
June 18, 2018**Item Name:** CalPERS for California and California Initiative**Program:** Investment Manager Engagement Programs**Item Type:** Information**Executive Summary**

This agenda item provides the annual update on CalPERS' investments in California and the jobs supported by those investments.

Strategic Plan

This agenda item supports the CalPERS' Strategic Plan goal to improve long-term pension and health benefit sustainability. The CalPERS for California report is used by staff to reach out to stakeholders who are interested in CalPERS' investments in California. Engagement with stakeholders assists CalPERS to gain knowledge and establish collaborative relationships to better accomplish the System's investment objectives.

Investment Beliefs

This agenda item highlights recent work guided by:

- CalPERS Investment Belief 3: CalPERS investment decisions may reflect wider stakeholder views, provided they are consistent with its fiduciary duty to members and beneficiaries

Background

The primary objective of CalPERS' investments in California is to achieve an appropriate risk-adjusted return on investment. All of CalPERS' investments must be consistent with the fiduciary responsibility of the CalPERS Board of Administration and its duty to protect the financial security of CalPERS members.

The *CalPERS for California* report tracks CalPERS' investments in California by asset class which totals \$30.1 billion. The report includes case studies of California investments including on Private Equity's *California Initiative* and real estate's investment in City National Plaza, a commercial high-rise office building located in Los Angeles' financial district.

The *CalPERS California Initiative 2017* report examines the ancillary benefits resulting from CalPERS \$1 billion in investments in portfolio companies in traditionally underserved markets primarily located in California. This report represents the thirteenth and final examination of the California Initiative's ancillary benefits and focuses on since inception results. The California Initiative began in 2001 and while investments have been realized and companies sold, the small number of remaining companies will not provide meaningful reportable data in the future.

Analysis

Key findings highlighted in the 2017 *CalPERS for California* report are:

- California investments totaled \$30.1 billion or 9.3% of the Total Fund.
- Over 266,200 jobs have been supported as a result of CalPERS' private asset class investments in California.

Key findings highlighted in the *CalPERS California Initiative 2017* report are:

- Since the inception of the *California Initiative*, CalPERS has directed and invested over \$1 billion in 569 companies primarily in California.
- Companies receiving investment through the *California Initiative* provide quality jobs to employees, with benefits for health and retirement outpacing state and national levels.
- The *California Initiative* has invested in areas of the state that have historically not received institutional equity capital.

Trend of CalPERS' Investments in California

Over the last eight years CalPERS' investments in California have grown from \$17.1 billion to \$30.1 billion and continue to represent over 9% of all CalPERS' assets.

2010-2017 Comparison of California Investment								
Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017
CalPERS' Assets (billions)	\$201	\$208	\$233	\$257	\$300	\$302	\$295	\$324
Dollars Invested in CA (billions)	\$17.1	\$19.4	\$19.7	\$20.8	\$25.7	\$27.8	\$27.3	\$30.1
Dollars Invested in CA as a percentage of CalPERS' Assets	8.5%	8.2%	8.9%	8.1%	8.5%	9.2%	9.3%	9.3%

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

Not Applicable.

Attachments

Attachment 1 – CalPERS for California and California Initiative 2017

Attachment 2 – CalPERS for California 2017

Attachment 3 – CalPERS California Initiative 2017



Clinton Stevenson
Investment Director
Investment Manager Engagement Programs

Elisabeth Bourqui
Chief Operating Investment Officer

Theodore Eliopoulos
Chief Investment Officer

