

**NOTE:** These minutes were approved and executed at the December 18, 2020 Independent Investment Committee meeting.

**Independent Investment Committee Meeting  
November 20, 2020**

**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 Mike McMahon. Keith Quinton; *absent*.

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

*NEPC (by video conference):* Kevin Leonard, *Partner and Head of Public Fund Practice Group*; Sean Gill, *Partner and Director of Private Markets Research*.

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

On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee approved the public and the non-public minutes of the October 23, 2020 Investment Committee meeting, as presented, by roll call vote.

Mr. Johansen reviewed investment returns through recent periods and referred to the NEPC Marketable Investments performance flash report for periods ending October 31, 2020. He discussed the returns of various managers and asset classes over multiple time-periods. Mr. Johansen 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 reviewed the Work Plan and updated the Committee on several initiatives, including the termination of the LSV International Large Cap Value Fund and the hiring of Lazard and Aristotle to manage the assets. The transition to Investment Consultant Callan, effective January 1, 2021 continues to move forward.

Mr. Johansen referenced the proposed 2021 Investment Committee meeting schedule, originally presented to the Committee in October. On a

motion by Mr. LaPlante, seconded by Mr. Lesko, the Committee unanimously agreed to approve the 2021 Investment Committee meeting schedule, as presented, by roll call vote.

Mr. Sean Gill, Partner; of NEPC introduced BlackRock and provided an overview of the NHRS's investments in previous BlackRock co-investment portfolios. He discussed NEPC's conviction in BlackRock and the BlackRock Private Opportunities Fund ("Fund").

Ms. Zaneta Koplewicz, Managing Director; Mr. Stephen J. Kelly, Managing Director & Global Head of Business Operations; Mr. Kamal Maruf, Director, BlackRock Private Equity Partners ("PEP"); and Mr. Ryan Coulter, Vice President, BlackRock PEP; of BlackRock provided a brief introduction of themselves and their firm. They referred to the "NHRS Private Opportunities Fund, L.P. Global Private Equity Co-Investment Strategic Partnership Proposal" dated November 20, 2020. A discussion with the Committee followed.

Mr. Kelley opened with an introduction to private equity direct co-investing. He then provided a thorough overview of BlackRock PEP, its organizational structure and its investment process. Mr. Coulter provided an update on the Fund's performance and discussed the firm's direct co-investment performance track record. Mr. Maruf discussed case studies for several investments held within the NHRS Private Opportunities Fund. He reviewed the companies' backgrounds, BlackRock's investment theses and respective performance. Ms. Koplewicz reviewed the existing NHRS-BlackRock Partnership and discussed the terms of the re-ups and the additional potential commitment to the Private Opportunities Fund. She highlighted the strong performance of the NHRS's existing investments in the BlackRock Private Opportunities Fund. She closed with a discussion on the opportunity to renew the investment in the Fund and commit an additional \$150 million over a three to five-year period.

Ms. Zaneta Koplewicz, Managing Director; Mr. Rick Rieder, Managing Director, Chief Investment Officer of Global Fixed Income, Head of the Fundamental Fixed Income business, and Head of the Global Allocation Investment Team; and Ms. Gargi Pal Chaudhuri, Managing Director, Fixed Income Product Strategy team; of BlackRock provided a brief introduction of themselves and their team's investment relationship with the NHRS. They referred to the "BlackRock Strategic Income Opportunities ("SIO") Bond Fund" presentation dated October 2020. A lengthy discussion with the Committee followed.

Mr. Rieder opened by sharing BlackRock's current market outlook. Ms. Chaudhuri then provided a detailed overview of the global fixed income team's investment philosophy and process. She and Mr. Rieder highlighted the SIO fund's flexible approach and inherent diversification benefits. She

then reviewed the SIO fund's performance track record. While the fund underperformed during the one-year and three-year periods as of September 30, 2020, its gross performance was in-line with the benchmark over the five-year period and greater than the benchmark since the fund's inception on December 7, 2011. The NHRS has invested in the strategy since December 7, 2018. Ms. Chaudhuri shared examples of the fund's strong performance during bouts of market volatility. In response to a question from the Committee, Mr. Rieder discussed the SIO fund's currency positioning. Ms. Chaudhuri followed by sharing portfolio positioning across all other asset classes. She closed by discussing the firm's approach to ESG investing.

Mr. McMahon departed the meeting at 11:00 a.m.

Ms. Elizabeth Smith, Senior Managing Director of Public Funds; and Mr. Nelson Yu, Head of Quantitative Research, Equities and Head of Blend Strategies; of AllianceBernstein ("AB") provided a brief introduction of themselves, their firm, and an overview of their firm's investment relationship with the NHRS. They referred to the "New Hampshire Retirement System US SMid Style Blend Current Strategy & Review" presentation dated November 20, 2020. A lengthy discussion with the Committee followed.

Ms. Smith opened with a firm update. She shared that AB recently appointed their first Black board member and second female board member in an effort to increase diverse representation at the firm. Ms. Smith also discussed the firm's approach to ESG investing. Mr. Yu then provided a detailed overview of AB and the Blend Strategy's investment philosophy and process. He reviewed the performance track record of the US small/mid ("SMid") cap domestic equity strategy. He highlighted its net outperformance relative to the benchmark over the one, three, five-year and since-inception periods as of September 30, 2020. Mr. Yu attributed the strategy's balance between value and growth to their ability to deliver strong, consistent performance. He provided examples of how the Blend Strategy team incorporates ESG investment criteria into their approach. In response to a question from the Committee, Mr. Yu discussed the portfolio's allocation to growth and value names. Mr. Yu closed with a discussion of the strategy's current positioning and the team's investment outlook.

Ms. Tracy Musser, Senior Institutional Relationship Manager; Mr. Brett Hawkins, Chief Investment Officer and Portfolio Manager, Mid Cap Value and SMID Cap Value; and Mr. Matthew Soule, Client Portfolio Manager; of Thompson, Siegel & Walmsley ("TSW") provided a brief introduction of themselves, their firm, and an overview of their firm's investment relationship with the NHRS. They referred to the "Account Review"

presentation dated November 20, 2020. A lengthy discussion with the Committee followed.

Ms. Musser opened with a firm update, discussing Chief Executive Officer Frank Reichel's retirement effective December 31, 2020. John Reifsnider, TSW's President, will succeed Mr. Reichel. Given Mr. Reifsnider's 15-year tenure at TSW, the firm anticipates a smooth transition. Ms. Musser also discussed the firm's approach to ESG investing. Mr. Hawkins then provided a detailed overview of TSW's investment philosophy and process. He provided examples of how the firm incorporates ESG investment criteria into their value-based approach. Mr. Soule reviewed the performance track record of the SMid cap domestic equity strategy. He noted that the recent market environment has challenged value investors, as value has underperformed growth. Consequently, the portfolio has underperformed the Russell 2500 Index over the one-year, three-year, five-year and since-inception periods as of September 30, 2020. However, the portfolio has performed in line with the Russell 2500 Value Index on a since-inception period. The strategy also maintains attractive valuation characteristics and delivered strong performance during the past several months when the value trend reversed. Mr. Hawkins closed with a discussion of the strategy's current positioning and the team's investment outlook.

The Committee discussed the Private Opportunities Fund presentation made by BlackRock and the opportunity to invest in the Fund. On a motion by Mr. Lesko, seconded by Ms. Clinton, the Committee unanimously voted to renew the investment in the BlackRock Private Opportunities Fund and to commit an additional \$150 million over a three to five year period to the Fund, subject to contract and legal review, by roll call vote.

Mr. Johansen referenced the "NHRS Investment Policy Update (Redline)" document. He discussed the proposed changes to the Policy to reflect the assumed rate of return approved by the Board at its June 9, 2020 meeting. On a motion by Mr. Lesko, seconded by Ms. Clinton, the Committee unanimously voted to approve the revised Investment Policy, as presented, for recommendation to the Board of Trustees, by roll call vote.

The Committee reviewed and discussed the Draft Comprehensive Annual Investment Report ("CAIR") for the Fiscal Year Ended June 30, 2020. On a motion by Mr. LaPlante, seconded by Mr. Lesko, the Committee unanimously approved the CAIR for the Fiscal Year Ended June 30, 2020, as presented, by roll call vote. The Committee directed Staff to submit the CAIR to the Board at its December meeting, with a recommendation for approval.

Mr. Johansen referred to the "Commission Sharing Agreements" presentation and discussed NHRS investment managers' use of

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commission sharing agreements and the value of research purchased through these agreements. The Committee agreed to continue to monitor the use of commission sharing agreements on an annual basis following fiscal-year end.

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 12:42 p.m.