



**California Public Employees' Retirement System**

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The Honorable Rick Scott  
United States Senate  
716 Hart Senate Office Building  
Washington, DC 20510

July 31, 2020

Dear Senator Scott,

Thank you for sharing your concerns about the risks to the California Public Employees' Retirement System (CalPERS) that might stem from investments in China. We understand that similar concerns have been expressed by other policymakers and that the topic was recently as part of a Securities and Exchange Commission (SEC) Roundtable. As it was made clear at the Roundtable, many of the concerns you express are appropriately addressed by policymakers, rather than by investors.

CalPERS has a fiduciary obligation to maximize risk-adjusted returns to ensure our ability to meet the obligations to our two million public employees, retirees, and beneficiaries. CalPERS invests in international stocks using two well-established indices from MSCI and FTSE, which are commonly used for investments outside of the United States. By making passive investments based on well-known indices, we believe that our approach provides a broad, diversified exposure to international markets that minimizes the risk to our members and beneficiaries.

We will continue to engage with our index providers on this issue and with policymakers on any reforms that improve transparency, oversight, and enforcement in the capital markets. We have long advocated for improving the SEC's regulatory disclosure regime, including those addressing human rights and human capital. Please do not hesitate to have your staff contact Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if there are any further questions.

Sincerely,

Marcie Frost  
Chief Executive Officer

cc: Danny Brown