

May 27th, 2026

Mr. Kevin Palkki
Chair of the Investment Committee
California Public Employees' Retirement System
400 P Street
Sacramento, CA 95814

Re: Open Agenda Item 4f: Reference Portfolio Benchmark Transition

Dear Mr. Palkki,

In March, Wilshire recommended and the Board approved a Reference Portfolio (RP) benchmark of 75% Customized FTSE Global All Cap Index minus CalPERS exclusions / 25% Bloomberg U.S. Treasury Index. The constituent indexes exhibit high adherence to the CFA Institute's benchmark standards, which establishes specific properties to effectively serve as a point of comparison for performance evaluation. Both benchmarks, and therefore the Reference Portfolio itself, are:

1. specified in advance
2. appropriately consistent with the investment mandate
3. measurable on a frequent and timely basis
4. unambiguous
5. reflective of investment opinions
6. accountable
7. investable

Further, the benchmarks have objective, predefined rules for inclusion, exclusion, and rebalancing and are replicable at a low cost of implementation. The RP replaces the current CalPERS Policy Benchmark Index which consists of 11 asset class benchmarks covering public and private equity, public and private fixed income, and real assets. Of note, the simple Reference Portfolio benchmark better meets CFA benchmark criteria relative to the current Total Fund policy benchmark as it is fully investable.

Benchmark Implementation

Wilshire supports cleanly switching the Total Fund benchmark to the above Reference Portfolio as of July 1, 2026. At that time, the Reference Portfolio benchmark will be linked to the current CalPERS policy benchmark to produce the Total Fund index over longer time horizons. As time progresses, the RP will gradually replace the current policy benchmark over 3, 5, 10+ year horizons.

The RP will provide a clear benchmark for evaluating the efficacy of Staff implementation decisions and utilization of additional market betas and investment strategies. This simplifies the comparison of the actual portfolio results versus a liquid, passive benchmark.

Please do not hesitate to contact us if you have any questions or require anything further. We look forward to discussing this item with you during the June Investment Committee meeting.

Regards,

A handwritten signature in black ink, appearing to read 'T. Toth', with a horizontal line extending to the right.

Thomas Toth, CFA - Managing Director
Wilshire Advisors LLC

A handwritten signature in black ink, appearing to read 'Steven J. Foresti', written in a cursive style.

Steven J. Foresti - Senior Advisor, Investments
Wilshire Advisors LLC