I. CALL TO ORDER
The meeting of the Investment Committee was called to order at 9:00 a.m. by Trustee Celeste Nip, Vice-Chairperson, in the City Financial Tower Conference Room, 201 Merchant Street, Suite 1935, Honolulu, Hawaii, on Tuesday, May 17, 2022.

Trustee Machida entered the meeting at 9:01 a.m.

II. MINUTES – MARCH 14, 2022
The Investment Committee reviewed the draft minutes of March 14, 2022.

MOTION was made and seconded to approve the minutes of March 14, 2022, as circulated. (Ferguson-Miyamoto/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-2)

III. EXECUTIVE SESSION
MOTION was made and seconded to move into Executive Session at 9:03 a.m. (Machida/Yu) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-2)

Trustees Damien Elefante and James Wataru entered the meeting at 9:06 a.m. and 9:26 a.m. respectively, during Executive Session.

The regular meeting reconvened at 9:54 a.m.

Vice-Chairperson Nip reported that in Executive Session the Committee approved:
- A recommendation to the Board to commit funds to a private equity fund, subject to contract negotiation.
A recommendation to the Board to commit funds to a real assets fund, subject to contract negotiation.

IV. NEW BUSINESS
A. Committee Charter
Mr. Derek Mizuno presented a draft of a Investment Committee Charter. The charter states the purpose of the investment committee and reiterates guidelines for membership, voting, responsibilities, and use of outside advisors. It was noted during the discussion that if the Charter is approved as drafted, the Chairperson and Vice Chairperson must come from different trustee groups, so a change to the current Chair/Vice Chair assignment will need to be made.

MOTION was made and seconded to recommend to the Board approval of the Investment Committee Charter. (Machida/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

B. Proxy Policy
Mr. Kuan Yuan presented a memorandum that provided an overview of proxy voting and discussed EUTF’s current policy. Public equity shareholders use proxy votes to weigh in on governance issues concerning the companies they own. Due to the sheer number of equity holdings and associated voting issues, asset owners like public plans commonly rely on their investment managers or a third-party service provider to carry out the voting research and recommendation process. The EUTF delegates proxy voting to its public equity managers, who have hired service providers to vote in alignment with the economic interests of the EUTF. This practice aligns with EUTF’s Investment Policy Statement.

After the presentation, the Committee, Meketa Investment Group (Meketa), and EUTF staff discussed the monitoring and reporting practices of EUTF’s current proxy voting policy. The Committee requested that this topic be revisited at a later meeting to clarify specific issues that are being voted on EUTF’s behalf by its public equity managers.

V. MEKETA INVESTMENT GROUP
A. March 31, 2022 Quarterly Performance Report
Mr. Colin Bebee of Meketa highlighted significant points in the March 31, 2022 Performance Report. The OPEB Trust Fund portfolio finished the quarter at $6.0 billion and declined 1.2% (net of fees) for the quarter, underperforming the policy benchmark, which was flat. Since inception (June 23, 2011), the portfolio has returned 8.1% (net of fees) versus the policy benchmark return of 8.0%.

During the quarter, all public market managers with the exception of Acuitas (Micro Cap), Northern Trust (Global Equity), Geode (Global Options), Gateway (Global Options), Mt. Lucas (Trend Following), Kepos (Alternative Risk Premia), and Lombard Odier (Alternative Risk Premia) performed in line or above their benchmarks. Acuitas underperformed due to overweights in the technology and consumer discretionary sectors. Differences in fair value pricing methodologies caused Northern Trust’s passive foreign stock fund to trail its benchmark. For the Global Options asset class, the single option position held by the benchmark has been one of the most optimal to own recently, causing the managers’ more diversified option portfolios to lag behind. Mt. Lucas underperformed due to variance in trading rules from the benchmark. Certain combinations of factors (carry, value, momentum, intraday trend) and asset classes (equity, bonds, commodities) drove underperformance in the Alternative Risk Premia managers. Lombard Odier remains on Watch Status effective January 1, 2022; otherwise, there are no concerns with any other managers at this time. As of March 31, 2022, all asset classes were within the allocation guideline ranges prescribed in the Investment Policy Statement.
Mr. Bebee reported that the EUTF Trust Fund portfolio finished the quarter at $377.6 million, down 2.4% for the quarter (net of fees). Since inception (October 1, 2013), the portfolio has returned 3.6% (net of fees).

Trustee Christian Fern entered the meeting at 10:26 a.m.

B. Quarterly Private Equity & Private Credit Report – Q4 2021
Mr. Tad Fergusson of Meketa highlighted significant points in the Quarterly Private Equity and Private Credit Reports. Since reporting for private market investments is lagged by one quarter, the report covers the fourth-quarter 2021. At the end of the quarter, Private Equity and Private Credit reported market values of $472.0 million and $264.7 million, respectively, with since inception internal rates of return of 37.4% and 14.5% (both net of fees), respectively. For the same time period, Private Equity and Private Credit outperformed their benchmarks of 26.3% and 7.5%, respectively.

C. Quarterly Real Assets Report – Q4 2021
Ms. Karen Reeves of Meketa highlighted significant points in the Quarterly Real Assets Report. Since reporting for private market investments is lagged by one quarter, the report covers fourth-quarter 2021. At the end of the quarter, Private Real Assets reported a market value of $484.7 million with a since inception return of 8.1% (net of fees), slightly outperforming the asset class benchmark of 8.0%.

D. Private Equity Co-Investment Guidelines
Mr. Yuan and Mr. Fergusson presented an overview of co-investing and a proposal to establish a co-investment program for the OPEB Trust portfolio. Co-investments are direct investments made alongside private equity firms (General Partners, GPs) in their individual portfolio companies. Co-investors benefit from lower fees and more rapid deployment of capital, while the GP gains access to additional capital to fund deals without having to raise another fund or work with other financial sponsors.

Since direct co-investment opportunities typically require quick turnarounds, decision-making would be delegated to EUTF staff, who would work with Meketa to evaluate potential deals and monitor the overall program. Staff and Meketa would operate under explicit pacing and portfolio construction guidelines to allow for efficient use of resources and decision making. The Committee would be provided with written notification after co-investments are made along with regular program updates.

After the presentation, the Committee, Meketa, and EUTF staff discussed the due diligence process, prior discussions on the topic, program rollout timing, team resources, and the proposed policy guidelines. The Committee requested changes to the proposed policy language regarding fees and the revisions will be presented during the Board meeting.

MOTION was made and seconded to recommend to the Board approval of the proposed co-investment policy guidelines with abovementioned changes, up to $75 million of total Private Equity co-investments per year, and up to $25 million per co-investment. (Machida/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

E. Education: Diversifying Strategies – First Responders
Mr. Bebee presented an educational overview on investing in “First Responders” within the Diversifying Strategies allocation of EUTF’s portfolio. The Diversifying Strategies asset class aims to produce positive returns when equities fall and reduce overall portfolio volatility. First
Responders are typically the first line of defense during an equity drawdown as they should generate meaningful gains during the initial stages of a market shock. EUTF’s portfolio currently invests in Long US Treasury Bonds as a First Responder due to their historical tendency to act as a safe haven asset during market crises. However, in low-rate environments, Long US Treasuries may be a less effective diversifier, especially when equity drawdowns are triggered by higher inflation or interest rates.

As an alternative, Long Volatility and Tail Risk strategies are typically more reliable sources of positive returns when equities materially retreat. Given the current interest rate environment, Meketa and EUTF staff believe that exploring these strategies further would be worthwhile. Additional detail on Long Volatility and Tail Risk strategies will be presented at a future Committee meeting.

III. EXECUTIVE SESSION (continued)
Executive Session reconvened at 11:46 a.m.

The regular meeting reconvened at 12:27 p.m.

Vice-Chairperson Nip reported that in Executive Session the Committee approved the Executive Session Minutes of March 14, 2022

VI. FUTURE AGENDA ITEMS DISCUSSION AND POSSIBLE MEETING DATES
Mr. Mizuno reported that EUTF staff will poll the Committee members for meeting dates in June.

VII. ADJOURNMENT
MOTION was made and seconded for the Investment Committee to adjourn the meeting at 12:29 p.m. (Wataru/Machida) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/
Christian Fern, Chairperson

APPROVED on June 14, 2022.

Documents Distributed:
1. Draft March 14, 2022 Investment Committee Minutes. (3 pages)
2. Draft Investment Committee Charter. (2 pages)
3. Memorandum to EUTF Investment Committee from EUTF Chief Investment Officer Regarding Proxy Voting Policy, dated May 17, 2022. (1 page)
4. EUTF Q1 2022 Quarterly Report, prepared by Meketa Investment Group, dated May 17, 2022. (98 pages)
5. EUTF Private Equity & Private Credit Q4 2021 Quarterly Report, prepared by Meketa Investment Group, dated December 31, 2021. (26 pages)
6. EUTF Quarterly Real Assets Performance Report, prepared by Meketa Investment Group, dated December 31, 2021. (26 pages)
7. EUTF Private Equity Co-Investments, prepared by Meketa Investment Group, dated May 2022. (22 pages)
8. EUTF Diversifying Strategies: First Responders, prepared by Meketa Investment Group, dated May 17, 2022. (48 pages)