

CalPERS

Monthly Update – Investment Compliance

MONTH ENDED JULY 31, 2016

CalPERS Monthly Update – Investment Compliance

As of July 31, 2016

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

Program Area	Name of Investment	Commitment (\$ millions)	Initial Funding Date	Complies with Delegation Number
Global Fixed Income	Nomura Corporate Research & Asset Management	33.000	Mar-2002	11-02-INV
Private Equity	Cerberus CP Partners II, L.P.	500.000	Jul-2016	07-02-INV
Private Equity	Permira VI	€ 440.000	Jul-2016	07-02-INV
Real Assets	CalEast Solstice, LLC	180.000	Jul-2016	11-01-INV
Real Assets	ARA China Investment Partners, LLC	500.000	Jul-2016	11-01-INV
Real Assets	Pacific Multifamily Investors, LLC	320.000	Jul-2016	11-01-INV
Real Assets	Institutional Core Multifamily Investors, LLC	100.000	Jul-2016	11-01-INV
Real Assets	GRI Base	236.880	Jul-2016	11-01-INV
Real Assets	GRI DT 2012 and Beyond	89.850	Jul-2016	11-01-INV
Real Assets	Institutional Mall Investors, LLC	510.000	Jul-2016	11-01-INV
Real Assets	TechCore, LLC	200.000	Jul-2016	11-01-INV
Real Assets	Institutional Logistics Partners, LLC	400.000	Jul-2016	11-01-INV
Real Assets	Land Management Company, LLC	2.800	Jul-2016	11-01-INV
Real Assets	Whitney Ranch Ventures, LLC	5.000	Jul-2016	11-01-INV
Real Assets	Canyon Catalyst Fund, LLC	75.000	Jul-2016	11-01-INV
Real Assets	FSP - Base	1,000.000	Jul-2016	11-01-INV
Real Assets	FSP - DT 2012 and Beyond	250.000	Jul-2016	11-01-INV
Real Assets	IMP DT 2012 and Beyond	100.000	Jul-2016	11-01-INV
Real Assets	IMP - Base	750.000	Jul-2016	11-01-INV
Real Assets	CalEast Canada Limited Partnership	1.700	Dec-2010	11-01-INV
Real Assets	CalEast Solstice - Base	17.000	Jan-2016	11-01-INV
Real Assets	CalEast Solstice- DT Other	181.020	Jan-2016	11-01-INV
Real Assets	CalEast Solstice- DT Land	15.300	Jan-2016	11-01-INV
Real Assets	ARA China Long Term Hold	1.920	Jul-2012	11-01-INV
Real Assets	HCR LTH	1.091	Jan-2013	11-01-INV
Real Assets	National Office Partners, LLC (CWP)	39.000	Dec-2010	11-01-INV
Real Assets	Pacific Multifamily Investors, LLC	2.000	Nov-2013	11-01-INV
Real Assets	Institutional Core Multifamily Investors	4.775	Mar-2013	11-01-INV
Real Assets	GRI Base	23.562	Aug-2012	11-01-INV
Real Assets	GRI DT 2011	0.980	Feb-2011	11-01-INV
Real Assets	Global Retail Investors	58.338	Aug-2005	11-01-INV
Real Assets	IMI - Base	246.605	Jan-2013	11-01-INV

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

Program Area	Name of Investment	Commitment (\$ millions)	Initial Funding Date	Complies with Delegation Number
Real Assets	IMI - DT 2011	33.001	Mar-2011	11-01-INV
Real Assets	CalEast Industrial Investors, LLC	55.216	Dec-2019	11-01-INV
Real Assets	TechCore, LLC	27.927	Apr-2012	11-01-INV
Real Assets	CalWest- CalPERS	1.252	Apr-2013	11-01-INV
Real Assets	KC 2011, LLC	24.159	Apr-2011	11-01-INV
Real Assets	Land Management Company, LLC	246.000	Jul-2014	11-01-INV
Real Assets	Whitney Ranch Venture, LLC	32.000	Sep-2013	11-01-INV
Real Assets	Newland National Partners IV, LLC	0.940	Apr-2006	11-01-INV
Real Assets	HCB LTH	7.730	May-2012	11-01-INV
Real Assets	FSP - Base	53.000	Apr-2012	11-01-INV
Real Assets	FSP - DT 2012 and Beyond	75.000	Jul-2012	11-01-INV
Real Assets	FSP - DT 2011	31.000	Apr-2011	11-01-INV
Real Assets	IMP DT 2012 and Beyond	26.000	Oct-2010	11-01-INV
Real Assets	Institutional Multifamily Partners	59.000	Oct-2010	11-01-INV
Real Assets	IMP - Base	17.000	Jul-2012	11-01-INV

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

Firm Name	Permira VI G.P. Limited	Kohlberg Kravis Roberts & Co. L.P.
Asset Class	Private Equity	Private Equity
Fund	Permira VI	KKR Americas Fund XII L.P.
Placement Agent / Firm	Chris Davison, Partner, Permira Rebecca Zimmerman, Professional, Permira Monica Chase, Professional, Permira	Dan McLaughlin, Employee
Placement Agent Employment	Internal Employees	Internal Employee
Registered with U.S. or non-U.S. financial regulatory authority	Permira Advisers LLP and Permira Advisers (London) Limited are authorized and regulated by the UK Financial Conduct Authority (FCA), Permira Advisers Limited is regulated by the Securities and Futures Commission (SFC) in Hong Kong, the general partners of the Permira funds are licensed by the Guernsey Financial Services Commission ("GFSC"), and Permira Luxembourg S.a.r.l is licensed by the Luxembourg Ministry of Justice and supervised by the Commission de Surveillance du Secteur Financier ("CSSF").	KKR's investment advisory business is conducted through either Kohlberg Kravis Roberts & Co. L.P. or its wholly-owned subsidiary KKR Credit Advisors (US) LLC, both of which are registered with the U.S. Securities Exchange Commission (the "SEC") as investment advisers under the Investment Advisers Act of 1940. KKR Capital Markets LLC is an affiliate of KKR registered as a broker-dealer with the SEC under the Exchange Act of 1934 and in all 50 U.S. States and U.S. territories and is a member of the Financial Industry Regulatory Authority. KKR Capital Markets Limited is an affiliate of KKR authorized in the United Kingdom under the Financial Services and Markets Act 2000, or FSMA, and has permission to engage in a number of activities regulated under FSMA, including dealing as principal or agent and arranging deals in relation to certain types of specified investments and arranging the safeguarding and administration of assets. Kohlberg Kravis Roberts & Co. Limited is an affiliate of KKR authorized in the United Kingdom under FSMA and has permission to engage in a number of regulated activities including advising on and arranging deals relating to corporate finance business in relation to certain types of specified investments. KKR Asset Management Ltd. is an affiliate of KKR authorized in the United Kingdom under FSMA and has permission to engage in a number of regulated activities including and advising on and arranging deals in relation to certain types of specified investments. KKR Capital Markets Asia Limited is licensed by the Securities and Futures Commission in Hong Kong to carry on dealing in securities and advising on securities regulated activities.
Registered Lobbyist(s)	Permira Advisers LLP and Permira Advisers LLC are registered in California as lobbyist employers. Chris Davison (a partner at Permira Advisers LLP), Rebecca Zimmerman (a professional at Permira Advisers LLP) and Monica Chase (a professional at Permira Advisers LLC) are registered in California as lobbyists.	Dan McLaughlin/California
Estimated Placement Agent Compensation	There is no specific compensation relating to services to CalPERS. The three employees noted above are internal investor relations professionals who are involved in marketing Permira private equity and debt funds to institutional investors globally. Their compensation is based on their, and Permira's, overall performance. An estimate of dollar compensation allocation to CalPERS investment would be approximately USD1,000 to USD5,000 for each of the three lobbyists.	As an employee of Kohlberg Kravis Roberts & Co. L.P. ("KKR" or the "Firm"), Mr. McLaughlin's compensation includes a fixed salary plus discretionary bonus. A KKR employee's annual discretionary bonus is based on a number of factors, including his or her individual performance as compared to personal goals and objectives, his or her business unit's performance and the performance of the Firm. KKR employee compensation is not directly tied to activities with CalPERS, or contingent upon CalPERS investment in any funds, vehicles or accounts sponsored or managed by KKR. KKR may consider an employee's role in the Firm's relationship with CalPERS as one factor of his or her individual performance, among many. There is no written agreement between KKR and Mr. McLaughlin regarding assets, securities or services offered to CalPERS. None of Mr. McLaughlin's compensation is allocable to a specific investment. However, for the purposes of this report, Mr. McLaughlin has earned approximately \$4,860.00 in compensation for 16 hours of activities and meetings directly tied to CalPERS. KKR has not compensated or agreed to compensate any person or entity outside of KKR (or its affiliates) to act as a Placement Agent in connection with the offer of assets, securities or services to CalPERS.
Disclosed Campaign Gifts and Contributions	None	See Notes
Notes	None	This Placement Agent Disclosure was received as part of the due diligence process. Private Equity chose not to make a commitment to this fund and therefore the supplemental information regarding campaign gifts and contributions was not requested.
Transaction Type	New	New

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

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

	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	Total
Start of Month Proposals	22	1	22	10	14	0	2	71
New Proposals During the Month	6	0	6	4	5	2	1	24
Reinstated Proposals During Month	0	0	0	0	0	0	0	0
Decisions During the Month	7	1	9	8	10	0	3	38
End of Month Proposals	21	0	19	6	9	2	0	57

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	1	9	0	1	11
Screening	17	1	20	9	5	0	1	53
Due Diligence	2	0	2	0	0	0	0	4
Approved	3	0	0	0	0	0	0	3
Subtotal	22	1	22	10	14	0	2	71
New Proposals During the Month								
Subtotal	6	0	6	4	5	2	1	24
Reinstated Proposals During Month								
Subtotal	0	0	0	0	0	0	0	0
Decisions During the Month								
Committed	3	0	0	0	0	0	0	3
Declined	4	1	9	8	0	0	3	25
Failed to Materialize	0	0	0	0	0	0	0	0
Referred	0	0	0	0	10	0	0	10
Subtotal	7	1	9	8	10	0	3	38
End of Month Proposals								
Submitted	1	0	1	0	0	2	0	4
Screening	18	0	16	6	9	0	0	49
Due Diligence	1	0	2	0	0	0	0	3
Approved	1	0	0	0	0	0	0	1
Subtotal	21	0	19	6	9	2	0	57

Start of Month Proposals for the Infrastructure Program for July (22) was revised down from the End of Month proposals for June (23) due to a duplicate proposal.

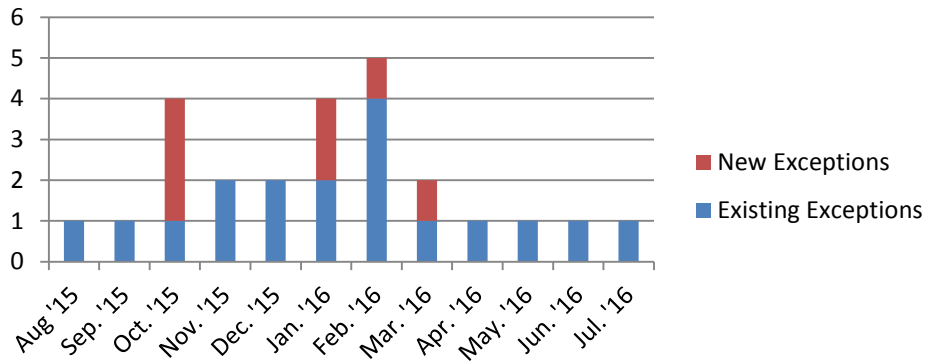
Policy Exceptions *(for the month ended July 31, 2016)*

Material Exceptions to Policy

In accordance with 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 July 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 July 31, 2016)*

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

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

Total Fund - Public Markets						
	Public Equity	Income	Inflation	ARS	Liquidity	MAC
Beginning Market Value	153,076,483,058	59,943,001,789	17,772,860,987	384,982,526	4,464,096,347	1,183,811,550
+ Purchases	2,961,510,908	1,717,436,896	1,611,732,188	0	783,660,000	0
- Sales	(3,742,629,415)	(4,588,941,176)	(2,304,660,155)	(23,363,406)	(508,649,000)	0
+ Unitized Fund Purchases	0	0	0	0	0	0
- Unitized Fund Sales	0	0	0	0	0	0
+/- Other Changes in MV	7,721,283,207	3,718,754,758	370,629,782	5,365,758	1,049,029,159	13,336,800
Ending Market Value	160,016,647,758	60,790,252,267	17,450,562,801	366,984,878	5,788,136,506	1,197,148,350

Total Fund - Private Markets				
	Private Equity	Real Estate	Forestland	Infrastructure
Beginning Market Value	26,393,291,052	27,296,057,126	1,973,321,608	2,568,242,258
+ Contributions	116,952,474	475,980,575	0	29,380,625
- Distributions	(292,185,472)	(100,362,965)	0	(11,309,822)
+ Unitized Fund Purchases	0	0	0	0
- Unitized Fund Sales	0	0	0	0
+/- Other Changes in MV	(126,782,040)	(375,617,610)	0	(18,070,803)
Ending Market Value	26,091,276,014	27,296,057,126	1,973,321,608	2,568,242,258

	Total Public Markets	Total Private Markets	Total Fund
Beginning Market Value	236,825,236,256	58,230,912,045	295,056,148,301
+ Contributions	7,074,339,992	622,313,674	7,696,653,665
- Distributions	(11,168,243,152)	(403,858,259)	(11,572,101,411)
+ Unitized Fund Purchases	0	0	0
- Unitized Fund Sales	0	0	0
+/- Other Changes in MV	12,878,399,464	(520,470,453)	12,357,929,011
Ending Market Value	245,609,732,559	57,928,897,007	303,538,629,566

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