

# NJ DIVISION OF INVESTMENT

## Director's Report

---

State Investment Council  
November 17, 2021

***“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.”***

## FY22 Public Market Update: Asset Allocation and Net Returns (October 31, 2021)

Asset Class	ASSET ALLOCATION As of October 31, 2021			FYTD through October 31, 2021	
	Mkt Value (in \$ millions)	Actual (%)	Target (%)	NJ	Benchmark
<b><u>GLOBAL GROWTH</u></b>					
US Equities	28,702	28.92%	27.00%	6.74	6.77
Non-US Developed Market Equities	13,358	13.46%	13.50%	2.51	2.27
Emerging Market Equities	5,438	5.48%	5.50%	-6.28	-7.29
<b><u>INCOME</u></b>					
Investment Grade Credit	8,713	8.78%	8.00%	-0.20	0.09
High Yield	2,081	2.10%	2.00%	0.65	0.71
<b><u>DEFENSIVE</u></b>					
U.S. Treasuries	5,672	5.72%	5.00%	0.05	0.01

## Capital Markets Update (through October 31, 2021)

	Fiscal YTD	Calendar YTD	One Year	Three Years (Annualized)	Five Years (Annualized)
<b>Global Equity Indices</b>					
MSCI ALL Country World Index	4.00	16.79	37.28	17.46	14.71
<b>US Equity Indices</b>					
Russell 3000	6.65	22.76	43.88	21.58	18.89
Russell 1000	7.16	23.17	43.49	21.97	19.14
Russell 2000	-0.29	17.18	50.77	16.42	15.49
Russell Growth	9.16	23.02	42.81	28.63	24.94
Russell Value	4.01	22.38	44.94	13.82	12.38
<b>Non-US Equity Indices</b>					
MSCI EAFE	2.00	11.01	34.18	11.53	9.79
MSCI Emerging Markets	-7.19	-0.27	16.96	12.29	9.39
<b>Fixed Income Indices</b>					
Bloomberg Barclays U.S. Aggregate	0.02	-1.58	-0.48	5.62	3.09
Bloomberg Barclays U.S. Treasury	0.02	-2.56	-2.45	5.03	2.44
Bloomberg Barclays U.S. Credit	0.19	-1.09	1.90	7.67	4.60
Bloomberg Barclays U.S. High Yield	0.71	4.35	10.53	7.42	6.39
<b>Commodities</b>					
Bloomberg Commodities Index	9.33	32.42	43.87	7.50	4.01
<b>Real Estate</b>					
Bloomberg U.S. REIT Index	7.36	30.02	45.31	14.79	10.76

## Noteworthy Developments

---

### **Request for Proposals:**

The Division is working on the following Request for Proposals (RFP):

- Private Equity Investment Consulting Services
- Real Assets Investment Consulting Services
- Investment Advisers for High Yield Fixed Income

## Notification: MKP Opportunity Partners, L.P.

---

**Background:** The Division initially invested in MKP Opportunity Partners, L.P. (the “Fund”) in September 2012. The Fund invests primarily in global rates and currency markets along with credit, equities and commodity markets. The Fund’s portfolio is actively traded, with gross and net exposures fluctuating over time depending on market conditions and the team’s conviction level. Over the past nine years, the Division has made several contributions and redemptions from the Fund, with the Pension Fund’s remaining investment valued at approximately \$150 million as of 7/31/2021.

**Modification:** As part of the restructuring of the Risk Mitigation (RMS) portfolio, the Division submitted a full redemption from the Fund effective 12/31/2021. The proceeds from the redemption will reduce the Pensions Fund’s allocation to discretionary macro managers and will be available to reinvest across multiple RMS strategies.

**Impact on Pension Fund:** The Division does not anticipate a material impact on the Pension Fund from this change.

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