



# Investment Committee

## Agenda Item 6b

---

**March 16, 2026**

**Item Name:** Total Fund Policy Review — First Reading

**Program:** Total Fund

**Item Type:** Information

### **Executive Summary**

This item is seeking input from the Investment Committee (Committee) regarding the proposed amendments to various CalPERS investment policies. In the most recent Asset Liability Management cycle, the Committee approved the adoption of a Reference Portfolio and Active Risk Limit in lieu of a Strategic Asset Allocation for the Public Employees Retirement Fund, which necessitates a material restructure of existing policy content. The Investment team will return at a subsequent meeting for a second reading incorporating Committee feedback.

### **Strategic Plan**

The agenda item supports the CalPERS Strategic Plan to strengthen the long-term sustainability of the fund by supporting the Committee in its oversight role of CalPERS' investment program.

### **Investment Beliefs**

This item supports the following Investment Beliefs:

- Investment Belief 5 — CalPERS must articulate its investment goals and performance measures and ensure clear accountability for their execution
- Investment Belief 7 — CalPERS will take risk only where we have a strong belief we will be rewarded for it
- Investment Belief 10 — Strong processes and teamwork and deep resources are needed to achieve CalPERS goals and objectives

### **Background**

The Investment team periodically reviews existing policies and submits recommendations to the Committee regarding new policy development, revisions, repeals, and other relevant matters. The Committee is responsible for reviewing policy recommendations made by the Investment team. The proposed revisions are primarily intended to transition the PERF and its governing policies to a Total Portfolio Approach model. The Board has also asked

management to review the overall policy structure and recommend changes to improve the user experience. The proposed changes are intended to simplify and streamline policy content.

In addition to these revisions, Staff is proposing to repeal the [Absolute Return Strategies Program, 2014](#) and the [Inflation Assets Program, 2015](#) policies. These policies are being reconsidered as part of the broader effort to align all governing documents with the Total Portfolio Approach and to ensure consistency across the policy framework.

## **Analysis**

Not Applicable.

## **Budget and Fiscal Impacts**

Not Applicable.

## **Benefits and Risks**

The changes support maintenance of a strong governance framework for the management of the System's assets. There are no anticipated risks.

## **Attachments**

- Attachment 1 — Total Fund Policy Review – First Reading Presentation
- Attachment 2 — Current Total Fund Policy (annotated)
- Attachment 3 — Proposed CalPERS' Investment Beliefs (redline)
- Attachment 4 — Proposed CalPERS Investment Beliefs (clean)
- Attachment 5 — Proposed CalPERS Statement of Investment Policy (redline)
- Attachment 6 — Proposed CalPERS Statement of Investment Policy (clean)
- Attachment 7 — Proposed CalPERS Governance and Sustainability Principles (clean)
- Attachment 8 — Proposed CalPERS Divestment Policy (clean)
- Attachment 9 — Proposed PERF Investment Policy (clean)
- Attachment 10 — Public Employees' Long-Term Care Fund Policy (clean)
- Attachment 11 — Public Employees' Long-Term Care Fund Policy (redline)
- Attachment 12 — California Employers' Retiree Benefit Trust Fund (clean)
- Attachment 13 — California Employers' Retiree Benefit Trust Fund (redline)
- Attachment 14 — California Employers' Pension Prefunding Trust Fund (clean)
- Attachment 15 — California Employers' Pension Prefunding Trust Fund (redline)
- Attachment 16 — Legislators' Retirement Fund (clean)
- Attachment 17 — Legislators' Retirement Fund (redline)
- Attachment 18 — Judges' Retirement Fund (clean)
- Attachment 19 — Judges' Retirement Fund (redline)
- Attachment 20 — Judges' Retirement System II Fund (clean)
- Attachment 21 — Judges' Retirement System II Fund (redline)
- Attachment 22 — Public Employees' Health Care Fund (clean)
- Attachment 23 — Public Employees' Health Care Fund (redline)
- Attachment 24 — Supplemental Income Plans (clean)

- Attachment 25 — Supplemental Income Plans (redline)
- Attachment 26 — CalPERS Investment Specific Glossary (clean)
- Attachment 27 — CalPERS Investment Specific Glossary (redline)
- Attachment 28 — Consultant Opinion Letter – Wilshire Associates (General Pension Consultant)
- Attachment 29 — Consultant Opinion Letter – Meketa Investment Group (Private Asset Class Board Investment Consultant)

---

Amy Deming  
Investment Director  
Investment Controls & Operational Risk

---

Stephen Gilmore  
Chief Investment Office