

NOTE: These minutes were approved and executed at the February 19, 2021 Independent Investment Committee meeting.

**Independent Investment Committee Meeting
January 22, 2021**

Public Minutes

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

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

Staff (by video conference): George Lagos, *Executive Director*; Tim Crutchfield, *Deputy Director and Chief Legal Counsel*; Marty Karlon, *Director of Communications & Legislative Affairs*; 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*; and Pete Keliuotis, *Executive Vice President and Head of Alternatives Consulting*.

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

On a motion by Mr. Quinton, seconded by Mr. Lesko, the Committee unanimously approved the public minutes of the December 18, 2020 Investment Committee meeting, as presented, by roll call vote.

Ms. Clinton joined the meeting at 9:05 a.m.

Mr. Johansen reviewed investment returns through recent periods and referred to the NEPC Total Fund performance flash report for periods ending December 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 reminded the Committee 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 2021, as presented, by roll call vote.

Mr. Johansen discussed the fossil fuel divestment inquiry addressed to the Independent Investment Committee by a member of the NHRS. The Committee shared their input in drafting a response.

Mr. Jeffrey Moore, Portfolio Manager; Mr. Michael Plage, Portfolio Manager; Mr. Arthur Greenwood, Senior Vice President, Sales Relationship Manager; and Mr. Beau Coash, Institutional Portfolio Manager; of Fidelity, presented a brief introduction of themselves and an overview of their firm. They referred to the “Tactical Bond Strategy” presentation dated January 22, 2021. A lengthy discussion with the Committee followed.

Mr. Greenwood opened with a firm update. Mr. Coash shared the firm’s key initiatives including a focus on ESG investing. He and Mr. Moore then provided a detailed overview of the Tactical Bond team, their investment philosophy and process. He and Mr. Moore highlighted the fund’s diversification benefits and the strategy’s strong performance. As of December 31, 2020, the fund outperformed the Barclays U.S. Aggregate over the one-year period and since the strategy’s inception on January 29, 2019. Mr. Moore closed by discussing the strategy’s current positioning and the team’s investment outlook.

Mr. Clark Koertner, Principal, Director of Institutional Sales; and Dr. Scott Decatur, Ph.D., Principal, Director of Quantitative International Strategies; of Segall Bryant and Hamill (“SBH”) provided a brief introduction of themselves and their firm. They referred to the “A Differentiated Approach to International Investing” presentation dated January 22, 2021. A lengthy discussion with the Committee followed.

Mr. Koertner opened with a firm update. He and Dr. Decatur then discussed SBH’s approach to ESG investing. Dr. Decatur provided a detailed overview of the International Small Cap team, their investment philosophy and process. Next he reviewed the fund’s performance track record. He noted that the recent market environment has challenged value investors, as value has underperformed growth. Additionally, higher quality companies have underperformed lower quality companies. The portfolio’s preference towards attractively-priced, high quality companies contributed to its underperformance to the MSCI EAFE Small Cap Index over the one-year, three-year, five-year, ten-year and since-inception periods as of December 31, 2020. Dr. Decatur noted that the strategy maintains attractive valuation characteristics. Furthermore, it has delivered strong historical outperformance when value outperforms growth. He closed by discussing the fund’s current positioning and the team’s investment outlook.

Mr. Angel G. Haddad, Senior Vice President; Mr. Britton M. Murdoch, Vice President; and Mr. Pete Keliuotis, Executive Vice President and Head of Alternatives Consulting; of Callan provided an overview of their firm and its investment consulting capabilities. They referred to the “Introduction to Callan LLC” presentation dated January 22, 2021. A lengthy discussion with the Committee followed.

Mr. Haddad and Mr. Murdoch opened with an introduction to Callan’s NHRS consulting team. Mr. Haddad reviewed the 2021 project deliverables relative to the NHRS Work Plan. Mr. Murdoch discussed Callan’s capital markets research team and the asset-liability study underway for the NHRS. Mr. Haddad and Mr. Murdoch reviewed Callan’s process for evaluating potential investments as well as monitoring and reporting on current investment holdings. Mr. Keliuotis reviewed the Alternatives consulting team and their process for working with new clients.

Mr. Keliuotis referred to the “Alternatives Pacing Analysis” presentation dated January 22, 2021. A lengthy discussion with the Committee followed. He discussed Callan’s Alternatives investment outlook and recommendations for the private equity and debt strategies held within the NHRS portfolio.

Mr. Keliuotis opened by discussing recent private markets performance. He shared Callan’s evaluation of the NHRS Alternatives investment portfolio. Next he discussed Callan’s 2021 Alternatives pacing plan. He highlighted the gradual reduction of the NHRS’s Alternatives allocation to its 15% target over the next ten years. In doing so, Mr. Keliuotis discussed commitment pacing with private equity and debt partnerships and general partners over the next ten years. Mr. Keliuotis closed by reviewing the NHRS Alternatives portfolio structure and summarized Callan’s recommendations for the 2021 pacing plan.

On a motion by Mr. Lesko, seconded by Mr. Quinton, the Committee unanimously approved the private debt & private equity strategic plan for calendar year 2021, by roll call vote.

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 11:32 a.m.