

CalPERS Specific Glossary of Terms

Term	Definition	Related Policies
<i>Alternative Solicitation Process</i>	A process for identifying and selecting external asset managers utilizing the on-line Investment Proposal Tracking System. This process may target a particular strategy type, or may continuously assess submitted investment proposals and replaces a formal request for proposal.	<ul style="list-style-type: none"> • Global Equity
<i>Asset Class Tracking Error</i>	The expected or ex ante annualized standard deviation of the return difference between an asset class and its assigned strategic benchmark as calculated from the Investment Office Risk Management system.	<ul style="list-style-type: none"> • Global Equity
<i>California Emerging Market Investments</i>	California Emerging Market Investments shall focus on investment opportunities in traditionally underserved markets located in California. By way of example, underserved markets would include urban and rural areas undergoing or in need of revitalization where there are assets (e.g. an available labor pool, underutilized infrastructure) conducive to business development.	<ul style="list-style-type: none"> • Economically Targeted Investment Program
<i>Corporate Sector</i>	As defined by CalPERS corporate investment managers in BlackRock Solutions, Aladdin product. Examples of sectors include banking, independent finance, diversified telecom, etc.	<ul style="list-style-type: none"> • Global Fixed Income Program • Low Duration Fixed Income Program
<i>Debt Financing Amount</i>	Refers to any debt financing amounts committed to, by, or on behalf of a relationship. May include, but is not limited to, public, private, secured or unsecured, fixed or variable rate credit lines, subscription lines, credit guarantees, credit accommodations, credit enhancements, property debt, portfolio debt, joint venture or entity debt for commingled funds, separate accounts or targeted transactions.	<ul style="list-style-type: none"> • Real Assets
<i>Economically Targeted Investment</i>	An investment which has collateral intent to assist in the improvement of both national and regional economies, and the economic wellbeing of the State of California, its localities and residents. Economic stimulation includes job creation, development, and savings; business creation; increases or improvement in the stock of affordable housing; and improvement of the infrastructure.	<ul style="list-style-type: none"> • Economically Targeted Investment Program

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<p><i>External Manager</i></p>	<p>An asset management firm that is seeking to be, or has been, retained by CalPERS or by a CalPERS Vehicle to manage a portfolio of assets (including securities) for a fee. The external manager usually has full discretion to manage CalPERS assets, consistent with investment management guidelines provided by CalPERS and fiduciary responsibility.</p>	<ul style="list-style-type: none"> • California Employers; Retiree Benefit Trust • Corporate Governance • Currency Overlay Program • Disclosure of Placement Agent Fees, Gifts and Campaign Contributions • Emerging Equity Market Principles • Global Fixed Income Program • Inflation Assets • Judges Retirement Fund • Judges Retirement System II Fund • Legislators' Retirement System Fund • Liquidity Program • Long-Term Care Fund • Low Duration Fixed Income Program • Public Employees' Health Care Fund • Securities Lending • (SIP) CalPERS Target Retirement Date & POFF Funds • Supplemental Income Plan • Treasury Inflation Protected Securities

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General Pension Consultant	An individual or organization that provides specialized professional assistance to the Investment Committee in determining the pension fund's asset allocation model or optimal combination of investments in order to maximize risk-adjusted investment returns in a manner consistent with the State's long-term pension liabilities. (Also, referred to as Primary Board Consultant).	<ul style="list-style-type: none"> • Asset Allocation Strategy • California Employers; Retiree Benefit Trust • Credit Enhancement Program • Currency Overlay Program • Emerging Equity Market Principles • Global Equity • Global Fixed Income Program • Inflation Assets • Judges Retirement Fund • Judges Retirement System II Fund • Legislators' Retirement System Fund • Leverage • Liquidity Program • Low Duration Fixed Income Program • Long-Term Care Fund • Opportunistic Investments • Public Employees' Health Care Fund • Securities Lending • Supplemental Income Plan • Terminated Agency Pool • Treasury Inflation Protected Securities
High Quality LIBOR	A limited-duration, highly liquid, LIBOR-based fund managed by CalPERS staff.	<ul style="list-style-type: none"> • Global Fixed Income Program • Inflation Assets • Low Duration Fixed Income Program

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<i>Investment Transaction Amounts</i>	Refers to the sum of the three individual definitions for Investment, Disposition, and Debt Financing Amounts. The combined term is utilized in the Policy and Real Estate Delegation Resolution to describe transactions which staff will or will not have discretion to execute.	<ul style="list-style-type: none"> • Real Assets
<i>Legacy Commitments</i>	With regard to the Securities Lending Investment Policy, legacy commitments refers to commitments held in the cash collateral reinvestment portfolio prior to adoption of the Securities Lending Investment Policy dated February 16, 2010.	<ul style="list-style-type: none"> • Securities Lending
<i>Leveraged Bank Loans</i>	Loans made by banks that are typically partially secured by assets and are made to non-investment grade companies with a debt/EBITDA ratio greater than 3.5 and have a spread to LIBOR of greater than 250 basis points.	<ul style="list-style-type: none"> • Global Fixed Income Program
<i>Net Exposure</i>	The sum of the notional market value of long (positive) and short (negative) positions in all non-option instruments, plus the delta adjusted notional value of all options positions	<ul style="list-style-type: none"> • Leverage • Global Equity
<i>Other Property Types</i>	Includes real estate related assets not included in one of the following categories: office, industrial, retail, multifamily, hotels, for sale residential, or senior housing. Examples would include Real Estate Operating Companies and Self-Storage Facilities.	<ul style="list-style-type: none"> • Real Assets
<i>Outsourcer</i>	A portfolio company that intends to provide services in a manner that will cause the outsourcing, on more than a de minimis basis, to the private sector of existing U.S. state and local public sector jobs.	<ul style="list-style-type: none"> • Restricting PE Investments in Public Sector Outsourcers
<i>Private Asset Class Board Investment Consultant</i>	An individual or organization that provides specialized professional assistance to the Investment Committee related to an asset class regarding strategy and policy analysis, performance analysis and monitoring, and independent advisory service to the Investment Committee.	<ul style="list-style-type: none"> • Private Equity Program • Role of Private Asset Class Board Investment Consultants • Real Assets

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<i>Prudent Person Opinion</i>	An opinion from a consultant or external resource subject to the Fiduciary Standard of Care that the proposed investment is a prudent investment consistent with Article XVI, Section 17(c) of the California Constitution and Section 20151 (c) of the California Government Code, i.e., made with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.	<ul style="list-style-type: none"> • Private Equity Program • Role of Private Asset Class Board Investment Consultants • Real Assets
<i>Spring-Fed Pool</i>	A list of outside consulting firms selected based on RFI or RFP processes which serve as independent fiduciaries for the Global Real Estate Unit.	<ul style="list-style-type: none"> • Real Assets
<i>Vintage Year</i>	The year in which the first capital drawdown of the partnership occurs.	<ul style="list-style-type: none"> • Private Equity Program • Real Assets