

Date: March 18, 2026
To: Board of Retirement
From: F. Robert Reveles, Retirement Financial Investment Officer
Subject: Fourth Quarter 2025 Infrastructure Update and Manager Characteristics

Recommended Action:

Receive and file.

Fiscal and Financial Impacts:

There is no financial impact to receiving this informational item.

Strategic Plan Importance and Risk Assessment:

This report pertains to Goal 1 – Protect the Plan’s long-term financial health and Goal 2 – Strengthen Risk Oversight.

Background and Discussion:

Manager Strategy Highlights:

IFM GIF

The IFM Global Infrastructure Fund (GIF) strategy returned a net 2.93% during the second quarter of fiscal year 2026. Over the past year the strategy returned net 11.26%. MCERA’s total cumulative net return with IFM since our capital call in December 2021 is 43.73%. Management and Incentive fees were 160 bps for 2025.

Over the last quarter the strategy’s Net Asset Value (NAV) increased from \$66.2B to \$67.3B. The increase in NAV is reflected primarily in the acquisition of Green Group and increases in valuation at Aleatica, Manchester Airports Group, and Buckeye. These increased valuations were offset by a distribution at Naturgy.

In October 2025, the strategy purchased Green Group AG, a Swiss operator of hyperscale and enterprise data centers, centered in Zurich. The company operates a portfolio of data centers with multiple long-term contracts with a diversified customer base. The company was founded in 1995. A small portion of ownership was retained by the current management team. Following the acquisition, Green has made progress on several projects including expanding capacity for customers, rezoning additional land parcels in Zurich, and expanding into Germany.

At Aleatica, the largest asset in the fund, traffic on the roads is more than 6% greater than the prior period through November. The increase in traffic is led by CONMEX and Supervia Poetas. The 73 mile Circuito Exterior Mexiquense, operated by CONMEX, connects 19 municipalities and links 4

IFM GIF (Continued)

major federal highways in the Mexico City metropolitan area. The 4 mile high speed Supervia Poetas connects the Santa Fe business district with the Anillo Periferico beltway. The road is considered “high speed” because alternative routes can take between 45 – 90 minutes due to traffic and stoplights. In October the company completed construction and began operations of Autopista Rio Magdalena in Columbia. The 95 mile toll road connects Medellin to the Caribbean coastal ports of Cartagena, Barranquilla, and Santa Marta. The project is expected to improve road safety and reduce travel time for over 154,000 people in the region and generated more than 22,000 direct and indirect jobs during its construction (approximately over 9 years).

Manchester Airports Group continues to see strong passenger demand. Revenues through November 2025 are over 10% greater than 2024, while passenger volumes are more than 5% higher than the prior comparable period. Volumes are expected to continue to increase because during the quarter planning approval was received to increase annual passenger limit from 43 million to 51 million. The Terminal 2 expansion project also is nearing completion. Aside from expanding passenger volumes, the expansion aims to optimize the airport taxiways (increasing number of flights) and modernize the passenger experience by adding new scanners, bagging systems, and retail/dining vendors.

Through November Buckeye Partners pipeline and terminal volumes are up by over 3%. The company is continuing through the legal process to expand flows on its Laurel Pipe Line Phase. The goal is to provide Midwest refiners with access to upstate New York and New York harbor markets.

The fund received almost \$800M in distributions from Naturgy during the quarter. On March 3, 2026, Blackrock sold its remaining 11.4% stake in the company. Blackrock obtained the shares in October 2024 due to the acquisition of Global Infrastructure Partners (GIP). GIP originally obtained ownership of Naturgy in September 2016. As of March 10, 2026, the share price is down 3.24% from the December closing price, so staff are expecting a further write down in valuation for the first quarter 2026 report. IFM still retains the second largest ownership interest in the company.

JPM IIF

Over the past year the J.P. Morgan Infrastructure Investments Fund (IIF) had a net return of 10.83%. In the second quarter of fiscal year 2026 the fund returned a net 2.95%. MCERA’s total cumulative net return with JPM since our capital call in April 2021 is 59.94%. Management and Incentive fees were 122 bps for 2025.

Over the last quarter the strategy’s Net Asset Value (NAV) increased from \$47.4B to \$49.8B. The increase in NAV is reflected in acquisitions at Enstor, the connection of a new drilling field to Third Coast’s Delta House floating production system, and increased ownership at North Queensland Airports. (From 66% to 100%) Notably, Beacon Rail significantly expanded its footprint in the U.K.

JPM IIF (Continued)

In November 2025, the natural gas storage company Enstor acquired Black Bear Transmission. Black Bear Transmission owned and operated natural gas transmission pipelines across the Southern U.S. in the states of Alabama, Arkansas, Louisiana, Mississippi, Missouri, Oklahoma, and Tennessee. After the acquisition Enstor now owns and operates more than 1,800 miles of natural gas pipelines. The strategic purchase now gives Enstor a vertically integrated business that will be more profitable.

Also in November 2025, the company Murphy Oil (not an IIF company) announced plans to drill two near-field exploration wells that were subsequently announced (January 28, 2026) will be tied back to the Third Coast (an IIF company) owned Delta House Floating Production System. In other unfortunate news, in January 2026 the company was fined \$9.6M by the U.S. Department of Transportation and the Pipeline and Hazardous Materials Safety Administration for a spill that happened in 2023.

In late 2025 IIF gained 100% controlling interest of North Queensland Airports. IIF previously controlled 66% of shares outstanding. The airports are located in the northeast region of Australia in Cairns and Mackay.

In January 2026, following regulatory approvals, Beacon Rail completed the acquisition of Eversholt Rail. Eversholt is the third-largest rolling stock leasing company in the U.K. Formed as part of the privatization of British Rail in 1994, Eversholt will significantly expand the Beacon network with its fleet of over 2,600 passenger vehicles and 83 freight locomotives. In addition to increasing the fleet size, the acquisition will increase the company's contracted revenues with investment grade and government backed counter parties from just under 50% to nearly 70%. The regulator, the U.K. Competition and Markets Authority, found the impact on leasing of passenger trains would be minimal because Beacon and Eversholt were not close competitors and there would continue to be sufficient alternatives. Further because of the long-term nature of leases on freight locomotives and low demand for newly built locomotives (current stock hasn't reached the end of useful lives), the merger was found to not substantially lessen leasing competition.

Attachment:

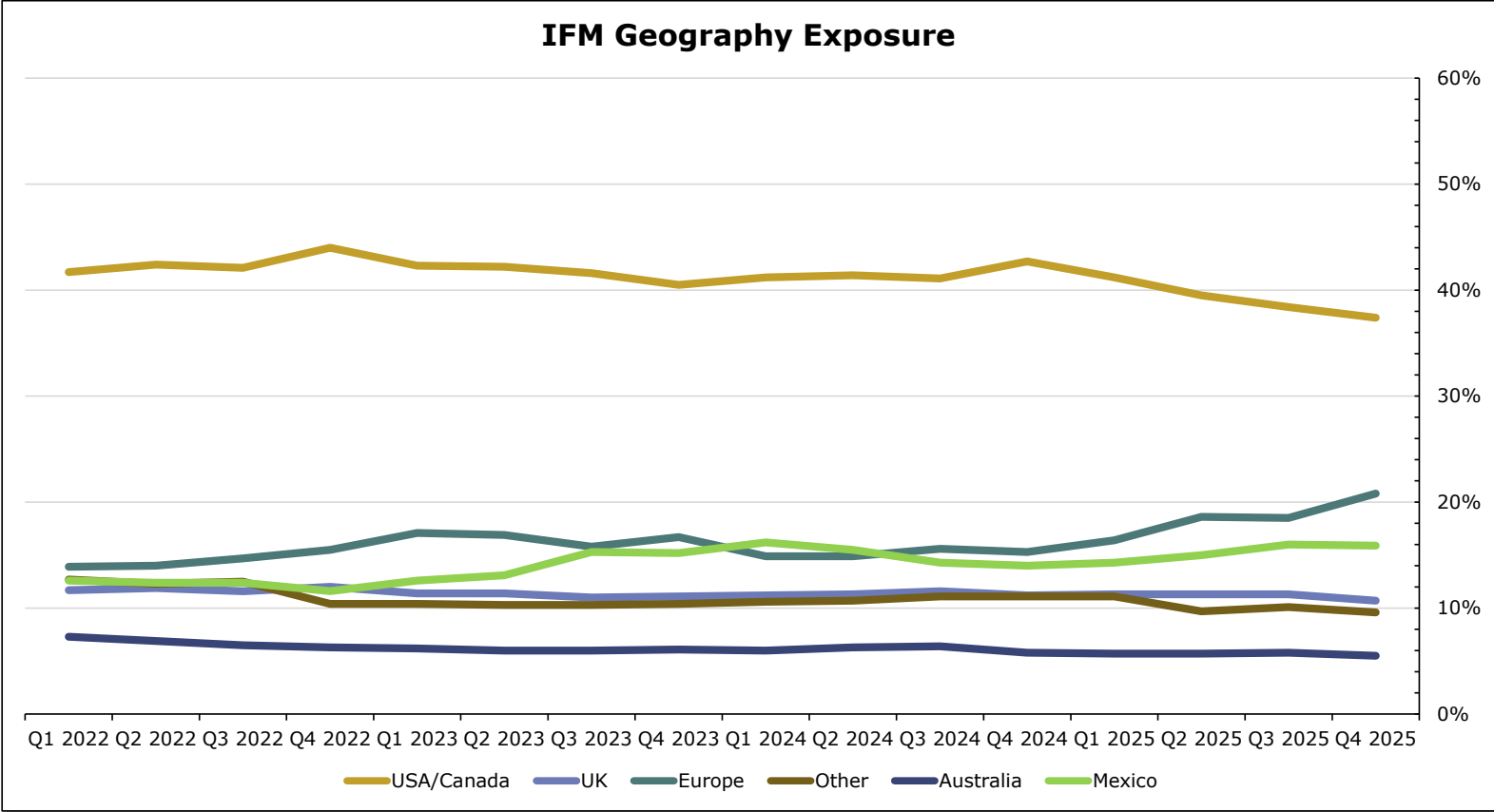
1. Infrastructure Portfolio Characteristics – 12/31/25



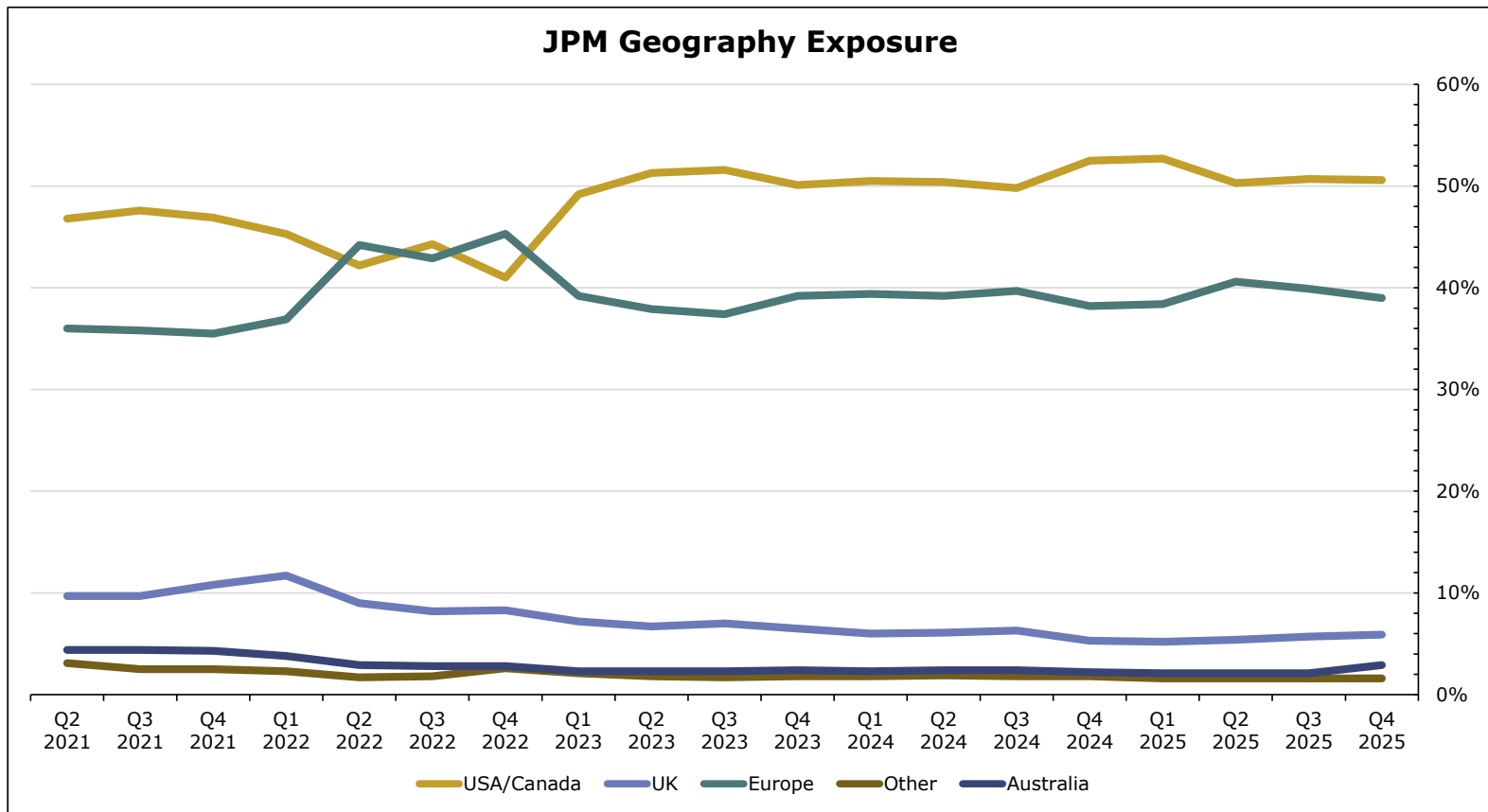
MENDOCINO COUNTY EMPLOYEES
RETIREMENT ASSOCIATION

Infrastructure Characteristics

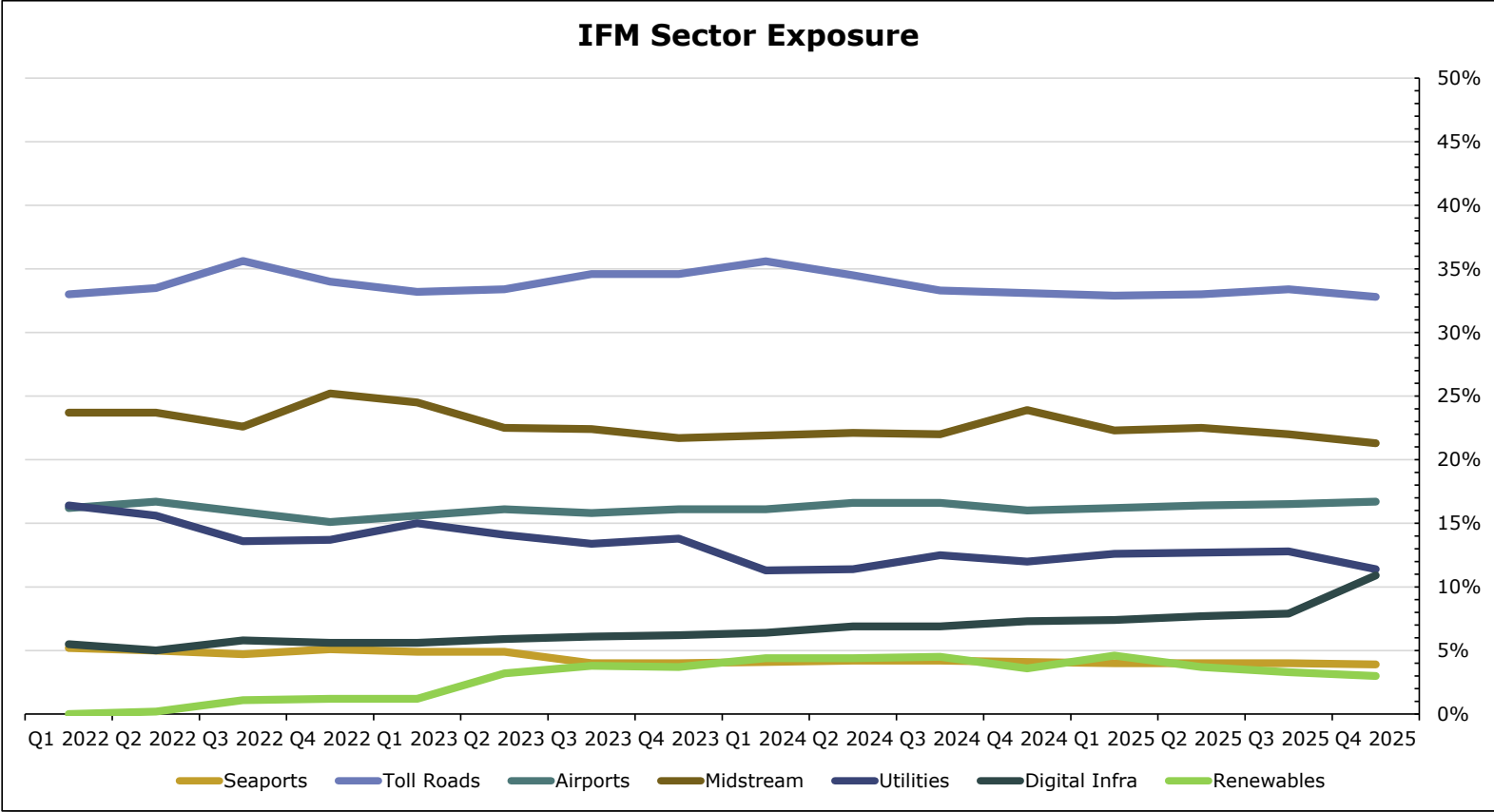
IFM Geography - 12/31/25



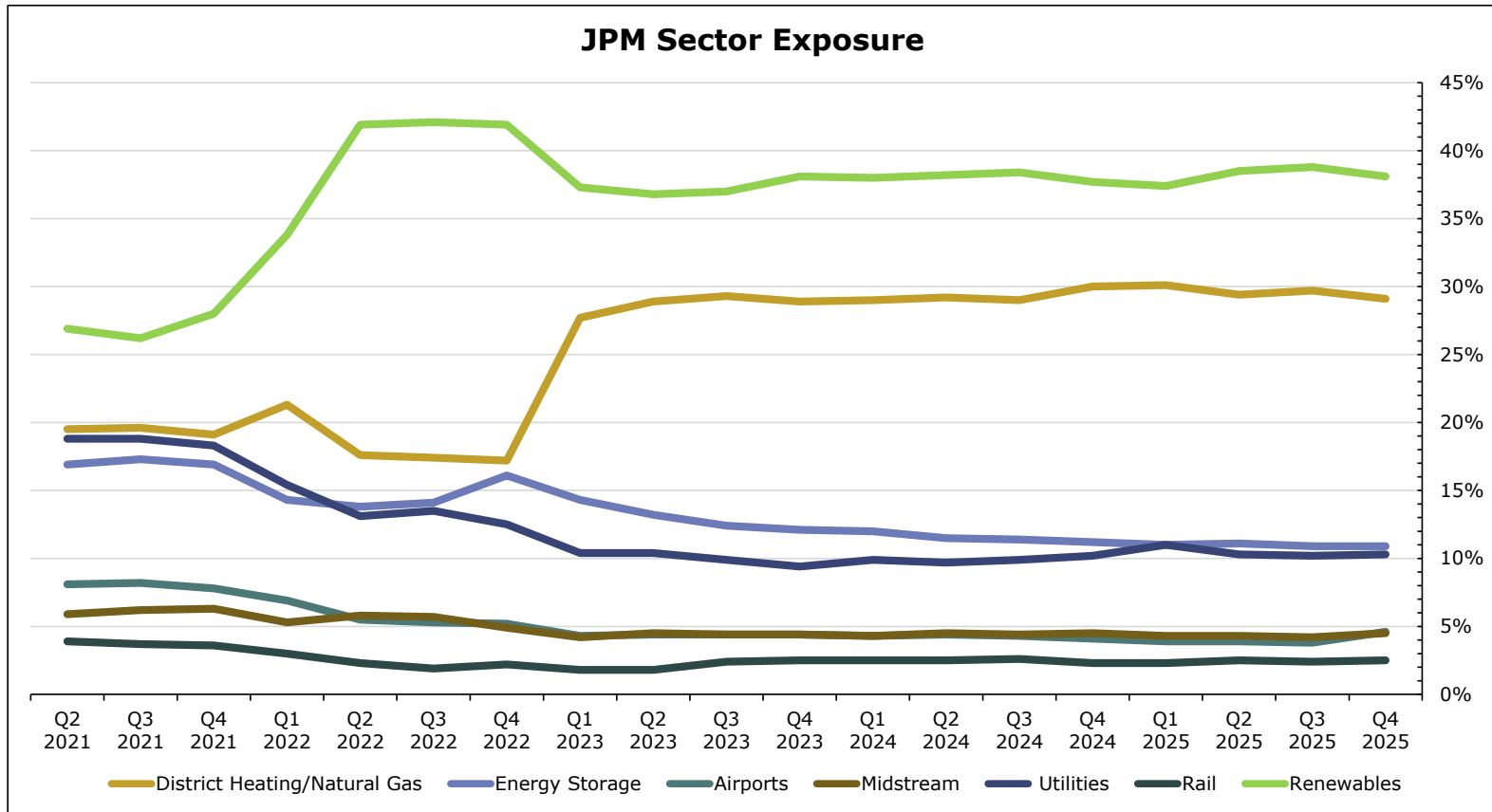
JPM Geography - 12/31/25



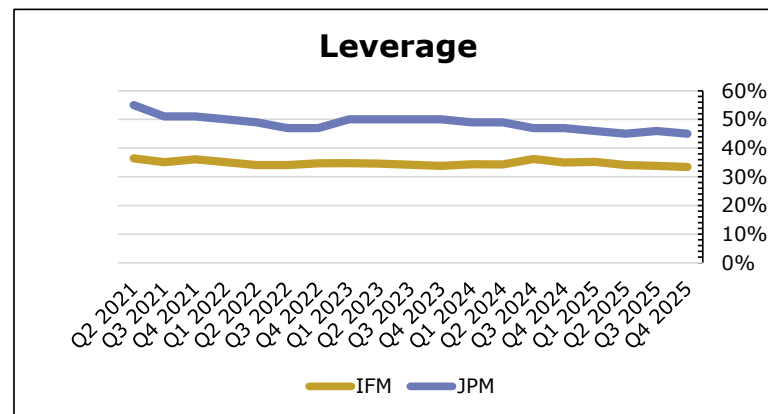
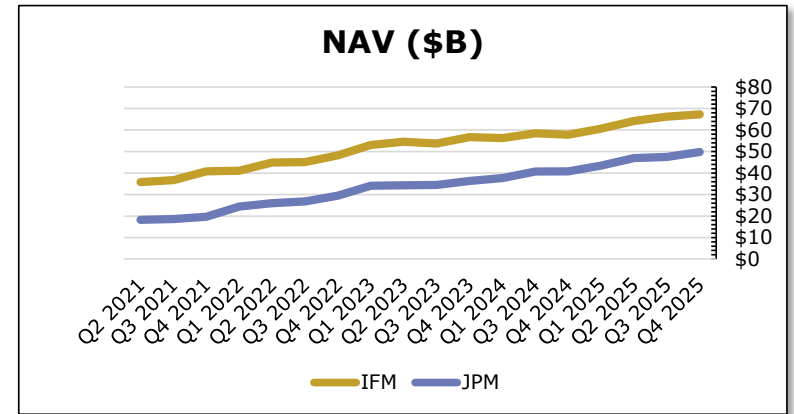
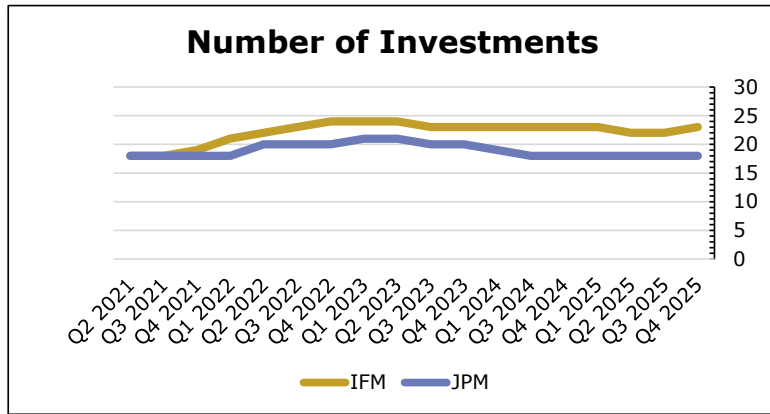
IFM Sectors - 12/31/25



JPM Sectors - 12/31/25



Investments, Leverage, NAV – 12/31/25



Other Metrics– 12/31/25

| <u>For the period Q2 2021 through Q4 2025</u> | <u>IFM GIF</u> | <u>JPM IIF</u> | <u>Composite</u> |
|---|----------------|----------------|------------------|
| Net Asset Value (\$B) | \$ 67.3 | \$ 49.8 | |
| Leverage | 33.4% | 45.0% | |
| Fiscal YTD Net Return | 5.01% | 5.87% | 5.43% |
| Inception Net Return | 43.73% | 59.94% | 54.70% |
| Average Annualized Net Return | 8.94% | 10.40% | 9.63% |
| Trailing 12 Month Distribution Yield | 1.86% | 5.11% | 3.45% |
| Annualized Standard Deviation | 2.55% | 1.15% | 1.45% |
| Correlation with S&P 500 | 0.1354 | 0.2738 | 0.1634 |



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Thank you