

Callan



CalPERS Peer Benchmark Survey: Women and Minority Owned Managers

Investment Committee Meeting

June 16, 2014

Ron Peyton
Chairman and CEO

Survey Overview

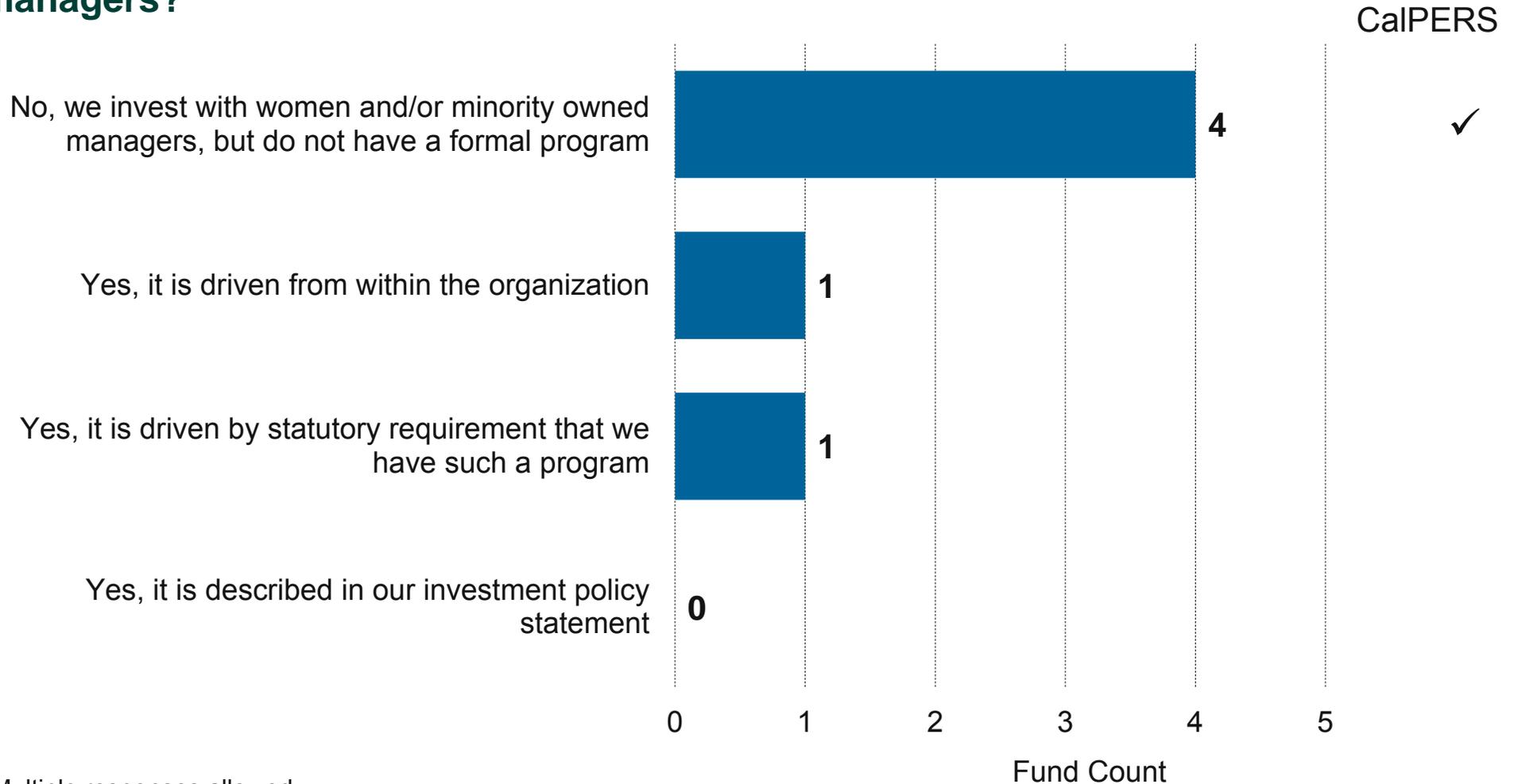
- As a result of the emerging manager survey that Callan and CalPERS produced earlier this year, CalPERS engaged Callan to conduct a follow-up survey to examine investment manager diversity, specifically exposures to women and minority owned managers amongst U.S. public pension funds.
- Reporting on exposures to women and minority owned investment managers is uncharted territory. Five funds responded anonymously to the survey out of the 11 institutional peers targeted. Many funds were unable to report the data requested with a high degree of confidence.
- Unlike CalPERS, four peer funds explicitly include women and minority owned firms in their definitions of emerging managers. These peer funds' emerging manager exposure ranges from 6% to 83% of women and minority owned firms. At CalPERS this figure is 30%.

Survey Overview (continued)

- CalPERS employs 89 women and minority managers across the total fund—more than twice the number of the next highest peer fund. The number of CalPERS external managers is more than three times the number of the next closest peer fund. As a result, CalPERS percentage of women and minority owned managers (8%) belies the sheer number of women and minority funds employed.
- CalPERS largest exposure to women and minority owned firms by total assets is in Public Equity (\$1.6 billion), followed by Real Estate (\$1.4 billion), Private Equity (\$1.2 billion), and Absolute Return Strategies (\$256 million), for a total of \$4.5 billion.

Program Approaches

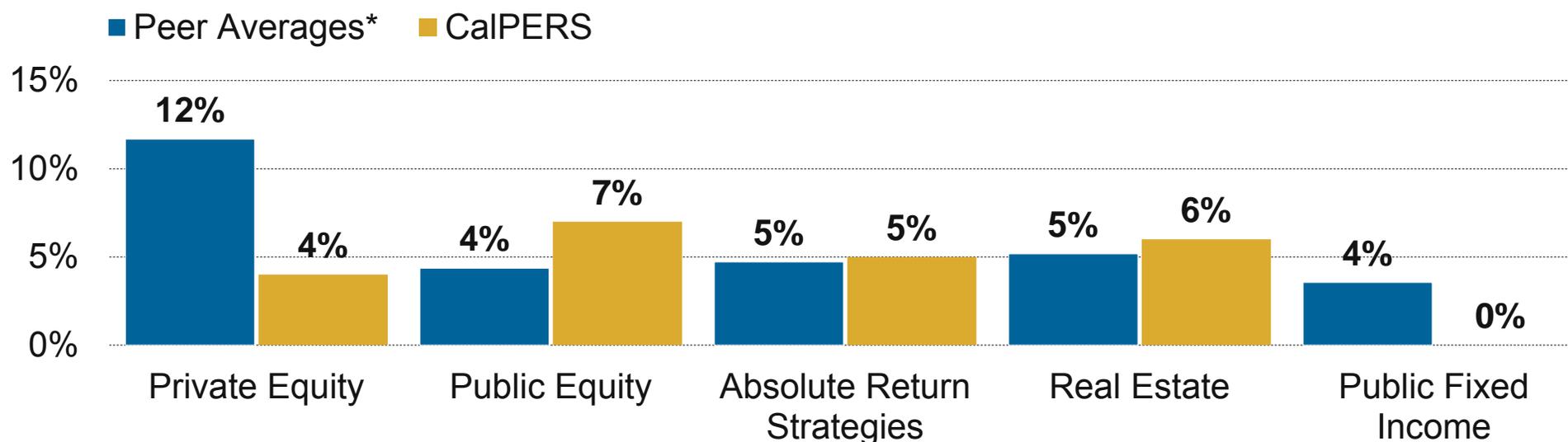
Do you have a formal program to invest with women and minority owned managers?*



*Multiple responses allowed.

Survey Findings

Investment with Women/Minority Owned Managers (as a % of externally managed assets)

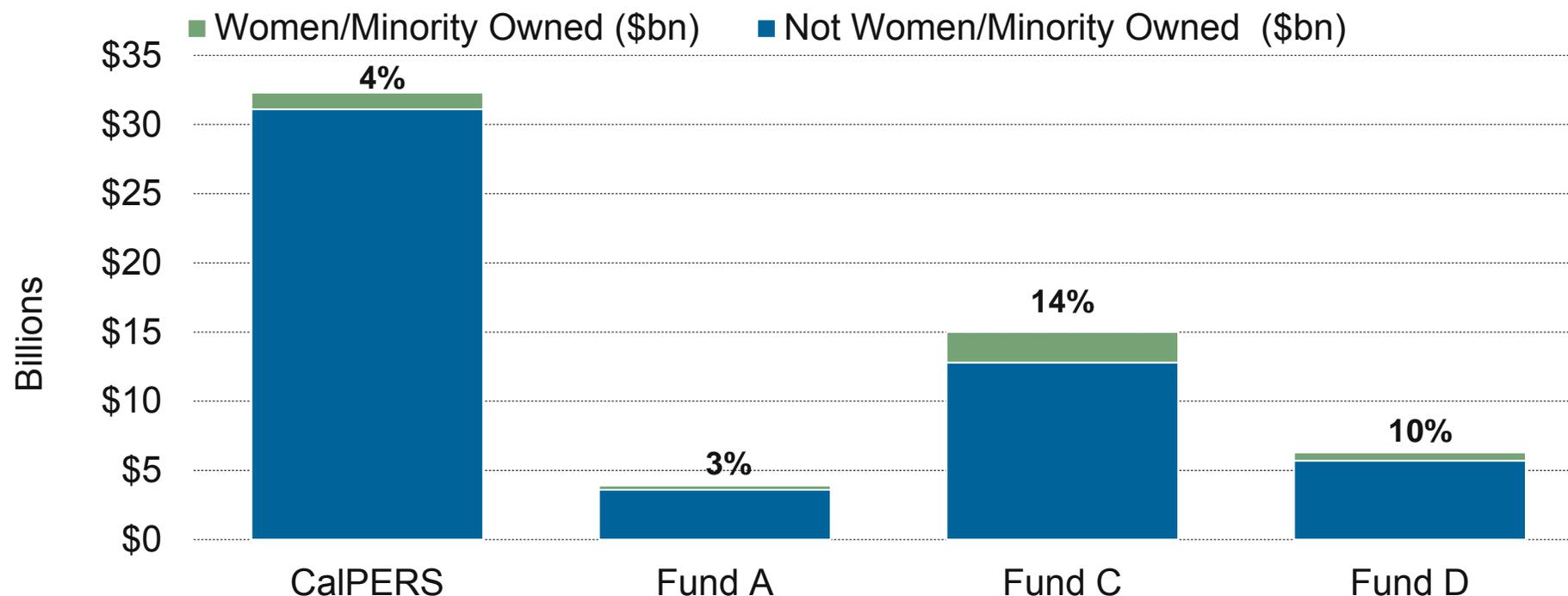


- CalPERS largest exposure to women and minority owned firms by total assets is in Public Equity at \$1.6 billion (7% of externally managed assets).
- In Private Equity, the difference in percentage of assets (4% for CalPERS vs. 12% peer fund average) is due to the size of the externally managed asset pools: \$32 billion for CalPERS vs. \$8 billion peer average. CalPERS dollar investment with women and minority owned managers (\$1.2 billion) is actually larger than the peer fund average (\$975 million).

*Averages include only peer funds invested with diverse managers (0% not included in calculations). Averages based on 2 or 3 data points per asset class.

Asset Class Detail: Net Asset Value

Externally Managed Private Equity (Minority and women owned as a % of total)

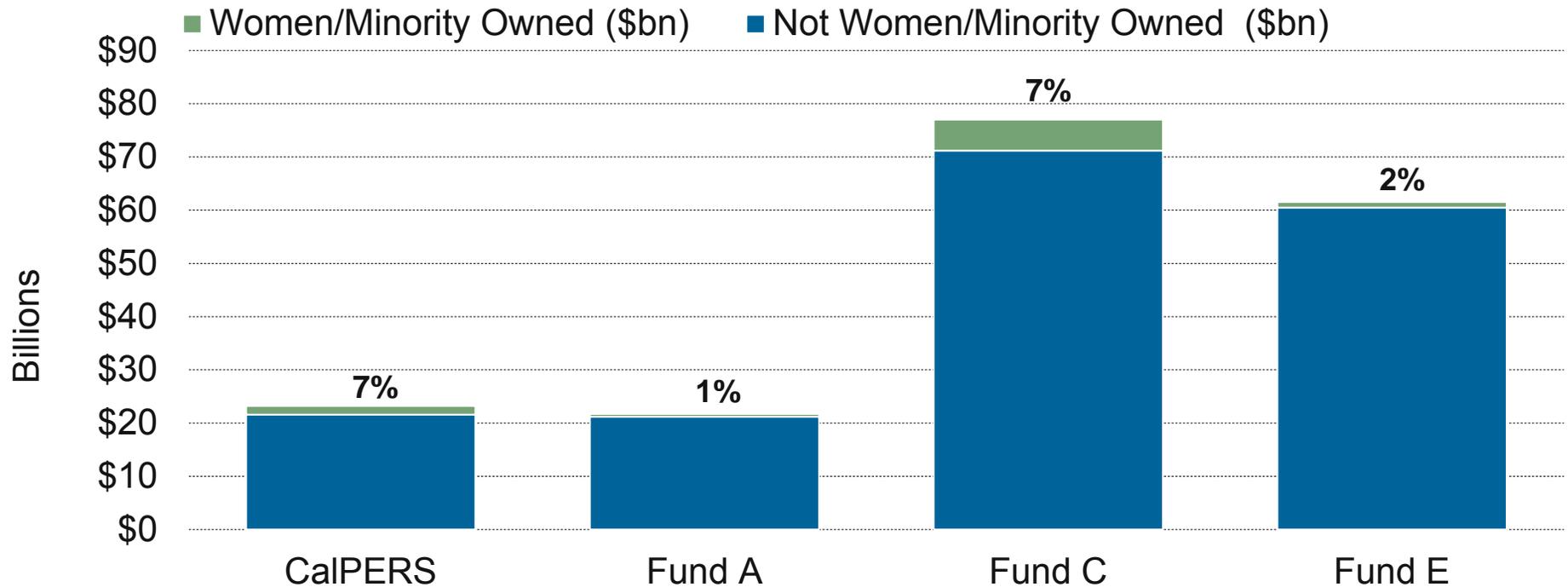


- CalPERS has the second-largest asset value to women and minority owned firms in Private Equity (\$1.2 billion) and the third-highest percentage of the total asset class investment (4%).

Data presented reflects each fund's unique definition of a women or minority owned firm.

Asset Class Detail: Net Asset Value

Externally Managed Publicly Traded Equity (Minority and women owned as a % of total)



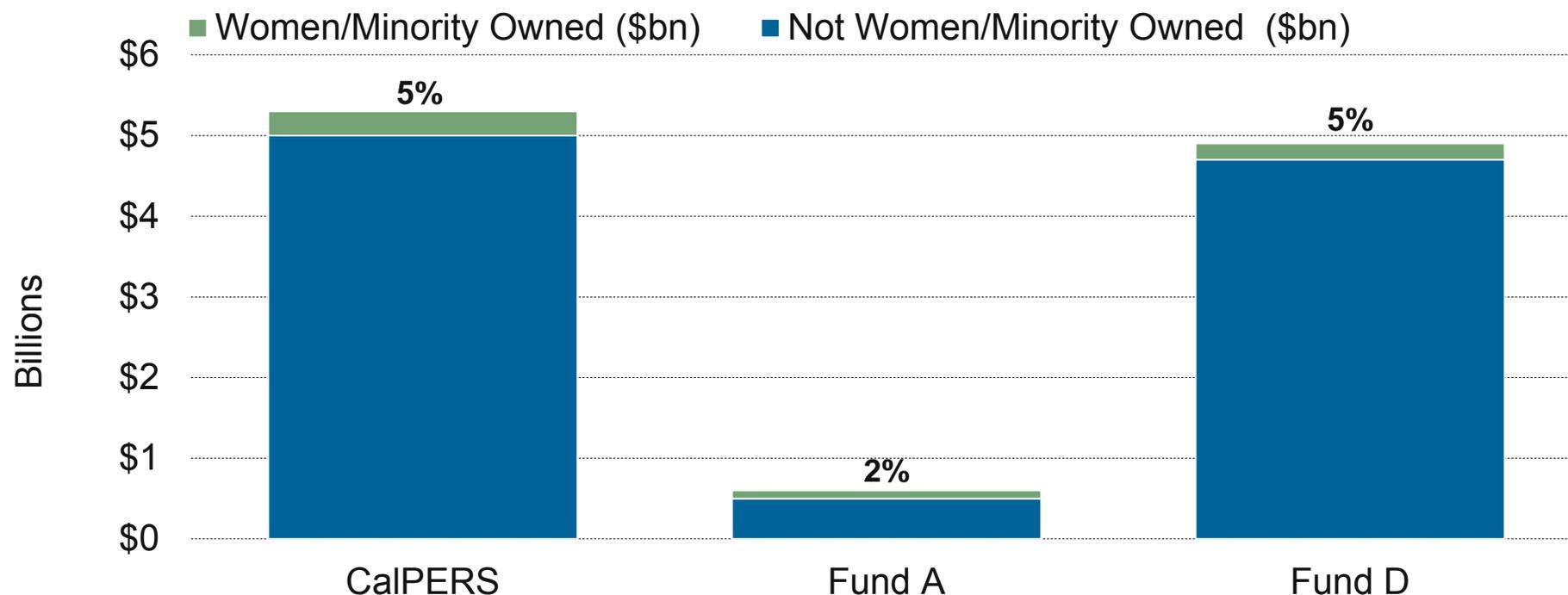
- Only 17% of CalPERS Public Equity is managed externally.
- CalPERS has the second-largest dollar value at \$1.6 billion, or 7% of total externally managed Public Equity assets.

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Asset Class Detail: Net Asset Value

Externally Managed Absolute Return Strategies (Hedge Funds)

(Minority and women owned as a % of total)

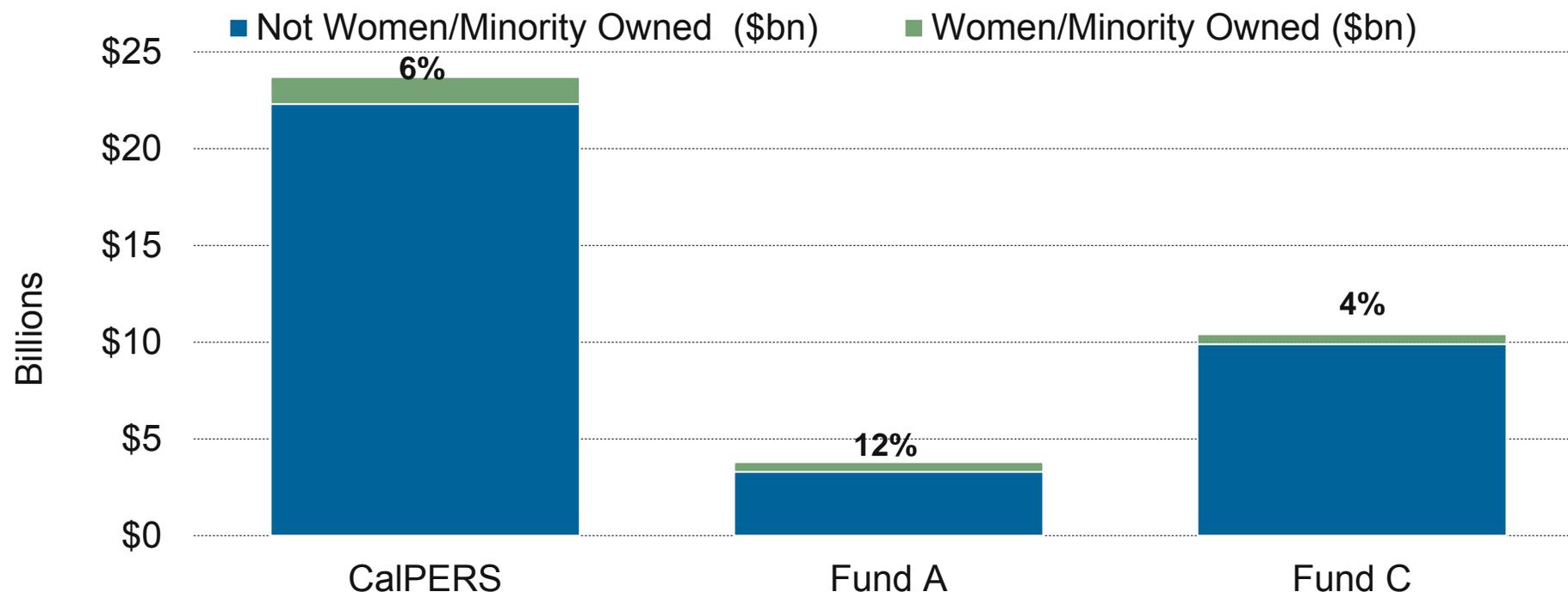


- CalPERS has the largest dollar value invested with women and minority owned firms in Absolute Return Strategies (\$256 million) and shares the highest percentage of the total asset class value (5%) with one peer fund.

Data presented reflects each fund's unique definition of a women or minority owned firm.

Asset Class Detail: Net Asset Value

Externally Managed Real Estate (Minority and women owned as a % of total)



- CalPERS has the largest dollar investment with women and minority owned firms in externally managed Real Estate (\$1.4 billion) and the second-highest percentage of the total externally managed asset class value (6%).

Data presented reflects each fund's unique definition of a women or minority owned firm.

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Chairman and CEO