

**Real Assets
Investment Limits and Constraints**

**Table 1
Real Estate Portfolio
(\$Billion)**

Staff Authority Limits ⁴ The Managing Investment Director or the Chief Investment Officer may commit the lesser of the indicated percent of the policy target amount ¹ or indicated dollar amount per Relationship ⁵	New Investments or Dispositions				Existing Investments in the Strategic and Legacy Portfolios			
	Base Core	Domestic Tactical	International Tactical	Total	Investment Amounts	New Debt Financing	Debt Financing Management ²	Disposition Amounts
Managing Investment Director	5% \$1.5	2.5% \$0.75	2.5% \$0.75		2.5% \$0.75	2.5% \$0.75	10% \$2.5	2.5% \$0.75
Chief Investment Officer	10% \$2.5	5% \$1.5	5% \$1.5		5% \$1.5	5% \$1.5	15% \$3.75	5% \$1.5
Annual Limit ³	25% \$7	10% \$2.5	10% \$2.5	30% \$8	20% \$5	30% \$7	30% \$7	20% \$5

**Table 2
Infrastructure Portfolio
(\$Billion)**

Staff Authority Limits ⁴ The Managing Investment Director or the Chief Investment Officer may commit the lesser of the indicated percent of the policy target amount ¹ or indicated dollar amount per Relationship ⁵	New Investments or Dispositions				Existing Investments			
	Defensive	Defensive Plus	Extended, Direct Investment, or Public Infrastructure	Total	Investment Amounts	Public Infrastructure New Debt Financing and Debt Financing Management ²	Private Infrastructure New Debt Financing and Debt Financing Management ²	Disposition Amounts
Managing Investment Director	10% \$0.5	10% \$0.5	10% \$0.5		10% \$0.5	10% \$0.5	15% \$0.75	10% \$0.5
Chief Investment Officer	20% \$1	20% \$1	10% \$0.5		20% \$1	10% \$0.5	30% \$1.5	20% \$1
Annual Limit ³	40% \$2	40% \$2	10% \$0.5	50% \$2.5	30% \$1.5	30% \$1.5		30% \$1.5

Table 3
Forestland Portfolio
(\$Billion)

Staff Authority Limits ⁴ The Managing Investment Director or the Chief Investment Officer may commit the lesser of the indicated percent of the policy target amount ¹ or indicated dollar amount per Relationship ⁵	New Investments or Dispositions	Existing Investments			
		Investment Amounts	New Debt Financing	Debt Financing Management ²	Disposition Amounts
Managing Investment Director	10% \$0.25	10% \$0.25	10% \$0.25	25% \$0.517	0% \$0.25
Chief Investment Officer	20% \$0.5	20% \$0.5	20% \$0.5	50% \$1.034	20% \$0.5
Annual Limit ³	40% \$1	40% \$1	40% \$1	50% \$1.034	40% \$1

Table 4
For Strategic Portfolios with Contractual Relationships:

Portfolio	Maximum Relationship Exposure Limit ⁵
Base Core	25%
Domestic Tactical	15%
International Tactical	10%
Legacy	10%
Total Portfolio	25%

Footnotes for Tables 1, 2, 3, and 4

- 1 See Policy Portfolio Target Amounts located in the [Total Fund Investment Policy](#), Appendix 4, Asset Allocation Targets & Ranges
- 2 “Debt Financing Management” refers to the authority to retire early, dispose of, renew, or extend an existing Debt Financing Amount.
- 3 “Annual Limit” refers to the ratio of (a) the individual total actual annual Investment Amounts, Disposition Amounts, or Debt Financing Amounts, as the case may be, to (b) the respective RA Component Program Amount. “RA Component Program Amount” refers to the Real Estate Program Policy Target Amount, the Infrastructure Program Policy Target Amount, or the Forestland Program Policy Target Amount, as the case may be.

- 4 Limits and constraints apply to the investment types and portfolios as follows:

Investment Type	Portfolio
Public Securities	Domestic Tactical, Legacy, Public Infrastructure
Private Investment Vehicles	Domestic Tactical, Legacy, Forestland, Infrastructure: Public, Private, Direct
Private Securities	Domestic Tactical, Legacy, Infrastructure: Public, Direct
Managers Retained through a Contractual Arrangement	Base, Domestic Tactical, International Tactical, Legacy, Forestland, Infrastructure: Private, Direct

- 5 All Investment Amounts in the RA Policy Component Program for real estate are subject to the maximum relationship exposure limits. Relationship exposure is the ratio (a) a Relationship's net assets at FMV plus unfunded commitments to (b) the total real estate portfolio's net assets at FMV plus the total real estate portfolio's unfunded commitments.

Real Assets Conditions

The following conditions apply to Tables 1, 2, and 3 above with respect to allocation and investment decisions for Public Securities, Private Investment Vehicles, Private Securities, and managers retained through a contractual arrangement.

- a. For the CIO or MID-Real Assets to proceed with a debt financing, disposition, or New Investment, a review by the Real Assets Investment Review Committee is required.
- b. For the CIO or MID-Real Assets to proceed with a debt financing, disposition, or New Investment in an RA Policy Component Program, the respective Board Component Program Investment Consultant must document that the transaction complies with Policy and delegated authority.
- c. For the CIO or MID-Real Assets to proceed with a debt financing, disposition, or New Investment in an RA Policy Component Program in an amount greater than \$50 million, an independent due diligence engagement resulting in a concurring Prudent Person Opinion on the merits of the transaction following a Fiduciary Standard of Care is required from a Component Program Investment Pool Consultant (other than the respective Board Component Program Investment Consultant) for the applicable RA Policy Component Program. Additionally, whenever a Prudent Person Opinion is required, the CIO or MID-Real Assets shall also request an opinion from the CalPERS Legal Office documenting that the transaction complies with delegated authority.

- d. The CIO or MID-Real Assets may request an independent due diligence engagement and Prudent Person Opinion for a debt financing, disposition, or New Investment less than or equal to \$50 million from a Component Program Investment Pool Consultant (other than the respective Board Component Program Investment Consultant) for the applicable RA Policy Component Program; however, in such cases, neither an engagement nor a concurring Prudent Person Opinion is required for the CIO or MID-Real Assets to proceed. If the CIO or MID-Real Assets requests a Prudent Person Opinion pursuant to this paragraph, the CIO or MID-Real Assets may also request an opinion from the CalPERS Legal Office documenting that the transaction complies with delegated authority, provided, however, that such an opinion is not required for the CIO or MID-Real Assets to proceed.
- e. New Debt Financing Amounts or leverage levels committed in conjunction with a commitment of an Investment Amount to a Relationship are not subject to the limits described in the tables above, but are subject to the applicable leverage sections of Attachments A-C.

Certain Defined Terms

As used in this Attachment D, the following terms shall have the meanings set forth in the investment delegation of authority in existence as of February 16, 2016:

Board Component Program Investment Consultant
 Component Program Investment Pool Consultant
 Debt Financing Amount
 Disposition Amount
 Fiduciary Standard of Care
 Forestland Program Policy Target Amount
 Infrastructure Program Policy Target Amount
 Investment Amount
 New Investments
 Private Investment Vehicles
 Prudent Person Opinion
 RA Policy Component Programs
 Real Estate Program Policy Target Amount
 Relationship