The Finance Committee on Investments met at 11:30 a.m. on April 25, 2019 at the University of New Hampshire in Durham, NH. Present were Committee members: Morgan Rutman (Chair), Ken Moulton, Amy Begg, Ted Dey, and Catherine Provencher; Rhonda Hensley representing the Governor; Trustees Majorie Smith, Joe Morone, Cathy Green and President Don Birk.

Also in attendance: System Office and campus staff; State Budget Director Mac Zellem, and Kate Dumas from Prime Buchholz; and for the non-public session Pam Poole and Graham Proud from Wellington Investment Management.

I. Approve Minutes

On motion of Trustee Moulton and duly seconded, The Committee voted to approve the minutes of the January 17, 2019 meeting.

II. Items for Committee discussion and possible action

A. Nonpublic session

At 11:39 a.m. Vice Chancellor Provencher made the following motion to enter into nonpublic session and it was seconded by Trustee Moulton and approved unanimously by roll call vote. In addition to trustees, system and campus staff, Ms. Dumas, and Pam Poole and Graham Proud from Wellington Investment Management attended the non-public session.

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 Moulton, duly seconded, and approved, Chairman Rutman reconvened the public meeting at 12:30 p.m. and announced that the Committee received a report from Wellington Investment Management on USNH’s investments and reviewed a report from Prime Buchholz on private equity firms.

Ms. Dumas reviewed performance results as of March 31, 2019 noting a return of 8.9% for the calendar year. She pointed out that the USNH portfolio has returned 8.5% over the last ten years, ahead of the policy index. Ms. Dumas said the market value of the endowment at the end of March is $531.6 million and the allocation to public equities is 50%. She said that 46% of the portfolio has daily liquidity. The Committee had a brief discussion about the duration of the treasuries in the fixed income portfolio.

Ms. Dumas reported that the fiscal year to date performance on the short term investment portfolio was 2.3%. At the end of March, USNH had just under $300 million in the short term portfolio and it is invested in high quality, low duration funds. Vice Chancellor Provencher noted that the balance in the short term operating cash fluctuates greatly with the high points coming when tuition is due.

The Committee discussed endowment cash balances in anticipation of upcoming liquidity needs including endowment payout and an increasing number of capital calls. Following the discussion, the Committee took the following action on motion by Trustee Dey and duly seconded:

**VOTED**, that the Investment Committee approve the following rebalance actions as recommended by Prime Buchholz and as required and when needed to meet liquidity needs.

1) Redemption of $2.5 million in Schwab S&P 500 Index Fund
2) Redemption of $2.5 million in Templeton Bond R6 Fund

{The Committee unanimously approved the motion}

C. Approve revised Investment Guidelines

1) Asset allocation range recommendation

At the January 17, 2019 Investment Committee meeting, new asset allocation targets were approved which increased the target allocation to Global Private Equity from 5% to 15%. The target for Global Public Equity will be reduced from 50% to 45% over time and the Total Flexible Capital target will be reduced from 30% to 25% over time. Ms. Dumas said that building the private equity program to the 15% target level will take time and she reviewed current, interim and proposed targets and ranges. She noted that liquid public equities and the flexible capital asset classes would be reduced over time to meet capital calls. The Committee discussed the asset allocation ranges and specifically the upper range for Total Liquid Capital. It was decided to keep the upper range for Total Liquid Capital at 15% to continue to provide maximum flexibility for investment committee decisions and actions.

2) Approve revised guidelines (Moved by Trustee Moulton and duly seconded)

**VOTED**, on recommendation of the Treasurer that the attached revisions to the Investment Guidelines be approved

{The Committee unanimously approved the motion}

Vice Chancellor Provencher said that the two changes have been proposed and approved by the Committee at previous meetings. Ranges have been established for the new private equity target. The
revisions have been formally made to the guidelines and the revised guidelines are being presented for approval. It was noted that the upper range for Liquid Capital would remain at 15% rather than the 5% listed in the materials distributed. Chairman Rutman said that formally adopting the payout formula means that USNH and UNHF will have consistent payout methodologies.

III. NACUBO/TIAA Endowment Survey Results

Report accepted without discussion.

IV. OTHER BUSINESS

A. Comments by the Chair

Chairman Rutman said he would work with Prime Buchholz on a recommendation regarding allocation for the June meeting.

B. Next scheduled meeting date is June 27, 2019 at GSC. An education session is set for May 3, 2019 at 9:00 at the offices of Prime Buchholz.

C. The Committee adjourned at 1:00 p.m.