

NHRS DASHBOARD: FY 2018 Fourth Quarter

For the period March 31, 2018 to June 30, 2018

Prepared for the Office of Gov. Christopher T. Sununu – August 2018

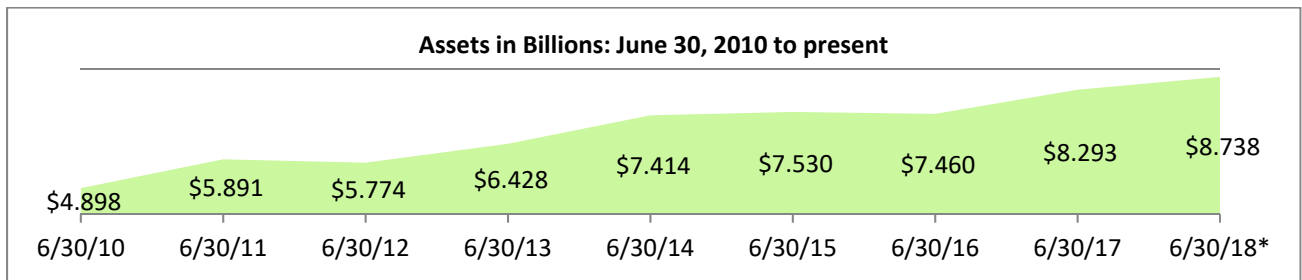
QUARTERLY HIGHLIGHTS

Here is a summary of NHRS activities during the quarter ending June 30, 2018:

- The Board unanimously voted in April to adjust the Group I Teacher headcount growth rate from -0.25% to -0.50% per year, thereby reducing the teachers' payroll growth rate assumption from 3.0% to 2.75%, beginning with the FY 2017 valuation. This adjustment was in response to the continuing decline in the number of active teachers resulting from the state's shrinking school-age population.
- Seven bills related to NHRS were enacted by the Legislature and signed into law by the Governor in 2018, including the first additional supplemental payment to retirees since 2012 and significant changes to the statutes governing part-time employment of NHRS retirees by participating employers.
- The Board unanimously voted in April to adopt the recommendations of the Audit and Governance Committees to approve staff's recommendation to move forward with upgrading PensionGold, the retirement system's core pension application system, from Version 2 to Version 3, subject to successful contract negotiations.
- The process of readopting a number of expiring NHRS administrative rules through the JLCAR process is ongoing.
- Stephen Marro, the Trustee representative nominated by the NH Association of Counties, left the Board in June concurrent with leaving his position as Merrimack County Administrator.
- David Jensen, a public member of the Independent Investment Committee, retired effective June 30, after nearly 8½ years of service on the IIC.

TRUST FUND

| | |
|--------------------------------------|---------------------------------------|
| 4th Quarter FY 2017: \$8.293 billion | 4th Quarter FY 2018: \$8.738 billion* |
|--------------------------------------|---------------------------------------|



* Unaudited

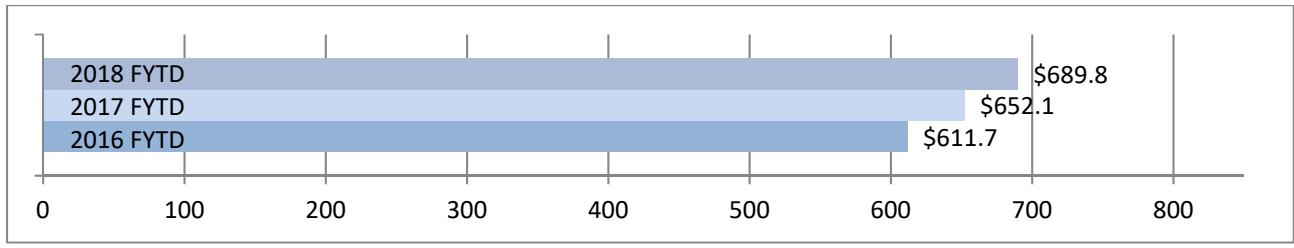
INVESTMENT PERFORMANCE

| Net-of-fees returns | FYTD - 3/31/18* | 1 yr. at 6/30/17 | 3 yr. at 6/30/17 | 5 yr. at 6/30/17 | 10 yr. at 6/30/17 |
|------------------------------|-----------------|------------------|------------------|------------------|-------------------|
| Total Fund Composite | 7.1% | 13.5% | 5.8% | 9.8% | 5.7% |
| Peer comparison (percentile) | N/A | 18th | 10th | 6th | 16th |

Assumed Rate of Return: 7.25%; * 6/30/18 return unavailable pending valuation of real estate and alternative investments.

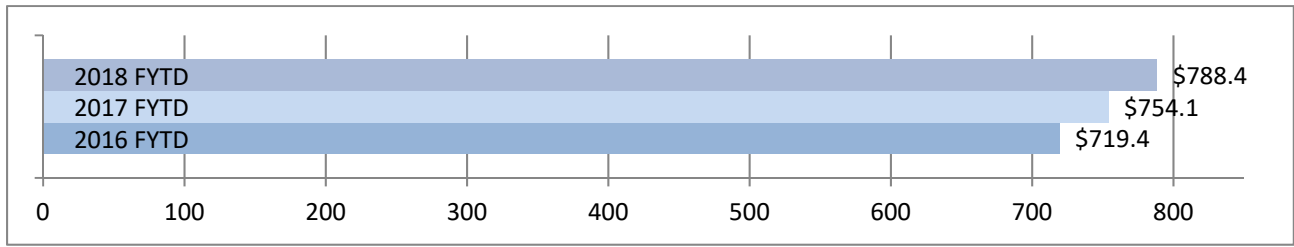
Note: In investment parlance, the lower the percentile regarding peer comparison, the better the performance relative to peers. For instance, NHRS' five-year performance in the 6th percentile means the retirement system outperformed 94% of peer public plans over that period.

CONTRIBUTIONS (in millions through 6/30*)



* 6/30/18 data is unaudited

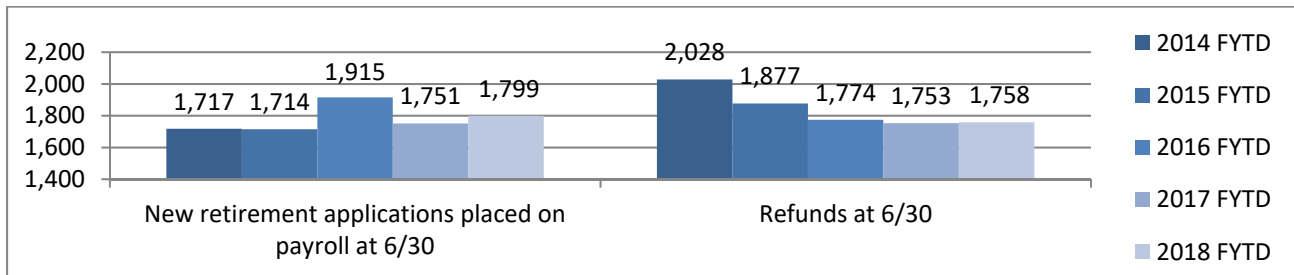
PENSION BENEFITS PAID (in millions through 6/30*)



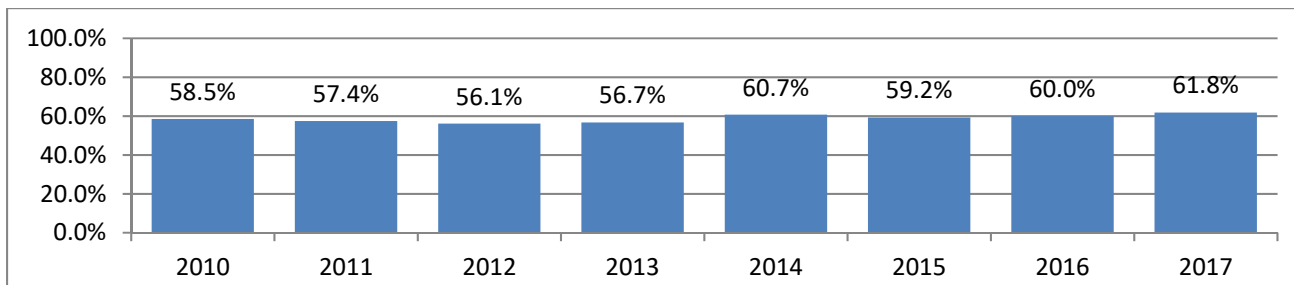
* 6/30/18 data is unaudited

Note: Benefits are paid from member and employer contributions and investment income. Historically, investment income has accounted for the majority of trust fund assets.

RETIREMENTS AND REFUNDS



ACTUARIAL FUNDED RATIO AT 6/30

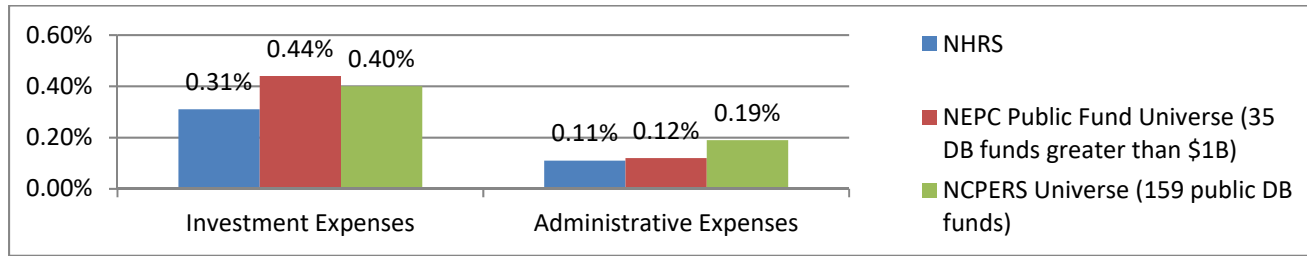


Funded ratio impacted by reductions to assumed rate of return and revised actuarial assumptions in 2011, 2016

NET POSITION AND ADMINISTRATIVE EXPENSES

| FYTD Net Position (\$s in billions) | FY 2018 | FY 2017 | FY 2016 | FY 2015 |
|---|---------------------|---------------------|---------------------|---------------------|
| | Preliminary | | | |
| Current Fiscal Year-To-Date | June 2018 | June 2017 | June 2016 | June 2015 |
| Net Position Change | \$0.445 | \$0.832 | (\$0.069) | \$0.116 |
| Prior Year Beginning Balance | \$8.293 | \$7.461 | \$7.530 | \$7.414 |
| Net Position Balance | \$8.738 | \$8.293 | \$7.461 | \$7.530 |
| FYTD 2018 Budget vs. Actual | | | | |
| Non-Investment Administrative Expenses | | | | |
| July 1, 2017 through June 30, 2018 | | | | |
| | Total Budget | FYTD Budget | Actual | Difference |
| Administrative Expenses | | | | |
| Internal (Statutory Admin. Budget) | \$ 8,495,473 | \$ 8,495,473 | \$ 7,542,414 | \$ 953,059 |
| External (Actuary, Legal, Audit) | \$ 974,100 | \$ 974,100 | \$ 749,541 | \$ 224,559 |
| Total | \$ 9,469,573 | \$ 9,469,573 | \$ 8,291,955 | \$ 1,177,618 |

EXPENSES AS A PERCENTAGE OF ASSETS



Most recent data available (NCPERS - FY 2017; NEPC - FY 2016)