
Effective Date ~~October 19, 2015~~ **November 16, 2015**

This policy is effective immediately upon adoption and supersedes all previous Global Equity policies.

Introduction

The California Public Employees' Retirement System (CalPERS) Total Fund Investment Policy, adopted by the CalPERS Investment Committee (Committee), sets forth ~~the~~ CalPERS investment beliefs and overarching investment purposes and objectives with respect to ~~all~~ its investment programs. ~~The CalPERS Total Fund Investment Policy specifically covers key areas of investment strategy, including, but not limited to, investment beliefs, performance objectives, asset allocation strategies, benchmark selection, investment risk management, and derivatives, leverage, and divestment policies, among other elements that are applicable to all asset classes and programs at CalPERS.~~

This document sets forth the investment policy (Policy) for the Global Equity Program (Program). The design of this Policy ensures that Staff, investors, managers, consultants, and other participants selected by CalPERS take prudent and careful action while managing the Program. Additionally, use of this policy assures sufficient flexibility in managing investment risks and returns associated with this Program.

~~It is intended that T~~his Policy ~~should~~ be read in conjunction with ~~and is subject to conditions contained within~~ the CalPERS ~~Total Fund Investment Policy, which provides overarching guidelines for investment performance, beliefs, asset allocation, benchmarks, risk management, derivatives, leverage, and divestment, as well as Staff and consultant responsibilities and reporting to the Investment Committee.~~ This Policy shall ~~also~~ be managed to comply with all applicable Investment Office policies.

Strategic Objective

The Program has two strategic objectives:

- A. The Program seeks to meet or exceed the ~~absolute~~ return generated by global public equities as represented by the benchmark, ~~as~~ specified in the CalPERS Total Fund Investment Policy benchmark appendix, while managing volatility ~~relative to this benchmark.~~

 - B. The Program seeks to utilize active management in an effort to earn a rate of return in excess of the benchmark. The degree of active management deployed is constrained by various risk limits
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for the asset class to manage **relative** volatility.

Responsibilities

Details regarding various levels of responsibility for this Program are provided in Appendix 1, Reporting to the Investment Committee, and Appendix 2, Investment Responsibilities.

Investment Approaches & Parameters

A. Approach

In the management of the overall Global Equity portfolio, investments are made with a specific purpose. Included strategies may be index-oriented (which closely replicate an index selected as the benchmark) or active strategies (which **take permit, asset class tracking error risk relative to a benchmark within specified parameters**). All strategies shall be categorized as "index-oriented" or "active."

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Global Equity utilizes both internally managed and externally managed strategies to meet the Strategic Objective. The Program seeks to facilitate meaningful information transfer from the external investment managers to Staff to help Staff develop scalable, sustainable, and efficient methods of increasing the likelihood of meeting Global Equity's investment return goals over the long term.

B. Investment Opportunity Set

The primary universe of allowable investment assets within Global Equity shall be publicly traded global equity securities and derivatives thereof as described in the CalPERS Total Fund Investment Policy, Global Derivatives and Counterparty Risk Section, and associated procedure.

C. Investment Selection

Global Equity has internal committees to select desired strategies and allocate capital. The Global Equity committees review and approve internal and external strategies forming the pool of eligible investment strategy alternatives and allocate capital to and from those eligible strategies.

D. Investment Parameters

All investment strategies shall have specific, written guidelines. The guidelines shall outline the investment philosophy and

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approaches, permissible and restricted activities and a performance objective which is commensurate with the strategy's purpose.

**Investment
Constraints/
Limitations**

See Appendix 3 for program investment constraints.

**Glossary of
CalPERS
Specific
Terms**

Italicized terms appearing in the Policy are CalPERS specific in nature and are defined in the [CalPERS Specific Glossary of Terms](#).

**Policy
Document
History**

See Appendix 4 for historical details of Investment Committee adoption and revisions of this policy.
