Investment Committee

Agenda Item 6e

September 14, 2026

Item Name: Global Public Equity Annual Program Review

Program: Global Public Equity

Item Type: Information

Executive Summary

This agenda item provides the CalPERS Board of Administration's Investment Committee (Committee) with an annual program review of the Global Public Equity (GPE) program. The presentation includes a program overview, investment review including portfolio positioning, performance and risk, investment and business objectives, and a governance and sustainability integration update.

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

- Investment Belief II: A long investment horizon is a responsibility and an advantage
- Investment Belief IV: Long-term value creation requires effective management of three forms of capital: financial, physical, and human.
- 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

The Public Employees Retirement Fund (PERF) Investment Policy requires an annual asset class review including an overview, investment review, and business review.

Global Public Equity primarily consists of market-capitalization weighted equities and includes both passive (index-oriented) strategies, which serve as a source of liquidity for PERF, and active investment strategies aimed at generating additional value. Public equities offer PERF broad exposure to global economic growth and can be managed either internally or through external managers. The primary investment universe for GPE consists of publicly traded global equity securities and related derivatives.

Global Public Equity Positioning, Performance, and Risk as of June 30,2026:

As of June 30, 2026, Global Public Equity assets were approximately $242 billion, with 84% of assets classified as internally managed and 16% classified as externally managed. The portfolio's composition of underlying strategies has steadily become more active over the last 3.5 years. As of fiscal year-end, approximately 51% of assets were classified as Active Equities and 49% classified as Passive Equities.

Global Public Equity posted strong absolute and excess returns for the fiscal year. In fact, this marked the program's highest fiscal year excess return in nearly three decades. The portfolio returned 24.15%, outperforming by +168 basis points. Over the 5-year horizon, dollar value added in excess of the benchmark was approximately $5 billion for Global Public Equity, driven by strong performance from Active Equities.

Forecasted volatility for Global Public Equity is 19.3% and forecasted tracking error is 39 basis points.

Governance and Sustainability

Governance and sustainability remain as important components of the program. Proxy voting, engagement, partnerships, and research are key areas of integration.

Business Objectives and Key Initiatives

Global Public Equity has identified several areas for continuous improvement that will remain critical to the program's success over time. This includes incremental improvements to frameworks and analytics to augment decision-making capabilities, enhancing strategy selection and monitoring processes, and improving data and technology capabilities.

Analysis

Not Applicable

Budget and Fiscal Impacts

Not Applicable

Benefits and Risks

Not Applicable

Attachments

Attachment 1 – Global Public Equity Annual Program Review

Attachment 2 – Consultant Global Public Equity Program Review (Wilshire)

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