



New Mexico State Investment Council



SCIENCE, TECHNOLOGY & TELECOMMUNICATIONS COMMITTEE

UPDATE INVESTMENT PERFORMANCE & LEGISLATIVE AGENDA

NOVEMBER 18, 2013



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Permanent Fund Values

2

- SIC assets under management \$17.837 billion as of September 30, 2013

NMSIC Total Fund - Schedule of Investable Assets

Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return
CYTD	16,272,051,380	-138,166,009	1,703,931,897	17,837,817,268	10.52

- Calendar year to date investment returns: 10.5% outpacing 7.5% annual target
- Investment gains of \$1.7B in 2013 so far
- Fund distributions exceed contributions by \$138M – primarily due to limited STPF in-flows



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Permanent Fund Values

3

- AUM up *approximately* \$510 million since 9/30/13
- Est. Fund values as of 11/18/13: \$18.35 billion
- LGPF: \$13.03 billion
- STPF: \$4.40 billion
- Tobacco: \$187.6 million
- Water: \$47.7 million
- NM Clients: \$ 678.9 million



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Investments Versus Benchmarks, 9/30/13

4

- Wilshire Trust Universe Comparison Service (TUUCS)
- Peer rankings for 9/30 quarter place LGPF in top third/top half for 1,2,3 & 4 year benchmarks

<u>Percentile Rankings</u>	<u>1 Qtr</u>	<u>2 Qtrs</u>	<u>3 Qtrs</u>	<u>1 Year</u>	<u>2 Years</u>	<u>3 Years</u>	<u>4 Years</u>	<u>5 Years</u>	<u>7 Years</u>	<u>10 Years</u>
LAND GRANT	4.39 (65)	5.39 (35)	10.64 (39)	12.86 (46)	15.44 (26)	10.35 (45)	10.90 (26)	7.03 (84)	5.28 (68)	7.13 (78)
SEVERANCE TAX	4.24 (75)	5.07 (48)	9.85 (61)	12.16 (62)	14.20 (50)	9.94 (63)	10.14 (62)	5.96 (97)	4.40 (97)	6.44 (97)

- Accomplished during SIC restructuring since 2010
- Longer investment periods, 3rd/4th quartile, but improving
- 10-year annualized returns of 7.13% below long-term 7.5% target



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SIC Legislation for 2014

5

- **Constitutional Amendment**
 - Increases standard of care requirement for LGPF
 - Removes dated cap of 15% international stocks
 - ✦ Permissive & does not **require** additional international investment; allows higher percentage *if prudent*
 - ✦ Council as fiduciaries to invest appropriately under Uniform Prudent Investor Act (UPIA)
 - Brings SIC statute into better alignment with PERA, ERB & nearly all institutional investors in US
- **STPF Inflows increase**
 - Targets current unspent bonding capacity for investment
 - Adjust current 95/5% split back to FY2000 level of 87.5/12.5%