



CaIPERS  
*Total Fund Monthly Update*



MONTH ENDING DECEMBER 31, 2012



## CalPERS Total Fund Monthly Update

Month Ending December 31, 2012

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



*Section I*  
Asset Allocation and Risk

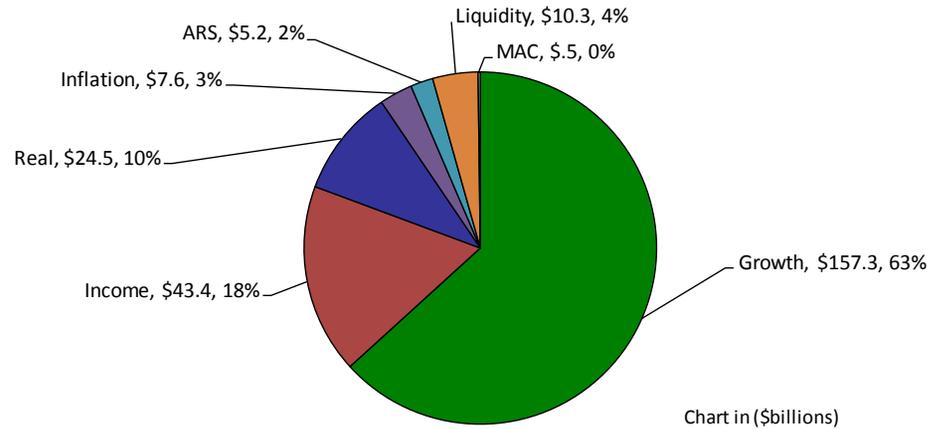


**MONTH ENDING DECEMBER 31, 2012**



Section I: Asset Allocation and Risk

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



Asset Allocation as of December 31, 2012												
	Growth	Public Equity <sup>1</sup>	Private Equity <sup>1</sup>	Income	Liquidity	Real	Real Estate	Forestland/ Infrastructure	Inflation	ARS <sup>3</sup>	MAC <sup>4</sup>	Total Fund
Strategic Target Range % <sup>1</sup>	56-70%	42-56%	10-18%	11-21%	1-7%	8-18%	7-13%	1-5%	1-7%			
Interim Strategic Target % <sup>2</sup>	64%	50%	14%	17%	4%	11%	9%	2%	4%	N/A	N/A	N/A
Actual Investment %	63%	50%	13%	17%	4%	10%	9%	1%	3%	2%	0%	N/A
Variance % (Strategic vs. Actual)	(1%)	0%	(1%)	0%	0%	(1%)	(0%)	(1%)	(1%)	N/A	N/A	N/A
Interim Strategic Target (\$billions)	\$159.2	\$124.4	\$34.8	\$42.3	\$10.0	\$27.4	\$22.4	\$5.0	\$10.0	N/A	N/A	\$248.8
Actual Investment (\$billions)	\$157.3	\$125.3	\$32.1	\$43.4	\$10.3	\$24.5	\$21.3	\$3.2	\$7.6	\$5.2	\$0.5	\$248.8
Variance \$(Interim Strategic vs. Actual) (\$billions)	(\$1.9)	\$0.9	(\$2.8)	\$1.1	\$0.4	(\$2.8)	(\$1.0)	(\$1.8)	(\$2.4)	N/A	N/A	N/A
% Passive	55%	69%	0%	0%	0%	3%	4%	0%	0%	0%	0%	35%
% Active	45%	31%	100%	100%	100%	97%	96%	100%	100%	100%	100%	65%
% Internal	66%	83%	0%	91%	100%	3%	4%	0%	100%	0%	0%	65%
% External	34%	17%	100%	9%	0%	97%	96%	100%	0%	100%	100%	35%

<sup>1</sup> 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.

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

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

<sup>4</sup> The Multi Asset Class program began ramp-up of investments in December 2012 but will not have manager performance data until February 2013

Unfunded Market Commitments as of December 31, 2012										
	Private Equity		Real Estate (as of September 30, 2012)		Infrastructure (as of September 30, 2012)		Forestland (as of September 30, 2012)		Corporate Governance (as of November 30, 2012)	
Funded	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation
Fair Market Value (FMV)	\$32.1	13%	\$21.3	9%	\$1.1	0%	\$2.1	1%	\$4.2	2%
Unfunded Commitment (UC)	\$11.5	5%	\$9.0	4%	\$0.5	0%	\$0.0	0%	\$1.1	0%
<b>FMV + UC</b>	<b>\$43.5</b>	<b>18%</b>	<b>\$30.4</b>	<b>12%</b>	<b>\$1.6</b>	<b>1%</b>	<b>\$2.1</b>	<b>1%</b>	<b>\$4.4</b>	<b>2%</b>

## Section I: Asset Allocation and Risk

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

	Company Name <sup>1</sup>	Total Global Equity <sup>2</sup>	Total Global Fixed Income <sup>3</sup>	Market Value	% of Total Fund
1	APPLE INC	\$1096.2	\$0	\$1096.2	0.65%
2	EXXON MOBIL CORP	\$960.8	\$0	\$960.8	0.53%
3	GENERAL ELECTRIC CO	\$547.5	\$307.5	\$855.1	0.40%
4	HSBC HOLDINGS PLC	\$527.3	\$161.5	\$688.8	0.35%
5	SAMSUNG ELECTRONICS CO LTD	\$657.2	\$0	\$657.2	0.30%
6	AT&T INC	\$418.0	\$203.2	\$621.2	0.30%
7	WELLS FARGO & CO	\$458.4	\$158.5	\$617.0	0.30%
8	NESTLE SA REG	\$602.3	\$0	\$602.3	0.28%
9	ROYAL DUTCH SHELL PLC*	\$595.1	\$0	\$595.1	0.27%
10	JPMORGAN CHASE & CO	\$383.8	\$158	\$541.8	0.27%
11	MICROSOFT CORP	\$539.5	\$0	\$539.5	0.27%
12	BANK OF AMERICA CORP	\$368.4	\$158.7	\$527.0	0.27%
13	PFIZER INC	\$448.7	\$76	\$524.9	0.26%
14	WAL MART STORES INC	\$406.7	\$97	\$503.7	0.23%
15	INTL BUSINESS MACHINES CORP	\$494.4	\$0	\$494.4	0.23%
16	CHEVRON CORP	\$452.0	\$40	\$492.2	0.21%
17	PROCTER & GAMBLE CO	\$440.0	\$0	\$440.0	0.20%
18	CITIGROUP INC	\$265.8	\$170	\$435.4	0.20%
19	NOVARTIS AG REG	\$425.9	\$0	\$425.9	0.19%
20	APOLLO GLOBAL MANAGEMENT LLC	\$416.9	\$0	\$416.9	0.19%

<sup>1</sup> Only includes Global Equity and Fixed Income assets custodied with master custodian

\*Includes both Class A and Class B shares of common stock

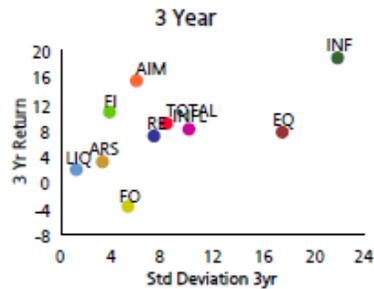
<sup>2</sup> Source for Global Equity values: State Street Bank

<sup>3</sup> Source for Global Fixed Income values: Blackrock Solutions

Section I: Asset Allocation and Risk

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

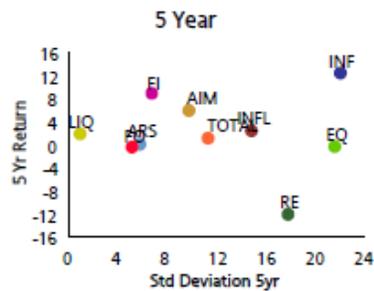
**3 Year Risk Profile**



**TRACKING ERROR**

	Excess Return (%)	Tracking Error	Information Ratio
TOTAL FUND	-0.14	2.24	-0.06
PUBLIC EQUITY	0.43	0.60	0.72
INCOME	0.86	1.35	0.64
PRIVATE EQUITY	1.11	15.32	0.07
REAL ESTATE	-5.33	6.11	-0.87
LIQUIDITY	-0.25	0.27	-0.92
INFLATION	1.21	3.90	0.31
ABSOLUTE RETURN STRATEGY	-2.61	3.40	-0.77
FORESTLAND	-3.30	6.59	-0.50
INFRASTRUCTURE	11.48	21.89	0.52

**5 Year Risk Profile**



**TRACKING ERROR**

	Excess Return (%)	Tracking Error	Information Ratio
TOTAL FUND	-2.42	3.18	-0.76
PUBLIC EQUITY	-0.69	1.05	-0.66
INCOME	0.53	3.29	0.16
PRIVATE EQUITY	-5.34	14.78	-0.36
REAL ESTATE	-16.21	14.45	-1.12
LIQUIDITY	-0.12	0.22	-0.56
INFLATION	-0.55	5.51	-0.10
ABSOLUTE RETURN STRATEGY	-6.56	6.36	-1.03
FORESTLAND	-3.88	5.83	-0.67
INFRASTRUCTURE	5.30	22.24	0.24

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

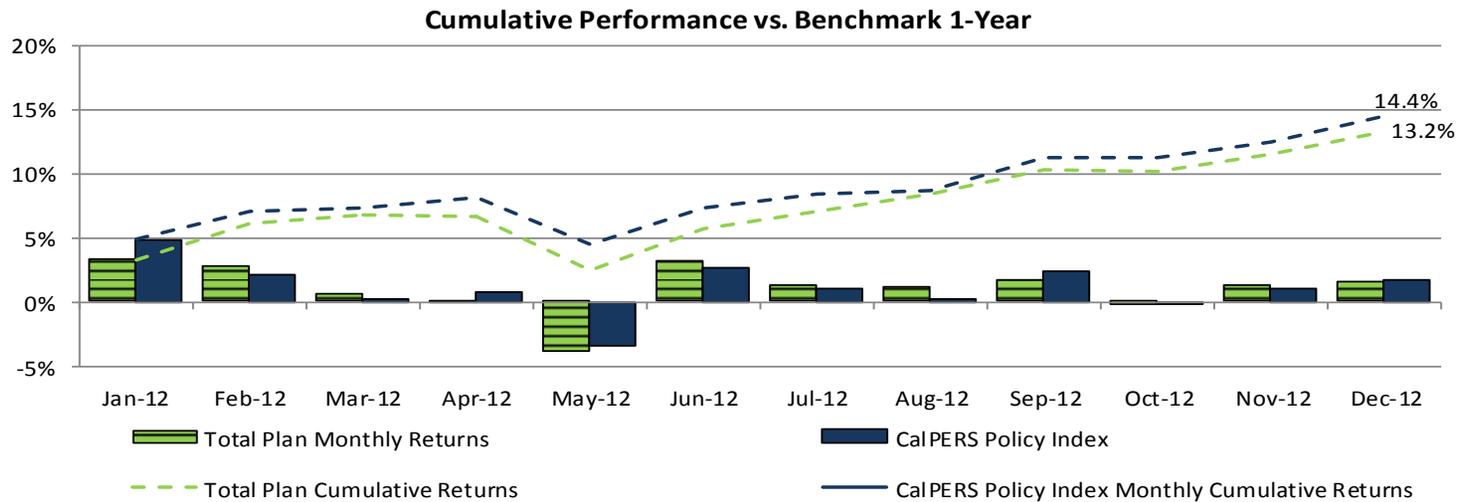
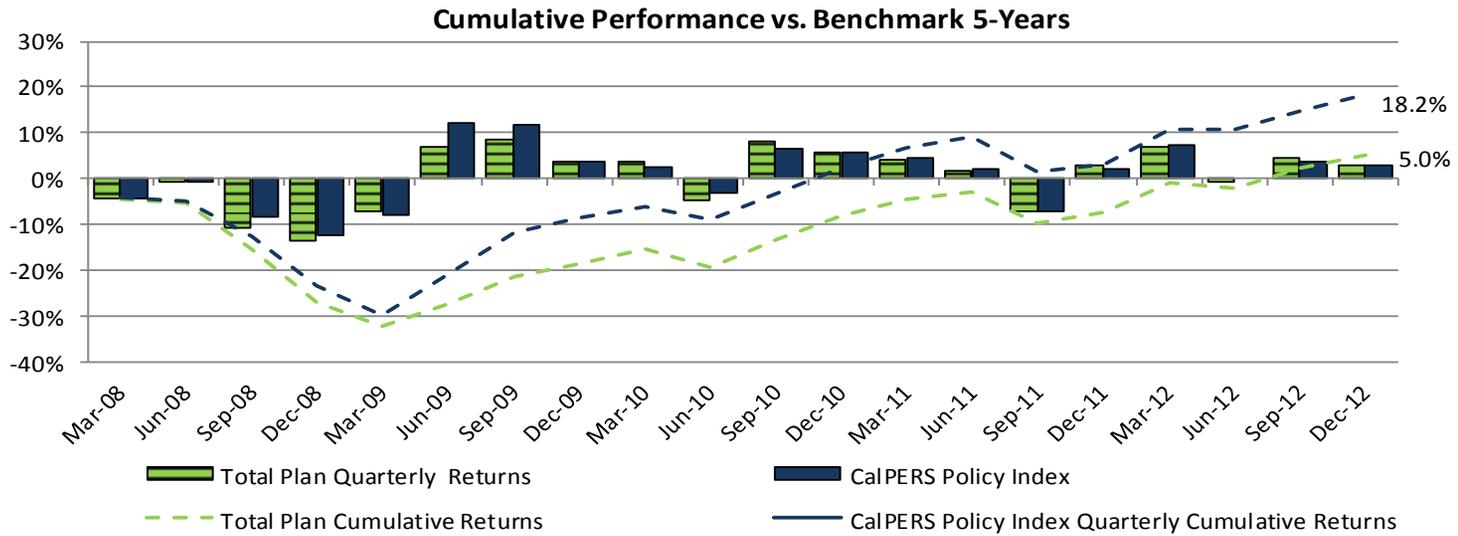
The information ratio is used to measure risk adjusted returns; industry practice suggests that below 0.15 is considered low, between 0.15 and 0.25 is medium, and above 0.35 is high.

*Section II*  
Investment Performance

**MONTH ENDING DECEMBER 31, 2012**

Section II: Investment Performance

**Net Performance Summary** (as of December 31, 2012)



## Section II: Investment Performance

**Net Performance Summary** (as of December 31, 2012)

			1 Month		FYTD		1-Yr		3-Yr		5-Yr		10-Yr	
	Ending 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
<b>TOTAL FUND SUMMARY</b>														
GROWTH	156,398	62.9	2.3	(45)	9.3	27	16.1	(383)	9.1	33	0.4	(169)	8.5	(74)
PUBLIC EQUITY	124,327	50.0	2.7	16	10.8	22	17.2	10	7.5	43	(0.5)	(70)	8.0	(40)
PRIVATE EQUITY	32,071	12.9	0.6	(270)	4.2	102	12.2	(1,621)	15.3	111	5.8	(534)	11.5	(72)
INCOME	43,324	17.4	(0.4)	15	3.4	88	7.6	135	10.5	86	8.8	53	7.9	98
LIQUIDITY	10,376	4.2	(0.2)	2	0.4	(19)	1.2	(42)	1.8	(25)	1.7	(12)	2.5	2
REAL	24,540	9.9	1.7	(58)	2.7	(200)	12.8	253	6.1	(419)	(11.0)	(1,412)	3.5	(521)
REAL ESTATE	21,342	8.6	1.8	(84)	3.0	(226)	15.5	390	6.9	(533)	(12.2)	(1,621)	2.8	(645)
FORESTLAND	2,116	0.9	0.4	(35)	0.2	(120)	(7.1)	(933)	(3.8)	(330)	(0.6)	(388)		
INFRASTRUCTURE	1,081	0.4	2.7	190	1.7	(114)	6.9	81	18.7	1,148	12.3	530		
INFLATION	7,556	3.0	0.2	18	6.8	104	5.0	(143)	7.9	121	2.3	(55)		
COMMODITIES	1,577	0.6	(0.7)	(2)	7.1	(78)	(0.3)	(38)	3.0	45	(8.2)	5		
INFLATION LINKED BONDS	5,979	2.4	0.5	20	5.1	12	8.1	(11)	8.5	31				
ABSOLUTE RETURN STRATEGIES	5,151	2.1	0.7	29	2.9	18	3.2	(202)	3.0	(261)	(0.1)	(657)	5.2	(339)
MULTI ASSET CLASS	500	0.2												
OVERLAY+TRANSITION+PLAN LEVEL PORTFOLIOS	930	0.4												
<b>TOTAL FUND *</b>	<b>248,775</b>	<b>100.0</b>	<b>1.6</b>	<b>(20)</b>	<b>7.1</b>	<b>53</b>	<b>13.3</b>	<b>(117)</b>	<b>8.8</b>	<b>(13)</b>	<b>1.0</b>	<b>(242)</b>	<b>7.5</b>	<b>(84)</b>

\* Venture portfolio with -\$1.1 million balance rolls to Total Fund only for December period; has been fixed for future periods and does not affect performance

**Total Fund Inception to Date Net Return: 8.47%.**

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 December 31, 2012)

<u>Asset Class</u>	<u>Actual Allocation</u> (%)	<u>One-year Net Asset Return</u> (%)	<u>CalPERS Long-Term Expected Annual Return</u> <sup>1, 2</sup> (%)	<u>Current Projected Standard Deviation</u> (%)	<u>Current +/- One Standard Deviation Range</u> (%)	<u>Expected Standard Deviation</u> <sup>1</sup> (%)	<u>+/- One Standard Deviation Range</u> <sup>3</sup> (%)
Public Equity	50	17.2	7.75	19.09	(11.34) - 26.84	16.00	(8.25) - 23.75
Private Equity	13	12.2	9.00	20.14	(11.14) - 29.14	26.00	(17.00) - 35.00
<b>Total Growth</b>	<b>63</b>	<b>16.1</b>					
<b>Income</b>	<b>17</b>	<b>7.6</b>	<b>3.75</b>	<b>5.93</b>	<b>(2.18) - 9.68</b>	<b>6.50</b>	<b>(2.75) - 10.25</b>
Real Estate	10	15.5	7.00	14.52	(7.52) - 21.52	14.00	(7.00) - 21.00
Forestland	1	(7.1)	7.00	14.15	(7.15) - 21.15	10.00	(3.00) - 17.00
Infrastructure	0	6.9	7.00	15.56	(8.56) - 22.56	10.00	(3.00) - 17.00
<b>Total Real</b>	<b>10</b>	<b>12.8</b>					
Inflation Linked Bonds	2	(0.3)	3.50	5.98	(2.48) - 9.48	6.00	(2.50) - 9.50
Commodities	1	8.1	5.00	25.50	(20.50) - 30.50	21.00	(16.00) - 26.00
<b>Total Inflation</b>	<b>3</b>	<b>5.0</b>					
<b>Absolute Return Strategy (ARS)</b> <sup>1</sup>	<b>2</b>	<b>3.2</b>		<b>3.16</b>	<b>(3.16) - 3.16</b>		
<b>Liquidity</b>	<b>4</b>	<b>1.2</b>	<b>3.25</b>	<b>2.41</b>	<b>0.84 - 5.66</b>	<b>6.20</b>	<b>(2.95) - 9.45</b>
<b>Multi Asset Class</b> <sup>4</sup>	<b>0</b>				<b>0.00 - 0.00</b>		<b>0.00 - 0.00</b>
<b>Total Fund</b>	<b>100</b>	<b>13.3</b>	<b>7.38</b>	<b>13.82</b>	<b>(6.44) - 21.20</b>	<b>11.92</b>	<b>(4.54) - 19.30</b>

<sup>1</sup> 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.

<sup>2</sup> Compound return

<sup>3</sup> 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.

<sup>4</sup> MAC began funding in December 2012



*Section III*  
Investment Policy and Compliance



**MONTH ENDING DECEMBER 31, 2012**



**Policy Violations**

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**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 December:

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

Section III: Investment Policy and Compliance

**Policy Violations**

**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.	<p>Since the Program is not purchasing new securities, the maturities and partial return of principal have resulted to a "denominator effect" that creates a concentration limit violation. As of December 2012, the security has 0.37 years weighted average life (WAL).</p> <p>Staff recommends holding the security due to the high quality of the collateral, relatively short WAL and expected loss adjusted yield.</p> <p>The Investment Policy for Low Duration Fixed Income Program (SDF) is under review and should be finalized by first quarter of 2013. Any recommended changes will come to the IC for approval. Staff will address the denominator effect during the review and make recommended action or policy changes.</p>
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>Since the Program is not purchasing new securities, the maturities and partial return of principal have resulted to a "denominator effect" that creates a concentration limit violation. As of December 2012, the security has an approximately 1 year weighted average life (WAL) and is generating partial principal returns. Since the event date, July 2012, 20% of the principal was recovered.</p> <p>Staff recommends holding the security due to the high quality of the collateral, relatively short WAL and expected loss adjusted yield.</p> <p>The Investment Policy for Low Duration Fixed Income Program (HQL) is under review and should be finalized by first quarter of 2013. Any recommended changes will come to the IC for approval. Staff will address the denominator effect during the review and make recommended action or policy changes.</p>

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	7/10/2012	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>Since the Program is not purchasing new securities, the maturities and partial return of principal have resulted to a "denominator effect" that creates a concentration limit violation. As of December 2012, the security has an approximately 0.40 years weighted average life (WAL) and is generating partial principal returns. Since the event date, July 2012, 33% of the principal was recovered.</p> <p>Staff recommends holding the security due to the high quality of the collateral, relatively short WAL and expected loss adjusted yield.</p> <p>The Investment Policy for Low Duration Fixed Income Program is under review and should be finalized by first quarter of 2013. Any recommended changes will come to the IC for approval. Staff will address the denominator effect during the review and make recommended action or policy changes.</p>

Section III: Investment Policy and Compliance

**Disclosure of Closed Session Action Items**

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	<b>Investment Committee Meeting</b>	<b>Agenda Item</b>	<b>Investment Committee Action</b>	<b>Vote</b>
	No items to report			

## Section III: Investment Policy and Compliance

**Spring-Fed Pool Contract Status Quarterly Report** (for quarter ending December 31, 2012)

The report details Letter of Engagement (LOE) commitments, by the Investment Office, for spring-fed pool contractors. Actual expenditures against these commitments may be less, but never greater than this amount, unless agreed upon by CalPERS through an amended letter of engagement.

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Description	Commitment	Selection Reason
Q1	PE	Private Equity Spring-Fed Pool	Altius Associates (Contract #2011-6235)	09/13/12	11/12/12	Consulting Services - Due Diligence Assistance	\$30,000	Best value (determined through bid request proposals)
<b>Subtotal</b>							<b>\$30,000</b>	
Q1	PE	Private Equity Spring-Fed Pool	Cambridge Associates (Contract #2011-6237)	09/06/12	11/05/12	Consulting Services - Due Diligence Assistance	\$45,000	Best value (determined through bid request proposals)
Q2				10/05/12	12/04/12	Consulting Services - Due Diligence Assistance	\$45,000	Best value (determined through bid request proposals)
Q2				12/04/12	03/31/13	Consulting Services - Due Diligence Assistance	\$90,000	Only pool contractor with the expertise to perform work
<b>Subtotal</b>							<b>\$180,000</b>	
Q2	Investment Servicing	Private Equity Spring-Fed Pool	Duff & Phelps (Contract #2011-6090)	12/10/12	03/31/13	Valuation Policy Development	\$120,000	Best value (determined through bid request proposals)
<b>Subtotal</b>							<b>\$120,000</b>	
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)
<b>Subtotal</b>							<b>\$120,000</b>	
Q1	PE	Private Equity Spring-Fed Pool	Hamilton Lane (Contract # 2011-6082)	07/23/12	09/20/12	Consulting Services - Due Diligence Assistance	\$100,000	Best value (determined through bid request proposals)
Q1				08/28/12	10/27/12	Consulting Services - Due Diligence Assistance	\$100,000	Only pool contractor with the expertise to perform work
<b>Subtotal</b>							<b>\$200,000</b>	
Q1	PE	Private Equity Spring-Fed Pool	SL Capital Partners (Contract # 2011-6098)	08/29/12	10/28/12	Consulting Services - Due Diligence Assistance	\$25,000	Best value (determined through bid request proposals)
<b>Subtotal</b>							<b>\$25,000</b>	
Q1	PE	Private Equity Spring-Fed Pool	Strategic Investment Solutions (Contract # 2011-6098)	07/23/12	09/20/12	Consulting Services - Due Diligence Assistance	\$40,000	Best value (determined through bid request proposals)
<b>Subtotal</b>							<b>\$40,000</b>	
Q2	PE	Private Equity Spring-Fed Pool	UBS Securities LLC (Contract #2011-6091)	11/27/12	02/14/13	Investment Banking Services	\$950,000	Only pool contractor with the expertise to perform work
<b>Subtotal</b>							<b>\$950,000</b>	
<b>Total Private Equity Committed Amount</b>							<b>\$1,665,000</b>	
Q2	TIP	Diversity Consulting Services Spring-Fed Pool	RG & Associates (Contract #2010-6009)	10/19/12	06/30/13	Outreach Initiative Projects for Emerging Manager Programs	\$30,000	Existing knowledge of the investment or organization
<b>Total Diversity Committed Amount</b>							<b>\$30,000</b>	

## Section III: Investment Policy and Compliance

**Spring-Fed Pool Contract Status Quarterly Report** (for quarter ending December 31, 2012)

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Description	Commitment	Selection Reason
Q1	Investment Servicing	General Pension Consultant Spring-Fed Pool	Cutter & Associates (Contract # 2009-5104)	09/10/12	01/31/12	Target Operating Model Refresh	\$212,800	Existing knowledge of the investment or organization
Q2				09/10/12	01/31/12	Target Operating Model Refresh (Amendment to Increase LOE from Q1 FY 12-13)	\$61,600	Existing knowledge of the investment or organization
<b>Subtotal</b>							<b>\$274,400</b>	
Q1	Infrastructure & Forestland	General Pension 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)
<b>Subtotal</b>							<b>\$75,000</b>	
Q1	TIP	General Pension Consultant Spring-Fed Pool	Pacific Community Ventures (Contract #2009-5116)	08/20/12	06/30/13	CalPERS for California Report	\$355,000	Existing knowledge of the investment or organization
<b>Subtotal</b>							<b>\$355,000</b>	
Q2	PBSD	General Pension Consultant Spring-Fed Pool	Pension Consulting Alliance, Inc. (Contract #2009-5105)	11/19/12	09/30/13	CalPERS Investment Beliefs (Subbed to Towers Watson)	\$275,000	Vendor identified through RFI process
Q2	INVO			07/01/12	06/30/13	Board Investment Consulting Services	\$150,000	Existing knowledge of the investment or organization
<b>Subtotal</b>							<b>\$425,000</b>	
Q2	AIP	General Pension Consultant Spring-Fed Pool	R.V. Kuhns (Contract # 2009-5112)	11/06/12	03/31/12	Investment Lineup & Target Retirement Date Glidepath Update	\$75,000	Best value (determined through bid request proposals)
<b>Subtotal</b>							<b>\$75,000</b>	
<b>Total General Pension Committed Amount</b>							<b>\$1,204,400</b>	
Q2	Global Governance	Global Equity General Consultant Spring-Fed Pool	Governance Holdings Co (Contract #2010-5959)	09/17/12	11/16/12	US State and Select Foreign Country Corporate Law Default Rules	\$15,000	Specialized expertise: Comprehensive data set
Q2				09/14/12	11/12/12	Governance Trends Report 2012	\$37,500	Specialized expertise: Comprehensive data set
<b>Subtotal</b>							<b>\$52,500</b>	
Q2	ARS	Global Equity General Consultant Spring-Fed Pool	Mosaic Investment Advisors, Inc. (Contract # 2010-5945)	10/15/12	10/14/13	Absolute Return Strategies Services	\$150,000	Existing project, continued with new contract
Q2	GE			11/01/12	02/28/13	Global Equity Brokerage Services	\$163,444	Existing project, continued with new contract
<b>Subtotal</b>							<b>\$313,444</b>	

## Section III: Investment Policy and Compliance

**Spring-Fed Pool Contract Status Quarterly Report** (for quarter ending December 31, 2012)

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Description	Commitment	Selection Reason
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)
<b>Subtotal</b>							<b>\$450,000</b>	
Q2	ARS	Global Equity General Consultant Spring-Fed Pool	PAAMCO (Contract #2010-5947)	11/01/12	10/31/13	Absolute Return Strategies (ARS) Fund Administration	\$250,000	Only vendor in pool with knowledge and experience to meet objectives of project
<b>Subtotal</b>							<b>\$250,000</b>	
Q2	ARS	Global Equity General Consultant Spring-Fed Pool	UBS Alternative and Quantitative Investments, LLC (Contract #2010-5943)	11/01/12	10/31/13	Absolute Return Strategic Advisory Services	\$8,000,000	Existing project, continued with new contract
<b>Subtotal</b>							<b>\$8,000,000</b>	
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
<b>Subtotal</b>							<b>\$75,000</b>	
<b>Total Global Equity Committed Amount</b>							<b>\$9,140,944</b>	
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)
<b>Subtotal</b>							<b>\$64,000</b>	
Q1	Infrastructure & Forestland	ILAC Spring-Fed Pool	LP Capital (Contract #2008-4935)	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
<b>Subtotal</b>							<b>\$23,825</b>	
Q2	Infrastructure & Forestland	ILAC Spring-Fed Pool	Meketa Investment Group (Contract #2008-4936)	10/08/12	06/30/13	Forestland Strategic Review	\$75,000	Only pool contractor with the expertise to perform the work
<b>Subtotal</b>							<b>\$75,000</b>	
<b>Total Infrastructure and Forestland Committed Amount</b>							<b>\$162,825</b>	
Q2	ICOR	Real Estate Consulting Services	Aon Risk Insurance Services West, Inc. (Contract # 2011-6365)	10/01/12	01/31/13	Operating Risk Heat Map and Target Operating Model Refresh	\$105,000	Only vendor with knowledge and experience to meet objectives of project
<b>Subtotal</b>							<b>\$105,000</b>	

## Section III: Investment Policy and Compliance

**Spring-Fed Pool Contract Status Quarterly Report** (for quarter ending December 31, 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	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
				07/01/12	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
Q2				03/12/12	06/30/12	Consulting Services - Incentive Fee Payment Analysis (Amendment to Increase LOE from Q3 FY 11-12)	\$35,000	Existing knowledge of the investment or organization
Q2				10/15/12	03/31/12	Apartment Manager Prudent Person Opinion	\$30,000	Experience with CalPERS business process
Q2				10/24/12	06/30/13	Consulting Services - Prudent Person Opinion	\$70,000	Experience with CalPERS Investments (Hines)
Q2				11/01/12	06/30/13	Modeling and Incentive Fee Analysis	\$150,000	Existing knowledge of the investment or organization
<b>Subtotal</b>							<b>\$985,000</b>	
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 Q1 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
Q2				07/01/12	06/30/13	Portfolio Monitoring Assistance (Amendment to Increase LOE from Q2 FY 12-13)	\$56,250	Existing project, continued with new contract
<b>Subtotal</b>							<b>\$816,250</b>	
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
Q2				10/12/12	10/31/12	Report Review and Update 2012-2013 AIP	\$6,000	Specialized expertise: Knowledge of AIP review
Q2				10/12/12	10/31/12	Report Review and Update 2012-2013 AIP (Amendment to Decrease LOE from Q1 FY 12-13)	(\$6,000)	Specialized expertise: Knowledge of AIP review
Q2				12/07/12	12/31/12	Report Review and Update 2012-2013 AIP	\$10,500	Existing knowledge of the investment or organization
Q2				12/10/12	05/15/13	Report Update -Consulting Services - Analysis of Potential Investment	\$10,000	Existing knowledge of the investment or organization
<b>Subtotal</b>							<b>\$56,500</b>	

## Section III: Investment Policy and Compliance

**Spring-Fed Pool Contract Status Quarterly Report** (for quarter ending December 31, 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	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
Q2				10/12/12	01/31/13	Commingled Fund Review	\$100,000	Experience with CalPERS business process
Q2				10/12/12	06/30/13	Consulting Services - Investment Review	\$125,000	Experience with CalPERS business process
<b>Subtotal</b>							<b>\$437,500</b>	
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
<b>Subtotal</b>							<b>\$50,000</b>	
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
<b>Subtotal</b>							<b>\$3,460,000</b>	
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)
<b>Subtotal</b>							<b>\$200,000</b>	

## Section III: Investment Policy and Compliance

**Spring-Fed Pool Contract Status Quarterly Report** (for quarter ending December 31, 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	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				10/15/12	11/30/13	Consulting Services - Quarterly and Annual Monitoring Process	\$240,000	Existing knowledge of the investment or organization
Q2				10/15/12	10/31/12	Consulting Services - Annual Budgeting and Planning Initiative	\$210,000	Specialized expertise: Continuing Budget & Planning Project
<b>Subtotal</b>							<b>\$521,100</b>	
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
<b>Subtotal</b>							<b>\$30,000</b>	
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)
Q2				08/08/12	12/31/12	Financial and Regulatory Due Diligence Assistance (Amendment to Increase LOE from Q1 FY 12-13)	\$15,000	Best value (determined through bid request proposals)
<b>Subtotal</b>							<b>\$515,000</b>	
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	Experience with ODCE Index Funds
<b>Subtotal</b>							<b>\$175,000</b>	
<b>Total Real Estate Committed Amount</b>							<b>\$7,351,350</b>	
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 expertise to perform work
<b>Total EXEC Committed Amount</b>							<b>\$658</b>	
Q1	PBSD	ESPD Spring-Fed Pool	Starting Point (Contract #2011-6205)	08/10/12	05/17/13	INVO Office Executive Strategic Leadership and Performance Improvement	\$75,000	Only pool contractor with the expertise to perform the work
<b>Total ESPD Committed Amount</b>							<b>\$75,000</b>	
Q2	INVO	HRSD Spring-Fed Pool	Senn-Delaney (Contract 2009-5222)	06/14/12	12/31/12	CalPERS Private Equity Culture Alignment	\$120,525	Only pool contractor with the expertise to perform work
Q2				08/27/12	05/31/13	New INVO Employee Training Sessions	\$62,000	Only pool contractor with the expertise to perform work
<b>Total HRSD Committed Amount</b>							<b>\$182,525</b>	

## Section III: Investment Policy and Compliance

**Spring-Fed Pool Contract Status Quarterly Report** (for quarter ending December 31, 2012)

Quarter	Program	Pool Name	Consultant	Start Date	End Date	LOE Description	Commitment	Selection Reason
<b>Grand Total Spring-Fed Pool Consultants Committed Amount</b>							<b>\$19,812,702</b>	
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
<b>Subtotal</b>							<b>\$122,500</b>	
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)
Q2				08/13/12	02/28/13	Investment Contract Management Workflow Solution (Amendment to Increase from Q1 FY 12-13)	\$12,400	Best value (determined through bid request proposals)
<b>Subtotal</b>							<b>\$76,400</b>	
Q1	Investment Servicing	IT Spring-Fed Pool	Propoint Technology	09/24/12	09/23/13	PE ABOR & IBOR Project Manager	\$201,240	Existing project, continued with new contract
Q1				09/24/12	09/23/13	PE 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
Q2				04/04/12	04/03/13	PM2/Global Equity Business Analyst (Amendment to Increase LOE from Q4 FY 11-12)	\$25,440	Existing project, continued with new contract
Q2				10/01/12	09/30/13	PM2 Business Analyst	\$185,760	Existing project, continued with new contract
Q2				11/12/12	11/11/13	PM2/Global Equity	\$201,240	Existing project, continued with new contract
Q2				12/10/12	12/06/13	Alpha Platform/GEA3/Global Equity	\$97,524	Best value (determined through bid request proposals)
<b>Subtotal</b>							<b>\$927,204</b>	
Q2	Investment Servicing	IT Spring-Fed Pool	Pyramid Technology	11/01/12	10/31/13	Charles River SME & PM2 Project Resource	\$204,336	Existing project, continued with new contract
<b>Subtotal</b>							<b>\$204,336</b>	
Q2	Investment Servicing	IT Spring-Fed Pool	SaS International	12/01/12	11/29/13	Application Development/INVO Systems	\$139,320	Best value (determined through bid request proposals)
<b>Subtotal</b>							<b>\$139,320</b>	
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)
<b>Subtotal</b>							<b>\$388,548</b>	
<b>Total IT Committed Amount</b>							<b>\$1,858,308</b>	
<b>Grand Total Investment Office Committed Amount</b>							<b>\$21,671,010</b>	

## Section III: Investment Policy and Compliance

**Investment Policy Administrative Changes** *(for the period of October 1 – December 31, 2012)*

Review Date	Policy	Policy Category	Type of Revision	Comments
October 10, 2012	Benchmark Policy	Investment & Risk Management Policies	Administrative Change - Terminology Change	Terminology Change - To change the name from Alternative Investment Management (AIM) to Private Equity (PE).
<p>This report includes a summary of administrative changes for the period of October 1, 2012 to December 31, 2012. All changes have been reviewed and approved using the guidelines listed below and changes are within staff's delegated authority. Administrative changes are reported on a quarterly basis.</p> <p>Administrative change guidelines are:</p> <ol style="list-style-type: none"> <li>1. Template Change - moving sections, merging policies or programs, updating template language.</li> <li>2. Terminology Change - updates to create consistency among the asset class program policies, investment terms, etc.</li> <li>3. Date Change - when policies are reviewed and require no action, dates will be updated to reflect current status.</li> <li>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 are not substantive in nature.</li> <li>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.</li> </ol>				



*Section IV*  
Investment Transactions

**MONTH ENDING DECEMBER 31, 2012**



Section IV: Investment Transactions

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

Program Area	Name of Investment	Commitment	Initial Funding Date of Partnership	Complies with Delegation Number	Due Diligence Report Received From
Private Equity	GSO Capital Solutions Fund II LP	500,000,000	Dec-12	07-02-INV II (B) 2	Cambridge Associates
Multi Asset Class	Standard Life Investments Multi Asset Class Fund LP	500,000,000	Dec-12	MAC-SPM-001	Wilshire Associates*

\*Wilshire Associates provided a Board Consultant opinion.

Section IV: Investment Transactions

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

	PERF - Public Markets						
	Public Equity	REIT	Income	Inflation	ARS	Liquidity	MAC
<b>Beginning Market Value</b>	120,356,755,465	938,454,783	43,536,514,284	7,539,948,940	5,074,321,430	10,222,005,496	-
<b>+ Purchases</b>	3,035,808,617	-	754,761,422	129,192,519	100,000,000	3,807,454,523	500,000,000
<b>- Sales</b>	(1,799,458,433)	(2,147,433)	(108,781,926)	(129,075,762)	(256,192,172)	(2,709,894,813)	-
<b>+ Unitized Fund Purchases</b>	-	-	-	-	-	-	-
<b>- Unitized Fund Sales</b>	(99,103,252)	-	-	-	-	-	-
<b>+/- Other Changes in MV</b>	3,763,056,157	(187,501,575)	(830,385,028)	16,352,658	233,268,846	(973,341,103)	(5,000)
<b>Ending Market Value</b>	125,257,058,555	748,805,775	43,352,108,752	7,556,418,355	5,151,398,104	10,346,224,104	499,995,000
	<b>PERF - Private Markets</b>						
	Private Equity	Real Estate	Forestland	Infrastructure			
<b>Beginning Market Value</b>	32,692,148,840	20,158,895,552	2,115,370,535	1,034,940,125			
<b>+ Contributions</b>	597,699,897	209,380,379	-	23,835,884			
<b>- Distributions</b>	(1,412,675,302)	(768,592,003)	(5,507,156)	(7,070,105)			
<b>+ Unitized Fund Purchases</b>	-	-	-	-			
<b>- Unitized Fund Sales</b>	-	-	-	-			
<b>+/- Other Changes in MV</b>	193,591,409	993,616,228	6,436,530	29,403,338			
<b>Ending Market Value</b>	32,070,764,844	20,593,300,155	2,116,299,909	1,081,109,242			
	<b>Total PERF</b>						
	<b>Total Public Markets</b>	<b>Total Private Markets</b>	<b>Total PERF</b>				
<b>Beginning Market Value</b>	187,668,000,398	56,001,355,052	243,669,355,450				
<b>+ Contributions</b>	8,327,217,081	830,916,160	9,158,133,241				
<b>- Distributions</b>	(5,005,550,539)	(2,193,844,567)	(7,199,395,105)				
<b>+ Unitized Fund Purchases</b>	-	-	-				
<b>- Unitized Fund Sales</b>	(99,103,252)	-	(99,103,252)				
<b>+/- Other Changes in MV</b>	2,021,444,956	1,223,047,505	3,244,492,460				
<b>Ending Market Value</b>	192,912,008,645	55,861,474,150	248,773,482,795				

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 December 31, 2012)

	Private Asset Classes				Public Asset Classes				Total
	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	
<b>Start of Month Proposals</b>	36	1	18	28	14	2	2	5	106
<b>New Proposal During the Month</b>	8	1	8	7	9	9	0	4	46
<b>Reinstated Proposal During Month</b>	0	0	0	0	0	0	0	0	0
<b>Decisions During the Month</b>	17	0	5	13	16	2	1	6	60
<b>End of Month Proposals</b>	27	2	21	22	7	9	1	3	92
<b>Status Details</b>									
Status	Private Asset Classes				Public Asset Classes				Total
	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	
<b>Start of Month Proposals</b>									
Submitted	2	0	6	6	0	0	0	0	14
Screening	31	1	12	17	14	2	2	5	84
Due Diligence	2	0	0	5	0	0	0	0	7
Approved	1	0	0	0	0	0	0	0	1
<b>Subtotal</b>	36	1	18	28	14	2	2	5	106
<b>New Proposals During the Month</b>									
<b>Subtotal</b>	8	1	8	7	9	9	0	4	46
<b>Reinstated Proposals During Month</b>									
<b>Subtotal</b>	0	0	0	0	0	0	0	0	0
<b>Decisions During the Month</b>									
Committed	1	0	0	1	0	0	0	0	2
Declined	13	0	5	11	1	0	1	6	37
Failed to Materialize	0	0	0	1	0	2	0	0	3
Referred	3	0	0	0	15	0	0	0	18
<b>Subtotal</b>	17	0	5	13	16	2	1	6	60
<b>End of Month Proposals</b>									
Submitted	0	0	0	8	0	0	0	3	11
Screening	24	2	21	11	7	9	1	0	75
Due Diligence	1	0	0	3	0	0	0	0	4
Approved	2	0	0	0	0	0	0	0	2
<b>Subtotal</b>	27	2	21	22	7	9	1	3	92



*Section V*  
Affiliate and Other Funds

**MONTH ENDING DECEMBER 31, 2012**



## Section V: Affiliate and Other Funds

**Asset Allocation** (for the month of December 31, 2012)

Asset Allocation as of December 31, 2012								
	Global Equity	Domestic Equity	International Equity	Domestic Fixed	TIPS	REITs	Commodities	Cash
<b>Defined Benefit Plans</b>								
<b>Legislators Retirement System</b>								
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%
<b>Judges I Retirement System</b>								
Target Ranges %								100%
Strategic Target %								100%
Actual Investment %								100%
Variance % (Strategic vs. Actual)	0%	0%	0%	0%	0%	0%	0%	0%
<b>Judges II Retirement System</b>								
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 December 31, 2012)

Asset Allocation as of December 31, 2012								
	Global Equity	Domestic Equity	International Equity	Domestic Fixed	TIPS	REITs	Commodities	Cash
Health and Other Post-Employment Benefit Trusts								
<b>Long-Term Care Fund</b>								
Target Ranges %	11-19%	N/A	N/A	56-66%	4-8%	8-16%	4-8%	N/A
Strategic Target %	15%			61%	6%	12%	6%	0%
Actual Investment %	16%			60%	6%	12%	6%	0%
Variance % (Strategic vs. Actual)	1%	0%	0%	(1%)	(0%)	0%	0%	0%
<b>CERBT Strategy 1</b>								
Target Ranges %	61-71%	N/A	N/A	13-23%	3-7%	6-10%	1-5%	N/A
Strategic Target %	66%			18%	5%	8%	3%	0%
Actual Investment %	66%			18%	5%	8%	3%	0%
Variance % (Strategic vs. Actual)	(0%)	0%	0%	(0%)	(0%)	0%	(0%)	0%
<b>CERBT Strategy 2</b>								
Target Ranges %	45-55%	N/A	N/A	19-29%	11-19%	6-10%	1-5%	N/A
Strategic Target %	50%			24%	15%	8%	3%	0%
Actual Investment %	50%			24%	15%	8%	3%	0%
Variance % (Strategic vs. Actual)	(0%)	0%	0%	(0%)	(0%)	0%	(0%)	0%
<b>CERBT Strategy 3</b>								
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 %	21%			27%	10%	5%	2%	35%
Variance % (Strategic vs. Actual)	(11%)	0%	0%	(15%)	(5%)	(3%)	(1%)	35%
<b>Health Care Bond Fund</b>								
Variance % (Strategic vs. Actual)	0%	0%	0%	0%	0%	0%	0%	0%
<b>Contingency Reserve Fund</b>								
Variance % (Strategic vs. Actual)	0%	0%	0%	0%	0%	0%	0%	0%

Note: 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 December 31, 2012)

<b>Asset Allocation as of December 31, 2012</b>					
	<b>Global Equity</b>	<b>Fixed Income</b>	<b>TIPS</b>	<b>Commodities</b>	<b>REITs</b>
<i>Defined Contribution Plans</i>					
<b>Conservative</b>					
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%
<b>Moderate</b>					
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%
<b>Aggressive</b>					
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%
<b>Income</b>					
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%
<b>2005</b>					
Target Range %	30-40%	42-52%	12-20%	1-3%	0%
Strategic Target %	35%	47%	16%	2%	0%
Actual Investment %	35%	47%	16%	2%	0%
Variance % (Strategic vs. Actual)	(0%)	0%	0%	0%	0%
<b>2010</b>					
Target Range %	38-48%	32-42%	11-19%	1-3%	1-3%
Strategic Target %	43%	37%	16%	2%	2%
Actual Investment %	43%	37%	16%	2%	2%
Variance % (Strategic vs. Actual)	(0%)	0%	0%	0%	0%
<b>2015</b>					
Target Range %	43-53%	29-39%	9-15%	1-5%	2-4%
Strategic Target %	48%	34%	12%	3%	3%
Actual Investment %	48%	34%	12%	3%	3%
Variance % (Strategic vs. Actual)	(0%)	0%	0%	0%	0%

## Section V: Affiliate and Other Funds

**Asset Allocation** (for the month of December 31, 2012)

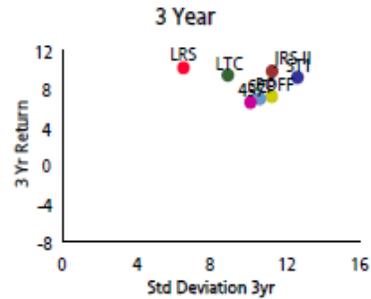
Asset Allocation as of December 31, 2012					
	Global Equity	Fixed Income	TIPS	Commodites	REITs
<i>Defined Contribution Plans</i>					
<b>2020</b>					
Target Range %	50-60%	26-36%	5-9%	2-6%	2-4%
Strategic Target %	55%	31%	7%	4%	3%
Actual Investment %	55%	31%	7%	4%	3%
Variance % (Strategic vs. Actual)	(0%)	0%	0%	0%	0%
<b>2025</b>					
Target Range %	59-69%	19-29%	2-4%	3-7%	2-6%
Strategic Target %	64%	24%	3%	5%	4%
Actual Investment %	64%	24%	3%	5%	4%
Variance % (Strategic vs. Actual)	(0%)	0%	(0%)	0%	0%
<b>2030</b>					
Target Range %	66-78%	12-22%	0-2%	3-7%	3-7%
Strategic Target %	72%	17%	1%	5%	5%
Actual Investment %	72%	17%	1%	5%	5%
Variance % (Strategic vs. Actual)	(0%)	0%	(0%)	0%	0%
<b>2035</b>					
Target Range %	75-87%	7-11%	0%	3-7%	3-7%
Strategic Target %	81%	9%	0%	5%	5%
Actual Investment %	81%	9%	0%	5%	5%
Variance % (Strategic vs. Actual)	(0%)	0%	0%	0%	0%
<b>2040</b>					
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%
<b>2045</b>					
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%
<b>2050</b>					
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).

Section V: Affiliate and Other Funds

**Asset Allocation** (for the month of December 31, 2012)

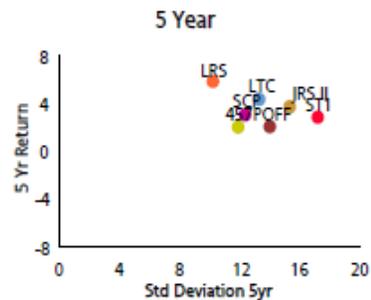
3 Year Risk Profile



TRACKING ERROR

	Excess Return (%)	Tracking Error	Information Ratio
LONG-TERM CARE FUND	0.16	0.46	0.36
CERBT STRATEGY 1 FUND	-0.05	0.29	-0.18
457 AGGREGATE	-0.69	0.61	-1.12
JUDGES' RETIREMENT SYSTEM II FUND	-0.04	0.49	-0.08
BALANCED GROWTH - POFF	-1.27	0.81	-1.57
CERBT STRATEGY 2			
LEGISLATORS' RETIREMENT SYSTEM FUND	0.18	0.64	0.28
CERBT STRATEGY 3			
SCP AGGREGATE	-1.02	0.68	-1.51

5 Year Risk Profile



TRACKING ERROR

	Excess Return (%)	Tracking Error	Information Ratio
LONG-TERM CARE FUND	0.02	1.01	0.02
CERBT STRATEGY 1 FUND	0.16	1.02	0.16
457 AGGREGATE	-0.53	0.75	-0.70
JUDGES' RETIREMENT SYSTEM II FUND	-0.15	1.03	-0.14
BALANCED GROWTH - POFF	-1.05	1.08	-0.98
CERBT STRATEGY 2			
LEGISLATORS' RETIREMENT SYSTEM FUND	0.17	1.65	0.11
CERBT STRATEGY 3			
SCP AGGREGATE	-1.22	0.76	-1.61

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.

CBERT Strategy 2 Inception date 10/1/2011. 3 and 5yr Tracking Error unavailable due to insufficient return history

CBERT Strategy 3 Inception date 1/1/2012. 3 and 5yr Tracking Error unavailable due to insufficient return history

## Section V: Affiliate and Other Funds

**Net Performance Summary** (for the month December 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
<b>DEFINED BENEFIT PLANS</b>													
JUDGES RETIREMENT FUND	56	0.0	(1)	0.0	(3)	0.1	(5)	0.1	3	0.7	18	1.9	12
JUDGES RETIREMENT SYSTEM II FUND	732	1.8	6	8.8	26	15.4	42	9.7	(4)	3.5	(15)	7.6	7
LEGISLATORS RETIREMENT SYSTEM FUND	126	0.9	9	6.5	44	12.5	74	10.1	18	5.7	17	7.6	20
<b>DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS</b>													
		1 Month		FYTD		1-Yr		3-Yr		5-Yr		10-Yr	
CALPERS SUPPLEMENTAL INCOME 457 PLAN	1,010	1.0	(5)	5.0	(45)	10.4	(66)	6.5	(69)	1.9	(52)	5.5	(36.0)
SUPPLEMENTAL CONTRIBUTIONS PLAN	19	1.0	(5)	5.6	(39)	11.1	(54)	6.9	(103)	2.9	(121)		
STATE PEACE OFFICERS' & FIREFIGHTERS' (POFF) SUPPLEMENTAL PLAN	482	1.1	(6)	5.9	(48)	11.6	(68)	7.1	(127)	1.9	(105)	5.9	(91)
<b>HEALTH AND OTHER POST-EMPLOYMENT BENEFIT FUNDS</b>													
		1 Month		FYTD		1-Yr		3-Yr		5-Yr		10-Yr	
CERBT STRATEGY 1	1,988	1.6	(7)	8.5	3	15.4	7	9.1	(5)	2.7	16		
CERBT STRATEGY 2	369	1.2	(2)	7.8	12	13.9	22						
CERBT STRATEGY 3	52	0.7	(1)	6.5	28	11.7							
CALPERS HEALTH CARE BOND FUND	399	(0.0)	11	2.7	90	5.8	162	6.8	62	6.1	10		
LONG TERM CARE FUND	3,780	0.4	(3)	6.3	29	12.8	50	9.3	17	4.2	1	7.8	28
<b>RESERVE FUNDS</b>													
		1 Month		FYTD		1-Yr		3-Yr		5-Yr		10-Yr	
CONTINGENCY RESERVE FUND	6	0.0	(1)	0.0	(3)	0.1	(5)	0.1	3	0.7	18	1.9	13
<b>SECURITIES LENDING COLLATERAL REINVESTMENT POOLS</b>													
		1 Month		FYTD		1-Yr		3-Yr		5-Yr		10-Yr	
SECURITIES LENDING COLLATERAL REINVESTMENT POOLS	10,541	0.1	6	0.54	47	1.0	82	1.50	137	0.76	27	1.99	16

## Section V: Affiliate and Other Funds

**Gross Performance Summary** (for the month December 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
<b>DEFINED BENEFIT PLANS</b>													
JUDGES RETIREMENT FUND	56	0.0	(1)	0.0	(3)	0.1	(5)	0.1	3	0.7	18	1.9	12
JUDGES RETIREMENT SYSTEM II FUND	732	1.8	6	8.8	26	15.4	42	9.7	(4)	3.5	(15)	7.6	7
LEGISLATORS RETIREMENT SYSTEM FUND	126	0.9	9	6.5	44	12.5	74	10.1	18	5.7	17	7.6	20
<b>DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS</b>													
		1 Month		FYTD		1-Yr		3-Yr		5-Yr		10-Yr	
CALPERS SUPPLEMENTAL INCOME 457 PLAN	1,010	1.1	105	5.3	(19)	11.0	(11)	7.0	(15)				
SUPPLEMENTAL CONTRIBUTIONS PLAN	19	1.1	(1)	5.8	(13)	11.5	(8)	7.4	(53)				
STATE PEACE OFFICERS' & FIREFIGHTERS' (POFF) SUPPLEMENTAL PLAN	482	1.1	(1)	6.2	(18)	12.1	(17)	7.7	(69)	2.6	(35)	6.6	(17)
<b>HEALTH AND OTHER POST-EMPLOYMENT BENEFIT FUNDS</b>													
		1 Month		FYTD		1-Yr		3-Yr		5-Yr		10-Yr	
CERBT STRATEGY 1	1,988	1.6	(7)	8.5	3	15.4	7	9.1	(5)	2.7	16		
CERBT STRATEGY 2	369	1.2	(2)	7.8	12	13.9	22						
CERBT STRATEGY 3	399	0.7	(1)	6.5	28	11.7							
CALPERS HEALTH CARE BOND FUND	399	(0.0)	11	2.7	90	5.8	162	6.8	62	6.1	10		
LONG TERM CARE FUND	3,780	0.4	(3)	6.3	29	12.8	50	9.3	17	4.2	1	7.8	28
<b>RESERVE FUNDS</b>													
		1 Month		FYTD		1-Yr		3-Yr		5-Yr		10-Yr	
CONTINGENCY RESERVE FUND	6	0.0	(1)	0.0	(3)	0.1	(5)	0.1	3	0.7	18	1.9	13
<b>SECURITIES LENDING COLLATERAL REINVESTMENT POOLS</b>													
		1 Month		FYTD		1-Yr		3-Yr		5-Yr		10-Yr	
SECURITIES LENDING COLLATERAL REINVESTMENT POOLS	10,541	0.1	6	0.54	47	1.0	82	1.50	137	0.76	27	1.99	16

## Section V: Affiliate and Other Funds

**Policy Violations** *(for the month of December 31, 2012)***Material Exceptions to Policy**

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

**Policy Violations:**

New

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Event Description	Resolution (expected) or Next Steps
Affiliate Investments	12/31/2012	1/4/2013	The California Employers Retiree Benefit Trust (CERBT) Fund Policy. Item V., D. Policy Asset Allocation Target and Ranges.	An \$18M contribution was deposited 12/31/12 into CERBT 3 that created a large cash position (35% of holdings). As a result, CERBT3 Policy asset allocation target weight ranges were violated.	Trades were placed 12/31/12 with SSgA and internal asset classes for 1/4/13 settlement to restore CERBT3 back to Policy target weights.

Section V: Affiliate and Other Funds

**Policy Violations** (for the month of December 31, 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.	As of December 2012, the security is rated AAA/AA+/Aaa, has an approximately 1.5 years weighted average life (WAL) and is generating partial principal returns. Since the event date, February 2012, 30% of the principal was recovered.  Staff recommends holding the security due to the high quality of the collateral, relatively short WAL and expected loss adjusted yield.  The Investment Policy for Securities Lending, Attachment B, Delegated Cash Collateral Reinvestment Guidelines is under review and should be finalized by first quarter of 2013. Per Securities Lending Policy, the Consultant shall be asked to provide an opinion on all new Policy Violations. Attached is Wilshire's letter for the most recent Policy Violations (Attachment 3).
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.	As of December 2012, the security is rated AAA/AA+/Aa3, has an approximately 1.8 years weighted average life (WAL) and is generating partial principal returns. Since the event date, October 2011, 37% of the principal was recovered.  Staff recommends holding the security due to the high quality of the collateral, relatively short WAL and expected loss adjusted yield.  The Investment Policy for Securities Lending, Attachment B, Delegated Cash Collateral Reinvestment Guidelines is under review and should be finalized by first quarter of 2013.

## Section V: Affiliate and Other Funds

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

## Existing (cont'd)

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Event Description	Resolution (expected) or Next Steps
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. Staff believes that current pricing undervalues the restructured SIV. 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. Staff believes that current pricing undervalues the restructured SIV. 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 December 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
<b>Beginning Market Value</b>	1,904,097,172	366,382,940	33,500,051	398,834,608	3,759,020,915	6,113,331
<b>+ Purchases</b>	-	-	-	-	-	-
<b>- Sales</b>	-	-	-	-	-	-
<b>+ Unitized Fund Purchases</b>	2,878,274,462	427,480,687	27,233,689	404	4,018,487,015	-
<b>- Unitized Fund Sales</b>	(2,830,274,462)	(430,730,687)	(27,333,689)	-	(4,241,473,533)	-
<b>+/- Other Changes in MV</b>	36,055,806	5,523,380	18,557,831	(120,226)	243,635,982	(533)
<b>Ending Market Value</b>	1,988,152,978	368,656,320	51,957,882	398,714,786	3,779,670,379	6,112,798

	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
<b>Beginning Market Value</b>	1,219,922,261	55,890,173	713,761,985	125,943,265
<b>+ Purchases</b>	-	-	-	-
<b>- Sales</b>	-	-	-	-
<b>+ Unitized Fund Purchases</b>	13,236,285	-	6,522,000	715,000
<b>- Unitized Fund Sales</b>	(13,393,656)	-	(900,000)	(1,366,000)
<b>+/- Other Changes in MV</b>	12,812,432	3,999	12,969,224	1,105,944
<b>Ending Market Value</b>	1,232,577,322	55,894,172	732,353,209	126,398,209

	Unitized Funds					Affiliated and Other Funds
	Public Equity	REIT	Income*	Inflation	Liquidity*	
<b>Beginning Market Value</b>	77,148,070,946	1,668,211,637	44,111,855,348	1,941,074,767	5,156,631,688	4,356,905,154
<b>+ Purchases</b>	351,064,094	14,031,800	17,654,408,038	4,302,248,785	4,682,982,142	121,292,318
<b>- Sales</b>	(178,066,783)	(6,644,599)	(18,484,287,874)	(4,509,525,025)	(7,762,740,000)	(106,027,992)
<b>+/- Other Changes in MV</b>	1,421,333,703	(831,060,267)	(431,426,556)	(28,210,911)	1,983,709,505	(1,544,885,154)
<b>Ending Market Value</b>	78,742,401,960	844,538,571	42,850,548,956	1,705,587,616	4,060,583,335	2,827,284,326

\* Maturities may be included due to the volume of transactions



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