

CalPERS Transition Manager Program Webinar
Questions and Answers
Targeted Investment Programs 2015

Real Estate

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. You may find more information on [Real Estate Emerging & Transition Manager Fact Sheet](#) (PDF).

1. Do you plan to focus outside urban California for the real estate Emerging Manager Program? Is there a timeline to expand your real estate Emerging Manager Program to include markets and managers located outside of California?

As the program is continually evaluated, there is potential for it to grow outside of California. Our strategy is typically geographically focused, based on the portfolio fit and the geographic diversification of our existing investments. There is not a specific time frame identified to expand its geographic focus, but this will be periodically evaluated.

2. When do you expect to start the selection process of transition managers? When do you expect to deploy capital to the Emerging and Transition Manager Program?

Existing emerging managers are already being considered as potential transition candidates through their mentoring managers. Additionally, as indicated in the Real Estate Emerging & Transition Manager Fact Sheet, opportunity for transition managers to become CalPERS managers is also current and ongoing.

The Emerging Manager Program is included in Real Estate's Annual Investment Planning Process, during which capital is allocated to external managers and become effective July 1 each year. As transition manager candidates are considered for the targeted \$2 billion allocation through June 30, 2020, deployment of capital is anticipated to follow that time frame.

3. For Real Estate emerging managers, the investment strategy includes separate accounts and commingled funds. Does this mean CalPERS would consider investing capital in an emerging manager commingled fund?

Our preference and current model utilizes a mentoring manager in a separate account structure. If we could not access the talent and the desired investment strategy through the separate account structure, only then would we consider a comingled fund.

4. How do you view emerging markets like China and India for the Emerging Manager Program?

At the present time, we are not considering opportunities for emerging managers in these markets.

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5. How specific do you want the product type focus to be? Is there a geographic focus?

The focus of the proposed strategy should match the transition manager candidate's experience in both product type and geography as well as the needs, strategy, and role for the Real Estate Program.

6. For real estate, what risk level are you focused on for this program - core, core plus, value add, or opportunistic? Does the Emerging Manager Program have a focus/target for any of these categories?

The risk level will be evaluated alongside the risk profile of the larger Real Estate Program. The current Strategic Plan is weighted toward stabilized, income producing, and core real estate.

7. What range of term of commitment do you foresee for Real Estate transition managers? Five years? Ten years? Twenty Years?

As noted in the Real Estate Emerging & Transition Program Fact Sheet, it is anticipated that there is approximately a 5-15 year time frame for transition to occur from emerging to established manager status (when a transition manager may compete for larger allocations).

8. When will the transition manager mandates be awarded?

Transition manager candidates will be considered for the targeted \$2 billion allocation between July 1, 2015 to June 30, 2020.

9. Do you have a certain track record requirement for your emerging managers?

Yes, emerging managers need to demonstrate a track record consistent with the proposed strategy (this may be over shorter time periods or with non-institutional investors).