

January 2025

Rhode Island State Investment Commission

OPEB Private Equity, Private Credit, and Real Asset Investment Plan



For Use With Institutional Investors Only – Not For the Retail Public.

Objective is to achieve OPEB's asset allocation policy and targets

Strategy and implementation plan

- Leverage ERSRI sourcing, diligence and selection of PE, RA, and PD funds
- Follow ERSRI sector allocations plans
- Reach and maintain target allocations with vintage year diversification
- Follow ERSRI sector allocations plans

Target Allocation	Five Year (2029) Expected Allocation	Avg Capital Committed Per Year	Avg Number of Funds Per Year	Avg Commitment Per Fund (\$mm)
4%	4.0%	\$7.4mm	5-10	\$1m - \$2m

Sector	Target	Min	Max
US Buyout	60%	50%	100%
Growth/VC	20%	10%	30%
Opportunistic Credit	5%	0%	15%
Intl Private Equity	15%	0%	25%

Pacing Plan for Private Equity

Amounts in \$000s

	6/30/2024	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	
ERSRI - Capital Budget Model											
1	Forecast Plan Total Assets	710,808	728,361	764,780	803,019	843,169	885,328	929,594	976,074	1,024,878	1,076,122
2	New Commitments		8,250	9,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Private Equity Fair Value by Sector:											
Private Equity Fair Value by Sector:											
10	Private Equity Total	5,585	7,944	13,818	20,311	27,689	33,320	37,194	39,476	40,564	40,954
Strategy Diversification:											
11	Buyout	90.0%	80.6%	72.3%	71.3%	74.2%	77.7%	81.4%	85.1%	88.6%	91.5%
12	Venture Capital	10.0%	13.8%	15.6%	14.9%	13.4%	12.1%	10.9%	9.6%	8.1%	6.5%
13	Distressed Debt	0.0%	4.0%	7.8%	8.2%	6.9%	5.2%	3.5%	1.8%	0.5%	0.1%
		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
16	Private Equity Fair Value as % of Total Plan Asset	0.3%	1.1%	1.8%	2.5%	3.3%	3.8%	4.0%	4.0%	4.0%	3.8%
17	Private Equity Target Asset Allocation	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Unfunded Commitments and Fair Value											
18	Private Equity Unfunded Commitments	6,937	17,035	18,509	19,027	17,823	17,218	16,907	16,742	16,654	16,606
19	Unfunded Commitments + FV	12,523	24,980	32,327	39,338	45,513	50,538	54,101	56,218	57,218	57,560
20	Unfunded Commitments + FV as % of Assets	1.8%	3.4%	4.2%	4.9%	5.4%	5.7%	5.8%	5.8%	5.6%	5.3%
21	Ratio of Unf Com + FV to Target Allocation	0.44x	0.86x	1.06x	1.22x	1.35x	1.43x	1.45x	1.44x	1.40x	1.34x
Net Cash Flow Requirements											
27	Total Net Cash Flow to Private Equity		(2,105)	(5,146)	(5,219)	(5,511)	(3,096)	(837)	1,094	2,479	3,259
Annual Commitments by Strategy											
28	Existing Commitments		8,250	2,000	0	0	0	0	0	0	0
35	Total Annual Commitments to Private Equity		8,250	9,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000

Total Plan Assets assumed to grow at 5.0%

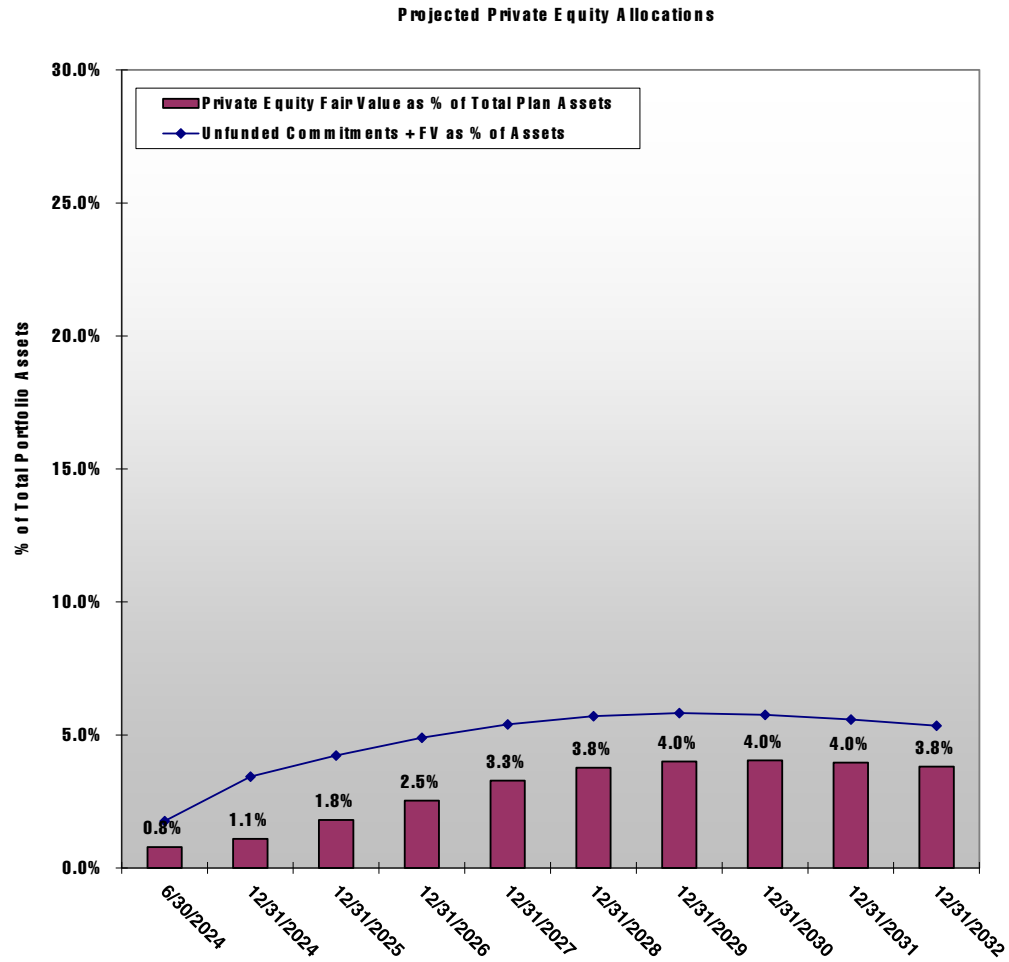
Objective of pacing plan shows annual commitments needed to reach target allocation (4% on an invested basis) and then the annual commitments needed to maintain the target

Pacing plans seeks to maintain time diversification

Plan shows higher commitments in 2025 of \$9m per year to catch up to growth in the OPEB portfolio

Commitments in 2025-2030 are planned to follow ERSRI commitments with ~5 funds/yr at ~\$1-2m per fund

Pacing Plan for Private Equity



Target Allocation	Five Year (2029) Expected Allocation	Avg Capital Committed Per Year	Avg Number of Funds Per Year	Avg Commitment Per Fund (\$mm)
4%	3.9%	\$7.4mm	2-4	\$2m -\$5m

Sector	Target	Min	Max
Infrastructure	80%	50%	100%
Agriculture/Timber	20%	10%	30%
Minerals and Mining	0%	0%	15%
Other	0%	0%	5%

Pacing Plan for Real Assets

Amounts in \$000s

ERSRI - Capital Budget Model	6/30/2024	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032
1 Forecast Plan Total Assets	710,808	728,361	764,780	803,019	843,169	885,328	929,594	976,074	1,024,878	1,076,122
2 New Commitments		5,000	8,000	8,000	8,000	7,000	6,000	5,000	5,000	5,000
Private RA Fair Value by Sector:										
10 Private RA Total	11,405	12,181	14,767	18,940	24,378	30,509	36,636	42,059	46,269	49,055
16 Private RA Fair Value as % of Total Plan Assets	1.6%	1.7%	1.9%	2.4%	2.9%	3.4%	3.9%	4.3%	4.5%	4.6%
17 Private RA Target Asset Allocation	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Unfunded Commitments and Fair Value										
18 Private RA Unfunded Commitments	5,340	7,612	13,129	17,145	19,957	21,000	20,735	19,556	18,661	18,035
19 Unfunded Commitments + FV	16,746	19,793	27,895	36,085	44,334	51,509	57,372	61,615	64,930	67,090
20 Unfunded Commitments + FV as % of Assets	2.4%	2.7%	3.6%	4.5%	5.3%	5.8%	6.2%	6.3%	6.3%	6.2%
21 Ratio of Unf Com + FV to Target Allocation	0.59x	0.68x	0.91x	1.12x	1.31x	1.45x	1.54x	1.58x	1.58x	1.56x
27 Total Net Cash Flow to Private RA		(360)	(1,702)	(3,103)	(4,065)	(4,364)	(3,915)	(2,767)	(1,161)	568
35 Total Annual Commitments to Private RA		5,000	8,000	8,000	8,000	7,000	6,000	5,000	5,000	5,000
Total Plan Assets assumed to grow at 5.0%										

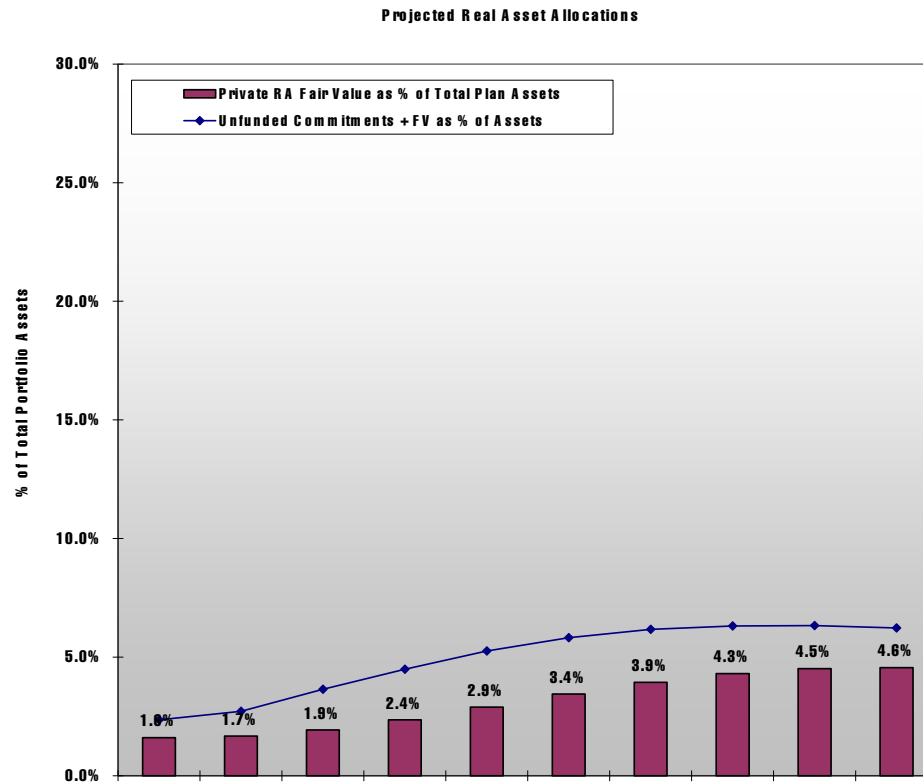
Objective of pacing plan shows annual commitments needed to reach target allocation (4% on an invested basis) and then the annual commitments needed to maintain the target

Pacing plans seeks to maintain time diversification

Use of 2 evergreen funds helped pace, but still behind unexpected growth of OPEB portfolio

Commitments in 2025-2030 are planned to follow ERSRI commitments with 2-4 funds/yr at \$1-2m per fund

Pacing Plan for Real Assets



Target Allocation	Five Year (2029) Expected Allocation	Avg Capital Committed Per Year	Avg Number of Funds Per Year	Avg Commitment Per Fund (\$mm)
5%	4.7%	\$10 mm	2-4	\$2m -\$5m

Sector	Target	Min	Max
MM Direct Lending	60%	50%	100%
Specialty Finance	40%	20%	50%

Pacing Plan for Private Debt

Amounts in \$000s

ERSRI - Capital Budget Model	6/30/2024	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032
1 Forecast Plan Total Assets	710,808	728,361	764,780	803,019	843,169	885,328	929,594	976,074	1,024,878	1,076,122
2 New Commitments		7,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Private Credit Fair Value by Sector:										
10 Private Credit Total	3,555	5,963	12,583	21,333	30,042	37,914	44,147	48,363	50,654	51,269
16 Private Credit Fair Value as % of Total Plan Asset:	0.5%	0.8%	1.6%	2.7%	3.6%	4.3%	4.7%	5.0%	4.9%	4.8%
17 Private Credit Target Asset Allocation	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Unfunded Commitments and Fair Value										
18 Private Equity Unfunded Commitments	8,670	6,255	14,597	15,614	16,021	16,183	16,248	16,274	16,285	16,289
19 Unfunded Commitments + FV	12,224	12,219	27,180	36,947	46,063	54,097	60,395	64,637	66,939	67,558
20 Unfunded Commitments + FV as % of Assets	1.7%	1.7%	3.6%	4.6%	5.5%	6.1%	6.5%	6.6%	6.5%	6.3%
21 Ratio of Unf Com + FV to Target Allocation	0.34x	0.34x	0.71x	0.92x	1.09x	1.22x	1.30x	1.32x	1.31x	1.26x
27 Total Net Cash Flow to Private Credit		(2,266)	(6,143)	(7,743)	(7,002)	(5,488)	(3,200)	(684)	1,578	3,438
35 Total Annual Commitments to Private Credit		7,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total Plan Assets assumed to grow at 5.0%										

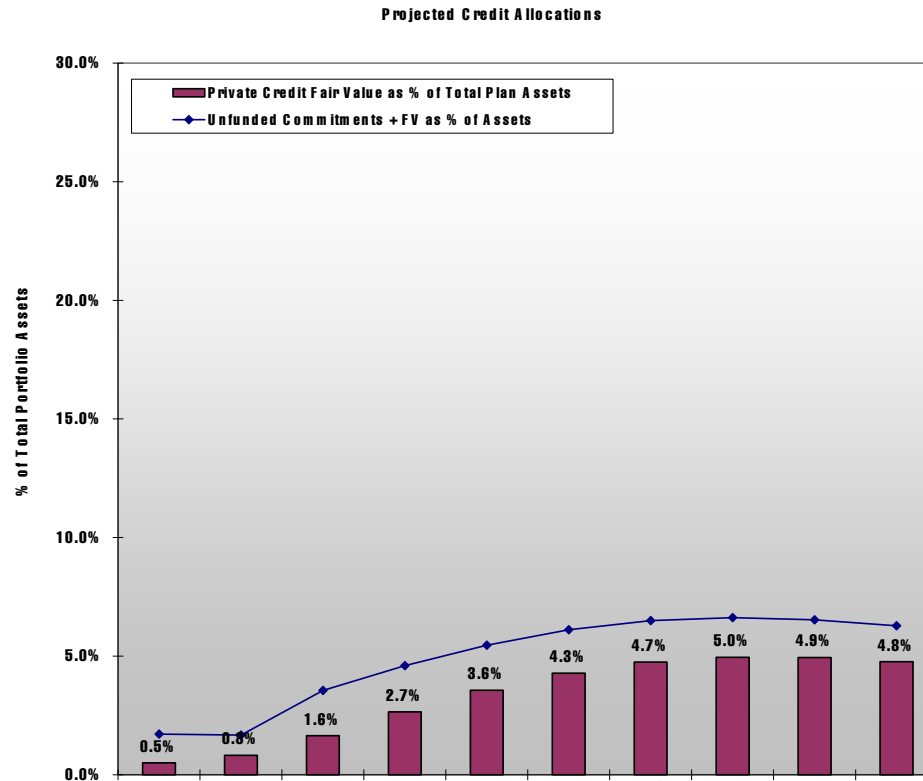
Objective of pacing plan shows annual commitments needed to reach target allocation (5% on an invested basis) and then the annual commitments needed to maintain the target

Pacing plans seeks to maintain time diversification

Plan increased (from \$8 mm to \$10 mm/year) to catch up to OPEB growth

Commitments in 2025-2030 are planned to follow ERSRI commitments with 2-4 funds/yr at \$2m-\$5m per fund

Pacing Plan for Private Debt



Asset Class	Annual Return
Buyout/Growth	8.75%
Venture	11.75%
Credit/Distressed	8.75%
Private Credit	8.00%
Real Assets	7.25%