

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

March 28, 2013

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

Re: Proposed Statement of Investment Policy for Public Employees' Health Care Fund

Dear Mr. Jones:

You requested Wilshire's opinion with respect to Staff's proposal for a new Statement of Investment Policy for the Public Employees' Health Care Fund. This is a second reading of the proposed policy. This version of the policy has language that requires an asset allocation study be conducted at least every three years. The study will be presented to the Investment Committee for review and approval of the target asset allocation.

Wilshire recommends that the Investment Committee approve the proposed Statement of Investment Policy as presented.

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

Best regards,

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