

## **SERVICES TO BE PROVIDED**

Subject to, and consistent with the final version of the Policy, and amendments or modifications, if any, as approved by the Investment Committee, the Consultant shall provide services as outlined below. In performing these services, the Consultant will, at all times, be subject to and comply with the California Public Employees' Retirement System Policy for the Role of Private Asset Class Board Investment Consultants, and all other relevant CalPERS Investment Policies, which can be found at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Role of Private Asset Class Board Investment Consultants Real Assets for investment transactions within staff's delegated authority, staff will analyze the transaction and make the investment decision. For investment transactions exceeding staff's delegated authority, staff will analyze the transaction and provide a recommendation to the Committee.

### **A. STRATEGY AND POLICY ANALYSIS**

1. Review and opine on investment policies and delegations of authority;
2. Review and opine on strategic and annual plans;
3. Provide forecasts of asset class returns for total fund asset allocation purposes; and
4. Provide quarterly analysis of market developments, market conditions, and macro-level view of market opportunities to the Committee.

### **B. PERFORMANCE ANALYSIS AND MONITORING**

1. Prepare quarterly investment performance reports and portfolio risk and attribution analysis; monitor and report on deviations from policy benchmark performance and long-term expected performance;
2. Provide guidance on performance measurement methodologies;
3. Review and opine annually on appropriateness of asset class benchmarks; and
4. Validate accuracy of Real Estate incentive fee calculations.

### **C. INDEPENDENT ADVISOR TO THE COMMITTEE**

1. Provide opinion to the Committee on investments above Staff's delegation of authority;
2. Evaluate whether investment transactions comply with applicable Committee policy and, if applicable, Staff's delegation of authority and provide opinion regarding compliance;
3. Perform annual reviews of major asset class sub component programs and provide opinion on performance, risk, manager selection and monitoring processes, and on internal control process and staffing;

4. Perform annual review of the program and provide opinion on performance, risk, manager selection and monitoring processes, and on internal control processes and staffing;
5. Provide independent advice to the Committee on all aspects of the program and its implementation; and
6. Provide analysis and reports consistent with Policy, as directed by the Committee.

**D. SPECIAL PROJECTS**

As provided in the Policy, as a general rule, the Consultant shall not perform work for staff on special projects, and/or provide opinions to staff regarding specific investment transactions. However, in limited circumstances, the Consultant may be engaged to perform work for Staff on special projects, and/or to provide opinions to Staff regarding specific investment transactions, if the Consultant possesses unique knowledge or expertise that is not available through other providers. Such an engagement must be initiated by Staff and approved by the Committee prior to engagement.

**E. INVESTMENT TRANSACTIONS – PRIVATE ASSET CLASS BOARD INVESTMENT CONSULTANTS – REAL ASSETS**

1. Investment Transactions within Staff's delegated authority
  - a. Investment transactions less than or equal to \$50 million:
    - (i) Staff will analyze the transaction and make the investment decision.
    - (ii) An Investment Pool Consultant, other than the Private Asset Class Board Investment Consultant may provide a Prudent Person Opinion to Staff at the discretion of the Senior Investment Officer ("SIO").
    - (iii) The Private Asset Class Board Investment Consultant may observe transaction discussions at the request of the SIO.
  - b. Investment transactions that exceed \$50 million:
    - (i) Staff will analyze the transaction and make the investment decision.
    - (ii) An Investment Pool Consultant, other than the Private Asset Class Board Investment Consultant will provide a Prudent Person Opinion to Staff.
    - (iii) The Private Asset Class Board Investment Consultant may observe transaction discussions at the request of the SIO.

- c. Investment transactions exceeding Staff's delegated authority:
- (i) Staff will analyze the transaction and provide a recommendation to the Committee.
  - (ii) An Investment Pool Consultant, other than the Private Asset Class Board Investment Consultant will provide a Prudent Person Opinion to Staff.
  - (iii) The Private Asset Class Board Investment Consultant will participate in transaction discussions.
  - (iv) The Private Asset Class Board Investment Consultant will provide an opinion on the transaction to the Committee.

2. Opinion Standard

The Private Asset Class Board Investment Consultant and the Investment Pool Consultants shall provide a Prudent Person Opinion on the merits of a transaction following a fiduciary standard of care.