



CalPERS

Monthly Update – Investment Compliance



MONTH ENDED APRIL 30, 2018



CalPERS Monthly Update – Investment Compliance

For the month ended April 30, 2018

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, 2018)*

Program Area		Name of Investment	Commitment (million)	Initial Funding Date	Complies with Delegation Number
Global Equity		CalPERS-managed US Enhanced Strategy	\$5,000.00	Apr-2018	INV-16-04
Global Equity		CalPERS-managed Synthetic Enhanced Equity Strategy	\$160.00	Jun-2009	INV-16-04
Fixed Income		Nomura Corporate Research and Asset Management	\$100.00	Mar-2002	INV-16-05
Private Equity		TPG Asia VII (A), L.P.	\$300.00	Apr-2018	INV-17-04
Private Equity		Carlyle Europe Partners V, S.C.Sp.	€ 300.00	Apr-2018	INV-17-04

Disclosure of Placement Agent Fees *(for the month ended April 30, 2018)*

Firm Name	TPG Asia GenPar VII, L.P.
Asset Class	Private Equity
Fund	TPG Asia VII (A), L.P.
Placement Agent / Firm	Jack Weingart, Partner of TPG James Gates, Partner of TPG Charles Froeb, Partner of TPG Catie Barile, Associate at TPG Alastair Bushby, Vice President at TPG James Callinan, Employee of TPG Josh Evans, Employee of TPG Griffin Howard, Employee of TPG Charlie Madden, Employee of TPG Pedro Parjus, Associate at TPG Catharine Quinn, Associate at TPG Alex Schwartz, Vice President at TPG Jennifer Shah, Employee of TPG
Placement Agent Employment	Internal employees of the General Partner and/or its affiliates
Registered with U.S. or non-U.S. financial regulatory authority	TPG's broker-dealer affiliate, TPG Capital BD, LLC ("TPG BD"), regularly solicits investors for investment funds sponsored by TPG. TPG BD is registered with the U.S. Securities and Exchange Commission and is a FINRA member (CRD No. 0143876). Certain employees of TPG Funding, LLC or an affiliate thereof (collectively, "TPG Funding") serve as registered representatives ("TPG BD Representatives") of TPG BD.
Registered Lobbyist(s)	Jack Weingart, registered lobbyist in the State of California James Gates, registered lobbyist in the State of California Charles Froeb, registered lobbyist in the State of California, New York City, Los Angeles, San Diego & San Jose Catie Barile, registered lobbyist in the State of California Alastair Bushby, registered lobbyist in the State of California James Callinan, registered lobbyist in the State of California Josh Evans, registered lobbyist in the State of California Griffin Howard, registered lobbyist in the State of California Charlie Madden, registered lobbyist in the State of California Pedro Parjus, registered lobbyist in the State of California Catharine Quinn, registered lobbyist in the State of California Alex Schwartz, registered lobbyist in the State of California Jennifer Shah, registered lobbyist in the State of California

Disclosure of Placement Agent Fees *(for the month ended April 30, 2018)*

Firm Name	TPG Asia GenPar VII, L.P. (cont'd)
Estimated Placement Agent Compensation	TPG Asia GenPar VII, L.P., and its affiliates have not engaged, compensated or agreed to compensate, directly or indirectly, any third-party placement agent in connection with the offer of assets, securities or services to CalPERS or any CalPERS vehicle. The Placement Agents listed in Attachment A above are employees of TPG Funding, LLC or an affiliate of TPG Funding, LLC and are paid an annual base salary plus a discretionary bonus for their activities as representatives of TPG capital BD, LLC, which is not contingent upon the offer of assets, securities or services to CalPERS on behalf of TPG Asia VII (A), L.P. Although the Placement Agents receive their compensation from TPG Funding, LLC or an affiliate of TPG Funding, LLC, the Placement Agents are registered representatives of TPG Capital BD, LLC, an affiliate of TPG Funding, LLC and a member of FINRA (CRD No. 0143876). The approximate compensation of the employees of TPG Funding, LLC or an affiliate of TPG Funding, LLC who offered interests in TPG Asia VII (A), L.P. is roughly estimated at \$80,675; although such compensation was not based directly or indirectly on the amount of CalPERS commitment.
Disclosed Campaign Gifts and Contributions	None
Notes	
Transaction Type	New

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

Disclosure of Placement Agent Fees *(for the month ended April 30, 2018)*

Firm Name	The Carlyle Group
Asset Class	Private Equity
Fund	Carlyle Europe Partners V
Placement Agent / Firm	Lee Carson, Carlyle Internal Sales Personnel
Placement Agent Employment	Internal employees of the General Partner and/or its affiliates
Registered with U.S. or non-U.S. financial regulatory authority	TCG Securities, LLC., an affiliate of The Carlyle Group, is a limited purpose broker/dealer registered with the US Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority ("FINRA"). TCG Securities acts as a private placement agent on a "best efforts" basis with respect to the offer and sale of interests in private funds.
Registered Lobbyist(s)	Lee Carson is a Managing Director - Investor Relations and is a registered lobbyist in the State of California. He is associated with TCG Securities, LLC., Carlyle's broker/dealer affiliate, which is registered in California as a Lobbyist Employer.
Estimated Placement Agent Compensation	<p>Mr. Carson's compensation by The Carlyle Group includes an annual salary and a discretionary year-end annual bonus, the amount of which is based on a multitude of qualitative and quantitative factors. Mr. Carson's compensation is not contingent on a commitment by CalPERS. We note that while there is a Placement Agent Agreement between TCG Securities and Carlyle Investment Management, this agreement does not provide for any remuneration to be paid to the Placement Agent for the marketing of Carlyle-sponsored funds. Mr. Carson's annual salary is \$250,000, and annual bonus amounts are generally in the 1x-4x range.</p> <p>For CEP V, Mr. Carson dedicated approximately 40 hours to activities that may reasonably be attributed to helping further CalPERS' progress toward a commitment. Using the midpoint of the general bonus range (2.5x), the approximate dollar amount applicable to CEP V is \$16,840.</p> <p>Mr. Carson has been a registered lobbyist in California since December 2010. In accordance with his registered lobbyist status, TCG Securities files quarterly California State Lobbying Questionnaires for In-House Placement Agents.</p>
Disclosed Campaign Gifts and Contributions	None
Notes	
Transaction Type	New

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

Investment Proposal Activity (for the month ended April 30, 2018)

	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	Total
Start of Month Proposals	21	1	10	6	0	0	1	39
New Proposals During the Month	0	0	3	2	2	0	0	7
Reinstated Proposals During Month	0	0	0	0	0	0	0	0
Decisions During the Month	12	1	8	6	0	0	1	28
End of Month Proposals	9	0	5	2	2	0	0	18

Status Details

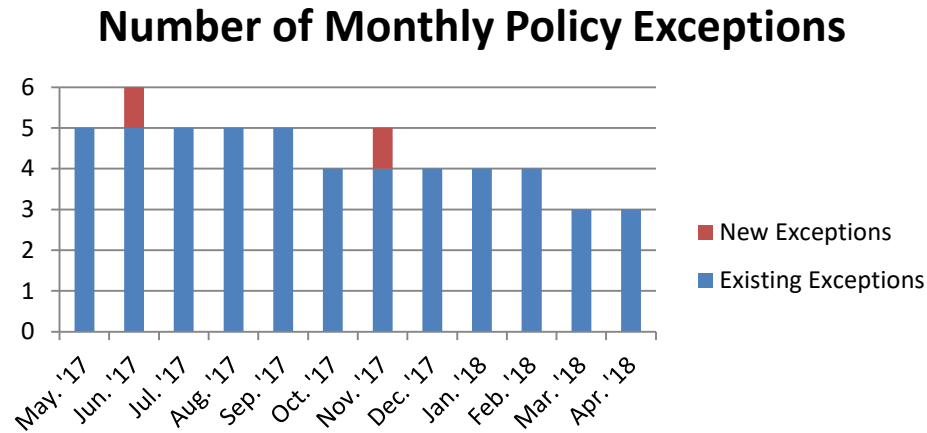
Status	Private Asset Classes				Public Asset Classes			Total
	Private Equity	Forestland	Infrastructure	Real Estate	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals								
Submitted	0	0	2	0	0	0	1	3
Screening	13	1	8	6	0	0	0	28
Due Diligence	5	0	0	0	0	0	0	5
Approved	3	0	0	0	0	0	0	3
Subtotal	21	1	10	6	0	0	1	39
New Proposals During the Month								
Subtotal	0	0	3	2	2	0	0	7
Reinstated Proposals During Month								
Subtotal	0	0	0	0	0	0	0	0
Decisions During the Month								
Committed	2	0	0	0	0	0	0	2
Declined	8	1	6	6	0	0	1	22
Failed to Materialize	1	0	0	0	0	0	0	1
Referred	1	0	2	0	0	0	0	3
Subtotal	12	1	8	6	0	0	1	28
End of Month Proposals								
Submitted	0	0	0	1	2	0	0	3
Screening	2	0	5	1	0	0	0	8
Due Diligence	3	0	0	0	0	0	0	3
Approved	4	0	0	0	0	0	0	4
Subtotal	9	0	5	2	2	0	0	18

Policy Exceptions *(for the month ended April 30, 2018)*

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
- Opportunistic Strategies
- Private Equity
- Sustainable Investment Program
- Trust Level Portfolio Management



Policy Exceptions (for the month ended April 30, 2018)

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
Real Assets	1/1/2017	TBD	Investment Policy for Real Assets Program	For the quarter ended September 2017, the "Core" risk classification represented 45.1% 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, 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 Core Forestland NAV has not been within the new RA Policy range since the date it took effect (1/1/17). Data has been finalized through the quarter ended September 2017 and the policy exception still exists. The timing of any resolution remains uncertain due to the illiquid nature of the Forestland investments.</p>
Real Assets	1/1/2017	TBD	Investment Policy for Real Assets Program	For the quarter ended September 2017, the "Value-Add" risk classification represented 38.5% 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 Value-Added Forestland NAV has not been within the new RA Policy range since the date it took effect (1/1/17). Data has been finalized through the quarter ended September 2017 and the policy exception still exists. The timing of any resolution remains uncertain due to the illiquid nature of the Forestland investments.</p>

Policy Exceptions *(for the month ended April 30, 2018)*

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 quarter ended September 2017, DSCR for the Forestland portfolio was 0.78, 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 Forestland portfolio DSCR has not been within the new RA Policy range since the date it took effect (1/1/17). Data has been finalized through the quarter ended September 2017 and the policy exception still exists. The timing of any resolution remains uncertain due to the illiquid nature of the Forestland investments.</p>

Disclosure of Closed Session Action Items (for the month ended April 30, 2018)

Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote																								
March 19, 2018	Item 5a: Private Equity Investment Opportunity	<p><u>Action:</u> Authorize the Chief Investment Officer (CIO) to increase a commitment to CalPERS Private Equity Emerging Manager Program. An electronic roll-call vote was taken in the March IC Closed Session Meeting. The motion passed.</p> <p><u>Summary of Debate:</u> A discussion was conducted regarding the proposed commitment and potential alternatives that were not selected.</p>	<p>Roll call vote results are listed below :</p> <table border="1"> <thead> <tr> <th data-bbox="1425 364 1696 392">Committee Member</th> <th data-bbox="1696 364 1821 392">Vote</th> </tr> </thead> <tbody> <tr> <td data-bbox="1425 392 1696 421">Danny Brown</td> <td data-bbox="1696 392 1821 421">YES</td> </tr> <tr> <td data-bbox="1425 421 1696 449">Margaret Brown</td> <td data-bbox="1696 421 1821 449">NO</td> </tr> <tr> <td data-bbox="1425 449 1696 478">Richard Costigan</td> <td data-bbox="1696 449 1821 478">NO</td> </tr> <tr> <td data-bbox="1425 478 1696 506">Dana Hollinger</td> <td data-bbox="1696 478 1821 506">NO</td> </tr> <tr> <td data-bbox="1425 506 1696 535">Priya Mathur</td> <td data-bbox="1696 506 1821 535">YES</td> </tr> <tr> <td data-bbox="1425 535 1696 564">David Miller</td> <td data-bbox="1696 535 1821 564">YES</td> </tr> <tr> <td data-bbox="1425 564 1696 592">Frank Moore</td> <td data-bbox="1696 564 1821 592">YES</td> </tr> <tr> <td data-bbox="1425 592 1696 621">Lynn Paquin</td> <td data-bbox="1696 592 1821 621">YES</td> </tr> <tr> <td data-bbox="1425 621 1696 649">Ramon Rubalcava</td> <td data-bbox="1696 621 1821 649">YES</td> </tr> <tr> <td data-bbox="1425 649 1696 678">Bill Slaton</td> <td data-bbox="1696 649 1821 678">YES</td> </tr> <tr> <td data-bbox="1425 678 1696 706">Theresa Taylor</td> <td data-bbox="1696 678 1821 706">YES</td> </tr> </tbody> </table>	Committee Member	Vote	Danny Brown	YES	Margaret Brown	NO	Richard Costigan	NO	Dana Hollinger	NO	Priya Mathur	YES	David Miller	YES	Frank Moore	YES	Lynn Paquin	YES	Ramon Rubalcava	YES	Bill Slaton	YES	Theresa Taylor	YES
Committee Member	Vote																										
Danny Brown	YES																										
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Ramon Rubalcava	YES																										
Bill Slaton	YES																										
Theresa Taylor	YES																										

Investment Transactions (for the month ended April 30, 2018)

Total Fund - Public Markets						
	Public Equity	Income	Inflation	ARS	Liquidity	TLPM
Beginning Market Value	170,860,361,777	69,060,298,814	27,687,893,512	254,858,859	13,815,272,482	2,561,587,917
+ Purchases	4,926,959,882	7,440,978,404	1,569,046,936	-	1,895,594,279	358,028,914
- Sales	(5,971,098,603)	(6,554,084,505)	(1,817,501,377)	(720,351)	(1,931,398,302)	(401,095,289)
+ Unitized Fund Purchases	-	-	-	-	-	-
- Unitized Fund Sales	-	-	-	-	-	-
+/- Other Changes in MV	2,711,442,250	(1,065,262,921)	(3,137,076,547)	(3,711,151)	2,761,525,258	2,848,684,469
Ending Market Value	172,527,665,306	68,881,929,791	24,302,362,524	250,427,357	16,540,993,716	5,367,206,011

Total Fund - Private Markets				
	Private Equity	Real Estate	Forestland	Infrastructure
Beginning Market Value	26,933,205,983	31,297,676,718	1,982,046,747	4,192,457,513
+ Contributions	520,958,134	79,566,783	-	11,645,009
- Distributions	(434,699,133)	(154,997,886)	-	(79,829,018)
+ Unitized Fund Purchases	-	-	-	-
- Unitized Fund Sales	-	-	-	-
+/- Other Changes in MV	(57,491,015)	(26,427,658)	-	49,163,978
Ending Market Value	26,961,973,969	31,195,817,957	1,981,565,118	4,173,437,483

	Total Public Markets	Total Private Markets	Total Fund
Beginning Market Value	284,240,273,360	64,405,386,961	348,645,660,321
+ Contributions	16,190,608,414	612,169,926	16,802,778,341
- Distributions	(16,675,898,427)	(669,526,037)	(17,345,424,464)
+ Unitized Fund Purchases	-	-	-
- Unitized Fund Sales	-	-	-
+/- Other Changes in MV	4,115,601,358	(35,236,324)	4,080,365,034
Ending Market Value	287,870,584,705	64,312,794,527	352,183,379,232

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