
NEW MEXICO EDUCATIONAL RETIREMENT BOARD

INFRASTRUCTURE PORTFOLIO

QUARTERLY PERFORMANCE MEASUREMENT

FIRST QUARTER

MARCH 31, 2011



CALEDON CAPITAL MANAGEMENT INC.

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TORONTO, ONTARIO M5H 3L5
CANADA

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 and all data presented below are as of March 31, 2011.

NEW MEXICO EDUCATIONAL RETIREMENT BOARD	
PORTFOLIO SUMMARY	
(for the period ended Mar. 31, 2011)	
Current Portfolio Market Value	\$87,402,698
Current Unfunded Investment Commitments	\$72,892,037
Current Market Value Plus Unfunded Commitments	\$160,294,735
Portfolio Inception Date	July, 2008
Total Number of Current Investments: Funds	3
Total Number of Current Investments: Direct	0
Net Internal Rate of Return (“IRR”) Since Inception	4.8%

NEW MEXICO EDUCATIONAL RETIREMENT BOARD			
CURRENT COMMITMENTS			
(for the period ended Mar. 31, 2011)			
<u>Investment</u>	<u>Commitment</u>	<u>Gross IRR¹</u>	<u>Net IRR¹</u>
Alinda Infrastructure Fund II	\$50,000,000	21.6%	6.9%
Alterna Core Capital Assets Fund	\$55,000,000	27.4%	15.8%
Citi Infrastructure Fund	\$50,000,000	3.6%	0.4%
Total	\$155,000,000	11.3%	4.8%

¹ Since inception. 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 Managers.

NEW MEXICO EDUCATIONAL RETIREMENT BOARD				
FUNDING STATUS				
(for the period ended Mar. 31, 2011)				
<u>Investment</u>	<u>Commitment</u>	<u>Capital Called</u>	<u>Distributions</u>	<u>Unfunded Commitments¹</u>
Total	\$155,000,000	\$100,113,446	\$18,936,983	\$72,892,037

² Unfunded commitments include recyclable capital and may therefore not equal commitments minus capital called.

Note: The foregoing investment information was prepared by the New Mexico Educational Retirement Board or its advisors or consultants solely for informational purposes and should not be relied on for any other purpose. Neither the investment's sponsor nor any of its affiliates (i) has reviewed, audited, verified, approved or sanctioned such information, or (ii) makes any representation or warranty regarding the completeness or accuracy of such information or the absence of miscalculations or errors from such information.

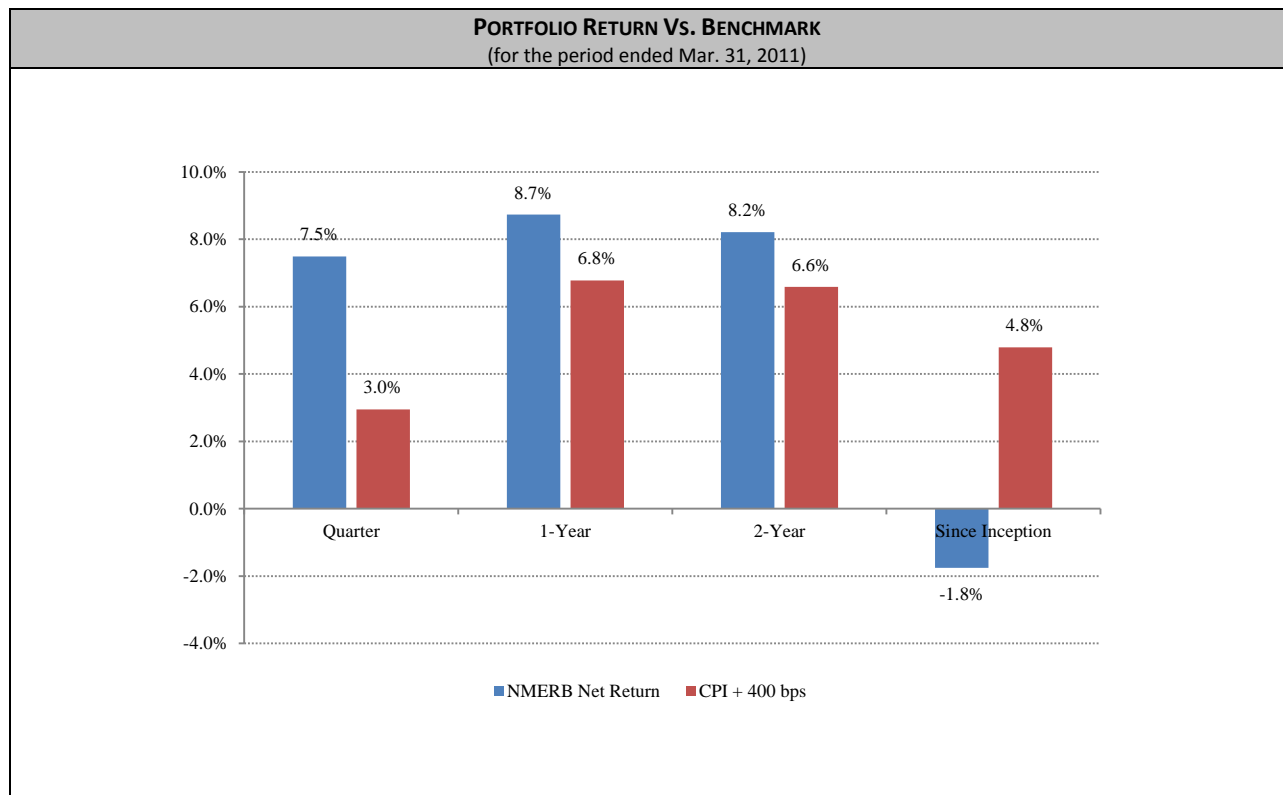
TOTAL PORTFOLIO												
INVESTMENT ACTIVITY STATEMENT (\$MILLIONS)												
(for the period ended Mar. 31, 2011)												
	A	B	Distributions			C	E = D-(A+B-C)	D				
Quarter	Beginning Valuation	Total Contribution	Return of Capital	Capital Gain/(Loss)	Dividends/Income	Total Distribution	Capital Appreciation/(Depreciation)	Ending Valuation	Management Fees	Other Expenses	Total Fees	
Q3 - 08	-	11.9	-	-	-	-	(1.4)	10.5	-	-	-	
Q4 - 08	10.5	3.9	0.1	-	0.0	0.1	0.2	14.5	0.6	0.1	0.7	
Q1 - 09	14.5	23.9	0.3	-	0.0	0.3	(4.2)	33.8	0.5	(0.0)	0.5	
Q2 - 09	33.8	1.9	0.2	-	0.1	0.3	1.3	36.7	0.2	(0.0)	0.2	
Q3 - 09	36.7	0.4	-	-	0.1	0.1	1.1	38.1	0.3	0.0	0.3	
Q4 - 09	38.1	21.7	12.0	-	0.1	12.1	3.6	51.3	1.5	0.1	1.6	
Q1 - 10	51.3	1.2	1.7	-	0.2	1.9	(1.1)	49.6	0.8	0.1	0.9	
Q2 - 10	49.6	2.8	0.0	-	0.2	0.2	(1.5)	50.7	0.5	0.1	0.6	
Q3 - 10	50.7	12.9	0.4	-	0.3	0.7	1.2	64.2	0.4	(0.0)	0.4	
Q4 - 10	64.2	2.5	1.1	-	0.1	1.2	3.8	69.3	0.7	0.0	0.7	
Q1 - 11	69.3	17.4	1.6	-	0.5	2.1	2.8	87.4	0.9	0.0	0.9	
Total		100.6	17.4	-	1.5	18.9	5.8		6.4	0.5	6.8	

SUMMARY OF PERFORMANCE						
(for the period ended Mar. 31, 2011)						
<u>Time-Weighted</u>	<u>Quarter</u>	<u>1-Year</u>	<u>2-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>Since Inception</u>
Total Net Return	7.5%	8.7%	8.2%	N.A.	N.A.	(1.8%)
<u>Dollar-Weighted</u>						
Total Net IRR						4.8%

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PORTFOLIO RETURN VS. BENCHMARK

PORTFOLIO RETURN VS. BENCHMARK (for the period ended Mar. 31, 2011)			
Time-Weighted	NMERB Net Return	CPI + 400 bps	Outperformance
Quarter	7.5%	3.0%	4.5%
1-Year	8.7%	6.8%	2.0%
2-Year	8.2%	6.6%	1.6%
5-Year	N.A.	N.A.	N.A.
Since Inception	(1.8%)	4.8%	(6.6%)



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INVESTMENT POLICY GUIDELINES

The New Mexico Educational Retirement Board adopted an Infrastructure Policy Statement in September 2007, as updated in the first quarter of 2012. 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.

NEW MEXICO EDUCATIONAL RETIREMENT BOARD PORTFOLIO INVESTMENT POLICY GUIDELINES (for the period ended Mar. 31, 2011)		
<u>Parameter</u>	<u>Policy Guideline</u>	<u>Portfolio Actual</u>
Investment Structure		
Private Equity	40% - 100%	93.6%
Private Debt	0% - 60%	6.4%
Public Equity	0% - 20%	-
Public Debt	0% - 10%	-
Investment Vehicle		
Open-End Funds	20% - 100%	-
Closed-End Funds	20% - 100%	100%
Public Infrastructure Securities	0% - 30%	-
Direct Co-Investment	0% - 30%	-
Diversification by Asset Type		
Energy	0% - 60%	40.5%
Transportation	0% - 60%	24.3%
Social Infrastructure	0% - 60%	-
Utilities	0% - 60%	19.3%
Other	0% - 40%	15.8%
Diversification by Geography		
United States	0% - 100%	53.6%
Western Europe	0% - 70%	44.6%
Australia	0% - 70%	-
Other OECD	0% - 50%	1.1%
Other Non-OECD	0% - 20%	0.6%
INVESTMENT STRUCTURE		INVESTMENT VEHICLE
<p>A pie chart illustrating the investment structure. The chart is divided into two segments: a large blue segment representing Private Equity at 93.6%, and a smaller red segment representing Private Debt at 6.4%.</p>		<p>A pie chart illustrating the investment vehicle. The chart consists of a single blue segment representing Closed-End Funds at 100%.</p>
ASSET TYPE		GEOGRAPHY
<p>A pie chart illustrating diversification by asset type. The chart is divided into four segments: Energy (40.5%, blue), Transportation (24.3%, red), Utilities (19.3%, green), and Other (15.8%, purple).</p>		<p>A pie chart illustrating diversification by geography. The chart is divided into four segments: United States (53.6%, blue), W. Europe (44.6%, red), Other OECD (1.1%, green), and Other Non-OECD (0.6%, purple).</p>