

Diversity in the Management of Investments  
(AB 890)  
2024-25 Fiscal Year Four Report

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# Section 1: Introduction

The California Public Employees' Retirement System (CalPERS), headquartered in Sacramento, provides retirement and health benefits to more than two million public employees, retirees, and their families. CalPERS is led by a 13-member board of administration consisting of member-elected, appointed, and ex-officio members.

For more than 30 years, CalPERS has developed and implemented emerging manager programs and invested with emerging and diverse managers. We are committed to equality of access and opportunity for our business partners and staff. As the nation's largest public pension fund, within the nation's most ethnically and culturally diverse state, we believe diversity and inclusion in our workforce, workplace, and marketplace improve business performance.

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 (AUM), length of track record, and/or the specific fund's size when applicable. An overview of current CalPERS Emerging Manager Program definitions across asset classes can be found in Section 2 of this report.

CalPERS has a fiduciary duty which requires the Board and staff to work in the best interest of our members. The mission of the CalPERS Investment Office is to manage the investment portfolio in an efficient and sustainable manner and generate risk-adjusted returns to pay benefits now and into the future. 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, accessing unique investment opportunities that may otherwise be overlooked, and cultivating the next generation of external investment management talent.

It is important to note that California state law (enacted through the passage of Proposition 209 in 1996) prohibits state agencies from discriminating against or granting preferential treatment to any individual or group based on race, sex, color, ethnicity, or national origin in public contracting. As such, CalPERS cannot establish any participation goals for or provide preferential treatment to external managers based on race, sex, color, ethnicity, or national origin. Similar restrictions exist under federal law and the U S Constitution.

CalPERS may, however, collect data and other information regarding diverse characteristics for annual reports to the California State Legislature (Legislature).

CalPERS investments with emerging and diverse managers are not limited to dedicated emerging manager programs. CalPERS is committed to equal access and opportunity for all investment managers, who may submit an investment proposal to CalPERS at any time. CalPERS has made significant efforts to communicate our investment strategies and criteria for making investment decisions to the manager community, including emerging managers, to help ensure that investment proposals are aligned with CalPERS objectives.

Chapter 472, Statutes 2021, Assembly Bill 890 (AB 890) requires CalPERS to submit a report to the Legislature on the status of achieving appropriate objectives and initiatives, as defined by the CalPERS Board, regarding participation of emerging and diverse managers responsible for asset management within the CalPERS investment portfolio.

The report must include the following information:

- Name of each emerging or diverse manager
- The year these emerging or diverse managers were first engaged, or under contract to provide services
- Amount managed by each emerging or diverse manager by asset class at the end of the prior fiscal year
- Total amount allocated by CalPERS in the applicable asset class during the fiscal year
- Total AUM of each asset class

The information regarding emerging managers encompasses CalPERS investments made through direct relationships, including with fund of fund advisors, as well as with underlying funds in fund of funds.

Information regarding diverse managers encompasses CalPERS investments with both emerging and non-emerging managers.

To prepare this report, CalPERS utilized information provided directly from managers on a voluntary basis to indicate if they met the definition established for a diverse manager by identifying the gender, ethnicity, race, and sexual orientation classification of the ownership or fund economics of the entity. In addition, CalPERS utilized information provided to staff in due diligence and monitoring, and via fund of funds vehicles and partnerships. The data collected are incorporated into this report.

# Section 2: Emerging Manager Program Objectives and Definitions

During the September 2022 CalPERS Board meeting, staff received approval of their recommendation to define emerging and diverse managers, as well as the objective of the Emerging Manager Program.

## 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 Definitions

The term emerging manager is based on the firm's overall AUM, length of track record, and/or the specific fund's size, when applicable. The qualification thresholds vary across asset classes for reasons related to the nature of respective asset classes (e.g., private vs public).

Private assets include Private Debt, Private Equity, and Real Assets. The emerging manager definition for these assets is based on length of track record that includes 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> Institutional Fund or Separate Account when applicable, as well as the fund size being less than, or equal to, \$2 billion dollars. (*see Figure 1*)

Public assets include Global Equity and Global Fixed Income. The emerging manager definition for these assets is based on AUM totaling less than, or equal to, \$5 billion dollars. (*see Figure 2*)

FIGURE 1: PRIVATE ASSETS DEFINITIONS

	Fund Size	Length of Track Record
Private Debt	≤\$2B	1 <sup>st</sup> , 2 <sup>nd</sup> , or 3 <sup>rd</sup> Institutional Fund
Private Equity	≤\$2B	1 <sup>st</sup> , 2 <sup>nd</sup> , or 3 <sup>rd</sup> Institutional Fund
Real Assets	≤\$2B	1 <sup>st</sup> , 2 <sup>nd</sup> , or 3 <sup>rd</sup> Institutional Fund or Separate Account

FIGURE 2: PUBLIC ASSETS DEFINITIONS

	Firm AUM
Global Equity	≤\$5B
Global Fixed Income	≤\$5B

## Section 3: Diverse Manager Definition

In 2013, CalPERS definitions for women-owned and minority-owned firms were established for the basis of an Emerging and Diverse Manager Questionnaire. The definitions were developed with the input of several stakeholder groups including the Association of Asian American Investment Managers, National Association of Securities Professionals, National Association of Investment Companies, New America Alliance, and the Toigo Foundation. Staff also reached out to diversity consultants and conducted research into diversity definitions used by peer investors and public agencies.

Applying CalPERS initial definition of diversity as a compass, as well as conducting additional outreach and research, staff identified four core demographics (i.e., gender, ethnicity, sexual orientation, and other) as diversity identifiers. The CalPERS Board approved the following diverse manager definitions based on the total percentage of firm ownership or fund economics:

### 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

Minority group members include 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.

California law prohibits State agencies from discriminating against or granting preferential treatment to any individual or group based on race, sex, color, ethnicity, or national origin in the operation of public contracting. CalPERS therefore may not grant preferential treatment to emerging or diverse managers based on the above characteristics. Women and minority managers are more likely to be emerging managers; as a result, an ancillary benefit of our Emerging Manager strategies may be the increased diversification of CalPERS external fund managers.

# Section 4: CalPERS Year Four Annual Commitments

The following table (Figure 3) lists CalPERS allocations made to emerging managers during the reporting period of July 1, 2024, through June 30, 2025.

In this reporting period, CalPERS investments with emerging managers were not limited to dedicated emerging manager programs. All Private Equity investments with the seventeen emerging managers listed below were made directly and outside of a dedicated emerging manager program.

The total allocated to these seventeen emerging managers was \$2.2 billion dollars.

FIGURE 3: EMERGING MANAGER ALLOCATIONS (JULY 1, 2024 – JUNE 30, 2025)

Emerging Manager	Asset Class	Year First Engaged	Allocation Amount (in millions)
Acrew Capital	Private Equity	2023	\$15.1
Ardabelle Capital	Private Equity	2025	\$110.0
Basis Set Ventures	Private Equity	2024	\$33.1
BharCap	Private Equity	2024	\$12.2
Butterfly Equity	Private Equity	2022	\$83.7
Caro Investors	Private Equity	2024	\$53.0
Coalesce	Private Equity	2023	\$75.0
Coefficient Capital Partners	Private Equity	2023	\$50.9
Cohere Capital	Private Equity	2025	\$46.0
Crosspoint Capital	Private Equity	2023	\$600.9
Demopolis Equity	Private Equity	2025	\$54.5
Ember Infrastructure Management	Private Equity	2024	\$164.6
Griffin Gaming Partners	Private Equity	2025	\$50.0
Haun Ventures Management LP	Private Equity	2025	\$30.0
Pophouse	Private Equity	2024	\$126.5
Prysm Capital, L.P.	Private Equity	2023	\$581.8
SR One Capital Mgmt.	Private Equity	2024	\$109.4
Total Allocated to Emerging Managers			\$2,196.6



The following table (*Figure 4*) lists allocations made to diverse managers for the period July 1, 2024, through June 30, 2025,

In this reporting period, CalPERS investments with diverse managers were not limited to dedicated emerging manager program. All Private Debt, Private Equity and Real Assets investments with the diverse managers listed below were made both directly or through a dedicated emerging manager program.

The total allocated to the thirty-six diverse managers was \$7.3 billion dollars.

FIGURE 4: DIVERSE MANAGER ALLOCATIONS (JULY 1, 2024 – JUNE 30, 2025)

Diverse Manager	Asset Class	Demographic / Characteristic	Year First Engaged	Allocation Amount (in millions)
Acrew Capital	Private Equity	Majority Diverse/Woman-Owned & Asian American	2023	\$15.1
Ardabelle Capital	Private Equity	Majority Diverse/Woman-Owned	2025	\$110.0
B Capital	Private Equity	Majority Diverse/Choose not to disclose	2023	\$413.8
Base10 Partners	Private Equity	Choose not to disclose	2022	\$101.8
Basis Set Ventures	Private Equity	Choose not to disclose	2024	\$33.1
BharCap	Private Equity	Majority Diverse/Asian American	2024	\$12.2
Canaan	Private Equity	Substantially Diverse/Woman-Owned	2023	\$36.1
Cap Vest Partners	Private Equity	Substantially Diverse/Woman-Owned	2022	\$36.6
Caro Investors	Private Equity	Majority Diverse/Woman-Owned & African American	2024	\$53.0
Coalesce	Private Equity	Majority Diverse/Woman-Owned	2023	\$75.0
Cohere Capital	Private Equity	Majority Diverse/Asian American	2025	\$46.0
Demopolis Equity	Private Equity	Majority Diverse/African American	2025	\$54.5
Ember Infrastructure	Private Equity	Majority Diverse/Asian American	2024	\$164.6
General Atlantic*	Private Equity	Substantially Diverse/Woman-Owned	2020	\$245.7
General Catalyst Partners	Private Equity	Choose not to disclose	2023	\$744.9
Generation Investment	Private Equity	Substantially Diverse/Woman-Owned	2024	\$100.0

Goodwater	Private Equity	Majority Diverse/Asian American	2021	\$6.9
Grain Communications	Private Equity	Majority Diverse/African American	2023	\$48.7
GreatPoint Ventures*	Private Equity	Majority Diverse/Asian American	2024	\$49.5
Huan Ventures	Private Equity	Choose not to disclose	2025	\$30.0
Insight Capital*	Private Equity	Substantially Diverse/Asian & Hispanic American	2005	\$110.0
Lightspeed Ventures	Private Equity	Majority Diverse/Asian American	2006	\$833.1
Lux Capital*	Private Equity	Substantially Diverse/Asian American	2023	\$26.2
Nuveen-Affordable Housing*	Real Assets	Substantially Diverse/Woman-Owned	2024	\$400.0
Oak HC/FT Partners	Private Equity	Choose not to disclose	2022	\$81.1
One Rock Capital	Private Equity	Majority Diverse/Woman-Owned & Asian American	2025	\$150.0
Otro Capital	Private Equity	Majority Diverse/Choose not to disclose	2025	\$50.0
Pantheon Ventures*	Private Equity	Substantially Diverse/Woman-Owned	2023	\$99.0
Patient Square Equity Partners	Private Equity	Substantially Diverse/Asian American	2023	\$349.0
Prysm Capital	Private Equity	Majority Diverse/Asian American	2023	\$581.8
Silver Lake Partners*	Private Equity	Substantially Diverse/Hispanic American	1999	\$140.6
SR One	Private Equity	Majority Diverse/Asian American	2023	\$109.4
Thomas Bravo	Private Equity	Substantially Diverse/Hispanic American	2021	\$466.8
TowerBook Capital	Private Equity	Majority Diverse/Hispanic American	2001	\$471.0
Valor Equity Partners	Private Equity	Majority Diverse/Hispanic American	2017	\$174.8
Veritas Capital	Private Equity	Choose not to disclose	2022	\$689.1
Total Allocated to Diverse Managers				\$7,320.5

\*Denotes ownership of fund economics, where diverse teams receive percentage of the fund's carried interest.

The following table (*Figure 5*) summarizes allocations made to all external managers, emerging managers, and diverse managers for the period of July 1, 2024, through June 30, 2025. The table also reflects each asset classes AUM as of June 30, 2025.

FIGURE 5: SUMMARY OF ALLOCATIONS BY ASSET CLASS (in millions)

	Total Assets Under Management as of June 30, 2025 <sup>1</sup>	Allocation to External Managers <sup>2</sup> July 2024- June 2025	Allocation to Emerging Managers <sup>2</sup> July 2024- June 2025	Allocation to Diverse Managers <sup>2</sup> July 2024- June 2025
Private Equity	\$88,669	\$18,591	\$2,197	\$6,698
Global Equity	\$210,774	\$4,000	\$0	\$0
Global Fixed Income	\$155,277	\$2,053	\$0	\$0
Real Assets	\$68,860	\$15,967	\$0	\$400
Private Debt	\$29,644	\$18,264	\$0	\$250

*1 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.*

*2 The allocations to external managers, emerging managers, and diverse managers are listed as NAV 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.*

## Section 5: Conclusion

CalPERS believes that emerging managers are important to investment strategies and the overall performance of the Total Fund. 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, accessing unique investment opportunities that may otherwise be overlooked, and cultivating the next generation of external investment management talent.

CalPERS also believes that organizational cultures promoting diversity are vital to improving the long-term performance of our organization, as well as the businesses and markets in which we invest. Our 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.

Consistent with its fiduciary duty, CalPERS will continue its efforts to examine and improve its emerging managers programs and to communicate with emerging and diverse managers and other interested stakeholders about the goals of our investment programs.

## Section 6: Appendix

The following tables (*Figures 6 & 7*) show CalPERS allocations made to emerging and diverse managers during the year three reporting period of July 1, 2023, through June 30, 2024.

The total allocated to the eleven emerging managers for this reporting period was approximately \$2 billion dollars.

FIGURE 6: EMERGING MANAGER ALLOCATIONS (JANUARY 1, 2023 – JUNE 30, 2024)

Emerging Manager	Asset Class	Year First Engaged	Allocation Amount (in millions)
Acrew Capital	Private Equity	2023	\$147.5
Basis Set Ventures	Private Equity	2024	\$10.5
Butterfly Equity	Private Equity	2022	\$30.0
Coalesce	Private Equity	2023	\$15.0
Coefficient Capital	Private Equity	2023	\$119.1
Crosspoint Capital Partners	Private Equity	2023	\$1,139.0
Excolere Equity Partners	Private Equity	2023	\$100.0
Forbion	Private Equity	2023	\$109.4
Invidia	Private Equity	2023	\$100.0
Prysm Capital, L.P.	Private Equity	2023	\$103.8
SR One Capital Mgmt.	Private Equity	2024	\$165.7
Total Allocated to Emerging Managers			\$2,040.0

The total allocated to the twenty-seven diverse managers which were all made directly or through a dedicated emerging manager program in Private Equity, for this reporting period was approximately \$6.3 billion dollars.

FIGURE 7: DIVERSE MANAGER ALLOCATIONS (JULY 1, 2023 – JUNE 30, 2024)

Diverse Manager	Asset Class	Demographic / Characteristic	Year First Engaged	Allocation Amount (in millions)
Acrew Capital	Private Equity	Majority Diverse/Asian American	2023	\$147.5
B Capital	Private Equity	Substantially Diverse/Woman-Owned & Asian American	2023	\$609.4
Basis Set Ventures	Private Equity	Choose not to disclose	2024	\$10.5
Cap Vest Partners	Private Equity	Substantially Diverse/Woman-Owned	2022	\$179.0
Coalesce	Private Equity	Majority Diverse/Woman-Owned	2023	\$15.0
Excolere Equity Partners	Private Equity	Majority Diverse/African American	2023	\$100.0
Francisco Partners	Private Equity	Substantially Diverse/Asian American	2000	\$114.6
General Catalyst	Private Equity	Choose not to disclose	2023	\$1,149.7
Goodwater	Private Equity	Majority Diverse/Asian American	2021	\$18.2
Grain Communications	Private Equity	Majority Diverse/African American	2023	\$499.2
GreatPoint Ventures*	Private Equity	Majority Diverse/Asian American	2024	\$84.8
Insight Capital*	Private Equity	Substantially Diverse/Asian & Hispanic American	2005	\$120.5
Invidia	Private Equity	Majority Diverse/Woman-Owned	2024	\$100.0
K1	Private Equity	Majority Diverse/Asian American	2021	\$250.0
Lightspeed Ventures	Private Equity	Majority Diverse/Asian American	2006	\$38.1
Lux Capital*	Private Equity	Substantially Diverse/Asian American	2023	\$3.0
MBK Partners	Private Equity	Substantially Diverse/Asian American	2023	\$250.0
Pantheon Ventures*	Private Equity	Substantially Diverse/Woman-Owned	2023	\$253.0

Patient Square Equity Partners	Private Equity	Substantially Diverse/Asian American	2023	\$356.5
Prysm Capital	Private Equity	Majority Diverse/Asian American	2023	\$103.8
Silver Lake Partners*	Private Equity	Substantially Diverse/Asian & Hispanic American	1999	\$902.0
SR One	Private Equity	Majority Diverse/Asian American	2023	\$165.7
Thomas Bravo	Private Equity	Substantially Diverse/Hispanic American	2021	\$150.0
TowerBook Capital	Private Equity	Majority Diverse/Hispanic American	2001	\$250.1
Valor Equity Partners	Private Equity	Majority Diverse/Hispanic American	2013	\$188.9
Veritas Capital	Private Equity	Choose not to disclose	2022	\$46.6
Willowridge Partners	Private Equity	Substantially Diverse/Asian American	2023	\$150.0
Total Allocated to Diverse Managers				\$6,256.1

\*Denotes ownership of fund economics, where diverse teams receive percentage of the fund's carried interest.

The following tables (*Figures 8 & 9*) show CalPERS allocations made to emerging and diverse managers during the reporting period of July 1, 2022, through June 30, 2023.

The total allocated to the six emerging managers in Private Equity was approximately \$1.4 billion dollars.

FIGURE 8: EMERGING MANAGER ALLOCATIONS (JULY 1, 2022 – JUNE 30, 2023)

Emerging Manager	Asset Class	Year First Engaged	Allocation Amount (in millions)
Base10 Partners	Private Equity	2022	\$50.0
Coalesce	Private Equity	2023	\$150.0
Coefficient Apex	Private Equity	2023	\$100.0
Crosspoint Capital Partners	Private Equity	2023	\$300.0
Prysm Capital	Private Equity	2023	\$685.0
SR One	Private Equity	2023	\$160.0
Total Allocated to Emerging Managers			\$1,445.0

The total allocated to the fifteen diverse managers, which were all made directly and outside of a dedicated emerging manager program in Private Equity, for this reporting period was approximately \$4.1 billion dollars.

FIGURE 9: DIVERSE MANAGER ALLOCATIONS (JULY 1, 2022 – JUNE 30, 2023)

Diverse Manager	Asset Class	Demographic /Characteristic	Year First Engaged	Allocation Amount (in millions)
Base10 Partners	Private Equity	Majority Diverse/African American	2022	\$50.0
Bond	Private Equity	Substantially Diverse/Woman-Owned	2022	\$75.0
Canaan Partners	Private Equity	Substantially Diverse/Woman-Owned	2023	\$211.0
Coalesce	Private Equity	Majority Diverse/Woman-Owned	2023	\$150.0
Francisco Partners	Private Equity	Substantially Diverse/Hispanic American	2000	\$84.0



General Catalyst	Private Equity	Substantially Diverse/African & Asian American	2023	\$765.0
Goodwater	Private Equity	Majority Diverse/Asian American	2021	\$100.0
K1	Private Equity	Majority Diverse/Asian American	2021	\$225.0
Oak HC / FT Partners	Private Equity	Majority Diverse/Woman-Owned	2022	\$270.0
Patient Square Equity Partners	Private Equity	Substantially Diverse/Asian American	2023	\$316.0
Prysm Capital	Private Equity	Substantially Diverse/Asian American	2023	\$685.0
SR One	Private Equity	Majority Diverse/Asian American	2023	\$160.0
Thoma Bravo	Private Equity	Substantially Diverse/Hispanic American	2021	\$220.0
Valor Equity Partners	Private Equity	Majority Diverse/Hispanic & Asian American	2013	\$569.0
Veritas	Private Equity	Majority Diverse/Middle Eastern	2023	\$267.0
Total Allocated to Diverse Managers				\$4,147.0

The following tables (*Figures 10 & 11*) show CalPERS allocations made to emerging and diverse managers during the reporting period of January 1, 2022, through June 30, 2022.

The total allocated to the seven emerging managers for this reporting period was \$480.5 million dollars.

FIGURE 10: EMERGING MANAGER ALLOCATIONS (JANUARY 1, 2022 – JUNE 30, 2022)

Emerging Manager	Asset Class	Year First Engaged	Allocation Amount (in millions)
Base10 Partners	Private Equity	2022	\$50.0
Butterfly Equity	Private Equity	2022	\$125.0
Rincon	Real Assets	2021	\$49.8
Lisanti Capital Growth	Global Equity	2022	\$69.9
Paragon	Real Assets	2013	\$29.9
Rondure Global Advisors	Global Equity	2022	\$70.8
Sack Properties	Real Assets	2013	\$85.1

Total Allocated to Emerging Managers	\$480.5
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The total allocated to the twelve diverse managers, across three different asset classes, for this reporting period was approximately \$3.2 billion dollars.

FIGURE 11: DIVERSE MANAGER ALLOCATIONS (JANUARY 1 – JUNE 30, 2022)

Diverse Manager	Asset Class	Demographic / Characteristic	Year First Engaged	Allocation Amount (in millions)
Base10 Partners	Private Equity	Majority Diverse/African American	2022	\$50.0
CapVest Partners, LLC	Private Equity	Substantially Diverse/Woman-Owned & Other	2022	\$341.0
Rincon	Real Assets	Substantially Diverse/Hispanic American	2021	\$49.8
Clearlake Capital Group	Private Equity	Substantially Diverse/Hispanic American	2009	\$350.0
Francisco Partners	Private Equity	Substantially Diverse/Hispanic American	2000	\$550.0
Lightspeed Ventures	Private Equity	Substantially Diverse/Asian American	2006	\$400.0
Lisanti Capital Growth	Global Equity	Majority Diverse/Woman-Owned	2022	\$69.9
Paragon	Real Assets	Substantially Diverse/Middle Eastern & Hispanic American	2013	\$29.9
Rondure Global Advisors	Global Equity	Majority Diverse/Woman-Owned	2022	\$70.8
Sack Properties	Real Assets	Majority Diverse/Woman-Owned	2013	\$85.1
Thoma Bravo	Private Equity	Substantially Diverse/Hispanic American	2021	\$600.0
Veritas Capital	Private Equity	Majority Diverse/Middle Eastern	2022	\$625.0
Total Allocated to Diverse Managers				\$3,221.5