NJ DIVISION OF INVESTMENT

Director's Report

State Investment Council
April 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 March 31, 2025)

	Monthly	Calendar YTD	Fiscal YTD	One Year	Three Years (Annualized)	Five Years (Annualized)
Global Equity Indices						
MSCI ALL Country World Index	-3.95	-1.32	4.16	7.15	6.91	15.17
US Equity Indices						
MSCI USA	-5.85	-4.51	3.97	8.17	8.84	18.57
Russell 1000	-5.79	-4.49	4.09	7.80	8.63	18.44
Russell 2000	-6.81	-9.48	-0.77	-4.02	0.49	13.23
Russell 3000	-5.83	-4.73	3.87	7.20	8.19	18.15
Russell Growth	-8.36	-10.00	-0.57	7.17	9.62	19.55
Russell Value	-2.93	1.64	9.09	6.64	6.24	16.09
Non-US Equity Indices						
MSCI EAFE	-0.40	6.86	5.32	4.88	6.05	11.76
MSCI EAFE Canada	-0.58	6.20	5.94	5.30	5.69	12.15
MSCI Emerging Markets	0.63	2.93	2.95	8.09	1.44	7.94
Fixed Income Indices						
Bloomberg Barclays U.S. Aggregate	0.04	2.78	4.81	4.88	0.52	-0.40
Bloomberg Barclays U.S. Treasury	0.23	2.92	4.42	4.51	-0.05	-1.67
Bloomberg Barclays U.S. Credit	-0.24	2.36	4.92	4.87	1.13	1.35
Bloomberg Barclays U.S. High Yield	-1.02	1.00	6.53	7.69	4.98	7.29
Real Estate						
Bloomberg U.S. REIT Index	-2.38	2.02	9.09	7.71	-3.67	8.17

Source: Bloomberg

Asset Allocation and Net Returns by Asset Class March 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	18,645	26.08	28.00	(1.92)	3.77	3.72	(4.74)	(4.80)	8.25	8.27	18.35	18.35
Non-US Dev Market Eq	9,299	13.01	12.75	0.26	5.92	5.75	6.27	6.08	6.03	5.57	12.44	12.03
Int'l Small Cap Equity	846	1.18	1.25	(0.07)	4.12	1.21	1.77	0.63	0.08	0.98	10.03	11.82
Emerging Market Eq	2,196	3.07	5.50	(2.43)	3.34	3.04	3.32	2.95	2.38	1.36	9.06	7.90
Private Equity	7,715	10.79	13.00	(2.21)	1.93	4.61	0.95	0.00	2.08	3.03	11.39	13.10
TOTAL GLOBAL GROWTH	**38,703**	**54.14**	**60.50**	**(6.36)**	**3.99**	**4.54**	**(0.68)**	**(0.65)**	**5.92**	**6.29**	**14.71**	**15.47**
REAL RETURN												
Real Assets	1,804	2.52	3.00	(0.48)	4.07	3.71	0.67	0.00	5.98	9.34	8.28	9.29
Real Estate	4,350	6.08	8.00	(1.92)	2.95	0.32	1.53	0.96	(0.28)	(3.14)	5.19	1.99
TOTAL REAL RETURN	**6,154**	**8.61**	**11.00**	**(2.39)**	**3.27**	**1.24**	**1.30**	**0.70**	**1.50**	**0.35**	**6.12**	**4.30**
INCOME												
Investment Grade Credit	4,942	6.91	7.00	(0.09)	4.73	4.70	2.45	2.43	0.66	0.78	0.35	0.37
High Yield	3,122	4.37	4.50	(0.13)	6.13	6.53	0.78	1.00	4.68	4.98	7.24	7.28
Private Credit	5,192	7.26	8.00	(0.74)	4.70	9.45	1.25	1.86	6.67	5.98	8.80	5.97
TOTAL INCOME	**13,256**	**18.54**	**19.50**	**(0.96)**	**5.03**	**7.09**	**1.60**	**1.87**	**3.96**	**3.62**	**4.60**	**3.61**
DEFENSIVE												
Cash Equivalents	8,880	12.42	2.00	10.42	3.76	3.60	1.10	1.02	4.47	4.23	2.76	2.56
U.S. Treasuries	3,067	4.29	4.00	0.29	4.65	4.41	3.13	2.92	0.25	(0.05)	(1.56)	(1.67)
Risk Mitigation Strategies	1,238	1.73	3.00	(1.27)	6.00	5.94	2.62	1.74	7.44	7.38	7.53	5.66
TOTAL DEFENSIVE	**13,186**	**18.44**	**9.00**	**9.44**	**4.11**	**4.76**	**1.90**	**2.11**	**3.68**	**3.51**	**2.14**	**1.76**
OTHER												
OPPORTUNISTIC PE	0	0.00	0.00	0.00								
OTHER	190	0.27	0.00	0.27								
TOTAL FUND	**71,488**	**100.00**	**100.00**	**0.00**	**4.20**	**4.76**	**0.37**	**0.26**	**4.77**	**5.05**	**10.08**	**10.53**

(1) Returns are preliminary, unaudited, and net of all fees
(2) Total Pension Fund excluding assets of the Police & Firemen's Retirement System of New Jersey
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.

Notification – Modification to Funds Managed by Aether Investment Partners, LLC

Background: In November 2013, the Division committed $30 million to Aether Real Assets III, L.P. and an additional $100 million to Aether Real Assets III Surplus, L.P., two real asset funds managed by Aether Investment Partners, LLC (Aether). In March 2018, the Division committed an additional $135 million in a third Aether-managed fund, Aether Real Assets SONJ Fund, L.P.

Modification: In March 2025, the Division consented to a proposed restructuring of Aether, whereby the principals of Aether (Sean Goodrich and Troy Schell) will take over ownership of Aether from a third party entity.

Impact on Pension Fund: The Division anticipates the ownership change will have a positive impact on the Pension Fund, because Aether's principals will retain control over Aether's day-to-day operations and, as owners, will be able to operate the business more efficiently.

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

Notification: Eagle Point Defensive Income Fund US LP and Eagle Point Defensive Income Fund NJ LP

Background: In 2021, the Division committed approximately $180 million to Eagle Point Defensive Income Fund US LP ("DIF US") and Eagle Point Defensive Income Fund NJ LP ("DIF NJ"), two private credit funds managed by Eagle Point Credit Management LLC. Each of the funds focuses on investing in portfolio debt securities ("PDS") issued primarily to private credit fund managers. The investment period for DIF US has since expired, and the fair market value of the fund's portfolio as of February 2025 is approximately $48 million. The Division expects to receive distributions from DIF US over the next two to three years, and would like to maintain the Pension Fund's PDS exposure.

Modification: In order to do so, the Division intends to amend the fund documents for DIF NJ to permit the recycling of future distributions from DIF US through DIF NJ. The amendment would increase the Pension Fund's commitment to DIF NJ, while at the same time extending the investment period for DIF NJ to give Eagle Point sufficient time to deploy the additional capital.

Impact on Pension Fund: The proposed amendment will have a positive impact on the Pension Fund. The investments in DIF US and DIF NJ are an integral part of the Pension Fund's Private Credit portfolio. The proposed amendment will allow the Pension Fund to maintain its exposure to a niche product with a high conviction fund manager and an attractive fee structure.

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

State of New Jersey

PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lt. Governor

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ELIZABETH MAHER MUOIO
State Treasurer

SHOAIB KHAN
Director

April 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 January 23, 2025 and April 24, 2025.

Name	**Closing Date**	**Asset Class**	**Commitment Amount**
StepStone NJ Real Asset SMA, L.P.	January 31, 2025	Real Assets	$500,000,000
JLL Partners Fund IX, L.P.	February 11, 2025	Private Equity	$200,000,000
PGIM US Leveraged Loans Fund, L.P.	March 5, 2025	Private Credit	$100,000,000
EQT Infrastructure VI	March 12, 2025	Real Assets	$200,000,000
EQT NJ Co-Investment	March 13, 2025	Real Assets	$200,000,000
StepStone NJ Real Estate SMA, L.P.	March 26, 2025	Real Estate	$400,000,000