

NOTE: These minutes were approved and executed at the June 21, 2019 Independent Investment Committee meeting.

**Independent Investment Committee Meeting
May 31, 2019**

Public Minutes

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

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

Staff: George Lagos, *Executive Director*; Larry Johansen, *Director of Investments*; Greg Richard, *Senior Investment Officer*; Shana Bilech, *Junior Investment Officer*; and Ashley Lloyd, *Junior Investment Officer*.

NEPC: Kevin Leonard, *Partner and Senior Consultant*; and Sean Gill, *Partner*.

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

On a motion by Mr. Lesko, seconded by Mr. Quinton, the Committee unanimously approved the public minutes of the April 26, 2019 Investment Committee meeting, as presented.

Mr. Johansen reviewed investment returns through recent time periods, referring to the NEPC Marketable Investments performance flash report for periods ending April 30, 2019. 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 the liquidation status of the GAM Fund and added that GAM still plans to return 100 cents on the dollar for liquidated assets, with a final distribution expected to take place in the third quarter of 2019.

Mr. Johansen introduced Ms. Shana Bilech to the Committee and explained that she has filled the vacant Junior Investment Officer position on the Investment Team.

The Committee discussed the presentation made by emerging markets equity manager Wellington at the April Committee meeting. On a motion by Mr. Lesko, seconded by Ms. Clinton, the Committee unanimously

agreed to extend the investment relationship with Wellington to manage the EMLE portfolio through June 30, 2021.

Mr. Stephen Smith, Managing Director and Portfolio Manager; and Mr. Jonathan Cordo, Senior Relationship Manager; of Brandywine Global Investment Management provided a brief introduction of themselves and their firm. They referred to the “Global Opportunistic Fixed Income” presentation dated May 31, 2019. A lengthy discussion with the Committee followed.

Mr. Cordo opened with an overview of the firm, the strategy’s investment philosophy and process, and the Global Fixed Income investment team and succession-planning initiatives undertaken by the firm. Mr. Cordo reviewed portfolio performance over various periods, noting since-inception outperformance despite near-term underperformance. Mr. Smith discussed portfolio positioning relative to the global environment and the impact of geopolitical uncertainty on yields, particularly over the past year. He discussed the impact of the U.S. and China tariffs on the Eurozone and the subsequent impact on the portfolio, noting the portfolio has been structured to withstand trade uncertainty and slowing global growth. Mr. Smith provided his market outlook, noting that global growth is expected to improve, adding that the U.S. and China are likely to come to a trade agreement. In response to questions from the Committee, he closed with a discussion on the recently announced U.S. tariffs on Mexico and the potential impact of those tariffs.

Ms. Elaine Stokes, Executive Vice President and Portfolio Manager; and Mr. James Sia, Vice President and Head of Relationship Management; of Loomis Sayles provided a brief introduction of themselves and their firm. They referred to the “New Hampshire Retirement System” presentation dated May 31, 2019. A lengthy discussion with the Committee followed.

Ms. Stokes provided the Committee with an overview of the Multisector Full Discretion Fixed Income strategy’s objective, philosophy, and process. She reviewed the tactical nature of the strategy and the ability of the portfolio to shift its positioning dependent on market environment. Mr. Sia reviewed performance and portfolio attribution for the one-year period and noted the impact of the late-cycle environment on the portfolio, adding that the team focuses on higher quality names with shorter duration profiles. Ms. Stokes commented upon the current market environment, noting the interconnectedness of global markets and the portfolio’s ability to adapt to that unique environment. In response to a question from the Committee, Ms. Stokes discussed the ways in which the team can capitalize on opportunities and adjust to a changing environment despite low bond market liquidity. She reviewed portfolio positioning, noting the high quality, defensive stance of the portfolio in response to the uncertain, late cycle environment. Ms. Stokes discussed the impact of trade wars and

populism on global growth, noting the portfolio has been positioned to withstand continued bouts of volatility in the current environment.

Mr. Johansen discussed the structure of the NHRS portfolio and the decisions that lead to the portfolio's current asset class allocations. He referenced the "NHRS Asset Class Guidelines" document and discussed proposed changes to the guidelines with the Committee. A brief discussion with the Committee followed. The Committee agreed to complete a review of the Fund's fixed income allocation at the June Committee meeting.

On a motion by Mr. Quinton, seconded by Mr. LaPlante, the Committee unanimously voted to approve the revised Investment Guidelines for all asset classes, as presented.

On a motion by Mr. LaPlante, seconded by Ms. Clinton, the meeting adjourned at 10:49 a.m.