

State of Rhode Island and Providence Plantations



Sept. 22
2004



Office of the General Treasurer

Paul J. Tavaras
General Treasurer

**STATE OF RHODE ISLAND
INVESTMENT COMMISSION MEETING**

**DATA AT
AUGUST 31, 2004**

MEMBERS OF THE STATE INVESTMENT COMMISSION

Hon. Paul J. Tavares, Chair

**J. Michael Costello
Rosemary Booth Gallogly
Marcia Reback
John R. Treat**

**Sen. Daniel DaPonte
Dr. Robert J. McKenna
James E. Thorsen**



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

Paul J. Tavares
General Treasurer

**RHODE ISLAND STATE INVESTMENT COMMISSION
MEETING NOTICE**

The next meeting of the Rhode Island State Investment Commission has been scheduled for Wednesday, September 22, 2004 at 9:00 a.m. in Room 135 of the State House.

AGENDA

1. Membership Roll Call
2. Approval of Minutes
 - State Investment Commission Meeting held on 8/25/04 *
3. Alternative Investment – Pacific Corporate Group
 - Aurora Equity Partners III, L.P. *
4. Investment Manager Reviews
 - MacKay Shields
 - Shenkman Capital Mgmt. Inc.
5. General Consultant's Report – Wilshire Associates Incorporated
 - Capital Market Update
6. Wilshire Associates Incorporated Contract *
7. Legal Counsel Report
8. Deputy Treasurer for Finance Report
9. Treasurer's Report
10. New Business

* Commission members may be asked to vote on this item.

POSTED ON THURSDAY, SEPTEMBER 16, 2004

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

Regular Meeting August 25, 2004

A State Investment Commission ("SIC") meeting was held in Room 135, State House, Providence, Rhode Island on Wednesday, August 25, 2004. There being a quorum present, the Treasurer called the meeting to order at 9:05 a.m.

Membership Roll Call. Present were: Mr. Michael Costello, Ms. Marcia Reback, Mr. James E. Thorsen, Mr. John R. Treat and General Treasurer Paul J. Tavares. Dr. Robert McKenna joined the meeting at 9:07 a.m and Ms. Rosemary Booth Gallogly joined the meeting at 9:10 a.m. Also present were: Mr. George Carvalho, Chief of Staff, Ms. Joan M. Caine, Deputy Treasurer for Finance, Mr. William G. Bensusan of Wilshire Associates Incorporated, Consultant to the Commission, Mr. Peter Martenson of Pacific Corporation Group, Alternative Investments Consultant to the Commission and Mr. Frank Blaschka of The Townsend Group, Real Estate Consultant to the Commission. Senator Daniel DaPonte was absent.

State Investment Commission Minutes. Ms. Reback moved, Mr. Thorsen seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Costello, Dr. McKenna, Ms. Reback, Mr. Thorsen, Mr. Treat and Treasurer Tavares. (Note: Ms. Gallogly was not present for this vote.)

VOTED: To approve the Minutes of the July 20, 2004 Special Meeting.

Proposed Alternative Investment – Providence Equity Partners V, L.P. ("PEP V"). Mr. Martenson of Pacific Corporate Group ("PCG") gave a brief overview of PEP V, which is being formed to continue the investment strategy employed through four prior funds. The Fund seeks to acquire communications and media companies targeting individual investments of \$100-\$400 million in approximately 15 to 20 companies. The proposed Fund has a targeted size of \$4.0 billion.

Mr. Paul J. Salem, Senior Managing Director and Mr. Julie Fisher, Principal represented PEP V. Mr. Salem stated that PEP is the world's largest private equity firm specializing in communications and media in the US and Europe. PEP has over \$4.5 billion of equity capital under management. He noted that the realized IRR's of the first four funds are as follows: PEP I is at 47%; PEP II is at 117%; PEP III is at 23% and PEP IV is at 42%.

PEP's current and previous areas of investment include wireless telephone systems (cellular, personal communications systems and enhanced specialized mobile radio systems), competitive local and long distance telephone networks, Internet service providers, cable television systems and networks, paging/advanced messaging systems, wireless data networks, newspaper and magazine publishing, radio and television broadcasting, in-store advertising, directories, and other media and communications sectors. Mr. Salem reported that deal flow is strong in both the US and Europe. He noted that large distressed media and communications companies continue to sell assets to reduce debt or rationalize business lines and that values continue to be attractive.

Dr. McKenna moved, Mr. Thorsen seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Costello, Ms. Gallogly, Dr. McKenna, Ms. Reback, Mr. Thorsen, Mr. Treat and Treasurer Tavares.

VOTED: To invest up to \$25 million in Providence Equity Partners V, L.P., contingent upon satisfactory review and negotiation of investment and other legal documents.

Mr. Martenson noted that the pension fund is targeting \$90 million of alternative investments in 2004. He expects to bring three more funds in the fall – one venture capital fund; one special situations fund (probably in energy); and one corporate finance fund (probably another Aurora Capital fund).

Proposed Real Estate Investment – Fremont Strategic Property Partners II, L.P. (“Fremont”). Mr. Frank Blaschka of the Townsend Group gave a brief overview of the first proposed investment in the real estate program. He noted that Fremont is categorized as a high return or “opportunistic” fund with a specialized investment strategy. Fremont will invest in non-traditional real estate sectors and selected traditional subsectors in real estate that capitalizes on research-based trends or opportunities. The fund has a targeted size of \$400 million.

Mr. Steven Karpf, Managing Director, Mr. Raphael Sidelsky, Principal and Mr. Matthew Reidy, Managing Director and Head of Asset Management represented Fremont. Ms. Karpf noted that Fremont Group is a privately held investment firm, managing approximately \$11 billion in assets for institutions and individuals. Fremont’s first fund raised \$221 million in 2000 and as of 3/31/04, investments representing \$84 million of equity commitments have been realized and have produced an IRR of approximately 41%.

Mr. Karpf stated that Fremont intends to capitalize on market imbalances present in non-traditional subsectors within traditional real estate sectors. Traditional sectors and subsectors include office, industrial, multifamily and retail. Non-traditional subsectors include self storage, cold storage, seniors housing and for-sale housing. Fremont’s investment criteria include: focusing on US investments (with a maximum of 30% of commitments in foreign markets); targeted 20% gross IRR; capital commitments of \$20-40 million; operating partner co-investment; and a control path to liquidity. Mr. Reidy noted that the actual leveraged IRR of the first fund is 51.8%.

Mr. Thorsen moved, Mr. Costello seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Costello, Ms. Gallogly, Dr. McKenna, Ms. Reback, Mr. Thorsen, Mr. Treat and Treasurer Tavares.

VOTED: To invest up to \$15 million in Fremont Strategic Property Partners II, L.P., contingent upon satisfactory review and negotiation of investment and other legal documents.

Note: Mr. Thorsen left the meeting at 10:15 a.m., thereby recusing himself from the following portion of the meeting.

State Street Bank & Trust Company (“State Street”) – Custody Contract Renewal. Ms. Caine explained that State Street’s contract was signed in 2000 after the RFP process in 1999. The contract was extended in 2002 for one year and extended again in 2003 for an additional year. The terms of the contract allow only one more extension for a year. Prior to the RFP

process in 1999, the state was paying approximately \$1.2 million in custody fees per year. Since the contract was signed in 2000, the state has paid between \$200,000 to \$250,000 in custody fees per year.

Ms. Caine noted that the substantial rate reduction is the result of the competitive RFP process and the bundled relationship the State has with State Street. State Street manages \$1.5 billion of our assets in an Index fund and a core domestic equity portfolio, and we also re-established the securities lending program with State Street, which provides annual income of \$1.7 million - \$2.0 million. The State also saves money with transition management services which State Street provides. Additionally, Treasury negotiated for some premium products and services such as Performance Analytics and Investment Policy Reporting which we receive at no charge. Ms. Caine also noted that the team at State Street is extremely responsive to staff and the State's auditors and the client service team regularly attend SIC meetings. Mr. Bensur noted that he agreed that State Street is a valuable partner for the state. Ms. Caine recommended that the contract be extended for one year under the same terms and conditions currently in place.

Dr. McKenna moved, Mr. Costello seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Costello, Ms. Gallogly, Dr. McKenna, Ms. Reback, Mr. Treat and Treasurer Tavares. Note: Mr. Thorsen was not present for this vote.

VOTED: To extend the custody contract with State Street Bank & Trust Co. for the period of one year under the same terms and conditions.

Wilshire Associates Incorporated – Capital Market Review. Mr. Bensur noted that the economy has recovered a bit and heading in the right direction. Inflation remained pretty stable and growth has picked up. Year-to-date the equity market is down 50 basis points. Interest rates and fixed income returns have been volatile over the last four months. However, the allocation to TIPS has performed well since being established in July. He noted that international markets are up 50 basis points. The bond market is up 2.4% as of 8/24/04.

Wilshire Associates Incorporated – Executive Summary of Investment Performance. Mr. Bensur noted that asset allocations are on target. As of 6/30/04 total assets were \$6.2 billion. Calendar year-to-date the fund is up approximately \$215 million. For the fiscal year ending June 30, 2004, the fund investment gains were up \$1 billion. For one year the total fund was up 19.2% which was 1% over the policy. Ms. Caine noted that for July, 2004 the fund and the policy were both down 2.4%. Mr. Bensur noted that on a year-to-date basis the fund is about 50 basis points ahead of policy. The Treasurer noted that we tied the policy on the down side and beat it on the up side.

The Treasurer stated that the Retirement Board establishes the assumed rate of return which is the SIC's return objective. He noted that the actuary recently recommended that we lower the assumed rate of return from 8.25% to 8.0%, but because there was sufficient long-term historical data showing the fund has earned average annual returns greater than 8.25%, the Retirement Board voted to maintain an 8.25% assumed rate. The Treasurer reminded the Commission members that past performance is no indication of future performance. Mr. Bensur reminded Commission members that the focus is on building a long-term investment program.

Deputy Treasurer for Finance Report. Ms. Caine stated that there has been an announcement of a management buyout of one of our international managers – Delaware International Advisers, Ltd. The new name of the firm will be Mondrian Investment Partners.

The principals and the team will remain the same and the buyout is expected to be effective at the end of September.

Ms. Caine updated the Commission on the state-held mortgage on the old American Express building. In 1999 a refinance plan was signed for a five-year loan with a balloon payment due December 1, 2004. The developer (Congress Group Ventures "CGV") has requested that we refinance the deal again because the tenant (Boston Financial Data Services) has exercised their option to pull out of their lease. Ms. Caine and Mr. Carvalho have had several meetings with CGV's attorneys in an attempt to re-negotiate the mortgage which has a balance of approximately \$22 million. The Townsend Group and Brown Rudnick will be attending another meeting with CGV today along with staff. The building has been appraised at approximately \$20.6 million. The deal is further complicated by the fact that the building is on leased land. Ms. Caine indicated that she would update the Commission with future developments.

Dr. McKenna moved, Ms. Reback seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Costello, Ms. Gallogly, Dr. McKenna, Ms. Reback, Mr. Treat and Treasurer Tavares. Note: Mr. Thorsen was not present for this vote.

VOTED: To adjourn the meeting.

There being no further business, the meeting was adjourned at 10:50 a.m.

Respectfully submitted,

Paul J. Tavares
General Treasurer

**RHODE ISLAND STATE INVESTMENT COMMISSION
STAFF SUMMARY ANALYSIS
PORTFOLIO HIGHLIGHTS
August 31, 2004**

PORTFOLIO PERFORMANCE

August

The ERSRI portfolio posted a gain of 0.89% for the month of August, against the policy index of 0.84%. Domestic equities were up 0.03%, international equities gained 0.71%, and the fixed income asset class gained 2.37%. Additionally, the retirement fund earned \$93,566 from the securities lending program during this month.

Calendar Year

For the eight months ended August 31st, 2004, the portfolio is up 2.04% against the policy index of 1.46%. Domestic equities lost -0.88%, international equities were up 2.08%, and fixed income gained 3.61%.

Fiscal Year to Date

For the two months ended August 31st, 2004, the fund lost -1.50%, slightly better than the policy index of -1.55%.

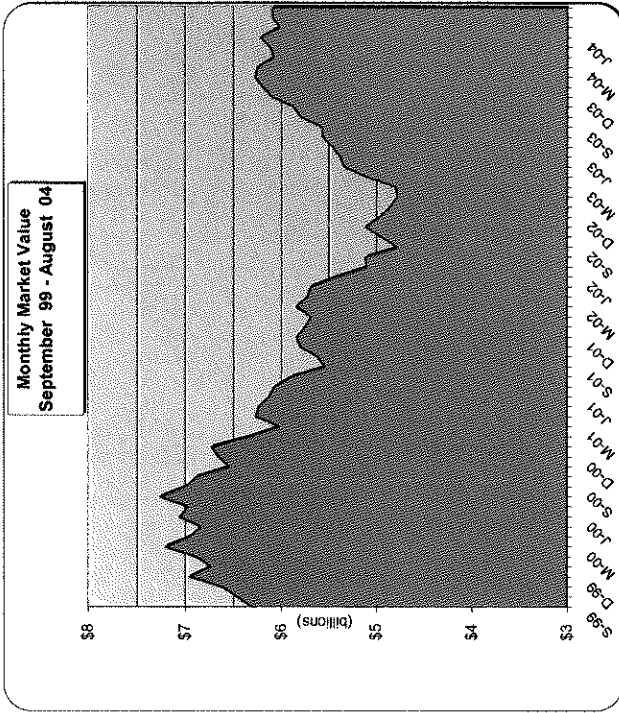
ERSRI Performance By Asset Class	Aug-04	Calendar YTD
Domestic Equity	0.03%	-0.88%
Fixed Income	2.37%	3.61%
International Equity	0.71%	2.08%
Total Fund Composite*	0.89%	2.04%
Manager Summary	Aug-04	CYTD
DOMESTIC EQUITY		
PIMCO	0.72%	0.62%
Wasatch	0.50%	2.98%
SSgA Russell 1000	0.49%	0.23%
NorthPointe	-0.16%	-1.07%
SSgA Core	-0.44%	-1.25%
Wellington	-2.25%	-6.06%
Shott	-3.27%	-4.98%
Total Domestic Equity	-4.43%	-0.90%
FIXED INCOME		
Fidelity	3.15%	3.49%
Brown Bros. TIPS	2.62%	N/A
Taplin, Canida & Habacht	1.99%	3.43%
Brown Bros CORE	1.94%	3.23%
Shenkman	1.93%	4.06%
Mackay Shield	1.33%	6.58%
InState F/i	0.56%	4.50%
Total Fixed Income	2.37%	3.61%
INTERNATIONAL EQUITY		
Goldman Sachs	1.70%	N/A
Delaware	0.65%	N/A
Bank of Ireland	-0.21%	-0.47%
Total International Equity	0.71%	2.08%

*Total Fund Composite includes all classes

Index Performance Summary - August 31, 2004		
Market Indices	Aug-04	Calendar YTD
Domestic Equity		
S & P 500	0.40%	0.42%
Wilshire 5000	0.34%	0.45%
Russell 2000	-0.51%	-0.94%
Russell 2500	-0.26%	-0.20%
Russell 1000	0.49%	0.19%
Policy Index	0.84%	1.48%
International Equity		
MSCI ACWI	0.80%	1.89%
Fixed Income		
Lehman AGG	1.91%	3.07%
Real Estate		
Wilshire RE Sec Inde	7.81%	15.99%

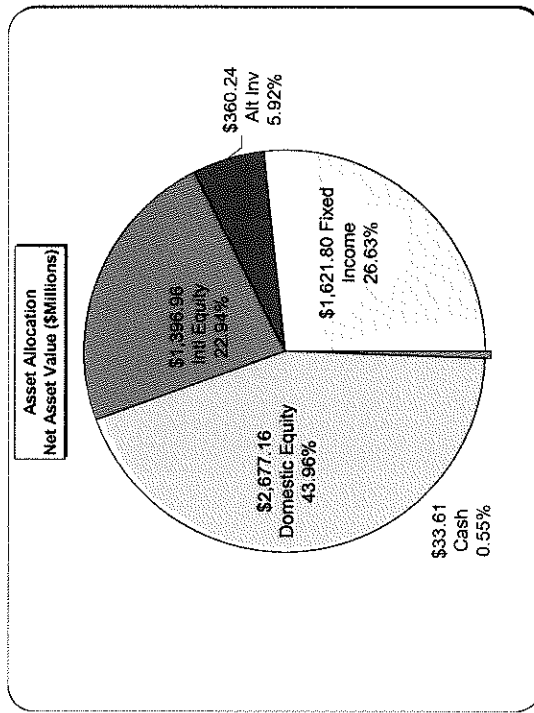
Market Values

The total portfolio value increased in August by \$74 million to \$6.089 billion. This compares with an increase in value of \$104 million for the same period in 2003. The domestic equity market values decreased by \$24 million; fixed income increased by \$62 million net of transfers, while international values were up by \$50 million net of transfers. The cash accounts were down \$12 million and alternative investments decreased in value by \$1.8 million.



Asset Allocation

The domestic equities portfolio is under-allocated by 1.0%. The fixed income portfolio is over-allocated by 1.6%. The international equity portfolio is over-allocated by 0.4%, while the alternative investment assets are under-allocated by 1.6%. Domestic and international equities targets each include an additional 2.5% for future real estate allocations. Rebalancing of these asset classes is on-going.



Cash Flow

August's pension payroll of \$47.3 million exceeded the \$28.2 million in contributions received by \$19 million. To meet this shortfall along with other obligations, \$17 million was transferred from long term investments.

Alternative Investments

At this time the alternative investment asset class has unfunded commitments of approximately \$431.3 million, on commitments of \$798 million.

Short Term Cash

The short term cash portfolio had a 4.9 day weighted average maturity vs 3.1 days in July, and 3.9 days in August of 2003. Investments at August 31st totaled \$304.8 million. Interest earned during the month was \$ 111,078 of which \$ 10,618 was credited to the retirement accounts. The average investment rate of 1.44% was 10 basis points above the average 30 day treasury rate.

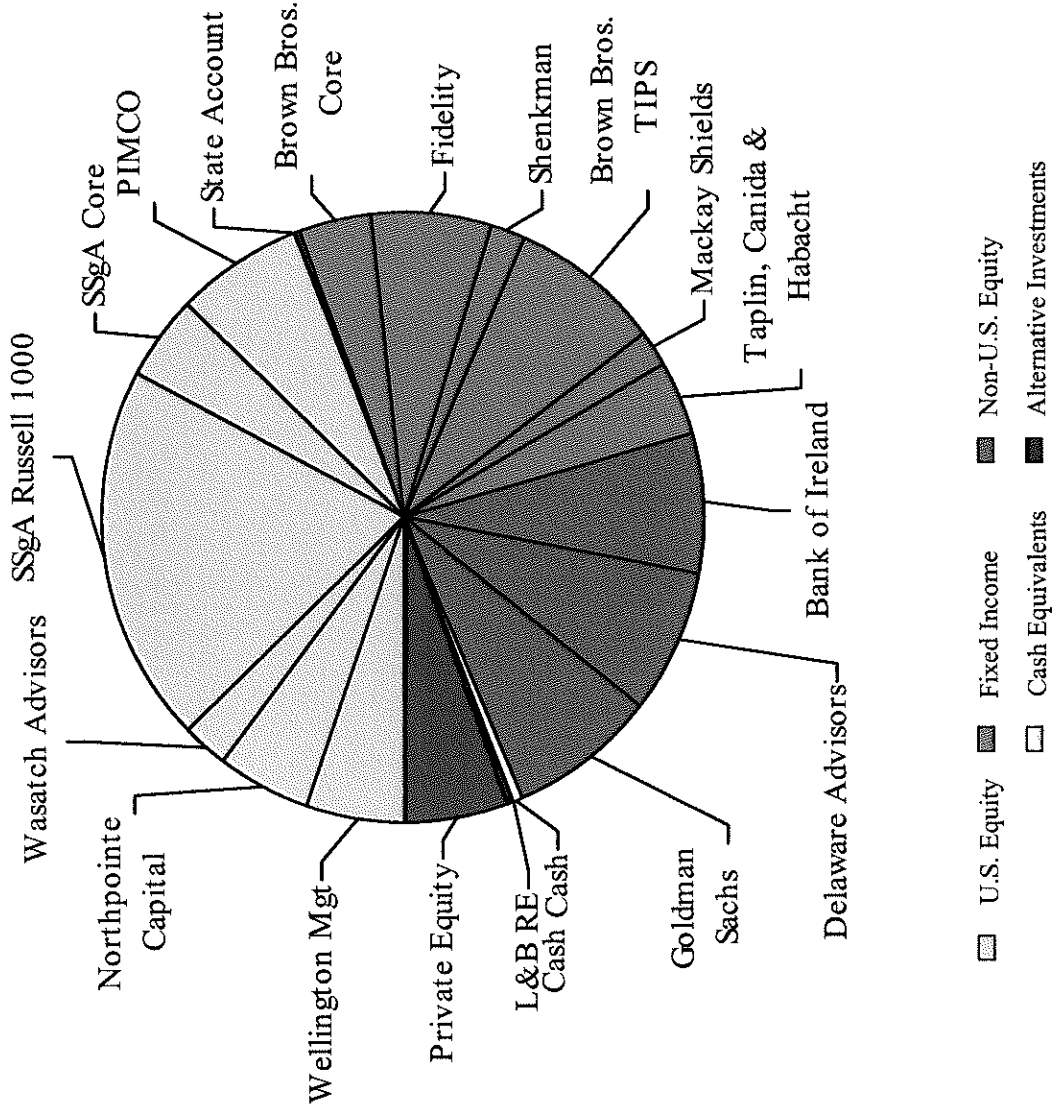
**CAPITAL CALLS
Net of Distributions**

AUGUST 2004	FYTD	UNFUNDED BALANCE
\$1,407,046	\$5,866,930	\$403,115,975
AUGUST 2003	FYTD	UNFUNDED BALANCE
-\$3,146,406	-\$282,049	\$359,150,136

Individual Manager Allocation

August 31, 2004

\$ 6,090 MM



Portfolio	\$MM	Allocation
Northpointe Capital	\$294	4.83
PIMCO	411	6.75
SSgA - Core	270	4.43
SSgA Russell 1000	1,220	20.03
Wasatch Advisors	163	2.68
Wellington Management	317	5.21
U.S. Equity	<u>2,677</u>	<u>43.96</u>
Brown Bros. Harriman - Core	\$ 234	3.84
Fidelity Mgmt. Trust	395	6.49
Brown Bros. Harriman-TIPS	480	7.88
Mackay Shields	120	1.97
Shenkman Capital	121	1.99
State Account	22	0.36
Taplin, Canida & Habacht	249	4.08
Fixed Income	<u>1,622</u>	<u>26.63</u>
Goldman Sachs	\$ 492	8.07
Bank of Ireland	452	7.42
Delaware Investment Advisors	453	7.43
International Equity	<u>1,397</u>	<u>22.94</u>
L&B Real Estate	\$ 17	0.27
Private Equity	343	5.63
Contingency Reserve	1	0.01
Alternative Invest.	<u>360</u>	<u>5.92</u>
Cash Account (inside)	\$ 20	0.33
Cash Account (outside)	14	0.22
Cash Equivalents	<u>34</u>	<u>0.55</u>
Total	\$6,090	100.0

U.S. Equity
 Fixed Income
 Non-U.S. Equity
 Cash Equivalents
 Alternative Investments

Market Environment

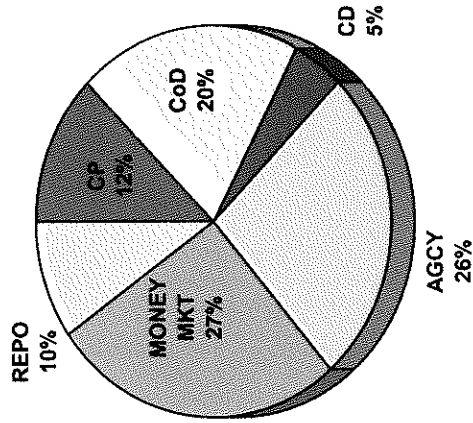
Quarter Ended August 31, 2004

	<u>QTR</u>	<u>FYTD</u>	<u>1 YR.</u>	<u>2 YRS.</u>	<u>3 YRS.</u>	<u>4 YRS.</u>	<u>5 YRS.</u>
U.S. EQUITY							
RUSSELL 1000	-1.29	-3.04	11.33	12.09	1.22	-6.22	-1.46
RUSSELL 2000	-3.31	-7.21	11.35	19.89	6.72	1.80	6.43
RUSSELL 2000 GROWTH	-7.97	-10.94	3.37	18.09	1.04	-9.49	-1.37
RUSSELL 2000 VALUE	1.23	-3.66	19.49	21.57	11.74	13.28	13.37
S&P 500	-1.03	-2.92	11.46	11.76	0.80	-6.19	-2.07
DOW WILSHIRE 5000 FREE FLOAT	-1.34	-3.40	11.68	13.26	2.30	-5.51	-0.88
INTERNATIONAL EQUITY							
MSCI AC WORLD FREE ex US (gross)	-0.02	-2.14	22.65	17.32	6.16	-2.76	-0.01
MSCI EAFE (net)	-0.69	-2.82	22.64	15.68	4.41	-3.67	-1.16
U.S. FIXED INCOME							
FB DOM PLUS HIGH YIELD	4.44	2.86	14.58	18.69	11.23	8.46	6.88
FB GLOBAL HIGH YIELD	4.53	2.93	14.67	18.81	11.26	8.48	7.17
LB AGGREGATE	3.51	2.92	6.14	5.24	6.19	7.70	7.67
LB CREDIT	4.05	3.62	7.49	8.12	7.41	8.99	8.48
LB GOV/CREDIT	3.63	3.20	6.25	5.86	6.53	8.01	7.86
CITIGROUP BROAD INV GRADE	3.60	2.99	6.26	5.34	6.22	7.74	7.69
CITIGROUP LARGE PENSION FUND	5.19	4.31	8.57	6.84	7.40	8.91	8.79
CITIGROUP LPF COLLATERALIZED	3.48	2.60	6.05	4.26	5.58	7.12	7.32
TOTAL PLAN	0.18	-1.55	12.76	12.61	4.81	-0.88	2.14

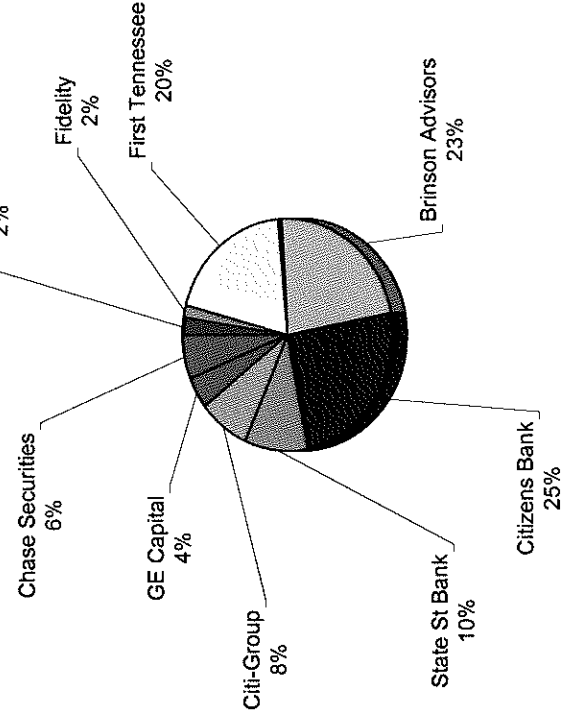
RHODE ISLAND STATE INVESTMENT COMMISSION

SHORT TERM CASH INVESTMENTS AT AUGUST 31, 2004

Portfolio By Instrument



Portfolio by Issuer



REPO	= Repurchase Agreement
CP	= Commercial Paper
CD	= Certificate of Deposit
CoD	= Collateralized Deposit
Agency	= US Government Agency

State of Rhode Island
Office of the General Treasurer
Short-Term Investments

Issuer Credit Ratings
August, 2004

Issuer	Type of Instrument	Month End % Portfolio	Issuer Ratings		S-T Debt Rating		L-T Debt Rating		Credit Outlook
			Moody's		Moody's	S&P	Moody's	S&P	S&P
Chase Securities	2,3,5	6%	Aa3		P-1	A-1	Aa3	A+	Stable
Citigroup Inc.	2	8%	Aa1		P-1	A-1+	Aa1	AA-	Stable
Citizens Bank RI	3,4	25%	Aa2		P-1	A-1+	Aa2	AA-	Stable
Dreyfus	6	2%	Aa3		P-1	A-1+	Aa3	AA-	Stable
First Tennessee Capital Markets	5	20%	A1		P-1	A-1	A1	A	Stable
Fidelity	6	2%				N/R		N/R	N/R
GE Capital	2	4%	Aaa		P-1	A-1+	Aaa	AAA	Stable
Morgan Stanley	1,2,5	0%	Aa3		P-1	A-1	Aa3	A+	Stable
Paine Webber	5	0%	Aa2		P-1	A-1+	Aa2	AA+	Stable
UBS Brinson Advisors	6	23%	Aa2		P-1	A-1+	Aa2	AA+	Stable
State Street Bank & Tru	1,3	10%	Aa2		P-1	A-1+	Aa2	AA	Stable

Instrument Codes

- 1 Repurchase Agreement
- 2 Commercial Paper
- 3 Certificate of Deposit
- 4 Collateralized Deposit
- 5 US Agency Discount Note
- 6 Government Money Market

Ratings Definitions

Moody's Short-Term Debt Ratings:

- P-1 - Prime-1 have a superior ability for repayment of sr. S-T debt obligations
- P-2 - Prime-1 have a strong ability for repayment of sr. S-T debt obligations
- P-3 - Prime-1 have an acceptable ability for repayment of sr. S-T debt obligations
- NP - Not Prime

Moody's Issuer Rating Symbols:

- Aaa - Offer exceptional financial security (high-grade)
- Aa - Offer excellent financial security (high-grade)
- A - Offer good financial security
- Baa - Offer adequate financial security
- Ba - Offer questionable financial security
- B - Offer poor financial security
- Caa - Offer very poor financial security
- Ca - Offer extremely poor financial security
- C - Lowest rated class, usually in default

Modifiers:

- 1 - Higher end of letter rating category
- 2 - Mid-range of letter rating category
- 3 - Lower end of letter rating category

Moody's Long-Term Debt Ratings:

- Aaa - Best Quality
- Aa - High Quality
- A - Possess many favorable investment attributes
- Baa - Medium-grade obligations
- Ba - Possess speculative elements
- B - Generally lack characteristics of desirable investments
- Caa - Poor standing
- Ca - Speculative in a high degree
- C - Lowest rated class of bonds

Modifiers:

- 1 - Higher end of letter rating category
- 2 - Mid-range of letter rating category
- 3 - Lower end of letter rating category

S&P Short-Term Credit Ratings:

- A-1 - Highest rated, strong capacity to meet obligations
 - A-2 - Somewhat more susceptible to adverse effects of changes in financial conditions, satisfactory
 - A-3 - Exhibits adequate protection parameters
 - B - Significant speculative characteristics, faces major ongoing uncertainties
 - C - Vulnerable to non-payment
 - D - Payment default
- Modifiers:**
+ or - show relative standing within the category.

S&P Outlook Definitions:

- Positive - A rating may be raised
- Negative - A rating may be lowered
- Stable - A rating is not likely to change
- Developing - May be raised or lowered
- NM - Not meaningful

S&P Long-Term Debt Ratings:

- AAA - Highest rating, extremely strong
 - AA - Differs slightly from highest rating, very strong
 - A - Somewhat more susceptible to adverse effects of change in economic condition, strong
 - BBB - Exhibits adequate protection parameters
 - BBB, B, CCC, CC, C - Have significant speculative characteristics. BB least speculative, C highest degree.
 - D - Payment default
- Modifiers:**
+ or - show relative standing within the category.



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

Paul J. Tavares
General Treasurer

September 14, 2004

State Investment Commission
Rhode Island State House
Providence, RI 02903

This is to certify that the amounts so listed below 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 August 31, 2004.

**Employees' Retirement System of Rhode Island
Composite Reporting Investment Valuation
August 31, 2004**

Asset Class		
Cash/Short Term Investments		\$ 194,580,091
Equities – Domestic		\$ 2,639,642,085
Equities – International		\$ 1,338,458,682
Fixed Income – Government	\$ 948,789,939	
Fixed Income – Corporate	\$ 586,783,735	
Fixed Income – In State	\$ 22,092,356	
Total Fixed Income		\$ 1,557,666,030
Alternative Investments		\$ 358,927,357
Other – Escrow		\$ 500,000
Total Fund Investments		\$ 6,089,774,246
Plan Allocation		
State Employees & Teachers	86.395%	\$ 5,261,275,648
Municipal Employees	12.936%	\$ 787,749,452
State Police	0.406%	\$ 24,723,881
Judicial	0.263%	\$ 16,025,265
Total Fund Investments	100.000%	\$ 6,089,774,246

The amount listed for the alternative investments designation is illiquid and does not have a readily determinable market value. It is based on appraisals only.

Respectfully submitted,

Paul J. Tavares
General Treasurer

ERSRI Monthly Market Value Report With Time Weighted Returns
August 31, 2004

	Calendar YTD		Current Month		Valuation Change		
	Performance	Benchmark	Performance	Benchmark	Market Value	Transfers	Market Value
		Alpha		Alpha	7/31/2004	In/Out	8/31/2004
Domestic Equity							
Short Capital Management IRR	-4.98%	N/A	N/A	N/A	2,279,002	(270,139)	1,942,283
SSgA Russell 1000	0.23%	0.19%	0.04%	0.00%	1,213,710,295	130,000	1,219,833,020
SSgA Core	-1.25%	0.19%	-1.44%	-0.93%	270,874,726	31,250	269,705,464
PIMCO	0.62%	0.42%	0.20%	0.32%	408,111,509	45,625	411,103,847
NorthPointe Capital	-1.07%	3.88%	-4.95%	-1.14%	270,207,218	24,417,150	294,156,163
Wellington Mgmt	-6.06%	-0.94%	-5.12%	-1.74%	324,877,798	31,250	317,402,229
Wasatch Advisors	2.98%	-5.87%	8.85%	2.65%	137,788,501	24,403,014	162,998,854
Transition Account	N/A	N/A	N/A	N/A	73,759,456	(73,754,539)	14,895
Total Domestic Equity	-0.88%				2,701,408,505	(24,966,389)	2,677,156,756
International Equity							
Bank of Ireland	-0.47%	1.89%	-2.36%	-1.01%	452,811,009	75,625	452,053,251
Goldman Sachs	N/A	N/A	N/A	N/A	400,709,796	42,571,667	491,504,234
Transition Account	N/A	N/A	N/A	N/A	3,255,310	(2,496,042)	813,830
Delaware	N/A	N/A	N/A	-0.15%	489,827,922	(40,000,000)	452,589,737
Total International Equity	2.08%				1,346,704,037	151,250	1,396,961,051
Fidelity Management & Research							
Brown Brothers, Harriman	3.49%	3.33%	0.16%	1.51%	383,144,093	41,250	395,242,161
In-State Fixed Income	3.23%	3.17%	0.06%	-0.04%	229,433,348	20,000	233,915,013
Taplin, Canida & Habacht	4.50%	N/A	N/A	N/A	22,110,788	(141,426)	22,092,356
Mackay Shields	3.43%	3.35%	0.08%	-0.37%	243,917,480	25,625	248,684,929
Shenckman Capital Mgmt	6.58%	5.48%	1.10%	-0.30%	118,394,921	20,346	119,985,779
Brown Bros TIPS	4.06%	5.48%	-1.42%	0.30%	119,091,786	13,750	121,409,164
Transition Account	N/A	5.59%	N/A	-0.06%	442,562,986	25,000,000	479,775,755
Total Fixed Income	3.61%				1,559,308,854	25,034,545	1,621,805,743
Alternative Investments							
Private Equity	18.58%	N/A	N/A	N/A	342,277,577	(5,015,813)	343,009,161
Real Estate	4.11%	15.99%	-11.88%	-7.81%	19,293,483	(2,567,228)	16,726,255
Bank Acquisition Contingency	0.68%	N/A	N/A	N/A	501,209	-	502,215
Total Alternatives	17.74%				362,072,369	(7,583,041)	360,237,630
Cash Accounts							
Cash in Trust	11.97%	N/A	N/A	N/A	16,959,947	3,600,211	20,055,486
Cash Outside Trust	0.68%	N/A	N/A	N/A	28,684,862	(11,858,574)	13,557,579
Total Cash	N/A				45,644,809	(8,258,363)	33,613,066
Fund Grand Total	2.04%	1.46%	0.58%	0.89%	6,015,138,574	(15,621,998)	6,089,774,246

*Policy Index: (Effective 03/01/03)

52.5% Wilshire 5000

25.0% Lehman Aggregate

22.5% MSCI ACWI X-US

State of Rhode Island
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STATE STREET
For Everything You Invest In

	MKT VAL	% of FUND	1 Month	3 Months	6 Months	YTD	FYTD	1 Year	2 Years	3 Years	4 Years	5 Years
U.S. EQUITY												
COLUMBIA PARTNERS	15	0.00										
NORTHPOINTE CAPITAL	294,156	4.83	-0.16	-1.53	-6.86	-1.07	-4.81	13.45	20.34			
PIMCO	411,104	6.75	0.72	-0.64	-2.74	0.62	-2.51	12.04	12.12	0.93		
SHOTT CAPITAL	1,942	0.03										
SSGA - CORE	269,705	4.43	-0.44	-2.00	-4.10	-1.25	-3.92	9.20	8.98	2.21	-5.35	-1.44
SSGA RUSSELL 1000	1,219,833	20.03	0.49	-1.29	-2.99	0.23	-3.03	11.36				
WASATCH ADVISORS	162,999	2.68	0.50	-2.85	-4.18	2.98	-4.94	13.50	14.89			
WELLINGTON MANAGEMENT CO. LLC	317,402	5.21	-2.25	-6.61	-9.80	-6.06	-9.30	10.37	23.88			
TOTAL US EQUITY	2,677,157	43.96	0.03	-2.28	-4.72	-0.88	-4.40	11.11	14.36	2.81	-6.14	-2.85
<i>RUSSELL 1000</i>			0.49	-1.29	-3.02	0.20	-3.04	11.33	12.09	1.22	-6.22	-1.46
<i>RUSSELL 2000</i>			-0.51	-3.31	-5.91	-0.94	-7.21	11.35	19.89	6.72	1.80	6.43
<i>RUSSELL 2000 GROWTH</i>			-2.15	-7.97	-10.44	-5.88	-10.94	3.37	18.09	1.04	-9.49	-1.37
<i>RUSSELL 2000 VALUE</i>			0.98	1.23	-1.50	3.88	-3.66	19.49	21.57	11.74	13.28	13.37
<i>S&P 500</i>			0.41	-1.03	-2.74	0.42	-2.92	11.46	11.76	0.80	-6.19	-2.07
<i>DOW WILSHIRE 5000 FREE FLOAT</i>			0.34	-1.34	-3.15	0.45	-3.40	11.68	13.26	2.30	-5.51	-0.88
INTERNATIONAL EQUITY												
GOLDMAN SACHS	491,504	8.07	1.70									
SSGA TRANSITION ACCOUNT	170	0.00										
BANK OF IRELAND	452,053	7.42	-0.21	-1.76	-4.59	-0.47	-3.18	17.82	10.73	1.45		
DELAWARE INVESTMENT ADVISOR	452,590	7.43	0.65	2.92			0.07					
PUTNAM INVESTMENTS	255	0.00										
SSGA MSCI ALL COUNTRY WORLD EX-US	325	0.01										

State of Rhode Island
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STATE STREET
For Everything You Invest In™

	MKT VAL	% of FUND	1 Month	3 Months	6 Months	YTD	FYTD	1 Year	2 Years	3 Years	4 Years	5 Years
TRANSITION ACCOUNT INT EQUITY	232	0.00						20.46	13.79	3.86	-4.59	-0.50
TOTAL INTERNATIONAL EQUITY	1,396,959	22.94	0.71	0.42	-2.32	2.08	-1.74	22.65	17.32	6.16	-2.76	-0.01
<i>MSCI AC WORLD ex US (GROSS)</i>			0.80	-0.02	-2.22	1.88	-2.14	22.64	15.68	4.41	-3.67	-1.16
<i>MSCI LEAFE (NET)</i>			0.44	-0.69	-2.06	1.62	-2.82					
U.S. FIXED INCOME												
BROWN BROTHERS HARRIMAN	233,915	3.84	1.94	3.51	1.25	3.23	2.96	2.12	6.25	6.99	8.62	8.16
FIDELITY MANAGEMENT TRUST	395,242	6.49	3.15	3.32	1.94	3.49	2.46	6.46	5.14	6.42	7.68	7.76
COLUMBIA FIXED INCOME	125	0.00										
BROWN BROTHERS HARRIMAN	479,776	7.88	2.62	4.07			3.87					
MACKAY SHIELDS, LLC	119,986	1.97	1.33	4.11	3.03	6.58	2.73	16.75				
SHENKMAN CAPITAL MANAGEMENT	121,409	1.99	1.93	4.50	3.06	4.06	3.38	11.28				
STATE ACCOUNT	22,092	0.36	0.56	1.67	3.34	4.50	1.11	6.82	6.80	6.82	6.87	
TAPLIN, CANIDA & HABACHT	248,685	4.08	1.99	4.10	1.39	3.43	3.27	9.03	11.75	8.32	9.49	8.68
TRANSITION ACCOUNT FIXED INCOME	575	0.01										
TOTAL US FIXED INCOME	1,621,806	26.63	2.37	3.82	1.68	3.61	3.14	7.44	8.11	6.85	7.42	7.49
<i>FIRST BOSTON DOMESTIC PLUS HIGH YIELD</i>			1.60	4.44	3.35	5.33	2.86	14.58	18.69	11.23	8.46	6.88
<i>FIRST BOSTON GLOBAL HIGH YIELD</i>			1.63	4.53	3.42	5.47	2.93	14.67	18.81	11.26	8.48	7.17
<i>LB AGGREGATE</i>			1.91	3.51	1.16	3.07	2.92	6.14	5.24	6.19	7.70	7.67
<i>LB CREDIT</i>			2.36	4.05	1.04	3.35	3.62	7.49	8.12	7.41	8.99	8.48
<i>LB GOV/CREDIT</i>			2.12	3.63	0.85	3.01	3.20	6.25	5.86	6.53	8.01	7.86
<i>CITIGROUP BROAD INVESTMENT GRADE</i>			1.98	3.60	1.24	3.17	2.99	6.26	5.34	6.22	7.74	7.69
<i>CITIGROUP LARGE PENSION FUND INDEX</i>			2.88	5.19	1.55	4.33	4.31	8.57	6.84	7.40	8.91	8.79

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STATE STREET
for Everything You Invest In™

	MKT VAL	% of FUND	1 Month	3 Months	6 Months	YTD	FYTD	1 Year	2 Years	3 Years	4 Years	5 Years
CITIGROUP L.P.F. COLLATERALIZED INDEX												
ALTERNATIVE INVESTMENTS												
L&B REAL ESTATE	16,726	0.27	0.00	1.53	3.18	4.11	1.53	4.11	2.95	1.38	2.87	4.02
PRIVATE EQUITY INVESTMENT	343,009	5.63	1.70	4.53	15.91	18.58	1.80	26.84	12.85	5.07	-1.52	5.93
CONTINGENCY RESERVE FUND	500	0.01	0.10	0.24	0.50	0.68	0.18	4.58	2.90	2.66		
TOTAL ALTERNATIVE INVESTMENTS	360,235	5.92	1.60	4.36	15.18	17.74	1.78	25.45	12.32	5.04	-0.53	
NCREIF PROPERTY INDEX QTR LAG			0.00	2.56	5.39	5.39	0.00	9.71	8.42	7.74	8.84	9.30
CASH EQUIVALENTS												
CASH ACCOUNT (INSIDE)	20,055	0.33	0.84	3.07	8.90	11.97	1.97	17.92	39.46	60.46	49.00	
CASH ACCOUNT (OUTSIDE)	13,558	0.22	0.10	0.24	0.50	0.68	0.18	4.58	2.90	2.66	3.38	
TOTAL PLAN												
TOTAL PLAN	6,089,770	100.00	0.89	0.29	-1.43	2.04	-1.50	13.37	13.14	4.92	-0.98	1.60
1 TOTAL PLAN BENCHMARK			0.84	0.18	-1.85	1.46	-1.55	12.76	12.61	4.81	-0.88	2.14

State of Rhode Island
SUMMARY OF PERFORMANCE
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STATE STREET.
For Everything You Invest In™

Endnotes

- 1 As of 02/2003 52.5% W5000/25.0% LB AGG/22.5% MSCIACWORLDFREEExUSA
Prior to 02/2003 52.5% W5000/27.5% LB AGG/20% MSCIACWORLDFREEExUSA

Asset Allocation Report		Style					Cash	% of	
Market Values at August 31, 2004		Mandate	Actual		Target	Difference		Total	
(\$Millions)									
Domestic Equity									
Shott Capital Mgmt		alternative distribution	1.94	0.0%	0.00	0.00%	1.94	0.00	0.0%
SSgA Russell 1000		Passive	1,219.83	20.0%	1,233.18	20.25%	-13.35	(0.00)	0.0%
SSgA Core		active core	269.71	4.4%	274.04	4.50%	-4.33	0.91	0.3%
PIMCO		Enhanced Equity	411.10	6.8%	411.06	6.75%	0.04	0.00	0.0%
NorthPointe Capital		Small Cap Value	294.16	4.8%	304.49	5.00%	-10.33	8.71	3.0%
Wellington Mgmt		Small Cap Core	317.40	5.2%	334.94	5.50%	-17.54	14.37	4.5%
Wasatch Advisors		Small Cap Growth	163.00	2.7%	182.69	3.00%	-19.69	13.06	8.0%
Transition Account		Small Cap Growth	0.01	0.0%	0.00	0.00%	0.01	0.34	0.1%
TOTAL DOMESTIC EQUITY			\$2,677.16	44.0%	2,740.40	45.00%	-\$63.24	\$37.38	1.4%
International Equity									
Bank of Ireland		MSCI ACWI	452.05	7.4%	456.73	7.50%	-4.68	6.18	1.4%
Goldman Sachs		MSCI ACWI	491.50	8.1%	456.73	7.50%	34.77	44.78	9.1%
Transition Account		MSCI ACWI	0.81	0.0%	0.00	0.00%	0.81	0.00	0.0%
Delaware		MSCI ACWI	452.59	7.4%	456.73	7.50%	-4.14	6.91	1.5%
TOTAL INT'L EQUITY			\$1,396.96	22.9%	\$1,370.20	22.50%	\$26.76	\$57.87	4.1%
Domestic Fixed Income									
Fidelity Management & Research		mortgages	395.24	6.5%	380.61	6.25%	14.63	14.23	3.6%
Brown Brothers, Harriman		opportunistic core	233.92	3.8%	228.37	3.75%	5.55	4.16	1.8%
In-State Fixed Income		short/int govt	22.09	0.4%	0.00	0.00%	22.09	0.00	0.0%
Taplin, Canida & Habacht		corporates	248.68	4.1%	228.37	3.75%	20.32	19.84	8.0%
Mackay Shields		high yield	119.99	2.0%	114.18	1.88%	5.80	13.45	11.2%
Shenkman Capital Mgmt		high yield	121.41	2.0%	114.18	1.88%	7.23	6.47	5.3%
Brown Bros TIPS		TIPS	479.78	7.9%	456.73	7.50%	23.04	5.86	1.2%
Transition Account			0.70	0.0%	0.00	0.00%	0.70	0.13	17.9%
TOTAL FIXED-INCOME			1,621.81	26.6%	1,522.44	25.00%	\$99.36	\$64.14	4.0%
Alternative Investments									
Real Estate		Real estate	16.73	0.3%					
Shott Capital Mgmt		alternative distribution	0.00	0.0%					
Private Equity		Private Equity	343.01	5.6%	456.73	7.50%	-113.72	0.0	0.0%
Bank Disposition		contingency	0.50	0.0%					
TOTAL ALTERNATIVE INVESTMENTS			\$360.24	5.9%	\$456.73	7.50%	-\$96.50	0.0	0.0%
CASH EQUIVALENTS			33.61	0.6%	0.00	0.00%	33.61	34.31	100.0%
TOTAL ASSETS			\$6,089.77	100.0%	\$6,089.77	100.00%	\$0.00	\$193.71	3.2%
Allocation By Management Style									
Domestic Equity									
Core			269.71	4.4%	274.04	4.50%	(4.33)	0.91	0.3%
Index			1,219.83	20.0%	1,233.18	20.25%	(13.35)	(0.00)	0.0%
Enhanced Equity			411.10	6.8%	411.06	6.75%	0.04	-	0.0%
Alt Distribution			1.94	0.0%	-	0.00%	1.94	-	0.0%
Active Small Cap			774.57	12.7%	822.12	13.50%	(47.55)	36.48	4.7%
TOTAL DOMESTIC EQUITY			\$2,677.16	44.0%	\$2,740.40	45.00%	(\$63.24)	\$37.38	1.4%
International Equity									
Active			1,396.96	22.9%	1,370.20	22.50%	26.76	57.87	4.1%
TOTAL INT'L EQUITY			\$1,396.96	22.9%	\$1,370.20	22.50%	\$26.76	\$57.87	4.1%
Domestic Fixed Income									
Mortgage			395.24	6.5%	380.61	6.25%	14.63	14.23	3.6%
Core			256.01	4.2%	228.37	3.75%	27.64	4.16	1.6%
Corporates			248.68	4.1%	228.37	3.75%	20.32	19.84	8.0%
High Yield			242.10	4.0%	228.37	3.75%	13.73	20.05	8.3%
TIPS			479.78	7.9%	456.73	7.50%	23.04	5.86	1.2%
TOTAL FIXED-INCOME			1,621.81	26.6%	1,522.44	25.00%	99.36	64.14	4.0%
Alternative Investments									
Real Estate			16.73	0.3%					
Other Alternative Investments			343.51	5.6%				0.01	
TOTAL ALTERNATIVE INVESTMENTS			\$360.24	5.9%	\$456.73	7.50%	(\$96.50)	0.01	
CASH EQUIVALENTS			33.61	0.6%	0.00	0.00%	33.61	34.31	100.0%
TOTAL ASSETS			\$6,089.77	100.0%	\$6,089.77	100.00%	\$0.00	\$193.71	3.2%

* last updated on 9/07/04

RHODE ISLAND STATE INVESTMENT COMMISSION

**Domestic Equity Holdings By Top 10 Market Values
Separately Managed**

AUGUST 31, 2004

<i>Equities</i>				
RANK	SECURITY NAME	PAR VALUES/SHARES	BASE MARKET AMOUNT	MONEY MANAGERS
1	FOOT LOCKER INC	399,700	\$8,941,289	Wasatch
2	AFFILIATED MANAGERS GROUP	165,970	8,140,829	Wellington,NorthPointe
3	NEXTEL PARTNERS INC	560,950	8,088,899	Columbia,NorthPointe
4	ACXIOM CORP	339,500	7,628,565	SSgA
5	BANK AMER CORP	168,400	7,574,632	SSgA
6	JOHNSON + JOHNSON	130,200	7,564,620	SSgA
7	AMERICREDIT CORP	347,250	7,260,998	Wellington,NorthPointe
8	EXXON MOBIL CORP	154,770	7,134,897	SSgA
9	PROVIDIAN FINL CORP	475,700	6,869,108	Wellington,SSgA
10	GENERAL ELEC CO	208,600	6,839,994	Wellington,SSgA
		2.84%	\$76,043,831	
	Total Composite Equities	\$2,677,156,756		

International Equity Holdings By Top 10 Market Values

AUGUST 31, 2004

<i>International Equities</i>				
RANK	SECURITY NAME	PAR VALUES/SHARES	BASE MARKET AMOUNT	MONEY MANAGERS
1	TOTAL SA	143,758	\$27,970,930	Bank of Ireland
2	ING GROEP	910,664	22,189,938	Bank of Ireland
3	CANON INC	464,500	22,093,854	Bank of Ireland
4	GLAXOSMITHKLINE	955,140	19,433,391	Bank of Ireland
5	TELEFONICA SA	1,283,575	18,219,969	Bank of Ireland,Delaware
6	TAKEDA PHARMACEUTICAL LTD	375,400	16,898,045	Bank of Ireland,Delaware
7	BCO SANT CENT HISP	1,487,730	14,536,629	Bank of Ireland,Delaware
8	NESTLE SA	60,539	14,298,672	Bank of Ireland
9	UBS	195,793	13,108,967	Bank of Ireland
10	SAMSUNG ELECTRS LTD	23,550	9,839,777	Bank of Ireland,Delaware
		12.78%	\$178,590,172	
	Total Composite International Equities	\$1,396,961,051		

FISCAL YEAR 2005

ERSRI & MERSRI

INVESTMENT MANAGER FEES, PROFESSIONAL FEES & OPERATING EXPENSES

ACCRUAL BASIS

SUMMARY BY ASSET CLASS

	Actual Jul 04	Projected Aug	Projected Sept	Projected Oct	Projected Nov	Projected Dec	Projected Jan 05	Projected Feb	Projected Mar	Projected Apr	Projected May	Projected Jun	Projected TOTAL
EQUITIES			1,473,500	1,474,000					1,471,000			1,471,000	5,889,500
FIXED INCOME			750,000	750,000					750,000			750,000	3,000,000
INTERNATIONAL EQUITIES			1,187,000	1,182,000					1,182,000			1,182,000	4,733,000
REAL ESTATE			85,000	85,000					85,000			85,000	340,000
ALTERNATIVE INVESTMENTS	1,118,844	21,209	35,000	650,000	175,000	530,000	1,400,000	25,000	210,000	15,000	50,000	50,000	4,280,053
SUB TOTAL-INV MGMT FEES	1,118,844	21,209	3,530,500	4,021,000	175,000	4,021,000	1,400,000	25,000	3,698,000	15,000	50,000	3,538,000	18,242,553
PROFESSIONAL FEES	35,167	35,167	176,417	45,167	155,267	80,867	40,167	92,917	66,667	45,167	45,167	149,417	967,354
OPERATING EXPENSE	0	0	2,250,000	2,250,000	0	2,250,000	0	0	2,253,000	0	0	2,250,000	9,003,000
TOTAL:	1,154,011	56,376	5,956,917	6,951,667	330,267	6,351,667	1,440,167	117,917	6,017,667	60,167	95,167	5,937,417	28,212,907

CASH FLOW ANALYSIS - INCOME & EXPENSES

Employees Retirement System

FISCAL YEAR 2005	Employees Retirement System												
	FY 2004-05 Actual July 2004	Actual August	Projected September	Projected October	Projected November	Projected December	Projected January 2005	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	42,552,485	43,783,950	41,120,000	41,120,000	41,120,000	41,120,000	46,260,000	46,260,000	46,260,000	46,260,000	41,120,000	41,120,000	518,096,435
ADMINISTRATIVE EXPENSES	0	30,383	745,600	745,600	745,600	745,600	838,800	838,800	838,800	838,800	745,600	745,600	7,859,183
INVESTMENT EXPENSES	966,733	18,324	2,800,000	560,000	140,000	2,660,000	1,260,000	140,000	2,520,000	140,000	140,000	3,500,000	14,845,057
TOTAL OUTFLOW	43,519,218	43,832,657	44,665,600	42,425,600	42,005,600	44,525,600	48,358,800	47,238,800	49,618,800	47,238,800	42,005,600	45,365,600	540,800,675
CONTRIBUTIONS	40,409,066	25,303,163	19,980,000	23,310,000	26,640,000	26,640,000	29,970,000	29,970,000	29,970,000	26,640,000	33,300,000	26,640,000	338,772,229
OTHER INCOME*	2,526,833	7,815,755	5,000,000	2,150,000	1,950,000	1,500,000	5,250,000	1,450,000	6,000,000	5,850,000	825,000	2,625,000	42,942,588
TOTAL INCOME	42,935,899	33,118,918	24,980,000	25,460,000	28,590,000	28,140,000	35,220,000	31,420,000	35,970,000	32,490,000	34,125,000	29,265,000	361,714,817
DIFFERENCE	(583,319)	(10,713,739)	(19,685,600)	(16,965,600)	(13,415,600)	(16,385,600)	(13,138,800)	(15,818,800)	(13,648,800)	(14,748,800)	(7,880,600)	(16,100,600)	(159,085,858)

Municipal Employees Retirement System

FISCAL YEAR 2005	Municipal Employees Retirement System												
	Actual July 2004	Actual August	Projected September	Projected October	Projected November	Projected December	Projected January 2005	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	3,425,610	3,522,109	3,301,200	3,301,200	3,301,200	3,301,200	3,713,850	3,713,850	3,713,850	3,713,850	3,301,200	3,301,200	41,610,519
ADMINISTRATIVE EXPENSES	0	4,549	87,500	87,500	87,500	87,500	87,500	87,500	87,500	87,500	87,500	87,500	879,549
INVESTMENT EXPENSES	144,745	2,743	345,000	69,000	17,250	327,750	155,250	17,250	310,500	138,000	138,000	86,250	1,751,738
TOTAL OUTFLOW	3,570,555	3,529,401	3,733,700	3,457,700	3,405,950	3,716,450	3,956,600	3,818,600	3,707,759	3,939,350	3,526,700	3,474,950	43,837,715
CONTRIBUTIONS	2,638,948	2,893,138	1,990,500	2,322,250	2,654,000	2,654,000	2,985,750	2,985,750	2,985,750	2,654,000	3,317,500	2,654,000	32,735,586
OTHER INCOME*	378,332	1,170,221	735,000	320,000	45,000	300,000	785,000	220,000	900,000	875,000	262,500	393,750	6,384,803
TOTAL INCOME	3,017,280	4,063,359	2,725,500	2,642,250	2,699,000	2,954,000	3,770,750	3,205,750	3,885,750	3,529,000	3,580,000	3,047,750	39,120,389
DIFFERENCE	(553,275)	(533,958)	(1,008,200)	(815,450)	(706,950)	(762,450)	(185,850)	(612,850)	(177,991)	(410,350)	(53,300)	(427,200)	(4,717,326)

Juages/state Police Retirement System

	Actual July 2004	Actual August	Projected September	Projected October	Projected November	Projected December	Projected January 2005	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	168,000
ADMINISTRATIVE EXPENSES	0	235	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	46,035
INVESTMENT EXPENSES	7,366	142	16,150	3,800	950	19,000	8,550	95	16,150	760	760	22,800	96,523
TOTAL OUTFLOW	21,366	14,377	34,730	22,380	19,530	37,580	27,130	18,675	34,730	19,340	19,340	41,380	310,558
CONTRIBUTIONS	625,000	415,000	389,900	334,200	389,900	334,200	557,000	445,600	557,000	557,000	779,800	501,300	5,865,900
OTHER INCOME*	19,252	60,534	30,750	14,350	12,300	8,200	36,900	10,250	43,050	14,350	4,100	4,100	258,136
TOTAL INCOME	644,252	475,534	420,650	348,550	402,200	342,400	593,900	455,850	600,050	571,350	783,900	505,400	6,144,036
DIFFERENCE	622,886	461,157	385,920	326,170	382,670	304,820	586,770	437,175	565,320	552,010	764,560	484,020	5,833,478

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

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Rhode Island Employees Retirement System Securities Lending Report August, 2004
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<u>INVESTMENT MANAGER</u>	<u>Income</u>	<u>Average Collateral Balance</u>
<u>DOMESTIC EQUITY</u>		
Wellington Mgmt. Co., LLP	7,292	74,077,942
Wasatch Advisors	5,650	28,656,005
NorthPointe Capital	8,952	61,176,058
SSgA Core	<u>906</u>	<u>11,586,361</u>
Total Domestic Equity	<u>\$ 22,800</u>	<u>\$ 175,496,366</u>
<u>INTERNATIONAL EQUITY</u>		
Goldman Sachs	30,891	10,961,413
Bank of Ireland	12,831	57,660,925
Delaware Int'l Advisors	<u>8,809</u>	<u>49,796,023</u>
Total International Equity	<u>\$ 52,531</u>	<u>\$ 118,418,361</u>
<u>FIXED INCOME</u>		
Fidelity Management Trust Co	0	0
Brown Brothers, Harriman	4,674	63,276,275
Taplin, Canida & Habacht	1,953	14,658,966
Mackay Shields	4,409	17,325,044
Shenkman Capital Management	3,908	17,177,700
Brown Brothers, Harriman (TIPS)	<u>3,291</u>	<u>372,281,099</u>
Total Fixed Income	<u>\$ 18,235</u>	<u>\$ 484,719,084</u>
TOTAL SECURITIES LENDING INCOME	<u>\$ 93,566</u>	<u>\$ 778,633,811</u>
Calendar Year 2004 YTD	<u>\$ 1,079,009</u>	

ALTERNATIVE INVESTMENTS

FISCAL YEAR ANALYSES

CASH FLOW

FISCAL YEAR 2002	JUL 2001	AUG	SEPT	OCT	NOV	DEC	IAN 2002	FEB	MAR	APR	MAY	JUN	YTD
FUNDING	2,811,969	2,446,774	887,809	7,070,705	2,539,487	4,008,151	7,307,155	6,607,182	4,926,838	2,754,691	3,785,407	3,374,775	48,520,943
DISTRIB & RET OF CAPITAL	1,900,266	572,212	1,949,501	48,098	1,255,339	1,773,166	2,539,580	559,306	2,194,701	637,233	1,183,349	3,353,124	17,963,875
GAINS/LOSSES/INCOME	443,245	20,359,100	398,539	23,394	479,230	1,882,213	10,453,060	301,945	213,708	871,873	1,101,240	2,851,061	39,378,608
FISCAL YEAR 2003	JUL 2002	AUG	SEPT	OCT	NOV	DEC	IAN 2003	FEB	MAR	APR	MAY	JUN	YTD
FUNDING	5,688,208	908,809	4,008,692	2,784,612	6,031,671	10,055,487	5,964,640	8,945,952	8,302,275	1,559,849	7,039,468	7,321,599	68,611,262
DISTRIB & RET OF CAPITAL	8,481,884	0	109,159	971,928	45,320	2,377,624	14,171	594,985	1,877,116	802,572	4,510,023	3,341,833	23,126,615
GAINS/LOSSES/INCOME	648,652	0	0	2,743,091	374,518	1,236,224	63,688	1,116,815	286,585	3,307,790	725,727	605,961	11,109,051
FISCAL YEAR 2004	JUL 03	AUG	SEPT	OCT	NOV	DEC	IAN 04	FEB	MAR	APR	MAY	JUN	YTD
FUNDING	4,924,411	3,087,875	1,603,013	9,156,260	7,458,137	10,907,301	5,750,254	6,474,008	5,673,844	8,296,537	5,221,607	3,534,857	72,088,104
DISTRIB & RET OF CAPITAL	2,060,054	6,234,281	1,389,280	5,416,336	2,150,302	4,788,822	4,987,015	2,721,615	4,582,495	5,377,810	3,254,901	7,039,908	50,002,819
GAINS/LOSSES/INCOME	2,089,455	2,015,513	1,284,082	2,258,648	399,549	2,469,072	7,138,295	731,671	7,538,531	1,791,386	1,864,424	8,034,926	37,615,552
FISCAL YEAR 2005	JUL 04	AUG	SEPT	OCT	NOV	DEC	IAN 05	FEB	MAR	APR	MAY	JUN	YTD
FUNDING	11,269,926	9,034,631	0	0	0	0	0	0	0	0	0	0	20,304,557
DISTRIB & RET OF CAPITAL	6,810,042	7,627,585	0	0	0	0	0	0	0	0	0	0	14,437,627
GAINS/LOSSES/INCOME	3,484,802	5,456,821	0	0	0	0	0	0	0	0	0	0	8,941,623

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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 August 31, 2004

	Principal	Interest*	Total Value @ Maturity
4901 GENERAL FUND	55,465,664	5,492	55,471,155
4904 PENSION C	6,249,726	503	6,250,229
4908 PAYROLL A	800,000	33	800,033
4916 GENERAL FUND H.A.V.A.	1,171,451	0	1,171,451
4920 GENERAL FUND (HIST PRES)	453,132	937	454,069
5400 HIGHWAY FUND	7,106,195	869	7,107,064
5500 UNIVERSITY COLLEGE	16,493,483	6,802	16,500,285
6920 AUTO EQUIPMENT SERVICE	5,649	0	5,649
8000 T.D.I. RESERVE (DET)	106,804,212	79,807	106,884,019
8300 PERMANENT SCHOOL FUND	654,622	409	655,031
8400 EMP RETIREMENT FUND	1,026,814	0	1,026,814
8500 MUN EMP RETIREMENT FUND	407	0	407
8700 R.I. CLEAN WATER ACT	1,501,813	0	1,501,813
9000 BOND CAPITAL FUND	12,951,872	522	12,952,393
9700 STATE LOTTERY FUND	31,774,598	29,633	31,804,231
9800 INDUS. BLDG. & MTG. INS.	3,519,895	0	3,519,895
9900 SINKING FUND	173,777	223	174,000
4911 TANS	0	0	0
Subtotal	246,153,308	125,230	246,278,538
8702 CLEAN WATER 1993 SER. A	15,671		
8703 CLEAN WATER 1991 SERIES A	694,005		
8704 CLEAN WATER 96 SERIES A	258,575		
8706 CLEAN WATER CCDL 1994 (A)	166,079		
8707 CAP DEV. OF 1997 SERIES A	74,801		
8710 CLEAN WATER CCDL 2002 A	421,084		
8711 CLEAN WATER 2004 SERIES A	752,138		
8733 CAP DEV. OF 1997 SERIES A	64,221		
8737 RI POLLUT. CONT 94 SER. A	6,326		
8739 CCDL99A 1999A	373,566		
8742 POLLUTION CNTRL 2002 A	45,281		
8743 POLL.CONTRL 2004 SERIES A	1,236,392		
9114 G.O. NOTE 1991 SER. B	3,792		
9116 BOND CCDL 1993 SERIES A	544,481		
9117 BOND CCDL 1994 SERIES A	993,578		
9120 BOND CCBL96A	1,669,888		
9121 CAP DEV OF 1997 SERIES A	1,013,036		
9123 CCDL 1998B	2,576,229		
9124 CCDL99A 1999A	1,660,515		
9125 MMG099 1999	3,174		
9126 BOND CAPITOL CCDL2000A	5,046,950		
9127 MULTI-MODAL GEN OBL 2000	2,818		
9128 BOND 2001	899,752		
9129 BOND CCDL 2002 SERIES A	5,702,911		
9131 CCDL 2004 SERIES A	34,425,893		
Subtotal Bond Proceed Accounts	58,651,159		
Total Short Term Portfolio	304,804,467		

* General Fund (4901,4911,4916), TDI (8000), & ISTE (5400), Clean Water (8700), Lottery (9700), RI Ind Bldg (9800) and Auto Equip (6900) Investments do not reflect interest earnings on Brinson, Fidelity and Dreyfus MM, and Citizens Premium Investments due to nature of Money Market investments. Interest is posted on the 1st business day of the next month.

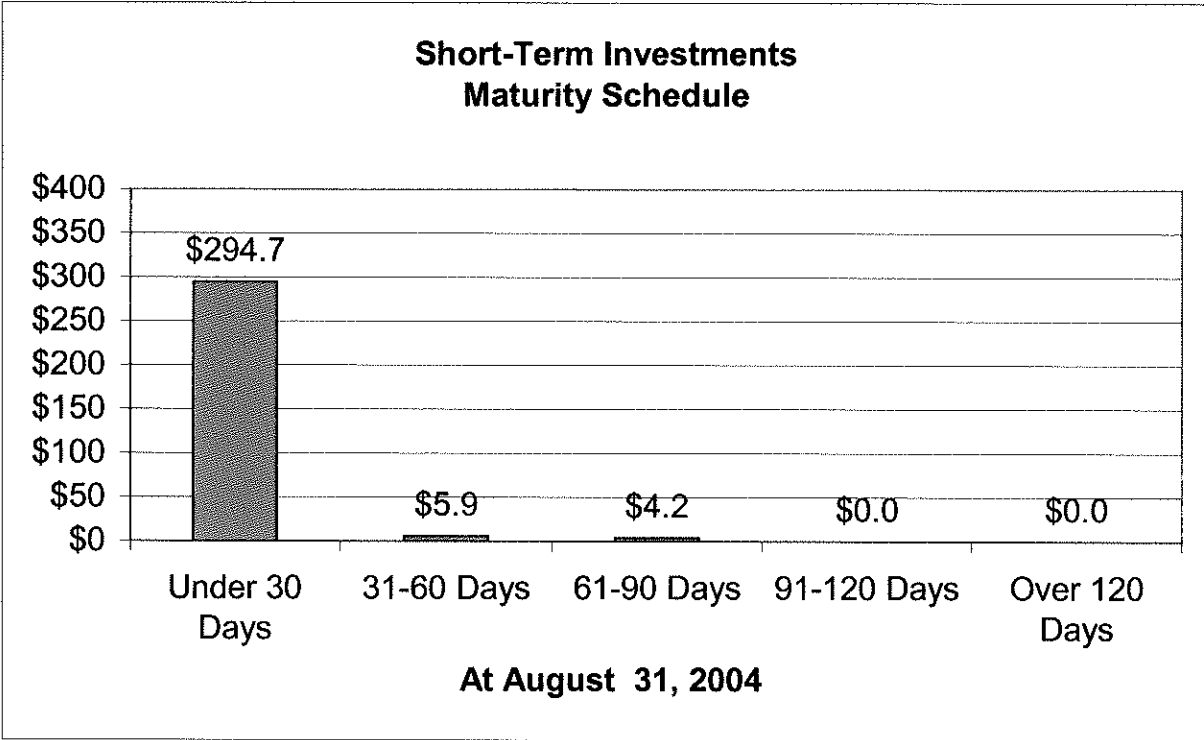
Short Term Interest Rate Performance
August 31, 2004

<u>Date</u>	<u>Amount Invested (millions)</u>	<u>Money Market Funds</u>	<u>Weighted Interest Rate</u>	<u>30 Day Treasury Rate</u>	<u>Basis Point Difference</u>	<u>Date</u>	<u>Total Investment (millions)</u>
8/02	\$28.46	\$0.48	1.32	1.25	7.05	8/02	\$232.02
8/03	\$19.10	\$2.00	1.45	1.28	17.27	8/03	\$243.35
8/04	\$33.70	\$0.07	1.47	1.30	16.62	8/04	\$257.29
8/05	\$23.70	\$0.00	1.31	1.32	-1.17	8/05	\$260.29
8/06	\$19.90	\$0.00	1.22	1.31	-8.98	8/06	\$261.48
8/10	\$59.57	\$0.00	1.49	1.39	10.12	8/10	\$270.18
8/11	\$29.79	\$0.00	1.50	1.40	10.48	8/11	\$276.07
8/12	\$19.95	\$0.00	1.46	1.38	8.30	8/12	\$280.57
8/13	\$30.60	\$0.00	1.45	1.34	10.57	8/13	\$269.77
8/16	\$37.35	\$0.00	1.47	1.31	16.23	8/16	\$268.57
8/17	\$16.70	\$0.00	1.47	1.31	15.74	8/17	\$266.87
8/18	\$21.34	\$0.00	1.55	1.34	20.81	8/18	\$273.01
8/19	\$33.20	\$9.50	1.41	1.37	4.09	8/19	\$297.86
8/20	\$76.88	\$0.00	1.41	1.31	10.50	8/20	\$316.70
8/23	\$41.95	\$0.00	1.41	1.32	9.06	8/23	\$337.24
8/24	\$24.60	\$0.00	1.46	1.33	12.81	8/24	\$337.69
8/25	\$20.20	\$0.00	1.47	1.35	12.08	8/25	\$336.59
8/26	\$20.90	\$0.00	1.47	1.35	11.77	8/26	\$341.69
8/27	\$52.39	\$4.50	1.43	1.37	6.04	8/27	\$335.90
8/30	\$55.40	\$0.00	1.45	1.33	11.82	8/30	\$327.95
8/31	\$63.69	\$3.00	1.46	1.35	10.86	8/31	\$305.30

	<u>Amount Invested</u>		<u>Weighted Average Rate</u>	<u>Average 30 day Rate</u>	<u>Basis Point Difference</u>
Investments	\$729.36	97.39%	1.44	1.34	10
Money Market	\$19.55	2.61%			
Total	<u>\$748.92</u>	<u>100.00%</u>			

SHORT TERM INVESTMENTS
Aug 31, 2004

INSTRUMENT	SELLER	BALANCE	AVERAGE RATE	PERCENT OF TOTAL	GUIDELINES PERCENTAGE BY INSTITUTION	GUIDELINES PERCENTAGE BY INSTRUMENT
(14) CD's	Citizens Bank	11,507,754.19	1.50%	3.78%	15%	15%
	State Street Bank	0.00	0.00%	0.00%		
	Sub-Total:	11,507,754.19		3.78%		
(19) US AGCY OBLIG	First Tennessee	48,184,987.21	1.45%	15.81%	35%	75%
	Fleet National Bank	0.00	0.00%	0.00%		
	Morgan Stanley	0.00	0.00%	0.00%		
	Zions Bank	0.00	0.00%	0.00%		
	Paine Webber	0.00	0.00%	0.00%		
	Chase Securities	14,969,987.50	1.47%	4.91%		
	Sub-Total:	63,154,974.71		20.72%		
(15) COMMERCIAL PAPER	Paine Webber	999,383.33	1.48%	0.33%	10%	25%
	Dean Witter	0.00	0.00%	0.00%		
	GE	10,985,883.33	1.50%	3.60%		
	Citigroup	19,466,321.11	1.50%	6.39%		
	Ford Motor Co	0.00	0.00%	0.00%		
Sub-Total:	31,451,587.77		10.32%			
(17) GOVERNMENT MONEY MRKT	Fidelity	58,651,159.23	1.28%	19.24%	35%	50%
	Fidelity	4,083,264.13	1.28%	1.34%		
	Brinson Advisors	55,837,315.77	1.29%	18.32%		
	Dreyfus	6,133,372.71	1.20%	2.01%		
(16) REPURCHASE AGREEMENTS	M/S Dean Witter	0.00	0.00%	0.00%	20%	100%
	State Street Bank	23,600,139.03	1.50%	7.74%		
	Sun Trust	0.00	0.00%	0.00%		
	Paine Webber	0.00	0.00%	0.00%		
Sub-Total:	23,600,139.03		7.74%			
(12) COLLATERALIZED DEPOSITS	Citizens Bank	50,384,899.78	1.26%	16.53%	10%	25%
	State Street Bank	0.00	0.00%	0.00%		
	Chase Securities	0.00	0.00%	0.00%		
Sub-Total:	50,384,899.78		16.53%			
TOTAL:		=====	=====	=====		
		304,804,467.32	1.48%	100.00%		
		4,083,264.13				



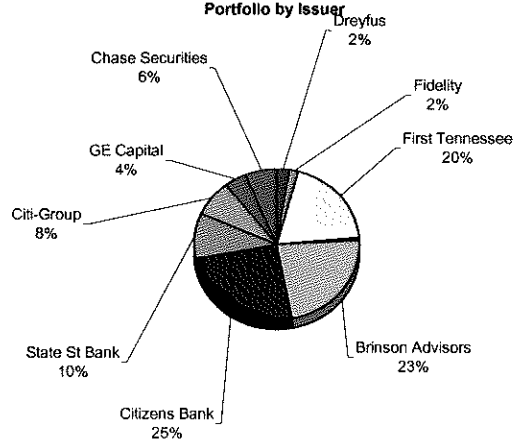
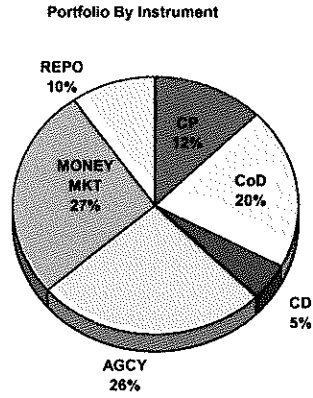
Maturities in \$Millions

Note: Includes \$175.1 Million of Money Market investments with no specific maturity

Summary Portfolio Yields

August, 2004	1.10%
July, 2004	1.20%
August, 2003	1.01%

RHODE ISLAND STATE INVESTMENT COMMISSION
SHORT TERM CASH INVESTMENTS AT AUGUST 31, 2004



REPO = Repurchase Agreement
 CP = Commercial Paper
 CD = Certificate of Deposit
 CoD = Collateralized Deposit
 Agency = US Government Agency

Vendor	CP	CD	Agency	Money Mkt	CoD	Repo	Total (\$)
Guidelines-Total/Vendor	25%/10%	25%/10%	75%/35%	50%/35%	25%/25%	100%/20%	
Dreyfus	0	0	0	6,133,373	0	0	6,133,373
	0%	0%	0%	2%	0%	0%	2%
Dean Witter	0	0	0	0	0	0	0
	0%	0%	0%	0%	0%	0%	0%
Chase Securities	0	0	14,969,988	0	0	0	14,969,988
	0%	0%	6%	0%	0%	0%	6%
Paine Webber	0	0	999,383	0	0	0	999,383
	0%	0%	0%	0%	0%	0%	0%
Fidelity	0	0	0	4,083,264	0	0	4,083,264
	0%	0%	0%	2%	0%	0%	2%
First Tennessee	0	0	48,184,987	0	0	0	48,184,987
	0%	0%	20%	0%	0%	0%	20%
Brinson Advisors	0	0	0	55,837,316	0	0	55,837,316
	0%	0%	0%	23%	0%	0%	23%
Citizens Bank	0	11,507,754	0	0	50,384,900	0	61,892,654
	0%	5%	0%	0%	20%	0%	25%
GE Capital	10,985,883	0	0	0	0	0	10,985,883
	4%	0%	0%	0%	0%	0%	4%
Sun Trust	0	0	0	0	0	0	0
	0%	0%	0%	0%	0%	0%	0%
Citi-Group	19,466,321	0	0	0	0	0	19,466,321
	8%	0%	0%	0%	0%	0%	8%
State St Bank	0	0	0	0	0	23,600,139	23,600,139
	0%	0%	0%	0%	0%	10%	10%
TOTALS	30,452,204	11,507,754	64,154,358	66,953,953	50,384,900	23,600,139	248,153,308
(%) PORTFOLIO	12%	5%	26%	27%	20%	10%	100%

Note: Maximum participation by any one vendor limited to 35% of total portfolio.

**SPECIAL FUNDS
INVESTMENT SUMMARY
AUGUST 31, 2004**

<u>FUND NAME</u>	<u>Gain/Loss</u>	<u>TOTAL MARKET VALUE</u>
Abraham Touro Fund (Fidelity Balanced Fund)	\$ 6,680	\$ 1,851,455
Land Grant Fund (IBT Treasury Mutual Fund)	\$ (156)	\$ 64,640
<u>TOTALS</u>	\$ 6,524	\$ 1,916,095