

Global Equity Annual Program Review: Affiliate Investment Program

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November 13, 2018

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Affiliates | Investment Funds

Defined Benefit

- Legislators' Retirement System Fund (LRS)
- Judges' Retirement System Fund (JRS)
- Judges' Retirement System II Fund (JRS II)

Defined Contribution

- Public Employees' Deferred Compensation (457)
- Supplemental Contributions Program (SCP)

Other Post-Employment Benefit

- California Employers' Retiree Benefit Trust Fund (CERBT)

Health and Welfare

- Public Employees' Long-Term Care Fund (LTC)
- Public Employees' Health Care Fund (HCF)

Affiliates | Investment Update

- **Growth & Performance**

- Strong overall 5-year growth from \$9.3B to \$16.5B at 06/30/18
- Contributions and investment returns both driving growth
- Investment returns align with asset allocation objectives
- Investment structure and efficient processes keep costs low

- **Asset Allocation Implementation**

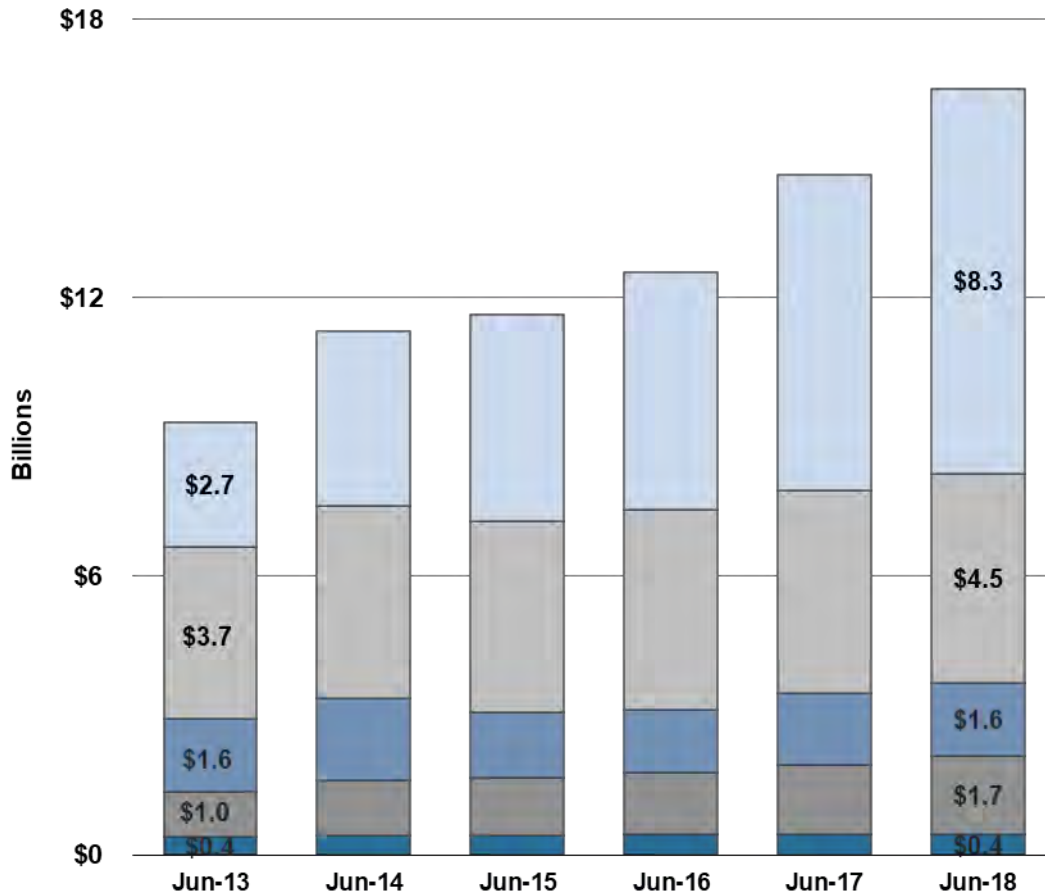
- New allocations approved Q4 FY17/18
- Communication, setup, documentation completed Q1 FY18/19
- Traded funds to new allocations 10/01/18
- Shifted SIP glide path to ‘through’ and launched 2060 fund 10/01/18

Affiliates | Business Update

- **Fiscal Year 2017-2018 Accomplishment Highlights**
 - Strategic Asset Allocation Review
 - Defined Contribution Product Review
 - Global Investment Performance Standards (GIPS)
- **Fiscal Year 2018-2019 Initiative Highlights**
 - Strategic Asset Allocation Implementation
 - California Employers' Pension Prefunding Trust
 - Technology Upgrade

Appendix

Affiliates | Asset Balances and Growth



Assets at 06/30/18:
\$16.5B

Growth 2013 – 2018:

Total Affiliates	77%
CERBT	211%
Long-Term Care	22%
Defined Contribution*	1%
Defined Benefit	76%
Health Care	13%

Affiliates | Investment Performance 06/30/18

	1-Yr			3-Yr			5-Yr			10-Yr		
	Net	Return	Excess bps	Net	Return	Excess bps	Net	Return	Excess bps	Net	Return	Excess bps
Defined Benefit, Health, And OPEB Plans												
Judges' Retirement Fund	1.49		12	0.85		17	0.54		12	0.47		11
Judges' Retirement System II Fund	7.49		14	6.21		23	7.25		23	6.34		4
Legislators' Retirement System Fund	4.82		15	4.42		21	5.19		29	5.77		31
Health Care Fund	(0.33)		7	1.75		3	2.55		28	4.04		32
Long-Term Care Fund	4.03		8	3.68		13	4.05		20	4.38		14
CERBT Strategy 1 Fund	7.96		29	6.43		42	7.38		42	5.94		15
CERBT Strategy 2 Fund	6.19		35	5.43		40	6.19		40	-		-
CERBT Strategy 3 Fund	4.67		27	4.31		33	5.07		42	-		-
SUPPLEMENTAL INCOME PLANS (457/SCP)												
CalPERS Target Income Fund	2.41		4	2.88		10	3.48		13	-		-
CalPERS Target 2015 Fund	2.42		4	2.88		10	3.80		10	-		-
CalPERS Target 2020 Fund	2.96		3	3.13		10	4.36		12	-		-
CalPERS Target 2025 Fund	4.65		3	4.24		11	5.39		14	-		-
CalPERS Target 2030 Fund	5.86		3	4.96		11	6.17		14	-		-
CalPERS Target 2035 Fund	7.17		4	5.78		11	6.99		14	-		-
CalPERS Target 2040 Fund	8.53		6	6.58		12	7.76		17	-		-
CalPERS Target 2045 Fund	9.71		7	7.34		13	8.26		18	-		-
CalPERS Target 2050 Fund	9.75		12	7.34		13	8.26		18	-		-
CalPERS Target 2055 Fund	9.76		12	7.37		16	-		-	-		-
SSgA STIF	1.48		12	0.85		17	0.53		10	-		-
CalPERS SIP US Short Term Bond Core	0.08		(13)	0.58		(13)	-		-	-		-
CalPERS SIP US Bond Core	(0.40)		(0)	1.73		1	-		-	-		-
CalPERS SIP Real Asset Core	8.51		(27)	3.16		(14)	-		-	-		-
CalPERS SIP Russell All Cap Core	14.81		3	11.64		5	-		-	-		-
CalPERS SIP Global All Cap EX-US Core	7.99		24	5.69		23	-		-	-		-

Affiliates | Asset Allocation Timeline

April 2018
Investment Committee

- Asset Allocation Review:**
- Supplemental Income Plans (SIP)

May 2018
Investment Committee

- Asset Allocation Review**
- Legislators' Retirement Fund (LRS)
 - Judges' Retirement Fund (JRS)
 - Judges' Retirement Fund II (JRS II)
 - California Employers' Retiree Benefit Trust Fund (CERBT)

June 2018
Investment Committee

- Asset Allocation Review:**
- Health Care Fund (HCF)
 - Long-Term Care Fund (LTC)

July 2018

- Asset Allocation Implementation**
- Communicate with Stakeholders
 - CalPERS Teams
 - Employers
 - SIP Participants
 - Investment Manager, Custodian, Recordkeeper

August 2018

- Asset Allocation Implementation**
- Structural Setup Updates
 - Benchmark Weights
 - Investment Policies
 - Reports
 - Trading Strategy

September 2018

- Asset Allocation Implementation**
- Trade to Allocations 9/28/18
 - Launch SIP 2060 Fund

Affiliates | Program Attributes

	Program/Fund	Year Established	Program Status	Program Structure	Investment Assets 06/30/18 (in millions)	Asset Allocation Strategy
Defined Benefit	Legislators' Retirement System Fund (LRS)	1947	Closed 2013	Pre-funded pension plan	\$114	Conservative
	Judges' Retirement System Fund (JRS)	1937	Closed 1994	Pay-as-you-go pension plan	\$40	Conservative
	Judges' Retirement System II Fund (JRS II)	1994	Open	Pre-funded pension plan	\$1,522	Moderately Aggressive
Defined Contribution	Public Employees' Deferred Compensation Fund (457)	1990	Open	Voluntary tax-deferred employee savings	\$1,448	Participant directed. Core Funds & Target Retirement Date Funds
	Supplemental Contributions Program (SCP)	1994	Open	Voluntary after-tax employee savings with earnings tax deferred	\$110	Participant directed. Core Funds & Target Retirement Date Funds
Other Post-Employment Benefit	California Employers' Retiree Benefit Trust Fund (CERBT) CERBT Strategy 1	2007	Open	Voluntary pre-funding for other post-employment benefits (OPEB)	\$6,801	Moderately Aggressive
	CERBT Strategy 2	2011			\$1,090	Moderate
	CERBT Strategy 3	2011			\$395	Conservative
Health & Welfare	Public Employees' Health Care Fund (HCF)	1997	Open	Reserves for CalPERS self-funded health plans	\$443	Conservative
	Public Employees' Long-Term Care Fund (LTC)	1995	Open	Voluntary self-funded long-term care	\$4,515	Conservative