

# Global Equity Annual Program Review: Capital Allocation

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# Global Equity Capital Allocation Committee

- The primary goal of the Global Equity Capital Allocation Committee (GECAC) is to provide governance structure and an open setting for evaluating ideas and making decisions in the management of the holistic Global Equity investment portfolio.
- Non-Global Equity representatives sit on the GECAC to ensure collaboration and transparency, and to provide different experience and points of view.
  - Trust Level Portfolio Management (TLPM)
  - Execution Strategy and Services (ESS)
  - Investment Risk and Performance (IRP)

Investment Belief 6: Strategic asset allocation is the dominant determinant of portfolio risk and return.

Investment Belief 10: Strong processes and teamwork and deep resources are needed to achieve CalPERS goals and objectives.

## GECAC Subcommittees






- Subcommittees have been established to address specific topical areas
  - Portfolio Positioning
    - Provides perspectives on the GE portfolio and overall market environment, including considerations for portfolio exposures and risk.
  - Portfolio Opportunities
    - Provides insights from multiple internal and external sources with an emphasis on covering the areas associated with GE's priorities.
  - Portfolio Structuring & Execution
    - Provides analysis and coordination for constructing the GE portfolio.

Investment Belief 7: CalPERS will take risk only where we have a strong belief we will be rewarded for it.

Investment Belief 9: Risk to CalPERS is multi-faceted and not fully captured through measures such as volatility or tracking error.

# Executive Dashboard

Hypothetical example on Regions:

Region	GE Act Wts	Active Risk Cont	Manager Act Wts	Quantitative Tools	Bottom Up Analysis	Top Down Analysis	External Research
US	Overweight		N	N	N	N	N
Canada	Overweight		✘	✘	✓	N	✘
Europe x UK	Neutral		✓	N	✓	✓	✓
:	:		:	:	:	:	:
:	:		:	:	:	:	:

N - neutral outlook  
 ✓ - positive  
 ✘ - negative

- Separate tables on Regions (9 FTSE regions), Sectors (11 GICS), and Style Factors (Value, Quality, Momentum, Low Vol)
- Consider multiple inputs in decision mosaic
  - Discuss and potentially adjust for misalignments / new opportunities
  - In this hypothetical example, we would consider selling Canada and buying Europe x UK

Investment Belief 9: Risk to CalPERS is multi-faceted and not fully captured through measures such as volatility or tracking error.