
New Mexico Catalyst Fund, LP

Update to the New Mexico State Investment Council

February, 2017



SUN MOUNTAIN
CAPITAL



Catalyst Fund Overview

- The New Mexico Catalyst Fund was launched in 2016 to help address the lack of seed and early stage investment funds in New Mexico
- The Catalyst Fund has held two closings totaling \$19 million in commitments:
 - \$10 million from NMSIC
 - \$5 million from NMEDD
 - \$4 million from private institutional investors
- The goal of the Catalyst Fund is to commit to 8-10 seed and very early stage investment funds in New Mexico
 - The 8-10 seed funds are required to raise matching private capital, so the amount of investment capital available will be at least \$40 million
 - The 8-10 seed funds will invest in approx. 50 NM-based companies over the next 5 years





Investment Pacing is Tracking to Plan

- Commitment pacing
 - 3 funds have either closed or have received contingent investment commitments from the Catalyst Fund
 - 4 additional funds are in various stages of due diligence
 - A number of other fund managers have indicated interest and are at various stages of preparing their application documents
- Funds that have received commitments all feature experienced investors in the general partner and on their investment committees
- Catalyst Fund portfolio characteristics
 - Broad industry diversification
 - Geographic diversity
- Targeted companies will originate from New Mexico's research universities and national labs, as well as from the private sector





Looking Forward

- The Catalyst Fund will create 8-10 new seed funds in New Mexico
 - These seed funds will invest at least \$40 million into approx. 50 NM-based companies over the next 5 years
- The initial group of funds which received commitments from Catalyst will be announced in a public press release by the end of the first quarter
 - Waiting to complete initial closes including private investors
- The funds which are currently in due diligence are expected to have closed and be actively investing within the next 6 months
- Catalyst's goal is to complete its fund raising by the end of Q2 2017
 - \$1 million remaining



NM SIC National Program Fund Summary (Ranked by Vintage Year) - Active Funds

As of September 30, 2016 (\$ in millions)

Vintage year defined as the year in which the fund's first cash flow occurs.

Fund	Vintage Year	Strategy	Committed Capital	Exposure (NAV + Unfunded)	Net	
					Multiple	IRR
Vestar Capital Partners III, L.P.	1997	Buyout	\$ 1.3	\$ 0.0	1.15x	2.7%
Tullis-Dickerson Capital Focus II, L.P.	1998	Venture Capital	10.0	3.0	0.81x	(1.7%)
Warburg Pincus Equity Partners, L.P.	1998	Growth Equity	10.0	0.1	1.65x	10.3%
Welsh, Carson, Anderson & Stowe VIII, L.P.	1998	Buyout	10.0	0.0	1.29x	3.1%
ARCH Venture Fund IV, L.P.	1999	Venture Capital	10.0	0.0	0.21x	(18.8%)
BCI Growth V, L.P.	1999	Special Situations	10.0	0.7	0.49x	(10.0%)
Cypress Merchant Banking Partners II, L.P.	1999	Buyout	10.0	1.0	0.93x	(1.2%)
Oak Hill Capital Partners, L.P.	1999	Buyout	10.0	0.0	1.87x	11.8%
Oak Investment Partners IX, L.P.	1999	Venture Capital	10.0	0.4	0.67x	(6.1%)
ARCH Venture Fund V, L.P.	2000	Venture Capital	10.0	2.3	0.46x	(7.4%)
Blackstone Communications Partners, L.P.	2000	Buyout	10.0	1.0	1.28x	6.6%
Clarity Partners, L.P.	2000	Buyout	10.0	2.1	0.79x	(4.4%)
Sequel Limited Partnership III, L.P.	2000	Venture Capital	17.5	1.4	1.47x	5.6%
Vestar Capital Partners IV, L.P.	2000	Buyout	8.0	0.1	1.78x	13.5%
Welsh, Carson, Anderson & Stowe IX, L.P.	2000	Buyout	15.0	0.2	1.66x	11.2%
Ampersand 2001, L.P.	2001	Venture Capital	20.0	1.1	2.60x	17.2%
CVC European Equity Partners III, L.P.	2001	Buyout	10.0	2.1	2.93x	41.1%
Harvest Partners IV, L.P.	2001	Buyout	15.0	1.7	2.26x	34.7%
KRG Capital Fund II, L.P.	2001	Buyout	25.0	0.6	1.50x	21.3%
Oak Investment Partners X, L.P.	2001	Venture Capital	15.0	3.2	1.21x	3.2%
Summit Ventures VI-B, L.P.	2001	Growth Equity	5.0	0.7	2.11x	15.0%
Warburg Pincus Private Equity VIII, L.P.	2001	Growth Equity	15.0	2.9	2.27x	14.7%
Apex Investment Fund V, L.P.	2002	Venture Capital	15.0	0.5	0.37x	(13.5%)
ARCH Venture Fund IV-A, L.P.	2002	Venture Capital	1.0	0.0	0.39x	(14.5%)
Charterhouse Capital Partners VII, L.P.	2002	Buyout	19.1	0.0	1.98x	37.5%
CHL Medical Partners II, L.P.	2002	Venture Capital	15.0	0.9	1.02x	0.3%
Collier International Partners IV, L.P.	2002	Special Situations	30.0	1.0	1.36x	11.5%
KPS Special Situations Fund II, L.P.	2002	Buyout	15.0	3.9	4.01x	54.0%
Landmark Equity Partners XI, L.P.	2002	Special Situations	20.0	2.4	1.55x	23.2%
Leeds Weld Equity Partners IV, L.P.	2002	Buyout	20.0	6.5	1.34x	4.6%
Sterling Capital Partners, L.P.	2002	Buyout	15.0	1.8	2.16x	17.9%
Thomas, Mc Nerney & Partners, L.P.	2002	Venture Capital	20.0	4.0	0.55x	(11.7%)
Wellspring Capital Partners III, L.P.	2002	Buyout	20.0	0.0	2.19x	26.1%
Alta Communication IX, L.P.	2003	Venture Capital	20.0	4.3	0.84x	(2.5%)
Green Equity Investors IV, L.P.	2003	Buyout	28.1	4.1	1.97x	11.3%
Levine Leichtman Capital Partners III, L.P.	2003	Special Situations	35.0	7.9	1.67x	10.2%
Nordic Capital Fund V, L.P.	2003	Buyout	23.0	2.0	2.99x	20.7%
Aurora Equity Partners III, L.P.	2004	Buyout	25.0	4.1	1.80x	14.0%
Camden Partners Strategic Fund III, L.P.	2004	Growth Equity	20.0	15.3	2.32x	13.3%
Carlyle Mezzanine Partners, L.P.	2004	Special Situations	20.0	0.3	0.87x	(2.7%)
Illinois Private Equity Fund-of-Funds, L.P.	2004	Special Situations	20.0	9.9	0.99x	(0.1%)
Markstone Capital, L.P.	2004	Buyout	20.0	3.5	0.33x	(32.5%)
NGN BioMed Opportunity I, L.P.	2004	Venture Capital	20.0	1.0	0.94x	(1.1%)

Source: Invient.

NM SIC National Program Fund Summary (Ranked by Vintage Year) - Active Funds

As of September 30, 2016 (\$ in millions)

Vintage year defined as the year in which the fund's first cash flow occurs.

Fund	Vintage Year	Strategy	Committed Capital	Exposure (NAV + Unfunded)	Net	
					Multiple	IRR
Pharos Capital Partners II-A, L.P.	2004	Growth Equity	19.0	11.3	0.94x	(0.9%)
Trilantic Capital Partners III, L.P.	2004	Buyout	20.0	3.3	1.87x	16.4%
VSS Communications Partners IV, L.P.	2004	Buyout	20.0	0.3	0.70x	(5.5%)
Yucaipa American Alliance Fund I, L.P.	2004	Buyout	20.0	7.2	1.15x	2.9%
Bridgepoint Europe III, L.P.	2005	Buyout	35.4	20.8	1.12x	1.7%
Carlyle Mexico Partners, L.P.	2005	Buyout	25.0	14.7	1.31x	7.8%
Carlyle-Riverstone Global Energy and Power Fund III, L.P.	2005	Buyout	20.0	5.2	1.37x	6.5%
Falcon Mezzanine Partners II, L.P.	2005	Special Situations	20.0	3.5	1.51x	7.0%
Levine Leichtman Capital Partners Deep Value Fund, L.P.	2005	Special Situations	25.0	3.3	1.03x	0.7%
Quadrangle Capital Partners II, L.P.	2005	Buyout	18.2	5.4	1.45x	6.9%
Rustic Canyon - Fontis Partners, L.P.	2005	Growth Equity	20.0	9.5	0.79x	(3.8%)
Welsh, Carson, Anderson & Stowe X, L.P.	2005	Buyout	25.0	6.2	1.67x	8.0%
Williams Capital Partners, L.P.	2005	Buyout	20.0	2.3	0.88x	(2.0%)
Carlyle-Riverstone Renewable Energy Infrastructure Fund I, L.P.	2006	Growth Equity	20.0	0.4	0.13x	(36.0%)
Catterton Partners VI, L.P.	2006	Buyout	25.0	19.6	2.06x	12.9%
Fenway Partners Capital Fund III, L.P.	2006	Buyout	30.0	13.2	1.14x	2.4%
GF Capital Private Equity Fund, L.P.	2006	Buyout	30.0	20.6	1.80x	13.8%
GSC Recovery III, L.P.	2006	Buyout	30.0	6.2	1.16x	3.9%
InterMedia Partners VII, L.P.	2006	Buyout	30.0	30.5	1.56x	5.7%
Lightyear Fund II, L.P.	2006	Buyout	60.0	18.2	1.62x	7.5%
Newstone Capital Partners, L.P.	2006	Special Situations	30.0	3.8	1.38x	8.6%
Thomas H. Lee Equity Fund VI, L.P.	2006	Buyout	30.0	25.1	1.62x	8.5%
Wayzata Opportunities Fund, LLC	2006	Buyout	25.0	2.1	1.68x	8.5%
Ares Special Situations Fund, L.P.	2007	Special Situations	25.0	1.2	1.72x	13.0%
Capital Point Partners, L.P.	2007	Special Situations	20.0	14.0	1.30x	5.3%
Craton Equity Investors I, L.P.	2007	Growth Equity	19.1	2.9	0.26x	(20.1%)
Gleacher Mezzanine Fund II, L.P.	2007	Special Situations	20.0	3.0	1.32x	10.4%
Green Equity Investors V, L.P.	2007	Buyout	30.0	23.8	2.18x	20.7%
Halyard Capital Fund II, L.P.	2007	Buyout	30.0	15.4	1.44x	7.2%
Platinum Equity Capital Partners II, L.P.	2007	Buyout	30.0	19.0	1.93x	16.6%
Quaker BioVentures II, L.P.	2007	Venture Capital	26.5	19.9	1.33x	6.4%
St. Cloud Capital Partners II, L.P.	2007	Special Situations	20.0	10.9	1.07x	1.6%
Trilantic Capital Partners IV, L.P.	2007	Buyout	21.0	6.3	1.65x	13.9%
Vicente Capital Partners Growth Equity Fund, L.P.	2007	Growth Equity	25.0	23.4	1.42x	8.2%
VMG Equity Partners, L.P.	2007	Buyout	30.0	2.2	2.77x	32.6%
Ares Corporate Opportunities Fund III, L.P.	2008	Buyout	50.0	49.2	2.08x	21.6%
Bridgepoint Europe IV, L.P.	2008	Buyout	46.6	25.5	1.47x	10.3%
Carlyle Mezzanine Partners II, L.P.	2008	Special Situations	26.2	7.7	1.41x	8.1%
Carpenter Community BancFund-A, L.P.	2008	Growth Equity	25.0	24.8	1.58x	8.1%
Levine Leichtman Capital Partners IV, L.P.	2008	Special Situations	35.0	18.1	2.01x	20.0%
NGP Energy Technology Partners II, L.P.	2008	Growth Equity	30.0	19.6	1.04x	1.4%
Falcon Strategic Partners III, L.P.	2009	Special Situations	25.0	22.7	1.59x	11.5%
Welsh, Carson, Anderson & Stowe XI, L.P.	2009	Buyout	50.0	34.4	1.51x	12.6%

Source: Invient.

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					Multiple	IRR
Ares Special Situations Fund III, L.P.	2011	Special Situations	40.0	32.5	1.05x	1.1%
Asia Alternatives Capital Partners III, L.P.	2011	Special Situations	50.0	56.6	1.39x	15.3%
Lightyear Fund III, L.P.	2011	Buyout	40.0	33.8	1.53x	17.4%
TPG Growth Fund II, L.P.	2011	Growth Equity	50.0	94.5	2.10x	31.9%
Ares Corporate Opportunities Fund IV, L.P.	2012	Buyout	75.0	85.9	1.29x	12.7%
Coller International Partners VI, L.P.	2012	Special Situations	75.0	74.2	1.41x	17.6%
Green Equity Investors VI, L.P.	2012	Buyout	75.0	87.1	1.22x	11.5%
Platinum Equity Capital Partners III, L.P.	2012	Buyout	75.0	70.0	1.67x	34.4%
Affinity Asia Pacific Fund IV, L.P.	2013	Buyout	75.0	79.3	1.43x	24.2%
Landmark Equity Partners XV, L.P.	2013	Special Situations	100.0	90.1	1.17x	11.3%
New Mexico Asia Investors, L.P.	2013	Special Situations	25.0	26.4	1.09x	8.7%
Nordic Capital Fund VIII, L.P.	2013	Buyout	70.7	67.7	1.09x	4.3%
Pine Brook Capital Partners II, L.P.	2013	Growth Equity	75.0	76.5	1.04x	2.2%
CCMP Capital Investors III, L.P.	2014	Buyout	75.0	82.9	1.22x	11.7%
FS Equity Partners VII, L.P.	2014	Buyout	75.0	74.1	0.98x	(3.0%)
KPS Special Situations Fund IV, L.P.	2014	Buyout	50.0	50.7	1.61x	18.5%
Sorenson Capital Partners III, L.P.	2014	Buyout	50.0	50.3	0.98x	(2.5%)
TDR Capital Fund III, L.P.	2014	Buyout	75.4	67.9	1.30x	16.9%
TPG Asia VI, L.P.	2014	Buyout	100.0	107.2	1.17x	9.5%
TPG Opportunities Partners III, L.P.	2014	Special Situations	75.0	78.3	1.11x	8.9%
Vista Equity Partners Fund V, L.P.	2014	Buyout	100.0	111.1	1.14x	9.9%
Ares Special Situations Fund IV, L.P.	2015	Special Situations	75.0	65.7	0.64x	(28.1%)
BDCM Opportunity Fund IV, L.P.	2015	Buyout	75.0	74.2	0.98x	(3.4%)
Bridgepoint Europe V, L.P.	2015	Buyout	75.8	67.5	1.01x	1.2%
JMI Equity Fund VIII, L.P.	2015	Growth Equity	50.0	49.3	0.93x	(8.3%)
TPG Growth Fund III, L.P.	2015	Growth Equity	75.0	74.3	0.96x	(6.2%)
Ares Corporate Opportunities Fund V, L.P.	2016	Buyout	100.0	100.0	N/A	N/A
Coller International Partners VII, L.P.	2016	Special Situations	75.0	75.9	1.33x	33.1%
EQT VII (No.2) Limited Partnership	2016	Buyout	56.7	54.9	0.87x	(20.9%)
Green Equity Investors VII, L.P.	2016	Buyout	100.0	100.0	N/A	N/A
Lightyear Fund IV, L.P.	2016	Buyout	75.0	73.6	(0.72x)	NM
Platinum Equity Capital Partners IV, L.P.	2016	Buyout	100.0	100.0	N/A	N/A
TA XII, L.P.	2016	Growth Equity	100.0	100.0	1.00x	(0.4%)
Vista Equity Partners Fund VI, L.P.	2016	Buyout	100.0	100.2	1.01x	0.9%
Total			\$ 4,343.5	\$ 3,208.0	1.40x	8.8%

Source: Invient and Cambridge. Note that funds with vintage years 2014 and after are not benchmarked.

Benchmark quartile ranking compares each fund's June 30, 2016 performance to the most relevant Cambridge benchmark as of June 30, 2016.

Note: Amounts that show as \$0.0 are rounded amounts less than \$50,000.

Tab 4: State Investment Officer's Report (Moise)

A. Investment Matters:

1. Current NAV
2. 12 month distributions
3. CY16 performance
4. Catalyst Fund update

B. Council Matters:

March Council & committee meetings:

- a. Investment – Thursday, 3/9 @ 9:00am, SIC offices
- b. Governance – Friday, 3/17 @ 10:00am, SIC offices
- c. Council – Tuesday, 3/28 @ 9:00am, Governor's Cabinet Room

C. Operations:

1. Continued recruiting for 3 positions:
 - Private Equity Analyst
 - Public Equity Analyst
 - Accounting /Compliance Analyst
2. New employee: Exec/Administrative Assistant – Terrie Fajardo

D. External Relations:

1. Legislative Session – bills impacting the SIC (Wollmann):
 - a. HJR 1: LGPF For Early Childhood, CA (Maestas)
 - b. HB 128: STPF Investments In Technology Development (C. Trujillo)
 - c. HB 278: Procurement Code Exemption Changes (Smith/Ivey-Soto)
 - d. HB 251: Participation in STO's Local Gov't Investment Pool (Stapleton)
 - e. HB 304: Additional Agency Information To State Auditor (R. Martinez)
 - f. HB 405: Permanent Funds' Investments in NM Infrastructure Projects (Maestas)
 - g. SJR 3: LGPF For Early Childhood, CA (Padilla)
 - h. SJR 14: Additional LGPF Distribution For Longer School Day, CA (Cervantes)
 - i. SJR 18: STPF For Early Childhood, CA (Sapien)
 - j. SB 2: State Financial Agencies To Submit More Information To State Auditor (Rue)
 - k. SB 154: TSPF Appropriation For FY 18 (Smith)
 - l. HJM 9/SJM 12: Retirement Income Security Task Force (Salazar/Tallman)
2. Senate Rules confirmation hearings for Linda Eitzen, Lynn Hoffman, & Peter Frank
3. Southwest Institutional Investors Forum, 10/26, Santa Fe – AZ, NV, UT, NM public institutional investors and NM-based endowments & foundations
4. New legislator briefing (handout)
5. SWF collaboration call 2/8 – What is a SWF? (handout)