

### CalPERS Specific Glossary of Terms

Term	Definition	Related Policies
<b><i>Alternative Solicitation Process</i></b>	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"> <li>• Global Equity</li> </ul>
<b><i>Asset Class Tracking Error</i></b>	The expected or <i>ex ante</i> 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"> <li>• Global Equity</li> </ul>
<b><i>Corporate Sector</i></b>	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"> <li>• Global Fixed Income Program</li> <li>• Low Duration Fixed Income Program</li> </ul>
<b><i>Customized Investment Account</i></b>	An investment structure in which CalPERS partners with a firm that has demonstrated ability and investment expertise with respect to the proposed investment strategy. <del>Other than the general partner,</del> CalPERS would be the <u>majority</u> <del>sole</del> investor. This structure may have an individual mandate or may invest alongside other similarly structured funds in the same investments with different terms.	<ul style="list-style-type: none"> <li>• Private Equity Program</li> <li>• Total Fund Investment</li> </ul>
<b><i>Emerging Management Team</i></b>	<p>A firm raising a first or second time Institutional Fund.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Private Equity Program</li> </ul>

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<b><i>External Manager</i></b>	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"> <li>• California Employers; Retiree Benefit Trust</li> <li>• Global Governance</li> <li>• Currency Overlay Program</li> <li>• Global Equity</li> <li>• Global Fixed Income Program</li> <li>• Inflation Assets</li> <li>• Judges Retirement Fund</li> <li>• Judges Retirement System II Fund</li> <li>• Legislators' Retirement System Fund</li> <li>• Liquidity Program</li> <li>• Low Duration Fixed Income Program</li> <li>• Public Employees' Health Care Fund</li> <li>• Public Employees' Long-Term Care Fund</li> <li>• Securities Lending</li> <li>• Supplemental Income Plans</li> <li>• Total Fund Investment</li> </ul>
<b><i>General Pension Consultant</i></b>	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"> <li>• California Employers; Retiree Benefit Trust</li> <li>• Currency Overlay Program</li> <li>• Global Equity</li> <li>• Global Fixed Income Program</li> <li>• Inflation Assets</li> <li>• Judges Retirement Fund</li> <li>• Judges Retirement System II Fund</li> <li>• Legislators' Retirement System Fund</li> <li>• Liquidity Program</li> <li>• Low Duration Fixed Income Program</li> <li>• Public Employees' Health Care Fund</li> <li>• Public Employees' Long-Term Care Fund</li> <li>• Real Assets Program</li> <li>• Securities Lending</li> <li>• Supplemental Income Plans</li> <li>• Total Fund Investment</li> </ul>

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<b><i>High Quality LIBOR</i></b>	A limited-duration, highly liquid, LIBOR-based fund managed by CalPERS staff.	<ul style="list-style-type: none"> <li>• Global Fixed Income Program</li> <li>• Inflation Assets</li> <li>• Low Duration Fixed Income Program</li> <li>• Total Fund Investment</li> </ul>
<b><i>Legacy Commitments</i></b>	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"> <li>• Securities Lending</li> </ul>
<b><i>Leveraged Bank Loans</i></b>	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"> <li>• Global Fixed Income Program</li> </ul>
<b><i>Net Committed Capital</i></b>	Remaining cost plus unfunded commitments.	<ul style="list-style-type: none"> <li>• Private Equity Program</li> </ul>
<b><i>Net Exposure</i></b>	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"> <li>• Global Equity</li> <li>• Total Fund Investment</li> </ul>
<b><i>Outsourcer</i></b>	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"> <li>• Restricting PE Investments in Public Sector Outsourcers</li> </ul>
<b><i>Private Asset Class Board Investment Consultant</i></b>	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"> <li>• Private Equity Program</li> <li>• Real Assets Program</li> <li>• Total Fund Investment</li> </ul>
<b><i>Prudent Person Opinion</i></b>	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"> <li>• Private Equity Program</li> <li>• Total Fund Investment</li> </ul>

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<b><i>Second-Quartile Firm</i></b>	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.	<ul style="list-style-type: none"><li>• Private Equity Program</li></ul>
<b><i>Top Quartile Firm</i></b>	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.	<ul style="list-style-type: none"><li>• Private Equity Program</li></ul>
<b><i>Vintage Year</i></b>	The year in which the first capital drawdown of the partnership occurs.	<ul style="list-style-type: none"><li>• Private Equity Program</li></ul>