

May 27, 2025

The Honorable Ben Gilmore
State Senator
Arkansas Legislative Council Co-Chair
State Capitol, Room 315
Little Rock, AR 72201

The Honorable Les Eaves
State Representative
Arkansas Legislative Council Co-Chair
State Capitol, Room 315
Little Rock, AR 72201

Re: Arkansas Public Employees Retirement System (APERS) Investment for Review under Act 1211 of 2009

Senator Gilmore and Representative Eaves:

In accordance with Act 1211 of 2009, APERS is providing investment summaries for the Arkansas Legislative Council to review. Attached to this letter are executive summaries detailing APERS' partial equity ownership in the investments.

The APERS Board of Trustees is retaining and investing in the following Secondary Infrastructure strategies: Partners Group Infrastructure Secondary (USA), Ares Secondaries Infrastructure Solutions III, HarbourVest Infrastructure Opportunities Fund III, and Pantheon Global Infrastructure Fund V. The investments were vetted and recommended by the investment consultant, in consultation with the investment staff. APERS is targeting a commitment of \$100 million for each strategy.

Please do not hesitate to contact me directly if you require additional information or have further questions.

Sincerely,



Amy Fecher

Secondary Infrastructure Investment Executive Summary

Investment Partners Group Infrastructure Secondary (USD) A, L.P (the "Fund")

Managing Party Partners Group, LLC (the "General Partner" or "GP")

APERS Legal Interest APERS will be a Limited Partner ("LP")

Report Date May 30, 2025

Expected Funding Date Beginning mid to late 2025

APERS Commitment & Reason for Entry A commitment of \$100 million will be necessary to achieve a \$60 to \$65 million Net Asset Value target allocation within the APERS' Real Assets investments. The fund was vetted and recommended by the APERS Real Estate consultant.

Placement Agent No placement agent was utilized.

Key Terms

Management Fee: The fund charges a management fee of 0.90% on committed capital during the investment period, then after five years it changes to 0.90% charged on NAV + unfunded commitments.

Carried Interest: After an 8.00% hurdle is achieved the General Partner receives a 12.5% performance fee. There is a one-time charge of 0.15%.

Justification of Investment Term & Anticipated Termination Date The investment is a "secondary infrastructure" investment strategy and the life of the investment could extend out to ten years.

Investment Strategy The strategy seeks to provide liquidity to managers of infrastructure investments on the secondary market and potentially acquiring assets at relatively attractive prices. The fund's goal is to provide diversified, low-risk exposure to the private infrastructure asset class.

Management Team The primary investment strategy team members are Ester Peiner (Partner, Global Head); Ed Diffendal (Partner, Co-Head Americas); Tood Bright (Partner, Co-Head Americas)

Historical Performance Partners Group has been investing in infrastructure secondaries for 20 years. Since inception net IRR is 15.4%; the 1-year net IRR is 19.0%; the 5-year net IRR is 15.5%, and the 10-year net IRR is 14.5%

* Historical returns are not indicative of future performance

Secondary Infrastructure Investment Executive Summary

Investment	Ares Secondaries Infrastructure Solutions III, ("ASIS III" or the "Fund")
Managing Party	Ares Management LLC (the "General Partner" or "GP")
APERS Legal Interest	APERS will be a Limited Partner ("LP")
Report Date	May 30, 2025
Expected Funding Date	Beginning mid to late 2025
APERS Commitment & Reason for Entry	A commitment of \$100 million will be necessary to achieve a \$60 to \$65 million Net Asset Value target allocation within the APERS' Real Assets investments. The fund was vetted and recommended by the APERS Real Estate consultant.
Placement Agent	No placement agent was utilized.
Key Terms	<p><u>Management Fee</u>: The fund charges a management fee of 1.00% on committed capital during the investment period, then the next four years is 1.00% of invested capital, and thereafter is 1.00% of reported value.</p> <p><u>Carried Interest</u>: After a 7.00% hurdle is achieved the General Partner receives a 12% performance fee with full catch-up.</p>
Justification of Investment Term & Anticipated Termination Date	The investment is a "secondary infrastructure" investment strategy and the life of the investment could extend out to ten years.
Investment Strategy	The strategy seeks to provide liquidity to managers of infrastructure investments on the secondary market, and potentially acquiring assets at relatively attractive prices. ASIS III program's goal is to provide diversified, low-risk exposure to the private infrastructure asset class.
Management Team	The primary investment strategy team members includes: Edward Keith (Head of Infra. Secondaries); and Michelle Creed (Co-Head of RE Secondaries)
Historical Performance	SREP I & II was \$365 million and had a net IRR of 22.8%; SREP III was \$1.25 billion and a net IRR of 11.3%; SREP IV was \$2.13 billion and had a net IRR of 16.1%
	* Historical returns are not indicative of future performance

Secondary Infrastructure Investment Executive Summary

Investment	HarbourVest Infrastructure Opportunities Fund III ("IOF III" the "Fund")
Managing Party	HarbourVest Partners, LLC (the "General Partner" or "GP")
APERS Legal Interest	APERS will be a Limited Partner ("LP")
Report Date	May 30, 2025
Expected Funding Date	Beginning mid to late 2025
APERS Commitment & Reason for Entry	A commitment of \$100 million will be necessary to achieve a \$65 to \$70 million Net Asset Value target allocation within the APERS' Real Assets investments. The fund was vetted and recommended by the APERS Real Estate consultant.
Placement Agent	No placement agent was utilized.
Key Terms	<p><u>Management Fee</u>: The fund will charge a management fee of 0.34% on committed capital during the investment period, then after five years it changes to 0.90% charged on NAV + unfunded commitments.</p> <p><u>Carried Interest</u>: After an 8.00% hurdle is achieved the General Partner receives a 12.5% performance fee with general partner catch-up.</p>
Justification of Investment Term & Anticipated Termination Date	The investment is a "secondary infrastructure" investment strategy and the life of the investment could extend out to ten years. The G.P. has the option of four 1-year extensions.
Investment Strategy	The strategy seeks to provide liquidity to managers of infrastructure investments on the secondary market and potentially acquiring assets at relatively attractive prices. ASIS III program's goal is to provide diversified, low-risk exposure to the private infrastructure asset class.
Management Team	The primary investment strategy team members are Dan Buffery (Managing Director); Michael Dean (Managing Director); and Tim Flower (Managing Director)
Historical Performance	IOF III is the third Infrastructure Opportunities Fund for HarbourVest. IOF I from 2016 net IRR as of Sept. 2024 was 6.4%. IOF II from 2019 net IRR is 21.7%

* Historical returns are not indicative of future performance

Secondary Infrastructure Investment Executive Summary

Investment	Pantheon Global Infrastructure Fund V ("IOF III" the "Fund")
Managing Party	Pantheon Group, LLC (the "General Partner" or "GP")
APERS Legal Interest	APERS will be a Limited Partner ("LP")
Report Date	May 30, 2025
Expected Funding Date	Beginning mid to late 2025
APERS Commitment & Reason for Entry	A commitment of \$100 million will be necessary to achieve a \$60 to \$65 million Net Asset Value target allocation within the APERS' Real Assets investments. The fund was vetted and recommended by the APERS Real Estate consultant.
Placement Agent	No placement agent was utilized.
Key Terms	<p><u>Management Fee</u>: The fund will charge a management fee of 0.875% on aggregate LP commitments during the 5-year commitment period; 0.875% on the lesser of (a) investment cost plus unfunded investment obligations or (b) portfolio asset value.</p> <p><u>Carried Interest</u>: After an 8.00% hurdle is achieved the General Partner receives a 10.0% carried interest subject to preferred return and 75% GP catch-up.</p>
Justification of Investment Term & Anticipated Termination Date	The investment is a "secondary infrastructure" investment strategy and the life of the investment could extend out to ten years.
Investment Strategy	The strategy seeks to provide liquidity to managers of infrastructure investments on the secondary market and potentially acquiring assets at relatively attractive prices. ASIS III program's goal is to provide diversified, low-risk exposure to the private infrastructure asset class.
Management Team	The primary investment strategy team members are Dan Buffery (Managing Director); Michael Dean (Managing Director); and Tim Flower (Managing Director)
Historical Performance	Pantheon has a long track record and the Fund will be the fourth secondary infrastructure fund for Pantheon. PGIF I returned a net IRR of 10.8%. PGIF II returned a net IRR of 10.2%. PGIF III returned a net IRR of 11.7%. PGIF IV has a net IRR return of 14.2%.
	* Historical returns are not indicative of future performance