

New Mexico Set to Search for New International Equity Managers

By Katie Cerulle | Published 05/06/24 | Timetable N/A

INVESTOR

[New Mexico State Investment Council \(SIC\)](#)


Fund Size (m)
(As of 02/29/2024) USD 52,659.62 / GBP 41,944.97 / EUR 48,902.35

Country USA

General Contact

Address 41 Plaza La Prensa, Santa Fe, NM 87507
Phone +1 (505) 476 9500
Fax +1 (505) 424 2510

Primary Contact

Name Vince Smith
Job Title Chief Investment Officer and Deputy State Investment Officer
Social 

[More \(if applicable\)](#)

Website [visit](#)

SUMMARY OF INVESTMENTS

Breakdown

Actual allocation as of 02/29/2024: 8.22% Private Equity, 8.13% Private Debt, 7.41% Real Estate Unspecified, 17.58% US Equities, 12.43% International Equities, 2.81% Emerging Markets, 8.17% Core, 6.77% Credit, 6.08% Money-Market, 0.01% Fixed Income Unspecified, 22.38% Other Unspecified / Cash, 0.03% Absolute Returns.

INVESTMENT CONSULTANT

[RVK, Inc.](#)

Contact Marcia P. Beard
Address 1211 SW 5th Avenue, Suite 900, Portland, OR 97204
Phone +1 (503) 221 4200
Website [visit](#)

[More \(if applicable\)](#)

MANAGER ROSTER

Undisclosed (Real Assets); J.P. Morgan Asset Management (Fixed Income Unspecified); BlackRock (Emerging Markets, International Equities, US Equities, Core, Real Assets); AllianceBernstein (International Equities, Emerging Market Bonds, High Yield Bonds); T. Rowe Price (International Equities, US Equities); PIMCO (Core); Blackstone (International Property); William Blair & Company (Emerging Markets); Berkshire (Property, Private Debt, Co-Investment); LSV Asset Management (International Equities); Loomis Sayles & Co (Fixed Income Unspecified, Core Plus); Carlyle Group, The (Property, MLP/Energy); KKR (Kohlberg, Kravis, Roberts & Co) (Property, Private Equity); Cerberus Capital Management (Fixed Income Unspecified); Bain Capital (Property, Private Equity, Institutional Separate Account, Co-Investment); Mercer Global Investors (Private Equity); TPG Partners (Private Equity); Prudential Financial (Core Plus); Genstar Capital Partners (Private Equity); LS Power Group (MLP/Energy); New Mountain Capital (Buyout); Brookfield Asset Management (Infrastructure); TA Associates (Private Equity); AEW (Property, Private Equity); Ares Management (International Property, Private Debt, MLP/Energy); Silver Point Capital (Private Equity, Private Debt); MFS Investment Management (International Equities); Menlo Ventures (Private Equity, Venture Capital); Shenkman Capital (Fixed Income Unspecified); Credit Suisse (Loans); Kitty Hawk Capital (Venture Capital); Citigroup (International Equities, US Equities); Arlington Capital Partners (Buyout); Khosla Ventures (Venture Capital); Neuberger Berman (International Equities);

Strategic Value Partners (Fixed Income Unspecified); Northern Trust (US Equities); Crosslink Capital (Venture Capital); Kinderhook Industries LLC (Pooled Fund, Buyout); Templeton Asset Management (International Equities); Golub Capital (Private Debt); Oak Hill Advisors (Pooled Fund, Private Debt); Atalaya Capital Management (Private Debt); Almanac Realty Investors (Property); Lightspeed Venture Partners (Venture Capital); Copenhagen Infrastructure Partners (Commodities, Infrastructure); Torchlight Investors (Private Debt); 400 Capital Management (Private Debt); Altaris Capital Partners (Buyout); The Column Group (Venture Capital); Clearlake Capital Partners (Private Equity); One William Street Capital Management (Hedge Funds); DCVC (ESG/SRI, Private Equity, Venture Capital); HPS Investment Partners (Private Debt); Garda Capital Partners (Hedge Funds); Bell Partners (Property); EQT Group (Infrastructure, Co-Investment); FPA (Property); SK Capital Partners (Private Equity); Upfront Ventures (Venture Capital); Playground Global (Venture Capital); Arbour Lane (Fixed Income Unspecified); Lead Edge Capital (Private Equity); Brightstar Capital Partners (Private Equity); Sixth Street Partners (Private Equity, Distressed Debt, Co-Investment); Airbus Ventures (Venture Capital); ICONIQ Capital (Private Equity); Tramway Venture Partners (Venture Capital); ING Group (Loans); Lux Capital (Venture Capital); Newmarket Capital (Infrastructure); ACORE Capital (Private Debt); Silver Rock Financial (Private Debt); CerraCap Ventures (Venture Capital); Goodwater Capital (Private Equity); Antler (Venture Capital); Alterra Property Group (Property); Scout Ventures (Venture Capital); Sandbrook Capital (Infrastructure, Co-Investment); America's Frontier Fund (Venture Capital); Areca Capital (Private Debt); SweetWater Private Equity (Private Equity); Thayer Ventures (Venture Capital); Arctos Partners (Private Equity); At One Ventures (ESG/SRI, Private Equity); IPI Partners (Real Assets); M13 Ventures (Venture Capital); Northbridge Partners (Property, Co-Investment); Dangerous Ventures (Venture Capital); Next Frontier Capital (Pooled Fund, Venture Capital);

PREFACE

The \$52.7bn New Mexico State Investment Council will release a search for active international equity managers in the coming weeks as a result of an asset class study conducted by investment staff and consultant RVK.

REPORT

[Materials](#) from an April 23 investment council meeting state the system will update its current active management strategies for international equity through a comprehensive RFP process and will terminate managers that have not met its expectations.

Since the international equity portfolio was reconstructed in December 2015, it has not met its primary goal to outperform its benchmark by 50 basis points annually net of fees.

According to the materials, the failure to achieve the goal is primarily due to the underperformance of a subset of underlying active management strategies.

NMSIC is not looking to overhaul the entire portfolio but rather make incremental changes.

The investment council plans to increase the number of total strategies to between 13 and 15 from the current 10 in order to increase manager diversification, accommodate growing assets and increase tactical flexibility.

The new structure will also increase exposure to passive strategies, shifting the target up to a 23 per cent from the current 20 per cent.

The target to factor-based strategies, which are systematic, rules-based index strategies, will decrease to 15 per cent from the current 18 per cent.

Active strategies' target will remain unchanged at 62 per cent.

The risk budget and style neutral approach will remain unchanged.

For next steps, RVK and investment staff will screen the universe for managers that meet certain criteria, which include track record length, AUM, tenure of key people, style consistency, diversity, equity and inclusion factors, and performance.

The search will be issued to a broad group of prospective managers that have passed the initial screening. Staff and RVK will then review submissions, conduct manager interviews and on-site due diligence. Final recommendations will be presented to the investment committee and council.

As at December 31 2023, the \$7.4bn international equity portfolio was allocated 61.8 per cent to six traditional active strategies, 18.2 per cent to two factor-based strategies and 20 per cent to two passive strategies.

The active managers are T. Rowe Price, LSV Asset Management, MFS Institutional Advisors, Neuberger Berman, William Blair and BlackRock. William Blair and BlackRock are both emerging markets managers.

BlackRock is the only factor-based manager and AllianceBernstein is the only passive manager.

A representative from the fund told MandateWire the search will affect all 12 funds that NMSIC oversees as assets are commingled and unitized across portfolios.

The representative also said no additional information on which managers would be affected by the search was available at this time.

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