



May 26, 2015

Mr. Henry Jones, Chairman
Investment Committee
California Public Employees' Retirement System
Sacramento, California 95814

Re: Long Term Care Fund Asset Allocation Review and Proposed Policy Revisions

Dear Mr. Jones,

The purpose of this letter is to provide the Investment Committee (IC) with Pension Consulting Alliance's (PCA's) opinion regarding Agenda Item 6b for the June Investment Committee meeting. In summary, PCA supports the staff's recommendations for maintaining the Long Term Care (LTC) Fund's current allocation policy and revising the Statement of Investment Policy for the LTC Fund as well as revising the CalPERS Total Fund Investment Policy.

Discussion

Item 6b is an update from deliberations on Item 7a at the IC's May 2015 meeting. In Item 7a, PCA concurred with staff's recommendation for a revised asset allocation policy for the LTC Fund as well as aligning the timing of LTC Fund allocation policy decision with those of the Total Fund allocation policy. In this Item 6b, additional language is being introduced into the LTC Investment Policy and CalPERS Total Fund Investment Policy to further clarify the implementation of the original recommendations made during the May 2015 meeting. PCA believes these additional clarifications are reasonable and prudent.

We look forward to addressing any questions or comments on these matters at the Investment Committee meeting.

Respectfully,

A handwritten signature in black ink, appearing to read "Allan Emkin", is written over a light blue horizontal line.

Allan Emkin