

## NHRS DASHBOARD: FY 2019 Fourth Quarter

For the period April 1, 2019 to June 30, 2019

Prepared for the Office of Gov. Christopher T. Sununu – August 2019

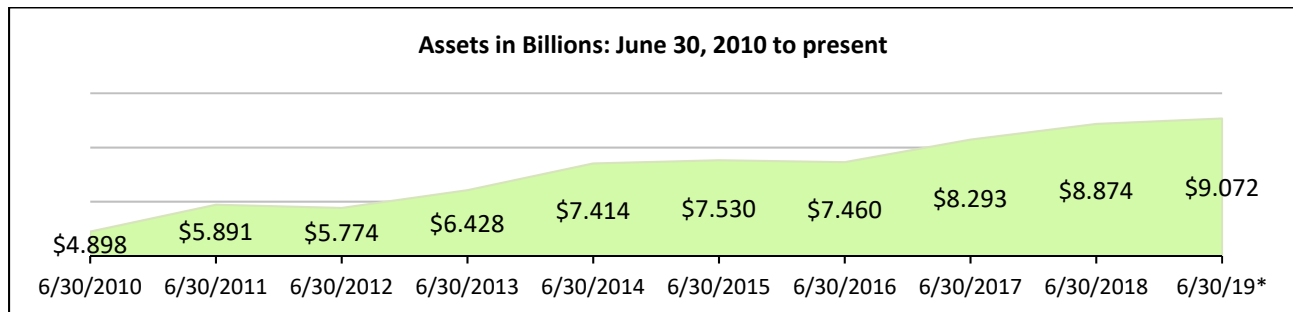
### QUARTERLY HIGHLIGHTS

Here is a summary of NHRS activities during the quarter ending June 30, 2019:

- At the June meeting of the Board of Trustees, Kathleen A. Riley, senior vice president and actuary at Segal Consulting, presented the results of a full scope audit of the NHRS actuarial valuation as of June 30, 2017, and a limited scope audit of the NHRS 5-year experience study from July 1, 2010 through June 30, 2015, both of which were prepared by GRS Retirement Consulting, NHRS' independent actuary. An actuarial audit is a valuable tool for monitoring the quality of actuarial services performed on behalf of a pension plan. Segal found that the work provided by GRS was reasonable and performed in accordance with generally accepted actuarial standards.
- The Board in April unanimously approved the Fiscal Year 2019 three-year strategic plan. This plan is adopted annually and identifies the key objectives to be achieved over the next 36 months. The most significant initiative in the plan is a project to upgrade the current 16-year-old pension administration system (V2) to the current version (V3). The plan, along with additional supporting documentation, was subsequently posted on www.nhrs.org.
- The Board in May voted unanimously to approve proposed revisions to the Investment Policy, as recommended by the Independent Investment Committee. The changes update the verbiage defining risk management, the allocation range for domestic equity, and the asset class benchmarks to more accurately reflect investment objectives.
- NHRS in May advised all employers and administrators who provide post-retirement insurance benefits that for security reasons, we will no longer issue transaction reports that include full Social Security numbers. NHRS agreed to accommodate the state's request for a three-month exemption to provide them time to make the transition.

### TRUST FUND

4th Quarter FY 2018: \$8.874 billion	4th Quarter FY 2019: \$9.072 billion*
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\* Unaudited

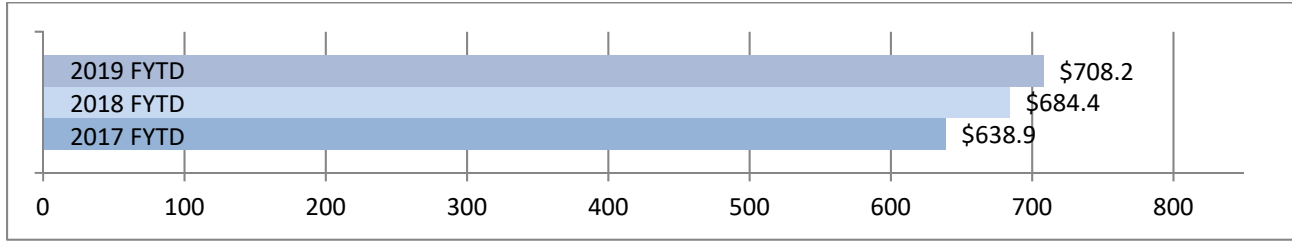
### INVESTMENT PERFORMANCE

Net-of-fees returns	FYTD - 3/31/19*	1 yr. at 6/30/18	3 yr. at 6/30/18	5 yr. at 6/30/18	10 yr. at 6/30/18
Total Fund Composite	1.9%	8.9%	7.7%	8.7%	7.1%
Peer comparison (percentile)	N/A	20th	8th	7th	12th

Assumed Rate of Return: 7.25%; \* 6/30/19 return unavailable pending valuation of real estate and alternative investments.

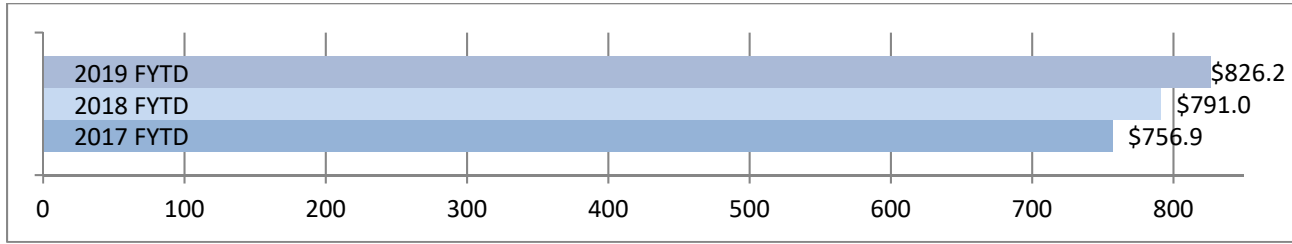
**Note:** In investment parlance, the lower the percentile regarding peer comparison, the better the performance relative to peers. For instance, NHRS' five-year performance in the 7<sup>th</sup> percentile means the retirement system outperformed 93% of peer public plans over that period.

**CONTRIBUTIONS (in millions through 6/30\*)**



\* 6/30/19 data is unaudited

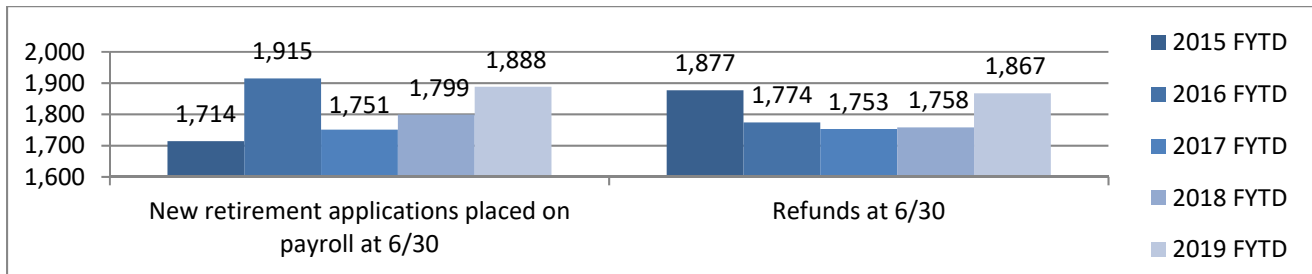
**BENEFITS PAID (in millions through 6/30\*)**



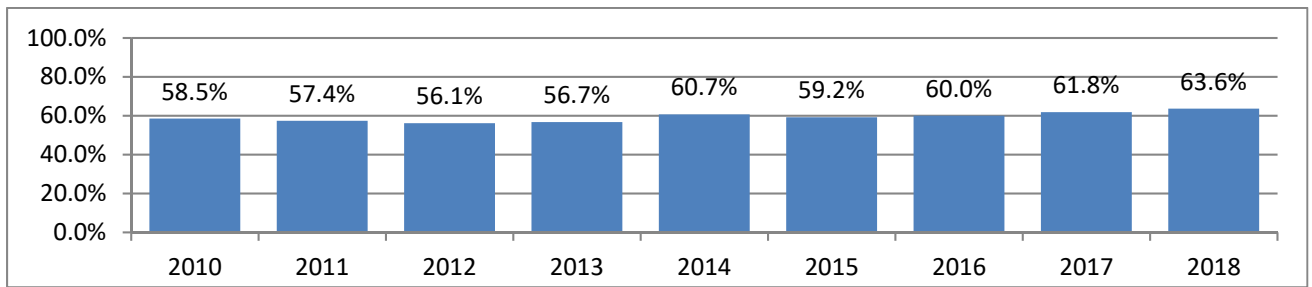
\* 6/30/19 data is unaudited

**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**

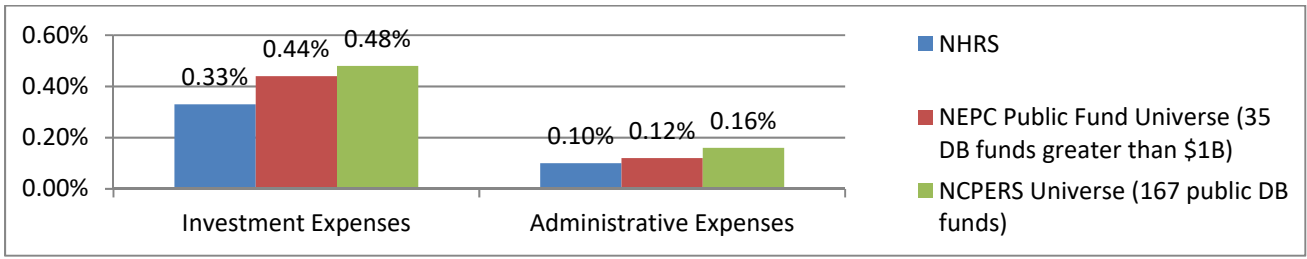


*Funded ratio impacted by reductions to assumed rate of return and revised actuarial assumptions in 2011, 2016*

NET POSITION AND ADMINISTRATIVE EXPENSES

<b>FYTD Net Position (\$s in billions)</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>FY 2016</b>
	Preliminary			
Current Fiscal Year-To-Date	June 2019	June 2018	June 2017	June 2016
Net Position Change	\$0.198	\$0.581	\$0.832	(\$0.069)
Prior Year Beginning Balance	\$8.874	\$8.293	\$7.461	\$7.530
<b>Net Position Balance</b>	<b>\$9.072</b>	<b>\$8.874</b>	<b>\$8.293</b>	<b>\$7.461</b>
<b>FYTD 2019 Budget vs. Actual</b>				
<b>Non-Investment Administrative Expenses</b>				
<b>Through June 30, 2019</b>				
	<b>Budget</b>	<b>FYTD Budget</b>	<b>Actual</b>	<b>Difference</b>
<b>Administrative Expenses</b>				
Internal (Statutory Admin. Budget)	\$ 8,635,440	\$ 8,635,440	\$ 7,689,360	\$ 946,080
External (Actuary, Legal, Audit)	\$ 1,110,788	\$ 1,110,788	\$ 875,407	\$ 235,381
<b>Total</b>	<b>\$ 9,746,228</b>	<b>\$ 9,746,228</b>	<b>\$ 8,564,767</b>	<b>\$ 1,181,461</b>

EXPENSES AS A PERCENTAGE OF ASSETS



*Most recent data available (NCPERS - FY 2018; NEPC - FY 2016)*