

January 2025

Rhode Island State Investment Commission

ERSRI Private Equity, Private Credit, and Real Assets Review



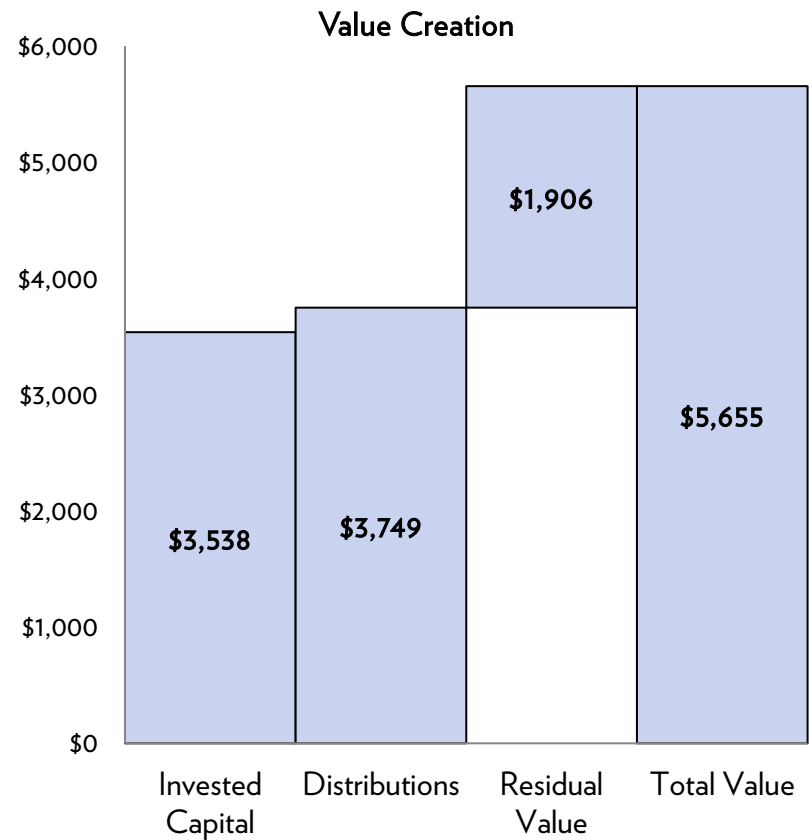
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Private Equity Portfolio

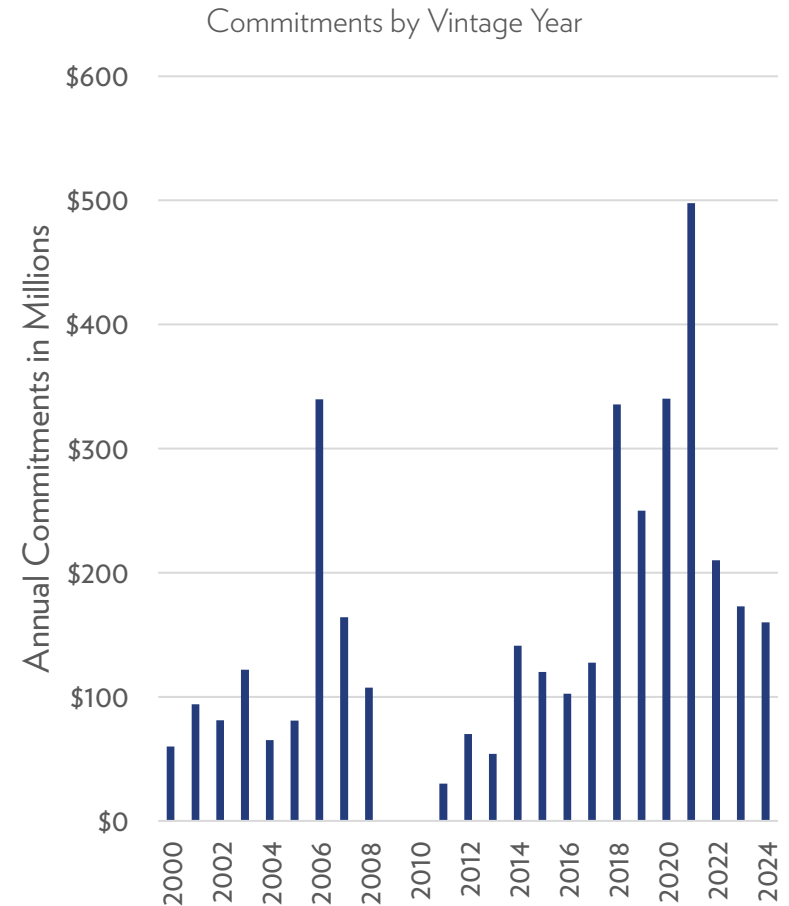
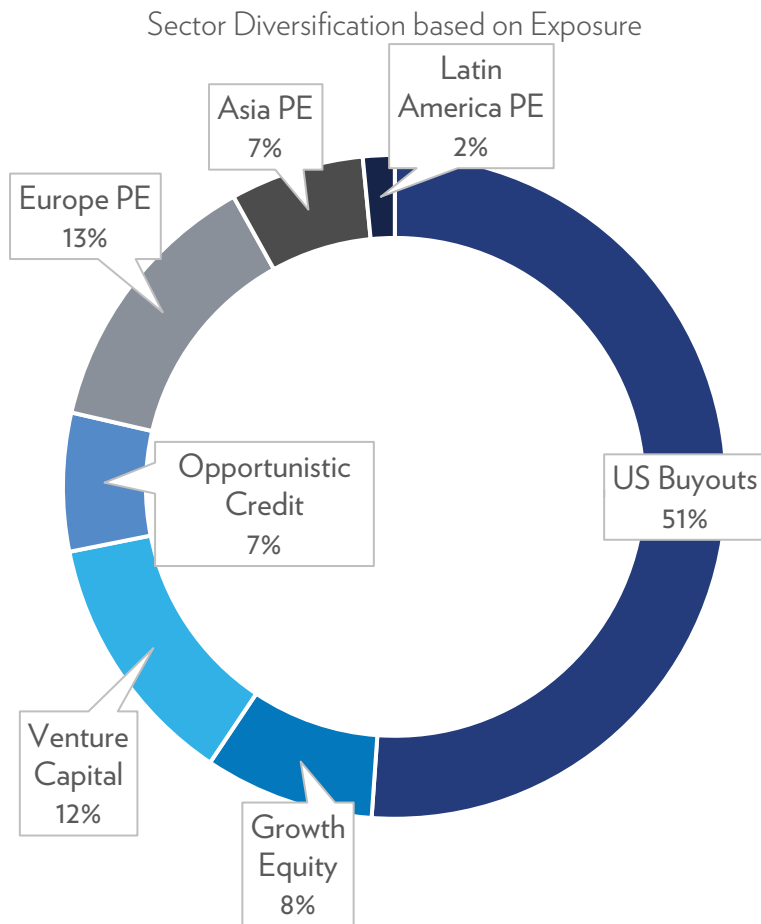
Portfolio Status as of June 30, 2024

Commitments	\$3,956
Invested Capital	\$3,528
% Invested	81%
Distributed Capital	\$3,749
% Distributed	106%
Market Value	\$1,905
TVPI	1.6x
IRR (annualized, since inception - 1982)	14.04%

Amounts in millions



Diversification by Sector and Vintage Year as of June 2024

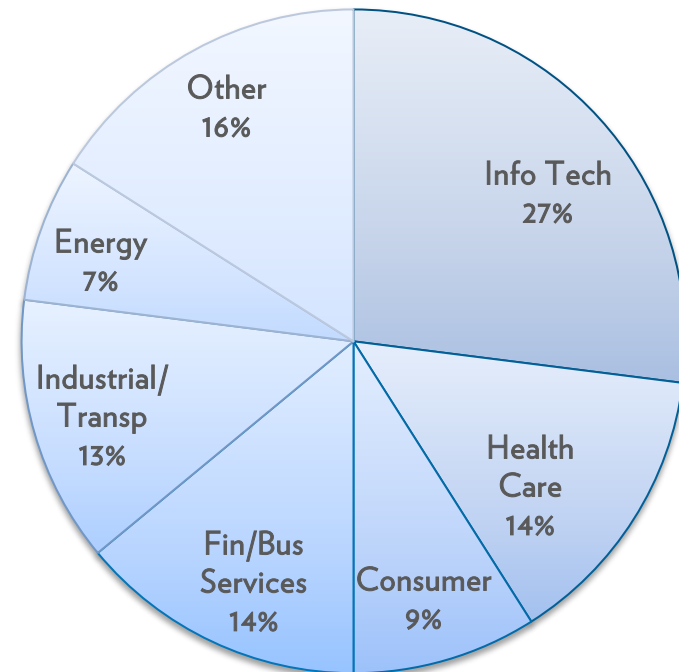


Diversification by Manager and Industry as of June 30, 2024

Top Five Manager by Exposure

General Partner	Strategy	Exposure
Industry Ventures	Venture Capital	7%
Thoma Bravo	Small/MM Buyout	6%
CVC	Global Buyout	5%
Nautic	MM Buyout	5%
Riverside	Small/MM Buyout	5%

Industry Weights by Market Value



Pacing Plan

Policy target of 12.5% within Growth Class

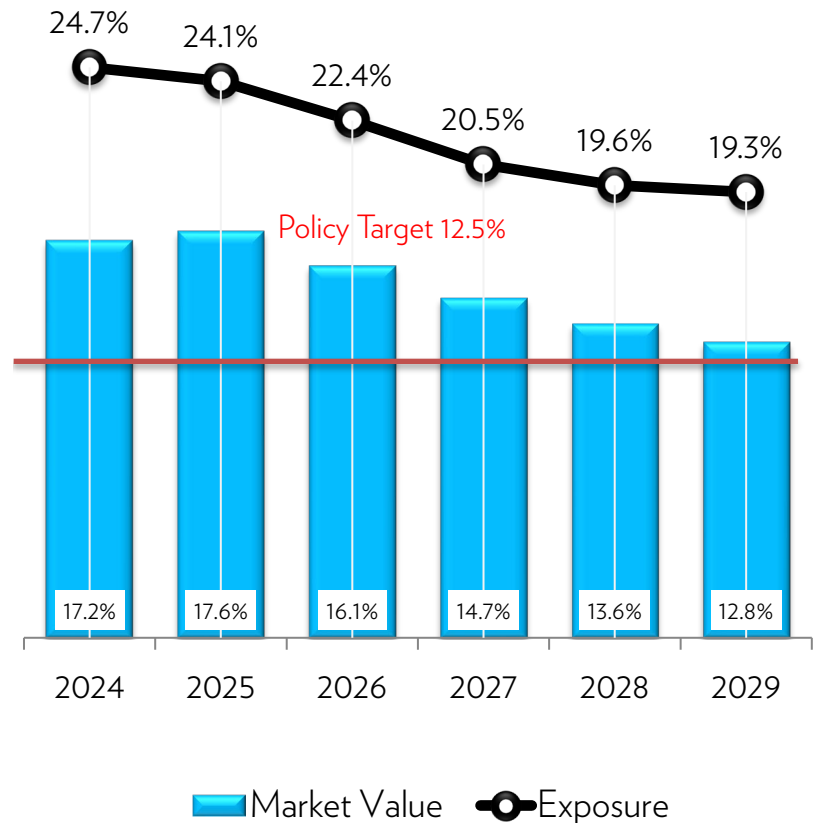
Allocation starts at 17.2% (estimate for end of 2024)

Unfunded commitments = 5% to 8% of total fund

Opportunistic and diversified pacing:

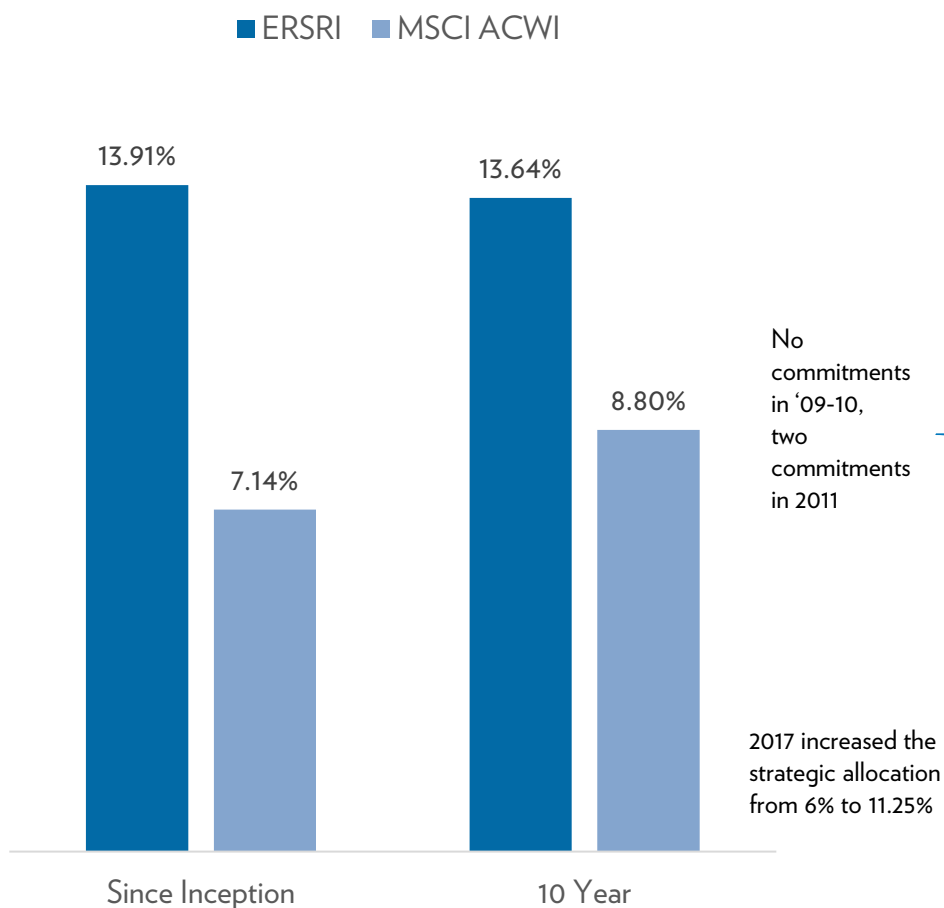
- Vintage year
 - Vintage year commitments averaging \$230mm to \$300mm per year in the near term
- Funds:
 - ~5-10 funds per year/\$20-60mm per fund
- Potential Strategies:
 - US Buyouts
 - Growth Equity
 - International Private Equity
 - Venture Capital
 - Opportunistic Credit

Projected Market Value and Exposure as a % of Total Fund



PRIVATE EQUITY PORTFOLIO

Performance as of June 30, 2024



Vintage Year	ERSRI Portfolio		Cambridge PE& VC
	Committed Capital (\$mm)t	SI IRR (Net)	Universe Median Return
2001	94	31.59%	10.16%
2002	81	17.64%	11.46%
2003	122	14.16%	10.72%
2004	65	10.80%	8.18%
2005	81	7.69%	7.32%
2006	340	5.50%	7.46%
2007	164	9.83%	8.88%
2008	107	9.46%	8.79%
2009	-	N/A	11.97%
2010	-	N/A	11.66%
2011	30	3.64%	11.92%
2012	70	12.77%	11.67%
2013	54	11.80%	12.56%
2014	141	22.97%	14.07%
2015	120	14.06%	13.96%
2016	103	21.45%	14.18%
2017	127	19.65%	16.75%
2018	336	19.01%	14.08%
2019	250	19.42%	13.05%
2020	340	12.98%	8.68%
2021	498	15.70%	2.12%
2022	210	8.56%	-0.17%

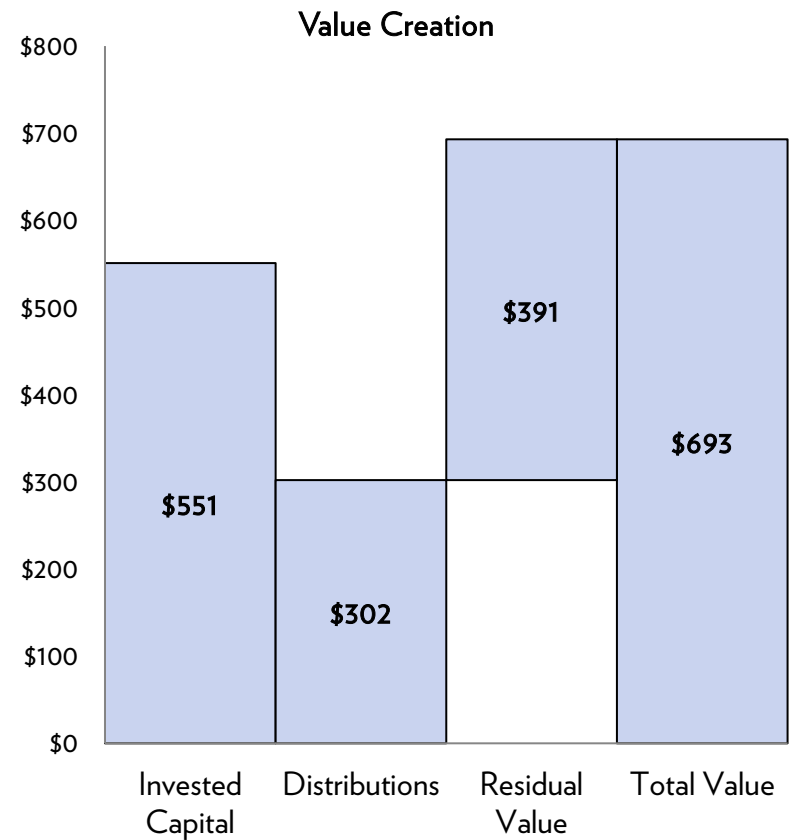
All returns are IRRs that are annualized and net of fees. Returns for the MSCI ACWI are based on PME + , a calculation that assumes the contributions to the private equity portfolio are invested in the MSCI ACWI.

Private Credit Portfolio

Portfolio Status as of June 30, 2024

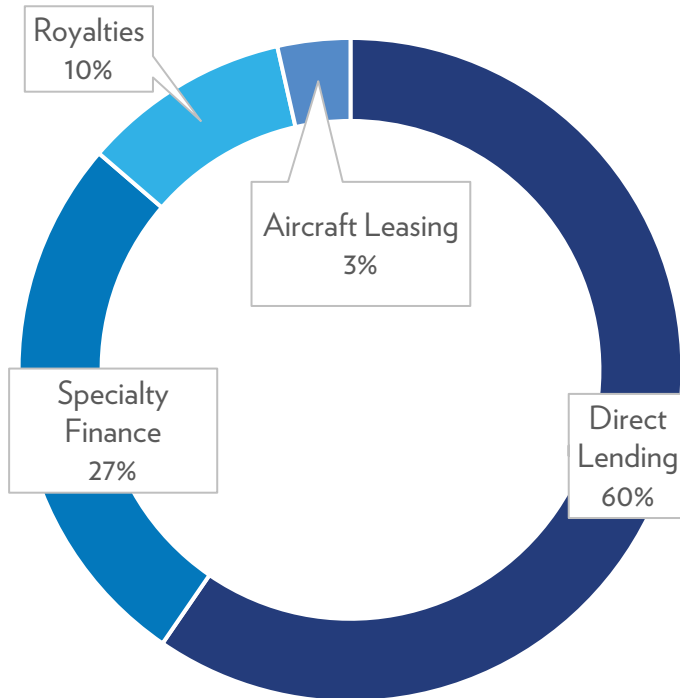
Commitments	\$620
Invested Capital	\$551
% Invested	89%
Distributed Capital	\$302
% Distributed	55%
Market Value	\$391
TVPI	1.26x
IRR (annualized, since inception - 2011)	7.90%

Amounts in millions

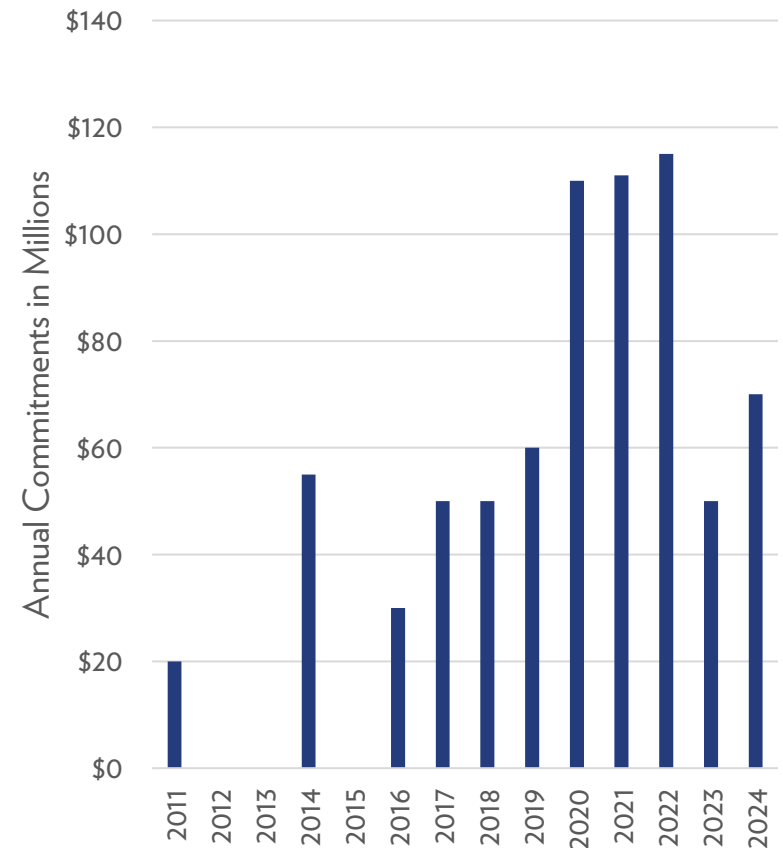


Diversification by Sector and Vintage Year as of June 30, 2024

Sector Diversification based on Exposure



Commitments by Vintage Year



Pacing Plan

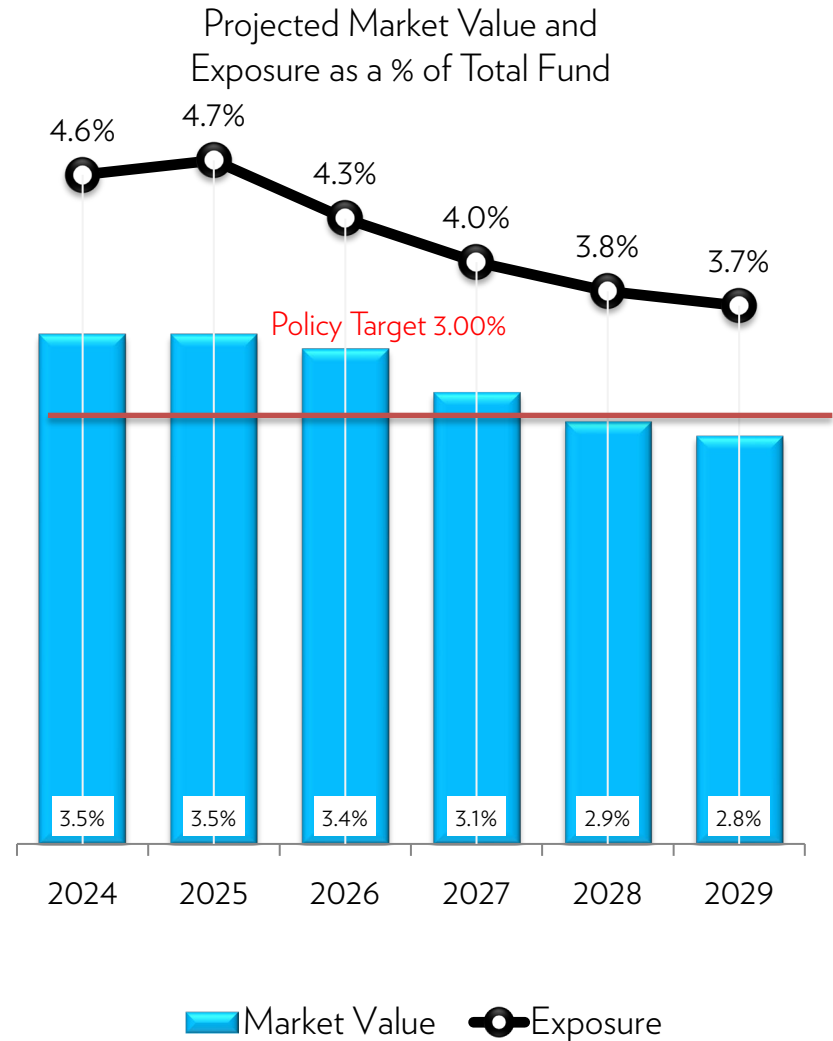
Policy target of 3.00% within Income Class

Allocation starts at 3.5% (estimate for end of 2024)

Unfunded commitments = 1% to 2% of total fund

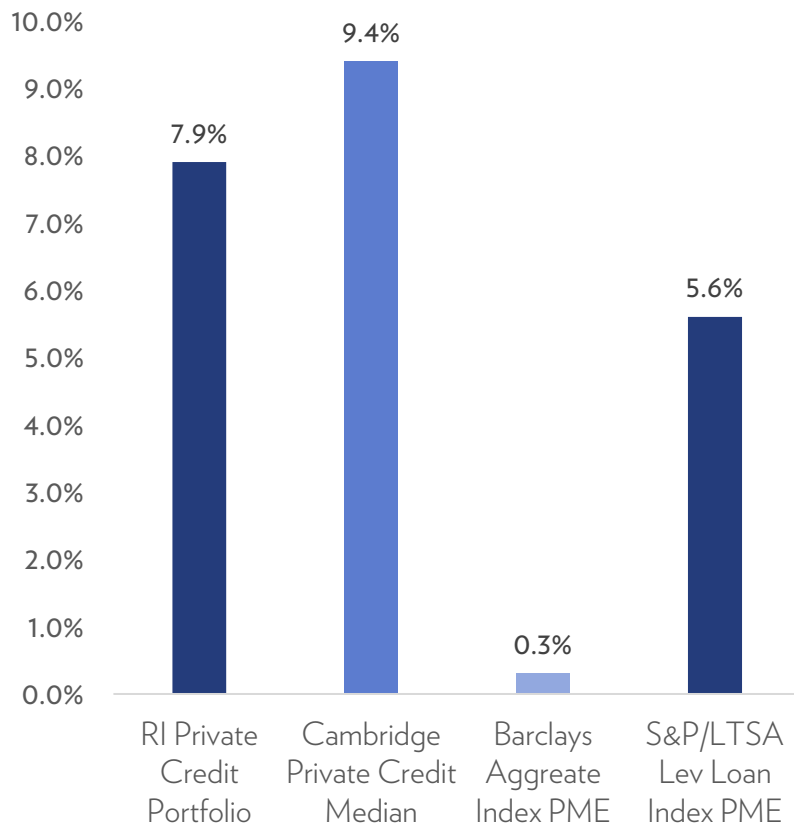
Opportunistic and diversified pacing:

- Vintage year
 - Maintain level vintage year commitments averaging \$65mm per year
- Funds:
 - ~2-4 funds per year/\$25-50mm per fund
- Potential Strategies:
 - Direct Lending
 - Specialty Finance
 - Royalties
 - Litigation Finance

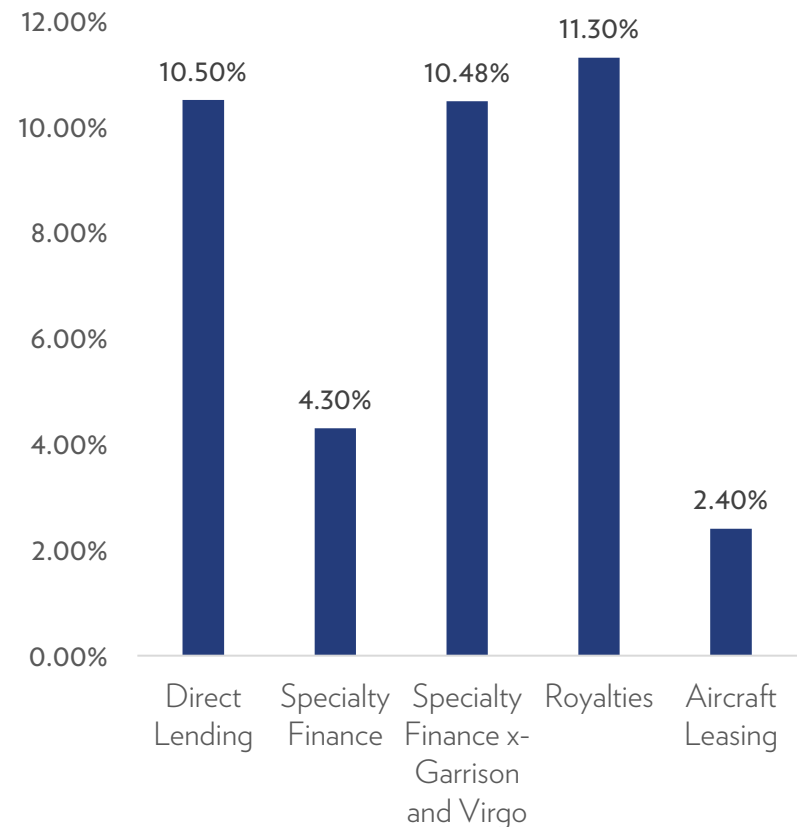


Performance as of June 30, 2024

Portfolio v Benchmarks



Sector Performance



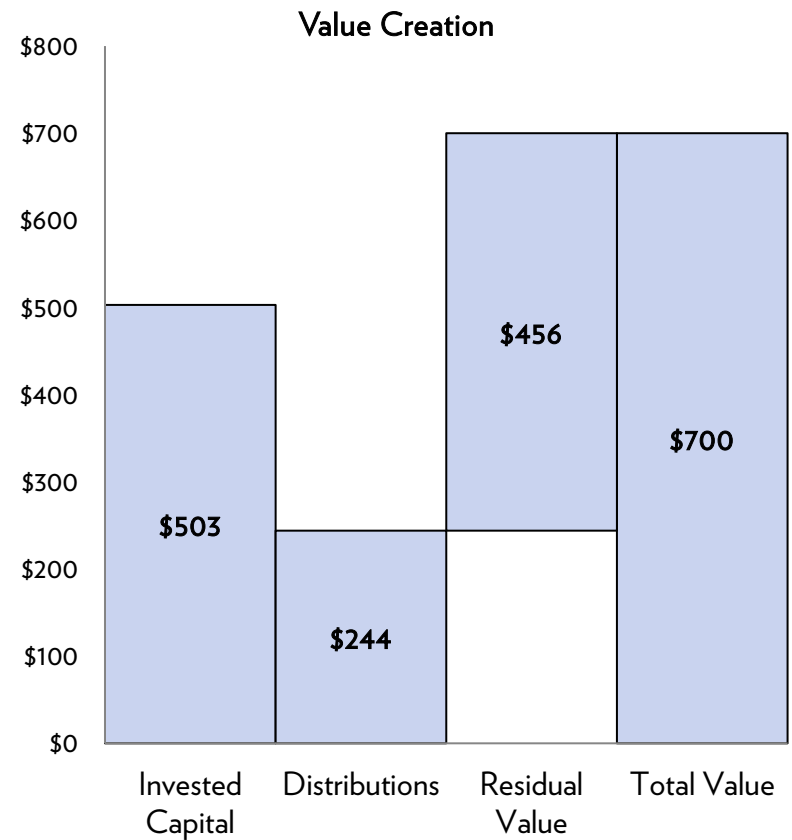
All returns are since inception IRRs net of fees.. Returns for the S&P Leveraged Loan Index are based on PME + , a calculation that assumes the contributions to the private equity portfolio are invested in the S&P/LSTA Index.

Private Real Assets Portfolio

Portfolio Status as of June 30, 2024

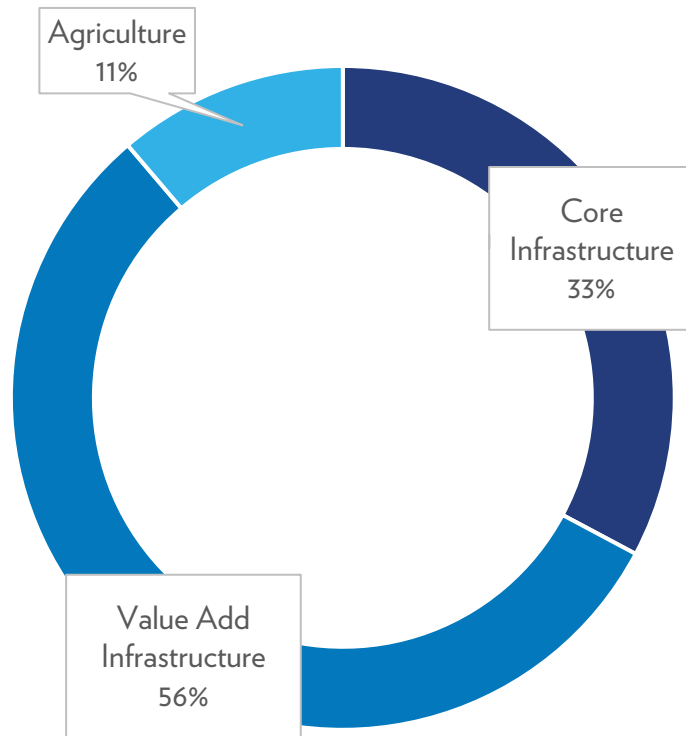
Commitments	\$603
Invested Capital	\$503
% Invested	70%
Distributed Capital	\$244
% Distributed	49%
Market Value	\$456
TVPI	1.39x
IRR (annualized, since inception - 2013)	11.07%

Amounts in millions

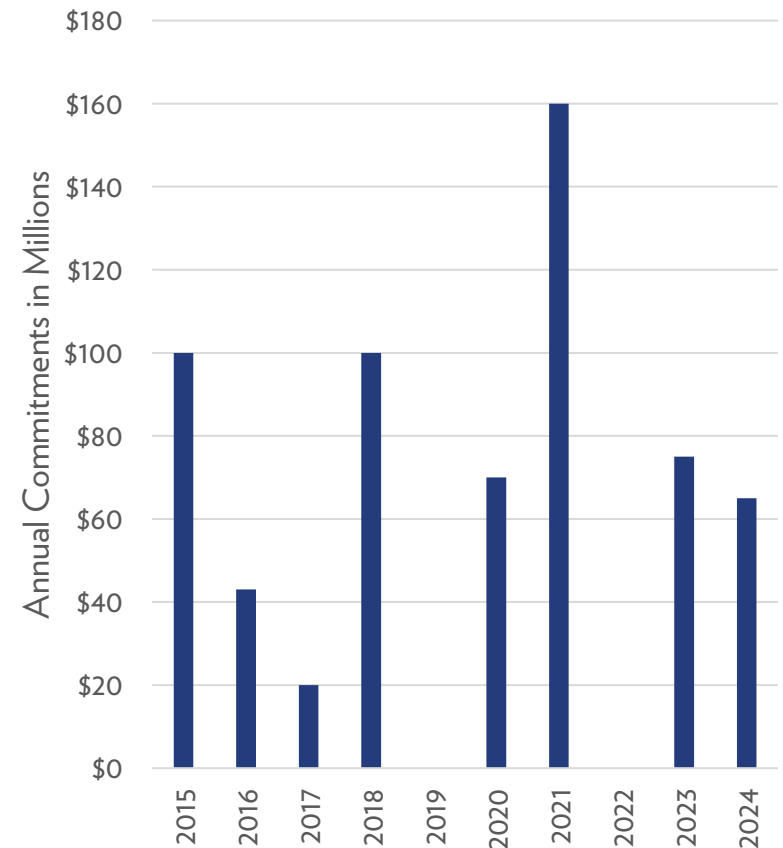


Diversification by Sector and Vintage Year as of June 30, 2024

Sector Diversification based on Exposure



Commitments by Vintage Year



Pacing Plan

Policy target of 4.00% within Stability Class

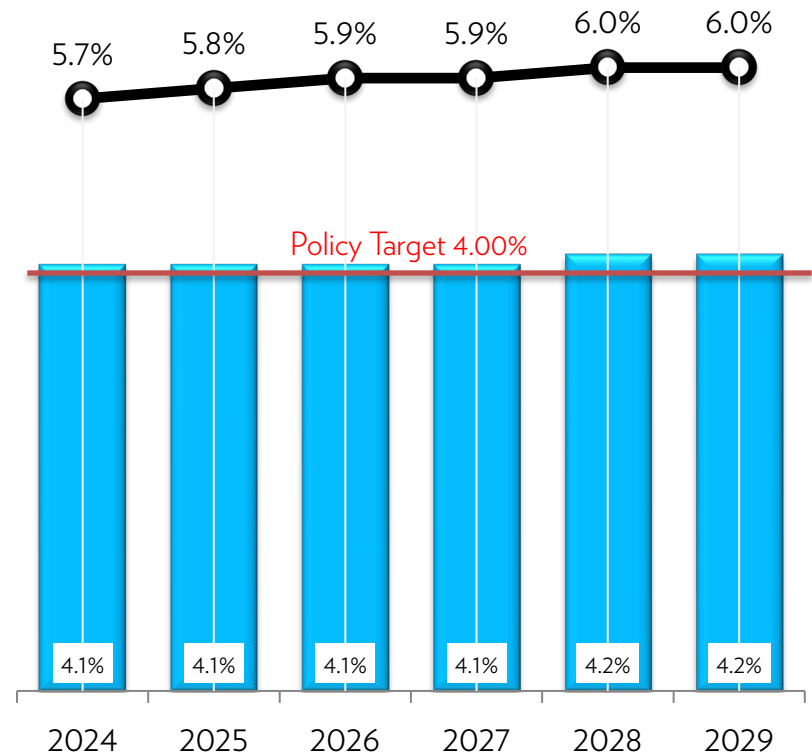
Allocation starts at 4,1% (estimate for end of 2024)

Unfunded commitments = 1% to 3% of total fund

Opportunistic and diversified pacing:

- Vintage year
 - Maintain level vintage year commitments averaging \$75mm per year
- Funds:
 - ~1-2 funds per year/\$25-75mm per fund
- Potential Strategies:
 - Core Infrastructure
 - Value Add Infrastructure
 - Agriculture/Timber
 - Renewables
 - Minerals/Water

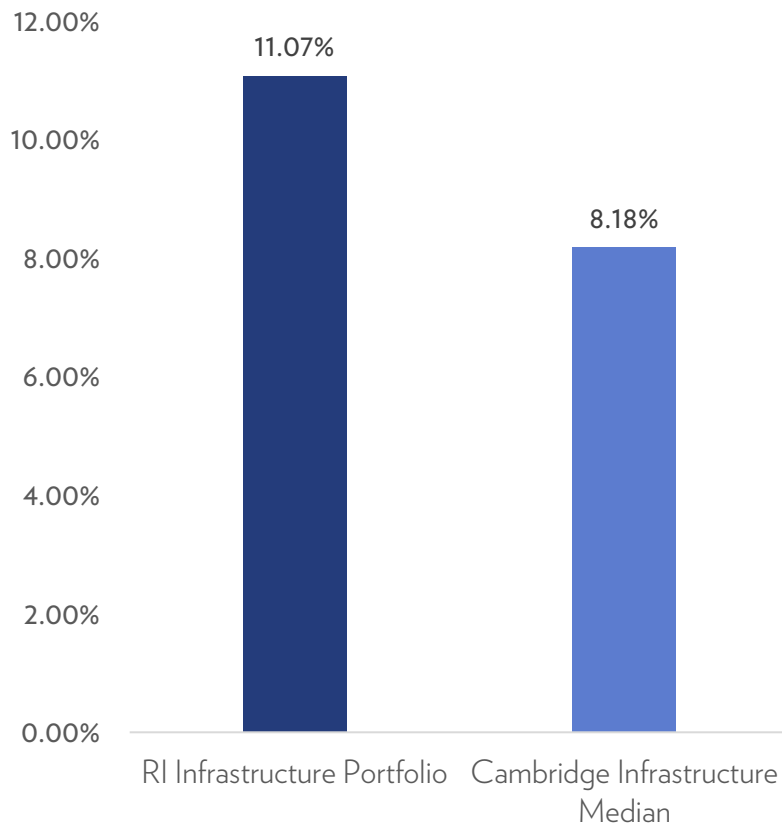
Projected Market Value and Exposure as a % of Total Fund



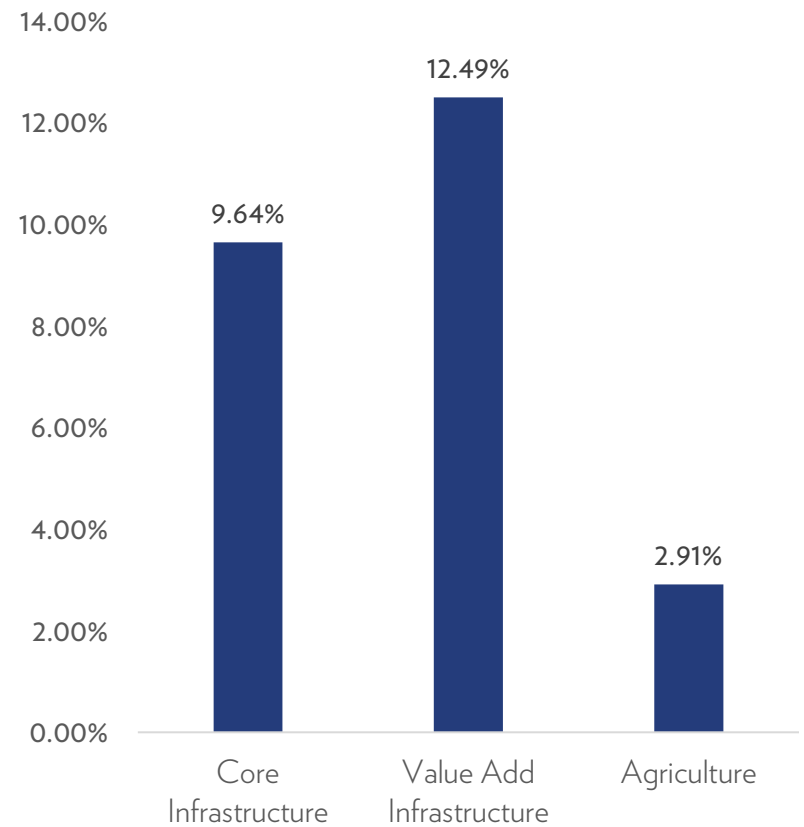
Market Value Exposure

Performance as of June 30, 2024

Portfolio v Benchmarks



Sector Performance



Appendix - Pacing Plan Summary

Recommended Pacing Plan

Commitments (\$millions)

	Private Equity	Private Real Assets	Private Credit
2025	230	75	65
2026	280	75	65
2027	320	75	75
2028	380	85	75
2029	440	85	85
2030	440	85	85

Recommended Changes from Prior Pacing Plan

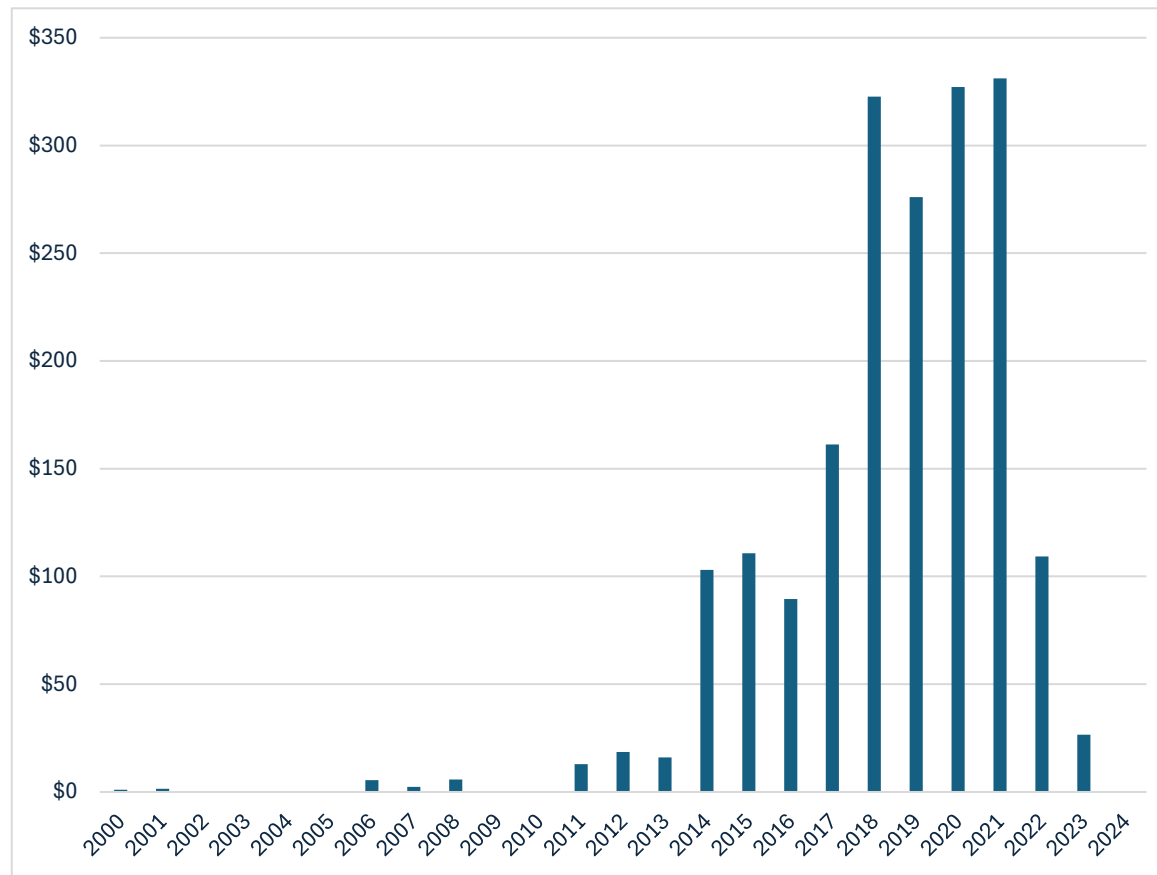
Comparison to Prior (December 2023) Pacing Plan

Commitments (\$millions)

	Private Equity (Rec.)	Private Equity (Prior)	Private Real Assets (Rec.)	Private Real Assets (Prior)	Private Credit (Rec.)	Private Credit (Prior)
2025	230	280	75	75	65	75
2026	280	320	75	85	65	75
2027	320	360	75	85	75	75
2028	380	400	85	95	75	75
2029	440	440	85	95	85	75
2030	440		85		85	

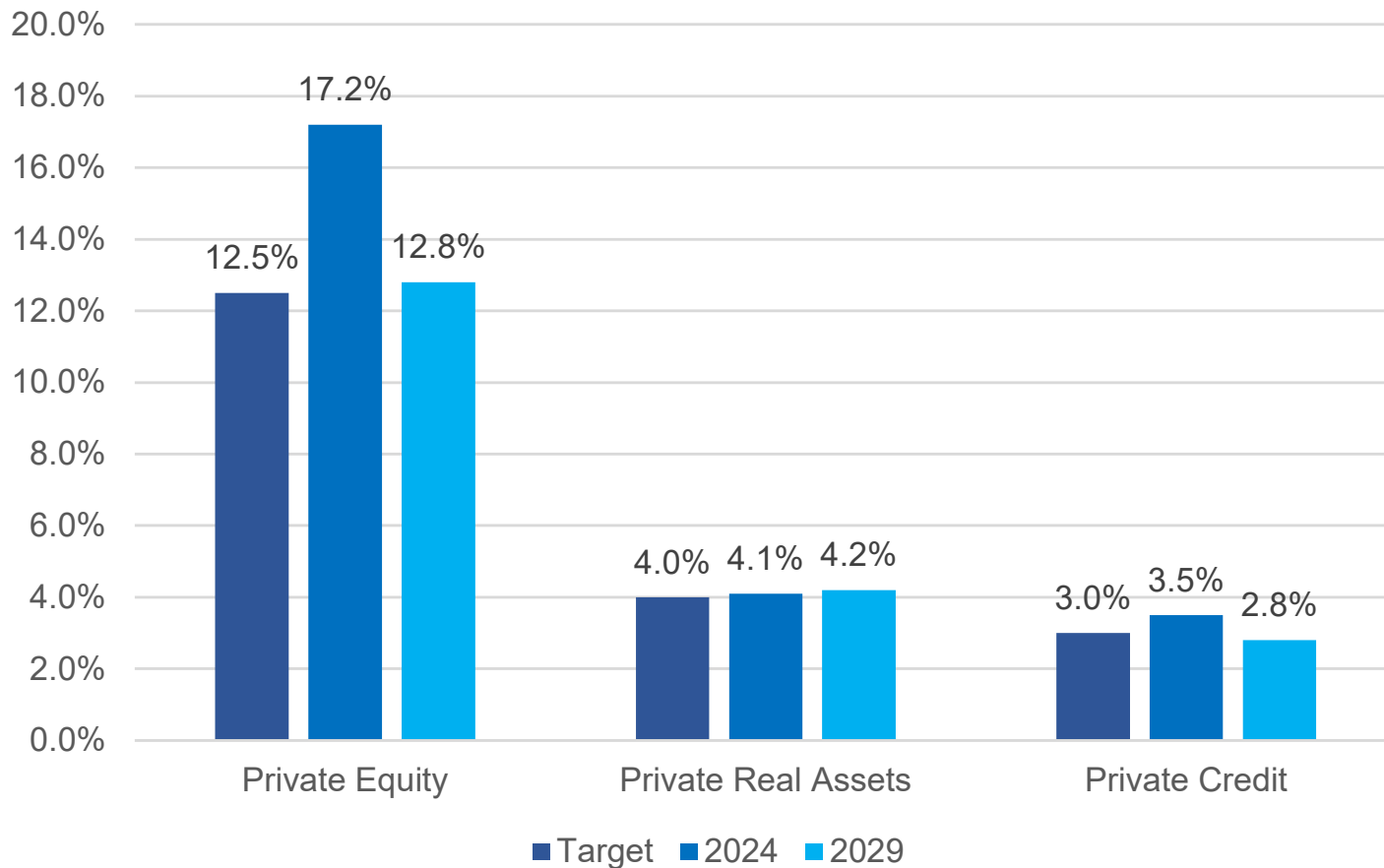
Slower Distributions Create 'Pent-up' Demand

Fair Value of Private Equity Portfolio by Vintage Year (\$million)



Pacing Plan Projections

Target, Model Starting Point, and Five-Year Forecast



Pacing Plan Projections

Forecasted Cash Flows

Pacing Plan and Forecast: June 2024 (amounts in \$000)					
	2025	2026	2027	2028	2029
Commitments					
Private Equity	230,000	280,000	320,000	380,000	440,000
Private Credit	65,000	65,000	75,000	75,000	85,000
Private Real Assets	75,000	75,000	85,000	85,000	95,000
Contributions					
Private Equity	(274,772)	(284,273)	(339,233)	(327,686)	(346,661)
Private Credit	(100,425)	(86,831)	(75,232)	(73,818)	(76,027)
Private Real Assets	(53,014)	(52,709)	(58,041)	(65,179)	(71,773)
Distributions					
Private Equity	332,742	575,569	630,171	580,861	545,021
Private Credit	116,346	116,011	128,297	121,485	103,285
Private Real Assets	54,569	65,306	74,325	81,524	87,237
Net Cash Flow					
Private Equity	57,969	291,296	290,937	253,175	198,361
Private Credit	15,921	29,180	53,064	47,667	27,258
Private Real Assets	1,555	12,597	16,283	16,345	15,464

Pacing Plan Projections

Comparison of Prior Pacing Plans

Comparison of Historical Pacing Plans (amounts in \$000,000)

Private Equity

	Date of PM	Total Fund	Commitments		Distributions	Contributions	Net Flows	Exposure	
	Data	Market Value	2024	2024-28	2024-28	2024-28	2024-28	2024	2028
December 2022 Pacing Plan	9/30/2022	9,860	200	1,400	2,388	(1,384)	1,004	16.3%	12.3%
March 2023 Pacing Plan	12/31/2022	10,267	200	1,400	2,466	(1,402)	1,064	16.5%	12.4%
June 2023 Pacing Plan	3/31/2023	10,577	200	1,425	2,507	(1,515)	992	16.3%	12.6%
Feb 2024 Pacing Plan	12/31/2023	10,868	240	1,600	2,582	(1,625)	957	15.9%	12.2%
Jan 2025 Pacing Plan ¹	6/30/2024	11,369	240	1,450	2,289	(1,415)	873	17.2%	13.6%

Private Credit

	Date of PM	Total Fund	Commitments		Distributions	Contributions	Net Flows	Exposure	
	Data	Market Value	2024	2024-28	2024-28	2024-28	2024-28	2024	2028
December 2022 Pacing Plan	9/30/2022	9,860	100	500	693	(522)	171	3.4%	2.8%
March 2023 Pacing Plan	12/31/2022	10,267	100	500	727	(523)	204	3.6%	3.0%
June 2023 Pacing Plan	3/31/2023	10,577	75	375	597	(402)	195	3.8%	3.4%
Feb 2024 Pacing Plan	12/31/2023	10,868	75	375	616	(444)	172	3.9%	3.3%
Jan 2025 Pacing Plan ¹	6/30/2024	11,369	70	350	599	(403)	196	3.5%	2.9%

Private Real Assets

	Date of PM	Total Fund	Commitments		Distributions	Contributions	Net Flows	Exposure	
	Data	Market Value	2024	2024-28	2024-28	2024-28	2024-28	2024	2028
December 2022 Pacing Plan	9/30/2022	9,860	50	250	372	(321)	51	4.3%	4.2%
March 2023 Pacing Plan	12/31/2022	10,267	50	250	367	(298)	69	4.4%	4.5%
June 2023 Pacing Plan	3/31/2023	10,577	50	280	353	(262)	91	4.0%	4.0%
Feb 2024 Pacing Plan	12/31/2023	10,868	75	415	363	(301)	62	3.8%	3.8%
Jan 2025 Pacing Plan ¹	6/30/2024	11,369	65	375	350	(294)	56	4.1%	4.2%

¹Jan 2025 Pacing Plan Contribution, Distribution, and Net Flows figures for 2024 include half year actual plus half year forecast

Proposed Private Equity Pacing Plan

Pacing Plan

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	11,369,133	11,594,286	12,058,058	12,540,380	13,041,995	13,563,675	14,106,222	14,670,471	15,257,290	15,867,581
2	New Commitments		240,000	230,000	280,000	320,000	380,000	440,000	440,000	480,000	480,000
Private Equity Fair Value by Sector:											
Private Equity Fair Value by Sector:		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
3	Buyout	1,599,766	1,667,287	1,741,912	1,822,057	1,498,299	1,410,693	1,381,245	1,419,209	1,512,479	1,642,760
4	Venture Capital	234,765	254,491	287,656	300,571	315,419	328,133	339,829	350,234	358,306	364,434
5	Distressed Debt	71,102	72,982	77,406	66,927	55,021	46,706	35,667	21,116	7,765	1,291
10	Private Equity Total	1,905,634	1,996,826	2,121,214	2,024,082	1,918,841	1,841,706	1,811,849	1,839,414	1,917,947	2,037,268
Strategy Diversification:											
Strategy Diversification:		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
11	Buyout	83.9%	83.5%	82.1%	80.1%	78.1%	76.6%	76.2%	77.2%	78.9%	80.6%
12	Venture Capital	12.3%	12.7%	13.6%	14.8%	16.4%	17.8%	18.8%	19.0%	18.7%	17.9%
13	Distressed Debt	3.7%	3.7%	3.6%	3.3%	2.9%	2.5%	2.0%	1.1%	0.4%	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 Assets	16.8%	17.2%	17.6%	16.1%	14.7%	13.6%	12.8%	12.5%	12.6%	12.8%
17	Private Equity Target Asset Allocation	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Unfunded Commitments and Fair Value											
Unfunded Commitments and Fair Value		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
18	Private Equity Unfunded Commitments	652,611	869,449	784,677	780,404	761,171	813,484	906,824	966,708	1,036,711	1,080,782
19	Unfunded Commitments + FV	2,558,244	2,866,275	2,905,890	2,804,486	2,680,011	2,655,190	2,718,673	2,806,121	2,954,658	3,118,051
20	Unfunded Commitments + FV as % of Assets	22.5%	24.7%	24.1%	22.4%	20.5%	19.6%	19.3%	19.1%	19.4%	19.7%
21	Ratio of Unf Com + FV to Target Allocation	1.80x	1.98x	1.93x	1.79x	1.64x	1.57x	1.54x	1.53x	1.55x	1.57x
Net Cash Flow Requirements											
Net Cash Flow Requirements			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
27	Total Net Cash Flow to Private Equity		(3,956)	57,969	291,296	290,937	253,175	198,361	137,313	87,609	52,519
Annual Commitments by Strategy											
Annual Commitments by Strategy			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
28	Existing Commitments		240,000	40,000	0	0	0	0	0	0	0
29	Buyout		0	150,000	235,000	270,000	320,000	375,000	375,000	410,000	410,000
30	Venture Capital		0	40,000	45,000	50,000	60,000	65,000	65,000	70,000	70,000
35	Total Annual Commitments to Private Equity		240,000	230,000	280,000	320,000	380,000	440,000	440,000	480,000	480,000

Total Plan Assets assumed to grow at 4.0%

Proposed Private Credit Pacing Plan

Pacing Plan

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	11,369,133	11,594,286	12,058,058	12,540,380	13,041,995	13,563,675	14,106,222	14,670,471	15,257,290	15,867,581
2	New Commitments		70,000	65,000	65,000	75,000	75,000	85,000	85,000	85,000	85,000
Private Credit Fair Value by Sector:											
10	Private Credit Total	380,507	403,044	419,366	423,735	404,569	389,268	393,151	408,927	426,994	440,808
16	Private Credit Fair Value as % of Total Plan Assets	3.3%	3.5%	3.5%	3.4%	3.1%	2.9%	2.8%	2.8%	2.8%	2.8%
17	Private Credit Target Asset Allocation	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Unfunded Commitments and Fair Value		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
18	Private Credit Unfunded Commitments	179,928	127,705	142,281	120,450	120,217	121,399	130,372	135,236	137,182	137,960
19	Unfunded Commitments + FV	560,435	530,749	561,647	544,185	524,787	510,667	523,523	544,164	564,176	578,768
20	Unfunded Commitments + FV as % of Assets	4.9%	4.6%	4.7%	4.3%	4.0%	3.8%	3.7%	3.7%	3.7%	3.6%
21	Ratio of Unf Com + FV to Target Allocation	1.64x	1.53x	1.55x	1.45x	1.34x	1.25x	1.24x	1.24x	1.23x	1.22x
27	Total Net Cash Flow to Private Credit		(7,242)	15,921	29,180	53,064	47,667	27,258	15,676	14,648	20,345
35	Total Annual Commitments to Private Credit		70,000	65,000	65,000	75,000	75,000	85,000	85,000	85,000	85,000
Total Plan Assets assumed to grow at 4.0%											

Proposed Private Real Asset Pacing Plan

Pacing Plan

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
Forecast Plan Total Assets	11,369,133	11,594,286	12,058,058	12,540,380	13,041,995	13,563,675	14,106,222	14,670,471	15,257,290	15,867,581
New Commitments		65,000	75,000	75,000	75,000	85,000	85,000	85,000	85,000	85,000
Private RA Total	456,211	471,145	494,566	517,399	540,022	563,614	589,397	616,695	643,604	668,317
Private RA Fair Value as % of Total Plan Assets	4.0%	4.1%	4.1%	4.1%	4.1%	4.2%	4.2%	4.2%	4.2%	4.2%
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	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
Private RA Unfunded Commitments	180,484	194,205	210,627	222,017	229,980	244,821	255,897	263,649	269,077	272,875
Unfunded Commitments + FV	636,695	665,349	705,193	739,416	770,012	808,435	845,294	880,345	912,680	941,192
Unfunded Commitments + FV as % of Assets	5.6%	5.7%	5.8%	5.9%	5.9%	6.0%	6.0%	6.0%	6.0%	5.9%
Ratio of Unf Com + FV to Target Allocation	1.40x	1.43x	1.46x	1.47x	1.48x	1.49x	1.50x	1.50x	1.50x	1.48x
Total Net Cash Flow to Private RA		1,682	10,737	13,023	14,888	15,560	15,078	15,433	17,802	21,948
Total Annual Commitments to Private RA		65,000	75,000	75,000	75,000	85,000	85,000	85,000	85,000	85,000
Total Plan Assets assumed to grow at 4.0%										

Scenarios

Scenario	Description	Peak PE Allocation	2027 Allocation	2029 Allocation
Base Case	Current Assumptions	17.6%	14.7%	12.8%
No Commitments	No New Commitments	17.5%	12.9%	7.4%
Scenario 1	Distributions are at 50% of base case levels in 2024 and 2025	19.5%	15.4%	12.9%
Scenario 2	Total Fund declines 10% in 2025 and recovers in 2027	20.3%	14.7%	12.8%
Scenario 3	Scenario 1 + Scenario 2	22.5%	15.4%	13.1%
Scenario 4	Private equity returns are 2% lower PA over the forecasted period	17.2%	14.1%	12.2%
Scenario 5	Total Fund grows at 2% PA rather than 4% PA	18.1%	15.7%	14.3%

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