

**NOTE:** These minutes were approved and executed at the June 19, 2020 Independent Investment Committee meeting.

**Independent Investment Committee Meeting  
May 29, 2020**

**Public Minutes**

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

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

*Staff (by video conference):* George Lagos, *Executive Director*; Larry Johansen, *Director of Investments*; Marty Karlon, *Public Information Officer*; Greg Richard, *Senior Investment Officer*; Shana Bilech, *Junior Investment Officer* and Ashley Lloyd, *Junior Investment Officer*.

*NEPC (by video conference):* 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.

On a motion by Mr. Quinton, seconded by Ms. Clinton, the Committee unanimously approved the public minutes of the April 24, 2020 Investment Committee meeting, as amended, by roll call vote.

Mr. Johansen reviewed investment returns through recent periods and referred to the NEPC Marketable Investments performance flash report for periods ending April 30, 2020, discussing the returns of various managers and asset classes over multiple periods. Mr. Johansen provided an update on asset allocation and liquidity, with particular focus on funding requirements for pension and benefit payments over the next 30 to 90 days. He also briefly discussed two recent inquiries regarding holdings in China and Environmental, Social and Governance (“ESG”) investments, to be discussed further at a subsequent meeting.

Mr. Johansen reviewed the Work Plan and updated the Committee on several initiatives, clarifying that the Work Plan remains flexible and subject to change as the Committee deems appropriate. Mr. Johansen shared that the Investment Consultant Request for Proposal (“RFP”) was accepted by the NHRS Board of Trustees at its May meeting. The RFP has since been issued.

The Committee discussed the presentations for the large-cap U.S. equity mandate and non-U.S. equity mandate managed by LSV Asset Management (“LSV”) at the April Committee meeting. Mr. Quinton shared his concerns with LSV’s model, investment approach and recent absolute and relative performance. A lengthy discussion followed. The Committee agreed to revisit the performance of both LSV portfolios once the markets recover.

Ms. Kelliher entertained a motion to renew the large-cap U.S. equity Investment Management Agreement with LSV through June 30, 2022.

Mr. LaPlante made the motion and Ms. Clinton seconded the motion.

The vote on the motion was conducted by roll call.

Roll call vote:

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

Nay: Mr. Lesko, Mr. Quinton.

Motion carried.

Ms. Kelliher entertained a motion to extend the relationship as it pertains to the non-U.S. equity mandate with LSV through September 2022.

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 and Mr. Lesko.

Nay: Mr. Quinton.

Motion carried.

Mr. Conor Muldoon, Fundamental Portfolio Manager; and Mr. Eric Crabtree, Chief Client Service Officer; of Causeway Capital Management (“Causeway”) provided a brief introduction of themselves, their firm, and an overview of their firm’s investment relationship with the NHRS. They referred to the “New Hampshire Retirement System” presentation dated May 29, 2020. A lengthy discussion with the Committee followed.

Mr. Crabtree opened with a firm update, confirming there were no significant changes to the firm’s operating structure to note. Mr. Muldoon

then provided a detailed overview of Causeway's investment philosophy and process. He highlighted the division of research on a global sector basis, with Senior Portfolio Managers, Senior Research Analysts and Research Analysts working together in clusters. He reviewed the firm's various risk-management processes, noting that the composition of the portfolio can vary significantly from that of the benchmark due to the firm's rigorous bottom-up stock selection process.

Mr. Muldoon reviewed characteristics of the value-tilt portfolio and discussed particular holdings that added to and detracted from performance over various periods. He noted that the recent market environment has not been conducive to returns, as value has continued to underperform growth and cyclical stocks have underperformed defensive stocks. He shared that as a result, the portfolio has underperformed its benchmark over the one-year, three-year and five-year periods as of April 30, 2020. He provided his outlook for performance and positioning, noting that the portfolio is positioned to perform favorably when the economy shows signs of recovery. In response to a question from the Committee, he elaborated on recent changes to the portfolio's holdings.

Mr. Mark Yockey, Managing Director and Portfolio Manager; and Mr. Jamie Sandison, Managing Director of Institutional Sales and Client Services; of Artisan Partners ("Artisan") provided a brief introduction of themselves and their firm. They referred to the "New Hampshire Retirement System" presentation dated May 29, 2020. A lengthy discussion with the Committee followed.

Mr. Yockey opened with a firm update, confirming there were no significant changes to the firm's operating structure to note. He then provided an overview of the firm's investment philosophy and process, highlighting the growth team's preference for equities that are believed to offer sustainable profitability growth over the long-term at a reasonable price. Criteria such as the presence of a competitive advantage, healthy free cash flow generation, and use of earnings are significant considerations during the portfolio construction process. He reviewed the firm's various risk-management processes at both the stock-level and portfolio-level.

Mr. Yockey reviewed characteristics of the growth-tilt portfolio and discussed particular holdings that added to and detracted from performance over various periods. He shared that the portfolio has outperformed its benchmark over the one-year, three-year and five-year periods as of April 30, 2020. He offered his thoughts on today's market environment and current global themes including the selloff in global equities due to COVID-19 and the continued outperformance of growth stocks to value stocks. He provided his outlook for performance and positioning, noting that the portfolio is positioned favorably. He closed by

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reviewing the investment theses behind some of the portfolio's current holdings.

Ms. Kelliher congratulated Mr. Lesko on his recent appointment as Chair of the NHRS Board of Trustees.

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

The meeting adjourned at 10:47 a.m.