
NEW MEXICO EDUCATIONAL RETIREMENT BOARD

INFRASTRUCTURE PORTFOLIO

QUARTERLY PERFORMANCE MEASUREMENT

THIRD QUARTER

SEPTEMBER 30, 2013



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 September 30, 2013.

PORTFOLIO SUMMARY					
Current Portfolio Fair Value				\$119,516,305	
Current Unfunded Investment Commitments				\$217,577,537	
Current Fair Value Plus Unfunded Commitments (Total Exposure)				\$337,093,842	
Portfolio Inception Date				July 2008	
Total Number of Current Investments: Funds				6	
Total Number of Current Investments: Direct				1	
Net Internal Rate of Return (“IRR”) Since Inception				0.8%	
CURRENT COMMITMENTS					
<u>Investment</u>	<u>Fund Currency</u>	<u>Commitment (Local)</u>	<u>Commitment (USD)</u>	<u>Gross IRR¹</u>	<u>Net IRR¹</u>
Alinda Infrastructure Fund II	USD	\$50,000,000	\$50,000,000	7.7%	1.6%
Alterna Core Capital Assets Fund	USD	\$55,000,000	\$55,000,000	13.2%	8.5%
Citi Infrastructure Partners	USD	\$50,000,000	\$50,000,000	(3.1%)	(5.8%)
Stonepeak Infrastructure Fund	USD	\$40,000,000	\$40,000,000	25.8%	11.2%
EQT Infrastructure Partners II ²	EUR	€30,000,000	\$40,304,162	NM	NM
Alterna Core Capital Assets Fund II	USD	\$25,000,000	\$25,000,000	NM	NM
Total Fund Investments			\$260,304,162	5.2%	0.8%
Caledon Andromeda Investments	USD	\$85,000,000	\$85,000,000	NM	NM
Total Direct Investments			\$85,000,000	-	-
Total Portfolio			\$345,304,162	5.2%	0.8%

¹ 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.

² EUR commitment comprised of drawn commitments at actual funded USD plus unfunded commitment converted to USD per Bloomberg September 30, 2013 closing rate (\$1.35270/EUR).

FUNDING STATUS				
Investment	Commitment	Capital Called	Distributions	Unfunded Commitments³
Alinda Infrastructure Fund II	\$50,000,000	\$42,675,003	\$12,087,272	\$18,492,955
Alterna Core Capital Assets Fund	\$55,000,000	\$64,736,677	\$31,861,697	\$10,587,136
Citi Infrastructure Partners	\$50,000,000	\$41,959,149	\$8,378,936	\$15,224,432
Stonepeak Infrastructure Fund	\$40,000,000	\$5,140,390	\$656,896	\$35,441,086
EQT Infrastructure Partners II ⁴	\$40,304,162	\$8,264,178	-	\$32,039,984
Alterna Core Capital Assets Fund II	\$25,000,000	\$3,967,438	-	\$21,032,562
Total Fund Investments	\$260,304,162	\$166,742,835	\$52,984,801	\$132,818,155
Caledon Andromeda Investments	\$85,000,000	\$240,618	-	\$84,759,382
Total Direct Investments	\$85,000,000	\$240,618	-	\$84,759,382
Total Portfolio	\$345,304,162	\$166,983,453	\$52,984,801	\$217,577,537

³ Unfunded commitments include recyclable capital and may therefore not equal commitments minus capital called. While Citi Infrastructure's investment period has ended, it still has the ability to continue to call capital for follow-on investments and management fees.

⁴ EQT's EUR unfunded commitment converted to USD per Bloomberg September 30, 2013 closing rate (\$1.35270/EUR).

PORTFOLIO CASH FLOWS AND PERFORMANCE

TOTAL PORTFOLIO INVESTMENT ACTIVITY STATEMENT (\$MILLIONS)											
	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	Change in Net Asset Value	Ending Valuation	Management Fees	Other Expenses	Total Fees
2008	-	15.8	0.1	-	-	0.1	(1.2)	14.5	0.6	0.4	1.0
2009	14.5	47.8	12.5	-	0.3	12.8	1.8	51.3	2.6	0.5	2.8
2010	51.3	19.5	3.3	-	0.7	4.0	2.4	69.3	2.3	0.3	2.6
2011	69.3	46.8	12.3	-	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	(4.3)	111.4	2.5	0.8	3.3
Q1 - 13	111.4	6.6	0.8	-	2.8	3.7	(0.6)	113.7	0.9	-	0.9
Q2 - 13	113.7	7.7	2.6	-	1.4	4.0	0.7	118.0	0.8	0.2	0.9
Q3 - 13	118.0	5.4	3.8	-	1.2	5.0	1.1	119.5	1.2	-	1.2
Total		169.6	40.3	0.4	12.3	53.0	2.9	119.5	13.7	2.2	15.6

Amounts in table may not add due to rounding

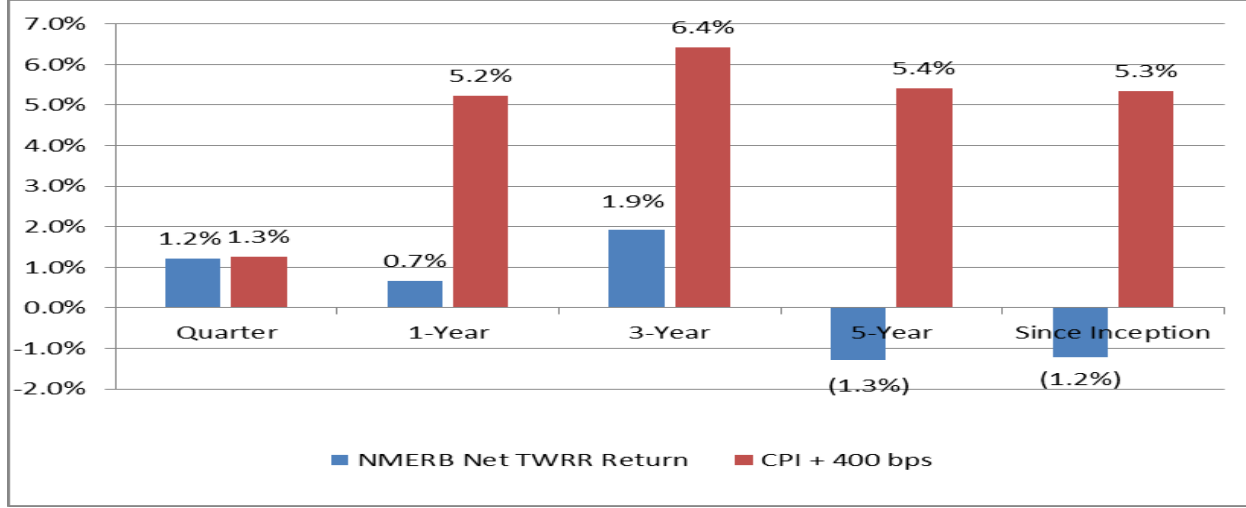
SUMMARY OF PERFORMANCE						
Time-Weighted	Quarter	1-Year	2-Year	3-Year	5-Year	Since Inception
Total Net Return	1.2%	0.7%	(3.3%)	1.9%	(1.3%)	(1.2%)
Dollar-Weighted						
Total Net IRR						0.8%

PORTFOLIO RETURN VS. BENCHMARK

PORTFOLIO RETURN VS. BENCHMARK

<u>Time-Weighted</u>	<u>NMERB Net Return</u>	<u>CPI + 400 bps</u>	<u>Outperformance</u>
Quarter	1.2%	1.3%	0.0%
1-Year	0.7%	5.2%	(4.6%)
3-Year	1.9%	6.4%	(4.5%)
5-Year	(1.3%)	5.4%	(6.7%)
Since Inception	(1.2%)	5.3%	(6.6%)

PORTFOLIO RETURN VS. BENCHMARK



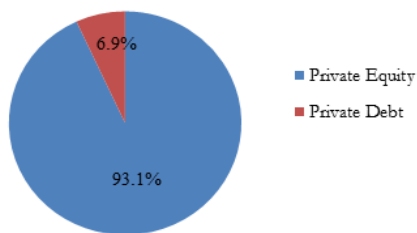
INVESTMENT POLICY GUIDELINES

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.

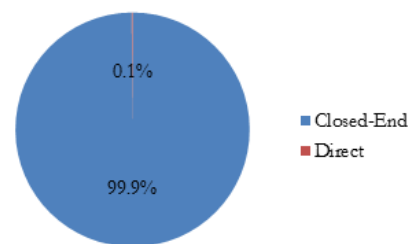
PORTFOLIO INVESTMENT POLICY GUIDELINES

<u>Parameter</u>	<u>Policy Guideline</u>	<u>Portfolio Actual</u>
Investment Structure		
Private Equity	40% - 100%	93.1%
Private Debt	0% - 60%	6.9%
Public Equity	0% - 20%	-
Public Debt	0% - 10%	-
Investment Vehicle		
Open-End Funds	20% - 100%	-
Closed-End Funds	20% - 100%	99.9%
Public Infrastructure Securities	0% - 30%	-
Direct Co-Investment	0% - 30%	0.1%
Diversification by Asset Type		
Energy	0% - 60%	32.8%
Transportation	0% - 60%	21.4%
Social Infrastructure	0% - 60%	-
Utilities	0% - 60%	14.0%
Other	0% - 40%	31.8%
Diversification by Geography¹		
United States	0% - 100%	59.3%
Western Europe	0% - 70%	27.8%
Australia	0% - 70%	5.6%
Other OECD	0% - 50%	7.1%
Other Non-OECD	0% - 20%	0.3%

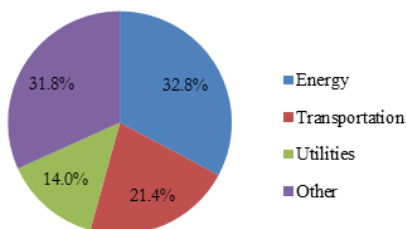
INVESTMENT STRUCTURE



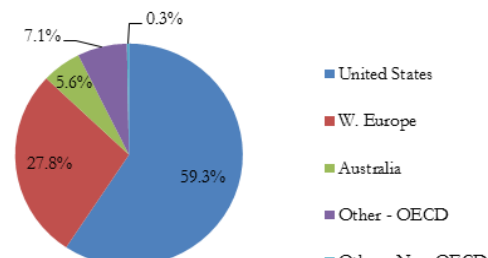
INVESTMENT VEHICLE



ASSET TYPE



GEOGRAPHY



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