



State of Rhode Island
Office of the General Treasurer

abrdn Global Sustainable Infrastructure Partners IV Staff Recommendation

May-2025

RECOMMENDATIONS:

- [Rhode Island Employees Retirement Systems Pooled Trust](#): Approve a commitment of up to \$30 million to abrdn Global Sustainable Infrastructure Partners IV (“AGSIP IV”).
- [Rhode Island OPEB System Trust](#): Approve a commitment of up to \$2 million to abrdn Global Sustainable Infrastructure Partners IV (“AGSIP IV”)

ASSET CLASS: Private Real Assets (ex-Real Estate)

SUB-STRATEGY: Infrastructure (Greenfield; Development-to-Core)

ALLOCATIONS:

- [Rhode Island Employees Retirement Systems Pooled Trust](#): The target allocation for Private Real Assets (ex-Real Estate) is 4% and the actual allocation as of 4/30/2025 is 4.4%. Pacing plan for 2025 vintage is \$75 million to 1-2 primary funds per year at \$25-50 million per fund. Pending approval of this recommendation, ERSRI’s 2025 commitments will be \$30 million.
- [Rhode Island OPEB System Trust](#): Effective January 1, 2023, the target allocation for Private Real Assets (ex-Real Estate) is 4% and the actual allocation as of 4/30/2025 is 1.6%. Pacing plan for 2025 vintage is \$4-8 million committed across 2 to 4 primary funds. Pending approval of this recommendation, OPEB’s 2025 commitments will be \$2 million in 2024.

AGSIP IV INVESTMENT STRATEGY & TARGET FUND SIZE:

- [Investment Strategy](#): AGSIP IV focuses predominantly on greenfield PPP (Public-Private Partnership) or PPP style infrastructures and targets a net 13-15% net return over the 10-yr fund life. In addition to traditional infrastructure such as roads and ports, AGSIP IV also targets social infrastructures (e.g. healthcare, education, affordable housing, etc.) and carbon transition assets with long-dated concession. Commitments to PPP style, which are contracted with a strong private counterparty rather than a public entity, are capped at 30%. AGSIP IV targets to deploy 8-10 deals across sector, geography and vintage year.
- [Target Fund Size & Timeline](#): AGSIP IV is targeting a \$500 million fund size, an increase from AGSIP III at \$368 million. The Fund expects a final close at the end of 2025, and the GP anticipates committing 3% of the aggregate commitments up to \$15 million.

PORTFOLIO FIT:

- [Rhode Island Employees Retirement Systems Pooled Trust](#): The ERSRI Private Real Assets (ex-Real Estate) portfolio consists of seven managers. The allocation is built around a base of private infrastructure funds and may also invest in other real assets, ex-real estate such as farmland to provide additional diversification. As part of the Inflation Protection bucket, the Private Real Assets allocation is meant to exhibit inflation hedging characteristics. Infrastructure valuations are little impacted by inflation in the medium to long-term as many infrastructure assets have strong contractual projections (take-or-pay contracts), pass-through protections and fixed rate debt.

Aberdeen Global Infrastructure Partners IV focuses predominantly on greenfield PPP (Public-Private Partnership) infrastructure projects. ERSRI gets its current PPP Infrastructure exposure primarily through 1) John Laing, owned by KKR, 2) Meridiam Infrastructure North America IV, 3) Tikehau Star Infra Fund II, and 4) IFM Global

Infrastructure Fund. AGSIP IV's shorter fund life (10-yr fund life) is complimentary to ERSRI's existing position in long-dated funds (Meridiam's 25-yr fund life and IFM's and KKR's evergreen structure). With a 10-yr fund life, Aberdeen focuses on timely realization and is complimentary to managers with a build/expand and hold approach. Pending approval of a \$30 million commitment to abrdn Global Sustainable Infrastructure Partners IV, Aberdeen would represent 6% of exposure (NAV + unfunded commitments), as of 4/30/2025, in Private Real Assets (ex-Real Estate).

- [Rhode Island OPEB System Trust](#): The OPEB Private Real Assets (ex-Real Estate) portfolio is in the process of ramping up to its target allocation through commitments made in tandem with those from ERSRI. Pending approval of a \$2 million commitment to Aberdeen Global Infrastructure Partners IV, the fund would represent 11% of exposure (NAV + unfunded commitments) as of 4/30/2025, in Private Real Assets (ex-Real Estate).

MERITS:

- [Experienced Team & Deep Relationship with Regional Developers and Industrial Sponsors Globally](#): Aberdeen Concession Infrastructure has a long-standing senior leadership team, many of whom have worked together for 20+ years in project finance. Bidding and winning an infrastructure development project requires a detailed plan from a strong consortium consists of (co)-lead equity sponsor(s), experienced developers, operators and/or consultants. Aberdeen has a long track record working in partnership with public and private stakeholders to design, build, finance, operate and maintain new infrastructure and has built deep relationships with regional developers and industrial sponsors. Those relationships are crucial in sourcing and winning an infrastructure development project.
- [Strong Track Record and Realization History](#): abrdn Global Sustainable Infrastructure Partners IV is the fourth in abrdn's global infrastructure fund series and the fourteenth in the infrastructure fund series. Aberdeen has a history of timely exits on its prior greenfield development projects to investors (e.g pension plans and insurance companies) who have a lower cost of capital and are looking for long-dated concession infrastructures. Aberdeen has a strong track record in greenfield infrastructure.

Risks:

- [Potential Overlap with ERSRI's existing Exposure to other Managers](#): AGSIP IV may overlap, at the portfolio company or project level, with ERSRI's existing Exposure in other PPP Managers.
 - [Mitigant](#): The benefit of gaining more exposure across additional concession infrastructures outweighs the risk of potential overlap. Exposure to the same portfolio company through two or more funds exists today but it's infrequent and the aggregated exposure at the portfolio company is small (immaterial concentration risk in a specific project). AGSIP IV is a 10-yr closed-end fund focusing on greenfield concession infrastructures and is complementary to ERSRI's existing fund investments which have different risk-return objectives (brownfield vs greenfield), or timeline (evergreen fund vs 25-yr fund life vs 10-yr fund life) or geographic focus.
- [Development Risk, Increased Costs and Supply Chain Disruptions](#): AGSIP IV focuses predominantly on greenfield infrastructure, which will have substantial development and construction risk during the initial constructions period. Supply chain disruptions and changing rules and regulations add complexity and uncertainty for high capex projects.
 - [Mitigant](#): Construction risk and risk of cost overrun can't be eliminated but rather transferred to a construction contractor with a strong balance sheet through a fixed price and fixed time contract. Aberdeen has extensive experience in structuring a strong consortium which typically includes itself as a (co)-lead equity sponsor, a construction contractor, and an operator. Aberdeen's role is to put together a well-structured project and allocate risk appropriately to each reputable counterparty.

ESG:

- [ESG](#): Aberdeen is categorized as an ESG **Leader**. The fund maintains a focus on sustainability throughout their investment process. The fund focuses on investments within public services, social mobility, and decarbonization. Aberdeen has been a member of Principles of Responsible Investment (PRI) since 2007 and The Institutional

Investors Group on Climate Change (IIGCC) since 2018. ESG is a component of the funds due diligence process and is continually monitored and reported.

- **DE&I:** Aberdeen promotes diversity, equity, and inclusion by 1) participating several key industry-leading initiatives including Diversity Project's Pathways program for female fund manager and 2) promoting cross company mentoring program.
- **FEES:** Fee terms are in line with industry standards.
 - **Management Fee & Carry:** The management fee is 1.10% on invested capital during the investment period and 0.90% thereafter. Carry is 15% on the whole fund basis after an 8% hurdle.

Appendix 1: ERSRI Prior Fund Exposure

This section is left blank intentionally. ERSRI has no current exposure to Aberdeen Infrastructure Fund Series.

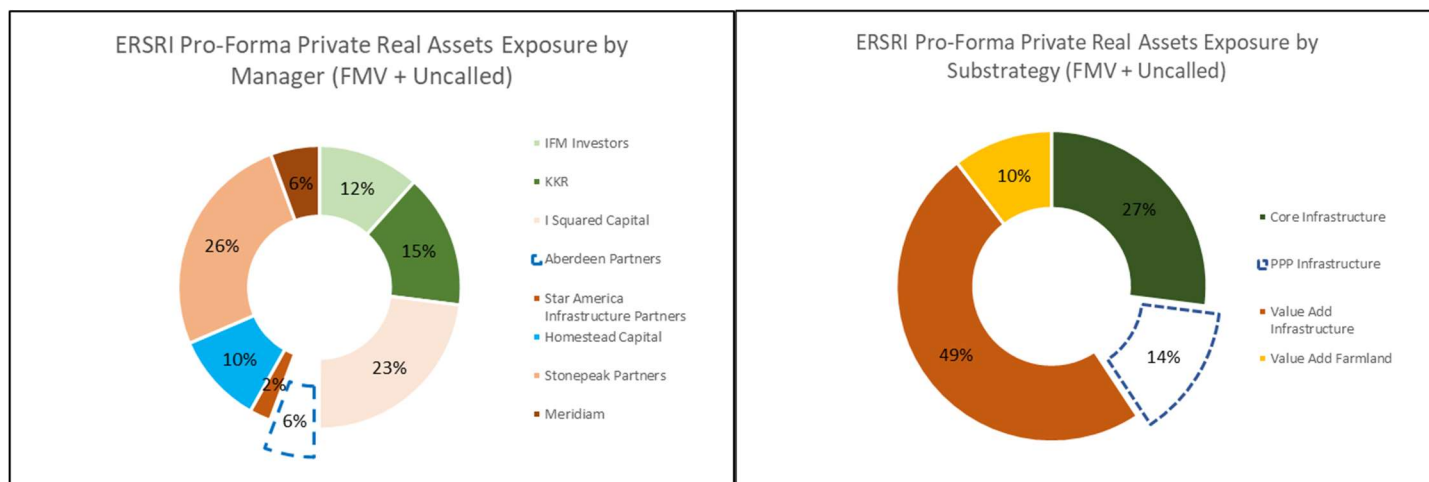
Appendix 2: ERSRI Prior Fund Performance

This section is left blank intentionally. ERSRI has no current exposure to Aberdeen Infrastructure Fund Series.

Appendix 3: ERSRI Private Real Assets (ex-Real Estate).

Manager**	Asset Class	Strategy	Structure	Sectors	Market	Geography
IFM Investors	Infrastructure	Core	Evergreen	Diversified	Large	Global
KKR	Infrastructure	Core	Evergreen	Diversified	Large	Global
ISquared Capital	Infrastructure	Value-add	Close-ended	Diversified	Middle-Large	Global
Stonepeak Partners	Infrastructure	Value-add	Close-ended	Diversified	Middle-Large	North America
Meridiam	Infrastructure	Value-add	Close-ended	PPP	Middle-Large	North America
Aberdeen Partners	Infrastructure	Value-add	Close-ended	PPP	Small-Large	Global
Star America Infrastructure Partners	Infrastructure	Value-add	Close-ended	PPP (no energy)	Middle	U.S.
Homestead Capital	Infrastructure	Value-add	Close-ended	Prem and Row Crop	Middle	U.S.

Appendix 4: ERSRI Portfolio Fit



Appendix 5: OPEB Portfolio Fit

