August 2, 2026

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

Re: Consultant Global Public Equity Program Review

Wilshire's annual review of the CalPERS investment programs included ongoing discussions throughout the year with the Managing Investment Director and key investment staff regarding portfolio structure, implementation, performance, governance, and strategic initiatives. In addition to these regular reviews, Wilshire conducted a series of focused discussions with personnel across the Global Public Equity organization to gain insight into the Program's investment process, analytical capabilities, organizational development, and implementation activities. This letter summarizes Wilshire's assessment of the Global Public Equity Program and concludes with the supporting rating appendix, consistent with prior reviews.

Global Public Equity

The Global Public Equity (GPE) Program's mandate is to efficiently capture the equity risk premium, with total returns coming from security price appreciation and cash yields. The Program generated strong absolute and relative results during the fiscal year, returning 24.1% and outperforming its benchmark by 168 basis points. The Program added $3.2 billion in value over the latest fiscal year and $5.0 billion over the trailing five-year period. Longer-term excess returns also improved, with the Program outperforming by 85 basis points over three years, 50 basis points over five years, and 23 basis points over ten years.

Over the last several years, the Program has undergone a meaningful transition from a predominantly passive implementation model toward a more balanced structure that includes a larger allocation to active and enhanced strategies. Prior reviews noted that Staff had been building the team, tools, and governance processes necessary to support a larger active management platform. FY2026 provided stronger evidence that those efforts are beginning to translate into measurable investment outcomes. Active and enhanced strategies were meaningful contributors to relative performance during the fiscal year, and the Program's overall five-year information ratio improved to 1.5, based on realized tracking error of 33 basis points.

Wilshire's assessment of the Program improved this year. The overall score remains in the 2nd decile with an A rating, while the independent GPE score excluding the Firm component also remains in the 2nd decile with an A rating. The improvement reflects stronger performance evidence from the active management program, continued development of the Program's analytical capabilities, increasing institutionalization of investment processes, and the continued strength of the overall organization.

Portfolio Construction

As of June 2026, total GPE assets were approximately $242 billion, up from approximately $215 billion in June 2025. Managed passive exposure declined from 68% of the Program to 49%, while enhanced index, traditional active, and multi-factor allocations all increased. Enhanced index exposure increased to 22% of the Program, traditional active strategies increased to 18%, and multi-factor strategies increased to 11%. Based on the account classification data, active and enhanced strategies represented approximately half of the Program at fiscal year-end.

The evolution of the portfolio over the last several years reflects a broader shift in how the Program is constructed and evaluated. Historically, the Global Public Equity portfolio was governed through two primary Strategic Asset Allocation segments: Cap Weighted and Factor Weighted. As CalPERS prepared for implementation of the Total Portfolio Approach (TPA), Staff increasingly focused on the underlying investment strategies that comprise the portfolio rather than solely on the segments in which those strategies resided. By the end of FY2026, portfolio construction discussions were increasingly framed around individual strategy exposures, including passive market exposure, enhanced index strategies, traditional active mandates, multi-factor portfolios, and climate-related mandates. Wilshire believes this represents a meaningful evolution in the portfolio construction framework and provides a more natural structure for evaluating sources of return, active risk, diversification benefits, implementation considerations, and capital allocation decisions in a Total Portfolio Approach environment.

This evolution was evident throughout the review period. Discussions surrounding capital deployment, active risk allocation, climate strategies, manager underwriting, and portfolio analytics were increasingly focused on the role individual strategies play within the overall portfolio rather than solely on their position within a traditional segment structure. Supporting this shift has been the continued development of manager underwriting processes, capital allocation frameworks, scenario analysis capabilities, stress testing tools, and portfolio construction analytics. Together, these enhancements have strengthened the connection between investment research, portfolio construction, implementation, and ongoing monitoring activities.

The continued expansion of active management remains a central element of the portfolio construction framework. During FY2026, Staff continued to increase allocations to active and enhanced strategies while maintaining a disciplined approach to capital allocation and risk management. Wilshire believes the resulting portfolio provides a broader range of potential return sources than in prior years while continuing to operate within the disciplined risk controls that have historically characterized the Program.

Wilshire continues to view the Program's portfolio construction process favorably. The Program maintains strong risk controls, clearly defined portfolio roles, disciplined implementation processes, and an increasingly sophisticated set of analytical tools supporting investment decisions. As the Program continues to evolve, Wilshire believes these enhancements have improved the flexibility, transparency, and overall effectiveness of the portfolio construction framework.

The overall makeup and year over year change of the GPE portfolio can be seen below:

As of June 2026

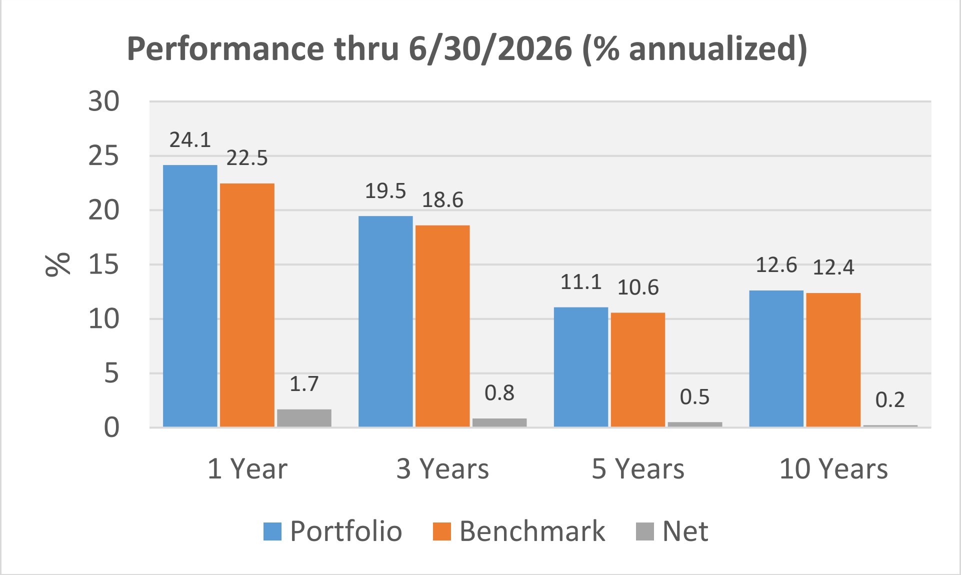
Managed	Passive	Active			Total
		Enhanced Index	Traditional	Multi-Factor	
Internally	$119	$52.8	$8.7	$23.0	$203
Externally	$0	$0.0	$34.6	$4.1	$39
Total	$119	$52.8	$43.4	$27.1	$242

June 2026 vs. June 2025

Managed	Passive	Active			Total
		Enhanced Index	Traditional	Multi-Factor	
Internally	-19.3%	6.3%	2.1%	5.6%	-5.3%
Externally	0.0%	0.0%	3.6%	1.7%	5.3%
Total	-19.3%	6.3%	5.7%	7.3%	0.0%

Performance (Forecasting Score)

As noted, equity returns for the latest fiscal year were very strong. The Program also generated positive excess returns across longer measurement periods which you can see in the chart below.



The stronger relative results are particularly noteworthy given the Program's shift toward active management. In prior reviews, Wilshire noted that excess performance had historically been constrained by the large allocation to index-oriented and enhanced index strategies. As Staff has expanded the use of active risk, the contribution from active and enhanced strategies has become more meaningful. For FY2026, traditional active and enhanced index strategies were the primary contributors to excess return, while index-oriented accounts remained broadly in line with benchmark expectations.

The performance attribution data supports this conclusion. Traditional Active strategies generated significant excess returns and contributed meaningfully to total Program value added during FY2026. Enhanced Index strategies also contributed positively to overall results. Collectively, active and enhanced strategies were important drivers of the Program’s relative outperformance during the review period. The results provide encouraging evidence that the expanded active management framework is contributing positively to overall Program outcomes and reinforce Wilshire's view that investments made over the last several years are beginning to translate into measurable results.

In prior reviews, Wilshire noted that additional evidence would be required before increasing the Forecasting score based on the expansion of active management. FY2026 provided stronger support for that assessment. The Program has now generated positive excess returns over one, three, five, and ten-year periods, and the expanded active management framework contributed meaningfully to the most recent fiscal year’s results. As a result, Wilshire increased the Forecasting score from the 3rd decile to the 2nd decile. The increase reflects stronger forecasting success, evidence of value added from active management, and the growing contribution of analytical tools and repeatable investment frameworks to the Program’s decision-making process.

Wilshire continues to believe that the success of the active management program should be evaluated over a full market cycle. While the evidence base is stronger than it was in prior reviews, active management results will naturally vary across market environments and time periods. The Program’s recent excess returns and risk-adjusted performance have been particularly strong and may not be indicative of outcomes in every future period. Nevertheless, the recent results provide encouraging support for the direction of the Program and strengthen confidence that the investments made in active management capabilities, portfolio analytics, and portfolio construction frameworks are contributing positively to overall outcomes.

Team Resources

The GPE team currently consists of 28 professionals organized across four primary functions: Active Equity Strategies, Equity Portfolio Implementation, Equity Portfolio Design & Analytics, and Corporate Governance. This structure reflects the multi-year evolution of the Program and provides dedicated resources across manager research, portfolio construction, implementation, analytics, and governance activities.

Wilshire continues to view the GPE team as a significant strength of the Program. The team has demonstrated stability over the last several years, and the current year reflected only limited turnover, which was not significant enough to alter our assessment. The Team rating remains unchanged from the prior year and continues to rank in the 1st decile.

A consistent theme throughout the review was the high degree of collaboration across the organization. Staff described regular interaction among Active Equity Strategies, Portfolio Design & Analytics, Portfolio Implementation, Corporate Governance, and Total Fund personnel. This cross-functional approach has supported a number of initiatives, including manager underwriting, portfolio construction, governance research, technology development, and preparation for the Total Portfolio Approach.

Portfolio Design & Analytics has become increasingly integrated into the investment process through the development of capital allocation frameworks, scenario analysis, stress testing capabilities, and reporting tools. The Active Equity Strategies and Portfolio Design & Analytics teams continue to collaborate on the refinement of strategy underwriting, portfolio monitoring, and capital allocation activities as active management becomes a larger component of the Program. The Implementation team continues to support an increasingly complex portfolio while preparing for future operating model changes associated with TPA. Corporate Governance remains an important dedicated function within the Program, supporting stewardship activities while increasingly incorporating analytical research into the governance process.

Wilshire maintained the Team rating at a high level. The rating reflects a stable, highly capable organization that has successfully developed specialized expertise across active management, portfolio design and analytics, implementation, and governance while maintaining a high degree of coordination across these functions.

Information Gathering

Wilshire increased the Information Gathering rating during FY2026, primarily reflecting continued improvements in the breadth of information available to the Program. Over the last several years, Staff has invested in building internal analytical capabilities, manager evaluation frameworks, portfolio construction tools, and research resources designed to support investment decision-making across the organization.

During the review period, Staff continued to expand these capabilities through enhancements to reporting, scenario analysis, stress testing, and capital allocation frameworks. Wilshire believes these developments have improved the consistency and transparency of investment decision-making while reducing reliance on ad hoc processes.

The increase in the Information Gathering rating reflects the continued maturation of these capabilities and their growing integration into day-to-day investment activities. While further opportunities remain as these efforts continue to develop, Wilshire believes the overall direction of the Program remains positive.

Implementation

Wilshire maintained the Implementation rating at a high level during FY2026. Despite the continued growth of active management and the increasing complexity of the portfolio, Staff continues to demonstrate strong implementation capabilities across trading, monitoring, and portfolio operations.

The expansion of active and enhanced strategies has increased implementation requirements relative to prior years, requiring greater coordination across portfolio management, trading, analytics, and Total Fund functions. Staff has also continued investing in technology, data management, and platform enhancements designed to improve operational efficiency and support investment decision-making.

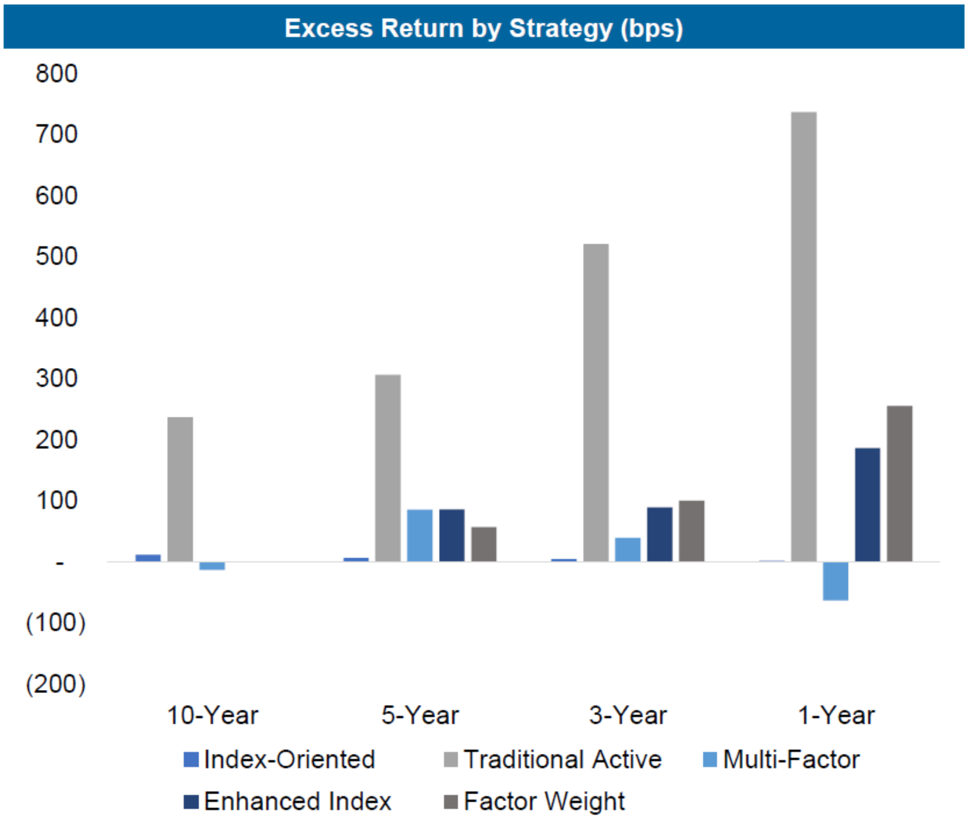
Wilshire continues to view the Program's liquidity management, trading processes, and monitoring capabilities favorably. While the investment platform has become more complex over time, the implementation framework has continued to support the Program effectively and remains consistent with its high rating.

Attribution

The Attribution rating remains highly rated and unchanged from the prior year. As active management has become a larger component of the Program, attribution has become increasingly important in evaluating the sources of excess return and assessing the effectiveness of portfolio construction decisions.

Recent attribution results provide encouraging evidence that the Program's active management initiatives are contributing positively to performance. Over the trailing five-year period, the Cap Weighted portfolio generated 52 basis points of excess return. Traditional Active strategies were the largest contributor to that excess return, accounting for 40 basis points, while Enhanced Index strategies contributed an additional 10 basis points. Index-Oriented exposures continued to perform largely in line with expectations and contributed modestly to overall excess return.

These results are consistent with the broader evolution of the Program and support the view that the increased allocation to active and enhanced strategies has contributed positively to overall outcomes. Wilshire maintained the Attribution rating at a high level, reflecting both the quality of the attribution framework and its continued role in evaluating portfolio decisions and performance outcomes.



GPE Program Total Scoring

Utilizing Wilshire's traditional manager research scoring framework, our qualitative assessment of the Program places it in the 2nd decile with an A rating. The Program also receives a 2nd decile A rating on an independent basis excluding the Firm component.

The overall rating improved from the prior year. Improvements in Information Gathering and Forecasting reflected the continued development of analytical resources across the Program and stronger evidence that active management initiatives are contributing positively to investment outcomes. These improvements, together with continued strength across the remaining evaluation categories, contributed to the Program's higher overall rating.

The Team, Portfolio Construction, Implementation, and Attribution ratings remained unchanged at high levels. Collectively, these ratings reflect Wilshire's continued confidence in the quality of the team, portfolio construction process, implementation framework, and performance evaluation capabilities.

Overall, Wilshire believes FY2026 represents an important milestone in the evolution of the GPE Program. Many of the organizational, analytical, and active management initiatives that were in development during prior review periods are now beginning to demonstrate measurable results. Strong performance, meaningful value added, and continued organizational maturation provide encouraging evidence that the Program remains well positioned to achieve its long-term objectives.

CalPERS Global Public Equity	Tier	Letter
GPE Program Independent Score (ex-Firm)	2nd	A
Overall Score (including Firm)	2nd	A

	Weight	Tier	Letter
Organization	20%	3rd	B
FIRM	*50%*	5th	C
Quality and Stability of Senior Management			
Quality of Organization			
Ownership/Incentives			
TEAM	*50%*	1st	A
Stability of Investment Professionals			
Quality of Team			
Commitment to Improvement			
Information Gathering	20%	3rd	B
Information Resources			
Depth of Information			
Breadth of Information			
Forecasting	20%	2nd	A
Clear & Intuitive Forecasting Approach			
Repeatable Process			
Strength, Clarity, and Intuitiveness of Valuation Methodology			
Forecasting Success			
Unique Forecasting Approach			
Portfolio Construction	20%	1st	A
Risk Budgeting/Control			
Defined Buy/Sell Discipline			
Consistency of Portfolio Characteristics			
Implementation	10%	2nd	A
Resources			
Liquidity			
Compliance/Trading/Monitoring			
Attribution	10%	1st	A
Depth of Attribution			
Integration of Attribution			

