

NOTE: These minutes were approved and executed at the September 24, 2021 Independent Investment Committee meeting.

**Independent Investment Committee Meeting
July 23, 2021**

Public Minutes

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

Committee Members: Maureen Kelliher, *Chair*; Christine Clinton; Daniel LaPlante; Tim Lesko; and Mike McMahon.

Staff: Jan Goodwin, *Executive Director*; Marty Karlon, *Director of Communication and Legislative Affairs (by video conference)*; Larry Johansen, *Director of Investments*; 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*; and Pete Keliuotis, *Executive Vice President and Head of Alternatives Consulting*.

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

On a motion by Mr. Lesko, seconded by Ms. Clinton, the Committee unanimously approved the public minutes of the June 18, 2021 Investment Committee meeting.

Mr. Johansen reviewed investment returns through recent periods and referred to the Callan Monthly Review for periods ending June 30, 2021. He emphasized that this report is preliminary and that the final version will be available once all private market investment performance is available in late September or early October. He discussed the returns of various managers and asset classes over multiple time-periods. Mr. Johansen also 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 provided an update on the core non-U.S. small cap equity manager search and noted that Callan and Staff expect to present final candidates in early Fall.

Mr. Johansen reviewed the Work Plan with the Committee, noting that the

Plan has been updated to include the second quarter of Fiscal Year 2022. He noted that Callan will present their Marketable Investments Portfolio Review at the September Committee meeting. Callan will present a review of the NHRS Private Debt and Equity investments at the December Committee meeting. Townsend will also conduct a semi-annual review of the Fiscal Year 2022 Investment Plan at the December Committee meeting. Mr. Johansen reminded the Committee that the Work Plan remains flexible and subject to change as the Committee deems appropriate. On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee unanimously approved the Work Plan for the second quarter of Fiscal Year 2022, as presented.

Mr. Johansen referenced the “NHRS Asset Class Guidelines” documents and discussed proposed changes to the guidelines following Callan’s recent portfolio structure review. A brief discussion with the Committee followed. On a motion by Ms. Clinton, seconded by Mr. Lesko, the Committee unanimously approved the revised Investment Guidelines for all asset classes, as presented.

Mr. Johansen then referenced Callan’s “Annual Comparative Fee Analysis” presentation for Fiscal Year 2020 and a discussion with the Committee followed. Acknowledging that transparency of investment fees and expenses is a responsibility to our members, beneficiaries, and stakeholders, and meets the intent of HB 173, the Committee agreed to provide such transparency on all of the fees and expenses paid by NHRS to the extent permitted by its contracts with investment managers.

Mr. Art Greenwood, Senior Vice President, Sales Relationship Manager; and Mr. Beau Coash, Institutional Portfolio Manager; of Fidelity, presented a brief introduction of themselves and their firm. They referred to the “Fixed Income Investing in a Low Yield Environment” presentation dated July 2021. A discussion with the Committee followed.

Mr. Coash opened with a discussion of the current global market environment and shared Fidelity’s expectations for global interest rates. He discussed themes including slowing GDP growth, easy financial conditions supporting reflation expectations and shrinking levels of market liquidity. He closed by discussing challenges and opportunities in the fixed income marketplace. In response to a question from the Committee, Mr. Coash discussed Fidelity’s outlook for the remainder of 2021.

Mr. Tim Strakosch, Assistant Vice President and Client Service Advisor; Ms. Liz Smith, Senior Managing Director; and Mr. Eric Winograd, Senior Economist; of AllianceBernstein provided a brief introduction of themselves and their firm. They referred to the “Global Economic Outlook”

presentation dated July 23, 2021. A discussion with the Committee followed.

Mr. Winograd opened with an overview of AllianceBernstein's global macroeconomic outlook. He shared the firm's expectation that global growth will exceed pre-crisis levels in 2021 and 2022. He also discussed the firm's expectations for gradual global monetary tightening policies. He closed by reviewing factors that will influence global macroeconomic growth in the near-term.

Ms. Jennifer Chruszcz, Vice President; and Ms. Gargi Pal Chaudhuri, Managing Director; of BlackRock provided a brief introduction of themselves and their firm. They referred to the "Presentation for NHRS Investment Committee" dated July 2021. A discussion with the Committee followed.

Ms. Chaudhuri opened with a review of the June Federal Reserve meeting. She discussed BlackRock's views on inflation, interest rates and U.S. fiscal policy, given the likelihood of two interest rate hikes in the next two years. She closed by reviewing attractive investment opportunities. In response to a question from the Committee, she discussed wage pressure and its impact on inflation.

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

The meeting adjourned at 11:13 a.m.