

# CalPERS

## *Total Fund Monthly Update – Investment Compliance*

**MONTH ENDED FEBRUARY 28, 2014**

**CalPERS Total Fund Monthly Update - Investment Compliance**

As of February 28, 2014

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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 February 28, 2014)*

Program Area	Name of Investment	Commitment	Initial Funding Date of Partnership	Complies with Delegation Number
Global Equity	Domestic Volatility U.S. TMI 3000	\$500 million	May-13	07-03-INV I (C) 2
Global Equity	Domestic Minimum Risk U.S. TMI 3000	\$500 million	May-13	07-03-INV I (C) 2
Global Equity	J.P. Morgan	\$250 million	Apr-08	07-03-INV I (C) 2
Private Equity	CDH Fund V, L.P.	\$200 million	Feb-14	07-02-INV II (B) 2

**Disclosure of Placement Agent Fees** *(for the month ended February 28, 2014)*


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<b>Firm Name</b>	<b>J.P. Morgan Investment Management Inc.</b>
<b>Asset Class</b>	Global Equities
<b>Fund</b>	CalPERS US Equity Long/Short Portfolio Contract # 2007-4529
<b>Period</b>	February 2014
<b>Placement Agents and Firm</b>	Juliana Hastings and Eileen Cohen, internal employees of JP Morgan.
<b>Registered with SEC/FINRA</b>	Yes
<b>Registered Lobbyists</b>	Yes
<b>Estimated Placement Agent Compensation</b>	J.P. Morgan Investment Management Inc. (JPMIM) provides a salary, discretionary incentive award and benefits to its employees who are considered placement agents. Discretionary incentive awards are determined by management based upon factors that include individual, JPMIM and over-all JPMC performance. Salaries and incentive compensation amounts are not attributed to specific client accounts. However, for purposes of providing an estimate, the placement agents' hourly rates are \$192 and \$158 (based on current annual base salary). For the CalPERS US Equity Long/Short Portfolio, the placement agent currently averages 40 hours annually (inoffice time and in-person time for meetings on account reviews and research calls) for a total of \$7,680 and \$6,320.
<b>Transaction Type</b>	Amendment: Additional contribution

**Investment Proposal Activity Summary (for the month ended February 28, 2014)**

	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	Total
<b>Start of Month Proposals</b>	24	2	33	23	12	1	1	1	97
<b>New Proposal During the Month</b>	8	0	11	3	4	7	1	4	38
<b>Reinstated Proposal During Month</b>	0	0	0	0	0	0	0	0	0
<b>Decisions During the Month</b>	4	0	6	10	1	1	0	3	25
<b>End of Month Proposals</b>	28	2	38	16	15	7	2	2	110

**Status Details**

Status	Private Asset Classes				Public Asset Classes				Total
	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	
<b>Start of Month Proposals</b>									
Submitted	0	0	0	6	0	0	1	0	7
Screening	21	2	30	17	11	1	0	1	83
Due Diligence	1	0	3	0	1	0	0	0	5
Approved	2	0	0	0	0	0	0	0	2
<b>Subtotal</b>	24	2	33	23	12	1	1	1	97
<b>New Proposals During the Month</b>									
<b>Subtotal</b>	8	0	11	3	4	7	1	4	38
<b>Reinstated Proposals During Month</b>									
<b>Subtotal</b>	0	0	0	0	0	0	0	0	0
<b>Decisions During the Month</b>									
Committed	1	0	0	0	0	0	0	0	1
Declined	2	0	6	10	1	0	0	3	22
Failed to Materialize	1	0	0	0	0	0	0	0	1
Referred	0	0	0	0	0	1	0	0	1
<b>Subtotal</b>	4	0	6	10	1	1	0	3	25
<b>End of Month Proposals</b>									
Submitted	0	0	0	2	2	0	0	0	4
Screening	25	2	35	13	13	7	2	2	99
Due Diligence	3	0	3	1	0	0	0	0	7
Approved	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	28	2	38	16	15	7	2	2	110

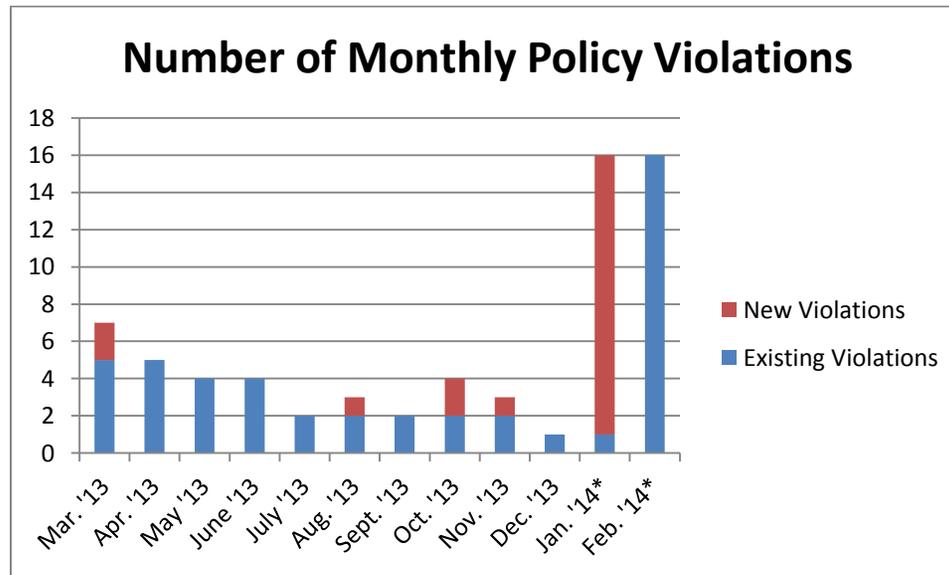
**Policy Violations** (for the month ended February 28, 2014)

**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 no violations to report for the month:

- Private Equity
- Absolute Return Strategies
- Global Governance
- Asset Allocation
- Global Equity



\*See page 7 - All but one violation is related to administrative policy revisions needed to reflect Board approved changes.

**Policy Violations (for the month ended February 28, 2014)****New:**

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Violation Description	Event Description and Resolution (expected) or Next Steps
No items to report					

**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.	This is a restructured Structured Investment Vehicle which is in a pay down mode, with no maturity date.  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.
Various	Various	May 2014 (estimated)	Various	Thirteen instances in nine policies where reporting of certain information is required (per the policies) on a quarterly basis, but the reporting had changed in practice to an annual basis.	With prior Board approval, program reviews are now being conducted annually instead of quarterly. The policies have not been updated to reflect the approved change in frequency of reporting. INVO will seek to remediate these policy violations by proposing administrative policy changes that change the periodicity of reporting from quarterly to annual.
Investment Servicing Division	November 2011	May 2014 (estimated)	Statement of Investment Policy for Real Estate Accounting	Two sections of the Policy refer to providing the Quarterly Performance Report to the Committee. This report has not been sent to the Committee since August 2011. The Policy has not been updated to reflect this change.	With prior Board approval, the Quarterly Performance Report is no longer being provided to the Investment Committee of the Board. The policy has not been updated to reflect the change in reporting requirements. INVO will seek to remediate these policy violations by proposing administrative policy changes to the language in the policy.

**Disclosure of Closed Session Action Items** *(for the month ended February 28, 2014)*

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Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote
No items to report			



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