PHONE (808) 594-1888 FAX (808) 594-1865

Committee on Resource Management
Trustee John Waiheʻe IV, *At-Large - Chair*
Trustee Luana Alapa, *Molokaʻi / Lānaʻi - Vice Chair*
Members
Trustee Dan Ahuna, *Kauaʻi / Niʻihau*
Trustee Kaleihikina Akaka, *Oʻahu*
Trustee Keliʻi Akina, *At-Large*
Trustee Brickwood Galuteria, *At-Large*
Trustee Carmen Hulu Lindsey, *Maui*
Trustee J. Keoni Souza, *At-Large*
Trustee Mililani Trask, *Hawaiʻi Island*

STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS

MEETING OF THE COMMITTEE ON RESOURCE MANAGEMENT (RM)

DATE: Wednesday May 22, 2024
TIME: 10:00 a.m.
PLACE: Remote Meeting by Interactive Conference Technology
and in-person at OHA Mauli Ola Boardroom
Nā Lama Kukui
560 N. Nimitz Hwy.
Honolulu, HI. 96817
viewable at https://www.oha.org/livestream OR
Listen by phone: (213) 338-8477, Webinar ID: 821 6103 6685

This virtual meeting can be viewed and observed via livestream on OHA's website at www.oha.org/livestream or listened to by phone at: (213) 338-8477, Webinar ID: 821 6103 6685.
A physical meeting location, open to members of the public who would like to provide oral testimony or view the virtual meeting, will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817.

AGENDA

I. **Call to Order**
II. **Approval of Minutes**
   A. April 17, 2024
III. **Unfinished Business –** None
IV. **New Business**
   A. Consequent Capital Management – Independent Board Investment Advisor / Consultant
      1. Introduction and Continuing Trustee Education
      2. Presentation: Meketa Investment Group - Colin Bebee; Mika Malone
      3. Presentation: JP Morgan - Jeff Shields; Matthew Rose
      4. Presentation: Goldman Sachs Asset Management (GSAM) - Mary Fowler; Jeremy Weltmer
   B. **Action Item RM #24-10**: OHA Biennium Budget for the Fiscal Biennium Periods 2023-2024 (FY24) and 2024-2025 (FY25) – Realignment #2 – Core and Non-Core Realignments
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   D. **Action Item RM #24-12**: Approve the implementation of an online Native Hawaiian-Owned NHO 8(a) cohort program comprised of sequential learning modules aimed at empowering Native Hawaiians to scale their businesses to align with federal contracts
   E. **Action Item RM #24-13**: Approve the Awarding of Kumuwaiwai Naʻauao-Educational Resources Grant from Solicitation #24-01.0.01 published February 12, 2024

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STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS

IV. New Business cont.

F. **Action Item RM #24-14:** Approve the Awarding of Ola Ke Kanaka-Physical, Spiritual, Mental & Emotional Health Grant from Solicitation #24-03.0.01 published February 12, 2024

G. **Action Item RM #24-15**: Approve the Awarding of Ola Ka ʻĀina-Health of Land and Water Grant from Solicitation #24-04.0.01 published February 12, 2024

H. **Action Item RM #24-16**: Approve the Awarding of Ola Ka Moʻomeheu-Culture Preservation & Perpetuation Grant from Solicitation #24-04.1.01 published February 12, 2024

I. **Action Item RM #24-17**: Approve the Awarding of Lako Ko Kauhale-ʻOhana Resource Management & Housing Grant from Solicitation #24-05.0.01 published February 12, 2024

J. **Action Item RM #24-18**: Approve the Awarding of Hoʻomohala Waiwai ʻOhana-ʻOhana Economic Stability Grant from Solicitation #24-07.0.01 published February 12, 2024

K. **Action Item RM #24-19**: Approve the Awarding of Hoʻomohala Waiwai Kaiaulu-Community Economic Development Grant from Solicitation #24-08.0.01 published February 12, 2024

L. **Action Item RM #24-20**: Approve the Awarding of ʻĀina Hoʻopulapula- Hawaiian Homestead Communities Grant from Solicitation #24-14.0.01 published February 12, 2024

M. **Action Item RM #24-21**: Approve the Awarding of Ola Ka Lāhui-Vulnerable Populations Grant from Solicitation #24-15.0.01 published February 12, 2024

N. **Action Item RM #24-22**: Approve the Awarding of Pohala Mai-ʻOhana Experiencing Financial Hardship Grant from Solicitation #24-16.0.01 published March 13, 2024

O. **Action Item RM #24-23**: FB 2024-2025 Hawaiian-Focused Public Charter School Fund Administration Grant Recommendation – Part II. Facilities Funding

P. **Action Item RM #24-24**: FB 2024-2025 Hawaiian-Focused Public Charter School Fund Administration Grant Recommendation – Part III. Federal Advocacy

V. Adjournment

If you need an auxiliary aid/service or other accommodation due to a disability, please contact Everett Ohta at (808) 594-1988 or by email at everetto@oha.org as soon as possible. Requests made as early as possible have a greater likelihood of being fulfilled. Upon request, this notice is available in alternate/accessible formats.

Meeting materials for this meeting will be available for the public to view 48 hours prior to this meeting at OHA's main office located at 560 N. Nimitz Hwy., Suite 200, Honolulu, HI 96817. Meeting materials will also be available to view at OHA's neighbor island offices and will be posted to OHA's website at: www.oha.org/rm.

In the event that the livestream or the audiovisual connection is interrupted and cannot be restored, the meeting may continue as an audio-only meeting through the phone and Webinar ID listed at the beginning of this agenda. Meeting recordings and written meeting minutes are posted to OHA's website.

†Notice: The 72 Hour rule, pursuant to OHA BOT Operations Manual, Section 49, shall be waived for distribution of new committee materials.

Public Testimony will be called for each agenda item and must be limited to those matters listed on the meeting agenda.

Hawaiʻi Revised Statutes, Chapter 92, Public Agency Meetings and Records, prohibits Board members from discussing or taking action on matters not listed on the meeting agenda.

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STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS

Testimony can be provided to the OHA Board of Trustees either as: (1) ***written testimony emailed*** at least 24 hours prior to the scheduled meeting, (2) ***written testimony mailed*** and received at least two business days prior to the scheduled meeting, or (3) live, ***oral testimony online*** or ***at the physical meeting location*** during the virtual meeting.

(1) Persons wishing to provide ***written testimony*** on items listed on the agenda should submit testimony via ***email*** to BOTmeetings@oha.org at least **24 hours prior** to the scheduled meeting or via ***postal mail*** to Office of Hawaiian Affairs, Attn: Meeting Testimony, 560 N. Nimitz Hwy., Suite 200, Honolulu, HI 96817 **to be received at least two business days prior** to the scheduled meeting. Any testimony received after these deadlines will be 'late' testimony and will be distributed to the Board members after the scheduled meeting.

(2) Persons wishing to provide **oral testimony** ***online*** during the virtual meeting must first register at:

https://us06web.zoom.us/webinar/register/WN_5sUSdrWlR32fh4QfSa3rHA

You need to register if you would like to **orally testify** ***online***. Once you have completed your registration, a confirmation email will be sent to you with a link to join the virtual meeting, along with further instructions on how to provide **oral testimony** ***online*** during the virtual meeting.

To provide **oral testimony** ***online***, you will need:

(a) a computer or mobile device to connect to the virtual meeting;
(b) internet access; and
(c) a microphone to provide oral testimony.

Once your **oral testimony** ***online*** is completed, you will be asked to disconnect from the meeting. If you do not sign off on your own, support staff will remove you from the Zoom meeting. You can continue to view the remainder of the meeting on the livestream or by telephone, as provided at the beginning of this agenda.

(3) Persons wishing to provide **oral testimony** ***at the physical meeting location*** can sign up the day-of the meeting at the Nā Lama Kukui OHA lobby.

Oral testimony ***online*** or ***at the physical meeting location*** will be limited to five (5) minutes.

Oral testimony by telephone/landline **will not** be accepted at this time.

Trustee John Waiheʻe, IV, Chair
Committee on Resource Management

05/16/2024
Date

May 22, 2024 – Continued

PHONE (808) 594-1888 FAX (808) 594-1865

Committee on Resource Management
Trustee John Waiheʻe IV, *At-Large - Chair*
Trustee Luana Alapa, *Molokaʻi / Lānaʻi - Vice Chair*
Members
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STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS

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DRAFT
For Approval on 05/22/2024

STATE OF HAWAIʻI
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HIGHWAY, SUITE 200
(VIRTUAL MEETING - VIA ZOOM WEBINAR)

COMMITTEE ON RESOURCE MANAGEMENT
MINUTES

April 17, 2024 1:30 p.m.

ATTENDANCE:
Chairperson John Waiheʻe, IV
Vice-Chairperson Luana Alapa
Trustee Dan Ahuna
Trustee Kaleihikina Akaka
Trustee Keliʻi Akina
Trustee Brickwood Galuteria
Trustee C. Hulu Lindsey
Trustee J. Keoni Souza
Trustee Mililani Trask

BOT STAFF:
Anuhea Diamond
Crayn Akina
Joyce Yang
Kyla Hee
Lei-Ann Durant
Mark Watanabe
Melissa Wennihan
Morgan Kaui Robello
Nathan Takeuchi
Pohai Ryan
Richelle Kim
Ruben Sierra
Sommer Soares

ADMINISTRATION STAFF:
Stacy Ferreira, CEO / Ka Pouhana
Everett Ohta, Interim General Counsel
Kelcie Wade, IT
Kevin Chak, IT
Ryan H. Lee, Director of Endowment

GUESTS
Andy Mark, PIMCO
Bill Murphy, PIMCO
Gerry Flintoft, Consequent Capital Management
Kevin Gray, PIMCO
Sonya Park, State Street Global Advisors
Vijoy Chattergy, Consequent Capital Management

I. CALL TO ORDER

Chair Waiheʻe calls the Committee on Resource Management meeting for Wednesday, April 17, 2024 to order at **1:30 p.m.**

Chair Waiheʻe notes for the record that **PRESENT** are**:**

MEMBERS			**AT CALL TO ORDER (1:30 p.m.)**	TIME ARRIVED
CHAIR	JOHN	**WAIHEʻE, IV**	**PRESENT**	
TRUSTEE	DAN	**AHUNA**	**PRESENT**	
TRUSTEE	KALEIHIKINA	**AKAKA**	**PRESENT**	
TRUSTEE	KELI'I	**AKINA**	**PRESENT**	
TRUSTEE	BRICKWOOD	**GALUTERIA**	**PRESENT**	
TRUSTEE	C. HULU	**LINDSEY**	**PRESENT**	
TRUSTEE	J. KEONI	**SOUZA**	**PRESENT**	
TRUSTEE	MILILANI	**TRASK**	**PRESENT**	
VICE-CHAIR	LUANA	**ALAPA**	**PRESENT**	Arrived at 1:33 p.m.

At the Call to Order, **EIGHT (8) Trustees are PRESENT**, thereby constituting a quorum.

II. APPROVAL OF MINUTES

A. March 6, 2024

Chair Waiheʻe asks if there is anyone signed-up to testify on this agenda item.

RM Staffer Akina: No one has signed-up to testify on this agenda item nor for any other agenda item.

Trustee Akina moves to approve the minutes of March 6, 2024.

Trustee Souza seconds the motion.

Chair Waiheʻe asks if there is any discussion.

There is no discussion.

Chair Waiheʻe calls for a **ROLL CALL VOTE**.

MOTION							**1:32 p.m.**
TRUSTEE		**1**	**2**	**ʻAE (YES)**	**AʻOLE (NO)**	**KANALUA (ABSTAIN)**	**EXCUSED**
DAN	**AHUNA**			**X**			
KALEIHIKINA	**AKAKA**			**X**			
KELIʻI	**AKINA**	**1**		**X**			
VICE-CHAIR LUANA	**ALAPA**						**Arrived at 1:33 p.m.**
BRICKWOOD	**GALUTERIA**			**X**			
CARMEN HULU	**LINDSEY**			**X**			
J. KEONI	**SOUZA**		**2**	**X**			
MILILANI	**TRASK**			**X**			
CHAIR JOHN	**WAIHEʻE**			**X**			
TOTAL VOTE COUNT				**8**	**0**	**0**	**1**

VOTE: [X] UNANIMOUS [ ] PASSED [ ] DEFERRED [ ] FAILED

Chair Waiheʻe notes for the record that all members present vote ʻAE (YES) and the **MOTION PASSES.**

III. UNFINISHED BUSINESS

None

IV. NEW BUSINESS

A. Consequent Capital Management Introduction

1. Investment Beliefs policy recommendation (Consequent Capital)

Chair Waiheʻe asks if there is anyone signed-up to testify on this agenda item.

RM Staffer Akina: No one has signed-up to testify on this agenda item.

Chair Waiheʻe turns it over to Independent Board Investment Advisor Vijoy Chattergy.

Independent Board Investment Advisor Chattergy: Aloha mai kākou. Thank you very much, Chair. It's very nice to be here again, thank you, Trustees, staff, and distinguished guests. As you know, my name is Vijoy Chattergy, I'm with Consequent Capital Management, and we are the Board Consultant, so we are the advisor to the Board on the investment portfolio and activities – and work closely with the Board and staff and others.

Today, our presentation has been distributed, and we'll go through the normal routine in terms of the format, but then we also have some recommendations in terms of investment beliefs to adopt and add to your investment policy statement. So, we're moving a little bit into solution space from problem space, if you remember the language we've been using. It's the intention also to be coming back with other policy recommendations in the next few meetings. So, we can talk more about that, what you'll expect to preview, suggested and recommended changes or additions to your policy documents and have time to deliberate and provide feedback, and we'll make changes and revisions as we've tried to do with the investment beliefs this time around, so we'll spend a little time on that.

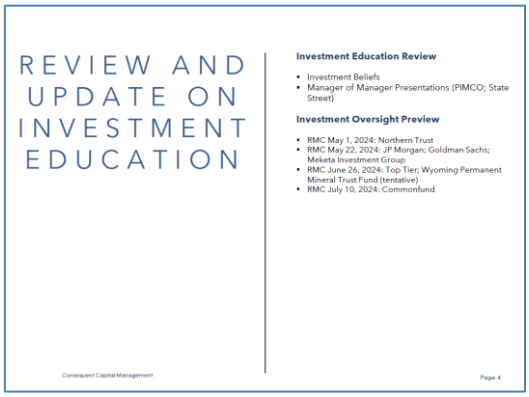
Then we're also going to have some of your investment managers present for the remainder of the session with the investment portfolio.

Independent Board Investment Advisor Chattergy: So, if we go to the PowerPoint presentation, you'll see the meeting agenda outlined for you. In this document there's some background information about Consequent Capital, and I believe several of my colleagues are on online, if not in this speaker feed, then the public feed.

I am also joined by Ken Simon, the CEO, and you remember Gerry Flintoft, our Head of Private and Alternative Markets. I'm going to give a little update on the activities; we'll talk about the investment beliefs and presentations.

Independent Board Investment Advisor Chattergy: The glossary or the appendix in the back is the same document that you saw previously in terms of prompts and to help you think about what are investment beliefs and how you can go about forming them, and then our usual glossary of terms.

Independent Board Investment Advisor Chattergy: Separate from this presentation, we have a memo that recommends the investment beliefs for the Board's consideration, and also we have presentations from PIMCO and State Street Global Advisors to round out the session.



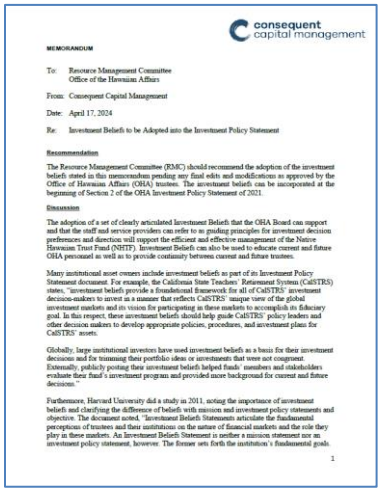
Independent Board Investment Advisor Chattergy: If we move to page 4, I'll just review a little bit in terms of activity. So, in terms of last time, we did an education session on the importance of investment beliefs; where they fit into investment policy statements, how other institutional investors articulate and then use investment beliefs to their advantage and for communication and education and continuity between leadership over time.

Then, as I mentioned, we'll also hear from the managers. Coming up, in terms of the next several RMC Meetings, you'll see, we have additional service providers and managers presenting. You'll note that Meketa Investment Group has been added to the May 22nd meeting; Meketa is a traditional, independent investment consultant, not a board consultant, but an investment manager consultant. They currently work with groups like the Hawaiʻi ERS and the Hawaiʻi EUTF. So, they'll talk about how they do their work, and not unlike what other outside speakers have come in to help you understand how it is to work with different types of entities in the marketplace, and they're just one example of that.

Also, you'll note at the June 26th meeting, although I've made that tentative, we've invited someone from the Wyoming Permanent Mineral Trust Fund to come and present and talk about how that kind of State Sovereign Wealth Fund, if you will, organizes itself to meet its mission and objectives. That's potentially a type of investment asset owner that has some common characteristics with OHA, so a way to identify and expand your network and learn from your peers in the marketplace that are most aligned in terms of organizational structure and general objectives. So, that's coming up in the next several months.

On slide 5 is a reiteration of investment beliefs, investment belief statements. You've seen this slide before, and it talks about how it differentiates, how it's not necessarily a mission statement, it's not an investment policy statement, though it can be included in the investment policy statement. Then there's several examples, from different groups like Harvard and CALSTRS, and within the Harvard document there are many more entities that are given as an example of how investment beliefs are utilized by asset owners in the marketplace, to better oversee and manage their investment portfolios.

Independent Board Investment Advisor Chattergy: This appendix here - investment belief prompts and we went over that previously, and that's been available for the Trustees to review. What I'd like to do then is switch over to the memo, dated April 17, Investment Beliefs to be Adopted into the Investment Policy Statement.



consequent capital management

MEMORANDUM

To: Resource Management Committee
Office of the Hawaiian Affairs

From: Consequent Capital Management

Date: April 17, 2024

Re: Investment Beliefs to be Adopted into the Investment Policy Statement

Recommendation

The Resource Management Committee (RMC) should recommend the adoption of the investment beliefs stated in this memorandum pending any final edits and modifications as approved by the Office of Hawaiian Affairs (OHA) trustees. The investment beliefs can be incorporated at the beginning of Section 2 of the OHA Investment Policy Statement of 2021.

Discussion

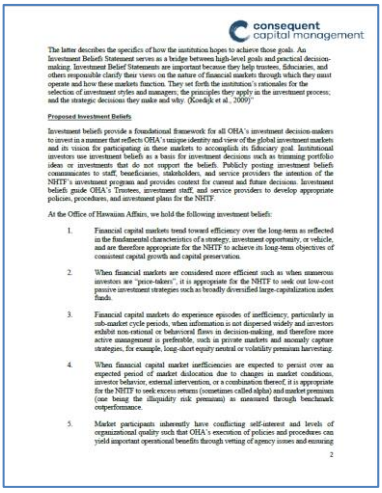
The adoption of a set of clearly articulated Investment Beliefs that the OHA Board can support and that the staff and service providers can refer to as guiding principles for investment decision preferences and direction will support the efficient and effective management of the Native Hawaiian Trust Fund (NHTF). Investment Beliefs can also be used to educate current and future OHA personnel as well as to provide continuity between current and future trustees.

Many institutional asset owners include investment beliefs as part of its Investment Policy Statement document. For example, the California State Teachers' Retirement System (CalSTRS) states, "investment beliefs provide a foundational framework for all of CalSTRS' investment decision-makers to invest in a manner that reflects CalSTRS' unique view of the global investment markets and its vision for participating in these markets to accomplish its fiduciary goal. In this respect, these investment beliefs should help guide CalSTRS' policy leaders and other decision makers to develop appropriate policies, procedures, and investment plans for CalSTRS' assets.

Globally, large institutional investors have used investment beliefs as a basis for their investment decisions and for trimming their portfolio ideas or investments that were not congruent. Externally, publicly posting their investment beliefs helped funds' members and stakeholders evaluate their fund's investment program and provided more background for current and future decisions."

Furthermore, Harvard University did a study in 2011, noting the importance of investment beliefs and clarifying the difference of beliefs with mission and investment policy statements and objective. The document noted, "Investment Beliefs Statements articulate the fundamental perceptions of trustees and their institutions on the nature of financial markets and the role they play in these markets. An Investment Beliefs Statement is neither a mission statement nor an investment policy statement, however. The former sets forth the institution's fundamental goals.

1



consequent capital management

The letter describes the specifics of how the institution hopes to achieve those goals. An Investment Beliefs Statement serves as a bridge between high-level goals and practical decision-making. Investment Belief Statements are important because they help trustees, fiduciaries, and others responsible clarify their views on the nature of financial markets through which they must operate and how these markets function. They set forth the institution's rationales for the selection of investment styles and managers; the principles they apply in the investment process; and the strategic decisions they make and why. (Koedijk et al., 2009)"

Proposed Investment Beliefs

Investment beliefs provide a foundational framework for all OHA's investment decision-makers to invest in a manner that reflects OHA's unique identity and view of the global investment markets and its vision for participating in these markets to accomplish its fiduciary goal. Institutional investors use investment beliefs as a basis for investment decisions such as trimming portfolio ideas or investments that do not support the beliefs. Publicly posting investment beliefs communicates to staff, beneficiaries, stakeholders, and service providers the intention of the NHTF's investment program and provides context for current and future decisions. Investment beliefs guide OHA's Trustees, investment staff, and service providers to develop appropriate policies, procedures, and investment plans for the NHTF.

At the Office of Hawaiian Affairs, we hold the following investment beliefs:

1. Financial capital markets trend toward efficiency over the long-term as reflected in the fundamental characteristics of a strategy, investment opportunity, or vehicle, and are therefore appropriate for the NHTF to achieve its long-term objectives of consistent capital growth and capital preservation.

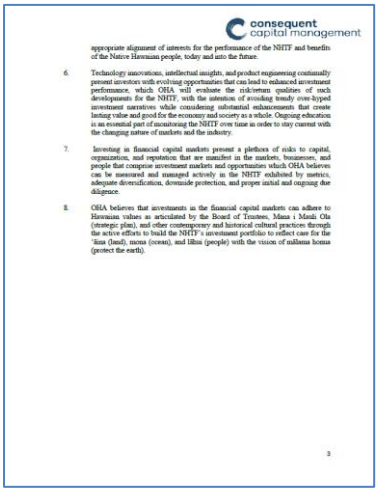
2. When financial markets are considered more efficient such as when numerous investors are "price-takers", it is appropriate for the NHTF to seek out low-cost passive investment strategies such as broadly diversified large-capitalization index funds.

3. Financial capital markets do experience episodes of inefficiency, particularly in sub-market cycle periods, when information is not dispersed widely and investors exhibit non-rational or behavioral flaws in decision-making, and therefore more active management is preferable, such in private markets and anomaly capture strategies, for example, long-short equity neutral or volatility premium harvesting.

4. When financial capital market inefficiencies are expected to persist over an expected period of market dislocation due to changes in market conditions, investor behavior, external intervention, or a combination thereof, it is appropriate for the NHTF to seek excess returns (sometimes called alpha) and market premiums (one being the illiquidity risk premium) as measured through benchmark outperformance.

5. Market participants inherently have conflicting self-interest and levels of organizational quality such that OHA's execution of policies and procedures can yield important operational benefits through vetting of agency issues and ensuring

2



consequent capital management

appropriate alignment of interests for the performance of the NHTF and benefits of the Native Hawaiian people, today and into the future.

6. Technology innovations, intellectual insights, and product engineering continually present investors with evolving opportunities that can lead to enhanced investment performance, which OHA will evaluate the risk/return qualities of such developments for the NHTF, with the intention of avoiding trendy over-hyped investment narratives while considering substantial enhancements that create lasting value and good for the economy and society as a whole. Ongoing education is an essential part of monitoring the NHTF over time in order to stay current with the changing nature of markets and the industry.

7. Investing in financial capital markets present a plethora of risks to capital, organization, and reputation that are manifest in the markets, businesses, and people that comprise investment markets and opportunities which OHA believes can be measured and managed actively in the NHTF exhibited by metrics, adequate diversification, downside protection, and proper initial and ongoing due diligence.

8. OHA believes that investments in the financial capital markets can adhere to Hawaiian values as articulated by the Board of Trustees, Mana i Mauli Ola (strategic plan), and other contemporary and historical cultural practices through the active efforts to build the NHTF's investment portfolio to reflect care for the 'āina (land), moana (ocean), and lāhui (people) with the vision of mālama honua (protect the earth).

3

Independent Board Investment Advisor Chattergy: So, in this memo, we are recommending that the Resource Management Committee recommend the adoption of the Investment Beliefs stated in the memorandum and also distributed via email as a separate document pending any final edits or modifications as approved by the Office of Hawaiian Affairs Trustees. The investment beliefs can be incorporated at the beginning of Section 2 of the OHA Investment Policy Statement that's dated 2021. So, what follows is a discussion about investment beliefs and how they're used, again looking at groups like CALSTRS and the Harvard study.

If we scroll down a little further to the second half of page 2, where the section that begins, Proposed Investment Beliefs, the language and the text can be adopted directly into your investment policy statement, again at the beginning of section 2, so the language here I'm not going to focus so much on, but I'll go right to these investment beliefs and highlight them for the trustees.

What we're proposing are 8 investment beliefs which cover different aspects of the marketplace, and how they operate. And if you recall from some of my earlier statements, I noted that for me personally, excess return is derived from different levels of information that are available in the marketplace, also from operational and execution excellence and also risk management. Essentially, these 8 beliefs cover that ground, although the eighth belief is especially focused on OHA as an entity and an investor.

I'm just going to highlight the important point in each of these beliefs, for your benefit, I can take questions. But the first one talks about information and efficiency of marketplaces, and the idea that over the long-term markets can be very efficient and are driven by fundamental characteristics of strategies and investment opportunities. And again, that's what we expect to happen over the long term for values to reflect those underlying understanding, and that's a level of information that then becomes available in the marketplace over time.

Independent Board Investment Advisor Chattergy: On the second item there, markets can be very efficient when investors are sort of price takers when there's a lot of activity, and the price discovery process is very transparent. In those cases, you want to be investing in low-cost, passive strategies. Cost becomes a very important consideration when investing in markets that are termed efficient, and again efficient is because prices are well known and discoverable.

On the third investment belief here we talk about capital markets being inefficient at times, generally in less than full market cycles, or when information is not widely available. In those cases you want to have very active management where your opportunity set, your investment managers that you work with - should be able to drive excess returns and returns that come from doing work, from just making discovery about information in the marketplace and investing in a way to your advantage, and in those cases you want to be more active in terms of your investments.

Chair Waihe‘e recognizes Trustee Souza.

Trustee Souza: Number one, section 2.2, long-term objective, *it's essentially the same thing, right?* As we implement number one to the general objectives, *what is the difference from what your recommendation is?*

Independent Board Investment Advisor Chattergy: *In terms of the investment relief in item one?*

Trustee Souza: *Yeah, what's the difference from what we already have in the 2.2 long-term objective?*

Independent Board Investment Advisor Chattergy: So, investment belief number one is focused in on the idea that you're a long-term investor, and taking advantage, that's like a strength, that's like a superpower. Not all investors can hold on to investments through market cycles, through ups and downs, who have the ability to sell or buy at a convenient time, as opposed to being forced because, you have operational expenses, or pensions to pay, and therefore you might have to sell when the market valuation doesn't reflect its true value and under performs.

The second item is focused more on the idea of efficiency in markets, and that's more like the example of the large cap markets in the US, where you have a lot of investors there, you have a lot of price discovery going on through analysis and recommendations by financial advisors. So, in that case, why that's different is that that's just saying that in general those sorts of markets as you can identify them, over time you want to be in more passive and low-cost providers.

Then the third item is more like active management, when do you want to use active management, and again, that's when there's less price discovery going on, or the investors have some additional information or ability to analyze the market differently, and thereby, through their active behavior, generate returns.

Trustee Souza:

- *So, number 3, is it actually at their discretion?* or
- *We decide when they're going to be more active?* or
- *Could something be added in the statement where we say when it hits this benchmark, whatever it may be, you’ll know, to shift basically at that point?*

Independent Board Investment Advisor Chattergy: Some of the other investment beliefs are focusing on risk management or providing general guidelines and also articulating what level of risk that you're willing to live with, that you're willing to tolerate so you can sleep at night. Those sorts of policies are kind of directive, but they're not so much timing markets, and they're not so much directing these active managers when to buy and sell securities. It's more kind of, these are the general guidelines, and if you go outside of those guidelines, we need to have a conversation. And - if you go beyond even some guidelines that you just can't tolerate, then that could be grounds for terminating or changing the manager or the strategy. But once you have identified markets where you believe that experts, financial professionals, are able to generate returns that are worth their fees because they have some additional insight, they have information that maybe aren't available to others, and they're able to execute their strategy better, and thereby derive those higher returns, then you want to let them do what they do.

Trustee Souza: Got it, so once we establish this belief, we're going to establish the guidelines as to the parameters, basically, so this will come back to us.

Independent Board Investment Advisor Chattergy: Yes, so this is only one part of the Investment Policy Statement, and the guidelines and the other things that you're focusing in on are those other parts, so things like governance and parameters, in terms of how much exposure, are you willing, what kind of things you want to invest in that you should also have a feel.

The value of the investment beliefs is really at an almost high level or philosophical level, to say, this is what we believe in.

(example)

We believe in passive investing,
because we think when markets are efficient,
we should work with indexes and low-cost providers

That's a very strong statement to be able to make when someone asks you; the public stakeholders, whomever, *why do you invest in passive funds? What is the answer?*

Here's the answer, please look at our investment beliefs.

That's why we have it in the portfolio, but we don't only have passive managers in the portfolio, we also have active managers.

- *So, why do you have active managers?*

Oh, because we don't believe all capital markets are efficient, and we don't believe that low cost providers can capture active return, and that's why we believe in those markets, like say, private markets, markets where information is less widely available, you can't just turn on the news and see a report on this – this is what is going on in private equity, or this is the value of a new company that just started implementing new technology.

It's not easy to know what the value of that company is, because there's not a lot of information, and so that's why we wanted a very talented, active manager who's probably going to charge us more than those low cost index funds, but the reason they're doing that is because they're saying we're special, we know something that the market doesn't know, and so you should pay us because we're going to give you a good return.

Independent Board Investment Advisor Chattergy: Now that also gives you a criteria then to say, *hey, you're not achieving these long returns that we expected, we need to get again, another manager here*.

So, these investment beliefs are a way for you to then communicate with your stakeholders, with each other, but then also through time, if you imagine that staff, trustees turn over, and then in future generations they can look at these investment beliefs and say, *Why did you invest this way?*

Oh, you believe this about the markets, and then it'll be up to those future leaders to say, *Yeah, this still makes sense to us, or we want to go in a different direction, we're gonna take this belief out, and we believe something else*.

That's for them to decide, but you're putting your flag in the ground and saying, this is what we believe about the world, this is what we believe about how markets work, and our portfolio reflects that.

Remember the analogy I made to the aquarium, you're trying to invest, and the ocean is all your opportunities in the world, but you have to build an aquarium, so you're trying to get the best opportunities that meet whatever outcome you're trying to achieve by recreating the ocean, but in a smaller model. That's essentially what all portfolios are, we would like to get all the best opportunities in the world out there, but *what, realistically, can we get?* And *what do we believe we can get?*

Trustee Souza: Right, Thank you, Chair. Thank you, Vijoy.

Independent Board Investment Advisor Chattergy: Sure, no problem.

Chair Waiheʻe recognizes Trustee Galuteria.

Trustee Galuteria: Some definitions, so there's some clarity. *So, you have two categories of managers, I'm hearing, passive and active. Is that correct?*

Independent Board Investment Advisor Chattergy: So, on a very general sense, that's right, based on information…

Trustee Galuteria: Now, in the area of active:

- *How many levels of activity do you have?*
- *What if we wanted to employ the most aggressive, active guy?*
- *What does that mean?*
- *What kind of information does that person have, that the active guy doesn't have?* Or
- Let's just go back a second, *how many levels of active do you refer to?*

Independent Board Investment Advisor Chattergy: So, it's a very good question, and it is, in fact, a spectrum. So, even within the passive managers, which is saying like, we don't have any special information, we don't know what's going on, but we want exposure to growth, so let's just invest in the S&P 500, for example, because there's some very big index funds, including your portfolio that invest in the S&P 500.

Independent Board Investment Advisor Chattergy: Okay, but maybe our manager says, *well, we can give you the S&P 500, but we know something a little bit more, we can probably give you, 50 basis points in return above what the S&P 500 gives you.* And, over time that starts to add up to a lot of money, and as you grow as a portfolio, that's gonna grow.

So, that's a little bit more active. Maybe we're paying a little bit more for that, because they said they're going to achieve it. Or maybe we structure it, so we pay only when you achieve it, but if you only achieve the S&P 500, then we're going to give you a passive fee.

Trustee Galuteria: So, if the Board wanted to employ the most aggressive play, *that's a belief?*

Independent Board Investment Advisor Chattergy: That's not necessarily a belief here, this is more just saying that there are levels of information and depending on the belief you have of whether information is widely spread, you can invest in that.

Going back to Trustee Souza, what he was asking about the policies that govern, then what you actually invest in - so, for example, if there's a highly speculative asset class in recent years that has probably been the so-called Bitcoin, *right?* It is what a lot of individuals maybe are investing in, maybe there's some institutions that invest in it. That's highly aggressive, there's information that's not fully understood, because it's a very new asset class. So, *do you want to invest in that?*

As an institutional investor, you could invest in that, but that's not what these investment beliefs are saying. These investment beliefs are saying, that's an aggressive class. That's where maybe active management is going to be - what you should be investing in - but that doesn't mean OHA necessary should invest in something so speculative.

That's for the trustees to put into their guidelines and say, *Look, we do want to invest in more aggressive or more information poor markets, so private equity, venture capital, those are acceptable, but we don't want to speculate on new technology or new ways of doing things, and for us that would be these cryptocurrencies. We don't know what's going on there, and we think that it's way too volatile. We don't want to experience a 50, 80% drop in our asset values, so that's off limits.*

That's not where you say that's off limits in your investment beliefs, you're just saying generally, you believe that information and fundamental information over the long-term drives markets and valuations.

Trustee Galuteria: Very simply, 4% increase in a portfolio, as opposed to 4% decrease in inflation, *what does that do, cancels everything out?*

Independent Board Investment Advisor Chattergy: So, if you're increasing your returns, vis-à-vis inflation, or inflation is dropping, it should be a net inflow and positive for the overall performance, so you should be gaining return, if that's what you're asking.

Trustee Galuteria: I'm asking if they cancel each other out, if 4% up and inflation 4% down, *if it cancels the gain?*

Independent Board Investment Advisor Chattergy: So, the way to think about inflation and I'm sorry, I'm going to get technical, and you can stop me, but the real issue with inflation is unexpected inflation. So, for example, the reason why the Federal Reserve is interested in like a 2% inflation target. So, 2%, that's still 2%, I buy milk every week, and it's going to go up 2%.

Is that really what I want; from a macro-economic policy point of view, if you can predict every year things are going to go up, that makes it very conducive for business leaders, for consumers to operate in a marketplace where inflation is well understood.

But, if suddenly we said: *Hey, we've got a 2% inflation rate, but then it actually comes in at 5%, that's a big problem, because now I'm paying 5% more, and I wasn't budgeting that, I wasn't expecting that*.

Independent Board Investment Advisor Chattergy: So, what I'm trying to say is that inflation is sort of understood as a risk, and the risk is that inflation that you don't expect.

So, in terms of managing a portfolio, there are different kinds of risks, inflation is a big type of risk, and there are strategies. We may actually hear from managers about strategies today that are focused on kind of protecting against inflation risk, meaning exactly what you're saying, is that they're going to offset that unexpected inflation, or, in fact, they're going to perform well when inflation is going up or going down, whatever the example you gave.

So, in terms of, building a portfolio or generating returns. You do want to have different kinds of strategies that deal with that risk, and whether it exactly offsets it, or it performs well when inflation is going up, it's going up, that's what portfolio construction is about, and that's why you want to diversify a portfolio. And, in fact, the beliefs are conducive to and support what you have, which is a multi-strategy portfolio that you expect to perform well over time. I'm sorry if that was not where you were going.

Chair Waihe‘e recognizes Trustee Souza.

Trustee Souza:

- *Thank you, Chair. Vijoy, so is number 3 consistent with our current approach, our current model, manager of managers?*
- *Would that be the recommendation, as far as one of the beliefs, with our current model, because I know we had talked about briefly about the CIO?*

Independent Board Investment Advisor Chattergy: So, the structure of the portfolio and the way you govern the portfolio, investment beliefs are meant to be *more broad*. So, a lot of different types of portfolio structures, a lot of different types of operational efficiencies can be taken from beliefs. This is more generally just saying that in the marketplace there are times when the market is inefficient.

So before, when we were saying low cost, get exposure to S&P 500, we're saying those markets are really efficient in terms of information, this belief is saying, but some markets are not efficient, and some markets are sometimes not efficient. So, you want to cover that. Then - *do you have strategies, managers, in the portfolio that do that?* Whether it's a manager of manager's approach or an OCIO, or other types of approaches, staff-driven approach. That's for you to determine, but determine not in the belief statement, your belief statement doesn’t state that we believe in manager of managers, you can believe that, but not only because of this, this is *more broad*.

Chair Waiheʻe recognizes Trustee Ahuna.

Trustee Ahuna: Thank you, Chair. I just wanted to comment a little bit and correct me if I'm wrong. So, the reason Vijoy is saying it's a broad thing is because I think the understanding is we have different investors, different organizations that do our investments, and each of them has different portfolios, how they manage it does certain things, so that other organizations can make money off of it, but within those portfolios they have active managers to passive managers, and I believe, the more active it gets, the higher cost. But we have different types of portfolios, different organizations. *Is that what you're saying, Vijoy?*

Independent Board Investment Advisor Chattergy: Yeah, that's correct, so there are different types of managers in your portfolio, and they're different types of managers in the marketplace. And what these beliefs try to account for, is why you might want to have them in your portfolio, you have these beliefs of how the markets work.

Trustee Ahuna: Yeah, I know it's not for every single investment we make, it's different. That's why it's broad in a sense, but the way they manage their portfolios, they know that they can make a certain amount from their portfolio, and then, that's what we invest in, right, for each organization. Like Commonfund, Goldman Sachs, different investment companies, *right?*

Independent Board Investment Advisor Chattergy: Yes, they have a bunch of different strategies and funds, that they also support and have in their business and some of those are in your portfolio.

Trustee Ahuna: Yeah, because I just was trying to get back to when we hear manager to manager type of management, that's just how they communicate with us, through us.

Independent Board Investment Advisor Chattergy: Yes.

Trustee Ahuna: Yes, okay and it's happening in different levels, different areas and everything. I'm just saying this because I learned about all of this at Commonfund of course, they talk to you, why, some investments are more active, and I just wanted to make sure that it's different, some don't even need a lot of management, it's more long term, so it's different. But there's all kinds of things going on at different levels, I just was trying to make that point. But anyway, it was a great conversation, and I like the policy that's in front of us, thank you.

Independent Board Investment Advisor Chattergy: Thank you, Trustee Ahuna. I think you clearly learned a lot, and probably got a lot out of that conversation.

Chair Waiheʻe recognizes Trustee Souza.

Trustee Souza: Thank you, sorry, Vijoy. The reason why I asked my questions earlier is because basically this is very broad, and some of the things I've been reading and kind of matching up to what we already have is kind of repetitive. So that's the only reason why I asked the question, *why are these recommendations coming up now, cause it doesn't seem totally different from how we're already operating?* So, for me, that's the question I asked. *So, how is it different?*

Independent Board Investment Advisor Chattergy: So, investment beliefs aren't necessarily meant to be different than your policy or your portfolio that you have. They're supposed to be a tool to articulate and then communicate and educate why you've built a portfolio a certain way you have. So, what this is reinforcing and why this is valuable in your investment policy statement, kind of at the beginning and sort of as a general statement is, it makes very clear to everyone, that if you look at the beliefs and how you think the world works, how you think capital markets work, then you should see that reflected in your portfolio.

Trustee Souza: A lot of this is open to interpretation, I'm reading it. It's kind of like, if I could dive deep into, say, number 2, 6, 7 and 8 look good to me, I mean certain parts of that is good to me, but if I look at the number 5, what does that mean?

So we're not there yet, Number 5, but I mean it's very, very broad. So, like shining light on this section, *is it super important for us to be going over the beliefs right now, if we already have stuff implemented?* Already, for me, I just don't want to waste anybody's time, so that's why that's the question. At the end of the day.

Independent Board Investment Advisor Chattergy: Yeah, so we are going to come back and look at things like governance and specific policy and portfolio structure. But before we go and make recommendations about, you should change this, or you should add this, or you should keep that, we want to make sure we're on the same page in terms of how do you actually think about capital markets, how do you think about the way the world works, *right?* And you can see for these first several beliefs, information is a big part of it.

And how you believe information is interpreted and spreads in a marketplace. Then - do you believe that the different kinds of managers who have these different strategies like Trustee Ahuna pointed out - *can they actually perform?*

And if they are, then you are able to say –
Okay,

- *What kind of market is it?*
- *Is it an efficient market?*
- *Is it inefficient?*
- *Are we paying for them to be active? or*
- *Do we think, you really just give us exposure to large US stocks or something like that, so you should be more passive?*

But we're not necessarily making recommendations specifically like, change this, make that, do that, that's why we're doing it.

Trustee Souza: Okay. Thanks, Vijoy. Mahalo, Chair.

Chair Waiheʻe recognizes Trustee Alapa.

Trustee Alapa: Hi, Vijoy, I'd like to ask regarding investment beliefs. *Is it in any way helping to enhance our asset allocations?*

Independent Board Investment Advisor Chattergy: So, the way to think about asset allocation and your investment beliefs, is that the asset allocation which is a specific exercise that you need to undertake in terms of how you should build your portfolio, what exposures you need to have to stocks or bonds or alternatives, those are different asset classes.

Your asset class exposure doesn't necessarily contradict your beliefs. So, for example, we talked about investing in speculative assets like cryptocurrency, or something like that, and the way to think:

- *Does that fit in the portfolio or not?*
- *Well, is that a passive investment?*
- *Do you just get exposure to it?*

It's very speculative information flow, it isn't there. It's a new technology, new information, maybe not.

So, if you were to invest in that, then it clearly is on the more active side of the spectrum. *But, is it something that you think over time, managers can actually capture a return because they have some informational advantage or not?* You might exclude it for that reason, and that's kind of reflected in the investment beliefs.

So, the investment beliefs, again, it's like that aquarium, you want your aquarium to reflect the opportunity set that you want to capture in the world, in the ocean.

So, in the capital markets, there's so many different kinds of things you can invest in, but we can't invest in everything.

So,

- *What do we think?* and
- *What do we want to invest in?*

That's where the beliefs become important and again, you can rely on the beliefs to look at, to point and say, this is why we invest in an S&P 500 Index fund. This is why we invest in a venture capital, active, new technology fund because we have beliefs about what's going on in those markets. In a large cap S&P 500, we think those stocks are pretty-well covered in the marketplace. So, the value and the price you're getting there, is probably reflective of its true value.

In a venture capital investment, we're saying, those are new companies, technologies, that we don't have as much information on, but they're these managers who have been investing in it for a long time, so they have some skill. They know things that the broad marketplace doesn't know, so if we want to have that in the portfolio, then we need to be in those actively manage GPLP type structures. And that's reflected in the first few belief structures here. *Is that helpful, or did I not make the connection?*

Trustee Alapa: Well, it's quite extensive. So, I'd have to go back and read over what you just said. However, in regard to the asset allocation, I was just trying to get a grasp of how this is relevant, and how is this going to enhance that particular area of our investment, asset allocation. That's all.

Independent Board Investment Advisor Chattergy: Yeah, so just looking at the first few belief statements here, they have to do with the kinds of investment that you're making based on how you think the market interprets and reflects value. So, I go back to if it's a well-covered marketplace that there are a lot of investors, there's a lot of people on Wall Street watching it, information is more widely spread and understood. So, probably the price you see in the marketplace over the long term, that's what the first bullet point is talking about, over a full market cycle, reflect the underlying, true fundamental value of that.

But, if it's a marketplace that's less informationally rich, then maybe you want to find someone who has an expertise that can get that value for you. And so that would be a more active manage approach, and then that reflects in, *okay, we're investing in growth stocks or large cap stocks, we're also going to invest in venture capital*, and that's the asset allocation portfolio.

Then, you do an actual asset allocation study - that can be done by staff, with consultants. You can even rely on some of your manager of managers to come in, and then they can give you their different models and say, *Yeah, you should be 50% in large cap stocks, and you should be, 5% in venture capital* or something like that. Then that's how you're building your portfolio, and that should reflect your tolerance for risk and what have you.

Trustee Alapa: Okay, thank you.

Chair Waiheʻe recognizes Trustee Ahuna.

Trustee Ahuna: Yes, I just want to offer up comments for our Trustees. I just wanted to make people understand that where we come in, where it's very important. In 2008, we learned a lot, because, we were meeting quarterly, we should have maybe been meeting a lot more often, and the reason why is because when the 2008 bubble occurred, we lost a lot from our trust then.

So, learning from those experiences, we came to COVID, and we didn't meet quarterly, we actually met with them more often, and that's because a lot of the Trustees that were aware of what's happening during COVID , and we wanted to make some changes.

So, I like that, everybody is trying to understand all of this, because it's very important, especially when those times come. And one of the big decisions that we made when COVID happened was not to do anything because we're so diverse that they believe that we're going to do alright. So, I just wanted to say that - because when those types of situations occur, that's when we have to do our job, and we have to start understanding what to do, and *with what,* and *where things are* because we can lose a lot. To me, that's when we have to actually do all the things that we're talking about today. But anyway, thank you, I just wanted to throw that out there.

Independent Board Investment Advisor Chattergy: Thank you, Trustee Ahuna, that was a very appropriate comment, because also what we're trying to capture in the belief 4, is this idea that sometimes efficiencies persist over some time because of market dislocations.

So, what you're describing in 2008, 2009, that was a market breakdown, if you will, where it was sort of a crisis. It was considered a financial crisis and even a global financial crisis. So, if that is something that you believe happens often enough in the world, you want a portfolio with certain strategies that are able to balance out that market dislocation.

Independent Board Investment Advisor Chattergy: So, there are other strategies, not venture capital, not necessarily growth stocks, or S&P 500 stocks - strategy that you can implement in an asset allocation model to be able to either dampen that drawdown or provide return, positive return, like not negative correlation. It means when markets go down, then the value of those strategies go up. So, they're performing well when markets go down. They have a kind of a negative correlation with the general market or with the equity market.

Independent Board Investment Advisor Chattergy: So that's what you capture in these kind of persistent crisis moments; that's another part of the marketplace. Now, some investors may - not feel like, *hey, yes, markets sometimes go down 50%, but we're long-term investors, and we don't have to sell any assets, so we can weather that storm, and we can still have more risk, at-risk stocks than safety stocks or hedging stocks or strategies, I should say, not stocks*.

But again, that's sort of what we're reflecting here in this belief statement - which again, we can always adapt or change or leave out - is the idea that sometimes markets not only underperform, but they underperform acutely, and for maybe even a significant period of time. We can have a further discussion about crisis management in terms of portfolios if you'd like.

The fifth belief statement here goes to the idea that as you work with managers and other investors in building your portfolio, everyone has a kind of a business model or a self-interest, and you need to manage that.

So, this is more along the lines about:

- *How do you actually execute your portfolio strategy?*
- *How do you align interest with your, whether it's a manager manager's approach, or it's an investment manager, that you are investing in directly?*
- *How do you make sure that everyone is working for the interest of OHA, which is really all that you care about?*
  They can work for their own interest, but OHA needs to also make sure that it's getting a fair deal in the strategy.

So, execution risk, that's a source of potential excess returns, and there are different ways to think about how you execute, and how you get the best managers, the ones who are able to implement their strategy more efficiently or more effectively than other managers, even in that same strategy. And that's where due diligence and monitoring of managers and strategies over time is important, and that's something that in other parts of the portfolio, you'll say, well, we want staff to be doing that, or we want consultants to advise on what that should be, so again, there are different ways you can implement that.

The sixth belief has to do with how markets change over time and the need to continue to evaluate the risk and return of opportunity sets over time. That's where you get into - *Do you need to rebalance your portfolio?* Again, the actual way that you might do things like rebalance and refocus the opportunity set in front of you, that's something that happens more directly in other policy statements in your overall document, but this says, *Hey, we do believe that markets change over time because of technology and other factors*. It also notes here in terms of this belief that it's important for OHA in terms of monitoring and managing your trust fund to continue to stay current and be educated on that, and I would include staff as well as Trustees in terms of how that's implemented.

Independent Board Investment Advisor Chattergy: The seventh item there has to do with risk management, which is a critical component.

- *How do you manage the portfolio in terms of the many types of risk?*
- *How do you think about risk?*
- *How do you define risk for OHA / for your portfolio? and*
- A focus on the risk component of returns

Before we were focusing a lot on returns in terms of information and valuation, but on these two points, it's more on the execution, and on this case, in terms of risk management, which really, I think, drives returns.

So, returns are kind of a byproduct of taking smart risks, or taking the kind of risk that you want to have in the portfolio.

Again, the example of like cryptocurrency, *wow, they were up 80%*. Well, that sounds really, good. Who wouldn't want to be up 80%. But they can also go down 80% or more, so if you just focus on, *hey, the returns can be really high*.

Then you might think, *hey, that's good for the portfolio*, who can argue with that, but then you say, *well, but can you live with the downside and the uncertainty that you don't even know what the government is doing in terms of regulating, is it really a security, or is it something else*.

Then maybe you start to say, *well, focusing on those risk factors, maybe it's not appropriate for an institutional investor like OHA*, and that's a legitimate position to take. Focus on risk is critical to managing an institutional portfolio.

Independent Board Investment Advisor Chattergy: The final belief is one that is focused-in on OHA itself and your own mission and your objectives, and what we're trying to capture there. Pouhana Stacy was very good to provide some of the second half of this belief statement language to make sure it was in line with the overall mission and strategic plan of OHA, so that was really helpful in terms of making this most relevant and pertinent to you as a group.

But, the idea here is that if for some reason you believe that capital markets are actually negative for the values of Hawaiians, for Hawaiian culture, for Hawaiian values, *then why would you invest in it?*

This statement is saying that you believe that capital markets can provide a positive benefit to the mission of OHA, whether that's the returns or the kinds of investments. You can go in different directions here, but this statement is kind of saying, you exist in terms of your mission, and that mission is above all else. And the reason you are investing in capital markets and a portfolio is because you think that in some ways having a portfolio invested in the capital markets is beneficial to your mission, and so that ties it in and makes these investment beliefs especially pertinent and relevant to OHA as an entity as opposed to the other ones. Different types of entities might also adopt some of those beliefs, but this one is especially focused in on OHA.

Independent Board Investment Advisor Chattergy: So, those are the eight investment beliefs as they're written here. Gerry, on my team did a great job, he synthesized and made *one statement* or *couple of words* summary of them, and if it's helpful - I can circulate that. This is what I would recommend be adopted into the section two of your Investment Policy Statement as your investment beliefs.

Then, of course, we'll come back and talk about other policy recommendations going forward, and ultimately in terms of portfolio construction and asset allocation. So that concludes my comments, I'm happy to take more questions. I know we also have a couple of managers that we would like to hear from, so, Chair I yield to you.

Chair Waiheʻe recognizes Trustee Akina.

Trustee Akina: Thank you, Vijoy. I appreciate your presentation, as well as the comments that have been made by other Trustees. Beliefs are important and they motivate actual behavior, and so this is an important exercise we've gone through. I have to say, however, as a non-financial professional, I don't know how much of the particulars, I believe, because I don't know what the complete ramifications of some of the statements are. But, on a more general level, I think it would be useful to us to have a set of actual principles that would guide our practice that go beyond simply beliefs and the status of reality, but here are some principles that we feel are legitimate principles to follow, ethical principles to follow, marketplace valuable principles to follow, and I think that would be helpful.

An example would be number eight, where we have beautiful language, and I'm firmly committed to, and believe that everyone sitting on this table, by virtue of our fiduciary duty, is absolutely committed to the welfare of the Native Hawaiian people, the Hawaiian culture, values, such as Mālama, ʻĀina, and so forth. And that is who we are, that is why we go forward and invest in the first place. It's a beautiful statement, and it does exist, and it belongs at the front end of who we are, but when it comes to a set of principles or practices or beliefs in the marketplace, I'm not sure how they correlate or translate - *how does a noble Hawaiian value?* I don't question that at all, that's why we're here at the table to actually correlate to a marketplace best practice.

Trustee Akina: Let me give you an example of a concern I have, that if this is part of our belief statement about investment, suppose for example, we're looking at Kaka'ako Makai, and we have a choice between scenario A, which is to extend the ahupuaʻa, have fishponds have loʻi patches and people living a life that honors the traditions of Hawaiʻi. That's scenario A, we could invest in that.

Or scenario B, we could build high rises, we could have commercial activity, but the purpose would be to raise capital to help homeless Hawaiians, to help Hawaiians who don't have residences, and so forth.

Which one fits our Hawaiian values? Which one fits our mission statement? It's not for our investment managers to have to struggle with that. Our investment managers should have a set of principles and run with those set of principles when we tell them, go, invest, and build capital for us to do this.

The decision as to whether we do scenario A with loʻi patches, or scenario B with commercial property, is a decision made before we get to the investment table, if that makes sense. And so, I don't challenge whatsoever what eight says, it just kind of illustrates that beliefs don't necessarily translate into best practice principles, and it would be good for us to really come up with a good list of that.

Trustee Akina: I've seen several lists of organizations that focus on the principles by which they will make investment decisions. *Do you think there's some opportunity for that to happen in the future as we work this out?*

Independent Board Investment Advisor Chattergy: Trustee Akina, I'd be very happy to work with you in terms of principles to present to the Trustees, if you have examples, or specific interest like that. I think you're absolutely correct in that, it's beyond the pay grade, if you will, of your investment managers and your investment portfolio to decide whether you should have a lo'i or commercial generating property for housing.

Those are absolutely your fundamental mission and goals that you set as Trustees, as an organization, and the way the portfolio supports that is doing what the portfolio does, which is to generate returns, but it doesn't have anything to say in terms of what you should be using the portfolio proceeds for. That's your mission and your prerogative, and so I don't really have anything to say to that, other than whatever the Board decides in terms of what it is you want to develop or produce, then let's find a way that the portfolio can support that in terms of the way it's able to generate revenue returns and opportunity through that.

Trustee Akina: And I would like our professionals, managers, to be able to generate those returns that you talk about. I think we do definitely need to have a statement of our values and principles, which we do have, but that is not something personally, I think, belongs in our investment plan and strategy.

The investment plan and strategy should support the decisions that have been already made. We don't want a situation where somebody uses this document and holds us hostage when we're trying to develop something and tells us, based on our own document, we're going against Hawaiian values. That would be a difficult thing. I think a place to look for being able to come up with some resources is the dialogue that's gone on about ESG over the last few years, while it's got a noble intention, Environmental, Social and Governance factors in investment, it also has been problematic in actually helping investment managers to make the best marketplace decisions, and that's where you can find a lot of writing and research about this issue and how to balance it. Thank you.

Chair Waihe'e recognizes Trustee Trask.

Trustee Trask: Thank you. I wanted to touch bases with you Vijoy. Some of the things that we talked about in our one hour training, because when I look at some of the materials, I have to go back and look at my notes about OHA, because OHA is not like other investors. We're not a business, we're not really private sector, but when I consider that OHA is a State Sovereign Wealth Fund, it makes it much easier for me to appreciate that.

Trustee Trask: The reason why I'm raising it, is because, what I'm looking at in terms of your proposed investment beliefs, I'm very thankful for this, Vijoy, but I keep seeing it through the lens of that discussion, because we will never change what we are, and we have to understand that we're a State Sovereign Wealth Fund.

So, we cannot invest our people's funds as though we're private property, we have to invest it subject to the Trust obligation we have, and that means that I really don't have the authority to take risk, I don't have any authority to do that. I need to utilize these beliefs, and what we have in terms of the structure in the Office, to make that kind of a determination.

Trustee Trask: But I'm saying this also, because I feel that when I hear Keli'i's concerns, I don't see how that could happen, but the only protection I have is knowing that this Board is going through training, so we could be more efficient in what we are. And we're a State Sovereign Wealth Fund, we're State, but we're not the ERS.

So, when I look at the beliefs you're proposing, I'm reading it through the lens of my State Trust obligation, and no other lens, because I'm an elected official for that purpose, and I just wanted to fly it by you, and ask you your opinion about that perspective, too. Because when I look at some things, there's some investments, they might be good, but the risk of anything unproven is going to violate my Trust obligation.

Independent Board Investment Advisor Chattergy: Yeah, I think that's a very good point, in terms of focusing on the risk and what you should invest or not invest in, and that is something that you develop and you are able to articulate through your policy, including statements like what you can invest in or not invest in, talking about speculative versus other types of investments, and define that, and that's something that we should go through with the policy statement, and policies going forward.

In terms of being a public entity and being able to invest in different types of risk assets, which is a little bit, I think, what you're implying here, you do have the example of many other public entities that are similarly structured or designed, not exactly like OHA, but along the same lines, and they invest in multi asset portfolios with different types of strategies and different types of risk that their own Boards and their own governance structure has deemed appropriate, and overall the marketplace also provides those sorts of opportunities.

But, if there are certain types of investments that are considered too risky, just from this Board's purview, then it's completely acceptable for you to say, *well, we're just not going to do any kind of investing in that*.

If you remember not that long ago, within our lifetime, even in the early nineties there were a lot of institutional investors that were not allowed to invest in stocks. Or if they did invest in stocks, it used to be the ERS, every quarter, the managers that wanted to buy and sell certain stocks had to come in and present to the Board. *Oh, this quarter we're going to sell IBM, and we're going to buy, this fancy new thing called Microsoft*. I don't know if that really happened or not. But the process of being able to invest, and the concept of what risk is, and how portfolios reflect that risk and mitigate those risk has evolved over time. But that isn't to say that it's been solved, there are absolutely investments out there that, I would say, are not appropriate and too risky for an institution like OHA, because of your public mission, because of creating value for future generations. But there's no reason to think that over time, something that we deem inappropriate today for the portfolio might be appropriate in a future day. And the example is the way the evolution has gone for institutions investing in stocks and bonds. Whereas at some point, in fact, I know a foundation right now in Washington, D.C. that they still are only allowed to invest in US Treasuries, so it's hurt their mission over the last several decades, as bonds have underperformed stocks.

Trustee Trask: Vijoy, *can I ask you this?* Because I've been trying to look, there's no other entity in the State that is like OHA, and there's none in the US that I can find, even Alaska natives are different. But when I look at OHA, and I'm thinking about things like the way that we manage risk, I wanted to go and take a look at some of the investments of the EUTF, and the State ERS.

Trustee Trask: They're not agencies like us, but they do handle State funding, all state programs for medical, or for retirement. I'm taking a look at it because I want to see the quasi-State in a way. *Is this a good exercise to continue for OHA, being a State Sovereign Wealth Fund Manager, cause we're not private sector?* But when I look at the State, I just see EUTF and ERS for retirement and medical.

Independent Board Investment Advisor Chattergy: So, in terms of the exercise of looking at your investment policy statement, looking at your governance policies and documents, I think it's always a worthy exercise. I think that institutional investors, in fact, in this State, if you move away from those public entities, sometimes tend not to do that for years. So, I think that is important for Trustees to consider what's working, what's not working, what's appropriate. That's, I think, the fifth or sixth item here in terms of technology, change, and the need to continue to monitor a portfolio over time, and to stay active and educated about what's going on in the marketplace and opportunities, and also just recall that this particular exercise of adopting investment beliefs, is just one small aspect of the overall review of the Native Hawaiian Trust Fund, in terms of its policy, and structures, and governance, and performance, and that's all something that we're working on, and we'll be presenting to the Trustees in the coming months.

Trustee Trask: Okay, thank you.

Independent Board Investment Advisor Chattergy: Thank you. So however, you want to review or take a recommendation. That's the recommendation and however, you take it up, or the process that you do to adopt anything is what I would recommend. Either at this point or in the future.

Chair Waiheʻe: Ok, we will take it up in the future, through an action item, thank you.

Chair Waiheʻe recognizes Trustee Akina.

Trustee Akina: Just a question on that. *Our adoption of these set of beliefs for the future, have we had the opportunity to get a recommendation and a review and recommendation from our Administration?* I think their input would be very valuable if we could refer it to them for that purpose.

IV. NEW BUSINESS

A. Consequent Capital Management Introduction

2. Presentation: PIMCO (Fixed Income) – Kevin Gray and Bill Murphy (and Andy Mark)

Chair Waiheʻe asks if there is anyone signed-up to testify on this agenda item.

RM Staffer Akina: No one has signed-up to testify on this agenda item.

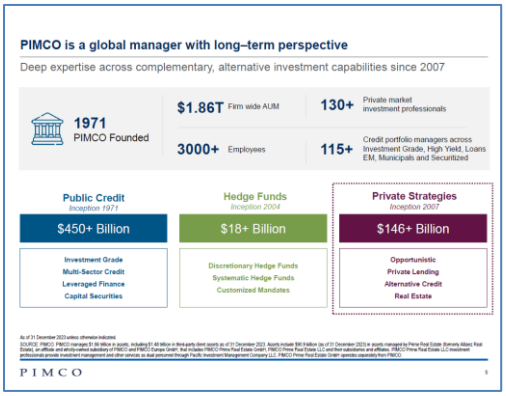
Chair Waiheʻe turns it over to Independent Board Investment Advisor Chattergy.

Independent Board Investment Advisor Chattergy: So, the first manager to come up will be PIMCO, and they will introduce themselves, and go through the presentation that they've made, and answer any questions. Thank you.

Kevin Gray, PIMCO: Thank you for the opportunity to be here. My name is Kevin Gray. I've been with PIMCO for 18 years, Senior Member of the Client Management Team and had the privilege of working on the OHA relationship since it started in 2018. To my right is Bill Murphy, a Senior Vice President, a member of our client management team. Together he and I work across all of our relationships in Hawai‘i, which I will get to here shortly. And to my left is Andy Mark, a Senior Vice President, and Credit Strategist, and he focuses on the portfolio that we manage on your behalf, the Tactical Opportunities Fund, which we will refer to as ‘Tact Opps’ throughout this conversation.

The agenda for us is fairly straightforward - brief update / introduction, perhaps for some on PIMCO. In the spirit of the dialogue that just took place, who we are and what we believe. Andy will provide an overview of ‘Tact Opps’, and then Bill will close with some commentary around some of the resources available to staff and trustees, and this will perhaps hit home with your CFO Ramona being in Newport Beach at our headquarters, at the moment.

Before we dive in, I want to first acknowledge Ryan and other members of the staff who we've had the opportunity to engage with for a number of years, and have a very robust dialogue and are frequently in contact via email, video conference, or in person, which we are here three, sometimes four times a year, and then also Vijoy and the team, at Consequent, who we've known for quite some time, but through this relationship have had very active dialogue since they joined. So just want to acknowledge them upfront.

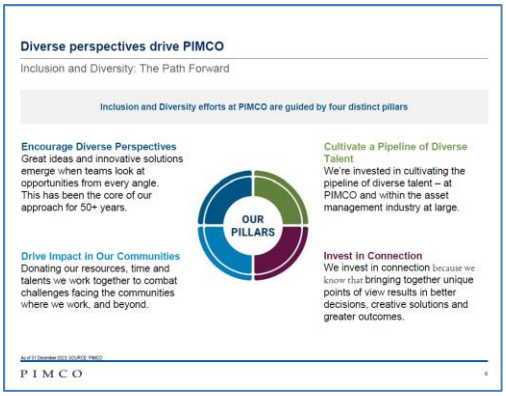


Kevin Gray, PIMCO: I'm going to turn to slide 5, in the spirit of who we are. We are the global leader in active fixed income, with deep expertise across public and private markets. Full stop! That is PIMCO. Take that away. If you take nothing else away from this dialogue.

I’m not going to read all the stats on the board, but I'll perhaps color in the lines a little bit for you. We have 22 offices around the globe, our headquarters is in Newport Beach, California. 1.86, roughly, 2 trillion dollars in assets under management. We were founded in 1971 but let me take that a little closer to home for you; we've talked about sovereign wealth funds, not-for-profit endowments, we manage about 100 billion dollars in US pension assets, public pension assets, I should say, including in that, sovereign wealth funds across the US. 62 billion dollars in nonprofit assets across the US.

Kevin Gray, PIMCO: Again, taking that closer to home, we manage about 400 million dollars on behalf of entities in the State of Hawai‘i. You see there that we were founded in 1971, account 23 at PIMCO is your sister fund Hawai‘i ERS. They hired PIMCO in 1978, and we've been fortunate to call them clients since. So, it's a very long-standing and great partnership there.

Kevin Gray, PIMCO: Across the bottom, we've provided three boxes, Public Credit, Hedge Funds, and Private Strategies, with kind of a box around Private Strategies, and that's really focused on, that's where the Tactical Opportunities Fund lives, within the world of PIMCO. But I would also draw a dotted line to the public credit, because 'Tact Opps' is really a best ideas portfolio at PIMCO that takes advantage of both public credit markets and private credit markets, and it toggles between. It's a bit flexible, it's opportunistic to take advantage of opportunities when we see fit.



Kevin Gray, PIMCO: These are the statistics, and they're nice, and they do mean a lot, but let's turn to the next slide to show a little bit more about who we are as an organization, who we are as people. PIMCO has a history of diverse perspectives and giving back, and I think it's important given your mission to share some of the ways that we do that as well.

I'm going to just hit on two topics here, if you will indulge me. First in the upper right, cultivating a pipeline of diverse talent, we are advocates for bringing diversity into the industry. An example of that. we just closed the application process for our third annual Future Leaders scholarship, and what that is - is PIMCO has put 2 million dollars forward, we're handing out roughly 65, $30,000 scholarships to undergrad MBA, PhD students from underrepresented communities. Folks that are interested in finance; there is a no strings attached scholarship here, and we support their efforts to pursue a career in the industry, and we bring them to PIMCO, and we provide some education and hopefully some mentorship, and a pathway into a career in finance.

The other is bottom left corner, Driving Impact in our Communities. Just some statistics from 2023 that talk about the ways PIMCO gives back; in 2023, 2,500 of our 3,000 employees donated more than 15,000 hours to 150 charities globally. We provided more than approximately 10 million dollars to nonprofit organizations that address hunger, gender equality, and other community issues, globally.

This included in 2023 donations to the Maui Strong Foundation, following the wildfires through the Hawai'i Community Foundation. So that's just a glimpse, and if we were fortunate enough to come back to present more, or more frequently in front of this group, we'd be happy to go into a number of the ways that we think we align a lot with the mission that you have here in front of you as Trustees of OHA, but let me pause there and see if there are any questions. If not, I'll turn it to Andy to kind of provide an overview of the Tactical Opportunities fund.

Chair Waihe'e recognizes Trustee Akina.

Trustee Akina: Thank you very much, Chair. Thank you for being here. *What is the amount of assets under management that you have for the Hawai'i ERS?*

Kevin Gray, PIMCO: Currently, a little over a hundred million dollars.

Trustee Akina: Okay, thanks.

Chair Waiheʻe recognizes Independent Board Investment Advisor Chattergy.

Independent Board Investment Advisor Chattergy: I just wanted to say that I'm sure that the Trustees here would be interested in that scholarship program in the future, get information, maybe there's someone from the Native Hawaiian community. *Have you had any Native Hawaiians participate in the past?*

Kevin Gray, PIMCO: I don't know, is the short answer, we could find out. It's a newer program, 3 years in, but the first year, the applications we're frankly, almost overwhelming with the number. So, we increased the size from 1 million to 2 million, and increased the size of the scholarships as well, alongside that, so it's been a great program this far.

Independent Board Investment Advisor Chattergy: That's great, and just to build on Trustee Akina. He's asked about ERS, and you said that ERS was the twenty-third client of PIMCO going back to 1978, and you also have clients, as EUTF and *then OHA has been a client since when?*

Kevin Gray, PIMCO: 2018. EUTF, we've worked with since, really close to their founding, and then a number of other entities on the islands as well as you can imagine. We're not fortunate to call them all clients, but at different times I think we've called most, clients.

Independent Board Investment Advisor Chattergy: Great.

Kevin Gray, PIMCO: Let me turn it to Andy.

Andy Mark, PIMCO: Sure, let me speak a bit about the fund in which OHA is invested, and of course I want to reiterate Kevin's comments. We are very grateful for the chance to manage capital on behalf of OHA, and I'm happy to share that we've seen that capital grow substantially since the initial investment in 2018.

Today, your interest in the fund is about 29 million dollars, and we've seen that grow about 6 million dollars over the 5 years that you've been invested in the fund. So, very strong and consistent returns of which we're personally, very proud. The fund is a broad and opportunistic fund, as you heard Kevin describe, and it really taps into what makes PIMCO special in the marketplace.

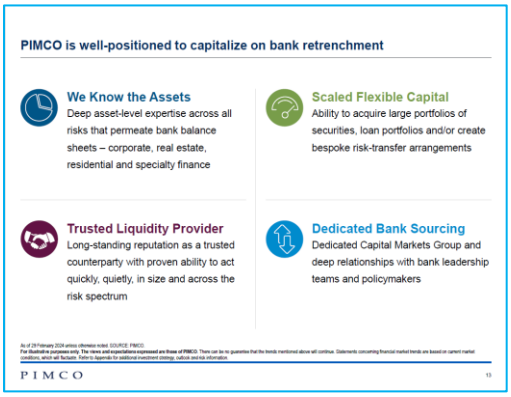
As Kevin alluded to, we're a very large asset manager, and with the size and scale of our organization, what the Tactical Opportunities Fund allows you to do with us, is to look across all of the markets in which we're invested and find the best ideas that we see at any given time in those markets. The strategy predominantly invests in credit, which is generally riskier, where the returns are higher than what you'd find in, let's say, government bonds, but generally speaking, it's a little bit less risky than what you'd find by investing in stocks. These credit markets can include: bonds and loans and other credit type instruments, and they can take the form of mortgages. They can take the form of corporate bonds, lending money to small and medium sized enterprises, and more tangible assets; things like aircraft, or things that you could lend against, that are hard, and that you can touch and feel.

Andy Mark, PIMCO: The flexibility of the fund is very unique. It can look, not just in the public markets where there are actively traded instruments, but it can also look in the private markets, and I think, as you heard Vijoy, the robustness of the discussion around the values and the beliefs, talks about inefficiency and the ability to take advantage of those.

Given the flexibility of the fund and the ability to look across these public and private markets, there are inefficiencies that develop between those markets, and the fund is really built, the opportunity set, exploiting those on behalf of clients. Things that price a certain way in the public markets may price differently in the private markets. So, we can take advantage of that interplay between those markets, to find good returns where we can generate higher returns than you would get if you were invested in a more passive strategy.

This is a strategy that's characterized by a high degree of active investing, not only by investigating and underwriting investments from a very granular level, understanding, let's say, the cash flows of a company, or understanding the unique risks that are posed by investing in mortgages.

The fund is broadly open-ended, so the commitment that you have in the strategy today does offer periodic access to liquidity, but, importantly, to go after some of the opportunities that we see in the fund today, you have to have an appropriate match between what we're investing in and the access to the liquidity that we offer to OHA. This is something that we heed very closely to, it allows us a high degree of flexibility, but this is not a strategy where tomorrow you could come and get all of your money out, but that long-term orientation that Vijoy alluded to in the beliefs discussion, allows you to take that longer lens and be comfortable having capital that's contained in this fund with a protected degree, that allows you to then earn higher returns than you could if you're invested in something that you can get your money back relatively quickly.



Andy Mark, PIMCO: This is a strategy that I think, as we look across the nature of the fund, and page 13 will kind of underscore one of the opportunities that we see today, which is, the unique nature of how capital is formulated today. Historically, in the markets, banks were big providers of credit, they were the big lenders to anybody who wanted to borrow money, and what we've seen over the last 15 years, and where 'Tact Opps' has really played is in stepping into the gap that's been left behind by the banks, as the nature of how the banking sector provides capital has been changing. Banks have gotten a lot safer, which is a good thing for our global economy, and for the US Economy. We have seen banks pulling back from certain areas of lending where they were historically dominant in response to regulators, but the demand for borrowing there hasn't disappeared, and this is a strategy that has gone after that opportunity. We know the assets in the credit markets deeply, we have a very flexible fund that today in aggregate, inclusive of the OHA interest is a 6.3 billion dollars fund.

Andy Mark, PIMCO: So, it has a high degree of scale to take advantage of opportunities in the market. It zigs when the market zags, it wants to be a buyer of assets when everybody wants to sell, and when everybody wants to buy, we want to be selling some of those things and harvesting the gains that we previously picked up in in a different part of the cycle. This is a strategy that I think has served clients exceptionally well. When I think about what makes this fund different, beyond the flexibility in the interplay in those markets, it is the size and scale of our organization. To have a strategy that is truly flexible, you need to be able to look and know deeply the markets in which you invest. With a fund like this, and with our teams, and the reach into the capital markets that we have, we can find the best opportunities at any given time and feel very comfortable in our ability to understand them and embed them in the fund.

The second thing that I think is unique about the strategy, is the longevity of the management. This is now a strategy that we've managed very successfully for 11 years. The portfolio management team that oversees - it is led by our group CIO, the most senior investment professional of the firm, Dan Ivascyn, who's invested for more than 30 years, but has a team alongside him, in Russ Gannaway and Sharad Bansal, the three of whom have all consistently managed the funds since its launch in 2013.

This is a fund that's very important to PIMCO as an organization. It's one of our flagship offerings. It's one where we have not only pension clients, but sovereign wealth investors from the US, from outside the US that are invested, endowment clients who have something of a similar model to what you tend to see on the sovereign wealth side. This is a strategy that clients have used to generate higher returns than they can get in the public markets to tap into inefficiency that exists in those markets, and to flexibly allocate capital where the best opportunities are at any given time in the cycle. I'm going to pause there and see if there's any questions on the strategy; the fund itself.

Chair Waihe‘e recognizes Independent Board Investment Advisor Chattergy.

Independent Board Investment Advisor Chattergy: Yeah, Andy, thanks for that, that's very comprehensive. I just want to make clear, so what you're saying is that bank lending has changed, and there are less banks, but PIMCO is not a bank, and you guys are lending to entities that banks used to lend to. *Is that an appropriate risk to have with your institutional clients, how would you characterize, how they use it in their portfolios?*

Andy Mark, PIMCO: Yeah, it's a great question, Vijoy. We do think it's an appropriate risk, to answer the question directly. Banks are generally, relatively safe organizations, they have an aversion to losing money, and they have for centuries. A lot of the change in terms of how capital is formed in the economy, it is in response to regulators who've made the banks more safe, but in making them more safe, have somewhat curtailed their ability to lend as they might have done in previous years. That's been a trend that is not new, it's taken, now close to a decade and a half since the financial crisis, the banking sector has been made safer, but some of that lending activity has moved away from banks, and moved to asset managers like us.

We're very thoughtful in terms of how we think about that, we don't want to engage in the risky lending that got banks in trouble like it did in 2007 and 2008. There's a lot of high-quality lending that the banks have gotten away from because of that response to regulators, and we think it's a very appropriate risk in this fund. Importantly, a lot of what happens in the banking sector is relatively illiquid.

Andy Mark, PIMCO: It's not something that you can suitably house in something where you're telling the investors they could get their money out in tomorrow, you'd have to go and sell it, and somebody would want to take a very healthy cut, to allow you to sell that.

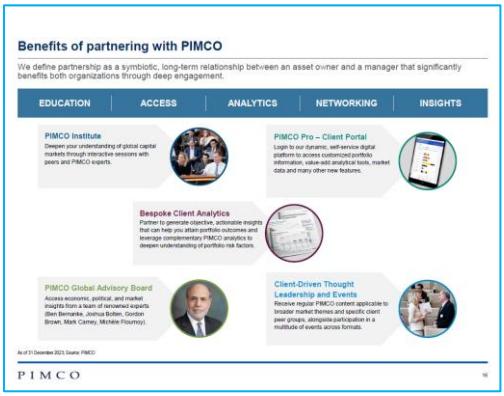
So, a strategy like *Tact Opps*, that has that degree of liquidity protection for the investors is really well suited to go and say to that bank, hey, this portfolio that you own, we would love to buy that from you. The lending activity that you're doing, we would like to tell you what kind of box, what type of borrower we want you to lend to, but if you're willing to agree to that, we'd be happy to take those assets once you've created them, knowing that you can't really hold them within the bank today.

Andy Mark, PIMCO: If there are no other questions, I'll pass it to my colleague Bill, who'll kind of summarize some of the ways that we can offer value to clients like OHA.

Bill Murphy, PIMCO: Thanks, Andy. I just want to highlight three things that we'd like you to take away regarding the *Tact Opps* investment. First, with PIMCO, as Kevin mentioned, you are hiring the premier, active credit manager. We have a broad platform that operates at scale across both public and private credit markets, that gives you access within *Tact Opps* to the full credit opportunity set.

To sort of borrow Vijoy's analogy of the ocean, if the full credit opportunity set, is the ocean, and you're trying to build an aquarium, PIMCO allows you to go through and pick out the best specimens to populate your aquarium with. We also have deep expertise operating across these markets, so because, we have such experience underwriting, in credit markets, both public and private, we're able to embrace complexity where active management is particularly important and inefficiencies tend to exist, and we can add value.

As Andy mentioned, over time since your investment, we've been able to add, by leveraging all of these capabilities close to 6 million dollars, on top of OHA's original investment. So, while the investment piece is very important, when we look at partnerships, it's much broader than just the investments.



Bill Murphy, PIMCO: Page 16, we define partnerships broadly, as symbiotic relationships that tend to last for a long term, and that benefit both the manager and the entities that we engage with, through deep engagement. I'll just go through the top, this blue bar at the top of the page, these are things that we offer to all of our clients. We have a long history of working with the plans on the islands, as Kevin mentioned, to deliver these benefits of partnership.

Bill Murphy, PIMCO: Education; a good example of this, Ramona is at our PIMCO Institute right now. This is a seminar that we host twice a year in Newport Beach, where we teach Trustees, Investment Staff about fixed income fundamentals, about the fundamentals of building portfolios, so that you can better serve the beneficiaries of the plan.

Access; as Kevin mentioned, we are on the island three to four times a year, with senior resources. We are always happy to stop in, give presentations on whatever topics would be of most benefit to you.

Bill Murphy, PIMCO: Analytics; this is something that Ryan has leaned on many times to kind of leverage our perspectives here. We have a team of 60 plus PhDs and Quants that exist only to help our clients solve their most challenging problems. So, if ever you wanted to take a look at your asset allocation and see *how could the portfolio benefit from increasing an allocation to this asset class*, or *excluding that asset class*, that is a problem that we can help you take a very, very disciplined look at, and talk through the results with you.

Networking; we have client conferences that are great opportunities for you to meet with other peers. Occasionally we'll; bring folks down to the islands where we can host a lunch with your allocator peers on the island; give you an opportunity to meet the other folks who are allocating portfolios institutionally.

Finally, Insights; we sat and listened to your discussion, PIMCO publishes research that's openly available on many of these topics. Where does it make sense to employ active management, where does it make sense to employ passive management, given the history of returns, and where active management has been able to deliver value. We have macro insights that are published regularly with our Global Advisory Board, where we employ, folks like Ben Bernanke, the former Chair of the Federal Reserve.

So, all of these things are things that we can bring to you, and as Vijoy mentioned, OHA is a very unique entity. All of the sovereign wealth funds that we partner with are unique in their objectives and their asset allocations, but every partnership that we have, the common theme starts with deep engagement, and we can, help you to accomplish your objectives using the resources of PIMCO.

I'll stop there, happy to talk through any of these in more detail or take any other broader questions you might have.

Chair Waihe'e recognizes Independent Board Investment Advisor Chattergy.

Independent Board Investment Advisor Chattergy: Thank you all for that, there was a nice summary of the relationship, and how the performance has gone, and then, beyond the mandate, what are different ways to work with PIMCO. So, for the Trustees that were with us at the Commonfund retreat, we asked Commonfund directly - *how can OHA, going forward, optimize and better use the resources of your organization?* And you've hit on that, but if you could, as a question back to you, *is OHA making the best use of you as a manager, as a resource?* And *are there concrete ways that you would suggest they might consider working with PIMCO going forward?* And maybe it's just a reiteration of what you just said, but if there's anything more, I just want to give you that opportunity, because we have asked that of our other managers, and we'll continue to ask that of our service providers.

Kevin Gray, PIMCO: Yeah, I think the it would be reiterating what Bill outlined on Slide 16, which is all of these things are available.

Kevin Gray, PIMCO: As mentioned, we work, at least domestically, I believe, with all of the sovereign wealth funds, and if we don't currently, we have over time. Really, how they access the resources depends on the underlying entity and what they're trying to achieve. Some of them have deep, into the hundreds of investment staff, dedicated, some have far less. And so how they engage in the resources that they seek out are very different. So, I think the best way to answer it would be, all of these tools are available to all of you. How you would like to leverage them is really up to you all, we stand ready to deliver them at any given time.

Chair Waiheʻe recognizes Trustee Akaka.

Trustee Akaka: Thank you. *Are you able to share the entities that you represent here in Hawaiʻi, or how you serve them best?*

Kevin Gray, PIMCO: The public entities we can reference because it is public. I would be less comfortable in a public forum representing those, but happy to discuss separately. I think Ryan and Vijoy are probably very familiar with all of them, and I think all of the names would be names that you would know. But EUTF and ERS being the two other public entities, OHA being another, then there is a very large healthcare organization on the islands as well that we are fortunate to call a client, among a number of banks and others that we work with.

Trustee Akaka: Thank you.

Endowment Director Lee: I can follow up separately on that. I did want to add that then, in terms of tools, I believe Bill mentioned asset allocation study, this is the current project that we're working with PIMCO on, to view the current asset allocation, and look for various scenarios to improving the portfolio.

Chair Waiheʻe asks if there is any further questions or comments.

There are no further questions nor comments.

Chair Waiheʻe: I want to thank PIMCO for all your service. Thank you for coming down, that was a great presentation.

Kevin Gray, PIMCO: Thank you, we appreciate the opportunity.

Bill Murphy, PIMCO: Thank you for having us.

Andy Mark, PIMCO: Thank you.

IV. NEW BUSINESS

A. Consequent Capital Management Introduction

3. Presentation: State Street Global Advisors (SSGA) (Equities Index), Sonya Park

Chair Waiheʻe asks if there is anyone signed-up to testify on this agenda item.

RM Staffer Akina: No one has signed-up to testify on this agenda item.

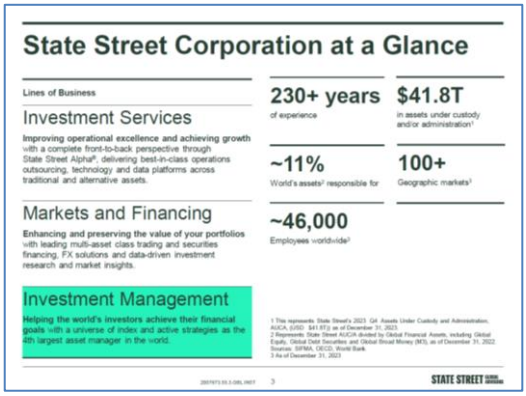
Chair Waiheʻe turns it over to Independent Board Investment Advisor Chattergy.

Independent Board Investment Advisor Chattergy: Okay, thank you, Chair. We'll invite Sonya Park to come and present from State Street Global Advisors (SSGA). Sonya, if you want to introduce yourself, and even though she's only one person versus the three people from before, we won't give her a third-of- the-time, I think up to 20 minutes would be great. Thank you.

Sonya Park, SSGA: Thank you for having me here today to present SSGA to you. I am Sonya Park, I oversee the Western region Asset Owner Business for State Street Global Advisors.

Sonya Park, SSGA: I'm also responsible for the OHA relationship as well as for some other clients that we work with on the island. I want to acknowledge also Ryan and Vijoy, I have known both of them for a very long time and having an open dialogue through the course of the year on OHA, and its overall investments.

Then also just being able to hear today what you talked about in terms of the investment beliefs, it was a very interesting conversation, and lots of Q & A, so good things to think about. I know that Ryan and Vijoy are fully aware of our relationship with OHA and what we do for you, so my goal here today is to bring the Board up to speed. I think the last time I was here may have been in 2019, so to bring you up to speed on our relationship.



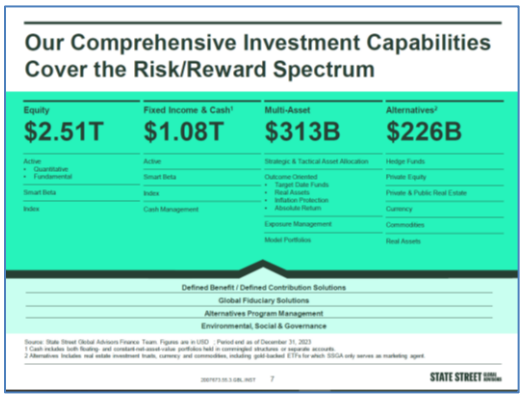
Sonya Park, SSGA: With that, I am going to have you go to page three. So, when you think about State Street as an entire enterprise; we have three key divisions, and I know that you had a relationship with our Investment Services Division at one point in time for performance and analytics, that is a separate division than the one I am in. and then we have what we call Markets and Financing, and that is our broker dealer business, and they do transition management and trading for different clients.

Sonya Park, SSGA: Then the one in green is the division that I am in, which is Investment Management, and that is our sole focus, is investing our client's money.

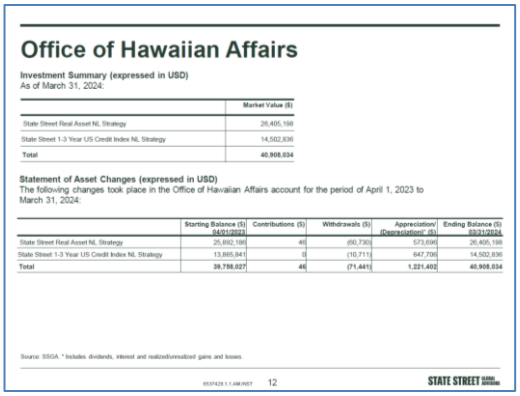
So, we ended the first quarter with 4.3 trillion of assets under management. We are the fourth largest asset manager globally, and when you think about us on page 4, of those, the way that breaks down is, just under 3 trillion of that 4.3 trillion is invested for institutional clients, such as OHA, and we've been managing assets for the last 45 years.

Sonya Park, SSGA: I'm going to skip to page six, and a couple of key highlights here that I want to point out, number one, we are the number one index, global equity manager, as well as managing endowment and foundation assets.

Sonya Park, SSGA: And then we are also the largest index global and non-US bond manager, and then the second largest US index bond manager, and number 3 for passive non-US equity management. Those are important points I'll get to when you think about an index provider.



Sonya Park, SSGA: On page 7, as you think about the 4.3 trillion, we manage money in a variety of ways. The bulk of it is an index investment within fixed income and equity, but we also manage active equity in fixed income. We also have multi-asset class solutions, and then public market alternatives. I'm mentioning the multi-asset, I will come back to that in some additional comments that I will make later on.



Office of Hawaiian Affairs

Investment Summary (expressed in USD)
As of March 31, 2024:

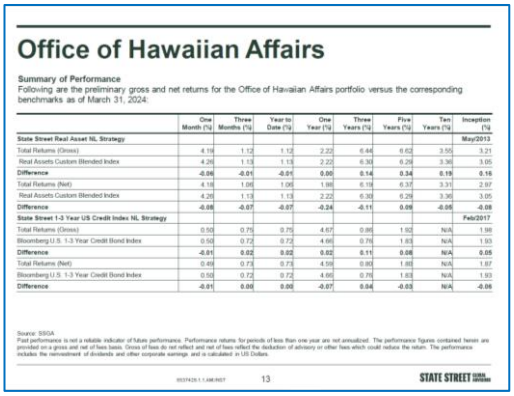
	Market Value ($)
State Street Real Asset NL Strategy	26,405,198
State Street 1-3 Year US Credit Index NL Strategy	14,502,836
Total	**40,908,034**

Statement of Asset Changes (expressed in USD)
The following changes took place in the Office of Hawaiian Affairs account for the period of April 1, 2023 to March 31, 2024:

	Starting Balance ($) 04/01/2023	Contributions ($)	Withdrawals ($)	Appreciation/ (Depreciation)* ($)	Ending Balance ($) 03/31/2024
State Street Real Asset NL Strategy	25,892,186	46	(60,730)	573,696	26,405,198
State Street 1-3 Year US Credit Index NL Strategy	13,865,841	0	(10,711)	647,706	14,502,836
Total	**39,758,027**	**46**	**(71,441)**	**1,221,402**	**40,908,034**

Source: SSGA. * Includes dividends, interest and realized/unrealized gains and losses.

6537428.1.1.AM.INST 12 STATE STREET GLOBAL ADVISORS



Office of Hawaiian Affairs

Summary of Performance
Following are the preliminary gross and net returns for the Office of Hawaiian Affairs portfolio versus the corresponding benchmarks as of March 31, 2024:

	One Month (%)	Three Months (%)	Year to Date (%)	One Year (%)	Three Years (%)	Five Years (%)	Ten Years (%)	Inception (%)
State Street Real Asset NL Strategy								**May/2013**
Total Returns (Gross)	4.19	1.12	1.12	2.22	6.44	6.62	3.55	3.21
Real Assets Custom Blended Index	4.26	1.13	1.13	2.22	6.30	6.29	3.36	3.05
Difference	**-0.06**	**-0.01**	**-0.01**	**0.00**	**0.14**	**0.34**	**0.19**	**0.16**
Total Returns (Net)	4.18	1.06	1.06	1.98	6.18	6.37	3.31	2.97
Real Assets Custom Blended Index	4.26	1.13	1.13	2.22	6.30	6.29	3.36	3.05
Difference	**-0.08**	**-0.07**	**-0.07**	**-0.24**	**-0.11**	**0.09**	**-0.05**	**-0.08**
State Street 1-3 Year US Credit Index NL Strategy								**Feb/2017**
Total Returns (Gross)	0.50	0.75	0.75	4.67	0.99	1.93	N/A	1.98
Bloomberg U.S. 1-3 Year Credit Bond Index	0.50	0.72	0.72	4.66	0.78	1.83	N/A	1.93
Difference	**-0.01**	**0.02**	**0.02**	**0.02**	**0.11**	**0.08**	**N/A**	**0.05**
Total Returns (Net)	0.49	0.73	0.73	4.59	0.90	1.88	N/A	1.87
Bloomberg U.S. 1-3 Year Credit Bond Index	0.50	0.72	0.72	4.66	0.78	1.83	N/A	1.93
Difference	**-0.01**	**0.00**	**0.00**	**-0.07**	**0.04**	**-0.03**	**N/A**	**-0.06**

Source: SSGA
Past performance is not a reliable indicator of future performance. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross and net of fees basis. Gross of fees do not reflect and net of fees reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US Dollars.

6537428.1.1.AM.INST 13 STATE STREET GLOBAL ADVISORS

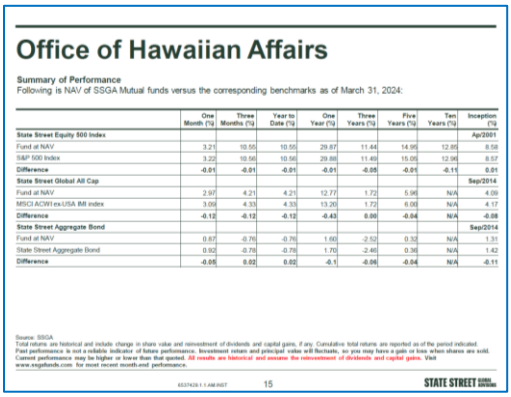
Sonya Park, SSGA: With that, I'm going to turn to page 12, the overall OHA relationship. I've been on this relationship for the last 12 years since I joined SSGA, the relationship actually predates me. So, we've had a very long history with you. You have 2 CIT investments with us, one is a real asset strategy, which you're currently using as an inflation hedge for the overall portfolio, and then a one-to-three-year US credit index, and that's an index strategy, and that's used for the enhanced liquidity within your portfolio. So, the total assets there that we manage are just under 41 million dollars.

In looking at the last year through the end of March, you can see where your assets started, and where they ended. So, you started at about 39.8 million, and then you ended at just under 41 million. So that's the appreciation that we've been able to deliver for you on the index funds.

Looking at performance on page 13, the real asset strategy, relative to the benchmark, has outperformed over the 10-year period, as well as when you first invested in it, which was May of 2013. And then the US credit index also has matched the benchmark, and you've been invested in that since February of 2017.

In addition to those investments, you also have some mutual fund investments with us, and these are mutual funds that we're invested in. So, you have broad market exposure through the S&P 500, and then what we call Global All Cap. That's basically everything excluding the US, because you already get that with the S&P 500. Then you have an aggregate bond index.

Sonya Park, SSGA: So, when you look at these three funds, you're getting very broad market exposure and similar to peers, this is a very core holding that they also have within their portfolio. It's very liquid, it's indexed, we're not taking active bets, we're just trying to match the index for these strategies.



Office of Hawaiian Affairs

Summary of Performance
Following is NAV of SSGA Mutual funds versus the corresponding benchmarks as of March 31, 2024:

	One Month (%)	Three Months (%)	Year to Date (%)	One Year (%)	Three Years (%)	Five Years (%)	Ten Years (%)	Inception (%)
State Street Equity 500 Index								**Ap/2001**
Fund at NAV	3.21	10.55	10.55	29.87	11.44	14.95	12.85	8.58
S&P 500 Index	3.22	10.56	10.56	29.88	11.49	15.05	12.96	8.57
Difference	**-0.01**	**-0.01**	**-0.01**	**-0.01**	**-0.05**	**-0.01**	**-0.11**	**0.01**
State Street Global All Cap								**Sep/2014**
Fund at NAV	2.97	4.21	4.21	12.77	1.72	5.96	N/A	4.09
MSCI ACWI ex-USA IMI index	3.09	4.33	4.33	13.20	1.72	6.00	N/A	4.17
Difference	**-0.12**	**-0.12**	**-0.12**	**-0.43**	**0.00**	**-0.04**	**N/A**	**-0.08**
State Street Aggregate Bond								**Sep/2014**
Fund at NAV	0.87	-0.75	-0.75	1.60	-2.52	0.32	N/A	1.31
State Street Aggregate Bond	0.92	-0.75	-0.75	1.70	-2.46	0.36	N/A	1.42
Difference	**-0.05**	**0.02**	**0.02**	**-0.1**	**-0.06**	**-0.04**	**N/A**	**-0.11**

Source: SSGA
Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Past performance is not a reliable indicator of future performance. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All results are historical and assume the reinvestment of dividends and capital gains. Visit www.ssgafunds.com for most recent month-end performance.

6537428.1.1.AM.INST 15 STATE STREET GLOBAL ADVISORS

Sonya Park, SSGA: Then looking at page 15, what I want to point out is, looking at the difference of returns. You can see that we're very close and matching what the index benchmark return is for each of these strategies. Both for the S&P, the MSCI ACWI ex USA IMI, and the ACWI ex USA IMI is short for the All Country World Index, ex the United States, and includes small cap, and then the aggregate bond index similar. So, you want to see a very small number difference between the mutual fund you're in and the index that is used as a benchmark.

I'm not going to go to another page at this point, but I did want to highlight a couple of things for the way OHA is currently invested in the vehicles that we have.

The first is, you have a CIT investment, as well as mutual funds. My suggestion is that you move the mutual funds to a CIT, we can have that for a different discussion at a later time, but it's purely a vehicle change. The strategy is exactly the same…

Endowment Director Lee: *Could you explain CIT?*

Sonya Park, SSGA: Yes, it's a Commingled Trust Fund, so you can't put a ticker in and look it up on Google, but the benefits of a Commingled Trust Fund is that number one, sometimes your pricing can be better because you're an institution; institutional pricing oftentimes can be lower.

Number two, when we trade these, there is the opportunity to do them at zero cost. So, for example, if a client wants to redeem out of the same Commingled Trust Fund that you want to invest in, we can cross those units, and then we don't have to place any trades in the market. So, we think about it from a low-cost perspective. So that's the key difference, mutual funds, you can't do that. Then, with the mutual funds you can't negotiate fees, the expense ratio, and what the management fee is, is set, and it doesn't change.

The second thing, is the one to three year for the enhanced liquidity, and the suggestion there is once you determine your asset allocation with staff and with Vijoy, perhaps consider moving that out of the enhanced liquidity, and moving that into one of the other broad market indexes, either the S&P or spread it across the three, between the equities and the fixed income. So, that would be the second thing that I would suggest.

Sonya Park, SSGA: Also, keeping the real assets as well. I would continue to recommend keeping that in there as that's benefited you from the current period with inflation and working as an inflation hedge. So, those would be three things that I would recommend as you think about your asset allocation, as you work to adopt your investment beliefs, and what makes the most sense for OHA's portfolio in conjunction with staff and Consequent.

With that, I wanted to also talk about our broad relationship that we've had for over 12 years, and what other resources are available to you. Number one, we do put out a lot of white papers on different topics, and we also have what we call our official institutions group, that group is based in London. They typically work with non-US sovereign wealth funds. So, to the extent you want to be able to speak to some of your peers as being a sovereign wealth fund, we can help to arrange that, and you can have those conversations. I also work with some of the sovereign wealth funds in the US, as well as clients.

Sonya Park, SSGA: The third is, we put together a lot of webinars. We did one recently on fixed income. We'll do it on a variety of topics, and they're periodic, they're not on a regular cadence, but if that's of interest, we can provide those to Ryan, and he can share that with the Board. They're meant to be educational and to think about what's happening either in the markets from a macro perspective or to think about it from different investment types of strategies that you might want to think about overall.

Then the last thing is, we have a lot of resources, again, as I mentioned, from a research perspective. So, as you're thinking about your asset allocation, *what you want to do*, we're happy to have a conversation through our OCIO team, and that's an Outsourced Chief Investment Officer, but because they're looking at a total portfolio for a client, they have some unique views as to what makes sense for endowments, or what makes sense for sovereign wealth funds, or for pension plans. Because everyone has a different need, you can't just have the same thing for every single pool of assets. So those would be some of the additional resources that are available to you. And I, too, as PIMCO said, I do come to the island fairly frequently meeting with clients typically two to three times a year.

Chair Waiheʻe recognizes Trustee Galuteria.

Trustee Galuteria: Mahalo for being here. *Does State Street have any experience with other indigenous entities worldwide; Native American Indian, Alaskan, Taiwanese, any other similar type of entity?*

Sonya Park, SSGA: I would have to check, and I can come back to Ryan with that. The one fund we do work with that is public, is Alaska Permanent.

Trustee Galuteria: Okay, Thank you.

Chair Waiheʻe recognizes Trustee Akaka.

Trustee Akaka: You mentioned Alaska Permanent. *Can you share a little bit about them, and how we're similar?*

Sonya Park, SSGA: So, Alaska Permanent, it's the revenues from the natural resources that they have, and so they pay their citizens dividends from those revenues that they receive. And so similar type of thing, it's working to invest the money that will ultimately be paid out to the Alaskan people.

Chair Waiheʻe recognizes Trustee Akina.

Trustee Akina: Sonya, I think you may have mentioned this already, and welcome by the way. *What are the assets under management of OHA that you're handling at State Street?*

Sonya Park, SSGA: So currently, we manage in total, a little over 200 million dollars.

Trustee Akina: And *what would you recommend, of additional services by State Street?*

Sonya Park, SSGA: So, the additional services and I'll answer this in a couple of ways. One is, once you determine you're set with the overall asset allocation, how much you want to have in index funds, then that's a conversation that we can have, and see if you want to change anything around. When I'm looking at your portfolio, though you have a very broadly diversified portfolio already, with the 3 mutual funds that you have.

Sonya Park, SSGA: The second is moving those mutual funds to a communal trust fund, I think it would be beneficial for OHA.

Then the third is around our OCIO or Outsource Chief Investment Officer services, where we can take a look at the whole portfolio and make determination on allocations and manage the portfolio as a whole. We can do that for the whole thing, including public and private markets. Or we can just look at the public markets piece of it and determine what that asset allocation should look like.

The last thing is just rebalancing. It's really important to rebalance back to your strategic targets, and so that's also a service that we can provide to be able to do the regular rebalancing, making sure you're within your ranges.

Trustee Akina: *Are you providing OCIO services here in the islands?*

Sonya Park, SSGA: Not on the islands, no, but we are in the States and outside the US.

Trustee Akina: Thank you.

Chair Waihe‘e recognizes Independent Board Investment Advisor Chattergy.

Independent Board Investment Advisor Chattergy: *Can I just add?* Previously Trustee Alapa had asked about how your S&P 500 exposure was going. Sonya, here in State Street is the person that you can ask that to, and you can see from her presentation, basically, you're getting the return that the broad market is providing, and that's what you should expect. Because it is a passive investment that just gives you exposure to certain asset classes or markets, as opposed to the active, where you want to see excess return in terms of justifying the fee. And, in fact, the State Street fee is very low, I think it's probably the lowest in the portfolio. So that's kind of how you think of how she and State Street manages these assets.

The other point I also want to bring up is, as Sonya has mentioned, the assets that they manage for you, that *200 million* is in a broad class of exposures from US equities, international equities, fixed income. And in some cases, if your investment beliefs are that we only believe in getting broad exposure and passive investing because we don't think active management justifies, for example, the fees that would be an investment belief. We would build a portfolio a hundred percent in State Street.

Independent Board Investment Advisor Chattergy: And, in fact, Steve Edmondson, who's the CIO of the Nevada Public Pension Plan, who spoke in front of you via video a couple of sessions ago, that's their investment belief. Essentially, their portfolio is almost 100% passive exposure. I don't know if they only use State Street, or State Street at all, but that would be what Steve and Nevada is doing. So, Steve would never adopt the investment beliefs that I presented earlier, because that's not the way Nevada believes the markets work, or at least works for Nevada. So, they would have a very different statement, and they would communicate it that way, and he does communicate that way, and they do okay, but I wanted to add that. And my usual question that I ask, and Trustee Akina just asked that question, and I think that's great.

Sonya Park, SSGA: *May I make two more comments?* One is to answer your question. *Yes, we are one of the managers for State of Nevada. It's public information, so I can say I can say that*.

Sonya Park, SSGA: The other thing I wanted to mention is, it's really important to think about who you're selecting as your index manager, and the reason, I say that is the size and scale of that manager is going to be incredibly important. You want someone who's large, in the top five, because they have a long history of experience as well in managing index investments and are able to provide these investments at a low cost. Because it's not just about the fees, it's about how the index manager trades the portfolio, the ability to unit cross as I had mentioned earlier and thinking about low-cost transacting as an ultimate benefit for the client. So, there's a lot of different factors to consider when hiring an index manager, not just fees.

Then the last comment I want to make is just to say, thank you for our very long-standing relationship. We definitely appreciate it and look forward to the continuation.

Independent Board Investment Advisor Chattergy: Can I just add to her statement there about using a manager. So, one reason why you use the passive manager is that low cost which again, was in the first couple of investment beliefs, but the other item that Sonya just touched on was, I think, it was the investment belief five or six, about execution, and the value that's added by using the right large passive investment manager that they execute in a very efficient way. That's why they can keep their costs low, and they can be very competitive and generate the returns that you expect from them, which is not, to outperform the S&P 500 by 500 basis point or 10%, but to get to provide you with that return. And again, it directly reflects the beliefs of what they're doing for you as a mandate, but also how efficient and effective they are in executing that mandate. And so again it ties back to those investment beliefs that are important to be able to articulate and to understand and be reflected in your portfolio. And that's all I'm going to say on investment beliefs today, sorry, thank you.

Chair Waihe‘e asks if there are any additional questions or comments.

There are no additional questions nor comments.

Chair Waihe‘e: Thank you, Sonya, good to see you again.

V. ADJOURNMENT

Trustee Souza moves to adjourn the RM meeting.

Trustee Akaka seconds the motion.

Chair Waiheʻe asks if there is any discussion.

There is zero discussion.

Chair Waiheʻe calls for a **ROLL CALL VOTE**.

							3:25 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	**AHUNA**			X			
KALEIHIKINA	**AKAKA**		2	X			
KELIʻI	**AKINA**			X			
VICE-CHAIR LUANA	**ALAPA**						**Departed at 2:39 p.m.**
BRICKWOOD	**GALUTERIA**			X			
CARMEN HULU	**LINDSEY**						**Departed at 2:38 p.m.**
J. KEONI	**SOUZA**	1		X			
MILILANI	**TRASK**						**Camera off / no reply**
CHAIR JOHN	**WAIHEʻE**			X			
TOTAL VOTE COUNT				**6**	**0**	**0**	**3**

VOTE: [ ] UNANIMOUS [X] PASSED [ ] DEFERRED [ ] FAILED

Chair Waiheʻe adjourns the RM meeting at 3:25 p.m.

Respectfully submitted,

_____
Melissa Wennihan
Trustee Aide
Committee on Resource Management

As approved by the Committee on Resource Management (RM) on May 22, 2024

_____
Trustee John Waiheʻe, IV
Chair
Committee on Resource Management

PHONE (808) 594-1888 FAX (808) 594-1865

Committee on Resource Management
Trustee John Waiheʻe IV, *At-Large - Chair*
Trustee Luana Alapa, *Molokaʻi / Lānaʻi - Vice Chair*
Members
Trustee Dan Ahuna, *Kauaʻi / Niʻihau*
Trustee Kaleihikina Akaka, *Oʻahu*
Trustee Keliʻi Akina, *At-Large*
Trustee Brickwood Galuteria, *At-Large*
Trustee Carmen Hulu Lindsey, *Maui*
Trustee J. Keoni Souza, *At-Large*
Trustee Mililani Trask, *Hawaiʻi Island*

STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS

MEETING OF THE COMMITTEE ON RESOURCE MANAGEMENT (RM)

DATE: Wednesday May 22, 2024
TIME: 10:00 a.m.
PLACE: Remote Meeting by Interactive Conference Technology
and in-person at OHA Mauli Ola Boardroom
Nā Lama Kukui
560 N. Nimitz Hwy.
Honolulu, HI. 96817
viewable at https://www.oha.org/livestream OR
Listen by phone: (213) 338-8477, Webinar ID: 821 6103 6685

This virtual meeting can be viewed and observed via livestream on OHA's website at www.oha.org/livestream or listened to by phone at: (213) 338-8477, Webinar ID: 821 6103 6685.
A physical meeting location, open to members of the public who would like to provide oral testimony or view the virtual meeting, will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817.

AGENDA

I. Call to Order

II. Approval of Minutes

A. April 17, 2024

III. Unfinished Business – None

IV. New Business

A. Consequent Capital Management – Independent Board Investment Advisor / Consultant
1. Introduction and Continuing Trustee Education
2. Presentation: Meketa Investment Group - Colin Bebee; Mika Malone
3. Presentation: JP Morgan - Jeff Shields; Matthew Rose
4. Presentation: Goldman Sachs Asset Management (GSAM) - Mary Fowler; Jeremy Weltmer

B. **Action Item RM #24-10**: OHA Biennium Budget for the Fiscal Biennium Periods 2023-2024 (FY24) and 2024-2025 (FY25) – Realignment #2 – Core and Non-Core Realignments

C. **Action Item RM #24-11**: Approve an Office of Hawaiian Affairs (OHA) Mahiʻ Ai Micro funding program to alleviate water bills and property tax costs for Native Hawaiian farmers statewide

D. **Action Item RM #24-12**: Approve the implementation of an online Native Hawaiian-Owned NHO 8(a) cohort program comprised of sequential learning modules aimed at empowering Native Hawaiians to scale their businesses to align with federal contracts

E. **Action Item RM #24-13**: Approve the Awarding of Kumuwaiwai Naʻauao-Educational Resources Grant from Solicitation #24-01.0.01 published February 12, 2024

consequent capital management

Independent Board Consultant for the Office of Hawaiian Affairs' Native Hawaiian Trust Fund

Wednesday, May 22, 2024
10:00 p.m. HST

MEETING AGENDA

1. BACKGROUND INFORMATION
2. UPDATE ACTIVITIES
3. INVESTMENT GOVERNANCE: REVIEW
4. APPENDIX: WATCH LIST POLICY (DRAFT) – attachment
5. GLOSSARY TERMS

Separate Document/Presentations

- Meketa Presentation
- JPM Presentation
- Goldman Sachs Presentation

ABOUT US

- Independent investment advisory firm registered with the Securities & Exchange Commission
- Established in 2016 from the acquired assets of Gray & Company, an institutional consulting firm founded in 1991
- Office in Honolulu, HI, and corporate headquarters located in Atlanta, GA
- Full-service minority owned investment advisor serving institutional investor clients, including cities, labor unions, hospital systems, universities, and mission-specific non-profit organizations
- Comprehensive and holistic approach to investment advisory services including support of underrepresented and underutilized investment managers to provide diversity to our clients' portfolios.

REVIEW AND UPDATE ON INVESTMENT EDUCATION

Investment Education Review

- Investment Governance Policy (Draft)
- Custody and Performance Presentation (NTRS)
- Milken Institute Global Conference May 5-8, 2024

Investment Oversight Preview

- RMC June 26, 2024: Top Tier; Wyoming Permanent Mineral Trust Fund (tentative)
- 2024 Neuberger Berman Investment Leaders' Summit, June 26-27, 2024
- RMC July 10, 2024: Commonfund

Investment Watch List Policy

Takeaways:

Using a Watch List to monitor public investment managers' performance and investment style based on objectives, restrictions, investment guidelines and probation criteria stated in OHA's Investment Policy Statement is a key part of the manager monitoring process.

- Watch List status requires additional oversight
- There is no minimum time requirement on the Watch List before termination
- At the conclusion of Watch Status, the Investment Manager can be terminated, continued, or returned to normal status
- Private market Investment Managers undergo a separate monitoring process

- **Investment Watch List Policy**: Allows OHA to formally monitor public market managers for ongoing performance and non-investment concerns. It ensures that OHA has the means to control and correct for Investment Managers in the NHTF.

- **Investment Reasons for Placing on Watch**
  - 3, and 5-year performance net of fees below relevant benchmark
  - 3, and 5-year performance net of fees in the bottom quartile of relevant peer universe
  - 5-year performance net of fees below relevant benchmark
  - Tracking error tolerance
  - US Equity +/- 10 basis points
  - Non-US Equity +/- 40 basis points
  - Fixed Income +/- 20 basis points

- **Non-investment Reasons for Placing on Watch**
  - Change in ownership or control of the firm
  - Significant change in team composition or responsibilities
  - Material change in the business organization of the manager
  - Departure of significant personnel
  - Material changes in the responsible initiatives as specified in the Board's Investment Committee Charter

APPENDIX

INVESTMENT WATCH LIST POLICY (DRAFT)

See attached document.

INVESTMENT GLOSSARY

- A -

Advisor: In the NHTF, an advisor refers to each fiduciary "manager- of-managers" firm hired to exercise investment discretion over a portion of the NHTF assets within the parameters set forth in its mandate.

Alpha: The amount of return expected from an investment from its inherent value.

Annualized: A procedure where figures covering a period of less than one year are extended to cover a 12-month period.

Annualized rate of return: The average annual return over a period of years, taking into account the effect of compounding. Annualized rate of return also can be called compound growth rate.

Appreciation: The increase in value of a financial asset.

Asset allocation: The process of dividing investments among cash, income and growth buckets to optimize the balance between risk and reward based on investment needs; Implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame. The focus is on the characteristics of the overall portfolio.

Asset allocation: Implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame. The focus is on the characteristics of the overall portfolio.

Asset Allocator: An organization or individual that conducts asset allocation of dividing the capital in an investment portfolio among stocks, bonds, alternatives, and cash. The goal is to align your asset allocation with your tolerance for risk and time horizon.

Asset class: Securities with similar features. The most common asset classes are stocks, bonds and cash equivalents.

Asymmetric Distribution: Asymmetrical distribution is a situation in which the values of variables occur at irregular frequencies and the mean, median, and mode occur at different points. An asymmetric distribution exhibits skewness. In contrast, a Gaussian or normal distribution, when depicted on a graph, is shaped like a bell curve and the two sides of the graph are symmetrical.

INVESTMENT GLOSSARY

- B –

Beta: A measure of a stock's volatility in relation to the overall market. By definition, the market, such as the S&P 500 Index, has a beta of 1.0, and individual stocks are ranked according to how much they deviate from the market. A stock that swings more than the market over time has a beta above 1.0. If a stock moves less than the market, the stock's beta is less than 1.0**.**

Balanced fund: Mutual funds that seek both growth and income in a portfolio with a mix of common stock, preferred stock or bonds. The companies selected typically are in different industries and different geographic regions.

Bear market: A bear market is a prolonged period of falling stock prices, usually marked by a decline of 20% or more. A market in which prices decline sharply against a background of widespread pessimism, growing unemployment or business recession. The opposite of a bull market.

Benchmark: A standard, usually an unmanaged index, used for comparative purposes in assessing performance of a portfolio or mutual fund.

Beta: A measurement of volatility where 1 is neutral; above 1 is more volatile; and less than 1 is less volatile.

Black Swan Events: A black swan is an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences. Black swan events are characterized by their extreme rarity, severe impact, and the widespread insistence they were obvious in hindsight.

Bond: A bond acts like a loan or an IOU that is issued by a corporation, municipality or the U.S. government. The issuer promises to repay the full amount of the loan on a specific date and pay a specified rate of return for the use of the money to the investor at specific time intervals.

Bull market: Any market in which prices are advancing in an upward trend. In general, someone is bullish if they believe the value of a security or market will rise. The opposite of a bear market.

- C -

Capital: The funds invested in a company on a long-term basis and obtained by issuing preferred or common stock, by retaining a portion of the company's earnings from date of incorporation and by long-term borrowing.

Capital gain: The difference between a security's purchase price and its selling price, when the difference is positive.

Capital loss: The amount by which the proceeds from a sale of a security are less than its purchase price.

INVESTMENT GLOSSARY

Capitalization: The market value of a company, calculated by multiplying the number of shares outstanding by the price per share.

Cash equivalent: A short-term money-market instrument, such as a Treasury bill or repurchase agreement, of such high liquidity and safety that it is easily converted into cash.

Code of Ethics: OHA Trustees, OHA officers, and OHA employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of their investment program, or that could impair their ability to make impartial decisions.

Community Foundation: A community foundation is a public charity that typically focuses on supporting a geographical area, primarily by facilitating and pooling donations used to address community needs and support local nonprofits. Community foundations offer numerous types of grantmaking programs, frequently including donor-advised funds, endowments, scholarships, field-of-interest funds, giving circles and more. Community foundations are funded by donations from individuals, families, businesses and sometimes government grants. Community foundations offer a variety of programs designed to support the needs of the communities they serve, whether local or more broadly defined. Common areas of support include education and human services programs, such as literacy or aid for the homeless. A community foundation's grantmaking programs are supported both by donations designated for immediate distribution and income from the foundation's endowed funds.

Compound Returns: The compound return is the rate of return, usually expressed as a percentage, that represents the cumulative effect that a series of gains or losses has on an original amount of capital over a period of time. Compound returns are usually expressed in annual terms, meaning that the percentage number that is reported represents the annualized rate at which capital has compounded over time.

Consistent capital growth: This is the primary objective of the NHTF and is achieved by investing prudently in a wide range of asset classes to achieve proper diversification, thereby reducing volatility.

- D -

Default: Failure of a debtor to make timely payments of interest and principal as they come due or to meet some other provision of a bond indenture.

Discretionary investment management is a form of investment management in which buy and sell decisions are made by a portfolio manager or investment counselor for the client's account. The term "discretionary" refers to the fact that investment decisions are made at the portfolio manager's discretion. This means that the client must have the utmost trust in the investment manager's capabilities.

INVESTMENT GLOSSARY

Dispersion of Returns: Dispersion is often interpreted as a measure of the degree of uncertainty, and thus risk, associated with a particular security or investment portfolio.

Distribution of Returns: A probability distribution is a statistical function that describes all the possible values and likelihoods that a random variable can take within a given range. This range will be bounded between the minimum and maximum possible values, but precisely where the possible value is likely to be plotted on the probability distribution depends on a number of factors. These factors include the distribution's mean (average), standard deviation, skewness, and kurtosis.

Diversification: Diversification is a risk management strategy that creates a mix of various investments within a portfolio. A diversified portfolio contains a mix of distinct asset types and investment vehicles in an attempt to limit exposure to any single asset or risk. The rationale behind this technique is that a portfolio constructed of different kinds of assets will, on average, yield higher long-term returns and lower the risk of any individual holding or security; The process of owning different investments that tend to perform well at different times in order to reduce the effects of volatility in a portfolio, and also increase the potential for increasing returns.

Dividend: A dividend is a portion of a company's profit paid to common and preferred shareholders. Dividends provide an incentive to own stock in stable companies even if they are not experiencing much growth. Companies are not required to pay dividends.

Dividend yield - Annual percentage of return earned by a mutual fund. The yield is determined by dividing the amount of the annual dividends per share by the current net asset value or public offering price.

Dollar cost averaging - Investing the same amount of money at regular intervals over an extended period of time, regardless of the share price. By investing a fixed amount, you purchase more shares when prices are low, and fewer shares when prices are high. This may reduce your overall average cost of investing.

Dow Jones Industrial Average (Dow): A commonly used indicator of stock market performance, based on prices of 30 actively traded blue chip stocks, primarily major industrial companies. The Average is the sum of the current market price of 30 major industrial companies' stocks divided by a number that has been adjusted to take into account stocks splits and changes in stock composition.

INVESTMENT GLOSSARY

- E -

Earnings per Share (EPS): The portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability.

Endowment: An endowment is a gift to a nonprofit organization to be used for a specific purpose. The term endowment is also used to refer to the total investable assets of a nonprofit institution like a university. The endowment, also known as the institution's “principal” or “corpus,” is used for operations or programs that are consistent with the wishes of the donor(s). Most endowments are designed to keep the principal amount intact while the income is used to further the cause specified by the beneficiary. A restricted endowment must be held in perpetuity, with only the income available for spending.

Environmental, social and governance (ESG) integration: The systematic inclusion of financially material ESG factors in investment analysis and investment decisions, with the goal of enhancing long-term, risk adjusted financial returns:

•Environmental - Factors that relate to the quality and functioning of the natural environment, and natural systems, e.g., carbon emissions, environmental regulations, water stress and waste.

•Social - Factors that relate to the rights, well-being, and interests of people and communities, e.g., labor management, health & safety.

•Governance - Factors that relate to the management and oversight of companies and investee entities, e.g., board structure, pay.

Equities: Shares issued by a company which represent ownership in it. Ownership of property, usually in the form of common stocks, as distinguished from fixed-income securities such as bonds or mortgages. Stock funds may vary depending on the fund's investment objective.

- F -

Federal Funds Rate (Fed Funds Rate): The interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The most sensitive indicator of the direction of interest rates, since it is set daily by the market, unlike the prime rate and the discount rate, which are periodically changed by banks and by the Federal Reserve Board.

Federal Reserve Board (The Fed): The governing board of the Federal Reserve System, it regulates the nation's money supply by setting the discount rate, tightening or easing the availability of credit in the economy.

Financial materiality: An event or information that are reasonably likely to impact the financial condition or operating performance of a company and should be considered during the investment decision-making process.

Fixed income security: A security that pays a set rate of interest on a regular basis.

Fund: A pool of money from a group of investors in order to buy securities. The two major ways funds may be offered are (1) by companies in the securities business; and (2) by bank trust departments.

INVESTMENT GLOSSARY

- G -

Green bonds: A type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental friendly projects.

Growth investing: Investment strategy that focuses on stocks of companies and stock funds where earnings are growing rapidly and are expected to continue growing.

Growth stock: Typically a well-known, successful company that is experiencing rapid growth in earnings and revenue, and usually pays little or no dividend.

- H -

Hedge Fund: A hedge fund is a limited partnership of private investors whose money is managed by professional fund managers who use a wide range of strategies, including leveraging or trading of non-traditional assets, to earn above-average investment returns. Hedge fund investment is often considered a risky alternative investment choice and usually requires a high minimum investment or net worth, often targeting wealthy clients.

- I -

Impact investing : A sustainable investment style that seeks to generate measurable positive social or environmental impact alongside financial return. Investment themes include activities such as affordable housing, education and healthcare.

Investment Beliefs/Philosophy: An investment philosophy is a set of beliefs and principles that guide an investor's decision-making process. It is not a narrow set of rules or laws, but more a set of guidelines and strategies that take into account one's goals, risk tolerance, time horizon, and expectations. As such, investment philosophy often goes hand-in-hand with a compatible investing style. Popular investment philosophies include value investing, focusing on shares that the investor believes are fundamentally underpriced; growth investing, which targets companies that are in a growth or expansion phase; and investing in securities that provide a return in interest income. Technical analysis and fundamental analysis are another pair of investment philosophies.

Impact investing: A sustainable investment style that seeks to generate measurable positive social or environmental impact alongside financial return. Investment themes include activities such as affordable housing, education and healthcare.

Investment stewardship: Engaging with companies and voting proxies to ensure our clients' interests are represented and protected and the company is focused on responsible allocation of capital and long-term value creation.

INVESTMENT GLOSSARY

Index: An investment index tracks the performance of many investments as a way of measuring the overall performance of a particular investment type or category. The S&P 500 is widely considered the benchmark for large-stock investors. It tracks the performance of 500 large U.S. company stocks.
Inflation: A rise in the prices of goods and services, often equated with loss of purchasing power.
Information Ratio: The information ratio (IR) is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns. The benchmark used is typically an index that represents the market or a particular sector or industry. The IR is often used as a measure of a portfolio manager's level of skill and ability to generate excess returns relative to a benchmark, but it also attempts to identify the consistency of the performance by incorporating a tracking error, or standard deviation component into the calculation.
Interest rate: The fixed amount of money that an issuer agrees to pay the bondholders. It is most often a percentage of the face value of the bond. Interest rates constitute one of the self-regulating mechanisms of the market, falling in response to economic weakness and rising on strength.
Interest-rate risk: The possibility of a reduction in the value of a security, especially a bond, resulting from a rise in interest rates.
Investment advisor: An organization employed by a mutual fund to give professional advice on the fund's investments and asset management practices.
Investment company: An investment company is a corporation or trust engaged in the business of investing the pooled capital of investors in financial securities. This is most often done either through a closed-end fund or an open-end fund (also referred to as a mutual fund). In the U.S., most investment companies are registered with and regulated by the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940. An investment company may be known as a "fund company" or "fund sponsor." They often partner with third-party distributors to sell mutual funds.
Investment Consultant: An investment consultant is a financial professional who provides investors with investment products, advice, and/or planning. Investment consultants do in-depth work on formulating investment strategies for clients, helping them fulfill their needs and reach their financial goals. Many financial advisors and financial planners would be considered investment consultants.
Investment Policy Statement (IPS): An IPS is a document drafted between a portfolio manager and a client that outlines general rules for the manager. This statement provides the general investment goals and objectives of a client and describes the strategies that the manager should employ to meet these objectives. Specific information on matters such as asset allocation, risk tolerance, and liquidity requirements are included in an investment policy statement.
Investment grade bonds: A bond generally considered suitable for purchase by prudent investors.
Investment objective :The goal of a mutual fund and its shareholders, e.g. growth, growth and income, income and tax-free income.

INVESTMENT GLOSSARY

- J -

Junk bond: A lower-rated, usually higher-yielding bond, with a credit rating of BB or lower; also known as a “high yield bond/security”.

- L -

Large-cap: The market capitalization of the stocks of companies with market values greater than $10 billion.

Liquidity: The ability to have ready access to invested money. Mutual funds are liquid because their shares can be redeemed for current value (which may be more or less than the original cost) on any business day; Core liquidity refers to the cash and other financial assets that banks possess that can easily be liquidated and paid out as part of operational cash flows (OCF). Examples of core liquidity assets would be cash, government (Treasury) bonds, and money market funds.

Liquidity requirement: Maintain adequate liquidity to meet all anticipated expenditures after sufficient notice.

Long-term investment strategy: A strategy that looks past the day-to-day fluctuations of the stock and bond markets and responds to fundamental changes in the financial markets or the economy.

Long-Term objective: The investment portfolio shall be designed with the objective of protecting principal while earning a rate of return that is targeted to meet or exceed the real spending rate and the strategic benchmark index of the Fund over the long term in order to preserve the Fund’s assets and ensure that sufficient liquidity will be available to cover future cash requirements; long-term is typically defined as over 1-year, but is often considered over five years for institutional investors with similarly matching lengths for liabilities and obligations.

- M -

Manager: In the NHTF a manager refers to any portfolio manager selected by the Advisor (Manager of Manager) to invest the Fund’s assets.

Manager of Managers (MoM): A manager of managers (MoM) approach is a type of oversight investment strategy whereby a manager chooses managers for an investment program and regularly monitors their performance; in the NHTF, the MoM is referred to as the Advisor.

Market Cycle: Market cycles include both a rising and a declining market; generally, a rising market will be defined as a period of at least two consecutive quarters of rising stock prices and a declining market will be defined as a period of at least two consecutive quarters of declining stock prices; therefore, a Market Cycle (the minimum period of evaluation) shall be at least one year and more typically three to six years.

Management fee - The amount paid by an investor or fund to the investment advisor for its services.

Market price: The current price of an asset.

Market risk: The possibility that an investment will not achieve its target.

INVESTMENT GLOSSARY

Market timing: A risky investment strategy that calls for buying and selling securities in anticipation of market conditions.
Material: Material news is news that might affect the value of its securities or influence investors' decisions. It is any type of news that directly relates to moving the company's share price up or down or influences an investment decision.
Mid-cap: The market capitalization of the stocks of companies with market values between $3 to $10 billion (as of 2024).
Modigliani risk-adjusted performance (M2, M2, Modigliani–Modigliani measure or RAP): M2 is a measure of the risk-adjusted returns of some investment portfolio. It measures the returns of the portfolio, adjusted for the risk of the portfolio relative to that of some benchmark (e.g., the market). The measure is interpreted as the difference between the scaled excess return of the portfolio and that of the market, where the scaled portfolio has the same volatility as the market. It is derived from the widely used Sharpe ratio, but it has the significant advantage of being in units of percent return, which makes it dramatically more intuitive to interpret.
Money market mutual fund: A short-term investment that seeks to protect principal and generate income by investing in Treasury bills, CDs with maturities less than one year and other conservative investments.
Morningstar ratings: System for rating open- and closed-end mutual funds and annuities by Morningstar Inc. of Chicago. The system rates funds from one to five stars, using a risk-adjusted performance rating in which performance equals total return of the fund.
Mutual fund: Fund operated by an investment company that raises money from shareholders and invests it in stocks, bonds, options, commodities or money market securities.
- N -
NASDAQ - National Association of Securities Dealers Automated Quotations: A system, which is owned and operated by the National Association of Securities Dealers. NASDAQ is a computerized system that provides brokers and dealers with price quotations for securities traded over-the-counter as well as for many New York Stock Exchange listed securities.
Net Asset Value per share (NAV): The current dollar value of a single mutual fund share; also known as share price. The fund's NAV is calculated daily by taking the fund's total assets, subtracting the fund's liabilities, and dividing by the number of shares outstanding. The NAV does not include the sales charge. The process of calculating the NAV is called pricing.
- O -
Outsourced CIO (OCIO): An outsourced chief investment officer (OCIO) is a third-party provider that manages investment-related responsibilities for the clients of wealth management, investment management, and consulting firms. OCIOs assume multiple responsibilities related to investment management, particularly by evaluating portfolio managers and providing financial advisors with access to those managers.

INVESTMENT GLOSSARY

- P -

Private Equities: Private equity describes investment partnerships that buy and manage companies before selling them. Private equity firms operate these investment funds on behalf of institutional and accredited investors. Private equity funds may acquire private companies or public ones in their entirety or invest in such buyouts as part of a consortium. They typically do not hold stakes in companies that remain listed on a stock exchange.

Par value: Par value is the amount originally paid for a bond and the amount that will be repaid at maturity. Bonds are typically sold in multiples of $1,000.

Portfolio: A collection of investments owned by one organization or individual, and managed as a collective whole with specific investment goals in mind.

Portfolio allocation: Amount of assets in a portfolio specifically designated for a certain type of investment.

Portfolio holdings: Investments included in a portfolio.

Portfolio manager: The person or entity responsible for making investment decisions of the portfolio to meet the specific investment objective or goal of the portfolio.

Preferred stock: A class of stock with a fixed dividend that has preference over a company's common stock in the payment of dividends and the liquidation of assets. There are several kinds of preferred stock, among them adjustable-rate and convertible.

Premium: The amount by which a bond or stock sells above its par value.

Price-to-book: The price per share of a stock divided by its book value (net worth) per share. For a stock portfolio, the ratio is the weighted average price-to-book ratio of the stocks it holds.

Price-to-earnings (P/E) Ratio: A stock's price divided by its earnings per share, which indicates how much investors are paying for a company's earning power.

Prudent Person: A standard, defined as investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Public Pension Plan: The most common type of traditional pension is a defined-benefit plan. After employees retire, they receive monthly benefits from the plan, based on a percentage of their average salary over their last few years of employment. The formula accounts for how many years they worked for that company. Employers, and sometimes employees, contribute to fund those benefits. As an example, a pension plan might pay 1% for each year of the person's service times their average salary for the final five years of employment. An employee with 35 years of service at that company and an average final-years salary of $50,000 would receive $17,500 a year.

INVESTMENT GLOSSARY

Prospectus: Formal written offer to sell securities that sets forth the plan for proposed business enterprise or the facts concerning an existing one that an investor needs to make an informed decision. Prospectuses are also issued by mutual funds, containing information required by the SEC, such as history, background of managers, fund objectives and policies, financial statement, risks, services and fees.
Proxy: A shareholder vote on matters that require shareholders' approval.
- R -
R^2: The percentage of a fund's movements that result from movements in the index ranging from 0 to 100. A fund with an R2 of 100 means that 100 percent of the fund's movement can completely be explained by movements in the fund's external index benchmark.
Ratings: Evaluations of the credit quality of bonds usually made by independent rating services. Ratings generally measure the probability of timely repayment of principal and interest on debt securities.
Recession: A downturn in economic activity, defined by many economists as at least two consecutive quarters of decline in a country's gross domestic product.
Redemption: Sale of fund shares by a shareholder.
Regulatory compliance requirement: Compliance with all existing and future applicable state and federal regulations.
Reinvestment option: Refers to an arrangement under which a mutual fund will apply dividends or capital gains distributions for its shareholders toward the purchase of additional shares.
Risk Management: Risk management involves identifying, analyzing, and accepting or mitigating uncertainty in investment decisions. Put simply, it is the process of monitoring and dealing with the financial risks associated with investing. Risk management essentially occurs when an investor or fund manager analyzes and attempts to quantify the potential for losses in an investment, such as a moral hazard, and then takes the appropriate action (or inaction) to meet their objectives and risk tolerance.
Risk tolerance: The degree to which you can tolerate volatility in your investment values.
- S -
Sector: A group of similar securities, such as equities in a specific industry.

Securities: The term "security" refers to a fungible, negotiable financial instrument that holds some type of monetary value. A security can represent ownership in a corporation in the form of stock, a creditor relationship with a governmental body or a corporation represented by owning that entity's bond; or rights to ownership as represented by an option.

INVESTMENT GLOSSARY

Securities and Exchange Commission (SEC): The federal agency created by the Securities and Exchange Act of 1934 that administers the laws governing the securities industry, including the registration and distribution of mutual fund shares.
Share: A unit of ownership in an investment, such as a share of a stock or a mutual fund.

Share classes: Classes represent ownership in the same fund but charge different fees. This can enable shareholders to choose the type of fee structure that best suits their particular needs.

Sharpe Ratio: A risk-adjusted measure that measures reward per unit of risk. The higher the Sharpe ratio, the better. The numerator is the difference between the Fund's annualized return and the annualized return of the risk-free instrument (T-Bills).
Small-cap: The market capitalization of the stocks of companies with market values less than $3 billion.
Sovereign Wealth Fund: A sovereign wealth fund is a state-owned investment fund comprised of money generated by the government, often derived from a country's surplus reserves. SWFs provide a benefit for a country's economy and its citizens. The funding for a SWF can come from a variety of sources. Popular sources are surplus reserves from state-owned natural resource revenues, trade surpluses, bank reserves that may accumulate from budgeting excesses, foreign currency operations, money from privatizations, and governmental transfer payments. In general, sovereign wealth funds usually have a targeted purpose. Some countries have sovereign wealth funds that can be similar to venture capital for the private sector.
Standard of care: For the NHTF, the standard of care used is the "prudent person" standard, defined as investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.
Standard deviation: Standard deviation is a statistical measurement that looks at how far a group of numbers is from the mean. Put simply, standard deviation measures how far apart numbers are in a data set. This metric is calculated as the square root of the variance.
Standard & Poor's Index: Broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks commonly known as the Standard & Poor's 500 or S&P 500.
Standard Deviation: A statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution.
Stock: A long-term, growth-oriented investment representing ownership in a company; also known as 'equity.'
Stockholder: The owner of common or preferred stock of a corporation. Also called 'shareholder.'
Sustainable investing: A forward-looking investment approach that aims to deliver long-term sustainable financial return in a fast changing world. It encompasses a wide ranging spectrum of approaches, the core of which starts with the incorporation of ESG information.

INVESTMENT GLOSSARY

- T -

Tail risk: Tail risk is a form of portfolio risk that arises when the possibility that an investment will move more than three standard deviations from the mean is greater than what is shown by a normal distribution. Tail risks include events that have a small probability of occurring and occur at both ends of a normal distribution curve.

Time horizon: The amount of time that you expect to stay invested in an asset or security.
Total return: Accounts for all of the dividends and interest earned before deductions for fees and expenses, in addition to any changes in the value of the principal, including share price, assuming the funds' dividends and capital gains are reinvested. Often, this percentage is presented in a specified period of time (one, five, ten years and/or life of fund). Also, a method of calculating an investment's return that takes share price changes and dividends into account.
Tracking Error: The active risk of the portfolio. It determines the annualized standard deviation of the excess returns between the portfolio and the benchmark.
Treasury bill: Negotiable short-term (one year or less) debt obligations issued by the U.S. government and backed by its full faith and credit.
Treasury bond: Negotiable long-term (10 years or longer) debt obligations issued by the U.S. government and backed by its full faith and credit.
Treasury note: Negotiable medium-term (one year to 10 years) debt obligations issued by the U.S. government and backed by its full faith and credit.
Treasury security: Securities issued by the U.S. Treasury Department and backed by the U.S. government.
Turnover Ratio: Percentage of holdings in a mutual fund that are sold in a specified period.

- V -

Variance: A variance is the average of the squared differences from the mean. To figure out the variance, calculate the difference between each point within the data set and the mean. Once you figure that out, square and average the results.

Valuation: An estimate of the value or worth of a company; the price investors assign to an individual stock.
Value investing: A strategy whereby investors purchase equity securities that they believe are selling below estimated true value. The investor can profit by buying these securities then selling them once they appreciate to their real value.
Value stock: Typically an overlooked or underpriced company that is growing at slower rates.
Volatility: The amount and frequency with which an investment fluctuates in value; The NHTF may experience a drawdown of principal, although over a full market cycle, the Advisors in aggregate are expected to produce a total annual return that will exceed inflation as measured by the Consumer Price Index (CPI) by five percent. It is anticipated that the Fund will experience an annualized average volatility of approximately 13% annually with a maximum rolling 12-month annualized volatility of roughly 20% over a market cycle (as of May 2024).

INVESTMENT GLOSSARY

- W -

Weighted avg. market cap: Most indexes are constructed by weighting the market capitalization of each stock on the index. In such an index, larger companies account for a greater portion of the index. An example is the S&P 500 Index.

Weighted average maturity: A Fund's WAM calculates an average time to maturity of all the securities held in the portfolio, weighted by each security's percentage of net assets. The calculation takes into account the final maturity for a fixed income security and the interest rate reset date for floating rate securities held in the portfolio. This is a way to measure a fund's sensitivity to potential interest rate changes.

- Y -

YTD - Year-to-date return on an investment including appreciation and dividends or interest.

Year-to-Date (YTD) total return: Year-to-date return on an investment including appreciation and dividends or interest.

Yield: Annual percentage rate of return on capital. The dividend or interest paid by a company expressed as a percentage of the current price.

Yield to maturity (YTM): Concept used to determine the rate of return an investor will receive if a long-term, interest-bearing investment, such as a bond, is held to its maturity date.

Yield to maturity distribution (YTDM): The average rate of return that will be earned on a bond if held to maturity.

DISCLOSURE STATEMENT

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OHA: Watch List Policy (DRAFT)
May 22, 2024

The OHA Investment Staff standard quarterly performance reports will outline investment managers on Watch List status. Monitoring managers' performance and investment style based on objectives, restrictions, investment guidelines and probation criteria stated in OHA's Investment Policy Statement is a key part of the manager monitoring process.

OHA recognizes the importance of a long-term focus when evaluating the performance of investment managers. OHA recognizes that the potential for short-term periods when the performance of individual managers may deviate from the performance of representative market indexes and the fact that events or circumstances may warrant the implementation of probation or termination status of an investment manager.

The Watch List is under the direction of the OHA Investment Staff and Investment Consultant (OCIO) and is a means of providing the Resource Management Committee with additional information about public market managers.

1. A manager may be added to the Watch List for any of the following reasons:

a. Organizational Issues (People)

- Change in ownership or control of the firm
- Significant change in team composition or responsibilities
- Material change in the business organization of the manager
- Departure of significant personnel
- Material changes in the responsible initiatives as specified in the Board's Investment Committee Charter

b. Relative Performance Measurement for Active Managers (Returns)

- 3, and 5-year performance net of fees below relevant benchmark
- 3, and 5-year performance net of fees in the bottom quartile of relevant peer universe

c. Relative Performance Measurement for Passive Managers

- 5-year performance net of fees below relevant benchmark
- Tracking error tolerance
- US Equity +/- 10 basis points
- Non-US Equity +/- 40 basis points
- Fixed Income +/- 20 basis points
- Global REITS +/- 40 basis points

d. Other

- Material guideline violation not brought to the attention of the OHA Investment Staff or Investment Consultant (OCIO) by the manager
- Failure to comply with terms of contract/guideline that is not corrected within 60 days
- Any material regulatory action or other proceeding affecting the manager's ability to perform its duties under the contract
- Manager changes strategy it was hired to implement

- Material violation of the Manager's investment guidelines
- Unsatisfactory client service
- Any other reason as determined by OHA Investment Staff or Investment Consultant (OCIO)

2. When a manager is placed on the Watch List it is effective immediately. While there is no requirement that the manager be notified when they are placed on the Watch List, OHA Investment Staff or Investment Consultant (OCIO) will communicate their concerns to the manager as part of its ongoing due diligence activities.

3. During a manager's tenure on the Watch List, the OHA Investment Staff and Investment Consultant (OCIO) will monitor the manager on a regular basis and provide the Resource Management Committee with information about the progress the manager is making, as needed.

4. There is no minimum time requirement on the Watch List before termination may be made and a manager's contract may be terminated for any reason at any time, whether on the Watch List or not. If there is a recommendation for termination, a prudent plan for transitioning the assets earmarked for termination will be a part of the recommendation.

5. A manager should be removed from the Watch List if the Investment Consultant (OCIO), with the assistance of OHA Investment Staff, has completed a review of the manager and determined that there are appropriate mitigating circumstances to warrant the retention of the manager. Changes to the Watch List will be brought to the Resource Management Committee's attention as needed when an issue rises to a level that warrants notification.

6. Once an Investment Manager is placed on probation for performance reasons, it is allowed but not guarenteed 3–4 calendar quarters to show improvement relative to the prescribed benchmarks and required to submit monthly reports detailing investment performance and strategy.

7. The Investment Manager will be notified in writing at the completion of the review period of its status, including if there is a recommendation made to the Resources Management Committee for termination, continuation, or return to normal status.

8. OHA reserve the right to terminate at any time, with or without cause in accordance with relevant laws and contractual provisions the services of an Investment Manager.

PHONE (808) 594-1888 FAX (808) 594-1865

Committee on Resource Management
Trustee John Waiheʻe IV, *At-Large - Chair*
Trustee Luana Alapa, *Molokaʻi / Lānaʻi - Vice Chair*
Members
Trustee Dan Ahuna, *Kauaʻi / Niʻihau*
Trustee Kaleihikina Akaka, *Oʻahu*
Trustee Keliʻi Akina, *At-Large*
Trustee Brickwood Galuteria, *At-Large*
Trustee Carmen Hulu Lindsey, *Maui*
Trustee J. Keoni Souza, *At-Large*
Trustee Mililani Trask, *Hawaiʻi Island*

STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS

MEETING OF THE COMMITTEE ON RESOURCE MANAGEMENT (RM)

DATE: Wednesday May 22, 2024
TIME: 10:00 a.m.
PLACE: Remote Meeting by Interactive Conference Technology
and in-person at OHA Mauli Ola Boardroom
Nā Lama Kukui
560 N. Nimitz Hwy.
Honolulu, HI. 96817
viewable at https://www.oha.org/livestream OR
Listen by phone: (213) 338-8477, Webinar ID: 821 6103 6685

This virtual meeting can be viewed and observed via livestream on OHA's website at www.oha.org/livestream or listened to by phone at: (213) 338-8477, Webinar ID: 821 6103 6685.
A physical meeting location, open to members of the public who would like to provide oral testimony or view the virtual meeting, will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817.

AGENDA

I. **Call to Order**
II. **Approval of Minutes**
   A. April 17, 2024
III. **Unfinished Business –** None
IV. **New Business**
   A. Consequent Capital Management – Independent Board Investment Advisor / Consultant
      1. Introduction and Continuing Trustee Education
      2. Presentation: Meketa Investment Group - Colin Bebee; Mika Malone
      3. Presentation: JP Morgan - Jeff Shields; Matthew Rose
      4. Presentation: Goldman Sachs Asset Management (GSAM) - Mary Fowler; Jeremy Weltmer
   B. **Action Item RM #24-10**: OHA Biennium Budget for the Fiscal Biennium Periods 2023-2024 (FY24) and 2024-2025 (FY25) – Realignment #2 – Core and Non-Core Realignments
   C. **Action Item RM #24-11**: Approve an Office of Hawaiian Affairs (OHA) Mahiʻ Ai Micro funding program to alleviate water bills and property tax costs for Native Hawaiian farmers statewide
   D. **Action Item RM #24-12**: Approve the implementation of an online Native Hawaiian-Owned NHO 8(a) cohort program comprised of sequential learning modules aimed at empowering Native Hawaiians to scale their businesses to align with federal contracts
   E. **Action Item RM #24-13**: Approve the Awarding of Kumuwaiwai Naʻauao-Educational Resources Grant from Solicitation #24-01.0.01 published February 12, 2024

MEKETA

INVESTMENT GROUP

OFFICE OF HAWAIIAN AFFAIRS

Investment Consulting Overview – May 22, 2024

Table of Contents

1. Meketa Introduction
2. Investment Decisions and Activities
3. Appendix – *Meketa Overview*

Meketa Introduction

Presenters

Meketa Team

Colin Bebee, CFA

Portland, OR
Managing Principal
Consultant

Mika Malone, CAIA

Portland, OR
Managing Principal
Consultant

Experience

- 14 years of industry experience
- Joined Meketa/PCA in 2010; Shareholder
- Lead consultant for select public pension funds as well as a member of Meketa's Capital Markets Research team
- Leader: Pension Practice Group
- Member: Consulting Leadership Practice Group, Marketable Securities Oversight and Asset-Liability Risk Management Committees
- BS: Linfield College; BS: Oregon State University

- 24 years of industry experience
- Joined Meketa in 2003; Shareholder
- Lead consultant for select public and private pension funds, endowments, and defined contribution plans
- Speaker at numerous industry events
- Member: Board of Directors, Investment Policy and Corporate Responsibility Committees, and Pension Practice Group
- MBA: University of San Diego; BA: University of Maryland

Meketa Summary

45
Years of Experience

249
Clients

$1.7 T
In Public Client Assets under Advisement

$1.2 B
Median Public Client Assets Under Advisement

Four decades of investment advisory experience

- → Advising institutional investors across the globe
- → Working with Public, Corporates, Endowments, Foundations, Healthcare, Taft-Hartley, and Non-Profits

Over 240 clients*

- → Over 180 General Consulting clients
- → Over 100 Private Market clients
- → Over 90 Public Fund Clients

Staff of 236, including 160 investment professionals

- → 66 consultants and 43 analysts
- → 58 investment operations
- → 67 corporate & business administration

One Line of Business

- → 100% of our revenue comes from our clients
- → No proprietary products for institutional use

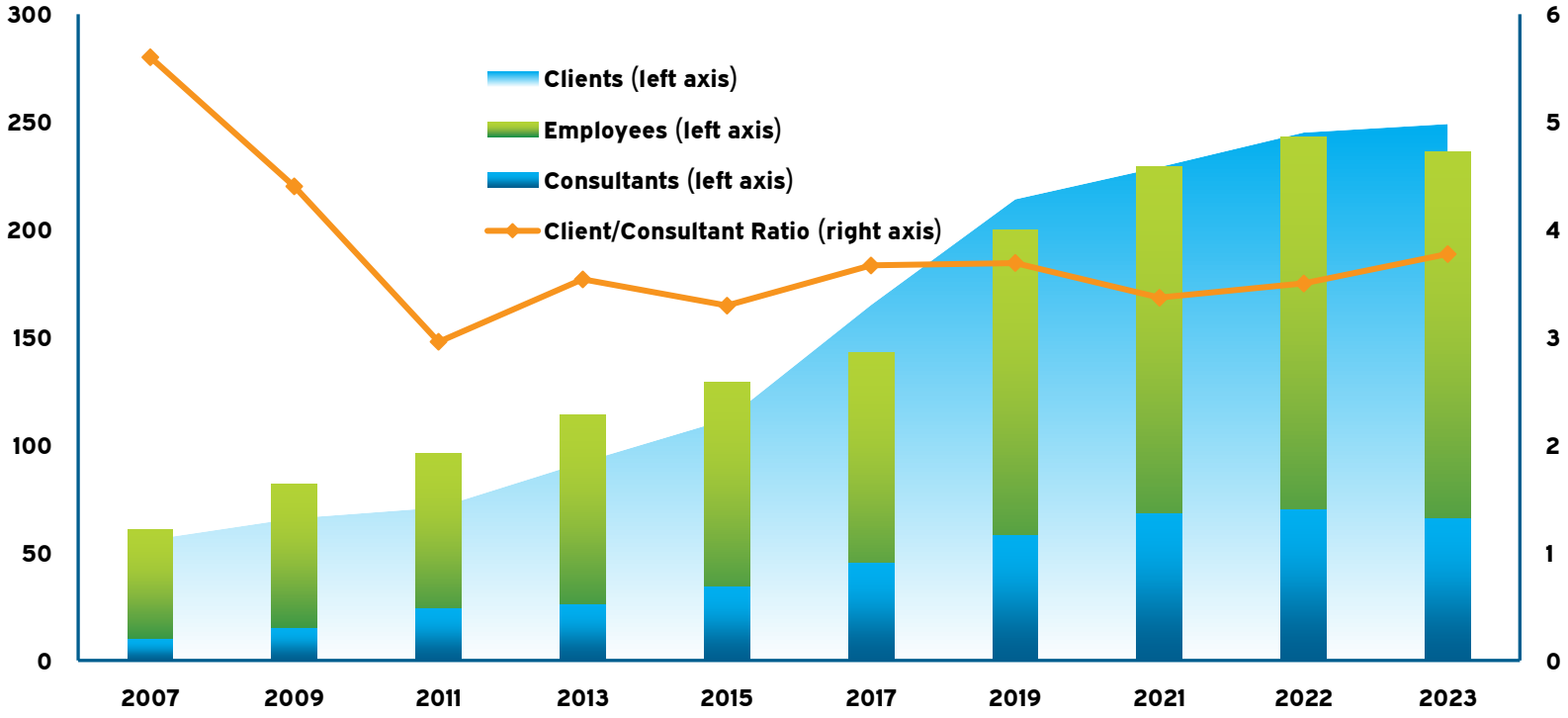
* Overlap may occur as some clients have multiple mandates.
Client and employee counts as of December 31, 2023; assets as of September 30, 2023.

Committed to Client Service

→ We work directly with each client to meet their unique objectives.

→ Low client to consultant ratio means we know our clients and their portfolios well.

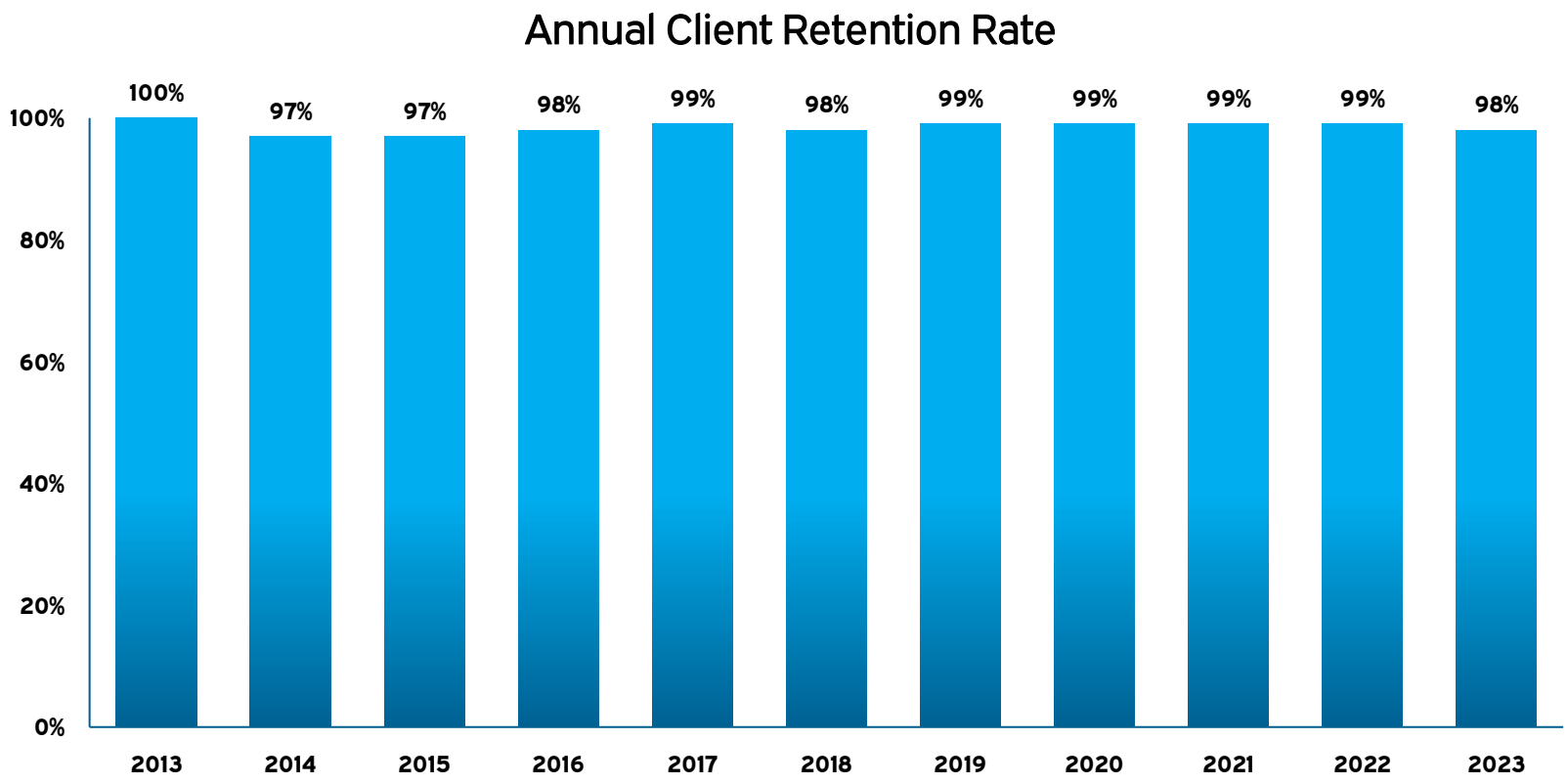
→ Timely and proactive advice has resulted in strong client retention.



Client Satisfaction

→ Consistent and controlled growth has resulted in strong retention.

→ Nearly 100% client retention rate[1] shows we have been able to meet our clients needs.



[1] Average over the previous five years. Client Retention Rate is one minus the number of clients lost divided by the number of clients at prior year end.

Investment Decisions and Activities

Major Investment Decision Authority Areas[1]

- Overall asset allocation, objectives, and roles
- Setting implementation boundaries
- High-level portfolio construction blueprints
- Setting appropriate risk levels/budgets

- Selection and budgets for mission-critical staff and vendors

Investment Policy

Resourcing

Implementation

Reporting/Monitoring/ Oversight

- Selecting managers and investment vehicles
- Funding and de-funding investments
- Negotiating terms & conditions
- Day-to-day monitoring and compliance
- Rebalancing among portfolio classes and managers
- Adhering to guidelines and risk levels

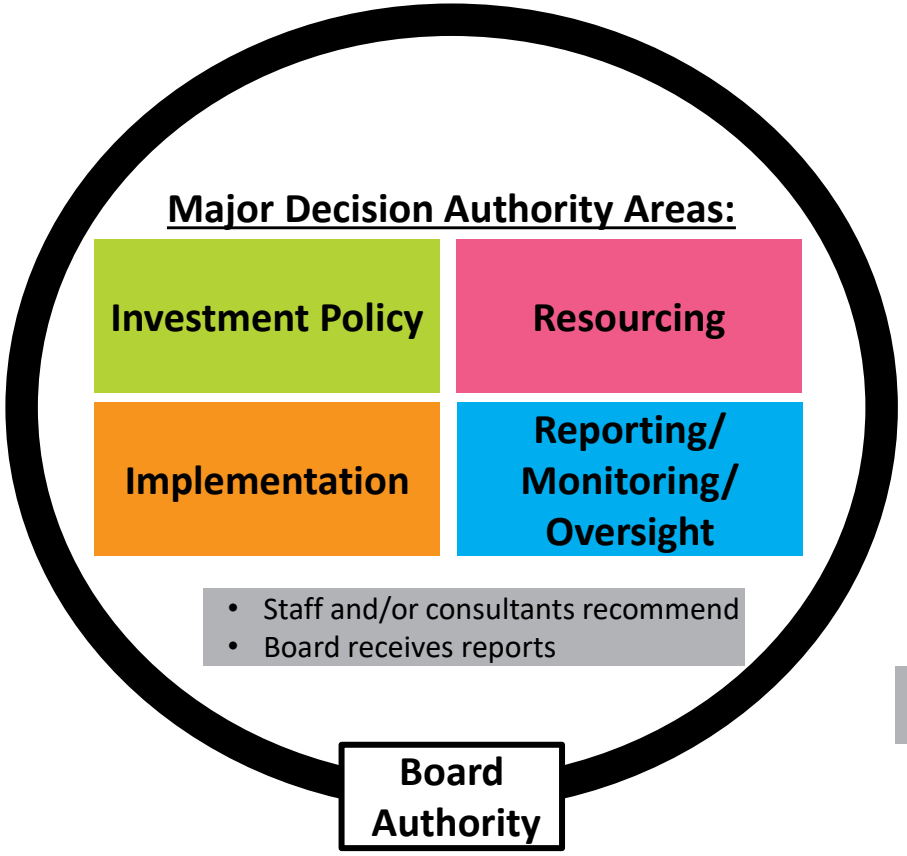
- Developing and receiving ongoing reports
- Conducting and assessing due diligence
- Performance analysis and attribution

[1] Presented framework draws heavily from *"Investment Governance for Fiduciaries,"* CFA Institute Research Foundation, ©2019.

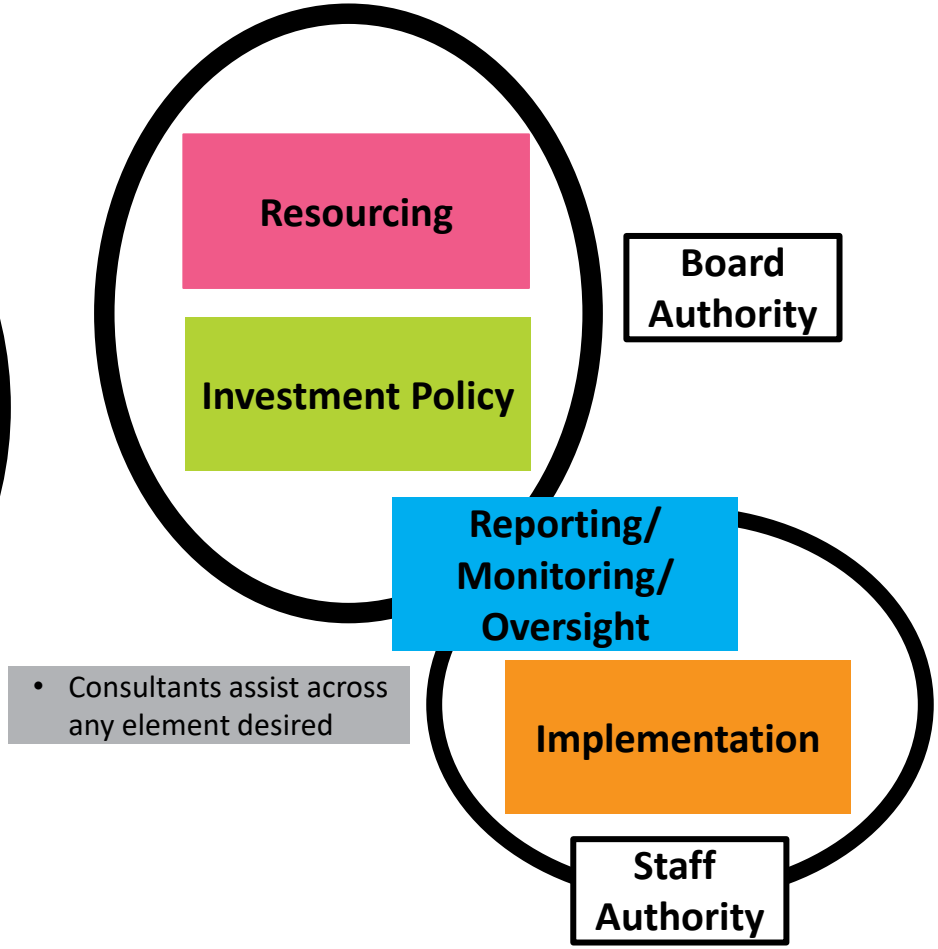
Major Investment Decision Authority Areas

Comparison of Investment Decision-Making Frameworks

Historical

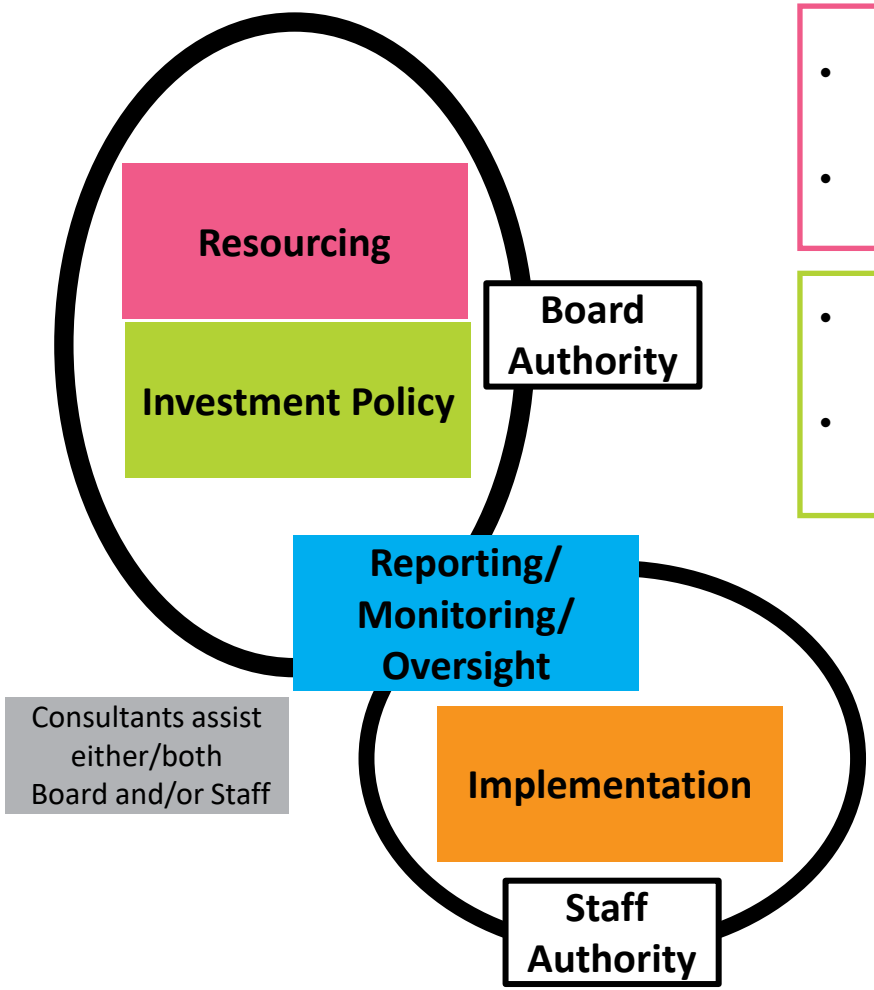


New Trend



Major Investment Decision Authority Areas

Considerations of Delegation Framework



- Board main investment focus is still critical: resource the investment effort (e.g., CIO, consultants, custodian, etc.)
- Fundamental system-related policies remain with Board

- Board authority is to set portfolio risk budgets, allocation levels, boundaries/thresholds, and guidelines
- Key function of Board is monitoring of portfolio results and Staff decision-making activities relative to policy

- Key consideration: formal documentation process and/or reporting of major activities/metrics (e.g., due diligence, boundaries/thresholds, etc.)

- Within assigned thresholds, Staff executes all investment decisions and tasks (external advisors, rebalancing, terms and conditions, etc.)

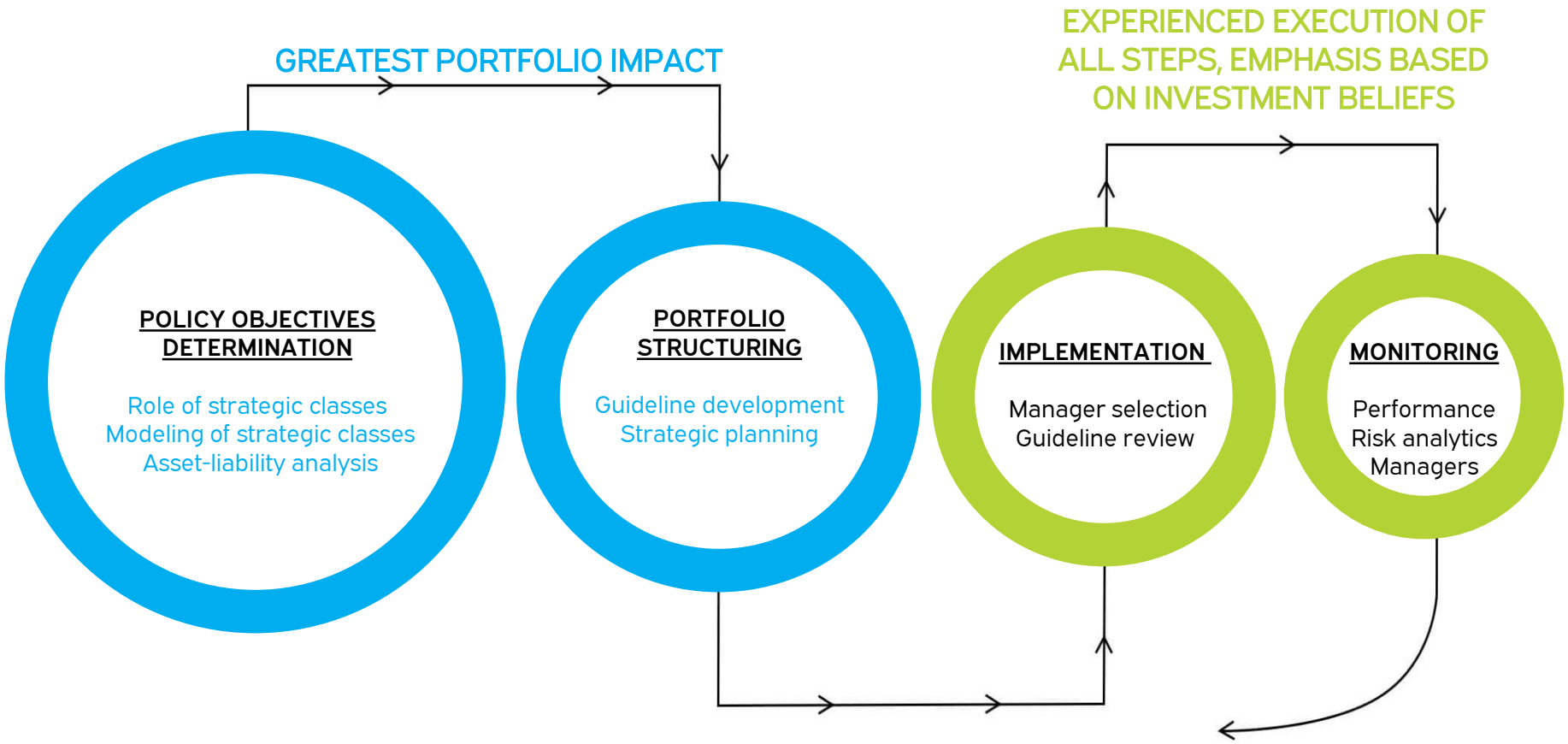
Approach to Overall Portfolio Management

- Prudent decision-making is critical to the long-term success of any investment portfolio.
- By developing strong governance policies before assets are moved, Boards can increase the likelihood of making sound investment decisions, therefore increasing the likelihood of long-term success.
- Good processes today facilitate better outcomes for tomorrow.

Investment Beliefs	→ Guiding principles that allow for consistency through time and Board/Staff turnover. → Foundation for all other decisions.
Investment Policy Statement	→ Clear articulation of investment objectives, constraints, approaches, and parameters.
Implementation	→ Staff's primary responsibility.

Governance is the structure of roles, responsibilities, and processes for investment decision making and oversight.

Meketa's Approach Emphasizes Major Decisions



Asset Allocation Philosophy

Strategic allocation: the BIGGEST decision

OHA is unique with specific attributes	→	Know the asset classes' *Roles & Risks*
The real world isn't theoretical	→	The *journey* matters
Your risk tolerance matters	→	Define risk *before* you optimize
Prudence over precision	→	Be aware of model error

Objective: A process that blends awareness/understanding with a reasonably effective policy.

Fiduciary Considerations

U.S. Supreme court opinion held fiduciaries have a continuing duty – separate and apart from the duty to exercise prudence in selecting investments at the outset – to monitor and remove imprudent investment options.

Tibble v. Edison International, 135 S.Ct. 1823 (2015), Hughes v. Northwestern Univ., 595 U.S.__2022.

With implementation authority delegated to staff, there is an elevated requirement of robust policies, procedures, and compliance controls.

The Duty to Monitor becomes the paramount Board responsibility.

How a Consultant Can Partner with OHA

General (Non-Discretionary) Consulting Services

- Initial Fund Review
- Investment Policy Statement Design
- Strategic Asset Allocation
- Liability & Liquidity / Spending Analysis
- Rebalancing
- Manager Evaluation & Selection
- Fund Coordination
- Performance Evaluation
- Risk Monitoring & Control
- Manager Guidelines
- Client Education
- Client Meeting Attendance

Outsourced CIO / Discretionary Services

- Initial Fund Review
- Investment Policy Statement Design
- Strategic & Tactical Asset Allocation
- Liability & Liquidity / Spending Analysis
- Rebalancing
- Manager Evaluation & Selection
- Fund Coordination
- Performance Evaluation
- Risk Management
- Manager Guidelines
- Client Education
- Client Meeting Attendance

Public Markets Advisory Services

- Initial Fund Review
- Manager Evaluation & Selection
- Manager Guidelines
- Asset Class Construction
- Performance Analysis
- Operational Due Diligence
- Fee Analysis
- Program Monitoring & Review
- Reporting
- Client Education

Private Markets Advisory Services

- Strategic Planning & Policy Development
- Pacing Analysis
- Partnership Analysis
- Operational Due Diligence
- Negotiating Terms and Fees
- Cash Flow Coordination
- Program Monitoring & Review
- Annual GP Meeting Attendance
- Partnership Amendments
- Advisory Board Representation
- Reporting
- Client Education

Our Philosophy

Consulting Philosophy

- Create customized investment solutions to assist your organization in achieving its goals.
- Build deep and lasting relationships based on trust and open communication.
- Act with fiduciary integrity.
- Continually strive to innovate and improve in all we do.

Investment Philosophy

- Asset allocation is the primary driver of performance.
- Active and passive managers should be balanced by risk, return, and fees.
- Risk control is implemented through diversification.
- Maintain a long-term focus while aware of short-term opportunities.
- Thoroughly evaluate both established and emerging investment strategies without inherent bias.
- Be skeptical regarding new investment strategies or fads.
- Minimize fees and other expenses.

Client Service Philosophy

- Take an active role in the funds we serve – always fiduciaries.
- Be proactive in bringing our best ideas to clients.
- Provide continuing education on investment topics.
- Clients should only invest in strategies they understand.
- Provide reports, analysis, and advice that are of the highest quality.
- Maintain open dialogue and communication with our clients.

Appendix

Meketa Overview

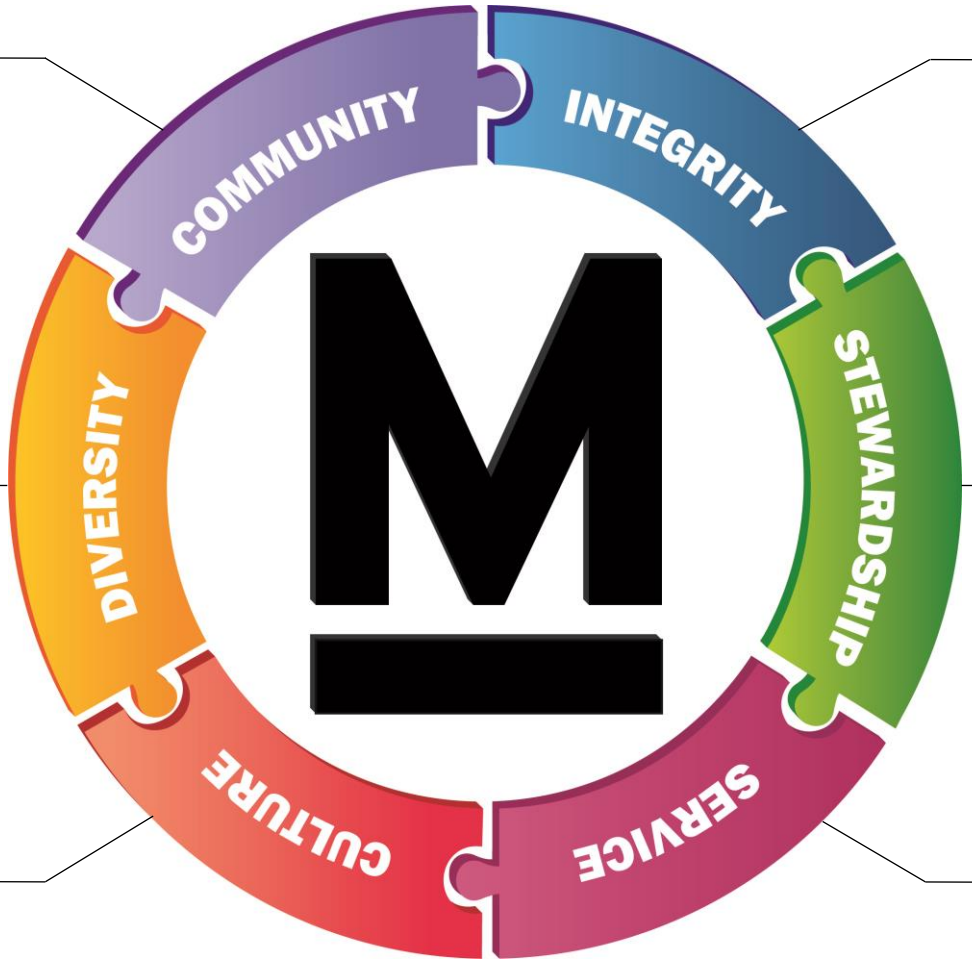
Mission Driven

Our mission is to help solve critical and long-term financial challenges of our broader society, such as funding retirement, education, and health care, by supporting our clients in best achieving their investment objectives.

Our Values

Volunteering, giving, and fundraising to support our communities

Building and sustaining client trust with each decision that we make



Cultivating diversity with our firm, our managers and the investment industry

Placing the needs of our clients first

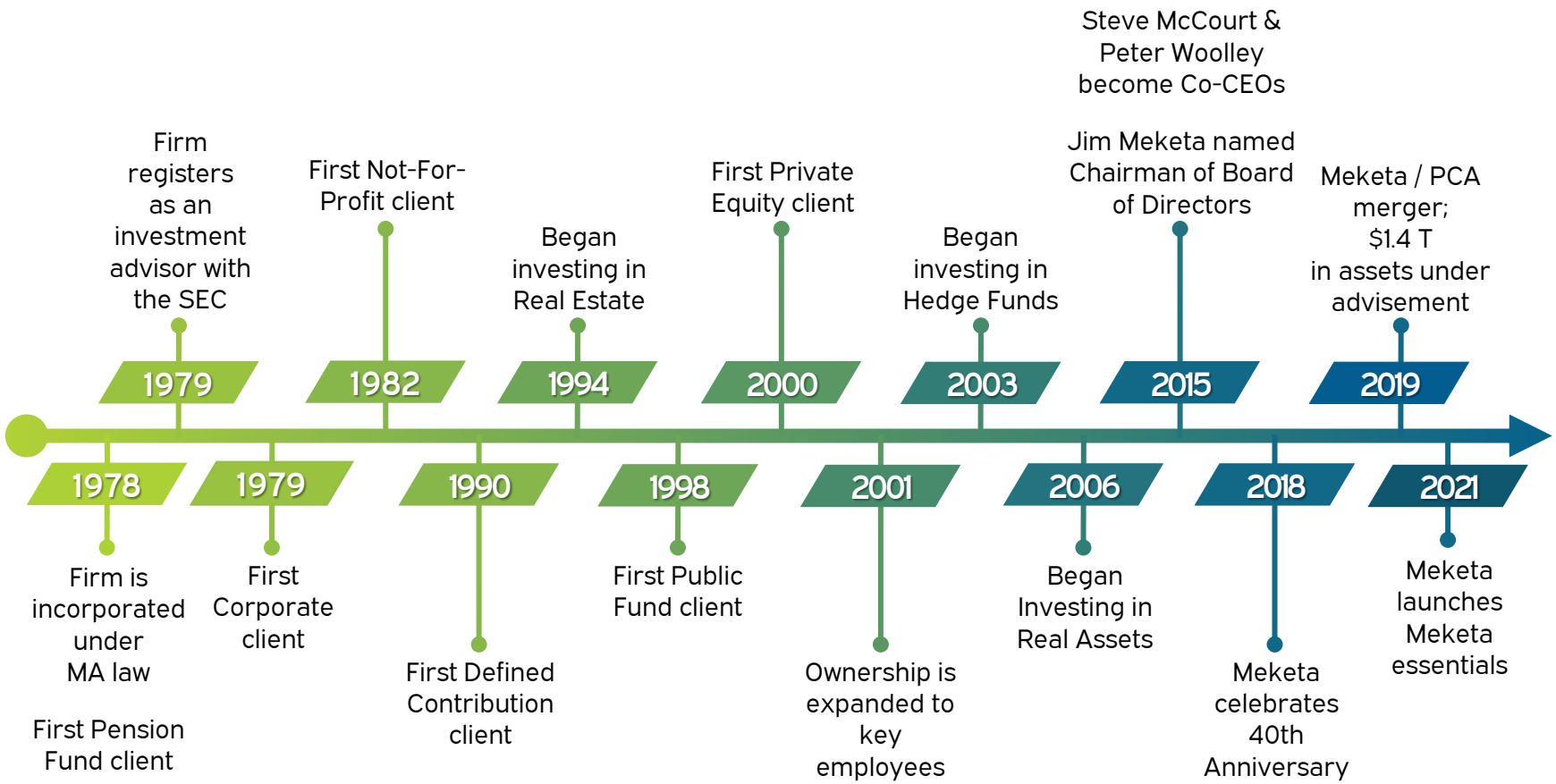
Empowering our team by fostering growth, innovation and teamwork

Delivering exceptional service and performance to our clients throughout our relationship

Meketa's Attributes

- Aligned Investment Philosophies
- Alignment of Interests
- Diversity of Thought
- Thought Leadership
- Leveraging a Broader Firm
- Proactive, High-Touch Customized Client Service
- Open Dialogue, Trust and Communication
- Innovation

History of Independence, Investment Excellence, and Innovation



40-Plus Year History

Generating and Vetting Research Ideas

→ Ideas come from many different places:

- Internally, academia, clients, and money managers

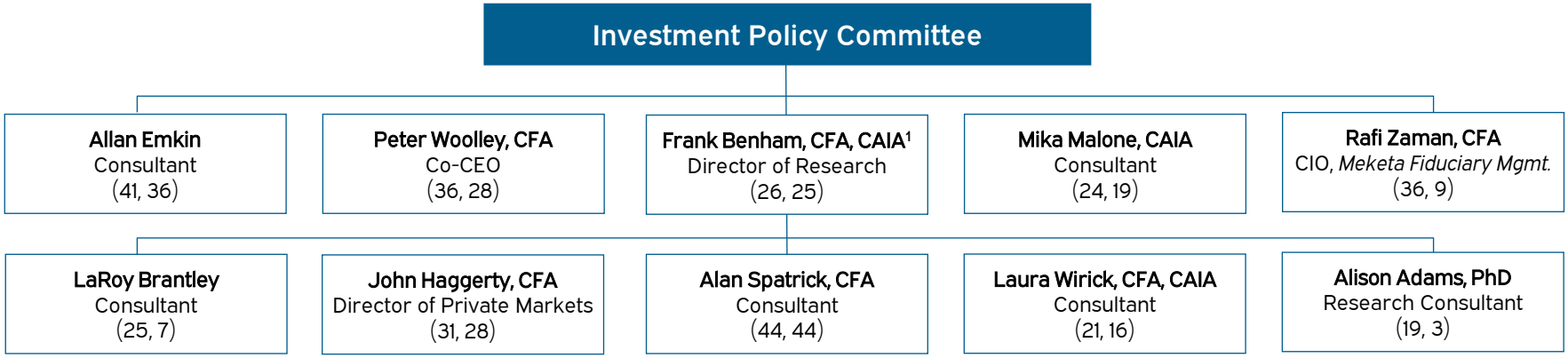
→ We have a team of 8 professionals who focus on Capital Markets Research.

→ We also work with the resources of the broader firm.

- In the past 12 months, more than fifty of our investment professionals have contributed to white papers, research notes, or newsletters.

→ We use a committee structure to ensure our research represents the best thinking of the firm.

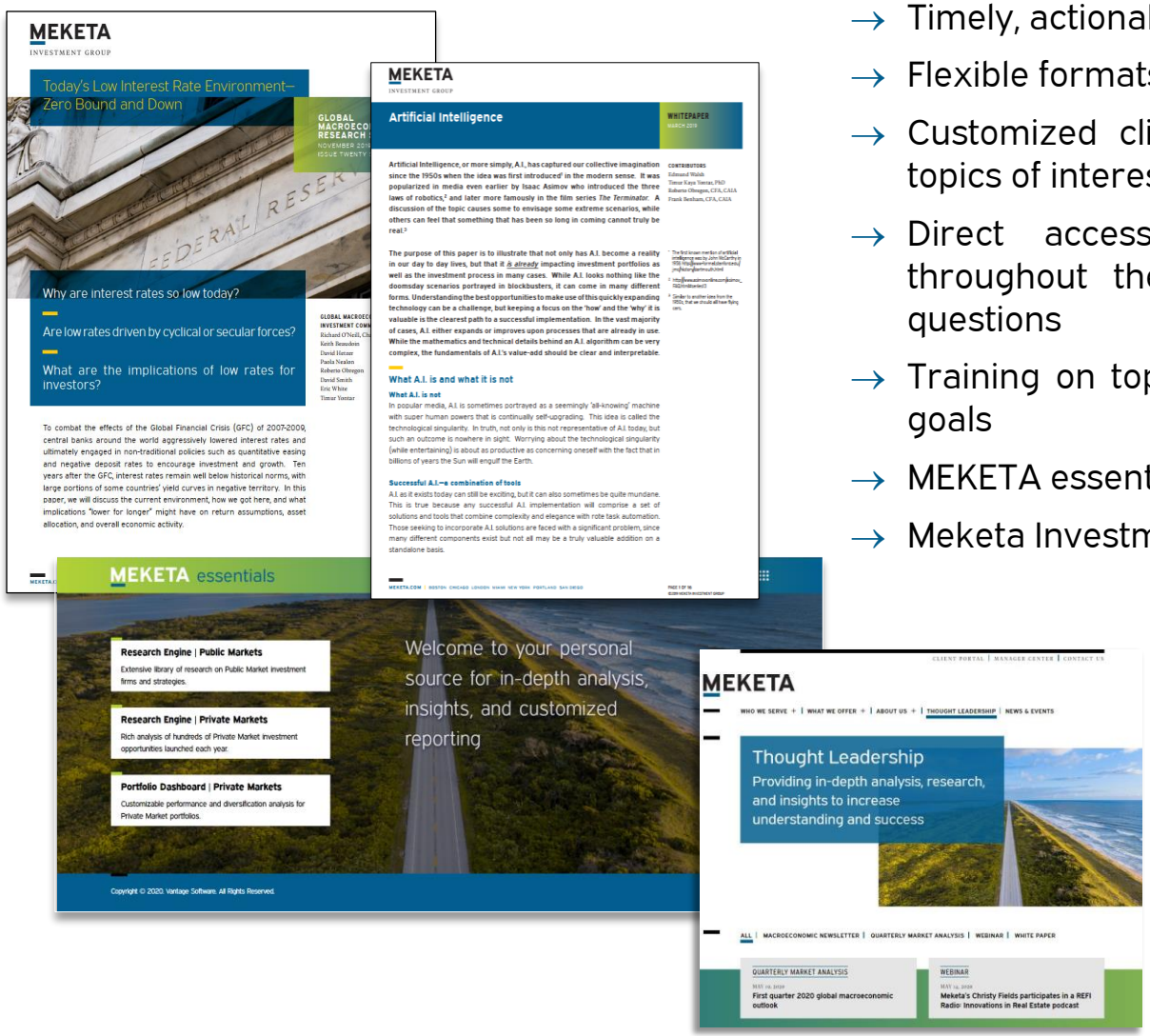
- This includes our Strategic Asset Allocation / Risk Management Committee, Global Macroeconomic Investment Committee, and our Investment Policy Committee.



[1] Mr. Benham serves as Chairman of the IPC and the Strategic Asset Allocation/Risk Management Committee.

(Years industry experience, Years with firm)

Proactive Communication



- → Timely, actionable research topics
- → Flexible formats and delivery
- → Customized client education materials on the topics of interest to your organization
- → Direct access to subject matter experts throughout the organization to answer your questions
- → Training on topics that impact your investment goals
- → MEKETA essentials (client portal)
- → Meketa Investment Perspectives

Diversity, Equity, and Inclusion

We use a mosaic of committees to integrate DE&I practices into all aspects of our business model and investment processes.

Our Philosophy

Consulting Philosophy

- Create customized investment solutions to assist your organization in achieving its goals.
- Build deep and lasting relationships based on trust and open communication.
- Act with fiduciary integrity.
- Continually strive to innovate and improve in all we do.

Investment Philosophy

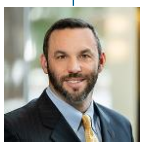
- Asset allocation is the primary driver of performance.
- Active and passive managers should be balanced by risk, return, and fees.
- Risk control is implemented through diversification.
- Maintain a long-term focus while aware of short-term opportunities.
- Thoroughly evaluate both established and emerging investment strategies without inherent bias.
- Be skeptical regarding new investment strategies or fads.
- Minimize fees and other expenses.

Deep Resources

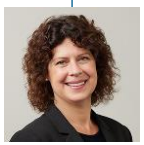
Our Strategic Asset Allocation/Risk Management Committee works with our Investment Policy Committee to:

- → Develop firm-wide policy on strategic asset allocation.
- → Develop return, risk, and correlation forecasts for asset classes.
- → Develop and update model portfolios.
- → Oversee publication and update of all white papers.
- → Research and determine appropriate risk management strategies for clients.

Strategic Asset Allocation/Risk Management Committee

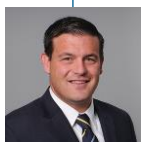


Frank Benham, CFA, CAIA
Director of Research
Chair



Alison Adams, PhD
Research Consultant

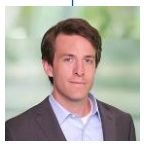
Jonathan Camp, ASA
ALM/LDI Consultant



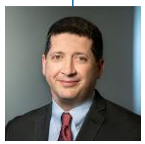
Will Duryea
Consultant

Aysun Kilic, CFA
Consultant

Paola Nealon
Consultant



Luke Riela, CFA
Macro Research & Data Analytics Coordinator



David Sancewich
Consultant

Orray Taft, CAIA, FRM
Consultant/Risk Manager

Our Asset Allocation Philosophy

→ The asset allocation decision is likely to have the largest impact of any decision you make.

→ Asset allocation is the process of accepting and managing both risk and opportunity.

- Explicitly, it is the decision of how much to invest in distinct asset classes.
- Implicitly, it is also the determination of how much and what types of risks you are willing to accept.

→ Hence, asset allocation and risk management should be intricately linked with one another.

- We strive to use the best tools available to help us understand this relationship.

→ We believe we have superb tools and resources.

- The tools we use are continuing to evolve.
- It is important that we be humble, but rigorous.

The Mosaic Approach

→ The real world risks and objectives faced by investors are complex and often conflicting.

- These cannot be summarized in a single statistic.
- Rather, we use a variety of tools to build a more complete picture.

→ Our staff has access to the best tools used in the industry, and specialized, proprietary tools developed by our internal team.

Mean-Variance Optimization	Tracking Error vs. Peers
Risk Budgeting	Historical Scenario Analysis
Alpha Assumptions	Factor Stress Tests
Sequence of Returns Impact	Liquidity Stress Tests
Big Data Simulations	Economic Regime Analysis
High Dimension Optimization	Simulation-Based Optimization

→ This approach provides a better understanding of how the plan might behave.

Working Together

→ We work closely with our clients to understand their objectives and concerns.

→ Using the tool can help facilitate a real-time dialogue.

→ It makes it easy to consider multiple options and make instantaneous adjustments.

	Current Allocation (%)	Policy A (%)	Policy B (%)
Equities/Growth	**55**	**44**	**59**
Global Equity	49	38	51
Private Equity	6	6	8
Rate Sensitive	**28**	**38**	**18**
Core Bonds	24	30	12
Long-Term Government Bonds	0	4	6
TIPS	4	4	0
Credit	**10**	**7**	**7**
Alternative Credit	10	7	7
Real Assets	**7**	**7**	**12**
Real Estate	5	5	8
Infrastructure	2	2	4
Hedge Funds	**0**	**4**	**4**
RMS	0	4	4
Expected Return	*7.0*	*6.5*	*7.5*
Standard Deviation	*12.0*	*9.7*	*12.6*
Probability of 7.0% (over 20 years)	*50.2*	*40.2*	*57.2*

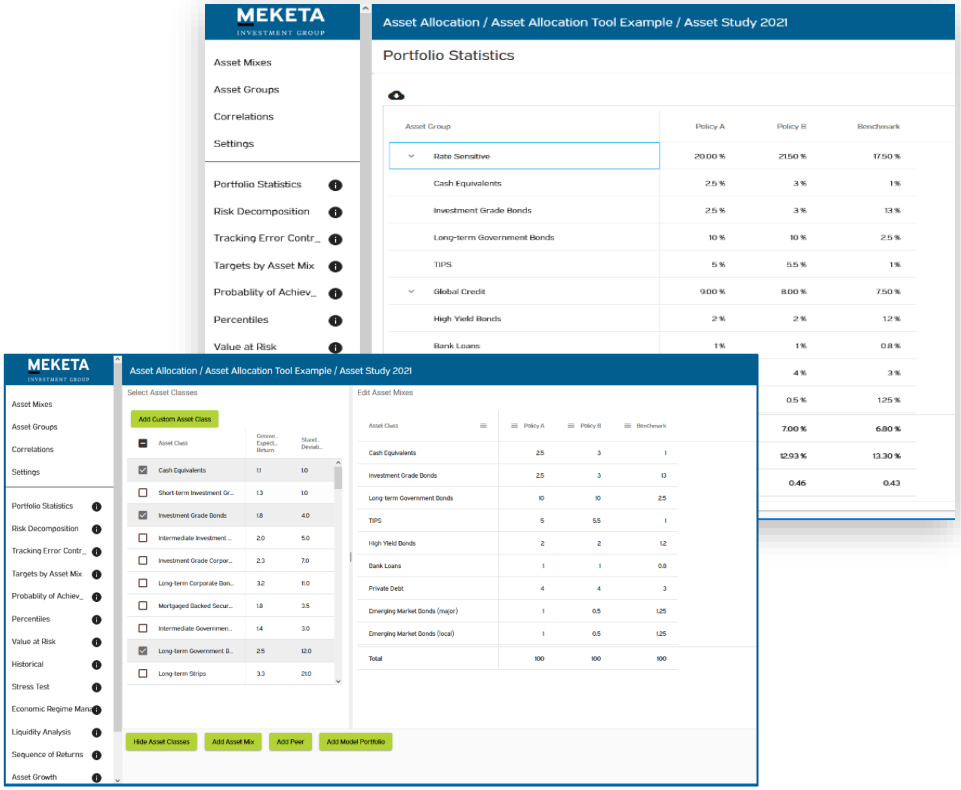
Example Only
Not for Actual Use

Asset Allocation Tool

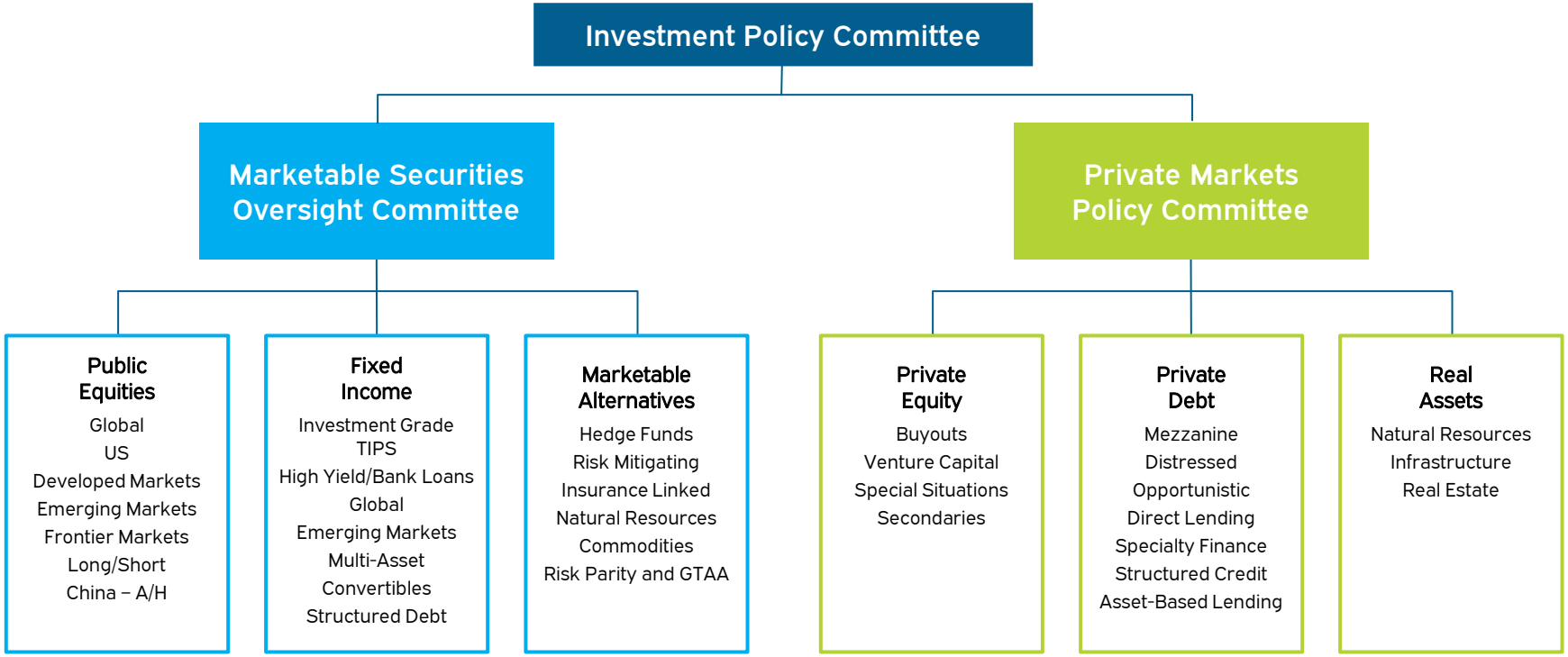
→ Our asset allocation tool is fully customizable and allows users to create various asset mixes, return assumptions,, and peer comparisons.

→ It includes the following modules:

- Portfolio Statistics
- Risk Decomposition
- Tracking Error Contribution
- Probability of Achieving Target Return
- Expected Return Percentiles
- Value at Risk
- Historical Scenarios
- Stress Tests
- Economic Regime Management
- Liquidity Analysis
- Sequence of Returns
- Asset Growth
- Alpha Estimates
- Monte Carlo Simulation



Broad Manager Research Coverage



Investment Committee Structure

- We maintain dedicated resources of more than 50 professionals across public and private markets asset classes.
- Our due diligence teams report to the firm's Marketable Securities Oversight and Private Markets Policy Committees.
- Investment Committee structure draws on the expertise of the firm's senior professionals.

Public Markets Manager Research Team

Amy Hsiang, CFA, CAIA
Director of Public Markets Manager Research (24, 3)

Equities

Josh Brough, CFA
Co-Head of Equities (21, 7)
US Value

Hayley Tran, CFA, CAIA
Co-Head of Equities (17, 3)
Non-US Equities

Matt Curran, CFA, CAIA
Research Consultant (7, 7)
US Core

Dennis Rafferty, CFA
Research Analyst (7, 1)
US Growth Equity

Orianna Grillo
Research Analyst (6, 6)
Domestic Equities, REITs

Merav Kaufman, CFA
Research Analyst (10, 10)
Non-US Equities

Griffin O'Riley
Research Associate (5, 1)
Non-US Equities

Beckett Cummings
Research Associate (2, 2)
Non-US Equities

Fixed Income

Mark McKeown, CFA
Head of Fixed Income (29, 5)
Generalist

Tracy Gage
Research Consultant (26, 3)
Generalist

Ricky Pamensky, CFA
Research Consultant (9, 4)
Generalist

Connor Collins
Research Analyst (6, 3)
Generalist

Marketable Alternatives

Ryan Lobdell, CFA, CAIA
Head of MALTs (13, 13)
Generalist

W. Brian Dana, CAIA
Director of OCIO Services (24, 18)
Generalist

Zachary Driscoll, CFA
Research Consultant (8, 6)
Generalist

Colin Bebee, CFA
Consultant (14, 14)
Generalist

Clara Etchegaray
Research Associate (2, 2)
Generalist

Sustainable Investing / Diverse Manager Engagement

Josh Brough, CFA
Co-Head of Equities (21, 7)

Hayley Tran, CFA, CAIA
Co-Head of Equities (17, 3)

Zachary Driscoll, CFA
Research Consultant (8, 6)

Yvette Elizalde, CSRIC
Research Analyst (8, 6)
Public Infrastructure

Ricky Pamensky, CFA
Research Consultant (9, 4)

Orianna Grillo
Research Analyst (6, 6)

Passive Management

Stephen MacLellan, CFA
Consultant (17, 11)

Beckett Cummings
Research Associate (2, 2)

Orianna Grillo
Research Analyst (6, 6)

ODD

Louis Rodriguez, CFE
Head of ODD (30, 2)

As of February 2024.
(Years industry experience, Years with firm)

Manager Evaluation, Selection, and Monitoring

Initial Analysis

Idea Sourcing:
- → Industry networks
- → Clients
- → Database screening
- → 3rd party capital introduction

Funneling:
- → Quantitative screen
- → Qualitative screen
- → Peer group analysis

Extensive Due Diligence

- → Recommendation vetted by respective asset class heads
- → Secondary review conducted by broader Public Markets Research Team

Final Review by Marketable Securities Oversight Committee

- → Committee members review for suitability by client type
- → Determine respective search list to add

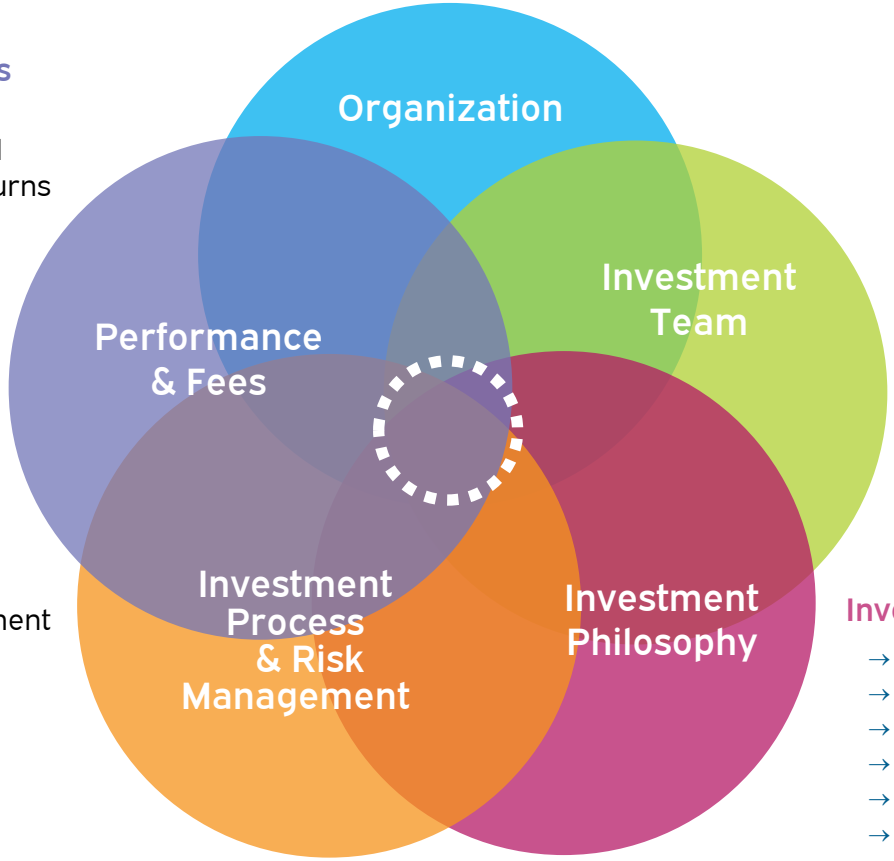
On-going Monitoring

- → Quarterly communication for long-only strategies via DiligenceVault
- → Annual meeting for highly rated and/or high exposure strategies

The Five Components of Meketa's Manager Evaluation Process

Organization
- → Stability
- → Focus
- → Employee ownership
- → Investment driven culture
- → Operationally sound

Performance & Fees
- → Validates process
- → Long-term record
- → Risk-adjusted returns
- → Reasonable fees



Investment Team
- → Experience
- → Depth of resources
- → Team-oriented, performance driven
- → Stock selection ability
- → Investment intuition

Investment Process & Risk Management
- → Level of due diligence
- → Thought process assessment
- → Communication
- → Decision-making and portfolio construction
- → Self-evaluation / lessons learned
- → Risk controls

Investment Philosophy
- → Set of beliefs
- → Stock price determinants
- → Reasons for mispricings
- → Competitive edge / how add value
- → Avoid the tails
- → High Quality bias

Public Markets Research Engine

Meketa offers clients direct access to research produced by our manager research team in an easy-to-navigate environment.

Fund Details

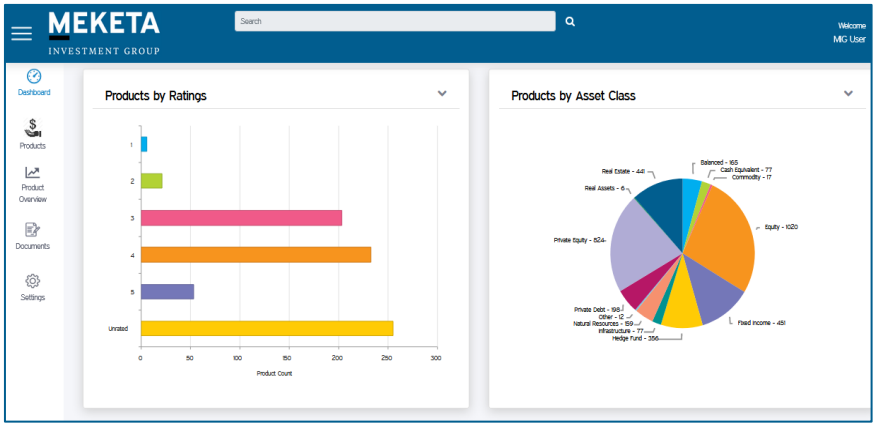
- → Summary investment products by asset class and strategy.
- → Full research summaries, including investment ratings, sustainability ratings, ownership status, benchmarking, and performance.

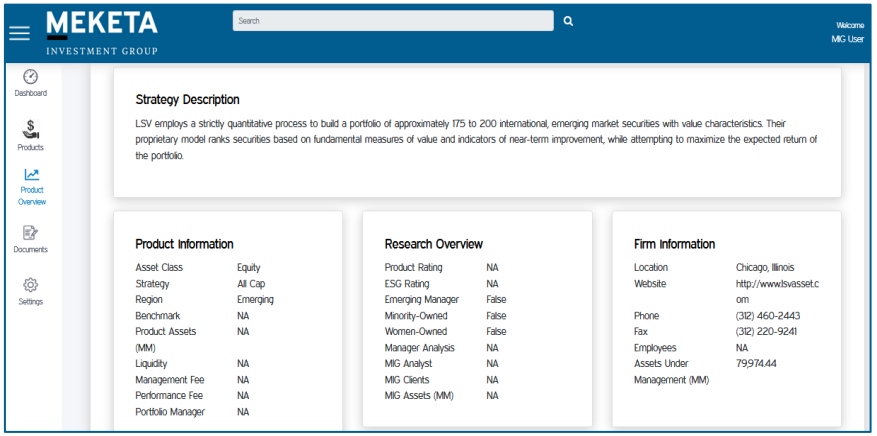
Proprietary Research

- → Meketa-produced investment analyses including full manager due diligence reports.
- → Meeting notes written by our research analysts for each meeting taken (when available).
- → Operational due diligence, summarizing middle and back-office functions and risks (when available).

Deep Environment

- → Notes from over 500 meetings taken each year with investment managers.





Private Markets Manager Research Team

John Haggerty, CFA
Director of Private Markets (31, 28)

Private Equity

Steven Hartt, CAIA
Private Markets
Consultant (37, 14)

Tad Fergusson, CFA
Private Markets
Consultant (30, 27)

John Haggerty, CFA
Director of
Private Markets (31, 28)

Ethan Samson, JD
Private Markets
Consultant (21, 7)

Jed Constantino, CAIA
Sr. Private Markets
Analyst (11, 11)

Balaj Singh, CFA, CAIA
Sr. Private Markets
Analyst (8, 2)

Bradley Dumais
Private Markets
Analyst (7, 2)

Michael Pellatz, CAIA
Private Markets
Analyst (9, 1)

Judy Chambers
Private Markets
Consultant (26, 17)

Molly LeStage
Private Markets
Consultant (31, 9)

Jess Downer, CFA
Private Markets
Consultant (21, 16)

Luke Riela, CFA
Macro Research
& Data Analytics (11, 9)

John McCarthy
Sr. Private Markets
Analyst (5, 5)

Sabrina Ciampa
Private Markets
Analyst (3, 3)

Jamie Hoffman
Private Markets
Analyst (3, 3)

Cristen Xhama, CFA
Private Markets
Analyst (12, 3)

Private Debt

Mary Bates
Private Markets
Consultant (23, 7)

Maya Ortiz de Montellano, CFA
Private Markets
Consultant (27, 2)

Jed Constantino, CAIA
Sr. Private Markets
Analyst (11, 11)

John Haggerty, CFA
Director of
Private Markets (31, 28)

Tad Fergusson, CFA
Private Markets
Consultant (30, 27)

Luke Riela, CFA
Macro Research
& Data Analytics (11, 9)

John McCarthy
Sr. Private Markets
Analyst (5, 5)

Sabrina Ciampa
Private Markets
Analyst (3, 3)

Jamie Hoffman
Private Markets
Analyst (3, 3)

Michael Pellatz, CAIA
Private Markets
Analyst (9, 1)

Amy Hsiang, CFA, CAIA
Director of
Public Markets (24, 3)

Real Assets

Lisa Bacon, CAIA
Private Markets
Consultant (35, 10)

Gerald Chew, CAIA
Private Markets
Consultant (22, 17)

Judy Chambers
Private Markets
Consultant (26, 17)

Adam Toczylowski, CFA
Private Markets
Consultant (25, 7)

Steven Hartt, CAIA
Private Markets
Consultant (37, 14)

Luke Riela, CFA
Macro Research
& Data Analytics (11, 9)

Jed Constantino, CAIA
Sr. Private Markets
Analyst (11, 11)

Sabrina Ciampa
Private Markets
Analyst (3, 3)

Bradley Dumais
Private Markets
Analyst (7, 2)

Jamie Hoffman
Private Markets
Analyst (3, 3)

Real Estate

Christy Fields
Head of
Real Estate (35, 22)

Colin Hill
Real Estate
Consultant (21, 3)

Scott Maynard
Real Estate
Consultant (12, 2)

Derek Proctor
Real Estate
Consultant 12, 7)

Reggie Ross
Real Estate
Consultant (17, 2)

Chris Andrulis
Sr. Real Estate
Analyst (9, 3)

Sarah Christo
Real Estate
Analyst (4, 4)

Abigail Fischer
Real Estate
Analyst (7, 3)

Karen Reeves
Real Estate
Analyst (28, 10)

Paige Junker
Sr. Performance
Analyst (3, 3)

ODD

Louis Rodriguez, CFE
Head of ODD (30, 2)

Add'l Resources

4 PM Policy Comm. Members
6 Investment Associates
7 Operations
1 Private Markets Paralegal
6 Client Service Administrators

As of February 2024.
(Years industry experience, Years with firm)

Private Markets Services

Broad array of service models to meet the needs of investors seeking access to private markets investments.

	Non-Discretionary Advisory	Strategic Advisory	Special Projects	Enhanced Portfolio Monitoring	Discretionary Asset Management
DETAILS	Complete solution for program implementation Client directs policy and approves investment selections	Meketa augments client staff in program implementation	One-time or periodic assignments to achieve specific goals	On-going or one-time fund reviews: Fee calculations Carry calculation Policy verifications Valuation reviews	Complete solution for outsourced private market program Meketa and client collaborate on policy and plan
ADVANTAGES	Full-service solution Retain decision authority Meketa resources & performance	Supplement existing resources Mandate tailored to needs Respond to shifting initiatives	Limited-term projects Supplement existing resources Scope customized for each project Rapid turnaround once goals are set	Supplement existing resources Meet heightened oversight needs Ensure manager compliance with legal requirements	Full-service solution Meketa resources & performance Fast decisions and efficient access Transfer fiduciary responsibility

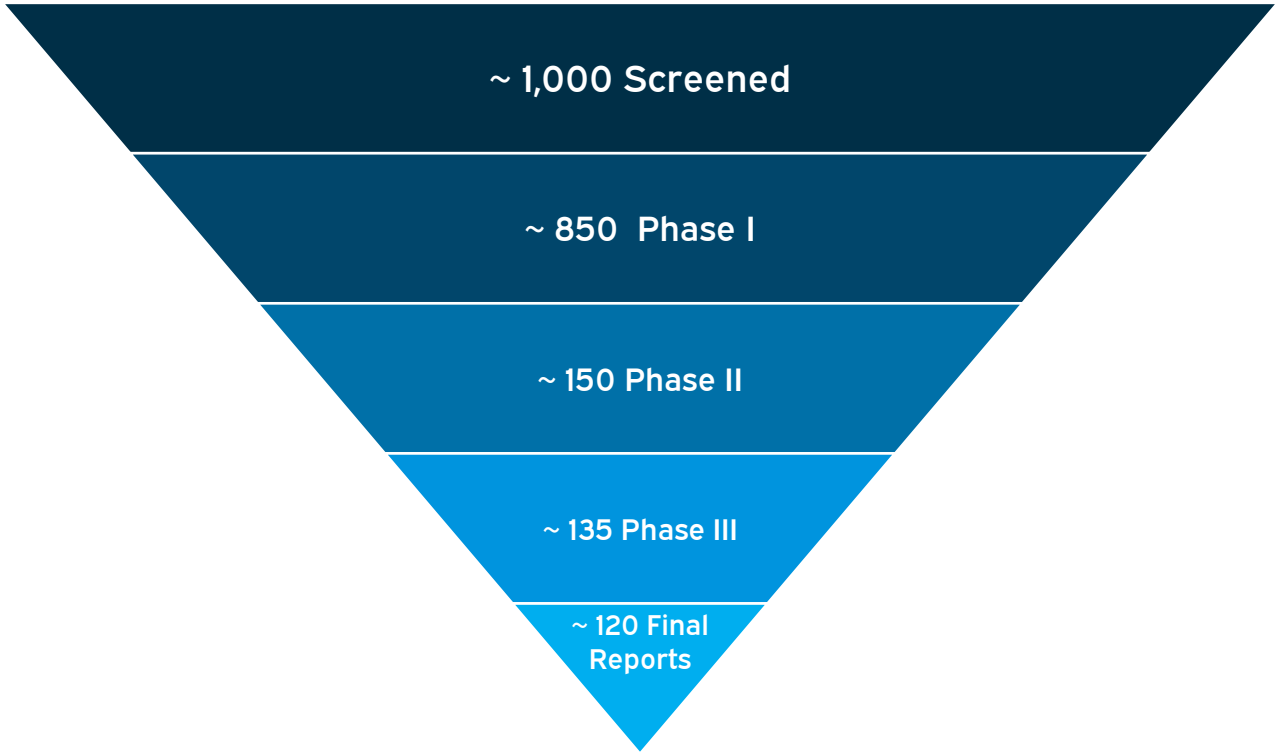
Suite of available services covers all aspects of portfolio construction and monitoring.

Education	Strategic Planning	Investment Sourcing	Due Diligence	Reporting	Cash Management
Policy Development	Commitment Pacing	Investment Selection	Legal & Negotiations	Monitoring	Enhanced Monitoring

Scale of Research – Sourcing and Access

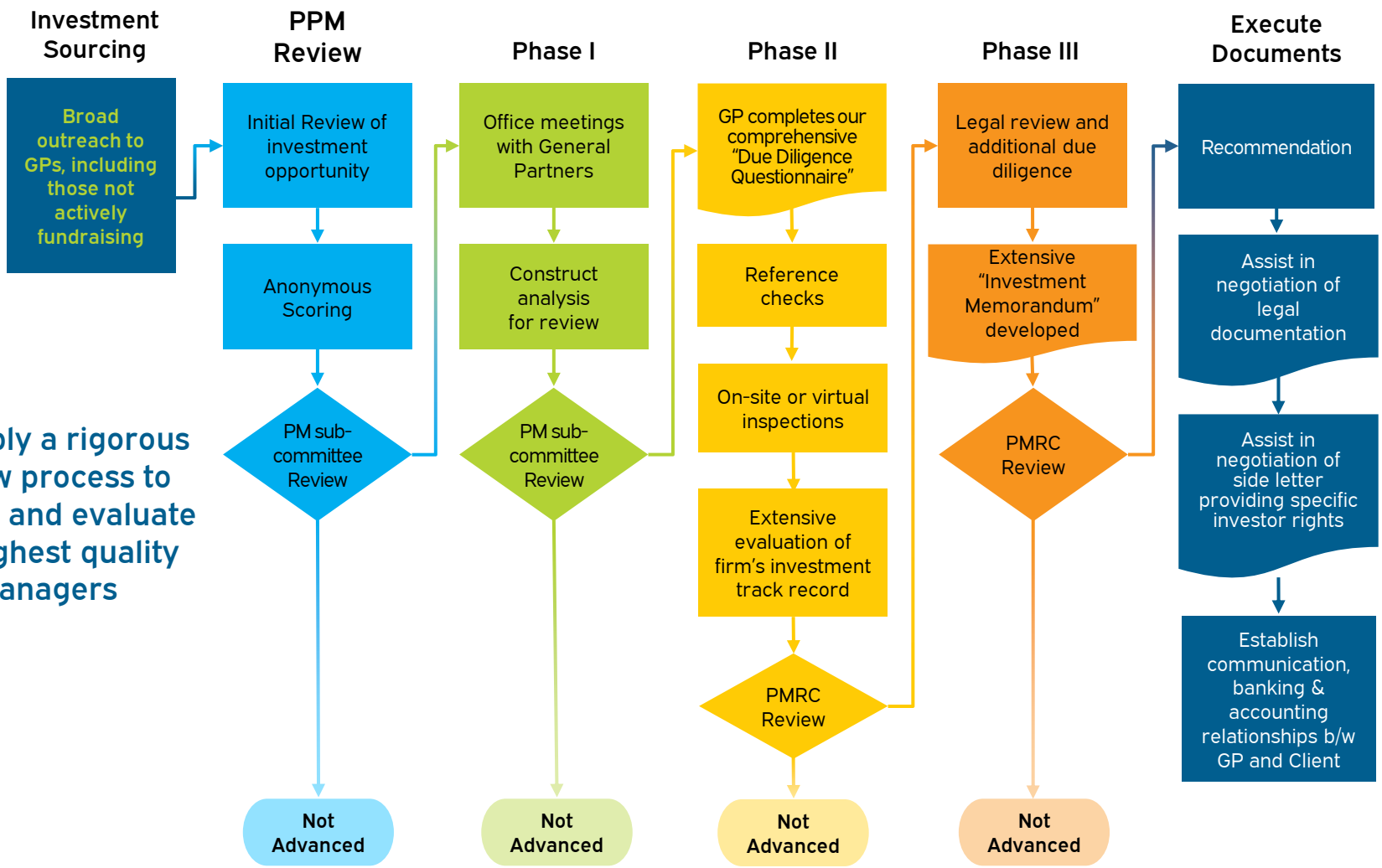
We have strong deal flow and access to investment opportunities.

Meketa reviews ~ 1,000 opportunities and meets with over 350 managers per year



→ We log formal reviews of all opportunities we receive into a custom database application. We have completed proprietary research on thousands of funds over the past two decades.

Due Diligence Process



We apply a rigorous review process to identify and evaluate the highest quality managers

Approval by members of the Private Markets Policy Committee is required before any investment is approved for our clients.

Key Due Diligence Questions

- What is the thesis for creating value?
- Is it well-suited for the market conditions ahead?

Strategy

- Is it stable, well-resourced, with a healthy culture?
- What is the manager's plan for growth?
- Any upcoming succession issues?

Firm

- Are they experienced, talented, ethical, and motivated?
- Which individuals are most responsible for the track record?
- Is alignment appropriate?

Personnel

- Is it repeatable and well-documented?
- How are decisions made?

Process

- Are terms appropriate?
- Are the managers' interests aligned with LPs?
- Are fees reasonable, negotiable?

Offering

- Is it robust and relevant?
- Has it been cycle-tested?
- What advantage does the manager have over its competition?

Track Record

Private Markets Portfolio Dashboard

We offer a sophisticated portal that allows clients to perform customized portfolio analysis and access critical information.

Portfolio Performance

→ Calculate cumulative and periodic cash flow, valuation, performance multiples and IRRs, not only for a single portfolio, but in aggregate, across all of the Program's portfolios.

→ View statistics by vintage year, strategy, region, or general partner, and customize selections to determine value drivers and diversification.

→ Export to Excel.

Cash Flow Detail

→ View individual cash flows for the portfolio or specific partnerships customizable by date.

→ View cumulative net cash flow detail graphically.

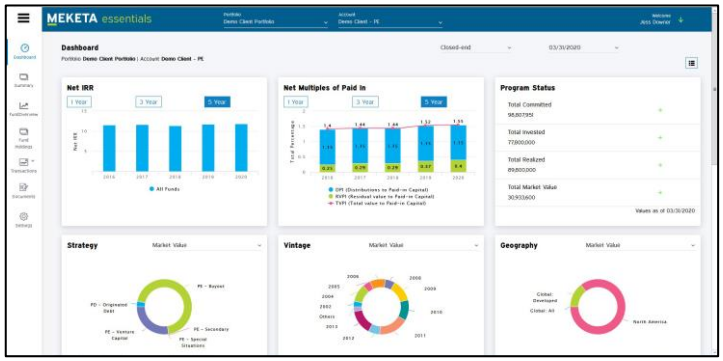
→ Export to Excel.

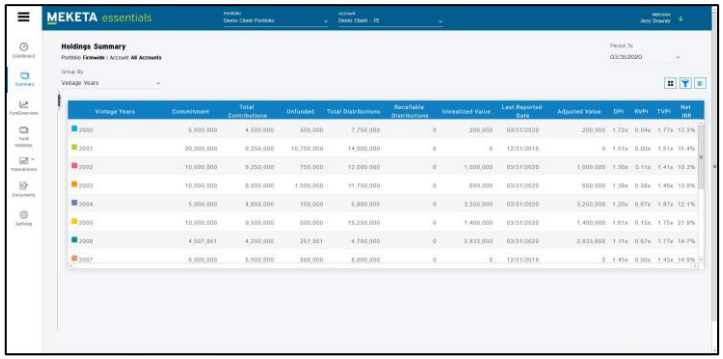
Documents

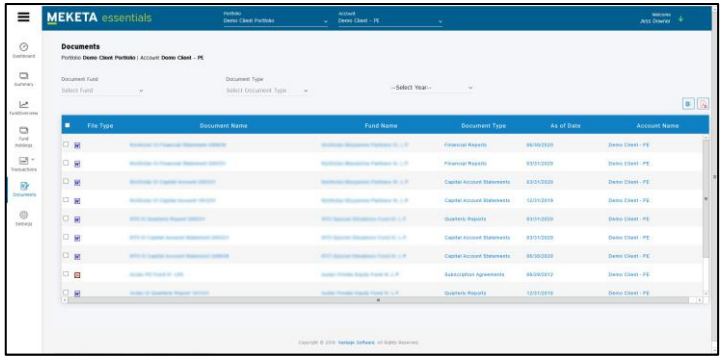
→ View and filter documents by document type and year.

→ Download the documents for offline viewing, which include:

- General Partner Financial Statements
- General Partner Quarterly Reports
- General Partner Capital Account Statements
- Subscription Documents
- Meketa Investment Memoranda
- Meketa Quarterly Client Reports
- Limited Partnership Agreements

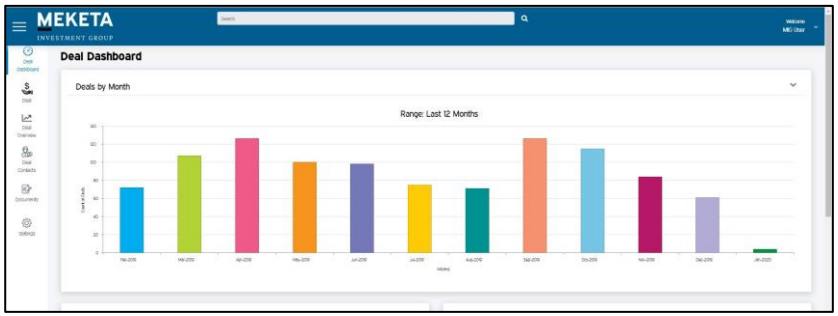


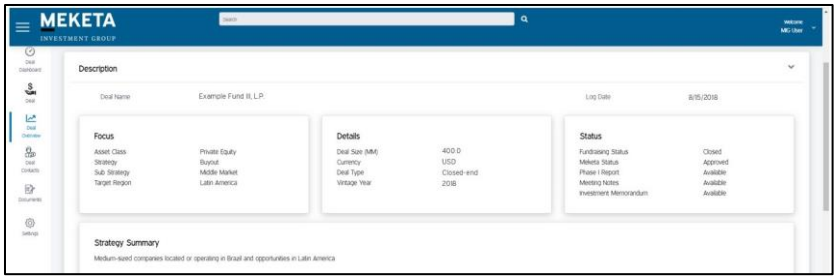




Private Markets Research Engine

We offer clients direct varying levels of access to research produced by our private markets team in an easy-to-navigate environment to explore rich analysis of hundreds of Private Market investment opportunities launched each year.





Fund Details

- → Summary information, such as Asset Class, Strategy, Sub-strategy designations, target geographic market, fund size, and currency.
- → Summary legal terms and strategy summary.

Proprietary Research

- → Meketa-produced research report ("Phase I Review") for each fund opportunity.
- → Notes written by our team for each meeting taken *(when available)*.
- → Investment Memoranda, 50 to 80 pages in length, summarizing full due diligence *(when available)*.

Deep Environment

- → Over 700 new funds logged each year with Phase I Reviews available.
- → Notes from over 500 meetings taken each year with fund managers.

Competitive Advantages

- → Experienced, stable consulting firm
- → Proactive, customized, team approach
- → Fiduciary responsibility
- → Deep resources
- → High consultant to client ratio
- → Full-service consultant
- → Objective, independent advice
- → Research Focused – Industry Thought Leaders
- → Significant experience with manager research and investment due diligence
- → Customized investment solutions and programs
- → Strong investment results

Who We Are

→ Our unwavering culture will continue to be driven by our history and supported by our people. This commitment will ensure long-term success.

→ We help individuals and communities achieve their financial goals through responsible, ethical, and thoughtful research and relationships.

→ Our clients are our #1 priority. We engage in partnerships offering customized solutions and pride ourselves on our responsive nature, collaboration, and ongoing education.

Contact Information

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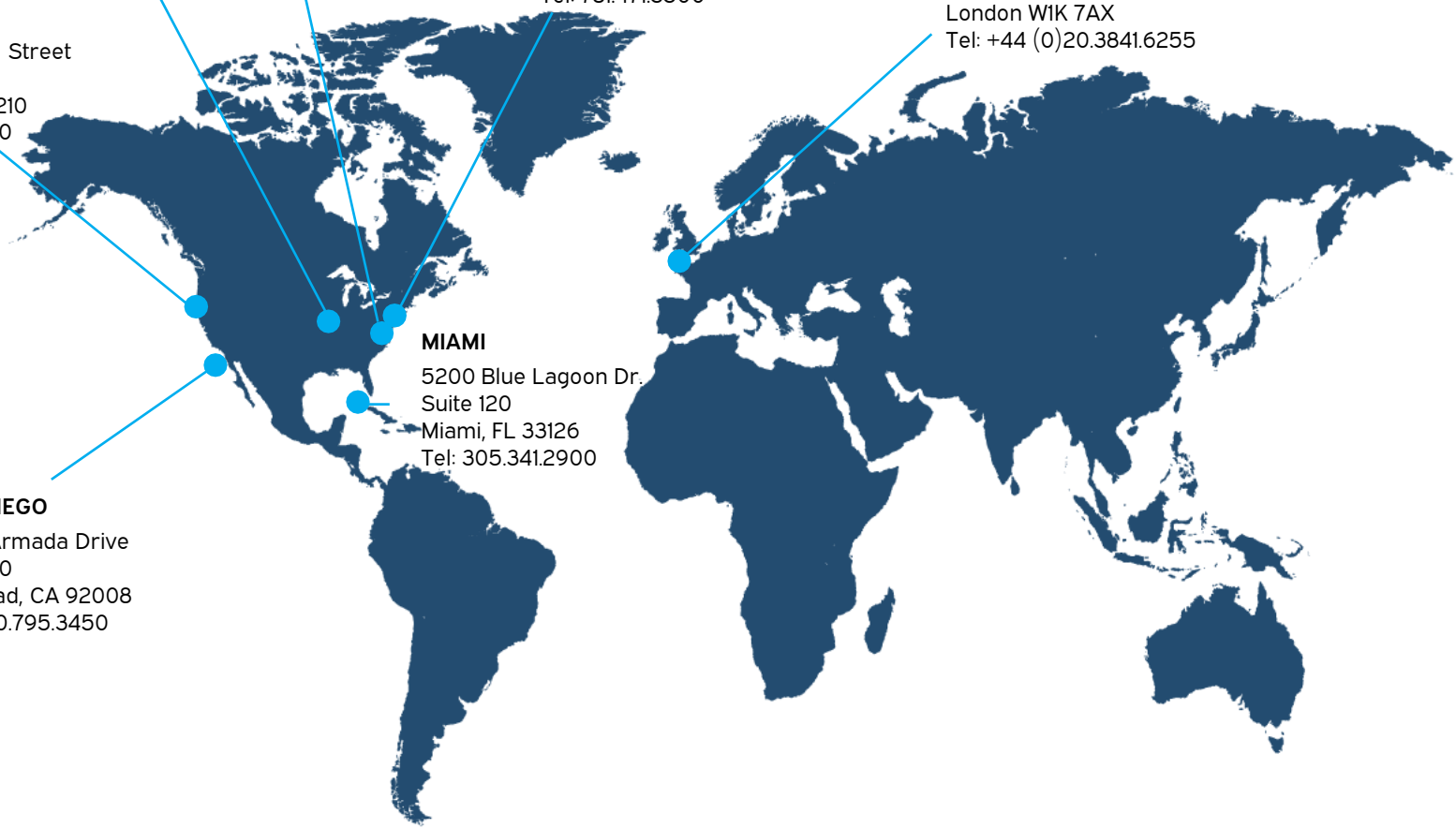
Tel: 503.226.1050



MIAMI
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Tel: 305.341.2900

SAN DIEGO
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Any case studies or investment examples provided are for illustrative purposes only and are meant to provide an example of Meketa's investment process and methodology. There can be no assurance that Meketa will be able to achieve similar results in comparable situations. This information does not constitute an exhaustive explanation of Meketa's investment process, investment allocation strategies or risk management. Information contained herein has been obtained from a range of third-party sources. While the information is believed to be reliable, Meketa has not sought to verify it independently. As such, Meketa makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential, or incidental damages) for any error, omission, or inaccuracy in the data supplied by any third party. Any estimates contained in this presentation are necessarily speculative in nature and actual results may differ. Past performance is not necessarily indicative of future results. For additional information, please contact your Meketa consultant.

Meketa merged with Pension Consulting Alliance (PCA) on March 15, 2019. Data presented in this presentation may include information related to PCA prior to the merger with Meketa. This information could include years of tenure with the firm, client inception dates, and services offered, among other items.

PHONE (808) 594-1888 FAX (808) 594-1865

Committee on Resource Management
Trustee John Waiheʻe IV, *At-Large - Chair*
Trustee Luana Alapa, *Molokaʻi / Lānaʻi - Vice Chair*
Members
Trustee Dan Ahuna, *Kauaʻi / Niʻihau*
Trustee Kaleihikina Akaka, *Oʻahu*
Trustee Keliʻi Akina, *At-Large*
Trustee Brickwood Galuteria, *At-Large*
Trustee Carmen Hulu Lindsey, *Maui*
Trustee J. Keoni Souza, *At-Large*
Trustee Mililani Trask, *Hawaiʻi Island*

STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS

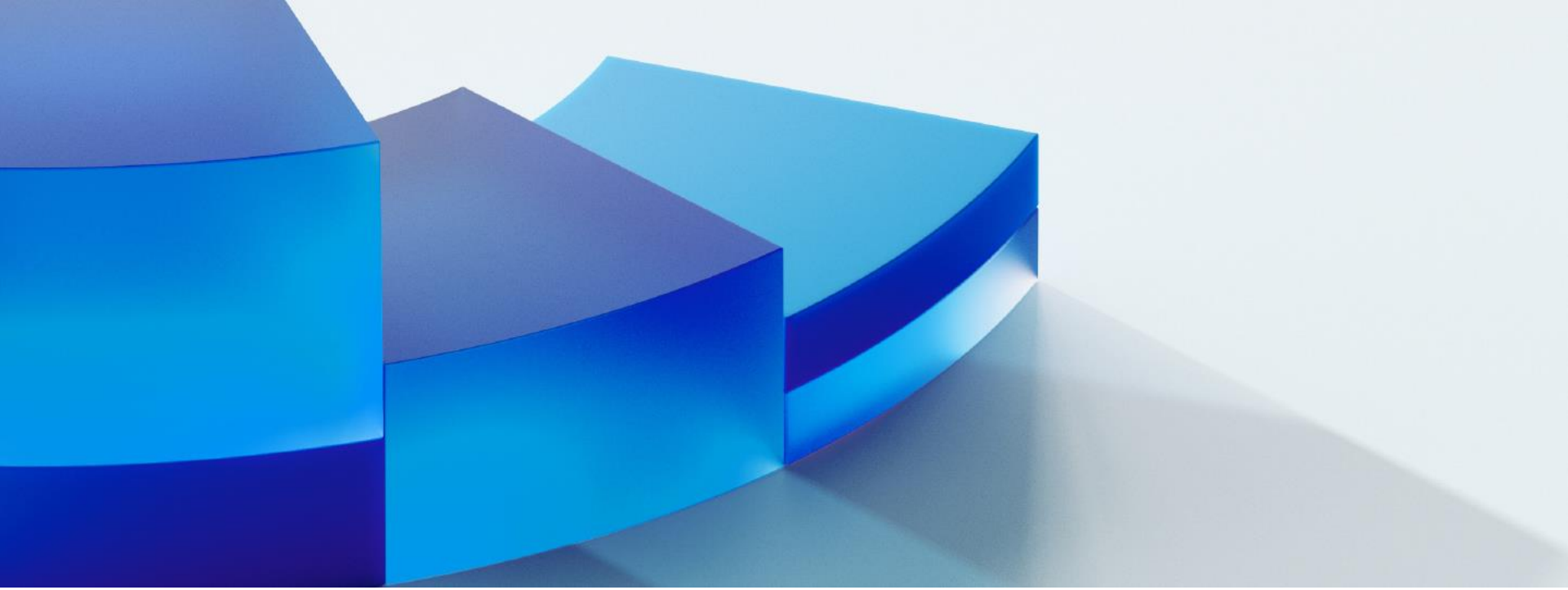
MEETING OF THE COMMITTEE ON RESOURCE MANAGEMENT (RM)

DATE: Wednesday May 22, 2024
TIME: 10:00 a.m.
PLACE: Remote Meeting by Interactive Conference Technology
and in-person at OHA Mauli Ola Boardroom
Nā Lama Kukui
560 N. Nimitz Hwy.
Honolulu, HI. 96817
viewable at https://www.oha.org/livestream OR
Listen by phone: (213) 338-8477, Webinar ID: 821 6103 6685

This virtual meeting can be viewed and observed via livestream on OHA's website at www.oha.org/livestream or listened to by phone at: (213) 338-8477, Webinar ID: 821 6103 6685.
A physical meeting location, open to members of the public who would like to provide oral testimony or view the virtual meeting, will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817.

AGENDA

I. **Call to Order**
II. **Approval of Minutes**
   A. April 17, 2024
III. **Unfinished Business –** None
IV. **New Business**
   A. Consequent Capital Management – Independent Board Investment Advisor / Consultant
      1. Introduction and Continuing Trustee Education
      2. Presentation: Meketa Investment Group - Colin Bebee; Mika Malone
      3. Presentation: JP Morgan - Jeff Shields; Matthew Rose
      4. Presentation: Goldman Sachs Asset Management (GSAM) - Mary Fowler; Jeremy Weltmer
   B. **Action Item RM #24-10**: OHA Biennium Budget for the Fiscal Biennium Periods 2023-2024 (FY24) and 2024-2025 (FY25) – Realignment #2 – Core and Non-Core Realignments
   C. **Action Item RM #24-11**: Approve an Office of Hawaiian Affairs (OHA) Mahiʻ Ai Micro funding program to alleviate water bills and property tax costs for Native Hawaiian farmers statewide
   D. **Action Item RM #24-12**: Approve the implementation of an online Native Hawaiian-Owned NHO 8(a) cohort program comprised of sequential learning modules aimed at empowering Native Hawaiians to scale their businesses to align with federal contracts
   E. **Action Item RM #24-13**: Approve the Awarding of Kumuwaiwai Naʻauao-Educational Resources Grant from Solicitation #24-01.0.01 published February 12, 2024



Office of Hawaiian Affairs Native Hawaiian Trust Fund

J.P. Morgan Asset Management Multi-Asset Solutions

Data as of March 31, 2024

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For Institutional use only

Relationship overview

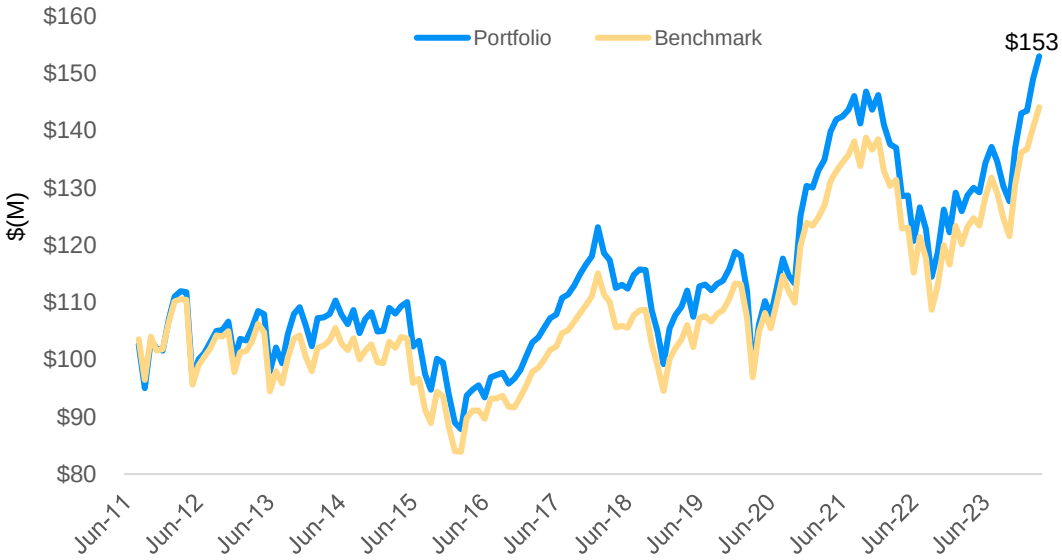
Success

Inception	2011	June 30
	$107M	Funding value
Since Inception Redemptions	$65M	Distributed to support the mission
Since Inception Excess Returns	$9M	Excess Returns (net of fees)

Current Investment Strategy

Objective	Outperform benchmark (net of fees) using manager selection and active asset allocation
Strategic Asset Allocation	70% equity / 20% core fixed income / 10% liquid alts
Opportunity Set	Global liquid asset universe

Market Value Growth Over Time



Source: J.P. Morgan Asset Management.

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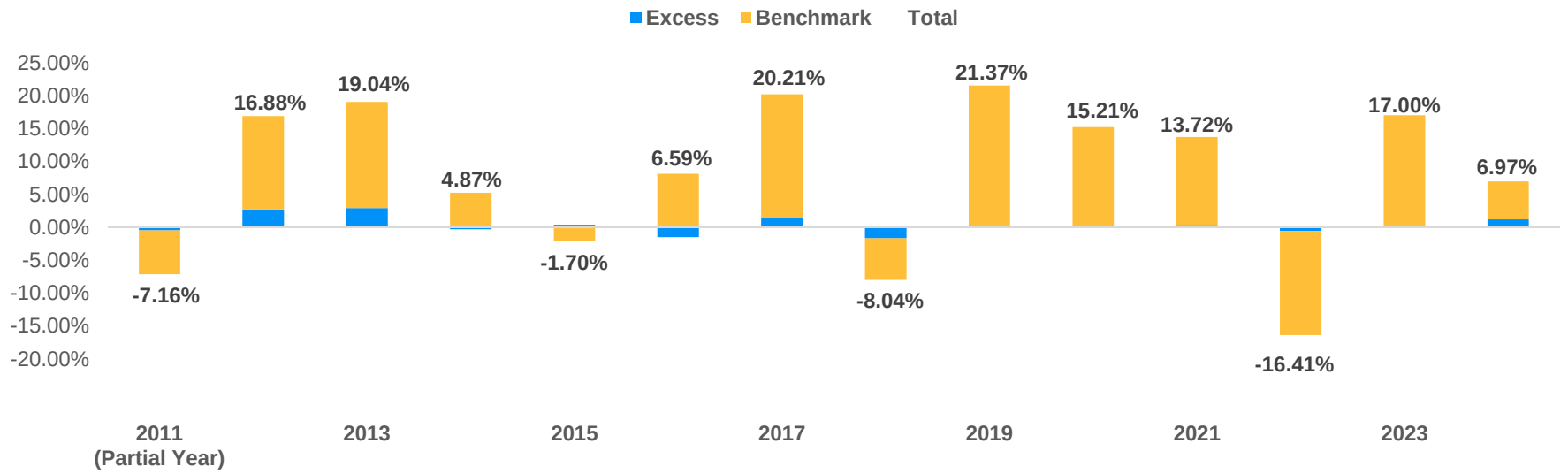
Investment performance

March 31, 2024

Portfolio Performance	1 Month	3 Months	1 Year	3 Years	5 Years	7 Years	10 years	Since Inception*
Total Return (Net of fees)	**2.64%**	**6.97%**	**18.85%**	**4.75%**	**8.60%**	**8.22%**	**7.15%**	**7.82%**
Total Portfolio Policy Benchmark[1]	2.51%	5.80%	16.93%	4.83%	8.53%	8.23%	7.20%	7.54%
Excess Return	0.13%	1.17%	1.92%	-0.08%	0.07%	-0.01%	-0.05%	0.28%

Calendar Year Performance (Net of Fees)



Source: J.P. Morgan Asset Management. *Since inception date of June 30, 2011. [1]Total Portfolio Policy Benchmark reflects benchmark indices and weights as indicated in investment guidelines. For benchmark history, please see the Appendix. Performance is shown net of fees. Past performance is no guarantee of future results.

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Partnering with OHA to meet your objectives

Strategic Planning

Aligning investment strategy with organizational mission and objectives

- Deep understanding of enterprise goals, risk, spend policies, and asset allocation to create an effective investment solution
- Tack-record of partnering with mission-driven enterprises and operating businesses and evolving investment solutions over organizational cycles and changes
- Strategic asset allocation reflects J.P. Morgan's deep resources dedicated to long-term investing

Implementation & Execution

World-class asset allocation team with a global investment platform

- $3.2 trillion in total AUM across the J.P. Morgan Platform
- Use of proprietary public market managers to create an integrated portfolio solution
- Access to top performing third party hedge fund, private credit, and private equity managers
- Proven ability to actively navigate markets across multiple market cycles

Partnership & Results

"Insourcing" the JPM team to achieve results

- Client partnerships developed through ongoing communication, clear understanding of responsibilities and deadlines, proactive discussion, information exchange, reporting and ownership.
- Comprehensive operational support including, reporting, guideline and risk management oversight, and custodian reconciliations
- Multi-Asset Institutional relationships average 15 years

Source: J.P. Morgan Asset Management, as of March 31, 2024 unless otherwise noted.

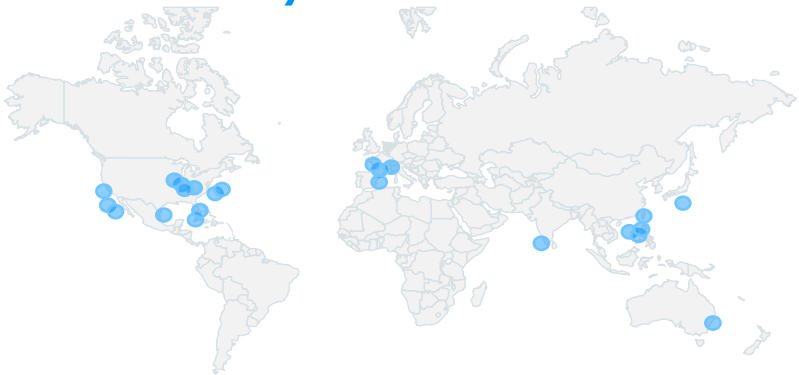
J.P. Morgan Asset Management

Helping our clients achieve their investment and financial goals to serve their communities

Harnessing J.P. Morgan Asset Management's globally integrated investment platform

Equities | Fixed Income | Alts | Liquidity

~1,290 investment professionals



600+ investment strategies

105	Experience managing Institutional assets	**3.2T**	Assets Under Supervision
87%	Mutual Fund AUM above peer median 10Y	**320M**	Annual Research Budget

Source: J.P. Morgan Asset Management. For illustrative purposes only. AUS as of March 31, 2024. Numbers may not add up due to rounding.

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Portfolio construction and on-going management

OHA's portfolio objective: Outperform 70/20/10 benchmark

Informs the ideal mix of stocks/bonds, active/passive, liquidity, and vehicle types

Manager Selection

Globally diversified investment platform

Active Asset Allocation

Driven by proprietary research insights

Risk Management

Advanced technology for integrated oversight

Source: J.P. Morgan Asset Management

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The process in practice

Portfolio construction: Managing active strategies

- Constructing a portfolio of active & passive strategies utilizing the JPM platform
- Tilting allocations across strategies to reflect market views

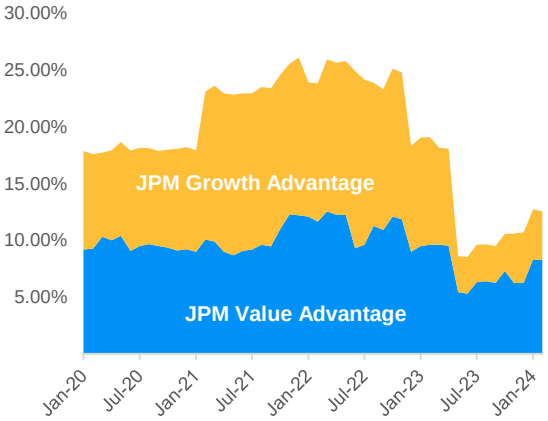
Market opportunities: Active allocation

- A research driven process to identify market dislocations and capture opportunities
- Allocate to opportunistic asset classes (i.e. extended credit) when we identify market dislocations

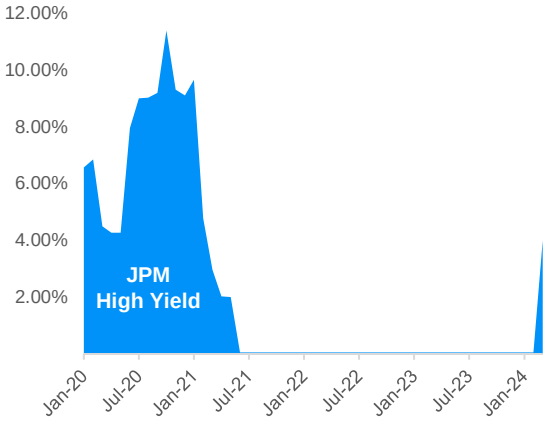
Risk Management: Tilting portfolio exposures

- Understanding portfolio exposures to manage risk
- Adjusting the portfolios equity and fixed income market sensitives

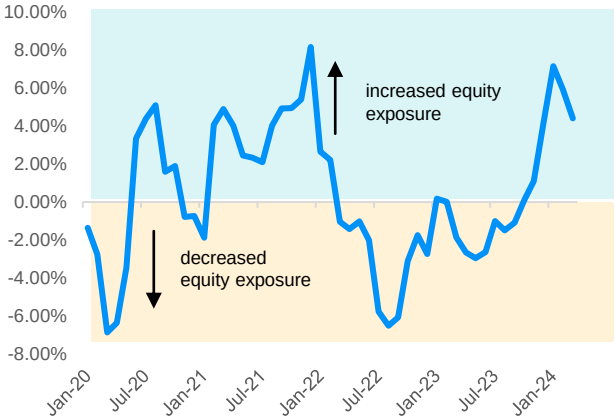
Underlying Manager Weights



Credit Portfolio Exposure



Relative Equity Positioning



Source: J.P. Morgan Asset Management. For illustrative purposes only. Past performance is not indicative of future results. Data as of March 31, 2024. Inception date: July 2011

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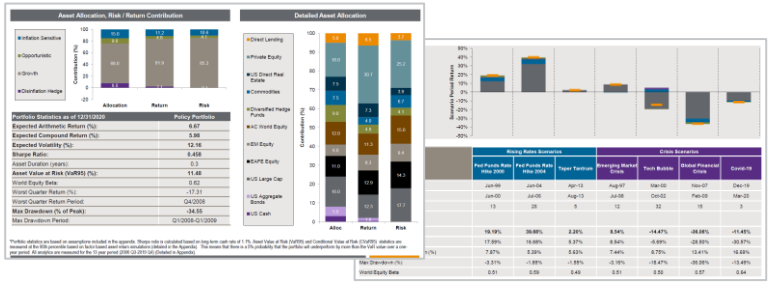
Thought leadership & educational engagement

Providing insights through close client partnerships

Strategic Asset Allocation & Spend Policy Analysis

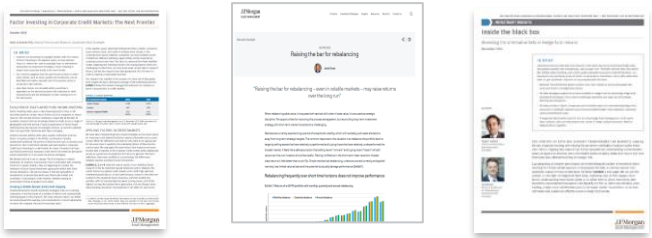
- Spend policy and asset allocation studies based on client objectives



Client Outcome: Analytics help inform the appropriate strategic asset allocation

Whitepapers & Thought Leadership

- Examples: Strategic investment advisory group



Client Outcome: Insights on thematic topics provide further discussion amongst clients

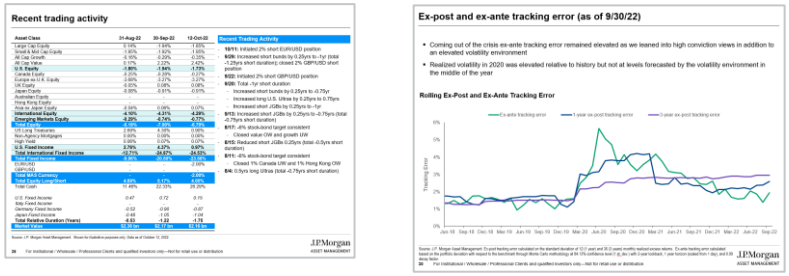
Market Research & outlook

- Examples: quarterly asset allocation views, monthly macro research, earnings outlook, inflation

Client Outcome: Market research informs investment teams

Active Asset Allocation Positioning

- Active asset allocation transparency



Client Outcome: Active positioning allows investment teams to debate portfolio positioning

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As of March 2024

Latest investment themes

MACRO BACKDROP

A longer road ahead

Cycle extension increasingly plausible as global growth synchronizes and disinflation continues

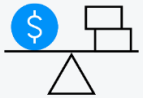
- Maintain a pro-risk stance on credit and equities
- Monitor potential headwinds given lagged effects of tightening and extended valuations

EQUITIES

A broader opportunity set

Potential for further breadth in US equities; looking at select opportunities across global markets

- Bias for US equities with higher quality attributes
- See opportunities in Japan

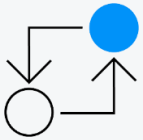


FIXED INCOME

Own credit for the carry

Fed easing is on the horizon, but questions around timing and magnitude remain

- Focus on extended credit given attractive yields
- Neutral on interest rate sensitivity given alignment of Fed & market expectations



INVESTMENT PRINCIPLES

Cash allocation

Cash rates are high today, but so is reinvestment risk given rate cuts on the horizon

- Differences in policy timing and growth rates create meaningful relative value opportunities

Source: J.P. Morgan Asset Management. For illustrative purposes only. Forecasts, projections and other forward looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections and other forward statements, actual events, results or performance may differ materially from those reflected or contemplated.

Multi-Asset Solutions scenarios for the U.S. economy

Base case remains rebalancing, sticky inflation scenario now looks just a bit more likely

12-month scenarios					Current probability (%)
		U.S. growth*	U.S. core inflation*	Fed	
A	**Goldilocks**	**Robust** – at/above recent run-rate *with positive supply-side factors*	**Comfortable trajectory** to Fed target	First rate cut in June	10
B	**Sticky inflation**	**Above trend** – around recent run-rate *pushing against tight (labor) slack*	**Sticky** meaningfully above Fed target	No rate cuts	20
C	**Rebalancing**	**Near trend**, may dip below; unemployment rate picks up modestly	**Fading gradually** to Fed target	First rate cut in June, followed by one per quarter	50
D	**Recession**	**Contracting** as economy enters recession	**Falls sharply** to target (or below)	Sharper rate cuts	20

*U.S. Growth refers to real GDP over the next 12 months; U.S. inflation refers to run-rate of core CPI Inflation. Source: JPMAM MAS; assessments as of March 2024.

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U.S. Business Cycle Scorecard: Some metrics (✱) forecasted to return to "mid cycle"

		Early cycle	Mid cycle	Late cycle	Recession
Economic metrics	Output gap (unemployment)	Below potential (Well above NAIRU)	Near potential (Above NAIRU)	**Above potential (Near or below NAIRU)**	Contracting (Rising Sharply)
	Personal saving rate	High	Elevated but declining	**Low and stable**	Rising
	Capital inv. % GDP	Low	**Moderate**	High	Contracting
	Residential inv. % GDP	**Low**	Moderate	High	Contracting
	Private credit formation vs. trend	**Low**	Rising	Above	Contracting
	Price inflation vs. CB target	Below	Near	**Above ✱**	Decelerating
	Wage inflation	Low	Moderate	**High ✱**	Decelerating
	Consumer confidence	Low	**Moderate**	Exuberant	Falling
Asset market metrics	Policy rate setting	Easy	Neutral	**Restrictive ✱**	Cutting sharply
	Yield curve slope (2s10s)	Steep	Flat	**Inverted ✱**	Bull steepening
	EPS revision ratios	Negative, improving	**Positive, improving**	Positive, falling	Negative, falling
	Corporate margins	Low, Rising	Peaking	**Stabilizing (high)**	Falling Sharply
	Credit spreads	Wide	**Tight**	Above cycle trough	Widening sharply
	Capital issuance	Low	**Moderate**	Aggressive	Nonexistent
	M&A activity	**Low ✱**	Moderate	Aggressive	Nonexistent
	Equity implied vol	High, falling	**Low**	High, rising	Peak

While progression through the expansion – early, mid, and late cycle – is characterized by particularly levels, recessions are marked by sharp changes.
Source: JP Morgan Asset Management Solutions. Assessments as of March 2024.

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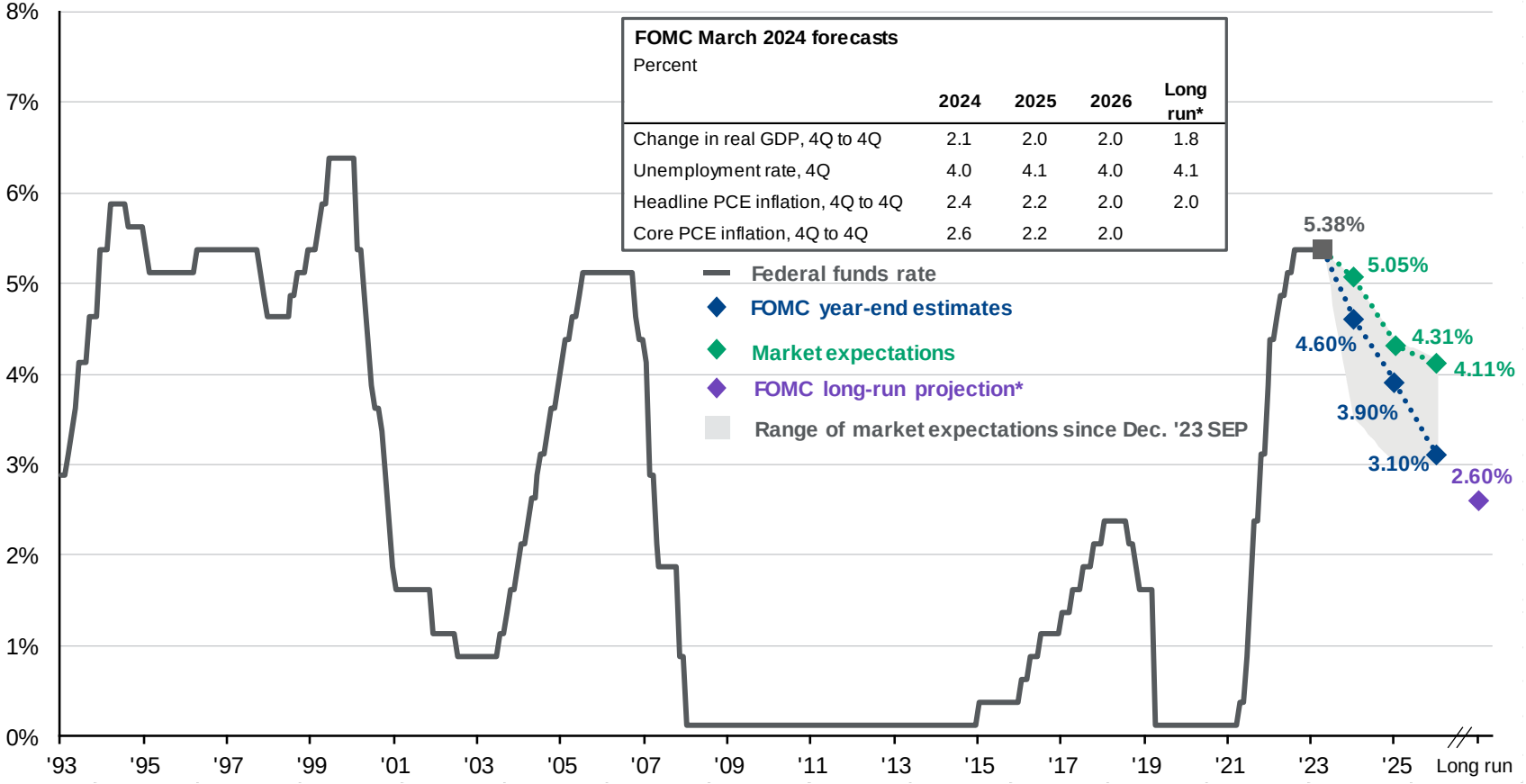
The Fed and interest rates

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



FOMC March 2024 forecasts

Percent

	2024	2025	2026	Long run*
Change in real GDP, 4Q to 4Q	2.1	2.0	2.0	1.8
Unemployment rate, 4Q	4.0	4.1	4.0	4.1
Headline PCE inflation, 4Q to 4Q	2.4	2.2	2.0	2.0
Core PCE inflation, 4Q to 4Q	2.6	2.2	2.0	

Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. Guide to the Markets – U.S. Data are as of April 29, 2024.

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Asset allocation over time

$153,110,354 market value as of March 31, 2024

Q1 2024 – Active Asset Allocation

1. Overweight Global Equity (stocks) funded from Core Fixed Income. Within Global Equity, active tilt towards the U.S. and Japan.
2. Overweight High Yield (credit) funded from Core Fixed Income given attractive yields.

Strategy	SAA	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
US Equity	44.31%	39.96%	42.34%	41.66%	41.14%	41.52%	45.83%	45.72%
International Equity	18.45%	18.45%	19.94%	21.43%	20.95%	22.11%	19.37%	20.41%
Emerging Markets Equity	7.24%	5.51%	4.98%	5.04%	5.28%	5.28%	9.04%	8.28%
US REITs	-	-	-	-	-	-	-	-
Total Global Equity	**70.00%**	**63.93%**	**67.26%**	**68.13%**	**67.37%**	**68.91%**	**74.23%**	**74.41%** (1)
Core Fixed Income	20.00%	20.02%	16.07%	21.46%	22.49%	20.53%	15.68%	10.73%
High Yield	-	0.06%	0.06%	0.06%	0.05%	0.06%	0.05%	3.99% (2)
Emerging Markets Debt	-	-	-	-	-	-	-	-
Total Fixed Income	**20.00%**	**20.08%**	**16.13%**	**21.52%**	**22.54%**	**20.59%**	**15.73%**	**14.72%**
Liquid Alternatives	10.00%	11.10%	10.52%	10.05%	9.79%	10.19%	9.73%	10.54%
Total Liquid Alternatives	**10.00%**	**11.10%**	**10.52%**	**10.05%**	**9.79%**	**10.19%**	**9.73%**	**10.54%**
Total Cash	**-**	**4.90%**	**6.10%**	**0.30%**	**0.29%**	**0.30%**	**0.31%**	**0.32%**
Total Portfolio	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Source: J.P. Morgan Asset Management. Data As of March 31, 2024.

J.P.Morgan ASSET MANAGEMENT

02

Appendix

Office of Hawaiian Affairs dedicated J.P. Morgan client team

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Source: J.P. Morgan Asset Management. There can be no assurance that the professionals currently employed by J.P. Morgan Asset Management (JPMAM) will continue to be employed by JPMAM or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success.

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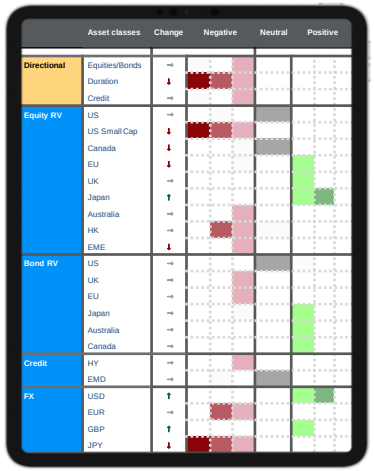
Leverage a breadth and depth of research expertise

Quantitative Models & Signals

20 Quantitative researchers responsible for **15+ quantitative models**



Systematic cross-asset class risk/ return models to identify market opportunities

8 interactive research applications

Fundamental Research

9 Dedicated fundamental research analysts hosting **quarterly strategy summits**

Using macroeconomic insights to understand where we are in the business cycle paired with asset class research to exploit opportunities

Bottom-up Insights

6 Manager research analysts, with insights drawn from **asset class specialists** to inform portfolios

1290+
Investment Professionals

Real-time insights from underlying portfolio managers

600+
Investment Strategies

Dedicated manager research team focused on research and monitoring of underlying funds

320M
USD
Annual Research Budget

Access to sell-side analysts views and research

Source: J.P. Morgan Asset Management. Data as of December 2023.

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Policy benchmark composition

From To	6/30/2011 12/31/2012	1/1/2013 10/31/2017	11/1/2017 3/31/2022	4/1/2022 Present
MSCI AC World IMI USD	59.50%	70.00%	-	-
MSCI AC World Free USD	-	-	70.00%	70.00%
FTSE EPRA/NAREIT Developed Net of Tax	8.00%	10.00%	-	-
Bloomberg Barclays U.S. Aggregate	26.00%	-	20.00%	20.00%
Bloomberg Barclays Credit	-	13.00%	-	-
BofA Merrill Lynch HY	3.25%	-	-	-
Bloomberg Barclays HY 2 pct Issuer Constrained	-	3.00%	-	-
JPMorgan EMBI Global Diversified	3.25%	-	-	-
JPMorgan GBI-EM Global Diversified	-	3.00%	-	-
JPMorgan EMBI Global	-	1.00%	-	-
Bloomberg Barclays 1-10 Year U.S. TIPS Index	-	-	-	-
Barclays US TIPS +3%	-	-	10.00%	-
MFRX Global Hedge Fund Index	-	-	-	10.00%

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Past performance does not guarantee future results. Total returns assumes reinvestment of any income. The deduction of an advisory fee reduces an investor's return. Actual account performance will vary on individual portfolio security selection and the applicable fee schedule. Fees are available upon request.

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PHONE (808) 594-1888 FAX (808) 594-1865

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Members
Trustee Dan Ahuna, *Kauaʻi / Niʻihau*
Trustee Kaleihikina Akaka, *Oʻahu*
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Trustee Mililani Trask, *Hawaiʻi Island*

STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS

MEETING OF THE COMMITTEE ON RESOURCE MANAGEMENT (RM)

DATE: Wednesday May 22, 2024
TIME: 10:00 a.m.
PLACE: Remote Meeting by Interactive Conference Technology
and in-person at OHA Mauli Ola Boardroom
Nā Lama Kukui
560 N. Nimitz Hwy.
Honolulu, HI. 96817
viewable at https://www.oha.org/livestream OR
Listen by phone: (213) 338-8477, Webinar ID: 821 6103 6685

This virtual meeting can be viewed and observed via livestream on OHA's website at www.oha.org/livestream or listened to by phone at: (213) 338-8477, Webinar ID: 821 6103 6685.
A physical meeting location, open to members of the public who would like to provide oral testimony or view the virtual meeting, will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817.

AGENDA

I. **Call to Order**
II. **Approval of Minutes**
   A. April 17, 2024
III. **Unfinished Business –** None
IV. **New Business**
   A. Consequent Capital Management – Independent Board Investment Advisor / Consultant
      1. Introduction and Continuing Trustee Education
      2. Presentation: Meketa Investment Group - Colin Bebee; Mika Malone
      3. Presentation: JP Morgan - Jeff Shields; Matthew Rose
      4. Presentation: Goldman Sachs Asset Management (GSAM) - Mary Fowler; Jeremy Weltmer
   B. **Action Item RM #24-10**: OHA Biennium Budget for the Fiscal Biennium Periods 2023-2024 (FY24) and 2024-2025 (FY25) – Realignment #2 – Core and Non-Core Realignments
   C. **Action Item RM #24-11**: Approve an Office of Hawaiian Affairs (OHA) Mahiʻ Ai Micro funding program to alleviate water bills and property tax costs for Native Hawaiian farmers statewide
   D. **Action Item RM #24-12**: Approve the implementation of an online Native Hawaiian-Owned NHO 8(a) cohort program comprised of sequential learning modules aimed at empowering Native Hawaiians to scale their businesses to align with federal contracts
   E. **Action Item RM #24-13**: Approve the Awarding of Kumuwaiwai Naʻauao-Educational Resources Grant from Solicitation #24-01.0.01 published February 12, 2024

Goldman Sachs | Asset Management

Alternative Investments are suitable only for sophisticated investors for whom such investments do not constitute a complete investment program and who fully understand and are willing to assume the risks involved in Alternative Investments. Alternative Investments by their nature, involve a substantial degree of risk, including the risk of total loss of an investor's capital. This strategy is suitable for investors who believe that there are benefits to be gained from investing in private securities. This strategy is not suitable for investors who cannot tolerate the lack of liquidity. Investors should understand that the Fund will be investing in private securities and therefore the Fund's liquidity will be limited. Your capital will be put at risk and you may lose some or all of your investment. Additionally, your investment will be locked-up for a certain period of time. Your ability to redeem or transfer your investment or delay receipt of redemption or transfer proceeds may be limited. This material is provided for educational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities.

Private Markets Portfolio Review & Partnership Frameworks

Prepared for: Office of Hawaiian Affairs

OHA
OFFICE OF HAWAIIAN AFFAIRS

May 2024

This marketing communication includes information from Goldman Sachs Asset Management B.V. ("GSAM B.V.") and is intended for MiFID professional investors only. Please refer to the fund documentation before making any final investment decisions. The prospectus, the Key Information Document (KID) or UK Key Investor Information Document (KIID) (as applicable), information on sustainability-related aspects of the fund (such as the SFDR classification), and other legally required documents relating to the fund (containing information about the fund, the costs and the risks involved) are available on www.gsam.com/responsible-investing (section Documents) in the relevant languages of the countries where the fund is registered or notified for marketing purposes. Information about investor rights and collective redress mechanisms are available on www.gsam.com/responsible-investing (section Policies & Governance).

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Goldman Sachs (GS) | Who We Are

Our clients' performance is our priority

OVERVIEW

- Founded in 1869, the Goldman Sachs Group is a leading global financial institution.
- Clients of Goldman Sachs Asset Management are some of the world's leading institutions, financial advisors and individuals.
- We provide investment and advisory services as a dedicated partner committed to long-term performance.
- With over three decades of experience investing across asset classes, our offerings span traditional and alternative investments.
- Risk management is core to our investment process, strengthened by proprietary technology and analytics.
- We deliver the power of the firm with deep expertise across regions and markets through one, world-class investment platform.

ASSETS UNDER SUPERVISION (AUS)

$2.6+ trillion

LOCATIONS

60+

INVESTMENT PROFESSIONALS

1,800+

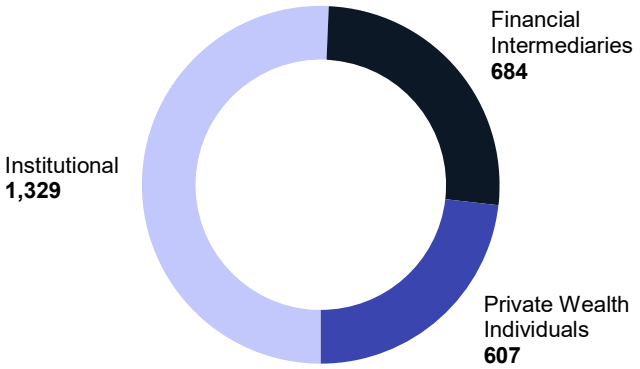
DATA ENGINEERS AND TECHNOLOGISTS

1,100+

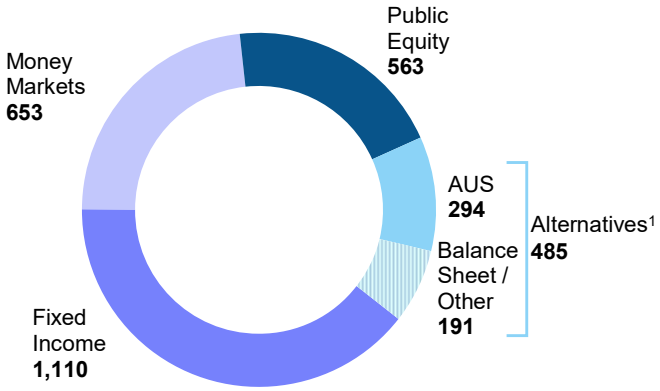
LANGUAGES SPOKEN

100+

CLIENT TYPE ($ BILLION)



ASSET CLASS ($ BILLION)



1Goldman Sachs oversees $485 billion in alternatives assets including non-fee earning assets, such as committed capital and balance sheet investments. Goldman Sachs Asset Management leverages the resources of Goldman Sachs & Co. LLC subject to legal, internal and regulatory restrictions. The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk. For illustrative purposes only. Source: Goldman Sachs Asset Management as of December 2023. Assets Under Supervision (AUS) includes assets under management and other client assets for which Goldman Sachs does not have full discretion.

Goldman Sachs (GS) | One World-Class Investing Platform

Deep, cycle-tested experience investing across asset classes

Our Broad Spectrum of Offerings

Traditional ← → **Alternatives**

LIQUIDITY SOLUTIONS

Investing in highly liquid, short-term investments, including government instruments

FIXED INCOME

Investing in currencies and public credit issuers across single-sector, multi-sector and regional strategies

PUBLIC EQUITY

Investing in equities in emerging and developed markets using active, bottom-up approaches across fundamental and quantitative strategies

PRIVATE EQUITY

Investing across corporate private equity, growth equity and infrastructure

PRIVATE CREDIT

Investing across mezzanine debt, senior loans, specialty lending, structured credit, alternative energy and opportunistic credit

REAL ESTATE

Investing equity and providing debt to commercial real estate investors, developers and companies globally

Multi-Asset Solutions (MAS): Designing custom portfolios and providing guidance on asset allocation and risk management

Multi-Manager: Conducting ongoing diligence and investing in leading third-party traditional and alternative asset managers

Sustainability: Our sustainability strategy is centered on how we can help our clients achieve their sustainability objectives

For illustrative purposes only. The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk. Goldman Sachs Asset Management leverages the resources of Goldman Sachs & Co. LLC subject to legal, internal and regulatory restrictions. There is no guarantee that objectives will be met.

OHA & GS History & Partnership Summary

We have been side-by-side with OHA for over 20 years

Long-standing History Between OHA & GS

Our relationship began over 20 years ago in 2003, when Goldman Sachs Asset Management managed 50% of NHTF's assets. We partnered closely with OHA's Board and staff, helping make inaugural private markets investments. While our mandate has evolved and been reduced in recent years, we hope to deepen and grow our service to you.

We are well-aligned partners helping OHA achieve its long-term mission with the NHTF

Common Understanding

We intimately understand OHA's mission and we have been growing together since the inception of NHTF's portfolio. We know you well, we have a foundational relationship, and we strive to support your cause.

So you can be comprehensively equipped to succeed in your investment portfolio to better enhance the economic development and financial empowerment of the lāhui

Alignment with the Hawaiian Islands

Goldman Sachs Asset Management is proud to manage over $1 billion AUS on behalf of Hawaiian institutions. And as a broader firm, we have had a long-standing relationship with the State of Hawaii serving the State as an advisor.

- Since 2010, we have contributed approximately **$4.8 million to organizations in the State of Hawaii** via our GS Gives program.
- Since 2010, **20+ small businesses in Hawaii** have participated in the Firm's Small Businesses National Cohort, part of our initiative to help small business owners create jobs and economic growth by providing entrepreneurs with education and capital.
- Since 2011, the Firm, working with the Dept. of Budget and Finance, has served as lead or co-manager on multiple State General Obligation Bonds and has also been a co-manager for **State of Hawaii Airport Revenue Bonds**.
- In 2014, the Firm led the State's **Green Energy financing** through the Dept. of Business Economic Development & Tourism.
- Since 2020, the Firm has served as one of the State's advisors with respect to the redevelopment of **Aloha Stadium**.
- In August 2023, the Firm supported **Maui relief efforts** with grants to the Hawaii Community Foundation and Red Cross.

Source: Goldman Sachs Asset Management as of December 2023. Assets Under Supervision (AUS) includes assets under management and other client assets for which Goldman Sachs does not have full discretion.

OHA & GS Partnership Model

We strive to build a partnership that complements and enhances OHA's portfolio and organization, leveraging our broad resources and capabilities to benefit your mission.

OPPORTUNITIES

universe of opportunities

→

EVALUATION & INVESTMENT JUDGEMENT

- Diversification & Pacing
- Private Equity
- Private Credit
- Real Estate
- Infrastructure
- Sustainability & Climate
- Diversifying Strategies
- Emerging Managers
- Opportunistic

→

SELECTION

OHA's Investment Team, Board & Consultant

+

Goldman Sachs Investment Teams

→

IMPLEMENTATION

- External Manager Funds (Primaries, Secondaries, Co-Invests)
- Goldman Direct Strategies
- Multi-Asset Solutions Advisory

→

COMMUNICATION

Regular Interactions

- Analytics and diagnostics
- Portfolio reviews
- Commitment pacing

Knowledge Transfer

- Board training and continuing education
- Access to Goldman's network of experts, industry leaders, and policymakers
- Peer analysis and introductions
- Research and investor events

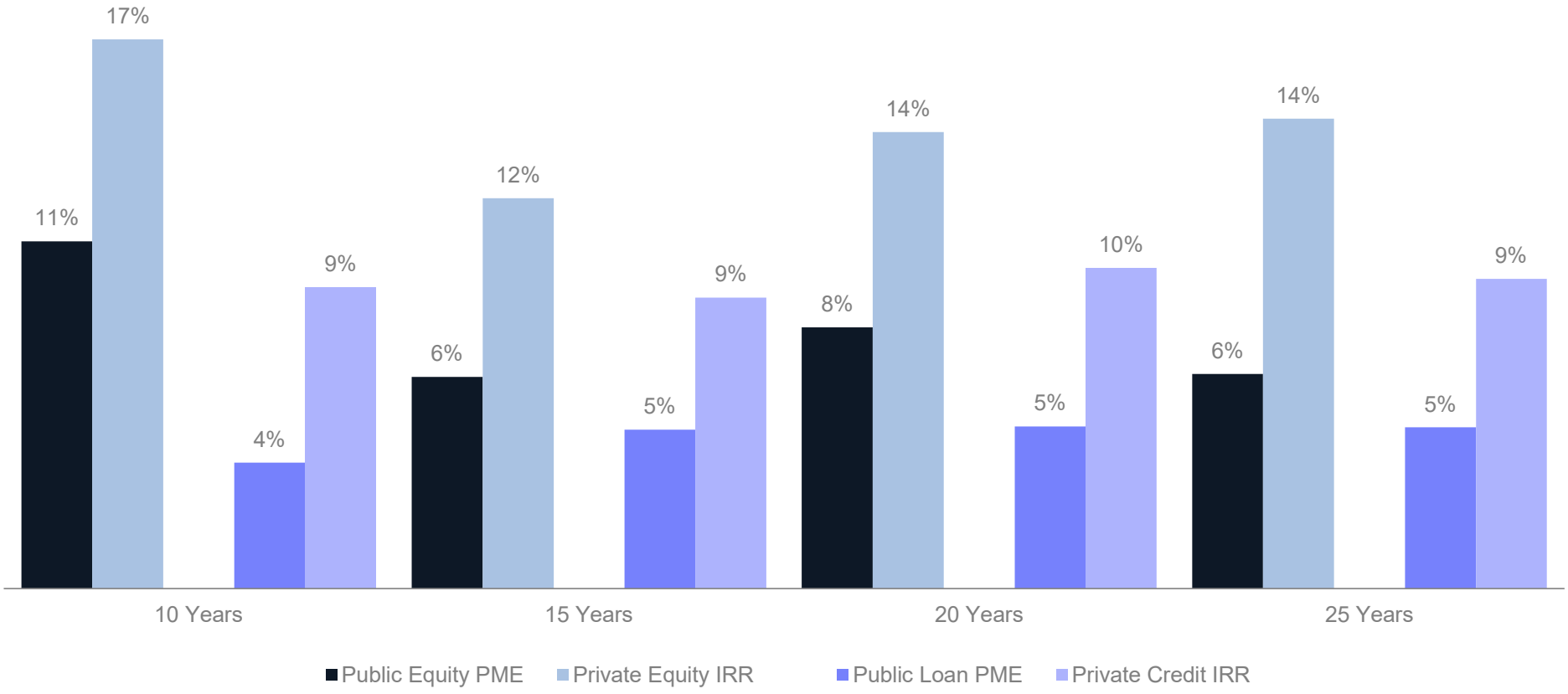
Depth of Information

- Real-time electronic access to portfolio
- Detailed investment deep dives

For illustrative purposes only. May 2024. Goldman Sachs Asset Management leverages the resources of Goldman Sachs & Co. LLC subject to legal, internal and regulatory restrictions.

Private Markets | Outperformance vs. Public Markets

HISTORICAL PERFORMANCE OF PRIVATE V. PUBLIC MARKETS



Source: Cambridge Associates, data as of Q4, 2021. Views and opinions expressed are for informational purposes only and do not constitute a recommendation by Goldman Sachs Asset Management to buy, sell, or hold any security.

Portfolio Review | OHA's Current Investments with GS

External Managers - Portfolio Performance Summary as of September 30, 2023 (all amounts in $mm)

Fund Name	Vintage Year	Commitment Amount	NAV[2]	Distributed Capital	Net/Net Multiple[1,3]
Primaries		**19.4**	**2.8**	**27.2**	**1.49x**
PEP 2004	2004	9.9	<0.1	15.6	1.50x
PEP 2005	2005	2.0	<0.1	2.5	1.25x
PEP Asia	2007	1.0	0.1	1.1	1.40x
PEP IX	2007	1.0	<0.1	1.5	1.64x
PEP X	2008	3.0	0.6	4.1	1.72x
GEM PEM	2011	2.5	1.8	2.4	1.34x
Secondaries		**14.5**	**4.6**	**14.5**	**1.63x**
Vintage V	2008	4.5	0.1	6.3	1.74x
Vintage VI	2012	5.0	1.0	5.0	1.51x
Vintage VII	2016	5.0	3.5	3.2	1.64x
Co-Investments		**15.0**	**12.0**	**1.1**	**1.52x**
PECP II	2018	8.0	9.4	1.1	1.71x
PECP III	2021	7.0	2.6	<0.1	1.05x
Total Investments		**48.9**	**19.4**	**42.7**	**1.53x**

Direct Alternatives (Distributing) - Portfolio Performance Summary as of September 30, 2023 (all amounts in $mm)

Fund Name	Vintage Year	Commitment Amount	NAV	Distributed Capital	Net Multiple[1]
RECP II	2013	3.0	0.1	2.5	1.20x
Senior Credit Partners	2015	2.5	0.8	1.9	1.28x

Past performance does not predict future returns and does not guarantee future results, which may vary.

Source: XIG, GS Alternatives as of September 30, 2023, unless otherwise noted. [1]Percent Contributed and Multiple of Cost take into account specific management fee percentages for each limited partner. [2]Individual's unaudited net asset value (NAV) as of September 30, 2023, plus historical distributions. [3]Represents the September 30, 2023 Net/Net Multiple based on the investor's unaudited capital balance as of September 30, 2023. Capital balance is based on best available information. Net/Net performance takes into account fees, expenses and carried interest in respect of both the underlying general partners and Goldman Sachs. Portfolio holdings and/or allocations shown above are as of the date indicated and may not be representative of future investments. Future investments may or may not be profitable. Net performance reflects the deduction of all fees and expenses that a client or investor has paid or would have paid in connection with the investment adviser's investment advisory services to the relevant portfolio, including, advisory fees and fees paid to underlying investment vehicles.

Private Markets | Internal GS Strategies Performance

Our investment platform has outperformed peers and comparable public market indexes

PERFORMANCE AS OF JUNE 2023

		PRIVATE EQUITY					PRIVATE CREDIT
		GS Sourced Strategies			XIG/External		GS Sourced
		Buyout	Infrastructure	Mezzanine	Secondaries	Co-Investment	Senior Direct Lending
Peer Group* *(Quartile)*	1-Year	Q1	Q2	Q2	Q1	Q2	Q1
	3-Year	Q2	Q1	Q2	Q1	Q2	Q2
	5-Year	Q2	Q1	Q2	Q2	Q2	Q1
Market Index (*Direct Alpha*)	1-Year	-1.90%	7.00%	0.50%	-12.30%	-8.30%	5.00%
	3-Year	12.90%	10.20%	11.90%	13.10%	8.00%	5.70%
	5-Year	6.30%	7.90%	10.30%	7.40%	8.10%	6.40%

As of June 2023. Note: The peer groups used for the analysis have been defined by Cambridge Associates using all the funds in the specific strategy that have NAV in the ground during the period measured, regardless of vintage year. Number of funds used for each peer group: Corporate equity ≈1400, Infrastructure ≈160, Mezzanine ≈130, Secondaries ≈280, Co-investment ≈1400, Senior direct lending ≈100. Growth and Sustainability strategies too recent to include in the analysis (offered in commingled fund format since 2021). Market indexes: Corporate equity, secondaries and co-investment have been compared against MSCI World. Mezzanine against Bloomberg Barclays Global HY and Senior direct lending against Bloomberg Global High Yield. Source: Goldman Sachs Asset Management. For illustrative purposes only.

Private Markets | Core Principles

We believe three core principles establish the foundation for a successful private markets program that can potentially achieve attractive returns

Core principles to investing in private markets

Broad Manager Reach

A wide dispersion of returns, from the first to fourth quartile performers, in private markets necessitates a focus on manager selection to identify top managers

Consistent Allocations

Private markets include long-term asset classes. It is difficult to predict market cycles, making it important to be in the market on a consistent, annual basis to mitigate the risk of market timing

Portfolio Diversification

Private markets span all phases of the business lifecycle, and opportunities can be found in different sectors, industries, and geographies; a well-balanced private markets program can diversify return drivers across these metrics

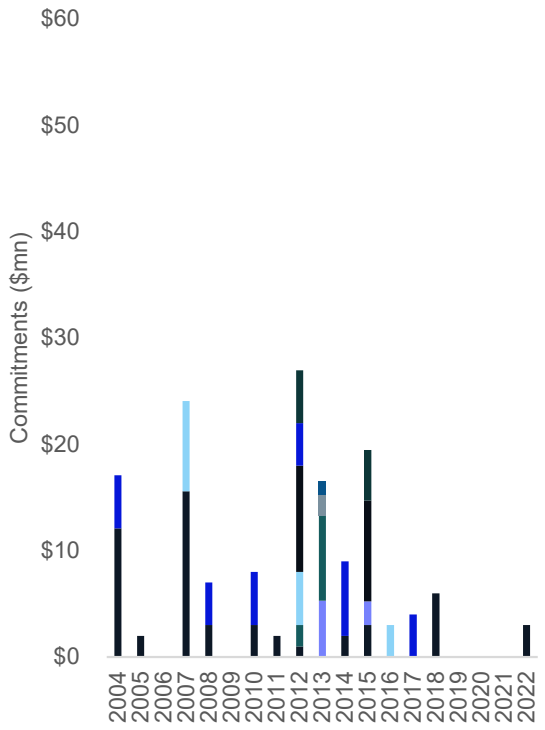
We believe that these three core principles, when taken with a cycle-aware approach, pivoting to what we believe are the most attractive opportunities at a given time, can lead to a well-constructed private markets portfolio that can potentially achieve enhanced returns.

Source: XIG, as of September 30, 2023. For discussion purposes only. Diversification does not protect an investor from market risk and does not ensure a profit. There is no guarantee that objectives will be met. The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.

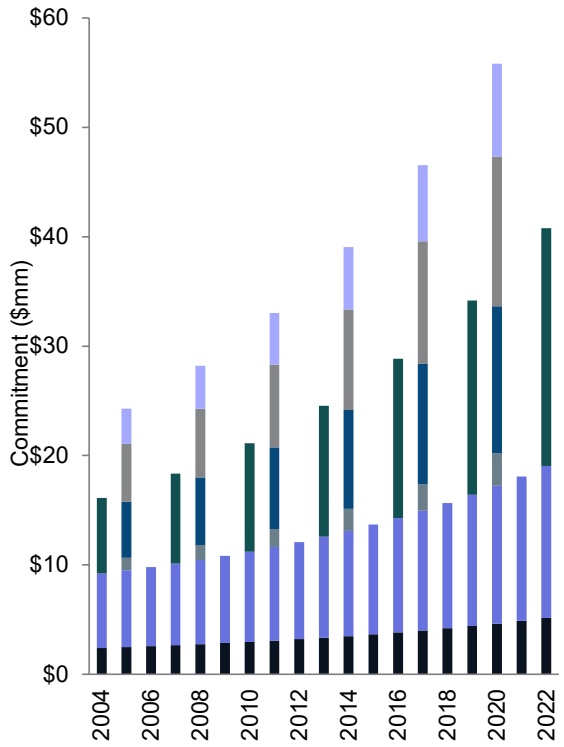
Private Markets | Consistent Commitments - Key to Diversification

As different vintage years have meaningful variations in performance, to earn more stable returns in private markets, an organization should seek to maintain an ongoing pace of commitments

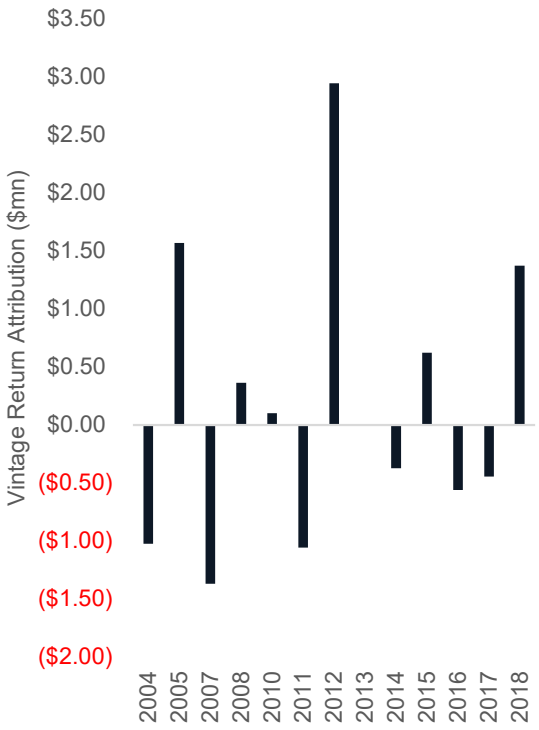
OHA'S ACTUAL COMMITMENTS VARIED SUBSTANTIALLY BY YEAR…



…WHICH, COMPARED THE SMOOTHER PATH BELOW THAT THEORY SUGGESTS…



…RESULTED IN RETURNS THAT DIFFER FROM LONG-RUN ANNUAL AVERAGES FOR THE SPACE



Source: Goldman Sachs Asset Management. As of May 2024. For illustrative purposes only. Diversification does not protect an investor from market risk and does not ensure a profit.

Path Forward | OHA & GS Strategic Partnership Mandate

To meet OHA's longer-term needs, we propose a strategic partnership mandate, which can incorporate whichever elements of private portfolio management OHA seeks to delegate

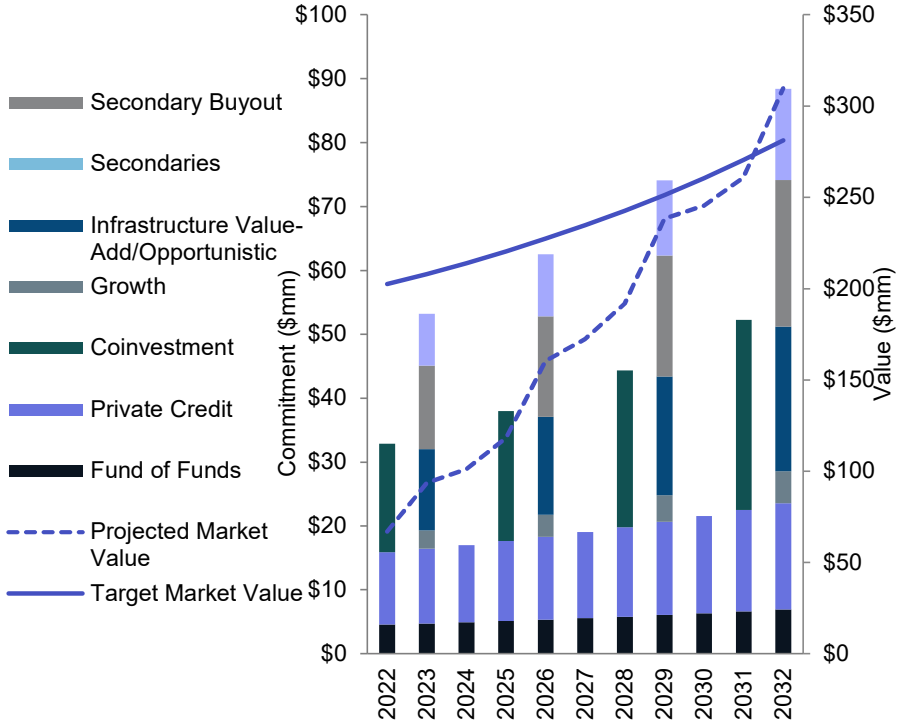
	Today			Future	
	OHA Office of Hawaiian Affairs **CIO & Board**	Goldman Sachs **Asset Mgmt.**		OHA Office of Hawaiian Affairs **CIO & Board**	Goldman Sachs **Asset Mgmt.**
Total NHTF objectives and targets	Defines	Advises	=	Defines	Advises
NHTF private markets strategy	Implements commitment planning, strategy selection, and liquid replication	Advises	**Partnership Mandate** →	Defines via investment guidelines and consent	Implements desired blend of commitment planning, strategy selection, and ramp-up investment

Source: Multi Asset Solutions. As of May 2024. For discussion purposes only. There is no guarantee that objectives will be met.

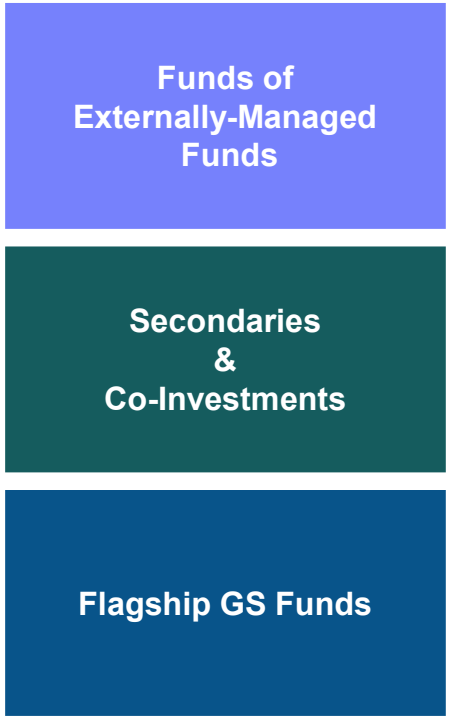
Path Forward | Predictable and Diversified Commitments

A diversified portfolio of private assets should include a range of managers, especially in strategies with high dispersion, and ongoing commitments, which a partnership mandate can facilitate

ONGOING COMMITMENTS FORM A KEY PIECE OF A STRATEGIC PARTNERSHIP MANDATE…



…WITH A BLEND OF DIRECT FUNDS AND FUNDS-OF-FUNDS DRIVING EXPOSURE TO A BROAD RANGE OF MANAGERS



Private equity and private credit exposure to a broad range of key, complementary, and venture managers with new funds each year

Exposure across asset classes to older vintages of external funds and investments alongside other private managers

Wide range of strategies in equity, credit, real estate, and infrastructure backed by long track record of investment

We look forward to deepening our partnership with OHA over the long-term and believe we can deliver the best of Goldman Sachs in a multi-asset class partnership mandate.

Source: Goldman Sachs Asset Management. Illustrative as of May 2024. Note that funds displayed here reflect a selection of managers to which Goldman Sachs Asset Management Funds of Funds have allocated in prior vintages rather than a claim that future vintages would offer investment in any or all of these managers. Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or directly invest in the company or its securities.

Important Information

Risk Disclosure

If GSAMFSL, the management company, decides to terminate its arrangement for marketing the fund/s in any EEA country where it is registered for sale, it will do so in accordance with the relevant AIFMD rules.

Offering Documents

This material is provided at your request for informational purposes only and does not constitute a solicitation in any jurisdiction in which such a solicitation is unlawful or to any person to whom it is unlawful. It only contains selected information with regards to the fund and does not constitute an offer to buy shares in the fund. Prior to an investment, prospective investors should carefully read the latest offering documentation, including but not limited to the fund's prospectus which contains inter alia a comprehensive disclosure of applicable risks. The relevant constitutional and offering documents are available free of charge at the fund's principal office.

Alternative Investments

Alternative Investments may be subject to less regulation than other types of pooled investment vehicles such as mutual funds. Alternative Investments may impose significant fees, including incentive fees that are based upon a percentage of the realized and unrealized gains and an individual's net returns may differ significantly from actual returns. Such fees may offset all or a significant portion of such Alternative Investment's trading profits. Alternative Investments may not be required to provide periodic pricing or valuation information. Investors may have limited rights with respect to their investments, including limited voting rights and participation in the management of such Alternative Investments.

Alternative Investments often engage in leverage and other investment practices that are speculative and involve a high degree of risk. **Such practices may increase the volatility of performance and the risk of investment loss, including the loss of the entire amount that is invested.** There may be conflicts of interest relating to the Alternative Investment and its service providers, including Goldman Sachs and its affiliates. Similarly, interests in an Alternative Investment are highly illiquid and generally are not transferable without the consent of the sponsor, and applicable securities and tax laws will limit transfers.

Distribution of Shares

Shares of the fund may not be registered for public distribution in a number of jurisdictions (including but not limited to any Latin American, African or Asian countries). Therefore, the shares of the fund must not be marketed or offered in or to residents of any such jurisdictions unless such marketing or offering is made in compliance with applicable exemptions for the private placement of collective investment schemes and other applicable jurisdictional rules and regulations.

Investment Advice and Potential Loss

Financial advisers generally suggest a diversified portfolio of investments. The fund described herein does not represent a diversified investment by itself. This material must not be construed as investment or tax advice. Prospective investors should consult their financial and tax adviser before investing in order to determine whether an investment would be suitable for them.

An investor should only invest if he/she has the necessary financial resources to bear a complete loss of this investment.

This material is provided at your request solely for your use.

The Cambridge Associates benchmarks are 100% composed of institutional-quality private investment funds, defined as closed-end, commingled funds that invest third party capital with all investment decisions made at the discretion of the fund manager.

Please note that for the purposes of the European Sustainable Finance Disclosure Regulation ("SFDR"), this product is not an Article 8 or 9 product. Please note that this material includes certain information on Goldman Sachs's sustainability practices and track record at an organizational and investment team level, which may not necessarily be reflected in the portfolio of any product(s) you invest in. Please refer to the offering documents of any product(s) prior to investment, for details on how and the extent to which the product(s) takes ESG considerations into account on a binding or non-binding basis.

Important Information

Private equity investments are speculative, highly illiquid, involve a high degree of risk, have high fees and expenses that could reduce returns, and subject to the possibility of partial or total loss of fund capital; they are, therefore, intended for experienced and sophisticated long-term investors who can accept such risks. There can be no assurance that any objectives or targets stated in this material can be achieved; any targets provided are subject to change and do not provide any assurance as to future results. The ability of underlying funds to achieve their objectives or targets depends upon a variety of factors, not the least of which are political, public market and economic conditions. Any historical performance of individual partnerships shown is for informational purposes only and does not guarantee their future performance, which can vary considerably. The trading market for the securities of any portfolio investment of the underlying funds may not be sufficiently liquid to enable such funds to sell such securities when it believes it is most advantageous to do so, or without adversely affecting the stock price. In addition, such portfolio companies may be highly leveraged, which leverage could have significant adverse consequences to these companies and the funds offered by XIG Private Equity. Furthermore, restrictions on transferring interests in XIG Private Equity funds may exist so prospective investors should be prepared to retain their investments in any XIG Private Equity fund until the fund liquidates. For a complete discussion of risks that are unique to a particular XIG Private Equity fund, please refer to the respective fund's offering documents, which should be carefully reviewed prior to investing.
Views and opinions expressed are for informational purposes only and do not constitute a recommendation by Goldman Sachs Asset Management to buy, sell, or hold any security. Views and opinions are current as of the date of this presentation and may be subject to change, they should not be construed as investment advice.

The strategy may include the use of derivatives. Derivatives often involve a high degree of financial risk because a relatively small movement in the price of the underlying security or benchmark may result in a disproportionately large movement in the price of the derivative and are not suitable for all investors. No representation regarding the suitability of these instruments and strategies for a particular investor is made.

Hedge funds and other private investment funds (collectively, "Alternative Investments") are subject to less regulation than other types of pooled investment vehicles such as mutual funds. Alternative Investments may impose significant fees, including incentive fees that are based upon a percentage of the realized and unrealized gains and an individual's net returns may differ significantly from actual returns. Such fees may offset all or a significant portion of such Alternative Investment's trading profits. Alternative Investments are not required to provide periodic pricing or valuation information. Investors may have limited rights with respect to their investments, including limited voting rights and participation in the management of such Alternative Investments.

Alternative Investments often engage in leverage and other investment practices that are extremely speculative and involve a high degree of risk. Such practices may increase the volatility of performance and the risk of investment loss, **including the loss of the entire amount that is invested.** There may be conflicts of interest relating to the Alternative Investment and its service providers, including Goldman Sachs and its affiliates. Similarly, interests in an Alternative Investment are highly illiquid and generally are not transferable without the consent of the sponsor, and applicable securities and tax laws will limit transfers.

The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.

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Investment Advice and Potential Loss

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Complete information on the risks of investing in the Fund are set out in the Fund's prospectus.

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Effect of fees on performance:

The following table provides a simplified example of the effect of management and incentive fees on portfolio returns. For example, assume a portfolio has a steady investment return, gross of fees, of 0.5% per month and total management fees of 0.1042% per month of the market value of the portfolio on the last day of the month and incentive fees of 5% of net profits. Management fees and incentive fees are deducted from the market value of the portfolio on that day. There are no cash flows during the period. The table shows that, assuming that other factors such as investment return and fees remain constant, the difference increases due to the compounding effect over time. Of course, the magnitude of the difference between gross-of-fee and net-of-fee returns will depend on a variety of factors, and the example has been intentionally simplified.

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Period	Gross Return	Net Return	Differential
1 year	6.17%	4.61%	1.56%
2 years	12.72%	9.43%	3.29%
10 years	81.94%	56.89%	25.05%

Please note that for the purposes of the European Sustainable Finance Disclosure Regulation ("SFDR"), this product is not an Article 8 or 9 product. Please note that this material includes certain information on Goldman Sachs's sustainability practices and track record at an organizational and investment team level, which may not necessarily be reflected in the portfolio of any product(s) you invest in. Please refer to the offering documents of any product(s) prior to investment, for details on how and the extent to which the product(s) takes ESG considerations into account on a binding or non-binding basis.

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An investor should only invest if he/she has the necessary financial resources to bear a complete loss of this investment.

Swing Pricing: Please note that the fund operates a swing pricing policy. Investors should be aware that from time to time this may result in the fund performing differently compared to the reference benchmark/comparative index based solely on the effect of swing pricing rather than price developments of underlying instruments.

Portfolio holdings may not represent current, future investments or all of the portfolio's holdings. Future portfolio holdings may not be profitable.

The Net Asset Value represents the net assets of the Portfolio (ex-dividend) divided by the total number of shares.

Stated reference benchmark returns do not reflect any management or other charges to the fund, whereas stated returns of the fund do.

Performance is [based on the calendar year end] or [shown as of the month end] on NAV to NAV basis in denominated currency of the respective share class, with dividend reinvested.

Fees are generally billed and payable at the end of each quarter and are based on average month-end market values during the quarter.

Please note that for the purposes of the European Sustainable Finance Disclosure Regulation (“SFDR”), the product is an Article 8 product that promotes environmental and social characteristics. Please note that this material includes certain information on Goldman Sachs’s sustainability practices and track record, at an organizational and investment team level, which may not necessarily be reflected in the portfolio. Please refer to the offering documents of any product(s) prior to investment, for details on how and the extent to which the product(s) takes ESG considerations into account on a binding or non-binding basis.

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