Aloha Mai Kākou,

Lili‘uokalani Trust’s (“LT”) multi-year strategic planning process, which began in 2015, centered on planning for future growth in both program and endowment areas. Through deep dives into the global, local, and Native Hawaiian community landscapes, teammates mapped out the ecosystem and identified gaps where LT could make long-term investments into breaking the cycle of poverty.

In 2017, LT moved from the research and planning phase to an implementation and piloting phase. We’ve come to believe that incremental change with a singular focus is not an option in an exponential world where the pace of change is accelerating and serious threats to our children’s well-being are escalating.

That’s why we are working on several fronts simultaneously. We’re creating high-impact programs and services at the same time that we’re working with others to change the system that keeps the most vulnerable individuals trapped in a cycle of limited options.

As an organization, we have completely repositioned ourselves to drive the change we want to see—unlocking resources, empowering teammates, and building partnerships to create a continuum of culturally responsible care. This includes building brand new pathways in arts, sports and entrepreneurship, and centers where youth can experience their fullest selves...perhaps for the first time.

The impact of LT’s growth can be seen in the expansion of its programs and partnerships in 2017, including formal collaborations with 18 organizations. It’s a bold, multi-pronged approach that we believe will change lives.

The Trust’s assets have enabled us to make this progress. In 2017, LT’s global investment portfolio outperformed its short-term and its long-term benchmarks; endowment assets returned 11.0% on an annualized since inception basis versus a benchmark return of 6.1%. Progress continues on the overall land plan and the 70-acre Makalapua Project District at Keahuolī, where we’ve selected a developer. We continue to position our assets for opportunity and risk, recognizing that their success is tied to LT’s future growth.

In all of the work we’ve done and have yet to do, we seek to fulfill the Queen’s mission by improving the lives of Hawaiian children for generations to come. We mark the 100-year anniversary of her passing with a renewed commitment to her legacy and great admiration for the spirit of innovation that she demonstrated in her lifetime.

Robert H. Ozaki
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Further information can be found in the Financial Statements and Supplemental Schedule for the years ended December 31, 2017 and 2016, available at onipaa.org.
Endowment Performance
For the year ended December 31, 2017

Investment Portfolio

<table>
<thead>
<tr>
<th>ASSET CLASSIFICATION</th>
<th>RETURN</th>
<th>BENCHMARK</th>
<th>VALUE ADDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Assets</td>
<td>19.6%</td>
<td>24.4%</td>
<td>-4.8%</td>
</tr>
<tr>
<td>Diversified Assets</td>
<td>8.1%</td>
<td>5.2%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Deflation Sensitive</td>
<td>0.9%</td>
<td>1.1%</td>
<td>-0.2%</td>
</tr>
</tbody>
</table>

TOTAL FUND (excl. Private Real Estate holdings)
15.9% 16.4%* -0.5%

*Benchmark: 65% MSCI ACWI (Net) + 15% MSCI ACWI (Net) (0.2 Beta Adjusted) + 10% MSCI ACWI (Net) (0.4 Beta Adjusted) + 10% Deflation Sensitive Benchmark

Hawaii Real Estate

<table>
<thead>
<tr>
<th>CASH-ON-CASH RETURN</th>
<th>TARGET*</th>
<th>VALUE ADDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hawaii Private Real Estate Holdings</td>
<td>4.1%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

*No formal benchmark; the Endowment’s long-term target return is CPI-U +4%.

Totals may not add due to rounding.

Source: Cambridge Associates, LLC.
Endowment Market Value

The Trust continues to diversify its assets and strategically focus future real estate development in West Hawaii.

Endowment Market Value

CHARITABLE SPENDING

In 2017, the trust endowment provided $33.2 million to fund all direct charitable expenses, while also preserving purchasing power for future generations.

CHARITABLE SPENDING RATES

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>5-YR AVG</th>
<th>MINIMUM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.3%</td>
<td>3.7%</td>
<td>3.8%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

Tactical Areas of Focus

- YOUTH DEVELOPMENT (59%)
- COMMUNITY CHANGE (26%)
- 'OHANA STRENGTHENING (7%)
- GRIEF & LOSS (3%)
- FINANCIAL SUSTAINABILITY (3%)
- OTHER (2%)

A me ka 'ike o na wā mahope
WITH A VISION FOR THE FUTURE

14,097 KAMALI'I SERVED
by Lili'uokalani Trust