

NJ DIVISION OF INVESTMENT

Director's Report

State Investment Council
July 29, 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 May 31, 2026)

	Monthly	Calendar YTD	Fiscal YTD	One Year	Three Years (Annualized)	Five Years (Annualized)
<u>Global Equity Indices</u>						
MSCI ALL Country World Index	5.2	12.1	24.7	30.3	22.3	11.4
<u>US Equity Indices</u>						
MSCI USA	5.3	11.1	23.0	29.3	23.7	13.7
Russell 1000	5.1	10.9	22.6	28.8	23.3	13.3
Russell 2000	4.4	18.3	35.8	43.2	20.3	6.6
Russell 2500	4.4	18.4	31.9	38.0	20.2	7.8
Russell 3000	5.1	11.2	23.2	29.4	23.1	12.9
Russell Growth	7.2	8.8	21.5	29.1	26.1	15.1
Russell Value	2.9	13.9	24.8	29.1	19.4	10.2
<u>Non-US Equity Indices</u>						
MSCI EAFE	3.1	9.4	20.2	22.8	18.1	8.8
MSCI EAFE Canada	2.8	9.4	21.2	24.0	18.8	9.1
MSCI Emerging Markets	9.7	25.6	45.6	54.3	25.1	7.5
<u>Fixed Income Indices</u>						
Bloomberg Barclays U.S. Aggregate	0.3	0.4	3.5	5.1	3.9	0.2
Bloomberg Barclays U.S. Treasury	0.1	0.0	2.4	3.7	2.8	-0.3
Bloomberg Barclays U.S. Credit	0.7	0.6	4.1	6.0	5.2	0.6
Bloomberg Barclays U.S. High Yield	0.5	1.7	5.6	7.6	9.4	4.4
<u>Real Estate</u>						
MSCI US REIT Index	-0.2	14.1	17.6	16.8	13.1	5.8

Capital Markets Update (through June 30, 2026)

	Monthly	Calendar YTD	Fiscal YTD	One Year	Three Years (Annualized)	Five Years (Annualized)
<u>Global Equity Indices</u>						
MSCI ALL Country World Index	-0.8	11.2	23.7	23.7	19.7	11.0
<u>US Equity Indices</u>						
MSCI USA	-0.9	10.1	21.9	21.9	20.7	12.9
Russell 1000	-0.5	10.3	22.0	22.0	20.4	12.6
Russell 2000	3.7	22.7	40.9	40.9	18.6	7.0
Russell 2500	3.7	22.8	36.8	36.8	18.4	8.3
Russell 3000	-0.3	10.9	22.8	22.8	20.3	12.3
Russell Growth	-2.7	5.9	18.2	18.2	22.2	13.2
Russell Value	2.3	16.5	27.7	27.7	17.8	10.9
<u>Non-US Equity Indices</u>						
MSCI EAFE	0.1	9.4	20.2	20.2	16.4	9.0
MSCI EAFE Canada Net Total Ret	-0.2	9.2	21.0	21.0	16.9	9.3
MSCI Emerging Markets	-1.4	23.8	43.5	43.5	23.0	7.2
<u>Fixed Income Indices</u>						
Bloomberg Barclays U.S. Aggregate	0.2	0.6	3.8	3.8	4.2	0.1
Bloomberg Barclays U.S. Treasury	0.3	0.3	2.7	2.7	3.2	-0.4
Bloomberg Barclays U.S. Credit	0.2	0.8	4.3	4.3	5.2	0.4
Bloomberg Barclays U.S. High Yield	0.3	2.0	5.9	5.9	8.8	4.2
<u>Real Estate</u>						
MSCI US REIT Index	3.1	17.6	21.2	21.2	12.4	5.8

Asset Allocation and Net Returns by Asset Class May 31, 2026

	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	24,849	28.94	28.00	0.94	23.57	23.68	11.54	11.55	23.30	23.37	13.12	13.15
Non-US Dev Market Eq	11,507	13.40	12.75	0.65	21.72	21.43	9.74	9.53	19.19	18.86	9.47	9.16
Int'l Small Cap Equity	1,168	1.36	1.25	0.11	17.53	24.50	10.72	13.47	17.84	19.25	5.22	6.98
Emerging Market Eq	4,988	5.81	5.50	0.31	41.43	45.81	21.17	25.77	23.94	25.22	7.89	7.50
Private Equity	7,798	9.08	13.00	(3.92)	4.82	8.55	1.65	2.17	5.03	8.57	7.46	10.23
TOTAL GLOBAL GROWTH	50,312	58.59	60.50	(1.91)	21.31	22.03	10.40	10.51	18.92	19.68	10.74	11.60
REAL RETURN												
Real Assets	2,216	2.58	3.00	(0.42)	9.67	7.21	3.96	1.61	8.31	6.91	9.16	12.69
Real Estate	5,033	5.86	8.00	(2.14)	5.37	2.05	3.93	0.70	3.53	(4.25)	4.31	2.51
TOTAL REAL RETURN	7,249	8.44	11.00	(2.56)	6.73	3.44	3.94	0.95	4.98	(1.21)	5.75	5.37
INCOME												
Investment Grade Credit	5,958	6.94	7.00	(0.06)	3.69	3.75	0.45	0.46	4.58	4.62	0.26	0.35
High Yield	3,733	4.35	4.50	(0.15)	5.85	5.63	1.69	1.68	9.08	9.36	4.25	4.39
Private Credit	5,704	6.64	8.00	(1.36)	2.96	8.02	1.28	2.18	8.09	9.93	6.96	5.39
TOTAL INCOME	15,394	17.93	19.50	(1.57)	3.93	5.95	1.06	1.46	6.96	7.67	3.69	3.08
DEFENSIVE												
Cash Equivalents	6,925	8.06	2.00	6.06	3.81	3.54	1.61	1.45	4.91	4.70	3.69	3.46
U.S. Treasuries	3,444	4.01	4.00	0.01	2.62	2.42	0.18	0.00	3.08	2.82	(0.11)	(0.35)
Risk Mitigation Strategies	2,492	2.90	3.00	(0.10)	11.45	6.43	6.80	2.71	10.94	7.87	8.35	6.60
TOTAL DEFENSIVE	12,860	14.98	9.00	5.98	4.24	4.01	1.75	1.22	5.15	5.01	3.11	2.89
OTHER												
OPPORTUNISTIC PE	0	0.00	0.00	0.00								
OTHER	55	0.06	0.00	0.06								
TOTAL FUND	85,870	100.00	100.00	0.00	14.01	15.00	6.72	6.81	13.19	13.57	7.71	8.53

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.

Notifications

State Investment Council Meeting

July 29, 2026

Notification: Modification to Prime Property Fund, LLC

Background: The Pension Fund's investment in Prime Property Fund ("Prime" or the "Fund") was originally made in 2007 and is currently held at a value of approximately \$127 million as of 6/30/2026. Prime is Morgan Stanley's flagship open-end core real estate fund with approximately \$30.8 billion of net asset value as of 3/31/2026. Prime is also a constituent of the NFI-ODCE index, which serves as the Division's policy benchmark for the Real Estate asset class.

Modification: On July 1, 2026, the restructuring of Prime from Prime Property Fund LLC ("Prime LLC"), a limited liability company, into Prime Property Fund, LP, ("Prime LP") a Delaware limited partnership, was completed. This restructuring was approved by Prime LLC's Board of Directors on December 1, 2025 and subsequently by the shareholders.

Impact on Pension Fund: The Division believes that the modification will benefit the Pension Fund. Prime's restructuring to a limited partnership more closely aligns the Fund with the prevailing market standards for open-end real estate funds. Prime's portfolio management team remains the same following the restructuring, and the economic terms of the Pension Fund's investment in Prime LP are the same as or potentially superior to those of its investment in Prime LLC.

**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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SHOAIB KHAN
Director

July 24, 2026

MEMORANDUM 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 29, 2026, and July 24, 2026.

Name	Closing Date	Asset Class	Commitment Amount
Primary Wave Music IP Fund 4, LP	June 5, 2026	Opportunistic	\$100 Million
PSG Europe III, S.C.Sp.	June 26, 2026	Private Equity	€128 million
Wind Point Partners XI-A, L.P.	July 23, 2026	Private Equity	\$150 million