



Investment Committee

Agenda Item 7a

December 16, 2019

Item Name: Private Asset Class Program-Policy Revisions – Second Reading

Programs: Private Equity and Real Assets

Item Type: Action

Recommendation

Approve the revised Private Equity Program Policy (PE Program Policy) and Real Assets Program Policy (RA Program Policy) as presented by staff.

Executive Summary

This item seeks the Investment Committee's (Committee's) consideration and action regarding the proposed updates and revisions to the PE Program Policy and RA Program Policy (together, Program Policies) resulting from this year's annual investment-policy review process.

In response to committee-member feedback received at the first reading of the Program Policies, staff is proposing one additional change to the PE Program Policy.

Strategic Plan

This item 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 that strong processes and teamwork and deep resources are needed to achieve CalPERS goals and objectives.

Background

Proposed changes to the Program Policies were presented to the Committee for a first reading at the November 18, 2019 meeting of the Committee. More information on Agenda Item 10a can be found on the [CalPERS website](#).

Analysis

As noted above, staff is proposing an additional change to the PE Program Policy regarding the definition of "Customized Investment Account" in the CalPERS Specific Glossary of Terms, to clarify the Committee's expectation that staff remains responsible for evaluating the appropriateness of a prospective investment partner's investment expertise in the context of the proposed investment strategy.

The proposed additional change to the definition of "Customized Investment Account" in the CalPERS Specific Glossary of Terms is indicated in Attachments 5 and 6 to this agenda item.

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 Private Equity Policy (clean view)
- Attachment 2 – Proposed Private Equity Policy (mark-up view)
- Attachment 3 – Proposed Real Assets Policy (clean view)
- Attachment 4 – Proposed Real Assets Policy (mark-up view)
- Attachment 5 – Proposed CalPERS Specific Glossary of Terms (clean view)
- Attachment 6 – Proposed CalPERS Specific Glossary of Terms (mark-up view)
- Attachment 7 – Consultant Opinion Letter – Meketa Investment Group (Private Equity)
- Attachment 8 – Consultant Opinion Letter – Wilshire Associates (Real Assets)
- Attachment 9 – Consultant Opinion Letter – Meketa Investment Group (Real Assets)

Katherine H. Crocker
Investment Director
Investment Controls & Operational Risk

Dan Bienvenue
Interim Chief Operating Investment Officer