

# CalPERS

*Monthly Update – Investment  
Compliance*

**MONTH ENDED NOVEMBER 30, 2018**

**Items Completed Under Delegated Authority**

Program Area		Name of Investment	Commitment (million)	Initial Commitment Date	Complies with Delegation Number	New or Additional Commitment
Global Equity		CalPERS-managed Emerging Markets Large/Mid Index strategy	\$250.00	Jun-2009	INV-18-04	Additional Commitment
Global Equity		CalPERS-managed Synthetic Enhanced Equity strategy	\$1,070.00	Oct-2008	INV-18-04	Additional Commitment
Private Equity		KKR European Fund V (USD) SCSp	\$300.00	Nov-2018	INV-18-06	New Commitment
Private Equity		PAG Asia III LP	\$380.00	Nov-2018	INV-18-06	New Commitment
Real Assets		PMI Tactical	\$49.99	Oct-2018	INV-16-07	New Commitment

**Disclosure of Placement Agent Fees**

<b>Firm Name</b>	<b>Neuberger Berman Alternatives Advisers LLC</b>
<b>Asset Class</b>	Private Equity
<b>Fund</b>	Private Equity Emerging Manager Fund of Funds
<b>Placement Agent / Firm*</b>	Paul Sauer, Employee of Affiliate
<b>Placement Agent Employment*</b>	Internal employees of the General Partner and/or its affiliates
<b>Registered with U.S. or non-U.S. financial regulatory authority*</b>	The Placement Agent, Paul Sauer, is a registered representative of Neuberger Berman Investment Advisers LLC ("NBIA"), an SEC registered investment adviser. NBIA is also registered with the CFTC as a commodity trading advisor and commodity pool operator and is a member of the National Futures Association ("NFA"). Additional members of the Neuberger Berman Group are registered with the SEC, FINRA and CFTC as follows: Neuberger Berman BD LLC ("NBBD") is an SEC registered investment adviser, broker-dealer, and member of FINRA. NBBD is also registered with the CFTC as a commodity trading advisor and is a member of the NFA. NB Alternative Advisers, Neuberger Berman Loan Advisers LLC, Neuberger Berman Asia Limited, Neuberger Berman Singapore Pte. Limited, and Neuberger Berman Europe Limited are all registered with the SEC as investment advisers and may also be registered with the CFTC as commodity trading advisors or commodity pool operators. There are members of the Neuberger Berman Group that are registered with non-US financial regulatory authorities. However, none of those entities are interacting exclusively with CalPERS vehicles formed and operated outside the United States.
<b>Registered Lobbyist(s)</b>	Paul Sauer, State of California. Jacqueline de Sanctis, another employee of Neuberger Berman Investment Advisers LLC, is also registered as a lobbyist in the State of California. Paul Sauer and Jacqueline de Sanctis are only registered as lobbyists in the State of California; however, Neuberger Berman and/or its employees may also be registered as lobbyists in other states.
<b>Estimated Placement Agent Compensation*</b>	None of Mr. Sauer's compensation is contingent upon or specifically attributable to this CalPERS investment transaction. Mr. Sauer receives a fixed salary. On a pro-rata basis based on the amount of time spent, approximately \$1,050 of Mr. Sauer's base salary is attributable to his work on this CalPERS investment transaction. Mr. Sauer may also be eligible for a discretionary year-end bonus, however, it is not anticipated that any of this bonus will be attributable to the assets, securities or services offered to CalPERS.
<b>Disclosed Gifts and Campaign Contributions*</b>	None
<b>Notes</b>	This information was previously reported to the closed session of the Investment Committee in August 2018. This opportunity was part of an active solicitation. Firm was not selected to move forward. Public disclosure prior to completion of the solicitation and execution of terms would impair CalPERS' ability to maximize investment returns.
<b>Transaction Type</b>	Proposed

\*This information is provided directly from the Placement Agent Disclosure as submitted to CalPERS.

**Disclosure of Placement Agent Fees**

<b>Firm Name</b>	<b>HarbourVest Partners, L.P.</b>
<b>Asset Class</b>	Private Equity
<b>Fund</b>	Private Equity Emerging Manager Fund of Funds
<b>Placement Agent / Firm*</b>	Mark Radville, HarbourVest Employee
<b>Placement Agent Employment*</b>	Internal employee(s) of the External Manager, General Partner, and/or its affiliates
<b>Registered with U.S. or non-U.S. financial regulatory authority*</b>	Mark Radville is not registered with FINRA as HarbourVest is not a broker-dealer. We rely on the issuer exemption with respect to broker-dealer. HarbourVest is registered as an Investment Adviser and our SEC number is 801-53287.
<b>Registered Lobbyist(s)</b>	Mark Radville, California
<b>Estimated Placement Agent Compensation*</b>	The Placement Agent listed above is an employee of HarbourVest Partners L.P., including affiliates, and is paid an annual base salary plus a discretionary bonus, which is not contingent upon the offer of assets, securities, or services to CalPERS on behalf of HarbourVest Partners L.P. The approximate compensation of the employee of HarbourVest Partners L.P., including affiliates, who offered services for the proposed account is estimated at approximately \$1,000; although, such compensation was not based directly or indirectly on the amount of CalPERS commitment.
<b>Disclosed Gifts and Campaign Contributions*</b>	None
<b>Notes</b>	This information was previously reported to the closed session of the Investment Committee in August 2018. This opportunity was part of an active solicitation. Firm was not selected to move forward. Public disclosure prior to completion of the solicitation and execution of terms would impair CalPERS' ability to maximize investment returns.
<b>Transaction Type</b>	Proposed

\*This information is provided directly from the Placement Agent Disclosure as submitted to CalPERS.

**Disclosure of Placement Agent Fees**

<b>Firm Name</b>	<b>GCM Customized Fund Investment Group L.P.</b>
<b>Asset Class</b>	Private Equity
<b>Fund</b>	Private Equity Emerging Manager Fund of Funds
<b>Placement Agent / Firm*</b>	Aris Hatch, Managing Director, Business Development Erik Hall, Director, Business Development
<b>Placement Agent Employment*</b>	Internal employee(s) of the External Manager, General Partner, and/or its affiliates
<b>Registered with U.S. or non-U.S. financial regulatory authority*</b>	GCM Customized Fund Investment Group, L.P. and its affiliate Grosvenor Capital Management, L.P. are registered as investment advisors with the SEC. Grosvenor Securities, LLC (GSLLC), their affiliate, is registered as a broker-dealer with the SEC and is a member of FINRA. Ms. Hatch and Mr. Hall are "associated persons" of GSLLC.
<b>Registered Lobbyist(s)</b>	Ms. Hatch and Mr. Hall are not registered as lobbyists with any state or federal government. In connection with our response to the CalPERS Private Equity EM FoF Solicitation, Ms. Hatch and Mr. Hall are exempt from lobbyist registration as they would fall within the exception contained in subdivision (c) of Section 82047.3 of the California Government Code pertaining to external managers participating in a competitive bidding process.
<b>Estimated Placement Agent Compensation*</b>	Each receives a salary and discretionary bonus from GCM Grosvenor. The portion of the salary attributable to time spent on this RFP is approximately \$1,00 for Ms. Hatch and \$500 for Mr. Hall. Such compensation was not based directly or indirectly on the services offered to CalPERS.
<b>Disclosed Gifts and Campaign Contributions*</b>	None
<b>Notes</b>	This information was previously reported to the closed session of the Investment Committee in August 2018. This opportunity was part of an active solicitation. Firm was awarded the contract. Public disclosure prior to completion of the solicitation and execution of terms would impair CalPERS' ability to maximize investment returns.
<b>Transaction Type</b>	Proposed

\*This information is provided directly from the Placement Agent Disclosure as submitted to CalPERS.

Unsolicited Investment Proposal Activity  
 Proposal Status By Asset Class  
 for the Month of November 2018

	Private Asset Classes				Public Asset Classes				Total
	Private Equity	Forestland	Infrastructure	Real Estate	Opportunistic	Global Equities	Commodities	Global Fixed Income	
<b>Start of Month Proposals</b>	13	0	20	12	2	1	0	0	48
<b>New Proposals During the Month</b>	4	1	1	3	2	3	0	2	16
<b>Reinstated Proposal During Month</b>	0	0	0	0	0	0	0	0	0
<b>Decisions During the Month</b>	5	0	6	10	2	3	0	2	28
<b>End of Month Proposals</b>	12	1	15	5	2	1	0	0	36

Status Details

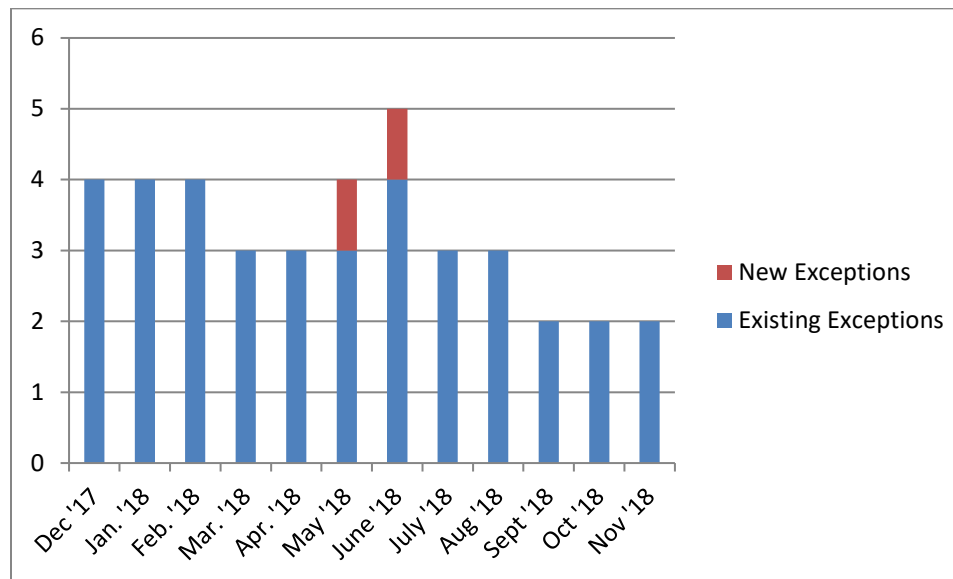
Status	Private Asset Classes				Public Asset Classes				Total
	Private Equity	Forestland	Infrastructure	Real Estate	Opportunistic	Global Equities	Commodities	Global Fixed Income	
<b>Start of Month Proposals</b>									
Submitted	0	0	6	3	1	0	0	0	10
Screening	7	0	10	7	1	1	0	0	26
Due Diligence	3	0	3	2	0	0	0	0	8
Approved	3	0	1	0	0	0	0	0	4
<b>Subtotal</b>	<b>13</b>	<b>0</b>	<b>20</b>	<b>12</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>48</b>
<b>New Proposals During the Month</b>									
<b>Subtotal</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>16</b>
<b>Reinstated Proposals During Month</b>									
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Decisions During the Month</b>									
Committed	2	0	1	1	0	0	0	0	4
Declined	2	0	3	9	0	0	0	2	16
Failed to Materialize	0	0	2	0	2	0	0	0	4
Referred	1	0	0	0	0	3	0	0	4
<b>Subtotal</b>	<b>5</b>	<b>0</b>	<b>6</b>	<b>10</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>28</b>
<b>End of Month Proposals</b>									
Submitted	1	1	0	0	1	0	0	0	3
Screening	6	0	12	4	1	1	0	0	24
Due Diligence	3	0	3	1	0	0	0	0	7
Approved	2	0	0	0	0	0	0	0	2
<b>Subtotal</b>	<b>12</b>	<b>1</b>	<b>15</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>36</b>

## Policy Exceptions

### Exceptions to Policy

According to policy requirements, the following is a summary of investment policy exceptions reported by the program areas. The following program areas had no exceptions to report:

- Global Equity
- Global Fixed Income
- Investment Manager Engagement Programs
- Investment Risk and Performance
- Investment Servicing Division
- Opportunistic Strategies
- Private Equity
- Sustainable Investment Program



**Policy Exceptions**

New:

<b>Program Area or Asset Class</b>	<b>Event Date</b>	<b>Resolution Date</b>	<b>Policy</b>	<b>Exception Description</b>	<b>Event Description and Resolution (expected) or Next Steps</b>
No items to report					



**Policy Exceptions**

Existing:

Program Area or Asset Class	Event Date	Resolution Date	Policy	Exception Description	Event Description and Resolution (expected) or Next Steps
Real Assets	1/1/2017	11/13/2018	Investment Policy for Real Assets Program	For the quarter ended June 2018, the Debt Service Coverage Ratio (DSCR) for the Forestland portfolio was 0.62, which is below the minimum DSCR of 1.25, as required by the Real Assets (RA) Policy.	The Forestland portfolio DSCR has not been within the RA Policy range since January 2017. Data has been finalized through the quarter ended June 2018. Staff proposed updates to the Real Assets Program Policy at the September 2018 Investment Committee meeting to include leverage among the key policy parameters subject to a net asset value threshold for the Forestland portfolio that, if approved, would have the ancillary effect of resolving this exception. The proposed updates were approved at the November 2018 meeting, and therefore, this exception has been resolved.
Trust Level Portfolio Management	8/17/2015	11/13/2018	Total Fund Policy: Asset Allocation Strategy section	The Total Fund Investment Policy requires forecasted and realized tracking error to be evaluated against one another over rolling three-year periods for each program and the Total Fund. Staff has instead been evaluating tracking error over one- and five-year periods.	The Policy requires staff to evaluate forecasted tracking errors and realized tracking errors over rolling three-year periods for each program area and the Total Fund. Staff's current process is to review one- and five-year realized and/or forecasted returns.  Staff proposed updates to the Total Fund Investment Policy at the September 2018 Investment Committee meeting in order to align the policy with actual practice. The proposed updates were approved at the November 2018 meeting, and therefore, this exception has been resolved.

**Disclosure of Closed Session Action Items**

No items to report.

	Total Fund - Public Markets					
	Public Equity (\$)	Income (\$)	Inflation (\$)	ARS (\$)	Liquidity (\$)	TLPM (\$)
<b>Beginning Market Value</b>	162,305,756,757.53	90,026,944,510.48	11,387,056,848.37	226,449,061.02	6,067,228,737.67	8,203,917,477.71
<b>+ Purchases</b>	12,880,709,177.68	3,322,969,751.27	1,903,196,370.90	-	1,636,447,977.61	3,672,047,959.39
<b>- Sales</b>	(10,215,704,645.55)	(8,238,257,081.16)	(2,404,234,818.03)	(1,305,257.38)	(1,623,355,755.70)	(391,426,145.86)
<b>+ Unitized Fund Purchases</b>	-	-	-	-	-	-
<b>- Unitized Fund Sales</b>	-	-	-	-	-	-
<b>+/- Other Changes in MV</b>	85,080,336.53	7,317,092,160.72	(3,304,621,855.00)	9,045,815.05	(2,038,701,168.79)	(802,182,767.64)
<b>Ending Market Value</b>	165,055,841,626.20	92,428,749,341.32	7,581,396,546.24	234,189,618.69	4,041,619,790.79	10,682,356,523.60

	Total Fund - Private Markets			
	Private Equity (\$)	Real Estate (\$)	Forestland (\$)	Infrastructure (\$)
<b>Beginning Market Value</b>	27,838,818,207.08	33,752,807,444.01	1,347,041,709.66	4,393,241,178.47
<b>+ Contributions</b>	212,767,835.73	284,411,427.00	-	200,587,766.00
<b>- Distributions</b>	(519,115,927.12)	(249,733,420.00)	-	(35,066,225.00)
<b>+ Unitized Fund Purchases</b>	-	-	-	-
<b>- Unitized Fund Sales</b>	-	-	-	-
<b>+/- Other Changes in MV</b>	419,392,262.14	(114,506,907.53)	(15,027,437.69)	(26,543,247.74)
<b>Ending Market Value</b>	27,951,862,377.82	33,672,978,543.48	1,332,014,271.97	4,532,219,471.74

Note: Numbers will not tie exactly to the Asset Allocation/Performance categories due to classification differences.

**Investment Transaction Summary**

	<b>Total Public Markets (\$)</b>	<b>Total Private Markets (\$)</b>	<b>Total Fund (\$)</b>
<b>Beginning Market Value</b>	278,217,353,392.78	67,331,908,539.22	345,549,261,932.01
<b>+ Contributions</b>	23,415,371,236.85	697,767,028.73	24,113,138,265.58
<b>- Distributions</b>	(22,874,283,703.68)	(803,915,572.12)	(23,678,199,275.80)
<b>+ Unitized Fund Purchases</b>	-	-	-
<b>- Unitized Fund Sales</b>	-	-	-
<b>+/- Other Changes in MV</b>	1,265,712,520.88	263,314,669.18	1,529,027,190.05
<b>Ending Market Value</b>	280,024,153,446.83	67,489,074,665.01	347,513,228,111.84

Note: Numbers will not tie exactly to the Asset Allocation/Performance categories due to classification differences.