



Thomas Toth, CFA
Managing Director

August 26, 2014

Mr. Henry Jones
Chairman of the Investment Committee
California Public Employees' Retirement System
400 Q Street
Sacramento, CA 95814

Re: Proposed Revision of the Global Equity Policy and Repeal of Corporate Governance Program and Developmental Investment Fund Policies

Dear Mr. Jones:

In December 2012, the Investment Committee approved a single, simplified Global Equity Policy with the purpose of simplifying the policy and focusing on the total Global Equity portfolio strategy rather than on the individual underlying programs. The agenda item under consideration continues this process through the repeal of the Corporate Governance and Developmental Investment Program policies along with clarification surrounding benchmarking, leverage, and Global Equity Program governance.

Importantly, the repeal does not aim to reduce the importance of either corporate governance activities or restrict the development of new investment strategies. Rather, the revised policies incorporate the Global Principles of Accountable Corporate Governance into the Global Equity Policy in order to take a more universal approach throughout the total portfolio. The revised policy also includes direction for Staff to continue researching and developing new investment strategies within the Global Equity program.

Recommendation

Wilshire believes that the process of simplifying the Global Equity Policy and focusing the efforts of the program holistically is appropriate. Wilshire recommends that the Investment Committee approve of the proposed changes.

We are always available to answer any questions you may have or receive comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Toth', enclosed in a rectangular box.

Thomas Toth, CFA
Managing Director