



**State of New Jersey**  
DEPARTMENT OF THE TREASURY  
DIVISION OF INVESTMENT  
PO Box 290  
TRENTON NJ 08625-0290

IV A

JON S. CORZINE  
*Governor*

R. DAVID ROUSSEAU  
*State Treasurer*

October 10, 2008

MEMORANDUM TO: The State Investment Council

FROM: William G. Clark  
Director

SUBJECT: **Investment Reports**

Attached please find the abbreviated Investment Reporting package for the month of September 2008.

WGC:lt  
Attachments

PENSION FUND ASSET ALLOCATIONS AS OF

Current Allocations (9/30/08)

	Actual	Prior Benchmark	
	(Mils.)	%	(Mils.) %
COMMON FUND - A			
EQUITY	21,847	31.0	30.7
CASH	21,312	30.1	0.0
	635	0.9	0.0
COMMON FUND - B			
FIXED INCOME	19,713	27.9	31.0
HIGH YIELD	19,213	27.2	0.0
CASH	334	0.5	0.0
	166	0.2	0.0
COMMON FUND - D			
EQUITY	14,491	20.5	25.0
EMERGING MARKETS	10,833	15.3	0.0
FIXED INCOME	915	1.3	0.0
CASH	2,660	2.9	0.0
	683	1.0	0.0
COMMON FUND - E			
INVESTMENTS	10,720	15.2	10.3
CASH	10,188	14.4	0.0
	532	0.8	0.0
MORTGAGES	160	0.2	0.0
P&F MORTGAGES	1,417	2.0	0.0
CASH	2,297	3.2	3.0
BONDS	0	0.0	0.0
TOTAL FUNDS	70,745	100.0	100.0

Prior Allocations

	6/30/08		3/31/08		12/31/07		9/30/07	
	(Mils.)	%	(Mils.)	%	(Mils.)	%	(Mils.)	%
COMMON FUND - A								
EQUITY	24,336	31.3	24,970	32.0	29,889	36.8	32,535	39.3
CASH	23,849	30.7	24,560	31.5	28,903	35.6	31,558	38.1
	487	0.6	410	0.5	986	1.2	977	1.2
COMMON FUND - B								
FIXED INCOME	21,026	27.1	21,999	28.2	22,565	27.8	21,506	26.0
HIGH YIELD	20,981	27.0	21,867	28.0	22,511	27.7	21,432	25.9
CASH	45	0.1	132	0.2	54	0.1	74	0.1
COMMON FUND - D								
EQUITY	17,805	22.9	18,184	23.3	17,975	22.1	17,789	21.5
EMERGING MARKETS	14,689	18.9	14,949	19.2	15,986	19.7	16,365	19.8
FIXED INCOME	2,081	2.7	2,165	2.8	1,420	1.7	895	1.1
CASH	1,035	1.3	1,070	1.4	569	0.7	529	0.6
COMMON FUND - E								
INVESTMENTS	9,618	12.4	9,067	11.6	7,669	9.4	7,122	8.6
CASH	9,105	11.7	8,369	10.7	7,304	9.0	5,882	7.1
	513	0.7	698	0.9	365	0.4	1,240	1.5
MORTGAGES	165	0.2	177	0.2	184	0.2	190	0.2
P&F MORTGAGES	1,360	1.7	1,240	1.6	1,208	1.5	1,161	1.4
CASH	3,405	4.4	2,345	3.0	1,777	2.2	2,477	3.0
BONDS	0	0.0	0	0.0	0	0.0	0	0.0
TOTAL FUNDS	77,715	100.0	77,982	100.0	81,267	100.0	82,780	100.0

ASSET-RE ALLOCATIONS (Mils.)

	Quarter Ending 9/30/08	Quarter Ending 6/30/08	Quarter Ending 3/31/08	Quarter Ending 12/31/07	Quarter Ending 9/30/07
COMMON FUND - A	-300	-300	-2,000	-1,900	-500
COMMON FUND - B	-400	-300	-900	300	
COMMON FUND - D	-300		1,500	-50	-250
FIXED INCOME		300	1,100	1,250	750
COMMON FUND - E	700	300	300	400	
MORTGAGES	300	300	300	400	
CASH	300	300	300	400	
TOTAL	0	0	0	0	0

Figures are unaudited and are subject to change

**EXHIBIT 1a**  
**CURRENT PORTFOLIO VS FY 2008 INVESTMENT PLAN**  
**September 30, 2008**

	Sep 08		FY 2008		Sep 08 Actual \$	FY 2008 Plan \$	Difference	Notes
	Actual %	Plan %	Actual %	Plan %				
US Equity	29.35%	26.00%	3.35%		20,766	18,394	2,372	
REITS	0.77%	1.00%	-0.23%		546	707	(161)	
Intl Equity Developed Markets	14.61%	21.00%	-6.39%		10,334	14,856	(4,522)	
Intl Equity Emerging Markets	1.29%	2.50%	-1.21%		915	1,769	(854)	
<b>Total Public Equity</b>	<b>46.03%</b>	<b>50.50%</b>	<b>-4.47%</b>		<b>32,561</b>	<b>35,726</b>	<b>(3,165)</b>	
US Fixed Income	24.16%	23.75%	0.41%		17,089	16,802	287	
US High Yield	0.47%	4.00%	-3.53%		334	2,830	(2,496)	
Intl Fixed Income	2.91%	0.00%	2.91%		2,060	-	2,060	
<b>Total Public Fixed Income</b>	<b>27.54%</b>	<b>27.75%</b>	<b>-0.21%</b>		<b>19,483</b>	<b>19,632</b>	<b>(149)</b>	
Commodities and Other Real Assets	1.96%	4.00%	-2.04%		1,389	2,830	(1,441)	
TIPS	5.23%	3.00%	2.23%		3,701	2,122	1,579	
<b>Total Inflation Sensitive Assets</b>	<b>7.19%</b>	<b>7.00%</b>	<b>0.19%</b>		<b>5,090</b>	<b>4,952</b>	<b>138</b>	
Private Equity	4.59%	3.25%	1.34%		3,246	2,299	947	
Direct Real Estate	2.95%	2.50%	0.45%		2,086	1,769	317	
Absolute Return	5.61%	6.00%	-0.39%		3,966	4,245	(279)	
<b>Total Alternatives</b>	<b>13.14%</b>	<b>11.75%</b>	<b>1.39%</b>		<b>9,298</b>	<b>8,313</b>	<b>985</b>	
Cash	6.10%	3.00%	3.10%		4,313	2,122	2,191	
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>		<b>70,745</b>	<b>70,745</b>	<b>-</b>	

**Exhibit 2**  
Preliminary Report on Performance

	Est Fiscal Yr-to-Dt <u>9/30/2008</u>	Est Calendar Yr-to-Dt <u>9/30/2008</u>	Est Month Ended <u>9/30/2008</u>	Est Quarter Ended <u>9/30/2008</u>	Est Quarter Ended <u>6/30/2008</u>	Est Quarter Ended <u>3/31/2008</u>
Total Pension Fund	-8.82%	-13.73%	-7.93%	-8.82%	-0.98%	-4.45%
Total Fund Council Benchmark	-10.01%	-14.62%	-7.98%	-10.01%	-0.73%	-4.41%
Common Fund A	-8.33%	-17.47%	-9.61%	-8.33%	-0.98%	-9.08%
Equity Only including hedges	-8.63%	-17.95%	-9.88%	-8.63%	-0.95%	-9.34%
Domestic Hedges	0.11%	0.30%	0.18%	0.11%	-0.01%	0.20%
Equity Only-ex hedges	-8.75%	-18.22%	-10.06%	-8.75%	-0.93%	-9.53%
S&P 1500 Composite	-8.31%	-18.49%	-8.98%	-8.31%	-1.94%	-9.34%
S&P 500	-8.37%	-11.85%	-8.91%	-8.37%	6.23%	-9.45%
Wilshire 5000 Total Market Index	-8.67%	-18.64%	-9.30%	-8.67%	-1.55%	-9.52%
NA REIT Index	5.73%	4.24%	-0.08%	5.73%	-4.93%	3.70%
Common Fund B	-2.10%	-0.96%	-3.90%	-2.10%	-1.16%	2.35%
Bonds Only	-2.08%	-0.93%	-3.90%	-2.08%	-1.18%	2.38%
Lehman Gvt /Credit	-1.63%	-0.67%	-2.53%	-1.63%	-1.52%	2.53%
Lehman Long Govt/Credit	-3.40%	-4.09%	-4.35%	-3.40%	-1.48%	0.78%
Lehman High Yield	-8.89%	-10.07%	-7.98%	-8.89%	1.75%	-3.00%
Common Fund D	-16.50%	-16.50%	-11.61%	-2.29%	-7.27%	-0.22%
Equity Only-Common Fund D	-19.21%	-19.21%	-13.79%	-2.44%	-8.77%	-0.76%
Bonds Only-Common Fund D	0.50%	0.50%	1.35%	-4.02%	6.70%	2.85%
MSCI EAFE- Ex-Sudan	-19.93%	-19.93%	-14.21%	-3.36%	-8.73%	-2.04%
EAFE - in US\$	-20.56%	-20.56%	-14.46%	-2.25%	-8.91%	-1.75%
EAFE - Local Curr	-13.02%	-13.02%	-12.13%	-0.88%	-14.95%	-2.96%
SB Wid.Gvt NonUS	-4.26%	1.20%	-1.65%	-4.26%	-4.72%	10.93%
SB Wid.Gvt NonUS-Hedg	2.66%	2.37%	0.18%	2.66%	-2.37%	2.15%
Emerging Markets	-26.71%	-26.71%	-18.50%	1.62%	-11.63%	4.23%
MSCI Emerging Markets ex Restricted	-25.78%	-25.78%	-17.76%	-3.45%	-10.30%	3.34%
Fund- E						
Total	NA	NA	NA	NA	NA	-2.13%
Hedge Funds	-9.51%	-11.56%	-7.00%	-9.51%	2.64%	-4.78%
Private Equity	NA	NA	NA	NA	NA	-1.63%
Real Estate	NA	NA	NA	NA	NA	-0.14%
Commodities	-25.58%	-13.28%	-11.53%	-25.58%	18.93%	-2.02%
LIBOR + 350 BP	1.66%	5.14%	0.62%	1.66%	1.68%	1.72%
HFRI Fund of Funds Composite Index	-8.86%	-11.43%	-4.95%	-8.86%	0.91%	-3.70%
Private Equity	NA	NA	NA	NA	NA	NA
NCREIF (NPI) *50%	NA	NA	NA	NA	NA	NA
DJAIG TR Index	-27.70%	-8.01%	-11.53%	-27.70%	16.08%	9.61%
GSCI Index	-28.62%	0.96%	-12.44%	-28.62%	28.67%	9.92%
Lehman US TIPS Index	-3.54%	1.17%	-3.83%	-3.54%	-0.28%	5.18%
Mortgages-Backed Securities	1.69%	3.86%	0.88%	1.69%	-0.42%	2.57%
Lehman MBS	2.04%	3.96%	0.88%	2.04%	-0.58%	2.48%
Cash Mgt Fund	0.60%	2.16%	0.21%	0.60%	0.65%	0.89%
US Treasury Bills-3mos	0.43%	1.54%	0.14%	0.43%	0.39%	0.71%

**Exhibit 28**  
**CASH MANAGEMENT FUND**  
**9/30/08**

**PARTICIPATION**

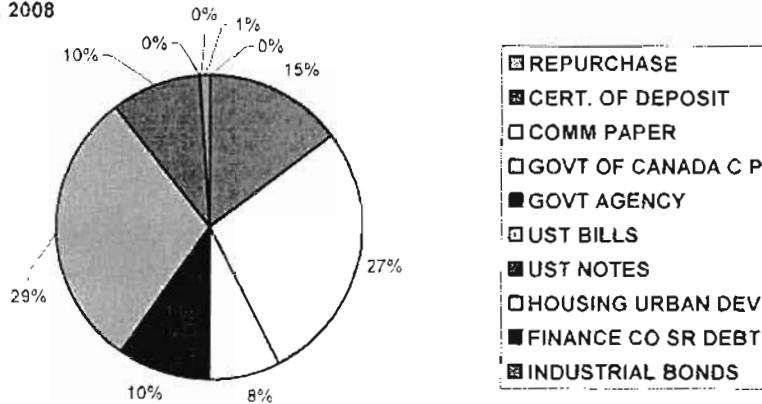
	VALUE	PERCENTAGE
STATE	\$11,938	73.54%
NON-STATE	\$4,295	26.46%
TOTAL	\$16,233	100.00%

dollar amounts in millions

**PORTFOLIO RATES**

	STATE	NON-STATE	AVG.DAYS
9/30/2008	2.39	2.14	102

September 30, 2008



	Percentage	September 30, 2008
REPURCHASE	0.0	\$0
CERT. OF DEPOSIT	14.7	\$2,385,000,000
COMM PAPER	27.8	\$4,511,448,000
GOVT OF CANADA C P	7.6	\$1,239,000,000
GOVT AGENCY	9.7	\$1,580,815,000
UST BILLS	29.6	\$4,808,372,000
UST NOTES	9.6	\$1,551,200,000
HOUSING URBAN DEV	0.0	\$0
FINANCE CO SR DEBT	0.0	\$0
INDUSTRIAL BONDS	1.0	\$161,111,000
TOTALS	100.0	\$16,236,946,000

**Exhibit 30**  
 State Investment Council  
 September 30, 2008

Newly Reported Violations

Date of Violation	Regulation Violated	Description of Violation	Date Corrected
8/14/2008	17:16-41.4(a)3	Due to a stock buyback, the investment exceeded 5% of the outstanding stock of Outdoor Channel holdings by 250 shares, or 0.001%.	10/1/2008

Status on Outstanding Violations Previously Reported

Date of Violation	Regulation Violated	Description of Violation	Date Corrected
May - July, 2008	17:16-18.4(a)2	Public Authority Revenue Obligations were purchased from several agencies based upon our belief that the regulations permitted the fund to own 10% of the total issue at time of purchase; however, upon further review we concluded that the regulations only permit the Division to purchase 10% of a maturity tranche within each issue.	9/18/2008