FOR IMMEDIATE RELEASE
February 22, 2019
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New Mexico Educators’ pension fund investments posts annual gains in difficult year

SANTA FE -- The New Mexico Educational Retirement Board (ERB) fund, which provides defined pension benefits to the state’s public educational employees, posted net investment gains of just over $95 million for the 2018 calendar year. This represents a return of 0.6% for the year, net of investment manager fees. The returns come during a time of extreme market volatility and underperformance. Thus, a 0.6% return is higher than most other investors when almost all stock markets posted losses.

As for longer term results, net of investment management fees, the ERB fund investments returned 7.5% over the last three years, 6.3% for the last five years and 8.9% since July 1983.

“2018 was a difficult year for capital markets as stock markets across the world were weak,” stated Educational Retirement Board Chair Mary Lou Cameron. She also noted, “New Mexico ERB positive results during this period validate our risk reduction strategy achieved through broad diversification across various markets and strategies.”

Last year, the bellwether S&P 500 index lost 4.4% for the year. Smaller capitalization stocks represented by the Russell 2500 index lost 10%. International markets fared even worse as the MSCI EAFE, an index of developed country stocks, lost 13.8%. Bonds did only slightly better. The Bloomberg/Barclays Aggregate Index, made up of investment grade U.S. bonds, returned 0.0%.

Another one of the comparison benchmarks that ERB uses is a group of peer institutions, the InvestorForce Universe of US public pension funds with assets of more than $1 billion. The median return for the universe was -4.0% for 2018. ERB’s performance falls in the top 4% for the year and in the top 10% or better of this peer group for all periods measured from 3 months to 30 years, with one exception. The 20 year period falls in top 38%, which is still above the median return. In short, very good results compared to capital markets and peers.
The educational retirement pension plan provides retirement benefit services to over 156,000 members ranging from public school teachers, administrators and staff to college faculty and staff who work for 216 educational employers.

Members can find a dashboard and detailed investment results on the ERB’s web site: [http://www.nmerb.org/Investments.html](http://www.nmerb.org/Investments.html)

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