

**NOTE:** These minutes were approved and executed at the January 10, 2023 Independent Investment Committee meeting.

**Independent Investment Committee Meeting  
December 13, 2022**

**Public Minutes**

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

*Committee Members:*

- Maureen Kelliher, *Chair (by video conference)*
- Christine Clinton, *Member*
- Daniel LaPlante, *Member*
- Tim Lesko, *Member*
- Mike McMahon, *Non-Voting Member*

*Staff:*

- Jan Goodwin, *Executive Director*
- Raynald Leveque, *Chief Investment Officer*
- Gregory Richard, *Senior Investment Officer*
- Shana Bilech, *Investment Officer*
- Ashley Lloyd, *Investment Officer*
- 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)*

*Guests:*

- Angel Haddad, *Senior Vice President, Callan LLC*
- Pete Keliuotis, *Executive Vice President and Head of Alternatives Consulting, Callan LLC (by video conference)*
- Britton Murdoch, *Vice President, Callan LLC (by video conference)*
- Lauren Mathias, *Senior Vice President, Callan LLC (by video conference)*
- David Wang, *Vice President, Callan LLC (by video conference)*
- Nicole Wubbena, *Senior Vice President, Callan LLC (by video conference)*
- James Van Heuit, *Senior Vice President, Callan LLC (by video conference)*
- Anthony Frammartino, *President, The Townsend Group*
- Joe Davenport, *Partner, The Townsend Group*

- Tony Pietro, *Partner, The Townsend Group*
- Christian Nye, *Vice President, The Townsend Group*

Chair Kelliher called the meeting to order at 12:05 PM. Given her remote participation as permitted under RSA 91-A:2, all votes were by roll call.

On a motion by Mr. Lesko, seconded by Mr. LaPlante, the Independent Investment Committee (Committee) unanimously approved the public minutes of the November 8, 2022, Independent Investment Committee meeting as presented.

Mr. Leveque reviewed investment returns through recent periods and referred to the Callan Monthly Review for periods ending October 31, 2022. He shared an update on cash and liquidity. He discussed Staff's non-U.S. equity rebalancing plan underway. Mr. Leveque then updated the Committee on the Russian and legacy assets held in the NHRS portfolio. From there, Mr. Leveque discussed the Work Plan. He noted that presenters would likely discuss macroeconomic themes at the February Committee meeting. He noted that Staff and the Committee would revisit the NHRS Investment Recommendation Process at the January meeting. Staff will also present a fixed income rebalancing plan in January to return the asset class to its approved allocation range.

The Committee then revisited a potential contract extension for the Neuberger Berman Fund, following discussions of underperformance during prior meetings.

On a motion by Ms. Clinton, seconded by Mr. Lesko, the Committee unanimously voted to terminate the System's investment in the Neuberger Berman Emerging Markets Equity Fund and transition the assets to the BlackRock ACWI ex-U.S. CTF, by roll call vote.

The Committee then heard from representatives of Callan on the Equity Structure Portfolio Review. They discussed Callan's exploratory structural analysis of the assets currently in the Neuberger Berman and Thompson, Siegel & Walmsley portfolios. They evaluated how alternatives to the managers could eliminate or reduce unintended style tilts in the U.S. and non-U.S. equity portfolios. Staff shared that using a passive vehicle such as the BlackRock ACWI ex-U.S. CTF provides flexibility to both rebalance investments to approved allocation ranges and make portfolio changes on a timely basis. Staff will discuss the long-term fit for the Neuberger Berman assets with the Committee upon the completion of a total plan strategic asset allocation analysis in 2023.

The Committee then took action to renew public market manager contracts following managers' presentations at prior Committee meetings.

On a motion by Mr. Lesko, seconded by Mr. LaPlante, the Committee unanimously voted to renew the Investment Management Agreement with AllianceBernstein through November 30, 2024.

On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee unanimously voted to renew the Investment Management Agreement with Thompson, Siegel & Walmsley through November 30, 2024.

On a motion by Mr. Lesko, seconded by Ms. Clinton, the Committee unanimously voted to renew the Investment Management Agreement with Aristotle through December 31, 2024.

On a motion by Mr. LaPlante, seconded by Mr. Lesko, the Committee unanimously voted to renew the Investment Management Agreement with Lazard through December 31, 2024.

Next, the Committee heard from representatives of The Townsend Group (Townsend) on the Real Estate Semi-Annual Portfolio Review and Calendar-Year 2023 Plan.

Townsend representatives discussed the program's progress, including the portfolio's adherence to guidelines and the status of the three goals established at the beginning of Fiscal Year 2023. They noted the recent denominator effect where total plan assets have fallen and real estate has continued to deliver strong performance. Consequently, real estate comprised 13.4% of the System's total plan assets as of June 30, 2022. While real estate assets are within the System's approved allocation range, Townsend is implementing a plan to bring real estate assets to the System's target allocation of 10% over the next two years. Townsend noted the System's transition from a fiscal year real estate plan to a calendar year plan as of December 2022. Coinciding with the change, Townsend proposed extending the Fiscal Year 2023 Investment Plan through calendar year-end 2023.

Next, Townsend provided an overview of investments initiated over the Fiscal Year to date, discussing portfolio performance and current positioning. Since Townsend was awarded discretion over the NHRS real estate program in 2009, the portfolio has created over \$1.065 billion in value, achieving a 13.4% net annualized return.

The Committee then heard from Callan representatives on the Private Equity and Private Debt Portfolio Review and Calendar-Year 2023 Plan.

Callan reviewed the System's private markets portfolio and discussed performance over various periods as well as current positioning. As of

September 30, 2022, the System's Alternatives exposure represented 21.1% of the total portfolio, which fell within the approved allocation range of 5 – 25%. It was noted that due to the denominator effect, most mature private equity portfolios are currently overweight their targets. Callan closed by discussing the expected pacing schedule of the private equity and private debt portfolio and added that the private equity allocation is expected to return to its target allocation by 2029. The pacing model projects that the System will remain net cash flow positive.

On a motion by Mr. Lesko, seconded by Ms. Clinton, the Committee unanimously voted to approve Townsend Group's Calendar Year 2023 Investment Plan.

On a motion by Mr. LaPlante, seconded by Mr. Lesko, the Committee unanimously voted to approve the Private Debt & Private Equity Strategic Plan for Calendar Year 2023.

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

The meeting adjourned at 2:38 PM.