



Michael C. Schlachter, CFA
Managing Director & Principal

September 27, 2013

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

Re: Global Equity Strategic Plan

Dear Mr. Jones,

You requested our comments regarding the Annual Review presented by the Global Equity team.

Wilshire conducts scheduled weekly phone calls with the senior members of the Global Equity team, as well as informal conversations on an as-needed basis. As a result, we consider ourselves to be very well informed about the Global Equity portfolio, the team, and pending changes to either. In our opinion, the Global Equity team are managing the asset class within the bounds proscribed by policy and delegated authority.

Staff's presentation highlights the many improvements made to the portfolio, including some restructuring to reduce fees and unwanted risks within the portfolio. We would like to highlight two of the items in this presentation. First, Staff has done an excellent job building tools over the past year to quantify and track risks in this portfolio. Some of the analytics now available to Staff are highlighted in this presentation and represent a significant enhancement of Staff capabilities. As Staff looks to take this effort to the next level, using these tools to take tactical or strategic risks within the portfolio, Wilshire will monitor these efforts and report on their effectiveness. Second, in light of the new CalPERS Investment Beliefs, Equity Staff has reported within this presentation how their portfolio complies with the beliefs, setting a model for the organization and future reporting.

In addition to this agenda item's broader discussion of the entire Global Equity asset class and team, please note that a separate agenda item during this meeting contains our independent review of the internal equity management functions.



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 'Michael A. ...'.