

New Mexico Public Employees Retirement Association

Presentation to the Investment Oversight Committee

June 14, 2010

.....

Terry Slattery, Executive Director
Joelle Mevi, Chief Investment Officer

NM Public Employees Retirement Association

March 31, 2010 (Final)

	% of Fund		Management		Core	Investment Style		Fee Structure		Investmt Approach
	Actual	Target	Active	Passive		Value	Growth	Perf	Asset-based	
US Equity, Large Cap	2,829,006,620	25.67%								
NT S&P 500		4.74%		54.9%	52.6%	24.2%	23.2%	X		
Intech Enhanced		3.31%	365,090,960	522,488,059	522,488,059			X		X
Portable Alpha		5.45%	600,617,117		600,617,117			X		
CS McKee		2.81%	310,088,120			310,088,120		X		
State Street S&P 500		3.41%		375,775,921		375,775,921		X		X
State Street Russell 1000		0.00%	0		0					
NT R1000		5.94%		654,946,445			654,946,445	X		
Total Large Cap			1,275,796,196	1,553,210,424	1,488,196,135	685,864,040	654,946,445			
US Equity, Mid/Small Cap	1,265,011,037	11.48%								
State Street Mid Cap 400		2.77%		41.4%	24.1%	36.0%	39.9%	X		
State Street R2000 Small Cap		1.98%		305,336,774	305,336,774			X		
Rothschild Small Cap		2.15%	236,552,329	218,694,841		218,694,841		X		
Voyageur Small Cap		1.63%	179,939,891			236,552,328.7		X		X
TimesSquare SMID		2.94%	324,487,204				179,939,891	X		X
SMID Growth/Value (TBA)		0.00%	0				324,487,204	X		X
Total Mid/Small Cap			740,979,423	524,031,614	305,336,774	455,247,169	504,427,095			
Total US Equity	4,094,017,658	37.14%	49.26%	50.74%	43.81%	27.87%	28.32%			
International Equity (Developed Mkts)	2,235,242,761	20.28%								
State Street Select Lrg Cap		3.36%		59.19%	84.83%	8.12%	7.05%	X		X
Artio Lrg Cap		2.05%	370,691,740		370,691,740			X		
NT EAFE Lrg Cap		10.57%	226,476,685		226,476,685			X		
State Street EAFE Lrg Cap		1.43%		1,165,427,085	1,165,427,085		157,575,188	X		
Alliance Bernstein (residual balance)		0.00%	537,344			537,344.31				
Principal Global Small Cap		1.21%	133,617,420		133,617,420			X		X
Small Cap (TBA)		0.00%	0		0					
MFS EAFE Lrg Cap		1.28%	140,697,827			140,697,827		X		
KBC EAFE Lrg Cap		0.36%	40,219,470			402,194,702.3		X		
Total Developed Markets			912,240,488	1,323,002,273	1,896,212,931	181,454,642	157,575,188			
International Equity (Emerging Mkts)	507,519,686	4.60%								
Eaton Vance		1.60%	77.34%	22.66%	100.00%	0.00%	0.00%			
State Street Emerging Mkt		1.04%	175,866,615		175,866,615			X		X
Aberdeen		1.03%	113,598,518	114,992,893	114,992,893			X		
Wellington		0.94%	103,060,407		113,598,518			X		
Alliance Bernstein (residual balance)		0.00%	1,253		103,060,407	1253.23			X	X
Total Emerging Markets			392,526,793	114,992,893	507,518,433	1,253	0			
Total International Equity	2,742,762,447	24.88%	47.57%	52.43%	87.64%	6.62%	5.75%			
Total Equities	6,836,780,105	62.03%	48.58%	51.42%	61.39%	19.34%	19.26%			

NM Public Employees Retirement Association

March 31, 2010 (Final)

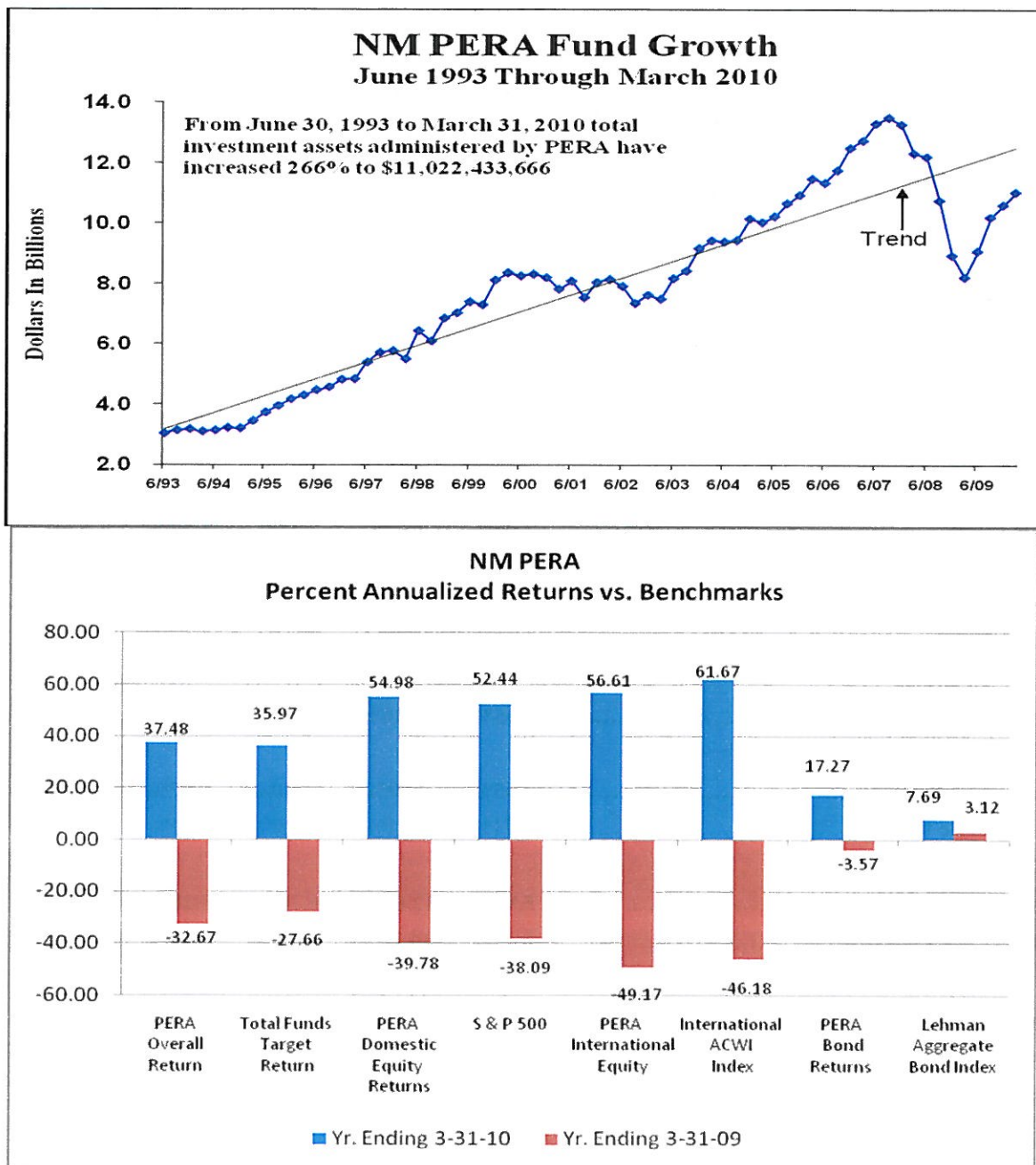
	% of Fund		Management		Core	Investment Style		Fee Structure		Investmt Approach	
	Actual	Target	Active	Passive		Value	Growth	Perf.	Asset-based	Fndmtl	Quant
U.S. Fixed Income (Core)											
BGI US Agg	2,327,499,119	23.00%	100.00%	0.00%				X		X	
Franklin Templeton Opp Core Plus			1,066,212,815					X		X	
Western Asset Mgmt			628,709,376					X		X	
Total Fixed Income Core			2,327,499,119					X		X	
U.S. High Yield Bonds											
Loomis Sayles	234,305,738	2.13%	100.00%	0.00%				X		X	
Total High Yield			234,305,738								
Total Fixed Income	<u>2,561,804,857</u>	<u>23.24%</u>	<u>100.00%</u>	<u>0.00%</u>							
Private Equity											
Hedge Funds	230,009,532	2.09%									
Real Estate/REIT	819,191,484	7.43%									
Real Assets	163,748,779	1.49%									
	295,687,652	2.68%									
Total Alternatives	<u>1,508,637,448</u>	<u>13.69%</u>									
Cash Equivalents-Blackrock STIF											
Cash Equivalents-STO Overnight Repo	40,281,977	0.37%									
	74,938,942	0.68%									
Total Fund	<u>11,022,443,328</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>							

NEW MEXICO PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Total Assets as of March 31, 2010

The New Mexico Public Employees Retirement Association (PERA), which is comprised of thirty-one in-state retirement plans administered by PERA, had a return of 4.19% for the quarter ending March 31, 2010 compared to a return of -7.88% for the quarter ending March 31, 2009. The return for the policy benchmark for the quarter was 3.21% meaning PERA out-performed the benchmark by 0.98%. During the third quarter of FY10, total investment assets increased by \$425.7 million after deducting retiree distributions, refunds and administrative expenses of \$185.3 million that exceeded employer/employee contributions of \$32.2 million by \$153.1 million. PERA entered into two new international equity contracts during the quarter. One of these managers utilizes third party marketers; however there is no additional charge to PERA.

The return for the 12 month period ending March 31, 2010 was 37.48% out-performing the funds' benchmark of 35.97% by 1.51%, resulting in a change in assets from \$8.2 billion to \$11.0 billion, primarily attributable to good market conditions and performance of the fund. During the last 12 months, total combined PERA assets increased by \$2.8 billion after paying retiree distributions and administrative expenses totaling \$712.6 million which exceeded the \$330.5 million of employer/employee contributions by \$382.1 million during the year.



NM PERA FUND PERFORMANCE

Periods ending 3/31/10

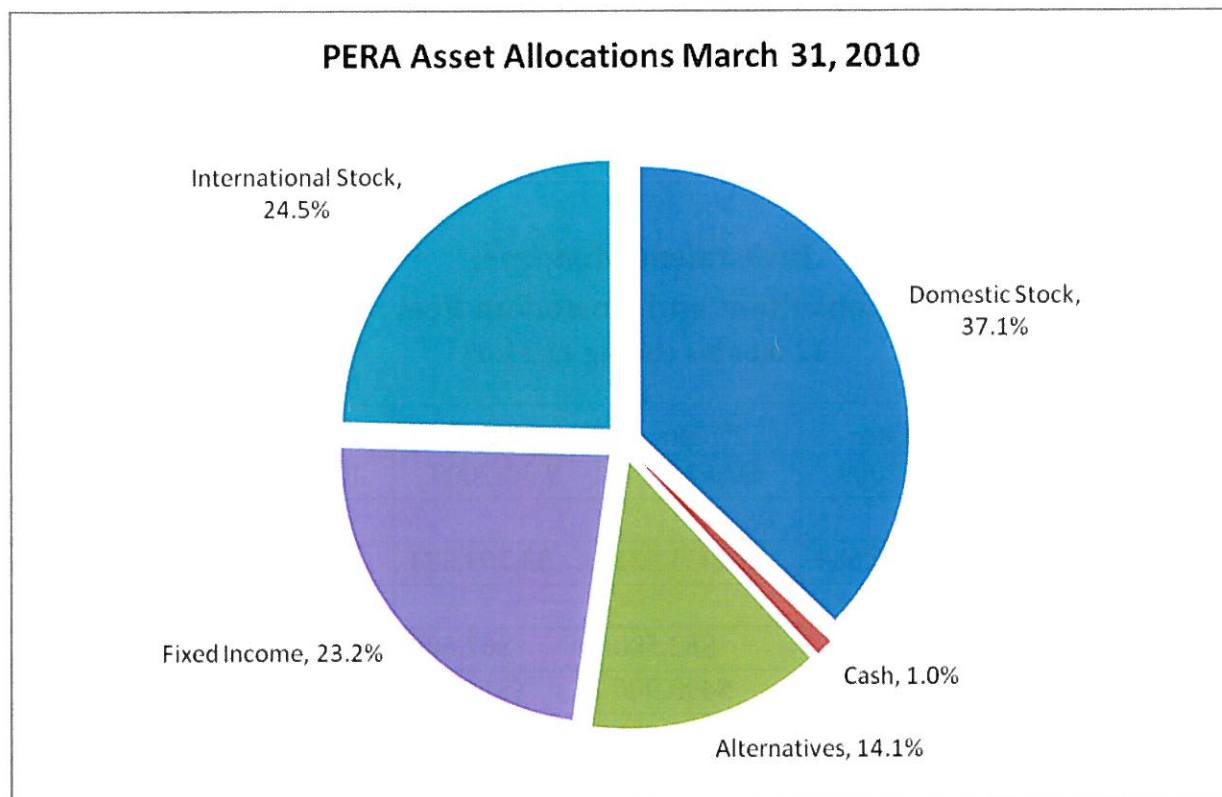
	<u>Qtr</u>	<u>6 mo</u>	<u>9 mo</u>	<u>12 mo</u>	<u>2 yrs</u>	<u>3 yrs</u>	<u>4 yrs</u>	<u>5 yrs</u>
All Equity.....	4.90%	10.62%	30.64%	54.44%	-7.11%	-6.25%	-1.63%	2.61%
Domestic Equity.....	6.89%	14.22%	34.11%	54.98%	-3.87%	-4.80%	-1.12%	2.07%
Russell 3000-Blended.....	5.94%	12.19%	30.49%	52.44%	-2.94%	-3.99%	-0.38%	2.39%
Large Cap Equity.....	6.56%	14.32%	33.86%	53.76%	-5.68%	-5.80%	-1.66%	1.12%
Mid-Small Cap Equity.....	7.69%	13.82%	34.61%	58.29%	1.45%	-1.95%	0.39%	4.80%
Domestic Fixed Income.....	2.82%	4.49%	10.99%	17.27%	6.34%	5.28%	5.73%	5.21%
BC Aggregate Index.....	1.78%	1.99%	5.81%	7.69%	5.39%	6.14%	6.25%	5.44%
International Equity.....	1.65%	5.08%	25.48%	56.61%	-10.79%	-7.63%	-1.77%	4.13%
MSCI ACW Ex US (Gross).. <td>1.66%</td> <td>5.51%</td> <td>26.36%</td> <td>61.67%</td> <td>-6.72%</td> <td>-3.72%</td> <td>1.79%</td> <td>6.59%</td>	1.66%	5.51%	26.36%	61.67%	-6.72%	-3.72%	1.79%	6.59%
Cash Equivalents.....	0.38%	0.64%	1.02%	1.12%	0.65%	2.25%	3.27%	5.03%
PERA.....	4.19%	8.82%	22.89%	37.52%	-3.74%	-3.28%	0.24%	3.09%
BM Policy Target.....	3.21%	6.59%	19.64%	35.97%	-0.80%	-0.35%	2.59%	4.57%

	<u>6 yrs</u>	<u>7 yrs</u>	<u>8 yrs</u>	<u>9 yrs</u>	<u>10 yrs</u>	<u>15 yrs</u>
All Equity.....	3.84%	8.61%	4.08%	4.06%	1.43%	-
Domestic Equity.....	3.06%	7.37%	3.18%	3.60%	1.57%	9.10%
Russell 3000-Blended.....	3.16%	7.56%	2.88%	2.75%	-0.07%	8.80%
Large Cap Equity.....	2.17%	6.43%	2.16%	2.21%	0.03%	7.75%
Mid-Small Cap Equity.....	5.65%	10.30%	6.16%	7.62%	6.01%	12.60%
Domestic Fixed Income.....	4.65%	4.90%	5.60%	5.57%	6.24%	6.66%
BC Aggregate Index.....	4.71%	4.81%	5.65%	5.61%	6.29%	6.57%
International Equity.....	5.92%	12.05%	6.70%	5.28%	1.30%	-
MSCI ACW Ex US (Gross).....	8.12%	14.34%	8.97%	7.22%	3.21%	6.22%
Cash Equivalents.....	4.83%	5.35%	5.31%	5.08%	5.22%	5.23%
PERA.....	3.78%	6.77%	4.83%	4.77%	3.61%	8.25%
BM Policy Target.....	4.84%	7.80%	5.27%	4.87%	3.26%	7.79%

**Investment Manager,
Consultant and Custodian Fees
12 months ending 12/31/09**

	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.	
	3/31/2009	6/30/2009	9/30/2009	12/31/2009	12 Months
Manager Fees					
External	\$3,389,684	\$2,433,631	\$3,303,384	\$4,024,614	\$13,151,313
Consulting Fees					
General (RVK)	\$62,500	\$62,500	\$62,500	\$62,500	\$250,000
Alternative (Cliffwater)	\$479,819	\$493,900	\$514,686	\$605,843	\$2,094,248
Custodial Fees					
All Accounts	\$322,048	\$284,597	\$321,204	\$171,382	\$1,099,231

NM PERA ASSET ALLOCATIONS



Allocations vs. Targets (In Millions of Dollars) March 31, 2010

	Invested by Managers (excluding cash)		Allocated to Managers		Policy Target
U.S. Stocks	\$4,053.80	36.78%	\$4,094.02	37.14%	35.00%
U.S. Bonds	\$2,681.80	24.33%	\$2,561.80	23.24%	25.00%
International Stock	\$2,721.55	24.69%	\$2,702.53	24.52%	25.00%
Alternatives	\$2,002.73	18.17%	\$1,548.86	14.05%	15.00%
Cash/STIF/State Treas.	(\$437.45)	-3.97%	\$115.22	1.05%	0.00%
Total Funds	\$11,022.43	100.00%	\$11,022.43	100.00%	100.00%