



## Memo

To: Members of the Investment Committee  
California Public Employees' Retirement System

From: StepStone Group

Date: December 14, 2015

Subject: Proposed Revision to the Real Assets Policy - First Reading

### Executive Summary

In our role as the Board's Infrastructure Consultant, StepStone Group was asked by the Real Assets Unit ("RAU") to review and opine on a proposed revision to the Real Assets Policy ("Policy"). Specifically, the proposal seeks to incorporate the limits and constraints in the current Real Assets Delegation Resolution ("Delegation") as an attachment ("Attachment D") to the Policy. StepStone believes that the proposed revision to the Policy is appropriate.

### Background

A complete review and revision of the Policy will be conducted as part of the 2016 Real Assets strategic planning process. As an interim step in this process, the RAU has proposed to incorporate all limits and constraints that are presently included in the current Delegation into the Policy as Attachment D. It is StepStone's understanding that the proposed revision is part of a broader effort to streamline, clarify, and align investment policies across the Investment Office, and does not change the requirements, limitations, or other terms of the Delegation either as they relate to the Infrastructure Portfolio or other sections of the Policy. StepStone believes the proposed revision to the Policy as described is appropriate.

### Conclusion

StepStone believes that current efforts to reduce complexity and standardize investment policies should strengthen the governance of the Infrastructure Program. We will continue to keep the Board informed about future proposed revisions to the Policy.

StepStone welcomes the opportunity to answer any questions of the Investment Committee.