



CaIPERS
Total Fund Monthly Update



MONTH ENDING MAY 31, 2012

CalPERS Total Fund Monthly Update

Month Ending May 31, 2012

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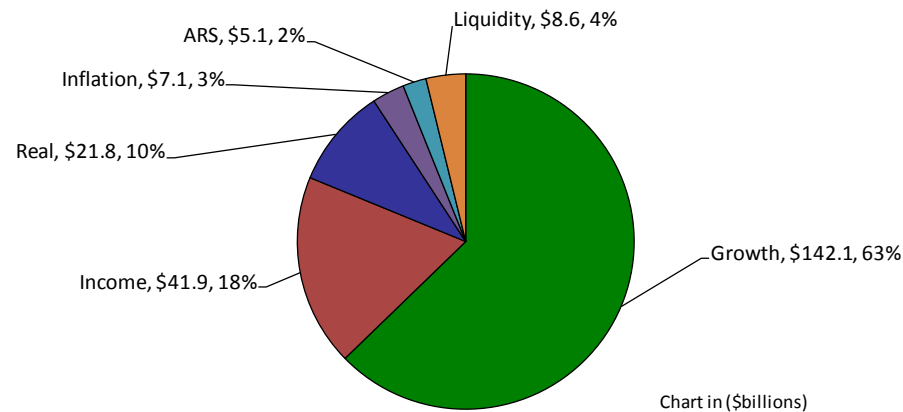
Investment Transactions Summary

Note: Sections I – IV report on the PERF unless otherwise noted.

Section I
Asset Allocation and Risk

MONTH ENDING MAY 31, 2012

Section I: Asset Allocation and Risk

Asset Allocation and Unfunded Commitments (as of May 31, 2012)

Asset Allocation as of May 31, 2012											
	Growth	Public Equity ¹	Private Equity ¹	Income	Liquidity	Real	Real Estate	Forestland/Infrastructure	Inflation	ARS ³	Total Fund
Strategic Target Range % ¹	56-70%	42-56%	10-18%	11-21%	1-7%	8-18%	7-13%	1-5%	1-7%		
Interim Strategic Target %	64%	50%	14%	17%	4%	11%	9%	2%	4%	N/A	N/A
Actual Investment %	63%	48%	15%	19%	4%	10%	8%	1%	3%	2%	N/A
Variance % (Strategic vs. Actual)	(1%)	(2%)	1%	2%	(0%)	(1%)	(1%)	(1%)	(1%)	N/A	N/A
Interim Strategic Target (\$billions)	\$145.0	\$113.3	\$31.7	\$38.5	\$9.1	\$24.9	\$20.4	\$4.5	\$9.1	N/A	\$226.6
Actual Investment (\$billions)	\$142.1	\$107.8	\$34.3	\$41.9	\$8.6	\$21.8	\$18.8	\$2.9	\$7.1	\$5.1	\$226.6
Variance \$(Interim Strategic vs. Actual) (\$billions)	(\$2.9)	(\$5.4)	\$2.5	\$3.4	(\$0.5)	(\$3.2)	(\$1.6)	(\$1.6)	(\$2.0)	N/A	N/A
% Passive	53%	70%	0%	0%	0%	6%	7%	0%	0%	0%	34%
% Active	47%	30%	100%	100%	100%	94%	93%	100%	100%	100%	66%
% Internal	63%	83%	0%	89%	100%	6%	7%	0%	100%	0%	63%
% External	37%	17%	100%	11%	0%	94%	93%	100%	0%	100%	37%

¹ Equity overlay and lending income are included in International Equity, undistributed lending income is included in Global Equity, currency overlay funds are included in Liquidity and the Global Equity Cash Account is included in Domestic Equity and Domestic Fixed Income Transition Account is included in Domestic Fixed Income.

² Interim strategic targets adopted by Board at the August 17th, 2011 Investment Committee meeting

³ This report provides invested dollars and not futures overlay; notional value of futures = \$3.7 billion

Unfunded Market Commitments as of May 31, 2012									
	Private Equity		Real Estate (as of April 30, 2012)		Infrastructure (as of March 31, 2012)		Forestland (as of March 31, 2012)		Corporate Governance (as of April 30, 2012)
Funded	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation	\$(in Billions)	% Allocation	\$(in Billions) % Allocation
Fair Market Value (FMV)	\$34.3	15%	\$18.8	8%	\$8	0%	\$2.1	1%	\$4.0 2%
Unfunded Commitment (UC)	\$12.0	5%	\$8.3	4%	\$3	0%	\$0	0%	\$4 0%
FMV + UC	\$46.2	20%	\$27.1	12%	\$1.0	0%	\$2.1	1%	\$4.4 2%

Section I: Asset Allocation and Risk

Top 20 Exposures: Public Markets (as of May 31, 2012)

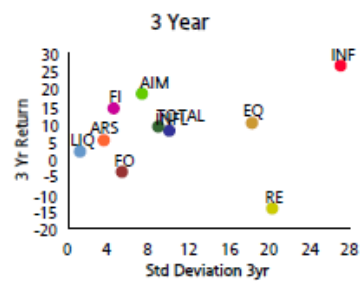
	Company Name ¹	Total Global Equity ²	Total Global Fixed Income ³	Market Value	% of Total Fund
1	APPLE INC	\$1575.6	\$0.0	\$1575.6	0.68%
2	EXXON MOBIL CORP	\$1181.7	\$0.0	\$1181.7	0.51%
3	GENERAL ELECTRIC CO	\$626.4	\$283.2	\$909.6	0.39%
4	AT&T INC	\$646.8	\$151.7	\$798.5	0.34%
5	MICROSOFT CORP	\$758.2	\$0.0	\$758.2	0.33%
6	WELLS FARGO & CO	\$549.7	\$144.3	\$694.1	0.30%
7	INTERNATIONAL BUSINESS MACHINES CORP	\$660.1	\$0.0	\$660.1	0.28%
8	PFIZER INC	\$551.5	\$73.5	\$625.0	0.27%
9	ROYAL DUTCH SHELL A	\$615.7	\$0.0	\$615.7	0.27%
10	CHEVRON CORP NEW	\$610.1	\$0.0	\$610.1	0.26%
11	NESTLE	\$605.7	\$0.0	\$605.7	0.26%
12	SAMSUNG ELECTRONICS	\$597.1	\$0.0	\$597.1	0.26%
13	WAL-MART STORES INC	\$504.9	\$89.7	\$594.6	0.26%
14	HSBC BANK	\$404.8	\$148.2	\$553.0	0.24%
15	JPMORGAN CHASE & CO	\$430.7	\$118.2	\$548.9	0.24%
16	COCA-COLA CO	\$531.5	\$0.0	\$531.5	0.23%
17	PROCTER & GAMBLE CO	\$504.7	\$0.0	\$504.7	0.22%
18	JOHNSON & JOHNSON	\$503.7	\$0.0	\$503.7	0.22%
19	VODAFONE GROUP PLC	\$437.3	\$59.2	\$496.5	0.21%
20	VERIZON COMMUNICATIONS INC	\$400.3	\$93.4	\$493.7	0.21%

¹ Only includes Global Equity & Fixed Income assets

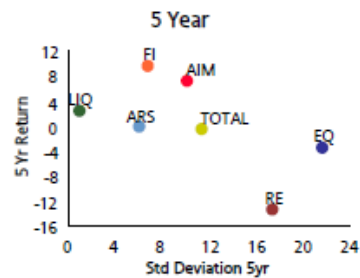
² Source for Global Equity values: BarraOne Risk System

³ Source for Global Fixed Income values: BarraOne Risk System

Section I: Asset Allocation and Risk

Total Fund Risk Profile (as of May 31, 2012)**3 Year Risk Profile****TRACKING ERROR**

	Excess Return (%)	Tracking Error	Information Ratio
TOTAL FUND	-2.13	2.71	-0.79
PUBLIC EQUITY	0.48	0.61	0.78
INCOME	2.95	2.19	1.35
PRIVATE EQUITY	-6.16	16.60	-0.37
REAL ESTATE	-19.85	16.29	-1.22
LIQUIDITY	-0.20	0.25	-0.79
INFLATION	0.83	3.78	0.22
ABSOLUTE RETURN STRATEGY	-0.73	3.65	-0.20
FORESTLAND	-2.87	6.58	-0.44
INFRASTRUCTURE	18.84	27.24	0.69

5 Year Risk Profile**TRACKING ERROR**

	Excess Return (%)	Tracking Error	Information Ratio
TOTAL FUND	-2.70	3.12	-0.86
PUBLIC EQUITY	-0.89	1.06	-0.84
INCOME	0.32	3.29	0.10
PRIVATE EQUITY	-5.28	14.47	-0.36
REAL ESTATE	-18.16	14.08	-1.29
LIQUIDITY	-0.08	0.20	-0.41
INFLATION			
ABSOLUTE RETURN STRATEGY	-7.49	6.65	-1.13
FORESTLAND			
INFRASTRUCTURE			

Excess Return - The difference between the portfolio return and the index return for the given period

Tracking Error - Standard deviation of the Excess Return

Information Ratio - Excess Return divided by the Tracking Error

The information ratio is used to measure risk adjusted returns; industry practice suggests that below 0.15 is considered low, between 0.15 and 0.25 is medium, and above 0.35 is high.

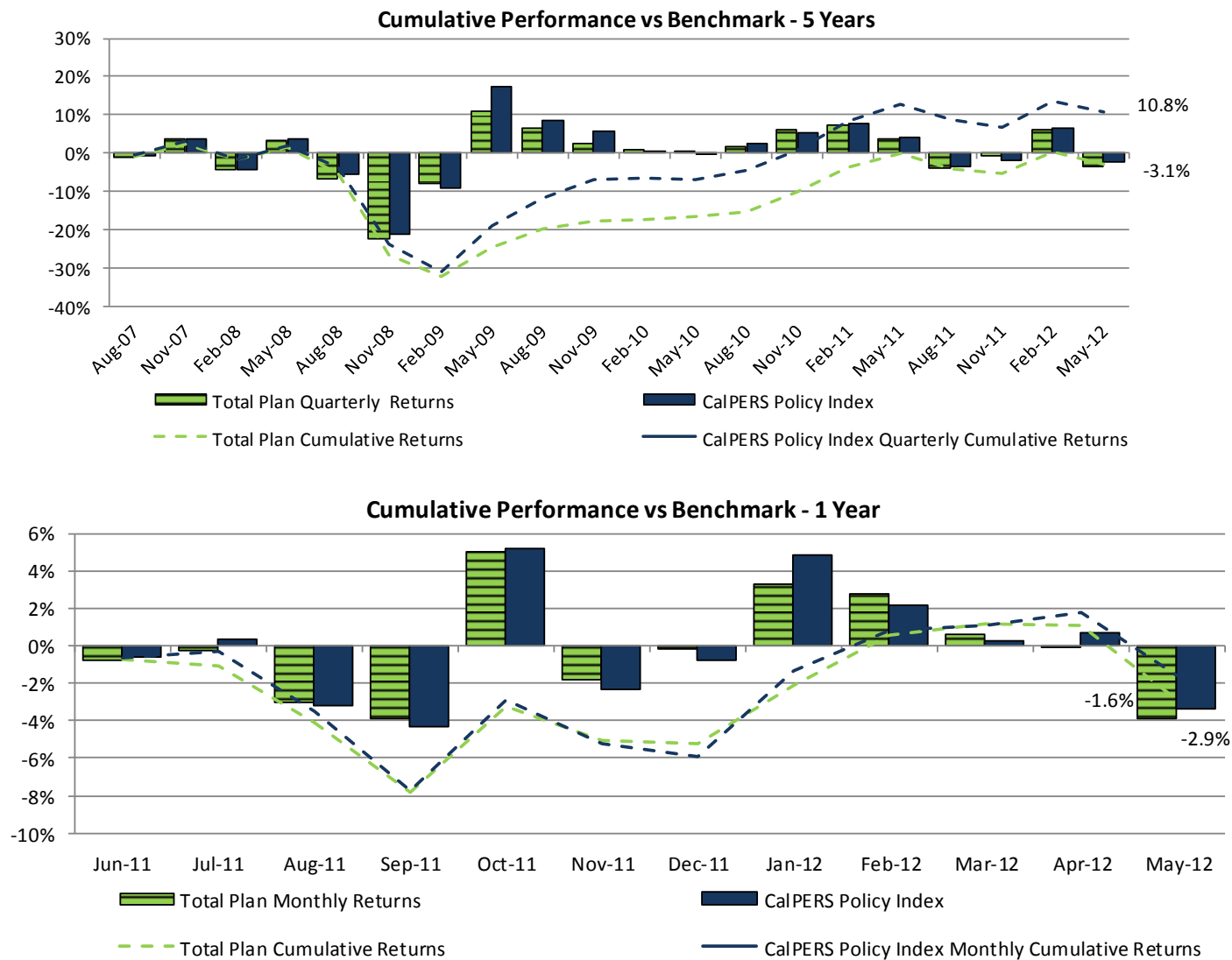


Section II
Investment Performance

MONTH ENDING MAY 31, 2012



Section II: Investment Performance

Net Performance Summary (as of May 31, 2012)

Section II: Investment Performance

Net Performance Summary (as of May 31, 2012)

			1 Month		FYTD		1 Yr		3 Yr		5 Yr		10 Yr	
	Ending Market Value (\$millions)	% of Total Assets	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps
TOTAL FUND SUMMARY														
GROWTH	141,860	62.6	(6.3)	(43)	(7.9)	(25)	(8.9)	(19)	11.8	(86)	(2.1)	(179)	5.2	(66)
PUBLIC EQUITY	107,588	47.5	(9.0)	(7)	(11.5)	(22)	(12.8)	(23)	9.9	48	(3.6)	(89)	4.4	(40)
PRIVATE EQUITY	34,272	15.1	3.3	(165)	4.6	134	5.4	162	18.2	(616)	7.1	(528)	9.8	(9)
INCOME	41,913	18.5	1.8	(30)	12.6	(136)	11.3	(200)	14.1	295	9.4	32	8.3	61
LIQUIDITY	8,263	3.6	0.6	(15)	4.8	(68)	4.8	(67)	1.8	(20)	2.3	(8)	2.6	7
REAL	21,752	9.6	(0.4)	(9)	4.2	(409)	6.4	(489)	(12.8)	(1,632)	(12.0)	(1,627)	2.5	(725)
REAL ESTATE	18,842	8.3	(0.5)	0	6.3	(330)	7.8	(499)	(14.4)	(1,985)	(13.4)	(1,816)	1.7	(724)
FORESTLAND	2,120	0.9	0.0	0	(11.0)	(1,181)	(10.8)	(1,232)	(4.0)	(287)				
INFRASTRUCTURE	790	0.3	0.0	(77)	3.7	(192)	42.5	3,594	26.2	1,884				
INFLATION	7,072	3.1	(5.8)	(248)	(0.4)	(233)	(2.6)	(351)	7.7	83				
COMMODITIES	3,094	1.4	(12.2)	81	(12.1)	(26)	(16.4)	8	2.5	65				
INFLATION LINKED BONDS	3,979	1.8	(0.1)	(5)	8.4	37	8.8	38	8.9	27				
ABSOLUTE RETURN STRATEGY	5,116	2.3	(0.6)	(102)	(1.9)	(186)	(3.2)	(855)	5.0	(72)	(0.2)	(749)	4.9	
OVERLAY & TRANSITION ACCOUNTS	612	0.3												
TOTAL FUND	226,588	100.0	(3.9)	(53)	(2.1)	(112)	(2.9)	(125)	8.9	(213)	(0.6)	(269)	5.4	(103)

Total Fund Inception to Date Net Return: 7.54%.

Inception date: 07/01/1988

Note: Returns for periods greater than one year are annualized.

Section II: Investment Performance

Net Performance vs. Long-Term Expected Returns (*one year period ending May 31, 2012*)

<u>Asset Class</u>	<u>Actual Allocation</u> (%)	<u>One-year Net Asset Return</u> (%)	<u>CalPERS Long-Term Expected Annual Return</u> ^{1, 2} (%)	<u>Current Projected Standard Deviation</u> (%)	<u>Current +/- One Standard Deviation Range</u> (%)	<u>Expected Standard Deviation</u> ¹ (%)	<u>+/- One Standard Deviation Range</u> ³ (%)
Public Equity	48	(12.8)	7.75	20.71	(12.96) - 28.46	16.00	(8.25) - 23.75
Private Equity	15	5.4	9.00	24.59	(15.59) - 33.59	26.00	(17.00) - 35.00
Total Growth	63	(8.9)					
Income	19	11.3	3.75	5.99	(2.24) - 9.74	6.50	(2.75) - 10.25
Real Estate	10	7.8	7.00	18.93	(11.93) - 25.93	14.00	(7.00) - 21.00
Forestland	1	(10.8)	7.00	17.11	(10.11) - 24.11	10.00	(3.00) - 17.00
Infrastructure	0	42.5	7.00	13.34	(6.34) - 20.34	10.00	(3.00) - 17.00
Total Real	10	6.4					
Inflation Linked Bonds	2	(16.4)	3.50	6.36	(2.86) - 9.86	6.00	(2.50) - 9.50
Commodities	1	8.8	5.00	25.64	(20.64) - 30.64	21.00	(16.00) - 26.00
Total Inflation	3	(2.6)					
Absolute Return Strategy (ARS) ¹	2	(3.2)		3.24	(3.24) - 3.24		
Liquidity	4	4.8	3.25	2.47	0.78 - 5.72	6.20	(2.95) - 9.45
Total Fund	100	(2.9)	7.38	14.89	(7.51) - 22.27	11.92	(4.54) - 19.30

¹ Investment Committee Meeting December 2010 excluding ARS which was not forecasted. These are the capital markets assumptions used in the 2010 Strategic Asset Allocation Study.

² Compound return

³ Standard Deviation is a measure of variability of returns around the expected average return. Returns are expected to be within minus one and plus one standard deviation 67% of the time, or two out of every three years.

Note: The Global Equity Transition Account is included in Domestic Equity, the Fixed Income Transition Account is included in Domestic Fixed Income, and the currency overlay funds are included in Liquidity for Asset Allocation purposes.



Section III

Investment Policy and Compliance



MONTH ENDING MAY 31, 2012

Policy Violations

Material Exceptions to Policy

According to policy requirements, the following is a summary of investment policy violations as reported by the program areas.

The following program areas had no violations to report for the period:

- Public Equity
- Private Equity
- Liquidity
- Inflation
- Real Estate
- Forestland
- Infrastructure - Per the new Infrastructure Policy effective as of August 15, 2011, as stated in Section V.F.2, the requirement to meet various policy parameters will be applicable for the Infrastructure Program only when the NAV exceeds \$3 billion.
- Absolute Return Strategies

The following program area had violations to report for the period:

- **Income**
 - **New Compliance Policy Issue:**
LOW DURATION FIXED INCOME – SHORT DURATION PROGRAM: Asset and Sector Diversification Limit
 AAA Structured Security (single issuer) with less than or equal to 1.5 year Weighted Average Life limited to 15% of the SDF program.

Policy Violations

IDENTIFIED SECURITY THAT EXCEEDED LIMIT:

Chase Issuance Trust – CHAIT_07-A13 (161571CD4) 07/16/12 - \$125mm current face (15.95% of SDF program)

Date of violation – 4/19/12

Date staff was notified of violation – 4/20/12

Staff Recommendation:

With the Short Duration Program currently not purchasing new securities its NAV has been decreasing over time. This has resulted in a “denominator effect” where the percentage of allocation of the identified security position has increased while the position itself has remained constant. At its peak, the Short Duration Fund’s NAV was around \$6 billion. Currently the Fund’s NAV is around \$804.6 million.

Staff recommends holding the bond due to the high quality of the short weighted average life of the bond (expected maturity date 07/16/12). Staff will closely monitor the bond to determine future action.

- **Existing Compliance Policy Issue:**

HIGH QUALITY LIBOR PROGRAM: Asset and Sector Diversification Limit

One AAA credit card asset-backed security with a concentration violation due to a “denominator effect.”

IDENTIFIED SECURITY THAT EXCEEDED LIMIT:

Bank of America Credit Card Trust – BACCT 2007-A9 A9 (05522RBE7) 06/15/12

Staff Recommendation:

Staff recommends holding the bond due to the high quality of the short weighted average life of the bond (expected maturity date (06/15/12).

Section III: Investment Policy and Compliance

Disclosure of Closed Session Action Items

	Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote
	No Items to Report			



Section IV
Investment Transactions

MONTH ENDING MAY 31, 2012



Section IV: Investment Transactions

Items Completed Under Delegated Authority *(for the month of May 31, 2012)*

Program Area	Name of Investment	Commitment	Initial Funding Date of Partnership	Complies with Delegation Number	Due Diligence Report Received From
Real Estate	Meriwether Farms LLC*	3,211,600	Apr-04	N/A	N/A
Real Estate	Legacy Partners Affordable Housing Fund*	20,000,000	Dec-02	N/A	N/A
Real Estate	HCB Long Term Hold Fund	110,000,000	May-12	11-01-INV	Crosswater
*Additional commitments to current investment					

Section IV: Investment Transactions

Disclosure of Placement Agent Fees *(for the month of May 31, 2012)*

REGISTERED							
Program Area	Firm Name	Fund	Placement Agent Firm	SEC/FINRA	Secretary of State	Estimated Placement Agent Compensation	Transaction Type
No Items to Report							

Section IV: Investment Transactions

Investment Transactions Summary – Estimated Values *(for the month of May 31, 2012)*

	Public Equity	REIT	PERF - Public Markets		ARS	Liquidity
			Income	Inflation		
Beginning Market Value	118,635,161,381	1,442,216,105	41,194,336,618	7,503,312,666	5,146,439,674	9,216,057,226
+ Purchases	3,426,227,319	-	1,517,436,188	53,386,249	-	1,627,928,000
- Sales	(1,370,264,235)	(55,320)	(569,752,784)	(51,872,919)	(450,261)	(1,446,339,000)
+ Unitized Fund Purchases	516,053,670	-	-	-	-	-
- Unitized Fund Sales	(100,180,000)	-	-	-	-	-
+/- Other Changes in MV	(13,259,843,340)	(90,308,699)	(223,000,387)	(432,651,208)	(30,249,468)	(788,088,779)
Ending Market Value	107,847,154,795	1,351,852,086	41,919,019,635	7,072,174,787	5,115,739,945	8,609,557,447

	PERF - Private Markets			
	Private Equity	Real Estate	Forestland	Infrastructure
Beginning Market Value	33,287,035,511	17,490,015,161	2,120,118,524	789,838,403
+ Contributions	444,008,836	596,258,239	-	1,715,539
- Distributions	(753,229,599)	(228,090,841)	-	(326,882)
+ Unitized Fund Purchases	-	-	-	-
- Unitized Fund Sales	-	-	-	-
+/- Other Changes in MV	1,294,333,915	(368,167,398)	-	(1,388,657)
Ending Market Value	34,272,148,663	17,490,015,161	2,120,118,524	789,838,403

	Total Public Markets	Total Private Markets	Total PERF
Beginning Market Value	183,137,523,670	53,687,007,599	236,824,531,269
+ Contributions	6,624,977,756	1,041,982,614	7,666,960,370
- Distributions	(3,438,734,519)	(981,647,322)	(4,420,381,841)
+ Unitized Fund Purchases	516,053,670	-	516,053,670
- Unitized Fund Sales	(100,180,000)	-	(100,180,000)
+/- Other Changes in MV	(14,824,141,881)	924,777,860	(13,899,364,021)
Ending Market Value	171,915,498,695	54,672,120,751	226,587,619,446

Note: Numbers will not tie exactly to the Asset Allocation/Performance categories due to classification differences.

Section IV: Investment Transactions

Investment Proposal Activity Summary (for the month of May 31, 2012)

	Private Asset Classes				Public Asset Classes				Total
	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals	29	1	7	46	3	7	1	3	97
New Proposal During the Month	13	1	12	10	3	3	1	3	46
Reinstated Proposal During Month	0	0	3	0	0	0	0	0	3
Decisions During the Month	7	2	11	2	0	7	0	0	29
End of Month Proposals	35	0	11	54	6	3	2	6	117
Status Details									
Status	Private Asset Classes				Public Asset Classes				Total
	Private Equity	Forestland	Infrastructure	Real Estate	ARS	Global Equities	Commodities	Global Fixed Income	
Start of Month Proposals									
Submitted	8	1	0	5	0	0	0	0	14
Screening	20	0	7	31	3	7	1	3	72
Due Diligence	1	0	0	10	0	0	0	0	11
Approved	0	0	0	0	0	0	0	0	0
Subtotal	29	1	7	46	3	7	1	3	97
New Proposals During the Month									
Subtotal	14	1	12	10	3	3	1	3	47
Reinstated Proposals During Month									
Subtotal	0	0	3	0	0	0	0	0	3
Decisions During the Month									
Committed	0	0	0	2	0	0	0	0	2
Declined	6	2	11	0	0	2	0	0	21
Failed to Materialize	0	0	0	0	0	2	0	0	2
Referred	1	0	0	0	0	3	0	0	4
Subtotal	7	2	11	2	0	7	0	0	29
End of Month Proposals									
Submitted	6	0	0	7	0	0	1	0	14
Screening	26	0	11	39	6	3	1	6	92
Due Diligence	3	0	0	8	0	0	0	0	11
Approved	0	0	0	0	0	0	0	0	0
Subtotal	35	0	11	54	6	3	2	6	117



Section V
Affiliate and Other Funds

MONTH ENDING MAY 31, 2012	

Section V: Affiliate and Other Funds

Asset Allocation (for the month of May 31, 2012)

Asset Allocation as of May 31, 2012									
	Global Equity	Domestic Equity	International Equity	Domestic Fixed	TIPS	High Yield	REITs	Commodities	Cash
Defined Benefit Plans									
Legislators' Retirement System									
Target Ranges %	27-37%	N/A	N/A	37-47%	11-19%	N/A	6-10%	1-5%	N/A
Strategic Target %	32%			42%	15%		8%	3%	0%
Actual Investment %	30%			44%	16%		8%	3%	0%
Variance % (Strategic vs. Actual)	(2%)	0%	0%	2%	1%		(0%)	(0%)	0%
Judges' I Retirement System									
Target Ranges %									100%
Strategic Target %									100%
Actual Investment %									100%
Variance % (Strategic vs. Actual)	0%	0%	0%	0%	0%	0%	0%	0%	0%
Judges' II Retirement System									
Target Ranges %	58-68%	N/A	N/A	15-25%	4-8%	N/A	6-10%	1-5%	N/A
Strategic Target %	63%			20%	6%		8%	3%	0%
Actual Investment %	61%			22%	6%		8%	3%	0%
Variance % (Strategic vs. Actual)	(2%)	0%	0%	2%	0%	0%	0%	(0%)	0%

Note: Allocation targets approved at the August 15, 2011 Investment Committee meeting.

Section V: Affiliate and Other Funds

Asset Allocation (for the month of May 31, 2012)

Asset Allocation as of May 31, 2012									
	Global Equity	Domestic Equity	International Equity	Domestic Fixed	TIPS	High Yield	REITs	Commodities	Cash
Health and Other Post-Employment Benefit Trusts									
Long-Term Care Fund									
Target Ranges %	N/A	20-30%	14-24%	25-35%*	11-19%	N/A	6-10%	1-5%	N/A
Strategic Target %		25%	19%	30%	15%		8%	3%	0%
Actual Investment %		24%	17%	32%	16%		8%	3%	0%
Variance % (Strategic vs. Actual)	0%	(1%)	(2%)	2%	1%	0%	0%	(0%)	0%
CERBT Strategy 1									
Target Ranges %	N/A	30-40%	26-36%	13-23%*	3-7%	N/A	6-10%	1-5%	N/A
Strategic Target %		35%	31%	18%	5%		8%	3%	0%
Actual Investment %		35%	29%	20%	5%		8%	3%	0%
Variance % (Strategic vs. Actual)	0%	(0%)	(2%)	2%	0%	0%	(0%)	(0%)	0%
CERBT Strategy 2									
Target Ranges %	N/A	15-25%	25-35%	19-29%	11-19%	N/A	6-10%	1-5%	N/A
Strategic Target %		20%	30%	24%	15%		8%	3%	0%
Actual Investment %		20%	28%	26%	16%		8%	3%	0%
Variance % (Strategic vs. Actual)	0%	(0%)	(2%)	2%	1%	0%	(0%)	(0%)	0%
CERBT Strategy 3									
Target Ranges %	N/A	7.8-17.8%	14.2-24.2%	37-47%	11-19%	N/A	6-10%	1-5%	N/A
Strategic Target %		13%	19%	42%	15%		8%	3%	0%
Actual Investment %		12%	17%	44%	16%		8%	3%	1%
Variance % (Strategic vs. Actual)	0%	(1%)	(2%)	2%	1%	0%	(0%)	(0%)	1%
Health Care Bond Fund									
Target Ranges %				100%					
Strategic Target %				100%					
Actual Investment %				100%					
Variance % (Strategic vs. Actual)	0%	0%	0%	0%	0%	0%	0%	0%	0%
Contingency Reserve Fund									
Target Ranges %									100%
Strategic Target %									100%
Actual Investment %									100%
Variance % (Strategic vs. Actual)	0%	0%	0%	0%	0%	0%	0%	0%	0%

* In 2011 the Affiliate Funds were transitioned to new asset allocation policy targets and ranges (approved by the Investment Committee 8/15/11). \$158,694 high yield remains in SK99 due to illiquidity of the positions.

Section V: Affiliate and Other Funds

Asset Allocation (for the month of May 31, 2012)

Asset Allocation as of May 31, 2012					
	Global Equity	Fixed Income	TIPS	Commodities	REITs
<i>Defined Contribution Plans</i>					
Conservative					
Target Range %	25-35%	48-58%	11-19%	1-3%	0%
Strategic Target %	30%	53%	15%	2%	0%
Actual Investment %	28%	54%	16%	2%	0%
Variance % (Strategic vs. Actual)	2%	(1%)	(1%)	0%	0%
Moderate					
Target Range %	55-65%	23-33%	3-7%	2-6%	2-4%
Strategic Target %	60%	28%	5%	4%	3%
Actual Investment %	58%	30%	5%	4%	3%
Variance % (Strategic vs. Actual)	2%	(2%)	(0%)	0%	(0%)
Aggressive					
Target Range %	79-91%	3-7%	0%	3-7%	3-7%
Strategic Target %	85%	5%	0%	5%	5%
Actual Investment %	85%	6%	0%	5%	5%
Variance % (Strategic vs. Actual)	0%	(1%)	0%	0%	(0%)
Income					
Target Range %	25-35%	48-58%	11-19%	1-3%	0%
Strategic Target %	30%	53%	15%	2%	0%
Actual Investment %	28%	54%	16%	2%	0%
Variance % (Strategic vs. Actual)	2%	(1%)	(1%)	0%	0%
2005					
Target Range %	32-42%	40-50%	12-20%	1-3%	0%
Strategic Target %	37%	45%	16%	2%	0%
Actual Investment %	35%	46%	17%	2%	0%
Variance % (Strategic vs. Actual)	2%	(1%)	(1%)	0%	0%
2010					
Target Range %	39-49%	32-42%	11-19%	1-3%	1-3%
Strategic Target %	44%	37%	15%	2%	2%
Actual Investment %	42%	38%	16%	2%	2%
Variance % (Strategic vs. Actual)	2%	(1%)	(1%)	0%	0%
2015					
Target Range %	45-55%	28-38%	8-14%	1-5%	2-4%
Strategic Target %	50%	33%	11%	3%	3%
Actual Investment %	48%	35%	12%	3%	3%
Variance % (Strategic vs. Actual)	2%	(2%)	(1%)	0%	(0%)

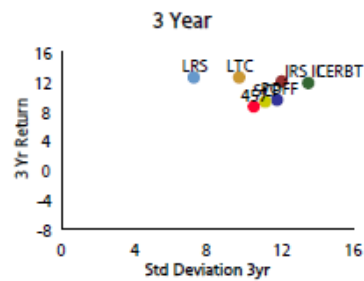
Section V: Affiliate and Other Funds

Asset Allocation (for the month of May 31, 2012)

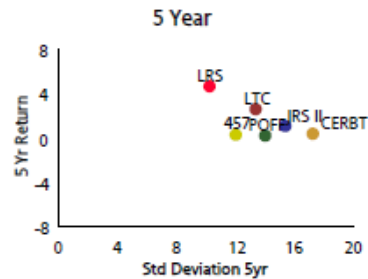
Asset Allocation as of May 31, 2012					
	Global Equity	Fixed Income	TIPS	Commodities	REITs
<i>Defined Contribution Plans</i>					
2020					
Target Range %	52-62%	25-35%	4-8%	2-6%	2-4%
Strategic Target %	57%	30%	6%	4%	3%
Actual Investment %	55%	32%	6%	4%	3%
Variance % (Strategic vs. Actual)	2%	(2%)	(0%)	0%	(0%)
2025					
Target Range %	61-71%	18-28%	1-3%	3-7%	2-6%
Strategic Target %	66%	23%	2%	5%	4%
Actual Investment %	64%	25%	2%	5%	4%
Variance % (Strategic vs. Actual)	2%	(2%)	(0%)	0%	(0%)
2030					
Target Range %	68-80%	11-21%	0%	3-7%	3-7%
Strategic Target %	74%	16%	0%	5%	5%
Actual Investment %	73%	17%	0%	5%	5%
Variance % (Strategic vs. Actual)	1%	(1%)	0%	0%	(0%)
2035					
Target Range %	76-88%	6-10%	0%	3-7%	3-7%
Strategic Target %	82%	8%	0%	5%	5%
Actual Investment %	81%	9%	0%	5%	5%
Variance % (Strategic vs. Actual)	1%	(1%)	0%	0%	(0%)
2040					
Target Range %	79-91%	3-7%	0%	3-7%	3-7%
Strategic Target %	85%	5%	0%	5%	5%
Actual Investment %	85%	6%	0%	5%	5%
Variance % (Strategic vs. Actual)	0%	(1%)	0%	0%	(0%)
2045					
Target Range %	79-91%	3-7%	0%	3-7%	3-7%
Strategic Target %	85%	5%	0%	5%	5%
Actual Investment %	85%	5%	0%	5%	5%
Variance % (Strategic vs. Actual)	0%	(0%)	0%	0%	(0%)
2050					
Target Range %	79-91%	3-7%	0%	3-7%	3-7%
Strategic Target %	85%	5%	0%	5%	5%
Actual Investment %	85%	6%	0%	5%	5%
Variance % (Strategic vs. Actual)	0%	(1%)	0%	0%	(0%)

Note Policy target weights are compared to actual target weights for internally managed risk-based and target date asset allocation plans. Asset allocation strategies are not applicable to some SIP core funds (i.e., Total Bond Return Fund).

Section V: Affiliate and Other Funds

Asset Allocation (for the month of May 31, 2012)**3 Year Risk Profile****TRACKING ERROR**

	Excess Return (%)	Tracking Error	Information Ratio
LONG-TERM CARE FUND	0.69	0.73	0.95
CERBT TRUST AGGREGATE	0.33	0.61	0.54
457 AGGREGATE	-0.58	0.70	-0.83
JUDGES' RETIREMENT SYSTEM II FUND	0.39	0.80	0.49
BALANCED GROWTH - POFF	-1.44	0.95	-1.51
LEGISLATORS' RETIREMENT SYSTEM FUND	0.96	1.12	0.86
SCP AGGREGATE	-1.34	0.82	-1.63

5 Year Risk Profile**TRACKING ERROR**

	Excess Return (%)	Tracking Error	Information Ratio
LONG-TERM CARE FUND	0.06	1.02	0.06
CERBT TRUST AGGREGATE	0.66	1.17	0.56
457 AGGREGATE	-0.51	0.79	-0.64
JUDGES' RETIREMENT SYSTEM II FUND	-0.17	1.03	-0.16
BALANCED GROWTH - POFF	-1.13	1.09	-1.04
LEGISLATORS' RETIREMENT SYSTEM FUND	0.07	1.65	0.04
SCP AGGREGATE			

Excess Return - The difference between the portfolio return and the index return for the given period

Tracking Error - Standard deviation of the Excess Return

Information Ratio - Excess Return divided by the Tracking Error

The information ratio is used to measure risk adjusted returns; industry practice suggests that below 0.15 is considered low, between 0.15 and 0.25 is medium, and above 0.35 is high.

Section V: Affiliate and Other Funds

Net Performance Summary *(for the month May 31, 2012)*

		Ending Market Value (\$millions)		1 Month		FYTD		1 Yr		3 Yr		5 Yr		10 Yr	
				Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps
DEFINED BENEFIT PLANS															
	JUDGES RETIREMENT FUND	56		0.0	(1)	0.0	(2)	0.1	0	0.2	8	1.3	24	2.0	14
	JUDGES RETIREMENT SYSTEM II FUND	615		(5.9)	0	(1.6)	(81)	(2.9)	(91)	11.8	39	1.0	(16)	5.3	(34)
	LEGISLATOR'S RETIREMENT SYSTEM FUND	121		(2.6)	(6)	4.5	(92)	3.4	(108)	12.4	96	4.6	8	6.1	(47)
DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS															
						1 Month	FYTD	1 Yr		3 Yr		5 Yr		10 Yr	
	CALPERS SUPPLEMENTAL INCOME 457 PLAN	926		(4.5)	(36)	(2.2)	(103)	(3.4)	(108)	8.5	(58)	0.2	(51)	3.7	
	SUPPLEMENTAL CONTRIBUTIONS PLAN	18		(4.8)	(59)	(2.3)	(130)	(3.6)	(132)	9.1	(134)				
	STATE PEACE OFFICERS' & FIREFIGHTERS' (POFF) SUPPLEMENTAL PLAN	458		(5.3)	(72)	(2.7)	(154)	(4.1)	(159)	9.4	(144)	0.2	(113)	4.0	(105)
HEALTH AND OTHER POST-EMPLOYMENT BENEFIT FUNDS						1 Month	FYTD	1 Yr		3 Yr		5 Yr		10 Yr	
	CALPERS CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST (CERBT) TRUST AGGREGATE	1,918		(5.9)	13	(3.4)	33	(4.8)	25	11.6	33	0.3			
	CALPERS HEALTH CARE BOND FUND	487		0.8	(12)	7.1	(33)	6.7	(44)	8.1	94	6.6			
	LONG TERM CARE FUND	3,407		(3.6)	21	0.7	(27)	(0.5)	(34)	12.4	69	2.5	5	5.8	(11)
RESERVE FUNDS						1 Month	FYTD	1 Yr		3 Yr		5 Yr		10 Yr	
	CONTINGENCY RESERVE FUND	6		0.0	(1)	0.0	(1)	0.1	0	0.2	8	1.3	24	2.0	15
SECURITIES LENDING COLLATERAL						1 Month	FYTD	1 Yr		3 Yr		5 Yr		10 Yr	
	SECURITIES LENDING COLLATERAL REINVESTMENT POOLS	9,115		0.1	8	0.58	50	2.0	191	1.67	154	1.12	10	2.04	12

Section V: Affiliate and Other Funds

Gross Performance Summary *(for the month May 31, 2012)*

				1 Month		FYTD		1 Yr		3 Yr		5 Yr		10 Yr	
		Ending Market Value (\$millions)		Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps	Fund Rate of Return	Excess Return in Bps
DEFINED BENEFIT PLANS															
	JUDGES RETIREMENT FUND	56		0.0	(1)	0.0	(2)	0.1	0	0.2	8	1.3	24	2.0	14
	JUDGES RETIREMENT SYSTEM II FUND	615		(5.9)	0	(1.6)	(81)	(2.9)	(91)	11.8	39	1.0	(16)	5.3	(34)
	LEGISLATOR'S RETIREMENT SYSTEM FUND	121		(2.6)	(6)	4.5	(92)	3.4	(108)	12.4	96	4.6	8	6.1	(47)
DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS				1 Month		FYTD		1 Yr		3 Yr		5 Yr		10 Yr	
	CALPERS SUPPLEMENTAL INCOME 457 PLAN	926		(4.4)	(32)	(1.7)	(56)	(2.9)	(58)	9.0	(3)				
	SUPPLEMENTAL CONTRIBUTIONS PLAN	18		(4.8)	(55)	(2.0)	(93)	(3.2)	(92)	9.6					
	STATE PEACE OFFICERS' & FIREFIGHTERS' (POFF) SUPPLEMENTAL PLAN	458		(5.3)	(68)	(2.3)	(112)	(3.6)	(112)	10.0	(31)	0.9	(36)	4.7	(31)
HEALTH AND OTHER POST-EMPLOYMENT BENEFIT FUNDS				1 Month		FYTD		1 Yr		3 Yr		5 Yr		10 Yr	
	CALPERS CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST (CERBT) STRATEGY 1 FUND	1,918		(5.9)	13	(3.4)	33	(4.8)	25	11.6	33	0.3			
	CALPERS HEALTH CARE BOND FUND	487		0.8	(12)	7.1	(33)	6.7	(44)	8.1		6.6			
	LONG TERM CARE FUND	3,407		(3.6)	21	0.7	(27)	(0.5)	(34)	12.4	(11)	0.0	5	5.8	(11)
RESERVE FUNDS				1 Month		FYTD		1 Yr		3 Yr		5 Yr		10 Yr	
	CONTINGENCY RESERVE FUND	6		0.0	(1)	0.0	(1)	0.1	0	0.2	15	1.3	24	2.0	15
SECURITES LENDING COLLATERAL				1 Month		FYTD		1 Yr		3 Yr		5 Yr		10 Yr	
	SECURITES LENDING COLLATERAL REINVESTMENT POOLS	9.115		0.1	8	0.58	50	2.0	191	9.95	154	1.12	10	2.04	12

Policy Violations *(for the month of May 31, 2012)*

Material Exceptions to Policy

The following program area had violations to report for the period:

- **Securities Lending**

- **Existing Compliance Issues:**

- SECURITIES LENDING -Delegated Cash Collateral Re-Investment Guidelines*

- Cash collateral received must be invested in securities that receive the required credit quality level.

- ABS Minimum Credit Rating: Aaa/AAA/AAA

- IDENTIFIED SECURITY THAT DID NOT MEET RATING:*

- SLM Student Loan Trust – SLMA_07-3_A2 (78443YAB2) 10/25/17 - \$160mm current face

- S&P downgraded from AAA to AA+ on 2-7-12

- Date of violation - 2/7/12

- Date staff was notified of violation - 2/8/12

- Staff Recommendation:**

- On February 7, 2012, S&P downgraded the bond to AA+.

- On February 8, 2012, staff placed an indicative bid on the bond to brokers and bid levels provided were not attractive. Staff recommended holding the bond for now but will closely monitor the bond to determine future action.

- The bond is backed by 100% FFELP student loans which are guaranteed by the federal government.

- Per Securities Lending Policy, the Consultant shall be asked to provide an opinion on all new Policy Violations. Attached is Wilshire's letter for the most recent Policy Violations (Attachment 3).

Policy Violations *(for the month of May 31, 2012)*

○ **Securities Lending (Cont'd.)**• **Existing Compliance Issues:**IDENTIFIED SECURITIES THAT DID NOT MEET RATING:

CCESS Group – (00432CDM0) 04/25/17

Date of violation – 10/10/11

SLM Student Loan Trust – (78443DAA0) 09/15/22

Date of violation – 05/28/10

National Collegiate Student Loan Trust – (63543XAA7) 06/25/25

Date of violation – 12/02/08

Gryphon (SIV) – (40052TAA7) 08/01/20

Date of violation – 08/29/07

Ironside Holdings (SIV) – (IRONSZ\$09) 12/01/53

Date of violation – 12/21/07

The above securities were purchased by external managers and downgraded by Fitch, Moody's and S&P in prior periods.

Staff Recommendation:

Staff expects the remaining three Asset-Backed Securities to pay down over the next 14 to 18 months. The SIVs are currently under review and Staff is working to maximize value and will continue to update the Board accordingly.

Section V: Affiliate and Other Funds

Investment Transactions Summary (for the month of May 31, 2012)

	Health and Other Post-Employment Benefit Funds						Reserve Fund
	CERBT Strategy 1 Fund	CERBT Strategy 2 Fund	CERBT Strategy 3 Fund	Health Care Bond Fund	Long Term Care Fund	Contingency Reserve Fund	
Beginning Market Value	1,837,981,085	180,959,632	4,916,676	482,987,486	3,528,686,225		6,110,723
+ Purchases	-	-	-	-	-	-	-
- Sales	-	-	-	-	-	-	-
+ Unitized Fund Purchases	1,900,000	113,460,000	-	24,409	7,231,444	-	-
- Unitized Fund Sales	(100,600,000)	(285,000)	-	-	-	-	-
+/- Other Changes in MV	(111,288,366)	(9,272,869)	(89,791)	3,764,090	(128,789,775)		270
Ending Market Value	1,627,992,719	284,861,763	4,826,885	486,775,985	3,407,127,894		6,110,993

	Defined Contribution and Deferred Compensation Plans	Defined Benefit Plans		
	Supplemental Income Plans (457/SCP/POFF)	Judges Retirement Fund	Judges Retirement System II Fund	Legislator's Retirement System Fund
Beginning Market Value	362,106,406	55,866,334	648,146,404	124,435,466
+ Purchases	-	-	-	-
- Sales	-	-	-	-
+ Unitized Fund Purchases	8,654,191	-	5,515,573	1,531
- Unitized Fund Sales	(7,729,676)	-	-	(648,000)
+/- Other Changes in MV	(124,372,431)	2,463	(38,570,594)	(3,189,469)
Ending Market Value	238,658,489	55,868,797	615,091,384	120,599,528

	Unitized Funds						Affiliated and Other Funds
	Public Equity	REIT	Income*	Inflation	Liquidity*		
Beginning Market Value	77,063,902,157	1,883,873,665	38,313,768,711	3,736,765,655	6,502,474,781		4,837,944,634
+ Purchases	424,215,409	1,557,442	12,058,295,824	22,021,224	9,944,099,296		87,331,691
- Sales	(142,208,192)	(319,868)	(11,023,592,073)	(466,395,087)	(10,170,528,200)		(76,852,639)
+/- Other Changes in MV	(6,469,520,924)	(124,459,481)	(294,394,925)	(8,067,118)	992,452,581		(190,043,614)
Ending Market Value	70,876,388,451	1,760,651,758	39,054,077,537	3,284,324,674	7,268,498,458		4,658,380,072

* Maturities may be included due to the volume of transactions



CalPERS Investment Office

Investment Servicing Division

400 Q Street

Sacramento, CA. 95814