



**NEW MEXICO STATE
INVESTMENT
COUNCIL**

Investments & Pensions Oversight Committee

Representative Tomás E. Salazar, Chairman

Senator George K. Munoz, Vice-Chair

State Investment Council Transparency Practices

November 13, 2017

Steve Moise, NM State Investment Officer

Robert “Vince” Smith, Deputy State Investment Officer

Charles Wollmann, Dir. Communications, Legislative & Client Relations



Transparency



Policies & Practices

Public Access

Reporting

Public Outreach



Policies & Practices



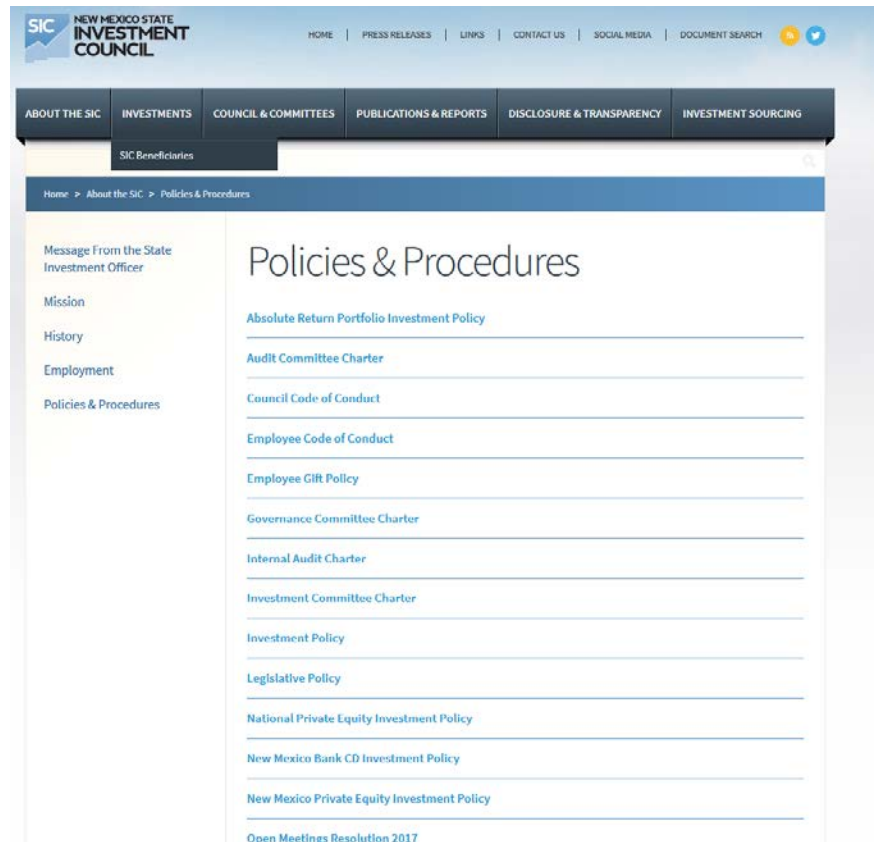
- SIC Investment Policy
 - Hiring of all investment managers & all fund commitments are contingent on multiple layers of due diligence
 - Staff, consultants, investment committee and full Council approval are required
 - Review for legal sufficiency & negotiations of SIC contractual rights with funds
 - Investment Officer no longer has latitude to make unilateral investment decisions



Policies & Practices



- SIC policies online: <http://sic.state.nm.us/policies-and-procedures.aspx>
 - Investment policies
 - Committee charters
 - Codes of conduct
 - Open meetings
 - Transparency & Disclosure Policy





Public Access



- SIC committees
 - Investment, Governance, Audit
 - Committee charters
 - Committees composed of Council members, external experts in field
- Open meetings
 - OMA compliant
- Council Meetings
 - Public comment



Reporting



- Investment Holdings Report
 - <http://sic.state.nm.us/required-monthly-reporting.aspx>
 - <http://sunshineportalnm.com/>
- Performance reporting
 - Monthly and quarterly results
 - Quarterly reports by strategy (real estate, real return, private equity, NM private equity)
 - Quarterly peer performance reports
 - <http://sic.state.nm.us/meeting-materials.aspx>
- Audit reports
 - <http://sic.state.nm.us/sic-annual-audit-reports.aspx>



Public Outreach



- Webcast
 - SIC meetings recorded, archived on Governor's website
 - <http://www.governor.state.nm.us/governor-s-webcasting-initiative.aspx>
- SIC Website
 - <http://sic.state.nm.us/>
 - Meeting materials, minutes, dashboard
 - Searchable
 - Contact information/direct link for email
 - Inspection of Public Records Act form



Public Information



- Delivery of information to the public & press
 - Talk to everyone
 - Explain complex issues
 - Listen & be collaborative
- IPRA
 - Requires acknowledgement in three days, response within 15 days
 - Limited exclusions, requires accountability
 - IPRA not just for New Mexicans



Annual Investment Plan



- <http://sic.state.nm.us/annual-investment-plan-2018.aspx>
- Market outlook
- Economic analysis
- Roadmap for the year ahead

FY 18 Annual Investment Plan

August, 2017



[FY 2018 Annual Investment Plan](#)

Executive Summary

Macroeconomic and Investment Environment

The New Mexico State Investment Council believes that the next 7-10 year period will be characterized by slower-than-average economic growth, modest interest rates, and stable rates of inflation. The previous 10-year period was one of low growth, low inflation, low volatility of economic conditions and lower than average returns on investment. The Council expects conditions and returns to improve in the forward-looking period—but perhaps by not very much. Overall, conditions are likely to continue to be less supportive of the Permanent Funds' historically best-returning investments—those that are equity-based—than normal, and provide ample challenges in generating targeted long-run investment returns.

One of those challenges will be the resolution of what are widely considered as high valuations on many of the largest investment markets available to the Council. Nearly a decade now of falling interest rates and unprecedented monetary stimulus by the global central banks have driven risk markets to very high valuations relative to history, and today's very low and fairly stable interest rates seem to be holding valuations at these lofty levels. All fiduciaries to the Permanent Funds must be ready for the challenge ahead.

Broad Investment Strategy

The Council's broad investment strategy, as detailed in the pages to follow, is principally a continuation of the strategy in place for the last few years. In shorter periods, stock markets will go up and down, interest rates will rise and fall, inflation will threaten and wane, but these gyrations are not the foundation upon which to build investment strategy. Indeed, a sufficient view regarding the forward expected economic environment and financial market conditions for a reasonable period of time (the Council uses a 7-10 year forward period) in