

Agency Update

Investment & Pensions Oversight Committee (IPOC)

Rep. Cynthia Borrego, Chair & Senator Roberto "Bobby" J. Gonzales, Vice-Chair

November 9, 2026

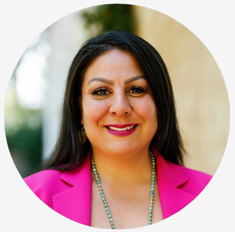
THE COUNCIL TODAY & UPCOMING CHANGES



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Michelle Lujan Grisham, Chair



Public Land Commissioner
Stephanie Garcia Richard, Vice Chair



State Treasurer Laura M. Montoya



DFA Secretary
Wayne Propst



Nick Telles, VP of Finance & Administration, CFO for Santa Fe Community College



Public Member & Gov. Appointee
John Bingaman



Public Member & Gov. Appointee
Mary Rohman



Public Member & Leg. Appointee
Kelly O'Donnell



Public Member & Leg. Appointee
Catherine Allen



Public Member & Leg. Appointee
Allen Sánchez

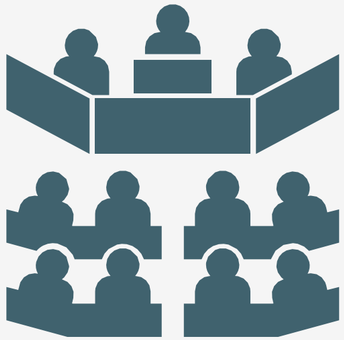


Public Member & Leg. Appointee
Kurt A. Summer

OUR WORK ON BEHALF OF NEW MEXICANS



The SIC receives public dollars, mainly from natural resources and trust lands.



The Council approves investment of those dollars, so they grow.



We send a defined portion of the funds' market value back to New Mexico to pay for essential public services. About **$3B this year.**

$3K

In tax savings per NM household that would otherwise pay for essential services supported by SIC.

SIC GROWS DISTRIBUTIONS, LEGISLATORS DETERMINE USE

$42B

Projected to be distributed to the state over the next decade.



Universal childcare for all working and student families regardless of income.



Almost one third of funding for **public k-12 education.**



Workforce dev. and apprenticeship programs for career paths outside of traditional higher education.

Nearly 80% of funding for **early childhood education** like preschool and pre-k.

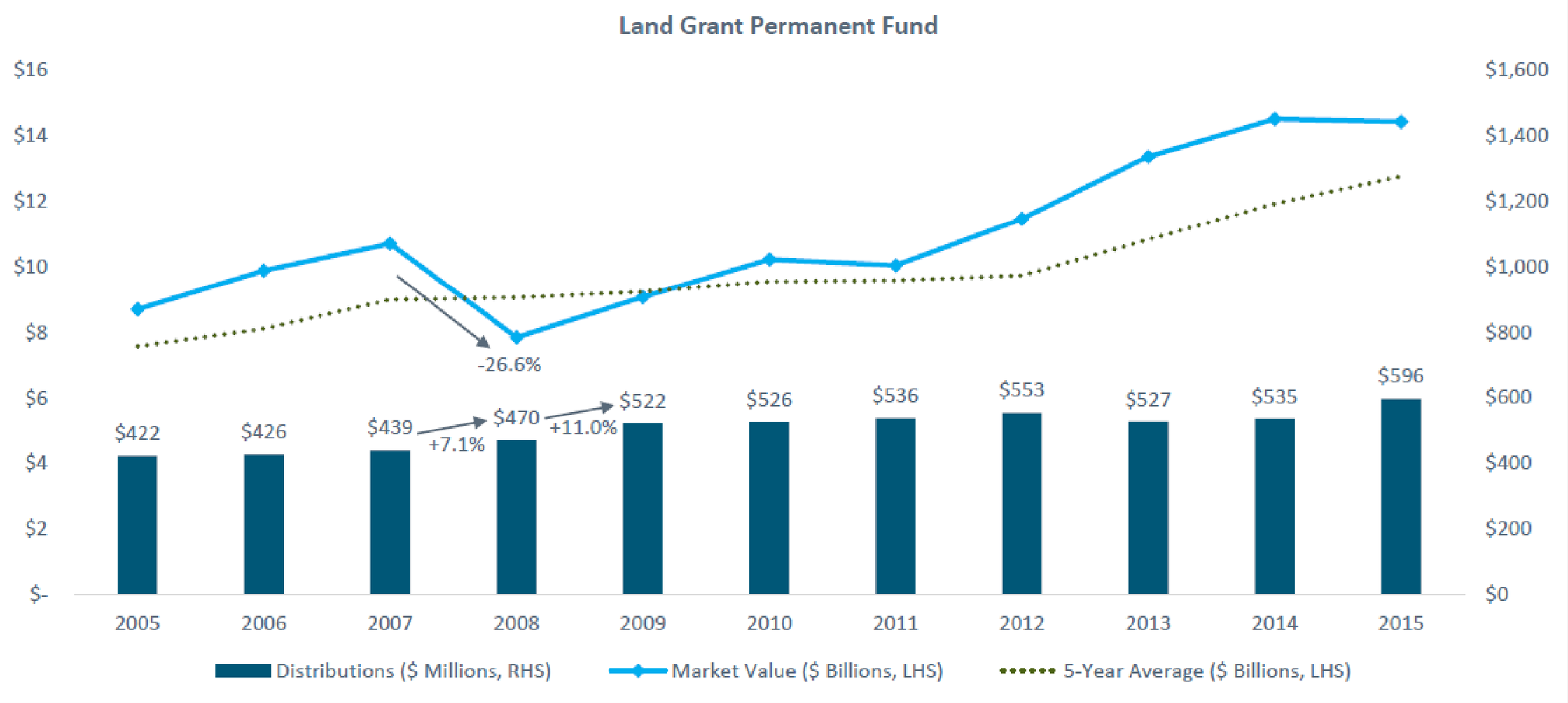
Tuition-free college for NM residents through the Opportunity Scholarship.





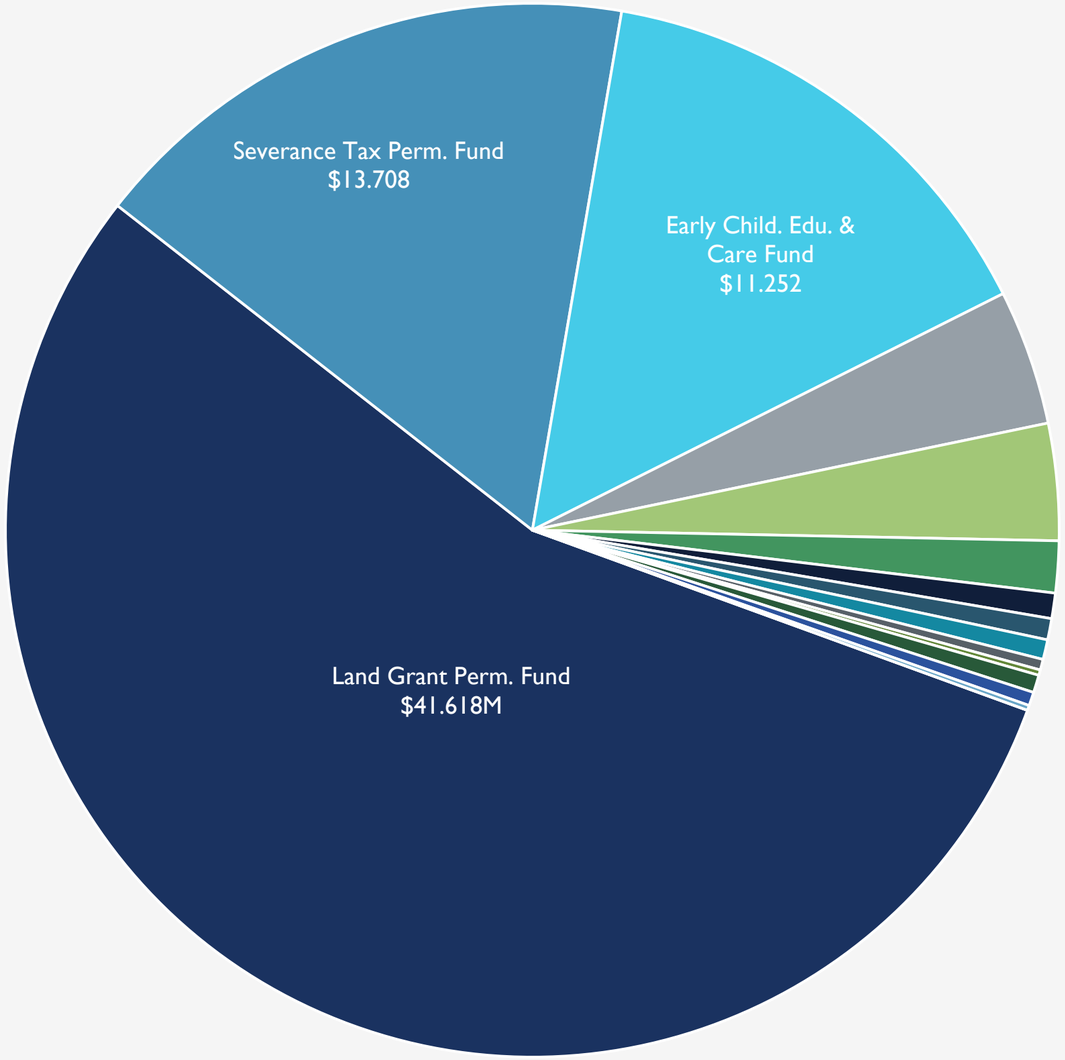
DISTRIBUTION FORMAT PROVIDES BUFFER TO BUDGET VOLATILITY

LGPF distributions are based on the 5-year average value of the fund and shield beneficiary & budget impact from market pull backs. Even during the Global Financial Crisis, LGPF distributions kept rising due to this.



Market values shown in calendar years, distributions in fiscal years. The FY13 decline was driven by a decrease in LGPF distribution rate from 5.8% to 5.5%

WE OVERSEE 14 UNIQUE FUNDS*



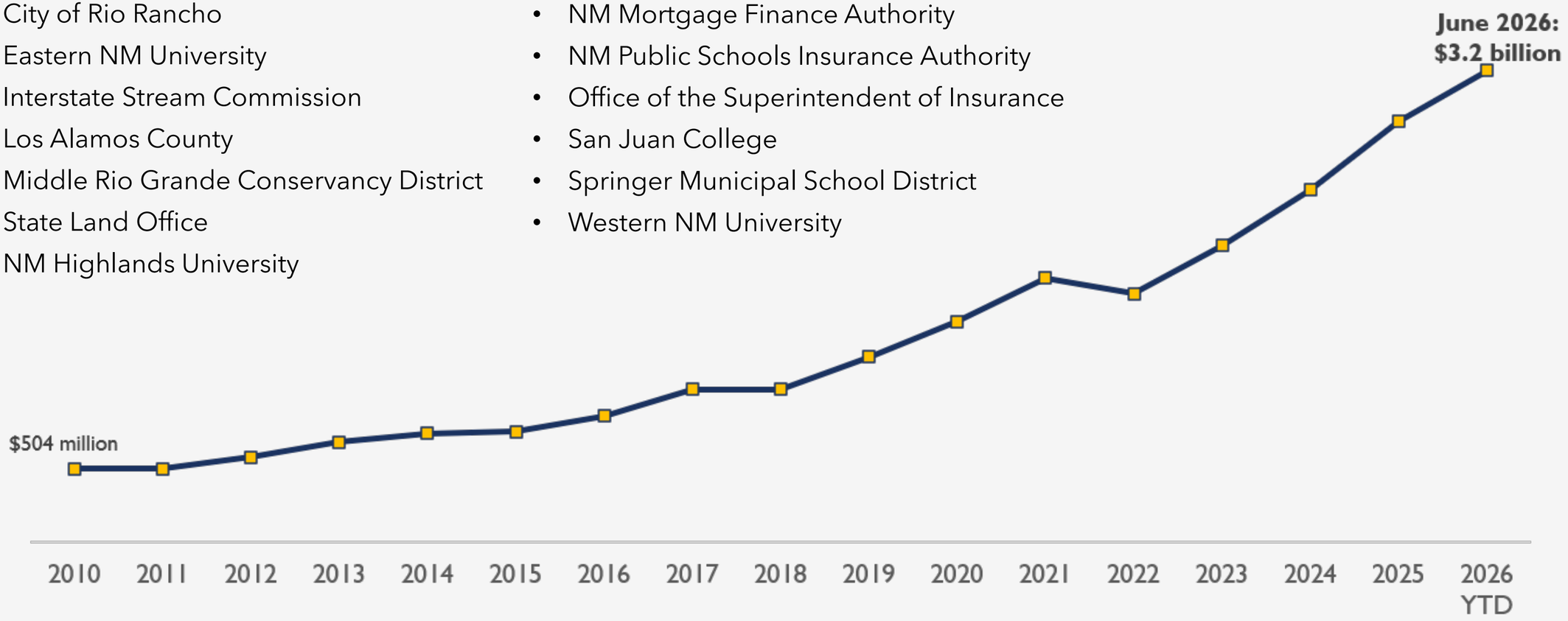
- **Tax Stabilization Reserve Fund | $2.4B**
- **Higher Education Trust Fund | $1.1B**
- **Capital Development & Reserve Fund | $836M**
- **Tobacco Settlement Perm. Fund | $479M**
- **Conservation Legacy Permanent Fund | $456M**
- **Water Trust Fund | $234M**
- **Opioid Settlement Restricted Fund | $107M**
- **Behavioral Health Trust Fund | $160M**
- **Medicaid Trust Fund | $72M**
- **Rural Libraries Endowment Fund | $39M**
- **Workforce Development & Apprenticeship Trust Fund | $28M**

WE ALSO MANAGE $3.2B FOR 23 GOVERNMENT CLIENTS

*Data as of September 30, 2026

SIC GOVERNMENT CLIENT FUNDSA GROWTH STORY

- Central NM Community College
- Children, Youth and Families Department
- Clovis Community College
- Clovis Carver Library
- City of Las Cruces
- City of Rio Rancho
- Eastern NM University
- Interstate Stream Commission
- Los Alamos County
- Middle Rio Grande Conservancy District
- State Land Office
- NM Highlands University
- NM Military Institute
- NM Retiree Health Care Authority
- NM School for the Visually Handicapped
- NM Small Business Investment Corporation
- NM Institute of Mining and Technology
- NM Mortgage Finance Authority
- NM Public Schools Insurance Authority
- Office of the Superintendent of Insurance
- San Juan College
- Springer Municipal School District
- Western NM University



A GROWING ROLE IN FUNDING PUBLIC SCHOOLS & EARLY CHILDHOOD EDUCATION

Public School Funding ($MM)	FY23	FY24	FY25	FY26	FY27
Public School Support Operating Budget	**$ 3,873**	**$ 4,176**	**$ 4,428**	**$ 4,673**	**$ 4,789**
Early Childhood Funding ($MM)	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**
ECECD General Fund Budget	$ 196	$ 327	$ 348	$ 301	$ 326
Early Childhood Trust Fund Budget	$ 30	$ 150	$ 250	$ 491	$ 655
Subtotal Early Childhood GF+ECTF	$ 226	$ 477	$ 598	$ 792	$ 981
Other Early Childhood Funding Sources	$ 237	$ 168	$ 95	$ 64	$ 59
Total Early Childhood System (all funding sources)	**$ 462**	**$ 645**	**$ 692**	**$ 856**	**$ 1,039**

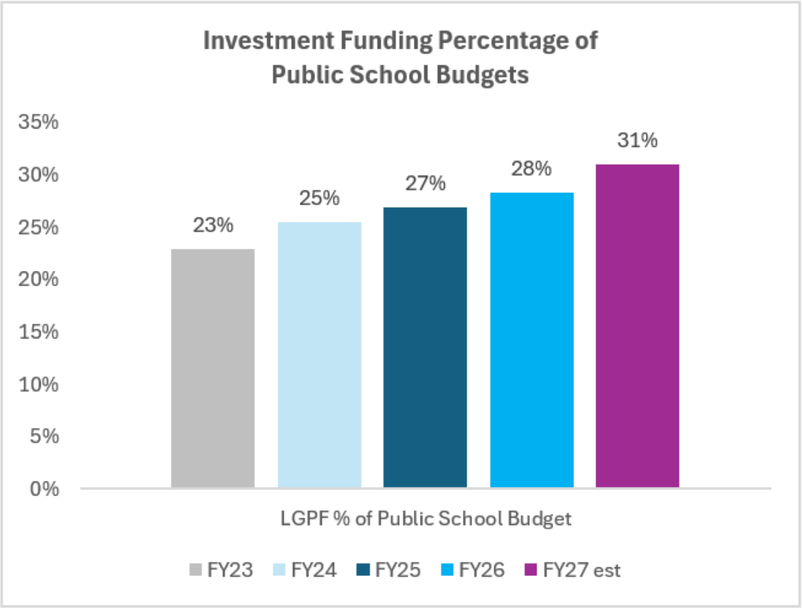
Source: LFC Post-Session Reports

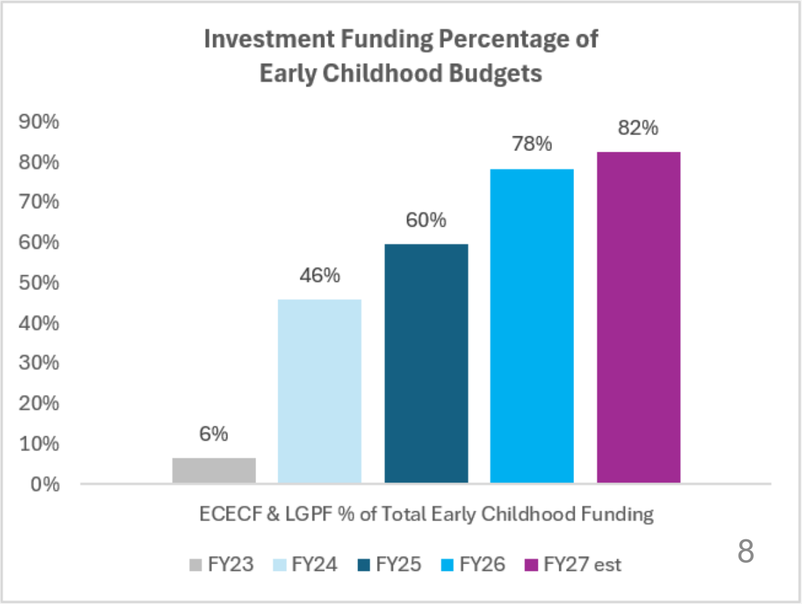
Permanent/Endowment Funds ($MM)	FY23	FY24	FY25	FY26	FY27 est.
LGPF 5% Distrib. for Common Schools	$ 886	$ 967	$ 1,083	$ 1,200	$ 1,347
40% of addt'l LGPF 1.25% for Public Schools	$ -	$ 97	$ 108	$ 120	$ 135
Total LGPF Distrib. for Public Schools	**$ 886**	**$ 1,064**	**$ 1,192**	**$ 1,320**	**$ 1,482**
ECECF Distrib. to Program Fund*	$ 30	$ 150	$ 250	$ 500	$ 655
60% of addt'l LGPF 1.25% for Early Childhood	$ -	$ 145	$ 162	$ 180	$ 202
Total Perm./Endow. Distrib. for Early Childhood	**$ 30**	**$ 295**	**$ 412**	**$ 680**	**$ 857**

Source: NM State Investment Office

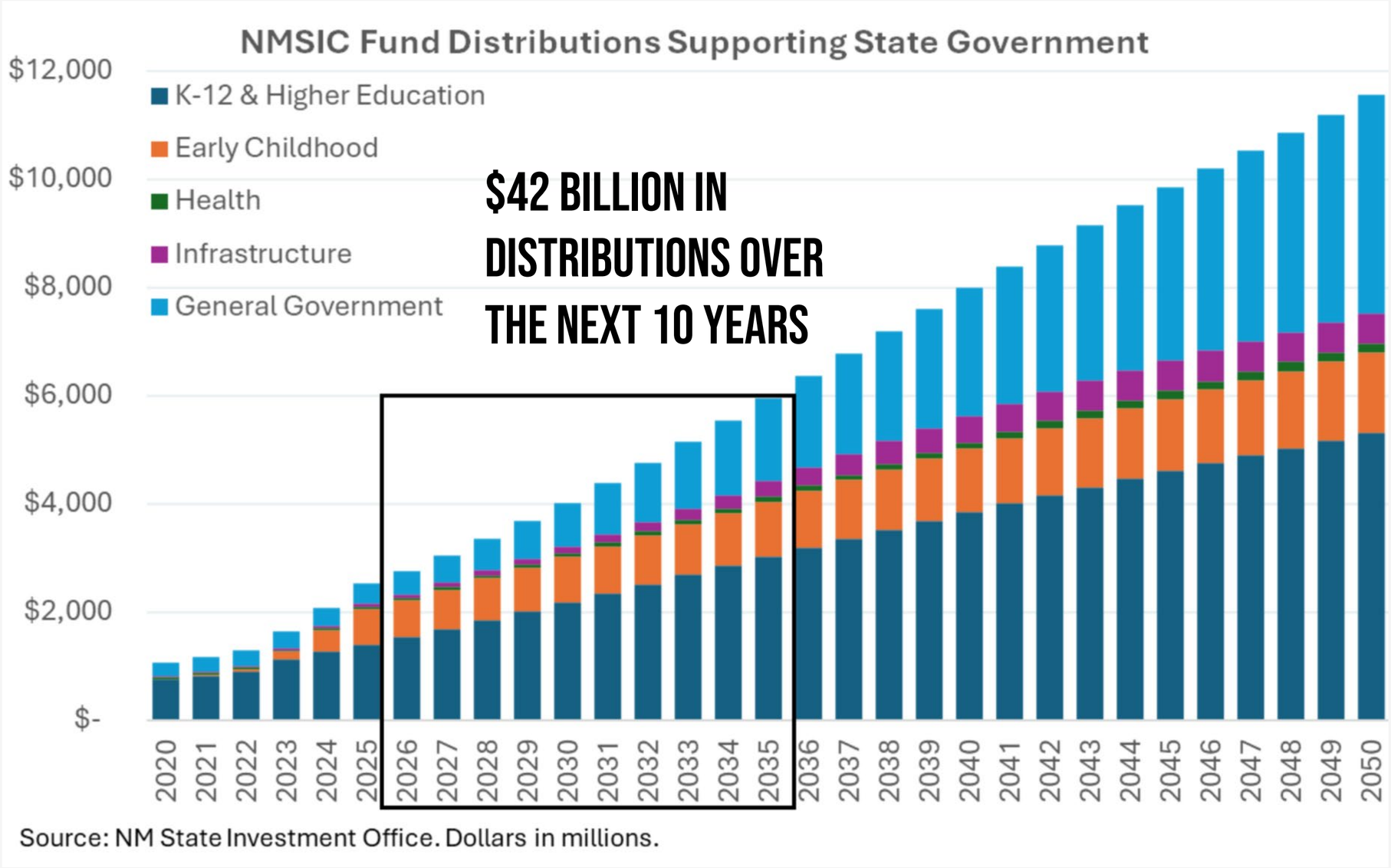
*FY27 assumes additional appropriations are made in the 2027 legislative session per SB241(2026) that are consistent with HB2(2026)

Investment Funds % of Funding	FY23	FY24	FY25	FY26	FY27 est
LGPF % of Public School Budget	**23%**	**25%**	**27%**	**28%**	**31%**
ECECF & LGPF % of Total Early Childhood Funding	**6%**	**46%**	**60%**	**78%**	**82%**



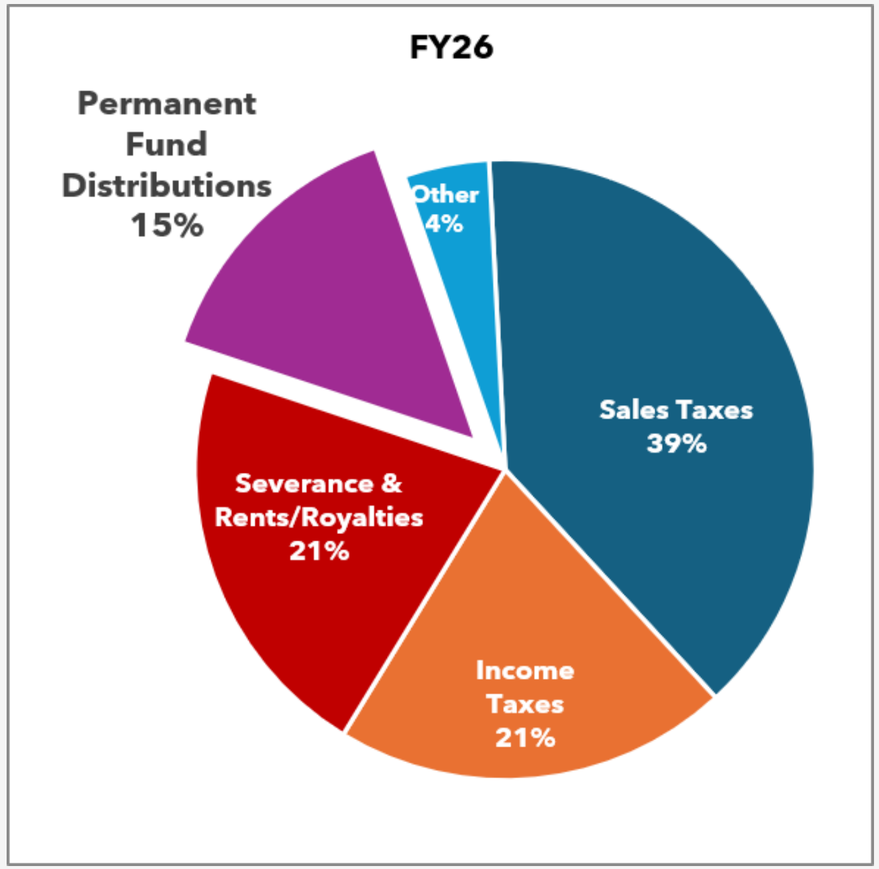


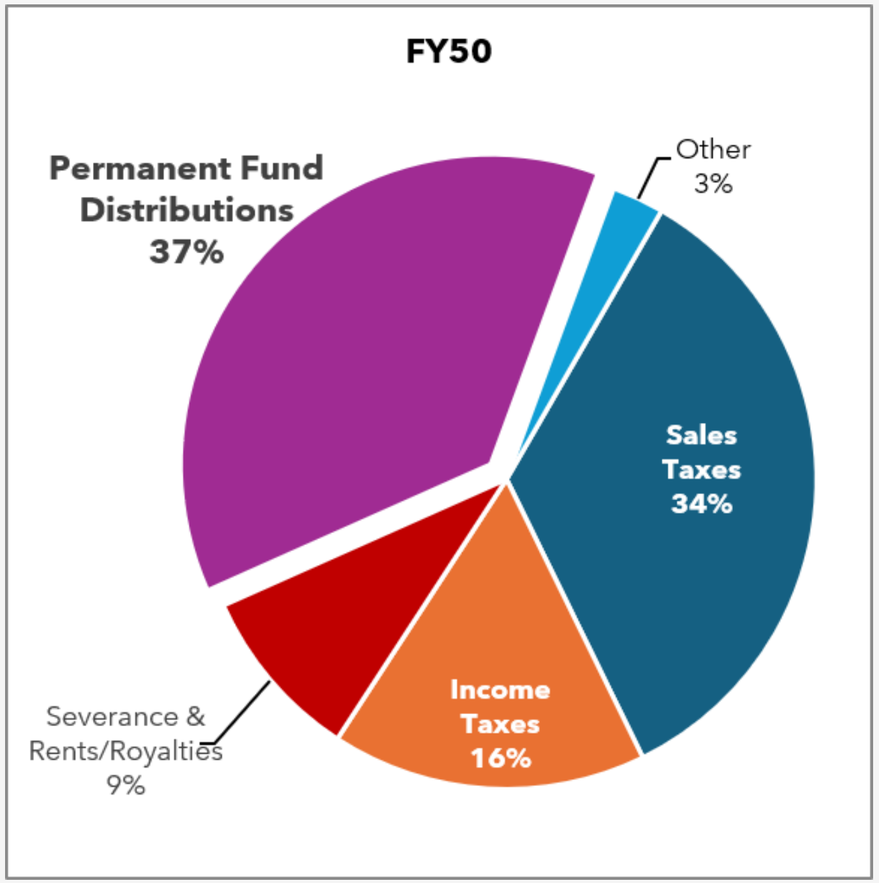
SIC GROWS DISTRIBUTIONS, LEGISLATORS DETERMINE USE



A GROWING SHARE OF GENERAL FUND REVENUE

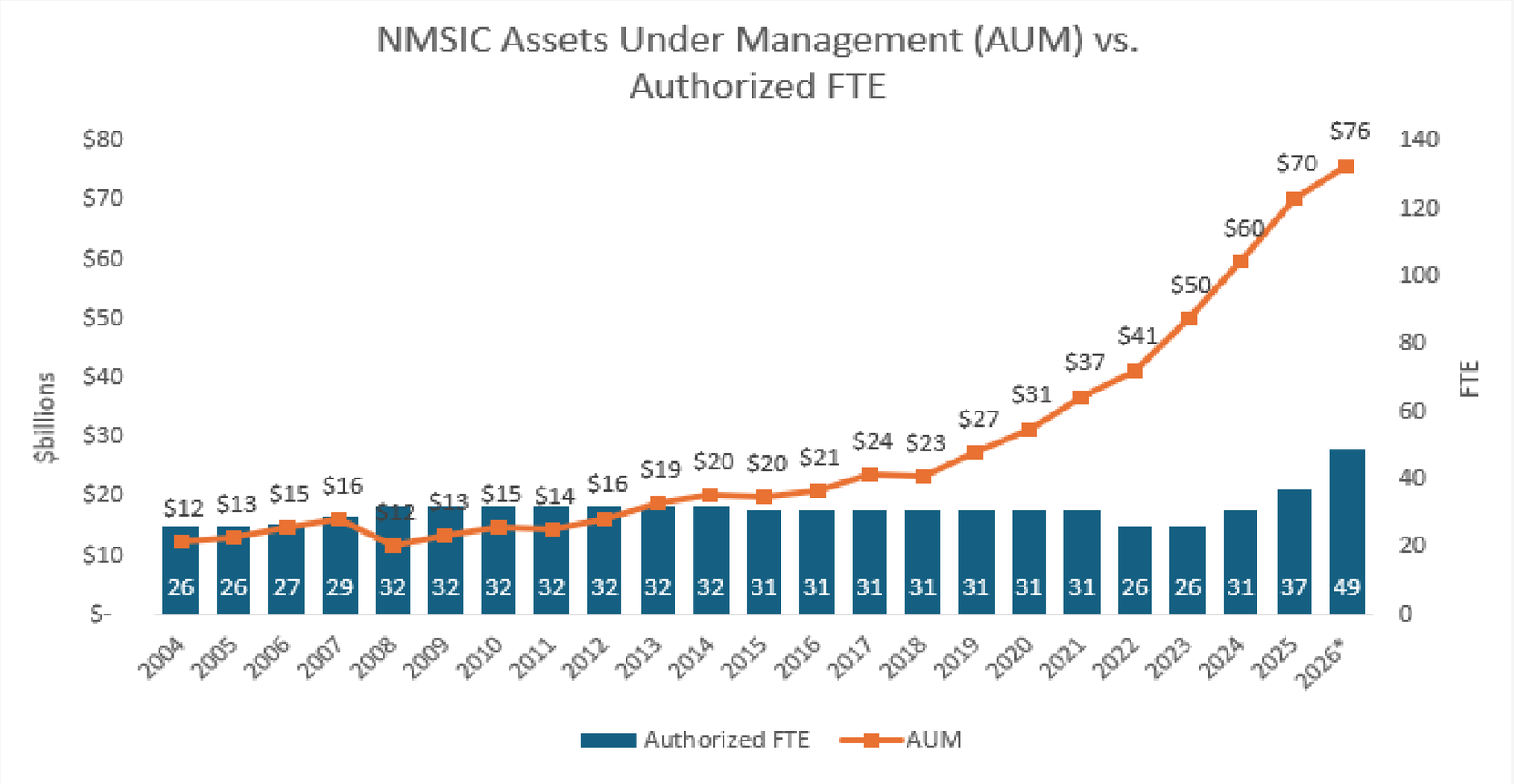
According to NM's Consensus Revenue Estimating Group, Land Grant Permanent Fund (LGPF) and Severance Tax Permanent Fund (STPF) distributions will grow to make up the largest share of general fund revenue, **more than triple the number of dollars distributed by 2050.**





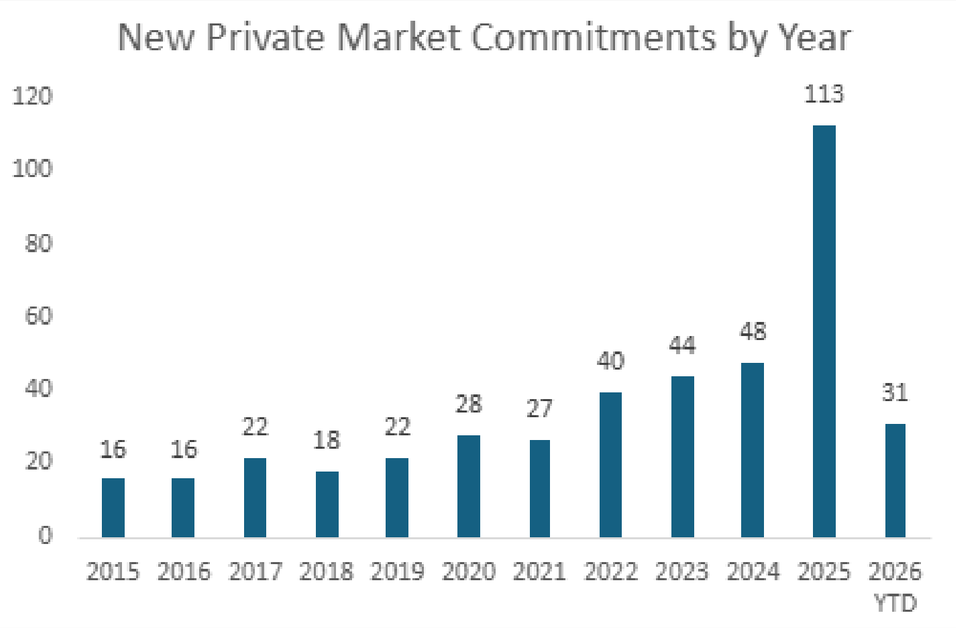
UNPRECEDENTED ASSET GROWTH & KEEPING UP WITH FIDUCIARY DEMANDS

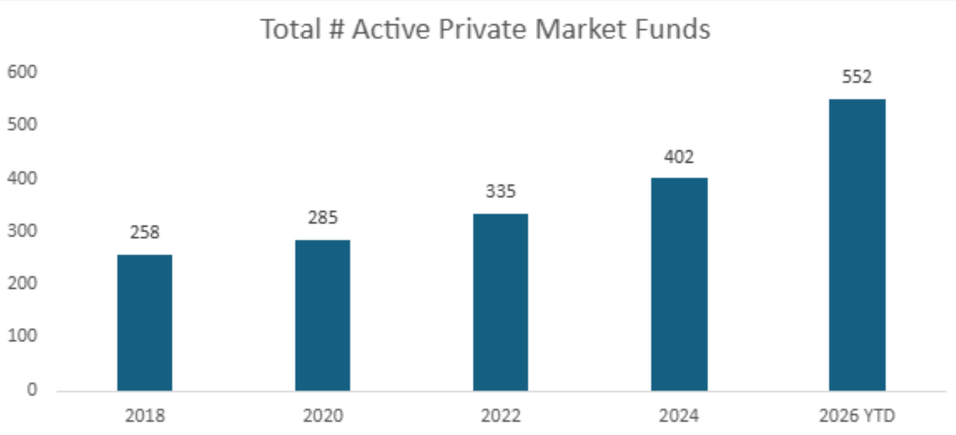
According to analysis conducted by Ascension, led by senior Stanford researcher Dr. Ashby Monk, peer organizations maintain a median staffing ratio of approximately **$1.2 billion in assets under management per full-time employee (FTE).**



ASSET GROWTH REQUIRES INCREASING STAFF TIME TO IMPLEMENT & MONITOR COMPLEX PORTFOLIOS

- About 38% of total assets invested in private market strategies (as of 8/31/26)
- Council's strategic asset allocations target over 50% private assets
- More private fund commitments = more complexity to manage, such as:
  - Monitoring manager performance and private portfolio exposures
  - Reviewing and approving capital calls and distributions
  - Ensuring compliance with complex legal agreements
  - Maintaining appropriate accounting of capital movements





SEVERANCE TAX PERMANENT FUND 1-YEAR RETURNS NOW OUTPACE LAND GRANT PERMANENT FUND RETURNS

	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2025	2024	2023	2022	2021	Since Incep.	Inception Date
Land Grant Total Fund	**6.35**	**6.18**	**13.12**	**13.12**	**10.65**	**7.24**	**8.65**	**8.75**	**13.42**	**7.90**	**10.17**	**-6.87**	**17.06**	**6.43**	**01/01/1999**
Land Grant Interim Policy Index	6.34	6.17	13.40	13.40	10.55	7.19	8.71	8.78	13.96	7.15	9.77	-6.58	16.53	-	
Difference	0.01	0.00	-0.28	-0.28	0.10	0.04	-0.06	-0.03	-0.54	0.76	0.40	-0.29	0.54	-	
Severance Tax Total Fund	**6.77**	**6.77**	**13.46**	**13.46**	**9.84**	**6.05**	**7.24**	**7.72**	**12.85**	**6.56**	**8.48**	**-7.84**	**13.60**	**5.84**	**01/01/1999**
Severance Tax Interim Policy Index	6.76	6.67	13.65	13.65	9.36	5.88	7.59	8.03	13.43	5.66	7.52	-7.46	13.13	-	
Difference	0.01	0.11	-0.20	-0.20	0.48	0.17	-0.35	-0.31	-0.58	0.90	0.96	-0.38	0.47	-	

As of 06.30.2026, net of fee returns.

As of March 31, 2026 ($ in millions)

Portfolio	Quarter IRR	1-year IRR	3-year IRR	5-year IRR	10-year IRR	Inception IRR	Inception Net Gain/Loss
Strategic VC	14.7%	47.5%	32.7%	N/A	N/A	32.7%	$ 184.1
Legacy	(2.8%)	(12.9%)	(16.6%)	(11.4%)	(5.0%)	(3.0%)	(144.3)
Grand Total	**9.2%**	**19.7%**	**0.1%**	**(1.1%)**	**0.9%**	**0.6%**	**$ 39.7**

Source: Invient.
Note that investments are divided by funds done under the Strategic Venture Capital Program (beginning in 2023) and legacy investments done under prior strategies. Generally, the Strategic Venture Capital Program includes those funds with vintage years of 2023 and later.

UPDATES ON HOW WE'RE INVESTING IN NEW MEXICO



Clean energy startup **Zanskar restored and expanded geothermal production at Lightning Dock** after acquiring the facility in 2024, bringing the site back to full capacity by drilling into a deeper, hotter resource zone.

As **New Mexico's only utility-scale geothermal power plant**, Lightning Dock now provides reliable carbon-free baseload power and is **home to the most productive pumped geothermal well in the United States.**

The startup is **supported by SIC-backed managers** Lowercarbon Capital, TAG Capital, and UP.Abundance.

Roadrunner Venture Studios, a leading deep-tech venture studio backed by the SIC, convened more than 400 leaders from science, industry, government, and venture capital at the **fourth annual Roadrunner Technology Forum**. Leading up to the event, Roadrunner Venture Studios and New Mexico's Technology and Innovation Office (TIO) celebrated the **opening of the Roadrunner Quantum Lab** (RQL), a project supported by $25 million from TIO, awarded just last year.









RECENT COMMUNITY ENGAGEMENT AND RESPONSES

Companies associated with Elon Musk

0.25%

of total SIC assets
Approximately $188 million
October 26, 2026 holdings

Predominantly passive exposure.
Not material to the overall portfolio.

These holdings reflect broad market participation and do not express active support for an individual, their conduct, or political positions.

Russia

The Council's March 2022 divestment directive remains in effect and governs existing holdings and future investments within its scope.

RECENT COMMUNITY ENGAGEMENT AND RESPONSES, CONT.

We have carefully evaluated PNM/TXNM investment merit and governance considerations.

Investment merit



At approximately $58, shares include an acquisition premium. Staff recommends no purchase at the price analyzed.

Reviewed scenarios: 5.6% price upside if the deal closes and 12% to 29% downside if it fails. Dividends are additional.

Investment conclusion: The potential loss outweighs the remaining upside, making TXNM unattractive at the price analyzed.

Governance considerations

SIC's 10% ownership ceiling prevents a controlling stake.

A minority stake provides no automatic board seat. Board representation would require applicable nomination or negotiated rights and shareholder support.

The PRC retains rate setting authority.

The original 8 million shares at $50 were negotiated for Blackstone and never available to SIC.

Governance conclusion: A minority investment would not assure board representation or control over utility decisions.

INVESTMENT REVIEW: FY 2026 PERFORMANCE

Strong fiscal year results, led by public equities.

12.92%

FY 2026 total SIC net return

$74.9B

June 30 reported NAV

$75.8B

September reported NAV

Total SIC annualized net returns: 3 years 10.33% 5 years 6.86% 10 years 8.38%

Land Grant: policy comparison

Period	Fund return	Policy index	Excess (pp)
FY 2026	13.12%	13.40%	−0.28
3 years	10.65%	10.55%	+0.10
5 years	7.24%	7.19%	+0.04
10 years	8.75%	8.78%	−0.03

Severance Tax: policy comparison

Period	Fund return	Policy index	Excess (pp)
FY 2026	13.46%	13.65%	−0.20
3 years	9.84%	9.36%	+0.48
5 years	6.05%	5.88%	+0.17
10 years	7.72%	8.03%	−0.31

Periods longer than one year are annualized.

INVESTMENT REVIEW: MACRO CONDITIONS AND INVESTMENT IMPLICATIONS

We monitor short term conditions closely. We build portfolios and set strategy for the long term.

Equities

Macro conditions

Corporate profits and consumer spending support growth. Pressure on purchasing power and higher costs make conditions uneven.

Investment implications

Favor cash flow and valuation discipline. Diversify across countries and sectors and monitor AI and technology concentration.

Debt

Macro conditions

Higher long-term yields improve income but raise financing costs. Inflation and government borrowing can keep pressure on bond prices.

Investment implications

Use high-quality bonds for income and liquidity. Manage duration and assess refinancing capacity, credit quality, and compensation for risk.

Private Markets

Macro conditions

Higher financing costs pressure valuations and exits. Persistent inflation reinforces the value of durable income and inflation links.

Investment implications

Favor business quality, sensible entry prices, and loan protections. Maintain leverage discipline and credible exit plans. Seek durable real asset income.

INVESTMENT REVIEW: ASSET ALLOCATION & THE SIC DISTINCTION

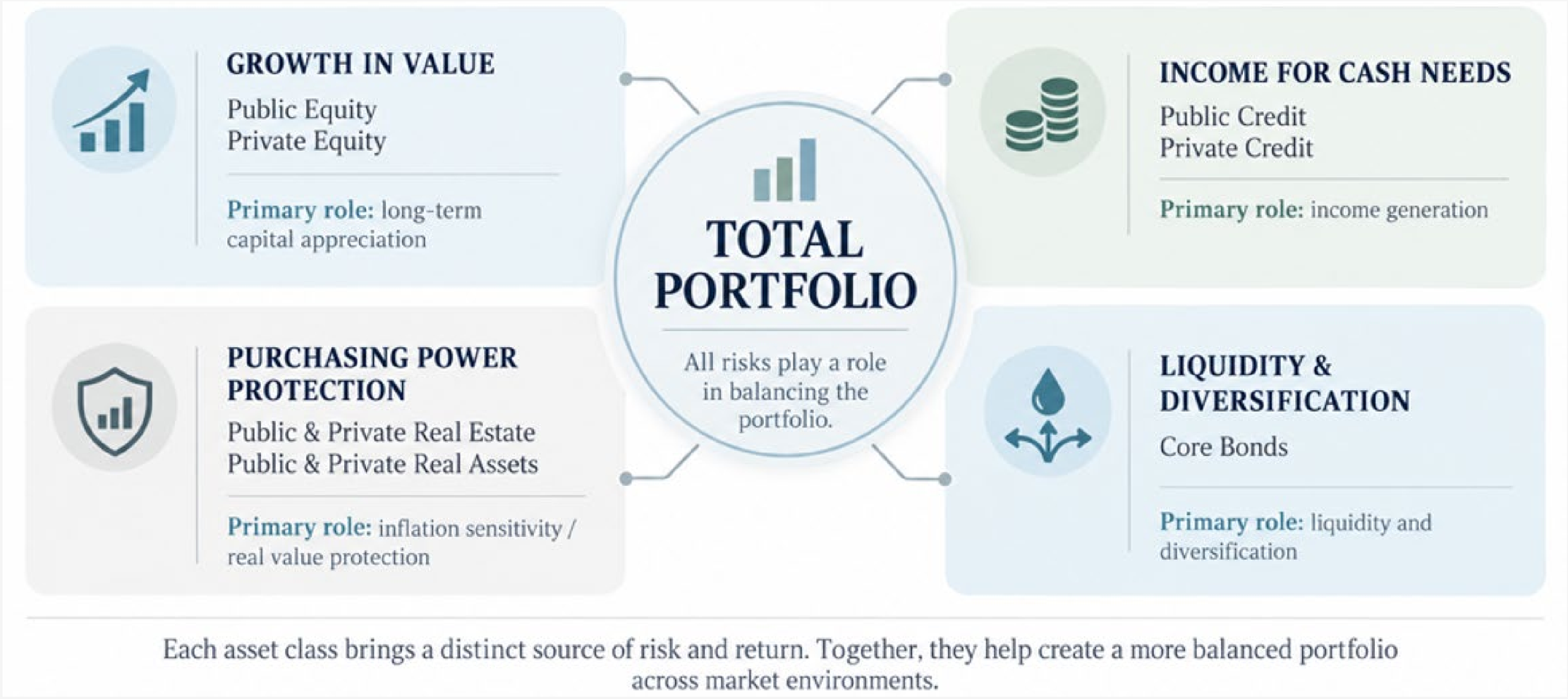
SIC's permanent funds serve generations. Their long horizon and current positive cash flows create a different capacity for risk than mature pension plans.

NMSIC Sovereign / Permanent Funds		Mature Pension Plans
Intergenerational equity Serve today and future generations	1 MISSION	**Promised benefits** Meet contractual retirement payments
Perpetual / multigenerational Invested through full market cycles	2 HORIZON	**Liability driven** Liabilities shorten the horizon
Positive today Inflows fund new investments	3 CASH FLOWS	**Negative cash flow** Payments create ongoing liquidity needs
Smoothed Formulas dampen market swings	4 DISTRIBUTIONS	**Contractual** Paid regardless of market conditions
Greater ability to withstand volatility Can ride out short-term losses	5 RISK CAPACITY	**Greater sensitivity to drawdowns** Timing of losses matters more

Asset allocation implication: NMSIC's long horizon, positive cash flows, and smoothed distributions give it more capacity than a mature pension to withstand interim volatility in pursuit of long-term real growth.

INVESTMENT REVIEW: THE ROLE OF RISK AT SIC

Each asset class serves a purpose, balancing growth with resilience.



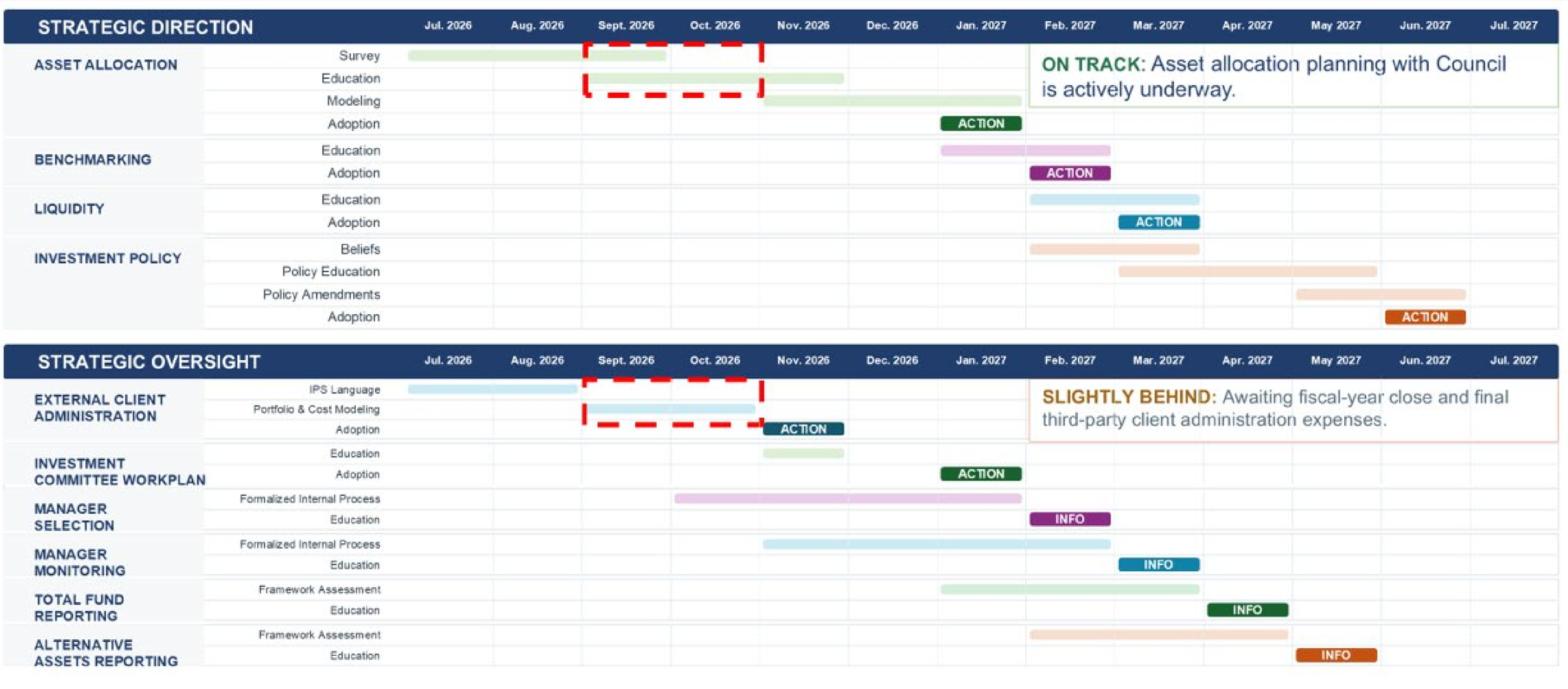
INVESTMENT REVIEW: ASSET ALLOCATION PLANNING

Aligning investment risk with the purpose and needs of each fund

Goal	Support current beneficiaries and preserve purchasing power for future generations. Align long-term growth objectives with each fund's ability and willingness to take risk.
Next steps	Staff and RVK will model alternative portfolio options across the Council's preferred risk range, comparing expected return, potential losses, and liquidity needs. Test portfolio resilience under lower inflows and stressed market conditions.
Outcome	Bring a focused set of alternative portfolio options to the Council for review and refinement before selecting a final allocation. Make the growth and downside protection tradeoff clear.

INVESTMENT REVIEW: GOVERNANCE ROADMAP

A focused year ahead, with a clear sequence of strategic direction and policy implementation.



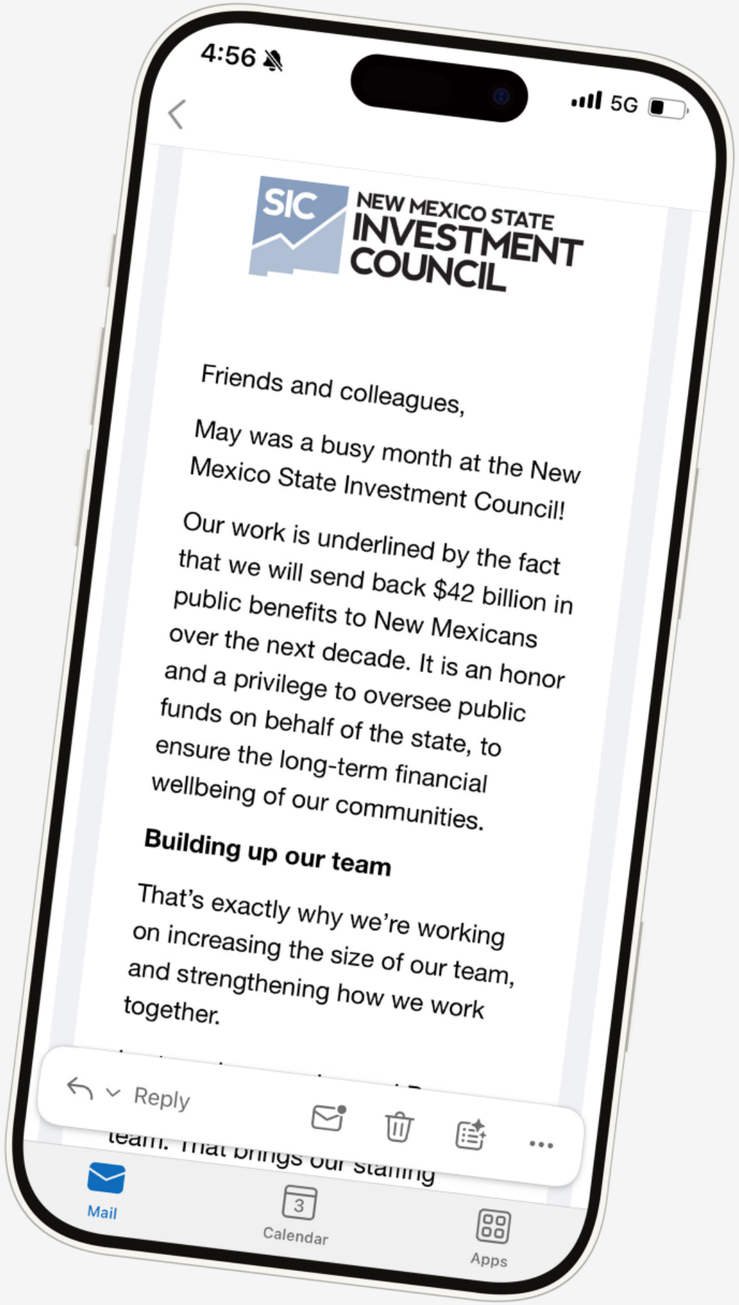
NEW MEXICO STATE INVESTMENT COUNCIL

Q&A

NEW MEXICO STATE
INVESTMENT
COUNCIL

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APPENDIX: A REVENUE SOLUTION TO A REVENUE PROBLEM

Senate Bill 26 (2023) capped the amount of oil- and gas-related revenues reaching the general fund from the oil and gas emergency school tax and federal mineral leasing payments, the two largest sources of general fund oil and gas revenues.

Key Benefits:

- Significantly reduces oil- and gas-related revenue volatility for the general fund
- Simplifies general fund revenue estimating for sources that are historically very difficult to predict
- Reduces general fund dependence on oil and gas revenues
- Improves general fund stability by replacing volatile energy revenue with more stable investment distributions

