

NOTE: These minutes were approved and executed at the July 22, 2022 Independent Investment Committee meeting.

**Independent Investment Committee Meeting
June 24, 2022**

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 (*by video conference*); and Mike McMahon.

Staff: Jan Goodwin, *Executive Director*; 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*; Ho Hwang, *Senior Vice President*; Catherine Beard, *Senior Vice President*; and David Smith, *Senior Vice President*.

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

On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee unanimously approved the public minutes of the May 20, 2022 Investment Committee meeting, as presented, by roll call vote.

Mr. Johansen reviewed investment returns through recent periods and referred to the Callan Monthly Review for periods ending May 31, 2022. He discussed the returns of various managers and asset classes over multiple periods. Mr. Johansen provided an update on asset allocation and liquidity. He provided an update on the Russian assets in the NHRS portfolio. Staff continues to monitor the positions and will update the Committee accordingly.

Mr. Johansen reviewed the Work Plan and updated the Committee on several initiatives. He referenced the Revised 2022 Investment Committee Meeting Schedule, which updates the Committee meeting times to Tuesday afternoons following the Board of Trustees meetings.

On a motion by Ms. Clinton, seconded by Mr. LaPlante, the Committee unanimously approved the revised 2022 Investment Committee meeting schedule, as presented, by roll call vote.

Callan presented an overview of each manager up for renewal, discussed the ways in which each manager complements the portfolio, and confirmed that performance for each manager is in line with expectations.

On a motion by Mr. LaPlante, seconded by Mr. Hammond, the Committee unanimously voted to renew the Investment Management Agreement with Artisan Partners through September 30, 2024, by roll call vote.

On a motion by Ms. Clinton, seconded by Mr. LaPlante, the Committee unanimously voted to renew the Investment Management Agreement with Causeway Capital Management through August 31, 2024, by roll call vote.

On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee unanimously voted to renew the Investment Management Agreement for the passive U.S. large cap equity mandate managed by BlackRock through July 31, 2024, by roll call vote.

On a motion by Mr. LaPlante, seconded by Mr. Hammond, the Committee unanimously voted to renew the Investment Management Agreement with Boston Trust Walden through October 31, 2024, by roll call vote.

On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee unanimously voted to renew the Investment Management Agreement with Segall Bryant & Hamill through October 31, 2024, by roll call vote.

On a motion by Ms. Clinton, seconded by Mr. LaPlante, the Committee unanimously voted to renew the Investment Management Agreement for the U.S. small cap equity mandate managed by Wellington Management through October 31, 2024, by roll call vote.

Mr. Christopher Crevier, Managing Director; Mr. Brian Faliero, Senior Vice President; and Mr. Conrad Saldhana, Managing Director; of Neuberger Berman referred to the “NB Emerging Markets Equity Fund L.P. Detailed Review of Russian Positioning” presentation dated May 31, 2022. A discussion with the Committee followed.

In response to questions from the Committee, Mr. Saldhana discussed Neuberger Berman’s investment process and positioning up to, and following, Russia’s invasion of Ukraine.

Mr. Angel Haddad, Senior Vice President; and Mr. Ho Hwang, Senior Vice President; of Callan referred to Callan’s “Neuberger Berman Emerging

Markets Equity Strategy Extension” memo dated June 14, 2022. A discussion with the Committee followed.

Mr. Haddad reaffirmed Callan’s recommendation that the Committee extend the manager contract while continuing to closely monitor performance and positioning going forward. He acknowledged that performance has been challenged but remains consistent with the firm’s investment strategy and process. He added that, should NHRS extend the contract, the portfolio fees would be reduced. Mr. Hwang then provided greater detail on the memo and responded to questions from the Committee.

The Committee discussed the Neuberger Berman contract extension. They agreed to table the motion and bring Neuberger Berman back to the Committee in September, at which time they will vote on a potential contract extension.

Mr. Anthony Frammartino, President; 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, an update on the Fiscal Year 2022 Investment Plan, and presented the Fiscal Year 2023 Investment Plan for the Committee’s consideration. They referred to the “New Hampshire Retirement System” presentation dated June 2022. A lengthy discussion with the Committee followed.

Mr. Frammartino opened with an organizational update, noting he assumed the role of President of Townsend as of May 1. Mr. Pietro provided an update on the discretionary Real Estate portfolio the firm manages on behalf of the System, noting that the portfolio has exhibited favorable performance and remains in compliance with its guidelines. He discussed the transformation of the program since its inception in 2009 and commented upon the variety of funds held within the portfolio, noting the program represents a highly diversified portfolio of investments. He reviewed progress of the three goals set forth for the NHRS Fiscal Year 2022 Investment Plan, confirming that the firm has achieved or exceeded each goal over the course of the fiscal year.

Mr. Nye and Mr. Davenport provided a detailed overview of a selection of recently initiated investments and reviewed performance over various periods, adding that the NHRS portfolio outperformed the benchmark over every measurable period. Mr. Pietro reviewed the portfolio’s current investment profile and the upcoming goals for FY 2023. He closed with an overview of the markets in which Townsend expects to find favorable investment opportunities and their relation to the strategies within the portfolio.

On a motion by Ms. Clinton, seconded by Mr. LaPlante, the Committee unanimously voted to approve The Townsend Group's Fiscal Year 2023 Investment Plan, by roll call vote.

Mr. Pete Keliuotis, Executive Vice President and Head of Alternatives Consulting; Ms. Catherine Beard, Senior Vice President; and Mr. David Smith, Senior Vice President; of Callan, referred to the "Annual Alternatives Portfolio Review" presentation dated June 2022 and provided a detailed overview of the private equity and private debt assets of the NHRS portfolio as of December 31, 2021.

Mr. Smith provided an overview of the NHRS private markets portfolio and noted that distributions currently outpace contributions, resulting in a cash flow positive private markets portfolio. He provided a detailed overview of the NHRS private equity portfolio and reviewed valuations and fund rankings by fund vintage year. Ms. Beard discussed the NHRS private debt portfolio and reviewed valuations and rankings by fund vintage year. Mr. Keliuotis discussed the 2022 pacing schedule, noting that potential private debt managers will present to the Committee in the second half of 2022, for the Committee's consideration.

In response to questions from the Committee at the May Committee meeting, Mr. Keliuotis referred to the "Private Markets Benchmark Analysis: Peer Comparison" presentation dated June 24, 2022.

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

The meeting adjourned at 11:48 a.m.