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NEW MEXICO
EDUCATIONAL
RETIREMENT
BOARD

New Mexico Educational Retirement Board

1Q 2010 Executive Summary

June 3, 2010

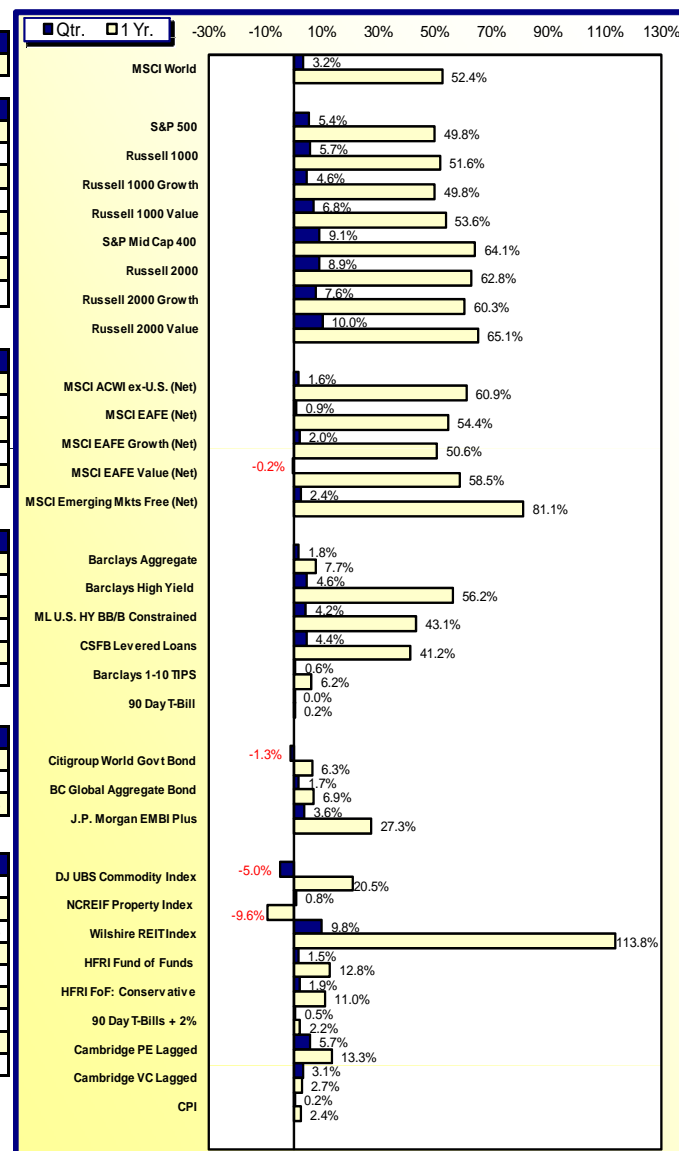
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Market Environment Overview

		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Equity Benchmarks						
MSCI World	World	3.2%	52.4%	-5.4%	2.9%	-0.0%
Domestic Equity Benchmarks						
S&P 500	Large Core	5.4%	49.8%	-4.2%	1.9%	-0.7%
Russell 1000	Large Core	5.7%	51.6%	-4.0%	2.3%	-0.4%
Russell 1000 Growth	Large Growth	4.6%	49.8%	-0.8%	3.4%	-4.2%
Russell 1000 Value	Large Value	6.8%	53.6%	-7.3%	1.0%	3.1%
S&P Mid Cap 400	Mid Core	9.1%	64.1%	-0.8%	5.2%	6.0%
Russell 2000	Small Core	8.9%	62.8%	-4.0%	3.4%	3.7%
Russell 2000 Growth	Small Growth	7.6%	60.3%	-2.4%	3.8%	-1.5%
Russell 2000 Value	Small Value	10.0%	65.1%	-5.7%	2.8%	8.9%
International Equity Benchmarks						
MSCI ACWI ex-U.S. (Net)	International	1.6%	60.9%	-4.2%	6.1%	2.8%
MSCI EAFE (Net)	Int'l Developed	0.9%	54.4%	-7.0%	3.8%	1.3%
MSCI EAFE Growth (Net)	Int'l Developed	2.0%	50.6%	-5.7%	4.2%	-1.3%
MSCI EAFE Value (Net)	Int'l Developed	-0.2%	58.5%	-8.4%	3.2%	3.7%
MSCI Emerging Mkts Free (Net)	Int'l Emerging	2.4%	81.1%	5.2%	15.7%	9.8%
Domestic Fixed Income Benchmarks						
Barclays Aggregate	Core Bonds	1.8%	7.7%	6.1%	5.4%	6.3%
Barclays High Yield	High Yield	4.6%	56.2%	6.7%	7.8%	7.5%
ML U.S. HY BB/B Constrained	High Yield	4.2%	43.1%	5.5%	6.6%	6.8%
CSFB Levered Loans	Bank Loans	4.4%	41.2%	2.5%	4.2%	n/a
Barclays 1-10 TIPS	Inflation-Linked	0.6%	6.2%	6.0%	4.8%	7.3%
90 Day T-Bill	Cash	0.0%	0.2%	2.0%	2.9%	2.9%
Global Fixed Income Benchmarks						
Citigroup World Govt Bond	Global Bonds	-1.3%	6.3%	7.2%	4.8%	6.5%
BC Global Aggregate Bond	Global Bonds	1.7%	6.9%	5.5%	5.0%	5.7%
J.P. Morgan EMBI Plus	Em. Mkt. Bonds	3.6%	27.3%	7.0%	9.4%	10.5%
Alternative Benchmarks						
DJ UBS Commodity Index	Commodities	-5.0%	20.5%	-6.9%	-1.4%	5.7%
NCREIF Property Index	Real Estate	0.8%	-9.6%	-4.3%	4.2%	7.1%
Wilshire RBT Index	RBT	9.8%	113.8%	-12.0%	3.4%	11.4%
HFRI Fund of Funds	Hedge Funds	1.5%	12.8%	-1.7%	2.9%	3.4%
HFRI FoF: Conservative	Hedge Funds	1.9%	11.0%	-2.2%	1.9%	3.2%
90 Day T-Bills + 2%	Hedge Funds	0.5%	2.2%	4.0%	5.0%	4.9%
Cambridge PE Lagged	Private Equity	5.7%	13.3%	1.4%	11.3%	8.4%
Cambridge VC Lagged	Venture Capital	3.1%	2.7%	0.0%	5.0%	-3.2%
CPI	Inflation	0.2%	2.4%	2.0%	2.4%	2.4%



Note: Cambridge Private Equity and Venture Capital Indexes are lagged by one quarter. Performance shown as of December 31, 2009.

as of March 31, 2010

Summary of Investment Results

- Over the last 12 months, the Fund experienced a gross investment gain of \$2.5 billion, which includes a gross investment gain of \$310.9 million during the first quarter. Total assets increased from \$8.3 billion at the beginning of the quarter to \$8.6 billion on March 31, 2010, with \$35.7 million in net distributions.
- Over the past five years, the Fund returned 5.3% per annum, outperforming its policy index by 0.7%, ranking in the 11th percentile of the Independent Consultant Cooperative's Public Funds > \$1 Billion Universe.
- For the year ending March 31, 2010, the Fund returned 40.4%, outperforming its policy index by 8.0%, ranking in the 9th percentile of public funds > \$1 billion.
- For the quarter, the Fund posted a 3.7% return, outperforming its policy index by 0.6%, ranking in the 28th percentile of public funds > \$1 billion.
- All asset classes were within policy ranges on March 31, 2010



Note: Returns are gross of fees.

as of March 31, 2010

Fund Allocation

	Market Value	Percent of Total Assets	Interim Policy Target ¹	Difference	Long Term Policy Target	Difference	Range ²
TOTAL FUND	\$8,553,662,221	100.0%					
TOTAL EQUITY	\$3,926,462,246	45.9%	45.0%	0.9%	45.0%	0.9%	
U.S. EQUITY	\$2,304,358,607	26.9%	25.0%	1.9%	25.0%	1.9%	10-40%
<i>U.S. Large Cap Equity</i>	<i>\$1,920,323,492</i>	<i>22.5%</i>	<i>23.0%</i>	<i>(0.5%)</i>	<i>23.0%</i>	<i>(0.5%)</i>	
<i>U.S. Small Cap Equity</i>	<i>\$384,035,115</i>	<i>4.5%</i>	<i>2.0%</i>	<i>2.5%</i>	<i>2.0%</i>	<i>2.5%</i>	
NON-U.S. EQUITY	\$1,622,103,639	19.0%	20.0%	(1.0%)	20.0%	(1.0%)	10-35%
<i>Non-U.S. Developed Markets</i>	<i>\$558,451,596</i>	<i>6.5%</i>	<i>10.0%</i>	<i>(3.5%)</i>	<i>10.0%</i>	<i>(3.5%)</i>	
<i>Non-U.S. Emerging Markets</i>	<i>\$1,063,652,043</i>	<i>12.4%</i>	<i>10.0%</i>	<i>2.4%</i>	<i>10.0%</i>	<i>2.4%</i>	
FIXED INCOME	\$2,765,873,048	32.3%	33.0%	(0.7%)	20.0%	12.3%	5-40%
<i>Core Bonds</i>	<i>\$2,195,785,291</i>	<i>25.7%</i>	<i>28.0%</i>	<i>(2.3%)</i>	<i>15.0%</i>	<i>10.7%</i>	
<i>Credit Strategies</i>	<i>\$570,087,757</i>	<i>6.7%</i>	<i>5.0%</i>	<i>1.7%</i>	<i>5.0%</i>	<i>1.7%</i>	
ABSOLUTE RETURN	\$510,339,394	6.0%	10.0%	(4.0%)	10.0%	(4.0%)	2-20%
PRIVATE EQUITY	\$245,808,427	2.9%	2.0%	0.9%	10.0%	(7.1%)	2-20%
REAL ESTATE	\$409,981,461	4.8%	5.0%	(0.2%)	5.0%	(0.2%)	0-10%
<i>Private Real Estate</i>	<i>\$84,323,040</i>	<i>1.0%</i>	<i>2.0%</i>	<i>(1.0%)</i>	<i>5.0%</i>	<i>(4.0%)</i>	
<i>REITs</i>	<i>\$325,658,421</i>	<i>3.8%</i>	<i>3.0%</i>	<i>0.8%</i>	<i>0.0%</i>	<i>3.8%</i>	
REAL ASSETS	\$59,979,323	0.7%	0.0%	0.7%	5.0%	(4.3%)	0-10%
GLOBAL ASSET ALLOCATION	\$413,307,174	4.8%	5.0%	(0.2%)	5.0%	(0.2%)	0-10%
CASH	\$221,911,148	2.6%	0.0%	2.6%	0.0%	2.6%	0-10%

¹Interim Policy Target Effective 10/1/2009.

²New policy ranges pending approval of revised investment policy document.

Public Funds > \$1 Billion – Public Equity Commitment

NEW MEXICO ERB

Total Fund Allocation - Universe: Public Funds (DB) > \$1 Billion

Period Ending March 31, 2010

Commitment to Equity (%)



	2005	2006	2007	2008	2009	2010
* TOTAL FUND	67.6 14	70.4 6	57.9 68	55.4 56	44.4 60	45.5 76
5th Percentile	70.9	71.8	70.7	66.7	62.7	71.9
25th Percentile	65.2	66.9	64.1	60.1	52.5	62.0
50th Percentile	61.0	62.6	60.9	56.0	46.8	55.0
75th Percentile	57.3	59.7	55.5	49.4	38.2	45.9
95th Percentile	43.4	46.1	47.5	30.8	9.9	15.3

Note: Includes allocation to non-U.S. equities.

Excludes manager cash held in separately managed accounts.



as of March 31, 2010

Total Fund Performance

	Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	One Year	Rank	Annualized Returns							
								Three Years	Rank	Five Years	Rank	Ten Years	Rank	Fifteen Years	Rank
Total Fund	\$8,553,662,221	3.7%	28	23.0%	7	40.4%	9	-0.3%	24	5.3%	11	2.8%	89	7.5%	
Allocation Index		3.3%	58	19.1%	40	33.7%	32	0.5%	10	5.6%	5	3.8%	29	n/a	
Policy Index		3.1%	72	18.0%	57	32.4%	39	-0.9%	38	4.6%	33	3.4%	53	7.1%	
60% S&P 500/40% BC Aggregate		4.0%		19.5%		31.7%		0.3%		3.6%		2.4%		7.6%	
70% S&P 500/30% BC Aggregate		4.4%		21.9%		36.0%		-0.8%		3.2%		1.7%		7.7%	
ICC Public Funds > \$1 Billion Median		3.4%		18.8%		29.0%		-1.2%		4.1%		3.4%		n/a	
ICC Public Funds Median		3.6%		18.8%		30.4%		-0.5%		4.3%		3.7%		n/a	

Total Fund Asset Growth Summary (\$000)				
	One Quarter	Year to Date	One Year	Since Inception
TOTAL FUND				Sept-2005 (Date NEPC Began Tracking Performance)
Beginning Market Value	8,278,474	8,278,474	6,207,371	7,694,652
Net External Growth	-35,703	-35,703	-142,947	-642,418
Return on Investment	310,891	310,891	2,489,238	1,501,428
Income Received	60,287	60,287	257,632	973,510
Gain/Loss	250,604	250,604	2,231,605	527,918
Ending Market Value	8,553,662	8,553,662	8,553,662	8,553,662

Note: Returns are gross of fees.



as of March 31, 2010

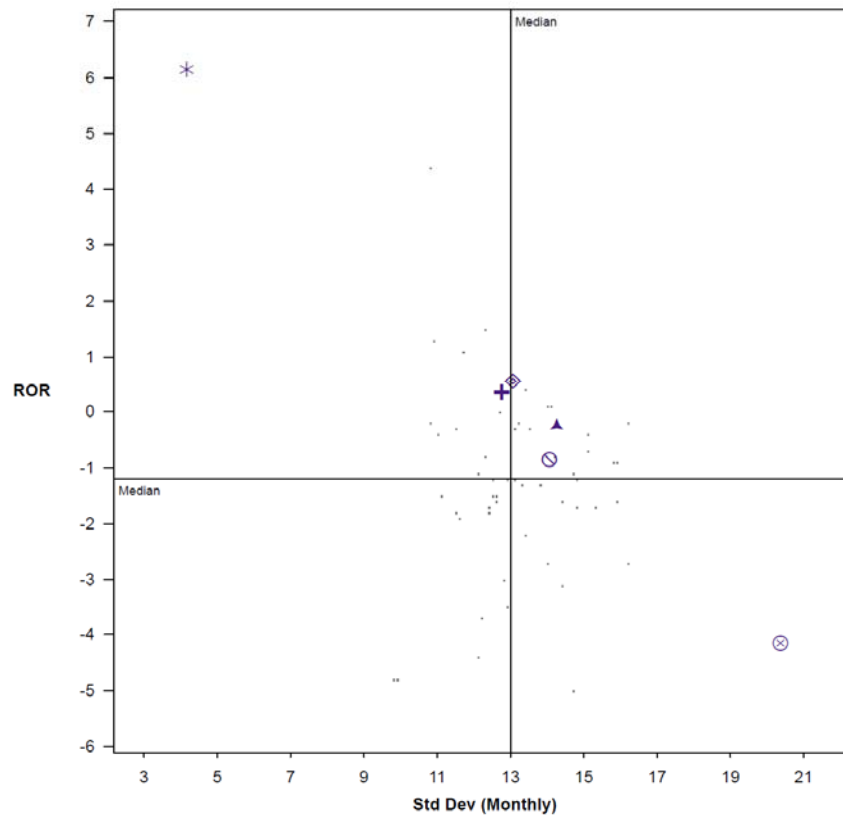
Public Funds > \$1 Billion – 3 Year Return/Volatility

NEW MEXICO ERB

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Period Ending March 31, 2010

Risk vs. Return - 3 Year



NAME	Return		Standard Deviation		Sharpe Ratio	
▲ TOTAL FUND	-0.3	24	14.3	74	-0.2	25
◆ ALLOCATION INDEX	0.5	10	13.1	53	-0.1	11
⊗ POLICY INDEX	-0.9	38	14.1	71	-0.2	42
⊙ S&P 500	-4.2	93	20.4	99	-0.3	77
* BC AGGREGATE	6.1	2	4.2	1	1.0	3
+ 60% S&P 500/40% BARCLAYS AGG	0.3	11	12.8	48	-0.1	13
Median	-1.2		13.0		-0.2	



Note: Returns are gross of fees.

as of March 31, 2010

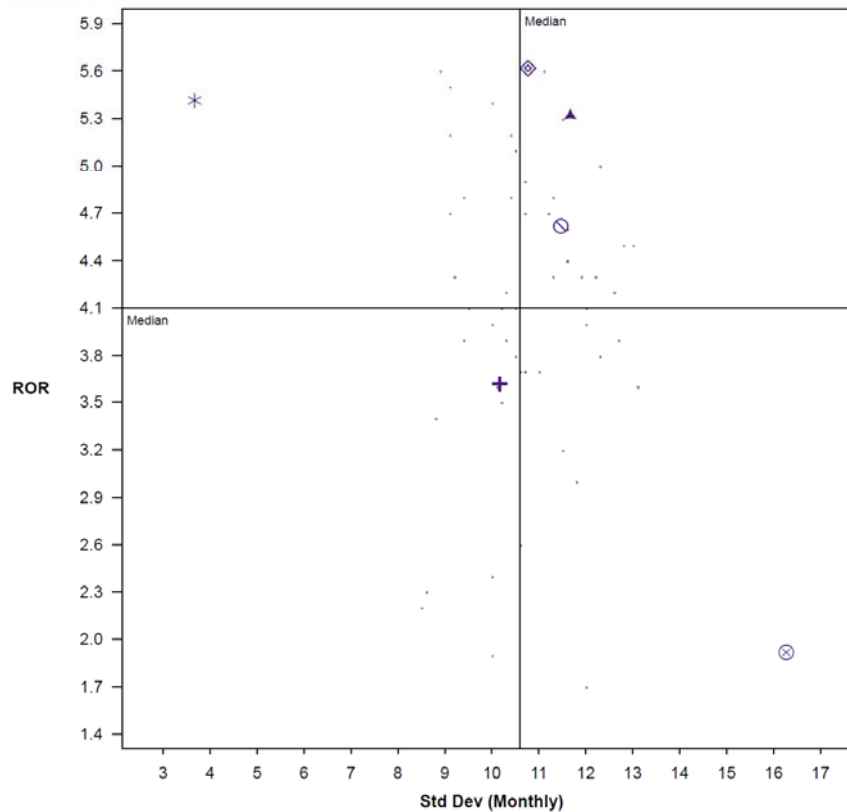
Public Funds > \$1 Billion – 5 Year Return/Volatility

NEW MEXICO ERB

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Period Ending March 31, 2010

Risk vs. Return - 5 Year



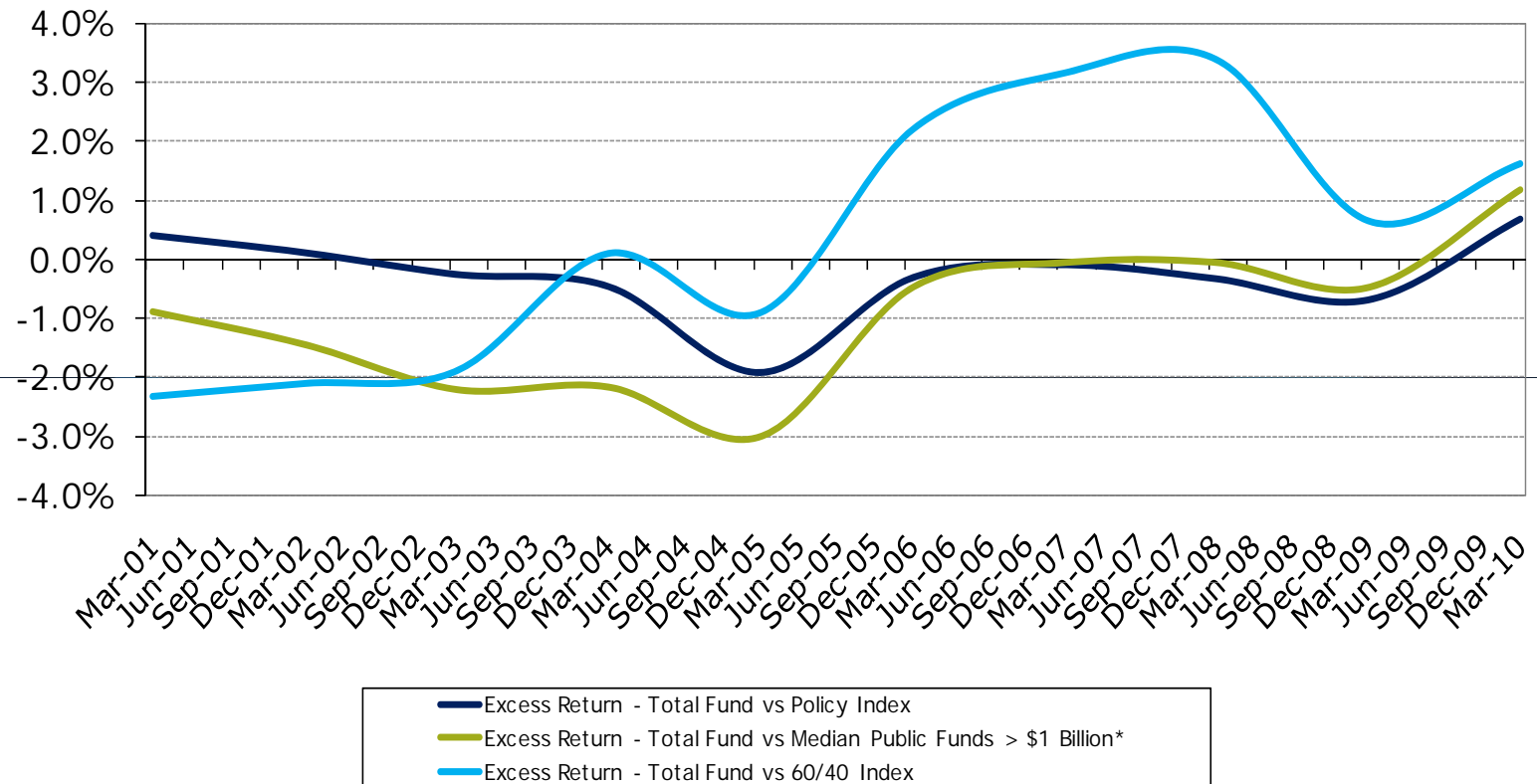
NAME	Return	Standard Deviation	Sharpe Ratio
▲ TOTAL FUND	5.3 11	11.7 75	0.2 20
◆ ALLOCATION INDEX	5.6 5	10.8 58	0.3 8
⊙ POLICY INDEX	4.6 33	11.5 69	0.1 39
⊗ S&P 500	1.9 98	16.3 99	-0.1 93
* BC AGGREGATE	5.4 7	3.7 1	0.7 3
+ 60% S&P 500/40% BARCLAYS AGG	3.6 78	10.2 36	0.1 78
Median	4.1	10.6	0.1



Note: Returns are gross of fees.

as of March 31, 2010

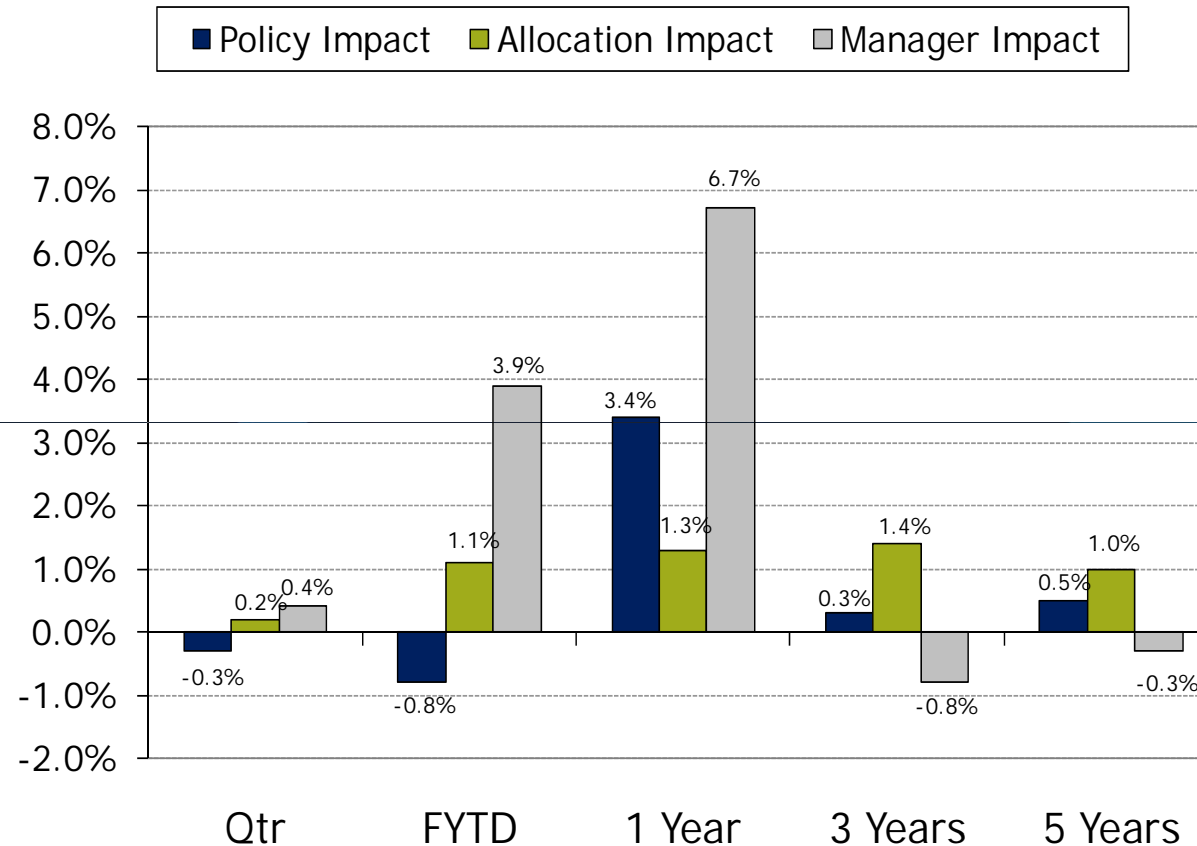
Rolling 5-Year Excess Returns



Note: Excess returns vs. Public Funds > \$1 Billion from 2005 – present. Excess return vs. Public Funds prior to 2005.

as of March 31, 2010

Performance Attribution



Policy Impact: The policy index is calculated by multiplying the target asset class weights times the return of the respective passive benchmark (re-balanced monthly). The policy impact, which is the difference between the policy index and the median fund's performance, measures the effectiveness of Plan Structure.

Allocation Impact: The allocation index is calculated by multiplying the actual asset class weights times the return of the respective passive benchmark. When the policy index is subtracted from the allocation index, the result measures the impact of deviating from the target weights.

Manager Impact: The Composite is calculated by multiplying the actual asset class weights times the actual manager return. The allocation index is then subtracted from the Composite. The result, manager impact, measures the contribution of active management.

Performance Summary – Asset Class Composites

	Ending Market Value	Last 3 Months	Fiscal YTD	One Year	Annualized Returns		
					Three Years	Five Years	Ten Years
Domestic Equity Composite	\$2,304,358,607	5.6%	28.5%	49.9%	-4.4%	2.1%	-0.9%
Russell 3000		5.9%	30.5%	52.4%	-4.0%	2.4%	-0.1%
Performance Variance		-0.4%	-2.0%	-2.5%	-0.4%	-0.3%	-0.9%
Large Cap Domestic Equity Composite	\$1,920,323,492	5.1%	28.4%	49.7%	-4.6%	1.8%	-1.9%
S&P 500		5.4%	29.2%	49.8%	-4.2%	1.9%	-0.7%
Performance Variance		-0.3%	-0.8%	-0.1%	-0.4%	-0.1%	-1.3%
Small Cap Domestic Equity Composite	\$384,035,115	7.9%	28.5%	51.2%	-3.7%	3.5%	2.3%
Russell 2000		8.9%	34.9%	62.8%	-4.0%	3.4%	3.7%
Performance Variance		-1.0%	-6.3%	-11.5%	0.3%	0.1%	-1.4%
Developed Non-U.S. Equity Composite	\$558,451,596	0.4%	22.6%	51.7%	-7.8%	3.6%	0.7%
MSCI EAFE (Net)		0.9%	23.1%	54.4%	-7.0%	3.8%	1.3%
Performance Variance		-0.5%	-0.5%	-2.7%	-0.8%	-0.1%	-0.6%
Emerging Non-U.S. Equity Composite	\$1,063,652,043	2.1%	38.7%	85.8%	4.5%	14.8%	n/a
MSCI Emerging Markets (Net)		2.4%	34.4%	81.1%	5.2%	15.7%	9.8%
Performance Variance		-0.3%	4.3%	4.7%	-0.7%	-0.9%	n/a
Fixed Income Composite	\$2,765,873,048	3.3%	16.1%	26.9%	7.0%	6.1%	6.7%
Barclays Capital Aggregate		1.8%	5.8%	7.7%	6.1%	5.4%	6.3%
Performance Variance		1.5%	10.3%	19.2%	0.9%	0.7%	0.4%
Core Fixed Income Composite	\$2,195,785,291	2.8%	14.5%	22.3%	7.0%	5.7%	6.3%
Barclays Capital Aggregate		1.8%	5.8%	7.7%	6.1%	5.4%	6.3%
Performance Variance		1.0%	8.7%	14.6%	0.9%	0.2%	0.0%
Credit Strategies Composite	\$570,087,757	5.3%	23.4%	51.9%	n/a	n/a	n/a
ML U.S. HY BB-B Constrained		4.2%	21.3%	43.1%	5.5%	6.6%	6.7%
Performance Variance		1.1%	2.1%	8.8%	n/a	n/a	n/a
GTAA Composite	\$413,307,174	4.1%	n/a	n/a	n/a	n/a	n/a
60% MSCI World/40% Citi WGBI		1.6%	16.7%	32.9%	0.4%	4.4%	3.2%
Performance Variance		2.5%	n/a	n/a	n/a	n/a	n/a
Absolute Return Composite¹	\$510,339,394	1.9%	13.7%	18.2%	-2.0%	n/a	n/a
90 day t-bills + 2% ¹		0.5%	1.6%	2.2%	4.0%	n/a	n/a
Performance Variance		1.3%	12.1%	16.0%	-6.0%	n/a	n/a
Real Estate Composite²	\$409,981,461	7.5%	45.1%	76.7%	-11.8%	3.5%	n/a
NCREIF Property Index		0.8%	-4.6%	-9.6%	-4.3%	4.2%	7.1%
Wilshire REIT Index		9.8%	62.3%	113.8%	-12.0%	3.4%	11.4%
Private Equity Composite³	\$245,808,427	8.1%	18.9%	15.1%	-21.8%	n/a	n/a
Cambridge Associates Private Equity Index (1 Qtr Lag)		5.9%	17.3%	13.6%	1.5%	11.4%	8.4%
Real Assets Composite	\$59,979,323	3.7%	6.0%	5.4%	n/a	n/a	n/a
Infrastructure		5.5%	8.6%	7.7%	n/a	n/a	n/a
Timber		-2.8%	-5.5%	-4.7%	n/a	n/a	n/a

¹ Absolute return composite, underlying managers and benchmarks are lagged by one month.

² Performance shown is a blend of the REIT index fund and private real estate investments.

Performance Summary – Domestic Large Cap Equity

	Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	One Year	Rank	Annualized Returns						Since Inception	Inception Date
								Three Years	Rank	Five Years	Rank	Ten Years	Rank		
Domestic Equity Composite	\$2,304,358,607	5.6%	64	28.5%	71	49.9%	67	-4.4%	74	2.1%	79	-0.9%	87		
Russell 3000		5.9%		30.5%		52.4%		-4.0%		2.4%		-0.1%			
Performance Variance		-0.4%		-2.0%		-2.5%		-0.4%		-0.3%		-0.9%			
ICC U.S. Equity Funds Median		6.4%		31.1%		54.7%		-2.4%		3.9%		4.6%			
Large Cap Domestic Equity Composite	\$1,920,323,492	5.1%	57	28.4%	62	49.7%	53	-4.6%	70	1.8%	76	-1.9%	88		
S&P 500		5.4%		29.2%		49.8%		-4.2%		1.9%		-0.7%			
Performance Variance		-0.3%		-0.8%		-0.1%		-0.4%		-0.1%		-1.3%			
ICC Large Cap Equity Funds Median		5.4%		29.3%		49.9%		-3.2%		2.8%		3.0%			
Large Cap Core Equity															
S&P 500 Index Fund	\$1,113,170,241	5.4%	67	29.0%	61	49.4%	63	-5.1%	82	1.3%	88	-0.8%	97	0.8%	Dec-99
S&P 500		5.4%		29.2%		49.8%		-4.2%		1.9%		-0.7%		0.1%	
Performance Variance		0.0%		-0.2%		-0.4%		-0.9%		-0.6%		-0.2%		0.6%	
ICC Large Cap Core Median		5.7%		29.4%		50.4%		-3.6%		2.7%		4.0%			
Large Cap Growth Equity															
Goldman Sachs	\$412,512,182	3.3%	82	24.4%	87	48.3%	37	0.6%	34	4.3%	40	n/a	5.0%	Jun-03	
Russell 1000 Growth		4.6%		28.7%		49.8%		-0.8%		3.4%		-4.2%		4.9%	
Performance Variance		-1.3%		-4.3%		-1.4%		1.4%		0.9%		n/a		0.1%	
ICC Large Cap Growth Median		4.2%		27.9%		47.1%		-0.9%		3.8%		-0.7%			
Large Cap Value Equity															
Brandywine	\$394,641,069	6.3%	59	33.3%	40	55.2%	50	n/a		n/a		n/a	-10.3%	Dec-07	
Russell 1000 Value		6.8%		31.6%		53.6%		-7.3%		1.0%		3.1%		-9.1%	
Performance Variance		-0.5%		1.7%		1.7%		n/a		n/a		n/a		-1.2%	
ICC Large Cap Value Median		6.6%		32.7%		55.2%		-6.1%		2.0%		5.5%			

Note: Returns are gross of fees.



as of March 31, 2010

Performance Summary – Domestic Small Cap Equity

	Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	One Year	Rank	Annualized Returns						Inception Date
								Three Years	Rank	Five Years	Rank	Ten Years	Rank	
Small Cap Domestic Equity Composite	\$384,035,115	7.9%	57	28.5%	80	51.2%	85	-3.7%	73	3.5%	75	2.3%	84	
Russell 2000		8.9%		34.9%		62.8%		-4.0%		3.4%		3.7%		
Performance Variance		-1.0%		-6.3%		-11.5%		0.3%		0.1%		-1.4%		
ICC Small Cap Equity Funds Median		8.5%		34.5%		61.7%		-1.3%		5.6%		9.4%		
Small Cap Growth Equity														
Perimeter	\$130,423,030	7.3%	57	26.3%	79	56.2%	65	n/a		n/a		n/a	-7.1%	Oct-07
Russell 2000 Growth		7.6%		29.9%		60.3%		-2.4%		3.8%		-1.5%	-7.3%	
Performance Variance		-0.3%		-3.7%		-4.2%		n/a		n/a		n/a	0.2%	
Wells Capital	\$78,181,140	12.0%	4	40.7%	7	76.3%	7	n/a		n/a		n/a	-1.5%	Oct-07
Russell 2000 Growth		7.6%		29.9%		60.3%		-2.4%		3.8%		-1.5%	-7.3%	
Performance Variance		4.4%		10.8%		16.0%		n/a		n/a		n/a	5.8%	
ICC Small Cap Growth Median		7.5%		31.7%		58.9%		-0.9%		5.9%		4.3%		
Small Cap Value Equity														
Rothschild	\$175,430,945	6.6%	98	25.3%	100	39.1%	100	-5.5%	82	3.8%	64	n/a	9.1%	Aug-02
Russell 2000 Value		10.0%		39.9%		65.1%		-5.7%		2.8%		8.9%	8.9%	
Performance Variance		-3.4%		-14.6%		-25.9%		0.2%		1.1%		n/a	0.2%	
ICC Small Cap Value Median		10.3%		43.1%		76.9%		-0.3%		5.2%		10.8%		

Note: Returns are gross of fees.



as of March 31, 2010

Performance Summary – Non-U.S. Equity

	Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	One Year	Rank	Annualized Returns						Since Inception	Inception Date
								Three Years	Rank	Five Years	Rank	Ten Years	Rank		
Non-U.S. Equity Composite	\$1,622,103,639	1.5%	51	32.7%	7	72.3%	8	-1.9%	20	7.9%	18	3.3%	69		
MSCI ACWI ex-U.S. (Net)		1.6%		26.1%		60.9%		-4.2%		6.1%		2.8%			
Performance Variance		-0.1%		6.6%		11.3%		2.3%		1.8%		0.5%			
ICC Developed Non-U.S. Equity Median		1.5%		24.1%		54.7%		-5.0%		5.3%		5.3%			
Developed Non-U.S. Equity Composite	\$558,451,596	0.4%	80	22.6%	76	51.7%	67	-7.8%	86	3.6%	89	0.7%	96		
MSCI EAFE (Net)		0.9%		23.1%		54.4%		-7.0%		3.8%		1.3%			
Performance Variance		-0.5%		-0.5%		-2.7%		-0.8%		-0.1%		-0.6%			
Pyramis	\$288,927,414	0.5%	78	21.4%	83	48.9%	78	-7.1%	81	4.5%	71	n/a	10.1%	May-03	
MSCI EAFE (Net)		0.9%		23.1%		54.4%		-7.0%		3.8%		1.3%		9.6%	
Performance Variance		-0.4%		-1.7%		-5.6%		-0.1%		0.7%		n/a		0.5%	
AllianceBernstein	\$115,098,099	0.3%	82	27.0%	27	61.7%	25	n/a	n/a	n/a	n/a	n/a	-16.1%	Jun-07	
MSCI EAFE VALUE (Net)		-0.2%		22.2%		58.5%		-8.4%		3.2%		3.7%		-11.1%	
Performance Variance		0.5%		4.8%		3.2%		n/a		n/a		n/a		-5.0%	
Baring	\$154,426,083	0.2%	83	22.0%	81	51.7%	67	n/a	n/a	n/a	n/a	n/a	-5.2%	Jun-07	
MSCI EAFE GROWTH (Net)		2.0%		24.0%		50.6%		-5.7%		4.2%		-1.3%		-8.4%	
Performance Variance		-1.7%		-2.0%		1.1%		n/a		n/a		n/a		3.2%	
ICC Developed Non-U.S. Equity Median		1.5%		24.1%		54.7%		-5.0%		5.3%		5.3%			
Emerging Non-U.S. Equity Composite	\$1,063,652,043	2.1%	67	38.7%	26	85.8%	37	4.5%	54	14.8%	61	n/a			
MSCI Emg Markets (Net)		2.4%		34.4%		81.1%		5.2%		15.7%		9.8%			
Performance Variance		-0.3%		4.3%		4.7%		-0.7%		-0.9%		n/a			
AllianceBernstein Combined¹	\$655,927,134	2.1%	65	38.7%	26	85.8%	37	1.2%	92	12.6%	96	n/a	10.8%	Aug-00	
MSCI Emg Markets (Net)		2.4%		34.4%		81.1%		5.2%		15.7%		9.8%		12.1%	
Performance Variance		-0.3%		4.3%		4.7%		-4.0%		-3.1%		n/a		-1.3%	
AllianceBernstein	\$655,875,500	2.1%	65	38.8%	25	n/a	n/a	n/a	n/a	n/a	n/a	n/a	39.0%	May-09	
MSCI Emg Markets (Net)		2.4%		34.4%		81.1%		5.2%		15.7%		9.8%		32.6%	
Performance Variance		-0.3%		4.4%		n/a		n/a		n/a		n/a		6.4%	
Robeco	\$407,724,909	2.0%	68	38.8%	25	85.7%	37	n/a	n/a	n/a	n/a	n/a	52.9%	Oct-08	
MSCI Emg Markets (Net)		2.4%		34.4%		81.1%		5.2%		15.7%		9.8%		52.9%	
Performance Variance		-0.4%		4.4%		4.7%		n/a		n/a		n/a		0.0%	
ICC Int'l Emerging Mkts Equity Median		2.7%		35.2%		82.0%		5.0%		15.4%		10.0%			

¹Prior to May 2009, the Fund invested in two AllianceBernstein Emerging Markets Collective Trusts (Emerging Markets Growth from August 2000 – December 2004; Emerging Markets Value was added in January 2005). In May 2009, the assets were transitioned to a separately managed portfolio. The AllianceBernstein Combined aggregate portfolio represents the entire combined history of the emerging markets portfolios managed by AllianceBernstein. The AllianceBernstein Combined aggregate portfolio also includes \$51,634 held in an accrual account, which represents residual dividends and tax reclaims from the investment in the commingled portfolios, and will be held open until all of the activity is completed.

Note: Returns are gross of fees.

MSCI "(Net)" indexes are net of dividend withholding tax.



as of March 31, 2010

Performance Summary – Fixed Income

	Ending Market Value	Last 3 Months	Rank	Fiscal YTD	Rank	One Year	Rank	Annualized Returns						Since Inception	Inception Date
								Three Years	Rank	Five Years	Rank	Ten Years	Rank		
Fixed Income Composite	\$2,765,873,048	3.3%	27	16.1%	23	26.9%	24	7.0%	36	6.1%	45	6.7%	47		
Barclays Capital Aggregate		1.8%		5.8%		7.7%		6.1%		5.4%		6.3%			
Performance Variance		1.5%		10.3%		19.2%		0.9%		0.7%		0.4%			
ICC Fixed Income Funds Median		2.4%		9.7%		15.5%		6.4%		5.9%		6.6%			
Core Fixed Income Composite	\$2,195,785,291	2.8%	21	14.5%	8	22.3%	8	7.0%	45	5.7%	64	6.3%	71		
Barclays Capital Aggregate		1.8%		5.8%		7.7%		6.1%		5.4%		6.3%			
Performance Variance		1.0%		8.7%		14.6%		0.9%		0.2%		0.0%			
Neuberger Berman	\$571,441,304	2.8%	20	10.6%	28	15.7%	36	6.4%	65	n/a		n/a		6.5%	Apr-06
Barclays Capital Aggregate		1.8%		5.8%		7.7%		6.1%		5.4%		6.3%		6.3%	
Performance Variance		1.1%		4.8%		8.0%		0.2%		n/a		n/a		0.2%	
Pyramis	\$680,156,427	2.4%	41	9.4%	38	14.2%	46	6.6%	59	n/a		n/a		6.6%	Apr-06
Barclays Capital Aggregate		1.8%		5.8%		7.7%		6.1%		5.4%		6.3%		6.3%	
Performance Variance		0.7%		3.6%		6.5%		0.5%		n/a		n/a		0.4%	
WAMCO	\$544,090,401	3.6%	8	15.8%	5	25.8%	4	4.9%	94	n/a		n/a		5.6%	Apr-06
Barclays Capital Aggregate		1.8%		5.8%		7.7%		6.1%		5.4%		6.3%		6.3%	
Performance Variance		1.9%		10.0%		18.1%		-1.2%		n/a		n/a		-0.7%	
PIMCO DISCO	\$400,097,159	2.4%	44	27.6%	1	48.9%	1	n/a		n/a		n/a		18.7%	Jul-08
Barclays Capital Aggregate		1.8%		5.8%		7.7%		6.1%		5.4%		6.3%		6.8%	
Performance Variance		0.6%		21.8%		41.2%		n/a		n/a		n/a		11.9%	
ICC Core Fixed Income Median		2.3%		8.5%		13.6%		6.8%		6.0%		6.6%			
Credit Strategies Composite	\$570,087,757	5.3%	13	23.4%	30	51.9%	15	n/a		n/a		n/a			
ML U.S. HY BB-B Constrained		4.2%		21.3%		43.1%		5.5%		6.6%		6.7%			
Performance Variance		1.1%		2.1%		8.8%		n/a		n/a		n/a			
BeachPoint Combined¹	\$539,814,477	5.4%	11	23.5%	29	52.1%	15	6.3%	45	7.2%	48	n/a		7.1%	Feb-04
ML U.S. HY BB-B Constrained		4.2%		21.3%		43.1%		5.5%		6.6%		6.7%		6.6%	
Performance Variance		1.2%		2.2%		8.9%		0.8%		0.6%		n/a		0.5%	
BeachPoint Total Return	\$539,814,477	5.4%	11	23.5%	29	52.1%	15	n/a		n/a		n/a		8.8%	May-08
ML U.S. HY BB-B Constrained		4.2%		21.3%		43.1%		5.5%		6.6%		6.7%		7.9%	
Performance Variance		1.2%		2.2%		8.9%		n/a		n/a		n/a		0.9%	
Golden Tree	\$30,273,280	2.9%	92	n/a		n/a		n/a		n/a		n/a		9.3%	Oct-09
ML U.S. HY BB-B Constrained		4.2%		21.3%		43.1%		5.5%		6.6%		6.7%		7.9%	
Performance Variance		-3.0%		n/a		n/a		n/a		n/a		n/a		-6.9%	
ICC High Yield Fixed Income Median		3.8%		20.8%		38.4%		6.0%		7.2%		7.8%			
Cash	\$219,230,276	0.0%		0.1%		0.2%		2.0%		2.9%		3.2%			
NMERB Cash	\$2,680,872	0.0%		0.1%		0.2%		2.0%		2.9%		n/a			
90 day T-bills		0.0%		0.1%		0.2%		2.0%		2.9%		2.8%			
CPI		0.2%		1.5%		2.4%		2.0%		2.4%		2.4%			

¹In May 2008, the Fund transitioned its high yield portfolio managed by Post Advisory Group to the Total Return strategy managed by Post's Alternative Strategies Group. Effective January 1, 2009, this group is now called Beach Point Capital Management. Performance shown is a blend of the high yield portfolio managed by Post and the Total Return portfolio that is now being managed by Beach Point Capital.

Note: Returns are gross of fees.



as of March 31, 2010

Performance Summary - Alternatives

	Ending Market Value	Last 3 Months	Fiscal YTD	One Year	Annualized Returns			
					Two Years	Three Years	Five Years	Ten Years
Absolute Return Composite	\$510,339,394	1.9%	13.7%	18.2%	-4.8%	-2.0%	n/a	n/a
<i>HFRI FoF Index: Conservative</i>		1.9%	6.8%	11.0%	-4.0%	-2.2%	1.9%	3.2%
<i>90 day T-Bills + 2%</i>		0.5%	1.6%	2.2%	2.8%	4.2%	5.0%	4.9%
<i>Performance Variance (vs. HFRI FoF)</i>		-0.1%	6.8%	7.2%	-0.8%	0.2%	n/a	n/a
<i>Performance Variance (vs. 90 day T-bills + 2%)</i>		1.3%	12.0%	16.0%	-7.7%	-6.1%	n/a	n/a
Austin Capital	\$41,906,369	0.2%	9.3%	13.4%	-5.6%	-0.1%	n/a	n/a
Benchmark Plus	\$239,402,960	2.2%	15.6%	21.9%	2.1%	3.4%	n/a	n/a
DB Advisors	\$18,037,734	0.8%	9.5%	8.1%	-6.7%	-2.3%	n/a	n/a
Gottex Market Neutral	\$73,336,589	2.3%	14.5%	18.1%	-16.1%	-11.4%	n/a	n/a
Gottes Market Neutral Plus	\$89,182,500	2.6%	16.8%	22.0%	-10.7%	n/a	n/a	n/a
TAG	\$48,473,241	1.1%	8.1%	11.0%	-4.2%	-1.1%	n/a	n/a
<i>HFRI FoF Index: Conservative</i>		1.9%	6.8%	11.0%	-4.0%	-2.2%	1.9%	3.2%
<i>90 day T-Bills + 2%</i>		0.5%	1.6%	2.2%	2.8%	4.2%	5.0%	4.9%
Real Estate Composite	\$409,981,461	7.5%	45.1%	76.7%	-8.3%	-11.8%	3.5%	n/a
<i>NCREIF Property Index</i>		0.8%	-4.6%	-9.6%	-12.2%	-4.3%	4.2%	7.1%
<i>Wilshire REIT Index</i>		9.8%	62.3%	113.8%	-8.3%	-12.0%	3.4%	11.4%
U.S. Private Real Estate	\$78,702,930	0.8%	-0.3%	0.8%	-10.6%	n/a	n/a	n/a
<i>NCREIF Property Index</i>		0.8%	-4.6%	-9.6%	-12.2%	-4.3%	4.2%	7.1%
Non-U.S. Private Real Estate	\$5,620,110	-15.4%	-20.0%	-19.8%	n/a	n/a	n/a	n/a
<i>NCREIF Property Index</i>		0.8%	-4.6%	-9.6%	-12.2%	-4.3%	4.2%	7.1%
REIT Index Fund	\$325,658,421	9.8%	62.4%	113.5%	-8.0%	-11.6%	3.7%	n/a
<i>Wilshire REIT Index</i>		9.8%	62.3%	113.8%	-8.3%	-12.0%	3.4%	11.4%
<i>Performance Variance</i>		-0.1%	0.1%	-0.3%	0.3%	0.4%	0.3%	n/a
Private Equity Composite	\$245,808,427	8.1%	18.9%	15.1%	-6.4%	-21.8%	n/a	n/a
<i>Cambridge Associates Private Equity Index (Lagged)</i>		5.9%	17.3%	13.6%	-6.7%	1.5%	11.4%	8.4%
Real Assets Composite	\$59,979,323	3.7%	6.0%	5.4%	n/a	n/a	n/a	n/a
<i>Infrastructure</i>		5.5%	8.6%	7.7%	n/a	n/a	n/a	n/a
<i>Timber</i>		-2.8%	-5.5%	-4.7%	n/a	n/a	n/a	n/a
Global Asset Allocation	\$413,307,174	4.1%	n/a	n/a	n/a	n/a	n/a	n/a
<i>Bridgewater All Weather</i>	\$250,222,478	3.9%	n/a	n/a	n/a	n/a	n/a	n/a
<i>60%MSCI World/ 40% CITI WGBI</i>		1.6%	16.7%	32.9%	-2.4%	0.4%	4.4%	3.2%
<i>Bridgewater Pure Alpha</i>	\$163,084,696	4.3%	n/a	n/a	n/a	n/a	n/a	n/a
<i>CS Tremont Global Macro Index</i>		2.6%	10.7%	11.5%	1.0%	7.5%	9.1%	12.0%

Note: Absolute Return Composite, Underlying Managers and Index performance is lagged by one month.

Private Equity Composite and Index are lagged one quarter.



as of March 31, 2010

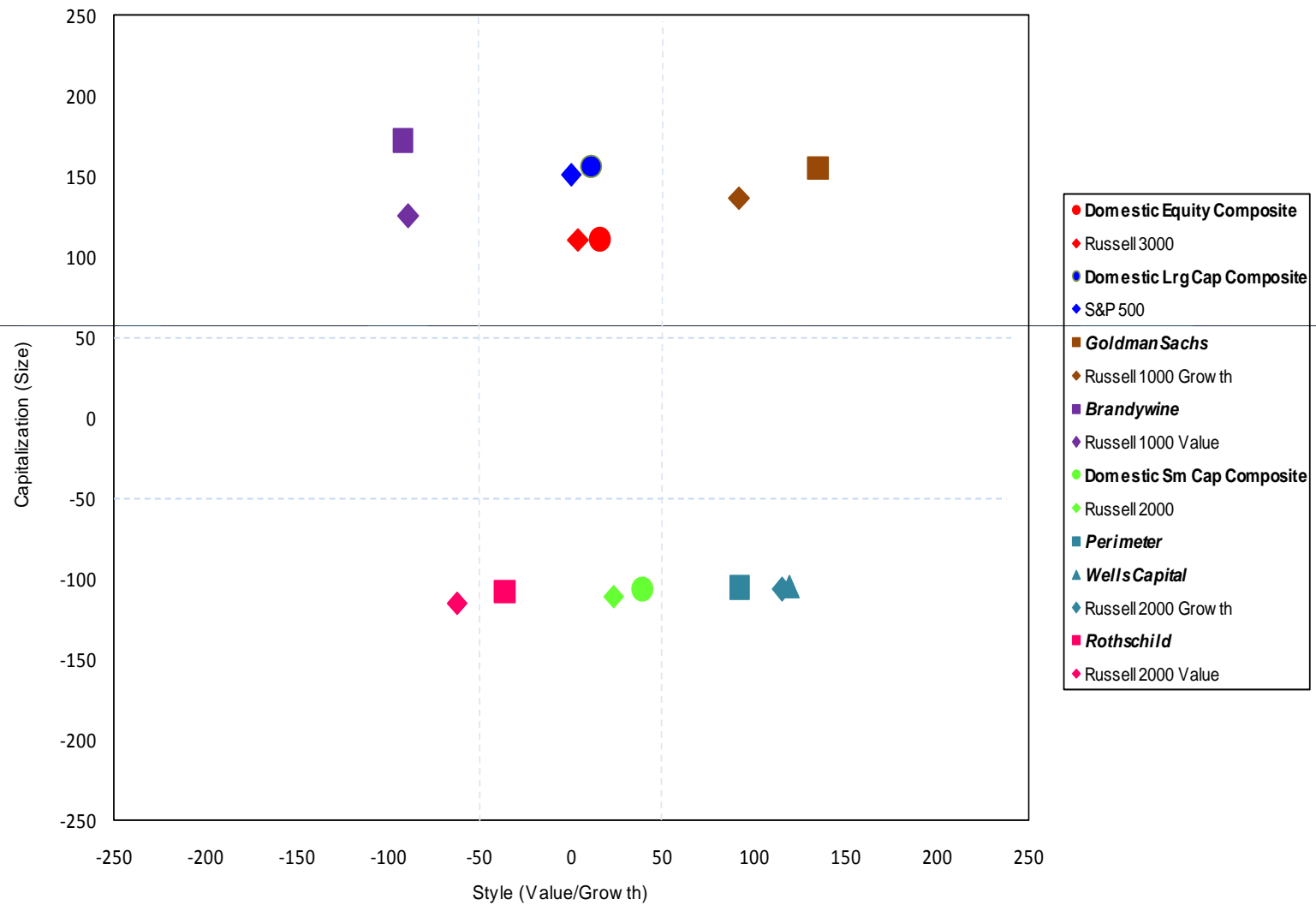
Absolute Return Strategies through March 2010

New Mexico Educational Retirement Board Absolute Return Strategies Periods Ending 3-31-10									
	Latest Month	3 Months	Fiscal YTD	1 Year	2 Years	3 Years	Market Value	Asset Class Weight	Total Fund Weight*
Absolute Return Strategies Composite	0.6%	1.7%	12.1%	20.4%	-3.1%	-2.1%	513,606,994	100.0%	6.0%
Austin Capital	0.6%	1.6%	8.5%	14.4%	-4.9%	-0.3%	42,163,230	8.2%	0.5%
Benchmark Plus	0.3%	1.6%	12.8%	25.2%	3.7%	3.2%	240,014,100	46.7%	2.8%
DB Advisors	1.1%	1.4%	7.3%	10.7%	-4.6%	-2.5%	18,238,496	3.6%	0.2%
Gottex Market Neutral	0.7%	1.6%	13.4%	19.7%	-14.3%	-10.9%	73,843,243	14.4%	0.9%
Gottex Market Neutral Plus	1.1%	2.3%	15.7%	23.9%	-8.4%	n/a	90,183,000	17.6%	1.1%
TAG	1.4%	2.1%	9.3%	13.2%	-3.5%	-0.9%	49,164,925	9.6%	0.6%
<i>HFRI Fund of Funds: Conservative</i>	<i>1.3%</i>	<i>1.9%</i>	<i>6.8%</i>	<i>11.0%</i>	<i>-4.0%</i>	<i>-2.2%</i>			
<i>Barclays Capital Aggregate Bond Index</i>	<i>-0.1%</i>	<i>1.8%</i>	<i>5.8%</i>	<i>7.7%</i>	<i>5.4%</i>	<i>6.1%</i>			
<i>90 Day T-Bills + 2%</i>	<i>0.2%</i>	<i>0.5%</i>	<i>1.6%</i>	<i>2.2%</i>	<i>2.8%</i>	<i>4.2%</i>			
<i>90 Day T-Bills</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.8%</i>	<i>2.0%</i>			

*Total Fund Weight calculated using March 2010 Total Fund Market Value

Note: Performance for periods longer than one year are annualized.

Equity Style Analysis



Current Policy Index

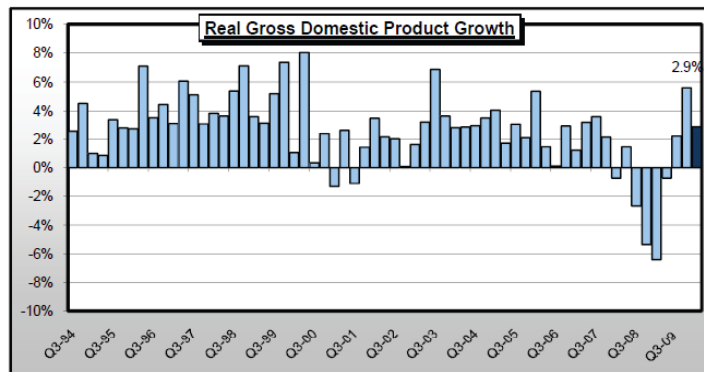
New Mexico Educational Retirement Board Policy Index Effective 10/1/2009

		Current Policy Effective 10/1/2009
Large Cap Equity	S&P 500	23%
Small Cap Equity	Russell 2000	2%
Int'l Developed Markets Equity	MSCI EAFE (Net)	10%
Int'l Emerging Markets Equity	MSCI Emerging Market Free (Net)	10%
Core Fixed Income	Barclays Capital Aggregate	28%
High Yield Fixed Income	Merrill Lynch US High Yield BB-B Cons.	5%
Global Tactical Asset Allocation	60% MSCI WORLD / 40% CITI WGBI	5%
Absolute Return	90 Day T-Bills + 200 Bps	10%
Private Equity	Cambridge Private Equity Lagged	2%
REITs	Wilshire REIT Index	3%
Real Estate	NCREIF Property Index	2%
TOTAL		100%



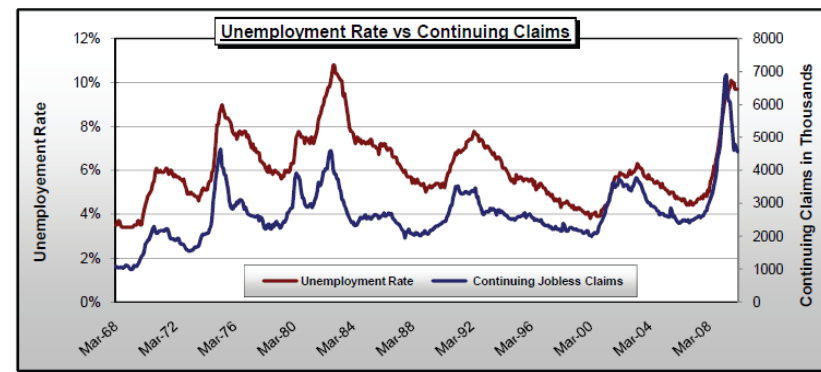
Appendix: Market Environment

Economic Environment



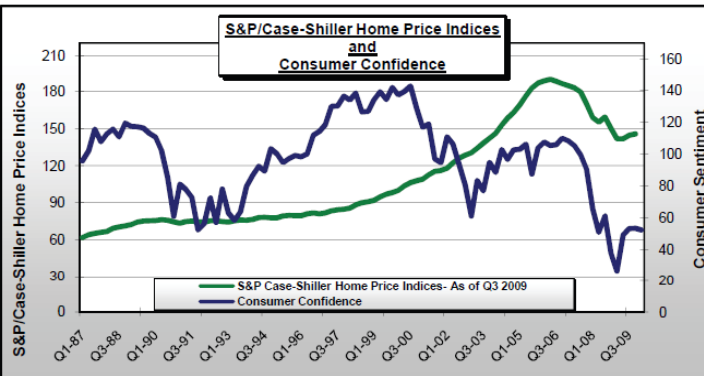
GDP Consensus Estimate for Q1 is 2.9%...

Source: U.S. Department of Commerce: Bureau of Economic Analysis and Bloomberg



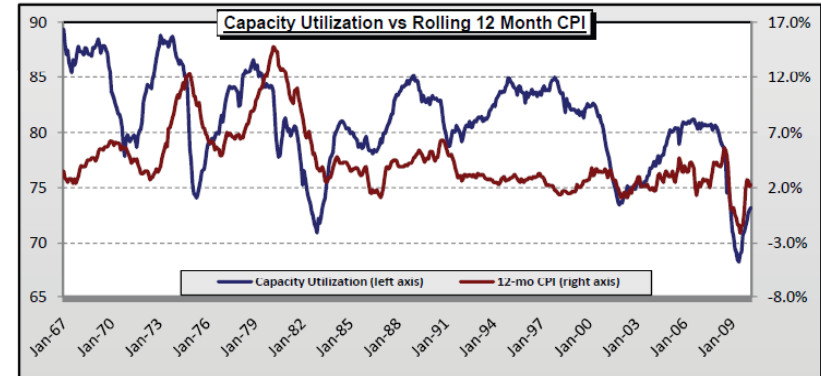
Unemployment rate decreased to 9.7% in Q1, and US Continuing Jobless Claims decreased from last quarter...

Source: Department of Labor and St Louis Federal Reserve and Bloomberg



Housing prices have fallen 23% from their peak in Q2 of 2006; Consumer confidence slightly decreased in Q1 of 2010...

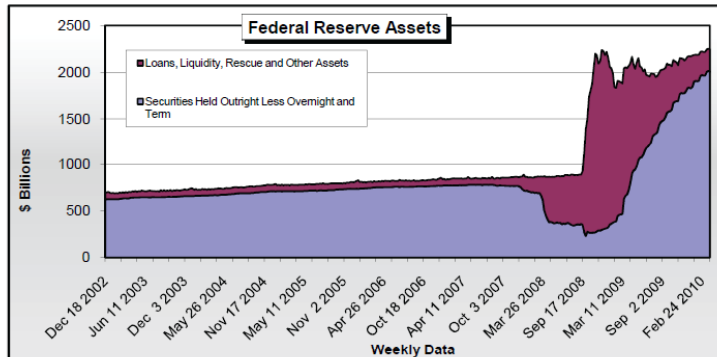
Source: Standard & Poors and Bloomberg



In the near term, inflation is less of a concern with a great deal of economic slack to work through before prices and wages come under pressure...

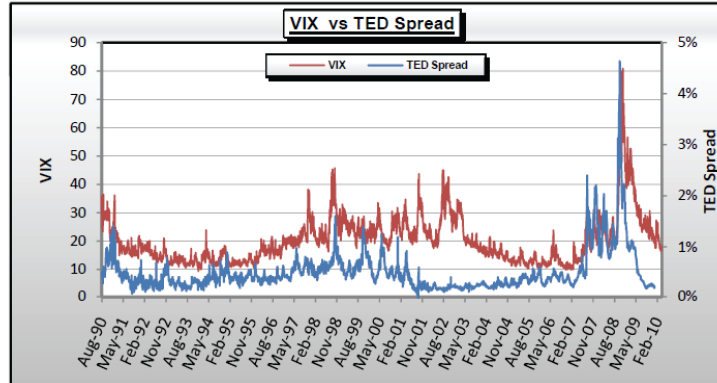
Source: Bloomberg

Economic Environment



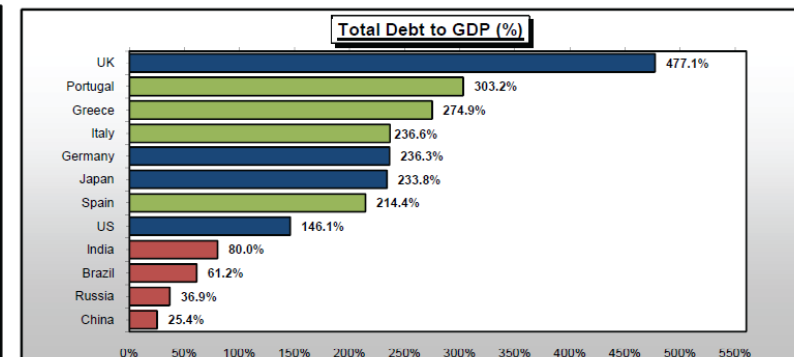
The Fed Balance Sheet continues to grow; however composition of underlying securities is changing from stimulus and liquidity provisions to purchased securities...

Source: United States Federal Reserve



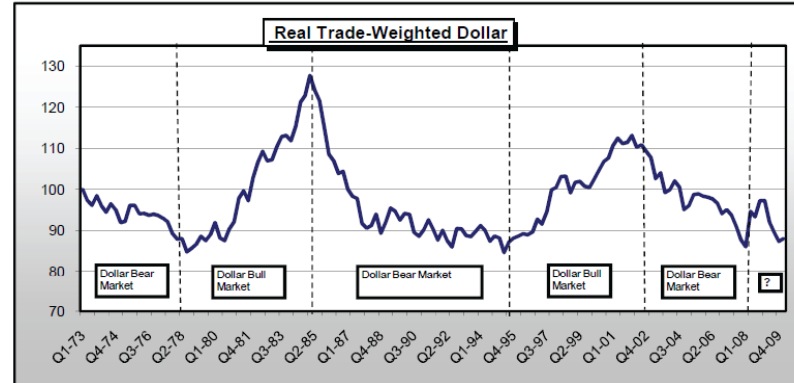
Key fear indicators such as the VIX and TED Spread (90 Day Libor - 90 Day T-Bill) have retreated to pre-crisis levels after hitting record highs in Q4 2008...

Source: Bloomberg



Developed economies have significantly levered balance sheets, in particular peripheral Europe, while emerging countries have much healthier balance sheets...

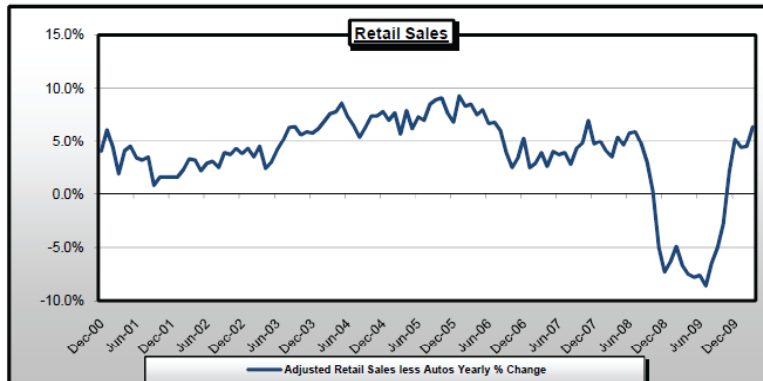
Source: CIA - The World Fact Book



The Dollar appreciated in Q1 after depreciating against both developed and emerging countries in 2009...

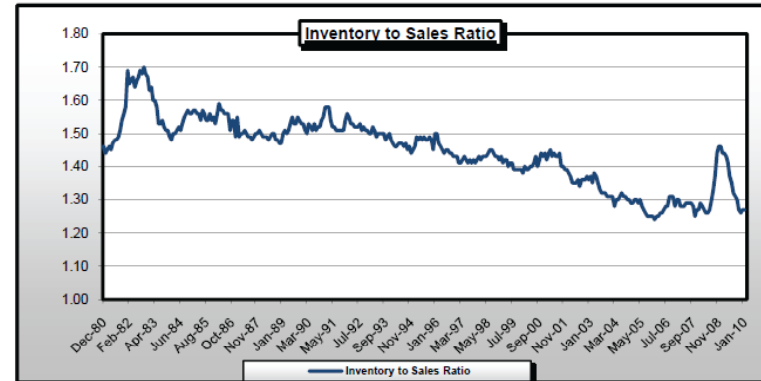
Source: Bloomberg and St Louis Federal Reserve

U.S. Economic Components



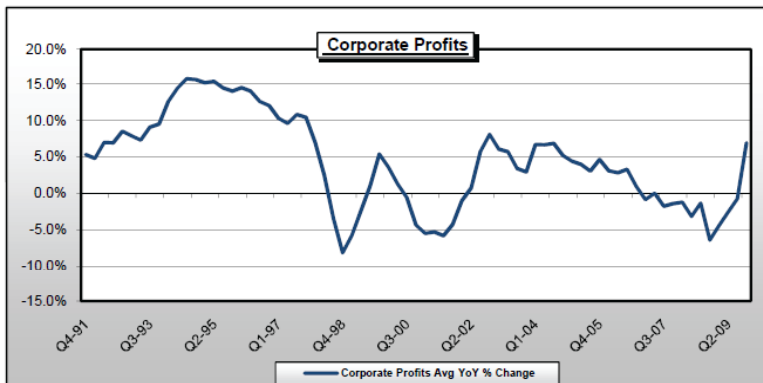
Retail Sales have recovered after hitting lows in 2008...

Source: Bloomberg



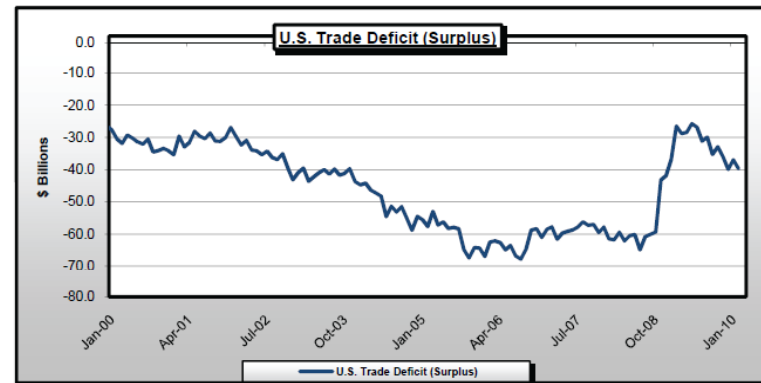
Inventories have stabilized after a significant inventory reduction boosted growth in 2009...

Source: Bloomberg



Corporate Profits rebounded significantly in 2009, but still have not returned to pre-crisis levels...

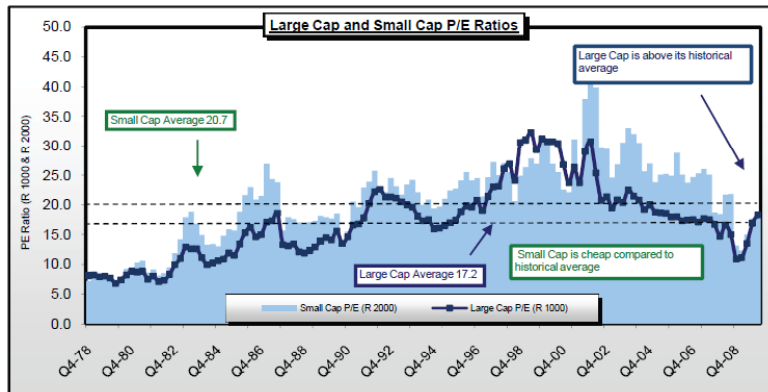
Source: Bureau of Economic Analysis



The U.S. trade deficit has trended downward in the beginning of 2010...

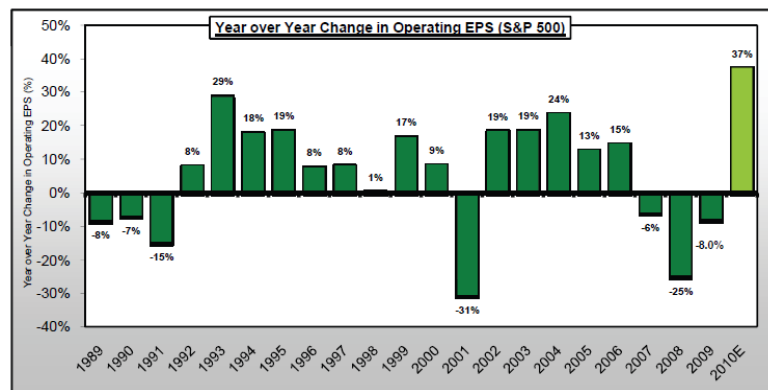
Source: Bloomberg

Market Environment – U.S. Equity



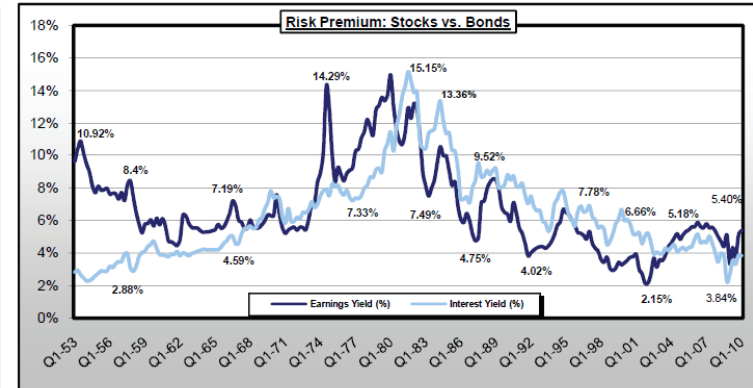
Small Cap P/E, excluding negative earnings, is below its historical average, whereas Large Cap is slightly higher...

Source: Russell Investment Group



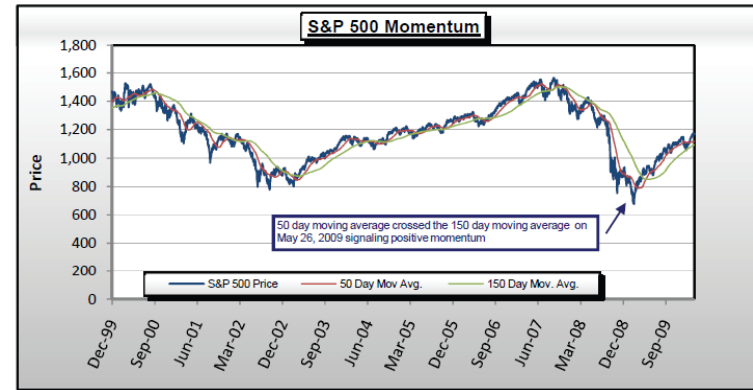
Consensus estimates indicate EPS growth is expected to increase by 37% in 2010, recovering from recent depressed levels...

Source: Standard & Poors



Earnings yield net of extraordinary items at 5.40% continues to exceed bond yields of 3.84%...

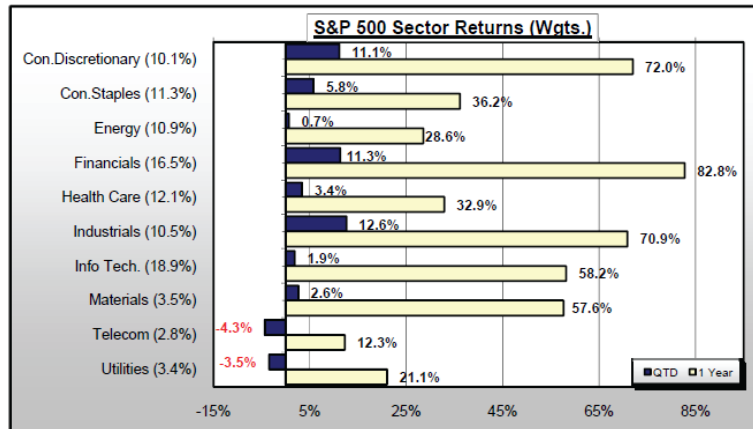
Source: Standard & Poors and St Louis Federal Reserve



S&P 500 momentum continues to show a bullish signal...

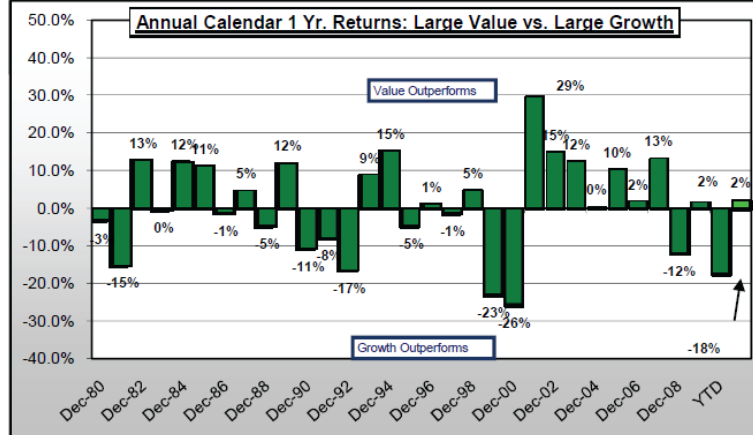
Source: Bloomberg

U.S. Equity Performance



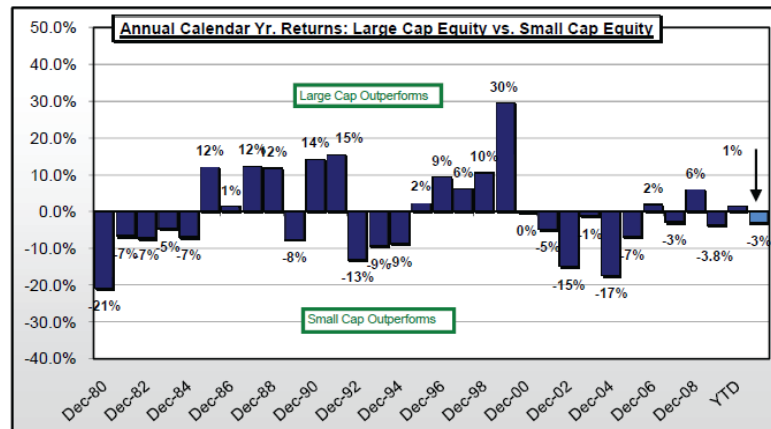
Industrials led the S&P 500 Sector Returns in Q1...

Source: Standard & Poors



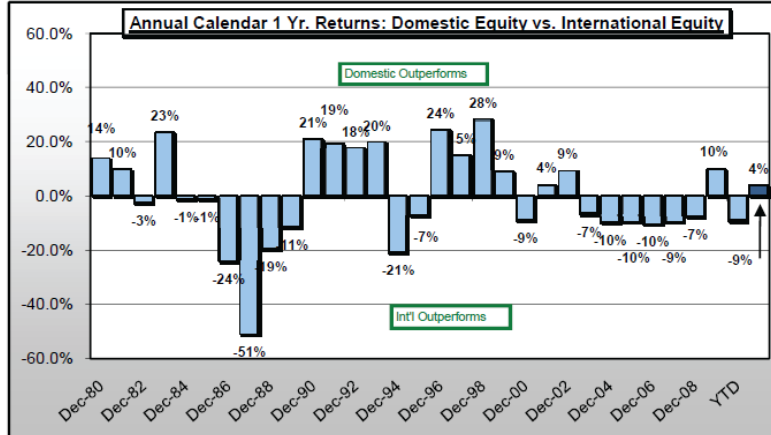
Value stocks outperformed growth stocks by 2% so far in 2010...

Source: Russell Investment Group



Small Cap outperformed Large Cap by 3% year to date...

Source: Russell Investment Group



Domestic equity outperformed international equity by 4% year to date...

Source: MSCI EAFE (1979-1989); Citi PMI EPAC (1990-present)

Non-U.S. Equity Performance

Developed Market Equity Returns (U.S. Dollars)

Source: MSCI Inc.

	Qtr. (%)	1 Yr. (%)	3 Yr. (%)
Europe ex UK	-2.4%	54.5%	-7.6%
United Kingdom	-0.6%	59.5%	-8.2%
Japan	8.2%	37.9%	-9.0%
Pacific Ex Japan	3.1%	82.2%	2.4%
Canada	6.0%	71.8%	4.3%
USA	5.3%	48.8%	-4.6%

US Dollar Return vs. Major Foreign Currencies

(Negative = Dollar Depreciates, Positive = Dollar Appreciates)

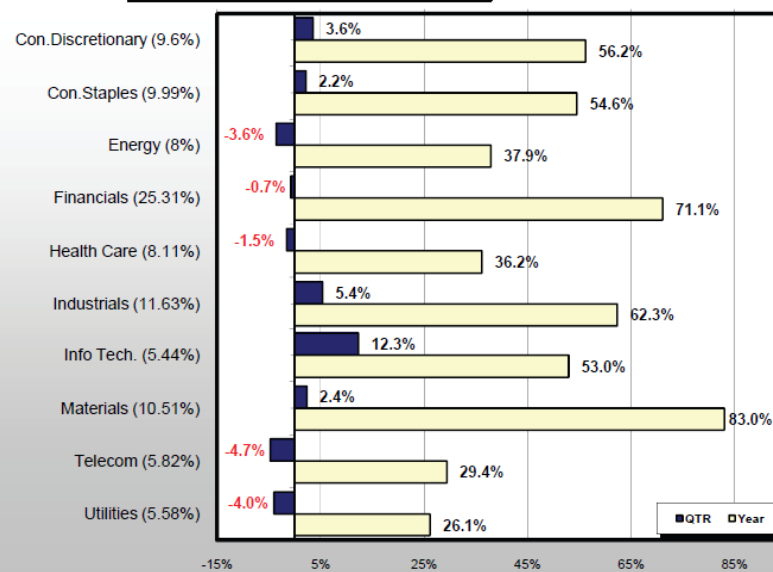
	Qtr.	1 Yr.	5 Yr.
Euro	6.0%	-1.9%	-0.8%
Japanese Yen	0.4%	-5.4%	-2.7%
British Pound	6.5%	-5.5%	4.5%
Canada	-3.2%	-19.4%	-3.5%
Australia	-2.0%	-24.3%	-3.4%

Currency Impact on Developed Mkt. Returns

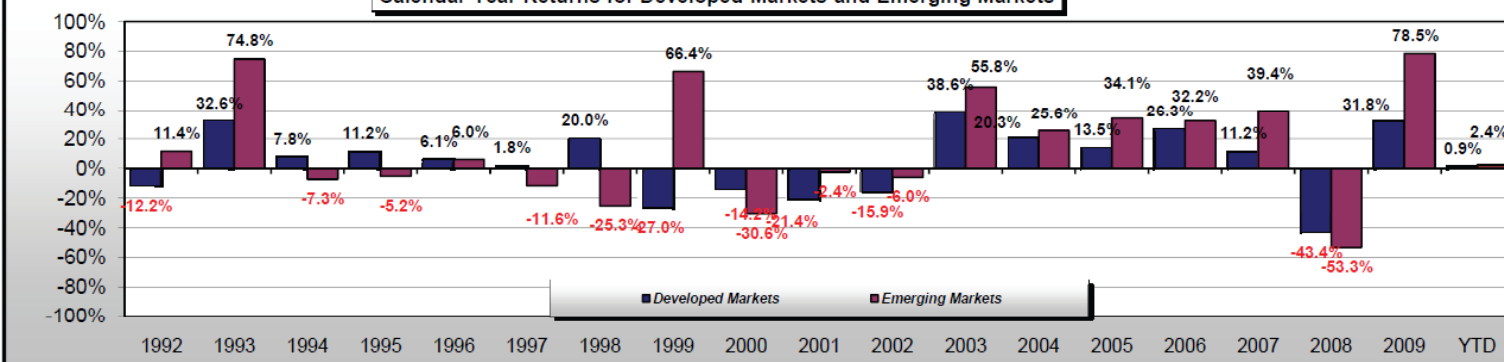
(Negative = Currency Hurt, Positive = Currency Helped)

	Qtr.	1 Yr.	5 Yr.
MSCI EAFE (Local)	4.3%	44.7%	3.2%
MSCI EAFE (USD)	0.9%	54.4%	3.8%
Currency Impact	-3.4%	9.8%	0.6%

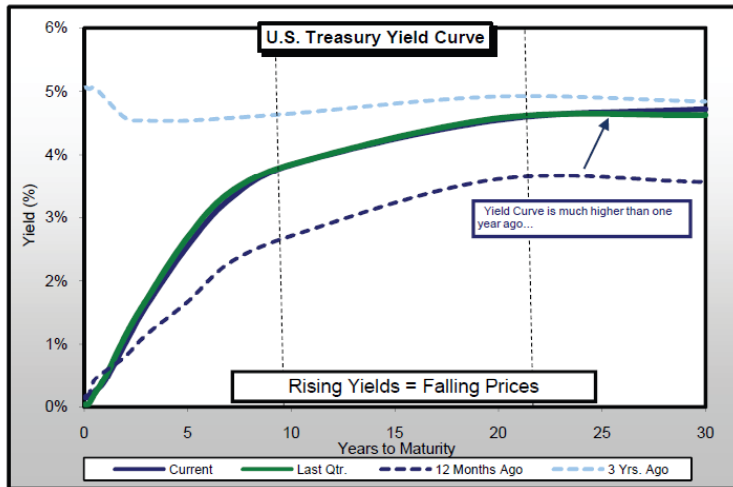
MSCI EAFE Sector Returns (Wgts. %)



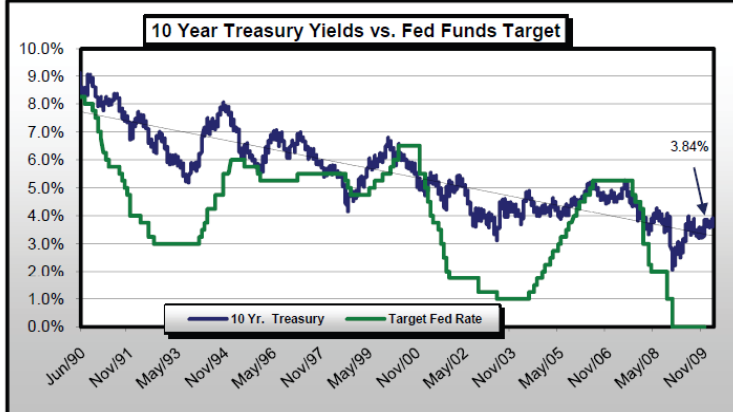
Calendar Year Returns for Developed Markets and Emerging Markets



Market Environment – Interest Rates

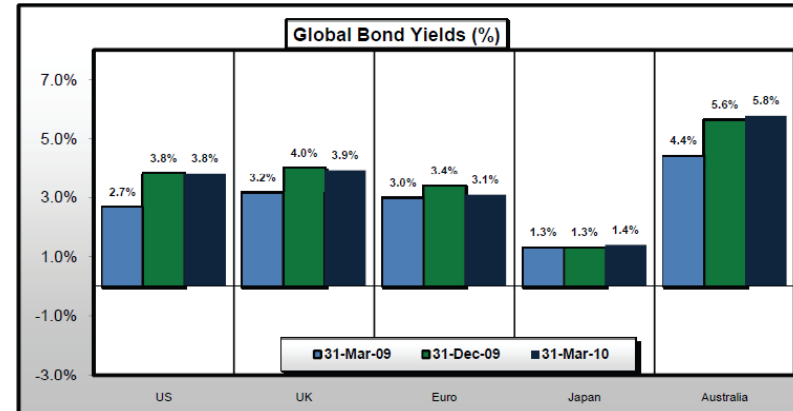


Source: Bloomberg



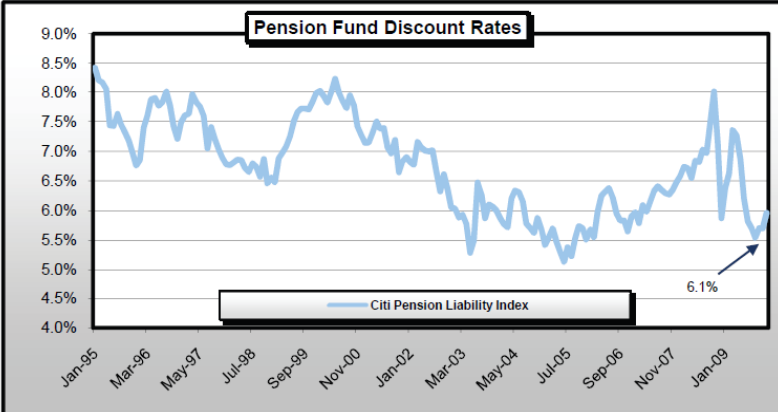
Fed Funds rate target is still between 0% and 0.25% while 10 Yr. Treas. Yield remained at 3.84% in Q1...

Source: United States Federal Reserve



Global Yields are higher today than one year ago...

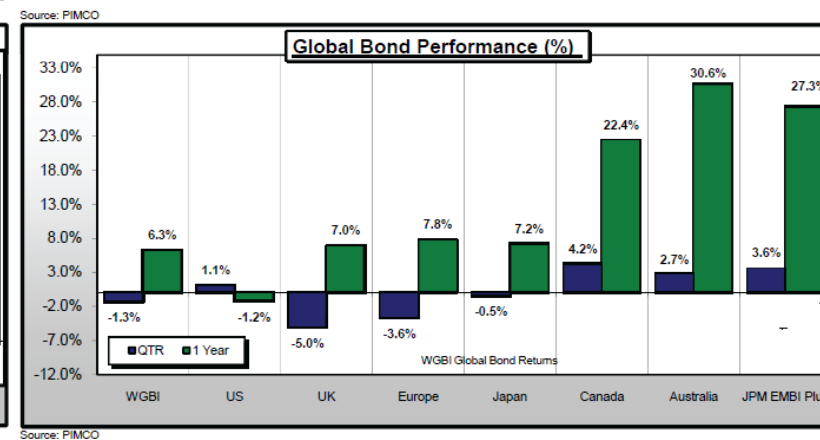
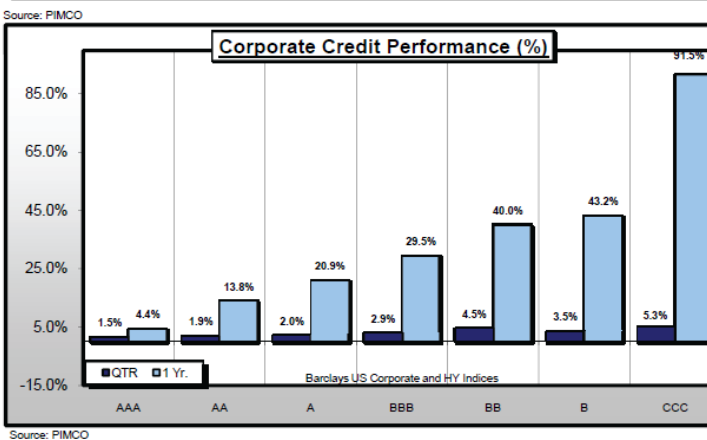
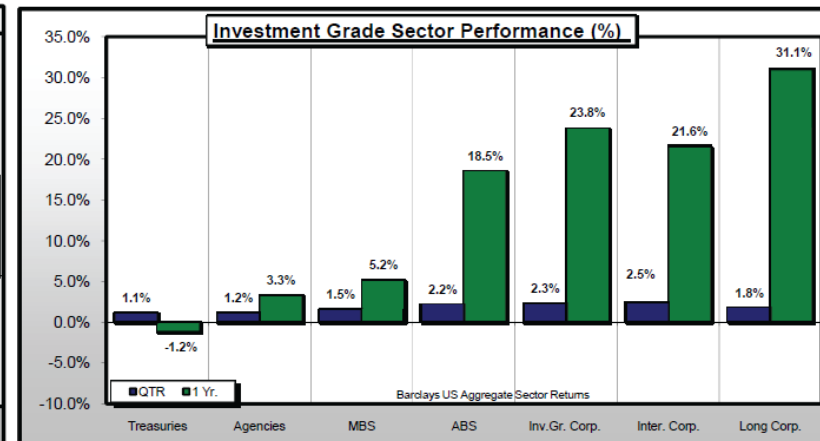
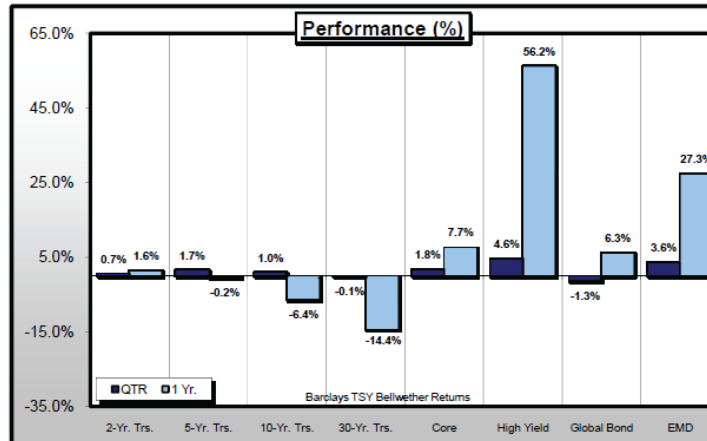
Source: Bloomberg



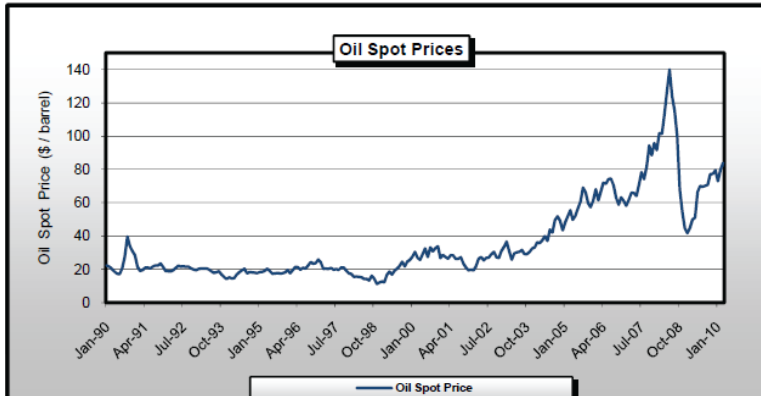
Citi Pension rate increased to 6.1% in Q1 of 2010...

Source: Citigroup

Fixed Income Performance

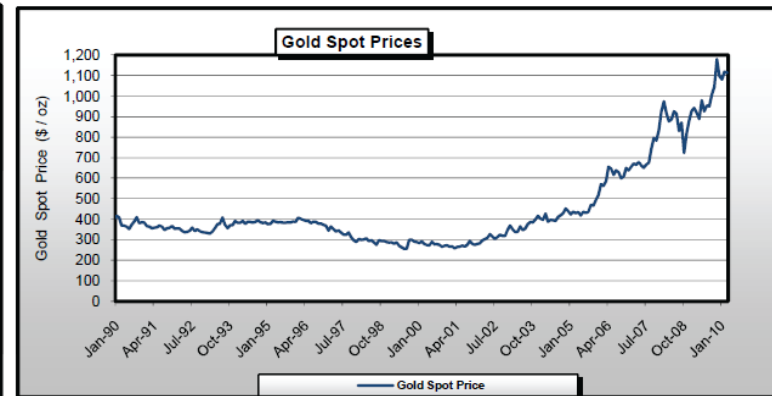


Market Environment – Commodities



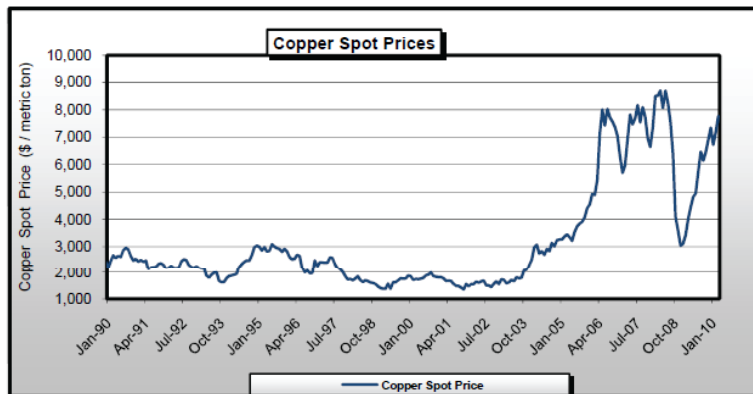
Oil prices rose to \$84 per barrel at the end of Q1...

Source: Bloomberg



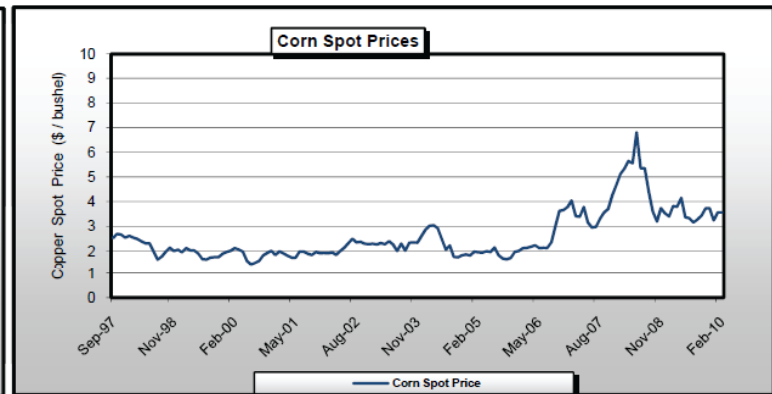
Gold prices finished at \$1,113 per ounce at the end of Q1 ...

Source: Bloomberg



Copper prices rose further after soaring in 2009 due to China's stockpiling...

Source: Bloomberg



Corn was down modestly in Q1, while Agriculture in general was down almost 12%, with sugar down 36% ...

Source: Bloomberg

Information Disclosure

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