

CalPERS

Total Fund Monthly Update – Investment Compliance

MONTH ENDED OCTOBER 31, 2013

CalPERS Total Fund Monthly Update - Investment Compliance

As of October 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 October 31, 2013)*

Program Area	Name of Investment	Commitment	Initial Funding Date of Partnership	Complies with Delegation Number
Private Equity	Blackstone Tactical Opportunities Fund (RL Co-Invest) L.P.	\$82.5 million	Oct-13	07-02-INV II (C) 1
Real Assets	HC Green Fund Development Fund, LLC	\$176.6 million	Jul-06	11-01-INV
Real Assets	CalSmart LLC (Canyon)	\$59 million	Apr-11	11-01-INV

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

Firm Name	AQR Capital Management
Asset Class	Absolute Return Strategies
Fund	MAC Partners
Period	October 2013
Placement Agent / Firm	Gregor Andrade and Joey Lee (employees of AQR Capital Management)
Registered with SEC/FINRA	Mr. Andrade: NFAICFTA Series 3 license. Mr. Lee: NFAICFTA Series 31 license and FINRA Series 7 and 53 licenses.
Registered with Secretary of State	Yes
Estimated Placement Agent Compensation	Mr. Andrade's and Mr. Lee's approximate combined salary based on time spent in connection with lobbying activities for CalPERS from 1/1/2012 to 7/31/2013 is \$1,875. This information was previously reported in the closed session of the October 2013 Investment Committee meeting.
Transaction Type	New

Investment Proposal Activity Summary (for the month ended October 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	20	2	40	26	16	6	2	4	116
New Proposal During the Month	11	0	17	3	11	4	0	2	48
Reinstated Proposal During Month	0	0	0	0	0	0	0	0	0
Decisions During the Month	5	0	29	18	0	6	2	5	65
End of Month Proposals	26	2	28	11	27	4	0	1	99

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	0	9	1	0	1	1	12
Screening	17	2	38	17	10	6	1	3	94
Due Diligence	2	0	2	0	0	0	0	0	4
Approved	1	0	0	0	5	0	0	0	6
Subtotal	20	2	40	26	16	6	2	4	116
New Proposals During the Month									
Subtotal	11	0	17	3	11	4	0	2	48
Reinstated Proposals During Month									
Subtotal	0	0	0	0	0	0	0	0	0
Decisions During the Month									
Committed	1	0	1	0	0	0	0	0	2
Declined	4	0	24	17	0	0	0	5	50
Failed to Materialize	0	0	4	0	0	4	0	0	8
Referred	0	0	0	1	0	2	2	0	5
Subtotal	5	0	29	18	0	6	2	5	65
End of Month Proposals									
Submitted	0	0	1	3	1	0	0	0	5
Screening	23	2	27	8	21	4	0	1	86
Due Diligence	3	0	0	0	5	0	0	0	8
Approved	0	0	0	0	0	0	0	0	0
Subtotal	26	2	28	11	27	4	0	1	99

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

IPTs EXTERNAL MANAGER ALTERNATIVE SOLICITATIONS FOR OCTOBER 2013									
Solicitation	Private Asset Classes Total Proposals Received				Public Asset Classes Total Proposals Received				Solicitation Status
	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	
MAC Partners #2011-6199	0	0	0	0	2	0	0	0	Due Diligence
MAC Partners #2011-6199	0	0	0	0	1	0	0	0	Committed
Emerging Markets Small Cap #2011-6285	0	0	0	0	0	1	0	0	Approved
Active Global Equity #2013-6779	0	0	0	0	0	106	0	0	Screening

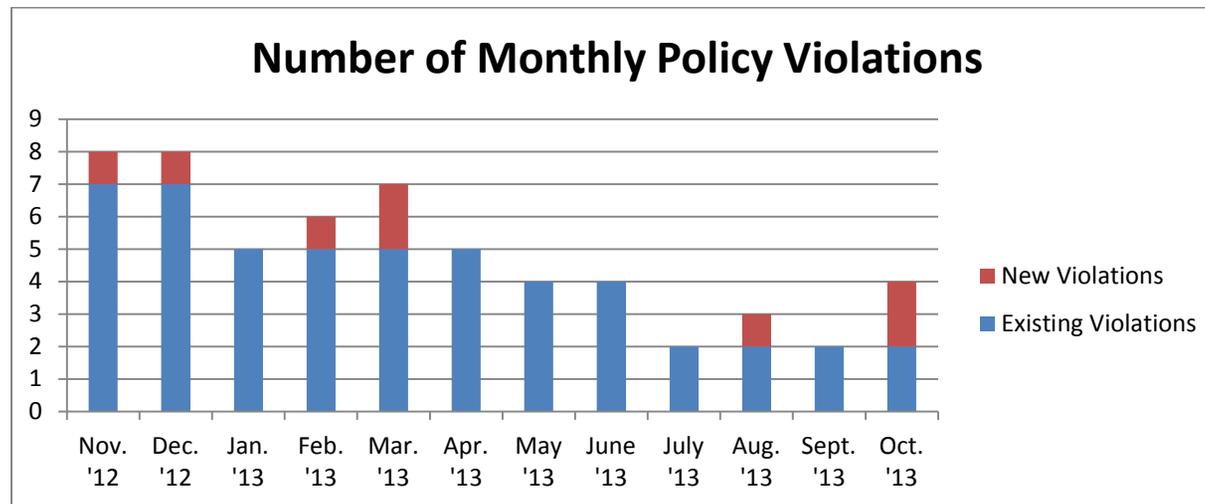
Policy Violations (for the month ended October 31, 2013)

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 had one violation to report for the month of October:

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



Policy Violations (for the month ended October 31, 2013)**New:**

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Violation Description	Event Description and Resolution (expected) or Next Steps
Fixed Income	10/15/2013	10/18/2013	Statement of Investment Policy for Liquidity Program - US Treasury 2-10 Year Program	As a result of the maturity for "Treasury Note 0.25 10/15/2015" falling below 2 years, the portfolio's concentration in securities maturing between 0-2 years and 2-10 years versus policy requirements was temporarily breached.	<p>The policy requires securities maturing 0-2 years to remain in a range of 0-20% and from 2-10 years in a range of 70-100%. On 10/15/13, a security which fell to a maturity of two years caused these ranges to be breached (40.61% and 59.39%, respectively).</p> <p>The violation was detected promptly and GFI staff effected transactions to cure the breach within 2 days.</p> <p>To prevent a reoccurrence, ICOR and GFI have implemented a warning notification in advance of a security's maturity that could cause it to breach these particular limits.</p>

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	Not Yet Resolved	Statement of Investment Policy for Securities Lending.	"Ironside Holdings (SIV)" was downgraded and no longer meets rating standards specified by the policy.	<p>This is a restructured Structured Investment Vehicle which is in a pay down mode, with no maturity date.</p> <p>Per the Policy, the Global Fixed Income Senior Investment Officer (SIO) has the authority to maintain this position in the best interest of the PERF. The Global Fixed Income SIO believes the current pricing of the restructured Structured Investment Vehicle is undervalued and recommends holding the security.</p>
Fixed Income (Sec Lending)	8/29/2007	Not Yet Resolved	Statement of Investment Policy for Securities Lending.	"Gryphon (SIV)" was downgraded and no longer meets rating standards specified by the policy.	<p>This is a restructured Structured Investment Vehicle which is in a pay down mode, with no maturity date.</p> <p>Per the Policy, the Global Fixed Income Senior Investment Officer (SIO) has the authority to maintain this position in the best interest of the PERF. The Global Fixed Income SIO believes the current pricing of the restructured Structured Investment Vehicle is undervalued and recommends holding the security.</p>

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

Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote																							
September 16, 2013	Item 4a – Global Fixed Income Benchmark and Asset Class Role	<p><u>Action:</u></p> <p>Affirmed that the current Global Fixed Income asset class role specification and the Barclay's long liability benchmark be retained with no change, as recommended by staff.</p> <p><u>Summary of Debate:</u></p> <p>There was discussion of the implications should the Global Fixed Income strategic role be changed, including potential transaction costs, and possible impacts on diversification and risk.</p>	<p>Roll call vote results are listed below:</p> <table border="1" data-bbox="1419 370 1793 971"> <thead> <tr> <th data-bbox="1419 370 1667 440">Committee Member</th> <th data-bbox="1667 370 1793 440">Vote</th> </tr> </thead> <tbody> <tr> <td data-bbox="1419 440 1667 509">Richard Costigan</td> <td data-bbox="1667 440 1793 509">Yes</td> </tr> <tr> <td data-bbox="1419 509 1667 579">Ron Lind</td> <td data-bbox="1667 509 1793 579">Yes</td> </tr> <tr> <td data-bbox="1419 579 1667 649">Rob Feckner</td> <td data-bbox="1667 579 1793 649">Yes</td> </tr> <tr> <td data-bbox="1419 649 1667 719">JJ Jelincic</td> <td data-bbox="1667 649 1793 719">Yes</td> </tr> <tr> <td data-bbox="1419 719 1667 789">Priya Mathur</td> <td data-bbox="1667 719 1793 789">Yes</td> </tr> <tr> <td data-bbox="1419 789 1667 859">Bill Slaton</td> <td data-bbox="1667 789 1793 859">Yes</td> </tr> <tr> <td data-bbox="1419 859 1667 928">Greg Beatty</td> <td data-bbox="1667 859 1793 928">Yes</td> </tr> <tr> <td data-bbox="1419 928 1667 998">Frank Moore</td> <td data-bbox="1667 928 1793 998">Yes</td> </tr> <tr> <td data-bbox="1419 998 1667 1068">George Diehr</td> <td data-bbox="1667 998 1793 1068">No</td> </tr> <tr> <td data-bbox="1419 1068 1667 1138">Terrence McGuire</td> <td data-bbox="1667 1068 1793 1138">No</td> </tr> </tbody> </table>		Committee Member	Vote	Richard Costigan	Yes	Ron Lind	Yes	Rob Feckner	Yes	JJ Jelincic	Yes	Priya Mathur	Yes	Bill Slaton	Yes	Greg Beatty	Yes	Frank Moore	Yes	George Diehr	No	Terrence McGuire	No
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Disclosure of Closed Session Action Items (for the month ended October 31, 2013)

Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote																						
October 14, 2013	Item 4a – Global Governance Program: Corporate Engagement Strategy – 2013 Focus List Program	<p><u>Action:</u> Approved the 2013 Focus List cadre and monetization of the Program.</p> <p><u>Summary of Debate:</u> There was discussion of the proposed corporate engagements for the 2013 Focus List Program.</p>	<p>Roll call vote results are listed below:</p> <table border="1" data-bbox="1419 370 1766 943"> <thead> <tr> <th data-bbox="1419 370 1646 431">Committee Member</th> <th data-bbox="1646 370 1766 431">Vote</th> </tr> </thead> <tbody> <tr> <td data-bbox="1419 431 1646 483">George Diehr</td> <td data-bbox="1646 431 1766 483">Yes</td> </tr> <tr> <td data-bbox="1419 483 1646 535">Michael Bilbrey</td> <td data-bbox="1646 483 1766 535">Yes</td> </tr> <tr> <td data-bbox="1419 535 1646 587">Greg Beatty</td> <td data-bbox="1646 535 1766 587">Yes</td> </tr> <tr> <td data-bbox="1419 587 1646 639">Ron Lind</td> <td data-bbox="1646 587 1766 639">Yes</td> </tr> <tr> <td data-bbox="1419 639 1646 691">Terrence McGuire</td> <td data-bbox="1646 639 1766 691">Yes</td> </tr> <tr> <td data-bbox="1419 691 1646 743">Rob Feckner</td> <td data-bbox="1646 691 1766 743">Yes</td> </tr> <tr> <td data-bbox="1419 743 1646 795">JJ Jelincic</td> <td data-bbox="1646 743 1766 795">Yes</td> </tr> <tr> <td data-bbox="1419 795 1646 847">Frank Moore</td> <td data-bbox="1646 795 1766 847">Yes</td> </tr> <tr> <td data-bbox="1419 847 1646 899">Priya Mathur</td> <td data-bbox="1646 847 1766 899">Yes</td> </tr> <tr> <td data-bbox="1419 899 1646 951">Henry Jones</td> <td data-bbox="1646 899 1766 951">Yes</td> </tr> </tbody> </table>	Committee Member	Vote	George Diehr	Yes	Michael Bilbrey	Yes	Greg Beatty	Yes	Ron Lind	Yes	Terrence McGuire	Yes	Rob Feckner	Yes	JJ Jelincic	Yes	Frank Moore	Yes	Priya Mathur	Yes	Henry Jones	Yes
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