



STATE OF NEW MEXICO
Educational Retirement Board

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ERB Investment Portfolio Exhibits Strong Growth

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Santa Fe - The New Mexico Educational Retirement Board (NMERB) reviewed the fiscal year investment performance at its Board meeting on August 12th. The report showed a continuation of the strong investment performance realized over the past two years. For the 2011 fiscal year (July 1, 2010 - June 30, 2011), the fund gained \$1.6 billion from investment results.

This is a gross investment return of 19.9% and brings total assets of the fund up to \$9.5 billion. This performance ranks in the 81st percentile of public pension funds with assets of \$1 billion or more in the nation over this time period. Given the Board's strategy of maintaining a lower risk portfolio through reduced equity allocations, this result is consistent with expectations in a strong bull market for stocks, as exemplified by the S&P 500 which was up almost 31% for the year.

"The Board is very pleased with the investment results", said Mary Lou Cameron, Chair of the Educational Retirement Board. "We feel our investment portfolio is well diversified and structured to participate meaningfully when markets rally, while providing a higher degree of protection than in the past when markets fell. Although we have seen a good deal of volatility in the stock market after the close of the fiscal year, our staff keeps a close eye on the markets, and our diversification has helped protect our assets."

Over the past five years the fund returned 5.3% per year, ranking in the top 22% of the same group of public funds. While the five-year results are below the target return of 7.75% per year, capital markets have been very turbulent over this time period. For example, the S&P 500 index, a widely followed group of large U.S. stocks, returned only 2.9% over the same time period. Given the continued volatility in investment markets, ERB's investments have done well.

Quarterly investment reports are available at www.nmerb.org/fundstatus.htm. For more information, contact Bob Jacksha, NMERB Chief Investment Officer, at (505) 827-8030.