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EDUCATIONAL  
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BOARD

## New Mexico Educational Retirement Board

### Second Quarter 2011 Private Markets Review

October 11, 2011

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#### **Information Disclosure**

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- The Investment Performance Analysis is provided as a management aid for the client's internal use only. Portfolio performance reported in the Investment Performance Analysis does not constitute a recommendation by NEPC, LLC.
- Information in this report on market indices and security characteristics is received from sources external to NEPC, LLC. While efforts are made to ensure that this external data is accurate, NEPC, LLC cannot accept responsibility for errors that may occur.



October 11, 2011

Trustees  
**New Mexico Educational Retirement Board**  
 6201 Uptown Blvd.  
 Suite 204  
 Albuquerque, NM 87110

**RE:** Private Equity Strategy – 2<sup>nd</sup> Quarter 2011

Dear Trustees,

We are pleased to present the June 30, 2011 Private Equity Report for the New Mexico ERB, (ERB). The report provides a variety of performance analyses for the overall portfolio. The reports include trailing performance, performance by investment stage, performance by strategy, and vintage year performance.

The ERB experienced a positive quarter, earning a nominal IRR of 1.87% and a one year IRR of 16.87%. The annualized IRR of the private equity portfolio since inception was 7.66% at quarter end. Since inception, the Total Value to Paid In multiple (current valuation plus cumulative distributions, divided by total capital calls) was 1.16.

The following table presents the status of the ERB private markets portfolio as of June 30, 2011:

Commitment	Terminated Commitments	Amount Funded	Amount Distributed	Reported Value	Call Ratio	Distribution Ratio
\$944,658,512	\$0	\$398,236,844	\$59,839,201	\$407,757,643	42%	15%

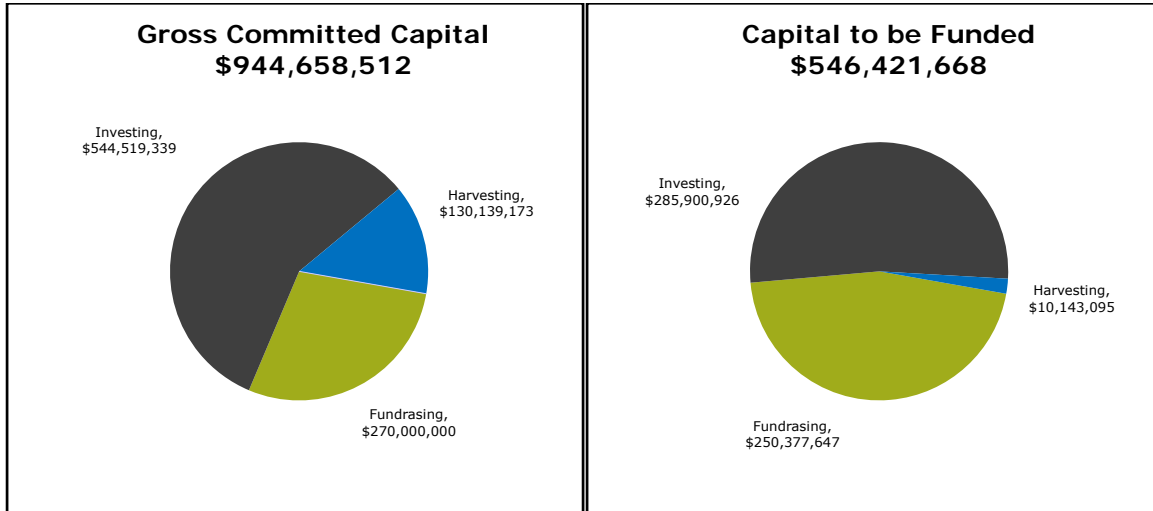
Unfunded Commitment	Market Exposure (Reported Value + Unfunded Commitment)	Total Fund Composite as of 6/30/2011	Private Markets Target	Reported Value of Total Fund	Market Exposure as a % Total Fund
\$546,421,668	\$954,179,311	\$9,514,884,711	10%	4.29%	10.03%

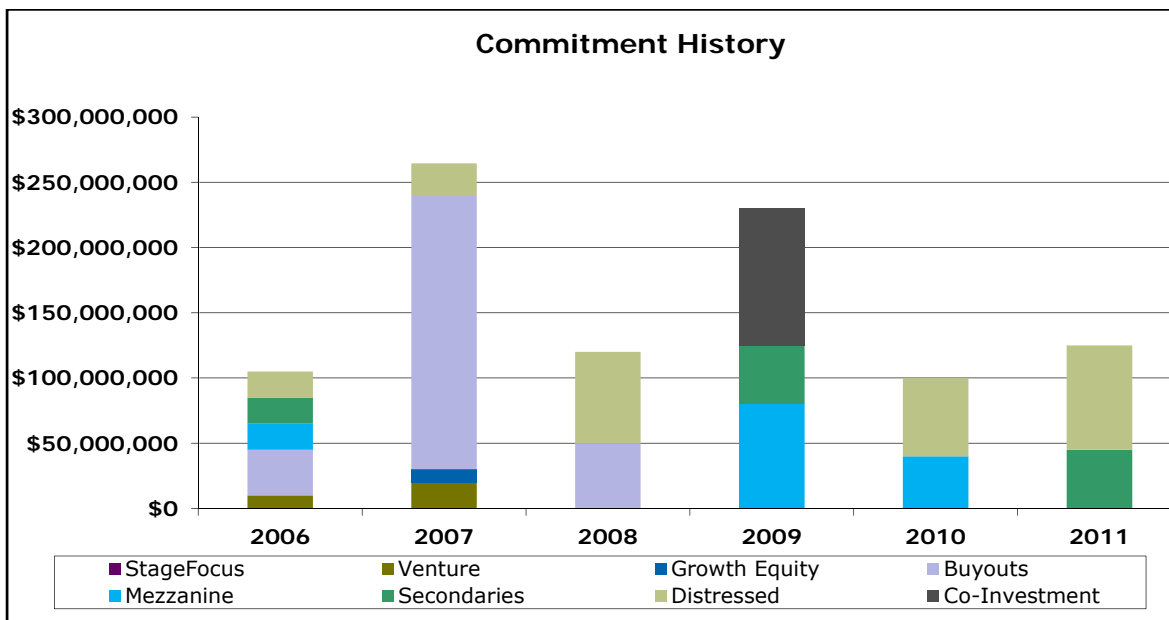
Total Value (Reported Value + Distributions)	Total Value To Capital Call Ratio	Internal Rate of Return IRR, Since Inception (June 2006 funding)
\$467,596,844	1.16	7.66%



At quarter end, the ERB had commitments totaling \$944.66 million to 31 private equity funds. Of the 31 funds, 7 funds are in the fundraising stage, 17 funds are in the investing stage and 7 funds are in the harvesting stage. The following charts illustrate the program's current life cycle.

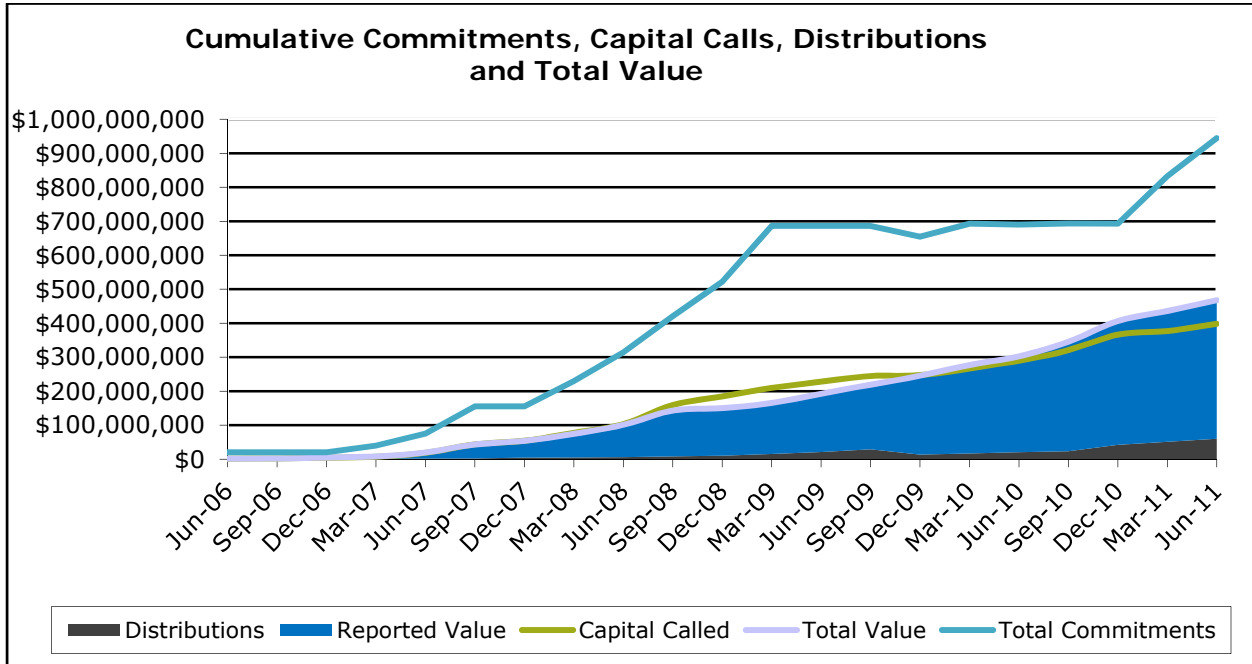


The following chart illustrates the commitment history of the private markets program through the quarter end:

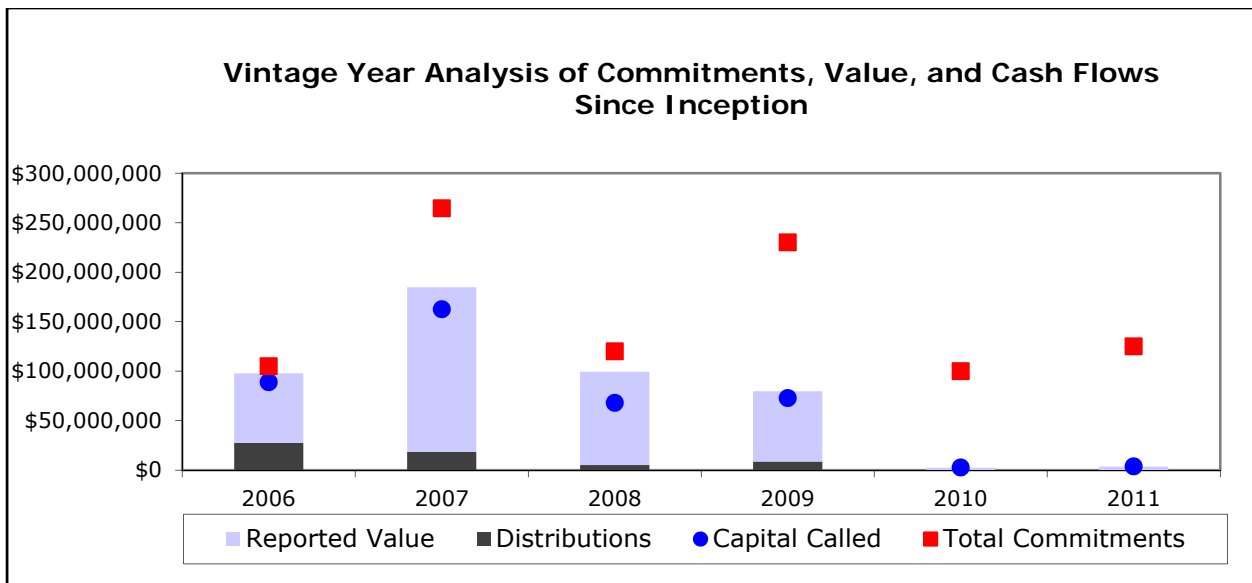




The following chart illustrates the cumulative commitment history, cumulative capital calls, cumulative distributions and reported value:



The following chart provides an analysis of the vintage year performance comparing the capital calls to the distributions and reported value.

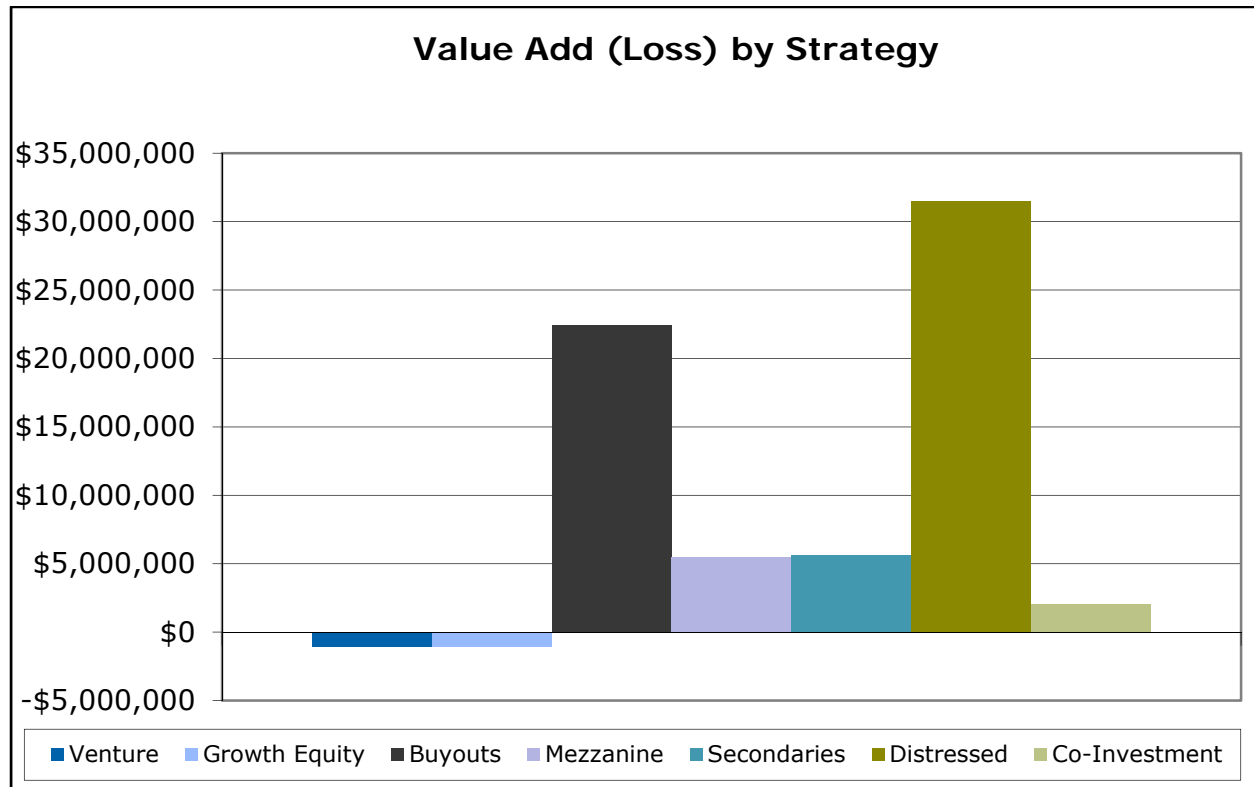




During the quarter-ended June 30, 2011 the ERB private markets portfolio funded 20 investments and received distributions from 11 funds. The summary of the cash flows is as follows:

Amount Funded for the Quarter	Number of Funds Calling Capital	Distributions for the Quarter	Number of Funds Making Distributions	Net Cash/Stock Flows for the Quarter
\$22,490,425	20	\$9,088,543	11	\$13,401,881

Since inception, the private markets program has gained \$64.83 million in value. The investment strategies adding value are Distressed, \$31.47 million; Mezzanine, \$5.45 million; Buyouts, \$22.39 million; Co-Investment, \$2.03 million; and Secondaries, \$5.61 million. The investment strategies losing value are Venture, (\$1.08) million and Growth Equity, (\$1.05) million.

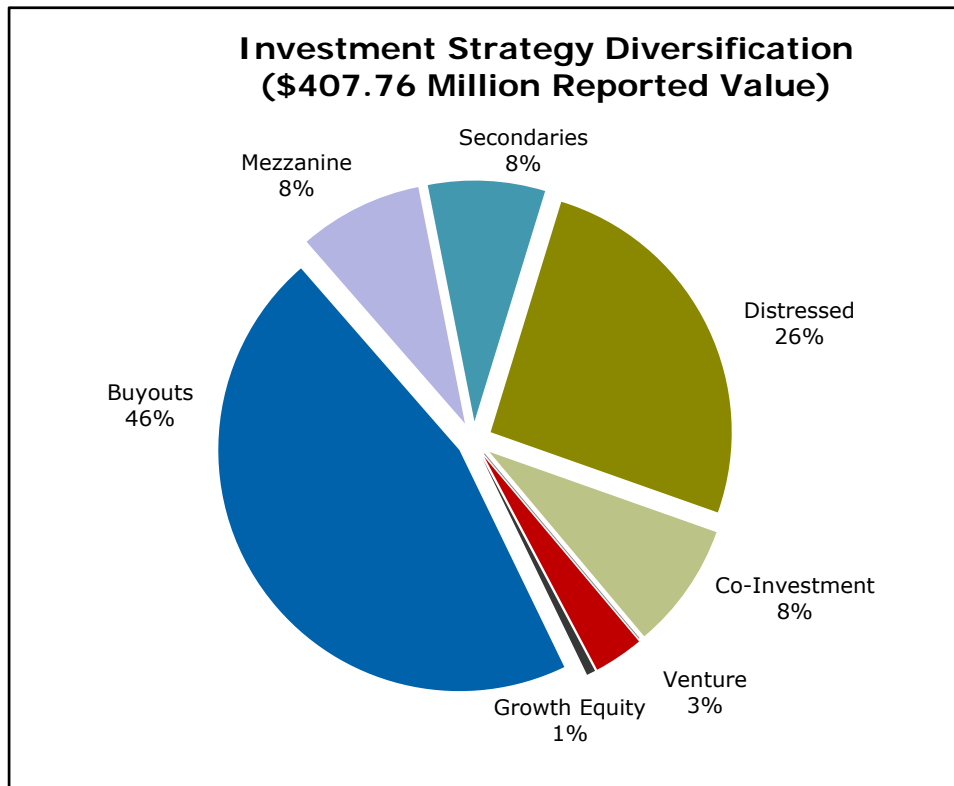




The program compared to typical long-term target allocations among the various private equity strategies is as follows:

Investment Strategy	Target	Min.	Max.	Reported Value	Unfunded Commitment	Total Exposure
<b>Private Equity</b>	<b>100.0%</b>	<b>-</b>	<b>100.0%</b>	<b>42.7%</b>	<b>57.3%</b>	<b>100.0%</b>
<i>Venture</i>	10.0%	-	25.0%	1.4%	1.4%	2.9%
<i>Growth Equity</i>	20.0%	-	30.0%	0.3%	0.7%	0.9%
<i>Buyouts</i>	20.0%	-	50.0%	19.6%	12.4%	32.0%
<i>Mezzanine</i>	15.0%	-	30.0%	3.5%	9.7%	13.2%
<i>Secondaries</i>	10.0%	-	30.0%	3.3%	8.0%	11.4%
<i>Distressed</i>	15.0%	-	30.0%	11.0%	17.4%	28.4%
<i>Energy</i>	5.0%	-	10.0%	-	-	-
<i>Co-Investment</i>	5.0%	-	10.0%	3.6%	7.6%	11.2%
<b>Totals</b>	<b>100.0%</b>			<b>42.7%</b>	<b>57.3%</b>	<b>100.0%</b>

At the quarter end, the private markets portfolio was diversified by investment strategy. The private markets valuation by strategy follows:





## **Private Markets Allocations – Status of Target Allocations by Vintage Year**

For the year **2011**, the plan projects the following commitments:

- \$40 million to Distressed (Ares SSF II for \$30 million)
- \$50 million to Secondaries
- \$25 million to Co-Invest/Opportunistic (BlackRock Co-investment for \$25 million)
- \$110 million to Growth and Buyout (TBD)

We thank you for the opportunity to work with New Mexico Educational Retirement Board and look forward to continued success in the future.

Best regards,

Allan Martin  
Partner

Kevin Tatlow  
Senior Consultant, CAIA



**New Mexico ERB**  
**Executive Summary IRR Performance Report**

6/30/2011

Investment	Vintage Year	Commitment	Qtr TD	YTD	1 Year	3 Year	5 Year	Inception
Apollo Investment Fund VII, L.P.	2008	40,000,000	1.88	9.21	40.75	24.62	N/A	24.33
Ares Special Situations III, LP	2010	30,000,000	N/A	N/A	N/A	N/A	N/A	N/A
Ares Special Situations, LP	2008	30,000,000	1.78	8.51	28.67	N/A	N/A	14.94
BDCM Opportunity Fund III, LP	2011	40,000,000	N/A	N/A	N/A	N/A	N/A	-2.31
BR Co-Investment (Transfer)	2009	5,139,173	16.74	23.15	23.15	N/A	N/A	7.61
BR/ERB Co-Investment Fund I (BlackRock)	2009	100,000,000	5.39	12.11	13.24	N/A	N/A	4.11
Bridgepoint Europe IV D	2007	28,153,155	15.54	20.82	29.97	N/A	N/A	6.70
Clayton, Dubilier, and Rice Fund VIII, LP	2007	40,000,000	8.10	6.97	24.32	N/A	N/A	21.36
ComVest Investment Partners III, LP	2007	25,000,000	-3.29	-4.60	-6.74	14.20	N/A	13.67
DRI II, L.P.	2009	40,000,000	18.03	11.92	5.74	N/A	N/A	0.00
EIG XV	2010	40,000,000	-52.02	-26.32	-43.46	N/A	N/A	-41.94
Fletcher Spaght Ventures II	2007	20,000,000	-2.45	-9.85	-3.42	-6.99	N/A	-11.54
GF Capital Private Equity Fund, LP	2007	15,000,000	1.63	2.64	14.57	13.12	N/A	7.81
Goode Partners Consumer Fund I, L.P.	2007	20,000,000	5.43	13.05	32.01	15.39	N/A	9.51
HM Sector Performance Fund, L.P.	2006	20,000,000	-0.63	-14.77	-20.92	-15.72	N/A	-13.80
Industrial Opportunity Partners, L.P.	2006	15,000,000	11.16	23.21	57.00	12.47	N/A	9.63
Industry Ventures Fund VI	2011	45,000,000	N/A	N/A	N/A	N/A	N/A	-12.85
Leeds Equity Partners V, LP	2007	20,000,000	17.59	22.68	16.08	N/A	N/A	12.79
Levine Leichtman Deep Value Fund	2006	20,000,000	2.53	11.94	24.92	13.54	N/A	4.27
Levine Leichtman IV	2008	50,000,000	14.52	31.38	45.75	N/A	N/A	25.66
Lexington Capital Partners VI-B	2006	20,000,000	4.15	5.72	22.86	5.14	5.45	5.45
Lexington Capital Partners VII	2009	45,000,000	-7.85	10.22	26.40	N/A	N/A	27.80
Lion Capital Fund II	2007	41,366,185	-7.44	-0.43	-5.22	-4.07	N/A	-1.14
Newstone Capital Partners I, LP	2006	20,000,000	2.94	4.99	9.19	7.58	N/A	7.34
Perseus Partners VII, LP	2007	15,000,000	0.85	2.45	3.45	4.37	N/A	5.84
Platinum Equity Partners II, LP	2007	30,000,000	-6.39	-1.47	15.00	N/A	N/A	9.46
Psilos Group Partners III LP	2006	10,000,000	2.71	16.97	21.29	7.56	N/A	2.19
SVP Global Opportunities Fund II, L.P.	2011	40,000,000	N/A	N/A	N/A	N/A	N/A	N/A
Tenex Capital Partners	2010	30,000,000	N/A	N/A	N/A	N/A	N/A	N/A
VSS Structured Capital Partners II	2009	40,000,000	3.67	6.85	17.43	N/A	N/A	10.48
Vicente Capital fka/K H Growth Equity Fund	2007	10,000,000	-1.97	-3.93	-3.83	-13.38	N/A	-17.13
<b>Total: New Mexico ERB</b>		<b>944,658,512</b>	<b>1.87</b>	<b>7.74</b>	<b>16.87</b>	<b>8.83</b>	<b>7.66</b>	<b>7.66</b>

Composite IRRs include all flows of the selected investments regardless of the start date of the investment.  
"N/A" will be displayed if the investment has insufficient cash flows for the period

**New Mexico ERB  
Performance Analysis**

6/30/2011

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
1 Apollo Investment Fund VII, L.P.	2008	40,000,000	17,554,353	22,445,647	6,524	2,685,800	24,457,006	27,142,806	9,581,929	44 %	0.15	1.55	24.33 %
2 Ares Special Situations III, LP	2010	30,000,000	0	30,000,000	0	0	0	0	0	0 %	0.00	N/A	N/A
3 Ares Special Situations, LP	2008	30,000,000	30,000,000	0	513,990	0	43,707,893	43,707,893	13,193,903	100 %	0.00	1.43	14.94 %
4 BDCM Opportunity Fund III, LP	2011	40,000,000	2,767,366	37,232,634	1,270	0	2,709,722	2,709,722	-58,914	7 %	0.00	0.98	-2.31 %
5 BR Co-Investment (Transfer)	2009	5,139,173	5,139,173	0	0	0	6,127,016	6,127,016	987,843	100 %	0.00	1.19	7.61 %
6 BR/ERB Co-Investment Fund I (Blackf	2009	100,000,000	27,375,000	72,625,000	0	0	28,421,355	28,421,355	1,046,355	27 %	0.00	1.04	4.11 %
7 Bridgepoint Europe IV D	2007	28,153,155	9,866,915	18,286,239	0	0	10,582,300	10,582,300	715,385	35 %	0.00	1.07	6.70 %
8 Clayton, Dubilier, and Rice Fund VIII, I	2007	40,000,000	20,626,565	19,373,435	6,468	0	25,521,246	25,521,246	4,888,213	52 %	0.00	1.24	21.36 %
9 ComVest Investment Partners III, LP	2007	25,000,000	21,005,357	3,994,643	431,428	9,282,906	18,316,438	27,599,344	6,162,559	84 %	0.44	1.29	13.67 %
10 DRI II, L.P.	2009	40,000,000	10,243,393	29,756,607	147,896	7,004,694	3,386,274	10,390,968	-321	26 %	0.68	1.00	0.00 %
11 EIG XV	2010	40,000,000	2,600,000	37,400,000	147,896	0	2,342,545	2,342,545	-405,351	7 %	0.00	0.85	-41.94 %
12 Fletcher Spaght Ventures II	2007	20,000,000	8,200,001	11,800,000	103,079	1,720,201	5,001,091	6,721,292	-1,581,788	41 %	0.21	0.81	-11.54 %
13 GF Capital Private Equity Fund, LP	2007	15,000,000	11,699,659	3,300,341	105,889	0	13,437,807	13,437,807	1,632,259	78 %	0.00	1.14	7.81 %
14 Goode Partners Consumer Fund I, L.P.	2007	20,000,000	19,178,482	821,518	138,905	1,040,913	23,378,659	24,419,572	5,102,185	96 %	0.05	1.26	9.51 %
15 HM Sector Performance Fund, L.P.	2006	20,000,000	16,471,154	3,528,846	-127,485	1,785,804	9,107,050	10,892,854	-5,450,815	82 %	0.11	0.67	-13.80 %
16 Industrial Opportunity Partners, L.P.	2006	15,000,000	9,042,084	5,957,916	114,029	587,257	10,718,406	11,305,663	2,149,550	60 %	0.06	1.23	9.63 %
17 Industry Ventures Fund VI	2011	45,000,000	900,000	44,100,000	0	0	784,329	784,329	-115,671	2 %	0.00	0.87	-12.85 %
18 Leeds Equity Partners V, LP	2007	20,000,000	5,210,517	14,789,483	-333,456	0	5,659,721	5,659,721	782,660	26 %	0.00	1.16	12.79 %
19 Levine Leichtman Deep Value Fund	2006	20,000,000	17,638,777	2,361,223	2,339,293	7,046,880	15,523,327	22,570,207	2,592,137	88 %	0.40	1.13	4.27 %
20 Levine Leichtman IV	2008	50,000,000	20,449,358	29,550,642	-30,653	2,341,175	26,260,155	28,601,330	8,182,625	41 %	0.11	1.40	25.66 %
21 Lexington Capital Partners VI-B	2006	20,000,000	19,194,012	805,988	10,079	7,009,923	14,965,201	21,975,124	2,771,033	96 %	0.37	1.14	5.45 %
22 Lexington Capital Partners VII	2009	45,000,000	13,354,987	31,645,013	-114,241	0	16,197,133	16,197,133	2,956,387	30 %	0.00	1.22	27.80 %
23 Lion Capital Fund II	2007	41,366,185	32,335,394	9,030,791	274,962	1,518,440	29,985,300	31,503,740	-1,106,617	78 %	0.05	0.97	-1.14 %
24 Newstone Capital Partners I, LP	2006	20,000,000	18,238,728	1,761,272	242,554	11,085,560	11,325,811	22,411,371	3,930,089	91 %	0.61	1.21	7.34 %
25 Perseus Partners VII, LP	2007	15,000,000	13,314,234	1,685,766	114,277	241,066	15,061,760	15,302,826	1,874,315	89 %	0.02	1.14	5.84 %
26 Platinum Equity Partners II, LP	2007	30,000,000	17,654,153	12,345,847	377,257	4,745,744	16,907,612	21,653,356	3,621,946	59 %	0.27	1.20	9.46 %
27 Psilos Group Partners III LP	2006	10,000,000	8,150,000	1,850,000	26,981	4,376	8,671,653	8,676,029	499,048	82 %	0.00	1.06	2.19 %
28 SVP Global Opportunities Fund II, L.P.	2011	40,000,000	0	40,000,000	0	0	0	0	0	0 %	0.00	N/A	N/A
29 Tenex Capital Partners	2010	30,000,000	0	30,000,000	0	0	0	0	0	0 %	0.00	N/A	N/A
30 VSS Structured Capital Partners II	2009	40,000,000	16,615,788	23,384,212	-9,464	1,731,502	16,805,087	18,536,589	1,930,265	42 %	0.10	1.12	10.48 %
31 Vicente Capital fka/K H Growth Equity	2007	10,000,000	3,411,395	6,588,605	46,258	6,961	2,395,746	2,402,707	-1,054,945	34 %	0.00	0.69	-17.13 %
<b>31 Total Partnerships</b>		<b>944,658,512</b>	<b>398,236,844</b>	<b>546,421,668</b>	<b>4,533,735</b>	<b>59,839,201</b>	<b>407,757,643</b>	<b>467,596,843</b>	<b>64,826,264</b>	<b>42 %</b>	<b>0.15</b>	<b>1.16</b>	<b>7.66 %</b>

**New Mexico ERB**  
**Lifecycle Performance Analysis**

6/30/2011

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
<b>1 Fundraising</b>													
1 Ares Special Situations III, LP	2010	30,000,000	0	30,000,000	0	0	0	0	0	0 %	0.00	N/A	N/A
2 BDCM Opportunity Fund III, LP	2011	40,000,000	2,767,366	37,232,634	1,270	0	2,709,722	2,709,722	-58,914	7 %	0.00	0.98	-2.31 %
3 EIG XV	2010	40,000,000	2,600,000	37,400,000	147,896	0	2,342,545	2,342,545	-405,351	7 %	0.00	0.85	-41.94 %
4 Industry Ventures Fund VI	2011	45,000,000	900,000	44,100,000	0	0	784,329	784,329	-115,671	2 %	0.00	0.87	-12.85 %
5 Lexington Capital Partners VII	2009	45,000,000	13,354,987	31,645,013	-114,241	0	16,197,133	16,197,133	2,956,387	30 %	0.00	1.22	27.80 %
6 SVP Global Opportunities Fund II, L.P.	2011	40,000,000	0	40,000,000	0	0	0	0	0	0 %	0.00	N/A	N/A
7 Tenex Capital Partners	2010	30,000,000	0	30,000,000	0	0	0	0	0	0 %	0.00	N/A	N/A
<b>1 Fundraising Subtotal</b>		<b>270,000,000</b>	<b>19,622,353</b>	<b>250,377,647</b>	<b>34,925</b>	<b>0</b>	<b>22,033,729</b>	<b>22,033,729</b>	<b>2,376,451</b>	<b>7 %</b>	<b>0.00</b>	<b>1.12</b>	<b>20.64 %</b>
<b>2 Investing</b>													
8 Apollo Investment Fund VII, L.P.	2008	40,000,000	17,554,353	22,445,647	6,524	2,685,800	24,457,006	27,142,806	9,581,929	44 %	0.15	1.55	24.33 %
9 BR/ERB Co-Investment Fund I (Blackf	2009	100,000,000	27,375,000	72,625,000	0	0	28,421,355	28,421,355	1,046,355	27 %	0.00	1.04	4.11 %
10 Bridgepoint Europe IV D	2007	28,153,155	9,866,915	18,286,239	0	0	10,582,300	10,582,300	715,385	35 %	0.00	1.07	6.70 %
11 Clayton, Dubilier, and Rice Fund VIII, I	2007	40,000,000	20,626,565	19,373,435	6,468	0	25,521,246	25,521,246	4,888,213	52 %	0.00	1.24	21.36 %
12 ComVest Investment Partners III, LP	2007	25,000,000	21,005,357	3,994,643	431,428	9,282,906	18,316,438	27,599,344	6,162,559	84 %	0.44	1.29	13.67 %
13 DRI II, L.P.	2009	40,000,000	10,243,393	29,756,607	147,896	7,004,694	3,386,274	10,390,968	-321	26 %	0.68	1.00	0.00 %
14 Fletcher Spaght Ventures II	2007	20,000,000	8,200,001	11,800,000	103,079	1,720,201	5,001,091	6,721,292	-1,581,788	41 %	0.21	0.81	-11.54 %
15 GF Capital Private Equity Fund, LP	2007	15,000,000	11,699,659	3,300,341	105,889	0	13,437,807	13,437,807	1,632,259	78 %	0.00	1.14	7.81 %
16 Goode Partners Consumer Fund I, L.P.	2007	20,000,000	19,178,482	821,518	138,905	1,040,913	23,378,659	24,419,572	5,102,185	96 %	0.05	1.26	9.51 %
17 Industrial Opportunity Partners, L.P.	2006	15,000,000	9,042,084	5,957,916	114,029	587,257	10,718,406	11,305,663	2,149,550	60 %	0.06	1.23	9.63 %
18 Leeds Equity Partners V, LP	2007	20,000,000	5,210,517	14,789,483	-333,456	0	5,659,721	5,659,721	782,660	26 %	0.00	1.16	12.79 %
19 Levine Leichtman IV	2008	50,000,000	20,449,358	29,550,642	-30,653	2,341,175	26,260,155	28,601,330	8,182,625	41 %	0.11	1.40	25.66 %
20 Lion Capital Fund II	2007	41,366,185	32,335,394	9,030,791	274,962	1,518,440	29,985,300	31,503,740	-1,106,617	78 %	0.05	0.97	-1.14 %
21 Platinum Equity Partners II, LP	2007	30,000,000	17,654,153	12,345,847	377,257	4,745,744	16,907,612	21,653,356	3,621,946	59 %	0.27	1.20	9.46 %
22 Psilos Group Partners III LP	2006	10,000,000	8,150,000	1,850,000	26,981	4,376	8,671,653	8,676,029	499,048	82 %	0.00	1.06	2.19 %
23 VSS Structured Capital Partners II	2009	40,000,000	16,615,788	23,384,212	-9,464	1,731,502	16,805,087	18,536,589	1,930,265	42 %	0.10	1.12	10.48 %
24 Vicente Capital fka/K H Growth Equity	2007	10,000,000	3,411,395	6,588,605	46,258	6,961	2,395,746	2,402,707	-1,054,945	34 %	0.00	0.69	-17.13 %
<b>2 Investing Subtotal</b>		<b>544,519,339</b>	<b>258,618,413</b>	<b>285,900,926</b>	<b>1,406,103</b>	<b>32,669,968</b>	<b>269,905,856</b>	<b>302,575,824</b>	<b>42,551,308</b>	<b>47 %</b>	<b>0.13</b>	<b>1.16</b>	<b>8.71 %</b>
<b>3 Harvesting</b>													
25 Ares Special Situations, LP	2008	30,000,000	30,000,000	0	513,990	0	43,707,893	43,707,893	13,193,903	100 %	0.00	1.43	14.94 %
26 BR Co-Investment (Transfer)	2009	5,139,173	5,139,173	0	0	0	6,127,016	6,127,016	987,843	100 %	0.00	1.19	7.61 %
27 HM Sector Performance Fund, L.P.	2006	20,000,000	16,471,154	3,528,846	-127,485	1,785,804	9,107,050	10,892,854	-5,450,815	82 %	0.11	0.67	-13.80 %
28 Levine Leichtman Deep Value Fund	2006	20,000,000	17,638,777	2,361,223	2,339,293	7,046,880	15,523,327	22,570,207	2,592,137	88 %	0.40	1.13	4.27 %
29 Lexington Capital Partners VI-B	2006	20,000,000	19,194,012	805,988	10,079	7,009,923	14,965,201	21,975,124	2,771,033	96 %	0.37	1.14	5.45 %
30 Newstone Capital Partners I, LP	2006	20,000,000	18,238,728	1,761,272	242,554	11,085,560	11,325,811	22,411,371	3,930,089	91 %	0.61	1.21	7.34 %
31 Perseus Partners VII, LP	2007	15,000,000	13,314,234	1,685,766	114,277	241,066	15,061,760	15,302,826	1,874,315	89 %	0.02	1.14	5.84 %
<b>3 Harvesting Subtotal</b>		<b>130,139,173</b>	<b>119,996,078</b>	<b>10,143,095</b>	<b>3,092,707</b>	<b>27,169,233</b>	<b>115,818,058</b>	<b>142,987,291</b>	<b>19,898,506</b>	<b>92 %</b>	<b>0.23</b>	<b>1.16</b>	<b>5.82 %</b>

**New Mexico ERB**  
**Vintage Year Performance Analysis**

6/30/2011

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
<b>2006</b>													
1 HM Sector Performance Fund, L.P.	2006	20,000,000	16,471,154	3,528,846	-127,485	1,785,804	9,107,050	10,892,854	-5,450,815	82 %	0.11	0.67	-13.80 %
2 Industrial Opportunity Partners, L.P.	2006	15,000,000	9,042,084	5,957,916	114,029	587,257	10,718,406	11,305,663	2,149,550	60 %	0.06	1.23	9.63 %
3 Levine Leichtman Deep Value Fund	2006	20,000,000	17,638,777	2,361,223	2,339,293	7,046,880	15,523,327	22,570,207	2,592,137	88 %	0.40	1.13	4.27 %
4 Lexington Capital Partners VI-B	2006	20,000,000	19,194,012	805,988	10,079	7,009,923	14,965,201	21,975,124	2,771,033	96 %	0.37	1.14	5.45 %
5 Newstone Capital Partners I, LP	2006	20,000,000	18,238,728	1,761,272	242,554	11,085,560	11,325,811	22,411,371	3,930,089	91 %	0.61	1.21	7.34 %
6 Psilos Group Partners III LP	2006	10,000,000	8,150,000	1,850,000	26,981	4,376	8,671,653	8,676,029	499,048	82 %	0.00	1.06	2.19 %
<b>2006 Subtotal</b>		<b>105,000,000</b>	<b>88,734,755</b>	<b>16,265,245</b>	<b>2,605,451</b>	<b>27,519,800</b>	<b>70,311,448</b>	<b>97,831,248</b>	<b>6,491,042</b>	<b>85 %</b>	<b>0.31</b>	<b>1.07</b>	<b>2.60 %</b>
<b>2007</b>													
7 Bridgepoint Europe IV D	2007	28,153,155	9,866,915	18,286,239	0	0	10,582,300	10,582,300	715,385	35 %	0.00	1.07	6.70 %
8 Clayton, Dubilier, and Rice Fund VIII, I	2007	40,000,000	20,626,565	19,373,435	6,468	0	25,521,246	25,521,246	4,888,213	52 %	0.00	1.24	21.36 %
9 ComVest Investment Partners III, LP	2007	25,000,000	21,005,357	3,994,643	431,428	9,282,906	18,316,438	27,599,344	6,162,559	84 %	0.44	1.29	13.67 %
10 Fletcher Spaght Ventures II	2007	20,000,000	8,200,001	11,800,000	103,079	1,720,201	5,001,091	6,721,292	-1,581,788	41 %	0.21	0.81	-11.54 %
11 GF Capital Private Equity Fund, LP	2007	15,000,000	11,699,659	3,300,341	105,889	0	13,437,807	13,437,807	1,632,259	78 %	0.00	1.14	7.81 %
12 Goode Partners Consumer Fund I, L.P.	2007	20,000,000	19,178,482	821,518	138,905	1,040,913	23,378,659	24,419,572	5,102,185	96 %	0.05	1.26	9.51 %
13 Leeds Equity Partners V, LP	2007	20,000,000	5,210,517	14,789,483	-333,456	0	5,659,721	5,659,721	782,660	26 %	0.00	1.16	12.79 %
14 Lion Capital Fund II	2007	41,366,185	32,335,394	9,030,791	274,962	1,518,440	29,985,300	31,503,740	-1,106,617	78 %	0.05	0.97	-1.14 %
15 Perseus Partners VII, LP	2007	15,000,000	13,314,234	1,685,766	114,277	241,066	15,061,760	15,302,826	1,874,315	89 %	0.02	1.14	5.84 %
16 Platinum Equity Partners II, LP	2007	30,000,000	17,654,153	12,345,847	377,257	4,745,744	16,907,612	21,653,356	3,621,946	59 %	0.27	1.20	9.46 %
17 Vicente Capital fka/K H Growth Equity	2007	10,000,000	3,411,395	6,588,605	46,258	6,961	2,395,746	2,402,707	-1,054,945	34 %	0.00	0.69	-17.13 %
<b>2007 Subtotal</b>		<b>264,519,339</b>	<b>162,502,672</b>	<b>102,016,668</b>	<b>1,265,067</b>	<b>18,556,231</b>	<b>166,247,680</b>	<b>184,803,911</b>	<b>21,036,172</b>	<b>61 %</b>	<b>0.11</b>	<b>1.13</b>	<b>6.00 %</b>
<b>2008</b>													
18 Apollo Investment Fund VII, L.P.	2008	40,000,000	17,554,353	22,445,647	6,524	2,685,800	24,457,006	27,142,806	9,581,929	44 %	0.15	1.55	24.33 %
19 Ares Special Situations, LP	2008	30,000,000	30,000,000	0	513,990	0	43,707,893	43,707,893	13,193,903	100 %	0.00	1.43	14.94 %
20 Levine Leichtman IV	2008	50,000,000	20,449,358	29,550,642	-30,653	2,341,175	26,260,155	28,601,330	8,182,625	41 %	0.11	1.40	25.66 %
<b>2008 Subtotal</b>		<b>120,000,000</b>	<b>68,003,711</b>	<b>51,996,289</b>	<b>489,861</b>	<b>5,026,974</b>	<b>94,425,054</b>	<b>99,452,028</b>	<b>30,958,457</b>	<b>57 %</b>	<b>0.07</b>	<b>1.45</b>	<b>19.30 %</b>
<b>2009</b>													
21 BR Co-Investment (Transfer)	2009	5,139,173	5,139,173	0	0	0	6,127,016	6,127,016	987,843	100 %	0.00	1.19	7.61 %
22 BR/ERB Co-Investment Fund I (Blackf	2009	100,000,000	27,375,000	72,625,000	0	0	28,421,355	28,421,355	1,046,355	27 %	0.00	1.04	4.11 %
23 DRI II, L.P.	2009	40,000,000	10,243,393	29,756,607	147,896	7,004,694	3,386,274	10,390,968	-321	26 %	0.68	1.00	0.00 %
24 Lexington Capital Partners VII	2009	45,000,000	13,354,987	31,645,013	-114,241	0	16,197,133	16,197,133	2,956,387	30 %	0.00	1.22	27.80 %
25 VSS Structured Capital Partners II	2009	40,000,000	16,615,788	23,384,212	-9,464	1,731,502	16,805,087	18,536,589	1,930,265	42 %	0.10	1.12	10.48 %
<b>2009 Subtotal</b>		<b>230,139,173</b>	<b>72,728,341</b>	<b>157,410,832</b>	<b>24,191</b>	<b>8,736,196</b>	<b>70,936,865</b>	<b>79,673,061</b>	<b>6,920,529</b>	<b>32 %</b>	<b>0.12</b>	<b>1.10</b>	<b>9.29 %</b>

**New Mexico ERB**  
**Vintage Year Performance Analysis**

6/30/2011

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
<b>2010</b>													
26 Ares Special Situations III, LP	2010	30,000,000	0	30,000,000	0	0	0	0	0	0 %	0.00	N/A	N/A
27 EIG XV	2010	40,000,000	2,600,000	37,400,000	147,896	0	2,342,545	2,342,545	-405,351	7 %	0.00	0.85	-41.94 %
28 Tenex Capital Partners	2010	30,000,000	0	30,000,000	0	0	0	0	0	0 %	0.00	N/A	N/A
<b>2010 Subtotal</b>		<b>100,000,000</b>	<b>2,600,000</b>	<b>97,400,000</b>	<b>147,896</b>	<b>0</b>	<b>2,342,545</b>	<b>2,342,545</b>	<b>-405,351</b>	<b>3 %</b>	<b>0.00</b>	<b>0.85</b>	<b>-41.94 %</b>
<b>2011</b>													
29 BDCM Opportunity Fund III, LP	2011	40,000,000	2,767,366	37,232,634	1,270	0	2,709,722	2,709,722	-58,914	7 %	0.00	0.98	-2.31 %
30 Industry Ventures Fund VI	2011	45,000,000	900,000	44,100,000	0	0	784,329	784,329	-115,671	2 %	0.00	0.87	-12.85 %
31 SVP Global Opportunities Fund II, L.P.	2011	40,000,000	0	40,000,000	0	0	0	0	0	0 %	0.00	N/A	N/A
<b>2011 Subtotal</b>		<b>125,000,000</b>	<b>3,667,366</b>	<b>121,332,634</b>	<b>1,270</b>	<b>0</b>	<b>3,494,051</b>	<b>3,494,051</b>	<b>-174,585</b>	<b>3 %</b>	<b>0.00</b>	<b>0.95</b>	<b>-6.34 %</b>
<b>31 Total Partnerships</b>		<b>944,658,512</b>	<b>398,236,844</b>	<b>546,421,668</b>	<b>4,533,735</b>	<b>59,839,201</b>	<b>407,757,643</b>	<b>467,596,843</b>	<b>64,826,264</b>	<b>42 %</b>	<b>0.15</b>	<b>1.16</b>	<b>7.66 %</b>

**New Mexico ERB**  
**Investment Strategy Performance Analysis**

6/30/2011

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
<b>100 Venture</b>													
1 Fletcher Spaght Ventures II	2007	20,000,000	8,200,001	11,800,000	103,079	1,720,201	5,001,091	6,721,292	-1,581,788	41 %	0.21	0.81	-11.54 %
2 Psilos Group Partners III LP	2006	10,000,000	8,150,000	1,850,000	26,981	4,376	8,671,653	8,676,029	499,048	82 %	0.00	1.06	2.19 %
<b>100 Venture Subtotal</b>		<b>30,000,000</b>	<b>16,350,001</b>	<b>13,650,000</b>	<b>130,060</b>	<b>1,724,577</b>	<b>13,672,744</b>	<b>15,397,321</b>	<b>-1,082,740</b>	<b>55 %</b>	<b>0.11</b>	<b>0.93</b>	<b>-2.98 %</b>
<b>110 Growth Equity</b>													
1 Vicente Capital fka/K H Growth Equity	2007	10,000,000	3,411,395	6,588,605	46,258	6,961	2,395,746	2,402,707	-1,054,945	34 %	0.00	0.69	-17.13 %
<b>110 Growth Equity Subtotal</b>		<b>10,000,000</b>	<b>3,411,395</b>	<b>6,588,605</b>	<b>46,258</b>	<b>6,961</b>	<b>2,395,746</b>	<b>2,402,707</b>	<b>-1,054,945</b>	<b>34 %</b>	<b>0.00</b>	<b>0.69</b>	<b>-17.13 %</b>
<b>120 Buyouts</b>													
1 Bridgepoint Europe IV D	2007	28,153,155	9,866,915	18,286,239	0	0	10,582,300	10,582,300	715,385	35 %	0.00	1.07	6.70 %
2 Clayton, Dubilier, and Rice Fund VIII, I	2007	40,000,000	20,626,565	19,373,435	6,468	0	25,521,246	25,521,246	4,888,213	52 %	0.00	1.24	21.36 %
3 GF Capital Private Equity Fund, LP	2007	15,000,000	11,699,659	3,300,341	105,889	0	13,437,807	13,437,807	1,632,259	78 %	0.00	1.14	7.81 %
4 Goode Partners Consumer Fund I, L.P.	2007	20,000,000	19,178,482	821,518	138,905	1,040,913	23,378,659	24,419,572	5,102,185	96 %	0.05	1.26	9.51 %
5 HM Sector Performance Fund, L.P.	2006	20,000,000	16,471,154	3,528,846	-127,485	1,785,804	9,107,050	10,892,854	-5,450,815	82 %	0.11	0.67	-13.80 %
6 Industrial Opportunity Partners, L.P.	2006	15,000,000	9,042,084	5,957,916	114,029	587,257	10,718,406	11,305,663	2,149,550	60 %	0.06	1.23	9.63 %
7 Leeds Equity Partners V, LP	2007	20,000,000	5,210,517	14,789,483	-333,456	0	5,659,721	5,659,721	782,660	26 %	0.00	1.16	12.79 %
8 Levine Leichtman IV	2008	50,000,000	20,449,358	29,550,642	-30,653	2,341,175	26,260,155	28,601,330	8,182,625	41 %	0.11	1.40	25.66 %
9 Lion Capital Fund II	2007	41,366,185	32,335,394	9,030,791	274,962	1,518,440	29,985,300	31,503,740	-1,106,617	78 %	0.05	0.97	-1.14 %
10 Perseus Partners VII, LP	2007	15,000,000	13,314,234	1,685,766	114,277	241,066	15,061,760	15,302,826	1,874,315	89 %	0.02	1.14	5.84 %
11 Platinum Equity Partners II, LP	2007	30,000,000	17,654,153	12,345,847	377,257	4,745,744	16,907,612	21,653,356	3,621,946	59 %	0.27	1.20	9.46 %
<b>120 Buyouts Subtotal</b>		<b>294,519,339</b>	<b>175,848,515</b>	<b>118,670,824</b>	<b>640,193</b>	<b>12,260,399</b>	<b>186,620,016</b>	<b>198,880,415</b>	<b>22,391,706</b>	<b>60 %</b>	<b>0.07</b>	<b>1.13</b>	<b>5.81 %</b>
<b>130 Mezzanine</b>													
1 DRI II, L.P.	2009	40,000,000	10,243,393	29,756,607	147,896	7,004,694	3,386,274	10,390,968	-321	26 %	0.68	1.00	0.00 %
2 EIG XV	2010	40,000,000	2,600,000	37,400,000	147,896	0	2,342,545	2,342,545	-405,351	7 %	0.00	0.85	-41.94 %
3 Newstone Capital Partners I, LP	2006	20,000,000	18,238,728	1,761,272	242,554	11,085,560	11,325,811	22,411,371	3,930,089	91 %	0.61	1.21	7.34 %
4 VSS Structured Capital Partners II	2009	40,000,000	16,615,788	23,384,212	-9,464	1,731,502	16,805,087	18,536,589	1,930,265	42 %	0.10	1.12	10.48 %
<b>130 Mezzanine Subtotal</b>		<b>140,000,000</b>	<b>47,697,909</b>	<b>92,302,091</b>	<b>528,882</b>	<b>19,821,756</b>	<b>33,859,717</b>	<b>53,681,473</b>	<b>5,454,682</b>	<b>34 %</b>	<b>0.42</b>	<b>1.11</b>	<b>6.89 %</b>
<b>140 Secondaries</b>													
1 Industry Ventures Fund VI	2011	45,000,000	900,000	44,100,000	0	0	784,329	784,329	-115,671	2 %	0.00	0.87	-12.85 %
2 Lexington Capital Partners VI-B	2006	20,000,000	19,194,012	805,988	10,079	7,009,923	14,965,201	21,975,124	2,771,033	96 %	0.37	1.14	5.45 %
3 Lexington Capital Partners VII	2009	45,000,000	13,354,987	31,645,013	-114,241	0	16,197,133	16,197,133	2,956,387	30 %	0.00	1.22	27.80 %
<b>140 Secondaries Subtotal</b>		<b>110,000,000</b>	<b>33,448,999</b>	<b>76,551,001</b>	<b>-104,162</b>	<b>7,009,923</b>	<b>31,946,663</b>	<b>38,956,586</b>	<b>5,611,749</b>	<b>30 %</b>	<b>0.21</b>	<b>1.17</b>	<b>8.79 %</b>

**New Mexico ERB**  
**Investment Strategy Performance Analysis**

6/30/2011

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
<b>150 Distressed</b>													
1 Apollo Investment Fund VII, L.P.	2008	40,000,000	17,554,353	22,445,647	6,524	2,685,800	24,457,006	27,142,806	9,581,929	44 %	0.15	1.55	24.33 %
2 Ares Special Situations III, LP	2010	30,000,000	0	30,000,000	0	0	0	0	0	0 %	0.00	N/A	N/A
3 Ares Special Situations, LP	2008	30,000,000	30,000,000	0	513,990	0	43,707,893	43,707,893	13,193,903	100 %	0.00	1.43	14.94 %
4 BDCM Opportunity Fund III, LP	2011	40,000,000	2,767,366	37,232,634	1,270	0	2,709,722	2,709,722	-58,914	7 %	0.00	0.98	-2.31 %
5 ComVest Investment Partners III, LP	2007	25,000,000	21,005,357	3,994,643	431,428	9,282,906	18,316,438	27,599,344	6,162,559	84 %	0.44	1.29	13.67 %
6 Levine Leichtman Deep Value Fund	2006	20,000,000	17,638,777	2,361,223	2,339,293	7,046,880	15,523,327	22,570,207	2,592,137	88 %	0.40	1.13	4.27 %
7 SVP Global Opportunities Fund II, L.P.	2011	40,000,000	0	40,000,000	0	0	0	0	0	0 %	0.00	N/A	N/A
8 Tenex Capital Partners	2010	30,000,000	0	30,000,000	0	0	0	0	0	0 %	0.00	N/A	N/A
<b>150 Distressed Subtotal</b>		<b>255,000,000</b>	<b>88,965,853</b>	<b>166,034,147</b>	<b>3,292,504</b>	<b>19,015,585</b>	<b>104,714,386</b>	<b>123,729,971</b>	<b>31,471,614</b>	<b>35 %</b>	<b>0.21</b>	<b>1.34</b>	<b>13.24 %</b>
<b>200 Co-Investment</b>													
1 BR Co-Investment (Transfer)	2009	5,139,173	5,139,173	0	0	0	6,127,016	6,127,016	987,843	100 %	0.00	1.19	7.61 %
2 BR/ERB Co-Investment Fund I (Blackf	2009	100,000,000	27,375,000	72,625,000	0	0	28,421,355	28,421,355	1,046,355	27 %	0.00	1.04	4.11 %
<b>200 Co-Investment Subtotal</b>		<b>105,139,173</b>	<b>32,514,173</b>	<b>72,625,000</b>	<b>0</b>	<b>0</b>	<b>34,548,371</b>	<b>34,548,371</b>	<b>2,034,198</b>	<b>31 %</b>	<b>0.00</b>	<b>1.06</b>	<b>5.31 %</b>
<b>31 Total Partnerships</b>		<b>944,658,512</b>	<b>398,236,844</b>	<b>546,421,668</b>	<b>4,533,735</b>	<b>59,839,201</b>	<b>407,757,643</b>	<b>467,596,843</b>	<b>64,826,264</b>	<b>42 %</b>	<b>0.15</b>	<b>1.16</b>	<b>7.66 %</b>

**New Mexico ERB**  
Vintage Year Performance Benchmarking

6/30/2011\*

	Commitment	Paid In Capital	Capital To Be Funded	Call Ratio	DPI Ratio	TVPI Ratio	IRR
<b>2006 Vintage Total</b>	<b>105,000,000</b>	<b>88,734,755</b>	<b>16,265,245</b>	<b>85%</b>	<b>0.31</b>	<b>1.07</b>	<b>2.6%</b>
<b>2006 Venture Economics US All PE</b>							
1st Quartile					0.15	1.18	6.4%
Median					0.04	1.03	1.2%
Pooled Average					0.13	1.02	0.7%
3rd Quartile					0.00	0.86	-5.4%
<b>S&amp;P 500 (2006 - present)</b>							2.9%
<b>2007 Vintage Total</b>	<b>264,519,339</b>	<b>162,502,672</b>	<b>102,016,667</b>	<b>61%</b>	<b>0.11</b>	<b>1.13</b>	<b>6.0%</b>
<b>2007 Venture Economics US All PE</b>							
1st Quartile					0.12	1.20	8.4%
Median					0.00	0.96	-1.5%
Pooled Average					0.19	1.13	5.9%
3rd Quartile					0.00	0.85	-6.7%
<b>S&amp;P 500 (2007 - present)</b>							-1.1%
<b>2008 Vintage Total</b>	<b>120,000,000</b>	<b>68,003,711</b>	<b>51,996,289</b>	<b>57%</b>	<b>0.07</b>	<b>1.45</b>	<b>19.3%</b>
<b>2008 Venture Economics US All PE</b>							
1st Quartile					0.02	1.13	8.7%
Median					0.00	0.98	-0.8%
Pooled Average					0.08	1.12	8.2%
3rd Quartile					0.00	0.85	-8.3%
<b>S&amp;P 500 (2008 - present)</b>							3.3%
<b>2009 Vintage Total</b>	<b>230,139,173</b>	<b>72,728,341</b>	<b>157,410,832</b>	<b>32%</b>	<b>0.12</b>	<b>1.10</b>	<b>9.3%</b>
<b>2009 Venture Economics US All PE</b>							
1st Quartile					0.00	1.17	16.6%
Median					0.00	1.04	4.3%
Pooled Average					0.02	1.15	15.9%
3rd Quartile					0.00	0.92	-9.5%
<b>S&amp;P 500 (2009 - present)</b>							22.3%
<b>2010 Vintage Total</b>	<b>100,000,000</b>	<b>2,600,000</b>	<b>97,400,000</b>	<b>3%</b>	<b>0.00</b>	<b>0.85</b>	<b>-41.9%</b>
<b>2010 Venture Economics US All PE</b>							
1st Quartile					0.00	1.02	5.4%
Median					0.00	0.99	-1.6%
Pooled Average					0.00	0.99	-2.3%
3rd Quartile					0.00	0.95	-9.7%
<b>S&amp;P 500 (2010 - present)</b>							30.7%
<b>2011 Vintage Total</b>	<b>125,000,000</b>	<b>3,667,366</b>	<b>121,332,634</b>	<b>3%</b>	<b>0.00</b>	<b>0.95</b>	<b>-6.3%</b>
<b>2011 Venture Economics US All PE</b>							
1st Quartile					n/a	n/a	n/a
Median					n/a	n/a	n/a
Pooled Average					n/a	n/a	n/a
3rd Quartile					n/a	n/a	n/a
<b>S&amp;P 500 (2011 - present)</b>							n/a

\*ThomasOne numbers are as of 3/31/11