



Thomas Toth, CFA
Managing Director

November 26, 2019

Mr. Rob Feckner
Chair of the Investment Committee
California Public Employees' Retirement System
400 P Street
Sacramento, CA 95814

Re: Second Reading of Private Equity and Real Asset Program Policy Revisions

Dear Mr. Feckner:

You requested Wilshire's opinion as it relates to the second reading of the Private Equity (PE) and Real Assets (RA) Program Policy Revisions. Wilshire has reviewed the documents and remains comfortable with the changes discussed during the first reading.

Within the glossary definition for a Customized Investment Account, "*distinct* investment expertise" has been replaced with "*appropriate* investment expertise." This more open verbiage is meant to encompass proficiency in specific industries or styles for example, without limiting the opportunity set to just those factors. Further, eliminating the requirement for demonstrated top-quartile returns is not meant to imply that an examination of historical track records will no longer occur. In fact, it will remain a key component of due diligence in an effort to ascertain whether strong prior results are repeatable and sustainable going forward. Rather, the change means the Private Equity team will not be limited by the glossary definition to diligence *only* those strategies with strong past performance. This will allow for consideration of a broader opportunity set, which Wilshire supports.

There were no additional changes requested for the Real Assets policy in this second reading. Wilshire is comfortable that the policy revisions allow for reasonable flexibility in implementation by Staff as they source and diligence opportunities without increasing strategic risk.

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 'T. Toth'.