

NHRS DASHBOARD: FY 2020 Second Quarter

For the period October 1, 2019 to December 31, 2019

Prepared for the Office of Gov. Christopher T. Sununu – February 2020

QUARTERLY HIGHLIGHTS

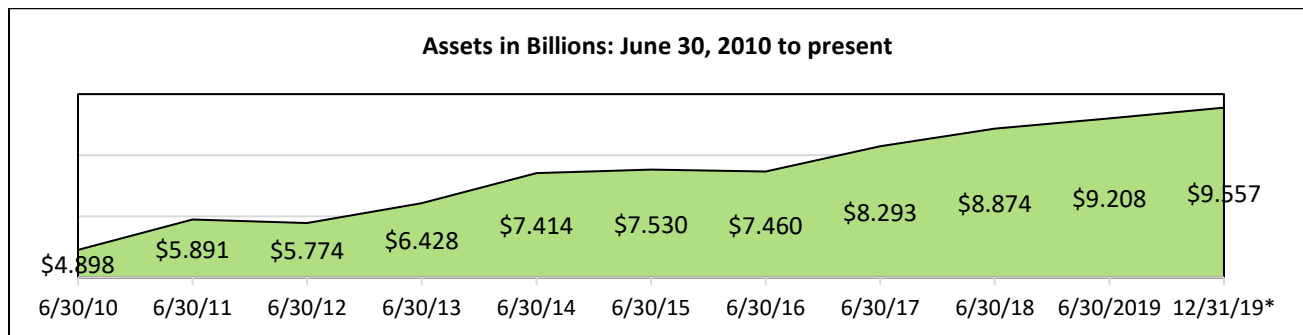
Here is a summary of NHRS activities during the quarter ending December 31, 2019:

- Trustees in December unanimously voted to initiate an actuarial experience study for the fiscal years 2016-19 period. This decision was based upon a recommendation by GRS Consulting, the retirement system's independent actuary. Under NH law, the Board must undertake an experience study at least every five years; it has been four years since the last study. Any recommended changes to actuarial assumptions from the study that are adopted by the Board will be applied to the June 30, 2019, actuarial valuation, which serves as the basis for the FY 2022-23 employer rates.
- Trustees in December unanimously voted approve the reclassification of 52 Department of Corrections positions from Group I to Group II pursuant to HB 116, a 2019 bill that allowed the reclassification of positions which met the existing definition of "correctional line personnel." The reclassification is effective in January 2020.
- Staff in November released "NHRS QuickPay," an online bill pay service to facilitate the submission of employer contributions via ACH (Automated Clearing House) at no cost to participating employers. The goal is to provide employers with a secure and more efficient alternative to mailing paper checks.
- Trustees in November unanimously voted to select Foster Garvey law firm as investment legal counsel, subject to successful engagement negotiations. An RFP for investment counsel was issued in August.
- Trustees in December unanimously voted to select Citizens Bank as the retirement system's provider for commercial banking services, subject to successful engagement negotiations. An RFP for commercial banking services was issued in October.

TRUST FUND

2nd Quarter FY 2019: \$8.389 billion

2nd Quarter FY 2020: \$9.557 billion*



* Unaudited

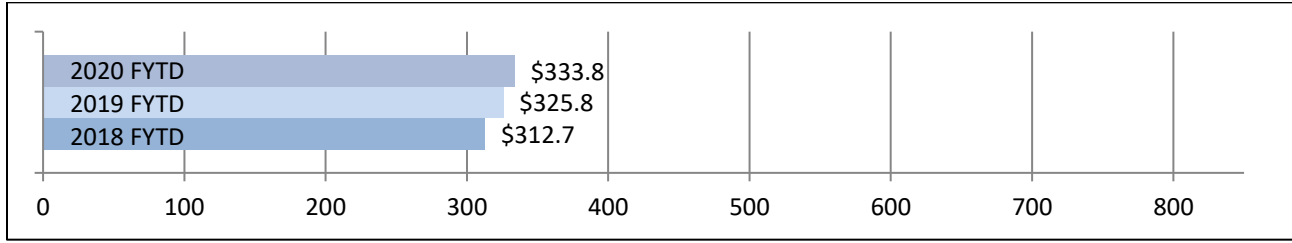
INVESTMENT PERFORMANCE

Net-of-fees returns	FYTD - 12/31/19*	1 yr. at 6/30/19	3 yr. at 6/30/19	5 yr. at 6/30/19	10 yr. at 6/30/19
Total Fund Composite	5.1%	5.7%	9.3%	6.4%	9.9%
Peer comparison (percentile)	N/A	66th	27th	24th	11th

Assumed Rate of Return: 7.25%; * Annualized; valuation of real estate and alternative investments lagged three months.

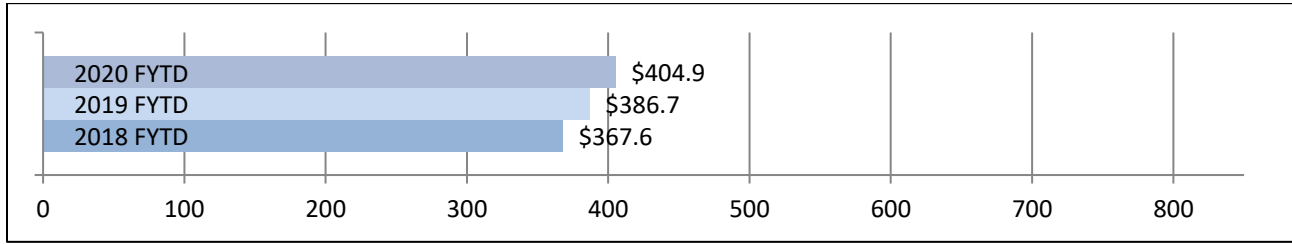
Note: In investment parlance, the lower the percentile regarding peer comparison, the better the performance relative to peers. For instance, NHRS' 10-year performance in the 11th percentile means the retirement system outperformed 89% of peer public plans over that period.

CONTRIBUTIONS (in millions through 12/31*)



* 12/31/19 data is unaudited

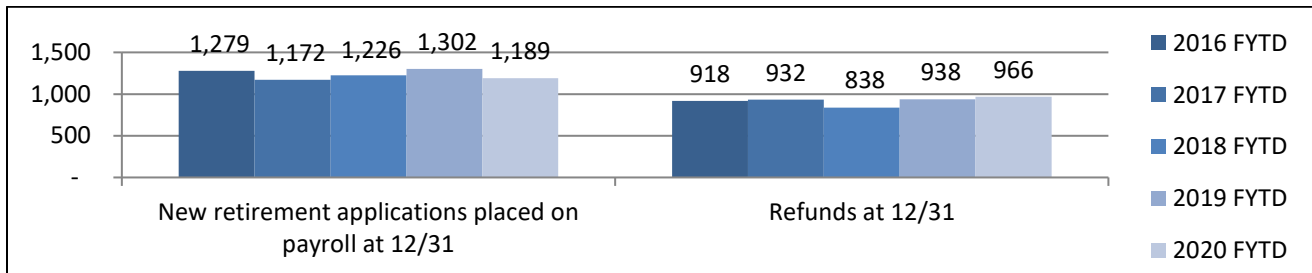
BENEFITS PAID (in millions through 12/31*)



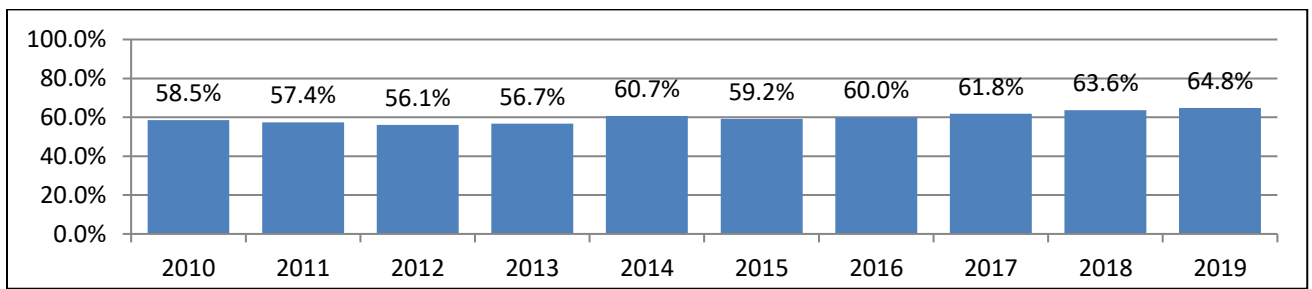
* 12/31/19 data is unaudited

Note: Benefits are paid from member and employer contributions and investment income. Historically, investment income has accounted for the majority of trust fund assets. There is a one-month lag in the reporting of member and employer contributions to NHRS, which accounts for the majority of the quarterly difference between contributions and benefits.

RETIREMENTS AND REFUNDS



ACTUARIAL FUNDED RATIO



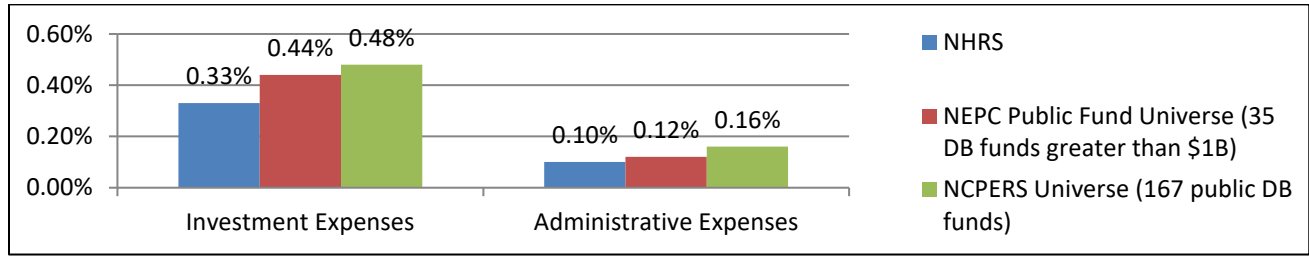
Funded ratio impacted by reductions to assumed rate of return and revised actuarial assumptions in 2011, 2016

NET POSITION AND ADMINISTRATIVE EXPENSES

FYTD Net Position (\$s in billions)	FY 2020	FY 2019	FY 2018	FY 2017
Current Fiscal Year-To-Date	December 2019	December 2018	December 2017	December 2016
Net Position Change	\$0.349	(\$0.485)	\$0.496	\$0.221
Prior Year Beginning Balance	\$9.208	\$8.874	\$8.293	\$7.461
Net Position Balance	\$9.557	\$8.389	\$8.789	\$7.682

FYTD 2019 Budget vs. Actual				
Non-Investment Administrative Expenses				
Through December 31, 2019				
	Budget	FYTD Budget	Actual	Difference
Administrative Expenses				
Internal (Statutory Administrative)	\$ 9,297,522	\$ 4,682,512	\$ 3,913,766	\$ 768,746
External (Actuary, Legal, Audit)	\$ 940,288	\$ 470,144	\$ 578,017	\$ (107,873)
Total	\$ 10,237,810	\$ 5,152,656	\$ 4,491,783	\$ 660,873

EXPENSES AS A PERCENTAGE OF ASSETS



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