

Employees' Retirement System of Rhode Island Investment Expense Analysis

FY 2014
in \$000's

Asset Class / Type	Management Fees	Indirect Management	Subtotal Management	Indirect Fund Expenses	Indirect Performance	Total Investment Expense	Expense Ratio
Global Equity Indexes	\$1,105		\$1,105	\$1,543		\$2,648	0.03%
Equity Hedge Funds		10,085	10,085	1,477	18,171	29,734	0.38%
Private Equity	4,895	3,119	8,015	1,633	10,160	19,807	0.25%
Subtotal Equity/Growth	6,000	13,205	19,204	4,653	28,331	52,188	0.66%
Subtotal Fixed Income	1,605		1,605			1,605	0.02%
Real Estate	1,543	888	2,431	455	297	3,183	0.04%
Subtotal Real Assets	1,543	888	2,431	455	297	3,183	0.04%
Bank Loans/High Yield	1,421		1,421	1		1,422	0.02%
Inflation Linked Bonds	340		340			340	0.00%
Absolute Return Hedge Funds		9,608	9,608	1,392	8,215	19,215	0.24%
Subtotal Real Return	1,761	9,608	11,369	1,393	8,215	20,978	0.27%
Beta Overlay	229		229	113		342	0.00%
Cash		509	509			509	0.01%
Subtotal Other Managers	229	509	738	113		851	0.01%
Subtotal Manager Expense	\$11,139	\$24,209	\$35,348	\$6,614	\$36,843	\$78,805	1.00%
Expense Ratio	0.14%	0.31%	0.45%	0.08%	0.47%	1.00%	
Consulting	\$765		\$765			\$765	0.01%
Custody	351		351			351	0.00%
Legal & Other	262		262			262	0.00%
Research	76		76			76	0.00%
Personnel / Operating	1,039		1,039			1,039	0.01%
Subtotal Other Expenses	\$2,492		\$2,492			\$2,492	0.03%
Total Investment Expense	\$13,631	\$24,209	\$37,840	\$6,614	\$36,843	\$81,297	1.03%
Expense Ratio	0.17%	0.31%	0.48%	0.08%	0.47%	1.03%	

Note: The additional disclosure of indirect fees and expenses included in this document exceeds GASB reporting requirements and is not common practice for public pension plans. Care should be taken when comparing these numbers to expense data included in the financial statements of other plans. Because indirect fees and expenses are not readily separable from net investment income, the expenses disclosed here are provided on a best-efforts basis for the fiscal year and are intended to be used for illustrative purposes only. Dollar amounts of indirect fees and expenses, and abridged fee terms were not prepared, reviewed or approved by general partners.

Employees' Retirement System of Rhode Island Investment Expense Analysis

FY 2014 Hedge Fund Managers
in \$000's

Partnership	Date of Initial Investment	Year-End Assets	Fee Terms		Fees Paid*			Total Investment Expense
			Management	Performance	Indirect Management	Indirect Fund Expenses	Indirect Performance	
Global Equity Funds								
Ascend Partners Fund II	Nov-11	70,362	1.5%	20.0%	1,013		1,665	2,678
Davidson Kempner Institutional Partners LP	Nov-11	75,322	1.5%	20.0%	1,070		1,704	2,774
Elliott Associates LP	Nov-11	79,424	1.5%	20.0%	1,174		2,184	3,358
ESG Cross Border Equity Fund LP	Jun-14	25,034	1.5%	20.0%	31		9	40
Indus Asia Pacific Fund LP	Jan-12	0	1.5%	20.0%	656		288	945
Luxor Capital Partners LP	May-14	49,133	1.5%	17.5%	125		0	125
Mason Capital Ltd	Jan-12	69,217	1.5%	20.0%	1,020		1,299	2,319
PFM Diversified Offshore Fund LP	Mar-12	37,378	1.5%	17.5%	539		1,078	1,618
PFM Diversified Offshore Fund AI Ltd	Mar-12	37,104	1.5%	17.5%	548		1,042	1,591
Samlyn LP	Jan-12	101,532	1.9%	20.0%	1,650		2,505	4,155
Third Point Qualified LP	Jan-12	0	2.0%	20.0%	1,029		2,423	3,452
Viking Global Equities LP	Dec-11	88,499	1.5%	20.0%	1,230		3,972	5,202
Subtotal		\$633,005			\$10,085		\$18,171	\$29,734
Absolute Return Funds								
BlueCrest Capital LP	Jan-12	20,981	2.0%	20.0%	419		0	419
Brevan Howard LP	Nov-11	77,047	2.0%	25.0%	1,588		0	1,588
Brigade Leveraged Capital Structures Fund LP	Mar-12	58,403	1.5%	20.0%	804		1,288	2,092
Capula Global Relative Value Fund Ltd	Dec-11	55,791	2.0%	20.0%	1,097		1,027	2,124
Claren Road Credit Master Fund Ltd	Apr-13	51,863	1.5%	20.0%	764		207	971
DE Shaw Composite International Fund	Nov-11	73,443	2.5%	25.0%	1,725		2,965	4,690
Graham Discretionary 6V Fund	Jan-12	51,920	1.8%	20.0%	989		193	1,182
OZ Domestic Fund II LP	Nov-11	98,918	2.0%	20.0%	1,907		2,142	4,049
Winton Futures Fund Ltd	Dec-11	32,475	1.0%	20.0%	316		393	708
Subtotal		\$520,842			\$9,608		\$8,215	\$19,215
Total		\$1,153,846			\$19,693		\$26,386	\$48,949

* "Fees Paid" columns detail fees incurred for fiscal year 2014. Since certain funds were added to or removed from the portfolio at different times throughout the fiscal year, line items may represent partial-year expenses over different time frames and are not readily comparable. The additional disclosure of indirect fees and expenses included in this document exceeds GASB reporting requirements and is not common practice for public pension plans. As such, care should be taken when comparing these numbers to expense data included in the financial statements of other plans. Because indirect fees and expenses are not readily separable from net investment income, the expenses disclosed here are provided on a best-efforts basis for the fiscal year and are intended to be used for illustrative purposes only. Dollar amounts of indirect fees and expenses and abridged fee terms were not prepared, reviewed or approved by general partners. Fund expenses are disclosed on an aggregate basis due to confidentiality terms in limited partnership agreements.

Employees' Retirement System of Rhode Island Investment Expense Analysis

FY 2014 Private Equity Managers

Partnership	Vintage Year	Commitment Amount (\$)	Abridged Fee Terms*		Fees Paid (\$)*		
			Management	Performance	Management	Fund Expenses	Performance
Advent International GPE VII	2012	20,000,000	1.50%	20%	299,496	-	-
Aurora Equity Partners II	1998	15,000,000	0.00%	20%	-	-	-
Aurora Equity Partners III	2004	15,000,000	1.00%	20%	-	-	1,902,588
Avenue Special Situations Fund IV	2006	20,000,000	0.00%	20%	-	-	108,654
Avenue Special Situations Fund V	2007	20,000,000	0.00%	20%	-	-	74,157
Bain Capital Fund X	2008	25,000,000	2.00%	30%	361,635	-	-
Birch Hill Equity Partners III	2005	-	1.50%	20%	111,470	-	-
Carlyle Asia Partners IV	2014	30,000,000	1.50%	20%	515,496	-	-
Castile Ventures III	2006	5,000,000	1.00%	20%	63,625	-	-
Centerbridge Capital Partners	2006	15,000,000	1.42%	20%	58,334	-	1,047,698
Centerbridge Special Credit Partners II	2012	25,000,000	1.50%	20%	163,296	-	-
Charterhouse Capital Partners VIII	2006	-	1.00%	20%	114,279	-	-
CVC European Equity Partners III	2001	20,000,000	0.00%	20%	-	-	910,686
CVC European Equity Partners IV	2005	-	0.75%	20%	13,541	-	333,211
CVC European Equity Partners V	2008	-	1.00%	20%	119,852	-	-
CVC European Equity Partners VI	2014	-	1.50%	20%	153,427	-	-
EnCap Energy Capital Fund IX	2013	18,000,000	1.50%	20%	270,000	-	-
Fenway Partners Capital Fund II	1998	15,000,000	0.00%	20%	-	-	-
Fenway Partners Capital Fund III	2006	15,000,000	1.00%	20%	39,741	-	-
First Reserve Fund X	2004	20,000,000	1.00%	20%	13,155	-	293,435
First Reserve Fund XI	2006	20,000,000	1.00%	20%	133,060	-	-
Focus Ventures III	2006	15,000,000	2.50%	20%	263,633	-	-
Kayne Anderson Energy Fund III	2005	15,000,000	1.00%	20%	12,251	-	-
Kayne Anderson Energy Fund IV	2007	15,000,000	1.00%	20%	108,970	-	-
Leapfrog Ventures II	2005	10,000,000	1.25%	20%	69,497	-	-
Leeds Weld Equity Partners IV	2003	10,000,000	1.46%	20%	158,761	-	-
Lighthouse Capital Partners V	2003	11,250,000	1.06%	20%	-	-	-
Lighthouse Capital Partners VI	2007	15,000,000	1.54%	20%	210,600	-	-
LNK Partners	2006	12,500,000	1.25%	20%	82,068	-	-
MHR Institutional Partners III	2006	20,000,000	1.75%	20%	243,171	-	-
Nautic Partners V	2000	20,000,000	0.00%	20%	-	-	143,253
Nautic Partners VI	2007	20,000,000	1.65%	20%	84,442	-	-
OCM Opportunities Fund II	1997	12,000,000	0.00%	20%	-	-	-
Oaktree European Principal Fund III	2011	20,000,000	1.75%	20%	300,687	-	-
Paladin III	2008	10,000,000	2.00%	20%	150,000	-	-
Parthenon Investors II	2001	23,960,000	0.00%	20%	-	-	399,481
Point Judith Venture Fund II	2006	5,000,000	1.50%	15%	71,496	-	-
Providence Equity Partners III	1999	15,000,000	0.00%	20%	-	-	-
Providence Equity Partners IV	2000	25,000,000	0.00%	20%	-	-	496,438
Providence Equity Partners V	2005	25,000,000	1.00%	20%	101,621	-	-
Providence Equity Partners VI	2007	25,000,000	1.00%	20%	123,446	-	-
Providence Equity Partners VII	2012	25,000,000	1.50%	20%	264,686	-	-
Riverside Capital Appreciation Fund VI	2013	25,000,000	2.00%	20%	489,102	-	-
SKM Equity Fund II	1997	10,000,000	0.00%	20%	-	-	-
Thomas, McNerney & Partners	2002	15,000,000	2.00%	20%	143,862	-	-
Thomas, McNerney & Partners II	2006	15,000,000	2.00%	20%	169,053	-	96,512
TPG Partners IV	2003	15,000,000	0.50%	20%	-	-	760,595
TPG Partners V	2006	20,000,000	0.75%	20%	53,264	-	-
TPG Partners VI	2008	10,000,000	1.21%	20%	55,264	-	-
Trilantic Capital Partners IV	2007	11,098,351	1.00%	20%	52,339	-	100,340
VS&A Communications Partners III	1998	15,000,000	0.00%	20%	-	-	-
W Capital Partners	2004	15,000,000	1.00%	20%	65,790	-	-
W Capital Partners II	2007	15,000,000	1.00%	20%	107,549	-	-
WLR Recovery Fund IV	2007	8,000,000	1.50%	20%	(51,454)	-	-
Other funds in aggregate**	various	-	n/a	n/a	2,254,032	-	3,492,501
Total		\$ 821,808,351			\$ 8,014,539	\$ 1,632,559	\$ 10,159,547

* Shown are abridged fee rates applicable to fiscal year 2014. Actual fee calculations include additional considerations not permitted due to space and conditions of access. All fee terms are governed by funds' limited partnership agreements and are reviewed by the SIC and its consultants as part of any investment decision. Fees are generally assessed on a quarterly basis and are audited annually by a third-party auditor. Management fee terms are commonly structured such that fees are paid based on committed capital during the investment period (typically the first 3-5 years of a fund's life) and on the cost basis of invested capital thereafter. Management fee terms may also include further changes later in a fund's life. Performance fee terms are commonly structured such that fees are paid only after the investor has received back 100% of their invested capital, the management fees incurred, and a preferred return that varies based on the fund and strategy. Dollar amounts of indirect fees and expenses, and abridged fee terms were not prepared, reviewed or approved by general partners. Fund expenses are disclosed on an aggregate basis due to confidentiality terms in limited partnership agreements.

**Other funds in aggregate are the total commitments and fees paid to funds whose confidentiality provisions do not permit the disclosure of their fee terms. These funds (amount committed) include Alta BioPharma Partners III (\$15,000,000), Alta Partners VIII (\$15,000,000), Braemar Energy Ventures III (\$10,000,000), Collier International Partners IV (\$15,000,000), Collier International Partners V (\$15,000,000), Constellation Ventures III (\$15,000,000), Granite Global Ventures II (\$15,000,000), Granite Global Ventures III (\$15,000,000), Green Equity Investors V (\$20,000,000), Nordic Capital Fund V (€14,615,550), Nordic Capital Fund VI (€15,000,000), Nordic Capital Fund VII (€15,000,000), Nordic Capital Fund VIII (€15,000,000), Perseus Partners VII (\$15,000,000), Point 406 Ventures (\$10,000,000), Summit Partners Credit Fund (\$20,000,000), Wellspring Capital Partners III (\$20,000,000), and Wellspring Capital Partners IV (\$20,000,000).

Employees' Retirement System of Rhode Island Investment Expense Analysis

FY 2014 Real Estate Managers

Partnership	Vintage Year	Commitment Amount (\$)	Abridged Fee Terms*		Fees Paid (\$)*		
			Management	Performance	Management	Fund Expenses	Performance
AEW Core Property Trust	Open-End	60,000,000	0.66%	0.0%	471,905	-	
JPMorgan Strategic Property Fund	Open-End	75,000,000	1.00%	0.0%	578,084	-	
Morgan Stanley Prime Property Fund	Open-End	35,000,000	0.83%	0.3%	389,094	158,888	
Prudential Real Estate Investors (PRISA)	Open-End	50,000,000	0.59%	0.2%	347,435	138,029	
Fillmore East Fund	2006	10,000,000	1.25%	20.0%	26,533	-	
GEM Realty Fund V	2013	50,000,000	1.25%	20.0%	575,774	-	
JPMorgan Alternative Property Fund	2006	20,000,000	0.00%	20.0%	-	-	
Magna Hotel Fund III	2008	4,000,000	1.50%	20.0%	42,097	-	
Tri Continental Capital VII	2005	15,000,000	0.00%	20.0%	-	-	
Total		\$ 319,000,000			\$ 2,430,921	\$ 454,723	\$ 296,918

* Shown are abridged fee rates applicable to fiscal year 2014. Actual fee calculations include additional considerations not permitted due to space and conditions of access. All fee terms are governed by funds' limited partnership agreements and are reviewed by the SIC and its consultants as part of any investment decision. Fees are generally assessed on a quarterly basis and are audited annually by a third-party auditor. Management fee terms are commonly structured such that fees are paid based on committed capital during the investment period (typically the first 3-5 years of a fund's life) and on the cost basis of invested capital thereafter. Management fee terms may also include further changes later in a fund's life. Performance fee terms are commonly structured such that fees are paid only after the investor has received back 100% of their invested capital, the management fees incurred, and a preferred return that varies based on the fund and strategy. Dollar amounts of indirect fees and expenses, and abridged fee terms were not prepared, reviewed or approved by general partners. Fund expenses are disclosed on an aggregate basis due to confidentiality terms in limited partnership agreements.