

**New Hampshire Retirement System (NHRS)  
Independent Investment Committee Meeting**

*(Certain portions of the meeting may be held in Non-Public Session)*

**Agenda  
Tuesday, January 27, 2026**

- 9:00 am      Call to Order
- 9:00 am      Approve Minutes [Tab 1]
- December 16, 2025, Public Meeting Minutes *(Action Expected)*
- 9:05 am      Comments from the Chief Investment Officer [Tab 2]
- Portfolio: Performance & Manager Update(s)
  - Holdings Update
  - Work Plan *(Action Expected)*
- 9:15 am      The Townsend Group Presentation: Annual Portfolio Review [Tab 3]
- Review of Investment Plan for Calendar Year 2025
  - Review of Investment Plan for Calendar Year 2026 *(Action Expected)*
- 10:00 am      Callan Presentation: Annual Private Debt & Equity Review [Tab 4]
- Review of Calendar Year 2025 Private Equity, Private Credit and Infrastructure Pacing Plan *(Action Expected)*
- 10:45 am      Callan Presentation: Calendar Year 2026 Capital Market Assumptions [Tab 5]
- 11:15 am      Public Global Equity Structure Review *(Action Expected)* [Tab 6]
- 12:00 pm      Adjournment
- Informational Materials [Tab 7]
- Callan Monthly Review – November 2025
  - Asset Allocation Update
  - Private Debt, Equity & Infrastructure Summary
  - 2025 Proxy Voting Summary Memo
  - FY 2025 Comprehensive Annual Investment Report

**Next Meeting: Tuesday, March 3, 2026**

**NOTE:** The draft of these minutes from December 16, 2025, Independent Investment Committee meeting is subject to approval and execution at a subsequent meeting.

**Independent Investment Committee Meeting  
December 16, 2025  
DRAFT Public Minutes**

**New Hampshire Retirement System  
54 Regional Drive  
Concord, NH 03301**

*Committee Members:*

- Christine Clinton, CFA, *Chair*
- Brian Bickford, CFA, CFP®, *Member*
- Maureen Kelliher, CFA, *Member*
- Christopher MacBean, MSFP, CFP®, *Member*
- Mike McMahon, *Non-Voting Member (by video conference)*

*Staff:*

- Jan Goodwin, *Executive Director*
- Raynald Leveque, *Chief Investment Officer*
- Danita Johnson, *Head of Private Markets*
- Gregory Richard, CFA, CAIA, *Investment Generalist III*
- Shana Bilech, CFP®, *Investment Generalist II*
- Jonathan Diaz, *Investment Generalist I*
- Annie Gregori, *Chief Legal Counsel*
- Sonja Gonzalez, *Chief Information Technology Officer (by video conference)*
- Marie Mullen, *Director of Finance (by video conference)*
- Mariel Holdredge, *Executive Assistant (by video conference)*

*Guests:*

- Ryan Coulter, CFA, *Executive Director, BlackRock*
- Kamal Maruf, *Managing Director, BlackRock*
- Donald M. Perault, *Managing Director, BlackRock*
- John Seeg, *Global Co-Head of Private Equity Partners ("PEP"), Senior PEP Relationship Oversight, BlackRock*
- Angel Haddad, *Senior Vice President, Callan LLC*
- Britton Murdoch, *Senior Vice President, Callan*
- David Smith, CFA, CTP, *Senior Vice President, Callan LLC (by video conference)*
- Andrew Peisch, *Partner, KKR*
- Bhavit Patel, *Managing Director, Global Client Solutions, KKR*

- Mike Golubic, *Partner, The Townsend Group (by video conference)*
- Tony Pietro, *Partner, The Townsend Group*

Chair Clinton called the meeting to order at 9:00 AM.

On a motion by Ms. Kelliher, seconded by Mr. MacBean, the Independent Investment Committee (Committee) approved the public minutes of the November, 18, 2025, Committee meeting as presented, by roll call vote.

Mr. Leveque reviewed investment returns through recent periods and referred to the Callan Monthly Review for the period ending October 31, 2025. He provided an update on portfolio holdings, liquidity, ongoing portfolio transitions, and the Work Plan. He shared an update on holdings within the NHRS portfolio and discussed the Work Plan.

On a motion by Ms. Kelliher, seconded by Mr. MacBean, the Committee unanimously voted to renew the motion to renew the trading cost analysis agreement with Abel Noser Solutions for a five- year term through December 31, 2030.

On a motion by Mr. Bickford, seconded by Mr. MacBean, the Committee unanimously voted to renew a motion to extend the Proxy voting outsourcing agreement with ISS for a one-year term through December 31, 2026.

On a motion by Ms. Kelliher, seconded by Mr. Bickford, the Committee unanimously voted to renew the motion to extend the NHRS' Investment Consultant agreement with Callan for a one-year term through December 31, 2026.

On a motion by Mr. Bickford, seconded by Ms. Kelliher, the Committee unanimously voted to the extend the real estate investment management agreement with Townsend Group for a one-year term through December 31, 2026.

Next, Ms. Johnson and Mr. Smith provided an overview of BlackRock Private Equity Partners Co-Investment program. Ms. Johnson reviewed the performance of the previous series. Following this, the Committee heard from representatives of BlackRock.

Mr. Perault provided an overview of the long-term NHRS and BlackRock partnership. Followed by Mr. Seeg who provided an overview of the BlackRock's investment philosophy and the firm's historical co-investment performance. Which was then followed by Mr. Maruf who provided a deep dive into portfolio investments and case studies. To finalize the session Mr. Coulter reviewed the fund fees, dynamic portfolio investment guidelines and extension of staff model. He closed with a discussion on the opportunity to commit an additional \$150 million over a three to five-year period.

On a motion by Mr. Bickford, seconded by Ms. Kelliher, the Committee unanimously voted to commit \$150 million to BlackRock Private Equity Partners Co-Investment Program, subject to contract and legal review.

Next, Ms. Johnson provided an overview of KKR Global Infrastructure Investors V fund (GII V) and staff's recommendation to commit up to \$100 million. Following this, the Committee heard from representatives of The Townsend Group. Mr. Golubic provided Townsend's perspective supporting the investment team's recommendation for a commitment to the GII V.

The Committee then heard from representatives of KKR. Mr. Patel gave an overview of the Global Infrastructure Investors Fund. Mr. Peisch discussed the fund's investment philosophy, team structure, historical performance, and reviewed case studies on existing investments.

On a motion by Ms. Kelliher, seconded by Mr. MacBean, the Committee unanimously voted to commit up to \$100 million to the KKR Global Infrastructure Investors V fund, subject to contract and legal review.

Mr. Haddad discussed the Investment Committee's major accomplishments during the 2025 fiscal year-ended June 30, 2025. He and Mr. Murdoch shared the impact of broad market performance on NHRS portfolio returns. Mr. Haddad also reviewed the System's asset allocation and noted the System's performance relative to similar size plans. Followed by Mr.



Murdoch, who addressed rebalancing of the Global equity and non-U.S. equity allocations and plans to address misfit risk within the earlier part of the 2026 calendar year.

On a motion by Ms. Kelliher, seconded by Mr. Bickford, the Committee unanimously voted to adjourn the meeting, by roll call vote.

The meeting adjourned at 12:06 PM.

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## Market Environment

### As of November 30, 2025

Index	Last Month	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Russell 3000	0.27	8.18	13.59	19.82	14.15	14.05
S&P 500	0.25	8.12	15.00	20.57	15.28	14.63
Russell 2000	0.96	12.39	4.09	11.43	7.99	9.12
MSCI ACWI ex USA	(0.03)	6.89	26.04	15.89	8.41	7.89
MSCI Emerging Markets	(2.39)	10.64	29.51	14.72	5.06	7.86
Bloomberg Aggregate	0.62	2.03	5.70	4.56	(0.31)	1.99
NCREIF NFI-ODCE	0.17	0.52	2.89	(4.92)	2.51	3.95
Bloomberg Commodity Price	2.90	2.56	12.50	(1.65)	8.23	3.14

Both equities and fixed income posted modest gains in November, as markets navigated limited economic data availability amid the 43-day federal government shutdown and shifting expectations for the Federal Reserve's December meeting. Monetary policy expectations remained in flux for much of the month, though markets ultimately settled on a December rate cut as the most likely outcome. Investor uncertainty was exacerbated by gaps in economic reporting, particularly around labor markets and inflation, though consensus views continued to point toward easing in December. While 81% of S&P 500 companies beat third-quarter earnings expectations, markets were largely unmoved as elevated growth assumptions limited upside reaction.

The U.S. economy added 64,000 jobs in November, following a reported decline of 105,000 jobs in October. Employment gains in November were concentrated in health care and construction, while federal government employment continued to decline. The unemployment rate edged up to 4.6% in November from 4.4% in September, and the labor force participation rate increased slightly to 62.5% from 62.4%. October's reported job losses reflect data from the household survey, which continued to be released during the federal government shutdown, while payroll employment data derived from employer surveys were delayed. As a result, October labor market data was incomplete, and a comparable unemployment rate was not reported for that month.

The headline Consumer Price Index (CPI) rose 2.7% year-over-year in November, down slightly from 3.0% in September. Price levels increased 0.2% over the two months from September to November, compared to a 0.3% gain in September. Core CPI, which excludes more volatile food and energy prices, rose 2.6% year-over-year, slightly below the 3.0% September reading. Over the two months ending in November, core CPI increased 0.2%.

*The federal government shutdown has postponed the release of key November data. GDP was not available at the time of publication.*

Estimates for 3Q25 real GDP growth vary, with the Atlanta Fed's GDPNow model at 3.6% (as of Dec. 11, 2025). Real, annualized U.S. GDP increased at a rate of 3.8% in 2Q25, according to the third estimate.

\*Due to a lag in the reporting of NCREIF NFI-ODCE Index returns, the monthly return shown is deduced from the most recent quarterly return.

## U.S. Equity Overview

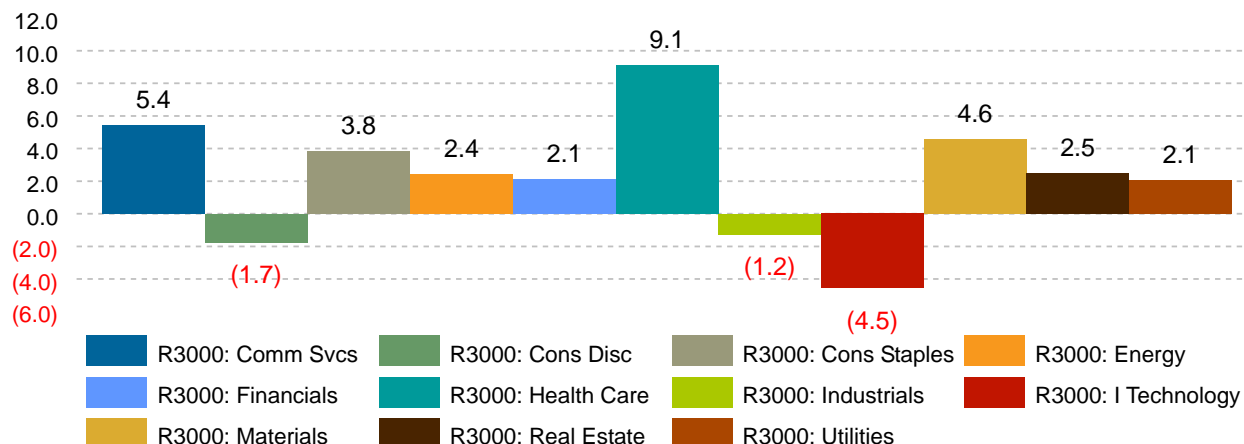
### As of November 30, 2025

Index	Last Month	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Russell 3000	0.27	8.18	13.59	19.82	14.15	14.05
Russell 1000	0.24	7.99	14.09	20.31	14.53	14.38
Russell 1000 Growth	(1.81)	10.51	20.35	27.98	16.51	18.03
Russell 1000 Value	2.66	5.33	7.25	12.09	12.01	10.21
Russell Midcap	1.27	5.33	3.10	12.36	9.73	10.74
Russell 2000	0.96	12.39	4.09	11.43	7.99	9.12
Russell 2000 Growth	(0.68)	12.19	5.11	13.54	5.31	9.18
Russell 2000 Value	2.81	12.60	3.02	9.17	10.51	8.66

U.S. equities were roughly flat in November (Russell 3000 Index: +0.3%) as investor positioning reflected concerns around monetary policy, tariffs, and the broader growth outlook. After a brief early-month rally, the S&P 500 traded lower for most of November, driven by concerns about forward growth expectations, rising cost pressures, and elevated valuations. This was particularly evident within AI-related industries, where debt financing and capital expenditure plans continue to expand rapidly. Markets improved in the final days of the month as selling pressure eased, and investors stepped in, nudging broad equity indices into slightly positive territory (S&P 500: +0.3%). Large caps modestly lagged small caps (Russell 1000 Index: +0.2% vs. Russell 2000 Index: +1.0%), and value significantly outperformed growth (Russell 1000 Value Index: +2.7% vs. Russell 1000 Growth Index: -1.8%) as investors rotated into more defensive areas of the market. Precious metals rose again in November, reflecting continued safe-haven demand amid policy and data uncertainty.

Sector leadership shifted meaningfully over the month. Health Care (+9.1%) posted its strongest monthly gain since October 2022, while Information Technology (-4.5%) was the weakest performer, reflecting ongoing valuation digestion and investor caution surrounding the durability of AI-driven earnings. Nvidia reported strong results, though this did little to alleviate broader concerns about high multiples and ambitious long-term profit expectations. More cyclical sectors, including Consumer Discretionary (-1.7%) and Industrials (-1.2%), underperformed, while Communication Services (+5.4%), Materials (+4.6%), and Consumer Staples (+3.8%) posted gains.

### Russell 3000 Index 1 Month Sector Returns



## Global ex-U.S. Equity Overview

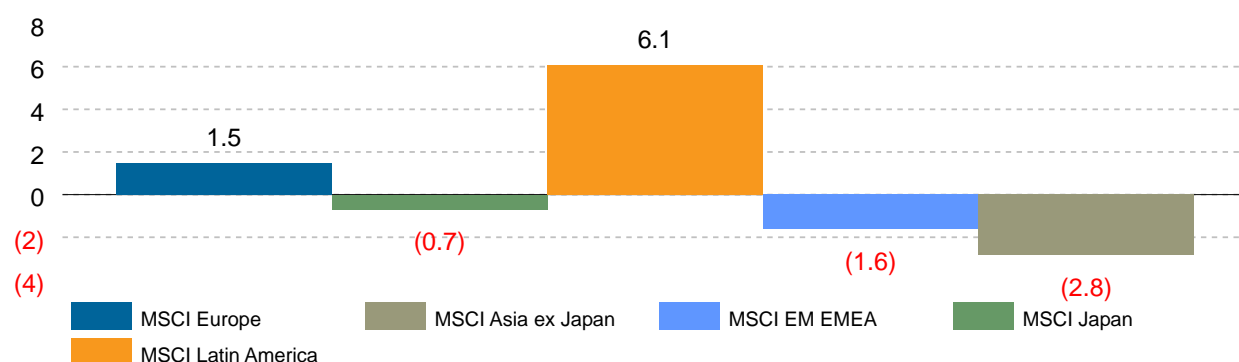
### As of November 30, 2025

Index	Last Month	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI ACWI ex USA	(0.03)	6.89	26.04	15.89	8.41	7.89
MSCI EAFE	0.62	4.77	24.50	16.11	9.27	7.72
MSCI EAFE Hedged	0.72	6.05	21.06	16.99	14.00	10.17
MSCI Emerging Markets	(2.39)	10.64	29.51	14.72	5.06	7.86
MSCI ACWI ex USA Small Cap	0.77	6.68	24.08	14.93	7.94	7.93

Global ex-U.S. equities were relatively unchanged in November (MSCI ACWI ex-USA Index: 0.0%) as non-U.S. markets navigated mixed corporate earnings, ongoing trade uncertainty, and shifting currency dynamics. Regional performance varied widely. In the euro zone, equities rose modestly, supported by strong earnings in the Financials and Information Technology sectors, though the auto industry sub-sector disappointed. Europe's lower concentration in mega-cap technology stocks helped stabilize returns relative to the U.S. The U.K. posted muted performance as weak consumer sentiment weighed on markets. In Japan, a weaker yen continued to support exporters and bolster equity returns. The U.S. dollar strengthened modestly against developed market currencies during the month (MSCI EAFE: +0.6% vs. MSCI EAFE Hedged: +0.7%).

Emerging markets lagged developed markets (MSCI EM: -2.4%), driven by a sharp pullback in technology-heavy countries such as South Korea and Taiwan, where semiconductor-related names declined. Chinese equities fell as weak domestic data outweighed stronger export growth, weighing on emerging markets. Emerging Europe, the Middle East, and Africa also posted losses (MSCI EM EMEA: -1.6%), weighed down by softer oil prices and regional geopolitical uncertainty. In contrast, Latin America delivered strong gains (MSCI Latin America: +6.1%).

### MSCI Regional 1 Month Returns

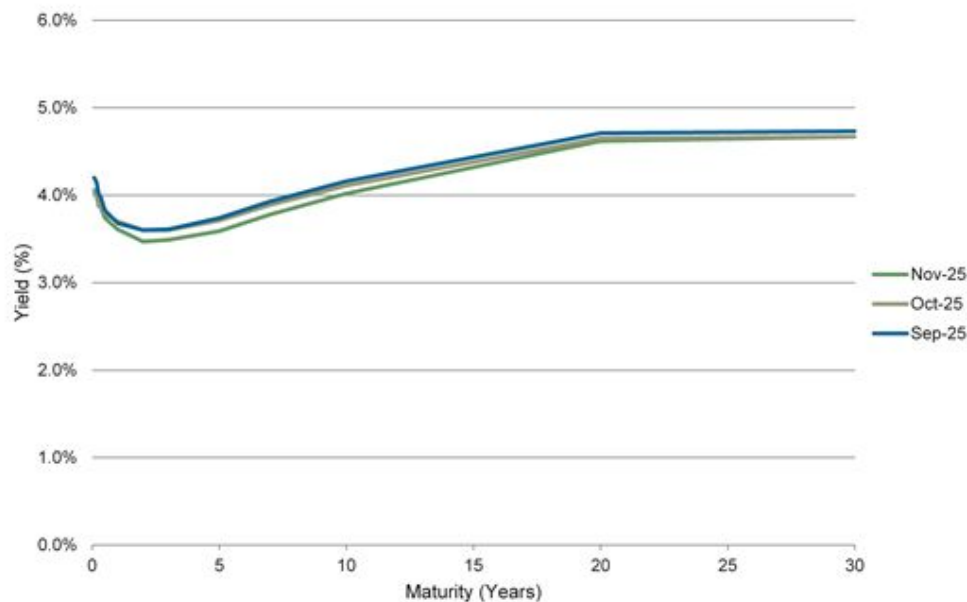


## Fixed Income Overview

### As of November 30, 2025

Index	Last Month	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Bloomberg Aggregate	0.62	2.03	5.70	4.56	(0.31)	1.99
Bloomberg Long Gov/Credit	0.45	3.16	2.93	3.06	(4.67)	2.04
Bloomberg Treasury	0.62	1.51	5.02	3.56	(0.97)	1.38
Bloomberg Credit	0.62	2.57	6.00	5.89	0.08	3.09
Bloomberg Mortgage	0.62	2.43	6.57	4.67	0.15	1.57
Bloomberg TIPS	0.18	2.10	5.74	4.01	1.44	3.04
Bloomberg Corp High Yield	0.58	2.54	7.55	9.63	4.78	6.20
Credit Suisse Leveraged Loans	0.21	1.68	5.84	9.19	6.50	5.61
90-day T-bill	0.28	1.08	4.24	4.82	3.10	2.15

Treasury Yield Curve



Fixed income markets rose in November (Bloomberg US Aggregate Bond Index: +0.6%). Treasury yields were volatile throughout the month, particularly at the front end of the curve, before declining late in November as markets increasingly priced in a 25-basis-point rate cut at the December FOMC meeting. By month-end, falling yields supported bond prices and resulted in a modest steepening of the yield curve.

Investment-grade issuance totaled more than \$134 billion in November, with credit spreads widening slightly to 78 bps. High yield supply rebounded from October, with over \$24 billion issued during the month. High yield spreads widened early in November before tightening, ending the month at 269 bps, 12 bps tighter than October. The 90-day T-bill yield fell 1 bp to 3.88%, the 2-year fell 13 bps to 3.47%, and the 10-year fell 9 bps to 4.02%, while the 30-year remained unchanged at 4.67%. The 2- to 10-year Treasury yield spread rose from 51 bps to 55 bps.

Performance was positive across major fixed income sectors in November. The Bloomberg Credit Index rose 0.6%, and the Bloomberg High Yield Corporate Index gained 0.6% as well. Long-duration bonds also advanced (Bloomberg Long Gov/Credit Index: +0.5%). TIPS gained 0.2%, compared with 0.6% for nominal Treasuries (Bloomberg Treasury Index). The 10-year breakeven inflation rate decreased to 2.23% from 2.30%.

The table below details the rates of return for the fund's asset classes over various time periods ended November 30, 2025. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended November 30, 2025									
Composite	Total Fund Weighting As of 11/30/2025	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
<b>Total Global Equity</b>	<b>48.71%</b>	<b>0.88%</b>	<b>3.93%</b>	<b>7.86%</b>	<b>16.97%</b>	<b>12.46%</b>	-	-	-
MSCI ACWI IMI		0.12%	5.69%	10.01%	20.82%	17.57%	-	-	-
Excess Return		0.76%	-1.76%	-2.15%	-3.85%	-5.11%	-	-	-
<b>Total Domestic Equity</b>	<b>27.69%</b>	<b>1.19%</b>	<b>4.43%</b>	<b>9.35%</b>	<b>12.95%</b>	<b>8.01%</b>	<b>16.09%</b>	<b>12.57%</b>	<b>12.30%</b>
Domestic Equity Benchmark(1)		0.27%	5.96%	10.80%	17.17%	13.59%	19.82%	14.04%	14.01%
Excess Return		0.92%	-1.53%	-1.45%	-4.22%	-5.58%	-3.72%	-1.47%	-1.72%
<b>Total Non US Equity</b>	<b>21.02%</b>	<b>0.47%</b>	<b>3.27%</b>	<b>5.82%</b>	<b>23.95%</b>	<b>20.34%</b>	<b>16.13%</b>	<b>8.30%</b>	<b>7.93%</b>
Non US Equity Benchmark(2)		0.08%	5.31%	8.84%	28.30%	25.78%	15.86%	8.39%	7.88%
Excess Return		0.38%	-2.04%	-3.02%	-4.35%	-5.44%	0.27%	-0.09%	0.05%
<b>Total Fixed Income</b>	<b>25.80%</b>	<b>0.61%</b>	<b>2.24%</b>	<b>3.17%</b>	<b>8.21%</b>	<b>6.36%</b>	<b>5.51%</b>	<b>0.80%</b>	<b>3.11%</b>
Bloomberg Capital Universe Bond Index		0.60%	2.34%	3.42%	7.66%	6.03%	5.14%	0.14%	2.39%
Excess Return		0.00%	-0.10%	-0.25%	0.55%	0.32%	0.37%	0.66%	0.72%
<b>Total Cash</b>	<b>0.95%</b>	<b>0.33%</b>	<b>1.03%</b>	<b>1.76%</b>	<b>3.96%</b>	<b>4.38%</b>	<b>4.93%</b>	<b>3.19%</b>	<b>2.25%</b>
3-Month Treasury Bill		0.28%	0.96%	1.71%	3.82%	4.24%	4.82%	3.10%	2.15%
Excess Return		0.05%	0.07%	0.05%	0.14%	0.14%	0.11%	0.09%	0.10%
<b>Total Real Estate (Q2)*</b>	<b>8.20%</b>	<b>0.03%</b>	<b>-0.13%</b>	<b>-0.08%</b>	<b>4.13%</b>	<b>4.17%</b>	<b>-3.48%</b>	<b>6.03%</b>	<b>7.41%</b>
Real Estate Benchmark(3)		0.17%	0.62%	1.16%	3.01%	3.02%	-6.17%	2.57%	4.23%
Excess Return		-0.15%	-0.75%	-1.24%	1.12%	1.15%	2.69%	3.46%	3.19%
<b>Total Private Equity (Q2)*</b>	<b>11.36%</b>	<b>0.01%</b>	<b>0.02%</b>	<b>0.00%</b>	<b>3.38%</b>	<b>4.91%</b>	<b>4.37%</b>	<b>13.54%</b>	<b>11.66%</b>
Private Equity Benchmark(4)		2.44%	10.26%	16.76%	15.50%	18.04%	21.11%	16.96%	17.44%
Excess Return		-2.43%	-10.24%	-16.76%	-12.13%	-13.13%	-16.74%	-3.41%	-5.79%
<b>Total Private Debt (Q2)*</b>	<b>4.98%</b>	<b>0.00%</b>	<b>-0.11%</b>	<b>-0.11%</b>	<b>4.46%</b>	<b>6.35%</b>	<b>5.63%</b>	<b>7.46%</b>	<b>6.03%</b>
Private Debt Benchmark(5)		0.99%	3.07%	5.13%	7.81%	9.10%	10.25%	6.67%	5.29%
Excess Return		-0.99%	-3.18%	-5.24%	-3.35%	-2.75%	-4.62%	0.79%	0.74%
<b>Total Fund Composite</b>	<b>100.00%</b>	<b>0.59%</b>	<b>2.48%</b>	<b>4.64%</b>	<b>11.15%</b>	<b>8.87%</b>	<b>9.47%</b>	<b>8.46%</b>	<b>8.39%</b>
Total Fund Benchmark(6)		0.52%	4.66%	7.85%	14.57%	12.91%	12.32%	8.40%	8.91%
Excess Return		0.07%	-2.17%	-3.21%	-3.42%	-4.05%	-2.84%	0.06%	-0.51%

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) The Non US Equity Index is the MSCI ACWI ex US IMI Index as of 7/1/2024. Prior to 7/1/2024, it was the MSCI ACWI Ex-US Index.

(3) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(4) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(5) The Private Debt Benchmark is (50% MStar LSTA Leveraged Loan 100 Idx + 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(6) Current Month Target = 50.0% MSCI ACWI IMI, 25.0% Bloomberg Universal, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

(7) For the trailing 25 year period ended 11/30/25, the Total Fund has returned 6.40% versus the Total Fund Custom Benchmark return of 7.13%.

\*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of November 30, 2025, with the distribution as of October 31, 2025. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### Asset Distribution Across Investment Managers

	November 30, 2025		Net New Inv.	Inv. Return	October 31, 2025	
	Market Value	Weight			Market Value	Weight
<b>Global Equity</b>	<b>\$6,751,834,739</b>	<b>48.71%</b>	<b>\$0</b>	<b>\$60,522,139</b>	<b>\$6,691,312,600</b>	<b>48.44%</b>
<b>Total Domestic Equity</b>	<b>\$3,838,447,518</b>	<b>27.69%</b>	<b>\$0</b>	<b>\$45,920,290</b>	<b>\$3,792,527,229</b>	<b>27.45%</b>
<b>Large Cap Domestic Equity</b>	<b>\$2,117,362,481</b>	<b>15.27%</b>	<b>\$0</b>	<b>\$5,172,616</b>	<b>\$2,112,189,864</b>	<b>15.29%</b>
Blackrock S&P 500	2,117,362,481	15.27%	0	5,172,616	2,112,189,864	15.29%
<b>SMid Cap Domestic Equity</b>	<b>\$815,304,969</b>	<b>5.88%</b>	<b>\$0</b>	<b>\$11,754,805</b>	<b>\$803,550,164</b>	<b>5.82%</b>
AllianceBernstein	506,058,694	3.65%	0	3,649,212	502,409,482	3.64%
TSW	309,246,275	2.23%	0	8,105,593	301,140,682	2.18%
<b>Small Cap Domestic Equity</b>	<b>\$905,780,069</b>	<b>6.53%</b>	<b>\$0</b>	<b>\$28,992,868</b>	<b>\$876,787,201</b>	<b>6.35%</b>
Boston Trust	262,091,449	1.89%	0	12,045,637	250,045,812	1.81%
Segall Bryant & Hamill	295,880,480	2.13%	0	8,401,339	287,479,141	2.08%
Wellington	347,808,140	2.51%	0	8,545,892	339,262,247	2.46%
<b>Total Non US Equity</b>	<b>\$2,913,387,221</b>	<b>21.02%</b>	<b>\$0</b>	<b>\$14,601,849</b>	<b>\$2,898,785,371</b>	<b>20.98%</b>
<b>Core Non US Equity (1)</b>	<b>\$1,840,097,936</b>	<b>13.27%</b>	<b>\$0</b>	<b>\$3,995,770</b>	<b>\$1,836,102,165</b>	<b>13.29%</b>
Aristotle	421,062,816	3.04%	0	5,896,591	415,166,225	3.01%
Artisan Partners	556,171,396	4.01%	0	(9,992,349)	566,163,745	4.10%
BlackRock Superfund	256,728,720	1.85%	0	(70,885)	256,799,605	1.86%
Causeway Capital	603,805,394	4.36%	0	8,161,045	595,644,349	4.31%
Lazard	954,308	0.01%	0	(5,046)	959,355	0.01%
SSGA Transition	828,078	0.01%	0	3,424	824,654	0.01%
<b>Emerging Markets</b>	<b>\$221,587,551</b>	<b>1.60%</b>	<b>\$0</b>	<b>\$28,418</b>	<b>\$221,559,132</b>	<b>1.60%</b>
Wellington Emerging Markets	221,587,551	1.60%	0	28,418	221,559,132	1.60%
<b>Non US Small Cap</b>	<b>\$187,108,769</b>	<b>1.35%</b>	<b>\$0</b>	<b>\$3,634,156</b>	<b>\$183,474,613</b>	<b>1.33%</b>
Wellington Int'l Small Cap Research	187,108,769	1.35%	0	3,634,156	183,474,613	1.33%
<b>World Equity</b>	<b>\$664,592,966</b>	<b>4.79%</b>	<b>\$0</b>	<b>\$6,943,505</b>	<b>\$657,649,461</b>	<b>4.76%</b>
Walter Scott Global Equity	664,592,966	4.79%	0	6,943,505	657,649,461	4.76%
<b>Total Fixed Income</b>	<b>\$3,576,344,607</b>	<b>25.80%</b>	<b>\$0</b>	<b>\$22,004,090</b>	<b>\$3,554,340,517</b>	<b>25.73%</b>
BlackRock SIO Bond Fund	303,982,770	2.19%	0	1,139,940	302,842,830	2.19%
Brandywine Asset Mgmt	57,535	0.00%	0	695	56,840	0.00%
FIAM (Fidelity) Tactical Bond	416,506,994	3.00%	0	2,255,453	414,251,541	3.00%
Income Research & Management	860,022,058	6.20%	0	5,260,344	854,761,714	6.19%
Loomis Sayles	330,183,111	2.38%	0	2,460,750	327,722,362	2.37%
Mellon US Agg Bond Index	813,113,039	5.87%	0	5,078,625	808,034,414	5.85%
Manulife Core Bond	850,552,378	6.14%	0	5,876,909	844,675,469	6.11%
Fixed Income Transition	1,926,722	0.01%	0	(68,624)	1,995,347	0.01%
<b>Total Cash</b>	<b>\$131,820,299</b>	<b>0.95%</b>	<b>\$(21,544,094)</b>	<b>\$479,098</b>	<b>\$152,885,295</b>	<b>1.11%</b>
<b>Total Marketable Assets</b>	<b>\$10,459,999,645</b>	<b>75.46%</b>	<b>\$(21,544,094)</b>	<b>\$83,005,327</b>	<b>\$10,398,538,412</b>	<b>75.27%</b>
<b>Total Real Estate</b>	<b>\$1,137,005,263</b>	<b>8.20%</b>	<b>\$13,492,135</b>	<b>\$337,244</b>	<b>\$1,123,175,885</b>	<b>8.13%</b>
Strategic Core Real Estate	643,767,028	4.64%	11,417,009	(0)	632,350,019	4.58%
Tactical Non-Core Real Estate	493,238,234	3.56%	2,075,126	337,244	490,825,865	3.55%
<b>Total Alternative Assets</b>	<b>\$2,265,492,751</b>	<b>16.34%</b>	<b>\$(27,588,573)</b>	<b>\$182,620</b>	<b>\$2,292,898,704</b>	<b>16.60%</b>
Private Equity	1,575,386,009	11.36%	(27,186,180)	164,133	1,602,408,057	11.60%
Private Debt	690,106,741	4.98%	(402,393)	18,488	690,490,647	5.00%
<b>Total Fund Composite</b>	<b>\$13,862,497,658</b>	<b>100.0%</b>	<b>\$(35,640,532)</b>	<b>\$83,525,191</b>	<b>\$13,814,613,000</b>	<b>100.0%</b>

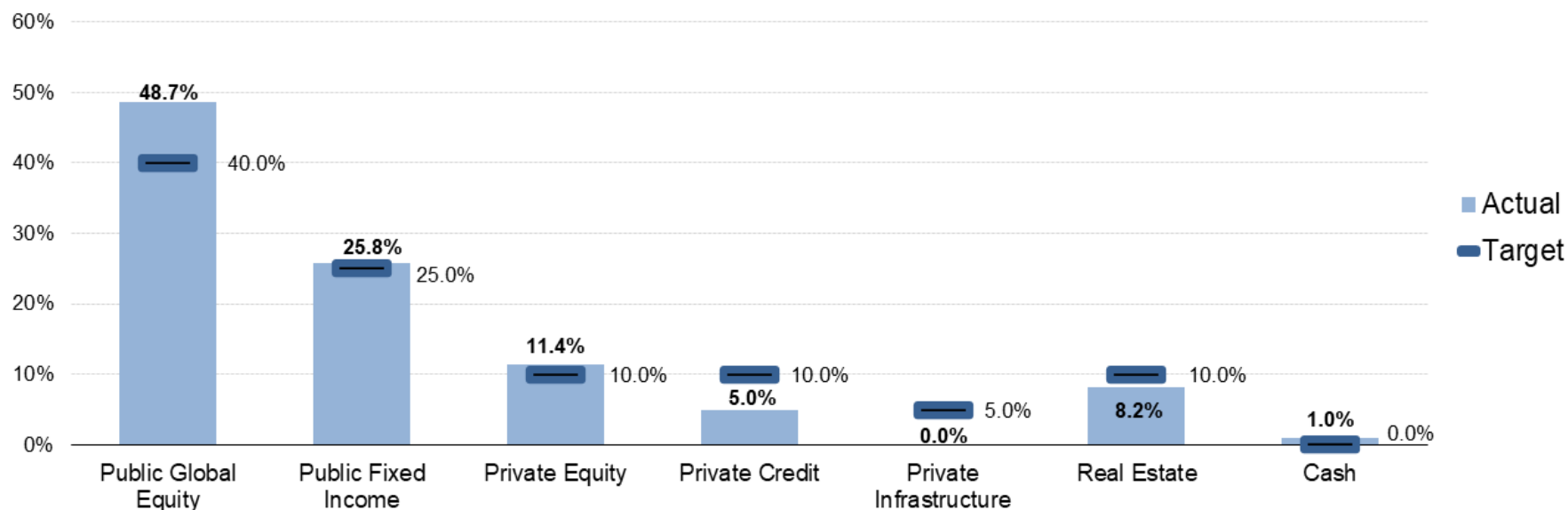
-Alternatives market values reflect current custodian valuations, which may not be up to date.

(1) Includes \$547,223 in legacy assets that are not actively managed and in liquidation following the termination of Fisher Investments.

# Current Status



## Class Targets vs. Actual Allocation as of November 30, 2025 (Preliminary)



Figures in **bold** represent actual allocation amount.

Note: private infrastructure and private credit allocations will be scaled up incrementally in subsequent periods to meet target allocations effective as of 7/1/2024.

Source: NHRS



# Asset Class Allocations Relative to Policy Targets and Ranges



As of November 30, 2025 (preliminary)

Asset Class	Range <sup>1</sup>	Allocation			Objective	Comments
		Target	Actual	Variance		
Public Markets						
Global Equity	30 - 50%	40.0%	48.7%	8.7%	Monitor	A rebalance from Global Equity to Fixed Income of \$475MM to take place on 12/09/2025 representing approximately 3.5% of the total NHRS portfolio. No immediate action needed.
Fixed Income	18 - 32%	25.0%	25.8%	0.8%	Monitor	
Private Markets						
Equity <sup>1</sup>	5 - 15%	10.0%	11.4%	1.4%	Monitor	No immediate action needed.
Credit <sup>1</sup>	0 - 15%	10.0%	5.0%	-5.0%	Action	To be scaled up incrementally over subsequent periods as part of SAA implementation.
Infrastructure	0 - 15%	5.0%	0.0%	-5.0%	Action	To be scaled up incrementally over subsequent periods as part of SAA implementation.
Real Estate (RE)	5 - 20%	10.0%	8.2%	-1.8%	Monitor	No immediate action needed.
Cash Equivalents	0 - 5%	0.0%	1.0%	1.0%	No Action	Minimal cash balance to provide liquidity, as needed, for annuities, capital calls and other plan needs.
		100.0%	100.0%	0.0%		

<sup>1</sup>As reported on the November 30, 2025 Callan Monthly Review.

Source: NHRS



# NHRS

New Hampshire Retirement System

To: Independent Investment Committee (IIC)  
From: Raynald Leveque, Chief Investment Officer  
Date: January 13, 2026  
Re: **Six-Month Investment Work Plan**  
Item: Action: ☒ Discussion: ☐ Informational: ☐

---

As time progresses, the Work Plan will be updated to reflect tasks and initiatives associated with the current and subsequent quarter. Items completed over the fiscal year will also be included.

Presentations are displayed using the following format:  
IIC meeting date – Pertinent details

Updates from the prior month are highlighted in **bold**.

### **3rd Quarter FY 2026: January – March 2026**

#### **Investment Program**

- Continue implementation of Strategic Asset Allocation
- Discuss macroeconomic investment themes that may impact the portfolio
- **January – Callan 2026 Capital Market Assumptions Review**
- **March – CEM Benchmarking Review**

#### **Marketable Investments**

- Monitor marketable assets portfolio
- January – Small cap US Equity Manager Lineup
- **March – Developed Markets Manager Presentation: Walter Scott**

#### **Alternative Investments**

- January - Calendar Year 2026 Callan Private Credit, Private Equity, Infrastructure Pacing Review
- March – NHRS Private Markets Strategic Plan

#### **Real Estate**

- January– Semi-annual review of the Calendar Year 2025 Investment Plan and Pacing Plan
- March – NHRS Private Markets Strategic Plan

#### **Vendors**

- March - Abel Noser, Annual Trading Cost Analysis and Commission Sharing Agreement Review

**Our Mission: To provide secure retirement benefits and superior service.**

#### **4<sup>th</sup> Quarter FY 2026: April – June 2026**

##### **Investment Program**

- Continuing implementation of Strategic Asset Allocation

##### **Marketable Investments**

- Schedule presentations of current investment managers
- Monitor and execute structure of marketable assets portfolio
- April – U.S. Large Cap Enhanced Indexing Review
- April – Emerging Markets Manager Lineup

##### **Alternative Investments**

- Continuing implementation of 2026 Private Markets Strategic Plan
- June - Callan, Semi-Annual Update on the Private Markets program
- Review of Private Markets investments

##### **Real Estate**

- Continue implementation of 2026 Real Estate Investment Plan
- June - Townsend, Semi-Annual Update on the Real Estate Investment Plan

#### **Completed Items – Fiscal Year 2026**

#### **2<sup>nd</sup> Quarter FY 2026: October – December 2025**

##### **Investment Program**

- Continuing implementation of Strategic Asset Allocation
- Discuss macroeconomic investment themes that may impact the portfolio
- November – 2026 Investment Committee meeting schedule, unanimous approval in November
- November – Public Equity Structure Review
- November – FY 2025 Draft Comprehensive Annual Investment Report, conditional approval received in November

##### **Marketable Investments**

- Schedule presentations of current investment managers
- Monitor and execute structure of marketable assets portfolio
- November - BlackRock ACWI Ex-US Index Equity Contract Renewal, unanimous five-year renewal vote
- December – Callan Marketable Investment Fiscal Year Portfolio Review
- December – Implement Portfolio Rebalancing (Global Equity to Global Fixed Income)

##### **Alternative Investments**

- Continuing implementation of 2025 Private Credit, Private Equity and Infrastructure Pacing Plan
- Review Private Credit & Private Equity investments
  - November – Crescent Capital Fund IV, Private Credit, unanimous approval of \$50 million commitment
  - December – Callan, review of existing commitments
  - December – NHRS Private Opportunities Fund, Private Equity, **unanimous approval of \$150 million commitment**
  - December – KKR, Global Infrastructure Investors V Fund, Private Infrastructure, **unanimous approval of \$100 million commitment**

**Real Estate**

- Townsend to continue implementation of Calendar Year 2025 Real Estate Investment Plan

**Vendors**

- December – Abel Noser, Annual Trading Cost Analysis and Commission Sharing Agreement Renewal, **unanimous approval of five-year commitment**
- **December – ISS Proxy Voting outsourcing agreement renewal, unanimous approval of a one-year commitment**
- **December – Callan Investment Consultant agreement renewal, unanimous approval of a one-year commitment**
- **December – The Townsend Group Real Estate Investment Management agreement renewal, unanimous approval of a one-year commitment**

**1st Quarter FY 2026: July – September 2025****Investment Program**

- Discuss macroeconomic investment themes that may impact the portfolio
- August – Investment Committee meeting schedule for the remainder of Calendar Year 2025 unanimous approval in August

**Marketable Investments**

- Schedule presentations of current investment managers
  - August – Alliance Bernstein, U.S. SMID Cap Equity Contract Renewal Presentation, unanimous one year renewal vote of Alliance Bernstein
  - August – Thompson, Siegel & Walmsley, U.S. SMID Cap Equity Contract Renewal Presentation, unanimous one year renewal vote of Thompson, Siegel & Walmsley

**Alternative Investments**

- Continuing implementation of 2025 Private Credit & Equity, and Infrastructure Strategic Plans
  - August – J.P. Morgan, Infrastructure Investments Fund, Private Infrastructure, unanimous approval of \$100 million commitment
  - August – ICG, Europe IX, Private Credit, unanimous approval of \$100 million commitment

**Real Estate**

- Townsend to continue implementation of 2025 Real Estate Investment Plan

# The Townsend Group Presenter Biographies



## **Anthony Frammartino, CEO**

Mr. Frammartino is the CEO of Townsend Group. He is a member of the Global Macro Strategy and Investment Committees for the firm and has been a member of the Management Committee since its inception in 2011. Prior to heading Townsend, he led the investment management business from 2011-2022 directing the firm's forays into new asset management lines.

Mr. Frammartino joined Townsend Group in 2004, having served as an investment banker advising real estate investors on public and private transactions at KeyBanc Capital Markets (FKA McDonald Investments).

Mr. Frammartino received an MBA in Finance from The Weatherhead School of Management at Case Western Reserve University and a BS in Accounting from The University of Akron.

**Industry Experience: 23 years**

**Townsend Tenure: 21 years**



## **Tony Pietro, Senior Managing Director**

Tony Pietro is a Senior Managing Director and member of the Investment Committee of the firm. Mr. Pietro is responsible for leading the investment management activities for the firm in the United States.

Mr. Pietro participates in all aspects of investment management including, but not limited to, leading client relationships, strategic and investment planning, and investment due diligence and execution. Mr. Pietro has acted as the lead underwriter for several client investments. Since originally joining Townsend Group in 2006, Mr. Pietro has also focused on various aspects of the firm's businesses, including spending periods of time working within the dedicated advisory and investment underwriting groups.

Mr. Pietro has prior experience in multifamily development as a Project Manager for the NRP Group, a full-service development, construction, and property management firm.

Mr. Pietro obtained his BS in Finance with a concentration in Real Estate from Ohio University.

**Industry Experience: 19 years**

**Townsend Tenure: 19 years**

# The Townsend Group Presenter Biographies



## **Joe Davenport, Senior Principal**

Mr. Davenport joined Townsend Group in 2012. As a Senior Principal, Joe is responsible for discretionary portfolio management for clients with more than \$3 billion in total real estate assets under management. Mr. Davenport participates in strategic and investment planning, investment due diligence and execution, portfolio management, and performance reporting.

Prior to joining Townsend Group, Mr. Davenport worked in risk management and corporate finance for a Fortune 100 insurance and financial services company.

Mr. Davenport received a BS in Finance and Real Estate from The Ohio State University, and a MS in Finance from Indiana University.

**Industry Experience:** 12 years

**Townsend Tenure:** 12 years



## **Christian Nye, Principal**

Christian Nye joined Townsend Group in 2016. He is a Principal on the portfolio management team. His main responsibilities include strategic and investment planning, investment due diligence and execution, portfolio analytics, and performance reporting. He also supports the development of Townsend's research and investment strategies.

Mr. Nye received his BSBA specialized in Finance and Real Estate from The Ohio State University. Mr. Nye is a CFA® charter holder.

**Industry Experience:** 9 years

**Townsend Tenure:** 9 years



## **Zineb Benkirane, Senior Analyst**

Zineb is part of the discretionary client portfolio team, contributing to all aspects of portfolio management including investment planning, investment due diligence and execution, and performance reporting.

Prior to joining Townsend, Zineb worked at StepStone Group Real Estate LP, where she focused on fund underwriting and client relationship management. She holds a Master of Finance and a Bachelor of Science in Management, with majors in Finance and International Studies and a minor in Economics, from Case Western Reserve University.

**Industry Experience:** 4 years

**Townsend Tenure:** <1 years



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# New Hampshire Retirement System

2026 Investment Plan and Program Review

January 2026

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## **Townsend Group**

Cleveland • San Francisco • London • Hong Kong • Seoul

**Proprietary and confidential** The entire contents of this presentation are confidential and are intended for the sole and limited use of the Institutional Investor to whom it is distributed

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# Agenda



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# 01 Townsend Snapshot

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# Townsend Snapshot

An established global real assets platform



- Townsend is an established real assets platform bridging both primary capital formation and secondary market liquidity solutions
- Global presence with 110 professionals employed across 5 offices in the US, Europe and Asia
- Exclusive focus on real assets including real estate, infrastructure, timberland, and agriculture
- Townsend serves a diverse group of global institutional investors including public and private pension plans, insurers, sovereign wealth funds, endowments and foundations

## Investment Highlights



**\$240B / 1,600+**

Capital committed / number of Investments approved since 2004



**\$6B / 21**

Townsend-led Open-End Fund originations since 2010



**\$9B / 170**

Secondary, Recapitalization, JV, Co-Investment, and Platform Transactions since 2007

## Townsend Offices



**\$232.0B**

Advised assets



**\$18.5B**

Assets Under Management



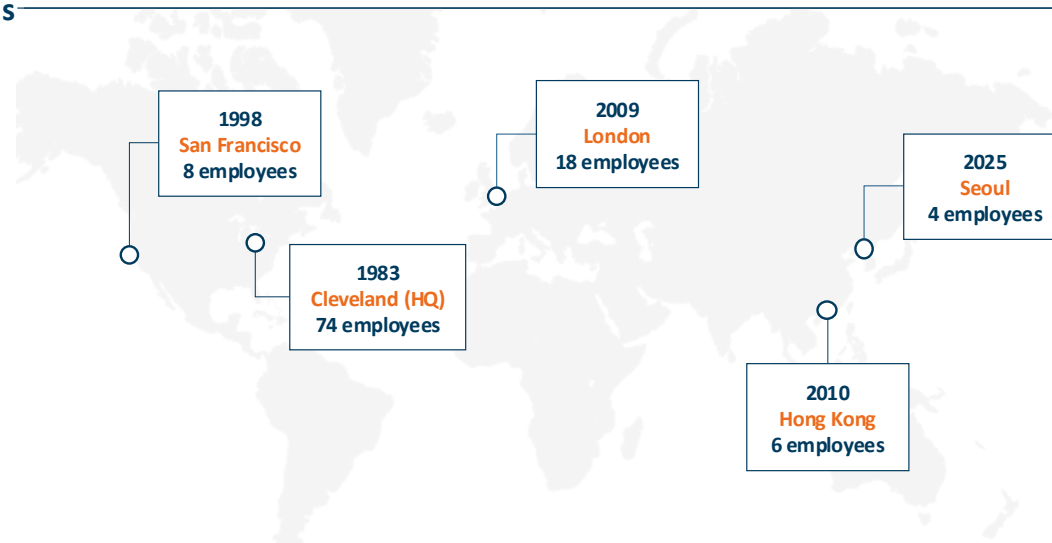
**5**  
Offices



**110**  
Professionals



**70**  
Investment Professionals



Time periods noted may differ, however the dates shown represent most recent data available. Advising clients with assets in excess of \$250.5B to real estate and real assets (infrastructure, energy, timber and agriculture). As of March 31, 2025, Townsend had assets under management of approximately \$18.5 billion; and provided advisory services to clients who had real estate/real asset allocations exceeding \$232.0 billion. Please refer to back pages for additional disclosures and definitions. Employee numbers as of December 2025. Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice.

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## 02 NHRS Real Estate Program

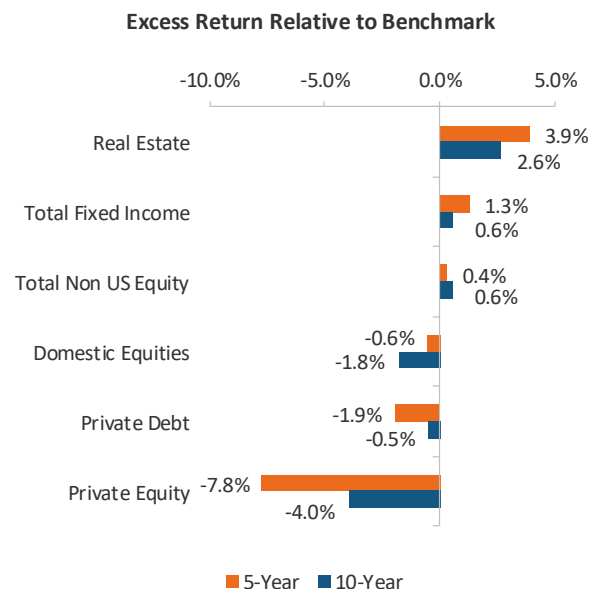
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# NHRS and Townsend

A Successful Partnership Focused on Delivering Net Returns For Beneficiaries



**Strong Relative Performance:** Real estate is the best relative performing asset class for NHRS over the 5 and 10-year periods



**Time Tested:** Highly selective investment process, experienced global team, and diversified portfolio construction has resulted in outperformance across cycles

- ✓ +260 bps of average outperformance annually since 2010
- ✓ Outperformed the benchmark every year since 2012
- ✓ Supported by 68 investment professionals and 42 operational professionals globally
- ✓ Global coverage with offices in Cleveland, San Francisco, London, Seoul, and Hong Kong
- ✓ Stable Portfolio Management team that has remained consistent and grown with NHRS over time – Same team has committed nearly \$2 billion across almost 100 investments

**Structural Alpha:** NHRS is paying bottom decile asset management fees to invest in private real estate relative to its peers

- ✓
- ✓ Fee efficient terms achieved through platform scale, new fund originations, and Townsend special situations investments
- ✓ As Townsend client capital grows, the fee savings achieved through scale benefits NHRS
- ✓ Purpose built operations team supports legal, back office, audit, and other ad hoc requests
- ✓ Valued partnership demonstrated by going above and beyond our scope of services (e.g. Infrastructure strategic planning and investment underwriting)

Source: Townsend Group, New Hampshire Retirement System, Callan, NCREIF. Data as of June 30, 2025. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

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# Real Estate Program Overview

## Allocation, Investment Guidelines, and Benchmark

### Role of Real Estate

- Risk-adjusted returns
- Low correlations to other asset classes
- Potential inflation hedge

### Allocation

- Target 10% of total plan assets
- Allowable range of 5-20%
- **Operating within targeted range**

### Investment Guidelines / Risk Mitigation

- Designed in conjunction with NHRS
- **In compliance with all investment guidelines**

### Benchmark

- NCREIF NFI-ODCE<sup>1</sup>
- Measured net of fees over market cycles
- **Townsend outperformance over all time periods**

Category	Compliance Criteria	Status
Return Objective	NFI-ODCE net of fees <sup>1</sup>	
Style Sector	Minimum 50% Strategic Maximum 50% Tactical	
Location Diversification	Maximum 35% Ex-US Maximum 50% of Ex-US in EM	
Property Diversification	Maximum 40% to a single property type	
Investment Diversification	Maximum 20% to a Strategic investment Maximum 10% to a Tactical investment	
Manager Diversification	Maximum 40% to a single manager	
Leverage	Maximum 50% Strategic Maximum 75% Tactical	

<sup>1</sup>National Council of Real Estate Investment Fiduciaries Open-End Diversified Core Equity; a collection of commingled funds pursuing a core investment strategy in the United States. The NFI-ODCE was adopted as NHRS' real estate benchmark on July 1<sup>st</sup>, 2015. NPI + 50 bps net of fees was NHRS' historic real estate benchmark.

Source: Townsend Group, NCREIF. Data as of June 30, 2025. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

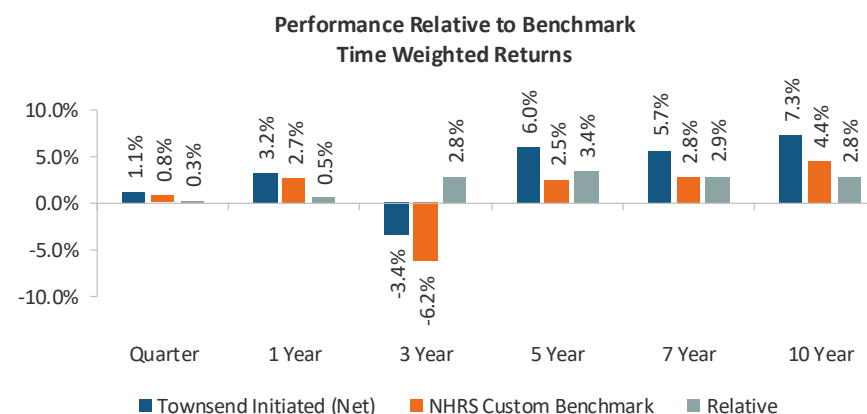
# Real Estate Program Performance

## Overview



### Consistent Performance Through Market Cycles

- Townsend was awarded discretion beginning in 2009 and has been through two market cycles
- Over 15 years of performance history with reliable benchmark outperformance<sup>1</sup>**
- 9.5% net annualized return and 1.5x equity multiple and over \$907 million of value created**
- 28 investments, fully or substantially realized, have returned a 15.0% net IRR and a 1.6x net equity multiple, creating over \$282 million of value



<sup>1</sup>National Council of Real Estate Investment Fiduciaries Open-End Diversified Core Equity; a collection of commingled funds pursuing a core investment strategy in the United States. The NFI-ODCE was adopted as NHRS' real estate benchmark on July 1<sup>st</sup>, 2015. NPI + 50 bps net of fees was NHRS' historic real estate benchmark.

Source: Townsend Group, NCREIF. Data as of June 30, 2025. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

# Performance Relative to Peers

NHRS Continues To Be A Long-term Top Performer Relative To Other Comparable Institutional Investors



<sup>1</sup>29 institutional investors, including corporate, governmental, and foundation/endowment plans pursuing a similar real estate strategy as NHRS.

Source: Townsend Group. Data as of June 30, 2025. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

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# Fee Savings

## Townsend Is Highly Focused On Delivering Net Returns To NHRS

### Portfolio Scale

- Townsend seeks to reduce manager fees without compromising quality of execution as a risk-free way to drive performance by leveraging Townsend's scale:

<sup>1</sup>Relative to market rate investment at equivalent size to the June 30, 2025 valuation.

<sup>2</sup>Relative to a market rate non-core fund investment, assuming equivalent performance for each underlying investment, and hypothetical liquidation at June 30, 2025, valuations. Fee savings are equivalent to excess profit relative to a market rate non-core fund fee structure and is divided equally over the duration of the program. Fee savings are not guaranteed.

Source: Townsend Group. Performance data as of June 30, 2025. Townsend's views are as of this date of this publication and may be changed or modified at any time without further notice. Investing involves risk, including loss of principal. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.



# Calendar Year 2025 Investment Plan Update

## Goals & Progress



Source: Townsend Group. Data as of December 2025. <sup>1</sup>Underwritten IRRs and equity multiples reflect the return that an investor would have received on their funded capital contributions, after all fees. EM:  $(\text{Underwritten Distributions} + \text{Underwritten Withdrawals}) / \text{Underwritten Paid in Capital}$ . <sup>2</sup>Fund's target returns. <sup>3</sup>Data as of June 30, 2025. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

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## Recent Investments



Source: Townsend Group. All information prepared as of December 2025 unless otherwise stated. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein. The example shown is for illustrative purposes only. Investors will not acquire an interest in the pictured property, the property is owned by an investment managed by the sponsor and not the program. Please see back pages for additional important disclosures. There is no guarantee that Townsend will have access to similar types of investments or opportunities in the future. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Case studies were not selected on performance-based criteria and were selected to demonstrate investments of similar mandate. Fee savings not guaranteed

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# Calendar Year 2026 Investment Plan

## Goals & Projections



Source: Townsend Group. Data as of June 30, 2025. <sup>1</sup>Underwritten IRRs and equity multiples reflect the return that an investor would have received on their funded capital contributions, after all fees. EM:  $\frac{([Underwritten Distributions + Underwritten Withdrawals])}{Underwritten Paid in Capital}$ . <sup>2</sup>Circumstances may warrant more or less aggressive investment pacing consistent with market conditions. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

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# Strategic Portfolio Approach and Positioning

Active Management and Portfolio Construction With a Track Record of Outperforming Across Market Cycles



Source: Townsend Group, NCREIF. Data as of June 30, 2025. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

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# Pipeline



Source: Townsend Group. All information prepared as of December 2025 unless otherwise stated. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein. The example shown is for illustrative purposes only. Investors will not acquire an interest in the pictured property, the property is owned by an investment managed by the sponsor and not the program. Please see back pages for additional important disclosures. There is no guarantee that Townsend will have access to similar types of investments or opportunities in the future. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Case studies were not selected on performance-based criteria and were selected to demonstrate investments of similar mandate. Fee savings not guaranteed

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# Portfolio Composition

Property Sector Diversification Relative To Benchmark



Source: Townsend Group, NCREIF. Data as of June 30, 2025. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

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## 03 Appendices

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## 04 Prior 2025 Investments

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# 2025 Investments



Source: Townsend Group. All information prepared as of June 2025 unless otherwise stated. <sup>1</sup>Data as of September 2025. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein. The example shown is for illustrative purposes only. Investors will not acquire an interest in the pictured property, the property is owned by an investment managed by the sponsor and not the program. Please see back pages for additional important disclosures. There is no guarantee that Townsend will have access to similar types of investments or opportunities in the future. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Case studies were not selected on performance-based criteria and were selected to demonstrate investments of similar mandate. Fee savings not guaranteed

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# 2025 Investments



Source: Townsend Group. All information prepared as of June 2025 unless otherwise stated. <sup>1</sup>Data as of September 2025. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein. The example shown is for illustrative purposes only. Investors will not acquire an interest in the pictured property, the property is owned by an investment managed by the sponsor and not the program. Please see back pages for additional important disclosures. There is no guarantee that Townsend will have access to similar types of investments or opportunities in the future. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Case studies were not selected on performance-based criteria and were selected to demonstrate investments of similar mandate. Fee savings not guaranteed

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## 05 Market Update

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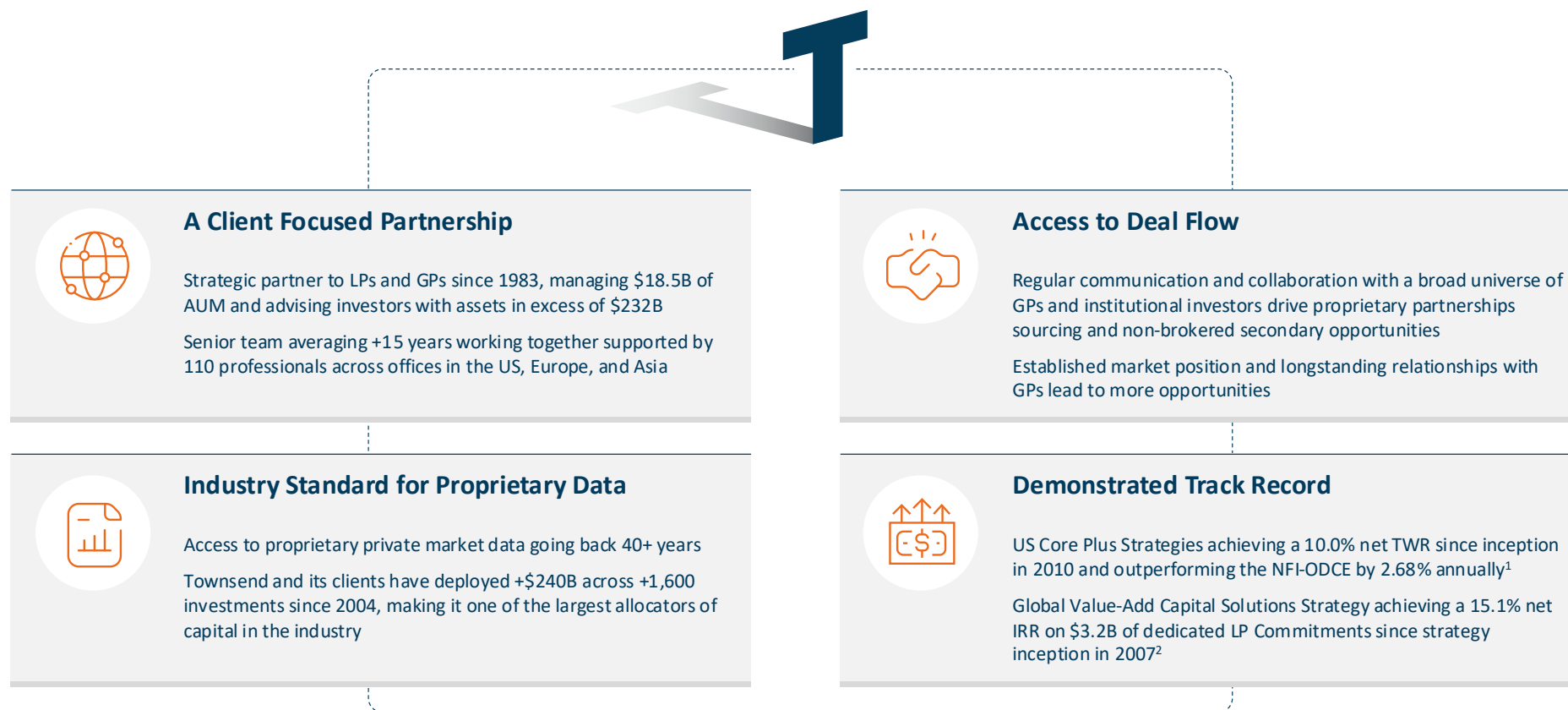
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## 06 Townsend Overview

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# Why Townsend?

## Platform competitive advantages



1. Represents TCREF performance since inception. Performance data and underlying valuations as of June 30, 2025. 2. Performance represents Dedicated Townsend Real Estate Capital Solutions Strategy only. Net IRRs reflect the return that an investor would have on their funded capital contributions, after all fees, assuming liquidation of any unrealized holdings at reported market value as of the calculation reference date. Investment valuations and performance data used in the calculation of performance metrics are reported to Townsend on a quarterly basis by each underlying investment partner. Performance data and underlying valuations as of 1Q25. Source: Townsend Group. As of March 31, 2025, Townsend had assets under management of approximately \$18.5 billion; and provided advisory services to clients who had real estate/real asset allocations exceeding \$232 billion. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. There can be no assurance that the Strategy will achieve comparable results, that diversification or asset allocations will be met, or that the Strategy will be able to implement its investment strategy and investment approach or achieve its investment objectives. Past performance is not indicative of future results. Investing involves risk, including possible loss of principal. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Actual results and developments may differ materially from those expressed or implied herein. Fee savings are not guaranteed.

# Global and Specialized Team

Senior team averaging +15 years working together



<b>Anthony Frammartino</b> Chief Executive Officer  <b>Ron Weihrauch</b> Chief Operating Officer  <b>Brian White</b> Chief Financial Officer	<b>Morgan Angus</b> EMEA  <b>Min Lim</b> APAC  <b>Jay Long</b> IC Chairman	<b>John Schaefer, Secondaries</b> <b>Prashant Tewari, Macro</b> <b>Sarah Cachat, Engagement</b> <b>Tony Pietro, OCIO</b> <b>Seth Marcus, Advisory</b>
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**+20 years**  
average industry  
experience of  
senior management

## A global platform with 70 investment professionals and 5 full service global offices

AMERICAS			EMEA		APAC	
<b>Senior Managing Director</b> Anthony Frammartino* Jay Long* John Schaefer* Prashant Tewari* Tony Pietro* Sarah Cachat* Seth Marcus	<b>Principal</b> Dick Brown Mike Stark Jeff Deal Zane Hemming Christian Nye Felix Fels Adam Orlansky PJ Callam	<b>Senior Associate</b> Kathryn Finneran Malcom Blake Jose Calderon  <b>Associate</b> Max DiFranco Nima Edalatjavid Teddy Grendzynski Federico Sierralta	<b>Senior Managing Director</b> Morgan Angus*	<b>Senior Associate</b> Milo Soames Will Thompson Tom Trumble	<b>Senior Managing Director</b> Min Lim*	<b>Senior Vice President</b> Suzy Ji Tommy Fu
<b>Managing Director</b> Martin Rosenberg* Mike Golubic* Rob Kochis Jake Heacox Scott Miller	<b>Senior Vice President</b> James Bannon Dan O'Connell Dan Ryder	<b>Senior Analyst</b> John Minotti Zineb Benkirane Patrick Koehler	<b>Managing Director</b> Laurie Woolmer David Dix Nick Duff	<b>Associate</b> Ben Wilson Olga Postnikova Vishnu Satkunabalan	<b>Managing Director</b> Joseph Tang	<b>Senior Analyst</b> Lizzie Jeon Jeannie Chow Nick Kim
<b>Senior Principal</b> Joe Davenport Chris Cunningham Jeff Leighton	<b>Vice President</b> Kevin Rivchun Mike Petras Dillon Glasko Haya Daawi	<b>Analyst</b> D'metrius Grier Jake Gutierrez Hamza Muhammad	<b>Principal</b> Myles Grover Nicky King George Fenton	<b>Analyst</b> Laura Harris Annika Caswell	<b>Principal</b> Gordon Yu Don Shin Paul Sohn	
			<b>Senior Vice President</b> James Kipling	<b>Independent Advisor</b> Asieh Mansour	 <b>+42</b> <b>Support professionals</b>	
					<i>*Investment Committee Member</i>	



## ESG

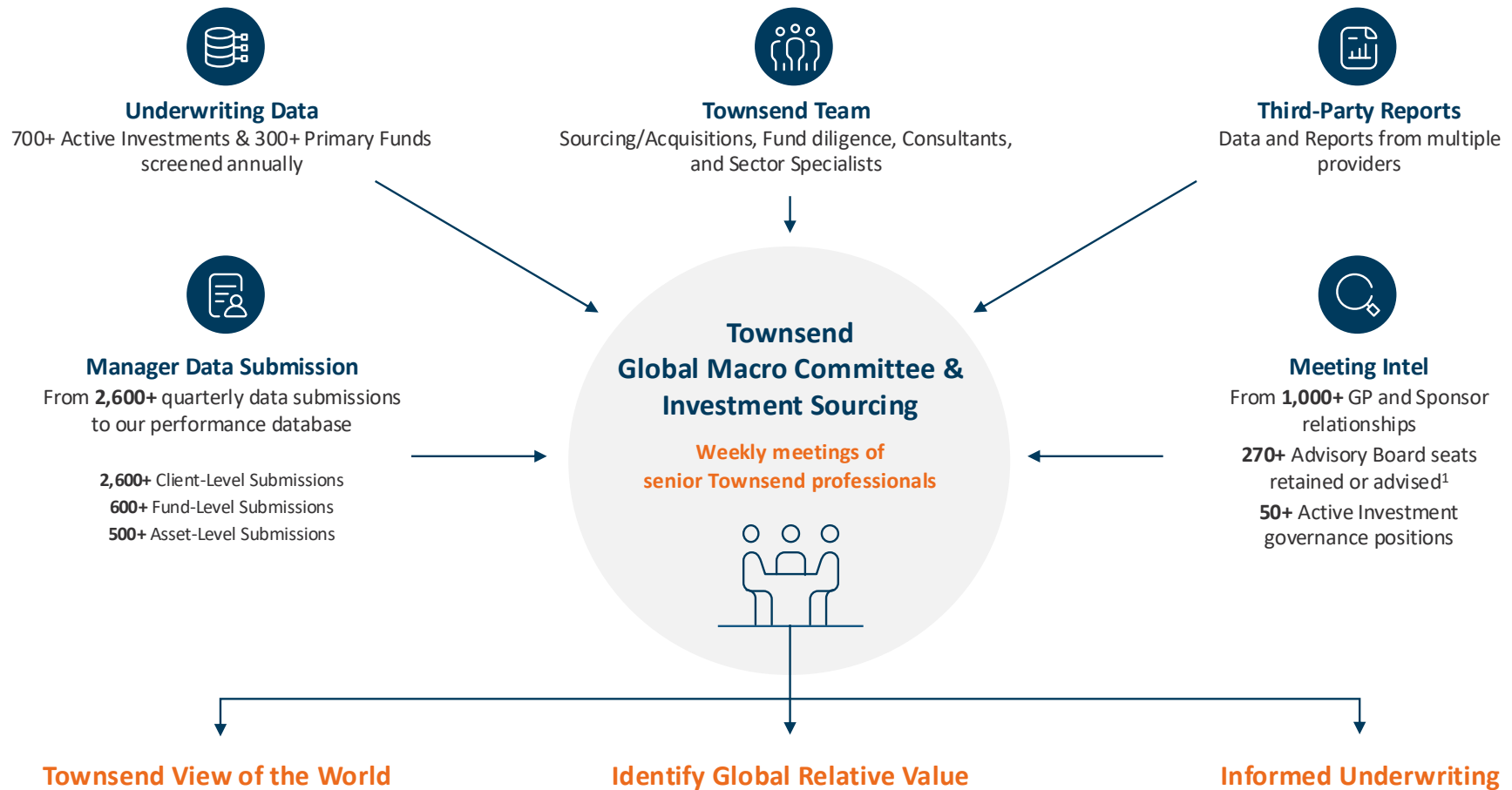
Jay Long  
Morgan Angus  
Nick Duff  
Haya Daawi  
Kathryn Finneran  
Myles Grover  
Will Thompson

Updated as of December 2025. There can be no assurance that any of these professionals will remain with the Strategy. Townsend's views are as of the date of this publication and may be changed or modified at any time without notice.

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# Proprietary Information

Supports investment needs of Townsend team and clients alike



<sup>1</sup>. Retained Advisory Board Seats represent positions maintained and voted by Townsend. Advised Board Seats represent positions retained by clients advised by Townsend  
Global Macro Strategy Committee meets twice monthly. Investment Committee meets twice weekly.

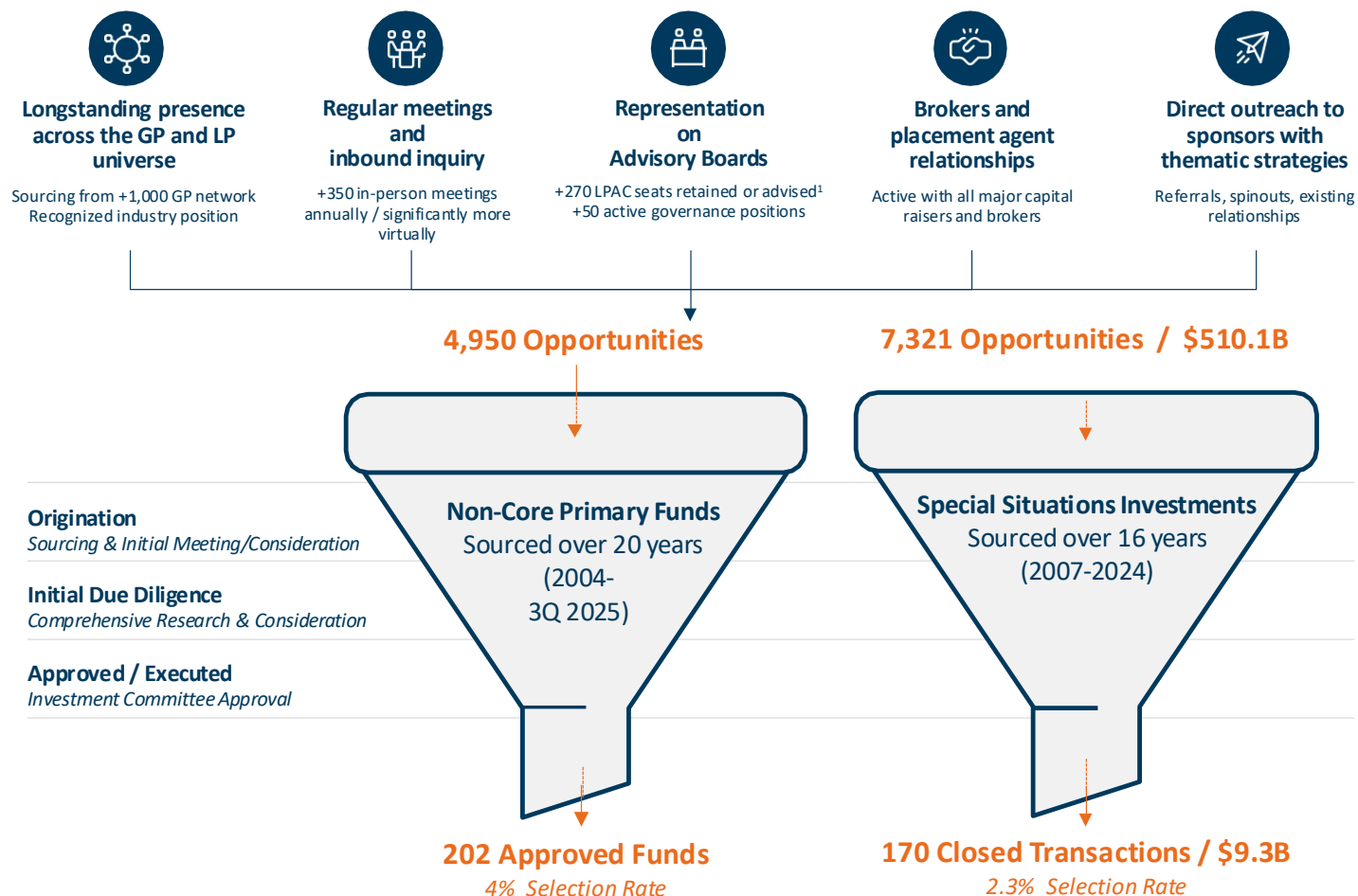
Source: Townsend Group. Data as of 2Q25. Townsend's views are as of the date of this publication and may be changed or modified at any time without notice.

# Industry Leading Sourcing and Selectivity

## Non-Core sourcing and execution capabilities

### Leveraging a specialized industry position

- Townsend has been a strategic partner to LPs and GPs since 1986
- Consolidation has left hundreds of high-quality fund managers under-capitalized
- Townsend's industry position and ability to aggregate capital has allowed for sourcing from a vast number of high-quality partners
- The firm's longstanding presence and active outreach has allowed Townsend to source and shape fund offerings ahead of market distribution



1. Retained Advisory Board Seats represent positions maintained and voted by Townsend. Advised Board Seats represent positions retained by clients advised by Townsend.

Source: Townsend Group. Data from 2004-3Q 2025. Represents all discretionary Active Investments sourced/executed. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.



# Townsend Core and Core Plus Execution

## History of Driving Outperformance through Creative Structuring



Investment Type	New Fund Formations	LP and GP-led Secondaries	Programmatic JV Structures
<b>Description</b>	<ul style="list-style-type: none"> <li>Partnership with investment manager or operator for launch of a new open-end fund structure</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of existing fund interests from other LPs</li> <li>Normally in an open-end fund, or an interest in a JV or other structures</li> </ul>	<ul style="list-style-type: none"> <li>Partnership with a platform or operator in a bespoke structure to access thematic opportunities</li> </ul>
<b>Rationale</b>	<ul style="list-style-type: none"> <li>Ability to create offerings for sectors or sub-sectors that previously did not exist</li> <li>Affords our investors a more efficient way to gain meaningful exposure</li> </ul>	<ul style="list-style-type: none"> <li>Access to an established portfolio at below market pricing, manufacturing an attractive entry point</li> <li>Investors in need of liquidity turn to the secondary market for an exit</li> </ul>	<ul style="list-style-type: none"> <li>Tactical opportunities in niche strategies with demonstrated platforms</li> <li>Ability to buy into an existing portfolio and build a portfolio</li> <li>Shorter duration business plans</li> </ul>
<b>Sourcing</b>	<ul style="list-style-type: none"> <li>Direct relationship with GP or operator</li> </ul>	<ul style="list-style-type: none"> <li>Direct relationship with GP or through broker relationships</li> </ul>	<ul style="list-style-type: none"> <li>Direct relationships with GP or operator</li> </ul>
<b>Townsend Client Benefit</b>	<ul style="list-style-type: none"> <li>Reduced management fees</li> <li>Entry basis below appraised value</li> <li>Revenue sharing agreement</li> <li>Advisory board representation</li> </ul>	<ul style="list-style-type: none"> <li>Attractive entry point at a discount to valuations</li> <li>Offers immediate return benefits and a low cost basis</li> </ul>	<ul style="list-style-type: none"> <li>Access to thematic opportunities through specialist platforms</li> <li>Reduced fee structures</li> <li>Control rights/elevated governance</li> <li>Potential for platform upside</li> </ul>

Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein. Fee savings are not guaranteed.

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## 07 Disclosures

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# Disclosure of Risk Factors

**Speculative Nature** A fundamental premise of private equity investing is the acceptance of illiquidity and a higher degree of risk in expecting higher returns. An investment in the Fund involves a substantial degree of risk, and the purchase of Interests should be considered only by investors able to bear the risk of loss of all or a substantial portion of their investment. No guarantee or representation is made that the investment objective of the Fund will be achieved.

**Leverage** The Portfolio Investments in which the Fund may invest may utilize highly leveraged capital structures on many investments in order to enhance returns. Although the use of leverage is common in real estate investing, and may both enhance returns and increase the number of investments in the Portfolio, it also exposes the investments to a high level of financial risk, including the risk of volatility in cash flow and default risk in the event that revenues do not meet expectations due to economic downturns, changes in supply and demand conditions, and the condition of the properties. In some cases, leverage will increase exposure to interest rate risk due to floating rate structures.

**Loss of Investment** An investor could lose some or all of her or his investment.

**Lack of Diversification** Use of a single advisor applying generally similar trading programs could mean lack of diversification and, consequently, higher risk.

**Illiquidity; Lack of Transferability of Interests** The Interests are highly illiquid. A Limited Partner may not sell, assign, transfer, pledge, or otherwise dispose of any of its Interests without the prior consent of the General Partner at its sole discretion. The Interests will also be subject to restrictions on assignments, transfers, and resales imposed under federal and state securities and tax laws. There is currently no public market for the Interests and it is unlikely that one will develop. Accordingly, the Interests constitute illiquid investments and should be considered only by investors able to bear the risk of their investment in the Interests for an indefinite period of time.

**Uncertainty of Valuation** Most Portfolio Investments value their assets using a “fair value” methodology dictated by their organizational documents, and the valuation methods used by various Portfolio Investments will vary. The values of investments as determined under these methods do not necessarily reflect the price at which the investments can currently be sold in an arm’s length transaction. Thus, measuring the performance of a Portfolio Investment prior to the full realization of its

portfolio involves substantial uncertainty. This can both limit the ability of the Limited Partners to gauge the Fund’s ongoing performance, and the ability of Townsend (or an affiliate) to evaluate the past performance of the sponsors of prospective Portfolio Investments.

**Volatility** The Fund’s performance may be volatile.

**Hedging** Futures, options, and/or other derivative contracts and/or instruments may be used provided that such investments or contracts are entered into in order to hedge actual or prospective investments, positions or exposures in currency holdings of the client, including for hedging purposes of its interest rate and currency exchange exposure. The costs of hedging transactions will be an expense of the client. It may not be possible to hedge against a currency movement at an attractive price, for example where such movement is widely anticipated. As a result of the client’s hedging policy, Townsend may, nevertheless, be required to enter into such transactions on behalf of the client. These instruments may end up causing the client to make a lower performance than in the absence of such instruments, in case the covered investment has eventually increased in value due to the covered risk. It may occur that the client is obliged to unwind its derivatives position at a loss, whereas the underlying covered assets have not yet been disposed of, thus not generating yet the symmetrical gain. The client may also be exposed to the risk of a counterparty defaulting under a derivative contract and therefore exposed to risk of losses in the event of the bankruptcy of a derivative counterparty. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investment or market sectors being hedged. Transactions in over-the-counter derivatives may involve additional risk, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

**Foreign Investments** Townsend clients may invest in RE Funds or other products which invest in real estate assets outside the United States. With any investment in a foreign country, there exist certain risks typically not associated with investing in U.S. assets. Such risks include, among other things, fluctuation in currency exchange rates, trade balances and imbalances and related economic policies and the risk of adverse political or social developments, including nationalization, expropriation of assets, confiscatory taxation, and economic or political instability or war.

**Management Fees and Expenses** The Fund will bear management fees and expenses (including fees and expenses of Townsend (or an affiliate) and the

General Partner) directly, and will also indirectly share in the management fees and expenses of the Portfolio Investments in its portfolio. Such fees and expenses are expected to reduce the returns to investors. The investment return on the Portfolio Investments in which the Fund invests therefore must be sufficient to offset both levels of fees and expenses before Fund investors can receive a positive investment return.

**Real Estate Investments** The Fund may invest in Portfolio Investments which invest directly in real estate, as well as in companies or other entities engaged in various real estate-related businesses. As a result, the Fund’s investments in portfolio investments are subject to various risks associated with real estate investing, including but not limited to: (i) adverse changes in national or international economic conditions, including changes in interest rates; (ii) adverse local real estate market conditions; (iii) the financial condition of tenants, buyers, and sellers of properties; (iv) the promulgation and enforcement of governmental regulations relating to land use and zoning restrictions, environmental protection, and occupational safety; (v) the unavailability of mortgage funds that may render the sale of a property difficult; (vi) changes in real estate tax rates and other operating expenses; (vii) changes in demand for certain property types; (viii) environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems as to which inadequate reserves had been established; (ix) uninsurable losses; (x) quality of maintenance, insurance, and management services; (xi) competition based on rental rates; (xii) terrorism, strike, political or military uprising, acts of God, and natural disasters; and (xiii) other factors beyond the control of the Fund or its Portfolio Investments. Investments by Portfolio Investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property) could also create risks of successor liability.

# Disclosures



This presentation (the “Presentation”) is being furnished on a confidential basis to a limited number of sophisticated individuals meeting the definition of a Qualified Purchaser under the Investment Advisors Act of 1940 for informational and discussion purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase any security.

This document has been prepared solely for informational purposes and is not to be construed as investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of preparation, Townsend Group makes no representation that it is accurate or complete. Some information contained herein has been obtained from third-party sources that are believed to be reliable. Townsend Group makes no representations as to the accuracy or the completeness of such information and has no obligation to revise or update any statement herein for any reason. Any opinions are subject to change without notice and may differ or be contrary to opinions expressed by other divisions of Townsend Group as a result of using different assumptions and criteria. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

Statements contained in this Presentation that are not historical facts and are based on current expectations, estimates, projections, opinions and beliefs of the general partner of the Fund and upon materials provided by underlying investment funds, which are not independently verified by the general partner. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Additionally, this Presentation contains “forward-looking statements.” Actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

Material market or economic conditions may have had an effect on the results portrayed.

Neither Townsend nor any of its affiliates have made any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any of the information contained herein (including but not limited to information obtained from third parties unrelated to them), and they expressly disclaim any responsibility or liability therefore. Neither Townsend nor any of its affiliates have any responsibility to update any of the information provided in this summary document. The products mentioned in this document may not be eligible for sale in some states or countries, nor suitable for all types of investors; their value and the income they produce may fluctuate and/or be adversely affected by exchange rates, interest rates, or other factors. Prospective investors in the Fund should inform themselves as to the legal requirements and tax consequences of an investment in the Fund within the countries of their citizenship, residence, domicile and place of business.

There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results.

Select Townsend employees may have personal interest in this investment/fund or affiliates of this investment/fund. All Townsend employees are subject to an investment pre-clearance process for such investments under Townsend's Code of Ethics. To assess any conflict of interest/perceived conflict of interest and to avoid any opportunity of beneficial treatment, all employee investments that may create a conflict/or perceived conflict are monitored by Townsend Compliance and the Townsend Compliance Committee.

# Disclosures and Definitions

## General Disclosures

There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results. Investing involves risk, including possible loss of principal.

Returns reflect the equal-weighted returns calculated during the periods indicated. Note: If including Core, this is value-weighted. In addition, the valuations reflect various assumptions, including assumptions of actual unrealized value existing in such investments at the time of valuation. As a result of portfolio customization/blending and other factors, actual investments made for your account may differ substantially from the investments of portfolios comprising any indices or composites presented.

Due to the customized nature of Townsend's client portfolios, the performance stated may be considered "hypothetical" as it does not reflect the experience of individual client portfolios, but rather aggregate client positions in the stated investment strategy.

## NON REGULATORY ASSETS UNDER MANAGEMENT

As of March 31, 2025, Townsend had assets under management of approximately \$18.5 billion. When calculating assets under management, Townsend aggregates net asset values and unfunded commitments on a quarterly basis. Townsend relies on third parties to provide asset valuations, which typically takes in excess of 90 days after the quarter end. Therefore, assets under management have been calculated using March 31, 2025 figures where available but may also include December 31, 2024 figures. Assets under management are calculated quarterly and includes discretionary assets under management and non-discretionary client assets where the client's contractual arrangement provides the client with the ability to opt out of or into particular transactions, or provides other ancillary control rights over investment decision-making (a/k/a "quasi-discretionary"). Regulatory AUM is calculated annually and can be made available upon request.

## ADVISED ASSETS

As of March 31, 2025, Townsend provided advisory services to clients who had real estate/real asset allocations exceeding \$232 billion. Advised assets includes real estate and real asset allocation as reported by our clients for whom Townsend provides multiple advisory services—including strategic and underwriting advice for the entire portfolio. Advised assets are based on totals reported by each client to Townsend or derived from publicly available information. Advised assets are calculated quarterly. Select clients report less frequently than quarterly in which case we roll forward prior quarter totals. The recent change in Advised Assets is due to a change in the reporting of certain special projects.

**Global Non-core Capital Solutions Strategies** employ a global non-core multi strategy approach with 90% or more of the investments invested in non primary fund investments such as secondaries, recapitalizations, joint ventures, platform investments, and co-investments. Strategies are diversified by geography, sector, property type, manager and vintage year.

**Separate Accounts** includes all Townsend active discretionary accounts which invest in a variety of investment styles and structures.

# Disclosures and Definitions

## Townsend Real Estate Capital Solutions Strategies

Townsend's Global Non-Core Special Situations Strategies employ a global non-core multi strategy approach with 90% or more of the investments invested in non primary fund investments such as secondaries, recapitalizations, joint ventures, platform investments, and co-investments. Strategies are diversified by geography, sector, property type, manager and vintage year.

## Townsend Real Estate Capital Solutions Strategy (Value-Add)

- Townsend's 2007 vintage Townsend Real Estate Capital Solutions Strategy Program was comprised of one closed end single limited partner vehicle (Fund-of-One).
- Townsend's 2010-11 vintage Townsend Real Estate Capital Solutions Strategy Program was comprised of one closed end single limited partner vehicle (Fund-of-One) and one commingled fund (HNW Investor Fund).
- Townsend's 2012 vintage Townsend Real Estate Capital Solutions Strategy Program was comprised of one closed end single limited partner vehicle (Fund-of-One).
- Townsend's 2015 vintage Townsend Real Estate Capital Solutions Strategy Program was comprised of one closed end single limited partner vehicle (Fund-of-One) and one commingled fund.
- Townsend's 2018 vintage Townsend Real Estate Capital Solutions Strategy Program was comprised of one closed end single limited partner vehicle (Fund-of-One) and one commingled fund.

Note: Investment level net IRR's and equity multiples are reported. Net IRR is the net return earned by an investor over a particular time frame, including the performance of both realized and unrealized investments, at fair value. The Net IRR is based upon daily investor level cash flows, current quarter net asset value as hypothetical liquidation mark, and is after the deduction of fees. Investment performance data is reported to Townsend on a quarterly basis by the underlying investment manager. The value of unrealized investments is subject to change.

Net Investment Multiple: Based upon daily investor level cash flows. Calculated as  $([\text{Since Inception Distributions} + \text{Since Inception Withdrawals} + \text{Net Asset Value}]) / \text{Paid in Capital}$ .

Townsend Group's Investment Committee (IC) collaboratively makes all strategic investment decisions affecting Townsend's client portfolios.



**Britton M. Murdoch** is a senior vice president in Callan's Summit, NJ consulting office. He works with a variety of fund sponsors, including corporate, public, endowment, and foundation clients. His responsibilities include strategic planning, implementation, investment manager evaluation and monitoring, education, business development, and other special projects. Britt is member of Callan's Manager Search Committee and is a shareholder of the firm.

Prior to joining Callan in 2014, Britt worked as an associate at J.P. Morgan Private Bank, where he was responsible for managing and developing private client relationships. In this role, he provided daily support to clients, performed annual reviews, and managed new client prospecting and integration. Britt began his career as a financial adviser and held the Financial Industry Regulatory Authority (FINRA) Series 6, 7, and 63 licenses.

Britt earned a BS in business administration from the University of Delaware, where he was the captain of the men's golf team.



**Angel G. Haddad** is a senior vice president and investment consultant in Callan's Summit, NJ consulting office. Angel works with a variety of clients, including corporate and public defined benefit plans, corporate defined contribution plans, endowments, and foundations. His client responsibilities include strategic planning, plan implementation, investment monitoring, and coordination of special client projects. Angel is a member of Callan's Client Policy Review Committee and Public Defined Benefit Focus Group, and is a shareholder of the firm.

Prior to joining Callan in 2012, Angel worked at Fischer, Francis, Trees & Watts, Inc., a specialty fixed income global investment management firm, as a relationship manager focusing on central bank and official institution clients. Prior to this, Angel was a principal with Mercer Investment Consulting, Inc., where he spent 11 years working with corporate defined benefit and defined contribution plans, endowments, and foundations in the U.S. and Caribbean, and a large sovereign wealth fund in South America.

Angel earned a BBA and MBA from the City University of New York - Baruch College, the Zicklin School of Business.



**Pete Keliuotis, CFA**, is an executive vice president and the head of Callan's Alternatives Consulting group. He joined Callan in 2019 to lead the private equity, private credit, and hedge fund consulting teams, in addition to advising clients' alternatives investment portfolios. Pete co-chairs Callan's Alternatives Review Committee and is a member of the Client Policy Review, Management, and Institute Advisory committees. He is a shareholder of the firm.

Prior to joining Callan, Pete was a senior managing director of Cliffwater LLC and a senior member of their portfolio advisory team, specializing in alternative investing for institutional clients. Prior to Cliffwater, Pete was a managing director and the CEO of Strategic Investment Solutions, where he led the general and private markets consulting teams and advised several large institutional investors. Previous experience also includes Mercer Investment Consulting, where he was a principal and senior consultant, Hotchkis and Wiley in Los Angeles, and Northern Trust Company in Chicago.

Pete earned an MBA in analytic finance from the University of Chicago Booth School of Business and a BS in economics from the University of Illinois at Urbana-Champaign. He is a holder of the right to use the Chartered Financial Analyst® designation and is a member of CFA Institute and CFA Society New York.



**Sarie Diloné** is a vice president in Callan's Alternatives Consulting group, providing consulting and research across alternatives, with a particular focus on private equity and private debt.

Prior to joining Callan in 2024, Sarie was the head of U.S. private equity at Nomura Fiduciary Research and Consulting and the head of trading and macro strategy research at Guggenheim Partners.

Sarie earned a BA in comparative culture/linguistics at Sophia University in Tokyo and is a 2024 candidate for an executive MBA from New York University's Stern School of Business.



**Jay V. Kloepper** is an executive vice president and the director of Capital Markets Research group, helping clients with their strategic planning, conducting asset allocation and asset/liability studies, developing optimal investment manager structures, evaluating defined contribution plan investment lineups, and providing custom research on a variety of investment topics. He is a member of the Callan Institute Advisory Committee and is a shareholder of the firm.

Jay is the author of the Callan Periodic Table of Investment Returns, which he created in 1999. Prior to joining Callan, he was a senior economist and the Western Regional Manager for Standard & Poor's DRI.

Jay earned an MA in economics from Stanford and a BS with honors in economics from the University of Oregon.



**Lindsay Jones** is an assistant vice president in Callan's Capital Markets Research (CMR) group. She is responsible for assisting clients with strategic investment planning, conducting asset allocation studies, developing optimal investment manager structures, and providing custom research on a variety of investment topics. She is a shareholder of the firm.

Lindsay is a member of Callan's Diversity, Equity & Belonging Council. In 2024, she was recognized as a "Rising Star" in the DCIIA Diversity, Equity, and Inclusion Awards.

Lindsay joined Callan in 2020 and became part of the CMR team in 2023. Prior, she was a member of our Client Report Services (CRS) group where she was responsible for calculating investment returns, generating investment measurement reports, producing portfolio characteristic reports, and assisting with group projects. Prior to CRS, she was an executive assistant in Callan's Denver office. Before Callan, Lindsay worked for College Track where she founded the Denver location after serving as the college completion director for the Aurora, CO site.

Lindsay earned an MA in research methods and statistics from the University of Denver and a BA in mathematics from the University of Colorado.



# Callan

January 27, 2026



## **New Hampshire Retirement System (NHRS)**

Annual Alternatives Portfolio  
Review

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**Pete Keliutis**

Alternatives Consulting

**David Smith**

Alternatives Consulting

**Francis Griffin**

Alternatives Consulting

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# NHRS Annual Alternatives Portfolio Review

- Executive Summary
- Private Equity and Private Credit Market Review
- Private Equity Portfolio Overview
- Private Credit Portfolio Overview

Callan

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## Executive Summary

# Executive Summary

## Overview of NHRS Alternatives Portfolio

- As of June 30, 2025, NHRS had a target of 20% to Alternatives, including 10% to Private Equity and 10% to Private Credit.
- As of June 30, 2025, the exposure to Alternatives was 18.0%, which was within the allocation range between 5-25%.*
- Private Equity exposure was 12.4%, and Private Credit was 4.4%.*
- Through 2Q 2025, the Alternatives portfolio has made \$148 million in contributions and received \$242 million in distributions. Distribution activity picked up relative to 1H 2024, when YTD distributions were \$138 million. Over 1H 2025 distributions represented about 11% of starting NAV, compared to 6% in 1H 2024.
- The Alternatives portfolio continued to appreciate modestly with 2.8% growth net of cash flow during 1H 2025, which was in line but slightly trailing the broader private markets, which have returned 5-6% over the period.

Total Alternatives (\$ thousands)			
	12/31/2024	06/30/2025	YTD Change
Committed	\$4,131,399	\$4,316,645	\$ 185,245
Paid-In	\$3,817,560	\$3,965,788	\$ 148,228
Uncalled	\$1,036,862	\$1,112,845	\$ 75,984
Distributed	\$3,137,507	\$3,379,793	\$ 242,285
NAV	\$2,262,543	\$2,231,043	(\$32,500)
DPI	0.82x	0.85x	0.03x
RVPI	0.59x	0.56x	(0.03x)
TVPI	1.41x	1.41x	-
IRR	10.08%	9.89%	(0.19%)

2025 YTD		
Total Appreciation	2.8%	
Distribution Yield	10.7%	
Net Cash Flow Yield	4.2%	

\* Note, the Private Credit target was increased from 5% to 10% as of July 1, 2024.

# Executive Summary

## Summary of 2025 Commitments

- In the last year, \$225 million was approved for commitments to private equity strategies including \$75 million in commitments approved for a new GP relationship.
  - *Commitments were made to a diversified co-investment strategy and buyout strategy.*
- In the last year, \$200 million was approved for commitments to private credit strategies. One of the three was a new GP relationship, further diversifying the portfolio.
  - *Commitments included two direct lending, and one European junior capital/mezzanine strategies.*

### CY 2025 Vintage Private Equity Commitments

<b>CY 2025 Commitment Total:</b>	<b>\$225 million</b>
BlackRock Co-Investment 2026 Series	\$150 million
Advent Global Private Equity XI (1)	\$75 million

### CY 2025 Vintage Private Credit Commitments

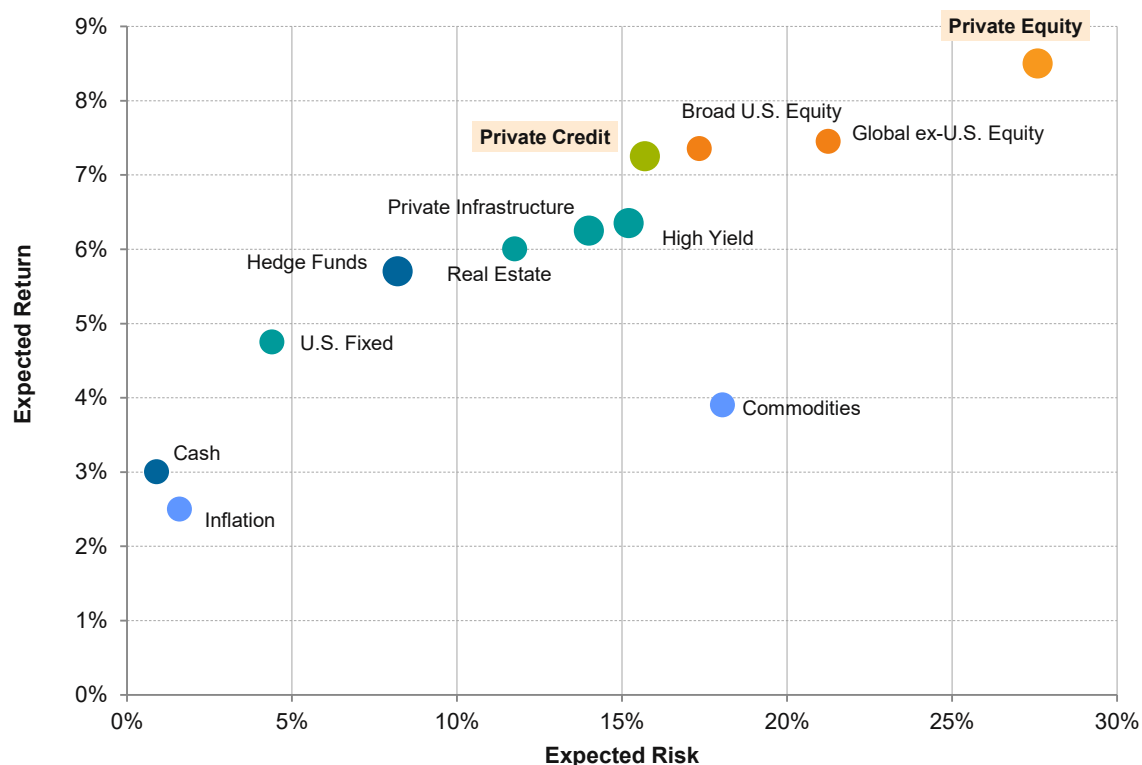
<b>CY 2025 Commitment Total:</b>	<b>\$200 million</b>
Comvest Credit Partners VII	\$50 million
ICG Europe IX (1)	\$100 million
Crescent DL IV	\$50 million

(1) New GP relationship for NHRS

# Alternative Investment Risk and Return Expectations

## 2026–2035 Capital Market Assumptions

- Callan expects private markets to outperform public market equivalents due to illiquidity and complexity.
- Private Equity expected return is **8.50%**: 115 bps above U.S. Equity and 125 bps above Developed ex-U.S. Equity.
- Private Credit expected return is **7.25%**: 135 bps above High Yield and 125 bps below Private Equity.
- Return forecasts are net of fees and represent lower-risk (Core) allocations; client portfolios may have higher expected returns and risk.



Source: Callan 2026–2035 Capital Market Assumptions

Callan

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**Private Equity and Private Credit  
Market Environment**

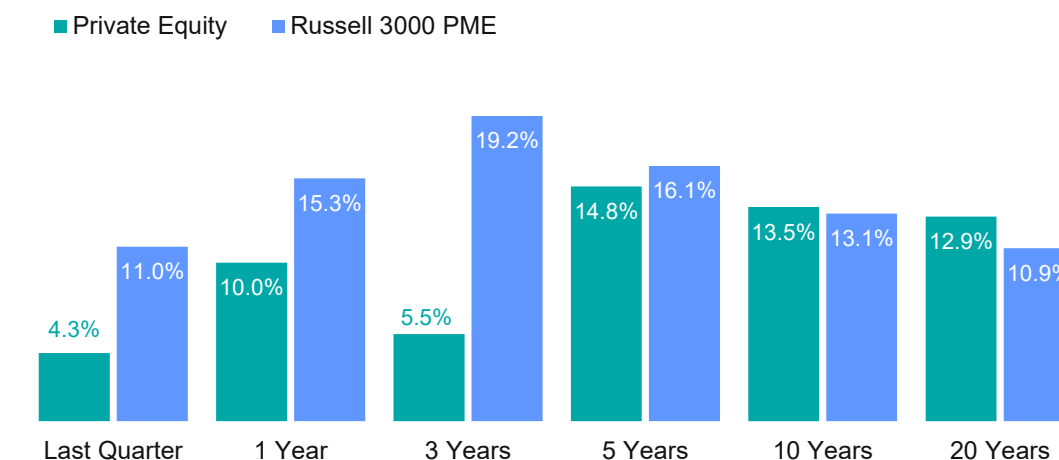
# Private Equity Trends

Private equity remains steady as public equity rebounds in 2Q25

## Quarterly Snapshot

- The public markets reversed their 1Q25 losses, jumping ahead of private equity in 2Q25.
- Private equity gained a steadier 4% during the quarter, compared to the double-digit rebound in the public markets.
- Performance across strategy types was nearly identical, with Venture Capital (+4.3%), Growth Equity (+4.1%), and Buyouts (+4.3%) all showing similar gains.

Net IRRs as of 6/30/25



## Long-Term Performance

- Across most time horizons, the various PE strategy types have delivered broadly similar results. The primary exception is the 3-year period, where Venture Capital and Growth Equity were impacted by the technology downturn of 2022–2023.
- Over the 20-year time horizon, private equity has outperformed by 2%.

Net IRRs by Strategy as of 6/30/25

Strategy	Last Quarter	1 Year	3 Years	5 Years	10 Years	20 Years
Venture Capital	4.3%	10.1%	-0.2%	13.5%	13.0%	12.3%
Growth Equity	4.1%	10.6%	4.7%	13.1%	13.0%	13.1%
Buyouts	4.3%	9.7%	8.2%	15.8%	13.8%	13.0%
<b>Private Equity</b>	<b>4.3%</b>	<b>10.0%</b>	<b>5.5%</b>	<b>14.8%</b>	<b>13.5%</b>	<b>12.9%</b>

Source: LSEG/Cambridge. PME: Public Market Equivalent



# Private Equity Trends

Fundraising still declining, but deal activity shows bright spots

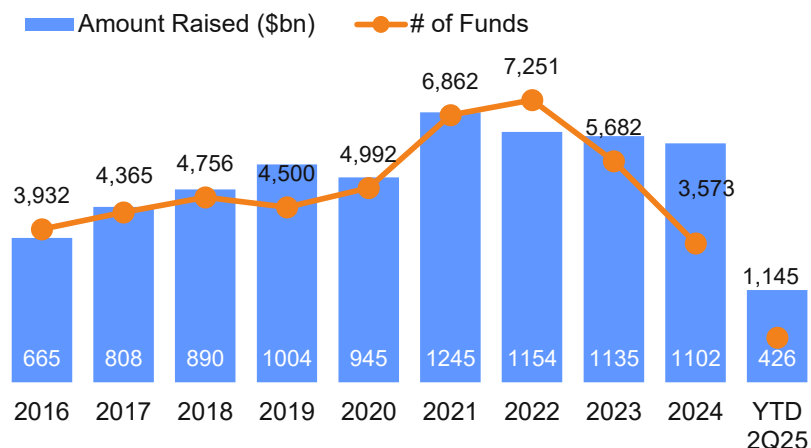
## Fundraising

- Fundraising for 1H25 was down 30% from 1H24, across both volume and count. Persistent exit backlogs and limited distributions have left LPs with less capital for new commitments.
- Fundraising timelines have lengthened, with more funds stuck in the market awaiting their final close (and therefore not captured in headline statistics)
- A clear divide has emerged: top-tier funds are oversubscribed, while the broader universe remains challenged.

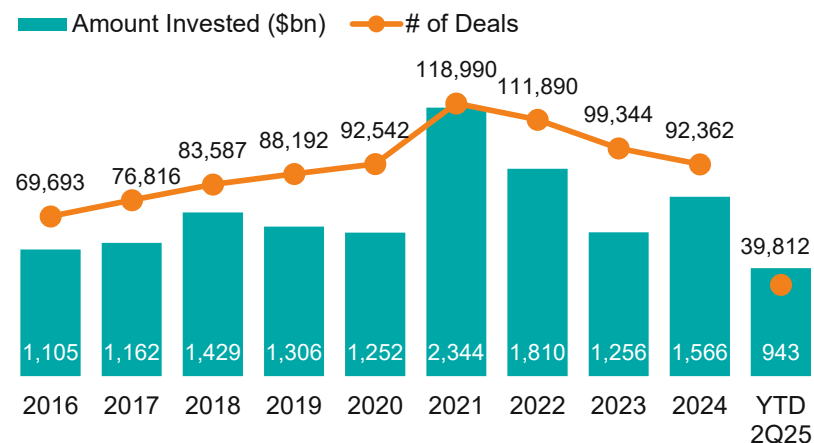
## Deal Activity

- Persistent trend of deal volume going up and deal count going down
- Volume saw a massive boost in 1H25, up by 40% compared to 1H24 and on track to reach 2021 levels. Deal count, on the other hand, was down 22%.
- Capital has been concentrated in the largest deals across both buyouts and venture capital/growth, driven by:
  1. A more business-friendly administration spurring larger deals that might previously have faced antitrust scrutiny
  2. Companies of scale seen to be more resilient amid ongoing trade uncertainty
  3. Large capital requirements of AI companies driving “mega” rounds with venture capital

## Annual Fundraising



## Annual Deal Activity



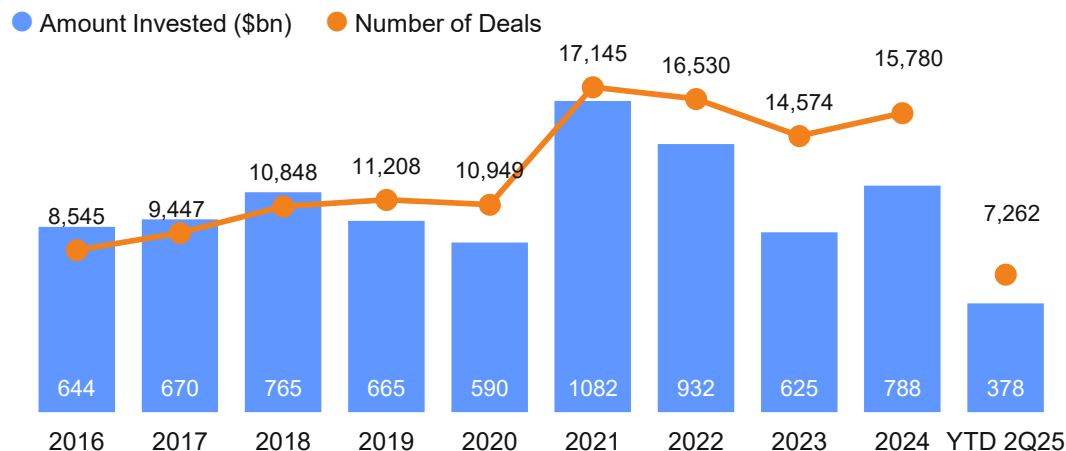
Source: PitchBook

# Private Equity Trends

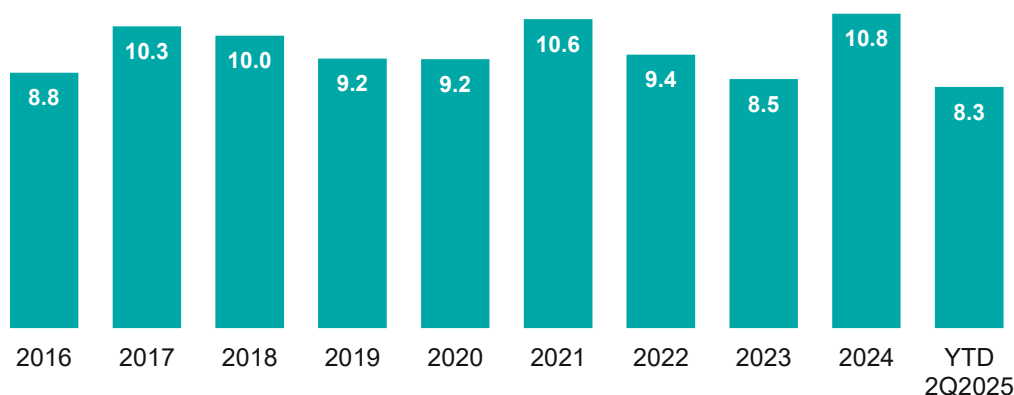
## Buyout

- Significant drop in buyout activity in 2Q25, following Liberation Day and its resulting tariff fluctuations and macroeconomic uncertainty.
- The first quarter buoyed the YTD statistics, which, in the aggregate, has continued 2024's pace
- Slowdown in activity was reflected in buyout valuations, which were at their lowest levels in 10 years
- Looking ahead, activity has picked up in the second half of the year, especially after recent interest rate cuts

## Buyout Investments



## Buyout Valuations (EV/EBITDA Multiples)



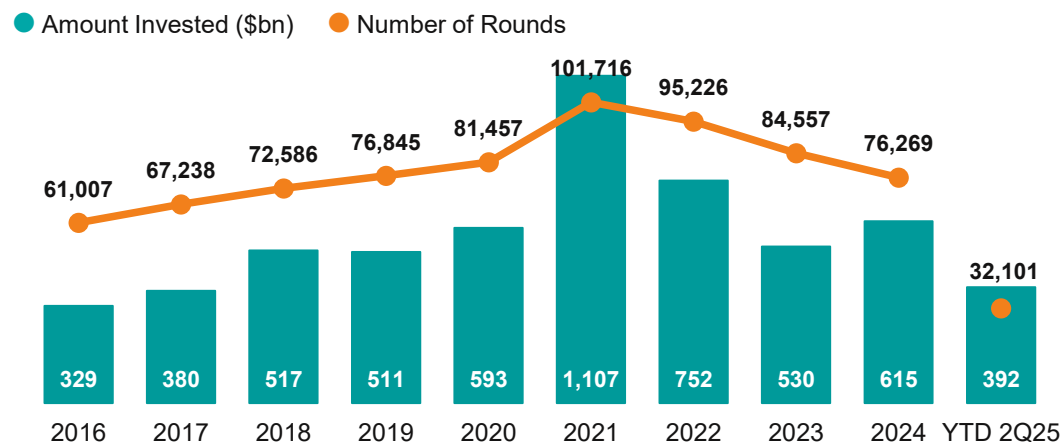
Source: PitchBook.

# Private Equity Trends

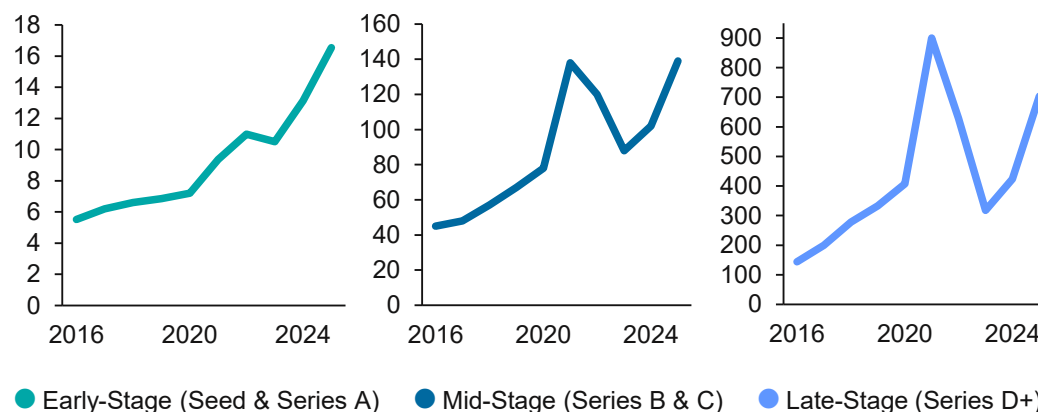
## Venture Capital & Growth Equity

- Despite slower exits over the last 2 years, venture capital activity has increased as billions of dollars are ploughed into AI startups
- Large uptick in activity YTD 2Q25 driven by “mega” financing rounds in late-stage AI companies. Activity has been around 80% of 2021 levels (the prior peak).
- Similarly, late-stage valuations (which are the most cyclical) were at ~80% of 2021 levels
- Mid-stage valuations returned to 2021 levels in 2Q25, and early-stage valuations have nearly doubled (keeping in mind these are at a smaller scale)

## Venture Capital & Growth Equity Investments



## Venture Capital & Growth Equity Median Valuations (\$m)

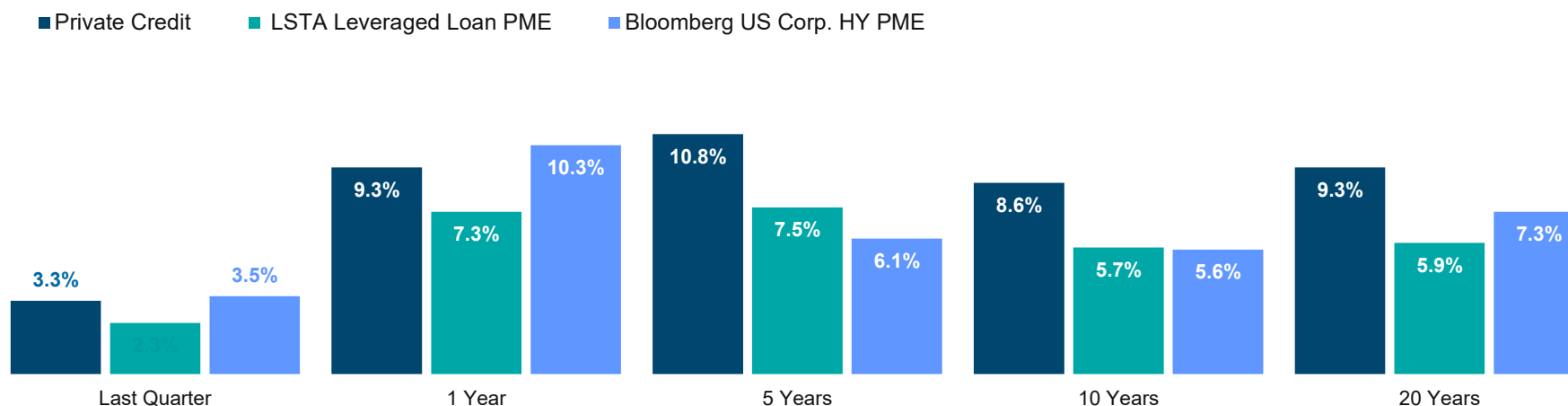


Source: PitchBook.

## Private Credit Market Overview

Outperformed leveraged loans and high yield over last quarter, 5, 10, and 20 years ended 2Q25

Pooled Horizon Net IRRs as of 6/30/25



Pooled Horizon Net IRRs by Strategy as of June 30, 2025

Strategy	Last Quarter	1 Year	5 Years	10 Years	20 Years
Senior Debt	4.2	9.6	8.9	7.6	7.9
Subordinated	4.8	10.8	12.9	10.9	10.9
Credit Opportunities	2.4	8.6	11.0	8.1	9.1
<b>Total Private Credit</b>	<b>3.3</b>	<b>9.3</b>	<b>10.8</b>	<b>8.6</b>	<b>9.3</b>

Over the past 10 years the asset class has generated a net IRR of 8.6%, outperforming leveraged loans as of June 30, 2025. Higher-risk strategies have performed better than lower-risk strategies.

Source: LSEG/Cambridge

# Private Credit Fundraising Landscape

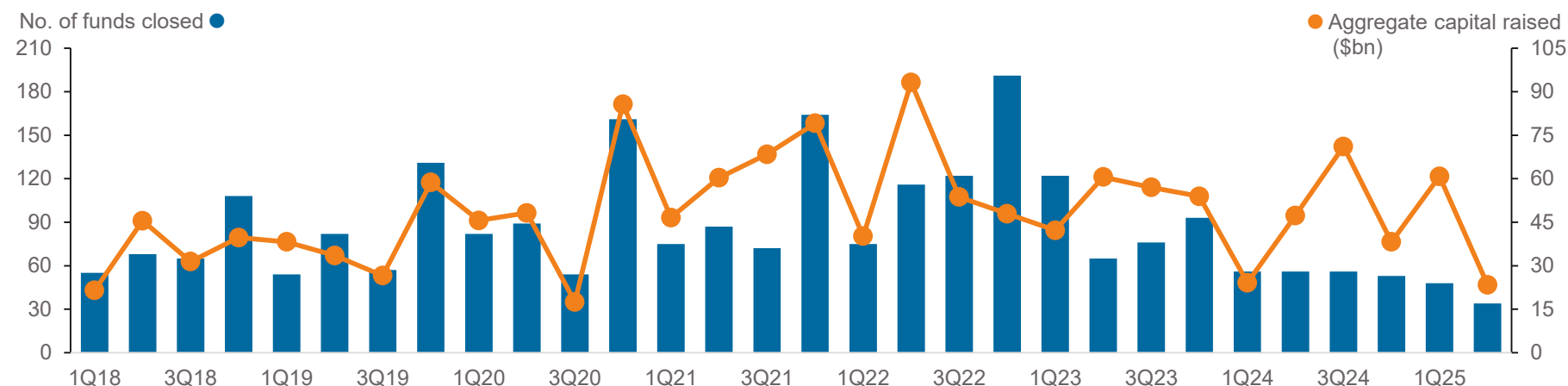
Activity continued to be relatively slow in 2Q25

- The top four funds raised in 2Q25 were across various verticals of private credit.
- Direct lending continues to dominate fundraises, with mezzanine following. Fund of funds and venture debt continue to lose interest among LPs.
- Private credit stayed in high demand among Callan clients, and most LPs look to maintain or increase their target allocation.
- We continue to notice increased interest in specialty finance/ABL strategies.

## Largest Funds Holding Closes in Q2 2025

Name	Amount (\$millions)	Strategy
Dawson Portfolio Finance 6	\$8,000	Niche
TPG Twin Brook Direct Lending (continuation vehicle)	\$3,000	Direct Lending
Park Square Capital Partners V	\$2,833	European Direct Lending
Five Arrows Debt Partners IV	\$2,829	Opportunistic

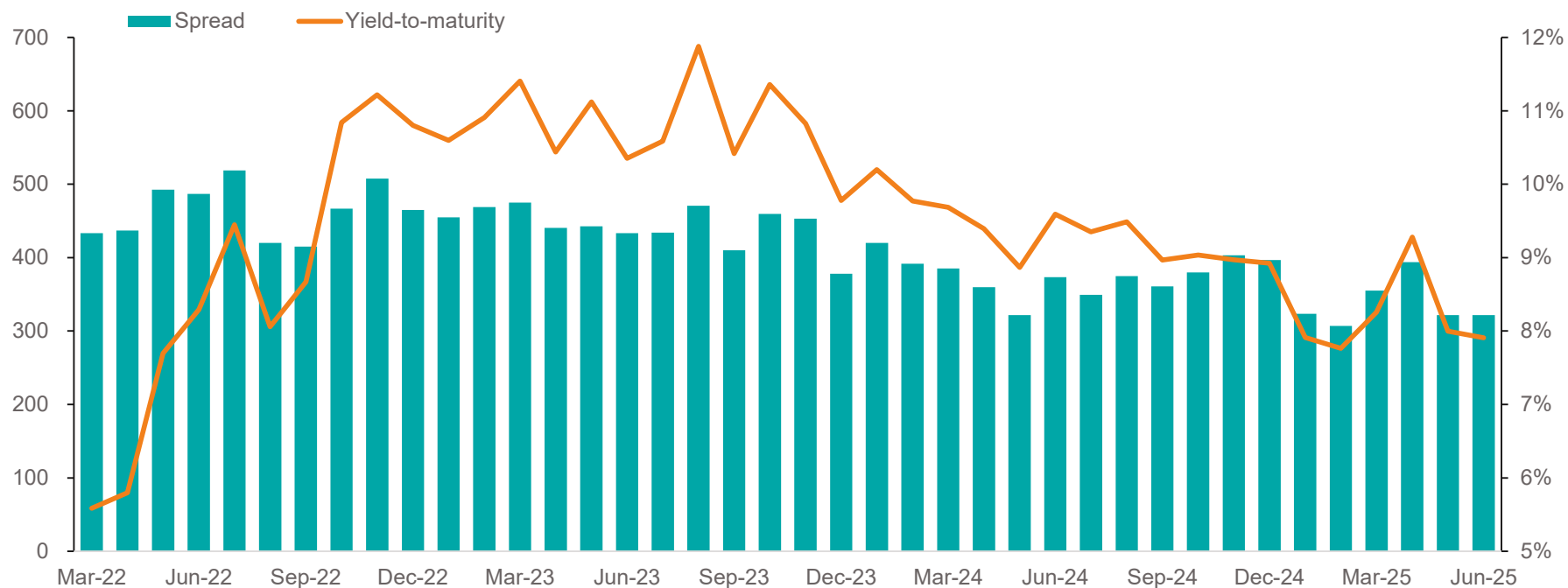
## Quarterly Private Debt Fundraising



Source: Preqin

## 2Q 2025 Spreads

Average spread and YTM of M&A loans

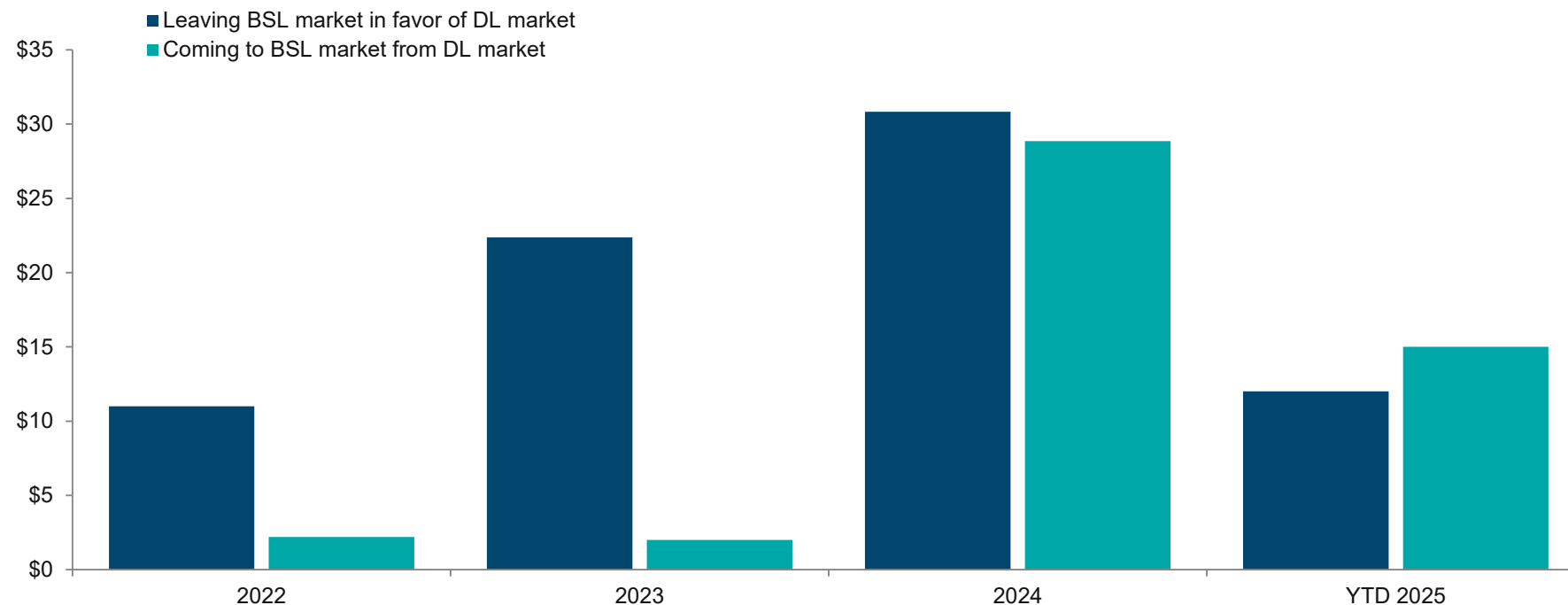


- Spreads and YTMs compressed steadily from 361 bps / 8.97% (Sep 2024) to 322 bps / 7.31% (June 2025), reflecting broad credit spread tightening and lower required yields.
- The sharp decline in early 2025 followed a strong credit rally and improved sentiment around default risk as macro conditions stabilized.
- Recent compression was driven by lower base rates, strong investor demand for yield, and continued improvement in credit fundamentals, pushing yields to cycle lows.

Source: Pitchbook (LCD BSL data)

## 2Q 2025 LBO Financings

### Syndicated loans and direct lending takeouts (\$B)



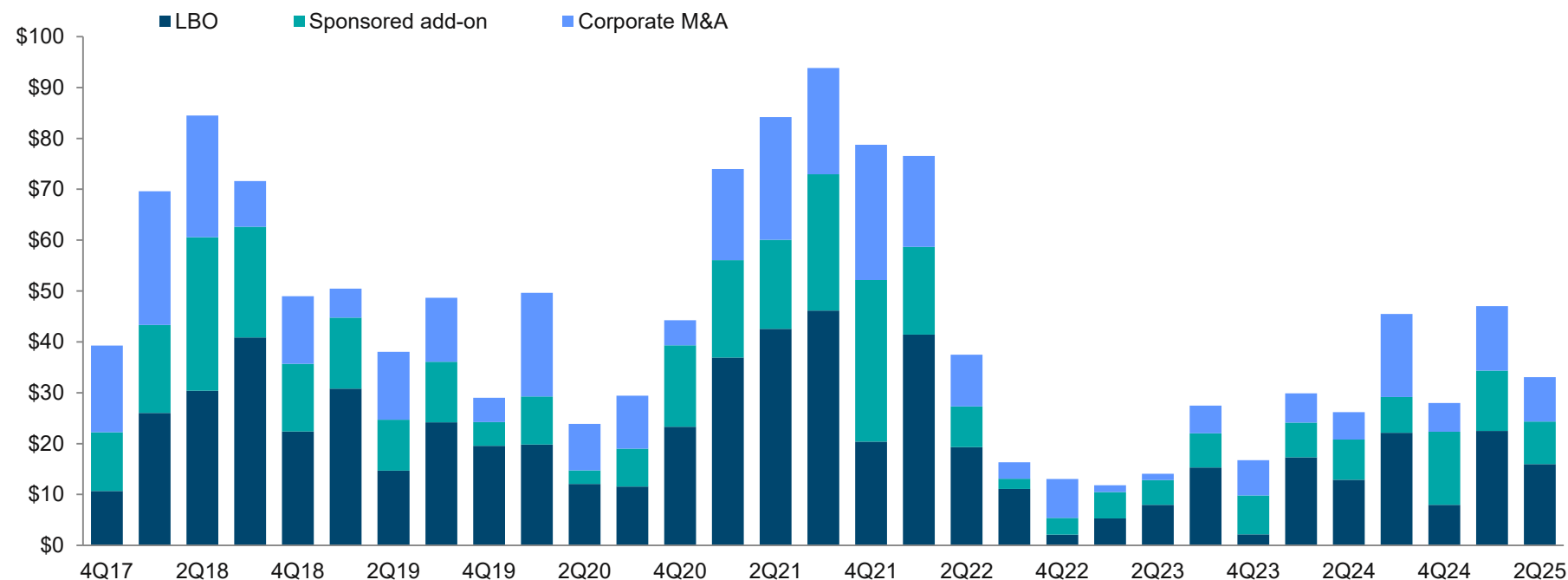
- Borrowers switching from private credit to syndicated loans achieved average spread savings of just 147 basis points in 2025 YTD. In comparison, the average spread savings was 216 bps in 2023.
- Banks have re-entered the market aggressively in 2024–2025, with capital shifting almost evenly between the broadly syndicated loan (BSL) and direct lending (DL) markets, signaling renewed competition for high quality borrowers.
- The gap that peaked in 2023 (22% leaving BSL vs. only 2% entering) has effectively closed, as banks resumed underwriting and syndicating large, high-quality loans after rebuilding balance-sheet capacity and confidence in the leveraged market.

Source: Pitchbook

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# M&A Related Loan Volume

Quarterly M&A Loan Issuance Ended 6/30/25



- M&A-related institutional loan issuance reached \$33.1 billion in 2Q25. This includes \$16 billion for LBOs, \$8.3 billion for sponsored add-ons, and \$8.8 billion for corporate M&A.
- M&A activity has picked up modestly as rate volatility eases and financing markets reopen, supported by improving confidence among strategic buyers.
- Despite this uptick, volumes remain well below 2021–2022 peaks, constrained by valuation mismatches, slower deal execution, and lingering macro uncertainty that continue to temper large-scale transaction flow.

Source: Pitchbook



# Yield Spreads

High Yield Effective Yields Ended 6/30/25



U.S. High Yield Index Option Adjusted Spreads Ended 6/30/25

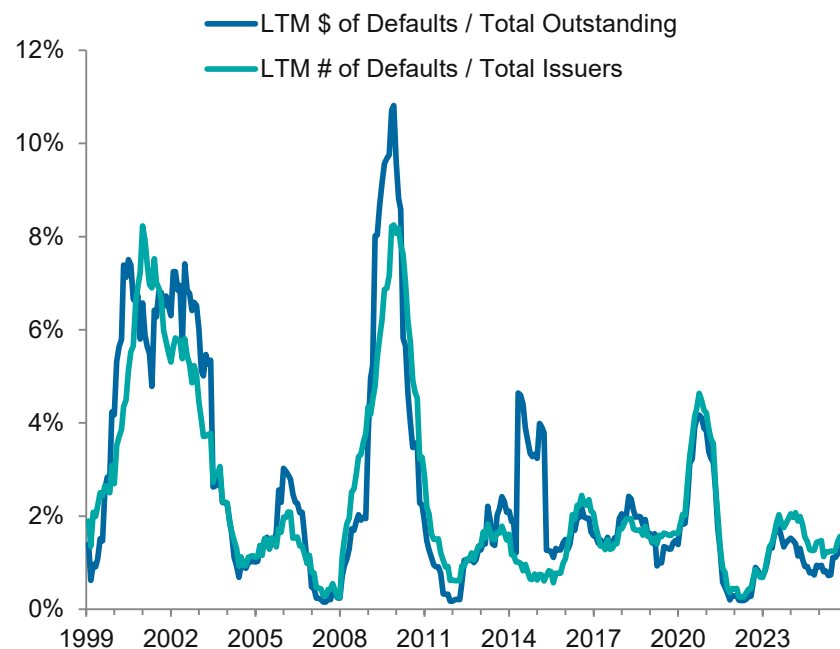


- Option-adjusted spreads tightened in 2Q 2025 as investors grew more confident in credit quality, defaults remained low, and demand for high yield stayed strong amid improving risk sentiment.
- Effective yields still increased, not because of higher base rates, but due to price declines in lower-quality segments, heavier issuance, and a shift toward riskier credits with higher coupons, which lifted the overall yield level even as spreads narrowed.
- The divergence reflects a “risk rotation” within high yield—investors accepted narrower spreads on stronger issuers, while broader index yields rose as the market mix shifted toward more speculative or longer-duration paper amid easing rate conditions

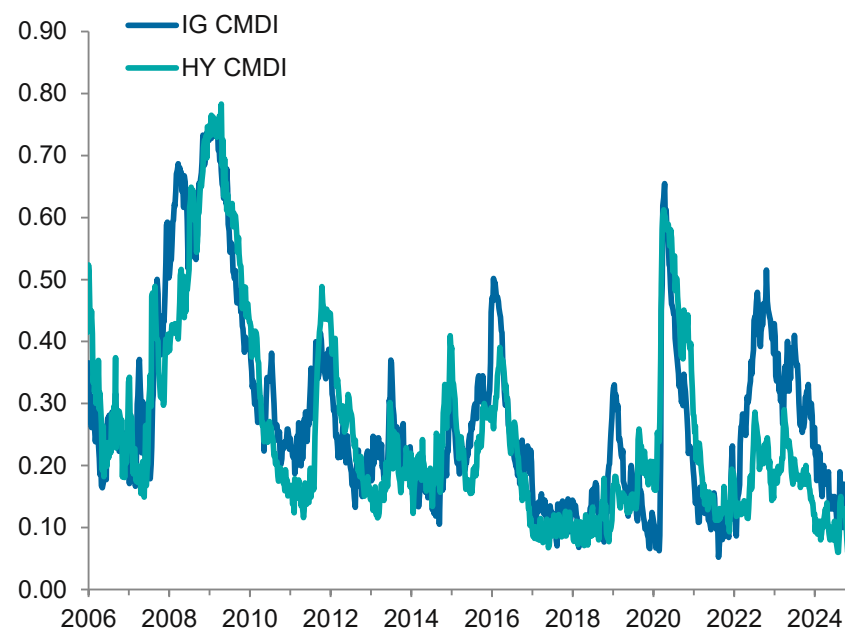
Sources: Bank of America, Federal Reserve Bank of St. Louis, Bloomberg Barclays

## 2Q 2025 Distressed and Opportunistic Debt

Morningstar LSTA Leveraged Loan Index Default Rates



Corporate Bond Market Distress Index (CMDI) Ended 6/30/25



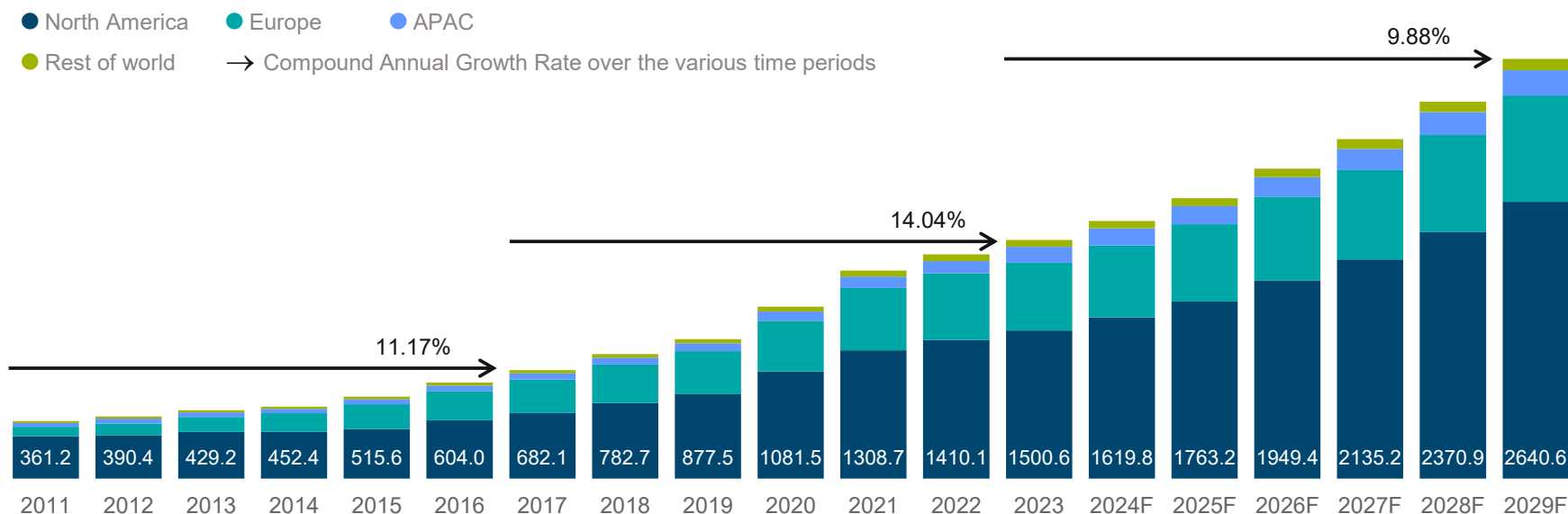
- Default rates for U.S. corporate bonds and loans continued to drop in 2024 and have stayed below 2% into Q2 2025, falling below the historical average of 3% to 4%.
- Payment defaults have declined as many issuers amend and extend near-term maturities and increasingly resort to PIK structures to delay cash interest payments, measures that suppress headline default rates in the short term but may mask underlying balance sheet stress.
- The Corporate Bond Market Distress Index (CMDI) rose rapidly during 2022, especially for investment grade bonds, but has fallen since then. To begin 2025, both the IG distress and HY bond indicator moved downward, a trend that has proceeded since last year.

Source: Federal Reserve Bank of New York, Pitchbook

## Projected Private Credit Market Growth by Strategy

- North American private debt AUM is expected to grow significantly, from \$1.01 trillion in 2024 to \$1.74 trillion in 2029, representing an annualized growth rate of 11%. European private debt AUM is projected to grow at a slower pace of 7.8%, reflecting resilience despite a more challenging economic environment.
- Fundraising in Europe is forecast to remain static, which could create upside potential as reduced competition for deals may improve investment opportunities.
- The private credit market is positioned to maintain strong growth, particularly in North America, while Europe's steadier trajectory still offers attractive prospects in a less crowded landscape.

### Private Credit AUM\* by Primary Region Focus



\* AUM figures exclude funds denominated in yuan renminbi. Data labels show total private credit AUM for each year.  
Source: Preqin

Callan

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## Private Equity Portfolio Overview

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# NHRS Private Equity Objectives

## Selected Objectives for NHRS' Private Equity Program

### Private Equity Investment Objectives

- Construction of a high quality, “all-weather” private equity portfolio
- Focused investment activity with active on-going monitoring of sponsors and partnerships
- Active involvement of NHRS Staff and Callan Private Equity Consulting to source, vet and diligence opportunities

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### Annual Commitment Pacing & Sizing

- \$200-300 million of annual commitments (subject to total plan growth and distribution rate of existing portfolio)
- Typical commitment size of \$50-100 million for direct partnerships, incorporating risk and capacity considerations of new opportunities

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### Strategy Selection

- Initial and primary focus on diversified buyouts, with a mix of value-creation mechanisms
- Secondary consideration of complementary strategy types (i.e., SMID buyout, growth equity, distressed for control, venture capital, secondaries, etc.)
- Emphasis on United States/North America exposure for the Direct Primary portfolio

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### NHRS Preferences & Sensitivities

- Focus on high-quality, reputed and stable private equity sponsors with demonstrable track records
  - Preference for managers that provide significant co-investment opportunities
  - Strong performance, with key emphasis on capital recovery for realized/unrealized losses
  - International investments must be compelling against relevant peer group, as well as domestic opportunities
-

# NHRS Private Equity Objectives

## Characteristics of Primary Private Equity Strategies\*

	Category	Expected Returns	Description	Risk
Control-oriented	<b>Large buyout</b> <i>NHRS exposure: Apollo, Clearlake, Thoma Bravo, American Industrial, Advent</i>	20 – 25% gross IRR 2.0– 2.5x gross TVPI	Acquire control positions in mature businesses, typically valued in the \$1 billion + range. Companies have long operating histories, established end markets, and developed product or service offerings.	Low loss ratios given company size and maturity, often ranging from 5% - 15%.
	<b>Small/Middle buyout</b> <i>NHRS exposure: Edgewater, HIG, CCMP, RFE</i>	25 – 30% gross IRR 2.5 – 3.0x gross TVPI	Acquire control positions in mature businesses, typically valued <\$1 billion. Companies have operating histories, established end markets, and developed product or service offerings. Business are more likely to be founder or family-owned, and less institutionalized.	Higher loss ratios than large buyout given smaller company sizes, often ranging from 10% - 20%.
	<b>Distressed-for-control</b> <i>NHRS exposure: None</i>	20 – 30% gross IRR 2.0 – 3.0x gross TVPI	Acquire mature businesses facing operational or market challenges, often in distress and in need of restructuring.	Typically higher than large buyout given difficult financial positions of businesses, but lower than small buyout.
Non-control-oriented	<b>Growth equity</b> <i>NHRS exposure: Warburg Pincus, Carlyle Asia, Carlyle Japan, Carlyle Sub-Saharan Africa, Pinebrook</i>	25 – 30% gross IRR 2.5 – 3.0x gross TVPI	Acquire minority interests in growing businesses that are typically at or near profitability. Business are often still founder-owned, and in need of capital to scale.	Loss ratios typically range from 10 – 20%.
	<b>Late-stage venture</b> <i>NHRS exposure: Industry Ventures, Top Tier</i>	25 – 30% gross IRR 2.5 – 3.0x gross TVPI	Acquire minority interests in growing businesses through late-stage financing rounds, subsequent to other institutional investors. Companies have established business models but still have room for growth and are often preparing for an IPO.	Loss ratios typically range from 15 – 25%.
	<b>Early-stage venture</b> <i>NHRS exposure: Industry Ventures, Top Tier</i>	30%+ gross IRR 3.0x+ gross TVPI	Acquire minority interests in startup businesses or ideas with significant growth potential, generally in the technology, consumer, or health care industries. Return dispersion is high.	Higher chance of failure, though high upside. Loss ratios are typically in the 30 – 40% range.

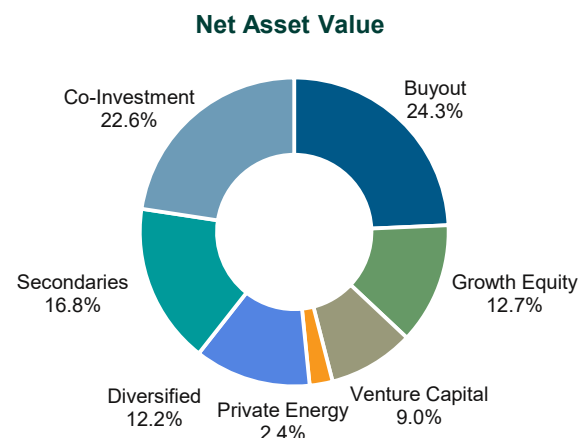
\* Co-investments and secondaries may be included across the above strategies.

# NHRS Private Equity Portfolio Structure

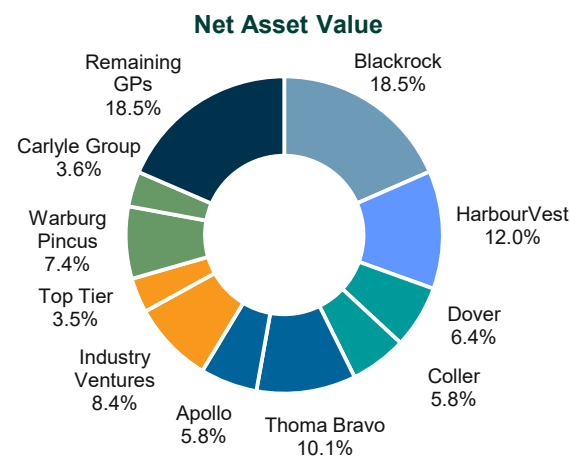
Current Structure as of June 30, 2025

- **Direct Primaries:** Consists of fourteen GPs, including eleven buyout/growth equity firms and three private energy firms. Thoma Bravo, Warburg Pincus, and Apollo represent the largest positions, totaling 25% of current exposure.
- **Fund of Funds:** Targeted exposure to international and venture capital strategies.
- **Secondaries:** Diversified exposure across four GPs, including specialist venture secondary funds.
- **Co-Investments:** Core exposure to Blackrock Co-Investment strategy, representing approximately 20% of the private equity portfolio. In 2024 the co-investment allocation was expanded with co-investment separate accounts added with Apollo and HIG.

## Current Private Equity Portfolio Composition



## Current General Partner Exposure



Portfolio Composition represents Net Asset Value plus Unfunded Commitments estimated as of June 30, 2025

# NHRS Private Equity Program Overview

Twelve Months Ended June 30, 2025

## Portfolio Overweight

- NHRS' private equity portfolio was overweight at 12.1% vs the 10% target as of 6/30/2025.
- The allocation continues to decline towards the target allocation of 10%.

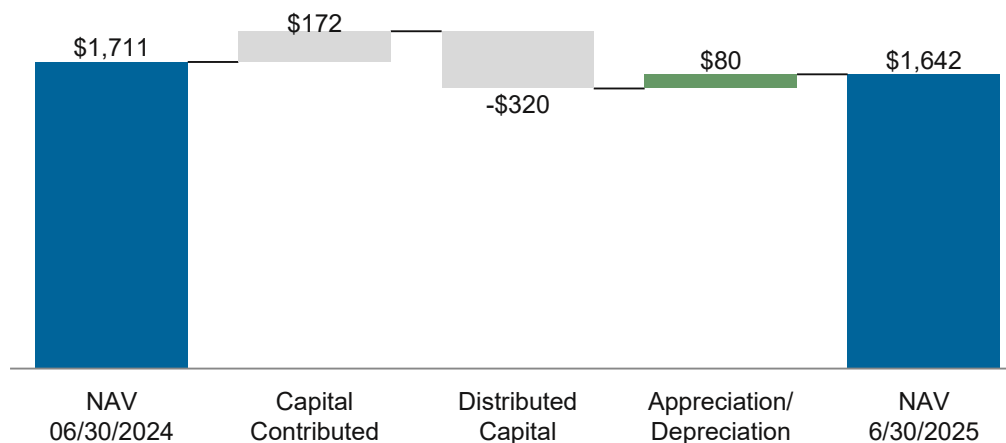
## Increasing Distributions

- The NHRS portfolio received \$320 million in distributions over the last year, representing 20% of beginning NAV. This was higher than received in 2024, which were \$185 million.

## Decline in NAV

- The NAV decreased about 4% YoY owing to an 8.6% net cash outflow and portfolio appreciation of 5.2%.

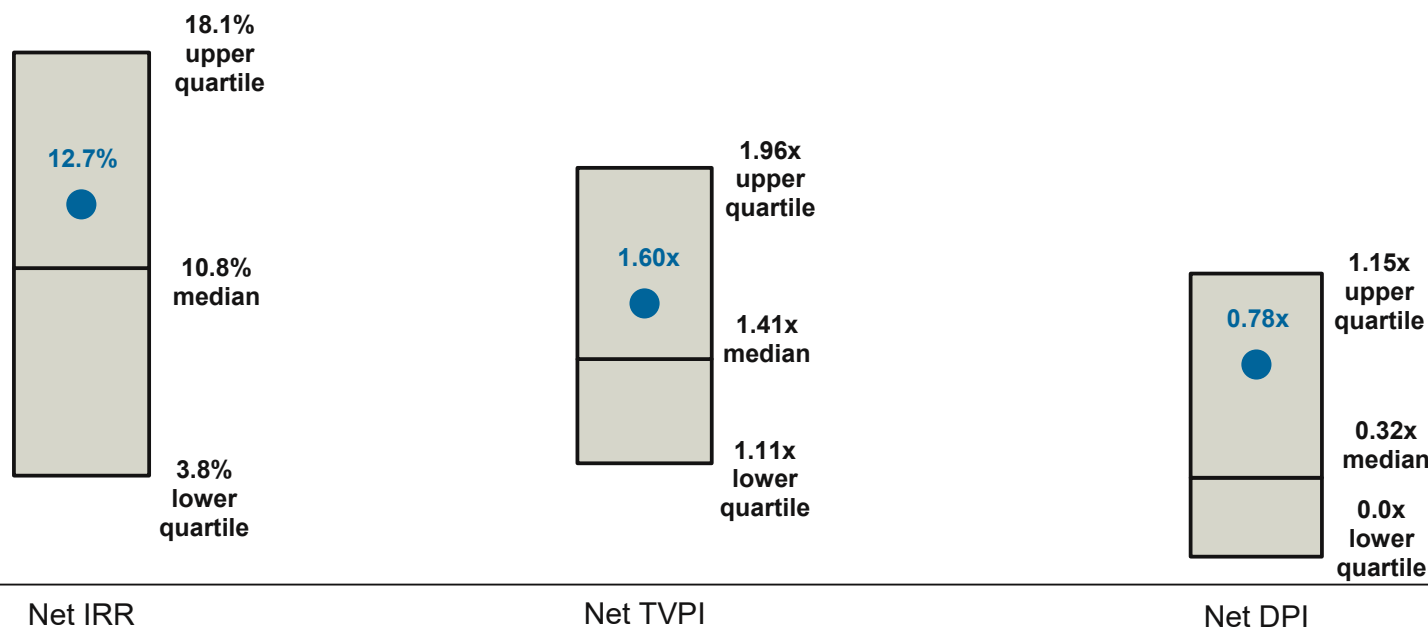
	06/30/2024 (\$m)	% Change	06/30/2025 (\$m)
Commitments	\$2,485	5%	\$2,614
Paid-In Capital	\$2,097	8%	\$2,268
% Paid-In	84%	0%	84%
Uncalled Capital	\$579	(4%)	\$558
Distributed Capital	\$1,635	20%	\$1,954
<b>NAV</b>	<b>\$1,711</b>	<b>(4%)</b>	<b>\$1,642</b>
<b>Total Value (NAV + Distributed)</b>	<b>\$3,346</b>	<b>7%</b>	<b>\$3,596</b>





# NHRS Private Equity Relative Performance

Inception through June 30, 2025



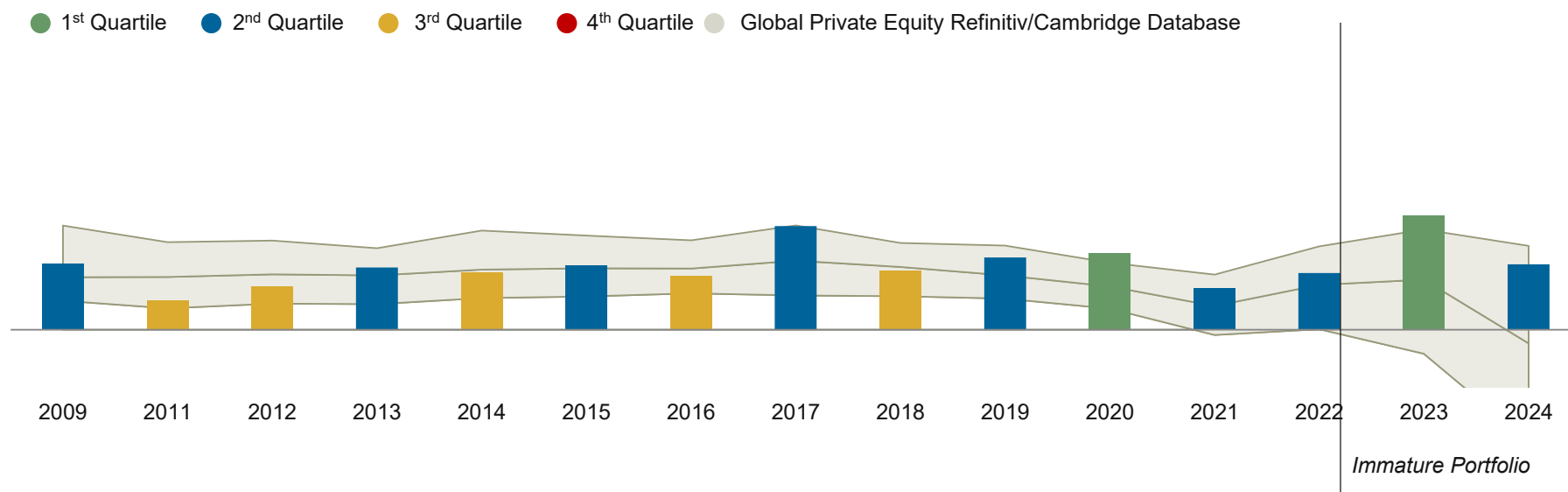
## Performance

- The portfolio has generated 2<sup>nd</sup> quartile performance in terms of net IRR, TVPI, and DPI
- The portfolio's DPI ranks well into the 2<sup>nd</sup> quartile, which was initially bolstered by its large allocation to secondaries strategies, which typically distribute capital quicker than primary fund commitments. Recent distribution activity has primarily been driven by the portfolio's buyout and co-investment allocations.

As of 6/30/2025. Quartile Rankings against the Global Private Equity Refinitiv/Cambridge database. Includes private energy.

# NHRS Private Equity Performance by Vintage Year

## Net IRR by Vintage Year



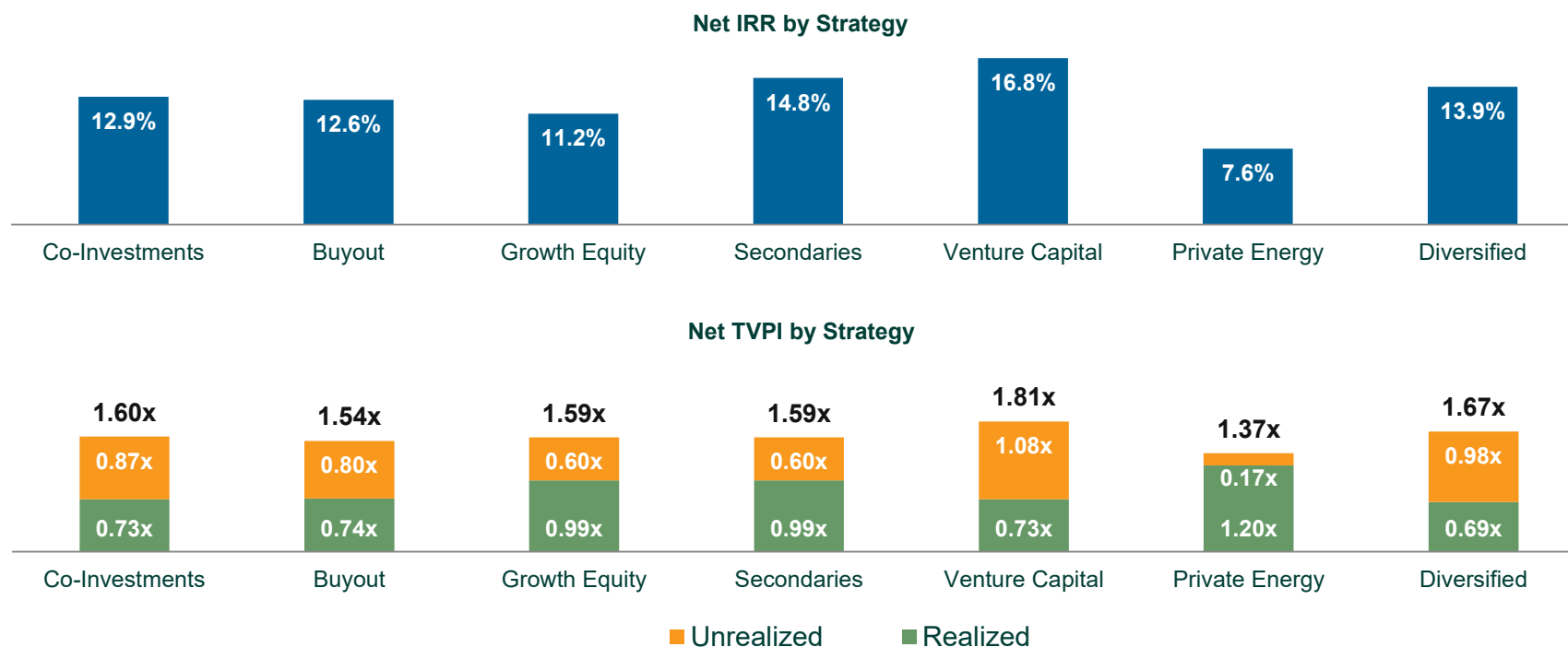
## Performance

- The portfolio has exhibited mixed performance by vintage year. Since the portfolio's inception in 2009, five vintages have been in the 3<sup>rd</sup> quartile and ten, including two recent vintages, in the 1<sup>st</sup> and 2<sup>nd</sup> quartiles.
- The program's underperformance in 2011 and 2012 was largely a result of poor manager selection, with allocations to Edgewater, RFE Partners, and SL Europe all ranking in the 4<sup>th</sup> quartile. Underperformance in subsequent years, particularly 2014-2016, was primarily driven by allocations to energy strategies, which suffered from a crash in commodity prices.
- Performance has rebounded in recent years, with new partnerships developing well and currently ranking in the 1<sup>st</sup> and 2<sup>nd</sup> quartiles.

# NHRS Private Equity Performance by Strategy

Inception Through Period Ended June 30, 2025

- Despite a decline in broad venture capital valuations over the last few years, NHRS' Venture Capital allocation remains the best-performing segment, driven by strong revenue growth in the Technology, Healthcare, and Consumer sectors.
- Dedicated energy exposure in the portfolio has created headwinds in performance, driven by falling commodity prices, and a changing industry landscape, creating challenges for legacy E&P managers. Performance has rebounded over the last several years and energy prices have increased, however private energy still lags other strategy types.
- The buyout and growth equity portfolios have had mixed performance. Exposure to underperforming international strategies in Asia and Africa have detracted from returns.



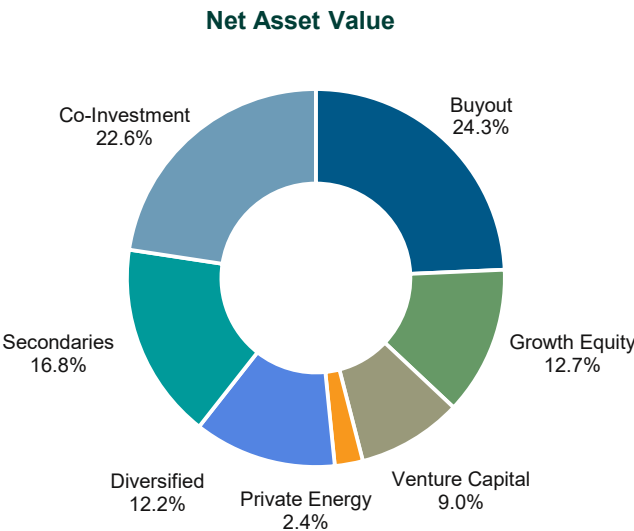
# NHRS Private Equity Portfolio Structure

## 2026 Pro Forma Implementation Plan

### 2026 Focus Areas:

- Evaluate potential re-investments with four existing managers.
- Evaluate other complementary direct partnership commitments, including opportunities in Europe, the North American middle-market and lower middle-market, and direct growth equity.

	2025	2026
Commitments	Blackrock Co-Investment 2026 Program Advent GPE XI	
Potential Re-Ups	American Industrial Partners VIII Apollo XI Warburg Pincus 15 Dover Street XII	
Potential New Commitments	European Buyout Middle-Market Buyout Growth Equity	



# NHRS Private Equity Portfolio

Fund	Vintage	Commitment Amount (\$m)
<b>Co-Investment Funds</b>		<b>\$690</b>
BlackRock Private Op 2014	2015	\$150
BlackRock Private Op 2018	2018	\$150
BlackRock Private Op 2021	2021	\$150
BlackRock Private Op 2026	2026	\$150
Apollo X Co-Investment SMA	2023	\$40
HIG Co-Investment SMA	2024	\$50
<b>Fund of Funds – International</b>		<b>\$267.6</b>
SL Capital European Smaller Fds I	2012	\$17.6
HarbourVest HIPEP VII	2014	\$50
HarbourVest HIPEP VIII	2018	\$50
HarbourVest HIPEP IX	2021	\$75
HarbourVest HIPEP X	2024	\$75
<b>Secondaries</b>		<b>\$435</b>
Lexington Capital Partners VII	2009	\$40
Lexington Capital Partners VIII	2015	\$50
Coller International Partners VI	2012	\$20
Coller International Partners VII	2016	\$50
Coller International Partners VIII	2020	\$75
Dover Street VIII	2013	\$50
Dover Street IX	2016	\$50
Dover Street X	2020	\$50
Dover Street XI	2022	\$50
<b>Fund of Funds – Venture Capital</b>		<b>\$300</b>
Industry Ventures Secondary VI	2011	\$20
Industry Ventures Secondary VII	2013	\$20
Industry Ventures Secondary IX	2021	\$50
Industry Ventures Partnership Holdings III	2013	\$20
Industry Ventures Partnership Holdings IV	2016	\$20
Industry Ventures Partnership Holdings V	2019	\$25
Industry Ventures Partnership Holdings VI	2021	\$25
Top Tier Venture Velocity Fund	2014	\$20
Top Tier Venture Velocity Fund II	2017	\$25
Top Tier Venture Velocity Fund III	2019	\$25
Top Tier Venture Velocity Fund IV	2021	\$25
Top Tier Venture Velocity Fund V	2024	\$25

## NHRS Private Equity Portfolio (continued)

Fund	Vintage	Commitment Amount (\$m)
<b>Buyout</b>		<b>\$641</b>
Edgewater Growth Partners III	2011	\$20
Edgewater Growth Partners IV	2018	\$50
RFE Investment Partners VIII	2012	\$20
CCMP Capital Investors III	2014	\$50
Thoma Bravo XII	2016	\$46
Thoma Bravo XIII	2019	\$50
Thoma Bravo XIV	2021	\$50
Thoma Bravo XV	2022	\$50
Apollo IX	2019	\$40
Clearlake Capital VII	2022	\$50
American Industrial Partners VIII	2023	\$50
Apollo X	2023	\$40
HIG Advantage II	2024	\$50
Advent Global Private Equity XI	2025	\$75
<b>Growth Equity</b>		<b>\$371.1</b>
Carlyle Sub-Saharan Africa Fund	2012/2014	\$27
Carlyle Japan III	2014	\$26.1
Carlyle Asia IV	2014	\$54
Carlyle Asia Fund V	2018	\$50
Pine Brook Capital Partners II	2013	\$50
Warburg Pincus Private Equity XII	2015	\$64
Warburg Pincus Global Growth	2019	\$50
Warburg Pincus Global Growth XIV	2022	\$50
<b>Private Energy</b>		<b>\$175</b>
NGP XI	2015	\$75
Kayne Anderson Energy Fund VII	2016	\$50
Actis Energy 4	2017	\$50
<b>Total Private Equity (56 commitments/ 22 GPs)</b>		<b>\$2,810</b>

Callan

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## Private Credit Portfolio Overview

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# NHRS Private Credit Objectives

## Selected Objectives for NHRS' Private Credit Program

### Private Credit Investment Objectives

- Construction of a high quality, “all-weather” private credit portfolio
- Focused investment activity with active on-going monitoring of sponsors and partnerships
- Active involvement of NHRS Staff and Callan Private Credit Research to source, vet and diligence opportunities

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### Annual Commitment Pacing & Sizing

- Expected to be approximately \$300-350 million total for projected annual private credit commitments
- Typical commitment size of \$50-100 million, incorporating risk and capacity considerations of new opportunities
- Incremental growth of commitment sizing at the higher end of the annual commitment range

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### Private Credit Strategy Selection

- Primary consideration of Core strategies (Direct Lending) and Opportunistic (Multi-Sector) strategies
- Secondary consideration of complementary strategy types (i.e. Specialty Finance, Distressed)
- Portfolio is expected to be global in scope, with a primary emphasis on United States/North America

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### Manager / Strategy Preferences & Sensitivities

- Focus on high-quality, reputed and stable private credit managers with demonstrable track records
  - Strong performance, with key emphasis on generating a high level of current income and the avoidance of realized credit losses, net of recoveries
  - Strategies offered by managers based outside the U.S. must be compelling against the relevant peer group, as well as strategies managed by domestic firms; it is expected that multi-sector funds will likely have a significant allocation to non-US securities
-



# NHRS Private Credit Objectives

## Characteristics of Primary Private Credit Strategies\*

	Category	Expected Net IRR	Return Driver(s)	Risk	Type of Collateral
Core	<b>Direct Lending and Mezzanine</b> <i>NHRS Exposure: Comvest, Monroe, Crescent, Alcentra, Arcmont, Ironwood, ICG Europe</i>	6-8% unlevered; 8-10% levered; potentially higher for mezzanine	Coupon; prepayment fees; origination fees; credit spread	Credit risk; illiquidity	Corporate or asset
	<b>Structured Credit</b> <i>NHRS Exposure: CarVal</i>	7 to 9%	Coupon; excess spread	Priority of payment; servicing	Pools of cash flowing contractual obligations
	<b>Real Asset Lending</b>	6 to 8%	Coupon; origination fees	Priority of payment; servicing; illiquidity	Real assets
Opportunistic	<b>Distressed Debt/ Special Situations</b> <i>NHRS Exposure: Avenue, Gramercy, Siguler Guff, SVP</i>	10 to 15+%	Coupon; capital gain; recovery in debt prices; restructuring	Liquidity; negotiation with numerous interested parties	Corporate
	<b>Multi-Sector</b> <i>NHRS Exposure: CarVal, Sixth Street, SVP, Blackstone</i>	7 to 10%	Coupon; equity upside; alpha through sector rotation and broad opportunity set	Expertise in global liquid and private markets; value add from sector rotation	Multiple depending on asset mix
Niche	<b>Specialty Finance, Asset Based Lending, Other Niche</b> <i>NHRS Exposure: Ares, Atalaya, Riverstone</i>	8 to 10%	Cash flow recovery or enhancement through active servicing	Deep expertise required; highly specialized in nature; illiquidity	Typically, cash flow is related to a stream of payments derived from a portfolio of assets

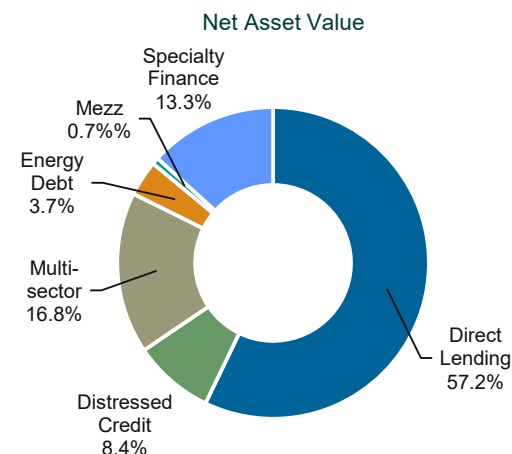
\* Co-investments and secondaries may be included across the above strategies

# NHRS Private Credit Portfolio Structure

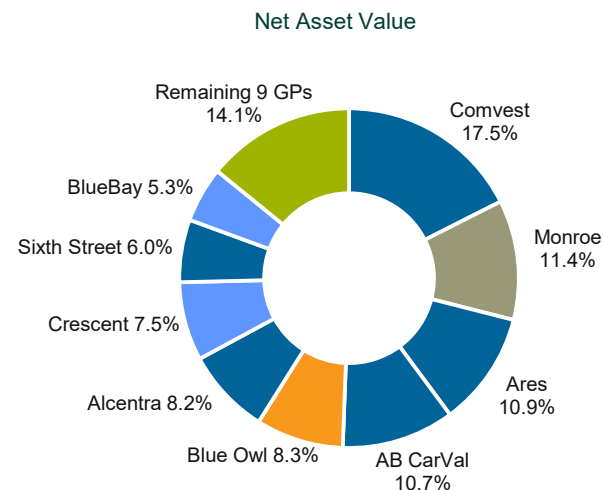
Current Structure as of June 30, 2025

- **Direct Primaries:** Consists of seventeen GPs, including seven direct lending strategies, three distressed strategies, three multi-sector strategy, one mezzanine strategy, one energy lending strategy, and two specialty finance strategies.
- The top four GPs represent approximately 51% of the exposure, including Comvest, Monroe, Ares, and AB CarVal.
- **Fund of Funds:** One fund early in the program's development (Siguler Guff Distressed in 2011).
- **Secondaries:** No dedicated private credit secondaries strategies.
- **Co-Investments:** No dedicated private credit co-investment strategies.

## Current Private Credit Portfolio Composition



## Current General Partner Exposure



Portfolio Composition represents Net Asset Value plus Unfunded Commitments estimated as of December 31, 2023

# NHRS Private Credit Program Overview

Six Months Ended June 30, 2025

## Portfolio Overweight

- NHRS' private credit portfolio is currently at 4.4% of the total fund. The increased target is 10%.

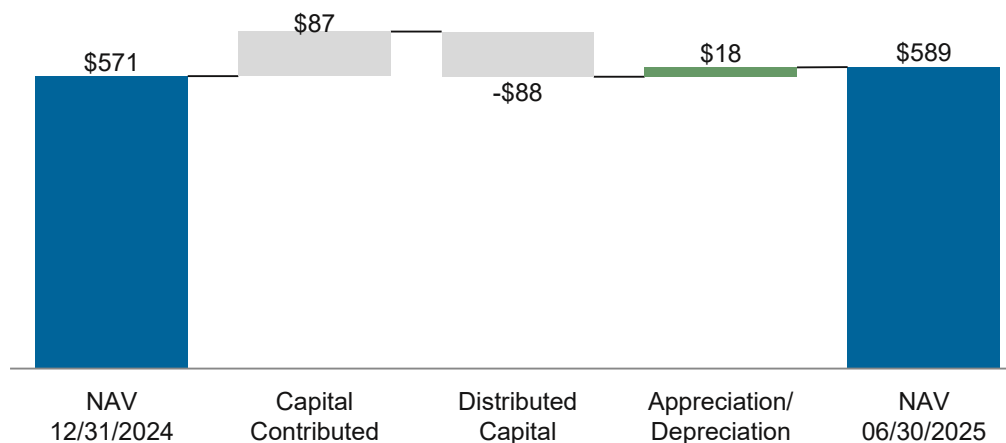
## Modest Distributions

- The NHRS portfolio was cash flow positive over the year, receiving \$88 million in distributions relative to \$87 million in contributions.

## Slight Gain in NAV

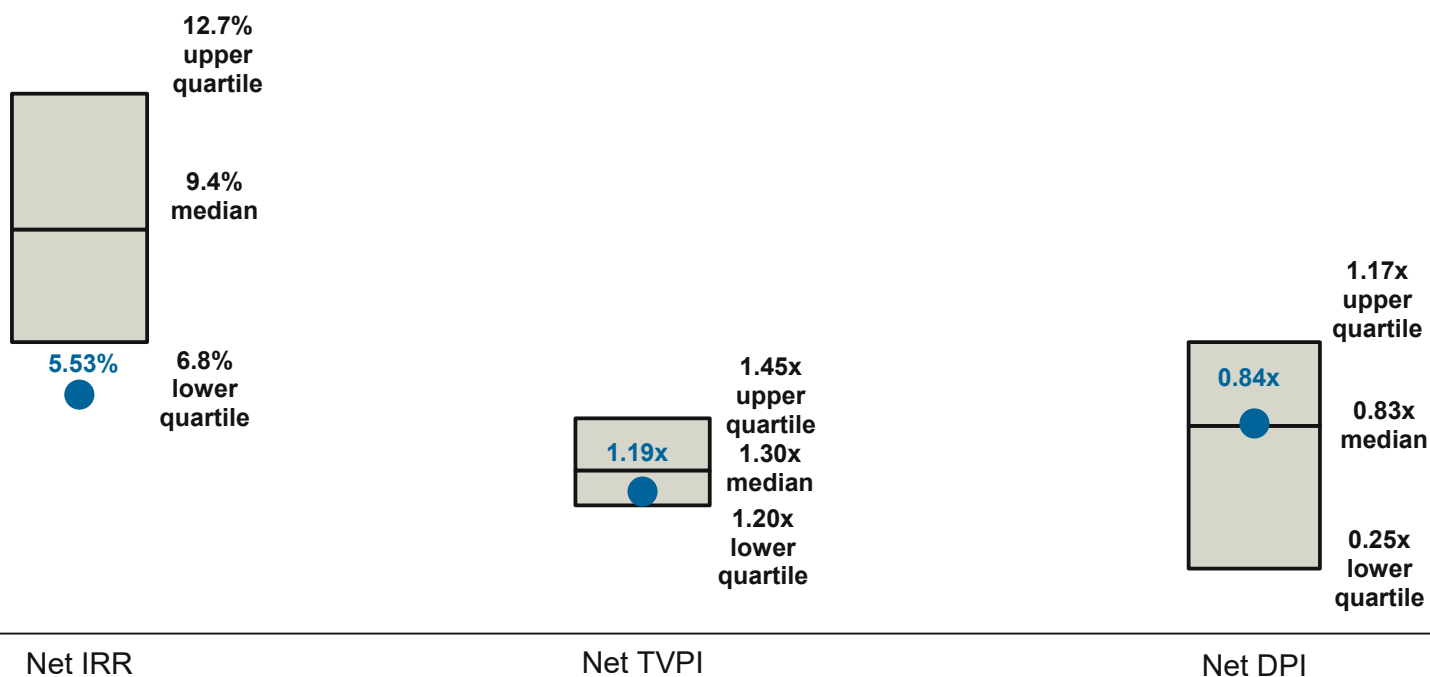
- Near equal distributions and contributions offset each other and a small unrealized gain resulted in a modest increase in NAV of 3%.

	12/31/2024 (\$m)	% Change	06/30/2025 (\$m)
Commitments	\$1,597	7%	\$1,703
Paid-In Capital	\$1,611	5%	\$1,698
% Paid-In	101%	-	100%
Uncalled Capital	\$502	11%	\$555
Distributed Capital	\$1,338	7%	\$1,426
<b>NAV</b>	<b>\$571</b>	<b>3%</b>	<b>\$589</b>
<b>Total Value (NAV + Distributed)</b>	<b>\$1,910</b>	<b>5%</b>	<b>\$2,015</b>



# NHRS Private Credit Relative Performance

Inception through June 30, 2025



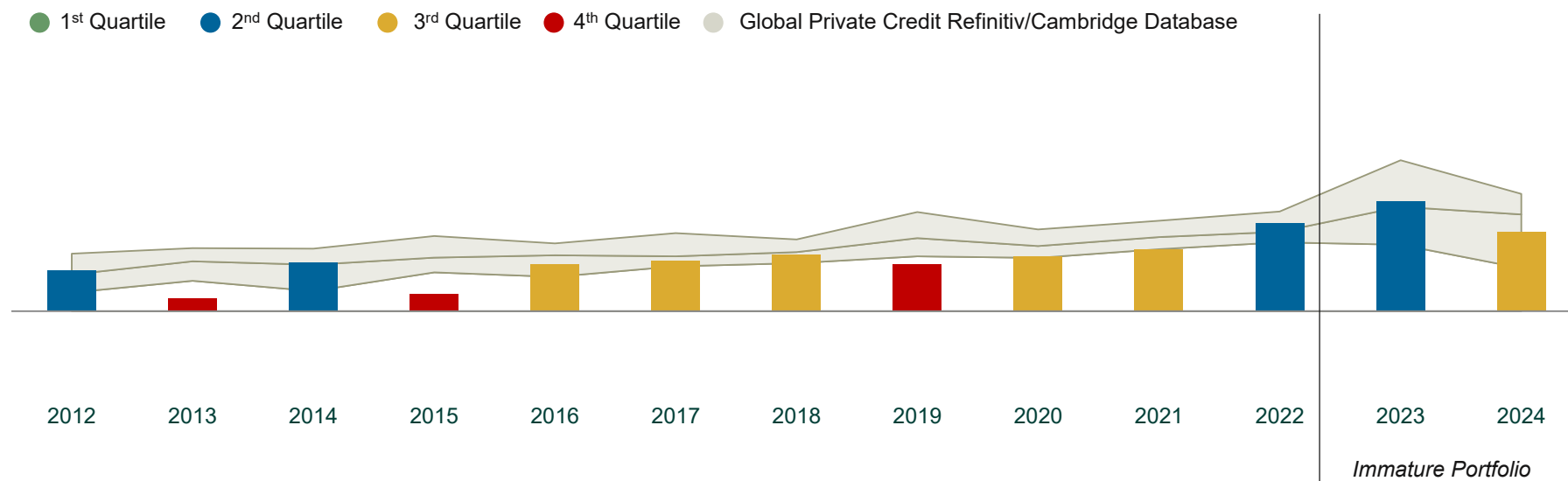
## Quartile Performance Commentary

- The portfolio has generated 4<sup>th</sup> quartile performance on an IRR basis and 3<sup>rd</sup> quartile on a TVPI basis, consistent with prior years.
- The portfolio has underperformed relative to the Refinitiv database due to NHRS' underperforming legacy investments and the benchmark's higher weighting toward credit opportunities. These legacy commitments to Gramercy, Avenue, Tennenbaum, Riverstone and Siguler Guff have underperformed largely due to poorly timed energy investments.

As of 06/30/2025. Quartile Rankings against the Global Private Credit Refinitiv/Cambridge database.

# NHRS Private Credit Performance by Vintage Year

## Net IRR by Vintage Year



## Quartile Performance

- The portfolio has exhibited consistent 2<sup>nd</sup> and 3<sup>rd</sup> quartile by vintage year. Across the last 13 vintage years, four years have been in the 2<sup>nd</sup> quartile, six have been in the 3<sup>rd</sup> quartile and three have been in the 4<sup>th</sup> quartile.
- Performance has been trending positively above median in recent years, in line with the broader private credit markets.

# NHRS Private Credit Performance by Strategy

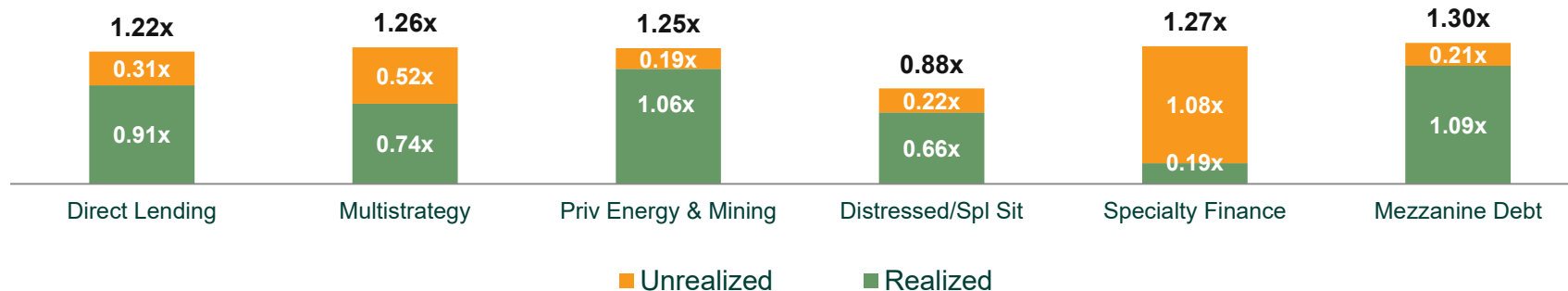
Inception Through Period Ended June 30, 2025

- Direct Lending and Multistrategy exposures have been the foundation of the portfolio. These strategies have the second and third strongest performance, tracking to an 8.4% net IRR and 7.9% net IRR, respectively.
- Specialty finance has been a more recent portfolio allocation and has had the strongest returns, tracking to a 15.0% net IRR.
- Distressed/Special Situation strategies have been detractors to performance. The distressed/special situations portfolio has faced headwinds from dedicated emerging markets exposure.

Net IRR by Strategy



Net TVPI by Strategy



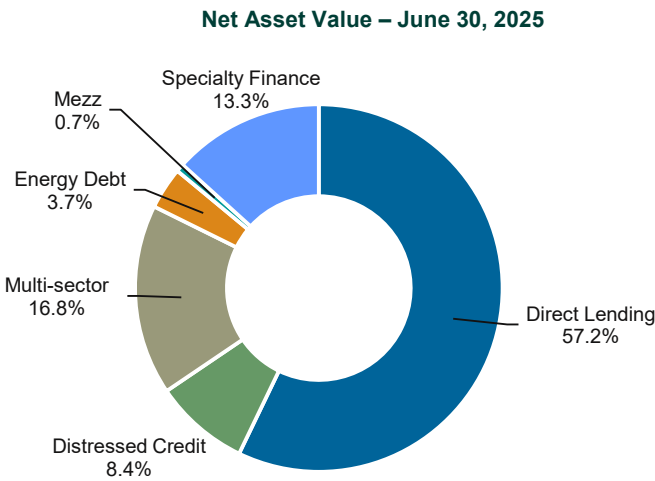
# NHRS Private Credit Portfolio Structure

## 2026 Pro Forma Implementation Plan

### 2026 Focus Areas:

- Analyze the private credit portfolio in the context of a broader public/private credit portfolio structure analysis.
- Underperforming stub exposures will continue to run off.
- Consider adding credit secondaries and multi-asset credit exposure to provide additional diversification.

	2025	2026
Commitments	Comvest Credit Partners VII ICG Europe IX Crescent DL IV	
Potential Re-Ups	Ares Pathfinder III	
Potential New Commitments	Jefferies Direct Lending Fund III ABF Fund European DL Fund	



# NHRS Private Credit Portfolio

Fund	Commitment Year	Commitment Amount (\$m)
<b>Fund of Funds</b>		<b>\$20</b>
Siguler Guff Distressed Opportunities IV	2011	\$20
<b>Direct Lending Buyout</b>		<b>\$1,090</b>
Monroe Capital Senior Secured Direct Loan Fund	2013	\$50
Crescent Direct Lending Levered Fund	2014	\$50
Crescent Direct Lending Levered Fund II	2018	\$50
Crescent Direct Lending Levered Fund III	2021	\$50
Crescent Direct Lending Levered Fund IV	2025	\$50
Alcentra European Direct Lending Fund	2014	\$50
Alcentra European Direct Lending Fund II	2016	\$50
Alcentra European Direct Lending Fund III	2019	\$50
Comvest Capital III	2015	\$40
Comvest Capital IV	2017	\$50
Comvest Capital V	2020	\$50
Comvest Credit Partners VI	2022	\$50
Comvest Credit Partners VII	2025	\$50
Monroe Capital Private Credit Fund II	2016	\$50
Monroe Capital Private Credit Fund III	2018	\$50
Monroe Capital Private Credit Fund IV	2020	\$50
BlueBay Direct Lending Fund II	2015	\$50
BlueBay Direct Lending Fund III	2018	\$50
OHA OLEND	2025 (Evergreen)	\$100
Ares Senior Direct Lending Fund III	2024	\$100
<b>Distressed</b>		<b>\$140</b>
Avenue Special Situations Fund VI	2011	\$20
Tennenbaum Opportunities Fund VI	2011	\$20
Gramercy Distressed Opportunity Fund II	2013	\$50
Gramercy Distressed Opportunity Fund III	2015	\$50



## NHRS Private Credit Portfolio (continued)

Fund	Commitment Year	Commitment Amount (\$m)
<b>Multi- Sector</b>		<b>\$350</b>
Blackstone BMAC	2024	\$75
CarVal Investors Credit Value Fund III	2015	\$50
CarVal Investors Credit Value Fund IV	2017	\$50
CarVal Investors Credit Value Fund V	2020	\$50
Sixth Street TAO	2024	\$75
SVP Capital Solutions II	2024	\$50
<b>Niche – Energy Lending</b>		<b>\$100</b>
Riverstone Credit Partners	2016	\$50
Riverstone Credit Partners II	2018	\$50
<b>Mezzanine</b>		<b>\$120</b>
Ironwood Mezzanine Fund III	2012	\$20
ICG Europe Fund IX	2025	\$100
<b>Niche – Specialty Finance</b>		<b>\$125</b>
Ares Pathfinder II	2023	\$75
Blue Owl Special Opportunities Fund VIII	2022	\$50
<b>Total Private Credit (34 Commitments/ 17 GPs*)</b>		<b>\$1,945</b>

\*Number of GPs include legacy GP Matlin Patterson, not reflected in the table.

# Callan

January 14, 2026



## **New Hampshire Retirement System (NHRS)**

Annual Alternatives Portfolio  
Review

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**Pete Keliutis**

Alternatives Consulting

**David Smith**

Alternatives Consulting

**Francis Griffin**

Alternatives Consulting

Callan

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## 2026 Pacing Plan

# Callan's NHRS Pacing Model Assumptions

## Total Plan Assumptions

- Callan's pacing model projects the growth of the total plan over the next 10 years, to determine the growth of the private equity and credit allocations.
- It incorporates actuarial cash flows and the projected total plan investment return.
- The total plan has an estimate annual net growth rate of 4.0%-5.5%.
- The model begins with the 2Q25 total plan value of \$13.3 billion.

## Private Equity and Credit Assumptions

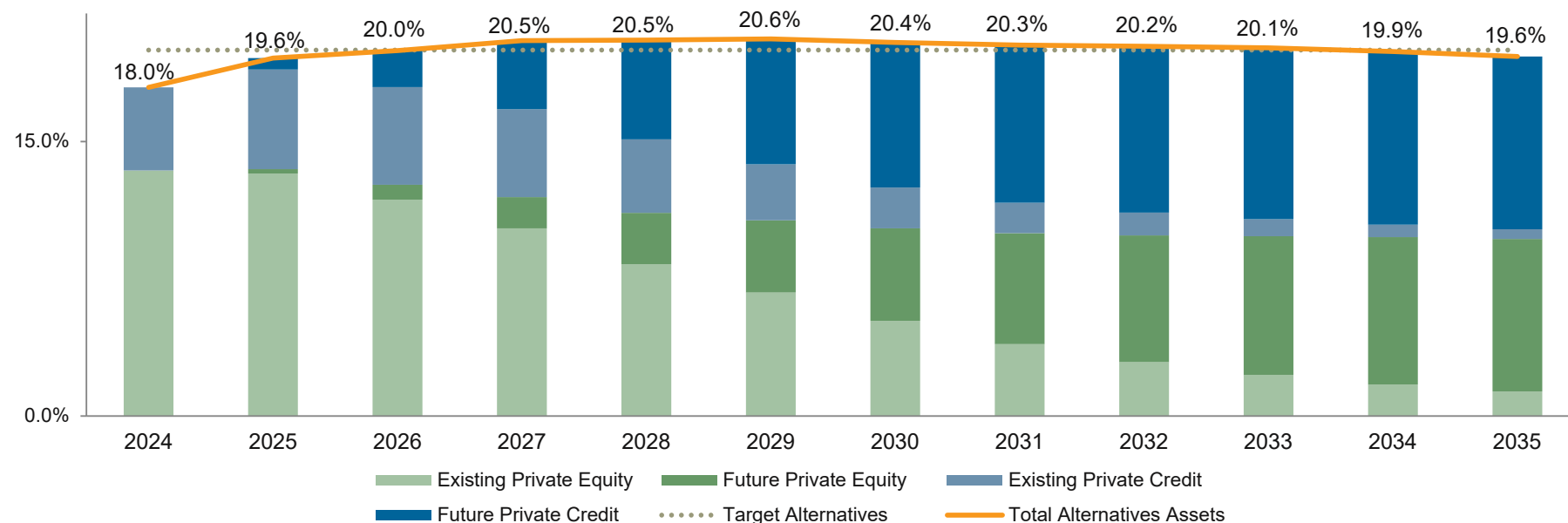
- Historical cash flows from the LSEG/Cambridge private market database are used to project future cash flows of the program.
  - Each vintage year, both historical and future, is modeled individually.
  - Cash flow projections use average contribution and distribution rates from 2000-2024, therefore incorporating both up and down markets.
  - The model also incorporates Callan's private equity Capital Markets Assumptions, to determine the growth of the portfolio's unrealized value.
- The model begins with NHRS's private equity and credit values as of 2Q25.

Callan has been leveraging a proprietary private markets pacing model for 30+ years. Callan's model was revamped in 2018 to improve precision by leveraging historical data to inform future cash flows.

# NHRS Alternatives Commitment Pacing Summary

## Alternate Asset Allocation

- The exhibit below reflects the projected development of the Alternatives portfolio relative to a 20% allocation target over the next 10 years.
- The current underweight to Alternatives is driven by the recent increase in the private credit target from 5% to 10%. Private equity remains approximately 240 basis points overweight its target, while private credit is roughly 500 basis points underweight the new 10% target. As a result, a greater share of future commitments will be directed toward private credit. Over time, private credit will represent a larger portion of the Total Alternatives allocation, while the overall Alternatives allocation is expected to remain at 20%.
- **Callan recommends making roughly \$600 million in commitments to Alternatives in 2026, with approximately \$250 million to private equity and \$350 million to private credit.**

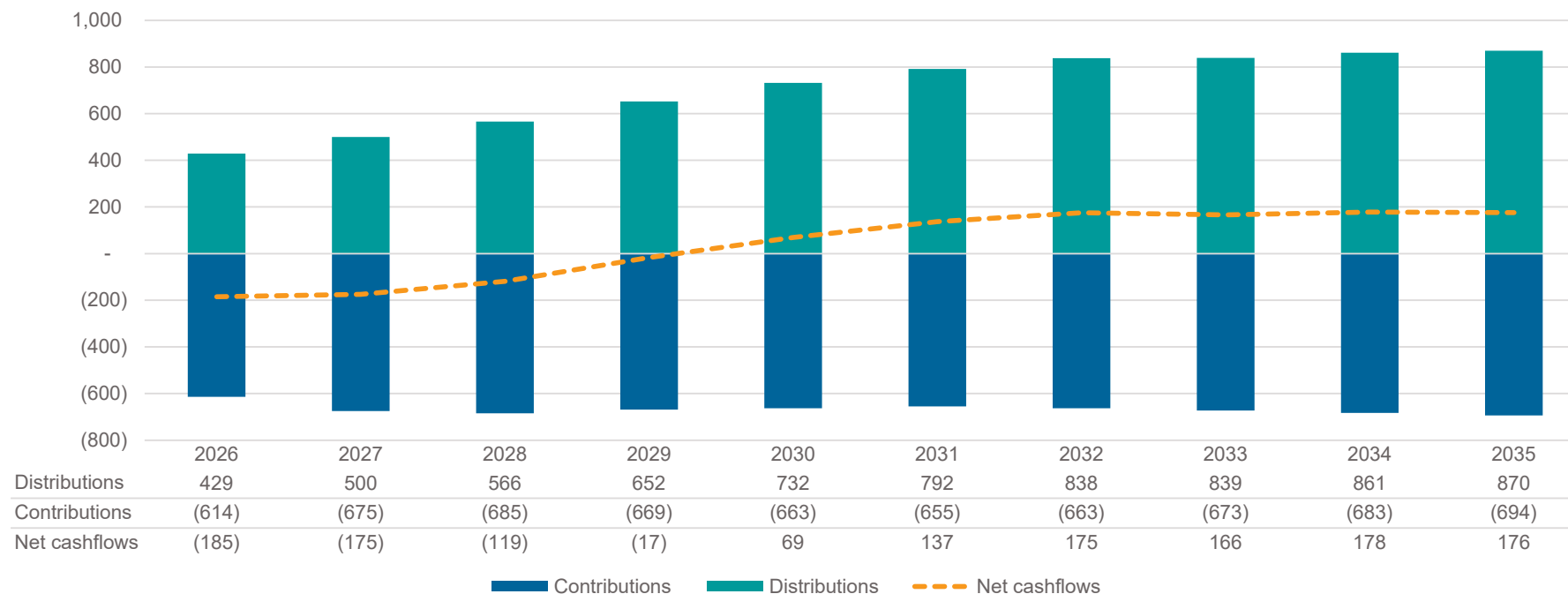


# NHRS Alternatives Commitment Pacing Summary

## Alternate Asset Allocation

- The exhibit below reflects the projected contributions and distributions of the alternatives portfolio over the next 10 years.
- The pacing model projects the program may require funding over the next few years as the allocation to private credit ramps up, although it is expected remain net cash positive in subsequent years, with an expected annual net cash flow ranging from \$50 – 200 million.

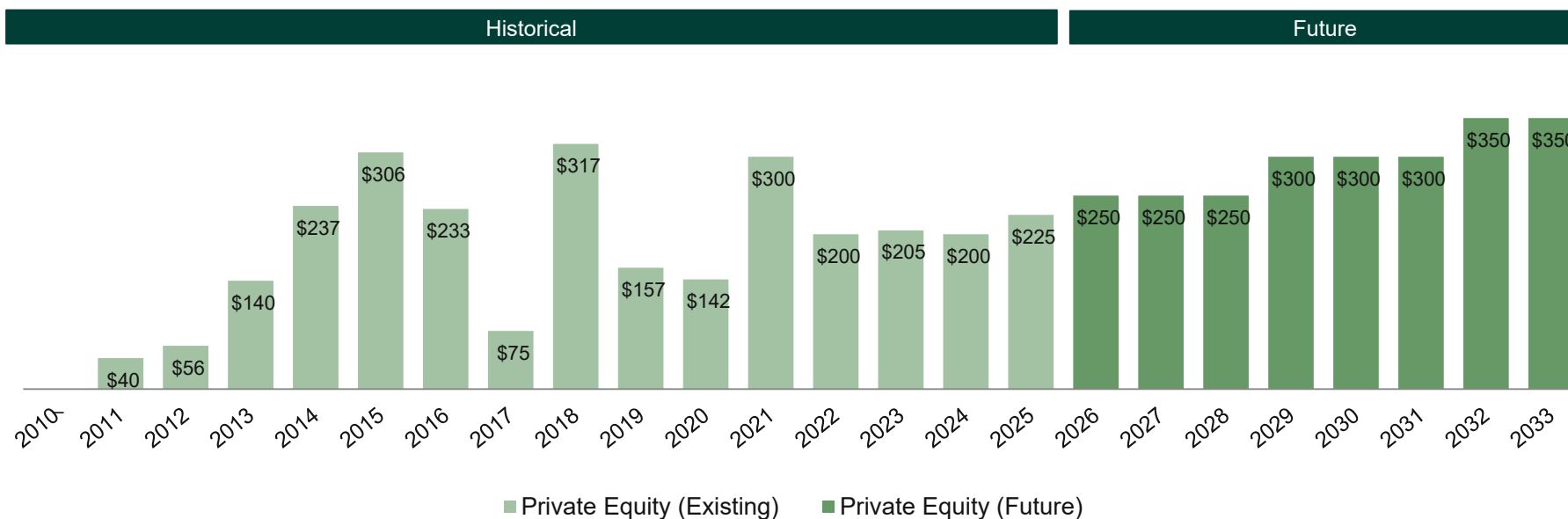
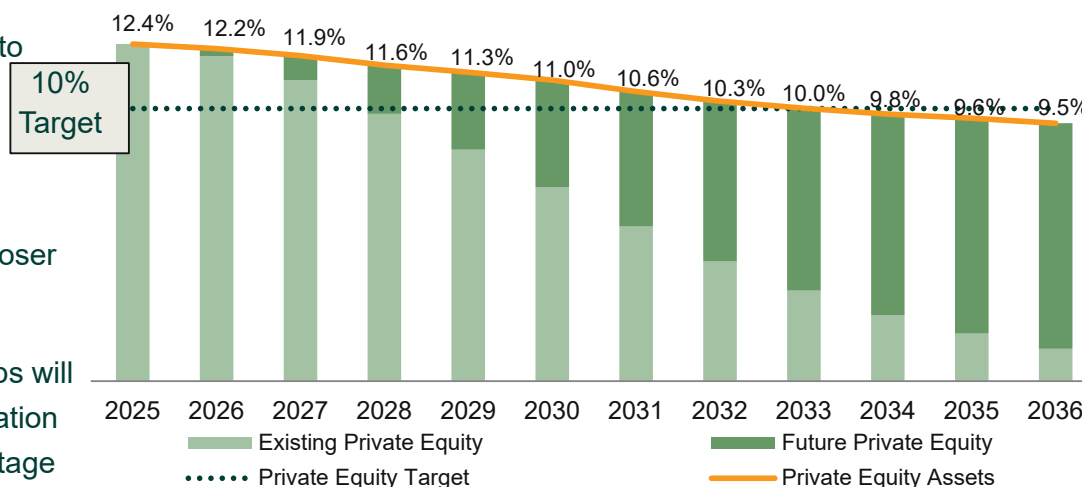
**Projected Annual Cash Flows (\$ millions)**



# NHRS Private Equity Commitment Pacing

## Gradually Move Towards Target Allocation

- The existing private equity portfolio NAV is expected to decline steadily, reaching target range by 2032.
- In order to balance the decline, Callan recommends continuing to commit \$250 million next year. annual commitments will increase once the allocation is in closer range to the 10%.
- Annual private equity commitments to 2-4 partnerships will provide the ability to maintain the private equity allocation over the long term, with prudent diversification by vintage and partnership.



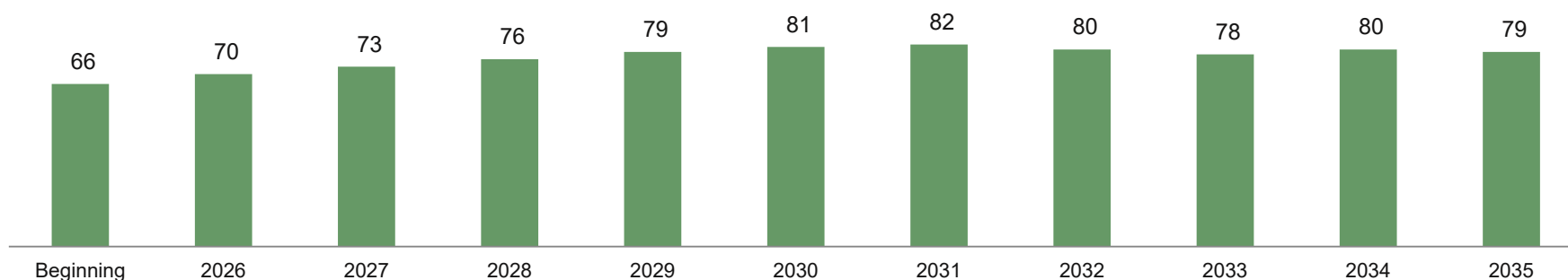
# NHRS Private Equity Commitment Pacing

## Private Equity Partnership and General Partner Count over Ten Years

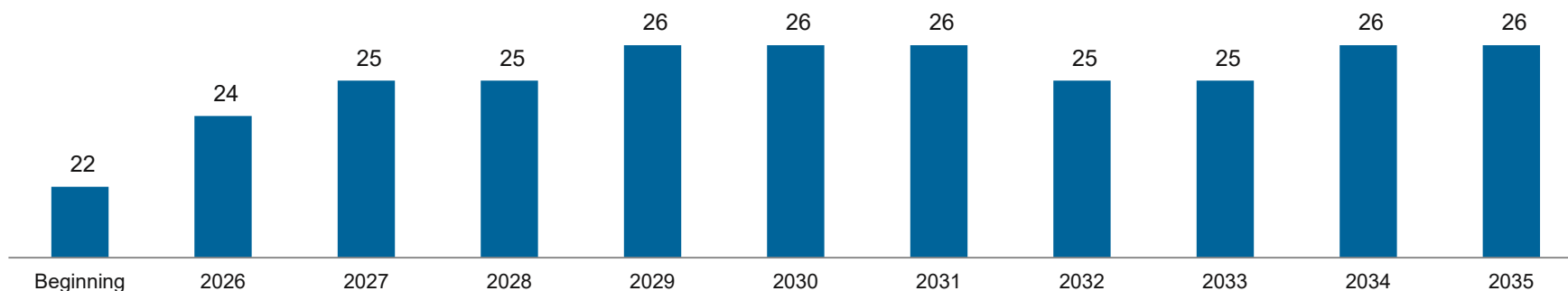
### Private Equity Partnerships and General Partners

- Assumes three to four commitments per year at a \$75 million average commitment amount.
- Assumes a 75% re-investment rate with existing GPs over a ten-year period.
- Number of partnerships grow to 79 over the ten-year period and number of General Partners increase to 37.
- By the end of the period the # of partnerships and GPs will reduce as legacy commitments roll off.

### # Funds over 10 Years



### # Managers over 10 Years

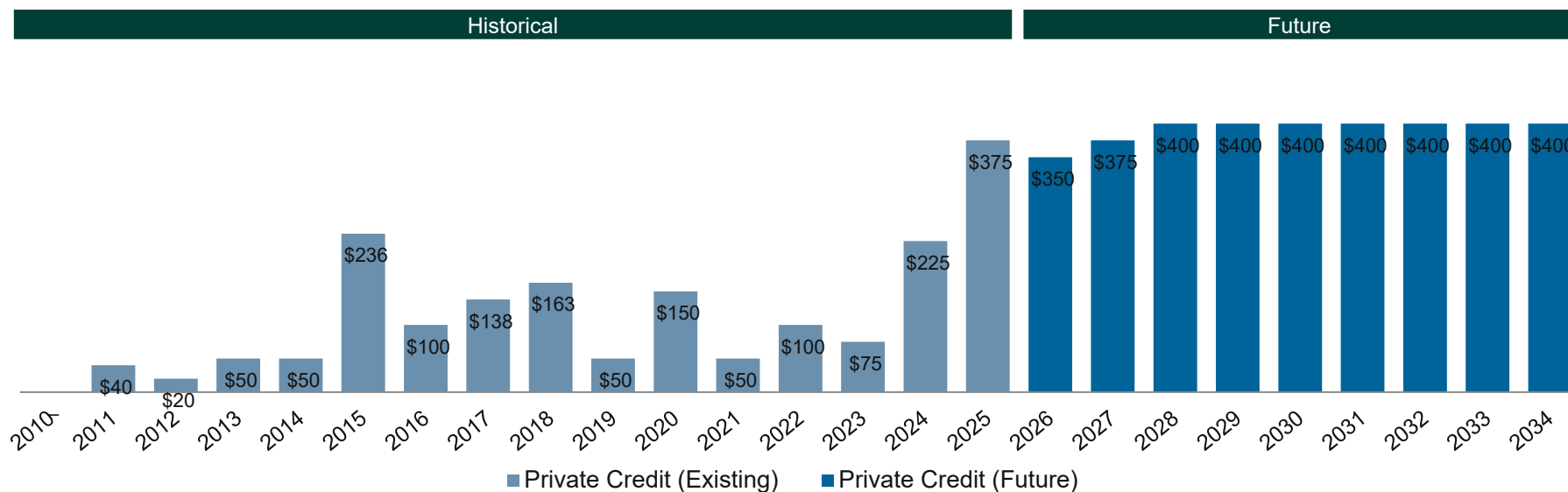
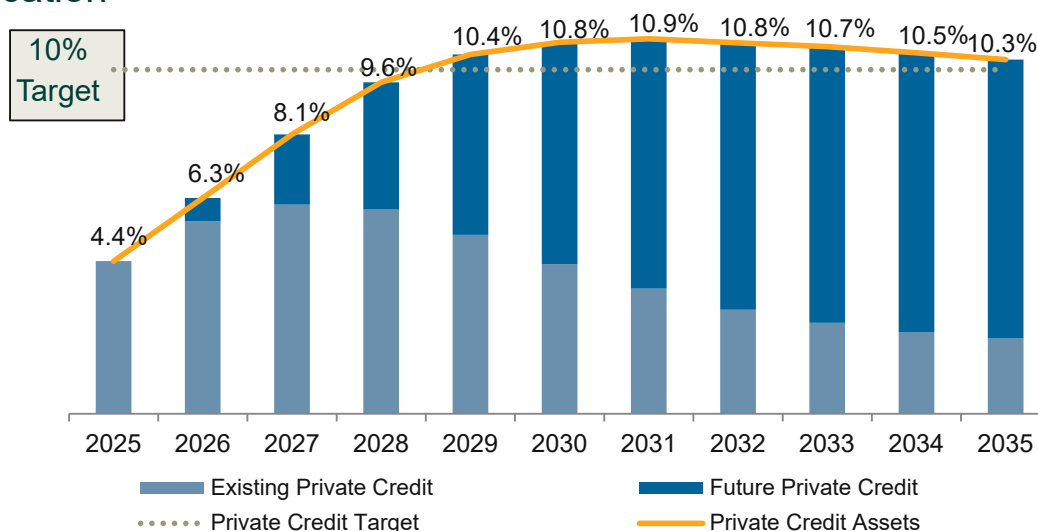




# NHRS Private Credit Commitment Pacing

## Increase Pacing to Reach New Target Allocation

- Commitments to private credit are expected to increase to achieve a target allocation of 10%.
- Callan recommends targeting \$350-400 million in annual commitments from 2025 through 2034 to private credit to achieve the 10% target.
- With increased commitments the allocation is expected ramp up over the next five years and stabilize at the target allocation in 2029.



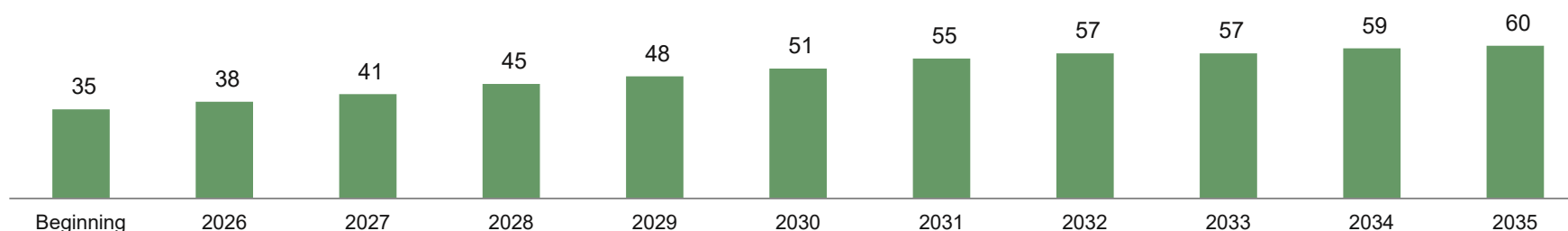
# NHRS Commitment Pacing

## Private Credit Partnership and General Partner Count over Ten Years into the Future

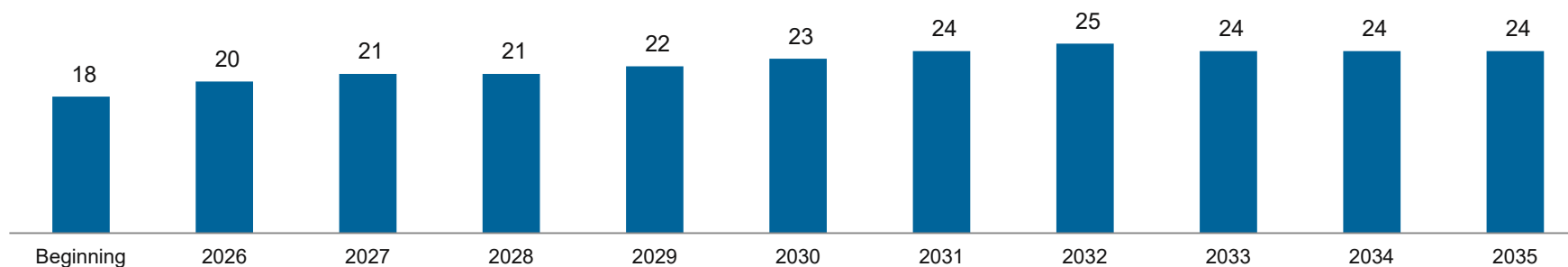
### Private Credit Partnerships and General Partners

- Targeting a 10% allocation to Private Credit
- Assumes three to four commitments per year at approximately \$125 million per commitment, with projected future commitments primarily to closed-end funds. Evergreen funds may be used where appropriate, which could reduce both the number of commitments and the average commitment size.
- Assumes a 75% re-investment rate with existing GPs.
- Number of partnerships grow to 60 over the ten-year period and number of GPs is expected to increase to 24.

#### # Funds over 10 Years



#### # Managers over 10 Years

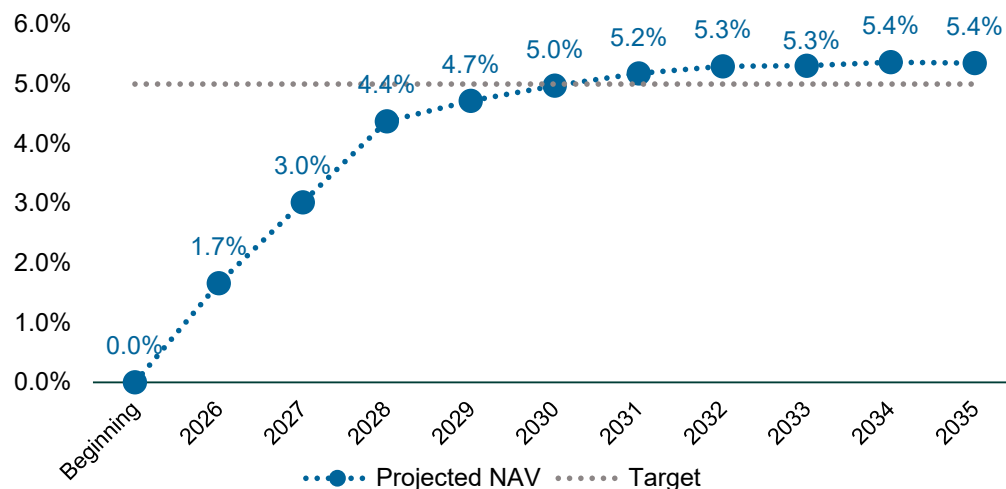


# NHRS Infrastructure Commitment Pacing

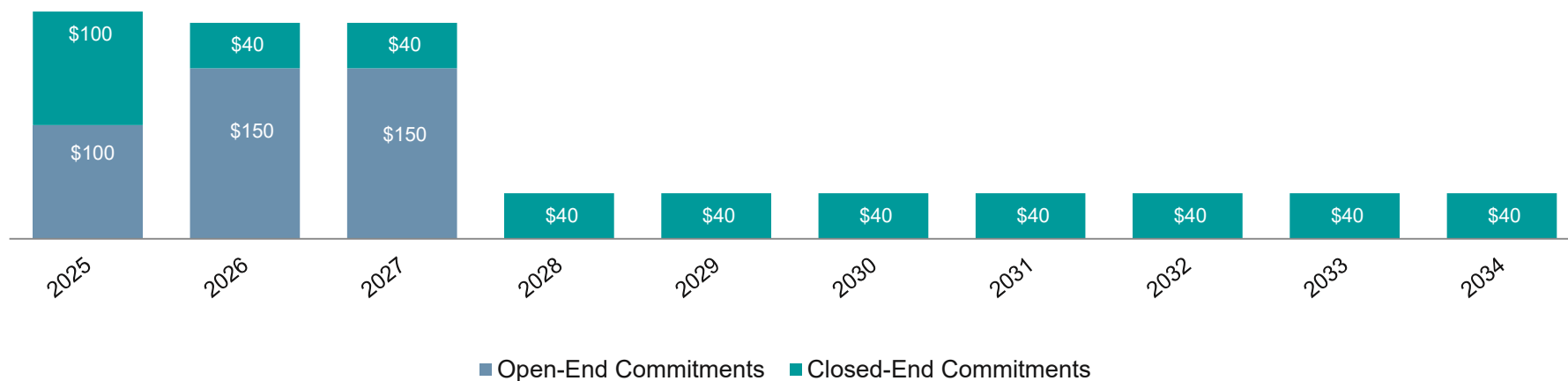
## Pacing to Reach New Target Allocation

- The infrastructure allocation is expected to reach a target allocation of 5% by 2030.
- After initial commitments to JPM and KKR, the pacing assumes two additional \$150 million commitments to open-end core funds to build out the core allocation. Closed-end non-core funds are assumed at approximately \$40 million of annual commitments to maintain the desired closed-end exposure.
- Using this approach, the portfolio will have 75% exposure to open-end funds and 25% exposure to closed-end funds after 10 years.

Projected vs. Target Allocation



Future



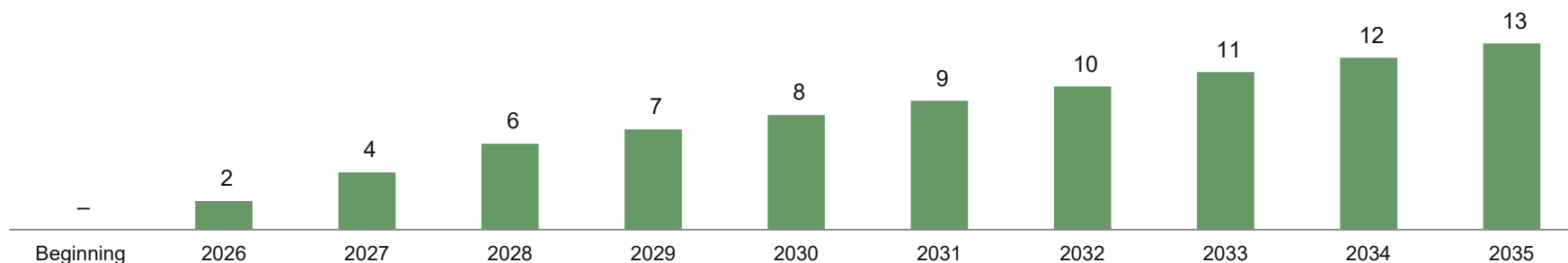
# NHRS Commitment Pacing

## Infrastructure Partnership and General Partner Count over Ten Years into the Future

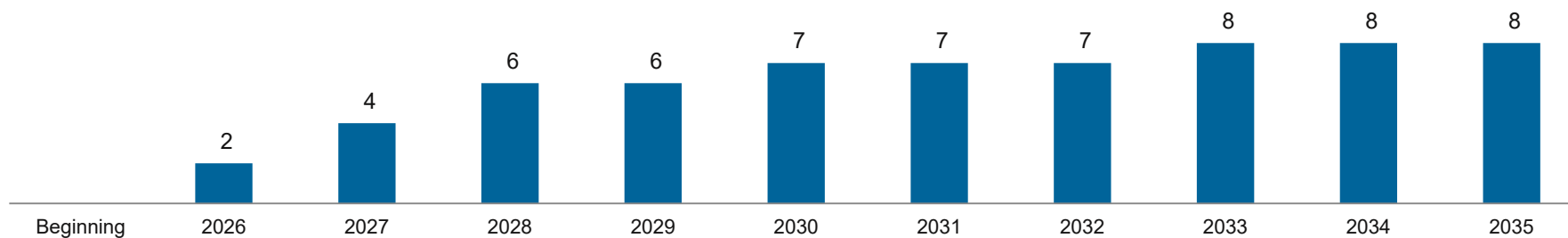
### Infrastructure Partnerships and General Partners

- Targeting a 5% allocation to Infrastructure
- Assumes three core open-end commitments of \$100–150 million each, made over the first two to three years, along with annual commitments of \$40 million to closed-end non-core funds. If a more concentrated non-core portfolio is preferred, NHRS could instead commit \$75 million to a closed-end non-core fund every two years.
- Assumes a 75% re-investment rate with closed-end fund GPs.
- Number of partnerships grow to 13 over the ten-year period and number of GPs is expected to increase to 8.

#### # Funds over 10 Years



#### # Managers over 10 Years



# Callan

January 2026



## 2026 Capital Markets Assumptions

Capital Markets Research

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**Angel Haddad**

Fund Sponsor Consulting

**Britt Murdoch**

Fund Sponsor Consulting

**Jay Kloepper**

Capital Market Research

Important Disclosures regarding the use of this document are included at the end of this document. These disclosures are an integral part of this document and should be considered by the user.

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## Agenda

**Summary of 2026 projections**

**Current market conditions**

**2026 expectations**

**Fixed Income**

**Equity**

**Private Markets**

**Portfolio implications**

Callan

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**Summary**

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## Callan's Capital Markets Assumptions: 10 Years (2026–2035)

No key changes from 2025 projections

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### Summary of key forecast points for 2026 Capital Markets Assumptions

- Cash return held constant at 3.0%
- Core fixed income return held at 4.75%
- Long G/C return held at 5.20%; the major peg points for fixed income remain unchanged, with minor adjustments to fixed income sectors
- Public equity returns are unchanged from 2025, with Broad US at 7.35% and Broad Non-US at 7.45%; equity risk premium over cash and over fixed income held at the lowest level in our forecast history
- Inflation held at 2.5%
- Private markets returns are unchanged from 2025

### Allocations within equity reflect neutral weights to the broad markets

- Efficient SMID cap weight set to 15% of broad U.S. equity
- Efficient emerging market equity weight set to 30% of global ex-U.S. equity
- Efficient U.S. / global ex-U.S. equity set to 60/40 neutral weight (not a change, but the market has now caught up to us!)

### Broadening set of diversifying asset classes to consider

- Private credit
- Private infrastructure
- Inflation-sensitive assets – REITs, natural resources, global listed infrastructure, return of commodities (?)



# Customized NHRS Capital Market Projections – 10-Year Time Horizon

## NHRS Asset Allocation Model 2026-2035

Asset Class	Current (10/31/25)	Target Weight	PROJECTED RETURN		PROJECTED RISK
			Single-Period Arithmetic Return	10-Year Geometric Return	Annualized Standard Deviation
<b>Public Equity</b>	<b>48.4%</b>	<b>40.0%</b>			
Broad US Equity (1)	27.5%	24.0%	8.70%	7.35%	17.35%
Global Ex-US Equity (2)	21.0%	16.0%	9.45%	7.45%	21.25%
<b>Fixed Income</b>	<b>25.7%</b>	<b>25.0%</b>			
Core U.S. Fixed Income (3)	25.7%	25.0%	4.90%	4.85%	4.35%
<b>Private Equity</b>	<b>11.6%</b>	<b>10.0%</b>			
Private Equity	11.6%	10.0%	11.80%	8.50%	27.60%
<b>Private Credit</b>	<b>5.0%</b>	<b>10.0%</b>			
Private Credit	5.0%	10.0%	8.35%	7.25%	15.70%
<b>Private Real Estate</b>	<b>8.1%</b>	<b>10.0%</b>			
Private Real Estate	8.1%	10.0%	7.15%	6.25%	14.00%
<b>Private Infrastructure</b>	<b>0.0%</b>	<b>5.0%</b>			
Private Infrastructure (new)	0.0%	5.0%	7.40%	6.35%	15.20%
<b>Cash Equivalents</b>	<b>1.1%</b>	<b>0.0%</b>			
Cash Equivalents	1.1%	0.0%	3.00%	3.00%	0.90%
<b>Inflation</b>				2.50%	1.60%
<b>Total Fund</b>	<b>100.0%</b>	<b>100.0%</b>			
<b>Single-Period Arithmetic Return</b>	<b>8.03%</b>	<b>7.92%</b>			
<b>10-Year Geometric Return</b>	<b>7.30%</b>	<b>7.28%</b>			
<b>Annualized Standard Deviation</b>	<b>12.79%</b>	<b>12.02%</b>			

(1) Broad US equity = 85% large cap, 15% mid and small cap

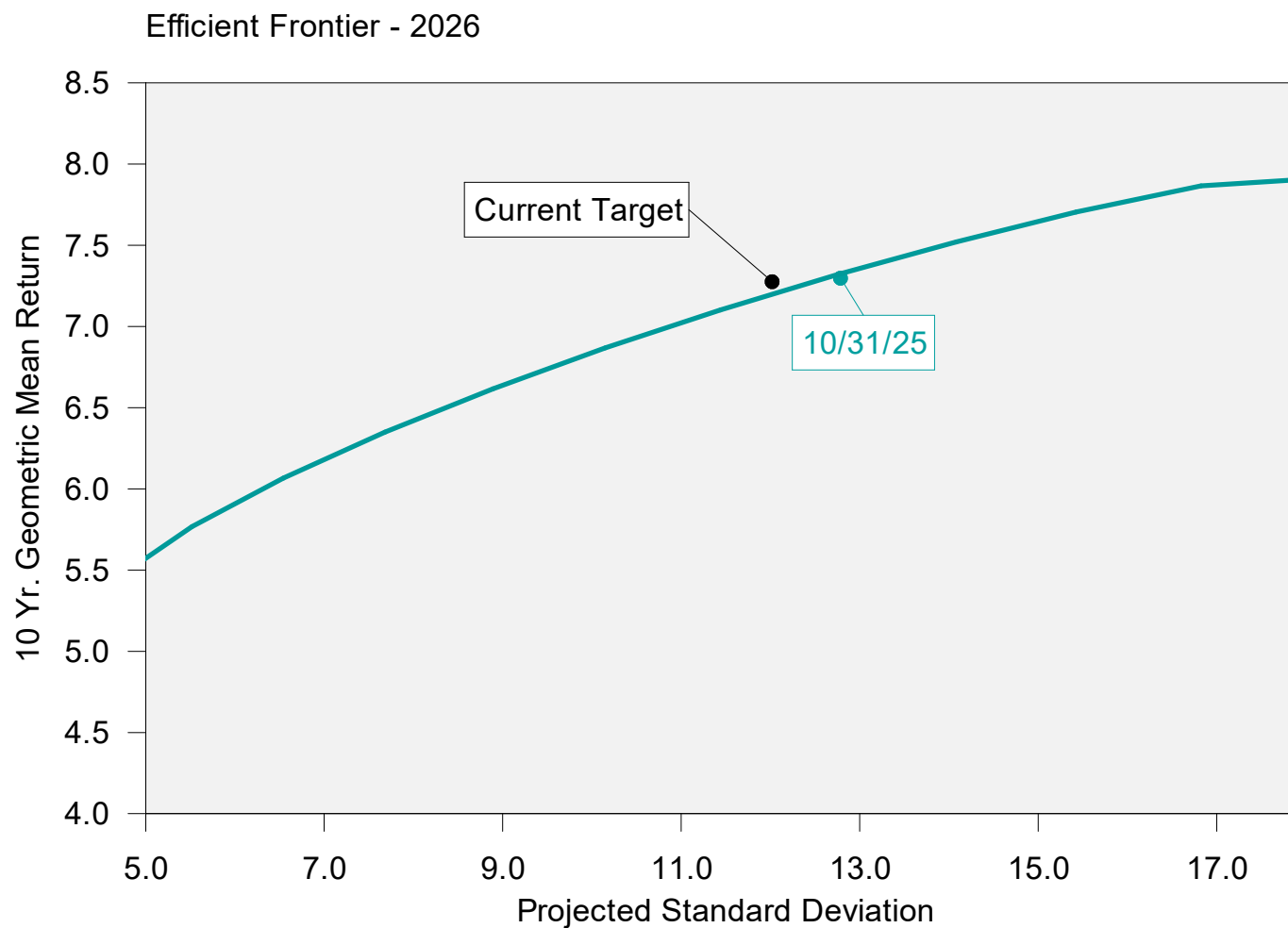
(2) Global ex-US equity = 70% developed markets, 30% emerging markets

(3) NHRS fixed income benchmarked to the BarclaysUniversal; modeled as 96% Barclays Aggregate, 4% high yield

**New target projected return of 7.30% compounded over 10 years, at a risk (standard deviation) of 12.0%**

Source: Callan LLC

## 2026 Efficient Frontier – Current Position and Target



Source: Callan LLC

# Customized NHRS Capital Market Projections – 20-Year Time Horizon

## NHRS Asset Allocation Model 2026-2045

Asset Class	Current (10/31/25)	Target Weight	PROJECTED RETURN		PROJECTED RISK
			Single-Period Arithmetic Return	20-Year Geometric Return	Annualized Standard Deviation
<b>Public Equity</b>	<b>48.4%</b>	<b>40.0%</b>			
Broad US Equity (1)	27.5%	24.0%	8.90%	7.55%	17.35%
Global Ex-US Equity (2)	21.0%	16.0%	9.65%	7.65%	21.25%
<b>Fixed Income</b>	<b>25.7%</b>	<b>25.0%</b>			
Core U.S. Fixed Income (3)	25.7%	25.0%	5.00%	4.90%	4.35%
<b>Private Equity</b>	<b>11.6%</b>	<b>10.0%</b>			
Private Equity	11.6%	10.0%	12.00%	8.65%	27.60%
<b>Private Credit</b>	<b>5.0%</b>	<b>10.0%</b>			
Private Credit	5.0%	10.0%	8.40%	7.25%	15.70%
<b>Private Real Estate</b>	<b>8.1%</b>	<b>10.0%</b>			
Private Real Estate	8.1%	10.0%	7.35%	6.45%	14.00%
<b>Private Infrastructure</b>	<b>0.0%</b>	<b>5.0%</b>			
Private Infrastructure (new)	0.0%	5.0%	7.70%	6.65%	15.20%
<b>Cash Equivalents</b>	<b>1.1%</b>	<b>0.0%</b>			
Cash Equivalents	1.1%	0.0%	3.00%	3.00%	0.90%
<b>Inflation</b>				2.45%	1.60%
<b>Total Fund</b>	<b>100.0%</b>	<b>100.0%</b>			
<b>Single-Period Arithmetic Return</b>	<b>8.20%</b>	<b>8.09%</b>			
<b>20-Year Geometric Return</b>	<b>7.46%</b>	<b>7.44%</b>			
<b>Annualized Standard Deviation</b>	<b>12.79%</b>	<b>12.02%</b>			

(1) Broad US equity = 85% large cap, 15% mid and small cap

(2) Global ex-US equity = 70% developed markets, 30% emerging markets

(3) NHRS fixed income benchmarked to the BarclaysUniversal; modeled as 96% Barclays Aggregate, 4% high yield

**New target projected return of 7.45% compounded over 20 years, at a risk (standard deviation) of 12.0%**

Source: Callan LLC

# Customized NHRS Capital Market Projections – 30-Year Time Horizon

## NHRS Asset Allocation Model 2026-2055

Asset Class	Current (10/31/25)	Target Weight	PROJECTED RETURN		PROJECTED RISK
			Single-Period Arithmetic Return	30-Year Geometric Return	Annualized Standard Deviation
<b>Public Equity</b>	<b>48.4%</b>	<b>40.0%</b>			
Broad US Equity (1)	27.5%	24.0%	9.10%	7.75%	17.35%
Global Ex-US Equity (2)	21.0%	16.0%	9.80%	7.80%	21.25%
<b>Fixed Income</b>	<b>25.7%</b>	<b>25.0%</b>			
Core U.S. Fixed Income (3)	25.7%	25.0%	5.05%	4.95%	4.35%
<b>Private Equity</b>	<b>11.6%</b>	<b>10.0%</b>			
Private Equity	11.6%	10.0%	12.15%	8.85%	27.60%
<b>Private Credit</b>	<b>5.0%</b>	<b>10.0%</b>			
Private Credit	5.0%	10.0%	8.40%	7.30%	15.70%
<b>Private Real Estate</b>	<b>8.1%</b>	<b>10.0%</b>			
Private Real Estate	8.1%	10.0%	7.55%	6.65%	14.00%
<b>Private Infrastructure</b>	<b>0.0%</b>	<b>5.0%</b>			
Private Infrastructure (new)	0.0%	5.0%	7.95%	6.85%	15.20%
<b>Cash Equivalents</b>	<b>1.1%</b>	<b>0.0%</b>			
Cash Equivalents	1.1%	0.0%	3.00%	3.00%	0.90%
<b>Inflation</b>				2.40%	1.60%
<b>Total Fund</b>	<b>100.0%</b>	<b>100.0%</b>			
<b>Single-Period Arithmetic Return</b>	<b>8.33%</b>	<b>8.22%</b>			
<b>30-Year Geometric Return</b>	<b>7.59%</b>	<b>7.57%</b>			
<b>Annualized Standard Deviation</b>	<b>12.79%</b>	<b>12.02%</b>			

(1) Broad US equity = 85% large cap, 15% mid and small cap

(2) Global ex-US equity = 70% developed markets, 30% emerging markets

(3) NHRS fixed income benchmarked to the BarclaysUniversal; modeled as 96% Barclays Aggregate, 4% high yield

**New target projected return of 7.60% compounded over 30 years, at a risk (standard deviation) of 12.0%**

Source: Callan LLC

Callan

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## Summary of 2026 Projections

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# Why Make Capital Market Projections?

## Guiding objectives and process

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### **Cornerstone of a prudent process is a long-term strategic investment plan**

- Capital market projections are key elements — set reasonable return and risk expectations for the appropriate time horizon
- Projections represent our best thinking regarding the long-term (10-year) outlook, recognizing our median projections represent the midpoint of a range, rather than a specific number
- Develop results that are readily defensible both for individual asset classes and for total portfolios
- Be conscious of the level of change suggested in strategic allocations for long-term investors: DB plan sponsors, foundations, endowments, trusts, DC participants, families and individuals
- Reflect common sense and recent market developments, within reason

### **Callan's forecasts are informed by current market conditions, but are not built directly from them**

- Balance recent, immediate performance and valuation against long-term equilibrium expectations

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# How Our Capital Markets Assumptions Are Constructed

## Guiding objectives and process

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### **Underlying beliefs guide the development of the projections:**

- An initial bias toward long-run averages
- A conservative bias
- An awareness of risk premiums
- A presumption that markets are ultimately clear and rational

**Reflect our beliefs that long-term equilibrium relationships between the capital markets and lasting trends in global economic growth are key drivers to setting capital markets expectations**

**Long-term compensated risk premiums represent “beta” – exposure to each broad market, whether traditional or “exotic,” with limited dependence on successful realization of alpha**

### **The projection process is built around several key building blocks:**

- Advanced modeling at the individual asset class level (e.g., a detailed bond model, an equity model)
- A path for interest rates and inflation
- A cohesive economic outlook
- A framework that encompasses Callan beliefs about the long-term operation and efficiencies of the capital markets

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## How Are Capital Market Projections Constructed?

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**Projections are 10-year forward-looking, representing a medium to long-term planning horizon:**

Differs from the actuarial assumptions, which tend to reflect longer-term horizons of 30-40 years

**Projections consist of return and two measures that contribute to portfolio volatility: standard deviation and correlation**

**Cover most broad asset classes and inflation**

Broad U.S. equity

- Large cap
- Small/mid cap

Global ex-U.S. equity

- Developed market
- Emerging market

U.S. fixed income

- Short duration
- Core U.S. fixed
- TIPS
- High yield
- Long duration (government, credit and G/C)
- Global ex-U.S. fixed income

Real estate

Alternative investments: private equity, hedge funds, private debt

Cash

Inflation



## 2026 Risk and Return Assumptions

Asset Class	Index	PROJECTED RETURN			PROJECTED RISK	
		1-Year Arithmetic	10-Year Geometric*	Real	Standard Deviation	Projected Yield***
Equities						
Broad U.S. Equity	Russell 3000	8.70%	7.35%	4.85%	17.35%	1.45%
Large Cap U.S. Equity	S&P 500	8.50%	7.25%	4.75%	17.00%	1.50%
Small/Mid Cap U.S. Equity	Russell 2500	9.60%	7.45%	4.95%	22.00%	1.25%
Global ex-U.S. Equity	MSCI ACWI ex USA	9.45%	7.45%	4.95%	21.25%	3.20%
Developed ex-U.S. Equity	MSCI World ex USA	9.05%	7.25%	4.75%	20.15%	3.25%
Emerging Market Equity	MSCI Emerging Markets	10.30%	7.45%	4.95%	25.65%	3.05%
Fixed Income						
Short Duration Gov't/Credit	Bloomberg 1-3 Yr G/C	3.95%	3.90%	1.40%	2.40%	3.65%
Core U.S. Fixed	Bloomberg Aggregate	4.85%	4.75%	2.25%	4.45%	4.55%
Long Government	Bloomberg Long Gov	5.85%	5.00%	2.50%	13.80%	4.70%
Long Credit	Bloomberg Long Cred	5.85%	5.25%	2.75%	11.65%	5.95%
Long Government/Credit	Bloomberg Long G/C	5.85%	5.20%	2.70%	11.70%	5.40%
TIPS	Bloomberg TIPS	4.65%	4.50%	2.00%	5.40%	4.20%
High Yield	Bloomberg High Yield	6.55%	5.90%	3.40%	11.75%	8.05%
Global ex-U.S. Fixed	Bloomberg GI Agg xUSD	3.35%	2.90%	0.40%	9.80%	2.85%
Emerging Market Sovereign Debt	EMBI Global Diversified	5.55%	5.00%	2.50%	10.70%	7.25%
Alternatives						
Core Real Estate	NCREIF ODCE	7.15%	6.25%	3.75%	14.00%	4.00%
Private Infrastructure	MSCI Glb Infra/FTSE Dev Core 50/50	7.40%	6.35%	3.85%	15.20%	4.90%
Private Equity	Cambridge Private Equity	11.80%	8.50%	6.00%	27.60%	0.00%
Private Credit	Cambridge Senior Debt Index	8.35%	7.25%	4.75%	15.70%	7.25%
Hedge Funds	Callan Hedge FoF Database	6.00%	5.70%	3.20%	8.20%	0.00%
Commodities	Bloomberg Commodity	5.40%	3.90%	1.40%	18.05%	3.00%
Cash Equivalents	90-Day T-Bill	3.00%	3.00%	0.50%	0.90%	3.00%
Inflation	CPI-U		2.50%		1.60%	

\* Geometric returns are derived from arithmetic returns and the associated risk (standard deviation).

\*\*\* Projected Yields represent the expected 10-year average yield

Yellow = asset classes used in the NHRS portfolio target  
Source: Callan

## 2026 vs. 2025 Risk and Returns

Asset Class	Index	Projected Return		Projected Risk	2025–2034	
		10-Year Geometric*	Real	Standard Deviation	10-Year Geometric*	Standard Deviation
Equities						
Broad U.S. Equity	Russell 3000	7.35%	4.85%	17.35%	7.35%	17.35%
Large Cap U.S. Equity	S&P 500	7.25%	4.75%	17.00%	7.25%	17.00%
Smid Cap U.S. Equity	Russell 2500	7.45%	4.95%	22.00%	7.45%	22.00%
Global ex-U.S. Equity	MSCI ACWI ex USA	7.45%	4.95%	21.25%	7.45%	21.25%
Developed ex-U.S. Equity	MSCI World ex USA	7.25%	4.75%	20.15%	7.25%	20.15%
Emerging Market Equity	MSCI Emerging Markets	7.45%	4.95%	25.65%	7.45%	25.65%
Fixed Income						
Short Duration Gov/Credit	Bloomberg 1-3 Year Gov/Credit	3.90%	1.40%	2.40%	4.00%	2.40%
Core U.S. Fixed	Bloomberg Aggregate	4.75%	2.25%	4.45%	4.75%	4.40%
Long Government/Credit	Bloomberg Long Gov/Credit	5.20%	2.70%	11.70%	5.20%	11.75%
TIPS	Bloomberg TIPS	4.50%	2.00%	5.40%	4.55%	5.40%
High Yield	Bloomberg High Yield	5.90%	3.40%	11.75%	6.00%	11.75%
Global ex-U.S. Fixed	Bloomberg GI Agg ex US	2.90%	0.40%	9.80%	2.85%	9.80%
Emerging Market Sovereign Debt	EMBI Global Diversified	5.00%	2.50%	10.70%	5.35%	10.65%
Alternatives						
Core Real Estate	NCREIF ODCE	6.25%	3.75%	14.00%	6.25%	14.00%
Private Infrastructure	MSCI Glb Infra / FTSE Dev Core 50/50	6.35%	3.85%	15.20%	6.35%	15.20%
Private Equity	Cambridge Private Equity	8.50%	6.00%	27.60%	8.50%	27.60%
Private Credit	Cambridge Senior Debt Index	7.25%	4.75%	15.70%	7.25%	15.70%
Hedge Funds	Callan Hedge FOF Database	5.70%	3.20%	8.20%	5.70%	8.20%
Commodities	Bloomberg Commodity	3.90%	1.40%	18.05%	3.90%	18.05%
Cash Equivalents	90-Day T-Bill	3.00%	0.50%	0.90%	3.00%	0.90%
Inflation	CPI-U	2.50%		1.60%	2.50%	1.60%

\* Geometric returns are derived from arithmetic returns and the associated risk (standard deviation).

Source: Callan

Callan

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## Current Market Conditions

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## A Wild Ride in 2025 But It Leads to the Same 10-Year Projections?

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### A recession stayed away after we were sure it would show up.

The economy showed signs of slowing as we entered 2025, but GDP growth surged in 2Q and 3Q and wage growth beat inflation in the US. Around the world, stock markets shot up after the massive tariff uncertainty in 2Q.

- The job market data was inconsistent with mid-year GDP growth surge, as new job creation ground to a halt in April and remained dormant through the end of the year. A sudden drop in foreign-born labor supply cushioned any spike in the unemployment rate, and speculation abounds that AI advances may have boosted productivity and lessened the demand for workers.
- The Fed cautiously began to cut rates in the second half of 2025, and the Fed Funds rate came down 75 basis points in three 25 bps increments.
- Real incomes rose and real wage growth supported consumer incomes and spending, but consumer confidence is waning, and business investment came to sudden halt mid-year, as the option value of doing nothing rose sharply amid tariff uncertainty

### Is recession still inevitable, and if so, when?

Strong GDP growth conflicts with early signs of easing in labor markets; the prospect for continued inflationary pressure from tariffs is high in the short run, the pressure from the labor market is lessening.

- Getting inflation down to the Fed's stated goal of 2% will take time, and some discomfort. Squeezing out the last of excess inflation will require a period of below trend growth, a substantial loosening of the labor market, and the pain of a rise in unemployment.
- The probability and likelihood of recession keeps falling and being pushed off into the future. The Fed will be in a difficult position to argue for interest rate changes with strong GDP and a stable labor market.

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## Key Macro Theme: Tariffs

Uncertainty in policy and implementation remains, and the impact could still be dramatic

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Tariffs are a tax on the sale of imported goods (and possibly services) to consumers, businesses, and governments.

- The cost is absorbed by the buyer, the seller (U.S. importer), or both.

Tariffs as currently implemented substantially increase the price of many imported goods:

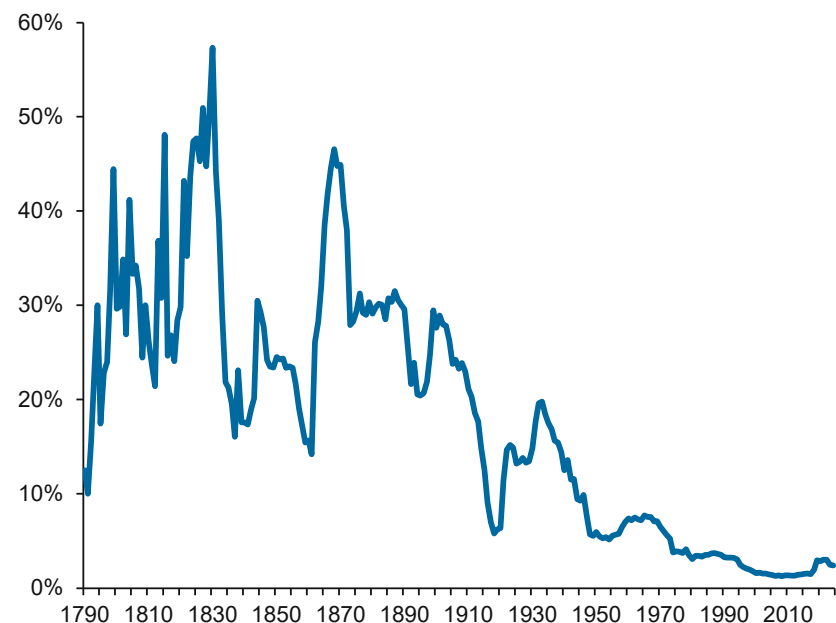
- Final goods such as food, clothing, tools, electronics, and automobiles
- Intermediate goods ranging from raw materials (timber, metals) to processed materials (steel, aluminum) to auto parts

Higher tariffs could meaningfully increase inflation in the shorter term, and possibly over the longer term if they remain in place as a long-term economic policy rather than a negotiating strategy.

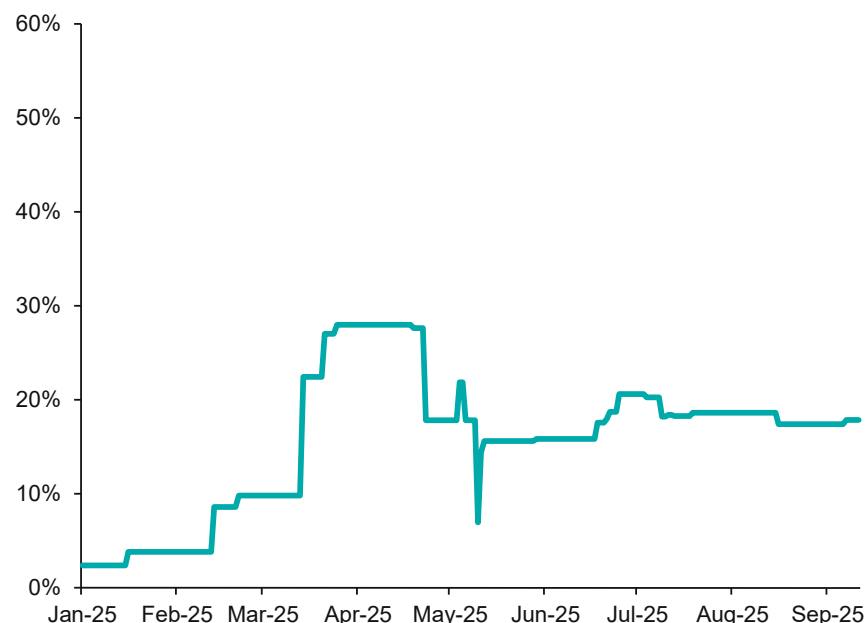
After uncertainty rocked the equity markets in April, global markets now appear to be “looking past” tariffs, with strong reported profits, strong U.S. GDP growth, and falling expectations for recession fueling investor confidence.

# Tracking the Effective Tariff Rate

Historical Effective Tariff Rate



Estimated Average Effective Tariff Rate



**Big picture:** The imposition of tariffs as they have currently evolved will likely raise prices for imported goods, adding to inflation pressures. The potential reduction in purchasing power from higher prices may slow demand and the economy. For goods with a ready domestic substitute, consumers and businesses can shift demand, but the prices paid for goods may still be higher.

- The charts compare the historical effective tariff rate in the United States through 2024 to the estimated average effective tariff rate in 2025 based on the shifting policies throughout the year.
- The current estimate puts the effective tariff rate at the highest level since 1934.

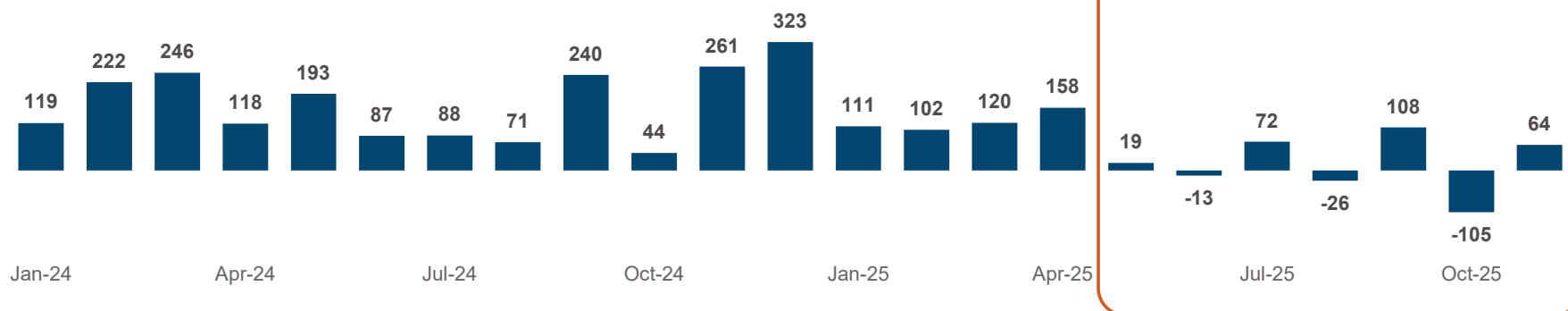
Source: The Budget Lab at Yale

## Key Macro Theme: The Job Market

### Slowdown in hiring is a conundrum

The job market is showing the first sign of a crack in the U.S. economy; the run rate for new jobs through April 2025 had been in the 100,000-200,000 range per month; since April, the U.S. has created 119,000 jobs cumulatively over the seven months ended November.

#### Non-Farm Employment Monthly Change (thousands)



The unemployment rate remains low, but job turnover ground to a halt. Digging through the economic data has resulted in few clear signs of an impact from tariffs, whether inflation, GDP, or consumption. (Hard economic data typically lags market responses, especially to policy changes, and the markets can overreact to sentiment.)

# Global Equity Markets Continue to Run in 2025

## Big gains for global stocks

- S&P 500 rose 17.2% in 2025, while U.S. small caps jumped 12.8%. Global markets are looking past the impact of U.S. tariffs and show confidence in the absence of a recession in the U.S. economy.

## Modest returns for core fixed income

- The Bloomberg Aggregate rose 7.3% as the Fed continues to cut interest rates.
- CPI-U rose 3.0% (year-over-year) through September. The core index also rose 3.0%. Both figures are up from June but below economist estimates of 3.1%. There were some signs that tariffs are lifting prices in smaller categories, but modest shelter inflation weighed down the overall index at both the core and headline levels.

## Dislocation in economic growth measures

- The job market stopped expanding in April while GDP growth surged 3.8% in 2Q and is on track for another gain in 3Q.
- Consumer spending has surprised on the upside; business spending has paused.

## Returns for Periods ended 12/31/25

	Quarter	1 Year	3 Years	5 Years	10 Years	25 Years
<b>U.S. Equity</b>						
Russell 3000	2.40	17.15	22.25	13.15	14.29	8.86
S&P 500	2.66	17.88	23.01	14.42	14.82	8.83
Russell 2000	2.19	12.81	13.73	6.09	9.62	8.21
<b>Global ex-U.S. Equity</b>						
MSCI World ex USA	5.20	31.85	17.64	9.46	8.55	5.54
MSCI Emerging Markets	4.73	33.57	16.40	4.20	8.42	8.49
MSCI ACWI ex USA Small Cap	2.96	29.26	15.61	6.91	8.13	8.19
<b>Fixed Income</b>						
Bloomberg Aggregate	1.10	7.30	4.66	-0.36	2.01	3.77
90-day T-Bill	0.97	4.18	4.81	3.17	2.18	1.84
Bloomberg Long Gov/Credit	-0.02	6.62	3.06	-4.89	1.98	5.00
Bloomberg Global Agg ex-US	-0.47	8.85	3.29	-3.59	0.56	2.96
<b>Real Estate</b>						
NCREIF Property	1.19	4.95	-1.00	3.80	4.85	7.30
FTSE Nareit Equity	-1.56	2.88	8.36	6.63	5.70	8.94
<b>Alternatives</b>						
Cambridge Private Equity*	3.86	9.29	5.02	14.24	12.80	10.45
Cambridge Senior Debt*	4.20	9.74	9.42	8.97	7.92	4.88
HFRI Fund Weighted*	5.41	11.05	9.96	8.76	6.41	5.61
Bloomberg Commodity	5.85	15.77	3.96	10.64	5.73	1.62
Gold Spot Price	12.08	64.37	33.46	18.03	15.14	11.69
<b>Inflation: CPI-U*</b>	0.69	3.01	3.05	4.53	3.16	2.54

\*Cambridge Private Equity and Cambridge Senior Debt data as of 2Q25. HFRI Fund Weighted and CPI-U data as of 3Q25.

Returns greater than one year are annualized.

Sources: Bloomberg, Callan, Cambridge, FTSE Russell, HFRI, MSCI, NCREIF, S&P Dow Jones Indices



# The Callan Periodic Table of Investment Returns

Annual Returns for Key Indices Ranked in Order of Performance (2006–2025)

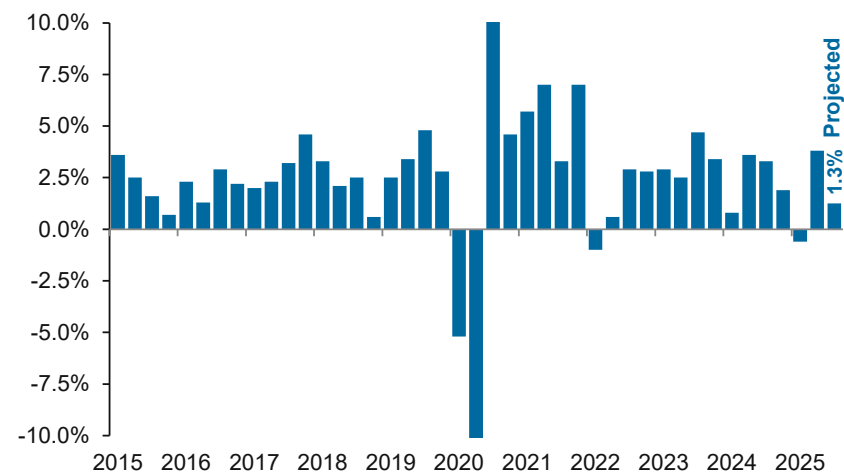
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Real Estate	Emerging Market Equity	U.S. Fixed Income	Emerging Market Equity	Small Cap Equity	U.S. Fixed Income	Real Estate	Small Cap Equity	Real Estate	Large Cap Equity	Small Cap Equity	Emerging Market Equity	Cash Equivalent	Large Cap Equity	Small Cap Equity	Large Cap Equity	Cash Equivalent	Large Cap Equity	Large Cap Equity	Emerging Market Equity
42.12%	39.38%	5.24%	78.51%	26.85%	7.84%	27.73%	38.82%	15.02%	1.38%	21.31%	37.28%	1.87%	31.49%	19.96%	28.71%	1.46%	26.29%	25.02%	33.57%
Emerging Market Equity	Developed ex-U.S. Equity	Global ex-U.S. Fixed	High Yield	Real Estate	High Yield	Emerging Market Equity	Large Cap Equity	Large Cap Equity	U.S. Fixed Income	High Yield	Developed ex-U.S. Equity	U.S. Fixed Income	Small Cap Equity	Large Cap Equity	Real Estate	High Yield	Developed ex-U.S. Equity	Small Cap Equity	Developed ex-U.S. Equity
32.17%	12.44%	4.39%	58.21%	19.63%	4.98%	18.23%	32.39%	13.69%	0.55%	17.13%	24.21%	0.01%	25.52%	18.40%	26.09%	-11.19%	17.94%	11.54%	31.85%
Developed ex-U.S. Fixed	Global ex-U.S. Fixed	Cash Equivalent	Real Estate	Emerging Market Equity	Global ex-U.S. Fixed	Developed ex-U.S. Equity	Developed ex-U.S. Equity	U.S. Fixed Income	Cash Equivalent	Large Cap Equity	Large Cap Equity	High Yield	Developed ex-U.S. Equity	Emerging Market Equity	Small Cap Equity	U.S. Fixed Income	Small Cap Equity	High Yield	Large Cap Equity
25.71%	11.03%	2.06%	37.13%	18.88%	4.36%	16.41%	21.02%	5.97%	0.05%	11.96%	21.83%	-2.08%	22.49%	18.31%	14.82%	-13.01%	16.93%	8.19%	17.88%
Small Cap Equity	U.S. Fixed Income	High Yield	Developed ex-U.S. Equity	High Yield	Large Cap Equity	Small Cap Equity	High Yield	Small Cap Equity	Real Estate	Emerging Market Equity	Small Cap Equity	Global ex-U.S. Fixed	Real Estate	Global ex-U.S. Fixed	Developed ex-U.S. Equity	Developed ex-U.S. Equity	High Yield	Emerging Market Equity	Small Cap Equity
18.37%	6.97%	-26.16%	33.67%	15.12%	2.11%	16.35%	7.44%	4.89%	-0.79%	11.19%	14.65%	-2.15%	21.91%	10.11%	12.62%	-14.29%	13.44%	7.50%	12.81%
Large Cap Equity	Large Cap Equity	Small Cap Equity	Small Cap Equity	Large Cap Equity	Cash Equivalent	Large Cap Equity	Real Estate	High Yield	Developed ex-U.S. Equity	Real Estate	Global ex-U.S. Fixed	Large Cap Equity	Emerging Market Equity	Developed ex-U.S. Equity	High Yield	Large Cap Equity	Emerging Market Equity	Cash Equivalent	Real Estate
15.79%	5.49%	-33.79%	27.17%	15.06%	0.10%	16.00%	3.67%	2.45%	-3.04%	4.06%	10.51%	-4.38%	18.44%	7.59%	5.28%	-18.11%	9.83%	5.25%	9.58%
High Yield	Cash Equivalent	Large Cap Equity	Large Cap Equity	Developed ex-U.S. Equity	Small Cap Equity	High Yield	Cash Equivalent	Cash Equivalent	Small Cap Equity	Developed ex-U.S. Equity	Real Estate	Real Estate	High Yield	U.S. Fixed Income	Cash Equivalent	Global ex-U.S. Fixed	Real Estate	Developed ex-U.S. Equity	Global ex-U.S. Fixed
11.85%	5.00%	-37.00%	26.47%	8.95%	-4.18%	15.81%	0.07%	0.03%	-4.41%	2.75%	10.36%	-5.63%	14.32%	7.51%	0.05%	-18.70%	9.67%	4.70%	8.85%
Global ex-U.S. Fixed	High Yield	Developed ex-U.S. Equity	Global ex-U.S. Fixed	U.S. Fixed Income	Real Estate	U.S. Fixed Income	U.S. Fixed Income	Emerging Market Equity	High Yield	U.S. Fixed Income	High Yield	Small Cap Equity	U.S. Fixed Income	High Yield	U.S. Fixed Income	Emerging Market Equity	Global ex-U.S. Fixed	U.S. Fixed Income	High Yield
8.16%	1.87%	-43.56%	7.53%	6.54%	-6.46%	4.21%	-2.02%	-2.19%	-4.47%	2.65%	7.50%	-11.01%	8.72%	7.11%	-1.54%	-20.09%	5.72%	1.25%	8.62%
Cash Equivalent	Small Cap Equity	Real Estate	U.S. Fixed Income	Global ex-U.S. Fixed	Developed ex-U.S. Equity	Global ex-U.S. Fixed	Emerging Market Equity	Global ex-U.S. Fixed	Global ex-U.S. Fixed	Global ex-U.S. Fixed	U.S. Fixed Income	Developed ex-U.S. Equity	Global ex-U.S. Fixed	Cash Equivalent	Emerging Market Equity	Small Cap Equity	U.S. Fixed Income	Real Estate	U.S. Fixed Income
4.85%	-1.57%	-48.21%	5.93%	4.95%	-12.21%	4.09%	-2.60%	-3.09%	-6.02%	1.49%	3.54%	-14.09%	5.09%	0.67%	-2.54%	-20.44%	5.53%	0.94%	7.30%
U.S. Fixed Income	Real Estate	Emerging Market Equity	Cash Equivalent	Cash Equivalent	Emerging Market Equity	Cash Equivalent	Global ex-U.S. Fixed	Developed ex-U.S. Equity	Emerging Market Equity	Cash Equivalent	Cash Equivalent	Emerging Market Equity	Cash Equivalent	Real Estate	Global ex-U.S. Fixed	Real Estate	Cash Equivalent	Global ex-U.S. Fixed	Cash Equivalent
4.33%	-7.39%	-53.33%	0.21%	0.13%	-18.42%	0.11%	-3.08%	-4.32%	-14.92%	0.33%	0.86%	-14.57%	2.28%	-9.04%	-7.05%	-25.10%	5.01%	-4.22%	4.18%

Sources: ● Bloomberg Aggregate ● Bloomberg High Yield Bond Index ● Bloomberg Global Aggregate ex US ● FTSE EPRA Nareit Developed  
 ● MSCI Emerging Markets ● MSCI World ex USA ● Russell 2000 ● S&P 500 ● 90-day T-bill

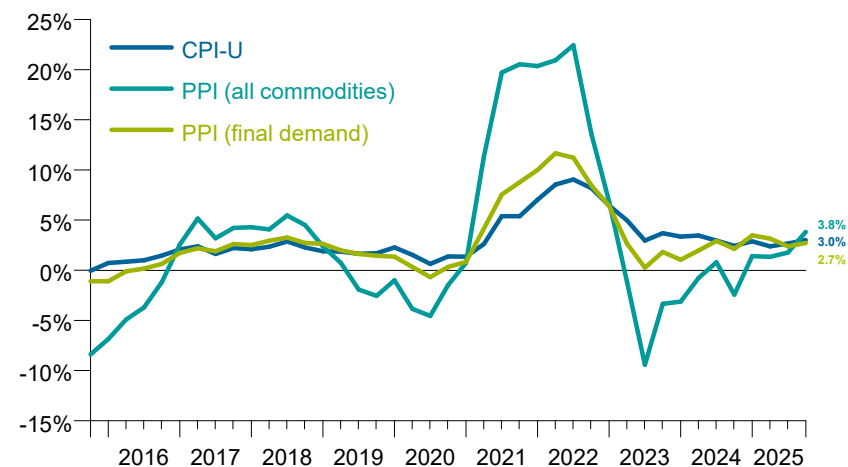
# U.S. Economy

## Summary

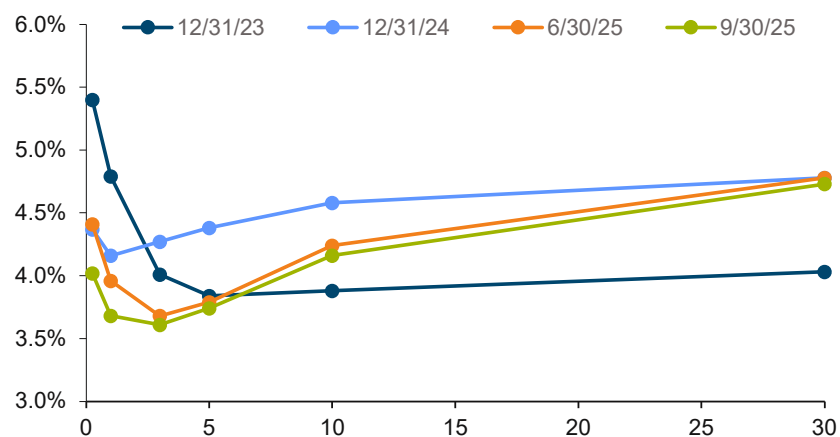
Quarterly Real GDP Growth



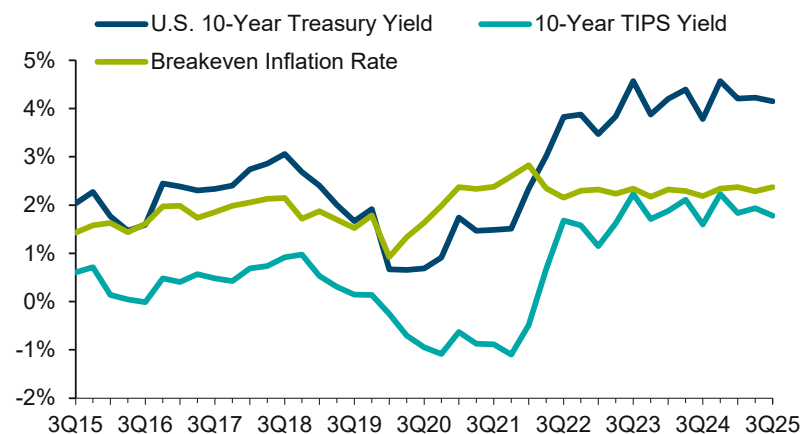
Inflation Year-Over-Year



U.S. Treasury Yield Curves



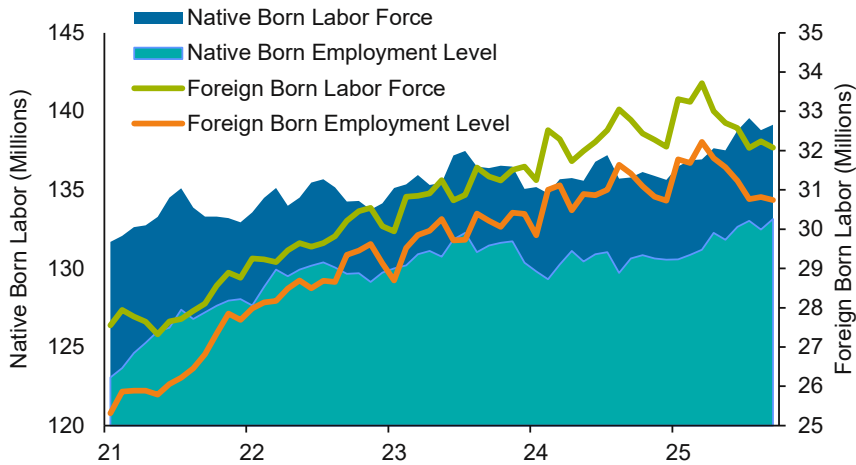
Historical 10-Year Yields



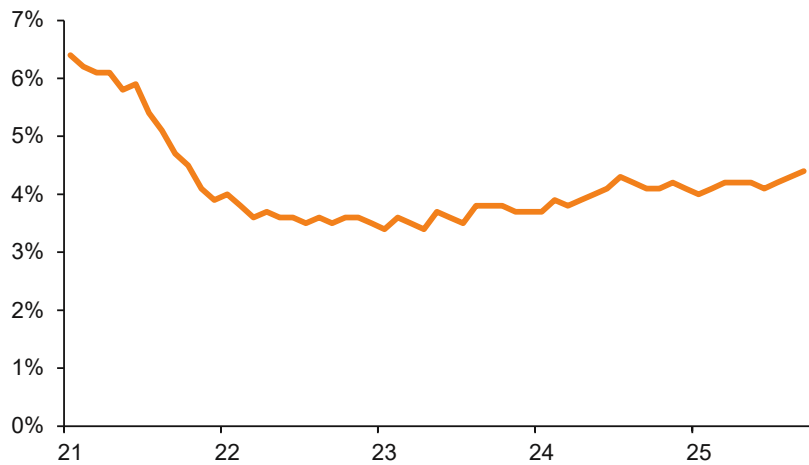
Sources: Bureau of Labor Statistics, Callan, Federal Reserve, Blue Chip consensus for projected GDP

# Labor

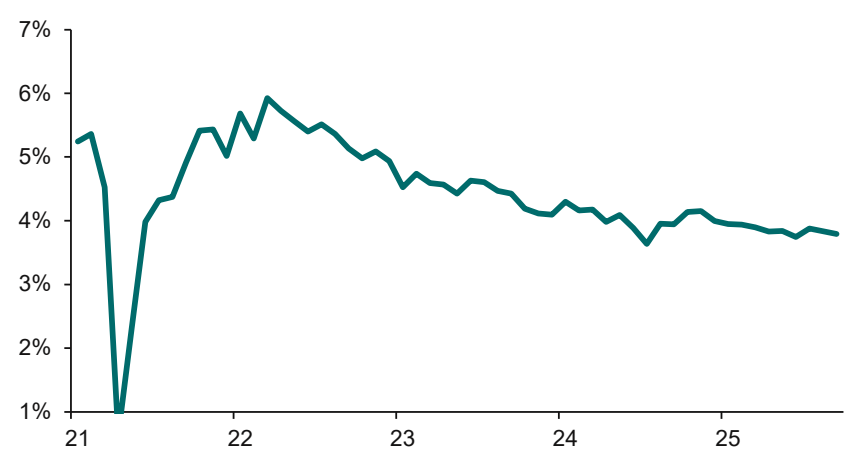
Labor and Employment Details



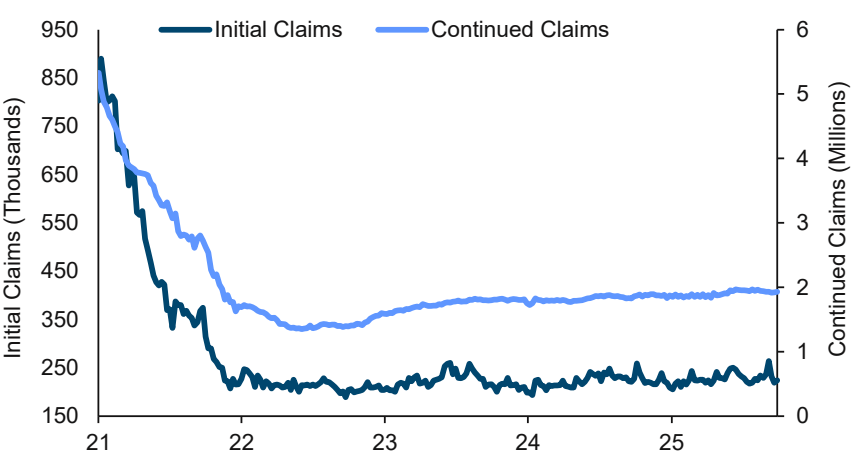
Unemployment Rate



Wage Growth (YoY Average Hourly Earnings)



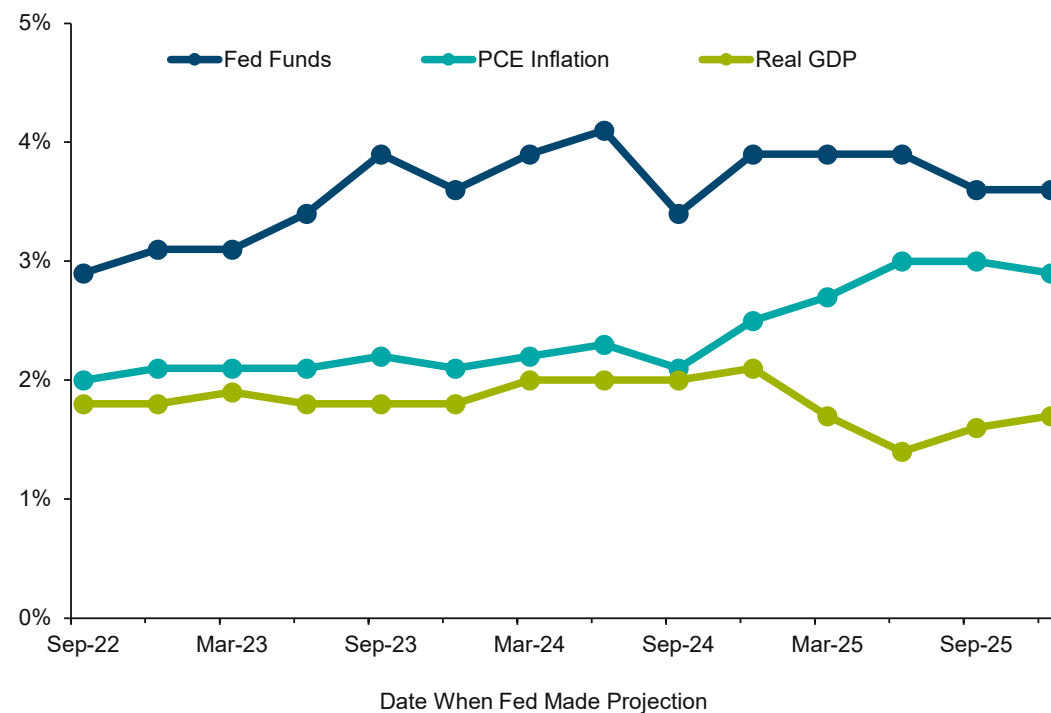
Unemployment Claims



Source: FRED

## The Shifting Mindset at the Fed

Consensus FOMC Economic Projections for 2025



**The Fed Funds Rate received three 25 basis point cuts in 2025, ending in a range of 3.5%–3.75%.**

The median projection among Federal Open Market Committee participants ranged from 2.9% when they made the prediction back in 2022 to 4.1% when they made the prediction in the middle of 2024.

Long-term neutral rate of 3.0% expected to be hit after 2028.

**In the most recent release, the Fed increased its projection for GDP growth and lowered the projection for inflation.**

Inflation is expected to reach Fed's target of 2% in 2028.

Sources: Federal Reserve, Financial Times

## The Fed's 'Dot Plot'

Federal Open Market Committee (FOMC) participants' assessments of appropriate monetary policy

**Fed Funds Rate ended the year in a target range of 3.5%–3.75%.**

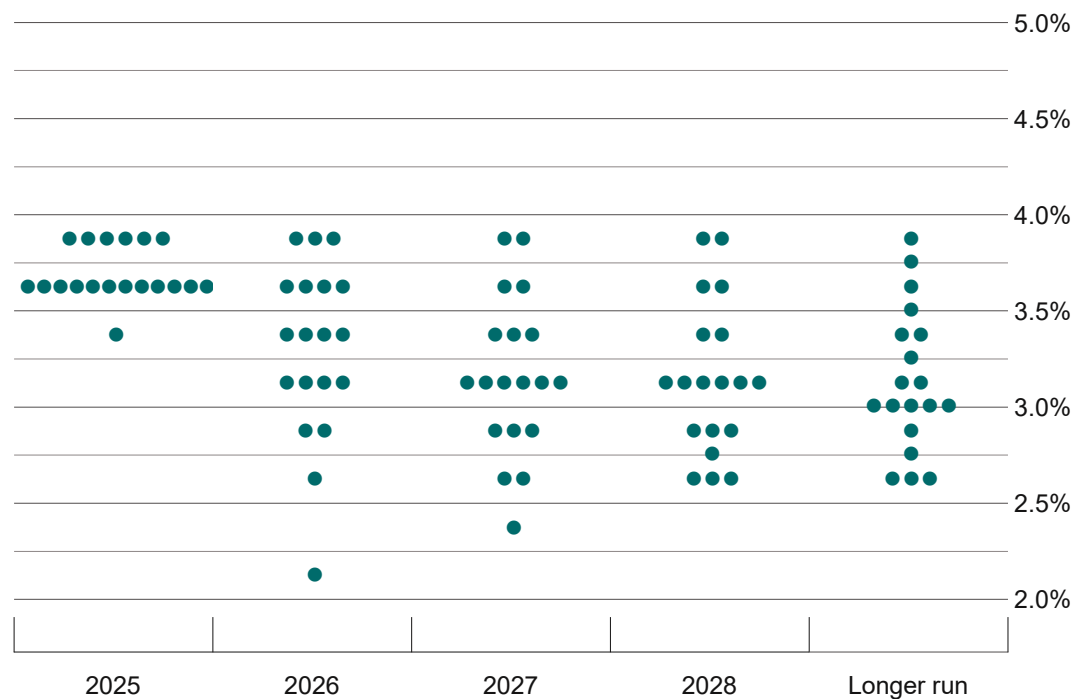
6 of 19 participants thought the rate should stay at 3.75%–4.0%.

1 participant thought the rate should have been lowered to 3.25%–3.5%.

**Dispersion of views among all participants widens in 2026 and beyond.**

**"Longer run" median held at 3.0%**

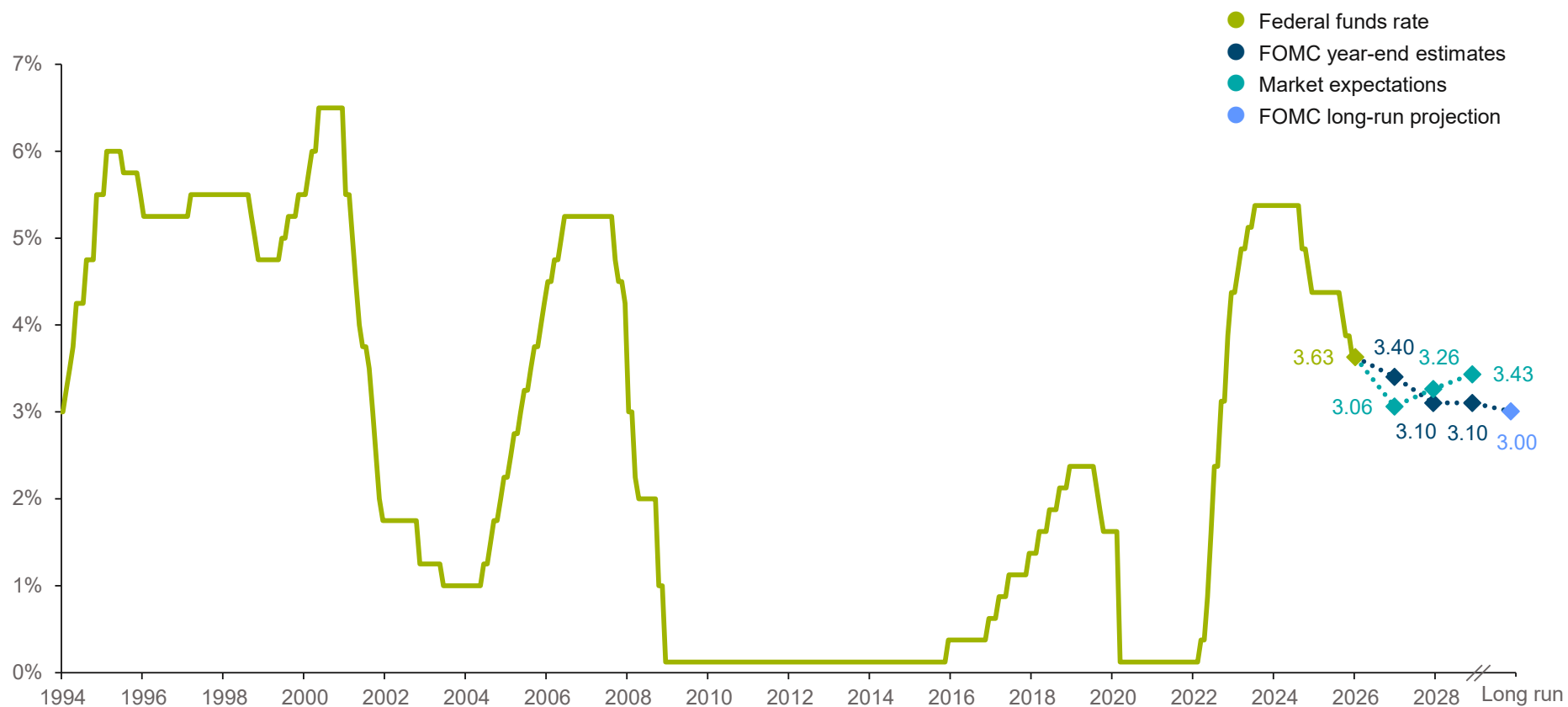
Bias is toward higher rates; lower bound is 2.8% but higher bound is 3.5%.



Source: Federal Reserve; as of 12/10/25

# Market Expectations vs. Fed Expectations

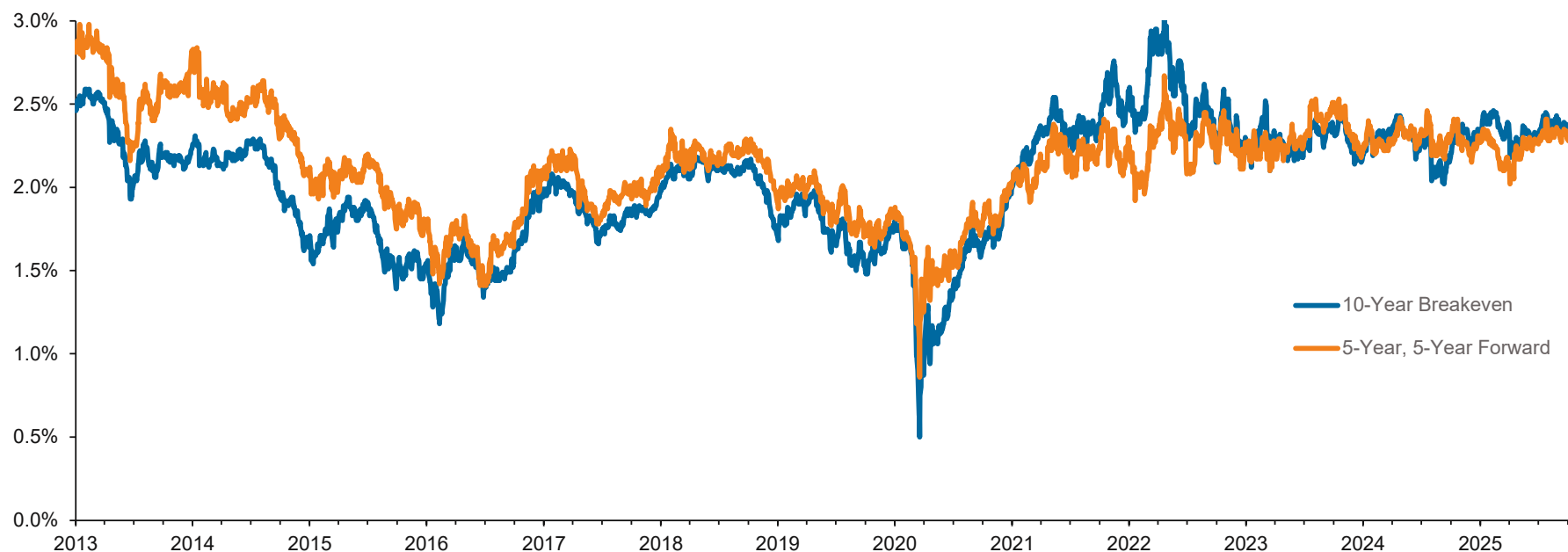
FOMC and market expectations for the federal funds rate



Sources: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management Guide to the Markets – U.S. Data are as of December 18, 2025.

# Bond Market Forecasts of Inflation

## Market Implied Inflation Expectations



**The 10-year breakeven inflation rate is the difference in yield between the nominal 10-year Treasury and the 10-year Treasury Inflation-Protected Security (TIPS).**

- Includes current level of inflation
- Breakeven rate: the rate of inflation that would make an investor indifferent to holding nominal bonds vs. TIPS

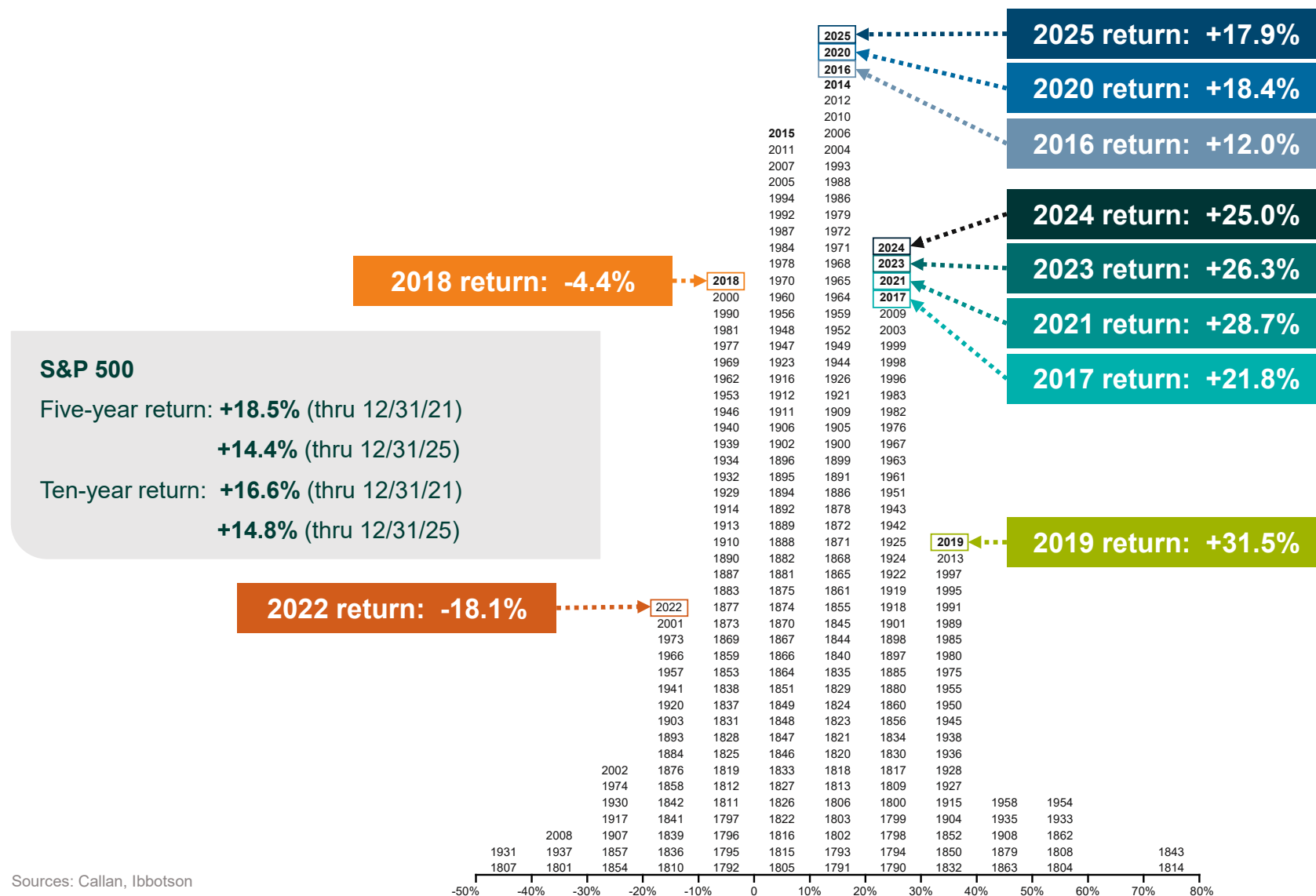
**The 5-year, 5-year forward rate is the bond market's estimate of the 5-year inflation rate 5 years from now.**

Excludes current levels of inflation

Source: Federal Reserve Bank of St. Louis

# Stock Market Returns by Calendar Year

Performance in perspective: History of the U.S. stock market (235 years of returns)

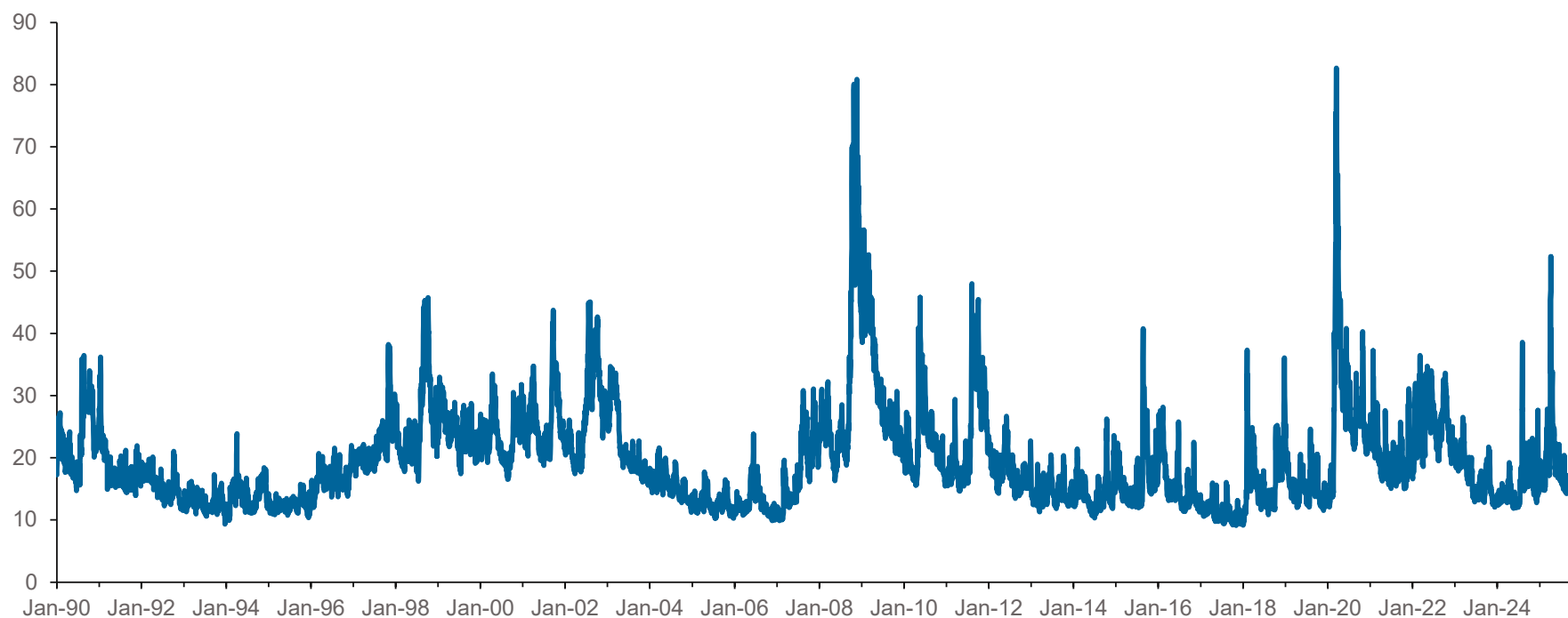


Sources: Callan, Ibbotson



## Market Volatility in Context

CBOE Volatility Index (VIX)



- VIX measures the market expectation of near-term volatility conveyed by stock index option prices.
- Implied market volatility has receded after spiking with initial news of tariffs.

Sources: Chicago Board Options Exchange, CBOE Volatility Index: VIX [VIXCLS], retrieved from FRED, Federal Reserve Bank of St. Louis.

Callan

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## Fixed Income

2026 Expectations

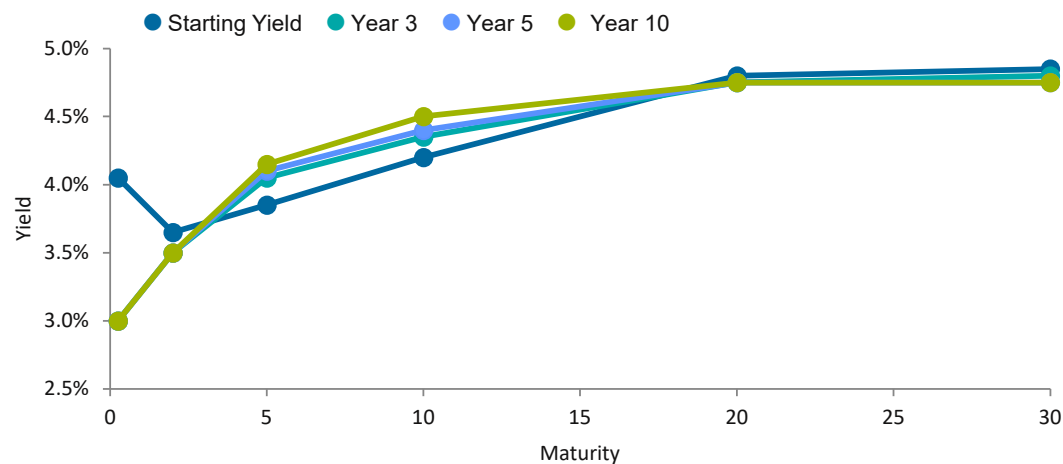
# Projected Fixed Income Returns

10-year projections

	Income Return	+	Capital Gain/Loss	+	Credit Default	+	Roll Return	=	2026 Expected Return	2025 Expected Return	Change vs. 2025
<b>Cash</b>	<b>3.00%</b>		<b>0.00%</b>		<b>0.00%</b>		<b>0.00%</b>		<b>3.00%</b>	<b>3.00%</b>	<b>0.00%</b>
<b>1-3 Year Gov/Credit</b>	<b>3.65%</b>		<b>0.00%</b>		<b>-0.05%</b>		<b>0.30%</b>		<b>3.90%</b>	<b>4.00%</b>	<b>-0.10%</b>
1-3 Year Government	3.50%		0.05%		0.00%		0.25%		3.80%	3.80%	
1-3 Year Credit	4.05%		0.00%		-0.15%		0.35%		4.25%	4.30%	
<b>Intermediate Gov/Credit</b>	<b>4.25%</b>		<b>-0.15%</b>		<b>-0.05%</b>		<b>0.55%</b>		<b>4.60%</b>	<b>4.40%</b>	<b>0.20%</b>
Intermediate Gov	4.00%		-0.10%		0.00%		0.50%		4.40%	4.20%	
Intermediate Credit	4.80%		-0.25%		-0.20%		0.60%		4.95%	4.75%	
<b>Aggregate</b>	<b>4.55%</b>		<b>-0.20%</b>		<b>-0.05%</b>		<b>0.45%</b>		<b>4.75%</b>	<b>4.75%</b>	<b>0.00%</b>
Government	4.15%		-0.20%		0.00%		0.45%		4.40%	4.55%	
Securitized	4.45%		0.15%		0.00%		0.45%		5.05%	4.90%	
Credit	5.35%		-0.55%		-0.25%		0.50%		5.05%	4.95%	
<b>Long Duration Gov/Credit</b>	<b>5.40%</b>		<b>-0.30%</b>		<b>-0.15%</b>		<b>0.25%</b>		<b>5.20%</b>	<b>5.20%</b>	<b>0.00%</b>
Long Government	4.70%		0.05%		0.00%		0.25%		5.00%	4.80%	
Long Credit	5.95%		-0.70%		-0.25%		0.25%		5.25%	5.40%	
<b>TIPS</b>	<b>4.20%</b>		<b>-0.15%</b>		<b>0.00%</b>		<b>0.45%</b>		<b>4.50%</b>	<b>4.55%</b>	<b>-0.05%</b>
<b>Global ex-U.S. Fixed</b>	<b>2.85%</b>		<b>-0.10%</b>		<b>-0.10%</b>		<b>0.25%</b>		<b>2.90%</b>	<b>2.85%</b>	<b>0.05%</b>
<b>High Yield</b>	<b>8.05%</b>		<b>-0.60%</b>		<b>-2.05%</b>		<b>0.50%</b>		<b>5.90%</b>	<b>6.00%</b>	<b>-0.10%</b>
<b>Emerging Market Debt</b>	<b>7.25%</b>		<b>-0.85%</b>		<b>-1.85%</b>		<b>0.45%</b>		<b>5.00%</b>	<b>5.35%</b>	<b>-0.35%</b>
<b>Bank Loans</b>	<b>7.95%</b>		<b>-0.25%</b>		<b>-1.70%</b>		<b>0.00%</b>		<b>6.00%</b>	<b>6.10%</b>	<b>-0.10%</b>

## Shape of Yield Curve at Different Points in Forecast Horizon

Yield Curve Forecasts



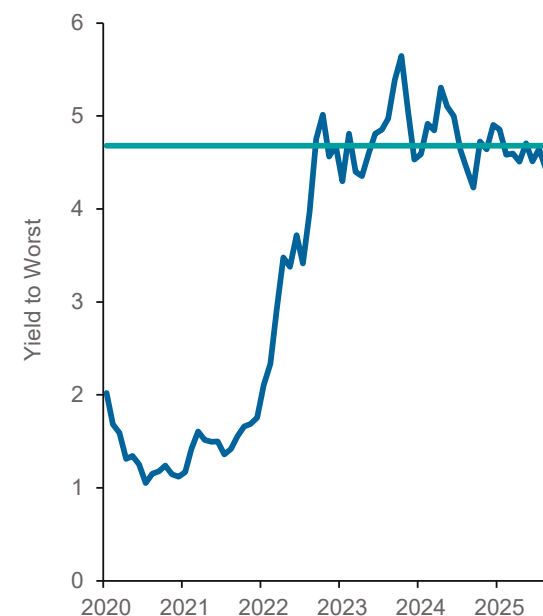
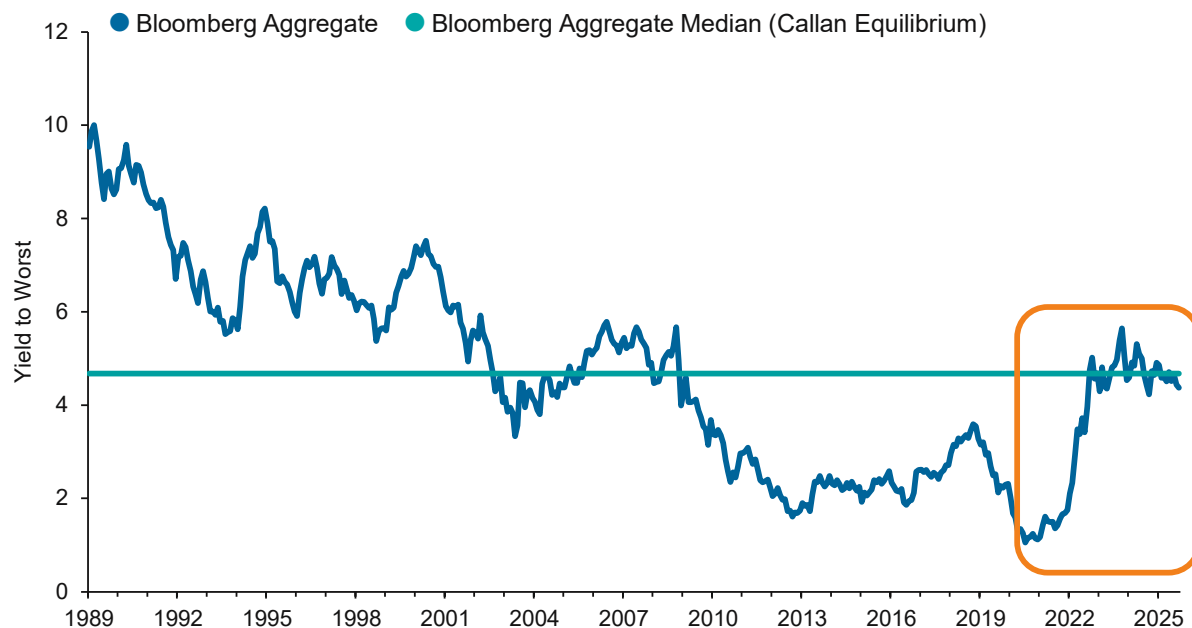
Our fixed income projections assume the yield curve returns to an upward-sloping pattern within the next few years.

Short and long rates fall to Callan's equilibrium while intermediate rates rise to equilibrium.

	3 Month	2 Year	5 Year	10 Year	20 Year	30 Year
Starting Yield	4.05	3.65	3.85	4.20	4.80	4.85
Forecast Year 3	3.00	3.50	4.05	4.35	4.75	4.80
Forecast Year 5	3.00	3.50	4.10	4.40	4.75	4.75
Forecast Year 10 (Equilibrium Reached)	3.00	3.50	4.15	4.50	4.75	4.75

# Drowning Out the Noise

## Core Fixed Income Historical Yield

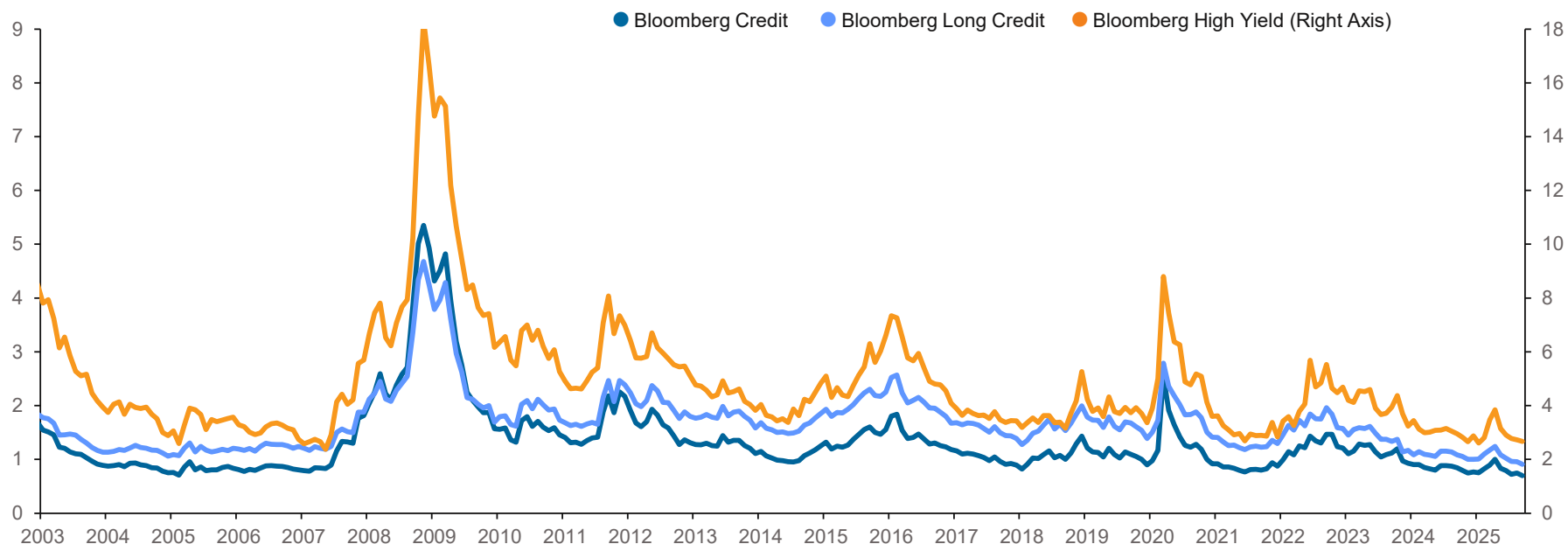


There has been a lot of rate volatility, but rates have been range-bound around our equilibrium.

We have been updating our bond assumptions to drown out the short-term noise and focus more on the longer-term trends.

## Spreads Act as a Headwind

Historical Option Adjusted Spreads (OAS)



**Spreads are at some of the tightest levels they have been in the last 20+ years as the risk-on mentality in the stock market has carried over into bonds.**

We assume spreads will widen to levels consistent with long-term history, which is a headwind to returns.

- This is akin to a valuation adjustment in equities.

Callan

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## Public Equity

2026 Expectations

# Equity Forecasts Overview

## Fundamental relationship

$$\text{Equity Return} = \underbrace{\text{Capital Appreciation}}_{\text{Real Earnings Growth} + \text{Inflation}} + \underbrace{\text{Income}}_{\text{Dividend Yield} + \text{Net Share Buybacks}} \pm \text{Valuation Adjustment}$$

### Building up U.S. equity (S&P 500) returns from long-term fundamentals we arrive at 7.25%.

- Real earnings growth is linked to real GDP growth over long horizons; we forecast U.S. real GDP of 2.50% over the next decade.
- Inflation (CPI-U) is forecasted at 2.50% over the next 10 years.
  - Slightly above the Fed's inflation target of 2%
  - Realized inflation over the past quarter century is 2.6%
  - In line with the market-based forecast of breakeven inflation (yield difference between Treasuries and TIPS)
- Income return of 2.50% from dividend yield and share buybacks
- U.S. equity valuation adjustment of -0.25% as current valuations exceed historical norms
- Small premium for global ex-U.S. over U.S. stems from emerging market growth potential.



## Equity Forecasts

### Building block model

Index	Forecasted Dividend Yield	Net Buyback Yield	Inflation	Real Earnings Growth	Valuation Adjustment	Total Expected Return
Large Cap U.S. Equity	1.50%	1.00%	2.50%	2.50%	-0.25%	7.25%
Small/Mid Cap U.S. Equity	1.25%	0.25%	2.50%	3.45%	0.00%	7.45%
Developed ex-U.S. Equity	3.25%	0.25%	2.00%	1.75%	0.00%	7.25%
Emerging Markets Equity	3.05%	-2.65%	3.25%	3.80%	0.00%	7.45%

**Our return expectations for U.S. large cap (S&P 500) and developed ex-U.S. markets (MSCI World ex-USA) are the same, but the paths to those returns are different.**

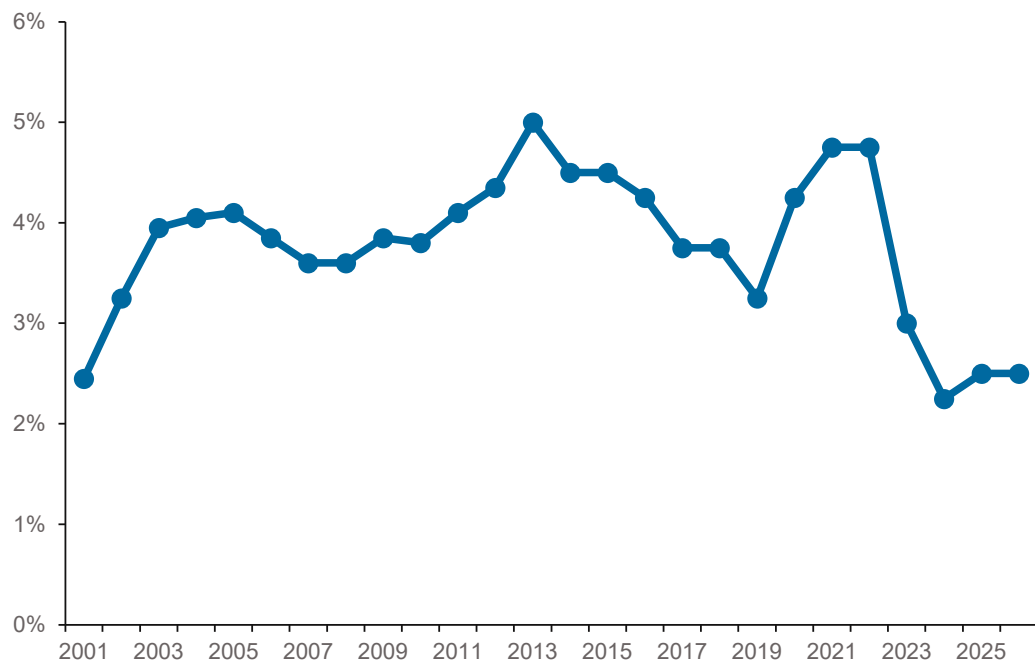
- U.S. companies tend to deliver more return from earnings growth than from return of capital via dividends or buybacks.
- Developed ex-U.S. companies have the opposite relationship.

**Small/mid cap U.S. equity and emerging markets equity maintain a small expected return premium over their large cap and developed markets counterparts.**

## Callan's Equity Risk Premia Forecasts Over Time

S&P 500 forecast minus Bloomberg Aggregate forecast

Forecasted Equity Risk Premium vs. Bonds

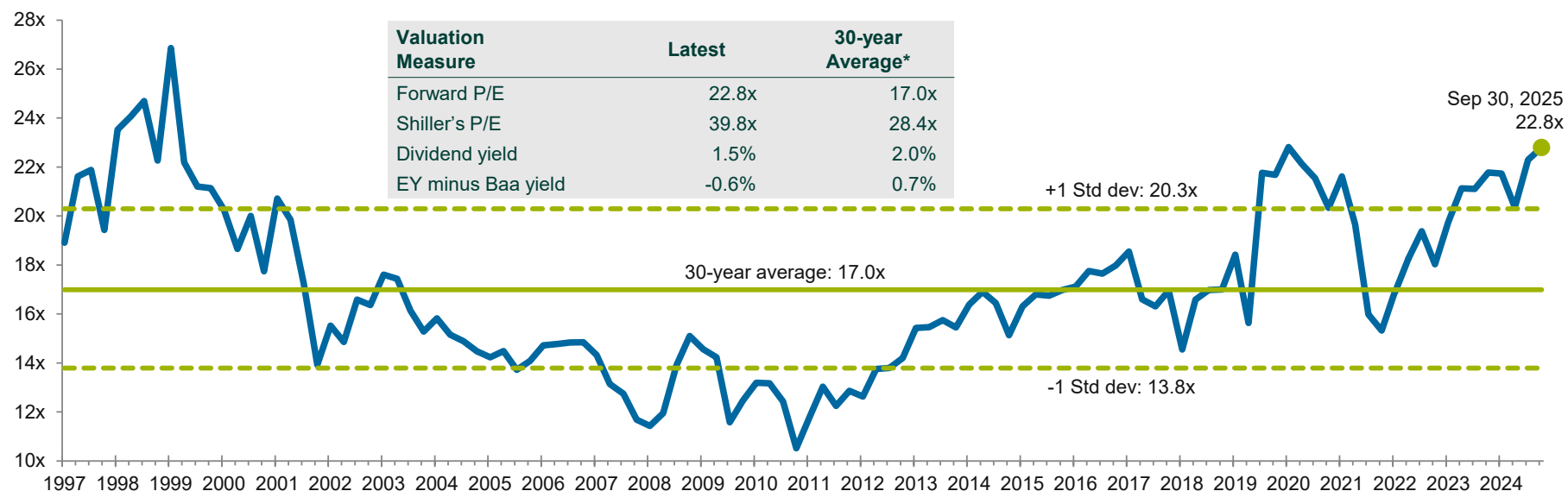


Callan's forecasted return spread between the S&P 500 and the Bloomberg Aggregate (2.50%) remains narrow.

Forecasts are annualized over 10 years.

# U.S. Equity Market: Key Metrics

## S&P 500 forward P/E ratios



Forward P/E of 22.8 is more than one standard deviation above its long-term average of 17.0.

A host of U.S. valuation measures are elevated for large cap equities.

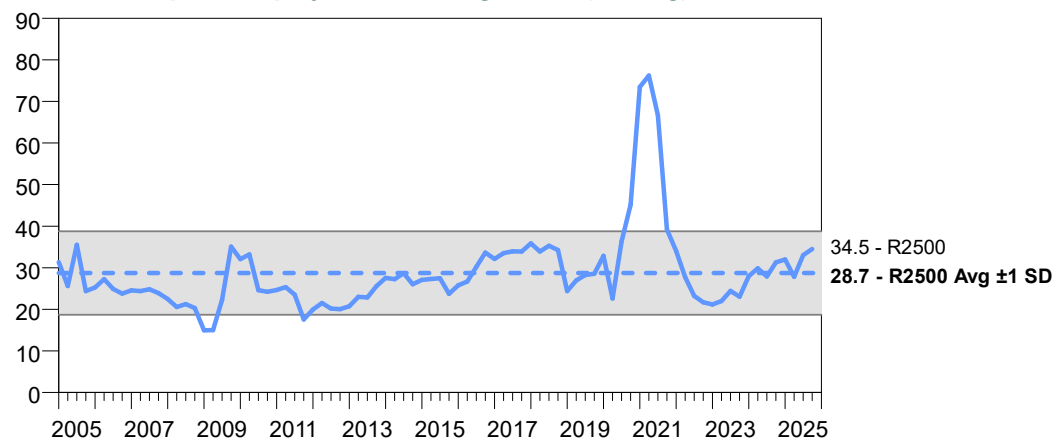
Sources: FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management Guide to the Markets.

## Equity Forecasts

### Small/mid cap U.S. equity valuations

In contrast, small/mid cap U.S. equity markets appear less stretched than large cap U.S. equity.

Small/Mid Cap U.S. Equity Price/Earnings Ratio (inc neg)



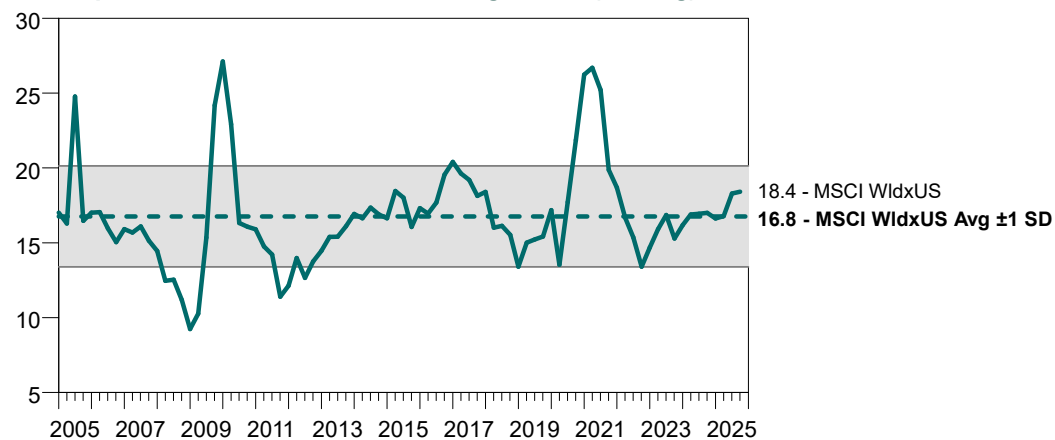
P/E measure is one year trailing.

# Equity Forecasts

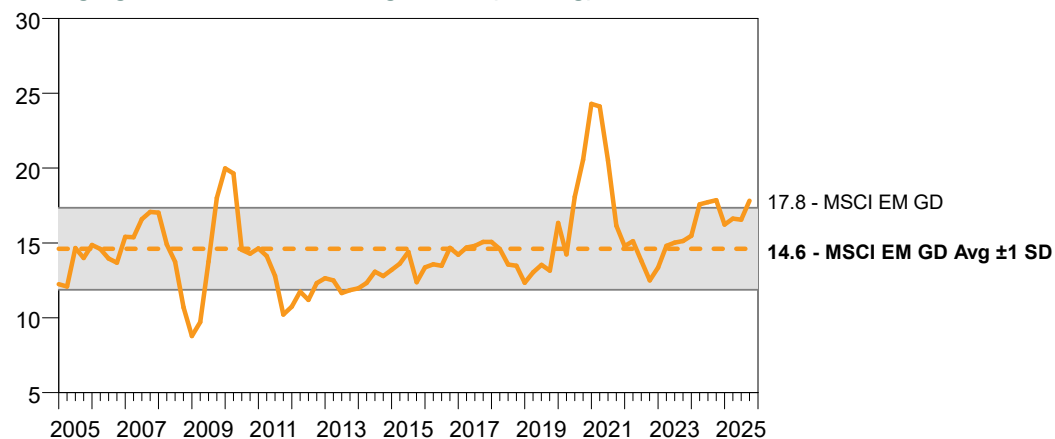
## Global ex-U.S. valuations

Similarly, global ex-U.S. equity markets appear less stretched than large cap U.S. equity.

Developed Markets ex-U.S. Price/Earnings Ratio (inc neg)



Emerging Markets Price/Earnings Ratio (inc neg)

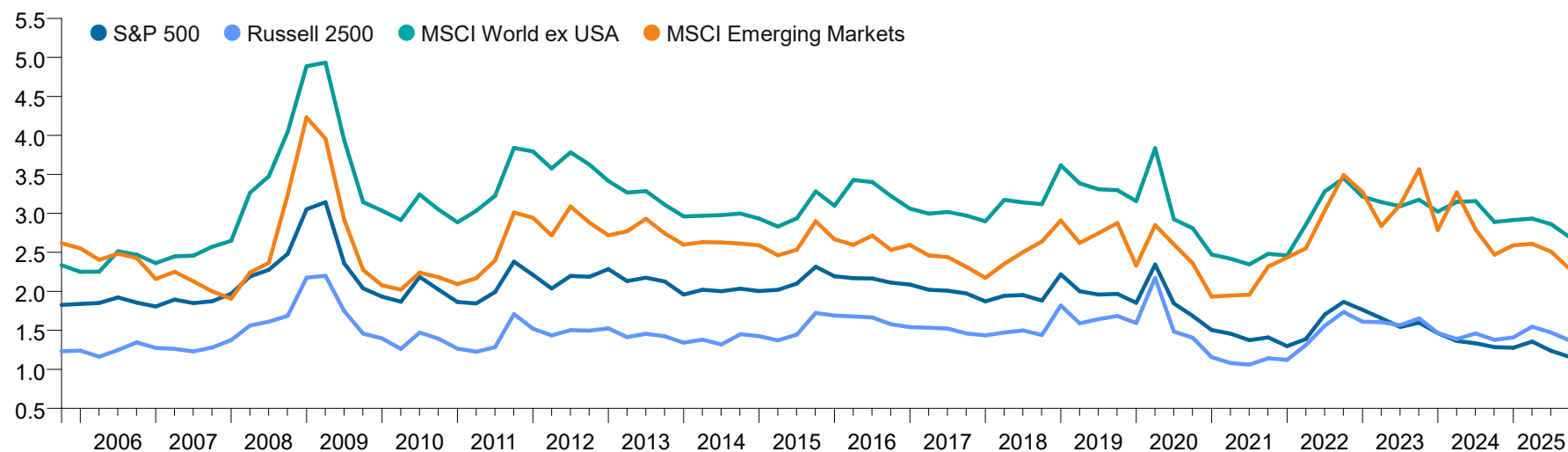


P/E measure is one year trailing.

# Equity Forecasts

## Dividend yields (past 20 years)

Dividend Yield for 20 Years Ended September 30, 2025



Global ex-U.S. equity has consistently provided higher dividend yields than U.S. equity.

Dividend yield measure is one year trailing

Callan

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## Private Markets

2026 Expectations

# Core Real Estate

## Background

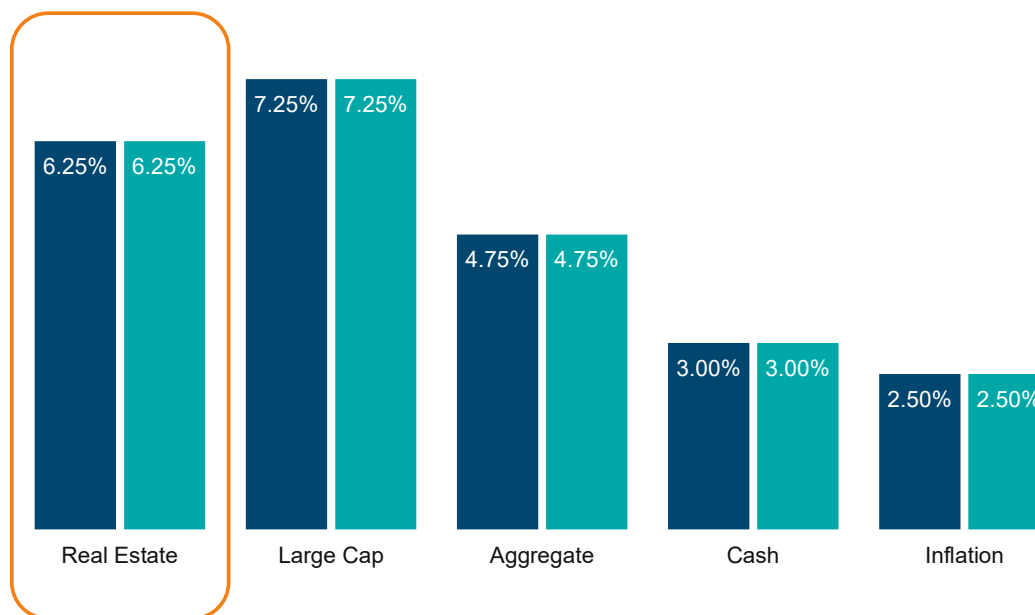
Real estate has characteristics of equity (ownership and appreciation) and bonds (income from rents).

While real estate, especially within offices, could continue to face elevated risks in the short-term, price declines in recent years make more attractive entry points available for long-term investors.

**2026 real estate return projection:  
6.25% (unchanged from 2025)**

## Return Projections

● 2025 ● 2026



Source: Callan, NCREIF



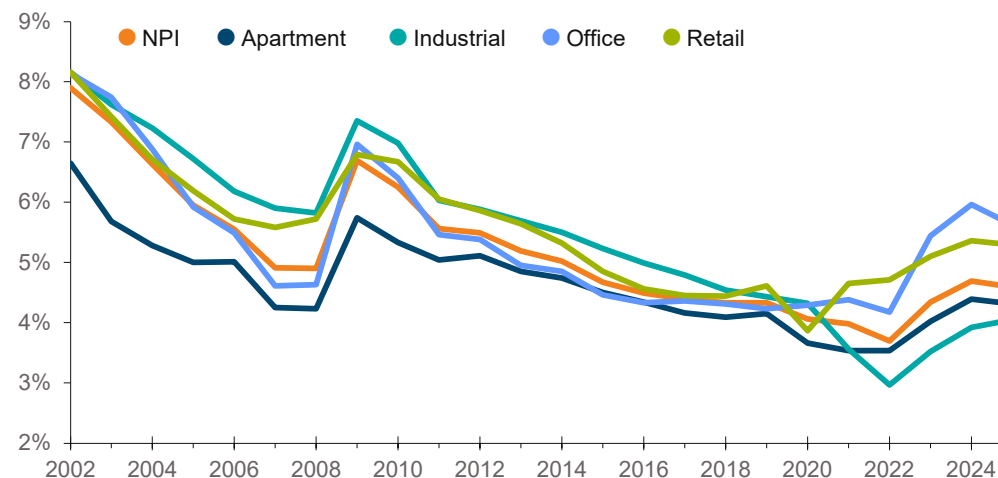
# Core Real Estate

## 6.25% core real estate compound return (net of fees)

Return calculations assume 5.2% cost of leverage and 0.5x debt-to-equity (33% loan-to-value)

Income Return (unlevered property)	4.9%
Appreciation (unlevered property)	1.3%
Total Return (before leverage)	6.2%

## Annual Cap Rates (through September 30, 2025)



## Callan Return Assumptions (unlevered property returns)

	Office	Retail	Industrial	Apartments	Other	NPI Index
Income	5.6%	5.6%	4.2%	4.6%	6.1%	4.9%
Appreciation	1.1%	0.7%	2.1%	0.9%	1.0%	1.3%
Total Return	6.7%	6.3%	6.3%	5.5%	7.1%	6.2%

Source: NCREIF Property Index (NPI) cap rates correspond to unlevered property valuations

# Private Infrastructure

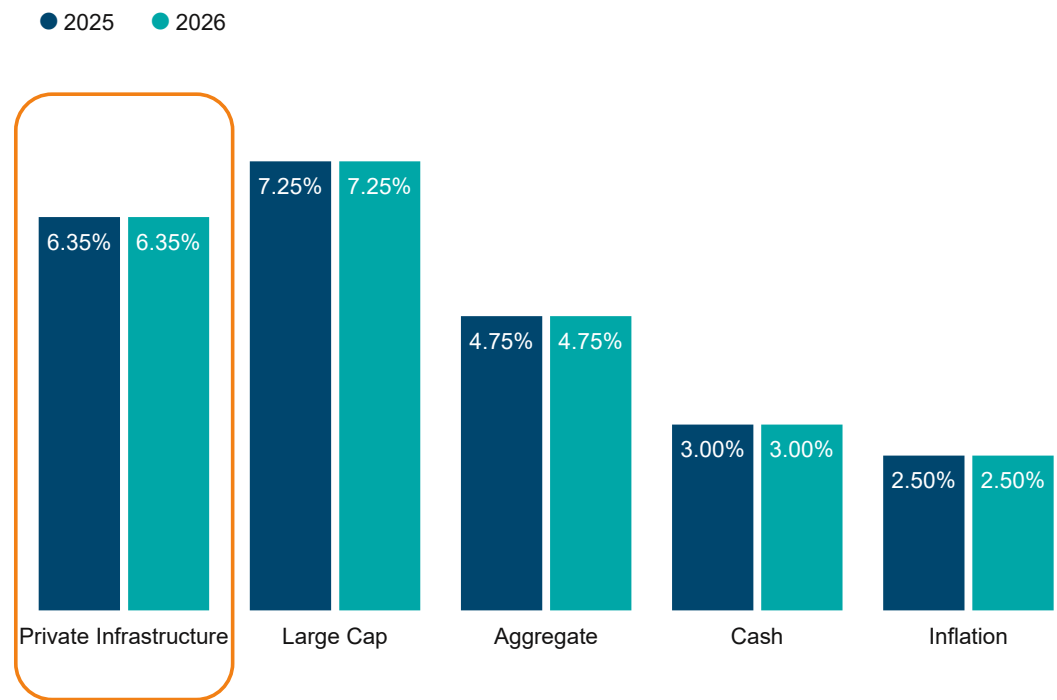
## Background

Infrastructure has characteristics of equity (ownership and appreciation) and bonds (income from fees, tolls, rents).

Infrastructure typically levers steady cash flows with some unique element of monopoly of service, regulated rates, or priority access to dedicated capital like roads, tolls, airports, telecommunication, power supply.

**2026 infrastructure return projection: 6.35% (unchanged from 2025)**

## Return Projections



Source: Callan, NCREIF

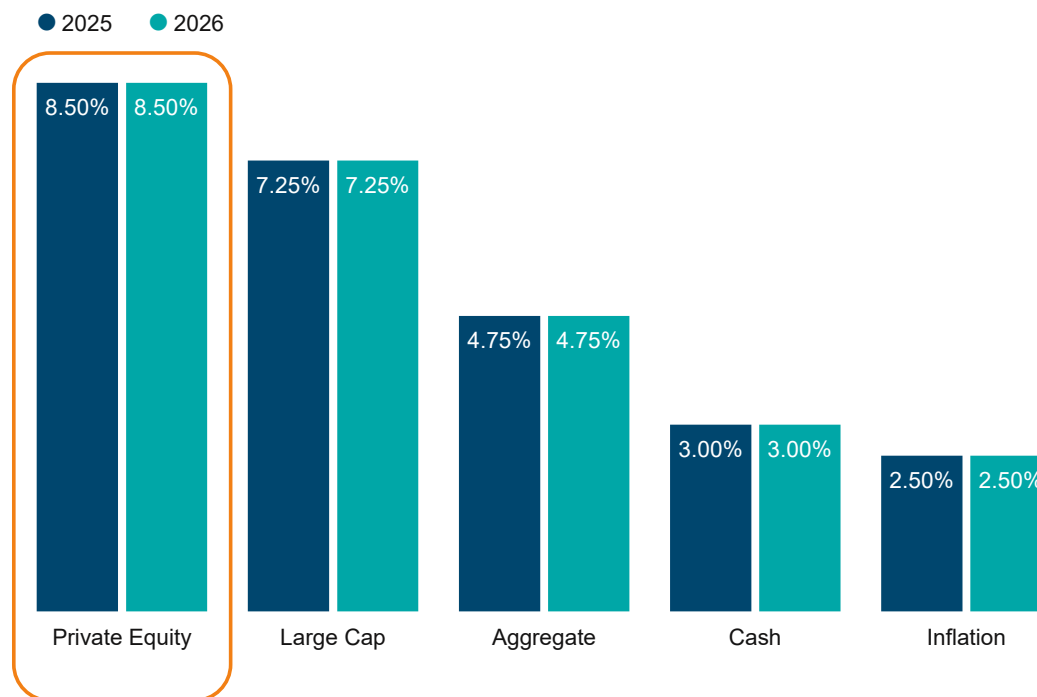
# Private Equity

## Background

We see tremendous disparity between the best- and worst-performing managers. The ability to select skillful managers could result in realized returns significantly greater than projected here.

**2026 private equity return projection:  
8.50% (unchanged from 2025)**

## Return Projections



Source: Callan

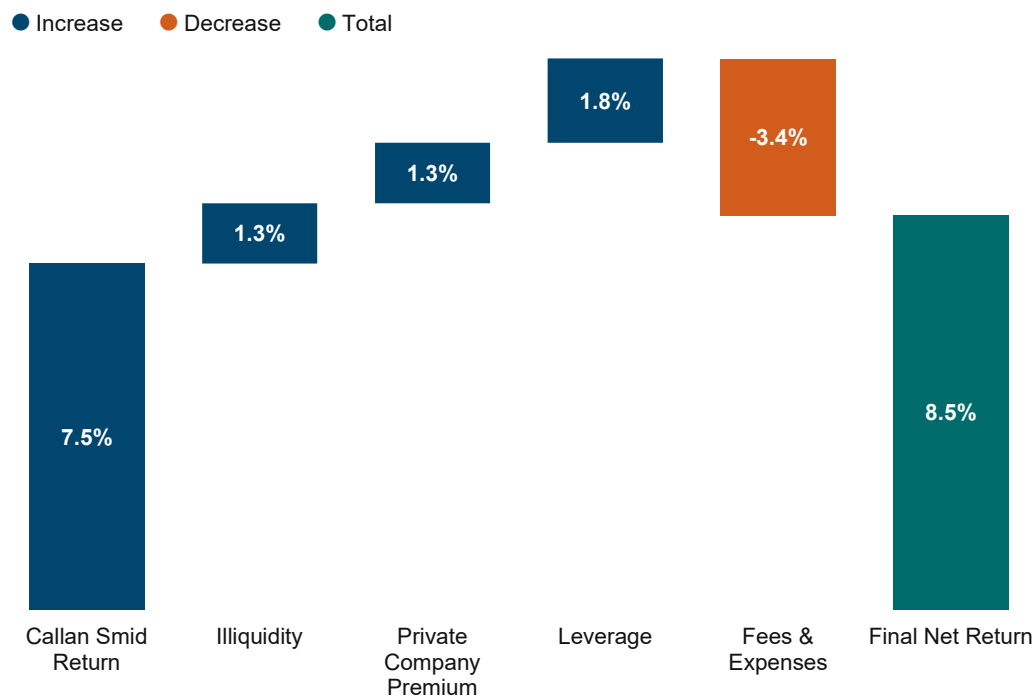
# Private Equity

## Background

The private equity market is driven by many of the same economic factors as public equity markets but is expected to offer an illiquidity premium.

Public Equity Return (SMID)	7.5%
Pvt. & Illiquidity Prem.	2.6%
Incremental Debt-to-Equity	50%
Levered Gross Return	11.9%
Total Fees & Expenses	3.4%
<b>Net Compound Return</b>	<b>8.50%</b>

## Private Equity Return Decomposition



Source: Callan  
Return calculation assumes 6.4% cost of leverage

# Private Credit

## Background

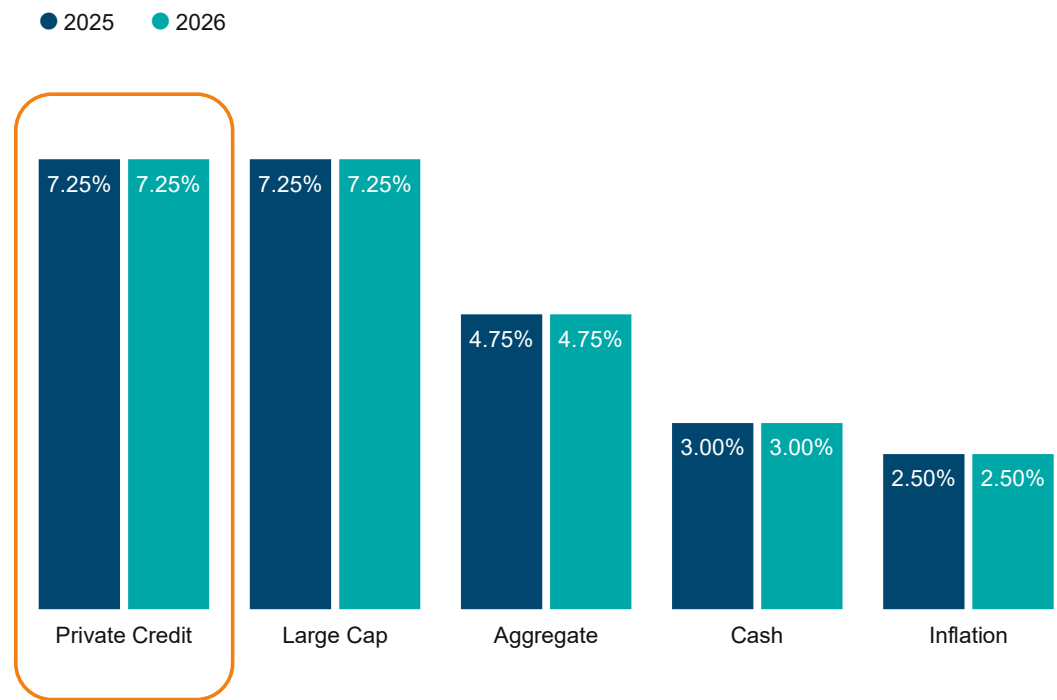
Return projection is anchored on yields for middle market direct lending.

Strong appetite from institutional and retail investors persists.

**2026 private credit return projection:  
7.25% (unchanged from 2025)**

Unlevered Yield	9.5%
Leverage	0.85x
Levered Yield	12.8%
Loss Ratio	2.4%
Net Arithmetic	8.4%
<b>Net Compound Return</b>	<b>7.25%</b>

## Return Projections



Source: Callan  
Return calculation assumes 5.5% cost of leverage and 1.3% unlevered loss ratio

# Hedge Funds

## Background

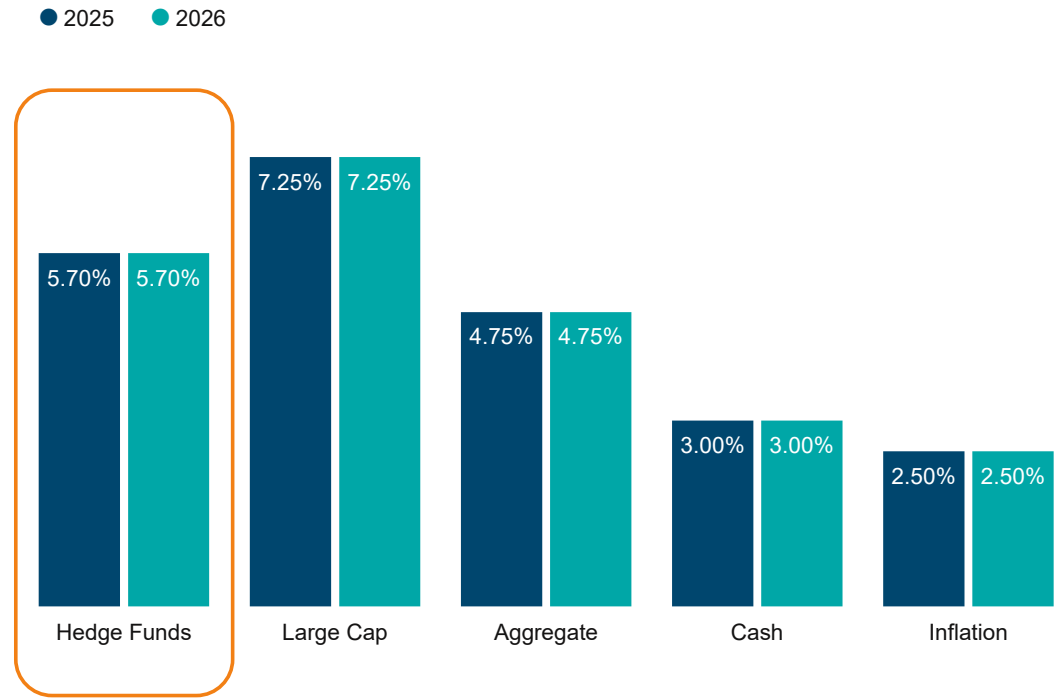
Our hedge fund model is:

Expected Return = Cash + Equity Beta x  
(Equity-Cash) + Exotic Beta + Net Alpha

**2026 hedge fund return projection: 5.70%**  
(unchanged from 2025)

Cash Projection	3.0%
Equity Beta	0.4
Exotic Beta + Net Alpha	0.5 - 1.5%
<b>Net Compound Return</b>	<b>5.7%</b>

## Return Projections



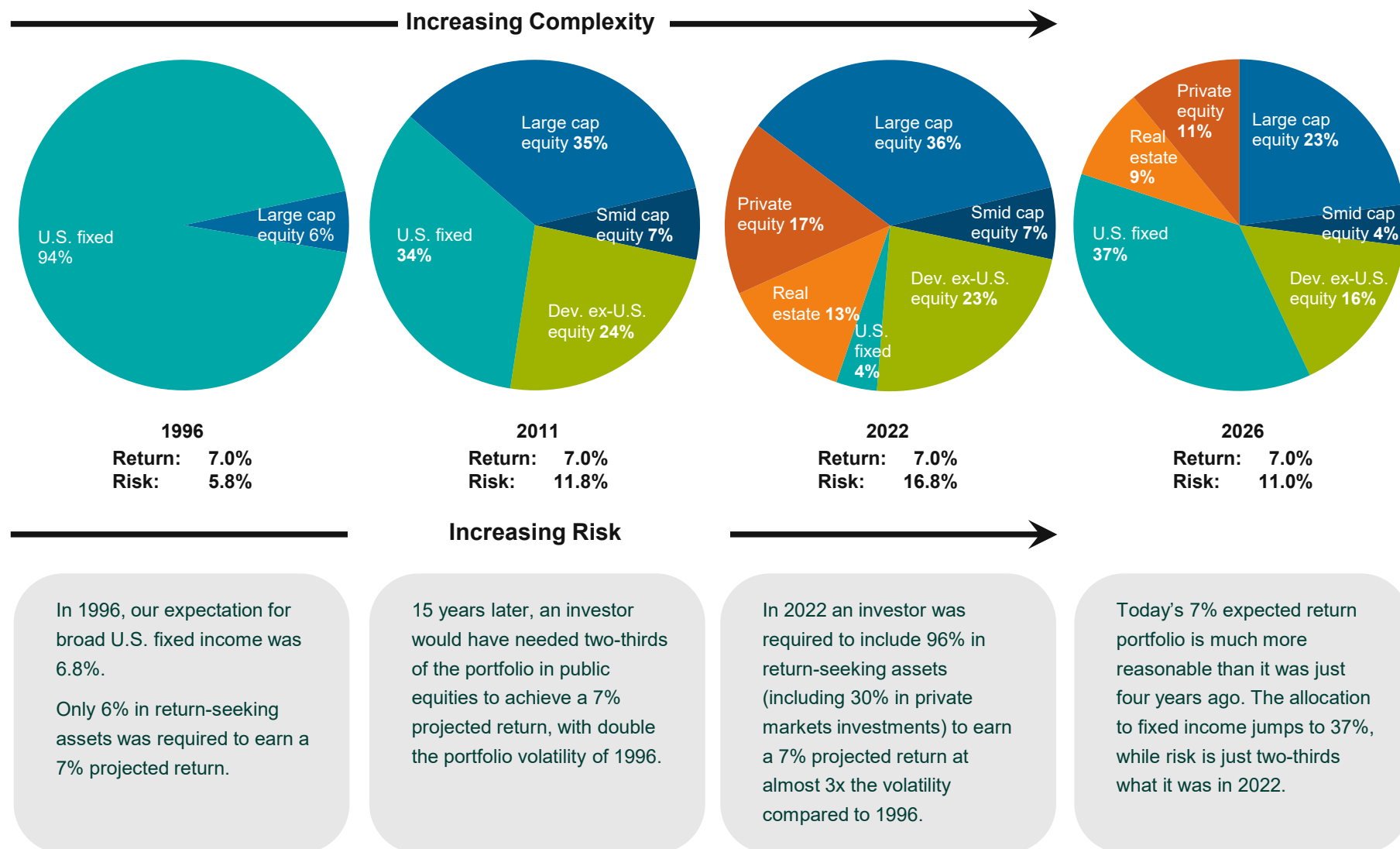
Source: Callan

Callan

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**Appendix**

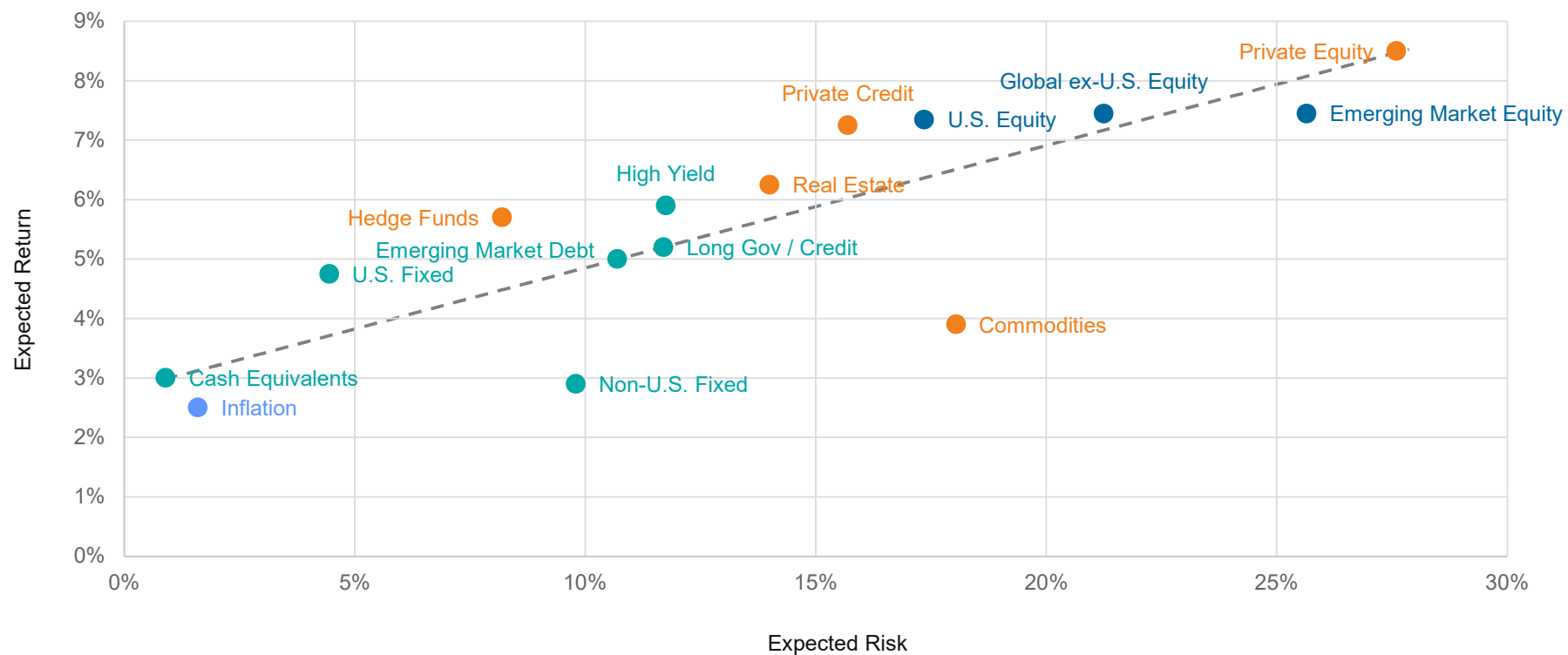
## 7% Expected Returns Over Past 30 Years





# Risk Aversion

## Visualizing Callan's 2026–2035 Capital Market Assumptions



Source: Callan 2026–2035 return-risk capital markets assumptions

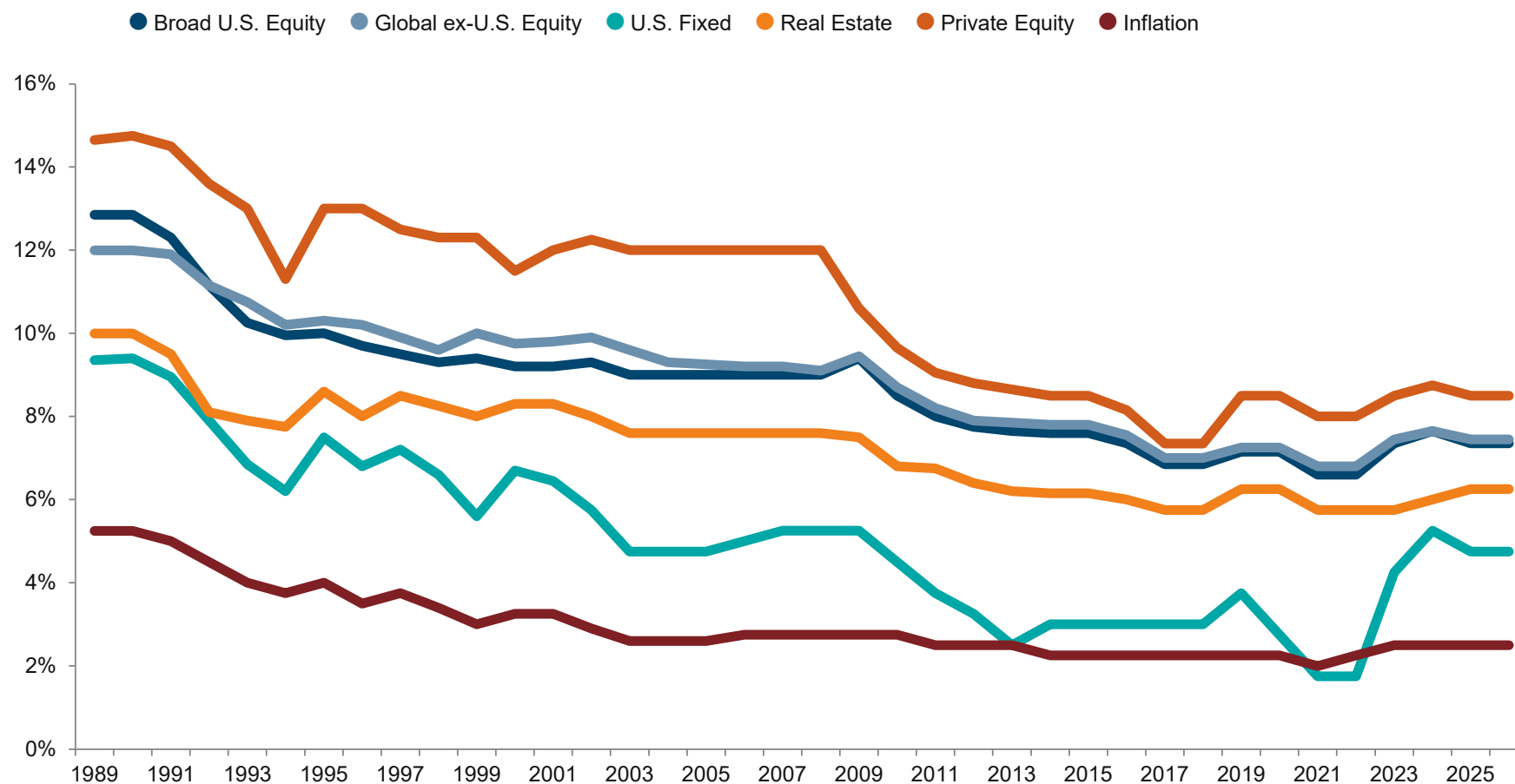
## 2026–2035 Callan Capital Markets Assumptions Correlations

Large Cap U.S. Equity	1.00																					
Smid Cap U.S. Equity	0.86	1.00																				
Dev ex-U.S. Equity	0.70	0.81	1.00																			
Emerging Market Equity	0.74	0.81	0.89	1.00																		
Short Dur Gov/Credit	0.07	0.03	0.06	0.01	1.00																	
Core U.S. Fixed	0.14	0.08	0.11	0.06	0.80	1.00																
Long Government	0.07	0.05	0.08	0.05	0.67	0.83	1.00															
Long Credit	0.40	0.35	0.35	0.35	0.64	0.81	0.72	1.00														
TIPS	0.02	0.00	0.01	-0.02	0.55	0.75	0.56	0.54	1.00													
High Yield	0.73	0.73	0.70	0.73	0.13	0.15	0.05	0.45	0.06	1.00												
Global ex-U.S. Fixed	0.15	0.14	0.17	0.13	0.50	0.53	0.43	0.53	0.40	0.16	1.00											
EM Sovereign Debt	0.61	0.62	0.63	0.67	0.17	0.23	0.13	0.46	0.11	0.62	0.17	1.00										
Core Real Estate	0.38	0.31	0.33	0.28	0.17	0.21	0.10	0.30	0.13	0.30	0.15	0.22	1.00									
Private Infrastructure	0.47	0.45	0.45	0.43	0.14	0.18	0.10	0.33	0.08	0.34	0.18	0.32	0.65	1.00								
Private Equity	0.79	0.76	0.75	0.73	-0.02	0.02	-0.06	0.26	-0.07	0.55	0.10	0.45	0.44	0.52	1.00							
Private Credit	0.65	0.64	0.62	0.63	0.04	0.00	-0.02	0.31	-0.05	0.55	0.11	0.47	0.26	0.27	0.65	1.00						
Hedge Funds	0.62	0.58	0.55	0.55	0.28	0.41	0.27	0.52	0.26	0.50	0.25	0.48	0.20	0.31	0.42	0.47	1.00					
Commodities	0.20	0.20	0.20	0.20	-0.04	-0.05	-0.10	0.05	0.00	0.18	0.05	0.15	0.16	0.15	0.16	0.14	0.17	1.00				
Cash Equivalents	-0.02	-0.07	-0.08	-0.08	0.27	0.16	0.12	0.04	0.14	-0.03	0.10	-0.02	0.02	-0.04	-0.04	-0.04	0.00	-0.02	1.00			
Inflation	0.00	0.02	0.00	0.02	-0.20	-0.22	-0.30	-0.20	0.25	-0.03	-0.12	-0.04	0.20	0.10	0.04	-0.04	-0.01	0.35	0.02	1.00		
	Large Cap	Smid Cap	Dev ex-US	EM Equity	Short Dur	Core Fix	Long Gov	Long Credit	TIPS	High Yield	GI ex-US Fixed	EMD	Core RE	Pvt Infra	Pvt Equity	Pvt Credit	Hedge Fund	Comm	Cash Eq	Inflation		

Source: Callan

# Return Projections: Major Asset Classes

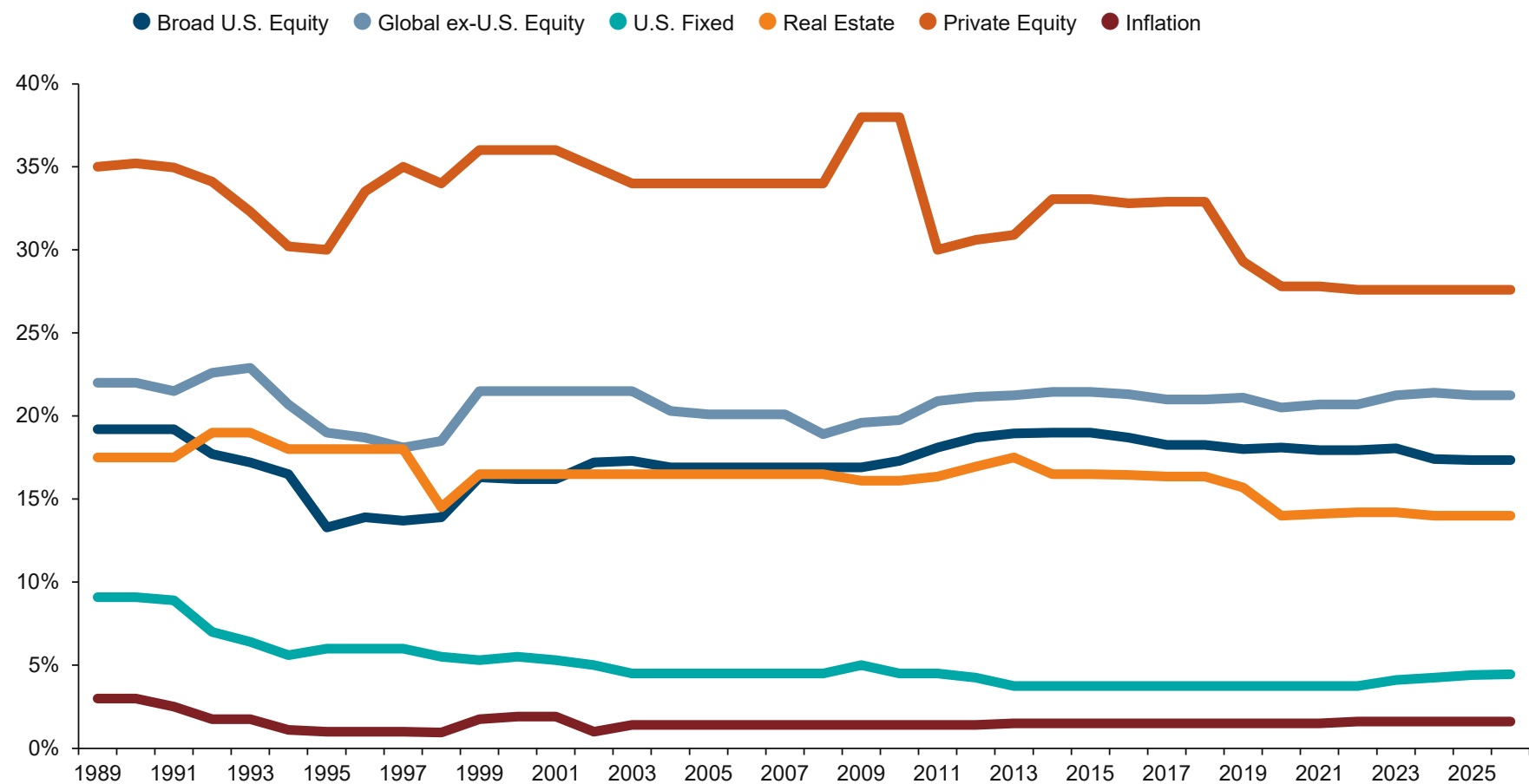
1989–2026



Source: Callan

# Risk Projections: Major Asset Classes

1989–2026



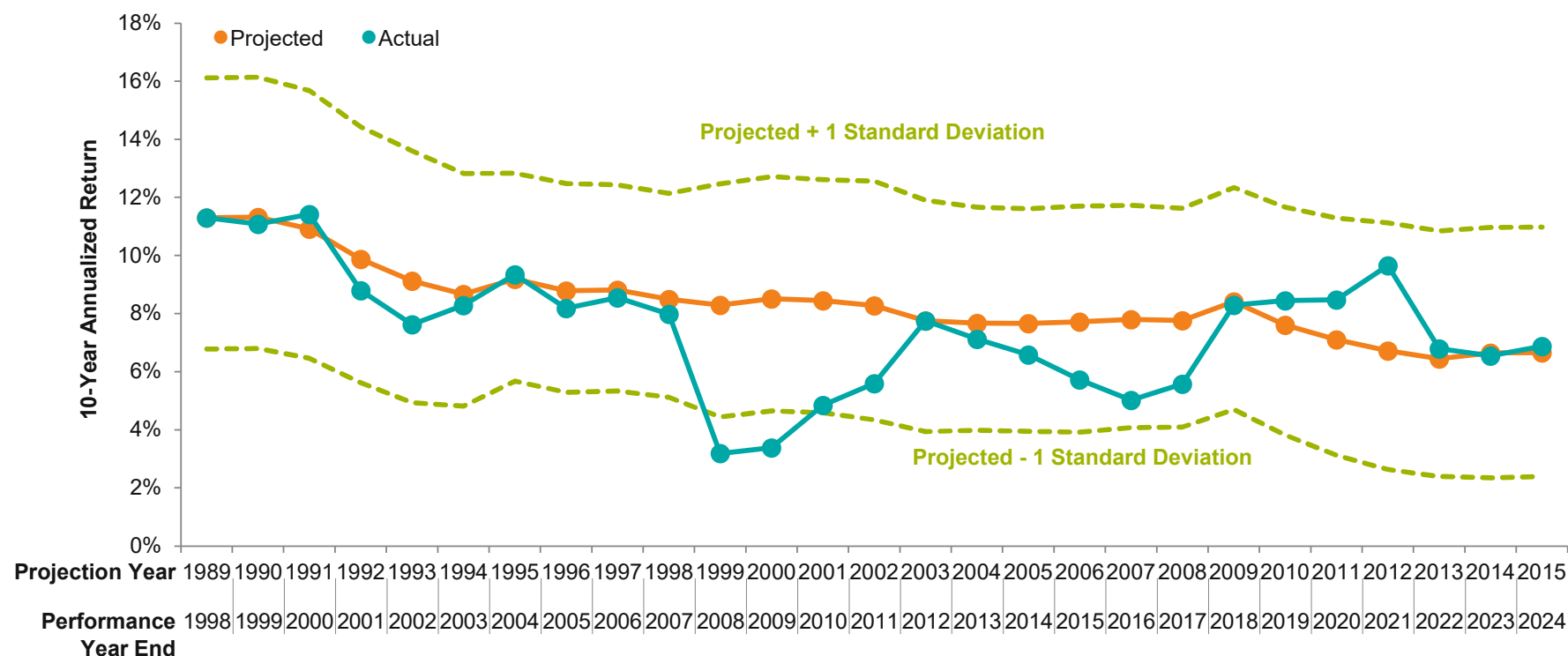
Source: Callan

## Actual Returns vs. Callan Projections

Projection Years 1989–2015

### Historical Comparison: Actual Returns vs. Callan Capital Markets Projections

Portfolio (60% Equity, 30% Fixed, 10% Real Estate)



- Our projections are generally within one standard deviation of the actual return experienced
- The glaring exceptions are the 10-year periods ended in 2008 and 2009 which contained not one but two major collapses in the equity market: the Dot-Com Bubble in 2001-02 and the Global Financial Crisis in 2008

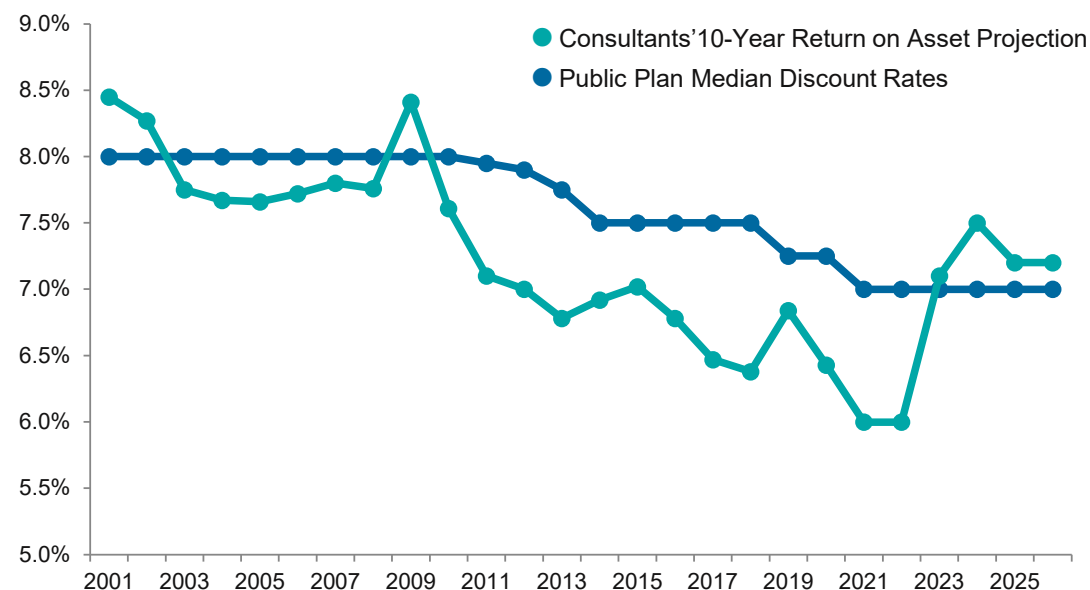
# Public Plan Return Assumptions

Public pension system actuaries took over 10 years to lower rates to current levels; any reversal of the trend will likely be gradual.

We believe there is now an increased probability of achieving the current return assumption vs. 10 years ago.

Callan's return assumption for a diversified public fund portfolio is now more in line with many actuaries' projections.

Discount Rates



Source: Callan, NASRA

Consensus public plan allocation modeled as 60% global equity / 30% fixed income / 10% real estate from 2001-2011. Consensus allocation modeled as 60% global equity / 25% fixed income / 10% real estate / 5% private equity for 2012-2025 to reflect the shift to more aggressive asset mixes over time.

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To: Independent Investment Committee (IIC)  
From: Raynald Leveque, Chief Investment Officer  
Jonathan Diaz, Investment Generalist  
Date: January 20, 2026  
Re: **Public Global Equity Structure Review - US Equity Manager Rebalancing**  
Item: Action: ☒ Discussion: ☐ Informational: ☐

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### **Recommendation**

**Recommendation:** Based on the strategic fit within the New Hampshire Retirement System portfolio and following due diligence conducted by the NHRS Investment Team and Callan, **Staff recommends the Independent Investment Committee (IIC) approve proposed Alternative 2 (Alt 2) for the U.S. Equity Manager Rebalancing.**

The proposed structure reduces the historical overweight to small and SMID cap equities, improves alignment with the U.S. equity benchmark, and enhances implementation efficiency while maintaining diversification across managers and styles. In addition, the recommended changes will address benchmark relative underperformance attributable, in part, to the portfolio's allocation across capitalization buckets, including an underweight to large and mega-cap equities relative to the benchmark. The portfolio will be better positioned to pursue more targeted alpha relative to the benchmark, with lower overall tracking error.

Callan, our investment consultant, supports the Investment Team's recommendation on the manager rebalancing within the US Public Equity portfolio. The attached Callan structure review provides additional detail on the analysis supporting the proposed changes.

### **November 2025 IIC Meeting Recap**

The Investment Team (Team), the IIC and Callan discussed their views on the global public equity asset class relative to the benchmark, MSCI ACWI IMI. As part of that discussion, the Investment Team presented a series of potential structural considerations intended to increase overall performance, reduce misfit risk, reduce unintended tracking error and enhance the long-term efficiency of portfolio implementation.

During the Public Equity discussion, the following areas were identified as items that would need to be addressed as part of the US Equity Structure discussion.

#### **US Capitalization Size Exposure**

- Move to neutralize the historical overweight in mid and small cap exposure created through legacy manager allocations
- Reduce overall tracking error and improve performance relative to US portion of Global Equity

## Style Exposure

- Maintain exposure in both growth & value styles within the US Equity portion of Global Equity

## Active versus Passive in US

- Maintain active and passive management in US Equity
- Preserve active management in areas where the Team believes active skill is best rewarded (i.e. small cap)
- Neutralize deviations from the US equity portfolio benchmark to minimize tracking error
- Explore conversion of existing passive index vehicles to enhanced indexing or systematic strategies for large and mid-cap equities

## Portfolio Recommendations

As part of the U.S. Public Equity Structure Review, the Investment Team evaluated multiple manager structure alternatives designed to reduce the small cap bias in the US Equity portfolio though unintended tracking error, and benchmark alignment.

The Investment Team evaluated three different alternative portfolio structures. Each alternative (Alt 1, Alt 2, and Alt 3) was evaluated using an analytical framework that included capitalization exposure, total portfolio risk and tracking error, style exposures, and manager overlap/diversification.

Based on the analysis performed, the investment Team recommends **Alt 2, (see below)**, which rebalances the U.S. equity manager structure to improve alignment with Russell 3000 benchmark while materially reducing active risk. See the summary below.

## Proposed Structure for US Equity as of 12/31/2025 – Alt 1, Alt 2, Alt 3 vs US Equity Portfolio

NHRS US Equity Portfolio	Current Market Value (12/31/2025)			Alt 1		Alt 2		Alt 3	
Sub Asset Class	Assets (\$mm)	Current Weight	Benchmark Russell 3000	\$ mm	%	\$ mm	%	\$ mm	%
<b>Large Cap Domestic Equity</b>	1,643,386,701	48.9%	<b>77.0%</b>	2,962,536,954	88.1%	2,812,536,954	83.6%	2,812,536,954	83.6%
Blackrock S&P 500	1,643,386,701	48.9%		2,962,536,954	88.1%	2,812,536,954	83.6%	2,812,536,954	83.6%
<b>Mid Cap Domestic Equity<sup>1</sup></b>	-	0.0%	<b>16.0%</b>						
<b>SMid Cap Domestic Equity</b>	824,644,305	24.5%		100,000,000	3.0%	150,000,000	4.5%	150,000,000	4.5%
Alliance Bernstein	509,486,988	15.2%		-	0.0%	-	0.0%	-	0.0%
TSW	315,157,317	9.4%		100,000,000	3.0%	150,000,000	4.5%	150,000,000	4.5%
<b>Small Cap Domestic Equity</b>	894,505,948	26.6%	<b>7.0%</b>	300,000,000	8.9%	400,000,000	11.9%	400,000,000	11.9%
Wellington Small Cap	344,244,087	10.2%		100,000,000	3.0%	250,000,000	7.4%	250,000,000	7.4%
SBH	292,540,023	8.7%		100,000,000	3.0%	150,000,000	4.5%	-	0.0%
Boston Trust	257,721,838	7.7%		100,000,000	3.0%		0.0%	150,000,000	4.5%
<b>Domestic Equity Portfolio</b>	<b>3,362,536,954</b>	<b>100%</b>		<b>3,362,536,954</b>	<b>100%</b>	<b>3,362,536,954</b>	<b>100%</b>	<b>3,362,536,954</b>	<b>100%</b>
<b>Large Cap Domestic Equity</b>	1,643,386,701	48.9%		2,962,536,954	88.1%	2,812,536,954	83.6%	2,812,536,954	83.6%
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<b>Small Cap Domestic Equity</b>	894,505,948	26.6%		300,000,000	8.9%	400,000,000	11.9%	400,000,000	11.9%

<sup>1</sup>NHRS has historically obtained its mid cap exposure through broader SMID cap mandates; as a result, the dedicated mid cap bucket reflects a current market value of zero.

Source: NHRS, BNY, Callan

1. **Transition the existing assets managed by Alliance Bernstein within the SMID Blend strategy to the existing passive S&P 500 index vehicle, pending future evaluation of enhanced indexing options.** This transition would move the portfolio toward neutralizing the historical overweight of approximately 20-25% relative to the US benchmark in small and mid-cap exposure, increasing exposure to large and mega-cap equities. The SMID mandate managed by TSW will be retained to preserve differentiated active exposure within the portfolio. TSW's deep value investment approach provides meaningful diversification benefits, supporting overall portfolio balance and style diversification.
2. **Transition the existing assets managed by Boston Trust within their Small Cap strategy to a passive index S&P 500 vehicle, pending evaluation of enhanced indexing options.** As part of the broader US equity rebalancing, this action consolidates assets to improve structural alignment and reduce unnecessary complexity. Under the proposed structure, Wellington will serve as the anchor small-cap mandate, providing core exposure at meaningful scale. SBH will be retained as a complementary core allocation with a historical growth tilt, supporting style balance and diversification within reduced small-cap allocation. Together, this structure reduces the number of U.S. small-cap managers to two, while maintaining target active exposure through the SMID mandate TSW, which provides differentiated value exposure and diversification benefits within the broader portfolio.

The decision to terminate these two mandates is based solely on portfolio-structure considerations rather than any view on manager capabilities or performance. The changes are intended to improve benchmark alignment, reduce misfit risk, and address the portfolio's significant overweight to small-cap exposures, which in turn will help lower overall US Equity portfolio tracking error. Streamlining the number of mandates will reduce overdiversification given the reduction in overall capital with our small cap exposure.

### **Supporting Analysis by NHRS Investment Team**

#### **1. Reduce Small Cap Exposure**

- The proposed restructure rebalances the U.S. equity portfolio by reducing the historical overweight by reducing overweight to small and SMID cap stocks and reallocating capital toward large cap equities, improving alignment with the Russell 3000 benchmark.
- Recent benchmark-relative underperformance has been driven, in part by the portfolio's structural underweight to mega-cap equities, which have contributed excessively to overall benchmark returns over the latest market cycle.
- The restructured NHRS US public equity portfolio is expected to result in a modest reduction in total portfolio volatility, from 16.81% to approximately 16.40%, while producing a material reduction in active risk (tracking error) from approximately 4% down to 0.80%.

In addition, the recommended rebalancing reduces small and mid-cap exposure by over 20% relative to the current structure, bring cap weights materially closer to benchmark levels.

## U.S. Equity Capitalization as of 12/31/2025 – Current Portfolio vs Alt 2 Portfolio

Market Capitalization Categories (%)	Current Portfolio	Proposed Portfolio (Alt 2)	Benchmark: Russell 3000	Difference: Alt 2. vs Current Portfolio
Mega Caps (>\$168.5B)	33.5	56.6	59.8	+23.1
Large Caps (\$50.9B - \$168.5B)	10.1	17.1	18.8	+7.0
Mid Caps (\$4.6B - \$50.9B)	36.6	18.5	18.2	-18.1
Small Caps (\$30.3M - \$4.6B)	19.9	7.8	3.2	-12.1
Not Classified	0.0	0.0	0.0	+0.0

Source: NHRS (Bloomberg analysis), BNY

## 2. Active Risk and Tracking Error

Active risk declines significantly across all three alternatives modeled due to:

- Overall tracking error for the US Equity portfolio versus the Russell 3000 goes from approximately 400 basis points to 80 basis points, as intended for this recommendation.
- Reduced small and SMID cap exposure, which historically contributed to excessive tracking error and factor volatility relative to the Russell 3000 benchmark.
- Fewer manager positions overlaps, lower correlated active bets and reduced idiosyncratic risk across the portfolio.
- Reduced excess return correlation, improving diversification of active risk and lowering total tracking error volatility.

### Proposed Risk Statistics – Current Portfolio vs Alt 1, Alt 2, Alt 3 Portfolios

Risk Classifications	Current Portfolio	Alt 1	Alt 2	Alt 3
<b>Total Portfolio Volatility</b>	16.8	17.3	16.4	16.2
<b>Tracking Error</b>	4.0%	0.5%	0.8%	0.9%
Market / Factor (%)	82.3	80.2	80.2	83.4
Manager-Specific Risk (%)	17.7	19.8	19.8	16.6

Source: NHRS (Bloomberg analysis using Port Risk Model), BNY

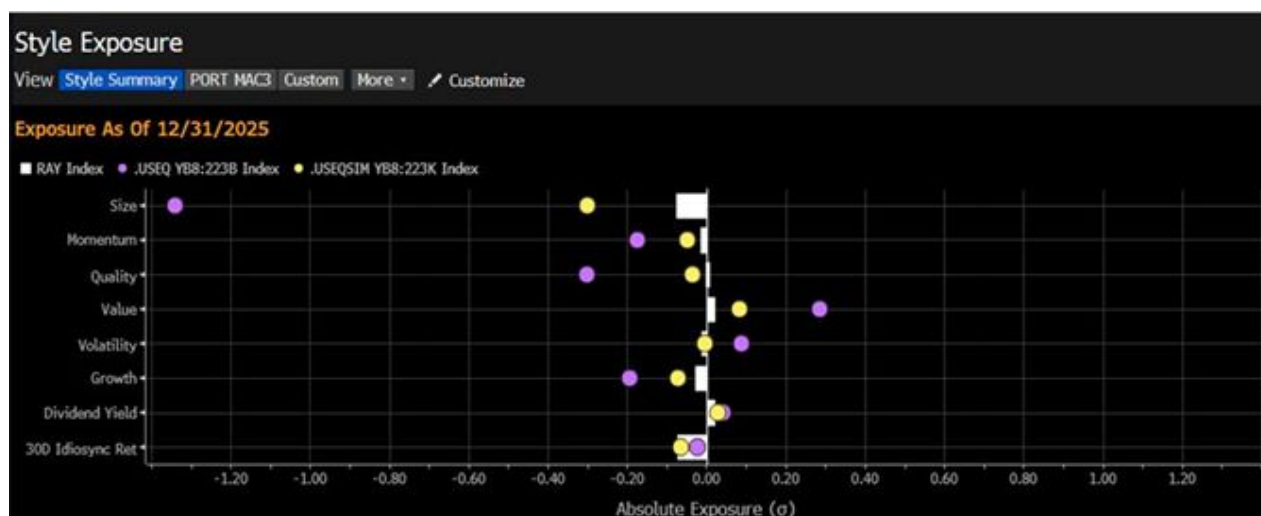
## 3. Style Balance

As shown below, the proposed portfolio limits unintended style tilts relative to the benchmark and reduces the risks of concentrated factor exposures. Historically, the US equity portfolio has exhibited a smaller size bias relative to the benchmark. The proposed Alt 2 reduces the size tilt and moves closer to the benchmark.

Style exposures under Alt 2 remain closely aligned with the benchmark, with no material unintended tilts. Style exposure will continue to be monitored as part of the broader U.S. equity structure review.

Maintaining our exposure to TSW provides a meaningful exposure to Value that is balanced to the Growth bias from the proposed small cap managers.

## Bloomberg Style Factor Exposure – Current Benchmark vs Current Portfolio and Alt 2 Portfolio



Source: NHRS (Bloomberg analysis using Port Risk Model), BNY

Purple circle: Current Portfolio

Yellow circle: Proposed Alt 2 Portfolio

### 4. Lower fees

The recommended structure Alt 2 results in a reduction in overall U.S. equity management fees due to increased utilization of passive strategies. In addition, the consolidations of manager relationships are expected to improve operational efficiency and economies of scale within the U.S. equity portfolio.

Accompanying this recommendation is Callan's diligence report, which provides additional independent analysis, comparison, and statistics supporting our recommendation.

The Investment Team believe that this recommendation will improve the overall performance of the Global Equity Asset Class and enable us to achieve our overall long-term target return at an acceptable level of risk.



## NHRS US Equity Structure

January 2026

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## New Hampshire Retirement System U.S. Portfolio Summary

January 2026

U.S. Equity (12/31/2025)	Assets	Weights (%)
<b>Large Cap</b>		
BlackRock S&P 500	\$1,643,386,701	48.9%
<b>SMID Cap</b>		
AllianceBernstein	\$509,486,988	15.2%
TSW	\$315,157,317	9.4%
<b>Small Cap</b>		
Boston Trust	\$257,721,838	7.7%
Segall Bryant & Hamill	\$292,540,023	8.7%
Wellington	\$344,244,087	10.2%

NHRS deploys capital across Large Cap, SMID, and Small Cap managers to build a diversified U.S. equity portfolio. As of December 31, 2025, the SMID and Small Cap allocations were each approximately 25% of the portfolio, with the remaining nearly 50% invested in a passively managed Large Cap strategy. While the portfolio is benchmarked to the Russell 3000, its construction differs meaningfully from the index. In particular, the portfolio is intentionally overweight Small Cap stocks by approximately 23% and exhibits a Core/Value style tilt relative to the Russell 3000. These active allocation and style decisions result in a tracking error of 3.16, reflecting a moderate level of active risk versus the benchmark.

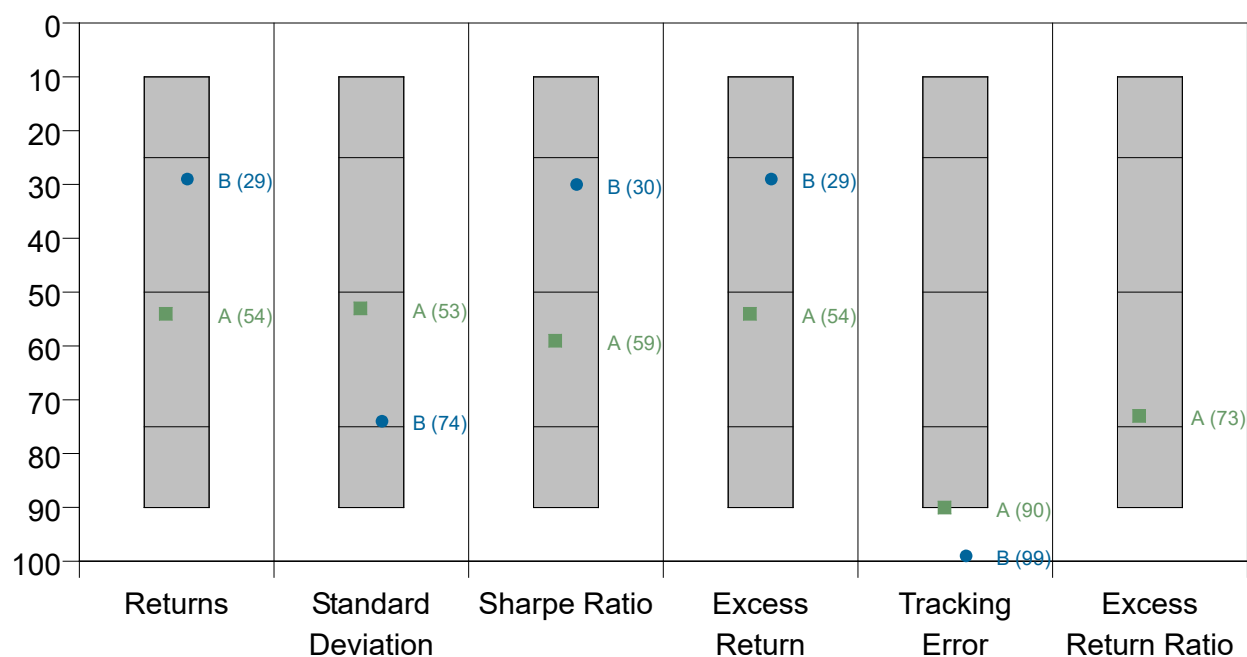


# Current U.S. Domestic Equity Portfolio

Weights as of 12/31/2025

Gross of Fee Statistics for 10 Years Ended September 30, 2025

Group: Callan All Cap Broad



	Returns	Standard Deviation	Sharpe Ratio	Excess Return	Tracking Error	Excess Return Ratio
10th Percentile	17.27	19.58	0.90	2.56	9.41	0.49
25th Percentile	15.19	17.73	0.81	0.48	7.39	0.14
Median	13.62	16.65	0.71	(1.09)	6.15	(0.15)
75th Percentile	12.00	15.70	0.59	(2.71)	4.55	(0.42)
90th Percentile	11.00	15.34	0.54	(3.71)	3.12	(0.49)
Current Domestic Equity ■ A	13.42	16.53	0.69	(1.29)	3.16	(0.41)
Russell:3000 Index ● B	14.71	15.80	0.80	0.00	0.00	--

Callan

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## Proposed Mixes

# Excess Correlations in U.S. Equity Portfolio

As of 9/30/2025

Excess Correlation Table  
Benchmark: Russell:3000 Index  
for 5 Years Ended September 30, 2025

Blackrock S&P 500	1.0000					
AllianceBernstein	(0.8138)	1.0000				
TSW	(0.4549)	0.5969	1.0000			
Boston Trust	(0.5147)	0.6990	0.7728	1.0000		
Segall Bryant & Hamill	(0.6495)	0.8306	0.6568	0.8258	1.0000	
Wellington	(0.8976)	0.8647	0.5683	0.6602	0.8001	1.0000
	Blackrock S&P 500	AllianceBernstein	TSW	Boston Trust	Segall Bryant & Hamill	Wellington

Excess Correlation Table  
Benchmark: Russell:3000 Index  
for 10 Years Ended September 30, 2025

Blackrock S&P 500	1.0000					
AllianceBernstein	(0.8498)	1.0000				
TSW	(0.5062)	0.5467	1.0000			
Boston Trust	(0.4868)	0.6371	0.6296	1.0000		
Segall Bryant & Hamill	(0.6395)	0.8051	0.5074	0.7730	1.0000	
Wellington	(0.9091)	0.8723	0.5890	0.6102	0.7423	1.0000
	Blackrock S&P 500	AllianceBernstein	TSW	Boston Trust	Segall Bryant & Hamill	Wellington

During the November 2025 IC meeting, Callan presented a hypothetical portfolio that removed AllianceBernstein in favor of retaining TSW, a Value SMID Cap manager that can act as a counterbalance to the core/growth style of the Small Cap managers. To demonstrate a diversifying benefit of TSW, compare the excess correlations between the Small Cap managers. In absolute terms, the excess correlation of AllianceBernstein to the Small Cap managers, Wellington in particular, tends to be higher than TSW. This means that TSW is more likely to be a differentiating addition to the portfolio structure.

# NHRS Proposed Mixes

Market Values as of 12/31/2025

Manager	Current (12/31/2025)		Alt 1		Alt 2		Alt 3	
	Assets (\$MM)	%	\$ mm	%	\$ mm	%	\$ mm	%
Large Cap	1,643,386,701	48.9%	2,962,536,954	88.1%	2,812,536,954	83.6%	2,812,536,954	83.6%
Blackrock S&P 500	1,643,386,701	48.9%						
New Manager - Enhanced Rus 1000 Index			2,962,536,954	88.1%	2,812,536,954	83.6%	2,812,536,954	83.6%
Mid/Small Cap	824,644,305	24.5%	100,000,000	3.0%	150,000,000	4.5%	150,000,000	4.5%
AllianceBernstein	509,486,988	15.2%						
TSW	315,157,317	9.4%	100,000,000	3.0%	150,000,000	4.5%	150,000,000	4.5%
Small Cap	894,505,948	26.6%	300,000,000	8.9%	400,000,000	11.9%	400,000,000	11.9%
Boston Trust	257,721,838	7.7%	100,000,000	3.0%			150,000,000	4.5%
Segall Bryant & Hamill	292,540,023	8.7%	100,000,000	3.0%	150,000,000	4.5%		
Wellington	344,244,087	10.2%	100,000,000	3.0%	250,000,000	7.4%	250,000,000	7.4%
Total Domestic Equity	3,362,536,954	100.00%	3,362,536,954	100.00%	3,362,536,954	100.00%	3,362,536,954	100.00%

## Reduce the overall misfit of the portfolio with respect to the Russell 3000

- To correct the overweight to Small Cap, each of the mixes allocates at least \$1 billion dollars to U.S. Large Cap
- In addition to re-allocating roughly 33% of the portfolio to U.S. Large Cap, Callan also considered the balance of Value and Growth managers in the style of the portfolio.
- Callan modeled alternatives that remove AllianceBernstein from U.S. SMID Cap and alternated removing Boston Trust or Segall Bryant & Hamill from U.S. Small Cap

## Identify ways to generate alpha within U.S. Domestic Equity

- NHRS has relied on active management in U.S. Small Cap to outperform the Russell 2000 to add value to the portfolio
- NHRS will decide between an S&P 500 and an enhanced Russell 1000 index vehicle for the U.S. Large Cap mandate. Callan modeled outcomes for both options in the following slides

## Consolidated Mix Comparison: Historical 10 Year Returns

Market Values as of 12/31/2025

	Removes BT							Removes SBH	
	Current	Alt 1		Alt 2		Alt 3			
Large Cap (\$)	1,643,386,701	2,962,536,954		2,812,536,954		2,812,536,954			
SMID Cap (\$)	824,644,305	100,000,000		150,000,000		150,000,000			
Small Cap (\$)	894,505,948	300,000,000		400,000,000		400,000,000			
		Rus 1000	S&P 500	Rus 1000	S&P 500	Rus 1000	S&P 500		
Large Cap	-32.9%	-7.9%	2.2%	-11.4%	-1.8%	-11.5%	-1.8%		
Small/SMID Cap	33.0%	8.0%	-2.2%	11.4%	1.8%	11.5%	1.8%		
Value	-2.9%	-3.4%	0.0%	-3.3%	0.0%	-3.2%	0.1%		
Core	4.6%	1.6%	0.6%	1.8%	0.8%	2.1%	1.1%		
Growth	-1.8%	1.8%	-0.6%	1.5%	-0.8%	1.1%	-1.1%		
Returns	13.42	15.15	14.88	15.04	14.78	15.01	14.75		
Excess Rtns	-1.29	0.44	0.17	0.33	0.07	0.30	0.04		
Tracking Error	3.16	1.43	0.82	1.50	0.70	1.47	0.78		
Estimated Fees	0.31%	0.30%	0.09%	0.33%	0.12%	0.32%	0.11%		

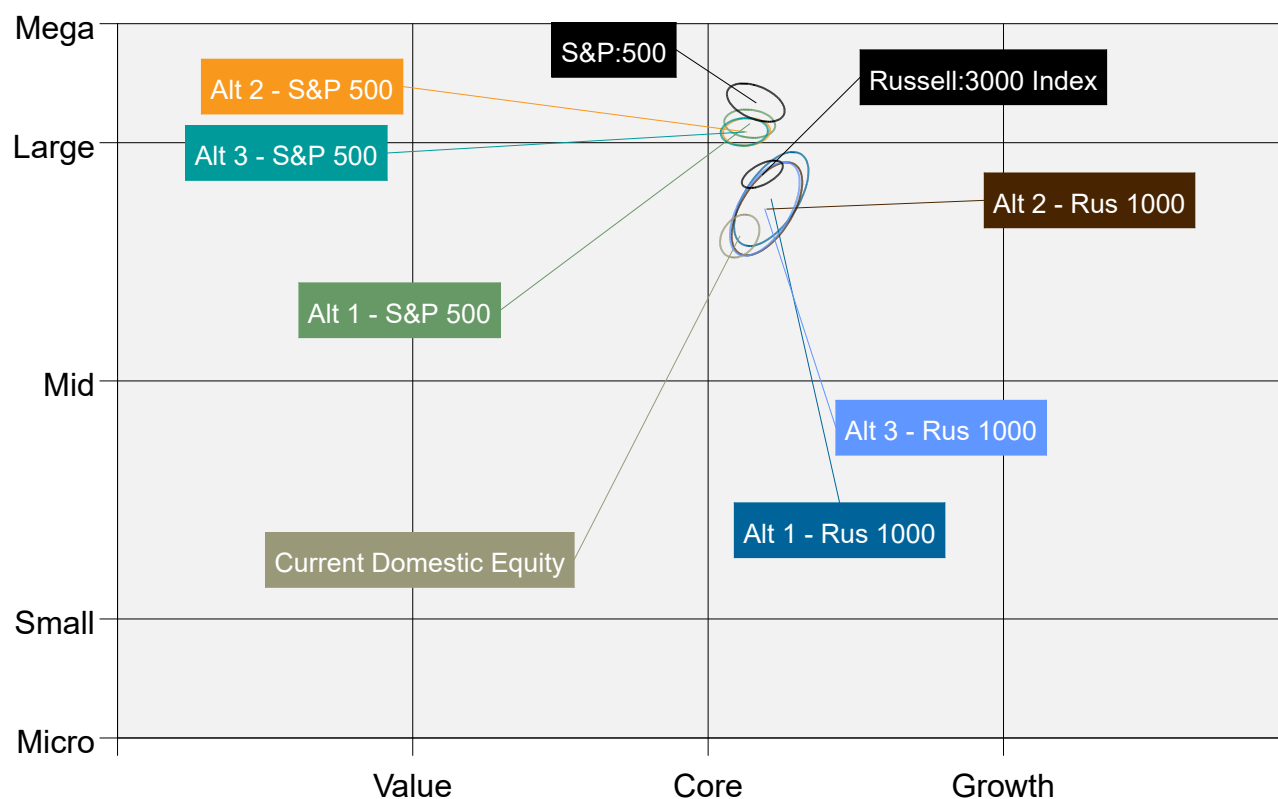
- Alternatives using the enhanced Russell 1000 have a higher size bias (lower cap) than the S&P 500, as would be expected
- Alternatives using the enhanced Russell 1000 have higher fees due to the active/enhanced management approach employed in Large Cap
- Alternatives using the S&P 500 product have a lower tracking error, but all alternatives exhibit lower tracking error relative to the Current Portfolio

*Style characteristics and performance measures calculated using 9/30/25 data*

## Proposed Mixes: Style Map

As of 09/30/2025

Domestic Equity Style Map  
for 5 Years Ended September 30, 2025

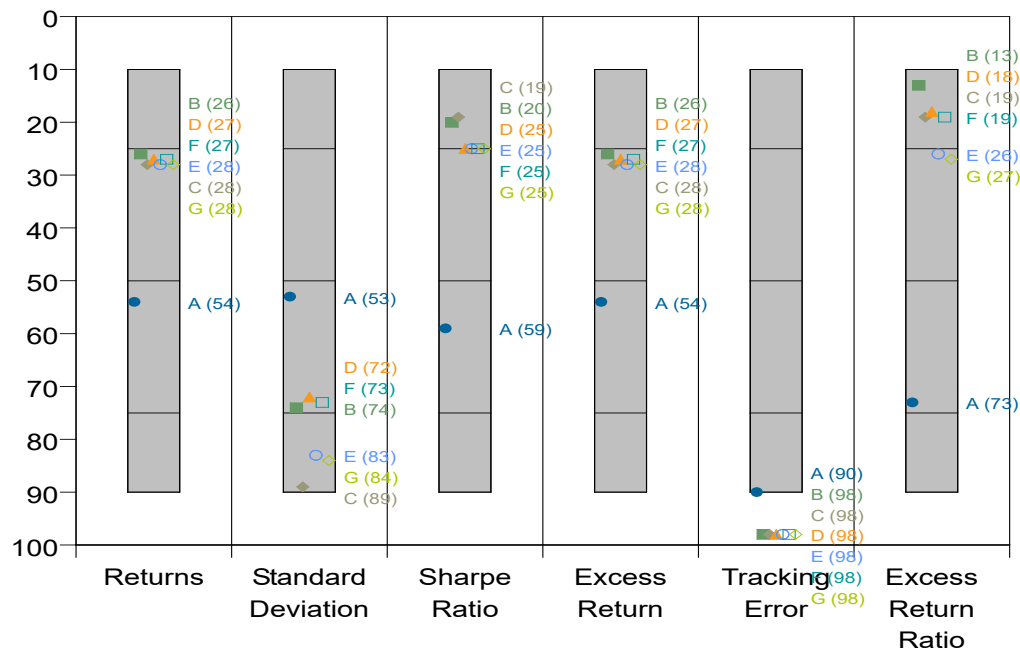


Because of the size differences of the managers in the S&P 500 and the Russell 1000, the alternatives using the S&P 500 product will have a higher market capitalization. The alternatives using the enhanced Russell 1000 are exposed to a more growth-orientated product which pulls the mixes slightly away from core.

# Current U.S. Equity Portfolio v. Proposed Mixes

As of 9/30/2025

Gross of Fee Statistics for 10 Years Ended September 30, 2025  
Group: Callan All Cap Broad



	10th Percentile	17.27	19.58	0.90	2.56	9.41	0.49	
	25th Percentile	15.19	17.73	0.81	0.48	7.39	0.14	
	Median	13.62	16.65	0.71	(1.09)	6.15	(0.15)	
	75th Percentile	12.00	15.70	0.59	(2.71)	4.55	(0.42)	
	90th Percentile	11.00	15.34	0.54	(3.71)	3.12	(0.49)	
	Current Domestic Equity	● A	13.42	16.53	0.69	(1.29)	3.16	(0.41)
Domestic Equity Alt 1 Rus 1000	■ B	15.15	15.77	0.83	0.44	1.43	0.31	
Domestic Equity Alt 1 S&P	◆ C	14.88	15.41	0.83	0.17	0.82	0.21	
Domestic Equity Alt 2 Rus 1000	▲ D	15.04	15.94	0.81	0.33	1.50	0.22	
Domestic Equity Alt 2 S&P	○ E	14.78	15.59	0.81	0.07	0.70	0.10	
Domestic Equity Alt 3 Rus 1000	□ F	15.01	15.91	0.81	0.30	1.47	0.21	
Domestic Equity Alt 3 S&P	◇ G	14.75	15.56	0.81	0.04	0.78	0.06	

## Passive Style Exposure: Mix 1

As of 9/30/2025

Style Exposure Matrix  
for 10 Years Ended September 30, 2025  
Top: Dom Equity Alt 1 Tgt - Rus 1000  
Middle: Dom Equity Alt 1 Tgt - S&P 500  
Bottom: Russell:3000 Index

Large	20.1%	20.2%	32.7%	72.9%
	22.2% 21.3% (98)	22.3% 21.5% (98)	34.9% 34.8% (100)	79.5% 77.5% (296)
Mid	4.8%	5.8%	6.1%	16.7%
	4.0% 4.7% (167)	4.0% 5.4% (211)	3.3% 5.5% (215)	11.3% 15.6% (592)
Small	2.4%	3.7%	3.1%	9.2%
	2.0% 1.6% (308)	3.2% 2.4% (495)	2.8% 2.0% (382)	8.1% 6.1% (1186)
Micro	0.4%	0.5%	0.3%	1.2%
	0.4% 0.3% (307)	0.5% 0.3% (395)	0.3% 0.2% (181)	1.2% 0.7% (883)
Total	27.7%	30.1%	42.1%	100.0%
	28.6% 27.9% (880)	30.1% 29.7% (1198)	41.3% 42.4% (879)	100.0% 100.0% (2957)
	Value	Core	Growth	Total



## Passive Style Exposure: Mix 2 & Mix 3

As of 9/30/2025

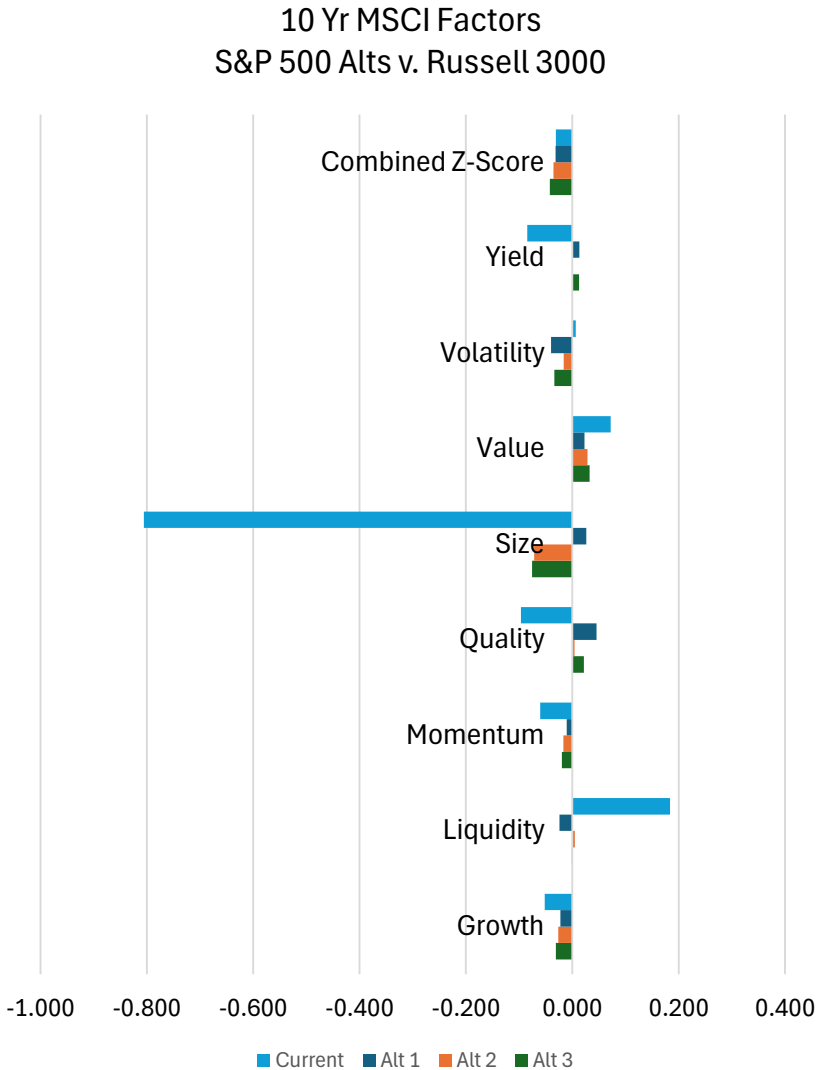
Style Exposure Matrix  
for 10 Years Ended September 30, 2025  
Top: Dom Equity Alt 2 Tgt - Rus 1000  
Middle: Dom Equity Alt 2 Tgt - S&P 500  
Bottom: Russell:3000 Index

Large	19.0% 21.1% 21.3% (98)	19.2% 21.2% 21.5% (98)	31.0% 33.2% 34.8% (100)	69.2% 75.5% 77.5% (296)
Mid	4.8% 4.0% 4.7% (167)	5.9% 4.2% 5.4% (211)	6.4% 3.8% 5.5% (215)	17.2% 12.0% 15.6% (592)
Small	3.1% 2.7% 1.6% (308)	4.8% 4.4% 2.4% (495)	4.1% 3.8% 2.0% (382)	12.0% 10.9% 6.1% (1186)
Micro	0.6% 0.6% 0.3% (307)	0.7% 0.7% 0.3% (395)	0.4% 0.4% 0.2% (181)	1.6% 1.6% 0.7% (883)
Total	27.5% 28.3% 27.9% (880)	30.6% 30.5% 29.7% (1198)	41.9% 41.1% 42.4% (879)	100.0% 100.0% 100.0% (2957)
	Value	Core	Growth	Total

Alternatives 2 and 3 have the same weights in Large, Mid, and Small cap so their passive exposure is identical

# MSCI Style Factors of Mixes

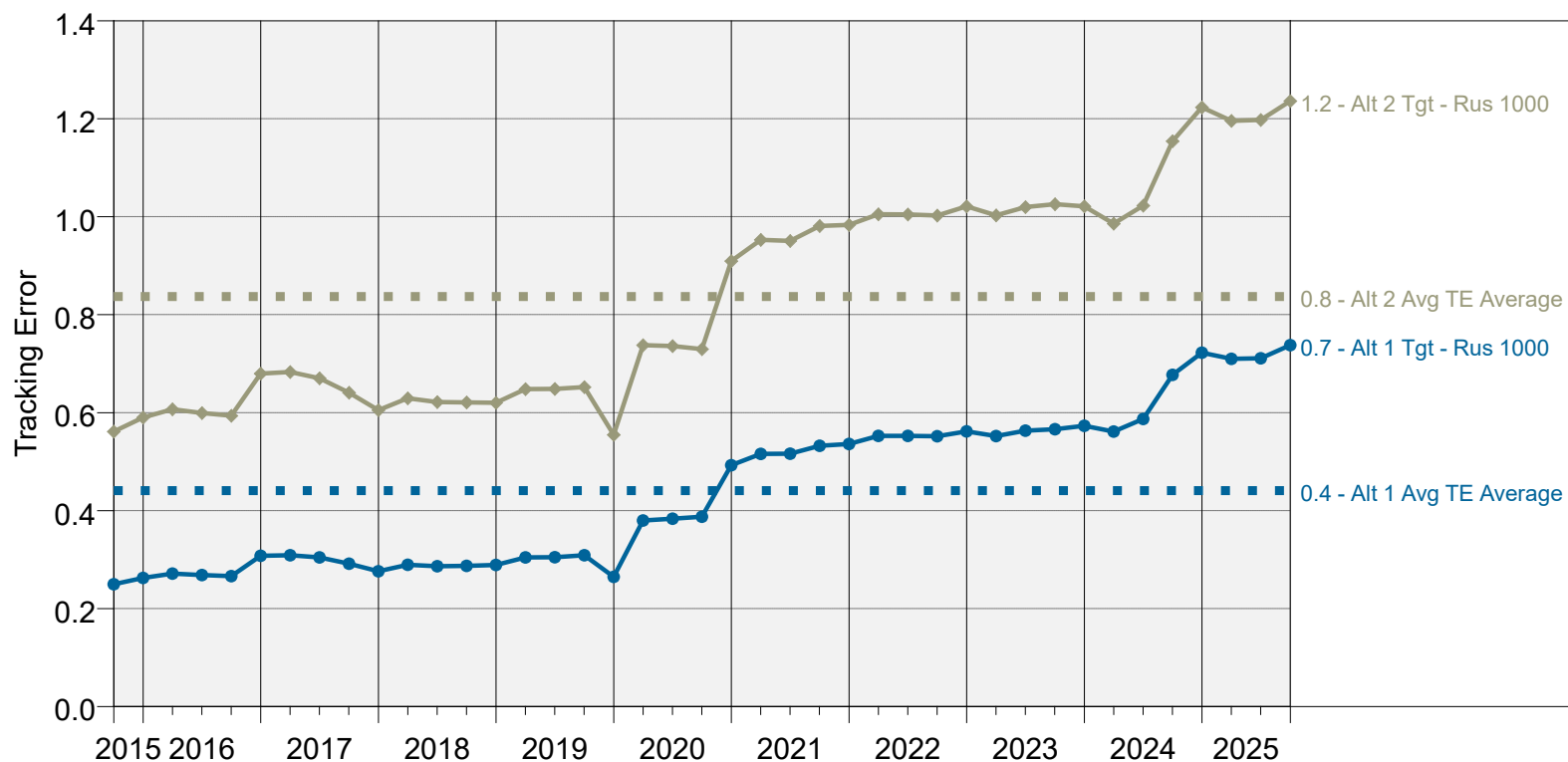
As of 9/30/2025



# Proposed Mixes Tracking Error: Russell 1000 Alts

As of 9/30/2025

Rolling 36 Month Tracking Error Relative To Russell:3000 Index  
for 10 Years Ended September 30, 2025

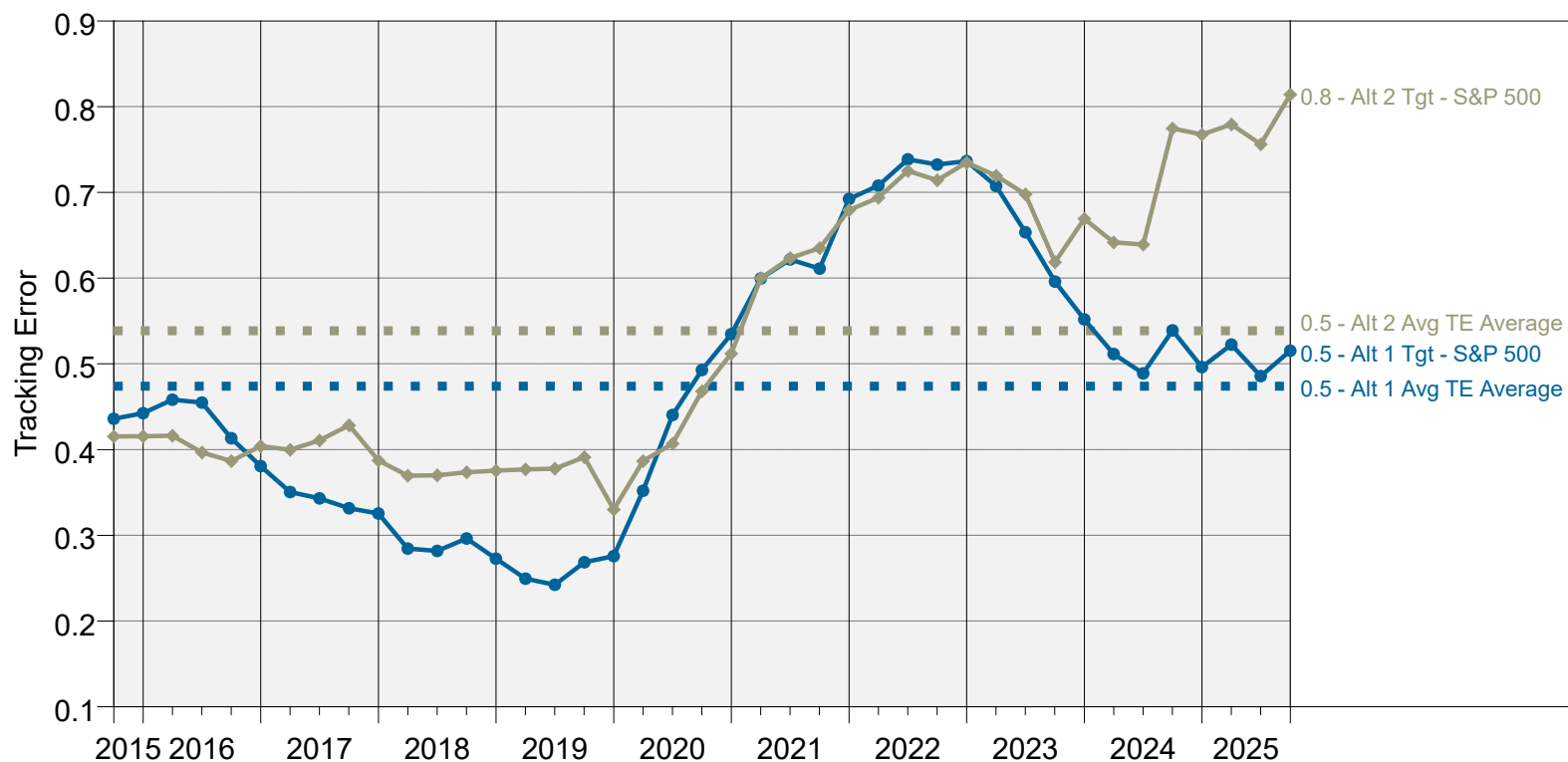


Alternatives 2 and 3 have the same weights in Large, Mid, and Small cap so their passive exposure is identical

# Proposed Mixes Tracking Error: S&P 500 Alts

As of 9/30/2025

Rolling 36 Month Tracking Error Relative To Russell:3000 Index  
for 10 Years Ended September 30, 2025

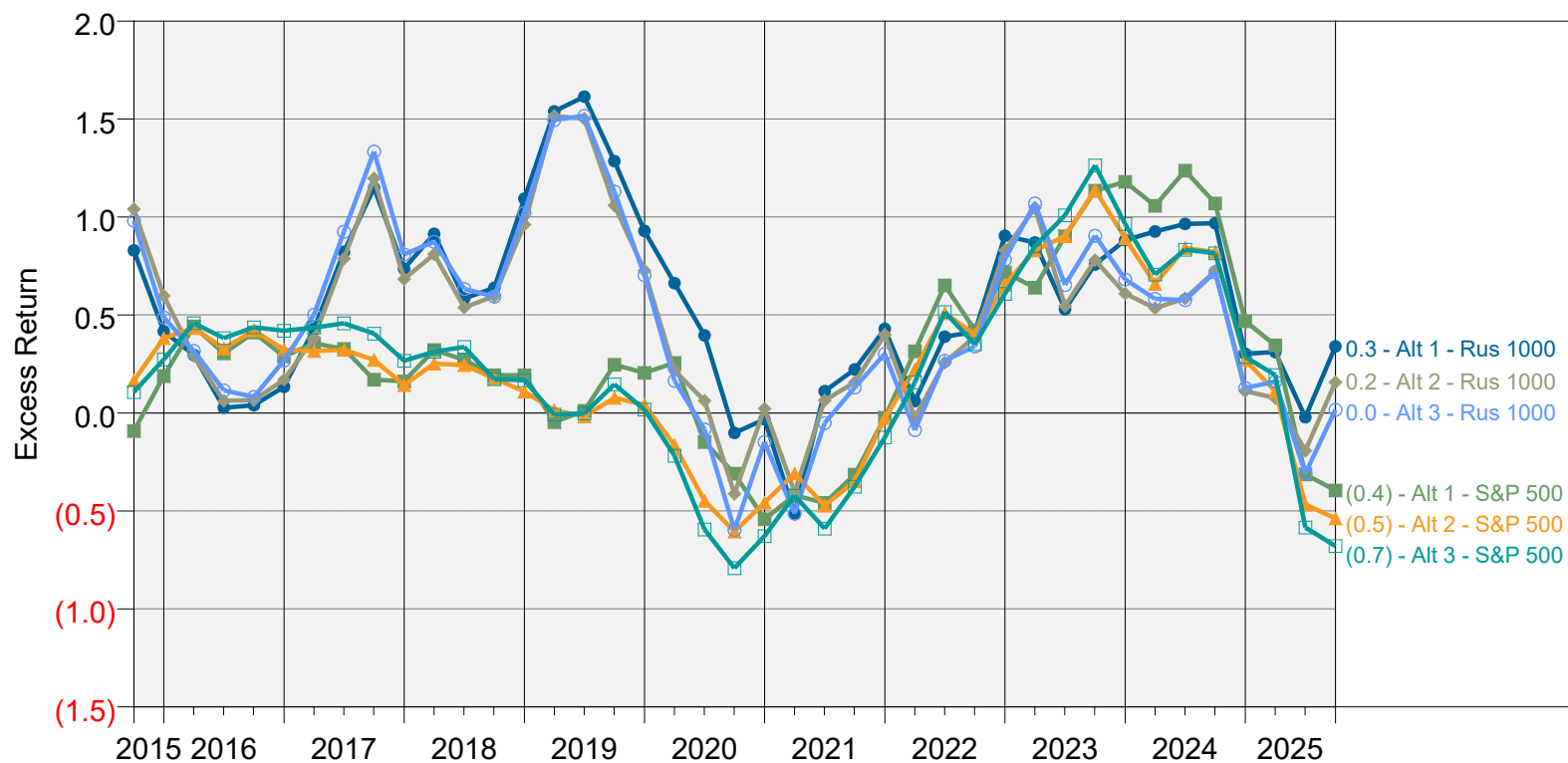


Alternatives 2 and 3 have the same weights in Large, Mid, and Small cap so their passive exposure is identical

# Proposed Mixes Performance

As of 9/30/2025

Rolling 36 Month Excess Return Relative To Russell:3000 Index  
for 10 Years Ended September 30, 2025



Callan

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**Appendix**

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## Boston Trust Walden

### Manager Observations

- The firm remains 100% owned by employees (including recently retired individuals), with nearly all investment professionals owning shares in the firm. There are 52 active employees (and five retired) who have ownership.
- Firm emphasizes ESG components of process and has a demonstrated history of engagement with portfolio companies. The firm's US equity lineup comprises the majority of firm assets.
- PM Ken Scott started on the strategy in 1999; supported by additional PM's (Richard Williams, Leanne Moore, Brad Hunnewell) and central research staff who are sector specialists. Richard Williams officially named lead PM in 2024; Ken Scott remains PM on strategy but will transition off over long-term to focus on CEO responsibilities at firm.
- The strategy objective is to own reasonably valued stocks of higher quality, small capitalization companies with sustainable business models.
- The quantitative screen seeks to identify companies that exhibit above average financial quality relative to industry and sector peers. Quality in the screen is defined by multiple aspects of profitability, cash flow generation, earnings stability, balance sheet sustainability, growth, and earnings quality. Analysis is focused on affirming financial quality, evaluating business model sustainability, and assessing valuation. The valuation discipline seeks to identify reasonably valued subset of stocks from the high quality opportunity set, with the goal of differentiating between good companies and good stocks.
- Portfolio is 60-90 holdings.
- Tracking error averages 6.2% on a rolling three-year basis versus the Russell 2000 Index. Weighted average market capitalization of the portfolio tends to skew slightly larger than the Russell 2000 Index. Both are an output of the portfolio's emphasis on high quality companies.
- The portfolio's style is consistent with core orientation, with an MSCI Z-Score that is consistently near 0.0.
- Strategy is suitable as either a standalone core mandate or within a multi-manager structure given the underlying fundamentals and the risk/return profile, as well as style consistency.

Source: Callan LLC

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## Segall, Bryant, & Hamill (SBH)

### Manager Observations

- Boutique investment management firm headquartered in Chicago with equity and fixed income capabilities.
- In 2025, parent company CI was taken private via an all-cash offer from Mubadala Capital, an asset management affiliate of Mubadala Investment Company which is a sovereign wealth fund of the government of Abu Dhabi. SBH will continue to operate as before under the CI umbrella.
- Lead PM for SCC and SMIDC is Jeff Paulis. He is supported by Shaun Nicholson, Mark Dickherber, and Zach Rosenstock as well as three dedicated small cap analysts.
- Portfolio is a blend of high return on invested capital (ROIC) companies, which are typically higher quality companies with strong cash flows, market share, and management teams and improving ROIC companies, which are typically cheaper, undervalued companies that are undergoing change events that will lead to improved ROIC profiles.
- Portfolio is 75-95 holdings. Turnover is ~40% a year.
- Weighted average market cap of the strategy tends to trend larger vs. the index over time as the team believes that many of the smallest companies within the index lack the characteristics that are aligned with the underlying investment philosophy,
- Tracking error for the strategy typically ranges between 4-7%. Large drivers of the tracking error of the strategy versus the benchmark are ownership of stocks that are not represented in the benchmark and differentiated sector positioning.
- Strategy is suitable as either a standalone core mandate or within a multi-manager structure. Core style is supported by the portfolio's fairly even allocation to high ROIC ("growth") and improving ROIC ("value") companies over time. However, the balance between ROIC buckets may shift opportunistically in favor of high ROIC or improving ROIC due to a combination of compelling valuations and market conditions that necessitate some rotation within or between sectors.

Source: Callan LLC



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## Wellington

### Manager Observations

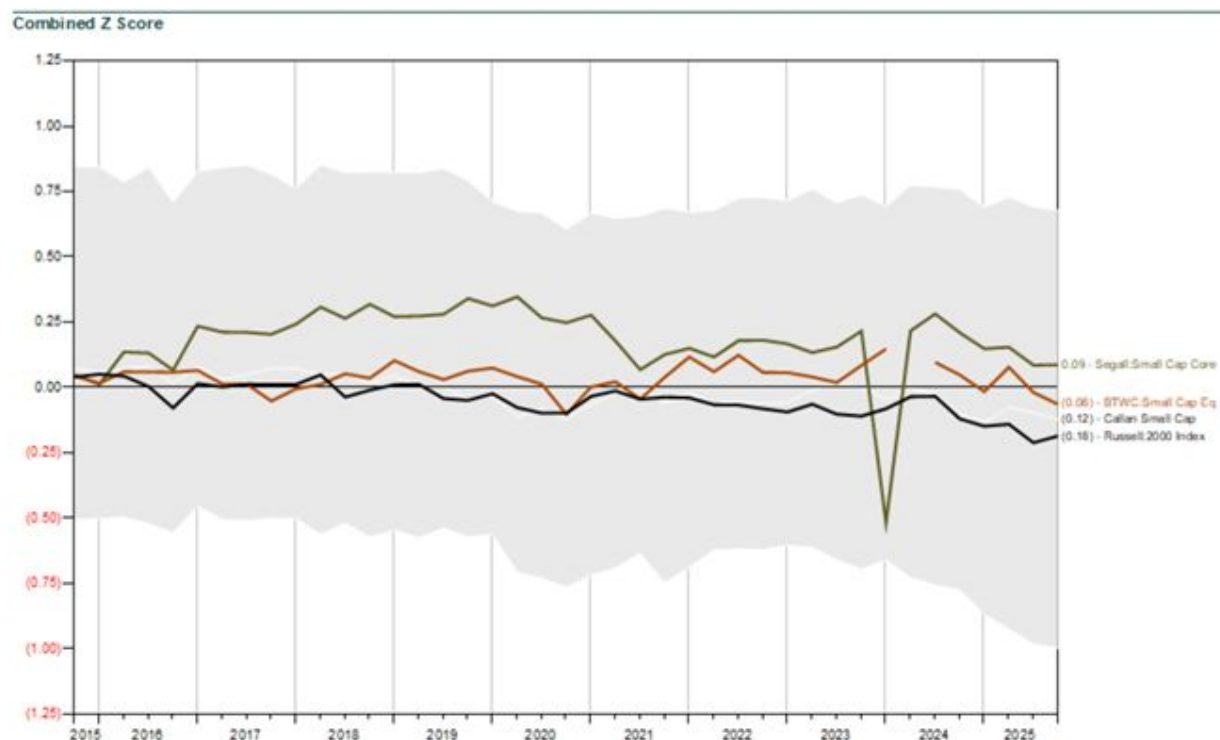
- Firm remains a 100% employee-owned partnership today. Roughly one-half of the firm's assets are in equities, although the firm manages a broad range of strategies across multiple asset classes and sectors.
- The Wellington Small Cap 2000 strategy is an analyst-managed portfolio and supported by over 20 of Wellington Management's Global Industry Analysts. Each global industry analyst has buy/sell authority within his/her portfolio sleeve/industry group. Overall supervision of the portfolio and analyst oversight is the responsibility of Mary Pryshlak who is the Director of Global Industry Research.
- Seeks to achieve long-term total returns in excess of the index by investing in equity securities of US companies, emphasizing idiosyncratic stock insights through an industry and style neutral portfolio construction process.
- Analysts manage individual sleeves of “best ideas” based on industry area of coverage and best investment opportunities within their industry relative to Russell 2000 Index weights.
- Portfolio combines a blend of investment disciplines.
- Portfolio holds more than 200- 500 securities; portfolio generally sector neutral by design with tracking error target between 2.0%-6.0% vs Russell 2000 over time.
- Tracking error is a residual of the bottom-up process and is not targeted. Wellington expects tracking error to range from 2-6% for this portfolio.
- The portfolio has generally exhibited a slight growth bias relative to the Russell 2000 Index as measured by the combined MSCI Z-Score (range of -.07 to 0.28). The median weighted market capitalization of the portfolio has generally been in-line to slightly larger with the index and the peer group median over time.
- Strategy is suitable as either a standalone core mandate or within a multi-manager structure given the underlying fundamentals and the risk/return profile, as well as style consistency.

Source: Callan LLC

# Manager Comparison

## SBH vs. Boston Trust Walden

- Similarities
  - Quality emphasis in investment approach
  - Higher weighted average market cap profile vs. benchmark (driven by affinity for higher quality companies)
  - Tracking error range and drivers of tracking error (e.g. benchmark agnostic positioning and market cap profile)
  - Core style orientation (as indicated by MSCI Z-score)
- Differences
  - Z-score dispersion
    - Boston Trust's Z-score consistently hovers around 0.00. Consistency in z-score points to the long duration nature of the portfolio
    - SBH's Z-score, while consistently within the "core" range, moves around; this points to the opportunistic nature of the portfolio and inclusion of improving ROIC (value) stocks.



## U.S. Equity Manager Performance

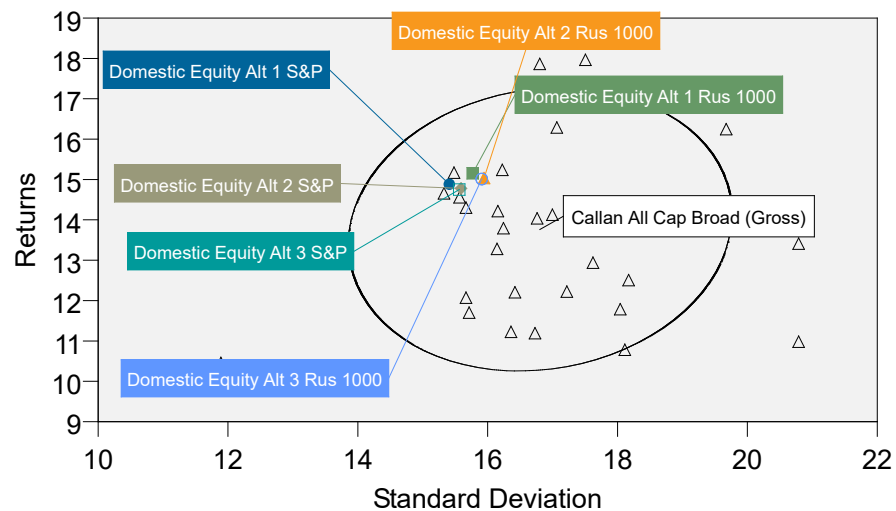
Gross of fee returns as of 9/30/2025

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Blackrock S&P 500	8.13	17.60	24.90	16.44	15.29
S&P:500	8.12	17.60	24.94	16.47	15.30
Excess Return	0.01	0.00	-0.04	-0.03	-0.01
AllianceBernstein	4.37	3.52	14.32	11.09	11.05
Russell:2500 Index	9.00	10.16	15.65	12.09	10.52
Excess Return	-4.63	-6.64	-1.33	-1.00	0.53
TSW	5.33	9.70	14.32	14.95	8.81
Russell:2500 Index	9.00	10.16	15.65	12.09	10.52
Excess Return	-3.67	-0.46	-1.33	2.86	-1.71
Boston Trust	0.80	-0.95	11.35	13.28	11.58
Russell:2000 Index	12.39	10.76	15.21	11.56	9.77
Excess Return	-11.59	-11.71	-3.86	1.72	1.81
Segall Bryant & Hamill	4.68	2.57	14.41	12.76	12.23
Russell:2000 Index	12.39	10.76	15.21	11.56	9.77
Excess Return	-7.71	-8.19	-0.80	1.20	2.46
Wellington	10.14	10.84	19.21	14.53	13.31
Russell:2000 Index	12.39	10.76	15.21	11.56	9.77
Excess Return	-2.25	0.08	4.00	2.97	3.54

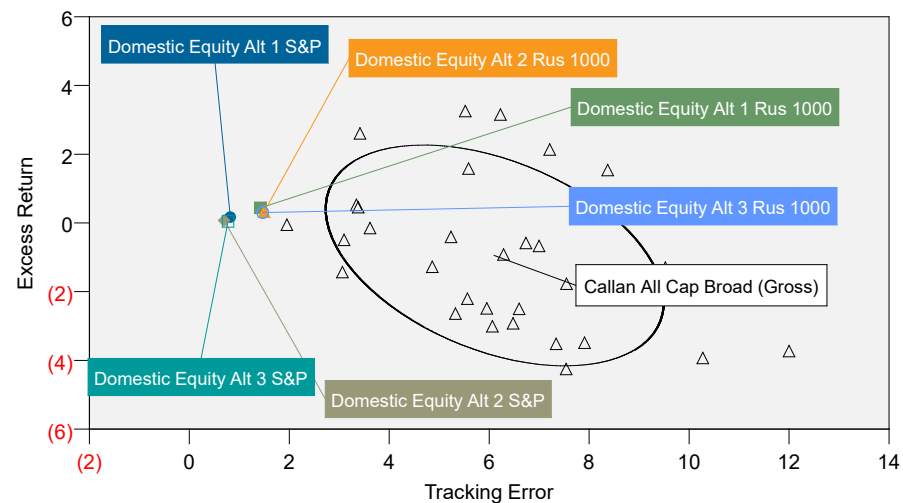
# Proposed Mixes Comparison

As of 9/30/2025

Scatter Chart  
for 10 Years Ended September 30, 2025



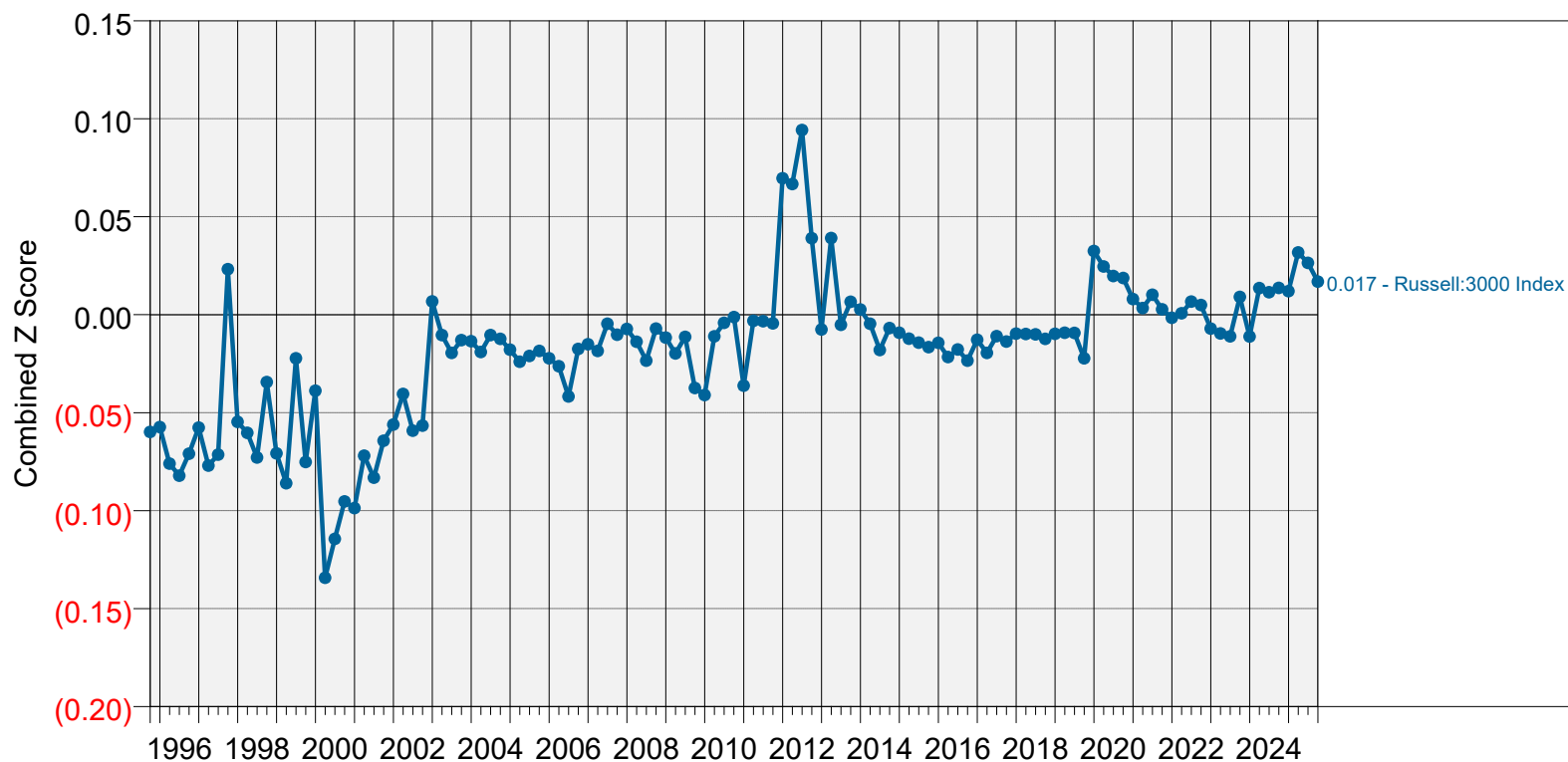
Scatter Chart  
for 10 Years Ended September 30, 2025  
Benchmark: Russell:3000 Index



# Historical Style Tilts: Russell 3000

As of 9/30/2025

Combined Z Score  
for 30 Years Ended September 30, 2025



## List of Callan's Investment Manager Clients

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Manager Name	Manager Name
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Acadian Asset Management LLC	Apollo Global Management, Inc.
Adams Street Partners, LLC	AQR Capital Management
Aegon Asset Management	Ares Management LLC
AEW Capital Management, L.P.	ARGA Investment Management, LP
Agincourt Capital Management, LLC	Ariel Investments, LLC
AllianceBernstein	Aristotle Capital Management, LLC
Allspring Global Investments, LLC	Atlanta Capital Management Co., LLC
Altrinsic Global Advisors, LLC	Baillie Gifford International, LLC
American Century Investments	Baird Advisors

Manager Name
Barings LLC
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
Black Creek Investment Management Inc.
BlackRock
Blackstone Group (The)
Blue Owl Capital, Inc.
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC
Brookfield Asset Management Inc.
Brown Brothers Harriman & Company
Brown Investment Advisory & Trust Company
Capital Group
CastleArk Management, LLC
Centerbridge Partners, L.P.
Cercano Management LLC
CFI Partners, LLC
CIBC Asset Management
CIM Group, LP
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Threadneedle Investments
Comgest
Comvest Partners
Conestoga Capital Advisors
Crescent Capital Group LP
Dana Investment Advisors, Inc.
DePrince, Race & Zollo, Inc.

Manager Name
Dimensional Fund Advisors L.P.
DoubleLine
DWS
EARNEST Partners, LLC
Fayez Sarofim & Company
Federated Hermes, Inc.
Fengate Asset Management
Fidelity Institutional Asset Management
Fiera Capital Corporation
First Eagle Investment Management, LLC
First Hawaiian Bank Wealth Management Division
Fisher Investments
Fortress Investment Group
Franklin Templeton
Fred Alger Management, LLC
GAMCO Investors, Inc.
GlobeFlex Capital, L.P.
Goldman Sachs
Golub Capital
GW&K Investment Management
Harbor Capital Group Trust
Hardman Johnston Global Advisors LLC
Heitman LLC
Hotchkis & Wiley Capital Management, LLC
HPS Investment Partners, LLC
IFM Investors
Impax Asset Management LLC
Income Research + Management
Insight Investment
Invesco

Manager Name
I Squared Capital Advisors (US) LLC
J.P. Morgan
Janus
Jennison Associates LLC
JLC Infrastructure
Jobs Peak Advisors
Kayne Anderson Capital Advisors LP
Kayne Anderson Rudnick Investment Management, LLC
King Street Capital Management, L.P.
L&G - Asset Management, America (formerly LGIM America)
Lazard Asset Management
Lincoln National Corporation
Longview Partners
Loomis, Sayles & Company, L.P.
Lord, Abbett & Co.
LSV Asset Management
MacKay Shields LLC
Mackenzie Investments
Macquarie Asset Management
Magnitude Capital, LLC
Man Group
Manulife Investment Management
Marathon Asset Management, L.P.
Mawer Investment Management Ltd.
MetLife Investment Management
MFS Investment Management
Mondrian Investment Partners Limited
Montag & Caldwell, LLC
Moran Wealth Management
Morgan Stanley Investment Management

Manager Name
MUFG Bank, Ltd.
Natixis Investment Managers
Neuberger Berman
Newton Investment Management
New York Life Investment Management LLC (NYLIM)
Ninety One North America, Inc.
Nordea Asset Management
Nomura Capital Management, LLC
Northern Trust Asset Management
Nuveen
Oak Hill Advisors, L.P.
Oaktree Capital Management, L.P.
ORIX Corporation USA
P/E Investments
Pacific Investment Management Company
Pantheon Ventures
Parametric Portfolio Associates LLC
Parnassus Investments
Partners Group (USA) Inc.
Pathway Capital Management, LP
Peavine Capital
Payden & Rygel
Peregrine Capital Management, LLC
PGIM DC Solutions
PGIM Fixed Income
PGIM Quantitative Solutions LLC
Pictet Asset Management
PineBridge Investments
Polaris Capital Management, LLC
Polen Capital Management, LLC



Manager Name
PPM America, Inc.
Pretium Partners, LLC
Principal Asset Management
Raymond James Investment Management
RBC Global Asset Management
Regions Financial Corporation
Riverbridge Partners LLC
Robeco Institutional Asset Management, US Inc.
Sands Capital Management
Schroder Investment Management North America Inc.
Segall Bryant & Hamill
Silver Point Capital, LP
SLC Management
Star Mountain Capital, LLC
State Street Investment Management
Strategic Global Advisors, LLC
T. Rowe Price Associates, Inc.
TD Global Investment Solutions – TD Epoch
The Carlyle Group
The D.E. Shaw Group
The TCW Group, Inc.
Thompson, Siegel & Walmsley LLC
TPG Angelo Gordon
ULLICA Investment Advisors, Inc.
VanEck
Victory Capital Management Inc.
Virtus Investment Partners, Inc.
Vontobel Asset Management, Inc.
Voya
Walter Scott & Partners Limited

Manager Name
Wasatch Global Investors
WCM Investment Management
Wellington Management Company LLP
Western Asset Management Company LLC
Westfield Capital Management Company, LP
William Blair & Company LLC
Xponance, Inc.

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Callan was founded as an employee-owned investment consulting firm in 1973. Ever since, we have empowered institutional investor with creative, customized investment solutions backed by proprietary research, exclusive data, and ongoing education. Today, Callan provides advisory services to institutional investor clients with more than \$3 trillion in total assets, which makes it among the largest independently owned investment consulting firms in the U.S. Callan uses a client-focused consulting model to serve pension and defined contribution plan sponsors, endowments, foundations, independent investment advisers, investment managers, and other asset owners. Callan has six offices throughout the U.S. For more information, please visit [www.callan.com](http://www.callan.com).

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Callan

## U.S. Domestic Equity – Small Cap Performance Review

After a comprehensive review of the total U.S. Equity portfolio, Callan proposes that NHRS streamline the U.S. Small Cap sleeve by retaining Wellington and eliminating either Boston Trust or Segall, Bryant, & Hamill (SBH). Below is a summary of strategy philosophy for both Boston Trust and SBH, as well as performance metrics.

**Boston Trust:** The strategy emphasizes investing in reasonably valued, high-quality small-cap companies with sustainable business models. Supported by a disciplined quantitative screen and fundamental analysis, the resulting portfolio is a 60–90 stock portfolio, core-oriented allocation with moderate tracking error, and a slight upward skew in market capitalization.

**Segall, Bryant, & Hamill:** The strategy's performance is driven by a balanced allocation between high-ROIC companies with durable cash flows and improving-ROIC companies undergoing change events. This allows the portfolio to capture both quality growth and valuation-driven upside across market cycles. Risk and return outcomes are shaped by a 75–95 stock portfolio, active sector positioning, selective exposure outside the benchmark, and a modest upward market-cap bias, resulting in tracking error typically in the 4–7%.

### Performance Snapshot (Gross of Fees)

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Since Inception 10/31/2010
Wellington	10.14	10.84	19.21	14.53	13.31	13.68
Boston Trust	0.80	-0.95	11.35	13.28	11.58	11.07
Segall Bryant & Hamill	4.68	2.57	14.41	12.76	12.23	11.78
Russell 2000 Index	12.39	10.76	15.21	11.56	9.77	10.18

### Risk & Consistency Metrics (10 Yr Snapshot as of 09/30/2025 Gross of Fees)

	Wellington	Boston Trust	Segall Bryant & Hamill	Median
Standard Deviation	20.54	17.20	17.60	20.31
Sharpe Ratio	0.55	0.55	0.58	0.42
Excess Return	3.55	1.81	2.46	0.74
Tracking Error	3.75	7.29	6.71	7.30
Information Ratio	0.95	0.54	0.65	0.28
Batting Average	65.00	50.83	58.33	51.67

### Portfolio Characteristics (10 Yr Snapshot as of 09/30/2025)

	Wellington	Boston Trust	Segall Bryant & Hamill	Median
Wtd. Avg. Market Cap	4.88	5.39	6.62	4.85
P/E to Growth	1.83	1.58	1.54	1.38
Price/Book Value	2.24	2.82	2.77	2.11
Return on Equity	6.67	17.49	11.26	8.95
Number of Holdings	284.00	71.00	81.00	108.50
Combined Z-score	-0.13	-0.06	0.14	-0.20

November 30, 2025



## **New Hampshire Retirement System**

### **Investment Measurement Service Monthly Review**

The table below details the rates of return for the fund's asset classes over various time periods ended November 30, 2025. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended November 30, 2025									
Composite	Total Fund Weighting As of 11/30/2025	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
<b>Total Global Equity</b>	<b>48.71%</b>	<b>0.88%</b>	<b>3.93%</b>	<b>7.86%</b>	<b>16.97%</b>	<b>12.46%</b>	-	-	-
MSCI ACWI IMI		0.12%	5.69%	10.01%	20.82%	17.57%	-	-	-
Excess Return		0.76%	-1.76%	-2.15%	-3.85%	-5.11%	-	-	-
<b>Total Domestic Equity</b>	<b>27.69%</b>	<b>1.19%</b>	<b>4.43%</b>	<b>9.35%</b>	<b>12.95%</b>	<b>8.01%</b>	<b>16.09%</b>	<b>12.57%</b>	<b>12.30%</b>
Domestic Equity Benchmark(1)		0.27%	5.96%	10.80%	17.17%	13.59%	19.82%	14.04%	14.01%
Excess Return		0.92%	-1.53%	-1.45%	-4.22%	-5.58%	-3.72%	-1.47%	-1.72%
<b>Total Non US Equity</b>	<b>21.02%</b>	<b>0.47%</b>	<b>3.27%</b>	<b>5.82%</b>	<b>23.95%</b>	<b>20.34%</b>	<b>16.13%</b>	<b>8.30%</b>	<b>7.93%</b>
Non US Equity Benchmark(2)		0.08%	5.31%	8.84%	28.30%	25.78%	15.86%	8.39%	7.88%
Excess Return		0.38%	-2.04%	-3.02%	-4.35%	-5.44%	0.27%	-0.09%	0.05%
<b>Total Fixed Income</b>	<b>25.80%</b>	<b>0.61%</b>	<b>2.24%</b>	<b>3.17%</b>	<b>8.21%</b>	<b>6.36%</b>	<b>5.51%</b>	<b>0.80%</b>	<b>3.11%</b>
Bloomberg Capital Universe Bond Index		0.60%	2.34%	3.42%	7.66%	6.03%	5.14%	0.14%	2.39%
Excess Return		0.00%	-0.10%	-0.25%	0.55%	0.32%	0.37%	0.66%	0.72%
<b>Total Cash</b>	<b>0.95%</b>	<b>0.33%</b>	<b>1.03%</b>	<b>1.76%</b>	<b>3.96%</b>	<b>4.38%</b>	<b>4.93%</b>	<b>3.19%</b>	<b>2.25%</b>
3-Month Treasury Bill		0.28%	0.96%	1.71%	3.82%	4.24%	4.82%	3.10%	2.15%
Excess Return		0.05%	0.07%	0.05%	0.14%	0.14%	0.11%	0.09%	0.10%
<b>Total Real Estate (Q2)*</b>	<b>8.20%</b>	<b>0.03%</b>	<b>-0.13%</b>	<b>-0.08%</b>	<b>4.13%</b>	<b>4.17%</b>	<b>-3.48%</b>	<b>6.03%</b>	<b>7.41%</b>
Real Estate Benchmark(3)		0.17%	0.62%	1.16%	3.01%	3.02%	-6.17%	2.57%	4.23%
Excess Return		-0.15%	-0.75%	-1.24%	1.12%	1.15%	2.69%	3.46%	3.19%
<b>Total Private Equity (Q2)*</b>	<b>11.36%</b>	<b>0.01%</b>	<b>0.02%</b>	<b>0.00%</b>	<b>3.38%</b>	<b>4.91%</b>	<b>4.37%</b>	<b>13.54%</b>	<b>11.66%</b>
Private Equity Benchmark(4)		2.44%	10.26%	16.76%	15.50%	18.04%	21.11%	16.96%	17.44%
Excess Return		-2.43%	-10.24%	-16.76%	-12.13%	-13.13%	-16.74%	-3.41%	-5.79%
<b>Total Private Debt (Q2)*</b>	<b>4.98%</b>	<b>0.00%</b>	<b>-0.11%</b>	<b>-0.11%</b>	<b>4.46%</b>	<b>6.35%</b>	<b>5.63%</b>	<b>7.46%</b>	<b>6.03%</b>
Private Debt Benchmark(5)		0.99%	3.07%	5.13%	7.81%	9.10%	10.25%	6.67%	5.29%
Excess Return		-0.99%	-3.18%	-5.24%	-3.35%	-2.75%	-4.62%	0.79%	0.74%
<b>Total Fund Composite</b>	<b>100.00%</b>	<b>0.59%</b>	<b>2.48%</b>	<b>4.64%</b>	<b>11.15%</b>	<b>8.87%</b>	<b>9.47%</b>	<b>8.46%</b>	<b>8.39%</b>
Total Fund Benchmark(6)		0.52%	4.66%	7.85%	14.57%	12.91%	12.32%	8.40%	8.91%
Excess Return		0.07%	-2.17%	-3.21%	-3.42%	-4.05%	-2.84%	0.06%	-0.51%

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) The Non US Equity Index is the MSCI ACWI ex US IMI Index as of 7/1/2024. Prior to 7/1/2024, it was the MSCI ACWI Ex-US Index.

(3) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(4) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(5) The Private Debt Benchmark is (50% MStar LSTA Leveraged Loan 100 Idx + 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(6) Current Month Target = 50.0% MSCI ACWI IMI, 25.0% Bloomberg Universal, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

(7) For the trailing 25 year period ended 11/30/25, the Total Fund has returned 6.40% versus the Total Fund Custom Benchmark return of 7.13%.

\*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.

## Domestic Equity Excess Returns

November 30, 2025

The table below details the rates of return for the fund's investment managers over various time periods ended November 30, 2025. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Composite	Total Fund Weighting As of 11/30/2025	Net of Fees Returns for Periods Ended November 30, 2025							
		Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
<b>Total Domestic Equity</b>	<b>27.69%</b>	<b>1.19%</b>	<b>4.43%</b>	<b>9.35%</b>	<b>12.95%</b>	<b>8.01%</b>	<b>16.09%</b>	<b>12.57%</b>	<b>12.30%</b>
Domestic Equity Benchmark(1)		0.27%	5.96%	10.80%	17.17%	13.59%	19.82%	14.04%	14.01%
Excess Return		0.92%	-1.53%	-1.45%	-4.22%	-5.58%	-3.72%	-1.47%	-1.72%
<b>Large Cap Domestic Equity</b>	<b>15.27%</b>	<b>0.24%</b>	<b>6.33%</b>	<b>10.93%</b>	<b>17.80%</b>	<b>14.99%</b>	<b>20.53%</b>	<b>15.24%</b>	<b>13.85%</b>
S&P 500 Index		0.25%	6.34%	10.93%	17.81%	15.00%	20.57%	15.28%	14.63%
Excess Return		0.00%	-0.01%	0.00%	-0.01%	-0.01%	-0.04%	-0.04%	-0.78%
<b>BlackRock S&amp;P 500</b>	<b>15.27%</b>	<b>0.24%</b>	<b>6.33%</b>	<b>10.93%</b>	<b>17.80%</b>	<b>14.99%</b>	<b>20.53%</b>	<b>15.24%</b>	<b>14.60%</b>
S&P 500 Index		0.25%	6.34%	10.93%	17.81%	15.00%	20.57%	15.28%	14.63%
Excess Return		0.00%	-0.01%	0.00%	-0.01%	-0.01%	-0.04%	-0.04%	-0.03%
<b>Smid Cap Domestic Equity</b>	<b>5.88%</b>	<b>1.42%</b>	<b>0.01%</b>	<b>5.67%</b>	<b>5.88%</b>	<b>-0.96%</b>	<b>9.23%</b>	<b>8.22%</b>	<b>8.87%</b>
Russell 2500 Index		1.45%	3.77%	11.32%	11.81%	3.39%	11.41%	8.83%	9.94%
Excess Return		-0.03%	-3.76%	-5.65%	-5.94%	-4.35%	-2.18%	-0.60%	-1.07%
<b>AllianceBernstein</b>	<b>3.65%</b>	<b>0.69%</b>	<b>0.70%</b>	<b>5.53%</b>	<b>4.00%</b>	<b>-3.77%</b>	<b>9.68%</b>	<b>7.11%</b>	<b>9.69%</b>
Russell 2500 Index		1.45%	3.77%	11.32%	11.81%	3.39%	11.41%	8.83%	9.94%
Excess Return		-0.76%	-3.07%	-5.79%	-7.81%	-7.16%	-1.74%	-1.71%	-0.24%
<b>TSW</b>	<b>2.23%</b>	<b>2.65%</b>	<b>-1.10%</b>	<b>5.90%</b>	<b>9.09%</b>	<b>4.00%</b>	<b>8.52%</b>	<b>10.20%</b>	<b>7.65%</b>
TSW Blended Benchmark (2)		2.88%	3.66%	11.00%	12.14%	4.09%	10.73%	11.39%	9.81%
Excess Return		-0.23%	-4.76%	-5.09%	-3.05%	-0.09%	-2.21%	-1.18%	-2.16%
<b>Small Cap Domestic Equity</b>	<b>6.53%</b>	<b>3.26%</b>	<b>3.54%</b>	<b>8.61%</b>	<b>6.94%</b>	<b>-1.42%</b>	<b>10.67%</b>	<b>9.53%</b>	<b>11.10%</b>
Russell 2000 Index		0.96%	5.99%	15.53%	13.47%	4.09%	11.43%	7.99%	9.12%
Excess Return		2.30%	-2.44%	-6.92%	-6.53%	-5.52%	-0.77%	1.53%	1.98%
<b>Boston Trust</b>	<b>1.89%</b>	<b>4.79%</b>	<b>-0.10%</b>	<b>1.95%</b>	<b>-0.56%</b>	<b>-8.50%</b>	<b>5.72%</b>	<b>9.41%</b>	<b>10.16%</b>
Russell 2000 Index		0.96%	5.99%	15.53%	13.47%	4.09%	11.43%	7.99%	9.12%
Excess Return		3.83%	-6.09%	-13.57%	-14.02%	-12.59%	-5.72%	1.42%	1.04%
<b>Segall Bryant &amp; Hamill</b>	<b>2.13%</b>	<b>2.87%</b>	<b>2.52%</b>	<b>8.22%</b>	<b>5.54%</b>	<b>-2.31%</b>	<b>9.36%</b>	<b>9.55%</b>	<b>10.79%</b>
Russell 2000 Index		0.96%	5.99%	15.53%	13.47%	4.09%	11.43%	7.99%	9.12%
Excess Return		1.91%	-3.47%	-7.31%	-7.92%	-6.41%	-2.07%	1.56%	1.67%
<b>Wellington</b>	<b>2.51%</b>	<b>2.47%</b>	<b>7.42%</b>	<b>14.61%</b>	<b>14.75%</b>	<b>5.49%</b>	<b>15.18%</b>	<b>10.11%</b>	<b>12.06%</b>
Russell 2000 Index		0.96%	5.99%	15.53%	13.47%	4.09%	11.43%	7.99%	9.12%
Excess Return		1.51%	1.43%	-0.92%	1.28%	1.40%	3.74%	2.12%	2.95%

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) TSW Blended Benchmark is the Russell 2500 Value Index as of 7/1/2019. Prior to 7/1/2019 it was the Russell 2500.



## Non-US Equity Excess Returns

November 30, 2025

The table below details the rates of return for the fund's investment managers over various time periods ended November 30, 2025. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Composite	Total Fund Weighting As of 11/30/2025	Net of Fees Returns for Periods Ended November 30, 2025							
		Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
<b>Total Non US Equity</b>	<b>21.02%</b>	<b>0.47%</b>	<b>3.27%</b>	<b>5.82%</b>	<b>23.95%</b>	<b>20.34%</b>	<b>16.13%</b>	<b>8.30%</b>	<b>7.93%</b>
Non US Equity Benchmark (1)		0.08%	5.31%	8.84%	28.30%	25.78%	15.86%	8.39%	7.88%
Excess Return		0.38%	-2.04%	-3.02%	-4.35%	-5.44%	0.27%	-0.09%	0.05%
<b>Core Non US Equity</b>	<b>13.27%</b>	<b>0.19%</b>	<b>3.53%</b>	<b>6.44%</b>	<b>29.26%</b>	<b>26.37%</b>	<b>18.14%</b>	<b>10.28%</b>	<b>8.00%</b>
Core Non US Benchmark (2)		-0.03%	5.67%	9.02%	28.53%	26.04%	15.89%	8.41%	7.89%
Excess Return		0.21%	-2.14%	-2.58%	0.73%	0.33%	2.25%	1.87%	0.11%
<b>Aristotle</b>	<b>3.04%</b>	<b>1.39%</b>	<b>2.15%</b>	<b>4.50%</b>	<b>20.41%</b>	<b>16.97%</b>	<b>14.30%</b>	-	-
MSCI EAFE		0.62%	3.75%	6.66%	27.40%	24.50%	16.11%	-	-
Excess Return		0.77%	-1.60%	-2.16%	-6.99%	-7.53%	-1.80%	-	-
<b>Artisan Partners</b>	<b>4.01%</b>	<b>-1.80%</b>	<b>1.85%</b>	<b>3.78%</b>	<b>32.49%</b>	<b>28.93%</b>	<b>18.87%</b>	<b>9.54%</b>	<b>8.30%</b>
MSCI EAFE		0.62%	3.75%	6.66%	27.40%	24.50%	16.11%	9.27%	7.72%
Excess Return		-2.42%	-1.90%	-2.88%	5.09%	4.43%	2.76%	0.27%	0.58%
<b>BlackRock SuperFund</b>	<b>1.85%</b>	<b>-0.03%</b>	<b>5.67%</b>	<b>9.10%</b>	<b>29.08%</b>	<b>26.35%</b>	-	-	-
MSCI ACWI Ex-US		-0.03%	5.67%	9.02%	28.53%	26.04%	-	-	-
Excess Return		-0.01%	0.00%	0.07%	0.55%	0.32%	-	-	-
<b>Causeway Capital</b>	<b>4.36%</b>	<b>1.33%</b>	<b>5.25%</b>	<b>9.40%</b>	<b>32.44%</b>	<b>30.81%</b>	<b>21.64%</b>	<b>13.78%</b>	<b>9.16%</b>
MSCI EAFE		0.62%	3.75%	6.66%	27.40%	24.50%	16.11%	9.27%	7.72%
Excess Return		0.71%	1.50%	2.74%	5.04%	6.31%	5.54%	4.51%	1.45%
<b>Emerging Markets</b>	<b>1.60%</b>	<b>-0.06%</b>	<b>2.42%</b>	<b>5.20%</b>	<b>21.38%</b>	<b>18.33%</b>	<b>11.72%</b>	<b>1.95%</b>	<b>5.31%</b>
MSCI EM		-2.39%	8.96%	12.51%	29.69%	29.51%	14.72%	5.06%	7.86%
Excess Return		2.33%	-6.54%	-7.31%	-8.30%	-11.18%	-3.00%	-3.11%	-2.54%
<b>Wellington Emerging Markets</b>	<b>1.60%</b>	<b>-0.06%</b>	<b>2.42%</b>	<b>5.20%</b>	<b>21.38%</b>	<b>18.33%</b>	<b>11.22%</b>	<b>2.05%</b>	<b>5.80%</b>
MSCI EM		-2.39%	8.96%	12.51%	29.69%	29.51%	14.72%	5.06%	7.86%
Excess Return		2.33%	-6.54%	-7.31%	-8.30%	-11.18%	-3.50%	-3.01%	-2.06%
<b>Non US Small Cap</b>	<b>1.35%</b>	<b>1.93%</b>	<b>5.86%</b>	<b>9.41%</b>	<b>35.18%</b>	<b>30.88%</b>	<b>16.72%</b>	<b>7.22%</b>	<b>3.62%</b>
MSCI EAFE Small Cap		1.22%	2.00%	6.63%	28.90%	25.94%	14.50%	6.55%	7.33%
Excess Return		0.71%	3.86%	2.79%	6.28%	4.94%	2.22%	0.67%	-3.71%
<b>Wellington Int'l Small Cap Research</b>	<b>1.35%</b>	<b>1.93%</b>	<b>5.86%</b>	<b>9.41%</b>	<b>35.18%</b>	<b>30.88%</b>	<b>16.72%</b>	-	-
MSCI EAFE Small Cap		1.22%	2.00%	6.63%	28.90%	25.94%	14.50%	-	-
Excess Return		0.71%	3.86%	2.79%	6.28%	4.94%	2.22%	-	-
<b>Global Equity</b>	<b>4.79%</b>	<b>1.02%</b>	<b>2.13%</b>	<b>3.41%</b>	<b>9.67%</b>	<b>4.71%</b>	<b>13.00%</b>	<b>8.29%</b>	<b>11.31%</b>
MSCI ACWI net		-0.01%	5.93%	10.02%	21.07%	18.21%	18.64%	11.97%	11.41%
Excess Return		1.03%	-3.80%	-6.61%	-11.40%	-13.49%	-5.64%	-3.69%	-0.10%
<b>Walter Scott Global Equity</b>	<b>4.79%</b>	<b>1.02%</b>	<b>2.13%</b>	<b>3.41%</b>	<b>9.67%</b>	<b>4.71%</b>	<b>13.00%</b>	<b>8.29%</b>	<b>11.31%</b>
Walter Scott Blended Benchmark (3)		-0.01%	5.93%	10.02%	21.07%	18.21%	18.64%	11.97%	11.41%
Excess Return		1.03%	-3.80%	-6.61%	-11.40%	-13.49%	-5.64%	-3.69%	-0.10%

(1) The Non US Equity Index is the MSCI ACWI ex US IMI Index as of 7/1/2024. Prior to 7/1/2024, it was the MSCI ACWI Ex-US Index.

(2) The Core Non US Equity Index is the MSCI ACWI ex US Index as of 7/1/2007. Prior to 7/1/2007 it was the MSCI EAFE Index.

(3) The Walter Scott Blended Benchmark is the MSCI ACWI Index as 5/1/2008. Prior to 5/1/2008 it was the MSCI EAFE Index.

The table below details the rates of return for the fund's investment managers over various time periods ended November 30, 2025. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Composite	Net of Fees Returns for Periods Ended November 30, 2025								
	Total Fund Weighting As of 11/30/2025	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
<b>Total Fixed Income</b>	<b>25.80%</b>	<b>0.61%</b>	<b>2.24%</b>	<b>3.17%</b>	<b>8.21%</b>	<b>6.36%</b>	<b>5.51%</b>	<b>0.80%</b>	<b>3.11%</b>
<i>Fixed Income Benchmark (1)</i>		0.60%	2.34%	3.42%	7.66%	6.03%	5.14%	0.14%	2.39%
<i>Excess Return</i>		0.00%	-0.10%	-0.25%	0.55%	0.32%	0.37%	0.66%	0.72%
<b>BlackRock SIO Bond Fund</b>	<b>2.19%</b>	<b>0.34%</b>	<b>1.92%</b>	<b>3.37%</b>	<b>7.94%</b>	<b>7.54%</b>	<b>6.77%</b>	<b>3.17%</b>	<b>-</b>
<i>BlackRock Custom Benchmark (2)</i>		0.31%	1.05%	1.78%	4.01%	4.43%	4.98%	3.27%	-
<i>Excess Return</i>		0.03%	0.87%	1.58%	3.93%	3.11%	1.78%	-0.09%	-
<b>FIAM (Fidelity) Tactical Bond</b>	<b>3.00%</b>	<b>0.52%</b>	<b>2.45%</b>	<b>3.41%</b>	<b>8.17%</b>	<b>6.00%</b>	<b>5.52%</b>	<b>1.50%</b>	<b>-</b>
<i>Bloomberg Aggregate</i>		0.62%	2.35%	3.31%	7.46%	5.70%	4.56%	-0.31%	-
<i>Excess Return</i>		-0.10%	0.09%	0.11%	0.71%	0.30%	0.97%	1.81%	-
<b>Income Research &amp; Management</b>	<b>6.20%</b>	<b>0.60%</b>	<b>2.30%</b>	<b>3.19%</b>	<b>7.22%</b>	<b>5.44%</b>	<b>4.84%</b>	<b>-0.32%</b>	<b>2.47%</b>
<i>Bloomberg Gov/Credit</i>		0.62%	2.25%	3.10%	7.17%	5.39%	4.49%	-0.52%	2.14%
<i>Excess Return</i>		-0.01%	0.05%	0.08%	0.04%	0.05%	0.35%	0.20%	0.33%
<b>Loomis Sayles</b>	<b>2.38%</b>	<b>0.73%</b>	<b>1.78%</b>	<b>3.74%</b>	<b>9.08%</b>	<b>8.08%</b>	<b>7.61%</b>	<b>2.72%</b>	<b>4.90%</b>
<i>Loomis Sayles Custom Benchmark (3)</i>		0.61%	2.08%	3.30%	7.67%	6.36%	6.32%	1.47%	3.49%
<i>Excess Return</i>		0.12%	-0.29%	0.43%	1.42%	1.72%	1.29%	1.25%	1.41%
<b>Manulife Core Bond</b>	<b>6.14%</b>	<b>0.68%</b>	<b>2.43%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Bloomberg Aggregate</i>		0.62%	2.35%	-	-	-	-	-	-
<i>Excess Return</i>		0.06%	0.08%	-	-	-	-	-	-
<b>Mellon US Agg Bond Index</b>	<b>5.87%</b>	<b>0.63%</b>	<b>2.31%</b>	<b>3.29%</b>	<b>7.44%</b>	<b>5.61%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Bloomberg Aggregate</i>		0.62%	2.35%	3.31%	7.46%	5.70%	-	-	-
<i>Excess Return</i>		0.01%	-0.05%	-0.02%	-0.02%	-0.09%	-	-	-
<b>Total Cash</b>	<b>0.95%</b>	<b>0.33%</b>	<b>1.03%</b>	<b>1.76%</b>	<b>3.96%</b>	<b>4.38%</b>	<b>4.93%</b>	<b>3.19%</b>	<b>2.25%</b>
<i>3-month Treasury Bill</i>		0.28%	0.96%	1.71%	3.82%	4.24%	4.82%	3.10%	2.15%
<i>Excess Return</i>		0.05%	0.07%	0.05%	0.14%	0.14%	0.11%	0.09%	0.10%
<b>Total Marketable Assets</b>	<b>75.46%</b>	<b>0.78%</b>	<b>3.34%</b>	<b>6.25%</b>	<b>13.75%</b>	<b>10.18%</b>	<b>12.75%</b>	<b>7.85%</b>	<b>8.29%</b>
<i>Total Marketable Index (4)</i>		0.28%	4.57%	7.78%	16.38%	13.70%	13.74%	7.88%	8.61%
<i>Excess Return</i>		0.50%	-1.23%	-1.54%	-2.63%	-3.52%	-0.98%	-0.02%	-0.32%

(1) The Fixed Income Benchmark is the Bloomberg Universal Bond Index as of 7/1/2007.

(2) The BlackRock Custom Benchmark is 3 Month SOFR compounded in arrears as of 1/1/2022.

(3) The Loomis Sayles Custom Benchmark is 65% Bloomberg Aggregate and 35% Bloomberg High Yield.

(4) Marketable Assets Index is 66.7% MSCI ACWI IMI and 33.3% Bloomberg Universal as of 7/1/24. Prior, the benchmark was 40% Russell 3000, 26.7% MSCI ACWI ex US, and 33.3% Bloomberg Universal (as of 7/1/2021).

The table below details the rates of return for the fund's investment managers over various time periods ended November 30, 2025. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended November 30, 2025									
Composite	Total Fund Weighting As of 11/30/2025	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
<b>Total Real Estate (Q2)* (5)</b>	<b>8.20%</b>	<b>0.03%</b>	<b>-0.13%</b>	<b>-0.08%</b>	<b>4.13%</b>	<b>4.17%</b>	<b>-3.48%</b>	<b>6.03%</b>	<b>7.41%</b>
Real Estate Benchmark (1)		0.17%	0.62%	1.16%	3.01%	3.02%	-6.17%	2.57%	4.23%
Excess Return		-0.15%	-0.75%	-1.24%	1.12%	1.15%	2.69%	3.46%	3.19%
<b>Strategic Core Real Estate (Q2)*</b>	<b>4.64%</b>	<b>0.00%</b>	<b>-0.13%</b>	<b>-0.01%</b>	<b>4.52%</b>	<b>4.61%</b>	<b>-5.65%</b>	<b>4.13%</b>	<b>6.06%</b>
Real Estate Benchmark (1)		0.17%	0.62%	1.16%	3.01%	3.02%	-6.17%	2.57%	4.23%
Excess Return		-0.18%	-0.75%	-1.17%	1.51%	1.60%	0.52%	1.55%	1.83%
<b>Tactical Non-Core Real Estate (Q2)*</b>	<b>3.56%</b>	<b>0.07%</b>	<b>-0.13%</b>	<b>-0.17%</b>	<b>3.63%</b>	<b>3.59%</b>	<b>0.44%</b>	<b>9.33%</b>	<b>9.76%</b>
Real Estate Benchmark (1)		0.17%	0.62%	1.16%	3.01%	3.02%	-6.17%	2.57%	4.23%
Excess Return		-0.11%	-0.75%	-1.33%	0.63%	0.57%	6.61%	6.76%	5.54%
<b>Total Alternative Assets (Q2)*</b>	<b>16.34%</b>	<b>0.01%</b>	<b>-0.02%</b>	<b>-0.03%</b>	<b>3.67%</b>	<b>5.29%</b>	<b>4.69%</b>	<b>11.70%</b>	<b>9.07%</b>
Alternative Assets Benchmark (2)		1.96%	7.83%	12.80%	13.03%	15.13%	17.55%	13.62%	12.24%
Excess Return		-1.95%	-7.85%	-12.83%	-9.36%	-9.84%	-12.85%	-1.92%	-3.17%
<b>Total Private Equity (Q2)*</b>	<b>11.36%</b>	<b>0.01%</b>	<b>0.02%</b>	<b>0.00%</b>	<b>3.38%</b>	<b>4.91%</b>	<b>4.37%</b>	<b>13.54%</b>	<b>11.66%</b>
Private Equity Benchmark (3)		2.44%	10.26%	16.76%	15.50%	18.04%	21.11%	16.96%	17.44%
Excess Return		-2.43%	-10.24%	-16.76%	-12.13%	-13.13%	-16.74%	-3.41%	-5.79%
<b>Total Private Debt (Q2)*</b>	<b>4.98%</b>	<b>0.00%</b>	<b>-0.11%</b>	<b>-0.11%</b>	<b>4.46%</b>	<b>6.35%</b>	<b>5.63%</b>	<b>7.46%</b>	<b>6.03%</b>
Private Debt Benchmark (4)		0.99%	3.07%	5.13%	7.81%	9.10%	10.25%	6.67%	5.29%
Excess Return		-0.99%	-3.18%	-5.24%	-3.35%	-2.75%	-4.62%	0.79%	0.74%

(1) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(2) The Alternative Assets Benchmark is 66.7% Russell 3000 Index + 2% lagged 1 quarter and 33.3% ((50% S&P LSTA Leveraged Loan 100 Index + 50% Bloomberg High Yield Index) + 1%) lagged 1 quarter as of 7/1/2022.

(3) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(4) The Private Debt Benchmark is (50% MStar LSTA Leveraged Loan 100 Index / 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(5) Total Real Estate returns includes Townsend discretionary fee as of 7/1/2022.

\*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of November 30, 2025, with the distribution as of October 31, 2025. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### Asset Distribution Across Investment Managers

	November 30, 2025		Net New Inv.	Inv. Return	October 31, 2025	
	Market Value	Weight			Market Value	Weight
<b>Global Equity</b>	<b>\$6,751,834,739</b>	<b>48.71%</b>	<b>\$0</b>	<b>\$60,522,139</b>	<b>\$6,691,312,600</b>	<b>48.44%</b>
<b>Total Domestic Equity</b>	<b>\$3,838,447,518</b>	<b>27.69%</b>	<b>\$0</b>	<b>\$45,920,290</b>	<b>\$3,792,527,229</b>	<b>27.45%</b>
<b>Large Cap Domestic Equity</b>	<b>\$2,117,362,481</b>	<b>15.27%</b>	<b>\$0</b>	<b>\$5,172,616</b>	<b>\$2,112,189,864</b>	<b>15.29%</b>
Blackrock S&P 500	2,117,362,481	15.27%	0	5,172,616	2,112,189,864	15.29%
<b>SMid Cap Domestic Equity</b>	<b>\$815,304,969</b>	<b>5.88%</b>	<b>\$0</b>	<b>\$11,754,805</b>	<b>\$803,550,164</b>	<b>5.82%</b>
AllianceBernstein	506,058,694	3.65%	0	3,649,212	502,409,482	3.64%
TSW	309,246,275	2.23%	0	8,105,593	301,140,682	2.18%
<b>Small Cap Domestic Equity</b>	<b>\$905,780,069</b>	<b>6.53%</b>	<b>\$0</b>	<b>\$28,992,868</b>	<b>\$876,787,201</b>	<b>6.35%</b>
Boston Trust	262,091,449	1.89%	0	12,045,637	250,045,812	1.81%
Segall Bryant & Hamill	295,880,480	2.13%	0	8,401,339	287,479,141	2.08%
Wellington	347,808,140	2.51%	0	8,545,892	339,262,247	2.46%
<b>Total Non US Equity</b>	<b>\$2,913,387,221</b>	<b>21.02%</b>	<b>\$0</b>	<b>\$14,601,849</b>	<b>\$2,898,785,371</b>	<b>20.98%</b>
<b>Core Non US Equity (1)</b>	<b>\$1,840,097,936</b>	<b>13.27%</b>	<b>\$0</b>	<b>\$3,995,770</b>	<b>\$1,836,102,165</b>	<b>13.29%</b>
Aristotle	421,062,816	3.04%	0	5,896,591	415,166,225	3.01%
Artisan Partners	556,171,396	4.01%	0	(9,992,349)	566,163,745	4.10%
BlackRock Superfund	256,728,720	1.85%	0	(70,885)	256,799,605	1.86%
Causeway Capital	603,805,394	4.36%	0	8,161,045	595,644,349	4.31%
Lazard	954,308	0.01%	0	(5,046)	959,355	0.01%
SSGA Transition	828,078	0.01%	0	3,424	824,654	0.01%
<b>Emerging Markets</b>	<b>\$221,587,551</b>	<b>1.60%</b>	<b>\$0</b>	<b>\$28,418</b>	<b>\$221,559,132</b>	<b>1.60%</b>
Wellington Emerging Markets	221,587,551	1.60%	0	28,418	221,559,132	1.60%
<b>Non US Small Cap</b>	<b>\$187,108,769</b>	<b>1.35%</b>	<b>\$0</b>	<b>\$3,634,156</b>	<b>\$183,474,613</b>	<b>1.33%</b>
Wellington Int'l Small Cap Research	187,108,769	1.35%	0	3,634,156	183,474,613	1.33%
<b>World Equity</b>	<b>\$664,592,966</b>	<b>4.79%</b>	<b>\$0</b>	<b>\$6,943,505</b>	<b>\$657,649,461</b>	<b>4.76%</b>
Walter Scott Global Equity	664,592,966	4.79%	0	6,943,505	657,649,461	4.76%
<b>Total Fixed Income</b>	<b>\$3,576,344,607</b>	<b>25.80%</b>	<b>\$0</b>	<b>\$22,004,090</b>	<b>\$3,554,340,517</b>	<b>25.73%</b>
BlackRock SIO Bond Fund	303,982,770	2.19%	0	1,139,940	302,842,830	2.19%
Brandywine Asset Mgmt	57,535	0.00%	0	695	56,840	0.00%
FIAM (Fidelity) Tactical Bond	416,506,994	3.00%	0	2,255,453	414,251,541	3.00%
Income Research & Management	860,022,058	6.20%	0	5,260,344	854,761,714	6.19%
Loomis Sayles	330,183,111	2.38%	0	2,460,750	327,722,362	2.37%
Mellon US Agg Bond Index	813,113,039	5.87%	0	5,078,625	808,034,414	5.85%
Manulife Core Bond	850,552,378	6.14%	0	5,876,909	844,675,469	6.11%
Fixed Income Transition	1,926,722	0.01%	0	(68,624)	1,995,347	0.01%
<b>Total Cash</b>	<b>\$131,820,299</b>	<b>0.95%</b>	<b>\$(21,544,094)</b>	<b>\$479,098</b>	<b>\$152,885,295</b>	<b>1.11%</b>
<b>Total Marketable Assets</b>	<b>\$10,459,999,645</b>	<b>75.46%</b>	<b>\$(21,544,094)</b>	<b>\$83,005,327</b>	<b>\$10,398,538,412</b>	<b>75.27%</b>
<b>Total Real Estate</b>	<b>\$1,137,005,263</b>	<b>8.20%</b>	<b>\$13,492,135</b>	<b>\$337,244</b>	<b>\$1,123,175,885</b>	<b>8.13%</b>
Strategic Core Real Estate	643,767,028	4.64%	11,417,009	(0)	632,350,019	4.58%
Tactical Non-Core Real Estate	493,238,234	3.56%	2,075,126	337,244	490,825,865	3.55%
<b>Total Alternative Assets</b>	<b>\$2,265,492,751</b>	<b>16.34%</b>	<b>\$(27,588,573)</b>	<b>\$182,620</b>	<b>\$2,292,898,704</b>	<b>16.60%</b>
Private Equity	1,575,386,009	11.36%	(27,186,180)	164,133	1,602,408,057	11.60%
Private Debt	690,106,741	4.98%	(402,393)	18,488	690,490,647	5.00%
<b>Total Fund Composite</b>	<b>\$13,862,497,658</b>	<b>100.0%</b>	<b>\$(35,640,532)</b>	<b>\$83,525,191</b>	<b>\$13,814,613,000</b>	<b>100.0%</b>

-Alternatives market values reflect current custodian valuations, which may not be up to date.

(1) Includes \$547,223 in legacy assets that are not actively managed and in liquidation following the termination of Fisher Investments.

## New Hampshire Retirement System Target History

30-Jun-2024 - 30-Nov-2025			
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%	
Other Alternatives	Russell 3000 Index+2.00%	10.00%	
Other Alternatives	Bloomberg HY Corporate+1.00%	2.50%	
Other Alternatives	Morningstar LSTA Leveraged Loan 100+1.00%	2.50%	
Global Equity			
Broad	MSCI ACWI IMI (Net)	50.00%	
		100.00%	
30-Jun-2022 - 30-Jun-2024			
Domestic Broad			
Eq	Russell 3000 Index	30.00%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	Russell 3000 Index+2.00%	10.00%	
Other Alternatives	Bloomberg HY Corporate+1.00%	2.50%	
Other Alternatives	Morningstar LSTA Leveraged Loan 100+1.00%	2.50%	
		100.00%	
30-Jun-2021 - 30-Jun-2022			
Domestic Broad			
Eq	Russell 3000 Index	30.00%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	S&P 500 Index+3.00%	10.00%	
Other Alternatives	Morningstar LSTA Leveraged Loan 100	5.00%	
		100.00%	
30-Sep-2020 - 30-Jun-2021			
Domestic Broad			
Eq	S&P 500 Index	30.00%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	S&P 500 Index+3.00%	10.00%	
Other Alternatives	Morningstar LSTA Leveraged Loan 100	5.00%	
		100.00%	
30-Jun-2015 - 30-Sep-2020			
Domestic Broad			
Eq	S&P 500 Index	30.00%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	Alternative Asset Benchmark	15.00%	
		100.00%	
31-Mar-2015 - 30-Jun-2015			
Domestic Broad			
Eq	Russell 3000 Index	37.30%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF Property Index+0.50%	8.70%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	S&P 500 Index+5.00%	9.00%	
		100.00%	
31-Dec-2014 - 31-Mar-2015			
Domestic Broad			
Eq	Russell 3000 Index	37.70%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF Property Index+0.50%	8.80%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	S&P 500 Index+5.00%	8.50%	
		100.00%	
30-Sep-2014 - 31-Dec-2014			
Domestic Broad			
Eq	Russell 3000 Index	39.00%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF Property Index+0.50%	8.60%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	S&P 500 Index+5.00%	7.40%	
		100.00%	
30-Jun-2014 - 30-Sep-2014			
Domestic Broad			
Eq	Russell 3000 Index	39.60%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF Property Index+0.50%	8.90%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	S&P 500 Index+5.00%	6.50%	
		100.00%	
31-Mar-2014 - 30-Jun-2014			
Domestic Broad			
Eq	Russell 3000 Index	42.20%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF Property Index+0.50%	8.60%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	S&P 500 Index+5.00%	4.20%	
		100.00%	
31-Dec-2013 - 31-Mar-2014			
Domestic Broad			
Eq	Russell 3000 Index	41.80%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF Property Index+0.50%	9.10%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	S&P 500 Index+5.00%	4.10%	
		100.00%	
30-Sep-2013 - 31-Dec-2013			
Domestic Broad			
Eq	Russell 3000 Index	42.90%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF Property Index+0.50%	8.60%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	S&P 500 Index+5.00%	3.50%	
		100.00%	
30-Jun-2013 - 30-Sep-2013			
Domestic Broad			
Eq	Russell 3000 Index	42.50%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF Property Index+0.50%	9.00%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	S&P 500 Index+5.00%	3.50%	
		100.00%	
31-Mar-2013 - 30-Jun-2013			
Domestic Broad			
Eq	Russell 3000 Index	43.00%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF Property Index+0.50%	8.60%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	Alternative Asset Benchmark	3.40%	
		100.00%	

Alternatives Benchmark represents from 7/1/2022 to present: 66.7% Russell 3000 Idx + 2% (1 qtr lag) and 33.3% ((50% S&P LSTA Leveraged Loan 100 Idx + 50% Bloomberg HY Idx) + 1%) (1 qtr lag).

From 7/1/2019 to 7/1/2022: 66.7% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag). From 7/1/2016 to 7/1/2019: 33.3% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag) + 33.3% of Cash (6-mo USD LIBOR) + 5%. From 7/1/2015 to 7/1/2016: 33.3% S&P 500 +3% (1qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Idx(1 qtr lag) + 33.3% of Cash (1 month USD LIBID) +5%. From 7/1/2013 to 7/1/2015: S&P 500 plus 5% (1 qtr lag). From 7/1/2011 to 7/1/2013: Qtr ending weight of Private Equity x S&P 500 plus 5% + Qtr ending weight Absolute Return x CPI + 5%. Prior to 7/1/2011: CPI + 5%.

## New Hampshire Retirement System Target History

31-Dec-2012 - 31-Mar-2013			
Domestic Broad			
Eq	Russell 3000 Index	43.60%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF Property Index+0.50%	8.80%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	Alternative Asset Benchmark	2.60%	
		100.00%	
30-Sep-2012 - 31-Dec-2012			
Domestic Broad			
Eq	Russell 3000 Index	43.90%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF Property Index+0.50%	8.70%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	Alternative Asset Benchmark	2.40%	
		100.00%	
30-Jun-2012 - 30-Sep-2012			
Domestic Broad			
Eq	Russell 3000 Index	43.50%	
Domestic Fixed	Bloomberg Universal	25.00%	
Real Estate	NCREIF Property Index+0.50%	9.00%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	Alternative Asset Benchmark	2.50%	
		100.00%	
31-Mar-2012 - 30-Jun-2012			
Domestic Broad			
Eq	Russell 3000 Index	40.10%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index+0.50%	7.60%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	Alternative Asset Benchmark	2.30%	
		100.00%	
31-Dec-2011 - 31-Mar-2012			
Domestic Broad			
Eq	Russell 3000 Index	39.70%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index+0.50%	8.00%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	Alternative Asset Benchmark	2.30%	
		100.00%	
30-Sep-2011 - 31-Dec-2011			
Domestic Broad			
Eq	Russell 3000 Index	40.20%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index+0.50%	7.40%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	Alternative Asset Benchmark	2.40%	
		100.00%	
30-Jun-2011 - 30-Sep-2011			
Domestic Broad			
Eq	Russell 3000 Index	42.50%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index+0.50%	5.40%	
Intl Equity	MSCI ACWI xUS (Net)	20.00%	
Other Alternatives	Alternative Asset Benchmark	2.10%	
		100.00%	
31-Mar-2011 - 30-Jun-2011			
Domestic Broad			
Eq	Russell 3000 Index	43.00%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index+0.50%	5.30%	
Intl Equity	MSCI ACWI xUS (Net)	15.00%	
Other Alternatives	Alternative Asset Benchmark	1.70%	
Global Equity			
Broad	MSCI ACWI (Net)	5.00%	
		100.00%	
31-Dec-2010 - 31-Mar-2011			
Domestic Broad			
Eq	Russell 3000 Index	43.00%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index+0.50%	5.20%	
Intl Equity	MSCI ACWI xUS (Net)	15.00%	
Other Alternatives	Alternative Asset Benchmark	1.80%	
Global Equity			
Broad	MSCI ACWI (Net)	5.00%	
		100.00%	
30-Sep-2010 - 31-Dec-2010			
Domestic Broad			
Eq	Russell 3000 Index	42.80%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index+0.50%	5.40%	
Intl Equity	MSCI ACWI xUS (Net)	15.00%	
Other Alternatives	Alternative Asset Benchmark	1.80%	
Global Equity			
Broad	MSCI ACWI (Net)	5.00%	
		100.00%	
30-Jun-2010 - 30-Sep-2010			
Domestic Broad			
Eq	Russell 3000 Index	42.90%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index+0.50%	5.00%	
Intl Equity	MSCI ACWI xUS (Net)	15.00%	
Other Alternatives	Alternative Asset Benchmark	2.10%	
Global Equity			
Broad	MSCI ACWI (Net)	5.00%	
		100.00%	
31-Dec-2009 - 30-Jun-2010			
Domestic Broad			
Eq	Russell 3000 Index	43.30%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index+0.50%	4.70%	
Intl Equity	MSCI ACWI xUS (Net)	15.00%	
Other Alternatives	Alternative Asset Benchmark	2.00%	
Global Equity			
Broad	MSCI ACWI (Net)	5.00%	
		100.00%	
30-Sep-2009 - 31-Dec-2009			
Domestic Broad			
Eq	Russell 3000 Index	42.30%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index+0.50%	5.50%	
Intl Equity	MSCI ACWI xUS (Net)	15.00%	
Other Alternatives	Alternative Asset Benchmark	2.20%	
Global Equity			
Broad	MSCI ACWI (Net)	5.00%	
		100.00%	

Alternatives Benchmark represents from 7/1/2022 to present: 66.7% Russell 3000 Idx + 2% (1 qtr lag) and 33.3% ((50% S&P LSTA Leveraged Loan 100 Idx + 50% Bloomberg HY Idx) + 1%) (1 qtr lag).  
 From 7/1/2019 to 7/1/2022: 66.7% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag). From 7/1/2016 to 7/1/2019: 33.3% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag) + 33.3% of Cash (6-mo USD LIBOR) + 5%. From 7/1/2015 to 7/1/2016: 33.3% S&P 500 +3% (1qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Idx(1 qtr lag) + 33.3% of Cash (1 month USD LIBID) +5%. From 7/1/2013 to 7/1/2015: S&P 500 plus 5% (1 qtr lag). From 7/1/2011 to 7/1/2013: Qtr ending weight of Private Equity x S&P 500 plus 5% + Qtr ending weight Absolute Return x CPI + 5%. Prior to 7/1/2011: CPI + 5%.



## New Hampshire Retirement System Target History

30-Jun-2009 - 30-Sep-2009			
Domestic Broad			
Eq	Russell 3000 Index	41.50%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index+0.50%	6.20%	
Intl Equity	MSCI ACWI xUS (Net)	15.00%	
Other Alternatives	Alternative Asset Benchmark	2.30%	
Global Equity			
Broad	MSCI ACWI (Net)	5.00%	
		100.00%	
31-Mar-2009 - 30-Jun-2009			
Domestic Broad			
Eq	Russell 3000 Index	38.00%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index+0.50%	9.30%	
Intl Equity	MSCI ACWI xUS (Net)	15.00%	
Other Alternatives	Alternative Asset Benchmark	2.70%	
Global Equity			
Broad	MSCI ACWI (Net)	5.00%	
		100.00%	
31-Dec-2008 - 31-Mar-2009			
Domestic Broad			
Eq	Russell 3000 Index	37.20%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index+0.50%	9.70%	
Intl Equity	MSCI ACWI xUS (Net)	15.00%	
Other Alternatives	Alternative Asset Benchmark	3.10%	
Global Equity			
Broad	MSCI ACWI (Net)	5.00%	
		100.00%	
30-Sep-2008 - 31-Dec-2008			
Domestic Broad			
Eq	Russell 3000 Index	38.90%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index	8.20%	
Intl Equity	MSCI ACWI xUS (Net)	15.00%	
Other Alternatives	Consumer Price Index (W) + 5%	2.90%	
Global Equity			
Broad	MSCI ACWI (Net)	5.00%	
		100.00%	
30-Jun-2008 - 30-Sep-2008			
Domestic Broad			
Eq	Russell 3000 Index	40.00%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index	7.30%	
Intl Equity	MSCI ACWI xUS (Net)	15.00%	
Other Alternatives	Consumer Price Index (W) + 5%	2.70%	
Global Equity			
Broad	MSCI ACWI (Net)	5.00%	
		100.00%	
30-Jun-2007 - 30-Jun-2008			
Domestic Broad			
Eq	Russell 3000 Index	44.00%	
Domestic Fixed	Bloomberg Universal	30.00%	
Real Estate	NCREIF Property Index	5.00%	
Intl Equity	MSCI ACWI xUS (Net)	16.00%	
Other Alternatives	Consumer Price Index (W) + 5%	5.00%	
		100.00%	
30-Nov-2006 - 30-Jun-2007			
Domestic Broad			
Eq	Russell 3000 Index	44.00%	
Domestic Fixed	Bloomberg Universal	26.00%	
Real Estate	NCREIF Property Index	5.00%	
Intl Equity	MSCI ACWI xUS (Net)	16.00%	
Other Alternatives	Consumer Price Index (W) + 5%	5.00%	
Global Fixed-Inc	Brandywine Blended Benchmark	4.00%	
		100.00%	
30-Jun-2003 - 30-Nov-2006			
Domestic Broad			
Eq	Russell 3000 Index	47.00%	
Domestic Fixed	Bloomberg Universal	18.00%	
Real Estate	NCREIF Property Index	10.00%	
Intl Equity	MSCI ACWI xUS (Net)	12.00%	
Other Alternatives	Consumer Price Index (W) + 5%	10.00%	
Global Fixed-Inc	Brandywine Blended Benchmark	3.00%	
		100.00%	
31-Oct-1997 - 30-Jun-2003			
Domestic Broad			
Eq	S&P 500 Index	50.00%	
Domestic Fixed	Bloomberg Universal	18.00%	
Real Estate	NCREIF Property Index	10.00%	
Intl Equity	MSCI EAFE (Net)	9.00%	
Other Alternatives	Consumer Price Index (W) + 5%	10.00%	
Global Fixed-Inc	Brandywine Blended Benchmark	3.00%	
		100.00%	
31-Mar-1990 - 31-Oct-1997			
Domestic Broad			
Eq	S&P 500 Index	50.00%	
Domestic Fixed	Bloomberg Universal	18.00%	
Real Estate	NCREIF Property Index	10.00%	
Intl Equity	MSCI EAFE (Net)	9.00%	
Other Alternatives	Consumer Price Index (W) + 5%	10.00%	
Global Fixed-Inc	JPM GBI Global Unhedged USD	3.00%	
		100.00%	
30-Jun-1975 - 31-Mar-1990			
Domestic Broad			
Eq	S&P 500 Index	50.00%	
Real Estate	NCREIF Property Index	10.00%	
Intl Equity	MSCI EAFE (Net)	9.00%	
Other Alternatives	Consumer Price Index (W) + 5%	10.00%	
Global Fixed-Inc	JPM GBI Global Unhedged USD	3.00%	
		82.00%	

Alternatives Benchmark represents from 7/1/2022 to present: 66.7% Russell 3000 Idx + 2% (1 qtr lag) and 33.3% ((50% S&P LSTA Leveraged Loan 100 Idx + 50% Bloomberg HY Idx) + 1%) (1 qtr lag).  
 From 7/1/2019 to 7/1/2022: 66.7% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag). From 7/1/2016 to 7/1/2019: 33.3% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag) + 33.3% of Cash (6-mo USD LIBOR) + 5%. From 7/1/2015 to 7/1/2016: 33.3% S&P 500 +3% (1qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Idx(1 qtr lag) + 33.3% of Cash (1 month USD LIBID) +5%. From 7/1/2013 to 7/1/2015: S&P 500 plus 5% (1 qtr lag). From 7/1/2011 to 7/1/2013: Qtr ending weight of Private Equity x S&P 500 plus 5% + Qtr ending weight Absolute Return x CPI + 5%. Prior to 7/1/2011: CPI + 5%.

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Past performance is no guarantee of future results.

# NHRS Asset Allocation Update

NHRS Investment Team  
Independent Investment Committee Meeting

January 27, 2026

# Summary

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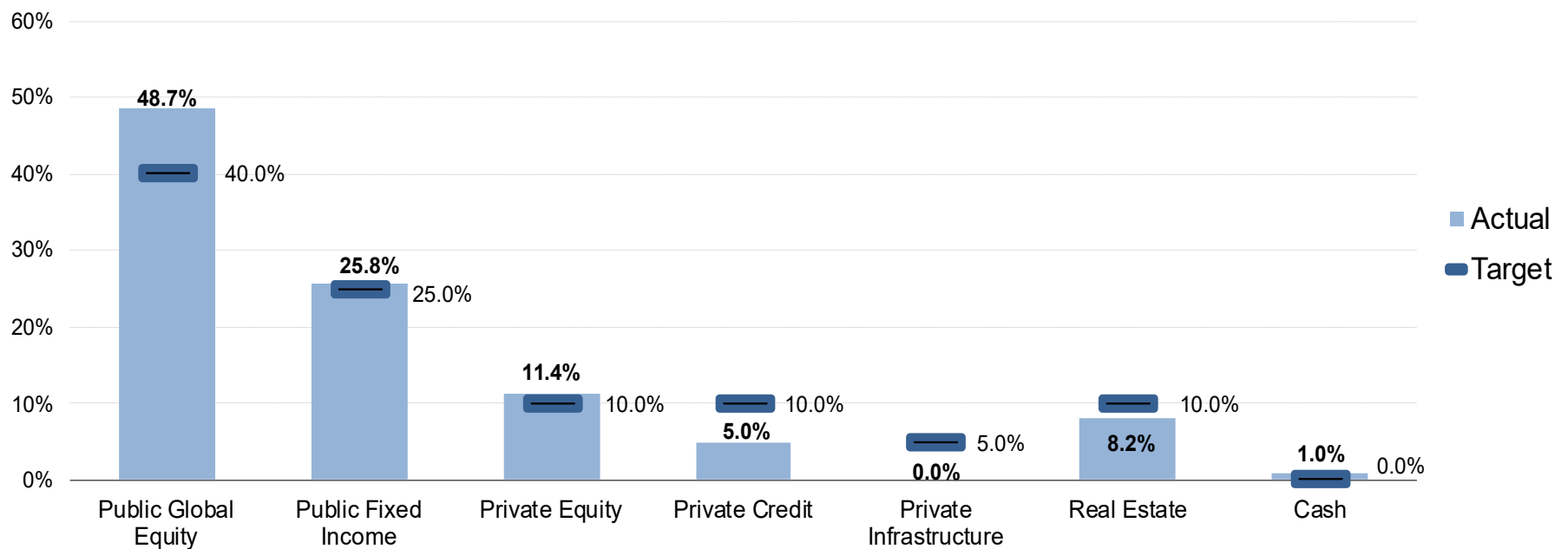


- On November 30, 2025, the preliminary Total Fund value was approximately \$13.8 billion.
- Current asset allocation targets were approved by the Board of Trustees on December 12, 2023 (targets) and December 10, 2024 (ranges), respectively.
  - The new Target Asset Allocation, approved by the Board in December 2023, took effect at the start of the new fiscal year on July 1, 2024. Implementation will occur over a multi-year timeframe.
- Allocations are managed within approved allocation ranges. All asset classes are continually monitored and the Investment Team takes action to prudently rebalance as a range limit is approached.
- Current status of Targets vs. Actual is illustrated on page 2.
- All asset classes are within approved allocation ranges (page 3) as of November 30, 2025.
- Total Fund allocation is slightly below and above the target of 70% Equity-like and 30% Fixed Income investments, respectively as of November 30, 2025 (page 4).

# Current Status



## Class Targets vs. Actual Allocation as of November 30, 2025 (Preliminary)



*Figures in **bold** represent actual allocation amount.*

Source: NHRS

# Asset Class Allocations Relative to Policy Targets and Ranges



As of November 30, 2025 (preliminary)

Asset Class	Range <sup>1</sup>	Allocation			Objective	Comments
		Target	Actual	Variance		
Public Markets						
Global Equity	30 - 50%	40.0%	48.7%	8.7%	Monitor	A rebalance from Global Equity to Fixed Income of \$475MM to take place on 12/09/2025 representing approximately 3.5% of the total NHRS portfolio. No immediate action needed.
Fixed Income	18 - 32%	25.0%	25.8%	0.8%	Monitor	
Private Markets						
Equity <sup>1</sup>	5 - 15%	10.0%	11.4%	1.4%	Monitor	No immediate action needed.
Credit <sup>1</sup>	0 - 15%	10.0%	5.0%	-5.0%	Action	To be scaled up incrementally over subsequent periods as part of SAA implementation.
Infrastructure	0 - 15%	5.0%	0.0%	-5.0%	Action	To be scaled up incrementally over subsequent periods as part of SAA implementation.
Real Estate (RE)	5 - 20%	10.0%	8.2%	-1.8%	Monitor	No immediate action needed.
Cash Equivalents	0 - 5%	0.0%	1.0%	1.0%	No Action	Minimal cash balance to provide liquidity, as needed, for annuities, capital calls and other plan needs.
		100.0%	100.0%	0.0%		

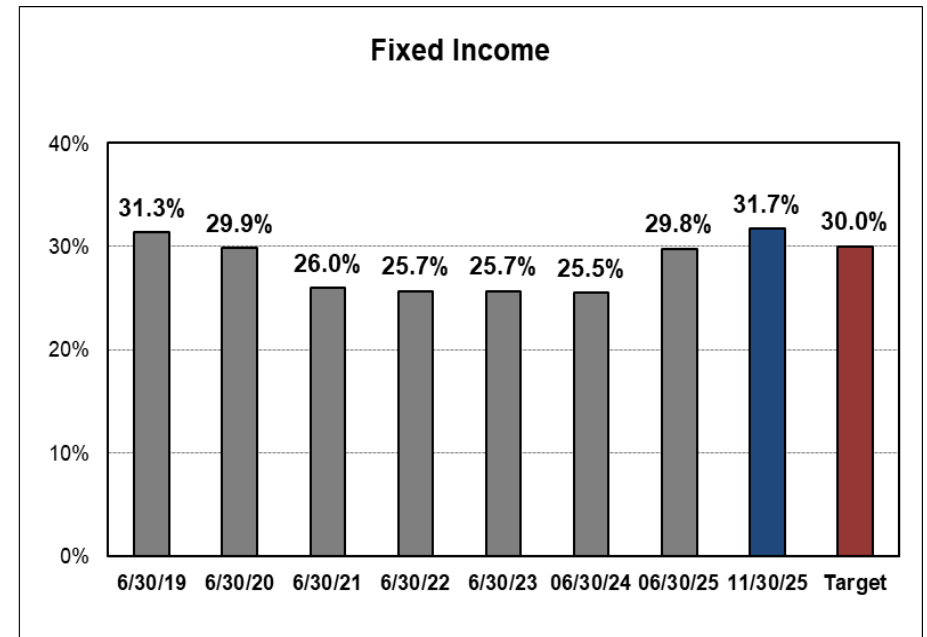
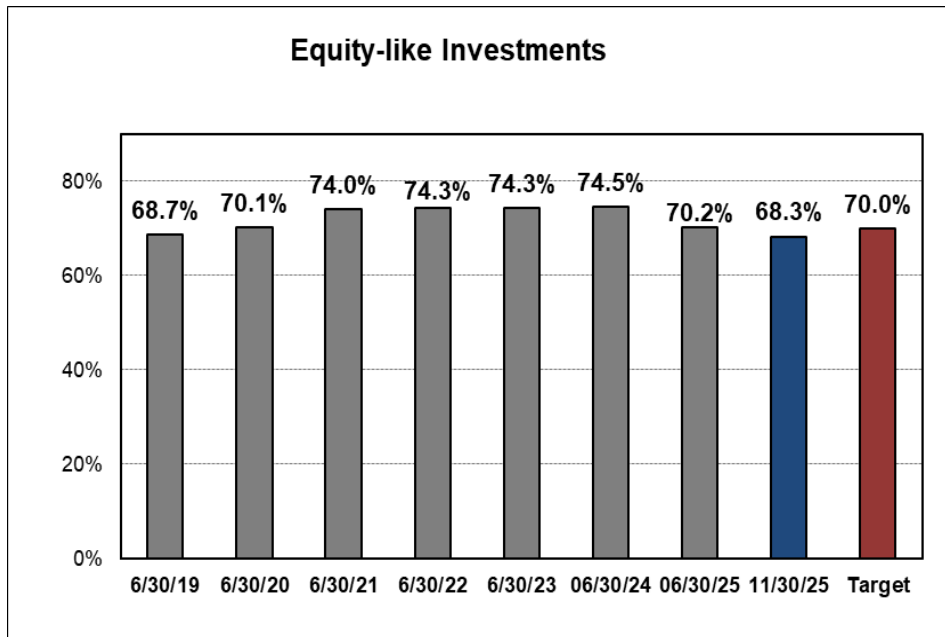
<sup>1</sup>As reported on the November 30, 2025 Callan Monthly Review.

Source: NHRS

# Total Fund Allocation from 6/30/19 through 11/30/25 (Preliminary)



- The Total Fund allocation is slightly below and above the target of 70% Equity-like and 30% Fixed Income investments, respectively.



Source: NHRS

## Private Credit, Private Equity & Infrastructure Summary: As of December 31, 2025

<u>IIC Approval</u>	<u>Investment Name</u>	<u>Amount</u>	<u>Strategy</u>
June 2009	Lexington Capital Partners VII	\$ 20,000,000	Secondaries
March 2011	Siguler Guff Distressed Opportunities IV *	\$ 20,000,000	Distressed
April 2011	Avenue Special Situations Fund VI	\$ 20,000,000	Distressed
April 2011	Lexington Capital Partners VII	\$ 20,000,000	Secondaries
May 2011	Industry Ventures Fund VI *	\$ 20,000,000	Secondaries
August 2011	RFE Investment Partners VIII *	\$ 20,000,000	Buyout
August 2011	Tennenbaum Opportunities Fund VI	\$ 20,000,000	Distressed
September 2011	Edgewater Growth Capital Partners Fund III *	\$ 20,000,000	Buyout
November 2011	SL Capital European Smaller Funds I *	\$ 20,000,000 **	Buyout
July 2012	Ironwood Mezzanine Fund III *	\$ 20,000,000	Mezzanine
July 2012	Coller International Partners VI	\$ 20,000,000	Secondaries
December 2012	Paul Capital Partners X *	\$ 12,500,000	Secondaries
February 2013	HarbourVest Dover Street VIII *	\$ 50,000,000	Secondaries
May 2013	Gramercy Distressed Opportunity Fund II *	\$ 50,000,000	Distressed
July 2013	Monroe Capital Senior Secured Direct Loan Fund *	\$ 50,000,000	Direct Lending
<b>September 2013</b>	<b>Industry Ventures Fund VII *</b>	<b>\$ 20,000,000</b>	<b>Secondaries</b>
September 2013	Industry Ventures Partnership Holdings Fund III *	\$ 20,000,000	Venture Capital
October 2013	Pine Brook Capital Partners II	\$ 50,000,000	Growth
February 2014	CCMP Capital Investors III	\$ 50,000,000	Buyout
February 2014	Carlyle Group *	\$ 150,000,000	Growth
March 2014	Crescent Direct Lending Levered Fund *	\$ 50,000,000	Direct Lending
<b>April 2014</b>	<b>Lexington Capital Partners VIII *</b>	<b>\$ 50,000,000</b>	<b>Secondaries</b>
August 2014	Alcentra European Direct Lending Fund	\$ 50,000,000	Direct Lending
August 2014	HarbourVest HIPEP VII *	\$ 50,000,000	Buyout
September 2014	Top Tier Venture Velocity Fund *	\$ 20,000,000	Secondaries
October 2014	BlackRock Private Opportunities Fund - 2014 Series	\$ 150,000,000	Co-Investments
November 2014	NGP Natural Resources XI *	\$ 75,000,000	Energy
January 2015	Comvest Capital III *	\$ 40,000,000	Direct Lending
January 2015	CarVal Investors Credit Value Fund III *	\$ 50,000,000	Multi-sector
<b>April 2015</b>	<b>Coller International Partners VII</b>	<b>\$ 50,000,000</b>	<b>Secondaries</b>
<b>August 2015</b>	<b>Gramercy Distressed Opportunity Fund III *</b>	<b>\$ 50,000,000</b>	<b>Distressed</b>
<b>August 2015</b>	<b>Monroe Capital Private Credit Fund II *</b>	<b>\$ 50,000,000</b>	<b>Direct Lending</b>
August 2015	BlueBay Direct Lending Fund II *	\$ 50,000,000 **	Direct Lending
<b>September 2015</b>	<b>Industry Ventures Partnership Holdings Fund IV *</b>	<b>\$ 20,000,000</b>	<b>Venture Capital</b>
September 2015	Warburg Pincus XII	\$ 64,000,000 ***	Growth
<b>November 2015</b>	<b>HarbourVest Dover Street IX *</b>	<b>\$ 50,000,000</b>	<b>Secondaries</b>
November 2015	Kayne Anderson Energy Fund VII *	\$ 50,000,000	Energy
<b>February 2016</b>	<b>Alcentra European Direct Lending Fund II *</b>	<b>\$ 50,000,000</b>	<b>Direct Lending</b>
February 2016	Riverstone Credit Partners *	\$ 50,000,000	Energy
March 2016	Thoma Bravo Fund XII	\$ 46,000,000 ***	Buyout
<b>October 2016</b>	<b>Comvest Capital IV *</b>	<b>\$ 50,000,000</b>	<b>Direct Lending</b>
<b>December 2016</b>	<b>HarbourVest HIPEP VIII *</b>	<b>\$ 50,000,000</b>	<b>Buyout</b>
January 2017	Actis Energy 4	\$ 50,000,000	Energy
<b>February 2017</b>	<b>Edgewater Growth Capital Partners Fund IV *</b>	<b>\$ 50,000,000</b>	<b>Buyout</b>
<b>February 2017</b>	<b>Top Tier Venture Velocity Fund 2 *</b>	<b>\$ 25,000,000</b>	<b>Secondaries</b>
April 2017	Apollo Investment Fund IX	\$ 40,000,000 ***	Buyout
<b>June 2017</b>	<b>Crescent Direct Lending Levered Fund II *</b>	<b>\$ 50,000,000</b>	<b>Direct Lending</b>
September 2017	Carlyle Asia V *	\$ 50,000,000	Growth
September 2017	CarVal Investors Credit Value Fund IV *	\$ 50,000,000	Multi-sector
October 2017	BlackRock Private Opportunities Fund - 2018 Series	\$ 150,000,000	Co-Investments
November 2017	Riverstone Credit Partners II *	\$ 50,000,000	Energy
<b>February 2018</b>	<b>Industry Ventures Partnership Holdings Fund V *</b>	<b>\$ 25,000,000</b>	<b>Venture Capital</b>
March 2018	BlueBay Direct Lending Fund III *	\$ 50,000,000	Direct Lending
April 2018	Monroe Capital Private Credit Fund III *	\$ 50,000,000	Direct Lending
September 2018	Alcentra European Direct Lending Fund III *	\$ 50,000,000	Direct Lending
September 2018	Thoma Bravo Fund XIII	\$ 50,000,000	Buyout
September 2018	Warburg Pincus Global Growth	\$ 50,000,000	Growth
<b>April 2019</b>	<b>HarbourVest Dover Street X *</b>	<b>\$ 50,000,000</b>	<b>Secondaries</b>
<b>April 2019</b>	<b>Top Tier Venture Velocity Fund 3 *</b>	<b>\$ 25,000,000</b>	<b>Secondaries</b>

## Private Credit, Private Equity & Infrastructure Summary: As of December 31, 2025

<u>IIC Approval</u>	<u>Investment Name</u>	<u>Amount</u>	<u>Strategy</u>
March 2020	<b>Collier International Partners VIII</b>	\$ 75,000,000	<b>Secondaries</b>
March 2020	<b>HarbourVest HIPEP IX *</b>	\$ 75,000,000	<b>Buyout</b>
April 2020	<b>Comvest Capital V *</b>	\$ 50,000,000	<b>Direct Lending</b>
September 2020	<b>Thoma Bravo Fund XIV</b>	\$ 50,000,000 ***	<b>Buyout</b>
October 2020	<b>CarVal Investors Credit Value Fund V *</b>	\$ 50,000,000	<b>Multi-sector</b>
October 2020	<b>Industry Ventures Fund IX *</b>	\$ 50,000,000	<b>Secondaries</b>
November 2020	<b>BlackRock Private Opportunities Fund - 2021 Series</b>	\$ 150,000,000	<b>Co-Investments</b>
December 2020	<b>Monroe Capital Private Credit Fund IV *</b>	\$ 50,000,000	<b>Direct Lending</b>
February 2021	<b>Crescent Direct Lending Levered Fund III *</b>	\$ 50,000,000	<b>Direct Lending</b>
June 2021	<b>Industry Ventures Partnership Holdings Fund VI *</b>	\$ 25,000,000	<b>Venture Capital</b>
September 2021	<b>Top Tier Venture Velocity Fund 4 *</b>	\$ 25,000,000	<b>Secondaries</b>
November 2021	<b>Atalaya Special Opportunities Fund VIII*</b>	\$ 50,000,000	<b>Specialty Finance</b>
February 2022	<b>Clearlake Capital Partners VII</b>	\$ 50,000,000	<b>Buyout</b>
February 2022	<b>Thoma Bravo Fund XV</b>	\$ 50,000,000	<b>Buyout</b>
March 2022	<b>Comvest Capital VI *</b>	\$ 50,000,000	<b>Direct Lending</b>
March 2022	<b>Warburg Pincus 14</b>	\$ 50,000,000	<b>Growth</b>
May 2022	<b>HarbourVest Dover Street XI *</b>	\$ 50,000,000	<b>Secondaries</b>
May 2023	<b>American Industrial Partners VIII</b>	\$ 50,000,000	<b>Buyout</b>
May 2023	<b>Apollo X</b>	\$ 40,000,000	<b>Buyout</b>
May 2023	<b>Apollo X Co-Investment</b>	\$ 40,000,000	<b>Buyout</b>
Aug / Sept 2023	<b>Ares Pathfinder II</b>	\$ 75,000,000	<b>Specialty Finance</b>
October 2023	<b>Strategic Value Partners Capital Solutions II</b>	\$ 50,000,000	<b>Multi-sector</b>
December 2023	<b>Sixth Street Partners TAO Global</b>	\$ 75,000,000	<b>Multi-sector</b>
February 2024	<b>H.I.G. Capital Advantage Buyout Fund II</b>	\$ 50,000,000	<b>Buyout</b>
February 2024	<b>H.I.G. Capital Advantage Buyout Fund II Co-Investment</b>	\$ 50,000,000	<b>Buyout</b>
June 2024	<b>Ares Senior Direct Lending Fund III</b>	\$ 100,000,000	<b>Direct Lending</b>
August 2024	<b>HarbourVest HIPEP X</b>	\$ 75,000,000	<b>Buyout</b>
August 2024	<b>Oak Hill Advisors Senior Private Lending Fund (OLEND)</b>	\$ 100,000,000	<b>Direct Lending</b>
December 2024	<b>Top Tier Venture Velocity Fund 5 *</b>	\$ 25,000,000	<b>Secondaries</b>
December 2024	<b>Blackstone Multi Asset Credit Fund (BMAC)</b>	\$ 75,000,000	<b>Multi-sector</b>
April 2025	<b>Comvest Credit Partners VII *</b>	\$ 50,000,000	<b>Direct Lending</b>
June 2025	<b>Advent Global Private Equity Fund XI</b>	\$ 75,000,000	<b>Buyout</b>
August 2025	<b>Intermediate Capital Group Europe Fund IX</b>	\$ 100,000,000	<b>Mezzanine</b>
August 2025	<b>JPM Infrastructure Investments Fund</b>	\$ 100,000,000	<b>Core Infrastructure</b>
November 2025	<b>Crescent Capital Direct Lending Fund IV*</b>	\$ 50,000,000	<b>Direct Lending</b>
December 2025	<b>BlackRock Private Opportunities Fund - 2025 Series</b>	\$ 150,000,000	<b>Co-Investments</b>
December 2025	<b>KKR Global Infrastructure Investors V</b>	\$ 100,000,000	<b>Core+ Infrastructure</b>
		<b>\$ 5,082,500,000</b>	

Red indicates Private Equity (\$2,937.5m or 58% of commitments)

Green indicates Private Credit (\$1,945.0m or 38% of commitments)

Blue indicates Infrastructure (\$200.0m or 4% of commitments)

Investments that are bolded and shaded represent re-ups

\* Advisory Board Member (includes observer seats)

\*\* Commitment made in Euros

\*\*\* Amount reduced due to oversubscription





To: Independent Investment Committee  
From: Raynald Leveque, Chief Investment Officer  
Gregory Richard, Head of Portfolio Administration

Date: January 15, 2026

Re: **2025 Proxy Voting Summary**

Item: Action: ☐ Discussion: ☐ Informational: ☒

Shareholder responsibility is fundamental to good corporate governance, which requires an appropriate balance between the rights of shareholders and the need for management and the board to direct a corporation's affairs with a long-term perspective. The System's shareholder voting rights must be managed with the same care as any of its other assets. Therefore, the Board has adopted a formal Proxy Voting Policy reflecting three objectives: to protect the System's rights; to promote responsible corporate policies and activities; and, to enhance long-term value.

The Proxy Voting Policy under which voting was conducted during calendar year 2025 was adopted by the Board on April 9, 2024. The Policy will be reviewed with Institutional Shareholder Services ("ISS"), the System's proxy voting agent, in early 2026 to ensure that it reflects current industry practices and any changes necessary due to new legislation. Should changes to the Policy be recommended by ISS, a revised Policy will be presented to the Investment Committee for recommendation to the Board.

For the 2025 calendar year, a total of 15,450 proposals were voted, representing 1,301 meetings for the companies owned in the System's investment portfolio. Among other things, the proxies focused on the election of board directors, auditor ratification and executive compensation. System policies generally support management if the position is reasonable, is not detrimental to the long-term economic prospects of the company and does not tend to diminish the rights of shareholders.

All votes cast during 2025 were compliant with the System's Proxy Voting Policy.

#### Summary of 2025 Proxy Voting:

	For	Against	Abstain/Withhold	Total
Management Proposals	13,039	1,284	569	14,892
Shareholder Proposals	148	99	238	485
Total	13,187 (86%)	1,383 (9%)	807 (5%)	<b>15,377*</b>

\* Does not include 73 "Say on Pay Frequency" votes, as these are not voted on a *For* or *Against* basis, but are voted for either *One*, *Two*, or *Three Year* terms.

New Hampshire Retirement System

A Component Unit of the State of New Hampshire

## **Comprehensive Annual Investment Report**

**For the Fiscal Year Ended June 30, 2025**



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Investment Manual

NHRS Investment Philosophy

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December 09, 2025

The Honorable Kelly Ayotte, Governor  
The Honorable Sharon Carson, President of the Senate  
The Honorable Sherman Packard, Speaker of the House of Representatives

Annual Report for Fiscal Year 2025

The Independent Investment Committee (Investment Committee) of the New Hampshire Retirement System (NHRS, System) is pleased to present the Comprehensive Annual Investment Report for the Fiscal Year ended June 30, 2025, in accordance with the provisions of the Revised Statutes Annotated (RSA) 100-A:15, VII of the State of New Hampshire.

Asset Allocation & Summary of Results

Total assets at the end of Fiscal Year 2025 were \$13.3 billion, reflecting a \$1.1 billion increase compared to \$12.2 billion the prior year. The System's investment portfolio is prudently managed for the long-term in order to generate adequate returns to support benefit payments promised to members. To achieve that goal, investments are broadly diversified across the following asset classes: domestic (U.S.) and non-U.S. stocks, bonds, real estate, and alternative investments.

The target allocation and range for each asset class shown below was adopted by the Board of Trustees on December 10, 2024, based on a recommendation of the Investment Committee.

Asset Class	Target Allocation	Allocation Range	Actual Allocation at June 30, 2025*
Global Equity	40%	30 - 50%	49.7%
Fixed Income	25%	18 – 32%	23.0%
Real Estate	10%	5 – 20%	8.3%
Infrastructure	5%	0 – 10%	0%
Alternative Investments	20%	5 – 25%	17.3%

\* Fixed Income includes cash. Refer to Appendix C for additional detail.

As illustrated in the table, as of June 30, 2025, all asset classes were within the allocation ranges.

The NHRS return was 10.31% net of fees for the Fiscal Year ended June 30, 2025, compared to the benchmark return of 12.12%. The five-year annualized net of fees return was 9.55% compared to the benchmark return of 9.20%. The ten-year annualized net of fees return was 7.73% compared to the benchmark return of 8.05%. Note that these benchmarks do not include any management fees which would be incurred if NHRS invested in the underlying indices. Compared to our peers, NHRS ranked in the top 35% and 32% for the five and ten-year trailing periods, respectively. These rankings are based on the Callan Public Fund Large Defined Benefit Gross Universe.

Over the long-term, the 25-year annualized net of fees return was 6.63%. The System's actuarial assumed rate of return is 6.75%.

***Please refer to Appendix A for a detailed review of investment performance as well as market commentary.***

#### The Investment Committee

The Investment Committee is responsible for investing in accordance with policies established by the NHRS Board of Trustees (Board), and making recommendations to the Board regarding asset allocation, investment consultants, and other investment policy matters. In addition, the Investment Committee is responsible for selecting investment managers, agents, custodial banks, and reviewing performance.

The Investment Committee meets most months and is comprised of six members: three independent voting members and an active non-voting member of the retirement system appointed by the Governor and Executive Council; and two voting members of the Board of Trustees appointed by the Chair of the Board. All members are required by statute to have significant experience in institutional investing or finance. As of June 30, 2025, the Chair of the IIC was Christine Clinton, CFA, the independent member was Brian Bickford, CFA; and the active non-voting member was Michael McMahon.

The two Board members serving on the Investment Committee were Maureen Kelliher, CFA (Chair); and Paul Provost, CFP®. One vacancy remains for an independent voting member. Brief biographies and photographs of the Investment Committee members as of June 30, 2025, follow this report.

### Investment Manual

The NHRS Investment Manual provides governance and oversight of the pension fund assets and is presented in Appendix C of this report. Highlights are listed below:

- The Investment Policy and Accountability Matrix provide a description of the roles and responsibilities of the Board, the Investment Committee, NHRS Staff, and the System's service providers.
- The Proxy Voting Policy and Securities Lending Policy provide specific guidance on these individual topics.
- The program's benchmarks and asset allocation policy are detailed along with discussions of risk management, liquidity, rebalancing and portfolio monitoring controls.
- Various considerations related to the oversight of investments are described, including the selection of service providers and use of active or passive strategies.
- Asset class guidelines detail portfolio construction, permissible and prohibited investment vehicles, as well as concentration limits.

The Board sets the assumed rate of return based on the recommendations of the System's actuary, NHRS Staff, the Investment Committee, and analysis provided by the investment consultant and other industry experts. A written opinion letter on this subject is included in this report as Appendix B.

### Governance, Benchmarks and Measurement of Outcomes

The management and administration of the pension trust is a complex effort involving multiple stakeholders with distinct roles and responsibilities as described in the Investment Manual and in statute. At each regular meeting of the Board or Investment Committee, status reports are provided



regarding the outcomes of various investment initiatives. Additionally, performance is reviewed versus benchmarks at the manager-level, asset class-level, and portfolio-level on a monthly and quarterly basis, as appropriate, and over various time-periods since the inception of a particular investment mandate or strategy to continually evaluate the portfolio.

NHRS continuously monitors the investment fees paid to managers and discloses alternative investment fees on an aggregate basis each quarter in compliance with the New Hampshire House Bill (HB) 173 passed in 2021.

#### Administrative Comments

The Investment Committee meets at the System's offices eight times per year and as needed. Notice is provided regarding the time, agenda and location of these meetings pursuant to RSA 91-A:2, II. The Investment Committee promotes transparency regarding the investment program through these public meetings, investment materials and reports. Meeting minutes are posted on the NHRS website. Certain investment matters may require discussion in non-public session in accordance with statute. On a regular basis, the Investment Committee receives presentations from investment managers currently retained by NHRS as well as from prospective managers.

Raynald D. Leveque was the System's Chief Investment Officer for the Fiscal Year ending June 30, 2025. Leading a team of four investment professionals, Mr. Leveque served as the primary staff liaison on investment matters. In addition, the investment team directs all aspects of the System's investment program including the development of recommendations regarding the System's overall investment strategy and asset allocation; oversight of external portfolio managers; and promoting productive relationships with investment consultants and service providers. A biography of Mr. Leveque follows this report.

Each fiscal year, NHRS produces an Annual Comprehensive Financial Report (ACFR), which details the operation and financial condition of the retirement system. This report also includes a financial section which outlines the funded status and unfunded actuarial accrued liability, in addition to other actuarial statistics. ACFR reports are available on the System's website, [www.nhrs.org](http://www.nhrs.org).

Overview of Significant Investment Committee Initiatives during the 2025 Fiscal Year:

- Transitioned to a global equity portfolio to enhance diversification and align with the Fund's long-term strategic objectives.
  - Approved the revised Investment Manual, including adoption of the new Global Equity benchmark.
- Implemented manager transitions within public equity and public fixed income to improve risk-adjusted performance.
- Advanced the buildout of the private equity and private credit portfolios with aggregate commitments of \$400 million across six Funds.
- Expanded the Investment Office team and resources to further strengthen internal investment capabilities.
- Continued to grow the alternative investments program in alignment with the Fund's diversification and return objectives.
- Executed the annual real estate investment plan consistent with the long-term pacing and allocation framework.
- Continued implementation of the Strategic Asset Allocation to maintain alignment with the Fund's return and risk targets.
- Reviewed the long-term performance of all marketable investment managers against benchmarks and renewed contracts where appropriate.
- Implemented Canoe and Pitchbook platforms to enhance data management, investment research, and reporting capabilities in line with the Fund's strategic plan.
- Performed a comprehensive review of all private credit and equity commitments made since the program's restart in 2009 and adopted an annual private credit and equity investment plan.

The Investment Committee is dedicated to achieving the best long-term investment results possible within acceptable levels of risk and consistent with prudent policies and practices.

Respectfully submitted,

Christine Clinton, Chair IIC  
Maureen Kelliher, Member IIC  
Brian Bickford, Member IIC  
Paul Provost, Member IIC  
Michael McMahon, Member IIC

Jan Goodwin, Executive Director  
Raynald Leveque, Chief Investment Officer



### **Christine Clinton**

Christine Clinton has been working in the investment management industry for more than two decades after cofounding Bluestone Wealth Management LLC. Prior to Bluestone, she worked as a Corporate Controller for several high-tech start-ups in the communications, finance, and biotech industries in the Boston area. Christine is a CPA as well as a Chartered Financial Analyst® (CFA) charterholder. She is a member of the CFA Institute and Boston Securities Analysts Society. She lives in Dublin.



### **Brian Bickford**

Brian Bickford has over 30 years of investment management experience and has been managing money in New Hampshire for more than 25 years. He is a senior vice president and director of client portfolio management at Cambridge Trust. Brian earned a Bachelor of Science degree in Business Administration at the University of Maine and a Master of Science degree in Finance at Florida International University. He is a Chartered Financial Analyst® (CFA®), a Certified Financial Planner® (CFP®) professional and a Chartered Market Technician® CMT®. Brian serves on the finance committee for the Pope Memorial SPCA in Concord, NH. He lives in Hopkinton.



### **Maureen Kelliher**

Maureen Kelliher has over four decades of investment management experience, having served as Co-Chief and Chief Investment Officer for trust and investment management firms, as well as Money Desk Manager for several banks. She holds the Chartered Financial Analyst® (CFA®) designation and is a member of the CFA Institute. Maureen resides in Dover, New Hampshire.



### **Mike McMahon**

Mike McMahon has been a member of Hampton Fire Rescue for nearly 30 years, where he currently serves as Fire Chief. During this time, he has served in a variety of financial and investment roles. He has spent over two decades in credit union leadership and is currently a director at Service Credit Union. Mike was a member of the 2017 Decennial Retirement Commission and serves in many other community leadership roles.



### **Paul Provost**

Paul Provost is a 30-year veteran of the wealth management and trust business, he has led the wealth management businesses for local community banks in New Hampshire since 2002. He is the president of New Hampshire Trust Company (NHTrust), a subsidiary of New Hampshire Mutual Bancorp headquartered in Concord. Paul earned a bachelor's degree from the University of Vermont and a master's degree in Administrative Management from Saint Michael's College. He is a Certified Financial Planner®. He also serves on the boards of the New Hampshire Higher Education Loan Corporation and the Concord Hospital Trust. He previously served as a board chair for the NH Charitable Foundation, Capital Region, and the Central New Hampshire Boys & Girls Club. He lives in Concord.



### **Raynald Leveque**

Raynald Leveque is the Chief Investment Officer for the New Hampshire Retirement System. Before joining New Hampshire in 2022, Raynald was the Deputy Chief Investment Officer for the State of Connecticut's \$41 billion Retirement Plans and Trust Funds. Prior to the State of Connecticut, Raynald held leadership roles in strategic asset allocation, risk management and quantitative portfolio management at the \$254 billion New York State Common Retirement Fund, and Invesco (formerly OppenheimerFunds). Raynald earned his master's degree in finance from Fordham University and a bachelor's degree in computer engineering from the Rochester Institute of Technology.

## **Appendix A**

Investment Consultant's Letter

Investment Performance Review & Market Commentary

Investment Reports

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Summit, NJ 07901

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[www.callan.com](http://www.callan.com)

October 27, 2025

Board of Trustees  
Investment Committee  
Chief Investment Officer  
Executive Director  
**The New Hampshire Retirement System**  
54 Regional Drive, Concord, NH 03301-8507

Dear NHRS Fiduciaries:

Callan LLC (Callan) is pleased to provide an overview of the New Hampshire Retirement System (NHRS) investment program for the fiscal year ended June 30, 2025. The capital markets registered strong returns over Fiscal Year 2025 (FY2025) across virtually all market segments. Global equity markets led the way with a return of 15.9%, as measured by MSCI ACWI IMI Index, due in part to sustained enthusiasm for AI and tech-driven growth. FY2025 was eventful from a policy and capital markets perspective, driven by President Trump's proposed universal tariff on all imports and concentrated tariffs on Chinese goods which sparked concerns over a potential trade war, supply chain disruptions, and put upward pressure on inflation. However, the U.S. economy was resilient over the Fiscal Year, notching a GDP gain of 3% (annual rate) amid interest rate cuts as the labor market showed mixed signals with a slight increase in the unemployment rate coinciding with an increase in inflation.

Despite mixed results driven by shifting monetary policies and fiscal uncertainties, FY2025 concluded with strong annual returns supported by a resilient U.S. economy, advancements in artificial intelligence (AI), and an improved outlook for inflation which gradually became muddled. The public stock and bond markets experienced significant volatility over the second half of the fiscal year. The stock market fell in 1Q25 and the bottom dropped out the first weeks of April, as investors feared a trade war and recession. An intensifying war in Gaza and Ukraine added to the anxiety. The bond market exercised its muscle in response to the policy announcements, with a sell-off and rising interest rates. Nevertheless, the markets staged an astounding comeback, which played out against a complex policy backdrop highlighted by a U.S. credit downgrade and budget negotiations in Washington. By the end of June, the Russell 3000 Index had rebounded from its 4.7% loss in 1Q25 to show a gain of 11.0% in 2Q25 and a 15.3% gain over the fiscal year. The global ex-U.S. equity markets showed their long dormant potential to diversify U.S. equities, with the MSCI ACWI ex-US Index posting a gain of 17.7% during the fiscal year amid U.S. dollar weakness, increased EU defense spending and supportive monetary policy. Emerging markets rose 15.3%, supported by a weaker U.S. dollar, strong returns from China, and strong gains in the Technology and Industrials sectors.

NHRS follows an investment strategy designed to meet its funding requirements over the long-term. Assets are allocated efficiently to ensure that beneficiaries will receive the benefits they were promised. The Fund is managed on a total return basis, while recognizing the importance of capital preservation and prudent risk management. Additionally, the Independent Investment Committee (IIC) administers the Fund in accordance with sound fiduciary standards and industry best practices. The Fund's strategic asset allocation and related objectives, parameters and specific delegation of responsibilities are explicitly defined in the Investment Policy Statement. The IIC manages the investment program pursuant to the investment policy, develops asset class guidelines, monitors and evaluates performance, and makes decisions regarding the retention or termination of asset managers. The investment manual includes all investment policies and asset class guidelines and may be obtained from the NHRS website at [www.nhrs.org](http://www.nhrs.org). The following pages report on the performance and attributes of the investment program for FY2025.

## Market and Economic Review for the Year Ended June 30, 2025

During FY2025, the economy and politics were as intertwined as ever with the U.S. going through an election cycle. The early months of President Trump's second term delivered sweeping policy changes that heightened uncertainty across financial markets. From federal spending cuts to an aggressive shift in trade policy, the administration's "shock-and-awe" approach generated volatility across asset classes, sent inflation expectations higher, and provoked a sharp reaction from counterparts across the globe. As investors grappled with the shift in U.S. policy, they sought traditional safe havens, including U.S. Treasuries and gold, while U.S. equities repriced to reflect a more uncertain macroeconomic backdrop. However, the U.S. equity market reversed 1Q25 losses in 2Q25 due to a pause in tariff implementation, continued earnings growth, and stronger than expected economic indicators. The strength in the U.S. economy through June surprised nearly everyone and seems to counter the case for lower interest rates, even with the tariff uncertainty. Consumption, which makes up 70% of GDP, dipped to a growth rate of 0.4% in 1Q25, but climbed back to 1.4% in 2Q25. Companies built inventories in 4Q24 and 1Q25, which gave a boost to GDP, while inventories were drawn down in 2Q, reducing both potential production and measured GDP. Consumer confidence has rebounded after a drop in March and April and has been supported by a continuing low unemployment rate (4.1%), real wage growth, and no signs yet of a feared spike in inflation.

The Russell 3000 Index rose 15.3% over the fiscal year while the MSCI ACWI Ex-US Index rose 17.7%. Emerging markets equities, as measured by the MSCI Emerging Markets Index, returned 15.3%, underperforming non-U.S. developed markets equities. Within emerging markets, China produced strong returns to more than offset weak return in India. China performed well with excitement around DeepSeek's AI developments along with positive economic indicators. The fixed income market produced more modest yet strong returns despite volatile interest rates, supported by safe-haven demand following tariff-related market shocks. Fixed income ended the Fiscal Year with a return of 6.1%, as measured by the Bloomberg Aggregate Index.

## NHRS Investment Portfolio Review

Total Fund Returns and Rankings for Periods Ended June 30, 2025					
Composite	FY2025	3-YR	5-YR	10-YR	25-YR
Total Fund (Gross of fees)	10.89%	9.67%	10.07%	8.15%	6.63%
Total Fund (Net of Fees)	10.31%	9.09%	9.55%	7.73%	6.24%
Total Fund Benchmark	12.12%	11.28%	9.20%	8.05%	6.64%
Total Fund Ranking (Gross)	44	45	35	32	49

For the fiscal year ended June 30, 2025, the NHRS Total Fund returned 10.9% gross of investment management fees (or "gross") and 10.3% net of investment management fees (or "net"), underperforming the Total Fund Benchmark return of 12.1%. The Fund's 10.9% gross return ranked in the 44<sup>th</sup> percentile relative to peers in Callan's Large Defined Benefit Public Fund Universe, which consisted of 128 constituents as of June 30, 2025 (gross of fees returns are referenced in this section, as peer group returns and related rankings are also gross of fees).

Non-US stocks, domestic stocks and high yield bonds were among the best-performing asset classes over Fiscal Year 2025. The Fund's public equity and alternatives portfolios underperformed their respective benchmarks. The Fund's underperformance over the year was mostly attributable to the more modest valuations impacting private equity and to a lesser extent private credit investments. Additionally, the disconnect between the investment results of these instruments and the public market benchmarks used to measure their performance, and associated premiums to account for liquidity risk, also contributed to these results. The private markets investment portfolio had a total return of 5.3% over the fiscal year, compared to a return of 15.1% of the benchmark. The benchmark reflects the combined return of the Russell 3000 Index, plus a premium of 2%, and the Bloomberg HY Corporate Index, plus a premium of 1%. Consistent with our experience, it is difficult for private market investments to be able



# Callan

to “keep up” with their public market counterparts during high momentum markets, as was the case during the Fiscal Year. In addition, an overweight to small and mid cap U.S. stocks contributed to the Total Fund’s underperformance during the Fiscal Year.

For the trailing three-year period, the Fund returned 9.7%, gross of investment management fees (9.1% net), ranking in the 45<sup>th</sup> percentile of its peers (peer group rankings are measured gross of investment management fees). For the trailing five-year period, the Fund returned 10.1%, gross of investment management fees (9.6% net), ranking in the 35<sup>th</sup> percentile of the peer group. For the trailing ten-year period, the Fund returned 8.2%, gross of investment management fees (7.7% net), ranking in the 32<sup>nd</sup> percentile of its peers, and for the trailing twenty-five-year period, the Fund returned 6.6%, gross of investment management fees (6.2% net), ranking in the 49<sup>th</sup> percentile of its peers.

During fiscal year 2025, the IIC engaged in the following activities:

- **Strategic Asset Allocation Implementation:** The IIC and NHRS Staff continue to implement the new strategic asset allocation adopted in FY2024. The new strategic allocation reduces exposure to public equity by 10%, increases the target allocation to private credit by 5% and introduces private infrastructure investments, with a target allocation of 5%.
- **Portfolio Structure Analysis:** NHRS Staff worked closely with the investment consultant to evaluate the structure of the Fund’s public equity and fixed income portfolios. This analysis is being carried out in different stages to provide the Independent Investment Committee with an evaluation of the current structure and different alternatives for consideration for the eventual implementation of the new strategic asset allocation.
- **Alternative Assets Portfolio:** Continued to implement the approved allocations within the Alternative Assets portfolio as the target allocation to private credit increased from 5% to 10% of the total fund, effective June 30, 2024. The portfolio continued to grow during 2024, with a 9.2% increase in paid-in (contributed) capital and a 13.9% increase in distributed capital through December 31, 2024. The portfolio continued to make commitments to new and existing partnerships during 2024, with \$200 million in private equity commitments to three managers and \$275 million in private credit commitments to three managers, in line with expected pacing. The private equity portfolio is expanding its allocation to U.S. buyout and co-investment opportunities, while the private credit portfolio increased its multi-strategy and direct lending investments during the Fiscal Year.

Callan LLC provides NHRS with strategic planning, implementation, performance monitoring services, and on-going research and education on a variety of relevant topics for institutional investors. The investment performance analysis produced by Callan has been developed using performance evaluation methodologies that are consistent with industry best practices. The performance results presented in this letter are calculated using a time-weighted returns and are reported both gross of investment management fees, as well as net of fees.

Sincerely,



Angel Haddad  
Senior Vice President



Britton M. Murdoch  
Senior Vice President

## Investment Performance Review – Fiscal Year 2025

### Global Equity Markets

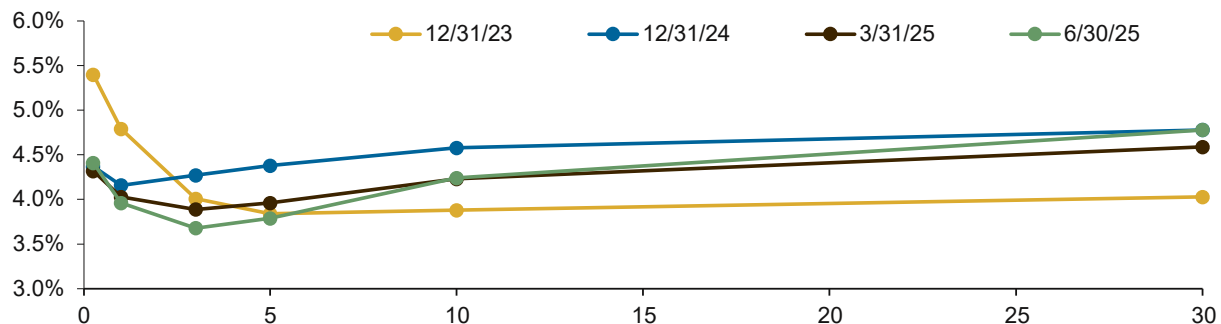
U.S. stocks registered a return of 15.3% over the fiscal year, as measured by the Russell 3000 Index. The annualized return over the past 10 years was 13.0%. All of the sectors represented in one of the most widely known equity index, the S&P 500 Index, produced positive returns over the fiscal year, with the exception of Health Care and Energy. The Financial and Utilities sectors performed best over the fiscal year, posting returns of 29.5% and 23.4%, respectively. Growth stocks outperformed value stocks within the large cap and small cap segments of the market over the period. Small cap stocks produced strong absolute returns but similar to Fiscal Years 2023 and 2024, underperformed large cap stocks, returning 7.7%, as measured by the Russell 2000 Index.

Developed non-U.S. equities and emerging market equities produced positive returns during the fiscal year. The MSCI ACWI Ex-US Index posted a return of 17.7% over the period, and emerging markets, as measured by MSCI Emerging Markets Index, posted a return of 15.3%. Non-U.S. markets delivered strong returns on the continued optimism around artificial intelligence, increased defense spending, and supportive monetary policy. Emerging markets stocks generated strong performance, but underperformed their non-U.S. developed counterparts over the fiscal year. China posted particularly strong returns over the fiscal year, +33.8% as measured by the MSCI China Index, due to with excitement around DeepSeek's AI developments along with positive economic indicators.

### Fixed Income

The fixed income market produced positive returns during the fiscal year, with the Bloomberg Aggregate Index increasing 6.1%, supported by safe-haven demand following the tariff-related shocks. Performance for the Bloomberg Aggregate was strongest over the first quarter of the fiscal year as the Fed lowered rates for the first time since 2020. The Fed cut rates again in December, but held rates steady over the rest of the fiscal year, leading the Bloomberg Aggregate to provide slightly positive performance over the period. The U.S. Treasury yield curve remained inverted and experienced a notable further steepening between the 2-year and 10-year of the term structure near the end of the fiscal year. High yield corporates produced very strong returns over the period as non-investment grade spreads tightened. The 10-year U.S. Treasury yield remained at high levels relative to recent history during fiscal year 2025, beginning at 4.36% as of June 30, 2024, and ending at 4.24% as of June 30, 2025.

### **U.S. Treasury Yield Curves**



### Real Estate and Alternative Investments

The real estate market returned 2.7% for the fiscal year, as measured by the NCREIF ODCE Index, with depreciation of 0.6% and income returns of 3.3%. During fiscal year 2025, ODCE redemption queues sharply decreased, driven primarily by rescissions of redemption requests within a handful of managers with large queues as well as increased redemption payments due to increased transactions. ODCE redemption queues had exhibited significant increases over the previous two fiscal years. Real estate valuations continue to be reflective of the high interest rate environment, which has put upward pressure on capitalization rate and discount rate assumptions.



Income returns remained positive throughout each quarter of the fiscal year across all sectors. Property sectors exhibited mixed performance with the Apartment and Industrial sectors experiencing positive appreciation while the Office and Hotel sectors experienced negative appreciation.

Alternative investments posted positive returns for the fiscal year. Public equity's exceptional performance during fiscal year 2025 has continued to leave private equity in its wake following a similar environment during fiscal year 2024. Due to the "smoothing effect," private equity does not experience the sharp rises and falls that drive the public markets over the short term. Broad private equity returns were positive for the fiscal year, with all strategy types exhibiting mid to high single digit performance other than control oriented distressed strategies, which produced flat returns. Fundraising has exhibited a steep decline in the number of funds raised since 2021, which continued in 2024 with the number of private equity funds raised declining by ~40% as compared to 2023. As was the case in 2023, capital continues to concentrate with larger funds as the 10 largest funds accounted for 20% of 2024 fundraising volume.

#### NHRS Total Fund Performance

For the fiscal year ended June 30, 2025, the NHRS Total Fund returned 10.9% gross of investment management fees (or "gross") and 10.3% net of investment management fees (or "net"), underperforming the Total Fund Benchmark return of 12.1%. The Fund's 10.9% gross return ranked in the 44<sup>th</sup> percentile relative to peers in Callan's Large Defined Benefit Public Fund Universe, which consisted of 128 constituents as of June 30, 2025. The Fund's public equity and alternatives portfolios underperformed their respective benchmarks. The Fund's underperformance over the year was mostly attributable to the more modest valuations impacting private equity and to a lesser extent private credit investments. Additionally, the disconnect between the investment results of these instruments and the public market benchmarks used to measure their performance, and associated premiums to account for liquidity risk, also contributed to these results.

#### NHRS Asset Class Highlights

NHRS Asset Class	FY 2025 Return (Net of Fees)
<b>Total Fund</b>	<b>10.31%</b>
<i>Total Fund Custom Index</i>	<i>12.12%</i>
<b>Total Global Equity</b>	<b>14.90%</b>
<i>Global Equity Index</i>	<i>15.89%</i>
<b>Total Domestic Equity</b>	<b>12.49%</b>
<i>US Equity Index</i>	<i>15.30%</i>
<b>Total Non-US Equity</b>	<b>18.18%</b>
<i>Non-US Equity Index</i>	<i>17.83%</i>
<b>Total Fixed Income</b>	<b>7.12%</b>
<i>Fixed Income Benchmark</i>	<i>6.51%</i>
<b>Total Real Estate</b>	<b>4.20%</b>
<i>Real Estate Benchmark</i>	<i>2.67%</i>
<b>Total Alternatives</b>	<b>5.32%</b>
<i>Alternative Assets Benchmark</i>	<i>15.10%</i>

The NHRS Total Global Equity portfolio, comprised of both passive and actively managed portfolios, returned 14.9% (net), underperforming the strategic benchmark (MSCI ACWI IMI Index) by 99 basis points over fiscal year 2025.

The NHRS Total Domestic Equity portfolio, comprised of both passive and actively managed portfolios, returned 12.5% (net), underperforming its benchmark (Russell 3000 Index) by 281 basis points over fiscal year 2025. The



Domestic Equity portfolio's passive large cap exposure had a 15.1% return compared to 8.7% for the small/mid-cap composite and 8.2% for the small cap composite. The small/mid-cap composite underperformed its Russell 2500 benchmark and the small cap composite outperformed its Russell 2000 benchmark.

The NHRS Total Non-U.S. Equity portfolio, which is comprised of both passive and actively managed portfolios with exposures to both developed and emerging markets, returned 18.2% (net). The Non-U.S. Equity portfolio outperformed its benchmark by 35 basis points during the fiscal year as emerging markets, international small cap, and all active core non-US equity managers outperformed their respective benchmarks.

The NHRS Total Fixed Income portfolio is comprised of passive and broadly diversified actively managed portfolios, including domestic and international exposures. This aggregate portfolio had a 7.1% return (net), outperforming the Total Fixed Income Index return by 61 basis points. An overweight to lower quality and higher yielding issues relative to the Bloomberg Universal Index had a positive impact on relative performance. Exposure to non-U.S. and slightly longer duration issues detracted from relative performance, as non-U.S. bonds and long duration underperformed other fixed income markets over the fiscal year.

The NHRS Real Estate portfolio returned 4.2% (net), outperforming its benchmark return of 2.7%. Outperformance was driven by the Strategic Core Real Estate allocation within the portfolio; the Tactical Non-Core portfolio also contributed to relative results.

Lastly, for fiscal year 2025, the Alternative Investments portfolio generated a return of 5.3% (net) while its benchmark returned 15.1%. Underperformance was driven by the private equity and, to a lesser extent, private debt allocations within the portfolio, given more modest valuations for alternative investments in 2025.



## Investment Market Update (by asset type)

Index Summary (6/30/25)	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
<b>Equity Indices</b>				
S&P 500 Index	15.2%	19.7%	16.6%	13.7%
Russell 1000 Index	15.7%	19.6%	16.3%	13.4%
Russell 1000 Growth Index	17.2%	25.8%	18.2%	17.0%
Russell 1000 Value Index	13.7%	12.8%	13.9%	9.2%
Russell 2000 Index	7.7%	10.0%	10.0%	7.1%
Russell 2000 Growth Index	9.7%	12.4%	7.4%	7.1%
Russell 2000 Value Index	5.5%	7.5%	12.5%	6.7%
Russell 2500 Index	9.9%	11.3%	11.4%	8.4%
Russell 3000 Index	15.3%	19.1%	16.0%	13.0%
MSCI ACWI IMI Index	15.9%	16.8%	13.4%	9.7%
MSCI ACWI Index	16.2%	17.4%	13.7%	10.0%
MSCI ACWI ex US Index	17.7%	14.0%	10.1%	6.1%
MSCI EAFE Index	17.7%	16.0%	11.2%	6.5%
MSCI EAFE Growth Index	11.4%	13.6%	7.9%	6.7%
MSCI EAFE Value Index	24.2%	18.4%	14.3%	6.1%
MSCI Europe Index	18.4%	17.2%	12.4%	6.8%
MSCI Japan Index	13.9%	15.0%	8.8%	6.1%
MSCI Pacific ex JPN Index	19.1%	10.4%	9.0%	5.8%
MSCI EM Index	15.3%	9.7%	6.8%	4.8%
<b>Fixed Income Indices</b>				
Bloomberg Aggregate Index	6.1%	2.6%	-0.7%	1.8%
Bloomberg Gov't/Credit Index	5.9%	2.6%	-0.8%	1.9%
Bloomberg TIPS Index	5.8%	2.3%	1.6%	2.7%
Bloomberg High Yield Corporate Index	10.3%	9.9%	6.0%	5.4%
S&P LSTA Leveraged Loan 100 Index	7.8%	10.1%	6.9%	4.9%
Bloomberg Global Aggregate Index	8.9%	2.8%	-1.2%	1.2%
Bloomberg High Yield Muni Index	1.8%	4.5%	3.2%	4.5%
JPM EMBI Global Diversified Index	10.0%	8.9%	1.8%	3.5%
JPM GBI-EM Global Diversified Index	13.8%	8.5%	1.9%	2.1%
<b>Other Indices</b>				
Bloomberg Commodity Price Index	1.0%	-4.5%	9.4%	-0.1%
S&P GSCI Index	0.3%	-0.4%	17.7%	1.5%
Alerian MLP Index	13.2%	26.1%	28.0%	5.6%
FTSE NAREIT Composite Index	9.2%	3.4%	6.7%	6.4%
NCREIF NFI-ODCE Equal Weight Net Index	2.5%	-6.3%	2.7%	4.7%



Investment Market Update (sorted by best to worst 1-year performance)

Index Summary (6/30/25)	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI EAFE Value Index	24.2%	18.4%	14.3%	6.1%
MSCI Pacific ex JPN Index	19.1%	10.4%	9.0%	5.8%
MSCI Europe Index	18.4%	17.2%	12.4%	6.8%
MSCI EAFE Index	17.7%	16.0%	11.2%	6.5%
MSCI ACWI ex US Index	17.7%	14.0%	10.1%	6.1%
Russell 1000 Growth Index	17.2%	25.8%	18.2%	17.0%
MSCI ACWI Index	16.2%	17.4%	13.7%	10.0%
MSCI ACWI IMI Index	15.9%	16.8%	13.4%	9.7%
Russell 1000 Index	15.7%	19.6%	16.3%	13.4%
Russell 3000 Index	15.3%	19.1%	16.0%	13.0%
MSCI EM Index	15.3%	9.7%	6.8%	4.8%
S&P 500 Index	15.2%	19.7%	16.6%	13.7%
MSCI Japan Index	13.9%	15.0%	8.8%	6.1%
JPM GBI-EM Global Diversified Index	13.8%	8.5%	1.9%	2.1%
Russell 1000 Value Index	13.7%	12.8%	13.9%	9.2%
Alerian MLP Index	13.2%	26.1%	28.0%	5.6%
MSCI EAFE Growth Index	11.4%	13.6%	7.9%	6.7%
Bloomberg High Yield Corporate Index	10.3%	9.9%	6.0%	5.4%
JPM EMBI Global Diversified Index	10.0%	8.9%	1.8%	3.5%
Russell 2500 Index	9.9%	11.3%	11.4%	8.4%
Russell 2000 Growth Index	9.7%	12.4%	7.4%	7.1%
FTSE NAREIT Composite Index	9.2%	3.4%	6.7%	6.4%
Bloomberg Global Aggregate Index	8.9%	2.8%	-1.2%	1.2%
S&P LSTA Leveraged Loan 100 Index	7.8%	10.1%	6.9%	4.9%
Russell 2000 Index	7.7%	10.0%	10.0%	7.1%
Bloomberg Aggregate Index	6.1%	2.6%	-0.7%	1.8%
Bloomberg Gov't/Credit Index	5.9%	2.6%	-0.8%	1.9%
Bloomberg TIPS Index	5.8%	2.3%	1.6%	2.7%
Russell 2000 Value Index	5.5%	7.5%	12.5%	6.7%
NCREIF NFI-ODCE Equal Weight Net Index	2.5%	-6.3%	2.7%	4.7%
Bloomberg High Yield Muni Index	1.8%	4.5%	3.2%	4.5%
Bloomberg Commodity Price Index	1.0%	-4.5%	9.4%	-0.1%
S&P GSCI Index	0.3%	-0.4%	17.7%	1.5%



S&P 500 Sectors (sorted by best to worst 1-year performance)

Sector	Benchmark Weight (%) as of 6/30/25	Benchmark Return (%) as of 6/30/25
Financial	14.0%	29.5%
Utilities	2.4%	23.4%
Communication Services	9.8%	23.0%
Industrials	8.6%	22.9%
Consumer Discretionary	10.4%	18.4%
Information Technology	33.1%	15.1%
Consumer Staples	5.5%	12.2%
Real Estate	2.0%	11.7%
Materials	1.9%	1.9%
Energy	3.0%	-4.0%
Health Care	9.3%	-5.9%

Note: Figures may not add up to exactly 100% due to rounding.

Summary

Callan will continue to work closely with the NHRS Investment Staff (Staff or Team) to carry forward the Fund's strategic plan, related initiatives and asset allocation implementation. We believe the new asset allocation strategy will benefit the Fund in several ways, including enhancing diversification opportunities across a mix of complementary asset classes and the potential for favorable expected risk-adjusted outcomes. The capital markets were quite volatile over the last Fiscal Year, but the portfolio continued to exhibit resilience in this environment, producing strong absolute returns above and beyond the actuarial expected rate of return of 6.75%. We will continue to work closely with Staff, as necessary, to support the needs of the Fund going forward.

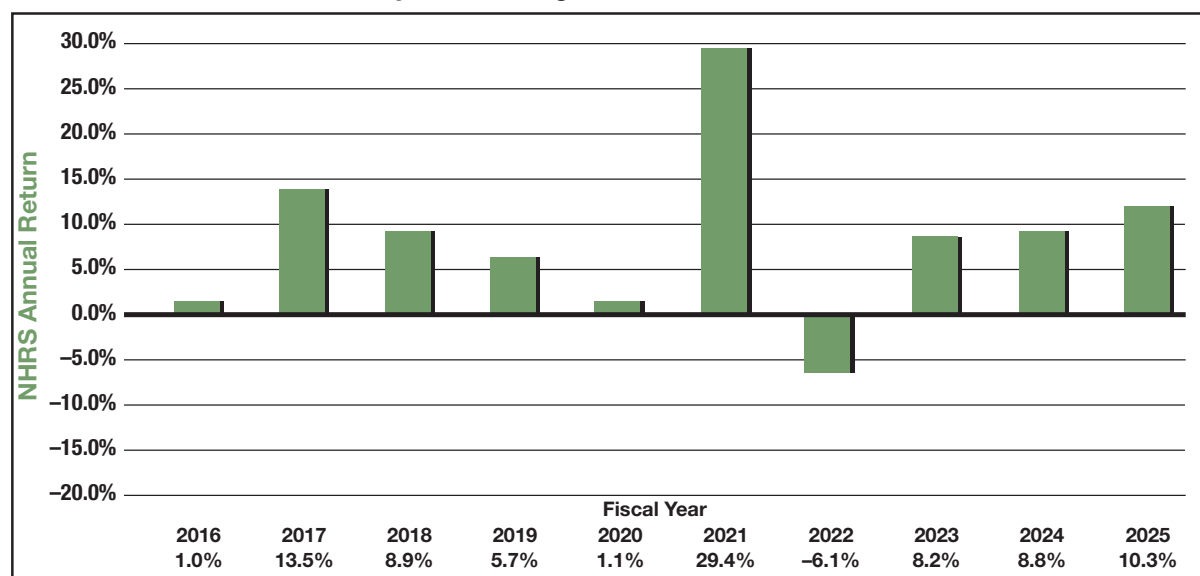
**ANNUALIZED INVESTMENT RETURNS—ACTUAL VERSUS INDICES**

	Current Year 2025	3-Year	Annualized 5-Year	10-Year
Total NHRS Fund	10.31%	9.09%	9.55%	7.73%
Total Fund Custom Index*	12.12%	11.28%	9.20%	8.05%
Domestic Equity	12.49%	16.20%	14.80%	11.24%
Total Domestic Equity Blended Benchmark*	15.30%	19.08%	15.41%	13.05%
Non-U.S. Equity	18.18%	16.17%	10.50%	6.68%
Total Non-U.S. Equity Blended Benchmark*	17.83%	14.02%	10.15%	6.13%
Fixed Income	7.12%	3.99%	1.16%	2.68%
Total Fixed Income Blended Benchmark*	6.51%	3.28%	(0.15%)	2.11%
Real Estate	4.20%	(3.56%)	6.10%	7.40%
Total Real Estate Blended Benchmark*	2.67%	(6.21%)	2.54%	4.42%
Alternative Investments	5.32%	4.70%	11.74%	9.08%
Total Alternative Investments Benchmark*	15.10%	18.05%	15.35%	11.85%
Cash Equivalents	4.76%	4.69%	2.84%	2.07%
90 Day T-Bills	4.68%	4.56%	2.76%	1.98%

Performance returns are calculated on a net-of-fees time-weighted rate of return basis.

\*In a dynamic market, strategies and objectives evolve over time. Consequently, these benchmarks are blended due to historical investment strategy decisions. Detailed descriptions of the benchmarks above are available by contacting NHRS.

**Ten-Year History of Time-Weighted Total NHRS Fund Annual Returns**

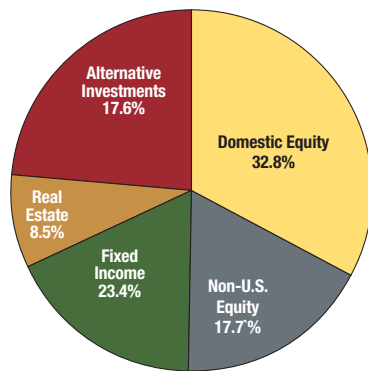




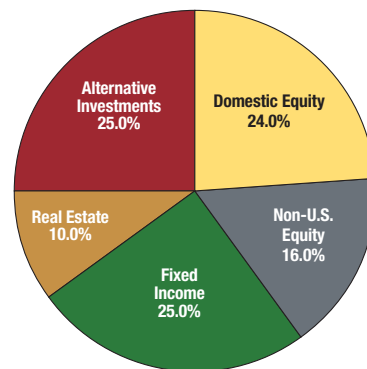
## ACTUAL ASSET ALLOCATION VERSUS TARGET ASSET ALLOCATION

	Actual %	As of June 30, 2025	
		Target %	Target Range %
Broad US Equity	32.8%	24.0%	20–40
Global Ex-U.S. Equity	17.7	16.0	15–25
Fixed Income	23.4	25.0	18–32
Real Estate	8.5	10.0	5–20
Alternative Investments	17.6	25.0	5–25
<b>TOTAL FUND</b>	<b>100.0%</b>	<b>100.0%</b>	

Actual Asset Allocation as of June 30, 2025



Target Asset Allocation as of June 30, 2025



**TEN LARGEST STOCK HOLDINGS BY FAIR VALUE\***

(in thousands)

	Shares	Stock	June 30, 2025 Fair Value
1	379,476	MICROSOFT CORP	\$188,755
2	1,054,821	NVIDIA CORP	166,651
3	646,011	APPLE INC	132,542
4	499,602	AMAZON.COM INC	109,608
5	93,907	META PLATFORMS INC	69,312
6	203,371	BROADCOM INC	56,059
7	251,729	ALPHABET INC	44,362
8	74,214	MASTERCARD INC	41,704
9	79,313	BERKSHIRE HATHAWAY INC	38,528
10	121,203	TESLA INC	38,501

**TEN LARGEST FIXED INCOME HOLDINGS BY FAIR VALUE\***

(in thousands)

	Par**	Security	June 30, 2025 Fair Value
1	44,520,000	U.S. Treasury Bond—4.375%, 2043	\$42,435
2	28,529,000	U.S. Treasury Note—4.125%, 2029	28,948
3	27,710,000	U.S. Treasury Note—4.625%, 2035	28,589
4	27,331,000	U.S. Treasury Note—4.625%, 2029	28,185
5	22,590,000	U.S. Treasury Note—4.000% 2030	22,800
6	25,823,000	U.S. Treasury Bond—3.625%, 2053	21,062
7	18,805,000	U.S. Treasury Note—3.750%, 2027	18,802
8	17,655,000	U.S. Treasury Note—4.375%, 2028	18,003
9	15,280,000	U.S. Treasury Bond—4.750%, 2055	15,194
10	12,914,000	U.S. Treasury Note—4.375%, 2028	13,183

\*A complete listing of separate account portfolio holdings is available by contacting the NHRS offices. NHRS also invests in various commingled investment vehicles, for which the underlying investments are custodied outside of The Bank of NY Mellon (Master Custodian for NHRS), as reported on the Summary of Investments schedule.

\*\*Par value is denoted in local currency.

## SCHEDULE OF INVESTMENT MANAGEMENT AND SERVICE FEES

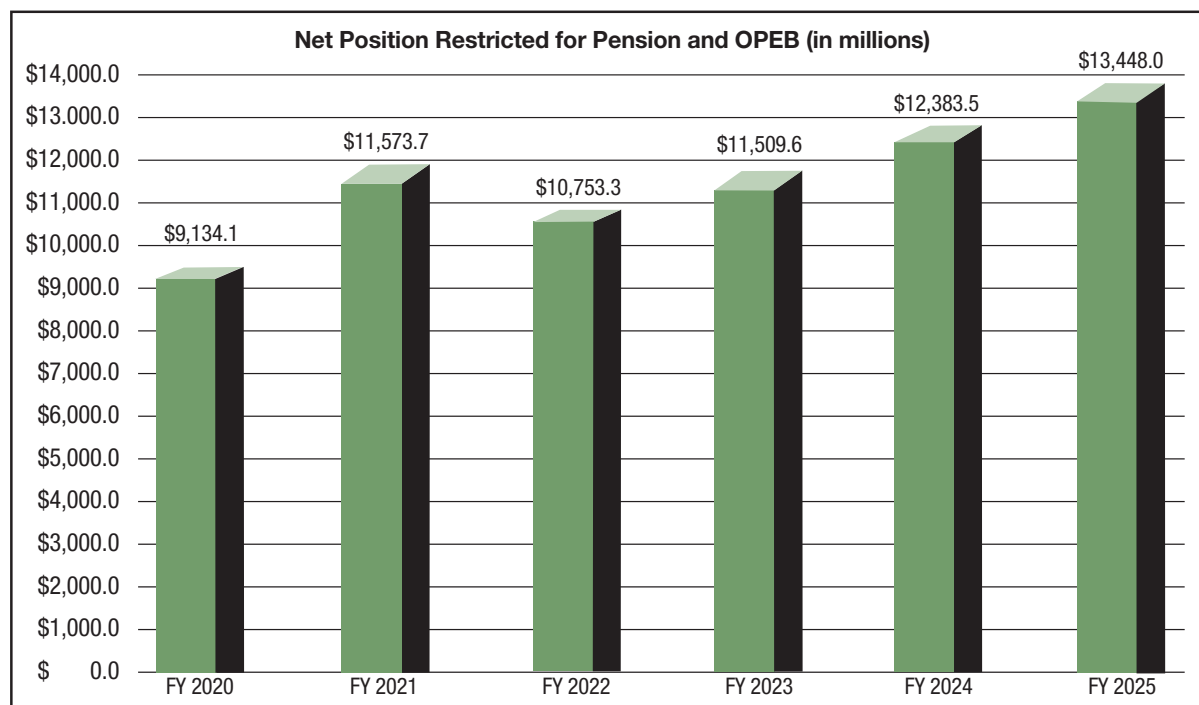
	YEAR ENDED JUNE 30, 2025		
	Assets Under Management (in thousands)	Fees (in thousands)	Average Basis Points
<b>INVESTMENT MANAGEMENT FEES</b>			
Equity Portfolios:			
Domestic	\$ 4,285,613	\$ 12,138	28
Non-U.S.	2,321,492	9,878	43
Fixed Income Portfolios	3,062,364	6,335	21
Alternative Investments*	2,306,643	20,075	87
Real Estate	1,107,467	11,518	104
Cash and Cash Equivalents	224,066	—	—
<b>TOTAL INVESTMENT MANAGEMENT FEES</b>	<b>\$13,307,645</b>	<b>\$ 59,944</b>	<b>45</b>
<b>INVESTMENT SERVICE FEES</b>			
Custodial Fees	\$13,307,645	\$ 1,063	1
Investment Advisor Fees — External	13,307,645	650	—
Investment Professional Fees	13,307,645	602	—
Investment Administrative Expenses — Internal	13,307,645	1,504	1
<b>TOTAL INVESTMENT MANAGEMENT AND SERVICE FEES</b>	<b>\$13,307,645</b>	<b>\$ 63,763</b>	<b>48</b>

\*The custodian records all transactions on a net of fee basis.

## SCHEDULE OF BROKERAGE COMMISSIONS PAID

Brokerage Firm	YEAR ENDED JUNE 30, 2025		
	Number of Shares Traded (in thousands)	Total Commissions (in thousands)	Commissions Per Share
GOLDMAN SACHS & CO, NY	9,778	\$ 189	0.02
MORGAN STANLEY AND CO., LLC, NEW YORK	10,181	187	0.02
J.P MORGAN SECURITIES INC, NEW YORK	6,778	158	0.02
JEFFERIES & CO INC, NEW YORK	6,870	138	0.02
BANK OF AMERICA CORP, CHARLOTTE	4,107	107	0.03
MERRILL LYNCH INTL LONDON EQUITIES	4,468	79	0.02
UBS SECURITIES LLC, STAMFORD	4,538	70	0.02
RBC CAPITAL MARKETS LLC, NEW YORK	5,185	68	0.01
LIQUIDNET INC, NEW YORK	3,583	67	0.02
J P MORGAN SECS LTD, LONDON	6,332	63	0.01
PERSHING LLC, JERSEY CITY	2,897	55	0.02
UBS EQUITIES, LONDON	3,115	54	0.02
BARCLAYS CAPITAL, LONDON (BARCGB33)	2,293	51	0.02
BMO CAPITAL MARKETS CORP, NEW YORK	2,201	47	0.02
CITIGROUP GLOBAL MARKETS EURO, FRANKFURT	3,850	46	0.01
WELLS FARGO SECURITIES, LLC, NEW YORK	1,765	42	0.02
BNP PARIBAS FINANCIAL MARKETS, PARIS	1,667	39	0.02
INSTINET EUROPE LIMITED, LONDON	2,275	35	0.02
DEUTSCHE BANK AG, FRANKFURT	8,072	35	0.00
All Others (177 not listed separately)	67,486	1,102	0.02
<b>TOTAL BROKERAGE COMMISSIONS PAID</b>	<b>157,441</b>	<b>\$ 2,632</b>	<b>0.02</b>

Commission detail is not included in the schedule above for the commingled funds in which NHRS invests.



## SUMMARY OF INVESTMENTS

TYPE OF INVESTMENT	June 30, 2025	
	Fair Value (in millions)	Percent of Total Fair Value
<b>FIXED INCOME</b>		
Collateralized/Asset Backed Securities	\$ 290.5	2.2%
Corporate Bonds	534.7	4.1%
Government and Agency Bonds	519.5	4.0%
Blackrock Strategic Income Opportunities	293.5	2.3%
Fidelity	402.2	3.1%
Manulife	232.1	1.8%
Mellon US AG Bond	747.1	5.8%
<b>TOTAL FIXED INCOME</b>	<b>\$ 3,019.6</b>	<b>23.3%</b>
<b>EQUITY</b>		
Consumer Cyclical	\$ 662.5	5.1%
Consumer Non-Cyclical	1,139.8	8.8%
Energy	155.1	1.2%
Financial Services	1,045.4	8.1%
Industrial Materials	830.2	6.4%
Technology	1,145.8	8.8%
Basic Materials	215.7	1.7%
Communications	527.8	4.1%
Utilities	167.2	1.3%
Blackrock Superfund	235.2	1.8%
Wellington NHT	8.7	0.1%
Wellington ISCRE	170.5	1.3%
Wellington Emerging Markets Local Equity Fund	209.8	1.6%
<b>TOTAL EQUITY</b>	<b>\$ 6,513.7</b>	<b>50.3%</b>
<b>OTHER INVESTMENTS</b>		
Alternative Investments	\$ 2,306.6	17.8%
Real Estate	1,107.5	8.6%
<b>TOTAL OTHER INVESTMENTS</b>	<b>\$ 3,414.1</b>	<b>26.4%</b>
<b>TOTAL OTHER INVESTMENTS</b>	<b>\$ 12,947.6</b>	<b>100.0%</b>

## **Appendix B**

Gabriel Roeder Smith & Company Actuarial Opinion Letter

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October 24, 2025

Board of Trustees  
New Hampshire Retirement System  
54 Regional Drive  
Concord, New Hampshire 03301

**Re: Reasonableness of the Assumed Rate of Return**

Dear Board Members:

The purpose of this letter is to provide our actuarial opinion regarding the reasonableness of the assumed rate of return for the New Hampshire Retirement System and to address any differences between the assumed rate of return and the expected rate of return under the System's investment policy statement as required under New Hampshire statute.

**Background:**

The requirement under New Hampshire statute is as follows:

**RSA 100-A:15 VII.**

(c) An annual investment policy statement which shall incorporate the following:

- (1) A clear statement of investment objectives including the adoption of a reasonable and sound expected rate of return the retirement system is attempting to earn. The expected rate of return utilized for the statement of investment objectives shall bear some reasonable relationship to the assumed rate of return set by the trustees for the biennial actuarial calculation. *The retirement system's actuaries shall issue a written opinion in regard to the reasonableness of the assumed rate of return that shall address any difference between the assumed rate of return and the expected rate of return.*

We understand the current asset allocation targets and ranges, adopted by the Board of Trustees effective July 1, 2024, are based on asset liability modeling and asset allocation recommendations from investment consultants. The Independent Investment Committee reviewed the results of asset/liability and asset allocation studies and confirmed the asset allocation targets and ranges remain appropriate. Based on the 2025 capital market assumptions, Callan has indicated the following expectations for NHRS' current asset allocation:

- During the next 10-year period:
  - The expected rate of return is 7.30% per year;
  - The standard deviation is 12.00% per year; and
  - The implicit price inflation rate is 2.50% per year.
- During the next 20-year period:
  - The expected rate of return is 7.45% per year;
  - The standard deviation is 12.00% per year; and
  - The implicit price inflation rate is 2.50% per year.

In determining the assumed rate of return for the actuarial valuation, we abide by Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations, as adopted by the Actuarial Standards Board.

Under ASOP No. 27, we determine a reasonable assumption for each economic assumption. The reasonable assumption must be appropriate for the purpose of the measurement, reflect the actuary's professional judgement, take into account relevant historical and current demographic data, reflect the actuary's estimate of future experience or the estimates inherent in the market data and have no significant bias. For the investment return assumption, our analysis is based on forward-looking measures of expected investment return outcomes for the asset classes in the System's current investment policy.

For purposes of this analysis, we have analyzed the System's investment policy with the capital market assumptions from thirteen nationally recognized investment firms and the 2025 GRS Capital Market Assumption Modeler (CMAM). The capital market assumptions in the 2025 CMAM are from the following investment firms (in alphabetical order): Aon, Blackrock, BNY Mellon, Callan, Cambridge, JPMorgan, Meketa, Mercer, NEPC, Northern Trust, RVK, Verus, and Wilshire. Twelve of these firms provide capital market expectations for a 10-year horizon, eight of them provide expectations for longer horizons of 20-30 years. Capital market expectations can vary significantly from year to year and often are contrarian.





Our analysis is based on the GRS 2025 CMAM. The purpose of the CMAM is to assess the reasonability of the assumed rate of return for use in the actuarial valuations for the plan. In our professional judgment, the CMAM has the capability to provide results that are consistent with this purpose. We performed tests to ensure that the model reasonably represents that which is intended to be modeled. We are relying on the GRS actuaries and Internal Software, Training, and Processes Team who developed and maintain the model.

**Actuarial Opinion:**

For the June 30, 2025 valuation, the actuarial assumed rate of return is made up of a price inflation assumption of 2.25% and a real rate of return assumption of 4.50% for a total of 6.75% per year, net of investment expenses. This assumption was adopted by the Board to be effective in the June 30, 2023 valuation based on the 2019-2023 Experience Study.

Based on our independent analysis using NHRS' target asset allocation and the 2025 CMAM, the median rate of return is 6.69% over a 10-year horizon.

Over the longer horizon of 20-30 years, the median rate of return is 7.02%. The current NHRS net investment rate assumption of 6.75% is reasonable when compared to our 2025 CMAM medians of 6.69%-7.02% and Callan's 7.30%-7.45% current estimates for the expected rate of return.

It should be noted that due to the methods utilized by the GRS CMAM, differences in the underlying inflation assumption between the actuarial valuation (2.25%) and Callan's (2.50%) result in expected returns that may not be directly comparable. For example, if Callan's inflation assumption of 2.50% was used in our analysis, the expected returns discussed above based on the 2025 GRS CMAM would be approximately 0.25% higher.

Differences between the expected rate of return in the System's Investment Policy and the actuarial assumed rate of return are attributable in part to the different objectives of the measurement. Key differences are:

- The Investment Policy focuses on asset allocation decisions and establishes benchmarks for manager performance. The assumed rate of return is a long-term assumption for funding policy.
- The Investment Horizon of 10 years in the Investment Policy is based on a shorter time frame than used to determine the assumed rate of return which can be 20-30 years or longer. When focusing on the 20- to 30-year time horizon, the policy and the actuarial assumption produce similar expected returns.



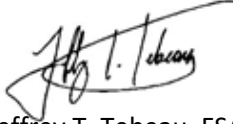
Given the purpose and use of the different assumptions, different results are not uncommon. Under the current actuarial standard of practice, the current assumed rate of return for valuation purposes is reasonable and, therefore, meets the requirements of those standards.

**Governmental Accounting Standards Board (GASB) Statement No. 67:**

The statutory funding requirements of RSA 100-A:16 and the NHRS' Actuarial Funding Policy call for the NHRS pension unfunded actuarial accrued liability as of June 30, 2017 to be amortized through 2039. Each subsequent change in liability as calculated in odd-numbered years shall be separately amortized over a fixed period of no longer than 20 years. Based on this, the GASB discount rate will be equal to the assumed rate of investment return of 6.75%.

Jeffrey T. Tebeau, Heidi G. Barry, and Casey T. Ahlbrandt-Rains are independent of the plan sponsor, are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,  
Gabriel, Roeder, Smith & Company



Jeffrey T. Tebeau, FSA, EA, FCA, MAAA



Heidi G. Barry, ASA, FCA, MAAA



Casey T. Ahlbrandt-Rains, ASA, FCA, MAAA

JTT/HGB/CTA:dj



# **Appendix C**

Investment Manual

NHRS Investment Philosophy

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*The NHRS Investment Manual can be accessed by clicking [here](#).*





## **Changes to the NHRS Investment Policy**

This document outlines changes to the NHRS Investment Policy since the founding of the Independent Investment Committee (IIC) under RSA 100-A:14-b, on January 1, 2009.

### **Assumed Rate of Return**

The Board of Trustees (Board) approved the following based on recommendations of the IIC. All changes were effective starting July 1 of the fiscal year subsequent to approval.

- May 10, 2011: 8.50% to 7.75%
- May 10, 2016: 7.75% to 7.25%
- June 9, 2020: 7.25% to 6.75%

### **Asset Allocation Targets and Ranges**

The Board adopted the following changes based on recommendations of the IIC. All changes were effective at the start of the month subsequent to approval.

- July 13, 2010:
  - Domestic Equity allocation range changed from 26 - 43% to 20 - 50%.
  - Non-U.S. Equity target allocation increased from 15% to 20% and the 5% target allocation to Global Equity was removed. The Non-U.S. Equity allocation range changed from 11 - 19% to 15 - 25%.
  - Fixed Income allocation range changed from 26 - 34% to 25 - 35%.
  - Real Estate range changed from 5 - 15% to 0 - 15%.
- September 11, 2012:
  - Fixed income target allocation was reduced from 30% to 25%. The allocation range changed from 25 - 35% to 20 - 30%.
  - Alternative Investments target allocation was increased from 10% to 15%. The allocation range changed from 0 - 15% to 0 - 20%.
- June 9, 2015:
  - Real Estate allocation range changed from 0 - 15% to 5 - 20%.
  - Alternative Investments allocation range changed from 0 - 20% to 5 - 25%.
- May 14, 2019:
  - U.S. Equity allocation range changed from 20 - 50% to 20 - 40%.
- December 12, 2023:
  - Domestic Equity and Non-US Equity target allocation decreased from 50% to 40%.
  - Private Credit target allocation increased from 5% to 10%.
  - Infrastructure asset class was created with a target allocation of 5%.
  - All changes were effective in Fiscal Year 2025.
- **December 10, 2024:**
  - **New allocation range created for Global Equity of 30% to 50%.**
  - **New allocation range created for Global Infrastructure of 0% - 10%.**

- **Private Credit allocation range changed from 0% - 10% to 0 – 15%.**
- **Fixed Income allocation range changed from 20 - 30% to 18 - 32%.**
- **New allocation range for Cash of 0% - 5%.**

### **Benchmark Changes**

The IIC approved the following changes which were subsequently reviewed by the Board. All changes were effective starting July 1 of the fiscal year subsequent to approval.

- **April 24, 2015:**
  - The U.S. Equity benchmark changed from the Russell 3000 Index to the S&P 500 Index.
  - The Real Estate benchmark changed from the NCREIF Property Index + 50 basis points to the NCREIF NFI-ODCE Index.
  - The Alternative Investments benchmark changed from the S&P 500 Index + 5% or Consumer Price Index + 5% to the following:
    - 33.3% Private Equity: S&P 500 Index + 3%.
    - 33.3% Private Debt: S&P/LSTA U.S. Leveraged Loan 100 Index.
    - 33.3% Opportunistic: 1-month LIBID + 5%.
- **May 14, 2019:**
  - The Opportunistic benchmark was eliminated and the Alternative Investments benchmark was changed to the following:
    - 66.7% Private Equity (S&P 500 Index + 3%).
    - 33.3% Private Debt (S&P LSTA Leveraged Loan 100 Index).
- **June 18, 2021:**
  - The U.S. Equity benchmark changed from the S&P 500 Index to the Russell 3000 Index.
- **June 14, 2022:**
  - The Private Equity benchmark was updated from the S&P 500 + 3% to the Russell 3000 + 2%.
  - The Private Debt benchmark was updated from the S&P/LSTA U.S. Leveraged Loan 100 Index to a blend of (50% S&P/LSTA 100 Index and 50% Bloomberg High Yield Index) + 1%.
- **December 10, 2024:**
  - **The Global Equity asset class benchmark MSCI All Country World Investable Market Index (MSCI ACWI IMI) was adopted.**
  - **The Global Infrastructure asset class benchmark Consumer Price Index (CPI) + 400 basis points for the asset class was adopted.**
- **February 11, 2025:**
  - **The Non-US Equity benchmark was updated to the MSCI All Country World excluding US Investable Market Index (MSCI ACWI ex. US IMI) from the MSCI All Country World Ex-U.S. Index.**

## **NHRS Investment Philosophy:**

### **Adopted by the Investment Committee at the July 17, 2009 meeting**

**Purpose:** The New Hampshire Retirement System (“NHRS” or “System”) Investment Philosophy sets forth guiding principles for the management of the investment program.

**Description of the Fund:** The NHRS is a defined-benefit pension plan. Contributions to the plan are made by employees and employers participating in the System. These contributions are invested to support the payment of plan benefits and to pay reasonable expenses of administering the System.

The System’s assets are invested pursuant to the Constitution of the State of New Hampshire and all applicable statutes and are managed in accordance with the NHRS Statement of Investment Policy for the exclusive purpose of providing plan benefits to members and beneficiaries. NHRS plan fiduciaries are beholden to a duty of loyalty and a standard of care as described in RSA 100-A:15. The Board of Trustees (“Board”) and the Investment Committee (“Committee”) seek the advice and assistance of internal and external professionals and shall exercise conscious discretion when making investment decisions. The Committee members recognize their fiduciary duty to invest the System’s funds prudently and in continued recognition of the fundamental long-term nature of the System.

The NHRS investment program has a distinctive profile. The objective of supporting plan benefits is one primary differentiator from the goals of other types of institutional investors, for example, endowments or foundations. The NHRS also differs from other public pension plans because each plan has its own distinctive characteristics such as benefit structures and legislative mandates. The System has a high proportion of retirees relative to actively-contributing members. The demographics of a mature plan require more liquidity from the investment program because contributions into the plan do not fully offset the benefits paid. Additionally, the size of the NHRS investment program provides the System with the ability to invest in certain opportunities but may not provide the scale necessary to gain access to other opportunities. All of these factors guide the design of the NHRS investment program.

**Investment Objectives:** The NHRS pursues an investment strategy designed to support the long-term funding obligations of the plan. The Board adopts an assumed rate of return and sets asset-allocation policy. The Committee manages the components of the investment program with the goal of achieving the plan’s objectives with a comprehensive understanding of risk. This involves designing a program that balances expected return and risk over long time periods through a range of market conditions. For the reasons previously mentioned, peer performance or universe comparisons are not the most appropriate measurements of the effectiveness of the NHRS investment program. Performance comparisons within the context of the stated investment objectives will promote alignment with the System’s mission.

The primary objective of the Committee is to manage the investment program to support the payment of plan benefits over the long-term. A secondary objective is to exceed the policy benchmark on a net-of-fees basis over a three to five-year period.



## **NHRS Investment Philosophy:**

**Market View and Context:** The Committee believes that financial markets are largely, but not entirely, efficient. This means that there is a central tendency to the markets and that in some developed and accessible segments it is difficult to gain an advantage relative to other investors. However, there are areas of the market in which inefficiencies exist due to more limited access, information, coverage, or other factors; and investors can benefit from participation in these areas. Investment opportunities emerge and evolve over time and the NHRS Committee, staff, and consultants will remain vigilant concerning market developments in order to identify these opportunities and to build a sustainable advantage.

**Diversification:** The Board and the Committee recognize that it is necessary to maintain broad diversification both among and within various asset classes. The asset allocation of the investment program will be reviewed monthly by staff relative to the asset-class policy targets and ranges established by the Board in the Statement of Investment Policy. Staff shall strive to maintain the System's asset allocation within policy ranges. When rebalancing assets already within ranges, staff will give due consideration to market conditions, costs and risks of implementation, potential impacts on manager-level performance, and other relevant factors.

**Portfolio Structure and Implementation:** The Committee may utilize a combination of passive and active management strategies. The goal of passive management is to gain diversified exposure to the desired asset class while incurring minimal expense and seeking performance returns comparable to the asset class benchmark. The goal of active management is to exceed the performance of the appropriate benchmark on a net-of-fees basis, measured across market cycles, at a commensurate level of risk. The Committee will structure the program and implement its philosophy through the use of external investment management firms.

**Performance Measurement:** The ultimate measurement of the pension plan is how well it achieves its funding objectives and supports plan benefits. This is a shared responsibility between the Board who set the assumed rate of return and also determines the contribution rates and the Committee who seek to augment those contributions with investment returns over the long term. Achievement of the plan objectives in absolute terms is contingent on sound return assumptions and the execution of a clear investment process which recognizes that market conditions will vary over time.

Relative investment performance can be an important measurement tool. The Board adopts specific benchmarks which represent the standards of measurement used for the various asset classes utilized by the NHRS. Individual managers are also measured relative to benchmarks. As a model for performance measurement of the investment program, the NHRS uses a plan-level policy benchmark comprised of index returns (or proxy asset returns in the case of illiquid assets) weighted to reflect the asset-allocation policy targets set by the Board. This provides insight into the ways in which the actual portfolio performs relative to a passively-managed representation of plan policy during various market conditions.

Since investment returns will vary under different economic conditions and market cycles, an optimal period for effectively measuring performance would span three to five years or more. NHRS returns are expected to exceed the relevant benchmark on a net-of-fees basis over time.

## **NHRS Investment Philosophy:**

**Risk:** Risk must be viewed within the context of the total portfolio. Since most risks are not readily quantifiable, defining the appropriate level of risk and creating a portfolio that reflects a reasonable balance between potential risk and return is a matter of judgment. Risk comes in a variety of forms including the risk of the unknown, liquidity risk, valuation risk, regulatory risk, geopolitical risk, and volatility risk as well as excessive diversification, fraud, inconsistency of investment discipline, and the risk of the destruction of capital. The Committee takes a broad view of risk in its oversight and endeavors to mitigate risk through rebalancing, monitoring managers, and conducting strategic reviews of the portfolio.