

CalPERS

Monthly Update – Investment Compliance

MONTH ENDED JANUARY 31, 2016

CalPERS Monthly Update - Investment Compliance

As of January 31, 2016

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Items Completed Under Delegated Authority *(for the month ended January 31, 2016)*

Program Area	Name of Investment	Commitment (million)	Initial Funding Date of Partnership	Complies with Delegation Number
Global Equity	Arrowstreet Capital*	\$2,000.00	Dec-15	07-03-INV II.D.1
Global Equity	CalPERS Managed Synthetic Enhanced Equity Strategy	\$170.00	Jun-09	07-03-INV I.C.2
Global Equity	CalPERS Managed Emerging Market Index Strategy	\$250.00	Oct-08	07-03-INV I.C.2
Global Fixed Income	Highland Capital Management Longhorn B	\$21.00	Jan-08	11-02-INV D.1
Global Fixed Income	Nomura Corporate Research & Asset Management	\$4.00	Mar-02	11-02-INV D.1
Real Assets	CalEast Solstice, LLC.	\$13.16	Dec-10	RA-SIO-001

*This item was not previously disclosed in the December 2015 monthly report.

Disclosure of Placement Agent Fees (for the month ended January 31, 2016)

Firm Name	The Carlyle Group
Asset Class	Private Equity
Fund	Carlyle Partners IV, L.P.
Placement Agent / Firm	Lee Carson, Carlyle Internal Sales Personnel
Registered with U.S. or non-U.S. financial regulatory authority	TCG Securities, L.L.C., an affiliate of the Carlyle Group, is a limited purpose broker/dealer registered with the U.S. Securities and Exchange Commission and member of the Financial Industry Regulatory Authority("FINRA"). TCG Securities acts as a private placement agent based on a "best efforts" basis with respect to the offer and sale of interests in affiliated funds.
Registered Lobbyist(s)	Lee Carson is a Managing Director - Investor Relations and is a registered lobbyist in the state of California. He is affiliated with TCG Securities, L.L.C., which is an affiliate of the Carlyle Group.
Estimated Placement Agent Compensation	Mr. Carson has been a registered lobbyist in California since December 2010 and as such, he does not receive compensation that is contingent on a CalPERS commitment. In accordance with his registered lobbyist status, TCG Securities files quarterly California State Lobbying Questionnaires for In-House Placement Agents. Carlyle Partners IV members were engaged to approve a 2 year fee free term extension for a 2005 vintage fund to conduct an orderly liquidation of the two remaining portfolio companies. There was no new commitment of funds or payment of fees paid by CalPERS or collected by Carlyle. While there is thus no compensation, contingency fee or placement agent fee in conjunction with the CalPERS CP IV commitment or any attendant term extension, the approximate dollar value of the time spent by Mr. Carson on this issue was \$125.
Disclosed Campaign Gifts and Contributions	None
Notes	None
Transaction Type	Amendment

*This information is provided directly from the Placement Agent Disclosure Form as submitted to CalPERS.

Investment Proposal Activity Summary (for the month ended January 31, 2016)

	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	Total
Start of Month Proposals	33	5	43	7	4	0	1	93
New Proposals During the Month	5	0	12	3	1	0	0	21
Reinstated Proposals During Month	0	0	0	0	0	0	0	0
Decisions During the Month	0	0	24	7	0	0	1	32
End of Month Proposals	38	5	31	3	5	0	0	82

Status Details

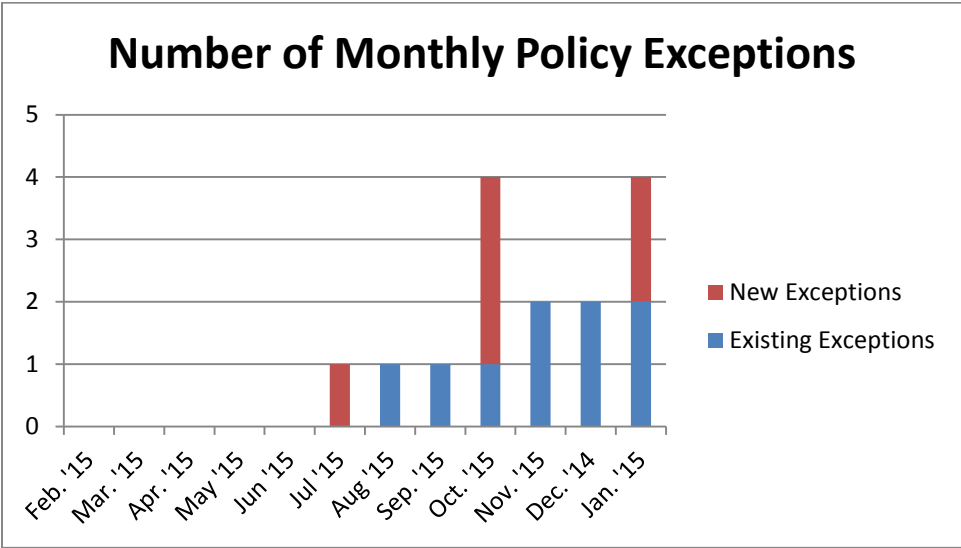
Status	Private Asset Classes				Public Asset Classes			Total
	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals								
Submitted	0	0	0	5	0	0	0	5
Screening	26	5	40	2	1	0	1	75
Due Diligence	5	0	3	0	0	0	0	8
Approved	2	0	0	0	3	0	0	5
Subtotal	33	5	43	7	4	0	1	93
New Proposals During the Month								
Subtotal	5	0	12	3	1	0	0	21
Reinstated Proposals During Month								
Subtotal	0	0	0	0	0	0	0	0
Decisions During the Month								
Committed	0	0	0	0	0	0	0	0
Declined	0	0	23	7	0	0	1	31
Failed to Materialize	0	0	1	0	0	0	0	1
Referred	0	0	0	0	0	0	0	0
Subtotal	0	0	24	7	0	0	1	32
End of Month Proposals								
Submitted	0	0	0	0	0	0	0	0
Screening	31	5	29	3	2	0	0	70
Due Diligence	5	0	2	0	0	0	0	7
Approved	2	0	0	0	3	0	0	5
Subtotal	38	5	31	3	5	0	0	82

Policy Exceptions (for the month ended January 31, 2016)

Material Exceptions to Policy

According to policy requirements, the following is a summary of investment policy exceptions as reported by the Investment Office program areas. The following program areas had no exceptions to report for the month:

- Private Equity
- Real Assets
- Investment Servicing Division
- Global Equity
- Global Fixed Income



Policy Exceptions (for the month ended January 31, 2016)

New:

Program Area or Asset Class	Event Date	Resolution Date	Policy	Exception Description	Event Description and Resolution (expected) or Next Steps
Asset Allocation and Risk Management	1/1/2016	4/18/2016 (Est.)	Total Fund Policy, Section XII, Terminated Agency Pool	<p>There were two exceptions identified as follows:</p> <ol style="list-style-type: none"> 1. The policy requires staff to provide an annual report to the Board of "the current market value of assets and an analysis of the adequacy of the current Program allocation to meet the forecasted Program liabilities." 2. The policy also requires that staff ensure "that program rebalancing and restructuring is performed efficiently and prudently on an annual basis." <p>The last annual report to the Board occurred on December 15, 2014 and the associated rebalancing activity was completed on October 31, 2014.</p>	<p>The TAP rebalance and reporting is dependent upon the timely receipt by INVO of the actuarial valuation reports. The production of these reports was delayed due to the first year implementation of the Governmental Accounting Standards Board 68 (GASB) Accounting and Financial Reports and additional new plans under the Public Employees' Pension Reform Act (PEPRA). The actuarial valuation reports were provided to INVO in November 2015 and INVO expects to implement rebalancing activities by the end of February 2016 to minimize transaction costs.</p> <p>An update to the Board is expected to be provided at the April 2016 Investment Committee meeting.</p>

Existing:

Program Area or Asset Class	Event Date	Resolution Date	Policy	Exception Description	Event Description and Resolution (expected) or Next Steps
Global Governance	8/17/2015	2/16/2016 (Est.)	Statement of Investment Policy for Global Governance	<p>The Global Governance Policy requires that a summary of publicly traded company proxy votes be presented to the Investment Committee quarterly.</p> <p>Reporting was not provided timely for two quarters as required by the policy.</p>	<p>The summary was last presented to the Investment Committee on May 18, 2015 covering the quarter ending March 31, 2015. Reporting for the two subsequent quarters was not provided due to prioritization of other agenda items.</p> <p>The next summary will be presented at the February 2016 Board meeting in order to resolve the outstanding exception.</p>

Disclosure of Closed Session Action Items (for the month ended January 31, 2016)

Investment Committee Meeting Date	Agenda Item	Investment Committee Action	Vote			
December 14, 2015	Closed Item 4a Program Review - Real Assets Investment Opportunity	<p><u>Action:</u> Approved staff's plan to acquire 100% of CenterPoint and contract with GI Partners over five years.</p> <p><u>Summary of Debate:</u> There was extensive debate on what 100% ownership of CenterPoint would entail, including liabilities, responsibilities, and governance structures.</p>	Roll call vote results are listed below:			
			<table border="1"> <thead> <tr> <th data-bbox="1497 410 1797 443">Committee Member</th> <th data-bbox="1797 410 1904 443">Vote</th> </tr> </thead> </table>		Committee Member	Vote
			Committee Member	Vote		
			Dana Hollinger	Yes		
			JJ Jelincic	Yes		
			Ron Lind	Yes		
			Priya Mathur	Yes		
			Theresa Taylor	Yes		
			Lynn Paquin	Yes		
			Frank Moore	Yes		
			Katie Hagen	Yes		
			Michael Bilbrey	Yes		
			Richard Costigan	Abstain		
			Rob Feckner	Yes		
Bill Slaton	Yes					
Henry Jones	Yes					

Investment Transactions (for the month ended January 31, 2016)

	Total Fund - Public Markets					
	Public Equity	Income	Inflation	ARS	Liquidity	MAC
Beginning Market Value	154,675,100,114	55,595,381,410	13,956,273,675	462,626,533	5,191,097,561	1,177,655,800
+ Purchases	2,221,846,305	2,183,652,345	1,951,428,690		476,050,000	-
- Sales	(3,323,645,697)	(3,338,956,492)	(1,991,173,914)	(11,230,175)	(496,660,000)	-
+ Unitized Fund Purchases	-	-	-		-	-
- Unitized Fund Sales	-	-	-		-	-
+/- Other Changes in MV	(8,510,785,046)	2,054,430,363	33,105,932	18,643,120	(1,421,596,375)	(6,184,750)
Ending Market Value	145,062,515,676	56,494,507,626	13,949,634,383	470,039,479	3,748,891,186	1,171,471,050

	Total Fund - Private Markets			
	Private Equity	Real Estate	Forestland	Infrastructure
Beginning Market Value	27,369,199,083	25,926,381,405	2,199,756,505	2,334,469,069
+ Contributions	210,606,732	151,720,144	-	33,988,890
- Distributions	(325,355,919)	(1,178,314,445)	-	(5,298,882)
+/- Other Changes in MV	(64,052,312)	2,012,495,861	(358)	(51,631,444)
Ending Market Value	27,190,397,584	26,912,282,965	2,199,756,148	2,311,527,633

	Total Public Markets	Total Private Markets	Total Fund
	Beginning Market Value	231,058,135,093	57,829,806,062
+ Contributions	6,832,977,340	396,315,766	7,229,293,106
- Distributions	(9,161,666,278)	(1,508,969,246)	(10,670,635,524)
+ Unitized Fund Purchases	-	-	-
- Unitized Fund Sales	-	-	-
+/- Other Changes in MV	(7,832,386,755)	1,896,811,748	(5,935,575,007)
Ending Market Value	220,897,059,400	58,613,964,330	279,511,023,730

Note: Numbers will not tie exactly to the Asset Allocation/Performance categories due to classification differences.