



STATE OF NEW MEXICO  
*Educational Retirement Board*

701 CAMINO DE LOS MARQUEZ  
P.O. Box 26129  
SANTA FE, NEW MEXICO 87502-0129  
PHONE: (505) 827-8030  
FAX: (505) 827-1855

## Investment Update

With volatility in worldwide investment markets the ERB again finds itself with media attention. We welcome the opportunity to educate our membership and all of our stakeholders regarding our portfolio.

Recent attention focuses on ERB's performance results for the year and quarter ending December 31, 2008. Looking at only one year or one quarter is not meaningful as pension funds are long-term market participants. At June 30, 2008, over the previous three and five year periods, the Fund ranked in the top third of the Independent Consultant Cooperative's Public Funds Universe. The preliminary results of the first quarter for 2009 show the ERB's performance to be around the median of our peers.

Nevertheless the Board is concerned and continues to monitor its investment decisions and performance regularly. This monitoring includes reviewing asset allocation and transitioning from an asset allocation heavily dependent on the equity markets to one employing greater diversification. The Board, and its investment consultant, strongly believe that as the portfolio diversifies away from a high concentration of equities and into alternatives such as private equity, that returns will improve and risk will diminish.

Contrary to other representations, the ERB will continue to be able to meet its obligations to retirees. With a current fund balance of \$6.5 billion the ERB has adequate funds for years to come.

ERB continues to be on the forefront in recommending changes to ensure the solvency of the fund. ERB's board initiated the charge for benefit changes that resulted in the new 30 year service requirement for new members joining after July 1, 2010. The ERB will continue to provide innovative recommendations and leadership through participation on the Retirement Systems Solvency Task Force created in Representative John Heaton's House Bill 573. This legislation was signed by Governor Richardson on April 10, 2009.

Transparency is critical to our membership. Through the [Fundstatus link](#) stakeholders can access a vast amount of investment information.