Retirement News Highlights

Wednesday, August 16, 2023

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Maryland State Retirement tops benchmark with 3.1% annual return

By Brian Croce
Pensions & Investments
August 15, 2023

Maryland State Retirement & Pension System, Baltimore, returned a net 3.1% for the fiscal year ended June 30, beating its benchmark return of 2.2%, its board of trustees announced Tuesday.

For the three, five and 10 years ended June 30, the pension fund returned an annualized 8.2%, 6.9% and 7%, respectively, compared with their respective benchmarks of 7%, 6.3% and 6.5%.

The $65.2 billion pension fund returned a net -3.3% for the fiscal year ended June 30, 2022.

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"The board has adopted a diversified asset allocation that has achieved the long-term return targets with as little volatility as possible," said Andrew C. Palmer, the retirement system's CIO, in a news release. "The allocation includes a mix of assets that behave differently as markets ebb and flow to reduce volatility in any one period."

By asset class, public equity returned a net 13.8% (even with its 13.8% benchmark); followed by credit 6% (9% benchmark); absolute return 1.4% (1.4%); private equity 0.3% (-2.9%); multiasset strategies -1.6% (2.2%); real assets -3.4% (-6.7%); and rate sensitive -3.7% (-3.5%).

As of June 30, the actual allocation was 30.2% public equities, 21.9% private equity, 17.1% rate-sensitive assets, 15.4% real assets, 8.7% credit, 5.9% absolute return, 0.4% multiasset strategies and the rest in cash.

"The board's diversified and risk-balanced asset allocation, enhanced by staff's implementation, has achieved its performance objectives over the long-term with less risk than more traditional approaches, said State Treasurer Dereck E. Davis, chairman of the system's board, in the release. "While financial markets have been volatile over the last two years and returns have been challenged, the system has added value for its participants and beneficiaries relative to 60/40 strategies."

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Oklahoma treasurer cuts blacklist by more than half

By Margarida Correia
Pensions & Investments
August 15, 2023

Oklahoma Treasurer Todd Russ has released an updated list of financial companies banned from doing business with the state for allegedly boycotting oil and gas companies, reducing the number of blacklisted firms to six from 13.

The financial institutions that remain on the list are BlackRock, Wells Fargo, J.P. Morgan Chase, Bank of America, State Street and Climate First Bank.

"The state of Oklahoma should not be investing money with companies that boycott one of our own industries," Mr. Russ said in a news release Tuesday. "These financial companies are using ESG (environmental, social and governance) policies to promote a political, social agenda instead of allowing the free-enterprise system to work."

The original list of 13 firms was issued May 3.

The 13 firms were given 90 days to cease engaging in the alleged boycotts of energy companies to avoid divestment by state pension funds and other governmental entities.

The $10.8 billion Oklahoma Public Employees Retirement System, Oklahoma City, the pension fund with the largest exposure to blacklisted firms, is weighing its options, including taking a fiduciary exemption from the divestment mandate that is permitted under the law. The pension fund uses both BlackRock and State Street as money managers, which jointly account for about 65% of the pension fund's portfolio, or about $6.8 billion.

The seven firms that were dropped from the list are GCM Grosvenor, Lexington Partners, FirstMark Fund Partners, Stepstone VC Global Partners, WCM Investment Management, William Blair and Actis.

Under state law, Oklahoma's treasurer must update the list annually.

Well Fargo, State Street and Climate First Bank declined to comment. The other three firms — BlackRock, J.P. Morgan and Bank of America — did not respond to emails seeking comment.

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