

**NOTE:** These minutes were approved and executed at the July 23, 2021 Independent Investment Committee meeting.

**Independent Investment Committee Meeting  
June 18, 2021**

**Public Minutes**

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

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

*Staff:* Jan Goodwin, *Executive Director*; Tim Crutchfield, *Deputy Director and Chief Legal Counsel (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 Ms. Clinton, seconded by Mr. LaPlante, the Committee unanimously approved the public minutes of the May 21, 2021 Investment Committee meeting, as presented, by roll call vote.

The Committee recognized Mr. Keith Quinton for his time served on the Independent Investment Committee.

An investment industry veteran of more than 30 years, Mr. Quinton joined the IIC in April 2017, bringing his broad and deep experience managing complex multi-billion dollar institutional and mutual fund portfolios to serve the NHRS membership. Over the past four-plus years, his background and insights were a true asset to the group.

Mr. Quinton came on board with some big shoes to fill, filling the vacancy left by IIC founding father Harold Janeway, but he quickly became a major contributor to the efforts to grow the trust fund for the exclusive benefit of New Hampshire's public employees and their beneficiaries. He will be sorely missed. On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee unanimously voted by roll call vote to thank Mr. Quinton, on

behalf of the Investment Committee and Staff, for his dedicated service to NHRS and wish him the best in his future endeavors.

Mr. Johansen reviewed investment returns through recent periods and referred to the Callan Monthly Review for periods ending May 31, 2021. He discussed the returns of various managers and asset classes over multiple time-periods. Mr. Johansen reviewed the Work Plan and updated the Committee on several initiatives. He 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 search for a replacement non-U.S. equity manager and noted that Callan and Staff expect to present final candidates in early Fall. He added that the Committee would conclude the portfolio structure discussion after a new non-U.S. equity manager has been hired.

On a motion by Mr. Lesko, seconded by Mr. LaPlante, the Committee unanimously voted by roll call vote to update the U.S. equity benchmark from the S&P 500 Index to the Russell 3000 Index, effective July 1, 2021, for recommendation to the Board of Trustees. A custom benchmark (60% S&P 500, 20% Russell 2500, and 20% Russell 2000) will be used for U.S. equity performance attribution, effective July 1, 2021.

Mr. Johansen discussed the Brandywine and Loomis Sayles contract renewals.

On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee unanimously voted to renew the Investment Management Agreement with Brandywine through August 31, 2023, by roll call vote.

On a motion by Ms. Clinton, seconded by Mr. LaPlante, the Committee unanimously voted to renew the Investment Management Agreement with Loomis Sayles through August 31, 2023, by roll call vote.

Mr. Pete Keliuotis, Executive Vice President and Head of Alternatives Consulting; of Callan provided an overview of Industry Ventures and discussed NHRS's investments in previous Industry Ventures Partnership Holdings funds. He discussed Callan's conviction in Industry Ventures and Industry Ventures Partnership Holdings VI, L.P. ("Fund VI").

Mr. Roland Reynolds, Senior Managing Director; and Mr. Hans Swildens, Founder and Chief Executive Officer; of Industry Ventures presented a brief introduction of themselves, their firm, and its venture capital fund, Industry Ventures Partnership Holdings VI, L.P. They referred to the "New Hampshire Retirement System" presentation dated June 18, 2021. A lengthy discussion with the Committee followed.

Mr. Reynolds opened the discussion by noting that Fund VI is a re-up to existing Industry Ventures Partnership Holdings funds in which NHRS invests, explaining that NHRS currently invests in Industry Ventures Partnership Holdings Funds III, IV, and V. Mr. Swildens provided a broad overview of the ways in which the firm sources and reviews opportunities. He discussed the venture platform of various partnership holding strategies and highlighted the risk and return characteristics associated with Fund VI. Mr. Reynolds discussed market opportunity and the various investment structures that Industry Ventures uses to construct their portfolios, including primary commitments, early secondary commitments, and direct co-investments and SPVs. He reviewed the opportunity to invest in Fund VI and discussed the commitment period, term, and the target size for the fund. He stated that Fund VI's goals include a hybrid construction of early and mid-stage companies, diversification across the portfolio, and a shortened or eliminated J-curve.

The Committee discussed the Industry Ventures Partnership Holdings presentation and the opportunity to invest in Industry Ventures Partnership Holdings VI, L.P. On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee unanimously agreed to commit \$25 million to Fund VI, subject to contract and legal review. Mr. Johansen confirmed that NHRS has been offered a seat on the Advisory Board.

Mr. Anthony Frammartino, Partner; Mr. Tony Pietro, Partner; and Mr. Joe Davenport, Associate Partner; of The Townsend Group ("Townsend") provided a brief introduction of themselves and their firm, an update on the Fiscal Year 2021 Investment Plan, and presented the Fiscal Year 2022 Investment Plan for the Committee's consideration. They referred to the "New Hampshire Retirement System" presentation dated June 2021. A lengthy discussion with the Committee followed.

Mr. Pietro provided an update on the discretionary Real Estate portfolio the firm manages on behalf of the System, noting that the portfolio has exhibited favorable performance and remains in compliance with its guidelines. He discussed the transformation of the program since its inception in 2009 and commented upon the variety of funds held within the portfolio, noting the program represents a highly diversified portfolio of investments. He reviewed progress of the three goals set forth for the NHRS Fiscal Year 2021 Investment Plan, confirming that the firm has achieved or exceeded each goal over the course of the fiscal year.

Mr. Davenport provided a detailed overview of a selection of recently initiated investments and reviewed performance over various periods, adding that the NHRS portfolio outperformed the benchmark over every measurable time period. Mr. Pietro reviewed the portfolio's current investment profile and the upcoming goals for FY 2022. He discussed potential changes to the program, including plans to increase the

portfolio's exposure to tactical investments. He closed with an overview of the markets in which Townsend expects to find favorable investment opportunities and their relation to the strategies within the portfolio.

On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee unanimously voted to approve The Townsend Group's Fiscal Year 2022 Investment Plan, by roll call vote.

Mr. Keliuotis referred to the "Alternatives Annual Review" presentation dated June 18, 2021 and provided a detailed overview of the private equity and private debt assets of the NHRS portfolio as of December 31, 2020. He discussed Callan's private market thoughts and recommendations for each of the private market strategies, supported by recent themes observed in fundraising, and deal and exit volume.

Mr. Keliuotis opened by discussing performance of the NHRS private markets portfolio and discussed the 2021 pacing schedule, noting that the portfolio is keeping pace with the current schedule. He provided an overview of the private equity and private debt markets, noting that the private markets allocation adds value to the Total Fund. He reviewed valuations and fund rankings by vintage year, adding that several funds are meeting or exceeding expectations. He discussed the expected pacing schedule of the private equity and private debt portfolio and added that contributions are expected to outpace distributions in the near future. Mr. Keliuotis closed with an overview of the funds within the portfolio, highlighting performance metrics and factors affecting performance.

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 11:25 a.m.