CalPERS

Monthly Update – Investment Compliance

MONTH ENDING AUGUST 31, 2014

CalPERS Monthly Update - Investment Compliance

As of August 31, 2014

Items Completed Under Delegated Authority
Disclosure of Placement Agent Fees
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Items Completed Under Delegated Authority *(for the month ended August 31, 2014)*

Program Area	Name of Investment	Commitment (million)	Initial Funding Date of Partnership	Complies with Delegation Number
Absolute Return Strategies	Double Haven Eureka Fund, LP	$50.00	Nov-13	11-03-INV
Absolute Return Strategies	Kylin Eurka Fund, LP	$100.00	Dec-13	11-03-INV

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

Firm Name	
Asset Class	No items to report
Fund	
Period	
Placement Agents and Firm	
Registered with SEC/FINRA	
Registered Lobbyists	
Estimated Placement Agent Compensation	
Disclosed Campaign Gifts and Contributions	
Notes	
Transaction Type	

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

	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	Total
Start of Month Proposals	39*	5	34	17	5	3	0	1	**104**
New Proposal During the Month	11	0	21	4	1	2	0	1	**40**
Reinstated Proposal During Month	0	0	0	0	0	0	0	0	**0**
Decisions During the Month	12	3	27	10	0	2	0	1	**55**
End of Month Proposals	**38**	**2**	**28**	**11**	**6**	**3**	**0**	**1**	**89**

Status Details

	Private Asset Classes				Public Asset Classes				
Status	**Private Equity**	**Forestland**	**Infrastructure**	**Real Estate**	**ARS**	**Global Equities**	**Commodities**	**Global Fixed Income**	**Total**
Start of Month Proposals									
Submitted	0	0	0	6	1	0	0	0	**7**
Screening	30	5	33	10	4	3	0	1	**86**
Due Diligence	7	0	1	1	0	0	0	0	**9**
Approved	2	0	0	0	0	0	0	0	**2**
Subtotal	**39**	**5**	**34**	**17**	**5**	**3**	**0**	**1**	**104**
New Proposals During the Month									
Subtotal	**11**	**0**	**21**	**4**	**1**	**2**	**0**	**1**	**40**
Reinstated Proposals During Month									
Subtotal	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Decisions During the Month									
Committed	0	0	0	0	0	0	0	0	**0**
Declined	10	3	25	9	0	1	0	1	**49**
Failed to Materialize	1	0	2	0	0	1	0	0	**4**
Referred	1	0	0	1	0	0	0	0	**2**
Subtotal	**12**	**3**	**27**	**10**	**0**	**2**	**0**	**1**	**55**
End of Month Proposals									
Submitted	0	0	0	3	0	0	0	0	**3**
Screening	28	2	27	7	6	3	0	1	**74**
Due Diligence	7	0	1	1	0	0	0	0	**9**
Approved	3	0	0	0	0	0	0	0	**3**
Subtotal	**38**	**2**	**28**	**11**	**6**	**3**	**0**	**1**	**89**

*Start of Month Proposals for Private Equity was revised downward 1 unit due to an opportunity being captured as a duplicate.

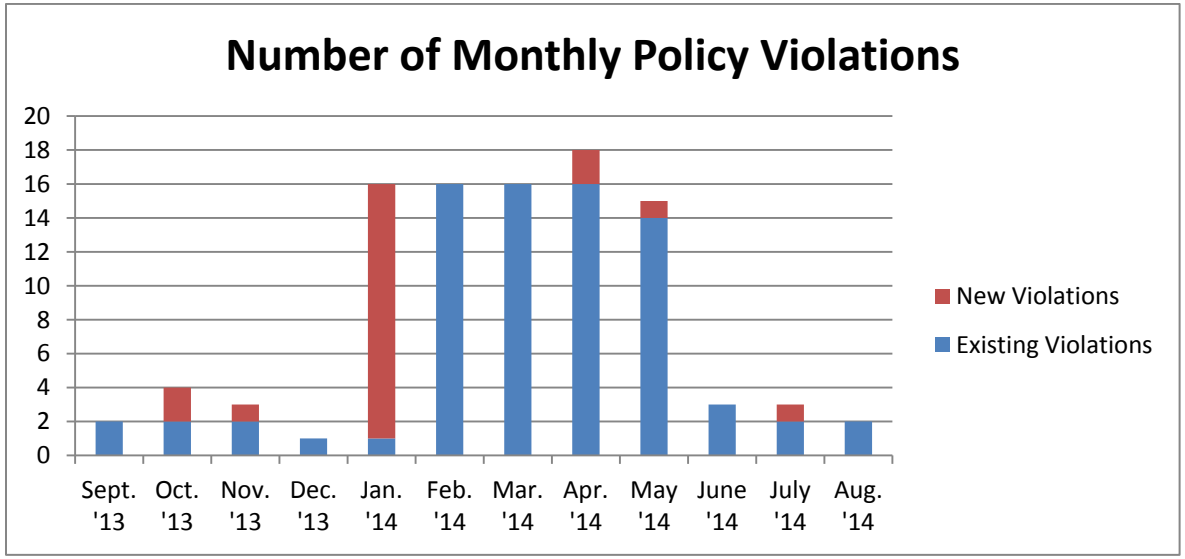
Policy Violations *(for the month ended August 31, 2014)*

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
- Real Assets
- Absolute Return Strategies
- Global Governance
- Investment Servicing Division
- Global Equity



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

New:

Program Area or Asset Class	Event Date	Resolution Date	Policy Violated	Violation Description	Event Description and Resolution (expected) or Next Steps
No issues 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" was downgraded and no longer meets rating standards specified by the Policy.	This is a restructured Structured Investment Vehicle (SIV) 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 SIV is undervalued and recommends holding the security.
Asset Allocation/Risk Management	7/1/2014	December 2014 (Est.)	Statement of Investment Policy for the Terminated Agency Pool	The Policy requires that the Investment Office and the Actuarial Office monitor the funded status of the pool and rebalance the portfolio annually.	As reported to the Investment Committee on June 16, 2014, a rebalance was not completed in fiscal year 2013 as required by Policy. A decision was made to wait until fall 2014 to provide the actuarial inputs needed to complete the rebalance based on the most recent actuarial assumptions that were adopted by the Board in February 2014. It is expected that the actuarial work will be provided and the rebalance activity will be completed by the end of 2014.

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

Investment Committee Meeting Date	Agenda Item	Investment Committee Action	Vote
August 18, 2014	Closed 4a – Private Equity Investment Opportunities	Action: Provided approval to Private Equity (PE) Program to increase their Net Committed Capital exposure from 10% to 15% thereby allowing PE staff to pursue additional investment opportunities with three managers. Pursuant to PE Program Delegation No. 07-02-INV, PE staff is limited to no more than 10% of Net Committed Capital with any single manager. PE staff is required to seek approval from the Investment Committee to exceed this limit. Summary of Debate: There was a discussion that the requested exceptions were consistent with CalPERS Cost Effectiveness Strategy of consolidating the Private Equity portfolio across fewer relationships to obtain more favorable economics.	Roll call vote results are listed below:

Committee Member	Vote
Michael Bilbrey	Yes
Terrence McGuire for John Chiang	Yes
Richard Costigan	Excused
George Diehr	Yes
Rob Feckner	Yes
Darlene Schell for Richard Gillan	Yes
Dana Hollinger	Yes
JJ Jelincic	Yes
Henry Jones	Yes
Ron Lind	Yes
Frank Moore for Bill Lockyer	Yes
Priya Matur	Yes
Bill Slaton	Excused