

NOTE: These minutes were approved and executed at the June 24, 2022 Independent Investment Committee meeting.

**Independent Investment Committee Meeting
May 20, 2022**

Public Minutes

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

Committee Members: Maureen Kelliher, *Chair*; Christine Clinton; Scott Hammond (*by video conference*); Daniel LaPlante; and Tim Lesko (*by video conference*). Mike McMahon; *absent*.

Staff: Jan Goodwin, *Executive Director*; Larry Johansen, *Director of Investments*; Tim Crutchfield, *Deputy Director and Chief Legal Counsel (by video conference)*; Marty Karlon, *Director of Communication and Legislative Affairs (by video conference)*; 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*; and Gary Robertson, *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 April 22, 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 April 30, 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 and Chair Kelliher discussed potentially changing the Committee meeting times to Tuesday afternoons following the Board of Trustees meetings. They're also exploring the ability to include members

that attend virtually as part of the quorum. The Committee will vote on changing its monthly meeting dates, effective September 2022, at their June meeting.

The Committee revisited their April discussion of Neuberger Berman. 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 May 11, 2022. A discussion with the Committee followed.

Mr. Haddad shared Callan's recommendation that the Committee extend the manager contract. He added that should NHRS extend the contract, the portfolio fees would be reduced. Mr. Hwang then provided greater detail on the memo. He shared Callan's views on the Neuberger Berman organization, the Emerging Markets Equity investment team's process and its historical performance. He discussed the negative impact of both the COVID-19 crisis and the Russian invasion of Ukraine on recent performance. While Callan will continue to monitor performance, they maintain conviction in Neuberger Berman's Emerging Markets Equity team.

The Committee shared their concerns over the manager's investment process and performance. They agreed to vote on a potential contract extension at their June meeting.

Mr. Pete Keliuotis, Executive Vice President and Head of Alternatives Consulting; of Callan referred to the "Private Markets Benchmark Analysis" presentation from the April Committee meeting. The Committee discussed Callan's recommended changes to the Private Equity and Private Debt benchmarks.

On a motion by Ms. Clinton, seconded by Mr. LaPlante, the Committee unanimously voted, by roll call vote to update the Private Equity benchmark from the S&P 500 + 3.0% to the Russell 3000 + 2.0%, effective July 1, 2022, for recommendation to the Board of Trustees. A secondary benchmark, Refinitiv Cambridge Global Private Equity, will be used for Private Equity performance appraisal, effective July 1, 2022.

On a motion by Mr. LaPlante, seconded by Mr. Lesko, the Committee unanimously voted, by roll call vote to update the Private Debt benchmark from the S&P/LSTA U.S. Leveraged Loan 100 Index to a blend of 50% S&P/LSTA 100 and 50% Bloomberg High Yield Index + 1.0%, effective July 1, 2022, for recommendation to the Board of Trustees. A secondary benchmark, Refinitiv Cambridge Private Credit Index, will be used for Private Debt performance appraisal, effective July 1, 2022.

Mr. Gary Robertson, Senior Vice President; of Callan then referred to Callan's "HarbourVest Dover Street XI Secondary Fund Reinvestment Evaluation" memo dated May 20, 2022. He provided an overview of HarbourVest and discussed NHRS's investments in HarbourVest Dover Street Funds VIII, IX and X. He discussed Callan's conviction in HarbourVest Dover Street Fund XI ("Fund XI") and noted that an investment in Fund XI would be a re-up to previous funds.

Mr. Jeff Keay, Managing Director; and Mr. John Morris, Managing Director; of HarbourVest provided a brief introduction of themselves and their firm. They referred to the "New Hampshire Retirement System" presentation dated May 2022. A discussion with the Committee followed.

Mr. Morris provided an overview of HarbourVest and its organizational structure. Mr. Keay detailed HarbourVest's investment philosophy and process. He discussed case studies of investments in prior HarbourVest funds. Mr. Morris and Mr. Keay closed by discussing the HarbourVest Dover Street XI fund track record and the fund's key terms.

The Committee discussed the presentation made by HarbourVest and the opportunity to invest in Fund XI. On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee unanimously voted by roll call vote to commit \$50 million to HarbourVest Dover Street XI, subject to contract and legal review. Mr. Johansen confirmed that NHRS has a seat on the Advisory Board.

Mr. Nicholas Caldwell, Senior Manager; Ms. Leanne Moore, Portfolio Manager; and Mr. Richard Williams, Managing Director; of Boston Trust provided a brief introduction of themselves and their firm. They referred to the "Investment Review for New Hampshire Retirement System" presentation dated May 20, 2022. A discussion with the Committee followed.

Mr. Caldwell provided an overview of Boston Trust Walden and the firm's relationship with the NHRS. Ms. Moore and Mr. Williams discussed Boston Trust Walden's Small Cap investment team and their investment philosophy and process. They reviewed performance attribution over short and long-term periods. They shared the strategy's current positioning and closed by discussing the team's outlook for domestic small cap equities.

Mr. Jeffrey Paulis, Senior Portfolio Manager; and Mr. Daniel McCormack, Director; of Segall Bryant & Hamill ("SBH") provided a brief introduction of themselves and their firm. They referred to the "A Differentiated Approach to Investing" presentation dated May 20, 2022. A discussion with the Committee followed.

Mr. McCormack provided an overview of SBH and the firm's relationship with the NHRS. Mr. Paulis discussed SBH's Small Cap Core investment team and their investment philosophy and process. He reviewed performance attribution over short and long-term periods. He shared the strategy's current positioning and closed by discussing the team's outlook for domestic small cap equities.

Mr. David DiSilva, Assistant Vice President; Mr. Jason Law, Managing Director; and Ms. Sara Ogiony Carpi, Managing Director; of Wellington Management ("Wellington") provided a brief introduction of themselves and their firm. They referred to the "Small Cap 2000" presentation dated May 20, 2022. A discussion with the Committee followed.

Mr. Law provided an overview of Wellington and the firm's relationship with the NHRS. Mr. DiSilva discussed Wellington's Small Cap 2000 investment team and their investment philosophy and process. He reviewed performance attribution over short and long-term periods. Ms. Carpi shared examples of her Global Industry Analyst sleeve within the Small Cap 2000 strategy. Mr. DiSilva shared the strategy's current positioning and closed by discussing the team's outlook for domestic small cap equities.

Mr. Haddad discussed Callan's "Public Markets Manager Fee Analysis" presentation dated May 20, 2022. Mr. Keliuotis discussed Callan's "Alternative Investment Portfolio Manager Fee Analysis" presentation dated May 10, 2022. Discussions with the Committee followed.

Fees for the vast majority of the public and private markets portfolios were determined to be reasonable and in line with expectations. Callan will work with NHRS to pursue fee concessions where possible.

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

The meeting adjourned at 1:05 p.m.