



Investment Committee

Agenda Item 9a

April 20, 2020

Item Name: Contracts Administration: General Pension Board Investment Consultant: Key Person Change

Program: Investment Office-Total Fund

Item Type: Action

Recommendation

Staff recommends the following: (1) approve the removal of Andrew Junkin as a “Key Person” under the consulting agreement effective July 1, 2015 between CalPERS and Wilshire Associates Incorporated (Wilshire) and from the new consulting agreement between CalPERS and Wilshire that will be effective July 1, 2020 (“Agreements”); and (2) approve the substitution of Key Persons, attached here as Attachment 1, specifying Thomas Toth, Steve Foresti, Rose Dean and Ali Kazemi as the Agreements’ Key Persons going forward.

Executive Summary

Andrew Junkin has recently departed Wilshire. Mr. Junkin, as President of Wilshire Consulting, was a Key Person dedicated to providing General Investment Consulting Services to the Investment Committee and Board of Administration. In Mr. Junkin’s absence, Thomas Toth, Steve Foresti, Rose Dean and Ali Kazemi, all Managing Directors at Wilshire, will continue to serve the CalPERS Board.

Strategic Plan

This agenda item supports the CalPERS Strategic Plan goal to cultivate a high-performing, risk-intelligent, and innovative organization.

Background

The purpose of the Key Person provision in the Agreements is to identify Wilshire personnel who will play a significant administrative role in providing services to CalPERS. Key Persons may not be replaced without CalPERS’ consent. Pursuant to Section 4 of the 2015 Agreement (Section 3 of the 2020 Agreement), Wilshire provided notice to CalPERS in March that Mr. Junkin would be leaving Wilshire in April 2020. Thomas Toth, Steve Foresti, Rose Dean and Ali Kazemi would continue to serve the CalPERS Board.

Analysis

Staff recommends the approval of the change for the following reasons:

- Wilshire was again selected as the General Investment Pension Board Consultant through the competitive bid process in December 2019 due, in part, to their team's extensive background and experience.
- Although Mr. Junkin's departure is regrettable, Wilshire is confident that its current team has the depth and resources to provide the same level of consulting services to the CalPERS Board.
- The Key Persons that will continue to serve the CalPERS Board are not new to CalPERS. Thomas Toth became a Key Person in 2014, Steve Foresti in 2015 and Rose Dean and Ali Kazemi both in 2018. All Key Persons have extensive backgrounds in investment consulting services.

Budget and Fiscal Impacts

There are no budget or fiscal impacts relating to this Key Person change.

Benefits and Risks

Not applicable.

Attachments

Attachment 1 – Updated Key Persons

Matt Flynn
Investment Director

Dan Bienvenue
Interim Chief Operating Investment Officer

Updated Key Persons

Thomas Toth is a Managing Director of Wilshire Associates and a member of Wilshire Consulting. He has 18 years of investment experience providing client service for a variety of pension, endowment, and foundation clients. Mr. Toth is a member of Wilshire's Investment Strategy Committee and currently sits on both the Hedge Fund of Funds and Private Equity/Credit Asset Class Committees, where he is responsible for the evaluation and monitoring of a variety of products in the alternative investment arena. Mr. Toth joined Wilshire in 2004 and initially worked in Wilshire Consulting's Investment Research Group, where he was responsible for writing white papers on topics such as hedge funds, private equity, and infrastructure. Prior to joining Wilshire, Mr. Toth worked in New York for fixed income asset manager Fischer Francis Trees and Watts. Mr. Toth earned his BA from the University of California, San Diego, and an MBA with a concentration in finance / capital markets from the USC Marshall School of Business. Mr. Toth also holds the Chartered Financial Analyst designation.

Steve Foresti, a Managing Director with Wilshire Associates, is the Chief Investment Officer of Wilshire Consulting. Mr. Foresti is based in Wilshire's Santa Monica, Calif., office and heads Wilshire Consulting's research efforts, including strategic investment research and the development of asset class assumptions for use in Wilshire's asset allocation process. He serves as chairman of Wilshire Consulting's Investment Committee. Throughout his tenure at Wilshire, he has worked directly with large institutional investors of all types: public and corporate defined benefit plans, foundations, endowments and insurance companies. Mr. Foresti has authored papers on a broad range of topics across both the traditional and alternative investment areas. Mr. Foresti joined Wilshire in 1994 and has over 29 years of capital market experience. Mr. Foresti spent nine years with Wilshire Analytics where he developed and supported quantitative attribution and risk models within the Wilshire Quantum SeriesSM of investment analytics. Before joining Wilshire, Mr. Foresti worked in Morgan Stanley's Mutual Fund Division (formerly Dean Witter Inter-Capital) where he acted as a liaison between the firm's portfolio management team and sales force. He holds a BS in finance from Lehigh University and a MBA in finance and accounting from the University of Texas at Austin.

Rose Dean is a Managing Director of Wilshire Associates and a member of Wilshire Consulting. Ms. Dean joined Wilshire in 2015 and conducts investment research and provides consulting services to corporate and public pension funds, endowments, and foundations. She also currently serves on the Fixed Income/LDI and Private Equity/Credit Asset Class Committees. Ms. Dean has 17 years of industry experience. Prior to joining Wilshire, Ms. Dean spent four years running a start-up alternative investments consulting business, advising on opportunities focused on private credit and asset-based loan portfolios. Ms. Dean spent seven years trading fixed income at Citigroup in New York, both as a market-maker and as a bank treasury portfolio manager. Subsequently, she was a Director at Harcourt Alternative Investments, a Swiss fund of hedge funds. She was in charge of hedge fund investment due diligence for multiple strategies, including

fixed income arbitrage, global macro and emerging markets. Ms. Dean has a BA in chemistry from the University of Chicago, and two MBA degrees, one in finance from the University of Chicago Booth School of Business, and one in International Brand Management from ESSEC (École Supérieure des Sciences Économiques et Commerciales) in France. She is fluent in Korean and conversant in Mandarin Chinese and French. She holds the Chartered Financial Analyst designation and is a member of the CFA Society Orange County.

Ali Kazemi is a Managing Director with Wilshire Associates and a member of Wilshire Consulting where he is the head of Risk Management. Mr. Kazemi works in Wilshire's Santa Monica, Calif., office and has provided investment and risk management consulting services to public and corporate pension plans, foundations and endowments, and insurance companies since 2009. He is also a member of Wilshire Consulting's Multi-Asset/Risk Parity Asset Class Committee. Mr. Kazemi joined Wilshire in 2001 and worked in product development and client service with Wilshire Analytics' Total Fund Analytic products, Wilshire SpectrumSM and Wilshire iQuantumSM. His responsibilities included the design and development of multi-asset class risk models and the supporting reporting framework. In 2006, he worked in the Wilshire London office for three years where he coordinated the client servicing support for a combination of Asset Management and Institutional Investing clients using Wilshire Analytics to help manage risk and performance. Mr. Kazemi earned a BS from the University of California, San Diego.