



Investment Performance Quarterly Report, Fourth Quarter, FY26

State investment balances increased by \$13.8 billion, or 14.8 percent, compared with this time last year. Investment returns were weak in the quarter period, but they continued to show strength over the year, ranging from 11.6 percent (ERB) to 13.5 percent (LGPF). The state's allocations performed above the median among peer funds in the quarter period, but below the median in the year period. The fund managed by ERB continued to demonstrate strong performance, with the state's best long-term returns and a more optimized risk profile than other large state investments.

Investment Performance Highlights

- The value of New Mexico's combined investment holdings grew by \$5.1 billion quarter-over-quarter, to an ending balance of \$105.8 billion, with gains bolstered by contributions of excess oil and gas revenues to the ECTF and the STPF. For the year, funds increased by \$13.5 billion, or 14.6 percent. Over the last five years, the state's combined investment holdings grew by \$43 billion, or 68.4 percent.
- One-year returns were strong for all funds, ranging from 13.3 percent for the Educational Retirement Board (ERB) to 11.9 percent for the Public Employees Retirement Association (PERA). Average annualized investment returns over the last 10 years ranged from 9.1 percent for ERB and 7.7 percent for the severance tax permanent fund (STPF).
- Net inflows of oil and gas taxes and royalties across the land grant permanent fund (LGPF), severance tax permanent fund, and the early childhood trust fund (ECTF) made up 17 percent, or \$2.3 billion, of the one-year value increase across all funds. STPF performance is lowered by the allocation to active and legacy differential rate New Mexico investments, which typically provide a lower return. ERB and PERA balances were moderated by benefit payments greater than contributions typical for pension funds.
- ERB, LGPF, and ECTF met their long-term return target in the one-, three-, five- and 10-year period. PERA and STPF met their long-term return target in each period except the five-year period.¹

THIS REPORT details the comparative investment performance of the three investment agencies: the Educational Retirement Board (ERB), the Public Employees Retirement Association (PERA), and the State Investment Council (SIC), which manages the land grant permanent fund (LGPF), the severance tax permanent fund (STPF), and the early childhood trust fund (ECTF).

Agency performance and market environment information are derived from the investment performance reports submitted by PERA, ERB, and SIC.

Aggregate Value of New Mexico Investment Holdings

\$106.9 billion

Note: does not include general fund investments.

Annual Combined Growth of all Funds

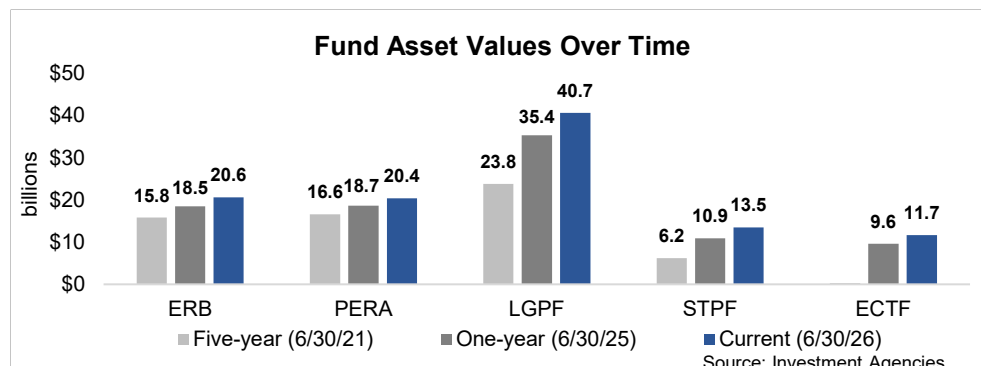
**\$13.8 billion
14.8%**

Note: does not include general fund investments.

Five-Year Annualized Returns

Fund	Returns
ECTF	7.98
ERB	7.59
LGPF	7.24
PERA	6.45
STPF	6.05

Source: Investment Agencies



¹ The funds' long-term return targets are 7.25 percent (PERA), 7 percent (ERB), 7 percent (LGPF), and 6.75 percent (STPF).

About the Funds

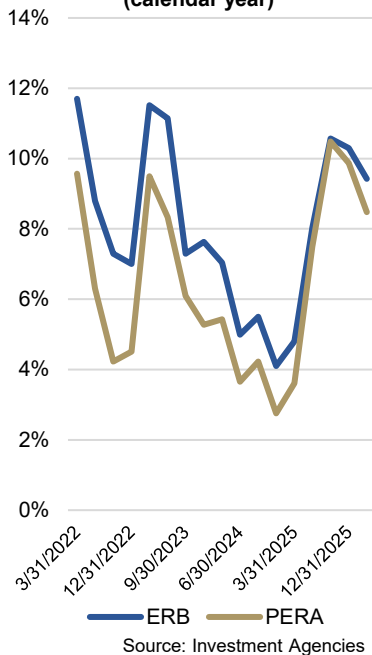
PERA and ERB manage state pension funds that offer members guaranteed life-long monthly benefits after retirement. Both members and employers make contributions. PERA members are New Mexico public employees. ERB members are New Mexico public education employees. The pension funds are invested to generate income that covers the gap between contributions and benefit payments. Pension funds offer a major benefit to state employees and are often cited as a major benefit of a career in the public sector. However, they also represent one of the state's largest long-term liabilities, and the health of the funds is important to monitor.

Membership Snapshot (in thousands)

Type	PERA	ERB	Total
Active	55.7	61.5	117.2
Inactive	28.9	54.7	83.7
Retirees	47.1	54.8	101.8
Total	131.7	171.0	302.7

Source: PERA, ERB

Historical Three-Year Annualized Returns (calendar year)



Pension Fund Agencies

Pension fund investments grew by \$3.9 billion, or 10.6 percent, over the year. Annualized returns for ERB were above their long-term targets in every annualized period. Annualized returns for PERA were above their long-term targets in every annualized period, except for the five-year period. ERB allocated more of its assets to alternative investments, such as private equity, while PERA allocated more of its portfolio to fixed income.

ERB. ERB's annualized returns outperformed the fund's long-term target of 7 percent in each period. The fund outperformed its policy index, a performance benchmark, in each annualized period. The fund's return in the quarter, which is not annualized, was 5.9 percent while the policy index for that period was 0.39 percent. ERB's five-year average Sharpe ratio—a measure of how an investment's risk compares with its returns—was 0.79, one of the best performance measures among large public funds over \$1 billion, according to InvMetrics. This indicates the fund is optimizing its risk-to-return profile in the long-term.

PERA. PERA's annualized returns outperformed the fund's long-term target of 7.25 percent in each period except the five-year period. The fund missed its policy index in the one-, three-, five- and 10-year period. The fund's return in the quarter, which is not annualized, was 5.96 percent, below the policy index of 8.05 percent.

Table 1

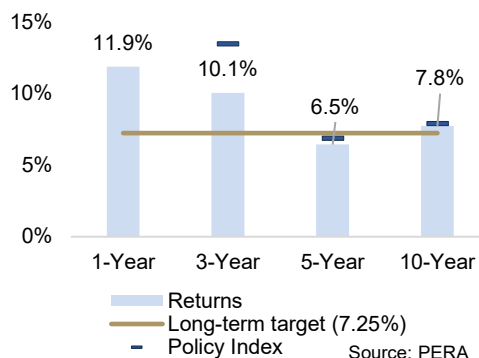
Pension Funds Asset Values (net of fees)

Period ending 6/30/2026

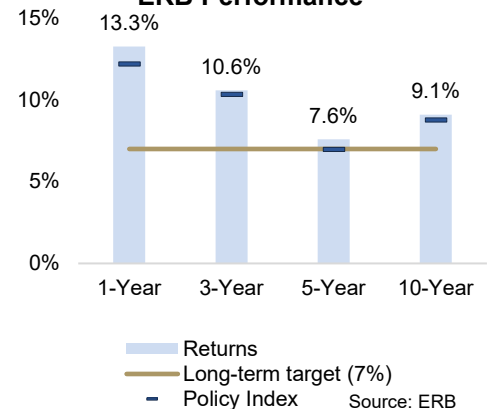
Fund	Value as of		Value Change	Percent Change
	6/30/25	6/30/26		
ERB	\$18,477.6	\$20,648.2	\$2,170.6	11.7%
PERA	\$18,659.7	\$20,417.8	\$1,758.1	9.4%
Total	\$37,137.3	\$41,066.0	\$3,928.7	10.6%

Source: ERB, PERA

PERA Performance



ERB Performance



SIC Long-Term Investment Funds

The long-term investment funds managed by the State Investment Council (SIC) grew by \$9.9 billion, or 17.7 percent, over the year. Of the increased value, nearly one-fourth—23 percent—was the result of net inflows of oil and gas taxes and royalties. The LGPF and ECTF surpassed its long-term targets in each annualized period. The STPF surpassed its long-term targets in each annualized period except the five-year period.

Table 2

Long-term Investment Funds Asset Values (net of fees)

Period ending 6/30/2026

Fund	Value as of		Value Change	Percent Change
	6/30/25	6/30/26		
LGPF	\$35,398.9	\$40,660.6	\$5,261.7	14.9%
STPF	\$10,948.3	\$13,528.3	\$2,579.9	23.6%
ECTF	\$9,622.9	\$11,665.3	\$2,042.4	21.2%
Total	\$55,970.1	\$65,854.1	\$9,884.0	17.7%

Source: SIC

its long-term target of 6.75 percent in each period, except for the five-year period. The fund surpassed its policy index in each period except the one- and 10-year period. The fund distributed \$431 million to the general fund and received \$1.3 billion in oil and gas revenues. STPF returns are lowered by allocations to the New Mexico Small Business Investment Corporation and two legacy programs: the small business recovery loan program and the New Mexico Private Equity Investment Program (NMPEIP). While neither legacy program is active, past allocations still drag on STPF performance. SIC recently replaced the NMPEIP with the Strategic Venture Capital Program, which requires market-rate returns for its commitments.

ECTF. The ECTF tracked closely with other SIC-managed funds, exceeding its policy index in each period. Recently, SIC approved a new asset allocation for the fund with a long-term return expectation of 6.8 percent. ECTF's five-year average Sharpe ratio—a measure of how an investment's risk compares with its returns—was 0.91, the best measure of large funds in New Mexico and one of the best performance measures among large public funds over \$1 billion, according to InvMetrics. This indicates the fund is optimizing its risk-to-return profile in the long-term. The ECTF received \$1.2 billion in oil and gas revenues and distributed \$500 million to the general fund.

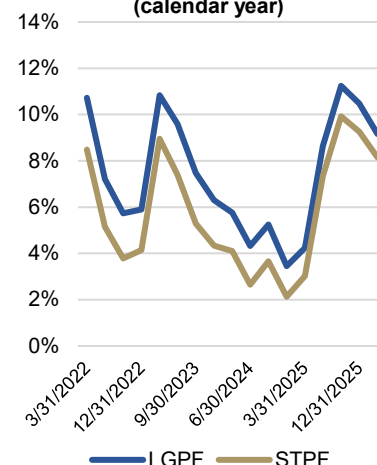
LGPF. The LGPF outperformed its long-term target of 7 percent in each period. The fund surpassed its policy index for each annualized period, except for the one- and 10-year period, where it narrowly missed. Over the year, the fund distributed \$1.7 billion to beneficiaries and received \$2.3 billion in revenues, primarily from royalties from oil and gas extracted on state lands.

STPF. The STPF overperformed

About the Funds

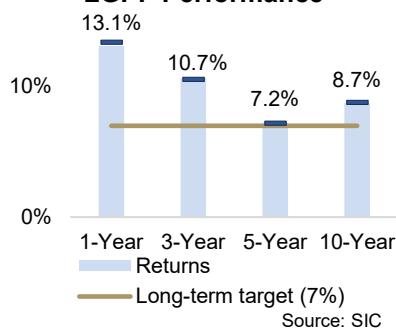
The state's long-term investment funds have a diverse history. The **land grant permanent fund (LGPF)** is a constitutionally protected fund created at statehood to invest proceeds from the use of natural resources on state lands. The fund receives royalties from state lands and makes distributions to the general fund earmarked for use in public schools. The **severance tax permanent fund (STPF)** is a constitutionally protected fund that receives severance taxes—taxes levied against the extraction of natural resources—not required for bond maintenance. The STPF makes distributions to the state general fund. The **early childhood education and care trust fund (ECTF)** is a statutorily created fund that receives above-trend oil and gas revenues and supports funding for education and early childhood.

Historical Three-Year Annualized Returns (calendar year)



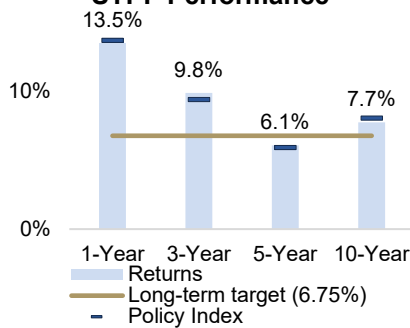
Source: Investment Agencies

LGPF Performance



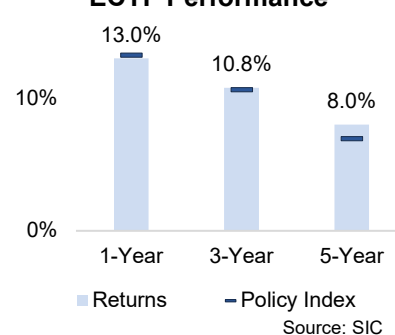
Source: SIC

STPF Performance



Source: SIC

ECTF Performance



Source: SIC

Net of Fees, Period ending 3/31/2026

Source: Investment Agencies

Source: InvMetrics

Source: STO