

# Emerging Manager Five-Year Plan

## Pathway to the Future

March 1, 2016



Year Three Annual Report | Fiscal Year 2014-15

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For more than eight decades, CalPERS has built retirement and health security for state, school, and public agency members who invest their lifework in public service. Our pension fund serves more than 1.8 million members in the CalPERS retirement system and administers benefits for nearly 1.4 million members and their families in our health program, making us the largest defined-benefit public pension in the U.S. CalPERS' total fund market value currently stands at approximately \$276 billion.

For more information about CalPERS, visit [www.calpers.ca.gov](http://www.calpers.ca.gov).

# Message From Our CIO



*Ted Eliopoulos*

On behalf of CalPERS, I am pleased to present the third annual progress report on our *Emerging Manager Five-Year Plan – Pathway to the Future*.

CalPERS has invested with emerging managers for more than 20 years, directly or through fund of funds partnerships. We continue to actively engage with the emerging manager community to improve communication, strengthen our relationships, and enhance the implementation of our emerging manager investment strategies.

This past year has been a pivotal one for CalPERS Emerging Manager strategies. We have largely completed all initiatives set forth in the Five-Year Plan while continuing to set the industry standard for commitments to emerging managers. Most notably, CalPERS established a new Manager Transition Program in June 2015 and made commitments of up to \$11 billion over the next five years to emerging and transition managers.

The Transition Program – completed as part of a larger restructuring of our entire set of external portfolio managers – provides a critical pathway for transitioning high-performing emerging managers to larger, direct commitments. The program is intended to develop these managers so they can accept commitments at CalPERS scale, which will enable us to fully leverage their talent. Additional information about the Transition Program follows in the report.

CalPERS continues to engage and communicate with the emerging and transition manager community as we implement the Five-Year Plan. We value your feedback as we continue our leadership role in emerging and transition manager strategies.

Sincerely,

Ted Eliopoulos  
*Chief Investment Officer*

## Executive Summary

In 2012, CalPERS' Board of Administration adopted the *Emerging Manager Five-Year Plan - Pathway to the Future* (Five-Year Plan or the Plan), which provides a strategic framework to guide CalPERS' investments and engagement with emerging investment managers. Under this plan, CalPERS will deliver annual updates to the California State Legislature, reporting on progress and accomplishments toward achieving plan goals.

The Five-Year Plan includes 10 work streams, organized under two areas: (1) Portfolio Management and (2) External Outreach.

CalPERS made notable progress on all of the work streams during Year Three of the Plan, covering the period from July 1, 2014 through June 30, 2015. Information about the accomplishments under each of the work streams is detailed in this Year Three Annual Report, including these notable accomplishments:

### Portfolio Management Work Streams

- In June 2015, CalPERS Investment Office initiated a new industry-leading Manager Transition Program. The objective of the program is to provide a path of growth and opportunity for successful early stage managers who no longer fit the parameters of an emerging manager program. Over the course of the next five years, the Transition Program will commit up to \$7 billion to approximately 15 transitioning managers. Also with continued commitment to Emerging Manager Programs of up to \$4 billion, the combined capital commitments for the Emerging and Transitioning Manager Programs is up to \$11 billion.
- Committed an additional \$200 million to the Private Equity Emerging Manager Program.
- Committed an additional \$100 million to the Real Estate emerging manager strategy.

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“CalPERS made notable progress on all of the work streams during Year Three of the Plan, covering the period from July 1, 2014 through June 30, 2015.”

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### External Outreach

- Hosted the first annual CalPERS Emerging and Diverse Manager Day in October 2014. The objective of the Emerging & Diverse Manager Day at CalPERS was to provide an opportunity for emerging managers to meet with senior asset class staff and investment advisers to introduce their firm, provide a brief presentation and receive feedback. The event was well-attended as over 70 emerging manager firms, with over 130 representatives from around the country participated.

- Attended and/or participated in 20 emerging and diverse investment manager events and meetings, connected with key stakeholders and shared information about CalPERS' Emerging Manager Programs.
- The CalPERS Investment Office hosted a live webinar with the Toigo Foundation to educate Toigo Fellows about CalPERS Investment Office.
- CalPERS Investment Office hosted a roundtable discussion in collaboration with the Private Equity Women Investor Network (PEWIN) in Half Moon Bay and hosted the New American Alliance (NAA) 2015 National Tour at CalPERS headquarters in Sacramento.

Staff anticipates reporting the following accomplishments in Year Four of the Five-Year Plan, covering the period from July 1, 2015 through June 30, 2016:

- Evaluate and establish criteria for new capital to emerging manager programs.
- Establish consistent emerging manager performance reporting into the Total Fund Report.
- Developed, planned and hosted the Emerging, Transition and Diverse Manager Day on September 9, 2015. The event provided emerging, transition and diverse managers the opportunity to meet with senior asset class staff and Emerging Manager program advisors.
- Developed, planned and hosted the CalPERS Diversity Forum on September 10, 2015. The solutions-based event focused on the lack of diversity in the investment and finance industries. Panel discussions identified best practices and initiatives that will result in increased diversity on corporate boards, executive leadership teams, ownership of external manager firms, and company staff.

# Introduction

For more than 20 years, CalPERS has developed and implemented emerging manager programs, as well as invested with emerging managers. For purposes of its programs, emerging managers are generally defined as newly formed or relatively small firms. Each CalPERS asset class has emerging manager definitions based on assets under management and/or length of track record. The *CalPERS Emerging Manager Programs and Definitions* (Reference 1) details the current Emerging Manager Programs and definitions across asset classes.

CalPERS has a fiduciary duty that requires the Board of Administration and staff to work at all times in the best interest of its 1.8 million members. As such, our objective for investing in emerging manager programs is to generate appropriate risk-adjusted investment returns by identifying early stage funds with strong potential for success; access unique investment opportunities that may otherwise be overlooked; and cultivate the next generation of external investment management talent.

California law prohibits state agencies from discriminating against or granting preferential treatment to any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public contracting. Therefore, CalPERS may not grant preferential treatment to managers based on the above characteristics. Data shows, however, that women and minority managers make up a higher proportion of emerging managers than established managers; therefore, emerging manager strategies can result in greater ethnic and gender diversity among CalPERS' external investment managers.

As the nation's largest public pension fund, within the nation's most ethnically and culturally diverse state, CalPERS recognizes diversity is a competitive advantage. CalPERS broadly interprets diversity to mean differences such as age, ethnicity, culture, or gender that result in diversity of thinking. CalPERS seeks diversity of internal staff, corporate boards, and external investment managers in an effort to secure high functioning teams that incorporate different ways of seeing and solving problems.

CalPERS is also committed to equal access and opportunity for all investment managers. To facilitate equality of access and opportunity for external managers, we have established an internet-based investment proposal submittal process, and apply consistent review and decision-making criteria in evaluating all investment proposals. CalPERS has made significant efforts to communicate our investment strategies and criteria for making investment decisions to the external manager community, including emerging managers, to help ensure that investment proposals are aligned with CalPERS' objectives.

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“Our objective for investing in emerging manager programs is to generate appropriate risk-adjusted investment returns by identifying early stage funds with strong potential for success.”

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When compared to our pension fund peers, CalPERS employs more than twice the number of women and minority managers than the next highest fund and has \$4.5 billion invested with women and minority-owned firms. Additionally, CalPERS has the largest exposure to women and minority-owned firms by total assets. For additional details on diversity & inclusion initiatives at CalPERS, please view our *CalPERS Commitment to Diversity & Inclusion Report* (Reference 2).

In 2012, CalPERS' Board of Administration adopted the *Emerging Manager Five-Year Plan - Pathway to the Future* (Five-Year Plan or the Plan), which provides a strategic framework to guide CalPERS' investments and engagement with emerging investment managers. Under this plan, CalPERS will deliver annual updates to the California State Legislature, reporting on progress and accomplishments toward achieving plan goals. The Five-Year Plan includes 10 work streams, organized under two areas: (1) Portfolio Management and (2) External Outreach.

CalPERS' dedication to investing with emerging managers is also demonstrated by the integration of its Five-Year Plan into the *CalPERS Fiscal Year 2014-16 Business Plan* and the *Investment Office Fiscal Year 2013-15 Roadmap*, which are the strategic plans that detail the key priorities and initiatives of both the CalPERS enterprise broadly and the Investment Office.

CalPERS adopted 10 *Investment Beliefs* (Reference 3) in September 2013, which are intended to provide a basis for strategic management of the investment portfolio, inform organizational priorities, and ensure alignment between the Board and CalPERS staff. In particular, the following Investment Beliefs underpin the work in the Five-Year Plan:

- ***Investment Belief 3:*** *CalPERS' investment decisions may reflect wider stakeholder views, provided they are consistent with its fiduciary duty to members and beneficiaries.*
  - As a public agency, CalPERS has many stakeholders who express opinions on investment strategy or ask CalPERS to engage on an issue. CalPERS' preferred means of responding to issues raised by stakeholders is engagement.
- ***Investment Belief 8:*** *Costs matter and need to be effectively managed.*
  - CalPERS will balance risk, return, and cost when choosing and evaluating investment managers and investment strategies.
- ***Investment Belief 10:*** *Strong processes, teamwork, and deep resources are needed to achieve CalPERS' goals and objectives.*
  - Diversity of talent (including a broad range of education, experience, perspectives, and skills) at all levels (Board, staff, external managers, corporate boards) is important.

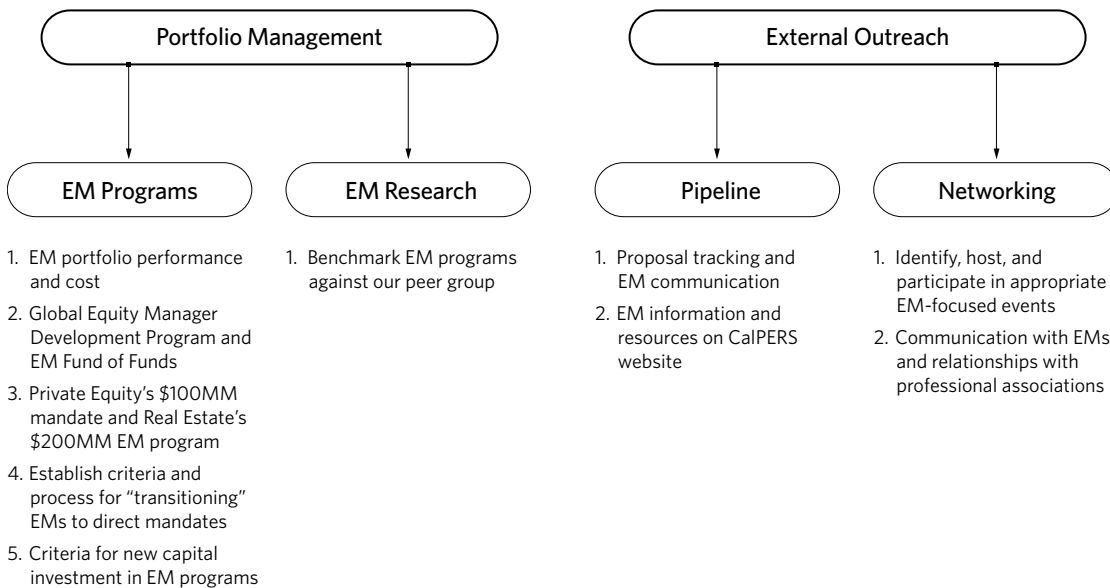
# About the Five-Year Plan and CalPERS Year Three Annual Report

Chapter 701 of the Statutes of 2011 (SB 294 Price) requires the California Public Employees’ Retirement System (CalPERS) to develop and implement a strategic plan for emerging investment manager participation across all asset classes. In August 2012, CalPERS adopted the *Emerging Manager Five-Year Plan – Pathway to the Future* as its emerging manager strategic plan (Reference 4). The Five-Year Plan was delivered to the State Legislature in August 2012, as directed by statute. The statute requires CalPERS to submit a progress report to the State Legislature by March 1 each year, from 2014 through 2017, with the last report due on January 1, 2018.

The Five-Year Plan details CalPERS’ strategic efforts related to emerging manager investment strategies in two areas: (1) Portfolio Management and (2) External Outreach. These two strategic areas are further organized into 10 distinct work streams, which are detailed below in Exhibit 1.

## Exhibit 1

### Emerging Manager Five-Year Plan Work Streams





Development of the Five-Year Plan, implementation of the work streams, monitoring, and providing progress reports are the responsibility of the CalPERS Investment Office, specifically through the Targeted Investment Programs unit.

During Year One of the Plan, staff fast-tracked its efforts and made notable progress on the Plan. The Year One Annual Report is available online at [www.calpers.ca.gov/emfiveyearplan](http://www.calpers.ca.gov/emfiveyearplan).

Year Two of the Plan documented major updates and completion of the Five-Year plan across all but one of the work streams. The Year Two Annual Report is available online at [www.calpers.ca.gov/emfiveyearplan](http://www.calpers.ca.gov/emfiveyearplan).

This Year Three Report details the progress made on the Five-Year Plan from July 1, 2014 through June 30, 2015.

To ensure CalPERS is providing the State Legislature the most current and comprehensive understanding of its efforts under the Plan, activities that have been initiated since June 2015 have also been noted in each section as “Looking Ahead.” These activities will be captured, in detail, in the Year Four Report.

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“The Five-Year Plan details CalPERS’ strategic efforts related to emerging manager investment strategies in two areas: (1) Portfolio Management and (2) External Outreach.”

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## Five-Year Plan: Year Three Annual Report

The following details CalPERS' progress on the Five-Year Plan related to Portfolio Management and External Outreach. The report on each work stream includes a brief description of the work stream and its desired outcomes, followed by a summary of accomplishments in the reporting period, and efforts initiated after the reporting period documented under Looking Ahead.

### A. Portfolio Management Initiatives

#### *Emerging Manager Programs*

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##### **Emerging Manager Programs Work Stream 1:**

**Establish performance, cost, and diversity of existing emerging manager portfolio**

*Investment performance of CalPERS' emerging manager programs has been mixed. To better understand specific issues related to performance, the first Portfolio Management work stream outlined in the Plan requires CalPERS to identify performance, cost, and diversity of the existing emerging manager investment portfolio.*

##### **Summary of Accomplishments:**

In the Year One Report, CalPERS released the *Emerging and Diverse Manager Data Report* (Reference 5). The Report provides the exposure, performance and diversity of CalPERS Emerging Manager investments.

In the Year Two Report, CalPERS released the *Emerging Manager Exposure and Cost Report* (Reference 6). This Report provides information on the exposure to, and cost of, emerging manager investment initiatives in the CalPERS' investment portfolio.

##### **Looking Ahead:**

This work stream is complete. However staff has undertaken additional work to establish regular performance reporting for emerging manager exposures across the investment portfolio. Staff will identify the necessary improvements to streamline emerging manager program data collection processes in each of the asset classes. Regular semi-annual emerging manager performance reporting will appear in the Trust Level Review starting August 2015.

## Emerging Manager Programs Work Stream 2:

### Review Global Equity Manager Development Program and Emerging Manager Fund of Funds Program

*In 2010, the Global Equity Unit initiated portfolio restructuring to transition the traditional capital allocation model to a risk-adjusted return model. CalPERS also reviewed the Manager Development Program and Emerging Manager Fund of Funds programs with three key goals: to achieve superior risk-adjusted investment returns; to continue providing opportunities for new and emerging investment managers; and to incorporate emerging managers into the broader Global Equity Unit capital allocation model.*

*CalPERS engaged its fund-of-fund partners to better identify highly qualified managers, provide capability development guidance, and establish the process and criteria for determining whether to transition an emerging manager to a larger, direct investment mandate.*

#### Summary of Accomplishments:

In 2015, the Global Equity asset class completed a restructuring of the Emerging Manager Program, evolving from a Fund of Funds and manager development approach to a focus on more meaningful mandates and better integration into the total Global Equity portfolio. Five emerging manager external advisors have been retained and the restructure resulted in twenty-two emerging manager relationships totaling nearly \$3 billion.

In the Year Two Report, CalPERS substantially completed and launched a restructured emerging manager program.

Staff hosted a webinar on February 25, 2014 to communicate the process and outcomes of restructuring Global Equity's emerging manager program. This work stream is now complete.

## Emerging Manager Programs Work Stream 3:

### Manage, track, and report progress of Private Equity's \$100 million and Real Estate's \$200 million Emerging Manager Programs

*Since August 2011, CalPERS has committed an additional \$100 million to its Private Equity Emerging Manager Program and \$200 million to its Real Estate Emerging Manager Program. This work stream focuses on ensuring appropriate management and tracking of these investments so investment performance, cost, and other relevant factors can be evaluated and used for investment decision making.*

### Summary of Accomplishments:

In October 2014, CalPERS committed \$200 million to Private Equity's Emerging Manager Program. Since the Year Two Report, five new investments have been made: Avante Mezzanine Partners SBIC II, LP, NovaQuest Pharma Opportunities Fund, LP, Stellex Capital Partners, Revelstoke Capital Partners Fund, and EIV Capital Fund II.

In September 2014, CalPERS committed \$100 million to Real Estate's AGI Resmark Housing Fund and in January 2015 CalPERS increased its Real Estate Emerging Manager Program commitment from \$200 million to \$275 million.

### Looking Ahead:

This work stream is ongoing throughout the Five-Year Plan. CalPERS will continue to monitor and report on Private Equity and Real Estate's Emerging Manager Program investments.

## Emerging Manager Programs Work Stream 4:

### Establish criteria for "transitioning" emerging managers to direct mandates

*The goal of this work stream is to establish criteria to evaluate emerging managers' potential for direct investment mandates. This will be done by building on demonstrated performance and capabilities, actively managing risks, and providing a clear understanding of what is required of emerging managers to compete for additional capital.*

### Summary of Accomplishments:

In June 2015, CalPERS announced the industry-leading Manager Transition Program with the following objectives: to generate appropriate risk adjusted investment returns by investing with managers with demonstrated early stage success; to have continued access to investment opportunities with successful firms and increased representation of women and minority owned firms in the CalPERS portfolio; and to provide a path of growth and opportunity for emerging managers to build their firms to a size large enough to compete for entry into our pool of larger established managers.

The development of the Manager Transition Program started with a survey of staff, pension peers, external advisors, and stakeholder groups to gather information on their observations and experience with transition emerging managers in the past.

The parameters of the Manager Transition Program vary by asset class and should be viewed as general guidelines in order to provide each asset class with flexibility in administering the Program. The parameters and approximate commitment amounts are as follows:

- **Private Equity**

3rd, 4th, 5th, and 6th institutional funds; \$50 - \$300M allocations in a direct relationship with CalPERS' staff oversight. The Private Equity Manager Transition Program will be up to \$2B in total capital allocations over the next five years. Additional details can be referenced in the Private Equity Emerging Manager & Manager Transition Program Fact Sheet (Reference 7).

- **Real Estate**

4th, 5th and 6th separate accounts; \$50 - \$300M allocations in a direct relationship with CalPERS' staff oversight. The Real Estate Manager Transition Program will be up to \$2B in total capital allocations over the next five years. Additional details can be referenced in the Real Estate Emerging Manager & Manager Transition Program Fact Sheet (Reference 8).

- **Global Equity**

Minimum \$2B assets under management with CalPERS representing no more than 25% of firm assets under management; \$250 - \$1B allocations in a direct relationship with CalPERS' staff oversight. The Global Equity Manager Transition Program will be up to \$3B in total capital allocations over the next five years. Additional details can be referenced in the Global Equity Emerging Manager & Manager Transition Program Fact Sheet (Reference 9).

Over the course of the next five years, the Manager Transition Program will commit up to \$7 billion to approximately 15 transitioning managers. In addition, the capital commitment to Emerging Manager programs will increase by up to \$4 billion. The combined capital commitments for the Emerging and Transitioning Manager Programs is expected to be up to \$11 billion.

To assure asset class flexibility it is important to note that these are not hard investment targets, but estimated program amounts. Based on the investment opportunities that are pursued, actual commitment amounts may be less than the maximums stated here.

### **Looking Ahead:**

This work stream is complete. However, staff will track activity in both emerging and transitioning manager programs and report to the CalPERS Investment Committee on commitment amounts, as well as issues and successes as the programs mature in the coming years.

## Emerging Manager Programs Work Stream 5:

### Evaluate and establish criteria for new capital to emerging manager programs

*The information and lessons learned from CalPERS' research, analysis, outreach, and strategic reviews will assist CalPERS in determining prudent targets for emerging manager participation. In developing the emerging manager program strategies, factors to be considered include availability of new capital for investment, capital allocation among asset classes, percent of assets managed externally, emerging manager performance and costs, and the size of the viable universe of emerging managers, while also ensuring alignment with CalPERS' investment strategy.*

#### Desired Outcomes Within Years 1-5 of the Five-Year Plan:

- Source and review data regarding emerging manager program performance, cost, and growth potential
- Design and execute targeted research and analysis efforts to develop a deeper understanding of emerging manager performance
- Leverage internal and external insights to assess CalPERS' Emerging Manager Programs and to inform the evolution of CalPERS' Emerging Manager commitment
- Establish criteria for success of Emerging Manager Programs
- Evaluate potential for new capital to be invested through Emerging Manager Programs

#### Summary of Accomplishments:

In the Year Two Report, CalPERS identified lessons learned and best practices for evaluating Private Equity investment managers and potential commitment of new capital to emerging manager programs through the CalPERS Private Equity Emerging Manager Program review.

#### Looking Ahead:

Staff will finalize this work stream in Year Four of the Five-Year Plan.

**Emerging Manager Research Work Stream 1:**  
**Benchmark Emerging Manager Program against our peer group**

*CalPERS is committed to maintaining leadership in emerging manager programs. This work stream directed staff to compare CalPERS' Emerging Manager Programs against its peers in the institutional investor community.*

**Summary of Accomplishments:**

In the Year Two Report, CalPERS released the results of the *CalPERS Emerging Manager Programs Benchmark Survey* (Reference 10). This peer survey was conducted to understand investment exposures with emerging managers, and the goals, governance, and operations of each emerging manager program in order to learn how other programs are implemented.

As a result of this survey, staff conducted a follow-on survey to examine peer exposure to women and minority owned investment managers, the *CalPERS Peer Benchmark Survey: Women and Minority Owned Managers* (Reference 11). This work stream is complete.

## B. External Outreach Initiatives

### *Pipeline*

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#### **Pipeline Work Stream 1:**

##### **Improve emerging manager proposal tracking and communication**

*CalPERS is committed to providing equal access and opportunity for submittal and consistent review of emerging manager investment proposals. This work stream aims to improve and enhance the centralized Internet-based portal system through which all investment proposals are received and routed to the appropriate asset classes for evaluation.*

*The goal of this work stream is also to educate and improve communication with potential emerging manager partners about the investment proposal submittal process, the decision criteria and process for evaluating investment proposals, and range of potential outcomes.*

#### **Summary of Accomplishments:**

- **Proposal Tracking**

Significant improvements to the investment proposal submittal and review process have been made including: increased ease of use for managers, improved capture of emerging and diverse manager data, updated response guidelines for more constructive feedback, and ability to enter and save data providing up to 90 days to complete proposal submittal process.

- **Communications Initiative**

The Emerging Manager Communications Initiative strengthens communications with emerging and diverse managers and stakeholder groups, as well as facilitates a better understanding of the investment proposal submittal and review process. Accomplishments included:

- Updated procedures and communication strategies
- Improved reports and documentation from the online proposal submittal process
- Improved feedback to emerging and diverse managers regarding evaluation and decision processes
- Improved written and verbal communications to facilitate stronger working relationships with emerging and diverse managers

This work stream is complete. However, staff will continue to evaluate and enhance the information and investment proposal submittal process when appropriate.



## Pipeline Work Stream 2:

### Improve emerging manager information and resources on CalPERS' website

*The goal of this work stream is to review and identify enhancements to CalPERS' website to provide improved access to information about the CalPERS Investment Office, its strategies and processes, and other information important to its external stakeholders.*

#### Summary of Accomplishments:

The Targeted Investment Programs dedicated web page is now launched and staff has worked with stakeholder groups to help publicize the web page. The web page provides information about initiatives and activities of interest to emerging and diverse managers. In support of the Five-Year Plan, the web page provides:

- A calendar of events (meetings, forums, and events)
- Emerging Manager Five-Year Plan reports and deliverables
- Targeted Investment Programs updates to the Investment Committee
- Targeted Investment Programs publications
- Links to asset class information and strategies
- Link to the web-based investment proposal submittal portal

This work stream is complete. As processes and programs change, staff will continue to evaluate, enhance, and improve the web page to meet the information and program needs of CalPERS and the emerging manager investment community.

### Networking Work Stream 1:

Identify, host, and/or participate in emerging manager-focused events

*CalPERS has a long history of hosting and participating in industry association events focused on emerging and diverse managers. This work stream focuses on staff's outreach efforts via conferences, webinars, workshops, and meetings to strengthen CalPERS' relationships and improve communications with its stakeholders.*

#### Summary of Accomplishments:

CalPERS hosted several emerging manager-focused events including:

- **TOIGO: Careers With a Difference Webinar**

On October 9, 2014, CalPERS hosted a webinar with Toigo to inform Toigo Fellows of career opportunities in CalPERS Investment Office.

- **CalPERS Emerging and Diverse Manager Day**

On October 23, 2014, CalPERS hosted its first Emerging and Diverse Manager Day. The event provided participating managers with an opportunity to meet with CalPERS' senior staff in the Private Equity, Global Equity, and Real Estate asset classes. The event was well-attended as over 70 emerging manager firms, with over 130 representatives, traveled to the CalPERS Investment Office and met with senior staff and respective emerging manager advisors.

- **CalPERS/Private Equity Women Investor Network Roundtable**

The Investment Office held a roundtable discussion in collaboration with the Private Equity Women Investor Network (PEWIN) in March 2015. The discussion provided CalPERS with an opportunity to strengthen relationships with senior women in the private equity industry.

- **CalPERS hosted Emerging Manager-Focused Events**

CalPERS hosted the New American Alliance (NAA) 2015 National Tour on May 21, 2015 at CalPERS headquarters in Sacramento.

#### Looking Ahead:

This work stream is ongoing throughout the Five-Year Plan. Staff will continue to reach out to external stakeholders to strengthen CalPERS' presence in emerging manager networks through industry associations.

## Networking Work Stream 2:

### Improve communication with emerging managers and professional associations

*CalPERS believes that constructive engagement with the emerging manager community is a critical element to continuing its commitment to emerging managers. As such, CalPERS is focused on strengthening efforts in (1) outreach, (2) education and messaging, (3) technology networking tools, and (4) ongoing communications.*

#### Summary of Accomplishments:

##### • Engagement with Emerging and Diverse Manager Industry Organizations

Throughout the reporting period, CalPERS engaged with the following emerging manager investment stakeholders:

- Association of Asian American Investment Managers (AAAIM)
- National Association of Investment Companies (NAIC)
- National Association of Securities Professionals (NASP)
- New America Alliance (NAA)

##### • Emerging and Diverse Manager Events

During the reporting period, staff attended and participated as featured speakers in the following emerging and diverse manager events:

- AAAIM National Conference
- Annual Emerging Manager Conference hosted by the Teachers & Employees Retirement System of Texas
- Emerging Manager Consortium hosted by RG & Associates
- NAA Wall Street Summit
- NAIC Annual Convention
- Sovereign Wealth Fund Institute NAIC Institutional Investors Forum
- NASP Annual Conference
- Toigo Annual Conference
- Sponsors for Educational Opportunity Alternative Investments Conference
- Latinos On The Fast Track Investors Forum
- Pension Bridge Annual Conference
- Women's Private Equity Summit
- White House Meeting on Diverse Asset Manager Utilization

#### Looking Ahead:

This work stream is ongoing throughout the Five-Year Plan. CalPERS will continue to engage with stakeholder groups and participate in their organizations' meetings, conferences, and events related to emerging and diverse managers in the investment area.

## Conclusion

CalPERS has made significant progress this year on emerging manager initiatives. Notably, CalPERS launched the industry-leading Manager Transition Program and increased its commitments to emerging managers.

Our objective for investing in emerging and transition manager programs is to generate appropriate risk adjusted investment returns by identifying early stage funds with strong potential for success; accessing unique investment opportunities that may otherwise be overlooked; and cultivating the next generation of external investment management talent.

Over the coming five years, CalPERS intends to invest up to \$11 billion in emerging, transition, and diverse managers. CalPERS will continue its efforts to examine and improve its emerging and transition managers programs and to communicate with emerging, transition, and diverse managers and other interested stakeholders about the goals of our investment programs.



## References

1. **CalPERS Emerging Manager Programs and Definitions**  
<https://www.calpers.ca.gov/page/investments/targeted-investment-programs/emerging-managers>
2. **CalPERS Diversity & Inclusion Annual Report**  
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3. **CalPERS Investment Beliefs**  
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10. **CalPERS Emerging Manager Programs Benchmark Survey**  
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11. **CalPERS Peer Benchmark Survey: Women and Minority Owned Managers**  
<https://www.calpers.ca.gov/docs/forms-publications/peer-benchmark-survey.pdf>





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