2022 ANNUAL REPORT

NEW JERSEY STATE INVESTMENT COUNCIL

FOR FISCAL YEAR 2022

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LETTER FROM THE CHAIR

New Jersey State Investment Council
50 West State Street, 9th Floor
P.O. Box 290
Trenton, NJ 08625

January 25, 2023

To the Honorable Governor, Legislature, State Treasurer and residents of New Jersey:

As Chair of the State Investment Council, it is my pleasure to present the Fiscal Year 2022 Annual Report on behalf of the Council and the New Jersey Division of Investment.

Following strong Fiscal Year 2021 performance results, financial markets during the first half of Fiscal Year 2022 were relatively calm and constructive with most equity and fixed income markets delivering positive performance. However, as we headed into the second half of the fiscal year, a number of events unfolded including the Russia-Ukraine conflict, surging inflation and anti-inflationary central bank measures. With a backdrop of a rapidly changing geopolitical situation, a more hawkish central bank and the end of low interest rates and easy money, uncertainty and volatility increased meaningfully, resulting in a difficult environment for global equity and fixed income markets.

In response to economic headwinds and deteriorating market conditions, the Pension Fund portfolio shifted to a more defensive posture. In order to preserve available liquidity and prevent the portfolio from having to sell in a down market, cash holdings were significantly increased during the second half of the fiscal year. In doing so, exposure to global growth equities was reduced while select fixed income allocations were shifted to take advantage of a higher interest rate environment.

Despite these steps, the Pension Fund returned -7.9% (net of fees) for Fiscal Year 2022. Pension Fund allocations to public market equity and fixed income asset classes delivered negative performance while allocations to private markets were positive. U.S. Equity, Non-U.S. Developed Market Equity and Emerging Markets Equity, as well as Investment Grade Credit, High Yield and U.S. Treasuries on the fixed income side of the portfolio were performance detractors during the fiscal year. Within private markets, Private Equity, Private Credit, Real Estate, Real Assets and Risk Mitigation Strategies delivered positive performance.

As of June 30, 2022, the net asset value of the Pension Fund was $87.5 billion, compared to $95.7 billion as of June 30, 2021. With approximately 58% of the portfolio invested in public equities and fixed income, it was difficult to avoid negative performance given challenging market conditions. The Pension Fund did, however, benefit from its allocation of approximately 33% to private market asset classes. Additionally, higher levels of cash holdings, which represented approximately 9% of the portfolio as of June 30, 2022, added value in a rising interest rate environment. While we remain focused on the long term, we continue our defensive investment stance reflective of difficult current market conditions.

The Division continued to make progress on several important initiatives during the fiscal year including launching an emerging managers program in order to increase allocations to earlier-stage, smaller and more diverse investment firms. The newly-developed program establishes a path for the Division to expand its allocations to and further access a growing but often overlooked opportunity set.

Another successful Division initiative during the fiscal year was its ESG initiative, including proxy voting, shareholder proposals and direct corporate engagement. Notable progress was also made with respect to ESG integration within the Division's alternative investment process.

In terms of staffing, the Division made significant progress in strengthening its senior management team. I would like to congratulate Shoaib Khan, who in June 2022 was officially sworn in as Division Director after serving as Acting Director following the departure of the previous Director, Corey Amon. Additionally, we are pleased to welcome Lisa Walker as the Division's Deputy Director, William Connors as the Division's Deputy Executive Director and Pamela Morone as a Senior Legal Specialist. William Connors has been with the Division since 2020, serving as the Head of Fixed Income.

Prior to closing, I would like to thank my fellow Council members, the Treasurer's Office and the Governor's Office for their support and commitment throughout the year. The Governor's continued commitment to funding the full State contribution to the Pension Fund is greatly appreciated. I would also like to take this opportunity to thank the Division's team members for their hard work and dedication in a challenging market environment. The Division is steadfast in its mission to serve the beneficiaries of the Pension Fund and other funds entrusted to the Division. I remain confident in the Division's ability to meet its long-term objectives on behalf of its beneficiaries.

Respectfully,

Deepak D. Raj

Deepak D. Raj, Chair

INTRODUCTION TO THE COUNCIL AND N.J. DIVISION OF INVESTMENT

DIVISION STAFF

Director:
Shoaib Khan[1]

THE STATE INVESTMENT COUNCIL

The State Investment Council (the "Council") was created by the New Jersey Legislature in 1950 to formulate policies governing the investment of funds by the Director of the Division of Investment (the "Division"), as well as to consult with the Director with respect to the work of the Division.

The Council conducts meetings to discuss major investment policy issues, review Pension Fund performance and accept comments from members of the public. Other investment programs and returns are reviewed annually or when needed.

Council meetings are open to the public. Agendas, meeting times and locations are available on the Division's website, www.nj.gov/treasury/doinvest under the State Investment Council tab.

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COUNCIL MEMBERSHIP:

Council Chair:
Deepak D. Raj
Founder, Raj Associates

Council Vice-Chair:
Adam Liebtag
New Jersey State AFL-CIO Nominee

Council Members:
Theodore R. Aronson
Partner – AJO Vista

Wasseem Boraie
Principal, Boraie Development LLC

Thomas Bruno, Jr.
Public Employees' Retirement System Designee

Leonard J. Carr
Managing Director, PDT Partners, LLC

Michael Cleary
New Jersey State AFL-CIO Nominee

Vaughn E. Crowe
Managing Partner, Newark Venture Partners

Andrew Michael Greaney
State Troopers Fraternal Association Nominee

James E. Hanson II
CEO, Hampshire Real Estate Company

Timothy McGuckin
New Jersey Education Association Nominee

Samir Pandiri
President, Broadridge International

Eric E. Richard
Senate President and Assembly Speaker Joint Nominee

Jerome M. St. John, J.A.D. (retired)
Retired Judges Association of New Jersey, designated by Chief Justice of the New Jersey Supreme Court

Edward Yarusinsky
Teachers' Pension and Annuity Fund Designee

[1] Shoaib Khan was sworn in as Director on June 6, 2022.

COUNCIL MEMBERSHIP

The Council is comprised of sixteen (16) members pursuant to N.J.S.A. 52:18A-83[1]. Nine members are appointed by the Governor for five-year terms and are drawn traditionally from the professional investment community. Of those nine appointments, eight are made with the advice and consent of the State Senate. One appointment is made from nominees submitted jointly by the President of the Senate and Speaker of the Assembly. The statute requires that at least seven of the nine gubernatorial appointments shall be qualified by training and experience in the direct management, analysis, supervision or investment of assets, which training and experience shall have been acquired through academic training or through actual employment in those fields.

Four members are appointed by the Governor from nominees submitted by various employee organizations. Two of the four members are appointed for five-year terms from nominees submitted by the New Jersey State AFL-CIO. One of the four members is appointed for a three-year term from nominees submitted by the New Jersey Education Association. The fourth member is appointed by the Governor for a three-year term from nominees submitted by the State Troopers Fraternal Association. The statute requires that these four appointments shall be qualified by training, experience or long-term interest in the direct management, analysis, supervision or investment of assets and this training, experience or long-term interest shall have been supplemented by academic training in the fields of economics, business, law, finance or actuarial science or by actual employment in those fields.

Two members, representing the Public Employees' Retirement System (PERS), and the Teachers' Pension and Annuity Fund (TPAF), are designated from members of the respective pension system's board of trustees and serve three-year terms. One member is designated by the Chief Justice of the New Jersey Supreme Court from members of the Retired Judges Association of New Jersey and serves a three-year term.

All members serve until reappointed or a successor is named and has qualified.

THE DIVISION OF INVESTMENT

The Division, under the Council's supervision, is the 20TH largest U.S. pension fund manager[2]. The Pension Fund supports the retirement plans of over 815,000 members in seven public pension systems: the Consolidated Police & Firemen's Pension Fund, the Judicial Retirement System, the Police & Firemen's Retirement System, the Prison Officers' Pension Fund, the Public Employees' Retirement System, the State Police Retirement System and the Teachers' Pension & Annuity Fund (collectively referred to in this report as the "Pension Fund"). Approximately 47% of the members are still working and contributing to the pension plans while 44% are retired. The remaining 9% represent inactive members who are not currently contributing to the pension plans. Pension Fund assets are primarily managed through three common trust funds ("Common Pension Funds"): Common Pension Fund A, Common Pension Fund D and Common Pension Fund E. Common Pension Fund A and Common Pension Fund E invest in alternative investment funds, while Common Pension Fund D invests in public securities. Common Pension Fund A invests assets of the Judicial Retirement System, the Public Employees' Retirement System, the State Police Retirement System, and the Teachers' Pension and Annuity Fund, while Common Pension Fund D and Common Pension Fund E invest assets of those four funds plus Police & Firemen's Retirement System assets.

The net asset value of the Pension Fund assets managed by the Division was $87.5 billion as of June 30, 2022 (unaudited) compared to $95.7 billion as of June 30, 2021. The Pension Fund investment return[3] for Fiscal Year 2022 was -7.90% (net of all fees) and approximately $12.4 billion was paid to plan beneficiaries. The Pension Fund received contributions of $7.0 billion from the State (including net lottery proceeds and receivables of $1.1 billion), $2.6 billion from local employers, and $2.3 billion from employees.

The Division also manages the State of New Jersey Cash Management Fund, Supplemental Annuity Collective Trust (a 403b plan), a portion of the NJBEST Fund (a 529 college savings plan) as well as several funds under the New Jersey State Employees Deferred Compensation Plan (a 457 plan).

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[1] As of December 31, 2022, there were 15 Council members, with 1 vacant position.
[2] Measured by assets as of September 30, 2021. Reported by P&I in February 2022.
[3] Pension Fund returns cited throughout this Annual Report exclude the Police and Fire Mortgage Program. The mortgages are considered a receivable under GASB 72. All investment returns are reported net of all fees.

STATUTORY AUTHORITY AND HISTORY OF THE DIVISION

The Division was created in 1950 by the New Jersey Legislature (P.L. 1950, c.270) to centralize all functions relating to the purchase, sale or exchange of securities for the State's diverse funds under experienced and professional management. The statute also established a State Investment Council to formulate policies that govern the methods, practices or procedures for investment, reinvestment, sale or exchange transactions to be followed by the Director of the Division. The statute vests investment authority in the Director of the Division, who is appointed by the State Treasurer from a list of qualified candidates submitted by the Council.

On July 3, 2018, the Governor signed P.L. 2018, c. 55 (the "PFRS Act") which, among other changes, transferred certain investment authority and duties relating to the assets of the Police and Firemen's Retirement System ("PFRS") to a newly constituted PFRS Board of Trustees (the "PFRS Board"). The Division continues to work with the PFRS Board and PFRS staff to implement the provisions of the PFRS Act.

INVESTMENT PARAMETERS

All investments must conform to the heightened "prudent person" standard set by the New Jersey Legislature (P.L. 1997, c.26). This standard requires the Director "to manage and invest the portfolio solely in the interests of the beneficiaries of the portfolio and for the exclusive purpose of providing financial benefits to the beneficiaries of the portfolio."

The mission of the Division is to achieve the best possible return at an acceptable level of risk utilizing the highest fiduciary standards.

COUNCIL REGULATIONS AND STRUCTURE

In addition to investment guidelines established by law, the Council is authorized by statute to establish investment policies that govern the methods, practices or procedures for investment, reinvestment, sale or exchange transactions (N.J.S.A. 52:18A-91).

Proposed regulations and amendments are filed upon approval of the Council with the Office of Administrative Law for publication in *The New Jersey Register*, followed by a 60-day public comment period. After the public comment period, each proposal is returned to the Council for adoption, along with any comments received. The Council readopted its regulations in 2021, with amendments to streamline the rules in the aggregate and further strengthen certain investment guidelines. The amended and readopted regulations were published in *The New Jersey Register* and became effective on November 1, 2021. The regulations may be found in the New Jersey Administrative Code (N.J.A.C. 17:16), and are available for viewing online at New Jersey Administrative Code online link.

During Fiscal Year 2022, the Council re-elected Deepak Raj as Chair and Adam Liebtag as Vice-Chair for one-year terms.

LEGISLATIVE UPDATE

PROHIBITED INVESTMENTS

The Division maintains a list of companies ineligible for investment under three State laws: a Sudan divestiture law (P.L. 2005, c. 162), an Iran divestiture law (P.L. 2007, c. 250), and a law requiring divestment of companies boycotting Israel (P.L. 2016, c. 24). The Division uses an independent research firm to assist it in complying with the provisions of the statutes. Reports are filed with the Legislature in accordance with each of the statutes.

Divestitures pose three primary fiscal challenges to the Pension Fund: 1) the requirement of the identification and sale of holdings on a timetable that may not consider market conditions; 2) the impact on risk and return for the Pension Fund; and 3) the reduction of the investment universe available to the Pension Fund. Collectively, the divestiture laws reduced the market capitalization of the investable universe as of June 30, 2022 by approximately 2.00% for the international developed markets and 2.54% for the international emerging markets relative to their respective benchmarks.

In March 2022, Governor Phil Murphy signed legislation (P.L. 2022, c.3) that prohibits the State of New Jersey from investing pension or annuity funds in companies identified by the Department of the Treasury as engaging in prohibited activities in Russia or Belarus and requires the divestment of existing holdings in such companies. The Division of Investment has been acting to minimize its exposure to these companies to the extent possible given operational issues in the Russian market, while keeping in mind its overarching fiduciary responsibility to pension fund beneficiaries.

NORTHERN IRELAND REPORT

The Division has been required since 1987 (P.L. 1987, c. 177) to report annually to the Legislature regarding the adherence of U.S. companies and their subsidiaries doing business in Northern Ireland, in which the assets of any state pension or annuity fund are invested, to the "MacBride Principles." "MacBride Principles" refers to a body of employment laws aimed at reducing employment discrimination in Northern Ireland. The report is filed each year by January 15th in accordance with the statute.

NET ASSETS UNDER MANAGEMENT

NET ASSETS IN MILLIONS ($)	June 30, 2022	June 30, 2021
PENSION FUND[1]	87,493	95,713
The Pension Fund includes pension assets contributed by participants, Lottery contributions, and State and local employers for participants in seven statewide retirement plans		
Public Employees' Retirement System	31,225	34,436
Police & Firemen's Retirement System	29,329	32,269
Teachers' Pension & Annuity Fund	24,789	26,675
State Police Retirement System	1,956	2,141
Judicial Retirement System	188	187
Prison Officers' Pension Fund	5	4
Consolidated Police & Firemen's Pension Fund	2	1

*Total may not equal sum of components due to rounding

CASH MANAGEMENT FUND[2]	40,209	29,799
This fund includes the cash balances of State government funds and other non-state government entities (counties, municipalities, school districts and the agencies or authorities created by any of these).		

SUPPLEMENTAL ANNUITY COLLECTIVE TRUST	257	312
This fund includes voluntary investments by employees for retirement income separate from, and in addition to, their basic pension plan		

[1] The net assets of the Pension Fund include the net assets managed by the Division through the Common Pension Funds and exclude certain direct assets and liabilities of the seven underlying pension plans. Year over year change in net assets is impacted by a variety of factors including performance, plan funding and plan design.

[2] The total for the Cash Management Fund includes $8 billion on June 30, 2022 ($6 billion on June 30, 2021) held for and included in the totals for the Pension Fund, the Supplemental Annuity Collective Trust, Trustees for the Support of Public Schools Fund, the NJBEST Fund and Deferred Compensation Program.

**The Division managed a separate account totaling approximately $2.3 thousand on behalf of the State of New Jersey as of June 30, 2022.

NJBEST FUND

The Division manages a portion of the State's tax-advantaged 529 college savings program. On June 30, 2022, the Division-managed portion of this fund had a market value of $133 million compared with $183 million on June 30, 2021. The year-over-year decrease in market value is attributable to net redemptions and market performance.

DEFERRED COMPENSATION PLAN

The Division manages several funds that are included in the New Jersey State Employees Deferred Compensation Plan. Empower Retirement, a business of Great-West Life & Annuity Insurance Company, is the third-party administrator for this plan. The Division manages the Equity Fund and Small Capitalization Equity Fund. As of June 30, 2022, these funds had a combined market value of $644 million compared with $785 million as of June 30, 2021. The year-over-year decrease in market value is primarily attributable to market performance.

TRUSTEES FOR THE SUPPORT OF PUBLIC SCHOOLS FUND

The Division manages the fund reserve required to support the rating of school bonds issued for the maintenance and support of the State's public schools. As of June 30, 2022, the portfolio had a market value of $158 million compared with $159 million as of June 30, 2021.

20-YEAR PENSION FUND FINANCIAL SUMMARY

FISCAL YEAR	NET ASSETS ($ billions)	RATE OF RETURN % (net of fees)	GROSS PENSION PAYMENTS ($ billions)
2022	87.5	-7.90	12.4
2021	95.7	28.63	12.0
2020	76.7	1.21	11.7
2019	80.0	6.27	11.2
2018	78.2	9.06	10.8
5-YEAR ANNUALIZED RETURN		**6.80**	
2017	76.0	13.07	10.4
2016	72.9	-0.93	10.0
2015	79.0	4.09	9.6
2014	81.2	16.79	9.1
2013	74.4	11.72	8.7
10-YEAR ANNUALIZED RETURN		**7.77**	
2012	70.1	2.47	8.3
2011	73.7	17.97	7.7
2010	66.8	13.34	7.0
2009	62.9	-15.49	6.6
2008	78.6	-2.61	6.1
15-YEAR ANNUALIZED RETURN		**5.96**	
2007	82.5	17.14	5.6
2006	73.1	9.79	5.2
2005	69.8	8.77	4.8
2004	67.8	14.16	4.4
2003	62.6	3.31	4.1
20-YEAR ANNUALIZED RETURN		**7.09**	

During Fiscal Year 2022, net transfers of approximately $1.31 billion were paid from the Common Pension Funds to the pension plans. Net transfers to pay pension fund liabilities were: $756.69 million to the Police & Firemen's Retirement System, $262.08 million to the Public Employees' Retirement System, $29.15 million to the State Police Retirement System and $289.72 million to the Teachers' Pension & Annuity Fund. A net transfer of $31.10 million was paid to the Common Pension Funds from the Judicial Retirement System as that pension fund had surplus money available to be invested. Included within the transfers are contributions totaling $1.09 billion to the investment account of Common Pension Fund L in accordance with the Lottery Enterprise Contribution Act (P.L. 2017, c. 98) on behalf of the following pension plans: $13.08 million for the Police & Firemen's Retirement System, $229.14 million for the Public Employees' Retirement System, and $847.87 million for the Teachers' Pension & Annuity Fund. Net transfers are the difference between total contributions to the pension plans and liabilities (primarily benefit payments) paid by the pension plans.

PENSION FUND ASSET ALLOCATION

The Council reviews, approves, and adopts an investment plan that includes a targeted asset allocation, as well as allowable ranges for asset classes. The Council's key objective in setting the targeted asset allocation is to provide for a well-diversified portfolio designed to achieve the best possible return at an acceptable level of risk utilizing the highest fiduciary standards.

ACTUAL ALLOCATION AS OF JUNE 30, 2022 VS. TARGETED ASSET ALLOCATION

	Actual Allocation %	Target %	Difference %	Allocation ($ millions)
U.S. Equity	25.18	27.0	-1.82	22,030
Non-U.S. Developed Markets Equity	12.13	13.5	-1.37	10,609
Emerging Markets Equity	4.95	5.5	-0.55	4,327
Private Equity	12.63	13.0	-0.37	11,050
Equity Oriented Hedge Funds	0.01	0.0	0.01	9
GLOBAL GROWTH	**54.89**	**59.0**	**-4.11**	**48,026**
Real Estate	6.37	8.0	-1.63	5,575
Real Assets	2.61	3.0	-0.39	2,288
REAL RETURN	**8.99**	**11.0**	**-2.01**	**7,863**
High Yield	2.45	2.0	0.45	2,140
Private Credit	7.41	8.0	-0.59	6,481
Investment Grade Credit	7.69	8.0	-0.31	6,728
INCOME	**17.54**	**18.0**	**-0.46**	**15,349**
Cash Equivalents	9.07	4.0	5.07	7,936
U.S. Treasuries	4.61	5.0	-0.39	4,035
Risk Mitigation Strategies	3.08	3.0	0.08	2,698
DEFENSIVE	**16.77**	**12.0**	**4.77**	**14,669**
Other	0.15	0.0	0.15	129
Police & Fire Retirement System Mortgage Program[1]	1.67	0.0		1,458
TOTAL PENSION FUND	**100**	**100**	**0**	**87,493**

Total may not equal sum of components due to rounding

[1] For financial reporting, the Police & Fire Mortgage Program is considered a receivable under GASB 72. Only the Police & Firemen's Retirement System has exposure to the program.

As part of a periodic review process, the Council adopted a new investment plan including a new targeted asset allocation and allowable ranges for asset classes during its July 2020 meeting. The new investment plan became effective on October 1, 2020 and continued in fiscal year 2022. During fiscal year 2022, an asset allocation review process was initiated and as a first step, minor changes were made to the asset allocation plan for fiscal year 2023. Effective July 1, 2022, allocation target for Investment Grade Credit and U.S. Treasuries was reduced by 1% each, while the target allocation for High Yield increased from 2% to 4%.

The investment plan included modest adjustments to prior targeted allocations in order to reflect a changing opportunity set. Consistent with the investment plan, during Fiscal Year 2022, the Division continued to work towards increasing allocations to private market assets.

Actual allocations as of June 30, 2022, as compared to actual allocations as of the same date in 2021 reflect a decrease of 2.09% to U.S. Equity, 1.49% to U.S. Treasuries, 1.10% to Non-U.S. Developed Markets Equity and 0.89% to Emerging Markets Equity. Additionally, there were reductions of 0.12% to Investment Grade Credit and 0.08% to Other.

Several asset classes saw an increase as of June 30, 2022 as compared to the same time last year. Most notable is Cash Equivalents which was higher by 2.82%. The higher cash balance is a reflection of the portfolio's more defensive posture and an effort to preserve liquidity during challenging market conditions. Other asset classes also saw increases as compared to last year. Private Credit was higher by 0.98%, Real Estate by 0.75%, Private Equity by 0.64%, Real Assets by 0.41%, High Yield by 0.23%, and Risk Mitigation Strategies were higher by 0.21%.

Actual allocations as of June 30, 2022 as compared to target allocations highlight that most asset classes were underweight with a few exceptions. The most notable overweight was Cash Equivalents which at 9.07% was overweight by 5.07% vs. a target of 4%. Again, this reflects defensive portfolio positioning and liquidity preservation in light of challenged market conditions. Additionally, High Yield was overweight by 0.45% and Risk Mitigation Strategies was overweight 0.08%.

Asset classes which were underweight on June 30, 2022 as compared to their target allocation included U.S. Equity underweight by 1.82%, Real Estate by 1.63%, Non-U.S. Developed Markets Equity by 1.37%, Private Credit by 0.59%, Emerging Markets Equity by 0.55%, U.S. Treasuries by 0.39%, Real Assets by 0.39%, Private Equity by 0.37% and Investment Grade Credit was underweight by 0.31%. Below target allocations to public market asset classes is a reflection of challenging market conditions as well as the Division's attempt to protect capital during these volatile markets.

Looking ahead, the Division will look to be opportunistic in redeploying excess cash as market conditions improve. Additionally, it will continue to seek interesting and attractive risk-adjusted private market investments to bring allocations closer to target.

TARGETED ASSET ALLOCATION AND ALLOWABLE RANGES

Asset Class	Target	Allowable Ranges[1]
U.S. Equity	27.0%	22-32%
Non-U.S. Developed Market Equity	13.5%	11-16%
Emerging Markets Equity	5.5%	3-8%
Private Equity	13.0%	10-16%
GLOBAL GROWTH	59.0%	
Real Estate	8.0%	5-11%
Real Assets	3.0%	1-5%
REAL RETURN	11.0%	
High Yield	2.0%	1–5%
Private Credit	8.0%	5-11%
Investment Grade Credit	8.0%	5-11%
INCOME	18.0%	
Cash Equivalents	4.0%	3-7%
US Treasuries	5.0%	3-8%
Risk Mitigation Strategies	3.0%	1-6%
DEFENSIVE	12.0%	

[1] Investments are subject to additional limitations as set forth in the Council Regulations

MARKET OVERVIEW FOR FISCAL YEAR 2022

TOTAL PENSION FUND

GLOBAL EQUITY MARKETS

During Fiscal Year 2022, equity markets in general were initially buoyed by optimism regarding the global economic outlook before succumbing to sharp declines, as the uncertainty of rising interest rates and the unexpected emergence of geopolitical tensions took hold. Overall, for the fiscal year, the global equity markets, represented by the MSCI All Country World Index, returned -15.75%.

As the worst of the pandemic appeared to have subsided, the perception of economic normalization - including a sanguine view of inflation - fostered a rally in most regional equity markets for the first half of the fiscal year ending December 2021. The Developed Markets fared the best, as the MSCI World Index rose almost 8%, led by a 10.31% increase in the MSCI USA Index in contrast to a 2.46% rise for the EAFE+Canada gauge. Emerging Markets were adversely affected by China's pandemic policies and subsequent slowing economic growth, a situation reflected in the -9.30% performance of the MSCI Emerging Markets Index.

Yet, after a relatively auspicious start in January 2022, the global markets began a descent into and around bear market territory as Russia entered into conflict with Ukraine, and central banks embarked on reversing previously loose monetary policies to combat inflationary pressures that now appeared entrenched. Exacerbating investor anxiety was the impact of China's pandemic policies upon the global economy. Such uncertainty increased market volatility and caused a notable deterioration in performance across global equities during the second half of the fiscal year ending June 30; over this six-month period, the MSCI All Country World Index declined 20.18%. Regionally, the brunt of the dislocations occurred in North America - meaning the U.S. market - especially securities within the dominant technology, consumer discretionary, and communication services sectors. The correction of these stocks (e.g., "FAANG") was a primary factor underlying the 21.29% fall of the MSCI USA Index, in contrast to a fall of 19.57% for the EAFE Index and 17.63% for the Emerging Markets Index between the January-June 2022 timeframe.

FIXED INCOME MARKETS

Fixed income investments had varying degrees of negative performance, depending on the duration and credit quality of the underlying securities. The Bloomberg Barclays U.S. Aggregate Bond Index, a broad measure of the U.S. fixed income market, declined 10.29% during Fiscal Year 2022. Within fixed income, U.S. Treasuries slightly outperformed the overall Aggregate due to increasing credit concerns overwhelming the rising interest rates concern and slightly lower duration. The Bloomberg Barclays U.S. Credit Index, a broad measure of investment grade corporate bonds returned -13.64% while the Bloomberg High Yield Index returned -12.81%. Both investment grade and high yield bonds underperformed due to the double hit of spread widening as well as the duration impact of higher interest rates.

PRIVATE EQUITY

The private equity landscape remained busy during fiscal year 2022 with an active buyout and venture capital fundraising calendar. As the year progressed, some funds remained open longer than anticipated due to select limited partners encountering the denominator impact as a result of difficult public market conditions. Fundraising activity related to secondary offerings was also robust during the fiscal year. Valuations remained relatively high, albeit valuation review and revision was a focus during the second half of the fiscal year on the back of public market headwinds. Limited Partners are keenly looking for General Partners to reflect valuation changes as market conditions change.

As the Federal Reserve and other central banks continue to address inflation, a slowdown in the level of IPO and corporate M&A activity will impact private equity exit opportunities and, while still early in the cycle to evaluate the degree of impact, it is an area of focus for Limited Partners. Pressure from public markets will likely lead to lower performance in the short term. However, cash levels remain elevated and likely to be deployed in the near-to-medium term. Future deal flow at lower valuation has the potential to deliver a more positive longer-term outcome for investors.

PRIVATE CREDIT

The Cambridge Associates Private Credit Index had a strong performance and was up +5.04% during Fiscal Year 2022 despite the challenges as public fixed income markets across public high yield, investment grade and even U.S. Treasuries experienced volatile sell-off. While the macro environment continues to support heightened volatility due to uncertainty resulting from the Russia-Ukraine conflict, supply chain disruptions, rising interest rates and high inflationary pressures, the private credit markets held up and returned positive performance for Fiscal Year 2022. Private Credit market generally benefited from the floating rate nature of underlying holdings and spreads have yet to react to the public fixed income markets repricing at this stage. Given the quarterly lag in the private markets, some further write downs in valuation are to be expected as more stress and default rates get reflected in underlying holdings. Notwithstanding this, private credit is a rapidly growing asset class among pension investors as deals at higher yield and higher quality provide attractive opportunity for long-term institutions.

REAL ESTATE

The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Diversified Core Equity (ODCE) index, a broad measure of the private real estate fund market, generated a +27.26% return. The real estate benchmark's strong performance was driven by appreciation and income from industrial and multifamily properties, which comprise nearly 60% of the benchmark. The industrial sector has been the best performing property type since the Global Financial Crisis. The sector continued its outperformance driven by e-commerce and last-mile logistics demand along with companies migrating from "just in time" to "just in case" supply chains. Multifamily and other residential property types maintained their strength due to a shortage of housing units. Rental rate growth continues albeit at a slower rate.

REAL ASSETS

The Cambridge Associates Natural Resources/Infrastructure Index returned +8.49% calendar YTD as of June 30, 2022. Gains for the first half of calendar year 2022 were largely the result of outsized returns in Upstream Energy & Royalties and Private Equity Energy within the benchmark. In the first half of calendar year 2022, the Upstream Energy & Royalties component of the Cambridge Associates Natural Resources Index was the top performing strategy, returning +19.30%, while Infrastructure, which makes up nearly half of the Index, returned +4.01%. The United States, which represents approximately 66% of the Index, returned +11.48% in the first half of calendar year 2022. Amidst a turbulent macroeconomic backdrop, Infrastructure continued to mostly display return resiliency with sustained activity across underlying sectors and geographies.

PENSION FUND RETURN VS. BENCHMARK

	Annualized Returns (%)					
	FY22	3 Years	5 Years	10 Years	20 Years	25 Years
Pension Fund	-7.90	6.24	6.80	7.77	7.09	6.79
Pension Fund Benchmark[1]	-4.67	7.87	7.86	8.15	6.86	*

[1]Benchmark is a weighted composite of index returns in each asset class
*Benchmark return not available for 25-year period

- During Fiscal Year 2022, the Pension Fund returned -7.90% versus a benchmark of -4.67%. The underperformance of 3.23% as compared to the benchmark was with a backdrop of weak performance and meaningful challenges in major equity and fixed income markets. During the first half of the fiscal year, pension fund performance was positive as most public equity markets delivered positive performance while fixed income markets held up reasonably well. However, during the second half of the fiscal year public equity and fixed income markets experienced significant headwinds resulting in negative performance.

- The pension fund benefited from positive performance in all private market asset classes. Real Assets was the best performing asset class returning +16.22%, followed by Real Estate, Private Equity, Risk Mitigation Strategies and Private Credit returning +11.43%, +6.15%, +5.46%, and +1.25%, respectively.

- Faced with challenging market conditions, public equities in the pension fund portfolio returned negative performance. Emerging Markets Equity delivered the worst performance with -25.32%, followed by Non-U.S. Developed Market Equity and U.S. Equity returning -17.37% and -13.65%, respectively.

U.S. EQUITY HIGHLIGHTS OF FISCAL YEAR 2022

	Annualized Returns (%)			
	FY22	3 Years	5 Years	10 Years
U.S. Equity Only (Ex Cash and hedges)	-13.65	9.73	9.95	12.10
Policy Benchmark	-13.74	10.08	10.79	12.72

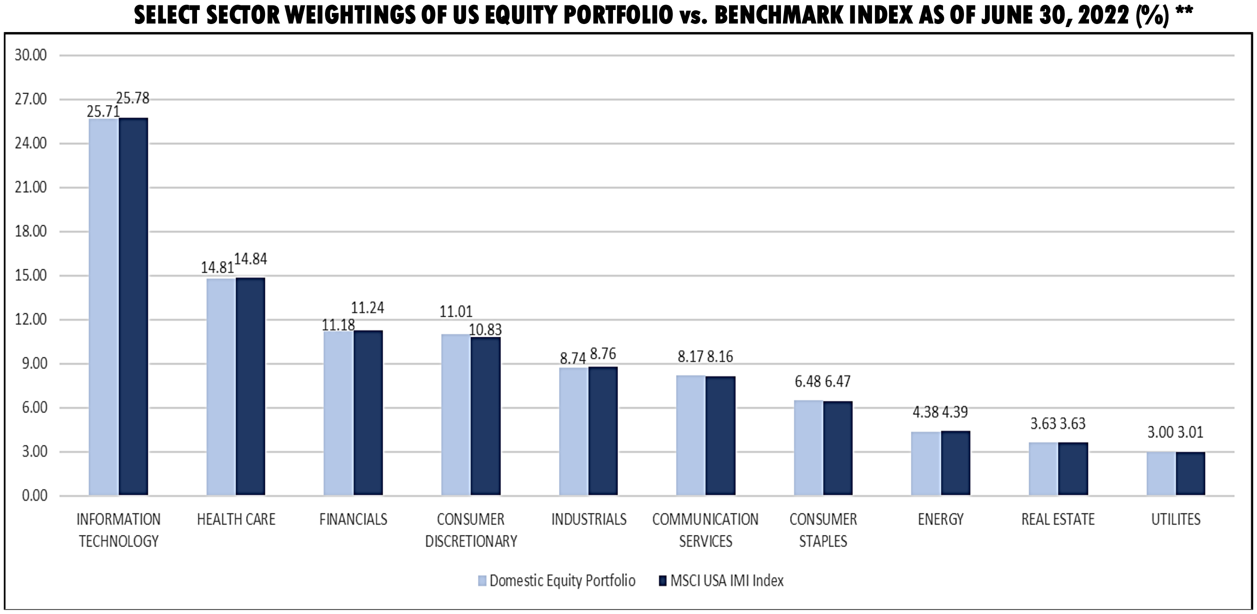
- During Fiscal Year 2022, the U.S. Equity Portfolio returned -13.65% versus -13.74% for the MSCI USA IMI benchmark index, an outperformance of +9 basis points.
- The fiscal year can be decomposed into two distinct market environments. The first six months of the fiscal year - July 2021 through December 2021 - reflected a 12% rally of the S&P 500, fueled by optimism over the COVID related re-opening and perceived normalization of the economy. The second half of the fiscal year - January 2022 through June 2022 - was dominated by rising market volatility caused by global inflationary pressures, tightening Federal Reserve monetary policy, and slowing global economic growth exacerbated by China's pandemic policies and the Russia-Ukraine conflict.
- After reaching a record level in January 2022, increasing uncertainty resulted in the S&P 500 market falling 23% until bottoming in mid-June. Market volatility, as measured by the VIX index, rose 67% in the six months ending June 2022 in contrast to 11% during the first- half of the fiscal year.
- The U.S. Equity Portfolio is primarily passively managed to closely track the risk and return profile of the benchmark using an optimization methodology. The portfolio construction resulted in an underweight to small cap, which allowed this portfolio to successfully endure the rise in market volatility and remain in-line with the benchmark. The underweight positioning favorably contributed to portfolio performance due to the -20.93% return of the small cap asset class for the fiscal year.
- Consistent with the passive strategy, the U.S. Equity portfolio remained broadly diversified by economic sector, with over 1,500 publicly traded stocks as of June 30, 2022.

The top 10 holdings (including related receivables) in the U.S. Equity portfolio represent 22.79% of the total U.S. Equity Portfolio.

TOP HOLDINGS IN U.S. EQUITY PORTFOLIO AS OF JUNE 30, 2022*

Security Name	% of Portfolio
APPLE INC	5.90
MICROSOFT CORP	4.84
AMAZON.COM INC	2.58
ALPHABET INC CLASS A	1.73
ALPHABET INC CLASS C	1.65
TESLA INC	1.57
UNITEDHEALTH GROUP INC	1.28
JOHNSON & JOHNSON	1.24
NVIDIA CORP	1.01
META PLATFORMS INC CLASS A	0.99

SELECT SECTOR WEIGHTINGS OF US EQUITY PORTFOLIO vs. BENCHMARK INDEX AS OF JUNE 30, 2022 (%) **



*Holdings include accruals

**Index sector weightings reflect the calculations of State Street and may differ from those of MSCI

INTERNATIONAL EQUITY HIGHLIGHTS OF FISCAL YEAR 2022

	Annualized Returns (%)			
	FY22	3 Years	5 Years	10 Years
International Equity with Cash, Hedges, Miscellaneous	-19.81	1.80	2.79	4.61
Custom International Equity Markets Benchmark[1]	-19.10	1.67	2.74	4.82
MSCI All Country World Index (ex U.S.)	-19.42	1.35	2.50	4.83
Non-U.S. Developed Market Equity Portfolio	-17.37	2.06	3.07	5.75
Custom International Developed Markets Benchmark[1]	-16.63	1.65	2.62	5.43
Emerging Market Equity Portfolio	-25.32	0.73	1.98	*
Custom International Emerging Markets Benchmark[1]	-25.41	0.66	2.22	*

[1] Source: MSCI. Each benchmark is a custom index calculated by MSCI for, and as requested by, the Division, based on screening criteria defined by the Division. These benchmarks exclude those securities deemed ineligible for investment under the State statutes governing investments in Iran, Sudan and companies that boycott Israel. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.
*Return not available for 10-year period.

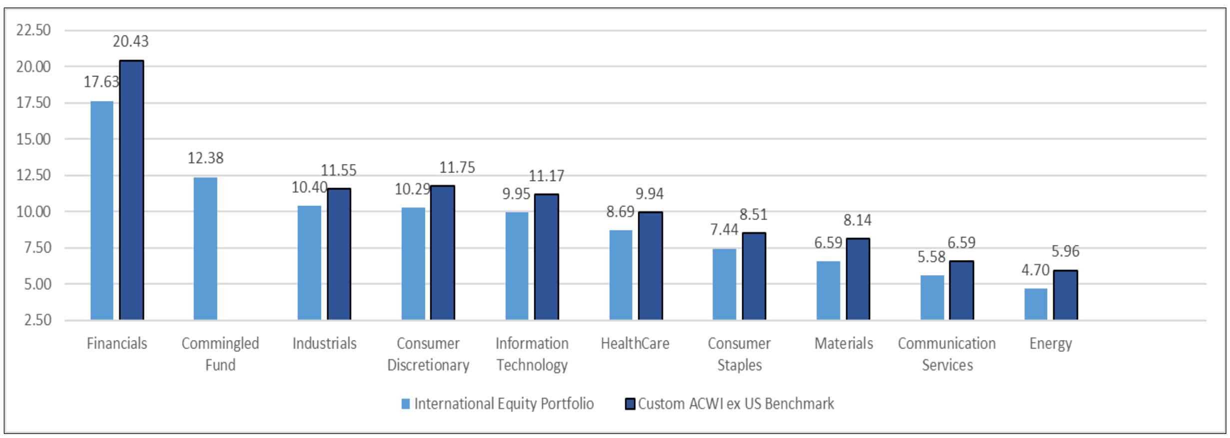
- The International Equity portfolio is broadly diversified, with investments in approximately 2,700 publicly traded stocks across more than 50 countries in both the Non-U.S. Developed Markets and Emerging Markets. The Non-U.S. Developed Market Equity (DM) portfolio is primarily managed passively, but includes allocations to actively managed small cap equities, as well as opportunistic Exchange Traded Fund (ETF) positions. The Emerging Market Equity (EM) portfolio includes both passively and actively managed strategies, in addition to opportunistic ETF positions.
- During Fiscal Year 2022, the International Equity Portfolio returned -19.81% versus -19.10% for the benchmark index, underperforming by 71 basis points. The off-benchmark allocation to International Small Cap was the primary driver of underperformance for fiscal year 2022.
- The Non-U.S. Developed Market Equity (DM) portfolio underperformed its benchmark by 74 basis points -17.37% versus -16.63%. The DM portfolio is comprised of:
    - A large/mid cap EAFE+Canada portfolio which is passively managed using an optimization methodology to achieve certain risk/return objectives. This portfolio returned -16.09% versus -16.63% for its respective benchmark, an outperformance of 54 basis points.
    - An International Small Cap portfolio which is a roughly 10% off-benchmark allocation whose performance is measured against the Non-U.S. Developed Market large/mid cap benchmark. This portfolio returned -25.96% versus -16.63% for the Non-U.S. Developed Market benchmark, a performance which reflected a challenging market environment during the fiscal year for the overall small cap asset class.
- The Emerging Market Equity (EM) portfolio modestly outperformed its benchmark by 9 basis points, returning -25.32% versus -25.41%. EM was the worst performing asset class for fiscal year 2022, impacted by China's pandemic policies, the Russia-Ukraine conflict, slowing global growth, global inflation, commodity and currency pricing, and heightened geo-political tensions. Within the EM portfolio, performance that was in-line with the benchmark resulted from positive security selection and diversified allocation across style strategies.

The top 10 holdings (including related receivables) in the International Equity portfolio represent 16.16% of the portfolio.

TOP HOLDINGS IN INTERNATIONAL EQUITY PORTFOLIO AS OF JUNE 30, 2022*

Security Name	% of Portfolio
ISHARES CORE MSCI EAFE ETF	3.74
ISHARES MSCI INDIA ETF	1.96
ISHARES MSCI EAFE SMALL CAP ETF	1.92
ISHARES MSCI TAIWAN ETF	1.69
TAIWAN SEMICONDUCTOR SP ADR	1.43
NESTLE SA REG	1.31
TENCENT HOLDINGS LTD	1.15
ISHARES CORE MSCI EMERGING MARKETS	1.07
SAMSUNG ELECTRONIC CO LTD	0.96
ROCHE HOLDING AG GENUSSCHEIN	0.93

SELECT SECTOR WEIGHTINGS OF INTERNATIONAL EQUITY PORTFOLIO vs. BENCHMARK INDEX AS OF JUNE 30, 2022 (%)**



*Holdings include accruals
**Index sector weightings reflect the calculations of State Street

FIXED INCOME HIGHLIGHTS OF FISCAL YEAR 2022

	Annualized Returns (%)			
	FY22	3 Years	5 Years	10 Years
Fixed Income	-11.48	-0.74	1.27	*
Fixed Income Blended Benchmark	-11.36	-0.74	1.19	*
U.S. Treasuries	-8.68	-0.81	0.66	0.08
Custom Government Benchmark	-8.90	-0.88	0.74	0.68
Investment Grade Credit	-12.71	-0.99	1.20	2.23
Custom Investment Grade Credit Benchmark	-12.55	-0.99	1.07	2.05
High Yield	-12.55	0.12	1.95	*
Custom High Yield Benchmark	-12.82	0.18	2.09	*

*Return not available for 10-year period.

- The Fixed Income portfolio is comprised of the U.S. Treasuries portfolio, the Investment Grade (IG) Credit portfolio, and the Public High Yield (HY) portfolio. The IG and HY portfolios are broadly diversified across economic sectors.
- During the fiscal year, the Fixed Income Portfolio returned -11.48% versus -11.36% for the benchmark. The key driver of relative returns was the slight underperformance of the Investment Grade portfolio, which underperformed the benchmark by approximately 16 basis points.
- Both the High Yield portfolio and the U.S. Treasury (UST) portfolio, which collectively represent approximately 50% of the total Fixed Income portfolio, generated relative outperformance with HY outperforming by 27 basis points and UST portfolio outperforming by 22 basis points.
- Although 50% of the Fixed Income portfolio had slight relative outperformance, the significant rate move overwhelmed all else, causing severe negative performance for the fiscal year.
- Within the Fixed Income portfolio:
    - The HY portfolio relative performance benefited from a diversified portfolio of Advisers and solid relative performance by the Division's internal HY portfolio manager.
    - The largest driver of the Public High Yield outperformance was an under-weight to the riskiest CCC rated securities and a slightly lower duration vs. the index. A modest over-weight to Energy also helped relative returns over the period.
    - The UST portfolio outperformance can be explained by a slightly lower duration compared to the benchmark.
    - IG portfolio had slight relative underperformance as sector spreads widened more than the benchmark.

PRIVATE EQUITY HIGHLIGHTS OF FISCAL YEAR 2022

	Annualized Returns (%)			
	FY22	3 Years	5 Years	10 Years
Private Equity	6.15	16.57	15.50	15.55
Custom Cambridge Associates Blended Benchmark[1]	21.76	22.44	20.01	15.96

[1]Reported on a one-quarter lag. Effective October 1, 2019, the benchmark is Cambridge Associates Buyouts, Growth, Distressed for Control, Subordinated Debt and Credit Custom Benchmark.

- As of June 30, 2022, the Private Equity (PE) portfolio had a current market value of $11.1 billion and consisted of 134 commingled funds or separate account vehicles. The Division committed a total of $500 million to three Private Equity partnerships during Fiscal Year 2022. The Private Equity portfolio generated $1.6 billion net cash flow during Fiscal Year 2022.
- The Private Equity portfolio is broadly diversified across strategy, sector, vintage year, manager, and geography. Private equity investment agreements specify the investment horizon, with a wide range of possible time periods. The typical investment horizon identified in private equity investment agreements is 10 to 12 years.
- During Fiscal Year 2022, the Private Equity portfolio returned +6.15%, versus +21.76% for the Custom Cambridge Associates Blended Benchmark. A key driver of difference in performance is a one-quarter reporting lag with benchmark performance presented during April 1, 2021 to March 31, 2022 while PE portfolio returns are from July 1, 2021 to June 30, 2022.
- The PE portfolio's vintage distribution is relatively concentrated, with approximately 61% invested in 2012 – 2017 vintage funds. In comparison, approximately 24% is invested in 2005 – 2011 vintage funds, while approximately 15% is invested in 2018 – 2022 vintage funds. Approximately 3% (aggregate) is invested in 2021 and 2022 vintage funds.
- The PE portfolio's largest exposure by strategy is currently Mid-Market Buyout at approximately 57%, followed by Large-Cap Buyout at approximately 15%, Distressed Debt approximately 9%, Special Situations approximately 6%, G.P Equity Stakes approximately 5% and Venture Capital at approximately 3%.
- The PE portfolio is well diversified in terms of industry with the largest exposures being information technology, consumer discretionary, industrials, financials and healthcare. Additionally, the PE portfolio has exposure to energy, consumer staples, materials, telecommunications, real estate and utilities.
- From a strategy perspective, Large-Cap Buyout has outperformed over the last 1-year (>25%) and 5-year (>20%) metric. On a 1-year basis, Large-Cap performance is followed by Mid-Cap, Mega-Cap and Small-Cap slightly behind.

PRIVATE CREDIT HIGHLIGHTS OF FISCAL YEAR 2022

	Annualized Returns (%)		
	FY22	3 Years	5 Years
Private Credit[1]	1.25	6.42	6.89
Custom Benchmark[2]	-4.32	4.37	4.60

[1] Effective October 1, 2019, certain legacy hedge funds are included in the performance of Private Credit.
[2] Reported on a one-month lag. Effective October 1, 2019, the Custom Benchmark is the Bloomberg Barclays U.S. Corporate High Yield Index plus 100 bps compounded monthly.

- As of June 30, 2022, the Private Credit (PC) portfolio had a market value of $6.5 billion and consisted of investments in 20 core private credit commingled funds or separate account vehicles (together the “Private Credit Funds”), and a portfolio of legacy hedge fund strategies, as well as a publicly traded Business Development Company (BDC). The BDC is generally comprised of direct lending investments. The Division committed +$344 million to three Private Credit funds during Fiscal Year 2022.

- The Private Credit portfolio is diversified across strategy, sector, vintage year, manager, and geography. Private Credit investment agreements specify the investment horizon, with a wide range of possible time horizons and liquidation periods. The typical investment horizon identified in private credit investment agreements is 5 to 10 years.

- During Fiscal Year 2022, the Private Credit portfolio returned +1.25% versus the -4.32% Benchmark. The Private Credit portfolio outperformed the benchmark due to timing issues as well as the fact that the portfolio is made up of mostly floating rate-based products while the benchmark is a fixed rate product.

- Net distributions to the Pension Fund from the Private Credit Portfolio were in excess of $188 million during Fiscal Year 2022 (driven by the ongoing restructuring of private credit through reductions in existing managers, the ongoing receipt of redemption proceeds from legacy Credit HFs, and continued liquidations of public BDCs).

- Key factors impacting outperformance included:
  - The floating rate nature of underlying holdings within the PC portfolio allowed the portfolio to avoid most of the rate selloff that occurred in the fiscal year.
  - Overall credit spreads within Private Credit were stable for most of the fiscal year, providing a consistent current coupon of 500 - 600 basis points.
  - Strong returns from a large U.S. middle market sponsor- backed direct lending fund which was defensively positioned.
  - Very strong returns from opportunistic credit funds with exposures to insurance, specialty software and healthcare sectors were resilient to market selloff.
  - Investment themes related to COVID-19 dislocation continued to recover and outperform the benchmark.

REAL ESTATE HIGHLIGHTS OF FISCAL YEAR 2022

	Annualized Returns (%)			
	FY22	3 Years	5 Years	10 Years
Real Estate	11.43	9.26	9.80	11.38
Real Estate Index[1]	27.26	10.30	8.90	10.02

[1] Reported on a one-quarter lag. The index is the NCREIF Open End Diversified Core Equity (ODCE).

- As of June 30, 2022, the Real Estate portfolio had a market value of $5.6 billion and consisted of equity and debt-related investments across 56 commingled funds or separate account vehicles, as well as investments in publicly traded Real Estate Investment Trusts (REITs). During Fiscal Year 2022, the Division committed $215 million to two Real Estate fund investments.
- The Real Estate portfolio is diversified across strategy, sector, vintage year, manager, and geography. Real estate investment agreements specify the investment horizon, with a wide range of possible time periods. The typical investment horizon identified in real estate investment agreements is 10 to 12 years.
- The Real Estate portfolio is predominately comprised of private real estate funds, including both open-end core and closed-end non-core funds, with a concentration in non-core strategies. The private real estate portfolio is also geographically diversified with global real estate exposure. The benchmark index (NCREIF ODCE) is exclusively comprised of U.S. core, open-end funds.
- During Fiscal Year 2022, the Real Estate portfolio returned +11.43% versus the +27.26% for the NCFEIF ODCE benchmark. Public REITs, which comprise 19% of the Real Estate portfolio, were a major contributor to underperformance with Fiscal Year 2022 returns of -11.98% in the public real estate holdings driven by overall public equity volatility stemming from increased interest rates and inflation.
- Private real estate funds generated strong absolute returns of +17.76% in Fiscal Year 2022 and have outperformed the benchmark over the 5-, 7-, and 10-year time horizons. The portfolio's long-term outperformance is driven by a heavier weight to non-core strategies.
- Since the start of Fiscal Year 2013 the Real Estate portfolio has been cash flow positive. During Fiscal Year 2022, the real estate portfolio generated net distributions of $278 million despite a volatile macro environment.

REAL ASSETS HIGHLIGHTS OF FISCAL YEAR 2022

	Annualized Returns (%)			
	FY22	3 Years	5 Years	10 Years
Real Assets	16.22	6.77	6.55	3.09
Custom Cambridge Associates Real Asset Benchmark[1]	28.34	6.91	5.48	3.11

[1] Reported on a one-quarter lag. Effective October 1, 2019, the benchmark is a custom blend of the Cambridge Associates Natural Resources and Cambridge Associates Infrastructure Indexes.

- As of June 30, 2022, the Real Assets portfolio had a market value of $2.3 billion and consisted of debt and equity investments consummated via 19 commingled funds, co-investments and separate accounts. The portfolio no longer included publicly traded Master Limited Partnerships ("MLPs"), as the positions were fully liquidated during the fiscal year with the final sale occurring in March 2022. During Fiscal Year 2022, the Division committed and closed $885 million to three partnerships and their associated co-investment sidecar vehicles.

- The Real Assets portfolio is generally diversified across strategy, sector, vintage year, manager, and geography. However, a significant portion of the portfolio continues to be invested in select vintages and into the conventional energy and upstream metals & mining strategies/sectors. Investment agreements specify the investment horizon, with a wide range of possible time periods. The typical investment horizon identified in real assets investment agreements is 10 to 12 years.

- During Fiscal Year 2022, the Real Assets portfolio returned +16.22% versus the +28.34% custom Cambridge Associates benchmark. A key driver of the difference in FY performance between the asset class and the benchmark is the reporting lag between the asset class and the benchmark. The portfolio outperformed the benchmark over the 5-year time horizon, and during Fiscal Year 2022, producing the best absolute performance across the Pension Fund's asset classes in an otherwise challenged market.

- Performance was primarily driven by Staff's efforts since January 2021 to clean up, actively manage in an institutional manner and turn around Real Assets which has been a legacy, underperforming asset class. Towards that, Staff's efforts in building out meaningful infrastructure/energy transition/renewables/sustainability investments instead of deploying capital to legacy conventional energy investments have also contributed to performance. Recently during the onset and continuation of the Russia-Ukraine conflict as well as elevated inflation levels across the globe, Real Assets investments have become particularly attractive and delivered outperformance. Real Assets delivered net cash flow (distributions less contributions) of -$121 million in fiscal year 2022 (excluding publicly listed MLPs) despite market challenges and as a result of new investment activity towards the portfolio buildout.

RISK MITIGATION STRATEGIES HIGHLIGHTS OF FISCAL YEAR 2022

	Annualized Returns (%)		
	FY22	3 Years	5 Years
Risk Mitigation Strategies	5.46	6.69	6.03
T-Bill + 300 BPS	3.21	3.70	4.18

- As of June 30, 2022, the Risk Mitigation Strategies (RMS) portfolio had a market value of $2.7 billion and consisted of investments in 11 limited partnerships. During the Fiscal Year 2022, the RMS portfolio received $186 million of distribution as part of the ongoing restructuring plan for the strategy.
- The Risk Mitigation Strategies portfolio is comprised of limited partnership vehicles with a range of subscription terms. The RMS portfolio is intended to provide downside protection against equity market drawdowns, liquidity in the event of a drawdown, and returns with low or negative correlation to equities. The RMS portfolio includes various investment strategies, including discretionary macro, systematic macro, relative value, and market neutral strategies.
- During Fiscal Year 2022, the RMS portfolio returned +5.46% versus +3.21% for the U.S. Treasury-Bill + 300 basis points benchmark, an outperformance of +200 basis points. The RMS portfolio's strong performance was reflected across all strategies as dislocations resulting from the COVID-19 pandemic and recent volatility spikes led to enhanced alpha opportunities. The Risk Mitigation Strategies delivered high alpha during the fiscal year of approximately 7.57% which is above long-term expectations but in line with other post dislocation periods. The RMS portfolio has zero to low beta to the equity markets as represented by MSCI ACWI and produced consistent positive returns.
- Key factors impacting relative performance included extremely strong returns from the macro-systematic funds which were able to capitalize on sustained trends in short bonds, long USD and long commodities. In addition, the portfolio had very strong returns by one of the fund of funds managers who is primarily invested in discretionary macro strategies which outperformed on short bonds and long commodities. Timing and calculation methodology differences had minor impact on reported relative returns as there were few cash flows during the fiscal year.

CASH MANAGEMENT FUND

	Annualized Returns (%)[1]		
	FY22	3 Years	5 Years
Cash Mgt. Fund – State Participants	0.24	0.64	1.12
Cash Mgt. Fund – Non-State Participants	0.21	0.59	1.06
91 Day U.S. Treasury Bills (Daily)	0.17	0.63	1.11

[1] Returns represent the annual rate for the period based on the average daily rate of return.

- The Cash Management Fund (CMF) is the Local Government Investment Pool (LGIP) utilized by the Pension Fund, the State of New Jersey and local towns, municipalities, school districts, agencies, and authorities for its cash management needs. Participation is voluntary. As of June 30, 2022, the net asset value of the Cash Management Fund was $40.2 billion.
- The CMF primarily invests in U.S. Treasury and Agency obligations, highly-rated commercial paper and short-term corporate obligations, other highly-rated government debt, and certificates of deposit.
- The CMF's yield rose in Fiscal Year 2022, primarily as a result of the Federal Reserve increasing short-term interest rates as inflation accelerated during the second half of the fiscal year.
- The Non-State Participants' return is reduced by an Administrative Expense Fund Fee (0.05% per year) and a Reserve Fund Fee (0.01% per year). The Administrative Expense Fund Fee is used to reimburse the State of New Jersey for administrative and custodial fees of the CMF. The Reserve Fund fees are reinvested and participate in the CMF. The Administrative Fund Fee had been temporarily reduced from 0.05% to 0.01% until April 11, 2022.

CASH MANAGEMENT FUND PORTFOLIO[1] DETAIL AS OF JUNE 30, 2022

	Percentage	($ millions)
US TREASURY BILLS	73.87%	$29,697.8
COMMERCIAL PAPER	16.91%	6,797.5
CERTIFICATES OF DEPOSIT	4.05%	1,629.1
US TREASURY NOTES	2.88%	1,158.9
GOVERNMENT AGENCY	2.20%	882.6
STATE STREET STIF	0.09%	37.3
TOTAL	100.00%	$40,203.2

[1] Excludes receivables and payables

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) AND SUSTAINABLE INVESTING

In 2018, the Council formally adopted its Environmental, Social, and Governance (ESG) Policy which, among other things, laid the foundation to address the growing risks to the Pension Fund from climate change and the ongoing transition to renewable energy. Since then, the Division has taken numerous steps to measure and manage ESG risks across its portfolios.

In Fiscal Year 2022, the Division of Investment developed Principles and Practices Regarding Climate Change as a framework to implement the Council's ESG Policy and to convey how the Division plans to address and manage climate-related risks and opportunities. The principles include: Fiduciary Duty, Global Governmental Climate Policies, and Corporate Transparency. The practices include: Integration, Engagement, and Advocacy. To implement these principles and practices, the Division established an internal Climate Change Practice Group (CCPG), including the Director, the Corporate Governance Officer, the Sustainable Investing Portfolio Manager, and representatives of each asset class as well as operations.

Throughout Fiscal Year 2022, the Division continued its corporate engagement activities, both through proxy voting and the filing of shareholder proposals. The Division believes that active engagement produces the best financial outcomes for the Pension Fund. With respect to proxy voting, the Division focused on financial materiality and generally supported resolutions that improve corporate disclosure and accountability regarding financial, physical, or regulatory risks related to climate change and other issues.

The Division also filed 10 shareholder proposals covering issues such as: board oversight of environmental-related risk; enhanced disclosure of greenhouse gas (GHG) emissions; and short-, medium-, and long-term GHG emissions reduction targets. In response to these shareholder proposals, 9 of 10 companies agreed to address the identified risks in exchange for the Division's withdrawal of the respective shareholder proposals.

COSTS OF MANAGEMENT

All investment returns for the Pension Fund and the various asset classes are reported net of external fees and expenses associated with investing the assets. The Division strives to minimize costs, with the key objective to realize attractive risk-adjusted net returns. The Division continues to utilize internal resources to minimize costs, with the Pension Fund representing one of the highest percentages of internally managed plans amongst public pension funds.

The Division utilizes external advisers and fund managers for strategies that require greater resources than are currently available internally. Most of the fees and expenses within the Pension Fund are incurred by the $26.1 billion Alternative Investment Program (AIP) that includes private equity funds, real estate funds, real asset funds, opportunistic funds, hedge funds, and private credit funds. The Division paid $306.2 million in management fees and expenses in Fiscal Year 2022 to fund managers within the AIP.

While more costly, the AIP provides important investment benefits for the Pension Fund, including an expected long-term performance advantage (net of fees) on both an absolute and risk-adjusted basis, enhanced portfolio diversification, and better downside protection. Moreover, certain strategies within the AIP provide exposure to rapidly growing segments of the global market which are not investable in the public market.

The Division paid an additional $27.4 million to advisers with respect to its emerging market equity, international small cap equity and high-yield fixed income portfolios in Fiscal Year 2022. Investments in these portfolios totaled $5.9 billion as of June 30, 2022.

Operating expenses for staff compensation, overhead and equipment were $14.9 million for the fiscal year and represent approximately 4.2% of fees and expenses or 0.01% of $120.9 billion in total assets under management.

Fees for consulting services, custodial banking, and legal services were $8.8 million for the fiscal year and represent approximately 2.5% of fees and expenses or 0.01% of $120.9 billion in total assets under management.

In total, costs to manage the portfolios were $357.2 million, or 0.30% of $120.9 billion in total assets under management. The following chart summarizes total fees and expenses for Fiscal Year 2022.

Fees & Expenses[1]	Fiscal Year Ended June 30, 2022 ($ millions)
Private Equity Funds	119.8
Private Credit Funds	70.7
Real Estate Funds	49.9
Hedge Funds	39.0
Real Asset Funds	26.1
Opportunistic Funds	0.8
SUBTOTAL	306.2
High-Yield, Small Cap and Emerging Market Advisers	27.4
Division Operations	14.9
Consulting Fees	4.3
Custodial Banking Fees	2.7
Legal Fees	1.7
TOTAL	357.2

Total may not equal sum of components due to rounding

[1] Alternative Investment Program fees and expenses are based on information provided by the manager.

PERFORMANCE ALLOCATIONS

The Council also provides detailed information regarding the performance allocation earned by the fund managers within the AIP. By way of background, fund managers may earn a performance allocation or share of the investment profits, also known as carried interest, if certain conditions and objectives are met. Typically, a private equity limited partner (e.g., the Common Pension Fund) must receive a net minimum return, also known as a hurdle rate or preferred rate, before the fund manager can collect a performance allocation. Other requirements may include prior repayment of contributed capital, management fees, and other expenses to limited partners. The Division is committed to negotiating preferential terms that incentivize strong performance, provide the Division with meaningful governance rights, and ensure alignment of interests.

Total performance allocation may exceed the average hurdle rate of the funds within an asset class (e.g., private equity) since a fund within a given asset class may realize strong returns and, therefore, earn carried interest at the same time another fund within the same asset class may realize negative returns that reduce total asset class profits. There may also be timing mismatches between the crystallization and payment of performance allocation. For example, certain portions of performance allocation paid during Fiscal Year 2022 may have crystallized during Fiscal Year 2021. Similarly, certain portions of performance allocation that were realized during Fiscal Year 2022 may have crystallized at the close of calendar year 2021, following a longer-term period of generally strong investment returns.

The table below summarizes the performance allocation for the AIP for Fiscal Year 2022.

	Performance Allocation		
	Amount ($ Millions)	As % of Assets	As % of Gross Profit
Private Equity	240.3	2.07	24.26
Real Estate	70.5	1.25	8.29
Private Credit	63.3	0.99	23.30
Hedge Funds	39.8	1.27	20.04
Real Assets	8.0	0.40	2.33
Opportunistic	0.2	0.11	0.00

For Fiscal Year 2022, the AIP earned a net return of 5.38% and generated $1.86 billion of net profits. The AIP has been a significant driver of favorable returns for the total Pension Fund over longer-term periods. For the ten years ended June 30, 2022, the AIP has returned 9.34%, in line with the Total Pension Fund.

The table below summarizes the net returns and profits for the AIP for Fiscal Year 2022.

	Estimated Average Gross Assets ($ Millions)	Estimated Gross Profit (Loss) ($ Millions)	Estimated Net Profit (Loss) ($ Millions)	FY22 Net Return
Private Equity	11,607.6	990.4	630.4	6.15
Private Credit	6,376.5	271.5	137.6	1.25
Real Estate	5,654.8	851.4	731.0	11.43
Hedge Funds	3,128.7	198.6	119.9	5.46
Real Assets	2,001.2	341.5	307.4	16.22
Opportunistic*	197.5	(65.1)	(66.2)	N/A
TOTAL	28,966.3	2,588.3	1,860.1	

Total may not equal sum of components due to rounding. *Opportunistic Gross Assets are as of 10/31/2021. The investments were transferred to Private Equity based on regulation changes that went into effect on 11/1/2021.

Performance allocations were $184.3 million lower in Fiscal Year 2022 versus Fiscal Year 2021 primarily due to reductions in performance allocations across all asset classes. Fees and expenses within the AIP were $1.5 million higher in Fiscal Year 2022 versus Fiscal Year 2021, driven by higher expenses for Division Operations and Internal Management.

The table below summarizes year-over-year changes in AIP fees and expenses, performance allocation, and estimated net profits.

	FY22 ($ Millions)	FY21 ($ Millions)	Year over YearChange
Fees and Expenses	357.2	355.7	1.5
Performance Allocation	422.1	606.4	(184.3)
Estimated Net Profit (Loss)	1,860.1	6,552.9	(4,692.8)

REPORTING STANDARDS AND COMPARISONS TO OTHER FUNDS

Public pension funds do not have a uniform standard for the reporting of investment fees and expenses, including performance allocations. As a result, comparisons to other public funds may not be meaningful because other funds may not provide comparable disclosure. For example, the Council includes performance allocation in this report, whereas other public funds may not include performance allocation in similar reports. Accordingly, it is possible that the Council reports more types of costs and, therefore, higher costs than other funds, while the Pension Fund may actually incur lower costs than those same funds.

ADDITIONAL INFORMATION REGARDING ALTERNATIVE INVESTMENT PROGRAM FEES AND EXPENSES

The Division and the Council are both committed to demonstrating industry leadership in transparency. As part of this commitment, the Council also includes a report of fees and expenses, along with performance allocation and returns over the past five fiscal years, in Appendix 1 of this Annual Report.

In accordance with N.J.S.A. 52:18A-91(b), the Council is also including a schedule of the percentage and amount of fees, expenses and performance allocations that were paid to AIP fund managers in connection with commitments made from January 1, 2018 through June 30, 2022 in Appendix 2 of this Annual Report.

COMMISSIONS

The Division incurred broker/dealer commission costs totaling $0.6 million for Fiscal Year 2022.

The Division purchases and sells certain investments with no involvement by a broker/dealer, including commercial paper, certificates of deposit, foreign currency transactions and investments in alternative investment funds by transacting directly with the issuer, partnership or fund; as a result, no direct commissions are paid.

APPENDIX 1: FIVE YEAR COST COMPARISON

	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018
Hedge Funds	$38,959,925	$29,276,827	33,669,770	53,588,989	59,513,685
Private Equity Funds	119,754,526	112,312,874	122,523,036	113,064,371	134,088,404
Real Estate Funds	49,853,370	48,172,669	66,423,957	57,870,196	56,459,596
Real Asset Funds	26,138,900	25,828,658	31,335,637	31,496,895	29,980,413
Opportunistic Funds[3]	839,556	5,970,979	5,775,580	11,770,080	10,765,042
Private Credit Funds	70,650,155	86,806,864	72,894,329	66,167,004	72,338,858
Division Operations and Internal Management[1,2]	51,028,173	47,352,620	37,108,258	38,333,573	50,831,884
Total Fees and Expenses:	357,224,605	355,721,490	369,730,567	372,291,108	413,977,881
Performance Allocation:					
Hedge Funds	39,805,064	50,463,416	32,538,336	28,913,464	35,961,645
Private Equity Funds	240,280,706	308,324,811	113,469,221	155,890,534	145,675,005
Real Estate Funds	70,545,786	52,013,106	40,496,797	20,247,890	39,998,435
Real Asset Funds	7,951,047	23,615,777	11,446,670	946,262	7,974,099
Opportunistic Funds[3]	209,799	2,946,274	-	-	-
Private Credit Funds	63,263,429	169,035,022	41,806,274	42,613,549	38,302,254
Total Performance Allocation:	422,055,831	606,398,405	239,757,298	248,611,700	267,911,438
Total Fees, Expenses and Performance Allocation:	779,280,436	$962,119,896	$609,487,864	$620,902,808	$681,889,319

[1]Includes costs related to external investment advisers for international small cap, emerging markets equity and high yield, as well as Division operations, consulting fees, legal fees, and custodial banking fees.
[2]International small cap, emerging markets and high yield assets managed with the support of external investment advisers are considered internally managed.
[3]Opportunistic Gross Assets are as of 10/31/2021. The investments were transferred to Private Equity based on regulation changes that went into effect on 11/1/2021.

APPENDIX 2: ALTERNATIVE INVESTMENT DISCLOSURES PURSUANT TO N.J.S.A. 52:18A-91(b).

The table below includes the terms of the commitments made by the Pension Fund from January 1, 2018 to June 30, 2022 and the amounts of fees and expenses paid for Fiscal Year 2022.

Investment	Commitment ($ Millions)	Annual Management Fee %	Performance Fee/ Carried Interest %	Fees and Expenses Paid	Performance Fees Paid
Aether Real Assets SONJ Fund, L.P Executed March 2018	$135	Years 1-5: 0.60% Years 6-12: 85% of prior year's fee Years 13-15: 0.1%	4.475% carried interest subject to a 7% return.	$1,897,101	$0
Aermont IV Executed October 2018 (1)	$110	1.50% of aggregate commitments stepping down to 1.7% of net invested capital during the post investment period.	20% carried interest subject to a 9% return.	$1,769,277	$0
Ardian Buyout Fund VII A S.L.P Executed March 2020 (2)	$135	1.5% of total commitments during the investment period; 1.5% of total cost post investment period.	20% carried interest subject to a 8% return	$974,594	$0
ABF VII New Jersey S.L.P. Executed July 2020 (3)	$55	No management fee	No Performance Fee/No Carried Interest	$136,513	$0
Altaris Health Partners V Executed July 2020	$100	2% during the commitment period; thereafter 2.0% of an amount equal to the Limited Partner's share of the aggregate capital invested in portfolio investments upon expiration of the Investment Period.	20% carried interest subject to a 8% return.	$133,320	$0
Blueprint Cap I, LP Executed May 2018	$300	0.30% on the first $225 million; 0.25% on the next $100 million, 0.20% thereafter.	No Performance Fee/No Carried Interest	$3,275,869	$553,117
Brookfield Capital Partners V, L.P. Executed April 2019	$100	1.675 % during the commitment period; 1.425% in the post commitment period.	20% carried interest subject to a 8% return	$1,808,352	$388,328
Brookfield Global Transitions Fund -B, Executed June 2022	$300	1.15% on committed capital	20% carried interest subject to a 8% return	$2,451,653	$0
Brookfield Global Transitions Fund Co-Invest (N) Executed June 2022	$300	0%	0%	$0	$0

Investment	Commitment ($ Millions)	Annual Management Fee %	Performance Fee/ Carried Interest %	Fees and Expenses Paid	Performance Fees Paid
CVC Capital Partners VIII (4) Executed June 2020	$106	During investment period: 1.425% of Total Commitment. After investment period: 1.25% of unreturned cost.	20% carried interest subject to a 6% return	$1,188,133	$0
CVC Credit Partners EU DL II Co-Invest Fund (5) Executed May 2021	$115	0.35% on Net Invested Capital.	No Performance Fee/No Carried Interest	$753,094	$0
CVC Credit Partners EU DL III, Executed December 2021	$169	0.85% on invested capital.	12.5% carried interest subject to a 7% return.	$0	$0
Divco West Fund V I-A Executed August 2020	$100	1.25% on Un-contributed Capital during the commitment period. 1.5% on invested capital after the commitment period. 1.5% on invested equity.	20% carried interest subject to a 7% preferred return.	$1,373,591	$0
Eagle Point Defensive Income Fund NJ Executed December 2021	$120	0.43% on assets	10% carried interest subject to a 5% preferred return, subject to a 0% GP catch-up.	$341,385	$0
Eagle Point Defensive Income Fund US Executed September 2021	$55.3	0.94% on invested capital.	7.5 % carried interest subject to a 8% preferred return, subject to a 100% GP catch-up.	$693,745	$0
EQT Infrastructure V, L.P. Executed October 2021	$160	1.5% on committed capital during the investment period, thereafter 1.5% on invested capital.	20% carried interest subject to a 6% return.	$6,263,196	$0
Excellere Capital Fund IV, L.P. Executed October 2021	$100	2.0% on committed capital during the investment period, thereafter 2.0% on invested capital.	20% carried interest subject to a 8% return; 25% carried interest subject to a 2.0x net multiple on invested capital and a 8% return.	$961,409	$0
Exeter Core Industrial Club Fund III Executed June 2019	$100	0.90% on invested capital	15% carried interest subject to a 8% return.	$864,781	$1,02,879
Hammes Partners IV, L.P. Executed March 2022	$65	1.5% on committed capital during the investment period, thereafter 1.5% on invested capital.	20% carried interest subject to a 8% return.	$0	$0
Hellman & Friedman Capital Partners X Executed May 2021	$125	1.5% of committed capital in aggregate (0.375% management fee and 1.125% Management Profits Interest) stepping down upon the earlier of the end of the commitment period of activation of a subsequent fund to 1.25% of Remaining Cost of investments for the first two years; 1.00% for the following two years; and 0.75% thereafter.	20% carried interest	$2,018,929	$0

Investment	Commitment ($ Millions)	Annual Management Fee %	Performance Fee/ Carried Interest %	Fees and Expenses Paid	Performance Fees Paid
Homestead Capital Farmland Fund III Executed April 2019	$100	1.5% on committed during investment period (or until successor fund is raised, if earlier), thereafter, 1.5% on invested capital. 100% Management Fee offset.	15% carried interest subject to a 6% compound IRR.	$1,464,827	$0
IPI Partners II-A Executed March 2021	$150	1.425% on committed and invested capital	20% carried interest subject to a 7% return.	$1,915,819	$0
JLL Partners Fund VIII Executed February 2019	$200	2.0% of commitments during the Investment Period; thereafter, 1.5% of actively invested capital.	20% carried interest subject to a 8% return.	$2,141,607	$0
KSL Capital Partners V Executed February 2019	$100	1.75% on committed capital during the investment period;1.25% on invested capital post investment period	20% carried interest subject to a 8% return.	$1,118,986	$65,607
MBK Partners Fund V Executed December 2019	$100	1.75% on commitments during the commitment period, thereafter, 1.5% on unreturned capital (including any Partnership borrowings).	20% carried interest subject to a 8% return.	$1,817,355	$0
Magenta Fund Ltd Executed April 2021	$100	0.85% on invested capital.	No Performance Fee/No Carried Interest	$778,182	$0
NB/NJ Custom Fund III Executed April 2018	*$200*	0.5% on actively invested capital of unrealized co-investments and 0.10% on commitment during the investment period; thereafter 0.30% on actively invested capital of unrealized co-investments.	10% carried interest subject to 8% return.15% carried interest subject to a 15% return.	$795,057	$0
NB/NJ Custom Fund III Tranche B Executed July 2021	$350	0.30% on invested capital/fair market value	7.5% carried interest subject to a 1.5x net multiple on invested capital; 10% carried interest subject to a 1.8x net multiple on invested capital.	441,836	
Owl Rock Technology Corporation and Owl Rock Technology Finance Limited Executed November 2018	$100	Prior to Exchange Listing: 0.90% of gross assets above 200% asset coverage, plus 1.50% of unfunded capital commitments. After Exchange Listing: 1.50% of gross assets above 200% asset coverage, plus 1.0% of gross assets below 200% asset coverage.	17.5% prior to Exchange Listing subject to a 6% hurdle; 17.5% after Exchange Listing subject to a 6% hurdle.	$4,771,861	$428,780
Silver Lake Partners VI, L.P Executed September 2020	$100	1.5% on committed capital during the investment period. 1.0% on invested capital after the investment period.	20% carried interest subject to a 8% hurdle.	$1,999,394	$0
Stellex Capital Partners II, L.P Executed September 2020	$125	1.75% on committed capital during the investment period; 1.75% on invested capital thereafter.	20% carried interest subject to a 8% hurdle.	$3,891,447	$0

Investment	Commitment ($ Millions)	Annual Management Fee %	Performance Fee/ Carried Interest %	Fees and Expenses Paid	Performance Fees Paid
Stonepeak Global Renewables Fund Executed January 2021	$100	1% of capital commitments during investment period; thereafter, 1% of net asset value.	10% carried interest subject to a 6% hurdle.	$868,892	$0
Stonepeak Infrastructure Fund IV L.P. Executed November 2021	$125	1.225% on committed capital until the third anniversary of the Fund's effective date on October 31, 2023. Thereafter the management fee resets to 1.35% on committed capital during the investment period and on net investment capital after the investment period ends.	20% carried interest subject to a 8% hurdle.	$2,688,319	$0
Strategic Value Special Situations Fund V L.P. Executed April 2021	$125	0.725% on commitment during the investment period until 50% of the capital has been called. Thereafter, 1.45% of commitments.	20% carried interest subject to a 8% hurdle.	$1,244,376	$0
Sycamore Partners III, L.P Executed January 2018	$150	2% per annum of commitments during the investment period, thereafter, 2% per annum of invested capital.	20% carried interest subject to a 8% return.	$1,464,961	$0
The Rise Fund II Executed March 2019	$125	1.75% of capital commitments during the commitment period; following the commitment period 1.25% on actively invested capital. During any extension, 0.50% on actively invested capital.	20% carried interest subject to a 8% return.	$2,401,661	$0
TPG Growth V, L.P Executed September 2020	$100	1.75% during the commitment period, 1.25% thereafter. 0.5% during any extensions	20% carried interest subject to a 8% return.	$1,802,836	$0
TPG Real Estate Thematic Advantage Core-Plus JV, L.P. Executed January 2022	$150	0.7% on Net Asset Value	10% carried interest subject to a preferred return of 7%	$817,860	$0
TPG Real Estate Partners III LP Executed May 2018	$100	1.5% on first $50 million of invested capital; 1.25% on next $150 million. The management fee on committed but un-invested equity during the Commitment Period is 0.80%of the blended rate on invested equity.	20% carried interest subject to a 8% net return.	$1,650,455	$392,656
TPG Rise Climate, L.P. Executed March 2022	$150	1.4% on committed capital during the commitment period, thereafter 1.25% on actively invested capital upon the expiration of the commitment period. 0.5% of actively invested capital during any extension period.	20% carried interest subject to a 8% return.	$2,732,674	$0

Investment	Commitment ($ Millions)	Annual Management Fee %	Performance Fee/ Carried Interest %	Fees and Expenses Paid	Performance Fees Paid
TSG 8 L.P/ Executed December 2018	$100	2.0% of commitments during the Investment Period; thereafter, 2.0% of the cost basis of the remaining investments	20% carried interest subject to a 8% return; 25% carried interest subject to a 15% return and 2.0x TVM	$2,409,821	$0
Vista Equity Partners VII Executed August 2018	$300	1.5% of commitments during the Investment Period; thereafter, 1.5% of net invested capital.	20% carried interest subject to a 8% net return.	$4,805,508	$493,157
Vista Foundation Fund IV Executed February 2020	$100	2% of capital commitments during the Investment Period. 2% of the cost basis of investments, reduced by dispositions and permanent write downs.	20% until cumulative distributions represent a 2.5X multiple. 25% if cumulative distributions equal 2.5X; if the cumulative distributions represent a multiple greater than 2.5X but less than 3.0X, the percentage equal to the product of such multiple (rounded to the nearest tenth) multiplied by 10. 30% if such cumulative distributions represent a multiple of 3.0X or greater. 8% Hurdle Rate.	$2,407,566	$0
Warburg Pincus China Southeast Asia II Executed June 2019	$100	1.4% on commitments during the investment term; 1.4% on cost of investments from years 6-8; 1.25% on cost of investments from years 8-10; 1.% on cost of investments thereafter.	20% carried interest.	$1,536,667	$519,750
Total	$5,779			$74,872,383	$4,044,274

(1) Euro 100 Million Commitment converted at 6/30/2022
(2) Euro 125 Million Commitment converted at 6/30/2022
(3) Euro 50 Million Commitment converted at 6/30/2022
(4) Euro 100 Million Commitment converted at 6/30.2022
(5) Euro 100 Million Commitment converted at 6/30/2022