



Investment Performance Quarterly Report, Third Quarter, FY21

In the first quarter of 2021, record stimulus, vaccine rollout, and relaxing economic conditions resulted in soaring markets and large gains for state investments, however performance remains lackluster compared with peer funds.

Investment Performance Highlights

- For the year ending March 31, 2021, the value of New Mexico’s combined investment holdings for the pension and permanent funds grew by \$10.3 billion, or 20.9 percent annually, to an ending balance of \$59.8 billion. Over the last five years, the state’s combined investment holdings grew \$15.6 billion, or 36 percent.
- After a year of record growth, one-year returns ranged from 21.6 percent (PERA) to 26 percent (LGPF), and average investment returns over the last 10 years ranged from 7 percent (PERA) to 7.85 percent (ERB).
 - Public equities were very strong, with the state’s public equity investments returning over 50 percent for the one-year period.
- ERB and the permanent funds outperformed their targets for every period except the quarter, while PERA only outperformed its targets for the one- and five-year periods.¹
- Despite annual returns in excess of 20 percent, when compared with peer funds greater than \$1 billion on a net-of-fee basis, all funds performed in the lowest quartile for the one-year period. All funds also performed below the median for all periods except the quarter.
 - This is primarily due to the investments funds’ risk-balanced asset class allocations that do not benefit as much as other funds during market rallies.
 - The PERA fund performed in the lowest quartile for all reported periods. The LGPF and ERB fund performed below the median for the one-, three- and five-year periods, and near the median for the ten-year period. The STPF performed in the lowest quartile for all periods except the quarter.

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) and the severance tax permanent fund (STPF).

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

Returns as of March 31, 2021 (Net of Fees)¹

Returns (%)	PERA		ERB		LGPF		STPF	
	Fund	Policy Index	Fund	Policy Index	Fund	Policy Index	Fund	Policy Index
Quarter	2.20	1.98	4.73	3.46	4.38	3.74	3.52	2.97
1-Year	21.58	30.35	23.21	26.10	25.99	25.72	24.01	24.94
3-Year	7.02	7.42	8.56	9.06	8.42	8.70	7.46	8.52
5-Year	8.00	8.15	9.42	9.79	9.48	9.25	8.67	9.20
10-Year	7.00	7.04	7.85	7.79	7.76	7.94	7.23	7.91

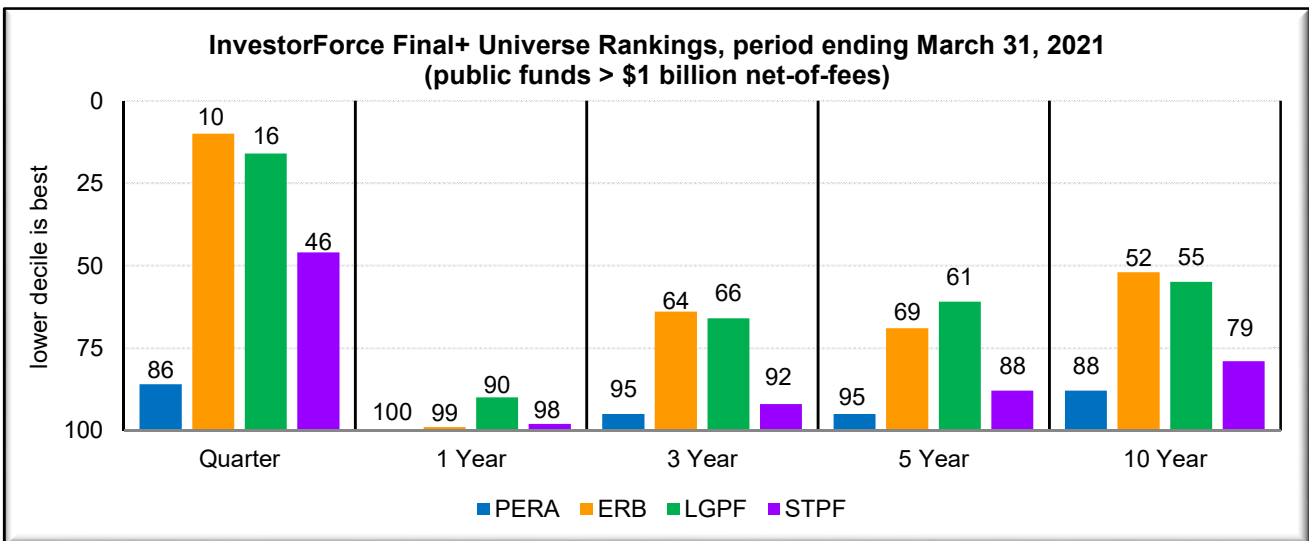
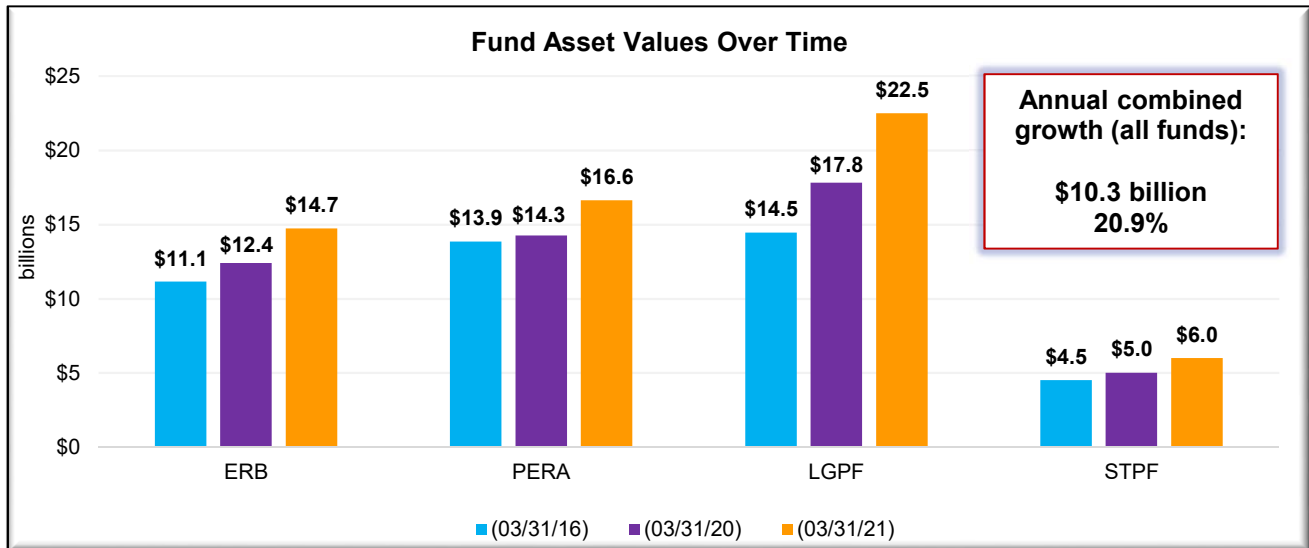
Note: bold indicates returns that exceed the fund’s long-term target

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

Investment Agency Performance Dashboard

Quarter Ending March 31, 2021

This report detail 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) and the severance tax permanent fund (STPF).



Risk Profiles, Five Years Ending 03/31/21, Net of Fees				
Fund	ERB	PERA	LGPF	STPF
Standard Deviation*	5.7	6.5	7.9	7.8
Sharpe Ratio**	1.4	1.0	1.0	0.9
Beta***	0.3	0.4	0.4	0.5

*measures variability from the mean return; higher is more volatile

**higher numbers indicate higher return-to-risk level; a good ratio is 1 or better

***represents the volatility of the portfolio versus the S&P 500. Beta = 1: portfolio moves with the market. Beta < 1: portfolio is less volatile than market. Beta > 1: portfolio is more volatile than the market.

Aggregate Value of New Mexico Investment Holdings
\$59.8 billion

Source: Agency Investment Reports