

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>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><u>Customized Investment Account</u></i>	<u>An investment structure in which CalPERS partners with a firm that has distinct investment expertise in an industry, geographic region, or investment style and has demonstrated the ability to provide top-quartile returns. Other than the general partner, CalPERS would be the sole investor. This structure may have an individual mandate or may invest alongside other similarly structured funds in the same investments with different terms.</u>	<ul style="list-style-type: none"> • <u>Private Equity Program</u>
<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><u>Emerging Management Team</u></i>	<u>A firm raising a first or second time Institutional Fund.</u> <u>Institutional Fund – A Fund which is being raised by a proven team with a demonstrable track record to which at least three institutional investors have made a commitment.</u>	<ul style="list-style-type: none"> • <u>Private Equity Program</u>

CalPERS Specific Glossary of Terms

Term	Definition	Related Policies
<i>External Manager</i>	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.	<ul style="list-style-type: none"> • California Employers; Retiree Benefit Trust • Corporate <u>Global Governance</u> • Currency Overlay Program • Disclosure of Placement Agent Fees, Gifts and Campaign Contributions • Global Equity • 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 • Total Fund Investment • Treasury Inflation Protected Securities

CalPERS Specific Glossary of Terms

Term	Definition	Related Policies
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"> • California Employers; Retiree Benefit Trust • Credit Enhancement Program • Currency Overlay Program • Global Equity • Global Fixed Income Program • Inflation Assets • Judges Retirement Fund • Judges Retirement System II Fund • Legislators' Retirement System Fund • Liquidity Program • Low Duration Fixed Income Program • Long-Term Care Fund • Public Employees' Health Care Fund • Securities Lending • Supplemental Income Plan • Total Fund Investment • 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 • Total Fund Investment
Investment Transaction Amounts	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

CalPERS Specific Glossary of Terms

Term	Definition	Related Policies
Legacy Commitments	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
Leveraged Bank Loans	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
Net Exposure	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"> • Global Equity
Other Property Types	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
Outsourcer	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
Private Asset Class Board Investment Consultant	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 • Real Assets • Total Fund Investment
Prudent Person Opinion	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 • Real Assets • Total Fund Investment
<u>Second-Quartile Firm</u>	<u>A general partner with whom CalPERS may or may not have an existing relationship and where the capital-weighted average net IRR or multiple of invested capital of the four most recent funds pursuing the same strategy managed by the general partner is in the second-quartile of a private equity industry benchmark.</u>	<ul style="list-style-type: none"> • <u>Private Equity Program</u>

CalPERS Specific Glossary of Terms

Term	Definition	Related Policies
<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
<u>Top Quartile Firm</u>	<u>A general partner with whom CalPERS may or may not have an existing relationship and where the capital-weighted average net IRR or multiple of invested capital of the four most recent funds pursuing the same strategy managed by the general partner is in the top-quartile of a private equity industry benchmark.</u>	<ul style="list-style-type: none"> • <u>Private Equity Program</u>
<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