

DAVID Y. IGE
GOVERNOR



THOMAS WILLIAMS
EXECUTIVE DIRECTOR

KANOE MARGOL
DEPUTY EXECUTIVE DIRECTOR

STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

FOR IMMEDIATE RELEASE

Date: January 17, 2017

**EMPLOYEES' RETIREMENT SYSTEM COMMITS ADDITIONAL CAPITAL TO
HAWAII TARGETED INVESTMENT PROGRAM (HiTIP)**

The Employees' Retirement System of the State of Hawai'i ("ERS") announced today that its Board of Trustees approved a commitment of up to an additional \$35 million for their Hawai'i Targeted Investment Program ("HiTIP") to alternative asset specialist Stafford Capital Partners ("Stafford").

The purpose of the HiTIP is to produce competitive private equity returns for ERS through investments in emerging growth businesses which sell their goods or services into markets for which national or international competition exists, with specific emphasis on Hawai'i. The HiTIP will invest in local venture capital firms as well as venture capital firms that have or look to have some part of their portfolio companies based in Hawai'i.

The HiTIP is based on the Hawaii Innovation Initiative launched in 2007 to help diversify the state's economy. The program was created to fulfil the mandate of Act 260, "A Bill For An Act Relating To The Innovation Economy" passed by the Legislature and signed by the Governor in July 2007.

The first HiTIP commitment from the ERS was a \$25 million pool of capital that began making investments in 2009. To date, the program has made commitments to seven underlying investment funds. These funds have, in turn, reviewed over 400 Hawai'i based companies for potential investment. The total direct investment made by the HiTIP funds into Hawai'i based companies totals \$32.8 million, 130% of the capital the ERS committed to the program. Including capital from co-investors, \$134 million has been invested into Hawai'i based companies. The program has produced competitive returns and has experienced seven initial public offerings (IPOs) among its portfolio of companies.

The new commitment will continue HiTIP's "three-prong" investment strategy of investing in local funds as well as regional and national funds which invest in sectors that play to Hawai'i's strengths, such as information technology, life science, dual-use and alternative energy. Up to one quarter to one third of the fund will be targeted to investments in Hawai'i focused funds. The balance will be invested in regional or national funds as one of the goals of the HiTIP is to encourage investment managers from outside Hawai'i to consider investment opportunities within the state.

"We would like to thank the ERS for the trust they are placing in us by allocating more capital to the HiTIP. Through the hard work of many people and organizations, the start-up ecosystem in Hawai'i has grown significantly since 2009, when the HiTIP began investing. With the launch of this second fund, we look forward to partnering with the various stakeholders to maintain and grow the HiTIP's role as a source of investment capital for the Hawai'i economy." commented Andrew Betz, Investment Manager Stafford Capital Partners.

ERS Chief Investment Officer, Vijoy Chattergy, said, "The Board of Trustees is pleased with the strong investment results from HiTIP investments to date. The program has proved positive for our members and beneficiaries while also promoting innovation and entrepreneurship within the State. The ERS is happy to participate in the development of the innovation economy across our islands."

###



Employees' Retirement System
of the State of Hawaii

About Employees' Retirement System of the State of Hawai'i (ERS):

Started in 1926, the ERS is a defined benefit public pension plan which currently provides retirement, disability, survivor, and other benefits to over 120,000 active members, retirees, and beneficiaries. Participating employers include the State of Hawai'i, City and County of Honolulu, and the counties of Hawai'i, Maui, and Kaua'i. The \$15.0 billion investment portfolio of the ERS holds a diversified set of assets across different strategies and risk categories.

Reach ERS at: (808) 586-1700

About Stafford Capital Partners:

Stafford Capital Partners is a leading private markets investment and advisory group with a global presence and \$4.5 billion under management and advice. Stafford works with a wide range of institutions to deliver returns through active investing across the private markets. Stafford Capital Partners' offices are located in Austin, Boston, Hanover, London, Sydney and Zurich.

Reach Stafford Capital Partners at: (949) 246-5986.