



## Consent

### Agenda Item 4e

February 19, 2013

**ITEM NAME:** Revision of the Asset Allocation/Risk Management Delegation for Professional Staff

**PROGRAM:** Asset Allocation/Risk Management

**ITEM TYPE:** Policy & Delegation – Consent Action

#### **RECOMMENDATION**

Approve the revised Asset Allocation/Risk Management Delegation for Professional Staff to reflect the appointment of Eric Baggesen as Interim SIO of Asset Allocation and Risk Management.

#### **EXECUTIVE SUMMARY**

Due to the extended time period for recruiting a new Senior Investment Officer (SIO) for Asset Allocation/Risk Management, and the emphasis on the 2013 Strategic Asset Allocation Decision Process, an Interim SIO over the Asset Allocation/Risk Management program is warranted. The appointment of an Interim SIO will ensure sufficient oversight to these program areas during a critical time period.

#### **STRATEGIC PLAN**

This agenda item supports the CalPERS Strategic Plan goal to improve long-term pension and health benefit sustainability. Ensuring appropriate delegated authority and oversight for Asset Allocation/Risk Management Professional Staff will enhance CalPERS ability to achieve the System's investment objectives.

#### **BACKGROUND**

In February 2008, the Investment Committee (IC) approved the Asset Allocation Delegation Resolution for the Chief Investment Officer (CIO) and the SIO-Asset Allocation/Risk Management. The delegation authorized management of the Total Fund asset allocation within IC approved ranges. Due to the departure of the prior SIO-Asset Allocation/Risk Management, this authority currently resides solely with the CIO.

As a result of the extended time frame for recruiting a new SIO- Asset Allocation/Risk Management, a need for an Interim SIO- Asset Allocation/Risk Management has arisen. Specifically, the Risk Management program and 2013 Strategic Asset Allocation Decision Process require experienced oversight and leadership at this critical time.

Staff is recommending that the IC approve the revised Asset Allocation/Risk Management Delegation for Eric Baggesen (SIO-Global Equity) as Interim SIO-Asset Allocation/Risk Management. While Eric Baggesen is the Interim SIO- Asset Allocation/Risk Management, the day-to-day management of Global Equity will be conducted by the Global Equity Senior Portfolio Managers as outlined in their existing sub delegations. Eric Baggesen will retain his existing Global Equity SIO delegated authority to act as an escalation point for the Global Equity Senior Portfolio Managers.

Staff also recommends adding the explicit reference to Risk Management into the delegation given that the existing delegation referenced only Asset Allocation.

There are no costs associated with the change in delegation.

**BENEFITS/RISKS**

Failure to approve the revised SIO-Asset Allocation/Risk Management Delegation may result in unclear roles, responsibilities, and authority between the IC and Investment Office staff, resulting in decreased efficiencies in the management of the Asset Allocation/Risk Management program.

**ATTACHMENTS**

Attachment 1 – Revised Asset Allocation/Risk Management Delegation for Professional Staff

Attachment 2 – Wilshire Associates' Consultant Opinion Letter

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