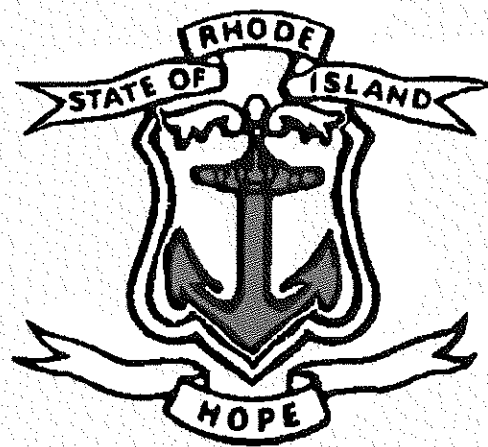
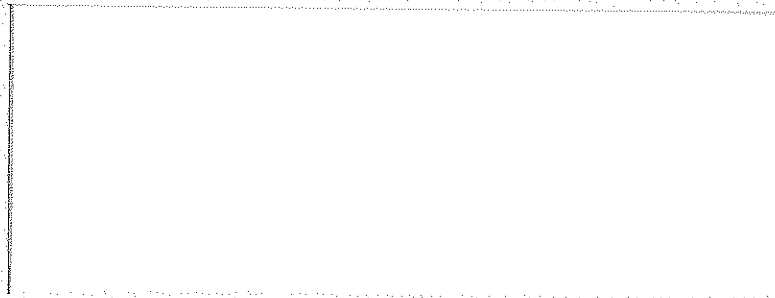


# State of Rhode Island and Providence Plantations



Office of the General Treasurer  
Nancy J. Mayer  
General Treasurer

**STATE OF RHODE ISLAND  
INVESTMENT COMMISSION MEETING  
OCTOBER 28, 1997**

**STEPHEN F. IAFRATE**

**MEMBERS OF THE STATE INVESTMENT COMMISSION**

**Hon. Nancy J. Mayer, Chair**

**Rosemary Booth Gallogly  
Rep. Mark B. Heffner  
Mr. James M. Seed**

**Mr. Kenneth R. Dulgarian  
Mr. Karl F. Ericson  
Sen. Paul J. Tavares**



State of Rhode Island and Providence Plantations

Office of the General Treasurer  
102 State House  
Providence, Rhode Island 02903

Telephone  
(401) 277-2397

Fax  
(401) 277-6140

Nancy J. Mayer  
General Treasurer

treasury@treasury.state.ri.us

RHODE ISLAND STATE INVESTMENT COMMISSION  
MEETING NOTICE

The next meeting of the Rhode Island State Investment Commission has been scheduled for Tuesday, October 28, 1997 at 9:00 a.m. in Room 135 of the State House.

AGENDA  
STATE INVESTMENT COMMISSION

1. ✓ Approval of Minutes
  - Regular Meeting held on September 23, 1997
2. Pacific Corporate Group - Alternative Investments Consultant
  - ✓ Proposed Alternative Investment - OCM Opportunities Fund II, L.P.
  - ✓ Proposed Alternative Investment - Wellspring Capital Partners II, L.P.
  - ✓ Proposed Alternative Investment - Harvest Partners III, L.P.
3. ✓ Emerging Markets Review
  - Schroder Capital Management International
4. \* General Consultant's Report - Wilshire Associates Incorporated
  - Capital Market Update
5. Treasurer's Report
6. Deputy General Treasurer for Finance Report
7. Legal Counsel Report
8. New Business

**State of Rhode Island and Providence Plantations  
STATE INVESTMENT COMMISSION**

**Minutes of the Regular Meeting  
September 23, 1997**

The following members were present at the meeting held in Room 135, State House, Providence: Mr. Karl F. Ericson, General Treasurer Nancy J. Mayer, Chair, Mr. Stephen McAllister, Designee of the Director of Administration and Senator Paul J. Tavares. Also present were Ms. Barbara Braun Schoenfeld, Legal Counsel to the Commission, Mr. William G. Bensusan, Jr., of Wilshire Associates Incorporated, Consultant to the Commission, Mr. James E. Thorsen, Deputy Treasurer for Finance and other members of the Treasurer's Staff. Mr. Kenneth R. Dulgarian and Representative Mark B. Heffner were absent. Mr. James M. Seed arrived at 9:10 a.m.

There being a quorum present, Treasurer Mayer called the meeting to order at 9:05 a.m.

Minutes. Mr. Ericson moved, Senator Tavares seconded and the following motion passed unanimously. The following members voted in favor: Mr. Ericson, Treasurer Mayer, Mr. McAllister and Senator Tavares.

**VOTED: To Approve the Minutes of the July 22, 1997 Regular Meeting.**

Doughty Hanson & Co. Fund III, L.P. The Treasurer introduced Mr. David Graus of Pacific Corporate Group, the Commission's Alternative Investment Consultant. Mr. Graus gave an overview of Doughty Hanson & Co. Fund III, L.P. for the Commission to consider as a proposed alternative investment. The Fund is being established to invest in equity and equity-related instruments in market-leading businesses located in Europe, or whose operations are primarily based in the European economies, with a particular emphasis on German-Speaking Europe and the Nordic countries.

NOTE: Mr. Seed arrived at 9:10 a.m. and Mr. McAllister left the meeting at 9:20 a.m.

Mr. Graus introduced Mr. Bruce Roe, Principal, who has been with Doughty Hanson since its inception. Mr. Roe stated that the principals have worked together since 1985 and comprise the longest established team operating in the European Private Equity Market. They have made 30 investments since 1987. The Fund size was initially targeted at \$1.75 billion and will be capped at \$2.5 billion, which is approximately 3.5 times the size of the previous fund. The Fund is significantly oversubscribed and will be the largest buyout fund ever raised in Europe, twice that of the largest fund raised to date.

Mr. Roe explained why European private equity returns offer out-performance. There are fewer funds and less capital than in the UK and US. There are no large funds in Europe. The target markets for the Fund include some of the most mature and stable economies in Europe. With developing bond and public equity markets, increased levels of corporate restructuring and renewed focus on shareholder value, large investment opportunities are continuously being generated, making the European market an attractive region in which to invest. The three previous funds had an overall investment record of 42% IRR.

When asked by Commission members about the competition for attractive investment opportunities, Mr. Roe responded that Doughty Hanson looks for larger deals than any other firm. He cited spinoffs from Daimler-Benz and Siemens as examples.

Mr. Ericson moved, Mr. Seed seconded and the following motion passed unanimously. The following members voted in favor: Mr. Ericson, Treasurer Mayer, Mr. Seed and Senator Tavares.

**VOTED: To invest \$15 million in Doughty Hanson & Co. Fund III, L.P., as recommended by Pacific Corporate Group contingent upon satisfactory review and negotiation of investment and other legal documents.**

Consultant's Report - Wilshire Associates Incorporated. Providing his Capital Market Update, Mr. Bensus reported that the market has been very volatile with low inflation and steady economic growth. In August, the stock market gave back some of its July gains as the DJIA fell 7.3%, the S&P 500 Index fell 5.5% and the Wilshire 5000 Index fell 3.8%. Recent data reinforces the view that the Federal Reserve will not raise interest rates at its September 30th meeting.

Mr. Bensus explained that large stocks lead small stocks on a year to date basis. The S&P Index has generated a 29.6% return year-to-date and the Wilshire 4500 Index has generated a 27.1% return through mid-September. Large growth stocks have outperformed their value counterparts, generating 30.6% vs. 26.5% through mid-September. In addition, small value stocks have outperformed small growth stocks, 26.9% vs. 19.1%.

The UK/Europe region has offered the best regional return year to date. The Pacific Rim and Emerging Markets have offered poor returns year to date due to the currency crisis in Thailand, the Philippines and Malaysia and the continuing weakness in the Japanese economy and stock market. The bond market, as measured by the Lehman Aggregate Bond Index has returned 6.3%.

Domestic Equity Structure Recommendations. Mr. Bensus explained that domestic equity represents the largest strategic asset class allocation and the most efficient used by institutional investors. The average large fund has 54% allocated to domestic equity while the RIERS has targeted 45%. Because it is the largest strategic asset class, it represents the most important source of asset growth and must be expected to generate results that are at least consistent with what the markets are

offering. Wilshire recommends taking a highly structured approach to building a domestic equity investment structure. In less efficient segments, active management products should be used to capture opportunity.

After reviewing the fund's current exposures and proposed exposures, Mr. Bensur then made observations and recommendations regarding all the domestic equity managers. They are summarized as follows:

- The State Investment Commission has not achieved its policy of allocating 50% of its domestic equity portfolio as a core portfolio because the active core manager (Fleet Investment Advisors) has a large stock/growth tilt. The result is that only 30% of the domestic equity portfolio is core; and the 20% managed by Fleet causes an overweight to large stock/growth.
- The RIIERS fund has earned exactly Wilshire 5000 return (gross of fees), but 70% of the domestic equity fund is actively managed and is paying active manager fees.
- Introduce a strategic allocation to structured, core-oriented product(s) to produce more consistent and more competitive domestic equity results. Maintain the target allocation to core domestic equity, but utilize a structured equity product to implement the strategy.
- Maintain an equal target allocation between style factors (growth and value) in the active component of the structure.
- Maintain market-oriented allocations to size.

Mr. Bensur recommended changing the benchmark for Bankers Trust to the Wilshire 5000.

He stressed addressing three basic issues with regard to the active core domestic equity portfolio managed by Fleet Investment Advisors:

- (1) the size of the portfolio has a disproportionate impact on the domestic equity investment program;
- (2) Fleet manages the portfolio with a large stock/growth-oriented bias rather than a core-oriented approach; and
- (3) Fleet's performance has been below expectations.

For the structured, core-oriented product, Mr. Bensur stated that Wilshire recommends selecting either the Russell 1000 or the Wilshire 5000 Index and engaging a manager to tailor a portfolio which would have sector profiles that follow those of the index. The manager would be permitted to vary 5% under and 5% over from the sector profiles in the index. By anchoring the sector allocations to the index, Wilshire believes

that value is added through stock selection either through fundamental or through quantitative analysis.

Commission members inquired as to the impact this recommendation would have on the Fleet Investment Advisors as the current manager for the active core product. Mr. Bensus emphasized that a search through a Request for Proposals process should be launched and that Fleet should be encouraged to apply. The Treasurer responded that periodically, Wilshire and the Treasurer and her staff have discussed with Fleet Wilshire's observations of the large/growth tilt. Also, Fleet has been kept informed of the growing concern over the need to diversify managers now that the assets managed by Fleet for the Commission have swelled to over \$1.6 Billion.

Mr. Ericson moved, Mr. Seed seconded and the following motion passed unanimously. The following members voted in favor: Mr. Ericson, Treasurer Mayer, Mr. Seed and Senator Tavares.

**VOTED: To change the mandate and the benchmark for the composite for Bankers Trust Company to the Wilshire 5000.**

Mr. Ericson moved, Senator Tavares seconded and the following motion passed unanimously. The following members voted in favor: Mr. Ericson, Treasurer Mayer and Senator Tavares. Mr. Seed abstained.

**VOTED: To adopt Wilshire Associates Incorporated's strategy recommendations that the 9% allocation of the total pension fund to "active core" be modified to a "structured core" product and that the Commission should circulate a Request For Proposals in accordance therewith.**

Treasurer Mayer reported to the Commission members that David Graus and Michael Moy have announced that they both intend to resign from the Commission's Alternative Investment Consultant, Pacific Corporate Group effective September 30, 1997.

Closed Session. Because of the individuals' reasons for departing the employ of the Commission's consultant, Pacific Corporate Group, Mr. Seed moved to hold the meeting in closed session and Mr. Ericson seconded the motion, which passed unanimously with the following members voting in favor: Mr. Ericson, Treasurer Mayer, Mr. Seed and Senator Tavares.

**VOTED: Pursuant to R.I.G.L. § 42-46-5(a)(1), the Commission voted to close the meeting to the public to discuss the job performance or character of a person or persons.**

The Commission went into Closed Session at 12:00 p.m.

Open Session. The State Investment Commission reconvened into Open Session at 12:10 p.m.

There being no further business, the meeting was adjourned at 12:10 p.m.

Respectfully submitted,

Barbara Braun Schoenfeld  
Legal Counsel to the  
State Investment Commission



# RHODE ISLAND STATE INVESTMENT COMMISSION

## STAFF SUMMARY ANALYSIS

### SEPTEMBER 1997 PORTFOLIO HIGHLIGHTS

#### MARKET VALUES

The total portfolio value increased in September by \$204.3 Million to \$5,512.2 Billion (+3.91%). This compares with an increase in value of \$133.0 Million (+3.18%) for the same period in 1996.

- The equity market values increased by \$133.9 Million (+5.09%). Fixed income increased by \$31.0 Million net of transfers (+1.77%), while international equities increased by \$38.7 Million (+5.20%). Alternative investments decreased by \$1.4 Million, net of capital calls, cash distributions and transfers, while cash increased by \$2.1 Million.
- The top three equity manager performers for September were as follows:

<i>Manager</i>	<i>Market Value Gains/Losses</i>	<i>Percentage Gains</i>
HLM Mgmt	\$2.1Million	+8.95%
Bankers Trust	\$44.6 Million	+5.68%
Fleet Bank	\$29.2 Million	+5.66%

- Brown Brothers' fixed income portfolio increased in value by \$1.5 Million net of transfers. Fleet's fixed income portfolio increased in value by \$20.0 Million, while Fidelity's value increased by \$2.1 Million. The Loomis Sayles portfolio increased by \$6.8 Million, and Taplin, Canida & Habacht's portfolio increased by \$413,912.

#### ASSET ALLOCATION

- There is a 5.15% over-allocation in domestic equities; fixed income is slightly over-allocated by 0.12% and the international equity asset class is slightly under-allocated by 0.79%; the alternative investment asset class is under by 4.66%.
- Cash and equivalents increased from \$213.0 Million to \$241.1 Million.

## INVESTMENT MANAGER FUNDING

- Cash distributions of \$1,715,139 were received from Crossroads, \$502,024 from L&B Realty Trust and \$240,031 from Phoenix, for a total of \$2,457,193.
- Supplemental funding of \$175,157 was provided to ABS Capital Partners, and \$788,000 to TPG Partners for a total of \$963,157.

At this time, the alternative investment asset class has an unfunded allocation of approximately \$257 Million. Portfolio performance has caused this allocation to fluctuate.

## COMMISSIONS/EXPENSES

### AUGUST

- The average commission cost per share was 4.7 cents, down from the previous month's 5.2 cents.
- Shares traded totaled 3.3 million, up from the prior month's 2.7 million.
- Commissions paid for the month were \$152,000, up by \$12,000 from the previous month's \$140,707.
- There were 337 commissionable trades for the month, down slightly from the 404 trades for July.
- Expenses for fiscal 1998 are in line with budget expectations and market conditions.

## CASH FLOW

September's combined state and teacher contributions were insufficient to cover the month's pension payroll, requiring a transfer of \$12.2 Million from the long term plan; the municipal plan required the transfer of an additional \$1 Million.

## SHORT TERM CASH

The short term cash portfolio had a 22.37 day weighted average maturity vs. 18.88 days in August.

RHODE ISLAND STATE INVESTMENT COMMISSION

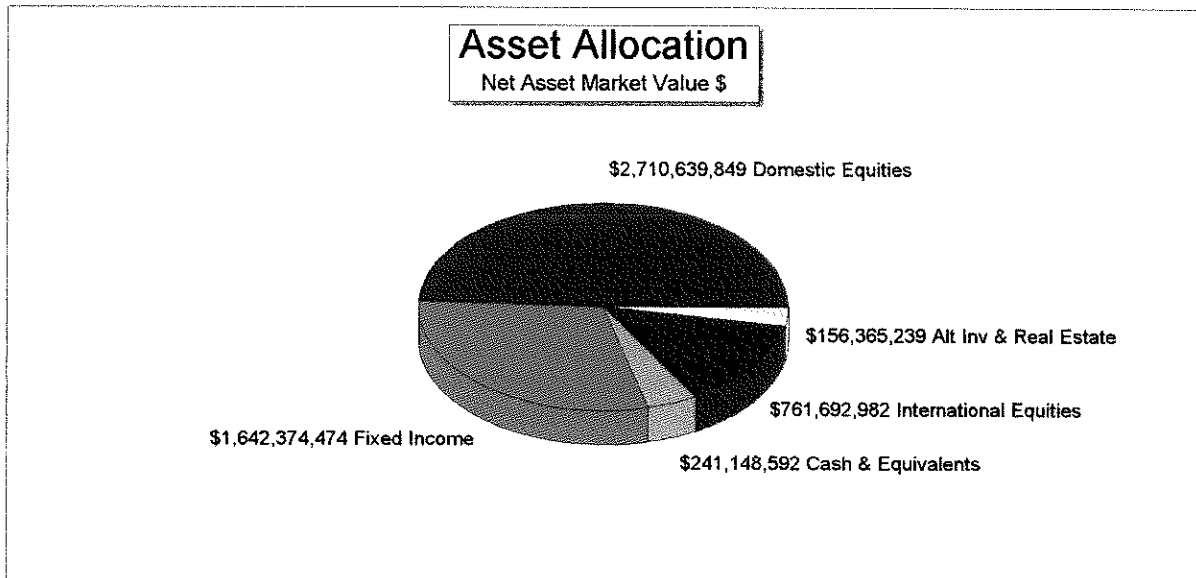
EMPLOYEES' RETIREMENT SYSTEMS

ASSET ALLOCATION

September 30, 1997

PERCENTAGE OF TOTAL DOLLARS

<u>ASSET CLASS</u>	<u>ACTUAL</u>	<u>TARGET</u>	<u>ACTUAL/TARGET DIFFERENCE</u>
<i>Domestic Equity</i>	50.15%	45.00%	5.15%
<i>Fixed Income</i>	32.62%	32.50%	0.12%
<i>Alt Inv &amp; Real Estate</i>	2.84%	7.50%	-4.66%
<i>International Equity</i>	14.21%	15.00%	-0.79%
<i>Cash</i>	0.18%	0.00%	0.18%
	100.00%	100.00%	-0.00%



RHODE ISLAND STATE INVESTMENT COMMISSION

TIME WEIGHTED PERFORMANCE REPORT

Rhode Island Employees' Retirement Systems Performance as of September 30, 1997
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<u>DOMESTIC EQUITY</u>	<u>SEPTEMBER 1997</u>	<u>YTD</u>
<i>Fleet</i>	5.66%	30.75%
<i>Bankers Trust</i>	5.68%	28.67%
<i>Provident</i>	5.39%	30.25%
<i>Brinson</i>	4.51%	26.78%
<i>Mackay-Shields</i>	3.23%	20.43%
<i>Babson</i>	3.54%	32.24%
<i>J &amp; W Seligman</i>	4.58%	21.43%
<i>HLM Management</i>	8.95%	12.34%
<i>ValueQuest</i>	4.98%	31.81%
<b><i>Total Domestic Equity</i></b>	<b>5.09%</b>	<b>28.30%</b>
 <u>INTERNATIONAL EQUITY</u>		
<i>Alliance</i>	5.77%	11.29%
<i>Schroders</i>	9.21%	21.52%
<i>Scudder</i>	-0.16%	-3.09%
<i>Schroder Emerging Markets</i>	2.65%	4.38%
<b><i>Total International Equity</i></b>	<b>5.20%</b>	<b>10.65%</b>
 <u>FIXED INCOME</u>		
<i>Fleet</i>	1.81%	4.82%
<i>Fidelity</i>	1.29%	6.52%
<i>Brown Brothers</i>	0.70%	4.77%
<i>In-State F.I.</i>	1.23%	10.51%
<i>Taplin, Canida &amp; Habacht</i>	1.87%	8.46%
<i>Loomis Sayles</i>	2.90%	13.98%
<b><i>Total Fixed Income</i></b>	<b>1.77%</b>	<b>7.70%</b>

RHODE ISLAND STATE INVESTMENT COMMISSION

SUMMARY PORTFOLIO

PERFORMANCE REPORT

<u>ASSET CLASS</u>	<u>SEPTEMBER 1997</u>	<u>YTD</u>
<i>Domestic Equity</i>	5.09%	28.30%
<i>International Equity</i>	5.20%	10.65%
<i>Fixed Income</i>	1.77%	7.70%
<b>TOTAL FUND COMPOSITE*</b>	<b>3.91%</b>	<b>17.45%</b>

<u>INDICES</u>	<u>SEPTEMBER 1997</u>	<u>YTD</u>
<u>Domestic Equity</u>		
<i>S &amp; P 500</i>	5.45%	29.54%
<i>Wilshire 3000</i>	5.77%	29.19%
<i>Russell 2000</i>	7.32%	26.61%
<i>Russell 2500</i>	6.54%	27.22%
<u>International Equity</u>		
<i>MSCI EAFE</i>	5.60%	10.42%
<u>Fixed Income</u>		
<i>Lehman AGG</i>	1.48%	6.55%

\* Total Fund Composite includes all asset classes.

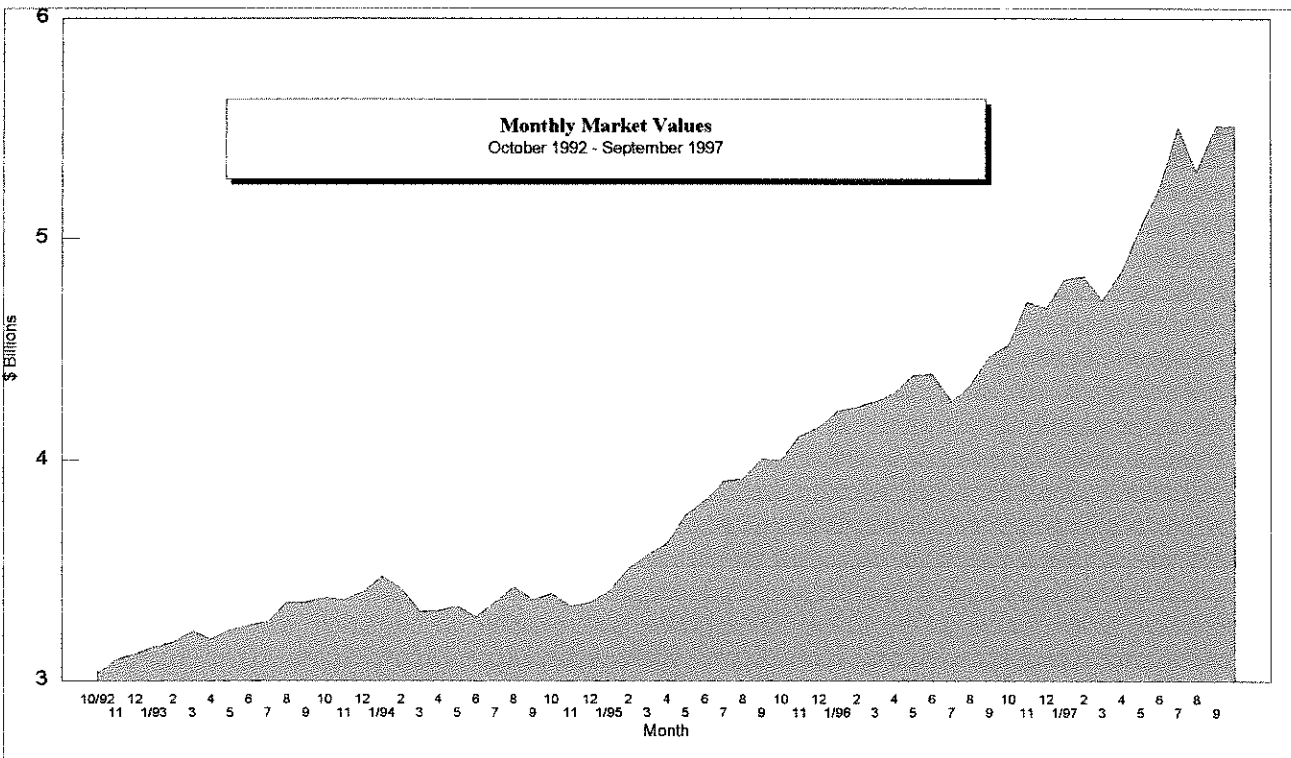
**RHODE ISLAND STATE INVESTMENT COMMISSION**

**Market Value Report**

EMPLOYEES' RETIREMENT SYSTEMS  
Market Values at September 30, 1997

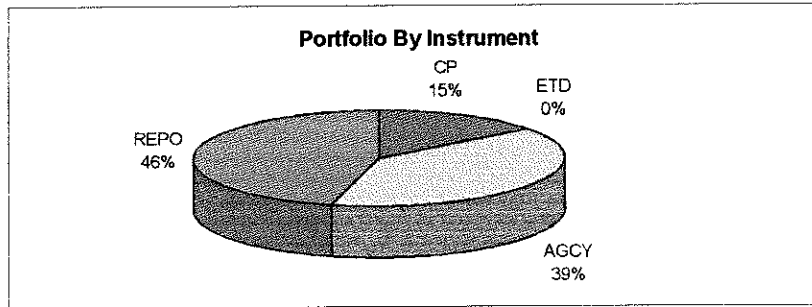
<b>ASSET CLASS</b>	<b>NET ASSET VALUE \$ (millions)</b>
<i>Domestic Equity</i>	2,710.64
<i>Alternative Investments</i>	156.37
<i>Fixed Income</i>	1,642.37
<i>International Equity</i>	761.69
<i>Cash &amp; Equivalents</i>	241.15
<b>Total</b>	<b>5,512.22</b>

ERSRI - 87.1444417%  
MERSRI - 12.7062233%  
ST POL - 00.0962332%  
JUDICIAL - 00.0531018%



**RHODE ISLAND STATE INVESTMENT COMMISSION**

**SHORT TERM CASH INVESTMENTS AT SEPTEMBER 30, 1997**



Vendor	CP	ETD	Treasury	Agency	Money Mkt	Repo	Total (\$)
<b>Guidelines-Total/Vendor</b>	<b>15%/15%</b>	<b>15%/15%</b>	<b>100%/100%</b>	<b>75%/35%</b>	<b>50%/35%</b>	<b>100%/20%</b>	
Bank Boston	0	500,000	0	0	0	0	500,000
	0%	0%	0%	0%	0%	0%	0%
Bear Stearns	0	0	0	0	0	0	0
	0%	0%	0%	0%	0%	0%	0%
Citi-Corp	18,976,268	0	0	0	0	35,351,668	54,327,936
	8%	0%	0%	0%	0%	15%	23%
Dean Witter	14,963,913	0	0	22,087,792	0	0	37,051,705
	6%	0%	0%	9%	0%	0%	16%
Fidelity	0	0	0	25,237,169	0	0	25,237,169
	0%	0%	0%	11%	0%	0%	11%
Mesirow	0	0	0	0	0	0	0
	0%	0%	0%	0%	0%	0%	0%
First Tennessee	0	0	0	29,171,426	0	0	29,171,426
	0%	0%	0%	13%	0%	0%	13%
Goldman Sachs	0	0	0	1,990,579	0	45,973,373	47,963,953
	0%	0%	0%	1%	0%	20%	21%
Merrill Lynch	0	0	0	0	0	0	0
	0%	0%	0%	0%	0%	0%	0%
Wachovia	0	0	0	0	0	4,300,000	4,300,000
	0%	0%	0%	0%	0%	2%	2%
Prudential	0	0	0	13,074,981	0	1,100,000	14,174,981
	0%	0%	0%	6%	0%	0%	6%
Sun Trust	0	0	0	0	0	0	0
	0%	0%	0%	0%	0%	0%	0%
State St Bank	0	0	0	0	0	20,000,000	20,000,000
	0%	0%	0%	0%	0%	9%	9%
<b>TOTALS</b>	<b>33,940,182</b>	<b>500,000</b>	<b>0</b>	<b>91,561,947</b>	<b>0</b>	<b>106,725,041</b>	<b>232,727,170</b>
<b>(%) PORTFOLIO</b>	<b>15%</b>	<b>0%</b>	<b>0%</b>	<b>39%</b>	<b>0%</b>	<b>46%</b>	<b>100%</b>



State of Rhode Island and Providence Plantations

Office of the General Treasurer  
102 State House  
Providence, Rhode Island 02903

Telephone  
(401) 277-2397

Fax  
(401) 277-6140

Nancy J. Mayer  
General Treasurer

treasury@treasury.state.ri.us

October 28, 1997

State Investment Commission  
State of Rhode Island  
State House  
Providence, Rhode Island

This is to certify that the amounts so listed on the following page belong to the credit of the Employees' Retirement, State Police and Judiciary Retirement Systems, and the Municipal Employees' Retirement System of the State of Rhode Island at the close of business on September 30, 1997.

The amounts listed for our alternative investments designations are illiquid and do not have a readily determinable market value. They are based on appraisals only.

Respectfully submitted,

Nancy J. Mayer  
General Treasurer



COMPOSITE REPORTING

BALANCE SHEET

SEPTEMBER 30, 1997

ASSET CLASS

<i>Cash/Short Term Investments</i>		
<i>Short Term Investment Fund</i>		
<i>Money Market Instruments</i>		\$241,148,591.78
<i>Equities - Domestic</i>		\$2,710,639,849.40
<i>Equities - International</i>		\$761,692,982.48
<i>Fixed Income - Government</i>	\$1,557,324,830.95	
<i>Fixed Income - Corporate</i>	\$57,865,140.95	
<i>Fixed Income - In State</i>	<u>\$27,184,502.40</u>	
<i>Total Fixed Income</i>		\$1,642,374,474.30
<i>Alternative Investments</i>		\$155,865,238.79
<i>Other - Escrow</i>		\$500,000.00
		\$5,512,221,136.75

TOTAL FUND INVESTMENTS

ERSRI - 87.1444417%  
MERSRI - 12.7062233%  
STPOL - 0.0962332%  
JUDC'L - 0.0531018%

balsheet.xls

**TIME WEIGHTED ERSRI MARKET VALUE CHANGE REPORT**  
9/31/97-3/29/97

MONTHLY CHANGE

PORTFOLIO	BENCHMARK DESCRIPTION	MARKET VALUE 8/31/97	TRANSFERS IN/OUT	MARKET VALUE 9/30/97	NET INCREASE/ (DECREASE)	MARKET VALUE % OF CHANGE NET OF TRFES	BENCHMARK % OF CHANGE	MKT VARIANCE TO BENCHMARK	CALENDAR YTD PERFORMANCE	CALENDAR YTD BENCHMARK
<b>DOMESTIC EQUITY</b>										
FLEET	S&P 500	516,645,873	0	545,868,437	29,222,564	5.66%	5.45%	0.21%	30.75%	29.54%
BANKERS	W. 3000	785,617,632	30,600	830,259,636	44,611,405	5.68%	5.77%	-0.09%	28.67%	29.19%
PROVIDENT	RUSL 1000 GROWTH	419,461,354	0	442,087,029	22,625,675	5.39%	5.48%	-0.09%	30.25%	28.95%
BRINSON	W. 5000	251,330,945	0	262,666,783	11,335,838	4.51%	5.90%	-1.39%	26.78%	29.12%
ACKY-SHLD	W. 5000	238,771,473	0	246,489,096	7,717,623	3.23%	5.90%	-2.67%	20.43%	29.12%
BABSON	RUSL 2500 SMLCAP	181,665,075	0	188,091,434	6,426,359	3.54%	6.54%	-3.00%	32.24%	27.22%
JW SELIGMAN	RUSL 2000 SMLCAP	183,275,691	0	191,662,719	8,387,028	4.58%	7.32%	-2.74%	21.43%	26.61%
HUM MANAGEMENT	RUSL 2000	23,611,192	0	25,724,771	2,113,580	8.95%	7.32%	1.63%	12.34%	26.61%
VALHEQUEST LTD	W. LARGE VALUE	29,919,531	0	31,408,610	1,489,079	4.98%	5.68%	-0.70%	31.81%	29.50%
<b>TOTAL EQUITY</b>		<b>2,630,298,766</b>	<b>30,600</b>	<b>2,764,258,516</b>	<b>133,929,150</b>	<b>5.09%</b>			<b>28.30%</b>	
<b>INTERNATIONAL EQUITY</b>										
ALLIANCE	MSCI EAFE	207,914,190	6,800	219,920,805	11,999,815	5.77%	5.60%	0.17%	11.29%	10.42%
SCHRODER	MSCI EUROPE	264,983,075	0	289,391,541	24,408,465	9.21%	9.70%	-0.49%	21.52%	23.71%
SCUDDER	WIL CSTM ASIA	173,568,441	0	173,288,288	(280,153)	-0.16%	0.18%	-0.34%	-3.09%	-7.76%
SCHRODER EMERGING MKTS	MSCI EMERG MKTS EX MALAYSIA	97,898,987	0	100,492,328	2,593,341	2.65%	3.77%	-1.12%	4.38%	7.54%
<b>TOTAL INT'L EQUITY</b>		<b>744,364,693</b>	<b>6,800</b>	<b>783,092,962</b>	<b>38,721,469</b>	<b>5.20%</b>			<b>10.65%</b>	
<b>ALTERNATIVE INVESTMENTS</b>										
ALTERNATIVE INVESTMENT		64,148,185	(1,329,613)	63,390,920	572,348	1.29%	N/A	N/A	32.96%	N/A
HEITMAN REALTY	WILSHIRE R.E.	33,892,833	0	33,892,933	0	0.00%	N/A	N/A	8.47%	N/A
L & B REALTY	WILSHIRE R.E.	37,598,436	(502,024)	37,096,413	0	1.35%	N/A	N/A	8.07%	N/A
AETNA CONGREGATE CARE	WILSHIRE R.E.	9,721,994	0	9,722,086	63	0.00%	N/A	N/A	15.24%	N/A
PHOENIX HOME LIFE	WILSHIRE R.E.	12,502,941	(240,030)	12,262,917	6	1.82%	N/A	N/A	40.65%	N/A
<b>TOTAL ALTERNATIVE INVESTMENTS</b>		<b>157,864,488</b>	<b>(2,071,667)</b>	<b>156,365,239</b>	<b>574,417</b>	<b>1.00%</b>			<b>12.90%</b>	

PORTFOLIO

BENCHMARK DESCRIPTION	MARKET VALUE 8/31/97	MARKET VALUE 9/30/97	TRANSFERS IN/OUT	NET INCREASE/DECREASE	MARKET VALUE % OF CHANGE NET OF TERMS	BENCHMARK % OF CHANGE	MKT VARIANCE TO BENCHMARK	CALENDAR YTD PERFORMANCE	CALENDAR YTD BENCHMARK
<b>FIXED INCOME</b>									
FLEET	1,105,048,753	1,125,103,407	30,600	20,024,054	1.81%	1.48%	0.33%	4.82%	6.55%
FIDELITY	168,566,555	170,733,729	0	2,167,175	1.29%	1.19%	0.10%	6.52%	6.75%
BROWN BROS	209,273,097	210,809,886	78,900	1,458,789	0.70%	0.76%	-0.06%	4.77%	4.71%
INSTATE FIXED INCOME	27,456,742	27,490,547	0	33,805	1.23%	N/A	N/A	10.51%	N/A
TAPLIN, CANADA & HABACHT	22,145,619	22,559,531	0	413,912	1.87%	1.16%	0.71%	8.46%	5.61%
LOOMIS SAYLES COMPANY	234,598,466	241,397,667	0	6,799,201	2.90%	2.43%	0.47%	13.98%	12.91%
MERRILYNCH/IST BOSTON COMPOSITE									
<b>TOTAL FIXED INCOME</b>	<b>1,767,089,231</b>	<b>1,798,094,767</b>	<b>108,600</b>	<b>30,896,936</b>	<b>1.77%</b>			<b>7.70%</b>	
<b>CASH ACCOUNTS</b>									
CASH ACCOUNT	9,094,252	10,167,745	1,023,758	49,735	N/A	N/A	N/A	N/A	N/A
INTERNAL CASH	(864,757)	241,909	0	1,106,666	N/A	N/A	N/A	N/A	N/A
<b>TOTAL CASH</b>	<b>8,229,495</b>	<b>10,409,653</b>	<b>1,023,758</b>	<b>1,156,401</b>	<b>N/A</b>				
<b>GRAND TOTAL</b>	<b>5,307,846,673</b>	<b>5,512,221,137</b>	<b>(901,909)</b>	<b>205,276,373</b>	<b>3.91%</b>			<b>17.45%</b>	<b>ecchg/98a</b>

RHODE ISLAND STATE INVESTMENT COMMISSION

Domestic Equity Holdings By Top 10 Market Values

SEPTEMBER 30, 1997

Equities

<u>RANK</u>	<u>SECURITY NAME</u>	<u>PAR VALUE/SHARES</u>	<u>BASE MARKET AMOUNT</u>	<u>MONEY MANAGERS</u>
1	INTEL CORP	504,400	\$46,562,425	Fleet,Bankers,Value Quest
2	MICROSOFT CORP	331,100	43,808,669	Bankers,Provident
3	AMERICAN INTL GROUP INC	416,887	43,017,527	Fleet,Bankers,Provident, MacKay-Shields,Value Quest
4	MERCK & CO INC	361,600	36,137,400	Fleet,Bankers
5	FEDERAL NATL MTG ASSN	759,900	35,715,300	Fleet,Bankers,Provident
6	SCHLUMBERGER LTD	353,100	29,726,606	Fleet,Bankers,Provident
7	PEPSICO INC	730,900	29,647,131	Fleet,Bankers
8	TEXAS INSTRS INC	206200	27,630,800	Fleet,Bankers
9	EXXON CORP	429,300	27,502,031	Fleet,Bankers
10	PROCTER & GAMBLE CO	394,400	27,238,250	Fleet,Bankers
		13.19%	\$346,986,139 of total equity market value	
			** Total Composite Equities **	\$2,630,298,766

International Equity Holdings By Top 10 Market Values

SEPTEMBER 30, 1997

International Equities

<u>RANK</u>	<u>SECURITY NAME</u>	<u>COUNTRY</u>	<u>PAR VALUE/SHARES</u>	<u>BASE MARKET AMOUNT</u>	<u>MONEY MANAGERS</u>
1	NOVARTIS AG	Switzerland	10,339	\$15,875,793	Alliance,Schroders
2	BRITISH PETROLEUM	England	809,822	12,238,079	Alliance,Schroders
3	ROYAL DUTCH PETROL	Netherlands	205,091	11,484,355	Alliance,Schroders
4	LLOYDS TSB GROUP	England	840,266	11,327,212	Alliance,Schroders
5	ELF AQUITAINE	France	77,035	10,284,813	Alliance,Schroders
6	ROCHE HLDGS AG	Switzerland	1,133	10,064,024	Alliance,Schroders
7	PHILIPS ELECTRONIC	Netherlands	106,094	8,980,649	Alliance,Schroders
8	ADVANTEST	Japan	84,010	8,280,615	Alliance,Scudder
9	ZURICH VERSICHERUN	Switzerland	18,929	8,250,560	Alliance,Schroders
10	ING GROEP NV	Netherlands	159,524	7,329,039	Alliance,Schroders
			14.01%	\$104,115,139 international equity market value	
			** Total Composite International Equities **	\$743,617,991	

## Alternative Investments Funding

1997

Manager	Partnership Commitment	Prior Funding Thru 8/31/97	Current Month Funding	Cumulative Total at 9/30/97	Unfunded Balance	Market Values at 9/30/97
<i>Blackstone Capital Ptnrs</i>	\$20,000,000	\$0	0	\$0	\$20,000,000	\$0
<i>Boston Ventures Ltd</i>	\$5,000,000	\$750,000	0	\$750,000	\$4,250,000	\$695,136
<i>Crossroads/Providence LP</i>	\$41,200,000	\$39,273,302	0	\$39,273,302	\$1,926,698	\$29,639,576
<i>Heritage Fund</i>	\$5,000,000	\$471,414	\$0	\$471,414	\$4,528,586	\$471,414
<i>Narragansett First Fund</i>	\$218,566	\$218,566	\$0	\$218,566	\$0	\$60,728
<i>Narragansett Capital Partners</i>	\$1,514,605	\$1,514,605	\$0	\$1,514,605	\$0	\$2,008,823
<i>OCM Opportunities Fund</i>	\$8,000,000	\$8,000,000	\$0	\$8,000,000	\$0	\$9,285,688
<i>OCM Principal Opportunities</i>	\$5,000,000	\$1,750,000	\$0	\$1,750,000	\$3,250,000	\$1,776,291
<i>Welsh, Carson, Anderson &amp; Stowe</i>	\$15,000,000	\$8,250,000	\$0	\$8,250,000	\$6,750,000	\$7,726,909
<i>Doughty Hanson</i>	\$5,000,000	\$2,684,233	\$0	\$2,684,233	\$2,315,767	\$2,033,352
<i>Willis Stein</i>	\$5,000,000	\$2,556,184	\$0	\$2,556,184	\$2,443,816	\$2,468,074
<i>ABS Capital Partners</i>	\$5,000,000	\$1,671,659	\$175,157	\$1,846,816	\$3,153,184	\$1,849,038
<i>Providence Equity Partners</i>	\$10,000,000	\$2,508,335	\$0	\$2,508,335	\$7,491,665	\$2,519,883
<i>SKM Equity Fund II</i>	\$10,000,000	\$934,901	\$0	\$934,901	\$9,065,099	\$934,901
<i>TPG Partners</i>	\$10,000,000	\$624,000	\$788,000	\$1,412,000	\$8,588,000	\$1,421,107
<b>TOTALS:</b>	<b>\$145,933,171</b>	<b>\$71,207,199</b>	<b>\$963,157</b>	<b>\$72,170,356</b>	<b>\$73,762,815</b>	<b>\$62,890,921</b>

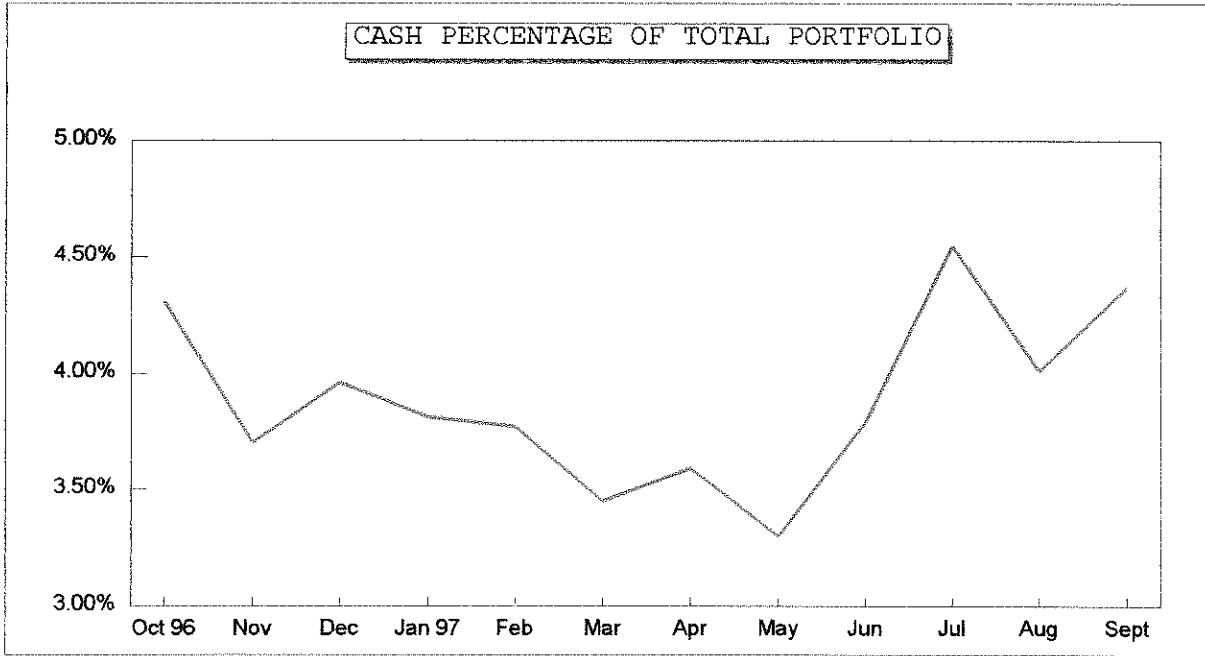
**Asset Allocation Monitoring Report**  
**Market Values at September 30, 1997**

ERSRI  
&  
MERSRI

Asset Class	Style	September 30, 1997		Target		Difference	Cash	% of Total
		Actual	%	\$	%			
<b>Domestic Equity</b>		\$	%	\$	%			
<i>Fleet</i>	active	545.87	9.90%	496.10	9.00%	49.77	4.06	0.74%
<i>Bankers</i>	passive	830.26	15.06%	744.15	13.50%	86.11	3.60	0.43%
<b>Total Core</b>		<b>1,376.13</b>	<b>24.97%</b>	<b>1,240.25</b>	<b>22.50%</b>			
<i>Provident</i>	growth	442.09	8.02%	413.42	7.50%	28.67	21.21	4.80%
<b>Total Growth</b>		<b>442.09</b>	<b>8.02%</b>	<b>413.42</b>	<b>7.50%</b>			
<i>Brinson Partners</i>	large cap	262.67	4.77%	220.49	4.00%	42.18	2.71	1.03%
<i>Mackay-Shields</i>	large cap	246.49	4.47%	220.49	4.00%	26.00	3.09	1.26%
<b>Total Large Cap Value</b>		<b>509.16</b>	<b>9.24%</b>	<b>440.98</b>	<b>8.00%</b>			
<i>David L. Babson</i>	value	188.09	3.41%	165.37	3.00%	22.72	8.60	4.57%
<i>J.W. Seligman</i>	s/c growth	191.66	3.48%	165.37	3.00%	26.30	9.03	4.71%
<b>Total Small Cap</b>		<b>379.75</b>	<b>6.89%</b>	<b>330.73</b>	<b>6.00%</b>			
<i>HLM Management</i>	sml grwth	25.72	0.47%	27.56	0.50%	-1.84	0.94	3.66%
<i>ValueQuest Ltd</i>	lrg value	31.41	0.57%	27.56	0.50%	3.85	0.36	1.15%
<b>Total Emerging Managers</b>		<b>57.13</b>	<b>1.04%</b>	<b>55.12</b>	<b>1.00%</b>			
<b>TOTAL DOMESTIC EQUITY</b>		<b>2,764.26</b>	<b>50.15%</b>	<b>2,480.50</b>	<b>45.00%</b>	<b>283.76</b>	<b>53.62</b>	<b>1.94%</b>
<b>International Equity</b>								
<i>Alliance</i>	core	219.92	3.99%	165.37	3.00%	54.55	1.08	0.49%
<i>Schroder</i>	Euro/region	289.39	5.25%	275.61	5.00%	13.78	5.02	1.73%
<i>Scudder</i>	Pac Basin	173.29	3.14%	275.61	5.00%	-102.32	15.30	8.83%
<i>Schroder Emerging Markets</i>	Int'l	100.49	1.82%	110.24	2.00%	-9.75	0.00	0.00%
<b>TOTAL INT'L EQUITY</b>		<b>783.09</b>	<b>14.21%</b>	<b>826.83</b>	<b>15.00%</b>	<b>-43.74</b>	<b>21.40</b>	<b>2.73%</b>
<b>Domestic Fixed Income</b>								
<i>Fidelity</i>	Mort.-bk sec	170.73	3.10%	137.81	2.50%	32.93	17.08	10.00%
<i>In-State</i>	n/a	27.49	0.50%	27.56	0.50%	-0.07	0.25	0.90%
<b>Total Mortgage</b>		<b>198.22</b>	<b>3.60%</b>	<b>165.37</b>	<b>3.00%</b>			
<i>Fleet</i>	Fixed/Inc.	1,125.10	20.41%	1,240.25	22.50%	-115.15	75.71	6.73%
<i>Brown Bros (Short)</i>	Short Term F/	210.81	3.82%	137.81	2.50%	73.00	58.76	27.87%
<b>Total Other Fixed Income</b>		<b>1,335.91</b>	<b>24.24%</b>	<b>1,378.06</b>	<b>25.00%</b>			
<i>Taplin, Canida &amp; Habacht</i>	core/fixed inc	22.56	0.41%	27.56	0.50%	-5.00	0.63	2.78%
<b>Total Emerging Managers</b>		<b>22.56</b>	<b>0.41%</b>	<b>27.56</b>	<b>0.50%</b>			
<i>Loomis Sayles &amp; Co</i>		241.40	4.38%	220.49	4.00%	20.91	3.29	
<b>TOTAL FIXED-INCOME</b>		<b>1,798.09</b>	<b>32.62%</b>	<b>1,791.47</b>	<b>32.50%</b>	<b>6.62</b>	<b>155.72</b>	<b>8.66%</b>
<b>Real Estate</b>								
<i>Heitman</i>	core	33.89	0.61%					
<i>L&amp;B</i>	core	37.10	0.67%					
<i>Aetna</i>	cong. care r/e	9.72	0.18%					
<i>Phoenix</i>	deve. r/e	12.26	0.22%					
<b>Total Real Estate</b>		<b>92.97</b>	<b>1.69%</b>					
<b>Alternative Investments</b>								
<i>Crossroads &amp; Narragansett</i>	venture cap.	31.71	0.58%					
<i>Pacific Corp Group</i>	venture cap.	31.18	0.57%					
<i>Bank Acquisition</i>	n/a	0.50	0.01%					
<b>Total Alternative Investments</b>		<b>63.39</b>	<b>1.15%</b>					
<b>TOTAL ALTERNATIVE INVESTMENTS AND REAL ESTATE</b>		<b>156.37</b>	<b>2.84%</b>	<b>413.42</b>	<b>7.50%</b>	<b>-257.05</b>	<b>0.00</b>	<b>0.00%</b>
<i>Cash Equivalents</i>		10.41	0.19%	0.00	0.00%	10.41	10.36	99.52%
<b>TOTAL ASSETS</b>		<b>5,512.22</b>	<b>100.00%</b>	<b>5,512.22</b>	<b>100.00%</b>	<b>0.00</b>	<b>241.10</b>	<b>4.37%</b>

sic/book/astallo/astall98

# EMPLOYEES RETIREMENT SYSTEM



**Retirement Systems  
Investment Earnings  
Fiscal Year 1997 to Date Summary**

**ERSRI  
&  
MERSRI**

**at September 30, 1997**

	<u>LONG TERM</u>	<u>SHORT TERM</u>	<u>TOTAL</u>
INTEREST SOLD	4,216,786		4,216,786
DIVIDENDS	11,222,653		11,222,653
INTEREST	30,335,713	136,494	30,472,207
MISCELLANEOUS	(15,881)		(15,881)
CAPITAL GAINS	99,181,934		99,181,934
	-----	-----	-----
<b>GRAND TOTAL:</b>	<b>144,941,206</b>	<b>136,494</b>	<b>145,077,700</b>



	Actual Jul 97	Actual Aug	Actual Sept	Projected Oct	Projected Nov	Projected Dec	Projected Jan 98	Projected Feb	Projected Mar	Projected Apr	Projected May	Projected Jun	PROJECTED TOTAL
<b>EQUITIES</b>		262,500	113,653		262,500	90,000		262,500	95,000		262,500	95,000	1,050,000
Fidelity/Nostris			113,653			90,000			95,000			95,000	393,653
Banker Trust				600,000		600,000		262,500	600,000			600,000	2,400,000
President Investment			189,077			180,000			180,000			180,000	729,077
Brinson				140,000		140,000			140,000			140,000	560,000
Mackay-Shield			118,785		110,000			110,000			110,000		448,785
David L. Babson		124,644			125,000						125,000		499,644
J & W Seligman		52,875		60,000		60,000			60,000			60,000	232,875
HLM Algot		59,422											239,422
ValueQuest													
<b>FIXED INCOME:</b>													
Brown Bros.			102,615				100,000			100,000			402,615
Fidelity			186,340			210,000			210,000			210,000	816,340
Taylor	15,753			15,000			15,000						45,753
Loannis Snydes		272,972		260,000		260,000			260,000			260,000	1,312,972
<b>INT'L EQUITIES</b>													
Alliance Capital			62,352		130,000	35,000			35,000			35,000	167,352
Schwab		126,848	128,317		165,000			130,000			130,000		645,165
Schwab			180,233		165,000			165,000			165,000		675,233
Schwab Engung Akhis													0
<b>REAL ESTATE</b>													
Heilman Advisory													0
L & B Real Estate													0
Acton													0
Plinney													0
<b>ALTERNATIVE INVESTMENTS</b>													
Bigley/Crossroads	4,367					4,700			4,700			4,700	18,467
Narringusett Corp.	336,776				200,000	4,700		200,000			200,000		1,136,776
Other Alt Inv Agmt Fees													0
<b>PROFESSIONAL FEES</b>													
Consulting													0
Legal													0
State Street Bank		85,634	85,586		62,500	300,000		62,500	300,000		62,500	300,000	1,071,220
Pacific Corp Group			16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	250,000
Wiltshire Assn			16,667										183,336
<b>OPERATING EXPENSE</b>													
Retirement Transfers				900,000	900,000		3,750	900,000		3,750	900,000		3,600,000
Other Expense				3,750									3,700
<b>TOTAL:</b>	373,563	984,896	1,183,624	2,357,917	1,971,667	1,896,367	195,417	1,971,667	1,901,367	180,417	1,971,667	1,901,367	16,882,387

CASH FLOW ANALYSIS

Employees Retirement System

	FY 1997-98	Actual July 1997	Actual August	Actual September	Projected October	Projected November	Projected December	Projected January 1998	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	20,711,680	23,243,705	24,140,005	22,500,000	22,000,000	22,000,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,000,000	22,500,000	269,095,390
ADMINISTRATIVE EXPENSES	0	0	89,103	250,000	250,000	250,000	250,000	300,000	300,000	300,000	360,000	250,000	250,000	2,489,103
INVESTMENT EXPENSES	31,994	856,564	942,307	125,000	1,200,000	1,000,000	800,000	800,000	800,000	800,000	850,000	1,025,000	1,125,000	9,555,865
TOTAL OUTFLOW	20,743,674	24,100,269	25,171,415	22,875,000	23,450,000	23,250,000	23,550,000	23,600,000	23,600,000	23,600,000	23,650,000	23,275,000	23,875,000	281,140,358
CONTRIBUTIONS	16,858,425	13,809,794	18,891,089	14,000,000	16,000,000	21,000,000	23,000,000	23,500,000	23,500,000	20,500,000	14,500,000	23,500,000	25,500,000	231,059,308
OTHER INCOME*	1,066,912	137,071	898,091	4,000,000	1,750,000	2,175,000	2,500,000	600,000	600,000	3,500,000	3,200,000	75,000	2,900,000	22,802,074
TOTAL INCOME	17,925,337	13,946,865	19,789,180	18,000,000	17,750,000	23,175,000	25,500,000	24,100,000	24,100,000	24,000,000	17,700,000	23,575,000	28,400,000	253,861,382
DIFFERENCE	(2,818,337)	(10,153,404)	(5,382,235)	(4,875,000)	(5,700,000)	(75,000)	1,950,000	500,000	400,000	(5,950,000)	300,000	4,525,000	(27,278,976)	

Municipal Employees Retirement System

	Actual July 1997	Actual August	Actual September	Projected October	Projected November	Projected December	Projected January 1998	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	1,977,601	2,105,248	2,279,363	2,150,000	2,150,000	2,250,000	2,150,000	2,600,000	2,300,000	2,300,000	2,100,000	2,200,000	26,562,212
ADMINISTRATIVE EXPENSES	0	0	12,996	0	0	0	0	0	500	675	100	14,000	28,271
INVESTMENT EXPENSES	4,752	127,248	137,442	20,000	200,000	175,000	0	0	375,000	125,000	150,000	175,000	1,489,442
TOTAL OUTFLOW	1,982,353	2,232,496	2,429,801	2,170,000	2,350,000	2,425,000	2,150,000	2,600,000	2,675,500	2,425,675	2,250,100	2,389,000	28,079,925
CONTRIBUTIONS	1,170,401	1,388,638	1,601,231	1,200,000	1,300,000	1,350,000	1,400,000	1,450,000	1,200,000	1,200,000	1,500,000	1,650,000	16,410,270
OTHER INCOME*	158,497	20,362	130,993	600,000	0	325,000	375,000	100,000	525,000	475,000	50,000	425,000	3,184,852
TOTAL INCOME	1,328,898	1,409,000	1,732,224	1,800,000	1,300,000	1,675,000	1,775,000	1,550,000	1,725,000	1,675,000	1,550,000	2,075,000	19,595,122
DIFFERENCE	(653,455)	(823,496)	(697,577)	(370,000)	(1,050,000)	(750,000)	(375,000)	(1,050,000)	(950,500)	(750,675)	(700,100)	(314,000)	(8,484,803)

Judges/State Police  
Retirement System

	Actual July 1997	Actual August	Actual September	Projected October	Projected November	Projected December	Projected January 1998	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	1,685	0	7,508	0	0	0	0	0	0	0	0	0	8,993
ADMINISTRATIVE EXPENSES	0	0	154	0	0	50	0	0	50	0	0	0	254
INVESTMENT EXPENSES	41	1,084	1,623	150	1,500	1,300	0	0	3,200	1,100	1,600	1,400	12,998
TOTAL OUTFLOW	1,726	1,084	9,085	150	1,500	1,350	0	0	3,250	1,100	1,600	1,400	22,245
CONTRIBUTIONS	119,190	143,437	147,493	125,000	125,000	190,000	125,000	125,000	125,000	60,000	130,000	220,000	1,635,120
OTHER INCOME*	1,350	175	1,547	5,000	0	3,000	3,000	800	4,500	4,000	200	3,600	27,172
TOTAL INCOME	120,540	143,612	149,040	130,000	125,000	193,000	128,000	125,800	129,500	64,000	130,200	223,600	1,662,292
DIFFERENCE	118,814	142,528	139,955	129,850	123,500	191,650	128,000	125,800	126,250	62,900	128,600	222,200	1,640,047

\*Includes Income from Real Estate Investments, Venture Capital, Securities Lending, and Cash Accounts.

## General Information

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State of Rhode Island and Providence Plantations  
Office of the General Treasurer

Short Term Investments Portfolio by Fund

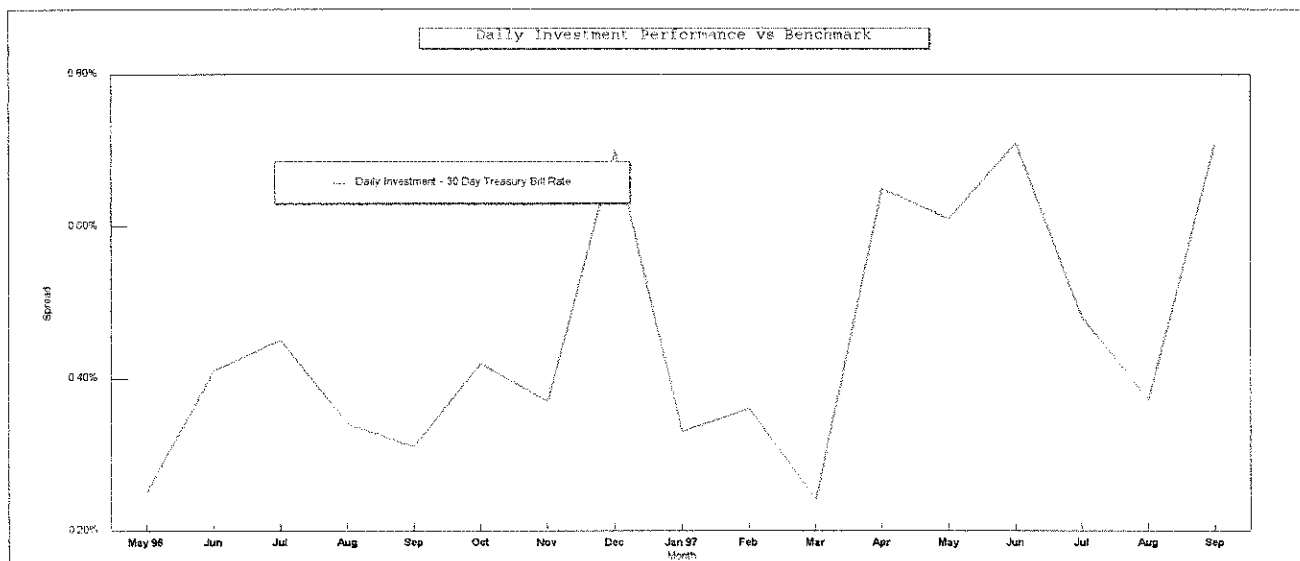
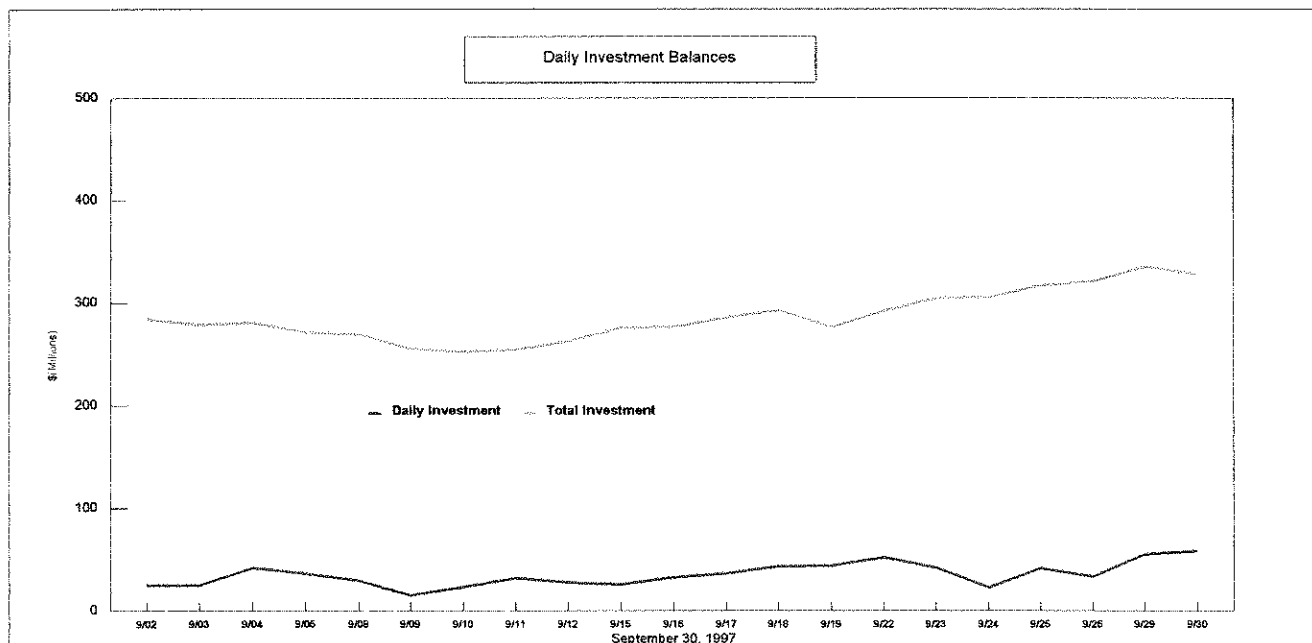
As of September 30, 1997

	Principal	Interest	Total Value @ Maturity	Rate of Return
4901 GENERAL FUND	130,967,784	189,602	131,157,386	5.4804%
4902 GENERAL FUND	4,000,000	4,264	4,004,264	5.3860%
4904 PENSION C	500,000	82	500,082	5.9000%
4908 PAYROLL A	0	0	0	
4920 GENERAL FUND (HIST PRES)	348,604	3,137	351,741	5.4000%
5200 RI UNDERGROUND STORAG TNK	3,132,089	14,147	3,146,236	5.4200%
5400 HIGHWAY FUND	10,496,271	4,886	10,501,157	5.5891%
5500 UNIVERSITY COLLEGE	4,002,403	656	4,003,059	5.9000%
5800 PROV. RIVER RELOCATION	1,094,738	5,262	1,100,000	5.4874%
6920 AUTO EQUIPMENT SERVICE	0	0	0	
8000 T.D.I. RESERVE (DET)	54,614,413	984,350	55,598,764	5.5176%
8225 JOB DEVELOPMENT (DET)	6,909,764	35,009	6,944,773	5.4242%
8230 E.T. TARDY (DET)	753,359	3,715	757,075	5.3800%
8240 E.T. INTEREST (DET)	251,120	1,238	252,358	5.3800%
8300 PERMANENT SCHOOL FUND	309,032	968	310,000	5.4011%
8400 EMP RETIREMENT FUND	0	0	0	
8500 MUN EMP RETIREMENT FUND	0	0	0	
8700 R.I. CLEAN WATER ACT	549,498	502	550,000	5.4850%
9000 BOND CAPITAL FUND	1,100,661	180	1,100,841	5.9000%
9700 STATE LOTTERY FUND	12,200,628	29,077	12,229,704	5.4344%
9800 INDUS. BLDG. & MTG. INS.	1,496,807	3,193	1,500,000	5.3842%
4911 TANS PROCEEDS	0	0	0	0.0000%
Subtotal	232,727,170	1,280,270	234,007,439	5.5052%
8701 CLEAN WATER 1991 SER. B	633,034			
8702 CLEAN WATER 1993 SER. A	187,135			
8703 CLEAN WATER 1991 SERIES A	304			
8704 CLEAN WATER 96 SERIES A	1,077,987			
8705 CLEAN WATER 1992 SER. A	264,450			
8706 CLEAN WATER CCDL 1994 (A)	1,327,349			
8707 CAP DEV. OF 1997 SERIES A	156,775			
8708 CLEAN WATER BOND 1990 A&B	22,291			
8709 CLEAN WATER 1990 SER. C	859			
8733 CAP DEV. OF 1997 SERIES A	101,169			
8734 POLLUTION CONTROL 96A	2,215,829			
8735 RI POLLUTION CONTROL	59,029			
8736 RI POLLUT. CONT 93 SER. A	158,117			
8737 RI POLLUT. CONT 94 SER. A	691,364			
9101 BOND SALE A 11-4-87	65,768			
9102 BOND CAPITAL CCDL 1988	21,394			
9104 BOND CAPITAL 1989 SER. A	2,038			
9105 BOND CAPITAL 1989 SER. B	88,578			
9108 BOND SALE 1990 SER. A&B	263,466			
9114 G.O. NOTE 1991 SER. B	186,411			
9115 BOND CCDL 1992 SERIES A	2,392,334			
9116 BOND CCDL 1993 SERIES A	11,799,158			
9117 BOND CCDL 1994 SERIES A	14,245,361			
9118 BOND CCDL 1995 SER. A	565,195			
9119 CCDL 95 B	3,401			
9120 BOND CCBL96A	13,218,351			
9121 CAP DEV OF 1997 SERIES A	44,354,978			
9204 NARR.BAY 1991 SER. B NOTE	315,043			
9205 NARR.BAY 1992 SER. A BOND	322			
9206 NARR.BAY. 1993 SER. A	9			
9207 NARR.BAY CCDL 1994 SER. A	4,844			
9208 NARRAGANSET BAY 96A	10,355			
9291 B.V.DIST.COMM.BOND 1987	33,870			
9292 B.V.DIST.COMM.BOND 1988	11,285			
9294 B.V. 1991 SERIES B NOTE	82,613			
9295 B.V.D.C. 1992 SERIES A	94,326			
9298 B.V.D.C. BOND 90 SER.A+B	4,154			
Subtotal Bond Proceed Accounts	94,658,948			
Total Short Term Portfolio	327,386,118			

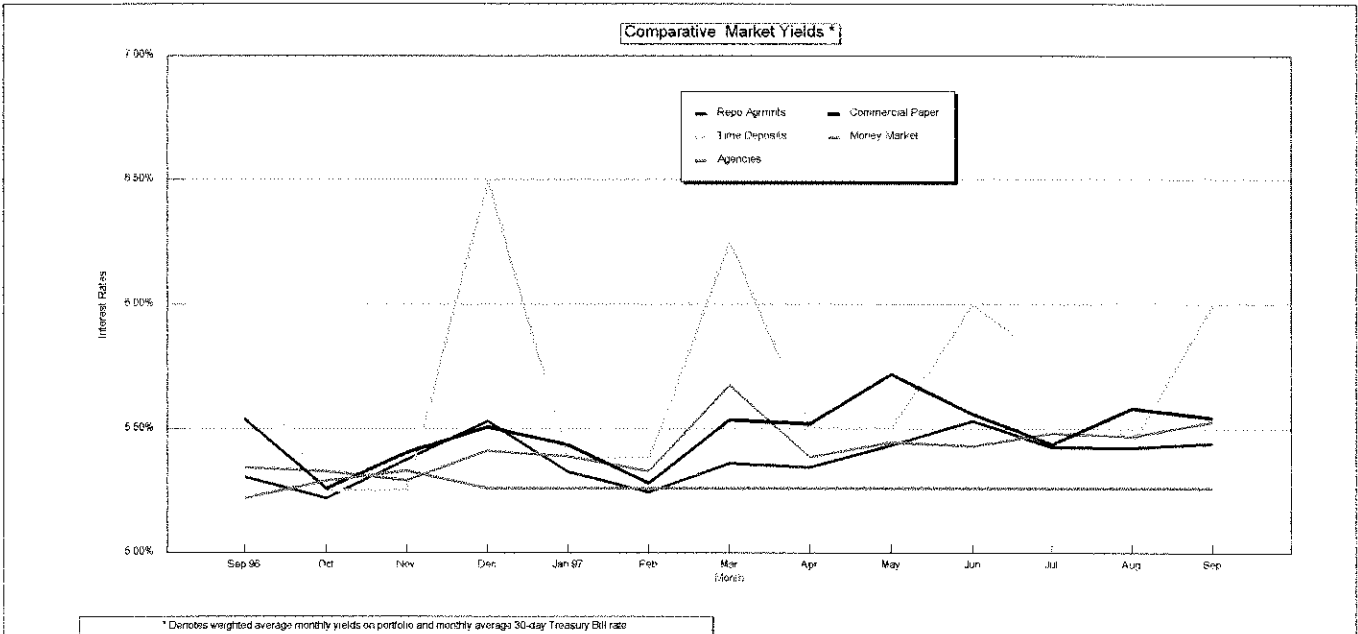
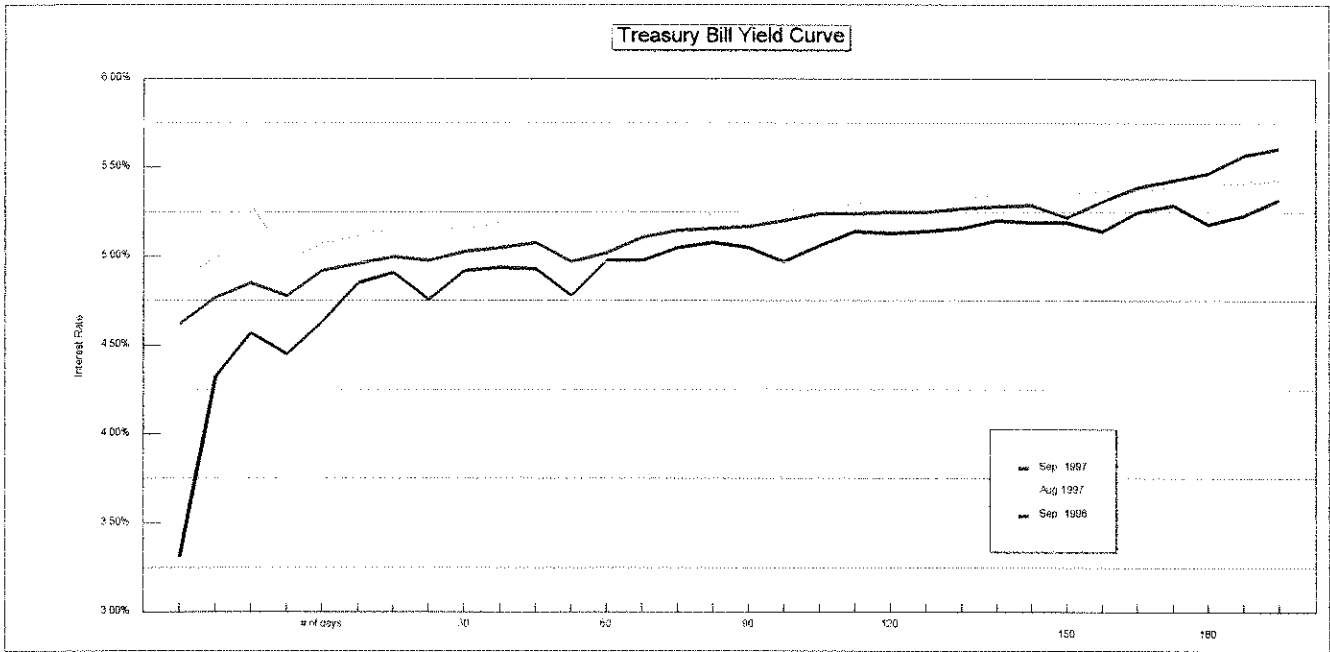
Short Term Interest Rate Performance  
1997

<u>Date</u>	<u>Amount Invested (millions)</u>	<u>Weighted Interest Rate</u>	<u>30 Day Treasury Rate</u>	<u>Basis Point Difference</u>
9/02	\$25.14	5.46	4.88	58.00
9/03	\$25.12	5.46	4.87	59.00
9/04	\$41.59	5.41	4.86	55.00
9/05	\$36.23	5.37	4.85	52.00
9/08	\$29.35	5.40	4.87	53.00
9/09	\$15.00	5.39	4.87	52.00
9/10	\$22.99	5.43	4.86	57.00
9/11	\$31.69	5.39	4.84	55.00
9/12	\$27.74	5.38	4.80	58.00
9/15	\$25.75	5.56	4.86	70.00
9/16	\$32.53	5.40	4.88	52.00
9/17	\$36.37	5.39	4.88	51.00
9/18	\$42.89	5.36	4.77	59.00
9/19	\$43.85	5.51	4.71	80.00
9/22	\$51.79	5.41	4.61	80.00
9/23	\$41.65	5.43	4.61	82.00
9/24	\$22.68	5.50	4.62	88.00
9/25	\$41.44	5.49	4.55	94.00
9/26	\$33.04	5.38	4.50	88.00
9/29	\$54.74	5.49	4.53	96.00
9/30	\$58.46	5.53	4.60	93.00
	\$740.04	5.44	4.73	71
	total	weighted	average	basis
	amount	average	30 day	point
	invested	rate	rate	difference

**RHODE ISLAND STATE INVESTMENT COMMISSION  
SHORT TERM INVESTMENTS**

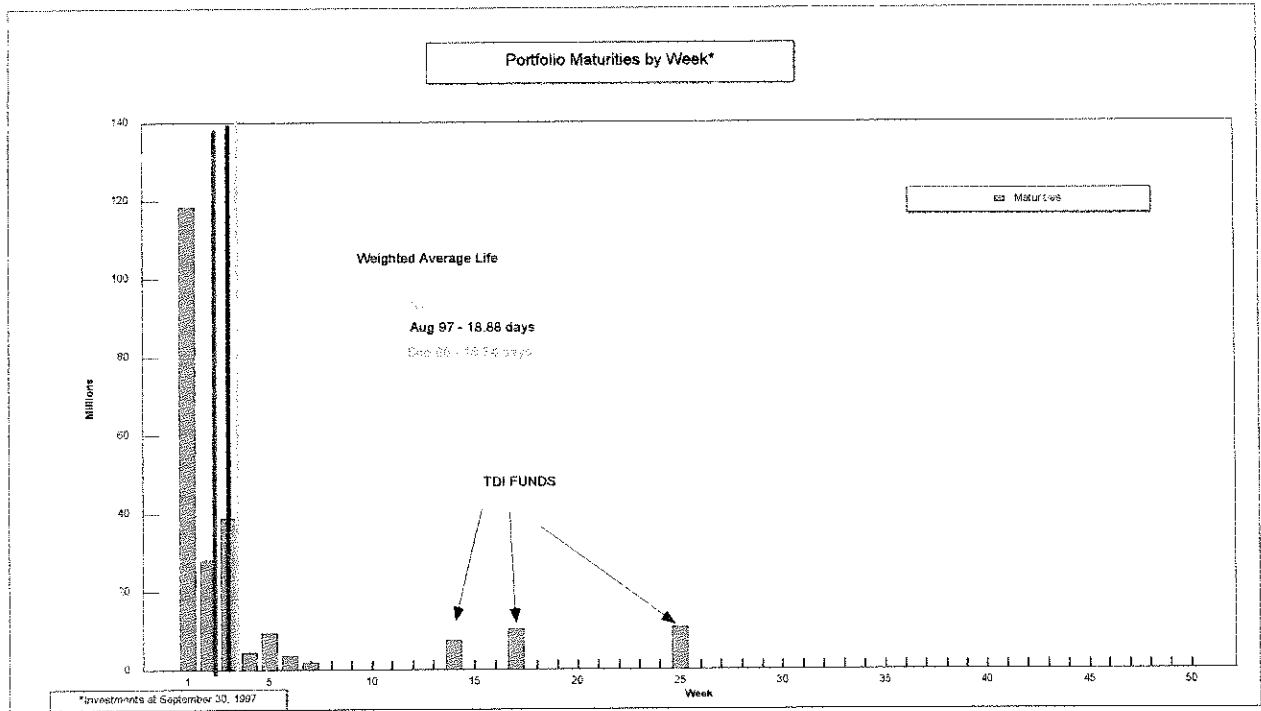


RHODE ISLAND STATE INVESTMENT COMMISSION  
SHORT TERM INVESTMENTS





RHODE ISLAND STATE INVESTMENT COMMISSION  
SHORT TERM INVESTMENTS



**SUMMARY PORTFOLIO YIELDS**

	WEIGHTED AVERAGE YIELD(%)
Sept 30, 1997	5.469%
August 31, 1997	5.457%
Sept 30, 1996	5.345%

SPECIAL FUNDS  
INVESTMENT SUMMARY  
SEPTEMBER 30, 1997

FUND NAME	EQUITIES	CASH & EQUIVALENTS	FIXED INCOME	Gain/Loss	TOTAL MARKET VALUE
<u>Abraham Touro Fund</u>	* 1,544,216	83,205	629,896	(57,328)	2,257,317
<u>Rhode Island Temporary Disability Insurance Fund</u>	** 0	0	0	0 **	0
<u>State of Rhode Island Land Grant Fund</u>	49,465	0	0	615	49,465
<b>TOTALS</b>	1,593,681	83,205	629,896	(56,713)	2,306,782

\* BALANCE AS OF 8/31/97  
 \*\* SALE/ OF MATURITY OF \$1,000,000. US TREAS NTS  
 DTD 8/15/97 - 8.625% - 8/15/1997

FY 1997

	July 1997	August	September	October	November	December	January 1998	February	March	April	May	June	YTD
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SUMMARY BY SOURCE:

ISO:	1,432,439	1,415,608	1,368,739	0	0	0	0	0	0	0	0	0	4,216,786
SCL:	0	0	0	0	0	0	0	0	0	0	0	0	0
DIV:	4,167,809	2,533,815	4,521,029	0	0	0	0	0	0	0	0	0	11,222,653
INT:	6,005,198	17,688,026	6,642,489	0	0	0	0	0	0	0	0	0	30,335,713
MIS:	(1,061,847)	85,679	960,287	0	0	0	0	0	0	0	0	0	(15,881)
CAPGN:	58,784,837	27,310,822	13,086,275	0	0	0	0	0	0	0	0	0	99,181,934
<b>TOTAL</b>	<b>69,328,435</b>	<b>49,033,951</b>	<b>26,578,820</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>144,941,206</b>
SHORT TERM TOTAL	59,412	48,105	28,977	0	0	0	0	0	0	0	0	0	136,494

FY 1996

	July 1996	August	September	October	November	December	January 1997	February	March	April	May	June	YTD
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SUMMARY BY SOURCE:

ISO:	1,567,329	1,246,057	2,032,533	2,936,994	1,633,077	1,893,049	779,551	1,567,687	1,552,193	728,958	1,514,715	0	17,452,143
SCL:	0	0	0	0	0	0	0	0	0	0	0	0	0
DIV:	3,778,583	2,409,142	4,212,908	3,520,299	2,371,248	3,787,685	3,697,720	9,073,896	3,565,049	4,328,739	4,491,372	0	45,236,641
INT:	5,944,921	15,752,245	5,631,461	5,948,676	17,052,489	7,246,557	6,683,367	19,377,610	5,025,895	7,128,615	16,146,693	0	111,938,529
MIS:	751,710	3,316,530	1,237,397	3,512,264	(275,246)	7,381,803	3,035,127	343,165	3,955,450	3,295,746	(564,337)	0	25,989,609
CAPGN:	10,925,094	17,134,134	948,958	106,916,577	20,500,182	69,263	12,088,699	13,960,326	15,741,147	17,925,420	21,982,655	0	238,192,455
<b>TOTAL</b>	<b>22,967,637</b>	<b>39,858,108</b>	<b>14,063,257</b>	<b>122,834,810</b>	<b>41,281,750</b>	<b>20,378,357</b>	<b>26,284,464</b>	<b>44,322,684</b>	<b>29,839,734</b>	<b>33,407,478</b>	<b>43,571,098</b>	<b>0</b>	<b>438,809,377</b>
SHORT TERM TOTAL	72,346	65,113	29,024	32,403	36,470	45,233	55,709	45,106	57,245	32,425	46,836	0	517,910

Key:  
 ISO - Interest Sold  
 SCL - Securities Lending  
 DIV - Dividend earned  
 INT - Interest earned  
 MIS - Miscellaneous Income  
 CAPGN - Capital Gains/Losses

	July 1997	August	September	October	November	December	January 1998	February	March	April	May	June	YTD
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Fleet ZU11 & 12

ISO													0
SCL													0
DIV	511,375	384,775	899,405	0	0	0	0	0	0	0	0	0	1,795,555
INT	14,385	16,522	18,078	0	0	0	0	0	0	0	0	0	48,985
MIS		0	0	0	0	0	0	0	0	0	0	0	0
CAPGN/		29	554,255	0	0	0	0	0	0	0	0	0	554,284
TOTAL	525,760	401,326	1,471,737	0	0	0	0	0	0	0	0	0	2,398,824

Bankers ZU15 & 16

ISO													0
SCL													0
DIV	960,019	776,110	1,297,684	0	0	0	0	0	0	0	0	0	3,033,814
INT	11,626	14,498	14,145	0	0	0	0	0	0	0	0	0	40,269
MIS	(9)	(35)	0	0	0	0	0	0	0	0	0	0	(44)
CAPGN/	22,622,298	1,402,992	41,070	0	0	0	0	0	0	0	0	0	24,066,361
TOTAL	23,593,935	2,193,565	1,352,900	0	0	0	0	0	0	0	0	0	27,140,399

Provident ZU21 & 22

ISO													0
SCL													0
DIV	185,939	120,731	261,406	0	0	0	0	0	0	0	0	0	568,076
INT	34,358	16,875	119,911	0	0	0	0	0	0	0	0	0	171,145
MIS	(382)	(1,686)	(409)	0	0	0	0	0	0	0	0	0	(2,476)
CAPGN/	15,347,654	14,801,855	2,485,021	0	0	0	0	0	0	0	0	0	32,634,530
TOTAL	15,567,569	14,937,776	2,865,930	0	0	0	0	0	0	0	0	0	33,371,275

Brinson ZU 72

ISO													0
SCL													0
DIV	445,074	208,500	383,263	0	0	0	0	0	0	0	0	0	1,036,837
INT	35,753	37,129	18,572	0	0	0	0	0	0	0	0	0	91,453
MIS	0	(146)	0	0	0	0	0	0	0	0	0	0	(146)
CAPGN/	5,310,164	1,701,278	2,635,035	0	0	0	0	0	0	0	0	0	9,646,477
TOTAL	5,790,990	1,946,761	3,036,870	0	0	0	0	0	0	0	0	0	10,774,621



INCOME FILE

	July 1997	August	September	October	November	December	January 1998	February	March	April	May	June	YTD
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ValueQuest ZU 88

ISO													0
SCL													0
DIV	41,125	18,467	39,927	0	0	0	0	0	0	0	0	0	99,519
INT	1,293	1,406	1,985	0	0	0	0	0	0	0	0	0	4,684
MIS	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPGN/	607,820	694,852	0	0	0	0	0	0	0	0	0	0	1,302,672
TOTAL	650,239	714,724	41,912	0	0	0	0	0	0	0	0	0	1,406,875

Alternative Investments ZU 32

ISO													0
SCL													0
DIV													0
INT	0	0	0	0	0	0	0	0	0	0	0	0	0
MIS	(1,571,840)	(96,533)	226,649	0	0	0	0	0	0	0	0	0	(1,441,725)
CAPGN/LSS				0	0	0	0	0	0	0	0	0	0
TOTAL	(1,571,840)	(96,533)	226,649	0	0	0	0	0	0	0	0	0	(1,441,725)

Bank Acquisition ZU 60

ISO													0
SCL													0
DIV													0
INT	0	2,377	2,379	0	0	0	0	0	0	0	0	0	4,756
MIS													0
CAPGN/													0
TOTAL	0	2,377	2,379	0	0	0	0	0	0	0	0	0	4,756

Instate ZU 40

ISO													0
SCL													0
DIV													0
INT	149,676	149,711	149,712	0	0	0	0	0	0	0	0	0	449,099
MIS			0										0
CAPGN/													0
TOTAL	149,676	149,711	149,712	0	0	0	0	0	0	0	0	0	449,099

INCOME FILE

	July 1997	August	September	October	November	December	January 1998	February	March	April	May	June	YTD
<b>Fleet ZU 42</b>													
ISO													0
SCL													0
DIV													0
INT	2,641,933	14,287,841	2,076,349	0	0	0	0	0	0	0	0	0	19,008,122
MIS	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPGN/	(253,610)	(216,821)	(550)	0	0	0	0	0	0	0	0	0	(470,981)
<b>TOTAL</b>	<b>2,388,322</b>	<b>14,071,019</b>	<b>2,077,799</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,537,141</b>
<b>Brown Bros Zu 44</b>													
ISO	1,222,750	1,282,310	1,202,940	0	0	0	0	0	0	0	0	0	3,708,000
SCL	0	0	0	0	0	0	0	0	0	0	0	0	0
DIV	0	0	0	0	0	0	0	0	0	0	0	0	0
INT	902,552	434,784	1,921,357	0	0	0	0	0	0	0	0	0	3,258,694
MIS	(380)	0	(2,344)	0	0	0	0	0	0	0	0	0	(2,724)
CAPGN/	249,771	45,143	297,050	0	0	0	0	0	0	0	0	0	591,965
<b>TOTAL</b>	<b>2,374,693</b>	<b>1,762,238</b>	<b>3,419,004</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,555,934</b>
<b>Fidelity ZU 46</b>													
ISO	105,711	52,745	66,146	0	0	0	0	0	0	0	0	0	224,601
SCL	0	0	0	0	0	0	0	0	0	0	0	0	0
DIV	0	0	0	0	0	0	0	0	0	0	0	0	0
INT	959,536	970,462	1,043,245	0	0	0	0	0	0	0	0	0	2,973,243
MIS	(346)	(18)	(1,190)	0	0	0	0	0	0	0	0	0	(1,554)
CAPGN/	433,828	32,776	131,174	0	0	0	0	0	0	0	0	0	597,777
<b>TOTAL</b>	<b>1,498,728</b>	<b>1,055,964</b>	<b>1,239,375</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,794,067</b>
<b>Taplin, Canida &amp; Habecht ZU 84</b>													
ISO	10,456		18,861	0	0	0	0	0	0	0	0	0	29,317
SCL	0		0	0	0	0	0	0	0	0	0	0	0
DIV	0		0	0	0	0	0	0	0	0	0	0	0
INT	65,455	181,138	128,653	0	0	0	0	0	0	0	0	0	375,246
MIS	(18)	0	0	0	0	0	0	0	0	0	0	0	(18)
CAPGN/	(21,451)	(861)	(31,915)	0	0	0	0	0	0	0	0	0	(54,228)
<b>TOTAL</b>	<b>54,442</b>	<b>180,277</b>	<b>115,599</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>350,318</b>

INCOME FILE

	July 1997	August	September	October	November	December	January 1998	February	March	April	May	June	YTD
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Heitman ZU34

ISO													0
SCL													0
DIV													0
INT	499,044	0	0	0	0	0	0	0	0	0	0	0	499,044
MIS													0
CAPGN/LSS													0
TOTAL	499,044	0	0	0	0	0	0	0	0	0	0	0	499,044

L & B ZU

ISO													0
SCL													0
DIV													0
INT	0	0	0	0	0	0	0	0	0	0	0	0	0
MIS			502,024										502,024
CAPGN/LSS													0
TOTAL	0	0	502,024	0	0	0	0	0	0	0	0	0	502,024

Aetna ZU

ISO													0
SCL													0
DIV													0
INT	0	0	0	0	0	0	0	0	0	0	0	0	0
MIS		188,411											188,411
CAPGN/LSS													0
TOTAL	0	188,411	0	0	0	0	0	0	0	0	0	0	188,411

Phoenix

ISO													0
SCL													0
DIV													0
INT	0	0	0	0	0	0	0	0	0	0	0	0	0
MIS			240,030										240,030
CAPGN/LSS													0
TOTAL	0	0	240,030	0	0	0	0	0	0	0	0	0	240,030



INCOME FILE

	July 1997	August	September	October	November	December	January 1998	February	March	April	May	June	YTD
<b>Cash - Out of Trust ZU 66</b>													
ISO													0
SCL													0
DIV			38,680										0
INT	58,133	39,480		0	0	0	0	0	0	0	0	0	136,293
MIS		(158)											(158)
CAPGN													0
<b>TOTAL</b>	<b>58,133</b>	<b>39,322</b>	<b>38,680</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>136,135</b>
<b>Cash - In Trust ZU 76</b>													
ISO													0
SCL													0
DIV													0
INT	22,208	26,408	20,869	0	0	0	0	0	0	0	0	0	69,484
MIS	12,272												12,272
CAPGN													0
<b>TOTAL</b>	<b>34,480</b>	<b>26,408</b>	<b>20,869</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>81,757</b>
<b>Loomis Sayles ZU 90</b>													
ISO	88,115	76,429	80,792	0	0	0	0	0	0	0	0	0	245,336
SCL													0
DIV	64,281	135,984	139,500	0	0	0	0	0	0	0	0	0	339,766
INT	931,513	1,319,374	920,488	0	0	0	0	0	0	0	0	0	3,171,375
MIS	(563)	(255)	(1,035)	0	0	0	0	0	0	0	0	0	(1,852)
CAPGN	808,618	(329,404)	1,030,452	0	0	0	0	0	0	0	0	0	1,509,666
<b>TOTAL</b>	<b>1,891,966</b>	<b>1,202,128</b>	<b>2,170,198</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,264,291</b>
ISO													0
SCL													0
DIV													0
INT													0
MIS													0
CAPGN													0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

INCOME FILE

	July 1997	August	September	October	November	December	January 1998	February	March	April	May	June	YTD
<b>Alliance ZU 26</b>													
ISO													0
SCL													0
DIV	436,114	132,932	362,664	0	0	0	0	0	0	0	0	0	931,710
INT	899	2,453	8,845	0	0	0	0	0	0	0	0	0	12,196
MIS	(26)	(1,601)	(9)	0	0	0	0	0	0	0	0	0	(1,635)
CAPGN	1,424,058	(187,892)	269,269	0	0	0	0	0	0	0	0	0	1,505,436
<b>TOTAL</b>	<b>1,861,046</b>	<b>(54,108)</b>	<b>640,769</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,447,706</b>
<b>Schroder ZU 28</b>													
ISO													0
SCL													0
DIV	421,753	436,854	285,036	0	0	0	0	0	0	0	0	0	1,143,644
INT	18,949	18,752	16,557	0	0	0	0	0	0	0	0	0	54,258
MIS	0	(1,022)	(749)	0	0	0	0	0	0	0	0	0	(1,771)
CAPGN	2,492,853	2,399,789	2,205,989	0	0	0	0	0	0	0	0	0	7,098,631
<b>TOTAL</b>	<b>2,933,556</b>	<b>2,854,372</b>	<b>2,506,834</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,294,763</b>
<b>Scudder ZU 70</b>													
ISO													9,532
SCL	5,407	4,125	0	0	0	0	0	0	0	0	0	0	0
DIV	260,161	124,028	209,903	0	0	0	0	0	0	0	0	0	594,092
INT	54,427	64,057	34,199	0	0	0	0	0	0	0	0	0	152,683
MIS	446	(1,216)	(2,403)	0	0	0	0	0	0	0	0	0	(3,173)
CAPGN	4,980,363	(350,604)	(5,505,502)	0	0	0	0	0	0	0	0	0	(875,744)
<b>TOTAL</b>	<b>5,300,803</b>	<b>(159,611)</b>	<b>(5,263,804)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(122,611)</b>
<b>Schroder Emerging Mkts ZU 92</b>													
ISO													0
SCL													0
DIV													0
INT													0
MIS													0
CAPGN													0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>