



# Hamilton Lane

January 20, 2022

Board of Trustees  
Commonwealth of Pennsylvania  
Public School Employees' Retirement System  
5 North 5<sup>th</sup> Street  
Harrisburg, PA 17101

Re: GCM US Partnership Opportunities, L.P.

Dear Trustees:

GCM Grosvenor (“General Partner” or “GCM”), was founded in 1971 by Richard Elden and has grown into an organization that focuses on private equity, infrastructure, real estate, credit, absolute return strategies and multi-asset class opportunistic investments. The General Partner went public in November 2020; however, GCM’s existing senior management team continues to lead and control the business, which operates as GCM Grosvenor Inc. (NASDAQ: GCMG). GCM’s infrastructure platform was established in 2003 and currently manages two commingled funds and 29 separately managed accounts that focus on investing in primary and secondary funds as well as co-investments alongside institutional fund sponsors. The infrastructure investment team is led by five managing directors -- Scott Litman, Ravi Parekh, Matthew Rinklin, Michael Rose and Akhil Unni -- who collectively average 17 years of infrastructure investing experience. They are supported by 11 dedicated investment professionals as well as the broader GCM operational platform, which seeks to leverage its dedicated investment (156) and operational (367) professionals. The infrastructure team has deep experience across infrastructure sectors including midstream, utilities, conventional and renewable power generation, transportation, social infrastructure and telecommunication in geographies including North America, Europe, South America, the Middle East and Asia. GCM Grosvenor is constructing a specialized Separately Managed Account (“SMA”) on behalf of The Commonwealth of Pennsylvania, Public School Employees’ Retirement System (“PSERS”) with PSERS being the sole limited partner. GCM will commit 0.5% of PSERS’ commitment. Closing is anticipated to occur in Q2 2022.

The proposed SMA seeks to specifically target assets in the U.S. that are owned through operating partnerships where PSERS’ tax-exempt status provides an advantaged return relative to taxable or foreign investors. GCM plans to target core, core-plus and value-add co-investments across renewable (20%), transportation (40%), digital infrastructure (20%) and conventional power generation (10%) infrastructure sectors. By targeting these infrastructure sub-sectors, GCM believes that the Fund will experience less volatility, have lower correlation with economic cycles, and less exposure to commodity price fluctuations. The General Partner seeks to support growth in its portfolio companies by financing add-on acquisitions and capital spending through flexible structuring. The Fund will target approximately 6 to 10 equity investments in the range of \$25 million to \$40 million. GCM has consistently generated attractive returns across its recent co-investments within its commingled funds and has delivered strong exit activity across infrastructure co-investments.

The investment thesis for investing in GCM US Partnership Opportunities, L.P. can be summarized as follows:

- Dedicated and experienced infrastructure team expected to benefit from broader GCM platform
- Flexible approach to infrastructure investing with an exclusive focus on tax advantaged assets that generate long term, risk-adjusted returns
- Attractive performance across prior co-investments with proven ability to source and transact on targeted asset types



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Hamilton Lane's recommendation is based upon the following analytical factors and is made within the context of PSERS's investment guidelines.

- Detailed due diligence including interviews with industry peers and private equity professionals. The on-site due diligence was conducted January 11, 2022; the fund was approved by Hamilton Lane's Investment Committee on January 18, 2022, and the recommendation to PSERS was issued January 20, 2022.
- Evaluation of the composition of the investment team, how they work together, compensation structure and other factors that help determine whether a group is likely to be able to replicate past successes as currently configured.
- Detailed operational due diligence including interviews with GCM Grosvenor's back-office team, to review the controls and processes surrounding the firm's finance, fund administration, tax, legal, compliance, IT, HR, and accounting functions.
- Evaluation of the Fund's proposed investment strategy within the context of the current investment environment.
- The strategy proposed for the Fund is appropriate for the infrastructure portfolio

The individuals at Hamilton Lane who were involved in the due diligence process for the Fund are:

Lars Pace– Principal, Conshohocken Office  
Cameron Mountain– Senior Associate, Portland Office  
Michelle Lipovsky– Analyst, Conshohocken Office

Based on the above, Hamilton Lane recommends that PSERS commit up to \$250 million, plus reasonable normal investment expenses, to GCM US Partnership Opportunities, L.P. (and/or related investment vehicles). Hamilton Lane makes this recommendation considering the General Partner's qualifications and PSERS' overall investment guidelines.

This recommendation is given solely for the benefit of PSERS and cannot be relied upon by other investors considering an investment in the Fund, since their needs, objectives, and circumstances may not be identical to those of PSERS. The scope of this recommendation is limited to the investment merits of the Fund. Hamilton Lane does not provide legal or other non-investment-related advice.

Sincerely,

Michael Koenig,  
Chief Client Officer

Corina English,  
Principal