

**Private Markets Disclosure Policy – Approved at the 1/13/09 Board meeting.**

The New Hampshire Retirement System is committed to providing the highest degree of public disclosure and transparency of its financial operations not in conflict with its paramount fiduciary duty to act solely in the interest of its members and beneficiaries and to prudently maximize a risk-adjusted return on System assets for their exclusive benefit. With respect to those private market investments (including these asset types: all private equity, absolute return, and non-direct real estate funds) in which the System is invested, and recognizing its general public obligation to be transparent and accountable subject to that fiduciary duty of loyalty it owes to its members and beneficiaries, the System's disclosure policy is guided by the following principles:

- The fiduciary duty of the System is to prudently maximize a risk-adjusted return on fund assets solely in the interest of and for the exclusive benefit of its members and beneficiaries.
- The System's Board of Trustees and Investment Committee manage the System's investments with as much transparency as possible, recognizing it is a public body accountable in the first instance to its members and then also to the general public.
- However, when the general policy favoring transparency is seen to conflict with the Board's and Investment Committee's express fiduciary duty to act solely in the interest of and for the exclusive benefit of its members, it must act in the best interests of its members.

On balance, and upon careful consideration, the Board has concluded that public disclosure of the periodic investment performance by asset type of those private market investment funds in which the System is invested would not interfere with the operation of those funds or frustrate the fiduciary duty owed to the System's members and beneficiaries. Accordingly, the System, on a quarterly basis, shall compile, post on its website, and make available for public inspection a report disclosing private market investment information, as outlined below:

- Date of commitment and the total amount committed for each fund
- The type of Fund (e.g., buyout, mezzanine, venture, real estate)
- A column for relationship disclosure (any connection, that investment staff or any Trustee or investment committee member has with a partnership or the general partners will be disclosed in detail in footnotes)
- The asset type internal rate of return (IRR)
- The asset type contribution amount
- The asset type distribution amount
- The asset type market value

These disclosures will provide substantial relevant information to members and the public. They provide the financial extent of the System's private market program, and of each asset type, their scale relative to the total portfolio, the names and numbers of partnerships in which the NHRS is invested, their type, whether the NHRS is invested in more than one generation of a fund, where the program for each asset type stands relative to its allocation (over-invested or under-invested), how much over-commitment has been made to achieve the invested target (potential liability), what the quarterly cash flows are with regard to the program, the return (success, or lack thereof) of the program, and whether cash is being paid out (invested) or received, on balance. If any funds are bought, or sold, that will also be apparent. All transactions, including other important information, are reported through the Investment Committee and captured in the meeting minutes.

The only information our policy does not regularly report is discussed below:

The NHRS does not provide information publicly on the internal rates of return on individual partnerships in the portfolio and does not provide sufficient detail for the public to calculate it. This is consistent with the fact that the NHRS does not provide returns on individual public investments such as common stocks or bonds held in portfolios. This level of detail is not needed for our constituents to evaluate the performance of the portfolio, or the program, and it distracts attention from the information the NHRS does provide which is sufficient to assess success, risks and other relevant program metrics.

As to that additional information specifically concerning underlying investments or portfolio companies in the NHRS private market investment portfolios, the System recognizes a material adverse effect on the ability of the funds to succeed in their investment activities and negotiations that would result from public disclosure of such confidential and proprietary financial information. The business impairment of such compromised funds, of course, would immediately translate to a direct and negative impact on the economic interests of the System, its members and beneficiaries.

In addition to causing substantial harm to the competitive position of those funds and portfolio companies in which the System is invested, such public disclosure would likely result in degraded reporting to the System of that financial information and reduced opportunities to participate in future private market investments. Therefore, such confidential and proprietary information as may detail a fund's portfolio companies or underlying investments or otherwise be outside the scope of those items included in the quarterly report described above are exempt from public inspection and may not be disclosed.

