
August 14, 2017

Item Name: Trust Level Portfolio Management Annual Program Review

Program: Trust Level Portfolio Management

Item Type: Information

Executive Summary

This is the first Trust Level Portfolio Management (TLPM) Annual Program Review for the period ending June 30, 2017. The review includes an overview of TLPM's (formerly referred to as Asset Allocation & Risk Management) role within the Investment Office (INVO) and across the Enterprise, investment performance from strategic allocation management, and functional business structure.

Staff plans to present a comprehensive TLPM review in August 2018 after achieving a full year of operation within INVO, including overall program expenses and Consultant Review. Attachment 2 provides a Wilshire Associates opinion letter which reflects on the overall TLPM business construct as a function of INVO and the approach taken on navigating through the Board's strategic asset-liability management (ALM) decision making process.

Strategic Plan

This agenda item supports the CalPERS Strategic Plan goal to strengthen long-term sustainability of the pension fund while cultivating a high-performing, risk-intelligent, and innovative organization. The program review provides detailed information for allocation management and program highlights to support the CalPERS Investment Committee in its oversight capacity.

Investment Beliefs

This agenda item supports the CalPERS Investment Belief 1: Liabilities must influence the asset structure; Belief 2: A long time investment horizon is a responsibility and an advantage; Belief 6: Strategic asset allocation is the dominant determinant of portfolio risk and return; and Belief 10: Strong processes and teamwork and deep resources are needed to achieve CalPERS goals and objectives.

Background

An annual program review for each asset class or program area is presented to the Investment Committee. Program annual reviews were scheduled as a result from restructuring Investment Committee agendas. This is the first program review for TLPM.

Analysis

Not Applicable

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

Not Applicable

Attachments

Attachment 1 – Trust Level Portfolio Management Annual Program Review

Attachment 2 – Wilshire Associates Review of Trust Level Portfolio Management

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