

EDUCATION TRUST BOARD OF NEW MEXICO

Financial Statements and Supplementary Information

June 30, 2020



**EDUCATION TRUST BOARD OF NEW MEXICO
TABLE OF CONTENTS**

Official Roster	1
Independent Auditors' Report	2
Management's Discussion and Analysis	5
Financial Statements:	
Statement of Net Position.....	15
Statement of Revenues, Expenses and Changes in Net Position.....	16
Statement of Cash Flows.....	17
Statement of Fiduciary Net Position.....	18
Statement of Changes in Fiduciary Net Position.....	19
Notes to Financial Statements.....	20
Supplementary Information:	
Combining Schedule of Fiduciary Net Position.....	39
Combining Schedule of Changes in Fiduciary Net Position.....	40
Schedule of Revenues, Expenses and Changes In Net Position - Budget and Actual - Administrative Fund.....	41
Schedule of Individual Deposit Accounts.....	42
Other Supplementary Information:	
Fund Performance Summary - By Portfolio - Scholar's Edge (Advisor Sold).....	43
Portfolio Investment Allocations - Scholar's Edge (Advisor Sold).....	46
Fund Performance Summary - By Portfolio - The Education Plan (Direct Sold).....	49
Portfolio Investment Allocations - The Education Plan (Direct Sold).....	51

Government Auditing Standards Section:

Independent Auditors' Report On Internal Control Over Financial Reporting And On Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards.....	53
Schedule of Findings and Responses.....	55
Summary Schedule of Prior Audit Findings.....	56
Exit Conference.....	57

**EDUCATION TRUST BOARD OF NEW MEXICO
OFFICIAL ROSTER
JUNE 30, 2020**

BOARD OF DIRECTORS

Sandra Liggett, JD	Chair
Robert J. Desiderio, J.D.	Vice Chair
Dr. Jose Z. Garcia, Ph.D.	Member
Mont Green	Member
John Lawton Davis	Member

Theodore Miller	Executive Director
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Education Trust Board of New Mexico and
Mr. Brian Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Education Trust Board of New Mexico (the Board), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Directors
Education Trust Board of New Mexico and
Mr. Brian Colón, Esq., New Mexico State Auditor

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate remaining fund information of the Board as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements of the Board are intended to present the financial position and changes in financial position of the Board. They do not purport to, and do not present fairly, the financial position of the entire State of New Mexico as of June 30, 2020, and the changes in its financial position, or where applicable, its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The schedules listed as Supplementary Information and information listed as Other Supplementary Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed as Supplementary Information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed as Supplementary Information in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
Education Trust Board of New Mexico and
Mr. Brian Colón, Esq., New Mexico State Auditor

The information listed in the table of contents as Other Supplementary Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020, on our consideration of the Education Trust Board of New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Education Trust Board of New Mexico's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 27, 2020

EDUCATION TRUST BOARD OF NEW MEXICO MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis provides an overview of the financial position and activities of the Education Trust Board of New Mexico (NMETB) as of and for the year ended June 30, 2020. This discussion should be read in conjunction with the accompanying financial statements and notes.

EDUCATION TRUST BOARD OF NEW MEXICO

NMETB operates as a self-sustaining state entity which is administratively connected to the New Mexico Department of Higher Education (NMHED). NMHED was created as a state agency in 2005 and NMSA 1978 §21-21K-4 (A) (1997) administratively attaches NMETB to NMHED. Case law holds that an administratively attached entity is a "constituent agency." Constituent agencies have the same legal status as their "parent" agency.

NMETB was established by New Mexico statute 21-21K-4 NMSA 1978 (Education Trust Act), which gives NMETB the authority to promulgate rules to carry out the Act, protect the financial integrity of the IRS 529 college savings plans, and to establish and maintain the program in compliance with Section 529 of the Internal Revenue Code. NMSA 1978 §21-21K-3 and §21-21K-5 give authority to enter into contracts with investors, review fund investments, pay institutions of higher education on behalf of beneficiaries, be a party to college investment agreements and approve circumstances for pre-designation of the beneficiary, and establish a refund policy.

FINANCIAL

The assets of NMETB exceeded its liabilities at June 30, 2020 by \$10.8 million (net position). The entire amount is considered restricted net position and may be used to meet NMETB's ongoing obligations.

The fiduciary funds had an decrease in net position of approximately \$54.5 million or 2% from prior year.

OVERVIEW OF FINANCIAL STATEMENTS

This financial report is comprised of four components: 1) management's discussion and analysis (this section), 2) the basic financial statements, 3) notes to the financial statements, and 4) supplementary information.

The basic financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the notes thereto. The NMETB follows enterprise fund accounting. The financial statements offer information about the NMETB's activities and operations.

**EDUCATION TRUST BOARD OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

OVERVIEW OF FINANCIAL STATEMENTS, continued

The statement of net position presents information on all of NMETB's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Administrative Fund is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position reports how NMETB's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The focus of the statement of activities is on both the gross and net cost of activities.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the NMETB's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operating, noncapital financing, capital and related financing and investing activities. The statement also provides information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

The enterprise activities reflect NMETB's basic services, which include the administration of the Scholar's Edge and The Education Plan. These services are financed primarily through program fees and other general revenues (Investment Income).

Fiduciary fund financial statements present information about the status of the Scholar's Edge and The Education Plan fiduciary activities of NMETB. The financial statements are accompanied by notes that are essential to a full understanding of the financial information in this report.

FINANCIAL ANALYSIS - ENTERPRISE ACTIVITIES

Net Position. Assets of enterprise activities exceeded enterprise activities liabilities by \$10.8 million at June 30, 2020. The following table summarizes NMETB's summarized assets, liabilities, and net position as of June 30:

**EDUCATION TRUST BOARD OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS - ENTERPRISE ACTIVITIES, continued

Summarized Assets, Liabilities and Net Position

(in thousands)	2020	2019
ASSETS		
Current and Other Assets	\$ 11,098	\$ 10,194
Total Assets	11,098	10,194
LIABILITIES		
Other Liabilities	293	65
Total Liabilities	293	65
NET POSITION		
Restricted	10,805	10,129
Total Net Position	\$ 10,805	\$ 10,129

Changes in Net Position: Total revenues for the year ended June 30, 2020 were \$3.5 million compared with expenses of \$2.8 million. The following table summarizes NMETB's changes in net position for the years ended June 30:

Changes in Net Position - For the Year Ended

(in thousands)	2020	2019
REVENUES		
Program Revenues		
Charges for Goods and Services	\$ 3,285	\$ 2,402
Total Program Revenues	3,285	2,402
GENERAL REVENUES		
Investment Income	184	207
Total General Revenues	184	207
Total Revenues	3,469	2,609
EXPENSES		
Administration of Educational Savings Plan	2,793	1,890
Total Expenses	2,793	1,890
CHANGE IN NET POSITION	676	719
Net Position - Beginning of Year	10,129	9,410
NET POSITION - END OF YEAR	\$ 10,805	\$ 10,129

**EDUCATION TRUST BOARD OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FIDUCIARY FUNDS BACKGROUND INFORMATION

Scholar's Edge (Advisor Sold) and The Education Plan (Direct Sold). Scholar's Edge and The Education Plan (Plans) were established by NMETB. The Plans are maintained by the State of New Mexico and are administered by NMETB, which serves as trustee of the Education Trust of New Mexico (Trust). NMETB has the authority to appoint a Program Manager, adopt rules and regulations to implement and administer the Plans and Trust, and establish investment policies for the Trust. Both Plans are accounted for as fiduciary private trust funds.

For The Education Plan, Ascensus College Savings Recordkeeping Services, LLC, the Program Manager, and its affiliates (Ascensus), have overall responsibility for the day-to-day operations, including investment advisory, recordkeeping and administrative services, and marketing.

For Scholar's Edge, Ascensus College Savings Recordkeeping Services, LLC, serves as the Program Manager, and is responsible for the day-to-day operations of the Plan. Principal Global Investors, LLC (PGI or Principal), by delegation from Ascensus, serves as the investment advisor to the Plan and provides investment management services to the Plan. Principal Funds Distributor, Inc. (PFD) serves as the distributor of the Plan.

The Plans are a savings vehicle for higher education expenses under Section 529 of the U.S. Internal Revenue Code of 1986, as amended (Section 529). The Plans are comprised of a variety of different investment portfolios. These portfolios offer different asset allocation mixes to investors based on their needs, time frames, and risk tolerances.

**EDUCATION TRUST BOARD OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS - SCHOLAR'S EDGE

Scholar's Edge condensed statements of fiduciary net position as of June 30 are as follows:

(in thousands)	2020	2019
ASSETS		
Investments, at Fair Value	\$ 1,834,320	\$ 1,895,503
Cash	7,344	2,892
Receivables and Other Assets	-	4,663
Total Assets	1,841,664	1,903,058
LIABILITIES		
Payables and other Liabilities	1,700	5,125
Total Liabilities	1,700	5,125
NET POSITION	\$ 1,839,964	\$ 1,897,933

The investments of the Portfolios decreased \$61 million from 2019 to 2020 mainly due to net shareholder redemptions. 2019 had net shareholder redemptions of \$96 million; and 2020 had net shareholder redemptions of \$118 million.

The majority of the liabilities consisted of marketing and advertising expenses incurred but not yet paid as of June 30.

**EDUCATION TRUST BOARD OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS - SCHOLAR'S EDGE, continued

Scholar's Edge condensed statements of changes in fiduciary net position for the years ended June 30 are as follows:

(in thousands)	2020	2019
ADDITIONS		
Subscriptions	\$ 468,663	\$ 721,616
Investment Income:		
Dividend Income and Interest	42,410	87,622
Less: Expenses	9,760	9,064
Net Investment Income	32,650	78,558
Realized Investment Gains		
Capital Losses from Underlying Investments	(9,516)	(2,031)
Net Increase in Fair Value of Investments	37,390	11,570
Total Additions	529,187	809,713
DEDUCTIONS		
Redemptions	(587,156)	(817,621)
CHANGE IN NET POSITION	(57,969)	(7,908)
Net Position - Beginning of Year	1,897,933	1,905,841
NET POSITION - END OF YEAR	\$ 1,839,964	\$ 1,897,933

Investment income is comprised of dividend and interest income; expenses are primarily management, distribution, and administrative fees.

**EDUCATION TRUST BOARD OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS - THE EDUCATION PLAN

The Education Plan condensed statements of fiduciary net position as of June 30 are as follows:

(in thousands)	2020	2019
ASSETS		
Investments, at Fair Value	\$ 578,561	\$ 576,029
Cash	1,876	539
Receivables and Other Assets	-	1,742
Total Assets	580,437	578,310
LIABILITIES		
Payables and other Liabilities	47	1,383
Total Liabilities	47	1,383
NET POSITION	\$ 580,390	\$ 576,927

The investments of the Portfolios increased \$2.5 million from 2020 to 2019 mainly due to market appreciation. 2019 had net shareholder redemptions of \$12.3 million; and 2020 had net shareholder redemptions of \$11.7 million.

The liabilities consisted of program fees and marketing and advertising expenses incurred but not yet paid as of June 30.

**EDUCATION TRUST BOARD OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS - THE EDUCATION PLAN, continued

The Education Plan condensed statements of changes in fiduciary net position for the years ended June 30 are as follows:

(in thousands)	2020	2019
ADDITIONS		
Subscriptions	\$ 180,066	\$ 220,567
Investment Income:		
Dividend Income and Interest	15,825	19,898
Less: Expenses	543	558
Net Investment Income	15,282	19,340
Realized Investment Gains		
Capital Gains from Underlying Investments	(223)	(609)
Net Increase (Decrease) in Fair Value of Investments	700	9,908
Total Additions	195,825	249,206
DEDUCTIONS		
Redemptions	(192,362)	(232,254)
CHANGE IN NET POSITION	3,463	16,952
Net Position - Beginning of Year	576,927	559,975
NET POSITION - END OF YEAR	\$ 580,390	\$ 576,927

Investment income is comprised of dividend and interest income; expenses are primarily management and administrative fees.

EDUCATION TRUST BOARD OF NEW MEXICO MANAGEMENT'S DISCUSSION AND ANALYSIS

BUDGET

NMETB adopts an annual budget for the Administrative Fund based upon the recommendation of program staff. NMETB's budget is established through an annual budget adjustment request, subject to the review of the New Mexico Department of Finance and Administration (DFA) and the New Mexico Legislative Finance Committee (LFC). NMETB is not included in the General Appropriations Act (GAA) and does not receive state general fund appropriations, therefore, cash balances remaining at the end of the year do not revert to the New Mexico State General Fund.

Administrative Fund revenues of \$3.5 million were not included in the budget. Actual expenditures of \$2.8 million were less than budgeted expenditures of \$3.2 million.

PROGRAM MANAGEMENT

OFI Private Investments Inc. and OppenheimerFunds Distributor, Inc. collectively served as the program manager for Scholar's Edge and The Education Plan through December 6, 2019. They were succeeded by Ascensus as the new program manager beginning December 7, 2020. Ascensus is the largest provider of 529 recordkeeping and administrative services in the country.

ECONOMIC OUTLOOK

NMETB's economic outlook is closely related to the activities and status of the public investment markets. NMETB's Administrative Fund is dependent upon the automatic fee deposit that is made every month, as a percentage of the net position that resides in the two 529 savings plans: the Scholar's Edge and The Education Plan.

NMETB operates as a self-sustaining state entity and has three full-time equivalent employees. The State of New Mexico does not appropriate to NMETB any budgeted amounts.

Since December 31, 2019, the outbreak of COVID-19 and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global equity markets have experienced significant volatility and weakness. The fair value of the Plans' investments were negatively affected, particularly in the third quarter of the fiscal year, dropping from \$76.4 million in unrealized gains earned through December 31, 2019 to \$171.8 million in unrealized losses through March 31, 2020. Some of the losses have been recouped as of fiscal year end. While governments and central banks have reacted with monetary interventions designed to stabilise economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time.

**EDUCATION TRUST BOARD OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CONTACTING MANAGEMENT

This financial report is designed to provide members of NMETB and others with a general overview of NMETB's Administrative and fiduciary funds. If you have questions about this report or need additional financial information, contact the Executive Director at the following address:

Education Trust Board of New Mexico
1516 Paseo de Peralta
Santa Fe, NM 87501

EDUCATION TRUST BOARD OF NEW MEXICO
STATEMENT OF NET POSITION
JUNE 30, 2020

	11250 Administrative Fund <hr/>
ASSETS	
Investment in State General Fund Investment Pool	\$ 676,077
Investment in Local Government Investment Pool	10,277,270
Accounts Receivable	<hr/> 144,244
TOTAL ASSETS	<hr/> <hr/> 11,097,591
LIABILITIES	
Accounts Payable	250,108
Accrued Expenses and Compensated Absences	<hr/> 42,689
TOTAL LIABILITIES	<hr/> <hr/> 292,797
NET POSITION	
Restricted for Administrative Purposes	<hr/> 10,804,794
TOTAL NET POSITION	<hr/> <hr/> <hr/> \$ 10,804,794

See auditor's report and accompanying notes to financial statements

EDUCATION TRUST BOARD OF NEW MEXICO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	11250
	Administrative
	Fund
	<hr/>
OPERATING REVENUES	
Program Revenue	\$ 1,751,030
Marketing Grass Roots	1,534,369
	<hr/>
TOTAL REVENUE	3,285,399
 OPERATING EXPENSES	
Administrative and Other Expenses	2,793,201
	<hr/>
TOTAL OPERATING EXPENSES	2,793,201
 OPERATING INCOME	 492,198
 NON-OPERATING REVENUES (EXPENSES)	
Investment Income, Net of Expenses	183,489
	<hr/>
CHANGE IN NET POSITION	675,687
 Net Position, Beginning of Year	 10,129,107
	<hr/>
NET POSITION, END OF YEAR	\$ 10,804,794
	<hr/> <hr/>

See auditor's report and accompanying notes to financial statements

**EDUCATION TRUST BOARD OF NEW MEXICO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	11250 Administrative Fund
	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash from grants and contracts	\$ 3,717,900
Cash paid to employees and suppliers	(2,565,605)
	<hr/>
CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,152,295</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	188,636
Investment expenses	(5,147)
	<hr/>
CASH PROVIDED BY INVESTING ACTIVITIES	<u>183,489</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,335,784
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,617,563</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 10,953,347</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 492,198
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	432,501
Accounts payable	214,532
Accrued expenses	13,064
	<hr/>
Total adjustments	<u>660,097</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 1,152,295</u></u>

See auditor's report and accompanying notes to financial statements

**EDUCATION TRUST BOARD OF NEW MEXICO
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	<u>Total Trust Funds</u>
ASSETS	
Investments, at Fair Value (Scholar's Edge Cost \$1,819,551,725; The Education Plan Cost \$581,113,736)	\$ 2,412,881,330
Cash	<u>9,219,961</u>
 TOTAL ASSETS	 2,422,101,291
 LIABILITIES	
Program Fees	324,993
Marketing and Advertising	1,302,001
Accounting and Auditing	<u>120,498</u>
 TOTAL LIABILITIES	 <u>1,747,492</u>
 FIDUCIARY NET POSITION	 <u><u>\$ 2,420,353,799</u></u>

See auditor's report and accompanying notes to financial statements

EDUCATION TRUST BOARD OF NEW MEXICO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020

	Total Trust Funds
ADDITIONS	
Subscriptions	\$ 509,523,492
Investment Income	
Dividends	58,163,823
Interest	70,341
Less: Expenses:	
Distribution Fees	4,379,146
Management Fees	2,077,926
State Administrative Fees	938,803
Other Reimbursement	2,907,307
NET INVESTMENT INCOME	47,930,982
Capital Gains from Underlying Investments	45,092,917
Net Decrease in Fair Value of Investments	(16,741,221)
TOTAL ADDITIONS	585,806,170
DEDUCTIONS	
Redemptions	(640,312,357)
CHANGE IN NET POSITION	(54,506,187)
Fiduciary Net Position, Beginning of Year	2,474,859,986
FIDUCIARY NET POSITION, END OF YEAR	\$ 2,420,353,799

See auditor's report and accompanying notes to financial statements

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - ORGANIZATION AND BACKGROUND

The Education Trust Board of New Mexico (NMETB) operates as a self-sustaining state entity which is administratively connected to the New Mexico Department of Higher Education (NMHED). NMHED was created as a state agency in 2005 and NMSA 1978 §21-21K-4 (A) (1997) administratively attaches NMETB to NMHED. Case law holds that an administratively attached entity is a "constituent agency." Constituent agencies have the same legal status as their "parent" agency. NMETB does not have any component units.

NMETB was established by New Mexico statute 21-21K-4 NMSA 1978 (Education Trust Act) gives NMETB the authority to promulgate rules to carry out the Act; protect the financial integrity of the IRS 529 college savings plans; and preserve program benefits and ensure appropriate use of tax benefits. NMSA 1978 sections 21-21K-3 and 21-21K-5 gives authority to enter into contract with investors, review investments, and pay institutions of higher education on behalf of beneficiaries, be a party to college investment agreements and approve circumstances for predesignation of the beneficiary, and establish a refund policy.

NMETB is the governing body for New Mexico's IRS section 529 college savings plans and their administration. Members are appointed by the Governor, Senate Pro Tem, and Speaker of the House of Representatives. The NMETB is responsible for making rules and regulations for the development and implementation of the Education Trust Act.

NMETB's financial statements include the statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows of the Administrative Fund, and the fiduciary funds statements of financial position and change in financial position. They are not intended to present the financial position or changes in financial position of the State of New Mexico.

NMETB's Administrative Fund is an enterprise fund used to account for the administrative operations of the NMETB. Scholar's Edge and The Education Plan College Savings Program (Plans) are NMETB's fiduciary funds used to account for New Mexico's IRS section 529 college savings plans. The Plans are maintained and administered by the Board, which serves as trustee of the Education Trust of New Mexico (Trust). The Board has the authority to appoint a program manager, adopt rules and regulations to implement and administer the Plans, and establish investment policies.

The Plans are a savings vehicle for higher education expenses under Section 529 of the U.S. Internal Revenue Code of 1986, as amended (Section 529). The Plans are comprised of 55 different investment portfolios (Portfolios).

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - ORGANIZATION AND BACKGROUND (continued)

College Savings Plans' assets can be used for qualified educational expenses including tuition and fees, certain room and board expenses, books, and required supplies and equipment at any accredited post-secondary school that is eligible to participate in federal student financial aid programs. This includes most public or private universities, graduate schools, community colleges, and vocational schools. Assets in the plans are subject to investment risk and are not guaranteed by the state.

OFI Private Investments Inc. and OppenheimerFunds Distributor, Inc. collectively served as the program manager for Scholar's Edge and The Education Plan through December 6, 2019. They were succeeded by Ascensus as the new program manager beginning December 7, 2020. Ascensus is the largest provider of 529 recordkeeping and administrative services in the country.

The Portfolios for the Scholar's Edge Plan and The Education Plan have an inception date of December 7, 2019.

Scholar's Edge Plan. Currently, there are eleven Scholar's Edge Year of Enrollment Portfolios, which are designed to correspond with the expected date of enrollment. The asset allocation mix of the options, adjusts over time, and become progressively more conservative as the target date of enrollment approaches. Scholar's Edge also offers four static target risk asset allocation Portfolios as well as sixteen individual Portfolios.

The Education Plan. Currently, there are eleven, Year of Enrollment Options, which are designed to correspond with the expected date of enrollment. The asset allocation mix of the options, adjust over time, and become progressively more conservative as the target date of enrollment approaches. The Education Plan also offers four passive static asset allocation Portfolios, four active static asset allocation Portfolios and five individual Portfolios.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - ORGANIZATION AND BACKGROUND (continued)

Investment Portfolios. Scholar's Edge and The Education Plan offer various investment portfolios to accommodate the needs of participants. Investment portfolios of each plan are as follows:

Scholar's Edge Portfolios:

- Scholar's Edge 2038-2039 Portfolio
- Scholar's Edge 2036-2037 Portfolio
- Scholar's Edge 2034-2035 Portfolio
- Scholar's Edge 2032-2033 Portfolio
- Scholar's Edge 2030-2031 Portfolio
- Scholar's Edge 2028-2029 Portfolio
- Scholar's Edge 2026-2027 Portfolio
- Scholar's Edge 2024-2025 Portfolio
- Scholar's Edge 2022-2023 Portfolio
- Scholar's Edge 2020-2021 Portfolio
- Scholar's Edge Today Portfolio
- Scholar's Edge Aggressive Portfolio
- Scholar's Edge Moderate Portfolio
- Scholar's Edge Conservative Portfolio
- Scholar's Edge Fixed Income Portfolio
- Scholar's Edge Capital Preservation Portfolio
- Principal Short-Term Income Portfolio
- Principal Income Portfolio
- iShares Core U.S. Aggregate Bond Portfolio
- MainStay MacKay High Yield Corp Bond Portfolio
- Vanguard Total International Bond Portfolio
- iShares S&P 500 Stock Index Portfolio
- Principal Blue Chip Portfolio
- Principal Equity Income Portfolio
- Vanguard Mid Cap Index Portfolio
- iShares Small Cap Index Portfolio
- Vanguard Total World Stock Portfolio
- Principal Diversified International Portfolio
- Principal International Small Company Portfolio
- JPMorgan Emerging Markets Equity Portfolio
- Principal Real Estate Securities Portfolio

The Education Plan Portfolios:

- 2038-2039 Portfolio
- 2036-2037 Portfolio
- 2034-2035 Portfolio
- 2032-2033 Portfolio
- 2030-2031 Portfolio
- 2028-2029 Portfolio
- 2026-2027 Portfolio
- 2024-2025 Portfolio
- 2022-2023 Portfolio
- 2020-2021 Portfolio
- Enrollment Portfolio
- 100% Equity Index Portfolio
- 75% Equity Index Portfolio
- 50% Equity Index Portfolio
- 25% Equity Index Portfolio
- 100% Active Equity Portfolio
- 75% Active Equity Portfolio
- 50% Active Equity Portfolio
- 25% Active Equity Portfolio
- Capital Preservation Portfolio
- Short-Term Treasury Index Portfolio
- Bond Index Portfolio
- US Equity Index Portfolio
- Social Choice Portfolio

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - ORGANIZATION AND BACKGROUND (continued)

Financial Statements. The statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows, provide operational accountability information for NMETB as an economic unit. They report the entity's ability to maintain service levels and continue to meet its obligations as they come due.

The accounts of NMETB are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, liabilities, fund balance, revenues, expenditures, and other financing sources and uses.

Funds include the Administrative Fund (Fund 11250), an enterprise fund, and the Scholar's Edge Fund (Fund 50580) and The Education Plan (Fund 50480), both fiduciary funds.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. For financial purposes, NMETB is considered an enterprise fund engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred, regardless of when the related cash flow takes place. Revenue from grants, entitlements, and contributions is recognized in the fiscal year in which eligibility requirements have been satisfied.

As fiduciary funds, the Scholar's Edge and The Education Plan financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in conformity with generally accepted accounting principles in the United States as defined by the Governmental Accounting Standards Board (GASB). Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cashflows.

Dividends of equity securities are recognized as they are earned and become measurable and available to pay liabilities of the current period.

Net Position. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is referred to as net position. Net position is categorized as net investment in capital assets (net of related debt), restricted, and unrestricted, based on the following:

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Net Position. Third-party statutory limitations on their use. When there is an option, NMETB spends restricted resources first. Restricting statute for net position is 21-21K-4 NMSA 1978 – Education Trust Act. Restricted net position was \$10,804,794 at June 30, 2020.

Unrestricted Net Position reflects net position of the NMETB not restricted for any project or other purpose. NMETB had no unrestricted net position at June 30, 2020.

Cash, Cash Equivalents and Investments. Cash equivalents are defined as highly liquid investments with original maturities of three months or less. NMETB Administrative Fund’s cash and cash equivalents consist of cash held at the New Mexico State Treasurer’s Office invested in the General Fund Investment Pool and Local Government Investment Pool.

Security Valuation. Each Portfolio calculates the net asset value of its units as of the close of The New York Stock Exchange (Exchange), normally 4:00 P.M. Eastern time, on each day the Exchange is open for trading, except in the case of a scheduled early closing of the Exchange, in which case the Plans will calculate net asset value of the units as of the scheduled early closing of the Exchange. The net asset values of the Underlying Investments are determined as of the close of the Exchange, on each day the Exchange is open for trading. Short-term “money market type” debt securities with remaining maturities of sixty days or less are valued at amortized cost (which approximates market value); “money market type” debt securities with no contractual maturities or redemption amounts are valued at fair market value.

Each investment asset or liability of the Portfolio is assigned a level at measurement date based on the significance and source of the inputs to its valuation. Various data inputs are used in determining the value of each of the Portfolios’ investments as of the reporting period end. These data inputs are categorized in the following hierarchy:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date
- Level 2 Inputs other than unadjusted quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3 Significant unobservable inputs

As of June 30, 2020, and without consideration as to the classification level of the specific investments held, the Plan classifies its investment in the Underlying Investments as Level 1.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Security Valuation, continued:

These investments are classified as follows:

Scholar's Edge and The Education Plan:

	Valuation			
	Fair Value Measurements Using			
	June 30, 2020	Level I	Level 2	Level 3
Investments:				
Fixed Income	\$ 1,048,452,925	\$ 1,048,452,925	\$ -	\$ -
Equity	1,359,255,029	1,359,255,029	-	-
Real Estate	5,173,376	5,173,376	-	-
Total Investments by Fair Value Level	<u>\$ 2,412,881,330</u>	<u>\$ 2,412,881,330</u>	<u>\$ -</u>	<u>\$ -</u>

Security Transactions: Security transactions are recorded on the trade date. Realized gains and losses on securities sold are determined on the high cost method.

Contributions, Withdrawals, and Distributions. There is an unlimited number of no par value units that can be issued. Contributions and withdrawals are recorded at the unit value determined on the valuation date following receipt of notice of the contribution or withdrawal. Contributions and withdrawals are subject to sufficient advance notifications as outlined in the Plan Description and Participation Agreement. The portfolios' unit values (net asset values) are determined daily. Net investment income for all portfolios is retained and reflected in the net asset value of each portfolio.

Investment Income and Dividends. Dividend income is recorded on the ex-dividend date. Noncash dividends included in dividend income, if any, are recorded at the fair market value of the securities received.

Interest income, which includes accretion of discount and amortization of premium, is accrued as earned. Income and capital gain distributions from the Underlying Investments are recorded on the ex-dividend date. Dividends from income are included in investment income and capital gain distributions are included in net realized gain/loss.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Security Valuation (continued):

Allocation of Income, Expenses, Gains and Losses. Income, expenses (other than those attributable to a specific class), gains, and losses are allocated on a daily basis to each class of units based upon the relative proportion of net position represented by such class. Operating expenses directly attributable to a specific class are charged against the operations of that class.

Use of Estimates. The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources. The statement of net position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position and the balance sheet will also sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. NMETB reported no deferred outflows or inflows of resources as of June 30, 2020.

Revenues and Expenses. Operating revenues include activities that have the characteristics of an exchange transaction as well as those that relate directly to finance the administration of the Scholar's Edge and The Education Plans. Operating Revenue consists of Program Fees and related Marketing Grass Roots revenue. Operating expenses include activities that have the characteristics of an exchange transaction such as a) employee salaries, benefits, and related expense; b) utilities, supplies, and other services; and c) professional fees.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget. NMETB adopts an annual budget for the Administrative Fund based upon the recommendation of program staff. NMETB's budget is established through an annual budget adjustment request, subject to the review of the New Mexico Department of Finance and Administration (DFA) and the New Mexico Legislative Finance Committee (LFC). NMETB is not included in the General Appropriations Act (GAA) and does not receive state general fund appropriations, therefore, cash balances remaining at the end of the year do not revert to the New Mexico State General Fund.

NOTE C - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents reported in the Administrative Fund at June 30, 2020 include a balance of \$10,277,270 invested with New Mexico State Treasurer's Office (STO) Local Government Investment Pool (LGIP). LGIP deposits are not guaranteed or insured by the State of New Mexico, the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, or any other agency or bank. These deposits involve certain investment risks and returns are not guaranteed. As of June 30, 2020, STO provides the following disclosure regarding the LGIP holdings:

New Mexico LGIP AAAM Rated \$10,277,270 [25] day WAM (R); [77] day WAM (F)

Limitations or restrictions on withdrawals:

- Amounts less than \$30 million may be withdrawn within 24 hours of notice to the STO;
- Amounts of \$30 million to \$60 million require notice of 2 business days to the STO;
- Amounts of \$60 million to \$100 million require notice of 5 business days to the STO;
- Amounts in excess of \$100 million require notification of 10 business days to the STO.

Funds are withdrawn from the Pool one business day prior to transfer to maintain the liquidity of the Pool for all participants. With prior approval by the LGIP Bureau Chief or a designee, participant withdrawals made within the 24-hour limitation will be treated as an emergency withdrawal. Participants will be charged an emergency withdrawal fee to cover the cost of the emergency wire. Emergency withdrawal requests must follow the withdrawal procedure outlined above and must include a letter explaining the emergency. The LGIP Bureau reserves the right to decline any emergency withdrawals.

Stability Protection—Notwithstanding the withdrawal guidelines, the STO reserves the right to limit participant withdrawals if the State Treasurer determines that doing so is required to ensure the stability of the LGIP.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE C - CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

The State General Fund Investment Pool balance held by the New Mexico State Treasurer was \$676,077 at June 30, 2020. Funds can be withdrawn from the New Mexico State Treasurer as needed. However, 2.2.2.12(A)(14) NMAC requires NMETB to report this cash balance as an investment. All earnings on deposits are retained by the New Mexico State Treasurer's Office General Fund investment pool; therefore, from the NMETB's perspective, the balances are noninterest bearing and stated at cost. The New Mexico State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$250,000 insurance coverage provided by federal agencies.

Accordingly, the New Mexico State Treasurer requires the depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institutions operating results and capital. Collateral is required in amounts equal to 50% of the average investment balance. To obtain pledged collateral, investment risk, custodial credit risk, and insurance coverage information for the NMETB's investment in the New Mexico State Treasurer's General Fund investment pool, a copy of separately issued financial statements as of June 30, 2019 can be obtained from the New Mexico State Treasurer's Office. All collateral is held in third-party safekeeping.

Interest Rate Risk—The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk—The New Mexico State Treasurer's pools are not rated.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2020.

The schedule of individual deposit accounts that the Administrative Fund held as of June 30, 2020 is presented as supplemental information to these financial statements.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE C - CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Cash amounts reported in the Scholar's Edge and The Education Plan are nonpublic participant deposits. Funds are managed by the program manager of the Plans, OFIPI, and are held by a custodian, CitiBank, a reputable financial institution. Cash balances for each portfolio constituting the Plans are deposited in separate custody accounts and insured by the FDIC up to \$250,000. Cash amounts deposited to these accounts are for re-investment purposes and occasionally may exceed \$250,000. However, cash is typically transferred out of the account to be re-invested and allocated to the underlying investments on a trade date plus one business day basis. As of June 30, 2020, there no cash balances reported for the Scholar's Edge and The Education Plan.

NOTE D - INVESTMENT RISK

Certain investments are subject to investment risk based on the amount of risk in the underlying investments. The NMETB has adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures. The standard requires disclosure of essential risk information about deposits and investments. Investments of the NMETB are uninsured and are held in the NMETB's name.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of a failure, the NMETB's deposits and investments may not be returned promptly. Because investments of the NMETB are generally in mutual funds and other Underlying Investments, this risk is significantly mitigated.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The NMETB invests directly in Underlying Investments. For registered Underlying Investments, prospectuses provide greater detail about the investment strategies and practices in compliance with federal regulations and specifically, the Form N-1A of the Investment Company Act of 1940. Form N-1A discloses information investment and policies objectives, as well as information on the company structure and operations. In addition, Program Disclosure Statement and the Participation Agreements provide greater detail about the credit risk, if any, associated with nonregistered Underlying Investments.

Interest Rate Risk. Interest rate risk refers to value fluctuations of fixed-income securities resulting from the inverse relationship between price and yield. The market value fluctuations of fixed-income securities already held will not affect the interest payable on those securities. However, the fluctuations will affect the market value and in turn will affect net asset values.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE D - INVESTMENT RISK (continued)

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign security. NMETB's Underlying Investments invest in assets denominated in various foreign currencies in pooled vehicles. For registered Underlying Investments, prospectuses provide greater detail about the investment strategies and practices, in compliance with federal regulations and specifically, the Form N-1A of the Investment Company Act of 1940. Form N-1A discloses information and policies about the Underlying Investment and its investment objectives, as well as information on the company structure and operations. In addition, the Program Disclosure Statement and the Participation Agreement provide greater detail about the risks of investing in foreign currencies by certain nonregistered Underlying Investments. NMETB does not have a specific policy addressing foreign currency risk.

Concentration of Credit Risk. NMETB's investment policy requires diversification of the portfolio, but does not specify maximum amounts that can be invested in any one investment vehicle, maturity, issuer, or class of securities.

Scholar's Edge:

Issue Name	% of Investment
Principal Core Fixed Income Fund Class R6	27.16 %
Scholar's Edge Capital	16.93
iShares S&P 500 ETF	10.85
Principal Short-Term Income Fund Institutional Class	10.68
Principal Diversified International Fund Class R6	8.56
iShares Core U.S. Aggregate Bond ETF	6.57
Principal Blue Chip Fund Class R-6	6.19
Principal Equity Income Fund Institutional Class	5.56

The Education Plan:

Issue Name	% of Investment
Vanguard Total Stock Market Index Fund Institutional Plus	16.90 %
Vanguard Short-Term Treasury Index Fund Institutional	12.56
NY Life GIA 10 Direct	11.15
Vanguard Total Bond Market Ins	10.09
Vanguard Developed Markets Index Fund Institutional	8.83
American Funds Fundamental Investor Class F-3	8.16

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE D - INVESTMENT RISK (continued)

Credit Risk. As of June 30, 2020, credit ratings for the fixed-income Underlying Investments are as follows:

Scholar's Edge:

Portfolio	Credit Quality Rating							
	AAA %	AA %	A %	BBB %	BB %	B %	Below B %	Not Rated %
Principal Core Fixed Income Fund Class R-6	36.10	1.34	21.90	36.63	2.46	1.07	0.44	0.06
Principal Short-Term Income Fund Institutional Class	31.35	15.27	17.78	33.06	0.66	0.33	0.00	1.55
iShares Core U.S. Aggregate Bond ETF	74.01	2.61	10.88	12.46	0.04	0.00	0.00	0.00
MainStay MacKay High Yield Corporate Fund Class R6	0.00	0.00	0.20	9.00	52.80	32.60	3.50	1.90
Vanguard Total International Bond Index Fund ETF Shares	20.69	26.56	24.39	28.36	0.00	0.00	0.00	0.00

The Education Plan:

Portfolio	Credit Quality Rating							
	AAA %	AA %	A %	BBB %	BB %	B %	Below B %	Not Rated %
DFA Inflation-Protected Securities Portfolio Institutional Class	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
iShares Core International Aggregate Bond ETF	21.36	27.22	28.97	17.46	0.03	0.00	0.00	4.96
PGIM Global Total Return Fund	17.65	8.55	18.10	28.69	11.06	5.15	1.35	9.44
TIAA-CREF Core Plus Bond Fund Institutional Class	41.26	6.52	16.54	22.92	5.53	3.42	0.86	2.95
Vanguard Total Bond Market Index Fund ETF Shares	62.99	3.71	12.84	20.46	0.00	0.00	0.00	0.00
Vanguard Short-Term Treasury Index Fund Institutional Shares	99.62	0.00	0.00	0.38	0.00	0.00	0.00	0.00
Vanguard Total Bond Market II Index Fund Institutional Shares	62.86	3.66	12.81	20.67	0.00	0.00	0.00	0.00
Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Vanguard Ultra-Short-Term Bond Fund Admiral Shares	26.33	11.75	33.11	19.11	0.63	0.00	0.00	9.07
Vanguard High-Yield Corporate Fund Admiral Shares	5.96	0.03	0.00	3.77	54.61	28.39	7.12	0.12

Equity Risk. Equity Risk is the risk that stocks and other equity securities held by the Underlying Investments may fluctuate in price, which could cause portfolios to lose value. The price movement of individual equity securities may not occur uniformly across industry or capitalization and can be impacted by the factors at the market, sector, or individual company level.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE D - INVESTMENT RISK (continued)

Interest Rate Risk. As of June 30, 2020, the duration for the fixed-income Underlying Investments of the Scholar's Edge Plan are as follows:

Fund	2020 (In Years)
Principal Core Fixed Income Fund Class R-6	6.01
Principal Short-Term Income Fund Institutional Class	2.10
iShares Core U.S. Aggregate Bond ETF	5.80
MainStay MacKay High Yield Corporate Fund Class R6	3.68
Vanguard Total International Bond Index Fund ETF Shares	8.40

As of June 30, 2020, the duration for the fixed-income Underlying Investments of The Education Plan are as follows:

Fund	2020 (In Years)
DFA Inflation-Protected Securities Portfolio Institutional Class	7.98
iShares Core International Aggregate Bond ETF	7.68
PGIM Global Total Return Fund	8.57
TIAA-CREF Core Plus Bond Fund Institutional Class	5.32
Vanguard Total Bond Market Index Fund ETF Shares	6.60
Vanguard Short-Term Treasury Index Fund Institutional Shares	1.93
Vanguard Total Bond Market II Index Fund Institutional Shares	6.59
Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Shares	2.55
Vanguard Ultra-Short-Term Bond Fund Admiral Shares	0.88
Vanguard High-Yield Corporate Fund Admiral Shares	4.00

NOTE E - ACCOUNTS RECEIVABLE

The accounts receivable reported in the Administrative fund in the amount of \$144,244 represent the administrative fee revenues earned in June but collected in July.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE F - RETIREMENT BENEFITS - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

NMETB, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net pension liability, pension expense and pension-related deferred inflows and outflows of resources of the primary government will be contained in the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

NOTE G - POSTEMPLOYMENT BENEFITS - STATE RETIREE HEALTHCARE PLAN (RHCA)

The NMETB, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The state has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE H - PROGRAM FEE REVENUES

During fiscal year 2020, NMETB received an annual state administrative fee charged to each Plan. The fee was .08% and .05% of the average daily net assets of the Plan for Scholar's Edge and The Education Plan respectively. The fee is accrued daily and paid monthly to NMETB.

NOTE I - RELATED PARTY INFORMATION AND FEES

Administration. NMETB is administratively connected to the New Mexico Department of Higher Education (NMHED). In accordance with the state statute, the Chair of the Education Trust Board is the designee of the Cabinet Secretary of the Department of Higher Education.

Expenses. The Plans of the fiduciary fund bear certain ongoing fees, which are charged against the assets of the Portfolios, to provide for the cost associated with the distribution, servicing, and administration. There are also indirect fees and expenses of the Underlying Investments in which the Portfolios invest. In addition, there may be certain fees and expenses the NMETB may impose from time to time. The NMETB may change or add new fees at any time.

Program Management Fees. The Portfolios pay an annualized fee on the average daily net position of the Plans of the fiduciary fund. This fee was paid on a monthly basis to OFIPI for plan administration and investment management services through December 6, 2019. OFI Global, an affiliate of the Program Manager, may receive compensation directly from certain of the Underlying Investments in which the Portfolios invest for serving as the investment adviser of those funds. Certain Underlying Investments charge fees at the investing partner level (i.e. Portfolio). The Scholar's Edge Portfolios paid an annualized fee of .12%, and The Education Plan Portfolios' pay an annualized fee of .05%.

As of December 7, 2019, The Scholar's Edge Portfolios paid an annualized program management fee of .20%, and The Education Plan paid an annualized fee of .05% to the new program manager, Ascensus.

Scholar's Edge Fees and Charges

Class A Units

Sales Charges. Class A and Class C Units are subject to sales charges. Class A Units are subject to a maximum initial sales charge of 3.50% on the amount invested. Class C Units are subject to a maximum CDSC of 1.00% if they are redeemed within one year of purchase. Class R Units are not subject to any sales charges. Sales charges may be reduced or waived in certain limited circumstances.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE I - RELATED PARTY INFORMATION AND FEES (continued)

Scholar's Edge Fees and Charges, continued

Automatic Conversion of Class C Units to Class A Units. Class C Units are automatically converted into Class A Units five years after the date of purchase, at which time such Units become subject to the Total Annual-Asset Based Fees for Class A Units. The automatic conversion is not subject to any initial sales charge or CDSC.

Class R Units. Class R Units are not subject to an initial sales charge or a CDSC. Nor are Class R Units subject to a Distribution and Service Fee. Class R Units are not subject to any sales charges through the Plan. Class R Units are designed for use in fee-based accounts through qualified registered investment advisors or selling agents who buy through a broker/dealer in advisory accounts. The fees associated with fee-based accounts are determined separately between you and your Financial Advisor and are not a feature of or affiliated with Scholar's Edge. Class R Units may be sold by selling agents that charge brokerage commissions and other transaction-related fees directly to their clients. These commissions and fees are not a feature of or affiliated with Scholar's Edge. You should ask your Financial Advisor about whether it charges brokerage commissions or other fees related to the purchase of Class R Units.

Contingent Deferred Sales Charge

Class A Units. A maximum CDSC of 1.00% may be charged if Class A Units that were not subject to an initial sales charge are redeemed for a Qualified or Non-Qualified Distribution within 18 months of purchase. The CDSC on such Class A Units will be waived on any amount attributable to investment gains. The CDSC on such Class A Units will also be waived if the distribution is made as a result of the death or Disability of either the Account Owner or the Beneficiary. The CDSC is calculated using the lower of cost or market value of Units redeemed.

Class C Units. If Class C Units are redeemed for a Qualified or Non-Qualified Distribution within one year of purchase, a maximum CDSC of 1.00% may be charged. The CDSC on Class C Units will be waived on any amount attributable to investment gains. The CDSC on Class C Units will also be waived if the distribution is made as a result of the death or Disability of either the Account Owner or the Beneficiary. The CDSC is calculated using the lower of cost or market value of Units redeemed.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE I - RELATED PARTY INFORMATION AND FEES, (continued)

Distribution and Service Fee

Class A and C Units. Class A and C Units for each Portfolio are subject to an ongoing annual Distribution and Service Fee of 0.25% and 1.00%, respectively. PFD receives the Distribution and Service Fee to support the marketing and sale of Scholar’s Edge and as compensation for services that PFD provides to the Plan. PFD uses amounts received from the Distribution and Service Fee to pay third parties, such as your Financial Advisor, that provide distribution, marketing, and related services. This Fee is accrued daily and is factored into a Portfolio’s Unit Value.

Class R Units. Class R Units are not subject to a Distribution and Service Fee.

NOTE J - INCOME TAXES

The Plans of the fiduciary fund were established under Section 529 of the Internal Revenue Code, which provides that all Portfolios within the Plans shall be exempt from income taxes. Therefore, no federal income tax provision is required. Individual account owners may be subject to federal income tax under certain conditions.

NOTE K - COMPENSATED ABSENCES

Certain amounts of vacation and sick pay earned and not taken are obligations of NMETB and recorded as payables. Sick leave accumulated in excess of 600 hours, not to exceed 120 hours, is payable semiannually at a rate equal to 50% of the employee’s hourly wage. Upon termination, vacation pay up to 240 hours becomes immediately payable. Vacation in excess of 240 hours and the first 600 hours of sick leave are forfeited upon termination. Upon retirement, sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50% hourly rate. Accrued vacation and sick pay is recorded as a liability, and the net change during the current year is recorded as an expense in NMETB’s governmental activities.

A summary of changes in accrued vacation and sick pay is as follows:

	<u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>2020</u>
Compensated absences	<u>\$ 18,852</u>	<u>11,964</u>	<u>(7,162)</u>	<u>\$ 23,654</u>

Of the balance outstanding at June 30, 2020, the full amount of \$23,654 is estimated to be due within one year.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE L - RISK MANAGEMENT

The NMETB, as a state agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the New Mexico General Services Department. The Office of Risk Management Division pays annual premiums for coverage provided in the following areas:

- Liability and civil rights protection for claims made by others against the State of New Mexico;
- Coverage to protect the State of New Mexico's property and assets; and
- Fringe benefit coverage for the State of New Mexico employees.

NOTE M - STATE GENERAL FUND INVESTMENT POOL

As provided for in Section 8-6 of the New Mexico Statutes Annotated 1978, the State Treasurer shall receive and keep all monies of the State, except when otherwise provided, and shall disburse the public money upon lawful warrants. The State Treasurer's Organization (STO) acts as the State's bank. Agency cash receipts are deposited with STO and pooled in a State Investment Fund, when amounts are greater than immediate needs they are placed into short-term investments. When agencies make payments to vendors and employees they are made from this pool and their claims on the pool reduced.

The comprehensive cash reconciliation model, which compares aggregated agency claims on the State General Fund Investment Pool to the associated resources held by the State Treasurer's Office, is now in its third year. This process has been reviewed multiple times by the IPAs during the audits of the General Fund, the Department of Finance and Administration and the State of New Mexico's Comprehensive Annual Financial Report. The reviews have deemed the process to be sound and the Department fully compliant with the requirements of the monthly process. As of June 30, 2020, the Department of Finance and Administration provides the following assertions:

- 1) Resources held in the pool were equivalent to the corresponding business unit claims on those resources.
- 2) All claims as recorded in SHARE shall be honored at face value.

EDUCATION TRUST BOARD OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE N - SUBSEQUENT EVENTS

Since December 31, 2019, the outbreak of COVID-19 and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global equity markets have experienced significant volatility and weakness. The fair value of the Plans' investments were negatively affected, particularly in the third quarter of the fiscal year, dropping from \$76.4 million in unrealized gains earned through December 31, 2019 to \$171.8 million in unrealized losses through March 31, 2020. As of October 27, 2020 the majority of these losses had been recouped. There has been no impact on NMETB revenue streams related to COVID-19. While governments and central banks have reacted with monetary interventions designed to stabilise economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time.

Any work disruptions experienced by NMETB have been mitigated by instituting work-at-home and staggered office hours and other work-flow processes.

EDUCATION TRUST BOARD OF NEW MEXICO
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
JUNE 30, 2020

	50580 Scholar's Edge	50480 The Education Plan	Total (Memorandum Only)
ASSETS			
Investments, at Fair Value (Scholar's Edge Cost \$1,819,551,725; The Education Plan Cost \$581,113,736)	\$ 1,834,320,430	\$ 578,560,900	\$ 2,412,881,330
Cash	7,343,781	1,876,180	9,219,961
	1,841,664,211	580,437,080	2,422,101,291
LIABILITIES			
Program Fees	301,247	23,746	324,993
Marketing and Advertising	1,278,255	23,746	1,302,001
Accounting and Audit Fees	120,498	-	120,498
	1,700,000	47,492	1,747,492
FIDUCIARY NET POSITION	\$ 1,839,964,211	\$ 580,389,588	\$ 2,420,353,799

EDUCATION TRUST BOARD OF NEW MEXICO
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020

	50580 Scholar's Edge	50480 The Education Plan	Total (Memorandum Only)
ADDITIONS			
Subscriptions	\$ 379,962,049	\$ 129,561,443	\$ 509,523,492
Investment Income			
Dividends	42,353,739	15,810,084	58,163,823
Interest	55,950	14,391	70,341
Less: Expenses:			
Distribution Fees	4,379,146	-	4,379,146
Management Fees	1,792,916	285,010	2,077,926
State Administrative Fees	653,793	285,010	938,803
Other Reimbursement	2,934,009	(26,702)	2,907,307
NET INVESTMENT INCOME	32,649,825	15,281,157	47,930,982
Capital Gains from Underlying Investments	30,540,658	14,552,259	45,092,917
Net Decrease in Fair Value of Investments	(2,666,411)	(14,074,810)	(16,741,221)
TOTAL ADDITIONS	440,486,121	145,320,049	585,806,170
DEDUCTIONS			
Redemptions	(498,454,830)	(141,857,527)	(640,312,357)
CHANGE IN NET POSITION	(57,968,709)	3,462,522	(54,506,187)
Fiduciary Net Position, Beginning of Year	1,897,932,920	576,927,066	2,474,859,986
FIDUCIARY NET POSITION, END OF YEAR	<u>\$ 1,839,964,211</u>	<u>\$ 580,389,588</u>	<u>\$ 2,420,353,799</u>

EDUCATION TRUST BOARD OF NEW MEXICO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL -
ADMINISTRATIVE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Program - Fees	\$ -	\$ -	\$ 3,285,399	\$ 3,285,399
Investment Income	-	-	188,636	188,636
Total Revenues	-	-	3,474,035	3,474,035
Budgeted Net Position	3,211,046	3,211,046	-	(3,211,046)
Total Revenues & Budgeted Net Position	3,211,046	3,211,046	3,474,035	262,989
EXPENSES				
Personnel services and employee benefits	538,338	538,338	373,238	165,100
Contractual services	2,466,533	2,466,533	2,240,494	226,039
Other costs	206,175	206,175	184,616	21,559
	<u>\$ 3,211,046</u>	<u>\$ 3,211,046</u>	<u>2,798,348</u>	<u>\$ 412,698</u>
CHANGE IN NET POSITION			675,687	
Net Position - Beginning of Year			<u>10,129,107</u>	
NET POSITION - END OF YEAR			<u>\$ 10,804,794</u>	

*P785 Education Trust is the only P-Code NMETB had for the fiscal year ended June 30, 2020.

**EDUCATION TRUST BOARD OF NEW MEXICO
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Name of Institution</u>	<u>Account Name</u>	<u>Share Fund No.</u>	<u>Deposit Type</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<i>Enterprise Fund:</i>					
NM State Treasurer's Office	Education Trust Board of New Mexico - Administrative Fund	11250	Interest in SGFIP	\$ 676,077	\$ 676,077
NM State Treasurer's Office	Education Trust Board of New Mexico - Administrative Fund	11250	Local Government Investment Pool	<u>10,277,270</u>	<u>10,277,270</u>
Total Enterprise Fund Types - Administrative Fund				<u>\$ 10,953,347</u>	<u>\$ 10,953,347</u>
<i>Fiduciary Funds</i>					
Bank of New York	Education Trust Board of New Mexico - Administrative Fund	50580	Cash Deposits	\$ 7,343,781	\$ 7,343,781
Bank of New York	Education Trust Board of New Mexico - Administrative Fund	50480	Cash Deposits	<u>1,876,180</u>	<u>1,876,180</u>
Total Fiduciary Fund Types - Scholar's Edge and The Education Plan				<u>\$ 9,219,961</u>	<u>\$ 9,219,961</u>

EDUCATION TRUST BOARD OF NEW MEXICO
FUND PERFORMANCE SUMMARY - BY PORTFOLIO - SCHOLAR'S EDGE (ADVISOR SOLD)
FOR THE YEAR ENDED JUNE 30, 2020

The table below presents the Average Annual Returns for each portfolio in the New Mexico Scholar's Edge Savings Program for period of December 6, 2019 - June 30, 2020:

<u>Portfolio</u>	<u>A Share Total Return %</u>	<u>C Share Total Return %</u>	<u>R Share Total Return %</u>	<u>Benchmark Return %</u>
Scholar's Edge 2038-2039 Portfolio	(4.50)	(4.90)	(4.30)	(4.20)
Scholar's Edge 2036-2037 Portfolio	(4.50)	(4.90)	(4.20)	(4.17)
Scholar's Edge 2034-2035 Portfolio	(4.10)	(4.50)	(3.90)	(3.54)
Scholar's Edge 2032-2033 Portfolio	(3.30)	(3.70)	(3.10)	(2.29)
Scholar's Edge 2030-2031 Portfolio	(2.20)	(2.60)	(2.00)	(0.80)
Scholar's Edge 2028-2029 Portfolio	(1.30)	(1.70)	(0.50)	0.54
Scholar's Edge 2026-2027 Portfolio	(0.10)	(0.50)	0.10	2.20
Scholar's Edge 2024-2025 Portfolio	1.00	0.60	1.20	3.21
Scholar's Edge 2022-2023 Portfolio	2.10	1.70	2.30	4.06
Scholar's Edge 2020-2021 Portfolio	2.80	2.40	3.10	3.59
Scholar's Edge Today Portfolio	3.50	3.00	3.70	3.89
Scholar's Edge Aggressive Portfolio	(3.40)	(3.70)	(3.10)	(2.61)
Scholar's Edge Moderate Portfolio	(0.10)	(0.50)	0.10	1.32
Scholar's Edge Conservative Portfolio	2.10	1.70	2.40	3.32
Scholar's Edge Fixed Income Portfolio	3.50	3.00	3.70	3.89
Scholar's Edge Capital Preservation Portfolio	0.50	0.10	0.70	0.58
Principal Short-Term Income Portfolio	2.70	2.30	3.00	2.88
Principal Income Portfolio	5.50	5.00	5.70	6.29
iShares Core U.S. Aggregate Bond Portfolio	4.70	4.30	4.90	6.29
MainStay MacKay High Yield Corporate Bond Portfolio	(3.30)	(3.70)	(3.20)	(3.25)
Vanguard Total International Bond Portfolio	2.00	1.60	2.30	2.49
iShares S&P 500 Stock Index Portfolio	(0.80)	(1.30)	(0.60)	(0.36)
Principal Blue Chip Portfolio	13.70	13.20	13.80	13.30
Principal Equity Income Portfolio	(12.80)	(13.20)	(12.50)	(14.35)
Vanguard Mid Cap Index Portfolio	(5.20)	(5.70)	(5.10)	(4.98)
iShares Small Cap Index Portfolio	(16.40)	(16.80)	(16.30)	(16.14)
Vanguard Total World Stock Portfolio	(4.40)	(4.80)	(4.20)	(3.76)
Principal Diversified International Portfolio	(11.30)	(11.70)	(11.10)	(8.80)
Principal International Small Company Portfolio	(13.80)	(14.20)	(13.50)	(9.93)
JPMorgan Emerging Markets Equity Portfolio	1.00	0.60	1.20	(3.90)
Principal Real Estate Securities Portfolio	(14.20)	(14.60)	(14.00)	(18.63)

EDUCATION TRUST BOARD OF NEW MEXICO
FUND PERFORMANCE SUMMARY - BY PORTFOLIO - SCHOLAR'S EDGE (ADVISOR SOLD),
CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

The benchmarks for the Scholar's Edge® Portfolios are based on a blend of the benchmarks applicable to each Underlying Investment category, as follows:

iShares Core U.S. Aggregate Bond Portfolio A	NM SE BBgBarc US Aggregate Bond Index
iShares Core U.S. Aggregate Bond Portfolio C	NM SE BBgBarc US Aggregate Bond Index
iShares Core U.S. Aggregate Bond Portfolio R	NM SE BBgBarc US Aggregate Bond Index
iShares S&P 500 Stock Index Portfolio A	NM SE S&P 500 Index
iShares S&P 500 Stock Index Portfolio C	NM SE S&P 500 Index
iShares S&P 500 Stock Index Portfolio R	NM SE S&P 500 Index
iShares Small Cap Index Portfolio A	NM SE S&P SmallCap 600 Index
iShares Small Cap Index Portfolio C	NM SE S&P SmallCap 600 Index
iShares Small Cap Index Portfolio R	NM SE S&P SmallCap 600 Index
JPMorgan Emerging Markets Equity Portfolio A	NM SE MSCI EM NR Index
JPMorgan Emerging Markets Equity Portfolio C	NM SE MSCI EM NR Index
JPMorgan Emerging Markets Equity Portfolio R	NM SE MSCI EM NR Index
MainStay MacKay High Yield Corporate Bond Portfolio A	NM SE ICE BofA US HY Constrained Index
MainStay MacKay High Yield Corporate Bond Portfolio C	NM SE ICE BofA US HY Constrained Index
MainStay MacKay High Yield Corporate Bond Portfolio R	NM SE ICE BofA US HY Constrained Index
Principal Blue Chip Portfolio A	NM SE RussII 1000 Growth Index
Principal Blue Chip Portfolio C	NM SE RussII 1000 Growth Index
Principal Blue Chip Portfolio R	NM SE RussII 1000 Growth Index
Principal Equity Income Portfolio A	NM SE Russell 1000 Value Index
Principal Equity Income Portfolio C	NM SE Russell 1000 Value Index
Principal Equity Income Portfolio R	NM SE Russell 1000 Value Index
Principal Income Portfolio A	NM SE BBgBarc US Aggregate Bond Index
Principal Income Portfolio C	NM SE BBgBarc US Aggregate Bond Index
Principal Income Portfolio R	NM SE BBgBarc US Aggregate Bond Index
Principal International Small Company Portfolio A	NM SE MSCI World Ex US Small Cap NR Index
Principal International Small Company Portfolio C	NM SE MSCI World Ex US Small Cap NR Index
Principal International Small Company Portfolio R	NM SE MSCI World Ex US Small Cap NR Index
Principal Real Estate Securities Portfolio A	NM SE MSCI US REIT GR Index
Principal Real Estate Securities Portfolio C	NM SE MSCI US REIT GR Index
Principal Real Estate Securities Portfolio R	NM SE MSCI US REIT GR Index
Principal Short-Term Income Portfolio A	NM SE BBgBarc Credit 1-3 Yr Index
Principal Short-Term Income Portfolio C	NM SE BBgBarc Credit 1-3 Yr Index
Principal Short-Term Income Portfolio R	NM SE BBgBarc Credit 1-3 Yr Index
Principal SystematEx International Portfolio A	NM SE MSCI EAFE NR Index
Principal SystematEx International Portfolio C	NM SE MSCI EAFE NR Index
Principal SystematEx International Portfolio R	NM SE MSCI EAFE NR Index
Scholar's Edge 2020-2021 Portfolio A	NM SE 2020-2021 Enrollment Custom Benchmark
Scholar's Edge 2020-2021 Portfolio C	NM SE 2020-2021 Enrollment Custom Benchmark
Scholar's Edge 2020-2021 Portfolio R	NM SE 2020-2021 Enrollment Custom Benchmark
Scholar's Edge 2022-2023 Portfolio A	NM SE 2022-2023 Enrollment Custom Benchmark
Scholar's Edge 2022-2023 Portfolio C	NM SE 2022-2023 Enrollment Custom Benchmark
Scholar's Edge 2022-2023 Portfolio R	NM SE 2022-2023 Enrollment Custom Benchmark
Scholar's Edge 2024-2025 Portfolio A	NM SE 2024-2025 Enrollment Custom Benchmark
Scholar's Edge 2024-2025 Portfolio C	NM SE 2024-2025 Enrollment Custom Benchmark
Scholar's Edge 2024-2025 Portfolio R	NM SE 2024-2025 Enrollment Custom Benchmark
Scholar's Edge 2026-2027 Portfolio A	NM SE 2026-2027 Enrollment Custom Benchmark

EDUCATION TRUST BOARD OF NEW MEXICO
FUND PERFORMANCE SUMMARY - BY PORTFOLIO - SCHOLAR'S EDGE (ADVISOR SOLD),
CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

Scholar's Edge 2026-2027 Portfolio C	NM SE 2026-2027 Enrollment Custom Benchmark
Scholar's Edge 2026-2027 Portfolio R	NM SE 2026-2027 Enrollment Custom Benchmark
Scholar's Edge 2028-2029 Portfolio A	NM SE 2028-2029 Enrollment Custom Benchmark
Scholar's Edge 2028-2029 Portfolio C	NM SE 2028-2029 Enrollment Custom Benchmark
Scholar's Edge 2028-2029 Portfolio R	NM SE 2028-2029 Enrollment Custom Benchmark
Scholar's Edge 2030-2031 Portfolio A	NM SE 2030-2031 Enrollment Custom Benchmark
Scholar's Edge 2030-2031 Portfolio C	NM SE 2030-2031 Enrollment Custom Benchmark
Scholar's Edge 2030-2031 Portfolio R	NM SE 2030-2031 Enrollment Custom Benchmark
Scholar's Edge 2032-2033 Portfolio A	NM SE 2032-2033 Enrollment Custom Benchmark
Scholar's Edge 2032-2033 Portfolio C	NM SE 2032-2033 Enrollment Custom Benchmark
Scholar's Edge 2032-2033 Portfolio R	NM SE 2032-2033 Enrollment Custom Benchmark
Scholar's Edge 2034-2035 Portfolio A	NM SE 2034-2035 Enrollment Custom Benchmark
Scholar's Edge 2034-2035 Portfolio C	NM SE 2034-2035 Enrollment Custom Benchmark
Scholar's Edge 2034-2035 Portfolio R	NM SE 2034-2035 Enrollment Custom Benchmark
Scholar's Edge 2036-2037 Portfolio A	NM SE 2036-2037 Enrollment Custom Benchmark
Scholar's Edge 2036-2037 Portfolio C	NM SE 2036-2037 Enrollment Custom Benchmark
Scholar's Edge 2036-2037 Portfolio R	NM SE 2036-2037 Enrollment Custom Benchmark
Scholar's Edge 2038-2039 Portfolio A	NM SE 2038-2039 Enrollment Custom Benchmark
Scholar's Edge 2038-2039 Portfolio C	NM SE 2038-2039 Enrollment Custom Benchmark
Scholar's Edge 2038-2039 Portfolio R	NM SE 2038-2039 Enrollment Custom Benchmark
Scholar's Edge Aggressive Portfolio A	NM SE Aggressive Custom Benchmark
Scholar's Edge Aggressive Portfolio C	NM SE Aggressive Custom Benchmark
Scholar's Edge Aggressive Portfolio R	NM SE Aggressive Custom Benchmark
Scholar's Edge Capital Preservation Portfolio A	NM SE ICE BofA 0-3 US Treasury Bill Index
Scholar's Edge Capital Preservation Portfolio C	NM SE ICE BofA 0-3 US Treasury Bill Index
Scholar's Edge Capital Preservation Portfolio R	NM SE ICE BofA 0-3 US Treasury Bill Index
Scholar's Edge Conservative Portfolio A	NM SE Conservative Custom Benchmark
Scholar's Edge Conservative Portfolio C	NM SE Conservative Custom Benchmark
Scholar's Edge Conservative Portfolio R	NM SE Conservative Custom Benchmark
Scholar's Edge Fixed Income Portfolio A	NM SE Fixed Income Custom Benchmark
Scholar's Edge Fixed Income Portfolio C	NM SE Fixed Income Custom Benchmark
Scholar's Edge Fixed Income Portfolio R	NM SE Fixed Income Custom Benchmark
Scholar's Edge Moderate Portfolio A	NM SE Moderate Custom Benchmark
Scholar's Edge Moderate Portfolio C	NM SE Moderate Custom Benchmark
Scholar's Edge Moderate Portfolio R	NM SE Moderate Custom Benchmark
Scholar's Edge Today Portfolio A	NM SE Principal Today Custom Benchmark
Scholar's Edge Today Portfolio C	NM SE Principal Today Custom Benchmark
Scholar's Edge Today Portfolio R	NM SE Principal Today Custom Benchmark
Vanguard Mid Cap Index Portfolio A	NM SE CRSP US Mid Cap Index
Vanguard Mid Cap Index Portfolio C	NM SE CRSP US Mid Cap Index
Vanguard Mid Cap Index Portfolio R	NM SE CRSP US Mid Cap Index
Vanguard Total International Bond Portfolio A	NM SE BBgBarc Global Aggregate Ex US FI Adj RIC Index
Vanguard Total International Bond Portfolio C	NM SE BBgBarc Global Aggregate Ex US FI Adj RIC Index
Vanguard Total International Bond Portfolio R	NM SE BBgBarc Global Aggregate Ex US FI Adj RIC Index
Vanguard Total World Stock Portfolio A	NM SE FTSE Global All Cap US RIC NR Index
Vanguard Total World Stock Portfolio C	NM SE FTSE Global All Cap US RIC NR Index
Vanguard Total World Stock Portfolio R	NM SE FTSE Global All Cap US RIC NR Index

EDUCATION TRUST BOARD OF NEW MEXICO
PORTFOLIO INVESTMENT ALLOCATIONS - SCHOLAR'S EDGE (ADVISOR SOLD), CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

The custom benchmarks for Target Enrollment Portfolios and Target Risk Portfolios in Scholar's Edge are based on the allocations to the underlying funds as follows:

Current Asset Allocation Portfolios

Underlying Funds	Investment Return	Benchmark	Benchmark Return
iShares S&P 500 Stock Index ETF (IVV)	-0.37%	S&P 500 TR USD	-0.36%
Principal Blue Chip R6 Fund	13.99%	Russell 1000 Growth TR USD	13.30%
Principal Equity Income Inst Fund	-12.51%	Russell 1000 Value TR USD	-14.35%
Vanguard Mid Cap Index Institutional Plus (VMCIX)	-4.94%	CRSP US Mid Cap TR USD	-4.98%
iShares Small Cap Index ETF (IJR)	-16.13%	S&P SmallCap 600 TR USD	-16.14%
Principal Diversified International R6 Fund	-5.24%	MSCI EAFE NR USD	-8.80%
JPMorgan Emerging Markets Equity R6 (JEMWX)	1.30%	MSCI EM NR USD	-3.90%
Principal Income R6 Fund	5.77%	BBgBarc US Agg Bond TR USD	6.29%
iShares Core U.S. Aggregate Bond (AGG)	6.20%	BBgBarc US Agg Bond TR USD	6.29%
Principal Short-Term Income Inst Fund	3.05%	BBgBarc Credit 1-3 Yr TR USD	2.88%
Principal Guaranteed Option	0.82%	ICE BofA 0-3 M US Trsy Bill TR USD	0.58%
Principal Real Estate Securities R6 Fund	-13.94%	MSCI US REIT GR USD	-18.63%

2038-2039 Enrollment Portfolio	2036-2037 Enrollment Portfolio	2034-2035 Enrollment Portfolio	2032-2033 Enrollment Portfolio	2030-2031 Enrollment Portfolio	2028-2029 Enrollment Portfolio	2026-2027 Enrollment Portfolio	2024-2025 Enrollment Portfolio
26.0500%	25.7500%	24.4000%	22.9500%	23.4000%	21.0500%	17.2000%	14.1000%
13.0500%	12.9000%	12.2000%	11.5000%	11.7000%	10.5000%	8.6500%	7.0500%
13.0500%	12.9000%	12.2000%	11.5000%	11.7000%	10.5000%	8.6500%	7.0500%
10.4500%	10.3000%	9.7500%	8.2000%	5.5000%	4.9500%	3.1500%	0.0000%
6.9500%	6.9000%	6.5000%	5.2500%	2.7500%	2.5000%	1.6000%	0.0000%
22.3500%	22.2000%	21.1500%	19.9000%	19.3000%	17.1000%	13.8000%	10.9000%
5.6000%	5.5500%	5.3000%	4.3000%	2.1500%	1.9000%	1.2000%	0.0000%
0.0000%	0.8000%	4.8000%	10.4000%	14.1000%	20.1500%	27.0000%	29.2000%
0.0000%	0.2000%	1.2000%	2.6000%	3.5000%	5.0500%	6.7500%	7.3000%
0.0000%	0.0000%	0.0000%	0.5000%	2.2000%	3.1500%	6.0000%	12.2000%
0.0000%	0.0000%	0.0000%	0.5000%	2.2000%	3.1500%	6.0000%	12.2000%
2.5000%	2.5000%	2.5000%	2.4000%	1.5000%	0.0000%	0.0000%	0.0000%

2022-2023 Enrollment Portfolio	2020-2021 Enrollment Portfolio	Principal Today	Aggressive Allocation	Moderate Allocation	Conservative Allocation	Fixed Income Allocation
8.7000%	2.5000%	0.0000%	22.6500%	17.8000%	10.0000%	0.0000%
4.4000%	1.2500%	0.0000%	11.3500%	8.9500%	5.0000%	0.0000%
4.4000%	1.2500%	0.0000%	11.3500%	8.9500%	5.0000%	0.0000%
0.0000%	0.0000%	0.0000%	9.1000%	4.2000%	0.0000%	0.0000%
0.0000%	0.0000%	0.0000%	6.0500%	2.1000%	0.0000%	0.0000%
6.4000%	1.5000%	0.0000%	20.0000%	14.4000%	7.5000%	0.0000%
0.0000%	0.0000%	0.0000%	5.0000%	1.6000%	0.0000%	0.0000%
35.7500%	39.2000%	40.0000%	9.6000%	26.9000%	34.8000%	40.0000%
8.9500%	9.8000%	10.0000%	2.4000%	6.7000%	8.7000%	10.0000%
15.2000%	18.7000%	20.0000%	0.0000%	4.2000%	14.5000%	20.0000%
16.2000%	25.8000%	30.0000%	0.0000%	4.2000%	14.5000%	30.0000%
0.0000%	0.0000%	0.0000%	2.5000%	0.0000%	0.0000%	0.0000%

**EDUCATION TRUST BOARD OF NEW MEXICO
PORTFOLIO INVESTMENT ALLOCATIONS - SCHOLAR'S EDGE (ADVISOR SOLD), CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020**

Individual Portfolios

Underlying Funds	Investment		Benchmark
	Return	Return	
iShares S&P 500 Stock Index ETF	-0.37%	S&P 500 TR USD	-0.36%
Principal Blue Chip R6 Fund	13.99%	Russell 1000 Growth TR USD	13.30%
Principal Equity Income Inst Fund	-12.51%	Russell 1000 Value TR USD	-14.35%
Vanguard Mid Cap Index Institutional	-4.94%	CRSP US Mid Cap TR USD	-4.98%
iShares Small Cap Index ETF	-16.13%	S&P SmallCap 600 TR USD	-16.14%
Principal Diversified International R6 Fund	-5.24%	MSCI ACWI Ex USA NR USD	-7.58%
JPMorgan Emerging Markets Equity R6	1.30%	MSCI EM NR USD	-3.90%
Principal Income R6 Fund	5.77%	BBgBarc US Agg Bond TR USD	6.29%
iShares Core US Aggregate Bond ETF	6.20%	BBgBarc US Agg Bond TR USD	6.29%
Principal Short-Term Income Inst Fund	3.05%	BBgBarc Credit 1-3 Yr TR USD	2.88%
Vanguard Total World Stock ETF	-3.68%	FTSE Global All Cap (US RIC) NR USD	-3.76%
Principal International Small Company R-6	-13.49%	MSCI World Ex USA Small Cap NR USD	-9.93%
Vanguard Total International Bond ETF	2.31%	BBgBarc Gbl Agg x USD FI Aj RIC TR HUSD	2.49%
MainStay MacKay High Yield Corporate Bond Fund	-3.03%	ICE BofA US HY Constnd TR USD	-3.25%
Principal Guaranteed Option	0.82%	ICE BofA 0-3 M US Trsy Bill TR USD	0.58%
Principal Real Estate Securities R6 Fund	-13.94%	MSCI US REIT GR USD	-18.63%

iShares S&P 500 Stock Index Portfolio	Principal Blue Chip Portfolio	Principal Equity Income Portfolio	Vanguard Mid Cap Index Portfolio	iShares Small Cap Index Portfolio	Principal Diversified Internationa I Portfolio	JPMorgan Emerging Markets Equity Portfolio	Principal Income Portfolio
100%							
	100%						
		100%					
			100%				
				100%			
					100%		
						100%	
							100%

**EDUCATION TRUST BOARD OF NEW MEXICO
PORTFOLIO INVESTMENT ALLOCATIONS - SCHOLAR'S EDGE (ADVISOR SOLD), CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020**

Underlying Funds	Investment Return	Benchmark	Benchmark Return
iShares S&P 500 Stock Index ETF	-0.37%	S&P 500 TR USD	-0.36%
Principal Blue Chip R6 Fund	13.99%	Russell 1000 Growth TR USD	13.30%
Principal Equity Income Inst Fund	-12.51%	Russell 1000 Value TR USD	-14.35%
Vanguard Mid Cap Index Institutional	-4.94%	CRSP US Mid Cap TR USD	-4.98%
iShares Small Cap Index ETF	-16.13%	S&P SmallCap 600 TR USD	-16.14%
Principal Diversified International R6 Fund	-5.24%	MSCI ACWI Ex USA NR USD	-7.58%
JPMorgan Emerging Markets Equity R6	1.30%	MSCI EM NR USD	-3.90%
Principal Income R6 Fund	5.77%	BBgBarc US Agg Bond TR USD	6.29%
iShares Core US Aggregate Bond ETF	6.20%	BBgBarc US Agg Bond TR USD	6.29%
Principal Short-Term Income Inst Fund	3.05%	BBgBarc Credit 1-3 Yr TR USD	2.88%
Vanguard Total World Stock ETF	-3.68%	FTSE Global All Cap (US RIC) NR USD	-3.76%
Principal International Small Company R-6	-13.49%	MSCI World Ex USA Small Cap NR USD	-9.93%
Vanguard Total International Bond ETF	2.31%	BBgBarc Gbl Agg x USD Fl Aj RIC TR HUSD	2.49%
MainStay MacKay High Yield Corporate Bond Fund	-3.03%	ICE BofA US HY Constnd TR USD	-3.25%
Principal Guaranteed Option	0.82%	ICE BofA 0-3 M US Trsy Bill TR USD	0.58%
Principal Real Estate Securities R6 Fund	-13.94%	MSCI US REIT GR USD	-18.63%

iShares Core US Aggregate Bond Portfolio	Principal Short-Term Income Portfolio	Vanguard Total World Stock Portfolio	Principal International Small Company Portfolio	Vanguard Total International Bond Portfolio	MainStay MacKay High Yield Corporate Bond Portfolio	Principal Guaranteed Option	Principal Real Estate Securities Portfolio
100%							
	100%						
		100%					
			100%				
				100%			
					100%		
						100%	
							100%

EDUCATION TRUST BOARD OF NEW MEXICO
FUND PERFORMANCE SUMMARY - BY PORTFOLIO - THE EDUCATION PLAN (DIRECT SOLD),
CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

The table below presents the Average Annual Returns for each portfolio in The Education Plan College Savings Program for the period of December 6, 2019 - June 30, 2020:

<u>Portfolio Name</u>	<u>Total Return (%)</u>	<u>Benchmark Return (%)</u>
2038-2039 Portfolio	(3.90)	(3.60)
2036-2037 Portfolio	(3.90)	(3.77)
2034-2035 Portfolio	(3.40)	(3.11)
2032-2033 Portfolio	(2.80)	(2.46)
2030-2031 Portfolio	(2.20)	(1.84)
2028-2029 Portfolio	(1.70)	(0.69)
2026-2027 Portfolio	(1.00)	(0.51)
2024-2025 Portfolio	(0.20)	0.32
2022-2023 Portfolio	0.90	1.30
2020-2021 Portfolio	1.60	1.87
Enrollment Portfolio	2.10	2.38
100% Equity Index Portfolio	(4.90)	(4.89)
75% Equity Index Portfolio	(2.60)	(2.06)
50% Equity Index Portfolio	(0.50)	0.13
25% Equity Index Portfolio	1.60	2.54
100% Active Equity Portfolio	(6.20)	(4.07)
75% Active Equity Portfolio	(3.80)	(1.31)
50% Active Equity Portfolio	(1.60)	0.82
25% Active Equity Portfolio	0.60	2.31
Capital Preservation Portfolio	1.30	0.58
Short-Term Treasury Index Portfolio	3.10	3.24
Bond Index Portfolio	6.30	6.44
US Equity Index Portfolio	(0.80)	(0.79)
Social Choice Portfolio	0.10	(0.86)

EDUCATION TRUST BOARD OF NEW MEXICO
FUND PERFORMANCE SUMMARY - BY PORTFOLIO - THE EDUCATION PLAN (DIRECT SOLD),
CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

The benchmarks for The Education Plan® Portfolios are based on a blend of the benchmarks applicable to each underlying Investment category as follows:

100% Active Equity Portfolio	NM TEP 100% Active Equity Custom Benchmark
100% Equity Index Portfolio	NM TEP 100% Equity Index Custom Benchmark
2020-2021 Portfolio	NM TEP 2020-2021 Enrollment Custom Benchmark
2022-2023 Portfolio	NM TEP 2022-2023 Enrollment Custom Benchmark
2024-2025 Portfolio	NM TEP 2024-2025 Enrollment Custom Benchmark
2026-2027 Portfolio	NM TEP 2026-2027 Enrollment Custom Benchmark
2028-2029 Portfolio	NM TEP 2028-2029 Enrollment Custom Benchmark
2030-2031 Portfolio	NM TEP 2030-2031 Enrollment Custom Benchmark
2032-2033 Portfolio	NM TEP 2032-2033 Enrollment Custom Benchmark
2034-2035 Portfolio	NM TEP 2034-2035 Enrollment Custom Benchmark
2036-2037 Portfolio	NM TEP 2036-2037 Enrollment Custom Benchmark
2038-2039 Portfolio	NM TEP 2038-2039 Enrollment Custom Benchmark
25% Active Equity Portfolio	NM TEP 25% Active Equity Custom Benchmark
25% Equity Index Portfolio	NM TEP 25% Equity Custom Benchmark
50% Active Equity Portfolio	NM TEP 50% Active Equity Custom Benchmark
50% Equity Index Portfolio	NM TEP 50% Equity Custom Benchmark
75% Active Equity Portfolio	NM TEP 75% Active Equity Custom Benchmark
75% Equity Index Portfolio	NM TEP 75% Equity Index Custom Benchmark
Bond Index Portfolio	NM TEP BBgBarc US Agg Float Adj Index
Capital Preservation Portfolio	NM TEP ICE BofA 0-3 Mo US Treasury Bill Index
Enrollment Portfolio	NM TEP Enrollment Custom Benchmark
Short-Term Treasury Index Portfolio	NM TEP BBgBarc 1-3 Yr US Treasury Index
Social Choice Portfolio	NM TEP Russell 3000 Index
US Equity Index Portfolio	NM TEP Vanguard Spliced Instl Total Stock Mkt Index
Vanguard Total Stock Market Index Instl Plus Fund	CRSP US Total Market TR
Vanguard Developed Markets Index Fund	FTSE Dev ex US All Cap (US RIC) NR
Schwab US REIT ETF	DJ US Select REIT TR
Vanguard Total bond Market II Index	BB US AGG Float Adjusted TR

EDUCATION TRUST BOARD OF NEW MEXICO
PORTFOLIO INVESTMENT ALLOCATIONS - THE EDUCATION PLAN (DIRECT SOLD),
CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

Risk portfolios in The Education Plan are based on the allocations to the underlying funds as follows:

Investment Return	Benchmark	Benchmark Return	Enrollment Portfolio	2020-2021 Enrollment Portfolio
-0.77%	CRSP US Total Market TR	-0.79%	5.4000%	8.1000%
-23.00%	DJ US Select REIT TR	-22.56%	0.6000%	0.9000%
-8.28%	FTSE Dev ex us All Cap (US RIC) NR	-8.24%	3.0000%	4.5000%
-4.87%	S&P Emerging BMI NR USD	-5.03%	1.0000%	1.5000%
6.10%	BB US AGG Float Adjusted TR	6.44%	15.0000%	17.5000%
2.43%	BBgBarc U.S. Treasury TIPS 1-5Y TR USD	2.79%	4.5000%	5.2500%
-2.42%	BBgBarc US HY Ba/B 2% Issuer Cap TR USD	-1.02%	3.0000%	3.5000%
2.59%	BBgBarc Gbl Agg xUSD 10% IC TR Hdg USD	2.77%	7.5000%	8.7500%
3.19%	BBgBarc 1-3 Yr US Treasury TR USD	3.24%	30.0000%	25.0000%
1.37%	ICE BofA 0-3 M US Trsy Bill TR USD	0.58%	30.0000%	25.0000%

2022-2023 Enrollment Portfolio	2024-2025 Enrollment Portfolio	2026-2027 Enrollment Portfolio	2028-2029 Enrollment Portfolio	2030-2031 Enrollment Portfolio	2032-2033 Enrollment Portfolio	2034-2035 Enrollment Portfolio
15.3000%	22.5000%	28.3500%	33.3000%	36.9000%	40.5000%	44.1000%
1.7000%	2.5000%	3.1500%	3.7000%	4.1000%	4.5000%	4.9000%
8.5000%	12.5000%	15.7500%	18.5000%	20.5000%	22.5000%	24.5000%
2.8333%	4.1667%	5.2500%	6.1667%	6.8333%	7.5000%	8.1667%
21.6667%	18.3333%	15.0000%	12.0833%	10.4167%	8.7500%	7.0833%
6.5000%	5.5000%	4.5000%	3.6250%	3.1250%	2.6250%	2.1250%
4.3333%	3.6667%	3.0000%	2.4167%	2.0833%	1.7500%	1.4167%
10.8333%	9.1667%	7.5000%	6.0417%	5.2083%	4.3750%	3.5417%
14.1667%	10.8333%	8.7500%	7.0833%	5.4167%	3.7500%	2.0833%
14.1667%	10.8333%	8.7500%	7.0833%	5.4167%	3.7500%	2.0833%

2036-2037 Enrollment Portfolio	2038-2039 Enrollment Portfolio	100% Equity Index Portfolio	75% Equity Index Portfolio	50% Equity Index Portfolio	25% Equity Index Portfolio
47.7000%	48.6000%	54.0000%	40.5000%	27.0000%	13.5000%
5.3000%	5.4000%	6.0000%	4.5000%	3.0000%	1.5000%
26.5000%	27.0000%	30.0000%	22.5000%	15.0000%	7.5000%
8.8333%	9.0000%	10.0000%	7.5000%	5.0000%	2.5000%
5.4167%	5.0000%	0.0000%	8.7500%	16.2500%	22.5000%
1.6250%	1.5000%	0.0000%	2.6250%	4.8750%	6.7500%
1.0833%	1.0000%	0.0000%	1.7500%	3.2500%	4.5000%
2.7083%	2.5000%	0.0000%	4.3750%	8.1250%	11.2500%
0.4167%	0.0000%	0.0000%	7.5000%	17.5000%	30.0000%
0.4167%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

EDUCATION TRUST BOARD OF NEW MEXICO
PORTFOLIO INVESTMENT ALLOCATIONS - THE EDUCATION PLAN (DIRECT SOLD),
CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

Current Active Asset Allocation Portfolio			
Underlying Funds	Investment		Benchmark
	Return	Benchmark	Return
American Funds Fundamental Invs F3	-2.50%	S&P 500 TR USD	-0.36%
TIAA CREF Real Estate Sec Instl	-8.22%	FTSE Nareit All Equity REITs TR USD	-12.52%
DFA International Core Equity I	-11.80%	MSCI World ex USA NR USD	-8.96%
DFA Emerging Markets Core Equity I	-8.27%	MSCI EM NR USD	-3.90%
TIAA CREF Bond Plus Instl	3.89%	BBgBarc US Agg Bond TR USD	6.29%
DFA Inflation-Protected Securities I	6.57%	BBgBarc US Treasury US TIPS TR USD	6.21%
Prudential Global Total Return R6	1.56%	BBgBarc Global Aggregate TR USD	3.65%
Vanguard Ultra Short Term Bond Admiral	1.46%	BBgBarc US Trsy Bellwethers 2 Yr TR USD	3.17%
NY Life GIA 10	1.37%	ICE BofA 0-3 M US Trsy Bill TR USD	0.58%

100% Active	75% Active	50% Active	25% Active
Equity	Equity	Equity	Equity
54.0000%	40.5000%	27.0000%	13.5000%
6.0000%	4.5000%	3.0000%	1.5000%
30.0000%	22.5000%	15.0000%	7.5000%
10.0000%	7.5000%	5.0000%	2.5000%
0.0000%	8.7500%	16.2500%	22.5000%
0.0000%	2.6250%	4.8750%	6.7500%
0.0000%	4.3750%	8.1250%	11.2500%
0.0000%	1.7500%	3.2500%	4.5000%
0.0000%	7.5000%	17.5000%	30.0000%

Individual Portfolios	Investment		Benchmark
	Return	Benchmark	Return
NY Life Funding Agreement	1.35%	ICE BofA 0-3 M US Trsy Bill TR USD	0.58%
Vanguard Short-Term Treasury Index Instl	3.19%	BBgBarc 1-3 Yr US Treasury TR USD	3.24%
Vanguard Total Bond Market Index ETF	6.39%	BBgBarc US Agg Float Adj TR USD	6.44%
Vanguard Total Stock Market Index Instl Plus	-0.77%	Vanguard Spliced Instl Total Stock Mkt Index	-0.79%
TIAA-CREF Social Equity Instl	0.15%	Russell 3000 TR USD	-0.86%

Capital Preservation Portfolio	Short-Term Index Portfolio	Bond Index Portfolio	US Equity Index Portfolio	Social Choice Portfolio
100.0000%				
	100.0000%			
		100.0000%		
			100.0000%	
				100.0000%



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Education Trust Board of New Mexico and
Mr. Brian Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Education Trust Board of New Mexico (the Board), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 27, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Education Trust Board of New Mexico and
Mr. Brian Colón, Esq., New Mexico State Auditor

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 27, 2020

**EDUCATION TRUST BOARD OF NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditors' Results

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- | | |
|---|----|
| 1. Material weaknesses identified | No |
| 2. Significant deficiencies identified | No |
| 3. Noncompliance material to the financial statements noted | No |

Section II - Current Year Findings Pertaining to the Financial Statements Which Are Required to be Reported

None.

Section III - Other Findings

None.

**EDUCATION TRUST BOARD OF NEW MEXICO
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

No findings in prior year.

**EDUCATION TRUST BOARD OF NEW MEXICO
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2020**

An exit conference was held with NMETB on October 29, 2020. The conference was held via zoom meeting. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

EDUCATION TRUST BOARD OF NEW MEXICO

Sandra Liggett, JD	Board Chair
Theodore Miller	Executive Director
Janet Pacheco-Morton, CPA, CGFM	Board Consultant, Morton Accounting Services, LLC

CLIFTONLARSONALLEN LLP

Matt Bone, CPA, CGFM, CGMA	Principal
Isaac Adamu, CPA	Manager