

CalPERS Investment Specific Glossary

Effective Date

This document is effective November 14, 2022, and supersedes the previous CalPERS Investment Specific Glossary.

Table 1 – Investment-related Terms

Term	Definition	Related Policies
<i>Asset Class Tracking Error</i>	The expected or <i>ex ante</i> annualized standard deviation of the return difference between an asset class and its assigned strategic benchmark as calculated from the Investment Office Risk Management system.	<ul style="list-style-type: none"> • Global Equity
<i>Customized Investment Account</i>	An investment structure in which CalPERS partners with a firm that has demonstrated ability and investment expertise with respect to the proposed investment strategy. CalPERS would be the majority investor. This structure may have an individual mandate or may invest alongside other similarly structured funds in the same investments with different terms.	<ul style="list-style-type: none"> • Private Equity • Private Debt • Opportunistic Program • Total Fund Investment
<i>External Manager</i>	An asset management firm that is seeking to be, or has been, retained by CalPERS or by a CalPERS Vehicle to manage a portfolio of assets (including securities) for a fee. The external manager usually has full discretion to manage CalPERS assets, consistent with investment management guidelines provided by CalPERS and fiduciary responsibility.	<ul style="list-style-type: none"> • California Employers’ Retiree Benefit Trust • California Employers’ Pension Prefunding Trust • Derivatives and Counterparty Risk • Global Equity • Governance & Sustainability Principles • Income • Inflation Assets • Judges Retirement Fund • Judges Retirement System II Fund • Legislators’ Retirement System Fund • Liquidity Program • Low Duration Fixed Income Program • Private Debt

Term	Definition	Related Policies
		<ul style="list-style-type: none"> • Public Employees’ Health Care Fund • Public Employees’ Long-Term Care Fund • Securities Lending • Supplemental Income Plans • Total Fund Investment
General Pension Consultant	An individual or organization that provides specialized professional assistance to the Investment Committee in determining the pension fund's asset allocation model or optimal combination of investments in order to maximize risk-adjusted investment returns in a manner consistent with the State's long- term pension liabilities. (Also, referred to as Primary Board Consultant).	<ul style="list-style-type: none"> • California Employers’ Retiree Benefit Trust • California Employers’ Pension Prefunding Trust • Global Equity • Income • Inflation Assets • Judges Retirement Fund • Judges Retirement System II Fund • Legislators’ Retirement System Fund • Leverage Program • Liquidity Program • Low Duration Fixed Income Program • Private Debt • Public Employees’ Health Care Fund • Public Employees’ Long-Term Care Fund • Real Assets • Securities Lending • Supplemental Income Plans • Total Fund Investment
Net Committed Capital	Remaining cost plus unfunded commitments.	<ul style="list-style-type: none"> • Private Equity • Total Fund Investment
Outsourcer	A portfolio company that intends to provide services in a manner that will cause the outsourcing, on more than a de minimis basis, to the private sector of existing U.S. state and local public sector jobs.	<ul style="list-style-type: none"> • Restricting PE Investments in Public Sector Outsourcers
Private Asset Class Board Investment Consultant	An individual or organization that provides specialized professional assistance to the Investment Committee related to an asset class regarding strategy and policy analysis,	<ul style="list-style-type: none"> • Private Debt • Private Equity • Real Assets

Term	Definition	Related Policies
	performance analysis and monitoring, and independent advisory service to the Investment Committee.	<ul style="list-style-type: none"> • Total Fund Investment
Prudent Person Opinion	An opinion from a consultant or external resource subject to the Fiduciary Standard of Care that the proposed investment is a prudent investment consistent with Article XVI, Section 17(c) of the California Constitution and Section 20151 (c) of the California Government Code, i.e., made with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.	<ul style="list-style-type: none"> • Private Debt • Private Equity • Real Assets • Total Fund Investment
Vintage Year	The year in which the first capital drawdown of the partnership occurs.	<ul style="list-style-type: none"> • Private Equity

Table 2 - CalPERS Investment Glossary Document History

Summary of Change	Approval Date
Administrative Change Document format updated for accessibility compliance. Removed outdated terms no longer used in policy. Updated related policies.	07/25/2023
Administrative Change Updated to reflect changes approved by the Investment Committee in the open session November 14, 2022 meeting, specifically, changes pertaining to the definition of Customized Investment Account . Also included an “Effective Date” to be consistent with other Investment policy documents.	02/29/2024