



NJ DIVISION OF INVESTMENT

Director's Report

State Investment Council
October 30, 2024

“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 June 30, 2024)

	Monthly	Calendar YTD	Fiscal YTD	One Year	Three Years (Annualized)	Five Years (Annualized)
<u>Global Equity Indices</u>						
MSCI ALL Country World Index	2.23	11.30	19.32	19.32	5.43	10.74
<u>US Equity Indices</u>						
MSCI USA	3.58	14.88	24.58	24.58	9.12	14.95
Russell 1000	3.31	14.23	23.79	23.79	8.72	14.57
Russell 2000	-0.93	1.73	10.00	10.00	-2.61	6.90
Russell 2500	-1.50	2.34	10.42	10.42	-0.32	8.28
Russell 3000	3.10	13.56	23.04	23.04	8.02	14.11
Russell Growth	6.42	19.89	32.11	32.11	10.31	18.52
Russell Value	-0.98	6.18	12.87	12.87	5.10	8.85
<u>Non-US Equity Indices</u>						
MSCI EAFE	-1.61	5.34	11.50	11.50	2.89	6.46
MSCI EAFE Canada Net Total Ret	-1.66	4.96	11.19	11.19	2.82	6.55
MSCI Emerging Markets	3.94	7.49	12.51	12.51	-5.06	3.09
<u>Fixed Income Indices</u>						
Bloomberg Barclays U.S. Aggregate	0.95	-0.71	2.62	2.62	-3.02	-0.23
Bloomberg Barclays U.S. Treasury	1.01	-0.86	1.54	1.54	-3.26	-0.65
Bloomberg Barclays U.S. Credit	0.67	-0.46	4.41	4.41	-2.94	0.54
Bloomberg Barclays U.S. High Yield	0.94	2.58	10.41	10.41	1.64	3.91
<u>Real Estate</u>						
Bloomberg U.S. REIT Index	1.71	-3.28	3.55	3.55	-3.34	2.09

Asset Allocation and Net Returns by Asset Class June 30, 2024

ASSET ALLOCATION As of June 30, 2024					PERFORMANCE (for periods ending June 30, 2024) ⁽¹⁾							
Asset Class	Mkt Value	Actual (%)	Target (%)	Difference	FYTD		YTD		Three Year		Five Year	
					NJ	Bench	NJ	Bench	NJ	Bench	NJ	Bench
<u>GLOBAL GROWTH</u>												
US Equity	20,120	28.96%	28.00%	0.96%	23.29	23.31	13.58	13.64	8.23	8.23	14.17	14.41
Non-US Dev Market Eq	8,041	11.57%	12.75%	-1.18%	11.67	11.27	5.20	4.93	3.24	2.81	6.96	6.49
Int'l Small Cap Equity	817	1.18%	1.25%	-0.07%	8.31	11.25	2.31	2.77	-4.11	-1.46	5.20	6.14
Emerging Market Eq	2,117	3.05%	5.50%	-2.45%	10.56	12.38	6.39	7.31	-4.12	-5.21	3.82	3.10
Private Equity	7,671	11.04%	13.00%	-1.96%	2.36	6.89	2.85	4.46	4.49	8.89	11.23	14.47
TOTAL GLOBAL GROWTH	38,768	55.79%	60.50%	-4.71%	15.09	15.96	8.89	9.08	5.00	6.27	10.94	12.24
<u>REAL RETURN</u>												
Real Assets	1,643	2.36%	3.00%	-0.64%	2.71	7.18	2.58	3.07	7.01	14.54	5.12	7.45
Real Estate	3,511	5.05%	8.00%	-2.95%	-0.12	-12.00	-1.29	-7.45	2.38	2.47	4.67	2.56
TOTAL REAL RETURN	5,154	7.42%	11.00%	-3.58%	0.79	-6.95	-0.07	-4.63	3.75	5.88	4.84	4.25
<u>INCOME</u>												
Investment Grade Credit	4,826	6.95%	7.00%	-0.05%	3.24	3.59	-0.83	-0.69	-3.26	-3.11	0.13	0.19
High Yield	2,875	4.14%	4.50%	-0.36%	9.83	10.43	2.22	2.58	1.55	1.64	3.75	3.90
Private Credit	5,077	7.31%	8.00%	-0.69%	10.20	12.34	7.11	5.93	6.74	2.79	7.68	5.23
TOTAL INCOME	12,778	18.39%	19.50%	-1.11%	7.37	8.17	2.99	2.78	1.55	-0.06	3.69	2.68
<u>DEFENSIVE</u>												
Cash Equivalents	7,949	11.44%	2.00%	9.44%	5.75	5.40	2.91	2.63	3.30	3.03	2.40	2.16
U.S. Treasuries	2,769	3.99%	4.00%	-0.01%	1.86	1.55	-0.62	-0.86	-3.01	-3.26	-0.50	-0.65
Risk Mitigation Strategies	1,888	2.72%	3.00%	-0.28%	10.82	8.59	7.20	4.16	6.48	6.15	6.81	5.26
TOTAL DEFENSIVE	12,606	18.14%	9.00%	9.14%	5.62	4.95	2.77	1.58	1.82	1.40	2.23	1.82
<u>OTHER</u>												
OPPORTUNISTIC PE	0.01	0.00%										
OTHER	177	0.25%										
TOTAL FUND ⁽²⁾	69,483	100.00%			10.74	10.81	6.08	5.60	3.61	4.67	7.69	8.62

(1) Returns are preliminary, unaudited, and net of all fees

(2) Total Pension Fund excludes assets of the Police and Firemen's Retirement System of New Jersey

Notes: Sum of components may not equal totals due to rounding. Certain asset benchmark returns, including private equity, private credit, real assets, and real estate are presented as received from benchmark provider on a lagged basis. This results in performance comparisons that may be less meaningful.

Capital Markets Update (through September 30, 2024)

	Monthly	Fiscal YTD	Calendar YTD	One Year	Three Years (Annualized)	Five Years (Annualized)
<u>Global Equity Indices</u>						
MSCI ALL Country World Index	2.32	6.61	18.66	31.66	8.08	12.18
<u>US Equity Indices</u>						
MSCI USA	2.15	5.93	21.69	36.11	11.09	15.92
Russell 1000	2.14	6.08	21.18	35.55	10.80	15.61
Russell 2000	0.70	9.27	11.16	26.66	1.81	9.34
Russell 2500	1.49	8.75	11.30	26.07	3.44	10.39
Russell 3000	2.07	6.23	20.63	35.07	10.26	15.23
Russell Growth	2.76	3.42	23.99	41.32	11.29	19.06
Russell Value	1.32	9.47	16.23	27.53	8.65	10.56
<u>Non-US Equity Indices</u>						
MSCI EAFE	0.92	7.26	12.99	24.69	5.48	8.19
MSCI EAFE Canada	1.11	7.76	13.10	24.91	5.64	8.35
MSCI Emerging Markets	6.68	8.72	16.86	25.97	0.40	5.74
<u>Fixed Income Indices</u>						
Bloomberg Barclays U.S. Aggregate	1.34	5.20	4.45	11.54	-1.39	0.33
Bloomberg Barclays U.S. Treasury	1.20	4.74	3.84	9.69	-1.78	-0.20
Bloomberg Barclays U.S. Credit	1.71	5.71	5.23	13.77	-1.12	1.07
Bloomberg Barclays U.S. High Yield	1.62	5.28	8.00	15.70	3.10	4.71
<u>Real Estate</u>						
Bloomberg U.S. REIT Index	3.10	16.59	12.77	32.62	1.65	3.79

Source: Bloomberg

Asset Allocation and Net Returns by Asset Class September 30, 2024

ASSET ALLOCATION As of September 30, 2024					PERFORMANCE (for periods ending September 30, 2024) ⁽¹⁾							
Asset Class	Mkt Value	Actual (%)	Target (%)	Difference	FYTD		YTD		Three Year		Five Year	
					NJ	Bench	NJ	Bench	NJ	Bench	NJ	Bench
GLOBAL GROWTH												
US Equity	20,929	29.20%	28.00%	1.20%	6.17	6.18	20.59	20.66	10.41	10.40	15.40	15.44
Non-US Dev Market Eq	9,002	12.56%	12.75%	-0.19%	7.70	7.67	13.30	12.99	6.06	5.63	8.71	8.26
Int'l Small Cap Equity	895	1.25%	1.25%	0.00%	9.51	8.91	12.04	11.93	-1.92	1.38	7.73	8.22
Emerging Market Eq	2,292	3.20%	5.50%	-2.30%	8.29	8.82	15.21	16.77	1.03	0.32	6.36	5.76
Private Equity	7,596	10.60%	13.00%	-2.40%	0.02	1.43	2.88	5.95	4.10	5.32	11.31	13.81
TOTAL GLOBAL GROWTH	40,715	56.80%	60.50%	-3.70%	5.45	5.85	14.83	15.46	7.10	7.74	12.20	13.33
REAL RETURN												
Real Assets	1,663	2.32%	3.00%	-0.68%	-0.05	2.32	2.53	5.46	7.02	12.55	5.28	8.50
Real Estate	4,072	5.68%	8.00%	-2.32%	4.13	-0.66	2.78	-8.06	3.81	1.02	5.29	2.27
TOTAL REAL RETURN	5,735	8.00%	11.00%	-3.00%	2.82	0.15	2.75	-4.60	4.75	4.25	5.33	4.32
INCOME												
Investment Grade Credit	5,069	7.07%	7.00%	0.07%	5.57	5.64	4.70	4.91	-1.48	-1.30	0.70	0.75
High Yield	3,071	4.28%	4.50%	-0.22%	4.95	5.28	7.27	8.00	2.90	3.09	4.51	4.70
Private Credit	4,971	6.94%	8.00%	-1.06%	0.21	4.84	7.34	11.06	6.32	3.57	7.76	5.50
TOTAL INCOME	13,111	18.29%	19.50%	-1.21%	3.30	5.24	6.39	8.18	2.45	1.31	4.12	3.27
DEFENSIVE												
Cash Equivalents	7,286	10.16%	2.00%	8.16%	1.39	1.37	4.33	4.03	3.76	3.49	2.54	2.32
U.S. Treasuries	2,964	4.14%	4.00%	0.14%	4.70	4.74	4.06	3.84	-1.54	-1.78	-0.07	-0.20
Risk Mitigation Strategies	1,807	2.52%	3.00%	-0.48%	-0.08	2.14	7.11	6.39	6.44	6.63	6.52	5.43
TOTAL DEFENSIVE	12,057	16.82%	9.00%	7.82%	1.87	3.12	4.69	4.75	2.45	2.37	2.35	2.20
OTHER												
OPPORTUNISTIC PE	0.01	0.00%										
OTHER	57	0.08%										
TOTAL FUND ⁽²⁾	71,675	100.00%			4.22	4.88	10.57	10.75	5.16	5.75	8.54	9.40

(1) Returns are preliminary, unaudited, and net of all fees

(2) Total Pension Fund excludes assets of the Police and Firemen's Retirement System of New Jersey

Notes: Sum of components may not equal totals due to rounding. Certain asset benchmark returns, including private equity, private credit, real assets, and real estate are presented as received from benchmark provider on a lagged basis. This results in performance comparisons that may be less meaningful.

Notification: Modification to BGTF Co-Invest (N), L.P.

Background: The Division committed \$300 million to Brookfield Global Transition Fund (“the Fund” or “BGTF”) in 2022. Alongside this fund commitment, the Division committed an additional \$300 million to a side car vehicle to make co-investments alongside the Fund. Due to several factors, Brookfield was unable to invest the full \$300 million in the side car vehicle before the Fund’s investment period ended, and there is currently \$200 million in uncommitted capital in the vehicle.

Modification: In order to deploy the remaining capital in the side car vehicle in attractive co-investments, Staff negotiated a modification to the agreement such that the sidecar vehicle will now have the access to co-investments alongside Brookfield Global Transition Fund II and other related Brookfield vehicles.

Impact on Pension Fund: The modification clears a path for the Real Assets-ex Real Estate portfolio to commit the remaining capital in the side car vehicle to strategic co-investments which will benefit the Pension Fund. Brookfield’s Global Transition Fund II employs the same strategy as Fund I, and Pension Fund retains its negotiated veto rights for any investment within the side car vehicle, limiting any strategic drift risk.

The Director is notifying the SIC of this modification in accordance with the Alternative Investment Modification Procedures.



State of New Jersey

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Director

October 25, 2024

To: State Investment Council

From: Shoaib Khan
Director

Subject: Recent Alternative Investment Fund Commitments

N.J.A.C. 17:16-69.9, requires the Division to provide an informational memorandum to the Council on each binding commitment made by the Division as part of its Alternative Investment Program.

This memorandum provides information regarding the following binding commitments which were made between July 11, 2024, and October 25, 2024:

Name	Closing Date	Asset Class	Commitment Amount
Graham Custom Investment Funds I SPC Ltd. - RMS Segregated Portfolio	July 18, 2024	RMS	\$300,000,000
Tenex Capital Partners IV, L.P.	August 1, 2024	Private Equity	\$100,000,000
NJ Tenex Co-Invest Fund 2024-25, L.P.	August 1, 2024	Private Equity	\$25,000,000
Bain Capital Life Sciences Fund IV, L.P.	August 30, 2024	Private Equity	\$100,000,000
Summit Partners Growth Equity Fund XII-A, L.P.	October 1, 2024	Private Equity	\$100,000,000
KSL Capital Partners Tactical Opportunities II, L.P.	October 2, 2024	Real Estate	\$150,000,000
CVC Credit Partners European Direct Lending Fund IV (DL) SCSp	October 2, 2024	Private Credit	\$166,515,000
CVC Credit Partners European Direct Lending Fund IV (Co-Invest DL) SCSp	October 2, 2024	Private Credit	\$166,515,000