



Public Investment Memorandum

Brookfield Global Transition Fund, L.P.

Private Infrastructure Commitment

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Executive Summary

PSERS' Investment Office Professionals, together with Hamilton Lane, recommend that PSERS commit up to \$300 million plus reasonable normal investment expenses, to Brookfield Global Transition Fund, L.P. (and/or related investment vehicles) (the "Fund" or "BGTF"). This recommendation is based on the assessment of the investment strategy and the evaluation of Brookfield Asset Management (NYSE:BAM), and its subsidiaries ("Brookfield" or the "Firm").

Fund Name	Brookfield Global Transition Fund, L.P.
Firm Name / General Partner	Firm: Brookfield Asset Management (NYSE:BAM) GP: The general partner of the Delaware Partnerships is Brookfield Global Transition Fund GP L.P, a Delaware limited partnership, and the general partner of the Luxembourg Partnership is Brookfield Global Transition Fund GP S.à r.l., a Luxembourg société à responsabilité limitée Manager : Brookfield Asset Management Private Institutional Capital Adviser (Canada), L.P. ("BAMPIC Canada" or the "Manager"), a limited partnership formed under the laws of the Province of Manitoba. The Manager is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act")
Target Fund Size	\$7.5 billion USD / \$12.5 billion USD Hard Cap (including GP contribution)
Recommended Commitment Amount	\$300 million USD
Existing Relationship	PSERS has invested with Brookfield's Private Real Estate business since 2012, however this is the first commitment from the Private Infrastructure Portfolio
Source of Funds	Cash
Asset Class / Sub Asset Class	Real Assets / Private Infrastructure
Investment Office Oversight	Charles J. Spiller, Deputy CIO / Non-Traditional Investments William P. Stalter, Senior Portfolio Manager Cody E. Steele, Intermediate Investment Professional
External Consultant Oversight	Hamilton Lane

The Firm

Brookfield is a leading global alternative asset manager with over \$625 billion of AUM across renewable power, infrastructure, real estate, private equity, and credit.¹ Building on a history as an owner and operator that dates back more than 100 years, Brookfield invests in long-life assets and businesses across today's global economy.² Brookfield's operations support approximately 150,000 operating employees in over 30 countries, and they have exhibited significant commitment to practices that have a positive impact on the communities in which they operate.³

Brookfield is one of the world's largest renewable energy and decarbonization investors, with approximately \$59⁴ billion of AUM. Brookfield's portfolio comprises nearly 6,000 power generating facilities with approximately 21,000

¹ As of June 30, 2021. This total includes \$19 billion from Brookfield's Public Securities Group ("PSG") and \$1 billion of Corporate and Other "AUM". "AUM" is calculated as total assets presented on a fair value basis, and at 100%, for investments that Brookfield consolidates for accounting purposes or actively manages, including investments of which Brookfield or a controlled investment vehicle is the largest shareholder or the primary operator or manager. For all other investments, AUM is presented at Brookfield's or its controlled investment vehicles', as applicable, proportionate share of the investment's total assets on a fair value basis. Note that this includes Brookfield's publicly traded affiliates, BPY, BEP, BBU, and BIP. BPY was privatized and de-listed post quarter end.

² Brookfield was founded in 1899 with the formation of São Paulo Tramway, Light and Power Company. Brookfield operated under the name Brascan until 2005 when it was changed to Brookfield. Since 2001, Brookfield has transitioned from being an owner-operator, investing solely on its own behalf, to an asset manager.

³ As of December 31, 2020. Covers operating employees across all of Brookfield's and Oaktree's business lines (e.g., private funds, listed entities, and public securities vehicles) and investment sectors (e.g., real estate, infrastructure, and private equity), including related operating businesses and portfolio companies. Operating employees include personnel working at Brookfield's related operating businesses and portfolio companies. Management fees earned by Brookfield are not generally used to compensate such operating employees but rather operating employee compensation is typically a company or fund expense.

⁴ As of June 30, 2021. Totals may not add due to rounding. "AUM" is calculated as total assets presented on a fair value basis, and at 100%, for investments that Brookfield consolidates for accounting purposes or actively manages, including investments of which Brookfield or a controlled investment vehicle is the largest shareholder or the primary operator or manager. For all other investments, AUM is presented at Brookfield's or its



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megawatts of capacity⁵ across North America, South America, Europe, and Asia Pacific and in all major renewable technologies. Consistent with the Firm's history as an owner and operator of long-life assets, Brookfield has an extensive history of investing in renewable assets that provide essential services. Brookfield uses its operational expertise to execute on development and repowering opportunities, enhance cash flows, and increase value.

Market Opportunity

The Paris Agreement represents a global acknowledgement that climate change will require urgent and sweeping action to avoid its most severe consequences. The agreement's stated goal of limiting the rise of global temperature increase to well below 2.0°C requires substantially reducing carbon emissions. In February 2021, the United States rejoined the agreement. Today, nearly 200 governmental parties—including those representing all the world's major economies—have signed on in support of this agreement and are obligated to implement policies that advance its goals.

Increasing pressure from shareholders, shifting consumer preferences, and the anticipation of climate-related regulations have led more than 2,000 of the world's leading corporations to make commitments or announce plans to establish science-based targets that provide clearly defined pathways to reduce emissions in line with the Paris Agreement's temperature goal.⁶ High emission businesses are increasingly seeking paths to decarbonization due to a number of trends, including 1) stakeholder pressure, 2) increased regulation, and 3) viable commercial solutions.

While solutions to achieve a transition will vary by sector, there are two consistent themes that Brookfield has observed:

- *First, many sectors will require clean energy expertise to decarbonize. Energy usage attributes to approximately 76% of global carbon emissions, including both supply-side emissions from power companies and end-use emissions predominantly from industry, transport, and buildings sectors.⁷ A complete energy transition relies on power and utility companies to transform their generation mix to significantly favor renewables, while businesses across end-use sectors must adopt clean energy and electrification technologies more broadly. Businesses will require operational expertise to implement these solutions; many have not historically needed these capabilities and are unlikely to have the ability to manage such projects without external support. Achieving this transition requires partnering with organizations that possess operational expertise and experience in clean energy and electricity.*
- *Second, building a sustainable future is capital-intensive due to decades of underinvestment. The Intergovernmental Panel on Climate Change (IPCC) estimates that approximately \$3.5 trillion of annual investment will be required through 2050—which collectively represents an investment opportunity of over \$100 trillion.⁸ Many companies central to the transition are unable to fund these endeavors alone, a situation that has been exacerbated by the global economic disruption from the Coronavirus pandemic ("COVID-19"). Government support is likely insufficient to meet the scope of this challenge, making large-scale private investment essential.*

controlled investment vehicles', as applicable, proportionate share of the investment's total assets on a fair value basis. Solar and wind assets located in France, Germany, Sweden, and the Netherlands are managed by CEE Group (100% owned by BAM). AUM figures do not reflect assets managed by CEE Group. AUM excludes public securities managed by Brookfield's Public Securities Group. PSG is a separate and walled-off business unit of Brookfield that focuses on investments in the public securities markets through institutional portfolios, mutual funds and structured products.

⁵ 1 MW running at 100% capacity for a full year could power ~800 US homes [Electricity use in homes - U.S. Energy Information Administration \(EIA\)](#)

⁶ As of June 2021. Source: Science Based Target Initiatives, [sciencebasedtargets.org](#). Targets are considered 'science-based' or 'Paris-aligned' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

⁷ Source: World Resources Institute, "4 Charts Explain Greenhouse Gas Emissions by Countries and Sectors," February 2020.

⁸ Source: IPCC, 2018: Global warming of 1.5°C. An IPCC Special Report.



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Investment Team

The Fund is led by Mark Carney, a global leader in climate change and energy transition, and Connor Teskey, Chief Executive Officer of Brookfield Renewable. Mr. Carney currently serves as the United Nations' Special Envoy for Climate Action and Finance. He was formerly the Governor of the Bank of Canada from 2008 to 2013 and Governor of the Bank of England from 2013 to 2020. Mr. Teskey helped grow Brookfield's renewable platform, including its expansion into decarbonization investments and as a provider of energy transition solutions globally, first as the Chief Investment Officer, and prior to becoming the CEO of Brookfield Renewable.

The Global Impact Investment Team is a fully integrated component of Brookfield Renewable, comprising over 90 investment professionals who possess a diverse and complementary skill set to successfully source and execute opportunities, with a focus on decarbonization, clean energy, and climate change.⁹ BGTF's investment focus is a natural component of Brookfield Renewable's strategy, with a strong history of investing in clean energy and business transitions.

Investment Strategy

BGTF will employ Brookfield's well-established investment principles and integrated investment management focus to generate attractive financial returns and quantifiable decarbonization impact. The Fund will seek investments that can be aligned with the global net-zero objective in sectors where Brookfield has deep expertise and seek to acquire high-quality assets where Brookfield can (i) leverage its scale and experience to buy at value, (ii) utilize the Firm's operations-oriented approach to enhance returns, and (iii) drive decarbonization.

Investment Instruments

Investment instruments primarily will consist of control equity stakes in companies, portfolios, and standalone assets in the clean energy, business transformation, or sustainability solutions strategies. The Fund also may invest in debt securities and has discretion to enter into derivative transactions to hedge interest rate and foreign currency exposures.

Investment Highlights

- Proven, consistent track record
- Strong sponsorship / experienced senior leadership team
- Sector focused sourcing and operating experience
- Alignment of interests
- Commitment to ESG

Investment / Risk Considerations

- General investment risks / mitigation in practice
- Use of financial leverage
- Potential impact of currency translation on fund returns
- Allocation policy

⁹ As of December 31, 2020. Covers renewable power business professionals of Brookfield, its publicly traded affiliate, BEP, and certain related operating businesses and portfolio companies, and excludes sustainable resources employees. Renewable power business professionals includes investment professionals, asset management professionals, and employees in corporate functions including finance, tax, legal, and investor relations.



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Portfolio Fit

The Fund will be allocated to PSERS' Private Infrastructure portfolio. The table below summarizes PSERS' Private Infrastructure portfolio, as of 9/30/2021, inclusive of the recommended \$300 million commitment to the Fund.

PSERS IOP notes that this \$300m commitment would be the first Infrastructure Fund commitment of 2021 and remains below Hamilton Lane's previously presented \$400-600m pacing range for 2021 in Private Infrastructure. PSERS IOP also notes that as of September 30th, 2021 Private Infrastructure was 0.90% of PSERS total fund exposure compared to a long-term target in the current SAA of 4.0%.

Investment Type	Market Value	Unfunded	Total Exposure	Pending Current Commitments	
				December 2021	Total Exposure
Infrastructure	\$ 633.6	\$ 907.7	\$ 1,541.3	\$ 300.0	\$ 1,841.3

Investment Committee Disclosure

Relationship with Hamilton Lane	Hamilton Lane represents clients with commitments to current and prior Brookfield funds.
Introduction Source	Current PSERS Relationship with Brookfield Real Estate
Placement Agent	<p>In accordance with Board policy, no placement agents were used, and no payments from or on behalf of PSERS to Placement Agents shall be made in connection with securing PSERS' investment in the Fund.</p> <p>Any placement fees borne to the Fund will be borne by the investors whose commitments gave rise to such fees, and will also result in a corresponding reduction to such investors' management fees. No placement fees will be borne by PSERS.</p> <p>As confirmed by PSERS' Office of Chief Counsel on November 2, 2021, this investment complies with the Public School Employees' Retirement Board Placement Agent Policy.</p>
PA Presence (AUM 6/30/21, Employees 12/31/2020)	<p>Approximately 3,800 employees Real Estate: \$865 million Renewable: \$3.4 billion Infrastructure: \$23 million Private Equity: \$5.5 billion Credit: \$2 billion</p>
PA Political Contributions	None Disclosed
Conflicts of Interest	PSERS is not aware of any actual or potential conflicts of interest that would be created by PSERS investment in the Fund.
PSERS History with the Investment Manager	<p>As of June 30, 2021, PSERS has committed \$610 million across three Brookfield Real Estate vehicles. PSERS has \$417.6 million of NAV exposure to Brookfield Real Estate.</p> <p>PSERS Infrastructure has not previously made an investment with Brookfield.</p>
Litigation Disclosure	Brookfield receives communications from regulators and may be involved in litigation from time to time in the ordinary course of business. PSERS is not currently aware of any litigation which has or may have a material effect on Brookfield, the Fund, or any prior funds.
PSERS Allocation Implementation Committee Approval	December 1, 2021