

Emerging and Transition Manager 2020 Plan Update

Investment Manager Engagement Programs

Clinton Stevenson, Investment Director
Diego Carrillo, Investment Manager

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Emerging and Transition Manager 2020 Plan

Report
Capital
Deployment

Launch
Transition
Manager
Program

Effective
Monitoring of
Emerging
Managers

2020 Plan: On Track

In-Depth
Program
Reviews

Attend and
Host Industry
Events

Nurture
Relationships
with
Stakeholders

Key Facts

25

Years

\$8.6B

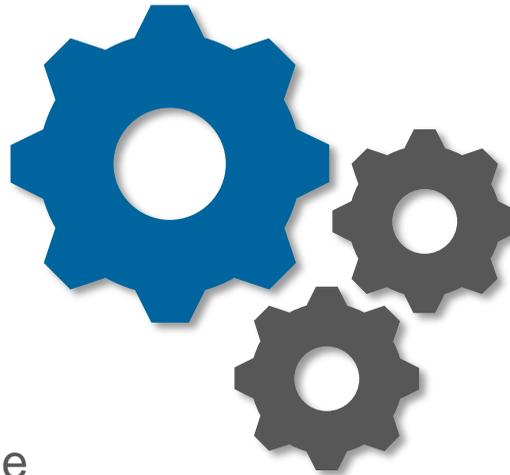
NAV*

\$2B

Since 2017**

Emerging Manager Program Objectives

Generate risk-adjusted returns



Identify and cultivate the next generation of investment managers

Access unique investment opportunities that may otherwise be overlooked

2017-18 Emerging Manager Program Highlights

Private Equity

- New emerging manager mandate
- Evolved program parameters

Real Assets

- New commitment to Canyon Catalyst Fund II
- Evolved program parameters

Global Equity

- Ongoing investment and operational due diligence of EM advisors
- Ongoing program evaluation

Closed Funds

- Real Estate: Canyon Catalyst Fund I

Transition Manager Program Objectives



Transition Manager Program Highlights

Pre-2018 Commitments

FY 2018-19 Commitments



- PE: Clearlake Capital Group
Siris Capital Group
Valor Equity Partners
- GE: Cartica Management

- PE: Buyout and Growth
- GE: International Equities
- RA: NY and/or SF midsize office

Other Notable Program Highlights

Ancillary Benefit

- Increased diversity among EM and TM
- 81% of the 54 diverse-owned external managers are EM and TM
- 71% of the \$3.9B managed by diverse managers are EM and TM

Proactive Engagement

- Increased site visits of emerging managers
- Featured panelists at major industry conferences
- 5th annual Emerging, Transition, and Diverse Manager Day

Looking Forward



Continued Implementation of 2020 Plan:

- Source emerging & transition managers
- Review and evolve EM and TM programs
- Conduct performance and attribution analysis
- Further integrate emerging managers
- Engage and collaborate with stakeholders

Appendix

Appendix 1: Emerging Manager Program Summary

Parameters	Global Equity	Private Equity	Real Assets
Business Model	Advisors + Emerging Managers	Fund of Funds	Mentoring Manager / Separate Account
Investment Strategy	Long Only Publicly Traded Securities	Buyout, Growth, and Distress for Control	Value-add, Opportunistic, and Commercial
Firm AUM	< \$2B	No Requirement	< \$1B
Length of Track Record	No Requirement	First, Second, or Third Institutional Fund	First, Second, or Third Separate Account or Institutional Fund
Geographic Focus	No Requirement	Domestic US	Urban California, Seattle, Portland, Phoenix
Total NAV for Emerging Manager*	\$3.6B	\$3.7B	\$0.6B
Total Number of Emerging Managers	21	222	9

*NAV as of 6/30/2018

Appendix 2: Transition Manager Program Summary

Parameters	Global Equity	Private Equity	Real Assets
Investment Strategy	Long Only Publicly Traded Securities	Buyout, Growth Equity, and Special Situations	Private Real Estate Equity; Separate Accounts
Length of Track Record	3-Year Live Track Record	Fourth, Fifth & Sixth Institutional fund	Fourth, Fifth, and Sixth Institutional fund
Geographic Focus in Current Search	Global, Global ex US, International Developed	Domestic focus	New York City, San Francisco Bay Area
Other Considerations	\$2B - \$15B AUM	Over \$1B AUM and \$1B Fundraised	N/A
Exclusions	Frontier Markets	Venture Capital and Debt Strategies	Debt Strategies and Commingled Funds
Total Commitment to Date to Transition Manager*	\$475M	\$245M	N/A
Total Number of Transition Managers*	1	3	N/A

Appendix 3: Emerging Manager Advisors

CalPERS utilizes advisors to identify, perform due diligence, select and monitor emerging managers

Global Equity:	Fiduciary Investment Solutions, Inc. (FIS) Leading Edge Investment Advisors (LEIA) Legato Capital Management Progress Investment Management Strategic Investment Group
Private Equity:	Grosvenor Customized Fund Investment Group (GCM)
Real Assets:	Canyon Partners Real Estate