# Diversity in the Management of Investments (AB 890)

Peter Cashion, Managing Investment Director Miguel Silva, Associate Investment Manager Sustainable Investments Investment Committee November 17, 2025



### Contents

- Assembly Bill (AB) 890 Legislation
- AB 890 Report Requirements
- CalPERS Investment Beliefs
- Emerging Manager Program Objective
- Emerging Manager Definition
- Diverse Manager Definition
- CalPERS Allocations to Emerging and Diverse Managers
- Summary of Allocation by Asset Class
- Next Steps



## Assembly Bill (AB) 890 Legislation

- All emerging and diverse manager commitments during the investment period July 1, 2024, to June 30, 2025
- This report is due to the California State Legislature on March 1, 2026



### AB 890 Report Requirements

- Name of each emerging and diverse manager
- Emerging or diverse managers first engaged or contracted
- Amount managed by each emerging or diverse manager by asset class
- Total amount allocated by CalPERS in the applicable asset class during the fiscal year
- Total Assets Under Management (AUM) of each asset class



### CalPERS Investment Beliefs

Our CalPERS Investment Beliefs state that strong processes, teamwork, and deep resources are needed to achieve CalPERS goals and objectives and highlight the importance of diversity of talent in this process



## **Emerging Manager Program Objective**

CalPERS' Investments mission is to manage the CalPERS investment portfolio in an efficient and sustainable manner to generate risk adjusted returns to pay benefits now and into the future

The Emerging Manager Program objective:

 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 portfolio management talent



## **Emerging Manager Definition**

CalPERS Emerging Manager definition is based on the overall firm's AUM, length of track record, and/or the specific fund's size when applicable

| Public Assets |                  |                     | Private Assets               |  |  |   |
|---------------|------------------|---------------------|------------------------------|--|--|---|
|               | Global Equity    | Global Fixed Income |                              | Private Debt                                     | Private Equity                                   | Real Assets   |
| Firm AUM      | <u>&lt;</u> \$5B | <u>&lt;</u> \$5B    | Length of<br>Track<br>Record | First, Second, or<br>Third Institutional<br>Fund | First, Second, or<br>Third Institutional<br>Fund | First, Second, or<br>Third Institutional<br>Fund or Separate<br>Account |
|               |                  |                     | Fund Size                    | <u>&lt;</u> \$2B                                 | <u>&lt;</u> \$2B                                 | <u>&lt;</u> \$2B  |



### Diverse Manager Definition

CalPERS diverse manager definition is based on the total percentage of firm ownership or fund economics, and meet one of following tiered thresholds:

#### **Substantially Diverse**

A firm that is 25% to 50% owned by women and/or ethnic minority group members, and/or a
person of the LGBTQ+ community, or where diverse teams receive 25% to 50% of the
fund's carried interest

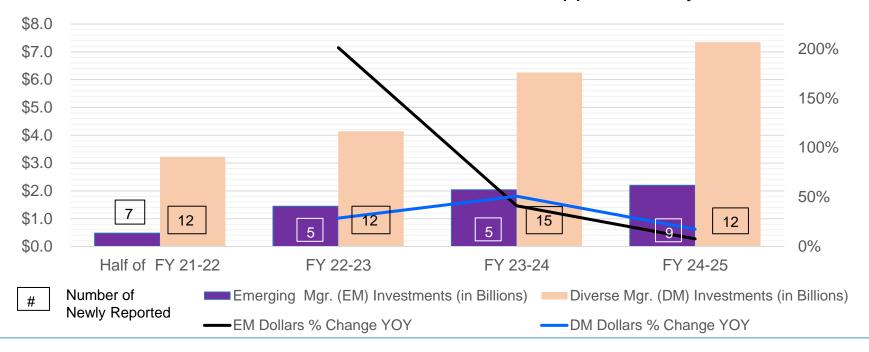
#### **Majority Diverse**

A firm that is over 50% owned by women and/or ethnic minority group members, and/or a
person of the LGBTQ+ community, or where diverse teams receive more than 50% of the
fund's carried interest



### CalPERS Allocation to Emerging and Diverse Managers

- During the current reporting period, Private Equity asset class allocated to seventeen managers that met the emerging manager definition for a total allocation of approximately \$2.2 billion dollars
- For that same period, Private Debt, Private Equity and Real Assets asset classes allocated to thirty-six managers that met the definition of diverse for an allocation of approximately \$7.3 billion dollars





### Summary of Allocation by Asset Class

#### **SUMMARY OF ALLOCATION BY ASSET CLASS (in Millions)**

|                     | Total Assets Under Management as of June 30, 2025 <sup>2</sup> | Allocation to External Managers <sup>3</sup> July 2024-June 2025 | Allocation to<br>Emerging<br>Managers <sup>3</sup><br>July 2024-June<br>2025 | Allocation to Diverse Managers <sup>3</sup> July 2024-June 2025 |
|---------------------|--|--|--|---|
| Private Equity      | \$88,669   | \$88,669   | \$2,197  | \$6,671   |
| Global Equity       | \$210,774  | \$18,481   | \$0  | \$0   |
| Global Fixed Income | \$155,277  | \$34,755   | \$0  | \$0   |
| Real Assets         | \$68,860   | \$68,860   | \$0  | \$400   |
| Private Debt        | \$29,644   | \$18,231   | \$0  | \$250   |



<sup>2</sup> AUM figures for each asset class are represented as Net Asset Value (NAV) reported in the CalPERS Trust Level Review presentation as of June 30, 2025.

CalPERS

3 The allocations to external managers, emerging managers, and diverse managers are listed as NAV after netting amount of increased and decreased fundings during the fiscal year in Global Equity and Global Fixed Income, and amount committed to alternative investment vehicles for Private Equity, Private Debt, and Real Assets.

### **Next Steps**

- Coordinate with Public Affairs to produce the same style publication copy for the previous years of the CalPERS Diversity in the Management of Investments (AB 890) Report
- Coordinate with the Legislative Affairs Division to submit the CalPERS Diversity in the Management of Investments (AB 890)
   2024-25 Fiscal Year Report to the California State Legislature on March 1, 2026
- Next year, we will report out on Fiscal Year 2025-26



# Questions



## Appendix

#### Minority group members

 United States citizens and permanent residents who are African American, Asian American, Hispanic American, Native American, Pacific Islander, or Other, based EEO-1 US Census classifications

#### Person of the LGBTQ+ community

Includes people who identify as Lesbian, Gay, Bi-sexual,
 Transgender, Queer, and more

