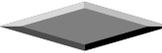


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE**

**MINUTES OF MEETING
OPEN SESSION**

October 14, 2013



The Investment Committee (Committee) met on Monday, October 14, 2013 in the Lincoln Plaza North Building, Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at approximately 11:35 a.m. and the following members were present:

Henry Jones, Chair
George Diehr, Vice-Chair
Michael Bilbrey
Julie Chapman, represented by Greg Beatty
John Chiang, represented by Terrence McGuire
Rob Feckner
JJ Jelincic
Ron Lind
Bill Lockyer, represented by Frank Moore
Priya Mathur
Bill Slaton

The following Committee members were excused:
Richard Costigan

AGENDA ITEM 2 – EXECUTIVE REPORT, Chief Investment Officer (CIO) Briefing

Joseph Dear, CIO, provided the CIO Briefing. Mr. Dear provided a brief update on the economy and global market conditions including the potential impacts of the ongoing debate over the debt ceiling in Washington, D.C.

AGENDA ITEM 3 – CONSENT ITEMS

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, that the following action consent items be approved as presented. The motion passed.

- a. Approval of the Meeting Minutes

AGENDA ITEM 4 – CONSENT ITEMS

The Committee accepted the following information consent items:

- a. Annual Calendar Review
- b. Draft Agenda for Upcoming Committee Meetings
 - 1) Asset Liability Management Workshop
 - 2) November 2013 Committee Meeting
- c. Total Fund Monthly Update – Performance and Risk
- d. Total Fund Monthly Update – Investment Compliance

AGENDA ITEM 5a – POLICY & DELEGATION, Adoption of CalPERS Investment Beliefs Policy

Eric Baggesen, Senior Investment Officer, and Anne Simpson, Senior Portfolio Manager, presented the item. Michael Schlachter, with Wilshire Associates Consulting, was available to answer questions from the Committee. The Policy was presented for initial review by the Committee in the September 2013 meeting. Mr. Baggesen reviewed where key issues such as the periodic review of the Investment Beliefs and the operationalization of the Beliefs, are addressed in the Policy.

Public comment was received in support of the adoption of the CalPERS Investment Beliefs Policy from Margaret Hooten with Our Wal-Mart, Barbara Collins with United for Respect at Wal-Mart, and John Marshall with the United Food and Commercial Workers Union.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, to adopt the CalPERS Investment Beliefs Policy as presented by staff. The motion passed.

AGENDA ITEM 6a – ASSET ALLOCATION PERFORMANCE & RISK, Adoption of Revised Capital Market Assumptions for Global Fixed Income and Low Volatility

Eric Baggesen, Senior Investment Officer, presented the item. The item was in follow-up to the discussion of the revised Capital Market Assumptions (CMAs) as discussed at the September 2013 IC Workshop. Mr. Baggesen noted that staff recommends adoption of the revised CMAs at this time and that additional discussion regarding the low-volatility equity strategy would occur at the November Asset Liability Management Workshop. Andrew Junkin, with Wilshire Associates Consulting, was available to answer questions from the Committee.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, to approve the revised CMAs. The motion passed. Mr. Jelincic voted “no.”

AGENDA ITEM 7a – POLICY & DELEGATION, Proposed Adoption of Global Derivatives and Counterparty Risk Policy and Repeal of Legacy Policies – Initial Review

Eric Baggesen, Senior Investment Officer presented the item. It was noted that the new proposed policy was in response to Dodd-Frank rules and represents a collaboration between the Investment Office and Legal Office to develop a common framework for the handling of derivatives across the Investment Office. Michael Schlachter with Wilshire Associates Consulting was available to answer questions from the Committee.

AGENDA ITEM 7b – POLICY & DELEGATION, Proposed Revision of the Global Equity Program Policy – Initial Review

Dan Bienvenue, acting Senior Investment Officer, and Geraldine Jimenez, Portfolio Manager, presented the Item. Andrew Junkin with Wilshire Associates Consulting was available to answer questions from the Committee.

AGENDA ITEM 8a – BUSINESS PLAN/ROADMAP, Investment Office Roadmap and Target Operating Model Update

Joseph Dear, CIO, and Carol Moody, Interim Chief Operating Investment Officer, presented the item. The presentation included an overview of how the Investment Office Roadmap fits into the CalPERS Strategic Plan, as well as key accomplishments to date.

The Committee recessed from 1:16 p.m. to 2:00 p.m.

AGENDA ITEM 9a – PROGRAM REVIEW, Global Equity Annual Program Review

Dan Bienvenue, acting Senior Investment Officer, and John Cole, Senior Portfolio Manager, presented the item. Michael Schlachter with Wilshire Associates Consulting was available to answer questions from the Committee. The item included an overview of the Global Equity Program's characteristics, performance, structure, and key accomplishments.

AGENDA ITEM 9b – PROGRAM REVIEW, Consultant Review of the Global Equity Program

Michael Schlachter, with Wilshire Associates Consulting, presented the item. The presentation included key highlights of Wilshire Associates' review of the Global Equity Program's management and performance.

AGENDA ITEM 9c – PROGRAM REVIEW, Absolute Return Strategies Program Annual Review

Ed Robertiello, Senior Portfolio Manager, presented the item. The presentation included an overview of the ARS Program structure, performance, and upcoming investment themes and opportunities.

AGENDA ITEM 9d – PROGRAM REVIEW, Consultant Review of the Absolute Return Strategies Program

Michael Schlachter, with Wilshire Associates Consulting, presented the item. The presentation included key highlights of Wilshire Associates' review of the Absolute Return Strategies Program's management and performance including general trends towards lower fee structures and higher performance.

AGENDA ITEM 9e – PROGRAM REVIEW, Consultant Review of Focus List Program Performance

Andrew Junkin, with Wilshire Associates Consulting, presented the item. The presentation included key highlights of Wilshire Associates' review of the Focus List Program's performance.

AGENDA ITEM 10 – PUBLIC COMMENT

No additional public comment was received.

The meeting was adjourned at 3:42 p.m.

The next Investment Committee meeting is scheduled for November 18, 2013 in Sacramento, California.

ANNE STAUSBOLL
Chief Executive Officer