NJ DIVISION OF INVESTMENT

Director’s Report

State Investment Council
January 28, 2026

“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, 2025)

	Monthly	Fiscal YTD	Calendar YTD	One Year	Three Years (Annualized)	Five Years (Annualized)
Global Equity Indices						
MSCI ALL Country World Index	1.0	11.2	22.3	22.3	20.6	11.2
US Equity Indices						
MSCI USA	0.0	10.7	17.7	17.7	23.2	13.9
Russell 1000	0.0	10.6	17.3	17.3	22.7	13.6
Russell 2000	-0.6	14.9	12.8	12.8	13.7	6.1
Russell 2500	0.1	11.4	11.9	11.9	13.7	7.2
Russell 3000	0.0	10.8	17.1	17.1	22.2	13.1
Russell Growth	-0.6	11.7	18.1	18.1	30.2	14.6
Russell Value	0.7	9.6	15.7	15.7	13.7	11.1
Non-US Equity Indices						
MSCI EAFE	3.0	9.9	31.2	31.2	17.2	8.9
MSCI EAFE Canada	3.0	10.8	31.9	31.9	17.6	9.5
MSCI Emerging Markets	3.0	15.9	33.6	33.6	16.4	4.2
Fixed Income Indices						
Bloomberg Barclays U.S. Aggregate	-0.1	3.2	7.3	7.3	4.7	-0.4
Bloomberg Barclays U.S. Treasury	-0.3	2.4	6.3	6.3	3.6	-1.0
Bloomberg Barclays U.S. Credit	-0.2	3.5	7.8	7.8	6.0	0.0
Bloomberg Barclays U.S. High Yield	0.6	3.9	8.6	8.6	10.1	4.5
Real Estate						
MSCI US REIT Index	-2.3	3.0	2.9	2.9	8.4	6.6

Source: Bloomberg

Asset Allocation and Net Returns by Asset Class December 31, 2025

Actual Allocation & Performance [1]
As of December 31, 2025

					FYTD		YTD		Annualized 3 Year		Annualized 5 Year	
	Mkt Value	Actual %	Target %	Difference	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
GLOBAL GROWTH												
U.S. Equity	22,420	28.13	28.00	0.13	10.79	10.87	17.17	17.25	22.32	22.38	13.26	13.30
Non-US Dev Market Eq	10,625	13.33	12.75	0.58	10.91	10.87	32.35	31.92	18.01	17.65	9.83	9.44
Int'l Small Cap Equity	1,054	1.32	1.25	0.07	6.15	9.72	28.70	29.12	15.00	15.57	4.89	6.88
Emerging Market Eq	4,756	5.97	5.50	0.47	16.72	15.93	35.76	33.71	17.29	16.36	5.20	4.12
Private Equity	7,917	9.93	13.00	(3.07)	3.12	4.27	7.34	6.65	5.45	8.14	10.35	12.93
TOTAL GLOBAL GROWTH	**46,774**	**58.68**	**60.50**	**(1.82)**	**9.88**	**9.97**	**20.12**	**20.19**	**17.47**	**18.03**	**11.10**	**11.94**
REAL RETURN												
Real Assets	2,124	2.66	3.00	(0.34)	5.49	4.87	13.37	7.02	7.30	8.78	11.69	19.92
Real Estate	4,731	5.94	8.00	(2.06)	1.39	1.34	4.29	3.19	1.41	(6.15)	5.50	2.59
TOTAL REAL RETURN	**6,855**	**8.60**	**11.00**	**(2.40)**	**2.68**	**2.30**	**7.02**	**4.23**	**3.18**	**(2.27)**	**7.31**	**7.04**
INCOME												
Investment Grade Credit	5,515	6.92	7.00	(0.08)	3.23	3.28	7.56	7.57	5.31	5.40	(0.50)	(0.35)
High Yield	3,537	4.44	4.50	(0.06)	4.09	3.88	8.62	8.62	9.74	10.06	4.37	4.50
Private Credit	5,660	7.10	8.00	(0.90)	1.66	5.71	5.92	8.62	9.21	10.71	8.88	5.82
TOTAL INCOME	**14,712**	**18.46**	**19.50**	**(1.04)**	**2.85**	**4.43**	**7.19**	**8.29**	**7.83**	**8.39**	**4.06**	**2.86**
DEFENSIVE												
Cash Equivalents	5,763	7.23	2.00	5.23	2.16	2.06	4.41	4.18	5.03	4.81	3.37	3.17
U.S. Treasuries	3,165	3.97	4.00	(0.03)	2.43	2.43	6.55	6.32	3.83	3.62	(0.81)	(0.99)
Risk Mitigation Strategies	2,418	3.03	3.00	0.03	4.35	3.63	9.97	7.32	8.83	7.98	8.27	6.30
TOTAL DEFENSIVE	**11,346**	**14.23**	**9.00**	**5.23**	**2.45**	**2.75**	**5.61**	**6.19**	**5.21**	**5.39**	**2.74**	**2.45**
OTHER												
OPPORTUNISTIC PE	0	0.00	0.00	0.00	0.00	4.27	0.00	6.65	0.00	8.14		12.93
OTHER	25	0.03	0.00	0.03								
TOTAL FUND [2]	**79,712**	**100.00**	**100.00**	**0.00**	**6.83**	**7.38**	**14.19**	**14.81**	**12.40**	**12.64**	**8.12**	**8.72**

Sum of component allocation may not equal total due to rounding

(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.

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Acting State Treasurer

SHOAIB KHAN
Director

January 22, 2026

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 October 29, 2025, and January 15, 2026.

Name	Closing Date	Asset Class	Commitment Amount
Capula Tail Risk Fund Limited Series D	November 20, 2025	Risk Mitigation Strategies	$500 Million
Strategic Value Special Situations Fund VI, L.P.	November 28, 2025	Private Equity	$99.7 Million
ICG Europe Fund IX SCSp	December 2, 2025	Private Credit	$200 Million
Blackstone Tactical Opportunities Fund -A (PC) L.P.	December 5, 2025	Private Credit	$400 Million
Coller International Partners IX-G, L.P.	December 15, 2025	Private Equity	$90 Million
CIP IX-G Strategic Co-Investment Vehicle, L.P.	December 15, 2025	Private Equity	$30 Million
Neuberger/New Jersey Custom Investment Fund IV, L.P.	December 31, 2025	Private Equity	$300 Million
Barings New Jersey Emerging Manager Program II, L.P.	January 14, 2026	Private Equity	$500 Million[1]

[1] Allocated $250 Million to Transition Managers and $250 Million to Emerging Managers.

Notification: Update on MBK Partners IV, L.P. and MBK Partners V, L.P.

Background: The Division committed $85 million to MBK Partners IV, L.P. in 2016 and $100 million to MBK Partners V, L.P. in 2019, two private equity funds managed by MBK Partners (MBK). The Division also has additional indirect investments in funds managed by MBK. The combined net asset value of the Pension Fund's investments with MBK totaled approximately $212 million as of September 2025.

Update: In 2025, MBK informed the Division that Korea's Financial Supervisory Service (FSS) had launched a regulatory investigation to determine whether MBK and several of its executives (including its founder and Chair, Michael Kim) engaged in misconduct relating to the issuance of securities by a portfolio company of certain investment funds managed by MBK. The FSS referred the case to the Seoul Central District Prosecutor's Office for further investigation. MBK maintains that the firm and its executives engaged in no wrongdoing and that the firm acted responsibly, transparently and in full compliance with applicable laws, regulations and fiduciary duties. The investigation is ongoing.

Impact on Pension Fund: If the investigation concludes that there was wrongdoing by MBK or its executives, there could be a significant operational and financial impact on MBK's funds and their portfolio companies. To date, the funds' operations, portfolio company monitoring and capital management activities continue as normal. MBK has stated that it will continue to cooperate fully with authorities, and the Division continues to monitor the situation.