



# Legislative Finance Committee

Representative Patricia A. Lundstrom, Chair  
Senator George K. Munoz, Vice Chair

## FY22 Investment Results

October 20, 2022

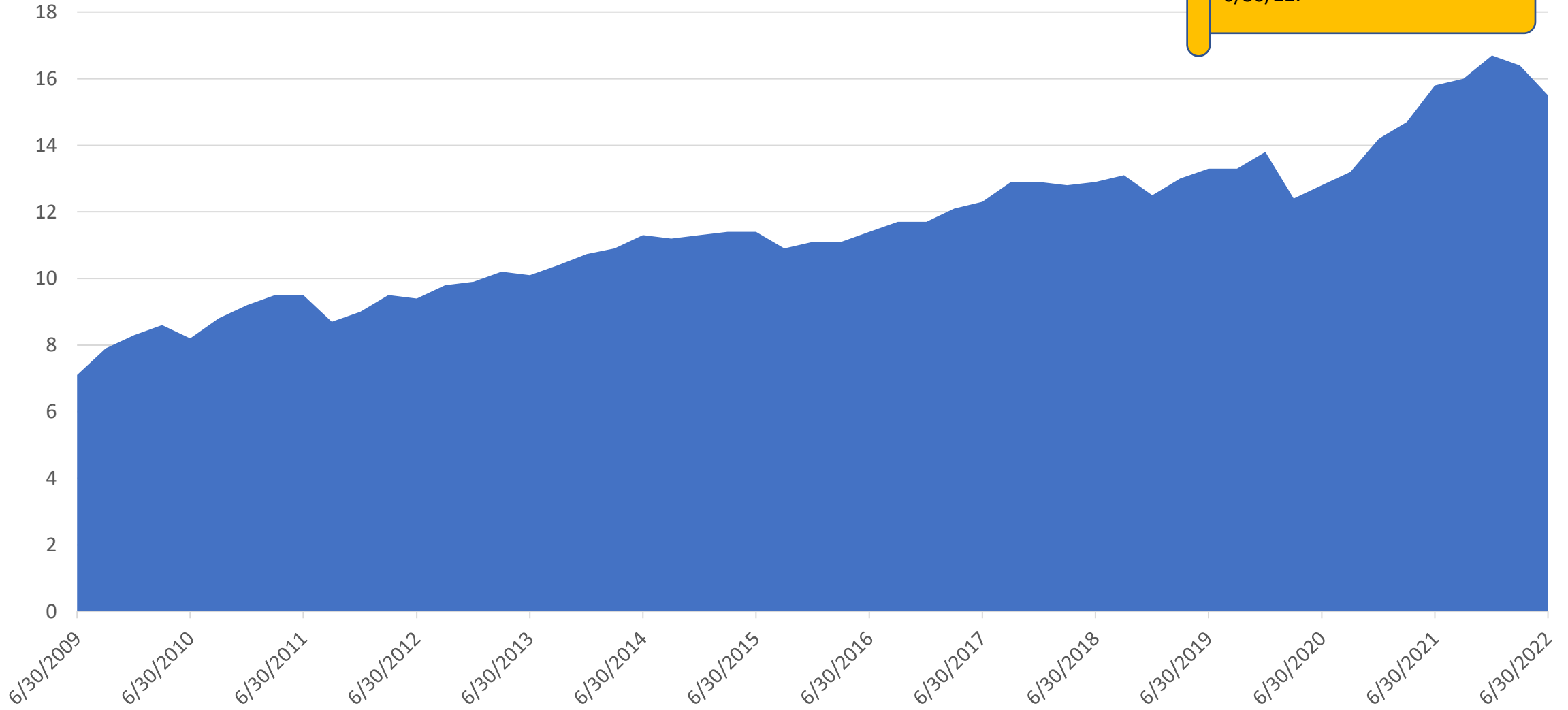
Bob Jacksha, Chief Investment Officer

H. Russell Goff, Chair  
Mary Lou Cameron, Vice Chair  
Larry Magid, Secretary  
David Archuleta, Executive Director



# Historical Asset Growth

\$184 million investment gains for the FY.  
Fund balance: \$15.5 billion as of 6/30/22.

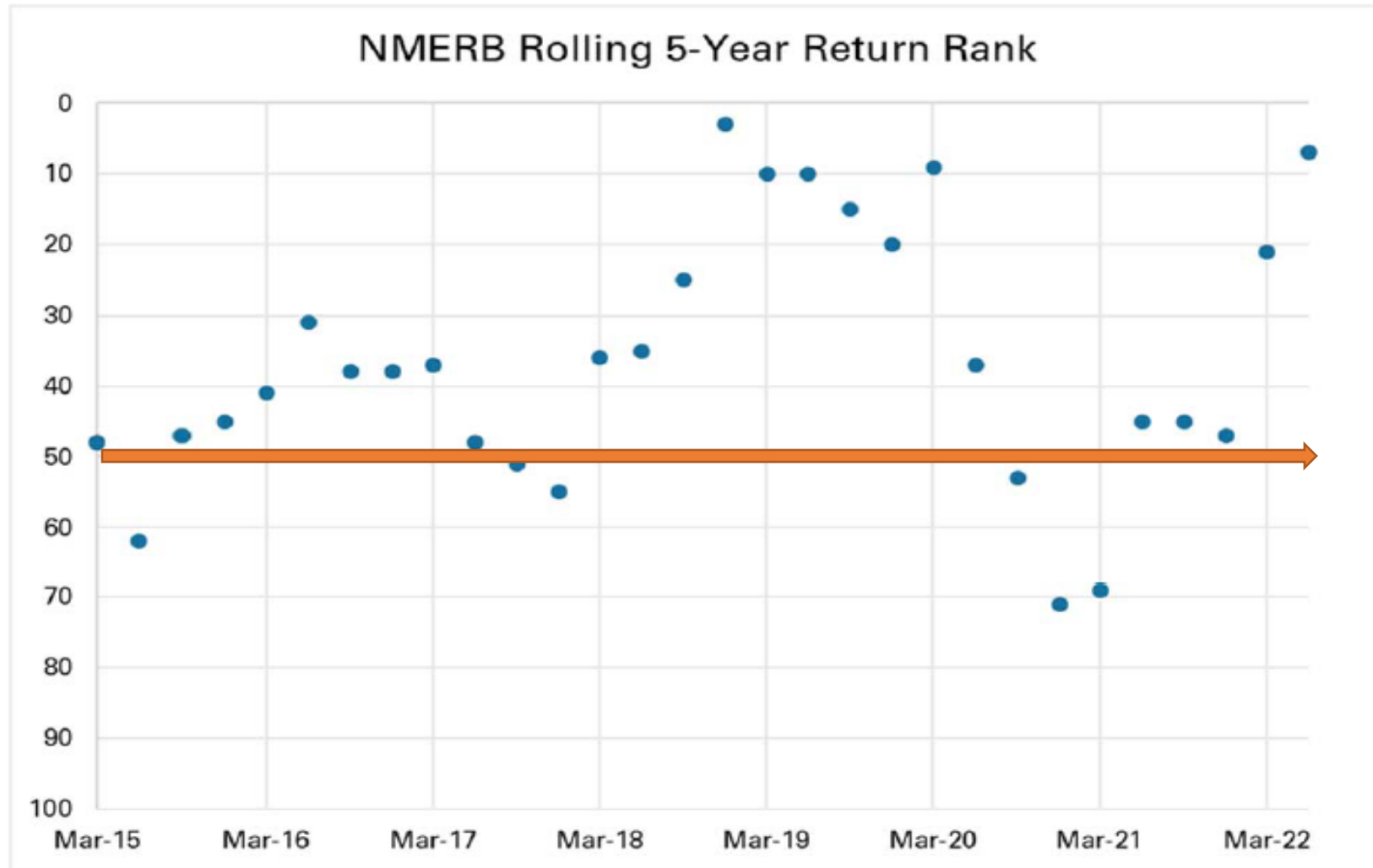




## June 30, 2022 Investment Returns

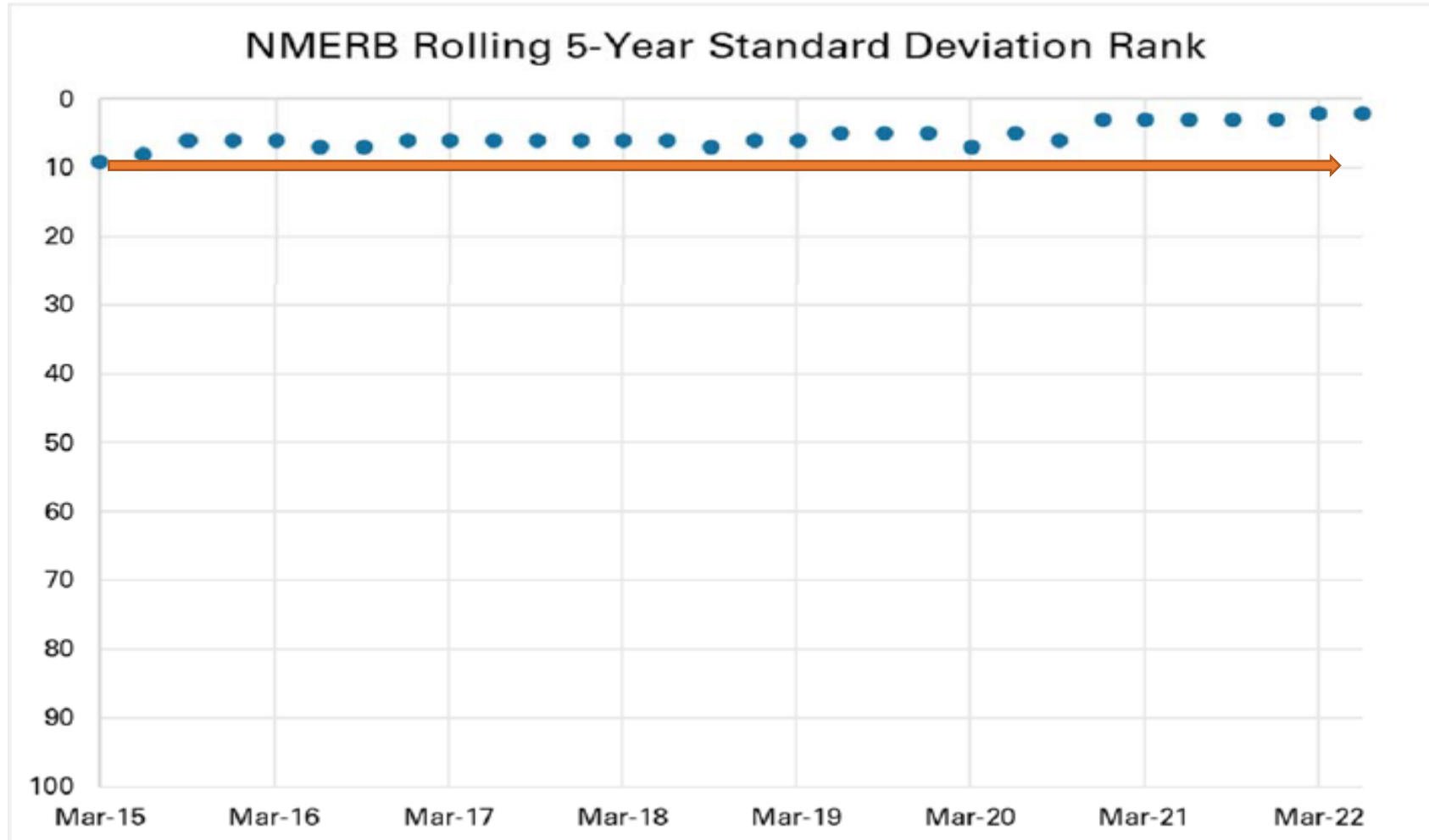
<u>Returns*</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>30 Years</u>
Portfolio	1.0%	8.8%	8.4%	8.5%	8.1%
Policy Index	-2.8%	7.2%	7.5%	7.7%	7.2%
Annual Value added	3.8%	1.6%	0.9%	0.8%	0.9%
Universe Ranking	3	7	7	9	12

\*All returns in this presentation are net of external manager fees.



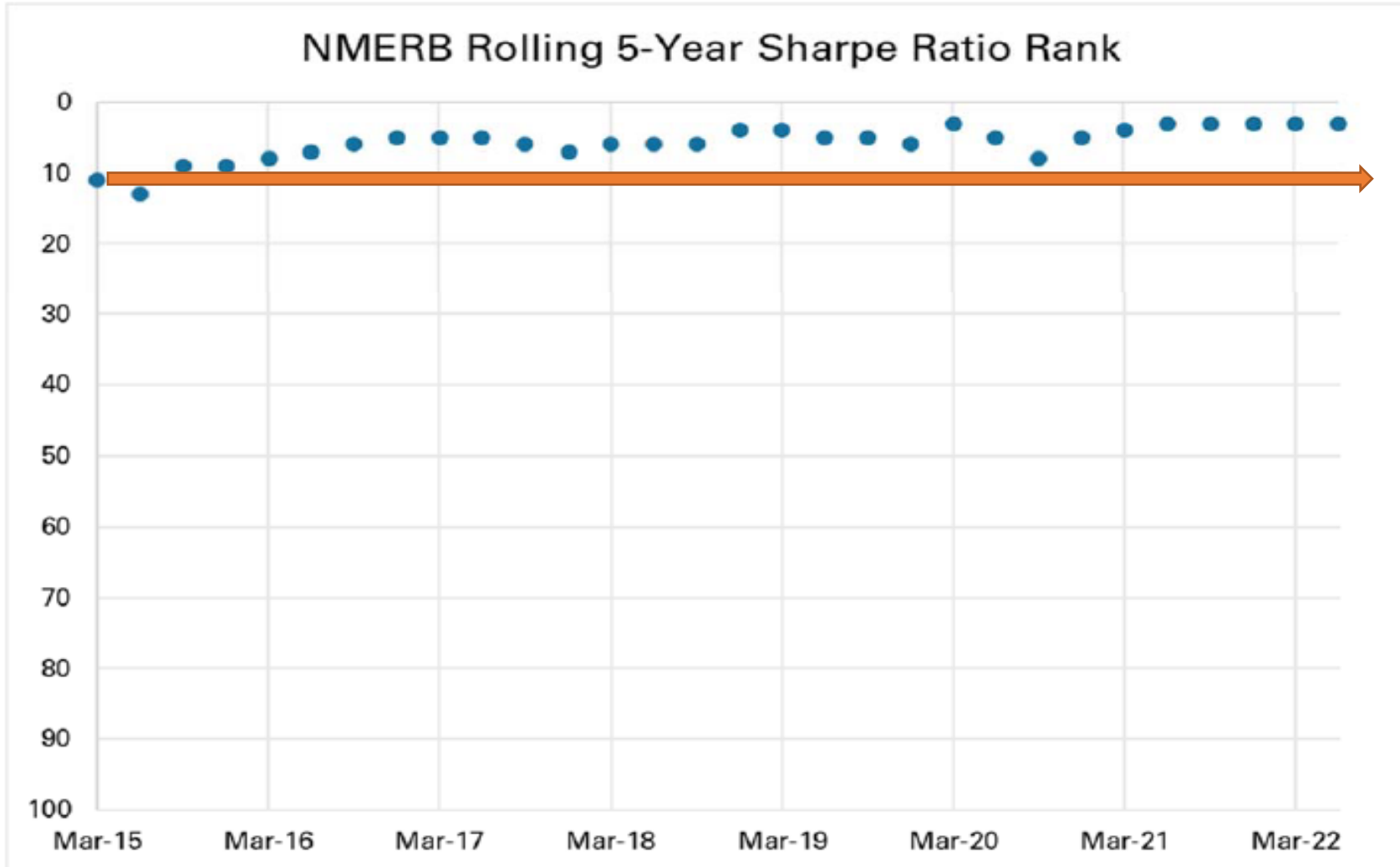


# Rolling 5-Year Risk Measure





# Return per Unit of Risk





## FY22 Asset Class Returns – One Year

US Equity	-11.4%		Diversifying Assets	-3.3%
Non-US Equity	-23.8%		Private Equity	21.9%
Core Fixed Income	-10.8%		Real Assets	17.7%
EM Debt	-15.2%		Real Estate	20.3%
Cash	3.3%		Opportunistic Credit	4.6%
Total Portfolio		1.0%		



## FY22 Asset Class Returns – Five Years

US Equity	10.7%		Diversifying Assets	4.2%
Non-US Equity	1.2%		Private Equity	18.7%
Core Fixed Income	0.8%		Real Assets	9.4%
EM Debt	-0.5%		Real Estate	12.5%
Cash	2.1%		Opportunistic Credit	5.9%
Total Portfolio		8.4%		





## FY22 Asset Class Returns – 10 Years

US Equity	12.7%		Diversifying Assets	3.8%
Non-US Equity	3.0%		Private Equity	16.7%
Core Fixed Income	1.8%		Real Assets	7.7%
EM Debt	0.8%		Real Estate	12.1%
Cash	1.3%		Opportunistic Credit	7.5%
Total Portfolio		8.5%		



## Staffing Challenges

- Staffing is our biggest challenge
  - Currently, we have 12 authorized portfolio management positions, 4 are vacant, a 33% vacancy rate
- A major impediment in hiring and retaining is subpar compensation
  - New Mexico lags other state pension plans by a wide margin
  - An example: A portfolio manager just left for a comparable position for twice the compensation

# Market Challenges

- Elevated inflation levels
- Fed is raising interest rates and tightening liquidity conditions
  - Will lead to a slow down in growth and increased likelihood of a recession
  - Potential stress on global financial system
- Geopolitical issues – Ukraine/Russia, China, Taiwan, Iran, North Korea, and Who's next??



# Contact Information

## **Santa Fe Main Office**

701 Camino de Los Marquez  
PO Box 26129  
Santa Fe, New Mexico 87502  
Phone: (505) 827-8030  
Fax: (505) 827-1855

## **Santa Fe Investment Office**

1596 Pacheco Street, Suite 107  
Santa Fe, NM 87505  
Phone: (505) 984-5055  
Fax: (505) 982-4493

## **Albuquerque Office**

8500 Menaul Blvd NE, Suite B-450  
Albuquerque, NM 87112  
Phone: (505) 888-1560  
Fax: (505) 830-2976

Toll Free: 1-866-691-2345  
Member Help Email: [ERB-MemberHelp@erb.nm.gov](mailto:ERB-MemberHelp@erb.nm.gov)  
Website: [www.erb.nm.gov](http://www.erb.nm.gov)