

## Emerging Manager Definitions

The definition of emerging manager varies by asset class as illustrated in the chart below.

Asset Class Parameters	Real Assets	Global Equity	Private Equity		
	Mentoring Manager	Fund of Funds	Direct	Fund of Funds	
<b>Emerging Manager Program Name</b>	Real Estate Emerging Managers	Emerging Manager Fund of Funds	None	Emerging Domestic Private Equity Managers	
<b>Investment Strategy</b>	Real Estate Separate Accounts and Commingled Funds	Long Only - Publicly Traded Securities	Private Equity	Private Equity - Buyout and Special Situations	Venture Capital
<b>Product Size</b>	No Requirement	No Requirement	No Requirement	< \$1B	< \$500M
<b>Firm AUM</b>	< \$1B	< \$2B	No Requirement	No Requirement	No Requirement
<b>Length of Track Record</b>	First, Second, or Third Separate Account or Institutional Fund	No Requirement	First or Second Institutional Fund	First or Second Institutional Fund	First or Second Institutional Fund
<b>Geographic Focus</b>	Urban California	No Requirement	No Requirement	Domestic US	Domestic US

## CalPERS Definition for Women and Minority Owned Firms

CalPERS established definitions for women and minority owned firms as the basis for the External Manager Diversity Survey (Survey). 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 Toigo Foundation. Staff also reached out to diversity consultants and conducted research into diversity definitions used by peer investors and public agencies.

The definition of woman- and minority-owned firms used in the Survey is as follows:

***Diverse Investment Management Business:*** A for-profit enterprise, regardless of size, physically headquartered in the United States or its trust territories, which is owned and operated by women and/or ethnic minority group members.

***Ethnic Minority Group Members:*** United States citizens and permanent residents who are African American, Asian American, Hispanic American or Native American based on 2010 US Census classifications.

The Report data includes Diverse Investment Management Businesses in the following categories at the time of CalPERS investment:

***Substantially Diverse:*** A firm that is 25% to 49% women and/or ethnic minority group member owned

***Majority Diverse:*** A firm that is 50% or greater women and/or ethnic minority group member owned

In private market asset classes such as Private Equity and Real Estate, Diverse Investment Management Businesses should determine employee ownership by women and/or ethnic minority group members based on carried interest participation in each of the funds managed by the business.

In public market asset classes such as Global Equity, and ARS/Hedge Funds, Diverse Investment Management Businesses should determine employee ownership by woman and/or minority group based on participation in the investment advisor entity for each of the funds managed by the business.

CalPERS staff administered the survey between November 2 and 9, 2012 to a total of 175 manager contacts with direct investment relationships within the ARS/Hedge Funds, Public Equity, Private Equity and Real Estate asset classes. Simultaneously, CalPERS fund of funds advisors in these asset classes were asked to administer the same survey to underlying managers in CalPERS portfolios over the same timeframe.