

**THE CLOSING BELL**  
**Report of Jim Marketti, Public Employee Committee, AFL-CIO**  
**Representative on the State Investment Council**  
**May 23, 2010**

Returns on total pension fund assets were 1.56% for the month of April, 2010. Pension fund assets increased to \$68.9 billion up from \$68 billion for the month. Domestic Equity investments (Common Pension Fund A) gained 2.30% for April. Domestic Fixed Income investments (Common Pension Fund B) were up 3.04% for the month. International Equity/Fixed Income investments (Common Pension Fund D) lost -0.92% for the month.

Alternative Investments (Common Pension Fund E) are always a special case and cannot be reported as a group due to time lags in reports on returns for private equity and real estate investments. Among the alternatives, commodities were up 2.40%, hedge funds were up 1.08%, and infrastructure investments lost -1.21% in April. A new report on private equity and real estate investments was made for the quarter ending December 31, 2009 with private equity down -0.26% and real estate down -0.32% for the quarter. These continue the negative returns on private equity and real estate in the Alternative Investment space which have lost more than \$2 billion since the program was started in 2005.

On May 10, 2010, I met with the Investment Council's Audit Committee to pursue my requests for information about the cost of investments, fair market value of investments and total management and partnership expenses for each of the 72 private equity and 45 real estate funds held by the Division of Investments. Governor Christie's liaison to the Council was very helpful in getting started on obtaining this information. At her suggestion, the Council's Investment Policy Committee will start with the real estate funds by asking the Council's consultant on real estate (the Townsend Group) to prepare the data I have sought. It appears that the Governor wants to get his own handle on the dismal performance of these sectors of investments.

Membership on the State Investment Council will substantially turn over in the next couple of months. The Governor has made four new nominations to replace four of the sitting public members who have left the Council or whose terms are about to expire. Further, all four representatives from the various pension funds will be replaced by new nominees from the funds. That makes eight new faces on the thirteen person Council.