



STATE OF NEW MEXICO  
*Educational Retirement Board*

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## **ERB Exposure to Madoff Hedge Fund**

As part of our overall investment plan, ERB allocated approximately 10% of our assets to hedge funds. One of our hedge fund managers has an investment in a fund managed by Bernard Madoff. As the press has widely reported, Mr. Madoff is alleged to have committed fraud in the management of several hedge funds.

While the ultimate outcome of this investment is unclear at this time, we do know that our maximum possible exposure is \$9.75 million. Although this is not an insignificant amount, it represents only 0.15% of our total fund balance. Regardless of the outcome, it will not affect the payment of retiree benefits. It will not have an impact on the stability of the fund.

We are examining all of our options in this matter with an eye toward maximizing our return of capital on this investment.