

**NOTE:** These minutes were approved and executed at the December 20, 2019 Independent Investment Committee meeting.

**Independent Investment Committee Meeting  
November 22, 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 September 20, 2019 and October 22, 2019 Investment Committee meetings, as presented.

Mr. Johansen reviewed the Work Plan and updated the Committee on several initiatives, including the fixed income rebalancing. Mr. Johansen informed the Committee that the NHRS Private Markets Disclosure Policy and Securities Litigation Policy recently moved from the NHRS Governance Manual to the Investment Manual to streamline investment-related policies. Mr. Johansen noted that the Work Plan was updated to include the third quarter of Fiscal Year 2020. He then discussed potential speakers from NEPC and from investment managers to present their macroeconomic research at the January 2020 Investment Committee meeting. He requested from the Committee additional topics of interest. Mr. Johansen commented that the Work Plan remains flexible and subject to change as the Committee deems appropriate. On a motion by Mr. Quinton, seconded by Mr. Lesko, the Committee unanimously approved the Work Plan for the third quarter of Fiscal Year 2020, as presented.

Mr. Johansen then reviewed investment returns through recent periods, referring to the summary page of the NEPC Marketable Investments performance flash report for periods ending October 31, 2019. He

discussed the returns of various managers and asset classes over multiple periods.

Mr. Johansen referenced the proposed 2020 Investment Committee meeting schedule, originally presented to the Committee in the October emailed materials for informational purposes. On a motion by Mr. Lesko, seconded by Mr. LaPlante, the Committee unanimously agreed to approve the 2020 Investment Committee meeting schedule, as presented.

The Committee discussed the presentation made by fixed income manager Income Research + Management (“IR+M”) at the September Committee meeting. On a motion by Mr. Quinton, seconded by Ms. Clinton, the Committee unanimously agreed to renew the Investment Management Agreement with IR+M through October 31, 2021.

Mr. Johansen referred to the “Independent Investment Committee Charter”. He noted the changes proposed to the Investment Committee in October and added that NHRS Staff recently updated the document. The new draft reflected the Committee’s responsibilities in recommending investment consultants to the Board and electing chairpersons. The Committee discussed the recommended revisions. On a motion by Mr. Lesko, seconded by Ms. Clinton, the Committee voted unanimously to approve the Independent Investment Committee Charter, as presented.

The Committee reviewed and discussed the Draft Comprehensive Annual Investment Report (“CAIR”) for the Fiscal Year Ended June 30, 2019. On a motion by Mr. Quinton, seconded by Mr. LaPlante, the Committee unanimously approved the CAIR for the Fiscal Year Ended June 30, 2019, as presented. The Committee directed Staff to submit the CAIR to the Board at its December meeting, with a recommendation for approval.

In response to a recent inquiry from Mr. Quinton, the Committee discussed NHRS’ research on investment managers’ use of commission sharing agreements. NHRS Staff found that nine of fourteen equity portfolios have commission sharing agreements. Mr. Kevin Leonard, Partner; of NEPC added that NHRS’ practice of working with consultant Abel Noser to review managers’ trading costs also holds managers accountable for their use of trading commissions. Staff agreed to continue research on this issue.

Mr. Sean Gill, Partner; of NEPC referred to the “Private Markets Commitment v Exposure Discussion” presentation dated October 2019. He discussed concentration among private market managers, noting that committed dollars do not always equal the total amount invested at one specific point in time. He also explained commonly used terminology for private market investments. Mr. Gill then discussed the Retirement System’s top five exposures to alternative investments by general partner.

In response to questions from the Committee, Mr. Gill and Mr. Johansen discussed NHRS' commitment pacing schedule, as well as process for managing cash flows with private market managers. Mr. Gill emphasized that each decision to commit additional funds to a private market manager is an independent decision, reflective of that manager's performance, the composition of the NHRS private market portfolio and NHRS' overall liquidity constraints and performance targets. Mr. Leonard closed the discussion by adding that the NEPC liquidity analysis, prepared annually with the latest presented at the February 2019 Investment Committee meeting, determined that the Retirement System's 15% allocation to illiquid alternatives is an appropriate amount.

On a motion by Mr. Quinton, seconded by Ms. Clinton, the meeting adjourned at 10:02 a.m.