

Risk Management | Risk Summary Report

CalPERS Risk Dashboard IC Risk Summary as of July 2015

Risk Category	Risk Domain	Six Month Risk Ranking						Notes
		Oct-13	May-14	Oct-14	May-15	Previous Trend	Projected Trend	
Strategic	Asset Allocation - Capital Market Assumption Risk - Asset Allocation Strategy Execution Risk - Financial Management Model Risk	*	▲	▲	▲	➡	⬆	Overall ranking is at Moderate, with trending upwards due to risks associated with achieving the target rate of return in today's investment environment. An increased focus on liquidity and income, reduced return expectations across many asset classes due to extraordinary monetary policies across many economies, and an increased complexity of interrelated global financial markets.
Financial	Investment Controls & Systems - INVO Cash Forecasting (Cash Management) - Investment Evaluation and Monitoring Tools – Private Equity - External Manager / Partner Selection and Governance - Portfolio Data and Analytics - Recruiting & Retention	■	■	▲	▲	⬇	➡	Overall ranking is moderate, with trending remaining constant. This is primarily due to a large improvement in the organization, system and controls within the Investment Office, combined with the identified increased complexity and attendant risks associated with a complex business model.
Financial	Investment Risk Management - Investment Risk Governance & Management - Liquidity risk - Counterparty exposure - Leverage risk - Concentration risk	■	▲	▲	▲	➡	➡	Overall ranking is moderate, with trending remaining constant. This is primarily due to mitigation strategies being a longer-term effort, with initial efforts focused on defining, measuring, and managing the variety of risks associated with CalPERS' portfolios.

Residual Risk - Considering risk responses and the remaining risk exposure.	
●	Minimal
▲	Moderate
■	Elevated
⬢	High

Trend - Considering risk management plans and environmental factors, the residual risk trend over the next 6 months.	
⬇	Decrease
➡	Remain Constant
⬆	Increase

* No risk ranking available - was not identified at the time