

January, 30 2026

Mr. David Miller  
Chair of the Investment Committee  
California Public Employees' Retirement System  
400 Q Street  
Sacramento, CA 95811

## Re: Agenda Item 4c: Review of the Investment Committee Delegation

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Dear Mr. Miller:

CalPERS' governance policy guides the Board in managing the effectiveness and integrity of Board processes around oversight, accountability, transparency, efficiency and decision-making. You requested Wilshire's opinion regarding the biennial review of the authority delegated to the Investment Committee as part of that governance process.

Staff is recommending modest change to the 2026 delegations to align them with the Board approved move to a Total Portfolio Approach (TPA). Specifically, delegation (3) generalizes the role the Investment Committee plays in setting the overall risk profile of the portfolios under its charge. This generalization now accounts for the use of TPA with the PERF and strategic asset allocation (SAA) decisions for the Affiliate Funds. Delegation (4) now specifies that the the Investment Committee will set specific active investment risk tolerances for the portfolios. One example of this in action is the November decision to set an active risk limit for the PERF. Other examples can include setting ranges around SAA targets for the Affiliates. The proposed edit to delegation (5) retains the authority to set benchmarks for the purposes of performance oversight. Wilshire will continue to assist the Committee in determining the appropriateness of policy benchmarks across plans and provide recommendations as necessary. Finally, delegation (6) has been edited to clarify that the Committee will continue to provide oversight of the strategic plans across the portfolio but is not responsible for approvals. This allows the investment teams to act nimbly in the market amd make timely commitments, as appropriate, with transparent and timely communication of activity to the Committee.

Wilshire is comfortable that the delegations provide the Investment Committee a suitable level of oversight and are prudent and consistent with the Board's fiduciary responsibilities. The Investment Committee delegations support the full set of CalPERS' Investment Beliefs, underlining the importance of their regular review and discussion.

Please do not hesitate to contact us should you require anything further or have any questions.

Regards,



Thomas Toth, CFA  
Managing Director, Wilshire Advisors