



JUNE 30, 2021

NEW MEXICO EDUCATIONAL RETIREMENT  
BOARD INFRASTRUCTURE PROGRAM

SECOND QUARTER REPORT

**CBRE**  
CALEDON

# NEW MEXICO EDUCATIONAL RETIREMENT BOARD

## SECOND QUARTER REPORT

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# EXECUTIVE SUMMARY

The following report presents a summary of the portfolio composition and returns for the infrastructure investment portfolio ("Portfolio") of the New Mexico Educational Retirement Board ("NMERB"). The Portfolio was established in July 2008. All data presented below are as of June 30, 2021.

## PORTFOLIO SUMMARY

Portfolio Fair Value	\$509,819,660
Unfunded Commitments	\$246,347,120
Total Exposure (Fair Value plus Unfunded Commitments)	\$756,166,780
Portfolio Inception Date	July 2008
Total Number of Fund Investments	13
Total Number of Direct Investments <sup>1</sup>	22
Net Internal Rate of Return ("IRR") Since Inception <sup>2</sup>	7.2%

<sup>1</sup> Direct investments held through Caledon Andromeda Investments, Caledon Andromeda Investments II and CBRE Caledon Andromeda Investments III.

<sup>2</sup> Since inception Internal Rate of Returns are calculated using New Mexico Educational Retirement Board cash flows and prevailing foreign exchange rates at the time of contributions and distributions and may therefore be different than the return reported by the Manager.

## CURRENT COMMITMENTS

Investment	Vintage Year	Local Currency	Commitment (Local)	Commitment (USD)	Gross IRR <sup>2</sup>	Net IRR <sup>2</sup>
Gateway Infrastructure Investments	2008	USD	42,647,060	42,647,060	(0.9%)	(2.8%)
Alinda Infrastructure Fund II	2008	USD	50,000,000	50,000,000	5.5%	2.4%
Alterna Core Capital Assets Fund	2009	USD	55,000,000	55,000,000	6.8%	3.4%
Stonepeak Infrastructure Fund	2012	USD	40,000,000	40,000,000	12.6%	9.5%
EQT Infrastructure II <sup>3</sup>	2012	EUR	30,000,000	35,589,277	22.1%	16.2%
Alterna Core Capital Assets Fund II	2012	USD	25,000,000	25,000,000	6.5%	2.6%
ISQ Global Infrastructure Fund	2014	USD	50,000,000	50,000,000	20.8%	16.3%
Stonepeak Infrastructure Fund II	2015	USD	50,000,000	50,000,000	16.9%	14.9%
ISQ Global Infrastructure Fund II	2018	USD	50,000,000	50,000,000	22.2%	16.0%
Stonepeak Infrastructure Credit Fund I	2018	USD	50,000,000	50,000,000	10.1%	10.1%
Stonepeak Infrastructure Fund III	2018	USD	50,000,000	50,000,000	27.0%	23.1%
Global Diversified Infrastructure Fund	2019	USD	40,000,000	40,000,000	10.1%	10.0%
Stonepeak Infrastructure Fund IV	2020	USD	50,000,000	50,000,000	NM	NM
<b>TOTAL FUND INVESTMENTS</b>				<b>\$588,236,337</b>	<b>9.0%</b>	<b>6.2%</b>
Caledon Andromeda Investments	2013	USD	85,000,000	85,000,000	10.4%	8.8%
Caledon Andromeda Investments II	2016	USD	100,000,000	100,000,000	14.4%	13.3%
CBRE Caledon Andromeda Investments III	2020	USD	100,000,000	100,000,000	NM	NM
<b>TOTAL DIRECT INVESTMENTS</b>				<b>\$285,000,000</b>	<b>11.7%</b>	<b>10.3%</b>
<b>TOTAL PORTFOLIO</b>				<b>\$873,236,337</b>	<b>9.7%</b>	<b>7.2%</b>

<sup>2</sup> Since inception Internal Rate of Returns are calculated using New Mexico Educational Retirement Board cash flows and prevailing foreign exchange rates at the time of contributions and distributions and may therefore be different than the return reported by the Manager. Due to early portfolio development, the Gross Multiple and the Gross IRR may not be meaningful ("NM").

<sup>3</sup> EUR commitment comprised of drawn commitment at actual funded USD plus unfunded commitment converted to USD per Bloomberg June 30, 2021 closing rate (\$1.186/EUR).

## FUNDING STATUS

Investment	Commitment	Drawn Commitment <sup>4</sup>	Unfunded Commitment <sup>5</sup>	Distributions Received	Fees and Expenses
TOTAL PORTFOLIO	\$873,236,337	\$626,889,217	\$246,347,120	\$506,084,092	\$58,162,517

<sup>4</sup>Drawn commitment at actual funded USD amounts net of recallable distribution.

<sup>5</sup>Unfunded commitment includes recyclable capital and may therefore not equal commitment minus capital contribution. While Gateway Infrastructure's investment period has ended, it can continue to call capital for follow-on investments and management fees.

## MANAGEMENT FEES

Investment	Since Inception Through Q1 – 2021	Q2 – 2021	Since Inception Through Q2 – 2021
Gateway Infrastructure Investments	4,279,633	51,258	4,330,891
Alinda Infrastructure Fund II	7,670,057	11,040	7,681,097
Alterna Core Capital Assets Fund	6,893,417	-	6,893,417
Stonepeak Infrastructure Fund	3,452,518	69,831	3,522,349
EQT Infrastructure II	4,065,327	-	4,065,327
Alterna Core Capital Assets Fund II	3,026,814	-	3,026,814
ISQ Global Infrastructure Fund	3,097,265	-	3,097,265
Stonepeak Infrastructure Fund II	2,170,052	116,863	2,286,915
ISQ Global Infrastructure Fund II	1,760,427	-	1,760,427
Stonepeak Infrastructure Credit Fund I	-	-	-
Stonepeak Infrastructure Fund III	1,452,246	193,856	1,646,102
Global Diversified Infrastructure Fund <sup>8</sup>	403,056	66,252	469,308
Stonepeak Infrastructure Fund IV	285,000	168,750	453,750
<b>TOTAL FUND INVESTMENTS</b>	<b>\$38,555,812</b>	<b>\$677,850</b>	<b>\$39,233,662</b>
Caledon Andromeda Investments	2,698,031	91,915	2,789,946
Caledon Andromeda Investments II	1,693,989	104,818	1,798,807
CBRE Caledon Andromeda Investments III	100,546	98,630	199,176
<b>TOTAL DIRECT INVESTMENTS</b>	<b>4,492,566</b>	<b>295,363</b>	<b>4,787,929</b>
<b>TOTAL PORTFOLIO</b>	<b>\$43,048,378</b>	<b>\$973,213</b>	<b>\$44,021,591</b>

<sup>8</sup> Global Diversified Infrastructure Fund does not call capital for management fees. Instead management fees are paid out of distributions. These amounts reflect the management fees incurred to date.

# PORTFOLIO CASH FLOWS AND PERFORMANCE

## TOTAL PORTFOLIO INVESTMENT ACTIVITY STATEMENT

Period	Beginning Valuation	Total Contribution	Return of Capital	Capital Gain/ (Loss)	Dividends/ Income	Total Distribution	Change in NAV	Ending Valuation	Mgmt Fees	Other Expenses	Total Fee/Exp
2008	-	15.8	0.1	-	-	0.1	(1.2)	14.5	0.6	0.4	1.0
2009	14.5	47.8	12.4	-	0.4	12.8	1.8	51.3	2.3	0.5	2.8
2010	51.3	19.5	3.3	-	0.7	4.0	2.5	69.3	2.3	0.3	2.6
2011	69.3	46.8	12.2	-	1.5	13.7	3.0	105.4	2.8	0.2	3.0
2012	105.4	20.1	5.0	0.4	4.3	9.7	(4.4)	111.4	2.5	0.8	3.3
2013	111.4	27.6	8.7	-	6.3	15.0	0.9	124.9	3.9	0.4	4.3
2014	124.9	31.6	14.5	9.2	3.5	27.2	10.4	139.7	3.4	1.4	4.8
2015	139.7	78.6	11.5	1.2	6.0	18.7	9.6	209.2	4.2	1.7	5.9
2016	209.2	112.0	31.3	15.0	7.9	54.2	32.3	299.3	3.7	1.5	5.2
2017	299.3	90.6	43.3	13.6	9.3	66.2	29.0	352.7	3.7	1.0	4.7
2018	352.7	91.7	47.6	12.9	9.0	69.5	25.7	400.6	4.9	2.0	6.9
2019	400.6	131.5	75.7	42.2	7.4	125.3	48.7	455.5	4.5	2.2	6.7
2020	455.5	67.4	34.1	9.8	13.7	57.6	29.7	495.0	3.6	1.5	5.1
Q1 – 21	495.0	10.6	5.6	3.7	5.2	14.5	9.0	500.1	0.3	0.2	0.5
Q2 – 21	500.1	12.7	11.1	5.9	0.6	17.6	14.6	509.8	0.9	0.4	1.3
<b>TOTAL</b>		804.3	316.4	113.9	75.8	506.1	211.6	509.8	43.6	14.5	58.1

## SUMMARY OF PERFORMANCE

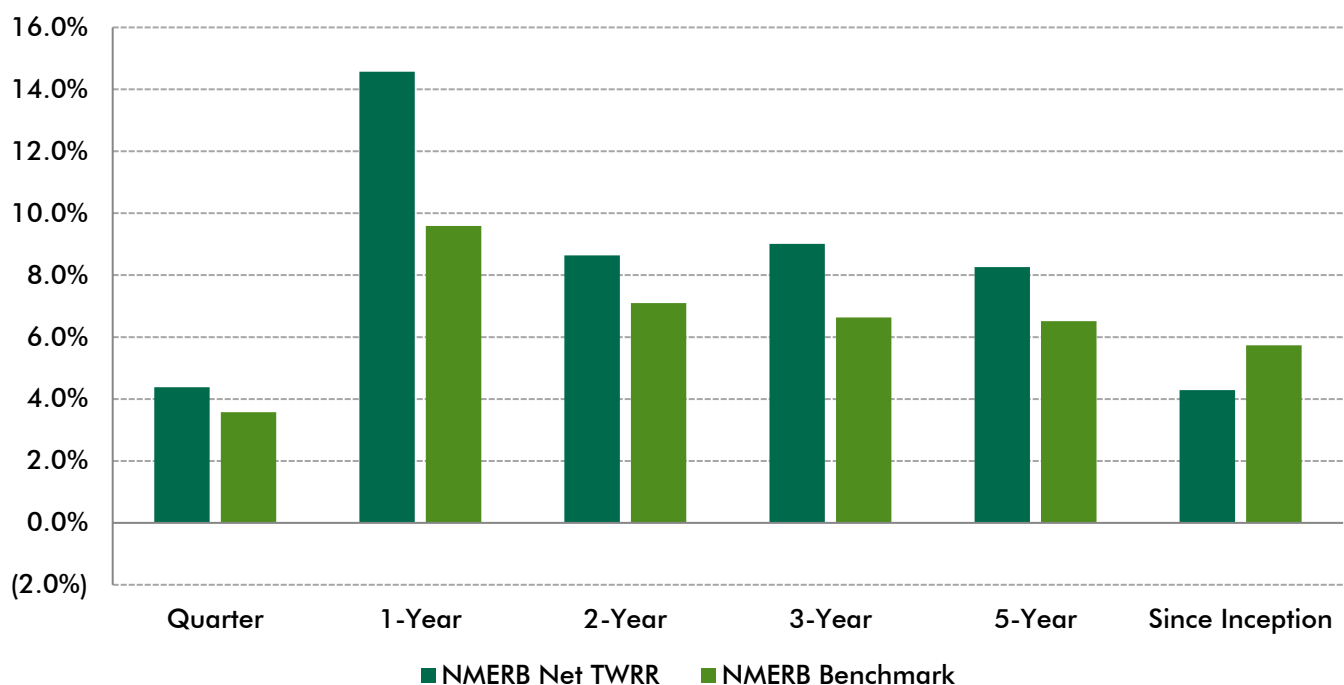
	Quarter	1-Year	2-Year	3-Year	5-Year	Since Inception
Time-Weighted						
Total Net Return	4.4%	14.6%	8.6%	9.0%	8.3%	4.3%
Dollar-Weighted						
Total Net IRR						7.2%

Note: Time-weighted net returns provided by NEPC, LLC

# PORTFOLIO RETURN VS. BENCHMARK

	NMERB Net TWRR	CPI + 400 bps	Outperformance/ (Underperformance)
Time-Weighted			
Quarter	4.4%	3.6%	0.8%
1-Year	14.6%	9.6%	5.0%
2-Year	8.6%	7.1%	1.5%
3-Year	9.0%	6.6%	2.4%
5-Year	8.3%	6.5%	1.8%
Since Inception	4.3%	5.7%	(1.4%)

Note: Time-weighted NMERB net returns provided by NEPC, LLC





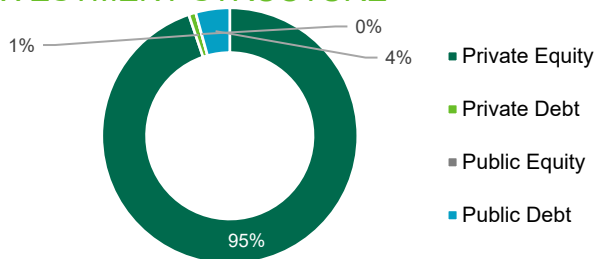
# INVESTMENT POLICY GUIDELINES

The NMERB adopted an Infrastructure Policy Statement in September 2007 and subsequently updated, most recently in March 2019. The policy statement sets out the investment guidelines and ranges that have been adopted by NMERB and to which the infrastructure portfolio must adhere. The guidelines have been adopted to ensure appropriate risk-adjusted returns are targeted and adequate diversification exists within the Portfolio.

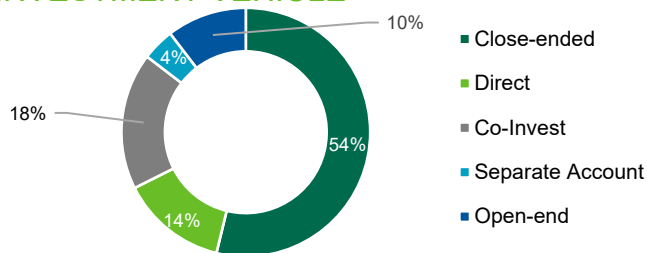
## PORTFOLIO INVESTMENT POLICY GUIDELINES

	Policy Guideline	Portfolio Actual
<b>INVESTMENT STRUCTURE</b>		
Private Equity	40% - 100%	94.8%
Private Debt	0% - 60%	0.9%
Public Equity	0% - 30%	-
Public Debt	0% - 20%	4.3%
<b>INVESTMENT VEHICLE</b>		
Open-End Funds	0% - 100%	10.4%
Closed-End Funds	20% - 100%	53.8%
Separate Accounts	0% - 30%	4.2%
Direct Co-Investments	0% - 50%	31.6%
<b>ASSET TYPE</b>		
Energy	0% - 60%	39.9%
Transportation	0% - 60%	15.6%
Utilities	0% - 60%	12.1%
Social Infrastructure	0% - 60%	1.2%
Other	0% - 40%	31.2%
<b>GEOGRAPHY</b>		
United States	0% - 100%	61.4%
Western Europe	0% - 70%	17.0%
Australia / NZ	0% - 50%	7.7%
Other OECD	0% - 50%	4.5%
Non-OECD	0% - 20%	9.4%

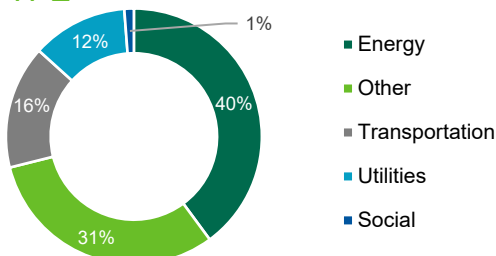
### INVESTMENT STRUCTURE



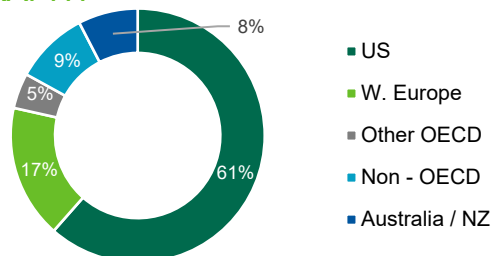
### INVESTMENT VEHICLE



### ASSET TYPE



### GEOGRAPHY





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