

NOTE: These minutes were approved and executed at the February 21, 2020 Independent Investment Committee meeting.

**Independent Investment Committee Meeting
January 24, 2020**

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.

NHRS Trustees: Don Roy.

Staff: George Lagos, *Executive Director*; Larry Johansen, *Director of Investments*; Gerard Murphy, *Director of Finance*; Marty Karlon, *Public Information Officer*; Greg Richard, *Senior Investment Officer*; Shana Bilech, *Junior Investment Officer*; and Ashley Lloyd, *Junior Investment Officer*.

NEPC: Kevin Leonard, *Partner and Senior Consultant*; Sean Gill, *Partner and Director of Private Markets Research*; and Tim McCusker, *Chief Investment Officer*.

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

On a motion by Mr. LaPlante, seconded by Mr. Lesko, the Committee unanimously approved the public minutes of the December 20, 2019 Investment Committee meeting, as presented.

Mr. Johansen reviewed investment returns through recent periods, referring to the NEPC Total Fund performance flash report for periods ending December 31, 2019. He discussed the returns of various managers and asset classes over multiple periods.

Mr. Johansen reviewed the Work Plan and updated the Committee on several initiatives, including upcoming meetings. He noted that the Work Plan for the fourth quarter of Fiscal Year 2020 was added for the Committee's consideration and approval, clarifying 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 fourth quarter of Fiscal Year 2020, as presented.

Ms. Jennifer Chruszcz, Vice President; and Ms. Gargi Pal Chaudhuri, Managing Director; of BlackRock provided a brief introduction of themselves and their firm. They referred to the “Fixed Income Overview: Frequently asked questions and our take on them” presentation dated January 2020. A lengthy discussion with the Committee followed.

Ms. Chaudhuri opened the presentation with a discussion of BlackRock’s 2020 global outlook themes including growth, policy pause and rethinking resilience. She then discussed questions frequently asked of BlackRock, outlining the firm’s views on the referenced market themes. In response to questions from the Committee, she expanded upon BlackRock’s views on inflation. She closed with a discussion of the firm’s fixed income sector views.

Mr. James Sia, Vice President and Head of Relationship Management; and Mr. John DeVoy, Vice President and Senior Investment Credit Strategist; of Loomis Sayles provided a brief introduction of themselves and their firm. They referred to the “BBB Downgrade Risk and Credit Markets Overview” presentation dated January 24, 2020. A lengthy discussion with the Committee followed.

Mr. DeVoy opened the presentation with a discussion of the importance of diversifying an investment portfolio. He then outlined Loomis Sayles’ views on the risk of potential downgrade of BBB bonds. He discussed the firm’s outlook on various fixed income asset classes.

Mr. Tim McCusker, Chief Investment Officer of NEPC, referred to NEPC’s presentation titled “Key Market Themes and Asset Class Assumptions” dated January 2020. A lengthy discussion with the Committee followed.

Mr. McCusker opened with a discussion of NEPC’s key market themes including late cycle dynamics, permanent interventions, China transitions and globalization backlash. He reviewed the ways in which the referenced market themes varied over past years and discussed their impact as they relate to asset allocation and performance. He reiterated the importance of diversifying an investment portfolio. He answered questions from the Committee regarding China’s demographic challenges and social unrest in Hong Kong. Mr. McCusker then provided a thorough overview of NEPC’s return expectations by asset class over a 10-year horizon as well as over the longer-term 30-year horizon. In response to a question from the Committee, Mr. McCusker discussed NEPC’s assessment of global currency volatility. Mr. McCusker concluded his remarks by discussing the referenced assumptions as they relate to key themes and current opportunities in the current market cycle.

On a motion by Mr. LaPlante, seconded by Ms. Clinton, the meeting adjourned at 11:37 a.m.