

CalPERS

Monthly Update – Investment Compliance

MONTH ENDED AUGUST 31, 2016

CalPERS Monthly Update – Investment Compliance

As of August 31, 2016

Items Completed Under Delegated Authority

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Investment Proposal Activity Summary

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

Program Area	Name of Investment	Commitment (million)	Initial Funding Date	Complies with Delegation Number
Global Fixed Income	Neuberger Berman Investment Advisers LLC	\$100.00	Aug-2016	11-02-INV

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

Firm Name	Cerberus Capital Management, L.P.	Cerberus Capital Management, L.P.
Asset Class	Private Equity	Private Equity
Fund	Cerberus CP Partners, L.P.	Cerberus CAL II Partners, L.P.
Placement Agent / Firm	Seth Plattus, Employee of Cerberus Capital Management, L.P. Greg Gordon, Employee of Cerberus Capital Management, L.P. Catherine Brossard, Employee of Cerberus Capital Management, L.P. David Abrams, Employee of Cerberus Capital Management, L.P.	Seth Plattus, Employee of Cerberus Capital Management, L.P. Greg Gordon, Employee of Cerberus Capital Management, L.P. Catherine Brossard, Employee of Cerberus Capital Management, L.P. David Abrams, Employee of Cerberus Capital Management, L.P.
Placement Agent Employment	Internal Employees	Internal Employees
Registered with U.S. or non-U.S. financial regulatory authority	Cerberus Capital Management, L.P. is registered as an investment adviser with the U.S. Securities and Exchange Commission.	Cerberus Capital Management, L.P. is registered as an investment adviser with the U.S. Securities and Exchange Commission.
Registered Lobbyist(s)	Seth Plattus, registered lobbyist in California Greg Gordon, registered lobbyist in California Catherine Brossard, registered lobbyist in California David Abrams, registered lobbyist in California Billy Cooper, U.S. Federal Lobbyist	Seth Plattus, registered lobbyist in California Greg Gordon, registered lobbyist in California Catherine Brossard, registered lobbyist in California David Abrams, registered lobbyist in California Billy Cooper, U.S. Federal Lobbyist
Estimated Placement Agent Compensation	There are no such agreements. However, the amount of compensation specifically allocable to the CalPERS investment and paid to the Placement Agents was \$2,000.00.	There are no such agreements. However, the amount of compensation specifically allocable to the CalPERS investment and paid to the Placement Agents was \$7,900.00.
Disclosed Campaign Gifts and Contributions	None	None
Notes	David Abrams was added as a Placement Agent.	David Abrams was added as a Placement Agent.
Transaction Type	Amendment	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 August 31, 2016)*

Firm Name	Cerberus Capital Management, L.P.
Asset Class	Private Equity
Fund	Cerberus Institutional Partners V, L.P.
Placement Agent / Firm	Seth Plattus, Employee of Cerberus Capital Management, L.P. Greg Gordon, Employee of Cerberus Capital Management, L.P. Catherine Brossard, Employee of Cerberus Capital Management, L.P. David Abrams, Employee of Cerberus Capital Management, L.P.
Placement Agent Employment	Internal Employees
Registered with U.S. or non-U.S. financial regulatory authority	Cerberus Capital Management, L.P. is registered as an investment adviser with the U.S. Securities and Exchange Commission.
Registered Lobbyist(s)	Seth Plattus, registered lobbyist in California Greg Gordon, registered lobbyist in California Catherine Brossard, registered lobbyist in California David Abrams, registered lobbyist in California Billy Cooper, U.S. Federal Lobbyist
Estimated Placement Agent Compensation	There are no such agreements. However, the amount of compensation specifically allocable to the CalPERS investment and paid to the Placement Agents was \$6,100.00.
Disclosed Campaign Gifts and Contributions	None
Notes	David Abrams was added as a Placement Agent.
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 August 31, 2016)

	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	Total
Start of Month Proposals	21	0	19	6	9	2	0	57
New Proposals During the Month	10	2	8	1	8	1	2	32
Reinstated Proposals During Month	0	0	0	0	0	0	0	0
Decisions During the Month	7	0	8	0	12	0	1	28
End of Month Proposals	24	2	19	7	5	3	1	61

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	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
New Proposals During the Month								
Subtotal	10	2	8	1	8	1	2	32
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	6	0	8	0	0	0	1	15
Failed to Materialize	0	0	0	0	6	0	0	6
Referred	1	0	0	0	6	0	0	7
Subtotal	7	0	8	0	12	0	1	28
End of Month Proposals								
Submitted	3	1	0	0	0	3	1	8
Screening	19	1	17	7	5	0	0	49
Due Diligence	1	0	2	0	0	0	0	3
Approved	1	0	0	0	0	0	0	1
Subtotal	24	2	19	7	5	3	1	61

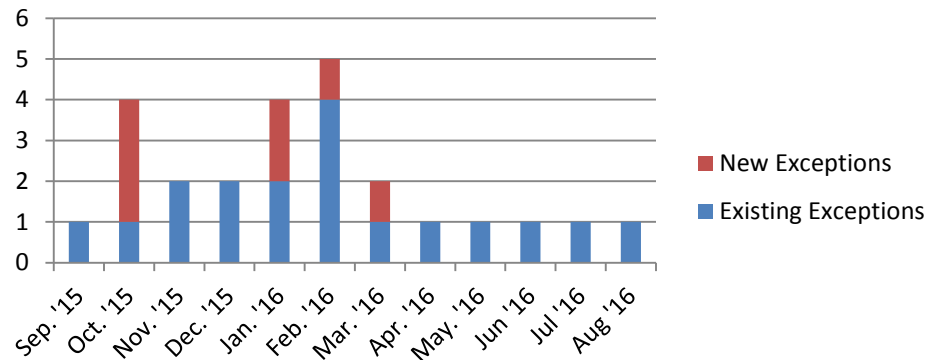
Policy Exceptions *(for the month ended August 31, 2016)*

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 August 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 August 31, 2016)*

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

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

Total Fund - Public Markets						
	Public Equity	Income	Inflation	ARS	Liquidity	MAC
Beginning 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
+ Purchases	4,244,583,917	3,093,513,547	2,354,436,896	0	502,140,000	0
- Sales	(6,292,688,266)	(7,435,441,804)	(3,007,291,450)	(3,645,523)	(693,930,000)	0
+ Unitized Fund Purchases	0	0	0		0	0
- Unitized Fund Sales	0	0	0		0	0
+/- Other Changes in MV	(2,527,389,972)	1,610,652,579	1,628,639,987	(14,183,608)	3,957,344,390	2,124,550
Ending Market Value	155,441,153,437	58,058,976,589	18,426,348,234	349,155,747	9,553,690,896	1,199,272,900

Total Fund - Private Markets				
	Private Equity	Real Estate	Forestland	Infrastructure
Beginning Market Value	26,091,276,014	27,296,057,126	1,973,321,608	2,568,242,258
+ Contributions	288,528,702	260,018,597	0	21,843,695
- Distributions	(739,739,168)	(147,695,205)	0	(2,441,535)
+ Unitized Fund Purchases	0	0	0	0
- Unitized Fund Sales	0	0	0	0
+/- Other Changes in MV	397,362,052	(112,323,392)	0	(19,402,160)
Ending Market Value	26,037,427,600	27,296,057,126	1,973,321,608	2,568,242,258

	Total Public Markets	Total Private Markets	Total Fund
Beginning Market Value	245,609,732,559	57,928,897,007	303,538,629,566
+ Contributions	10,194,674,360	570,390,994	10,765,065,354
- Distributions	(17,432,997,043)	(889,875,908)	(18,322,872,951)
+ Unitized Fund Purchases	0	0	0
- Unitized Fund Sales	0	0	0
+/- Other Changes in MV	4,657,187,927	265,636,500	4,922,824,427
Ending Market Value	243,028,597,803	57,875,048,593	300,903,646,396

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