



State of New Jersey

Department of the Treasury

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**Revised version: The following version corrects the international equities portfolio figure in sixth paragraph.*

New Jersey Pension Fund Assets Now at \$77.7 Billion

TRENTON – The New Jersey Division of Investment reported today that the State’s total pension fund assets are now \$77.7 billion, which includes a \$1.046 billion contribution from the State that was received in June. The pension fund was down by 3.1 percent for the fiscal year ending June 30, 2008. Even with this return, the pension fund’s average annual return over the past five years was 9.1 percent, which exceeds the assumed actuarial investment return of 8.25 percent.

Division Director William Clark said asset allocation changes implemented by the Council over the last three years succeeded in reducing the volatility of the overall portfolio in markets weighed down by a wide range of national and international financial concerns. The S&P 1500 Index, a proxy for the overall U.S. stock market, was down by 12.7 percent for the fiscal year.

A recent report by Merrill Lynch estimated that the average public pension fund will be down by more than 5.1 percent for FY08, or about 2 percent worse than New Jersey’s performance.

“While a negative total return is always disappointing, the actions taken by the Division and the Council prevented our performance from being much worse,” Clark said. “If the portfolio’s asset allocation had not been diversified away from its historic concentration purely on equities and bonds, we estimate that the portfolio would have returned -6.68 percent for the fiscal year assuming we had generated the same performance for our domestic and international equity portfolios.

“Expressed in dollars, this means that the portfolio would have a current value of only \$74.8 billion, or \$2.9 billion less than the estimated June 30, 2008 market value,” Clark said.

Performance exceeded benchmarks for the fiscal year in each of the three major portfolios: domestic equities by 2.33 percent (-10.38 percent for the portfolio versus -12.71 percent for the S&P 1500 Index); domestic fixed income by 2.10 percent (8.88 percent for the portfolio vs. 6.78 percent for the Lehman Long Government/Credit Index); and international equities

by 1.45 percent (-10.09 percent for the portfolio vs. -11.54 percent for the MSCI EAFE Index adjusted for issues ineligible for purchase under the State's Sudan and Iran divestment laws).

Under the Corzine administration, there have now been \$3.175 billion in contributions made to the State pension fund as compared to no contributions made in the previous 10 years.

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