I. CALL TO ORDER
The meeting of the Investment Committee was called to order at 9:00 a.m. by Trustee Christian Fern, Chairperson, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, City Financial Tower, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Thursday, May 21, 2020.

II. MINUTES – APRIL 21, 2020
The Investment Committee reviewed the draft minutes of April 21, 2020.

MOTION was made and seconded to approve the minutes of April 21, 2020, as circulated. (Johnston/Fern) The motion passed unanimously. (Employer Trustees-1/Employee-Beneficiary Trustees-1)

III. EXECUTIVE SESSION
MOTION was made and seconded to move into Executive Session at 9:03 a.m. (Johnston/Fern) The motion passed unanimously. (Employer Trustees-1/Employee-Beneficiary Trustees-1)

The regular meeting reconvened at 11:17 a.m.

IV. MEKETA INVESTMENT GROUP
A. Strategic Asset Allocation
Mr. Kuan Yuan presented a proposed interim strategic allocation target with allocation to the Reinsurance asset class. The proposed target is revised by reducing five asset classes (U.S. microcap, U.S. equity, non-U.S. equity, global options and systematic trend following) by 1% each and adding the reinsurance strategy at 5%. The target allocation will be reevaluated as part of the strategic allocation study later this year.

MOTION was made and seconded to recommend to the Board approval of the revised interim strategic target including a 5% allocation to the Reinsurance class. (Nip/Johnston) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustee-2)

B. March 31, 2020 Strategic Performance Report Including Excess Funds
Mr. Colin Bebee from Meketa Investment Group (Meketa) highlighted significant points in the March 31, 2020 Performance Report. The OPEB Trust Fund finished the quarter at $3.26 billion and
loss -11.8% (net of fees) for the quarter, outperforming the policy benchmark of -12.5%. Since inception (June 23, 2011), the EUTF portfolio has returned 5.6% (net of fees) versus the policy benchmark return of 5.4%. During the quarter all public market managers with the exception of Acuitas (microcap), BlackRock (TIPS), and Kepos (alternative risk premia) performed in line or above their benchmarks. Acuitas underperformed primarily due to underweight in the healthcare sector. BlackRock underperformed primarily due to exposure to non-US inflation linked bonds. Kepos underperformed primarily due to an imperfect benchmark. There is no concern with these managers at this time. As of March 31, 2020, all asset classes were within the allocation guideline ranges prescribed in the State of Investment Policy and Guidelines.

Mr. Bebee reported that the EUTF Excess Funds portfolio finished the quarter at $237.6 million down -3.7% for the quarter (net of fees). Since inception (October 1, 2013), the portfolio returned 2.7% (net of fees).

C. Quarterly Private Equity & Private Credit Report – Q4 2019
Mr. Tad Fergusson and Ms. Mary Bates from Meketa highlighted significant points in the Quarterly Private Equity and Private Credit Reports, respectively. Since reporting for private market investments is lagged by one quarter, the report covers the fourth-quarter 2019. Through the fourth quarter, there was only $91 million and $71.9 million in invested funds for private equity and private credit, respectively.

D. Quarterly Real Estate Report – Q4 2019
Ms. Christy Fields of Meketa highlighted significant points in the Quarterly Real Estate Report. Since reporting for private market investments is lagged by one quarter, the report covers fourth-quarter 2019. During the quarter private real estate returned 0.8% (net of fees), below the asset class benchmark of 1.3% primarily due to the retail sector. Meketa and EUTF staff are closely monitoring the performance of the sector.

V. FUTURE AGENDA ITEMS DISCUSSION AND POSSIBLE MEETING DATES
Mr. Yuan reported that EUTF staff will poll the Committee members for a meeting date in June.

VI. ADJOURNMENT
MOTION was made and seconded for the Investment Committee to adjourn the meeting at 11:51 a.m. (Nip/Elefante). The motion passed unanimously. (Employer Trustees-3/ Employee-Beneficiary Trustees-2)

Respectfully submitted,

/s/

Christian Fern, Chairperson

APPROVED on June 16, 2020.

Documents Distributed:
1. Draft April 21, 2020 Investment Committee minutes.
2. EUTF Portfolio Inclusion Recommendation, by Meketa.
4. EUTF Private Equity & Private Credit Quarterly Program Report, December 31, 2019, by Meketa.
5. EUTF Quarterly Real Estate Performance Report, December 31, 2019, by Meketa.