

Permanent Fund Performance Update for the Legislative Finance Committee

Representative Patricia Lundstrom, Chair
Senator George Munoz, Vice-Chair

Robert “Vince” Smith, Deputy SIO & Chief Investment Officer
July 21, 2021



STATE INVESTMENT COUNCIL

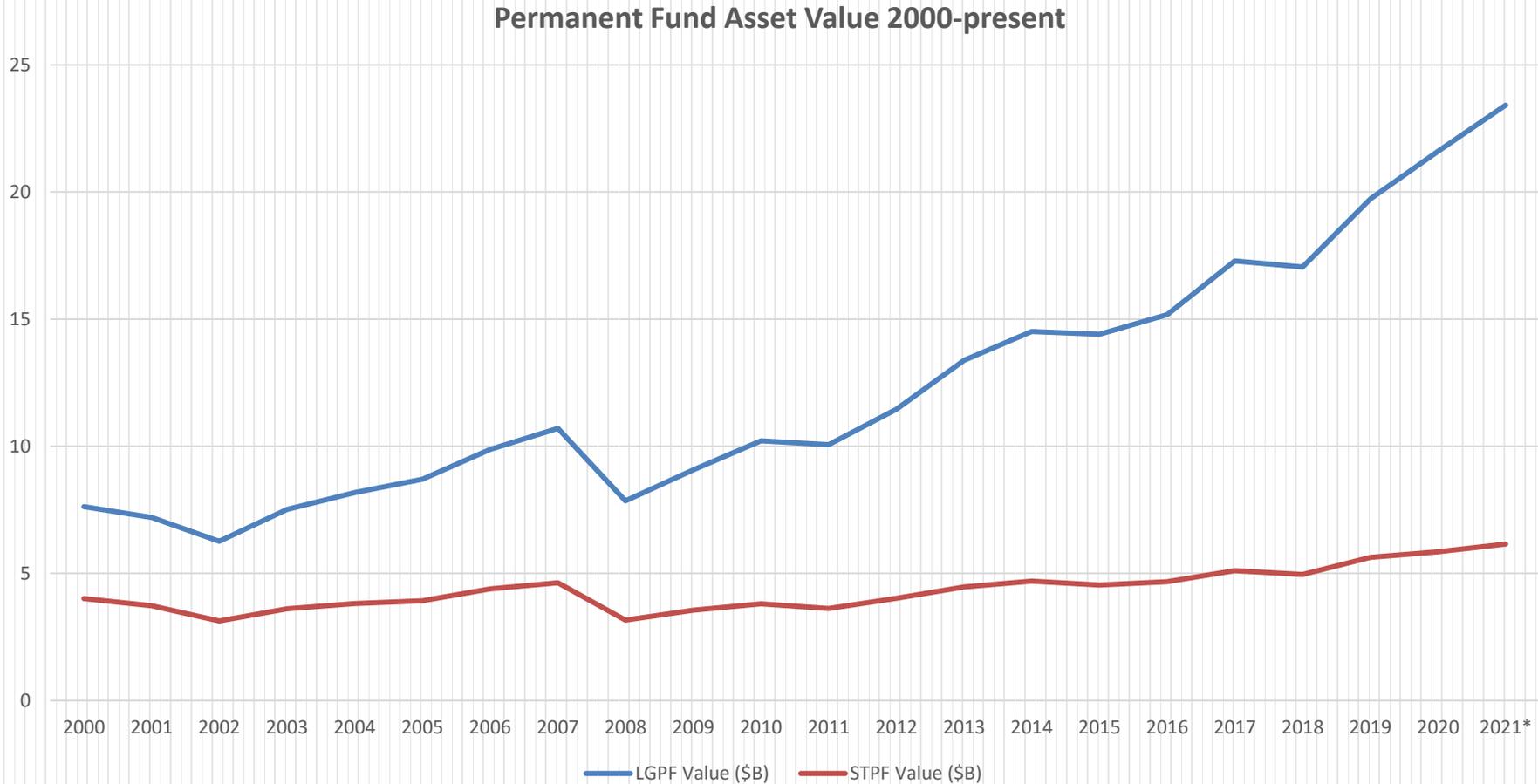
Assets Under Management: \$33.66 billion

- Fund values over the last 14 months, as of May 31, 2021

Fund Values (\$Millions)	<u>3/31/2020</u>	<u>6/30/2020</u>	<u>12/31/2020</u>	<u>5/31/2021</u>
Land Grant Permanent Fund (LGPF)	\$ 17,915.7	\$ 18,982.2	\$ 21,599.2	\$ 23,415.0
Severance Tax Permanent Fund (STPF)	\$ 5,018.4	\$ 5,283.8	\$ 5,849.5	\$ 6,151.0
Tobacco Settlement Permanent Fund	\$ 223.1	\$ 241.3	\$ 262.2	\$ 312.4
Water Trust Fund	\$ 39.4	\$ 39.6	\$ 39.7	\$ 42.5
Tax Stabilization Reserve	\$ 1,085.5	\$ 1,210.4	\$ 1,768.2	\$ 1,775.2
Rural Libraries Endowment	\$ 1.0	\$ 1.0	\$ 3.1	\$ 3.1
Government Clients	\$ 1,185.3	\$ 1,282.7	\$ 1,515.6	\$ 1,651.1
Early Childhood Ed. & Care Fund	\$ -	\$ -	\$ 306.1	\$ 306.4
Total Assets under management	\$ 25,468.5	\$ 27,041.0	\$ 31,344.0	\$ 33,657.4

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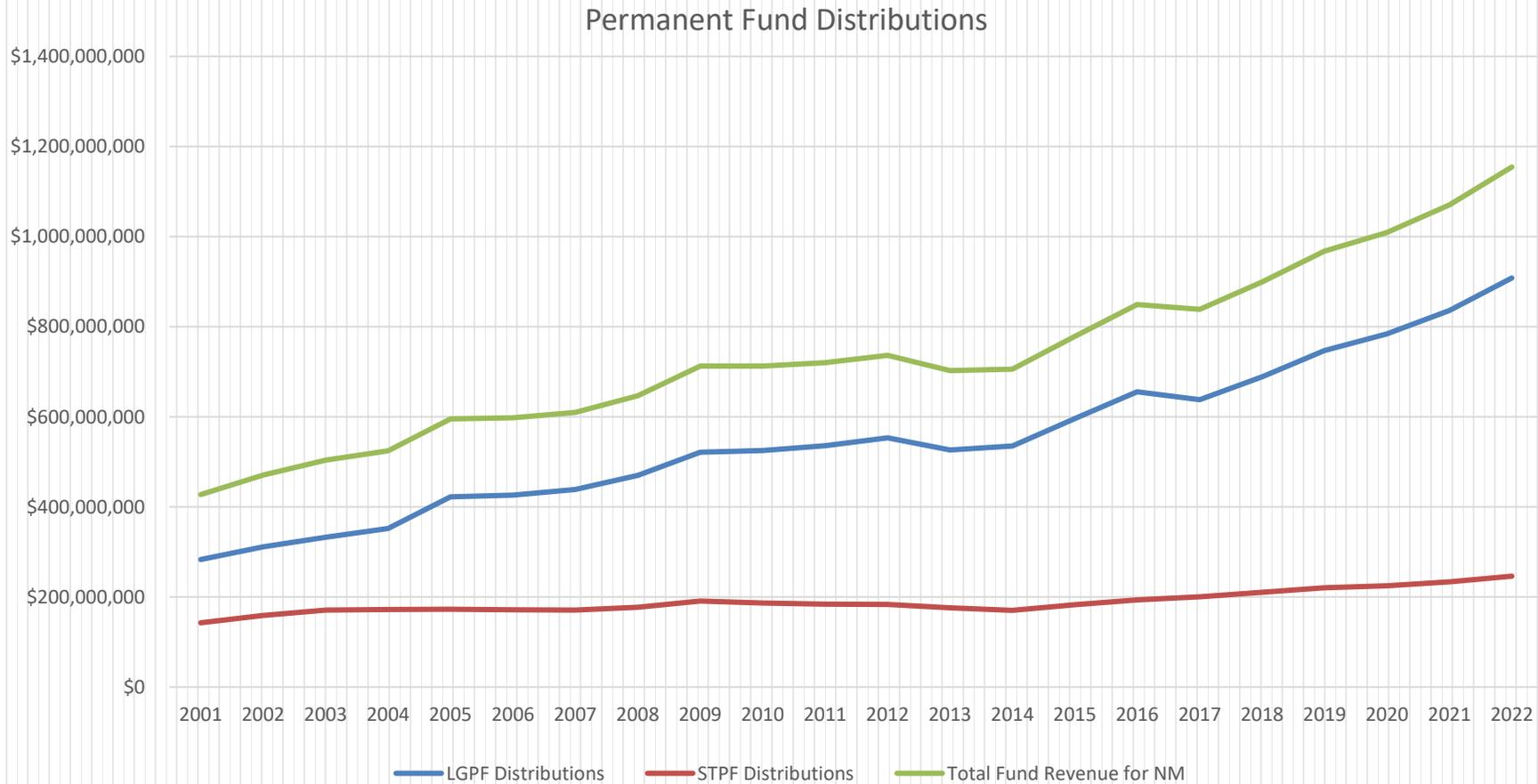
Permanent Fund Growth



*Through May 31, 2021

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Permanent Fund Distributions



Fiscal Year	Total Fund Distributions	LGPF %
2001	\$427,702,980	4.7%
2002	\$470,648,040	
2003	\$503,739,000	
2004	\$524,960,075	
2005	\$595,448,111	5.8%
2006	\$598,241,175	
2007	\$609,917,645	
2008	\$647,170,080	
2009	\$712,813,476	
2010	\$712,584,889	
2011	\$720,473,734	
2012	\$736,841,814	
2013	\$703,019,232	5.5%
2014	\$705,629,255	
2015	\$778,716,882	
2016	\$849,295,109	
2017	\$838,516,785	5.0%
2018	\$899,568,368	
2019	\$968,164,465	
2020	\$1,009,508,364	
2021	\$1,070,449,847	
2022	\$1,154,773,165	

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Investment Performance

- Returns, net of fees, as of 3/31/21

	1-year	3-year	5-year	7-year	10-year
Land Grant Permanent Fund	25.99	8.42	9.48	7.47	7.76
<i>Benchmark</i>	<i>25.72</i>	<i>8.70</i>	<i>9.25</i>	<i>7.59</i>	<i>7.94</i>
Severance Tax Permanent Fund	24.01	7.46	8.67	6.92	7.23
<i>Benchmark</i>	<i>24.94</i>	<i>8.52</i>	<i>9.20</i>	<i>7.56</i>	<i>7.91</i>

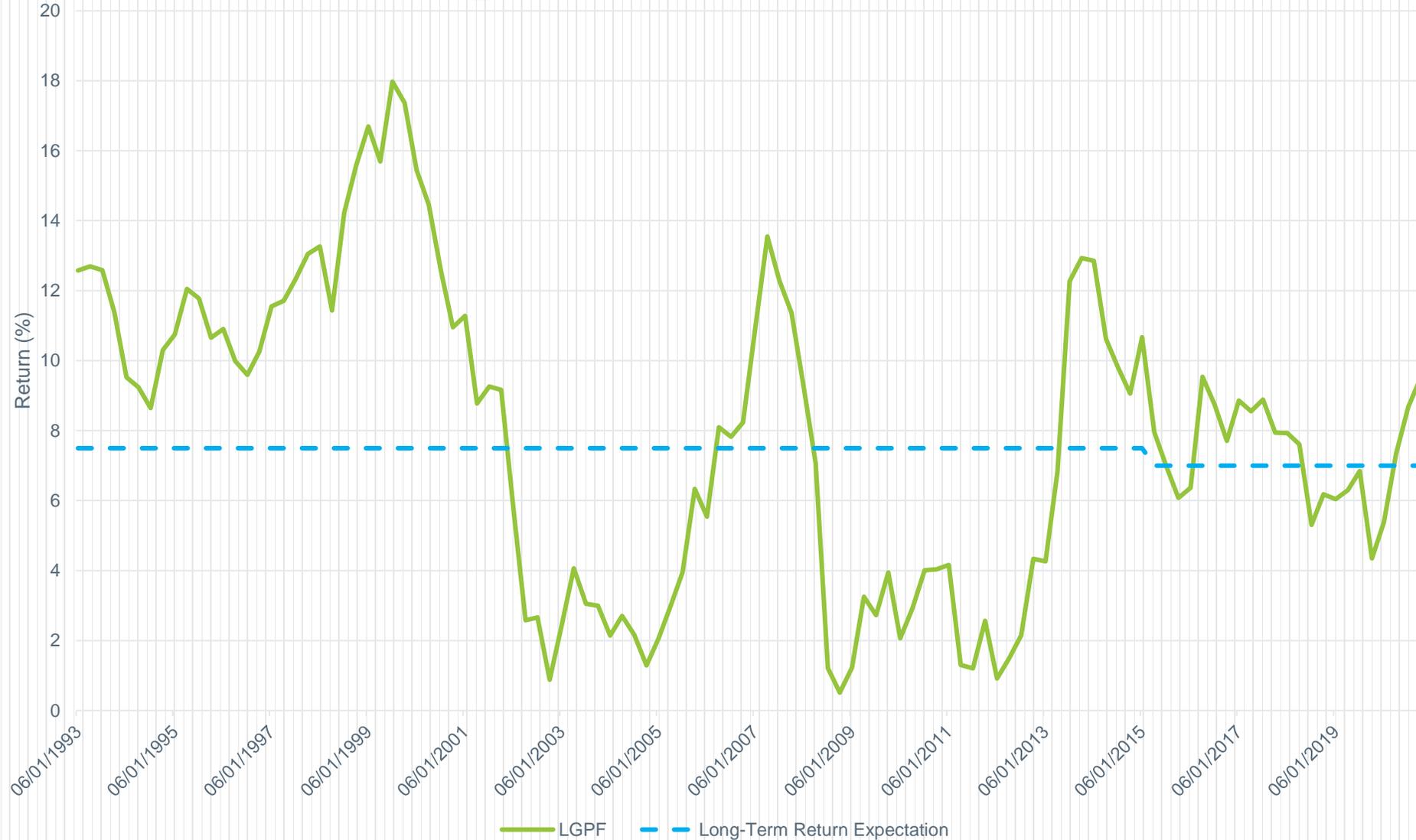
Long-term return targets:

LGPF: 7.0%

STPF: 6.75%

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LGPF Rolling 5-Year Returns

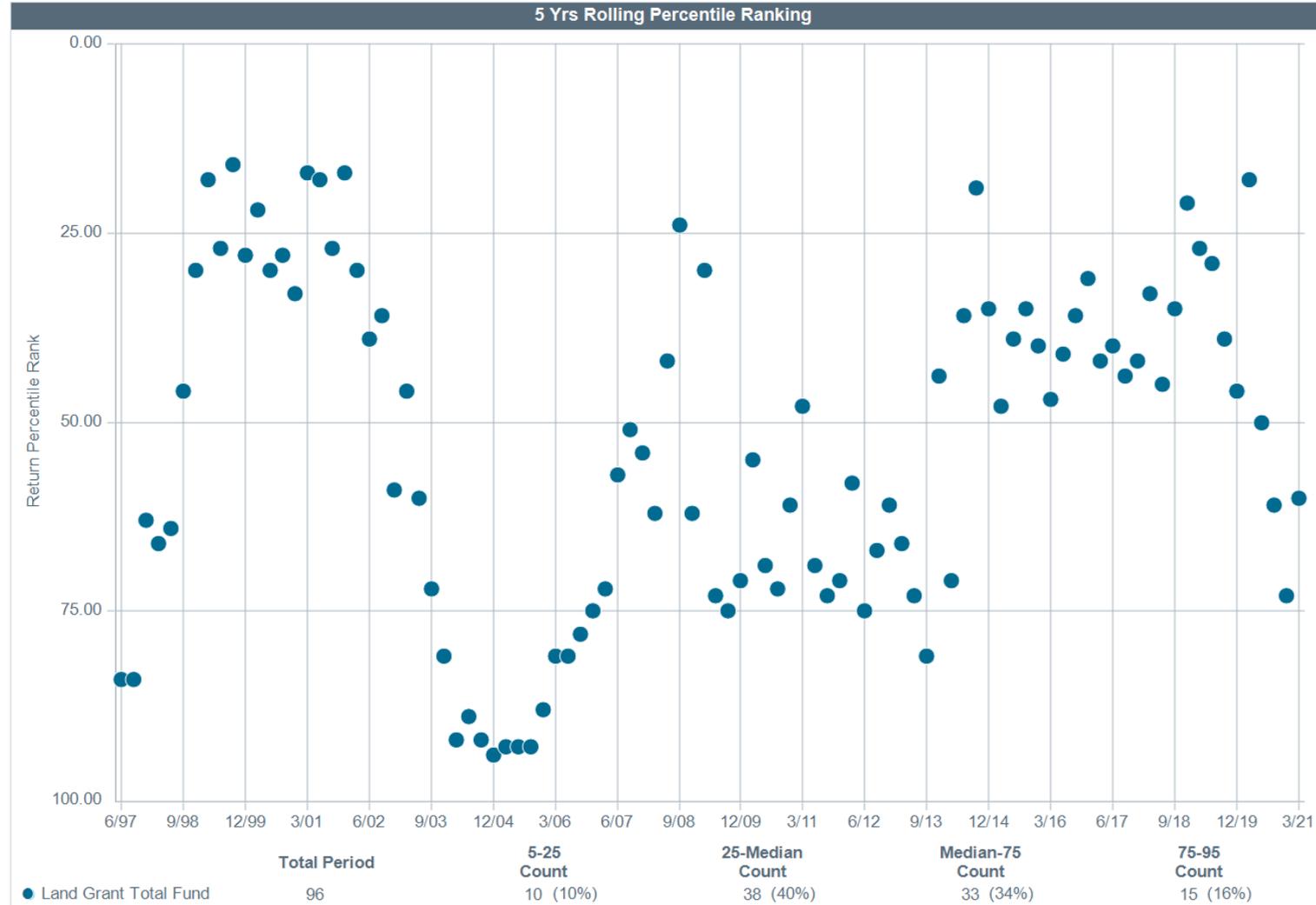


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LGPF Rolling 5-year Return Ranks

New Mexico State Investment Council
Land Grant Rolling Rank (All Public Plans > \$1B-Total Fund)

5 Year Rolling Periods As of March 31, 2021

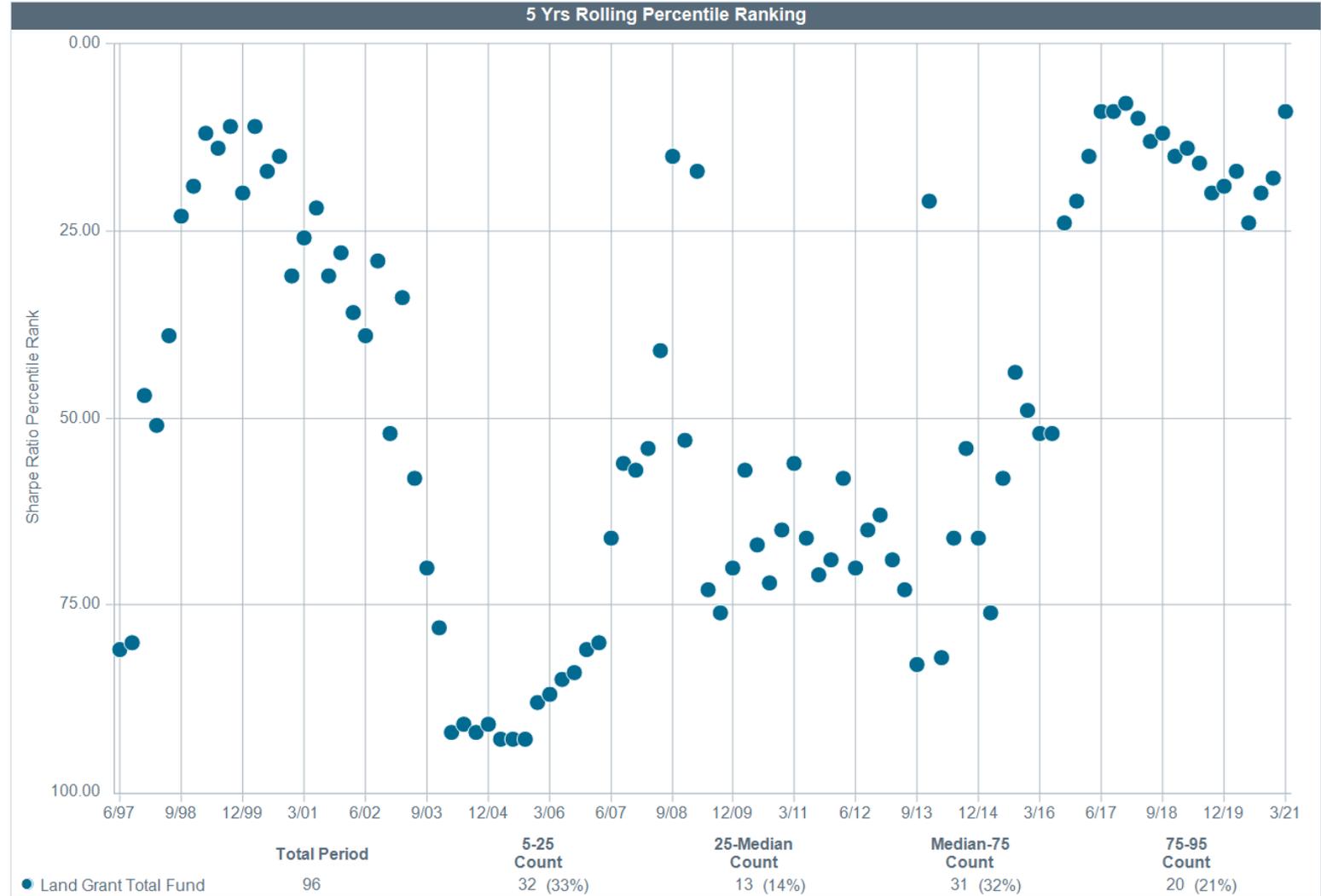


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LGPF Rolling 5-Year Sharpe Ratio Ranks

New Mexico State Investment Council
 Land Grant Rolling Rank (All Public Plans > \$1B-Total Fund vs. ICE BofAML 3 Mo US T-Bill Index)

5 Year Rolling Periods As of March 31, 2021



Fund Outlook & Risks

Economic uncertainty, high market valuations today

- Stock valuations boosted by stimulus spending
- Fundamentals disconnected to broader economy
- Bond market yields low, valuations also high
- Inflation risks ahead?
- Future investment returns may have already been realized
- Future fund inflows likely to fall as the world transitions away from oil and gas
- Impact of increased fund distributions