

SEIU California



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February 8, 2019

Henry Jones
President, CalPERS Board of Directors
Lincoln Plaza North
400 Q Street, Room 3340
Sacramento, CA 95811

RE: Staff Recommendations on Private Equity

Dear President Jones:

On behalf of the California State Council of the Service Employees International Union (SEIU California) and our 700,000 members, SEIU California is pleased to support the staff recommendation on private equity.

Private equity is critical element of the CalPERS portfolio. However, it is also notoriously non-transparent and entails high fees. Despite this, private equity has been the only category of investment that has consistently outperformed the discount rate even after fees are considered and CalPERS must include private equity in a diversified portfolio in order to maximize its ability to meet the current 75% target.

The private equity plan proposed by CalPERS staff is well researched and thought out. The recommendations strike an appropriate balance, because it proposes to take advantage of CalPERS' ability to invest long-term and identify opportunities that many hedge funds might overlook due to their more short-term horizons and interests in immediate returns.

Sincerely,

Terry Brennand
Budget, Revenue, and Pensions Director