



December 11, 2015

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 2015.

In keeping with Treasurer Magaziner's *Transparent Treasury* initiative, this report represents the most comprehensive disclosure of pension fees and expenses ever published in Rhode Island, and places Rhode Island among the most transparent pension systems in the nation.

The Rhode Island pension system paid investment-related fees and expenses of \$79.6 million for the fiscal year that began July 1, 2014 and ended on June 30, 2015. The total value of investment gains, after fees, during FY15 was approximately \$191 million.

As a percentage of the pension system's total value, FY15 manager fees and expenses declined modestly from the previous fiscal year. Total investment expenses in FY15 represented 0.98 percent of assets, down from 1.00 percent of assets in FY14.

On a dollar basis, management fees increased from fiscal 2014 to fiscal 2015, due to the growth of the pension system's investment portfolio. The average asset value of the portfolio during FY15 was \$8.07 billion, up from \$7.93 billion in FY14.

Under Treasurer Magaziner, Rhode Island has enacted a first-of-its-kind policy to invest only with fund managers that agree to full reporting of their performance, fees, expenses and liquidity. All funds new to the ERSRI portfolio after June of 2015 are required to permit public reporting of their fees and expenses.

Although 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. We are pleased that a majority of these funds have agreed and we hope that others will follow suit in the future.

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.

Transparency is especially important with regard to our alternative investments. While private equity and hedge funds were among the pension system's best performing investments in FY15, these types of funds have rightfully come under scrutiny for their high and complex fees and expenses.

Since Treasurer Magaziner took office in January, Rhode Island has successfully renegotiated lower fees with several fund managers. 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.

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 2015
in \$000's

Asset Class / Type	Direct Management Fees	Indirect Management	Subtotal Management	Indirect Fund Expense	Indirect Performance	Total Investment Expense	Expense Ratio
Global Equity Indexes	\$1,146		\$1,146	\$1,442		2,588	0.03%
Equity Hedge Funds		9,959	9,959	1,660	10,500	22,119	0.27%
Private Equity	4,549	4,049	8,598	3,366	10,857	22,821	0.28%
Subtotal Equity/Growth	5,695	14,008	19,703	6,468	21,357	47,528	0.59%
Subtotal Fixed Income	1,294		1,294			1,294	0.02%
Real Estate	2,077	2,560	4,637	760	292	5,689	0.07%
Infrastructure	180	1,497	1,677	846	23	2,546	0.03%
Subtotal Real Assets	2,257	4,057	6,314	1,606	315	8,235	0.10%
Bank Loans/High Yield	1,270		1,270			1,270	0.02%
Inflation Linked Bonds	333		333			333	0.00%
Absolute Return Hedge Funds		10,268	10,268	1,443	8,684	20,394	0.25%
Subtotal Real Return	1,603	10,268	11,871	1,443	8,684	21,998	0.27%
Beta Overlay	253		253	77		330	0.00%
Cash		259	259			259	0.00%
Subtotal Other Managers	253	259	512	77		589	0.01%
Subtotal Manager Expense	\$11,103	\$28,592	\$39,695	\$9,594	\$30,356	\$79,644	0.98%
Expense Ratio	0.14%	0.35%	0.49%	0.12%	0.38%	0.98%	
Consulting	\$842		\$842			\$842	0.01%
Custody	375		375			375	0.00%
Legal & Other	106		106			106	0.00%
Research	47		47			47	0.00%
Personnel / Operating	1,002		1,002			1,002	0.01%
Subtotal Other Expenses	\$2,372		\$2,372			\$2,372	0.03%
Total Investment Expense	\$13,475	\$28,592	\$42,066	\$9,594	\$30,356	\$82,016	1.01%
Expense Ratio	0.17%	0.35%	0.52%	0.12%	0.38%	1.01%	

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 2015 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	3,762,295,168	0.03%	0.0%	1,145,926	1,442,237	-
Mackay Shields	Fixed Income	2012	565,448,399	0.14%	0.0%	582,263	-	-
Pyramis	Fixed Income	2012	556,571,914	0.13%	0.0%	712,081	-	-
Brown Brothers Harriman	Inflation-Linked Bonds	2012	285,596,695	0.12%	0.0%	333,139	-	-
Pacific Investment Management Company	Credit	2013	207,774,826	0.25%	25.0%	650,307	-	-
Western Asset Management Company	Credit	2013	206,360,588	0.30%	0.0%	619,806	-	-
Harvest Fund Advisors	MLP	2015	115,130,724	0.73%	0.0%	180,224	38,254	-
Russell Investments	Overlay	2008	129,657,680	0.10%	0.0%	253,201	76,636	-
Fidelity	Cash	2012	5,406,191	0.15%	0.0%	60,950	-	-
Bank of New York Mellon	Cash	2012	89,654,748	0.18%	0.0%	197,728	-	-
Total			\$ 5,923,896,933			\$ 4,735,626	\$ 1,557,127	\$ -

*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 2015 Hedge Fund Managers
in \$000's

Partnership	Date of Initial Investment	Year-End Assets	Fee Terms		Fees Paid*		
			Management	Performance	Management	Fund Expense	Performance
Global Equity Funds							
Ascend Partners Fund II	Nov-11	73,007	1.5%	20.0%	1,083	60	663
Davidson Kempner Institutional Partners LP	Nov-11	75,520	1.5%	20.0%	1,134	106	55
Elliott Associates LP	Nov-11	84,642	1.5%	20.0%	1,261	<i>grandfathered</i>	1,629
ESG Cross Border Equity Fund LP	Jun-14	45,906	1.5%	20.0%	717	147	-9
Luxor Capital Partners LP	May-14	46,476	1.5%	17.5%	700	117	0
Mason Capital Ltd	Jan-12	60,029	1.5%	20.0%	509	35	0
PFM Diversified Offshore Fund LP	Mar-12	84,411	1.5%	17.5%	1,123	143	2,180
Samlyn LP	Jan-12	115,009	1.8%	18.0%	2,000	147	3,172
Viking Global Equities LP	Dec-11	99,765	1.5%	20.0%	1,432	<i>grandfathered</i>	2,810
Subtotal		\$684,765			\$9,959	\$1,660	\$10,500
Absolute Return Funds							
BlueCrest Capital LP	Jan-12	20,269	2.0%	20.0%	410	56	0
Brevan Howard LP	Nov-11	81,207	2.0%	22.5%	1,616	404	0
Brigade Leveraged Capital Structures Fund LP	Mar-12	58,148	1.5%	20.0%	840	368	-62
Capula Global Relative Value Fund Ltd	Dec-11	60,791	2.0%	20.0%	1,289	152	1,275
Claren Road Credit Master Fund Ltd	Apr-13	43,561	1.5%	20.0%	731	140	-319
DE Shaw Composite International Fund	Nov-11	84,751	2.5%	25.0%	2,002	93	3,688
Graham Discretionary 6V Fund	Jan-12	55,761	1.8%	20.0%	970	24	735
OZ Domestic Fund II LP	Nov-11	106,908	2.0%	20.0%	2,049	183	1,980
Winton Futures Fund Ltd	Dec-11	35,817	1.0%	20.0%	359	24	1,386
Subtotal		\$547,213			\$10,268	\$1,443	\$8,684
Total		\$1,231,977			\$20,226	\$3,103	\$19,184

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 2015 Private Equity Managers

Partnership	Vintage Year	Commitment Amount (\$)	Abridged Fee Terms*		Fees Paid (\$)†		
			Management	Performance	Management	Fund Expense	Performance
Advent International GPE VII	2012	20,000,000	1.50%	20%	300,000	67,000	-
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%	(36,202)	3,455	68,179
Avenue Special Situations Fund IV	2006	20,000,000	0.00%	20%	-	3,064	-
Avenue Special Situations Fund V	2007	20,000,000	0.00%	20%	-	1,587	-
Bain Capital Fund X	2008	25,000,000	2.00%	30%	375,749	39,438	-
Birch Hill Equity Partners III	2005	16,868,142	1.50%	20%	129,075	2,620	-
Braemar Energy Ventures III	2011	10,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
Carlyle Asia Partners IV	2014	30,000,000	1.50%	20%	366,636	165,155	-
Castile Ventures III	2006	5,000,000	1.00%	20%	49,985	5,281	-
Centerbridge Capital Partners	2006	15,000,000	1.50%	20%	66,520	40,924	118,247
Centerbridge Capital Partners III	2015	25,000,000	1.50%	20%	66,781	31,555	-
Centerbridge Special Credit Partners II	2012	25,000,000	1.25%	20%	364,399	215,874	-
Charterhouse Capital Partners VIII	2006	20,466,645	1.00%	20%	48,740	3,028	-
Coller International Partners IV	2002	15,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
Coller 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%	-	6,671	97,677
CVC European Equity Partners IV	2005	22,513,310	0.75%	20%	9,102	4,441	163,325
CVC European Equity Partners V	2008	27,288,860	1.00%	20%	63,840	14,592	1,526,380
CVC European Equity Partners VI	2014	20,466,645	1.50%	20%	262,645	35,508	-
EnCap Energy Capital Fund IX	2013	18,000,000	1.50%	20%	222,539	3,254	-
EnCap Energy Capital Fund X	2015	25,000,000	1.50%	20%	113,542	6,523	-
Fenway Partners Capital Fund II	1998	15,000,000	0.00%	20%	-	13,500	-
Fenway Partners Capital Fund III	2006	15,000,000	1.00%	20%	33,061	69,979	-
First Reserve Fund X	2004	20,000,000	0.50%	20%	1,414	4,852	144,105
First Reserve Fund XI	2006	20,000,000	1.00%	20%	94,319	9,392	-
Focus Ventures III	2006	15,000,000	2.50%	20%	240,298	grandfathered	-
Garrison Opportunity Fund IV	2014	30,000,000	1.75%	20%	139,405	122,915	-
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	1.00%	20%	26,149	15,754	513,578
Industry Ventures Partnership Holdings III	2014	25,000,000	1.00%	10%	318,536	39,592	-
Kayne Anderson Energy Fund III	2005	15,000,000	0.00%	20%	-	19,989	-
Kayne Anderson Energy Fund IV	2007	15,000,000	1.00%	20%	41,132	7,522	-
Leapfrog Ventures II	2005	10,000,000	1.25%	20%	60,651	6,393	-
Leeds Weld Equity Partners IV	2003	10,000,000	1.00%	20%	-	11,623	-
Lighthouse Capital Partners V	2003	11,250,000	0.00%	20%	-	-	-
Lighthouse Capital Partners VI	2007	15,000,000	1.30%	20%	189,540	11,207	132,709
LNK Partners	2006	12,500,000	2.00%	20%	82,068	grandfathered	-
MHR Institutional Partners III	2006	20,000,000	1.75%	20%	129,609	4,410	-
Nautic Partners V	2000	20,000,000	0.00%	20%	(67,801)	4,746	326,997
Nautic Partners VI	2007	20,000,000	1.65%	20%	95,414	12,901	774,032
Nautic Partners VII	2014	20,000,000	2.00%	20%	179,500	190,412	-
Nordic Capital Fund V	2003	20,466,645	0.00%	20%	-	-	134,455
Nordic Capital Fund VI	2006	20,466,645	0.38%	20%	19,810	17,340	-
Nordic Capital Fund VII	2008	20,466,645	1.50%	20%	185,489	36,681	-
Nordic Capital Fund VIII	2013	20,466,645	1.50%	20%	283,934	143,278	-
OCM Opportunities Fund II	1997	12,000,000	0.00%	20%	-	976	-
Oaktree European Principal Fund III	2011	20,000,000	1.75%	20%	275,021	45,072	-
Paine & Partners Fund IV	2015	30,000,000	2.00%	20%	525,333	479,088	-
Paladin III	2008	10,000,000	1.75%	20%	164,972	26,039	-
Parthenon Investors II	2001	23,960,000	0.00%	20%	-	4,712	334,322
Perseus Partners VII	2006	15,000,000	1.50%	20%	26,057	37,692	-
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	12,292	-
Providence Equity Partners III	1999	15,000,000	0.00%	20%	-	6,026	-
Providence Equity Partners IV	2000	25,000,000	1.50%	20%	-	10,019	-
Providence Equity Partners V	2005	25,000,000	1.00%	20%	79,897	21,568	-
Providence Equity Partners VI	2007	25,000,000	1.00%	20%	104,396	24,538	-
Providence Equity Partners VII	2012	25,000,000	1.50%	20%	247,629	102,525	-
Riverside Capital Appreciation Fund VI	2013	20,000,000	2.00%	20%	269,869	64,074	-
Riverside Micro-Cap Fund III	2014	20,000,000	2.00%	20%	489,106	226,259	-
SKM Equity Fund II	1997	10,000,000	0.00%	20%	-	grandfathered	-
Sorenson Capital Partners III	2014	30,000,000	2.00%	20%	149,169	395,277	-
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
Thomas, Mc Nerney & Partners	2002	15,000,000	2.00%	20%	85,150	4,518	-
Thomas, Mc Nerney & Partners II	2006	15,000,000	2.00%	20%	147,633	8,793	2,980,000
TPG Partners IV	2003	15,000,000	0.00%	20%	-	3,063	-
TPG Partners V	2006	20,000,000	0.75%	20%	72,562	(11,295)	-
TPG Partners VI	2008	10,000,000	0.75%	20%	16,676	14,755	249,460
Trilantic Capital Partners IV	2007	11,098,351	1.00%	20%	44,779	12,666	237,929
VS&A Communications Partners III	1998	15,000,000	0.00%	20%	-	6,600	-
W Capital Partners	2004	15,000,000	2.00%	20%	-	26,198	-
W Capital Partners II	2007	15,000,000	2.00%	20%	66,648	9,707	-
Wellspring Capital Partners III	2002	20,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
Wellspring Capital Partners IV	2006	20,000,000	grandfathered	grandfathered	grandfathered	grandfathered	grandfathered
WLR Recovery Fund IV	2007	8,000,000	1.00%	20%	7,548	2,148	45,459
Total		\$ 1,441,278,533			\$ 8,598,410	\$ 3,365,569	\$ 10,856,923

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 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 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 future changes later in a fund's life. Performance fee terms (with the exception of venture capital 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 2015 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	60,000,000	0.66%	0.0%	506,825	84,661	-
Heitman HART	Open-End	60,000,000	0.92%	0.0%	443,475	47,015	-
JP Morgan Strategic Property Fund	Open-End	75,000,000	1.00%	0.0%	728,301	35,570	-
Morgan Stanley Prime Property Fund	Open-End	35,000,000	0.85%	0.3%	432,824	56,325	141,049
Prudential Real Estate Investors (PRISA)	Open-End	50,000,000	0.55%	0.2%	350,672	70,065	150,897
Exeter Industrial Value Fund III	2014	30,000,000	1.50%	20.0%	606,560	37,184	-
Fillmore East Fund	2006	10,000,000	1.25%	20.0%	8,102	8,268	-
GEM Realty Fund V	2013	50,000,000	1.25%	20.0%	562,500	185,055	-
IC Berkeley Partners III	2013	18,000,000	1.50%	20.0%	498,629	93,156	-
JP Morgan Alternative Property Fund	2006	20,000,000	0.00%	20.0%	-	12,393	-
Magna Hotel Fund III	2008	4,000,000	1.50%	20.0%	50,102	3,204	-
Tri Continental Capital VII	2005	15,000,000	0.00%	20.0%	-	6,650	-
Waterton Venture XII	2014	35,000,000	1.25%	20.0%	449,048	120,830	-
Total		\$ 462,000,000			\$ 4,637,037	\$ 760,375	\$ 291,946

*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 2015 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	0.97%	20.0%	65,463	117	22,935
ISQ Global Infrastructure Fund	2014	50,000,000	1.50%	20.0%	1,431,702	807,377	-
Total		\$ 100,000,000			\$ 1,497,165	\$ 807,494	\$ 22,935

*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.