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FACT SHEET

Global Equity Emerging Manager & Transition Manager Programs

EMERGING MANAGER PROGRAM

The Global Equity Emerging Manager Program utilizes external advisors. The skills and resources of our advisors are leveraged to identify, select and create meaningful relationships with high-performing emerging managers. Emerging managers are expected to be: 1) aligned with CalPERS overall investment strategy for Global Equity, and 2) positioned to positively contribute to the total Global Equity portfolio. Global Equity utilizes 5 Advisors to administer the Emerging Manager Program, they include: FIS Group, Leading Edge Investment Advisors, Legato Capital Management, Progress Investment Management Company, and Strategic Investment Group.

Global Equity Emerging Manager Definition and Program Parameters:

- Maximum \$2 billion firm AUM, with CalPERS assets representing no more than 25% of firm AUM.
- \$75 million – \$150 million investment allocation per manager/strategy
- Advisors evaluate and select managers based on a number of criteria, including but not limited to:
 - Investment philosophy fit and process with specific CalPERS needs
 - Articulation of investment insights beyond stock selection
 - Consistency of systematic biases
 - Quality of team, business, and investment strategy

GLOBAL EQUITY TRANSITION MANAGER PROGRAM DEFINITIONS

In June 2015, CalPERS Investment Office initiated a new industry-leading Transition Manager 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. This program allows CalPERS to continue to invest in successful up-and-coming firms, including women and minority owned firms, that are transitioning from small entrepreneurial platforms to established asset management firms. After successful transition, the firm may qualify to compete for larger investment mandates from CalPERS. Investment Office staff will review potential transition candidates from CalPERS' Emerging Manager Programs, as well as outside managers who qualify under the guidelines of the Transition Manager Program.

Global Equity Transition Manager Program Guidelines:

- Minimum \$2 billion and maximum \$15 billion firm AUM, with CalPERS assets representing no more than 25% of firm AUM
- Direct relationship overseen by CalPERS Investment Office staff
- \$250 million – \$1 billion investment allocation per manager/strategy
- Approximately two to five-year timeframe as a transitioning manager leading to the ability to compete for a larger mandate and established manager status

Global Equity has guidelines for selecting all external managers known as the Manager Assessment Tool ("MAT"). The MAT is used to analyze and review all potential external managers utilizing three distinct criteria:

- Value creation at direct portfolio level
- Value creation at intellectual capital/insights level

- Alignment of interests with CalPERS

Managers that score well in these categories and have strategies that address specific portfolio needs will advance to additional phases of the proposal review process.

INVESTMENT PROPOSAL SUBMISSION

After reviewing the Investment Proposal Submission portal webpage for a list of desired strategies, Global Equity managers are encouraged to submit their investment proposals, through the portal webpage. For more information and details on submissions, please visit: www.calpers.ca.gov/investmentproposals

ALTERNATIVE SOLICITATION PROCESS

CalPERS Investment Office has an Alternative Solicitation Process which may be used as the method of gathering information on services of potential managers. Global Equity will announce criteria and a bidders list prior to releasing any solicitation to managers. This process can range between 6 - 10 months or longer depending on the type of strategy and the number of submissions received.