

CalPERS

Monthly Update – Investment Compliance

MONTH ENDED MAY 31, 2016

CalPERS Monthly Update – Investment Compliance

As of May 31, 2016

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

Program Area		Name of Investment	Commitment (million)	Initial Funding Date	Complies with Delegation Number
Fixed Income		Alliance Bernstein L.P.	\$100.00	Feb-2007	11-02-INV
Fixed Income		Nomura Corporate Research & Asset Management	\$27.00	Mar-2002	11-02-INV
Private Equity		Bridgepoint Development Capital III C LP and Wigmore Street (BDC III) LP	£125.00	May-2015	07-02-INV
Real Assets		Asia-Pacific Property Fund	\$250.00	May-2016	RA-SIO-001

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

Firm Name	GSO Capital Partners LP
Asset Class	Private Equity
Fund	Blackstone/GSO Capital Solutions Fund LP Fund
Placement Agent / Firm	Daniel J. Prendergast, CFA, Managing Principal and Chief Executive Officer Donna A. Toth, CPA, Managing Principal and Chief Financial Officer Brian D. Levine, Managing Principal Thomas H. Robers, Managing Principal Lawrence A. Thuet, Managing Principal Sean J. Kene, Managing Principal Joshua Rovine, Chief Compliance Officer Joseph Herman, Managing Principal Christopher Leach, Managing Principal Justin Bower, Managing Principal
Placement Agent Type	External Agent
Registered with U.S. or non-U.S. financial regulatory authority	Park Hill Group LLC (CRD # 135898) is registered as a broker dealer with the SEC and regulated by FINRA
Registered Lobbyist(s)	Not Applicable
Estimated Placement Agent Compensation	As compensation for the services to be provided by the Placement Agreement, GSO and the GP agree to cause the Fund to pay the Placement Agent a cash fee (the "Fee") equal to 0.75% of CalPERS aggregate capital commitment to the Fund. The full amount of the Fee in respect of the initial and any follow-on investments in the Fund by CalPERS is earned and payable regardless of the period of time in which the investment is maintained in the Fund, the value of such investment, or the liquidation or dissolution of the Fund. Under the terms of the Placement Agreement, the Fee shall be paid in installments. The initial installment shall be in an amount equal to 10% of the Fee and is due and payable no later than the one year anniversary of the date giving rise to the Fee under the Placement Agreement (the "Initial Closing"). The remaining portion of the Fee will be payable thereafter annually in the following three (3) installments: 20% by the second anniversary of the Initial Closing, 35% by the third anniversary of the Initial Closing, and 35% by the fourth anniversary of the Initial Closing. Interest shall be charged on the unpaid balance of the Fee, accruing as of the date of the Initial Closing at an annual rate equal to the three-month London Interbank Offered Rate (LIBOR) as published by Telerate, calculated on the basis of a 360 day year plus three and one quarter percent (3.25%), adjusted quarterly. Accrued interest shall be payable on each installment payment date. The unpaid balance of the Fee may be prepaid in whole or in part at any time with interest but without penalty.
Disclosed Campaign Gifts and Contributions	See Notes
Notes	The amendment for this fund is to extend the term of the agreement. The original investment agreement was executed prior to the formal adoption of the Placement Agent regulation, in which cases, staff obtains a new Placement Agent disclosure and ensures the appropriate Placement Agent contractual provisions are contained within the amendment to the investment agreement. The information disclosed above is in regards to the original investment transaction in 2009. This fund is no longer utilizing a placement agent or paying a fee to the agent for services. Since the initial investment was executed prior to the Placement Agent regulation and prior to amendments to the Political Reform Act of 1974 defining Placement Agents as lobbyists, disclosure of campaign contributions and lobbyist registration were not obtained at the time of the initial investment.
Transaction Type	Amendment

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

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

Firm Name	BlueBay Asset Management LLP
Asset Class	Global Fixed Income
Fund	Investment Management Agreement (Agreement number 2014-7473)
Placement Agent / Firm	Tom Heflin, Employee of RBC Global Asset Management (U.S.) Inc. An Affiliate of BlueBay Asset Management within Royal Bank of Canada
Placement Agent Type	Internal Employee of RBC Global Asset Management
Registered with U.S. or non-U.S. financial regulatory authority	N/A
Registered Lobbyist(s)	Mr. Heflin is registered as a lobbyist in California.
Estimated Placement Agent Compensation	In relation to services provided by Mr. Heflin as an employee of RBC Global Asset Management (U.S.) Inc., he may receive compensation based on a combination of salary/bonus/commission. As a registered lobbyist in California, no commission will be payable to Mr. Heflin in respect of this agreement. Any bonus payment is discretionary and based on a number of factors such as ability to effectively manage territory, activity, effort, teamwork and results. Mr. Heflin receives a salary of \$200,000 annually, with an estimated future bonus payment of the same amount being due based on the foregoing factors. Based on these amounts and Mr. Heflin's time commitment, we would estimate compensation in respect of this agreement to be approximately \$40,000. As with all employees, all aspects of Mr. Heflin's compensation will be reviewed on an annual basis.
Disclosed Campaign Gifts and Contributions	No
Notes	None
Transaction Type	New

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

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

	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	Total
Start of Month Proposals	48	2	27	6	0	1	1	85
New Proposals During the Month	1	1	7	6	3	0	2	20
Reinstated Proposals During Month	0	0	0	0	0	0	0	0
Decisions During the Month	27	2	15	4	3	0	1	52
End of Month Proposals	22	1	19	8	0	1	2	53

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	1	0	0	0	0	1	0	2
Screening	39	2	25	6	0	0	1	73
Due Diligence	5	0	2	0	0	0	0	7
Approved	3	0	0	0	0	0	0	3
Subtotal	48	2	27	6	0	1	1	85
New Proposals During the Month								
Subtotal	1	1	7	6	3	0	2	20
Reinstated Proposals During Month								
Subtotal	0	0	0	0	0	0	0	0
Decisions During the Month								
Committed	1	0	1	0	0	0	0	2
Declined	16	2	14	4	0	0	1	37
Failed to Materialize	3	0	0	0	0	0	0	3
Referred	7	0	0	0	3	0	0	10
Subtotal	27	2	15	4	3	0	1	52
End of Month Proposals								
Submitted	0	0	1	0	0	0	0	1
Screening	16	1	17	8	0	1	2	45
Due Diligence	4	0	1	0	0	0	0	5
Approved	2	0	0	0	0	0	0	2
Subtotal	22	1	19	8	0	1	2	53

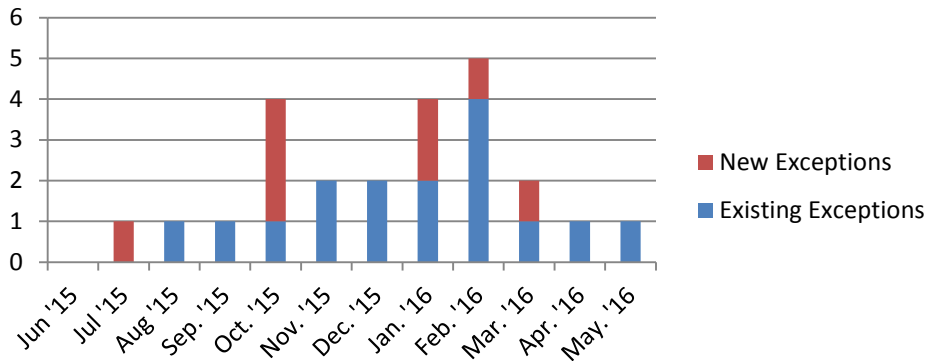
Policy Exceptions *(for the month ended May 31, 2016)*

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:

- o Private Equity
- o Real Assets
- o Investment Servicing Division
- o Global Equity
- o Global Governance
- o Global Fixed Income
- o Asset Allocation and Risk Management

Number of Monthly Policy Exceptions



Policy Exceptions *(for the month ended May 31, 2016)*

New:

Program Area or Asset Class	Event Date	Resolution Date	Policy	Exception Description	Event Description and Resolution (expected) or Next Steps
No items to report					

Existing:

Program Area or Asset Class	Event Date	Resolution Date	Policy	Exception Description	Event Description and Resolution (expected) or Next Steps
Investment Portfolio Analytics	3/1/2016	9/19/2016 (Est.)	Statement of Investment Policy for Appraisal of CalPERS Real Estate Interests	<p>The Policy requires that the Portfolio Monitoring Unit (Investment Portfolio Analytics or "IPA") will maintain an internal procedure manual ("Manual"), detailing the processes used for confirming the receipt and input of Real Estate partnership financial appraisal information. The Manual is also required to be reviewed annually by both staff and the Board's Real Estate Consultant to ensure that it is consistent with best practices.</p> <p>The IPA internal procedure manual was not maintained as required by the Policy.</p> <p>The INVO Pricing and Valuation Committee approved Real Estate Valuation Procedures on 7/14/15. These procedures have been in use since that date. This exception relates solely to the related IPA procedures.</p>	<p>An audit of the Real Assets financial reporting process program in March identified that the procedures manual to document the support process for the Policy for Appraisal of CalPERS Real Estate Interests was not maintained by IPA.</p> <p>IPA is in the process of drafting new procedures which are projected to be completed by September 2016.</p>

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

Investment Committee Meeting Date	Agenda Item	Investment Committee Action	Vote
No items to report			

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

Total Fund - Public Markets						
	Public Equity	Income	Inflation	ARS	Liquidity	MAC
Beginning Market Value	156,839,845,445	58,211,668,687	17,496,281,563	412,810,207	2,122,529,636	1,181,208,400
+ Purchases	4,322,004,193	2,345,328,050	1,633,495,461	0	934,890,000	0
- Sales	(4,832,616,122)	(5,175,627,941)	(1,835,084,938)	(3,770,491)	(597,000,000)	0
+ Unitized Fund Purchases	0	0	0		0	0
- Unitized Fund Sales	0	0	0		0	0
+/- Other Changes in MV	(2,307,829,642)	2,753,306,056	198,123,110	(13,373,689)	1,655,025,563	8,370,200
Ending Market Value	154,021,403,873	58,134,674,852	17,492,815,196	395,666,027	4,115,445,199	1,189,578,600

Total Fund - Private Markets				
	Private Equity	Real Estate	Forestland	Infrastructure
Beginning Market Value	26,963,630,595	26,065,431,312	2,038,816,645	2,314,792,954
+ Contributions	252,994,564	376,907,978	0	7,840,538
- Distributions	(478,638,815)	(137,642,466)	0	(416,397,779)
+/- Other Changes in MV	49,194,776	(239,265,512)	0	408,557,241
Ending Market Value	26,787,181,121	26,065,431,312	2,038,816,645	2,314,792,954

	Total Public Markets	Total Private Markets	Total Fund
Beginning Market Value	236,264,343,938	57,382,671,508	293,647,015,445
+ Contributions	9,235,717,703	637,743,080	9,873,460,784
- Distributions	(12,444,099,491)	(1,032,679,060)	(13,476,778,551)
+ Unitized Fund Purchases	0	0	0
- Unitized Fund Sales	0	0	0
+/- Other Changes in MV	2,293,621,597	218,486,505	2,512,108,102
Ending Market Value	235,349,583,747	57,206,222,033	292,555,805,780

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