GCM Grosvenor Pacific, L.P.

Private Equity and Infrastructure Investment Plan

Revised: September 2020

CONFIDENTIAL

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1 Executive Summary

GCM Grosvenor has continued to implement the Private Equity Investment Plan that was devised collaboratively with the San Diego City Employees' Retirement System ("SDCERS"), with appropriate adjustments to reflect prevailing market conditions and broader investment and due diligence capabilities of the group.

The purpose of this document is to set forth the Private Equity and Infrastructure Investment Plan (the "Plan") for GCM Grosvenor Pacific, L.P. (the "Program") as implemented by GCM Grosvenor alongside SDCERS' investment staff for the benefit of SDCERS and its constituents. The strategy that the General Partner will employ has been developed in coordination with SDCERS' investment staff and is consistent with SDCERS' Private Equity Program Policies.

This version of the investment plan, formulated in September 2018, is forward looking and has been updated to reflect the investment guidelines set forth in the Limited Partners' Agreement for the Program and is subject to further updates as necessary. There are three primary components to this Plan:

- Investment Strategy
- Investment Pacing
- Risk Management

Investment Strategy[1]

One of the guiding principles of the program will continue to be to invest in "fewer, better investments." By focusing on a select group of high-quality investments, we will seek to position the Program to continue to outperform benchmarks over the long term. Competitive advantages are gained by fund managers through industry and transaction expertise as well as regional dynamics that favor business development, acquisition and exit opportunities. GCM Grosvenor will identify investment opportunities where it deems these competitive advantages to be present as a result of thoughtful portfolio construction, extensive due diligence and selective investing.

The following is an illustrative overview of the areas of the private equity market that will be targeted for investment within the Program:

- **Investment Asset Classes:** The Program anticipates seeking to invest in a combination of private equity strategies, including buyout, venture / growth capital, special situations, mezzanine, and infrastructure.
- **Investment Types:** The Program anticipates making investments in the asset classes described above through primary fund investments, aged or seasoned primary investments, secondaries, buyout co-investments and/or structured equity investments. It may also potentially make other non-traditional investments that can potentially offer enhanced risk-adjusted net returns. GCM Grosvenor may also opportunistically overweight specific investments or sub-sectors where it sees outsized relative value.
- **J-Curve Mitigating Strategies:** The Program will continue to target strategies which can lower the risk profile of the Program and offer earlier distributions. This includes aged primaries / secondaries, cash yielding mezzanine securities, co-investments, and other special situations strategies.

[1] **Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.** Unless apparent from context, all statements herein represent GCM Grosvenor's opinion.

- **Fund Size:** The Program will continue to favor middle and lower middle market managers with less than $2 billion in total commitments as we believe these funds have historically produced superior returns compared to the larger end of the market. As a general matter, GCM Grosvenor defines middle market buyouts as funds with fund sizes of less than $3 billion for U.S. funds, less than €2.0 billion for European funds and less than $1.5 billion for Asia-based funds.
- **Geographies:** The Program will invest globally, targeting primarily opportunities in the US, Western Europe and to a lesser extent, the emerging markets. The Program will take an opportunistic approach to managing currency risk with respect to non-US dollar denominated investments but will not actively seek to hedge currency exposure.

Investment Pacing[1]

The capital deployment plan of the SDCERS portfolio will be determined and updated on an annual basis based on a cash flow pacing analysis conducted with our proprietary cash flow model. The investment pacing model is based on actual drawdowns and distributions and takes into consideration assumptions including the Net Asset Value of SDCERS' total portfolio, assumed growth rate of the SDCERS portfolio, and the target allocation to each private equity investment strategy. In addition, the capital deployment plan will encompass a number of other areas, including:

- **Number of Investments:** GCM Grosvenor will continue building a diversified portfolio across private equity and infrastructure investments of three to seven fund commitments per vintage year[2], as well as between five and fifteen co-investments (including underlying co-investments made through pooled vehicles) over the next several vintage years.
- **Commitment Plan:** In response to the increase in private equity allocation for SDCERS approved in 2013, we increased annual commitments in 2014 and 2015 in comparison to prior years, committing $149 million in FY 2014 and $175 million in FY 2015. Investment pace slowed in 2016, 2017 and 2018 to adhere to the private markets asset allocation targets as a result of volatility in SDCERS' public portfolio, which ultimately led a decline in the net asset value of the overall SDCERS' portfolio. While investment pace increased slightly in 2019 due to higher than expected realization activity, FY 2020 activity slowed due to uncertainty surrounding the market impact of COVID-19. Going forward, we will target annual commitments in the range of $150 - $200 million per year for the next three years driven by the growth in the SDCERS' overall portfolio and recent distributions received from the Program that have reduced market value. However, the Program will have the flexibility to invest smaller or larger amounts in any given year. The actual commitment and investment amounts will be determined by changing market conditions, changes in the valuations of SDCERS' portfolio investments and the relative quality of investment opportunities in the market in any given year. An updated Investment Pacing Analysis will continue to be provided to the SDCERS Board at least once per year as part the Annual Review process.
- **Cash Flow Projections:** Since the last annual review, the Fund has distributed $200 million to SDCERS driven by 15 full exits; we expect the next fiscal year to see slower exit activity, in part driven by recent volatility in credit markets that have impacted sale processes and the availability of leverage. In the early years of the Program, GCM Grosvenor put a greater emphasis on investments that generated relatively early cash flow (such as aged primaries / secondaries and special situations funds). This served to reduce the J-curve that is typically experienced by less mature private equity portfolios. While we will continue to pursue J-curve

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[2] Vintage year generally refers to the year in which a fund executes its articles of incorporation.

mitigating strategies going forward, we will also seek to balance the portfolio with investments that may have relatively longer holding periods and/or no interim cash flow potential, but have the potential to generate substantially higher returns on invested capital on a risk-adjusted basis.

- **Investment Sizing:** GCM Grosvenor will seek to make selective commitments to primary funds, focusing on a limited number of outperforming managers in line with our "fewer, better managers" investment philosophy. We will generally target making individual fund commitments between $5 million and $30 million in size. It is anticipated that the lower end of this range would be utilized for investments with higher risk profiles (which are generally smaller in total size) while the maximum would most typically apply to moderate risk investments alongside what we believe are high quality fund managers. For co-investments, GCM Grosvenor targets to make commitments of up to $15 million in size. From time to time, we will continue to consider commitments to select pools of funds and co-investments, where the aggregate size of the pool may be larger, but the Program's exposure to individual investments within the pool are still compliant with the investment size targets described above.
- **Cash Management Facility:** The Program has implemented a cash management facility that can allow for delayed capital calls and/or accelerated distributions, which may potentially be able to enhance the net return of the Program. In addition, such a facility is likely to reduce the administrative burden for SDCERS' staff as well as streamline cash management activities and eliminate the need for maintaining a minimum cash balance for the program in the near term.
- **Portfolio Management Initiatives:** GCM Grosvenor may seek to take advantage of what we believe is an attractive pricing environment in the secondary market to target opportunistic sales of existing portfolio interests. Proceeds from such sales would allow the Program to redeploy capital to make new investments, while adhering to the investment policy guidelines regarding overall private equity exposure.

Risk Management[1]

GCM Grosvenor's risk management process seeks to efficiently identify and evaluate material investment risks. We will manage risk in the private equity program through a combination of (i) extensive due diligence; ii) portfolio construction techniques; (iii) adherence to investment guidelines; and (iv) active portfolio monitoring and reporting. Set forth below is a summary of our risk management procedures at each stage of our investment process.

Investment Stage	Issues To Be Addressed	Action Items[2]	Direct Responsibility	Oversight
Due diligence	▪ Accurate presentation of our due diligence and confirmation of facts about the manager – team, strategy, track record, benchmarking, fundraising status and legal terms	▪ Vet risks and explore competing fund offerings/comparable transactions ▪ Review performance relative to benchmark[3] ▪ Conduct reference calls and background investigations	▪ Deal Team ▪ Operational Due Diligence Team	▪ Investment Sub-Committee ▪ Investment Committee ▪ Operations Committee

[1] Risk management, diversification, and due diligence processes seek to mitigate, but cannot eliminate risk, nor do they imply low risk.

[2] **No assurance can be given that any investment will achieve its objectives or avoid losses.**

[3] Benchmarks are used solely for purposes of comparison and the comparison does not mean that there will necessarily be a correlation between the returns described herein and the benchmarks. There are limitations in using financial indices for comparison purposes because, among other reasons, such indices may have different volatility, diversification, credit and other material characteristics (such as number or type of instrument or security).

Investment Stage	Issues To Be Addressed	Action Items[2]	Direct Responsibility	Oversight
	▪ Understand sponsor's/manager's value add and differentiation relative to the market ▪ Understand sponsor's/manager's competitive advantage and ability to generate returns over various market cycles ▪ Assess sponsor's/manager's operational risks	▪ Determine portfolio fit relative to strategy ▪ Review legal terms[1] ▪ Evaluate operational capabilities and internal control environment ▪ Conduct on-site visit to manager ▪ Evaluate portfolio asset performance from multiple sources (co-investors, limited partners, portfolio assets) ▪ Revaluation of unrealized investments, attribution analysis, covenant analysis, value creation breakdown, cash flow analysis, cash burn rate analysis ▪ Review potential for counterparty risk and FX risk ▪ Seek to ensure downside mitigation ▪ Obtain approval for investment from Investment Committee and Operations Committee independently		
Portfolio construction	▪ Appropriate portfolio construction/strategic determinations in line with portfolio's investment policies and guidelines ▪ Selection of appropriate risk-adjusted funds and co-investments in line with agreed upon strategy and portfolio construction ▪ Monitor market changes through investment period and employ a dynamic strategy allocation	▪ Work with client to understand key priorities/investment parameters in separate account construction ▪ Diversify portfolio across various parameters to potentially mitigate investment risk ▪ Follow systematic and rigorous process to monitor and screen deal flow - All senior investment professionals are involved in evaluating deal flow	▪ Key investment personnel assigned to relationship	▪ Investment Vertical Team ▪ Investment Committee
Investment execution[1]	▪ Seek to ensure that legal terms are appropriate for the manager/concession etc. and that interests of the sponsor/ general partners and limited partners are aligned	▪ Negotiate legal terms, in conjunction with outside counsel to establish acceptable terms ▪ Focus on termination/exit provisions, key person provisions, fund economics, general partner claw back, general partner commitment and investment limitations ▪ Coordinate with other limited partners	▪ Legal Team ▪ Deal Team ▪ Operational Due Diligence Team ▪ External counsel	▪ Investment Committee ▪ Operations Committee

[1] GCM Grosvenor does not provide legal or tax advice to any client. Each client should seek advice based on its particular circumstances from its independent tax advisor.

[1] **No assurance can be given that any investment will achieve its objectives or avoid losses.**

Investment Stage	Issues To Be Addressed	Action Items[2]	Direct Responsibility	Oversight
Investment monitoring	▪ Ensure sponsor/manager adherence to strategy, team cohesion, performance of underlying portfolio assets ▪ Address conflicts of interest ▪ Monitor turnover and potential operational/legal issues	▪ Conduct in-depth review of financial reports and other materials from sponsor/fund managers ▪ Have frequent update calls/meetings with sponsor/manager ▪ Review industry publications ▪ Perform competitive/market analysis ▪ Attend annual meetings ▪ Participate on Advisory Boards (to the extent negotiated) ▪ Determine quarterly valuation process	▪ Deal Team ▪ Operational Due Diligence Team ▪ Legal Team ▪ Investor Relations	▪ Investment Committee ▪ Operations Committee ▪ Finance Team ▪ Other back office team members
Investment Reporting	▪ Ensure SDCERS has access to the most recent investment and portfolio information ▪ Seek to ensure a secure and timely reporting process for SDCERS	▪ Deliver comprehensive quarterly and annual reports both at program level and underlying portfolio company level ▪ Provide SDCERS with digital access to the Client Web Portal, our proprietary reporting system	▪ Finance Team ▪ Business Intelligence Group ▪ Investor Relations	▪ Designated SDCERS' Relationship Management Team

The Investment Plan described in the following sections details the investment approach and techniques that we will use in continuing to develop the private equity portfolio for SDCERS. We will work with the SDCERS staff to construct and manage the Portfolio according to the principles described in this Investment Plan.

[2] **No assurance can be given that any investment will achieve its objectives or avoid losses.**

2 Investment Strategy[1]

The Program will seek to generate strong returns on capital, primarily through long-term capital appreciation generated from investments in a diversified portfolio of premier private equity and infrastructure funds (including, for the avoidance of doubt, primary funds, aged primary funds and secondary purchases of fund interests) and co-investments (including, for the avoidance of doubt, private equity, mezzanine, and infrastructure co-investments).

Achievement of this objective is predicated on identifying and selecting top performing funds and direct/co-investment opportunities and diversifying appropriately across asset classes, stages, geographies, industries, investment styles, vintage years and sectors. The Program is focused on achieving and maintaining high performance against any relevant benchmark (to be determined and agreed upon mutually by the Limited Partner and the General Partner) and seeks to meet such objective by investing in a manner consistent with the guidelines set forth below.

An analysis performed at the inception of the Program showed that commitments of $40 million to $60 million annually could enable SDCERS to reach nearly half of its targeted exposure level (2.5%) to private equity at the time by 2015 (the other half accomplished through investments made by SDCERS' other discretionary advisor). While we reached this target exposure level as of Q1 2014 (over a year ahead of plan), the commitment pace was modified to reflect the 2013 decision to double SDCERS' private equity exposure. Due to current uncertainty in the markets related to COVID-19, we have slowed our target investment pace and are looking to commit approximately $125 million in FY 2021. From FY 2022 onwards, we expect to make annual commitments in the range of $150 - $200 million over the next several years as we seek to achieve and maintain SDCERS' desired exposure to private equity and infrastructure. Under the proposed capital plan, we would expect to commit a total of $475 million over the next 3 years, which is slightly lower relative to last year's capital plan, while adhering to the investment policy guidelines regarding overall private equity exposure.

The investment pace reflects the increase in the overall size of the SDCERS' Total Portfolio compared to last year's forecast as well as strong distribution activity expected from the private equity portfolio that will reduce the market value of assets substantially in the near term. Given the recent growth in SDCERS' Total Portfolio, the Program is in line with the target private equity exposure of 6.5% instead of being over-allocated as we expected last year. We believe that this year's revised pacing schedule will help maintain our exposure in line with the target for the next 2-3 years and in fact has the potential to bring the total exposure below the target due to strong expected realization activity over the next 2-3 years and the slower investment pace in the last few years. This forecast, of course, is subject to market conditions and future changes to the size of the SDCERS Total Portfolio as well as active portfolio management initiatives that may allow us to commit additional capital while maintaining the target private equity exposure for the Program.

Investment Asset Classes

GCM Grosvenor will seek to invest in a combination of private equity strategies on behalf of the Program, including buyout, venture capital, growth capital, special situations, mezzanine and infrastructure.

Buyouts

Buyouts are characterized by the use of debt and equity to acquire established companies across a wide range of industries. Typically, private equity firms supply equity capital and partner with other financial firms (e.g., banks, mezzanine debt providers) for required debt and debt related financing. Often, the assets of the company

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being acquired are used as collateral. Returns are typically generated through a combination of revenue growth (both organic and through add-on acquisitions) and margin improvement and are enhanced by the leverage in the capital structure. Generally, buyout firms acquire control of the target company.

Venture and Growth Capital

Venture capital is characterized by equity investments in early through late stage companies with high potential growth, primarily in the technology, biotechnology, and healthcare related industries. Venture capital is typically used to facilitate the development and commercialization of underlying technology and business ideas in companies that have not achieved profitability or, in the early stage, revenues. Returns are largely generated based on the success of commercialization and the extent to which sustained profitable growth is achieved. Growth capital is characterized by investment in companies that typically have a proven business model but need capital to expand the proven business and most often are characterized by less than majority ownership. Returns are largely generated through growth of profitability from the expansion and the increased attractiveness of a larger operation to more potential acquirers.

Special Situations

Special situations refer to a number of investment strategies outside traditional leveraged buyout and venture capital investing, including distressed investing, turnarounds, and quasi-equity investments that may include a blending of debt and equity instruments. Investing strategies range from passive investing to control investing. Passive investing typically involves acquisition of securities determined to be undervalued with returns generated from the increase in the value of the securities. Control investing typically involves the acquisition of an operationally or financially troubled company through the purchase of that company's equity and/or debt securities. Special situations investments may also include exposure to other niche or asset-based investment strategies including, but not limited to, royalty streams, aircraft or shipping related strategies. In general, special situations investments help smooth the "J-curve" of a private equity program, with mezzanine funds paying a current income component and distressed investments exhibiting shorter holding periods, as compared to buyouts.

Mezzanine

Mezzanine investments are investments in the junior debt of a company, often made in conjunction with a smaller investment in the company's equity (typically through warrants and/or co-investment rights). The debt component of a mezzanine investment typically pays a relatively higher coupon than the senior debt because of its subordinated position in the capital structure. Mezzanine investments are expected to generate a greater return (with greater risk) than senior debt instruments because of the relatively higher coupon and the potential for appreciation from the equity investment. Conversely, mezzanine typically provides lower return (with less risk) than traditional equity securities.

Infrastructure

Infrastructure investments are similar to buyout investments in that they are characterized by the use of debt and equity to acquire assets. Infrastructure investments, however, have certain specific investment characteristics including stable cash flows, low volatility, and high barriers to entry. Typically, infrastructure funds and other equity provides equity capital alongside other financial firms (i.e., banks, mezzanine debt providers, etc.) for required debt and debt-related financing. In certain situations, the investment may also be in the form of debt, with the assets of the company being acquired used as collateral. Returns are typically generated from the cash flows of the underlying assets; operations of the underlying assets are also sometimes optimized resulting in value accretion over time. Returns can also be generated through a combination of revenue growth (both organic and through add-on acquisitions) and are enhanced by the leverage in the capital structure.

Infrastructure investments can be made both as minority and majority (control) investors.

Investment Types

The Program anticipates making investments in the Investment Asset Classes described above through primary fund investments, aged or seasoned primary investments, and/or co-investments.

Select risks include: market risk, illiquidity risk, strategy risk, valuation risk, and manager risk.

Primary Investments

Primary investments refer to investments in commingled private equity funds or “blind pools” of capital across a number of different strategies and asset classes, as discussed in the prior section.

Aged / Seasoned Primaries

Aged / Seasoned Primary investments incorporate a wide range of funds that have held their initial closing and may have drawn or committed up to 50% of the fund’s committed capital to investments. Evaluation of these opportunities includes an extensive review of the fund manager and the valuation of the manager’s existing investments in the selected portfolio. Additionally, seasoned primaries offer the potential to mitigate the J-curve given that the drawdown period for the funds can be abbreviated and the pace of capital return is often faster when compared to a primary fund investment.

Secondaries

Periodically, opportunities may arise to purchase interests in private equity funds after the final close of such funds has taken place and the fund has drawn or committed more than 50% of the capital commitments received by the fund. Limited partners who have committed to a fund may, for a variety of circumstances, decide to sell their existing position before the fund is fully committed (and/or fully realized). These investment opportunities are typically offered to potential buyers at a discount to net asset value, offering the opportunity for enhanced returns relative to investing in the fund on a primary basis. Evaluation of these opportunities also includes an extensive review of the fund manager and the valuation of the manager’s existing investments in the selected portfolio. When purchased appropriately, such investments can serve to reduce blind pool risk, reduce the J-curve and mitigate fees. The Program seeks to opportunistically purchase such secondary interests in private equity funds at compelling valuations.

Co-Investments

Co-Investments refer to investments in companies made alongside a particular investment partnership. These transactions can include investments in both debt and equity of portfolio companies and involve extensive diligence to evaluate the industry sectors, geographies, competitive landscape, and financing environment in which these companies operate. Co-Investments are expected to provide enhanced control over investment pace, diversification across industry segments, and higher returns, due to the absence of management fees and carried interest being charged by sponsors of the co-investment opportunities. Co-Investments may also help to smooth the J-curve as capital may be drawn down and returned faster than is otherwise the case with pure fund investment programs. In addition, their typically lower fee levels increase the relative attractiveness of co-investments. Given the fee efficiency and other attractive merits of co-investments, the Program may, on an opportunistic basis, seek to obtain greater or more diversified exposure to co-investments through investing in commingled pools of capital that seek to build portfolios of co-investments.

3 Investment Pacing

The Program was launched in September 2009 with a target private equity exposure of 5.0% of SDCERS' Fair Market Value. GCM Grosvenor was to be responsible for half of the allocation, or 2.5%. The original target called for $40 million - $60 million of new commitments per year for the Program. In May 2013, the Board of Administration of SDCERS approved a 10.0% target allocation to the private equity asset class. Based on these asset allocation targets, the current size of the overall SDCERS' Plan, and the current composition of the Program's portfolio, we have developed the Capital Deployment Plan described below:

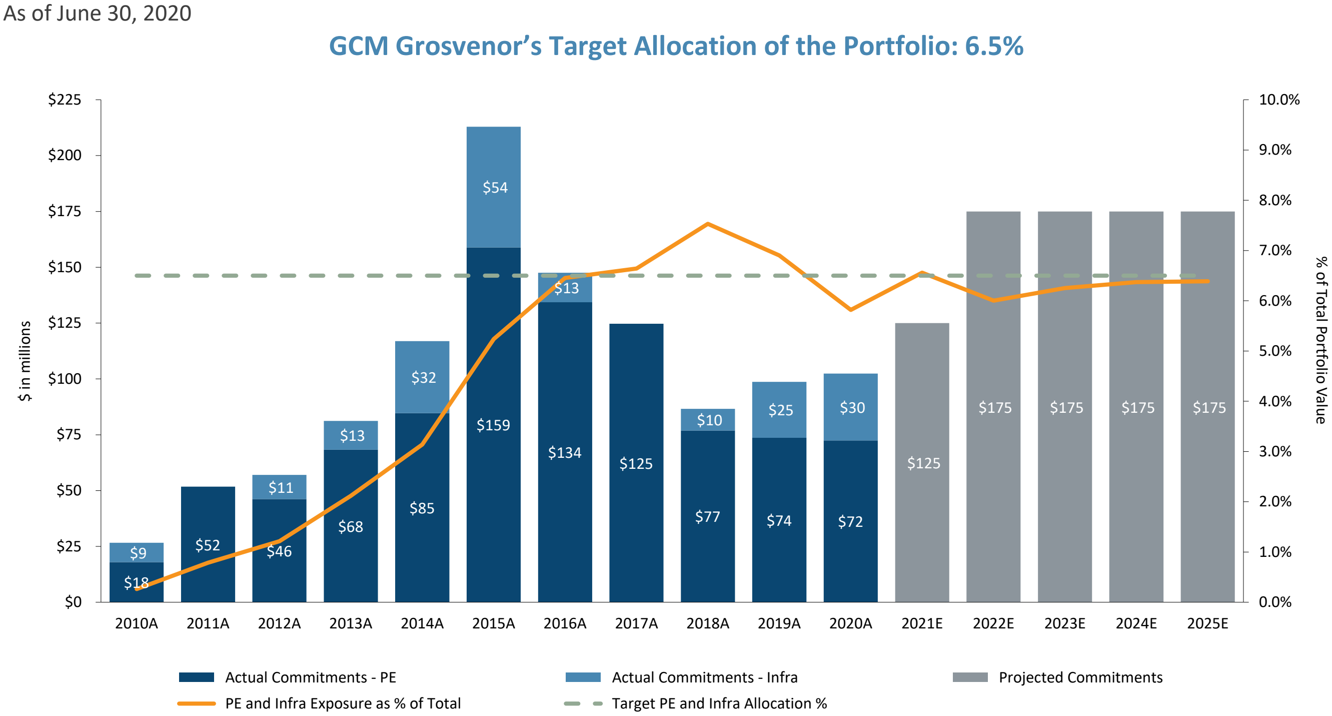
Capital Deployment Plan

The capital deployment plan of the SDCERS portfolio is determined based on a cash flow pacing analysis conducted with our proprietary cash flow model. The investment pacing model is based on actual drawdowns and distributions and takes into consideration assumptions including the Net Asset Value of SDCERS' total portfolio, estimated growth rate of the SDCERS portfolio, and the target allocation to each private equity investment strategy. Based on these assumptions, we are targeting to make $125 million in aggregate commitments in FY 2021 and expect to make $150 - $200 million in annual commitments over the next several years starting in FY 2022 The chart below shows the Program's projected commitment pacing using the following assumptions:

- Total size of overall SDCERS portfolio: $8.3 billion as of June 30, 2020
- Projected or actuarial growth rate of overall SDCERS portfolio: 6.50% per annum

Investment Pacing Analysis – Private Equity and Infrastructure[1]

As of June 30, 2020

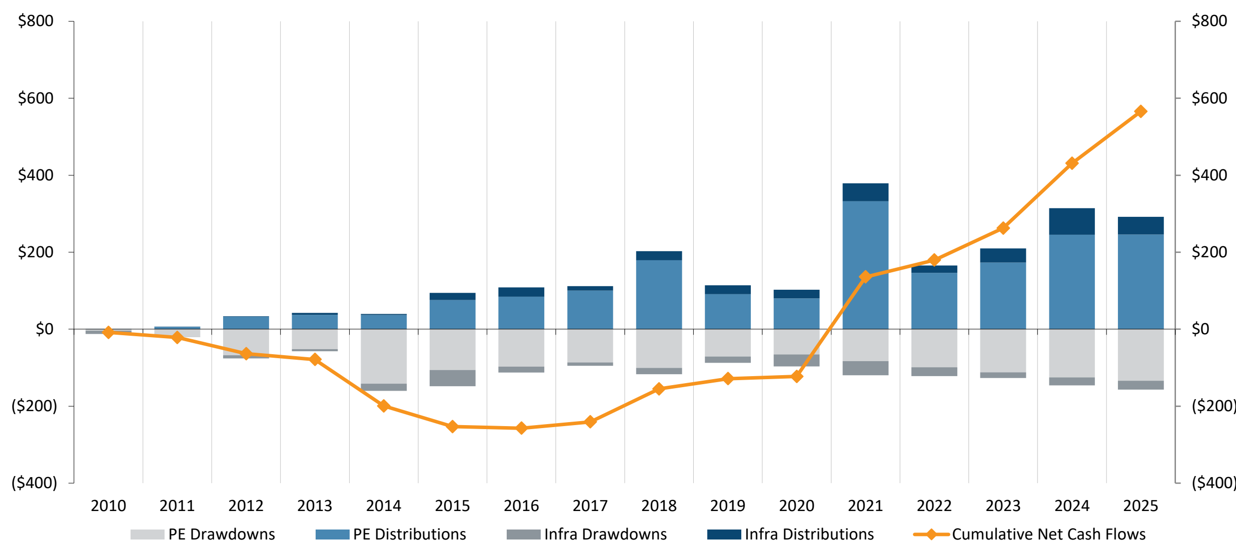


[1] Commitments shown reflect investments made during the period between July 1 of the preceding year and June 30 of the referenced year and are based on actual investment closing dates. Actual historical commitment amounts shown may not match amounts shown in prior years due to variances between expected and actual closing dates of investments.

J-Curve Mitigation[1]

The chart below displays the program's pacing to date as well as projected pacing on a forward-looking basis. The increased pace of capital deployment over the last few years has been partially offset by growing distributions resulting from J-curve mitigating strategies deployed earlier in the life of the portfolio. These factors, combined with a slower investment pace in the last couple of years and higher expected distributions resulting from a greater allocation to co-investments and secondaries are projected to result in the portfolio becoming cash flow breakeven (where distributions to date exceed total contributions) during the 2021 fiscal period.

GCM Grosvenor Pacific, L.P. Private Equity and Infrastructure Pacing Plan



Ongoing Considerations[2]

At the end of each year, we will modify the Program's forecast and commitment pace based on actual and projected contributions and distributions in the Program, in addition to the actual performance of SDCERS' overall portfolio. This analysis will be shown in the Private Equity Program Annual Review Memorandum.

1. The Program has successfully mitigated the risk of a deep J-curve as illustrated by the pacing and cash flow charts. In fact, since inception, the Program has never been in the J-curve from an IRR perspective.
2. The Program has historically targeted and will continue to target strategies that serve to minimize the J-curve effect associated with private equity investing.
3. GCM Grosvenor has pursued J-curve mitigating strategies to date by committing to secondaries, seasoned primaries, special situations funds, and both equity and mezzanine co-investments.
4. Other strategies the Program might use in seeking to reduce the effect of the J-curve offer one or both of (i) reduced fees and (ii) shorter investment periods.
5. The Program has implemented a cash management facility that can allow for delayed capital calls and/or accelerated distributions, which may potentially be able to enhance the net return of the Program.

[1] Projected, Model, or Simulated returns ("Projected Returns") are hypothetical in nature and are shown for illustrative, informational purposes only. See the Notes and Disclosures following this report for additional information regarding Projected Returns. No assurance can be given that any investment will achieve its objectives or avoid losses. <u>ACTUAL RESULTS EXPERIENCED BY CLIENTS MAY VARY SIGNIFICANTLY FROM THE PROJECTED RETURNS SHOWN. PROJECTED RETURNS MAY NOT MATERIALIZE</u>.

[2] Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.

4 Risk Management

Investment Due Diligence

The GCM Grosvenor investment team uses a two-step due diligence process that involves a rigorous process to identify key risks and potential mitigants. The two key parts of the process include the creation of a preliminary investment memo which serves to outline key strengths and risks relating to a specific investment, and a more comprehensive due diligence memo. During this comprehensive due diligence process the diligence team completes a number of steps, including but not limited to: onsite visit(s) with the Manager, track record analysis, extensive reference calling and background checks. A majority vote by the GCM Grosvenor Investment Committee is required for the approval of investment decisions. **We do not proceed with prospective investments when such risks cannot be adequately mitigated through comprehensive diligence and/or addressed in the legal documentation.**

Major issues that are considered by GCM Grosvenor when conducting investment due diligence include, but are not limited to, the following:

- Experience of the general partners or principals involved
- Analysis of the general market environment
- Appropriateness of the investment for inclusion in the Fund
- Depth of the general partner's organization and resources
- Quality of team, as evidenced by extensive reference and background checks
- Investment history and track record
- Evaluation of any perceived conflicts of interest
- Compliance with SDCERS' Private Equity Investment Policies
- Compliance with all national, state and local regulatory and legal requirements

Operational Due Diligence

The GCM Grosvenor investment process includes operational due diligence, which is performed by our dedicated 16-member Operational Due Diligence Team (“ODD Team”). The ODD Team is independent from the investment team, and is comprised of professionals who are multi-disciplined, with legal, audit, tax, technology and securities experience. The Operational Due Diligence Team is supported by internal and external resources that equate to 22-25 additional full-time professionals who participate in our operational due diligence efforts. The goals of operational due diligence process are to:

- **Evaluate risk:** Determine whether an investment meets our operational due diligence standards
- **Mitigate risk[1]:** Seek to avoid losses and reputational risks arising from operational issues
- **Structure investments**: Evaluate the legal and governance structure and terms of a proposed investment
- **Enhance terms:** Negotiate improved terms

[1] Risk management, diversification and due diligence processes seek to mitigate, but cannot eliminate risk, nor do they imply low risk. **No assurance can be given that any investment will achieve its objectives or avoid losses.**

In seeking to achieve these goals, the ODD team performs three main assessments: (i) background investigations, (ii) operational capabilities and internal controls review and (iii) legal and structuring review.

Background investigations

We retain independent private investigation firms that specialize in the financial services industry to conduct background investigations of prospective managers on our behalf. The background investigations include:

- Verification of the legal existence and "good standing" of the manager's firm and important affiliated entities
- Identification of potential conflicts of interest, such as affiliated entities and business activities
- A check for any civil or criminal litigation, regulatory proceedings or press citations involving the manager, its affiliates and key personnel
- Detailed background checks on key investment personnel and key operations personnel

Any issues identified in the background investigation (e.g., gaps in employment history, litigation-related issues, conflicts of interest) must be addressed and resolved by the ODD team prior to seeking Operations Committee approval.

Operational capabilities and internal controls review

The Operational Due Diligence Team assesses whether a potential investment manager has created a strong, institutional-quality internal control environment and whether it has engaged appropriate key service providers. The operational capabilities and internal controls review involve one or more on-site visits to an investment manager's offices, during which the team conducts detailed interviews with accounting, operations and compliance personnel. The team also evaluates key third-party service providers, including the administrator, auditor, legal advisors and counterparties, engaged by an investment manager. Due diligence on key service providers may include, among other procedures, interviews of service provider personnel, reviews of documents (e.g., SOC 1 Reports, pricing reports) and periodic on-site meetings.

Legal and structuring review[1]

Experienced attorneys and paralegals on our Operational Due Diligence Team (assisted, as necessary, by other professionals in the Legal Department and/or by outside counsel) review all relevant documentation relating to a prospective investment. The document review process seeks to ensure that the governing documents for the prospective investment reflect the business arrangement and have appropriate protective provisions. GCM Grosvenor may also often seek to negotiate side letter agreements with investment managers that clarify and/or modify the terms and conditions of a prospective investment.

Portfolio Construction and Diversification[2]

GCM Grosvenor will seek to construct a well-diversified portfolio, while ensuring quality of individual investments and adhering to the Program's investment policies and guidelines. This is likely to involve the selection of appropriate risk-adjusted fund investments and co-investments in line with agreed upon strategy and portfolio construction guidelines and actively monitoring market changes throughout the investment period and employing a dynamic investment strategy allocation reflecting the prevailing market conditions.

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[1] The Legal Team does not represent or provide legal services to clients. **None of the services described herein shall be construed as legal or tax advice, nor does GCM Grosvenor provide such advice.** Each client should obtain legal and tax advice based on its particular circumstances from its own legal and tax advisors and should not rely on any information provided by GCM Grosvenor as a substitute for legal or tax advice.

[2] **No assurance can be given that any investment will achieve its objectives or avoid losses.**

We will work with SDCERS to understand key priorities/investment parameters in separate account construction and diversify the portfolio across various parameters to potentially mitigate investment risk. Portfolio risk can be reduced through appropriate diversification by sector, strategy, vintage year, and geography. Investments will be paced in a systematic way over multiple years to avoid concentration of investments in any single year. GCM Grosvenor will seek to deliver a well-diversified portfolio while ensuring quality of individual investments.[1]

Investment Constraints[1]

As previously described, the GCM Grosvenor investment team will take a disciplined but opportunistic approach to the development of the Fund and weight the portfolio towards investment categories that are, in our view, able to generate the most attractive investment opportunities. The Fund will generally adhere to the following constraints as outlined below:

Structural Guidelines

The Program's share in a single partnership, once the partnership has closed to new investments, shall not exceed 33% of any partnership's total commitments from all limited partners without prior discussions and/or approval from SDCERS.

Types of Investment Vehicles

The Program will generally invest in two types of commonly used investment vehicles: limited partnerships and limited liability companies. These vehicles are widely used and accepted in the Limited Partner community. GCM Grosvenor will review and negotiate legal documentation for each investment made on behalf of the Fund. In addition, the Program will not invest in any pooled investment vehicle that invests primarily in public securities, options contracts, futures contracts or securities the value of which are based upon or derived from securities indices, reference rates, other securities, commodities or other assets (i.e., entities referred to in the private investment fund industry as "hedge funds"), unless directed by or prior approval has been received from SDCERS.

Prohibited Investments

GCM Grosvenor will seek to avoid making commitments to funds that may make investments involving hostile takeovers that are opposed by the Board of Directors of the target company. Additionally, the use of derivative instruments is not permitted to the extent that they expose the Fund to new risks not associated with the original intent of the investment. These limitations will also be applied to co-investment opportunities. Additionally, the Program will not invest in the following two types of securities 1) real estate, except to the extent any Portfolio Entity has an interest in real estate as a necessary consequence of its primary business purpose (which primary purpose shall not be investing in real estate) and 2) publicly traded securities in the open market (including, without limitation, securities available in the over-the-counter market or that are listed on a securities exchange), unless consented to by SDCERS. For the avoidance of doubt, the Program may own public securities that were acquired through a private investment in a company that eventually was listed on a public stock exchange.

Monitoring and Reporting

The GCM Grosvenor team gathers information regarding the status of investments through regular discussions with fund managers, attendance at annual meetings and Limited Partner Advisory Board participation and will seek to share this information with SDCERS on a periodic basis. GCM Grosvenor will issue portfolio update reports both on an annual and quarterly basis. Quarterly reporting is meant to alert SDCERS to potential realizations and adverse developments as well as provide timely updates on the performance of unrealized investments. The General Partner will outline which investments are performing above, at, or below expectations, and carefully note any investments that may potentially indicate any cause for concern. Qualitative issues such as significant

[1] Risk management, diversification and due diligence processes seek to mitigate, but cannot eliminate risk, nor do they imply low risk. **No assurance can be given that any investment will achieve its objectives or avoid losses.**

personnel changes or portfolio company events may also be noted if deemed material to the performance of the investment.

Drawdowns and Distribution Forecasts

The SDCERS investment staff, in conjunction with the GCM Grosvenor team, will provide a forecast of upcoming cash drawdowns and potential cash distributions on an annual basis, unless otherwise requested by SDCERS on an ad hoc basis.

Performance Reporting to SDCERS

Performance reports shall include the critical elements necessary to assess the health and performance of the Fund's investments. GCM Grosvenor will continue to work with SDCERS investment staff to implement appropriate monitoring and performance reporting procedures for the GCM Grosvenor Pacific Private Equity Program.

Performance Reporting to SDCERS' Board

GCM Grosvenor and the SDCERS investment staff shall report to the Board at least yearly on the status of investments currently held in the portfolio. Reports shall include, but not be limited to, such items as follows:

1. The general investment environment and opportunities coming to the private equity markets
2. Allocations made across different industries and sub-classes of private equity
3. An assessment of future outcomes of the investments held
4. Summary of investment portfolio performance, along with an update on overall market performance
5. New commitments made since the last report
6. Summary of drawdowns and distributions

5 Conclusion[1]

GCM Grosvenor will continue to dedicate significant resources toward ensuring that a high quality, globally diversified private equity program is constructed for SDCERS. The Program's investment parameters have been designed to create a set of investments that are well positioned to capitalize on current market conditions and may be modified in collaboration with SDCERS staff throughout the life of the program. At the same time, GCM Grosvenor and the SDCERS staff will seek to make commitments that are designed to create substantial value over the long term for SDCERS. Finally, we will employ in-depth risk management and monitoring techniques that serve to ensure that the Program meets SDCERS' needs on an ongoing basis, and that SDCERS staff are fully aware of any relevant portfolio-related information.

[1] **No assurance can be given that any investment will achieve its objectives or avoid losses.**

Notes and Disclosures

This report is being provided by Grosvenor Capital Management, L.P. and/or GCM Customized Fund Investment Group, L.P. (together with their affiliates, "GCM Grosvenor"). GCM Grosvenor and its predecessors have been managing investment portfolios since 1971. While GCM Grosvenor's business units share certain operational infrastructure, each has its own investment team and investment process, and is under no obligation to share with any other business unit any investment opportunities it identifies.

The information contained in this report ("GCM Information") relates to GCM Grosvenor, to one or more investment vehicles/accounts managed or advised by GCM Grosvenor (the "GCM Funds") and/or to one or more investment vehicles/accounts ("Underlying Funds") managed or advised by third-party investment management firms ("Investment Managers"). **GCM Information is general in nature and does not take into account any investor's particular circumstances. GCM Information is neither an offer to sell, nor a solicitation of an offer to buy, an interest in any GCM Fund. Any offer to sell or solicitation of an offer to buy an interest in a GCM Fund must be accompanied by such GCM Fund's current confidential offering or risk disclosure document ("Fund Document").** All GCM Information is subject in its entirety to information in the applicable Fund Document. Please read the applicable Fund Document carefully before investing. **Except as specifically agreed, GCM Grosvenor does not act as agent/broker for prospective investors. An investor must rely on its own examination in identifying and assessing the merits and risks of investing in a GCM Fund or Underlying Fund (together, "Investment Products").**

A summary of certain risks and special considerations relating to an investment in the GCM Fund(s) discussed in this report is set forth below. A more detailed summary of these risks is included in the relevant Part 2A for the GCM Grosvenor entity (available at: http://www.adviserinfo.sec.gov). **Regulatory Status-** neither the GCM Funds nor interests in the GCM Funds have been registered under any federal or state securities laws, including the Investment Company Act of 1940. Investors will not receive the protections of such laws. **Market Risks-** the risks that economic and market conditions and factors may materially adversely affect the value of a GCM Fund. **Illiquidity Risks-** Investors in GCM Funds have either very limited or no rights to redeem or transfer interests. Interests are not traded on any securities exchange or other market. **Strategy Risks-** the risks associated with the possible failure of the asset allocation methodology, investment strategies, or techniques used by GCM Grosvenor or an Investment Manager. GCM Funds and Underlying Funds may use leverage, which increases the risks of volatility and loss. The fees and expenses charged by GCM Funds and Underlying Funds may offset the trading profits of such funds. **Valuation Risks-** the risks relating to the fact that valuations of GCM Grosvenor funds may differ significantly from the eventual liquidation values, and that investors may be purchasing/redeeming on such potentially inaccurate valuations. **Tax Risks-** the tax risks and special tax considerations arising from the operation of and investment in pooled investment vehicles. **Institutional Risks-** the risks that a GCM Fund could incur losses due to failures of counterparties and other financial institutions. **Manager Risks-** the risks associated with investments with Investment Managers. **Structural and Operational Risks-** the risks arising from the organizational structure and operative terms of the relevant GCM Fund and the Underlying Funds. **Cybersecurity Risks-** technology used by GCM Grosvenor could be compromised by unauthorized third parties. **Foreign Investment Risk-** the risks of investing in non-U.S. Investment Products and non-U.S. Dollar currencies. **Concentration Risk-** GCM Funds may make a limited number of investments that may result in wider fluctuations in value and the poor performance by a few of the investments could severely affect the total returns of such GCM Funds. In addition, GCM Grosvenor and the Investment Managers are subject to certain actual and potential conflicts of interest. An investment in an Underlying Fund may be subject to similar and/or substantial additional risks and an investor should carefully review an Underlying Fund's risk disclosure document prior to investing.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS, AND THE PERFORMANCE OF EACH INVESTMENT PRODUCT COULD BE VOLATILE. AN INVESTMENT IN AN INVESTMENT PRODUCT IS SPECULATIVE AND INVOLVES SUBSTANTIAL RISK (INCLUDING THE POSSIBLE LOSS OF THE ENTIRE INVESTMENT). NO ASSURANCE CAN BE GIVEN THAT ANY INVESTMENT PRODUCT WILL ACHIEVE ITS OBJECTIVES OR AVOID SIGNIFICANT LOSSES.

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GCM Information may not include the most recent month of performance data of Investment Products; such performance, if omitted, is available upon request. Interpretation of the performance statistics (including statistical methods), if used, is subject to certain inherent limitations. GCM Grosvenor does not believe that an appropriate absolute return benchmark currently exists and provides index data for illustrative purposes only. Except as expressly otherwise provided, the figures for each index are presented in U.S. dollars. The figures for any index include the reinvestment of dividends or interest income and may include "estimated" figures in circumstances where "final" figures are not yet available. Indices shown are unmanaged and are not subject to fees and expenses typically associated with investment vehicles/accounts. Certain indices may not be "investable."

GCM Grosvenor considers numerous factors in evaluating and selecting investments, and GCM Grosvenor may use some or all of the processes described herein when conducting due diligence for an investment. Assets under management for hedge fund investments include all subscriptions to, and are reduced by all redemptions from, a GCM Fund effected in conjunction with the close of business as of the date indicated. Assets under management for private equity, real estate, and infrastructure investments include the net asset value of a GCM Fund and include any unallocated investor commitments during a GCM Fund's commitment period as well as any unfunded commitments to underlying investments as of the close of business as of the date indicated. GCM Grosvenor may classify Underlying Funds as pursuing particular "strategies" or "sub-strategies" (collectively, "strategies") using its reasonable discretion; GCM Grosvenor may classify an Underlying Fund in a certain strategy even though it may not invest all of its assets in such strategy. If returns of a particular strategy or Underlying Fund are presented, such returns are presented net of any fees and expenses charged by the relevant Underlying Fund(s), but do not reflect the fees and expenses charged by the relevant GCM Fund to its investors/participants.

GCM Information may contain exposure information that GCM Grosvenor has estimated on a "look through" basis based upon: (i) the most recent, but not necessarily current, exposure information provided by Investment Managers, or (ii) a GCM Grosvenor estimate, which is inherently imprecise. GCM Grosvenor employs certain conventions and methodologies in providing GCM Information that may differ from those used by other investment managers. GCM Information does not make any recommendations regarding specific securities, investment strategies, industries or sectors. Risk management, diversification and due diligence processes seek to mitigate, but cannot eliminate risk, nor do they imply low risk. To the extent GCM Information contains "forward-looking" statements, such statements represent GCM Grosvenor's good-faith expectations concerning future actions, events or conditions, and can never be viewed as indications of whether particular actions, events or conditions will occur. All expressions of opinion are subject to change without notice in reaction to shifting market, economic, or other conditions. Additional information is available upon request.

Estimates and Projections: Estimates and projections are hypothetical in nature and are shown for illustrative, informational purposes only. **This material is not intended to forecast, predict, or project future performance.** It does not reflect the actual or expected returns or risk profile of any GCM Grosvenor Fund ("GCM Fund") or strategy pursued by any GCM Fund, and does not guarantee future results.

Estimates and projections are:
- based solely upon the firm's view of the potential returns and risk parameters for a GCM Fund or strategy pursued by a GCM Fund;
- not meant to forecast, predict or project the returns or risk parameters for any GCM Fund or any strategy pursued by any GCM Fund; and
- subject to numerous assumptions including, but not limited to, observed and historical market returns relevant to certain investments, an asset class, projected cash flows, projected future valuations of target assets and businesses, other relevant market dynamics (including interest rate and currency markets), anticipated contingencies, and regulatory issues.

Certain of the assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions made have been stated or fully considered. Changes in the assumptions may have a material impact on the estimates and projections presented. Estimates and projections may be shown before fees, transactions costs and taxes and do not account for the effects of inflation. Management fees, transaction costs, and potential expenses may not be considered and would reduce estimates and projections and affect parameters. Actual results experienced by clients may vary significantly from the estimates and projections shown. **Estimates And Projections May Not Materialize.**