

September 17, 2013

Mr. Henry Jones, Chairman
Investment Committee
California Public Employees' Retirement System
400 "P" Street
Sacramento, California 95814

Re: Agenda Item 5a, Investment Beliefs Policy

Dear Mr. Jones:

The purpose of this letter is to recommend that The Investment Committee (The Committee) adopt the proposed Investment Policy for Investment Beliefs as detailed in the attachment to Agenda Item 5a.

We believe that proposed policy reflects the intent and the spirit of the Investment Beliefs review process. The Committee, with support and input from Staff, consultants and a range of stakeholders, participated in a dynamic and productive decision-making process that resulted in the proposed policy.

The proposed policy provides a well thought out and inclusive framework for exercising judgment in the investment decision making process. We believe that the policy will provide a dynamic framework for decision-making at all levels. We encourage your adoption of the policy without reservation.

We look forward to addressing any questions you may have at the Committee meeting.

Sincerely,



Allan Emkin,
Managing Director