

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Investment Committee Meeting
Friday, November 13, 2023

TRUSTEES PRESENT

Mr. Robert Yu, Vice-Chairperson
Mr. Wesley Machida (via video conference)
Mr. Jacqueline Ferguson-Miyamoto

Ms. Sabrina Nasir (excused at 11:40 a.m.)
Ms. Maureen Wakuzawa
Mr. Ryan Yamane (via video conference, joined at 9:01 a.m.,
excused at 9:57 a.m.)

TRUSTEES ABSENT

Mr. Christian Fern, Chairperson

Mr. James Wataru

ATTORNEY (via video conference)

Mr. Michael Chambrella, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator
Mr. David Okamoto, Chief Investment Officer
Mr. Joao Marco Maffini

Ms. Debra Pfeffer
Mr. Brett Tatsuno
Ms. Desiree Yamauchi

CONSULTANTS (via video conference, unless otherwise noted)

Mr. Colin Bebee, Meketa Investment Group (in person)
Ms. Catherine Beard, Callan LLC
Mr. Tad Ferguson, Meketa Investment Group (in person)
Mr. Inwoo Hwang, Meketa Investment Group

Ms. Jan Mende, Callan LLC
Mr. Pete Keliuotis, Callan LLC
Mr. Aaron Quach, Callan LLC
Mr. Avery Robinson, Callan LLC

I. CALL TO ORDER

The meeting of the Investment Committee was called to order at 9:00 a.m. by Trustee Robert Yu, Vice-Chairperson, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, City Financial Tower, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Friday, November 13, 2023.

Trustee Ryan Yamane joined the meeting at 9:01 a.m.

II. REVIEW OF MINUTES – SEPTEMBER 8, 2023

The Investment Committee reviewed the draft minutes of September 8, 2023.

MOTION was made and seconded to approve the minutes of September 8, 2023, as circulated. (Ferguson-Miyamoto/Wakuzawa) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-2)

III. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 9:03 a.m. (Ferguson-Miyamoto/Wakuzawa) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-2)

The regular meeting reconvened at 10:44 a.m.

Trustee Yamane was excused from the meeting during Executive Session at 9:57 a.m.

Vice-Chairperson Yu reported that the following occurred during Executive Session:

- Approved a recommendation to the Board to commit funds to a private real assets fund, subject to contract negotiation.

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- Approved a recommendation to the Board to commit funds to a private credit fund, subject to contract negotiation.
- Discussed private equity manager updates.
- Reviewed and discussed the September 8, 2023 Executive Session Minutes.

MOTION was made and seconded to approve the Executive Session minutes of September 8, 2023, as circulated. (Ferguson-Miyamoto/Wakuzawa) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-2)

IV. PERFORMANCE REPORTS

A. Quarterly Performance Report – Q3 2023

Mr. Colin Bebee of Meketa Investment Group (Meketa) highlighted significant points in the Q3 Performance Report. The OPEB Trust Fund portfolio finished the quarter at \$6.8 billion and declined -1.2% (net of fees) for the quarter and fiscal year, outperforming the policy benchmark by 0.2%. Since inception (June 23, 2011), the portfolio has returned 6.9% (net of fees) versus the policy benchmark return of 6.8%.

During the quarter, all public managers with the exception of Sun Life (U.S. Treasuries) performed in line with or above their benchmarks. Sun Life slightly underperformed by -0.1% but has closely tracked the benchmark over longer time periods.

Mr. Bebee reported that the EUTF Trust Fund portfolio finished the quarter at \$533.7 million, down -1.6% for the quarter and fiscal year (net of fees). Since inception (October 1, 2013), the portfolio has returned 3.1% (net of fees).

B. Quarterly Private Equity Report – Q2 2023

Mr. Tad Fergusson of Meketa highlighted significant points in the Quarterly Private Equity Report. Since reporting for private market investments is lagged by one quarter, the report covers second-quarter 2023. At the end of the quarter, Private Equity reported a market value of \$679.8 million (10.8% of the total portfolio), with a since inception internal rate of return of 16.4% (net of fees), outperforming the asset class benchmark of 8.4%.

C. Quarterly Private Credit Report – Q2 2023

Ms. Catherine Beard of Callan LLC (Callan) highlighted significant points in the Quarterly Private Credit Report. Since reporting for private market investments is lagged by one quarter, the report covers second-quarter 2023. At the end of the quarter, Private Credit reported a market value of \$453.5 million (7.2% of the total portfolio), with a since inception internal rate of return of 8.9% (net of fees), outperforming the asset class benchmark of 7.8%.

Trustee Sabrina Nasir was excused from the meeting at 11:40 a.m., during the presentation.

D. Quarterly Real Assets Report – Q2 2023

Ms. Jan Mende of Callan highlighted significant points in the Quarterly Real Assets Report. Since reporting for private market investments is lagged by one quarter, the report covers second-quarter 2023. At the end of the quarter, Private Real Assets reported a market value of \$610.9 million (9.7% of the total portfolio), with a since inception return of 6.8% (net of fees), outperforming the asset class benchmark of 6.4%.

V. FUTURE AGENDA ITEMS DISCUSSION AND POSSIBLE MEETING DATES

Mr. David Okamoto reported that the next committee meeting is scheduled for December 11, 2023.

VI. ADJOURNMENT

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MOTION was made and seconded for the Investment Committee to adjourn the meeting at 11:54 a.m. (Ferguson-Miyamoto/Wakuzawa) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

Respectfully submitted,

/s/

Robert Yu, Vice-Chairperson

APPROVED on December 11, 2023.

Documents Distributed:

1. Draft September 8, 2023 Investment Committee Minutes. (3 pages)
2. EUTF Q3 2023 Quarterly Report, prepared by Meketa Investment Group, dated November 13, 2023. (108 pages)
3. EUTF Private Equity Q2 2023 Quarterly Report, prepared by Meketa Investment Group, dated June 30, 2023. (16 pages)
4. EUTF Private Credit Portfolio Review, prepared by Callan LLC, dated November 13, 2023. (23 pages)
5. EUTF Real Assets Performance Report – 2Q 2023, prepared by Callan LLC, dated November 13, 2023. (22 pages)