



Investment Committee

Agenda Item 9a

September 16, 2019

Item Name: Public Asset Class Program Policy Revisions – First Reading

Program: Global Equity and Global Fixed Income

Item Type: Information

Executive Summary

This item seeks the Investment Committee's (Committee's) review and direction regarding the proposed updates and revisions to the Global Fixed Income Investment Policy and Global Equity Investment Policy (Program Policies) resulting from this year's annual investment-policy review process. Following feedback from the Committee, staff will return at a subsequent meeting for a second reading.

Strategic Plan

Supports the Fund Sustainability element of the CalPERS 2017-22 Strategic Plan by contributing to the effective management and oversight of investment activities.

Investment Beliefs

This item supports CalPERS Investment Belief 10, particularly sub-belief C.

Background

Staff conducts a review of CalPERS' statements of investment policy on an annual basis for any indicated updates or changes. The most recent 4-year ALM review cycle resulted in a new strategic asset allocation for the Public Employees' Retirement Fund (PERF), in which asset segments were introduced for the public asset classes. With the transition to the new strategic asset allocation now complete, the affected investment policies are being updated accordingly.

Analysis

In August, staff presented to the Committee for a first reading its proposed updates to the Total Fund Investment Policy (Total Fund Policy), which, among other things, addressed the changes required to accommodate asset segments. The purpose of this item is to make the associated conforming changes to the Program Policies. In addition, staff typically takes the occasion of this annual review to propose any indicated clean-up changes. Ministerial updates have also been made to migrate the Policies into CalPERS' new policy template as required by the new accessibility rules.

Budget and Fiscal Impacts

Not Applicable

Benefits and Risks

The changes support appropriate maintenance of the Program Policies. There are no anticipated risks.

Attachments

Attachment 1 – Proposed Global Fixed Income Policy (clean view)

Attachment 2 – Proposed Global Fixed Income Policy (mark-up view)

Attachment 3 – Proposed Global Equity Policy (clean view)

Attachment 4 – Proposed Global Equity Policy (mark-up view)

Attachment 5 – Consultant Opinion Letter – Wilshire Associates

Katherine H. Crocker
Investment Director
Investment Controls & Operational Risk

Dan Bienvenue
Interim Chief Operating Investment Officer