

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

March 30, 2016

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

Re: Total Fund Investment Policy

Dear Mr. Jones:

You requested Wilshire's opinion with respect to the proposed revisions to the Total Fund Investment Policy Statement (the "Policy"). The Investment Committee, Wilshire and Staff have worked on several iterations of this document over the past several months.

Overview and Recommendation

The proposed Total Fund investment Policy incorporates feedback from prior discussions with the Investment Committee. The Divestment section is largely unchanged from the existing Policy as the Investment Committee continues its deliberations on what, if any changes should be made to that section of the Policy. Wilshire believes that adopting the proposed revisions in this manner is appropriate as it harmonizes this Policy with other CalPERS investment policies, but allows the Investment Committee to continue to discuss what changes should be made with respect to divestment. Therefore, since all of our prior comments have been addressed in prior iterations and all feedback from the Investment Committee has been addressed (ex-Divestment section), Wilshire recommends that the Investment Committee adopt the proposed Policy.



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. ...'.