

MINUTES OF THE INVESTMENT COMMITTEE OF THE
BOARD OF TRUSTEES OF THE EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF HAWAII

DECEMBER 3, 2025

CITY FINANCIAL TOWER
201 MERCHANT STREET, SUITE 1200
HONOLULU, HAWAII 96813

Committee Member
Trustees present:
(via teleconference)

Mr. Lance Mizumoto, Chair
Mr. Bennett Yap, Vice Chair
Mr. Vincent Barfield
Mr. Emmit Kane

Visiting Trustees
present:
(via teleconference)

David Louie

Attorneys present:

Ms. Jenny Nakamoto, Deputy Attorney General

Staff present:
(City Financial Tower)

Ms. Gail Strohl, Deputy Executive Director
Ms. Kristin Varela, Chief Investment Officer
Mr. Anthony Goo, Deputy Chief Investment Officer
Mr. Aaron Au, Investment Officer – Private Equity
Mr. Andrew Chen, Investment Officer – Credit
Mr. Ian Wetzel, Investment Officer – Real Assets
Ms. Lynn Kamimoto – Investment Officer - Risk
Ms. Masayo Zabinski, Investment Accountant
Ms. Andrea Gaspar, Administrative Assistant
Ms. Lori Kim, Administrative Assistant
Ms. Dale Kehau Kanae, Administrative Assistant
Ms. Diana Gomes, Recording Secretary/Administrative Assistant

Staff present:
(via teleconference)

Ms. Christine Chang, Investment Officer – Diversifying Strategies

Guest present:

Mr. Andrew Betz, Stafford Capital

Guest present:
(via teleconference)

Mr. Colin Bebee, Meketa Investment Group, Inc.
Mr. Jeff Leighton, Townsend Group
Mr. Kathryn Finneran, Townsend Group
Mr. D'metrius Grier, Townend Group

Public present:
(via teleconference)

Mr. Andrew Roper (unverified)
1-516-916-7742 (unverified)

CALL TO ORDER

A quorum being present (Chair Mizumoto, Vice Chair Yap, and Trustee Barfield), Chair Mizumoto called the Investment Committee meeting to order at 9:00 a.m. and requested Board members to identify themselves

and confirm that no other individuals are present in the room. Committee members present confirmed. Chair Mizumoto read the following statement, “Motion to hold the meeting allowing Trustees and members of the public to participate by interactive conference technology, pursuant to HRS § 92-3.7, with at least one meeting location open to the public that has audiovisual connection.” On a motion made by Chair Mizumoto, seconded by Trustee Barfield and unanimously carried, the Investment Committee meeting commenced.

PUBLIC COMMENT PERIOD

Chair Mizumoto called for both written and public comment. There was no public comment or written testimony submitted.

Trustee Kane entered the meeting at 9:10 am.

NEW BUSINESS

- DISCUSSION OF 2026 EMPLOYEES’ RETIREMENT SYSTEM INVESTMENT COMMITTEE MEETINGS

The 2026 Investment Committee meeting schedule was presented to the Investment Committee.

On a motion made by Vice Chair Yap, seconded by Trustee Barfield and unanimously carried, the Investment Committee approved the 2026 meeting schedule.

PRESENTATIONS

- MEKETA INVESTMENT GROUP, INC. – TOTAL FUND PERFORMANCE REVIEW FOR PERIOD ENDING SEPTEMBER 30, 2025
- ROTATING ALTERNATIVE ASSET CLASS REVIEW: REAL ASSETS PORTFOLIO REVIEW FOR PERIOD ENDING JUNE 30, 2025

Mr. Colin Bebee of Meketa Investment Group presented the Total Fund Performance Review for period ending September 30, 2025. Key highlights included:

- The ERS Total Portfolio consistently outperformed the Risk Adjusted Peer Median.
- The portfolio is designed to produce steady compounding returns and has consistently done so since its inception.
- Risk mitigation practices support the long-term sustainability of the Fund.
- The portfolio’s market value as of September 30, 2025, was \$25.1 billion.

IO Wetzel presented the Real Assets Score Card for period ending June 30, 2025:

- Market value stands at \$4.67 billion.
- Asset allocation remains in line with strategic targets.
- Long-term returns exceed the benchmarks.
- The portfolio contributions exceed distributions over the last 1-year.

Townsend Group consultants Mr. Jeff Leighton, Ms. Kathryn Finneran and Mr. D’metrius Grier presented the Rotating Alternative Asset Class Review for the Real Assets ending as of June 30, 2025.

Highlights include:

- ERS target allocation for Real Assets is 19%.
- Recent infrastructure, agriculture, and real estate commitments will assist the portfolio to continue to move towards its target allocation.

- The program comprises of 73 active investments, across 35 GP relationships, totaling \$6.4B in commitments, and \$4.7B in net asset value.
- In 2025, another \$725 million will deploy with focus on infrastructure and real estate.
- ERS Real Assets has generated since inception IRR of 7.5%, as of June 30, 2025.
- The real estate portfolio generating 7.3% net IRR and 1.3x net equity multiple since inception. Timber portfolio generated an 8.2% net IRR and 3.1x net equity multiple since inception. Infrastructure portfolio generated a 12.7% net IRR and 1.3x net equity multiple since inception. Agriculture portfolio generated a 2.7% net IRR and 1.1x net equity multiple since inception. Olomana portfolio generated a 3.1% net IRR and 1.1x net equity multiple since inception.
- The portfolio is following the Investment Policy Statement (IPS) and outperforming the benchmark for the current quarter and since inception and continues over the longer-term periods.

- EDUCATION – RISK BUDGETING (CONTINUED)

Risk Officer Lynn Kamimoto and Mr. Colin Bebee of Meketa Investment Group continued the educational session on total-portfolio risk budgeting. Key points included:

- Risk budgeting enhances governance by promoting cost awareness, consistent risk frameworks in manager mandates, clear performance hurdles, cross-asset accountability, and informed strategic actions.
- Risk budgeting ultimately provides a strategic framework to guide decision-making and strengthen total-portfolio oversight.
- A preliminary risk budget with underlying asset class tracking error assumptions for Broad Growth and Diversifying Strategies was reviewed.
- Most of the active risk in the Broad Growth portfolio is from the decision to participate in private markets, while active risk in Diversifying Strategies was driven by structure weightings.
- February 2026 Investment Committee meeting will cover the following:
 - Adoption of Total Portfolio Risk Budget.
 - Reporting and tools.
 - Define cure and action for breaches.

- HITIP EDUCATION SUMMARY

Mr. Andrew Betz of Stafford Capital presented information on the new direction of the HiTIP program. Highlights included:

- HiTIP originated in 2007 to expand capital access for Hawaii-based entrepreneurs.
- Provides strong risk adjusted returns in alignment with ERS targets.
- Increase the proportion of capital in Hawaii to 100%
- Expansion of asset classes across Private Markets and Real Assets.
- Retain capital gap focus.
- ERS benefits from its foundational investment role.
- Minimize headline risk by considering investor reactions.
- \$150M with one investment completed and two investments in the process.
- Targeting three to six investments per year.

- ANNUAL INVESTMENT POLICY STATEMENT REVIEW

CIO Varela presented the Annual Investment Policy Statement (IPS) Review. Listed below are the recommended revisions to the IPS.

SECTION E – HiTIP PROGRAM

The purpose to the revisions in Section E are to build the framework for the next phase of the HiTip program. The redline copy was included. A summary of recommendations to Section E include:

- Broader, more flexible program structure.
- Expanded allowance for investment structures.
- Clear articulation of roles, delegation, and oversight.
- Update objectives, performance expectations and KPIs.
- Improve alignment with statutory requirements and expectations.
- Staff reviewed the current IPS and prepared a revision to reflect the current governance model by reorganizing the section around purpose, objectives, allowable strategies and structures, delegation, and oversight.
- Staff took into consideration the expansion of Hawaii-linked opportunities in private markets and real assets and the opportunities available to expand in those areas.
- Staff used industry practices to direct Section E toward strategic guidance.

On a motion made by Trustee Kane, seconded by Trustee Barfield and unanimously carried, the Investment Committee accepted the Annual Investment Policy Statement Review for recommendation to the Board of Trustees for approval, pending review and approval from the Attorney General.

- ANNUAL BENCHMARKING REVIEW

Mr. Colin Bebee of Meketa Investment Group presented the Annual Benchmarking Review and explained the presentation will provide a quick review of benchmarks. No changes are recommended.

Benchmarks:

- The ERS Board of Trustees adopted a new long-term policy portfolio in June 2023.
- In August 2023, the ERS Board of Trustees approved the new asset class and total fund benchmarks.
- The new policy structure and benchmarks were implemented on January 1, 2024.
- Better alignment between benchmarks and betas/market risks.
- Improved investability.
- Elimination of artificial illiquidity premiums.
- Elimination of “riskless” indices.

Conclusion:

- ERS staff along with Meketa will continually review the effective benchmarks.
- Benchmark modifications may take place for the following reasons:
 - Board-directed asset allocation changes.
 - Modifications to the existing benchmarks.
 - Adjustments to ERS benchmarking philosophy or changes in industry best practices.

- No changes are proposed if ERS staff and Meketa believe current benchmarks are appropriate for the Total Portfolio.
- Benchmark reviews will occur on a regular basis with any changes proposed to the ERS Board of Trustees and Investment Committee.
- ERS will conduct the 2026 asset-liability study. The conclusion of the study may suggest modifications.

On a motion made by Trustee Kane, seconded by Vice Chair Yap and unanimously carried, the Investment Committee accepted the Annual Benchmark Review for recommendation to the Board of Trustees for approval.

- ANNUAL PLAN LIQUIDITY TARGET REVIEW

Mr. Colin Bebee of Meketa Investment Group presented the Annual Plan Liquidity Target Review and explained the presentation will provide a quick review of portfolio liquidity. No changes are recommended.

- Liquidity needs for a pension plan are different than other investors:
 - Consistent benefit payment outflows.
 - Private market capital calls.
 - For some closed systems, a portfolio may not have any contributions and will eventually be entirely liquidated.
 - Liquidity is important to rebalance and take advantage of investment opportunities.
- ERS conducts a comprehensive evaluation of the total portfolio's ability to meet liquidity requirements during asset-liability studies (every 3-5 years).
- Liquidity requirements include projected benefit payments over a 20-year period and private markets commitments/distributions over the first five years.
- Portfolios are examined under severe liquidity stress tests to assess the ability to meet liquidity requirements.
- Mature public pension systems require liquidity concerns.
- Liquidity is complex and it is important to examine each asset class under periods of market stress.
- During periods of market stress, liquidity should be accessed from asset classes with stable/improving values and low transaction costs.
- Based on current market values and actuarial projections, ERS staff and Meketa recommend that the 5% minimum remain unchanged for the calendar year 2026.

On a motion made by Trustee Barfield, seconded by Trustee Kane and unanimously carried, the Investment Committee accepted the Annual Plan Liquidity Target Review for recommendation to the Board of Trustees for approval.

CIO Varela informed the Investment Committee that there are no updates to report.

CIO UPDATE

On a motion made by Trustee Barfield and seconded by Vice Chair Yap, and unanimously carried, the Investment Committee approved the minutes of August 18, 2025 meeting, as presented.

APPROVAL OF MINUTES – AUGUST 18, 2025

ENTER EXECUTIVE SESSION

[Before entering Executive Session, Chair Mizumoto read the names of all authorized participants. All unauthorized participants were asked to leave the meeting.]

EXECUTIVE SESSION

On a motion made by Trustee Barfield, seconded by Vice Chair Yap, and unanimously carried, the Investment Committee entered Executive Session at 11:20 a.m.

EXECUTIVE SESSION, PURSUANT TO HRS § 88-27.5(A)(1), AND HRS § 92-5(A)(4), TO CONDUCT DISCUSSIONS AND DELIBERATIONS RELATING TO, AND IF APPROPRIATE, TO MAKE A DECISION ON INVESTMENTS OR PROSPECTIVE INVESTMENTS BY THE SYSTEM THAT REQUIRE THE CONSIDERATION OF INFORMATION OR RECORDS THAT ARE EXEMPT FROM DISCLOSURE UNDER HRS CHAPTER 92F, INCLUDING INFORMATION AND RECORDS THAT ARE PROPRIETARY INFORMATION OR CONFIDENTIAL BUSINESS INFORMATION, AND TO CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, AND LIABILITIES WITH RESPECT TO UPDATES ON STATUS OR ISSUES RELATED TO CONFIDENTIAL ERS INVESTMENT PORTFOLIO UPDATES REGARDING CHANGES IN (1) INVESTMENT OFFICE UPDATES.

[Chair Mizumoto identified all the participants in Executive Session, the Board staff members, Deputy Attorney General, and Guests are identified with an asterisk on these minutes and listed on Executive Session Minutes]

(Public participation was paused as Executive Session was conducted in a separate virtual room.)

APPROVAL OF EXECUTIVE SESSION MINUTES – AUGUST 18, 2025

On a motion made by Trustee Barfield, seconded by Vice Chair Yap and unanimously carried, the Investment Committee approved the confidential Executive Session minutes of the August 18, 2025, as presented.

EXIT EXECUTIVE SESSION

On a motion made by Trustee Barfield, seconded by Vice Chair Yap, and unanimously carried, the Investment Committee exited Executive Session at 11:17 a.m.

Trustee Kane exited the meeting at 11:17 am.

SUMMARY OF EXECUTIVE SESSION

Chair Mizumoto summarized what was discussed in Executive Session:

- Approved Executive Session minutes of August 18, 2025.

ADJOURNMENT

On a motion made by Trustee Barfield, seconded by Vice Chair Yap, and unanimously carried, Chair Mizumoto adjourned the meeting at 11:22 a.m.

**REDACTED
SIGNATURE**

Kristin Varela
Chief Investment Officer
KV/dlg