



Top Emerging Manager Funds' Best Practices

Survey Results on Best Practices
December 2011

Agenda



Best Practices

Investing in Emerging Manager Best Practices

Definition

Structure and Definition

Goals &
Objectives

Goals and Objectives

Emerging
Manager

Emerging Manager Program

Strategic
Partner

Strategic Partner

Outreach

Outreach and Communication

Conclusion

Conclusion



Investing in Emerging Managers Best Practices

1. Well structured and clear definition of emerging manager
2. Top management commitment
3. Strong, Knowledgeable day-to-day leadership
4. Clearly stated goals and objectives
5. Innovative and well-conceived program
6. Experienced strategic partners with proven track record
7. Broad outreach to the emerging manager community
8. Effective Communication

Top Funds Survey – 2011

Funds Contacted	Responses in Each Category
20 Corporations	4
30 Public Funds	11
50 Firms Contacted	15

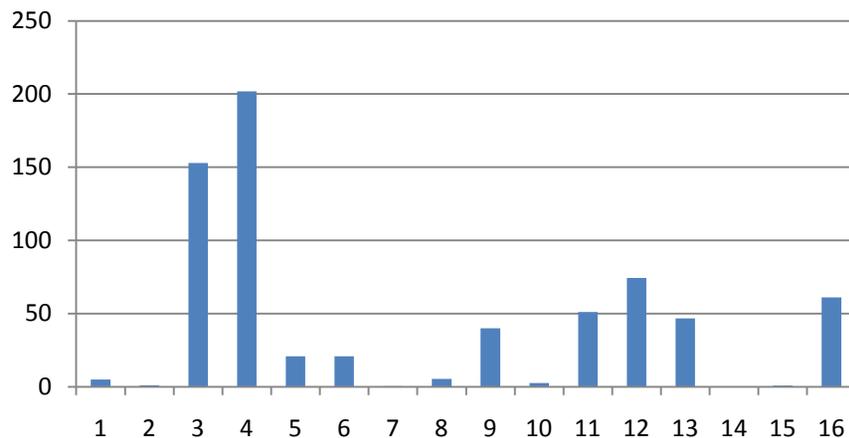
Investing in Emerging Managers Best Practices

Resounding Themes

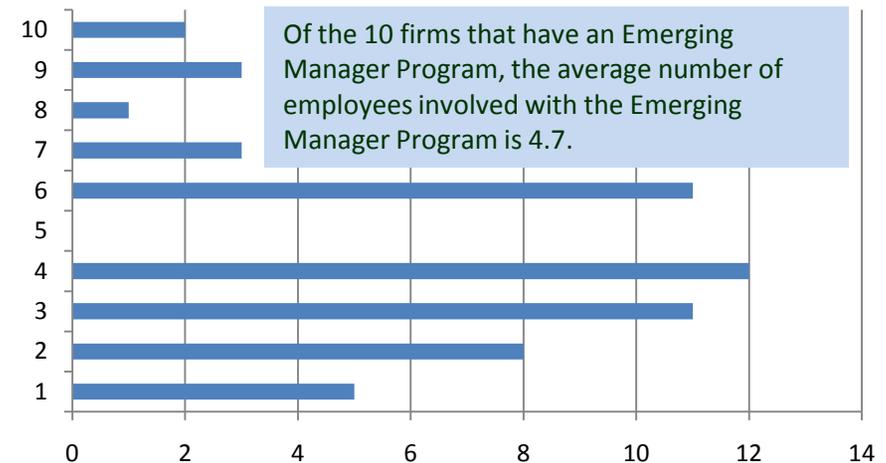


- ❑ The firms responding to the survey on Best Practices for Emerging Manager Investments represented AUM of \$1 Trillion
- ❑ This significant representation reflects considerable conviction to emerging manager programs.
- ❑ Limited resources dedicated to emerging manager efforts is a resounding theme.

Total AUM from Those Responding to TRS Survey on Emerging Managers \$1.0 Trillion



Total Number of Staff Assigned to Emerging Manager Program



Of the 10 firms that have an Emerging Manager Program, the average number of employees involved with the Emerging Manager Program is 4.7.

Fund names have been replaced by a number. The number has no corresponding significance to the fund itself.

Investing in Emerging Managers Best Practices

Regulatory Trends



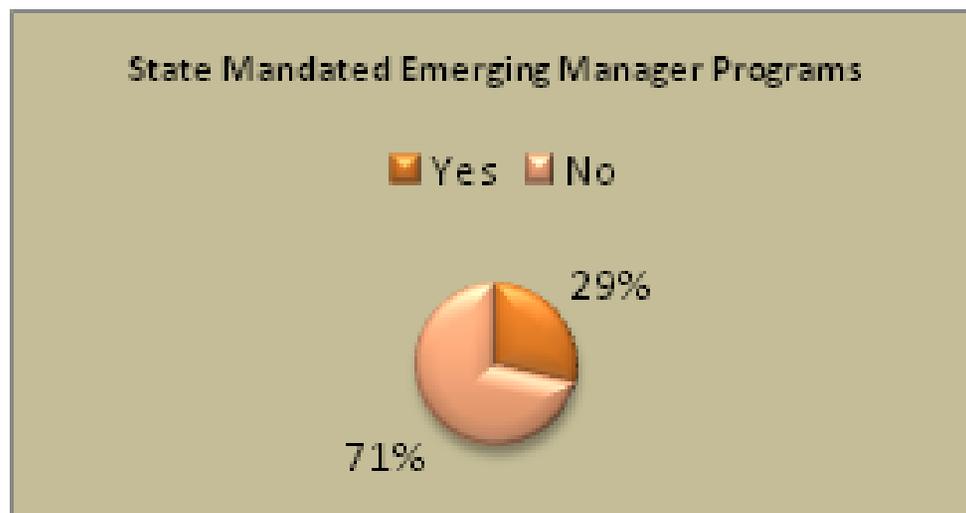
❑ The federal government's response to rapid ethnic growth:

- Diversity in government sourcing
- Affirmative action in hiring
- Technical and management capabilities of minority businesses

❑ Important initiatives:

- MESBIC/SSBIC/SBIC
- Community Reinvestment Act (CRA)
- New Markets Tax Credit (NMTC)
- The Small Business Jobs Act of 2010

Survey Response



Investing in Emerging Managers Best Practices

Trends for Investment Opportunity



❑ The 2010 Socially Responsible Investing (“SRI”) Trends Report:

- Three year period ending in 2010
 - SRI assets increased more than 13 %
 - Broader universe of professionally managed assets increased less than 1 %
- Ten year period ending in 2010
 - Assets using SRI strategies grew by 380%
 - Broader universe of assets under professional management increased only 260%

❑ Survey Results: Years Invested in Emerging Manager Program

- 10 funds have been engaged for an average of 8.34 years
- 2 funds have been engaged for over 15 years
- 3 funds have been engaged for 10 years
- 5 funds have been engaged for less than 6 years
- 4 funds have not made a commitment

❑ Attractive Returns: Investors targeting this space can achieve attractive returns by taking advantage of:

- Market’s capital inefficiencies
- Growing demand for businesses serving this space.

How long has your Emerging Manager Program been in effect?

Fund	Years
1	0
2	10
3	6
4	0
5	0
6	2
7	6
8	0.4
9	17
10	10
11	6
12	0
13	10
14	16
Average	5.96

Investing in Emerging Managers Best Practices

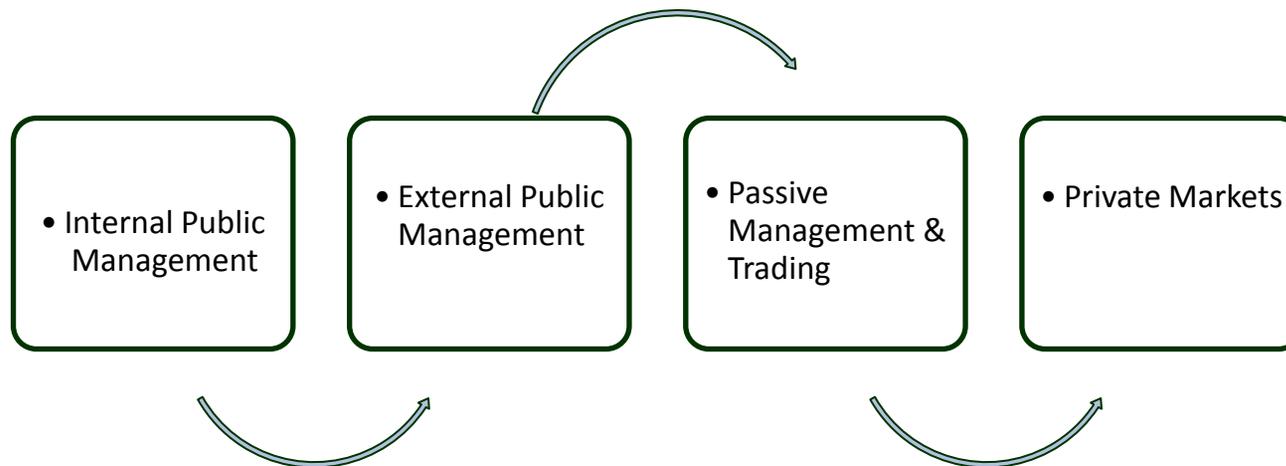


Top Management Commitment & Strong Knowledgeable Day-to-Day Leadership

Dedicated Director for Emerging Manager Investments

- Coordinating efforts across all asset classes
- Reporting progress and any deviations from guidelines
- Serving as a consultant on best practices in the industry
- Representing the emerging manager efforts of the fund
- Providing input and oversight of emerging manager investments
- Sponsoring research, studies and surveys on best practices

At each of the organizations we contacted in the 2011 survey, the role of directing emerging manager efforts was lead by a middle to senior investment officer.



Well Structured and Clear Definition of Emerging Manager



Fund	SURVEY RESPONSES: What is your definition of an MWOB Manager?
1	Over 50% ownership.
2	The Fund considers two measures when looking at Minority and Women Owned Managers: 1) Funds where women or ethnic minorities own more than 50% of the economics in the general partner and 2) Funds where women or ethnic minorities are represented in the General Partner. The Fund reports both data points under its Emerging Manager Program for the State Retirement Fund.
3	Minority Women Owned Business .
4	51% of ownership interest in firm must be minority or woman owned.
5	We do not have a definition and do not make allocation specifically to MWOB managers.
6	We do not have a definition of an MWOB Manager.
7	No Response
8	Greater than 50% minority or women owned.
9	Any firm with greater than 51% ownership by woman or minority.
10	Minority and women-owned business (over 50% ownership).
11	Any business with significant MWOB ownership.
12	No Response
13	> 50% ownership of the firm by one or more minority person(s), female(s) and/or California certified disabled veteran. Must have demonstrated technical expertise and experience relating to services provided by the firm as well as authority over day to day business decisions. Assessment of firm economics can vary by asset class e.g. diversity within our marketplace.
14	33% owned and substantial control . The vast majority of the assets under MWBE (90%) are with firms that are 51% or above MWBE.

Best Practices for defining Emerging Managers:

1. Be dynamic about the size definition of “Emerging Manager” .
2. Articulate whether performance or assets under management dictate size.
3. Identify whether the program is a separate “entitlement program” or search for talented money managers of all ethnicity.
4. Define appropriate geographic locations for diversification. Does it embrace both U.S and non-U.S. investments?
5. Define whether an Emerging Manager is a firm raising a first, second or third institutional fund.
6. Describe the scope of the Emerging Manager Program in terms of asset classes, overall strategy, and risk characteristics.
7. Define the motivation and primary objective in investing in Emerging Manager Programs.
8. Articulate whether definitions differ by asset class and whether there is an overriding definition for the fund.
9. Does the term Emerging Manager apply to women and minority owned firms? How are the two distinguished?
10. Has the definition been expanded to include emerging products from some of the more established emerging firms?

Well Structured and Clear Definition of Emerging Manager



Fund	SURVEY RESPONSES: What is your definition of an Emerging Manager?
1	No Current Definition
2	That program defines emerging managers as funds that meet the following characteristics: a) Funds I, II or III and b) Funds with less than \$750MM under management and c) Funds where a significant portion of the economics of the general partner go to female or ethnic minority individuals.
3	As private equity funds which are in their first, second or third fund raise and fund sizes are less than \$750 million and \$300 million within Buyout and Venture Capital , respectively .
4	No defined Emerging Manager Program.
5	We do not have a definition and do not make allocation to Emerging Mangers of any kind.
6	Private professional investment manager that manages assets of not more than \$2 billion.
7	
8	We've used firm AUM under \$2 billion but it is not a firm cut off.
9	AUM is less than \$2 billion.
10	It depends on the asset class – Private Equity: First, second and third institutional fund; generally under \$1-2 billion AUM. Global Equities: AUM under \$2 billion; firm must be 55% owned by managers, not institutional.
11	1, 2, or 3rd time fund; \$2 billion AUM or less.
12	No Response
13	Varies by asset class and strategy. Long-Only Global Equity = Firm AUM < \$2 billion Hedge funds = < \$1 billion. Private equity = GP sponsoring a first or second time institutional fund. Real Assets = under development.
14	Public Equity: Funds less than \$2 billion. Private Equity, Real Estate and Hedge Funds : Firms less than \$750 million MWBE's.

Terminology: Different terms, times, and goals.

Minority Business
Third World and Less Developed Countries (LDCs)
Emerging Markets

Emerging Domestic Markets (EDM)
Socially Responsible Investing
Emerging Manager & Diversity Investment

Emerging managers today are astute entrepreneurs and portfolio managers that have a 10 year history of profitability.

Clearly Stated Goals and Objectives

Define What You Hope to Achieve



Fund	SURVEY RESPONSES: What is your Emerging Manager Policy?
1	Currently no program.
2	This is a Fund of Funds or Separate Account Manager, and works with its investors within their Emerging Manager Policy.
3	No Response
4	No Response
5	We do not have an Emerging Manager Program.
6	This Fund will make a good faith effort to award contracts to or acquire services from qualified Emerging Fund Managers.
7	Used exclusively in US Equity.
8	Our Emerging Managers are just an extension of our existing investment philosophy. We do not have a specific policy for Emerging Managers.
9	This Fund has been a long time proponent for the use of minority and women-owned investment managers having been invested with these firms for more than 20 years with a dedicated account since 1994. The purpose of the program is to invest with talented minority and/or women owned firms. There is no upper limit on the amount of assets under management for these firms.
10	We do not have an Emerging Manager Policy; however, we operate under the Board directed values, one which is: “Strength – We gain strength from a diversity of ideas and people.” Diversity in the management of investments is interwoven in all the asset classes. Thus, it is every director’s responsibility to achieve this in their asset classes and answers to the CIO.
11	No Response
12	No Response
13	MDP and EMFOF = Explicit policy for the program e.g. see MDP policy statement – link to our web site: http://www.calpers.ca.gov/eip-docs/investments/policies/inv-asset-classes/equity/ext-equity/mgr-dev-prog-mgt-trans.pdf . The combined programs have an allocation target range of between 2-5% of total global equity assets. FEHF and CLF = Allowable in the overall broad policy statement for the strategy and the investment parameters and guidelines are further imbedded in each partnership vehicle e.g. see Section V C in the absolute return policy statement – link to our web site: http://www.calpers.ca.gov/eip-docs/investments/policies/inv-asset-classes/equity/rmars.pdf . No set allocation targets.

Clearly Stated Goals and Objectives

What Are Your Motivating Factors?



Fund	SURVEY RESPONSES: How would you describe your Emerging Manager program? (i.e. target fund sizes, sub-asset classes, vintage years)
1	Currently no program.
2	One of our funds focuses on funds that fit within the mandates created with its investors. For its emerging manager mandate for the State Fund, that program defines Emerging Managers as funds that meet the following characteristics: a) Funds I, II or III b) Funds with less than \$750 million under management, and c) Funds where a significant portion of the economics of the general partner go to female or ethnic minority individuals. The first five investments in that vehicle have an average fund size of \$280 million. They range from venture to distressed to buyout; and cover vintages from 2009 to the present. Under this mandate, one of our Funds invests in funds from \$100 million to \$750 million and expects to invest in venture, growth, mezzanine, buyout and distressed funds.
3	Target size is \$400 million, vintage years 2007 and 2008, and a sub-asset class of Private Equity.
4	No Response
5	We do not have an EMP and do not allocate funds in this manner
6	During fiscal year 2010, we established an Emerging Manager Program to provide increased opportunities to qualified emerging managers. As of April 30, 2011, we had about 10% of its externally advised assets either committed to or advised by Emerging Managers and will continue to seek relationships with Emerging Managers that align with our investment program, policies, and fiduciary responsibilities.
7	Use managers of managers who have their own definitions of Emerging Manager. However, managers tend to be under \$2-\$3 billion in AUM.
8	We use Russell 3000 as a benchmark but allow the manager of emerging managers to put together a portfolio of managers that represent their best ideas.
9	The purpose of our trust is to provide high quality investment management expertise and performance excellence, and, to foster growth across a broad spectrum of talented, investment management firms that are owned and operated by minorities and women. The investment managers utilize discrete yet complementary equity investment styles and are either minority or woman managers or firms owned or controlled by minorities or women. All managers have at least a five-year performance history and at least five years of investment experience at their present firms or from former affiliations. The program employs a multi-manager approach. Volatility of returns is reduced through diversification among discrete equity investment styles. Funding is spread among a diverse group of talented, qualified firms, thus spurring exposure and growth of outstanding, smaller firms.
10	It is a strategy interwoven in all the asset classes; thus, it respects the differences among asset classes so it looks a little different in each one.
11	We seek to participate and build relationships with emerging manager firms in the private equity, real assets and public equity space.
12	No Response
13	MDP invests in long-only public equity and fixed income managers with AUM under \$2 billion, and alongside allocating funds it also seeks to take a venture capital ownership stake. EMFOF is same as MDP, but does not take a venture capital equity stake. FEHF invests in nimble and/or niche-oriented funds of hedge funds and other absolute-return vehicles as part of the overall strategy for the absolute return strategy portfolio. CLF invests in national emerging manager opportunities in private equity markets as part of the broader AIM Program (Private Equity Asset Class), which has developed partnerships with various fund-of-fund managers whose mandate is to explore new opportunities in niche private equity markets.
14	Our program targets firms with less than \$2 billion under management in the public equity space, and under \$750 million in the private equity space. We are diversified across vintage years and strategies.

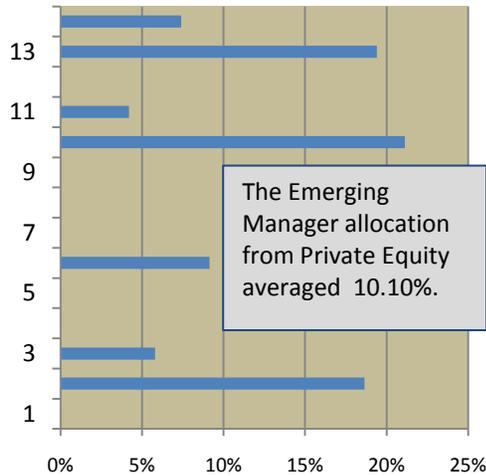
Clearly Stated Goals and Objectives

Separate or Holistic Approach? What Asset Classes?

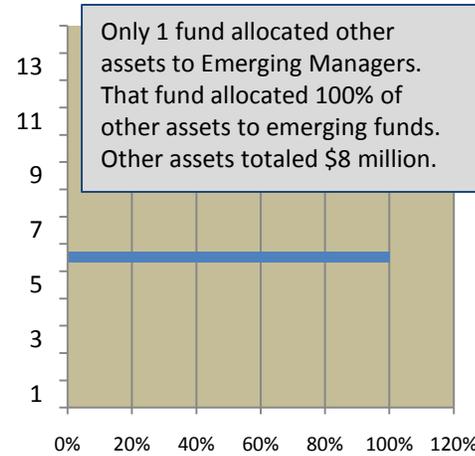


Survey Response

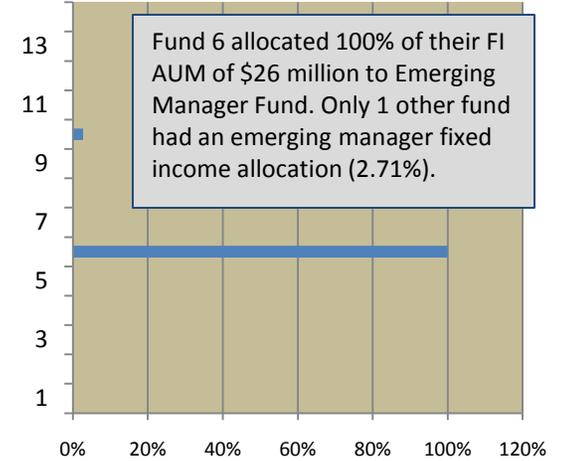
% of Private Equity Allocated to EM



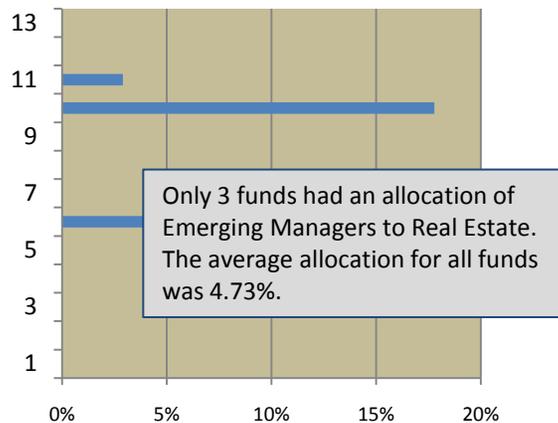
% of Other Assets Allocated to EM



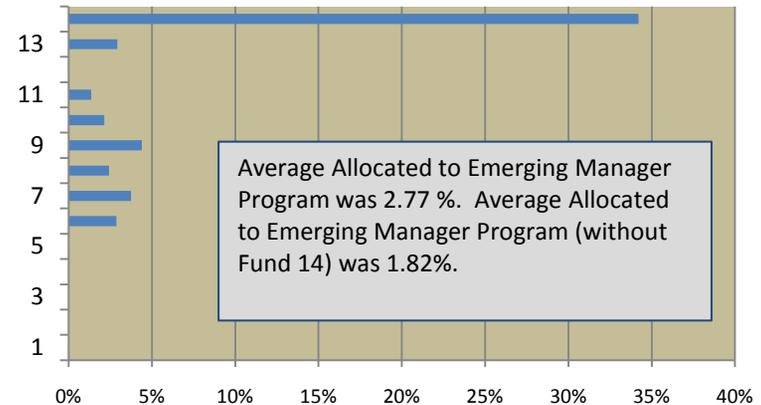
% of Fixed Income Allocated to EM



% of Real Estate Allocated to EM



% of Private Equity Allocated to EM

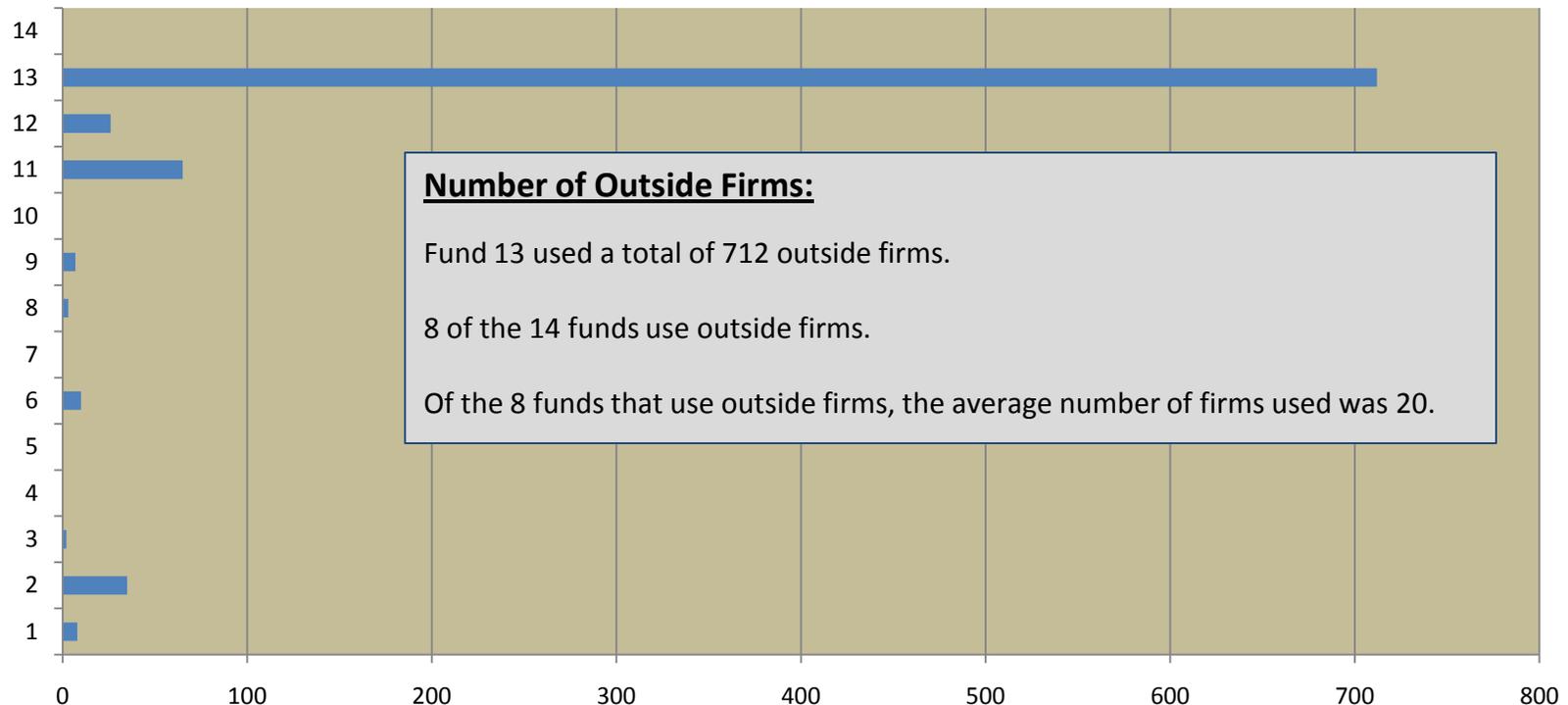


Clearly Stated Goals and Objectives

The Size and Number of Firms Preferred in the Diversity Program?



Survey Response



Number of Outside Firms:

Fund 13 used a total of 712 outside firms.

8 of the 14 funds use outside firms.

Of the 8 funds that use outside firms, the average number of firms used was 20.

Size is Often Dictated by:

- Performance of emerging manager investments.
- Managers that will generate future value, as past performance does not predict future success.
- A balanced approach of both quantitative and qualitative factors to size.

The Number of Firms: Large private equity investors are typically focused on managing a very limited number of portfolio companies because of limited resources.

Develop a Comprehensive Emerging Manager Program

Implementation Process



Considerations for Emerging Manager Implementation Process

- ❑ Fulfill a need within the portfolio structure and add to diversification
- ❑ Reflect a realistic assessment of time and resources
- ❑ Include a process for consistently measuring fund level and manager specific ventures
- ❑ Provide that all firms are evaluated using the same high standards as all other firms being considered for investment opportunities
- ❑ Allow for screening out ineligible investments based on sound criteria, but be inclusive in selecting investments that can promote emerging efforts simultaneously
- ❑ Provide a clear framework for the mandate including performance objectives and measurement period
- ❑ Continual enhancement for:
 - Tighter integration of qualitative and quantitative decision factors
 - Technology to provide a more detailed, timely picture of underlying manager and total portfolio risk exposures
 - A more rigorous manager termination policy

Develop a Comprehensive Emerging Manager Program

Private Equity Partnerships



Survey Response

Fund	In-House Program	Fund Of Funds	Separate Accounts	Other Programs Administered
1				
2		Yes	Yes	Yes
3		Yes	Yes	
4			Yes	Yes
5				
6		Yes	Yes	
7	Yes	Yes	Yes	
8		Yes	Yes	
9			Yes	
10	Yes	Yes	Yes	Yes
11	Yes		Yes	
12		Yes		Yes
13	Yes	Yes	Yes	
14	Yes	Yes		

Survey Response:

5 funds have an in-house program

9 funds include a fund of funds approach to investing in emerging managers.

10 funds have separate accounts for emerging programs

4 funds have other programs administered for emerging manager investments.

Develop a Comprehensive Emerging Manager Program

Selecting and Screening Managers



Fund	SURVEY RESPONSES: What is your process for selecting and screening managers?
1	Same as all managers.
2	Lengthy and thorough due diligence process with emphasis placed on a) how well a fund fits the investing mandate b) how strong is the team c) what is the track record and d) what is the fund's fundraising viability. Various diligence steps including and initial meeting, performance analysis, a questionnaire, reference checks, background checks, a review of unrealized transactions and legal negotiation process.
3	Due Diligence
4	Board approved minimum qualifications. Using Wilshire Compass, Staff performs quantitative analysis to produce a shortly list of 12-15 candidates. Qualitative review based on IM responses to a Wilshire questionnaire. Initial due diligence meetings followed by on-site due diligence meetings at IM office. Board recommendations to hire. There is no special process for MWBE IMs.
5	We screen all managers for performance, team characteristics, strategy, etc. We do not screen for MWOB emerging manager characteristics.
6	All public equity searches are open under an RFQ process. The 4-step investment process that all managers go through, regardless of Emerging Manager status. The four sets include 1) Sourcing & Advisor Evaluation 2) Portfolio Construction & Risk Management 3) Fee, Legal & Operation Set-Up 4) Monitoring, Research & Portfolio Rebalancing
7	No Response
8	Thorough review of people, process and performance by various members of the asset management team. We typically start with a board group of managers and narrow our way down to the one(s) selected.
9	Only senior members of the team will evaluate and recommend managers. Our process includes a qualitative and quantitative review. The qualitative review will look at the background information of the firm and AUM. The quantitative review looks at the fund's composite performance and composite performance versus the benchmark over the last 5 years, risk analysis versus the benchmark, and a review of the management team and style. Once identified, each manager is interviewed on site. The agenda includes the review of the firm's ownership and compensation practices, organizational structure and personnel, types of products, and clients served. A focus is placed on the leadership capabilities of key investment professionals, evolution of the firm, investment process, accountability for the investment results, description of philosophy and research tools, decision-making process, specific methods of implementation and trading practices, portfolio holdings and architecture, future plans for growth and product development, and resources required to obtain these goals. Fees flexibility and attitude toward performance fees are reviewed.
10	It is different for each asset class.
11	Formal due diligence process with Credit Suisse or select Evaluators.
12	No Response
13	Besides MDP, every other program advisor has a high degree of discretion over manager selection.
14	Our process for selecting Emerging Mangers is no different from our process in selecting Mainstream Managers. They are usually evaluated by an outside consultant or fund-of-funds, concurrent with an evaluation by staff. Both staff and the consultant must agree for any transaction to be approved.

Develop a Comprehensive Emerging Manager Program

Performance



Fund	SURVEY RESPONSES: What methods do you use to measure and monitor performance (benchmark/statistics)?
1	No Response
2	The Fund measures its performance against Cambridge Associates Fund-of-Funds benchmark. Funds are monitored quarterly.
3	No Response
4	IMs are given a benchmark and an alpha objective (usually about 2x the fees) over the benchmark index. On a quarterly basis, Staff and Consultant evaluate performance relative to alpha objective and tracking error relative to index. While monitoring is continuous, Investment Policy Statement requires a written qualitative report on organization, strategy and performance no less than annually.
5	N/A
6	In person evaluation meetings are performed two times a year (one at the managers HQ and one at our fund) in addition to monthly and quarterly updates. The fund is evaluated on its performance versus the benchmark, and underlying funds are evaluated as well. There is both a quantitative and qualitative process to the review.
7	No Response
8	Comparison to other managers with similar mandates and various benchmarks (such as MSCI ACWI or R2000 for example) over various periods of time. We also monitor tracking error, information ratio and upside/downside capture.
9	Total fund: S&P 500, Sub advisors have style specific benchmarks.
10	We have the same measures and targets for emerging managers that we have for our core programs. There is no difference; we are after returns.
11	Venture economics upper quartile benchmark based on sub-asset class and vintage year.
12	No Response
13	MDP and EMFOF programs in global equity have to beat blended style benchmarks and the 50bps contribution bogey expected from all external active managers FEHF and CLF each must meet or beat total asset class benchmark as stated in the policy statement.
14	We benchmark each Emerging Manager to the same benchmark we use for their particular asset class/strategy.

Develop a Comprehensive Emerging Manager Program

Graduation / Termination Policy



Graduation Policies

Typically mandate that a manager attain:

- A certain level of assets under management and
- A track record of superior risk-adjusted performance

Termination Policies

Should also identify carefully constructed reasons for termination:

- Organizational problems that weaken investment performance
- Unexplained shifts in portfolio structure
- Warning signs including rapid growth without corresponding infrastructure enhancements
- Inconsistent investment processes
- Organizational shortfalls
- Persistent performance shortfalls vs. benchmarks and peers
- Regulatory sanctions
- Legal proceedings

Strategic Partners



Fund	SURVEY RESPONSES: Who are your Emerging Fund Managers?
1	Currently no program.
2	Fulcrum Capital Partners, Altos Ventures, Praesidian Investors, Ascent Ventures, Rustic Canyon/Fontis Parnters, Williams Capital Partners, Acon Equity Partners, Belvedere Capital, ICV Partners, Palladium Equity Partners
3	Credit Suisse, Fairview Capital, Capstone Partners
4	N/A
5	N/A
6	Fountain Capital Management, Leading Edge Investment Advisors, Legato Capital Management, Credit Suisse CFGI, Morgan Creek Capital Management, Altius, Bley Investment Group, BOE Securities, Cabrera Capital Markets, M. Ramsey King Securities
7	We use Bivium Manager of Managers and Northern Manager of Managers.
8	Northern Trust Progress Investment Management
9	Edgar Lomax, Paradigm Asset Management, NCM Capital, Hanseatic Management
10	Our main consultant across the portfolio is Altura Capital (our CIOs consultant) in Private Equity. We have two fund-of-funds; Bank of America Capital Access Group and Invesco Private Equity. We also have direct relationships with Palladium, Acon, Syncom, ICV, Craton, and others. In global equities, we have 6 Manager-of-Managers; FIS, Bivium, LEIA, Northern Trust, Progress, and Capital Prospects.
11	We work with Credit Suisse and have a separate in-house program to select allocations.
12	No Response
13	MDP II, Legato Capital Management, Strategic Investment Management, FIS, Leading Edge Investment Advisors, Progress Investment Management, Mosaic Investment Advisors, 47 Degrees North Capital Management, Pacific Alternative Asset Management Company, The Rock Creek Group, Centinela Capital Partners.
14	We are in the process of collecting this data and it will be available via a public report we will issue in the coming weeks.

- Strategic Partners can be instrumental in providing information on the competitive landscape of best in class managers
- A fund should follow an institutional-level due diligence process for identifying investment partners
- Seek experienced Strategic partners with proven track records

Strategic Partners



Several firms make a distinction for Emerging Managers and MWOB Managers.

Fund	SURVEY RESPONSES: Who are your MWOB Managers?
1	Piedmont Partners, Earnest Partners, RhumbLine, StarVest Partners, American Value Partners, CIM Urban, Hawkeye Partners, RLJ
2	Fulcrum Capital Partners, Altos Ventures, Praesidian Investors, Ascent Ventures, Rustic Canyon/Fontis Parnters, Williams Capital Partners, Acon Equity Partners, Belvedere Capital, ICV Partners, Palladium Equity Partners, Nogales Investors, Pacific Community Ventures, Investment Partners, 21 st Century Group, RLJ Equity Partners, Hispania Private Equity, Clearlake Capital Partners, DBL Equity, Syncomm
3	N/A
4	Earnest Partners, Oakbrook Partners, PacVen V, Pharos I, Piedmont Profit, Pugh Smith Graham, Smith Graham, Valor Equity II
5	We have none.
6	Fountain Capital Management, Leading Edge Investment Advisors, Legato Capital Management, Credit Suisse CFGI, Morgan Creek Capital Management, Altius, Bley Investment Group, BOE Securities, Cabrera Capital Markets, M. Ramsey King Securities
7	N/A
8	QS Investors
9	Edgar Lomax, Paradigm Asset Management, NCM Capital, Hanseatic Management
10	N/A
11	GenNx360 Capital Partners, Vista Equity Partners III, 406 Ventures, Hispania Private Equity Relativity Fund, SynCom Venture Partners, ICV Partners II, Pharos Capital Partners II, NEA-Indo US Ventures, Palladium Equity Partners, NewPath Ventures, Pharos Capital Partners III, 406 Ventures II, Sycamore Partners, Vista Equity Partners IV, Sunquest Co-Investment, Siris Capital Group II, IC Hospitality Fund, Artemis RE Partners
12	No Response
13	We disclose all contracted external managers in our CAFR report; however, we currently do not segment this information by MWOB participation.
14	We are in the process of collecting this data and it will be available via a public report we will issue in the coming weeks.

Broad Outreach



Internal Champion	Fund	SURVEY RESPONSES: What are your plans for future Emerging Manager Programs?
Strengthen networking opportunities	1	TBD
Educate others about opportunities, trends, and regulations	2	Our fund plans to continue to grow its Emerging Manager efforts.
	3	N/A
	4	N/A
Maintain strong LP relationships for synergistic efforts to promote and communicate best practices	5	We have no plans to add such a program, and our investment strategy does not allocate funds to any targeted programs.
Participation in networking events	6	Incorporate Emerging Managers in investment searches consistent with our fiduciary responsibility.
	7	Expect to hold size steady.
Membership and participation with emerging manager associations	8	This is a relatively new program. We will monitor performance and continue to evaluate over time as we do with all of our managers.
Sponsor emerging manager programs and internal diversity initiatives	9	Maintain asset balance in Emerging Manager Program. Increase/consolidate manager roster when needed or appropriate.
	10	We have a 5-year plan that was written / developed by our CIO.
Sponsor research and academic studies	11	Implement our Direct Program and allocate up to \$700 million over 2011-2012.
	12	No Response
Encourage private sector participation	13	Issued RFI for private equity domestic Emerging Manager Program in July 2011. Real Estate planning to provide investment committee of the board with an Emerging Manager Program recommendation sometime in the Fall 2011.
Database development	14	We now have program sin all of our asset classes. The next step for us will be taking direct stakes in managers, as well as investing in more Emerging Managers directly.

- Communication is key to success*
- Transparency and clarity*
- Communication at all levels*

Innovative Communication Channels:

- Speaking at industry events
- Senior Leaders Attend Association Meetings
- Monthly reports detailing programs, practices and philosophies
- Emerging Manager Investment Brochure
- Host an annual webinar
- Communicate the critical role of Pension Funds and its members to policymakers.
- Publish research, studies, surveys
- Host an annual summit



The Top Funds Emerging Manager Best Practices:

1. Well structured and clear definition of emerging manager
2. Top management commitment
3. Strong, Knowledgeable day-to-day leadership
4. Clearly stated goals and objectives
5. Innovative and well-conceived program
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