

DAVID Y. IGE
GOVERNOR



THOMAS WILLIAMS
EXECUTIVE DIRECTOR

KANOE MARGOL
DEPUTY EXECUTIVE DIRECTOR

STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

NEWS RELEASE

For Immediate Release
September 20, 2022

ERS Investment Return Ranked #1 for FY2022

HONOLULU – The Employees' Retirement System of the State of Hawaii's investment return of 3.7% for the fiscal year ended June 30 topped the list of public pension funds, according to a list published in Pensions & Investments' (P&I) Sept. 5, 2022, issue.

The ERS was one of only seven public pension funds nationwide to achieve a positive fiscal year return, according to P&I.

The market value of the ERS portfolio at the end of the fiscal year was \$21.97 billion, down from \$22.38 billion at the end of the first quarter, but up from \$21.44 billion a year ago, according to the performance report by ERS investment adviser Meketa Investment Group.

"This year's return as of June 30 is perhaps our most meaningful," ERS Executive Director Thomas Williams said. "Not so much because it tops our peers, but because it validates our strategic portfolio decision-making and keeps us on pace to full-funding."

The fund reported a -1.6 return for the second quarter ending June 30, but the ERS's portfolio performance still placed ERS amongst the top performing funds for the quarter, year-to-date and 1-year trailing periods, according to Meketa.

"Our 'risk-aware strategy' has served us extremely well," Williams said. "In fact, recent markets and our resulting return have served as a proof statement to the wisdom of our design. While the average public pension fund is down this year somewhere between a negative 6% and 8%, our fund experienced a positive return."

The ERS structures its portfolio to offset most material market declines with increases in allocations to Diversifying Strategies and Real Assets, with most capital coming from the Public Growth portfolio.

"The investment team here at the ERS has been working diligently over the past few years to build diversification and resilience into the portfolio and at the same time have considerable exposure to capital appreciation, so we were well prepared for the first half downturn," Acting



Employees' Retirement System
of the State of Hawaii

Chief Investment Officer Howard Hodel said. “It was fortuitous to be able to monetize profitable defensive strategies quickly during the second quarter and redeploy capital to undervalued assets to stay ahead of the markets, which is an ongoing challenge especially with so many macro-economic headwinds.”

The ERS relies on investment returns and employee and employer contributions to fund retiree benefits.

“It’s extremely difficult to attain #1 status amongst this group of the most highly regarded and resourced public pension funds in the nation. While we don’t shoot for the stars, we must celebrate our proximity while we can,” Williams said.

About the ERS

The Employees’ Retirement System (ERS) of the State of Hawaii was established in 1926 and provides retirement allowances and other benefits to more than 149,000 retirees, beneficiaries, inactive vested members, and active public employees working for the State of Hawaii and the counties of Hawaii. The Board of Trustees is the governing body of the ERS, with certain areas of administrative control vested in the State Department of Budget and Finance. The ERS is a qualified defined benefit public pension plan covered under Section 401(a) of the Internal Revenue Code. The ERS and its Board of Trustees account for and safeguard assets in the ERS investment portfolio and invest funds to help finance its retirement benefits program. The \$21.97 billion investment portfolio of the ERS holds a diversified set of assets across different strategies and risk categories.

Contact: Bart Asato, Program Specialist, 808-586-1768.

Attachment: Pensions and Investments - Public Pension Fund Returns (9-5-2022)

Public pension fund returns

Assets are in billions. Multiyear returns are annualized. For an updated tracker go to www.pionline.com/section/returns-tracker.

Pension fund	Current fiscal-year return	Previous fiscal-year return	Three-year return	Five-year return	10-year return	Asset size
Hawaii Employees**	3.7%	26.6%	10.0%	8.7%		\$22.0
Maine Public Employees	3.3%	26.5%	10.0%	9.5%		\$18.6
Arizona State Retirement	1.1%	25.1%	8.4%	8.3%		\$48.6
New Mexico Educational	1.0%	28.8%	8.8%	8.4%	8.5%	\$15.5
Virginia Retirement	0.6%	27.5%	9.2%	8.3%	8.7%	\$101.2
Santa Barbara County Employees	0.3%	25.2%	7.9%	7.8%	7.4%	\$3.9
Los Angeles County Employees	0.1%	25.2%	8.5%	8.1%	8.6%	\$70.4
San Bernardino County Employees	-0.1%	33.3%	8.8%	8.0%	8.3%	\$13.4
Ohio School Employees	-0.5%	26.8%	9.1%		9.1%	\$17.8
South Dakota Retirement	-0.7%	22.0%	7.2%	6.9%	8.9%	\$14.6
South Carolina Retirement	-0.9%	28.6%	7.8%	7.4%	7.5%	\$38.3
Nashville & Davidson County	-1.0%	0.0%	10.8%	9.7%	9.7%	\$4.2
CalSTRS	-1.3%	27.2%	9.3%	8.7%	9.4%	\$301.6
Houston Police Officers	-1.3%	32.2%				\$7.3
Rhode Island Employees	-1.4%	25.6%	8.7%	8.1%	8.0%	\$9.9
Arizona Public Safety**	-1.6%	27.8%	8.1%	7.6%	8.1%	\$17.8
San Francisco City & County**	-2.8%	33.7%				\$33.1
Maryland State Retirement	-3.0%	26.7%	8.4%	7.9%	7.8%	\$64.6
Massachusetts PRIM**	-3.0%	30.0%	8.9%	8.6%	9.2%	\$92.4
Missouri Education Pension Trust	-3.0%	28.7%		8.4%	8.9%	\$53.5
Sacramento County Employees	-3.5%	27.7%	8.2%	8.4%	8.4%	\$11.8
Ohio State Teachers	-3.7%	29.2%	8.6%	8.4%	9.2%	\$87.6
Oklahoma Police Pension	-3.9%	28.0%	7.8%	7.2%	7.7%	\$3.0
Montana Board of Investments	-4.4%	28.1%	8.0%	7.8%		\$13.4
Kern County Employees	-4.5%	23.9%	6.8%	6.5%	7.1%	\$5.1
Kentucky State Police	-4.6%					\$0.5
Kansas Public Employees**	-4.7%	26.3%	7.1%	7.4%	8.5%	\$24.3
San Mateo County Employees	-4.7%	24.3%	5.9%	6.0%	7.7%	\$5.7
Nevada Public Employees**	-5.1%	27.3%	9.0%	8.8%	9.2%	\$54.3
Kentucky Employees (Non-Hazardous)	-5.2%					\$3.0
Seattle City Employees*	-5.6%	29.2%	7.7%	7.4%	8.1%	\$3.6
Kentucky County Employees (Non-Hazardous)	-5.9%					\$7.9
Tulare County Employees	-5.9%	23.9%	5.4%	5.9%	6.8%	\$1.8
Kentucky Employees (Hazardous)	-6.0%					\$0.8
CalPERS	-6.1%	21.3%	0.0%	6.7%	7.7%	\$440.0
Kentucky County Employees (Hazardous)	-6.1%					\$2.7
Ventura County Employees	-6.2%	30.3%	7.8%	7.9%	8.5%	\$7.0
Florida Retirement System	-6.3%	29.5%	7.7%	7.7%	8.6%	\$180.0
Contra Costa County Employees*	-6.7%	22.3%	5.1%	5.7%	7.4%	\$10.1
Louisiana State Employees	-7.2%	35.6%	6.6%	6.7%	7.8%	\$12.4
North Carolina Retirement	-7.3%		4.9%	5.7%	6.7%	\$110.9
Wisconsin Retirement*	-7.3%	28.0%	7.5%	7.9%	8.0%	\$116.5
Philadelphia Public Employees	-7.5%	26.7%	6.8%	7.1%	7.3%	\$6.8
Stanislaus County Employees	-7.5%	25.2%	5.5%	5.9%	6.0%	\$2.5
Vermont Pension	-7.7%	24.6%	6.1%	6.4%	6.5%	\$5.4
Baltimore City Fire & Police	-8.0%	29.3%	5.9%	6.4%	7.0%	\$3.0
Mississippi Public Employees**	-8.5%	32.7%	7.9%	8.0%	9.0%	\$31.2
New York City Retirement	-8.7%	25.8%				\$239.5
Missouri State Employees	-9.0%	26.4%	6.6%		6.1%	
Idaho Public Employees	-9.5%	27.6%	6.1%	7.1%		\$20.9
Oklahoma Teachers	-9.5%	33.0%	6.6%	6.9%	8.7%	\$19.6
Oklahoma Law Enforcement	-10.1%	28.0%	5.7%	6.2%	7.5%	\$1.1
Oklahoma Firefighters	-10.2%	31.8%	7.2%	8.2%	9.3%	\$3.2
Louisiana Municipal Police	-10.3%	25.9%	5.1%	5.3%	7.1%	\$2.4
Arkansas Public Employees	-10.5%	31.5%	6.4%	7.0%	8.4%	\$10.0
Louisiana Firefighters	-11.1%	25.9%	4.8%	5.1%		\$2.0
Georgia Teachers	-12.8%	29.2%				\$91.9
Oklahoma Public Employees**	-14.5%	28.0%	4.6%	5.7%	7.4%	\$10.4

Notes: *Returns as of June 30, but not fiscal year-end. **Gross of fees.