



Steven J. Foresti
Chief Investment Officer, Wilshire Consulting

September 6, 2018

Mr. Henry Jones
Chairman of the Investment Committee
California Public Employees' Retirement System
400 P Street
Sacramento, CA 95814

Re: Supplemental Income Plan (SIP) Glidepath Implementation

Dear Mr. Jones:

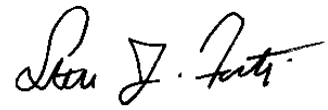
You requested Wilshire's opinion as it relates to implementation of the SIP asset allocation glidepath changes, which were adopted by the investment committee (IC) earlier this year. Wilshire has reviewed the materials provided by Staff and is comfortable that the details clarified therein are consistent with the glidepath approved within item 5a of the April 2018 committee meeting.

By providing this level of transparency, Staff is primarily noting the following two issues:

- Transition timing – Since the annual asset allocation weights were generally attached to a calendar year, with no specificity to date, Staff has highlighted that these transitions occur on October 1st of each year. For example, the allocation shifts prescribed for “2019” go into effect on 10/1/18.
- Glidepath location – Since the analysis presented during the April IC meeting reflected a 2017 start date, the updated implementation details, which begin in 2019 (i.e. 10/1/18, as described above) now reflect allocations being two years into the IC approved glidepath. This location along the glidepaths seems entirely appropriate and consistent with the IC approved glidepath, as it ensures that the allocation “landing points” correspond to expected participant retirement dates as intended within the IC's action.

Please do not hesitate to contact us should you require anything further or have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter J. Fitch". The signature is written in a cursive style with a horizontal line extending from the end.