TOWNSEND
GROUP

The New Mexico State Investment Council ("NMSIC")

First Quarter 2015:
Real Estate Performance Measurement Report

August 2015

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Disclaimer: This is a public version of the original Performance Measurement Presentation, portions of which have been removed for confidentiality purposes.

1. Real Estate Market Updates

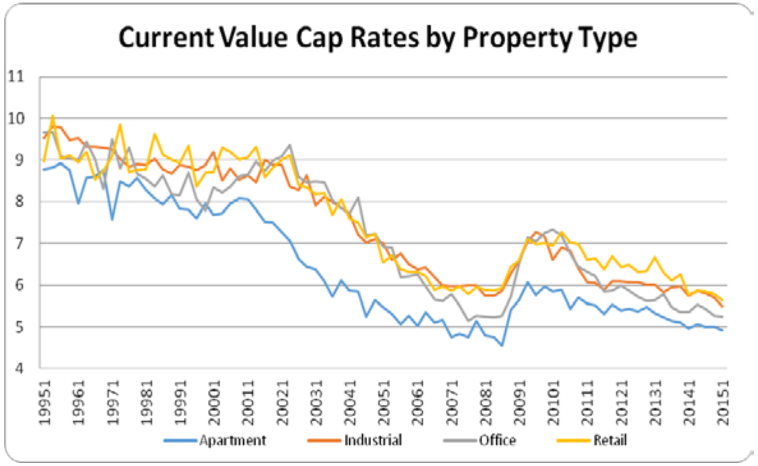
United States Real Estate Market Update (1Q15)

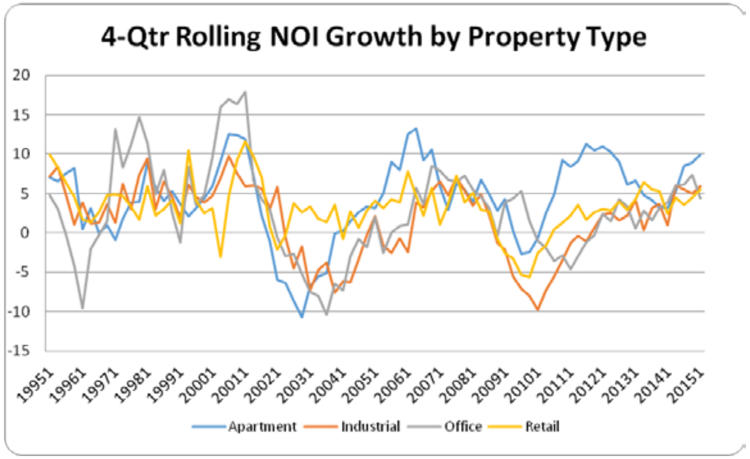
General

- For the first quarter of 2015, real GDP contracted 0.7%, a 290 bps drop from 4Q14. This was only the third time the economy shrank since the GFC. The contraction was driven by temporary factors including harsh weather, a strong dollar, which drove exports to decrease by the most since early 2009, and a labor dispute at West Coast ports.
- As of 1Q15, consumer spending grew by 1.8%, a significant decrease from the 4.4% increase in the prior quarter. The decrease may be due to the harsh winter and therefore is expected to rebound in the second quarter, as the weather improves. However, consumer confidence is at a six-month low as of May 2015.
- In the first quarter of 2015, lending in the securitized market remained strong, with CMBS issuance rising to $27 billion, a 33% increase year-over-year.
- Lower energy prices boosted consumer's finances by lowing their gasoline bills, a development expected to boost the economy throughout the year. However, the most dramatic effect thus far has been the drop in business investment; with energy companies holding off on drilling and equipment purchases as they deal with squeezed profits. A measure of business spending on construction, machinery and R&D fell at a 2.8% pace in the winter, the biggest decline since late 2009.
- As of 1Q15, the U.S. realized the best job growth on a year-over-year basis since the 1990s. Additionally, the quality of jobs is improving with the potential for wage growth this year. Corporate profits are also healthy, with after tax-profits growing 3.1% over the period, with robust business spending expected to continue.

Commercial Real Estate

- In 1Q15, commercial real estate transactions reached almost $70 billion, a 24% increase from the same period a year ago. Current macroeconomic and financial indicators suggest ample room for continued potential growth.
- During the quarter, portfolio and entity-level transactions were a big part of the sales activity accounting for 36% of all transactions. Historically roughly 25% of the total sales volume was in portfolio or entity-level deals. This is notable because prior to the last downturn the share of portfolio deals spiked to about half of all transactions for four consecutive quarters, along with the run-up in asset prices.
- During the quarter, transaction cap rates from all traditional property sectors continued to decline. Suburban office cap rates fell the most, year-over-year, by 55 bps to end the quarter at 6.8%.
- Debt market activity remains strong, but terms remain generally conservative as indicated by average loan-to-value ratios that stand at 60.5% and debt service coverage that is north of 2.0 for all property types other than multifamily.





Sources: Bureau of Economic Analysis, PREI, Jones Lang LaSalle, Real Capital Analytics, Wall Street Journal, CBPP, Bloomberg, PREA, NCREIF.

United States Property Matrix (1Q15)

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INDUSTRIAL

- As of the 1Q15, the industrial sector absorbed 38.8 msf of space, a 20.5% year-over-year increase. Over the past four quarters absorption surpassed 169 msf.
- During the quarter, industrial space under-construction increased 9.1% from 4Q14, reaching 107.3 msf.
- Along with steady upward demand, growing supply is reaching more normalized development levels.
- Vacancy rates hit a post GFC low of 10.1%, 20 bps lower than 4Q14, during the quarter. As vacancy decreases, net asking rents continue to grow averaging a 1.0% increase to $6.00 in 1Q15, a 3.6% increase year-over-year.
- Investor demand is strong with cap rates, on average, decreasing 15 bps, with declines consistent among most markets. Additionally, the spread between gateway and non-gateway markets compressed by 10 bps.
- As of 1Q15, industrial properties delivered an quarterly return of 3.5% and underperformed the NPI by 10 bps.

MULTIFAMILY

- During the quarter, occupancies increased 36 bps over 1Q14 to 94.9%. Landlords are pushing rents at a significant pace. Rents are up 5.0% year-over-year, a substantial acceleration from the 3.2% growth rate posted in the year-earlier period.
- Demand for U.S. apartments remains strong. The move from homeownership is still propelling this sector as move-outs from apartments to for-sale housing remains historically low as potential first-time homebuyers are reluctant or unable to buy.
- While new supply has increased, a good deal of what had been expected to hit many markets has been pushed back a few quarters from the initial estimates. However, multifamily starts have plateaued.
- Job growth relative to new supply suggests the majority of markets will continue to post solid occupancy and rent growth in 2015.
- The apartment sector delivered a 2.9% return during the quarter, underperforming the NPI by 72 basis points.

OFFICE

- Net absorption declined significantly from 22.8 msf in 4Q14 to 11.4 msf in 1Q15.
- During 1Q15, office vacancy declined 10 bps to 14.4%. This is 1.0% lower than the 10-year average and 140 bps higher than the pre-recession low.
- Rental growth accelerated during the quarter, growing 2.3% year-over-year, led by the West at 5.1% y-o-y growth, followed by the South (1.7%), Northeast (0.8%) and Midwest (0.6%).
- In 1Q15, 14.7 msf of new office product was delivered, the largest quarterly amount in five years with 98.5 msf under construction during the quarter, a 51% increase from 1Q14.
- As of 1Q15, the office sector underperformed the NPI by 27 basis points over quarter with an 3.3% return.

RETAIL

- Availability at neighborhood, community and strip centers remained stagnate at 11.5% during the quarter.
- Net absorption decreased to 2.5 msf, while rents grew by 0.9% from a year ago. However, the decrease in net absorption obscures the strong demand for top-tier centers and locations.
- During the quarter, completions fell to 1.7 msf, the third lowest quarterly amount in 35 years.
- Total retail sales fell 1.2% from 4Q14, the worst quarter since the GFC. However, this is somewhat attributable to a 14% decrease in gas station sales.
- As of 1Q15, the retail sector delivered a quarterly return of 4.9%, (strongest performance across all property sectors) outperforming the NPI by 136 bps.

Sources: Jones Lang LaSalle, DTZ Research, Green Street Advisors, CBRE, PREI, NCREIF

Global Real Estate Market Update (1Q15)

General

- Global real estate is settling into a steady pattern of growth with new corporate leasing commitments, increasing consumer confidence and the expansion of e-commerce.
- Investment volumes are expected to keep rising in 2015 given abundant equity, availability of debt and the continued low interest rate environment.
- Real estate investment markets started the year in a positive manner with transactional volumes 9.0% higher than the same period last year at $155 billion.

Europe

- Commercial real estate investment declined 1.0% from 1Q14 due to the weaker euro. In euro terms, transaction volumes rose 21.0%.
- During the quarter, UK investment volumes in direct commercial real estate increased from $22.0 billion in 1Q14 to $23.4 billion in 1Q15; however, weak activity in Central London partially offset this performance.
- Investment remained depressed in the CEE due to continued uncertainty in the area, particularly in regards to political and economic issues around Russia.
- Southern Europe investment volumes grew almost 80.0% (in euro terms) year-over-year, during the quarter. However, Greece was an exception given the potential exit from the Eurozone.

Asia

- In Asia Pacific, investment volumes increased 7.0%, to $25 billion, from the first quarter of 2014. Japan, the largest market in the region, grew 6.0% year-over-year, to $13 billion, while Singapore's transaction volumes increased by 67% over 1Q14.
- Volumes in China fell short of expectations, down 13.0% from 1Q14. Macro concerns about developers and an ongoing housing correction hindered volumes. Additionally, there are expectations for CIC (China's sovereign wealth fund), domestic insurers and finance companies to be active in 2015.
- Non-core Asia Pacific markets ended the first quarter with volumes up 226.0%, to $3.2 billion over the same quarter last year, as investor move up the risk spectrum seeking higher returns on improved global economic confidence.

Direct Commercial Real Estate Investment - Regional Volumes

$ US Billions	Q4 14	Q1 15	% Change Q4 14 - Q1 15	Q1 14	% Change Q1 14 - Q1 15	2013	2014	% Change 2013 - 2014
Americas	94	73	-22%	62	18%	241	302	25%
EMEA	94	57	-39%	57	-1%	221	278	26%
Asia Pacific	44	25	-43%	23	7%	127	131	3%
Total	231	155	-33%	142	9%	589	711	21%

Source: Jones Lang LaSalle, April 2015

Global Outlook - GDP Growth % pa, 2014-2016

		2014	2015	2016
Global		**3.3**	**3.4**	**3.9**
Asia Pacific		**5.5**	**5.6**	**5.5**
	Australia	2.7	2.7	2.8
	China	7.4	6.6	6.1
	India	7.2	7.5	7.5
	Japan	-0.1	0.8	1.8
Americas		**2.0**	**2.1**	**2.6**
	US	2.4	2.7	2.8
MENA		**2.1**	**3.0**	**3.9**
Europe		**1.5**	**2.0**	**2.4**
	France	0.4	1.2	1.7
	Germany	1.6	2.4	2.1
	UK	2.8	2.8	2.8

Source: Jones Lang LaSalle (Oxford Economics), April 2015

Sources: Jones Lang LaSalle, Deutsche Asset & Wealth Management, CBRE Global Research and Consulting

Currency Effects - Market Trends

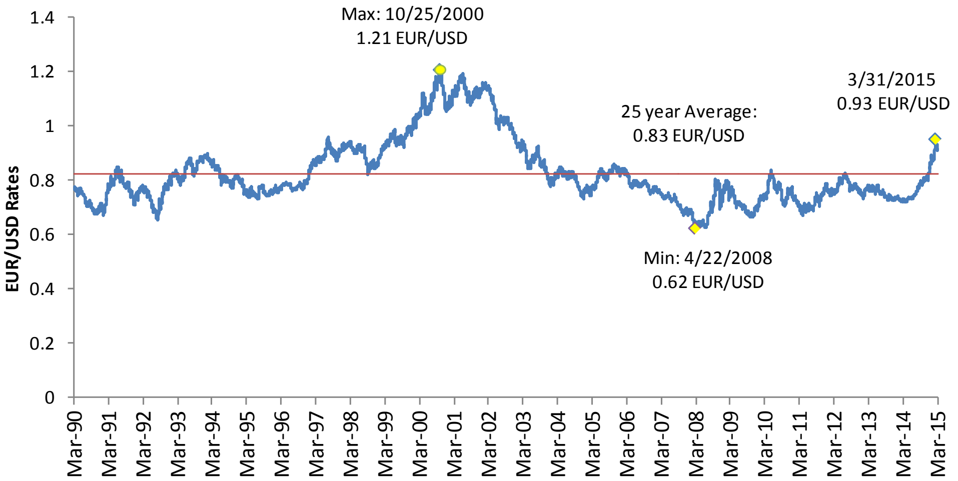
- After the end of the GFC, the U.S. market has been witnessing strong economic expansion galvanized by favorable macro fundamentals and rising FDI volumes, given the lagging recovery experienced across Europe. As a result, the continuous growth of the U.S. market has been reflected in global currency movements characterized by a steady rise in USD compared to other major currencies since 2H14.

- As of 1Q15, the U.S. Dollar is currently experiencing its fastest growth in 40 years*. At quarter-end the exchange rate was 10% and 12% higher than the GBP/USD and EUR/USD 25-Year average exchange rates, respectively.

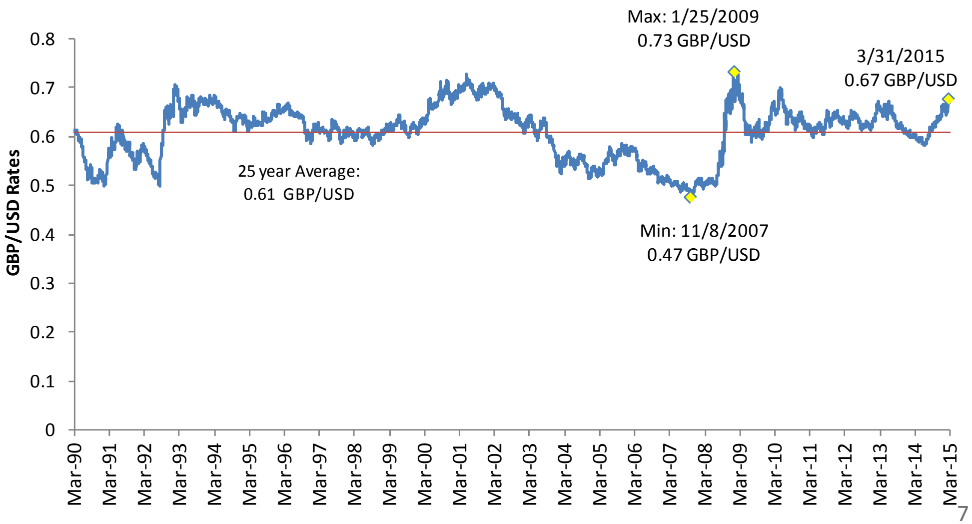
- The USD appreciation is negatively correlated with the cost of import and has been favorable to local investors and consumers. The decrease in oil prices has been influenced to some extent by the rise in USD and has had similar effects to a tax-break on U.S consumers.

- U.S. investors with foreign investments however, have been experiencing short term depreciation on their international returns when translated into USD.

EURO-USD Rates over 25 Years



GBP-USD Rates over 25 Years



Source: www.cnbc.com

2. Performance Measurement Highlights: 1Q 2015

Portfolio Highlights

- New Mexico State Investment Council's (NMSIC) current target allocation to real estate is 10.0%.
- NMSIC's 1Q15 real estate market value represents 6.7% of total fund assets; including unfunded commitments expected to be called (minus reserve commitments), real estate represents approximately 9.9% of NMSIC's total portfolio.
- The real estate portfolio continues to grow and provides positive performance. As of 1Q15, NMSIC outperforms the NFI-ODCE Index (gross) over the one-year, and three-year periods. Net underperformance over the quarter and three-year periods was primarily due to underperformance by the Legacy Portfolio, as well as a strengthening US Dollar compared to other major currencies.

As of 1Q15	Quarter		One-Year		Three-Year		Five-Year	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
NMSIC	2.6	2.1	15.7	13.0	13.9	11.3	12.2	10.0
NFI-ODCE Value Weight	3.4	3.2	13.4	12.4	12.7	11.6	14.5	13.4
Over/**Under** Performance	**-0.8**	**-1.1**	2.2	0.6	1.2	**-0.3**	**-2.3**	**-3.4**

- While the portfolio outperforms the benchmark over shorter term periods on a gross basis (excepting quarterly performance), underperformance over the five-year period can be attributed to the legacy portfolio including:
  - Underexposure to high quality core investments over the long term;
  - Poor quality and high risk manager selection;
  - Overexposure to higher risk, non-core investments; and
  - Investment concentration in poor performing vintage years.
- NMSIC real estate commitments made since 2011 (inception of rebalancing) have been accretive to the real estate portfolio, resulting in net returns of **13.7% (versus 12.4% NFI-ODCE)** over the one-year period.

Portfolio Highlights

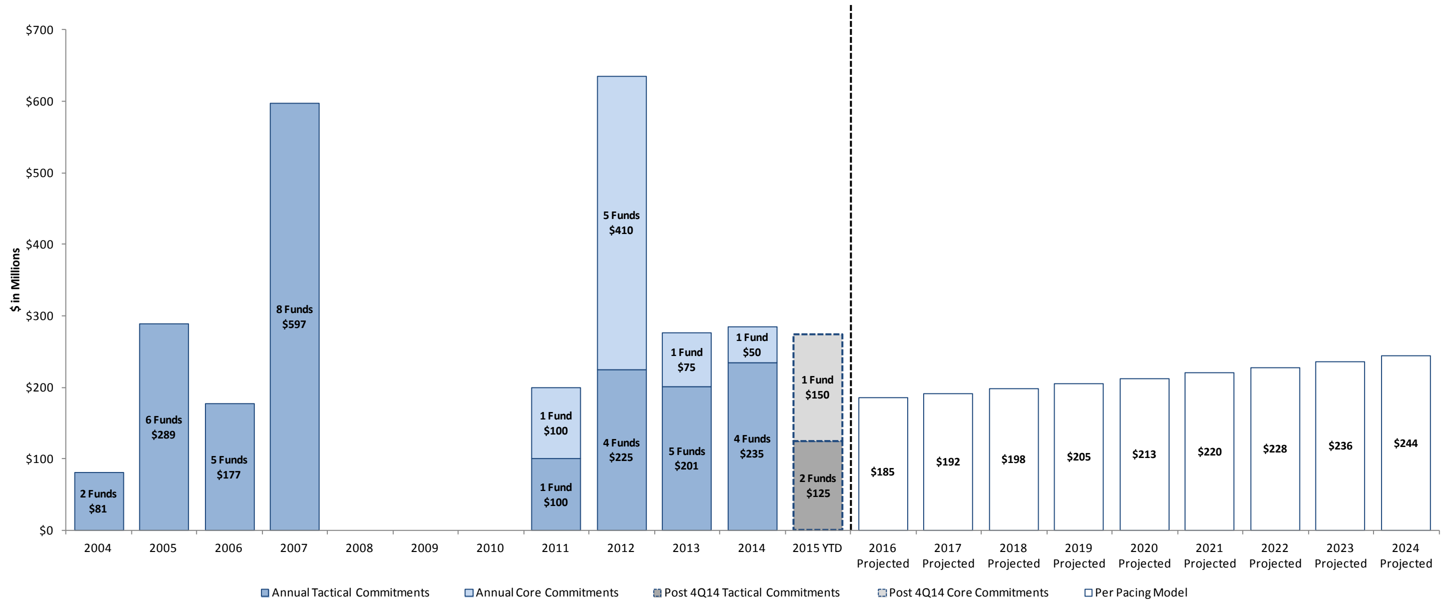
- NMSIC's portfolio consists of 54% exposure to core investments and 46% exposure to tactical investments.
- During the quarter, managers called approximately $45.7 million across the core and tactical investments.
- During the quarter, return-of-capital combined with income distributions totaled $52.0 million, bringing total distributions to $184.2 million over the last 12 months.
- Strategic Portfolio
  - Since December 2011, seven strategic core commitments have been made, totaling $785.0 million.
- Tactical Portfolio
  - Since December 2011, approximately $886.2 million has been committed to 16 tactical investments.

Real Estate Portfolio Allocation

Portfolio Status

- Since the 2004 inception, NMSIC has committed approximately $2.8 billion to real estate across seven joint ventures and 37 funds with 27 different managers.
- Investment activity from 2004-2007 focused exclusively on tactical investments; no commitments were made from 2008-2010 due to pay-to-play scrutiny and the subsequent investigation.
- In 2011, NMSIC began to implement its portfolio repositioning through commitments to core open end funds as well as tactical strategies in order to maintain vintage year exposure and capitalize on market opportunities, while divesting of non-strategic JV relationships.

NMSIC Real Estate Allocation Growth as of Calendar Year End*

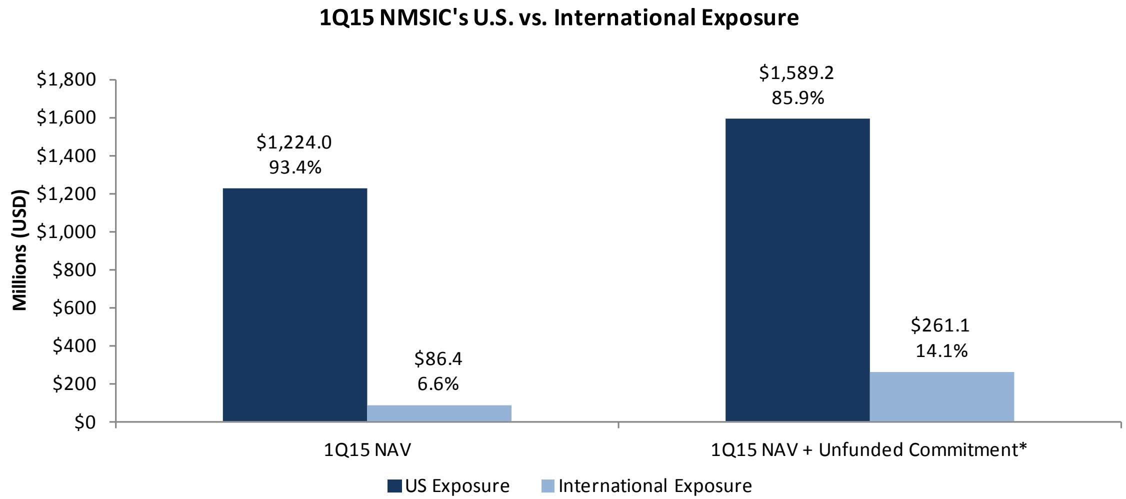


*In 2011, NMSIC increased its real estate allocation from 5% to 10% of total assets.

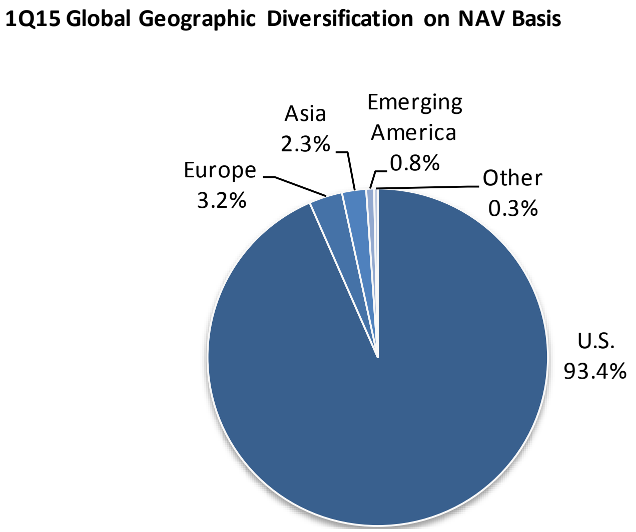
Real Estate Portfolio Domestic and International Exposure

Portfolio Status

- As of 1Q15, NMSIC's U.S. exposure is approximately $1.2 billion on a funded basis, representing 93.4% of the total portfolio vs. 6.6% of international exposure. On a funded plus unfunded basis, NMSIC's U.S. exposure is approximately $1.6 billion, representing 85.9% vs. 14.1% of international exposure.
- Note, NMSIC committed approximately $226.2 million to five dedicated international investments over the last two years. These investments currently represent approximately 4.0% of the portfolio's NAV and have approximately $157.5 million of unfunded commitments.



*NAV + Unfunded Commitment excludes investments made during the quarter and subsequent to quarter-end that do not have their diversification numbers available.



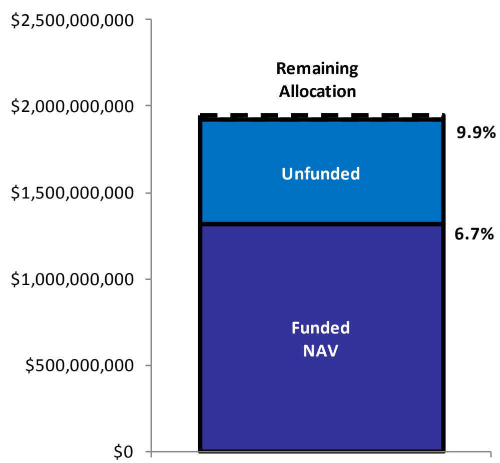
Real Estate Portfolio Performance

Portfolio Status:

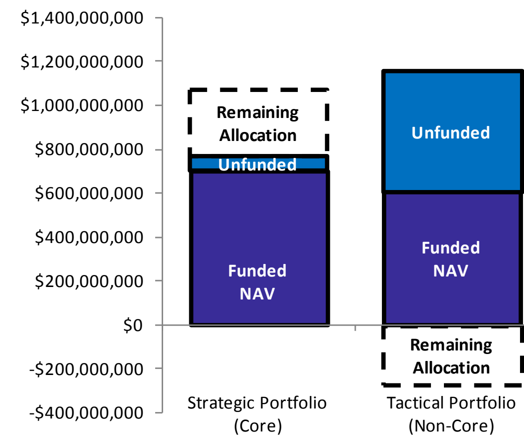
- NMSIC's real estate allocation target is 10% of total fund assets (based on market value).
- As of 1Q15, NMSIC had $1.3 billion invested in real estate.
- Including new commitments made in 2015 and reducing existing unfunded commitments that managers have indicated they will not require, total unfunded commitments are $611.5 million.
- At the 10% target, the tactical real estate allocation is over-committed by approximately $274.4 million, reflecting an over commitment factor of 1.3x. This over allocation is consistent with a targeted 1.3x commitment to closed end fund investments.
- Note, over-commitment to tactical is the result of the ongoing regeneration process taking place in the portfolio, with new tactical investments (59% of the portfolio) actively drawing capital and Legacy investments (41% of the Portfolio) expecting near-term liquidation.

($ in millions) as of 3/31/15		
SIC's Target Allocation	10.0%	$1,950.3
Current Market Value	6.7%	$1,310.4
Market Value + Unfunded Commitments*	9.9%	$1,921.9

Portfolio Snapshot estimated as of 3.31.15*
10% Target Allocation



Sub-Portfolio Snapshot estimated as of 3.31.15*
10% Target Allocation

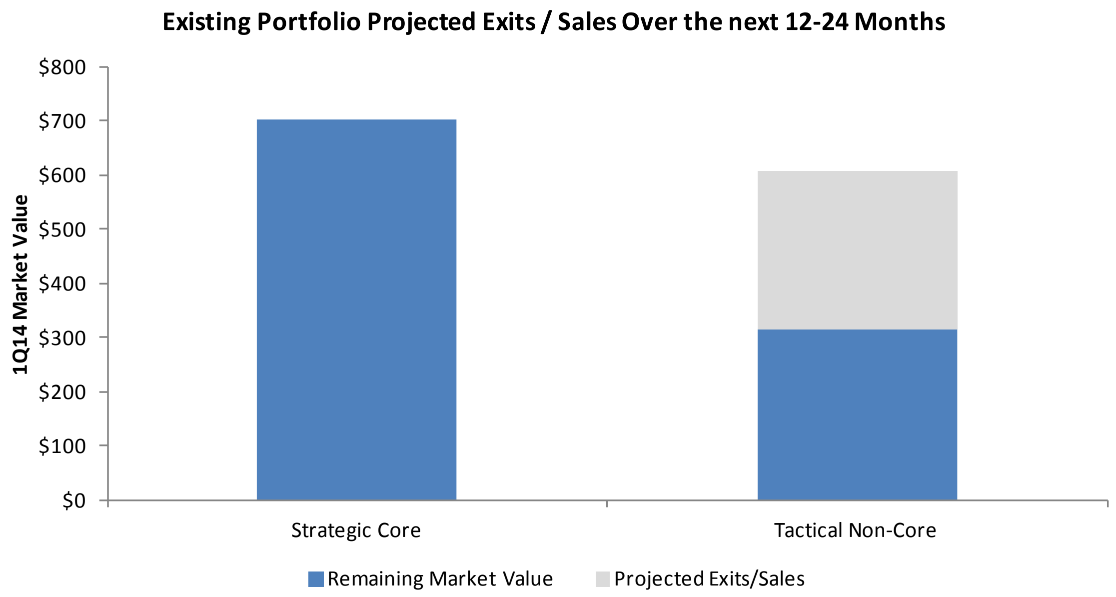


* Unfunded Commitments account for commitments made through March 2015 which have been reduced by existing manager estimates for capital not expected to be called.
Note: The charts above reflect the allocation at a point in time and do not take into account total plan growth, real estate sector NAV growth, or the projected timing of capital calls/distributions. The pacing model presented as part of the Real Estate Investment Plan takes into account all of these factors.

Real Estate Portfolio Performance

Portfolio Status:

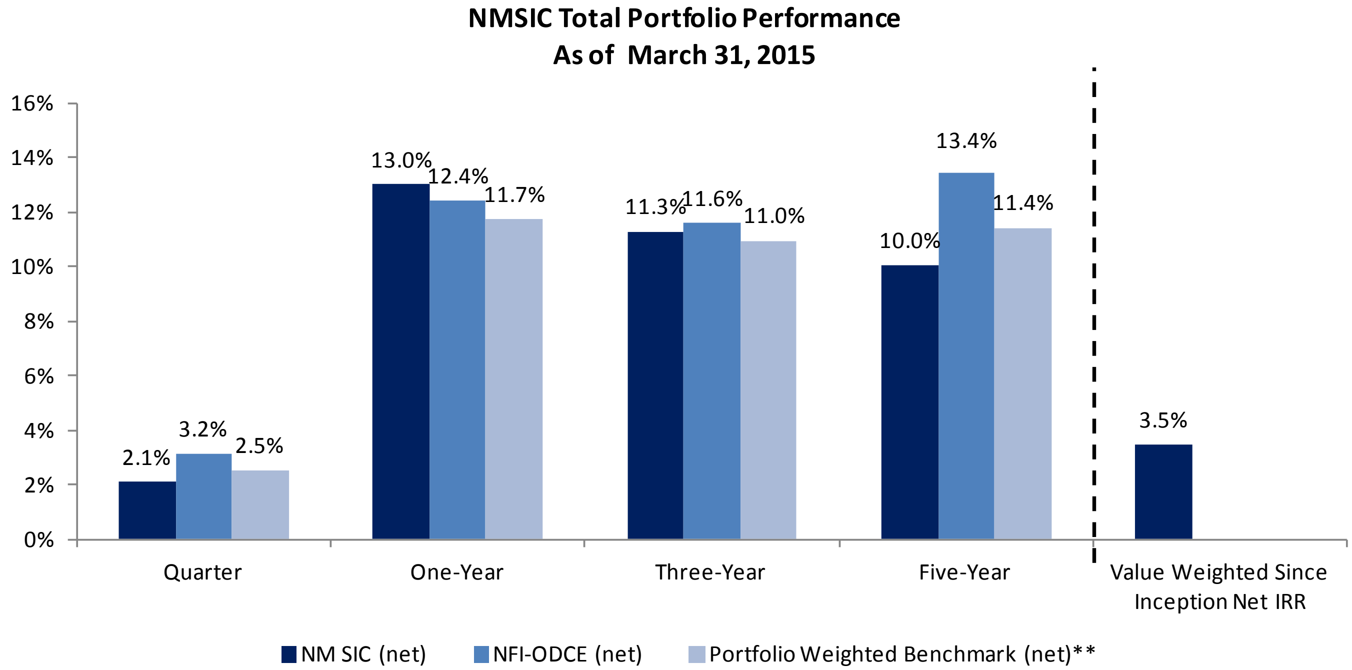
- Included in the pacing model presented as part of the Real Estate Investment Plan, a number of NMSIC's existing investments are selling assets and are projecting to be fully realized over the next 12 to 24 months.
- Based on 1Q15 market values, the chart below provides a projection of how much capital NMSIC is likely to receive over this time frame. The projections rely on individual manager feedback as well as life of fund assumptions.
- Given the Core portfolio is invested in open end funds, no exits/sales are projected. However, based on current market values, approximately 64% of Value-Added investments and 34% of Opportunistic investments are projected to be distributed over the next two years, totaling an estimated value between $200-300 million.



Real Estate Portfolio Performance

Performance

- The NMSIC real estate portfolio seeks to outperform the NFI-ODCE (net of fees) over a rolling five-year period.
- Underperformance over the five-year timeframe has been impacted by vintage year exposure and investment selection in NMSIC Legacy Holdings*.



*NMSIC Legacy Holdings represent investments made prior to the rebalancing initiative beginning 1Q 2011.
**Portfolio Weighted Benchmark is a market weighted combination of the ODCE , Townsend Value-Added Fund Index, and Townsend Opportunistic Fund Index based on NMSIC's market weights.

Real Estate Portfolio Performance

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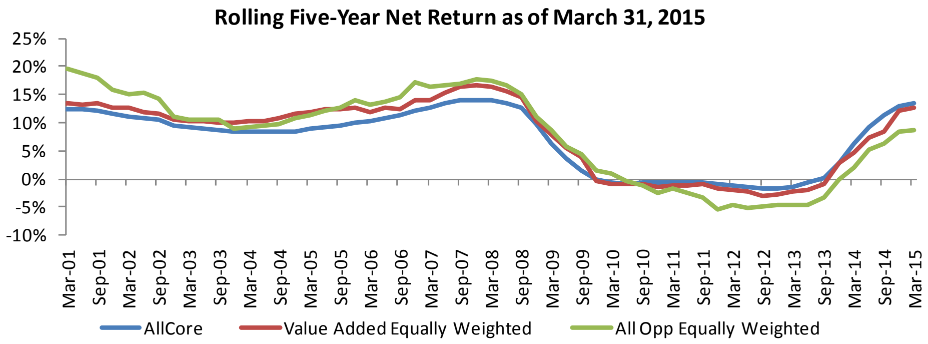
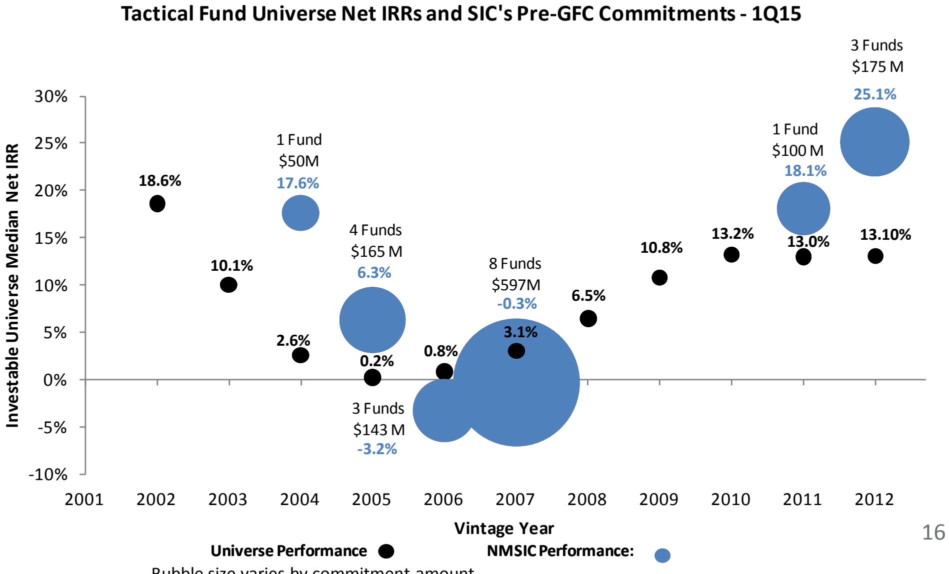
- Longer term underperformance is attributed to the following:
  - Historic and significant underexposure to high quality, lower leveraged core properties and corresponding overexposure to higher risk, higher leverage tactical investments.
  - Investment concentration and fund selection in poor performing vintage years.
    - The chart on the left displays the rolling five year return for the core, value-added and opportunistic indices.
    - The chart on the right displays the number of funds and dollar amounts NMSIC has invested over time. The black circles and bold text represent the median IRR from the Townsend closed end fund investable universe per the given vintage years. The blue circles and text represent NMSIC performance and commitments.



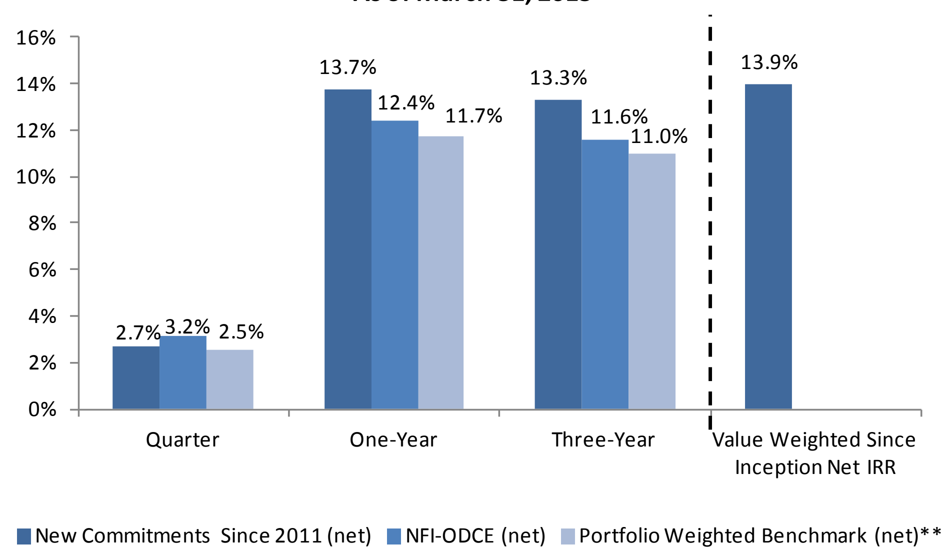


Real Estate Portfolio Performance – New Commitments Since 2011

PERFORMANCE

- New commitments made since 2011 are positively contributing to portfolio performance. As of 1Q15, these investments represent approximately 81% of NMSIC portfolio.
- Over the past one and three-year periods, new commitments have generated net time-weighted returns of 13.7% and 13.3%, respectively, outperforming the benchmark by 130 and 170 basis points, respectively. Overall, new investments have generated a 13.9% net IRR compared to a -0.7% net IRR from the legacy portfolio, over the since inception period.
- The total portfolio's one and three-year returns were negatively affected by NMSIC's legacy holdings, detracting approximately -0.7% and -2.0% of total outperformance, respectively. The new commitments positively contributed approximately 3.0% and 3.1% to the total portfolio's outperformance over the one and three-year periods, respectively.

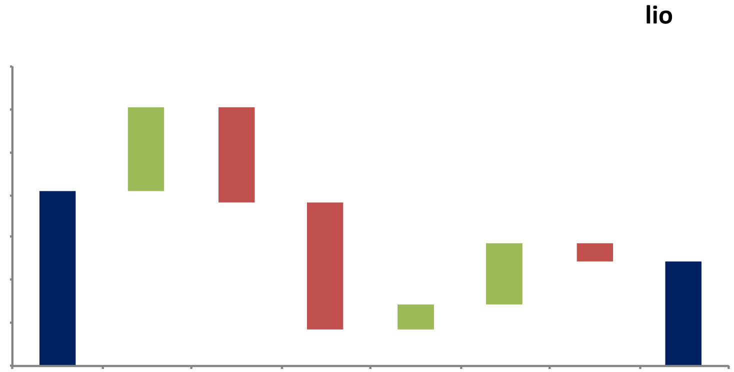
NMSIC Performance of New Commitments
As of March 31, 2015



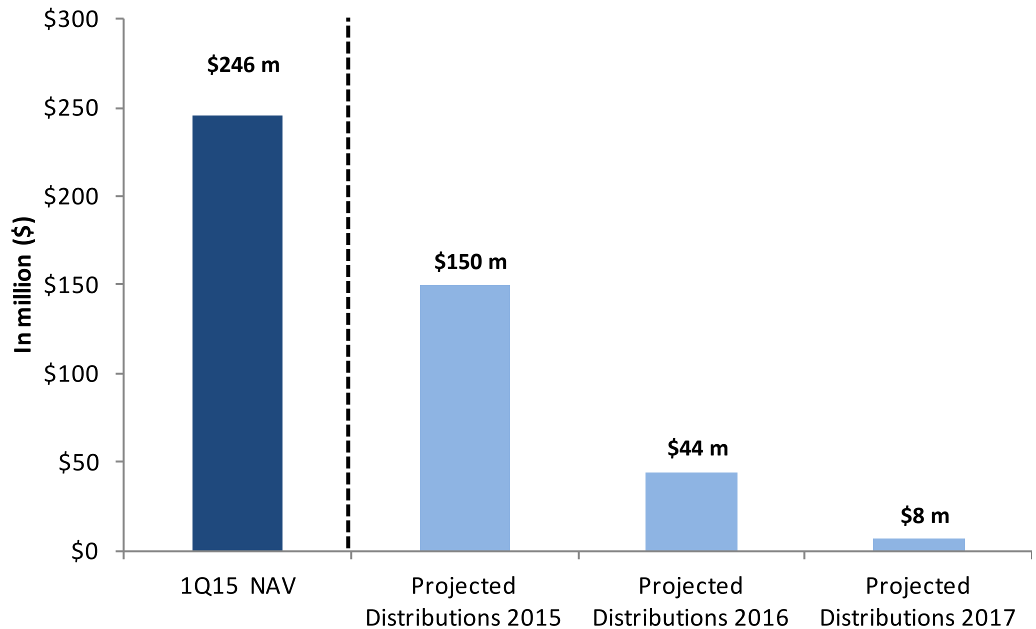
**Portfolio Weighted Benchmark is a market weighted combination of the ODCE , Townsend Value-Added Fund Index, and Townsend Opportunistic Fund Index based on NMSIC's market weights.

Real Estate Portfolio Performance – Legacy Investment Distributions

- The charts below illustrate changes in the Legacy Investments since 2010, as well as expected distributions from the Legacy Investments from 2015 to 2017*.
- Out of 13 remaining investments, three are expected to be fully liquidated by the end of 2015.



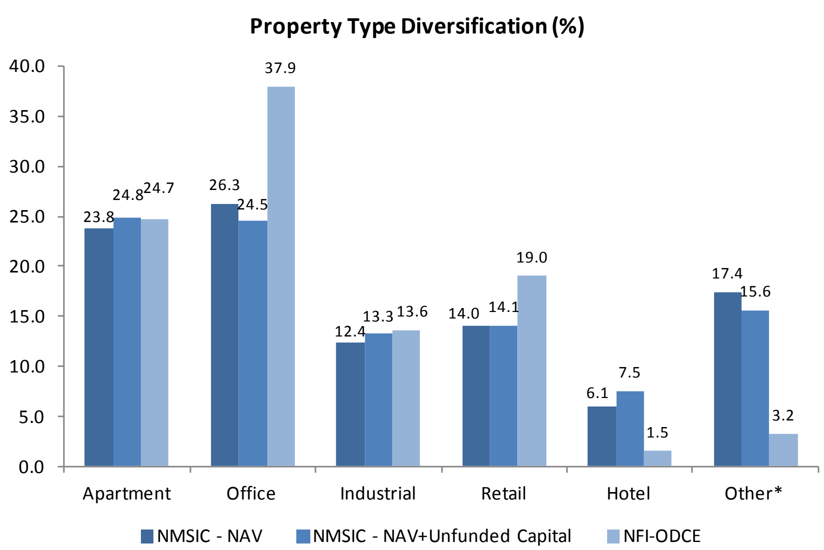
Legacy Portfolio Expected Distribution - 2015 to 2017
As of March 31, 2015

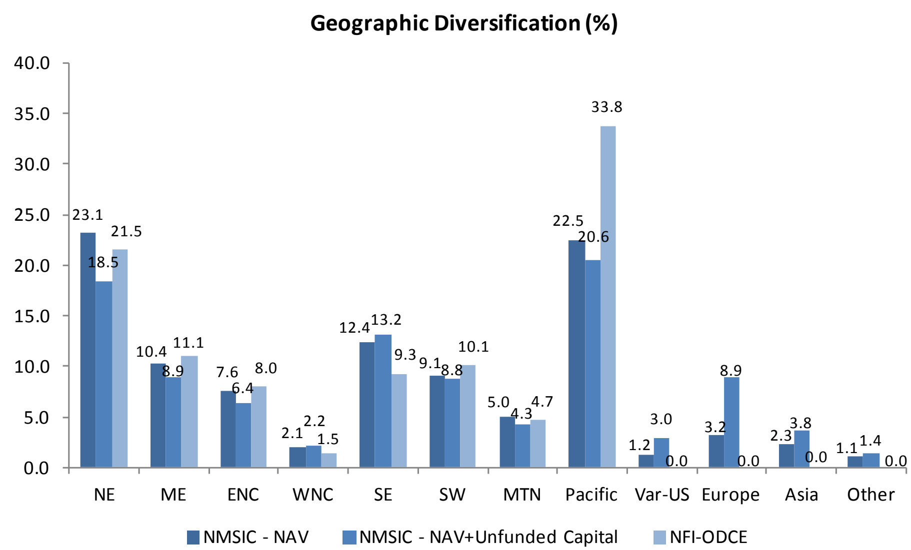


*Charts based on managers' projections.

Real Estate Portfolio Performance – Diversification

- The portfolio is well diversified, although underweight to all property types (excluding hotels) due to a significant overweight to the “Other” property type (including for sale residential, student housing, self storage etc…). Expected 2015 dispositions and recent new commitments should continue to reduce the “Other” exposure.
- The portfolio is also well diversified by geographic location within the U.S.
- The international exposure is highly concentrated in Europe (especially the U.K.) and Asia with the remaining international exposure primarily in Latin America (through a legacy investment).
- We would note some property type and geographic location diversification values decreases when including unfunded commitments. This is a result of unfunded commitments targeting one property type or location over another.





Appendix A: Definitions

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Definitions:

Townsend classifies risk into two main groups – Strategic Core and Tactical Non-Core Real Estate. Within Tactical Non-Core we utilize the sub-categories of Value-Added and Opportunistic. The definitions of these classifications for the NMSIC's program are noted below:

- Strategic Core – Operating and substantially leased (typically 80% or higher at the time of acquisition) properties; typically included in this category are the traditional asset types including office, retail, industrial, and multifamily residential, although as the real estate asset class matures, we are beginning to see alternative property types being included in this category (e.g., hotels, self-storage). Leverage is usually limited to less than 30% of value although in some instances, leverage can be as high as 50%.

- Tactical Non-Core – Consists of both Value-Added and Opportunistic Return strategies and includes leasing and/or development risk, asset repositioning, distressed assets, and/or specialty property types; NMSIC's program allows for an international component up to 30% of the real estate program. Tactical Non-Core investments can be made through a variety of structures.

    - Value-Added – Properties that take on moderate additional risk from one or more of the following sources: leasing, redevelopment, repositioning, and require certain specialized operating expertise. Leverage is usually limited to less than 50% of value although in some instances, leverage can be as high as 65%.

    - Opportunistic – Investments include direct real estate assets (such as development or major redevelopment of office, retail, industrial, residential or specialized property types). Other forms of investment are also included such as land plays, operating companies, distressed debt/properties, and other specialized investments (e.g., brown fields). Leverage is usually 75% of value or greater.

    - Credit – Investments include debt focused strategies with real estate serving as collateral. Typical investments include mezzanine financing, recapitalizations, legacy debt instruments, listed debt securities, and preferred equity.

Definitions (continued):

- Townsend Portfolio Weighted Index – This Index is a combination of the equal weighted ODCE, Townsend Value Added Fund Index, Townsend Opportunistic Return Fund Index. The equal weighted Index provides a comparison of the investable universe since the NMSIC initiated its real estate portfolio.

- The NCREIF Property Index (NPI) – The NCREIF Property Index represents data collected from the Data Contributing Members of the National Council of Real Estate Investment Fiduciaries (NCREIF). The NPI is an unlevered domestic index, gross of fees, that aggregates the returns of approximately 6,863 privately owned institutional investment properties valued at $426.0 billion. All properties have been acquired, at least in part, on behalf of tax-exempt institutions and held in a fiduciary environment. The properties are wholly owned and joint venture investments consisting of operating properties only – no development projects. It is not possible for investors to invest in or duplicate the NPI.

- NFI-ODCE – The NFI-ODCE, like the NCREIF Property Index and other stock and bond indices, is a capitalization-weighted index based on each fund's Net Invested Capital. The NFI-ODCE is a gross of fee and net of fee time-weighted return index consisting of Open-end Core Funds. Open-end Funds are defined as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests, thereby providing a degree of potential investment liquidity.

- We believe that given the inherent valuation lag and lack of leverage in the NPI that the Townsend Indices provide the proper comparison to Investors' Real Estate Portfolios. The composition of these respective Indices represents the investable universe of funds in each sector and includes leverage.

Definitions (continued):

- Internal Rate of Return ("IRR") – IRR is the average rate earned by each and every dollar invested during the period. This rate is influenced not only by movements in financial markets and decisions made by portfolio managers, but also by the timing and size of cash inflows and outflows and the beginning and ending market values.

- Time-Weighted Return ("TWR") – A rate-of-return measure of portfolio performance that gives equal weight to each period regardless of any differences in amounts invested in each period. TWR are designed to eliminate the effect that the size and timing of cash flows has on the IRR since the pattern of cash flows varies significantly among funds.

New Mexico State Investment Council

Definitions (continued):

Geographic Diversification								
Developed Americas (2)	**Developed Europe (21)**	**Developed Asia (5)**	**Developed Middle East and Africa (1)**	**Emerging Americas (6)**	**Emerging Europe (5)**	**Emerging Asia (8)**	**Emerging Middle East and Africa (3)**	**Frontier** (151)**
United States	Austria	Australia	Israel	Brazil	Czech Republic	China	Egypt	Other Developing
Canada	Belgium	Hong Kong		Chile	Hungary	India	South Africa	and Third World
	Denmark	Japan		Colombia	Morocco	Indonesia	Turkey	countires
	England	New Zealand		Mexico	Poland	South Korea		
	Finland	Singapore		Peru	Russia	Malaysia		
	France			Puerto Rico		Philippines		
	Germany					Taiwan		
	Greece					Thailand		
	Ireland							
	Italy							
	Luxembourg							
	Netherlands							
	Northern Ireland							
	Norway							
	Portugal							
	Scotland							
	Spain							
	Sweden							
	Switzerland							
	United Kingdom							
	Wales							

**Frontier is comprised of 151 countries mainly consisting of other developing countries not listed in the Emerging regions as well as Third World countries.

Appendix B: 1Q 2015 Flash Report

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New Mexico State Investment Council

First Quarter 2015

Portfolio Composition ($)								
Total Plan Assets	Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
19,502,558,407	1,950,255,841	10.0%	1,310,422,409	6.7%	664,854,557	3.4%	-25,021,125	-0.1%

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
New Mexico State Investment Council	2.6	2.1	15.7	13.0	13.9	11.3	12.2	10.1
NFI-ODCE Value Weight	3.4	3.2	13.4	12.4	12.7	11.6	14.5	13.4

Funding Status ($)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Strategic Core Investments								
Strategic Core Investments	**2011**	**635,000,000**	**584,814,748**	**67,697,652**	**47,786,330**	**702,214,412**	**53.6**	**39.0**
Tactical Value-Added Investments								
Tactical Value-Added Investments	**2004**	**830,662,785**	**660,513,151**	**199,629,900**	**414,640,232**	**283,364,630**	**21.6**	**24.5**
Tactical Opportunistic Investments								
Tactical Opportunistic Investments	**2005**	**910,547,981**	**610,222,307**	**312,183,602**	**352,685,308**	**301,764,697**	**23.0**	**31.1**
Tactical Credit								
Tactical Credit	**2014**	**110,664,449**	**23,739,735**	**85,343,403**	**1,089,797**	**23,078,670**	**1.8**	**5.5**
Total Tactical	**2004**	**1,851,875,215**	**1,294,475,193**	**597,156,905**	**768,415,337**	**608,207,997**	**46.4**	**61.0**
Total Current Portfolio								
New Mexico State Investment Council	**2004**	**2,486,875,215**	**1,879,289,941**	**664,854,557**	**816,201,667**	**1,310,422,409**	**100.0**	**100.0**

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New Mexico State Investment Council

First Quarter 2015

Returns (%)	Market Value ($)	Quarter				1 Year				3 Year				5 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Strategic Core Investments																						
Strategic Core Investments	**702,214,412**	**1.2**	**2.1**	**3.3**	**3.0**	**5.1**	**8.3**	**13.7**	**12.4**	**5.1**	**8.0**	**13.4**	**12.1**					**15.0**	**13.6**	**2Q11**	**12.9**	**1.3**
Tactical Value-Added Investments																						
Tactical Value-Added Investments	**283,364,630**	**1.8**	**0.9**	**2.7**	**2.1**	**5.2**	**12.7**	**18.4**	**14.7**	**6.0**	**7.0**	**13.4**	**10.5**	**4.6**	**5.0**	**9.9**	**7.7**	**7.2**	**4.2**	**3Q04**	**1.7**	**1.1**
Tactical Opportunistic Investments																						
Tactical Opportunistic Investments	**301,764,697**	**1.6**	**-0.7**	**0.9**	**0.1**	**4.3**	**13.1**	**17.9**	**13.0**	**2.6**	**13.8**	**16.7**	**11.8**	**2.3**	**13.6**	**16.1**	**12.6**	**4.9**	**2.0**	**2Q05**	**0.4**	**1.0**
Tactical Credit																						
Tactical Credit	**23,078,670**	**4.3**	**-2.5**	**1.8**	**1.4**	**14.4**	**-7.0**	**6.8**	**5.0**									**5.1**	**3.3**	**1Q14**	**4.9**	**1.0**
Total Tactical	**608,207,997**	**1.8**	**0.0**	**1.8**	**1.0**	**4.9**	**12.5**	**17.9**	**13.7**	**4.6**	**9.6**	**14.6**	**10.9**	**3.7**	**8.4**	**12.3**	**9.5**	**6.1**	**3.2**	**3Q04**	**1.1**	**1.0**
Total Portfolio																						
New Mexico State Investment Council	**1,310,422,409**	**1.5**	**1.1**	**2.6**	**2.1**	**5.0**	**10.3**	**15.7**	**13.0**	**4.8**	**8.8**	**13.9**	**11.3**	**3.8**	**8.2**	**12.2**	**10.0**	**6.1**	**3.4**	**3Q04**	**3.5**	**1.1**
Indices																						
NFI-ODCE Value Weight		1.2	2.2	3.4	3.2	5.0	8.2	13.4	12.4	5.2	7.2	12.7	11.6	5.5	8.7	14.5	13.4	7.6	6.6	3Q04		
NCREIF Property Index "NPI"		1.2	2.3	3.6		5.3	7.1	12.7		5.5	5.7	11.5		5.8	6.6	12.8		8.9		3Q04		
FTSE EPRA/NAREIT Developed Index in USD				4.2				16.1				12.8				12.1		9.2		3Q04		

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New Mexico State Investment Council

First Quarter 2015

Returns (%)	Market Value ($)	Quarter				1 Year				3 Year				5 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Legacy Portfolio																						
Legacy Portfolio	**246,503,222**	**2.5**	**-2.5**	**0.0**	**-0.3**	**6.8**	**5.3**	**12.4**	**10.1**	**5.3**	**5.0**	**10.6**	**8.2**	**4.1**	**5.7**	**9.9**	**8.0**	**5.1**	**2.5**	**3Q04**	**-0.7**	**1.0**
New Portfolio 2011 Inception																						
New Portfolio 2011 Inception	**1,063,919,187**	**1.2**	**2.0**	**3.2**	**2.7**	**4.5**	**11.6**	**16.5**	**13.7**	**4.8**	**10.8**	**15.9**	**13.3**					**16.4**	**14.0**	**2Q11**	**13.9**	**1.2**
Total Portfolio																						
New Mexico State Investment Council	**1,310,422,409**	**1.5**	**1.1**	**2.6**	**2.1**	**5.0**	**10.3**	**15.7**	**13.0**	**4.8**	**8.8**	**13.9**	**11.3**	**3.8**	**8.2**	**12.2**	**10.0**	**6.1**	**3.4**	**3Q04**	**3.5**	**1.1**
Indices																						
NFI-ODCE Value Weight		1.2	2.2	3.4	3.2	5.0	8.2	13.4	12.4	5.2	7.2	12.7	11.6	5.5	8.7	14.5	13.4	7.6	6.6	3Q04		
NCREIF Property Index "NPI"		1.2	2.3	3.6		5.3	7.1	12.7		5.5	5.7	11.5		5.8	6.6	12.8		8.9		3Q04		
FTSE EPRA/NAREIT Developed Index in USD				4.2				16.1				12.8				12.1		9.2		3Q04		

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Advisory Disclosures and Definitions

Disclosure
Trade Secret and Confidential.

Past performance is not indicative of future results.

Investing involves risk, including the possible loss of principal.

Returns are presented on a time weighted basis and shown both gross and net of underlying third party fees and expenses and may include income, appreciation and/or other earnings. In addition, investment level Net IRR's and equity multiples are reported.

The Townsend Group, on behalf of its client base, collects quarterly limited partner/client level performance data based upon inputs from the underlying investment managers. Data collection is for purposes of calculating investment level performance as well as aggregating and reporting client level total portfolio performance. Quarterly limited partner/client level performance data is collected directly[1] from the investment managers via a secure data collection site.

[1]In select instances where underlying investment managers have ceased reporting limited partner/client level performance data directly to The Townsend Group via a secure data collection site, The Townsend Group may choose to input performance data on behalf of its client based upon the investment managers quarterly capital account statements which are supplied to The Townsend Group and the client alike.

Benchmarks
The potential universe of available real asset benchmarks are infinite. Any one benchmark, or combination thereof, may be utilized on a gross or net of fees basis with or without basis point premiums attached. These benchmarks may also utilize a blended composition with varying weighting methodologies, including market weighted and static weighted approaches.