State of Rhode Island
Office of the General Treasurer

Staff Recommendation: GTCR Fund XV

June 2026
Asset Class: Private Equity – Buyout

Recommendation

- **Rhode Island Employees' Retirement System Pooled Trust (ERSRI):** Approve a commitment of up to $75 million to GTCR Fund XV ("Fund XV").
- **Rhode Island OPEB System Trust (OPEB):** Approve a commitment of up to $2 million to Fund XV.

Allocation

Plan	Allocation as of May 31, 2026	2026 Pacing Plan	Recommended Commitment	Pro Forma 2026 Commitments
ERSRI	Private Equity: 14.7% vs. 12.5% target	$320 million across 5 to 10 funds	Up to $75 million	$185 million
OPEB	Private Growth: 2.3% vs. 5.0% target	$8 million across 5 to 10 funds	Up to $2 million	$8 million

Portfolio Fit

GTCR Fund XV would add exposure to an experienced U.S. control buyout manager focused on scaled North American businesses in growing and more resilient end markets. The strategy is concentrated in the firm's four core sectors where GTCR has developed sourcing networks and executive relationships over its 46-year history.

The proposed commitment is consistent with the 2026 pacing plan and is intended to maintain vintage-year diversification, broaden ERSRI's U.S. large-cap buyout exposure, and complement existing buyout relationships with different geographic and target industry profiles. The recommended commitment size reflects staff's assessment of GTCR's investment approach, organizational stability, and fit within ERSRI's buyout portfolio, balanced against ERSRI's current private equity allocation and existing manager exposures.

Firm and Fund Strategy Overview

GTCR is a Chicago-based private equity firm founded in 1980. Fund XV will pursue control investments in scaled North American businesses operating across the firm's core sectors: healthcare; financial services & technology; technology, media & telecommunications; and business & consumer services. The fund is expected to invest in 13 to 18 platform companies, generally deploying $350 million or more of equity per platform over the life of the investment.

GTCR's investment process combines thematic-driven research, executive recruitment, and management partnerships to source and evaluate investment opportunities. Through its Leaders Strategy, the firm develops investment theses within its core industries and, in certain situations, partners with executives prior to identifying an acquisition target. The strategy includes corporate carve-outs, platform acquisitions, and buy-and-build opportunities, with value creation focused on organic growth, operational improvement, management team enhancement, and strategic acquisitions.

Merits

- **Experienced, cohesive team with strong alignment:** GTCR has more than 45 years of operating history and has completed multiple leadership transitions while maintaining continuity within its senior investment team. The Fund XV Investment Committee has an average tenure of over 20 years at the firm, and the GP is expected to commit at least $600 million of cash to Fund XV, representing approximately 4.4% of target commitments.

- **Executive-led sourcing and execution model:** GTCR's Leaders Strategy combines domain expertise, executive recruitment, and management partnerships to identify and pursue investment opportunities. The approach has been applied across multiple fund vintages and includes corporate carve-outs, management start-ups, platform acquisitions, and buy-and-build investments.

- **Sector specialization and realization discipline:** GTCR has invested across its four core sectors for more than two decades and has generated realizations through a combination of strategic sales, sponsor transactions, and recapitalizations. The firm's investment platform includes a deep and tenured investment team, dedicated portfolio resources team, and an extensive executive network that supports sourcing, diligence, execution, and portfolio company oversight.

Key Considerations

- **Fund terms:** Fund XV does not include a preferred return, and management fees remain tied to commitments for a longer period than is typical in the buyout market before transitioning to a fee based on the lesser of invested capital and the fair market value of remaining investments.
    - **Mitigant:** The fund's waterfall includes a valuation-based test before carried interest distributions, portfolio company fees are subject to a 100% offset against management fees, and the GP commitment is above-market and entirely cash-funded. Staff views the terms as acceptable but less favorable than preferred return structures.
- **Fund size and transaction scale:** Fund XV's $13.5 billion target is approximately 17% larger than Fund XIV and more than 70% larger than Fund XIII. Combined with an expected $350 million-plus equity check size per investment, the strategy is positioned in larger transactions, including sponsor-owned assets, competitive sale processes, and companies that may have a narrower buyer universe at exit.
    - **Mitigant:** The strategy is consistent with recent GTCR flagship funds, which have deployed capital into similarly sized investments and have experience executing large corporate carve-outs, platform acquisitions, and strategic acquisitions. GTCR's Leaders Strategy and corporate carve-out experience provide sourcing channels beyond traditional sponsor auctions, and the firm's realization history includes strategic and financial acquirers, and recapitalizations. Staff will continue to monitor deployment pace, entry valuations, leverage levels, and exit activity.
- **Firm expansion:** GTCR has expanded beyond its historical flagship fund series through the launch of its Strategic Growth and Capital Solutions strategies, and the establishment of additional offices outside Chicago. While these strategies have distinct mandates, the expansion increases organizational complexity and potential allocation considerations.
    - **Mitigant:** Fund XV focuses on larger control investments, Strategic Growth focuses on smaller control investments, and Capital Solutions pursues structured minority investments. Dedicated leadership teams and formal allocation policies govern investment sourcing and allocation across strategies. Staff will monitor whether expansion affects senior team focus, investment discipline, or flagship fund performance.

ESG & Diversity

GTCR is classified as an ESG Leader. GTCR maintains a formal Responsible Investment policy, integrates ESG considerations into diligence, uses third-party specialists where appropriate, and incorporates findings into Investment Committee materials. Post-investment, GTCR uses board engagement, portfolio monitoring, annual ESG data collection, and sustainability reporting to oversee relevant ESG matters.

GTCR tracks diversity across employees, management teams, and boards, seeks to broaden recruitment pipelines through external recruiting partners and professional organizations, supports employee development through mentorship and advisor programs, and maintains employee resource groups to support employee engagement and professional development.

Fees

Management fees are 1.5% of commitments during the six-year investment period and decline thereafter, remaining based on a reduced percentage of commitments through year 10 before transitioning to 0.75% of the lesser of invested capital and the fair market value of remaining investments. Carried interest is 20%, with no preferred return. Compared with structures that transition to invested capital immediately following the investment period, Fund XV's management fee basis remains tied to commitments for a longer period. Offsetting considerations include a 100% offset of portfolio company fees against management fees, a valuation-based test before carry distributions, and meaningful GP capital at risk.