



**Steven J. Foresti**  
**Chief Investment Officer, Wilshire Consulting**

**Daniel E. Ingram**  
**Vice President, Wilshire Consulting**

November 15, 2019

Mr. Rob Feckner  
Chairman of the Investment Committee  
California Public Employees' Retirement System  
400 P Street, Suite 3492  
Sacramento, CA 95814

**Re: Financial Analysis of CalPERS' Divestment Programs**

Dear Mr. Feckner,

In accordance with CalPERS' Total Fund Investment Policy, Wilshire provides the Investment Committee with financial performance analysis of CalPERS' active divestment activities<sup>1</sup> on an annual basis. This report, which provides that analysis through to June 30, 2019, does not attempt to assess the broader societal or environmental net impacts from CalPERS' divestment activities.

**Summary of Findings**

The following table summarizes Wilshire's estimates of the transaction cost and return impacts from divestment activities.<sup>2</sup> The present value figures below have been calculated to show the estimated impact on the total fund through June 2019, whereby prior period gains and losses are carried forward at the PERF's total return. The percent (%) impacts express these present value dollar amounts against the PERF's June 2019 market value of \$370.3 billion.

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<sup>1</sup> The Appendix contains financial analysis of CalPERS' inactive divestment programs as well as inception-to-date estimates for active programs.

<sup>2</sup> Present value estimates of transaction costs, where included, are based on \$ estimates provided by Staff

**Active Divestment Programs (Last Affirmation to FY 2019)**

	Present Value Estimate		Program Affirmation	Estimates Begin in Calendar Qtr.
	\$MM	% PERF		
Tobacco	770	0.2%	Yes	1Q 2017
EM Principles	645	0.2%	Pending	1Q 2008
Sudan	238	0.1%	Pending	3Q 2010
Iran	160	0.0%	Pending	3Q 2011
Firearms	11	0.0%	Pending	2Q 2013
Thermal Coal	251	0.1%	N/A*	3Q 2017
<b>Active Total</b>	<b>2,075</b>	<b>0.6%</b>		

\* Thermal Coal divestment program began in 3Q 2017

Please do not hesitate to contact us should you require anything further or have any questions.

Sincerely,



Steven J. Foresti



Daniel E. Ingram

**Appendix****All Divestment Programs (Inception to FY 2019)**

	Present Value Estimate		Active Dates
	\$MM	% PERF	
<b>Active</b>			
Tobacco	(3,574)	(1.0%)	1Q 2001 to Present
EM Principles	645	0.2%	1Q 2008 to Present
Sudan	238	0.1%	3Q 2010 to Present
Iran	160	0.0%	3Q 2011 to Present
Firearms	11	0.0%	2Q 2013 to Present
Thermal Coal	251	0.1%	3Q 2017 to Present
<b>Active Total</b>	<b>(2,269)</b>	<b>(0.6%)</b>	
<b>Inactive</b>			
EM Countries	(668)	(0.2%)	4Q 2002 to 4Q 2008
South Africa	(5,695)	(1.5%)	1Q 1988 to 4Q 1994
<b>Inactive Total</b>	<b>(6,363)</b>	<b>(1.7%)</b>	
<b>Overall Total</b>	<b>(8,632)</b>	<b>(2.3%)</b>	