Aloha mai kākou,

LT’s multi-year focus on developing impactful programs, building spaces for kamali‘i, and investing in organizational strength are important steps on our journey towards transformational change.

LT is pivoting program priorities to the most vulnerable Hawaiian children (“kamali‘i”); expanding research and evaluation to better measure the impact of our work; and shifting to an information-based paradigm: information-enabling all our activities to measure and manage through real-time dashboards, access and share data with others, and scale successful prototypes faster.

Our comprehensive approach is being developed through strengthened culturally-based casework capabilities; outreach, 60+ partnerships the last three years; and youth development programs to build character, competence, and confidence in kamali‘i. We are envisioning possibilities around early childhood intervention and alternative education.

LT also continues its significant commitment to building spaces for our kamali‘i to thrive. We are building a new performing arts space (Lili‘uokalani Center) and a first-of-its-kind youth services center (YSC) which will include 18 apartments and 5,000 square feet of commercial space. The Lili‘uokalani Center will house performing art studios, makers spaces, and a gymnasium. Similar but smaller scale versions are envisioned for Kea‘au and Kaunakakai.

YSC could be many things: a place to sleep, a warm meal, a shower, a computer, or help with school and job resources. We could provide emergency shelter and/or transitional housing for aged-out foster children or single moms. We have engaged youth, community and government agencies to help us plan a unique place.

The programs and spaces we’re creating at LT are designed to give children a stronger start in life and give youth the opportunity to build the skills and resilience they’ll need to thrive.

We are committed to being best-in-class for core systems and processes to optimize organizational performance and reduce our carbon footprint. We will be relentless in pursuit of excellence in things that matter, capitalizing on advances in technology and communication to propel our work.

None of this would be possible were it not for the prudent cultivation of LT’s endowment assets. In 2018, 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%.

“Today, April 1, 2015, is a milestone,” wrote the trustees in signaling the expanded goal to seek transformational change for our most disadvantaged kamali‘i.

“Our perspective must be broader than that of one organization, beyond any one particular problem, and more than alleviating immediate needs,” trustees said. “We feel strongly that everyone, including us, needs to be flexible enough to change to meet the demands of an everchanging world.”
Our ‘Āina [land] team, on top of their husbandry for all our conservation and agricultural lands, is managing the 1,300-acre Keahuolū community development in Kailua-Kona. Pending entitlements, a 70-acre community-serving town center will launch the next phase of the twenty-year project.

Management began a comprehensive asset review in 2018, with the goal of ensuring wise uses of resources which are needed to support the transformative work ahead of us. The interrelated process of positioning the assets to support mission goals is critical in determining the future success of our work.

In a perpetual trust, we are mere tourists in the endless quest. We will make our time here count for something much larger than us.

E ‘onipa’a kākou i ka hana nui!

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, 2018 and 2017, available at onipaa.org.
# Investment Portfolio Asset Allocation

For the years ended December 31, 2018 and 2017

<table>
<thead>
<tr>
<th></th>
<th>2018 Target</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Assets</td>
<td>75.0%</td>
<td>73.2%</td>
<td>76.3%</td>
</tr>
<tr>
<td>Diversified Assets</td>
<td>15.0%</td>
<td>16.2%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Deflation Sensitive</td>
<td>10.0%</td>
<td>10.5%</td>
<td>7.3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Cambridge Associates, LLC.

## Hawaii Real Estate

**HAWAII PRIVATE REAL ESTATE HOLDINGS**

<table>
<thead>
<tr>
<th></th>
<th>4.0%</th>
<th>5.9%</th>
<th>-1.9%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash-on-Cash Return</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value Added</td>
<td></td>
<td></td>
<td></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.

---

**OUR MISSION**

We believe in the resiliency of our Hawaiian children. We advocate for their wellbeing and build them pathways to thriving lives.
## Endowment Performance

For the year ended December 31, 2018

## 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>-7.8%</td>
<td>-9.1%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Benchmark: MSCI ACWI Index with USA Gross (net) [01/31/13]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversified Assets</td>
<td>-2.2%</td>
<td>-0.3%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Benchmark: MSCI ACWI (net) [0.2 Beta Adjusted] [01/31/13]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deflation Sensitive</td>
<td>1.3%</td>
<td>1.5%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Benchmark: Deflation Sensitive Benchmark [06/30/07]</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Fund**  
(excl. Private Real Estate holdings)

-6.2%  
-4.1% *  
-2.1%

*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

Source: Cambridge Associates, LLC.
Charitable Spending

In 2018, the trust endowment provided $39.3 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>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>5.1%</td>
</tr>
<tr>
<td>2017</td>
<td>4.3%</td>
</tr>
<tr>
<td>5-YR AVG</td>
<td>4.0%</td>
</tr>
<tr>
<td>MINIMUM</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

Direct Services to Kamali‘i

ENROLLMENT BY TACTIC

- Casework: 27%
- ‘Ohana Strengthening: 24%
- Financial Stability: 3%
- Grief and Loss: 9%
- Youth Development: 37%

12,257
Kamali‘i Served
by Lili‘uokalani Trust

5,137
of the Kamali‘i received direct services from Lili‘uokalani Trust or via collaborations

7,120
of the Kamali‘i were reached via community activities

Lili‘uokalani Trust

1100 Alakea Street, Suite 1100
Honolulu, Hawai‘i 96813-2845

onipaa.org WEBSITE
info@onipaa.org EMAIL
(808) 203-6150 PHONE

Cover: Animation artwork by kamali‘i in 2018 LT Summer Animation Academy