

Employees' Retirement System of Rhode Island Investment Expense Analysis

FY 2013
in \$000's

| Asset Class / Type | Management Fees | Indirect Management | Subtotal Management | Indirect Performance | Total Investment Expense | Expense Ratio |
|---------------------------------|-----------------|---------------------|---------------------|----------------------|--------------------------|---------------|
| Global Equity Indexes | \$2,654 | | \$2,654 | | \$2,654 | 0.04% |
| Equity Hedge Funds | | 8,883 | 8,883 | 15,881 | 24,764 | 0.33% |
| Private Equity | 4,817 | 3,039 | 7,855 | 6,728 | 14,583 | 0.19% |
| Subtotal Equity/Growth | 7,471 | 11,921 | 19,392 | 22,609 | 42,002 | 0.56% |
| Subtotal Fixed Income | 1,722 | | 1,722 | | 1,722 | 0.02% |
| Real Estate | 1,845 | 733 | 2,578 | 339 | 2,917 | 0.04% |
| Subtotal Real Assets | 1,845 | 733 | 2,578 | 339 | 2,917 | 0.04% |
| Bank Loans/High Yield | 347 | | 347 | | 347 | 0.00% |
| Inflation Linked Bonds | 426 | | 426 | | 426 | 0.01% |
| Absolute Return Hedge Funds | | 9,595 | 9,595 | 10,991 | 20,586 | 0.27% |
| Subtotal Real Return | 773 | 9,595 | 10,368 | 10,991 | 21,359 | 0.28% |
| Beta Overlay | 307 | | 307 | | 307 | 0.00% |
| Cash | | 818 | 818 | | 818 | 0.01% |
| Subtotal Other Managers | 307 | 818 | 1,125 | | 1,125 | 0.01% |
| Subtotal Manager Expense | \$12,118 | \$23,067 | \$35,185 | \$33,939 | \$69,125 | 0.92% |
| Expense Ratio | 0.16% | 0.31% | 0.47% | 0.45% | 0.92% | |
| Consulting | \$802 | | \$802 | | \$802 | 0.01% |
| Custody | 484 | | 484 | | 484 | 0.01% |
| Legal & Other | 153 | | 153 | | 153 | 0.00% |
| Research | 64 | | 64 | | 64 | 0.00% |
| Personnel / Operating | 991 | | 991 | | 991 | 0.01% |
| Subtotal Other Expenses | \$2,494 | | \$2,494 | | \$2,494 | 0.03% |
| Total Investment Expense | \$14,613 | \$23,067 | \$37,680 | \$33,939 | \$71,619 | 0.95% |
| Expense Ratio | 0.19% | 0.31% | 0.50% | 0.45% | 0.95% | |

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 2013 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 Performance | |
| Global Equity Funds | | | | | | | |
| Ascend Partners Fund II | Nov-11 | \$63,175 | 1.5% | 20.0% | \$931 | \$570 | \$1,501 |
| Davidson Kempner Institutional Partners LP | Nov-11 | 68,504 | 1.5% | 20.0% | 974 | 1,596 | 2,570 |
| Elliott Associates LP | Nov-11 | 70,704 | 1.5% | 20.0% | 1,042 | 2,239 | 3,281 |
| Indus Asia Pacific Fund LP | Jan-12 | 43,517 | 1.5% | 20.0% | 634 | 846 | 1,480 |
| Mason Capital Ltd | Jan-12 | 64,782 | 1.5% | 20.0% | 890 | 1,195 | 2,085 |
| PFM Diversified Offshore Fund LP | Mar-12 | 32,351 | 1.5% | 17.5% | 452 | 494 | 946 |
| PFM Diversified Offshore Fund AI Ltd | Mar-12 | 32,189 | 1.5% | 17.5% | 452 | 464 | 916 |
| Samlyn LP | Jan-12 | 71,407 | 2.0% | 20.0% | 1,313 | 2,549 | 3,861 |
| Third Point Qualified LP | Jan-12 | 66,895 | 2.0% | 20.0% | 1,155 | 3,808 | 4,963 |
| Viking Global Equities LP | Dec-11 | 72,611 | 1.5% | 20.0% | 1,040 | 2,121 | 3,162 |
| Subtotal | | \$586,135 | | | \$8,883 | \$15,881 | \$24,764 |
| Absolute Return Funds | | | | | | | |
| BlueCrest Capital LP | Jan-12 | \$20,652 | 2.0% | 20.0% | \$424 | \$290 | \$714 |
| Brevan Howard LP | Nov-11 | 81,446 | 2.0% | 25.0% | 1,602 | 866 | 2,467 |
| Brigade Leveraged Capital Structures Fund LP | Mar-12 | 53,252 | 1.5% | 20.0% | 739 | 629 | 1,367 |
| Capula Global Relative Value Fund Ltd | Dec-11 | 51,684 | 2.0% | 20.0% | 1,017 | 421 | 1,438 |
| Claren Road Credit Master Fund Ltd | Apr-13 | 51,034 | 1.5% | 20.0% | 188 | 258 | 446 |
| DE Shaw Composite International Fund | Nov-11 | 66,463 | 2.5% | 25.0% | 1,475 | 3,850 | 5,325 |
| Gracie Credit Opportunities Fund LP | Dec-11 | 0 | 2.0% | 20.0% | 508 | 0 | 508 |
| Graham Discretionary 6V Fund | Jan-12 | 53,031 | 2.0% | 20.0% | 1,040 | 482 | 1,523 |
| OZ Domestic Fund II LP | Nov-11 | 90,349 | 2.0% | 20.0% | 1,679 | 2,954 | 4,633 |
| Wexford Spectrum Fund LP | Jan-12 | 0 | 1.5% | 20.0% | 648 | 1,122 | 1,770 |
| Winton Futures Fund Ltd | Dec-11 | 30,631 | 1.0% | 20.0% | 276 | 119 | 395 |
| Subtotal | | \$498,540 | | | \$9,595 | \$10,991 | \$20,586 |
| Total | | \$1,084,675 | | | \$18,477 | \$26,873 | \$45,350 |

* Note: "Fees Paid" column details actual fees incurred for fiscal year 2013. Since certain funds were added to or removed from the portfolio at different times throughout the 2013 fiscal year, line items may represent partial year expenses over different time frames and are not readily comparable. 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 2013 Private Equity Managers

| Partnership | Vintage Year | Commitment Amount (\$) | Abridged Fee Terms* | | Fees Paid (\$)* | |
|-----------------------------------------|--------------|-------------------------|---------------------|-------------|---------------------|---------------------|
| | | | Management | Performance | Management | Performance |
| Advent International GPE VII | 2012 | 20,000,000 | 1.50% | 20% | 300,496 | - |
| Aurora Equity Partners II | 1998 | 15,000,000 | 0.00% | 20% | - | - |
| Aurora Equity Partners III | 2004 | 15,000,000 | 1.00% | 20% | 11,212 | - |
| Avenue Special Situations Fund IV | 2006 | 20,000,000 | 1.50% | 20% | - | 156,508 |
| Avenue Special Situations Fund V | 2007 | 20,000,000 | 1.50% | 20% | - | 38,145 |
| Bain Capital Fund X | 2008 | 25,000,000 | 2.00% | 30% | 375,333 | - |
| Birch Hill Equity Partners III | 2005 | 17,100,522 | 1.50% | 20% | 67,961 | - |
| Castile Ventures III | 2006 | 5,000,000 | 1.00% | 20% | 49,649 | - |
| Centerbridge Capital Partners | 2006 | 15,000,000 | 1.50% | 20% | 61,640 | 165,475 |
| Centerbridge Special Credit Partners II | 2012 | 25,000,000 | 1.50% | 20% | 252,273 | - |
| Charterhouse Capital Partners VIII | 2006 | 19,510,920 | 1.50% | 20% | 100,980 | - |
| CVC European Equity Partners III | 2001 | 20,000,000 | 0.00% | 20% | - | 73,720 |
| CVC European Equity Partners IV | 2005 | 21,462,012 | 0.75% | 20% | 17,691 | 877,285 |
| CVC European Equity Partners V | 2008 | 26,014,560 | 1.33% | 20% | 245,391 | - |
| EnCap Energy Capital Fund IX | 2013 | 18,000,000 | 1.50% | 20% | 144,538 | - |
| Fenway Partners Capital Fund II | 1998 | 15,000,000 | 0.00% | 20% | - | - |
| Fenway Partners Capital Fund III | 2006 | 15,000,000 | 1.75% | 20% | 127,254 | - |
| First Reserve Fund X | 2004 | 20,000,000 | 1.00% | 20% | 26,880 | 782,431 |
| First Reserve Fund XI | 2006 | 20,000,000 | 1.36% | 20% | 145,107 | - |
| Focus Ventures III | 2006 | 15,000,000 | 2.50% | 20% | 289,490 | - |
| Kayne Anderson Energy Fund III | 2005 | 15,000,000 | 1.50% | 20% | 69,349 | - |
| Kayne Anderson Energy Fund IV | 2007 | 15,000,000 | 2.00% | 20% | 161,929 | - |
| Leapfrog Ventures II | 2005 | 10,000,000 | 1.50% | 20% | 71,660 | - |
| Leeds Weld Equity Partners IV | 2003 | 10,000,000 | 1.46% | 20% | 50,786 | - |
| Lighthouse Capital Partners V | 2003 | 11,250,000 | 1.31% | 20% | 157,143 | - |
| Lighthouse Capital Partners VI | 2007 | 15,000,000 | 2.00% | 20% | 234,000 | - |
| LNK Partners | 2006 | 12,500,000 | 1.25% | 20% | 140,198 | 735,691 |
| MHR Institutional Partners III | 2006 | 20,000,000 | 1.75% | 20% | 345,644 | - |
| Nautic Partners V | 2000 | 20,000,000 | 1.65% | 20% | - | 26,815 |
| Nautic Partners VI | 2007 | 20,000,000 | 2.00% | 20% | 248,247 | - |
| OCM Opportunities Fund II | 1997 | 12,000,000 | 0.00% | 20% | - | - |
| Oaktree European Principal Fund III | 2011 | 20,000,000 | 1.75% | 20% | 205,620 | - |
| Paladin III | 2008 | 10,000,000 | 2.00% | 20% | 197,980 | - |
| Parthenon Investors II | 2001 | 23,960,000 | 0.00% | 20% | - | 966,395 |
| Point Judith Venture Fund II | 2006 | 5,000,000 | 2.50% | 20% | 52,901 | - |
| Providence Equity Partners III | 1999 | 15,000,000 | 0.00% | 20% | - | 33,665 |
| Providence Equity Partners IV | 2000 | 25,000,000 | 1.50% | 20% | - | 76,741 |
| Providence Equity Partners V | 2005 | 25,000,000 | 1.00% | 20% | 111,506 | - |
| Providence Equity Partners VI | 2007 | 25,000,000 | 1.00% | 20% | 140,203 | - |
| Providence Equity Partners VII | 2012 | 25,000,000 | 1.50% | 20% | - | - |
| SKM Equity Fund II | 1997 | 10,000,000 | 0.00% | 20% | - | - |
| Thomas, McNerney & Partners | 2002 | 15,000,000 | 2.00% | 20% | 152,616 | - |
| Thomas, McNerney & Partners II | 2006 | 15,000,000 | 2.00% | 20% | 221,152 | - |
| TPG Partners IV | 2003 | 15,000,000 | 0.75% | 20% | 13,800 | 364,293 |
| TPG Partners V | 2006 | 20,000,000 | 0.75% | 20% | 69,056 | - |
| TPG Partners VI | 2008 | 10,000,000 | 1.21% | 20% | 68,656 | - |
| Trilantic Capital Partners IV | 2007 | 11,098,351 | 1.50% | 20% | 80,698 | - |
| VS&A Communications Partners III | 1998 | 15,000,000 | 0.00% | 20% | - | - |
| W Capital Partners | 2004 | 15,000,000 | 2.00% | 20% | 81,251 | - |
| W Capital Partners II | 2007 | 15,000,000 | 2.00% | 20% | 229,320 | - |
| WLR Recovery Fund IV | 2007 | 8,000,000 | 1.50% | 20% | 53,585 | - |
| Other funds in aggregate** | various | 297,543,615 | n/a | n/a | 2,482,289 | 2,430,775 |
| Total | | \$ 1,148,439,980 | | | \$ 7,855,484 | \$ 6,727,940 |

*Shown are abridged terms of fees paid in the current fiscal year. Actual fee calculations include additional considerations and reductions that space and conditions of access do not permit. 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 step-downs 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 plus a return of 8-9%. Finally, please note that dollar amounts of management and performance fees paid were not prepared, reviewed or approved by the General Partners.

**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).