



Draft for Committee Review and Approval

**REPORT OF THE FINANCE COMMITTEE ON INVESTMENTS
June 21, 2018**

The Finance Committee on Investments met at 10:30 a.m. on April 19, 2018 at the University of New Hampshire in Durham, NH. Present were Committee members: Morgan Rutman (Chair), Ted Dey, Ken Moulton, and Catherine Provencher; and Rhonda Hensley representing the Governor.

Also in attendance: Jeff Croteau and Ryan O'Quinn from Prime Buchholz; Peter Mulderry and Lydia Thew from Highfields Capital and additional USNH staff members.

I. APPROVE MINUTES

On motion of Vice Chancellor Provencher and duly seconded, The Committee voted to approve the minutes of the April 1, 2018 meeting.

II. Items for Committee discussion and possible action

At 10:44 a.m. Chairman Rutman called the meeting to order and the following motion to enter into nonpublic session was made by Vice Chancellor Provencher. The motion was duly seconded and approved unanimously by roll call vote. In addition to trustees, system staff, Mr. Croteau and Mr. Ryan attended the non-public session. Peter Mulderry and Lydia Thew from Highfields Capital joined the non-public session for their presentation on the firm.

MOVED, that the USNH Board of Trustees Finance Committee for Investment go into nonpublic session for the purposes of discussing the proprietary, confidential, commercial, and financial information of a private third party that is exempt from disclosure under RSA 91-A:5, IV.

Return to Public Session

Upon a motion to exit nonpublic session, made by Trustee Dey, duly seconded, and approved, Chairman Rutman reconvened the public meeting at 11:32 a.m. and announced that the Committee received a report from Highfields Capital and then proceeded to review a list of potential private equity opportunities with Prime Buchholz some of which may be recommended in the future.

2. Endowment and Operating Cash Portfolio Review for period ending May 31, 2018.

Mr. Croteau said commitments had been made to Trilantic Capital Partners and Angelo Gordon Realty under the Committee's direction from the April meeting. He reviewed performance results as of May 31, 2018 noting a return .7% for the calendar year and 7.7% for the fiscal year to date. He shared market highlights and discussed performance by sector pointing out over and under-performing managers. He

said that USNH is within 1% on all of its target allocations with the exception of Private Equity which is dependent not only on commitments but on how quickly funds are called. The Committee discussed reporting performance for Private Equity investments and Chairman Rutman asked for an additional column that reports the size of each fund. The impact of rising interest rates on various segments of the portfolio were discussed. Mr. Croteau said the market value of the endowment is just under \$521 million.

Mr. Croteau said the value of the short term investment portfolio was approximately \$209 million as of May 31st. The return for the portfolio is .8% for the fiscal year to date. He noted that USNH has liquidated the investment in Dodge and Cox as funds since the last meeting. Chairman Rutman asked Prime Buchholz to add YTM to the Operating Investment summary.

III. OTHER BUSINESS

- A. Chairman Rutman said that given the growth in USNH assets both endowment and operating, and taking into consideration the assets at the UNH Foundation, the combined total reaching almost \$750 million in assets, he suggested it is the appropriate time to consider and evaluate building Chief Investment Officer resources. He reported that he raised the issue earlier in the day at the Governance Committee and will bring it up at the Executive Committee. Committee members supported the request to evaluate a CIO model and mentioned the risk that can be created with Committee member turnover, the increased size and complexity of investments, and the potential to add return and improve due diligence as reasons. Should the Executive Committee be supportive conceptually, the Investment Committee will evaluate options such as: hiring and building internal CIO resources, outsourcing additional CIO resources, etc over the upcoming fiscal year.
- B. Next scheduled meeting date is October 26, 2018 at GSC
- C. The Committee adjourned at 12:10 p.m.