

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

**Independent Investment Committee Meeting
March 19, 2021**

Public Minutes

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

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

Staff (by video conference): Tim Crutchfield, *Deputy Director and Chief Legal Counsel*; Larry Johansen, *Director of Investments*; Greg Richard, *Senior Investment Officer*; Ashley Lloyd, *Investment Officer*; and Shana Bilech, *Junior Investment Officer*.

Callan (by video conference): Angel Haddad, *Senior Vice President*; Britton Murdoch, *Vice President*; Pete Keliuotis, *Executive Vice President and Head of Alternatives Consulting*; Jay Kloepfer, *Executive Vice President and Director of Capital Markets Research Group*; and Sweta Vaidya, *Senior Vice President and Consultant*.

Ms. 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 February 19, 2021 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 February 28, 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 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.

Mr. Johansen discussed the Manulife contract extension.

On a motion by Mr. Lesko, seconded by Mr. Quinton, the Committee unanimously voted to extend the investment relationship with Manulife through February 2023, by roll call vote.

Mr. Roy Leckie, Executive Director, Investment & Client Service; Mr. Francis Sempill, Head of Client Service, North America; and Ms. Laura MacDonald, Client Investment Manager; of Walter Scott, presented a brief introduction of themselves and an overview of their firm. They referred to the “New Hampshire Retirement System” presentation dated March 19, 2021. A lengthy discussion with the Committee followed.

Mr. Sempill opened with a detailed overview of Walter Scott and provided a firm update. He and Mr. Leckie shared the firm’s success in working remotely due to COVID-19. Mr. Leckie then reviewed the firm’s investment philosophy and process. He highlighted the research team’s long-term investment horizon and the resulting high-conviction portfolio. Mr. Leckie also described the firm’s approach to ESG investing. Ms. MacDonald then highlighted the portfolio’s strong performance. The strategy outperformed the MSCI ACWI index on a net-of-fees basis over the three, five and ten-year periods as of February 28, 2021. She discussed performance attribution by region and sector during the prior twelve month and five-year periods. Ms. MacDonald shared the portfolio’s top-ten holdings at February 28, 2021 and reviewed purchase and sales activities over the prior twelve months. She stressed the portfolio’s favorable risk characteristics relative to the index. Mr. Leckie closed by reviewing the firm’s investment outlook.

Mr. Jay Kloepfer, Executive Vice President and Director of Capital Markets Research Group; and Ms. Sweta Vaidya, Senior Vice President and Consultant; of Callan referred to the “2021 Asset-Liability Study and Asset Allocation Review” presentation dated March 19, 2021. A lengthy discussion with the Committee followed.

Ms. Vaidya opened with an overview of Callan’s asset allocation review process and the results of their Asset-Liability Study and Asset Allocation Review. Callan found that the current NHRS investment policy appears to be appropriate to meet the Committee’s current objectives. Ms. Vaidya then discussed the assumptions that Callan modeled to reach their conclusion. She discussed Callan’s forecasts for the market value of the System’s assets, its actuarial accrued liability and its funded status during the next ten years under current policy. She also discussed expectations for annual employer contribution and net cash flow through 2029. In response to a question from Ms. Clinton, Ms. Vaidya discussed Callan’s long-term perspective in estimating the System’s funded status and the modeling performed to account for potential short-term market volatility. In response to a question from Mr. LaPlante, Ms. Vaidya also discussed the median, best and worst-case estimations of annual employer contribution as a percentage of pay. Ms. Vaidya then detailed Callan’s Asset Allocation Review. She discussed stress tests performed on the System’s portfolio and the implications for liquidity. She shared Callan’s analysis of various asset mixes to the System’s current asset-allocation.

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Mr. Kloepfer and Ms. Vaidya closed by reviewing Callan's recommendations. Callan found that NHRS's funding policy is likely to bring the plan to a fully funded position over a 20-year period and does not recommend changes to the investment policy at this time.

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

The meeting adjourned at 10:25 a.m.