



Agenda Item 8c

October 13, 2014

ITEM NAME: Consultant Review of Focus List Program Performance

PROGRAM: Global Governance

ITEM TYPE: Total Fund – Information

EXECUTIVE SUMMARY

This item is Wilshire Associates' annual review of CalPERS Focus List Program performance. Wilshire Associates' analysis is provided as Attachment 1.

STRATEGIC PLAN

This item supports the CalPERS Strategic Plan goal to improve long-term pension and health benefit sustainability. Providing in-depth program reviews supports the Investment Committee (IC) in evaluating investment strategies which aim to improve the risk-return profile of the CalPERS Total Fund.

BACKGROUND

The CalPERS Focus List Program dates back to 1987. While the selection methodology has evolved over time, the objective of the Focus List Program throughout has been to engage underperforming companies from CalPERS domestic equity holdings to improve their governance practices and thus drive positive long-term economic returns.

ANALYSIS

Historical Performance – The Wilshire Associates' findings continue to demonstrate strong evidence of excess returns from the Focus List Program. The data show that for the five years after the "initiative date," the average for all engaged companies since 1999 produced:

- Excess cumulative returns of 14.44% above the Russell 1000 Index, and
- 11.21% above their respective Russell 1000 sector indices.

BUDGET AND FISCAL IMPACTS

Not Applicable

BENEFITS/RISKS

Not Applicable

ATTACHMENTS

Attachment 1 – Wilshire Associates' Analysis of Focus List Program Performance

ANNE SIMPSON
Senior Portfolio Manager and Director
Global Governance Program

THEODORE ELIOPOULOS
Chief Investment Officer