

Attachment 1-Proposed Private Debt (PD) Board Consultant Scope of Services

1. General Services

a. Common Duties

- (i) Maintain a total fund perspective when performing the services of this contract.
- (ii) Provide input on the PD asset class component of the CalPERS investment portfolio, as requested by the Committee.
- (iii) Attend all CalPERS Board of Administration Investment Committee (IC) meetings.
- (iv) Attend CalPERS Board Committees and other sub-committees, as requested.
- (v) Research and make recommendations for use of potential and innovative investment strategies and securities.

b. Research and Analysis

- (i) Prepare comprehensive analysis and provide advice on specific investment issues as requested by the Committee.
- (ii) Prepare and present analysis on current issues as they may pertain to the CalPERS' investment portfolio.

c. Investment Training

- (i) Provide training to the Committee on investment topics covered under this contract.
- (ii) Conduct workshops on specific issues designated by the Committee.

d. Additional Duties or Activities

- (i) Other duties or activities as may be required consistent with and contemplated by the foregoing.

2. Asset Allocation

a. Participate in the periodic Asset Liability Management (ALM) review by providing the following services:

- (i) Support the General Pension Investment Board Consultant's work to define the market opportunity set and asset classes relevant to CalPERS, provide perspective regarding the benchmark used for PD, and provide

perspective on capital market assumptions used in the ALM modeling process.

3. Risk Management

- a. Review and provide opinions to the Board on the risk characteristics and the risk profile of the PD program, including analysis relative to peers.

4. Performance

- a. Review and provide written opinions of custom PD benchmarks, as requested by the Board.
- b. Report on the investment performance of the PD program and provide an analysis of CalPERS investment performance compared to CalPERS Peer Universe. The analysis should include recommendations and justifications for recommendations on any issues in the analysis that would hinder the Board's ability to meet CalPERS long-term investment objectives.
- c. Analyze for reasonableness the benchmarks, measurements, and appropriateness of all factors within PD program Staff performance plans, compared to industry peers.
- d. Validate year-end, quantitative measurements on PD program Staff performance plans.
- e. Assist the Committee in establishing appropriate performance benchmarks for PD in the context of the total CalPERS fund.
- f. Using the Performance reports produced by the CalPERS Master Custodian, prepare and present a semi-annual evaluation report on the performance of CalPERS' PD program including a comparison with the performance of other peer organizations.
- g. Provide CalPERS with semi-annual performance analysis on how the attribution of the PD program versus the Total Fund.
- h. Provide CalPERS with semi-annual performance reports of theoretical portfolios, i.e., market indices, benchmarks, and composite total fund portfolio.
- i. Present semi-annual performance reports to the Investment Committee of the Board.
- j. Advise the CalPERS Compensation Committee investment incentive measures and objectives for the PD team members.

5. Investment Policy Review

- a. Monitor and review how Staff is adhering to the PD Program Policy.
- b. Review, analyze, and provide an independent recommendation on PD Program Investment Policies, Investment Policy and Procedures Guidelines (IPPG), as proposed by Staff, outside advisors, or specialty consultants. The review and recommendation should ensure that the Policies:
 - (i) Meet industry standards,
 - (ii) Are consistent with other Policies,
 - (iii) Use best practices,
 - (iv) Align with CalPERS Investment Beliefs,
 - (v) Reflect the Board's accepted risk tolerance, and
 - (vi) Assist the Board in meeting the long-term investment objectives of CalPERS.
- c. Provide written recommendations for amendments and/or modifications to any Policy, including IPPGs related to the Policy and provide detailed justification for recommendations.
- d. Prepare and present reports and recommendations for reviewing and updating Policy criteria and objectives which include strategies for private asset classes/programs.
- e. Contractor shall provide a review of the CalPERS PD Investment Policy, portfolio mix/asset allocation, and investment strategy relative to changes in the capital markets.

6. External Manager Review

- a. Review and provide an opinion on the process used to identify and source external managers, as requested by the Board.
- b. Provide advice to the Board on questions or issues that arise in the course of administering the external manager programs on strategic issues related to structure policy, and benchmarks.
- c. Review and opine on investment management fees and related expenses as requested by the Board.

7. Backup to the General Pension Investment Board Consultant Services

If directed by the Board the contractor shall provide consulting services in connection with the General Pension Investment Board Consultant contract and engagement as follows:

- a. Maintain general availability to meet the needs of the CalPERS Board of Administration Investment Committee (Committee) and Staff, including but not limited to, attending regular Committee meetings, and meetings with the Committee chair and/or vice-chair to discuss and prepare for Committee meetings.
- b. Provide written second opinions to those issued by the General Pension Investment Board as requested by the Committee.
- c. Provide independent analyses and recommendations on asset allocation strategies, investment policies, Investment Office programs, industry trends and views, general investment portfolio management, asset and sector performance and attribution assignments, and investment risk assessment, or other analyses, as requested by the Committee.
- d. Provide other consulting services which may include recommendations, opinions and/or advice on an issue relevant to the prudent management of the System, as requested by the Board.
- e. Prepare for, attend, and participate in Committee workshops as requested by the Committee for the Asset Allocation and Liability Workshop, assist in the development of assumptions, review and comment on materials, and participate in all pre-meetings.

8. Special Projects

- a. CalPERS Board may request special projects related to the services listed in this section. CalPERS must approve in writing, in advance, any services performed under the Board Investment Consultant Agreements, as Special Projects. Hourly rates specified in the Special Projects table are inclusive of all travel, travel time, food and all other expenses incurred by Consultant while performing services under the Agreement.