

Callan



CalPERS Emerging Manager Programs Benchmark Survey

Investment Committee Meeting

March 17, 2014

Ron Peyton
Chairman and CEO

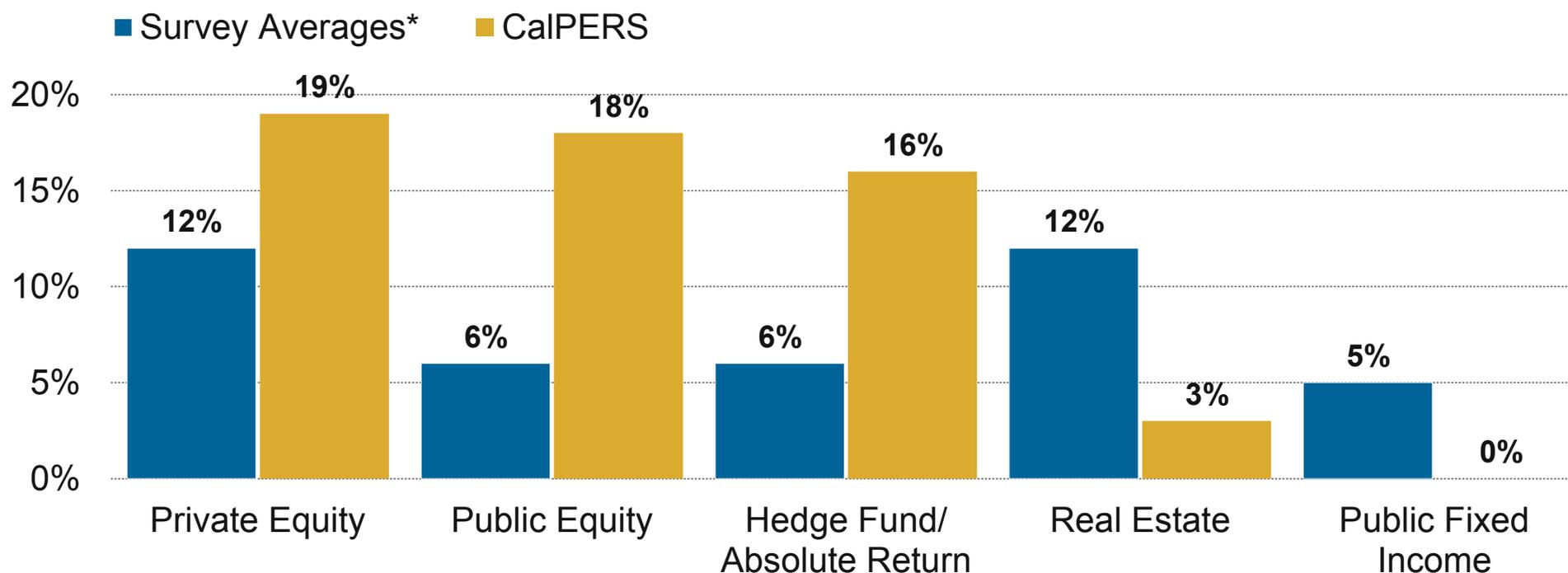
Anna West
Vice President

Survey Overview

- CalPERS engaged Callan to survey the emerging manager programs of similar U.S. public funds to gain insight into the best practices of its peers.
- Seven funds responded to the survey out of the 11 institutional peers targeted. Those funds are not identified in this report. Survey results are aggregated and specific responses are not attributed to individual respondent funds.
- The survey reveals that CalPERS has the highest exposure to emerging managers at the total fund level. CalPERS and two peers have significant allocations across most of the asset classes.

Survey Findings

Allocations to Emerging Managers by Asset Class (as a % of Externally Managed Assets)

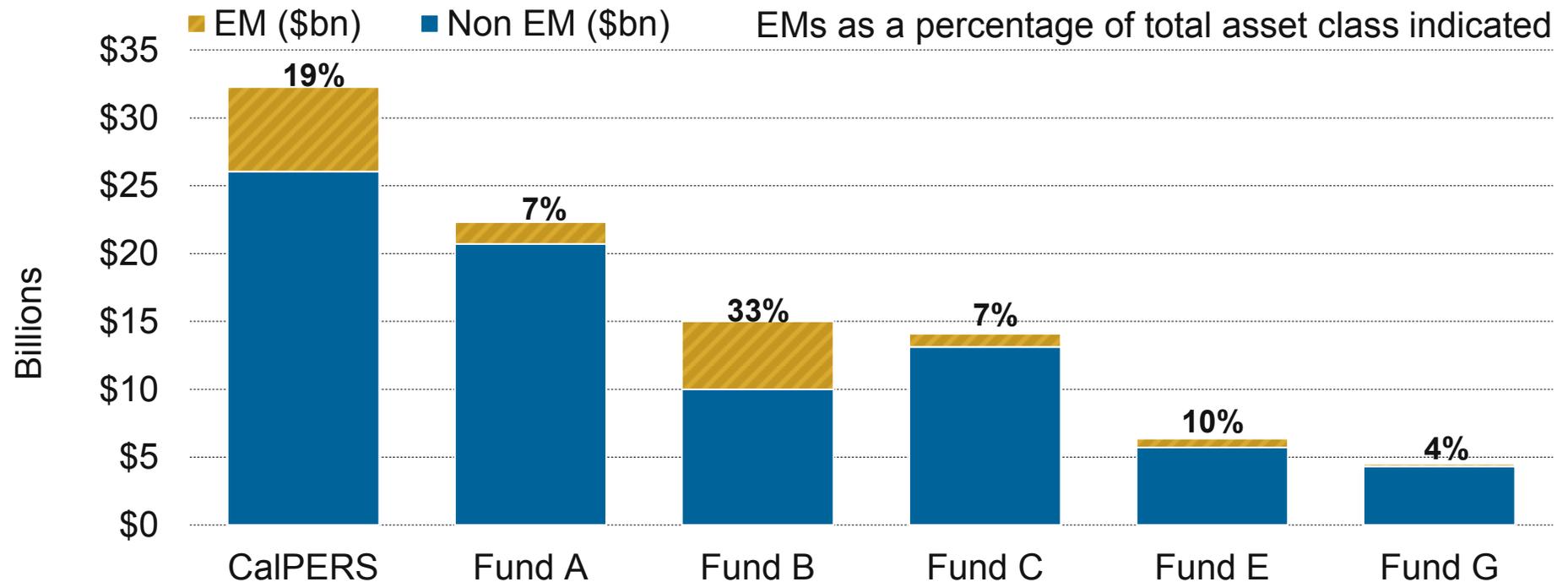


- CalPERS percentage allocations to private equity, public equity, and hedge funds meets or exceeds the peer fund averages.
- CalPERS has the largest dollar allocation to emerging managers in private equity and hedge funds/absolute return.

*Averages of only those funds with allocations to emerging managers (0% not included in calculations).

Asset Class Detail

Externally Managed Private Equity

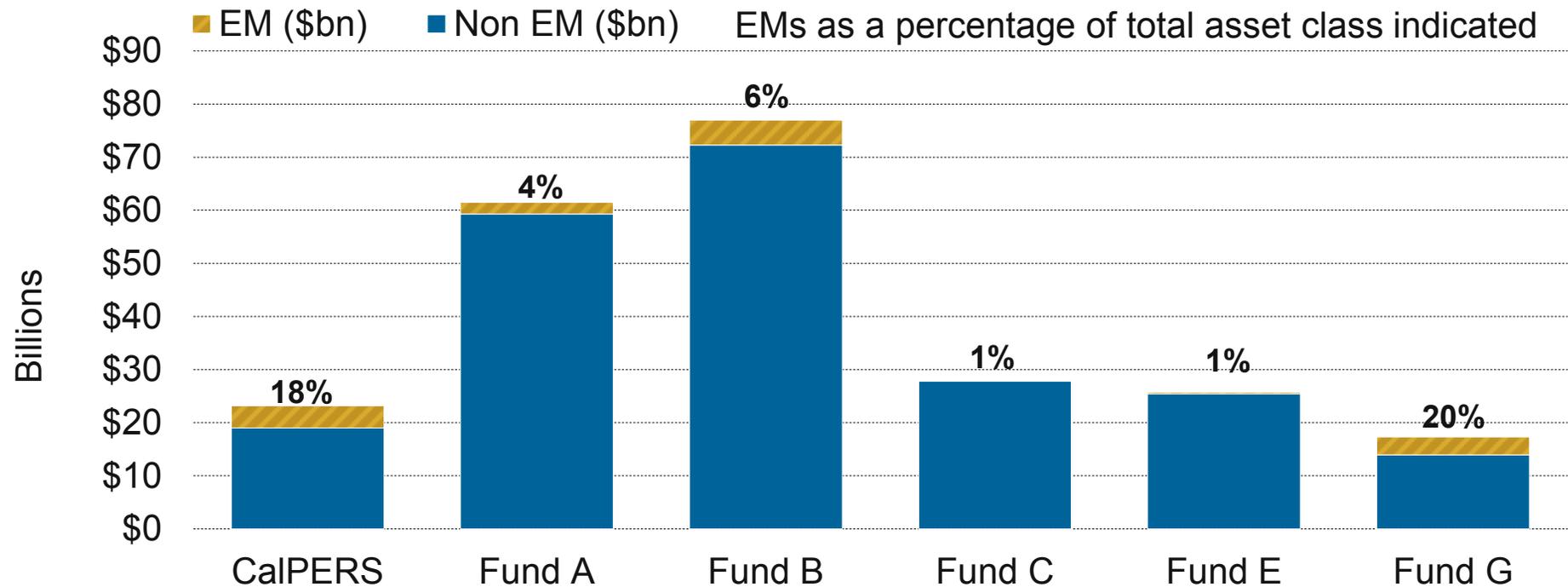


- CalPERS has the largest dollar allocation to emerging managers in private equity (\$6.2 billion) and the second highest percentage of the total asset class allocation (19%).

Data presented reflects each fund's unique definition of an "emerging manager."

Asset Class Detail

Externally Managed Publicly Traded Equities

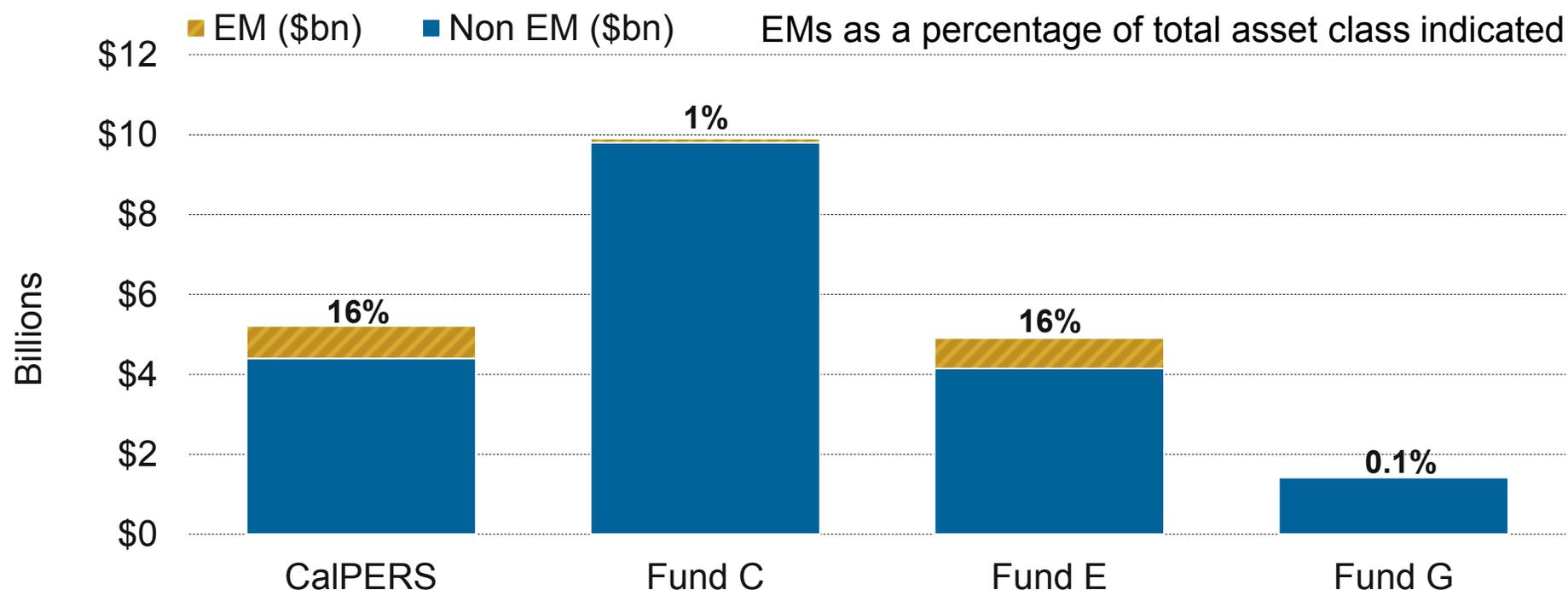


- The bulk of CalPERS public equities (83%) is managed internally, and thus is not covered in this chart.
- CalPERS has the second-largest dollar allocation to public equity emerging managers at \$4.2 billion, or 18% of total externally managed public equity assets.

Data presented reflects each fund's unique definition of an "emerging manager."

Asset Class Detail

Externally Managed Hedge Fund/Absolute Return

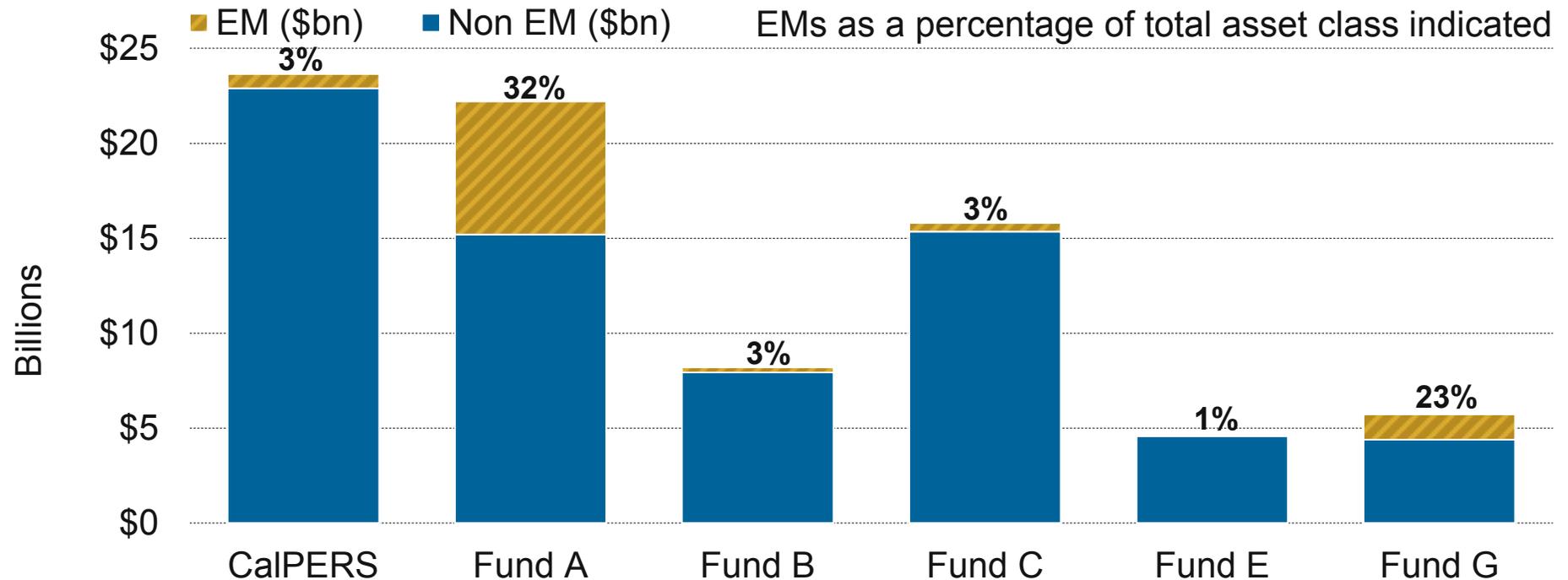


- CalPERS has the largest dollar allocation to emerging managers in hedge funds/absolute return (\$819 million) and shares the highest percentage of the total asset class allocation (16%) with one peer fund.

Data presented reflects each fund's unique definition of an "emerging manager."

Asset Class Detail

Externally Managed Real Estate



- CalPERS has the third largest dollar allocation to emerging managers in externally managed real estate (\$761 million) and is at the median percentage of the total asset class allocation (3%).

Data presented reflects each fund's unique definition of an "emerging manager."

Survey Findings

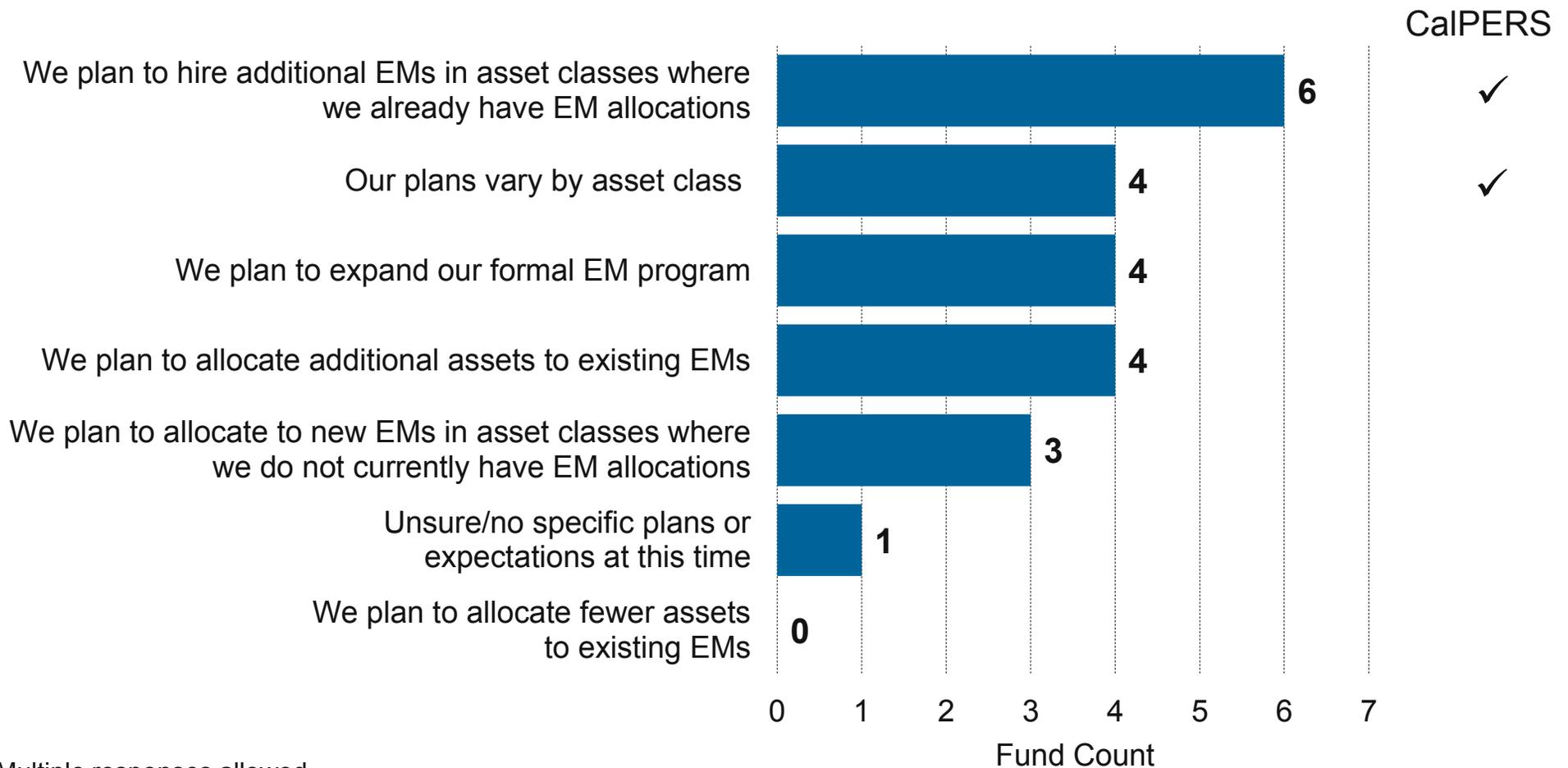
Emerging Manager Definition

- While less than \$2 billion in assets under management is the most common threshold for defining emerging managers, peer definitions vary across asset classes.
- Once managers outgrow emerging manager definitions, there does not appear to be consensus on how, if at all, to transition these managers from the program.
- Three peer funds explicitly include minority and/or women owned firms in their definition and two peers include disabled and/or disabled veteran owned firms.

Program Approaches

Future Plans

Indicate your fund's plans for investment with emerging managers in the next 1 – 2 years.*

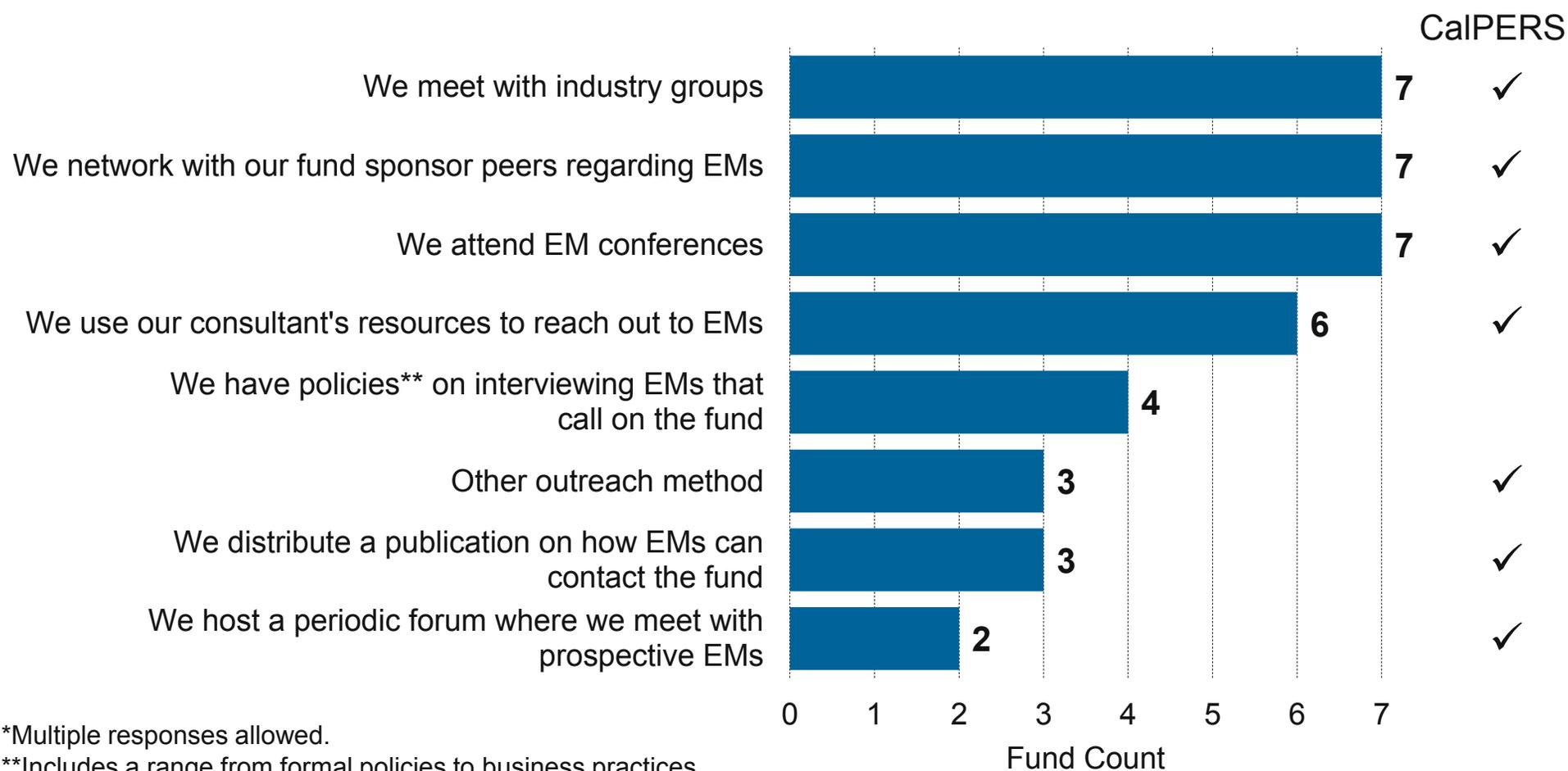


*Multiple responses allowed.

Program Approaches

Outreach to the Emerging Manager Community

Indicate which outreach methods your fund utilizes, and how effective they have been in demonstrating the fund's commitment to the emerging manager program.*



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— End —

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