

NEW MEXICO STATE INVESTMENT COUNCIL

NEW MEXICO'S PERMANENT FUNDS



LEGISLATIVE FINANCE COMMITTEE PERMANENT FUND UPDATE

FUND VALUES, INVESTMENT PERFORMANCE AND 2019 OUTLOOK

OCTOBER 25, 2018

MANAGED NET ASSETS

SEPT. 30, 2018

\$24,668,360,427

**LGPF:
\$18,043,915,911**

**STPF:
\$5,318,668,411**

**Clients:
\$1,097,429,858**

**Tobacco:
\$166,096,407**

**Water:
\$42,250,373**

FUND PERFORMANCE

AUGUST 31, 2018 (NET OF FEES)

	Market Value	1 Year	3 Years	5 Years	7 Years	10 Years
NMSIC Total	\$24,387,171,719	8.50	8.82	8.09	8.70	6.40
LGPF	\$17,813,598,346	8.52	8.80	8.07	8.73	6.48
Policy Index		8.10	8.47	8.18	8.62	6.55
STPF	\$5,276,265,453	8.38	8.78	8.03	8.42	5.91
Policy Index		8.33	8.59	8.25	8.67	6.51

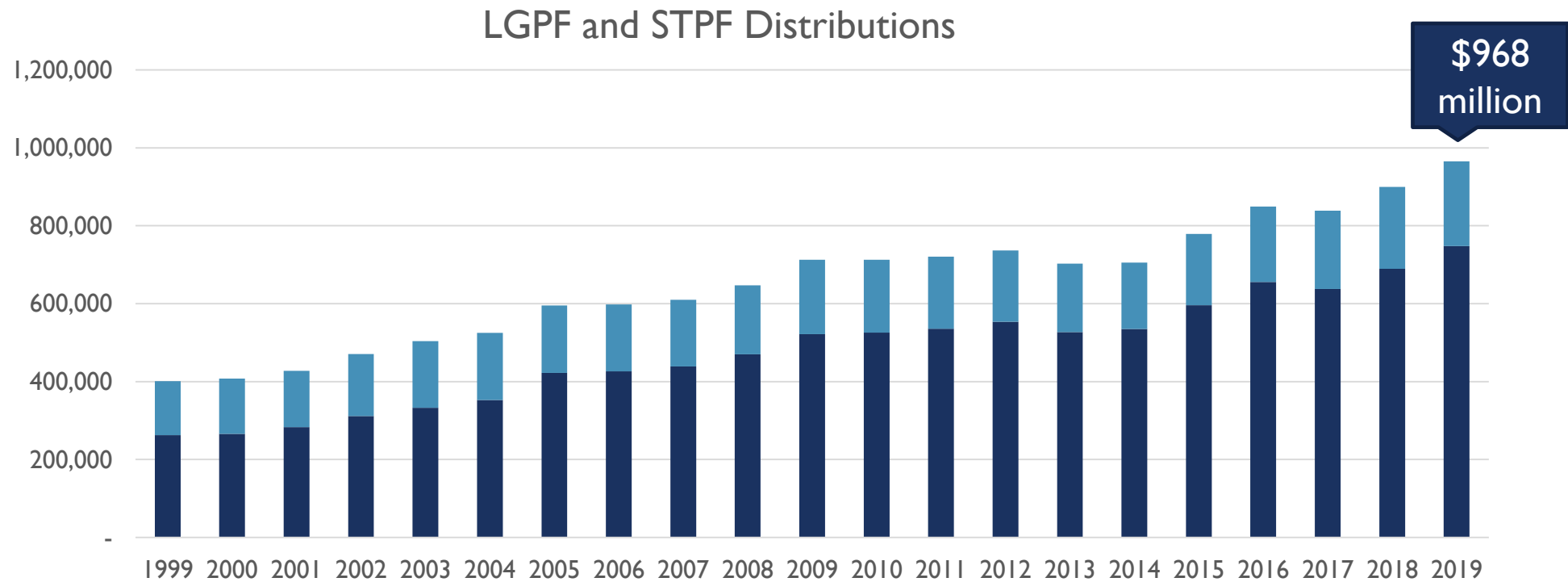
Source: RVK

IFX “INVESTOR FORCE” RANKINGS

- Comparison among public funds \$1B or greater.
- Percentile rankings:
 - 1 = best
 - 100 = worst

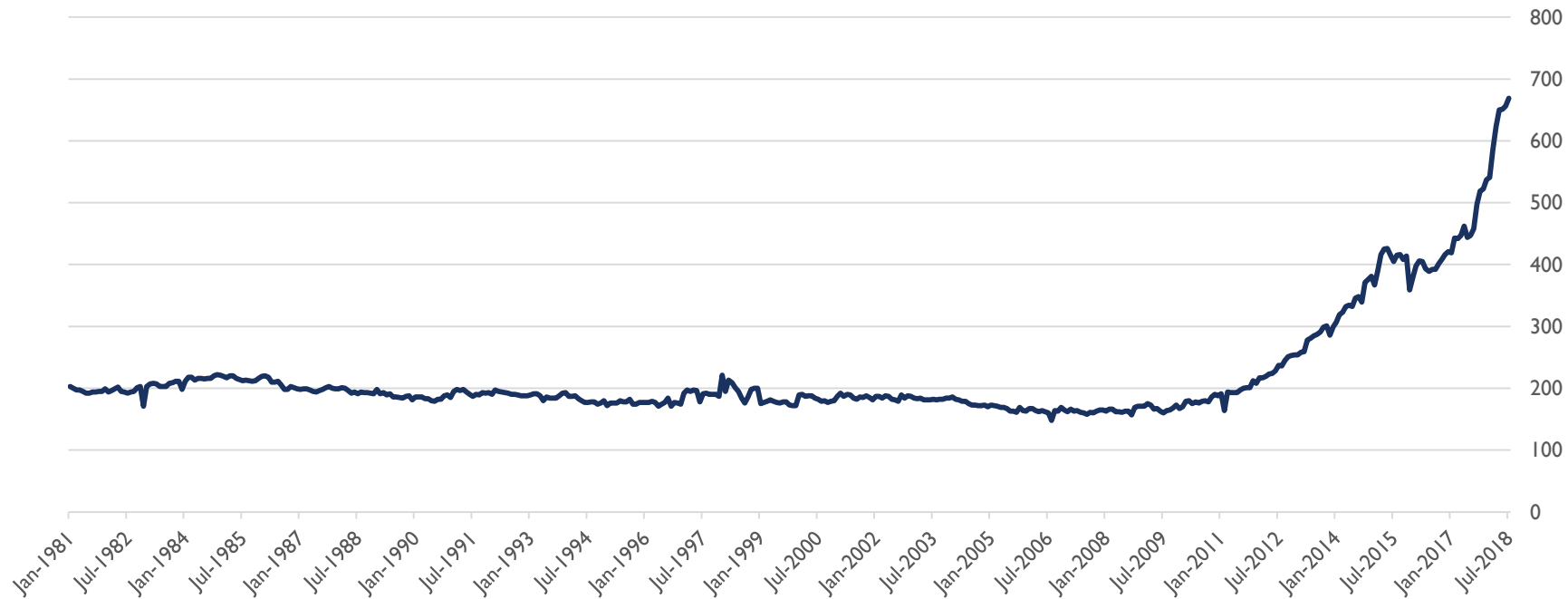
Ifx Rankings, Q2 2018, Net of Fees				
	LGPF		STPF	
	Return	Percentile	Return	Percentile
1 Year	8.36%	34%	8.43%	33%
3 Years	7.04%	31%	7.04%	31%
5 Years	7.93%	43%	7.90%	44%
7 Years	7.57%	33%	7.31%	45%
10 Years	6.08%	49%	5.50%	81%

GROWTH OF DISTRIBUTIONS



PRODUCTION BOOM

New Mexico Field Production of Crude Oil - Jan. 1981 to Jul. 2018
(Thousand Barrels per Day)



PROJECTED EARNINGS OUTLOOK

	Last 10 Years (3.31.2018)		Long Run Historical	Strategy Group Expectations (7-10 Years Fwd)	
	Compound	Range*		Compound	Range*
U.S. GDP (Real)	1.56%	-0.50%-2.45%	2.50-4.50%	1.25%-2.00%	0.00%-3.00%
U.S. Inflation (CPI)	1.57%	1.00%-3.50%	2.00-6.00%	2.00%-2.50%	1.00%-4.00%
U.S. GDP (Nominal)	3.13%	1.00%-4.25%	5.00-9.00%	3.50%-4.50%	2.00%-6.00%
U.S. Stocks	~9.50%		9-11%	~5.50%	
U.S. Bonds	~4.00%		4-7%	~3.00%	
65/35 Stocks/Bonds Return	~7.60%		~8.50%	~4.65%	
Median Public Fund (\$1 Billion+)	6.60%		20 Yrs=6.62% 30 Yrs=8.90%	~5.25%	

* "Range" refers to observations based upon a time series of quarterly moving, three year compounded growth rates