

THE CLOSING BELL
Report of Jim Marketti, Public Employee Committee, AFL-CIO
Representative on the State Investment Council
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The NJ State Investment Council had its annual and regular meeting on Wednesday, January 12, 2011. This report covers investment updates through the end of November, 2010. The pension fund was down -0.63% for the month of November. The market value of the pension fund on November 30, 2010 was \$70.03 billion. Domestic Equity investments (Common Pension Fund A) were up 0.58% for November. Domestic Fixed Income investments (Common Pension Fund B) were down -1.16% for the month. International Equity-Fixed Income investments (Common Pension Fund D) were down -3.13% for the month due to uncertainty over the European sovereign debt crisis.

Alternative Investments (Common Pension Fund E), were up 1.55%, with Hedge Funds up 1.28%, Private Equity up 2.11%, Real Estate up 1.76% and Commodities down -0.09%. There is a significant time lag in the reporting of those asset class values.

A significant development occurred at the Council's Annual Meeting held the morning of January 12, 2010. CWA Local 1033 President Rae Roeder and Local 1033's Executive Board presented a 36 page brief, supported by hundreds of pages of Appendices, which objected to the Council's proposed adoption of amendments to the NJ Administrative Code which would enable the Division of Investment to raise its permitted investments in Alternative Investments from 28% of the pension fund to 38%. The brief was well written and well received by the Council (The Council Chairman, Robert Grady, promised to read the several hundred pages before the next Council meeting). Among the brief's many cogent and documented points, were two which I have been making to the Council since 2005: Alternative Investments are not appropriate investments for a public pension fund due to their inherent risk and long track record of corruption among providers of those investment funds.

Roeder's presentation was followed by testimony from nearly two dozen employee participants in the pension fund, nearly all of whom decried the Council's propensity to make risky and shady investments. It felt good to me to receive such backing from union members who have such a large stake in the investment outcomes of their pension fund.