



The State Investment Commission and the Office of the General Treasurer are pleased to publish the Employees' Retirement System of Rhode Island Investment Expense Analysis for the fiscal year ending June 30, 2023.

During the past year, Rhode Island General Treasurer James A. Diossa has delivered on his fiduciary duty to ensure that the retirement system is on a steady and secure path.

Despite market unease in recent years, and a challenging market in 2022, in fiscal year 2023, the state pension fund demonstrated an 8.9% net return, outperforming the benchmark return of 7.1%. Its three-year performance demonstrated a 10.5% net return, outperforming the benchmark return of 9.7%. Meanwhile, the Other Post Employment Benefits fund demonstrated an 11.2% net return, outperforming the benchmark return of 7.7%.

In Fiscal Year 2023, total investment related fees and expenses were \$128 million. The Pension Fund earned more than \$845 million from investments net of fees and expenses and ended the fiscal year with a value of approximately \$10.6 billion.

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

Employees' Retirement System of Rhode Island Investment Expense Analysis

FY 2023
in \$000's

Asset Class / Type	Management Fees	Fund Expenses	Performance Expense	Total Investment Expense	Expense Ratio
Subtotal Global Public Equity	1,380	4		1,384	0.01%
Private Equity	26,743	4,487	21,664	52,894	0.51%
Non-Core Real Estate	4,074	1,184	440	5,697	0.06%
Opportunistic Private Credit	1,357	1,005	3,464	5,827	0.06%
Subtotal Private Growth	32,175	6,675	25,568	64,418	0.63%
Equity Options	746			746	0.01%
Emerging Markets Debt	1,163			1,163	0.01%
Liquid Credit	916	-2		915	0.01%
Private Credit	4,444	1,971	1,443	7,858	0.08%
CLO Mezz/Equity	137	229	1,945	2,311	0.02%
Subtotal Income	7,406	2,199	3,387	12,993	0.13%
Treasury Duration	235	7		242	0.00%
Systematic Trend	2,409	1,159		3,568	0.03%
Subtotal Crisis Protection	2,644	1,166		3,810	0.04%
Core Real Estate	2,688	176	203	3,068	0.03%
Private Infrastructure	4,249	1,033	2,189	7,472	0.07%
Inflation Linked Bonds	9			9	0.00%
Subtotal Inflation Protection	6,946	1,210	2,392	10,548	0.10%
Fixed Income	1,086	8		1,094	0.01%
Absolute Return	14,135	2,279	12,974	29,388	0.29%
Cash	162			162	0.00%
Subtotal Volatility Protection	15,383	2,287	12,974	30,644	0.30%
Short-Term Cash					0.00%
Rebalancing Overlay	283	95		378	0.00%
Specialty Liquidation					0.00%
Subtotal Other	283	95		378	0.00%
Subtotal Manager Expense	66,218	13,636	44,321	124,176	1.21%
Expense Ratio	0.64%	0.13%	0.43%	1.21%	
Consulting	991			991	0.01%
Custody	673			673	0.01%
Legal	100			100	0.00%
Tax Reclaim	61			61	0.00%
Research & Other	61			61	0.00%
Personnel / Operating	1,795			1,795	0.02%
Subtotal Other Expenses	3,681			3,681	0.04%
Total Investment Expense	69,900	13,636	44,321	127,857	1.24%
Expense Ratio	0.68%	0.13%	0.43%	1.24%	

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.

*Expense Ratios represent investment expenses in the specified categories as a proportion of the average total fair value of investments held within the Rhode Island Employees Retirement Systems Pooled Trust defined benefit portfolio; the average fair value is calculated as the average starting and ending fair value of investments for the reported fiscal year.

Employees' Retirement System of Rhode Island Investment Expense Analysis

FY 2023 Publicly Traded Investment Managers

in \$000's

Investment Manager	Asset Class	Inception Year	Year-End Assets	Abridged Fee Terms*		Fees Paid (\$)*		
				Management	Performance	Management	Fund Expense	Performance
State Street Global Advisors	Global Public Equity	2012	4,087,772	0.04%	0%	1,380		4
State Street Global Advisors	Inflation Linked Bonds	2020		0.03%	0%	9		
Fidelity	IG Fixed Income	2020	279,350	0.18%	0%	493		
Loomis Sayles	IG Fixed Income	2020	273,660	0.22%	0%	594		8
Advent Capital Management	Liquid Credit	2022	88,663	0.50%	0%	456		
Pacific Investment Management Company	Liquid Credit	2013	89,236	0.49%	25%	233		-1
Loomis Sayles	Liquid Credit	2019	87,450	0.25%	20%	227		-1
Neuberger Berman	Equity Options	2020	197,760	0.35%	0%	746		
Wellington Management	Emerging Markets Debt	2020	181,772	0.25%	20%	1,163		
Neuberger Berman	CLOs	2021	95,905	0.50%	20%	137		
Sycamore Tree	CLOs	2021	122,755	0.00%	20%		229	1,945
Western Asset Management Company	Long Duration	2017	455,225	0.05%	0%	235		7
CPC AP LLC	Systematic Trend Following	2017	161,486	0.60%	0%	1,043		386
CPC CB LLC	Systematic Trend Following	2017	156,515	1.00%	0%	880		386
CPC QIS LLC	Systematic Trend Following	2017	143,130	0.24%	0%	486		387
Russell Investments	Rebalancing Overlay	2008	38,988	0.02%	0%	283		95
Hamilton Lane	Distribution Management	1998	48,330	0.50%	10%			
Fidelity	Cash	2012	2	0.14%	0%			
Bank of New York Mellon	Cash	2012	51,370	0.15%	0%			
Payden & Rygel	Cash	2017	147,354	0.12%	0%	162		
Total						\$8,527	\$1,500	\$1,945

*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 2023 Absolute Return Managers
in \$000's

Partnership	Date of Initial Investment	Year-End Assets	Fee Terms		Fees Paid*		
			Management	Performance	Management	Fund Expense	Performance
Aristeia Partners	Jan-21	76,963	1.0%	20.0%	760	129	923
Capula Global Relative Value Fund Ltd	Dec-11	88,063	2.0%	20.0%	1,719	247	2,099
Davidson Kempner Institutional Partners LP	Nov-11	100,487	1.5%	20.0%	1,465	70	394
DE Shaw Composite International Fund	Nov-11	178,924	3.0%	30.0%	5,401	394	6,768
Elliott Associates LP	Nov-11	164,512	1.5%	20.0%	2,461	<i>grandfathered</i>	1,249
Graham Capital	Jan-12	71,913	2.5%	25.0%	1,208	132	1,336
Viking Global Equities LP	Dec-11	80,759	1.5%	20.0%	1,121	<i>grandfathered</i>	206
Total					\$14,135	\$2,279	\$12,974

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 2023 Real Estate Managers

Partnership	Type	Vintage Year	Commitment Amount (\$)	Abridged Fee Terms*		Fees Paid (\$)*		
				Management	Performance	Management	Fund Expense	Performance
AEW Core Property Trust	Core Real Estate	Open-End	70,000,000	0.50%	0.0%	634,741	57,120	-
AEW Essential Housing Fund	Core Real Estate	Open-End	25,000,000	0.65%	0.0%	37,136	21,331	-
Heitman HART	Core Real Estate	Open-End	60,000,000	0.92%	0.0%	1,085,761	98,047	-
Morgan Stanley Prime Property Fund	Core Real Estate	Open-End	35,000,000	0.90%	0.3%	930,663	-	202,794
Crow Retail Fund	Non-Core Real Estate	2015	24,000,000	1.50%	20.0%	261,394	104,226	(361,053)
Crow Holdings Realty Partners IX	Non-Core Real Estate	2020	40,000,000	1.50%	20.0%	433,978	90,766	(305,822)
Exeter Industrial Value Fund III	Non-Core Real Estate	2014	30,000,000	0.00%	20.0%	-	-	(2,644)
Exeter Industrial Value Fund V	Non-Core Real Estate	2020	25,000,000	1.50%	20.0%	331,873	-	36,548
GEM Realty Fund V	Non-Core Real Estate	2013	50,000,000	1.25%	20.0%	308,970	236,812	-
GEM Realty Fund VI	Non-Core Real Estate	2017	20,000,000	1.50%	20.0%	197,845	50,965	(319,126)
GEM Realty Fund VII	Non-Core Real Estate	2022	25,000,000	1.35%	20.0%	562,195	140,330	-
Greystar Equity Partners XI	Non-Core Real Estate	2023	20,000,000	1.50%	20.0%	329,589	146,409	-
IC Berkeley Partners IV	Non-Core Real Estate	2016	30,000,000	1.38%	19.0%	-	-	1,919,514
IC Berkeley Partners V	Non-Core Real Estate	2020	35,000,000	1.38%	20.0%	481,249	-	(222,669)
Linchris Capital Opportunity Fund II	Non-Core Real Estate	2018	17,657,647	1.00%	12.5%	150,269	162,480	456,611
Lone Star Real Estate Fund IV	Non-Core Real Estate	2015	24,260,817	0.60%	20.0%	20,660	9,251	(189,377)
Raith Real Estate Fund II	Non-Core Real Estate	2019	35,000,000	1.50%	20.0%	286,764	127,633	297,326
Raith Real Estate Fund III	Non-Core Real Estate	2022	25,000,000	1.50%	20.0%	525,342	101,811	-
Tri Continental Capital VII	Non-Core Real Estate	2005	15,000,000	0.00%	20.0%	-	408	-
Waterton Venture XII	Non-Core Real Estate	2014	35,000,000	1.50%	20.0%	184,085	12,535	(869,688)
Total			\$ 640,918,464			\$ 6,762,514	\$ 1,360,124	\$ 642,415

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Employees' Retirement System of Rhode Island Investment Expense Analysis

FY 2023 Infrastructure Managers

Partnership	Type	Vintage Year	Commitment Amount (\$)	Abridged Fee Terms*		Fees Paid (\$)*		
				Management	Performance	Management	Fund Expense	Performance
Homestead USA Farmland Fund III	Infrastructure	2019	25,000,000	1.50%	15.0%	358,463	36,103	100,088
IFM Global Infrastructure	Infrastructure	Open-End	50,000,000	0.77%	10.0%	547,816	74,638	727,919
ISQ Global Infrastructure Fund	Infrastructure	2015	50,000,000	1.60%	20.0%	477,502	108,850	555,172
ISQ Global Infrastructure Fund II	Infrastructure	2018	40,000,000	1.60%	20.0%	482,335	218,160	1,011,269
ISQ Global Infrastructure Fund III	Infrastructure	2021	50,000,000	1.44%	20.0%	720,532	97,129	-
ISQ GIF III Co-Investment Fund	Infrastructure	2021	10,000,000	0.35%	5.0%	4,881	17,208	-
KKR Diversified Core Infrastructure Fund	Infrastructure	Open-End	100,000,000	0.60%	0.0%	458,338	140,711	-
Star America Infrastructure Fund II	Infrastructure	2020	20,000,000	1.50%	20.0%	280,000	148,814	-
Stonepeak Infrastructure Fund II	Infrastructure	2016	43,000,000	1.38%	15.0%	91,381	35,764	68,734
Stonepeak Infrastructure Fund Master Co-Investment	Infrastructure	2017	30,000,000	0.00%	0.0%	-	34,725	-
Stonepeak Infrastructure Fund III	Infrastructure	2018	35,000,000	1.38%	15.0%	339,382	22,930	(83,869)
Stonepeak Infrastructure Fund IV	Infrastructure	2020	50,000,000	1.38%	20.0%	488,545	98,341	(190,078)
Total			\$ 503,000,000			\$ 4,249,175	\$ 1,033,373	\$ 2,189,235

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