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FACT SHEET

Private Equity Emerging Manager & Transition Manager Programs

EMERGING MANAGER PROGRAM

The Private Equity Domestic Emerging Manager Program was established in March 2012 to continue CalPERS investment activity with emerging managers. Grosvenor Capital Management Customized Fund Investment Group administers the Private Equity Domestic Emerging Manager Program.

Private Equity Emerging Manager Definition and Program Parameters:

- 1st, 2nd, and 3rd institutional fund
- Fund of funds structure and oversight of emerging managers
- \$10-\$35 million capital allocations
- CalPERS investment represents no more than 25% of a fund
- Aggregate commitments of fund to be no greater than \$1 billion
- Product size less than \$1 billion

PRIVATE 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.

Private Equity Transition Program Guidelines:

- 4th, 5th and 6th institutional fund
- Direct relationship overseen by CalPERS Investment Office staff
- \$50 - \$300 million capital allocations per manager/strategy
- CalPERS investment represents no more than 25% of a fund
- Approximately five to 10 year timeframe for potential transition to occur to established manager status
- Approximately 5 managers to be selected over a five-year period through 2020

Private 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 five distinct criteria:

1. Historical Performance
2. Strategy & Value Creation
3. Team/Talent
4. Asset Allocation/Portfolio Fit

5. Alignment of Interests/Governance/Transparency

INVESTMENT PROPOSAL SUBMISSION

After reviewing the Investment Proposal Submission portal webpage for a list of desired strategies, Private 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

REQUEST FOR INFORMATION/ALTERNATIVE SOLICITATION PROCESS

CalPERS Investment Office has a Request for Information (RFI) or an Alternative Solicitation Process which may be used as the method of gathering information on services of potential managers. Private Equity will announce criteria and a bidders list prior to releasing any solicitation to managers. This process can range between 1 – 9 months or longer depending on the type of strategy and the number of submissions received.