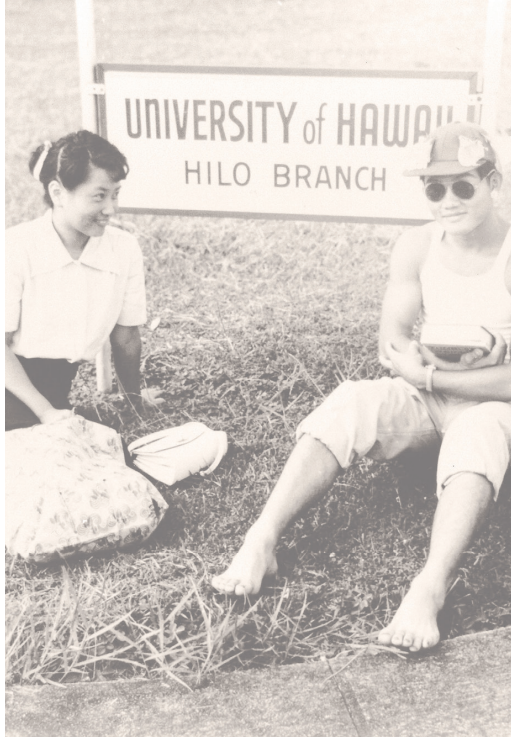




UNIVERSITY  
of HAWAI'I®  
FOUNDATION



2015



## *Endowment Report*



FOR OUR UNIVERSITY, OUR HAWAI'I, OUR FUTURE



PRINTED ON RECYCLED PAPER



## A MESSAGE FROM OUR *Chair*

Aloha Donors and Friends of the University of Hawai'i,



This year, the University of Hawai'i Foundation celebrates 60 years of serving the University of Hawai'i. Donors to the endowment can feel a tremendous sense of fulfillment knowing that their gifts will still be helping students, funding research and programs that enrich our state, 60 years from now and into perpetuity. Endowed funds are indeed a blessing to their beneficiaries and a lasting tribute to the generosity and foresight of their donors.

In fiscal year 2015, the University of Hawai'i Foundation's endowment provided over \$11.0 million in private support to the university, its students and its faculty. A positive return on investment of 0.8 percent and \$19.3 million in new gifts and other additions drove the endowment market value from \$261.5 million to \$269.5 million, net of payout and other withdrawals. Through

June 30, 2015, the endowment has produced an annualized return of 8.8 percent over the past five years.

To ensure that your gifts make the most impact today and in the future, our Investment Committee works diligently to maximize returns while minimizing risks in the presence of uncertainty and volatility in the marketplace. The strategic asset allocation the Investment Committee has developed helps to protect the endowment and has positioned us well for the future.

We recognize that you have entrusted us with your financial resources to ensure the future of this university. We promise to continue to be diligent stewards and welcome this opportunity to report to you on our endowment investment strategy and returns as well as share stories about the impact of these funds.

Mahalo nui loa,

**Elizabeth S. Hokada**

*Chair*

UH Foundation Investment Committee

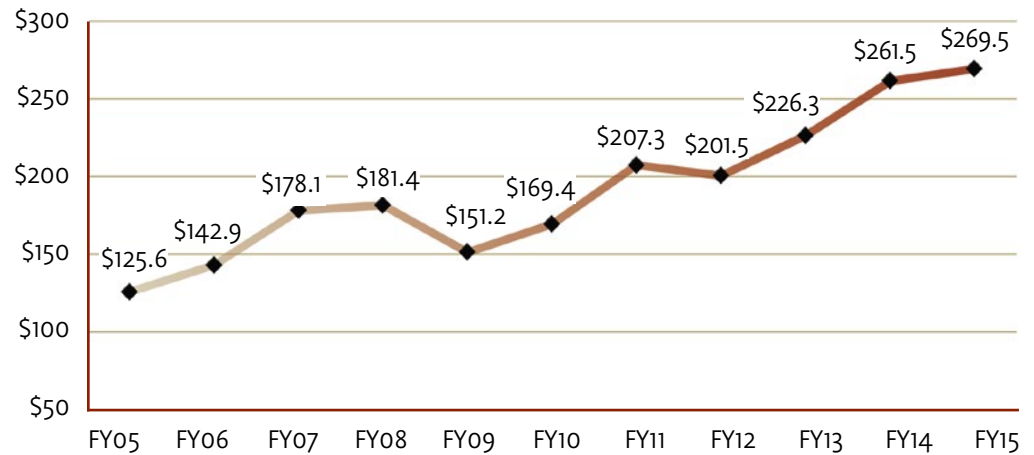
# UH FOUNDATION ENDOWMENT INVESTMENTS

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. It also seeks partial protection from potentially severe adverse effects of extended deflationary environments. Generous gifts from donors and a continued, disciplined focus on investment strategies and opportunities will help the endowment grow over the long term, thereby providing support for University of Hawai'i programs and priorities into the future.

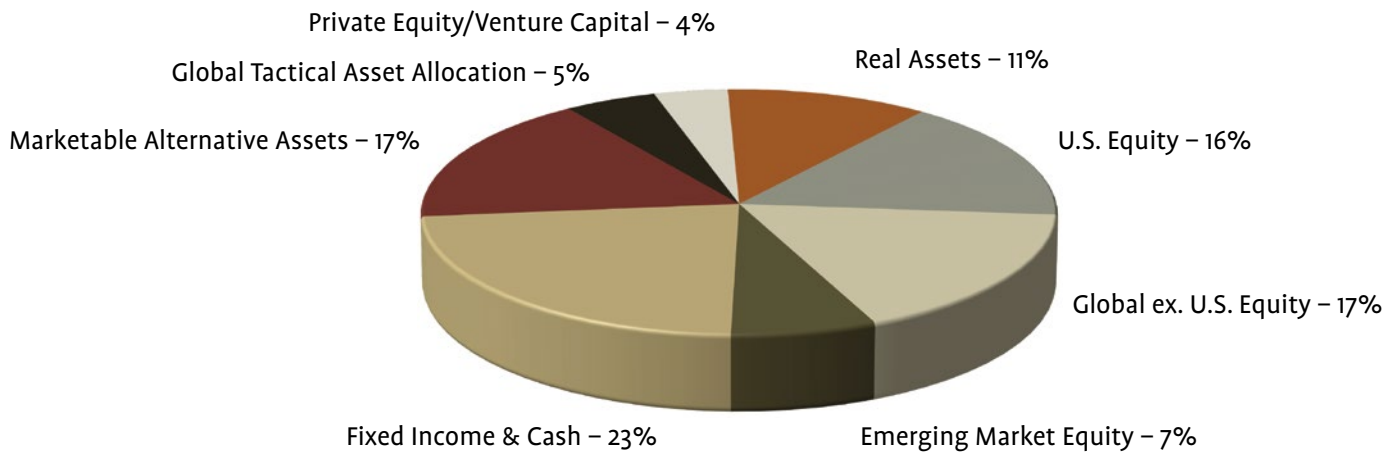
## Endowment investment pool market values

\$ Millions

The UH Foundation has consistently produced competitive investment returns when compared to portfolio benchmarks and peer institutions. In fiscal year 2015, U.S. equity and private equity/venture capital were the primary drivers of performance for the year with detraction from global ex. U.S. equity, emerging market equity and marketable real assets. A diversified portfolio continues to serve the University of Hawai'i's best interest over the long term.



## Endowment asset allocation



## Annual rate of return compared to benchmark

Annual Rate of Return	Fiscal Year 2015	Annualized Trailing 3 Years	Annualized Since 12/31/04
Actual	0.8%	9.4%	6.3%
Benchmark	1.8%	8.9%	5.4%

The current benchmark reflects a blend of Russell 3000 Index (17%), MSCI EAFE Index (17%), MSCI Emerging Markets Index (9%), HFRI Diversified FOF Index (20%), Russell 3000 Index + 3% (lagged one quarter) (10%), Marketable Real Asset Benchmark (4%), CPI-U + 5% (lagged one quarter) (8%), Fixed Income Benchmark (13%), and BofA ML 91 Day T-Bills (2%).

# FAQ



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## FREQUENTLY ASKED QUESTIONS ABOUT THE UHF ENDOWMENT

### **Q: What is an endowment, and what does it support?**

**A:** An endowment is a financial gift that provides income in perpetuity for a specified use. The principal of the gift is invested, and a portion of the return is used each year to support the school, college or program designated by the donor.

Endowments may be established for a wide variety of purposes, including faculty chairs and professorships, graduate fellowships, undergraduate scholarships and program support, visiting scholars/lectureships, and research support. Endowment gifts may be named for the donor or someone the donor wishes to honor or memorialize.

### **Q: How does UH Foundation's endowment strengthen the university?**

**A:** The endowment is an enduring gift to future generations that helps provide the funding necessary to maintain the university's pre-eminence in an ever-changing and increasingly demanding world. The endowment provides a margin of excellence – allowing students and faculty to engage in innovative programs and advanced research that distinguish the university.

With funds invested prudently, the UH Foundation's endowment provides a reliable, long-term financial resource that can be used to attract and retain world-renowned scholars, launch exciting

research endeavors, and make it possible for the best and brightest students to join the student body, regardless of their financial situations.

Through careful investment and new gifts, the growth of the endowment can help to protect the University of Hawai'i from fluctuations in the business cycle and changes in government funding.

### **Q: Who manages UH Foundation endowment investments?**

**A:** Decisions regarding the investment of the endowment are made by the Investment Committee of the UH Foundation's Board of Trustees. The Investment Committee seeks superior investment returns through a diversified, professionally managed portfolio.

To achieve its objective, the Foundation retains an independent consulting firm, Cambridge Associates, with expertise in investment policy development, spending policy analysis, manager evaluation, and selection and performance evaluation.

### **Q: How is UH Foundation's endowment invested, and what investment principles are followed?**

**A:** Endowment gifts are placed in a pooled fund for investment and oversight purposes. A pool of assets provides more options for investment, stronger diversification, superior returns and lower management fees. The market performance

of the pool is allocated between all the accounts proportionately so they all share equitably in the gains or losses.

A key goal of the endowment investment program is to preserve the real value or purchasing power of endowment assets – and the annual support the assets provide – in perpetuity. The funds in the endowment are managed based on Modern Portfolio Theory. The basic principle of this theory is that risk is reduced by investing in non-correlated assets.

The UH Foundation's endowment asset allocation policies therefore allow for diversification among broad asset classes (e.g., domestic and international equities, fixed income) and among the various styles within individual asset classes (e.g., "growth" and "value" within domestic equity).

To achieve this objective, Cambridge Associates recommends the percentage allocation to each asset class. Cambridge Associates also recommends professional investment managers to manage each specific portfolio management strategy of the endowment pool. Based on the assessment of the consultant's recommendations, the Investment Committee determines the appropriate allocation and selects the investment managers.

The investment managers currently employed by the UH Foundation can be found online at [www.uhfoundation.org/investmentmanagers2015](http://www.uhfoundation.org/investmentmanagers2015).

SUPPORTING MEDICAL INNOVATION AT UH FOR

# *Hawai'i's Healthy Future*

Imagine self-administering a bladder cancer test in the comfort of your home. Visualize the ability to switch a gene on and off through a simple diet or lifestyle change.

These and other scenarios could become a reality thanks to Barry and Virginia Weinman, who support the innovative research being conducted at the John A. Burns School of Medicine (JABSOM) and the University of Hawai'i Cancer Center.

A year after winning the Weinman Innovator Award for Translational Research, Dr. Charles Rosser and fellow collaborators have seen promising results in developing a potentially cost-saving test to detect bladder cancer.

"The Weinman award allowed us to develop this new clinical test to screen for bladder cancer in a non-invasive way," said Rosser, who joined the UH Cancer Center as program director of the Clinical and Translational Research Program in 2014. Describing the

previous trials as "retrospective," Rosser explains that during the initial stage of the study, they collected samples from patients and applied the new assay test, which showed encouraging and accurate results. "Now we can move on prospectively, which



*Weinman award recipient Dr. Charles Rosser, UH Cancer Center*

means testing in real life," he said. "Based on our proposed study, it will be four to five years before we have our final answer."

The new urine-based diagnostic test – which has attracted the attention of researchers from the Mayo Clinic, The University of Texas Southwestern and the Fred Hutchinson Cancer Research Cen-

ter in Seattle – uses 10 biomarkers to detect bladder cancer.

"Right now we only have a procedure known as cystoscopy, which requires that we insert a little TV camera into the patient's bladder," Rosser said. "It's an uncomfortable test, and it's a costly one, too."

When philanthropists Barry and Virginia Weinman initially instituted an endowment fund in 2008, their \$3 million donation helped establish the Barry and Virginia Weinman Dean's Chair in Medicine at JABSOM.

"The funds provide extra resources to advance the school's mission," said Dr. Jerris Hedges, dean of JABSOM since

2008. "It has helped us develop programs and support recruitment for a chairman for our surgery department."

Two years later in 2010, the Weinmans set up a separate UH Foundation fund for innovation at the UH Cancer Center. The endowment supports pioneering translational research, which



*Barry & Virginia Weinman are supporting innovative research at the John A. Burns School of Medicine.*

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is defined as studies that apply discoveries generated in the laboratory to studies in humans (bench to bedside), or that speed the adoption of best practices into community settings (bedside to practice). The fund also helps attract Nobel Prize winners to the annual Weinman Symposium, which is already building important connections for UH.

After being invited to give a lecture at the Cancer Center last August, 2011 Nobel Prize winner Dr. Bruce Buetler returned to Hawai'i as a visiting professor in

August 2015. "I had such a good experience, I agreed to return for two weeks, which is unusual because I've never been a visiting professor for longer than three days," said Buetler, professor and director of the Center for Genetics of Host Defense at The University of Texas Southwestern Medical Center.

"I am looking forward to having a lot of discussions involving immunology and cancer," Buetler said. "Science is about collaboration, and if scientists worked in isolation they wouldn't

get very far. It's always good to see what other researchers are doing."

And vice versa, Hedges added. "These leading scientists-in-residence help mentor our junior faculty, and their visits allow us to interact with some of the best researchers in the world," he said. "They inspire our faculty to lead innovation and develop solutions for better health and wellness outcomes for Hawai'i citizens."

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DONOR STORIES BY: **Simplicio Paragas**

## CELEBRATING THE *Silver Anniversary*

As one of the only surviving officers of the Hilo High School Class of 1940 Endowed Scholarship, Helen Kim Young likes to brag that her graduating class is the only one to provide financial aid to incoming freshmen at the University of Hawai'i at Hilo and Hawai'i Community College.

"We were a very close group," said the vibrant 93-year-old of her fellow alumni. "We used to get together all the time so we got close, and we even took trips to the mainland."

While talks of food and "old-kine" memories often dominated the annual reunions, discussions turned more serious when the subject of their class' legacy would come up. "We would always say we have to do something," Young recalls. "Our classmate Ben [Benjamin Takao Inouye] suggested we start a scholarship."

Since 1990, the Hilo High School Class of 1940 has provided scholarships for 51 students, including NASA intern Christina Cauley, who received the financial aid during her 2013-2014 academic year. An aspiring scientist, the Hawai'i Island native is helping to develop and operate remote sensing instruments on the International Space Station (ISS) as part of Project Good Earth.

"I've always wanted to be a scientist," said Cauley via telephone from Marshall Space Flight Center in Huntsville, Alabama. "I've been lucky to receive many scholarships to pursue my dream, but the Hilo High School Class of 1940 Scholarship has special meaning because it's my alma mater."



*Christina Cauley*

Unfortunately, attending college was not in the future for Inouye. World War II had already broken out when he graduated from Hilo High School. Soon after, he became an apprentice carpenter to financially help his widowed mother, Kikue Yamaguchi Inouye. Two years later, he married his high school sweetheart, Lily

Yuriko Hongo. They stayed in Hilo and had four children.

"My dad passed away several years ago but he had always had a very close relationship with his classmates," said Gordon Inouye, the eldest son and a 1961 Hilo High School alumnus. "Part of the reason my dad wanted to start the scholarship fund was because he himself never got the chance to get his own college degree."

Gordon Inouye became the first in his family to graduate from the University of Hawai'i at Hilo in 1965. The academic accomplishment would later motivate his mom to pursue her own college degree.

"Since he couldn't go to college, dad always wanted to give others the chance he never had," Inouye said. "He was a selfless man and this scholarship endowment is one of the ways he wanted to contribute to our small Hilo community."

As the Class of 1940 slowly diminishes, its legacy scholarship will continue in perpetuity thanks to the efforts and foresight of the scholarship committee, which worked to establish a permanent endowment at the UH Foundation. Young, who was a member of the committee, credits her classmate Shizuko



## OF THE CLASS OF 1940'S VISIONARY SCHOLARSHIP AT UH HILO

Akamine with being the “fireplug and backbone of the scholarship committee.”

Inouye and his first cousin and fellow 1961 graduate Tommy Goya praise the alumni for their commitment and dedication to the future generation, and their ongoing desire to help Hilo High

“Part of the reason my dad wanted to start the scholarship fund was because he himself never got the chance to get his own college degree.”

— Gordon Inouye

School graduates pursue higher education.

“Some families have a hard time sending their kids to college and for some of these families, it’s the first time that someone in their family will have a chance to go,” Goya said. “This scholarship helps, and it will be perpetual.”



L-R: Lily Inouye (widow of Ben Inouye), Tommy Goya, Erynn Tanimoto (2009-10 scholarship recipient, who currently works in the UH Hilo Graphics Department), the late Shizuko Akamine and Helen Young at the UH Hilo Scholarship Dinner on Nov. 2, 2009.

## REMEMBERING *A Generous Friend*

Maui Mayor Alan Arakawa thought the world of Dorvin Leis. And when he heard the news that the longtime philanthropist had died, he knew he had just lost a close personal friend.

“Dorvin Leis developed a strong belief in giving something back to the community,” said Arakawa in proclaiming March 28 as Dorvin and Betty Leis Day. “Dorvin has consistently demonstrated over the years a strong philanthropic spirit by contributing millions of dollars to Maui organizations.”

Leis started his eponymous mechanical contracting company in California in 1961, and came to Hawai'i in 1967 to work on the construction of a Travelodge hotel in Lahaina.

After years of commuting to and from the mainland, he moved with his family from Riverside, California, to Maui in 1972. Today, Dorvin D. Leis Co.'s headquarters is in Kahului, with 450 employees in offices on Maui, O'ahu, Kaua'i and Hawai'i Island.

Leis was indeed a class act, and a sign at the University of Hawai'i Maui College (UHMC) even says so. When the Dorvin and Betty Leis Sustainability Fund was announced in 2006, the Board of Regents agreed to rename the school's fine dining facility as The Leis Family Class Act Restaurant.



*Dorvin & Betty Leis*

“He was a great supporter of the college and the culinary arts. His name deserves to be on our restaurant,” said UHMC culinary program coordinator Dean Louie.

“His contributions have helped our sustainable practices, including the installation of solar panels for our 500-gallon hot water tank, the retrofitting of all lighting to reduce electricity and the recycling of pre- and post-organic waste, which means our waste goes out to compost and it comes back to us as soil for us to use in our little garden.”

The Leis Fund's impact will ensure that the campus continues with its sustainable efforts, according to UHMC Chancellor Lui Hokoana. “Sustainability is the lens through

which we can make every aspect of the college more efficient and adaptive, from the environment and physical space to our programs and community engagement,” he said. “A sustainability focus keeps organizations relevant and engaged, and in our case, ensures students are prepared to meet the needs of a rapidly changing society.”

After a brave five-year battle with cancer, Leis succumbed to the illness on June 15. He leaves behind his wife of 68 years, Betty, their children and their families. We will always be grateful for Dorvin Leis' service and support, as the enduring philanthropic legacy of the Leis family will be forever felt on the Kahului campus and across Maui and our Hawaiian Islands.

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L-R: Lawrence J. Taff, Elizabeth S. Hokada, William K. Richardson, T. Michael May, A. Catherine Ngo & James P. Lally

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The University of Hawai'i Foundation and its Board of Trustees are deeply grateful to all our donors who have contributed to our tremendous growth over the past 60 years.

## *Your gifts have made a difference*

in the lives of thousands of University of Hawai'i students and faculty.

We are especially grateful to those generous donors who invest in an endowment.

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 has helped us create a legacy for generations to come.

