

CaIPERS

Monthly Update – Investment Compliance

MONTH ENDING NOVEMBER 30, 2014

CalPERS Monthly Update - Investment Compliance

As of November 30, 2014

Items Completed Under Delegated Authority

Disclosure of Placement Agent Fees

Investment Proposal Activity Summary

Policy Exceptions

Disclosure of Closed Session Action Items

Items Completed Under Delegated Authority *(for the month ended November 30, 2014)*

Program Area	Name of Investment	Commitment (million)	Initial Funding Date of Partnership	Complies with Delegation Number
Global Equity	Internally Managed - Emerging Markets (EM) Volatility- Adjusted Strategy	\$250	Nov-14	07-03-INV I (C) 2
Global Equity	Goldman Sachs Asset Management - Domestic ActiveBeta Smart Momentum Strategy	\$500	Nov-14	07-03-INV I (C) 2

Disclosure of Placement Agent Fees (for the month ended November 30, 2014)

Firm Name	Wellington Management Company, LLP
Asset Class	Global Equity
Fund	Active Global Equity Solicitation - No. 2013-6779
Placement Agent / Firm	Scott C. Geary, CFA, Internal Employee of Wellington Management Company, LLP Claudia G. Moeller, Internal Employee of Wellington Management Company, LLP
Registered with U.S. or non-U.S. financial regulatory authority	Scott C. Geary, CFA and Claudia G. Moeller are both registered representatives of FINRA.
Registered Lobbyist(s)	As internal employee placement agents under California AB 1743, Scott C. Geary and Claudia G. Moeller are registered as lobbyists with the State of California.
Estimated Placement Agent Compensation	<p>Based on the estimated time spent on ASP #2013-6679 for Global Equity investment management services and the internal Placement Agent's annual salary, we would estimate that Scott Geary would be compensated approximately \$2,800 in relation to these services and Claudia Moeller would be compensated approximately \$1,600 in relation to these services. Generally, Wellington Management does not contract with external firms (placement agents) for marketing-related services for our institutional investment offerings, nor has any external placement agent been used in relation to this CalPERS Active Global Equity mandate. Instead, we rely on the business development and marketing activities of our own personnel.</p> <p>These individuals include employees who are primarily responsible for new business development and marketing (business developers) and others who, while primarily responsible for client relationship management and servicing, and may engage in marketing activities from time to time (relationship managers). Business developers and relationship managers receive an annual salary and may also receive a discretionary bonus. The composition of the discretionary bonus is at the discretion of the immediate line manager, as well as the managing partners of our firm. Some (including most business developers) also receive incentive compensation relation to sales of investment management services and/or investment vehicles we sponsor.</p>
Disclosed Campaign Gifts and Contributions	None
Notes	This proposal was approved as a result of the Global Active Equity Solicitation #2013-6779. Terms and conditions are currently being negotiated. CalPERS has not yet allocated capital to this transaction.
Transaction Type	New

*This information is provided directly from the Placement Agent Disclosure Form as submitted to CalPERS.

Disclosure of Placement Agent Fees (for the month ended November 30, 2014)

Firm Name	Wellspring Capital Management LLC ("Wellspring")
Asset Class	Private Equity
Fund	Wellspring Capital Partners V L.P.
Placement Agent / Firm	<p>Pursuant to a letter agreement dated as of November 6, 2007 (the "Agreement"), Wellspring engaged the Credit Suisse Private Fund Group (the "PFG"), acting through Credit Suisse Securities (USA) LLC ("Credit Suisse"), as exclusive Placement Agent in connection with the Investment. Please note, however, that the engagement period is now over.</p> <p>No person listed is a current or former CalPERS Board member, employee or Consultant, or a member of the immediate family of any such person.</p> <p>Below please find the Managing Directors and other senior members of the due diligence and project management teams of the Credit Suisse Private Fund Group ("PFG") for Wellspring.</p> <p>Raymond J. Cosman, Managing Director-Group Co-Head, Head of Global Distribution John C. Robertshaw, Managing Director-Group Co-Head, Head of Global Project Management Anthony C. Bowe, Managing Director, Group Co-Head, Head of North American Distribution Jessica Brennan, Managing Director Charles G. Froeb, Managing Director Holger von Grawert, Managing Director Timothy E. Kane, Managing Director Lana Lewin, Managing Director Marcus Lollie, Managing Director Michael J. Murphy, Managing Director Kevin E. Naughton, Managing Director David Sullivan, Managing Director Rae Elkhatab, Director, Head of Due Diligence Gordon Appell, Associate Caitlin McMahon, Marketing Assistant</p>
Registered with U.S. or non-U.S. financial regulatory authority	Credit Suisse Securities (USA) LLC ("Credit Suisse") is a registered U.S. broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Association ("FINRA"). Credit Suisse is a part of the Credit Suisse Group AG ("CS Group"), which is regulated by FINMA (the Swiss Financial Market Supervisory Authority).
Registered Lobbyist(s)	<p>Credit Suisse and certain of its affiliates provide financial services to a number of state governments in the United States and related entities such as public retirement systems. As a result, Credit Suisse (including its affiliates) and certain of its employees are registered as lobbyists in states where their activities trigger registration under a jurisdiction's procurement lobbying laws. Credit Suisse itself and certain employees of its Public Policy Americas group are also registered as lobbyists with the U.S. federal government and regularly disclose their lobbying activities. However, no employee of the PFG, is registered as a lobbyist with the federal government.</p> <p>At the time of the Investment in 2009, no employee of the PFG was registered as a lobbyist in the State of California.</p> <p>Please find below a list of all PFG state lobbyist registrations as of 11/6/2014.</p> <p>California - Marcus Lollie and Caitlin McMahon Credit Suisse (Lobbying Firm) Florida - Kevin Naughton Indiana - Timothy Kane Kentucky - Ryan Schlitt and Fabiana Andrade Credit Suisse (Lobbyist Employer) Louisiana - Ryan Schlitt and Fabiana Andrade New Hampshire - Campbell MacColl North Carolina - Ryan Schlitt and Fabiana Andrade Credit Suisse (Lobbyist Principal) Pennsylvania - Campbell MacColl Credit Suisse (Lobbying Firm)</p>
Estimated Placement Agent Compensation	The Placement Agent's compensation specifically allocable to the CalPERS Investment is zero. Notwithstanding this, we note that commitments to Wellspring Capital Partners V, L.P. from third party Limited Partners totaled \$1,170,500,000, and that CalPERS has committed a further \$25,000,000 to be coinvested, via CalPERS Wellspring V, L.P. If one were to apply the aforementioned \$6,000,000 flat, non-contingent fee ratably across all these commitments, the amount that would be applied to the CalPERS Investment in the coinvestment vehicle would be \$125,471.
Disclosed Campaign Gifts and Contributions	The placement agent regulation was not effective when the initial investment transaction was executed. Information on disclosed campaign gifts and contributions was not collected at this time.
Notes	The original investment agreement was executed prior to the formal adoption of the Placement Agent regulation. When amending an investment agreement that was executed prior to the Placement Agent Regulation, staff obtains a new Placement Agent disclosure and ensures the appropriate Placement Agent contractual provisions are contained within the amendment to the investment agreement. The information disclosed above is in regards to the original investment transaction in 2009.
Transaction Type	New (see notes above)

*This information is provided directly from the Placement Agent Disclosure Form as submitted to CalPERS.

Investment Proposal Activity Summary (for the month ended November 30, 2014)

	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	Total
Start of Month Proposals	37	0	30	18	17	0	4	106
New Proposal During the Month	11	0	12	3	2	1	1	30
Reinstated Proposal During Month	0	0	0	0	0	0	0	0
Decisions During the Month	12	0	22	0	15	0	4	53
End of Month Proposals	36	0	20	21	4	1	1	83

Status Details

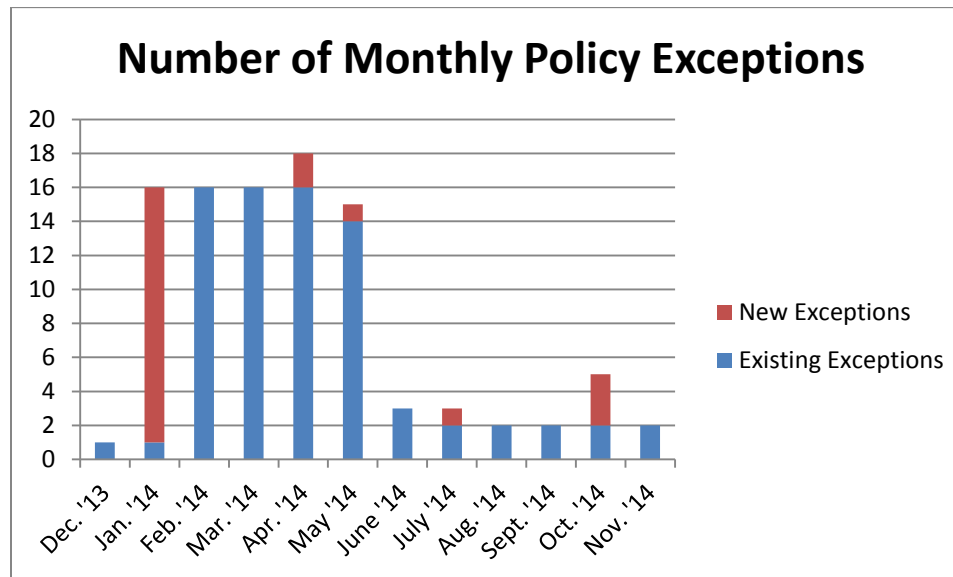
Status	Private Asset Classes				Public Asset Classes			Total
	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals								
Submitted	0	0	0	11	0	0	0	11
Screening	31	0	29	6	17	0	4	87
Due Diligence	3	0	1	1	0	0	0	5
Approved	3	0	0	0	0	0	0	3
Subtotal	37	0	30	18	17	0	4	106
New Proposals During the Month								
Subtotal	11	0	12	3	2	1	1	30
Reinstated Proposals During Month								
Subtotal	0	0	0	0	0	0	0	0
Decisions During the Month								
Committed	0	0	0	0	0	0	0	0
Declined	9	0	22	0	0	0	4	35
Failed to Materialize	0	0	0	0	2	0	0	2
Referred	3	0	0	0	13	0	0	16
Subtotal	12	0	22	0	15	0	4	53
End of Month Proposals								
Submitted	0	0	0	12	0	0	0	12
Screening	30	0	18	8	4	1	1	62
Due Diligence	3	0	2	1	0	0	0	6
Approved	3	0	0	0	0	0	0	3
Subtotal	36	0	20	21	4	1	1	83

Policy Exceptions (for the month ended November 30, 2014)

Material Exceptions to Policy

According to policy requirements, the following is a summary of investment policy exceptions as reported by the Investment Office program areas. The following program areas had no exceptions to report for the month:

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



Policy Exceptions (for the month ended November 30, 2014)**New:**

Program Area or Asset Class	Event Date	Resolution Date	Policy	Exception Description	Event Description and Resolution (expected) or Next Steps
No issues to report					

Existing:

Program Area or Asset Class	Event Date	Resolution Date	Policy	Exception 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>Ironside Holdings is a pass through note collateralized with a pro rata slice of the underlying securities from the old Victoria Finance SIV. This SIV was originally acquired in 2007 as part of the securities lending collateral reinvestment program. Ironside Holdings is unrated and is in pay down mode with a final expected cash flow occurring in 2036. Given the large number of underlying securities along with small positions in each security, and the illiquid nature of many of the underlying securities, the Ironside Holdings position has an indicative market price of \$58 while the projected principal recovery value of the underlying securities is around \$75.</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 Ironside Holdings pass through note is undervalued and recommends holding the security.</p>
Asset Allocation and Risk Management	10/13/2014	11/28/2014	Statement of Investment Policy for The California Employers' Retiree Benefit Trust (CERBT) Fund	The Policy specifies target and permissible allocation ranges for each asset class in the Fund. The allocation to one or more asset classes has fallen outside of the permissible range.	On October 13, 2014, the Investment Committee approved a new asset allocation and permissible allocation range for the California Employers' Retiree Benefit Trust (CERBT) Fund. The new targets and ranges resulted in a technical violation of the Policy. The fund has been rebalanced to bring it into compliance with the newly-approved targets and ranges.

Disclosure of Closed Session Action Items (for the month ended November 30, 2014)

Investment Committee Meeting Date	Agenda Item	Investment Committee Action	Vote																													
November 17, 2014	Item 4a – California Divest from Iran Act	<p>Action: Approved divestment of equity exposure and the blocking of new investments of China BlueChemical Limited in accordance with the divestment provisions of the California Divest from Iran Act (Iran Act).</p> <p>Summary of Debate: There was discussion regarding the provisions of the Iran Act and the methodology used to identify companies that may be subject to the provisions of the Iran Act.</p>	<p>Roll call vote results are listed below:</p> <table border="1"> <thead> <tr> <th data-bbox="1497 410 1797 440">Committee Member</th> <th data-bbox="1797 410 1902 440">Vote</th> </tr> </thead> <tbody> <tr> <td data-bbox="1497 440 1797 469">Michael Bilbrey</td> <td data-bbox="1797 440 1902 469">Yes</td> </tr> <tr> <td data-bbox="1497 469 1797 498">Terrence McGuire</td> <td data-bbox="1797 469 1902 498">Yes</td> </tr> <tr> <td data-bbox="1497 498 1797 527">Richard Costigan</td> <td data-bbox="1797 498 1902 527">Yes</td> </tr> <tr> <td data-bbox="1497 527 1797 557">George Diehr</td> <td data-bbox="1797 527 1902 557">Yes</td> </tr> <tr> <td data-bbox="1497 557 1797 586">Rob Feckner</td> <td data-bbox="1797 557 1902 586">Yes</td> </tr> <tr> <td data-bbox="1497 586 1797 615">JJ Jelincic</td> <td data-bbox="1797 586 1902 615">No</td> </tr> <tr> <td data-bbox="1497 615 1797 644">Darlene Schell</td> <td data-bbox="1797 615 1902 644">Yes</td> </tr> <tr> <td data-bbox="1497 644 1797 673">Dana Hollinger</td> <td data-bbox="1797 644 1902 673">Yes</td> </tr> <tr> <td data-bbox="1497 673 1797 703">Henry Jones</td> <td data-bbox="1797 673 1902 703">Yes</td> </tr> <tr> <td data-bbox="1497 703 1797 732">Ron Lind</td> <td data-bbox="1797 703 1902 732">Yes</td> </tr> <tr> <td data-bbox="1497 732 1797 761">Frank Moore</td> <td data-bbox="1797 732 1902 761">Yes</td> </tr> <tr> <td data-bbox="1497 761 1797 790">Priya Mathur</td> <td data-bbox="1797 761 1902 790">Yes</td> </tr> <tr> <td data-bbox="1497 790 1797 820">Bill Slaton</td> <td data-bbox="1797 790 1902 820">Yes</td> </tr> </tbody> </table>		Committee Member	Vote	Michael Bilbrey	Yes	Terrence McGuire	Yes	Richard Costigan	Yes	George Diehr	Yes	Rob Feckner	Yes	JJ Jelincic	No	Darlene Schell	Yes	Dana Hollinger	Yes	Henry Jones	Yes	Ron Lind	Yes	Frank Moore	Yes	Priya Mathur	Yes	Bill Slaton	Yes
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Disclosure of Closed Session Action Items (for the month ended November 30, 2014)

Investment Committee Meeting Date	Agenda Item	Investment Committee Action	Vote	
November 17, 2014	Item 4b – Global Governance Program – Corporate Engagement Strategy 2014 Focus List Program	Action: Approved revisions to the Focus List Program investment strategy. Summary of Debate: There was discussion of the proposed investment strategy for the 2014 Focus List Program.	Roll call vote results are listed below:	
			Committee Member	Vote
			Michael Bilbrey	Yes
			Terrence McGuire	Yes
			Richard Costigan	Yes
			George Diehr	Yes
			Rob Feckner	Yes
			JJ Jelincic	No
			Darlene Schell	Yes
			Dana Hollinger	Yes
			Henry Jones	Yes
			Ron Lind	Yes
			Frank Moore	Yes
			Priya Mathur	Yes
Bill Slaton	Yes			

