



December 2017

IMPORTANT ANNOUNCEMENT

Dear Island Savings Plan Participant:

CLOSING OF THE JP MORGAN DIVERSIFIED REAL RETURN R5 FUND/ADDITION OF THE STATE STREET REAL ASSET NON LENDING CIT CLASS C FUND

The JP Morgan Diversified Real Return R5 was closed on December 1, 2017. This notice is being sent to inform participants about the closing of the JP Morgan Diversified Real Return R5 (JRLRX) fund, a Core Investment Option in the Plan and an underlying fund in the Plan's LifeCycle Portfolio. This notice is being sent all Plan participants, even if you do not currently own this fund or any of the LifeCycle Portfolios. Please continue reading the below statement if you would like more information about this change, and/or are interested in the replacement fund being added.*

The Board of Trustees of the State of Hawaii Deferred Compensation Plan (aka the Island Savings Plan or "Plan") was notified by JP Morgan that the JP Morgan Diversified Real Return R5 fund was closing due to restructuring efforts. The closure became effective on December 1, 2017. Due to the unforeseen closure:

- The Board initiated a search to find a replacement for the JP Morgan Diversified Real Return R5 fund upon receipt of the notice from JP Morgan.
- Until a replacement is added to the plan, the remaining assets in the JP Morgan Diversified Real Return R5 fund, within the core investment line-up, were transferred to another multi-asset class fund, the Vanguard Wellington (VWENX) fund. The assets in the JP Morgan Diversified Real Return R5 fund that were allocated within the LifeCycle portfolios were reallocated to the remaining funds within the respective LifeCycle portfolios.
- No further investments were permitted to the JP Morgan Diversified Real Return R5 fund after December 1, 2017.
- The Board has finalized a contract with State Street Global Advisors to provide the **State Street Real Return Asset Non Lending CIT Class C** fund to replace the JP Morgan Diversified Real Return R5 fund. However, the changes to add the new fund are still in progress.

The remainder of this letter describes actions taken in the interim while this replacement is in progress and also to announce the replacement fund and what will happen once the replacement is in place.

What Happened on December 1 - Fund Removed

After 11 a.m. HST on December 1, 2017, the JP Morgan Diversified Real Return R5 fund (JRLRX)* was removed from the Plan.

If you had a balance in, or were currently making contributions to the JP Morgan Diversified Real Return R5 fund, your account balance in that fund and any ongoing contributions were transferred to the Vanguard Wellington (VWENX)* fund, another multi-asset class fund, after 11 a.m. HST on December 1, 2017.

Asset Class	Current Fund	Current Fund Gross Expense Ratio	Interim Replacement Fund	Interim Replacement Fund Gross Expense Ratio
Balanced	JPMorgan Diversified Real Return R5 (JRLRX)*	1.62%	Vanguard Wellington (VWENX)*	0.16%

* Registered mutual fund

The Vanguard Wellington (VWENX)* fact sheet is available for viewing on the Plan’s website at: www.prudential.com/islandsavings in the “Investments” section. You may also request a copy of the fund fact sheet from the local Island Savings Plan office by calling 888-71-ALOHA (888-712-5642) and pressing “2”, Monday through Friday, 8:00 a.m. to 5:00 p.m. HST, and Saturday, 8:00 a.m. to 12:00 p.m. HST (except on stock market holidays).

Changes within the Plan’s LifeCycle Portfolios, if applicable to you

The Plan’s LifeCycle Portfolios were affected by the fund removal. The Plan offers the LifeCycle Portfolios which are customized portfolios that are made up of a combination of the Plan’s existing Core Investment Options. The JP Morgan Diversified Real Return R5 fund was removed from the LifeCycle Portfolios and the assets were reallocated and rebalanced among the remaining underlying funds currently comprising the LifeCycle Portfolios. There is nothing that you need to do. When the State Street Real Asset Non Lending CIT Class C is available, your balance will be reallocated in your LifeCycle Portfolio to include the State Street Real Asset Non Lending CIT Class C fund, as the replacement for the JP Morgan Diversified Real Return R5 fund. For more information on this investment, please go to prudential.com/islandsavings, or call the Plan’s toll-free Information Line at 888-71-ALOHA (888-712-5642).

Changes within the Plan’s Managed by Morningstar service, if applicable to you

The Plan’s asset allocation managed account program, Managed by Morningstar, may be affected by the fund change. The Plan offers a Managed Accounts service provided by Morningstar for participants who want someone else, a professional manager, to manage their Plan account. The applicable fund change will be made automatically, and there is nothing that you need to do. For more information on this service, please go to prudential.com/islandsavings, or call the Plan’s toll-free Information Line at 888-71-ALOHA (888-712-5642).

Your options:

1. If you don’t want your investment and ongoing contributions to continue in the Vanguard Wellington (VWENX) fund, you will have the option to transfer to the State Street Real Asset Non Lending CIT Class C when the fund becomes available December 26, 2017.
2. You may also transfer funds out of the Vanguard Wellington fund (VWENX) to any of the Plan’s other investment options at any time.

ADDITION OF A NEW REPLACEMENT FUND – STATE STREET REAL ASSET NON LENDING CIT CLASS C FUND

After 11:00 am HST/4:00 pm ET on December 22, 2017, the **State Street Real Asset Non Lending CIT Class C** fund will be offered in the Plan, as the replacement to the JP Morgan Diversified Real Return R5 fund in the same asset class. Participants may begin trading in the State Street Real Asset Non Lending CIT Class C fund on the next business day (December 26, 2017).

Asset Class	Current Fund	Current Fund Gross Expense Ratio	Replacement Fund	Replacement Fund Gross Expense Ratio
Balanced	JPMorgan Diversified Real Return R5 (JRLRX)*	1.62%	State Street Real Asset Non Lending CIT Class C	0.22%

* Registered mutual fund

The **State Street Real Asset Non Lending CIT Class C** fact sheet will also be available for viewing on the Plan’s website at: www.prudential.com/islandsavings in the “Investments” section. You may also request a copy of the fund fact sheet from the local Island Savings Plan office by calling 888-71-ALOHA (888-712-5642) and Pressing “2”, Monday through Friday, 8:00 a.m. to 5:00 p.m. HST, and Saturday, 8:00 a.m. to 12:00 p.m. HST (except on stock market holidays).

Questions?

If you have any questions on these changes, please feel free to contact a local Plan Retirement Education Counselor by calling 888-71-ALOHA (888-712-5642) and pressing “2”. They are available Monday through Friday, 8:00 a.m. to 5:00 p.m. HST, and Saturday, 8:00 a.m. to 12:00 p.m. HST (except on stock market holidays) to answer your questions.

Investors should consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus, and if available the summary prospectus, contains complete information about the investment options available through your plan. Please call 1-877-778-2100 for a free prospectus and if available, a summary prospectus that contains this and other information about our mutual funds. You should read the prospectus and the summary prospectus, if available carefully before investing. It is possible to lose money by investing in securities.

Shares of the registered mutual funds are offered through Prudential Investment Management Services LLC (PIMS), Newark, NJ, a Prudential Financial company. Prudential Retirement is a Prudential Financial Business. Retirement Counselors are registered representatives of PIMS.

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