

CalPERS Trust Level Review

Trust Summary: Public Employees' Retirement Fund (PERF)



Month Ending December 31, 2014

Investment Belief 6: Strategic asset allocation is the dominant determinant of portfolio risk and return. CalPERS strategic asset allocation process transforms the fund's targeted rate of return to the market exposures that staff will manage. CalPERS will aim to diversify its overall portfolio across distinct risk factors and return drivers.

PERF Objective

CalPERS' general investment goals are broad in nature. The overall objective of CalPERS' investment program is to provide members and beneficiaries with benefits as required by law. CalPERS has generated strong long-term returns by effectively managing investments to achieve the highest possible return at an acceptable level of risk. The CalPERS portfolio is diversified into several asset classes. In the long run, a well-diversified portfolio determines our long-term performance, protects the Public Employees Retirement Fund, and ensures any weaknesses in one area are offset by gains in another.

The starting point and most important element of CalPERS' successful return on investment is our asset allocation - our diversification among stocks, bonds, cash and other investments. Asset allocation is not an asset-only or liability-only decision. All factors, including liabilities, benefit payments, operating expenses, and employer and member contributions are taken into account in determining the appropriate asset allocation mix. Our goal is to maximize returns at a prudent level of risk - an ever-changing balancing act between market volatility and long-term goals.

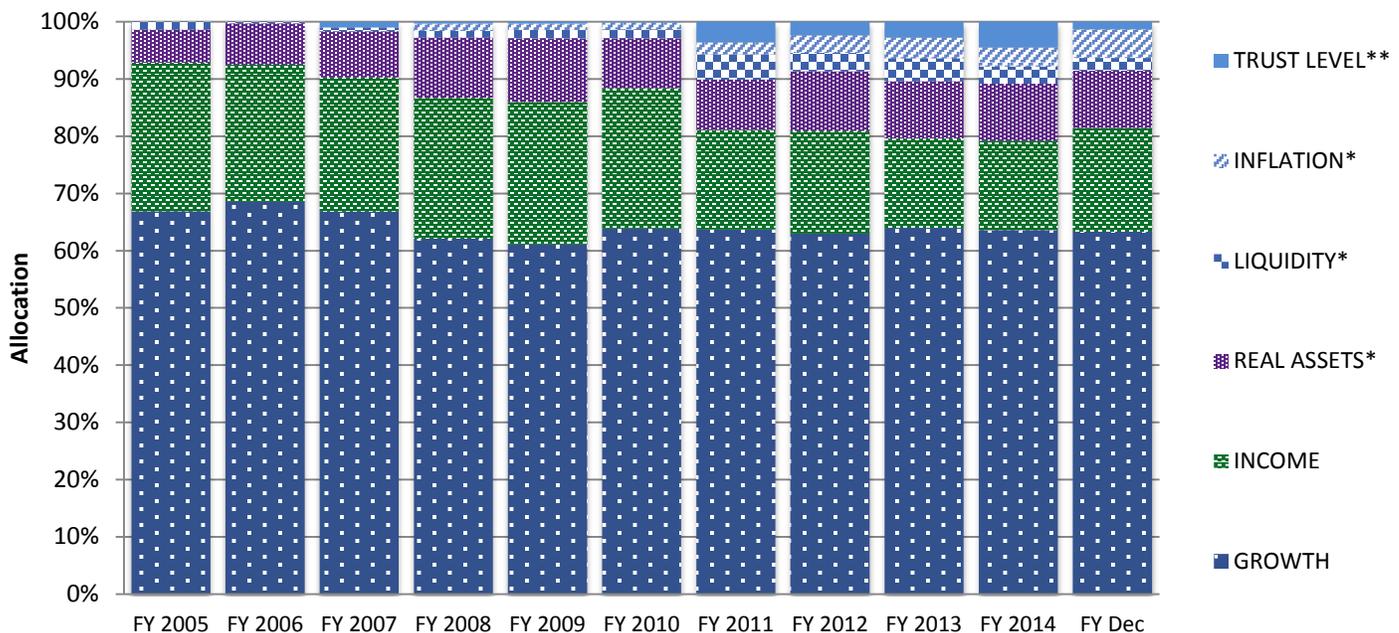
PERF Characteristics

Chief Investment Officer: Theodore Eliopoulos

Assets: \$295.8 Billion

- Investments span domestic and international markets
- Invest ~9% of CalPERS' total assets in California
- Utilize multiple asset classes to diversify investments
 - Global Equity
 - Private Equity
 - Income
 - Liquidity
 - Inflation Assets
 - Real Assets

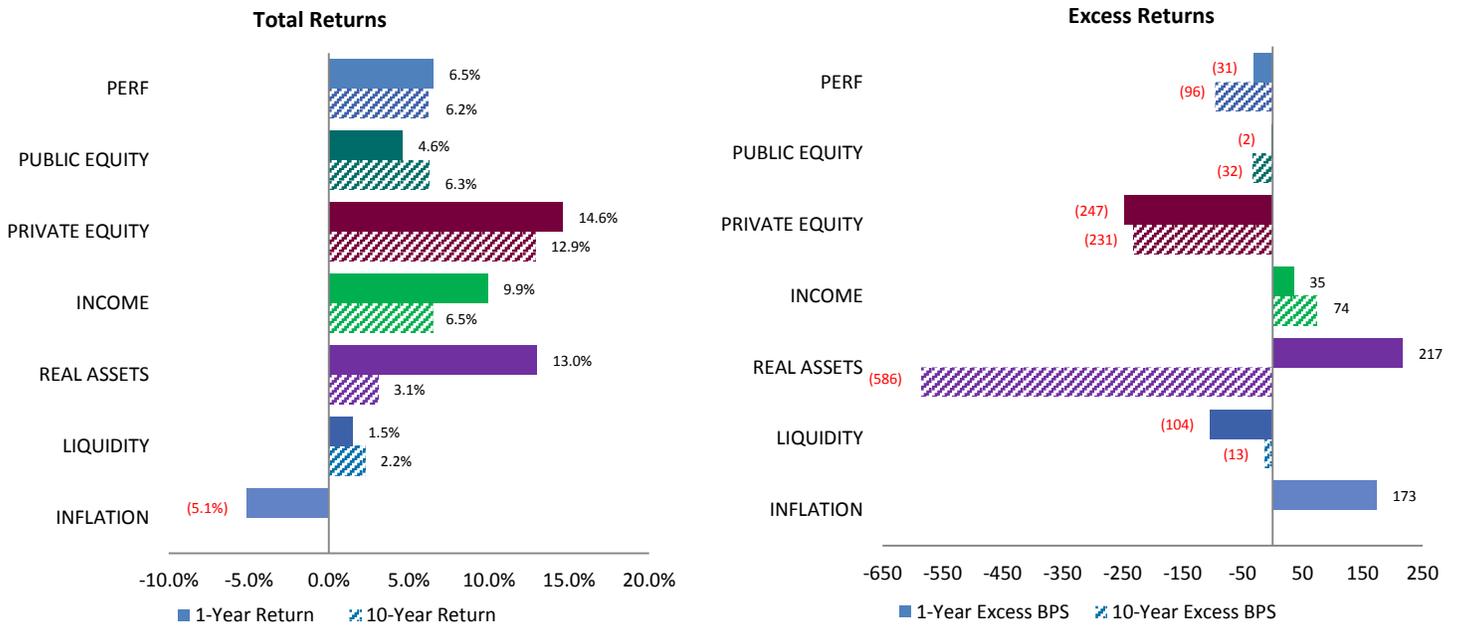
Actual Asset Allocation



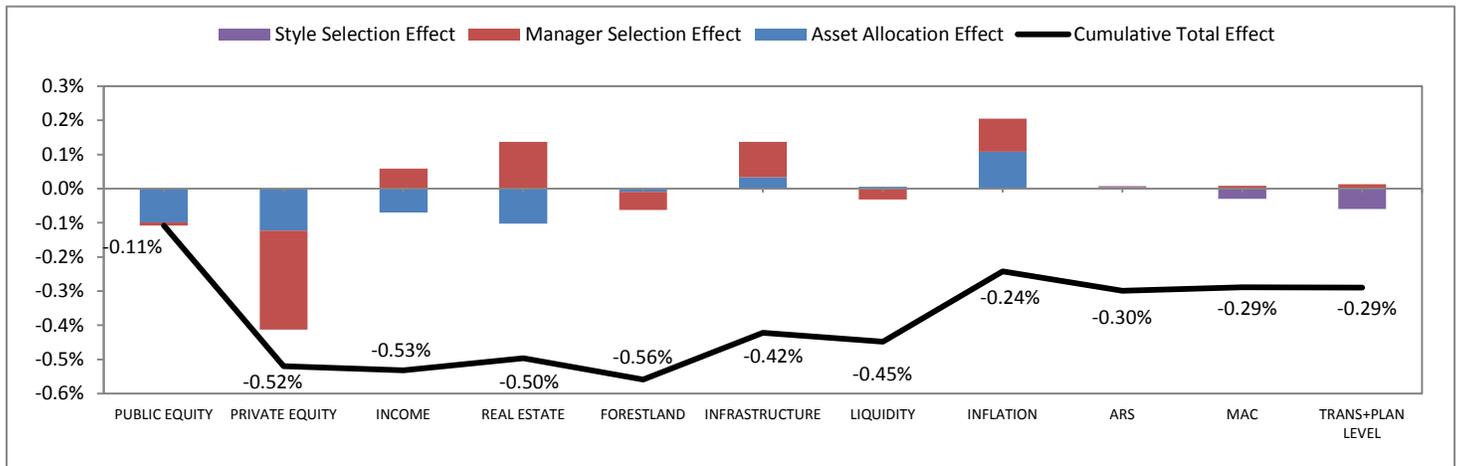
* Inflation, Liquidity and Real Assets were created on July 1, 2011 from existing portfolios; therefore historical values are being represented for prior years.

** Trust Level includes Absolute Return Strategies (ARS), Multi-Asset Class (MAC), and Overlay, Transitions and Plan Level Portfolios

PERF PERFORMANCE



PERF ATTRIBUTION



1-Year Period 12/31/2013 - 12/31/2014	Portfolio			Portfolio Benchmark	Policy Benchmark			Macro Attribution			
	Program	Average Weight	Total Return	Contribution to Return	Total Return	Average Weight	Total Return	Contribution to Return	Asset Allocation Effect	Style Selection Effect	Manager Selection Effect
PERF ex OVERLAY	100.00%	6.62%	6.62%	6.58%	100.00%	6.91%	6.91%	-0.26%	-0.07%	0.04%	-0.29%
PUBLIC EQUITY	53.74%	4.60%	2.55%	4.62%	50.58%	4.62%	2.37%	-0.10%	-	-0.01%	-0.11%
PRIVATE EQUITY	10.57%	14.59%	1.49%	17.06%	11.92%	17.06%	2.14%	-0.12%	-	-0.29%	-0.41%
INCOME	16.40%	9.92%	1.55%	9.57%	18.00%	9.57%	1.66%	-0.07%	-	0.06%	-0.01%
REAL ESTATE	8.58%	13.14%	1.07%	11.36%	9.22%	11.36%	1.02%	-0.10%	-	0.14%	0.03%
FORESTLAND	0.77%	3.66%	0.03%	10.40%	0.95%	10.40%	0.09%	-0.01%	-	-0.05%	-0.06%
INFRASTRUCTURE	0.59%	23.29%	0.13%	5.72%	1.34%	5.72%	0.08%	0.03%	-	0.10%	0.14%
LIQUIDITY	2.98%	1.48%	0.05%	2.52%	3.00%	2.52%	0.08%	0.01%	-	-0.03%	-0.03%
INFLATION	4.24%	-5.14%	-0.38%	-6.87%	5.00%	-6.87%	-0.53%	0.11%	-	0.10%	0.21%
ARS	1.47%	4.57%	0.06%	3.81%	-	-	-	-	-0.06%	0.00%	-0.06%
MAC	0.38%	9.75%	0.04%	7.50%	-	-	-	-	0.00%	0.01%	0.01%
TRANS+PLAN LEVEL	0.27%	110.55%	0.01%	-	-	-	-	-	-0.01%	0.01%	0.00%

CalPERS Trust Level Review

Trust Summary: Judges' Retirement System II Fund (JRF II)



Month Ending December 31, 2014

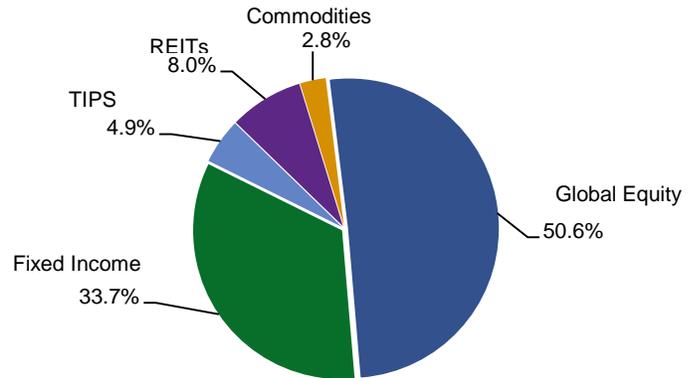
STRATEGIC ASSET ALLOCATION

JRF II Objective

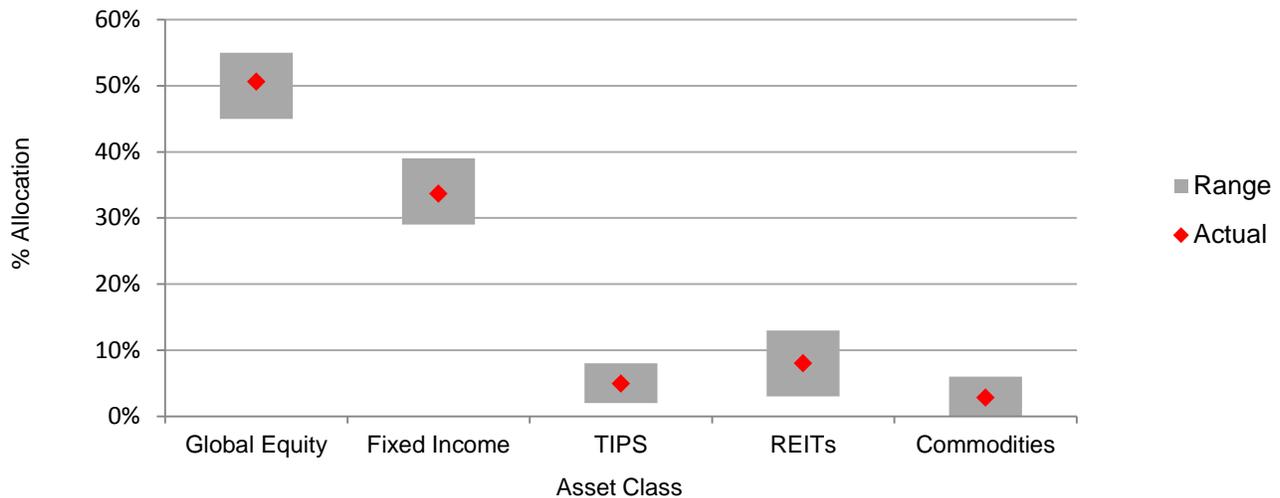
The JRF II was established to provide retirement, death, health and disability benefits for State Supreme and Appellate Court justices, Superior Court judges, and Municipal Court judges appointed or elected on or after November 9, 1994. Funds are allocated across five asset classes, with global equities comprising the predominant share of invested assets.

The Fund is actively managed by CalPERS staff.

Actual Capital Allocation



Strategic Allocation Target Ranges



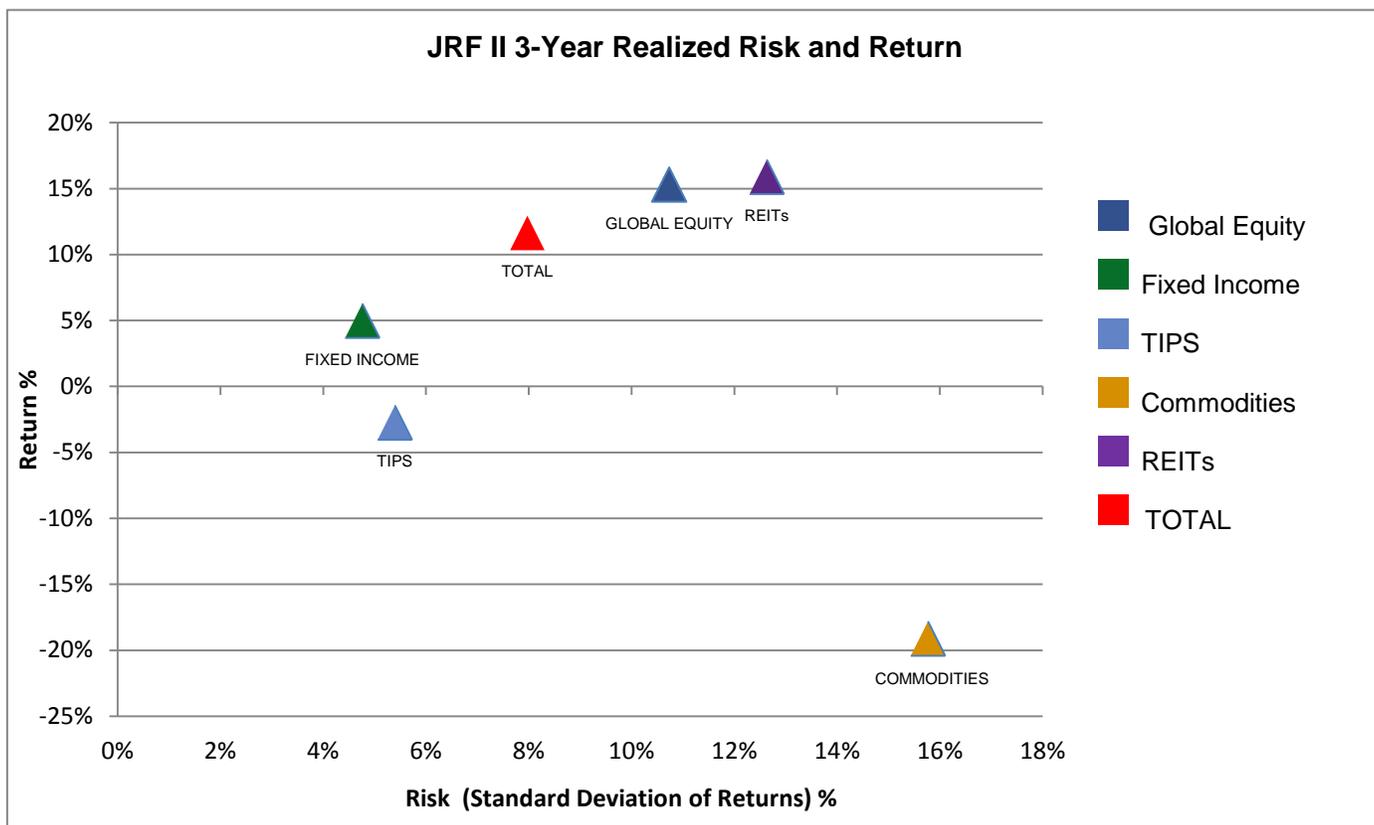
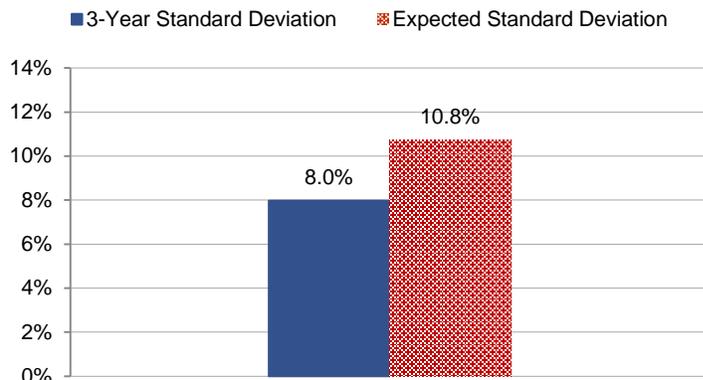
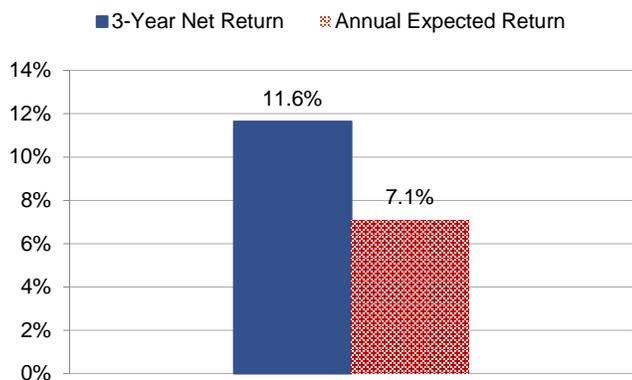
JRF II ASSET ALLOCATION	Current Allocation (%)	Target Allocation (%)	Variance (%)	Current Allocation (millions)	Target Allocation (millions)	Dollar Variance (millions)
Global Equity	50.6%	50.0%	0.6%	\$ 518.1	\$ 511.9	\$ 6.1
US Fixed Income	33.7%	34.0%	-0.3%	\$ 344.7	\$ 348.1	\$ (3.4)
TIPS	4.9%	5.0%	-0.1%	\$ 50.4	\$ 51.2	\$ (0.8)
REITs	8.0%	8.0%	0.0%	\$ 82.1	\$ 81.9	\$ 0.2
Commodities	2.8%	3.0%	-0.2%	\$ 28.6	\$ 30.7	\$ (2.1)
Cash	0.0%	0.0%	0.0%	\$ 0.0	\$ -	\$ 0.0
Total	100.0%	100.0%	0.0%	\$ 1,023.9	\$ 1,023.9	\$ (0.0)

Policy asset allocation targets were approved by the Investment Committee on October 13, 2014.

JRF II RISK AND RETURN

Asset Liability Management Expectations

Per the current CalPERS Judges' Retirement System II Fund Statement of Investment Policy.



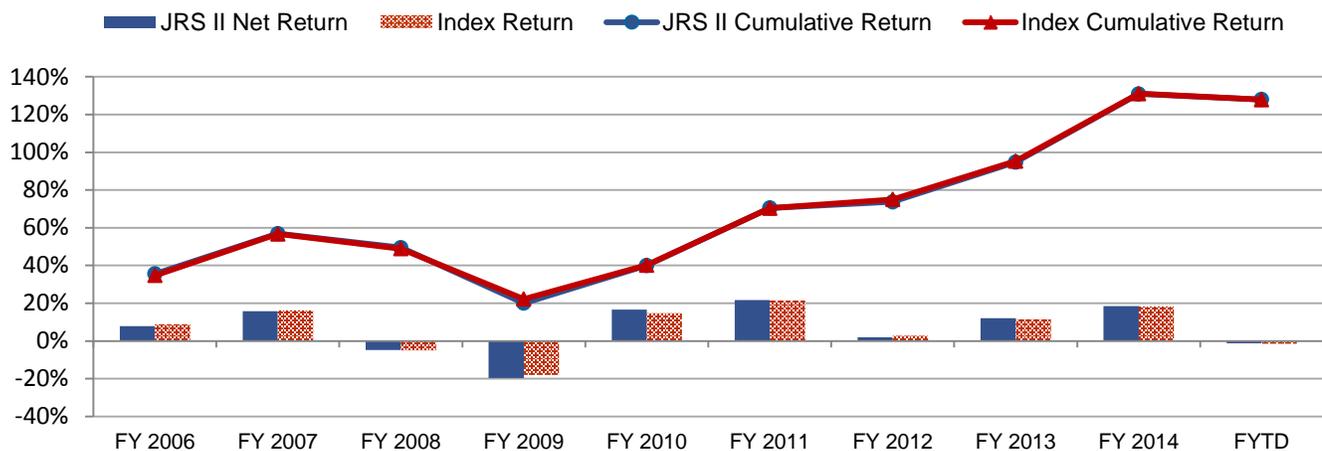
Performance and risk metrics are annualized over 3 years, except for TIPS and Commodities which are annualized over 2 years due to more recent inception dates.

JRF II PERFORMANCE SUMMARY

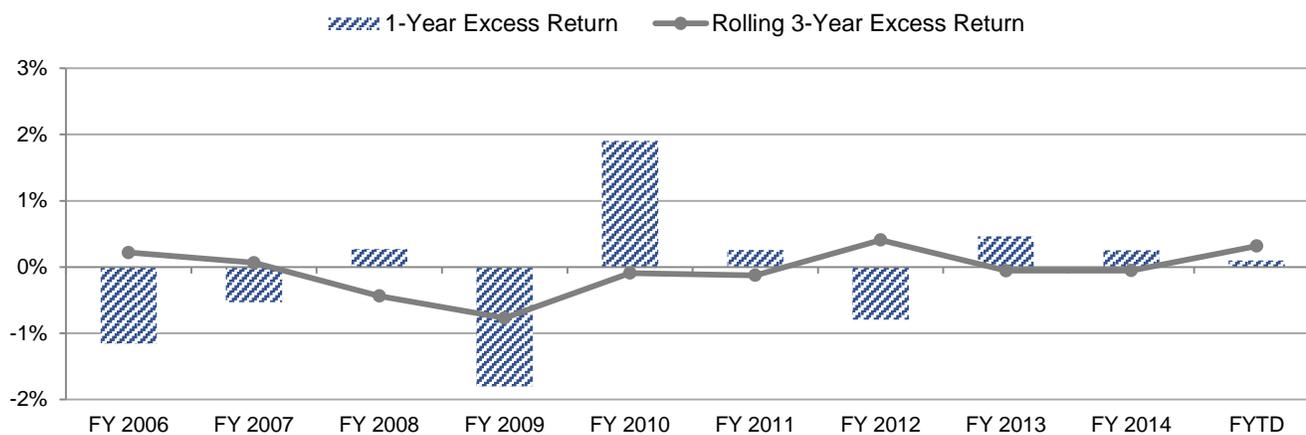
As of 12/31/2014	FYTD		3-YEAR		5-YEAR		10-YEAR		SINCE INCEPTION*	
	Net Returns	Excess Bps	Net Returns	Excess Bps						
GLOBAL EQUITY	(1.83)	4	15.30	12	10.13	5	5.91	6	6.39	2
FIXED INCOME	3.71	16	4.98	117	7.85	88	6.55	62	6.91	52
TIPS	(2.10)	(4)	0.44	(0)	-	-	-	-	1.19	(4)
REITs	3.30	2	15.89	1	12.02	(1)	4.73	(19)	6.09	(23)
COMMODITIES	(36.69)	(1)	(13.28)	(42)	-	-	-	-	(9.97)	(40)
JRF II	(1.29)	10	11.64	32	9.76	8	6.45	7	7.16	(4)

* JRF II has an investment performance inception date of December 1, 1996.

JRS II CUMULATIVE RETURNS



JRS II 1-YEAR EXCESS AND ROLLING 3-YEAR EXCESS RETURNS



CalPERS Trust Level Review

Trust Summary: Legislators' Retirement System Fund (LRF)



Month Ending December 31, 2014

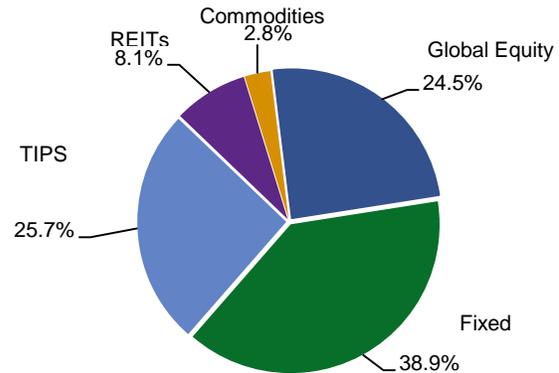
STRATEGIC ASSET ALLOCATION

LRF Fund Objective

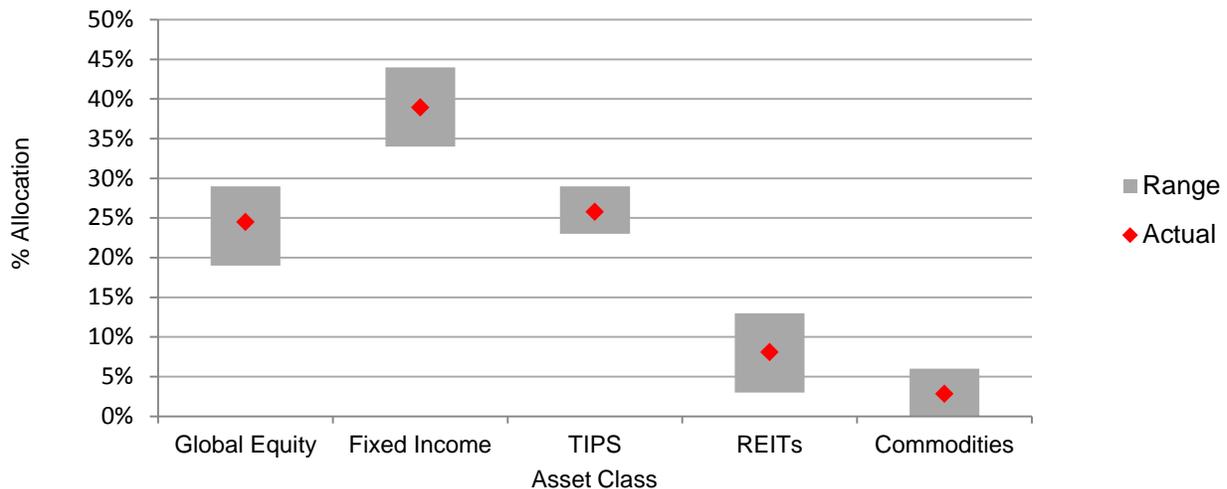
The Legislators' Retirement System Fund is a supplemental income plan that was available to members of the California Legislature serving prior to November 7, 1990; all elected constitutional officers; and legislative statutory officers. Funds are allocated across five asset classes under a fairly balanced investment strategy.

The Fund is actively managed by CalPERS staff.

Actual Capital Allocation



Strategic Allocation Target Ranges



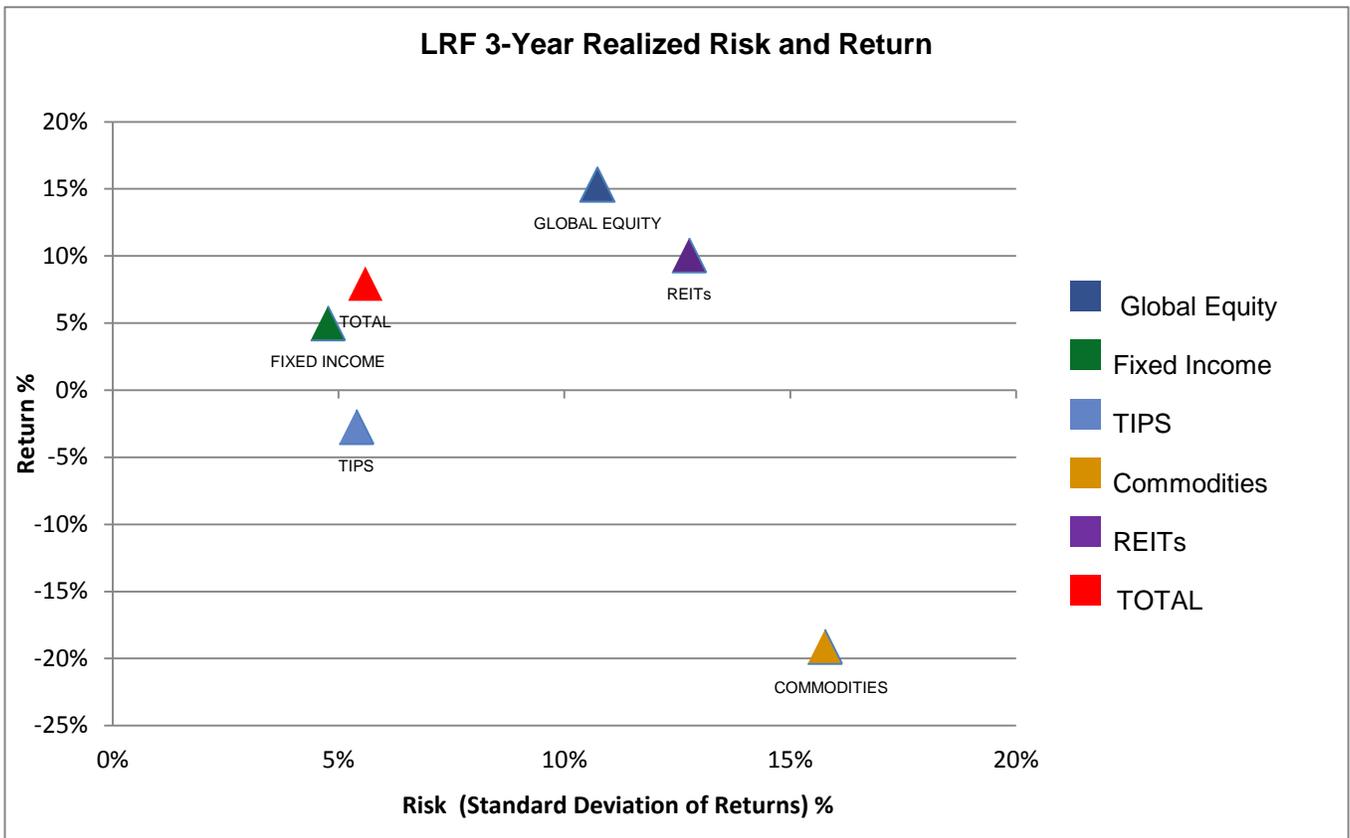
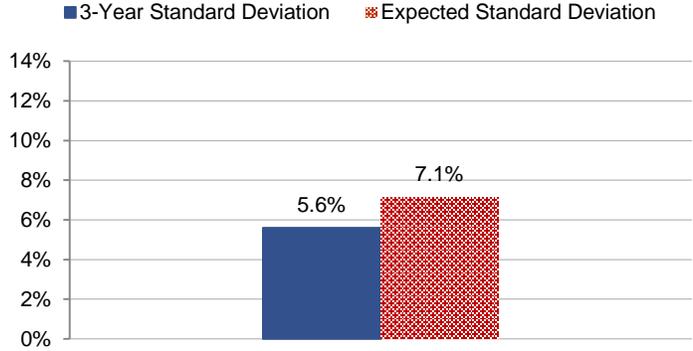
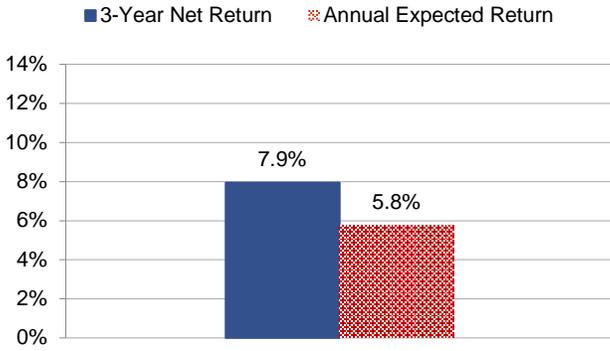
LRF ASSET ALLOCATION	Current Allocation (%)	Target Allocation (%)	Variance (%)	Current Allocation (millions)	Target Allocation (millions)	Dollar Variance (millions)
Global Equity	24.5%	24.0%	0.5%	\$ 30.5	\$ 29.9	\$ 0.6
US Fixed Income	38.9%	39.0%	-0.1%	\$ 48.4	\$ 48.6	\$ (0.1)
TIPS	25.7%	26.0%	-0.3%	\$ 32.0	\$ 32.4	\$ (0.3)
REITs	8.1%	8.0%	0.1%	\$ 10.0	\$ 10.0	\$ 0.1
Commodities	2.8%	3.0%	-0.2%	\$ 3.5	\$ 3.7	\$ (0.2)
Cash	0.0%	0%	0.0%	\$ 0.0	\$ -	\$ 0.0
Total	100.0%	100.0%	0.0%	\$ 124.5	\$ 124.5	\$ 0.0

Policy asset allocation targets were approved by the Investment Committee on October 13, 2014.

LRF RISK AND RETURN

Asset Liability Management Expectations

Per the current CalPERS Legislators' Retirement System Fund Statement of Investment Policy.

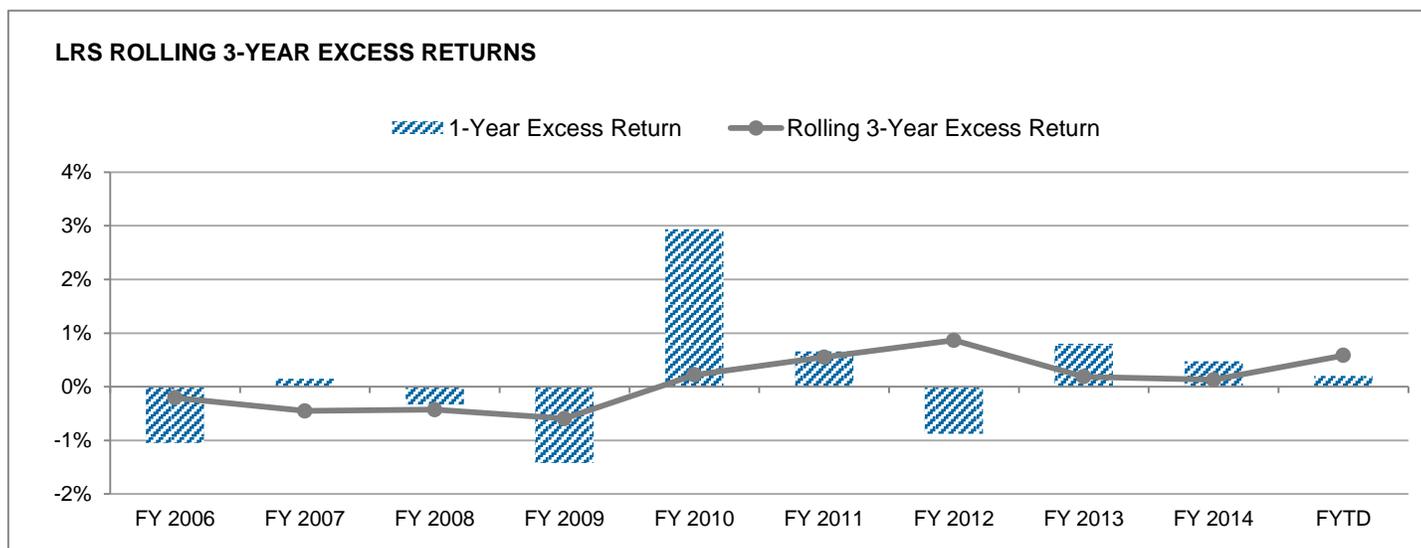
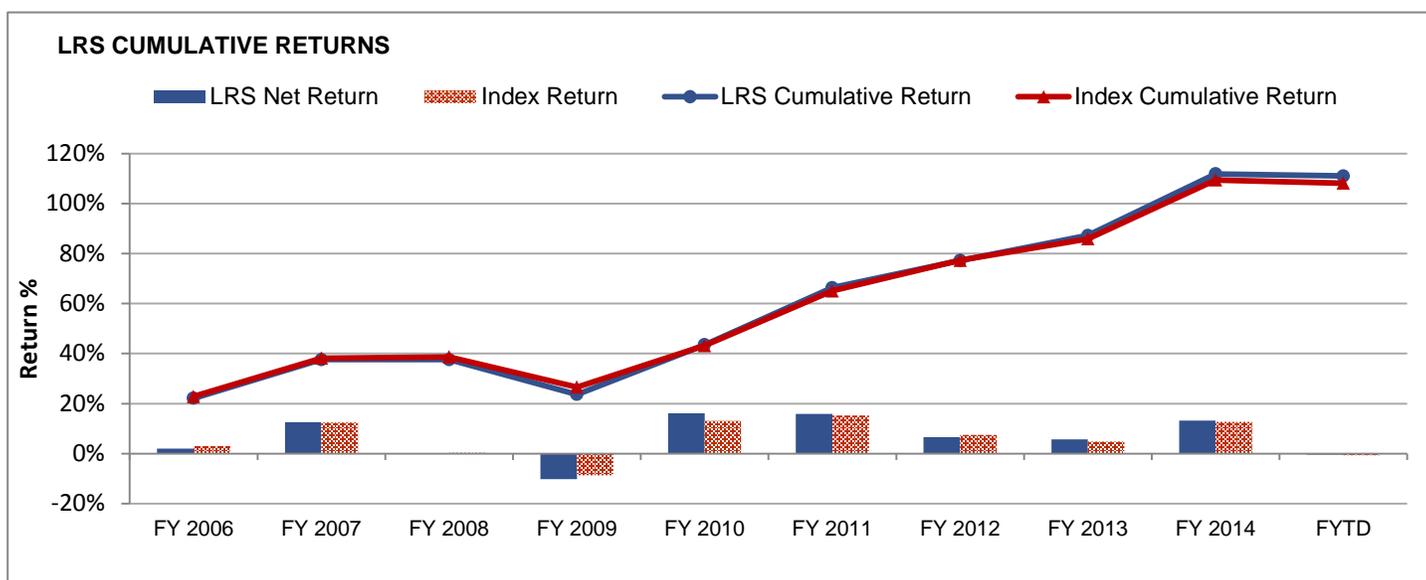


Performance and risk metrics are annualized over 3 years, except for REITs and Commodities which are annualized over 2 years due to more recent inception dates.

LRF PERFORMANCE SUMMARY

As of 12/31/2014	FYTD		3-YEAR		5-YEAR		10-YEAR		SINCE INCEPTION*	
	Net Returns	Excess Bps	Net Returns	Excess Bps						
GLOBAL EQUITY	(1.83)	5	15.30	12	10.41	5	5.78	5	8.68	(24)
FIXED INCOME	3.73	19	4.99	117	7.85	88	6.64	47	7.07	2
TIPS	(2.10)	(3)	0.44	0	4.07	(4)	4.11	(22)	4.34	(14)
REITs	3.30	2	15.90	1	-	-	-	-	17.10	(0)
COMMODITIES	(36.70)	(2)	(13.28)	(42)	-	-	-	-	(9.97)	(40)
LRF	(0.42)	20	7.94	58	8.32	32	6.24	27	8.71	(6)

* LRF has an investment performance inception date of July 1, 1988.



CalPERS Trust Level Review

Trust Summary: Long-Term Care Fund (LTCF)



Month Ending December 31, 2014

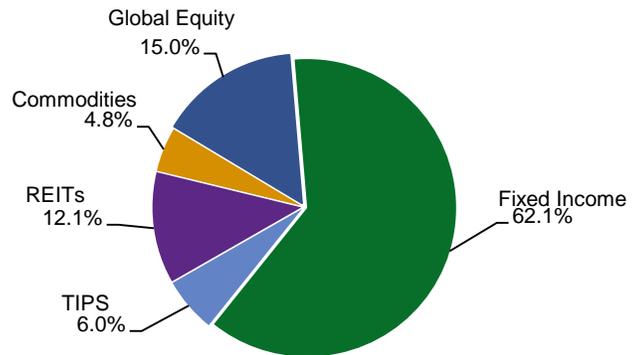
STRATEGIC ASSET ALLOCATION

Long-Term Care Fund Objective

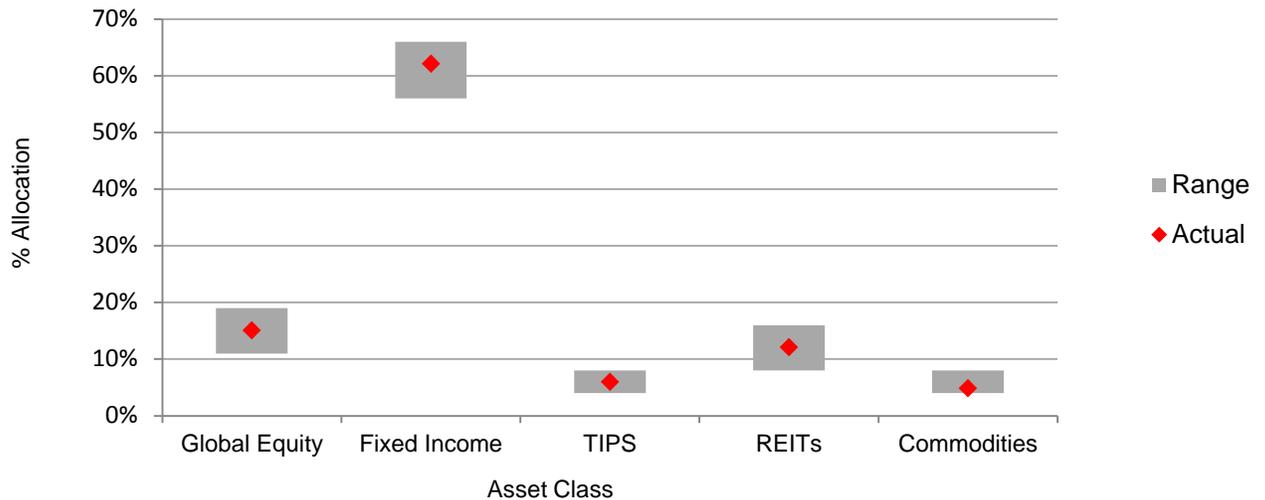
CalPERS offers optional long-term care benefits to members, funded entirely by enrollee premiums. The Long-Term Care Program was established to administer and finance the program. Funds are allocated across five asset classes, predominantly in fixed income.

The Fund is passively managed by State Street Global Advisors.

Actual Capital Allocation



Strategic Allocation Target Ranges



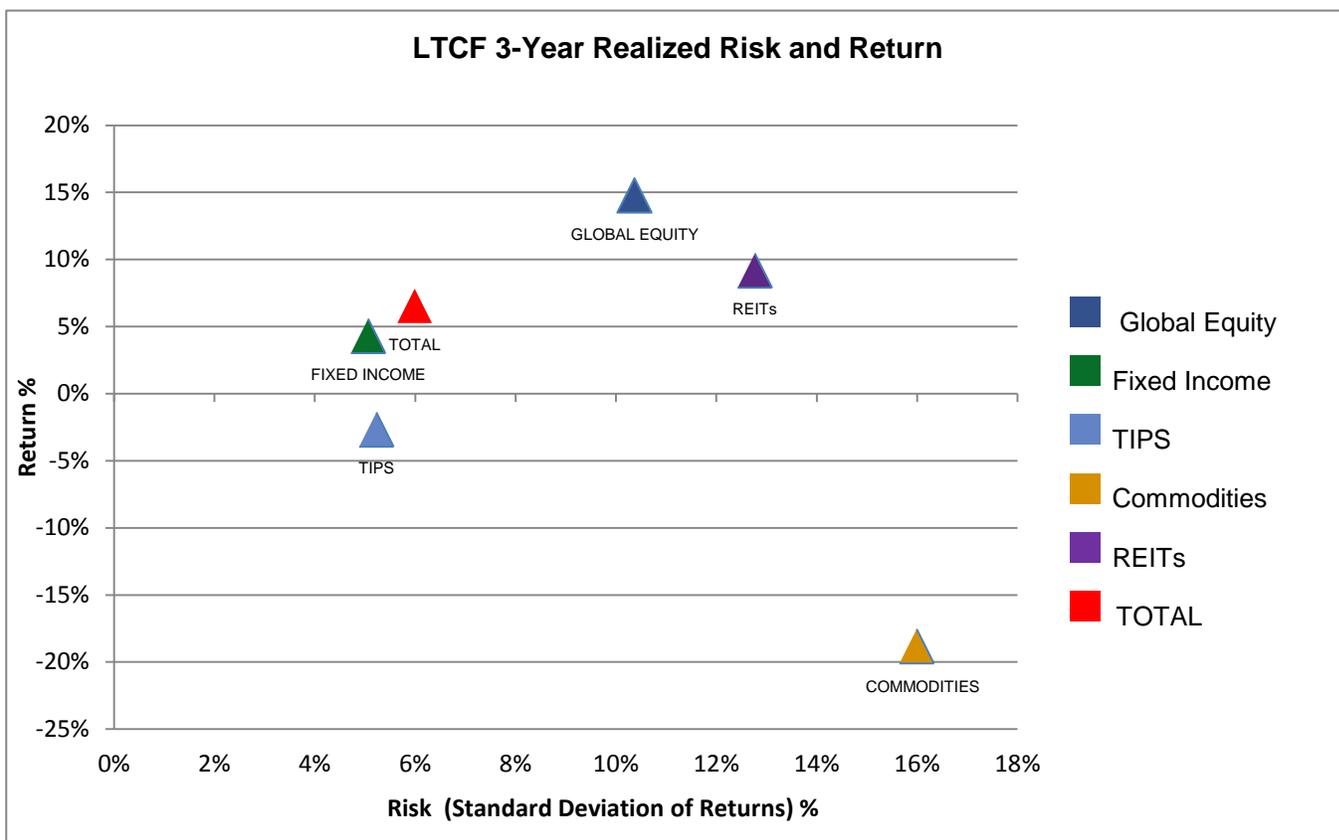
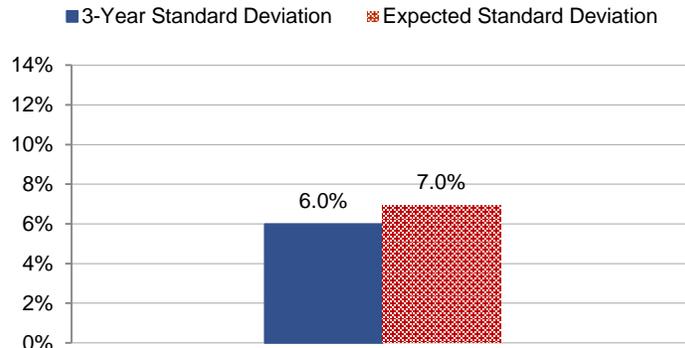
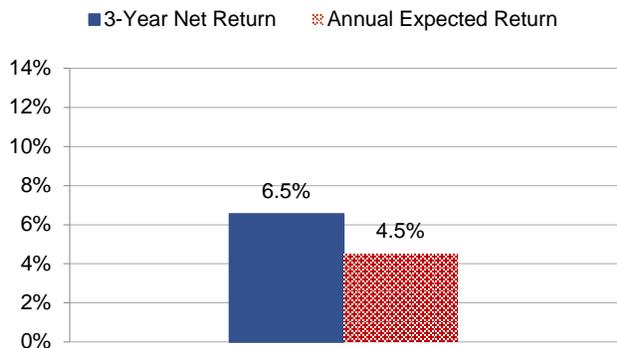
LTCF ASSET ALLOCATION	Current Allocation (%)	Target Allocation (%)	Variance (%)	Current Allocation (millions)	Target Allocation (millions)	Dollar Variance (millions)
Global Equity	15.0%	15.0%	0.0%	\$ 623.1	\$ 621.8	\$ 1.3
US Fixed Income	62.1%	61.0%	1.1%	\$ 2,575.1	\$ 2,528.8	\$ 46.3
TIPS	6.0%	6.0%	0.0%	\$ 247.2	\$ 248.7	\$ (1.6)
REITs	12.1%	12.0%	0.1%	\$ 500.3	\$ 497.5	\$ 2.8
Commodities	4.8%	6.0%	-1.2%	\$ 199.8	\$ 248.7	\$ (48.9)
Cash	0.0%	0%	0.0%	\$ 0.0	\$ -	\$ 0.0
Total	100.0%	100.0%	0.0%	\$ 4,145.5	\$ 4,145.5	\$ 0.0

Policy asset allocation targets were approved by the Investment Committee on April 16, 2012.

LTCF RISK AND RETURN

Asset Liability Management Expectations

Per the current CalPERS Long-Term Care Fund Statement of Investment Policy.

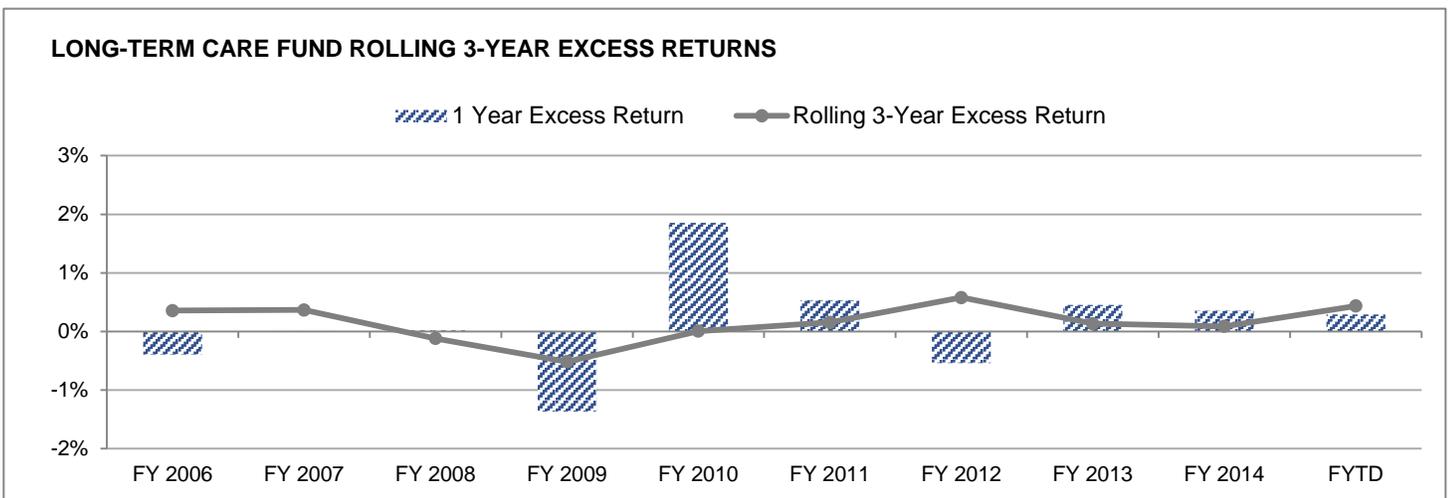
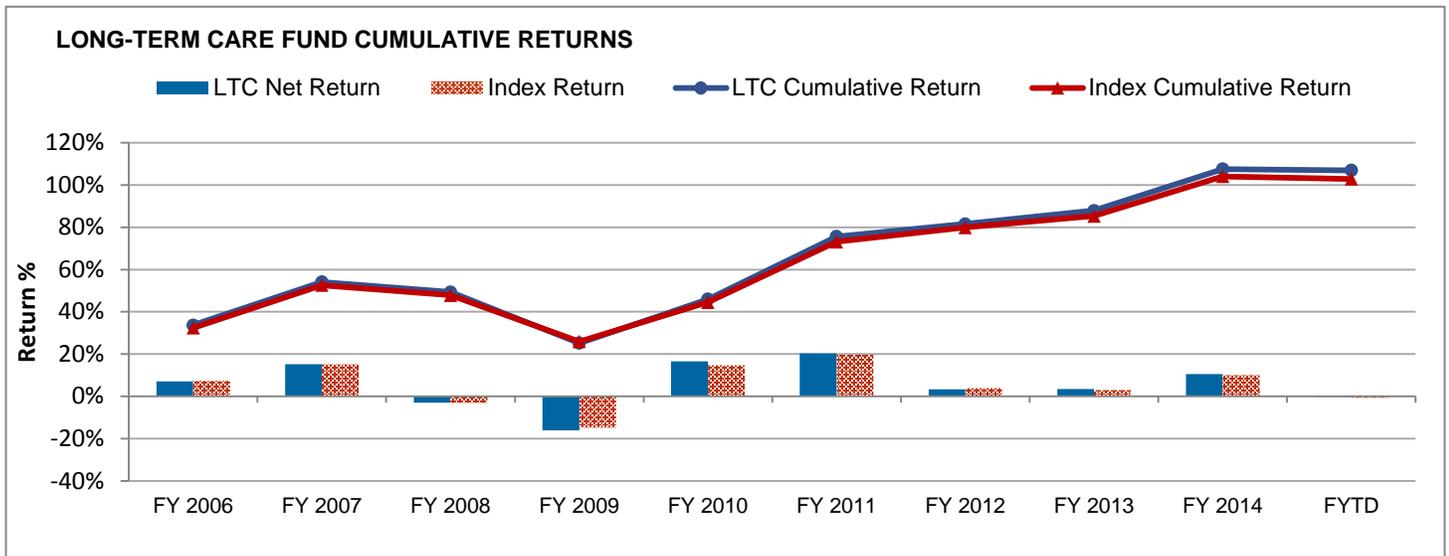


Performance and risk metrics are annualized over 3 years, except for Commodities which are annualized over 2 years due to a more recent inception date.

LTCF PERFORMANCE SUMMARY

As of 12/31/2014	FYTD		3-YEAR		5-YEAR		10-YEAR		SINCE INCEPTION*	
	Net Returns	Excess Bps	Net Returns	Excess Bps						
GLOBAL EQUITY	(2.12)	13	14.76	11	10.28	8	6.05	4	7.19	1
FIXED INCOME	3.60	5	4.30	48	7.43	45	6.47	56	7.05	56
TIPS	(2.02)	5	0.44	(0)	4.07	(5)	-	-	4.25	10
REITs	3.09	31	15.24	36	11.64	19	-	-	4.31	(37)
COMMODITIES	(36.69)	(1)	(12.64)	21	-	-	-	-	(12.27)	15
LTCF	(0.29)	29	6.55	44	6.98	26	5.41	26	6.73	7

* LTCF has an investment performance inception date of March 1, 1996.



CalPERS Trust Level Review

Trust Summary: CERBT Strategy 1



Month Ending December 31, 2014

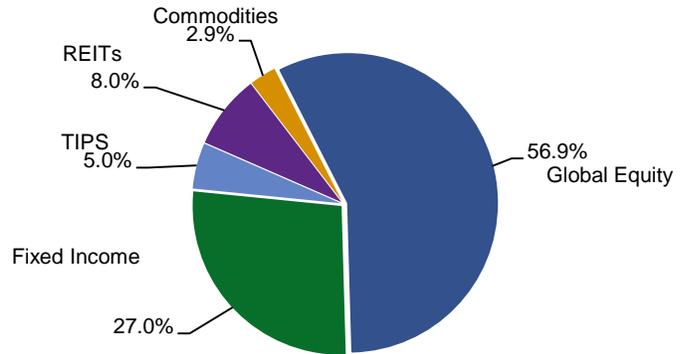
STRATEGIC ASSET ALLOCATION

CERBT Strategy 1 Objective

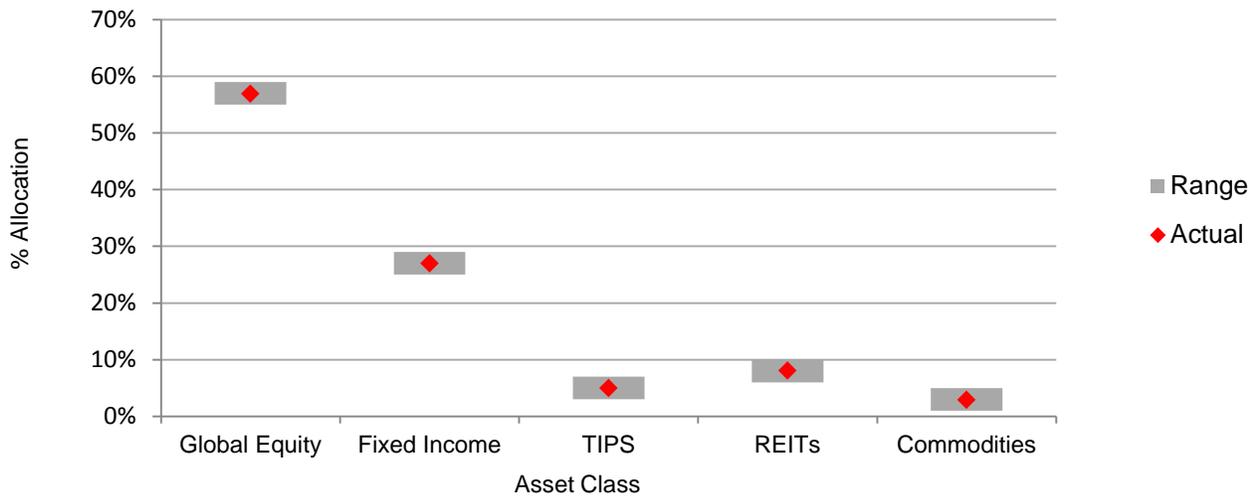
The California Employer Retirees' Benefit Trust (CERBT) was established in March 2007 for public employers to pre-fund their retiree health and other post-employment benefit obligations. Employers may choose among three different CERBT investment strategies. Compared with Strategies 2 and 3, this portfolio consists of a higher percentage of equities than bonds and other assets.

Fixed income, TIPS and commodities asset classes are managed by CalPERS staff. Global equity and REITs are passively managed by State Street Global Advisors.

Actual Capital Allocation



Strategic Allocation Target Ranges



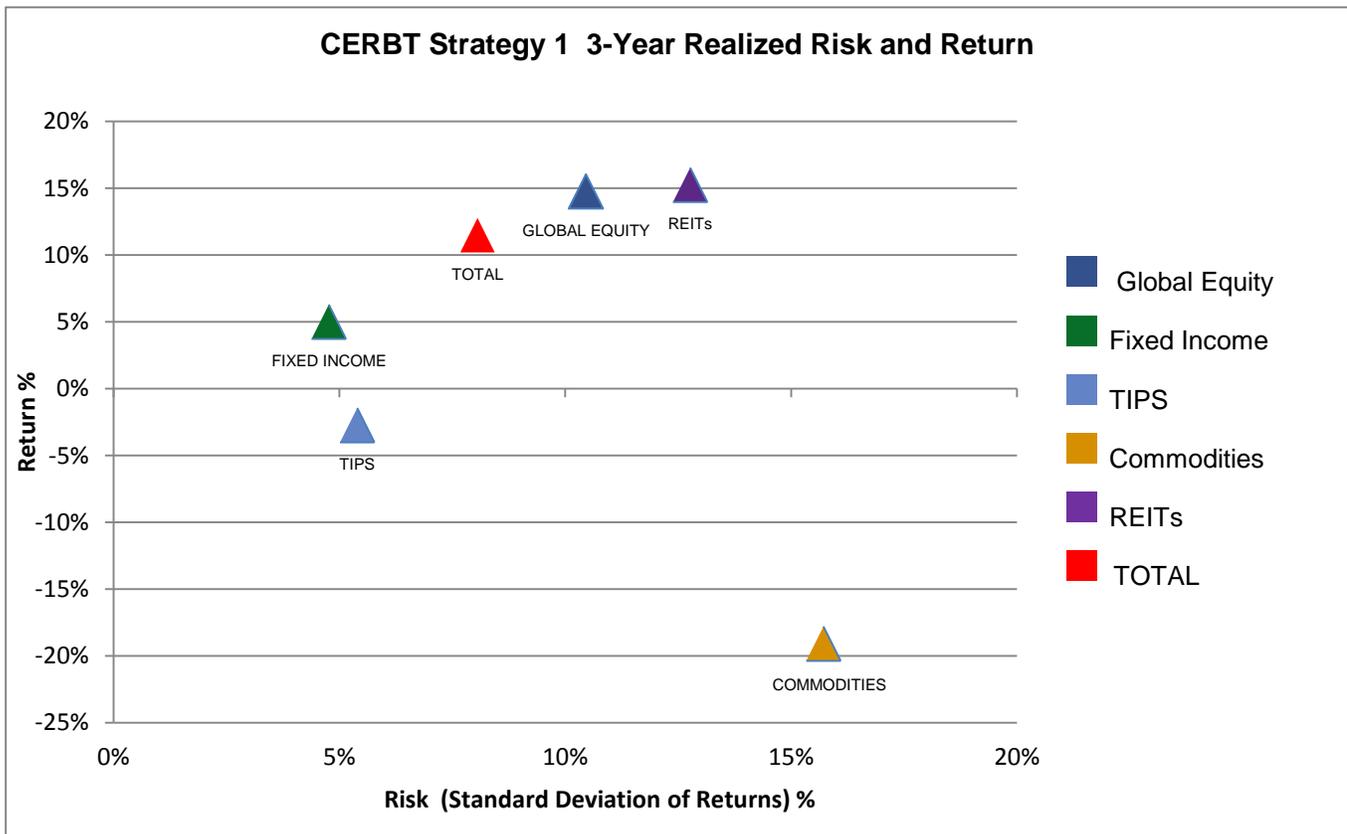
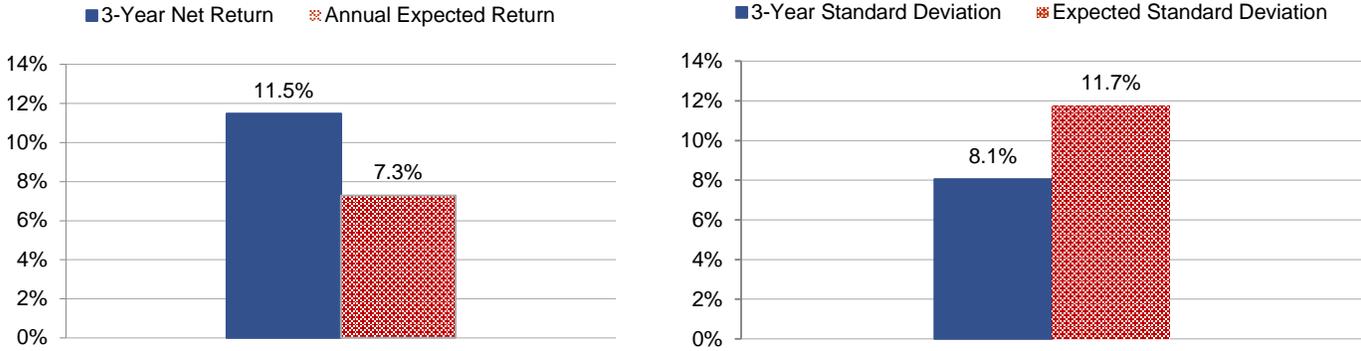
CERBT S1 ASSET ALLOCATION	Current Allocation (%)	Target Allocation (%)	Variance (%)	Current Allocation (millions)	Target Allocation (millions)	Dollar Variance (millions)
Global Equity	56.9%	57.0%	-0.1%	\$ 1,924.8	\$ 1,929.0	\$ (4.2)
US Fixed Income	27.0%	27.0%	0.0%	\$ 912.3	\$ 913.8	\$ (1.5)
TIPS	5.0%	5.0%	0.0%	\$ 168.4	\$ 169.2	\$ (0.8)
REITs	8.0%	8.0%	0.0%	\$ 271.5	\$ 270.7	\$ 0.7
Commodities	2.9%	3.0%	-0.1%	\$ 97.3	\$ 101.5	\$ (4.2)
Cash	0.3%	0.0%	0.3%	\$ 10.0	\$ -	\$ 10.0
Total	100.0%	100.0%	0.0%	\$ 3,384.3	\$ 3,384.3	\$ 0.0

Policy asset allocation targets were approved by the Investment Committee on October 13, 2014.

CERBT STRATEGY 1 RISK AND RETURN

Asset Liability Management Expectations

Per the current CERBT Fund Statement of Investment Policy.

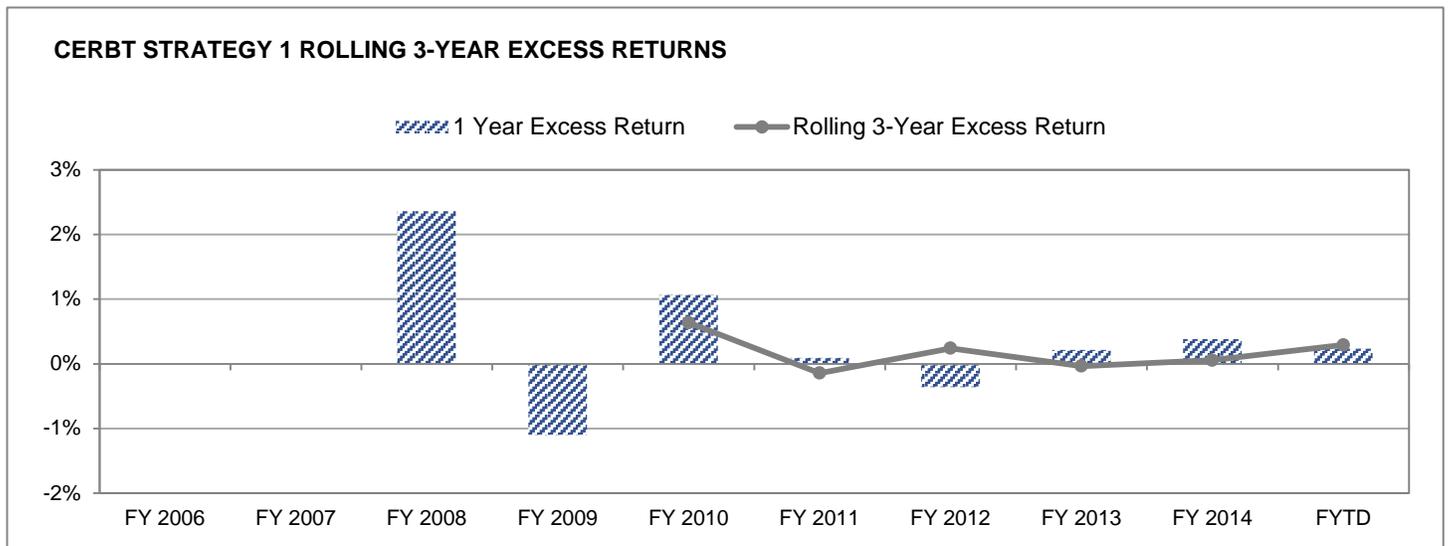
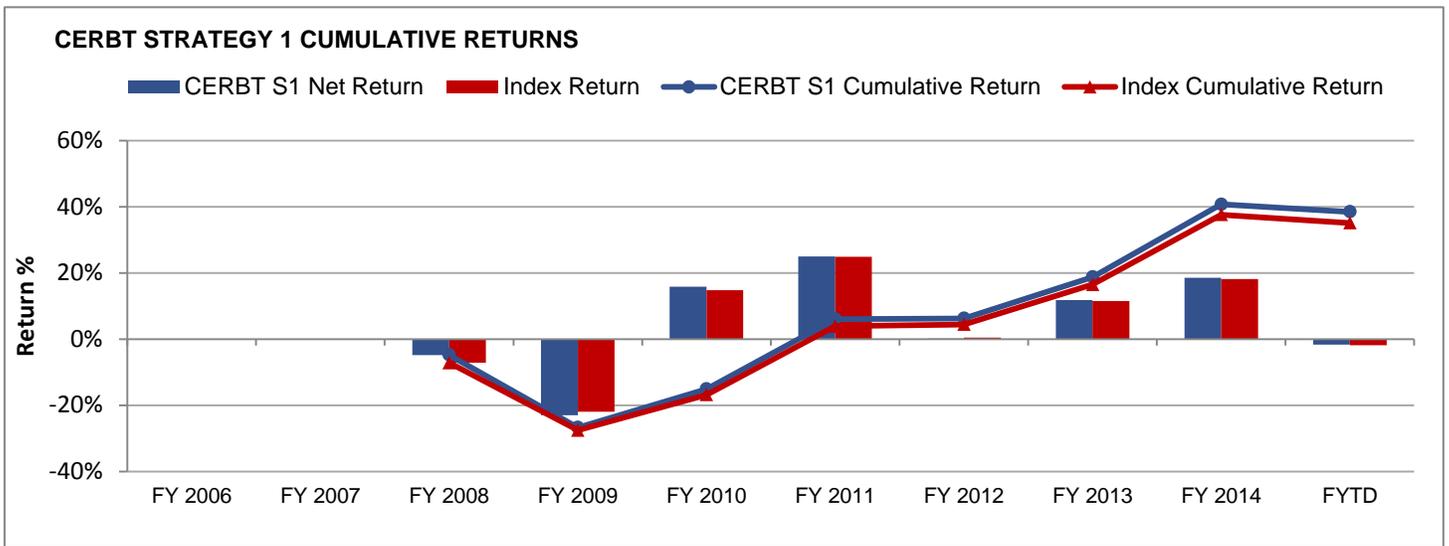


Performance and risk metrics are annualized over 3 years, except for TIPS and Commodities which is annualized over 2 years due to more recent inception dates.

CERBT STRATEGY 1 PERFORMANCE SUMMARY

As of 12/31/2014	FYTD		3-YEAR		5-YEAR		10-YEAR		SINCE INCEPTION*	
	Net Returns	Excess Bps	Net Returns	Excess Bps						
GLOBAL EQUITY	(2.10)	15	14.76	19	10.07	13	-	-	2.97	7
FIXED INCOME	3.78	24	5.01	119	7.87	89	-	-	7.53	53
TIPS	(2.08)	(1)	0.45	1	-	-	-	-	1.19	(4)
REITs	3.17	39	15.25	38	11.65	20	-	-	1.66	193
COMMODITIES	(36.63)	5	(13.25)	(39)	-	-	-	-	(12.85)	(42)
CERBT Strategy 1	(1.60)	23	11.49	29	9.29	13	-	-	4.27	46

* CERBT Strategy 1 has an investment performance inception date of June 1, 2007.



CalPERS Trust Level Review

Trust Summary: CERBT Strategy 2



Month Ending December 31, 2014

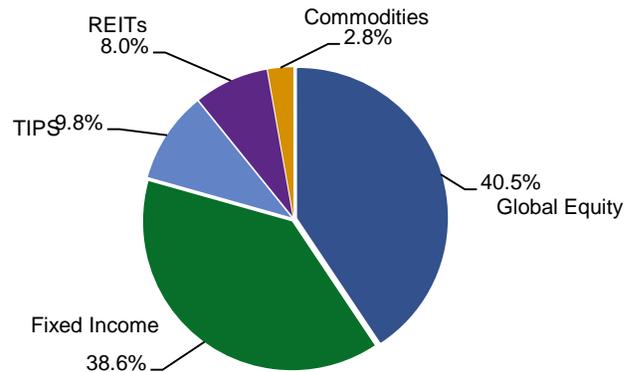
STRATEGIC ASSET ALLOCATION

CERBT Strategy 2 Objective

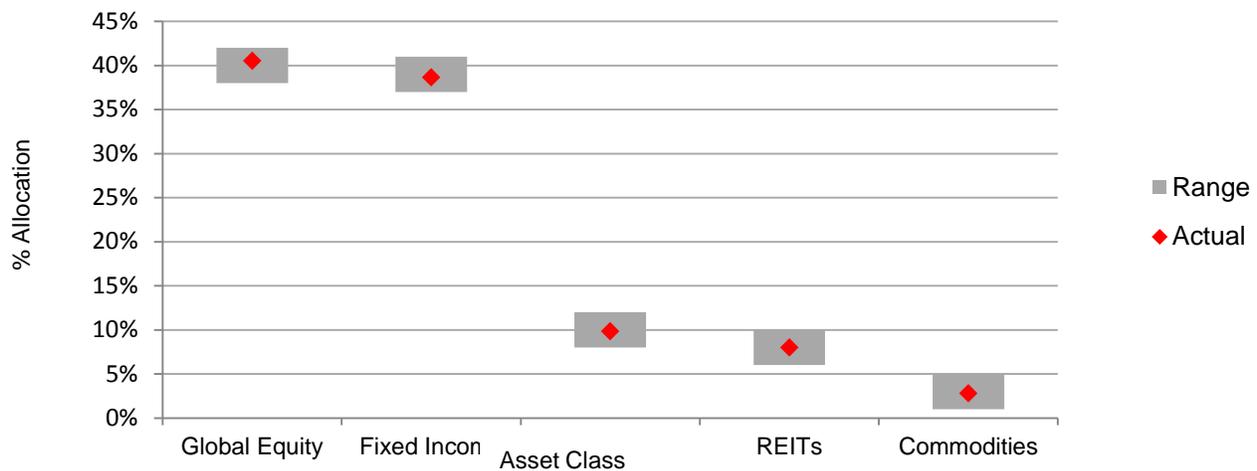
The California Employer Retirees' Benefit Trust (CERBT) was established in March 2007 for public employers to pre-fund their retiree health and other post-employment benefit obligations. Employers may choose among three different CERBT investment strategies. Compared with Strategies 1 and 3, this portfolio consists of a more moderate allocation of equities, bonds, and other assets.

Fixed income, TIPS and commodities asset classes are managed by CalPERS staff. Global equity and REITs are passively managed by State Street Global Advisors.

Actual Capital Allocation



Strategic Allocation Target Ranges



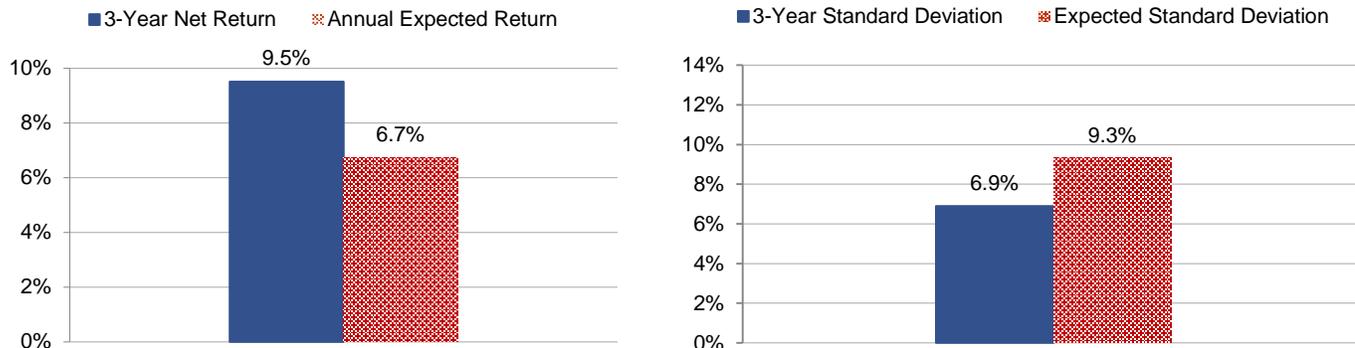
CERBT S2 ASSET ALLOCATION	Current Allocation (%)	Target Allocation (%)	Variance (%)	Current Allocation (millions)	Target Allocation (millions)	Dollar Variance (millions)
Global Equity	40.5%	40.0%	0.5%	\$ 246.7	\$ 243.6	\$ 3.0
US Fixed Income	38.6%	39.0%	-0.4%	\$ 235.3	\$ 237.5	\$ (2.3)
TIPS	9.8%	10.0%	-0.2%	\$ 59.8	\$ 60.9	\$ (1.1)
REITs	8.0%	8.0%	0.0%	\$ 48.7	\$ 48.7	\$ (0.1)
Commodities	2.8%	3.0%	-0.2%	\$ 16.8	\$ 18.3	\$ (1.4)
Cash	0.3%	0%	0.3%	\$ 1.9	\$ -	\$ 1.9
Total	100.0%	100.0%	0.0%	\$ 609.1	\$ 609.1	\$ (0.0)

Policy asset allocation targets were approved by the Investment Committee on October 13, 2014.

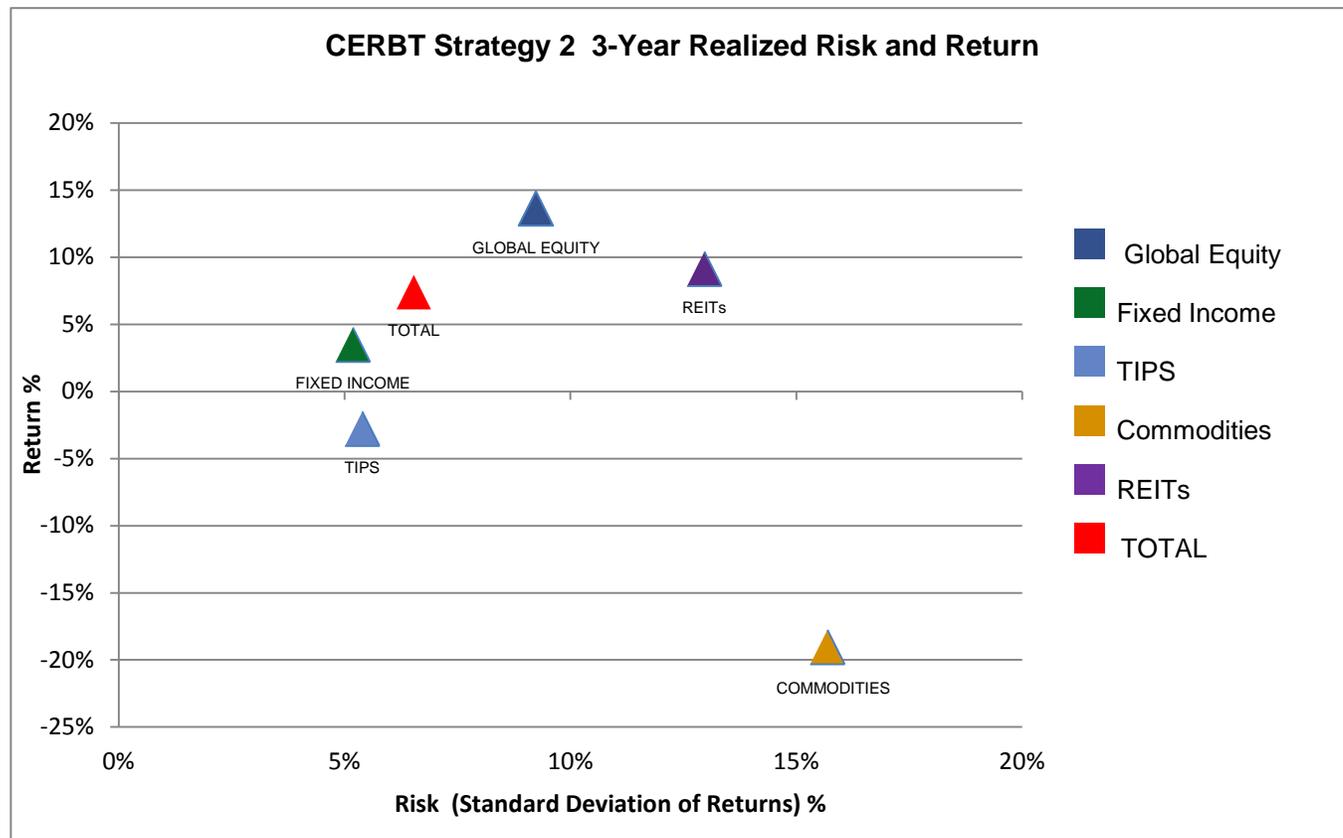
CERBT STRATEGY 2 RISK AND RETURN

Asset Liability Management Expectations

Per the current CERBT Fund Statement of Investment Policy.



CERBT Strategy 2 has an inception date of October 1, 2011. Until 3-year returns and standard deviations are available, the charts present 2-year annualized data.

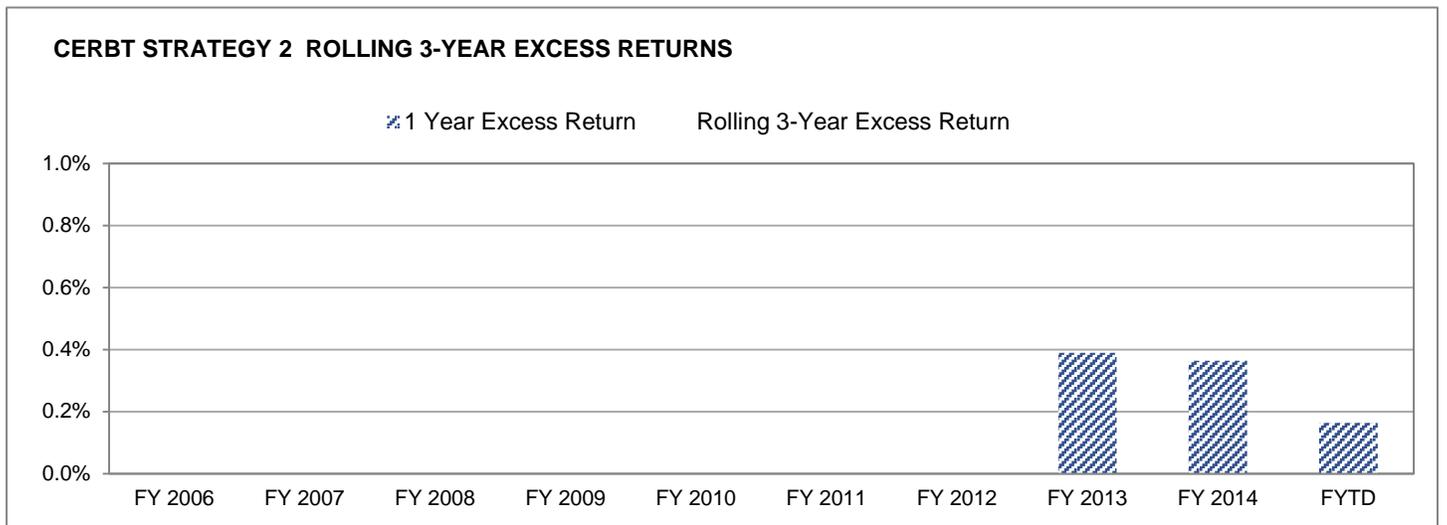
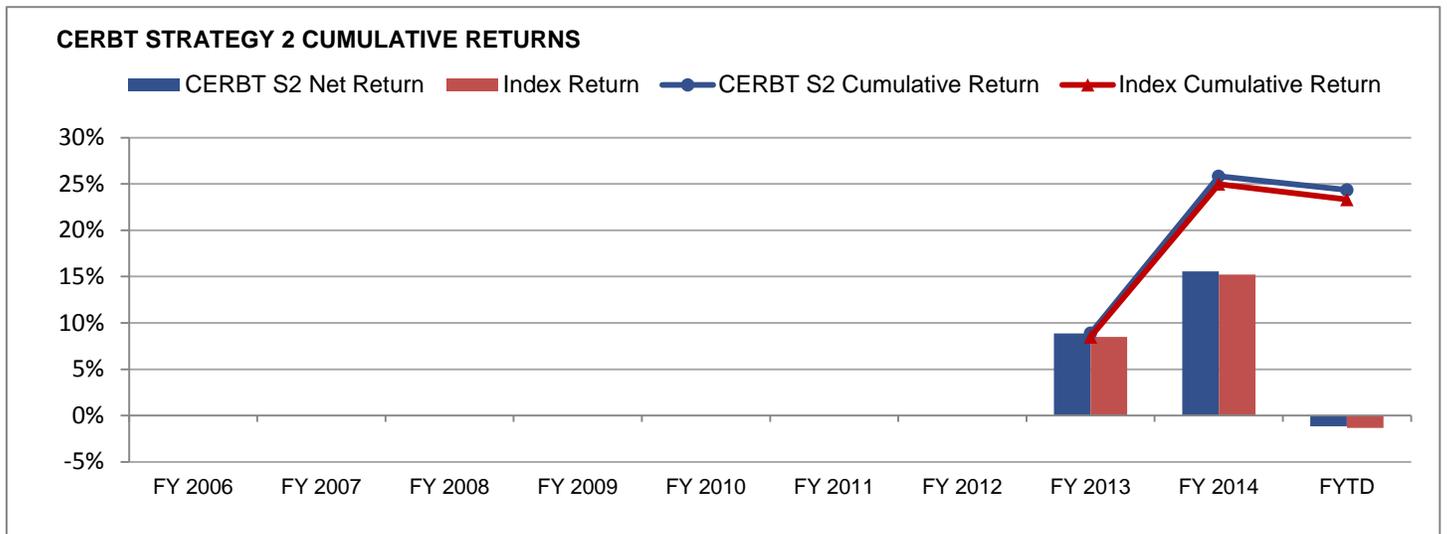


CERBT Strategy 2 has an inception date of October 1, 2011. Until 3-year realized returns and risks are available, this chart presents 2-year annualized data.

CERBT STRATEGY 2 PERFORMANCE SUMMARY

As of 12/31/2014	FYTD		3-YEAR		5-YEAR		10-YEAR		SINCE INCEPTION*	
	Net Returns	Excess Bps	Net Returns	Excess Bps						
GLOBAL EQUITY	(2.10)	15	14.75	20	-	-	-	-	15.87	20
FIXED INCOME	3.76	21	5.00	118	-	-	-	-	5.19	101
TIPS	(2.19)	(12)	0.41	(3)	-	-	-	-	1.16	(7)
REITs	3.01	23	15.19	32	-	-	-	-	16.44	28
COMMODITIES	(36.58)	10	(13.22)	(37)	-	-	-	-	(9.92)	(35)
CERBT Strategy 2	(1.18)	16	9.52	34	-	-	-	-	10.36	19

* CERBT Strategy 2 has an investment performance inception date of October 1, 2011.



CalPERS Trust Level Review

Trust Summary: CERBT Strategy 3



Month Ending December 31, 2014

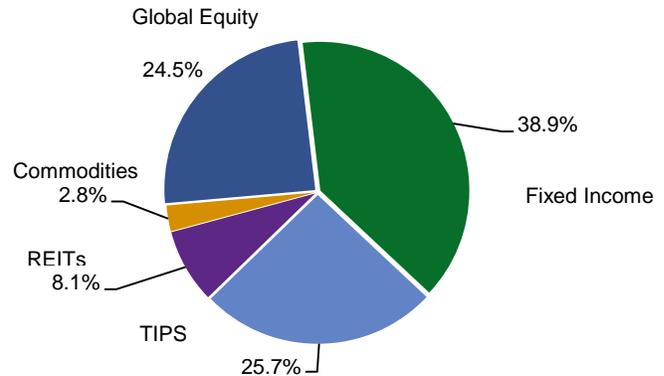
STRATEGIC ASSET ALLOCATION

CERBT Strategy 3 Objective

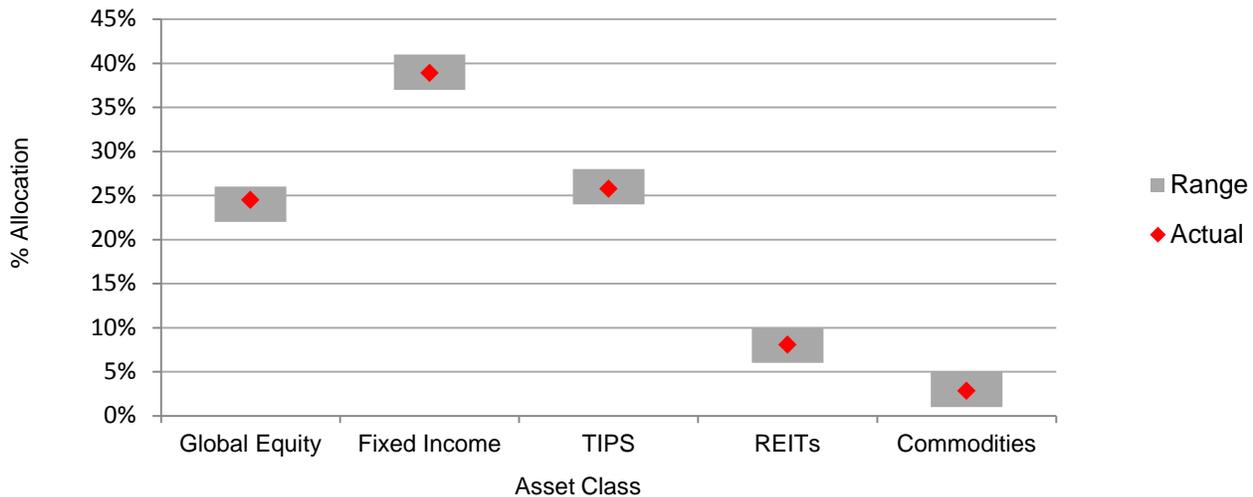
The California Employer Retirees' Benefit Trust (CERBT) was established in March 2007 for public employers to pre-fund their retiree health and other post-employment benefit obligations. Employers may choose among three different CERBT investment strategies. Compared with Strategies 1 and 2, this portfolio consists of a higher percentage of bonds and other assets and a lesser percentage of equities.

Fixed income, TIPS and commodities asset classes are managed by CalPERS staff. Global equity and REITs are passively managed by State Street Global Advisors.

Actual Capital Allocation



Strategic Allocation Target Ranges



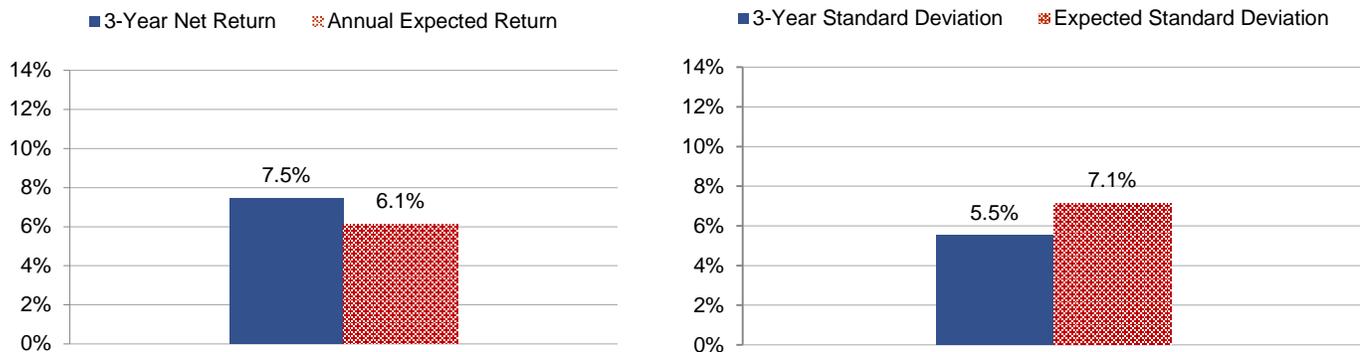
CERBT S3 ASSET ALLOCATION	Current Allocation (%)	Target Allocation (%)	Variance (%)	Current Allocation (millions)	Target Allocation (millions)	Dollar Variance (millions)
Global Equity	24.5%	24.0%	0.5%	\$ 38.4	\$ 37.7	\$ 0.7
US Fixed Income	38.9%	39.0%	-0.1%	\$ 61.0	\$ 61.2	\$ (0.2)
TIPS	25.7%	26.0%	-0.3%	\$ 40.4	\$ 40.8	\$ (0.4)
REITs	8.1%	8.0%	0.1%	\$ 12.6	\$ 12.6	\$ 0.1
Commodities	2.8%	3.0%	-0.2%	\$ 4.4	\$ 4.7	\$ (0.3)
Cash	0.1%	0%	0.1%	\$ 0.1	\$ -	\$ 0.1
Total	100.0%	100.0%	0.0%	\$ 156.9	\$ 156.9	\$ (0.0)

Policy asset allocation targets were approved by the Investment Committee on October 13, 2014.

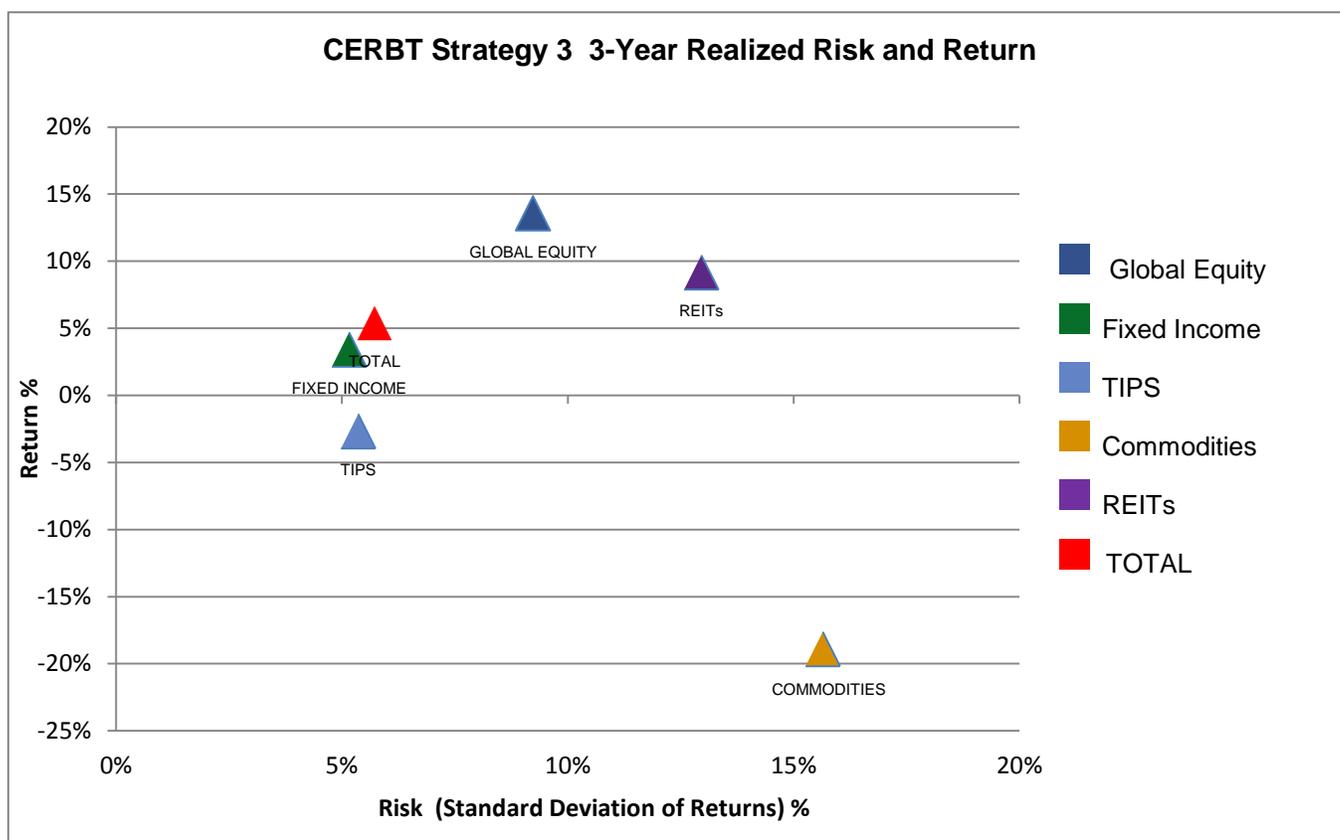
CERBT STRATEGY 3 RISK AND RETURN

Asset Liability Management Expectations

Per the current CERBT Fund Statement of Investment Policy.



CERBT Strategy 3 has an inception date of January 1, 2012. Until 3-year returns and standard deviations are



CERBT Strategy 3 has an inception date of January 1, 2012. Until 3-year realized returns and risk are available, this chart presents 2-year annualized data.

CERBT STRATEGY 3 PERFORMANCE SUMMARY

As of 12/31/2014	FYTD		3-YEAR		5-YEAR		10-YEAR		SINCE INCEPTION*	
	Net Returns	Excess Bps	Net Returns	Excess Bps						
GLOBAL EQUITY	(2.03)	22	14.71	16	-	-	-	-	14.71	16
FIXED INCOME	3.63	8	4.96	114	-	-	-	-	4.96	114
TIPS	(1.98)	9	0.48	4	-	-	-	-	0.48	4
REITs	3.18	40	15.21	34	-	-	-	-	15.21	34
COMMODITIES	(36.36)	32	(13.13)	(27)	-	-	-	-	(13.13)	(27)
CERBT Strategy 3 h	(0.42)	31	7.46	35	-	-	-	-	7.46	35

* CERBT Strategy 3 has an investment performance inception date of January 1, 2012.

