Services To Be Performed

Subject to the Role of the Private Asset Class Board Investment Consultants Policy (Policy), and amendments or modifications, the Consultant shall provide services as outlined below. In performing these services, the Consultant will, at all times, be subject to and comply with the Policy, and all other relevant CalPERS Investment Policies, which can be found at www.calpers.ca.gov. The Policy is provided as Attachment 2 of this agenda item.

I. STRATEGY AND POLICY ANALYSIS

a. Review and opine on investment policies and delegations of authority.

b. Review and opine on strategic and annual plans.

c. Provide forecasts of asset class returns for total fund asset allocation purposes.

d. Provide analysis of market developments, market conditions, and macro-level view of market opportunities to the Investment Committee, as needed.

II. PERFORMANCE ANALYSIS AND MONITORING

a. Prepare investment performance reports and portfolio risk analysis; Monitor and report on deviations from policy benchmark performance and long-term expected performance.

b. Provide guidance on performance measurement methodologies.

c. Review and opine on appropriateness of asset class benchmarks, as part of the strategic asset allocation process.

III. INDEPENDENT ADVISOR TO THE INVESTMENT COMMITTEE

a. Attend Investment Committee as requested by staff and/or when Private Equity Program reviews occur.

b. Provide opinion to the Investment Committee on investments above staff's delegation of authority.

c. Evaluate whether the investment transactions comply with applicable Committee policy and, if applicable, staff's delegation of authority and provide an opinion(s) regarding compliance.

d. Perform an annual review of major asset class sub-component programs and provide an opinion on performance, risk, manager selection and monitoring processes, and on internal control process and staffing.

e. Perform an annual review of the program and provide an opinion(s) on performance, risk, manager selection and monitoring processes, internal control processes and staffing.

f. Provide independent advice to the Committee on all aspects of the program and its implementation.

g. Provide analysis and reports consistent with the Policy, as directed by the Committee.

Except as noted in Section III.B.5 of the Policy, the Private Asset Class Board Investment Consultants shall not:

h. Manage assets for CalPERS.

i. Perform work for staff on special projects.

j. Provide opinions to staff regarding specific investment transactions.

IV. SPECIAL PROJECTS

In limited circumstances, the Private Asset Board Investment Consultant may be engaged for roles enumerated in Section III.B.4.a-c of the Policy if the Private Asset Class Board Investment consultant possesses unique knowledge or expertise that is not available through other providers. Such an arrangement must be approved by the Committee prior to engagement. In situations where adequate time is not available to request Committee approval, staff may request approval from the Chair of the Committee. Upon approval of the request, staff will notify the other Committee members.