December 17, 2018

Mr. Henry Jones  
Chair, Investment Committee  
California Public Employees’ Retirement System  
400 Q Street  
Sacramento, CA 95814

RE: Revision of the Real Assets Program Policy – Final Reading

Meketa Investment Group (“Meketa”) has been asked in its capacity as the Board Infrastructure Consultant to opine on revisions of the California Public Employees’ Retirement System (“CalPERS”) Investment Policy for Real Assets Program (the “Policy”) submitted to the Investment Committee for a final reading on December 17, 2018.

The revisions to the policy are described in Item 06a-00 and involve two related changes to the existing permitted NAV percentage ranges for infrastructure exposure to two of the four geographic regions: for International Developed Markets, increase the upper end of the range from 50% to 60%, leaving the lower end at 0%; and for the United States, decrease the lower end of the range from 50% to 40%, leaving the upper end at 100%. No changes are proposed to the ranges for International Emerging Markets or International Frontier Markets, or to the regional ranges at the Real Assets Program level.

Staff’s primary motivation for the revision is to provide greater capacity for infrastructure investments in International Developed Markets, recognizing the current geographic exposures of the portfolio and expecting future investment opportunities fitting CalPERS’ criteria to be greater in Western Europe, Australia, and Canada, collectively, than in the U.S.

As outlined above, Meketa supports the revisions to the Policy as presented by Staff. We agree the changes will support growing the infrastructure portfolio without a material increase in risk or material impact to the other portfolios (Real Estate and Forestland), or to the Real Assets Program as a whole.

Stephen P. McCourt, CFA  
Managing Principal

Lisa Bacon, CAIA  
Senior Vice President

SPM/EFB/nca