STATE OF RHODE ISLAND TREASURY

ANNUAL TRANSACTIONS REPORT

FISCAL YEAR 2016

THE HONORABLE SETH MAGAZINER, GENERAL TREASURER

OFFICE OF THE GENERAL TREASURER

STATE OF RHODE ISLAND

HOPE

State of Rhode Island and Providence Plantations
General Treasurer
State House – 102
Providence, Rhode Island 02903

Seth Magaziner
General Treasurer

To the Honorable General Assembly:

I am pleased to submit a report summarizing the state's revenues and expenditures, cash investments, debt issues and payments, and activity involving state-administered retirement plans for fiscal year ending June 30, 2016, as required pursuant to Section 42-10-17 of the Rhode Island General Laws.

The information contained in this report of the state's financial position was prepared Treasury and Retirement System staff. In addition, members of both the State Investment Commission and State Retirement Boards have provided countless volunteer hours to improve accountability and disclosure for all the programs they oversee. Together, we are proud to devote ourselves to efficiently managing the state's finances on behalf of all Rhode Islanders.

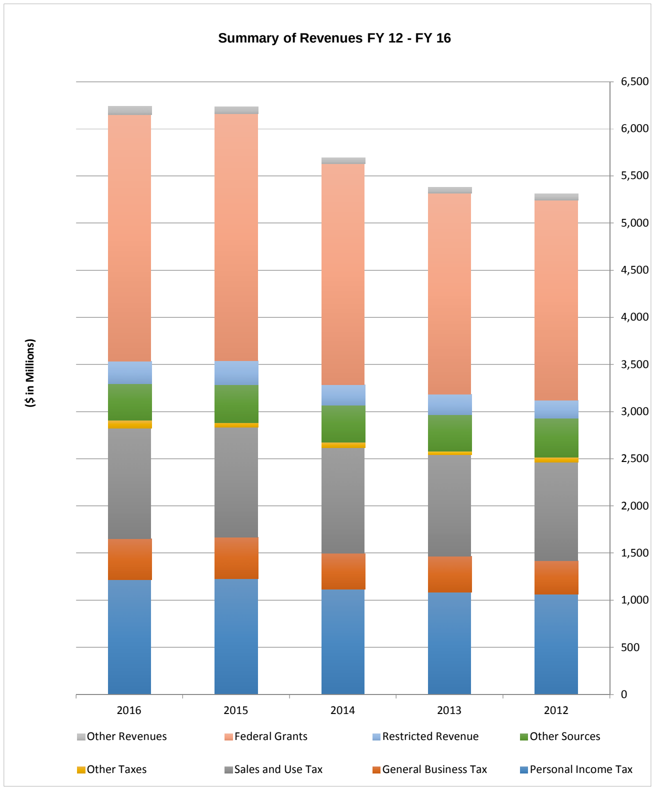
Sincerely,

Kerri Baker
Cash Manager

REVENUES AND EXPENDITURES

State of Rhode Island
Summary of Revenues
June 30, 2016

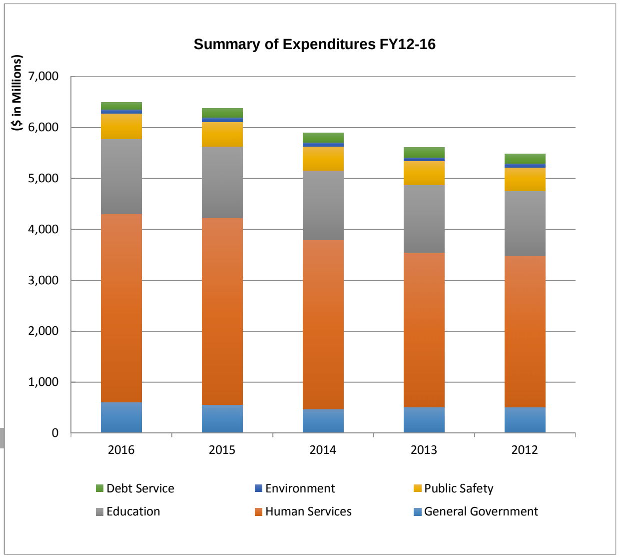
	2016	2015	2014	2013	2012
PERSONAL INCOME TAX	$ 1,217,430,000	$ 1,227,582,000	$ 1,115,513,000	$ 1,085,765,000	$ 1,060,482,000
GENERAL BUSINESS TAXES:					
Business Corporations	$ 134,909,000	$ 147,979,000	$ 114,215,000	$ 131,828,000	$ 123,054,000
Gross Earnings Tax-Public Utilities	$ 103,062,000	$ 103,950,000	$ 101,382,000	$ 99,641,000	$ 100,631,000
Income Tax-Financial Institutions	$ 21,096,000	$ 22,743,000	$ 16,611,000	$ 12,595,000	$ 3,558,000
Tax on Insurance Companies	$ 130,344,000	$ 120,265,000	$ 102,357,000	$ 92,745,000	$ 89,488,000
Tax on Deposits-Banking Institutions	$ 2,556,000	$ 2,260,000	$ 2,472,000	$ 2,877,000	$ 2,001,000
Health Care Provider Assessment	$ 43,236,000	$ 44,125,000	$ 42,131,000	$ 41,569,000	$ 41,922,000
SALES AND USE TAXES:					
Sales and Use Tax	$ 971,873,000	$ 963,453,000	$ 916,083,000	$ 878,866,000	$ 851,056,000
Motor Vehicle Tax	$ 39,692,000	$ 49,117,000	$ 52,408,000	$ 49,431,000	$ 48,392,000
Gasoline Tax	$ (208,000)	$ (125,000)	$ 524,000	$ 438,000	$ 733,000
Cigarette Tax	$ 142,783,000	$ 138,046,000	$ 139,462,000	$ 132,516,000	$ 131,086,000
Alcohol	$ 19,630,000	$ 18,363,000	$ 18,252,000	$ 12,176,000	$ 11,874,000
OTHER TAXES:					
Inheritance and Gift	$ 70,029,000	$ 34,202,000	$ 43,592,000	$ 28,489,000	$ 46,412,000
Racing and Athletics	$ 1,059,000	$ 1,107,000	$ 1,177,000	$ 1,171,000	$ 1,327,000
Realty Transfer Tax	$ 10,432,000	$ 9,494,000	$ 7,962,000	$ 7,399,000	$ 6,435,000
TOTAL TAXES	$ 2,907,923,000	$ 2,882,561,000	$ 2,674,141,000	$ 2,577,506,000	$ 2,518,451,000
DEPARTMENTAL RECEIPTS	$ 367,641,000	$ 354,122,000	$ 360,678,000	$ 356,832,000	$ 339,895,000
Total Taxes and Departmentals	$ 3,275,564,000	$ 3,236,683,000	$ 3,034,819,000	$ 2,934,338,000	$ 2,858,346,000
OTHER SOURCES					
Gas Tax Transfer		$ -	$ -	$ -	$ -
Other Miscellaneous	$ 4,102,000	$ 8,778,000	$ 6,392,000	$ 4,166,000	$ 20,110,000
Lottery	$ 369,761,000	$ 381,936,000	$ 376,327,000	$ 379,225,000	$ 377,706,000
Unclaimed Property	$ 14,167,000	$ 13,712,000	$ 12,724,000	$ 6,269,000	$ 14,556,000
Total Other Sources	$ 388,030,000	$ 404,426,000	$ 395,443,000	$ 389,660,000	$ 412,372,000
Total General Revenues	$ 3,663,594,000	$ 3,641,109,000	$ 3,430,261,000	$ 3,323,998,000	$ 3,270,718,000
Restricted Revenue/Other	$ 241,872,000	$ 253,973,000	$ 216,142,000	$ 220,983,000	$ 192,642,000
Federal Grants	$ 2,610,735,000	$ 2,619,412,000	$ 2,345,942,000	$ 2,129,847,000	$ 2,119,476,000
Other Revenue	$ 89,369,000	$ 74,635,000	$ 59,334,000	$ 62,372,000	$ 67,640,000
TOTAL	$ 6,605,571,000	$ 6,589,130,000	$ 6,051,679,000	$ 5,737,200,000	$ 5,650,476,000



Source Data: This data is sourced from the Comprehensive Annual Financial Report prepared by the Office of Accounts and Controls, page titled Schedule of Revenues, Expenditures and Changes in Fund Balance, published at http://controller.admin.ri.gov/Financial Reports/index.php

State of Rhode Island
Summary of Expenditures
June 30, 2016

	2016	2015	2014	2013	2012
General Government	$ 611,011,000	$ 556,456,000	$ 468,696,000	$ 504,096,000	$ 507,698,000
Human Services	$ 3,694,123,000	$ 3,661,964,000	$ 3,325,539,000	$ 3,042,755,000	$ 2,969,166,000
Education	$ 1,467,236,000	$ 1,403,498,000	$ 1,357,630,000	$ 1,330,129,000	$ 1,281,879,000
Public Safety	$ 504,217,000	$ 493,361,000	$ 479,997,000	$ 463,734,000	$ 459,114,000
Environment	$ 78,270,000	$ 79,897,000	$ 76,118,000	$ 70,145,000	$ 75,141,000
Debt Service	$ 134,410,000	$ 184,905,000	$ 188,013,000	$ 193,443,000	$ 184,960,000
Total Expenditures	$ 6,489,267,000	$ 6,380,081,000	$ 5,895,993,000	$ 5,604,302,000	$ 5,477,958,000



Source Data: This data is sourced from the Comprehensive Annual Financial Report prepared by the Office of Accounts and Controls published at http://controller.admin.ri.gov/Financial Reports/index.php

SHORT TERM CASH AND INVESTMENTS

State of Rhode Island
Office of the General Treasurer
Schedule of Interest Earned
FY 2016

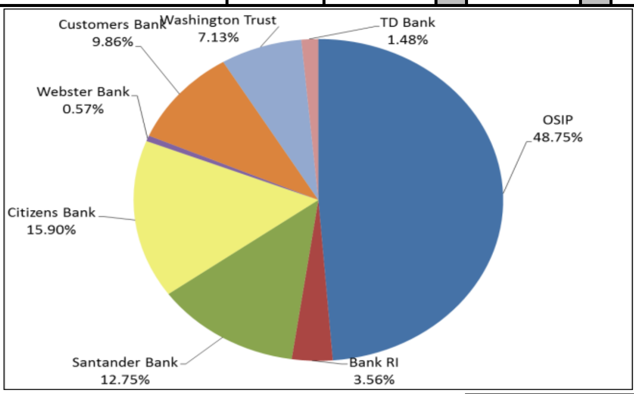
Fund	Beginning Balance	Ending Balance	Average Daily Balance	Earnings	Yield (Annual)
GENERAL FUND	515,106,460.18	579,414,025.44	478,827,354.63	1,507,565.02	0.31%
H.A.V.A	295.72	296.83	295.72	1.11	0.37%
GENERAL FUND (HIST PRES)	538,284.89	540,211.42	538,284.89	1,926.53	0.36%
HISTORIC TAX CREDITS	2,906,901.63	2,917,366.45	2,906,901.63	10,464.82	0.36%
HIGHWAY FUND	35,136,751.20	52,654,449.22	29,905,603.66	117,698.02	0.39%
T.D.I. RESERVE (DET)	103,803,829.88	100,850,393.51	106,052,736.98	346,563.63	0.33%
EMPLOYER PENSION CONTRIBUTION	-	-		-	
RICAP GL FUND 21	50,251,173.14	60,776,528.55	62,063,741.44	225,355.41	0.36%
BOND CAPITAL FUND	2,538,468.36	961,825.28	5,789,561.26	23,356.92	0.40%
R.I. CLEAN WATER ACT	3,185,700.09	3,197,208.31	3,185,700.09	11,508.22	0.36%
STATE LOTTERY FUND	19,254,563.42	19,817,936.79	42,554,836.64	163,373.37	0.38%
ASSESSED FRINGE BEN ADM	308,855.00	1,813,975.73	1,338,909.64	5,120.73	0.38%
AUTO EQUIPMENT SERVICE	1,247.28	1,251.90	1,247.28	4.62	0.37%
HEALTH INSURANCE FUND	24,821,898.24	19,121,138.53	27,088,564.91	99,240.29	0.37%
FLEET REVOLVING LOAN FUND	4,448,565.90	3,761,713.01	4,247,473.00	13,147.11	0.31%
EMPLOYEES RETIREMENT	110,251.94	30,282.20	18,854,516.15	74,680.94	0.40%
MUNICIPAL EMPLOYEES RET.	24,957.06	83,790.99	2,467,716.62	8,833.93	0.36%
RETIREE HEALTH FUND	3,937,349.93	640,576.24	996,912.77	3,226.31	0.32%
BOG RETIREE FUND	322,339.35	62,785.19	128,459.57	445.84	0.35%
RIPTA HEALTH FUND	35,761.97	35,889.95	35,761.97	127.98	0.36%
PERMANENT SCHOOL FUND	1,937,064.20	1,943,997.14	1,937,064.20	6,932.94	0.36%
TEACHER RETIREE HEALTH FUND	672,948.84	578,944.91	1,715,025.35	5,996.07	0.35%
RI ST POL RETIREE HEALTH	723,035.40	123,741.59	208,281.30	706.19	0.34%
RI LEG RETIREE HEALTH	200,299.97	100,679.80	102,758.99	379.83	0.37%
RI JUDICIAL RETIREE HEALTH	140,261.12	40,418.76	42,720.14	157.64	0.37%
UNIVERSITY COLLEGE	9,326.59	12,204.69	979,271.95	2,878.10	0.29%
HIGHER EDUCATION	208,623.34	-	51,819.74	93.68	0.18%
INDUS. BLDG. & MTG. INS.	2,508,733.75	1,715,777.73	1,977,586.21	7,043.98	0.36%
Total Short Term Investments	**773,133,948.39**	**851,197,410.16**	**793,999,106.73**	**2,636,829.23**	**0.33%**

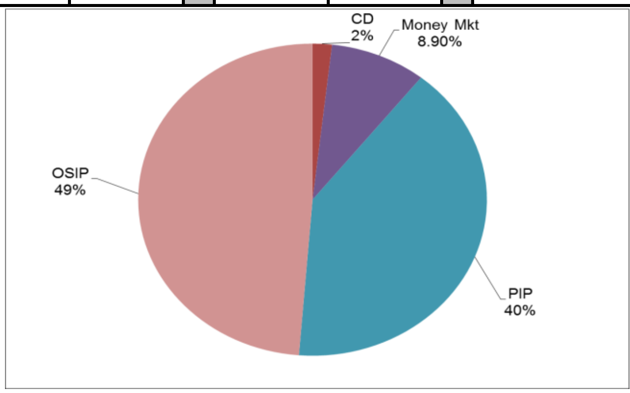
Source: Data acquired from the State's Investment Management Software, APS2

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

Issuer Credit Rating
June 30, 2016

Issuer	Type of Instrument*	Month End % Portfolio	Issuer Ratings Moody's	S-T Debt Rating Moody's	S-T Debt Rating S&P	L-T Debt Rating Moody's	L-T Debt Rating S&P	Credit Outlook S&P
Bank RI	3,4	4.8%	N/R	N/A	N/A	N/A	N/A	N/A
Santander Bank	3,4	13.0%	Baa2	P-1	A-2	A2	BBB+	Stable
Bank of America		0.0%	Baa1	P-2	A-2	Baa1	BBB+	Stable
JP Morgan Chase		0.0%	A3	P-2	A-2	A3	A-	Stable
Fidelity		0.0%	N/R	N/A	N/A	N/A	N/A	N/A
State Street Bank & Trust Company		0.0%	Aa3	P-1	A-1+	Aa1	AA-	Stable
RBS Citizens	3,4	8.9%	Baa1	P-2	A-2	A1	A-	Stable
Webster Bank	3,4	0.8%	Baa1	P-1	A-2	A1	BBB+	Positive
Ocean State Investment Pool	6	47.7%	N/R	N/A	N/A	N/A	N/A	N/A
Washington Trust	3,7	9.6%	N/R	N/A	N/A	N/A	N/A	N/A
TD Bank	3	2.0%	Aa1	P-1	A-1+	Aa1	AA-	Negative
Customers Bank	4	13.3%	N/R	N/A	N/A	N/A	N/A	N/A





REPO = Repurchase Agreement		1*
CP	= Commercial Paper	2*
CD	= Certificate of Deposit	3*
CoD	= Collateralized Deposit	4*
AG	= US Government Agency Note	5*
MM	= Government Money Market	6*
GID	= Government Insured Deposit	7*

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

Moody's Long-Term Debt Ratings:
Aaa - Best Quality
Aa - High Quality
A - Posess many favorable investment attributes
Baa - Medium-grade obligations
Ba - Posess speculative elements
B - Generally lack characteristics of desirable investments
Caa - Poor standing
Ca - Speculative in a high degree
C - Lowest rated class of bonds

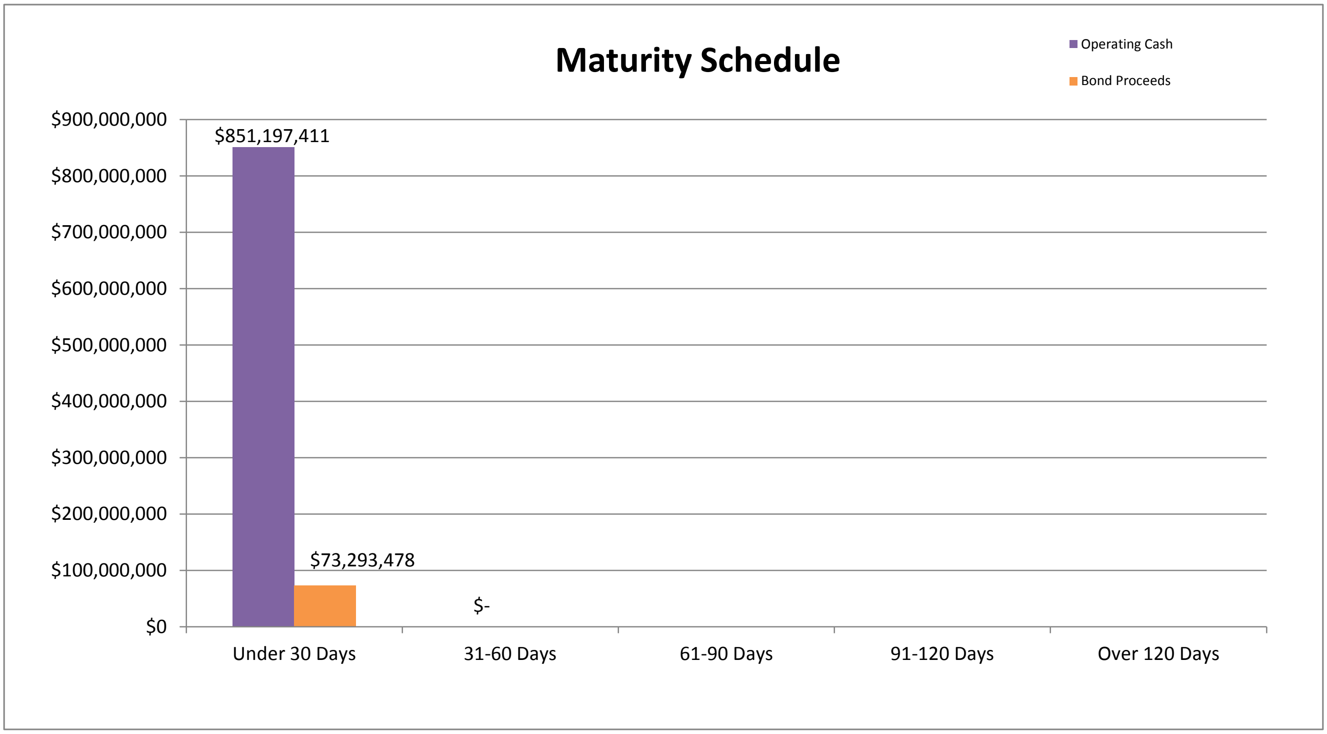
Modifiers:
1 - Higher end of letter rating category
2 - Mid-range of letter rating category
3 - Lower end of letter rating category

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 - More susceptible to adverse effects of change in economic condition, strong
BBB - Exhibits adequate protection parameters
BB, B, - Have significant speculative characteristics. BB least speculative
CCC, CC, C - C highest degree
D - Payment default
Modifiers:
+ or - show relative standing within the category.

Short-Term Investment Maturity Schedule & SIC Compliance Report at June 30, 2016



Vendor	CP	CD	Agency	Money Mkt	PIP	Repo	GID	OSIP	Total ($)
Guidelines-Total/Vendor	25%/10%	50%/20%	75%/35%	75%/35%	75%/35%	100%/20%	75%/35%	50%/50%	
OSIP	0	0	0	0	0	0	0	414,963,219	414,963,219
	0%	0%	0%	0%	0%	0%	0%	49%	49%
Bank RI	0	15,251,710	0	15,078,662	0	0	0	0	30,330,372
	0%	2%	0%	2%	0%	0%	0%	0%	4%
Santander Bank	0	0	0	0	108,518,895	0	0	0	108,518,895
	0%	0%	0%	0%	13%	0%	0%	0%	13%
Citizens Bank	0	0	0	0	135,360,229	0	0	0	135,360,229
	0%	0%	0%	0%	16%	0%	0%	0%	16%
Webster Bank	0	0	0	0	4,871,968	0	0	0	4,871,968
	0%	0%	0%	0%	1%	0%	0%	0%	1%
Customers Bank	0	0	0	0	83,890,868	0	0	0	83,890,868
	0%	0%	0%	0%	10%	0%	0%	0%	10%
Washington Trust	0	0	0	60,692,869	0	0	0	0	60,692,869
	0%	0%	0%	7%	0%	0%	0%	0%	7%
TD Bank	0	0	0	0	12,568,992	0	0	0	12,568,992
	0%	0%	0%	0%	1%	0%	0%	0%	1%
TOTALS	**-**	**15,251,710**	**-**	**75,771,530**	**345,210,952**	**-**	**-**	**414,963,219**	**851,197,411**
(%) PORTFOLIO	**0.00%**	**1.79%**	**0.00%**	**8.90%**	**40.56%**	**0.00%**	**0.00%**	**48.75%**	**100.00%**

Note: PIP + CD must be under 75%.

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

State of Rhode Island
Office of the General Treasurer
Collateralization of State Bank Deposits
As of June 30, 2016

Bank	Account Name	Deposit Balance	Collateral Amount	Percentage of Collateral	Term	Collateral Report Filed	VERIBANC Rating	Moody's Long Term Bank Deposit	S&P LT Local Issuer Rating
Bank of America						Y	GREEN/*	Baa1	BBB+
	Adult Correctional	40,724	41,538	102%	DDA				
	Athletics Imprest	68,464	69,834	102%	DDA				
	Clerk of Superior Court	47,266	48,212	102%	DDA				
	Dept of Human Svcs	144,992	147,892	102%	DDA				
	General Fund	12,523,119	12,773,581	102%	DDA				
	General Public Assistance	16,438	16,766	102%	DDA				
	Imprest A	27,301	27,847	102%	DDA				
	Imprest B	(10,274)	(10,479)	102%	DDA				
	Imprest Cash	20,851	21,268	102%	DDA				
	Imprest D	11,256	11,481	102%	DDA				
	NA	117,910	120,269	102%	DDA				
	Payroll A Account	164,994	168,294	102%	DDA				
	Pension Direct Deposit	24,485	24,975	102%	DDA				
	Recreation Area Fund	121,295	123,721	102%	DDA				
	RHODE ISLAND DEPT OF CHILDREN YOUTH	224,630	229,123	102%	DDA				
	Rhode Island Dept of Children, Youth and Famili	981,509	1,001,139	102%	DDA				
	RI Community Living & Supports	2,850	2,907	102%	DDA				
	RI Community Living & Supports	18,937	19,315	102%	DDA				
	RI Community Living & Supports	26,777	27,313	102%	DDA				
	RI Community Living & Supports	43,187	44,051	102%	DDA				
	RI Department of Employment	146	149	102%	DDA				
	RI Dept Employment & Training	550	561	102%	DDA				
	RI Prov Plan Empl and Training Div	71,299	72,725	102%	DDA				
	RI Prov Plan TDI Reserve Fund	3,717,997	3,792,357	102%	DDA				
	RI Prov Plant Emp Training Div	277,359	282,906	102%	DDA				
	RIm State Police Confidential	9,000	9,180	102%	DDA				
	Rite Care	110,797	113,013	102%	DDA				
	Special Payroll Account	6,600	6,732	102%	DDA				
	State Infrastructure Bank Fund	2,499,205	2,549,189	102%	DDA				
	State Lottery Fund	1,177,434	1,200,983	102%	DDA				
	State of Rhode Island	8	9	102%	DDA				
	State of Rhode Island	166,247	169,572	102%	DDA				
	State of Rhode Island Eleanor	972	991	102%	DDA				
	State of Rhode Island Eleanor	12,471	12,721	102%	DDA				
	State of Rhode Island Eleanor	62,510	63,760	102%	DDA				
	State of RI & Prov Plant	1,413	1,442	102%	DDA				
	State of RI & Prov Plant	678,183	691,747	102%	DDA				
	State of RI Dem Division Of	80	82	102%	DDA				
	State of RI Dept For Children	4,739	4,834	102%	DDA				
	State of RI Prov Plantations	1,482,735	1,512,390	102%	DDA				
	State University College Fund	576,572	588,104	102%	DDA				
	Supportive Svcs Payroll	4,212	4,296	102%	DDA				
	University of Rhode Island	1,070	1,091	102%	DDA				
	University of Rhode Island	6,157	6,280	102%	DDA				
	UNIVERSITY OF RHODE ISLAND	865,616	882,928	102%	DDA				
	UNIVERSITY OF RHODE ISLAND	1,493,785	1,523,660	102%	DDA				
	University of Rhode Island	13,286,375	13,552,103	102%	DDA				
	URI Boss Events	10,460	10,669	102%	DDA				
	URI Boss Operating	537,877	548,634	102%	DDA				
	URI Loan Funds	1,748,989	1,783,969	102%	DDA				
	URI Ryan Center Events	497,753	507,708	102%	DDA				
	URI Ryan Center Operations	719,716	734,110	102%	DDA				
	URI-Fed Dist	8,369	8,536	102%	DDA				
	William Davies Jr Voo Tech	9,422	9,610	102%	DDA				
	WM M Davies Jr Career & Tech H	35,856	36,573	102%	DDA				
	Total	44,698,688	75,000,000	170%					
Bank RI						Y	GREEN/***	N/R	N/R
	Internal Services Funds	4,590,515	4,682,325	102%	DDA				
	Industrial Building & Mortgage Fund	37,557	38,308	102%	DDA				
	Permanent School	265,423	270,731	102%	DDA				
	Higher Education	-	-	-	DDA				
	Regular CD	15,078,662	15,380,235	102%	CD				
	General Fund Money Market	15,251,710	15,556,744	102%	MMKT				
	Total	35,223,866	45,622,236	130%					
Citizens Bank						Y	GREEN/*	A1	A-
	Adult Correctional Institution	2,333	2,380	102%	DDA				
	Assessed Fringe Investment	1,511,391	1,541,619	102%	DDA				
	Auto Equipment	994,682	1,014,576	102%	DDA				
	Auto Equipment Investment	1,252	1,277	102%	DDA				
	Bond Capital	163,618	166,890	102%	DDA				
	Bond Capital Investment	937,974	956,734	102%	DDA				
	Child Support	4,246,892	4,331,829	102%	DDA				
	Clean Water Invesment	880,379	897,987	102%	DDA				
	Correctional Industries	487,507	497,258	102%	DDA				
	COURTS ESCROW BALANCE	3,500,000	3,570,000	102%	DDA				
	Dept of Human Services	1,555	1,586	102%	DDA				
	DOT - Intersurface Transport Fund	4,690,114	4,783,916	102%	DDA				
	Employee Retirement	690,180	703,984	102%	DDA				
	Employment Security Benefit (DLT)	1,064,127	1,085,410	102%	DDA				
	ERS Investment	25,441	25,950	102%	DDA				
	Fleet Replacement Revolving Investment	2,512	2,562	102%	DDA				
	General Fund Hava Investment	297	303	102%	DDA				
	General Fund Investment	96,404,133	98,332,215	102%	DDA				
	GF -COURTS-Merchant/Standard Deposit Accou	566,279	577,604	102%	DDA				
	Health Bog Retiree Investment	227	232	102%	DDA				
	Health Fund Retiree Investmens	60,913	62,131	102%	DDA				
	Health RIPTA Investment	2	2	102%	DDA				
	HIF Active Investment	12,283	12,529	102%	DDA				
	Highway ISTEA Investment	29,206,817	29,790,953	102%	DDA				
	Historical Preservation Investment	7	7	102%	DDA				
	Historical Tax Credit Investment	503,265	513,330	102%	DDA				
	Judicial Retiree Health Investment	40,419	41,227	102%	DDA				
	Judicial Retirement	61,448	62,677	102%	DDA				
	Legislative Retiree Health Investment	100,680	102,693	102%	DDA				
	Lottery Investment	80,165	81,768	102%	DDA				
	MERS Investment	66,028	67,349	102%	DDA				
	Muncipal Employees Retirement	311,902	318,140	102%	DDA				
	Permanent School Investment	699	713	102%	DDA				
	Registry of Superior Court	601	613	102%	DDA				
	RI Clean Water Act	184,464	188,154	102%	DDA				
	RI Industrial Funds Investment	45	46	102%	DDA				
	RICAP Investment	350,118	357,120	102%	DDA				
	STATE OF RHODE ISLAND	4,167	4,251	102%	DDA				
	STATE OF RHODE ISLAND	788,818	804,595	102%	DDA				
	STATE OF RHODE ISLAND	2,062,819	2,104,076	102%	DDA				
	STATE OF RHODE ISLAND	3,306,586	3,372,718	102%	DDA				
	STATE OF RHODE ISLAND	22,081,405	22,523,033	102%	DDA				
	State of RI	46,304	47,230	102%	DDA				
	State of RI	398,188	406,152	102%	DDA				

State of Rhode Island
Office of the General Treasurer
Collateralization of State Bank Deposits
As of June 30, 2016

Bank	Account Name	Deposit Balance	Collateral Amount	Percentage of Collateral	Term	Collateral Report Filed	VERIBANC Rating	Moody's Long Term Bank Deposit	S&P LT Local Issuer Rating
	State of RI	26,669,885	27,203,283	102%	DDA				
	State of RI	13,408	13,676	102%	DDA				
	State Police Retiree Health Investment	120,658	123,071	102%	DDA				
	State Police Retirement	56,275	57,401	102%	DDA				
	Supreme Court	8,000	8,160	102%	DDA				
	Tax Refund	966,297	985,623	102%	DDA				
	Tax Refund_Direct Deposit	124,765	127,260	102%	DDA				
	TDI Investment	4,611,573	4,703,805	102%	DDA				
	Teachers Retiree Health Investment	440,500	449,310	102%	DDA				
	University College Investment	2,452	2,501	102%	DDA				
	Total	208,852,850	210,131,832	101% ł					
Customers Bank						Y	GREEN/*	N/R	N/R
	State of Rhode Island Investment	83,890,867	85,568,684	102%	DDA				
	Total	83,890,867	91,052,000	109%					
Santander Bank						Y	GREEN/*	A2	BBB+
	Workers Comp/Assessed Fringe	308,447	314,616	102%	DDA				
	Health Insurance Active Employees	146,825	149,762	102%	DDA				
	Fleet Replacement Revolving Loan Fund	1,892,529	1,930,380	102%	DDA				
	Health Insurance Retirees	1,131,674	1,154,307	102%	DDA				
	Health Insurance - BOG Retirees	361,278	368,504	102%	DDA				
	Health Insurance - RIPTA Actives and Retirees	1,841,059	1,877,880	102%	DDA				
	Health Insurance - Teacher Retirees	174,380							
	Health Insurance - State Police Retirees	488,529							
	Health Insurance - Legislative Retirees	20,472							
	Health Insurance - Judicial Retirees	190,816							
	State RI Disbursement Account	42,913,442	43,771,711	102%	DDA				
	GF INVESTMENT	104,347,333	106,434,280	102%	DDA				
	ERS INVESTMENT FUND	412	420	102%	DDA				
	TDI INVESTMENT ACCT	2,966,683	3,026,017	102%	DDA				
	LOTTERY INVESTMENT	893,067	910,928	102%	DDA				
	DHS SSI Project Account	17,360	17,707	102%	DDA				
	RICAP INVESTMENT	266,961	272,300	102%	DDA				
	Total	157,961,267	256,426,144	163%					
TD Bank						Y	GREEN/***	Aa1	AA-
	State of Rhode Island	27,781	28,336	102%	DDA				
	State of Rhode Island-TDI Account	12,541,211	12,792,036	102%	DDA				
	Total	12,568,992	14,000,000	114%					
Washington Trust						Y	GREEN/***	N/R	N/R
	DBR Real Estate Escrow Account	426,925	435,464	102%	DDA				
	Dredging Fund	663,708	676,982	102%	DDA				
	RICAP Fund	1,040,005	1,060,805	102%	DDA				
	Recreational Area	1,883,889	1,921,567	102%	DDA				
	Total	4,014,526	4,212,531	112%					
Webster Bank						Y	GREEN/***/BB	A1	BBB+
	Taxation Cash Vault	-	-	-	DDA				
	Courts Cash Vault	318,176	324,539.32	102%	DDA				
	RIVAP	31,480	32,109.18	102%	DDA				
	Bond Capital Invst	23,851	24,327.87	102%	DDA				
	RI Public Rail Corporation Fund	111,999	114,239.21	102%	DDA				
	Fleet Replacement Invst	3,759,201	3,834,385.37	102%	DDA				
	RICAP Invst Fund	213,701	217,975.34	102%	DDA				
	Taxation Credit	14,617,803	14,910,158.77	102%	DDA				
	DMV Lockbox	300,865	306,882.03	102%	DDA				
	DEM Lockbox	126	128.52	102%	DDA				
	General Fund Invst	672,783	686,238.52	102%	DDA				
	Highway Fund Invst	59,299	60,485.29	102%	DDA				
	TDI Fund Invst	60,627	61,839.94	102%	DDA				
	ERS Inv Fund	4,429	4,517.64	102%	DDA				
	Lottery Fund Invst	60,313	61,519.13	102%	DDA				
	MERS Invst Fund	17,763	18,117.93	102%	DDA				
	Total	20,252,416	22,610,482	113%					
	Grand Total	**567,463,473**	**719,055,224**	**127%**					

ł = Collateralization with FHLB letter of credit requires only 100% coverage due to the nature of the security)

Moody's Long-Term Bank Deposit Ratings:

Aaa Highest Rating, exceptional credit quality and smallest degree of risk.
Aa Excellent credit quality, susceptibility of long term risks appear somewhat greater.
A Good credit quality, could suggest a susceptibility to impairment over the long term.
Baa Adequate credit quality, certain protective elements may be lacking over a great length of time.
Ba Questionable credit quality, ability to punctually meet deposit obligations may be uceratin.
B Poor credit quality, assurance of punctual payment deposit obligations over time is small.
Caa Extrememly poor credit quality, could be in default, danger with regard to financial capacity.
Ca Usually in default on their deposit obligations.
C Usually in default and potential recovery values are low.
Modifiers:
1 = Bank is at higher end of its letter-rating category, **2**- indicates a mid-range ranking, **3**- indicates the bank is in the lower end of its letter-rating category. **Asterisk ***- indicates improving quality.

S&P Long-Term Debt Ratings:

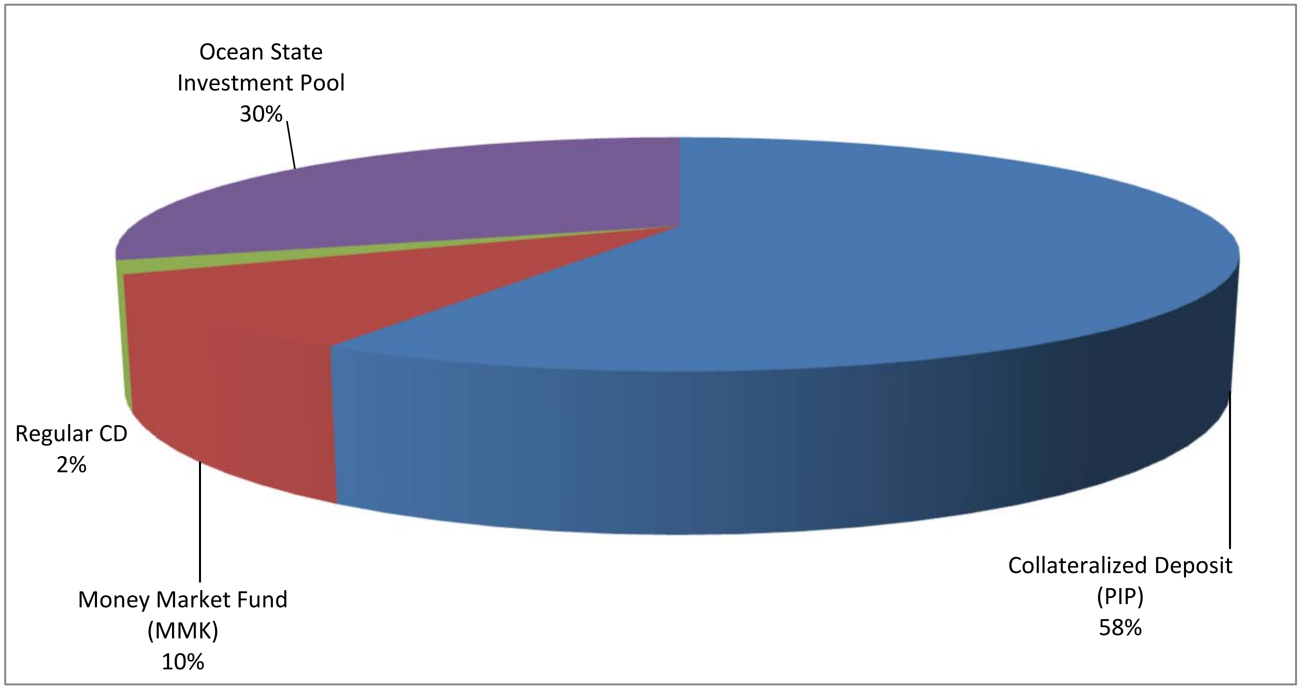
AAA Highest rating, extremely strong.
AA Differs slightly from highest rating, very strong.
A Somewhat more susceptible to adverse effects of change in economic condition, strong.
BBB Exhibits adequate protection parameters.
BB, B Have significant speculative characteristics. BB least speculative, B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

VERIBANC Ratings:

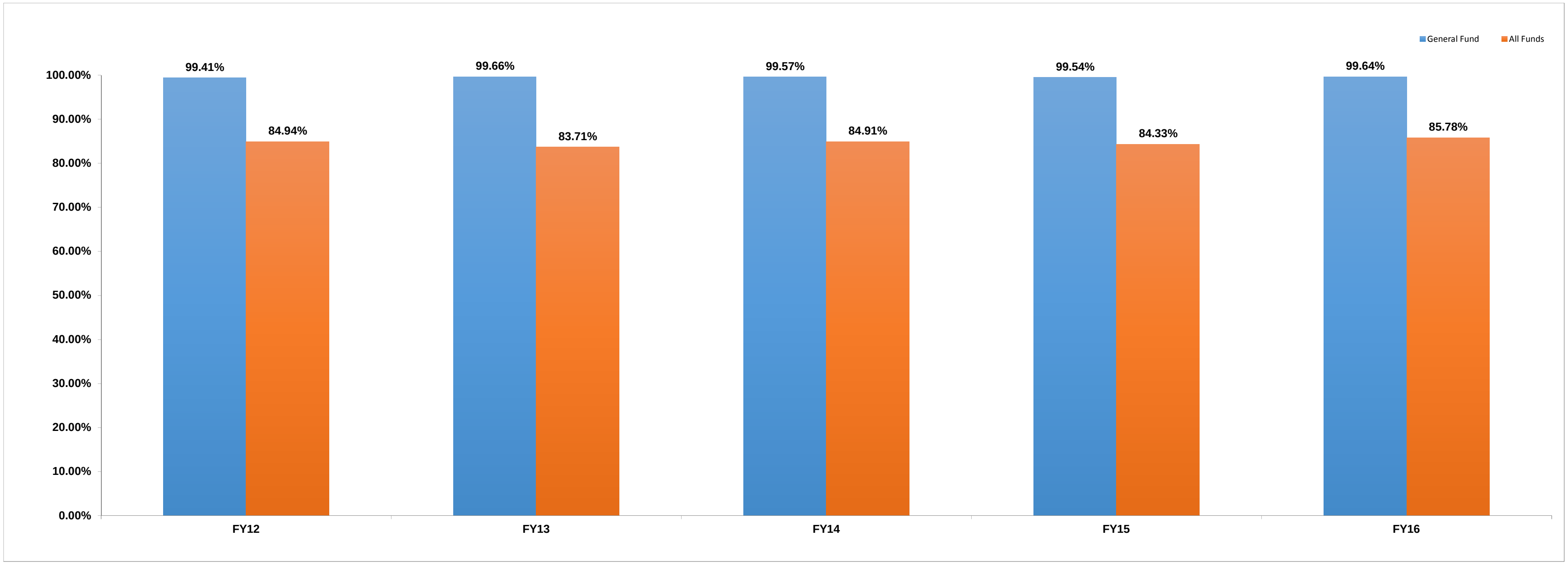
GREEN The institution's equity exceeds a modest percentage of its assets and had positive net income during the most recent reporting period.
YELLOW The institution's equity is at a minimal percentage of its assets or it incurred a net loss during the most recent reporting period.
RED The institution's equity is less than a minimal percentage of its assets or it incurred a significant net loss during the most recent reporting period (or both).
Modifiers
******* Very Strong
** Strong
***** Moderate
No Stars Poor
BB Blue Ribbon Bank

State of Rhode Island
Short Term Cash Monthly Performance
Performance By Vehicle for
July 01, 2015 to June 30, 2016

Investment Type		Beginning Balance		Ending Balance		Earnings	Yield(Annual)		ADB
Repurchase Agreement									
Collateralized Deposit (PIP)	$	544,076,804.69	$	345,210,950.60	$	1,398,796.41	0.3010%	$	463,441,116.34
Money Market Fund (MMK)	$	60,540,935.71	$	75,771,530.49	$	230,594.78	0.2869%	$	80,152,684.34
Ocean State Investment Pool	$	153,335,462.78	$	414,963,219.47	$	936,473.65	0.3970%	$	235,224,560.84
Regular CD	$	15,180,745.21	$	-	$	70,964.39	0.4904%	$	14,430,661.13
CDARS	$	-	$	15,251,709.60	$	-	0.0000%		
Grand Totals	**$**	**773,133,948.39**	**$**	**851,197,410.16**	**$**	**2,636,829.23**	**0.331%**	**$**	**793,249,022.65**



State of Rhode Island
Office of the General Treasurer
Short-Term Percentage Invested
FY 2012 - FY 2016



Source Data: This data is derived by calculating the ratio of Invested Balances to Invested Balances + Cash Balances (obtained from bank account analysis and the APS2 investment software; net of Bond proceeds, inclusive of TANS).

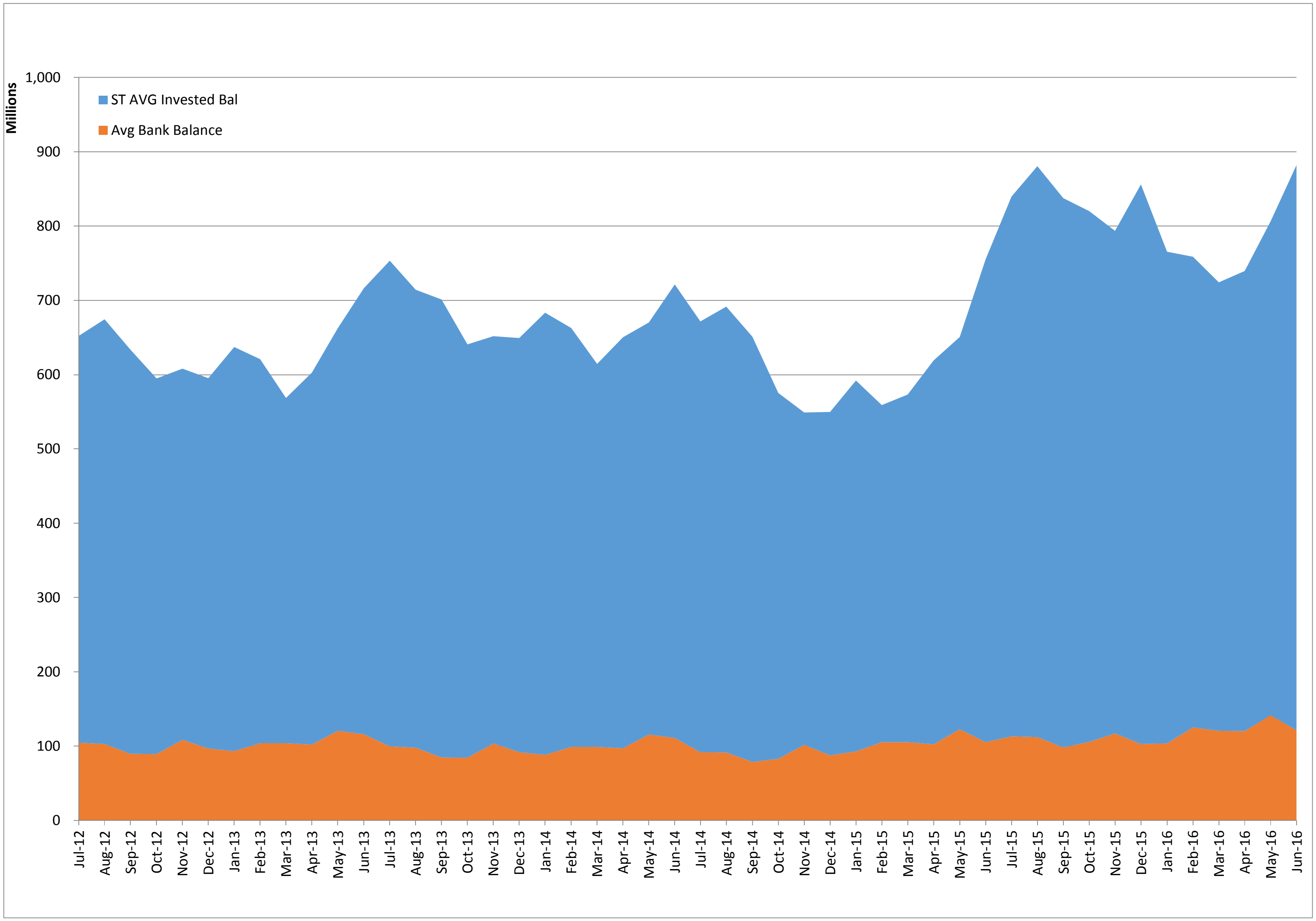
Commentary: The ratio of cash invested to cash on deposit has remained consistent over the last 5 years. Investments in All Funds throughout the last 5 years reflect a strategic effort by Treasury to leave balances on deposit to offset bank fees. As short-term interest rates remain at historic lows, Treasury utilized favorable negotation of Earned Credit Rates as an offset to the lower interest rates in an effort to reduce overall bank fees. The gap in performance between the General Fund ratio vs. the All Funds ratio is largely the result of statutory provisions on the investment of certain funds. For example, certain allocations of Federal funds are prohibited from being invested by Cash Management. Therefore, All Funds Cash Invested cannot be regarded as a performance metric, but it is presented for illustrative purposes.

State of Rhode Island
Office of the General Treasurer

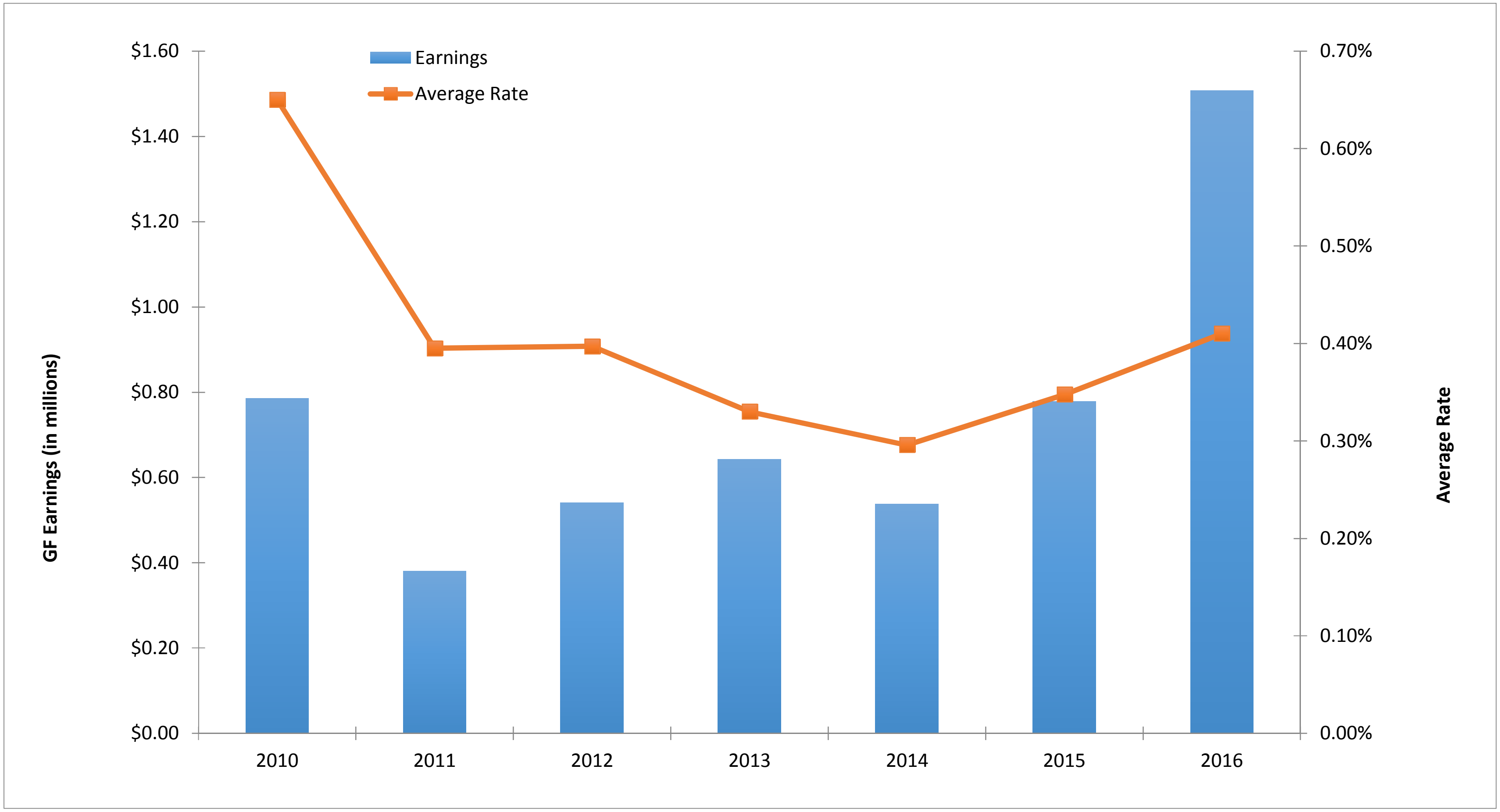
Short-Term Investment Portfolio by Fund
As of June 30, 2016

Fund		Principal		Cash Balance		Total
GENERAL FUND	$	579,414,025	$	12,523,119	$	591,937,144
H.A.V.A	$	297	$	-	$	297
GENERAL FUND (HIST PRES)	$	540,211	$	-	$	540,211
HISTORIC TAX CREDIT	$	2,917,366	$	3,306,586	$	6,223,953
HIGHWAY FUND	$	52,654,449	$	4,690,114	$	57,344,563
T.D.I. RESERVE (DET)	$	100,850,394	$	3,717,997	$	104,568,390
RICAP GL FUND 21	$	60,776,529	$	1,040,005	$	61,816,533
BOND CAPITAL FUND	$	961,825	$	163,618	$	1,125,443
R.I. CLEAN WATER ACT	$	3,197,208	$	184,464	$	3,381,673
STATE LOTTERY FUND	$	19,817,937	$	1,177,434	$	20,995,371
ASSESSED FRINGE BEN ADM	$	1,813,976	$	308,447	$	2,122,423
AUTO EQUIPMENT SERVICE	$	1,252	$	994,682	$	995,934
HEALTH INSURANCE FUND	$	19,121,139	$	146,825	$	19,267,964
FLEET REVOLVING LOAN FUND	$	3,761,713	$	1,892,529	$	5,654,242
EMPLOYEES RETIREMENT	$	30,282	$	690,180	$	720,463
MUNICIPAL EMPLOYEES RET.	$	83,791	$	311,902	$	395,693
NON-CONTRIBUTORY JUDICIAL RETIREMENT	$	-	$	4,167	$	4,167
RETIREE HEALTH FUND	$	640,576	$	1,131,674	$	1,772,250
BOG RETIREE FUND	$	62,785	$	361,278	$	424,063
RIPTA RETIREE HEALTH FUND	$	35,890	$	1,841,059	$	1,876,949
PERMANENT SCHOOL FUND	$	1,943,997	$	265,423	$	2,209,420
TEACHER RETIREE HEALTH FUND	$	578,945	$	174,380	$	753,325
RI ST POLICE RETIREE HEALTH FUND	$	123,742	$	488,529	$	612,270
RI LEGISLATIVE RETIREE HEALTH FUND	$	100,680	$	20,472	$	121,152
RI JUDICIAL RETIREE HEALTH FUND	$	40,419	$	190,816	$	231,235
UNIVERSITY COLLEGE	$	12,205	$	576,572	$	588,777
DOT - MISSION 360	$	-	$	788,818	$	788,818
INDUS. BLDG. & MTG. INS.	$	1,715,778	$	37,557	$	1,753,335
RI PUBLIC RAIL CORPORATION	$	-	$	111,999	$	111,999
JUDICIAL RETIREMENT FUND	$	-	$	61,448	$	61,448
STATE POLICE RETIREMENT FUND	$	-	$	56,275	$	56,275
CORRECTIONAL INDUSTRIES	$	-	$	487,507	$	487,507
DET BENEFIT	$	-	$	1,064,127	$	1,064,127
CHILD SUPPORT	$	-	$	4,246,892	$	4,246,892
GF - TAXATION CREDIT	$	-	$	14,617,803	$	14,617,803
TAX REFUND	$	-	$	966,297	$	966,297
RI COURTS RECEIPTS	$	-	$	22,081,405	$	22,081,405
MERCHANT DEPOSIT	$	-	$	566,279	$	566,279
COURT REGISTRY OPERATING ACCOUNT	$	-	$	2,062,819	$	2,062,819
TAX REFUND/DIRECT DEPOSIT	$	-	$	124,765	$	124,765
RITE CARE/RITE SHARE	$	-	$	110,797	$	110,797
GENERAL PUBLIC ASSISTANCE	$	-	$	16,438	$	16,438
SUPPORTIVE SERVICES PAYROLL	$	-	$	6,276	$	6,276
DEPARTMENT OF HUMAN SERVICES PAYROLL	$	-	$	144,992	$	144,992
SPECIAL PAYROLL	$	-	$	6,600	$	6,600
DHS - SSI BENEFITS	$	-	$	17,360	$	17,360
DISBURSEMENT ACCOUNT	$	-	$	42,913,442	$	42,913,442
INTERNAL SERVICES	$	-	$	4,590,515	$	4,590,515
INFRA STRUCTURE BANK FUND	$	-	$	2,499,205	$	2,499,205
PAYROLL A	$	-	$	164,994	$	164,994
PENSION C	$	-	$	1,482,735	$	1,482,735
PENSION DIRECT DEPOSIT	$	-	$	24,485	$	24,485
ET CLEARANCE	$	-	$	71,299	$	71,299
EMPLOYER TAX	$	-	$	277,359	$	277,359
RECREATIONAL AREA	$	-	$	121,295	$	121,295
RECREATIONAL AREA	$	-	$	1,883,889	$	1,883,889
RECORD CENTER	$	-	$	166,247	$	166,247
DREDGING ACCOUNT	$	-	$	663,708	$	663,708
Subtotal	**$**	**851,197,410**	**$**	**138,637,902**	**$**	**989,835,312**
CCDL 2004 SERIES A	$	35,179	$	-	$	35,179
BOND CCDL 2006 SERIES C	$	874,144	$	-	$	874,144
GO BND-NTAX 2007 SERIES A	$	389,872	$	-	$	389,872
CCDL10B BOND CAPITAL COMPONENT	$	950,359	$	-	$	950,359
CCDL10C	$	159,891	$	-	$	159,891
CCDL2011A	$	6,617,853	$	-	$	6,617,853
CCDL2012B	$	6,294,909	$	-	$	6,294,909
GO CCDL 2013A	$	5,219,033	$	-	$	5,219,033
GO CCDL 2013B	$	6,252,363	$	-	$	6,252,363
GO CCDL 2014A	$	3,361,683	$	-	$	3,361,683
GO CCDL 2014B	$	41,823	$	-	$	41,823
GO CCDL 2016A	$	34,465,436	$	-	$	34,465,436
GO CCDL 2016B	$	6,728,921	$	-	$	6,728,921
CLEAN WATER 2004 SERIES A	$	175,538	$	-	$	175,538
CCDL99A 1999A	$	206,647	$	-	$	206,647
CLEAN WATER 2007 SERIES A	$	283,359	$	-	$	283,359
CCDL2011A CLEAN WATER COMPONENT	$	1,236,467	$	-	$	1,236,467
Bond Proceeds Total	**$**	**73,293,478**	**$**	**-**	**$**	**73,293,478**
TANS PROCEEDS	$	-	$	-	$	-
Grand Total	**$**	**924,490,888**	**$**	**138,637,902**	**$**	**1,063,128,789**

State of Rhode Island
Office of the General Treasurer
Short-Term Average Bank Balance and Average Invested Balance
Actual FY2013-FY2016



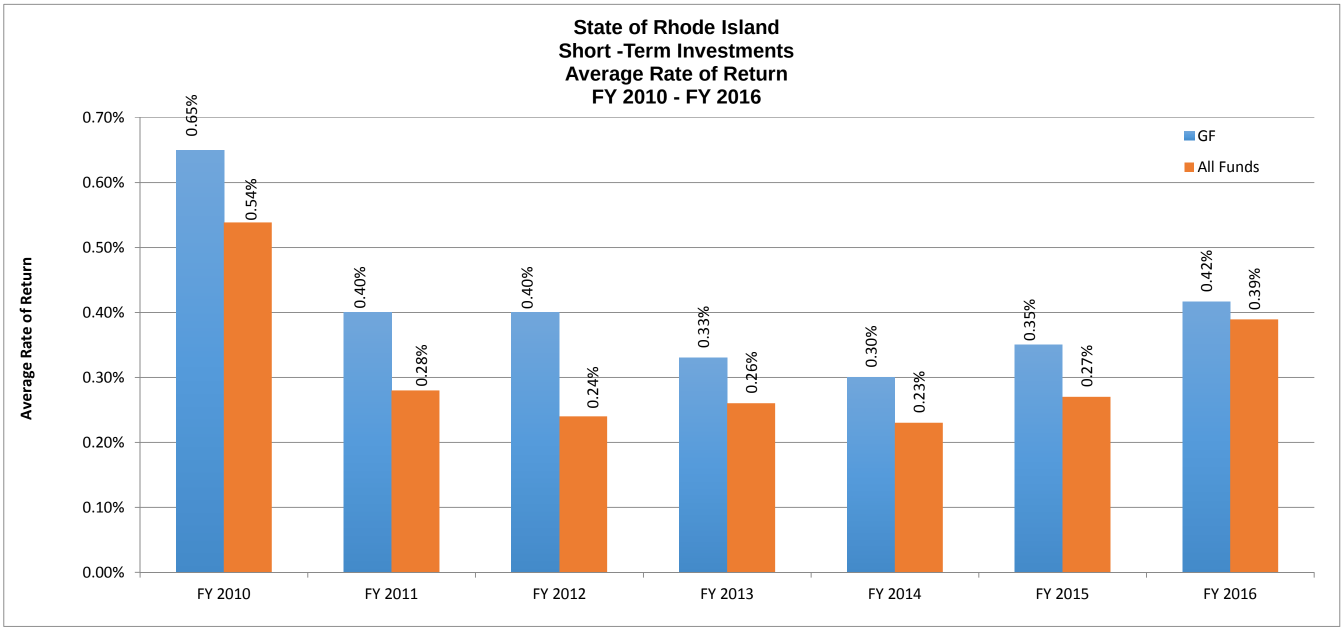
State of Rhode Island
Office of the General Treasurer
General Fund Interest Earnings / Average Rate
FY 2010 - FY2016

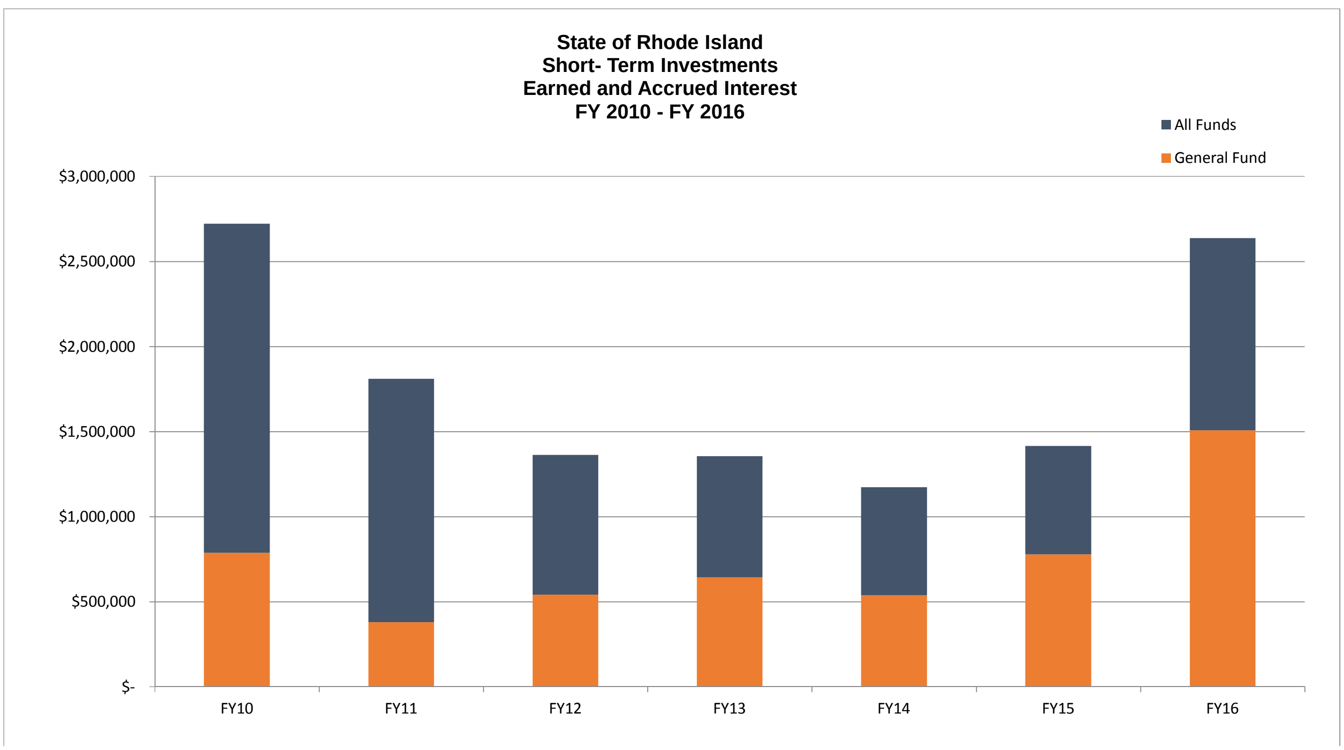


Source Data: Investment Earnings information and Average Rate information are obtained from the State Investment Software: APS2. The Average Rate is the Weighted Average interest rate for an entire fiscal year's short-term investments.

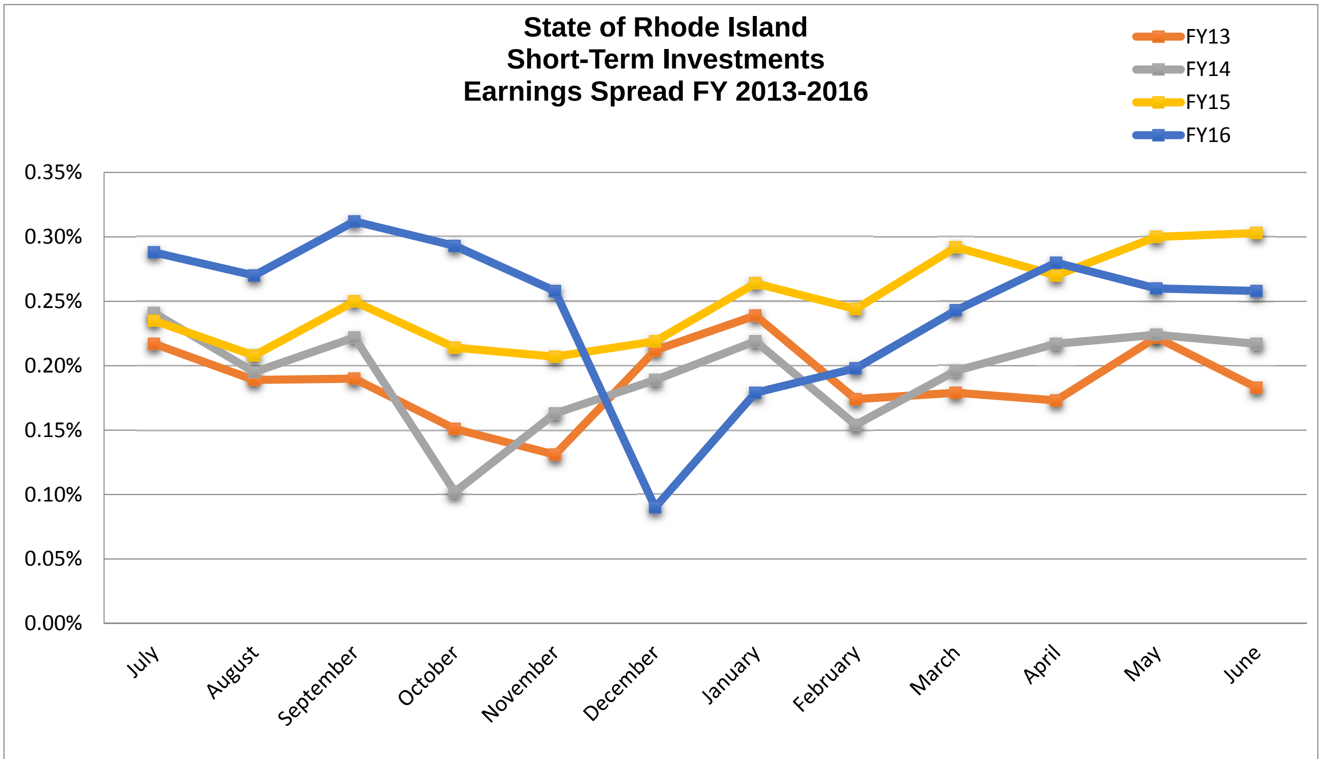
Commentary: Increasing average daily balances within the General Fund resulted in a steady rate of return from FY10 through FY15 despite the decline in interest rate. The spike in earnings from FY15 to FY16 is due to an increase in the average daily balance of $150M, over 40% year over year.

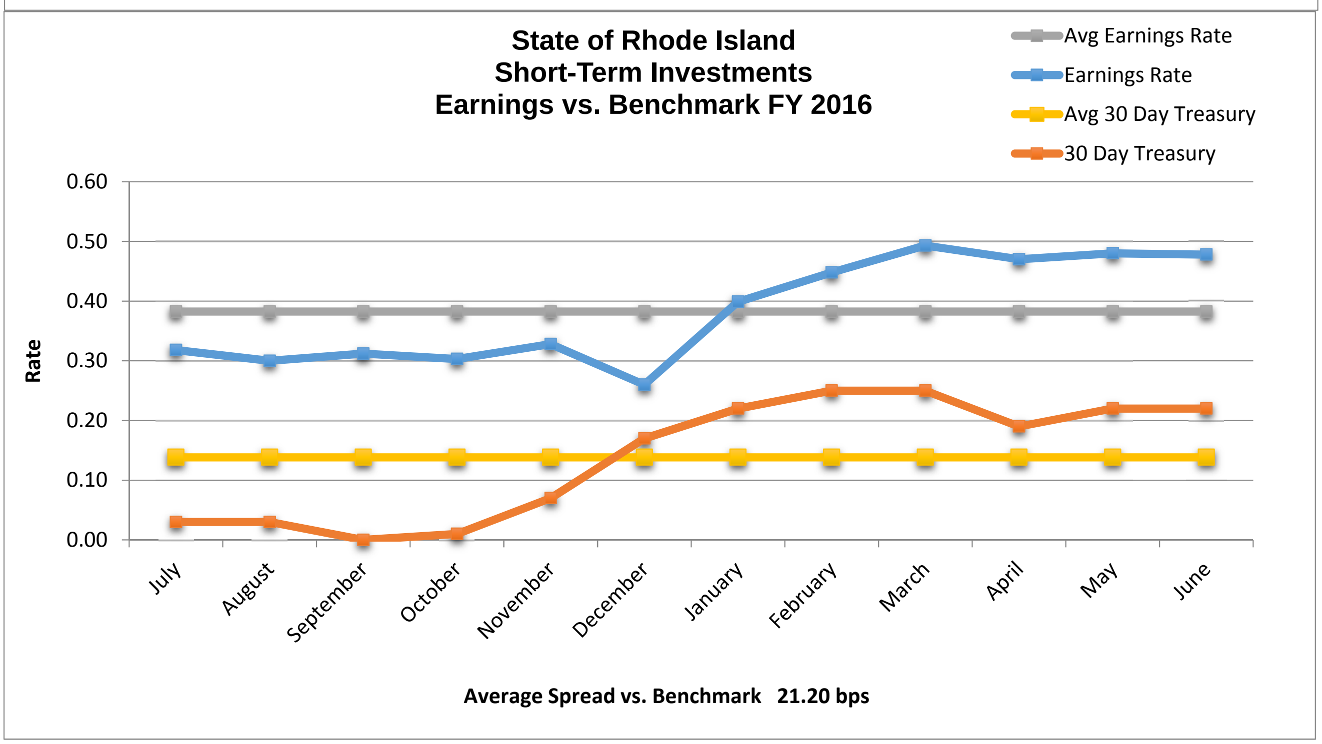
State of Rhode Island
Office of the General Treasurer
Cash Management Summary
Fiscal Year 2016





State of Rhode Island
Office of the General Treasurer
FY2016





Source Data: This Avg Earnings and Earnings Rate are derived from the State Investment System: APS2. The Benchmark is the 30 Day Treasury Bill. The Benchmark data is derived from the Federal Reserve Board Statistical release, H.15.

Commentary: The State's Short-Term Investments outperformed their benchmark, the 30-Day T-Bill, in 12 out of 12 months for FY2016, with an average spread over the benchmark of 24.4 basis points.

State of Rhode Island
Office of the General Treasurer
Cash Management Summary
All Funds, FY 2012 - FY 2016

	FY2016	FY2015	FY2014	FY2013	FY2012
Average Daily Cash Position	$ 693,265,108	$ 522,267,771	$ 502,328,500	$ 527,705,071	$ 577,438,858
Average Daily Bank Balance	$ 115,280,790	$ 97,541,059	$ 89,729,092	$ 102,816,296	$ 102,665,672
Percent of Cash Invested	85.78%	84.33%	84.91%	83.71%	84.94%
Percent of GF Cash Invested	99.64%	99.54%	99.57%	99.66%	99.41%
Spread to Benchmark	24.4 Basis Points	25.0 Basis Points	19.5 Basis Points	18.3 Basis Points	21.2 Basis Points
Average Rate of Return	0.39%	0.27%	0.23%	0.26%	0.24%

Note: "Cash Position" includes all operating fund investments, inclusive of TANS. Data is sourced from the State's investment system APS and daily bank reporting.

OSIP – OCEAN STATE INVESTMENT POOL

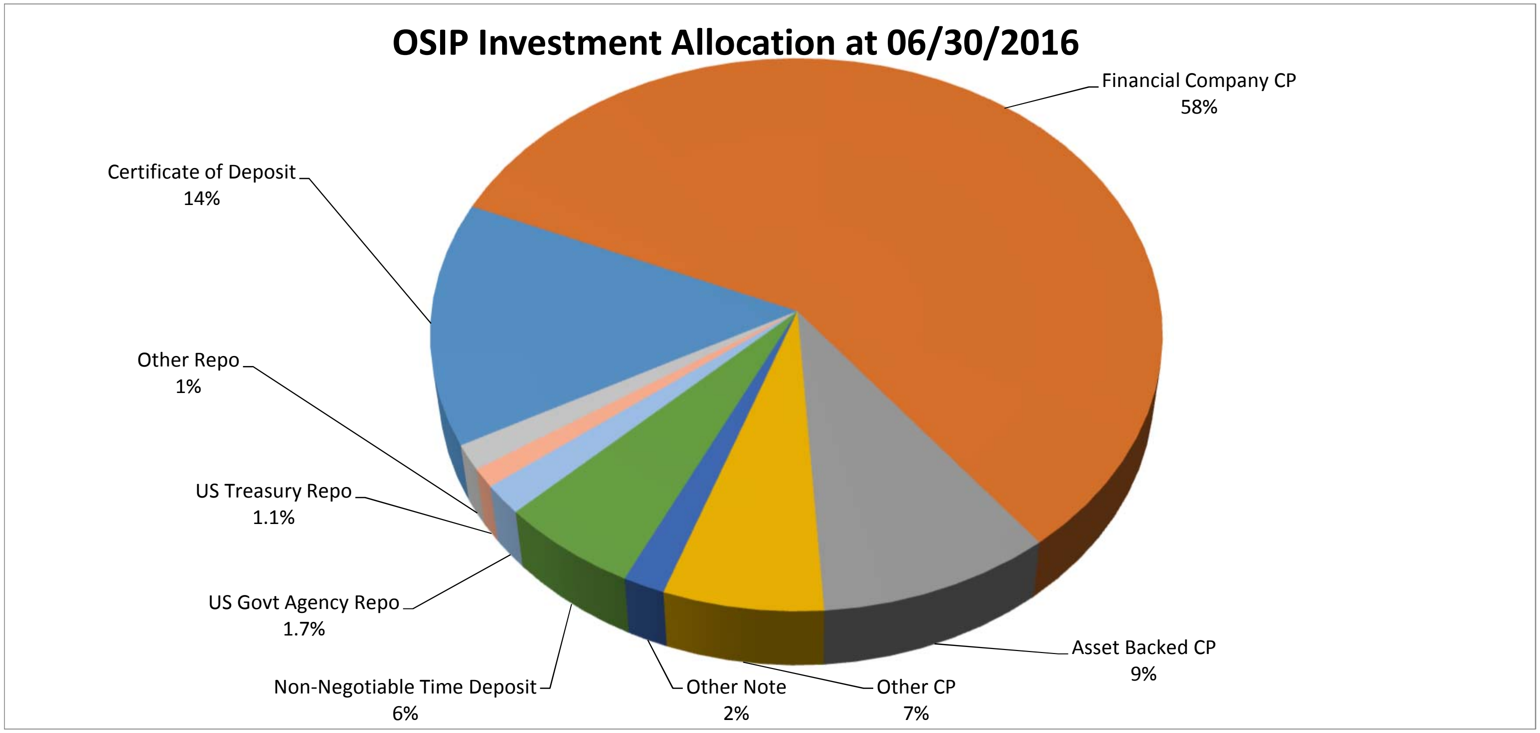
State of Rhode Island

OSIP Performance FY 2016

July 1, 2015 through June 30, 2016

Fund Name	Beginning Balance	Ending Balance	Average Daily Balance	Earnings	Yield
GENERAL FUND	$ 61,737,214.41	$ 278,982,688.04	$ 109,727,378.34	$ 445,473.63	0.4049%
GENERAL FUND (HIST PRES)	$ 538,278.30	$ 540,204.83	$ 538,278.30	$ 1,926.53	0.3569%
HISTORIC TAX CREDITS	$ 2,405,492.17	$ 2,414,101.54	$ 2,405,492.17	$ 8,609.37	0.3569%
HIGHWAY FUND	$ 9,520,839.78	$ 23,388,333.37	$ 16,076,850.71	$ 67,493.59	0.4187%
T.D.I. RESERVE (DET)	$ 13,557,370.69	$ 24,938,950.30	$ 21,950,813.31	$ 81,579.61	0.3706%
RICAP GL FUND 21	$ 20,771,694.10	$ 39,701,441.07	$ 31,179,890.82	$ 129,746.97	0.4150%
R.I. CLEAN WATER ACT	$ 2,308,566.48	$ 2,316,828.92	$ 2,308,566.48	$ 8,262.44	0.3569%
STATE LOTTERY FUND	$ 10,393,367.61	$ 18,780,810.01	$ 21,713,039.74	$ 87,442.40	0.4016%
ASSESSED FRINGE BEN ADM	$ 301,505.21	$ 302,584.31	$ 301,505.21	$ 1,079.10	0.3569%
HEALTH INSURANCE FUND	$ 24,821,830.62	$ 19,108,855.52	$ 23,787,404.39	$ 87,024.90	0.3648%
RETIREE HEALTH FUND	$ 1,577,300.00	$ 579,663.34	$ 754,895.63	$ 2,363.34	0.3122%
BOG RETIREE FUND	$ 62,334.72	$ 62,557.82	$ 62,334.72	$ 223.10	0.3569%
RIPTA HEALTH FUND	$ 35,759.69	$ 35,887.67	$ 35,759.69	$ 127.98	0.3569%
PERMANENT SCHOOL FUND	$ 1,936,368.11	$ 1,943,298.45	$ 1,936,368.11	$ 6,930.34	0.3569%
TEACHER RETIREE HEALTH FUND	$ 537,937.90	$ 138,445.22	$ 147,773.97	$ 507.32	0.3424%
RI ST POL RETIREE HEALTH	$ 103,025.45	$ 3,083.74	$ 30,074.63	$ 58.29	0.1933%
UNIVERSITY COLLEGE	$ 9,265.48	$ 9,752.72	$ 238,773.68	$ 487.24	0.2035%
INDUS. BLDG. & MTG. INS.	$ 2,508,688.78	$ 1,715,732.60	$ 1,977,541.24	$ 7,043.82	0.3552%
Operating Funds Totals	**$ 153,126,839.50**	**$ 414,963,219.47**	**$ 235,172,741.14**	**$ 936,379.97**	**0.33%**
CCDL 2004 SERIES A	$ 2,357,716.78	$ 35,179.28	$ 1,788,200.26	$ 5,904.15	0.3293%
BOND CCDL 2006 SERIES C	$ 1,269,801.64	$ 874,144.38	$ 956,177.52	$ 3,297.96	0.3440%
GO BND-NTAX 2007 SERIES A	$ 3,036,649.95	$ 389,871.62	$ 1,392,786.82	$ 4,586.12	0.3284%
CCDL10B BOND CAPITAL COMPONENT	$ 1,730,212.30	$ 950,359.14	$ 1,010,546.23	$ 3,494.24	0.3448%
CCDL10C	$ 159,320.45	$ 159,890.66	$ 159,320.45	$ 570.21	0.3569%
CCDL2011A	$ 8,990,782.75	$ 6,617,852.96	$ 8,143,527.41	$ 28,662.37	0.3510%
CCDL2012B	$ 20,260,620.89	$ 6,294,908.90	$ 10,297,876.47	$ 31,422.40	0.3043%
GO CCDL 2013A	$ 9,293,134.65	$ 5,219,033.25	$ -	$ 22,784.86	0.3303%
GO CCDL 2013B	$ 6,250,766.97	$ 6,252,362.77	$ -	$ 22,333.09	0.3568%
GO CCDL 2014A	$ 29,722,212.39	$ 3,361,683.02	$ -	$ 64,233.75	0.3079%
GO CCDL 2014B	$ 9,312,891.02	$ 41,823.13	$ -	$ 25,111.04	0.3249%
GO CCDL 2016A	$ -	$ 34,476,480.47	$ -	$ 27,811.09	0.4709%
GO CCDL 2016B	$ -	$ 6,731,384.85	$ -	$ 6,072.45	0.4712%
CLEAN WATER 2004 SERIES A	$ 179,543.24	$ 175,537.55	$ 175,874.55	$ 628.03	0.3561%
CCDL99A 1999A	$ 206,594.74	$ 206,647.48	$ 206,315.76	$ 738.12	0.3568%
CLEAN WATER 2007 SERIES A	$ 283,286.82	$ 283,359.14	$ 282,904.28	$ 1,012.13	0.3568%
CCDL2011A CLEAN WATER COMPONENT	$ 1,236,151.68	$ 1,236,467.26	$ 1,234,482.43	$ 4,416.58	0.3568%
Bond Proceeds Fund Totals	**$ 94,289,686.27**	**$ 73,306,985.86**	**$ 25,648,012.18**	**$ 253,078.59**	**0.24%**
Grand Totals	**$ 247,416,525.77**	**$ 488,270,205.33**	**$ 260,820,753.32**	**$ 1,189,458.56**	**0.29%**

STATE OF RHODE ISLAND
OFFICE OF THE GENERAL TREASURER



* ABOVE FIGURES DO NOT INCLUDE CASH, INTEREST RECEIVABLE, OR LIABILITIES AT YEAR END.

INVESTMENT TYPE	MATURITIES				TOTAL VALUE AT 6/30/16
	0-30	31-90	91-180	181-397	
Certificate of Deposit	77,153,000				$ 77,153,000
Financial Company CP	117,649,148	117,063,645	79,360,727		$ 314,073,520
Asset Backed CP	47,231,783	4,387,707			$ 51,619,490
Other CP	20,431,563	14,989,080			$ 35,420,643
Other Note	9,000,000		300,000		$ 9,300,000
Non-Negotiable Time Deposit	31,000,000				$ 31,000,000
US Govt Agency Repo	9,417,000				$ 9,417,000
US Treasury Repo	6,000,000				$ 6,000,000
Other Repo	8,000,000				$ 8,000,000

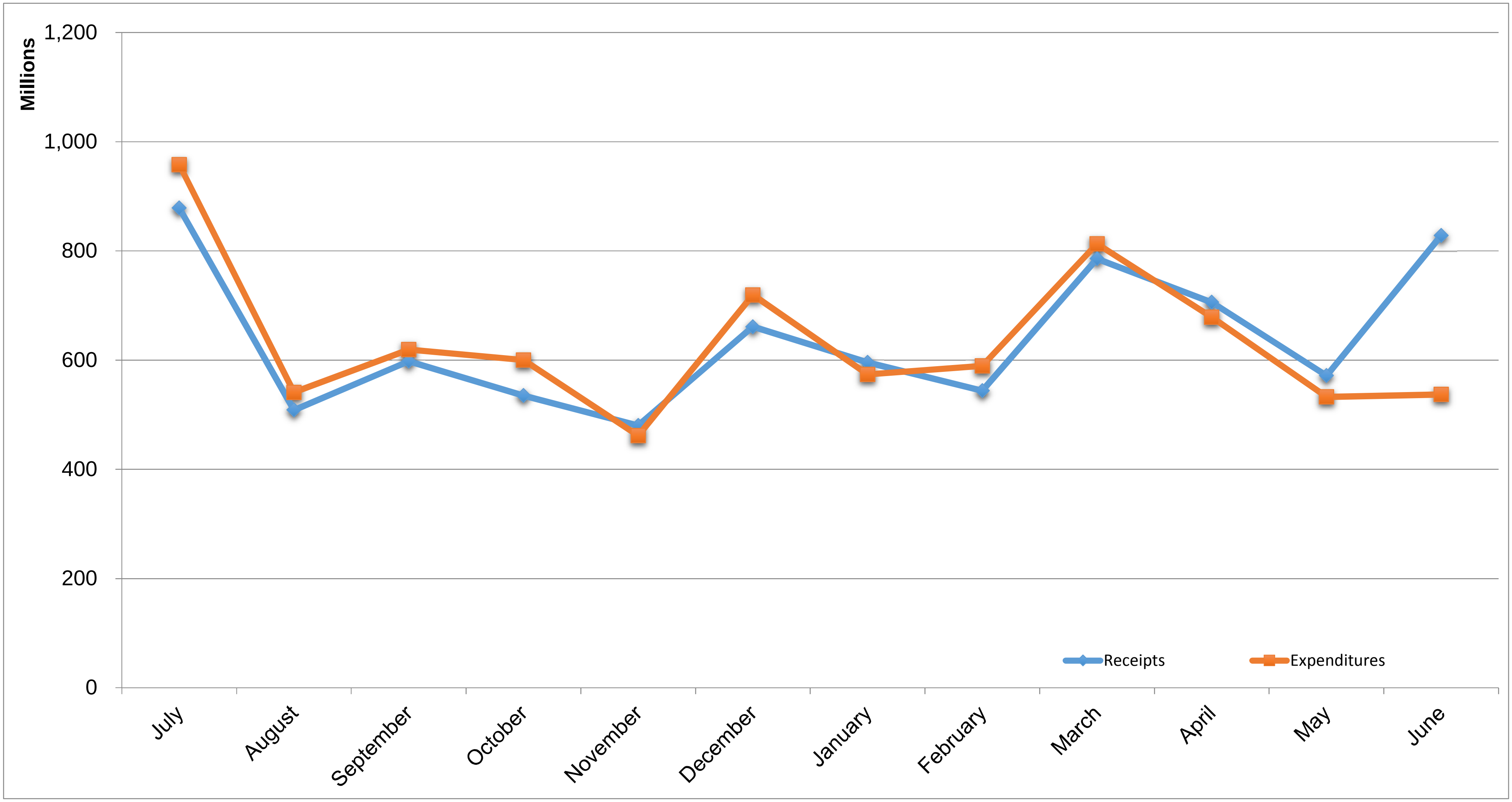
Source Data: Fidelity OSIP Annual Report FY2016.

CASH FLOW

State of Rhode Island
Office of the General Treasurer
Cash Flow Analysis Summary
Fiscal 2016

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	TOTAL 2016
Estimated Beginning Balance	**524,041,162**	**444,729,148**	**412,437,718**	**391,086,919**	**326,054,462**	**344,338,413**	**285,880,345**	**307,728,866**	**262,336,049**	**234,898,683**	**261,847,336**	**300,814,100**	**524,041,162**
Prior Day Deposits/Adjustments													
Motor Vehicles	12,270,695	11,331,691	12,477,063	11,773,720	10,185,524	10,339,233	10,198,192	10,170,276	19,562,141	15,024,429	15,996,284	16,569,865	**155,899,113**
Eleanor Slater / MHRH	175	9,574	0	1,865	0	3,759	0	6,606	0	0	0	0	**21,979**
Dept Bus Reg	1,331,718	610,345	490,101	461,170	444,511	421,356	816,341	614,081	1,338,514	964,869	1,527,822	2,139,576	**11,160,405**
Secretary of State	214,562	201,273	289,993	296,341	305,233	286,524	329,713	350,970	414,699	282,335	266,920	262,859	**3,501,422**
DEM	862,794	853,051	601,008	1,279,048	651,808	1,441,058	872,098	1,163,775	627,154	965,571	1,103,577	944,272	**11,365,213**
Health	0	0	0	0	0	0	0	0	0	1,390,000	7,237,677	3,132,884	**11,760,561**
Miscellaneous Receipts	50,690,703	12,852,853	37,307,636	33,036,826	19,919,568	36,393,758	17,471,516	57,661,895	33,740,595	11,473,731	13,930,103	35,536,188	**360,015,372**
Federal Grants	376,287,010	184,552,698	199,479,285	190,492,936	154,062,915	263,289,438	214,021,074	215,934,052	274,689,223	206,952,272	164,850,982	181,078,921	**2,625,690,806**
Plus: Receipts/Wires Current Day													
Lottery	0	29,700,000	31,194,618	28,970,832	31,862,175	28,507,040	30,881,280	33,468,020	29,759,224	31,812,869	32,738,527	61,001,463	**369,896,048**
Payroll	12,871,614	7,488,030	7,877,320	7,701,771	7,873,347	10,992,888	9,649,969	8,298,247	8,124,881	7,370,701	7,422,401	7,354,640	**103,025,809**
Trsfr - DOT	7,106	8,229	5,217	6,858,384	6,149	5,822	6,861,270	8,105	8,489	6,866,690	0	25,467,091	**46,102,553**
Trsfr - University / College	43,876,210	28,994,258	30,818,533	31,060,203	30,704,527	46,660,838	30,240,706	15,276,012	30,574,800	31,619,633	30,523,256	30,092,380	**380,441,357**
Trsfr - Bond Capital	14,018	13,695	0	14,098	15,382	15,757	2,120,670	15,424,126	23,866	26,600	0	24,840,450	**42,508,662**
TANS Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Historic Tax Credit	6,273,155	1,594,326	236,275	2,727,188	186,934	0	0	800,533	0	0	0	0	**11,818,411**
Taxation EFT	366,593,973	222,934,285	273,917,264	211,975,633	211,080,016	254,921,901	267,755,777	175,706,189	368,734,232	363,134,558	269,190,019	415,989,141	**3,401,932,988**
Miscellaneous	7,382,774	7,494,858	3,113,396	8,367,537	12,688,014	7,677,531	4,287,333	8,987,391	18,074,748	27,815,750	26,885,314	23,644,190	**156,418,836**
Total Receipts	**878,676,509**	**508,639,167**	**597,807,708**	**535,017,553**	**479,986,102**	**660,956,903**	**595,505,939**	**543,870,278**	**785,672,565**	**705,700,009**	**571,672,881**	**828,053,923**	**7,691,559,538**
Less: Disbursements													
TANF	2,199,163	2,430,588	2,184,138	2,143,598	2,170,473	2,116,822	2,090,709	2,008,969	1,921,335	1,896,129	1,941,281	1,853,392	**24,956,597**
Pension	11,000,646	1,949,739	3,188,331	7,305,912	9,903,594	2,077,616	10,063,402	9,018,468	8,970,982	7,990,872	7,456,025	2,768,758	**81,694,343**
SSI	1,409,866	1,508,201	1,542,463	1,526,459	1,493,398	1,486,529	106,000	2,910,977	1,537,712	1,511,782	1,540,993	0	**16,574,380**
Medicaid	330,871,162	201,721,467	197,113,701	207,108,485	144,762,813	278,343,906	225,567,801	153,514,814	262,527,424	214,332,742	114,744,663	145,946,898	**2,476,555,875**
Trsfr to Other Fd	9,806,771	0	34,217,169	500,000	9,408,473	38,547,136	8,500,000	0	0	0	0	0	**100,979,549**
Trsfr to Univ College	31,744,188	21,162,792	21,162,796	8,229,974	8,229,974	19,432,819	8,918,633	6,805,686	6,805,684	10,973,300	11,473,300	9,794,838	**164,733,984**
Personal / Corp. Income tax	4,971,768	4,488,383	4,692,794	2,919,173	1,769,932	3,490,743	2,864,652	55,438,893	60,904,279	57,820,517	27,911,796	22,331,821	**249,604,751**
Debt Service	8,800,227	19,834,700	14,551,962	23,738,220	6,828,214	1,171,156	255,258	163,398	13,351,044	37,718,295	17,173,634	8,498,493	**152,084,600**
TANS & TDI Repayment	0	0	0	0	0	0	0	0	0	0	0	0	**0**
DHS - Block Mothers	4,840,964	5,251,846	5,112,843	4,877,397	4,988,589	4,988,218	5,644,145	5,081,051	7,531,870	5,009,363	5,129,394	5,108,170	**63,563,850**
Payroll/ FICA/ Misc	97,817,533	80,048,812	71,108,560	70,996,805	71,242,499	112,072,614	72,999,671	82,126,763	51,327,500	51,805,618	73,616,317	74,868,692	**910,031,383**
Payroll/ Workers Comp	4,892,641	3,068,121	11,939,100	3,120,663	3,128,237	4,985,557	3,125,934	3,138,660	3,147,651	3,156,012	3,000,937	2,824,523	**49,528,034**
Payroll/ Health Insurance	30,898,391	20,773,965	11,988,625	20,925,587	20,941,504	31,186,581	20,690,259	20,544,222	20,313,868	20,605,294	24,675,941	25,852,796	**269,397,034**
Payroll/Retirement Contribution	26,395,753	17,687,910	17,639,145	17,883,200	18,121,273	27,679,793	18,102,132	18,179,852	20,078,940	20,103,905	20,132,001	20,023,432	**242,027,336**
Trsfr ISTEA/Split Deposit	12,429,806	12,921,085	13,288,016	12,566,503	12,847,643	4,924,258	9,688,396	22,064,201	20,065,226	16,510,369	13,785,675	22,511,601	**173,602,778**
Other	146,174,475	17,186,777	33,798,408	31,243,163	12,174,526	18,763,881	15,608,175	23,912,747	44,006,188	4,739,644	29,434,923	15,060,035	**392,102,942**
Disbursements/ACH's	233,735,169	130,896,211	175,630,457	184,964,870	133,691,009	168,147,342	169,432,251	184,354,397	290,620,228	224,577,514	180,689,239	179,654,068	**2,256,392,756**
Total Disbursements	**957,988,523**	**540,930,597**	**619,158,508**	**600,050,009**	**461,702,152**	**719,414,971**	**573,657,418**	**589,263,095**	**813,109,930**	**678,751,356**	**532,706,117**	**537,097,515**	**7,623,830,192**
Overall Cash Position	**444,729,148**	**412,437,718**	**391,086,919**	**326,054,462**	**344,338,413**	**285,880,345**	**307,728,866**	**262,336,049**	**234,898,683**	**261,847,336**	**300,814,100**	**591,770,507**	**591,770,507**

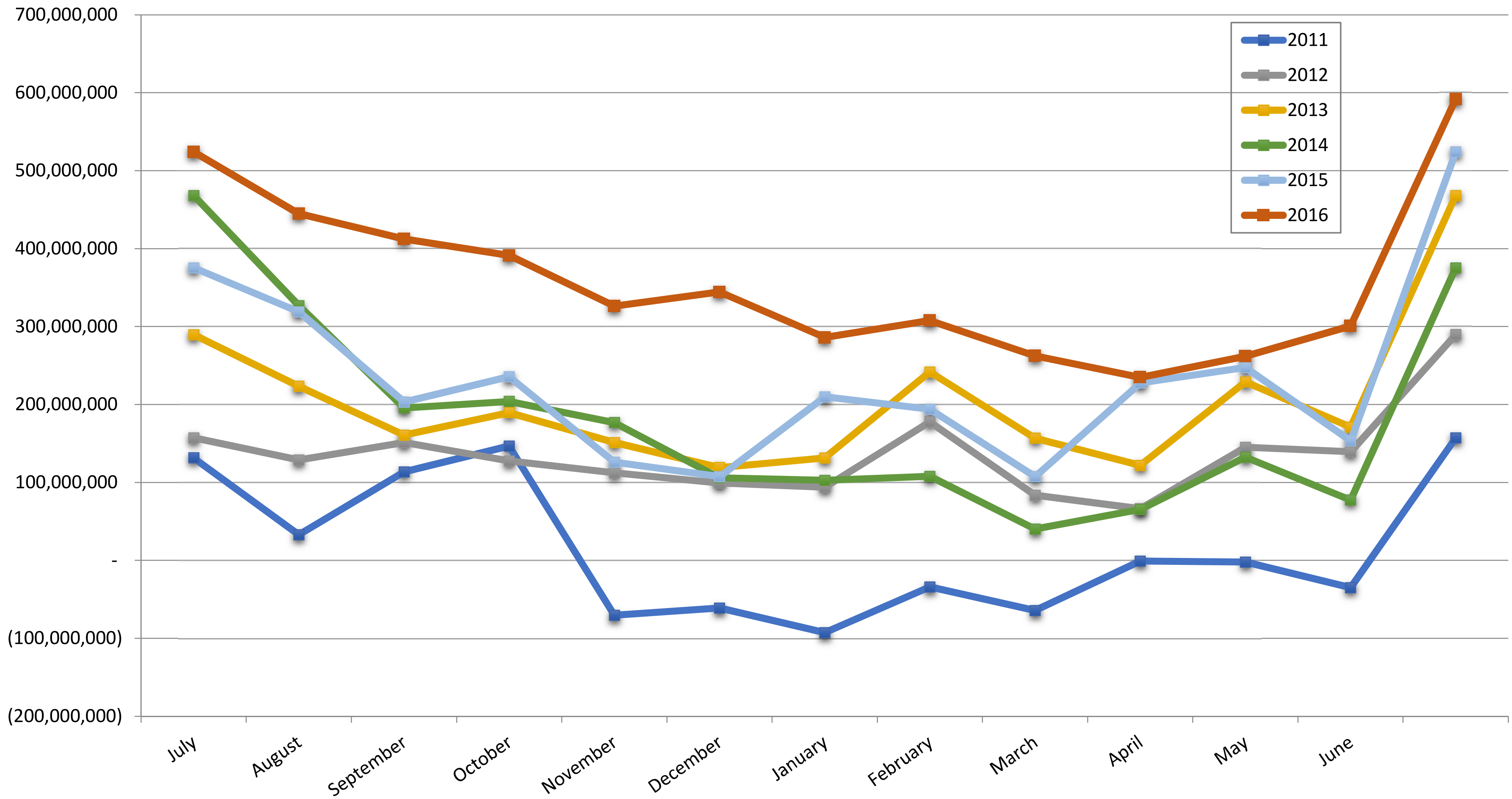
State of Rhode Island
Office of the General Treasurer
Monthly Receipts and Expenditures
General Fund FY2016



Source Data: Actual Cash Flow figures from daily Treasury operations.

Commentary: Though there is some divergence, this chart demonstrates the congruent nature of the State's General Fund Cashflow. The large increase in receipts during the month of June is attributable to an increase in tax revenue.

State of Rhode Island
Office of the General Treasurer
General Fund Cash Flow
FY2011 - FY2016



Note: All figures are net of TANS borrowings.

Source Data: Actual Cash Flow figures from daily Treasury operations. The Beginning Balance represents the Cash Balance at July 1st of each Fiscal Year; all other figures represent the balance at month-end.

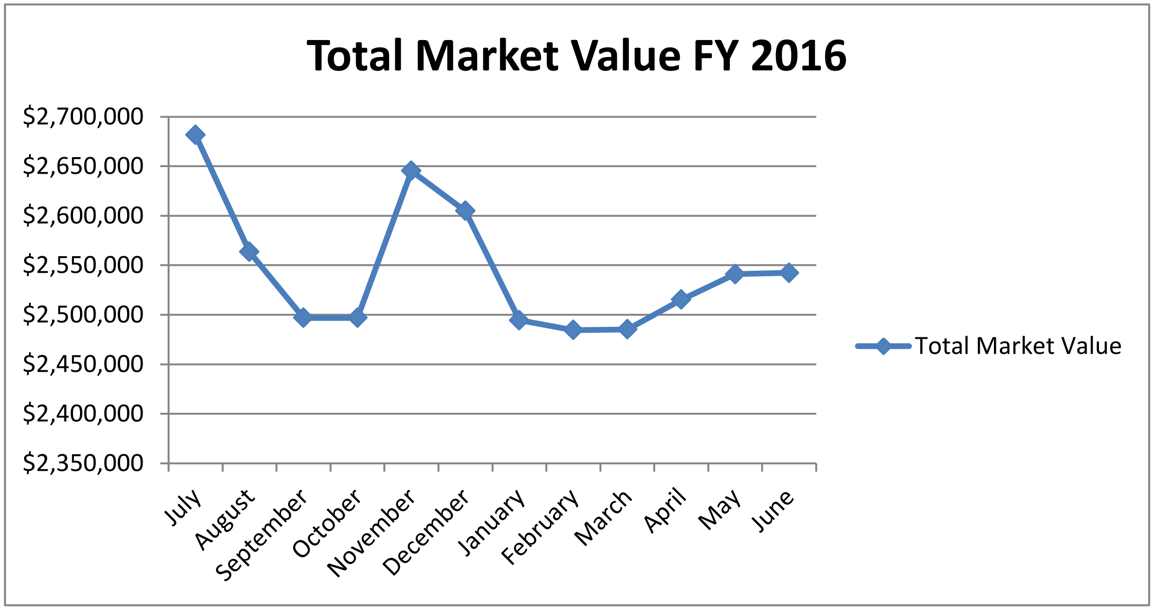
Commentary: Though there is some variance, this chart demonstrates the very cyclical nature of the State's cash flow. Any proceeds from TANS have been removed from the data to produce a more accurate history of cash flow as a function of revenue and expenditures. The chart clearly demonstrates the increased consistency and positive cash balance that has allowed the state to forego the issuance of Tax Anticipation Notes from fiscal year 2013 through the fiscal year 2016.

SPECIAL FUNDS

ABRAHAM TOURO FUND
INVESTMENT SUMMARY
Fiscal Year 2016

Month End	Year	Total Market Value
July	2015	$2,681,723
August	2015	$2,563,480
September	2015	$2,496,896
October	2015	$2,496,896
November	2015	$2,645,310
December	2015	$2,604,824
January	2016	$2,494,346
February	2016	$2,484,526
March	2016	$2,485,222
April	2016	$2,515,205
May	2016	$2,541,050
June	2016	$2,542,225

***2016 FY Net Change** **-$139,498**



*Includes the annual withdrawl on March, 2016 of $119,356

ACCOUNTS RECEIVABLE

State of Rhode Island
Office of the General Treasuer
Municipal Pension Contribution Delinquency
as of July 15 of 2016, 2015, 2014, 2013, 2012

	July, 2016 * Total Arrears	July, 2015 Total Arrears	July, 2014 Total Arrears	July, 2013 Total Arrears	July, 2012 Total Arrears
		(No delinquencies)			
Teachers					
Barrington					
Bristol Warren Reg. School District	$ 326,418				
Burrillville	$ 204,503				
Central Falls					$ 14,540
Chariho Regional	$ 378,344				
Coventry	$ 540,488		$ 628,741		
East Greenwich					$ 112,452
East Providence	$ 538,128				
Foster	$ 12,272				
Gloucester	$ 64,963				
Highlander Charter School	$ 37,998				
International Charter School	$ 28,156				
Jamestown					
Johnston	$ 346,553				$ 13,223
Kingston Hill Academy School	$ 12,127				
Lincoln					
Little Compton	$ 30,824				
Middletown	$ 260,084				
Newport	$ 285,961				$ 13,111
Narragansett Bay Commission	$ 127,808				
N Providence	$ 360,500				
N Smithfield	$ 161,939		$ 5,435		
N Kingston					$ 907,465
Paul Cuffee School	$ 71,558				
Providence (long term subs)	$ 3,670,336				$ 4,717,669
Segue Institute	$ 24,653			$ 6,821	
Sheila C Nowell Charter	$ 10,503				
Smithfield	$ 271,472				
South Kingstown	$ 395,200				
South Side Elementary Charter	$ 3,189				
The Learning Community	$ 45,348				
Tiverton	$ 278,645				
Trinity Academy	$ 18,277				$ 17,181
Urban Collaborative					$ 28,300
West Bay Collaborative					
West Warwick	$ 366,067				
Westerly	$ 197,310				
Woonsocket					
Subtotal	$ 9,069,626	$ -	$ 634,176	$ 6,821	$ 5,823,941

Source Data: ERSRI Delinquency Statistics.
***NOTE:** The list of delinquencies is larger than normal as a result of the ERSRI new business system implementation launched in June 2016. Some employer units were not able to get all of their data posted before year-end. ERSRI has worked with all of the employer units to post data and remit payments. To date all units are complete in their FY2016 transactions and there are no FY2016 delinquencies.

DEBT SERVICE

State of Rhode Island
Office of the General Treasurer
Debt Service System Inventory by Maturity Date

Amount of Original Issue		Year	Series	Maturity Date	Principal Paid in FY 16	Interest Paid in FY 16	Principal Outstanding 6/30/2016	Interest Outstanding 6/30/2016
56,315,000.00	G.O. CCDL of 2005, Refunding Series D	2005	Refunding Series D	7/15/2015	6,410,000.00	649,150.00	0.00	0.00
65,830,000.00	G.O. CCDL of 2004, Refunding Series B	2004	Refunding Series B	8/1/2015	0.00	0.00	0.00	0.00
93,385,000.00	G.O. CCDL of 2005, Series E	2005	E	8/1/2015	0.00	0.00	0.00	0.00
20,680,000.00	G.O. CDL of 2006, Series B	2006	B	8/1/2015	0.00	0.00	0.00	0.00
98,105,000.00	G.O. CCDL of 2006, Series C	2006	C	8/1/2015	0.00	0.00	0.00	0.00
123,255,000.00	G.O. CCDL of 2007, Series A	2007	A	8/1/2015	0.00	0.00	0.00	0.00
23,780,000.00	G.O. CCDL of 2011, Refunding Series B	2011	Refunding Series B	8/1/2015	4,725,000.00	118,125.00	0.00	0.00
2,230,000.00	LPC, Attorney General's Building - 2007 Refunding Series G	2007	Refunding Series G	10/1/2015	170,000.00	3,145.00	0.00	0.00
12,380,000.00	LPC, Information Technology Project - 2009 Series A	2009	A	4/1/2016	1,925,000.00	77,000.00	0.00	0.00
52,335,000.00	G.O. CCDL of 2005, Refunding Series A	2005	Refunding Series A	8/1/2016	1,595,000.00	254,106.26	315,000.00	6,300.00
74,835,000.00	G.O. CCDL of 2006, Refunding Series A	2006	Refunding Series A	8/1/2016	440,000.00	2,829,362.50	9,575,000.00	239,375.00
13,375,000.00	LPC, Howard Center Improvements - 2007 Refunding Series E	2007	Refunding Series E	10/1/2016	1,935,000.00	83,250.00	930,000.00	17,437.50
21,420,000.00	LPC, Shepard's Building - 2007 Refunding Series F	2007	Refunding Series F	10/1/2016	2,770,000.00	216,250.00	2,940,000.00	73,500.00
86,875,000.00	G.O. CCDL of 2008, Series B	2008	B	2/1/2017	0.00	16,500.00	400,000.00	16,500.00
23,490,000.00	LPC, Information Technology Project - 2007 Series A	2007	A	5/1/2017	1,465,000.00	151,500.00	1,565,000.00	78,250.00
8,500,000.00	G.O. CDL of 2007, Series B (Federally Taxable)	2007	B	8/1/2017	975,000.00	142,987.50	2,130,000.00	118,800.00
8,500,000.00	G.O. CDL of 2008, Series C (Federally Taxable)	2008	C	2/1/2018	1,010,000.00	208,090.00	2,215,000.00	221,293.00
12,445,000.00	G.O. CCDL of 2008, Refunding Series D	2008	Refunding Series D	2/1/2018	0.00	164,925.00	3,510,000.00	258,900.00
23,800,000.00	G.O. CDL of 2010, Series D (Federally Taxable)	2010	D	4/1/2020	2,470,000.00	516,487.20	9,725,000.00	1,028,269.72
22,160,000.00	LPC, Central Power Plant - 2007 Refunding Series D	2007	Refunding Series D	10/1/2020	1,760,000.00	493,312.50	10,145,000.00	1,117,168.75
78,960,000.00	G.O. CCDL of 2010, Refunding Series A	2010	Refunding Series A	10/1/2020	0.00	1,569,550.00	35,430,000.00	5,089,625.00
11,805,000.00	LPC, Energy Conservation Project - 2009 Series B	2009	B	4/1/2021	1,015,000.00	345,812.50	6,485,000.00	989,337.50
13,165,000.00	G.O. CCDL of 2016, Series B (Federally Taxable)	2016	B	5/1/2021	0.00	0.00	13,165,000.00	597,632.68
53,800,000.00	G.O. CCDL of 2016, Refunding Series C (Tax-Exempt)	2016	Refunding Series C	8/1/2022	0.00	0.00	53,800,000.00	7,897,500.00
17,520,000.00	LPC, Energy Conservation Project - 2013 Series C	2013	C	4/1/2023	1,550,000.00	676,300.00	12,945,000.00	2,658,750.00
9,170,000.00	LPC, Information Technology Project - 2013 Series D	2013	D	4/1/2023	830,000.00	284,400.00	6,700,000.00	1,112,650.00
12,735,000.00	LPC, Energy Conservation Project - 2007 Series B	2007	B	5/1/2023	965,000.00	331,356.26	6,485,000.00	1,068,818.80
36,310,000.00	LPC, Kent County Courthouse Project - 2013 Refunding Series A	2013	Refunding Series A	10/1/2023	1,360,000.00	1,517,750.00	30,515,000.00	6,402,375.00
36,575,000.00	LPC, Training School Project - 2013 Refunding Series B	2013	Refunding Series B	10/1/2024	1,615,000.00	1,476,850.00	30,655,000.00	7,247,425.00
15,290,000.00	LPC, Traffic Tribunal Project - 2013 Refunding Series E	2013	Refunding Series E	10/1/2024	810,000.00	509,600.00	12,510,000.00	2,550,650.00
11,650,000.00	LPC, Pastore Center Energy Conservation Project - 2014 Series A	2014	A	11/1/2024	950,000.00	500,425.00	10,700,000.00	2,367,125.00
30,380,000.00	LPC, Information Technology Project - 2014 Series C	2014	C	11/1/2024	2,450,000.00	1,402,625.00	27,930,000.00	6,748,000.00
78,700,000.00	G.O. CCDL of 2014, Refunding Series A	2014	Refunding Series A	11/1/2025	4,880,000.00	3,476,650.00	71,255,000.00	14,819,375.00
31,980,000.00	LPC, Energy Conservation Project - 2011 Series A	2011	A	4/1/2026	3,030,000.00	788,250.00	18,555,000.00	2,596,900.00
122,950,000.00	G.O. CCDL of 2012, Refunding Series A	2012	Refunding Series A	8/1/2027	0.00	5,742,181.26	117,495,000.00	25,073,734.49
162,115,000.00	G.O. CCDL of 2014, Refunding Series D (Tax-Exempt)	2014	Refunding Series D	8/1/2027	0.00	7,917,450.00	161,180,000.00	62,125,975.00
175,155,000.00	G.O. CCDL of 2015, Refunding Series A	2015	Refunding Series A	8/1/2027	0.00	4,005,415.55	175,155,000.00	49,365,550.00
30,425,000.00	LPC, School for the Deaf Project - 2009 Series C	2009	C	4/1/2029	1,230,000.00	1,253,050.00	22,775,000.00	9,486,387.52
7,465,000.00	LPC, R. I. College Energy Conservation Project - 2014 Series B	2014	B	11/1/2029	0.00	256,275.00	7,465,000.00	2,189,462.50
40,865,000.00	G.O. CCDL of 2010, Series B (Tax Exempt)	2010	B	4/1/2030	0.00	484,300.00	11,545,000.00	4,973,700.00
80,000,000.00	G.O. CDL of 2010, Series C	2010	C	4/1/2030	0.00	4,479,957.00	80,000,000.00	44,856,905.62
145,035,000.00	G.O. CCDL of 2011, Series A	2011	A	8/1/2031	0.00	4,505,837.50	86,435,000.00	49,874,381.25
81,400,000.00	G.O. CCDL of 2012, Series B	2012	B	10/15/2032	0.00	2,953,862.50	69,830,000.00	29,651,768.75
40,650,000.00	G.O. CCDL of 2013, Series A (Tax-Exempt)	2013	A	10/15/2033	0.00	1,613,487.50	33,685,000.00	18,064,006.27
12,500,000.00	G.O. CDL of 2013, Series B (Federally Taxable)	2013	B	10/15/2033	485,000.00	463,124.31	11,555,000.00	5,283,478.81
33,625,000.00	G.O. CCDL of 2014, Series B (Tax-Exempt)	2014	B	11/1/2034	0.00	1,583,700.00	32,565,000.00	17,791,350.00
12,500,000.00	G.O. CDL of 2014, Series C (Federally Taxable)	2014	C	11/1/2034	490,000.00	385,822.40	12,010,000.00	4,658,314.56
58,835,000.00	G.O. CCDL of 2016, Series A (Tax-Exempt)	2016	A	5/1/2036	0.00	0.00	58,835,000.00	26,380,922.50
					49,310,000.00	54,448,222.74	1,261,110,000.00	415,097,895.22
					54,448,222.74			1,261,110,000.00
		Total Principle and Interest Paid in FY 2016			103,758,222.74	Total outstanding debt @ 6/30/16		1,676,207,895.22

State of Rhode Island - Office of the General Treasurer

Debt Service System Inventory of Matured or Retired Issues - Fiscal Year 2016

File #	Amount of Original Issue	Description of Issue	Paying Agent	Year	Series	Type	Bond Use	Specific Use	Maturity or Retirement Date
113	56,315,000.00	G.O. CCDL of 2005, Refunding Series D	Bank of New York	2005	Refunding Series D	CCDL	Direct	General Obligation	7/15/2015
106	65,830,000.00	G.O. CCDL of 2004, Refunding Series B	U.S. Bank	2004	Refunding Series B	CCDL	Direct	General Obligation	8/1/2015
117	93,385,000.00	G.O. CCDL of 2005, Series E	Bank of New York	2005	E	CCDL	Direct	General Obligation	8/1/2015
121	20,680,000.00	G.O. CDL of 2006, Series B	Bank of New York	2006	B	CDL	Direct	General Obligation	8/1/2015
122	98,105,000.00	G.O. CCDL of 2006, Series C	U.S. Bank	2006	C	CCDL	Direct	General Obligation	8/1/2015
127	123,255,000.00	G.O. CCDL of 2007, Series A	Bank of New York	2007	A	CCDL	Direct	General Obligation	8/1/2015
151	23,780,000.00	G.O. CCDL of 2011, Refunding Series B	U.S. Bank	2011	Refunding Series B	CCDL	Direct	General Obligation	8/1/2015
134	2,230,000.00	LPC, Attorney General's Building - 2007 Refunding Series G	Wells Fargo	2007	Refunding Series G	LPC	State	Lease Part. Certificate	10/1/2015
140	12,380,000.00	LPC, Information Technology Project - 2009 Series A	Wells Fargo	2009	A	LPC	State	Lease Part. Certificate	4/1/2016

Summary - All Outstanding and Projected Debt Service Payments (Including Performance Based Agreements)

Fiscal Year	Principal	Interest	Total Gross Debt Service	Less:Other Offsets	Less: Motor Fuel & Self Supporting[2]	Net Debt Service Payable[1]
2015	156,379,879	89,669,186	246,049,065	(13,085,708)	1,443,607	234,406,965
2016	104,969,399	89,229,693	194,199,092	(6,455,500)	1,379,002	189,122,595
2017	151,790,875	92,906,324	244,697,199	(6,075,990)	1,721,664	240,342,874
2018	175,692,660	90,062,108	265,754,768	(5,971,076)	1,657,491	261,441,184
2019	156,594,813	90,056,507	246,651,320	(7,538,825)	1,594,484	240,706,978
2020	173,879,864	85,180,292	259,060,156	(6,827,134)	1,511,700	253,744,722
2021	185,297,585	85,399,582	270,697,168	(5,405,273)	1,448,059	266,739,954
2022	165,863,706	79,708,558	245,572,264	(5,404,966)	1,388,480	241,555,778
2023	200,971,364	74,598,105	275,569,470	(35,460,776)	1,335,123	241,443,818
2024	163,427,496	67,173,856	230,601,352	(1,030,186)	1,272,509	230,843,676
2025	150,013,145	62,395,330	212,408,475	(1,032,411)	1,683,739	213,059,803
2026	139,667,965	58,098,206	197,766,171	(1,028,085)	1,618,733	198,356,820
2027	121,003,793	54,304,619	175,308,412	(4,050,406)	-	171,258,006
2028	95,855,432	51,115,850	146,971,282	-	-	146,971,282
2029	85,265,458	49,600,144	134,865,602	-	-	134,865,602
2030	88,764,358	48,186,149	136,950,507	-	-	136,950,507
2031	81,461,463	46,635,446	128,096,909	-	-	128,096,909
2032	79,736,567	45,786,652	125,523,219	-	-	125,523,219
2033	81,314,951	44,994,910	126,309,861	-	-	126,309,861
2034	80,942,401	44,138,696	125,081,097	-	-	125,081,097
2035	82,630,240	43,217,440	125,847,680	-	-	125,847,680
2036	73,243,617	42,189,802	115,433,419	-	-	115,433,419
2037	70,582,050	41,566,375	112,148,425	-	-	112,148,425
2038	68,083,549	41,037,272	109,120,822	-	-	109,120,822
2039	73,302,282	40,633,095	113,935,377	-	-	113,935,377
2040	68,952,234	39,967,981	108,920,215	-	-	108,920,215
	3,075,687,146	**1,597,852,180**	**4,673,539,326**	**(99,366,332)**	**18,054,592**	**4,592,227,585**

(1) Reflects amounts payable on net tax supported debt, including projected issuance and performance based obligations.

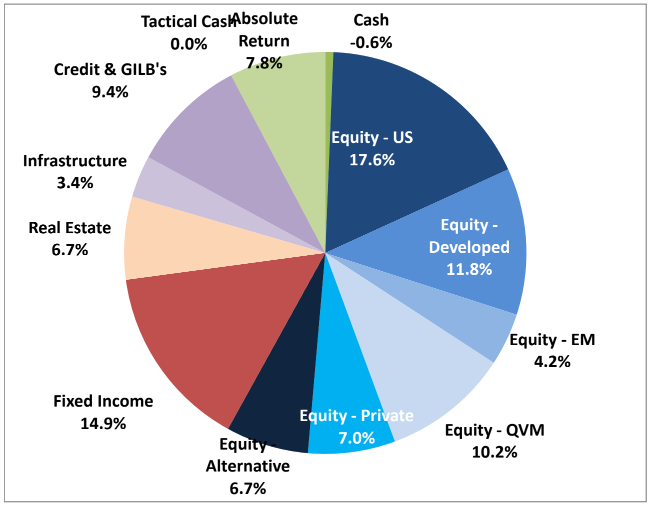
(2) Budget reflects dedication of two cent of gas tax to trustee for motor fuel bonds. Amount shown is the amount payable on the bonds but bond documents covenant that a full two cents of gas tax proceeds flow to the Trustee for coverage purposes. Transfer amounts based on Office of Revenue Analysis estimates.

RI EMPLOYEES RETIREMENT SYSTEM

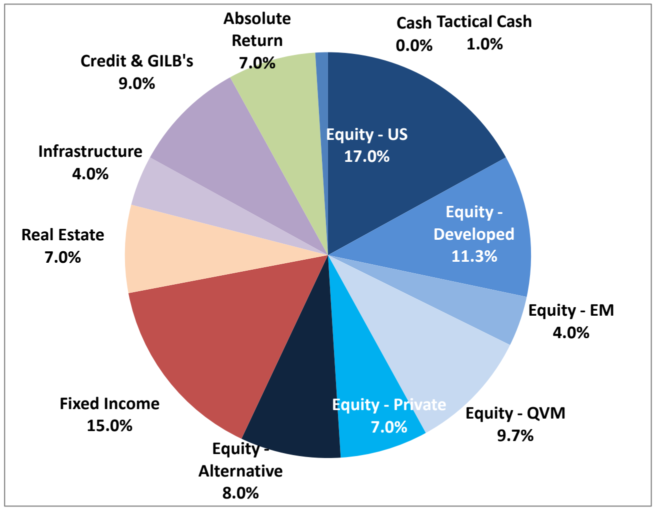
ERSRI Portfolio

%%% - as of June 30, 2016

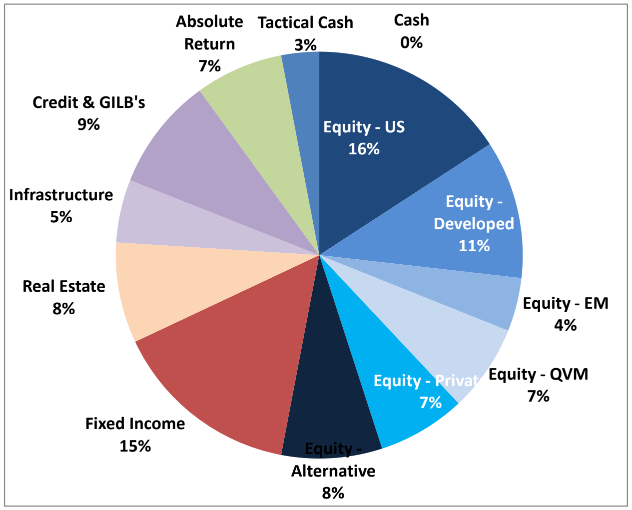
Actual Allocation



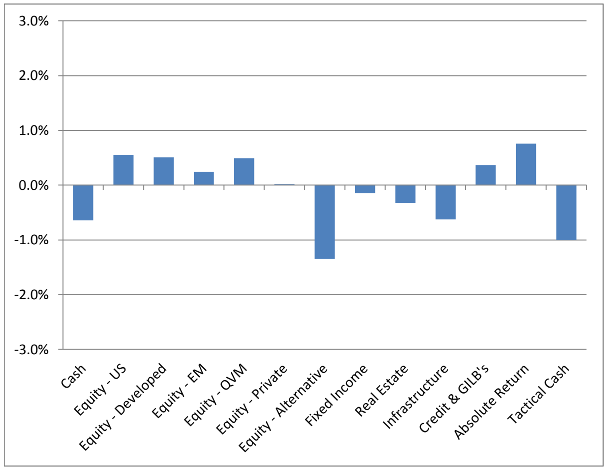
Tactical Allocation



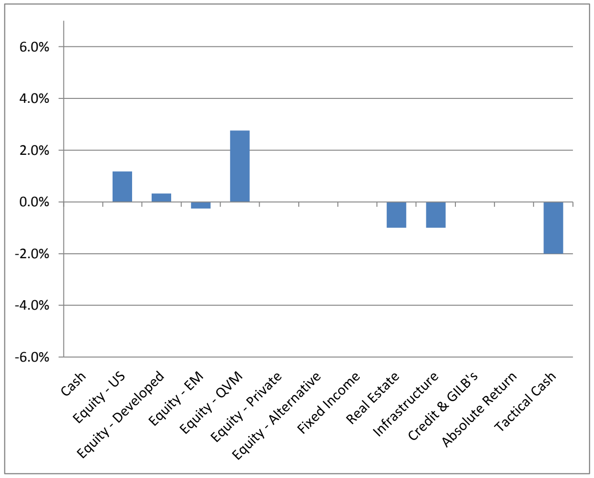
Policy Allocation



Actual vs. Tactical



Tactical vs. Policy



Notes:

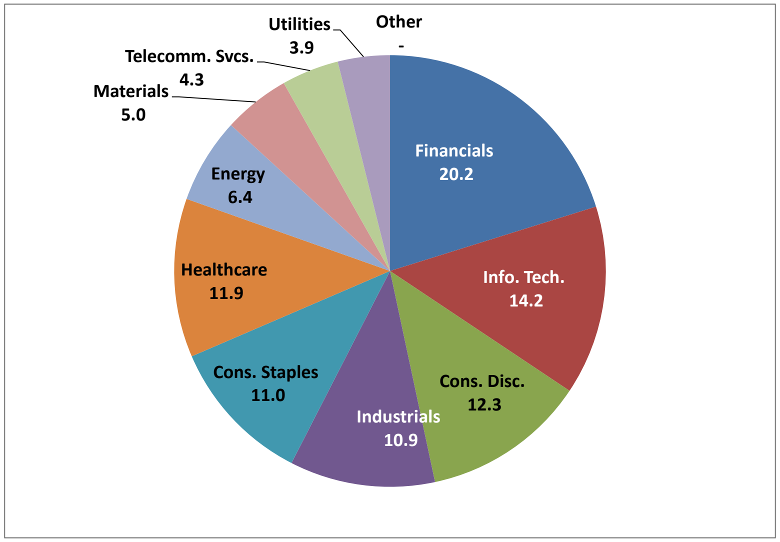
Actual vs. Tactical: SIC policy allows for fluctuations of ±2% from Tactical to accommodate market movements while minimizing trading costs for rebalancing, and lags in rebalancing to less liquid asset classes.

Tactical vs. Policy: Tactical allocations diverge from policy to allow time to vet third-party managers allowing prudent implementation of SIC policy decisions, and to diversify vintage-year exposure for drawdown funds (e.g., private equity, real estate, infrastructure).

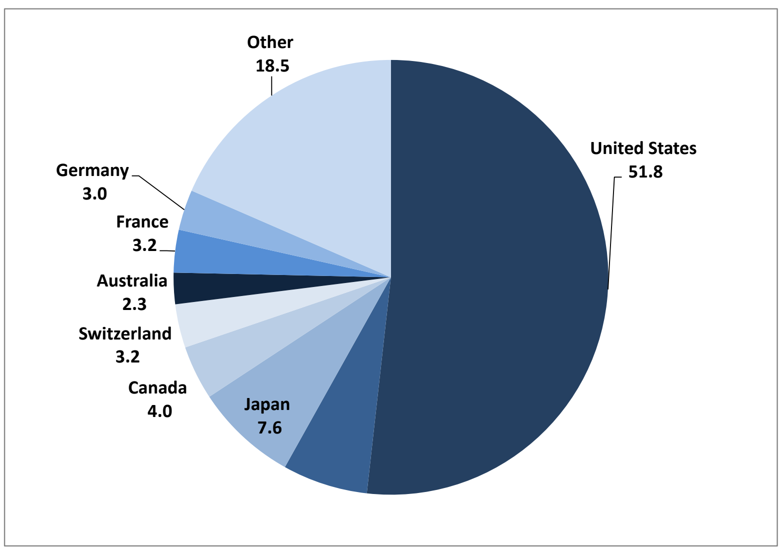
Currently tactical allocations are (4) percentage points (pps) below policy on real estate and (5) pps on infrastructure & MLP's, due to timing required to deploy funds. An additional +9 pps in equity offers interim exposure to economic growth and protection from interest rate volatility, capturing similar macroeconomic exposures to underallocated asset classes.

ERSRI Asset Allocation
Public-Asset Portfolios
%%% - as of June 30, 2016

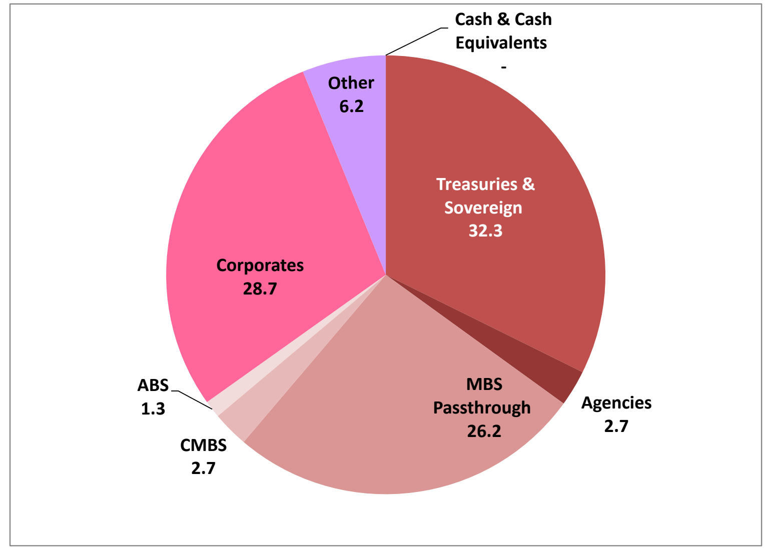
Global Public Equity - by Industry Sector



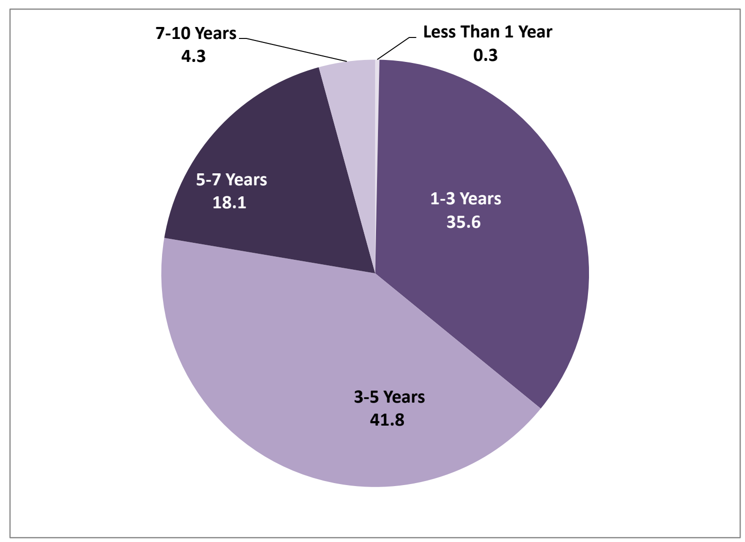
Global Public Equity - by Geography



Core Fixed Income - by Type



Inflation-Linked Bonds - by Duration



Rhode Island - Rhode Island

Asset Summary

Balance Date: 6/30/2016

Asset Class	Physical Exposure		Synthetic Exposure		Net Position		Overlay Target		Policy Target	
Total Market Value	**7,499.4**	**100.0 %**	**0.0**	**0.0 %**	**7,499.4**	**100.0 %**	**7,499.5**	**100.0 %**	**7,499.5**	**100.00 %**
Cash	**93.0**	**1.2 %**	**-78.1**	**-1.0 %**	**14.9**	**0.2 %**	**9.3**	**0.1 %**	**0.0**	**0.00 %**
Cash	93.0	1.2 %	-78.1	-1.0 %	14.9	0.2 %	9.3	0.1 %	0.0	0.00 %
Equity	**4,391.1**	**58.6 %**	**78.1**	**1.0 %**	**4,469.1**	**59.6 %**	**4,381.7**	**58.4 %**	**4,274.7**	**57.00 %**
Alternative Equity	585.7	7.8 %	0.0	0.0 %	585.7	7.8 %	585.7	7.8 %	600.0	8.00 %
Global Equity	762.7	10.2 %	0.0	0.0 %	762.7	10.2 %	755.4	10.1 %	727.5	9.70 %
International Developed	884.1	11.8 %	41.4	0.6 %	925.5	12.3 %	880.0	11.7 %	847.4	11.30 %
International EM	317.6	4.2 %	7.5	0.1 %	325.1	4.3 %	311.5	4.2 %	300.0	4.00 %
Private Equity	525.0	7.0 %	0.0	0.0 %	525.0	7.0 %	525.0	7.0 %	525.0	7.00 %
US Equity	1,315.9	17.5 %	29.2	0.4 %	1,345.1	17.9 %	1,324.0	17.7 %	1,274.9	17.00 %
Fixed	**1,059.9**	**14.1 %**	**0.0**	**0.0 %**	**1,059.9**	**14.1 %**	**1,153.1**	**15.4 %**	**1,124.9**	**15.00 %**
Fixed Income	1,059.9	14.1 %	0.0	0.0 %	1,059.9	14.1 %	1,153.1	15.4 %	1,124.9	15.00 %
Other	**1,955.5**	**26.1 %**	**0.0**	**0.0 %**	**1,955.5**	**26.1 %**	**1,955.5**	**26.1 %**	**2,099.9**	**28.00 %**
Absolute Return Funds	496.5	6.6 %	0.0	0.0 %	496.5	6.6 %	496.5	6.6 %	525.0	7.00 %
Credit	415.1	5.5 %	0.0	0.0 %	415.1	5.5 %	415.1	5.5 %	375.0	5.00 %
Inflation Linked	284.5	3.8 %	0.0	0.0 %	284.5	3.8 %	284.5	3.8 %	300.0	4.00 %
Infrastructure	81.3	1.1 %	0.0	0.0 %	81.3	1.1 %	81.3	1.1 %	150.0	2.00 %
MLP	171.2	2.3 %	0.0	0.0 %	171.2	2.3 %	171.2	2.3 %	150.0	2.00 %
Real Estate	498.5	6.6 %	0.0	0.0 %	498.5	6.6 %	498.5	6.6 %	525.0	7.00 %
Tactical Cash	8.3	0.1 %	0.0	0.0 %	8.3	0.1 %	8.3	0.1 %	75.0	1.00 %

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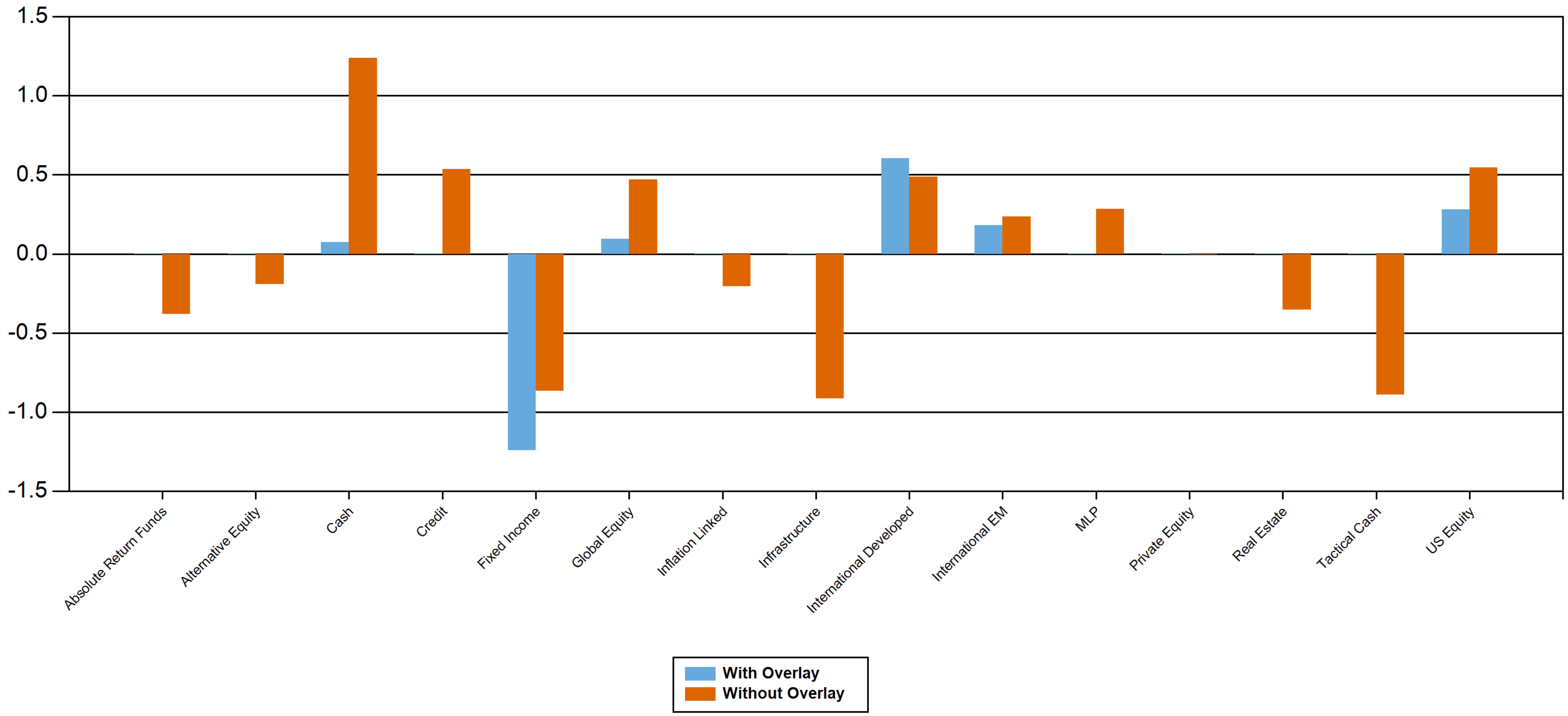
Asset Summary

Balance Date: 6/30/2016

Percent Deviation from Overlay Target



Total Absolute Notional Value: 78.1 (USD)

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

Seth Magaziner
General Treasurer

July 26, 2016

State Investment Commission
State of Rhode Island, State House
Providence, Rhode Island

This is to certify that the amounts so listed below belong to the credit of the Employees' Retirement, Municipal Employees', State Police and Judicial Retirement Systems of the State of Rhode Island at the close of business on June 30, 2016.

Employees' Retirement System of Rhode Island
Composite Reporting Investment Valuation
June 30, 2016

Asset Class		
Total Fund Investments		**7,500,651,860**
CASH EQUIVALENT		138,569,789
EQUITY HEDGE FUNDS		580,751,291
GLOBAL PUBLIC EQUTIY		3,272,126,614
CREDIT		395,016,805
INFLATION-LINKED BDS		282,481,651
PRIVATE EQUITY		525,181,469
REAL ESTATE		499,672,306
REAL RET HEDGE FUNDS		498,402,526
US TRADITIONAL FIXED		1,060,261,981
INFRASTRUCTURE		248,187,428
Plan Allocation		
Total Fund Investments	**100.00%**	
STATE EMP RET PLAN	75.95%	5,696,571,023.45
MUNI EMP RET PLAN	17.90%	1,342,469,589.84
TEACHERS SURVIVOR PL	3.80%	285,251,231.84
STATE POLICE RET PL	1.54%	115,699,024.19
JUDICIAL RET PLAN	0.80%	60,075,534.48
RI JUDICIAL RET PL	0.01%	585,456.13

* Cash & Short-Term Investments, as shown, also includes amounts available within specific active-manager mandates, and thus as aggregated will not tie directly to separate cash allocations as reported elsewhere.

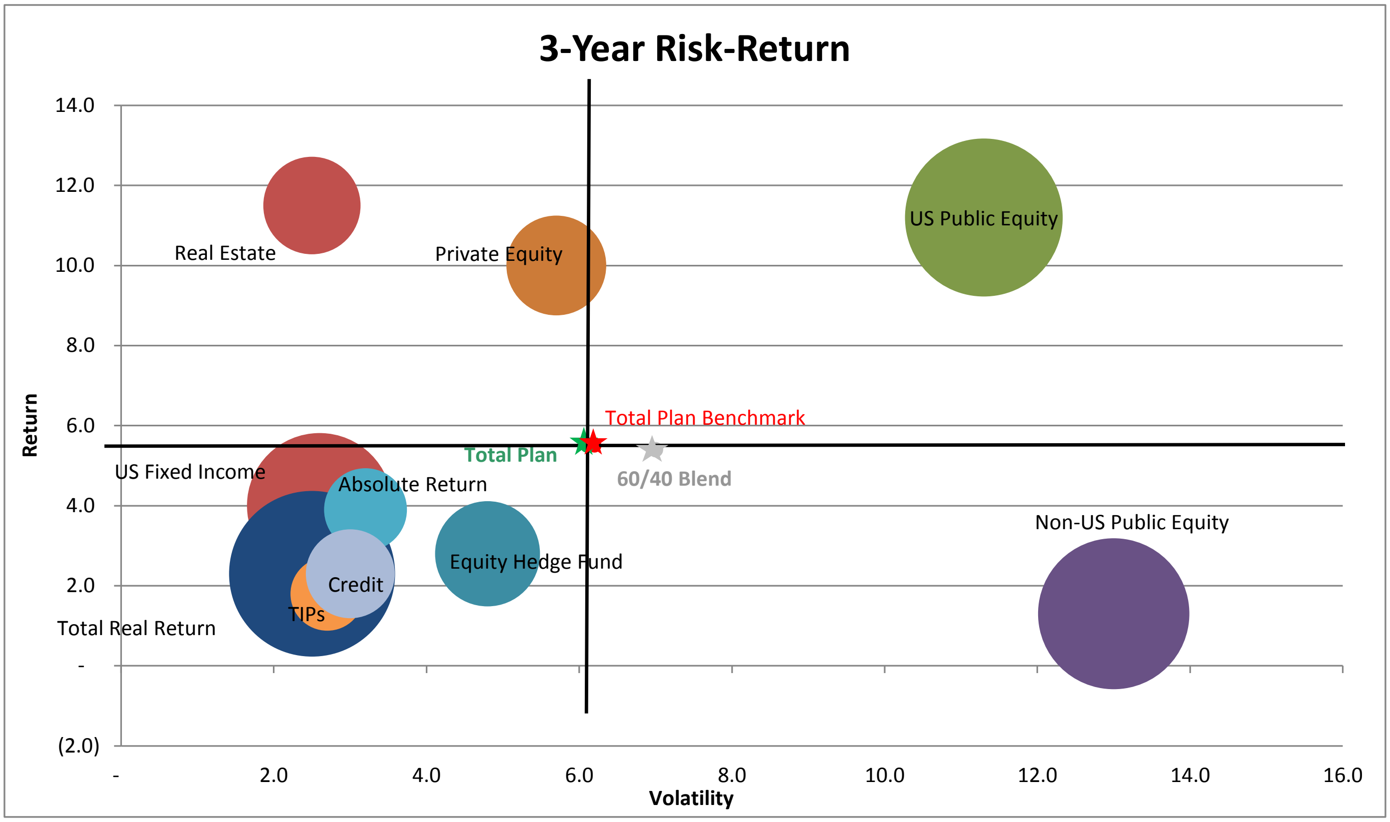
** Alternative Investments – comprising the five components as indicated – have varying degrees of liquidity and may not have readily determinable market values. As such, they may be based on appraisals only.

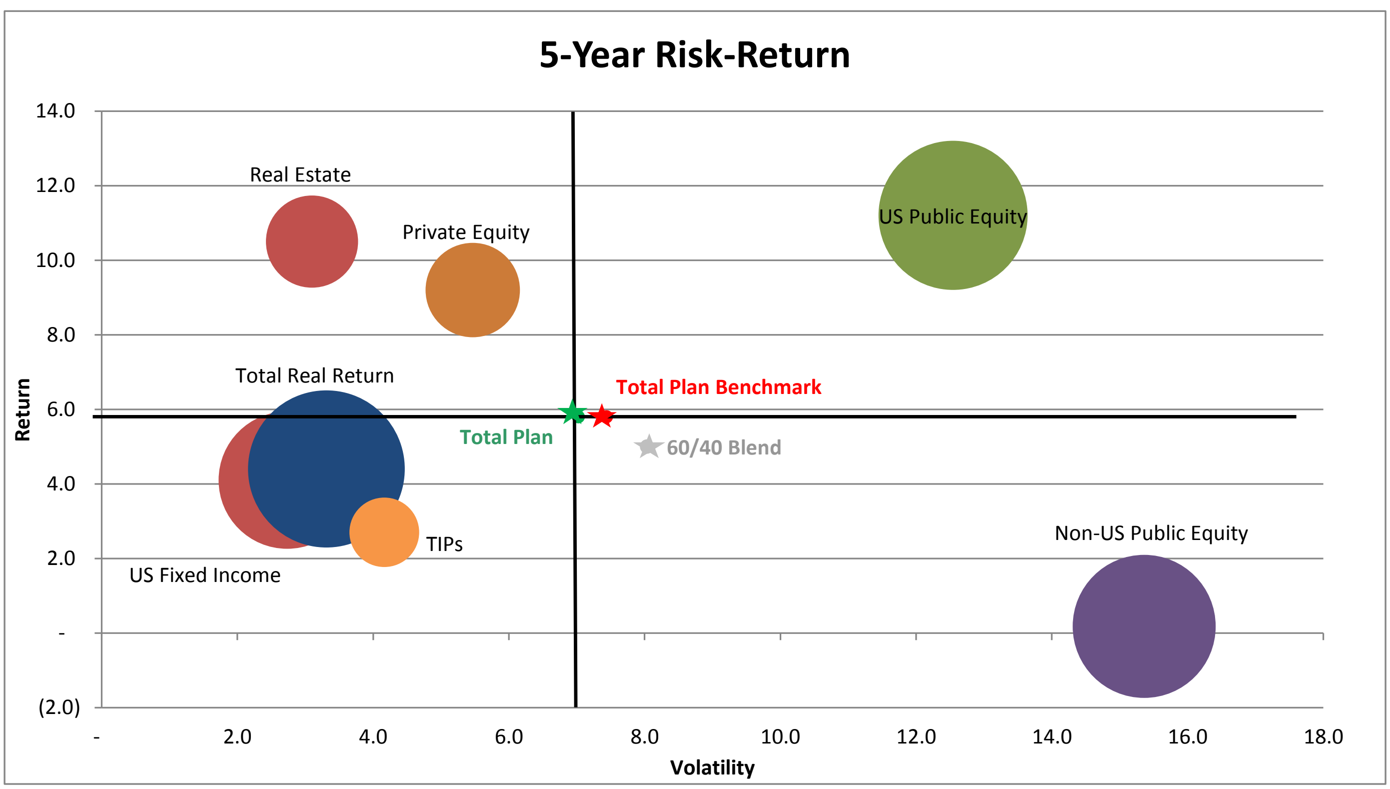
Respectfully submitted,

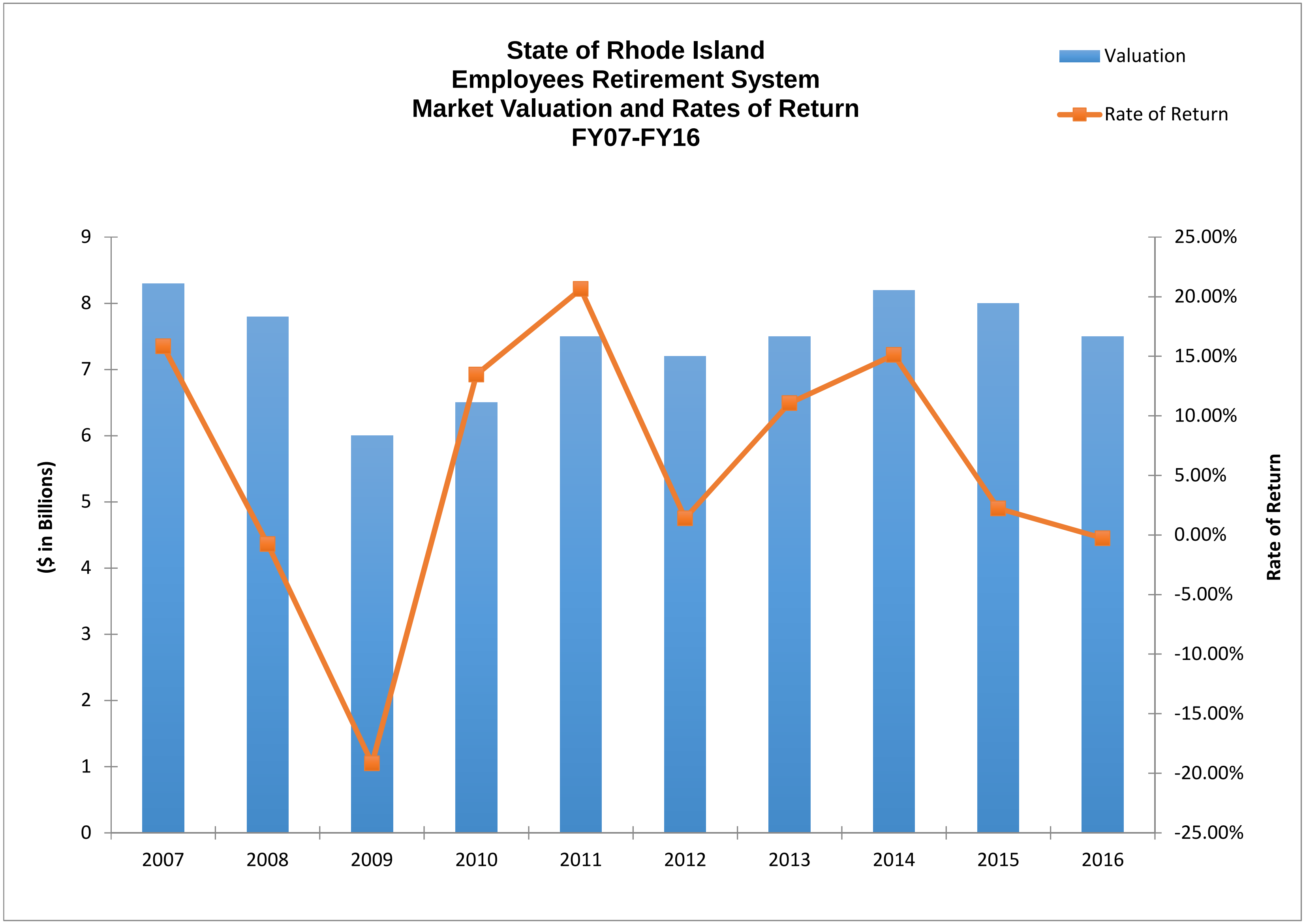
Kerri Baker
Cash Manager

ERSRI Portfolio

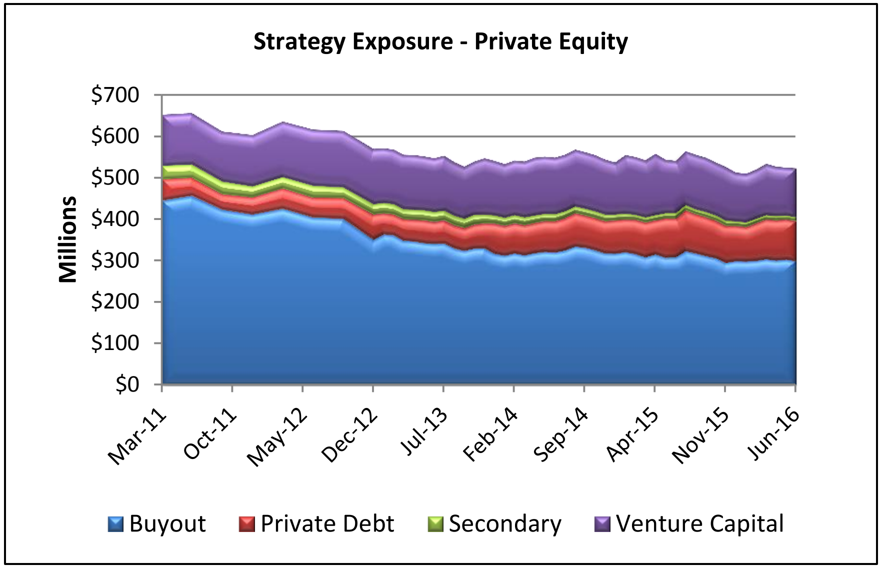
% - as of June 30, 2016 ***Bubble-Size Scaled based on Current Allocations***

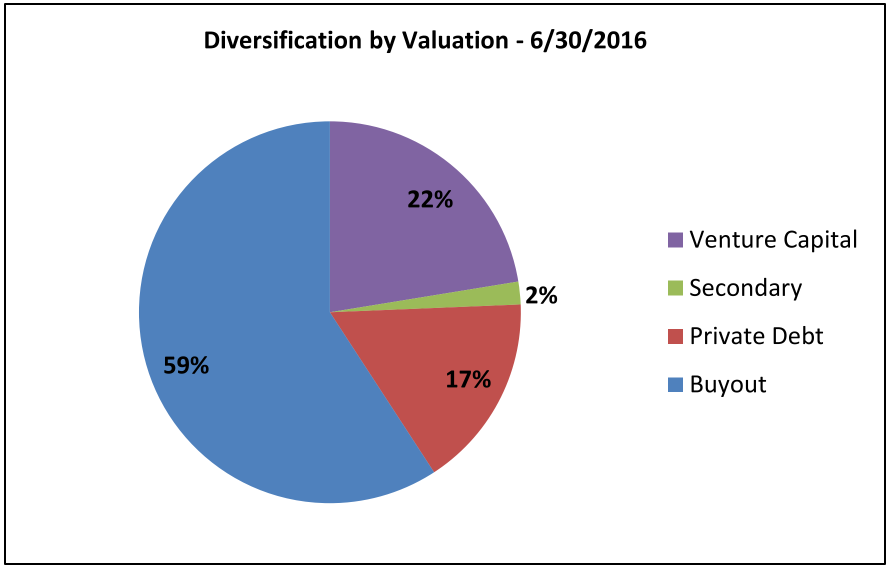


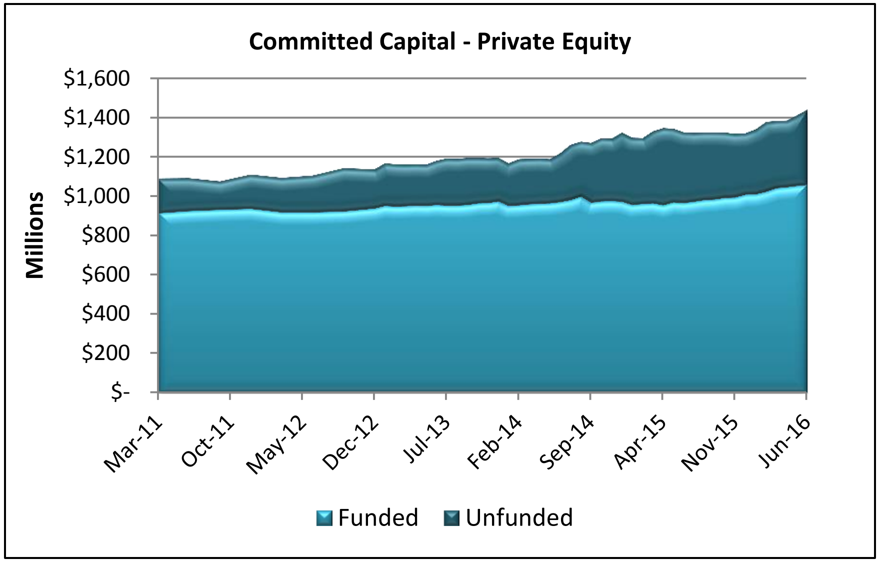


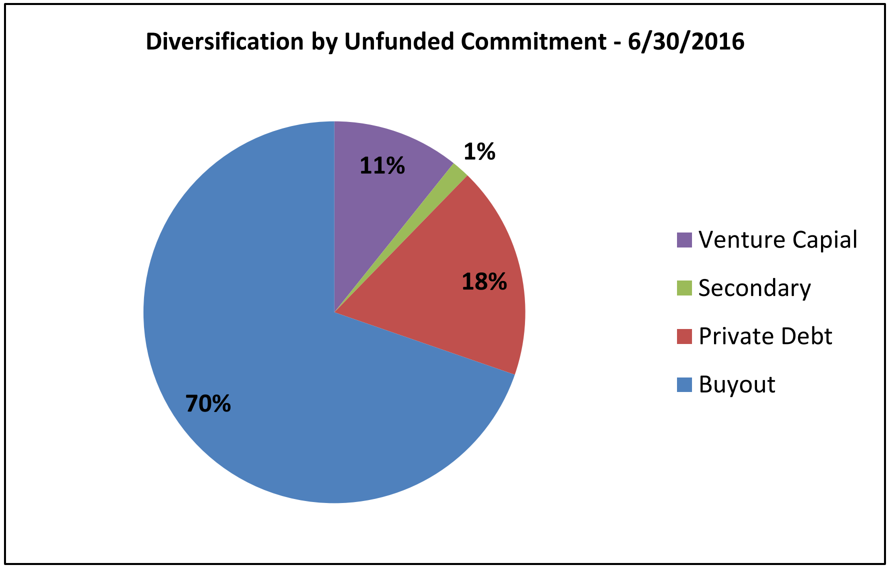

State of Rhode Island
Employees Retirement System
Market Valuation and Rates of Return
FY07-FY16
Valuation
Rate of Return
($ in Billions)
Rate of Return
9
8
7
6
5
4
3
2
1
0
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
-5.00%
-10.00%
-15.00%
-20.00%
-25.00%
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016

Strategy Exposure & Committed Capital – Private Equity









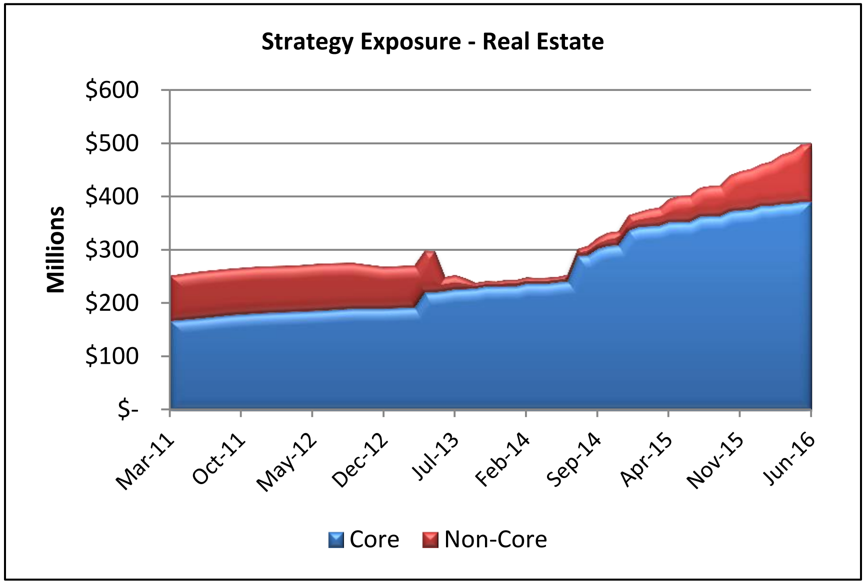
Employees' Retirement System of Rhode Island Private Equity Performance
6/30/2016

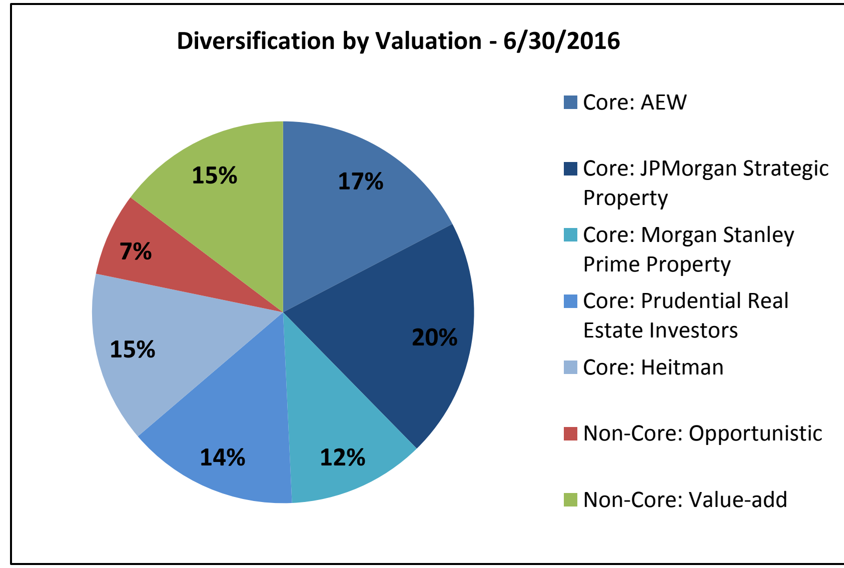
Current Partnerships	Vintage Year	Amount Committed (In $ unless otherwise noted)	Cumulative Cash Flows ($) Amount Drawn	Amount Distributed	Amount Unfunded	Valuation ($)	Cumulative Performance* Net IRR (%)	Net Multiple of Investment
Advent International GPE VII	2012	20,000,000	17,070,000	2,670,000	2,930,000	19,955,275	15.2	1.3
Alta BioPharma Partners III	2003	15,000,000	14,250,000	20,297,956	750,000	465,595	5.8	1.5
Alta Partners VIII	2006	15,000,000	15,000,000	22,518,408	-	8,733,659	16.3	2.1
Aurora Equity Partners III	2004	15,000,000	16,242,296	26,640,090	835,850	1,694,298	15.7	1.7
Avenue Special Situations Fund IV	2006	20,000,000	25,179,595	32,706,000	-	157,965	8.3	1.3
Avenue Special Situations Fund V	2007	20,000,000	20,329,267	26,322,021	-	155,110	10.6	1.3
Bain Capital Fund X	2008	25,000,000	24,300,000	20,784,576	762,500	13,012,976	7.5	1.4
Baring Asia Private Equity Fund VI	2015	15,000,000	4,540,598	22,568	10,459,402	4,370,200	-5.3	1.0
Birch Hill Equity Partners III	2005	CAD 18,000,000	18,887,577	29,210,055	259,500	4,784,745	12.1	1.8
Carlyle Asia Partners IV	2014	30,000,000	15,704,798	565,712	14,902,324	14,389,013	-3.9	1.0
Castile Ventures III	2006	5,000,000	5,009,730	1,396,371	-	1,600,291	-10.4	0.6
Centerbridge Capital Partners	2006	15,000,000	23,535,297	34,677,517	1,095,594	8,322,384	20.6	1.8
Centerbridge Capital Partners III	2015	25,000,000	6,656,949	263,547	18,606,598	7,013,139	12.3	1.1
Centerbridge Special Credit Partners II	2012	25,000,000	22,500,000	7,253,714	2,500,000	15,913,507	1.0	1.0
Charterhouse Capital Partners VIII	2006	€ 15,000,000	18,183,957	17,390,855	628,404	18,364	-0.7	1.0
Coller International Partners IV	2002	15,000,000	13,294,667	17,554,435	150,000	598,175	11.7	1.4
Coller International Partners V	2006	15,000,000	12,520,679	14,140,282	3,270,000	3,693,692	8.5	1.4
CVC European Equity Partners III	2001	20,000,000	23,158,043	59,551,716	899,966	534,033	41.1	2.6
CVC European Equity Partners IV	2005	€ 16,500,000	21,266,657	35,417,941	2,131,657	3,779,253	16.5	1.8
CVC European Equity Partners V	2008	€ 20,000,000	28,689,148	28,271,379	1,030,900	14,413,682	12.6	1.5
CVC Capital Partners VI	2014	€ 15,000,000	6,622,932	338,759	10,622,700	6,175,853	-1.8	1.0
EnCap Energy Capital Fund IX	2013	18,000,000	14,351,520	2,892,000	4,991,745	14,232,915	13.9	1.2
EnCap Energy Capital Fund X	2015	25,000,000	5,326,516	-	19,673,484	4,837,696	-22.0	0.9
Fenway Partners Capital Fund II	1998	15,000,000	18,513,234	20,153,002	232,336	1,962,582	4.9	1.2
Fenway Partners Capital Fund III	2006	15,000,000	16,976,092	13,254,579	1,266,241	5,821,492	2.4	1.1
First Reserve Fund X	2004	20,000,000	19,999,999	36,485,800	-	80,287	31.0	1.8
First Reserve Fund XI	2006	20,000,000	22,125,580	13,820,741	-	2,083,148	-8.9	0.7
Focus Ventures III	2006	15,000,000	15,000,000	5,411,619	-	4,614,109	-7.4	0.7
Garrison Opportunity Fund IV	2014	30,000,000	15,562,346	(498,315)	14,382,700	16,145,362	0.6	1.0
Granite Global Ventures II	2004	15,000,000	14,333,510	15,007,914	675,000	7,260,497	5.9	1.6
Granite Global Ventures III	2006	15,000,000	14,625,503	21,339,969	375,000	11,129,280	15.9	2.2
Green Equity Investors V	2007	20,000,000	20,422,385	24,644,326	1,731,092	13,567,844	17.5	1.9
Industry Ventures Partnership Holdings III	2014	25,000,000	16,562,702	833,921	8,437,298	18,707,829	15.8	1.2
Industry Ventures Partnership Holdings III C	2015	15,000,000	1,987,500	-	13,012,500	1,920,537	-5.4	1.0
Industry Ventures Partnership Holdings IV	2016	10,000,000	400,000	-	9,600,000	372,837	-23.4	1.0
Kayne Anderson Energy Fund III	2005	15,000,000	15,965,344	14,983,550	366,426	440,276	-1.9	0.9
Kayne Anderson Energy Fund IV	2007	15,000,000	16,605,519	16,345,850	-	1,483,763	2.5	1.1
Leapfrog Ventures II	2005	10,000,000	9,490,000	6,811,564	510,000	4,178,082	2.7	1.2
Leeds Equity Partners IV	2003	10,000,000	10,209,327	11,467,347	1,099,639	2,203,215	4.7	1.3
Lighthouse Capital Partners V	2003	11,250,000	10,462,500	12,208,726	787,500	98,388	3.8	1.2
Lighthouse Capital Partners VI	2007	15,000,000	14,250,000	19,271,256	750,000	1,449,663	7.3	1.5
LNK Partners	2006	12,500,000	12,045,398	16,651,771	456,855	2,583,736	10.7	1.6
MHR Institutional Partners III	2006	20,000,000	20,800,000	20,133,259	6,974,396	8,050,952	6.6	1.4
Nautic Partners V	2000	20,000,000	20,325,743	40,372,953	641,735	1,629,540	17.2	2.1
Nautic Partners VI	2007	20,000,000	23,972,088	43,204,817	609,669	9,532,328	17.6	2.2
Nautic Partners VII	2014	20,000,000	11,551,361	5,135,745	9,506,519	14,887,223	87.8	1.7
Nordic Capital Fund V	2003	€ 14,615,550	21,434,529	57,872,857	-	902,822	21.1	2.7
Nordic Capital Fund VI	2006	€ 15,000,000	22,435,404	22,681,256	-	10,945,583	6.9	1.5
Nordic Capital Fund VII	2008	€ 15,000,000	20,175,973	6,010,358	1,591,454	18,692,529	4.1	1.2
Nordic Capital Fund VIII	2013	€ 15,000,000	9,830,680	368,111	8,050,273	9,173,710	-1.8	1.0
Oaktree European Principal Fund III	2011	20,000,000	17,150,000	2,432,019	5,271,496	18,575,064	7.9	1.2
Paine & Partners Capital Fund IV	2015	30,000,000	6,633,397	-	23,373,462	5,186,604	-25.3	0.8
Paladin III	2008	10,000,000	12,370,215	5,639,262	283,343	10,139,277	7.1	1.3
Parthenon Investors II	2001	23,960,000	23,409,381	37,045,489	1,821,022	631,237	12.3	1.6
Point 406 Ventures I	2006	10,000,000	10,271,265	4,123,844	580,000	13,860,886	11.0	1.8
Point Judith Venture Fund II	2006	5,000,000	5,991,513	2,085,239	255,572	3,225,362	-2.5	0.9
Providence Equity Partners IV	2000	25,000,000	35,971,884	68,445,391	1,995,291	203,088	23.9	1.9
Providence Equity Partners V	2005	25,000,000	31,133,327	32,208,167	2,196,745	5,895,246	3.8	1.2
Providence Equity Partners VI	2007	25,000,000	28,657,449	24,789,809	1,837,853	13,684,440	6.4	1.3
Providence Equity Partners VII	2012	25,000,000	18,227,449	3,960,222	10,746,960	16,453,069	8.9	1.1
Riverside Capital Appreciation Fund VI	2013	20,000,000	11,331,287	13,598	8,668,713	13,113,126	11.0	1.2
Riverside Micro-Cap Fund III	2014	20,000,000	17,758,317	(4,719)	2,241,683	21,388,821	13.5	1.2
Sorenson Capital Partners III	2014	30,000,000	10,794,339	-	19,447,569	9,772,049	-9.4	0.9
Southvest Partners VII	2016	30,000,000	497,149	-	29,502,851	37,388	-92.5	0.1
Tenex Capital Partners II	2016	25,000,000	1,885,611	-	23,114,052	1,669,954	-10.6	0.9
TPG Partners IV	2003	15,000,000	16,672,684	29,927,322	64,421	2,618,764	15.8	2.0
TPG Partners V	2006	20,000,000	20,697,887	19,695,327	1,774,959	8,610,997	5.2	1.4
TPG Partners VI	2008	10,000,000	13,533,484	11,301,211	938,203	6,404,640	8.9	1.3
Trilantic Capital Partners IV	2007	11,098,351	11,528,514	15,849,474	1,229,733	2,139,815	14.0	1.6
W Capital Partners	2004	15,000,000	14,197,500	10,229,777	802,500	988,340	-7.3	0.8
W Capital Partners II	2007	15,000,000	14,896,718	16,296,457	1,596,691	4,685,623	11.2	1.4
WLR Recovery Fund IV	2007	8,000,000	7,277,318	8,303,459	765,256	1,577,495	8.0	1.4
Other funds in aggregate**	various	120,000,000	112,035,382	95,443,499	13,533,231	54,349,254		
Total		**$ 1,413,745,688**	**$ 1,231,605,013**	**$ 1,232,643,725**	**$ 329,598,861**	**$ 533,979,973**		

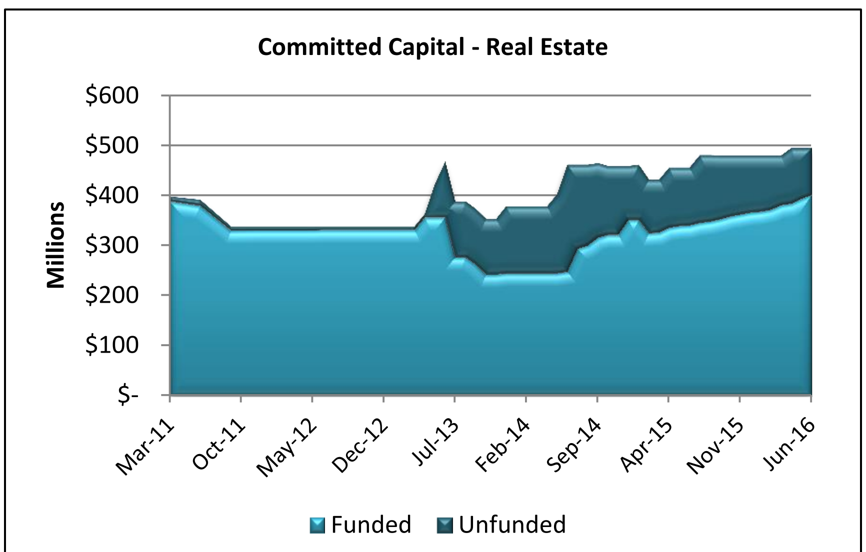
*IRR refers to the fund's Internal Rate of Return, or the annualized compounded yield on an investment. This calculation is typically applied in private equity where there are multiple points at which capital is invested (capital called) and at which it is distributed. A positive IRR means that the fund's current value plus any cash distributions are greater than the cash value contributed and management fees paid. Typically a fund will have a negative IRR during the first few years of its life, a period referred to as the "J-Curve", because cash is invested upfront and it takes time to generate value. It is important to consider a fund's start date (vintage year) when assessing IRRs. Multiple of investment is another indicator of returns, and is calculated by dividing the fund's cumulative distributions and current value, after fees, by the amount of capital paid in. Please note that performance calculations are specific to the ERSRI investment, and were not prepared, reviewed or approved by the General Partners.

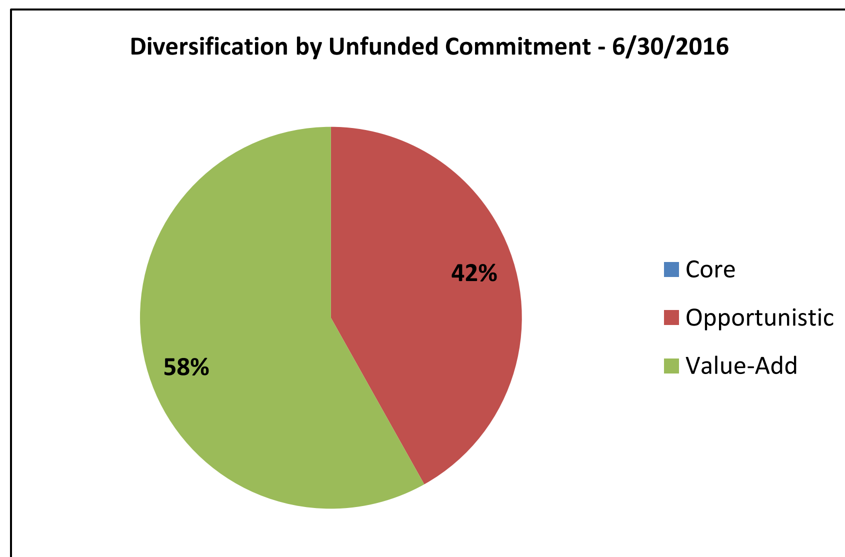
**Other funds in aggregate are the total commitments to and amounts drawn and distributed by funds whose confidentiality provisions do not permit the disclosure of their performance data. These funds include Braemar Energy Ventures III, Constellation Ventures III, Summit Partners Credit Fund, Summit Partners Credit Fund II, Thomas, McNerney & Partners, Thomas McNerney & Partners II and Wellspring Capital Partners III.

Strategy Exposure & Committed Capital – Real Estate









Employees' Retirement System of Rhode Island Real Estate Performance
6/30/2016

			Cumulative Cash Flows ($)				Cumulative Performance*	
Current Partnerships	Vintage Year	Amount Committed (In $ unless otherwise noted)	Amount Drawn	Amount Distributed	Amount Unfunded	Valuation ($)	Net IRR (%)	Net Multiple of Investment
AEW Core Property Trust	open-end	60,000,000	60,000,000	10,480,447	-	89,661,874	12.7%	1.7
Crow Holdings Retail Fund	2015	24,000,000	11,861,234	-	12,138,766	11,986,797	n/a	1.0
Exeter Industrial Value Fund III	2014	30,000,000	16,500,000	1,012,285	13,500,000	18,247,855	16.9%	1.2
GEM Realty Fund V	2013	50,000,000	23,809,133	4,385,000	26,190,867	25,802,455	14.9%	1.2
Heitman America Real Estate Trust	open-end	60,000,000	60,000,000	4,726,288	-	73,924,304	13.6%	1.2
IC Berkeley Partners III	2013	18,000,000	16,038,326	4,361,760	1,961,674	15,101,639	22.4%	1.2
IC Berkeley Partners IV	2016	30,000,000	3,087,000	-	26,913,000	2,932,214	n/a	0.9
JP Morgan Strategic Property Fund	open-end	75,000,000	75,000,000	22,218,543	-	100,968,151	6.2%	1.5
JP Morgan Alternative Property Fund	2006	20,000,000	20,000,000	14,727,125	-	189,400	-4.6%	0.7
Lone Star Real Estate Fund IV	2015	24,260,817	6,723,540	-	17,537,277	6,763,509	0.5%	1.0
Magna Hotel Fund III	2008	4,000,000	3,403,043	4,413,302	596,957	1,745,654	16.8%	1.8
Morgan Stanley Prime Property Fund	open-end	35,000,000	35,000,000	18,186,006	-	58,763,133	7.1%	1.9
Prudential (PRISA)	open-end	50,000,000	50,000,000	15,937,240	-	73,112,599	5.1%	1.6
TriCon Capital Fund VII	2005	15,000,000	14,571,533	3,692,644	428,467	1,319,598	-19.8%	0.3
Waterton Fund XII	2014	35,000,000	23,644,184	1,772,825	11,355,816	27,460,971	26.0%	1.2
Total		**$ 530,260,817**	**$ 419,637,993**	**$ 105,913,465**	**$ 110,622,824**	**$ 507,980,153**		

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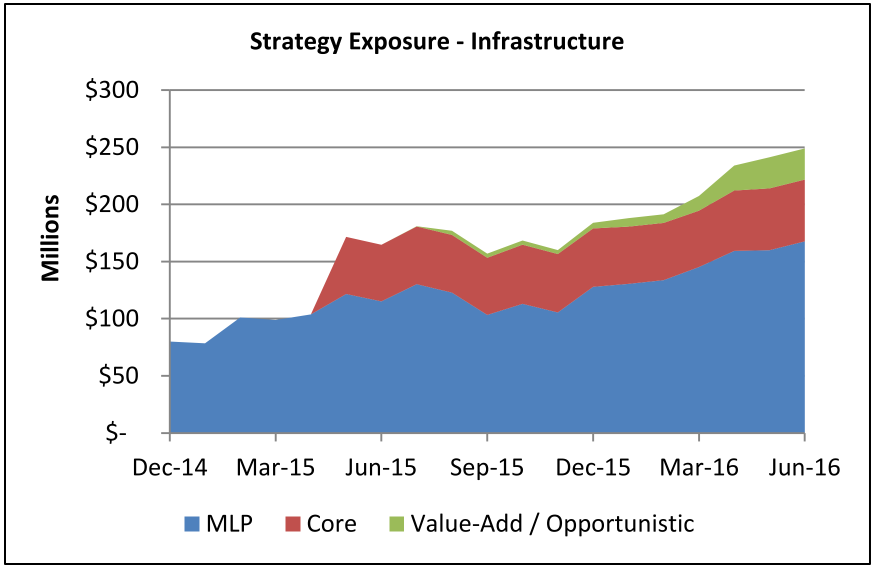
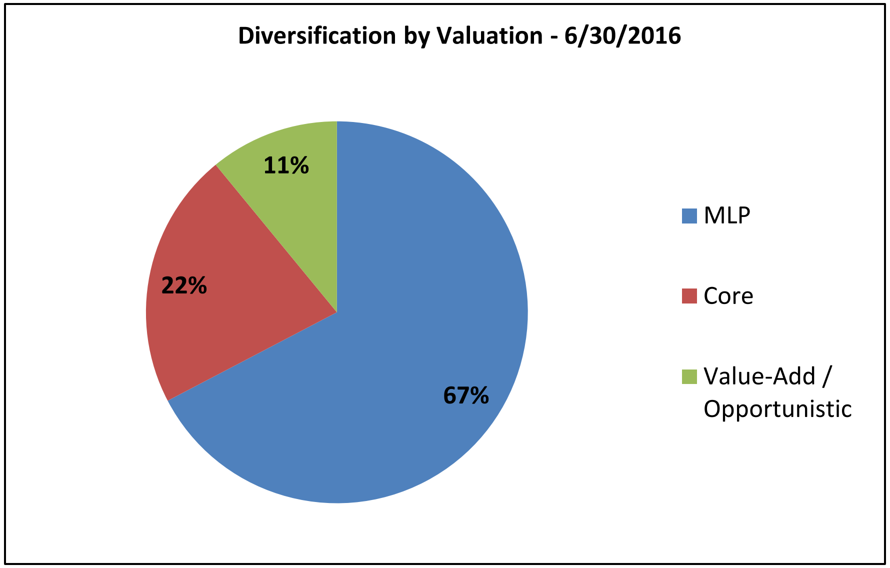
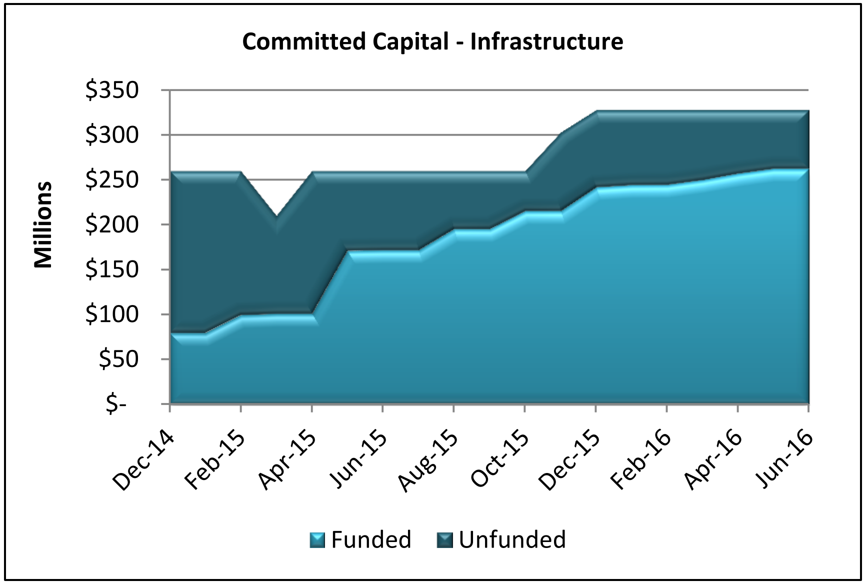
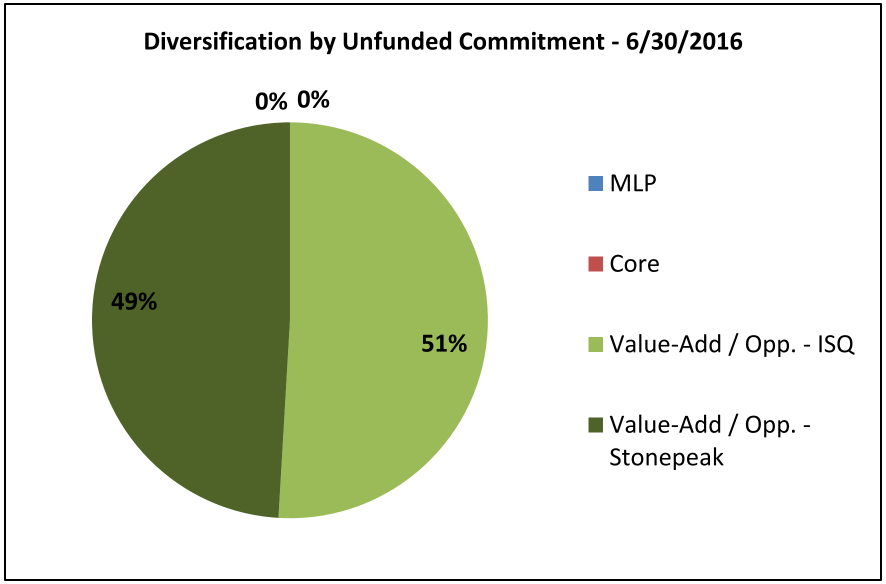
Strategy Exposure & Committed Capital – Infrastructure









Employees' Retirement System of Rhode Island Private Infrastructure Performance
6/30/2016

Current Partnerships	Vintage Year	Amount Committed (In $ unless otherwise noted)	Amount Drawn	Amount Distributed	Amount Unfunded	Valuation ($)	Net IRR (%)	Net Multiple of Investment
		Cumulative Cash Flows ($)					Cumulative Performance*	
IFM Global Infrastructure, L.P.	open-end	50,000,000	50,000,000	770,923	-	53,491,936	7.6	1.1
ISQ Global Infrastructure Fund, L.P.	2015	50,000,000	16,657,808	3,521,126	33,342,192	16,571,713	n/a	1.2
Stonepeak Infrastructure Fund II, L.P.	2016	43,000,000	11,367,535	19,785	31,632,465	13,340,949	n/a	1.2
Total		**$ 143,000,000**	**$ 78,025,343**	**$ 4,311,834**	**$ 64,974,657**	**$ 83,404,598**		

*IRR refers to the fund's Internal Rate of Return, or the annualized compounded yield on an investment. This calculation is typically applied in private real estate where there are multiple points at which capital is invested (capital called) and at which it is distributed. A positive IRR means that the fund's current value plus any cash distributions are greater than the cash value contributed and management fees paid. Typically a fund will have a negative IRR during the first few years of its life, a period referred to as the “J-Curve”, because cash is invested upfront and it takes time to generate value. It is important to consider a fund's start date (vintage year) when assessing IRRs. Multiple of investment is another indicator of returns, and is calculated by dividing the fund's cumulative distributions and current value, after fees, by the amount of capital paid in. Please note that performance calculations are specific to the ERSRI investment, and were not prepared, reviewed or approved by the General Partners.

Total Performance Summary

Report ID: IPM0005

Reporting Currency: USD

TOTAL NET OF FEES

6/30/2016

Account Name Benchmark Name	Market Value	% of Total	Month	YTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	ITD	Inception Date
							Annualized				
SSGA R3000 INDEX	1,313,510,596	18	0.19	3.70	2.32	2.32	11.19			12.82	10/1/2012
Russell 3000 Index			*0.21*	*3.62*	*2.14*	*2.14*	*11.13*			*12.76*	*10/1/2012*
US Public Equity	**1,313,510,670**	**18**	**0.19**	**3.70**	**2.32**	**2.32**	**11.19**	**11.16**		**6.55**	**8/1/2007**
Russell 3000 Index			*0.21*	*3.62*	*2.14*	*2.14*	*11.13*	*11.60*		*6.54*	*8/1/2007*
SSGA MSCI EAFE	780,842,243	10	-3.33	-4.21	-9.91	-9.91	2.31			5.47	9/1/2012
MSCI EAFE Net Dividend Index			*-3.36*	*-4.42*	*-10.17*	*-10.17*	*2.06*			*5.20*	*9/1/2012*
SSGA MSCI CANADA	103,282,527	1	0.46	15.41	-5.69	-5.69	0.71			0.02	9/1/2012
MSCI Canada Net Dividend Index			*0.37*	*15.06*	*-6.26*	*-6.26*	*0.08*			*-0.62*	*9/1/2012*
SSGA MSCI EM	317,624,736	4	3.91	6.19	-12.16	-12.16	-1.73			-1.11	9/1/2012
MSCI Emerging Markets Net Dividend Index			*4.00*	*6.41*	*-12.06*	*-12.06*	*-1.56*			*-0.91*	*9/1/2012*
Non-US Public Equity	**1,201,779,082**	**16**	**-1.19**	**-0.68**	**-10.09**	**-10.09**	**1.31**	**0.23**		**7.15**	**5/1/2009**
Total International Equity BM			*-1.53*	*-1.02*	*-10.24*	*-10.24*	*1.16*	*0.18*		*6.30*	*5/1/2009*
QVM Tilt	762,648,621	10	-0.79	0.84						6.70	10/1/2015
MSCI World Net Dividend Index			*-1.12*	*0.66*						*6.19*	*10/1/2015*
Global Public Equity	**3,277,938,373**	**44**	**-0.55**	**1.58**	**-3.82**	**-3.82**	**6.27**	**6.34**	**4.87**	**3.60**	**7/1/2000**
MSCI All Country World Net Index			*-0.61*	*1.23*	*-3.73*	*-3.73*	*6.03*	*5.38*	*4.26*		*7/1/2000*
Private Equity	525,180,146	7	0.01	4.59	6.29	6.29	10.02	9.22	6.87	9.08	2/1/1989
ILPA All Fds Custom BM 1Q Lag			*0.01*	*1.42*	*4.85*	*4.85*	*11.22*	*13.11*	*9.51*		*2/1/1989*
Equity Hedge Funds	**580,751,291**	**8**	**-0.85**	**-4.17**	**-6.94**	**-6.94**	**2.83**			**4.89**	**11/1/2011**
HFRI Equity Hedge (Total) Index			*-0.45*	*-0.38*	*-5.00*	*-5.00*	*3.06*			*3.92*	*11/1/2011*
Total Equity	**4,383,869,811**	**58**	**-0.52**	**1.13**	**-3.15**	**-3.15**	**6.24**	**6.24**	**4.91**	**8.70**	**6/1/1996**
MACKAY SHIELDS	550,389,224	7	1.90	5.16	5.66	5.66	4.09			2.67	11/1/2012
Barclays U.S. Aggregate Bond Index			*1.80*	*5.31*	*6.00*	*6.00*	*4.06*			*2.62*	*11/1/2012*
PYRAMIS GLOBAL ADV	561,574,750	7	1.77	5.48	5.62	5.62	3.98			2.55	11/1/2012
Barclays U.S. Aggregate Bond Index			*1.80*	*5.31*	*6.00*	*6.00*	*4.06*			*2.62*	*11/1/2012*
Traditional Fixed Income	**1,111,965,307**	**15**	**1.84**	**5.32**	**5.64**	**5.64**	**4.04**	**4.06**	**5.11**	**5.56**	**7/1/2000**
Barclays U.S. Aggregate Bond Index			*1.80*	*5.31*	*6.00*	*6.00*	*4.06*	*3.76*	*5.13*	*5.45*	*7/1/2000*

Reporting Currency: USD

Total Performance Summary

TOTAL NET OF FEES

6/30/2016

Account Name Benchmark Name	Market Value	% of Total	Month	YTD	Fiscal YTD	1 Year	Annualized 3 Years	5 Years	10 Years	ITD	Inception Date
Real Return Hedge Funds	**498,402,526**	**7**	**0.39**	**1.58**	**-0.18**	**-0.18**	**3.35**			**4.21**	**11/1/2011**
HFRI Fund of Funds Composite Index			*-0.43*	*-2.56*	*-5.38*	*-5.38*	*1.92*			*2.64*	*11/1/2011*
PIMCO	211,778,614	3	-0.16	3.55	1.93	1.93	2.94			2.53	5/1/2013
30%BoA1-3BB-BHY/70% JPMB/BBLLI			*0.10*	*4.48*	*2.48*	*2.48*	*3.78*			*3.39*	*5/1/2013*
WAMCO	204,870,022	3	0.29	5.23	-0.72	-0.72	1.72			1.56	4/1/2013
30% BoA 1-3 BB-B HY/70% CS LLI			*0.22*	*4.71*	*1.70*	*1.70*	*3.41*			*3.20*	*4/1/2013*
Credit Aggregate	**416,648,637**	**6**	**0.06**	**4.37**	**0.61**	**0.61**	**2.33**			**1.96**	**5/1/2013**
Credit Aggregate			*0.16*	*4.60*	*2.09*	*2.09*	*3.65*			*3.26*	*5/1/2013*
BROWN BROTHERS HARR	284,535,634	4	1.65	4.94	3.27	3.27	1.83			0.79	11/1/2012
BBH Inflation-Linked Custom BM			*1.47*	*4.07*	*3.12*	*3.12*	*1.90*			*0.60*	*11/1/2012*
Inflation-Linked Bonds	**284,535,634**	**4**	**1.65**	**4.94**	**3.27**	**3.27**	**1.83**	**3.50**		**4.48**	**11/1/2009**
Total Inflation Linked Custom			*1.47*	*4.07*	*3.12*	*3.12*	*1.90*	*3.29*		*4.36*	*11/1/2009*
Harvest Fund Advisor	171,210,851	2	5.17	14.01	-17.16	-17.16				-14.79	1/1/2015
Alerian MLP Index			*5.13*	*14.71*	*-13.11*	*-13.11*				*-15.75*	*1/1/2015*
Priv Listed Infrastructure	81,335,784	1	0.03	6.95	9.76	9.76				2.44	3/1/2015
CPI + 4%			*0.65*	*3.89*	*5.01*	*5.01*				*6.01*	*3/1/2015*
Total Real Return	**1,452,133,431**	**19**	**1.06**	**4.91**	**0.46**	**0.46**	**2.31**	**4.39**	**5.72**	**5.40**	**6/1/2004**
Real Estate	499,672,306	7	0.36	5.02	13.10	13.10	11.45	10.48	3.17	2.75	1/1/2005
NFI-ODCE Index			*1.95*	*5.12*	*12.62*	*12.62*	*12.51*	*12.69*	*8.50*	*9.97*	*1/1/2005*
ERSRI CASH	36,853,405	0	0.03	0.64	0.81	0.81	0.62	0.42	2.04	13.28	7/1/2000
BofA Merrill Lynch 3 Month US Treasury Bill G0O1			*0.04*	*0.15*	*0.19*	*0.19*	*0.09*	*0.09*	*1.04*	*1.71*	*7/1/2000*
Total Cash	**38,084,100**	**1**	**0.03**	**0.61**	**0.76**	**0.76**	**0.60**	**0.42**	**1.50**	**2.40**	**4/1/2004**
Russell Overlay Fd	**14,498,005**	**0**	**-0.02**	**0.00**	**0.04**	**0.04**	**-0.03**	**0.13**		**-0.07**	**9/1/2008**
TOTAL PLAN	**7,500,651,860**	**100**	**0.17**	**2.66**	**-0.27**	**-0.27**	**5.49**	**5.75**	**4.80**	**4.48**	**7/1/2000**
Total Plan Benchmark			*0.18*	*2.22*	*-0.36*	*-0.36*	*5.43*	*5.78*	*4.97*		*7/1/2000*
60/40 Blend			*0.36*	*2.97*	*0.33*	*0.33*	*5.42*	*4.98*	*4.98*		*7/1/2000*
Total Plan ex PE,RE & Priv Inf	**6,394,463,624**	**85**	**0.17**	**2.31**	**-1.66**	**-1.66**	**4.76**	**4.92**	**4.56**	**6.05**	**4/1/1996**
Total Plan BM ex PE RE			*0.09*	*2.11*	*-1.53*	*-1.53*	*4.70*	*5.19*	*4.58*		*4/1/1996*

Reporting Currency: USD

Total Performance Summary

TOTAL NET OF FEES

6/30/2016

Account Name / Benchmark Name	Market Value	% of Total	Month	Cumulative 5/1/2016 - 5/31/2016	Cumulative 4/1/2016 - 4/30/2016	YTD	2015	2014	2013	Inception Date
SSGA R3000 INDEX	1,313,510,596	18	0.19	1.78	0.61	3.70	0.60	12.59	33.49	10/1/2012
Russell 3000 Index			*0.21*	*1.79*	*0.62*	*3.62*	*0.48*	*12.56*	*33.55*	*10/1/2012*
US Public Equity	**1,313,510,670**	**18**	**0.19**	**1.78**	**0.61**	**3.70**	**0.60**	**12.57**	**33.48**	**8/1/2007**
Russell 3000 Index			*0.21*	*1.79*	*0.62*	*3.62*	*0.48*	*12.56*	*33.55*	*8/1/2007*
SSGA MSCI EAFE	780,842,243	10	-3.33	-0.80	2.98	-4.21	-0.59	-4.64	23.08	9/1/2012
MSCI EAFE Net Dividend Index			*-3.36*	*-0.91*	*2.90*	*-4.42*	*-0.81*	*-4.90*	*22.78*	*9/1/2012*
SSGA MSCI CANADA	103,282,527	1	0.46	-3.42	6.75	15.41	-23.70	2.17	6.35	9/1/2012
MSCI Canada Net Dividend Index			*0.37*	*-3.45*	*6.69*	*15.06*	*-24.16*	*1.51*	*5.63*	*9/1/2012*
SSGA MSCI EM	317,624,736	4	3.91	-3.73	0.55	6.19	-15.16	-2.34	-2.81	9/1/2012
MSCI Emerging Markets Net Dividend Index			*4.00*	*-3.73*	*0.54*	*6.41*	*-14.92*	*-2.19*	*-2.60*	*9/1/2012*
Non-US Public Equity	**1,201,779,082**	**16**	**-1.19**	**-1.79**	**2.62**	**-0.68**	**-5.77**	**-3.63**	**15.18**	**5/1/2009**
Total International Equity BM			*-1.53*	*-1.69*	*2.63*	*-1.02*	*-5.66*	*-3.87*	*15.29*	*5/1/2009*
QVM Tilt	762,648,621	10	-0.79	0.69	1.17	0.84				10/1/2015
MSCI World Net Dividend Index			*-1.12*	*0.56*	*1.58*	*0.66*				*10/1/2015*
Global Public Equity	**3,277,938,373**	**44**	**-0.55**	**0.18**	**1.50**	**1.58**	**-2.48**	**4.35**	**23.90**	**7/1/2000**
MSCI All Country World Net Index			*-0.61*	*0.13*	*1.48*	*1.23*	*-2.36*	*4.16*	*22.80*	*7/1/2000*
Private Equity	525,180,146	7	0.01	0.47	-0.32	4.59	7.08	8.02	14.86	2/1/1989
ILPA All Fds Custom BM 1Q Lag			*0.01*	*0.47*	*-0.32*	*1.42*	*7.28*	*16.45*	*25.14*	*2/1/1989*
Equity Hedge Funds	**580,751,291**	**8**	**-0.85**	**1.75**	**0.69**	**-4.17**	**1.27**	**2.64**	**17.11**	**11/1/2011**
HFRI Equity Hedge (Total) Index			*-0.45*	*0.73*	*1.08*	*-0.38*	*-0.97*	*1.81*	*14.28*	*11/1/2011*
Total Equity	**4,383,869,811**	**58**	**-0.52**	**0.42**	**1.17**	**1.13**	**-0.95**	**4.51**	**21.95**	**6/1/1996**
MACKAY SHIELDS	550,389,224	7	1.90	-0.04	0.38	5.16	0.48	6.00	-1.79	11/1/2012
Barclays U.S. Aggregate Bond Index			*1.80*	*0.03*	*0.38*	*5.31*	*0.55*	*5.97*	*-2.02*	*11/1/2012*
PYRAMIS GLOBAL ADV	561,574,750	7	1.77	-0.03	0.69	5.48	0.01	5.83	-1.93	11/1/2012
Barclays U.S. Aggregate Bond Index			*1.80*	*0.03*	*0.38*	*5.31*	*0.55*	*5.97*	*-2.02*	*11/1/2012*
Traditional Fixed Income	**1,111,965,307**	**15**	**1.84**	**-0.04**	**0.54**	**5.32**	**0.25**	**5.91**	**-1.86**	**7/1/2000**
Barclays U.S. Aggregate Bond Index			*1.80*	*0.03*	*0.38*	*5.31*	*0.55*	*5.97*	*-2.02*	*7/1/2000*

Reporting Currency: USD

TOTAL NET OF FEES

6/30/2016

Account Name / Benchmark Name	Market Value	% of Total	Month	Cumulative 5/1/2016 - 5/31/2016	Cumulative 4/1/2016 - 4/30/2016	YTD	2015	2014	2013	Inception Date
Real Return Hedge Funds	**498,402,526**	**7**	**0.39**	**0.46**	**0.54**	**1.58**	**0.86**	**4.70**	**6.96**	**11/1/2011**
HFRI Fund of Funds Composite Index			*-0.43*	*0.55*	*0.49*	*-2.56*	*-0.27*	*3.37*	*8.96*	*11/1/2011*
PIMCO	211,778,614	3	-0.16	0.66	1.28	3.55	1.13	1.22		5/1/2013
30%BoA1-3BB-BHY/70% JPMB/BBLLI			*0.10*	*0.74*	*1.59*	*4.48*	*1.00*	*2.11*		*5/1/2013*
WAMCO	204,870,022	3	0.29	1.56	2.67	5.23	-3.69	0.10		4/1/2013
30% BoA 1-3 BB-B HY/70% CS LLI			*0.22*	*0.89*	*1.90*	*4.71*	*-0.18*	*2.03*		*4/1/2013*
Credit Aggregate	**416,648,637**	**6**	**0.06**	**1.10**	**1.96**	**4.37**	**-1.29**	**0.66**		**5/1/2013**
Credit Aggregate			*0.16*	*0.82*	*1.74*	*4.60*	*0.49*	*2.11*		*5/1/2013*
BROWN BROTHERS HARR	284,535,634	4	1.65	-0.58	0.19	4.94	-0.26	1.72	-5.03	11/1/2012
BBH Inflation-Linked Custom BM			*1.47*	*-0.11*	*0.23*	*4.07*	*0.14*	*2.04*	*-5.13*	*11/1/2012*
Inflation-Linked Bonds	**284,535,634**	**4**	**1.65**	**-0.58**	**0.19**	**4.94**	**-0.26**	**1.72**	**-5.03**	**11/1/2009**
Total Inflation Linked Custom			*1.47*	*-0.11*	*0.23*	*4.07*	*0.14*	*2.04*	*-5.13*	*11/1/2009*
Harvest Fund Advisor	171,210,851	2	5.17	2.46	11.91	14.01	-31.01			1/1/2015
Alerian MLP Index			*5.13*	*2.53*	*11.04*	*14.71*	*-32.59*			*1/1/2015*
Priv Listed Infrastructure	81,335,784	1	0.03	1.67	7.27	6.95				3/1/2015
CPI + 4%			*0.65*	*0.72*	*0.78*	*3.89*				*3/1/2015*
Total Real Return	**1,452,133,431**	**19**	**1.06**	**0.73**	**2.36**	**4.91**	**-2.76**	**2.74**	**3.39**	**6/1/2004**
Real Estate	499,672,306	7	0.36	0.90	0.61	5.02	14.22	10.90	5.65	1/1/2005
NFI-ODCE Index			*1.95*	*0.00*	*0.00*	*5.12*	*13.86*	*12.26*	*12.00*	*1/1/2005*
ERSRI CASH	36,853,405	0	0.03	0.05	0.37	0.64	0.40	0.75	0.14	7/1/2000
BofA Merrill Lynch 3 Month US Treasury Bill G0O1			*0.04*	*0.01*	*0.03*	*0.15*	*0.05*	*0.03*	*0.07*	*7/1/2000*
Total Cash	**38,084,100**	**1**	**0.03**	**0.05**	**0.35**	**0.61**	**0.38**	**0.74**	**0.13**	**4/1/2004**
Russell Overlay Fd	**14,498,005**	**0**	**-0.02**	**-0.01**	**0.02**	**0.00**	**0.00**	**-0.02**	**0.17**	**9/1/2008**
TOTAL PLAN [1]	**7,500,651,860**	**100**	**0.17**	**0.43**	**1.28**	**2.66**	**-0.28**	**4.52**	**14.06**	**7/1/2000**
Total Plan Benchmark			*0.18*	*0.25*	*1.08*	*2.22*	*-0.24*	*5.05*	*14.47*	*7/1/2000*
60/40 Blend			*0.36*	*0.09*	*1.04*	*2.97*	*-0.98*	*4.96*	*12.32*	*7/1/2000*
Total Plan ex Overlay	**7,486,153,855**	**100**	**0.19**	**0.44**	**1.26**	**2.66**	**-0.28**	**4.54**	**13.87**	**8/1/2008**
Total Plan Benchmark			*0.18*	*0.25*	*1.08*	*2.22*	*-0.24*	*5.05*	*14.47*	*8/1/2008*

BNY MELLON

Total Performance Summary

Report ID: IPM0005

Reporting Currency: USD

TOTAL NET OF FEES

6/30/2016

Account Name Benchmark Name	Market Value	% of Total	Month	Cumulative 5/1/2016 - 5/31/2016	Cumulative 4/1/2016 - 4/30/2016	YTD	2015	2014	2013	Inception Date
Total Plan ex PE,RE & Priv Inf	**6,394,463,624**	**85**	**0.17**	**0.38**	**1.40**	**2.31**	**-1.68**	**3.98**	**14.33**	**4/1/1996**
Total Plan BM ex PE RE			*0.09*	*0.24*	*1.25*	*2.11*	*-1.64*	*3.90*	*14.57*	*4/1/1996*

Reporting Currency: USD

END NOTES

6/30/2016

1	RI6G23000000	TOTAL PLAN	Month - Current Month Cumulative Months - Prior Month and Second Prior Month Monthly Reporting for Private Equity and Real Estate skew performance on an actual and benchmark basis due to nature of valuations 2014, 2013, 2012 - Calendar Years
	RI6G23000000	TOTAL PLAN	The current composition of the Total Plan Benchmark is as follows: 15.0% Barclays U.S. Aggregate Bond Index 44.5% MSCI All Country World Net Index 7.0% HFRI Fund of Funds Composite Index 3.0% BofA Merrill Lynch 3 Month US Treasury Bill 8.0% HFRI Equity Hedge (Total) Index 5.0% NFI-ODCE Index 4.0% Barclays U.S. Treasury Inflation Notes: 1-10 Year Index 5.0% Credit Aggregate Custom: 30% BoA1-3BB-B HY/35%CSInstLLI/35% JPM BB/B Leveraged Loan Index 7.0% ILPA All Funds Index 1.5% Alerian MLP Total Return Index

Employees' Retirement System of the State of Rhode Island

Hedge Fund Portfolio

Portfolio Performance Summary

Estimated as of June 30, 2016

			Returns									Sharpe	Incep
Fund	Market Value	Actual %	Jun	QTD	YTD	FYTD	1 Year	3 Year	5 Year	Incep	Std Dev	Ratio	Date
Global Equities													
Ascend ERSRI Fund LP	68,102,402	6.3%	-0.72%	-0.06%	-7.07%	-6.73%	-6.73%	2.54%	-	2.75%	3.47%	0.69	Nov-11
Davidson Kempner Institutional Partners, L.P.	77,551,769	7.2%	0.23%	2.13%	2.78%	2.66%	2.66%	4.22%	-	5.65%	2.12%	2.44	Nov-11
Elliott Associates, L.P.	89,263,013	8.3%	0.04%	2.33%	5.24%	5.19%	5.19%	8.09%	-	8.89%	3.88%	2.12	Nov-11
ESG Cross Border Equity Fund LP	41,105,827	3.8%	0.80%	0.65%	-6.44%	-10.43%	-10.43%	-	-	-8.94%	8.41%	-1.11	Jun-14
Indus Asia Pacific Fund, LP	300,157	0.0%	-19.32%	-33.51%	-33.83%	-55.24%	-55.24%	-27.48%	-	-17.76%	18.24%	-0.98	Jan-12
Luxor Capital Partners, LP	33,345,417	3.1%	-1.12%	-0.72%	-7.81%	-28.33%	-28.33%	-	-	-17.05%	9.87%	-1.87	May-14
PFM Diversified Fund, L.P.	75,004,147	6.9%	-1.59%	-0.31%	-9.88%	-11.63%	-11.63%	5.10%	-	5.32%	9.23%	0.57	Mar-12
Samlyn Onshore Fund, L.P.	102,040,478	9.4%	-1.29%	2.31%	-4.55%	-11.28%	-11.28%	4.42%	-	6.99%	6.64%	1.00	Jan-12
Viking Global Equities, LP	96,402,350	8.9%	-2.50%	3.26%	-5.79%	-3.35%	-3.35%	9.91%	-	10.90%	7.64%	1.35	Dec-11
Total Global Equities	583,115,560	53.9%	-0.92%	1.50%	-3.87%	-6.87%	-6.87%	2.96%	-	4.92%	4.51%	1.01	Nov-11
MSCI AC World Index Free - Net			-0.61%	0.99%	1.23%	-3.73%	-3.73%	6.03%	-	7.82%	11.74%	0.67	Nov-11
Russell 3000 Index (DRI)			0.21%	2.63%	3.62%	2.14%	2.14%	11.13%	-	13.86%	10.72%	1.24	Nov-11
HFRI Equity Hedge (Total) Index			-0.27%	1.58%	-0.16%	-4.78%	-4.78%	3.13%	-	3.97%	6.37%	0.59	Nov-11
Real Return													
Brevan Howard LP	77,416,054	7.2%	0.85%	-0.31%	-1.23%	-4.71%	-4.71%	-1.68%	-	0.68%	5.28%	0.09	Nov-11
Brigade Leveraged Capital Structures Fund LP	56,462,669	5.2%	0.98%	8.57%	13.23%	-2.91%	-2.91%	1.97%	-	2.84%	5.79%	0.45	Mar-12
Capula Global Relative Value Fund Ltd.	64,620,461	6.0%	0.43%	1.28%	3.04%	6.28%	6.28%	7.73%	-	5.76%	1.87%	2.80	Dec-11
Claren Road Credit Fund, Ltd.	15,459,940	1.4%	-0.61%	2.51%	0.92%	-1.30%	-1.30%	-5.56%	-	-4.55%	7.24%	-0.65	Apr-13
DE Shaw Composite Fund LLC	92,203,676	8.5%	-0.70%	0.31%	3.17%	9.11%	9.11%	12.60%	-	14.01%	4.32%	2.99	Nov-11
Graham Absolute Return Trading Ltd.	55,711,702	5.2%	0.60%	-0.27%	0.62%	-0.09%	-0.09%	1.66%	-	2.43%	4.46%	0.48	Jan-12
OZ Domestic Partners II, L.P.	99,709,624	9.2%	-0.92%	1.38%	-2.31%	-6.67%	-6.67%	3.34%	-	6.29%	4.79%	1.23	Nov-11
Winton Futures Fund Limited	36,825,669	3.4%	3.95%	0.10%	-0.10%	2.82%	2.82%	6.33%	-	4.57%	9.00%	0.50	Dec-11
Total Real Return	498,409,795	46.1%	0.31%	1.41%	1.71%	-0.13%	-0.13%	3.22%	-	4.19%	2.66%	1.43	Nov-11
ML 3-month T-Bills			0.04%	0.07%	0.15%	0.19%	0.19%	0.09%	-	0.09%	0.03%	-	Nov-11
HFRI Fund of Funds Composite Index			-0.29%	0.75%	-2.40%	-5.23%	-5.23%	1.98%	-	2.68%	3.59%	0.65	Nov-11
Total Hedge Fund Portfolio	1,081,525,355	100.0%	-0.36%	1.46%	-1.32%	-3.82%	-3.82%	3.10%	-	4.60%	3.37%	1.24	Nov-11
HFRI Fund of Funds Composite Index			-0.29%	0.75%	-2.40%	-5.23%	-5.23%	1.98%	-	2.68%	3.59%	0.65	Nov-11

Employees' Retirement System of the State of Rhode Island

Hedge Fund Portfolio

Portfolio Performance Summary

Estimated as of June 30, 2016

Fund	Market Value	Actual %	Jun	QTD	YTD	FYTD	1 Year	3 Year	5 Year	Incep	Std Dev	Sharpe Ratio	Incep Date
			Returns										
Market Indices													
Libor3Month			0.05%	0.16%	0.32%	0.51%	0.51%	0.34%	-	0.36%	0.04%	-	Nov-11
Barclays Aggregate Bond Index			1.80%	2.22%	5.32%	6.04%	6.04%	4.07%	-	3.19%	2.74%	1.03	Nov-11
Barclays High Yield Credit Bond Index			0.92%	5.53%	9.06%	1.63%	1.63%	4.19%	-	6.38%	5.76%	1.04	Nov-11
S&P 500 TR			0.26%	2.46%	3.84%	3.99%	3.99%	11.66%	-	14.12%	10.50%	1.28	Nov-11
MSCI EAFE - Net			-3.36%	-1.46%	-4.42%	-10.16%	-10.16%	2.06%	-	4.42%	13.91%	0.35	Nov-11
MSCI EMF (Emerging Markets Free) - Net			4.00%	0.66%	6.41%	-12.06%	-12.06%	-1.56%	-	-1.31%	16.70%	-0.02	Nov-11

Most recent month returns are based on manager estimates; prior months use final market values.

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Employees' Retirement System of the State of Rhode Island
Hedge Fund Portfolio
Fund Level Performance Report
Estimated as of June 30, 2016

						Trailing Returns			Calendar Year Returns					5 Yr	Sharpe Ratio			Start
Fund	**QTD**	**YTD**	**Jun**	**May**	**Apr**	**1 Year**	**3 Year**	**5 Year**	**2015**	**2014**	**2013**	**2012**	**2011**	**Std Dev**	**3 yr**	**5 yr**	**Incep.**	**Date**
Global Equities																		
Ascend ERSRI Fund LP	-0.06%	-7.07%	-0.72%	0.42%	0.25%	-6.73%	2.54%	2.75%	2.22%	5.01%	12.11%	2.11%	-0.60%	3.47%	0.55	0.69	0.69	Nov-11
Davidson Kempner Institutional Partners, L.P.	2.07%	2.67%	0.23%	1.30%	0.53%	2.56%	4.17%	4.43%	1.51%	4.45%	9.52%	6.87%	1.27%	2.59%	1.74	1.56	1.54	Mar-96
Elliott Associates, L.P.	2.29%	5.09%	0.00%	-0.40%	2.70%	5.08%	7.65%	8.23%	2.51%	8.24%	12.44%	13.18%	3.94%	3.64%	1.81	2.10	1.89	Jan-90
ESG Cross Border Equity Fund LP	0.63%	-6.48%	0.80%	2.50%	-2.60%	-10.56%	-4.71%	0.33%	-5.06%	-7.16%	13.59%	6.74%	9.45%	7.15%	-0.63	0.03	0.68	Jan-04
Indus Asia Pacific Fund, LP	-33.51%	-33.83%	-19.32%	-17.48%	-0.13%	-55.24%	-27.33%	-16.74%	-33.23%	-15.60%	4.97%	8.21%	-7.18%	17.68%	-1.38	-0.95	-0.03	Dec-00
Luxor Capital Partners, LP	-0.76%	-7.91%	-1.12%	0.22%	0.14%	-28.50%	-10.26%	-4.56%	-19.05%	-9.83%	19.53%	5.21%	-2.89%	8.61%	-1.15	-0.54	0.72	Apr-02
PFM Diversified Fund, L.P.	-0.30%	-9.84%	-1.59%	0.50%	0.81%	-11.50%	4.96%	4.66%	8.10%	2.84%	22.17%	5.59%	-3.35%	8.59%	0.50	0.53	0.79	Nov-04
Samlyn Onshore Fund, L.P.	2.21%	-4.60%	-1.30%	2.23%	1.30%	-11.44%	4.08%	4.71%	-1.29%	9.24%	18.93%	10.49%	-5.05%	7.64%	0.55	0.59	0.97	Mar-07
Viking Global Equities, LP	3.26%	-5.64%	-2.50%	5.70%	0.20%	-3.31%	9.85%	10.13%	8.27%	13.47%	22.65%	12.75%	7.71%	7.64%	1.04	1.26	1.43	Oct-99
Real Return																		
Brevan Howard LP	-0.31%	-1.22%	0.85%	-0.29%	-0.86%	-4.70%	-1.70%	2.32%	-1.98%	-0.78%	2.68%	3.91%	12.21%	5.97%	-0.37	0.35	0.94	Sep-05
Brigade Leveraged Capital Structures Fund LP	8.46%	13.11%	0.98%	2.55%	4.74%	-3.01%	1.93%	2.64%	-10.73%	0.61%	6.13%	6.91%	2.55%	5.48%	0.27	0.44	0.61	Jan-07
Capula Global Relative Value Fund Ltd.	1.29%	3.05%	0.43%	0.15%	0.71%	6.31%	7.73%	6.23%	7.54%	8.14%	7.60%	0.41%	6.19%	2.03%	4.76	2.81	1.86	Oct-05
Claren Road Credit Fund, Ltd.	0.43%	1.96%	-0.62%	0.89%	0.17%	-1.39%	-5.83%	-1.70%	-7.96%	-10.10%	5.43%	1.49%	6.88%	6.27%	-0.86	-0.30	0.68	Jan-06
DE Shaw Composite Fund LLC	0.19%	2.81%	-0.70%	-0.30%	1.20%	9.10%	11.91%	11.67%	14.62%	15.57%	11.51%	13.94%	3.69%	4.27%	2.53	2.53	1.57	Mar-01
Graham Absolute Return Trading Ltd.	-0.27%	0.55%	0.60%	-0.05%	-0.82%	-0.08%	5.47%	6.64%	1.50%	10.42%	10.50%	9.29%	4.64%	7.74%	0.65	0.82	1.02	Jan-05
OZ Domestic Partners II, L.P.	1.20%	-2.26%	-0.92%	1.61%	0.52%	-6.52%	3.15%	4.84%	-0.44%	5.45%	14.20%	12.01%	0.17%	4.72%	0.55	0.95	0.99	Jan-04
Winton Futures Fund Limited	0.10%	-0.09%	3.95%	-1.73%	-2.01%	2.83%	6.34%	5.19%	0.95%	13.88%	9.43%	-3.56%	6.29%	8.94%	0.64	0.57	0.70	Oct-97
Benchmark																		
HFRI Fund of Funds Composite Index	0.75%	-2.40%	-0.29%	0.55%	0.49%	-5.23%	1.98%	1.67%	-0.27%	3.37%	8.96%	4.79%	-5.72%	3.95%				Jan-90
HFRI Fund Weighted Composite Index	2.25%	1.63%	0.83%	0.39%	1.01%	-1.97%	3.05%	2.46%	-1.12%	2.98%	9.13%	6.36%	-5.25%	4.89%				Jan-90
Market Indices																		
3 Month Libor - BOM	0.16%	0.32%	0.05%	0.06%	0.05%	0.51%	0.34%	0.36%	0.33%	0.23%	0.27%	0.42%	0.35%	0.04%				Jan-87
Barclays Aggregate Bond Index	2.22%	5.32%	1.80%	0.03%	0.38%	6.04%	4.07%	3.77%	0.57%	5.94%	-2.02%	4.23%	7.86%	2.77%				Jan-76
Barclays High Yield Credit Bond Index	5.53%	9.06%	0.92%	0.62%	3.92%	1.63%	4.19%	5.85%	-4.46%	2.46%	7.46%	15.81%	4.98%	6.65%				Jul-83
S&P 500 (TR)	2.46%	3.84%	0.26%	1.80%	0.39%	3.99%	11.66%	12.10%	1.38%	13.69%	32.39%	16.00%	2.11%	12.10%				Jun-88
MSCI EAFE - Net - USD	-1.46%	-4.42%	-3.36%	-0.91%	2.90%	-10.16%	2.06%	1.68%	-0.81%	-4.90%	22.78%	17.31%	-12.13%	15.37%				Dec-69
MSCI EMF (EMERGING MARKETS FREE) - Net - USD	0.66%	6.41%	4.00%	-3.73%	0.54%	-12.06%	-1.56%	-3.78%	-14.92%	-2.19%	-2.60%	18.23%	-18.42%	18.84%				Dec-87

Note: The above is manager composite history.

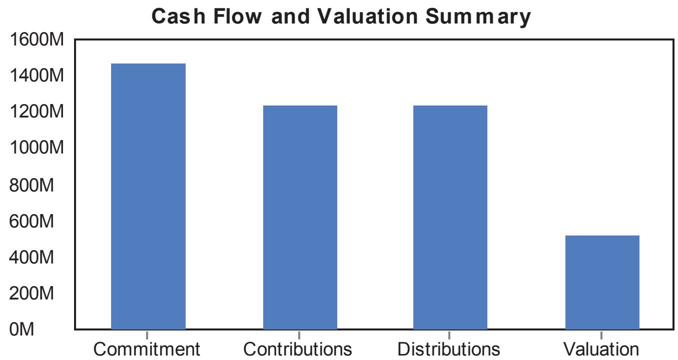
Portfolio Summary

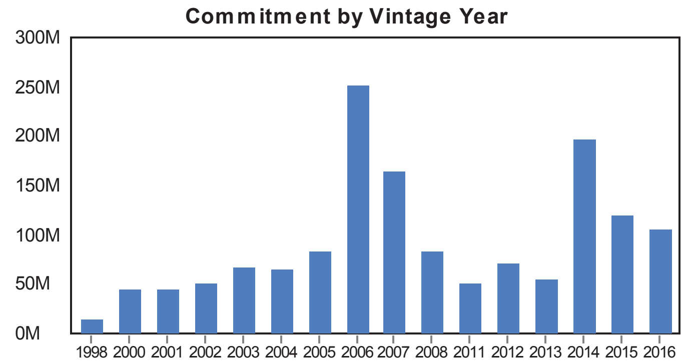
6/30/2016

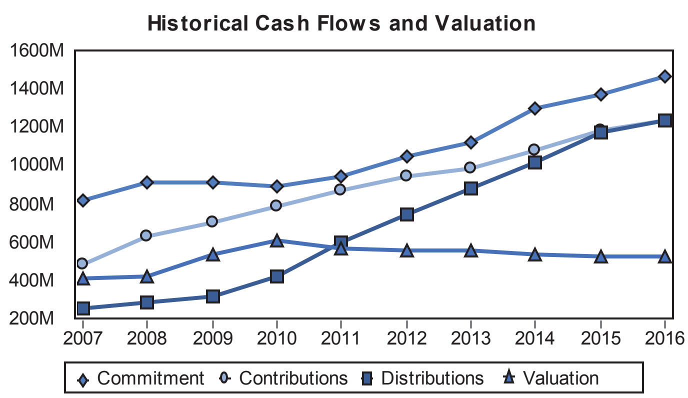
All Investments

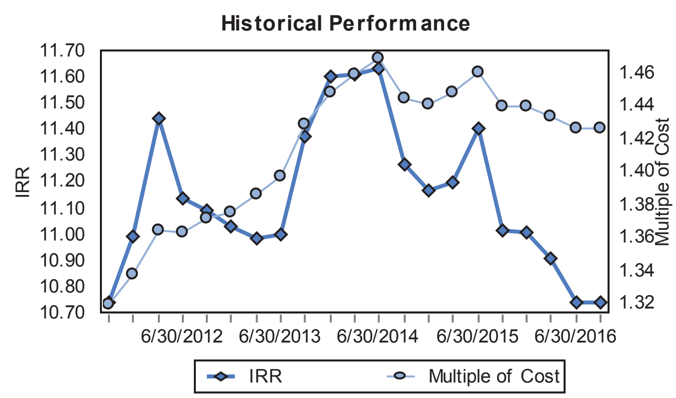
Performance Summary

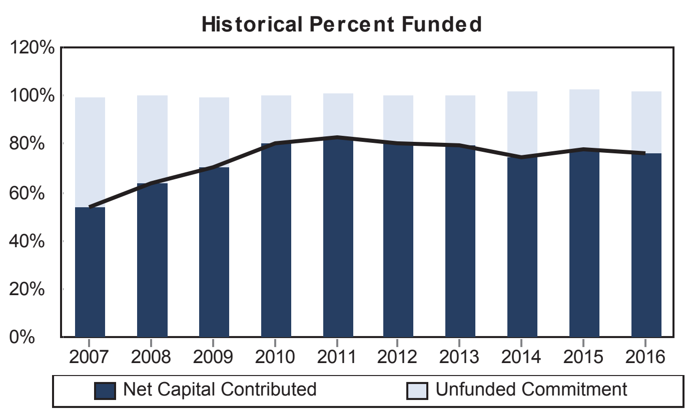
Asset Class	Investment Type	Number of Investments	Commitment	Contributions	Distributions	Adjusted Valuation	Multiple of Cost	IRR	TWR
Private Equity Funds									
	Agriculture	1	30,000,000	6,633,397	0	5,278,638	0.80	-23.69	-89.08
	Buyout	39	756,495,687	671,350,389	771,527,533	274,149,694	1.56	13.48	7.63
	Direct Lending	3	75,000,000	37,192,543	16,517,623	25,033,835	1.12	7.58	7.40
	Distressed Debt	9	183,000,000	154,219,434	131,329,674	70,949,722	1.31	9.58	8.09
	Energy	6	113,000,000	94,374,479	84,527,942	20,673,036	1.11	5.72	6.16
	Secondary	4	60,000,000	54,909,565	58,220,952	10,071,330	1.24	6.39	4.99
	Venture Capital	19	246,250,000	212,932,867	170,527,659	117,413,328	1.35	6.17	-0.78
Total: Private Equity Funds		81	1,463,745,687	1,231,612,673	1,232,651,383	523,569,583	1.43	10.74	5.60
Total:		**81**	**1,463,745,687**	**1,231,612,673**	**1,232,651,383**	**523,569,583**	**1.43**	**10.74**	**5.60**

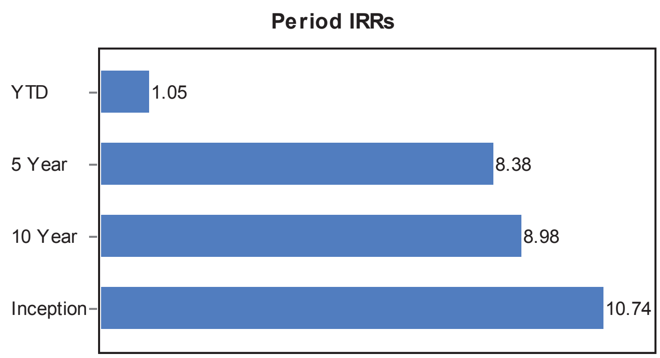












MINUTES FROM FY2016
STATE INVESTMENT COMMISSION MEETINGS

State Investment Commission
Monthly Meeting Minutes
Tuesday, July 21, 2015
9:00 a.m.
URI Alton Jones Campus

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:17 a.m., Tuesday, July 21, 2015 at the URI Alton Jones Campus.

I. Roll Call of Members

The following members were present: Ms. Faith LaSalle, Mr. Thomas Mullaney, Ms. Paula McNamara, Mr. Frank J. Karpinski, Ms. Marcia Reback, Ms. Marie Langlois, and Treasurer Seth Magaziner.
Also in attendance: Mr. John Burns, Mr. David Glickman, and Mr. Allan Emkin from Pension Consulting Alliance, general consultant; Mr. Greg Balewicz, Ms. Xiaole Sun and Mr. Scott Conlon of State Street Global Advisors, index manager; Mr. Thomas Lynch and Mr. Steve Nesbitt of Cliffwater, alternative investment consultant; Chris Crosby of Nautic Partners; Ms. Sally Dowling and Susan Leach DiBlasio of Adler Pollock Sheehan, outside counsel; Ed Devlin, Chloe Kelly and David Blair of PIMCO; Mr. Jay Shruzziery, Mr. Russ Devlin, and Ms. Maureen Joyce of AEW; Ms. Anne-Marie Fink, chief investment officer, and members of the Treasurer's staff;
Mr. Thomas Fay and Mr. J. Michael Costello were absent.
Treasurer Magaziner called the meeting to order at 9:17 a.m.

II. Approval of Minutes

On a motion by Mr. Mullaney and seconded by Ms. Langlois, it was unanimously
VOTED: To approve the draft of the minutes of the June 24, 2015 meeting of the State Investment Commission.

III. Asset Allocation Review

John Burns from Pension Consulting Alliance gave a summary of the plan's investment philosophy and asset allocation. He noted the plan is mature and around 60% funded. The portfolio's targeted return rate is 7.5%, average for funds similar to Rhode Island's. He described the actual allocation of the portfolio and its sources of risk. The target for global long-only equities is to be 38% of the fund; at this level equities will represent 62% of portfolio risk. He said that the rest of the portfolio is constructed to offset this risk through diversification. He commented that one of the challenges the plan faces is reaching the expected return of 7.5% in the current investment environment. He described two portfolio changes since 2007 to reduce risk: first, core fixed income was repositioned to focus on stability and liquidity; second, the role of real estate was redesigned to become more income-oriented with more core assets. He concluded by noting that risk management is always a challenge and that the fund has to balance risk management with meeting expected returns.

The committee asked questions and discussed.

IV. Private Equity Overview and Briefing

Mr. Tom Lynch from Cliffwater delivered a summary of investments in private equity. He gave an overviewof the portfolio's strategy and performance, noting that the fund has received returns greater than its investment. The private equity portfolio is well diversified by strategy and has outperformed public indices by a large margin.

Then, Mr. Chris Crosby of Nautic Partners made a presentation describing through the specific example of Nautic Partners what private equity funds do and how they generate returns. He gave an overview of his fund, as well as a case study of a specific investment. He described the ways that his fund looks for returns in their investments: improving operating margins, paying down debt, and deploying free cash flow. The committee asked questions and discussed.

V. Private Equity Fund Recommendation

Mr. Lynch of Cliffwater gave a brief introduction on Capital Spring Investment Partners, a niche private debt strategy. He explained the portfolio is looking for more growth in this fund and would have a higher liquidity than traditional private equity.

Mr. Richard Fitzgerald, Managing Partner and Co-Founder, and Ms. Kristin Reilley, Vice President of Investor Relations, from Capital Spring Investment Partners then presented Capital Spring Fund VI. Mr. Fitzgerald began by explaining their strategy invests in branded franchise restaurants. They focus on quick service and fast casual restaurants, which are not as vulnerable to recessions. He said that Capital Springs was the only option for borrowers in the restaurant industry who cannot access bank loans. He mentioned the competitive advantages Capital Spring has in this space: a team with deep industry experience and relationships with the brand franchisors that support the businesses they lend to. He described the terms of the $500 million fund: management fees of 1.5% on called capital and 20% performance fee to the general partner after the limited partners have earned a 7% return with a catchup provision for the general partner’s share.

Mr. Lynch mentioned that Capital Springs has a unique strategy and unique skills that gives it a competitive advantage. He also stated that their biggest risk is a copy-cat entering the market. He recommended a $30 million commitment.

On a motion by Ms. Langlois, and seconded by Ms. McNamara, it was unanimously
VOTED: To invest $30 Million in Capital Spring subject to negotiating fund terms.

VI. Real Estate Overview and Briefing

Mr. David Glickman of Pension Consulting Alliance gave an overview of the pension fund’s real estate allocation. To provide diversification from public equities, most of the assets are invested in core real estate. The purpose of these investments is to diversify, preserve capital, and provide reliable current income. He said that PCA is continuing to review when publicly traded real estate (REITs) might be appropriate for the portfolio. He described how in the past year the portfolio has added more non-core funds. Real estate continues to be sought-after investments so there are no bargains. Despite this, PCA believes that if thoughtful, long-term-focused investment managers can be found, real estate investments will deliver the expected rate of return.

Next Mr. Jay Shruzziery, Mr. Russ Devlin, and Ms. Maureen Joyce of AEW described how core real estate managers generate returns by speaking specifically about AEW and their strategy. The firm follows a bicoastal strategy, focusing on the coastal cities with higher barriers to entry. Mr. Devlin spoke about the research team at AEW. He said that they utilize their research to provide their property investors an understanding of the risks involved in each investment. Mr. Devlin stated that it is important to remember that real estate is not a bond and cash flows grow with the economy. Thus real estate is able to offset any effects from rising interest rates. He mentioned that 2015 returns have been good so far and they expect this year's returns to be good too. Ms. Joyce gave a short case study of a property and how AEW is generating returns through its management.

VII. Real Estate and Infrastructure IPS Adoption

Treasurer Magaziner asked if there was any discussion or feedback on the Real Estate Policy Statement. Ms. Fink framed the conversation by articulating the goal of developing a comprehensive Investment Policy.

On a motion by Ms. McNamara and seconded by Ms. Langlois, it was unanimously
VOTED: To adopt real estate, private and public infrastructure policy statements.

VIII. Actuarial and Plan Overview

Ms. Fink introduced Frank Karpinski, the Executive Director of the Employee Retirement System of Rhode Island. Mr. Karpinski gave a summary of what the Employee Retirement System and Retirement Board do. Specifically as impacts the SIC, the Retirement Board conducts the actuarial audits and certifies the annual contribution rates. Ms. Fink pointed out that the 7.5% target return is set by the Retirement Board with input from the actuary. Following Ms. Reback's question, Mr. Karpinkski clarified that there is an expected 5.5% rate of return plus 2% for inflation. Mr. Karpinski talked about the mediation changes and its effects.

IX. Macro Overview and Strategic Speaker

Ms. Fink introduced the team from PIMCO including Mr. Ed Devlin, Portfolio Manager, Mr. David Blair, Senior Vice President, and Ms. Chloe Kelly, Account Manager. Ms. Kelly gave a summary of PIMCO's relationship with the State of Rhode Island. Mr. Devlin presented PIMCO's views of the economy over the next 3-5 years. He argued that in the past few years financial performance has outpaced the economy because of accommodative monetary policy. Currently PIMCO is focused on when the Fed was going to stop hiking rates instead of the question most others are asking, which is when is the Fed going to start hiking rates. Their team is looking to understand what the neutral interest rate will be. He said that sector asset allocation decisions can add a lot of value because of the volatility in monetary and fiscal policy. He recommended diversifying portfolios across asset classes and across equity risk factors. The committee asked questions and discussed.

X. Hedge Fund Overview and Briefing

Ms. Fink introduced Cliffwater and one of the hedge fund managers present. Mr. Nesbitt gave a summary of the portfolio's equity hedge fund investments, saying 60% is in equity long-short strategies and 40% is in event-driven strategies. The beta of this allocation is 0.24. He described the risk taken in equity hedge funds as manager risk, counting on the manager's ability to harvest relative value between different individual stocks. Manager risk is uncorrelated to equity market risk.

Next Mr. Christian Leone, founder and chief of Luxor Capital Partners, presented an example of how hedge funds generate returns. He started with a background of his firm, its history and an overview of their strategy in making investments. Mr. Leone differentiated his hedge fund from mutual funds by pointing out the freedom to pursue a broad range of opportunities his fund has, as well as its low correlation to the returns of the market. He described an example where the fund can isolate value by owning a stock and shorting one of its divisions that is also publicly traded. He also walked through an event-driven long position, explaining how the firm found the investment idea and the extensive work and resources they put into researching it. He concluded by saying Luxor's biggest source of value creation has been identifying when to go in and out of different markets, for example distressed assets. The committee asked questions and discussed.

XI. Fiduciary Training

Ms. Susan Leach DiBlasio of Adler Pollock went through a presentation on the fiduciary responsibilities of the SIC. She described the prudent investor standard and duties of fiduciaries, including the duty of loyalty, of disclosure, to obtain professional advisors and to diversify. She reviewed laws that govern investments.

XII. Factor Tilts Recommendation

Treasurer Magaziner introduced State Street Global Advisors. Representing SSgA were Mr. Greg Balewicz, Relationship Manager, and Mr. Scott Conlon, Product Specialist and Ms. Xiaole Sun, Researcher within the Advanced Beta Strategies division. Mr. Conlon went over State Street's philosophy on advanced beta and the progress of their research on factor tilts conducted for Rhode Island. He said that they focused on factors that are well-known, intuitive and have empirical support, specifically valuation, momentum and quality. He presented the results of the multi-factor portfolio they designed specifically for Rhode Island. He described the method by which tilts were calculated and the characteristics of the resulting portfolio.

Ms. Fink said that the timing and diversification benefits of this investment would be good. She recommended this should be done in an incremental fashion. The committee asked questions, discussing the level and timing of this investment.

On a motion by Ms. Reback, seconded by Ms. McNamara, it was unanimously
VOTED: To reallocate $250 million per quarter over the next 12 months from the market-cap weighted indexes into the SSgA Equity Factor Tilt Portfolio.

XIII. August Meeting

On a motion by Ms. Reback, seconded by Ms. McNamara, it was unanimously
VOTED: For the SIC to cancel the August meeting.

XIV. Legal Counsel Report

Sally Dowling stated that she had nothing to report.

XV. Chief Investment Officer Report

Ms. Fink reviewed the performance of the portfolio and market environment for the month of June. June was a tough month: equity markets fell 2.4% and bonds fell 1.1%. The fund was down 1.45%, better than both the basic 60-40 allocation and the bottom-up benchmark. The outperformers in the month were alternatives: real estate returns were positive while equity hedge funds and private equity were barely negative. Publicly traded infrastructure, MLPs, were the biggest detractor, though they did outperform their benchmark.

For the fiscal year, portfolio returns were 2.2%. In the past year, alternative investments have been stars of the fund. Risk remains well below the 60-40 on both a 3 and 5-year basis. She said that portfolio's asset allocation is working and that, over time, it will continue to improve.

XVI. Treasurer's General Comments

Treasurer Magaziner noted that the fund's performance beat the global equities index and the Barclays fixed-income index showing the benefits of being diversified. He further noted that there are a few new projects the team is focusing on: 1) the College Bound 529 Program Manager proposals and 2) issuing an RFP for benchmarking current investment staff structure. Treasurer Magaziner thanked everyone for their time and efforts.

There being no other business to come before the Board, on a motion by Ms. Reback and seconded by Ms. McNamara the meeting adjourned at 4:30 pm.

Respectfully submitted,

Seth Magaziner,
General Treasurer

State Investment Commission

Monthly Meeting Minutes
Tuesday, September 22nd, 2015
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:00 a.m., Wednesday, September 22, 2015 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Mr. Thomas Fay, Ms. Faith LaSalle, Ms. Paula McNamara, Mr. Thomas Mullaney, Ms. Marcia Reback, Mr. Robert Benson, and Treasurer Seth Magaziner.
Also in attendance: Ms. Judy Chambers, Mr. John Burns, and Mr. Allan Emkin of Pension Consulting Alliance (PCA), general consultant; Mr. Mike Dorrell and Mr. Dan Schmitz of Stonepeak Infrastructure Fund, independent investment fund; Mr. Thomas Lynch and Mr. Steven Nesbitt of Cliffwater, alternative investment consultant; Mr. David Iden and Mr. Larry Brown from TIAA-CREF, defined contribution plan administrator; Ms. Susan Leach DeBlasio from Adler Pollock & Sheehan PC, legal counsel; Ms. Anne-Marie Fink, chief investment officer, and members of the Treasurer's staff.

Mr. Frank Karpinski arrived at 9:04 am. Ms. Marie Langlois was absent.
Treasurer Magaziner called the meeting to order at 9:00 a.m.

II. Approval of Minutes

On a motion by Ms. Reback and seconded by Ms. LaSalle, it was unanimously
VOTED: to approve the draft of the minutes of the July 21, 2015 meeting of the State Investment Commission.

III. Infrastructure Review & Stone Peak Recommendation

Ms. Judy Chambers gave a brief introduction to Stonepeak Infrastructure Fund II. She described the fund as a middle-market-focused, North American, core-plus/value-added fund.
Mr. Mike Dorrell detailed the fund's investment activities in infrastructure in the middle market in the United States and Canada. He elaborated that they invest in infrastructure, including solar facilities, energy pipeline assets, communications infrastructure assets, midstream energy, gas fired power generation, transport assets such as railroads, and telecommunications infrastructure such as cellphone towers. Additionally, they seek to provide a current cash coupon with growth potential and target around a 15% return.
Mr. Dorrell stated Stonepeak's focus is to secure better pricing due to the lack of competition for middle-market transactions between $50 million and $300 million; he stated that most infrastructure funds look at larger transactions. He attributed the fund's strong operational enhancement capability to the great track records of the fund's investment team.
A question was asked about the compensation structure of the fund's operating partners. Mr. Dorrell responded that there are four components of operating partner compensation: an annual, binding retainer; hourly fees during a transaction; a share of the options package for transactions in their area, and the opportunity to invest in portfolio companies on which they work.

A question was asked regarding what Mr. Dorrell perceived were the inherent risks facing the fund. Mr. Dorrell said that construction risk is their biggest concern from a risk management standpoint.
He added that the fund has consistently achieved returns above its target, but expects those returns will start to come down as the portfolio matures. Their strategy is still to create proprietary opportunities by helping high-quality developers shepherd their projects to the construction phase; Stonepeak does not take any financial risk until a project is at a stage where it can be built.
A question was asked regarding the relative equity stakes for developers. Mr. Dorrell said that developers' equity stakes depend on the specific project and the equity stake the fund takes.
Their main objective is still to be a lower risk investor and protect capital from potential downside risk. Mr. Dorrell said that all but one of their assets have long-term, take-or-pay contracts for all cash flows. The fund also has a relatively lower level of debt than other infrastructure funds and has locked in interest rates on their debt. When a project is under construction, the construction risk resides with the developer.
Mr. Dorrell explained the process for the firm's current holding in a desalination plant in Carlsbad, California as an example of how the fund invests.
Next Mr. Dorrell elaborated on the fund terms, stating they are generally more investor-friendly than their peer group's term. Stone Peak extended the low fees offered in its Fund I to this Fund II. The general partner will assess a 1.5% management fee and 20% carry, with a first close discount that reduces the carry to 15%. ERSRI can make the first close and achieve the more preferential terms. Stonepeak has a target fund size of $2.5 billion, which Mr. Dorrell expects they will exceed on the first close.
Mr. Dorrell said the fund has had success with Fund I due to the prudence and experience of their investment team and the plan with Fund II is to continue to invest in off-the-run, smaller transactions where there is less competition, creating a lower-risk portfolio that can achieve returns in the 15% range with a solid cash flow yield.
The board asked questions.
Mr. Dorrell and Mr. Schmitz left the room.
Ms. Judy Chambers gave an overview of the fund. She highlighted the strong returns thus far in its Fund I, though noted that only 3 of 8 acquisitions have been exited at this point.
Ms. Chambers also described some potential concerns with the fund. Stonepeak is doubling its fund size from Fund I to Fund II. They also have had staff turnover at the Vice President level and have pay off obligations to TIAA-CREF related to the initial seed money they invested in the fund.
The board asked questions.
Members of the commission stated comfort with the balance of risks and return potential, stating the fund was positioned well in the industry and the principals were still hungry despite past success. Ms. Chambers recommended an investment of $50,000,000 in the fund.

On a motion by Mr. Benson and seconded byMr. Fay, it was unanimously
VOTED: to invest $50 million in Stonepeak Infrastructure's Fund II

IV. Markets & Portfolio Update

Mr. Burns discussed general market trends and ERSRI's portfolio performance in August. He attributed the spike in global market volatility to uncertainty regarding current events in China, most specifically the Chinese equity market dip in August that wiped out $5 trillion in value. He brought up the accompanying increase in the VIX, which measures volatility in the S&P500, from 13 to 40 and the effect it had on investor confidence.
He described the continued slide in commodities and the slump in those countries whose economies are tied to commodities such as Canada. He also said that the widening of credit spreads showed investors were repricing risk. He explained the backdrop behind these trends were uncertainties regarding continued

sluggish European growth, the potential that the Federal Reserve will raise U.S. interest rates, and the effects of the Greek and Puerto Rican debt crises.

Mr. Burns emphasized that the last few years have been a period of very low volatility with the ERSRI portfolio's volatility only at 4.8%. However, concerns of another 2008-like event precipitated a quick, dramatic repricing of risk in August. Separately, he noted that the Federal Reserve is less effective with interest rates at zero.

Despite the fears, Mr. Burns believes that the current landscape is less like the debt-related crisis of 2008 and more like a typical growth-fear correction. Considering historical context, a 10% decline in the U.S. equities market is not that unusual and the U.S. economy appears to be in good shape.

Regarding ERSRI's portfolio, equities markets have been weakening for a while with global equity off 8.3% in the last three months. Equity is the portfolio's biggest allocation and has been very volatile. The portfolio's public assets have all seen declines while the private assets have been relatively unaffected since they are priced on a lag.

Equity hedge funds fell but the decline was less than equities and in line with expectations. For the past three months, the equity hedge funds have helped reduce the volatility of the portfolio and have only dropped 1.5% compared to an 8.0% drop in the broader equity markets.

Overall the ERSRI portfolio is more diversified than in 2008 and the strategic allocation will help the portfolio navigate troubled markets. Specifically, core fixed income portfolio is designed for downside protection and is high quality with about 75% of the allocation in government issues. The real estate portfolio is also far more income-producing than in 2008.

The board asked questions about performance and positioning relative to other funds. Mr. Emkin noted the differences in ERSRI's characteristic, which results in more diversification and less risk tolerance than other funds. Treasurer Magaziner added that ERSRI is different from other pension funds with regard to having more of a global allocation, and cautioned against trying to time which countries will see growth.

Mr. Emkin provided analysis showing that various benchmarks, such as U.S. equity, private equity, and interest rate risk, are near historic highs. He cautioned to have modest return expectations in the future.

V. Briefing: Review of State CAFRs

Mr. Nesbitt presented findings from his annual review comparing the financial performance and asset allocations of state pension plans. Due to lags in reporting, the review covered returns through the end of June 30, 2014.

The findings of the report showed that, in a distribution of total fund performance over a 10 year period through June 30th, 2014, ERSRI's performance of 7.0% was near the median for state pensions. The average return over the period for state pensions was 7.3%, fairly close to the actuarial targeted return.

Treasurer Magaziner pointed out limitations in drawing conclusions from these numbers because some state pensions report returns net of fees while others reported returns gross of fees. Mr. Nesbitt said his numbers do not correct for these differences in reporting.

Mr. Nesbitt noted the large dispersion among state pensions' returns, which suggests that state pension managers can have a meaningful impact on pension fund financial performance.

The report also highlighted trends in asset allocation, showing that the major impact of the 2008 crisis was a reduction in both U.S. and foreign equities and an increased allocation to alternative investments. Since 2011, there has been a continued, slow increase in alternative allocations coupled with a slow decrease in equity and fixed-income allocations.

In terms of composition of the alternatives for pension funds, private equity is the most popular asset class. He went on to review the returns for the 10 year period by asset class. The lowest preforming asset class was US bonds. With limited data, Mr. Nesbitt said those funds that have redeemed from hedge funds generally had poor performance.

In conclusion, he stressed the importance of sophisticated management of the portfolio and encouraged the commission to follow the current asset allocation strategy, which combines low fees in traditional asset class with a strong commitment to alternative asset classes to improve risk-adjusted returns.
The board asked questions.

VI. Private Equity Quarterly Review

Mr. Lynch gave a review of the private equity portfolio. Long-term performance has been good and the more recent performance has been mediocre due to a lack of commitments to private equity in 2009 and 2010, two particularly strong vintage years. While exposure to the older part of the portfolio has been doing well, it will not drive performance over the next couple years.
The long-term returns has been 13.7% with a value of 1.5 times.
He reviewed private equity cash flow for the first half of the calendar year. It continues to be a robust year for distributions, but a slower period for investing, which indicates that asset valuations are high.
He reviewed ERSRI's commitments and cash flows. Cash flows remain strong.
He reviewed some of the positive and negative drivers of performance, in particular noting that adding Asia manager has diversified the allocation. He noted that managers have continued to perform well. In terms of long-term performance, the private equity portfolio is exceeding public equities.
He added that the portfolio is well-diversified by exposure.

VII. Hedge Fund Fiscal Year-End Review & Claren Road Recommendation

Mr. Lynch reviewed the objectives and compositions of the equity hedge-fund portfolio and the real-return hedge-fund portfolio. Both portfolios are meeting their objectives.
He went on to show the performance of the hedge fund portfolios. Since inception, the equity hedge fund portfolio has produced a return of 7.63% with a risk level of 4.08%. The portfolio has also outperformed the benchmark by 2.44% since inception.
The real return portfolio produced a return 4.9% with a risk of 2.74%. The portfolio exceeded the benchmark by almost 5%.
Mr. Lynch talked about the alpha, beta and risk free rate of returns for each of the portfolios. The equity hedge fund portfolio does not have a lot of beta exposure but has gotten reasonable absolute returns from alpha and the same is true for the real-return portfolio.
The portfolios have been producing less risk relative to the index. Both have produced better returns but also less risk since inception.
Next, Mr. Lynch discussed a recommendation to redeem from Claren Road credit fund in the real return portfolio. As of August 31, ERSRI has $43,000,000 invested with them. The strategy for Claren Road was to be defensive in negative credit environments. He noted Cliffwater placed the fund on its watch list earlier this year. He added Cliffwater recently moved to recommend redeption, because Cliffwater lost confidence in the fund's overall risk control and were concerned by the fund's underperformance. Claren Road also has significant redemptions that Cliffwater believes will disrupt the fund's overall business. For these reasons Mr. Lynch recommended redemption.
The board asked questions and discussed.

On a motion by Ms. Reback and seconded by Mr. Costello, it was unanimously
VOTED: to redeem the investment in Claren Road credit fund.

VIII. Defined Contribution Plan Quarterly Review

Mr. Iden reviewed the demographics of the plan. The plan has $406 million in total assets, with the bulk in the Vanguard lifecycle funds. TIAA noted a recent uptick with online log-ins and online advise sessions. Mr. Iden went on to review the FICA alternative place. The plan has $574,000 in total assets.
Next Mr. Brown reviewed the plan's performance, which was generally in line with expectations given the concentration in index funds. He said the regulations governing money markets will change as of October 16, and Vanguard has announced that its fund will remain as a retail money market fund, so it is not impacted by gate provisions.
Mr. Brown reviewed the returns for each asset category. He said all returns fall in line with their relative benchmarks. For the amount of assets in the respective categories the plan has the lowest expense ratio. He said the Vanguard target-date funds will move to a lower fee at the end of the year

IX. Proxy Advisor RFP Recommendation

Ms. Fink said that with the move of the assets to the factor tilt portfolio, ERSRI will now been in a separately managed account. With this comes the obligation to vote proxies.
She asked the commission for a vote to issue an RFP for a proxy advisor. The advisor will organize and execute on the thousands of votes a year and will help to craft a policy.

On a motion by Ms. Reback and seconded by Ms. LaSalle, it was unanimously
VOTED: to issue an RFP for a proxy advisor.

X. Legal Counsel Report

There was no legal counsel report.

XI. Chief Investment Officer Report

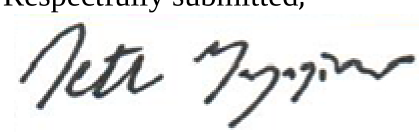
Ms. Fink gave an update on current outstanding RFPs. The review committee for the 529 plan administrator RFP has narrowed the respondents to a short list and is conducting site visits. They are striving for a recommendation at the October or November meeting. The focus will be on achieving the best outcome, rather than rushing the process.
The foreign compliance advisor RFP has gotten responses and she expected to bring a recommendation to the October meeting.
She said the transition to the factor tilt portfolio is proceeding on pace and she expected to have the first $250 million invested by October 1st.

XII. Treasurer's General Comments

Treasurer Magaziner thanked the board for their focus and service.

There being no other business to come before the Board, on a motion by Ms. Reback and seconded by Mr. Fay the meeting adjourned at 11:55 a.m.

Respectfully submitted,



Seth Magaziner,
General Treasurer

State Investment Commission
Monthly Meeting Minutes
Wednesday, October 28, 2015
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:08 a.m., Wednesday, October 28, 2015 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Mr. Thomas Fay, Ms. Marie Langlois, Ms. Faith LaSalle, Ms. Paula McNamara, Mr. Thomas Mullaney, Mr. Robert Benson, Mr. Frank Karpinski and Treasurer Seth Magaziner.

Also in attendance: Ms. Judy Chambers, Mr. John Burns and Mr. Allan Emkin of Pension Consulting Alliance (PCA), general consultant; Mr. David Iden and Mr. Larry Brown from TIAA-CREF, defined contribution plan administrator; Ms. Ellen Savary and Ms. Yvette Friberg of Fidelity Investments, 457 plan administrator; Mr. Greg Hyland and Mr. Greg Libutti of VALIC, 457 plan administrator; Mr. Greg Miller of VOYA Financial, 457 plan administrator; Ms. Frances Coombes and Mr. T.J. Settel of Western Asset Management, fixed income manager; Mr. Anthony Merhige and Mr. Eric Conklin of Harvest Fund Advisors, MLP manager; Mr. Sam Pierce and Mr. Ivo Kresta of IW Financial; Ms. Sally Dowling of Adler Pollock Sheehan; Ms. Anne-Marie Fink, chief investment officer, Amy Crane, deputy legal counsel, and other members of the Treasurer's staff.

Ms. Marcia Reback was absent.

Mr. Costello left at 11:11 a.m.

Treasurer Magaziner called the meeting to order at 9:08 a.m.

II. Approval of Minutes

On a motion by Mr. Costello and seconded by Mr. Mullaney, it was unanimously

VOTED: to approve the draft of the minutes of the September 22, 2015 meeting of the State Investment Commission.

III. TIAA-CREF Quarterly Performance Review

Mr. Iden reviewed the demographics of the defined contribution plan through September 30, 2015. The plan had $404 million in total assets. About 90% of the assets are invested in the Vanguard lifecycle funds. In terms of employee engagement, website log-ins are down though they see a rise in online advice sessions. He said they have been working closely with ERSRI administrators and have attended information sessions organized by ERSRI.

He went on to review the FICA Alternative plan and its demographics. The plan has $583,000 in total assets.

Mr. Brown reviewed the performance of the plans. He reviewed the returns for each offering. The best performer this year has been the real estate account. He said all returns fall in line with their relative benchmarks.

IV. Annual Deferred Compensation Plans Update

Ms. Friberg gave an update of the investments in the Fidelity 457 plan. She commented that in terms of investment line-up, RI is well ahead of the pack compared to other government plans. The plan is streamlined and has a well diversified line-up.
She reviewed the performance of the funds. Over a five-year time frame, 83% of the funds are in the top two quartiles relative to peers. Over the 5- and 3-year periods, participants have better returns than participants in government peer plans with similar risk.
Ms. Savary gave a brief overview of the plan. As of 9/30, the plan had a total of $107 million in assets and close to 1,500 participants. They have been working closely with the Treasurer’s office to offer on-on-one guidance meetings.
She went on to review the fees of the plan. The plan has 0.17% management fee currently. She proposed a fee reduction in a share class for which the plan is eligible due to growth, the Invesco diversified dividend fund. The plan is to give the excess revenue back to participants on a per-capita basis.

Mr. Hyland gave an overview of the VALIC plan statistics. The plan has $40,507,832 in its mutual fund line-up. The average expense ratio in the line-up is 0.39%. Over a five-year period, the fund ranks in the top 26th percentile.
He went on to explain how program administration fees are gathered and a different methodology called fee equalization. With fee equalization all participants pay their equal share of the fees, rather than proportional based on the funds a participant has selected. He said they suggest that the committee consider switching the fee structure to fee equalization.
Mr. Hyland noted funds that are underperforming and said VALIC would continue to monitor them.
Mr. Libutti reviewed participant engagement activity.

Mr. Miller gave an overview of the Voya plan and the demographics, including how the average participant account balances stack up against a Voya benchmark. He noted that there is a challenge in trying to grow participants under the age of 30. He went over what Voya is doing to reach out to that age group.
He reviewed the participant engagement sessions. He then reviewed the fund line-up. All funds grade very high on the Voya fund evaluation score card. He mentioned that there is one fund that is on a watch list, and they will continue to monitor it closely.

V. Credit Portfolio Review- Western Asset Management Co.

Ms. Coombes started with a brief overview of the firm. She then gave a breakdown of the portfolio and the strategy. She reviewed the strategy’s returns and risk over the past five years, as represented by the index. The strategy has produced strong results with significant less risk as other strategies.
Mr. Settel gave an overview of the current market environment. They are seeing a slowdown in the global economy. He added that the US is doing better; the trend is continuing with sales growth light and earnings growth okay. They recognize the challenges. He added that volatility is higher but corporate balance sheets still remain strong and that is good for this product.
He went on to review the performance of the portfolio. The portfolio underperformed particularly in the third quarter and that is what hurting longer-term performance. Their exposure to energy is a big part of the underperformance as commodities have not yet recovered.
He said that there is some volatility but they are seeing some good opportunities as well. There seems to be a good correlation between defaults and the compensation the portfolio is getting. They are mostly maintaining the course with their strategy. They believe the portfolio will recover from the underperformance in the future. They see prices in the energy space rebounding towards the end of 2016. They are actively repositioning the energy part of the portfolio and believe they are positioned well for the future.
The commission asked questions.

VI. Infrastructure Allocation Review

Ms. Chambers gave an update of the infrastructure market. She said infrastructure is still attractive and they are seeing more public pension plans in the U.S. setting up infrastructure allocations. She added that the marketplace is congested. They are seeing a better alignment of interest in terms of fees. There are more opportunities in the middle market and in value-add opportunities.

She reviewed the infrastructure portfolio. She noted that the portfolio is diverse. She went on to give an overview of the energy market and how it's affecting MLPs and the infrastructure market. The primary risk with MLPs is market beta.

Next, Mr. Merhige of Harvest reviewed the performance of the MLP portfolio. There has been extreme volatility to the downside. Harvest has been putting Rhode Island's capital to work as prices have been declining. On a net basis, they are pleased that they have been able to protect some capital relative to the index. Looking forward, the portfolio has a 7.7% yield, and Harvest has seen really strong institutional inflows into the MLP space.

Mr. Conklin gave an update on the performance of the portfolio. He commented that it is a long-term positive that the US is producing a lot of crude oil at low prices. That means volumes stays high, which supports growth for midstream assets.

Ms. Fink asked what are their return expectations for the asset class.

Mr. Conklin noted two parts to the return expectation: current yield and growth. They are still looking at 6% to 7% growth for the vast majority of MLPs. He expects that in the next year, either the MLPs will build capacity to accommodate that 6%-7% growth or they will increase distribution yields. He added that he does see yield plus growth giving mid-teens returns over the intermediate term.

The commission asked questions.

VII. Investment Policy Statement

Ms. Fink presented a draft of the public equity portion of the investment policy to the committee. She invited the members of the commission to share their feedback.

VIII. Foreign Investment Compliance Advisor Recommendation

Treasurer Magaziner said that the SIC has a statutory requirement to compile reports on investments in Iran, Sudan and Northern Ireland. An RFP was issued for an advisor to supply information on companies with investments in Iran, Sudan and Northern Ireland, as the contract with the previous provider expired.

Ms. Fink said they selected IW as the recommended candidate for the committee to vote on.

Mr. Pierce introduced the firm. He explained they are a leading provider of objective research on a broad range of global compliance and environmental-social-governance issues. They have extensive experience collecting relevant data, interpreting legislation and investment guidelines, and developing custom screens that will satisfy requirements.

He gave some examples of services they have previously provided to ERSRI. He then reviewed their proposal in response to the RFP. He reviewed the terms of the proposed agreement. The initial contract term they propose is for two years and includes options for renewal up to ten additional years. The proposed pricing is $25,000 annually.

The commission asked questions.

IW left the room.

The commission discussed.

On a motion by Ms. McNamara and seconded by Ms. Langlois, it was unanimously

VOTED: to hire IW Financial as the foreign compliance advisor

IX. Training on SIC Rules and Regulations

Ms. Amy Crane, deputy legal counsel, said that the law requires that members be trained within six months of appointment on statutory provisions. She reviewed the Open Meetings Act and how it applies to the State Investment Commission. She went on to review the policy on code of ethics and member responsibility in regards to that policy. She then reviewed the Access to Public Records Act and how it applies to members of the commission. She added that training is offered by the Attorney General's office if members are interested.

X. Legal Counsel Report

There was no legal counsel report.

XI. Chief Investment Officer Report

Ms. Fink reviewed the performance for the month of September. The fund was down 2.1% on the month which is 0.10% worse than the bottom-up benchmark and 0.15% worse than the 60/40 portfolio. The MLP exposure cost the fund 0.25% in the month. Calendar year-to-date, the portfolio is outperforming the 60/40 plan with less volatility. That risk mitigation is producing better returns over time.

In terms of portfolio positioning, she and staff continue to rebalance the portfolio to keep exposures within expected tolerances. She noted that there will be another $20,000,000 being called into the MLP allocation over the course of the next two months. Additionally, with some of the market moves, staff may look to add more to rebalance allocations. She said that the first tranche was transitioned into the factor-tilt portfolio with the next one happening in December.

She notified the commission that PCA sent a notification that PIMCO has been put on their watch list.

Ms. Fink updated the commission on RFP activity. The foreign investment compliance advisor RFP will move into the contractual phase. Site visits and reference calls have been completed for the 529 program RFP. She expects to have a recommendation for SIC by the November meeting. The proxy advisor RFP has been issued and submissions will be due in November. She hopes to have a recommendation at the January meeting. She said they are looking into issuing an RFP for benchmarking staffing relative to other state plans. She hopes to have a more specific proposal early next year.

XII. Treasurer's General Comments

Treasurer Magaziner thanked Ms. LaSalle and Ms. Fink for their work on the 529 program manager RFP. He noted that other public plans have followed suit with Rhode Island's transparency initiative and commended the efforts of the commission.

There being no other business to come before the Board, on a motion by Mr. Benson and seconded by Mr. Mullaney the meeting adjourned at 11:54 a.m.

Respectfully submitted,

Seth Magaziner,
General Treasurer

State Investment Commission
Monthly Meeting Minutes
Wednesday, November 18, 2015
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:03 a.m., Wednesday, November 18, 2015 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Mr. Thomas Fay, Ms. Marie Langlois, Ms. Faith LaSalle, Ms. Paula McNamara, Mr. Thomas Mullaney, Ms. Marcia Reback, Mr. Frank Karpinski and Treasurer Seth Magaziner.

Also in attendance: Ms. Tiffany Spudich and Mr. Joe Bill Wiley from Capital Cities, 529 Plan Consultant; Mr. Kevin Cox, Ms. Peg Creonte and Mr. Jeff Howkins of Ascensus College Savings; Mr. Martin Flanagan, Mr. Duy Nguyen and Mr. Brian Thorp of Invesco; Mr. John Burns, and Mr. Allan Emkin of Pension Consulting Alliance (PCA), general consultant; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Ms. Anne-Marie Fink and members of the Treasurer's office staff.

Mr. Robert Benson was absent.

Treasurer Magaziner called the meeting to order at 9:03 a.m.

II. Approval of Minutes

On a motion by Mr. Mullaney and seconded by Ms. LaSalle, it was unanimously

VOTED: to approve the draft of the minutes of the October 28, 2015 meeting of the State Investment Commission.

III. 529 Plan Program Manager Recommendation

Ms. Spudich discussed the RFP process and evaluation criteria. She said through AB's efforts early on, the plan had gained significant market share over the years. CollegeBound*fund* is the third largest advisor-sold program in the nation. She stated that Invesco and Ascensus are uniquely positioned to grow the plan.

She gave an overview of the considerations that led to the selection of the joint bid by Ascensus and Invesco. Invesco has robust distribution and strong investment resources. Capital Cities also cited Ascensus's ability to do community outreach in Rhode Island. Both firms have a lot of experience working with rating agencies, and they will be working with financial advisors to make the program easier to sell.

Then the Ascensus and Invesco team started their presentation. Mr. Hawkins gave an overview of the partnership and their guiding principles. He went on to review the Ascensus College Savings organization. They are very strong believers in risk management and compliance. They have substantial conversion expertise, having previously migrated numerous plans from other providers. He went on to review the terms of the partnership. He added that Ascensus would also bring jobs to Rhode Island as they plan to open an office in the state.

Mr. Hawkins introduced Mr. Flanagan, who gave a brief overview of Invesco as a firm. He noted that they are continually top-ranked among peers by rating agencies.

Then Mr. Nguyen reviewed Invesco's investment strategy and their investment team. He went on to describe the guiding principles for the design of the investment lineup.

Treasurer Magaziner noted the SIC would vote to approve the plan's investment lineup at a future date.

Next, Ms. Creonte reviewed a recommended change in the plan structure. Ascensus/Invesco recommend two different products, one for the state plan and another for the advisor-sold plan. Each product would have a

different investment lineup. For the state plan, they recommend a simpler line-up, whereas theysuggest a more sophisticated lineup for the advisor-sold plan. They believe this structure would tailor appropriate products to the two different investment groups. Then she talked about the marketing expertise that both firms would bring to the plan. She reviewed the strategy for in-state marketing and community outreach.
Mr. Thorp talked about marketing strategy for the advisor-sold plan. Invesco has extensive and deep relationships with advisors nationwide. They are excited about expanding the CollegeBound*fund* into that network. They are confident they will significantly grow the plan. He also reviewed the sales strategy team.
The board asked questions.
Ascensus and Invesco left the room.
Ms. Fink added that the best and final offer presented by Ascensus and Invesco was very attractive. They offered the highest state administration fee at 0.115%. They also offered compensation for any participant turnover in the first year, as well as a guarantee for account growth throughout the contract term. She noted that the plan's beneficiaries are relatively old and close to college age; that creates a challenge to maintain assets over the next few years. She also said that she feels comfortable with the transition experience that Ascensus has. Invesco also has great relationships with advisors.
The board asked questions and discussed.

On a motion by Ms. Reback and seconded by Ms. Langlois, it was unanimously
VOTED: to approve Invesco and Ascensus as the program managers for the 529 plan pending successful and final negotiation of the contract.

IV. Legal Counsel Report

There was no legal counsel report.

V. Chief Investment Officer Report

Ms. Fink reviewed the performance of the portfolio. The portfolio was up 3.65% for the month of October compared to 4.7% for the 60/40 basic allocation and 3.9% for the bottom-up benchmark. Given the portfolio's lower-risk approach, it's not surprising that the portfolio lagged a bit in October's strong risk-on market. The risk of the portfolio remains well below that of the 60/40 allocation while returns are higher. She went on to review performance by asset class.

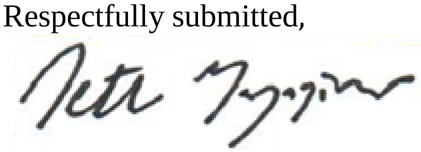
She gave an update of the projects that she and staff are working on. They have received submissions for the proxy advisor RFP and will form a sub-committee for that process.

Treasurer Magaziner added that the office will be hiring a 529 program director to oversee the transition of the CollegeBound*fund*.

VI. Treasurer's General Comments

Treasurer Magaziner thanked the commission for their work and commitment.
There being no other business to come before the Board, on a motion by Ms. Reback and seconded by Mr. Costello the meeting adjourned at 10:42 a.m.

Respectfully submitted,



Seth Magaziner,
General Treasurer

State Investment Commission

Monthly Meeting Minutes
Wednesday, December 16, 2015
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:07 a.m., Wednesday, December 16, 2015 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. Robert Benson, Mr. J. Michael Costello, Mr. Thomas Fay, Ms. Faith LaSalle, Ms. Paula McNamara, Mr. Thomas Mullaney, Ms. Marcia Reback and Treasurer Seth Magaziner.

Also in attendance: Mr. Thomas Lynch of Cliffwater, alternative investment consultant; Mr. Bernie Buonanno and Mr. Chris Crosby of Nautic Partners; Mr. John Burns, and Mr. Allan Emkin of Pension Consulting Alliance (PCA), general consultant; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Ms. Anne-Marie Fink, Chief Investment Officer and members of the Treasurer's office staff.

Mr. Frank Karpinski and Ms. Marie Langlois were absent.

Treasurer Magaziner called the meeting to order at 9:07 a.m.

II. Approval of Minutes

On a motion by Ms. Reback and seconded by Mr. Mullaney, it was unanimously

VOTED: to approve the draft of the minutes of the November 18, 2015 meeting of the State Investment Commission.

III. Nautic Partners Recommendation

Mr. Buonanno gave a brief background of the firm. For seventeen years they have generated net IRR of 17.6%. He went on to review the investment team and their fundamental approach. He also reviewed the returns of the previous funds.

He talked about the current fund and said they have an exciting deal already in the pipeline for the new fund.

Mr. Crosby gave an overview of their investment strategy in the healthcare industry, one of Nautic's main areas of focus. He described their internal knowledge in the healthcare sector and the team they have built to mitigate risk. They have had success in recruiting executives to their companies. He gave an example of an investment in which they did an add-on acquisition, grew the company and improved the value. They were able to exit at four times their initial investment.

Mr. Benson asked if they made any changes to their healthcare investing after the federal healthcare reform passed.

Mr. Crosby said they were concerned about the impact and made no healthcare investments in 2008 and 2009. They have been very active since 2010. He added that they are not likely to invest in hospitals.

Mr. Buonanno reviewed their investment strategy in their other areas of focus, industrial products and outsource service industries. Neither of these industries is regulated as healthcare is. Nautic has been investing in these industries for over 20 years and have relationships and relevant experience in them. Nautic sees these sectors as big components of the economy where they can create opportunities. They look for companies and sub-sectors with secular growth in excess of GDP that can perform independent of market cycles. He gave an example of an investment in the aerospace industry.

He went on talk about Nautic's management and operating strategies. He gave a brief overview of the terms of the fund.

The committee asked questions and Nautic Partners left the room.
Mr. Lynch said this investment would help maintain the 7% target allocation to the private equity portfolio.
Cliffwater recommends a $20 million commitment.
The committee asked questions.
On a motion by Mr. Fay and seconded by Mr. Mullaney, it was unanimously
VOTED: to approve a $20m investment in Nautic Partners Fund VIII.

IV. Investment Policy Statement

Ms. Fink reminded the committee of the continued effort to build the investment policy statement. She asked for a vote to adopt the Equity Policy statement that had been distributed at a previous meeting.
The committee discussed.
On a motion by Ms. McNamara and seconded by Ms. Reback, it was unanimously
VOTED: to approve the equity portion of the investment policy statement.

Ms. Fink also introduced the first draft of the Private Equity and Hedge Fund Policy Statement for the committee to review and vote on at a later date.
The board asked questions.

V. Legal Counsel Report

There was no legal counsel report.

VI. Chief Investment Officer Report

Ms. Fink reviewed the performance of the portfolio for November. The portfolio was down about 0.5% for the month. This compared to -0.6% for the 60/40 allocation and the bottom-up benchmark. Fiscal year to date the portfolio is down 1.7% compared to -1.6% for the bottom-up benchmark and -1.4% for the 60/40. On a calendar year basis, the portfolio is up 0.9% ahead of both the bottom up benchmark and the 60/40 plan. The portfolio's volatility is also less than both the benchmarks, she gave a brief overview of the market environment, and reviewed the performance of each asset class. She noted that the factor tilt portfolio outperformed the index for the month and two months in is off to a good start.

She reviewed some of the projects she and staff are working on. She noted that responses to the proxy advisor RFP are in and the goal is to have a recommendation for the February meeting. She gave an update on the implementation of the transition of the 529 plan.

VII. Treasurer's General Comments

Treasurer Magaziner thanked the committee for a great year..
There being no other business to come before the Board, on a motion by Ms. Reback and seconded by Ms. LaSalle the meeting adjourned at 10:33 a.m.

Respectfully submitted,

Seth Magaziner,
General Treasurer

State Investment Commission

Monthly Meeting Minutes
Wednesday, January 27, 2016
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:08 a.m., Wednesday, January 27, 2016 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Ms. Faith LaSalle, Ms. Paula McNamara, Mr. Mark Dingley as designee of the Dept. of Administration in the absence of Mr. Tom Mullaney, Ms. Marcia Reback and Treasurer Seth Magaziner. Mr. Frank Karpinski arrived at 9:10am.
Also in attendance: Mr. Thomas Lynch of Cliffwater, alternative investment consultant; Mr. John Burns, and Mr. Allan Emkin of Pension Consulting Alliance (PCA), general consultant; Ms. Susan DeBlasio of Adler Pollock & Sheehan P.C., legal counsel; Mr. David Iden and Mr. Matt DiCroce of TIAA-CREF; Mr. Roland Reynolds of Industry Ventures; Mr. Michael Green and Mr. Stephens Johnson of Tenex Capital Management; Ms. Tiffany Spudich of Capital Cities; Mr. David Malone and Mr. Chris Reimer of Ascensus College Savings; Mr. Duy Nyugen and Mr. Brian Thorpe of Invesco; Ms. Anne-Marie Fink, Chief Investment Officer and members of the Treasurer's office staff.
Mr. Thomas Fay, Mr. Tom Mullaney Mr. Robert Benson and Ms. Marie Langlois were absent.
Treasurer Magaziner called the meeting to order at 9:08 a.m.

II. Approval of Minutes

On a motion by Ms. Reback and seconded by Ms. LaSalle, it was unanimously
VOTED: to approve the draft of the minutes of the December 16, 2015 meeting of the State Investment Commission.

III. TIAA-CREF Quarterly Performance Review

Mr. Iden introduced himself and Mr. DiCroce, and provided an overview of the assets within the defined contribution plans. As of December 31, 2015 the plans had $447 million in assets. He also detailed TIAA-CREF's participant engagement efforts in the fourth quarter of 2015 and noted that TIAA-CREF has been coordinating with ERSRI to increase engagement opportunities with participants in the defined contribution plans.
Mr. DiCroce summarized the fourth-quarter investment performance for the Commission. He reviewed the returns for each offering in the plans. Treasurer Magaziner asked about the portfolio construction and performance of the Social Choice fund. Mr. DiCroce explained that the Social Choice fund is not strictly free of fossil-fuel companies; he stated that other fund underweights, particularly of some technology stocks, contributed to its underperformance relative to the broad Russell 3000 index. Mr. DeCroce also noted that the menu's best performer has been the real estate account. He said all returns fall in line with their relative benchmarks.
Beyond performance, Mr. DiCroce also highlighted a reduction in fees, falling from 11 basis points to 8 basis points, that asset manager Vanguard implemented as of January 1st.

IV. Industry Ventures Partnership Holdings Fund IV Recommendation

Mr. Thomas Lynch of Cliffwater introduced Mr. Roland Reynolds of Industry Ventures and reminded members that the Commission invested in Industry Ventures' prior fund, Partnership Holdings Fund III. Mr. Reynolds described his firm, investor base, and fund strategy. He explained that a majority of the firm's investors are pension funds. The firm seeks to build a diversified portfolio of primary and secondary stakes in early- and mid-stage venture capital funds, as well as co-investments alongside these venture funds. Fund IV's hybrid structure supports the firm's strategy of providing quicker returns to investors than other approaches to venture investing. Treasurer Magaziner asked about the firm's ability to deploy investor funds effectively. Mr. Reynolds explained that Industry Ventures has succeeded in effectively putting investor funds to work, and referenced an example from the last fund. Mr. Costello asked about the distribution activity from Partnership Holdings Fund II. Mr. Reynolds noted that Fund II is ahead of schedule and that the firm expects an acceleration in distrubtions to investors. Mr. Reynolds highlighted the success of Partnership Holdings Fund III.

Mr. Costello asked for details on the size of Fund IV in comparison to Fund III. Mr. Reynolds explained that Fund III was roughly $200 million, and the goal is for Fund IV to replicate the size and structure of that previous fund. Mr. Costello asked Mr. Lynch about the recommended size of investment. Mr. Lynch said that Cliffwater is recommending a $10 million investment in Fund IV. Additionally, a transfer of the $13 million overage fund commitment that was intended to invest alongside Fund III to a commitment to invest alongside Fund IV would bring ERSRI's total exposure to Fund IV investments to $23 million. Treasurer Magaziner asked Mr. Reynolds for his opinion on the current status of the venture capital industry. Mr. Reynolds said that he is confident that Industry Ventures is positioned well to succeed in the current market environment.

On a motion by Ms. Reback and seconded by Mr. Costello, it was unanimously

VOTED: to approve a $10 million commitment to Industry Ventures Partnership Holdings Fund IV and a modification of Industry Ventures Partnership Holdings Fund III-C to allow investments alongside Industry Ventures Partnership Holdings Fund IV – subject to successful negotiations with the fund.

V. Tenex Capital Management Fund II Recommendation

Mr. Lynch introduced Mr. Michael Green and Mr. Stephens Johnson of Tenex Capital Management. Mr. Lynch noted that Tenex seeks to generate value by investing in mature, underperforming companies. Mr. Green explained that the strategy of Tenex is to utilize operational leverage to increase company efficiency. Tenex focuses on middle-market industrial companies in the United States and Canada. Mr. Green said that Tenex seeks companies with inefficient operations and underutilized assets, with the goal of returning them to industry-average performance. He told the Commission that the three founding members of Tenex have been partners for over ten years and are all former engineers from General Electric. Mr. Green noted that this background in operational efficiency is beneficial to the firm's strategy. He described Tenex as a situational investor, pursuing the opportunities made available. Mr. Green highlighted the success of Tenex Capital Management Fund I.

Mr. Costello asked if Tenex was approached by companies looking to be bought, or if the firm sought out opportunites. Mr. Green explained that a majority of deals are marketed and that the pipeline of potential companies is robust. Mr. Lynch said that Cliffwater recommends an investment of up to $30 million. He noted that Tenex has a demonstrated track record of generating substantial value after acquiring portfolio companies. Mr. Costello asked if Tenex held a unique role in private equity and if there was strong competition. Mr. Lynch explained that the firm's strategy to transform companies' operations usng lean manufacturing techniques, combined with Tenex leadership's previous experience, is differentiated.

On a motion by Mr. Costello and seconded by Ms. Reback, it was unanimously

VOTED: to approve a commitment of up to $30,000,000, subject to legal review and availability, to Tenex Capital Management Fund II.

VI. Calendar Year-End Hedge Fund Portfolio Review

Mr. Lynch provided an overview of the equity and absolute-return hedge funds. He described the performance, net of fees, of these portfolios compared to benchmarks. Mr. Lynch noted that the equity hedge fund and absolute-return hedge fund portfolios outperformed their respective benchmarks, while also maintaining less risk. He explained that Luxor Capital has been placed on Cliffwater's watchlist following recent underperformance.

Ms. Reback asked about the cause of Luxor's watchlist status. Mr. Lynch explained that the fund's 2015 underperformance was due to poor securities selection and that Cliffwater would continue to review Luxor's performance. Treasurer Magaziner asked Mr. Lynch to comment on the role of hedge funds in the portfolio generally. Mr. Lynch explained that given market conditions in 2015, the hedge funds served their role in the portfolio successfully.

VII. CollegeBoundfund Investment Menu Recommendation

Ms. Fink provided an overview of the upcoming 529 plan investment line-up selection process. She introduced Mr. Brian Thorpe and Mr. Duy Nyugen of Invesco, and Ms. Tiffany Spudich of Capital Cities. Ms. Spudich explained that representatives from AllianceBernstein, Invesco, Ascensus and the Treasurer's Office have been in regular contact to design the proposed investment line-up. Due diligence efforts included contacting advisors to listen to their input and solicit feedback. Invesco and Ascensus revisited their proposed investment menu following their selection as program manager in November. Ms. Spudich explained that the new proposed menu reduces investment expenses across the board. The design process was collaborative and Capital Cities believes that the proposed investment menu will distinguish the Rhode Island plan from others nationally.

Mr. Thorpe noted that the proposed menu has reduced the number of age-based glidepaths from the current four tracks to one. He explained Morningstar's 529-plan rating system and how the current proposal successfully addresses all core Morningstar considerations. Mr. Thorpe noted that incorporating advisor feedback was a focus. He added that there was a positive reaction from advisors that Invesco would be returning to the 529 marketplace. Mr. Thorpe concluded by highlighting features of the advisor and direct plans.

Mr. Nyugen introduced two key points that guided the design of the proposed investment menu. First, he explained that the age-based glidepaths have been optimized to better fit the current 529 market. Additionally, Invesco has proposed quarterly rebalancing of assets instead of the more typical annual occurrance. Mr. Costello asked how investments are handled once a child reaches college age. Mr. Nyugen explained that Invesco has designed a terminal glidepath option focused on liquid investments that accommodate any distribution timeline (two, four or more years). Ms. McNamara asked what the process would be for residual assets remaining after all required distributions are completed. Mr. Thorpe said that accounts could be transferred to a new beneficiary, withdrawn or left in place. Mr. Nyugen introduced some of the features of the advisor-sold plan. He explained that the proposed menu includes enough options to fully support advisors without superfluous choices.

Treasurer Magaziner noted that the direct plan does not have an active equity option but those are available in the advisor plan. Mr. Reimer of Ascensus confirmed that observation, stating the goal of direct, do-it-yourself plan was to keep costs low; this approach is in line with industry best practices. Treasurer Magaziner asked for an overview of the costs of the direct plan. Ms. Spudich explained that the average cost within the currect individual direct plan is 0.52 percent (52 basis points) and the proposed menu would reduce that figure to only 0.14 percent (14 basis points). Costs within the age-based portfolios are currently

0.19 percent (19 basis points) and would be lowered to 0.10 percent (10 basis points) within the porposed menu. The fixed allocation portfolio currently costs 0.82 percent (82 basis points) and would be lowered to 0.16 percent (160 basis points). Ms. McNamara asked if there was a process for eliminating or replacing underperforming funds. Mr. Nyugen said Invesco has internal mechanisms in place and would collaborate with the Treasurer's Office to address such funds. Mr. David Malone of Ascensus noted that his firm would also monitor and suggest changes to underperforming funds.

On a motion by Ms. LaSalle and seconded by Ms. Reback, it was unanimously
VOTED: to approve the proposed 529 CollegeBoundfund Advisor-Sold Investment Menu.

On a motion by Mr. Costello and seconded by Ms. Reback, it was unanimously
VOTED: to approve the proposed 529 CollegeBoundfund Direct-Sold Investment Menu.

VIII. Investment Policy Statement for Hedge Funds & Private Equity

Ms. Fink reminded memebers that the current hedge fund and private equity investment policy statements would be the final segments of the comprehensive investment policy they have been working on for the last year or so. The hedge fund and private equity drafts were provided at the previous month's meeting. Ms. Fink asked if the members had any questions about the proposed investment policy statements. There were no questions.

On a motion by Ms. McNamara and seconded by Ms. LaSalle, it was unanimously
VOTED: to approve the Investment Policy Statements for Equity Hedge Funds, Absolute-Return Hedge Funds, and Private Equity.

IX. Legal Counsel Report

There was no legal counsel report.

X. Chief Investment Officer Report

Ms. Fink reviewed the performance of the portfolio for December. The portfolio was down 1.15% for the month. This compared to -1.2% for the 60/40 allocation and the bottom-up benchmark. She noted that December was a difficult month for equities and that hedge funds and private equity were the portfolio's better performers. The MLP allocation remained challenged as a result of energy market turbulence. The Quality-Value-Momentum (QVM) factor-tilt portfolio performed well, down 1.5% compared to the relative index being -1.8%. Looking at performance since inception, this factor portfolio has outperformed.
She said that on a fiscal-year-to-date basis, the overall portfolio was down 2.8%. The second half of 2015 was challenging for equity markets and MLPs were particularly negative. She highlighted the lower risk of the portfolio compared to the 60/40 and the portfolio benchmark. She noted that energy has been a large source of market losses over the past eighteen months, with the price of a barrel of oil dropping from over $100 to under $30 over that time. MLPs, infrastructure and private equity are areas within the portfolio where energy fluctuations have had the most impact.
Ms. Fink provided an update on the Proxy Advisor RFP process. She thanked Ms. McNamara for assisting on the subcommittee and that the Commission could anticipate a recommendation at the February meeting. She also introduced Ms. Lisa Churchville and Ms. Kimberly Shockley, the new Director and Associate Director of Participant-Directed Programs. Their roles will focus on the defined contribution, deferred compensation and 529 plans.

XI. Treasurer's General Comments

Treasurer Magaziner stated that portfolio diversification was a positive during the previous calendar year. 2015 was one of the most challenging years since the financial crisis, with global equity markets down 2.5%. Diversification limited portfolio losses to only 0.25%. Treasurer Magaziner thanked Commission members for their commitment and thoughtful participation over the past year.

There being no other business to come before the Board, on a motion by Mr. Costello and seconded by Ms. McNamara the meeting adjourned at 11:58 a.m.

Respectfully submitted,

Seth Magaziner,
General Treasurer

State Investment Commission

Monthly Meeting Minutes
Wednesday, February 24, 2016
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:05 a.m., Wednesday, February 24, 2016 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Mr. Thomas Fay, Ms. Marie Langlois, Ms. Faith LaSalle, Ms. Paula McNamara, Mr. Tom Mullaney, Ms. Marcia Reback and Treasurer Seth Magaziner. Mr. Frank Karpinski arrived at 9:10 a.m. and Mr. Robert Benson arrived at 9:16 a.m.
Also in attendance: Mr. Thomas Lynch of Cliffwater, alternative investment consultant; Mr. John Burns, Mr. David Glickman, Mr. Dylan Lorda and Mr. Allan Emkin of Pension Consulting Alliance (PCA), general consultant; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Mr. Aaron Snegg and Mr. Matt Novak of IC Berkeley Partners; Mr. Robert Weaver, Ms. Maggie Littlefied Sahlman and Ms. Sarah Smith of Advent International; Mr. Ron Murphy and Ms. Donna Wilson of Invesco; Mr. Chris Reimer and Mr. David Malone of Ascensus College Savings; Ms. Lauren Lusthaus and Mr. Matthew Newman of Institutional Shareholder Services (ISS); Ms. Anne-Marie Fink, Chief Investment Officer and members of the Treasurer's office staff.
Treasurer Magaziner called the meeting to order at 9:05 a.m.

II. Approval of Minutes

On a motion by Ms. Marcia Reback and seconded by Mr. Tom Mullaney, it was unanimously
VOTED: to approve the draft of the minutes of the January 27, 2016 meeting of the State Investment Commission.

III. Portfolio Asset Allocation Review

Treasurer Magaziner introduced Mr.Allan Emkin and Mr. John Burns of Pension Consulting Alliance (PCA) to provide an overview of the portfolio's asset allocation. Mr. Emkin started by describing the attributes of the plan, saying the plan is mature, with a growing retirement-age population and a stagnant population of active employees. He noted that this is a significant population change from public plans thirty-five years ago and that asset allocations need to adjust accordingly. Mr. Emkin stated that the average public pension plan as of 2013 was approximately 75% funded and featured one-and-a-half active employees to each retiree. He compared this standard to the Rhode Island plan, which currently stands at approximately 60% funded with one active employee for each retiree. As a result, the average national pension plan has negative cash flow of less than 3%, whereas the Rhode Island plan has negative cash flow of more than 5%.
Mr. Costello asked about PCA's ability to project these outflows five or more years into the future. Treasurer Magaziner answered that the state actuary would make such a projection, not PCA. He added that it would be beneficial to have the state's actuary appear before the SIC in the future.
Mr. Emkin continued, adding that liquidity is a growing challenge for all public pension plans. Additionally, the average assumed rate of return nationally is approximately 7.5% and is likely to trend down to 7.25% or 7.0% over time. He noted that exposure to equity risk is the leading risk for most public pension plans. Rhode Island has maintained a lower risk profile than the average plan. Diversification has been a helpful and appropriate strategy for the portfolio.

Mr. Fay asked if PCA measured overall portfolio liquidity. Mr. Emkin responded that PCA's "shortfall management" analysis has successfully projected liquidity needs for the portfolio. He added that a major drawdown of assets is a threat to any underfunded pension plan.

Ms. Langlois asked if PCA has conducted any simulations of how the plan would address a significant asset drawdown event. Mr. Emkin answered that such projections were made as part of the most most recent asset liability study conducted approximately four years ago. Ms. Fink added that Treasury anticipates conducting another study in the second half of this year.

Ms. Reback noted that similar studies occurred as part of the recent pension reform legislation.

Next, Mr. Burns explained that an overall impact of underfunding in public pension plans is a lack of flexibility. He then reviewed the market returns for various asset classes over the last five years, noting the negative impact of emerging markets and commodities. All sectors were challenged in the recent one-year period save for real estate. Mr. Emkin highlighted previous bond yields of 4% or 5% in comparison to current yields on a ten-year Treasury of only 1.75%. He said that this example shows the impact of macro-economic developments on portfolio performance. Mr. Burns added that performance was aligned with plan benchmarks and that the tracking error of 1% was average. He reiterated that the portfolio enjoyed less volatility than the average public pension plan.

Mr. Robert Benson asked if the portfolio's limited volatility was a result of effective implementation or simply that private assets are not marked-to-market daily. Mr. Burns said that it was a result of both factors. Ms. Fink added that hedge funds are marked to market and both private equity and real estate classes are a lower component in the Rhode Island portfolio than the average plan.

Mr. Burns reviewed each of the individual asset classes. He began with global equity, which is managed passively in line with benchmarks. The board asked questions about the international equity allocation and discussed the impact of recent market movements on forward expectations. Mr. Emkin suggested the allocation between US and non-US stocks is being reviewed by many other public plans and that this topic should be considered as part of the next asset/liability study.

Mr. Burns continued reviewing the real estate, private equity and fixed income asset classes. Mr. Fay asked if the fixed income segment provided liquidity during the recent equities downturn. Mr. Emkin explained that fixed income did provide stability during that period. Mr. Burns ended by reviewing the real return, absolute return and hedge fund segments. He explained that segments successfully fulfilled their roles within the portfolio. He noted that hedge funds provided more return per unit of risk, which is what they were designed to do.

Mr. Benson asked if it is possible to confirm the hedge fund valuations. Ms. Fink answered that every fund in the portfolio has a third-party administrator and that a majority of hedge funds in the portfolio own publicly traded (level one) securities. There are some level two and level three assets within some of the portfolio's hedge funds, but ultimately the funds can be considered marked-to-market. Treasurer Magaziner asked if Cliffwater could provide an analysis of level one, two and three assets within hedge funds at the next monthly meeting. Mr. Lynch confirmed that this analysis would be provided.

Mr. Emkin concluded by mentioning the effectiveness of the SIC's focus on absolute return and low-beta equity strategies within the hedge fund allocation, which worked better than other plans' approaches to hedge fund selection.

IV. IC Berkeley Partners IV Recommendation

Treasurer Magaziner introduced Mr. David Glickman of PCA. Mr. Glickman provided a brief overview of the real estate market, noting the asset class, including both core and value-add investments, was performing well within the portfolio. Mr. Glickman reminded members that the SIC commited $18 million to IC Berkeley Partners Fund III, and then introduced Mr. Snegg and Mr. Novak of IC Berkeley Partners.

Mr. Snegg provided an overview of Fund III performance, and described the anticipated structure of Fund IV. Mr. Snegg explained that IC Berkeley is seeking to continue the successful model utilized in Fund III. He said that the firm focuses on light-industrial properties. Mr. Novak explained that this large sector offers robust investment opportunities. He added that light-industrial properties have had higher occupancy and rents than the broader industrial real estate sector.

Mr. Novak said that Berkeley Partners focused on propertieis close to city centers where demand is strong. He pointed out that there is little new light-industrial real estate development in the U.S., preventing a supply overhang and keeping rent levels high, a positive feature. Mr. Novak noted that holdings are concentrated in states that exceed national averages for population, rent and job growth. Mr. Snegg reiterated that properties are managed by IC Berkeley employees, which allows for increased control and value generation.

Mr. Novak provided an overview of the organizational chart. He explained that management has been stable and that four new employees would be added in anticipation of Fund IV.

The board asked questions. Mr. Novak concluded by reviewing Fund IV's discounted terms for Rhode Island as a potential early investor. Guests from IC Berkeley left the room.

Mr. Glickman described the role of this investment in the portfolio, and recommended a $30 million investment, limited to no more than 15% of the total amount of funds raised for Fund IV should IC Berkeley not reach its fundraising goal.

The board asked questions.

On a motion by Mr. Michael Costello and seconded by Ms. Marcia Reback, it was unanimously
VOTED: to approve a commitment equal to the lesser of 15% of total commitment or $30 million to IC Berkeley Partners Fund IV, subject to successful negotiation of terms.

V. Advent International Fund VIII Recommendation

Mr. Lynch provided an overview of Advent International GPE Fund VIII. He then introduced Ms. Sahlman, Ms. Smith and Mr. Weaver of Advent International. Mr. Weaver presented details of the firm's history and structure. He explained that the firm has a large team of one hundred and seventy-four employees. He attributed Advent's success to a strong culture and stable staff. Mr. Weaver noted that Fund VIII would include more domestic investment than past funds, which had a larger percentage within Europe.

Ms. Reback asked if any of the senior management are women. Ms. Sahlman answered that approximately 10% of managing directors are women. She added that promoting more women to the senior level is a goal moving forward. Ms. Smith noted that women make up approximately 30-40% of junior level roles.

Mr. Weaver listed the various industries that Advent specializes in. He noted that the firm's partners have made a significant co-investment of $350 million in GPE Fund VIII.

Ms. Smith explained how the firm focuses on growing operating profit at their portfolio companies. She highlighted the recent success Advent International had in the payment processing sector as an example of the firm's capabilities. Ms. Smith explained that the firm's operating managers and support team have relevant industry experience and assist companies in becoming more efficient.

The board asked questions about the strategy, compensation and fees, particularly the change in the fee structure. Guests from Advent International left the room.

Mr. Lynch reiterated the terms and details of GPE Fund VIII. The board asked questions about Advent eliminating the preferred return feature from its fee structure. Mr. Lynch said that the firm's history of success provides confidence to Cliffwater that Fund VIII will meet expectations despite the change. The board discussed the change and the need to have a large enough commitment to have an impact.

On a motion by Mr. Michael Costello and seconded by Ms. Marcia Reback, it was unanimously
VOTED: to approve a commitment of at least $20,000,000 and up to $30,000,000 to Advent International GPE Fund VIII subject to successful negotiation of terms.

VI. 529 Plan Socially Responsible Investment Recommendation

Ms. Fink briefly reviewed the investment line-up for the 529 CollegeBound*fund*. She said that Treasury expects interest in a socially responsible investment (SRI) option similar to what is offered in the defined contribution retirement plan. Ms. Fink introduced Mr. Murphy and Ms. Wilson of Invesco as well as Mr. Reimer and Mr. Malone of Ascensus College Savings to describe their SRI recommendation.

Ms. Wilson described the proposed investment option as maintaining Invesco's overall investment standards while considering mandated social and ethical factors. She described the firm's experience in managing other SRI portfolios over the last fifteen years.

She explained the approach that Invesco will take for the CollegeBound*fund*'s SRI fund. Ms. Wilson said that exposure to fossil fuels would be limited by removing oil, gas, coal and power producers. For societal concerns, exposure to abortion, firearms, alcohol and pornography, tobacco and genetic engineering would be eliminated. She anticipates a universe of compliant companies of approximately one thousand companies, most of which are in the MSCI World Index. Then Invesco will use quantitative assessments of four factors, earnings estimates, market sentiment, management and quality, and value, to build value-adding investments for the portfolio.

The board asked questions.

On a motion by Mr. Michael Costello and seconded by Mr. Thomas Fay, it was unanimously
VOTED: to approve the proposed 529 CollegeBoundfund Socially Responsible Investment option for both the direct and advisor-sold plans, subject to successful negotiation of terms.

VII. Proxy Advisor RFP Recommendation

Treasurer Magaziner introduced Ms. Lusthaus and Mr. Newman of Institutional Shareholder Services (ISS). Mr. Newman provided an overview of the firm and organizational structure. ISS specializes in corporate governance research and proxy voting advisory services. He said that the firm employs over nine hundred staff. Mr. Newman added that ISS seeks to provide institutional investors with expertise and relevant analysis on companies and their governance. The firm has developed a comprehensive online platform that is used for research and daily interaction with the analysts assigned to the client. He noted that ISS seeks to cover all possible companies and currently oversees proxy voting for 39,000 firms around the world.

The board asked questions about how ISS develops its policies. Treasurer Magaziner said that the SIC and Treasury staff would spend time developing a custom policy, adapting an "off-the-shelf" ISS policy to align with the SIC's established investment policy statement.

Concerning the scope, Ms. Lusthaus explained that ISS could initially only vote on domestic shares with international voting potentially being added at a later date. She said that this is a common industry structure. Ms. Lusthaus reviewed the terms of the ISS proposal.

On a motion by Mr. Michael Costello and seconded by Mr. Robert Benson, it was unanimously
VOTED: to approve Institutional Shareholder Services (ISS) as the new Proxy Voting and Corporate Governance Advisor.

VIII. Legal Counsel Report

There was no legal counsel report.

IX. Chief Investment Officer Report

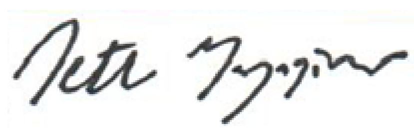
Ms. Fink reviewed the performance of the portfolio for January. The portfolio was down 2.96% for the month. She noted that January was a challenging month for markets overall. The Quality-Value-Momentum (QVM) factor-tilt portfolio continued to perform well, though it is still early.
Ms. Fink highlighted various changes that were made to the SIC book to make the book more user-friendly. She provided an update on the 529 CollegeBound*fund* transistion. Legal counsel is assisting Treasury with three different contracts relating to this process. She said that the SIC will continue to receive updates as this significant process continues forward. Treasury staff has also been working with TIAA-CREF to develop a comprehensive participant outreach plan. Lastly, Ms. Fink noted that Treasury would be working with cities and towns on Ocean State Investment Pool opportunities now that short-term rates have increased.

X. Treasurer's General Comments

Treasurer Magaziner thanked members for their time and patience during this lengthy meeting.
Ms. Reback asked if Mr. Padwa could provide an update on class action lawsuits at the next SIC meeting. Treasurer Magaziner confirmed that this could be added to the March agenda.

There being no other business to come before the Board, on a motion by Ms. McNamara and seconded by Ms. Marie Langlois the meeting adjourned at 11:57 a.m.

Respectfully submitted,



Seth Magaziner,
General Treasurer

State Investment Commission
Monthly Meeting Minutes
Wednesday, March 23, 2016
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:08 a.m., Wednesday, March 23, 2016 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. Robert Benson, Mr. J. Michael Costello, Mr. Thomas Fay, Mr. Frank Karpinksi, Ms. Marie Langlois, Ms. Faith LaSalle, Mr. Thomas Mullaney, Ms. Marcia Reback and Treasurer Seth Magaziner. Ms. Paula McNamara was absent.

Also in attendance: Mr. Thomas Lynch of Cliffwater, alternative investment consultant; Mr. John Burns, Mr. David Glickman, Ms. Christy Fields and Mr. Allan Emkin of Pension Consulting Alliance (PCA), general consultant; Mr. Don Napier and Mr. Chris Godwin of GenCap America; Mr. David Iden and Mr. Matthew DiCroce of TIAA; Mr. Andrew Linberg of Institutional Shareholder Services; Mr. Gregory Balewicz of State Street Global Advisors; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Ms. Anne-Marie Fink, Chief Investment Officer; Mr. Jeff Padwa, Chief of Staff and members of the Treasurer's office staff.

Treasurer Magaziner called the meeting to order at 9:08 a.m.

II. Approval of Minutes

On a motion by Mr. Fay and seconded by Ms. Reback, it was unanimously

VOTED: to approve the draft of the minutes of the February 24, 2016 meeting of the State Investment Commission.

III. Review of Portfolio Valuation Standards

Treasurer Magaziner introduced Mr. Burns of Pension Consulting Alliance to provide an overview of portfolio valuation standards. Mr. Burns explained that asset pricing and liquidity are two basic aspects of the valuation discussion. Auditors and the industry classify assets into three levels based on the methodology used for determining their value. Level One assets are very liquid and have accessible pricing mechanisms. Good examples are securities traded on the stock market with multiple sources providing price quotes. Level Two assets are less liquid, as they lack a regular market-pricing mechanism. Level Three assets, such as real estate, are very illiquid and have less reliable pricing mechanisms. Mr. Burns shared an analysis of the portfolio classified by level, as identified by the managers. Mr. Burns noted the discretion managers have in making these determinations, with some similar assets being classified differently by different managers. Ms. Fink stressed the importance of going beyond the classifications to better understand the characteristics and liquidity of ERSRI's portfolio.

Mr. Fay asked about restrictions on liquidity of commingled fund holdings within the portfolio. Ms. Fink said that domestic assets can be traded daily and State Street Global Advisors (SSgA) preferred that international assets be traded twice a month, though could trade more frequently if necessary. Mr. Fay asked what legal restrictions SSgA would apply in a crisis situation and if these would prevent complete redemption of assets. Mr. Balewicz of SSgA answered that fiduciary responsibilities require SSgA to act in the best interest of all commingled fund participants and there may be some timing restrictions as a result. Mr. Burns noted that when determining liquidity, pricing considerations have a significant influence. An asset that can be sold, but only at a substantially discounted price, may not be considered liquid.

Mr. Lynch of Cliffwater added that though investment managers have significant discretion, a third-party auditor must approve of the level classification applied to assets. He then provided an overview of the level breakdowns within the private equity and hedge fund portfolios. Private equity assets are largely categorized as Level Three and hedge funds are mainly a mix of Level One and Level Two assets. Mr. Lynch provided additional detail based on instances where manager strategy impacts asset categorization.

Ms. Langlois asked about the duration of a typical private equity investment period. Mr. Lynch answered that is was approximately four years. He said that market factors and funded ratios impact this process.

IV. Review of Private Equity Portfolio

Mr. Lynch began by stating that the private equity portfolio was on track, meeting investment level, diversification and general performance targets. He said that the private equity portfolio has produced strong returns since inception and that the overall strategy is working. Mr. Lynch provided an overview of current portfolio commitments. He said that ongoing and new commitments were well diversified. Foreign currency and downward valuations negatively impacted private equity performance in the second half of 2015. Mr. Lynch said that a number of the best performing funds were recent commitments made since 2009. He continued with a review of funds by sector, vintage year and exposure by strategy.

Mr. Benson asked about indexes against which to compare the portfolio. Mr. Lynch recommended the Cambridge universe, which consists of a wide pool of private equity.

Mr. Lynch recommended an increase to small buyout funds, and Treasurer Magaziner asked which portion of the portfolio should be reduced to fund this increase. Mr. Lynch answered that the large domestic buyout portion should be reduced.

Mr. Lynch concluded by detailing the portfolio by partnership, highlighting that there was no over-exposure to any single partner or manager.

The board members asked questions.

V. Southvest Fund VII Private Equity Recommendation

Mr. Lynch introduced Mr. Napier and Mr. Godwin of GenCap America, the manager of the Southvest funds, and described Southvest Fund VII as a domestic small buyout fund. Mr. Napier began their presentation by stating that GenCap was based in Nashville and implemented an investment strategy focused on buying small businesses with a history of success and management in place. He compared this process against other managers that sought out startups or technology companies Mr. Napier said that GenCap has been able to invest at favorable multiples as a result of their strategy. He added that having the incumbent management teams invest alongside GenCap has been a positive driver of success.

Mr. Fay asked about the sellers' motivations. Mr. Napier provided some examples of older or uninvolved owners that were ready to move on. He stated that GenCap's policy of not removing or altering the current management structure, unlike most other private equity firms, was a competitive advantage in winning deals.

Mr. Fay asked about GenCap's exit strategy. Mr. Napier described a professional sales process with multiple bidders to obtain maximum value. Mr. Godwin added that the small size of these businesses allows for opportunities to add value without altering the incumbent management. An example was adding a full-time controller to a company to help streamline the financials or analyze expansion opportunities.

Mr. Benson asked about the leverage GenCap employs. Mr. Napier responded theat they deploy leverage but at lower levels than most buyout firms because of the low multiples at which they purchase companies.

Treasurer Magaziner asked about the sourcing of deals. Mr. Godwin explained that GenCap had a national network of thousands of small and mid-size business brokers that understand the types of companies that GenCap will buy.

Mr. Fay asked about larger firms entering GenCap's market. Mr. Napier said that there has not been any significant pressure given the specific area that GenCap specializes in.

Mr. Godwin concluded with a recent case study where GenCap was able to buy an Atlanta company and later sold it for a 5.2 times total cash-on-cash return in 2014.
Mr. Fay asked how large Fund VII was in comparison to past funds. Mr. Napier answered that Fund VII was slated to be $250m. He added that despite opportunities to pursue larger funds, GenCap was focused on continuing its current successful process. The guests left the room.

On a motion by Mr. Costello and seconded by Ms. Langlois, it was unanimously
VOTED: to approve a $30m commitment to Southvest Fund VII L.P.

VI. Luxor Hedge Fund Recommendation

Mr. Lynch stated that Cliffwater was recommending redemption from Luxor Capital Partners L.P. He explained that overall poor performance, ineffective hedging and overlap with other portfolio holdings were central considerations.
The board members asked questions.

On a motion by Ms. Reback and seconded by Ms. LaSalle, it was unanimously
VOTED: to approve redemption from Luxor Capital Partners L.P.

VII. Review of Real Estate Portfolio

Treasurer Magaziner introduced Mr. Glickman and Ms. Fields of PCA to provide an update on the real estate portfolio. Mr. Glickman detailed the state's history of investing in real estate. He highlighted the challenges from losses in non-core investments made in 2007- 2008, and the subsequent hiatus in real estate investments following the 2008 crisis until 2012. Mr. Glickman explained that the real estate allocation now focuses on core, cash-flowing real estate with a smaller allocation to higher return and riskier value-added strategies. Ms. Fields described the performance and diversification of the current real estate portfolio. Mr. Glickman provided a cautiously optimistic outlook for domestic commercial real estate, noting limited new supply and low interest rates.
The board members asked questions.
Mr. Glickman concluded by stating that the current real estate strategy is working as intended.

VIII. Institutional Shareholder Services Proxy Voting Policy Recommendation

Treasurer Magaziner introduced Mr. Linberg of Institutional Shareholder Services (ISS) and briefly described the proxy voting policy recommendation assembled by Treasury staff. He noted it was constructed to provide specific implementation of the SIC's investment policy's approach to corporate governance, environmental and social concerns.
Mr. Linberg explained that ISS uses international research and analysis to help institutions effectively vote proxies. He said that the SIC can control individual votes of interest or have ISS fulfill voting responsibilities according to a predetermined voting policy such as the draft being considered today.
Treasurer Magaziner noted that the draft policy calls for managers to consider risks on environmental and social issues but does not recommend votes that would outright restrict activity.
Mr. Linberg added that the proposed policy also has a focus on diversity in corporate governance. He concluded by saying that ISS will assist Treasury in implementing the proposed policy in a timely and effective manner.
Treasurer Magaziner explained that approving the draft at this meeting would allow the policy to be implemented for the upcoming proxy voting season, and that the policy could be amended at future meetings, if desired for subsequent proxy seasons.

Mr. Fay asked how many companies are operating with an independent board chair. Mr. Linberg answered that over half of the companies within the Russell 3000 and roughly one-third of companies in the S&P 500 have an independent board chair. Mr. Fay also asked what the rationale was for having the default policy position to cast a vote for independent board chairs. Treasurer Magaziner said that it was a nuanced issue without a perfect answer, and that he expected the vote for independent board chairs to be correct more often than not.

On a motion by Mr. Costello and seconded by Mr. Benson, it was unanimously
VOTED: to approve the proposed proxy voting policy with Institutional Shareholder Serices.

IX. TIAA Defined Contribution Plan Line-Up Recommendation

Treasurer Magaziner introduced Mr. Iden and Mr. DiCroce of TIAA to propose a change to the Defined Contribution Plan (DC Plan) investment line-up. Mr. DiCroce explained that the impetus for the recommendation was changes to money market fund regulations being implemented by the Securities and Exchange Commission in the fall of 2016. As a result, TIAA will no longer be record-keeping retail money market funds such as the Vanguard Prime fund currently included in the state's DC Plan line-up. Mr. DiCroce proposed mapping the Vanguard Prime fund assets into the TIAA Stable Value fund. Mr. DiCroce highlighted minor trading restrictions that would result from the move into the Stable Value Fund.
Ms. Fink noted that this transition will affect less than 300 participants who currently hold Vanguard Prime funds. She added that TIAA will communicate with these individuals to inform them of the change and assist with any questions.
The board discussed.

On a motion by Mr. Costello and seconded by Mr. Benson, it was unanimously
VOTED: to approve transitioning the TIAA Prime Funds into the TIAA Stable Value Fund.

X. Review of Securities Litigation

Treasurer Magaziner introduced Treasury Chief of Staff and General Counsel Jeff Padwa to provide an update of ongoing securities litigation. Mr. Padwa explained that these cases are common among all public retirement systems. A number of law firms monitor securities issues and look for instances where a loss may have occurred as a result of corporate wrongdoing. There is no cost to the state for this monitoring.
In describing the active cases, he started with three that have been ongoing for a while. The first is a case against British Petroleum for a 2006 oil spill in Alaska, where the Employees' Retirement System is the lead plaintiff. This case is ongoing following a defeated motion to dismiss.
The second case is against Royal Bank of Scotland (RBS) in England. RBS has successfully pushed for the trial date to be moved back to March of 2017.
Third is a case against Fortis, a European bank. The case was settled on March 14, though it is unclear what the settlement result will be for ERSRI.
Then Mr. Padwa described cases have been filed by the current administration. One case alleges that the management of Plains All-America, a security in the MLP portfolio, made misrepresentations prior to and following an oil spill.
Next, this administration brought an action against a number of primary dealers in the Treasury market. This case resulted from a Justice Department investigation, and about thirty other entities have joined in this case.
Finally, there is a case against Volkswagen resulting from their emissions issue. There could be multiple jurisdictions where this case is filed, and ERSRI's role is being worked out.

The board asked questions.

XI. Meeting Location Discussion

Treasurer Magaziner asked the members of the Commission if they had any concerns with the parking and accessibility of the Statehouse meeting location. Ms. Fink added that the Warwick Treasury office was a potential alternative. The board members discussed, and a preference to keep the meetings at the Statehouse was indicated.

XII. Legal Counsel Report

There was no legal counsel report.

XIII. Chief Investment Officer Report

Ms. Fink reviewed the performance of the portfolio for February, stating it was down 0.2% for the month. The plan underperformed slightly relative to the benchmark and the basic 60/40 portfolio, impacted by dramatic moves in equities with indexes down 6% early in the month only to largely recover by the end of the month. This whipsaw move affected overall performance, particularly for equity hedge funds. Next, she discussed performance over longer time frames, noting the plan outperforms the 60/40 on both risk and return over three and five years. She reviewed notable asset class performance. Absolute return funds performed posively in the month. The Quality, Value & Momentum (QVM) factor-tilt fund underperformed its benchmark by one basis point for the month, but has outperformed by roughly 50 basis points from inception. Master Limited Partnerships (MLPs) remain volatile, but strong dividend yields remain an attractive feature of these holdings.

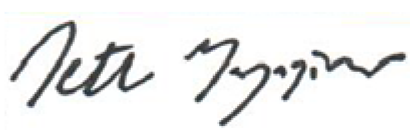
Ms. Fink noted that the 529 Plan transition is ongoing and the program management agreement with Ascensus has been signed.

XIV. Treasurer's General Comments

Treasurer Magaziner recognized Ms. Fink and Ms. Lisa Churchville for their work on the CollegeBound*fund* transition. He added that within the SIC's draft proxy voting policy, there was a decision to put a focus on board member diversity. Treasurer Magaziner described academic research that shows evidence of a correlation between diversity and investment performance.

There being no other business to come before the Board, on a motion by Mr. Costello and seconded by Mr. Benson the meeting adjourned at 11:57 a.m.

Respectfully submitted,



Seth Magaziner,
General Treasurer

State Investment Commission

Monthly Meeting Minutes
Wednesday, April 27, 2016
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:04 a.m., Wednesday, April 27, 2016 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. Robert Benson, Mr. J. Michael Costello, Mr. Thomas Fay, Ms. Marie Langlois, Ms. Faith LaSalle, Mr. Thomas Mullaney, Ms. Marcia Reback, Ms. Paula McNamara and Treasurer Seth Magaziner. Mr. Frank Karpinski arrived at 9:06.
Also in attendance: Joyce Marsilia, Steven Johnson and Kerri Polk of Fidelity; Allan Emkin and John Burns of Pension Consulting Alliance (PCA), general consultant; Mr. David Iden and Mr. Larry Brown of TIAA; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Ms. Anne-Marie Fink, Chief Investment Officer; Mr. Jeff Padwa, Chief of Staff; Kerri Baker, Interim Cash Manager and members of the Treasurer's office staff.
Treasurer Magaziner called the meeting to order at 9:04 a.m.

II. Approval of Minutes

On a motion by Ms. Reback and seconded by Ms. Langlois, it was unanimously
VOTED: to approve the draft of the minutes of the March 23, 2016 meeting of the State Investment Commission.

III. Defined Contribution Plan Quarterly Performace Review

Mr. Iden began by drawing attention to the rebranding of TIAA CREF, which will now be known simply as TIAA. Ms. McNamara asked if the rebranding or name change was indicative of a management change and Mr. Iden responded there had been no changes of this type, rather the company wanted to return to basics based on the marketplace demands.
Mr. Iden summarized investment performance of the plans over the past 12 months. In response to a question from Mr. Benson, Mr. Brown stated that $454 million have been contributed by employer and employee since the program's inception. Turning to employee engagement, Mr. Iden characterized it as "very robust" with 655 people attending seminars and workshops. Mr. Iden also noted that as members are becoming more aware of services, they are utilizing them more.
Mr. Brown then began describing the investments. He highlighted that 97% of the plan's total assets are in index strategies with only one actively managed mutual fund in the mix. He reminded the SIC that the money market option is being eliminated and assets remapped to the stable value fundwith an expected 6-8 weeks to complete the process.
Mr. Fay asked how TIAA's stable value returns compare to competitors. Mr. Brown did not have the information, but would look into it. Ms. Fink said the crediting rate was comparable to those of the stable value funds in the state's 529 plan and its 457s.
Mr. Brown continued his summation of performance. He noted that the biggest return this year, which is a complete reversal from last year, is the emerging market stock index up 13% in March alone.
The board asked questions.

IV. Ocean State Investment Pool (OSIP) Annual Review

Steve Johnson, Kerri Polk and Joyce Marsilia represented Fidelity.

Mr. Johnson explained that given GASB (Government Accounting Standards Board) Statement 79, the rules regarding accounting for Local Government Investment Pools (LGIPs), such as OSIP, have changed, and Fidelity must adapt their strategy on how the pool is managed to comply and maintain the current accounting treatment.

Mr. Johnson outlined the new requirements and noted the requirements are similar to how OSIP is currently managed. One rule change that will impact OSIP is that all investments in the LGIPs now have to be all Tier 1 securities, which means Fidelity can no longer buy non-traditional repucharse agreements for the fund. The other main change is relates the one-week liquidity. Currently the pool is managed with 20% one week liquidity in the pool and the new guidelines increase that to 30%.

Mr. Johnson concluded by noting this pool is doing “extremely well”.

The board asked questions.

V. Short-Term Investment Policy Change Recommendation

Treasurer Magaziner introduced Ms. Baker and her new role as the Interim Cash Manager. Ms. Baker then recommended a change to the Short Term Investment Policy that would add a requirement that OSIP conform to the requirements in GASB Statement 79, as well as the current requirement in the policy that all the holdings in OSIP conform with Rule 2a7 requirements that governs money market accounts.

Ms. Fink added that after the SIC changed the policy, the investment staff would them work with Fidelity to implement the change in the State’s investment management agreement with the manager. Additionally, Ms. Fink asked to change the incorrect usage of “principle” (pointed out by Mr. Mullaney and Mr. Fay) throughout the document to reflect the correct “ principal” spelling. Also, the 2a7 rule spells out a 397 day maximum term for investments,whereas the policy says 365 days. Ms. Fink requested that if the 365 day limit is not specified in the legislation, the policy be changed to coincide with the 397 day as outlined in the 2a7 rule.

The board asked questions.

On a motion by Ms. Reback and seconded by Ms. LaSalle, it was unanimously

VOTED: to approve changes in the short term investment policy statement to conform with GASB 79, the correct the spelling of “principal” and to allow investments up to 397 days, if consistent with the law governing OSIP.

Treasurer Magaziner concluded the short-term investment policy discussion by stating that staff will be evaluating, over the next month, further updates to the policy as some of the verbiage is out of date. He specifically identified the standard requiring banks to have a AA rating, since there are very few AA-rated banks any more, and the restriction from investing with credit unions, which might be a viable option to obtain better rates.

VI. Legal Counsel Report

There was no legal counsel report.

VII. Chief Investment Officer Report

Ms. Fink reviewed the performance of the portfolio for March.

She described strong market performace in March due in part to dovish statements from the Federal Reserve and more optimistic sentiment in the markets, as well as stabilization and recovery in oil prices. Overall, the fund returned 4% for the month, trimming fiscal year-to-date losses to -2.1%. She noted that performance on

a relative basis, however, was disappointing. The fund underperformed both the bottom-up benchmark and the basic 60/40 allocation. Hedge funds and private infrastructure were the worst performers. Ms. Fink stated an asset allocation study in the second half of the year is forthcoming and the office will continue to evaluate these allocations. She also noted that while the month was disappointing for hedge funds, the funds have provided good downside protection in the three substantial market drops since the allocation was added.
On a more positive note, Ms. Fink highlighted the MLPs, which were up 8%, benefitting from the aforementioned increase in oil prices. Emerging markets were up 13%. On a longer term perspective, the fund is outperforming the basic 60/40 on a 3- and 5-year basis.
Next, Ms. Fink explained the 529 Plan transition is ongoing, moving apace with still much work to do, including creating lots of new documentation and setting up the process to move more than $6 billion in assets and hundreds of thousands of account records. She said the program management agreement with Ascensus has been signed and the actual transition date has been set for July 8th in order to account for the July 4th holiday.
Ms. Fink disclosed the office has received a large public records request for documents related to the State's real estate investment from 2006 to present. The request required the office to search, retrieve and redact as necessary more than 30,000 documents. Ms. Fink noted that this request coupled with the CollegeBound*fund* transition will preoccupy the office for the next couple months. Treasurer Magaziner confirmed the tremendous workload of the staff and pledged completion of the request.
Ms. Fink reiterated her earlier statement that the office is seeking to start an asset allocation study in the summer, when the substantial public records request and 529 conversion projects will be completed.

VIII. Treasurer's General Comments

Treasurer Magaziner affirmed the full workload of the office and praised the staff for their hardwork.

There being no other business to come before the Board, on a motion by Ms. Reback and seconded by Mr. Fay the meeting adjourned at 10:01 a.m.

Respectfully submitted,

Seth Magaziner,
General Treasurer

State Investment Commission
Monthly Meeting Minutes
Wednesday, May 25, 2016
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:05 a.m., Wednesday, May 25, 2016 in Room 205, State House.

I. Roll Call of Members
The following members were present: Mr. Robert Benson, Mr. J. Michael Costello, Mr. Thomas Fay, Mr. Frank Karpinski, Ms. Marie Langlois, Ms. Faith LaSalle, Ms. Marcia Reback, and Treasurer Seth Magaziner.

Also in attendance: Ms. Tiffany Spudich of Capital Cities LLC, 529 plan consultant; Mr. Joseph Newton of Gabriel Roeder, actuary; Mr. John Burns of Pension Consulting Alliance (PCA), general consultant; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Ms. Anne-Marie Fink, Chief Investment Officer; Mr. Patrick Marr, Deputy Treasurer/Chief Operating Officer; Ms. Kimberly Shockley, Associate Director of the College & Retirement Savings Plans and members of the Treasurer's Office staff. Treasurer Magaziner called the meeting to order at 9:05 a.m.

II. Approval of Minutes
On a motion by Ms. Reback and seconded by Ms. Langlois, it was unanimously
VOTED: to approve the draft of the minutes of the April 27, 2016 meeting of the State Investment Commission.

III. Recommendation on Defined Contribution Plan Target Retirement Funds
Ms. Shockley requested approval to transfer the current life-cycle funds from Vanguard Target Retirement Trust II to Vanguard Target Retirement Trust I. The move would reduce the current net expense ratio on these funds from 8 basis points (0.08%) to 7 basis points (0.07%) and, based on current balances, would save members over $43,000 a year and an additional $10,000 each subsequent year at the current contribution rate. Transferring to Trust I, at the current expense ratio, would mean the state has cut fee rates in the life-cycle funds by more than 50% since inception.

On a motion by Ms. Reback and seconded by Mr. Fay, it was unanimously
VOTED: to approve the transfer from Vanguard Target Retirement Trust II to Vanguard Target Retirement Trust I

IV. CollegeBound*fund* Semi-Annual Performance Review
Ms. Spudich presented the Semi-Annual Performance Review of the 529 Plan on behalf of Capital Cities, the 529 investment consultant. She began with a brief market overview, and then explained how those conditions impacted CollegeBound*fund*'s performance, focusing mostly on the Education Strategies aged-based portfolios and the fixed allocation portfolios, as these multi-asset portfolios hold the majority of the program's assets. The portfolios' performance for the quarter ranged from -1.3% to +0.9%. Generally over this period the funds that were more conservative and had more exposure to bonds fared better than those

exposed to equities and real return strategies. The AB mid-cap growth strategy and AB multi-asset real return fund were the main detractors from performance in the Education Strategies; therefore, Capital Cities further reviewed these funds. Ms. Spudich said they found that the AB midcap growth trailed the benchmark by two percentage points due to their emphasis on the fastest growing companies, which underperformed in the first quarter. While the AB multi-asset real return fund had a 2.3% return, it trailed its benchmark by more than six percentage points due to its diversified approach relative to the benchmark that concentrates in commodities.

The board asked questions.

V. Recommendation on 529 Investment Policy Statement (IPS)

Ms. Spudich introduced a new IPS that Capital Cities drafted for the upcoming program manager transition. She highlighted the proposed changes. Firstly, she noted there will be changes in program names. The program has been called the "CollegeBound*fund"* with the advisor-sold program called the "CollegeBound*fund* national accounts" and for the direct program the "CollegeBound*fund* Rhode Island account". Starting with the transition to the new program managers CollegeBound Saver will be used for the direct plan and CollegeBound 529 for the advisor plan.

Next Ms. Spudich pointed out that the Rhode Island Higher Education Assistance Authority (RIHEAA) and their responsibilities have been removed from the document and Ascensus has been added as the new program manager, responsible for day-to-day operations, regulatory reporting and marketing. The new IPS also described Invesco's responsibilities, which are asset allocation investment services, marketing and distribution. Bank of New York Mellon has been added as the new custodian of program and program disclosures have been simplified.

Ms. Spudich pointed out that the aged-based portfolios are being maintained. She commented that the program will continue to transition portfolios from one age band to another gradually over several quarters, whereas other 529 plans make shifts only on a yearly basis. CollegeBound's approach gives participants the "smoothest ride" and minimizes timing risk around age-band transitions. She also noted that Ascensus is planning to rebalance on monthly basis if any portfolio falls outside of the 1 percentage point threshold for target asset class weighting. She also reminded the board that the target-risk portfolios and individual portfolios will have static allocations and will not transition over time.

Ms. Spudich called attention to the fact that many details of the plan have specifically been added to the Appendix of the IPS document so that any changes could be made to the Appendix without having to rework the entire IPS.

Ms. Langlois asked if the name changes were necessary given the change in program management. Ms. Spudich indicated that while they were not necessary, both Ascensus and Invesco did customer surveys regarding the appeal of the names and based the new names on the options that were most popular with participants.

On a motion by Ms. Reback and seconded by Ms. LaSalle, it was unanimously
VOTED: to approve changes to the 529 Investment Policy Statement

VI. Recommendation on CollegeBound*fund* Auditor

Mr. Patrick Marr discussed retaining Marcum LLP for the FY 2016 audit of the CollegeBound*fund*. Due to the transition of program oversight from RIHEAA to Treasury, as well as the upcoming transition from AB Global (Alliance Bernstein) to Ascensus, it seemed advisable to use the same auditor as the prior two years. Mr. Marr related his discussion with the Office of Accounts & Control and the Office of the Auditor General who also found it prudent to retain Marcum LLP. Mr. Marr explained that maintaining this auditor would ensure the audits are prepared consistently with those from the recent past, utilizing the same. Under the direction of the Auditor General, Treasury has engaged in negotiations to employ Marcum LLP to oversee the execution of the transition agreement, which would be a tri-party agreement among AB Global, the Treasurer's office and Ascensus. Mr. Marr requested approval to enter into a contract with Marcum to this effect not to exceed $30,000. Mr. Marr pointed out that both the Office of the Auditor General and the Controller's office have given their support for keeping Marcum LLC through the FY16 audit.

Mr. Fay asked for clarification if the contract with Marcum LLP would be renewed or if it would be a new contract. Mr. Marr answered that there would be a new agreement under a different engagement letter for the term of one year and reiterated that Marcum was obtained by competitive bid for a 2-year term in 2014. The purpose of this recommendation would permit the state to retain them for an additional year to complete the FY16 audit as well as the audit of the transition. He confirmed that Treasury is planning to conduct a competitive bidding process for the 529 Plan's FY17 audit.

On a motion by Mr. Benson and seconded by Mr. Fay, it was unanimously
VOTED: to approve retaining the current CollegeBound*fund* auditor, Marcum LLP

VII. Briefing: Community Deposit Program

Mr. Marr introduced the proposed Community Deposit Program, which is a major addition to the short-term investment policy. The program is designed based on successful policies in multiple states. The program is a way to use the State's bank deposits to encourage banks to lend to small businesses and first-time entrepreneurs in Rhode Island. He described how the program would work: Treasury would deposit some of the State's short-term cash with banks that made qualifying loans to local businesses. Mr. Marr emphasized that banks participating in the program would be subject to the same SIC criteria in terms of quality, security and stability. The program would support loans up to $250,000 for a term of up to 5 years. The deposits would likely be comprised of certificates of deposits. The terms of the program make explicit that the SIC and Treasurer preserve security and liquidity above all else, and no investments would have a term of more than 1-year, consistent with the short-term policy.
Mr. Marr explained the cash accounts best suited to fund the program. He indicated there is cash in the TDI reserve fund that is very stable and would be ideal for this type of investment, as well as other similar funds that also have sticky cash. The TDI reserve fund currently holds $89 million and the Community Deposit Program will be capped at $30 million, which is between 5-10% of cash held in all state accounts, a level consistent with that of other states with similar programs.

The board asked questions.

VIII. Recommendation on Short-Term Investment Policy Changes

Next Mr. Marr discussed the recommended changes to the existing Short-Term Investment Policy (STIP) document. These changes included incorporating the Community Deposit Program as well as correcting typographical errors and generally updating the document to align with what is used. The recommended revised STIP also reflects a change in maturity dates from one year to 397 days to harmonize the policy with the Security and Exchange Commission's rule 2-A7 that regulates money market and other short-term funds. Additionally the revised STIP updates the collateralization definition for better clarity and to better reflect common practices and procedures.

On a motion by Ms. Reback and seconded by Mr. Fay, it was unanimously
VOTED: to approve changes to the Short-Term Investment Policy

IX. Recommendation on Community Deposit Program

On a motion by Ms. Reback and seconded by Mr. Fay, it was unanimously
VOTED: to approve the adoption of the Community Deposit Program

X. Briefing : Pension Liabilities

Treasurer Magaziner stated this discussion was to be a primer for the summer's upcoming asset/liability study and introduced Joe Newton of Gabriel Roeder. Mr. Newton talked about the pension liability and how it fits with the asset side of the pension system. He was clear to note that there is no absolute truth or objective answer when it comes to looking at risk tolerance. He explained the relationship between risk tolerance and cost tolerance, explaining that people tend to have zero risk tolerance until shown the cost; cost tolerance has an inverse relationship to risk tolerance. He explained how this trade-off can frame discussions when managing asset allocations to meet specific liabilities.

Mr. Newton mentioned that size, type of funds, contributions, ratio of actives to retirees, funded ratios and other key characteristics of a plan will have a significant impact when determining risk tolerance for the investment portfolio. Because these characteristics vary widely among pension systems, Mr. Newton felt portfolios cannot necessarily be compared to other plans. He stated that each plan has their own set of objectives within their own set of criteria. He warned that just because peers are engaging in certain funds and behavior does not mean similar approaches would be beneficial for others; each fund is different in terms of size, pools, investments, etc.

Mr. Newton pointed out that both the SIC and the Retirement Board were anticipating decisions about the entire plan. The SIC would be addressing the portfolio's asset allocation prior to the Retirement Board's experience study, which examines the liabilities as well as setting the plan's target rate of return. He suggested the outcome of the SIC's asset allocation work would be influential on the Retirement Board's return target. Overall he recommended that the discussions take place in conjunction with each other and the two boards formulate strategic decisions together.

Mr. Newton then spent significant time explaining the drivers of his liability calculations, walking through several scenarios and sensitivities. He concluded that there is always a trade-off between investment risk and the cost of the plan.

The board asked questions.

XI. Recommendation on Commissioning Asset/Liability Study

Mr. Burns gave a presentation that outlined the asset/liability study process and provided some background on how it works. He described a series of intensive meetings at which the members would become properly educated on a variety of issues and have thorough discussions about risk tolerance and risk management. A large part of the process is for members to outline the financial risks they want to manage against and then determine their tolerance for those risks. These initial discussions will be expected to flesh out the issues most important to address in the portfolio. Once the baseline for risks is established, a discussion will proceed about how to manage those risks.

Mr. Burns explained the study will assess the fund's current and predicted financial condition and how the plan's health might vary under different asset portfolios. Subsequently, the PCA will use its asset allocation quantitative model to recommend a portfolio that addresses these findings.

Mr. Burns said that the PCA model will customize for how the Rhode Island liabilities are structured. He also explained the asset/liability study would also explore what other institutional investors are currently doing, analyzing their strategies and philosophies, as well as their overall financial health and any approaches that might be beneficial for Rhode Island to implement going forward.

The board asked questions.

On a motion by Mr. Benson and seconded by Mr. Fay, it was unanimously
VOTED: to approve the commission of an Asset /Liability Study

XII. Legal Counsel Report

There was no legal counsel report.

XIII. Chief Investment Officer Report

Ms. Fink reviewed the performance of the portfolio for April. She stated that April was a good month for the market, as well as the fund. The fund was up 1.3%, beating both the bottom-up benchmark and the basic 60% equity/40% bonds allocation. She described April as an interesting month, the polar opposite of January, with commodities up substantially and MLPs were up 12%. Corporate loans and credit were also huge performers as markets became more positive on global growth. The portfolio's more aggressive asset manager, Western Asset Management was up 2.7% and Brigade, the long/short- credit hedge fund was up 4.7%. International equity was up 2.6%.
On the detracting side, private equity was down 0.66%, as performance reflected the market softness from the first quarter. Hedge funds did better than in March and she described the positive trend as continuing in May based on mid-month numbers. She reminded that the portfolio's hedge funds have low beta, so did not keep up with the global stock market in the strong April rally.
The QVM (quality, value, momentum) factor tilt portfolio had a tough month giving back some of the strong performance in the portfolio's first six months. Quality and momentum underperformed for the month but May was looking better based on input from the portfolio's manager State Street.
Looking longer term, Ms. Fink explained the overall portfolio is up 2.1% on the calendar year and down less than 1% for the fiscal year to date, which is a notable improvement from the start of the year. The portfolio has underperformed the 60/40 in both the calendar and fiscal year to date; however, in the 3- and 5-year periods, it is outperforming in risk-adjusted returns.

Ms. Fink also spoke to the voluminous public records request the office received in March, which was completed on May 9th when the office delivered over 9000 pages to the requestor. It took roughly 480 employee work hours to complete the request.

Going forward through the month of June, Ms. Fink noted the main focus of the office will be on the 529 transition, which takes place on July 8th. There is a significant amount of documents and communications to be finalized before that time.

The board asked questions.

XIV. Treasurer's General Comments

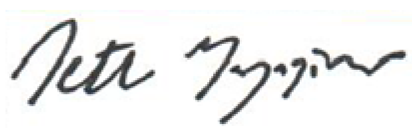
Treasurer Magaziner indicated that the commissioning of the asset/liability study meant that the SIC would need additional meetings throughout the summer to discuss related issues. The office will be working on a proposed schedule to accommodate the supplemental meetings.

The Treasurer thanked Faith LaSalle for her service, as it was her last meeting on the board. He expressed it had been terrific working with her. He recognized her being especially helpful in the CollegeBound*fund* manager selection.

He also introduced Sylvia Maxfield (in absentia), the Dean of Providence College's Business School, as the new SIC member who will begin serving in June.

There being no other business to come before the Board, on a motion by Ms. Reback and seconded by Mr. Fay the meeting adjourned at 11:09 a.m.

Respectfully submitted,



Seth Magaziner,
General Treasurer

State Investment Commission
Monthly Meeting Minutes
Wednesday, June 22, 2016
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:03 a.m., Wednesday, June 22, 2016 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. Robert Benson, Mr. Thomas Fay, Ms. Marie Langlois, Ms. Sylvia Maxfield, Mr. Thomas Mullaney, Ms. Marcia Reback, and Treasurer Seth Magaziner.

Also in attendance: Mr. Daniel Schmitz from Stonepeak Infrastructure Partners; Ms. Denise Olson and Mr. Barry Malkin from GEM Realty; Ms. Judy Chambers, Mr. David Glickman, Mr. John Burns and Mr. Allen Emkin of Pension Consulting Alliance (PCA), general consultants; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Ms. Anne-Marie Fink, Chief Investment Officer; Mr. Patrick Marr, Chief of Staff; and members of the Treasurer's Office staff.
Treasurer Magaziner called the meeting to order at 9:03 a.m.

II. Approval of Minutes

On a motion by Ms. Reback and seconded by Mr. Fay, it was unanimously
VOTED: to approve the draft minutes of the May 25th, 2016 meeting of the State Investment Commission.

III. Review of Infrastructure Allocation

Ms. Chambers of PCA led the discussion on the Infrastructure Allocation, beginning with the breakdown of the Infrastructure portfolio. There are four infrastructure investments; the first is the core investment in IFM Global Infrastructure Fund. This fund invests in larger, core infrastructure transactions in the U.S and Europe. The current commitment amount is $50 million with a target net return of 10%. Since inception there has been a return of 6.7% net IRR. The second fund is iSquared Global Infrastructure. $50 million was committed to the fund late last year. Because it is so early in the investment period, there are no meaningful returns to report at this time. Harvest MLP currently has a 2% allocation. The last fund is Stonepeak Infrastructure Partners. ERSRI initially committed $50 million late last year to this fund; however, the amount was later reduced to $43 million due to oversubscription. Again, because it is early in the fund's investment period, there are no meaningful returns to report.
Ms. Chambers also summarized broad market trends and the status of the marketplace.
Ms. Chambers noted there is an increase in public pension plans investing in infrastructure. She stated that investors have been relatively pleased with infrastructure performance, particularly as it relates to cash yields, which hovers between 4-7%, and overall investment performance returns.
Ms. Chambers indicated that PCA is working with staff to look at attractive investment opportunities, focusing more on value-added versus core infrastructure opportunities.
Ms. Fink explained that the current private infrastructure allocation, which does not include MLPs, will not exceed 3% and currently is at 1%. New infrastructure commitments will take place gradually. More detailed discussions surrounding these allocations will be held during the summer's asset allocation study.

Ms. Chambers then introduced Mr. Schmitz, from Stonepeak Infrastructure Partners. Mr. Schmitz provided background on the fund and summarized current investments. He noted that to date roughly $25 to $26 million of RI's initial commitment has been invested, not including a new investment announced earlier in the week which would bring the total up to $30 million. He confirmed that Stonepeak does not take direct commodity risk and attempts to be well insulated against those types of risks. Mr. Schmitz said that current investments are well positioned to protect against downside scenarios.

Mr. Schmitz proceeded to discuss the sidecar vehicle. Any investment in the sidecar vehicle not exceed 25% of the $10 million dollars that is proposed. This option would translate into increased exposure on a fee free basis.

The board asked questions.

IV. Recommendation for Infrastructure Overage Fund

Ms. Chambers expressed that PCA was pleased with Stonepeak Infrastructure Partners, particularly in their transparency efforts.

Ms. Fink added that Stonepeak Infrastructure Partners had much better timing than their peers as it related to investing in MLPs, noting they had been patient last year as energy prices continued to fall and have since become more active in deploying capital.

On a motion by Ms. Langlois and seconded by Ms. Maxfield, it was unanimously

VOTED: to approve a $10 million commitment to the Infrastructure Overage Fund pending successful negotiation with Stonepeak Infrastructure Partners

V. Recommendation for Real Estate Fund

Mr. Glickman led the discussion on the recommendation for a commitment to GEM Realty VI. Mr. Glickman began by explaining that the opportunity being presented is a non-core capital appreciation-focused closed-end fund. The firm's strategy to identify properties in which management and extra attention can change the character, the risk profile and ultimately the value of the property. In 2013, $50 million was committed to GEM Realty Fund V, with the commitment period set to expire later this year.

Mr. Glickman then introduced Mr. Malkin and Ms. Olson from GEM Realty. Mr. Malkin gave a brief history of GEM Realty before discussing their investment approach. He explained that GEM looks to invest in those assets that are underperforming or non-conforming, and bring them back into a "conforming state". He notes this has been a successful approach for their firm.

Ms. Reback asked Mr. Glickman if there were hidden fees in this fund, which had been a public concern. Mr. Glickman said GEM discloses fees; there are no known hidden fees. Ms. Olson added that GEM Realty follows the ILPA standards when it comes to fee reporting and fee transparency, and will do the same for Fund VI. Treasurer Magaziner interjected that with the current commitment in Fund V, GEM complies with all of Rhode Island's transparency guidelines, which are among the strictest in the country.

Mr. Glickman noted that real estate comprises 8% of the portfolio and suggested there be up to a $30 million commitment to Fund VI.

Mr. Glickman described GEM Realty as "sharp shooters" rather than "generalists", with their advantages being they invest in all types of real estate and they do so over a longer period of time, diluting the concentration of vintage year risk. They are well aligned and have good continuity.

Ms. Fink suggested a $20 million commitment because although the portfolio is underweighted in real estate, the risk must be balanced, particularly as it relates to vintage year exposure. She also pointed to the evolution over time and GEM's ability to improve the value of their assets.

After initial discussion, Treasurer Magaziner drew Mr. Malkin and Ms. Olson's attention to the hotel workers union members that were present at the meeting, telling Mr. Malkin and Ms. Olson that the group had recently expressed concern about an issue at one of GEM Realty's properties in Los Angeles, CA. Treasurer Magaziner afforded GEM the opportunity to discuss their approach to labor relation management. Mr. Malkin stated there were good relations with both union and non-union employees (from the perspective of an investor and a service provider). Mr. Malkin noted that GEM does not undertake property management at the assets they own, and therefore, GEM is not the employer of any employees at the hotels they own. Clear delineations exist between the asset manager and the actual underlying management company, and under this contract they are given no rights to negotiate or make decisions regarding the employees. He goes on to say that, as a firm, they value fair treatment of employees by their employers and often speak with those employers regarding the importance of maintaining sound labor relations.
Ms. Reback asked GEM about the relationships they have with certain firms that are known to be hostile toward unionized workers. She noted one in particular, at which time Mr. Malkin stated they no longer did business with that organization.

The board asked questions.

On a motion by Mr. Benson and seconded by Mr. Mullaney, it was unanimously
VOTED: to approve a $20 million dollar commitment to the GEM Realty Real Estate Fund VI

VI. Update on the Community Deposit Program

Mr. Marr provided an update on the newly established Community Deposit Program. Mr. Marr said Treasury has engaged 5 or 6 banks and credit unions. Thus far, 2 have agreed to participate, Washington Trust and Customers Bank, both of which are approved SIC banks. The office is following up with these two institutions regarding next steps. Additionally, the office received commitments from 3 other banks – People's Credit Union, Navigant Bank and Centreville Bank– that they plan on participating in the near future. Due diligence is currently being conducted, and findings will be presented at a future meeting.

VII. Recommendation for SIC meeting schedule

In order to accommodate additional discussions surrounding the asset liability study, it is necessary to amend the existing SIC meeting schedule as well as add some meetings. Additional meeting dates include July 13th and September 8th. The July and August meetings as currently scheduled will be canceled and will be substituted with an all-day meeting on August 1st.

On a motion by Mr. Mullaney and seconded by Ms. Reback, it was unanimously
VOTED: to approve changes to the SIC meeting schedule.

VIII. Briefing: Survey of Asset Allocation Approaches of Institutional Investors

Mr. Emkin and Mr. Burns reviewed the process of the upcoming asset/liability study. Mr. Emkin expressed the importance of the study, saying the implication would reverberate through the next 30-40 years. Mr. Emkin gave historical information to provide a baseline for expected volatility, highlighting possible trends to consider during the asset liability study.
Mr. Emkin pointed out that the public pension plan currently has a 1:1 payout ratio meaning for every one person paying in to the system, there is another receiving payment from the system. He says this is important to note because the plan must stay well-funded or there will be increased reliance on the state to then generate lost returns. He went on to say that traditional thinking was that capital markets would fill in those gaps. Typically, 60% of funding for pension plans comes from investment returns. If not coming from the market, the only other source to make up for these short comings is by way of contributions.
Mr. Emkin noted that the state of Rhode Island has met the responsibility to fund the public pension plan, meeting its employee contributions on a yearly basis for the past 25 years. For PCA, the problem area centers on the issue of an unfunded liability.
Mr. Emkin touched on the current market conditions and highlighted the reality of negative interest rates. This development is unprecedented. As such, investment decision-making and generating high investment returns will prove most challenging moving forward.

The board asked questions.

IX. Legal Counsel Report

There was no legal counsel report.

X. Chief Investment Officer Report

Ms. Fink described May as a solid month for performance. The portfolio was up 0.4%, outperforming the bottom-up benchmark, which was up 0.3%, and the 60/40, which was up 0.1%. Ms. Fink noted that U.S. equities and credit did well due to slow and steady domestic growth; however, international markets fell due continued concerns about growth in Europe, Japan and emerging markets. The portfolio outperformed in fund selection and asset allocation. MLPs, U.S. domestic stocks and equity hedge funds were the outperformers for the month. QVM also had a strong May following a weak April. The returns on QVM since inception have exceeded expectations and continue to get good returns. The portfolio's lagging areas on the month are international stocks and TIPs.
Ms. Fink pointed out that over a long-term period, the ERSRI portfolio is outperforming the basic 60/40 allocation on both the risk and return basis.
Ms. Fink also spoke about the 529 transition, which was proceeding at pace. Ascensus has opened their Rhode Island facility, creating 35 local jobs. The transition will take place the weekend of July 9th. Alliance Bernstein's last day will be July 8th and Ascensus and Invesco will be live July 13th.
Ms. Fink then talked about her own professional transition back to the private sector. She will be leaving Treasury in mid-July.

Treasurer Magaziner noted what a valuable member Ms. Fink has been to the Treasury team. Mr. Tim Nguyen was then introduced as the Interim Chief Investment Officer.

XI. Treasurer's General Comments

Treasurer Magaziner welcomed new member Sylvia Maxfield to the board.
He also spoke to several staff changes including the promotion of Mr. Patrick Marr from Chief Operating Officer to Chief of Staff and Ms. Amy Crane from Deputy General Counsel to General Counsel.

Treasurer Magaziner highlighted the massive undertaking relating to the 529 conversion. The tasks associated with such a change have been demanding particularly during the same time as the asset liability study and the recent staff changes. He expressed his excitement to have the conversion complete.
He offered his thanks to the board for their willingness to participate in the long and impending asset liability study throughout the course of summer 2016.

There being no other business to come before the Board, on a motion by Ms. Reback and seconded by Mr. Fay the meeting adjourned at 11:57 a.m.

Respectfully submitted,

Seth Magaziner,
General Treasurer