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**CalPERS
Emerging Manager Programs
Benchmark Survey**

Summary Findings

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Introduction

The California Public Employees' Retirement System (CalPERS), headquartered in Sacramento, provides retirement and health benefits to more than 1.6 million public employees, retirees and their families, and more than 3,000 employers. CalPERS has a legacy of leadership and innovation in emerging manager investment strategies. CalPERS has been investing with emerging managers directly and through fund of funds for over 20 years. CalPERS continues to be committed to engaging with the emerging manager stakeholder community, strengthening relationships with emerging managers, and improving implementation of emerging manager investment strategies.

CalPERS engaged Callan in September 2013 to conduct a survey gathering information on the emerging manager programs of similar U.S. public funds. CalPERS objective is to understand investment exposures with emerging managers, and the goals, governance, and operations of each program in order to learn how other programs are implemented and gain insight into the best practices of its peers.

This presentation of Summary Findings includes highlights and key findings from the survey. It compares CalPERS exposure to emerging managers to its peers across asset classes. It also provides insights into various implementation approaches to managing and governing emerging manager investments.

Executive Summary

An evaluation of the seven peer funds' survey responses suggests emerging manager programs are expanding through additional allocations, selection of new managers, or expansion to additional asset classes.

How to Define Emerging Managers

Four peer funds have a definition of “emerging manager” that applies across the total fund; the other three funds use asset class-specific thresholds. While definitions vary, less than \$2 billion in assets under management is the most common threshold. Three funds explicitly include minority and/or women owned firms in their definition of emerging managers; all of these funds have a definition of emerging managers that applies to the total fund. Once an emerging manager outgrows the definition of “emerging,” there does not appear to be widespread consensus on how, if at all, to transition these managers from the program, or track and report on these investments.

Asset Allocation Trends

Thirteen percent of CalPERS externally managed assets are with emerging managers—the highest total fund allocation to emerging manager programs in this survey. Public equities, private equity, and real estate are the asset classes with the greatest number of emerging manager mandates. Among peer respondents' total externally managed assets, allocations to emerging managers are greatest in public equity (\$11 billion), followed by real estate (\$9 billion) and private equity (\$8 billion). Similar to most peers, CalPERS does not currently utilize emerging managers within the public fixed income asset class; those few that do have relatively small allocations to emerging managers in the asset class.

The average allocation to emerging managers (as a percentage of total externally managed assets) is 12% in private equity, 12% in real estate, and 6% in public equity for funds that invest with emerging managers in these asset classes. CalPERS and two peers have significant allocations across most of the asset classes examined in this report.

Direct investments are the most prevalent vehicles used in emerging manager programs followed by dedicated manager of managers. Nearly all peer funds invest using multiple vehicles.

Executive Summary

Emerging Manager Program Management

Across all funds surveyed, few had dedicated investment staff for their emerging manager programs but all indicated that investment staff are critical to the functions surrounding their programs. The board of trustees is frequently involved with emerging manager program direction, working closely with fund staff. Most of the emerging manager evaluation and selection is performed by investment staff who also work with non-emerging managers.

All peer funds engage in emerging manager community outreach in some respect. All funds surveyed attend emerging manager conferences, and deemed it to be the most effective means of outreach. CalPERS and two peer funds host an annual forum for emerging managers that they rate as very effective.

Policies and procedures are typically the same for emerging managers as they are for non-emerging managers. Like its peers, CalPERS has the same manager selection processes and manager monitoring procedures for emerging managers as for non-emerging managers.

Consultants are frequently employed to assist with emerging manager programs. General consultants that also provide emerging manager services are more prevalent than those that exclusively focus on the emerging managers.

Survey Overview

- CalPERS engaged Callan to conduct a survey to gather information on the emerging manager programs of similar U.S. public funds to learn how other programs are implemented and gain insight into the best practices of its peers.
- Seven of the 11 institutional peer investors responded to the survey. CalPERS data and peer fund responses reflect asset values and other information as of June 30, 2013, with a few exceptions in which data is as of September 30, 2013, or December 31, 2013.
- Callan and CalPERS followed up with the four peer funds that did not respond to the survey to solicit their input, but were unable to elicit survey participation at this time.
- The survey results are presented here with a focus on the survey responses of the seven peer funds that completed the survey. CalPERS data is not aggregated into averages or other calculations, but rather is highlighted separate from the peer group to facilitate comparisons unless otherwise noted.
- The funds that responded to the survey are not identified in this report. Survey results are aggregated and specific responses are not attributed to individual respondents. Supplemental information that may have inadvertently identified the respondent funds was not included in this report.

Total Fund Overview

Peer Fund Survey Respondents

Fund Name	Capital committed to EMs across total fund (\$bn)	Market value of allocations to EMs across total fund (\$bn)	Percent of total fund assets managed externally	Emerging manager assets (as % of externally managed assets)	Target allocation to EMs across total fund (%)
CalPERS	\$15.5	\$12.0	35%	13.3%	
Fund A	NA	\$11.7*	46%*	5.6%	10%
Fund B	\$12.0	\$11.7	100%	8.5%	
Fund C	\$2.0	\$1.7*	43%	3.2%	
Fund D	NA	\$0.3	66%	0.6%	
Fund E	NA	\$1.8	100%	3.1%	5-10%
Fund F	NA	\$2.9*	100%	7.3%	
Fund G	\$5.2	\$5.2*	100%	13.1%	15%

- CalPERS dollar allocation to emerging managers (EMs) is the largest of the peer funds examined at \$12 billion. With 35% of total fund assets externally managed, CalPERS has the second-largest pool of externally managed assets amongst peers.
- At 13.3%, CalPERS has the highest percentage of externally managed assets with emerging managers, slightly above Fund G (13.1%) and significantly above the peer fund average of 6%.
- Two of the funds surveyed are in the process of ramping up allocations to emerging managers, suggesting the peer fund average could be higher going forward.

*Figure is an estimate collected or calculated by Callan using individual asset class responses from the survey or from publicly available sources as directed by respondents.

Defining Emerging Managers

Minority and Women Owned

Does your fund explicitly include minority and/or women owned firms in its definition of emerging managers, at the total fund or individual asset class levels?

- CalPERS is prohibited by law from including minority and/or women owned firms in its definition of emerging managers.
- Three funds explicitly include minority and/or women owned firms in their definitions of emerging managers.

Fund Name	Response
CalPERS	No
Fund A	No
Fund B	No
Fund C	No
Fund D	Yes
Fund E	Yes
Fund F	No
Fund G	Yes

Defining Emerging Managers

Disabled and Veteran Owned

Does your fund explicitly include disabled and/or disabled veteran owned firms in its definition of emerging managers, at the total fund or individual asset class levels?

- While a disabled or veteran owned firm may meet CalPERS definition of emerging manager, CalPERS does not explicitly include disabled and/or disabled veteran owned firms in its definition of emerging managers, in line with the majority of peer funds.
- Two funds explicitly include disabled and/or disabled veteran owned firms in their definitions of emerging managers.

Fund Name	Response
CalPERS	No
Fund A	No
Fund B	No
Fund C	No
Fund D	Yes
Fund E	No
Fund F	No
Fund G	Yes

Defining Emerging Managers

Total Fund Level

Does your fund have a single definition of emerging managers at the total fund level?

Fund Name	Definition
CalPERS	No, varies by asset class
Fund A	No, varies by asset class
Fund B	No, varies by asset class
Fund C	Yes: "\$2 billion in assets under management or less and Institutional Funds I, II, or III."
Fund D	Yes: "Investment management firms with assets under management that are less than \$2 billion, but at least \$100 million."
Fund E	Yes: "Investment managers with less than \$2 billion in assets under management, with shorter track records, and those minority-owned or women-owned."
Fund F	No, varies by asset class
Fund G	Yes: "Minority, woman, or veteran/disabled owned, meaning 51% or greater ... and managers that might not explicitly meet the [fund's] definition, but have leading or significant minority, woman, or veteran disabled ownership and are within the spirit of the [fund's] definition."

- CalPERS does not have a single definition of emerging managers at the total fund level, rather definitions of emerging managers vary by asset class.
- More than half of peers (four funds) define emerging managers at the total fund level. The most common definition at the total fund level is \$2 billion or less in assets under management.

Defining Emerging Managers

Asset Class Level

Does your fund have specific definitions of emerging managers at the asset class level?

Fund	Asset Class	Firm AUM	Product AUM	Length of Track Record	Ownership
CalPERS See Appendix 2 for CalPERS emerging manager definitions by asset class.					
Fund A	Public Equity, Fixed Income, and Balanced	< \$2 bn	No requirement	No requirement	At least 45% employee ownership
Fund A	Hedge Funds	< \$1 bn OR up to 1 existing institutional investor	No requirement	No requirement	At least 45% employee ownership
Fund A	Private Equity	No requirement	Fund size < \$1 bn	First, second, or third institutional fund	At least 45% employee ownership
Fund A	Fund of Private Equity Funds	< \$3 bn	No requirement	No requirement	At least 45% employee ownership OR a fund that is specifically focused on emerging private equity funds
Fund A	Real Estate	< \$1 bn	No requirement	No requirement	At least 33% employee ownership
Fund A	REITs	< \$500 mm	No requirement	No requirement	At least 45% employee ownership
Fund B	Private Markets	Primarily < \$750 million	No requirement	First, second, or third institutional fund	No requirement
Fund B	Public Markets	< \$2 bn	No requirement	No requirement	No requirement
Fund F	Private Equity	Typically < \$2 bn	≤ \$500 million	No requirement	No requirement

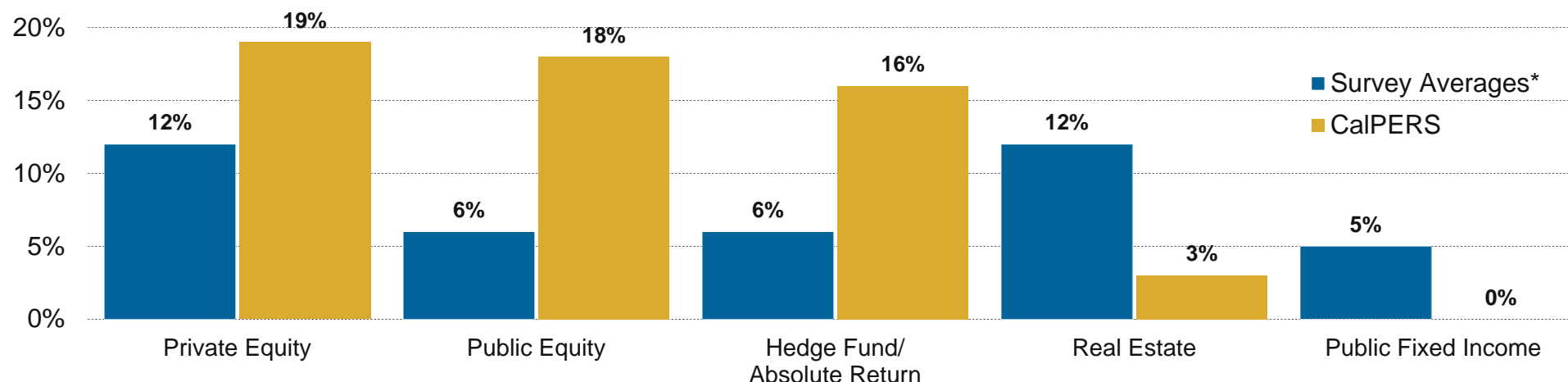
- CalPERS defines emerging managers in each asset class within similar categories as its peers (firm and product AUM, etc.) alongside other parameters not identified by other funds (e.g., geographic focus).
- Three peer funds have emerging manager definitions at the asset class level. While definitions vary, the “less than \$2 billion in assets” threshold is a recurring theme at the asset class level as well as the total fund level.

Asset Class Detail

Summary

- In this section we compare total externally managed assets by asset class across CalPERS and the peer funds. We identify the total dollar amount of assets invested with emerging managers. These comparisons should not be considered “apples to apples” across the peer funds. Definitions of “emerging managers” vary, and the information presented reflects each fund’s individual definition.
- Public equities, private equity, and real estate are the asset classes to which the greatest number of peer funds have actual allocations with emerging managers. Total peer assets with emerging managers is greatest in public equity (\$11 billion), followed by real estate (\$9 billion) and private equity (\$8 billion).
- CalPERS and two other peers have significant allocations across most of the asset classes. CalPERS allocations to private equity (19%), public equity (18%), and hedge funds (16%) significantly exceed the peer fund averages for the funds that invest in these asset classes.

Allocations to Emerging Managers by Asset Class (as a % of externally managed assets)

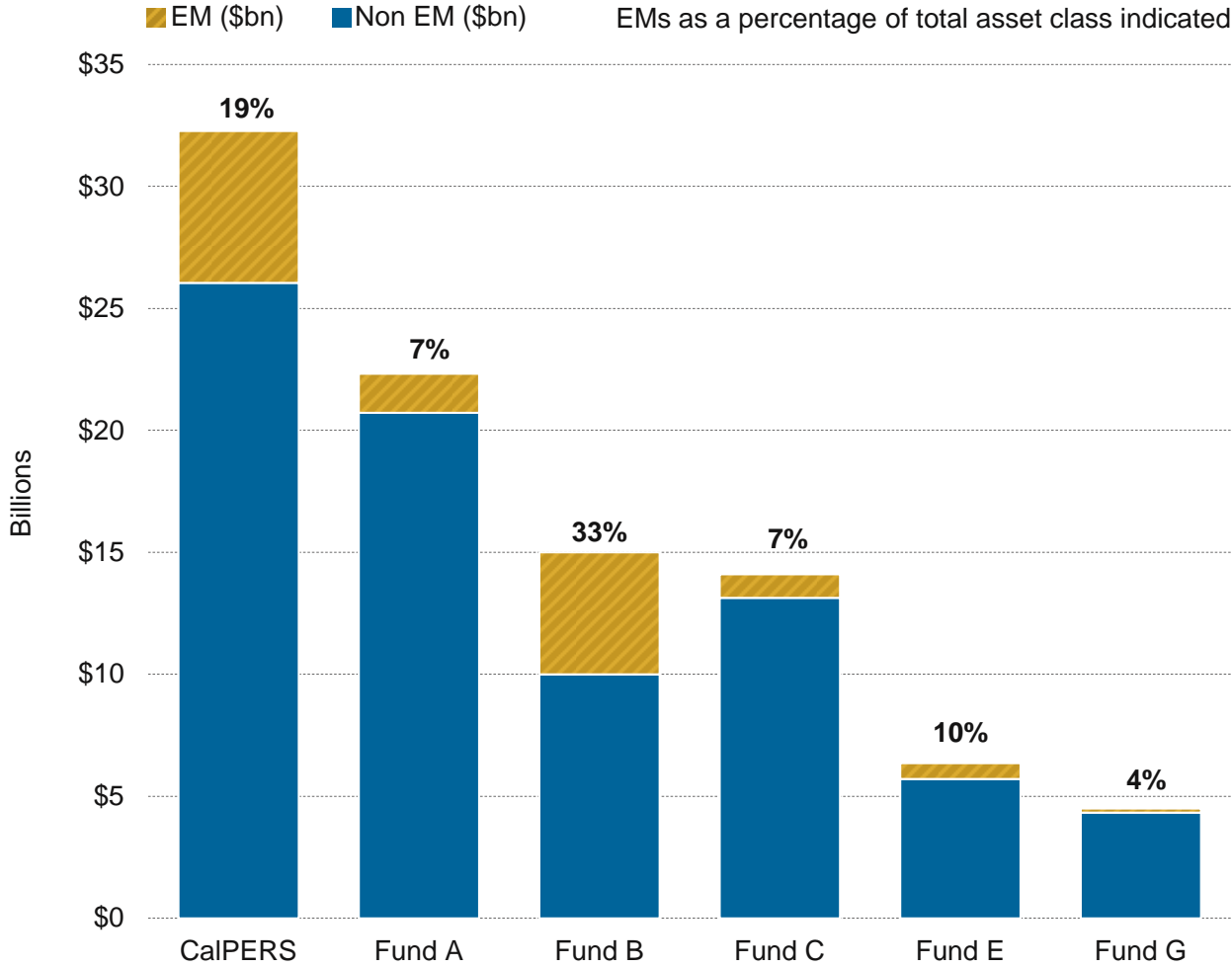


*Averages of only those funds with allocations to emerging managers (0% not included in calculations).

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%).
- Five of the seven peer funds have allocations to emerging managers in externally managed private equity assets.
- Actual allocations to emerging managers within private equity are among the highest across asset classes, ranging from 4% to 33% of total externally managed private equity assets.
- Dollar amounts of peers' actual allocations to emerging managers range from \$168 million to \$5 billion.

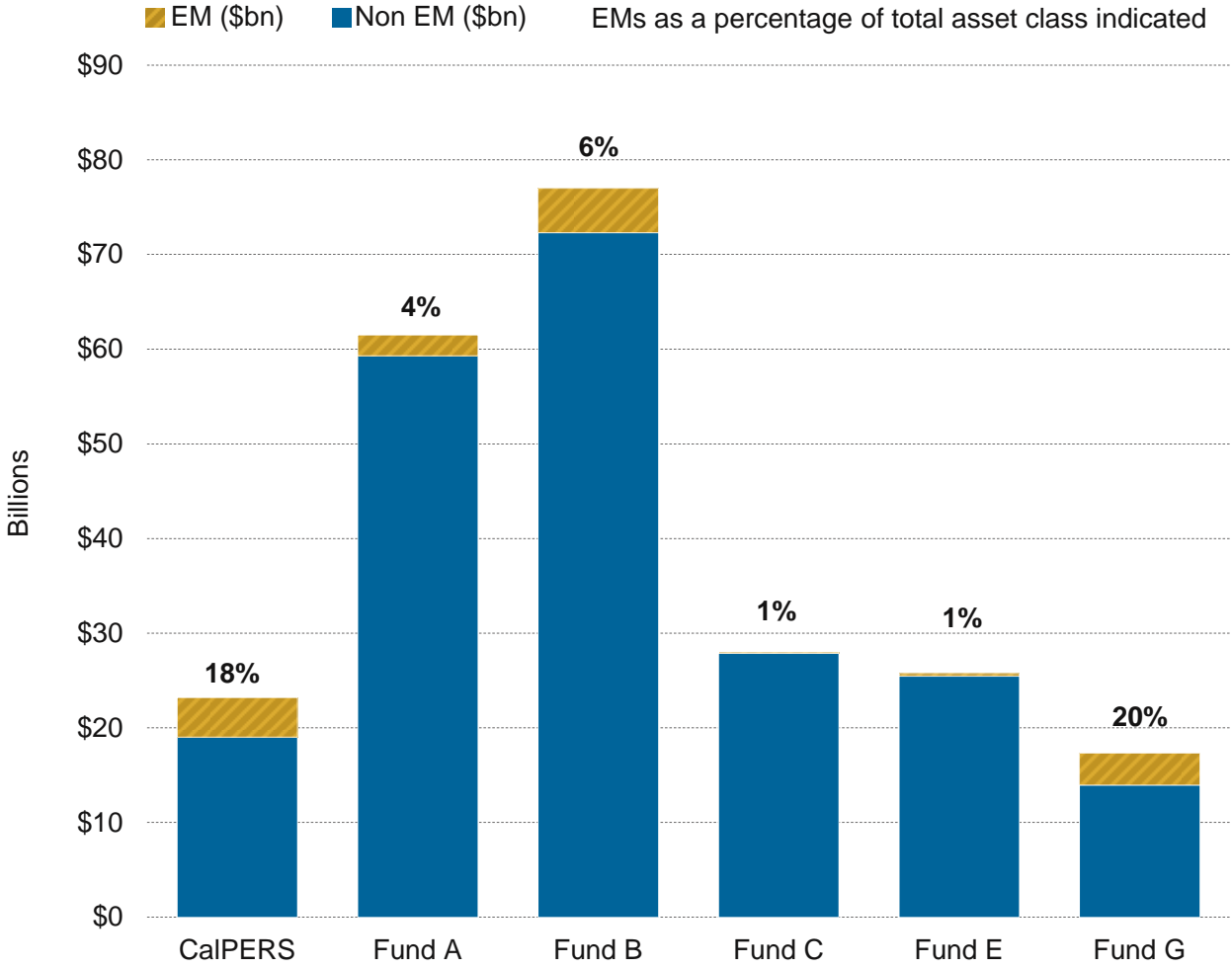


Data presented reflects each fund's unique definition of an "emerging manager."

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.
- For actual allocations to emerging managers within public equity, CalPERS has the second-largest dollar allocation at \$4.2 billion, or 18% of total externally managed public equity assets.
- Five of the seven peer funds have allocations to emerging managers in externally managed public equities.
- Peer allocations range from 1% to 20% of the total asset class.
- Dollar amounts of peers' actual allocations to emerging managers range from \$150 million to \$4.7 billion.

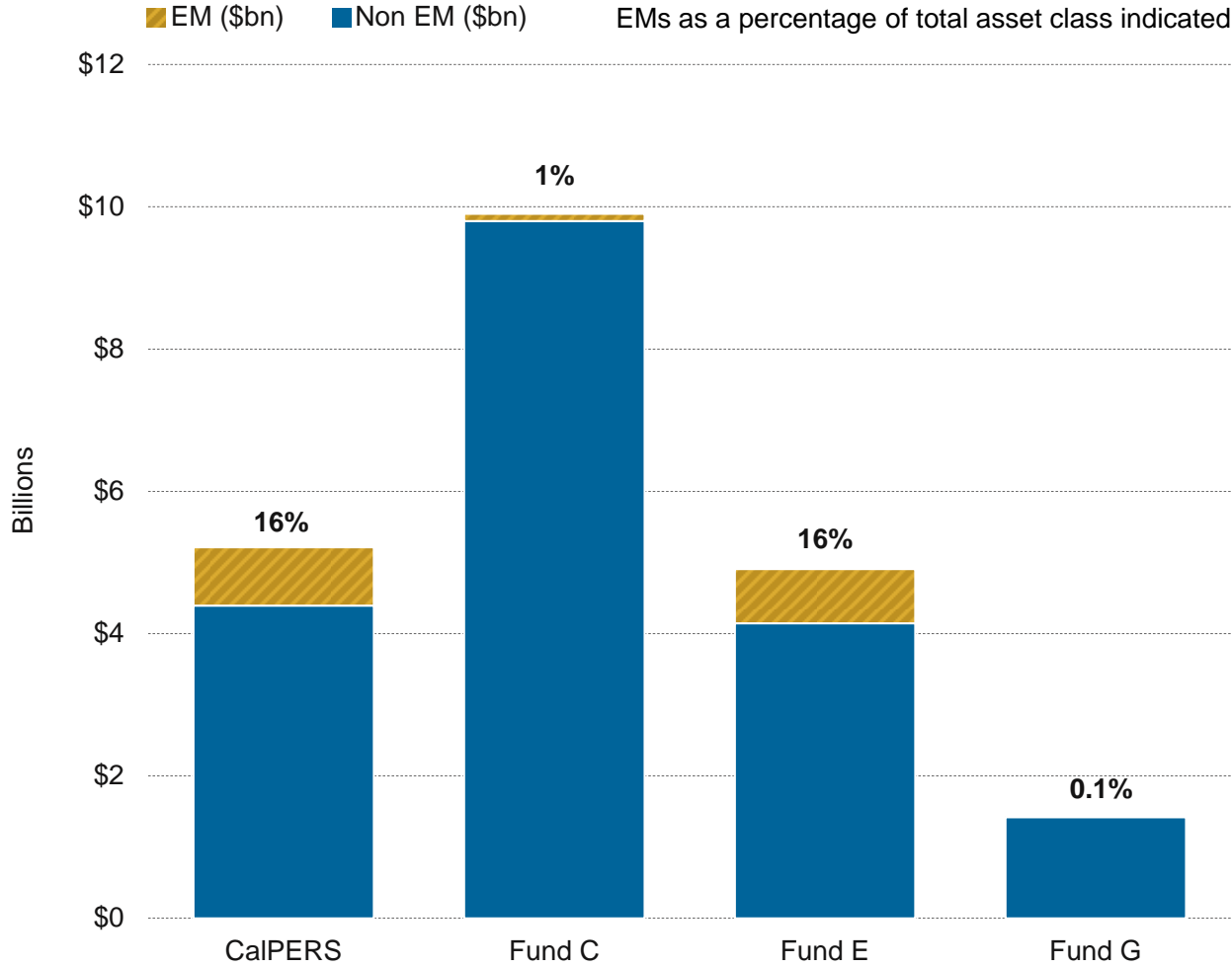


Data presented reflects each fund's unique definition of an "emerging manager."

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.
- Only three peer funds have allocations to emerging managers in hedge fund/absolute return. One fund has just 0.1% of the portfolio with a fund that is in the process of shutting down.
- Peer funds' actual allocations to emerging managers within hedge funds/absolute return range from 0.1% to 16%.
- Dollar amounts of peers' actual allocations to emerging managers range from \$1 million to \$761 million.

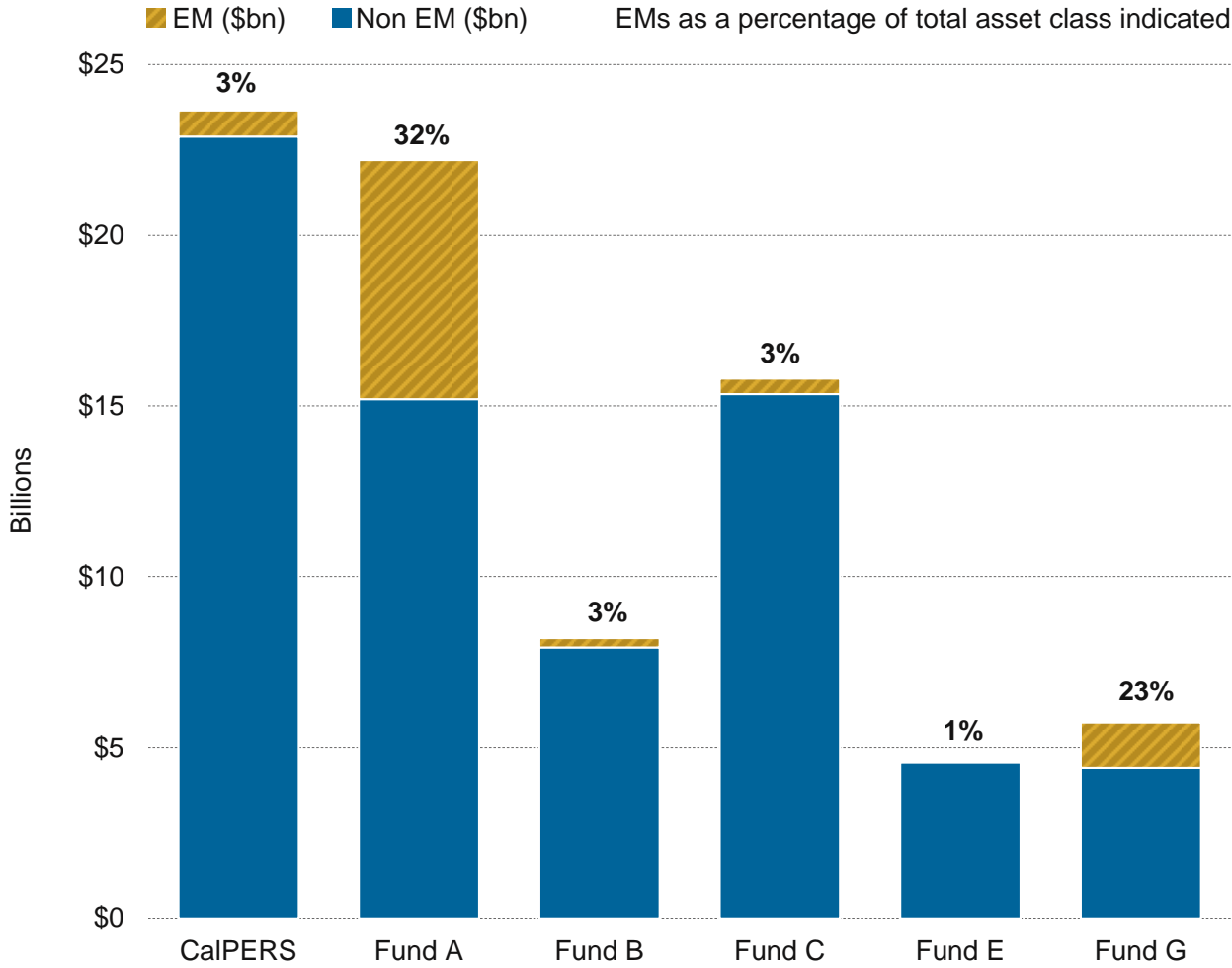


Data presented reflects each fund's unique definition of an "emerging manager."

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%).
- Actual allocations to emerging managers within real estate exist at five of the peer funds, making it as prevalent an asset class with emerging manager allocations as public and private equities.
- Dollar amounts of actual allocations to emerging managers at peer funds range from \$58 million to \$7 billion, or 1% to 32% of the total allocation with external investment managers in the asset class.
- While three peers allocate 3% or less of externally managed assets to emerging managers, two peers have allocations in the double digits.

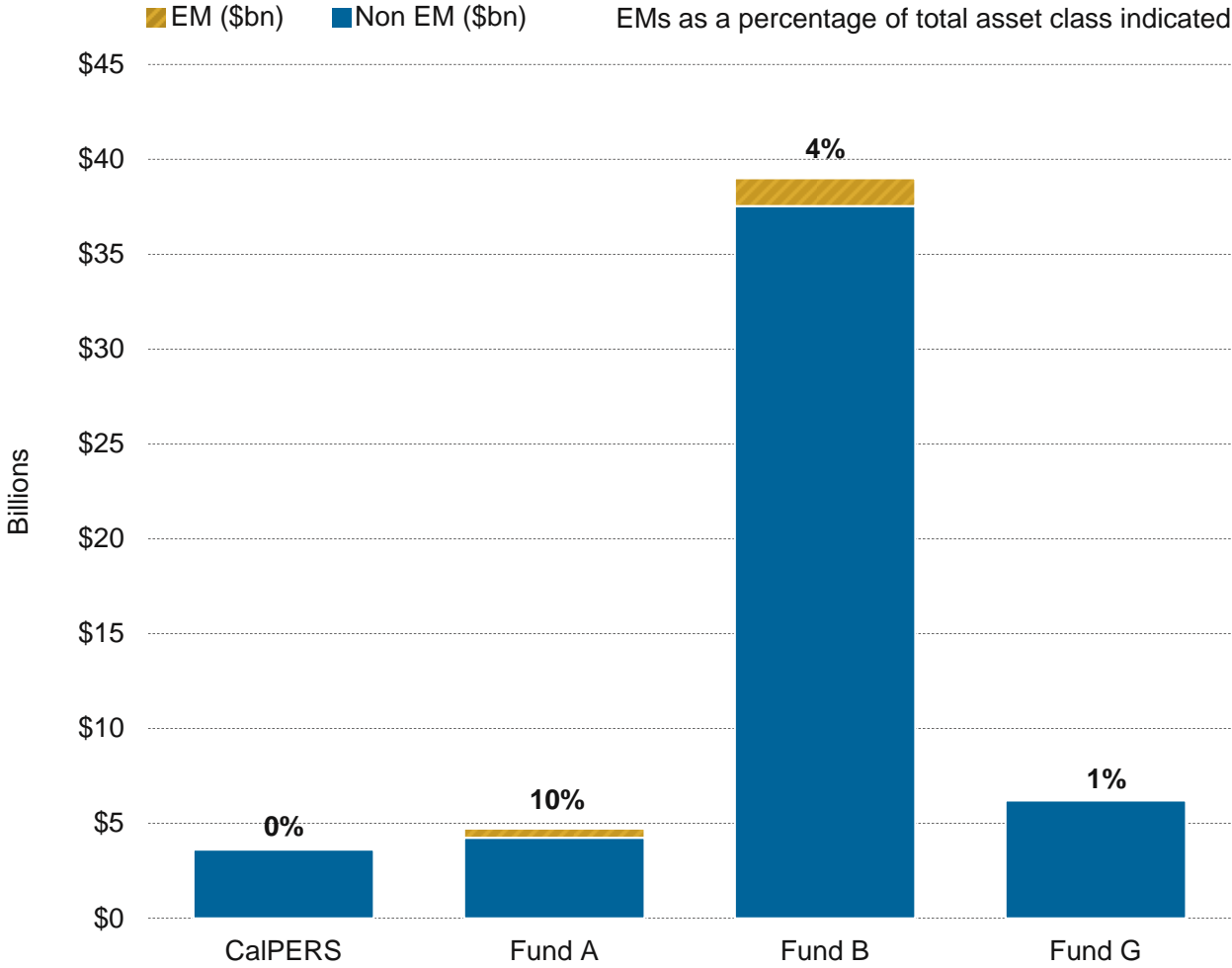


Data presented reflects each fund's unique definition of an "emerging manager."

Asset Class Detail

Externally Managed Publicly Traded Fixed Income

- The bulk of CalPERS public fixed income (91%) is managed internally, and thus is not covered in this chart.
- CalPERS did not have allocations to emerging managers in the public fixed income asset class as of June 30, 2013.
- Only three peer funds have any allocations to emerging managers in public fixed income.
- Actual allocations to emerging managers within public fixed income range from 1% to 10% of the externally managed public fixed income assets.
- Dollar amounts of actual allocations to emerging managers range from \$60 million to \$1.46 billion.

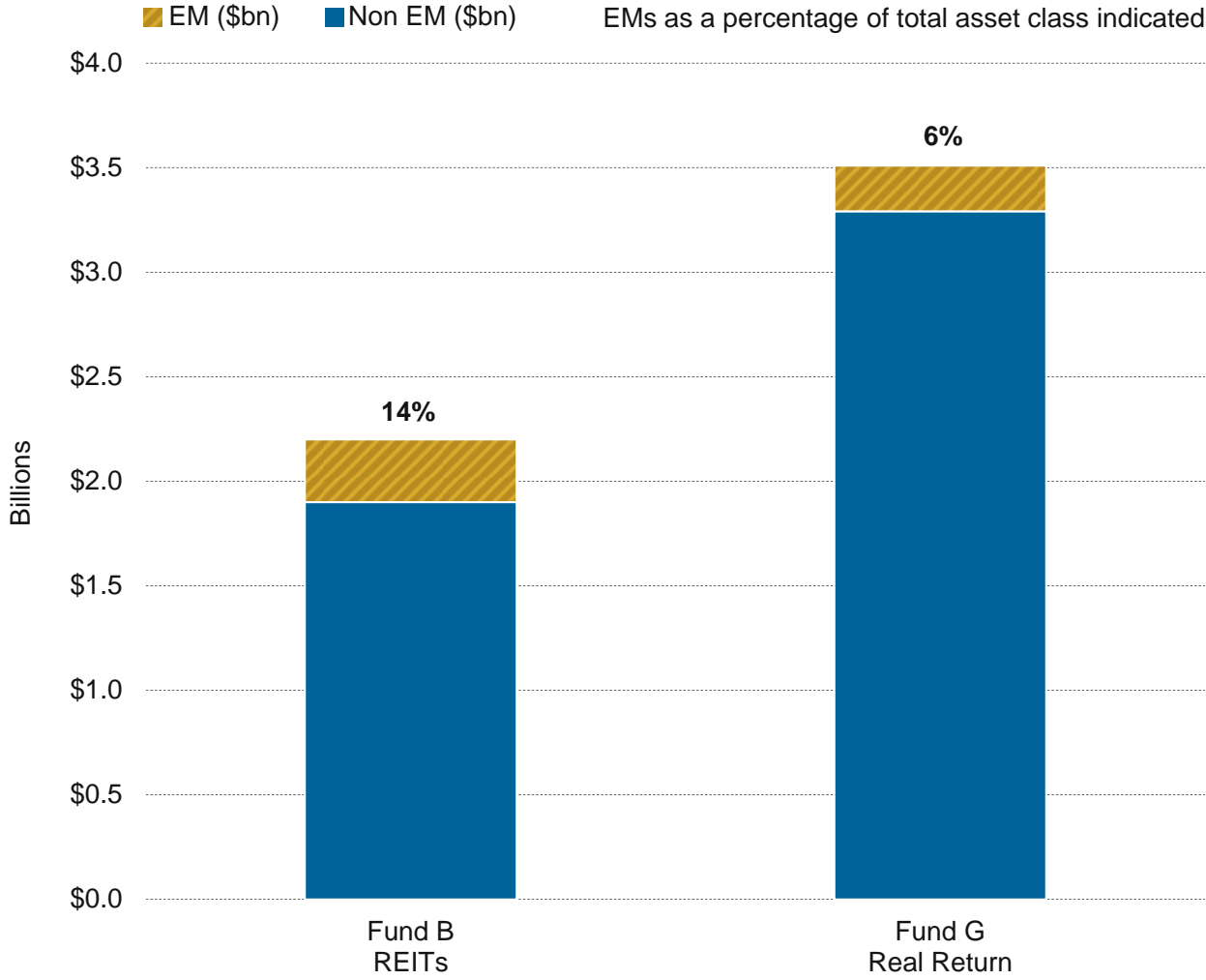


Data presented reflects each fund's unique definition of an "emerging manager."

Asset Class Detail

Other Externally Managed Asset Classes

- Two peer funds have allocations to emerging managers in REITs and real return.
- Fund B allocates 14%, or \$300 million, of the total externally managed REITs portfolio to emerging managers.
- Fund G allocates 6%, or \$150 million, of the total externally managed real return portfolio to emerging managers.
- Peers also indicated they have emerging manager allocations to timber/natural resources and infrastructure, but did not provide allocation data.



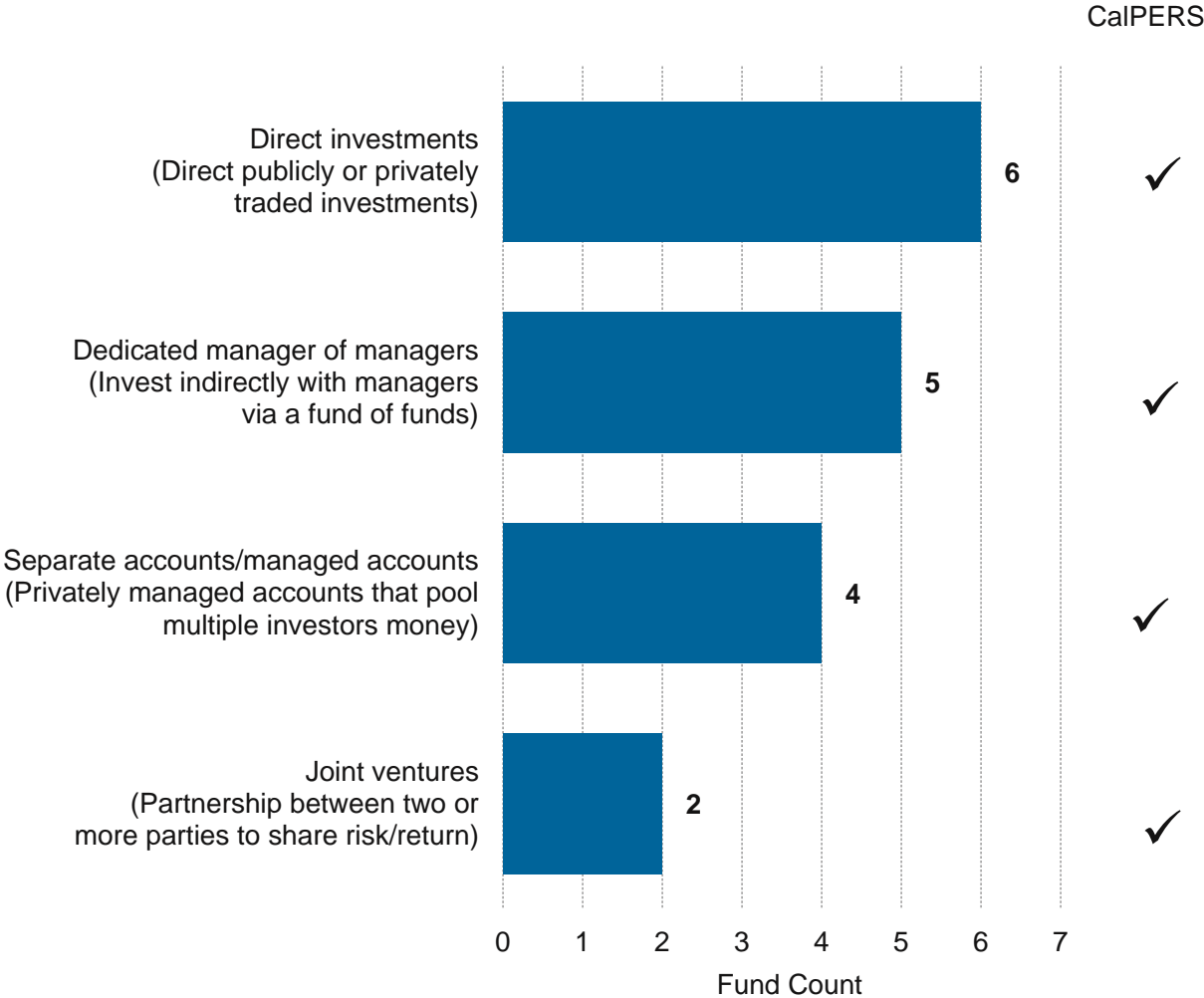
Data presented reflects each fund's unique definition of an "emerging manager."

Program Approaches

Vehicles

Indicate which vehicle(s) your fund uses to invest with emerging managers.*

- Like most peers, CalPERS invests capital with emerging managers through multiple vehicle types (direct investments, dedicated manager of managers, separate accounts/managed accounts, and joint ventures).
- Direct investment is the most prevalent vehicle type used in emerging manager programs, followed by dedicated manager of managers.
- Nearly all peer funds invest using multiple vehicles. Only one fund invested using a single approach.



*Multiple responses allowed.

Program Approaches

Decision Making

- To assess whether or not the decision-making process is different for emerging manager programs, the survey asked respondents to indicate the parties involved in decision making for asset allocation, manager selection, ongoing oversight, and performance measurement at both the total fund level and for emerging manager programs.
- CalPERS and the peer funds have similar parties involved in decision making for both non-emerging and emerging managers. At CalPERS, fund of funds advisors are also involved in emerging manager selection decisions, ongoing oversight, and performance measurement.
- At peer funds, the decision-making process does not differ significantly for emerging managers versus non-emerging managers.
- Investment staff is typically involved in decision making across all four areas (asset allocation, manager selection, ongoing oversight, and performance measurement) for both emerging managers and at the total fund level.
- The biggest difference was that investment committees/boards are more likely to be involved with asset allocation decisions at the total fund level (five funds) than for emerging manager programs (three funds). There was little difference in committee/board involvement in manager selection, oversight, and performance measurement for emerging managers when compared to the total fund.

Program Approaches

Emerging vs. Non-Emerging Manager Approaches

- Like its peers, CalPERS applies the same policies, manager selection processes, and manager monitoring procedures for emerging managers as for non-emerging managers.

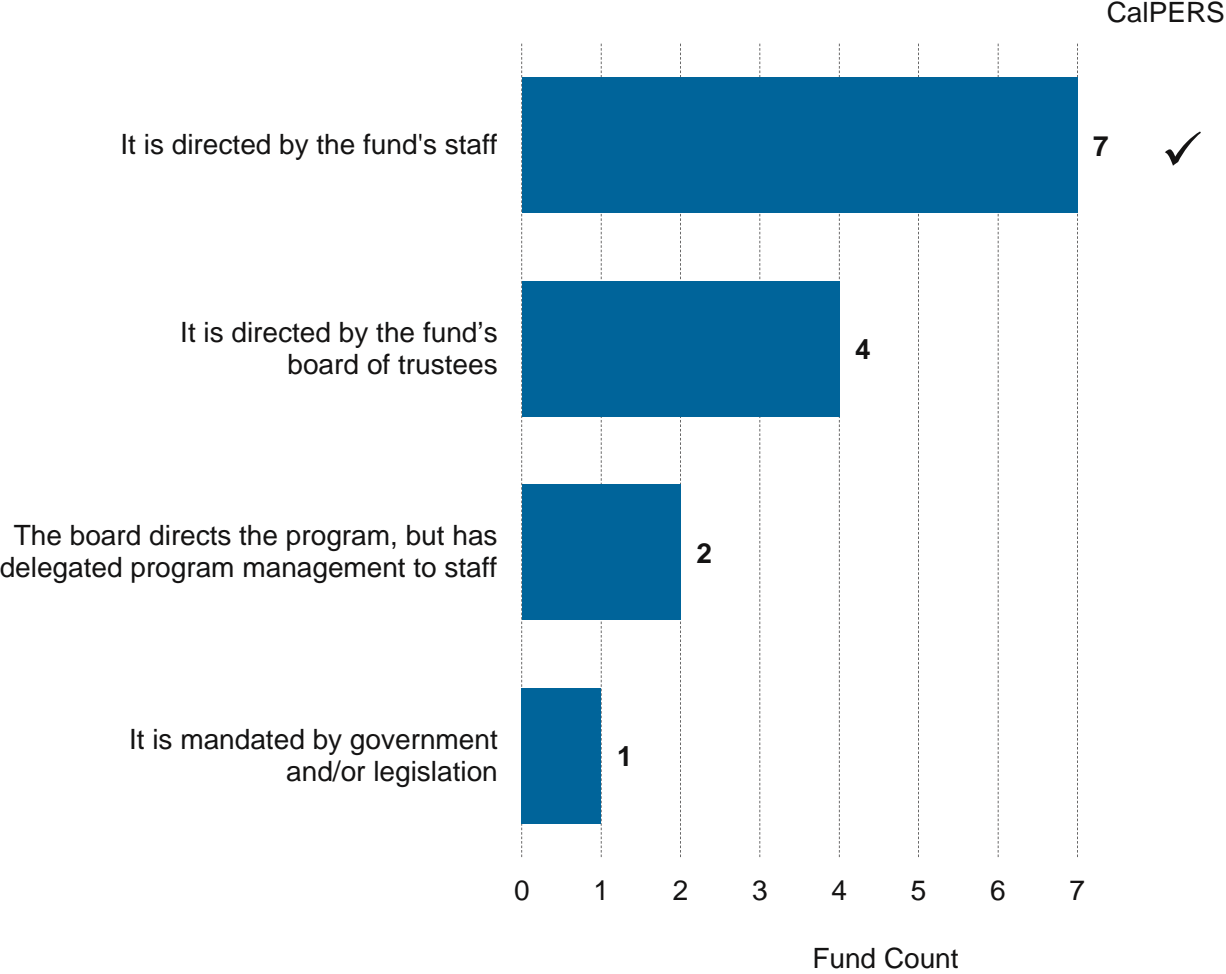
Fund Name	Does your fund have different investment policies for emerging managers compared to non-emerging managers?	Does your fund monitor emerging managers differently than or separate from non-emerging managers in your portfolio?	Do you have a different manager selection process for emerging manager mandates than for non-emerging manager mandates?
CalPERS	No	No	No
Fund A	No	No	No
Fund B	No	No	No
Fund C	No	No	No
Fund D	No	No	No
Fund E	No	No	No
Fund F	No	No	No
Fund G	No	No	No

Program Approaches

Emerging Manager Program Management

Which party(ies) direct or influence your fund's emerging manager program management?*

- Like all of its peers, CalPERS emerging manager program is directed by the fund staff.
- Four funds indicate that the board is involved with emerging manager program direction in addition to being directed by fund staff.
- Just one fund indicated its emerging manager program is specifically mandated by government agencies and/or legislation.



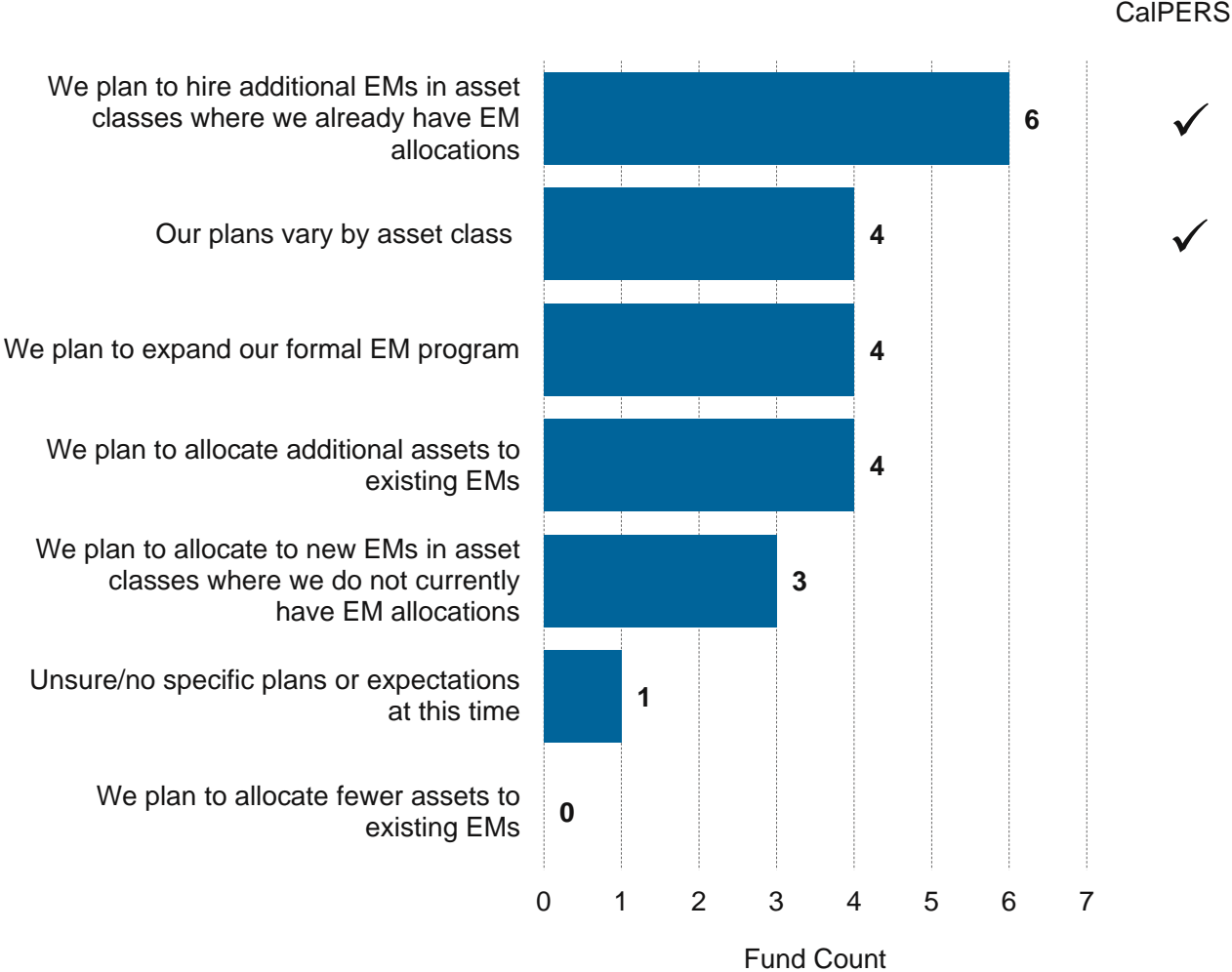
*Multiple responses allowed.

Program Approaches

Future Plans

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

- In the next one to two years, CalPERS plans to hire more emerging managers in asset classes where it already allocates to emerging managers. Plans vary by asset class, as detailed in Appendix 4.
- Peer funds overwhelmingly indicate they will be expanding emerging manager programs through additional allocations, new managers, or other asset classes.
- Not one fund indicated the intention to reduce assets to emerging managers.
- Just one fund is uncertain of future plans.



*Multiple responses allowed.

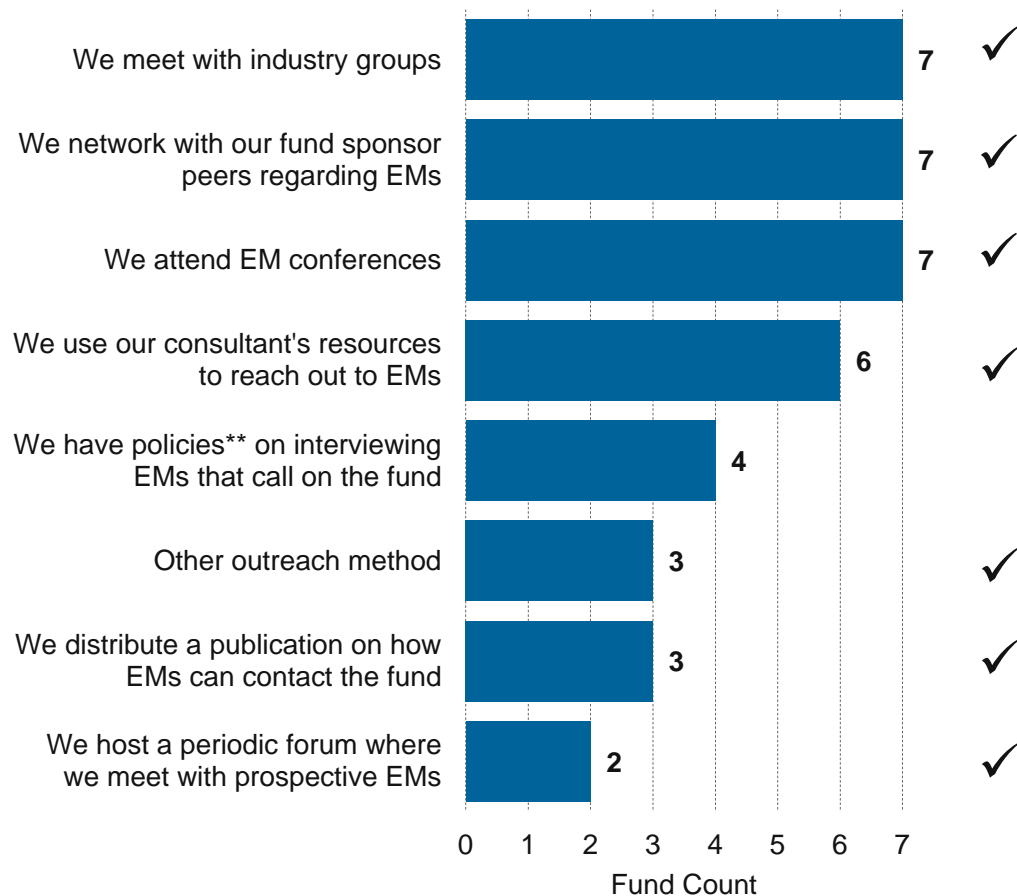
Program Approaches

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.*

- CalPERS reaches out to the emerging manager community via multiple channels. Meeting with industry groups, attending conferences, and hosting a periodic forum to meet prospective emerging managers have been more effective for CalPERS.
- All peer funds engage in emerging manager community outreach in some respect. Attending emerging manager conferences is ranked as the most effective means.
- The four funds with a policy** on interviewing emerging managers that call on the fund find it to be very effective.
- The two peer funds that host a forum do so annually and find it to be very effective. CalPERS also periodically hosts workshops and webinars for emerging managers and stakeholder groups.
- Other outreach efforts include:
 - Absolute return strategies utilize services of a consultant to support sourcing and coaching efforts for the emerging manager program in this asset class.
 - Funds of funds are an excellent resource and (at times) an extension of staff.
 - One-on-one meetings with emerging managers.
 - A senior investment officer actively sources investment opportunities.

CalPERS



*Multiple responses allowed.

**Includes a range from formal policies to business practices.

Transition Process

Indicate how your fund tracks and reports on investments with emerging managers that experience a change of status (i.e., they outgrow your emerging manager definition).*

- CalPERS monitors emerging manager status and keeps managers in the program in certain asset classes even if they outgrow the definition. Other asset classes are evaluated on a fund by fund basis.
- There does not appear to be widespread consensus on how, if at all, to track and report on investments with emerging managers that outgrow the fund’s definition of “emerging.”
- Three funds monitor emerging managers, but do not transition them out of the program if they grow beyond the fund’s definition of “emerging.”
- This process is not always the same across asset classes.
 - In private equity we have a direct relationship with some emerging managers and we do not terminate the relationship because they get larger or raise other funds.
 - For private markets, it is evaluated for each successive fund.
- Three funds indicate “Other” methods, including:
 - “On an individual basis.”
 - “Monitor and do not require graduation.”
 - “Graduations and/or terminations are how managers are transitioned out of the EM Program. Also, a change in minority/woman/disabled status will take a manager out of our minority tracking/numbers, but not necessarily out of the EM Program.”

Fund	We monitor their status and transition them out of our EM program when they no longer fit our definition of EM	We monitor their status, but apply our EM definition at the point of hire only. Managers that no longer fit our definition of EM remain in our EM program.	Other
CalPERS		✓	
Fund A			✓
Fund B		✓	
Fund C		✓	
Fund D			
Fund E			
Fund F			✓
Fund G	✓	✓	✓

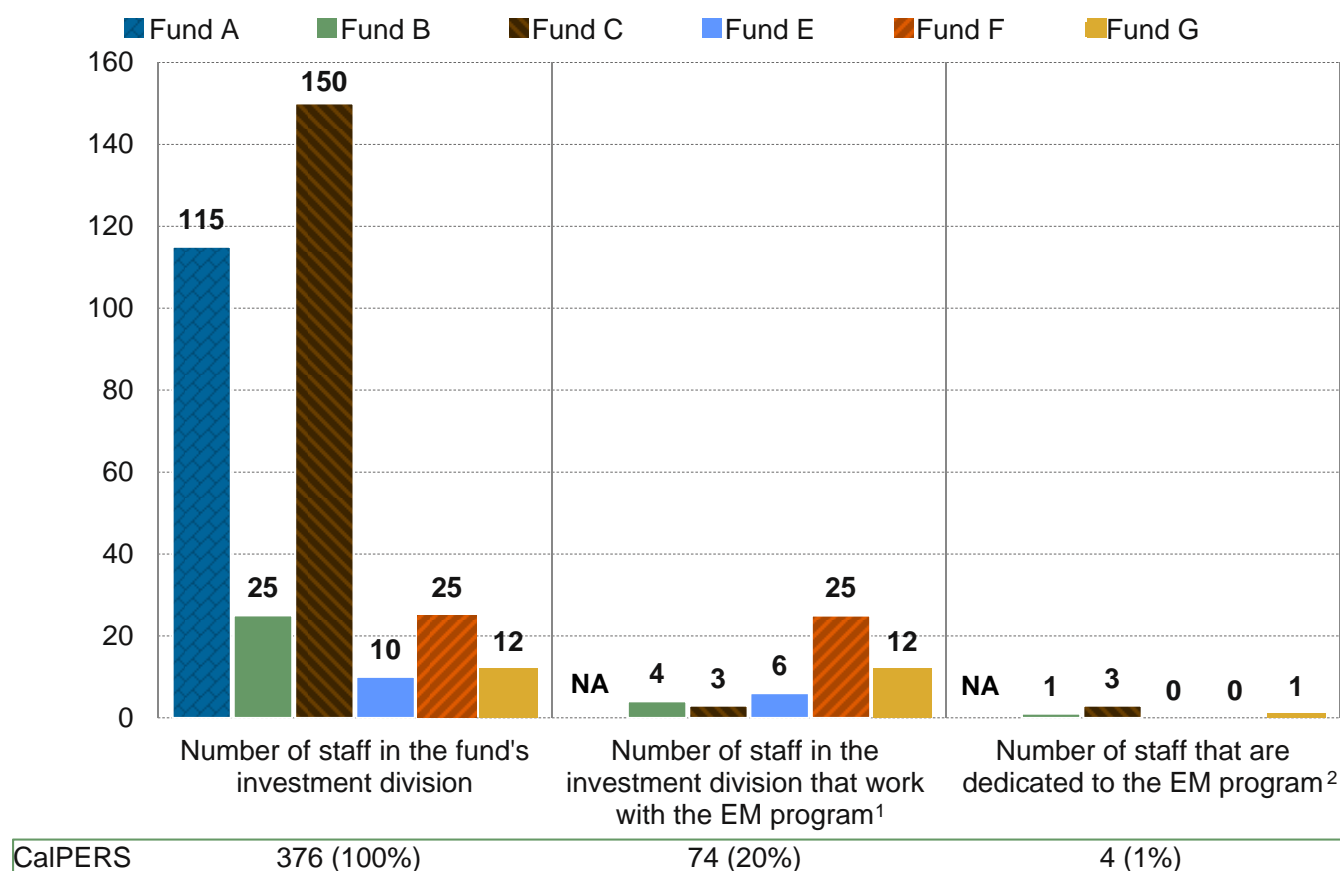
*Multiple responses allowed.

Internal and External Resources

Staffing

Provide information on staffing for your fund's overall investment division as well as those working on the emerging manager program.

- At CalPERS, 20% of the staff work on emerging manager program investment and outreach, and 1% are dedicated to it.
- There is no consensus around what proportion of staff should work with the emerging manager program, and whether or not to dedicate staff.
- At two funds, 100% of staff work with the emerging manager program.
- At three funds 2%, 16%, and 60% work with the emerging manager program.
- Three funds do not dedicate staff. Those that do so dedicate less than 10% of total staff to the emerging manager program.
- Most of the emerging manager evaluation and selection is performed by investment staff who also work with non-emerging managers.



1 Have substantial other responsibilities outside of the emerging manager program.
 2 Have few, if any, responsibilities beyond the emerging manager program.

Internal and External Resources

Consultants

Does your fund employ external consultants to provide services related to your EM program?*

- CalPERS and five other funds have a general consultant that also provides emerging manager services.
- CalPERS and just one other fund employ a consultant that exclusively focuses on the emerging manager program in addition to a general consultant.
- Two funds did not indicate that they employ consultants to assist with managing their emerging manager programs.
- Additional comments:
 - “General consultant helps in the selection process of new private equity emerging manager program.”
 - “Specialty consultants (for asset classes) also provide services related to emerging managers. Program managers, or ‘fund of fund managers,’ are resources for the portfolios they manage.”
 - “We have a general consultant, a private equity consultant, and a real estate consultant. All three will do an independent review and due diligence on emerging managers.”

Fund Name	Yes, a general consultant that also provides services related to our emerging manager program	Yes, a consultant that exclusively provides services related to our emerging manager program
CalPERS	✓	✓
Fund A		
Fund B		
Fund C	✓	✓
Fund D	✓	
Fund E	✓	
Fund F	✓	
Fund G	✓	

*Multiple responses allowed.

Appendix 1

Survey Methodology

- CalPERS engaged Callan in September 2013 to conduct a survey to gather information on the emerging manager programs of similar U.S. public funds.
- CalPERS and Callan together identified 11 institutional funds as peer investors for the purposes of this survey. The rationale for selecting these 11 funds was based on the following factors:
 1. Size of total fund assets (> \$25 billion)
 2. Estimated size of emerging manager program
 3. Committed assets or allocation to emerging manager program, including those with or without stated targets
 4. Timing for implementation of emerging manager program, including those with newly approved allocations
 5. Regulatory framework comparisons, including states statutes regarding diversity
- Seven of the 11 institutional peer investors responded to the survey between October and December 2013. CalPERS data and peer fund responses reflect asset values and other information as of June 30, 2013, with the exception of one fund (Fund E data is as of September 30, 2013).
- Callan and CalPERS followed up with the four peer funds that did not respond to the survey via phone, email, and in person, when possible, to solicit their input, but were unable to secure survey participation at this time.
- CalPERS may keep the survey open to additional peer fund responses should the funds that did not respond in 2013 decide to provide information on their emerging manager programs in 2014.
- The data presented in this Summary Findings are preliminary, subject to CalPERS review, peer fund review, and additional data that peer funds supply or that Callan ascertains through conducting research.
- This Summary Findings does not present responses to all of the questions included in the survey, most often in cases where there was an insufficient response rate from peer funds to characterize peer group trends. Peer funds generally responded to most questions, and Callan followed up on gaps in survey responses.

Appendix 1

Survey Methodology

- The survey results are presented here with a focus on the survey responses of the seven peer funds that completed the survey. CalPERS data is not aggregated into averages or other calculations, rather is highlighted separate from the peer group to facilitate comparisons unless otherwise noted.
- The funds that responded to the survey are not identified in this report. Survey results are aggregated and specific responses are not attributed to individual respondents.

Appendix 2

CalPERS Emerging Manager Programs and Definitions

Asset Class Parameters	Global Equity	ARS	Global Fixed Income		Private Equity		Real Assets
	Fund of Funds	Fund of Funds	Direct	Direct	Fund of Funds		Mentoring Manager
Emerging Manager Program Name	Emerging Manager Fund of Funds	Fund of Emerging Hedge Funds	None	None	Emerging Domestic Private Equity Managers		Real Estate Emerging Managers
Investment Strategy	Long Only Publicly Traded Securities	Hedge Funds	All	Private Equity	Private Equity – Buyout and Special Situations	Venture Capital	Real Estate Separate Accounts and Commingled Funds
Product Size	No requirement	< \$1 bn	No requirement	No requirement	< \$1 bn	< \$500 mm	No requirement
Firm AUM	< \$2 bn	< \$2 bn	< \$2 bn	No requirement	No requirement	No requirement	< \$1 bn
Length of Track Record	No requirement	No requirement	No requirement	First or Second Institutional Fund	First or Second Institutional Fund	First or Second Institutional Fund	First, Second, or Third Separate Account or Institutional Fund
Geographic Focus	No requirement	No requirement	No requirement	No requirement	Domestic US	Domestic US	Urban California

Source: CalPERS Emerging Manager Five Year Plan.

Appendix 3

Peer Fund Manager Exposure Details

Fund Name	Emerging manager assets (as a percent of externally managed assets)	External manager count across total fund	Emerging manager count across total fund	Percent of total external fund managers that are emerging
CalPERS	12%	1,114	393*	37%
Fund A	6%	254	88**	35%**
Fund B	9%	300	100	33%
Fund C	3%	350	108	31%
Fund D	1%	NA	NA	NA
Fund E	3%	176	60	34%
Fund F	7%	270	107**	40%**
Fund G	13%	148	24	16%

*This total does not include 18 fund of fund advisors that meet the definition of emerging. The total including fund of fund advisors is 411.

**Figure is an estimate collected or calculated by Callan using individual asset class responses from the survey or from publicly available sources as directed by respondents.

Appendix 4

CalPERS Future Plans by Asset Class

- **Absolute Return Strategies:** Restructuring of EM program advised by three fund of fund advisors will result in a reduction of the number of existing emerging managers, while at the same time allocated capital will be redistributed to selected managers. No change anticipated in the amount of allocated capital.
- **Global Equity:** Restructuring of the EM program advised by five fund of fund advisors will result in a reduction of the number of existing managers from 34 to 20, while at the same time allocated capital will be redistributed to selected managers. Capital allocated to the restructured EM program will be \$2.75 billion, which is an increase from NAV managed by emerging managers as of 6/30/13 of \$1.94 billion.
- **Private Equity:** Domestic Emerging Manager Program managed by Customized Fund Investment Group will continue deploying to emerging managers \$100 million capital commitment to this program. No change anticipated in the amount of allocated capital to this program. In addition, Emerging managers may be opportunistically selected by staff.
- **Real Estate:** Emerging Manager Program, Catalyst Fund, managed by Canyon Capital continues to deploy to emerging managers \$200 million capital commitment to this program. In addition, emerging managers may be opportunistically selected by staff.