



November 2017

The State Investment Commission (SIC) and Office of the General Treasurer are pleased to publish the Employees' Retirement System of Rhode Island (ERSRI) Investment Expense Analysis for Fiscal Year 2017.

Under Treasurer Magaziner's *Transparent Treasury* initiative, Rhode Island maintains one of the most comprehensive expense disclosure policies in the nation. Since 2015, Rhode Island only invests with fund managers who agree to have their performance and expenses published regularly, a policy that has become a leading practice replicated by other states. In 2017, The Rhode Island General Assembly codified Treasurer Magaziner's disclosure policy into law, ensuring the policy would continue across future Treasury administrations.

In FY 2017, Treasurer Magaziner and the SIC announced a new asset allocation strategy called 'Back to Basics' which included a significant reduction in hedge funds in favor of more traditional strategies for growth and stability. While, at the time of this report, the pension system has redeemed more than \$500 million from hedge funds, most of those redemptions will be reflected in the FY 2018 Expense Analysis.

Total investment related fees and expenses in FY 2017 were \$78 million. The Pension Fund earned more than \$855 million from investments net of fees and expenses and ended Fiscal Year 2017 with an estimated value of \$8.04 billion.

As of September 30, 2017, the pension fund has earned more than \$1.3 billion net of fees in investment gains since Treasurer Magaziner took office in January 2015.

Additional details on investment performance, asset allocation, and expenses can be found at:  
<http://investments.treasury.ri.gov>

Under Treasurer Magaziner's administration, all funds new to the ERSRI portfolio after June of 2015 are required to permit public reporting of their fees and expenses. While funds that received investment from the SIC before June of 2015 are grandfathered from the individualized reporting requirement, Treasury staff has requested that they voluntarily allow disclosure, which most have agreed to do.

In addition to displaying the fees and expenses charged by each fund individually, this report includes a comprehensive total of all manager fees and expenses paid out of the pension system by asset class. These totals reflect fees and expenses paid to every fund, including those grandfathered funds that declined to allow individualized disclosure.

Treasurer Magaziner has taken a leadership role nationally on the topic of pension transparency, lobbying for tougher federal regulation and recruiting other states to take-action. Under 'Back to Basics' the pension system has earned more than \$800 million from its investments and completing the redemption from hedge funds will be reflected in the FY 2018 expense reporting.

Rhode Islanders deserve to know where their funds are invested and how they are performing. The Treasurer's Office remains firmly committed to improving the transparency of the ERSRI pension investments.

Employees' Retirement System of Rhode Island Investment Expense Analysis

**FY 2017**  
in \$000's

Asset Class / Type	Management Fees	Fund Expenses	Performance Expense	Total Investment Expense	Expense Ratio
Global Equity Indexes	\$1,199	\$267		<b>1,466</b>	0.02%
Equity Hedge Funds	7,545	1,450	6,935	<b>15,930</b>	0.21%
Private Equity	10,056	3,267	11,067	<b>24,389</b>	0.31%
Subtotal Equity/Growth	18,800	4,984	18,002	<b>41,785</b>	0.54%
Subtotal Fixed Income	1,342			<b>1,342</b>	0.02%
Real Estate	5,884	934	306	<b>7,124</b>	0.09%
Infrastructure	2,848	469	282	<b>3,599</b>	0.05%
Subtotal Real Assets	8,732	1,402	588	<b>10,722</b>	0.14%
Bank Loans/High Yield	1,029			<b>1,029</b>	0.01%
Inflation Linked Bonds	309			<b>309</b>	0.00%
Absolute Return Hedge Funds	8,763	1,156	9,086	<b>19,004</b>	0.24%
Subtotal Real Return	10,101	1,156	9,086	<b>20,342</b>	0.26%
Subtotal Crisis Protection	18	106		<b>124</b>	0.00%
Beta Overlay	245	73		<b>318</b>	0.00%
Cash	361			<b>361</b>	0.00%
Subtotal Other Managers	606	73		<b>679</b>	0.01%
<b>Subtotal Manager Expense</b>	<b>\$39,599</b>	<b>\$7,720</b>	<b>\$27,676</b>	<b>\$74,995</b>	<b>0.97%</b>
Expense Ratio	0.51%	0.10%	0.36%	0.97%	
Consulting	\$950			<b>\$950</b>	0.01%
Custody	489			<b>489</b>	0.01%
Legal & Other	110			<b>110</b>	0.00%
Research	82			<b>82</b>	0.00%
Personnel / Operating	1,316			<b>1,316</b>	0.02%
<b>Subtotal Other Expenses</b>	<b>\$2,946</b>			<b>\$2,946</b>	<b>0.04%</b>
<b>Total Investment Expense</b>	<b>\$42,545</b>	<b>\$7,720</b>	<b>\$27,676</b>	<b>\$77,941</b>	<b>1.00%</b>
Expense Ratio	0.55%	0.10%	0.36%	1.00%	

**Note:** The additional disclosure of indirect management and indirect performance fees 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 expenses relative to expense data included in the financial statements of other plans. Because indirect expenses are not readily separable from net investment income, the expenses disclosed here are provided on a best-efforts basis, intended to be used for illustrative purposes only.

Employees' Retirement System of Rhode Island Investment Expense Analysis

**FY 2017 Publicly Traded Investment Managers**

Investment Manager	Asset Class	Inception Year	Year-End Assets	Abridged Fee Terms*		Fees Paid (\$)*		
				Management	Performance	Management	Fund Expense	Performance
State Street Global Advisors	Public Equities	2012	3,703,574,004	0.03%	0.0%	1,198,613	267,240	-
Brown Brothers Harriman	Inflation-Linked Bonds	2012	245,948,933	0.12%	0.0%	309,491	-	-
Mackay Shields	Fixed Income	2012	475,339,028	0.14%	0.0%	672,999	-	-
Pyramis	Fixed Income	2012	484,445,709	0.13%	0.0%	669,463	-	-
Pacific Investment Management Company	Credit	2013	201,442,747	0.25%	25.0%	524,788	-	-
Western Asset Management Company	Credit	2013	185,219,516	0.25%	20.0%	503,755	-	-
Mackay Shields	Long Duration	2017	39,555,685	0.08%	0.0%	1,326	-	-
Western Asset Management Company	Long Duration	2017	39,493,347	0.08%	0.0%	1,302	107	-
CPC QIS LLC	Systematic Trend	2017	39,005,484	0.24%	0.0%	4,121	52,699	-
CPC CB LLC	Systematic Trend	2017	38,397,571	0.50%	0.0%	8,219	53,245	-
Aberdeen	Platform Manager	2017	n/a	0.05%	0.0%	3,468	-	-
Harvest Fund Advisors	MLP	2015	154,488,895	0.73%	0.0%	1,246,493	35,447	-
Russell Investments	Overlay	2008	18,084,549	0.10%	0.0%	245,425	72,706	-
Fidelity	Cash	2012	180,640,917	0.14%	0.0%	52,967	-	-
Bank of New York Mellon	Cash	2012	109,909,138	0.15%	0.0%	222,959	-	-
Payden & Rygel	Cash	2017	238,786,307	0.11%	0.0%	85,098	-	-
<b>Total</b>			<b>\$ 6,154,331,829</b>			<b>\$ 5,750,486</b>	<b>\$ 481,445</b>	<b>\$ -</b>

\*Shown are abridged terms and fees incurred in the current fiscal year. Actual fee calculations include additional considerations and reductions that space and conditions of access do not permit. Since certain funds were added to or removed from the portfolio at different times throughout the fiscal year, line items are not readily comparable. Fees are audited annually by a third-party auditor. All fee terms are reviewed by the SIC and its consultants as part of any investment decision. The additional disclosure of indirect management and indirect performance fees 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 expenses relative to expense data included in the financial statements of other plans. Because indirect expenses are not readily separable from net investment income, the expenses disclosed here are provided on a best-efforts basis, intended to be used for illustrative purposes only. Finally, please note that dollar amounts of management, expense, and performance fees paid were not prepared, reviewed or approved by the Investment Managers.

Employees' Retirement System of Rhode Island Investment Expense Analysis

**FY 2017 Hedge Fund Managers**  
in \$000's

Partnership	Date of Initial Investment	Year-End Assets	Fee Terms		Fees Paid*		
			Management	Performance	Management	Fund Expense	Performance
<b>Global Equity Funds</b>							
Ascend ERSRI Fund LP	Nov-11	-	1.5%	20.0%	428	153	-
Davidson Kempner Institutional Partners LP	Nov-11	84,040	1.5%	20.0%	1,210	267	1,623
Elliott Associates LP	Nov-11	99,859	1.5%	20.0%	1,484	<i>grandfathered</i>	2,865
ESG Cross Border Equity Fund LP	Jun-14	1,096	1.5%	20.0%	429	125	-
Luxor Capital Partners Liquidating SPV, LLC	May-14	4,546	0.0%	0.0%	-	8	-
PFM Diversified Offshore Fund LP	Mar-12	3,925	1.5%	17.5%	794	92	-
Samlyn LP	Jan-12	115,574	1.4%	16.6%	1,688	141	1,697
Viking Global Equities LP	Dec-11	105,209	1.5%	20.0%	1,513	<i>grandfathered</i>	750
<b>Subtotal</b>		<b>\$414,249</b>			<b>\$7,545</b>	<b>\$1,450</b>	<b>\$6,935</b>
<b>Absolute Return Funds</b>							
Brevan Howard LP	Nov-11	56,694	2.0%	20.0%	1,444	375	-
Brigade Leveraged Capital Structures Fund LP	Mar-12	3,188	1.5%	20.0%	669	201	1,826
Capula Global Relative Value Fund Ltd	Dec-11	69,503	2.0%	20.0%	1,367	161	1,219
Claren Road Credit Master Fund Ltd	Apr-13	3,738	1.5%	20.0%	23	82	-
DE Shaw Composite International Fund	Nov-11	99,955	2.5%	25.0%	2,430	144	2,581
Graham Capital	Jan-12	57,292	1.8%	20.0%	1,062	36	1,414
OZ Domestic Fund II LP	Nov-11	5,538	2.0%	20.0%	1,415	134	2,046
Winton Futures Fund Ltd	Dec-11	35,516	0.8%	16.0%	352	22	-
<b>Subtotal</b>		<b>\$331,424</b>			<b>\$8,763</b>	<b>\$1,156</b>	<b>\$9,086</b>
<b>Total</b>		<b>\$745,673</b>			<b>\$16,307</b>	<b>\$2,605</b>	<b>\$16,021</b>

Note: The term *grandfathered* is shown in cases where the limited partnership agreement, entered into between ERSRI and the investment manager at the time of initial investment, prohibits the disclosure of such information.

\*Shown are fees incurred for the current fiscal year. 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. Fees are generally assessed on a quarterly basis and are audited annually by a third-party auditor. 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. The additional disclosure of indirect management and indirect performance fees 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 expenses relative to expense data included in the financial statements of other plans. Because indirect expenses are not readily separable from net investment income, the expenses disclosed here are provided on a best-efforts basis, intended to be used for illustrative purposes only. Finally, please note that dollar amounts of management and performance fees paid and the abridged fee terms were not prepared, reviewed or approved by the Investment Managers.

Employees' Retirement System of Rhode Island Investment Expense Analysis

FY 2017 Private Equity Managers

Partnership	Vintage Year	Commitment Amount in \$ unless otherwise noted)	Abridged Fee Terms*			Fees Paid (\$)*	
			Management	Performance	Management	Fund Expense	Performance
Advent International GPE VII	2012	20,000,000	1.50%	20%	167,462	58,253	-
Advent International GPE VIII	2016	20,000,000	1.50%	20%	341,935	101,414	-
Alta BioPharma Partners III	2003	15,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
Alta Partners VIII	2006	15,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
Aurora Equity Partners III	2004	15,000,000	0.00%	20%	-	1,096	-
Avenue Special Situations Fund IV	2006	20,000,000	0.00%	20%	-	1,414	-
Avenue Special Situations Fund V	2007	20,000,000	0.00%	20%	-	507	-
Bain Capital Fund X	2008	25,000,000	2.00%	30%	249,363	76,694	3,194,904
Baring Asia Fund VI	2015	15,000,000	1.80%	20%	224,242	203,056	-
Birch Hill Equity Partners III	2005	CAD 18,000,000	0.50%	20%	9,989	34,456	137,890
Braemar Energy Ventures III	2011	10,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
CapitalSpring Investment Partners V	2016	30,000,000	1.50%	20%	125,436	209,054	-
Carlyle Asia Partners IV	2014	30,000,000	1.50%	20%	449,381	161,997	-
Castle Ventures III	2006	5,000,000	0.43%	20%	21,740	10,284	-
Centerbridge Capital Partners	2006	15,000,000	1.40%	20%	9,690	32,648	655,505
Centerbridge Capital Partners III	2015	25,000,000	1.50%	20%	287,557	100,961	-
Centerbridge Special Credit Partners II	2012	25,000,000	1.25%	20%	181,142	89,108	-
Charterhouse Capital Partners VIII	2006	€ 15,000,000	0.00%	20%	-	12,584	-
Coler International Partners IV	2002	15,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
Coler International Partners V	2006	15,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
Constellation Ventures III	2007	15,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
CVC European Equity Partners III	2001	20,000,000	0.00%	20%	-	7,126	-
CVC European Equity Partners IV	2005	€ 16,500,000	0.00%	20%	(21,651)	4,986	883,558
CVC European Equity Partners V	2008	€ 20,000,000	1.00%	20%	48,480	9,650	1,379,461
CVC European Equity Partners VI	2014	€ 15,000,000	1.50%	20%	244,497	73,720	-
EnCap Energy Capital Fund IX	2013	18,000,000	1.50%	20%	199,404	2,392	-
EnCap Energy Capital Fund X	2015	20,000,000	1.50%	20%	375,000	2,442	-
Fenway Partners Capital Fund II	1998	15,000,000	0.00%	20%	-	31,671	-
Fenway Partners Capital Fund III	2006	15,000,000	1.00%	20%	36,831	51,701	-
First Reserve Fund X	2004	20,000,000	0.00%	20%	-	3,051	-
First Reserve Fund XI	2006	20,000,000	0.50%	20%	21,259	8,090	-
Focus Ventures III	2006	15,000,000	2.50%	20%	222,606	grandfathered	-
Garrison Opportunity Fund IV	2014	30,000,000	1.75%	20%	336,586	222,501	-
Granite Global Ventures II	2004	15,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
Granite Global Ventures III	2006	15,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
Green Equity Investors V	2007	20,000,000	0.75%	20%	3,924	7,751	649,002
Industry Ventures Partnership Holdings III	2014	25,000,000	1.00%	10%	250,000	32,194	-
Industry Ventures Partnership Holdings III-C	2015	15,000,000	0.50%	5%	13,621	70,298	-
Industry Ventures Partnership Holdings IV	2016	10,000,000	1.00%	10%	100,000	24,889	-
Kayne Anderson Energy Fund III	2005	15,000,000	0.00%	20%	-	2,751	-
Kayne Anderson Energy Fund IV	2007	15,000,000	0.00%	20%	-	7,627	-
Leapfrog Ventures II	2005	10,000,000	1.25%	20%	19,111	5,801	-
Leeds Weld Equity Partners IV	2003	10,000,000	1.00%	20%	-	3,487	-
Lighthouse Capital Partners V	2003	11,250,000	0.00%	20%	-	-	-
Lighthouse Capital Partners VI	2007	15,000,000	1.16%	20%	121,107	11,869	-
LLK Partners	2006	12,500,000	2.00%	20%	55,512	grandfathered	22,034
MHR Institutional Partners III	2006	20,000,000	1.75%	20%	89,577	10,176	-
Nautic Partners V	2000	20,000,000	0.00%	20%	(13,287)	1,801	8,611
Nautic Partners VI	2007	20,000,000	1.65%	20%	(1,061)	4,300	598,462
Nautic Partners VII	2014	20,000,000	2.00%	20%	135,800	17,661	27,708
Nautic Partners VIII	2016	20,000,000	2.00%	20%	355,018	31,136	-
Nordic Capital Fund V	2003	€ 14,615,550	0.00%	20%	-	66	9,184
Nordic Capital Fund VI	2006	€ 15,000,000	0.00%	20%	-	21,965	932,823
Nordic Capital Fund VII	2008	€ 15,000,000	1.50%	20%	192,569	26,450	-
Nordic Capital Fund VIII	2013	€ 15,000,000	1.50%	20%	219,864	72,359	-
Oaktree European Principal Fund III	2011	20,000,000	1.75%	20%	247,363	105,482	-
Paine & Partners Fund IV	2015	30,000,000	2.00%	20%	262,526	163,544	-
Paladin II	2008	10,000,000	1.75%	20%	153,296	27,334	-
Parthenon Investors II	2001	23,960,000	0.00%	20%	-	2,967	-
Point 406 Ventures	2006	10,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
Point Judith Venture Fund II	2006	5,000,000	1.00%	15%	50,000	12,584	-
Providence Equity Partners IV	2000	25,000,000	1.50%	20%	-	2,347	-
Providence Equity Partners V	2005	25,000,000	1.00%	20%	101	7,046	-
Providence Equity Partners VI	2007	25,000,000	1.00%	20%	75,249	18,042	-
Providence Equity Partners VII	2012	25,000,000	1.50%	20%	375,000	133,288	-
Riverside Capital Appreciation Fund VI	2013	20,000,000	2.00%	20%	397,384	109,951	186,781
Riverside Micro-Cap Fund III	2014	20,000,000	2.00%	20%	493,359	84,411	-
Sorenson Capital Partners III	2014	30,000,000	2.00%	20%	481,500	265,545	-
Southeast Fund VII	2016	30,000,000	2.00%	20%	760,489	100,283	-
Summit Partners Credit Fund	2011	20,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
Summit Partners Credit Fund II	2014	25,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
Tenex Capital Partners II	2018	25,000,000	2.00%	20%	436,715	44,148	-
Thomas, McNehey & Partners	2002	15,000,000	0.00%	20%	-	4,516	-
Thomas, McNehey & Partners II	2006	15,000,000	2.00%	20%	64,332	4,880	294,516
TPG Partners IV	2003	15,000,000	0.00%	20%	-	6,595	266,322
TPG Partners V	2006	20,000,000	0.50%	20%	11,442	24,820	-
TPG Partners VI	2008	10,000,000	0.75%	20%	36,494	10,954	179,745
Trilantic Capital Partners IV	2007	11,098,351	1.00%	20%	21,713	7,745	-
W Capital Partners	2004	15,000,000	0.00%	20%	-	13,449	-
W Capital Partners II	2007	15,000,000	2.00%	20%	60,726	9,610	60,726
Wellspring Capital Partners III	2002	20,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
WLR Recovery Fund IV	2007	8,000,000	0.75%	20%	46,638	2,210	-
<b>Total</b>		<b>\$ 1,463,745,728</b>			<b>\$ 10,056,174</b>	<b>\$ 3,266,613</b>	<b>\$ 11,066,615</b>

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Employees' Retirement System of Rhode Island Investment Expense Analysis

**FY 2017 Real Estate Managers**

Partnership	Vintage Year	Commitment Amount (\$)	Abridged Fee Terms*		Fees Paid (\$)*		
			Management	Performance	Management	Fund Expense	Performance
AEW Core Property Trust	Open-End	70,000,000	0.50%	0.0%	530,658	90,123	-
Heitman HART	Open-End	60,000,000	0.92%	0.0%	694,716	75,083	-
JP Morgan Strategic Property Fund	Open-End	75,000,000	0.92%	0.0%	949,250	10,395	-
Morgan Stanley Prime Property Fund	Open-End	35,000,000	0.85%	0.3%	503,050	85,026	159,608
Prudential Real Estate Investors (PRISA)	Open-End	50,000,000	0.94%	0.0%	688,088	44,362	-
Crow Retail Fund	2015	24,000,000	1.50%	20.0%	342,842	45,587	-
Exeter Industrial Value Fund III	2014	30,000,000	1.50%	20.0%	421,366	91,440	-
GEM Realty Fund V	2013	50,000,000	1.25%	20.0%	530,927	66,437	-
GEM Realty Fund VI	2017	20,000,000	1.50%	20.0%	60,500	21,051	-
IC Berkeley Partners III	2013	18,000,000	2.00%	20.0%	238,665	40,242	-
IC Berkeley Partners IV	2016	30,000,000	1.38%	19.0%	456,575	145,146	-
JP Morgan Alternative Property Fund	2006	20,000,000	0.00%	20.0%	-	13,210	-
Lone Star Real Estate Fund IV	2015	24,260,817	0.60%	20.0%	73,110	78,921	-
Magna Hotel Fund III	2008	4,000,000	1.50%	20.0%	11,579	6,214	146,732
Tri Continental Capital VII	2005	15,000,000	0.00%	20.0%	-	5,609	-
Waterton Venture XII	2014	35,000,000	1.50%	20.0%	382,295	114,804	-
<b>Total</b>		<b>\$ 560,260,817</b>			<b>\$ 5,883,621</b>	<b>\$ 933,650</b>	<b>\$ 306,340</b>

\*Shown are abridged terms and fees incurred in the current fiscal year. Actual fee calculations include additional considerations and reductions that space and conditions of access do not permit. Due to differing accounting standards across jurisdictions and differing expense treatment at the underlying entity-level across general partners, and since certain funds were added to or removed from the portfolio at different times throughout the fiscal year, line items are not readily comparable. Management fee terms for closed-end funds are commonly structured such that fees are assessed quarterly 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 for closed-end funds 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 return of 8-9%. Fees are audited annually by a third-party auditor. 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. The additional disclosure of indirect management and indirect performance fees 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 expenses relative to expense data included in the financial statements of other plans. Because indirect expenses are not readily separable from net investment income, the expenses disclosed here are provided on a best-efforts basis, intended to be used for illustrative purposes only. Finally, please note that dollar amounts of management and performance fees paid and the abridged fee terms were not prepared, reviewed or approved by the Investment Managers.

Employees' Retirement System of Rhode Island Investment Expense Analysis

**FY 2017 Infrastructure Managers**

Partnership	Vintage Year	Commitment Amount (\$)	Abridged Fee Terms*		Fees Paid (\$)*		
			Management	Performance	Management	Fund Expense	Performance
IFM Global Infrastructure, LP	Open-End	50,000,000	0.77%	10.0%	501,275	63,642	-
ISQ Global Infrastructure Fund, LP	2015	50,000,000	1.50%	20.0%	647,637	235,988	-
Stonepeak Infrastructure Fund II, LP	2016	43,000,000	1.38%	15.0%	452,757	132,374	281,890
Stonepeak Infrastructure Fund II - C	2017	10,000,000	0.00%	0.0%	-	1,074	-
<b>Total</b>		<b>\$ 153,000,000</b>			<b>\$ 1,601,669</b>	<b>\$ 433,078</b>	<b>\$ 281,890</b>

\*Shown are abridged terms and fees incurred in the current fiscal year. Actual fee calculations include additional considerations and reductions that space and conditions of access do not permit. Due to differing accounting standards across jurisdictions and differing expense treatment at the underlying entity-level across general partners, and since certain funds were added to or removed from the portfolio at different times throughout the fiscal year, line items are not readily comparable. Management fee terms for closed-end funds are commonly structured such that fees are assessed quarterly 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 for closed-end funds 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 return of 8-9%. Fees are audited annually by a third-party auditor. 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. The additional disclosure of indirect management and indirect performance fees 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 expenses relative to expense data included in the financial statements of other plans. Because indirect expenses are not readily separable from net investment income, the expenses disclosed here are provided on a best-efforts basis, intended to be used for illustrative purposes only. Finally, please note that dollar amounts of management and performance fees paid and the abridged fee terms were not prepared, reviewed or approved by the Investment Managers.