



CalPERS Reports Preliminary 2015-16 Fiscal Year Investment Returns

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Communications & Stakeholder Relations

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News media availability with CIO and senior team at 12:35 PT

SACRAMENTO, CA - The California Public Employees' Retirement System (CalPERS) today reported a preliminary 0.61 percent net return on investments for the 12-month period that ended June 30, 2016. CalPERS assets at the end of the fiscal year stood at more than \$295 billion and today stands at \$302 billion.

CalPERS achieved the positive net return despite volatile financial markets and challenging global economic conditions. Key to the return was the diversification of the Fund's portfolio, especially CalPERS' fixed income and infrastructure investments.

Fixed Income earned a 9.29 percent return, nearly matching its benchmark.

Infrastructure delivered an 8.98 percent return, outperforming its benchmark by 4.02 percentage points, or 402 basis points. A basis point is one one-hundredth of a percentage point.

The CalPERS Private Equity program also bested its benchmark by 253 basis points, earning 1.70 percent.

"Positive performance in a year of turbulent financial markets is an accomplishment that we are proud of," said Ted Eliopoulos, CalPERS Chief Investment Officer. "Over half of our portfolio is in equities, so returns are largely driven by stock markets. But more than anything, the returns show the value of diversification and the importance of sticking to your long-term investment plan, despite outside circumstances."

"This is a challenging time to invest, but we'll continue to focus on our mission of managing the CalPERS investment portfolio in a cost-effective, transparent, and risk-aware manner in order to generate returns for our members and employers," Eliopoulos continued.

For the second year in a row, international markets dampened CalPERS' Global Equity returns. However, the program still managed to outperform its benchmark by 58 basis points, earning negative 3.38 percent. The Real Estate program generated a 7.06 percent return, underperforming its benchmark by 557 basis points. The primary drivers of relative underperformance were the non-core programs, including realized losses on the final disposition of legacy assets in the Opportunistic program.

"It's important to remember that CalPERS is a long-term investor, and our focus is the success and sustainability of our system over multiple generations," said Henry Jones, Chair of CalPERS Investment Committee. "We will continue to examine the portfolio and our asset allocation, and will use the next Asset Liability Management process, starting in early 2017, to ensure that we are best positioned for the future market climate."

Today's announcement includes asset class performance as follows:

	Net Rate of Return	Versus Indexes
Public Equity	-3.38%	58 bps
Private Equity	1.70%	253 bps
Fixed Income	9.29%	(2) bps
Real Assets	5.99%	(516) bps

	Net Rate of Return	Versus Indexes
Real Estate	7.06%	(557) bps
Infrastructure	8.98%	402 bps
Forestland	-9.56%	(1,246) bps
Liquidity	0.36%	17 bps
Inflation Assets	-3.64%	147 bps

Returns for real estate, private equity and some components of the inflation assets reflect market values through March 31, 2016.

CalPERS 2015-16 Fiscal Year investment performance will be calculated based on audited figures and will be reflected in contribution levels for the State of California and school districts in Fiscal Year 2017-18, and for contracting cities, counties, and special districts in Fiscal Year 2018-19.

The ending value of the CalPERS fund is based on several factors and not investment performance alone. Contributions made to CalPERS from employers and employees, monthly payments made to retirees, and the performance of its investments, among other factors, all influence the ending total value of the Fund.

The Board has taken many steps to sustain the Fund as part of CalPERS' Asset Liability Management Review Cycle (PDF) that takes a holistic and integrated view of our assets and liabilities.

News Media Availability Today

Today the Pension Fund will hold news media availability at 12:35 p.m., PT, with its Chief Investment Officer and senior investment management team to discuss earnings for the 2015-16 Fiscal Year. To participate, call the toll-free number (866) 844-9416 from the U.S., using the pass code "CalPERS" for call leader Wayne Davis. International callers may call (203) 369-5026.

For more than eight decades, CalPERS has built retirement and health security for state, school, and public agency members who invest their lifework in public service. Our pension fund serves more than 1.8 million members in the CalPERS retirement system and administers benefits for more than 1.4 million members and their families in our health program, making us the largest defined-benefit public pension in the U.S. CalPERS' total fund market value currently stands at approximately \$302 billion. For more information, visit www.calpers.ca.gov.

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CalPERS Announces Positive Investment Returns Despite Volatility [↗](#)

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