

# NEW JERSEY DIVISION OF INVESTMENT

**Director's Report**

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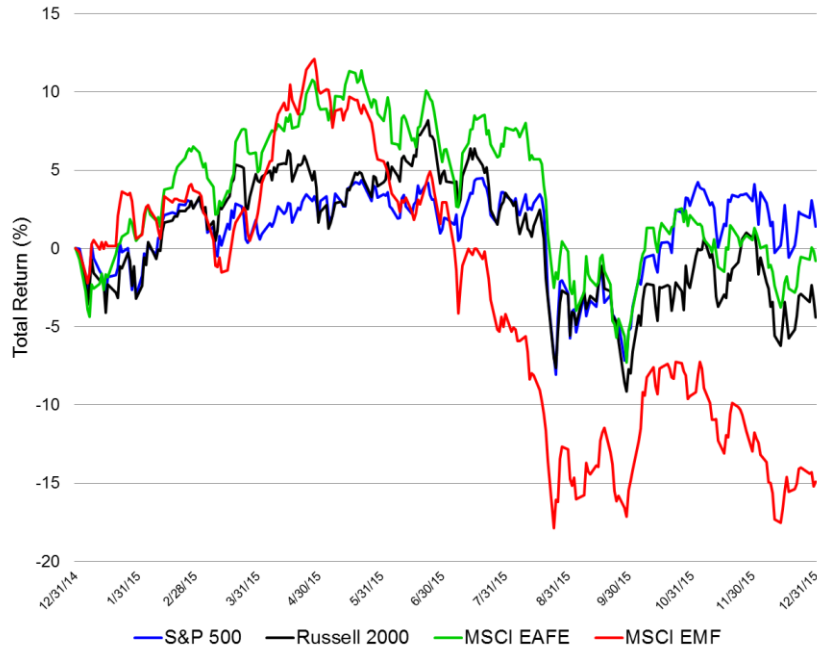
**January 27, 2016**

**State Investment Council Meeting**

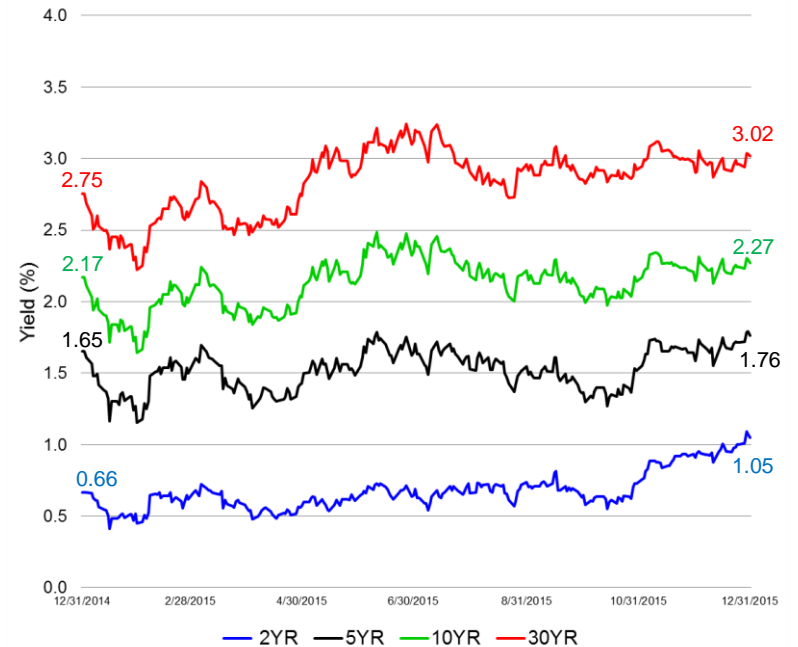
*“The mission of the New Jersey Division of Investment is to achieve the best possible return at an acceptable level of risk using the highest fiduciary standards.”*

# Capital Markets Update (through December 31, 2015)

## Calendar Year 2015 Equity Market Returns

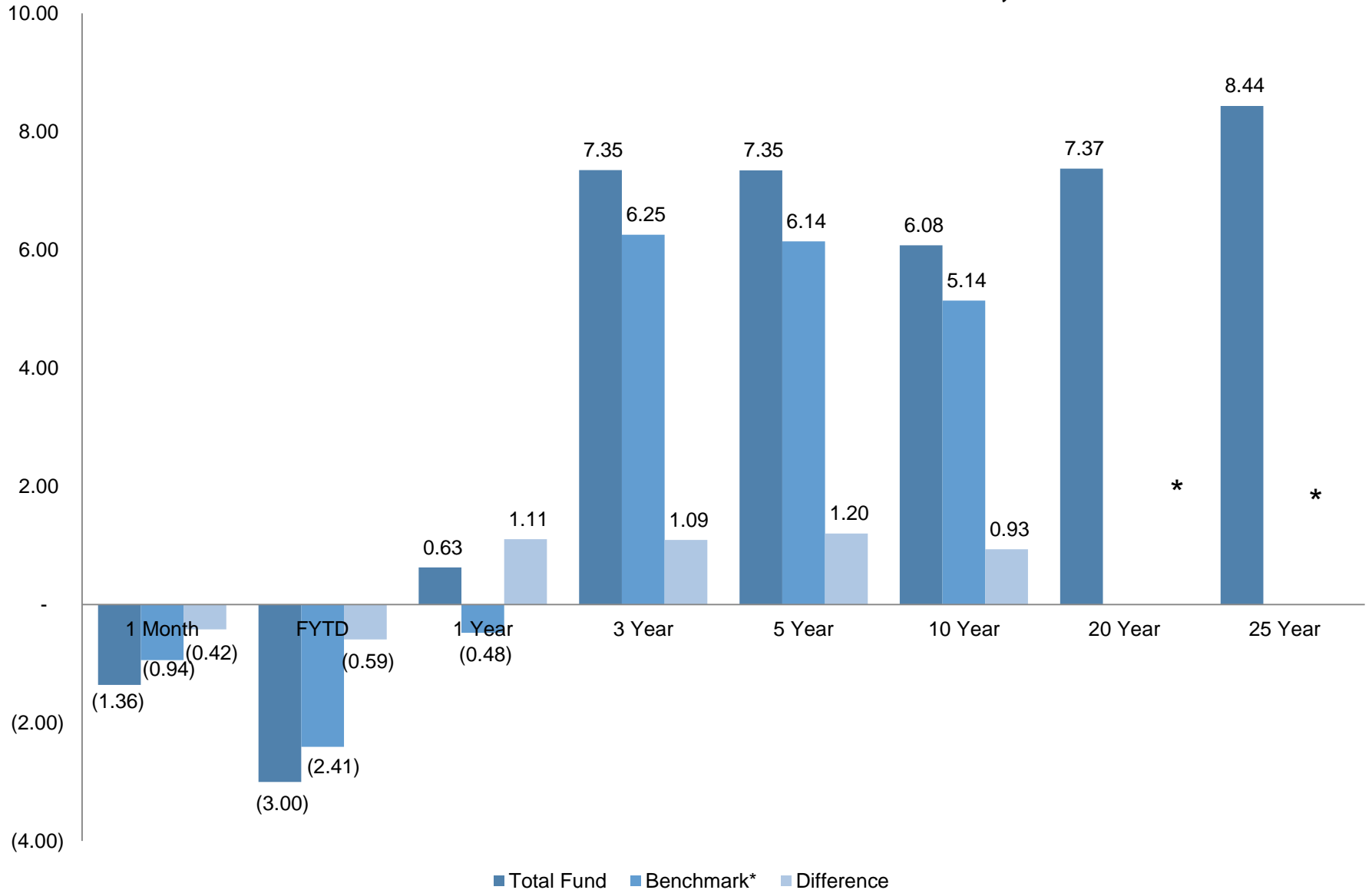


## Calendar Year 2015 U.S. Treasury Yields



	December 31, 2015	MTD %	FYTD %	1 Yr %	3 Yrs %	5 Yrs %	10 Yrs %	
<b>Domestic Equity</b>	<b>S&amp;P 500</b>	(1.59)	0.14	1.37	15.12	12.56	7.31	1
	<b>Russell 2000</b>	(5.02)	(8.75)	(4.41)	11.65	9.19	6.79	2
<b>International Equity</b>	<b>MSCI EAFE</b>	(1.35)	(6.01)	(0.81)	5.01	3.60	3.03	3
	<b>MSCI EMF</b>	(2.23)	(17.36)	(14.92)	(6.76)	(4.81)	3.61	4
<b>Bond</b>	<b>Barclays Agg</b>	(0.32)	0.65	0.55	1.44	3.25	4.52	5
	<b>Barclays HY</b>	(2.52)	(6.82)	(4.47)	1.69	5.04	6.96	6
	<b>Barclays US Tips</b>	(0.79)	(1.78)	(1.44)	(2.27)	2.55	3.93	7
<b>Commodity</b>	<b>Bloomberg</b>	(3.11)	(23.50)	(24.70)	(17.34)	(13.52)	(7.49)	8
<b>Real Estate</b>	<b>Bloomberg REIT</b>	1.41	9.45	3.18	10.90	11.82	7.17	9

## Total Fund<sup>(1)</sup> Performance as of December 31, 2015



(1) Pension Fund Return excludes Police and Fire Mortgage Program

\*Benchmark return not available for 20 and 25-Year period

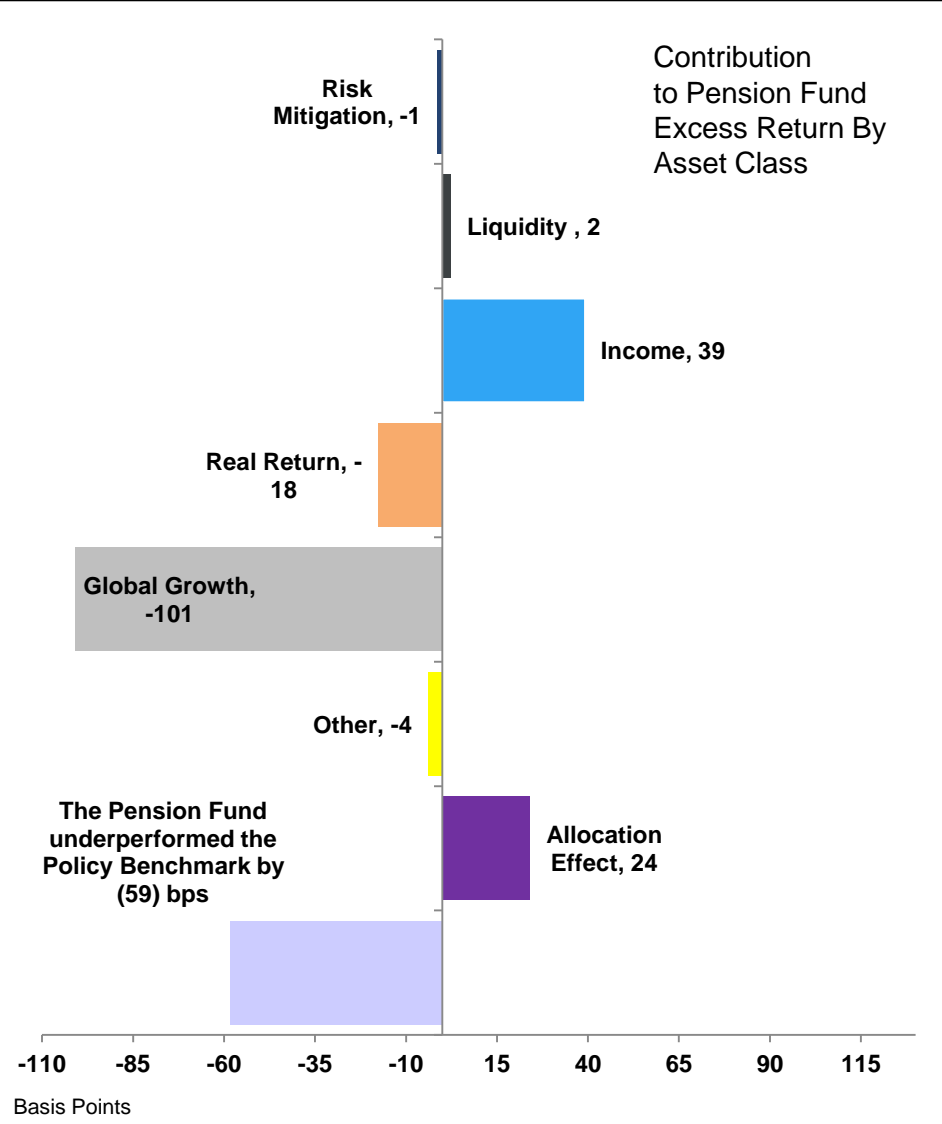
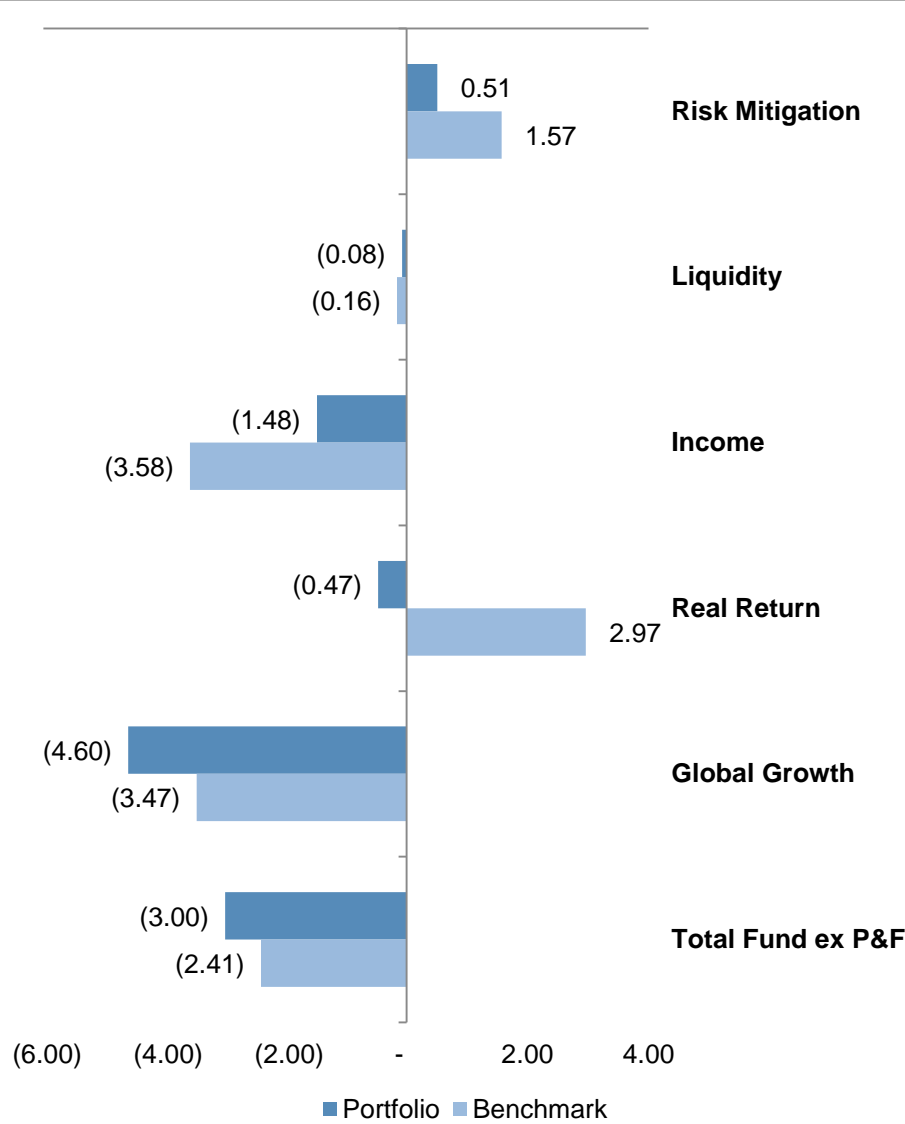
Fund and Benchmark performance based on preliminary values

Asset Class	ASSET ALLOCATION As of December 31, 2015				PERFORMANCE (for periods ending December 31, 2015)						Long Term CMA
	Mkt Value	Actual (%)	Target (%)	Difference	FYTD		Trailing Twelve Months		Trailing Three Years		
					NJ	Bench	NJ	Bench	NJ	Bench	
<b>RISK MITIGATION</b>											
Absolute Return HFs	3,545	4.99%	5.00%	-0.01%	0.51%	1.57%	1.80%	3.10%	3.67%	3.09%	4.57%
<b>TOTAL RISK MITIGATION</b>	<b>3,545</b>	<b>4.99%</b>	<b>5.00%</b>	<b>-0.01%</b>	<b>0.51%</b>	<b>1.57%</b>	<b>1.80%</b>	<b>3.10%</b>	<b>3.67%</b>	<b>3.09%</b>	
<b>LIQUIDITY</b>											
Cash Eqv	1,460	2.05%	5.00%	-2.95%	0.40%	0.04%	0.90%	0.05%	1.21%	0.05%	0.25%
Short Term	602	0.85%	0.00%	0.85%	0.49%	0.04%	0.57%	0.05%			
TIPS	1,568	2.20%	1.50%	0.70%	-1.63%	-1.84%	-0.75%	-1.72%	-3.02%	-3.42%	1.98%
US Treasuries	850	1.19%	1.50%	-0.31%	0.72%	0.81%	1.61%	0.84%	-1.21%	0.81%	1.43%
<b>TOTAL LIQUIDITY</b>	<b>4,479</b>	<b>6.30%</b>	<b>8.00%</b>	<b>-1.70%</b>	<b>-0.12%</b>	<b>-0.16%</b>	<b>0.44%</b>	<b>-0.10%</b>	<b>-1.07%</b>	<b>-0.70%</b>	
<b>INCOME</b>											
Investment Grade Credit	6,057	8.52%	8.00%	0.52%	-0.19%	0.01%	0.24%	-0.77%	1.59%	0.52%	3.01%
Public High Yield	1,674	2.35%	2.00%	0.35%	-5.39%	-6.82%	-2.55%	-4.47%	2.69%	1.69%	4.36%
Global Diversified Credit	2,591	3.64%	5.00%	-1.36%	-1.14%	-6.82%	1.78%	-4.47%	10.33%	1.69%	6.46%
Credit-Oriented HFs	2,582	3.63%	3.75%	-0.12%	-3.27%	-6.73%	-1.24%	-5.56%	6.37%	3.01%	8.38%
Debt-Related PE	633	0.89%	1.00%	-0.11%	-0.19%	-3.40%	8.25%	-0.49%	13.38%	6.64%	9.09%
Debt Related Real Estate	413	0.58%	0.80%	-0.22%	1.03%	-1.34%	7.73%	6.50%			6.10%
P&F Mortgage	938	1.32%	1.20%	0.12%	2.31%		2.38%		2.74%		
<b>TOTAL INCOME</b>	<b>14,890</b>	<b>20.94%</b>	<b>21.75%</b>	<b>-0.81%</b>	<b>-1.48%</b>	<b>-3.58%</b>	<b>0.45%</b>	<b>-2.62%</b>	<b>3.86%</b>	<b>1.00%</b>	
<b>REAL RETURN</b>											
Commodities	485	0.68%	0.50%	0.18%	-17.33%	-23.46%	-21.53%	-24.66%			4.30%
Private Real Assets	1,432	2.01%	2.00%	0.01%	-3.00%		-4.02%				8.74%
Equity Related Real Estate <sup>1</sup>	3,593	5.05%	5.25%	-0.20%	3.26%	7.14%	15.09%	13.86%	15.70%	12.73%	8.60%
<b>TOTAL REAL RETURN</b>	<b>5,510</b>	<b>7.75%</b>	<b>7.75%</b>	<b>0.00%</b>	<b>-0.47%</b>	<b>2.97%</b>	<b>5.68%</b>	<b>2.09%</b>	<b>7.72%</b>	<b>6.87%</b>	
<b>GLOBAL GROWTH</b>											
US Equity	20,209	28.42%	26.00%	2.42%	-3.26%	-0.54%	-0.48%	1.01%	14.32%	14.90%	6.76%
Non-US Dev Market Eq	9,590	13.49%	13.25%	0.24%	-6.71%	-7.03%	-2.33%	-2.93%	4.80%	4.20%	7.00%
Emerging Market Eq	3,131	4.40%	6.50%	-2.10%	-17.27%	-17.02%	-16.30%	-14.72%	-7.71%	-6.41%	8.40%
Buyouts/Venture Cap	6,448	9.07%	8.00%	1.07%	2.02%		16.59%		19.07%		10.12%
Equity-Oriented HFs	2,831	3.98%	3.75%	0.23%	-6.00%	-4.07%	-0.80%	2.27%	7.88%	7.16%	8.04%
<b>TOTAL GLOBAL GROWTH</b>	<b>42,209</b>	<b>59.36%</b>	<b>57.50%</b>	<b>1.86%</b>	<b>-4.60%</b>	<b>-3.47%</b>	<b>-0.05%</b>	<b>-0.62%</b>	<b>9.91%</b>	<b>9.22%</b>	
<b>OTHER</b>											
<b>OPPORTUNISTIC PE</b>	303	0.43%			-1.68%		7.59%				
<b>OTHER</b>	176	0.25%									
<b>TOTAL FUND</b>	<b>71,112</b>	<b>100.00%</b>			<b>-3.00%</b>	<b>-2.41%</b>	<b>0.63%</b>	<b>-0.48%</b>	<b>7.35%</b>	<b>6.25%</b>	
<b>As of 6/30/15</b>	<b>79,000</b>										
<b>As of 6/30/14</b>	<b>81,220</b>										
				S&P 500	0.14%		1.37%		15.12%		
				Russell 2000	-8.75%		-4.41%		11.65%		
				MSCI EAFE	-6.01%		-0.81%		5.01%		
				MSCI EMF	-17.36%		-14.92%		-6.76%		
				Barclays Agg	0.65%		0.55%		1.44%		
				Barclays HY	-6.82%		-4.47%		1.69%		
				Bloomberg Commodities	-23.50%		-24.70%		-17.34%		
				Bloomberg REIT	9.45%		3.18%		10.90%		
				HFRI	-3.44%		-1.02%		3.62%		

<sup>1</sup> Current assets do not include receivables of \$350 million related to Real Estate secondary sale  
Based on preliminary values

Performance by Asset Class  
Fiscal Year to Date through December 31st, 2015

Pension Fund Attribution vs. Benchmark  
Fiscal Year through December 31st, 2015



Allocation Effect indicates the effect of asset allocation bets, i.e. overweights or underweights vs. the target allocations

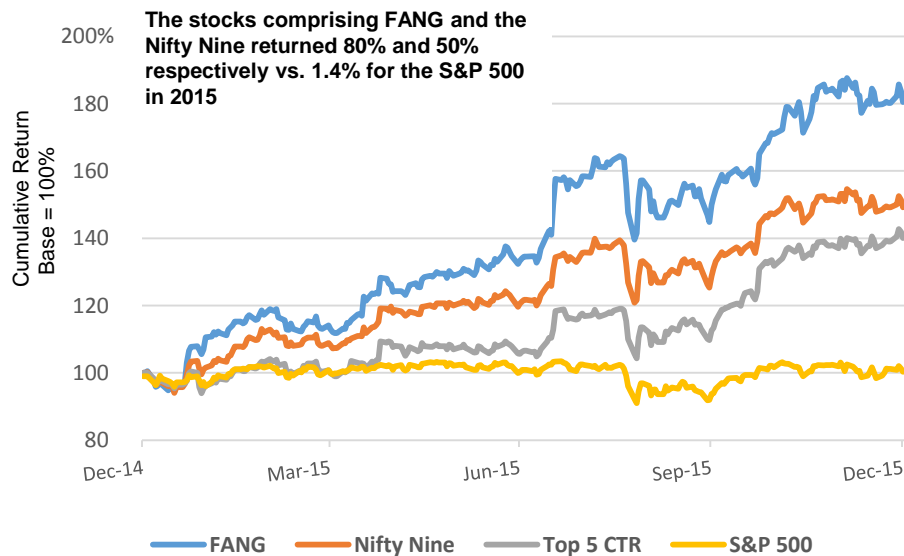
## US Equity Market in 2015 – All About Stock Selection

US equities are in the seventh year of a bull market that, prior to 2015, had been driven by a broad group of stocks. However, in 2015 leadership was dominated by a narrow group of large cap companies commonly referred to as FANG (Facebook, Amazon, Netflix, Google-Alphabet) and the Nifty Nine (FANG stocks plus eBay, Priceline, Salesforce, Microsoft, and Starbucks).

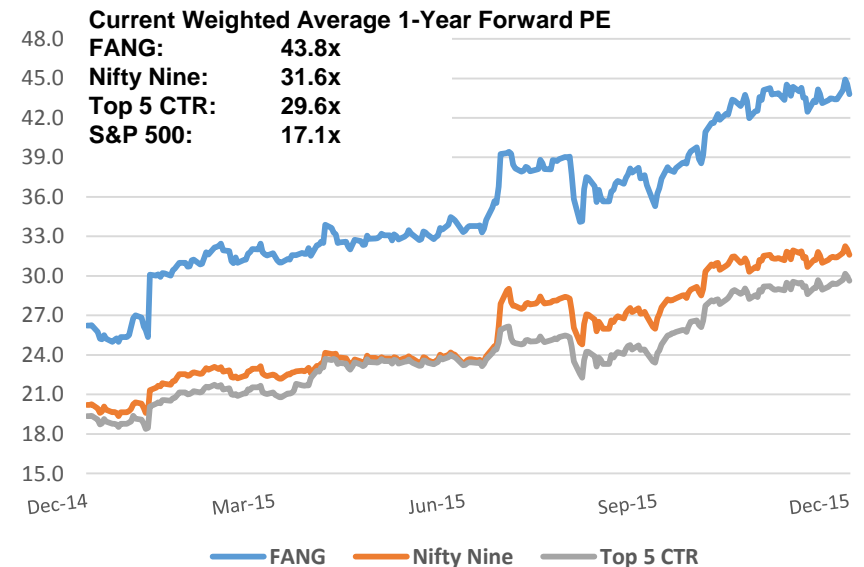
In 2015, five stocks – Amazon, Google (Alphabet), Microsoft, Facebook and General Electric – which total 9.4% of the S&P 500 equity capitalization accounted for more than 100% of the S&P 500 calendar year total return of 1.40%. Stated alternatively, without these stocks, the S&P 500 would have posted a 283 basis point or 2.83% lower total return for 2015.

The New Jersey US Equity Portfolio is managed in a prudent manner, with a disciplined stock selection methodology that is focused on stocks with reasonable valuations and reflects an appropriate risk tolerance level of a pension fund with a long-term investment horizon. The portfolio generally does not engage in momentum investing (which reflects the performance of FANG and the Nifty Nine) as such a strategy is inconsistent with the investment principles of the portfolio.

Concerns regarding earnings growth amid market turmoil caused investors to crowd into a small group of stocks perceived to have resilient characteristics.



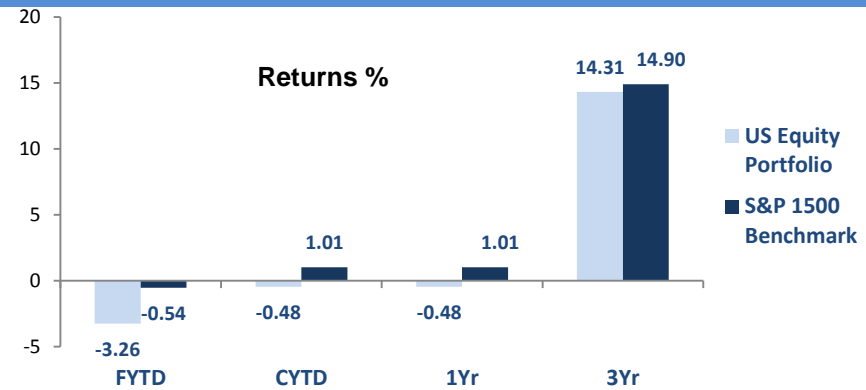
These return leaders trade at earnings multiples higher than that of the S&P 500, which is currently above its 10-year long term average of 16.5x.



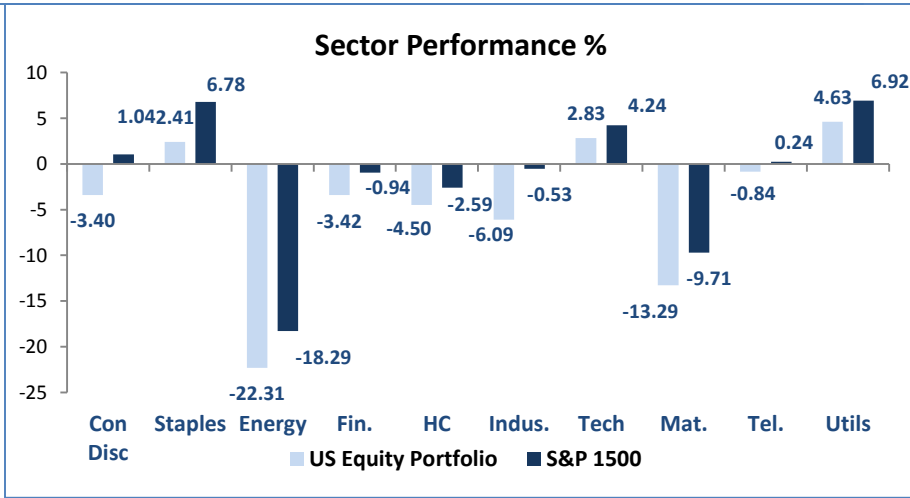
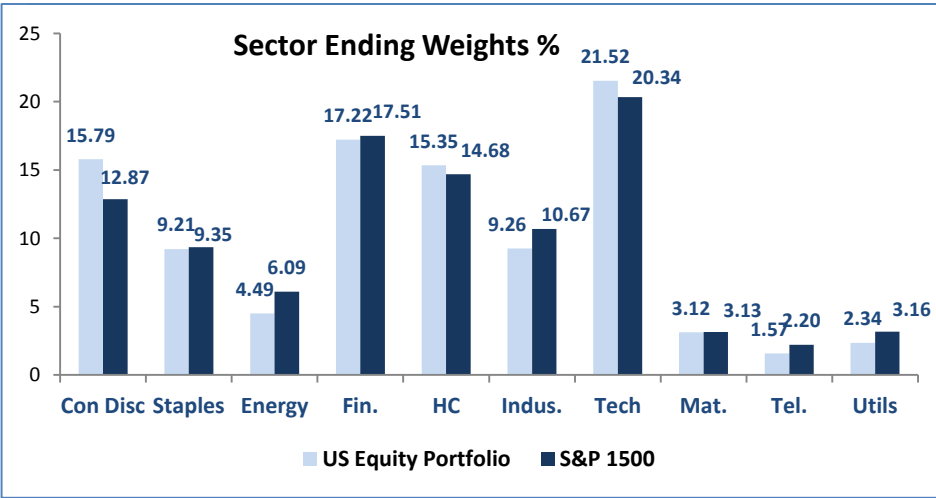
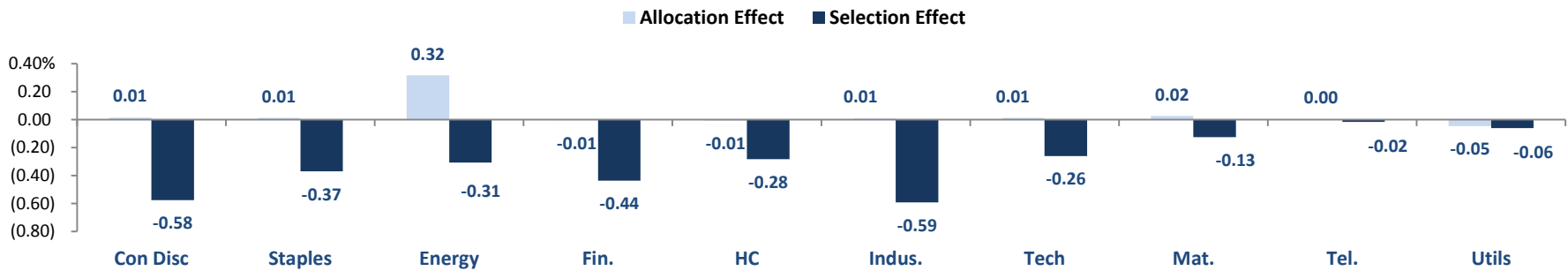
Top 5 CTR = Top 5 Contributors to Return, the top 5 stocks contributing to the S&P 500 2015 return: Amazon, Google-Alphabet, Microsoft, Facebook, General Electric

Source: Factset, Goldman Sachs

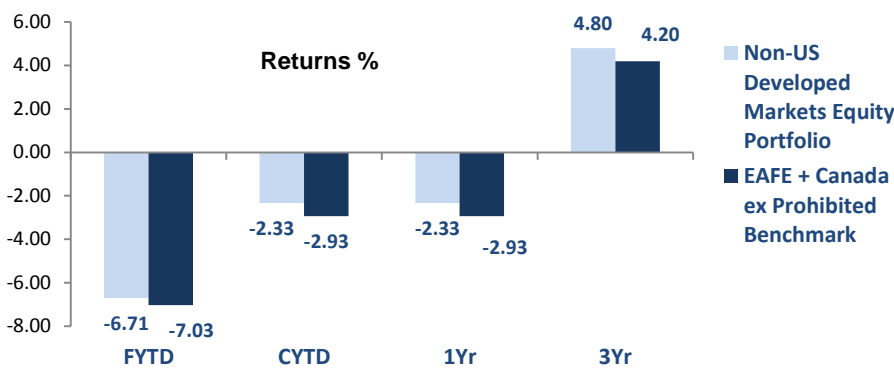
For the fiscal year through December 31st, the U.S. Equity Portfolio returned -3.26% versus the Benchmark return of -0.54%. Widespread equity market losses and a sharp rise in volatility characterized this time period, which included the S&P 500 experiencing the worst quarterly return in 4 years. Investor sentiment veered toward the defensive as Large Caps, Utilities and Staples outperformed. Yet stock selection was the key to outperformance as a handful of stocks drove market returns. This narrow market leadership, in addition to collapsing oil prices, uncertainty over economic growth, rising volatility, and the U.S. Fed raising interest rates created a challenging investment environment. The U.S. Equity Portfolio is managed in a prudent manner with an investment philosophy that includes investing across sectors for diversification and a focus on growth stocks at reasonable valuations. This philosophy ended up being at odds with many of the factors that dominated the market's performance during this time.



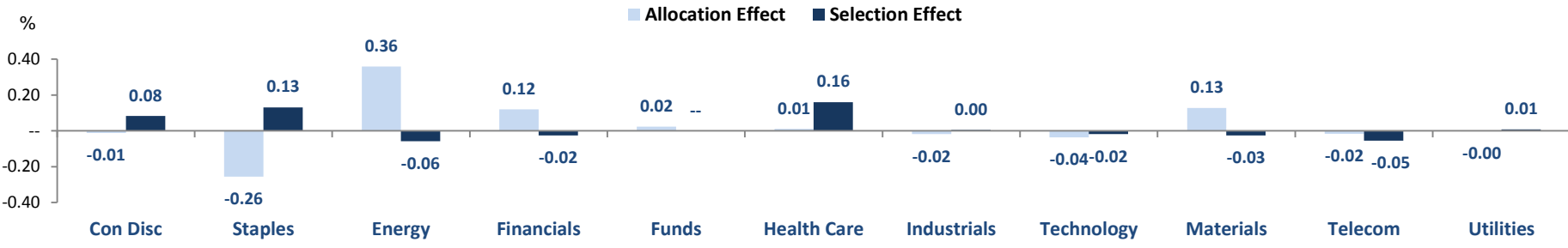
<b>Portfolio Sector Attribution FYTD% - Breakdown of Excess Return:</b>	Portfolio Return: -3.26%	Benchmark Return: -0.54%	Excess Return: -2.72%
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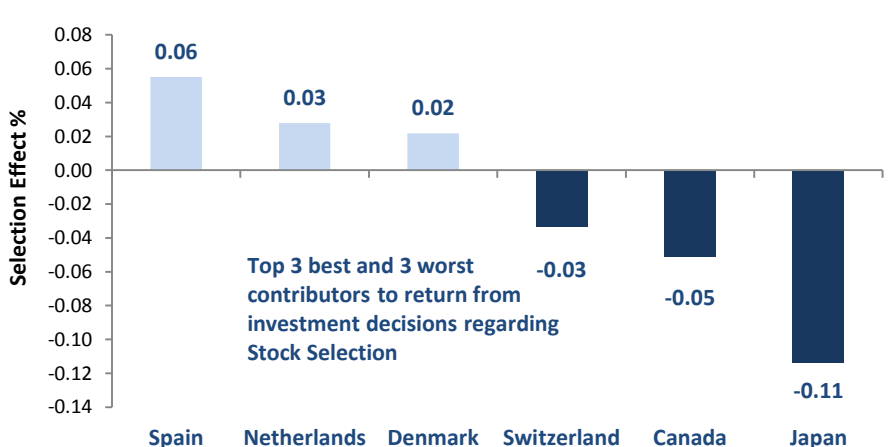
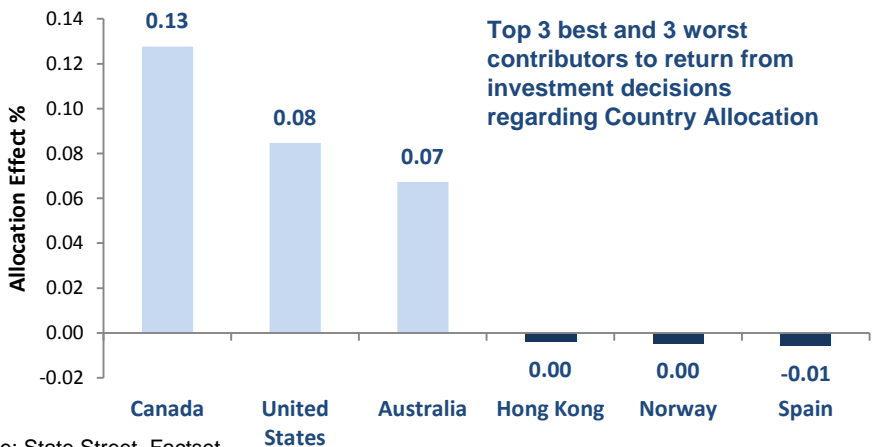
For the fiscal year through December 31st, the Non-US Developed Markets Equity Portfolio returned -3.89% versus the Benchmark return of -3.86%. Global markets experienced significant volatility as concerns over weaker China economic growth, a surprise yuan devaluation, the collapse in oil prices, and the implications from rising US interest rates overshadowed the positive impact from the progress in resolving the Greek crisis earlier in the year. A less-than-expected QE package from the ECB in December also hurt sentiment and contributed to an already difficult investing environment. The Portfolio benefitted from the underweight allocation to Canada, which reflects a strategic move to underweight Energy and resulted in an underweight to this country due to its oil price sensitivity. The move to mitigate the impact of oil exposure in the Portfolio through the Energy underweight allowed this sector to be the largest positive contributor to Sector Allocation Effect. The move to underweight the allocation to Financials and Materials as well as stock selection in Health Care also added value. Performance detractors were the underweight allocation to Staples and stock selection in Japan.



Portfolio Return:	Benchmark Return:	Excess Return:
-6.71%	-7.03%	+0.32%



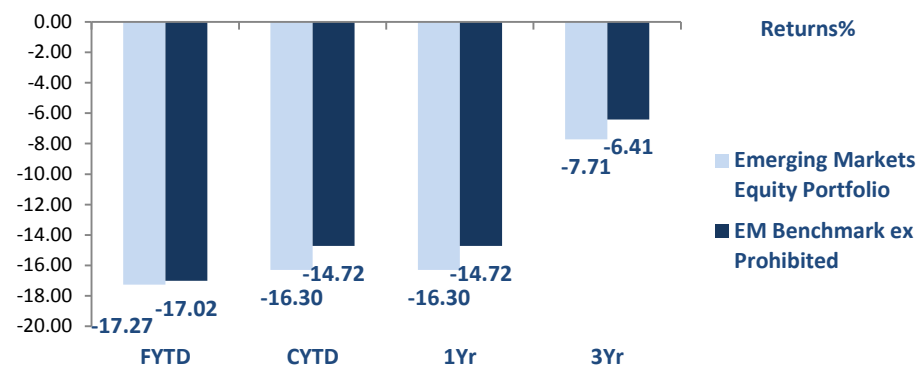
Portfolio Return:	Benchmark Return:	Excess Return:
-6.71%	-7.03%	+0.32%



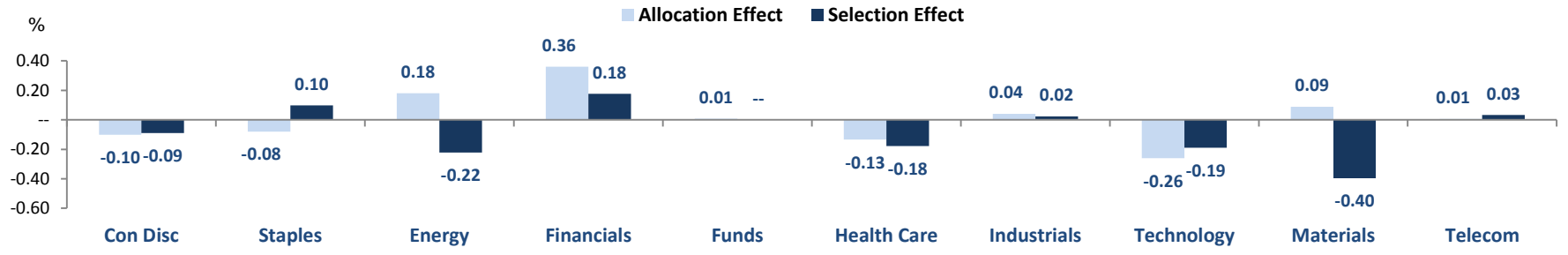
Source: State Street, Factset



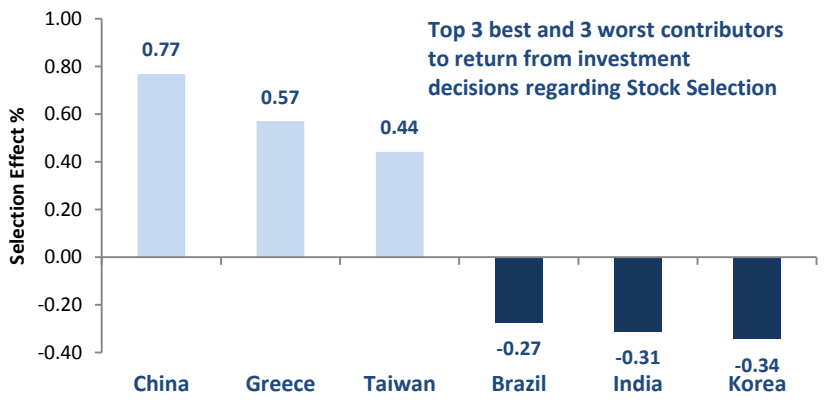
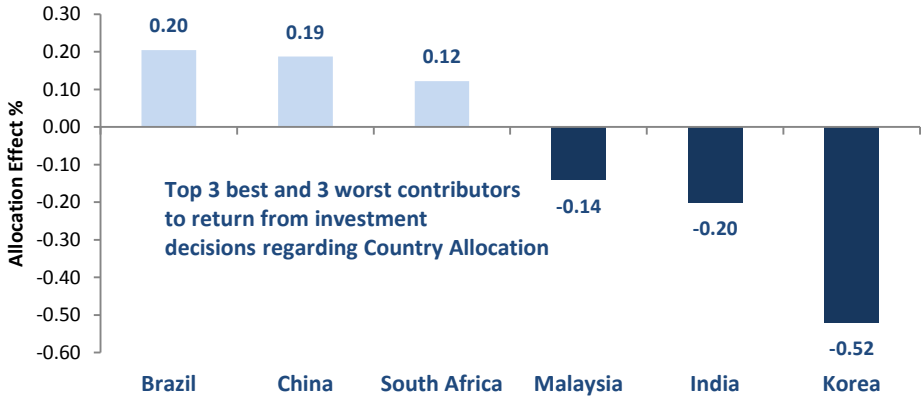
For the fiscal year through December 31st, the Emerging Markets Equity portfolio returned -17.27% versus the Benchmark return of -17.02%. The summer months were particularly challenging for the Emerging Markets as weaker China economic data, an unexpected Chinese currency devaluation, falling oil prices, and worries regarding the implications from the U.S. Federal Reserve raising interest rates caused significant declines to occur in these markets. While the Emerging Markets staged a rebound from the 2015 low of August 24<sup>th</sup> (the MSCI EM Index rose 10% between then and October 30<sup>th</sup>), and participated in the global markets rally in October (the EM Index was up 7%), in the final two months of the year, the market reversed itself and fell almost 6.2%. In this volatile environment, the EM Equity Portfolio modestly underperformed (25bps) in part to the underweight to Korea, a market that outperformed the benchmark, and stock selection in Materials. This was partially offset by the average underweight to China and Brazil, two of the worst performing EM countries during this time period, and the underweight allocation to and stock selection in Financials.



<b>Portfolio Sector Attribution FYTD% - Breakdown of Excess Return:</b>	Portfolio Return: -17.27%	Benchmark Return: -17.02%	Excess Return: -0.25%
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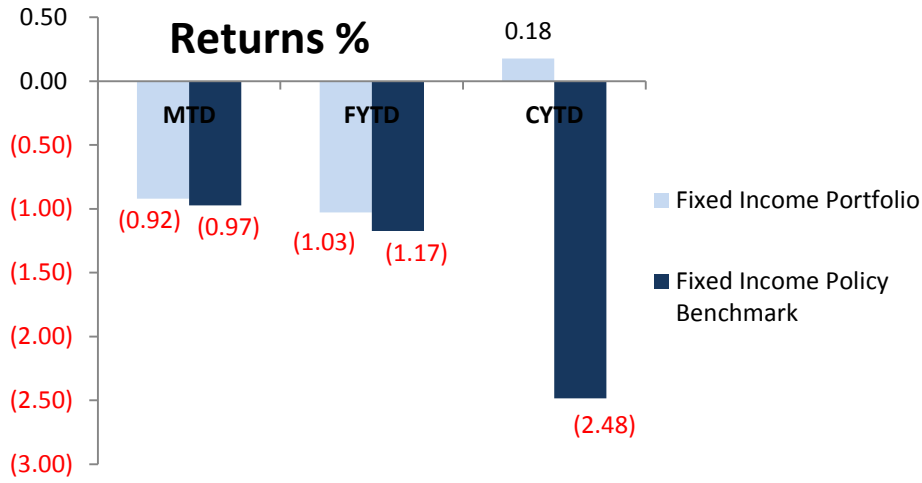


<b>Portfolio Country Attribution FYTD% - Breakdown of Excess Return:</b>	Portfolio Return: -17.27%	Benchmark Return: 17.02%	Excess Return: -0.25%
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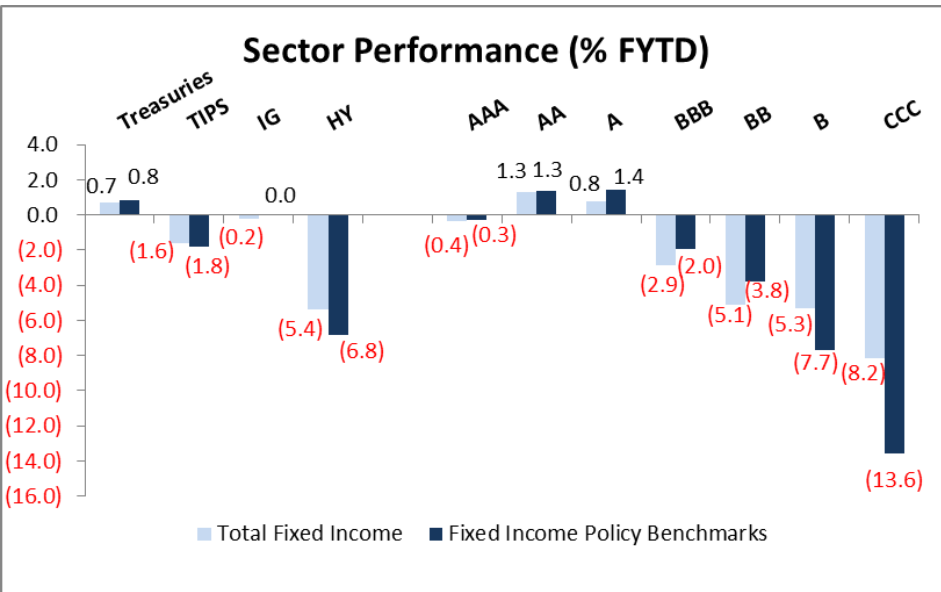
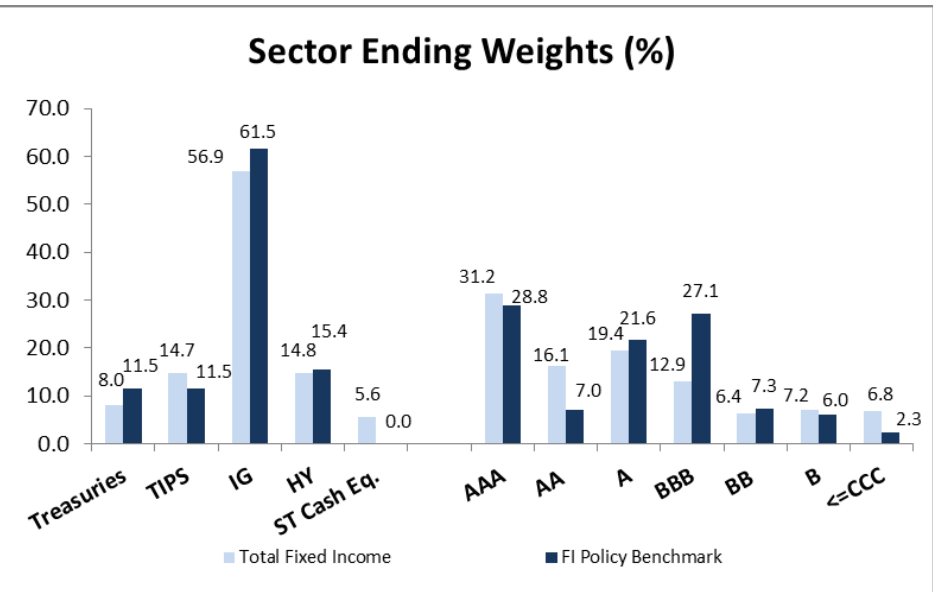


Source: State Street, Factset

For the fiscal year to date, the US Fixed Income portfolio returned -1.03% versus the benchmark return of -1.17%. Outperformance was aided by positive relative returns of 1.46% in the High Yield (HY) sector and 0.22% in the TIPS portfolio, versus their respective benchmarks. Conversely, the overall portfolio was adversely impacted by the Fund’s underweight allocation and below benchmark duration profile versus US Treasuries. FYTD, US Treasuries outperformed IG and HY corporate bonds as credit spreads widened and the yield curve flattened. Two and five-year Treasury yields rose 41 and 11 basis points, respectively, while ten-year yields declined 8 basis points and thirty-year yields declined 11 basis points. Despite an the headwind from and under-allocation to the strongest performing sector (Long Treasuries), the portfolio’s below benchmark allocation to the worst performing sector (High Yield) and strong relative performance within that sector as well has helped drive modest outperformance.

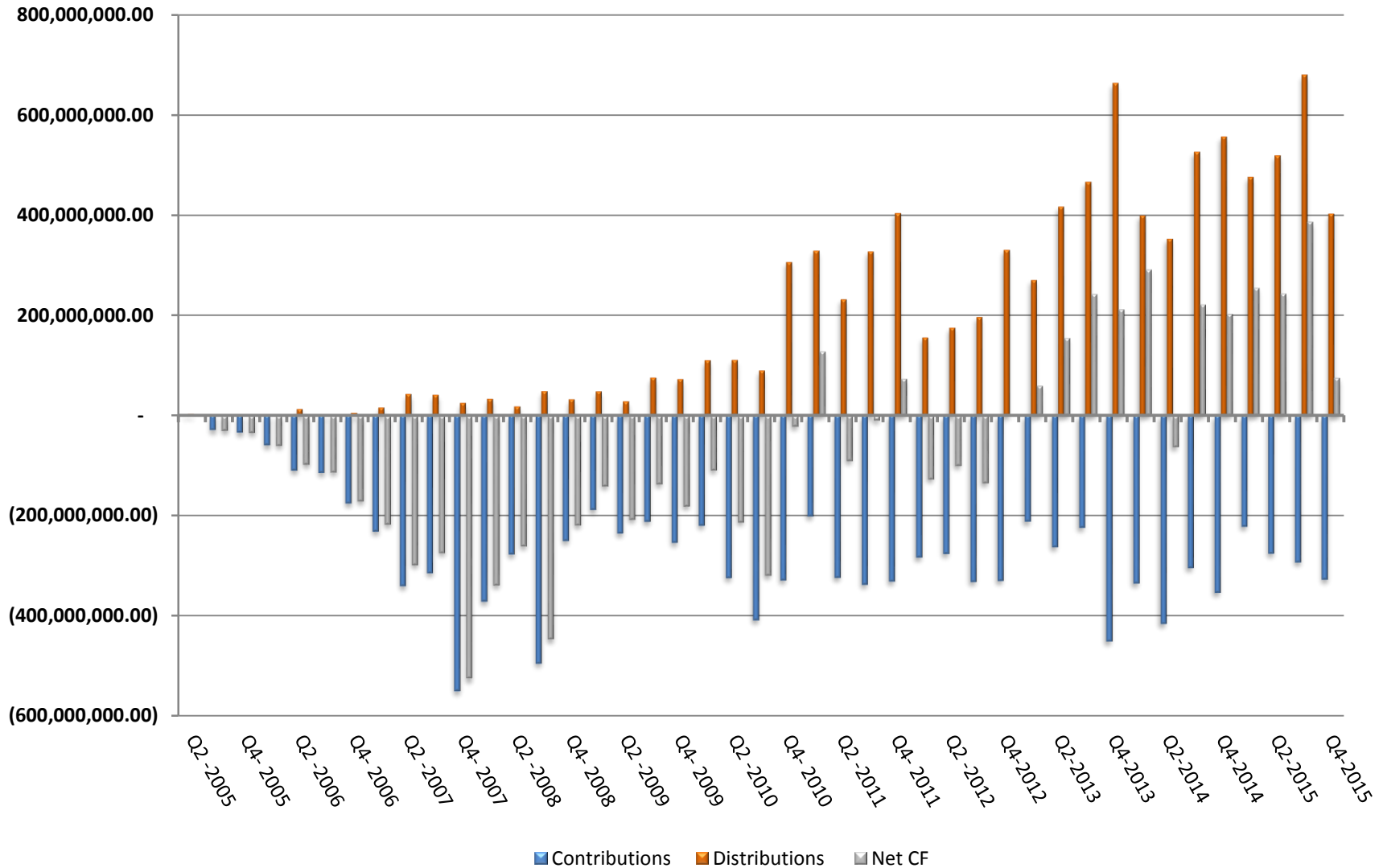


Portfolio Sector Attribution – Weights and Performance



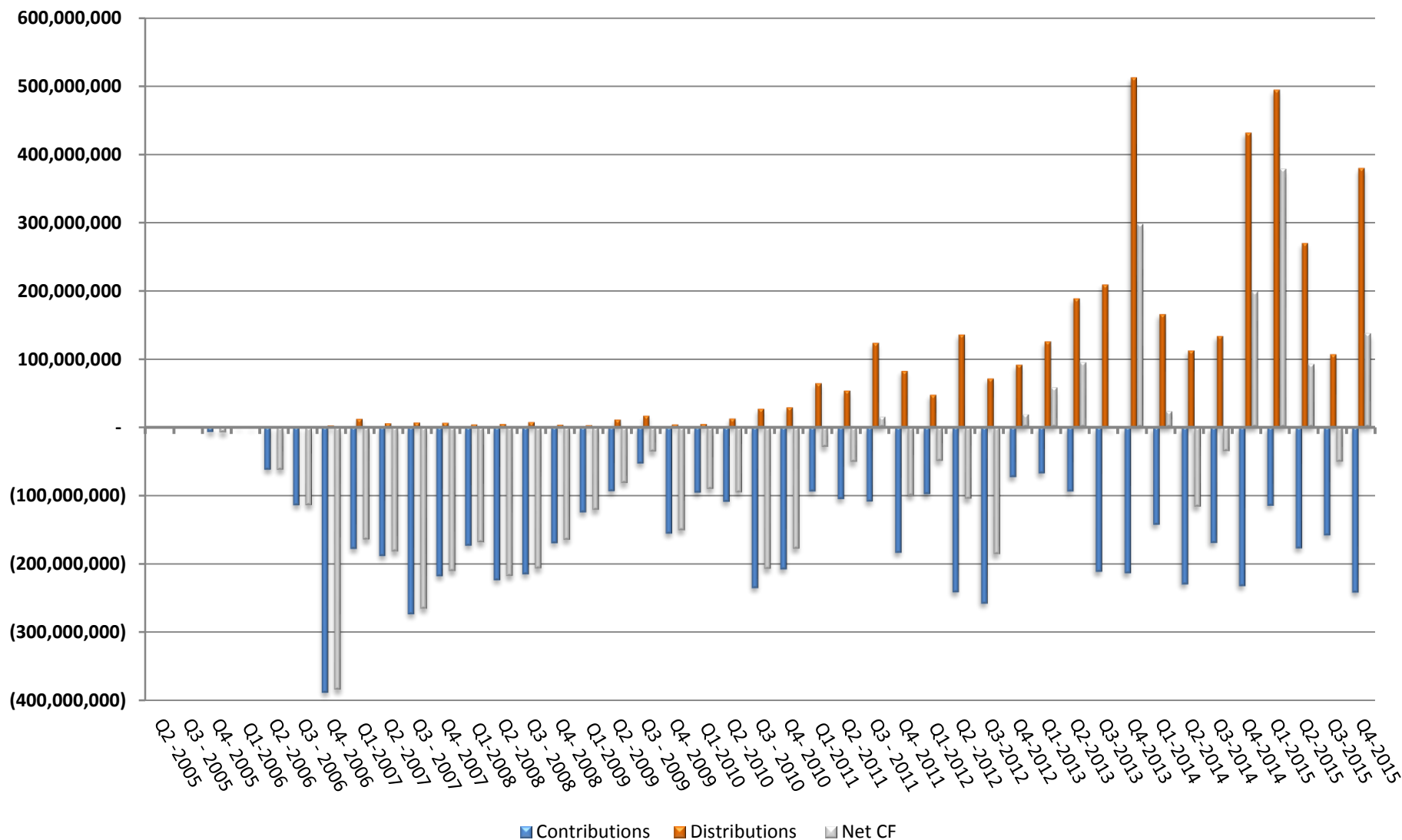
Source: State Street and FactSet

The trend of positive cash flows for the PE portfolio continued in the 4<sup>th</sup> quarter as the portfolio was cash flow positive by \$76 million. This marked the sixth consecutive cash flow positive quarter. For the year, the portfolio was cash flow positive by \$960 million and over the last three calendar years the portfolio is cash flow positive by \$2.3 billion.



## Real Estate Cash Flows Since Inception

The Real Estate Portfolio was net cash flow positive by \$138 million for the quarter and \$559 million for the calendar year. This marked the third consecutive cash flow positive calendar year. Over this period, the portfolio has been cash flow positive by \$1.1 billion.



# Alternative Investment Notifications

## **AnaCap Funds – Change in Investment Manager**

In response to the European Union's Alternative Investment Fund Managers Directive, AnaCap created an entity called AnaCap Investment Manager Limited to act as the alternative investment fund manager (AIFM) for the following funds in which the Division is or will be invested: AnaCap Credit Opportunities II, L.P., AnaCap Financial Partners II, L.P., AnaCap Financial Partners GP II, L.P., AnaCap Financial Partners III, L.P., and AnaCap Financial Partners GP III, L.P. The new entity will not affect the amounts contributed from the State to the funds or the amounts distributed to the State from the funds.

## **Omega Overseas Partners, Ltd. - Redemption**

The Division has submitted a partial redemption of \$144 million in Omega Overseas Partners, Ltd (“Omega”), a long short hedge fund, for December 31, 2015 (\$218 mm NAV as of 10/31/15).

The Division presented a \$75 million allocation to Omega in January 2007 and then a \$150 million add-on investment in January 2013. Since the initial investment in the fund, the strategy has produced an annualized return of 7.7%.

Rationale: The Division submitted a partial redemption in order to reduce the equity beta exposure in the hedge fund portfolio.

## **Claren Road Credit Fund, Ltd - Redemption**

The Division has submitted a full redemption in Claren Road Credit Fund, Ltd Sub Class Two (“Claren Road”), a long short credit hedge fund, for December 31, 2015 (\$219 mm NAV as of 10/31/15).

The Division initially presented a \$150 million allocation in March 2012 and then a \$100 million add-on investment in December 2013. Since the initial investment in the fund, the strategy has produced an annualized return of -2.52%.

Rationale: The Division submitted a full redemption due to disappointing recent performance and concerns regarding the firm's stability going forward.

***Purpose of Notification:*** The Division is notifying the SIC of these transactions under its Modification Procedures.

# Performance Appendix

# NJDOI Updates (11/1/15 through 12/31/15)

## US Equity

- The domestic equity portfolio had net sales of \$1.4 billion for the period as the Division completed 5 separate sell programs to reduce the US equity overweight heading into year end
- Overweight relative to its FY16 target was reduced from 400 bps to approximately 242 bps
- Repositioned the industrials portfolio to be more in line with the benchmark and to reduce tracking error

## International Equity

- The Developed Markets portfolio was a net buyer of approximately \$313 million for the period. A net \$272 million rebalancing program was executed in the Developed Passive portfolio. Europe continued to be overweight, exposure to Japan was slightly increased, and the underweight in the Energy sector was maintained. The Developed Markets Portfolio moved from 18 bps underweight to 24 bps overweight relative to the FY16 target allocation during the period
- The Emerging Markets portfolio was a net buyer of approximately \$56 million which maintained a defensive underweight allocation of 210 bps relative to the FY16 target. The Emerging Markets advisers were net buyers of \$316 million, of which \$288 million was for initial funding of the BlackRock adviser subaccount. This was mainly funded by the net sale of \$260 million in the Emerging ETF
- The Euro currency hedge was increased from 20% to 22% while the Yen currency hedge was decreased from 20% to 15%

## Fixed Income

- Net purchases of approximately \$277 million of investment grade bonds for the period
  - Net purchases of \$317 million in corporates and net sales of \$39 million of Treasuries and TIPS
- Within Investment Grade Credit, moved from an equal weight relative to the FY16 target to a 52 bps overweight as of 12/31/15
- Short Term Cash Equivalent exposure was maintained at approximately 80 bps. Portfolio currently has a YTW of 2.3%
- Net purchases of \$55 million in the high yield portfolio on market weakness
- Duration stands at 5.0 years (ex cash) vs benchmark duration of 6.1 years. When factoring in cash, duration stands at 4.7 years

# Asset Allocation with Hedges as of December 31, 2015

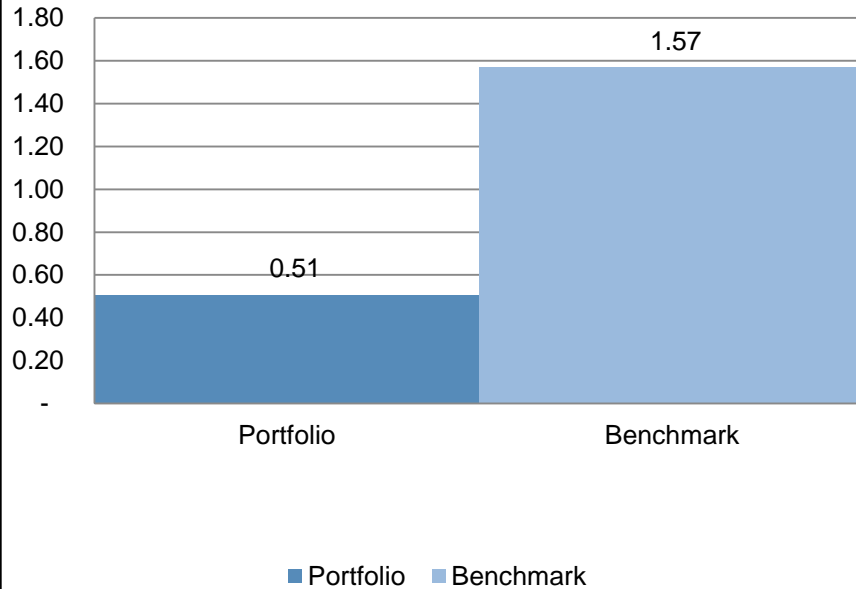
Line#	Asset Class	Current Assets Not Adjusted for Hedges (\$ in millions)	Current Allocation Not Adjusted for Hedges	FY 2016 Target	Over/Under Weight 2016 Target (Hedge Adjusted)	Long Term Target Range
1	<b>RISK MITIGATION</b>	<b>3,545</b>	<b>4.99%</b>	<b>5.00%</b>	<b>-0.01%</b>	<b>0-10%</b>
2	Absolute Return HFs	3,545	4.99%	5.00%	-0.01%	0-10%
3	<b>LIQUIDITY</b>	<b>4,479</b>	<b>6.30%</b>	<b>8.00%</b>	<b>-1.70%</b>	<b>2-15%</b>
4	Cash Eq/Short Term	2,062	2.90%	5.00%	-2.10%	0-15%
5	TIPS	1,568	2.20%	1.50%	0.70%	0-10%
6	US Treasuries	850	1.19%	1.50%	-0.31%	0-10%
7	<b>INCOME</b>	<b>14,890</b>	<b>20.94%</b>	<b>21.75%</b>	<b>-0.81%</b>	<b>15-40%</b>
8	Investment Grade Credit	6,057	8.52%	8.00%	0.52%	5-20%
9	High Yield	1,674	2.35%	2.00%	0.35%	0-8%
10	Global Diversified Credit	2,591	3.64%	5.00%	-1.36%	0-7%
11	Credit-Oriented HFs	2,582	3.63%	3.75%	-0.12%	0-6%
12	Debt-Related PE	633	0.89%	1.00%	-0.11%	0-4%
13	Debt Related Real Estate	413	0.58%	0.80%	-0.22%	0-4%
14	P&F Mortgage	938	1.32%	1.20%	0.12%	--
15	<b>REAL RETURN</b>	<b>5,510</b>	<b>7.75%</b>	<b>7.75%</b>	<b>0.00%</b>	<b>3-12%</b>
16	Commodities	485	0.68%	0.50%	0.18%	0-3%
17	Private Real Assets	1,432	2.01%	2.00%	0.01%	0-7%
18	Equity Related Real Estate <sup>1</sup>	3,593	5.05%	5.25%	-0.20%	2-9%
19	<b>GLOBAL GROWTH</b>	<b>42,209</b>	<b>59.36%</b>	<b>57.50%</b>	<b>1.86%</b>	<b>45-65%</b>
20	US Equity	20,209	28.42%	26.00%	2.42%	15-35%
21	Non-US Dev Market Eq	9,590	13.49%	13.25%	0.24%	8-20%
22	Emerging Market Eq	3,131	4.40%	6.50%	-2.10%	5-15%
23	Buyouts/Venture Cap	6,448	9.07%	8.00%	1.07%	4-12%
24	Equity-Oriented HFs	2,831	3.98%	3.75%	0.23%	0-8%
25	<b>OPPORTUNISTIC PE</b>	<b>303</b>	<b>0.43%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
26	<b>OTHER</b>	<b>176</b>	<b>0.25%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

<sup>1</sup> Current assets do not include receivables of \$350 million related to Real Estate secondary sale

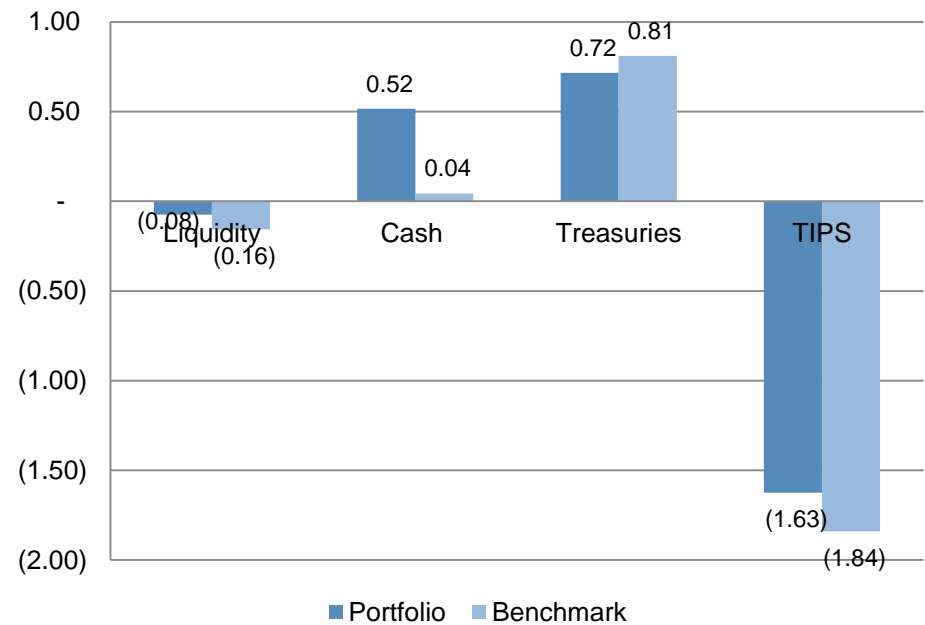
Based on preliminary values



### Risk Mitigation FYTD Performance as of December 31, 2015 (%)



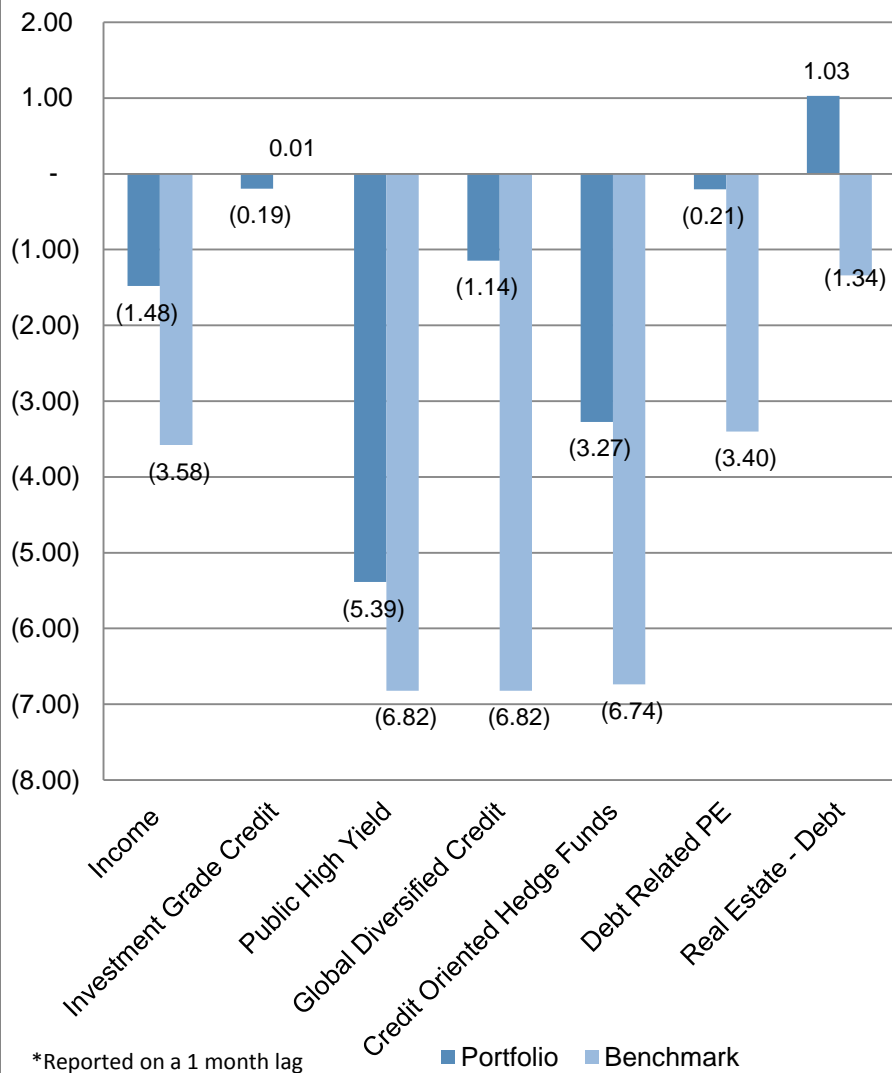
### Liquidity FYTD Performance as of December 31, 2015 (%)



Returns as of December 31, 2015	1 Month	FYTD	1 Year	2 Year	3 Year
Absolute Return Hedge Funds	1.55	0.51	1.80	2.98	3.67
T-Bill + 300 BP	0.29	1.57	3.10	3.09	3.09
<i>Difference</i>	1.26	(1.06)	(1.31)	(0.11)	0.58
<b>Total Risk Mitigation</b>	<b>1.55</b>	<b>0.51</b>	<b>1.80</b>	<b>2.98</b>	<b>3.67</b>
T-Bill + 300 BP	0.29	1.57	3.10	3.09	3.09
<i>Difference</i>	1.26	(1.06)	(1.31)	(0.11)	0.58

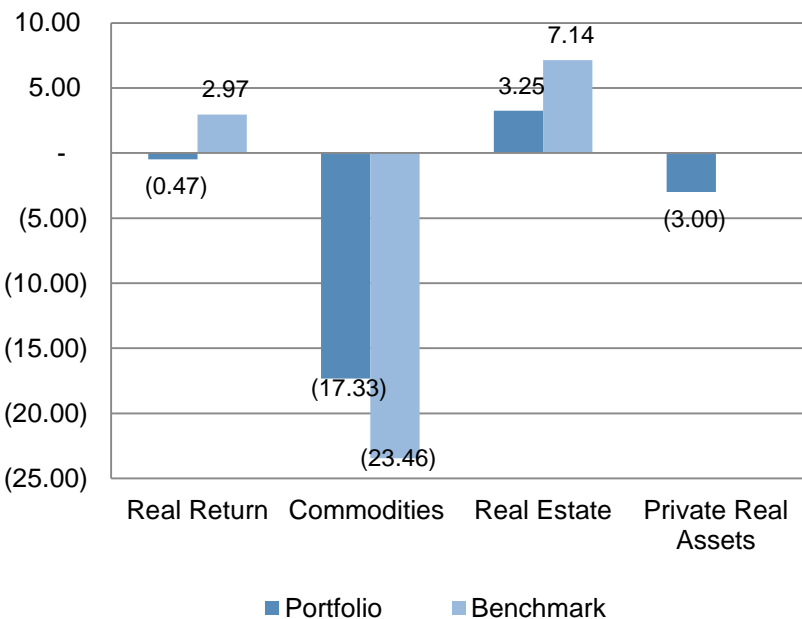
Returns as of December 31, 2015	1 Month	FYTD	1 Year	2 Year	3 Year
Cash Equivalents	0.14	0.52	1.02	0.85	1.24
91 day treasury bill	0.03	0.04	0.05	0.04	0.05
<i>Difference</i>	0.11	0.47	0.97	0.81	1.19
US Treasuries	(0.25)	0.72	1.61	1.40	(1.21)
Custom Benchmark	(0.16)	0.81	0.84	4.44	0.81
<i>Difference</i>	(0.08)	(0.09)	0.77	(3.04)	(2.02)
TIPS	(0.64)	(1.63)	(0.75)	0.02	(3.02)
Custom Tips Benchmark	(0.85)	(1.84)	(1.72)	3.69	(3.42)
<i>Difference</i>	0.22	0.22	0.96	(3.66)	0.40
<b>Total Liquidity</b>	<b>(0.19)</b>	<b>(0.08)</b>	<b>0.48</b>	<b>0.25</b>	<b>(1.06)</b>
Benchmark	(0.17)	(0.16)	(0.10)	3.65	(0.70)
<i>Difference</i>	(0.02)	0.08	0.59	(3.41)	(0.36)

## Income FYTD Performance as of December 31, 2015 (%)

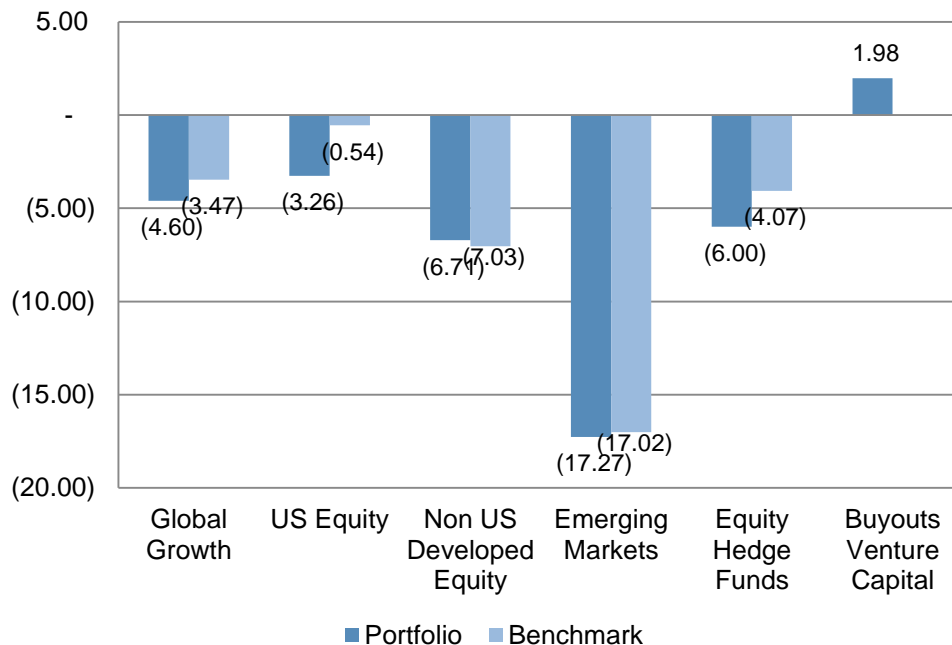


Returns as of December 31, 2015	1 Month	FYTD	1 Year	2 Year	3 Year
High Grade	(0.87)	(0.19)	0.24	4.14	1.59
Custom IGC Benchmark	(0.77)	0.01	(0.77)	2.57	0.52
<i>Difference</i>	<i>(0.11)</i>	<i>(0.21)</i>	<i>1.01</i>	<i>1.57</i>	<i>1.07</i>
Public High Yield	(2.08)	(5.39)	(2.55)	0.32	2.69
Barclays Corp High Yield (Daily)	(2.52)	(6.82)	(4.47)	(1.07)	1.69
<i>Difference</i>	<i>0.44</i>	<i>1.44</i>	<i>1.92</i>	<i>1.39</i>	<i>1.00</i>
Global Diversified Credit	(0.26)	(1.14)	1.78	7.87	10.33
Barclays Corp High Yield (Daily)	(2.52)	(6.82)	(4.47)	(1.07)	1.69
<i>Difference</i>	<i>2.26</i>	<i>5.68</i>	<i>6.25</i>	<i>8.94</i>	<i>8.64</i>
Credit-Oriented Hedge Funds	(1.34)	(3.27)	(1.24)	1.76	6.37
Custom Benchmark	(1.29)	(6.74)	(5.57)	(1.28)	3.01
<i>Difference</i>	<i>(0.05)</i>	<i>3.46</i>	<i>4.33</i>	<i>3.04</i>	<i>3.36</i>
Debt-Related Private Equity	(0.90)	(0.21)	8.23	9.69	13.38
BarCap Corp HY (1 Qtr lag) + 300 bps	(2.35)	(3.40)	(0.49)	4.84	6.64
<i>Difference</i>	<i>1.46</i>	<i>3.20</i>	<i>8.72</i>	<i>4.85</i>	<i>6.74</i>
Real Estate-Debt	(0.67)	1.03	7.73	8.27	
Barclays CMBS 2.0 Baa + 100 (Qtr lag)	1.27	(1.34)	6.50	11.62	
<i>Difference</i>	<i>(1.94)</i>	<i>2.37</i>	<i>1.23</i>	<i>(3.35)</i>	
<b>Total Income</b>	<b>(0.99)</b>	<b>(1.48)</b>	<b>0.45</b>	<b>4.22</b>	<b>3.86</b>
Benchmark	(1.38)	(3.58)	(2.62)	1.36	1.00
<i>Difference</i>	<i>0.39</i>	<i>2.10</i>	<i>3.07</i>	<i>2.86</i>	<i>2.86</i>

## Real Return FYTD Performance as of December 31, 2015 (%)



## Global Growth FYTD Performance as of December 31, 2015 (%)



Returns as of December 31, 2015	1 Month	FYTD	1 Year	2 Year	3 Year
Private Real Assets	(0.37)	(3.00)	(4.02)		
CA Energy Upst & Royalties & PE Lagged Daily	-				
<i>Difference</i>	<i>(0.37)</i>	<i>(3.00)</i>	<i>(4.02)</i>		
Commodities	(4.94)	(17.33)	(21.53)		
Bloomberg Commodity Index Total Return	(3.09)	(23.46)	(24.66)		
<i>Difference</i>	<i>(1.86)</i>	<i>6.13</i>	<i>3.13</i>		
Real Return Real Estate	1.33	3.25	15.08	15.33	15.70
Real Estate Index	3.43	7.14	13.86	12.61	12.73
<i>Difference</i>	<i>(2.10)</i>	<i>(3.89)</i>	<i>1.22</i>	<i>2.72</i>	<i>2.97</i>
<b>Total Real Return</b>	<b>0.34</b>	<b>(0.47)</b>	<b>5.68</b>	<b>7.69</b>	<b>7.71</b>
Benchmark	2.13	2.97	2.09	5.42	6.87
<i>Difference</i>	<i>(1.79)</i>	<i>(3.43)</i>	<i>3.59</i>	<i>2.28</i>	<i>0.84</i>

Returns as of December 31, 2015	1 Month	FYTD	1 Year	2 Year	3 Year
Domestic Equity	(2.92)	(3.26)	(0.48)	5.58	14.32
S&P 1500 Super Composite (Daily)	(1.88)	(0.54)	1.01	6.88	14.90
<i>Difference</i>	<i>(1.04)</i>	<i>(2.72)</i>	<i>(1.50)</i>	<i>(1.30)</i>	<i>(0.59)</i>
Non-US Dev Market Eq	(1.79)	(6.71)	(2.33)	(2.91)	4.80
NJDI ex Iran& Sudan EAFE + Canada	(1.70)	(7.03)	(2.93)	(3.52)	4.20
<i>Difference</i>	<i>(0.09)</i>	<i>0.32</i>	<i>0.60</i>	<i>0.60</i>	<i>0.61</i>
Emerging Market Eq	(3.02)	(17.27)	(16.30)	(10.01)	(7.71)
NJDI Iran + Sudan Free EM Index	(2.13)	(17.02)	(14.72)	(8.36)	(6.41)
<i>Difference</i>	<i>(0.88)</i>	<i>(0.25)</i>	<i>(1.58)</i>	<i>(1.64)</i>	<i>(1.30)</i>
Total Equity Oriented Hedge Funds	(0.22)	(6.00)	(0.80)	2.93	7.88
Custom Benchmark	0.48	(4.08)	2.27	3.36	7.16
<i>Difference</i>	<i>(0.70)</i>	<i>(1.92)</i>	<i>(3.07)</i>	<i>(0.43)</i>	<i>0.71</i>
Buyouts-Venture Capital	0.59	1.98	16.57	19.13	19.06
Cambridge Associates PE 1 Qtr Lag	-				
<i>Difference</i>	<i>0.59</i>	<i>1.98</i>	<i>16.57</i>	<i>19.13</i>	<i>19.06</i>
<b>Total Global Growth</b>	<b>(1.97)</b>	<b>(4.60)</b>	<b>(0.06)</b>	<b>3.80</b>	<b>9.90</b>
Benchmark	(1.42)	(3.47)	(0.62)	3.52	9.22
<i>Difference</i>	<i>(0.55)</i>	<i>(1.13)</i>	<i>0.56</i>	<i>0.28</i>	<i>0.68</i>