



State of Rhode Island
Office of the General Treasurer

Investment Policy Statement (“IPS”) - Staff Recommendation

August-2021

RECOMMENDATION

Staff recommends that the SIC adopt the proposed Investment Policy Statement, effective July 1, 2021.

PURPOSE

Revise Private Equity and Private Credit asset class benchmarks

Effective January 1, 2022, Institutional Limited Partners Association (“ILPA”) will discontinue its Private Markets Benchmark offering with the final set of benchmarks measuring performance for Q2 2021 scheduled for release in November 2021. The current IPS for ERSRI specifies the use of two of ILPA’s Private Markets Benchmarks to benchmark performance for the Private Equity and Private Credit allocations. As a result of the ILPA benchmark discontinuations, these two allocations require new benchmarks to be specified. Staff recommends using the two proposed benchmarks below which are comprised of pooled returns from two representative universes of comparable investment strategies compiled by Cambridge Associates:

Private Equity

Previous benchmark: ILPA All Funds Index, 1Q Lag

Proposed benchmark: Cambridge Associates Private Equity and Venture Capital Aggregated Index, 1Q Lag

Private Credit

Previous benchmark: ILPA Private Credit Index, 1Q Lag

Proposed benchmark: Cambridge Associates Senior Debt Index, 1Q Lag

This recommendation follows from the fact that the previously utilized ILPA benchmarks had been created in partnership with Cambridge Associates and were comprised of a subset of the Cambridge Associates fund database in which ILPA members have invested. The proposed Cambridge Associates indexes will represent larger fund universes and be more robust. ERSRI had previously used the ILPA benchmarks because they had sufficient constituent funds for our benchmarking purposes and were provided to ERSRI as part of its membership in ILPA. To access the proposed Cambridge Associates indexes, ERSRI will need to subscribe to a digital feed offered by IHS Markit and pay an annual subscription fee of \$5,000 associated with each index. (\$15,000 total including the previously approved Cambridge Associates Real Assets benchmarks).