



NEW MEXICO STATE INVESTMENT COUNCIL



INVESTMENTS & PENSIONS OVERSIGHT COMMITTEE

SIC INVESTMENTS OVERVIEW & DETAILS

**SENATOR GEORGE MUNOZ, CHAIR
REPRESENTATIVE MONICA YOUNGBLOOD, VICE-CHAIR**

JUNE 16, 2015

**STATE INVESTMENT OFFICER STEVE MOISE
DEPUTY SIO ROBERT "VINCE" SMITH, CFA**



STATE INVESTMENT COUNCIL

Overview of SIC Funds



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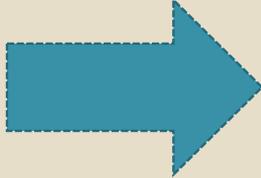
**Land Grant
Permanent Fund:
\$14.9 billion**

**Severance Tax
Permanent
Fund: \$4.8
billion**

**Tobacco Settlement
Permanent Fund:
\$236 million**

**Water Trust Fund:
\$47 million**

**Governmental
Clients: \$794
million**



SIC Investment Pools

**Total assets:
\$20.8 billion**

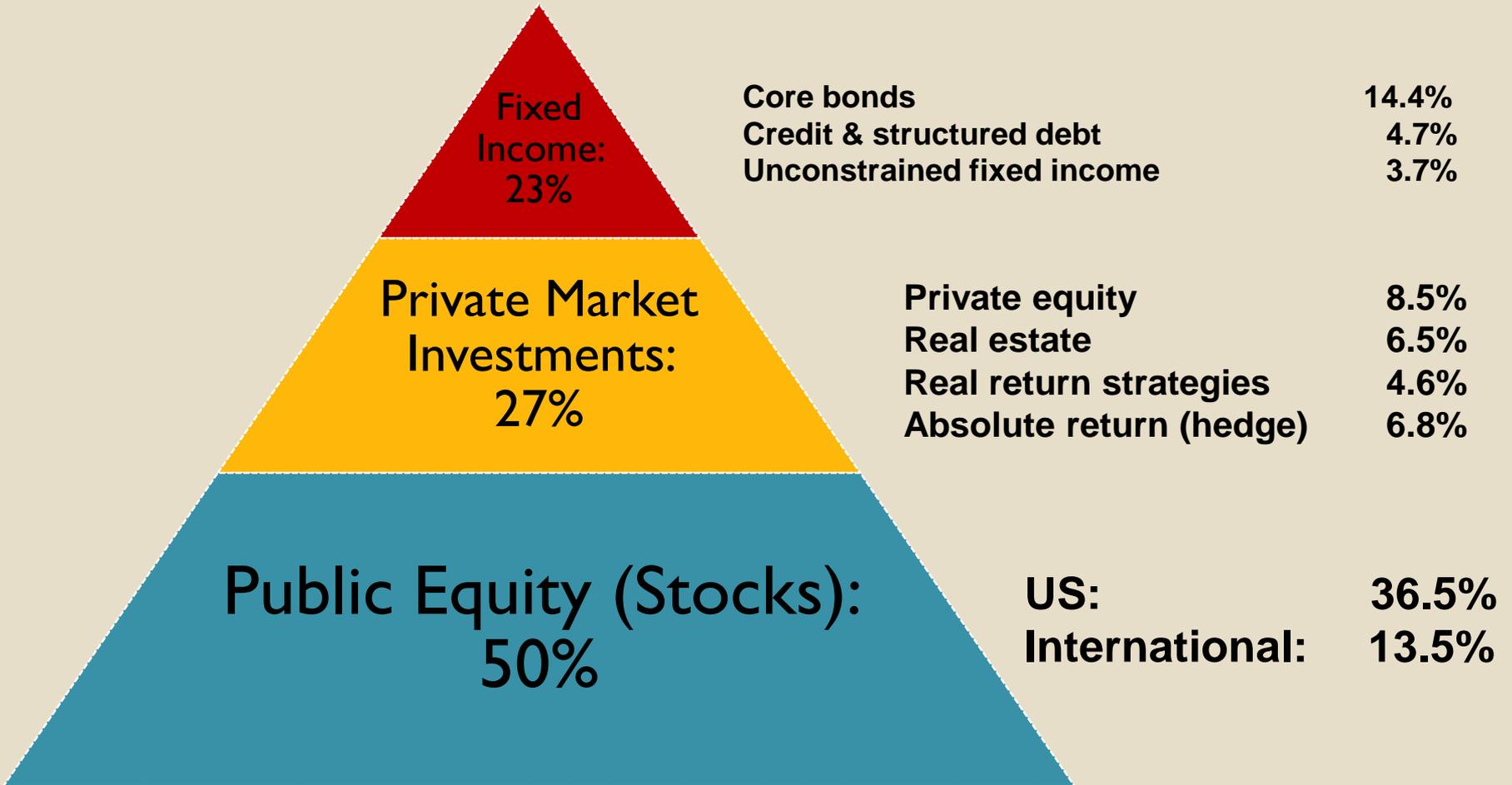


STATE INVESTMENT COUNCIL

Overview of Funds as of 4/30/15



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STATE INVESTMENT COUNCIL

Publicly Traded Investments



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- **Stocks & bonds**

- 100% externally managed & internally monitored since 2011
- SIC in 2014 increased passive allocation
- Management fees paid quarterly
 - ✦ SIC does not pay performance incentive fees
 - ✦ Managers paid based on percentage of assets they manage
- Fees impact SIC budget
 - ✦ Fund growth = growth of fees
 - ✦ Fees are not embedded, as with most private assets
- Managers hired through RFP process
 - ✦ Portfolio composed of several managers with diversified strategies

Asset Class	Active	Passive
US Equity	53.32%	46.68%
Non-US Equity	65.56%	34.44%
Fixed Income	85.03%	14.97%



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Traditional Investment Managers



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- Balance of active management and indexed investment
- Portfolio of active managers structured for optimal protection during down-cycle markets

US Large Cap Active

Wellington
Brown Brothers Harriman
JP Morgan
T. Rowe Price

Large Cap Index

Northern Trust

Non-US Developed Active

LSV Intl.
T.Rowe Price
MFS Intl.
Templeton

Non-US Emerging Active

BlackRock

US Core Bonds Active

PIMCO
Prudential
Loomis Sayles

US Small/Mid Cap Active

Seizert
Donald Smith & Co.
Cortina

US Small/Mid Cap Index

BlackRock Alpha Tilts
Northern Trust

Non-US Developed Index

Alliance Bernstein

Non-US Emerging Index

Alliance Bernstein

US Core Bonds Index

BlackRock

Unconstrained Fixed Income

GAM
PIMCO
Loomis Sayles



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Private Market Investments



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- **Private Equity (National)**
 - 110 funds, 78 managers
 - Limited partnerships with investment managers
 - Each fund has investment life of 10+ years
 - Asset allocation target: 12%
- **Private Equity (New Mexico)**
 - 19 Funds, 13 managers
 - Co-investment funds invest in NM companies
 - Primary focus on venture capital/technology transfer (statute)
 - Asset allocation target: 5% of STPF (9% allowed by statute)
 - \$70 million in fund commitments since 2013



STATE INVESTMENT COUNCIL

Private Market Investments



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- **Real Estate**

- Program first initiated in 2005, revamped in 2011
- New focus on balanced portfolio of core & tactical investments
- Today limited to real estate funds
 - ✦ Core: stable properties in primary/secondary markets (7 funds)
 - ✦ Value-added: strategic properties with upside potential (5 funds)
 - ✦ Opportunistic: real estate with entrepreneurial factors (6 funds)
 - ✦ Tactical credit: real estate financing/debt (3 funds)
 - ✦ Legacy portfolio: 18 remaining funds or joint ventures, pre-2011
- Investment allocation target: 10%



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Private Market Investments



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- Real Return
 - New asset allocation category adopted in 2011
 - Seeks income generation, stable investment returns
 - Investments made through externally managed fund structure
 - ✦ Energy (8)
 - ✦ Infrastructure (5)
 - ✦ Timber (3)
 - ✦ Agriculture (1)
 - ✦ Commodities (none so far)
 - Investment allocation target: 12%



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Private Market Investments



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- **Absolute Return**
 - Fund of hedge funds structure
 - 3 managers: Crestline, Aetos, Mariner
 - Managers invest in diversified portfolio of hedge funds
 - Strategy seeks low volatility returns, low correlation to equity markets
 - Investment allocation target: 7%
- **Credit & Structured Debt**
 - Managed by external fund managers
 - Various asset-backed securities & credit strategies
 - ✦ Commercial & residential mortgages, bonds
 - ✦ Collateralized securities



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Investment Consultants



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- Primary investment consultant: RVK
 - ✦ Monthly & quarterly investment reporting
 - ✦ Manager research & performance monitoring
 - ✦ Portfolio construction & strategic planning
- Specific investment strategy consultants:
 - Real estate/real return consultant: Townsend Group
 - National private equity consultant: LP Capital
 - NM private equity consultant: Sun Mountain Capital
 - All provide:
 - ✦ Quarterly performance reporting
 - ✦ Manager recommendations & due diligence
 - ✦ Ongoing fund monitoring



STATE INVESTMENT COUNCIL

LGPF Assets: Detail



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Date	Beginning Market Value (\$ 000)	Contributions (\$ 000)	Withdrawals (\$ 000)	Gain/Loss (\$ 000)	Ending Market Value (\$ 000)	% Return
Fiscal Year 1989	2,786,201	95,909	252,270	372,361	3,002,201	14.18
Fiscal Year 1990	3,002,201	104,922	258,961	278,496	3,126,658	9.73
Fiscal Year 1991	3,126,658	121,159	259,366	354,364	3,342,815	11.34
Fiscal Year 1992	3,342,815	104,381	261,965	498,843	3,684,074	15.12
Fiscal Year 1993	3,684,074	122,950	261,546	455,701	4,001,179	12.59
Fiscal Year 1994	4,001,179	115,598	257,924	-9,996	3,848,857	-0.48
Fiscal Year 1995	3,848,857	97,299	248,102	625,176	4,323,230	15.97
Fiscal Year 1996	4,323,230	100,171	246,027	495,049	4,672,423	12.15
Fiscal Year 1997	4,672,423	147,767	251,228	895,751	5,464,713	18.49
Fiscal Year 1998	5,464,713	129,981	255,415	1,115,799	6,455,078	21.53
Fiscal Year 1999	6,455,078	104,747	262,420	1,014,822	7,312,227	15.80
Fiscal Year 2000	7,312,227	154,732	265,734	729,800	7,931,025	10.20
Fiscal Year 2001	7,931,025	288,095	283,053	-517,485	7,418,583	-6.60
Fiscal Year 2002	7,418,583	200,226	311,465	-611,167	6,696,176	-7.90
Fiscal Year 2003	6,696,176	220,471	332,784	223,781	6,807,644	3.60
Fiscal Year 2004	6,807,644	236,278	352,526	945,045	7,636,441	14.20
Fiscal Year 2005	7,636,441	320,810	422,199	716,052	8,251,104	9.70
Fiscal Year 2006	8,251,104	414,694	426,444	859,673	9,099,028	10.60
Fiscal Year 2007	9,099,028	398,603	438,945	1,614,511	10,673,196	17.86
Fiscal Year 2008	10,673,196	474,899	469,998	-407,642	10,270,455	-3.80
Fiscal Year 2009	10,270,455	480,526	521,521	-2,300,960	7,928,500	-22.28
Fiscal Year 2010	7,928,500	330,275	525,513	1,113,147	8,846,410	14.03
Fiscal Year 2011	8,846,410	411,496	535,903	1,966,650	10,688,653	22.19
Fiscal Year 2012	10,688,653	529,038	553,418	62,765	10,727,037	0.62
Fiscal Year 2013	10,727,037	505,817	526,847	1,423,220	12,129,227	13.11
Fiscal Year 2014	12,129,227	741,927	535,157	1,858,885	14,194,883	15.46
FYTD 2015 est.	14,194,883	638,209	546,307	625,476	14,922,534	4.31



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STPF Assets: Detail



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Date	Beginning Market Value (\$ 000)	Contributions (\$ 000)	Withdrawals (\$ 000)	Gain/Loss (\$ 000)	Ending Market Value (\$ 000)	% Return
Fiscal Year 1989	1,308,245	82,838	118,477	113,559	1,386,165	12.36
Fiscal Year 1990	1,386,165	142,340	123,924	140,249	1,544,830	9.98
Fiscal Year 1991	1,544,830	85,235	127,789	165,892	1,668,168	11.56
Fiscal Year 1992	1,668,168	72,968	133,935	241,133	1,848,334	15.13
Fiscal Year 1993	1,848,334	54,804	135,524	249,451	2,017,065	12.12
Fiscal Year 1994	2,017,065	73,243	133,931	13,710	1,970,087	0.38
Fiscal Year 1995	1,970,087	54,804	131,291	288,972	2,182,572	15.24
Fiscal Year 1996	2,182,572	73,243	132,093	248,364	2,372,086	11.06
Fiscal Year 1997	2,372,086	125,476	133,634	358,300	2,722,228	17.99
Fiscal Year 1998	2,722,228	72,893	136,307	617,937	3,276,751	19.88
Fiscal Year 1999	3,276,751	53,241	139,033	525,712	3,716,671	15.50
Fiscal Year 2000	3,716,671	90,326	141,814	440,146	4,105,329	12.00
Fiscal Year 2001	4,105,329	172,302	144,650	-254,328	3,878,653	-7.80
Fiscal Year 2002	3,878,653	32,035	159,183	-343,788	3,407,717	-8.70
Fiscal Year 2003	3,407,717	1,032	170,955	85,389	3,323,183	3.00
Fiscal Year 2004	3,323,183	16,318	172,434	454,157	3,621,224	14.20
Fiscal Year 2005	3,621,224	12,372	173,249	308,409	3,768,756	8.90
Fiscal Year 2006	3,768,756	123,217	171,798	294,945	4,015,121	11.20
Fiscal Year 2007	4,015,121	24,073	170,973	836,057	4,704,279	17.80
Fiscal Year 2008	4,704,279	41,414	177,172	-200,139	4,368,382	-4.40
Fiscal Year 2009	4,368,382	27,539	191,292	-1,025,436	3,179,193	-23.77
Fiscal Year 2010	3,179,193	3,488	187,072	371,336	3,366,945	11.76
Fiscal Year 2011	3,366,945	7,617	184,571	750,849	3,940,841	22.34
Fiscal Year 2012	3,940,841	103,888	183,424	-94,300	3,767,005	0.06
Fiscal Year 2013	3,767,005	-	176,173	569,193	4,160,026	11.99
Fiscal Year 2014	4,160,026	124,996	170,473	512,563	4,627,111	15.54
FYTD 2015 est.	4,627,111	4,980	167,496	268,911	4,735,510	4.29



STATE INVESTMENT COUNCIL

Performance as of 3/31/15



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	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years
Land Grant Total Fund Composite	1.62	1.62	2.96	6.41	9.69	9.26	5.97	6.65
Severance Tax Total Fund Composite	1.78	1.78	2.79	6.37	9.41	8.81	5.15	5.98

- Investment return target: 7.5% per year
- Target exceeded for 3 & 5 year periods
- Target not hit for one-year, longer-term periods
- Council to assess whether 7.5% is still reasonable target



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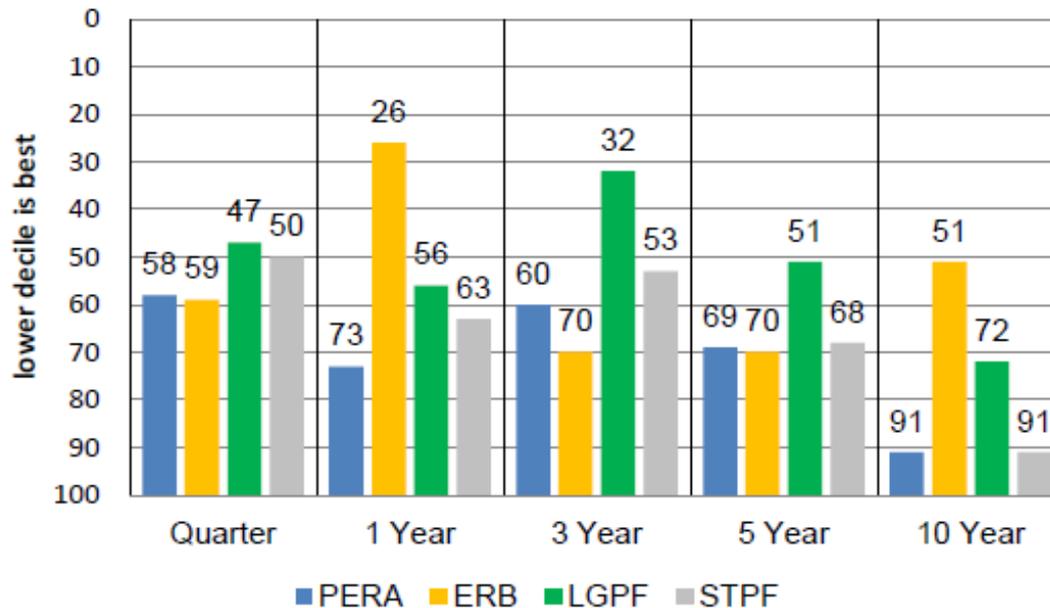
Relative Performance



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- LFC 12/31/14 quarterly report (latest available):
 - Peer rankings for public funds larger than \$1B

Figure 5 - TUCS Universe Rankings
(public funds > \$1 billion)
For Period Ending December 31, 2014





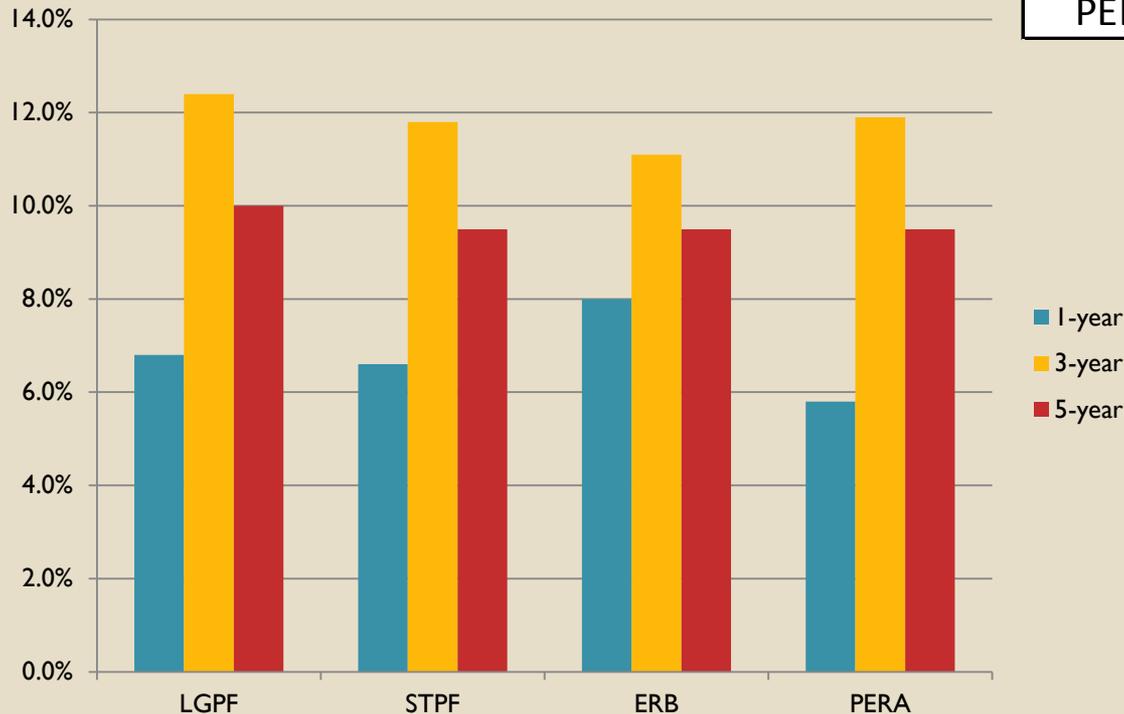
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Relative Performance



- Returns as of 12/31/14:
 - Source: LFC quarterly report

<u>Fund</u>	<u>1-year</u>	<u>3-year</u>	<u>5-year</u>
LGPF	6.8%	12.4%	10.0%
STPF	6.6%	11.8%	9.5%
ERB	8.0%	11.1%	9.5%
PERA	5.8%	11.9%	9.5%





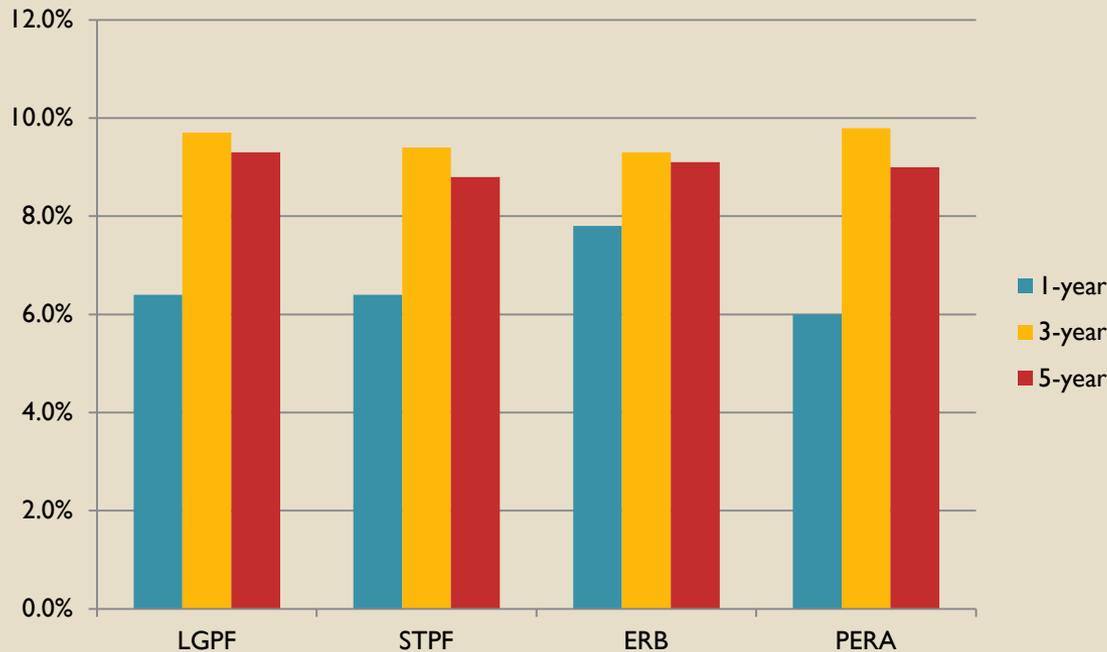
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Relative Performance through 3/31/15



- Returns as of 3/31/15:
 - From agency reports

<u>Fund</u>	<u>1-year</u>	<u>3-year</u>	<u>5-year</u>
LGPF	6.4%	9.7%	9.3%
STPF	6.4%	9.4%	8.8%
ERB	7.8%	9.3%	9.1%
PERA	6.0%	9.8%	9.0%



NM State Investment Council

Permanent Funds & Clients

Assets, Liabilities & Statement of Net Position (Per Audit Reports)

Fiscal Years 2008-2014

Assets (1)

Fiscal Year Ending	LGPF	STPF	TSPF	WTF	SUTF	Total Permanent		
						Funds	Clients	Total
06/30/14	\$14,547,327,430	\$4,833,956,550	\$214,722,893	\$50,620,142	\$0	\$19,646,627,015	\$765,277,705	\$20,411,904,720
06/30/13	\$12,636,130,238	\$4,304,826,349	\$186,105,907	\$48,267,612	\$0	\$17,175,330,106	\$623,697,621	\$17,799,027,727
06/30/12	\$11,550,174,374	\$4,069,508,396	\$186,294,284	\$49,165,694	\$0	\$15,855,142,748	\$624,791,674	\$16,479,934,422
06/30/11	\$11,321,734,302	\$4,137,044,163	\$176,629,958	\$52,321,758	\$0	\$15,687,730,181	\$564,707,130	\$16,252,437,311
06/30/10	\$9,430,498,415	\$3,528,954,831	\$161,724,287	\$50,151,349	\$118,257,823	\$13,289,586,705	\$473,183,894	\$13,762,770,599
06/30/09	\$8,855,126,370	\$3,400,876,270	\$158,255,731	\$51,775,407	\$77,067,572	\$12,543,101,350	\$536,305,756	\$13,079,407,106
06/30/08	\$11,565,955,636	\$4,684,787,098	\$175,202,743	\$65,035,650	\$31,903,793	\$16,522,884,920	\$674,064,088	\$17,196,949,008

Liabilities (2)

Fiscal Year Ending	LGPF	STPF	TSPF	WTF	SUTF	Total Permanent		
						Funds	Clients	Total
06/30/14	\$201,998,821	\$65,699,299	\$21,119,031	\$469,044	\$0	\$289,286,195	\$15,860,105	\$305,146,300
06/30/13	\$438,912,006	\$137,836,191	\$16,015,034	\$1,731,408	\$0	\$594,494,639	\$35,589,225	\$630,083,864
06/30/12	\$754,453,287	\$188,892,108	\$37,277,618	\$4,267,737	\$0	\$984,890,750	\$85,630,941	\$1,070,521,691
06/30/11	\$555,203,670	\$171,010,004	\$27,831,162	\$2,663,772	\$0	\$756,708,608	\$43,593,130	\$800,301,738
06/30/10	\$543,594,185	\$149,182,206	\$28,918,366	\$3,320,100	\$456,668	\$725,471,525	\$37,662,401	\$763,133,926
06/30/09	\$911,217,241	\$227,427,337	\$36,805,809	\$5,939,653	\$0	\$1,181,390,040	\$86,846,772	\$1,268,236,812
06/30/08	\$1,421,112,390	\$369,838,325	\$39,318,798	\$13,034,861	\$0	\$1,843,304,374	\$134,979,769	\$1,978,284,143

Statement of Net Position =(1)-(2)=Net Assets

Fiscal Year Ending	LGPF	STPF	TSPF	WTF	SUTF	Total Permanent			Total \$ Change from Prior Year	Total Percentage Change From Prior Year
						Funds	Clients	Total		
06/30/14	\$14,345,328,609	\$4,768,257,251	\$193,603,862	\$50,151,098	\$0	\$19,357,340,820	\$749,417,600	\$20,106,758,420	\$2,937,814,557	(t) 17.11%
06/30/13	\$12,197,218,232	\$4,166,990,158	\$170,090,873	\$46,536,204	\$0	\$16,580,835,467	\$588,108,396	\$17,168,943,863	\$1,759,531,132	(u) 11.42%
06/30/12	\$10,795,721,087	\$3,880,616,288	\$149,016,666	\$44,897,957	\$0	\$14,870,251,998	\$539,160,733	\$15,409,412,731	(\$43,022,842)	(v) -0.28%
06/30/11	\$10,766,530,632	\$3,966,034,159	\$148,798,796	\$49,957,986	\$0	\$14,931,321,573	\$521,114,000	\$15,452,435,573	\$2,452,798,900	(w) 18.87%
06/30/10	\$8,886,904,230	\$3,379,772,625	\$132,805,921	\$46,831,249	\$117,801,155	\$12,564,115,180	\$435,521,493	\$12,999,636,673	\$1,188,466,379	(x) 10.06%
06/30/09	\$7,943,909,129	\$3,173,448,933	\$121,449,922	\$45,835,754	\$77,067,572	\$11,361,711,310	\$449,458,984	\$11,811,170,294	(\$3,407,494,571)	(y) -22.39%
06/30/08	\$10,144,843,246	\$4,314,948,773	\$135,883,945	\$52,000,789	\$31,903,793	\$14,679,580,546	\$539,084,319	\$15,218,664,865	(\$922,659,289)	(z) -5.72%
6/30/2007 (reference)								\$16,141,324,154		

Notes: Statement of Net Position reflects assets minus liabilities or net assets & reconciles to the statement of changes in net position on the next page

- LGPF - Land Grant Permanent Fund.
- STPF - Severance Tax Permanent Fund.
- TSPF - Tobacco Settlement Permanent Fund.
- WTF - Water Trust Fund.
- SUTF - State Unemployment Trust Fund.

NM State Investment Council

Statement of Changes in Net Positions (per Audit Reports)

Fiscal Years 2008-2014

Statement of Changes in Net Position (per Audit Reports)

Fiscal Year	LGPF	STPF	TSPF	WTF	SUTF	Total Permanent		Total
						Funds	Clients	
7/1/2013 to 6/30/2014	\$2,148,110,377	\$601,267,093	\$23,512,989	\$3,614,894		\$2,776,505,353	\$161,309,204	\$2,937,814,557
7/1/2012 to 6/30/2013	\$1,401,497,145	\$286,373,870	\$21,074,207	\$1,638,247		\$1,710,583,469	\$48,947,663	\$1,759,531,132
7/1/2011 to 6/30/2012	\$29,190,455	(\$85,417,871)	\$217,870	(\$4,760,029)		(\$60,769,575)	\$18,046,733	(\$42,722,842)
7/1/2010 to 6/30/2011	\$1,879,626,402	\$586,261,534	\$15,992,875	\$2,826,737	(\$117,801,155)	\$2,366,906,393	\$85,592,507	\$2,452,498,900
7/1/2009 to 6/30/2010	\$942,995,101	\$206,323,692	\$11,355,999	\$995,495	\$40,733,583	\$1,202,403,870	(\$13,937,491)	\$1,188,466,379
7/1/2008 to 6/30/2009	(\$2,200,934,117)	(\$1,141,499,840)	(\$14,434,023)	(\$6,165,035)	\$45,163,779	(\$3,317,869,236)	(\$89,625,335)	(\$3,407,494,571)
7/1/2007 to 6/30/2008	(\$563,251,225)	(\$394,556,198)	\$19,165,086	\$9,752,327	\$31,903,793	(\$896,986,217)	(\$25,673,072)	(\$922,659,289)

Notes: Above is the net of all the income, expenses, gains, losses, contributions, and distributions.

The changes in the above statements reconcile to the statement of net position on the prior page.

The net impact of contributions and distributions to this statement is on the next page.

LGPF - Land Grant Permanent Fund.

STPF - Severance Tax Permanent Fund.

TSPF - Tobacco Settlement Permanent Fund.

WTF - Water Trust Fund.

SUTF - State Unemployment Trust Fund.

NM State Investment Council						
Contributions and Distributions (Per Audit Reports)						
Fiscal Years 2008-2014 (Including YTD Fiscal Year 2015 Unaudited)						
Contributions						
						Total Permanent Funds
Fiscal Year	LGPF	STPF	TSPF	WTF	SUTF	Funds
7/1/2014 to 4/30/2015 (YTD)	\$593,176,795	\$88	\$35,035,795	\$0	\$0	\$628,212,678
7/1/2013 to 6/30/2014	\$741,927,365	\$129,975,882	\$29,515,645	\$0	\$0	\$901,418,892
7/1/2012 to 6/30/2013	\$505,488,303	\$339	\$29,778,930	\$0	\$0	\$535,267,572
7/1/2011 to 6/30/2012	\$529,037,726	\$103,888,028	\$37,686,626	\$0	\$0	\$670,612,380
7/1/2010 to 6/30/2011	\$411,495,508	\$7,617,058	\$37,515,754	\$0	\$0	\$456,628,320
7/1/2009 to 6/30/2010	\$330,275,443	\$3,488,067	\$40,164,708	\$0	\$40,926,221	\$414,854,439
7/1/2008 to 6/30/2009	\$480,525,889	\$27,539,293	\$50,985,919	\$0	\$44,710,903	\$603,762,004
7/1/2007 to 6/30/2008	\$474,899,162	\$41,413,897	\$44,863,502	\$15,000,000	\$31,900,000	\$608,076,561
Distributions						
						Total Permanent Funds
Fiscal Year	LGPF	STPF	TSPF	WTF	SUTF	Funds
7/1/2014 to 4/30/2015 (YTD)	\$496,661,595	\$152,269,150	\$36,800,597	\$4,000,000	\$0	\$689,731,342
7/1/2013 to 6/30/2014	\$535,156,608	\$170,472,648	\$37,746,083	\$4,000,000	\$0	\$747,375,339
7/1/2012 to 6/30/2013	\$526,846,548	\$176,172,684	\$29,778,930	\$4,000,000	\$0	\$736,798,162
7/1/2011 to 6/30/2012	\$553,418,316	\$183,423,504	\$37,686,626	\$4,000,000	\$0	\$778,528,446
7/1/2010 to 6/30/2011	\$535,903,008	\$184,570,728	\$37,515,754	\$4,000,000	\$117,801,155	\$879,790,645
7/1/2009 to 6/30/2010	\$525,512,604	\$187,072,284	\$40,164,708	\$4,000,000	\$456,668	\$757,206,264
7/1/2008 to 6/30/2009	\$521,520,996	\$191,292,480	\$50,985,919	\$4,000,000	\$0	\$767,799,395
7/1/2007 to 6/30/2008	\$469,998,264	\$177,171,816	\$22,431,751	\$4,000,000	\$0	\$673,601,831
Net=Contributions minus Distributions						
						Total Permanent Funds
Fiscal Year	LGPF	STPF	TSPF	WTF	SUTF	Funds
7/1/2014 to 4/30/2015 (YTD)	\$96,515,200	(\$152,269,062)	(\$1,764,802)	(\$4,000,000)	\$0	(\$61,518,664)
7/1/2013 to 6/30/2014	\$206,770,757	(\$40,496,766)	(\$8,230,438)	(\$4,000,000)	\$0	\$154,043,553
7/1/2012 to 6/30/2013	(\$21,358,245)	(\$176,172,345)	\$0	(\$4,000,000)	\$0	(\$201,530,590)
7/1/2011 to 6/30/2012	(\$24,380,590)	(\$79,535,476)	\$0	(\$4,000,000)	\$0	(\$107,916,066)
7/1/2010 to 6/30/2011	(\$124,407,500)	(\$176,953,670)	\$0	(\$4,000,000)	(\$117,801,155)	(\$423,162,325)
7/1/2009 to 6/30/2010	(\$195,237,161)	(\$183,584,217)	\$0	(\$4,000,000)	\$40,469,553	(\$342,351,825)
7/1/2008 to 6/30/2009	(\$40,995,107)	(\$163,753,187)	\$0	(\$4,000,000)	\$44,710,903	(\$164,037,391)
7/1/2007 to 6/30/2008	\$4,900,898	(\$135,757,919)	\$22,431,751	\$11,000,000	\$31,900,000	(\$65,525,270)
Note: The above provides the detail of contributions, distributions, and the net impact to the statement of changes in net position on the prior page.						
LGPF - Land Grant Permanent Fund.						
STPF - Severance Tax Permanent Fund.						
TSPF - Tobacco Settlement Permanent Fund.						
WTF - Water Trust Fund.						
SUTF - State Unemployment Trust Fund.						



STATE INVESTMENT COUNCIL

Management Fee Summary



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Calendar Year 2013 Direct Costs				Annual Cost (in bps)	
Consultants	Annual Cost at 12/31/2013		Market Value at 12/31/2013		
General Consultant	\$ 420,000				
Real Estate Consultant	350,000				
National Private Equity Consultant	856,250				
New Mexico Private Equity Consultant	195,000				
Total	\$ 1,821,250		\$ 18,767,855,753	1	
Traditional Asset Classes	Annual Cost at 12/31/2013		Market Value at 12/31/2013		
Domestic Equity	\$ 15,989,442		\$ 6,784,785,217	24	
International Equity	5,410,763		2,672,786,207	20	
Fixed Income	6,755,681		3,376,320,481	20	
Total	\$ 28,155,886		\$ 12,833,891,905	22	
Calendar Year 2013 "Embedded" Costs					
Alternative Asset Classes	Management Fees as of 12/31/2013	NAV as of 12/31/13	Unfunded as of 12/31/13	NAV + Unfunded as of 12/31/20113	
Private Equity (National and New Mexico Programs)	\$ 24,815,152	\$ 1,745,590,943	\$ 1,005,517,615	\$ 2,751,108,558	90
Real Estate	12,750,710	1,087,244,011	491,837,647	1,579,081,658	81
Real Return	9,604,619	623,603,589	460,272,278	1,083,875,867	89
Hedge Funds	24,153,713	1,168,459,047	24,108,083	1,192,567,130	203
Credit and Structured Finance Pool	13,291,026	851,320,972	92,439,153	943,760,125	141
Total	\$ 84,615,220	\$ 5,476,218,562	\$ 2,074,174,776	\$ 7,550,393,338	112
Total Calendar Year Costs		\$ 114,592,356			



STATE INVESTMENT COUNCIL

Management Fees



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- Fee comparison: SIC, ERB & PERA

SIC (December 31, 2013)			
	Fees	Assets	bps
Traditional	28,155,886	12,833,891,905	22
Alternative	84,615,220	7,550,393,338	112
	<u>114,592,356</u>	<u>18,767,855,753</u>	<u>61</u>

ERB (at June 30, 2012)			
	Fees	Assets	bps
Traditional	10,300,000	5,839,000,000	18
Alternative	64,685,000	3,578,000,000	181
	<u>74,985,000</u>	<u>9,417,000,000</u>	<u>80</u>

PERA (at June 30, 2013)			
	Fees	Assets	bps
Traditional	22,740,000	10,345,000,000	22
Alternative	41,962,000	2,420,000,000	173
	<u>64,702,000</u>	<u>12,765,000,000</u>	<u>51</u>



STATE INVESTMENT COUNCIL

Management Fees Detail



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- IPOC-requested information:
- Brokers
 - SIC investments are managed 100% externally, and we pay no broker fees
- Placement Agents
 - SIC has never paid placement fees
 - SIC banned the use of placement agents by all of our investment managers in 2010, following pay-to-play allegations
 - SIC suits against placement agents and funds have resulted in \$32 million secured in recoveries or escrow
 - Transparency & Disclosure Policy enacted by Council in 2010



STATE INVESTMENT COUNCIL

Final thoughts



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- **Total assets: \$20.8 billion**
 - Assets under management have grown \$6.5 billion in 5 years, in addition to \$3.6 billion distributed.
 - 5-year annualized investment returns: **9.3%**
- **Fund distributions for FY16:**
 - Land Grant Permanent Fund: \$655.8 million
 - Severance Tax Permanent Fund: \$193.5 million
 - Total: \$849.3 million
 - ✦ \$70 million more than in FY 15, and \$144 million more than in FY14
- **Active & engaged Council**