



***Daniel E. Ingram***  
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October 12, 2020

Ms Theresa Taylor  
Chair 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 Ms Taylor,

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, 2020, 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 2020, 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 2020 market value of \$389 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 2020)**

	Present Value Estimate		Program Affirmation	Estimates Begin in Calendar Qtr.
	\$MM	% PERF		
Tobacco	856	0.2%	Yes	1Q2017
EM Principles	688	0.2%	Pending	1Q2008
Sudan	290	0.1%	Pending	3Q2010
Iran	183	0.0%	Pending	3Q2011
Firearms	3	0.0%	Pending	2Q2013
Thermal Coal	348	0.1%	N/A*	3Q2017
<b>Active Total</b>	<b>2,367</b>	<b>0.6%</b>		

\* Thermal Coal divestment program began 3Q2017

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

Sincerely,



Daniel E. Ingram

**Appendix****All Divestment Programs (Inception to FY 2020)**

	Present Value Estimate		Active Dates
	\$MM	% PERF	
<b>Active</b>			
Tobacco	(3,692)	(0.9%)	1Q 2001 to Present
EM Principles	688	0.2%	1Q 2008 to Present
Sudan	290	0.1%	3Q 2010 to Present
Iran	183	0.0%	3Q 2011 to Present
Firearms	3	0.0%	2Q 2013 to Present
Thermal Coal	348	0.1%	3Q 2017 to Present
<b>Active Total</b>	<b>(2,180)</b>	<b>(0.6%)</b>	
<b>Inactive</b>			
EM Countries	(770)	(0.2%)	4Q 2002 to 4Q 2008
South Africa	(5,962)	(1.5%)	1Q 1988 to 4Q 1994
<b>Inactive Total</b>	<b>(6,733)</b>	<b>(1.7%)</b>	