

CalPERS

Monthly Update – Investment Compliance

MONTH ENDED SEPTEMBER 30, 2016

CalPERS Monthly Update – Investment Compliance

As of September 30, 2016

Items Completed Under Delegated Authority

Disclosure of Placement Agent Fees

Investment Proposal Activity Summary

Policy Exceptions

Disclosure of Closed Session Action Items

Investment Transactions

Spring-Fed Pool Contract Status Report

Investment Policy Administrative Changes

Items Completed Under Delegated Authority *(for the month ended September 30, 2016)*

Program Area		Name of Investment	Commitment (million)	Initial Funding Date	Complies with Delegation Number
Global Equity		CalPERS-managed Developed ex-U.S. Quality Strategy	\$800.00	Sep-2016	07-03-INV
Global Equity		CalPERS-managed Emerging Market Index Strategy	\$270.00	Oct-2008	07-03-INV
Global Equity		CalPERS-managed Emerging Market Small Cap Index Strategy	\$105.00	Nov-2012	07-03-INV

Disclosure of Placement Agent Fees *(for the month ended September 30, 2016)*

Firm Name	
Asset Class	No items to report
Fund	
Placement Agent / Firm	
Placement Agent Employment	
Registered with U.S. or non-U.S. financial regulatory authority	
Registered Lobbyist(s)	
Estimated Placement Agent Compensation	
Disclosed Campaign Gifts and Contributions	
Notes	
Transaction Type	

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

Investment Proposal Activity Summary (for the month ended September 30, 2016)

	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	Total
Start of Month Proposals	24	2	19	7	5	3	1	61
New Proposals During the Month	13	0	10	5	9	0	0	37
Reinstated Proposals During Month	0	0	0	0	0	0	0	0
Decisions During the Month	7	0	0	5	9	0	1	22
End of Month Proposals	30	2	29	7	5	3	0	76

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	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
New Proposals During the Month								
Subtotal	13	0	10	5	9	0	0	37
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	0	4	0	0	1	11
Failed to Materialize	0	0	0	0	1	0	0	1
Referred	1	0	0	1	8	0	0	10
Subtotal	7	0	0	5	9	0	1	22
End of Month Proposals								
Submitted	1	1	0	0	0	3	0	5
Screening	25	1	26	7	5	0	0	64
Due Diligence	2	0	3	0	0	0	0	5
Approved	2	0	0	0	0	0	0	2
Subtotal	30	2	29	7	5	3	0	76

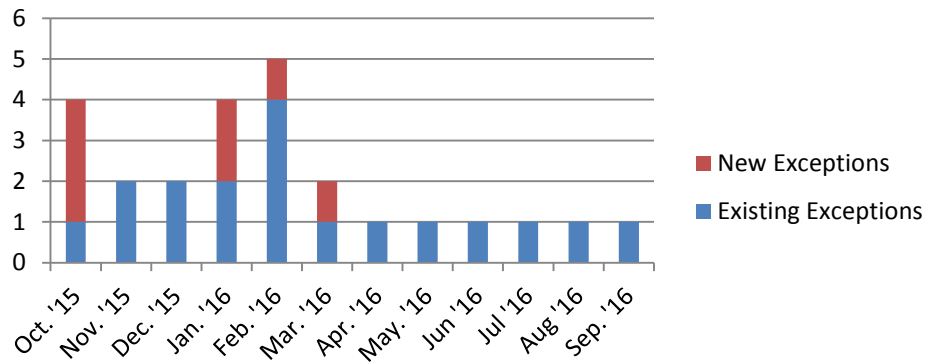
Policy Exceptions *(for the month ended September 30, 2016)*

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 September 30, 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	9/30/2016	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>The new procedures were approved on September 30, 2016.</p>

Disclosure of Closed Session Action Items *(for the month ended September 30, 2016)*

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

Investment Transactions (for the month ended September 30, 2016)

Total Fund - Public Markets						
	Public Equity	Income	Inflation	ARS	Liquidity	MAC
Beginning Market Value	155,441,153,437	58,058,976,589	18,426,348,235	349,155,747	9,553,690,895	1,199,272,900
+ Purchases	5,054,947,950	2,955,473,162	409,792,552	0	670,170,000	0
- Sales	(10,641,868,578)	(6,257,727,760)	(534,694,877)	(13,530,899)	(808,620,000)	0
+ Unitized Fund Purchases	0	0	0		0	0
- Unitized Fund Sales	0	0	0		0	0
+/- Other Changes in MV	(273,276,923)	3,193,377,813	3,504,013,012	(3,342,572)	3,778,537,224	4,104,550
Ending Market Value	149,580,955,886	57,950,099,804	21,805,458,922	332,282,276	13,193,778,119	1,203,377,450

Total Fund - Private Markets				
	Private Equity	Real Estate	Forestland	Infrastructure
Beginning Market Value	26,037,427,600	27,296,057,126	1,973,321,608	2,568,242,258
+ Contributions	311,887,508	424,297,234	26,355,797	20,124,826
- Distributions	(836,061,267)	(467,293,859)	0	(18,092,293)
+ Unitized Fund Purchases	0	0	0	0
- Unitized Fund Sales	0	0	0	0
+/- Other Changes in MV	91,634,563	467,996,759	6,589,023	483,388,474
Ending Market Value	25,604,888,404	27,721,057,260	2,006,266,428	3,053,663,265

	Total Public Markets	Total Private Markets	Total Fund
Beginning Market Value	243,028,597,803	57,875,048,593	300,903,646,396
+ Contributions	9,090,383,663	782,665,365	9,873,049,028
- Distributions	(18,256,442,113)	(1,321,447,419)	(19,577,889,532)
+ Unitized Fund Purchases	0	0	0
- Unitized Fund Sales	0	0	0
+/- Other Changes in MV	10,203,413,104	1,049,608,819	11,253,021,923
Ending Market Value	244,065,952,457	58,385,875,358	302,451,827,815

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

Spring-Fed Pool Contract Status (for the quarter ended September 30, 2016)

The report details Letters of Engagement (LOE) commitments, by the Investment Office, for spring-fed pool contracts. Actual expenditures against these commitments may be less, but never greater than this amount, unless agreed upon by CalPERS through an amended letter of engagement.

Program	Quarter	Pool Name	Consultant	Start Date	End Date	Project Name	LOE Amount	Expenditures (as of 09/30/2016)	Balance (as of 09/30/2016)	Selection Reason / Notes
EXEC	Q1	General Investment Consulting Services Spring-Fed Pool	Pension Consulting Alliance, LLC (Contract #2015-7609)	07/01/16	06/30/17	Back-Up to the General Board Investment Consultant	\$ 150,000.00	\$ -	\$ 150,000.00	Exempt- Existing Knowledge
						Subtotal by Quarter	\$ 150,000.00	\$ -	\$ 150,000.00	
						Total for INVO Executive	\$ 150,000.00	\$ -	\$ 150,000.00	
Global Equity	Q4	General Investment Consulting Services Spring-Fed Pool	Mosaic Investment Advisors, Inc. (Contract #2015-7614)	09/01/16	02/28/17	Global Equity Brokerage Services	\$ 210,750.00	\$ 111,500.00	\$ 99,250.00	Exempt- Critical Time; One Contractor
						Subtotal by Quarter	\$ 210,750.00	\$ 111,500.00	\$ 210,750.00	
						Total for Global Equity	\$ 210,750.00	\$ 111,500.00	\$ 210,750.00	
Global Governance	Q1	Specialty Investment Consulting Services Spring Fed Pool	Wilcox Miller & Nelson (Contract #2015-7679)	07/01/16	06/30/17	Diverse Director DataSource (3D) Transition	\$ 100,000.00	\$ -	\$ 100,000.00	Exempt - Existing knowledge of the investment or organization
						Subtotal by Quarter	\$ 100,000.00	\$ -	\$ 100,000.00	
						Total for Global Governance	\$ 100,000.00	\$ -	\$ 100,000.00	
Investment Servicing Division	Q1	CalPERS Vendor Pool	Innovative Solutions, Inc. (CMAS 3.00-700-00854)	07/01/16	06/30/17	INVO Excel VBA Training	\$ 3,370.00	\$ 3,370.00	\$ -	Exempt- Known Contractor
Investment Servicing Division	Q1	IT Spring-Fed Pool	ProPoint Technology, Inc. (Contract #2010-5857)	7/1/2016	8/31/2017	Real Assets Strategic Plan AREIS Implementation and TMU Support	\$ 270,000.00	\$ 65,340.00	\$ 204,660.00	Bid Request
Investment Servicing Division	Q1	IT Spring-Fed Pool	Technology Crest (Contract #2015-7858)	1/4/2016	12/31/2016	Investment Technology Services -- Sr. Technical Specialist	\$ 280,680.46	\$ 228,569.00	\$ 52,111.46	Amendment to increase PO from prior FY by \$40,742.46
Investment Servicing Division	Q1	IT Spring-Fed Pool	ProPoint Technology, Inc. (Contract #2010-5857)	1/4/2016	12/31/2016	Artemis Business Analysis and Project Management Support	\$ 281,680.00	\$ 180,557.50	\$ 101,122.50	Amendment to increase PO from prior FY by \$65,016.00
						Subtotal by Quarter	\$ 835,730.46	\$ 477,836.50	\$ 357,893.96	
						Total for Investment Servicing Division	\$ 835,730.46	\$ 477,836.50	\$ 357,893.96	
Private Equity	Q1	Specialty Investment Consulting Services Spring Fed Pool	Cambridge Associates LLC (Contract #2015-7676)	07/07/16	10/31/16	MAT Analysis Update	\$ 8,000.00	\$ 8,000.00	\$ -	Exempt-Known Contractor
Private Equity	Q1	General Investment Consulting Services Spring-Fed Pool	Cambridge Associates LLC (Contract #2015-7613)	08/04/16	12/31/16	Due Diligence with Prudent Person	\$ 40,000.00	\$ -	\$ 40,000.00	Bid Request
						Subtotal by Quarter	\$ 48,000.00	\$ 8,000.00	\$ 40,000.00	
						Total for Private Equity	\$ 48,000.00	\$ 8,000.00	\$ 40,000.00	

Spring-Fed Pool Contract Status (for the quarter ended September 30, 2016)

Program	Quarter	Pool Name	Consultant	Start Date	End Date	Project Name	LOE Amount	Expenditures (as of 09/30/2016)	Balance (as of 09/30/2016)	Selection Reason / Notes
Real Assets (Real Estate)	Q1	Real Assets Investments Consulting Services Spring-Fed Pool	Bard Consulting (Contract #2014-7427)	07/01/16	06/30/17	CalPERS Domestic Strategic Portfolio Performance Attribution	\$ 50,000.00	\$ 475.00	\$ 49,525.00	Bid Request
Real Assets (Real Estate)	Q1	Real Assets Investments Consulting Services Spring-Fed Pool	Bard Consulting (Contract #2014-7427)	07/01/16	06/30/17	2016-17 Land & Housing Portfolio Monitoring/Liquidation Planning	\$ 350,000.00	\$ -	\$ 350,000.00	Exempt-Known Contractor
Real Assets (Real Estate)	Q1	Real Assets Investments Consulting Services Spring-Fed Pool	Bard Consulting (Contract #2014-7427)	07/01/16	06/30/17	2016-17 Urban Multi-Family IT	\$ 250,000.00	\$ 7,962.50	\$ 242,037.50	Exempt-Known Contractor
Real Assets (Real Estate)	Q1	Real Assets Investments Consulting Services Spring-Fed Pool	Bard Consulting (Contract #2014-7427)	07/01/16	06/30/17	Incentive Fee Analysis	\$ 31,329.07	\$ -	\$ 31,329.07	Exempt-Known Contractor
Real Assets (Real Estate)	Q1	Real Assets Investments Consulting Services Spring-Fed Pool	Bard Consulting (Contract #2014-7427)	07/01/16	06/30/17	Quantitative Fee Analysis 2016-17	\$ 200,000.00	\$ -	\$ 200,000.00	Exempt-Known Contractor
Real Assets (Real Estate)	Q1	Specialty Investment Consulting Services Spring Fed Pool	BDO USA, LLP (Contract #2015-7724)	7/1/2016	9/30/2017	Project CHHC 2015 Tax Returns	\$ 5,000.00	\$ -	\$ 5,000.00	Bid Request
Real Assets (Forestland)	Q1	Real Assets Investments Consulting Services Spring-Fed Pool	Crosswater Realty Advisors, LLC (Contract #2014-7431)	07/01/16	06/30/17	Forestland Program 2016-17	\$ 120,000.00	\$ -	\$ 120,000.00	Bid Request
Real Assets (Infrastructure)	Q1	Real Assets Investments Consulting Services Spring-Fed Pool	Courtland Partners, Ltd. (Contract #2014-7432)	7/1/2016	9/30/2016	Project Dyer	\$ 25,000.00	\$ 17,570.00	\$ 7,430.00	Bid Request
Real Assets (Real Estate)	Q1	Real Assets Investments Consulting Services Spring-Fed Pool	Courtland Partners, Ltd. (Contract #2014-7432)	7/15/2016	12/31/2016	Project Bumble Bee	\$ 37,500.00	\$ -	\$ 37,500.00	Bid Request
Real Assets (Real Estate)	Q1	Real Assets Investments Consulting Services Spring-Fed Pool	Courtland Partners, Ltd. (Contract #2014-7432)	9/20/2017	6/30/2017	Project Expansion	\$ 27,500.00	\$ -	\$ 27,500.00	Exempt- Critical Time; One Contractor
Real Assets (Real Estate)	Q1	Real Assets Investments Consulting Services Spring-Fed Pool	LP Capital Advisors, LLC (LPCA) (Contract #2014-7435)	7/15/2016	6/30/2017	Bentall Kennedy Direct Investment Monitoring FY 16-17	\$ 12,500.00	\$ -	\$ 12,500.00	Exempt- Existing knowledge of the investment or organization
Real Assets (Infrastructure)	Q1	Infrastructure and Real Estate Technical Investment Services Spring-Fed Pool	LP Capital Advisors, LLC (LPCA) (Contract #2014-7500)	07/01/16	06/30/17	Infrastructure Program Support 2016-17	\$ 133,825.00	\$ -	\$ 133,825.00	Exempt-Known Contractor
Real Assets (Real Estate)	Q1	General Investment Consulting Services Spring-Fed Pool	Meketa Investment Group, Inc. (Contract #2015-7616)	7/6/2016	6/30/2017	Project Manta Ray	\$ 25,000.00	\$ -	\$ 25,000.00	Bid Request
Real Assets (Infrastructure)	Q1	General Investment Consulting Services Spring-Fed Pool	Meketa Investment Group, Inc. (Contract #2015-7616)	07/01/16	06/30/17	Project: US Infrastructure Account	\$ 45,000.00	\$ -	\$ 45,000.00	Bid Request
Real Assets (Real Estate)	Q1	Real Assets Investments Consulting Services Spring-Fed Pool	RCLCO, Inc. (Contract #2014-7440)	8/17/2016	6/30/2017	Project Affordable	\$ 45,000.00	\$ -	\$ 45,000.00	Bid Request
						Subtotal by Quarter	\$ 1,357,654.07	\$ 26,007.50	\$ 1,331,646.57	
						Total for Real Assets	\$ 1,357,654.07	\$ 26,007.50	\$ 1,331,646.57	
Investment Manager Engagement	Q1	General Investment Consulting Services Spring-Fed Pool	Pacific Community Ventures, Inc. (Contract #2015-7606)	08/25/16	06/30/17	CalPERS for California Report 2016	\$ 383,400.00	\$ -	\$ 383,400.00	Exempt- Existing knowledge of the investment or organization
Investment Manager Engagement	Q1	Real Assets Investments Consulting Services Spring-Fed Pool	Pension Consulting Alliance, LLC (Contract #2014-7438)	7/15/2016	6/30/2017	Responsible Contractor Policy and Labor Consulting Services 2016-17	\$ 100,000.00	\$ -	\$ 100,000.00	Exempt- Existing Knowledge
Investment Manager Engagement	Q1	Diversity Spring-Fed Pool	Pension Consulting Alliance, LLC (Contract #2015-7906)	09/20/16	06/30/17	Diversity Forum - 2017	\$ 35,750.00	\$ -	\$ 35,750.00	Exempt- Existing knowledge
Investment Manager Engagement	Q1	General Investment Consulting Services Spring-Fed Pool	Mosaic Investment Advisors, Inc. (Contract #2015-7614)	09/01/16	02/28/17	Global Equity Brokerage Services - Diversity Questionnaire	\$ 19,000.00	\$ -	\$ 19,000.00	Exempt- Critical Time; One Contractor
						Subtotal by Quarter	\$ 538,150.00	\$ -	\$ 538,150.00	
						Total for Investment Manager Engagement Program	\$ 538,150.00	\$ -	\$ 538,150.00	
						Grand Total Investment Office	\$ 3,029,534.53	\$ 511,844.00	\$ 2,517,690.53	

Investment Policy Administrative Changes *(for the quarter ended September 30, 2016)*

Review Date	Policy	Policy Category	Comments
July 22, 2016	Private Equity Program	Private Equity	Administrative changes made to reflect General Pension Consultant reporting responsibility.