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MEMORANDUM

TO: Rhode Island State Investment Commission
FROM: Meketa Investment Group
DATE: August 17, 2026
RE: Investment Policy Statement Update

Background

As a final element of the Rhode Island State Investment Commission ("SIC") asset-liability study and review process, Meketa has examined the Investment Policy Statement ("IPS") of Employees' Retirement System of the State of Rhode Island ("ERSRI"). Our process entailed updating the document to take into consideration changes approved by the SIC with respect to asset class weights and asset class compositions. We also reviewed the IPS to ensure the composition is in keeping with contemporary industry best practices.

It is easy to underestimate the importance of a well-written and unambiguous IPS. The IPS provides the means for the SIC to control various critical aspects of the investment portfolio, including long-term asset allocation, rebalancing ranges, asset class benchmarks, monitoring and reporting practices, risk limits, and governance practices.

Overall, we find the IPS consistent with that of a large and sophisticated institutional investor. With modest exceptions noted below, the document includes the necessary elements of a clear yet succinct principles-based IPS.

Summary of Proposed Asset Allocation Changes

	Old Long-Term Targets	New Long-Term Targets
GROWTH	**55.0%**	**60.0%**
Public Growth	**40.0%**	**43.0%**
Private Growth	**15.0%**	**17.0%**
Private Equity	12.5%	13.0%
Non-Core Real Estate	2.5%	4.0%
INCOME	**12.0%**	**10.0%**
Equity Options	2.0%	--
Collateralized Loan Obligations (CLOs)	2.0%	--
Liquid Credit	5.0%	5.0%
Private Credit	3.0%	5.0%
STABILITY	**33.0%**	**30.0%**

Crisis Protection Class (CPC)	**10.0%**	**10.0%**
Systematic Trend Following	5.0%	5.0%
Long Duration Treasuries	5.0%	3.0%
Long Volatility	--	2.0%
Inflation Protection	**8.0%**	**7.0%**
Private Real Assets (ex-Real Estate)	4.0%	5.0%
Core Real Estate	4.0%	2.0%
Volatility Protection	**15.0%**	**13.0%**
Absolute Return	6.5%	6.0%
Investment Grade Fixed Income (ex-Treasuries)	6.5%	6.0%
Strategic Cash	2.0%	1.0%

Proposed Benchmark Changes

Please refer to Meketa's Benchmark Review presentation under separate cover for a complete description of proposed benchmark changes.

Asset Class / Strategy Type	Current Benchmark	Proposed Benchmark	Rationale
Private Credit	Cambridge Associates Senior Debt Index, 1Q Lag	Cambridge Associates Private Credit Index, 1Q Lag	While direct lending is a meaningful component of Private Credit portfolios (particularly during their early stages), there are other components within Private Credit that should be reflected in the benchmark.
Systematic Trend Following	Credit Suisse Managed Futures Index (18% Vol)	Societe Generale Trend Index (SG Trend Index)	The SG Trend Index is designed to be representative of the Trend Following market segment. The index is composed of the 10 largest STF managers.
Long Volatility	N/A	HFR Long Volatility Index	The HFR Long Volatility Index is designed to track investment strategies engineered to achieve asymmetric gains from market turbulence, financial stress, and sharp spikes in asset price volatility. Currently composed of 19 strategies.
Reference Benchmark	60% MSCI ACWI / 40% Bloomberg Aggregate Index	70% MSCI ACWI / 30% Bloomberg Aggregate Index	Reference Portfolio Benchmarks should generally align with the overall risk posture that was adopted during the asset allocation selection process. The primary conclusion is that the new ERSRI policy portfolio exhibits greater risk than a 60/40 portfolio, which is the reference mix currently used in ERSRI performance reports.

Other Proposed Modifications

- Addition of a table of contents to assist in overall structure and readability
- Addition of a Reporting section to elevate the importance of the SIC's reporting-related fiduciary functions
- Formalization of the Reference Portfolio Benchmark as a component of the IPS
- Various suggested wordsmithing and administrative edits to enhance clarity

If the above modifications are approved by the SIC, we recommend an effective date of January 1, 2027.

As referenced at the outset, a well-written IPS clearly articulates an entity's objectives, asset allocation, risk tolerance, governance and reporting functions, and other important features of policy. We believe ERSRI's IPS represents current best practice and look forward to discussing the proposed enhancements with the SIC.