



**Andrew Junkin, CFA, CAIA**  
**Managing Director & Principal**

September 28, 2012

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

Re: Global Fixed Income Delegation Revision

Dear Mr. Jones:

You requested Wilshire's opinion with respect to the Delegated Authority for Global Fixed Income. Staff proposes adding language to make it clear that Staff has the authority to implement the currency overlay program using either internal or external management. The overall level of the currency hedge is approved by the Investment Committee, so this would only impact Staff's ability to adjust the internally managed/externally managed mix of the portfolio.

As performance of the internally managed portion of the program has been appropriate relative to its benchmark and the costs associated with internal management are lower than those associated with external management, Wilshire recommends that the Investment Committee approve the revised delegation as proposed.

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

Best regards,

A handwritten signature in black ink, appearing to read 'Andrew Junkin'.