



Consent

Agenda Item 5b

October 15, 2012

ITEM NAME: Revision of Global Fixed Income Delegation Resolution for Professional Staff

PROGRAM: Global Fixed Income

ITEM TYPE: Policy & Delegation – Action

RECOMMENDATION

Approve the revised Global Fixed Income Delegation Resolution for Professional Staff (Delegation No. 11-02-INV) to make explicit that the Senior Investment Officer (SIO) of Global Fixed Income (GFI) has the authority to execute the Currency Overlay Program using either external or internal management.

EXECUTIVE SUMMARY

Staff seeks approval of the revised delegation as the current delegation is not explicit regarding the implementation of the Currency Overlay Program using either external or internal management. Currently, Global Fixed Income manages the Currency Overlay Program under the Currency Overlay Program Investment Policy which allows for either external and/or internal management.

BACKGROUND

At the September 2012 Investment Committee meeting, it was discussed that the amount managed by external managers was going to be reduced and subsequently increase the amount managed internally by staff. As mentioned above, the Currency Overlay Program's investment policy already allows for external and/or internal management. Staff would like to ensure that the SIO of GFI has explicit authority to make this decision to transition between external and internal management.

ANALYSIS

Providing clarity within the delegation document will help avoid any confusion of what lies within or outside of staff authority. Specifically, defining staff ability to manage internal and external currency portfolios will allow more effective management of programs such as the Currency Overlay Program.

BENEFITS/RISKS

Adopting the revised Global Fixed Income Delegation Resolution for Professional Staff will ensure that staff has adequate and appropriate authority to manage the

internal and external currency portfolios. This will support CalPERS investment objectives. There are no risks associated with adopting the revised delegation as this revised delegation enhances the clarity of authority.

ATTACHMENTS

Attachment 1 – Global Fixed Income Delegation Resolution for Professional Staff

Attachment 2 – Wilshire Opinion Letter

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