Modernizing Investment Data and Technology

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Investment Office

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Modernizing Investment Data & Technology

In recent years, portfolio management innovation has outpaced the investment in data and technology

Evolving Portfolio Strategy

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Legacy Systems and Data Silos
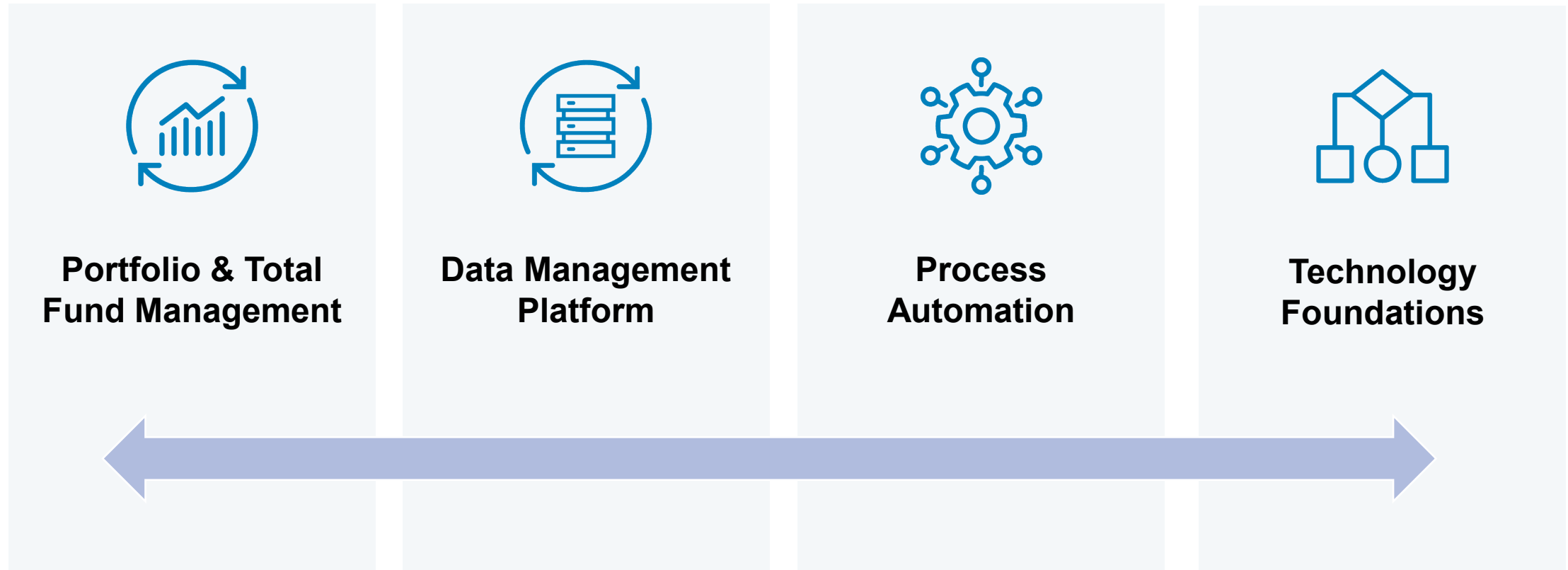
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- Increased allocation to private assets
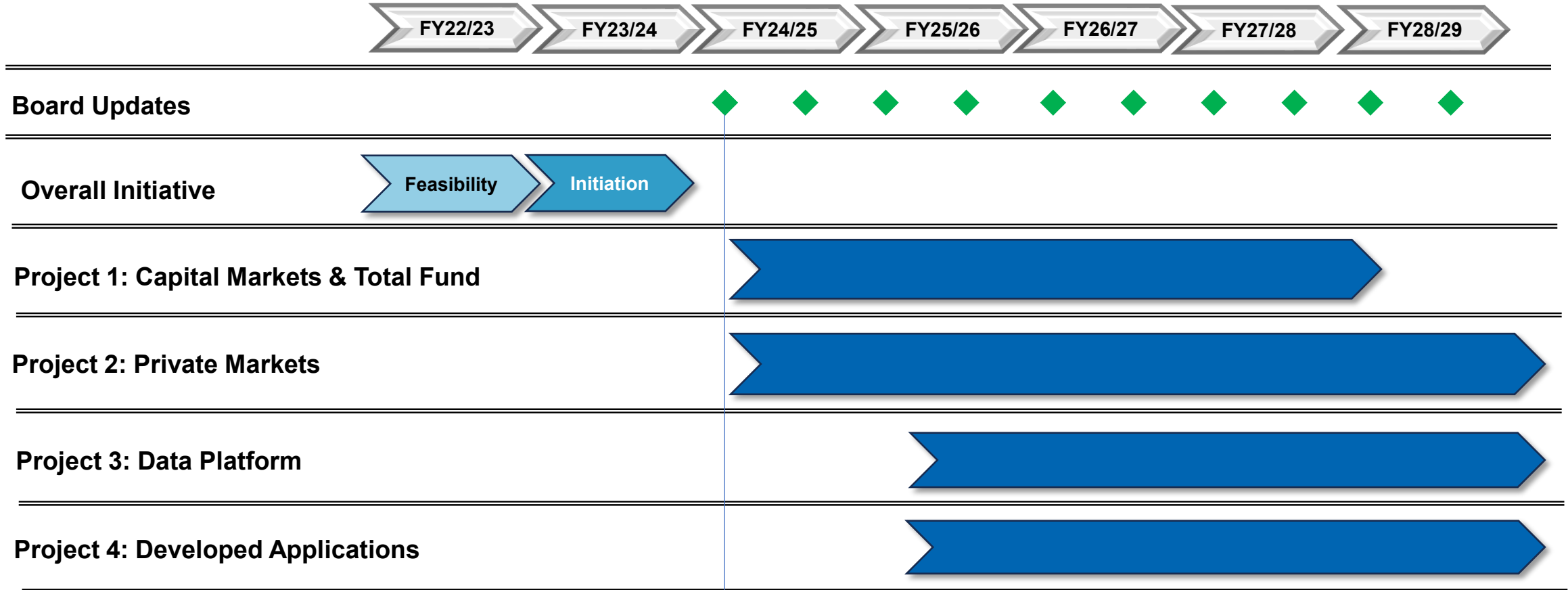- Increased use of leverage

- Disparate technology platforms
- Separate data platforms
- Outdated operating model
- Digitization of platforms, networks, and partners

- Build a better portfolio
- Reduce operational risks
- Efficiency gains

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The Initiative will deliver a Modern Investment Data and Technology Platform

Portfolio & Total Fund Management

Data Management Platform

Process Automation
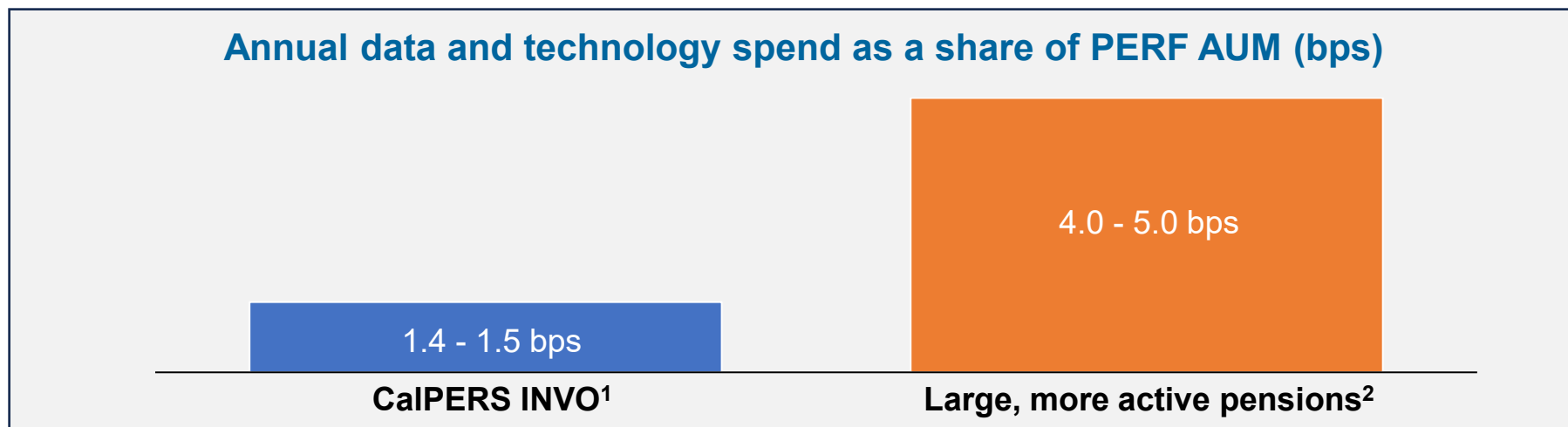
Technology Foundations

The Initiative is structured into four projects and the feasibility and initiation phases have been completed
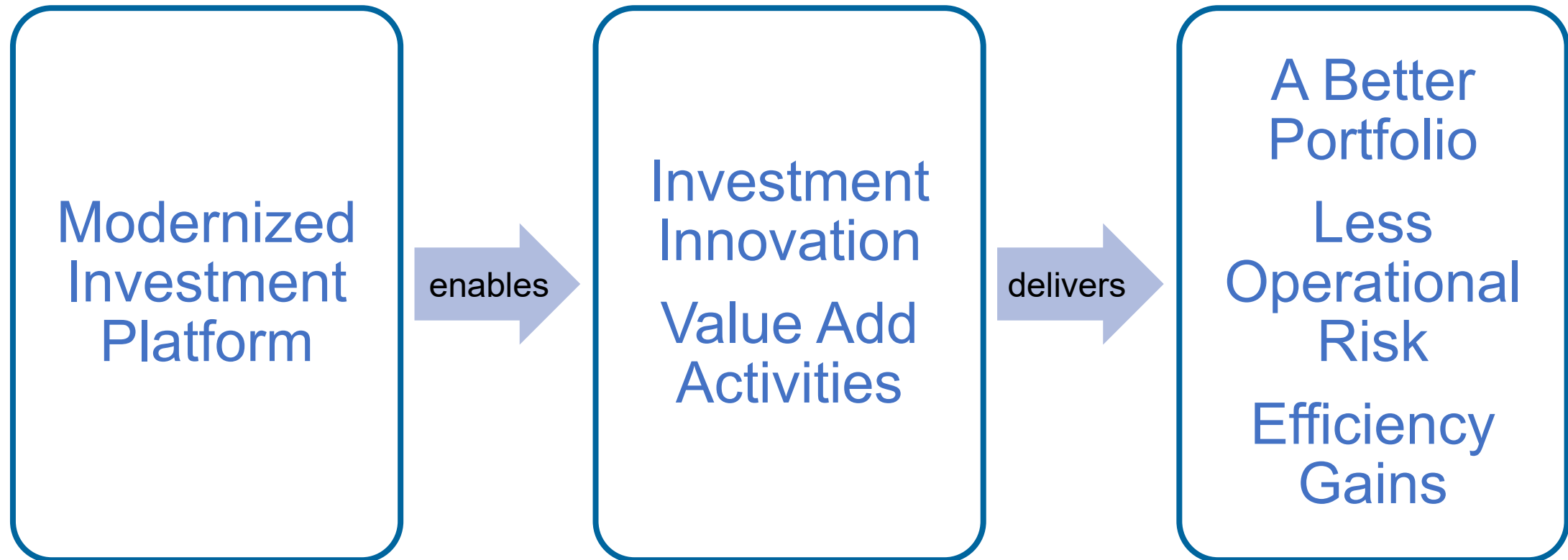
One time investment; Ongoing costs expected to increase but remain below industry peers

- CalPERS spend on investment data and technology trails peers
- This investment allows us to catch up with peers and build a foundation for future innovation

Annual data and technology spend as a share of PERF AUM (bps)

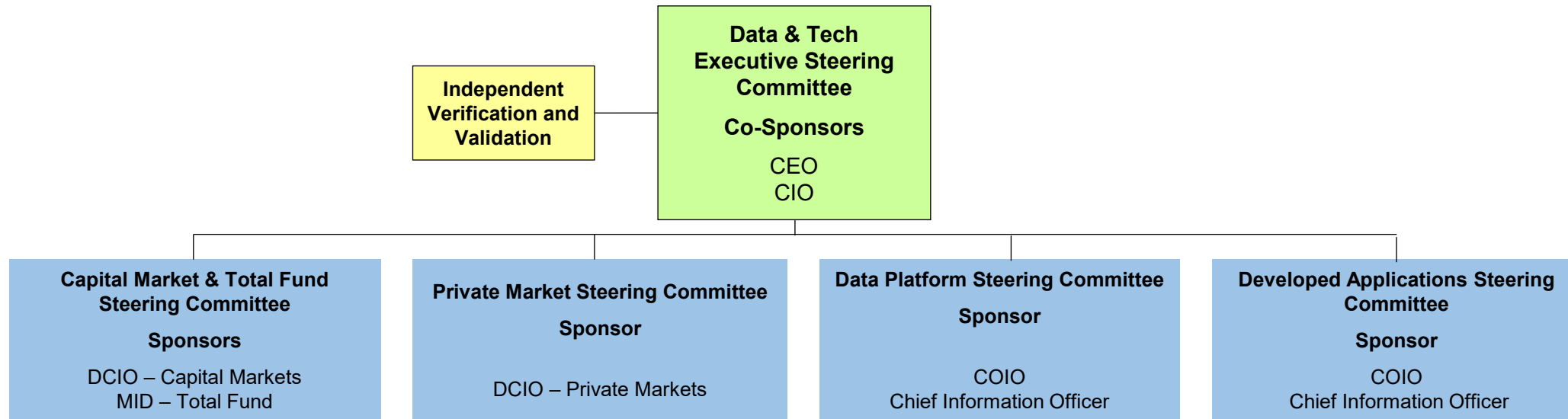|	
1.4 - 1.5 bps	4.0 - 5.0 bps
CalPERS INVO[1]	**Large, more active pensions[2]**

1. FY 2020-21 and FY 2021-22 investment office data and technology; software expenses <0.5% of overall spend and not shown in above view
2. McKinsey estimate leveraging 2022 CEM benchmark of IT/IS costs; Median peer: ~$200B AUM; 77% of public assets and 62% of private assets managed directly

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A modern platform should result in better Fund performance

Modernized Investment Platform — enables → Investment Innovation / Value Add Activities — delivers → A Better Portfolio / Less Operational Risk / Efficiency Gains

A well-defined governance structure is essential to success

- Senior-level sponsorship and participation ensure alignment with transformational goals and complexity
- Structured governance enables clarity, accountability, and transparency to drive success and resource alignment
- Key issues, including budgeting, will be regularly addressed by the steering committee

Future Board Updates

- Request approval for funding for remainder of FY 2024-25 (November 2024 FAC Meeting)

- Request approval for funding for FY 2025-26 (April 2025 FAC Meeting)

- Semi annual updates to Board

- Critical issues raised, as needed