

**California Public Employees' Retirement System  
Investment Policy for  
Judges' Retirement Fund**

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**Effective Date**    **March 14, 2016**

This policy is effective immediately upon adoption and supersedes all previous Judges' Retirement Fund policies.

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**Introduction**

The California Public Employees' Retirement System (CalPERS) Total Fund Investment Policy, adopted by the CalPERS Investment Committee (Committee), sets forth CalPERS' overarching investment beliefs, purposes, and objectives with respect to all its investment programs.

This document sets forth the investment policy (Policy) for the Judges' Retirement Fund (Fund). The design of this Policy ensures that investors, managers, consultants, and other participants selected by CalPERS take prudent action while managing the Fund. Additionally, use of this Policy assures sufficient flexibility in managing investment risks and returns associated with this Fund.

The Fund was established under the Judges' Retirement System Law to provide retirement and death benefits for State Supreme and Appellate Court justices, and Superior Court and Municipal Court judges who were appointed or elected before November 9, 1994. The Fund is funded by the State General Fund on a pay-as-you-go basis.

This Policy should be read in conjunction with and is subject to applicable conditions contained within the CalPERS [Total Fund Investment Policy](#). This Policy shall also be managed to comply with all applicable Investment Office policies

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**Strategic Objective**

The Fund seeks to maintain liquidity to meet operational expenses and benefit payments.

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**Responsibilities**

Details regarding various levels of responsibility for this Fund are provided in Appendix 1, Reporting to the Investment Committee, and Appendix 2, Investment Responsibilities.

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**Investment  
Approaches  
& Parameters**

- A. Performance Objective and Benchmark  
The benchmark for the Fund is specified in the CalPERS Total Fund Investment Policy benchmark appendix.
- B. Strategic Asset Allocation Process  
A comprehensive Asset Allocation Strategy analysis shall be completed periodically that follows the schedule as described in the CalPERS Total Fund Investment Policy, Asset Allocation Strategy Section, and Reporting to the Investment Committee appendix. As further described in the Asset Allocation Strategy Section, the schedule may be altered to accommodate pending Board actions.
- C. Restrictions, Prohibitions and Authorized Securities  
Restrictions, Prohibitions and Authorized Securities of the Fund are governed by the CalPERS Total Fund Investment Policy for internal funds and defined in each Manager's contract with CalPERS for external funds.
- All transactions involving derivatives are governed by the CalPERS Total Fund Investment Policy, Global Derivatives and Counterparty Risk Section.
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**Investment  
Constraints/  
Limitations**

See Appendix 3 for Fund investment constraints/limitations.

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**Glossary of  
CalPERS  
Specific  
Terms**

*Italicized* terms appearing in the Policy are CalPERS specific in nature and are defined in the [CalPERS Specific Glossary of Terms](#).

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**Policy  
Document  
History**

See Appendix 4 for historical details of Investment Committee adoption and revisions of this Policy.

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**Appendix 1  
Reporting to the Investment Committee**

The following tables provide details regarding reporting to the Investment Committee:

- Investment Office Staff
- **General Pension Consultant**

<b>Investment Office Staff</b>	
<b>Report Content</b>	<b>Frequency</b>
1. Staff shall provide a review that will include, but is not limited to, asset class allocations compared to Policy targets and ranges (as applicable), current market value, performance and risk metrics.	No less than annually
2. Staff shall report concerns, problems, material changes, and all violations of the Policy. These reports shall include explanations of any violations and appropriate recommendations for corrective action.	At the next Committee meeting, or sooner if deemed necessary

<b>General Pension Consultant</b>	
<b>Report Content</b>	<b>Frequency</b>
1. The Consultant shall monitor, evaluate, and report on the performance of the Fund relative to the benchmarks and this Policy and other applicable CalPERS Policies.	No less than annually

**Appendix 2  
Investment Responsibilities**

The following tables provide details regarding investment related responsibilities for the:

- Investment Committee
- Investment Office Staff
- General Pension Consultant
- **External Manager**

<b>Investment Committee Responsibilities</b>
1. Approve asset classes for investment and set a policy target allocation, permissible range, and benchmark for each asset class.

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**Investment Office Staff Responsibilities**

1. All aspects of portfolio management, including monitoring, trading, analyzing, evaluating performance relative to the appropriate benchmark, and selecting and contracting with managers.
2. Provide individualized asset allocation strategy recommendations to the Committee, including selection of asset class benchmarks, and Policy targets and ranges.
3. Manage the asset class allocations of the Fund within Policy ranges approved by the Committee, in accordance with Policy guidelines.
4. Monitor internal and external managers in the implementation of and compliance with the Policy.
5. Develop and maintain investment procedures, program guidelines, and sub-program guidelines.

**General Pension Consultant Responsibilities**

1. Provide independent perspective and counsel to the Committee, to include routine communication with the Investment Office Staff and periodic reviews of processes and procedures.

**External Manager Responsibilities**

1. Manage the Fund in accordance with each manager's contract with CalPERS and the Policy.
2. Communicate and cooperate with Investment Office Staff and authorized third parties regarding the management of the Fund.

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**Appendix 3**  
**Investment Constraints/Limitations**

**Fund Asset Class Allocation Targets & Ranges**  
**Effective October 13, 2014**

<b>Asset Class</b>	<b>Judges' Retirement Fund</b>	
	<b>Policy Target</b>	<b>Policy Range Relative to Target</b>
Liquidity	100%	+/- 0%
<b>Total Fund</b>	<b>100%</b>	

Upon adoption of significant policy changes, Staff will implement the changes within a reasonable time period.

**Target Tracking Error**

The Fund will be managed in a manner that minimizes any Tracking Error.

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**Appendix 4**  
**Judges' Retirement Fund Policy Document History**

<b>Date</b>	<b>Detail</b>
2013-08-19	Adopted by the Investment Committee
2013-12-03	Administrative changes to update template format and to align this policy with the Global Derivatives and Counterparty Risk Policy
2014-05-15	Administrative changes to standardize reporting frequencies to the Investment Committee to "no less than annually"
2014-05-15	Administrative changes to reflect the Policy Glossary of Terms Update Project
2014-10-13	Approved by the Investment Committee
2016-02-16	Approved by the Investment Committee Reformatted to incorporate Investment Policy Revision Project and Investment Delegation Restructuring Project revisions
2016-03-14	Approved by the Investment Committee Previous versions of the Judges' Retirement Fund Policy were reformatted to align with investment policy updates incorporated during the Investment Policy Revision Project