)	(%)	Return ^{1,2}	(%)	(%)	(%)	(%)
Public Equity	49	6.0	7.75	20.43	(12.68) - 28.18	16.00	(8.25) - 23.75
Private Equity	14	3.1	9.00	23.00	(14.00) - 32.00	26.00	(17.00) - 35.00
Total Growth	63	5.4					
Income	18	10.2	3.75	6.10	(2.35) - 9.85	6.50	(2.75) - 10.25
Real Estate	10	16.9	7.00	16.55	(9.55) - 23.55	14.00	(7.00) - 21.00
Forestland	1	(11.0)	7.00	15.87	(8.87) - 22.87	10.00	(3.00) - 17.00
Infrastructure	0	8.4	7.00	17.18	(10.18) - 24.18	10.00	(3.00) - 17.00
Total Real	10	13.5					
Inflation Linked Bonds	2	(0.3)	3.50	6.18	(2.68) - 9.68	6.00	(2.50) - 9.50
Commodities	1	6.3	5.00	25.42	(20.42) - 30.42	21.00	(16.00) - 26.00
Total Inflation	3	3.8					
Absolute Return Strategy (ARS)¹	2	(0.4)		3.29	(3.29) - 3.29		
Liquidity	3	2.3	3.25	2.35	0.90 - 5.60	6.20	(2.95) - 9.45
Total Fund	100	7.1	7.38	15.01	(7.63) - 22.39	11.92	(4.54) - 19.30

¹ Investment Committee Meeting December 2010 excluding ARS which was not forecasted. These are the capital markets assumptions used in the 2010 Strategic Asset Allocation Study.

² Compound return

³ Standard Deviation is a measure of variability of returns around the expected average return. Returns are expected to be within minus one and plus one standard deviation 67% of the time, or two out of every three years.

Note: The Global Equity Transition Account is included in Domestic Equity, the Fixed Income Transition Account is included in Domestic Fixed Income, and the currency overlay funds are included in Liquidity for Asset Allocation purposes.

Section III
Investment Policy and Compliance

Policy Violations

Material Exceptions to Policy

According to policy requirements, the following is a summary of investment policy violations as reported by the program areas.

The following program areas had no violations to report for the period:

- Public Equity
- Private Equity
- Liquidity
- Inflation
- Real Estate
- Forestland
- Infrastructure - Per the new Infrastructure Policy effective as of August 15, 2011, as stated in Section V.F.2, the requirement to meet various policy parameters will be applicable for the Infrastructure Program only when the NAV exceeds \$3 billion.
- Absolute Return Strategies

The following program area had violations to report for the period:

- **Income**
 - **New Compliance Policy Issues:**
 - SHORT DURATION PROGRAM
AAA Structured Securities with less than or equal to 1.5 Weighted Average Life, less than 15% of the program.

Policy Violations

IDENTIFIED SECURITY THAT EXCEEDED LIMIT:

MBNA Credit Card Master Trust Note – MBNANT 2006-A5 A5 (55264TDX6) 10/15/15 - \$70mm current face (15.72% of SDF Program)

Date of violation – 7/18/12

Date staff was notified of violation – 7/18/12

Staff Recommendation:

With the Short Duration Program currently not purchasing new securities and cash swept out of the fund, a “denominator effect” has resulted. We own \$70mm current face of this security which represents 15.72% of the fund. The estimated Weighted Average Life is 0.71yr with an expected maturity date of 5/15/13.

Staff recommends holding the bond due to the high quality and the short Weighted Average Life of the bond. Staff will closely monitor the bond to determine future action.

HIGH QUALITY LIBOR PROGRAM

Structured Securities with less than 10% of the program.

IDENTIFIED SECURITIES THAT EXCEEDED LIMIT:

SLM Student Loan Trust – SLMA 2007-5 A3 (78443FAC1) 10/25/18 - \$107.2mm current face (13.0% of HQL Program)

Date of violation – 7/10/12

Date staff was notified of violation – 7/10/12

Policy Violations

IDENTIFIED SECURITIES THAT EXCEEDED LIMIT:

Nelnet Student Loan Trust – NSLT 2006-3 A3 (64031AAC0) 06/15/19 - \$95.9mm current face (11.7% of HQL Program)

SLM Student Loan Trust – SLMA 2007-1A A3 (78443VAC6) 07/25/18 - \$71.5mm current face (8.7% of HQL Program)

SLM Student Loan Trust – SLMA 2007-7 A2 (78444EAB5) 01/25/16 - \$81.5mm current face (9.9% of HQL Program)

Date of violation – 7/17/12

Date staff was notified of violation – 7/17/12

Staff Recommendation:

With the High Quality Libor Program currently not purchasing new securities and cash swept out of the fund, a “denominator effect” has resulted. These are current pay securities and are backed by the FFELP student loans. It has a current Weighted Average Life of 0.9 year.

Staff recommends holding the bond due to the high quality of the collateral and a relatively short Weighted Average Life. At the current price, each cusip has a good discount margin relative to its Weighted Average Life. Staff will closely monitor the bond to determine future action.

Section III: Investment Policy and Compliance

Disclosure of Closed Session Action Items

	Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote	
	August 13, 2012 - Closed Session	Item 4a Program Review - 2012 Focus List Program (Reconsideration)	<p><u>Action:</u> Approved a revision to the 2012 Focus List Program - Monetization.</p> <p><u>Summary of Debate:</u> There was discussion regarding a change to the Focus List Program methodology.</p>	Committee Member	Vote
				Greg Beatty	Yes
				Michael Bilbrey	Yes
				Richard Costigan	Yes
				George Diehr	Yes
				Dan Dunmoyer	No
				Rob Feckner	Yes
				JJ Jelincic	Yes
				Henry Jones	Yes
				Priya Mathur	Yes
				Pam Milliron	Yes
				Terry McGuire	Yes
				Bill Slaton	Abstain

Section III: Total Global Fixed Income

Total Domestic Fixed Income

Section IV

Investment Transactions



Section IV: Investment Transactions

Items Completed Under Delegated Authority *(for the month of August 31, 2012)*

Program Area	Name of Investment	Commitment	Initial Funding Date of Partnership	Complies with Delegation Number	Due Diligence Report Received From
No Items to report					

Section IV: Investment Transactions

Disclosure of Placement Agent Fees *(for the month of August 31, 2012)*

Summary Disclosure							
Program Area	Firm Name	Fund	Placement Agent Firm	REGISTERED		Estimated Placement Agent Compensation	Transaction Type
				SEC/FINRA	Secretary of State		
No Items to report							

Detailed Disclosure		
Firm Name	Fund	Estimated Placement Agent Compensation
No Items to report		

Section IV: Investment Transactions

Investment Transactions Summary – Estimated Values (for the month of August 31, 2012)

	PERF - Public Markets					
	Public Equity	REIT	Income	Inflation	ARS	Liquidity
Beginning Market Value	114,508,905,048	1,380,392,184	42,907,505,201	7,346,379,087	5,065,052,645	8,921,385,550
+ Purchases	1,557,869,687.66	-	1,904,854,009.39	67,422,466.03	-	2,468,890,944.68
- Sales	(1,111,609,880.19)	-	(1,751,858,604.25)	(68,331,509.04)	(923,169.76)	(2,481,829,257.82)
+ Unitized Fund Purchases	190,866.99	-	-	-	-	-
- Unitized Fund Sales	(16,196,179.92)	-	-	-	-	-
+/- Other Changes in MV	2,578,139,603	2,948,408	(71,523,297)	204,313,055	(11,917,266)	(1,403,686,375)
Ending Market Value	117,517,299,145	1,383,340,592	42,988,977,309	7,549,783,099	5,052,212,210	7,504,760,861
PERF - Private Markets						
	Private Equity	Real Estate	Forestland	Infrastructure		
Beginning Market Value	34,508,671,648	19,679,796,918	2,116,960,620	1,048,145,068		
+ Contributions	304,491,978	311,199,105	-	49,462,789		
- Distributions	(865,229,643)	(75,822,715)	(4,524,918)	(5,114,555)		
+ Unitized Fund Purchases	-	-	-	-		
- Unitized Fund Sales	-	-	-	-		
+/- Other Changes in MV	(409,909,741)	(235,376,390)	4,524,918	(44,348,234)		
Ending Market Value	33,538,024,242	19,679,796,918	2,116,960,620	1,048,145,068		
Total PERF						
	Total Public Markets	Total Private Markets	Total PERF			
Beginning Market Value	180,129,619,715	57,353,574,254	237,483,193,969			
+ Contributions	5,999,037,108	665,153,872	6,664,190,979			
- Distributions	(5,414,552,421)	(950,691,831)	(6,365,244,252)			
+ Unitized Fund Purchases	190,867	-	190,867			
- Unitized Fund Sales	(16,196,180)	-	(16,196,180)			
+/- Other Changes in MV	1,298,274,127	(685,109,447)	613,164,680			
Ending Market Value	181,996,373,216	56,382,926,848	238,379,300,064			

Note: Numbers will not tie exactly to the Asset Allocation/Performance categories due to classification differences.

Section IV: Investment Transactions

Investment Proposal Activity Summary (for the month of August 31, 2012)

	Private Asset Classes				Public Asset Classes				Total
	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals	30	0	10	42	7	2	3	5	99
New Proposal During the Month	14	0	3	3	8	10	0	1	39
Reinstated Proposal During Month	1	0	0	0	0	0	0	0	1
Decisions During the Month	21	0	0	2	14	9	2	0	48
End of Month Proposals	24	0	13	43	1	3	1	6	91

Status Details

Status	Private Asset Classes				Public Asset Classes				Total
	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals									
Submitted	0	0	1	0	0	0	0	0	1
Screening	27	0	7	36	7	2	3	5	87
Due Diligence	3	0	2	6	0	0	0	0	11
Approved	0	0	0	0	0	0	0	0	0
Subtotal	30	0	10	42	7	2	3	5	99
New Proposals During the Month									
Subtotal	14	0	3	3	8	10	0	1	39
Reinstated Proposals During Month									
Subtotal	1	0	0	0	0	0	0	0	1
Decisions During the Month									
Committed	1	0	0	1	0	0	0	0	2
Declined	18	0	0	0	0	1	2	0	21
Failed to Materialize	1	0	0	1	0	1	0	0	3
Referred	1	0	0	0	14	7	0	0	22
Subtotal	21	0	0	2	14	9	2	0	48
End of Month Proposals									
Submitted	0	0	1	0	0	0	0	0	1
Screening	19	0	10	39	1	3	1	6	79
Due Diligence	4	0	2	4	0	0	0	0	10
Approved	1	0	0	0	0	0	0	0	1
Subtotal	24	0	13	43	1	3	1	6	91

Section V: Affiliate Funds

Asset Allocations *(for the month of April 30, 2011)*

Section V
Affiliate and Other Funds

Section V: Affiliate and Other Funds

Asset Allocation (for the month of August 31, 2012)

Asset Allocation as of August 31, 2012									
	Global Equity	Domestic Equity	International Equity	Domestic Fixed	TIPS	High Yield	REITs	Commodities	Cash
Defined Benefit Plans									
Legislators Retirement System									
Target Ranges %	27-37%	N/A	N/A	37-47%	11-19%	N/A	6-10%	1-5%	N/A
Strategic Target %	32%			42%	15%		8%	3%	0%
Actual Investment %	32%			42%	15%		8%	3%	0%
Variance % (Strategic vs. Actual)	0%	0%	0%	(0%)	(0%)	0%	0%	0%	0%
Judges I Retirement System									
Target Ranges %									100%
Strategic Target %									100%
Actual Investment %									100%
Variance % (Strategic vs. Actual)	0%	0%	0%	0%	0%		0%	0%	0%
Judges II Retirement System									
Target Ranges %	58-68%	N/A	N/A	15-25%	4-8%		6-10%	1-5%	N/A
Strategic Target %	63%			20%	6%		8%	3%	0%
Actual Investment %	63%			20%	6%		8%	3%	0%
Variance % (Strategic vs. Actual)	0%	0%	0%	(0%)	(0%)		0%	0%	0%

Note: Allocation targets approved at the August 15, 2011 Investment Committee meeting.

Section V: Affiliate and Other Funds

Asset Allocation (for the month of August 31, 2012)

Asset Allocation as of August 31, 2012									
	Global Equity	Domestic Equity	International Equity	Domestic Fixed	TIPS	High Yield	REITs	Commodities	Cash
Health and Other Post-Employment Benefit Trusts									
Long-Term Care Fund									
Target Ranges %	N/A	20-30%	14-24%	25-35%*	11-19%		6-10%	1-5%	N/A
Strategic Target %		25%	19%	30%	15%		8%	3%	0%
Actual Investment %		25%	19%	29%	15%		8%	3%	0%
Variance % (Strategic vs. Actual)	0%	0%	0%	(1%)	(0%)		0%	0%	0%
CERBT Strategy 1									
Target Ranges %	N/A	30-40%	26-36%	13-23%*	3-7%		6-10%	1-5%	N/A
Strategic Target %		35%	31%	18%	5%		8%	3%	0%
Actual Investment %		35%	31%	18%	5%		8%	3%	0%
Variance % (Strategic vs. Actual)	0%	(0%)	(0%)	(0%)	(0%)		(0%)	0%	0%
CERBT Strategy 2									
Target Ranges %	N/A	15-25%	25-35%	19-29%	11-19%		6-10%	1-5%	N/A
Strategic Target %		20%	30%	24%	15%		8%	3%	0%
Actual Investment %		20%	30%	24%	15%		8%	3%	0%
Variance % (Strategic vs. Actual)	0%	(0%)	0%	(0%)	(0%)		0%	0%	0%
CERBT Strategy 3									
Target Ranges %	N/A	7.8-17.8%	14.2-24.2%	37-47%	11-19%		6-10%	1-5%	N/A
Strategic Target %		12.8%	19.2%	42%	15%		8%	3%	0%
Actual Investment %		13%	19%	42%	15%		8%	3%	0%
Variance % (Strategic vs. Actual)	0%	0%	0%	(0%)	(0%)		(0%)	0%	0%
Health Care Bond Fund									
Variance % (Strategic vs. Actual)	0%	0%	0%	0%	0%		0%	0%	0%
Contingency Reserve Fund									
Variance % (Strategic vs. Actual)	0%	0%	0%	0%	0%		0%	0%	0%

* In 2011 the Affiliate Funds were transitioned to new asset allocation policy targets and ranges (approved by the Investment Committee 8/15/11). \$157,979 high yield remains in SK99 due to illiquidity of the positions.

Section V: Affiliate and Other Funds

Asset Allocation (for the month of August 31, 2012)

Asset Allocation as of August 31, 2012					
	Global Equity	Fixed Income	TIPS	Commodities	REITs
<i>Defined Contribution Plans</i>					
Conservative					
Target Range %	25-35%	48-58%	11-19%	1-3%	0%
Strategic Target %	30%	53%	15%	2%	0%
Actual Investment %	31%	52%	15%	2%	0%
Variance % (Strategic vs. Actual)	(1%)	1%	0%	(0%)	0%
Moderate					
Target Range %	55-65%	23-33%	3-7%	2-6%	2-4%
Strategic Target %	60%	28%	5%	4%	3%
Actual Investment %	60%	27%	5%	5%	3%
Variance % (Strategic vs. Actual)	(0%)	1%	0%	(1%)	(0%)
Aggressive					
Target Range %	79-91%	3-7%	0%	3-7%	3-7%
Strategic Target %	85%	5%	0%	5%	5%
Actual Investment %	85%	5%	0%	6%	5%
Variance % (Strategic vs. Actual)	0%	0%	0%	(1%)	(0%)
Income					
Target Range %	25-35%	48-58%	11-19%	1-3%	0%
Strategic Target %	30%	53%	15%	2%	0%
Actual Investment %	31%	52%	15%	2%	0%
Variance % (Strategic vs. Actual)	(1%)	1%	0%	(0%)	0%
2005					
Target Range %	32-42%	40-50%	12-20%	1-3%	0%
Strategic Target %	37%	45%	16%	2%	0%
Actual Investment %	38%	44%	16%	2%	0%
Variance % (Strategic vs. Actual)	(1%)	1%	0%	(0%)	0%
2010					
Target Range %	39-49%	32-42%	11-19%	1-3%	1-3%
Strategic Target %	44%	37%	15%	2%	2%
Actual Investment %	45%	36%	15%	2%	2%
Variance % (Strategic vs. Actual)	(1%)	1%	0%	(0%)	(0%)
2015					
Target Range %	45-55%	28-38%	8-14%	1-5%	2-4%
Strategic Target %	50%	33%	11%	3%	3%
Actual Investment %	51%	32%	11%	3%	3%
Variance % (Strategic vs. Actual)	(1%)	1%	0%	(0%)	(0%)

Section V: Affiliate and Other Funds

Asset Allocation (for the month of August 31, 2012)

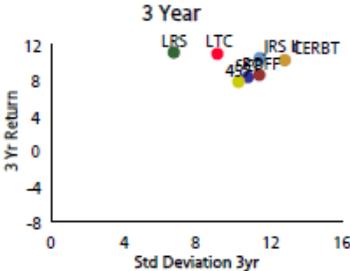
Asset Allocation as of August 31, 2012					
	Global Equity	Fixed Income	TIPS	Commodities	REITs
<i>Defined Contribution Plans</i>					
2020					
Target Range %	52-62%	25-35%	4-8%	2-6%	2-4%
Strategic Target %	57%	30%	6%	4%	3%
Actual Investment %	57%	29%	6%	5%	3%
Variance % (Strategic vs. Actual)	(0%)	1%	0%	(1%)	(0%)
2025					
Target Range %	61-71%	18-28%	1-3%	3-7%	2-6%
Strategic Target %	66%	23%	2%	5%	4%
Actual Investment %	66%	22%	2%	6%	4%
Variance % (Strategic vs. Actual)	(0%)	1%	0%	(1%)	(0%)
2030					
Target Range %	68-80%	11-21%	0%	3-7%	3-7%
Strategic Target %	74%	16%	0%	5%	5%
Actual Investment %	74%	15%	0%	6%	5%
Variance % (Strategic vs. Actual)	0%	1%	0%	(1%)	(0%)
2035					
Target Range %	76-88%	6-10%	0%	3-7%	3-7%
Strategic Target %	82%	8%	0%	5%	5%
Actual Investment %	82%	8%	0%	6%	5%
Variance % (Strategic vs. Actual)	0%	0%	0%	(1%)	(0%)
2040					
Target Range %	79-91%	3-7%	0%	3-7%	3-7%
Strategic Target %	85%	5%	0%	5%	5%
Actual Investment %	85%	5%	0%	6%	5%
Variance % (Strategic vs. Actual)	0%	0%	0%	(1%)	(0%)
2045					
Target Range %	79-91%	3-7%	0%	3-7%	3-7%
Strategic Target %	85%	5%	0%	5%	5%
Actual Investment %	85%	5%	0%	6%	5%
Variance % (Strategic vs. Actual)	0%	0%	0%	(1%)	(0%)
2050					
Target Range %	79-91%	3-7%	0%	3-7%	3-7%
Strategic Target %	85%	5%	0%	5%	5%
Actual Investment %	85%	5%	0%	6%	5%
Variance % (Strategic vs. Actual)	0%	0%	0%	(1%)	(0%)

Note: Policy target weights are compared to actual target weights for internally managed risk-based and target date asset allocation plans. Asset allocation strategies are not applicable to some SIP core funds (e.g., Total Bond Return Fund).

Section V: Affiliate and Other Funds

Risk Profile (for the month of August 31, 2012)

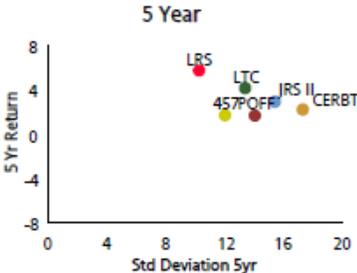
3 Year Risk Profile



TRACKING ERROR

	Excess Return (%)	Tracking Error	Information Ratio
LONG-TERM CARE FUND	0.32	0.60	0.53
CERBT TRUST AGGREGATE	0.06	0.39	0.15
457 AGGREGATE	-0.58	0.70	-0.83
JUDGES' RETIREMENT SYSTEM II FUND	0.14	0.68	0.21
BALANCED GROWTH - POFF	-1.28	0.92	-1.40
LEGISLATORS' RETIREMENT SYSTEM FUND	0.44	0.92	0.48
SCP AGGREGATE	-1.03	0.78	-1.31

5 Year Risk Profile



TRACKING ERROR

	Excess Return (%)	Tracking Error	Information Ratio
LONG-TERM CARE FUND	-0.01	1.01	-0.01
CERBT TRUST AGGREGATE	0.30	1.07	0.28
457 AGGREGATE	-0.47	0.78	-0.61
JUDGES' RETIREMENT SYSTEM II FUND	-0.17	1.03	-0.17
BALANCED GROWTH - POFF	-1.12	1.07	-1.04
LEGISLATORS' RETIREMENT SYSTEM FUND	0.10	1.65	0.06
SCP AGGREGATE			

Excess Return - The difference between the portfolio return and the index return for the given period
 Tracking Error - Standard deviation of the Excess Return
 Information Ratio - Excess Return divided by the Tracking Error
 The information ratio is used to measure risk adjusted returns; industry practice suggests that below 0.15 is considered low, between 0.15 and 0.25 is medium, and above 0.35 is high.

Section V: Affiliate and Other Funds

Net Performance Summary (for the month August 31, 2012)

	Ending Market Value (\$millions)	1 Month		FYTD		1 Yr		3 Yr		5 Yr		10 Yr	
		Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps
DEFINED BENEFIT PLANS													
JUDGES RETIREMENT FUND	56	0.0	0	0.0	(1)	0.0	(4)	0.2	5	1.0	24	2.0	14
JUDGES RETIREMENT SYSTEM II FUND	677	1.8	7	3.6	3	9.3	(56)	10.3	14	2.9	(18)	7.0	(21)
LEGISLATORS RETIREMENT SYSTEM FUND	125	1.0	13	3.2	9	10.4	(28)	11.0	44	5.7	10	7.3	(3)
DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS													
HEALTH AND OTHER POST-EMPLOYMENT BENEFIT FUNDS													
CALPERS SUPPLEMENTAL INCOME 457 PLAN	976	1.8	12	2.4	(15)	8.3	(83)	7.7	(59)	1.6	(48)	5.1	(35.0)
SUPPLEMENTAL CONTRIBUTIONS PLAN	19	1.8	20	2.8	(17)	8.3	(78)	8.2	(103)				
STATE PEACE OFFICERS' & FIREFIGHTERS' (POFF) SUPPLEMENTAL PLAN	477	2.0	24	3.0	(21)	8.5	(94)	8.5	(128)	1.6	(112)	5.4	(98)
RESERVE FUNDS													
CERBT STRATEGY 1	1,811	1.9	3	3.8	(3)	9.9	(25)	10.1	5	2.2	30		
CERBT STRATEGY 2	349	1.4	1	3.5									
CERBT STRATEGY 3	30	1.0	11	3.2									
CALPERS HEALTH CARE BOND FUND	395	0.3	21	1.8	32								
LONG TERM CARE FUND	3,649	1.3	9	3.4	6	10.2	(16)	10.8	32	4.1	(1)	7.5	(2)
SECURITIES LENDING COLLATERAL REINVESTMENT POOLS													
SECURITIES LENDING COLLATERAL REINVESTMENT POOLS	16,313	0.1	5	0.14	12	0.7	64	2.52	239	0.95	18	2.01	13

Section V: Affiliate and Other Funds

Gross Performance Summary (for the month August 31, 2012)

	Ending Market Value (\$millions)	1 Month		FYTD		1 Yr		3 Yr		5 Yr		10 Yr	
		Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps
DEFINED BENEFIT PLANS													
JUDGES RETIREMENT FUND	56	0.0	0	0.0	(1)	0.0	(4)	0.2	5	1.0	24	2.0	14
JUDGES RETIREMENT SYSTEM II FUND	677	1.8	7	3.6	3	9.3	(56)	10.3	14	2.9	(18)	7.0	(21)
LEGISLATORS RETIREMENT SYSTEM FUND	125	1.0	13	3.2	9	10.4	(28)	11.0	44	5.7	10	7.3	(3)
DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS													
CALPERS SUPPLEMENTAL INCOME 457 PLAN	976	1.8	183	2.5	(6)	8.8	(26)	8.2	(4)				
SUPPLEMENTAL CONTRIBUTIONS PLAN	19	1.9	24	2.9	(9)	8.8	(33)	8.7	(53)				
STATE PEACE OFFICERS' & FIREFIGHTERS' (POFF) SUPPLEMENTAL PLAN	477	2.0	29	3.1	(11)	9.0	(43)	9.0	(69)	2.4	(37)	6.2	(24)
HEALTH AND OTHER POST-EMPLOYMENT BENEFIT FUNDS													
CERBT STRATEGY 1	1,811	1.9	3	3.8	(3)	9.9	(25)	10.1	5	2.2	30		
CERBT STRATEGY 2	349	1.4	1	3.5	(3)								
CERBT STRATEGY 3	395	1.0	11	3.2	6								
CALPERS HEALTH CARE BOND FUND	395	0.3	21	1.8	32	6.5	72	7.3	77	6.7	1		
LONG TERM CARE FUND	3,649	1.3	9	3.4	6	10.2	(16)	10.8	32	4.1	(1)	7.5	(2)
RESERVE FUNDS													
CONTINGENCY RESERVE FUND	6	0.0	0	0.0	(1)	0.0	(3)	0.2	5	1.0	24	2.0	14
SECURITIES LENDING COLLATERAL REINVESTMENT POOLS													
SECURITIES LENDING COLLATERAL REINVESTMENT POOLS	16,313	0.1	5	0.14	12	0.7	64	2.52	239	0.95	18	2.01	13

Policy Violations *(for the month of July 31, 2012)*

○ **Securities Lending (Cont'd.)**● **Existing Compliance Issues:**IDENTIFIED SECURITIES THAT DID NOT MEET RATING:

CCESS Group – (00432CDM0) 04/25/17

Date of violation – 10/10/11

SLM Student Loan Trust – (78443DAA0) 09/15/22

Date of violation – 05/28/10

Gryphon (SIV) – (40052TAA7) 08/01/20

Date of violation – 08/29/07

Ironside Holdings (SIV) – (IRONSZ\$09) 12/01/53

Date of violation – 12/21/07

The above securities were purchased by external managers and downgraded by Fitch, Moody's and S&P in prior periods.

Staff Recommendation:

Staff expects the remaining three Asset-Backed Securities to pay down over the next 14 to 18 months. The SIVs are currently under review and staff is working to maximize value and will continue to update the Board accordingly.

Section V: Affiliate and Other Funds

Investment Transactions Summary (for the month of August 31, 2012)

	Health and Other Post-Employment Benefit Funds					Reserve Fund
	CERBT Strategy 1 Fund	CERBT Strategy 2 Fund	CERBT Strategy 3 Fund	Health Care Bond Fund	Long Term Care Fund	Contingency Reserve Fund
Beginning Market Value	1,824,317,783	303,114,276	7,740,948	394,024,866	3,588,913,844	6,111,626
+ Purchases	-	-	-	-	-	-
- Sales	-	-	-	-	-	-
+ Unitized Fund Purchases	8,700,000	41,085,000	22,539,000	848	12,510,000	-
- Unitized Fund Sales	(47,800,000)	-	-	-	-	-
+/- Other Changes in MV	26,186,180	5,242,229	183,302	1,084,295	47,440,775	351
Ending Market Value	1,811,403,963	349,441,505	30,463,250	395,110,009	3,648,864,619	6,111,977

	Defined Contribution and Deferred Compensation Plans	Defined Benefit Plans		
	Supplemental Income Plans (457/SCP/POFF)	Judges Retirement Fund	Judges Retirement System II Fund	Legislators Retirement System Fund
Beginning Market Value	1,172,770,697	55,874,587	659,707,180	124,450,662
+ Purchases	-	-	-	-
- Sales	-	-	-	-
+ Unitized Fund Purchases	7,346,498.33	-	5,808,000.00	-
- Unitized Fund Sales	(6,783,046.97)	-	-	(645,000.00)
+/- Other Changes in MV	23,139,195	3,205	11,544,994	1,226,546
Ending Market Value	1,196,473,344	55,877,792	677,060,174	125,032,208

	Unitized Funds					Affiliated and Other Funds
	Public Equity	REIT	Income*	Inflation	Liquidity*	
Beginning Market Value	75,384,245,275	1,938,814,045	39,495,186,297	3,565,272,583	5,528,154,723	4,774,000,006
+ Purchases	240,520,343	3,959,592	32,729,292,676	337,213,949	32,758,805,693	182,344,661
- Sales	(46,192,236)	(105)	(32,919,368,285)	(312,465,949)	(31,158,000,000)	(156,367,184)
+/- Other Changes in MV	1,750,547,678	2,266,943	65,260,493	173,772,276	(1,393,977,827)	68,460,813
Ending Market Value	77,329,121,060	1,945,040,475	39,370,371,181	3,763,792,858	5,734,982,589	4,868,438,297



CalPERS Investment Office
Investment Servicing Division
400 Q Street
Sacramento, CA. 95814