



Investment Committee

Agenda Item 6f

March 13, 2023

Item Name: Private Debt Investment Update

Program: Private Debt

Item Type: Information

Executive Summary

This item provides the Investment Committee of the CalPERS Board of Administration (Committee) with information on Private Debt's role as a newly allocated asset class, the benefits and risks of investing in Private Debt, and the current market environment of the asset class.

Additional information is provided as follows:

1. Private Debt Investment Update Presentation (Attachment 1).
2. Private Debt Annual Program Review by Wilshire Associates (Attachment 2).

Strategic Plan

This item supports CalPERS Strategic Plan goal of improving long-term pension and health benefit sustainability by supporting the Committee in its oversight role for CalPERS' investment program.

Investment Beliefs

The item supports the following CalPERS' Investment Beliefs:

- Investment Belief II: A long investment horizon is a responsibility and an advantage
- Investment Belief VII: CalPERS will take risk only where we have a strong belief we will be rewarded for it
- Investment Belief VIII: Costs matter and need to be effectively managed
- Investment Belief X: Strong processes and teamwork and deep resources are needed to achieve CalPERS goals and objectives

Background

Private Debt was given an SAA in the most recent Asset Liability Management workshop. This agenda item provides the Committee with an update on:

- The benefits and risks of Private Debt as well as how some these potential risks are mitigated
- Current observations of the integration of Governance and Sustainability in Private Debt

Analysis

Not Applicable

Budget and Fiscal Impacts

Not Applicable

Benefits and Risks

Not Applicable

Attachments

Attachment 1 – Private Debt Investment Update Presentation

Attachment 2 – Private Debt Annual Program Review (Wilshire Associates)

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