

## Summary of Proposed Policy Changes

The table below provides a summary of the proposed revisions to CalPERS' Total Fund Investment Policy associated with this agenda item, reflecting the respective options for consideration by the Committee:

- The Total Fund Investment Policy changes corresponding with Option 1, outlined in the item, are provided in Attachment 1
- The Total Fund Investment Policy changes reflecting Option 2, are provided in Attachment 2

Ref #	Page(s) / Change	Rationale	Included in Attachment(s)
1	Pages 1, 41 Revised effective date (Total Fund Investment Policy) and header date for Appendix 5 (Investment Benchmarks)	Routine Policy Change – Updated headers and effective date	1 and 2
2	Pages 41, 46 Revised Liquidity benchmark to 91-day Treasury Bill	Simplified role of Liquidity allocation supports removal of 2-10 year Treasury component of benchmark	1 and 2
3	Page 41 Removed reference to specific date (June 30, 2015) for term through which interim target weights will be used.	Interim allocation weights are to be reviewed no less than annually, and remain in use at the discretion of the Investment Committee, and do not expire on a specific date	1 and 2
4	Page 40 Modified Appendix 4, Asset Allocation Targets and Ranges table to show new interim allocation targets for Liquidity and Global Fixed Income (GFI) asset classes, and expanded range for Liquidity (to +/- 3% from +/- 1%) and changed effective date	Reduce Liquidity allocation from 2% to 1%, and deploy 1% to GFI (increase allocation from 19% to 20%) and establish expanded Liquidity range as an additional operational liquidity management tool.	1 only
5	Page 41 Deleted “Interim target weights were approved by the Committee effective July 1, 2014.”	If Option 1 is selected, two new interim weights would be approved for use.	1 only
6	Page 41 Revised table to reflect interim target weights for GFI and Liquidity	Change corresponds to changes on page 40 (Appendix 4)	1 only

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7	Page 47 Revised Appendix 6 (Summary of Permissible and Prohibited Types of Leverage) to indicate notional and recourse debt as allowable for the Liquidity Program, with total leverage within the Liquidity program not to exceed 2% of the total fund value.	The borrowed liquidity approach, outlined in April and May 2015 Committee agenda items, would allow notional leverage and recourse debt. At a 1% target, with a +/- 3% range, leverage would be limited to 2%.	1 only