

**NOTE:** These minutes were approved and executed at the January 21, 2022 Independent Investment Committee meeting.

**Independent Investment Committee Meeting  
December 17, 2021**

**Public Minutes**

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

*Committee Members:* Maureen Kelliher, *Chair*; Christine Clinton; Scott Hammond; Daniel LaPlante; Tim Lesko; and Mike McMahon.

*Staff:* Jan Goodwin, *Executive Director*; Tim Crutchfield, *Deputy Director and Chief Legal Counsel (by video conference)*; Larry Johansen, *Director of Investments*; Heather Hoffacker, *Internal Auditor (by video conference)*; Greg Richard, *Senior Investment Officer (by video conference)*; Ashley Lloyd, *Investment Officer (by video conference)*; and Shana Bilech, *Junior Investment Officer (by video conference)*.

*Callan (by video conference):* Angel Haddad, *Senior Vice President*; Britton Murdoch, *Vice President*; Pete Keliuotis, *Executive Vice President and Head of Alternatives Consulting*; and Andrew Maday, *Senior Vice President of Private Equity Consulting*.

Ms. Kelliher called the meeting to order at 9:00 a.m.

On a motion by Mr. Lesko, seconded by Ms. Clinton, the Committee unanimously approved the public minutes of the November 19, 2021 Investment Committee meeting, as presented.

Mr. Johansen reviewed investment returns through recent periods and referred to the Callan Monthly Review for periods ending November 30, 2021. Mr. Johansen reviewed the Work Plan and updated the Committee on several initiatives, noting that the Wellington International Small Cap Research Equity Strategy was fully funded in early December. At the January Committee meeting, the Committee will hear presentations on inflation assumptions from AllianceBernstein, BlackRock and Neuberger Berman.

The Committee discussed New Hampshire Legislative Service Request (“LSR”) House Bill (“HB”) 1257, which requires the System to divest from any assets in China.

The requirements of this LSR directly conflict with the constitutional and statutory requirements of NHRS, as well as general trust law under the

Internal Revenue Code, for its fiduciaries to follow the duty of loyalty at all time. Pursuant to RSA 100-A:15, I-a(a)(1), this duty requires NHRS fiduciaries, including its Board of Trustees and members of its Independent Investment Committee, to make all its decisions “[s]olely in the interest of the participants and beneficiaries.” Further, Part I, Article 36-a of the NH Constitution requires that:

“All of the assets and proceeds, and income there from, of the New Hampshire retirement system and of any and all other retirement systems for public officers and employees operated by the state or by any of its political subdivisions, and of any successor system, and all contributions and payments made to any such system to provide for retirement and related benefits shall be held, invested or disbursed as in trust for the exclusive purpose of providing for such benefits and shall not be encumbered for, or diverted to, any other purposes.”

On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee unanimously agreed to recommend that the NHRS Board of Trustees oppose HB 1257 on fiduciary grounds.

Mr. Johansen referred to the “Abel Noser Contract Renewal Memo” and briefly discussed the System’s relationship with current trading cost analysis provider Abel Noser Solutions (“Abel Noser”). He explained that the trading cost monitoring agreement is up for renewal upon completion of the trading cost analysis for the quarter ending December 31, 2021, which Abel Noser will present to the Committee at the February 2022 meeting.

On a motion by Mr. LaPlante, seconded by Mr. Lesko, the Committee unanimously agreed to renew the trading cost analysis agreement with Abel Noser through December 31, 2023.

Mr. Anthony Frammartino, Partner; Mr. Tony Pietro, Partner; Mr. Joe Davenport, Partner; and Mr. Christian Nye, Vice President; of The Townsend Group (“Townsend”) provided a brief introduction of themselves and their firm. They referred to the “New Hampshire Retirement System” presentation dated December 2021. A lengthy discussion with the Committee followed.

Mr. Frammartino opened with an overview of the System’s long-standing relationship with Townsend, the firm’s assets under management, and the services it provides. Mr. Pietro provided an update of the NHRS real estate program as well as the composition and positioning of assets within the portfolio. Since Townsend was awarded discretion over the NHRS real estate program in 2009, the portfolio has created over \$757 million in value, achieving an 12.0% net annualized return and a 1.5x equity multiple. He discussed the progress of the program, including the

portfolio's compliance and adherence to guidelines and the status of all three goals established at the beginning of Fiscal Year 2022. Mr. Davenport and Mr. Nye offered an overview of investments initiated over the Fiscal Year, discussing investment theses, expected returns, Townsend's market outlook and the investments' fit within the overall NHRS real estate program. Mr. Pietro closed by discussing portfolio performance, drivers of return and expected changes to the portfolio.

On a motion by Mr. LaPlante, seconded by Mr. Lesko, the Committee unanimously agreed to renew the real estate investment management agreement with The Townsend Group through December 31, 2023.

Mr. Pete Keliuotis, Executive Vice President and Head of Alternatives Consulting; and Andrew Maday, Senior Vice President of Private Equity Consulting; of Callan referred to the "Annual Alternatives Portfolio Review" presentation dated December 17, 2021 and provided a detailed overview of the private equity and private debt assets of the NHRS portfolio as of June 30, 2021. They discussed Callan's private market thoughts and recommendations for each of the private market strategies, supported by recent themes observed in fundraising and deal and exit volume.

Mr. Keliuotis provided an overview of the NHRS private markets portfolio and discussed performance over various periods. Mr. Maday and Mr. Keliuotis provided an overview of the private equity and private debt portfolios and discussed portfolio positioning, objectives, and strategy going forward. Mr. Maday discussed the expected pacing schedule of the private equity and private debt portfolio and added that the overweight allocation to private equity will be gradually reduced over time. Mr. Keliuotis closed with an overview of the funds within the portfolio, highlighting performance metrics and factors affecting performance.

On a motion by Ms. Clinton, seconded by Mr. LaPlante, the Committee unanimously agreed to approve the private debt & private equity strategic plan for calendar year 2022.

A final note was made by the Chair in regard to Callan's quarterly portfolio performance reporting and a request to address the over or underperformance of the portfolio versus benchmark from an attribution perspective.

On a motion by Mr. Hammond, seconded by Mr. LaPlante, the Committee unanimously voted to adjourn the meeting.

The meeting adjourned at 11:09 a.m.