



New Mexico Educational Retirement Board

July 21, 2021

Presentation to LFC

Chair: Representative Patricia A. Lundstrom

Vice-Chair: Senator George Munoz

Bob Jacksha, Chief Investment Officer

Rick Scroggins, Interim Executive Director

Board Vice Chair: H. Russell Goff



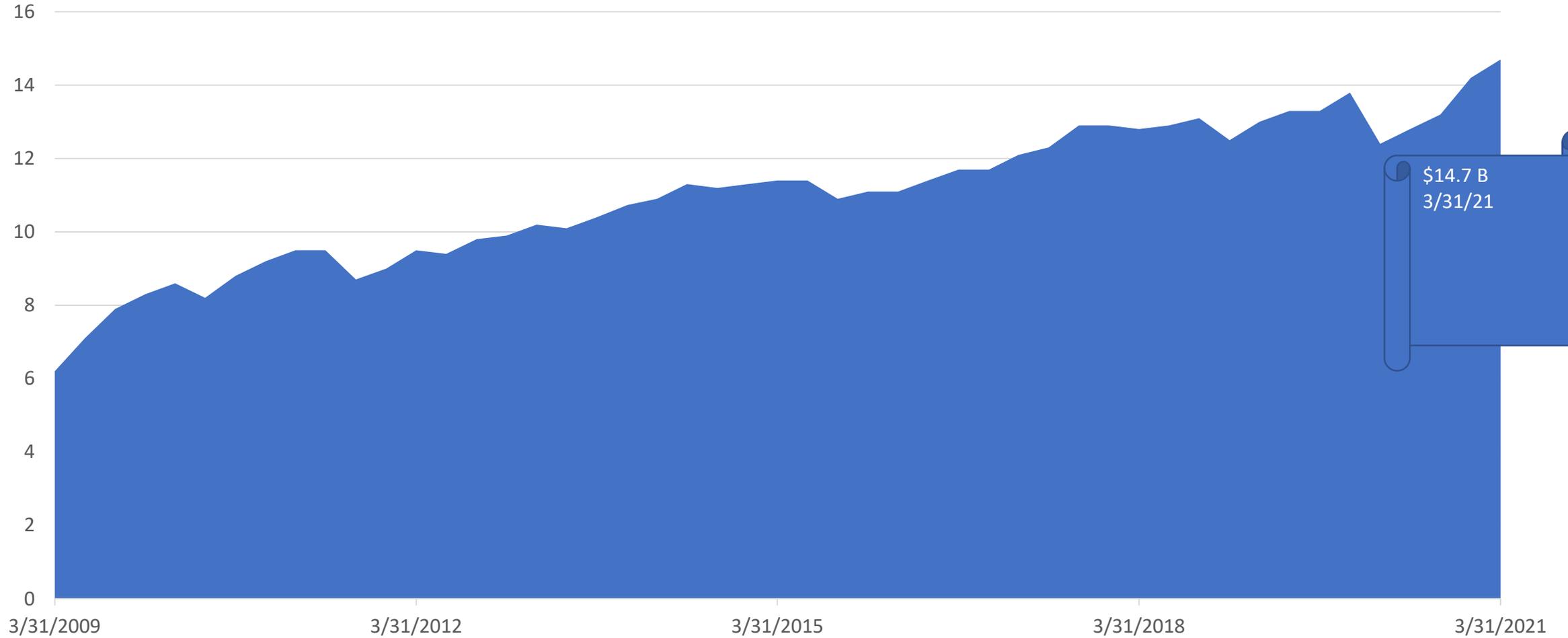
The NMERB Pension Buck

As of June 30, 2019, NMERB income over the last 28 years demonstrates that every dollar spent on educational employee pensions comes from the following sources:



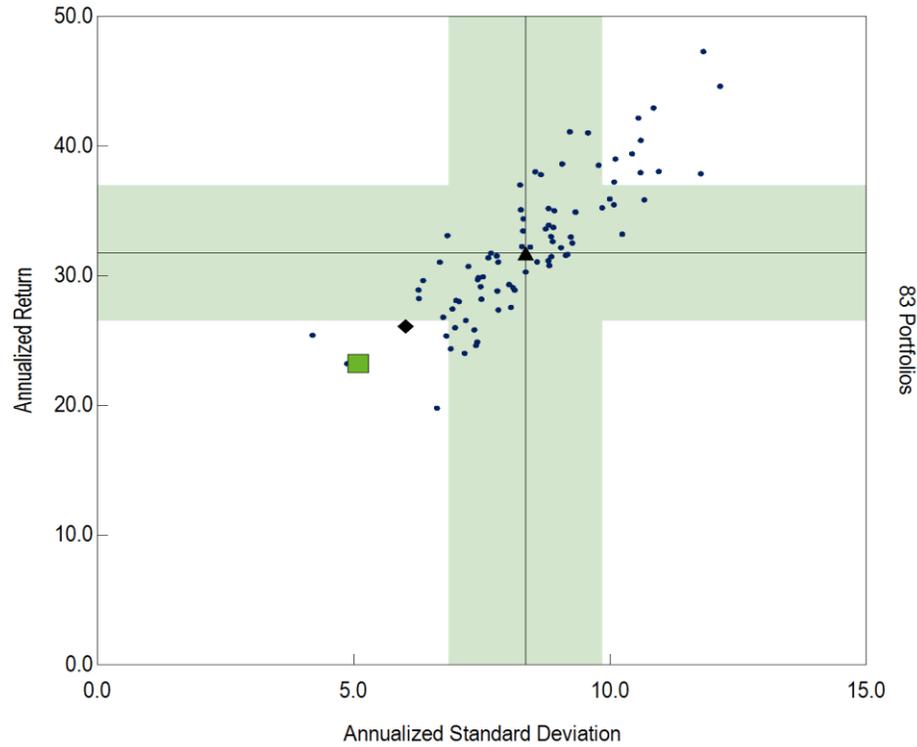


Historical Asset Growth



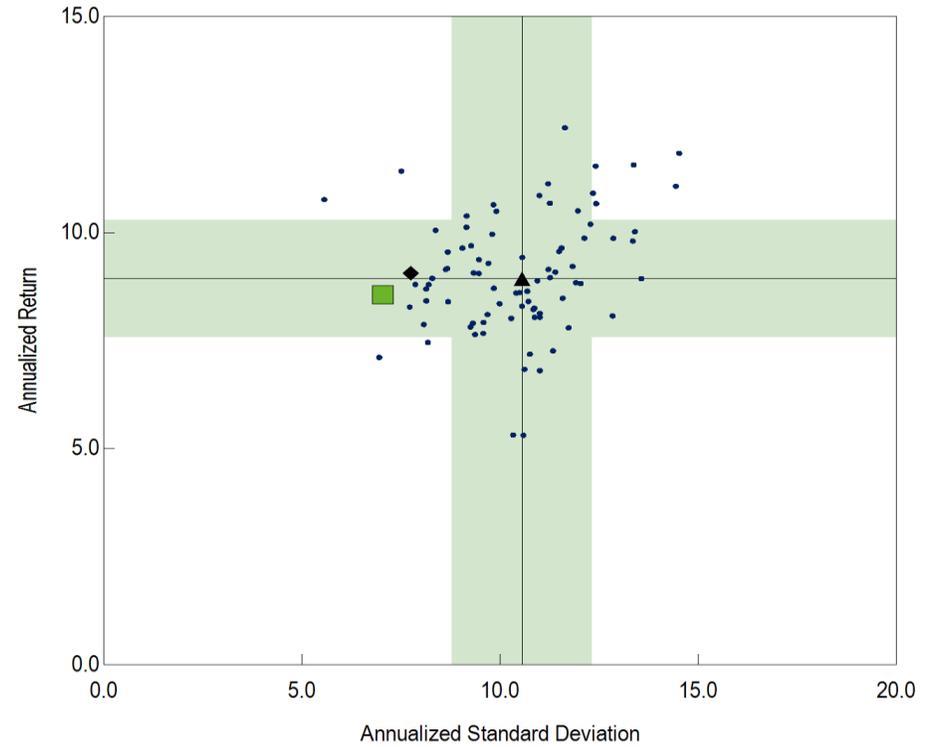
Risk/Return 1 and 3 Years

1 Year Ending March 31, 2021



- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvMetrics Public DB > \$1B Net

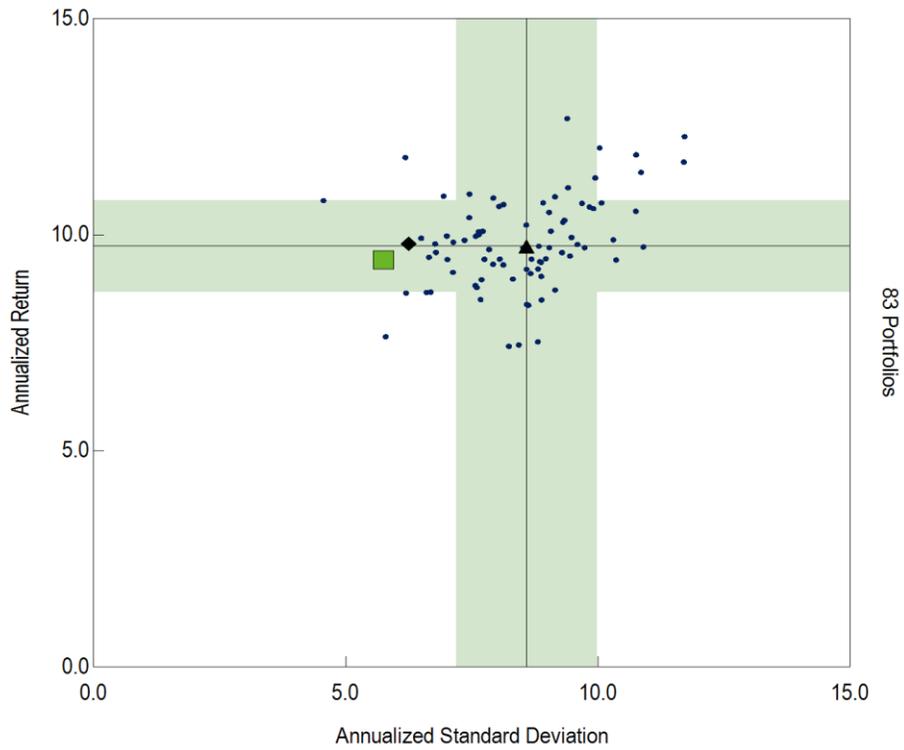
3 Years Ending March 31, 2021



- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvMetrics Public DB > \$1B Net

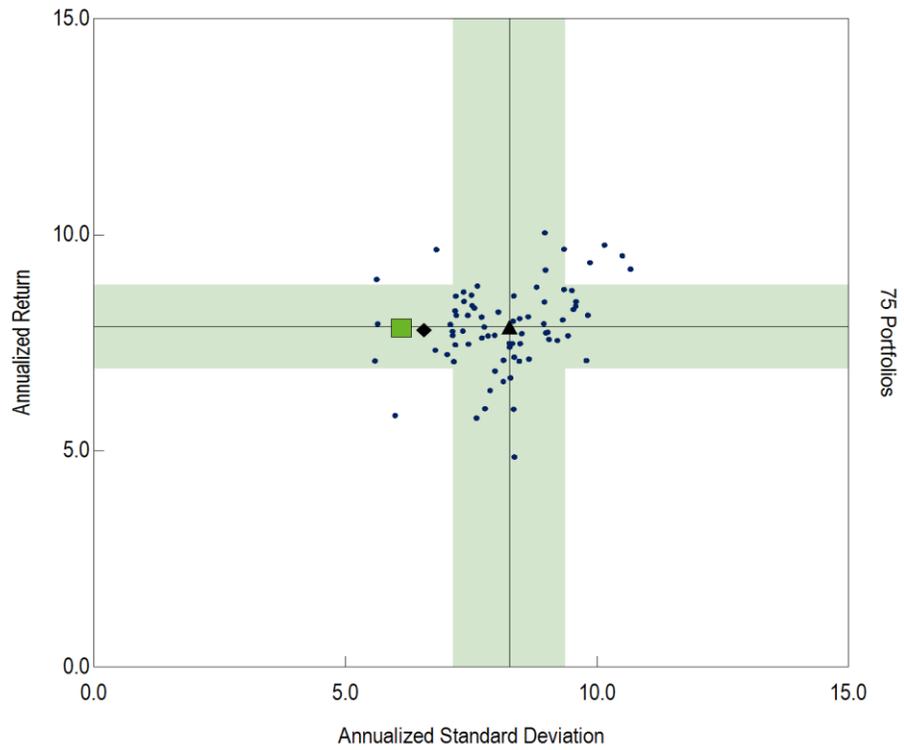
Risk/Return Balance 1 and 3 Years

5 Years Ending March 31, 2021



- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvMetrics Public DB > \$1B Net

10 Years Ending March 31, 2021

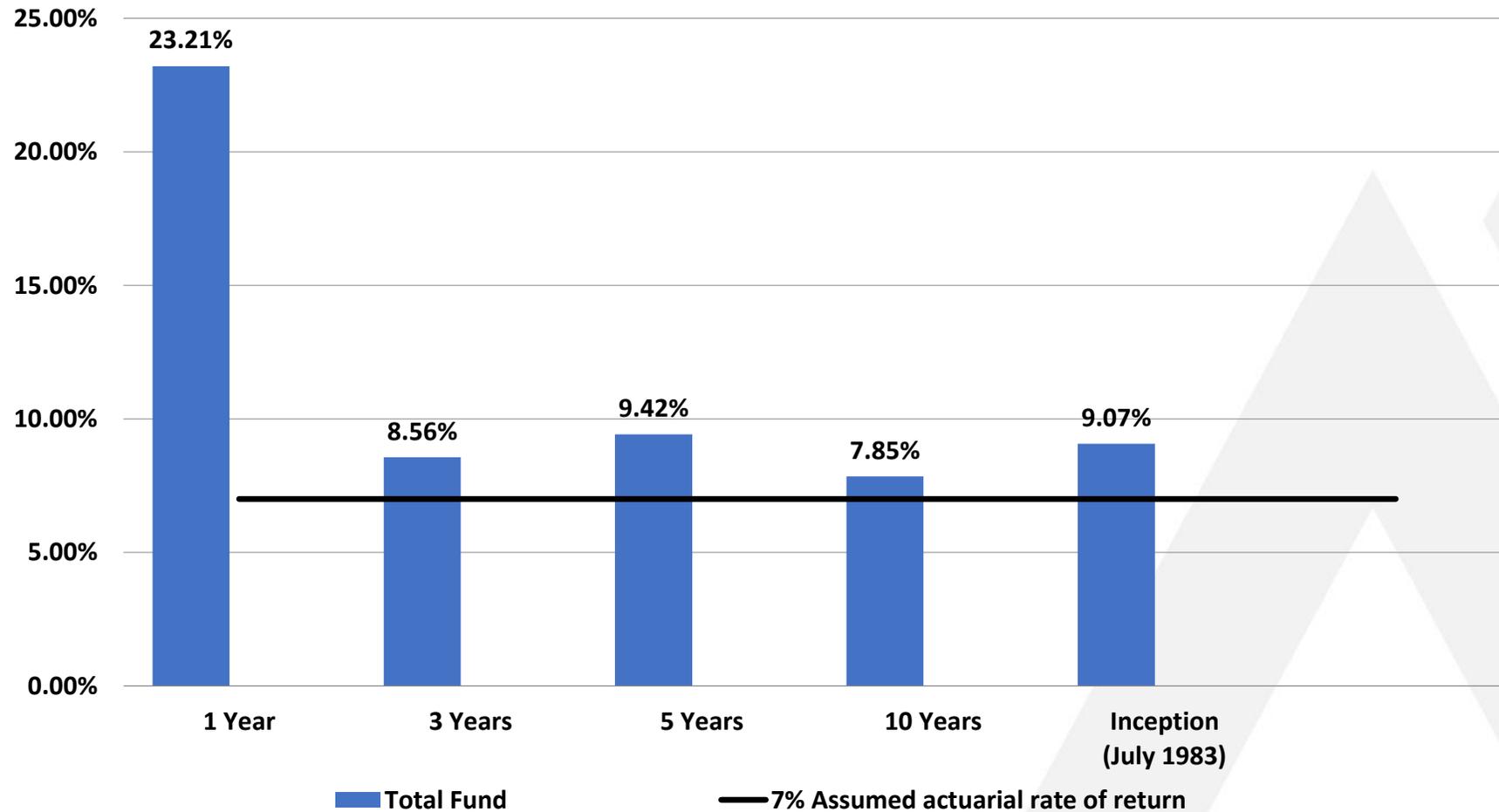


- Total Fund
- ◆ Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvMetrics Public DB > \$1B Net



Actual Return vs. 7% Target

NMERB Annualized Returns
As of March 31, 2021
Net of Fees



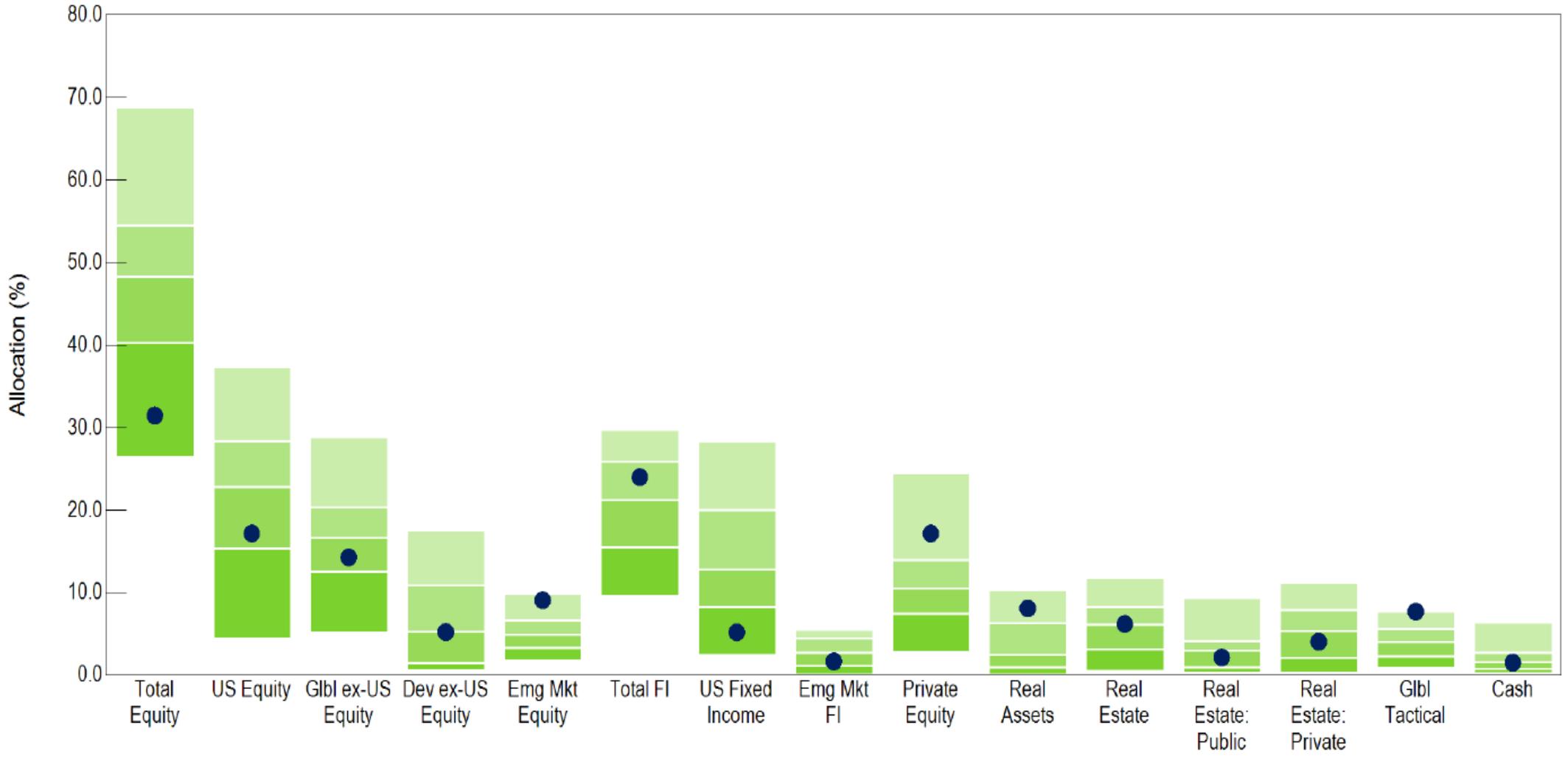


March 31, 2021 Investment Returns

<u>Returns*</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>30 Years</u>
Portfolio	23.2%	8.6%	9.4%	7.9%	8.8%
Policy Index	26.1%	9.1%	9.8%	7.8%	7.7%
Value Add	-2.9%	-0.5%	-0.4%	0.1%	1.1%
Universe Ranking	99	64	69	52	4

*All returns in this presentation are net of external manager fees.

Total Plan Allocation vs. InvMetrics Public DB > \$1B Net



Delays and More Delays....

- ERB has allocated a significant amount to private assets in the form of limited partnership funds.
- Typically, these funds report results with a one calendar quarter delay due to the nature of the assets.
- In the March reporting quarter, however, the delay is even longer due to at least two levels of December 31st audits.
- This is the result of each underlying portfolio company, project or property compiling annual financial data, then being audited before reporting those results to the limited partnership.

.....Result in an Incomplete Picture

- Each partnership compiles the data and it is audited. After the audit is complete are results released to ERB.
- Thus, March 31st reporting does not include December results for many funds. 40% of private equity assets reflect September 30th valuations.
- This will be corrected in the June 30th reporting period. December results will be included and the most, if not all March 31st.
- December and March results are very robust and will result in a different picture in the June report.



May 31, 2021 Update

<u>Returns</u>	<u>*Two Months</u>	<u>*FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>**Since Inception</u>
Portfolio	7.2%	27.4%	29.3%	10.5%	10.6%	8.4%	9.2%

Index values and universe rankings are only available on a quarterly basis. June 30th is the next available update for this data.

*Not annualized

**Since inception of performance reporting in July 1983

Fiscal Year 21 Investment Environment: “Stimulated”

- Federal Reserve policy kept interest rates very low.
- Responding to low rates and massive Federal fiscal and monetary stimulus, equity markets delivered high returns.
- For example, the S&P 500 stock index was up about 38% for the FY.
- Bond markets were less robust, with the Aggregate investment grade bond index returning a slight loss at -0.3%.



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