



2019
Endowment Report



UNIVERSITY
of HAWAII®
FOUNDATION





Aloha,

I am pleased to share with you the University of Hawai'i Foundation Endowment Report for the fiscal year ending June 30, 2019, detailing the endowment's annual performance. Because dollars and pie-charts tell only part of the story, you will also find in this report real-world accounts of the impact you're making on your neighbors and community.

Your support for the University of Hawai'i means new careers for Hawai'i's people, a deeper understanding of the world around us, and real solutions to problems afflicting humankind. It means unlocking the secrets of our planet and unlocking our hearts to each other.

On behalf of the University of Hawai'i Foundation's Board of Trustees and the entire university community, I thank you for your commitment to this great university. We have a lot more to discover, and I'm grateful we are in it together.

Mahalo nui loa,

Tim Dolan

*UH Vice President of Advancement
& UH Foundation CEO*



Hilo in her DNA

DR. JENNIFER DOUDNA, FAMED BIOCHEMIST, RETURNS TO HILO FOR TSENG LECTURE SERIES

Dr. Jennifer Doudna kicks off the Tseng Lecture Series at UH Hilo on Sept. 17, 2018. Photo by Bob Douglas

Time magazine named Dr. Jennifer Doudna one of the 100 most influential people in the world.

Rolling Stone included her in its Women Shaping the Future issue, saying she helped make a discovery “that could change life on Earth.”

Yet the Hilo High School graduate tells the New York Times, “I still think of myself as that person back in Hawai‘i.”

She returned to Hawai‘i in September 2018 to open the Rose and Raymond Tseng Distinguished Lecture Series at UH Hilo as its first presenter.

“It was an honor,” Doudna says. “I’m grateful for my upbringing in Hilo. My father was an English professor at UH Hilo. He provoked my curiosity in science.

“This interest was also encouraged by my Hilo High science teacher and by the chance to work in a UH Hilo biology lab.”

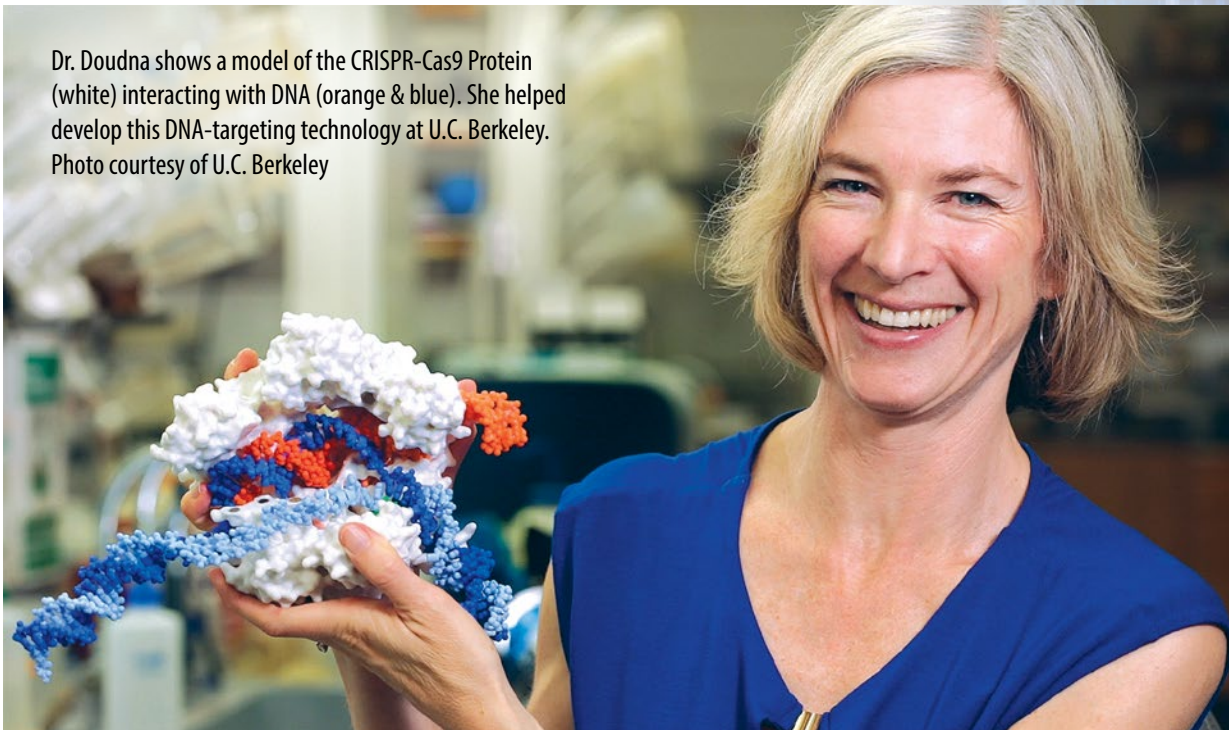
Doudna spoke about her journey into science, leading to her co-development of CRISPR-Cas9 technology, which enables scientists to edit the DNA of any organism at minimal cost.

Former UH Hilo Chancellor Rose Tseng, who established the lecture series with her late husband Dr. Raymond Tseng, attended the presentation.

“I was very pleased to see Jennifer Doudna selected as the first lecturer,” she says.



Dr. Doudna shows a model of the CRISPR-Cas9 Protein (white) interacting with DNA (orange & blue). She helped develop this DNA-targeting technology at U.C. Berkeley. Photo courtesy of U.C. Berkeley



Doudna, like Tseng, forged a career in science, and she is a professor at U.C. Berkeley, where Tseng received her master's and PhD.

“She has strong roots in Hilo, where her parents were both distinguished, fondly remembered members of the UH faculty,” Tseng says.

“And she’s working in a field with broad implications for the future of science and society.”

The Tseng lecture series brings leaders from around the world for presentations on topics such as international women’s leadership, science and culture, and indigenous culture and languages.

“We wanted to leave something behind to benefit the campus and community where we were so at home,” says Tseng.

“Ray and I made the initial gift to launch the endowment, but dozens and dozens of our friends and neighbors on the Big Island—and on the mainland and around the world—also contributed in our honor.

“These additional donations enabled the fund to grow more quickly, assuring us that Hilo would

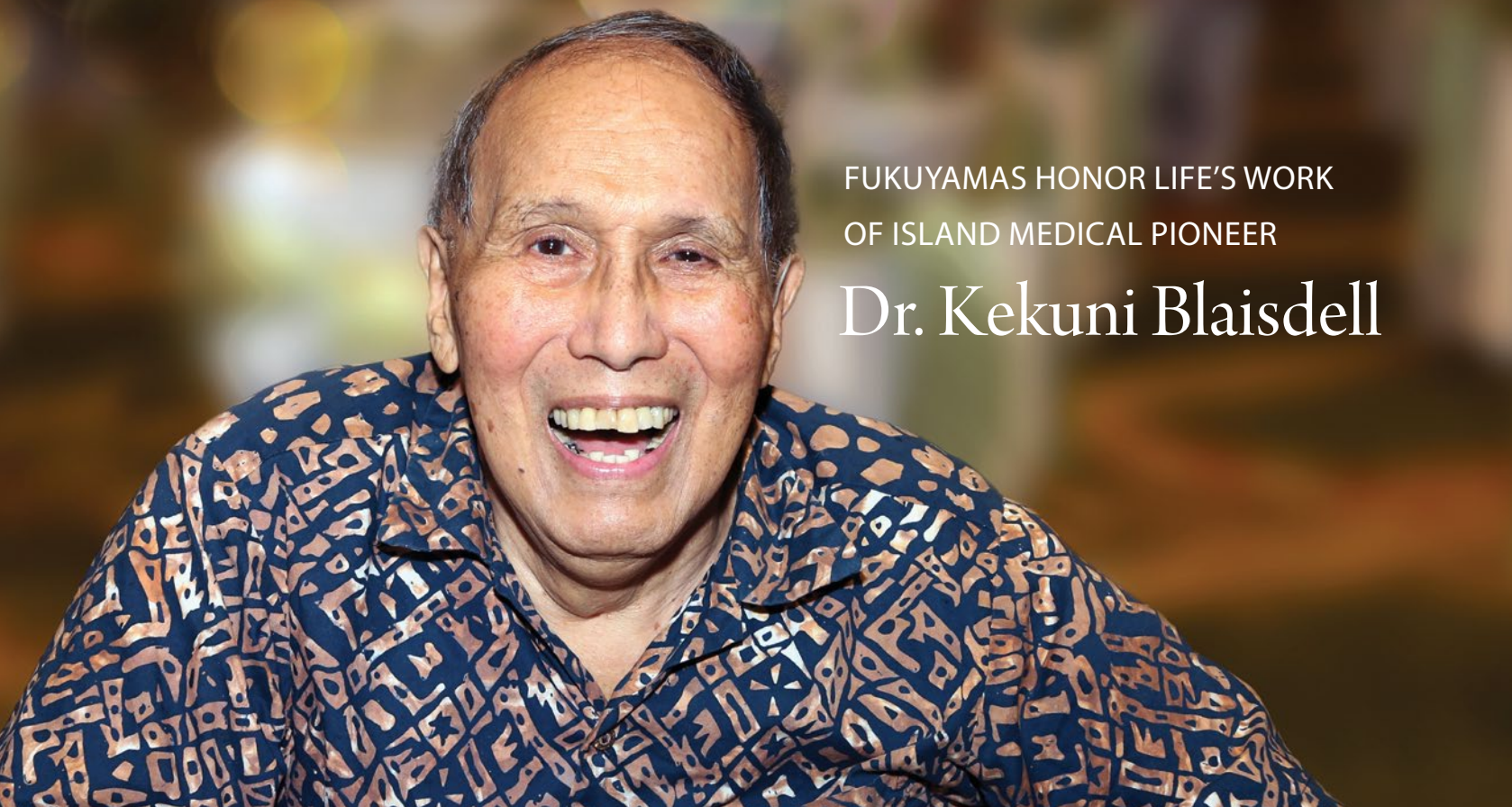
host firsthand exchanges with global leaders sharing their wisdom.”

Tseng hopes that by bringing thought leaders like Doudna together with students and the community, the lecture series will inspire innovation and help UH Hilo become a more powerful economic engine for the state.

For young people considering careers in science, Doudna hopes they will go for it. “You may be frustrated at times,” she says, “but seek people who encourage you, as I found in Hilo.”



Drs. Rose & Raymond Tseng



FUKUYAMAS HONOR LIFE'S WORK
OF ISLAND MEDICAL PIONEER

Dr. Kekuni Blaisdell

Richard Kekuni Blaisdell, MD, founding chair of the Department of Medicine at the John A. Burns School of Medicine, was revered as a *kauka*, or healer, in our state's Native Hawaiian community, and as a tireless advocate for learning and increased opportunities for Hawai'i citizens.

"Kekuni Blaisdell's ultimate dream was to empower the Hawaiian community, enabling it to continue his goal of reaching the underserved so they might flourish and make Hawai'i a better place to live," says Dr. Osamu Fukuyama.

"I know where his heart is, and this is why Edwina and I respect him so much."

In 1983, Blaisdell helped author a groundbreaking paper that called attention to declining health among Native Hawaiians in their native land. His scholarship and leadership eventually led to legislation and considerable funding from the U.S. Congress for programs that directly impact the health of Native Hawaiians.

A 1942 graduate of Kamehameha Schools, Blaisdell became an expert in the medical fields of hematology and pathology.

He served in the U.S. military and was appointed to the U.S. Atomic Bomb Casualty Commission in Hiroshima and Nagasaki following World War II, to study the effects of radiation on people exposed to the atomic bombs exploded in those cities.

While in Japan, he adopted a war orphan who was almost two years old. "I was single when I met little Mitsunori," said Blaisdell. "I took him back with me to the University of Chicago where I was working. And within a year, I met a lovely nurse, Irene Saito, a Waimānalo girl. We were married and Mitsunori, we called him Mitch, was best man at our wedding."

In 1966, Blaisdell was recruited from the University of Chicago to become the first chair of medicine at JABSOM. He served as chairman and professor of medicine, and then upon his

retirement in 2010, he served as professor emeritus until his death in 2016.

In 2004, to honor Blaisdell's career and his vision for improved education, access and health care for Native Hawaiians, Osamu and Edwina Fukuyama established the Dr. Kekuni Blaisdell Endowed Fund for Native Hawaiian Health. The fund supports JABSOM's Native Hawaiian Center of Excellence.

"If Papa were here, he would express extreme appreciation to Dr. and Mrs. Fukuyama, and he would add that it was his privilege to teach such exceptional students as Dr. Fukuyama and others for 50 years at JABSOM," says Dr. Nalani Blaisdell, a JABSOM graduate and Kekuni's daughter.

"Our family owes a debt of gratitude to the Fukuyamas for keeping our father's memory alive."

Since the fund's creation, 15 students have received money for costs related to studying medicine at JABSOM, including three who have been awarded multiple times. Through the award, they have come to appreciate Dr. Blaisdell and his contributions to the medical profession in Hawai'i.

"I strive to find ways our community can honor and further the amazing work Dr. Blaisdell has



Fukuyama 'ohana in 2017

done," writes recipient Edy Kaleimomi Gomes in a thank-you letter to the Fukuyamas.

Recipient Max Castanera writes, "I know that in the near future, Hawai'i will be filled with local, culturally competent Hawaiian doctors for the community's benefit."

Blaisdell sees a bright future in these young doctors-to-be.

"I've had the pleasure of meeting three Class of '21 recipients, including Edy and Max," she says. "They personify *mālama* (caring), *kuleana* (responsibility) and *ha'aha'a* (humility), and are genuinely dedicated to serving all the people of Hawai'i, including our underserved Native Hawaiian population. Papa would call them *ikaika* (strong)!"



Jennifer Lyman receives her kihei by Dr. Sasha Fernandes and Dr. Martina Kamaka on May 10, 2019. JABSOM's annual Kihei Ceremony celebrates the entry into medicine of new physicians of Native Hawaiian or Pacific Island ancestry. In the MD Class of 2019, a record 11 students took part in the ceremony. Photo by Vina Cristobal

Helping UH Maui students beat obstacles

OKASAKO SCHOLARSHIP SUPPORTS STUDENTS WITH LEARNING CHALLENGES

“I was shocked and amazed when I received the Okasako scholarship,” says Trudy Sakaguchi. “It had an effect on my studies, giving me a sense of obligation.”

Encouraging students to persevere is precisely the intent of the Masao and Michiko Okasako Scholarship at UH Maui College.

“Life may have thrown me a curveball, but I stuck to my studies because I had a scholarship, and I’m determined to finish college,” Sakaguchi says.

Michiko Okasako established the fund in honor of her son, Neil Hajime Okasako, a Maui College graduate who suffered his entire life with ectodermal dysplasia, a sweat gland disorder.

Although his condition caused him discomfort, Neil was an active member of the community and an employee of the Hawai‘i state legislature until he died in 2005 at age 53.

Michiko established scholarship funds at UH Mānoa and UH Maui College to support students like Neil, who aspire to college educations despite their disabilities.

Sakaguchi’s learning differences mean difficulty with written expression and reading. “Before I began college, I felt segregated from my friends,” she says.

“Those feelings are still there sometimes, but I keep my chin up. I accept my differences, and I make use of my school’s accommodations.”

Yvonne Ladera, another recipient of the Okasako Scholarship, was diagnosed with dyslexia three years after graduating high school.

“I struggle with reading, and I’m dealing with depression,” she says.



Okasako 'ohana: Michiko & Masao with their son Neil

“I took time away from college to figure out what I wanted to do, but I returned in 2013 to focus on business. Now there is much more support for students like me, and my friends give me props for my growth and effort.”

“My parents and I are very grateful for this scholarship,” says Ladera. “It paid for my books and some of my classes, and I’m on track to graduate in 2020. I really want to open my own business.”

Sakaguchi, Ladera and other students in the UH Maui College community understand that higher education can be an uphill struggle, but they thrive with support from their school and from benefactors like Michiko Okasako.

“One reason I’m working hard at getting my bachelor’s degree is to let people know that if I can do it, so can they,” says Sakaguchi.

“You may have a learning disability, but it doesn’t matter because the key to success is putting your mind to it. Anything is possible.”

UH FOUNDATION ENDOWMENT INVESTMENTS

A message from our Investment Committee chair

Aloha Friends,

Thanks to generous donors like you, the UH Foundation raised \$72 million in fiscal year 2019. We also disbursed more than \$48 million directly to UH, for students and programs statewide.

The \$11 million payout in 2019 from our endowment is a critical source of support for UH. As a result of new gifts and the careful management of our portfolio, the endowment posted a 4.8% return. As of June 30, 2019, the market value was \$328.9 million.

While reviewing our endowment performance, we also reflected on the broader context in which our assets are operating.



In December 2018, investors lost confidence in the positive global economic momentum and were reminded that volatility and market headwinds can quickly emerge.

By June 2019, global equities rallied despite trade and geopolitical uncertainties, as global central banks indicated a willingness to ease policy.

Developed markets stocks outperformed emerging markets equivalents that were weighed down by declines in Chinese equities. Growth outgained value, while large caps bested small caps.

Global economic growth concerns and falling inflation expectations provided a boost to global government bonds, while investment-grade and high-yield corporates also gained as credit spreads tightened.

Among real assets, commodities declined on falling energy and industrial metals prices, dragging down returns for natural resources equities. Despite falling yields globally, REITs performance varied by region.

In a complex and unpredictable world, endowments offer essential steady financial income to support excellence and opportunities at UH. We are committed to seeking superior returns through prudent investment strategies to keep up the positive momentum!

C. Scott Wo

Chair

UH Foundation Investment Committee

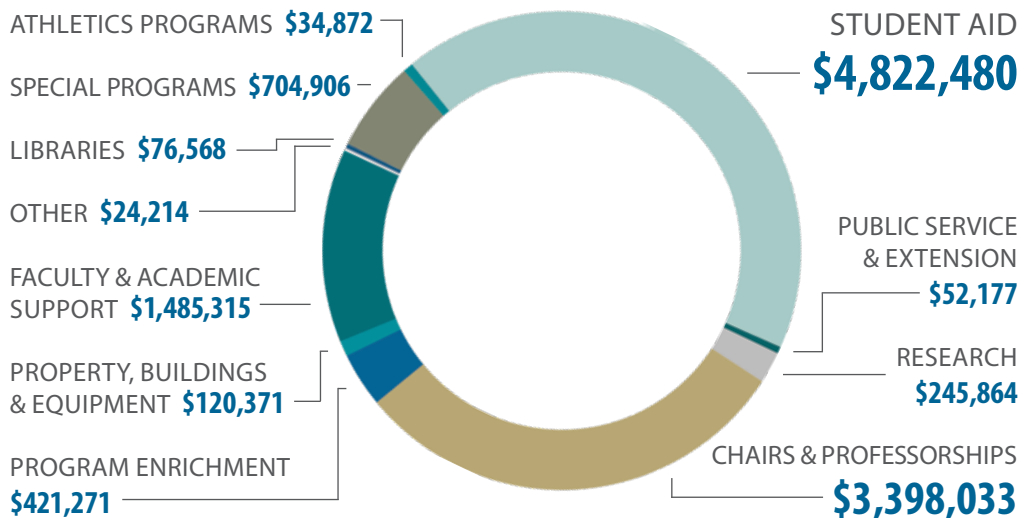
UH FOUNDATION ENDOWMENT INVESTMENTS

The Endowment Fund seeks future long-term growth of investments, at an acceptable risk level, sufficient to offset reasonable spending plus normal inflation, thereby preserving the purchasing power of the fund for future generations. Generous gifts from donors and a continued, disciplined focus on investment strategies and opportunities will help the endowment grow over the long term, so that it provides support for University of Hawai'i programs and priorities into the future.

Endowment overview

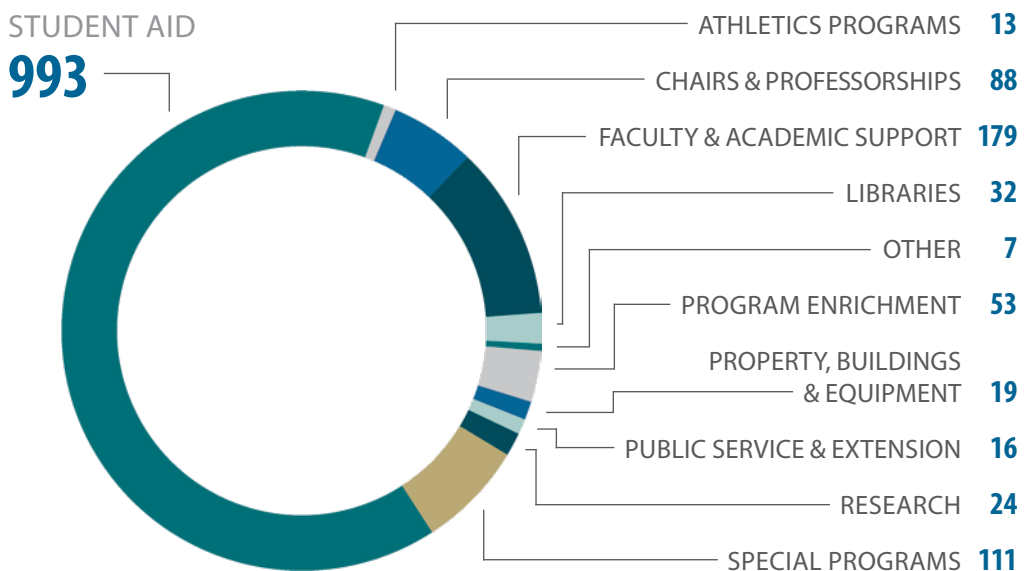
TOTAL PAYOUT TO UH FROM ENDOWMENT IN FY19:

\$11.4 MILLION

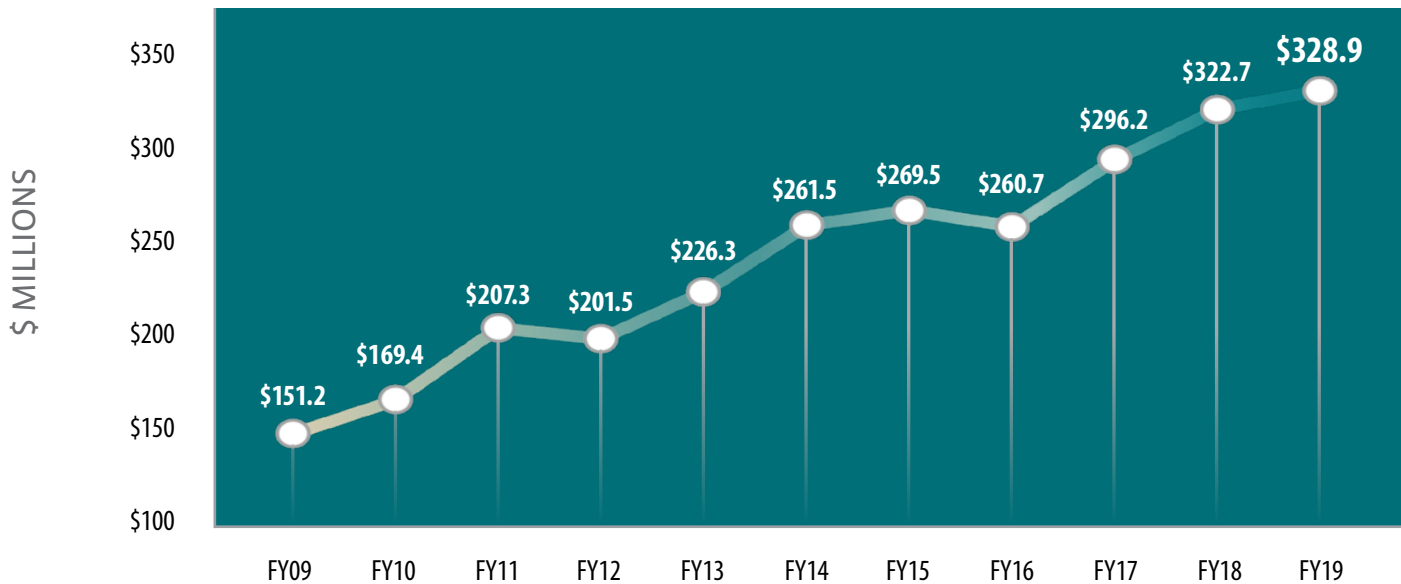


TOTAL NUMBER OF ENDOWMENT ACCOUNTS:

1,535

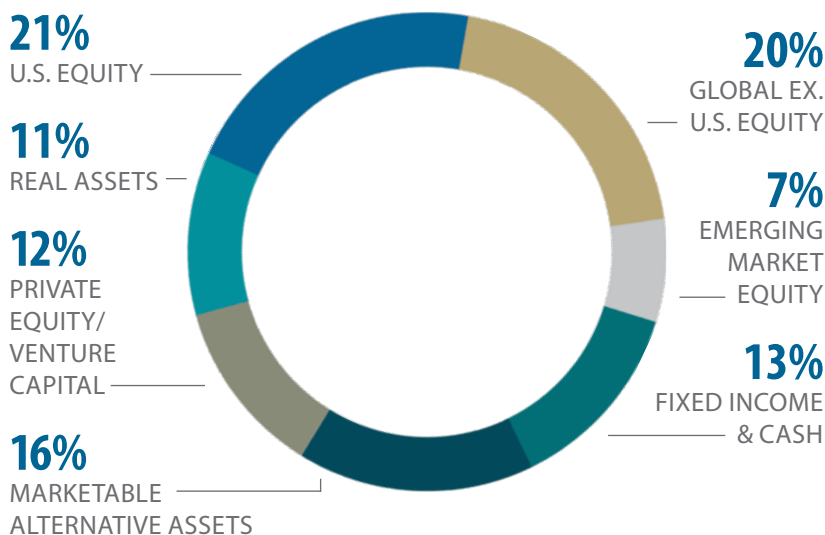


Endowment investment pool market values



The UH Foundation continues to produce competitive investment returns when compared to portfolio benchmarks and peer institutions. In fiscal year 2019, absolute performance was led by U.S. stocks. Developed markets stocks outperformed emerging markets equivalents that were weighed down by declines in Chinese equities. The trailing 1-year period endowment posted a 4.8% and annualized 10 years posted a 7.8% return, in-line with the return of the portfolio benchmark.

Asset allocation



Endowment investment decisions are made by the UH Foundation Board of Trustees investment committee. The UH Foundation retains independent consulting firm Cambridge Associates to help achieve its investment objectives. A list of the UH Foundation's current investment managers can be found at uhfoundation.org/investmentmanagers2019.

Investment performance

Annual rate of return compared to benchmark

	Actual / Benchmark
FY19	4.8% / 4.9%
3 YEARS	8.2% / 8.5%
5 YEARS	4.7% / 5.2%
10 YEARS	7.8% / 7.6%

The current benchmark reflects a blend of Russell 3000 Index (24.5%), MSCI EAFE Index (23.5%), MSCI Emerging Markets Index (8.5%), HFRI FoF Diversified Index (21.5%), Marketable Real Asset Benchmark (3.5%), Fixed Income Benchmark (16.0%), and 91-Day Treasury Bill Index (2.5%).

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July 1, 2018 – June 30, 2019

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Mahalo!

The UH Foundation is devoted to making sure your gift is well-managed and working as hard as it can for the University of Hawai'i. Your generosity is helping us create a legacy for generations to come.

Cover: Hawai'i Community College – Pāalamanui commencement on Hawai'i Island May 11, 2019. Photo courtesy of Hawai'i Community College – Pāalamanui.

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