



First Quarter 2024 Performance Report

*Infrastructure*

Prepared at the Specific Request of:

San Diego City Employees' Retirement System

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All data is as of March 2024 unless otherwise noted.

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. ACTUAL PERFORMANCE MAY VARY.**

# Q1 2024 Quarterly Performance Update



- SDCERS estimated net Market Value in Infrastructure is \$185.2 million (1.6% of SDCERS total plan Market Value) which constitutes the bulk of the assets in the StepStone Atlantic Fund
- During the quarter, the Infrastructure portfolio:
  - Made one new investment, bringing cumulative commitments to \$286.3 million
  - Generated a -0.2% decrease in gross market value quarter-over-quarter, inclusive of cash flows and unrealized gain/loss

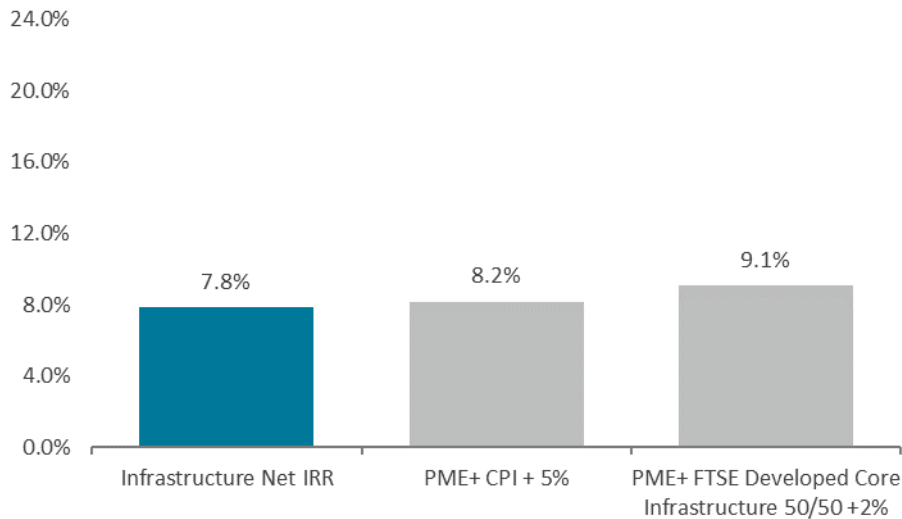
StepStone Atlantic Fund, L.P. - Infrastructure			
	3/31/2024	12/31/2023	QoQ Change
Capital Committed	\$286.3	\$279.1	\$7.2
Capital Contributed	272.8	258.9	13.8
Distributions	203.4	196.8	6.6
Market Value of Investments	192.7	185.8	6.9
<b>Total Value of Investments</b>	<b>\$396.2</b>	<b>\$382.7</b>	<b>\$13.5</b>
<i>Gross Total Value Multiple (TVM)</i>	1.45x	1.48x	(0.03x)
<i>Gross Internal Rate of Return (IRR)</i>	9.5%	9.8%	-0.2%
<i>Net Total Value Multiple (TVM) <sup>(1)</sup></i>	1.37x	1.40x	(0.03x)
<i>Net Internal Rate of Return (IRR) <sup>(1)</sup></i>	7.8%	8.0%	-0.2%

Past performance is not necessarily indicative of future results and there can be no assurance that the fund will achieve comparable results or avoid substantial losses. Unless otherwise indicated, all underlying investment attribution and performance information presented is net of fees and expenses charged by the underlying investment, but gross of StepStone vehicle/account fees and expenses. Where indicated, net return figures presented for StepStone vehicle/account performance include fees and expenses paid to StepStone.

(1) With the combining of the Private Equity and Infrastructure programs, the underlying calculations are considered estimates based upon an approved methodology. Investor net values are estimated based on actual net cash flows allocated across private equity and infrastructure investments based on original commitment amounts related to investments. Investor net returns include management fees, allocable expenses and carried interest, as applicable, at the Fund level. Net IRRs and multiples for SDCERS' Fund interests are reflective of investments made in respect of private equity and infrastructure investments across the Fund's SSAF 2009, 2011, 2012, 2014 and 2022 Series. Please note that for purposes of the respective net IRR and multiple calculations, Fund-level management fees and expenses are actual paid amounts allocated across private equity and infrastructure investments based on original commitment amounts related to investments. The calculations also reflect carried interest that has been allocated across private equity and infrastructure investments based on the net gains achieved on the respective strategies. Additional information on the calculation methodology described above is available upon request. For each investment series, SSAF 2009 has generated a 11% net IRR; SSAF 2011 has generated a 3% net IRR; SSAF 2012 has generated a 14% net IRR; SSAF 2014 has generated a 17% net IRR; and SSAF 2022 has generated a 20% net IRR.

The Infrastructure since inception net IRR as of March 31, 2024, is 7.8%<sup>1</sup>. The Infrastructure portfolio is performing relatively in line with the primary benchmark and 130 bps below the secondary benchmark.

## NET IRR FOR INFRASTRUCTURE VS BENCHMARK



## Gross Performance<sup>2</sup> by Series as of 03/31/2024

- 2011 Series (Infra) – 1.3x TVM / 6% IRR
- 2014 Series (Infra Only) – 1.7x TVM / 15% IRR
- 2022 Series (Infra Only) – 1.3x TVM / 65% IRR

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\*Infrastructure PME+ calculated using the CPI + 500 basis points as of March 31, 2024. The monthly CPI figures are applied on a daily basis by using the prior month figures.

\*Infrastructure PME+ calculated using the FTSE Developed Core Infrastructure 50/50 + 200 basis points as of March 31, 2024.

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The referenced indices are shown for general market comparisons and are not meant to represent any particular fund. An investor cannot directly invest in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented.

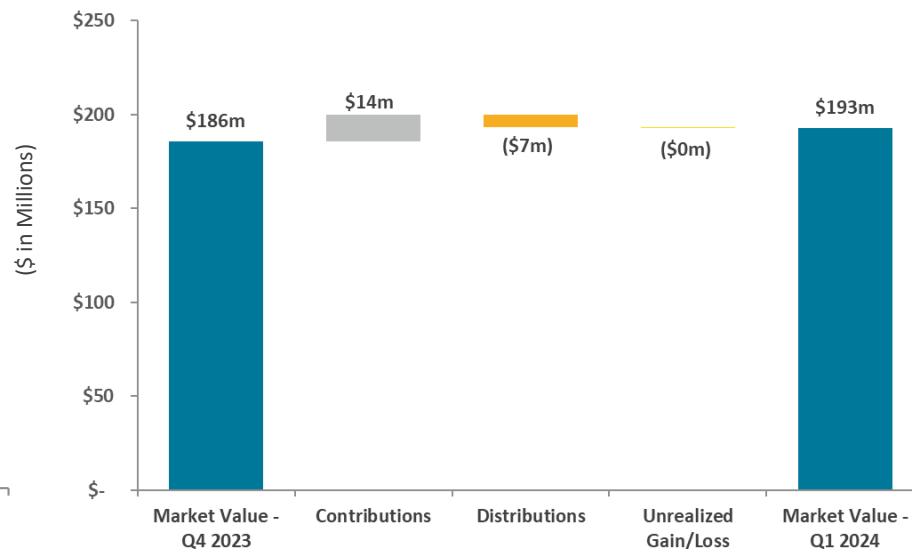
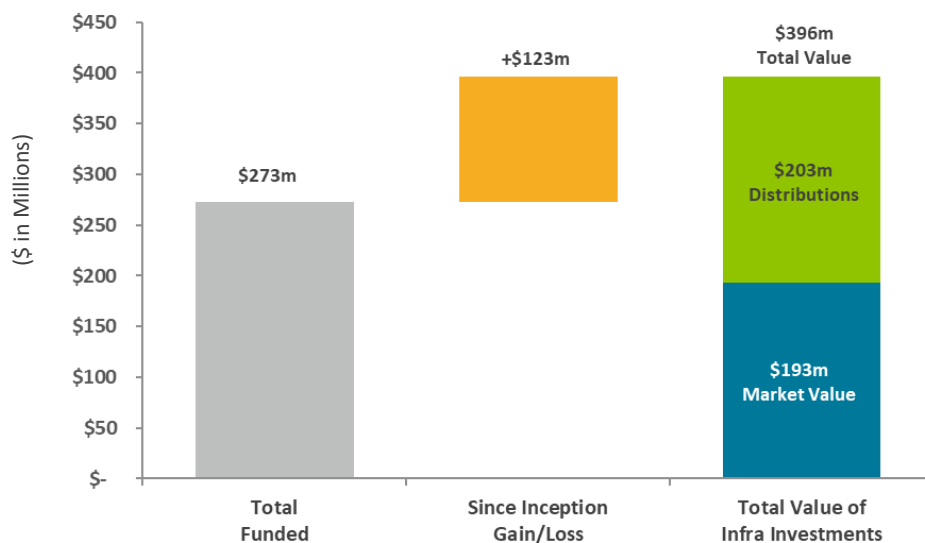
(2) Gross performance represents aggregate fund-level performance, net of GP fees but gross of StepStone fee

# Quarterly Valuation Summary

- The gross market value of Infrastructure portfolio at the end of Q1 2024 was \$192.7 million, down 0.2% from the prior quarter. During the quarter, the Infrastructure portfolio funded \$13.8 million, realized \$6.6 million, and had an unrealized loss of \$0.3 million.

## INCEPTION TO DATE

## Q1 2024

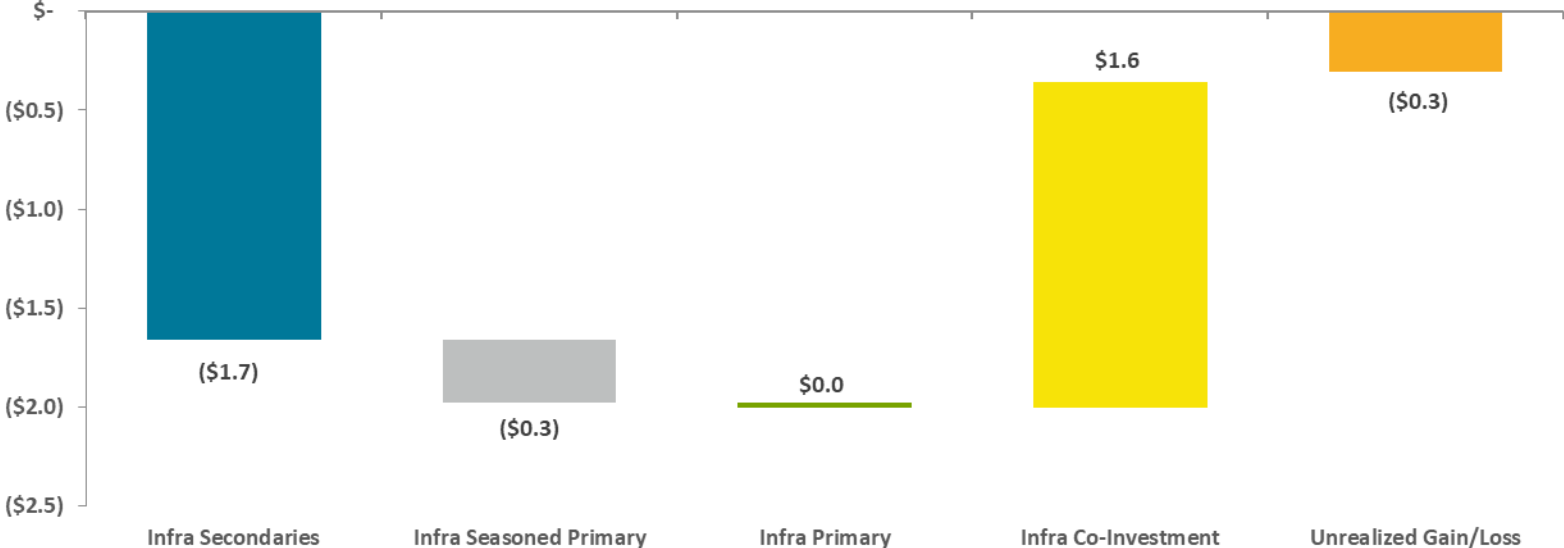


Past performance is not necessarily indicative of future results and there can be no assurance that the fund will achieve comparable results or avoid substantial losses. No assurance can be given that the performance of unrealized investments has not significantly changed from the date the performance reflected herein was determined. Unless otherwise indicated, all underlying investment attribution and performance information presented is net of fees and expenses charged by the underlying investment, but gross of StepStone vehicle/account fees and expenses. Where indicated, net return figures presented for StepStone vehicle/account performance include fees and expenses paid to StepStone.

# Quarterly Performance and Cash Flow Attribution

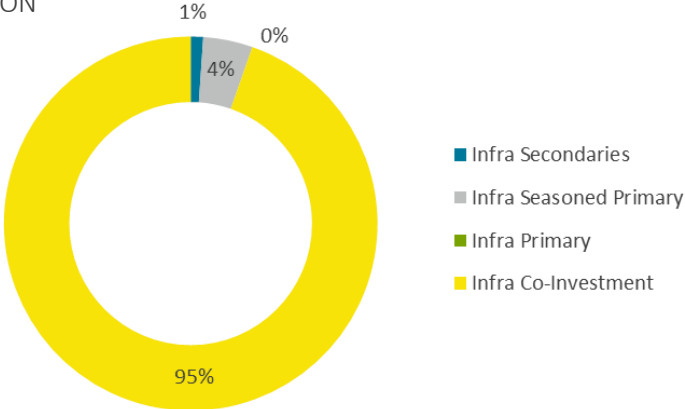


## QUARTERLY UNREALIZED GAIN/LOSS BY INVESTMENT TYPE



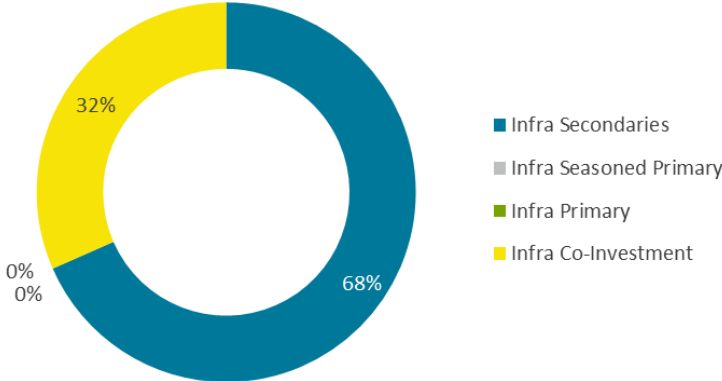
## QUARTERLY CONTRIBUTIONS

\$13.8 MILLION



## QUARTERLY DISTRIBUTIONS

\$6.6 MILLION

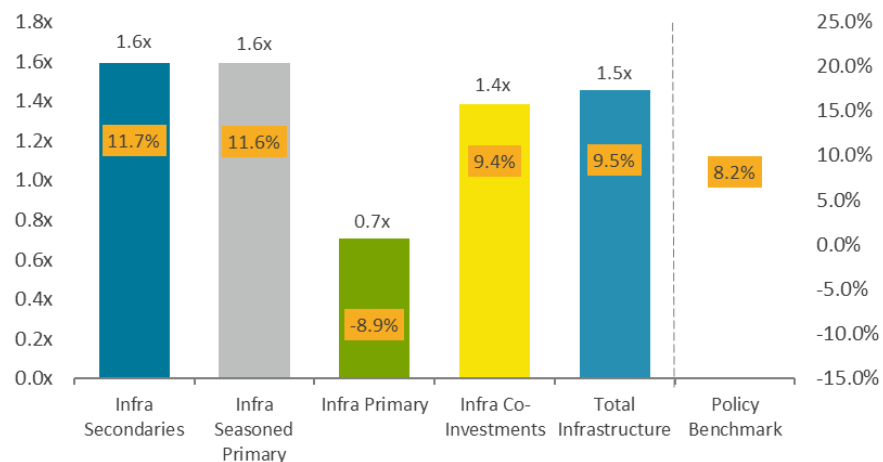


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# Investment Performance Analysis

## Gross TVM and IRR by Investment Type and Strategy

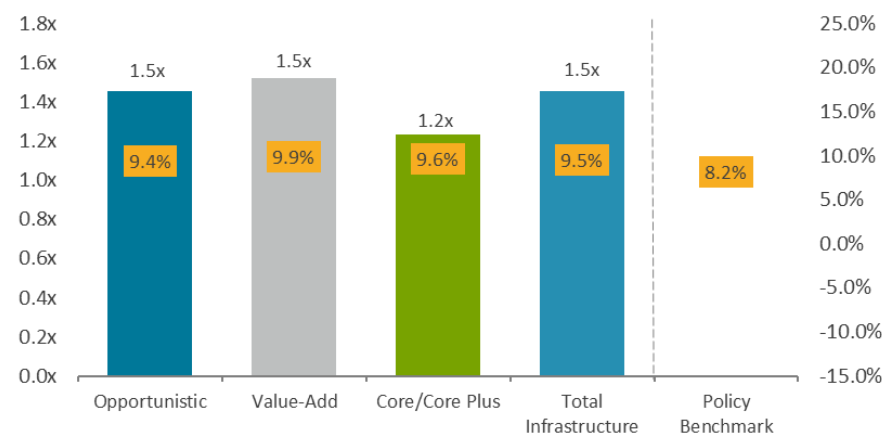
### INVESTMENT TYPE



(USD millions)

Investment Type	Contributions	% of Total
Infrastructure Secondaries	106.8	39%
Infrastructure Seasoned Primary	40.8	15%
Infrastructure Primary	17.5	6%
Infrastructure Co-Investments	107.7	39%
<b>Total Infrastructure</b>	<b>\$272.8</b>	<b>100%</b>

### INVESTMENT STRATEGY<sup>(1)</sup>



(USD millions)

Investment Strategy	Contributions	% of Total
Opportunistic	187.9	69%
Value-Add	64.8	24%
Core/Core Plus	20.1	7%
<b>Total Infrastructure</b>	<b>\$272.8</b>	<b>100%</b>

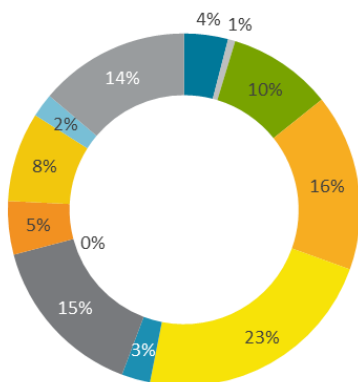
(1) Infrastructure investment strategy categories reclassified as of Q3 2023 per SDCERS request.

-Policy Benchmark: Infrastructure PME+ calculated using the CPI + 500 basis points as of March 31, 2024. The monthly CPI figures are applied on a daily basis by using the prior month figures. IRR and TVM for certain vehicles may have been impacted by Stepstone's or the underlying GPs' use of subscription-backed credit facilities by such vehicles. Reinvested/recycled amounts increase contributed capital. Performance is net of underlying manager fees and expenses, but gross of StepStone's fees and expenses. All figures above are shown gross of StepStone fees, expenses and carried interest.

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# Infrastructure Portfolio Diversification Summary

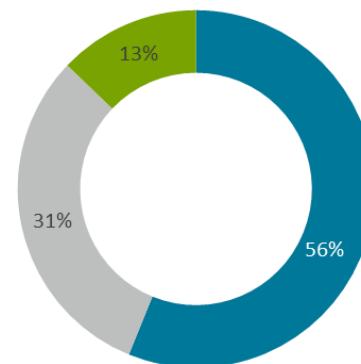
## VINTAGE YEAR <sup>(1)</sup>



(USD millions)

Vintage Year	Investments	Market Value	% of Total
2024	1	7.8	4%
2023	1	1.3	1%
2022	2	18.4	10%
2021	4	31.3	16%
2019	3	43.6	23%
2018	1	5.1	3%
2017	4	29.2	15%
2016	1	0.0	0%
2015	1	9.4	5%
2014	4	15.8	8%
2013	2	4.2	2%
2012 and Prior	12	26.7	14%
<b>Total</b>	<b>36</b>	<b>\$192.7</b>	<b>100%</b>

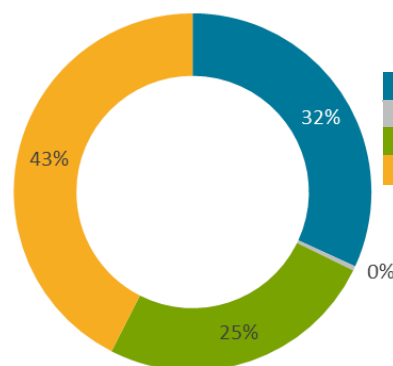
## INVESTMENT STRATEGY <sup>(1)(2)</sup>



(USD millions)

Investment Strategy	Investments	Market Value	% of Total
Opportunistic	26	108.2	56%
Value-Add	8	59.8	31%
Core/Core Plus	2	24.8	13%
<b>Total</b>	<b>36</b>	<b>\$192.7</b>	<b>100%</b>

## INVESTMENT TYPE <sup>(1)</sup>



(USD millions)

Investment Type	Investments	Market Value	% of Total
Co-Investment	15	61.3	32%
Primary	2	0.8	0%
Seasoned Primary	4	48.7	25%
Secondary	15	81.9	43%
<b>Total</b>	<b>36</b>	<b>\$192.7</b>	<b>100%</b>

NOTE: Totals may not sum due to rounding.

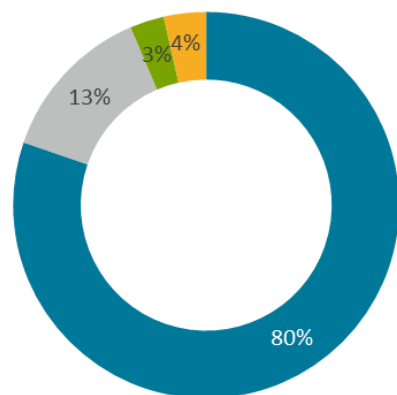
(1) Amounts are by underlying fund market value as of March 31, 2024, or best available.

(2) Infrastructure investment strategy categories reclassified as of Q3 2023 per SDCERS request.



# Infrastructure Portfolio Diversification Summary

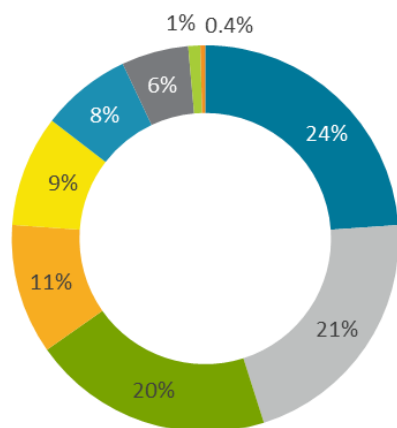
## INVESTMENT REGION <sup>(1)</sup>



(USD millions)

Investment Region	Market Value	% of Total
North America	154.7	80%
Asia	25.7	13%
Europe	5.5	3%
RoW	6.8	4%
<b>Total</b>	<b>\$192.7</b>	<b>100%</b>

## INDUSTRY <sup>(1)(2)</sup>



(USD millions)

Industry	Market Value	% of Total
Power & Renewables	46.0	24%
Transportation	40.9	21%
Digital Infrastructure	38.8	20%
Diversified Infrastructure	21.0	11%
Midstream	18.0	9%
Agriculture	14.5	8%
Social Infrastructure	10.8	6%
Utilities	1.9	1%
Other	0.8	0.4%
<b>Total</b>	<b>\$192.7</b>	<b>100%</b>

NOTE: Totals may not sum due to rounding.

(1) Amounts are by underlying portfolio company market value as of March 31, 2024, or best available.

(2) Other category includes Industrial Infrastructure, Conventional Energy and FX hedges.

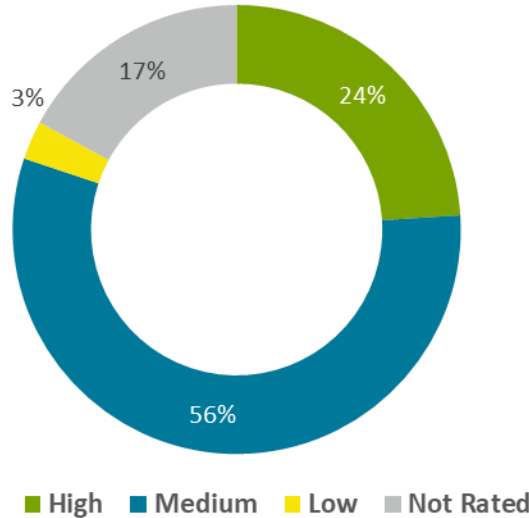
## INFRASTRUCTURE <sup>(1)</sup>

**92%**  
of capital committed to managers with an ESG Policy

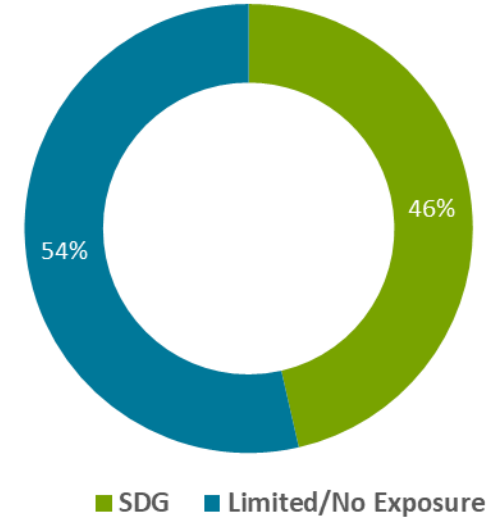
**44%**  
of capital committed to managers that are UN PRI Signatories

**33%**  
of capital committed to Diverse Managers <sup>(4)</sup>

Level of ESG Integration by General Partner <sup>(2)</sup>



GPs with Material Exposure Aligned to UN Sustainable Development Goals <sup>(3)</sup>



(1) Amounts are calculated based on committed capital for active investments as of March 31, 2024. Totals may not sum due to rounding.

(2) ESG Integration Rankings: (1) “High” denotes GPs that are UNPRI signatories with an institutional ESG policy, (2) “Medium” denotes GPs with an ESG policy that are not UNPRI signatories, (3) Low denotes GPs that do not have an ESG policy but consider ESG factors in their investment process.

(3) UN Sustainable Development Goals are a set of 17 objectives to improve global health, environment, financial inclusion, education and empowerment. “Material Exposure” is defined as investments that exceed 33% of targeted capital in SDG-aligned investments.

(4) Diverse Managers: 33%+ of the General Partner/Management company is owned by diverse individuals; and/or 33%+ of carried interest for the Fund will be allocated to diverse individuals; and/or 33% of key persons are diverse individuals. Diverse individuals include women and racial/ethnic minority employees: Asian, Black, Hispanic/Latinx, Indigenous People, Middle Eastern/North African, and Two or More Races. In addition, LGBTQIA+, disability, and US Military Veteran status will be considered. Diverse Managers includes international investments.

# Infrastructure New Investments

Investment Name	Investment Type	Investment Description	Commitment (USD Millions)	ESG Policy	UN PRI Signatory	Diverse Manager
EQT Co-Investment (2024 vintage)	Infra Co-Investment	EQT Co-Investment, alongside EQT Active Core Infrastructure and PSP Infrastructure, is the take-private of a diversified global platform that owns and leases critical infrastructure sites.	\$7.2	Yes	Yes	No

- During the quarter, the Infrastructure portfolio had no fully realized investments

## TOP 5 CURRENT QUARTER DISTRIBUTION ACTIVITY

*(USD millions)*

		Q1 2024
Fund Name	Investment Type	Distribution
Project Magellan	Infra Secondaries	4.4
AGR Co-Investment	Infra Co-Investment	2.1
Project Ironside	Infra Secondaries	0.1
Project Delta	Infra Secondaries	0.1
Quinbrook Low Carbon Power Fund	Infra Seasoned Primary	0.0
<b>Total Q1 Distributions</b>		<b>\$6.6</b>

## TOP 5 SUBSEQUENT QUARTER DISTRIBUTION ACTIVITY

*(USD millions)*

		Q2 2024
Fund Name	Investment Type	Distribution
Quinbrook Low Carbon Power Fund	Infra Seasoned Primary	2.8
Quinbrook Co-Investment	Infra Co-Investment	0.6
Melody Communications Infrastructure Fun	Infra Seasoned Primary	0.3
Argonaut PE III	Infra Secondaries	0.2
Project Ironside	Infra Secondaries	0.1
<b>Total Q2 Distributions</b>		<b>\$4.0</b>

## INFRASTRUCTURE<sup>1</sup>

- During the quarter, the North American Infrastructure sector saw 87 transactions closed
- The aggregate Infrastructure deal volume of \$37 billion represents an increase of 5% quarter-over-quarter
- The average Infrastructure deal size decreased 21% from \$1.4 billion to \$1.1 billion
- Notable transactions –
  - In the energy sector, Williams acquired a portfolio of natural gas storage assets from an affiliate of Hartree Partners in January for ~US\$2.0 billion
  - In the telecommunications sector, Evoque Data Center Solutions, a data center company owned by Brookfield Infrastructure Partners, successfully closed its acquisition of Cyxtera Technologies' data center assets for an estimated US\$1.3 billion

## SECONDARIES<sup>2</sup>

- Global secondary volume totaled \$72 billion in H1 2024, an increase of 73% year-over-year and setting a new high for H1 secondary volume on record
- GP-led transactions represent 43% of the market in H1 2024 as interest rates remain high and M&A/IPOs are subdued
- Desire for liquidity and a narrowing bid-ask spread drove LP-led transactions, which represent 57% of the market in H1 2024
- Secondary dry powder continues to rise at a 14% CAGR from '13-'23, at \$189 billion as of H1 2024

(1) Inframation News, Q1 2024

(2) Evercore H1 2024 Secondary Market Survey