

CIO Opening Comments

Board of Administration Offsite
July 11, 2022

Nicole Musicco
Chief Investment Officer

Agenda Overview

- Goals for today
 - Engaging discussion with industry experts
 - Shared learning and expanded understanding of Investment Strategy
- Fireside Chats and Moderated Panels
 - Current Geopolitical Risks and their impact on Financial Markets
 - Private Debt Market Overview and Current Opportunities
 - CalPERS Strategy on Human Capital Management
 - Efforts to Support Sustainable Investing in Private Markets

Session Previews

Geopolitical Risks and Financial Markets

A fireside chat with two industry experts hosted by CalPERS Managing Investment Director, Sterling Gunn, examining how geopolitics influence views on risk and return, particularly for a global investor like CalPERS. The session will seek to explore this topic through several facets, such as:

- What are the primary geopolitical factors and what is their influence on near- and long-term outlooks?
- How do you see various geopolitical factors evolving on the domestic and international fronts?
- What are some of the regional variations in terms of how geopolitics influence views on risk and return?
- What are some key portfolio considerations, such as diversification, in mitigating geopolitical risks?
- What are some of the specific short- and long-term merits of emerging market (EM) sovereign debt?
- Is it reasonable to expect the nature of EM capital markets to converge to that of developed capital markets?

Geopolitical Risks and Financial Markets

Featured Guest Speakers:

Michael Cembalest – Chairman of Market and Investment Strategy, J.P. Morgan Asset Management

Mr. Cembalest is responsible for leading the strategic market and investment insights across the firm's Institutional, Funds and Private Banking businesses. He is also a member of the J.P. Morgan Asset Management Investment Committee and a member of the Investment Committee for the J.P. Morgan Retirement Plan for the firm's more than 256,000 employees.

Mr. Cembalest earned an M.A. from the Columbia School of International and Public Affairs in 1986 and a B.A. from Tufts University in 1984.

Matt Gertken – Chief Strategist, BCA Research

Mr. Gertken is currently Chief Strategist for BCA Research's Geopolitical Strategy and US Political Strategy. He oversees the firm's coverage of market-relevant geopolitical, political, and policy developments across the world.

Mr. Gertken holds an MPhil from the University of Cambridge and a PhD from the University of Texas at Austin.

Spotlight on Private Debt Opportunities

A fireside chat with Ares Management founder, Antony Ressler, hosted by CalPERS Managing Investment Director, Jean Hsu, discussing the rise of direct lenders and current opportunities in private debt. The session will seek to explore this topic through several facets, such as:

- Is the growth of the private lending market short-term and cyclical, or are we witnessing a long-term shift towards private capital?
- Why is there an opportunity for private credit providers to service the market and why have the banks retrenched?
- Which areas of the market are currently most attractive?
- How do you identify funding gaps in the market and how do you take advantage of these opportunities?
- Beyond corporates, where do you think the next growth area will be within private debt?
- Geographically, where is the greatest opportunity?

Spotlight on Private Debt Opportunities

Featured Guest Speaker:

Antony Ressler – Executive Chairman of Ares Management

Mr. Ressler is Co-Founder and Executive Chairman of Ares Management, a publicly traded, leading global alternative asset management firm with approximately \$325 billion in AUM as of March 31, 2022. Ares operates five investment groups that invest in credit, private equity and real estate, secondary solutions and strategic initiatives. Ares has approximately 2,110 employees operating across North America, Europe, Asia Pacific and the Middle East.

Mr. Ressler has served on several boards of directors of companies owned or controlled by Ares investment funds. Currently, he serves as Co-Chair of the Board of the Los Angeles County Museum of Art (LACMA) and is a Founder and former Chairman of the Alliance for College Ready Public Schools.

Mr. Ressler received his B.S.F.S. from Georgetown University's School of Foreign Service and received his MBA from Columbia University's Graduate School of Business.

Shaping Our Strategy on Human Capital Management

A fireside chat with several industry experts hosted by CalPERS Interim Managing Investment Director, James Andrus, discussing how shareholders have been increasingly calling on companies to disclose more information about, and boards to be more engaged in oversight of, human capital management strategies. The session will seek to explore this topic through several facets, such as:

- What are some of the current risks and opportunities associated with human capital management?
- What are some ways a board of directors might approach monitoring the management of human capital?
- What are some of the current activities underlying CalPERS' Human Capital Management strategy?
- What are some strategies to improve the human capital experience on CalPERS projects?
- How is CalPERS' Responsible Contractor Policy performing and how could it be improved?

Shaping Our Strategy on Human Capital Management

Featured Guest Speakers:

Jarvis Hollingsworth – Chair, Teacher Retirement System of Texas/Chair, Milken Institute DEI in Asset Management

Mr. Hollingsworth is Vice Chairman and COO of Irradiant Partners L.P. He also currently serves as a Director of Laredo Petroleum, and as Lead Director of Core Scientific, the largest Blockchain infrastructure, hosting provider and digital asset miner in North America. He also currently serves as Chairman of the Board of the Teacher Retirement System of Texas, a \$200 billion pension trust fund for retirees, teachers and employees of education-related institutions, and as Chair of the Milken Institute DEI in Asset Management Executive Council.

Mr. Hollingsworth received a BS from the U.S. Military Academy at West Point and served for several years on active and reserve duty in the U.S. Army upon graduation. Jarvis received his J.D. from the University of Houston Law Center.

Prof. Colleen Honigsberg – Associate Professor of Law at Stanford Law School

Prof. Honigsberg is an Associate Professor of Law at Stanford Law School, where her research is focused on the empirical study of corporate and securities law. She has expertise in accounting and previously worked as a Certified Public Accountant for PricewaterhouseCoopers Advisory Services and served as a Senior Economic Research Fellow with the Public Company Accounting Oversight Board.

Professor Honigsberg received her Ph.D. from Columbia Business School and her J.D. from Columbia Law School.

Shaping Our Strategy on Human Capital Management

Featured Guest Speakers:

Sekou Kaalund – President, JP Morgan Chase Northeast

Mr. Kaalund is head of Consumer Banking at Chase for the Northeast Division, where he oversees 1,000 branches across five regions with 10,000 employees and over \$360 billion in deposits and investments. He runs the largest division in Consumer Banking, which as a standalone is the equivalent of the 4th largest bank in the country. Mr. Kaalund serves on several boards, including INROADS (Vice Chair), Center for the Study of the Presidency and Congress, and America Needs You. Additionally, he previously held leadership roles at the Federal Reserve Bank of New York and Citi.

Mike Croft – Chairman, Commonwealth Partners

Mr. Croft is a founding Partner of CommonWealth Partners, LLC, and currently serves as its Chairman and a member of CWP's Executive and Investment Committees. He also currently serves on the Board of Trustees of Providence St John's Health Center. Mr. Croft graduated from Princeton University where he received a Bachelor of Science in Civil Engineering/Applied Mathematics, cum laude, and the Anderson School of the University of California Los Angeles where he received a Master of Business Administration in Finance and Accounting

Sustainable Investing: Developing an Impact Toolkit for Private Markets

A fireside chat with two industry experts hosted by CalPERS Investment Director, Yup Kim, discussing the integration of ESG factors into private equity with a specific focus on two emerging toolkits: the development of standardized ESG metrics and the implementation of employee ownership models. The session will seek to explore this topic through several facets, such as:

- How can private equity take a leadership role in driving sustainability transformations?
- What are some of the current challenges for private asset classes to fully integrate ESG?
- What catalyzed the ESG Data Convergence Project led by CalPERS and Carlyle?
- How do ESG factors potentially serve as alpha catalysts in the private markets?
- What is the promise of broad ownership and what examples can you share of success stories?
- How do we keep LPs and GPs accountable on progress across key ESG KPIs?
- How does your organizations hire, retain and advocate for diverse candidates in your organizations and portfolio companies?

Sustainable Investing: Developing an Impact Toolkit for Private Markets

Featured Guest Speakers:

Pete Stavros – Partner & Co-Head of Americas Private Equity, KKR

Mr. Stavros joined KKR in 2005 and is Co-Head of the Americas Private Equity platform, which covers investment strategies across traditional large and mid-cap private equity, core private equity and growth equity. He is a member of several investment and management committees at KKR and has also served as Co-Chair of the firm's global Inclusion and Diversity Council. He holds a B.S. in Chemistry, magna cum laude, from Duke University and an M.B.A. with high distinction, Baker Scholar, from Harvard Business School.

Megan Starr – Global Head of Impact, Carlyle

Ms. Starr is the Global Head of Impact at Carlyle. Where she works to design and execute Carlyle's cohesive, long-term impact strategy. She also oversees the dedicated ESG team, which leads the firm's investment diligence and portfolio company engagement work on material ESG issues. Ms. Starr received an M.B.A. and a Certificate in Public Management and Social Innovation from Stanford University's Graduate School of Business, where she was an Arbuckle Leadership Fellow, and an A.B. in Environmental Science and Public Policy from Harvard College, where she graduated magna cum laude with highest honors in field of concentration.