



CalPERS

Monthly Update – Investment Compliance



MONTH ENDED APRIL 30, 2017



CalPERS Monthly Update – Investment Compliance

For the month ended April 30, 2017

Items Completed Under Delegated Authority

Disclosure of Placement Agent Fees

Investment Proposal Activity

Policy Exceptions

Disclosure of Closed Session Action Items

Investment Transactions

Items Completed Under Delegated Authority *(for the month ended April 30, 2017)*

Program Area		Name of Investment	Commitment (million)	Initial Funding Date	Complies with Delegation Number
	Private Equity	Silver Lake Partners V, L.P.	\$500.00	Apr-2017	INV-16-06

Disclosure of Placement Agent Fees *(for the month ended April 30, 2017)*

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	

Investment Proposal Activity (for the month ended April 30, 2017)

	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	Total
Start of Month Proposals	18	2	12	11	0	0	0	43
New Proposals During the Month	5	1	5	6	8	1	3	29
Reinstated Proposals During Month	0	0	0	0	0	0	0	0
Decisions During the Month	6	2	8	8	1	0	0	25
End of Month Proposals	17	1	9	9	7	1	3	47

Status Details

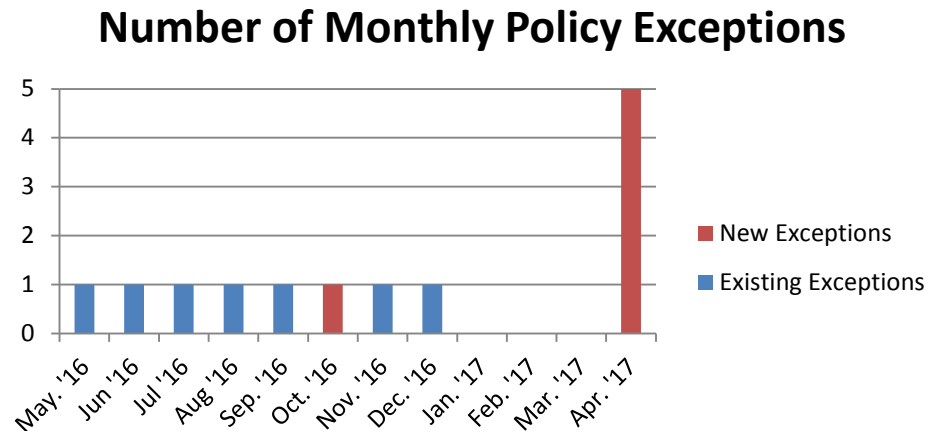
Status	Private Asset Classes				Public Asset Classes			Total
	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals								
Submitted	3	0	1	0	0	0	0	4
Screening	8	2	10	11	0	0	0	31
Due Diligence	5	0	1	0	0	0	0	6
Approved	2	0	0	0	0	0	0	2
Subtotal	18	2	12	11	0	0	0	43
New Proposals During the Month								
Subtotal	5	1	5	6	8	1	3	29
Reinstated Proposals During Month								
Subtotal	0	0	0	0	0	0	0	0
Decisions During the Month								
Committed	1	0	0	0	0	0	0	1
Declined	5	2	8	8	0	0	0	23
Failed to Materialize	0	0	0	0	0	0	0	0
Referred	0	0	0	0	1	0	0	1
Subtotal	6	2	8	8	1	0	0	25
End of Month Proposals								
Submitted	5	0	0	0	1	0	0	6
Screening	5	1	7	9	6	1	3	32
Due Diligence	6	0	2	0	0	0	0	8
Approved	1	0	0	0	0	0	0	1
Subtotal	17	1	9	9	7	1	3	47

Policy Exceptions *(for the month ended April 30, 2017)*

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:

- Global Equity
- Global Fixed Income
- Investment Manager Engagement Programs
- Investment Risk and Performance
- Investment Servicing Division
- Private Equity
- Sustainable Investment Program
- Trust Level Portfolio Management



Policy Exceptions (for the month ended April 30, 2017)

New:

Program Area or Asset Class	Event Date	Resolution Date	Policy	Exception Description	Event Description and Resolution (expected) or Next Steps
Real Assets	1/1/2017	TBD	Investment Policy for Real Assets Program	For the beginning of the Q1'17 reporting period, the "Core" risk classification represented 74.6% of the Real Assets Program, which is slightly below the policy range of 75-100% for this risk classification.	<p>The new Real Assets Program Investment Policy (RA Policy) went into effect 1/1/17. New policy parameters included the consistent application of risk classifications, geographic ranges, and leverage limits across the Real Assets Program and to each of its constituent portfolios. Given the illiquid nature of the RA portfolio, staff anticipates a lag time to make the asset shifts required to bring the portfolio in line with the new strategic plan and policy ranges, along with the required updates to systems and processes as noted to the Investment Committee (IC) at the August, 2016 IC meeting.</p> <p>The most recently available RA Program data is for Q4'16. Given that 12/31/16 ending balances became 1/1/17 starting balances, the Core RA NAV was not within the new RA Policy range as of the date it took effect (1/1/17). For reporting purposes, moreover, RA staff is making the conservative assumption that this exception would not have been cured by the end of Q1'17 due to the illiquid nature of the RA investments.</p> <p>This slight underweight to core is a necessary consequence of implementing consistent risk classifications across RA, and is expected to be resolved within 2-4 quarters given the RA strategy focus on core assets.</p>
Real Assets	1/1/2017	TBD	Investment Policy for Real Assets Program	For the beginning of the Q1'17 reporting period, the "Core" risk classification represented 44.7% of the Forestland portfolio, which is below the policy range of 75-100% for this risk classification of the Forestland portfolio.	<p>The new RA Policy went into effect 1/1/17. New policy parameters included the consistent application of risk classifications, geographic ranges, and leverage limits across the Real Assets Program and to each of its constituent portfolios. Given the illiquid nature of the RA portfolio, staff anticipates a lag time to make the asset shifts required to bring the portfolio in line with the new strategic plan and policy ranges, along with the required updates to systems and processes as noted to the Investment Committee (IC) at the August, 2016 IC meeting.</p> <p>The most recently available RA Program data is for Q4'16. Given that 12/31/16 ending balances became 1/1/17 starting balances, the Core Forestland NAV was not within the new RA Policy range as of the date it took effect (1/1/17). For reporting purposes, moreover, RA staff is making the conservative assumption that this exception would not have been cured by the end of Q1'17 due to the illiquid nature of the Forestland investments.</p> <p>The timing of any resolution remains uncertain.</p>

Policy Exceptions (for the month ended April 30, 2017)

New: (cont'd)

Program Area or Asset Class	Event Date	Resolution Date	Policy	Exception Description	Event Description and Resolution (expected) or Next Steps
Real Assets	1/1/2017	TBD	Investment Policy for Real Assets Program	For the beginning of the Q1'17 reporting period, the "Value-Add" risk classification represented 39.0% of the Forestland portfolio, which is above the policy range of 0-25% for this risk classification within the Forestland portfolio.	<p>The new RA Policy went into effect 1/1/17. New policy parameters included the consistent application of risk classifications, geographic ranges, and leverage limits across the Real Assets Program and to each of its constituent portfolios. Given the illiquid nature of the RA portfolio, staff anticipates a lag time to make the asset shifts required to bring the portfolio in line with the new strategic plan and policy, along with the required updates to systems and processes as noted to the Investment Committee (IC) at the August, 2016 IC meeting.</p> <p>The most recently available RA Program data is for Q4'16. Given that 12/31/16 ending balances became 1/1/17 starting balances, the Value-Added Forestland NAV was not within the new RA Policy range as of the date it took effect (1/1/17). For reporting purposes, moreover, RA staff is making the conservative assumption that this exception would not have been cured by the end of Q1'17 due to the illiquid nature of the Forestland investments.</p> <p>The timing of any resolution remains uncertain.</p>
Real Assets	1/1/2017	TBD	Investment Policy for Real Assets Program	For the beginning of the Q1'17 reporting period, International Emerging Markets represented 16.3% of the Forestland portfolio, which is above the permitted policy range of 0-15% for this geography segment within the Forestland portfolio.	<p>The new RA Policy went into effect 1/1/17. New policy parameters included the consistent application of risk classifications, geographic ranges, and leverage limits across the Real Assets Program and to each of its constituent portfolios. Given the illiquid nature of the RA portfolio, staff anticipates a lag time to make the asset shifts required to bring the portfolio in line with the new strategic plan and policy, along with the required updates to systems and processes as noted to the Investment Committee (IC) at the August, 2016 IC meeting.</p> <p>The most recently available RA Program data is for Q4'16. Given that 12/31/16 ending balances became 1/1/17 starting balances, the International Emerging Markets Forestland NAV was not within the new RA Policy range as of the date it took effect (1/1/17). For reporting purposes, moreover, RA staff is making the conservative assumption that this exception would not have been cured by the end of Q1'17 due to the illiquid nature of the Forestland investments.</p> <p>The timing of any resolution remains uncertain.</p>

Policy Exceptions (for the month ended April 30, 2017)

New: (cont'd)

Program Area or Asset Class	Event Date	Resolution Date	Policy	Exception Description	Event Description and Resolution (expected) or Next Steps
Real Assets	1/1/2017	TBD	Investment Policy for Real Assets Program	For the beginning of the Q1'17 reporting period, DSCR for the Forestland portfolio was 0.97, which is below the minimum DSCR of 1.25, as required by the new RA Policy.	<p>The new RA Policy went into effect 1/1/17. New policy parameters included the consistent application of risk classifications, geographic ranges, and leverage limits across the Real Assets Program and to each of its constituent portfolios. Given the illiquid nature of the RA portfolio, staff anticipates a lag time to make the asset shifts required to bring the portfolio in line with the new strategic plan and policy, along with the required updates to systems and processes as noted to the Investment Committee (IC) at the August, 2016 IC meeting.</p> <p>The most recently available RA Program data is for Q4'16. Given that 12/31/16 ending balances became 1/1/17 starting balances, the Forestland portfolio DSCR did not meet the required minimum DSCR for that portfolio as of the date the new RA Policy took effect (1/1/17). For reporting purposes, moreover, RA staff is making the conservative assumption that this exception would not have been cured by the end of Q1'17.</p> <p>The timing of any resolution remains uncertain.</p>

Existing:

Program Area or Asset Class	Event Date	Resolution Date	Policy	Exception Description	Event Description and Resolution (expected) or Next Steps
No items to report					

Disclosure of Closed Session Action Items *(for the month ended April 30, 2017)*

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

Investment Transactions (for the month ended April 30, 2017)

Total Fund - Public Markets						
	Public Equity	Income	Inflation	ARS	Liquidity	MAC
Beginning Market Value	149,831,226,780	58,144,632,976	28,634,535,612	279,703,005	14,694,140,658	1,263,404,900
+ Purchases	2,572,682,490	2,034,467,283	1,779,790,752	0	839,230,000	0
- Sales	(3,240,243,582)	(3,058,265,601)	(2,448,096,700)	(1,514,940)	(460,630,000)	0
+ Unitized Fund Purchases	0	0	0		0	0
- Unitized Fund Sales	0	0	0		0	0
+/- Other Changes in MV	3,055,297,016	1,739,523,682	879,419,755	11,206,747	638,380,472	7,136,100
Ending Market Value	152,218,962,704	58,860,358,340	28,845,649,419	289,394,812	15,711,121,130	1,270,541,000

Total Fund - Private Markets				
	Private Equity	Real Estate	Forestland	Infrastructure
Beginning Market Value	25,988,892,233	30,132,107,686	1,992,311,851	3,690,429,312
+ Contributions	478,857,819	410,656,842	0	12,198,431
- Distributions	(395,136,350)	(123,588,904)	0	(3,644,280)
+ Unitized Fund Purchases	0	0	0	0
- Unitized Fund Sales	0	0	0	0
+/- Other Changes in MV	(173,766,011)	(287,067,938)	0	(8,554,151)
Ending Market Value	25,898,847,691	30,132,107,686	1,992,311,851	3,690,429,312

	Total Public Markets	Total Private Markets	Total Fund
Beginning Market Value	252,847,643,932	61,803,741,083	314,651,385,015
+ Contributions	7,226,170,525	901,713,091	8,127,883,616
- Distributions	(9,208,750,823)	(522,369,534)	(9,731,120,357)
+ Unitized Fund Purchases	0	0	0
- Unitized Fund Sales	0	0	0
+/- Other Changes in MV	6,330,963,772	(469,388,099)	5,861,575,672
Ending Market Value	257,196,027,406	61,713,696,541	318,909,723,946

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