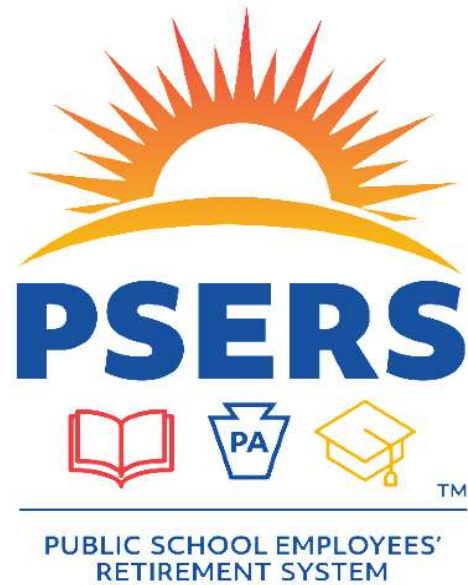


PSERB Resolution 2024-30

Re: CION Grosvenor Infrastructure Interval Fund, LP May 31, 2024

RESOLVED, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Investment Committee to invest an amount not to exceed \$300,000,000 plus reasonable and normal investment expenses, to CION Grosvenor Infrastructure Interval Fund, LP and/or related investment vehicles.

The final terms and conditions of the investment are subject to legal due diligence and must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contracts.



CION Grosvenor Infrastructure Interval Fund, LP Private Infrastructure Recommendation

Cody Steele
Portfolio Manager

May 2024

Today's Presentation

CION Grosvenor Infrastructure Interval Fund, LP

Main Presentation

1. Asset Class Considerations

- *Recommendation is consistent with PSERS Strategic Asset Allocation (SAA) and current year commitment planning*

2. Recommendation Overview

- *PSERS IO and Aksia recommend committing \$300 million to CION Grosvenor Infrastructure Interval Fund.*

3. Strategy & Expertise

- *Demonstrated expertise in North American and Europe with deal sourcing and execution.*

4. Investment Considerations

- *Investment expected to face risks consistent with infrastructure investments and staff believes that GCM has identified appropriate mitigants to those risks*

5. Investment Highlights

- *Strong historical performance and complementary fit with PSERS private infrastructure portfolio*

Appendix

- Private Infrastructure Dashboard
- Investment Committee Disclosure

1. Asset Class Considerations

Recommendation is consistent with PSERS Strategic Asset Allocation (SAA) and current year commitment planning

PSERS SAA and Pacing

1. PSERS SAA has established long term targets of 5.0% in private infrastructure and 5.0% in public listed infrastructure.
2. The current underweight in private infrastructure is balanced by an overweight in public infrastructure.
3. PSERS latest pacing model suggested \$700 – 900m of commitments annually to reach our targets in ~4 years (2027)

SAA Allocation	
Private Infrastructure Target	5.0%
Private Infrastructure Actual	2.9%
Anticipated Date to Reach Allocation	2027
Pacing Budget for 2024	
Pacing Budget Range	\$700 - 900M
Primary Investments	
2024 YTD Commitments	-
May Recommendations	\$300M
Co-Investments	
2024 YTD Commitments	\$25M
Total Primary and Co-Investments	\$325M
Remaining 2024 Budget after June	\$475M
Est. Remaining Primary Fund Recommendations after May	\$400M
Expected to be in Target Budget Range for 2025?	Yes
Est. Co-Investment Capacity	\$428M

2. Recommendation Overview

PSERS IO and Aksia recommend committing \$300 million to GCM Interval Fund.

Key Term	
Fund Name	CION Grosvenor Infrastructure Interval Fund, LP
Firm Name	Grosvenor Capital Management LP
Net Target Return	10-12% plus Anchor Economics
Investment Professionals / Employees	173/533
Strategy Invested Capital ¹	\$13.3 Billion
Target Fund Size / Hard Cap	\$3.0 Billion
Recommended Commitment Amount	\$300 Million
GP Commitment	\$1.5 Million
PSERS Existing Relationship	Yes
Notable Investment Committee Disclosure ²	PA Presence

3. GCM Interval Fund Strategy & Expertise

Demonstrated expertise single asset secondaries and private co-investments.

- Sector & Geography:** GCM's Interval Fund will target primarily operating assets, across a wide swath of sectors including renewable, energy transition, communications, transportation, utilities, social infrastructure and others primarily in North America and Europe.
- Diversification:** GCM's interval fund to deploy the funds across a diversified portfolio of approximately 30 investments, with individual investment sizes ranging between \$10m - \$20m.
- Wide, Flexible Transaction Sourcing :** GCM has significant experience sourcing and executing transactions in a variety of formats including direct, lead partner transactions as well as co-investments and single asset secondaries alongside other leading infrastructure sponsors.

4. Investment Considerations

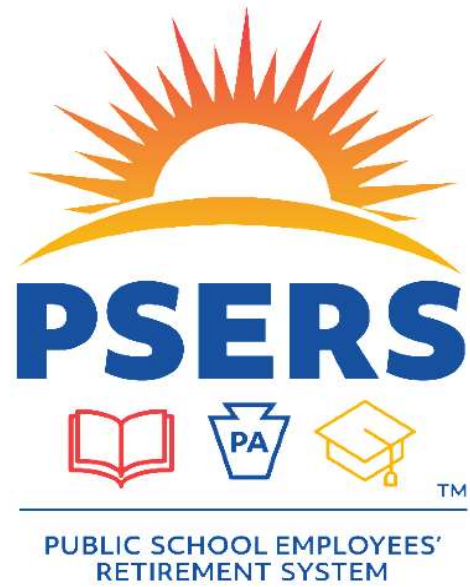
Investment expected to face risks consistent with infrastructure investments and staff believes that GCM has identified appropriate mitigants to those risks

Risk	Detail	Mitigating Factors
<p>Infrastructure Market Risk</p>	<p>Infrastructure investments are subject to a variety of market risks, including changes in demand profile, pricing power, commodity price changes, and changes in regulatory structure or applicable laws</p>	<p>The Fund's senior investment professionals (and GCM overall) have significant experience over decades managing the risks of investing in infrastructure assets.</p> <p>The fund is expected to hold 30+ underlying investments, across various infrastructure sectors further mitigating the risk that a single negative market event could have on the overall portfolio</p>
<p>Investor Liquidity</p>	<p>The Fund will operate under a non-traded, interval structure whereby investors will not have the ability to sell their shares on a daily basis. Investors will instead be reliant on prespecified quarterly repurchase offers by the manager for liquidity.</p> <p>Managing investment activities while considering the ongoing liquidity position of the Fund to fulfill quarterly repurchases can be challenging and may limit the manager's ability to capitalize on opportunities</p>	<p>GCM intends to reserve a portion of net assets for liquid investments for general liquidity purposes and to support repurchases. Asset-level distributions are not required to be delivered to shareholders and thus can be used to support repurchases. Finally, the Fund is also expected to maintain a NAV-based lending facility.</p> <p>The liquidity mechanics on offer here, which are legally required to operate as an interval fund under SEC jurisdiction, are generally superior to traditional private closed-end fund investments, though the overall structure should still be considered an illiquid asset.</p>
<p>Investment Allocation</p>	<p>GCM secures allocation of direct investments from sponsors, which are then apportioned across eligible commingled funds and separately managed accounts, many of which have distinct fee arrangements. This dynamic could influence the manager to prioritize allocations for certain funds and/or accounts at the expense of the Fund</p>	<p>GCM maintains a dedicated portfolio management team that reviews deal flow and determines a transaction's eligibility for certain investments. This process has historically been effective in implementing the Firm's allocation policy across numerous funds and separate accounts.</p>

5. Investment Highlights

Strong historical performance and complementary fit with PSERS private infrastructure portfolio

Highlight	Detail
Experienced Senior Leadership Team	<p>Led by managing director Scott Litman and four others, GCM's infrastructure team, with over 20 professionals averaging 15 years of experience, boasts a track record of success.</p> <p>GCM has invested over \$13.9 billion across sectors and geographies, delivering a net IRR in line with the strategy's objectives and outperformance compared to PSERS infrastructure benchmark</p>
Diversified Core and Core-Plus Opportunity Set	<p>GCM has identified a set of potential investments that are likely to comprise a portion of the seed portfolio for the fund. These assets generally have contract or operating profiles that are lower risk compared to the full spectrum of infrastructure assets, and generally have a higher expected yield profile, in addition to the inflation protection characteristics one would expect from infrastructure investments</p>
Anchor Economics	<p>Anchor economics provide PSERS with a unique opportunity to enhance the targeted return profile of the proposed fund, without altering the risk of the underlying investments</p>

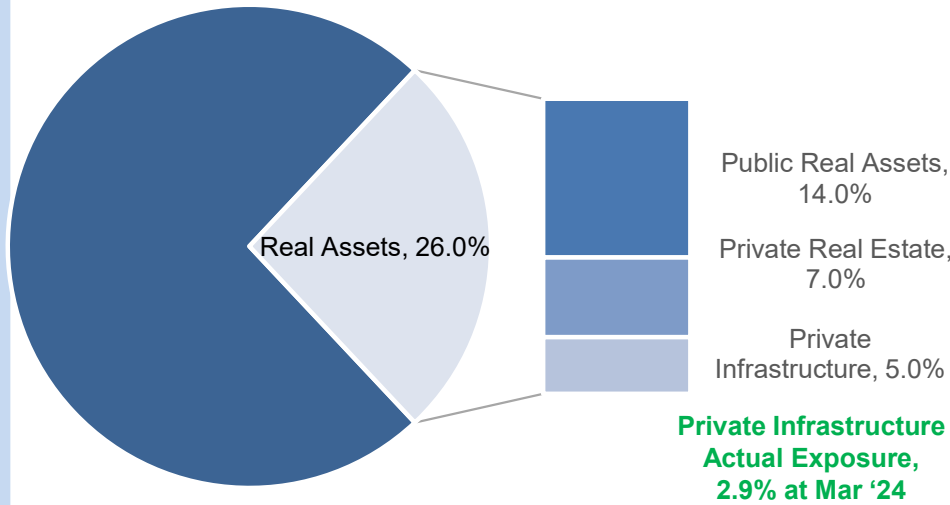


Appendix

Private Infrastructure Portfolio *as of September 30, 2023*

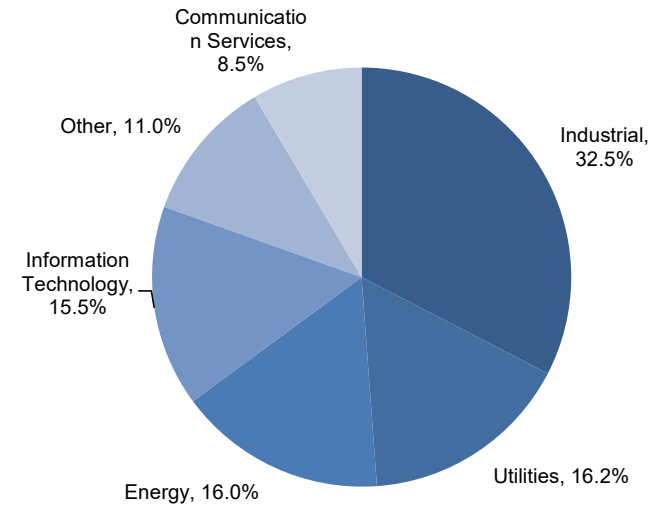
Allocation

Target Allocation to Real Assets In Long-Term Strategic Asset Allocation



Diversification

Sector Diversification³



Commitments

Recent Fund Commitments (\$M)

2021	
Brookfield Global Transition Fund	\$300
2022	
CIM Infrastructure Fund III	\$250
GCM US Partnership Opportunities	\$250
2023	
DIF Infrastructure VII	€200
LS Power V	\$200

Performance

Portfolio Performance

	Time-Weighted					Dollar-Weighted		
	1-YR	3-YR	5-YR	10-YR	ITD	KS PME ¹	Direct Alpha ¹	ITD
Total Portfolio	14.5%	19.5%	15.6%	nm	14.9%	1.30	13.9%	15.6%
Benchmark¹	-0.2%	7.9%	6.2%	nm	nm	---	---	---

Color-coding: **outperformance** or **underperformance** vs. benchmark.

¹ KS PME and Direct Alpha are calculated compared to Private Infrastructure's policy benchmark.

² Benchmark: FTSE Developed Core Infrastructure 50/50 Net Index (Hedged to USD)

³ Sector Diversification as at June 30, 2022

Investment Committee Disclosure

Detail on PA presence and political contributions included in confidential memo

Disclosure	Response
Relationship with Aksia	As of January 31, 2024, seven (7) current Aksia advisory clients have made total aggregate subscriptions and commitments of \$2.5 billion across investments managed by Grosvenor Capital Management LP. As of May 6, 2024, there are no other Aksia clients considering a commitment to CION Grosvenor Infrastructure Interval Fund.
Introduction Source	Aksia / PSERS IOP
Compliance with Placement Agent Policy	As confirmed by PSERS' Office of Chief Counsel on May 9 th , 2024, this investment complies with the Public School Employees' Retirement Board Placement Agent Policy.
PA Political Contributions	No political contribution in PA
PA Presence	See Confidential Memo
Potential Conflicts	PSERS is not aware of any actual or potential conflicts of interest that would be created by PSERS' investment in the Fund.
Litigation Disclosure	GCM receives communications from regulators and may be involved in litigation from time to time in the ordinary course of business and to the best of the sponsor's knowledge, the Firm and its funds are not involved in any litigation which has or may have a material effect on the Firm or the Fund.
Has the Firm reimbursed and/or paid for PSERS IOP travel in the past two calendar years?	No
Certification of Diligence Costs	IOP certifies that PSERS paid all travel costs, if any, and was not reimbursed for the travel costs related to due diligence of the Fund.

Manager Recommendation Memo

April 22, 2024

Board of Trustees
Commonwealth of Pennsylvania, Public School Employees' Retirement System ("PSERS")
5 North Fifth Street
Harrisburg, PA 17101

Re: CION Grosvenor Infrastructure Interval Fund, L.P.

Dear Trustees:

Aksia LLC ("Aksia"), having been duly authorized by the Board of PSERS, has evaluated and hereby recommends, in line with PSERS' Investment Policy Statement, Objectives, and Guidelines, a commitment of up to \$300 million to CION Grosvenor Infrastructure Interval Fund, L.P. (the "Fund").

Founded in 1971 by Richard Elden, GCM Grosvenor ("GCM" or the "Firm") is a global alternatives investment firm that oversees \$76 billion in assets under management ("AUM") across its private equity, absolute return, infrastructure, credit, and real estate strategies. GCM has been active in the infrastructure sector since 2005 and today oversees approximately \$13.9 billion in AUM between its commingled funds and separately managed accounts. GCM is now launching an interval fund, which is a publicly listed investment vehicle structured to provide individual investors access to private, traditionally less liquid investments with quarterly partial liquidity.

Leveraging GCM's sponsor relationships, the Fund intends to target co-investments and secondary transactions, with a targeted overweight to co-investments, involving assets with core, core-plus, and value-added risk profiles. The Fund is expected to invest in a broad range of investment types, asset stages, deal sizes, sectors, and geographies. With the backing of an anchor investor, GCM intends to assemble a seed portfolio of assets before the Fund's official launch. The Fund is expected to acquire a portion of select interests within GCM's latest customized infrastructure strategies fund ("CIS III") and additional investments to support the portfolio's yield profile. The Firm is presently working with the SEC to register the Fund by the second half of 2024.

The opportunity to provide early capital to the Fund may allow PSERS to access what is expected to be a diversified infrastructure fund with attractive seed economic terms.

Aksia's recommendation is based upon the following analytical factors and is made within the context of PSERS' investment guidelines:

- Due diligence of GCM's investment process, including a review of the sponsor, investment strategy, market positioning, investment personnel, and risk management;
 - Most recent on-site investment due diligence visit was conducted March 28, 2024.
- Due diligence of GCM's operations, including a review of its organizational structure, service providers, regulatory and compliance, LPA and financial statement analysis;
 - Most recent on-site operational due diligence visit was conducted March 21, 2024.
- Evaluation of the GCM strategy within the context of the current investment environment; and
- Appropriateness of the GCM strategy as a component of PSERS' portfolio.

This recommendation is given solely for the benefit of PSERS and cannot be relied upon by other investors considering an investment in these funds, since their needs, objectives, and circumstances may not be identical to those of PSERS. In addition, please consult your tax, legal and/or regulatory advisors before allocating to any private investment fund.

Please feel free to contact us should you have any questions about this recommendation.

Respectfully,



Thomas Martin
Partner, Global Head of Private Equity and Real Assets Strategies



Simon Fludgate
Partner, Head of Operational Due Diligence