



Memo

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

From: StepStone Group

Date: April 24, 2017

Subject: Strategic Asset Allocation Benchmark

In its role as Private Asset Class Board Investment Consultant for the Infrastructure Program ("Program"), StepStone has been asked to consider staff's recommendation to use the MSCI Investment Property Databank (IPD) U.S. Core – Fund Level for the entire, real asset area including infrastructure.

While supportive of staff's recommendation, StepStone would suggest periodic review of the benchmark to ensure that it meets CalPERS objectives with respect to infrastructure investment. CalPERS, for example, might consider the adoption of an infrastructure specific benchmark to the extent unlisted infrastructure benchmarks become more robust. Current benchmarks for unlisted infrastructure can be problematic due to relative lack of data and limited transparency compared to benchmarks for other unlisted asset classes.

We welcome the opportunity to answer any questions of the Investment Committee.