

Employees' Retirement System of Rhode Island Investment Expense Analysis

**FY 2012**

in \$000's

Asset Class / Type	Management Fees	Indirect Management	Subtotal Management	Indirect Performance	Total Investment Expense	Expense Ratio
Global Equity Indexes	\$2,053		<b>\$2,053</b>		<b>\$2,053</b>	0.03%
Equity Hedge Funds		4,542	<b>4,542</b>	3,342	<b>7,885</b>	0.11%
Private Equity	3,791	3,941	<b>7,732</b>	9,782	<b>17,514</b>	0.24%
Subtotal Equity/Growth	5,844	8,483	<b>14,327</b>	13,124	<b>27,451</b>	0.37%
Subtotal Fixed Income	2,966		<b>2,966</b>		<b>2,966</b>	0.04%
Real Estate	1,349	1,903	<b>3,252</b>	178	<b>3,429</b>	0.05%
Subtotal Real Assets	1,349	1,903	<b>3,252</b>	178	<b>3,429</b>	0.05%
Inflation Linked Bonds	447		<b>447</b>		<b>447</b>	0.01%
Absolute Return Hedge Funds		5,558	<b>5,558</b>	2,542	<b>8,100</b>	0.11%
Subtotal Real Return	447	5,558	<b>6,005</b>	2,542	<b>8,546</b>	0.12%
Beta Overlay	232		<b>232</b>		<b>232</b>	0.00%
Cash		703	<b>703</b>		<b>703</b>	0.01%
Subtotal Other Managers	232	703	<b>935</b>		<b>935</b>	0.01%
<b>Subtotal Manager Expense</b>	<b>\$10,837</b>	<b>\$16,646</b>	<b>\$27,484</b>	<b>\$15,844</b>	<b>\$43,327</b>	<b>0.59%</b>
Expense Ratio	0.15%	0.23%	0.37%	0.21%	0.59%	
Consulting	\$730		<b>\$730</b>		<b>\$730</b>	0.01%
Custody	747		<b>747</b>		<b>747</b>	0.01%
Legal	116		<b>116</b>		<b>116</b>	0.00%
Research	76		<b>76</b>		<b>76</b>	0.00%
Personnel / Operating	974		<b>974</b>		<b>974</b>	0.01%
<b>Subtotal Other Expenses</b>	<b>\$2,643</b>		<b>\$2,643</b>		<b>\$2,643</b>	<b>0.04%</b>
<b>Total Investment Expense</b>	<b>\$13,480</b>	<b>\$16,646</b>	<b>\$30,127</b>	<b>\$15,844</b>	<b>\$45,970</b>	<b>0.62%</b>
Expense Ratio	0.18%	0.23%	0.41%	0.21%	0.62%	

**Note:** The additional disclosure of indirect management and indirect performance fees included in this document exceeds GASB reporting requirements and is not common practice for public pension plans. As such, care should be taken when comparing these expenses relative to expense data included in the financial statements of other plans. Because indirect expenses are not readily separable from net investment income, the expenses disclosed here are provided on a best-efforts basis, intended to be used for illustrative purposes only.

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**FY 2012 Hedge Fund Managers (partial year)**

in \$000's

Partnership	Date of Initial Investment	Initial Commitment	Fee Terms		Fees Paid*		Total Investment Expense
			Management	Performance	Indirect Management	Indirect Performance	
<b>Global Equity Funds</b>							
Ascend Partners Fund II	Nov-11	\$60,000	1.5%	20.0%	\$602	\$274	\$876
Davidson Kempner Institutional Partners LP	Nov-11	60,000	1.5%	20.0%	578	531	1,108
Elliott Associates LP	Nov-11	60,000	1.5%	20.0%	619	695	1,314
Indus Asia Pacific Fund LP	Jan-12	40,000	1.5%	20.0%	311	34	344
Mason Capital Ltd	Jan-12	60,000	1.5%	20.0%	456		456
PFM Diversified Offshore Fund LP	Mar-12	30,000	1.5%	17.5%	149		149
PFM Diversified Offshore Fund AI Ltd	Mar-12	30,000	1.5%	17.5%	149		149
Samlyn LP	Jan-12	60,000	2.0%	20.0%	620	362	982
Third Point Qualified LP	Jan-12	50,000	2.0%	20.0%	514	416	930
Viking Global Equities LP	Dec-11	60,000	1.5%	20.0%	545	1,031	1,576
<b>Subtotal</b>		<b>\$510,000</b>			<b>\$4,542</b>	<b>\$3,342</b>	<b>\$7,885</b>
<b>Absolute Return Funds</b>							
BlueCrest Capital LP	Jan-12	\$20,000	2.0%	20.0%	\$205	\$118	\$323
Brevan Howard LP	Nov-11	75,000	2.0%	25.0%	1,078		1,078
Brigade Leveraged Capital Structures Fund LP	Mar-12	50,000	1.5%	20.0%	247	184	431
Capula Global Relative Value Fund Ltd	Dec-11	50,000	2.0%	20.0%	579		579
DE Shaw Composite International Fund	Nov-11	50,000	2.5%	25.0%	860	951	1,810
Gracie Credit Opportunities Fund LP	Dec-11	40,000	2.0%	20.0%	461		461
Graham Discretionary 6V Fund	Jan-12	50,000	2.0%	20.0%	506	275	781
OZ Domestic Fund II LP	Nov-11	75,000	2.0%	20.0%	1,017	883	1,900
Wexford Spectrum Fund LP	Jan-12	50,000	1.5%	20.0%	429	33	462
Winton Futures Fund Ltd	Dec-11	30,000	1.0%	20.0%	176	98	274
<b>Subtotal</b>		<b>\$490,000</b>			<b>\$5,558</b>	<b>\$2,542</b>	<b>\$8,100</b>
<b>Total</b>		<b>\$1,000,000</b>			<b>\$10,100</b>	<b>\$5,884</b>	<b>\$15,984</b>

\* **Note:** "Fees Paid" column details actual fees incurred, inception through 6/30/2012. Since funds were added to the portfolio at different times throughout the 2012 fiscal year, line items represent partial year expenses over different time frames and are not readily comparable. The additional disclosure of indirect management and indirect performance fees included in this document exceeds GASB reporting requirements and is not common practice for public pension plans. As such, care should be taken when comparing these expenses relative to expense data included in the financial statements of other plans. Because indirect expenses are not readily separable from net investment income, the expenses disclosed here are provided on a best-efforts basis, intended to be used for illustrative purposes only.