

NOTE: These minutes were approved and executed at the April 24, 2020 Independent Investment Committee meeting.

**Independent Investment Committee Meeting
March 20, 2020**

Public Minutes

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

Committee Members (by telephone): Maureen Kelliher, *Chair*; Christine Clinton; Daniel LaPlante; Tim Lesko; Michael McMahon; and Keith Quinton.

Staff: George Lagos, *Executive Director*; Larry Johansen, *Director of Investments*; Greg Richard, *Senior Investment Officer*; Shana Bilech, *Junior Investment Officer*; and Ashley Lloyd, *Junior Investment Officer*.

NEPC (by telephone): Kevin Leonard, *Partner and Senior Consultant*; and Sean Gill, *Partner and Director of Private Markets Research*.

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

Ms. Kelliher entertained a motion to approve the public minutes of the February 21, 2020 Investment Committee meeting, as presented.

Mr. Lesko made the motion and Mr. LaPlante seconded the motion.

The vote on the motion was conducted by roll call.

Roll call vote:

Aye: Ms. Kelliher, Ms. Clinton, Mr. LaPlante, Mr. Lesko, and Mr. Quinton.

Nay: None

Motion carried.

Mr. Johansen opened by sharing that the meeting was being held telephonically as part of the NHRS's response to the novel coronavirus and the Governor's Emergency Order issued on March 13, 2020. Mr. Johansen reviewed investment returns through recent periods, referring to the NEPC Marketable Investments performance flash report for periods ending February 29, 2020. He discussed the returns of various managers and asset classes over multiple periods. He then reminded the Committee that

a lot has changed in the last few weeks. He reviewed the Work Plan and updated the Committee on several initiatives. He noted that as of February 29, 2020, the System had a slight under allocation to its 50% large-cap/passive U.S. equity guideline. Given market volatility, staff will continue to monitor the investment program carefully. He also noted that core fixed income exposure is currently slightly below its 75% target. Staff is working with NEPC to discuss the efficacy of the target. Once the market settles, Staff will present a plan to rebalance the NHRS to its targets. He noted that the NHRS's liquidity levels remain strong. Mr. Johansen also reviewed the NHRS's policies in place to reduce interpersonal contact in response to the coronavirus.

Mr. Sean Gill, Partner; of NEPC introduced Collier Capital ("Collier") and provided an overview of the NHRS's investments in previous Collier funds. He discussed NEPC's conviction in Collier and Collier International Partners VIII ("Fund VIII").

Ms. Paige Brotherton, Partner; Mr. Francois Aguerre, Partner and Co-Head of Origination; and Mr. Ed Goldstein, Partner; of Collier provided a brief introduction of themselves and an overview of Fund VIII. They referred to the "Collier International Partners VIII Presentation to New Hampshire Retirement System" presentation for March 2020. A lengthy discussion with the Committee followed.

Mr. Aguerre opened with an overview of the secondaries market in which the firm invests and discussed their conviction in the space. Ms. Brotherton and Mr. Aguerre then provided a thorough overview of the firm, its investment process, and its organizational structure. Mr. Goldstein provided an overview of the firm's portfolio construction process and controls in place to manage potential risks. Mr. Goldstein discussed the firm's response to the coronavirus. Ms. Brotherton discussed the investments to date in Fund VIII. She highlighted the strong performance of the NHRS's investments in Collier International Partners Fund VI and Fund VII. She closed with a discussion on the opportunity to invest in Fund VIII.

Mr. Gill introduced HarbourVest and provided an overview of the NHRS's investments in previous HarbourVest funds. He discussed NEPC's conviction in HarbourVest and HarbourVest HIPEP IX ("HIPEP IX").

Mr. John Morris, Managing Director; Ms. Carolina Espinal, Managing Director; and Mr. Fran Peters, Principal and Investor Relations; of HarbourVest provided a brief introduction of themselves, their firm and its private equity fund, HIPEP IX. They referred to the "New Hampshire Retirement System" presentation for March 2020. A lengthy discussion with the Committee followed.

Mr. Morris opened with an overview of the firm, its investment process and its organizational structure. Ms. Espinal offered an overview of the firm's private market investment program and reviewed current market opportunities. She highlighted the attractive risk profile of the space and discussed compelling investment opportunities in Europe and Asia Pacific. Ms. Espinal discussed the strong relationships that the firm has with company management and its role in helping to generate strong investment performance. Ms. Espinal highlighted the HIPEP program development and strong performance of the HIPEP strategies, including the Retirement System's investment in HarbourVest HIPEP VII and HIPEP VIII. Mr. Peters and Mr. Morris closed with a discussion on the opportunity to invest in HIPEP IX.

Ms. Carter Reynolds, Managing Director; and Mr. Conrad Saldhana, Managing Director and Senior Portfolio Manager; of Neuberger Berman provided a brief introduction of themselves and their firm. They referred to the "NB Emerging Markets Equity Fund L.P. Investment Review" presentation dated March 20, 2020. A lengthy discussion with the Committee followed.

Ms. Reynolds began the presentation with a thorough overview of the firm's investment platforms, which include several strategies within the equity, fixed income and alternative asset classes. She noted that of the approximate \$106 billion in equity assets under management, the Emerging Markets Equity team, as led by Portfolio Manager Conrad Saldanha, manages approximately \$6.9 billion in assets as of December 31, 2019. Mr. Saldhana provided an overview of the investment team's global resources, including Emerging Markets Product Specialists and Global Equity Portfolio Managers and Research Analysts.

Mr. Saldhana reviewed the firm's investment philosophy and process, noting that no changes to either have taken place since the System's relationship with Neuberger Berman began in the spring of 2014. He also reviewed the fund's performance returns for periods ending January 31, 2020, commenting on recent bouts of volatility and emerging market economic activity thus far during the calendar year-to-date. He commented on the fund's sector and country exposure, including recent contributors and detractors to performance. He touched on global liquidity concerns due to recent market volatility and highlighted the team's conviction in investment opportunities within emerging markets. In response to a question from the Committee, Mr. Saldhana discussed investment redemptions due to market volatility. He highlighted the team's institutional nature of clientele, recent inflows from clients, as well as challenges faced by domestic equity portfolio managers.

In response to a question from the Committee, Mr. Gill addressed the potential impact on the NHRS's liquidity should the system invest in

additional private market opportunities. He discussed NEPC's process of considering private market opportunities and highlighted the diversified investment structure of the Coller and HarbourVest portfolios. Mr. Johansen highlighted the NHRS's ability to adjust potential commitment levels or slow down the pacing of new commitments.

The Committee discussed the presentation made by Coller Capital and the opportunity to invest in Fund VIII. Ms. Kelliher entertained a motion to commit \$75 million to Fund VIII Series A, subject to contract and legal review.

Mr. Quinton made the motion and Mr. Lesko seconded the motion.

The vote on the motion was conducted by roll call.

Roll call vote:

Aye: Ms. Kelliher, Ms. Clinton, Mr. LaPlante, Mr. Lesko, and Mr. Quinton.

Nay: None

Motion carried.

The Committee discussed the presentation made by HarbourVest and the opportunity to invest in HIPEP IX. Ms. Kelliher entertained a motion to commit \$75 million to HIPEP IX, subject to contract and legal review. Mr. Johansen confirmed that the NHRS has a seat on the Advisory Board.

Mr. Lesko made the motion and Mr. Quinton seconded the motion.

The vote on the motion was conducted by roll call.

Roll call vote:

Aye: Ms. Kelliher, Ms. Clinton, Mr. LaPlante, Mr. Lesko, and Mr. Quinton.

Nay: None

Motion carried.

Ms. Kelliher entertained a motion to adjourn the meeting.

Mr. LaPlante made the motion and Mr. Quinton seconded the motion.

The vote on the motion was conducted by roll call.

Roll call vote:

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Aye: Ms. Kelliher, Ms. Clinton, Mr. LaPlante, Mr. Lesko, and Mr. Quinton.

Nay: None

Motion carried.

The meeting adjourned at 11:51 a.m.