

***Andrew Junkin, CFA, CAIA
President, Wilshire Consulting***

October 27, 2015

Mr. Henry Jones
Chair of the Investment Committee
California Public Employees' Retirement System
400 Q Street
Sacramento, CA 95814

Re: Global Equity Policy Revisions

Dear Mr. Jones:

Overview

As part of the ongoing policy review project, Staff is bringing forward revisions to the Global Equity Policy. This iteration of the proposed policy includes revisions made at the Investment Committee's request following the presentation of the policies in September and October.

Investment Beliefs

As we have noted in the past, Wilshire believes that CalPERS' Investment Belief #9 – Risk to CalPERS is multi-faceted and not fully captured through measures such as volatility or tracking error; and Belief # 4 – Long term value creation requires effective management of three forms of capital: financial, physical and human; speak directly to the need for strong governance in the form of robust policies and procedures.

Conclusion

Wilshire judges that the proposed Policy, when combined with Staff procedures documents and regular testing by Compliance, provides a robust, holistic approach to governance for the Global Equity Program. Staff has made revisions to comply with the suggestions and requests of the Investment Committee. Wilshire recommends that the Investment Committee adopt the Global Equity Policy as proposed.

Should you require anything further or have any questions, please do not hesitate to contact us.

Best regards,

A handwritten signature in black ink, appearing to read 'Ann J. ...'.