

CalPERS

Monthly Update – Investment Compliance

MONTH ENDED MAY 31, 2018

CalPERS Monthly Update – Investment Compliance

For the month ended May 31, 2018

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Items Completed Under Delegated Authority (for the month ended May 31, 2018)

Program Area	Name of Investment	Commitment (million)	Initial Funding Date	Complies with Delegation Number
Global Equity	CalPERS-managed Global All Cap Value strategy.	\$5,950.00	Mar-2018	INV-18-04
Global Equity	CalPERS-managed Synthetic Enhanced Equity strategy.	\$200.00	Jun-2009	INV-18-04
Global Equity	CalPERS-managed GE Completion strategy.	\$200.00	Dec-2017	INV-18-04
Global Fixed Income	Nomura Corporate Research and Asset Management	\$100.00	Mar-2002	INV-16-05
Global Fixed Income	Voya	\$15.00	May-2009	INV-16-05
Private Equity	Permira Growth Opportunities I ("PGO1")	\$200.00	May-2018	INV-18-06
Private Equity	Blackstone Tactical Opportunities Fund III - C L.P.	\$500.00	May-2018	INV-18-06

Disclosure of Placement Agent Fees *(for the month ended May 31, 2018)*

Firm Name	Permira Growth Opportunities I G.P. Limited
Asset Class	Private Equity
Fund	Permira Growth Opportunities I
Placement Agent / Firm	Chris Davison, Partner, Permira Monica Chase, Professional, Permira
Placement Agent Employment	Internal employees of the General Partner and/or its affiliates
Registered with U.S. or non-U.S. financial regulatory authority	Permira Advisers LLP and Permira Advisers (London) Limited are authorized and regulated by the UK Financial Conduct Authority (FCA), Permira Advisers Limited is regulated by the Securities and Futures Commission (SFC) in Hong Kong, the general partners of the Permira funds are licensed by the Guernsey Financial Services Commission ("GFSC"), and Permira Luxembourg S.a.r.l is licensed by the Luxembourg Ministry of Justice and supervised by the Commission de Surveillance du Secteur Financier ("CSF").
Registered Lobbyist(s)	Permira Advisers LLP and Permira Advisers LLC are registered in California as lobbyist employers. Chris Davison (a partner at Permira Advisers LLP) and Monica Chase (a professional at Permira Advisers LLC) are registered in California as lobbyists.
Estimated Placement Agent Compensation	There is no specific compensation relating to services to CalPERS. The two employees noted above are internal investor relations professionals who are involved in marketing Permira private equity and debt funds to institutional investors globally. Their compensation is based on their, and Permira's, overall performance. An estimate of dollar compensation allocation to CalPERS investment would be approximately USD1,000 to USD5,000 for each of the two lobbyists.
Disclosed Campaign Gifts and Contributions	None
Notes	None
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 May 31, 2018)*

Firm Name	State Street Global Advisors Trust Company
Asset Class	Global Equity
Fund	Agreement No. 2012-6541
Placement Agent / Firm	Sonya Park, Account Executive
Placement Agent Employment	Internal employees of the Investment Manager and/or its affiliates
Registered with U.S. or non-U.S. financial regulatory authority	Ms. Park holds a Series 7 (FINRA Registered Representative), Series 3 (NFA Associated Person) and Series 63 (State) license. State Street Global Advisors Trust Company is a state-chartered bank, member of the Federal Reserve System and supervised by the Federal Reserve Bank of Boston and the Massachusetts Commissioner of Banks.
Registered Lobbyist(s)	Ms. Park is a registered lobbyist with the State of California pursuant to California Placement Agent law. Ms. Park is not a registered lobbyist with any other state or the federal government.
Estimated Placement Agent Compensation	For the avoidance of doubt, Ms. Park is not, and will not be, specifically compensated with respect to CalPERS' investments with SSGA Trust Company. Ms. Park receives an annual salary and discretionary year-end bonus. As an estimate based on hours worked, \$2,600 of such compensation is allocated to the CalPERS investment.
Disclosed Campaign Gifts and Contributions	None
Notes	Disclosure updated due to a contract amendment.
Transaction Type	Amendment

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Disclosure of Placement Agent Fees *(for the month ended May 31, 2018)*

Firm Name	Columbia Management Investment Advisers, LLC
Asset Class	Global Fixed Income
Fund	Agreement No. 2008-4930
Placement Agent / Firm	Anne F. Holloran, VP, Institutional Relationship Management Gregory J. Spradling, Senior Sales Representative Sonja R. Strzoda, Senior Consultant Relations Manager
Placement Agent Employment	Internal employees of the Investment Manager and/or its affiliates
Registered with U.S. or non-U.S. financial regulatory authority	Anne Holloran is registered with FINRA and holds Series 7, 63, 24 licenses and the Series 3 and 30 licenses with the NFA. Sonja Strzoda is registered with FINRA and holds Series 7 and 63 licenses. Greg Spradling holds Series 3 and 30 licenses with the NFA, and the Series 6, 7, and 63 licenses with FINRA.
Registered Lobbyist(s)	Anne Holloran is a registered lobbyist in the State of California and Kentucky. Sonja Strzoda and Greg Spradling are both registered lobbyists in the State of California.
Estimated Placement Agent Compensation	Columbia Management Investment Advisers, LLC ("CMIA") neither provides nor has agreed upon any kind of compensation to Anne Holloran, Sonja Strzoda, and Greg Spradling for successful placement of CalPERS assets, securities or services offered by CalPERS by CMIA or any other lobbying activities. However, the CMIA employees referenced above do receive a base salary and a benefits package comparable to those received by other CMIA employees. Solely for the purposes of completing this form, we have been advised by CalPERS that we must provide a dollar amount or range reflecting such paid salary attributable to the time spent and potentially to be spent on CalPERS' investment management arrangements. For purposes of this form, we have calculated this amount in accordance with the Placement Agent's 2017 compensation reported on CMIA's Form 635 (Report of Lobbyist Employer): Approximately, \$5776 of Ms. Holloran's 2017 compensation would be attributable to the time spent and potentially to be spent on CalPERS' investment management arrangements with CMIA; \$1366 of Ms. Strzoda's 2017 compensation would be attributable to the time spent and potentially to be spent on CalPERS' investment management arrangements with CMIA, \$825 of Mr. Spradling's 2017 compensation would be attributable to the time spent and potentially to be spent on CalPERS' investment management arrangements with CMIA.
Disclosed Campaign Gifts and Contributions	None
Notes	Disclosure updated due to a contract amendment
Transaction Type	Amendment

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

Disclosure of Placement Agent Fees *(for the month ended May 31, 2018)*

Firm Name	Hellman & Friedman Investors VII, L.P.
Asset Class	Private Equity
Fund	Hellman & Friedman Investors, VII, L.P.
Placement Agent / Firm	Susanna Daniels, Partner Suzanne Kim Tomlinson, Director/Employee Kristen Nelson, Principal/Employee
Placement Agent Employment	Internal employees of the General Partner and/or its affiliates
Registered with U.S. or non-U.S. financial regulatory authority	None of the persons listed above are registered with the SEC or FINRA or any similar regulatory agency inside or outside the United States. To the knowledge of the Firm, none of the above listed persons or their affiliates are registered with a recognized non-U.S. financial regulatory authority. We have been advised by CalPERS that the Firm is deemed to be an affiliate of the above listed persons for purposes of this form. Hellman & Friedman LLC and Hellman & Friedman LP are registered with the SEC as investment advisers and Hellman & Friedman LLP is registered as an arranger with the FCA.
Registered Lobbyist(s)	Each of Ms. Daniels, Ms. Tomlinson and Ms. Nelson is registered as a lobbyist with the California Fair Political Practices Commission and each of Ms. Daniels and Ms. Tomlinson is also registered as a lobbyist with the Kentucky Executive Branch Ethics Commission.
Estimated Placement Agent Compensation	None of the persons listed above is compensated, nor has the Firm agreed to compensate such persons (whether on commission, contingent, percentage or other similar basis), specifically in connection with any investment by CalPERS. Instead, the persons listed above are compensated with either salary and a discretionary bonus or, in the case of a Partner, a share of the net profits of the Firm, in addition to other customary benefits, in each case that are paid to such persons irrespective of any investments by CalPERS. We estimate the compensation for the time the persons listed above spent marketing to, or acting as an intermediary with respect to, CalPERS during the prior calendar year with respect to this investment was less than \$500.
Disclosed Campaign Gifts and Contributions	Obtained during original commitment, no disclosure made
Notes	Update to reflect that Susanna Daniels and Suzanne Kim Tomlinson are now registered lobbyists in the State of Kentucky and to reflect their current positions with Hellman & Friedman LLC.
Transaction Type	Amendment

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

Disclosure of Placement Agent Fees *(for the month ended May 31, 2018)*

Firm Name	Hellman & Friedman Investors VIII, L.P.
Asset Class	Private Equity
Fund	Hellman & Friedman Investors, VIII, L.P.
Placement Agent / Firm	Susanna Daniels, Partner Suzanne Kim Tomlinson, Director/Employee Kristen Nelson, Principal/Employee
Placement Agent Employment	Internal employees of the General Partner and/or its affiliates
Registered with U.S. or non-U.S. financial regulatory authority	None of the persons listed above are registered with the SEC or FINRA or any similar regulatory agency inside or outside the United States. To the knowledge of the Firm, none of the above listed persons or their affiliates are registered with a recognized non-U.S. financial regulatory authority. We have been advised by CalPERS that the Firm is deemed to be an affiliate of the above listed persons for purposes of this form. Hellman & Friedman LLC and Hellman & Friedman LP are registered with the SEC as investment advisers and Hellman & Friedman LLP is registered as an arranger with the FCA.
Registered Lobbyist(s)	Each of Ms. Daniels, Ms. Tomlinson and Ms. Nelson is registered as a lobbyist with the California Fair Political Practices Commission and each of Ms. Daniels and Ms. Tomlinson is also registered as a lobbyist with the Kentucky Executive Branch Ethics Commission.
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Transaction Type	Amendment

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Investment Proposal Activity (for the month ended May 31, 2018)

	Private Equity	Forestland	Infrastructure	Real Estate*	Opportunistic	Global Equities	Commodities	Global Fixed Income	Total
Start of Month Proposals	9	0	5	1	0	2	0	0	17
New Proposals During the Month	5	2	7	13	1	8	0	0	36
Reinstated Proposals During Month	0	0	0	0	0	0	0	0	0
Decisions During the Month	2	0	0	1	1	5	0	0	9
End of Month Proposals	12	2	12	13	0	5	0	0	44

Status Details

Status	Private Asset Classes					Public Asset Classes			Total
	Private Equity	Forestland	Infrastructure	Real Estate	Opportunistic	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals									
Submitted	0	0	0	0	0	2	0	0	2
Screening	2	0	5	1	0	0	0	0	8
Due Diligence	3	0	0	0	0	0	0	0	3
Approved	4	0	0	0	0	0	0	0	4
Subtotal	9	0	5	1	0	2	0	0	17
New Proposals During the Month									
Subtotal	5	2	7	13	1	8	0	0	36
Reinstated Proposals During Month									
Subtotal	0	0	0	0	0	0	0	0	0
Decisions During the Month									
Committed	2	0	0	0	0	0	0	0	2
Declined	0	0	0	1	1	0	0	0	2
Failed to Materialize	0	0	0	0	0	0	0	0	0
Referred	0	0	0	0	0	5	0	0	5
Subtotal	2	0	0	1	1	5	0	0	9
End of Month Proposals									
Submitted	1	1	4	3	0	1	0	0	10
Screening	5	1	8	10	0	4	0	0	28
Due Diligence	3	0	0	0	0	0	0	0	3
Approved	3	0	0	0	0	0	0	0	3
Subtotal	12	2	12	13	0	5	0	0	44

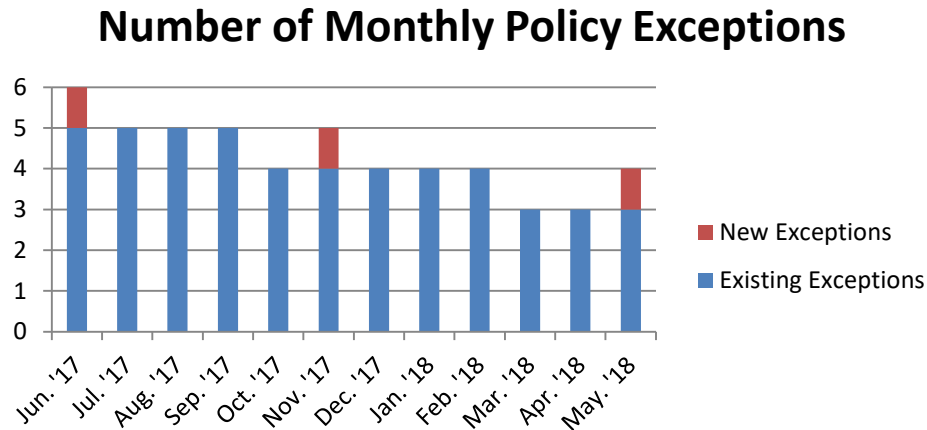
*Start of Month Proposals for Real Estate (1) was revised downwards from April (2) due to a duplicate proposal

Policy Exceptions *(for the month ended May 31, 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



Policy Exceptions (for the month ended May 31, 2018)

New:

Program Area or Asset Class	Event Date	Resolution Date	Policy	Exception Description	Event Description and Resolution (expected) or Next Steps
Trust Level Portfolio Management	8/17/2015	TBD	Total Fund Policy: Asset Allocation Strategy section	The Total Fund Investment Policy requires forecasted and realized tracking error to be evaluated against one another over rolling three-year periods for each program and the Total Fund. Staff has instead been evaluating tracking error over one- and five-year periods.	The Policy requires staff to evaluate forecasted tracking errors and realized tracking errors over rolling three-year periods for each program area and the Total Fund. Staff's current process is to review one- and five-year realized and/or forecasted returns. Staff will be proposing updates to the Total Fund Investment Policy at a future date in order to sync up these activities with actual practice.

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 December 2017, the "Core" risk classification represented 48.7% of the Forestland portfolio, which is below the policy range of 75-100% for this risk classification of the Forestland portfolio.	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. 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 December 2017 and the policy exception still exists. The timing of any resolution remains uncertain due to the illiquid nature of the Forestland investments.

Policy Exceptions (for the month ended May 31, 2018)

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 December 2017, the "Value-Add" risk classification represented 37.1% 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 December 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 December 2017, DSCR for the Forestland portfolio was 0.69, 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 December 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 May 31, 2018)

Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote																										
May 14, 2018	Item 5a: Private Equity: Follow up on Alternative Business Models	<p><u>Action:</u> Approved to move forward to develop a framework for CalPERS private equity alternative business models at the June meeting. An electronic roll-call vote was taken. The motion passed.</p> <p><u>Summary of Debate:</u> An extensive discussion was held on the private equity alternative business models.</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">YES</td> </tr> <tr> <td data-bbox="1425 449 1696 478">Richard Costigan</td> <td data-bbox="1696 449 1821 478">YES</td> </tr> <tr> <td data-bbox="1425 478 1696 506">Rob Feckner</td> <td data-bbox="1696 478 1821 506">YES</td> </tr> <tr> <td data-bbox="1425 506 1696 535">Dana Hollinger</td> <td data-bbox="1696 506 1821 535">YES</td> </tr> <tr> <td data-bbox="1425 535 1696 564">Steve Juarez</td> <td data-bbox="1696 535 1821 564">YES</td> </tr> <tr> <td data-bbox="1425 564 1696 592">Priya Mathur</td> <td data-bbox="1696 564 1821 592">YES</td> </tr> <tr> <td data-bbox="1425 592 1696 621">David Miller</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> <tr> <td data-bbox="1425 706 1696 735">Betty Yee</td> <td data-bbox="1696 706 1821 735">YES</td> </tr> </tbody> </table>	Committee Member	Vote	Danny Brown	YES	Margaret Brown	YES	Richard Costigan	YES	Rob Feckner	YES	Dana Hollinger	YES	Steve Juarez	YES	Priya Mathur	YES	David Miller	YES	Ramon Rubalcava	YES	Bill Slaton	YES	Theresa Taylor	YES	Betty Yee	YES
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Investment Transactions (for the month ended May 31, 2018)

Total Fund - Public Markets						
	Public Equity	Income	Inflation	ARS	Liquidity	TLPM
Beginning 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
+ Purchases	12,203,113,731	6,607,670,208	2,182,368,905	-	1,660,836,199	2,457,151,838
- Sales	(20,135,471,626)	(7,296,580,616)	(2,451,365,141)	(2,684,229)	(1,824,464,626)	(465,294,142)
+ Unitized Fund Purchases	-	-	-	-	-	-
- Unitized Fund Sales	-	-	-	-	-	-
+/- Other Changes in MV	8,538,257,678	7,504,015,099	(3,278,702,081)	(4,801,547)	(3,418,777,391)	(4,315,421,466)
Ending Market Value	173,133,565,089	75,697,034,482	20,754,664,207	242,941,581	12,958,587,897	3,043,642,242

Total Fund - Private Markets				
	Private Equity	Real Estate	Forestland	Infrastructure
Beginning Market Value	26,961,973,969	31,195,817,957	1,981,565,118	4,173,437,483
+ Contributions	257,239,296	284,856,651	-	67,417,203
- Distributions	(471,487,015)	(271,763,827)	-	(7,651,530)
+ Unitized Fund Purchases	-	-	-	-
- Unitized Fund Sales	-	-	-	-
+/- Other Changes in MV	541,890,091	43,051,298	-	32,207,744
Ending Market Value	27,289,616,342	31,251,962,079	1,985,868,614	4,265,410,899

	Total Public Markets	Total Private Markets	Total Fund
Beginning Market Value	287,870,584,705	64,312,794,527	352,183,379,232
+ Contributions	25,111,140,881	609,513,150	25,720,654,031
- Distributions	(32,175,860,379)	(750,902,372)	(32,926,762,751)
+ Unitized Fund Purchases	-	-	-
- Unitized Fund Sales	-	-	-
+/- Other Changes in MV	5,024,570,291	621,452,629	5,646,022,920
Ending Market Value	285,830,435,497	64,792,857,934	350,623,293,431

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