

Investments & Pension Oversight Committee

Wednesday, November 28, 2012

Investment Performance

Bob Jacksha, Chief Investment Officer

Mary Lou Cameron- Chairman

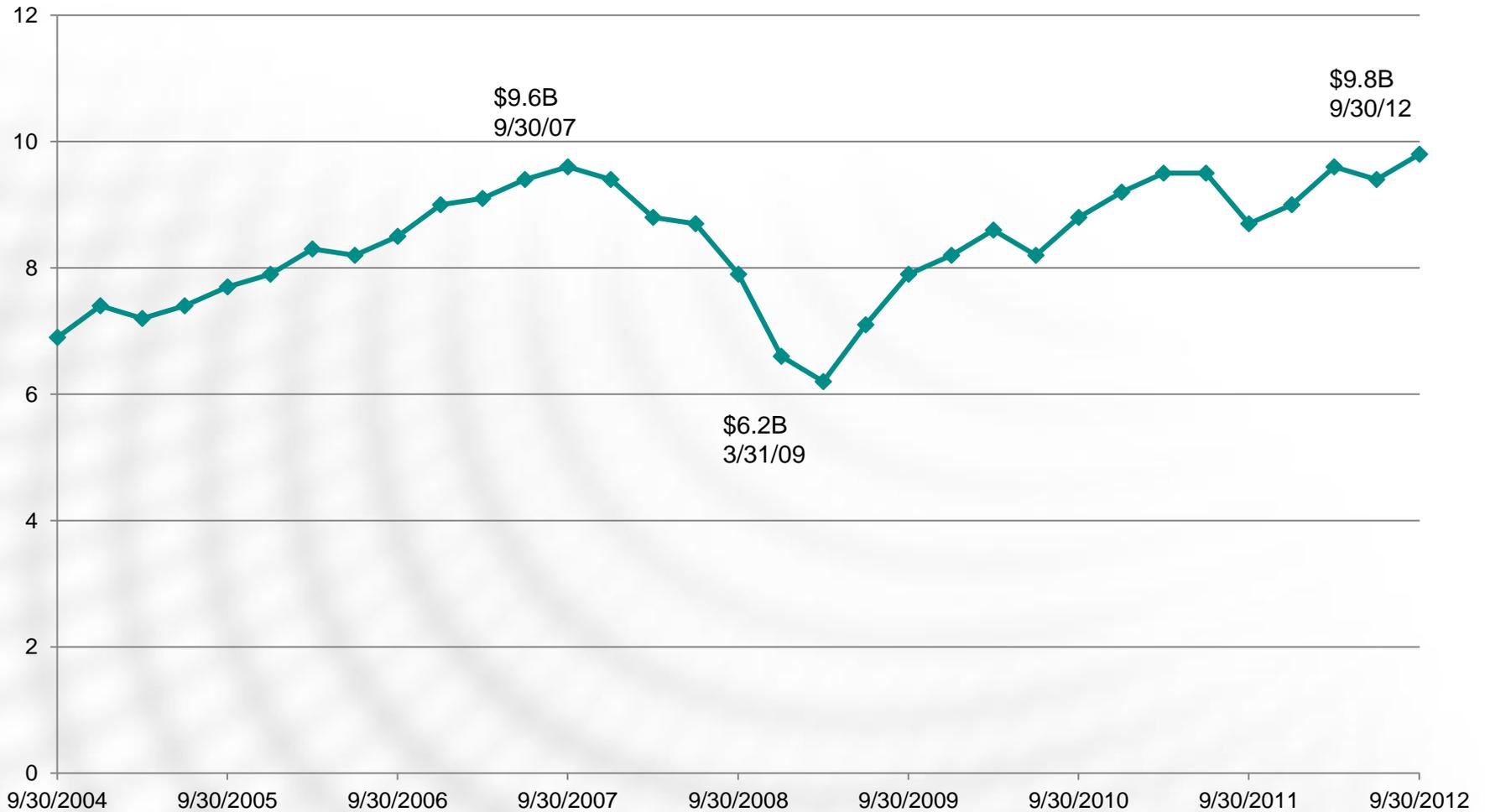
Russell Goff – Vice Chairman



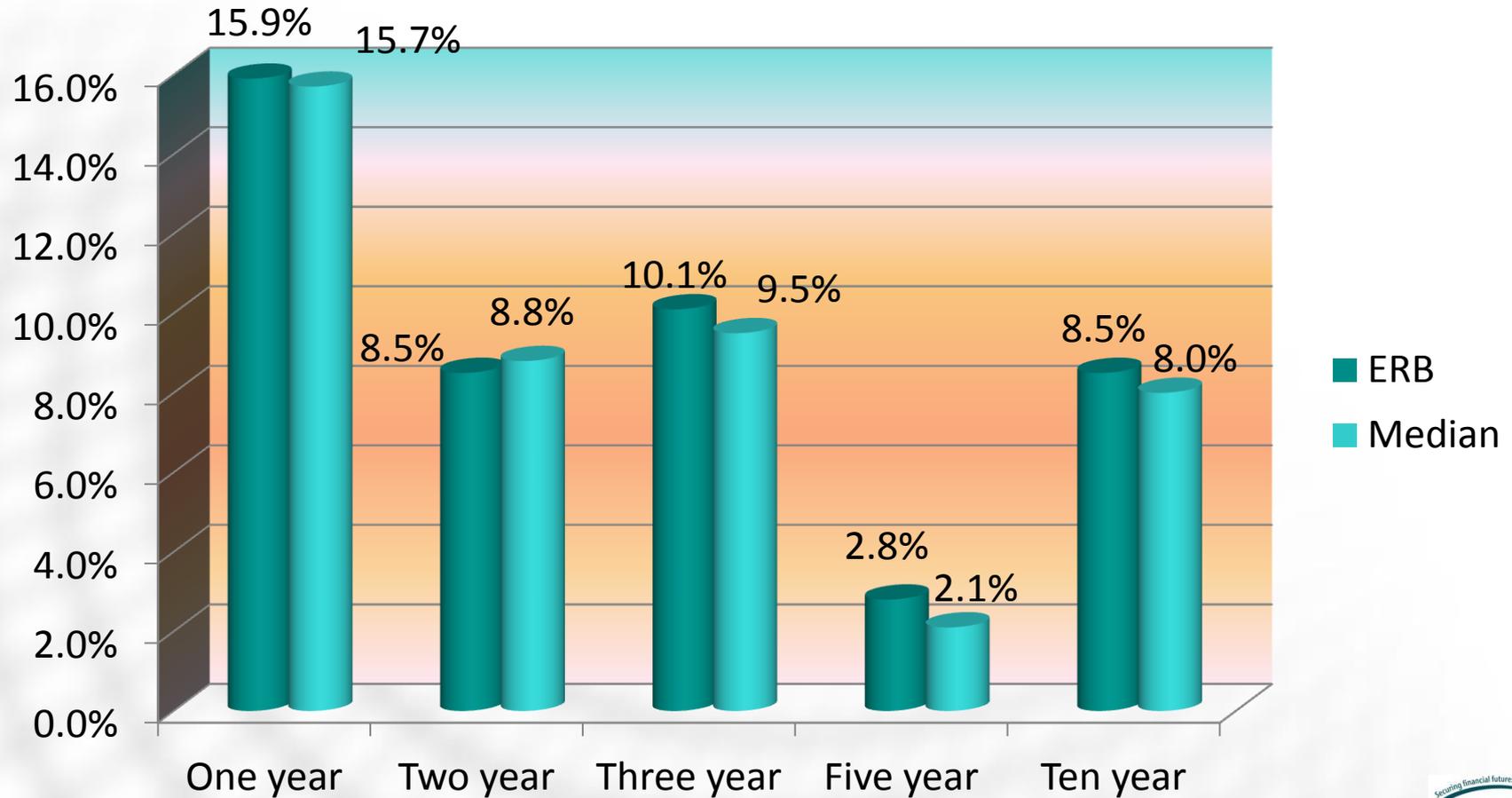
Significant Progress

- The value of fund assets reached an all-time high of \$9.8B on September 30, 2012. The previous high was \$9.6B as of September 30, 2007.
- Investment earnings for the twelve months ended September 30th were \$1.4B.
- Our universe ranking for the periods ending September 30, 2012 was in the top 25% for most time periods and exceeded the target rate of 7.75% for most time periods.
- Despite the investment performance, changes need to be made to bring the plan into long-term balance.

Quarterly ERB Assets: 9/30/04-9/30/12



Peer Comparison September 30, 2012



Long Term Returns – September 30, 2012

	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
ERB	15.9%	10.1%	2.8%	8.5%
*Median	15.7%	9.5%	2.1%	8.0%
Difference	0.2%	0.6%	0.7%	0.5%
Rank	47%	20%	19%	16%

	<u>15 years</u>	<u>20 years</u>	<u>25 years</u>	<u>29 years</u>
ERB	5.9%	8.0%	8.9%	9.3%
*Median	6.0%	7.9%	N/A	N/A
Difference	-0.9%	0.1%		
Rank	65%	34%		

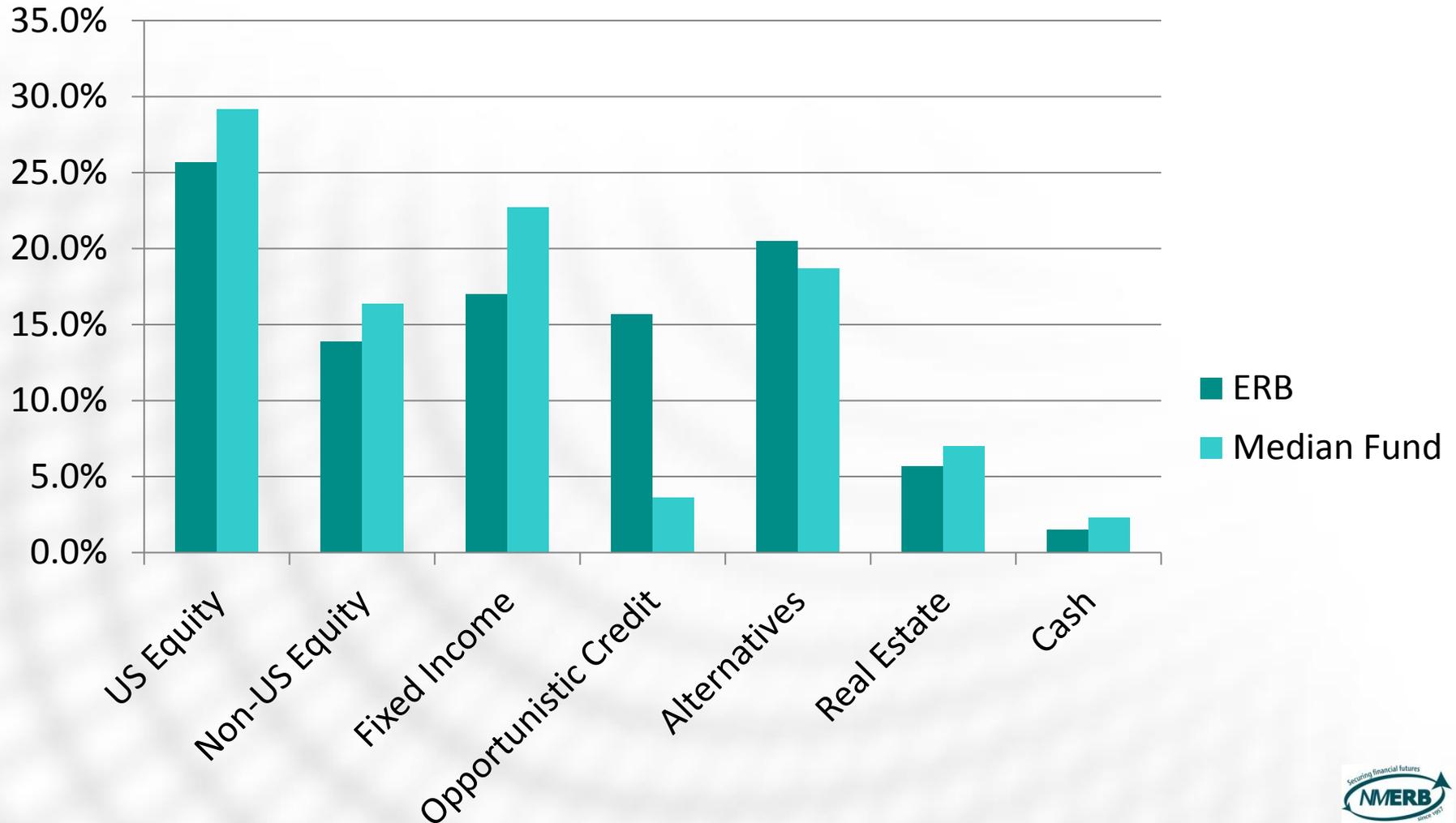
* Median and ranking based on ICC Public Funds > \$1B universe data.

June-September Performance Comparison

Period Ending	<u>3 Month</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>	<u>20 Years</u>
6/30/12	-0.9%	2.0%	13.0%	2.3%	6.8%	5.9%	8.1%

Period Ending	<u>3 Month</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>	<u>20 Years</u>
9/30/12	4.6%	15.9%	10.1%	2.8%	8.5%	5.7%	8.0%

Asset Allocation – September 30, 2012



Asset Allocation - Table

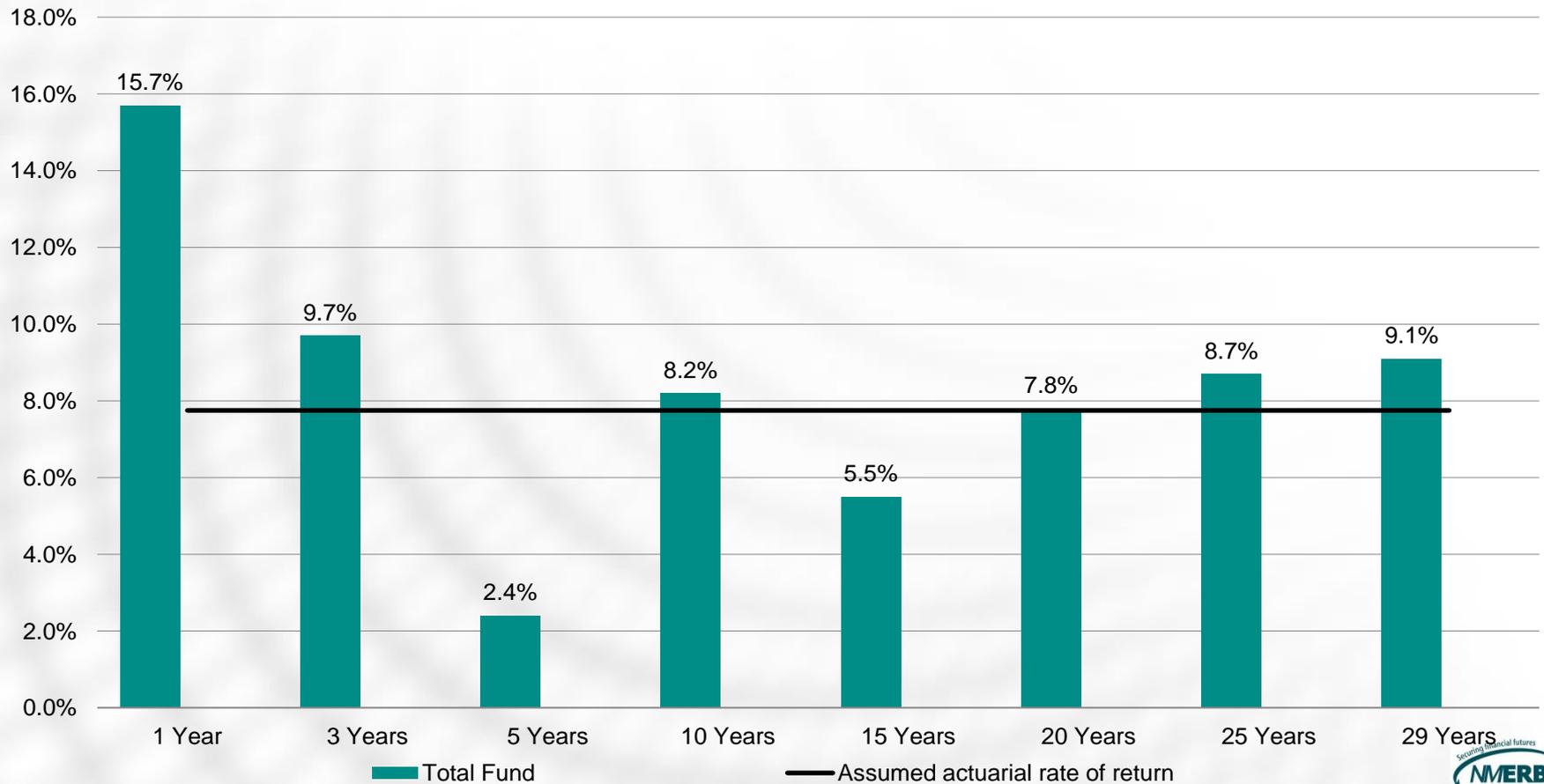
	ERB	Median Fund
US Equity	25.7%	29.2%
Non-US Equity	13.9%	16.4%
Fixed Income	17.0%	22.7%
Opportunistic credit	15.7%	3.6%
Alternatives	20.5%	18.7%
Real Estate	5.7%	7.0%
Cash	1.5%	2.3%

ERB Asset Class Returns September 30, 2012

	1 yr	2yr	3 yr	5 yr	10 yr
US Equity	29.7%	14.3%	13.2%	0.9%	8.1%
Non-US Equity	13.7%	-2.1%	3.0%	-3.6%	9.9%
Core Bonds	8.2%	6.9%	8.6%	7.5%	5.5%
Opportunistic Credit	16.3%	7.5%	10.2%		
Absolute Return	-0.3%	1.2%	3.5%	-0.8%	
Real Estate	27.0%	15.4%	18.5%	1.5%	
Private Equity	9.9%	12.0%	15.8%	0.1%	
Real Assets	-5.4%	2.7%	3.3%		
GTAA	11.9%	13.5%	15.8%		

Return – Actual Exceeds 7.75% Target

NMERB annualized Returns - Net of Fees As of September 30, 2012



$$C + I = B + E$$

For ERB the formula is not in equilibrium, primarily because C (contributions) and B (benefits) are unbalanced. Adjustments to the C and B are necessary to bring the fund into the proper long-term balance.