

CaIPERS

Total Fund Monthly Update – Investment Compliance

MONTH ENDED AUGUST 31, 2013

CalPERS Total Fund Monthly Update - Investment Compliance

For the month ended August 31, 2013

Items Completed Under Delegated Authority

Disclosure of Placement Agent Fees

Investment Proposal Activity Summary

Policy Violations

Disclosure of Closed Session Action Items

Items Completed Under Delegated Authority *(for the month ended August 31, 2013)*

Program Area	Name of Investment	Commitment	Initial Funding Date of Partnership	Complies with Delegation Number	Due Diligence Activities Conducted By
Private Equity	Apollo Investment Fund VIII, L.P.	\$500 million	Aug-13	07-02-INV II (B) 2	Pension Consulting Alliance (PCA) ¹
Private Equity	Trius Co-Investment Limited Partnership	€45 million	Aug-13	07-02-INV II (C) 1	Pension Consulting Alliance (PCA) ¹
Private Equity	Cerberus CP Partners, L.P.	\$600 million	Aug-13	07-02-INV II (B) 5	Pension Consulting Alliance (PCA) ¹ & Cambridge Associates ²
Real Assets	Newland National Partners, III LLC ³	\$70 million	Apr-05	11-01-INV	N/A
Real Assets	Shea Mountain House, LLC ³	\$50 million	May-05	11-01-INV	N/A

¹ Reviewed the transaction and provided a Board Investment Consultant Opinion.
² Provided a Prudent Person Opinion.
³ Additional commitment to existing investment.

Disclosure of Placement Agent Fees (for the month ended August 31, 2013)

Firm Name	Dimensional Fund Advisors L.P. (DFA)	Cerberus Capital Management, L.P.	CVC European Equity V Limited (ista syndication)
Asset Class	Global Equities	Private Equity	Private Equity
Fund	EM Small Cap Alternative Solicitation- DFA Contract 2012-6693	Cerberus CP Partners, L.P	CVC European Equity Partners V
Period	August 2013	August 2013	August 2013
Placement Agent / Firm	Ted Simpson (employee of DFA)	Seth Plattus, Greg Gordon and Catherin Brossard (employees of Cerberus).	Ms. Esther Rombaut, Ms. Lisa Lee, Mr. Nick Archer, Mr. Hemal Mirani, Mr. Marc St. John, and Ms. Michelle Yourth (employees of CVC European Equity Partners V).
Registered with SEC/FINRA	Mr. Simpson is a FINRA registered representative with Series 7 and 63 licenses. Dimensional Fund Advisors is registered with the SEC.	Cerberus Capital Management, L.P. is registered with the SEC.	CVC European Equity Partners V is registered with the SEC.
Registered with Secretary of State	Yes	Yes	Yes
Estimated Placement Agent Compensation	Mr. Simpson's compensation consists of base salary, discretionary bonus, and participation in a long-term incentive program. No portion of his compensation is commission-based or directly contingent on sales to individual clients. The estimate proration of Mr. Simpson's compensation associated with time allocated to providing marketing information to CalPERS in 2012-2013 is \$4,318	Mr. Plattus, Mr. Gordon and Ms. Brossard are internal employees of Cerberus. The total amount paid to the above named placement agents was \$2,000. This was previously reported to the Board in Closed Session for September 2013.	Esther Rombaut, Lisa Lee, Nick Archer, Hemal Mirani, Marc St. John, Michelle Yourth, Janish Patel, Alanna DiCola, and Robert Squire are internal employees of CVC Capital Partners. The total amount paid to the above named placement agents was \$13,000 for all CalPERS related investments for 2013. This was previously reported to the Investment Committee in Closed Session for September 2013.
Transaction Type	New	New	New

Disclosure of Placement Agent Fees (for the month ended August 31, 2013)

Firm Name	Apollo Management (MHE), LLC (and affiliates of Apollo)	Apollo Management VIII, L.P. (and affiliates of Apollo)
Asset Class	Private Equity	Private Equity
Fund	McGraw-Hill Education Co-Investment (in Apollo Co-Investors MHE)	Apollo Investment Fund VIII, L.P.
Period	August 2013	August 2013
Placement Agent / Firm	Ms. Stephanie Drescher and Mr. Daniel Stenson, (employees of Apollo Management (MHE), LLC)	Ms. Stephanie Drescher, Ms. Heather Berger, Mr. Daniel Stenson and Ms. Danielle Thorsen (employees of Apollo Investment Fund VIII, L.P.)
Registered with SEC/FINRA	Apollo Management, L.P. is registered with the SEC.	Apollo Management, L.P. is registered with the SEC.
Registered with Secretary of State	Yes	Yes
Estimated Placement Agent Compensation	Ms. Drescher and Mr. Stenson are not compensated on a commission, contingent, percentage or other similar basis in connection with the CalPERS investment. Instead, they are compensated with an annual salary, bonus and/or related or similar compensation that is paid to them irrespective of the Investment. The approximate annual salary and bonus paid and to be paid to Ms. Drescher and Mr. Stenson, allocable to efforts undertaken to secure the Investment on behalf of Apollo are: Ms. Drescher \$14,583 and Mr. Stenson \$4,167.	Ms. Drescher, Ms. Berger, Mr. Stenson and Ms. Thorsen, are not compensated on a commission, contingent, percentage or other similar basis in connection with the CalPERS investment. Instead, they are compensated with an annual salary, bonus and/or related or similar compensation that is paid to them irrespective of the Investment. The approximate annual salary and bonus paid and to be paid to the disclosed placement agents in connection with the CalPERS investment, are: Ms. Drescher \$105,000, Ms. Berger \$18,750, Mr. Stenson \$50,000, and Ms. Thorsen \$0.
Transaction Type	New	New

Investment Proposal Activity Summary (for the month ended August 31, 2013)

	Private Asset Classes				Public Asset Classes				Total
	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals	31	2	29	19	15	3	2	2	103
New Proposal During the Month	15	0	10	7	7	5	1	0	45
Reinstated Proposal During Month	0	0	0	0	0	0	0	0	0
Decisions During the Month	16	0	10	7	15	6	1	1	56
End of Month Proposals	30	2	29	19	7	2	2	1	92

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	10	0	0	0	0	11
Screening	28	2	27	9	15	3	2	2	88
Due Diligence	2	0	1	0	0	0	0	0	3
Approved	1	0	0	0	0	0	0	0	1
Subtotal	31	2	29	19	15	3	2	2	103
New Proposals During the Month									
Subtotal	15	0	10	7	7	5	1	0	45
Reinstated Proposals During Month									
Subtotal	0	0	0	0	0	0	0	0	0
Decisions During the Month									
Committed	3	0	0	0	0	0	0	0	3
Declined	11	0	10	7	0	1	1	1	31
Failed to Materialize	0	0	0	0	0	1	0	0	1
Referred	2	0	0	0	15	4	0	0	21
Subtotal	16	0	10	7	15	6	1	1	56
End of Month Proposals									
Submitted	1	0	2	7	1	1	1	0	13
Screening	26	2	25	12	6	1	1	1	74
Due Diligence	3	0	2	0	0	0	0	0	5
Approved	0	0	0	0	0	0	0	0	0
Subtotal	30	2	29	19	7	2	2	1	92

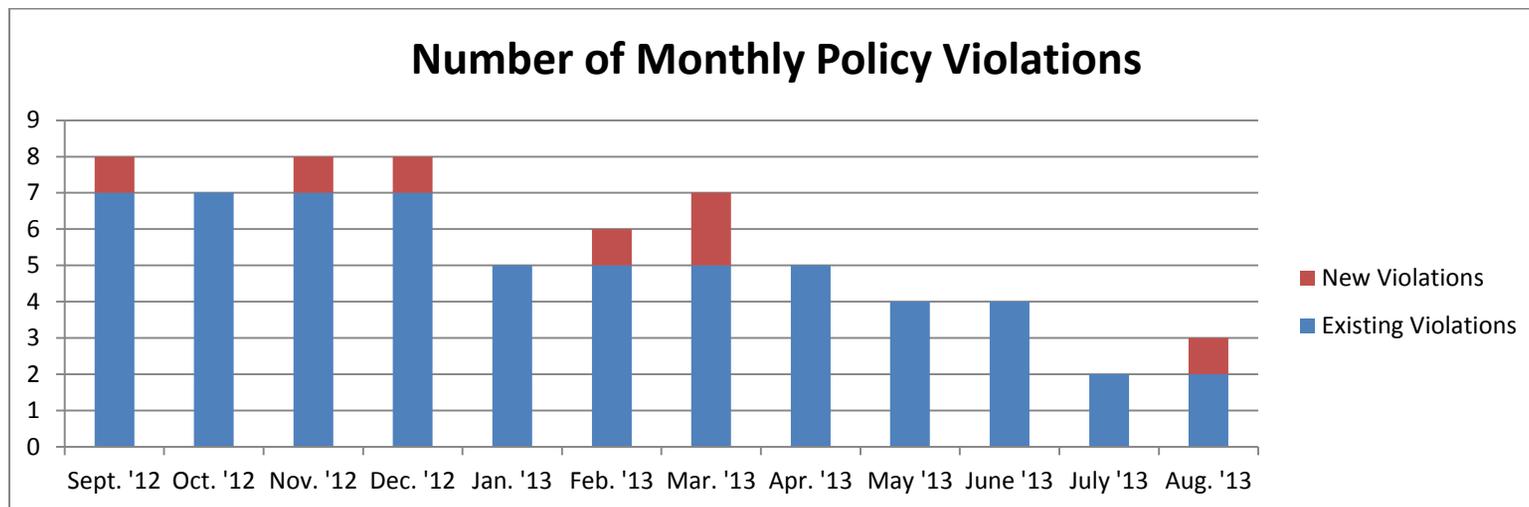
Policy Violations (for the month ended August 31, 2013)

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 reported no violations for the month of August:

- Global Equity
- Private Equity
- Real Assets
- Absolute Return Strategies
- Global Governance
- Asset Allocation
- Risk Management
- Investment Servicing Division



Policy Violations (for the month ended August 31, 2013)

Policy Violations:

New

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Violation Description	Event Description and Resolution (expected) or Next Steps
Fixed Income	8/16/2013	8/22/2013	Statement of Investment Policy for Currency Overlay.	The total notional derivative exposure with one counterparty was greater than the limit of \$500 million or 25% of the total notional derivative exposure. The final exposure with counterparty Bank of America was 54% and exceeded the \$500 million limit by \$42 million.	On 08/16/2013 two Global Fixed Income (GFI) traders, independent of one another, selected Bank of America (BOA) as one of five counterparties for forwards trades which were sent out to bid. Ultimately, BOA was competitively selected for three large orders, putting the exposure to them over 25%. The final exposure to BOA was 54% and exceeded the \$500 million limit by about \$42 million. To correct the violation, on 8/22, a forward position with BOA was closed out to bring the total exposure under the \$500 million limit. The team will be implementing measures to improve the communication between the traders when executing trades with counterparties.

Existing

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Violation Description	Event Description and Resolution (expected) or Next Steps
Fixed Income (Sec Lending)	12/21/2007	Unresolved	Statement of Investment Policy for Securities Lending.	"Ironside Holdings (SIV)" was downgraded and no longer meets rating standards specified by the policy.	This is a restructured Structured Investment Vehicle which is in a pay down mode, with no maturity date. The Global Fixed Income Senior Investment Officer believes the current pricing of the restructured Structured Investment Vehicle is undervalued and recommends holding the security.
Fixed Income (Sec Lending)	8/29/2007	Unresolved	Statement of Investment Policy for Securities Lending.	"Gryphon (SIV)" was downgraded and no longer meets rating standards specified by the policy.	This is a restructured Structured Investment Vehicle which is in a pay down mode, with no maturity date. The Global Fixed Income Senior Investment Officer believes the current pricing of the restructured Structured Investment Vehicles is undervalued and recommends holding the security.

Disclosure of Closed Session Action Items *(for the month ended August 31, 2013)*

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



CalPERS Investment Office
Investment Compliance and Operational Risk
400 Q Street
Sacramento, CA. 95814