

CaIPERS  
*Monthly Update – Investment Compliance*

MONTH ENDING MAY 31, 2014



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 May 31, 2014)*

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	Program Area	Name of Investment	Commitment	Initial Funding Date of Partnership	Complies with Delegation Number
	Private Equity	Lindsay Goldberg IV L.P.	\$250 million	May-14	07-02-INV II (B)

**Disclosure of Placement Agent Fees** *(for the month ended May 31, 2014)*

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<b>Firm Name</b>	
<b>Asset Class</b>	No items to report
<b>Fund</b>	
<b>Period</b>	
<b>Placement Agents and Firm</b>	
<b>Registered with SEC/FINRA</b>	
<b>Registered Lobbyists</b>	
<b>Estimated Placement Agent Compensation</b>	
<b>Transaction Type</b>	

**Investment Proposal Activity Summary (for the month ended May 31, 2014)**

	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	Total
<b>Start of Month Proposals</b>	34	2	33	22*	1	4	0	2	98
<b>New Proposal During the Month</b>	15	0	14	1	4	5	0	2	41
<b>Reinstated Proposal During Month</b>	1	0	0	0	0	0	0	0	1
<b>Decisions During the Month</b>	8	0	4	1	0	6	0	2	21
<b>End of Month Proposals</b>	42	2	43	22	5	3	0	2	119

**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	1	0	0	7	0	0	0	0	8
Screening	29	2	30	14	1	4	0	2	82
Due Diligence	2	0	3	1	0	0	0	0	6
Approved	2	0	0	0	0	0	0	0	2
<b>Subtotal</b>	<b>34</b>	<b>2</b>	<b>33</b>	<b>22*</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>98</b>
<b>New Proposals During the Month</b>									
<b>Subtotal</b>	<b>15</b>	<b>0</b>	<b>14</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>2</b>	<b>41</b>
<b>Reinstated Proposals During Month</b>									
<b>Subtotal</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Decisions During the Month</b>									
Committed	1	0	0	0	0	0	0	0	1
Declined	5	0	4	0	0	1	0	2	12
Failed to Materialize	0	0	0	0	0	3	0	0	3
Referred	2	0	0	1	0	2	0	0	5
<b>Subtotal</b>	<b>8</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>21</b>
<b>End of Month Proposals</b>									
Submitted	0	0	0	0	4	0	0	0	4
Screening	35	2	38	21	1	3	0	2	102
Due Diligence	5	0	5	1	0	0	0	0	11
Approved	2	0	0	0	0	0	0	0	2
<b>Subtotal</b>	<b>42</b>	<b>2</b>	<b>43</b>	<b>22</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>119</b>

\*Start of Month Proposals for Real Estate was revised downward 1 unit due to a duplicate/outdated proposal from the previous month.

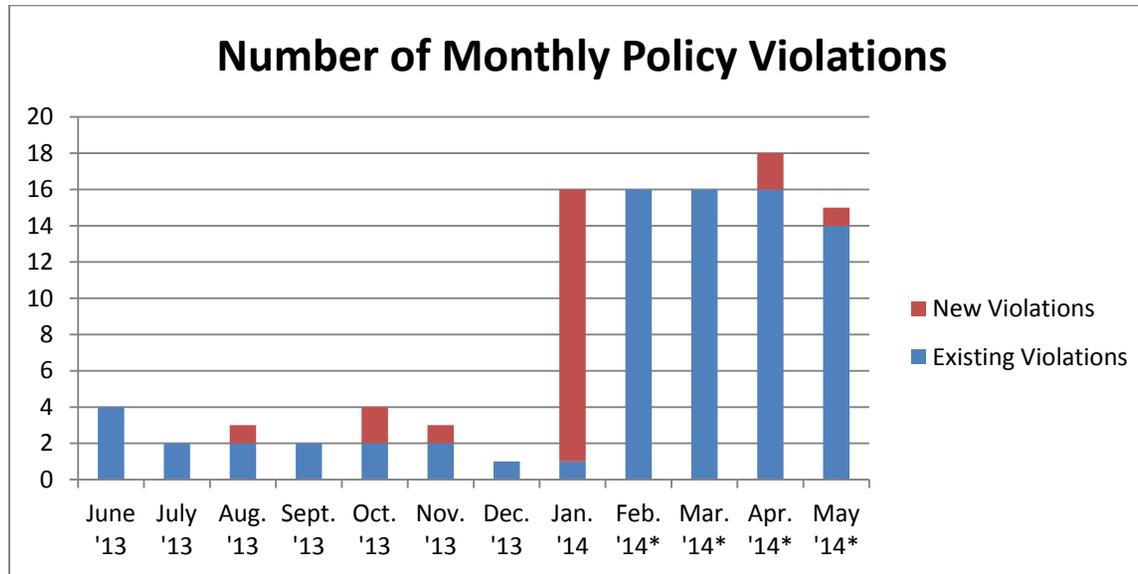
**Policy Violations** (for the month ended May 31, 2014)

**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
- Investment Servicing Division



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

**Policy Violations** (for the month ended May 31, 2014)

**New:**

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Violation Description	Event Description and Resolution (expected) or Next Steps
Global Equity	5/12/2008	TBD	Statement of Investment Policy for Emerging Equity Markets Principles	<p>The Policy states that External Managers are responsible for providing an annual report to the Committee on the application of the Emerging Equity Markets Principles to the emerging markets portfolios managed for CalPERS.</p> <p>However, per direction from the Investment Committee Chair on May 12, 2008, updates have been provided by INVO Staff during the Global Equity Annual Program Reviews rather than by the External Managers.</p>	<p>On May 12, 2008 the Committee Chair directed staff to combine External Manager Annual Reporting with the Global Equity Annual Program Review.</p> <p>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.</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" was downgraded and no longer meets rating standards specified by the policy.	<p>This is a restructured Structured Investment Vehicle (SIV) 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 SIV is undervalued and recommends holding the security.</p>
Various	Various	June 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. Investment Office (INVO) will seek to remediate these policy violations by proposing administrative policy changes that change the periodicity of reporting from quarterly to annual.

**Disclosure of Closed Session Action Items** *(for the month ended May 31, 2014)*

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



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