



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

Exhibit 1
PENSION FUND ASSET ALLOCATIONS AS OF

	Current Allocations (9/30/08)			Prior Allocations			
	Actual	%	Prior Benchmark	6/30/08	3/31/08	12/31/07	9/30/07
	(Mils.)		(Mils.)	(Mils.)	(Mils.)	(Mils.)	(Mils.)
COMMON FUND - A							
EQUITY	21,847	31.0	30.7	24,336	24,970	29,889	32,535
CASH	21,312	30.1	0.0	23,849	24,560	28,903	31,558
	635	0.9	0.0	487	410	986	977
COMMON FUND - B							
FIXED INCOME	19,713	27.9	31.0	21,026	21,999	22,565	21,506
HIGH YIELD	19,213	27.2	0.0	20,981	21,867	22,511	21,432
CASH	334	0.5	0.0				
	166	0.2	0.0	45	132	54	74
COMMON FUND - D							
EQUITY	14,491	20.5	25.0	17,805	18,184	17,975	17,789
EMERGING MARKETS	10,833	15.3	0.0	14,689	14,949	15,986	16,365
FIXED INCOME	915	1.3	0.0				
CASH	2,660	2.9	0.0	2,081	2,165	1,420	895
	683	1.0	0.0	1,035	1,070	569	529
COMMON FUND - E							
INVESTMENTS	10,720	15.2	10.3	9,618	9,067	7,669	7,122
CASH	10,188	14.4	0.0	9,105	8,369	7,304	5,882
	532	0.8	0.0	513	698	365	1,240
MORTGAGES	160	0.2	0.0	165	177	184	190
P&F MORTGAGES	1,417	2.0	0.0	1,360	1,240	1,208	1,161
CASH	2,297	3.2	3.0	3,405	2,345	1,777	2,477
BONDS	0	0.0	0.0	0	0	0	0
TOTAL FUNDS	70,745	100.0	100.0	77,715	77,982	81,267	82,780

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
EQUITY					
FIXED INCOME		300	1,100	1,250	750
COMMON FUND - E	700	300	300	400	
MORTGAGES					
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)	
Total Public Equity	46.03%	50.50%	-4.47%		32,561	35,726	(3,165)	
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	
Total Public Fixed Income	27.54%	27.75%	-0.21%		19,483	19,632	(149)	
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	
Total Inflation Sensitive Assets	7.19%	7.00%	0.19%		5,090	4,952	138	
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)	
Total Alternatives	13.14%	11.75%	1.39%		9,298	8,313	985	
Cash	6.10%	3.00%	3.10%		4,313	2,122	2,191	
Total	100.00%	100.00%	0.00%		70,745	70,745	-	

Preliminary Report on Performance

	Est Fiscal Yr-to-Dt 9/30/2008	Est Calendar Yr-to-Dt 9/30/2008	Est Month Ended 9/30/2008	Est Quarter Ended 9/30/2008	Est Quarter Ended 6/30/2008	Est Quarter Ended 3/31/2008
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%

PARTICIPATION

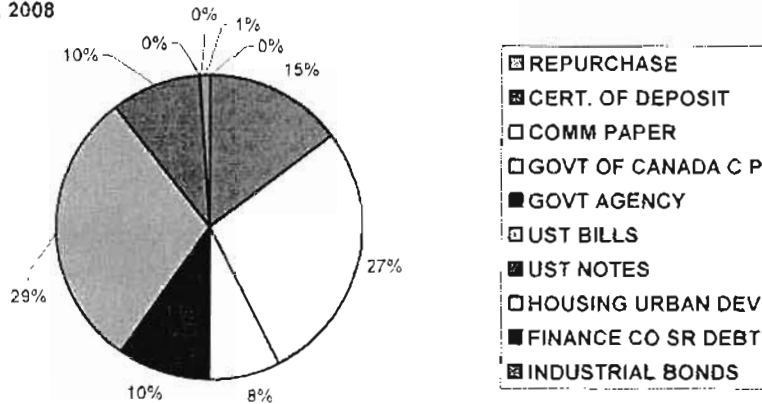
	VALUE	PERCENTAGE
STATE	\$11,938	73.54%
NON-STATE	\$4,295	26.46%
TOTAL	\$16,233	100.00%

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