



Memo

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

From: StepStone Group

Date: August 15, 2016

Subject: Revision of Real Assets Investment Policy (Second Reading) – Infrastructure Program

In its role as Private Asset Class Board Investment Consultant for the Infrastructure Program, StepStone was asked to review the revised Real Assets Program Policy ("Policy"). The proposed Policy revisions are part of a broader initiative of aligning the investment policies of each individual program with the new framework of the Total Fund Policy.

The revised Real Assets Investment Policy was presented to the Investment Committee for a first reading on June 13, 2016. StepStone submitted an opinion letter to the Investment Committee outlining the key changes to the Infrastructure Program resulting from the proposed revisions to the Policy. At that time, the Investment Committee did not have any questions for staff or StepStone.

Staff has submitted a revised Policy to the Investment Committee for a second reading. StepStone has reviewed these revisions and we confirm that only clarifying changes were made to the draft of the Policy presented to the Investment Committee for a first reading. Specifically, language in Appendix 3 of the Policy ("Investment Constraints/Limitations") was amended to clarify that both Staff Authority Limits and the 20% maximum exposure limitation under Key Policy Parameters apply to all commitments, including those made with external partners and as direct investments.

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