

NOTE: These minutes were approved and executed at the July 11, 2023 Independent Investment Committee meeting.

**Independent Investment Committee Meeting
June 13, 2023
Public Minutes**

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

Committee Members:

- Maureen Kelliher, CFA, *Chair*
- Christine Clinton, CFA, *Member*
- Mike McMahon, *Non-Voting Member*
- Paul Provost, CFP ®, *Member*

Staff:

- Jan Goodwin, *Executive Director*
- Raynald Leveque, *Chief Investment Officer*
- Gregory Richard, CFA, *Senior Investment Officer*
- Shana Bilech, CFP ®, *Investment Officer*
- Jesse Pasierb, *Investment Operations Analyst*
- Mark Cavanaugh, *Associate Counsel and Compliance Officer (by video conference)*
- Tim Crutchfield, *Deputy Director and Chief Legal Counsel (by video conference)*
- Heather Hoffacker, *Internal Auditor (by video conference)*
- Marty Karlon, *Director of Communications and Legislative Affairs (by video conference)*
- John Laferriere, *Director of IT (by video conference)*

Guests:

- Angel Haddad, *Senior Vice President, Callan LLC*
- Pete Keliuotis, *Executive Vice President, Callan LLC*
- Britton Murdoch, *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 12:30 PM.

On a motion by Mr. Provost, seconded by Ms. Clinton, the Independent Investment Committee (Committee) unanimously approved the public minutes of the May 9, 2023 Committee meeting as presented.

Mr. Leveque reviewed investment returns through recent periods and referred to the Callan Monthly Review for periods ending April 30, 2023. He shared an update on holdings within the NHRS portfolio. Fixed Income was rebalanced from domestic equity on May 11, 2023, to bring fixed income back within its target allocation range. Mr. Leveque updated the Committee on liquidity and Russian holdings and discussed the Work Plan. Staff is preparing a total plan analysis and a strategic asset allocation update.

On a motion by Ms. Clinton, seconded by Mr. Provost, the Committee unanimously voted to extend the Custody Agreement with the Bank of New York Mellon for a two-year period, subject to contract and legal review.

On a motion by Mr. Provost, seconded by Ms. Clinton, the Committee unanimously voted to renew the Investment Management Agreement with Brandywine for a five-year term through August 31, 2028.

On a motion by Ms. Clinton, seconded by Mr. Provost, the Committee unanimously voted to renew the Investment Management Agreement with Loomis Sayles for a five-year term through August 31, 2028.

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 Calendar 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 12.7% of the System's total plan assets as of December 31, 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.

Next, Townsend provided an overview of investments initiated over the Calendar 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 \$1.034 billion in value, achieving a 12.6% 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 December 31, 2022, the System's Alternatives exposure represented 19.8% 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. Provost, seconded by Ms. Clinton, the Committee unanimously voted to adjourn the meeting.

The meeting adjourned at 3:20 PM.