CalPERS

Investment Committee

# Agenda Item 5e

**November 16, 2026**

**Item Name**: Report on Alternative Investments (AB 2833) Fee Disclosure (Government Code Section 7514.7)

**Program**: Investment Operations

**Item Type**: Information Consent

## Executive Summary

State legislation enacted in 2016 (Assembly Bill 2833, or AB 2833) requires California public retirement systems, including CalPERS, to report on certain fees, expenses, and carried interest paid in connection with alternative investment vehicles (AIVs) in which the systems invest. The report must be presented at least once annually at a meeting open to the public. Attachment 1 contains the report produced by CalPERS pursuant to AB 2833.

## Strategic Plan

This item is required by statute and not a specific product of the CalPERS Strategic Plan.

## Investment Beliefs

This agenda item touches on several CalPERS Investment Beliefs, and in particular Investment Belief 8, that costs matter and need to be effectively managed.

## Background

AB 2833 (Cooley) was introduced during the 2016-17 Legislative session for the stated purpose of increasing the transparency of fees paid by California public investment funds to alternative investment vehicles. The enacted legislation was sponsored by former State Treasurer John Chiang, signed by former Governor Jerry Brown on September 14, 2016, and chaptered under California Government Code (G.C.) § 7514.7.

## Analysis

The AIVs in which CalPERS invests are typically limited partnerships, limited liability companies, or similar limited liability vehicles in which the investment would take the form of an ownership interest in the AIV. Monies remitted by CalPERS to the AIV can therefore be expected to take the form of capital contributions, and not fee or expense payments *per se*. The obligation to pay management fees and expenses typically runs from the AIV to the fund manager, and not from the individual limited partners, whose obligation, as spelled out in the AIV agreement, is to provide a specified amount of capital to the AIV to fund its investments and operations. In those relatively rare instances where the limited partners (LPs) remitted fees directly to the fund manager or its related parties, these payments are accounted for as capital. Accordingly, the vast majority of fees and expenses paid to the fund managers are funded indirectly by the LPs, out of capital contributions to the AIV.

The legal relationships that dictate the characterization of the various money flows involved in these investments have provided the context for our analysis of AB 2833. We have, moreover, aimed for consistency with our historically rather expansive read of G.C. §6254.26 regarding disclosure of AIV-level fees and expenses.

The information provided has been derived from CalPERS' books and records, directly from the General Partner, or both.

## Budget and Fiscal Impacts

Not applicable.

## Benefits and Risks

Not applicable.

## Attachments

Attachment 1 – CalPERS Alternative Investment Vehicle Fee & Expense Disclosure Report
Attachment 2 – Explanatory Notes
Attachment 3 – Assembly Bill 2833
Attachment 4 – California Government Code §6254.26

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