



CaIPERS
Total Fund Monthly Update



MONTH ENDING SEPTEMBER 30, 2012



CalPERS Total Fund Monthly Update

Month Ending September 30, 2012

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Note: Sections I – IV report on the PERF unless otherwise noted.



Section I
Asset Allocation and Risk

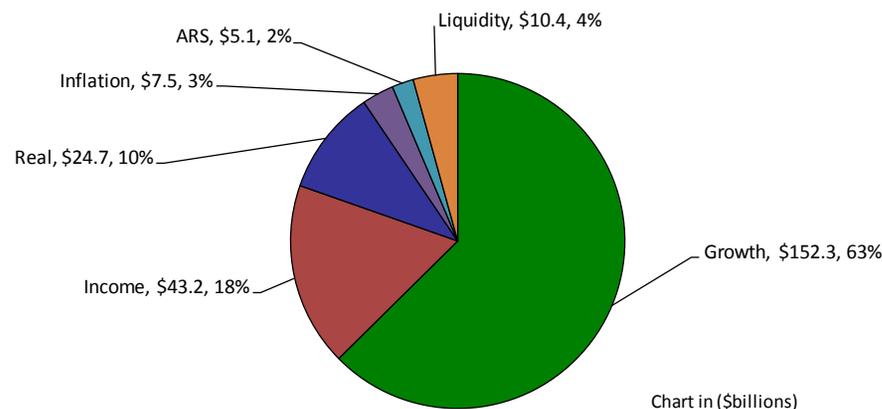


MONTH ENDING SEPTEMBER 30, 2012



Section I: Asset Allocation and Risk

Asset Allocation and Unfunded Commitments (as of September 30, 2012)



Asset Allocation as of September 30, 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%	13%	18%	4%	10%	9%	1%	3%	N/A	N/A
Variance % (Strategic vs. Actual)	(1%)	(1%)	(1%)	1%	0%	(1%)	(0%)	(1%)	(1%)	N/A	N/A
Interim Strategic Target (\$billions)	\$155.7	\$121.6	\$34.1	\$41.3	\$9.7	\$26.8	\$21.9	\$4.9	\$9.7	N/A	\$243.2
Actual Investment (\$billions)	\$152.3	\$119.4	\$32.8	\$43.2	\$10.4	\$24.7	\$21.6	\$3.2	\$7.5	\$5.1	\$243.2
Variance \$(Interim Strategic vs. Actual) (\$billions)	(\$3.4)	(\$2.2)	(\$1.2)	\$1.8	\$0.7	(\$2.0)	(\$0.3)	(\$1.7)	(\$2.2)	N/A	N/A
% Passive	55%	70%	0%	0%	0%	4%	5%	0%	0%	0%	35%
% Active	45%	30%	100%	100%	100%	96%	95%	100%	100%	100%	65%
% Internal	65%	83%	0%	91%	100%	6%	7%	0%	100%	0%	65%
% External	35%	17%	100%	9%	0%	94%	93%	100%	0%	100%	35%

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 = \$5.1 billion

Unfunded Market Commitments as of September 30, 2012										
	Private Equity		Real Estate (as of July 31, 2012)		Infrastructure (as of July 31, 2012)		Forestland (as of July 31, 2012)		Corporate Governance (as of August 31, 2012)	
Funded	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation
Fair Market Value (FMV)	\$32.8	13%	\$21.6	9%	\$1.0	0%	\$2.1	1%	\$4.1	2%
Unfunded Commitment (UC)	\$11.3	5%	\$13.1	5%	\$5	0%	\$0	0%	\$1	0%
FMV + UC	\$44.1	18%	\$34.6	14%	\$1.6	1%	\$2.1	1%	\$4.2	2%

Section I: Asset Allocation and Risk

Top 20 Exposures: Public Markets (as of September 30, 2012)

	Company Name ¹	Total Global Equity ²	Total Fixed Income ³	Market Value	% of Total Fund
1	APPLE INC	\$1761.2	\$0.0	\$1761.2	0.72%
2	EXXON MOBIL CORP	\$1289.8	\$0.0	\$1289.8	0.53%
3	MICROSOFT CORP	\$761.5	\$0.0	\$761.5	0.31%
4	NESTLE SA REG	\$708.8	\$0.0	\$708.8	0.29%
5	GENERAL ELECTRIC CO	\$706.7	\$306.8	\$1013.5	0.42%
6	AT&T INC	\$690.6	\$210.9	\$901.5	0.37%
7	CHEVRON CORP	\$684.3	\$0.0	\$684.3	0.28%
8	INTL BUSINESS MACHINES CORP	\$669.4	\$0.0	\$669.4	0.28%
9	PFIZER INC	\$585.1	\$77.9	\$663.0	0.27%
10	WELLS FARGO CO	\$577.7	\$158.3	\$735.9	0.30%
11	GOOGLE INC CL A	\$572.0	\$0.0	\$572.0	0.24%
12	JOHNSON & JOHNSON	\$549.7	\$0.0	\$549.7	0.23%
13	PROCTER & GAMBLE CO	\$548.6	\$0.0	\$548.6	0.23%
14	WAL MART STORES INC	\$532.7	\$102.3	\$635.0	0.26%
15	HSBC HOLDINGS PLC	\$518.7	\$0.0	\$518.7	0.21%
16	NOVARTIS AG REG	\$505.4	\$0.0	\$505.4	0.21%
17	JPMORGAN CHASE CO	\$495.6	\$166.4	\$662.0	0.27%
18	VODAFONE GROUP PLC	\$492.9	\$63.7	\$556.6	0.23%
19	COCA COLA CO	\$484.6	\$0.0	\$484.6	0.20%
20	ORACLE CORP	\$480.1	\$0.0	\$480.1	0.20%

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

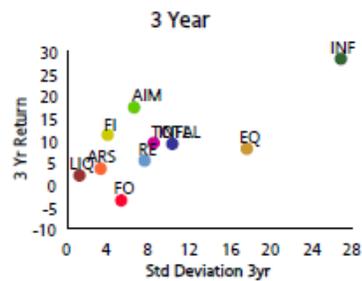
2 Source for Global Equity values: State Street Bank

3 Source for Global Fixed Income values: Blackrock Solutions

Section I: Asset Allocation and Risk

Total Fund Risk Profile (as of September 30, 2012)

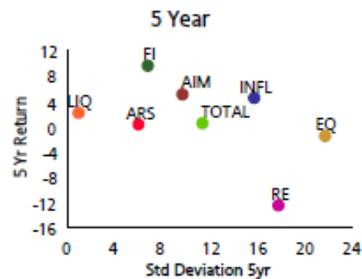
3 Year Risk Profile



TRACKING ERROR

	Excess Return (%)	Tracking Error	Information Ratio
TOTAL FUND	-0.15	2.30	-0.06
PUBLIC EQUITY	0.37	0.60	0.62
INCOME	1.56	1.75	0.89
PRIVATE EQUITY	-0.27	15.93	-0.02
REAL ESTATE	-5.24	6.10	-0.86
LIQUIDITY	-0.24	0.26	-0.96
INFLATION	1.42	3.90	0.37
ABSOLUTE RETURN STRATEGY	-2.26	3.40	-0.67
FORESTLAND	-3.14	6.59	-0.48
INFRASTRUCTURE	20.97	26.99	0.78

5 Year Risk Profile



TRACKING ERROR

	Excess Return (%)	Tracking Error	Information Ratio
TOTAL FUND	-2.50	3.18	-0.79
PUBLIC EQUITY	-0.85	1.05	-0.81
INCOME	0.46	3.29	0.14
PRIVATE EQUITY	-5.58	14.76	-0.38
REAL ESTATE	-16.74	14.47	-1.16
LIQUIDITY	-0.11	0.21	-0.52
INFLATION	0.36	6.98	0.05
ABSOLUTE RETURN STRATEGY	-6.63	6.58	-1.01
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

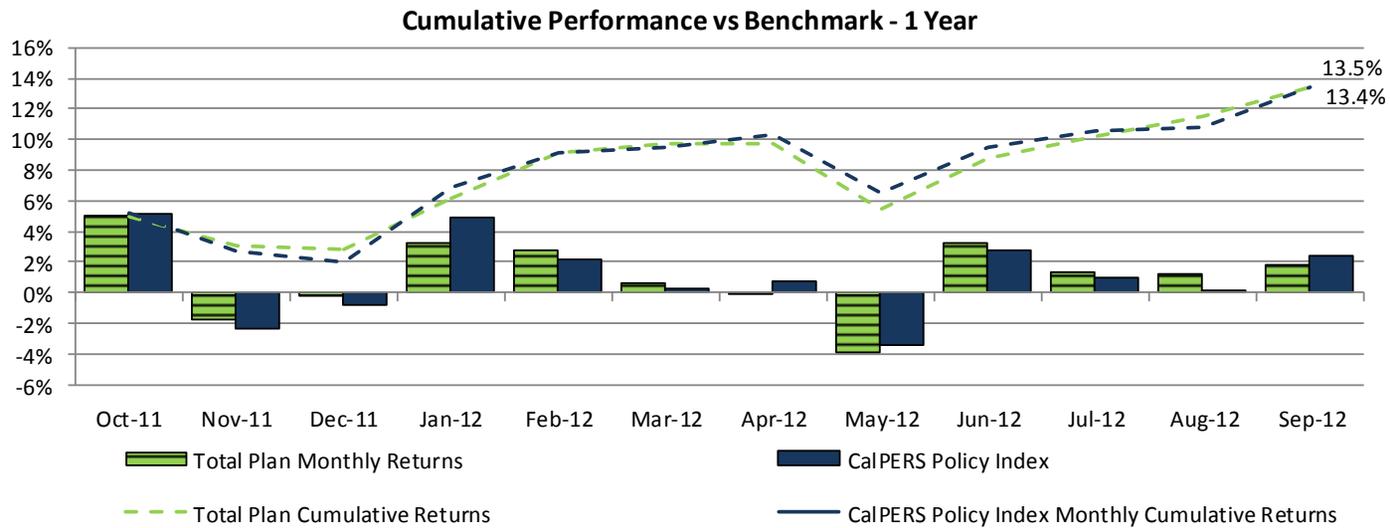
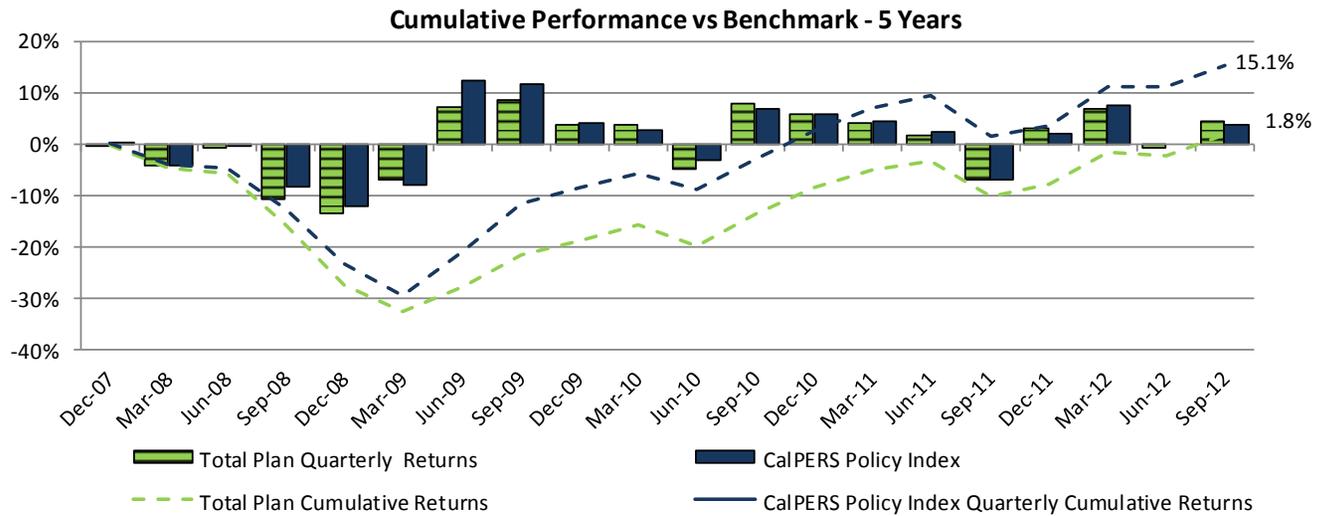
The information ratio is used to measure risk adjusted returns; industry practice suggests that below 0.15 is considered low, between 0.15 and 0.25 is medium, and above 0.35 is high.

Section II
Investment Performance

MONTH ENDING SEPTEMBER 30, 2012

Section II: Investment Performance

Net Performance Summary (as of September 30, 2012)



Section II: Investment Performance

Net Performance Summary (as of September 30, 2012)

	Ending		1 Month		FYTD		1 Yr		3 Yr		5 Yr		10 Yr	
	Market Value (\$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	151,470	62.3	2.5	(113)	5.4	76	16.4	(70)	9.8	9	(0.8)	(179)	8.8	(71)
PUBLIC EQUITY	118,636	48.8	3.2	(7)	7.0	(3)	21.4	(16)	7.9	37	(1.6)	(85)	8.4	(42)
PRIVATE EQUITY	32,834	13.5	(0.1)	(489)	(0.2)	385	1.5	151	17.2	(27)	4.9	(558)	10.5	(53)
INCOME	43,177	17.8	0.5	32	3.0	57	9.0	81	11.0	156	9.4	45	8.2	110
LIQUIDITY	10,561	4.3	(0.1)	(7)	0.4	(18)	1.8	(47)	1.8	(24)	2.0	(11)	2.6	3
REAL	24,715	10.2	0.7	(117)	1.0	(124)	11.0	19	4.6	(399)	(11.4)	(1,459)	3.3	(540)
REAL ESTATE	21,565	8.9	0.9	(134)	1.2	(134)	14.3	169	5.2	(524)	(12.6)	(1,674)	2.5	(662)
FORESTLAND	2,115	0.9	(0.2)	(85)	(0.2)	(85)	(11.5)	(1,264)	(3.8)	(314)				
INFRASTRUCTURE	1,035	0.4	(0.9)	(110)	(0.9)	(194)	3.7	(204)	28.1	2,095				
INFLATION	7,511	3.1	(0.4)	(53)	5.9	97	8.9	(121)	9.0	143	4.3	36		
COMMODITIES	3,450	1.4	(1.6)	(13)	10.2	(138)	11.7	(102)	6.9	39	(5.6)	(5)		
INFLATION LINKED BONDS	4,061	1.7	0.6	(5)	2.5	(22)	8.4	(32)	8.1	18				
ABSOLUTE RETURN STRATEGY	5,091	2.1	0.8	35	2.2	224	1.4	(385)	3.3	(227)	0.2	(664)	5.5	(352)
OVERLAY & TRANSITION ACCOUNTS	702	0.3												
TOTAL FUND	243,227	100.0	1.7	(69)	4.3	66	13.5	1	9.2	(14)	0.4	(251)	7.7	(89)

Total Fund Inception to Date Net Return: 8.44%.

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 September 30, 2012*)

<u>Asset Class</u>	<u>Actual Allocation</u> (%)	<u>One-year Net Asset Return</u> (%)	<u>CalPERS Long-Term Expected Annual Return</u> ^{1,2} (%)	<u>Current Projected Standard Deviation</u> (%)	<u>Current +/- One Standard Deviation Range</u> (%)	<u>Expected Standard Deviation</u> ¹ (%)	<u>+/- One Standard Deviation Range</u> ³ (%)
Public Equity	49	21.4	7.75	20.05	(12.30) - 27.80	16.00	(8.25) - 23.75
Private Equity	13	1.5	9.00	22.18	(13.18) - 31.18	26.00	(17.00) - 35.00
Total Growth	63	16.4					
Income	18	9.0	3.75	5.96	(2.21) - 9.71	6.50	(2.75) - 10.25
Real Estate	10	14.3	7.00	15.99	(8.99) - 22.99	14.00	(7.00) - 21.00
Forestland	1	(11.5)	7.00	15.42	(8.42) - 22.42	10.00	(3.00) - 17.00
Infrastructure	0	3.7	7.00	16.34	(9.34) - 23.34	10.00	(3.00) - 17.00
Total Real	10	11.0					
Inflation Linked Bonds	2	11.7	3.50	6.10	(2.60) - 9.60	6.00	(2.50) - 9.50
Commodities	1	8.4	5.00	21.48	(16.48) - 26.48	21.00	(16.00) - 26.00
Total Inflation	3	8.9					
Absolute Return Strategy (ARS) ¹	2	1.4		3.25	(3.25) - 3.25		
Liquidity	4	1.8	3.25	1.74	1.51 - 4.99	6.20	(2.95) - 9.45
Total Fund	100	13.5	7.38	14.32	(6.94) - 21.70	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



MONTH ENDING SEPTEMBER 30, 2012



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 month of September:

- Global Equity
- Private Equity
- Real Assets
- Absolute Return Strategies
- Global Governance
- Policy and Business Services
- Asset Allocation
- Risk

Section III: Investment Policy and Compliance

Policy Violations

Policy Violations:

New

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Event Description	Resolution (expected) or Next Steps
Investment Servicing Division	9/14/2012	N/A	Statement of Investment Policy for Plan Level and Asset Class Transition Portfolios. Asset Class transitions should occur in asset class transition portfolios (not in plan level transition portfolios).	On 9/14/12, staff was directed to use a plan level transition portfolio for both a plan level objective and a separate asset class objective. This action was agreed to by senior INVO staff and CalPERS Board Consultant (Wilshire). The violation in this particular case was intentional as there were benefits to the total plan (risk reduction, lower costs, and greater efficiencies). The total plan was able to realize transaction cost avoidance/savings of approximately \$2mm from the use of plan and asset level transition activity being combined with the quarterly equity constitution.	Staff will be proposing an amendment to the existing policy to allow senior staff to decide when to use a single transition portfolio to accomplish both plan and asset class objectives if it allows for overall objectives to be better accomplished in a more timely, cost-efficient, and risk controlled manner.

Section III: Investment Policy and Compliance

Policy Violations

Existing

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Event Description	Resolution (expected) or Next Steps
Fixed Income	7/18/2012	TBD	Statement of Investment Policy for Low Duration Fixed Income Program (SDF). Attachment A2, DDFI Short Duration Program. AAA rated structured securities with less than or equal to 1.5 Weighted Average Life must have a concentration of less than 15% of the Program.	Security "MBNA Credit Card Master Trust Note – MBNANT 2006-A5 A5 (55264TDX6) 10/15/15" had a concentration greater than the 15% limit of the SDF Program.	The Program is currently not purchasing new securities and cash sweeping out of the fund resulted in a "denominator effect." Staff has recommended holding the bond due to the high quality and the short WAL of the bond. Staff will closely monitor the bond to determine future action.
Fixed Income	7/17/2012	TBD	Statement of Investment Policy for Low Duration Fixed Income Program. Attachment A1, DDFI High Quality Libor (HQL). There is an asset and sector diversification limit of 10% for AAA rated structured securities.	Security "Nelnet Student Loan Trust – NSLT 2006-3 A3 (64031AAC0) 06/15/19" had a concentration greater than the 10% limit of the HQL Program.	The Program is currently not purchasing new securities and cash sweeping out of the fund has resulted a "denominator effect" resulting in a violation. This is a current pay security and is backed by FFELP student loans. At the current price, each cusip has a good discount margin relative to its WAL. Staff has recommended holding the bond due to the high quality of the collateral and relatively short weighted average life. Staff will closely monitor the bond to determine future action.
Fixed Income	7/17/2012	TBD	Statement of Investment Policy for Low Duration Fixed Income Program. Attachment A1, DDFI High Quality Libor (HQL). There is an asset and sector diversification limit of 10% for AAA rated structured securities.	Security "SLM Student Loan Trust – SLMA 2007-1A A3 (78443VAC6) 07/25/18" had a concentration greater than the 10% limit of the HQL Program.	The Program is currently not purchasing new securities and cash sweeping out of the fund has resulted a "denominator effect" resulting in a violation. This is a current pay security and is backed by FFELP student loans. At the current price, each cusip has a good discount margin relative to its WAL. Staff has recommended holding the bond due to the high quality of the collateral and relatively short WAL. Staff will closely monitor the bond to determine future action.

Section III: Investment Policy and Compliance

Policy Violations

Existing (Cont'd)

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Event Description	Resolution (expected) or Next Steps
Fixed Income	7/17/2012	TBD	Statement of Investment Policy for Low Duration Fixed Income Program. Attachment A1, DDFI High Quality Libor (HQL). There is an asset and sector diversification limit of 10% for AAA rated structured securities.	Security "SLM Student Loan Trust – SLMA 2007-7 A2 (78444EAB5) 01/25/16" had a concentration greater than the 10% limit of the HQL Program.	<p>The Program is currently not purchasing new securities and cash sweeping out of the fund has resulted a "denominator effect" resulting in a violation. This is a current pay security and is backed by FFELP student loans. At the current price, each cusip has a good discount margin relative to its WAL.</p> <p>Staff has recommended holding the bond due to the high quality of the collateral and relatively short WAL. Staff will closely monitor the bond to determine future action.</p>
Fixed Income	7/10/2012	TBD	Statement of Investment Policy for Low Duration Fixed Income Program. Attachment A1, DDFI High Quality Libor (HQL). There is an asset and sector diversification limit of 10% for AAA rated structured securities.	Security SLM Student Loan Trust – "SLMA 2007-5 A3 (78443FAC1) 10/25/18" had a concentration greater than the 10% limit of the HQL Program.	<p>The Program is currently not purchasing new securities and cash sweeping out of the fund has resulted a "denominator effect" resulting in a violation. This is a current pay security and is backed by FFELP student loans. At the current price, each cusip has a good discount margin relative to its WAL.</p> <p>Staff has recommended holding the bond due to the high quality of the collateral and relatively short WAL. Staff will closely monitor the bond to determine future action.</p>

Section III: Investment Policy and Compliance

Disclosure of Closed Session Action Items

	Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote
	No items to report			

Section III: Investment Policy and Compliance

Spring-Fed Pool Contract Status Quarterly Report (for month ending September 30, 2012)

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Description	Commitment	Selection Reason
Q1	Private Equity	Private Equity Spring-Fed Pool	Altius Associates (Contract #2011-6235)	09/13/12	11/12/12	Due Diligence Assistance	\$30,000	Best value (determined through bid request proposals)
Subtotal							\$30,000	
Q1	Private Equity	Private Equity Spring-Fed Pool	Cambridge Associates (Contract #2011-6237)	09/06/12	10/05/12	Due Diligence Assistance	\$45,000	Best value (determined through bid request proposals)
Subtotal							\$45,000	
Q1	Private Equity	Private Equity Spring-Fed Pool	Hamilton Lane (Contract # 2011-6082)	07/23/12	09/20/12	Due Diligence Assistance	\$100,000	Best value (determined through bid request proposals)
Q1			Hamilton Lane (Contract # 2011-6082)	08/28/12	10/26/12	Due Diligence Assistance	\$100,000	Only pool contractor with the exPrivate Equityrtise to Private Equityrform work
Subtotal							\$200,000	
Q1	Private Equity	Private Equity Spring-Fed Pool	SL Capital Partners (Contract # 2011-6086)	08/29/12	10/29/12	Due Diligence Assistance	\$25,000	Best value (determined through bid request proposals)
Subtotal							\$25,000	
Q1	Private Equity	Private Equity Spring-Fed Pool	Strategic Investment Solutions (Contract # 2011-6098)	07/23/12	09/20/12	Due Diligence Assistance	\$40,000	Best value (determined through bid request proposals)
Subtotal							\$40,000	
Q1	Infrastructure & Forestland	Private Equity Spring-Fed Pool	FTI Consulting (Contract #2011-6094)	08/10/12	12/31/12	Tax and Accounting Due Diligence	\$120,000	Best value (determined through bid request proposals)
Subtotal							\$120,000	
Total Private Equity Committed Amount							\$460,000	
Q1	Investment Servicing	General Private Equitynsion Consultant Spring-Fed Pool	Cutter & Associates (Contract # 2009-5104)	09/10/12	01/31/13	Target OPrivate Equityrating Model Refresh	\$212,800	Existing knowledge of the investment or organization
Subtotal							\$212,800	
Q1	Infrastructure & Forestland	General Private Equitynsion Consultant Spring-Fed Pool	Mercer Investment Consulting, Inc. (Contract 2009-5110)	08/10/12	12/31/12	Insurance Due Diligence (Subbed to Marsh Risk & Insurance Services)	\$75,000	Best value (determined through bid request proposals)
Subtotal							\$75,000	
Q1	Treasury Inflation Protected	General Private Equitynsion Consultant Spring-Fed Pool	Pacific Community Ventures (Contract #2009-5116)	08/20/12	06/30/13	CalPrivate EquityRS for California Report	\$355,000	Existing project, continued with new contract
Subtotal							\$355,000	
Total General Private Equitynsion Committed Amount							\$642,800	
Q1	Global Governance	Global Equity General Consultant Spring-Fed Pool	Mercer Investment Consulting, Inc. (Contract 2010-5950)	08/24/12	06/30/13	Investment, Environmental, Social, and Governance (IESG) Integration Total Fund Principles on Sustainability	\$450,000	Best value (determined through bid request proposals)
Subtotal							\$450,000	
Q1	Real Estate	Global Equity General Consultant Spring-Fed Pool	Wilcox Miller & Nelson (Contract # 2010-5956)	07/01/12	12/31/12	Board Recruitment Advisory Services (Bentall Kennedy)	\$75,000	Existing knowledge of the investment or organization
Subtotal							\$75,000	

Section III: Investment Policy and Compliance

Spring-Fed Pool Contract Status Quarterly Report (for month ending September 30, 2012)

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Description	Commitment	Selection Reason
Total Global Equity Committed Amount							\$525,000	
Q1	Infrastructure & Forestland	ILAC Spring-Fed Pool	Brock Capital Group (Contract # 2008-4931)	08/20/12	12/31/12	Prudent Person Opinion	\$64,000	Best value (determined through bid request proposals)
Subtotal							\$64,000	
Q1	Infrastructure & Forestland	ILAC Spring-Fed Pool	LP Capital (Contract #2010-4935)	03/29/12	03/01/13	Infrastructure Program Support (Amendment to Increase LOE from Q3 FY 11-12)	\$23,825	Experience with CalPERS business process
Subtotal							\$23,825	
Total Infrastructure and Forestland Committed Amount							\$87,825	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Bard Consulting LLC (Contract # 2010-5565)	10/28/11	06/30/12	Consulting Services - Developing Sector Plans - Phase II (Amendment to Increase LOE from Q2 FY 11-12)	\$55,000	Existing knowledge of the investment or organization
Q1				07/01/11	06/30/12	Portfolio Monitoring Assistance	\$170,000	Existing project, continued with new contract
Q1				08/15/12	06/30/13	Incentive Fee Review	\$475,000	Existing knowledge of the investment or organization
Subtotal							\$700,000	
Q1	Infrastructure & Forestland	Real Estate Consulting Services Spring-Fed Pool	Callan Associates, Inc. (Contract #2010-5562)	12/08/11	06/30/12	Consulting Services - Review of Contract Terms (Amendment to Increase LOE from Q2 FY 11-12)	\$20,000	Best value (determined through bid request proposals)
Q1	Real Estate			07/01/12	06/30/13	Portfolio Monitoring Assistance	\$740,000	Existing project, continued with new contract
Subtotal							\$760,000	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Courtland Partners, Ltd. (Contract #2010-5558)	07/01/12	08/31/12	Due Diligence Assistance	\$30,000	Existing project, continued with new contract
Q1				09/21/12	10/31/12	Due Diligence Assistance	\$6,000	Existing knowledge of the investment or organization
Subtotal							\$36,000	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Crosswater Realty Advisors, LLC (Contract #2010-5557)	07/01/12	06/30/13	Portfolio Monitoring Assistance	\$212,500	Existing knowledge of the investment or organization
Subtotal							\$212,500	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	JDM Associates, LLC. (Contract # 2010-5552)	07/01/12	06/30/13	Consulting Services - Environmental Goal Initiative	\$50,000	Existing project, continued with new contract
Subtotal							\$50,000	

Section III: Investment Policy and Compliance

Spring-Fed Pool Contract Status Quarterly Report (for month ending September 30, 2012)

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Description	Commitment	Selection Reason
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Le Plastrier (Contract #2010-5550)	07/01/11	06/30/12	Consulting Services - Evaluation and Portfolio Review (Amendment to Increase LOE from Q1 FY 11-12)	\$150,000	Existing project, continued with new contract
Q1				07/01/12	06/30/13	Consulting Services - Oversight and Management	\$380,000	Existing knowledge of the investment or organization
Q1				07/01/12	06/30/13	Consulting Services - Oversight and Management	\$420,000	Existing knowledge of the investment or organization
Q1				07/01/12	06/30/13	Consulting Services - Oversight and General Monitoring	\$260,000	Existing knowledge of the investment or organization
Q1				07/01/12	06/30/13	Consulting Services - Oversight and General Monitoring	\$160,000	Existing knowledge of the investment or organization
Q1				07/01/12	06/30/13	Consulting Services - Evaluation and Portfolio Review	\$440,000	Existing knowledge of the investment or organization
Q1				07/01/12	06/30/13	Consulting Services - Oversight and Management	\$920,000	Existing knowledge of the investment or organization
Q1				07/01/12	06/30/13	Consulting Services - Manager Monitoring	\$150,000	Existing knowledge of the investment or organization
Q1				07/01/12	06/30/13	Consulting Services - Monitoring and Reporting	\$320,000	Existing knowledge of the investment or organization
Q1				07/01/12	06/30/13	Consulting Services - Manager Monitoring	\$260,000	Existing knowledge of the investment or organization
Subtotal							\$3,460,000	
Q1	Infrastructure & Forestland	Real Estate Consulting Services Spring-Fed Pool	Navigant Consulting (Contract 2010-5574)	08/08/12	12/31/12	Technical and Market Due Diligence	\$200,000	Best value (determined through bid request proposals)
Subtotal							\$200,000	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Nichols Consulting (Contract #2010-5573)	12/15/11	11/30/12	Consulting Services - Quarterly and Annual Monitoring Process (Amendment to Increase LOE from Q2 FY 11-12)	\$30,000	Existing knowledge of the investment or organization
Q1				07/01/12	06/30/13	Consulting Services - PMG Initiatives	\$41,100	Experience with CalPERS business process
Q1				12/01/12	11/30/13	Consulting Services - Quarterly and Annual Monitoring Process	\$240,000	Existing knowledge of the investment or organization
Subtotal							\$311,100	
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Pension Consulting Alliance, Inc. (Contract #2010-5571)	04/01/12	06/30/13	Program Review (Responsible Contractor Program Policy)	\$30,000	Approved by Board
Subtotal							\$30,000	
Q1	Infrastructure & Forestland	Real Estate Consulting Services Spring-Fed Pool	RBC Capital Markets (Contract # 2010-5569)	08/08/12	12/31/12	Financial and Regulatory Due Diligence Assistance	\$500,000	Best value (determined through bid request proposals)
Subtotal							\$500,000	

Section III: Investment Policy and Compliance

Spring-Fed Pool Contract Status Quarterly Report (for month ending September 30, 2012)

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Description	Commitment	Selection Reason
Q1	Real Estate	Real Estate Consulting Services Spring-Fed Pool	Townsend (Contract # 2010-5567)	07/01/12	06/30/13	Consulting Services - Portfolio Analysis and Research	\$175,000	ExPrivate Equityrience with ODCE Index Funds
Subtotal							\$175,000	
Total Real Estate Committed Amount							\$6,434,600	
Q1	Investment Servicing	EXEC Spring-Fed Pool	J&K Court Reporting (Contract #2010-5681)	09/13/12	09/18/12	RFP Bidder's Conference Recording Assistance	\$658	Only pool contractor with the exPrivate Equityrtise to Private Equityform the work
Q1	Policy and Business Support	ESPD Spring-Fed Pool	Starting Point (Contract #2011-6205)	08/10/12	05/17/13	INVO Office Executive Strategic Leadership and Private Equityformance Improvement	\$75,000	Only pool contractor with the exPrivate Equityrtise to Private Equityform the work
Total EXEC & ESPD Committed Amount							\$75,658	
Grand Total Spring-Fed Pool Consultants Committed Amount							\$8,225,883	
Q1	Investment Servicing	IT Spring Fed Pool	MK Partners	07/01/12	06/30/13	IPTS Maintenance, Support & Enhancements	\$122,500	Existing project, continued with new contract
Subtotal							\$122,500	
Q1	Investment Servicing	IT Spring Fed Pool	Capio Group	08/13/12	02/28/13	Investment Contract Management Workflow Solution	\$64,000	Best value (determined through bid request proposals)
Subtotal							\$64,000	
Q1	Investment Servicing	IT Spring Fed Pool	Propoint Technology	09/24/12	09/23/13	Private Equity ABOR & IBOR Project Manager	\$201,240	Existing project, continued with new contract
Q1				09/24/12	09/23/13	Private Equity ABOR & IBOR/INVO Business Analyst	\$185,760	Existing project, continued with new contract
Q1				04/04/12	04/03/13	PM2/Global Equity Business Analyst (Amendment to Increase LOE from Q4 FY 11-12)	\$30,240	Existing project, continued with new contract
Subtotal							\$417,240	
Q1	Investment Servicing	IT Spring Fed Pool	Stanfield Systems, Inc.	09/19/12	09/18/13	Global Equity Portfolio Management SME	\$388,548	Best value (determined through bid request proposals)
Subtotal							\$388,548	
Total IT Committed Amount							\$992,288	
Grand Total Investment Office Committed Amount							\$9,218,171	

Section III: Investment Policy and Compliance

Investment Policy Administrative Changes (for the period of July 1 – September 30, 2012)

Review Date	Policy	Policy Category	Type of Revision	Comments
July 5, 2012	Securities Lending	Investment & Risk Management Policies	Administrative Change - Other Administrative Change	Added ABN Amro as an Eligible Repo Counterparty and updated the short term ratings under explicit and parent ratings to keep ratings as current as possible.
September 11, 2012	Securities Lending	Investment & Risk Management Policies	Administrative Change - Other Administrative Change	Added Polish equities to lending program. CalPERS has a Double Tax Treaty with Poland, which will be revalidated annually. This Double Tax Treaty allows CalPERS to not pay any additional capital gains tax or any additional governmental fees on securities lending income. Thus, all additional securities lending income will accrue to the benefit of CalPERS. Additionally, staff will implement Polish securities lending with a 50% buffer on security positions.
<p>This report includes a summary of administrative changes for the period of June 1, 2012 to September 30, 2012. All changes have been reviewed and approved using the guidelines listed below and changes within staff's delegated authority. Administrative changes will be reported on a quarterly basis.</p> <p>Administrative change guidelines are:</p> <ol style="list-style-type: none"> 1. Template Change - moving sections, merging policies or programs, updating template language. 2. Terminology Change - updates to create consistency among the asset class program policies, investment terms, etc. 3. Date Change - when policies are reviewed and require no action, dates will be updated to reflect current status. 4. Other Administrative Change – other administrative changes within staff's delegated authority, such as changes to improve clarity of the process and/or policy, but that are not substantive in nature. 5. Benchmark Change – the Benchmark Policy authorizes staff to modify benchmarks as applicable. Staff is responsible to report to the Investment Committee quarterly on all Benchmark changes. 				



Section IV
Investment Transactions

MONTH ENDING SEPTEMBER 30, 2012



Section IV: Investment Transactions

Items Completed Under Delegated Authority (for the month of September 30, 2012)

Program Area	Name of Investment	Commitment	Initial Funding Date of Partnership	Complies with Delegation Number	Due Diligence Report Received From
Real Assets	Pacific Vineyard Partners LLC*	2,417,000	Jul-02	11-01-INV	N/A
Real Assets	KAREC California Development Program, LLC*	63,258,000	Apr-02	11-01-INV	N/A
*Additional commitment to existing investments					

Section IV: Investment Transactions

Disclosure of Placement Agent Fees *(for the month of September 30, 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 September 30, 2012)

	PERF - Public Markets					
	Public Equity	REIT	Income	Inflation	ARS	Liquidity
Beginning 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
+ Purchases	2,636,472,444	-	1,476,802,453	90,884,315	-	3,144,906,891
- Sales	(4,565,644,138)	-	(1,441,453,824)	(90,885,751)	(1,055,571)	(2,103,797,351)
+ Unitized Fund Purchases	-	-	-	-	-	-
- Unitized Fund Sales	(1,208,158,164)	-	-	-	-	-
+/- Other Changes in MV	5,068,541,593	22,770,943	157,808,894	(38,865,754)	39,405,503	1,899,341,326
Ending Market Value	119,448,510,880	1,406,111,535	43,182,134,831	7,510,915,909	5,090,562,142	10,445,211,728
PERF - Private Markets						
	Private Equity	Real Estate	Forestland	Infrastructure		
Beginning Market Value	33,538,024,242	19,679,796,918	2,116,960,620	1,048,145,068		
+ Contributions	281,423,741	93,484,398	-	-		
- Distributions	(1,211,616,360)	(404,402,439)	(3,024,538)	(1,092,752)		
+ Unitized Fund Purchases	-	-	-	-		
- Unitized Fund Sales	-	-	-	-		
+/- Other Changes in MV	226,163,032	790,016,675	1,434,453	(12,112,191)		
Ending Market Value	32,833,994,654	20,158,895,552	2,115,370,535	1,034,940,125		
	Total Public Markets	Total Private Markets	Total PERF			
Beginning Market Value	181,996,373,216	56,382,926,848	238,379,300,064			
+ Contributions	7,349,066,103	374,908,139	7,723,974,242			
- Distributions	(8,202,836,634)	(1,620,136,090)	(9,822,972,724)			
+ Unitized Fund Purchases	-	-	-			
- Unitized Fund Sales	(1,208,158,164)	-	(1,208,158,164)			
+/- Other Changes in MV	7,149,002,504	1,005,501,969	8,154,504,473			
Ending Market Value	187,083,447,025	56,143,200,866	243,226,647,892			

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 September 30, 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	24	0	13	43	1	3	1	6	91
New Proposal During the Month	23	0	8	3	4	3	2	2	45
Reinstated Proposal During Month	0	0	0	0	0	0	0	0	0
Decisions During the Month	6	0	11	10	0	3	0	0	30
End of Month Proposals	41	0	10	36	5	3	3	8	106
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	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
New Proposals During the Month									
Subtotal	23	0	8	3	4	3	2	2	45
Reinstated Proposals During Month									
Subtotal	0	0	0	0	0	0	0	0	0
Decisions During the Month									
Committed	0	0	0	0	0	0	0	0	0
Declined	4	0	11	10	0	2	0	0	27
Failed to Materialize	0	0	0	0	0	0	0	0	0
Referred	2	0	0	0	0	1	0	0	3
Subtotal	6	0	11	10	0	3	0	0	30
End of Month Proposals									
Submitted	2	0	3	3	1	0	0	0	9
Screening	32	0	5	28	4	3	2	8	82
Due Diligence	5	0	2	5	0	0	1	0	13
Approved	2	0	0	0	0	0	0	0	2
Subtotal	41	0	10	36	5	3	3	8	106



Section V
Affiliate and Other Funds

MONTH ENDING SEPTEMBER 30, 2012



Section V: Affiliate and Other Funds

Asset Allocation (for the month of September 30, 2012)

Asset Allocation as of September 30, 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%		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%
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 September 30, 2012)

Asset Allocation as of September 30, 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%	30%	15%		8%	3%	0%
Variance % (Strategic vs. Actual)	0%	(0%)	(0%)	0%	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 %		12.7%	18.9%	42%	15%		8%	3%	0%
Variance % (Strategic vs. Actual)	0%	(0.1%)	(0.3%)	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). \$163,219 high yield remains in SK99 due to illiquidity of the positions.

Section V: Affiliate and Other Funds

Asset Allocation (for the month of September 30, 2012)

Asset Allocation as of September 30, 2012					
	Global Equity	Fixed Income	TIPS	Commodities	REITs
Defined Contribution Plans					
Conservative					
Target Range %	25-35%	48-58%	11-19%	1-3%	0%
Strategic Target %	30%	53%	15%	2%	0%
Actual Investment %	30%	53%	15%	2%	0%
Variance % (Strategic vs. Actual)	0%	(0%)	(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%	28%	5%	4%	3%
Variance % (Strategic vs. Actual)	0%	(0%)	(0%)	(0%)	(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%	5%	5%
Variance % (Strategic vs. Actual)	0%	(0%)	0%	(0%)	(0%)
Income					
Target Range %	25-35%	48-58%	11-19%	1-3%	0%
Strategic Target %	30%	53%	15%	2%	0%
Actual Investment %	30%	53%	15%	2%	0%
Variance % (Strategic vs. Actual)	0%	(0%)	(0%)	(0%)	0%
2005					
Target Range %	32-42%	40-50%	12-20%	1-3%	0%
Prior Strategic Target %*	37%	45%	16%	2%	0%
Strategic Target %	35%	47%	16%	2%	0%
Actual Investment %	35%	47%	16%	2%	0%
Variance % (Strategic vs. Actual)	0%	(0%)	(0%)	(0%)	0%
2010					
Target Range %	39-49%	32-42%	11-19%	1-3%	1-3%
Prior Strategic Target %*	44%	37%	15%	2%	2%
Strategic Target %	43%	37%	16%	2%	2%
Actual Investment %	43%	37%	16%	2%	2%
Variance % (Strategic vs. Actual)	0%	(0%)	(0%)	(0%)	(0%)
2015					
Target Range %	45-55%	28-38%	8-14%	1-5%	2-4%
Prior Strategic Target %*	50%	33%	11%	3%	3%
Strategic Target %	48%	34%	12%	3%	3%
Actual Investment %	48%	34%	12%	3%	3%
Variance % (Strategic vs. Actual)	0%	(0%)	(0%)	(0%)	(0%)

*Strategic target weights identify annual glidepath adjustments effective 10/1/12

Section V: Affiliate and Other Funds

Asset Allocation (for the month of September 30, 2012)

Asset Allocation as of September 30, 2012					
	Global Equity	Fixed Income	TIPS	Commodites	REITs
<i>Defined Contribution Plans</i>					
2020					
Target Range %	52-62%	25-35%	4-8%	2-6%	2-4%
Prior Strategic Target %*	57%	30%	6%	4%	3%
Strategic Target %	55%	31%	7%	4%	3%
Actual Investment %	55%	31%	7%	4%	3%
Variance % (Strategic vs. Actual)	0%	(0%)	0%	(0%)	(0%)
2025					
Target Range %	61-71%	18-28%	1-3%	3-7%	2-6%
Prior Strategic Target %*	66%	23%	2%	5%	4%
Strategic Target %	64%	24%	3%	5%	4%
Actual Investment %	64%	24%	3%	5%	4%
Variance % (Strategic vs. Actual)	0%	(0%)	0%	(0%)	(0%)
2030					
Target Range %	68-80%	11-21%	0%	3-7%	3-7%
Prior Strategic Target %*	74%	16%	0%	5%	5%
Strategic Target %	72%	17%	1%	5%	5%
Actual Investment %	72%	17%	1%	5%	5%
Variance % (Strategic vs. Actual)	0%	(0%)	0%	(0%)	(0%)
2035					
Target Range %	76-88%	6-10%	0%	3-7%	3-7%
Prior Strategic Target %*	82%	8%	0%	5%	5%
Strategic Target %	81%	9%	0%	5%	5%
Actual Investment %	81%	9%	0%	5%	5%
Variance % (Strategic vs. Actual)	0%	0%	0%	(0%)	(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%	5%	5%
Variance % (Strategic vs. Actual)	0%	(0%)	0%	(0%)	(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%	5%	5%
Variance % (Strategic vs. Actual)	0%	(0%)	0%	(0%)	(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%	5%	5%
Variance % (Strategic vs. Actual)	0%	(0%)	0%	(0%)	(0%)

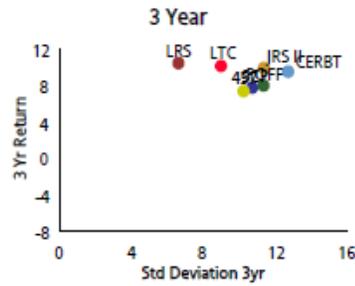
Note: Policy target weights are compared to actual target weights for internally managed risk-based and target date asset allocation plans. Asset allocation strategies are not applicable to some SIP core funds (e.g., Total Bond Return Fund).

*Strategic target weights identify annual glidepath adjustments effective 10/1/12

Section V: Affiliate and Other Funds

Asset Allocation (for the month of September 30, 2012)

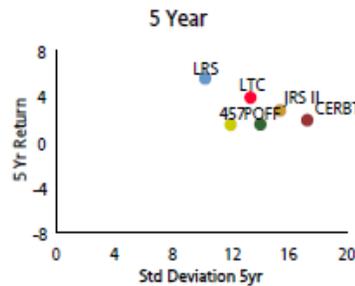
3 Year Risk Profile



TRACKING ERROR

	Excess Return (%)	Tracking Error	Information Ratio
LONG-TERM CARE FUND	0.25	0.59	0.43
CERBT TRUST AGGREGATE	0.04	0.38	0.11
457 AGGREGATE	-0.61	0.70	-0.87
JUDGES' RETIREMENT SYSTEM II FUND	0.07	0.66	0.10
BALANCED GROWTH - POFF	-1.34	0.91	-1.48
LEGISLATORS' RETIREMENT SYSTEM FUND	0.32	0.88	0.36
SCP AGGREGATE	-1.07	0.78	-1.38

5 Year Risk Profile



TRACKING ERROR

	Excess Return (%)	Tracking Error	Information Ratio
LONG-TERM CARE FUND	0.00	1.01	0.00
CERBT TRUST AGGREGATE	0.29	1.06	0.28
457 AGGREGATE	-0.49	0.78	-0.63
JUDGES' RETIREMENT SYSTEM II FUND	-0.18	1.03	-0.17
BALANCED GROWTH - POFF	-1.10	1.07	-1.02
LEGISLATORS' RETIREMENT SYSTEM FUND	0.12	1.65	0.07
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 0.25 is high.

Section V: Affiliate and Other Funds

Net Performance Summary (for the month September 30, 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	22	2.0	12
JUDGES RETIREMENT SYSTEM II FUND	697	2.3	7	5.9	9	19.0	3	9.8	7	2.7	(18)	7.9	9
LEGISLATORS RETIREMENT SYSTEM FUND	126	1.4	14	4.6	24	15.2	18	10.3	31	5.5	12	7.9	24
DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS													
CALPERS SUPPLEMENTAL INCOME 457 PLAN	994	1.7	0	4.2	(16)	16.5	(63)	7.3	(61)	1.4	(49)	5.9	(35.0)
SUPPLEMENTAL CONTRIBUTIONS PLAN	19	1.7	(2)	4.5	(19)	17.0	(57)	7.7	(107)				
STATE PEACE OFFICERS' & FIREFIGHTERS' (POFF) SUPPLEMENTAL PLAN	483	1.8	(3)	4.8	(24)	17.7	(71)	7.9	(134)	1.5	(110)	6.3	(89)
HEALTH AND OTHER POST-EMPLOYMENT BENEFIT FUNDS													
CERBT STRATEGY 1	1,876	2.1	7	6.0	3	20.0	(19)	9.4	3	1.8	29		
CERBT STRATEGY 2	359	1.8	9	5.3		16.7							
CERBT STRATEGY 3	31	1.3	14	4.6									
CALPERS HEALTH CARE BOND FUND	397	0.4	24	2.2	58								
LONG TERM CARE FUND	3,711	1.6	10	5.0	16	16.9	(15)	10.0	25	3.8	0	8.4	33
RESERVE FUNDS													
CONTINGENCY RESERVE FUND	6	0.0	0	0.0	(1)	0.0	(4)	0.2	5	1.0	22	2.0	13
SECURITIES LENDING COLLATERAL REINVESTMENT POOLS													
SECURITIES LENDING COLLATERAL REINVESTMENT POOLS	11,941	0.1	4	0.19	16	0.8	73	2.12	199	0.87	17	2.00	14

Section V: Affiliate and Other Funds

Gross Performance Summary (for the month September 30, 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	22	2.0	12
JUDGES RETIREMENT SYSTEM II FUND	697	2.3	7	5.9	9	19.0	3	9.8	7	2.7	(18)	7.9	9
LEGISLATORS RETIREMENT SYSTEM FUND	126	1.4	14	4.6	24	15.2	18	10.3	31	5.5	12	7.9	24
DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS													
CALPERS SUPPLEMENTAL INCOME 457 PLAN	994	1.7	171	4.3	(2)	17.1	(2)	7.8	(6)				
SUPPLEMENTAL CONTRIBUTIONS PLAN	19	1.7	2	4.7	(6)	17.4	(9)	8.2	(57)				
STATE PEACE OFFICERS' & FIREFIGHTERS' (POFF) SUPPLEMENTAL PLAN	483	1.8	2	4.9	(9)	18.2	(17)	8.5	(75)	2.2	(36)	7.1	(14)
HEALTH AND OTHER POST-EMPLOYMENT BENEFIT FUNDS													
CERBT STRATEGY 1	1,876	2.1	7	6.0	3	20.0	(19)	9.4	3	1.8	29		
CERBT STRATEGY 2	359	1.8	9	5.3	7	16.7							
CERBT STRATEGY 3	397	1.3	14	4.6	20								
CALPERS HEALTH CARE BOND FUND	397	0.4	24	2.2	58	6.7	158	6.9	74	6.5	(1)		
LONG TERM CARE FUND	3,711	1.6	10	5.0	16	16.9	(15)	10.0	25	3.8	0	8.4	33
RESERVE FUNDS													
CONTINGENCY RESERVE FUND	6	0.0	0	0.0	(1)	0.0	(4)	0.2	5	1.0	22	2.0	13
SECURITIES LENDING COLLATERAL REINVESTMENT POOLS													
SECURITIES LENDING COLLATERAL REINVESTMENT POOLS	11,941	0.1	4	0.19	16	0.8	73	2.12	199	0.87	17	2.00	14

Section V: Affiliate and Other Funds

Policy Violations *(for the month of September 30, 2012)*

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 month of September:

- Affiliate Investments

Policy Violations:

New

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Event Description	Resolution (expected) or Next Steps
No items report					

Section V: Affiliate and Other Funds

Policy Violations (for the month of September 30, 2012)

Existing

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Event Description	Resolution (expected) or Next Steps
Fixed Income (Sec Lending)	2/7/2012	TBD	Statement of Investment Policy for Securities Lending. Attachment B, Delegated Cash Collateral Re-Investment Guidelines. Cash collateral received must be invested in securities that receive the required credit quality level. ABS Minimum Credit Rating must be Aaa/AAA/AAA	Security "SLM Student Loan Trust – SLMA_07-3_A2 (78443YAB2) 10/25/17" was downgraded by S&P and no longer meets rating standards specified by the policy.	On February 8, 2012, staff placed an indicative bid on the bond to brokers and bid levels provided were not attractive. Staff has recommended holding the bond for now but will closely monitor the bond to determine future action.
Fixed Income (Sec Lending)	10/10/2011	TBD	Statement of Investment Policy for Securities Lending. Attachment B, Delegated Cash Collateral Re-Investment Guidelines. Cash collateral received must be invested in securities that receive the required credit quality level.	Security "ACCESS Group – (00432CDM0) 04/25/17" was downgraded and no longer meets rating standards specified by the policy.	This violation will remain open until the securities are sold or completely paid down. Staff expects this Asset-Backed Security to pay down over the next 14 to 18 months.
Fixed Income (Sec Lending)	5/28/2010	TBD	Statement of Investment Policy for Securities Lending. Attachment B, Delegated Cash Collateral Re-Investment Guidelines. Cash collateral received must be invested in securities that receive the required credit quality level.	Security "SLM Student Loan Trust – (78443DAA0) 09/15/22" was downgraded and no longer meets rating standards specified by the policy.	This violation will remain open until the securities are sold or completely paid down. Staff expects this Asset-Backed Security to pay down over the next 14 to 18 months.
Fixed Income (Sec Lending)	8/29/2007	TBD	Statement of Investment Policy for Securities Lending. Attachment B, Delegated Cash Collateral Re-Investment Guidelines. Cash collateral received must be invested in securities that receive the required credit quality level.	Security "Gryphon (SIV) – (40052TAA7) 08/01/20" was downgraded and no longer meets rating standards specified by the policy.	This is a restructured SIV which is in runoff mode, with no structure maturity date. It is currently under review and staff is working to maximize value and will continue to update the Board accordingly.
Fixed Income (Sec Lending)	12/21/2007	TBD	Statement of Investment Policy for Securities Lending. Attachment B, Delegated Cash Collateral Re-Investment Guidelines. Cash collateral received must be invested in securities that receive the required credit quality level.	Security "Ironside Holdings (SIV) – (IRONSZ\$09) 12/01/53" was downgraded and no longer meets rating standards specified by the policy.	This is a restructured SIV which is in runoff mode, with no structure maturity date. It is 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 September 30, 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	1,811,403,963	349,441,505	30,463,250	395,110,009	3,648,864,619	6,111,977
+ Purchases	-	-	-	-	-	-
- Sales	-	-	-	-	-	-
+ Unitized Fund Purchases	35,980,000	7,388,100	470,400	1,105	66,204,500	-
- Unitized Fund Sales	(4,280,000)	(2,908,100)	(400,400)	-	(60,684,000)	-
+/- Other Changes in MV	32,977,563	5,553,247	400,995	1,504,939	56,940,044	415
Ending Market Value	1,876,081,526	359,474,753	30,934,245	396,616,053	3,711,325,163	6,112,392

	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	1,196,473,344	55,877,792	677,060,174	125,032,208
+ Purchases	-	-	-	-
- Sales	-	-	-	-
+ Unitized Fund Purchases	21,539,307	-	9,284,000	1,483,500
- Unitized Fund Sales	(22,464,251)	-	(4,773,200)	(2,270,000)
+/- Other Changes in MV	22,126,735	3,795	15,245,903	1,697,194
Ending Market Value	1,217,675,135	55,881,587	696,816,878	125,942,902

	Unitized Funds					Affiliated and Other Funds
	Public Equity	REIT	Income*	Inflation	Liquidity*	
Beginning 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
+ Purchases	144,579,382	17,188,044	22,318,237,646	937,300,587	34,428,940,000	195,700,430
- Sales	(273,350,441)	(12,075,245)	(20,404,545,181)	(964,115,587)	(36,617,000,000)	(166,754,277)
+/- Other Changes in MV	55,678,477	(323,293,789)	2,115,937,814	(44,298,850)	3,032,494,831	81,677,449
Ending Market Value	77,256,028,479	1,626,859,485	43,400,001,461	3,692,679,008	6,579,417,420	4,979,061,899

* Maturities may be included due to the volume of transactions



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