

NJ DIVISION OF INVESTMENT

Director's Report

State Investment Council
July 30, 2025

“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 May 31, 2025)

	Monthly	Calendar YTD	Fiscal YTD	One Year	Three Years (Annualized)	Five Years (Annualized)
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Global Equity Indices

MSCI ALL Country World Index	5.75	5.32	11.18	13.65	12.29	13.36
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US Equity Indices

MSCI USA	6.45	1.13	10.11	14.05	14.59	15.83
Russell 1000	6.38	1.00	10.08	13.72	14.22	15.64
Russell 2000	5.34	-6.85	2.11	1.17	4.99	9.60
Russell 2500	5.99	-3.99	5.05	3.47	6.01	11.04
Russell 3000	6.34	0.63	9.71	13.10	13.74	15.31
Russell Growth	8.72	-0.46	9.96	17.02	19.24	17.09
Russell Value	3.54	1.99	9.46	8.39	7.80	12.95

Non-US Equity Indices

MSCI EAFE	4.58	16.87	15.19	13.33	11.44	11.41
MSCI EAFE Canada	4.71	16.27	15.98	14.06	11.11	11.74
MSCI Emerging Markets	4.27	8.73	8.75	13.04	5.14	7.07

Fixed Income Indices

Bloomberg Barclays U.S. Aggregate	-0.72	2.45	4.47	5.46	1.49	-0.90
Bloomberg Barclays U.S. Treasury	-1.03	2.51	4.00	5.04	0.81	-1.82
Bloomberg Barclays U.S. Credit	-0.07	2.35	4.91	5.61	2.65	0.12
Bloomberg Barclays U.S. High Yield	1.68	2.68	8.29	9.32	6.75	5.78

Real Estate

Bloomberg U.S. REIT Index	1.19	1.05	8.06	9.90	-1.13	5.76
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Asset Allocation and Net Returns by Asset Class May 31, 2025

	Mkt Value	Actual %	Target %	Difference	FYTD		YTD		Annualized				
					Fund	Benchmark	Fund	Benchmark	3 Year		5 Year		
									Fund	Benchmark	Fund	Benchmark	
GLOBAL GROWTH													
U.S. Equity	20,176	27.71	28.00	(0.29)	9.62	9.61	0.63	0.60	13.85	13.87	15.48	15.49	
Non-US Dev Market Eq	10,092	13.86	12.75	1.11	16.12	15.83	16.51	16.19	11.46	11.04	12.03	11.65	
Int'l Small Cap Equity	964	1.32	1.25	0.07	18.59	12.82	15.91	12.18	7.94	7.40	8.41	10.38	
Emerging Market Eq	2,438	3.35	5.50	(2.15)	10.30	8.87	10.28	8.78	6.59	5.08	8.37	7.03	
Private Equity	7,741	10.63	13.00	(2.37)	3.08	5.13	2.10	0.50	1.50	3.20	12.33	13.26	
TOTAL GLOBAL GROWTH	41,412	56.87	60.50	(3.63)	10.21	10.66	5.25	5.17	10.14	10.61	13.46	14.04	
REAL RETURN													
Real Assets	1,828	2.51	3.00	(0.49)	5.28	4.23	1.84	0.53	4.92	9.58	12.10	9.42	
Real Estate	4,438	6.09	8.00	(1.91)	3.84	0.32	2.41	0.96	(0.54)	(3.14)	6.50	1.99	
TOTAL REAL RETURN	6,267	8.61	11.00	(2.39)	4.26	1.38	2.26	0.84	1.06	0.41	8.07	4.34	
INCOME													
Investment Grade Credit	5,002	6.87	7.00	(0.13)	4.73	4.64	2.45	2.37	2.02	2.13	(0.67)	(0.52)	
High Yield	3,151	4.33	4.50	(0.17)	7.93	8.29	2.49	2.68	6.43	6.75	5.73	5.77	
Private Credit	5,188	7.12	8.00	(0.88)	5.43	8.49	1.96	0.97	6.78	7.31	10.93	7.41	
TOTAL INCOME	13,341	18.32	19.50	(1.18)	5.72	7.11	2.27	1.89	4.91	5.07	4.86	3.39	
DEFENSIVE													
Cash Equivalents	7,340	10.08	2.00	8.08	4.51	4.34	1.84	1.74	4.69	4.45	2.90	2.70	
U.S. Treasuries	3,058	4.20	4.00	0.20	4.26	4.00	2.74	2.51	1.10	0.81	(1.66)	(1.82)	
Risk Mitigation Strategies	1,329	1.82	3.00	(1.18)	5.36	7.23	2.00	2.98	6.30	7.61	7.88	5.81	
TOTAL DEFENSIVE	11,727	16.10	9.00	7.10	4.45	5.17	2.23	2.50	3.92	3.98	2.29	1.78	
OTHER													
OPPORTUNISTIC PE	0	0.00	0.00	0.00									
OTHER	75	0.10	0.00	0.10									
TOTAL FUND	72,822	100.00	100.00	0.00	7.90	8.57	3.93	3.90	7.30	7.92	9.66	9.68	

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

(2) Total Pension Fund excludes all Police and Fire assets

Notes: Sum of components may not equal totals due to rounding. Certain asset class returns, including private equity, real assets, real estate, and private credit do not include up-to-date valuations and benchmark returns for these asset classes are presented on a lagged basis. This results in performance comparisons that may be less meaningful.



State of New Jersey

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ELIZABETH MAHER MUOIO
State Treasurer

SHOAIB KHAN
Director

July 24, 2025

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 April 24, 2025 and July 24, 2025.

Name	Closing Date	Asset Class	Commitment Amount
Carlyle Realty Partners X, L.P.	June 17, 2025	Real Estate	\$300 Million
Bain Capital Fund XIV, L.P.	June 30, 2025	Private Equity	\$200 Million
Capula Tail Risk Fund Limited	July 14, 2025	Risk Mitigation Strategies	\$100 Million
Khosla Ventures IX, L.P.	July 18, 2025	Private Equity	\$40 Million
Khosla Ventures Opportunity III, L.P.	July 18, 2025	Private Equity	\$40 Million
Khosla Ventures Seed G, L.P.	July 18, 2025	Private Equity	\$20 Million

Notification: Modification to Collier International Partners IX-G and Co-Invest Vehicle (CIV) (Private Equity)

Background: The Division presented a commitment of up to \$150 million to Collier International Partners IX-G (CIP IX-G) and up to \$50 million to a Co-invest Vehicle (CIV) in July 2024.

Modification: CIP IX-G, a parallel fund that will invest parallel to Collier International Partners IX, provides NJDOI with the right to elect to be excused from its commitment with respect to certain investments. If and when NJDOI exercises this excuse right, then (i) its unused capital commitment to CIP IX-G will be reduced by an amount equal to the excused commitment and (ii) its unused capital commitment to CIV will be increased by the same amount, provided, however that such increased unused capital commitment to CIV will be allocated to series that bear the same economics as those applicable to CIP IX-G, including with respect to management fees and performance fees.

Impact on Pension Fund: There is no net impact to the Pension Fund as the aggregate commitment amount for CIP IX-G and CIV, and the economics related to the commitment amounts shifted from CIP IX-G to CIV, will remain the same.

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

Notification: Modification to Townsend Real Estate Separately Managed Account

Background: The Division presented a commitment of up to \$400 million to a Separately Managed Account (SMA) with Townsend Group in April 2025. The SMA will enable the Division to access middle market tactical investments and primary funds. At the time of the presentation to the IPC and SIC, the SMA was structured with a single-tier (10%) performance fee for tactical investments.

Modification: Subsequent to the IPC and SIC meetings, the Division negotiated a tiered performance fee with multiple steps ranging from 8% to 13% IRR for tactical investments.

Impact on Pension Fund: The Division believes the modification described above will be beneficial to the Pension Fund overall, as the new fee structure more closely aligns Townsend's economics with the performance of the SMA.

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