

May 2018

Dear Island Savings Plan Participant:

***This notice is being sent to inform participants about a change related to the Victory Institutional Diversified Stock Fund\* (VIDSX), a Core Investment Option in the Plan. This notice is being sent to you even if you do not currently own investments in this fund. Please continue to read below if you would like more information about this change.***

**Re: FUND CHANGE REPLACEMENT OF THE VICTORY INSTITUTIONAL DIVERSIFIED STOCK FUND**

The Board of Trustees of the State of Hawaii Deferred Compensation Plan (also known as the Island Savings Plan, or the “Plan”) has voted to terminate the Victory Institutional Diversified Stock Fund because of the fund’s long-term underperformance. The Board will be replacing this fund with a large-cap stock fund, the **AMCAP Fund\*** (RAFGX), from American Funds, Capital Group.

The above-mentioned funds’ gross expense ratios are as follows:

Old Fund Name	New Fund Name	Old Gross Expense Ratio	New Gross Expense Ratio
Victory Institutional Diversified Stock Fund (VIDSX)*	AMCAP Fund (RAFGX)*	0.68%	0.36%

\*Registered mutual fund.

The **AMCAP Fund** Fact Sheet is available for viewing on the Plan’s website at: [prudential.com/islandsavings](http://prudential.com/islandsavings), under the “Investments” section. You may also request a copy of the Fund Fact Sheet by contacting the local Island Savings Plan office at **888-71-ALOHA** (888-712-5642) and Pressing “2”, weekdays from 8:00 a.m. to 5:00 p.m. HST (except on stock market holidays), and on Saturdays from 8:00 a.m. to 12:00 p.m. HST.

**Transition Date**

On **June 14, 2018**, all participant balances in the Victory Institutional Diversified Stock Fund will automatically transition to the **AMCAP Fund** at no cost to participants, unless a participant elects otherwise. Participants may begin trading in the **AMCAP Fund** on the next day.

**Your Options**

1. If you would like your existing balance in the Victory Institutional Diversified Stock Fund to be automatically transferred to the **AMCAP Fund**, you do not have to do anything. On **June 15, 2018**, you will automatically have a balance in the **AMCAP Fund** and may begin trading in the AMCAP Fund.

2. If you do not want your existing balance in the Victory Institutional Diversified Stock Fund to be automatically transferred to the **AMCAP Fund**, you may transfer funds out of the Victory Institutional Diversified Stock Fund to any of the Plan's other investment options, provided this is done prior to 10:00 a.m. HST/4:00 p.m. ET on **June 14, 2018**.

### **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 if you are enrolled in the program. You may check the Plan website or call the Plan's Information Line below to confirm whether you are currently enrolled. The applicable fund change will be made automatically, and there is nothing that you need to do. If you have questions, please go to [prudential.com/islandsavings](http://prudential.com/islandsavings), or call the Plan's toll-free Information Line at **888-71-ALOHA** (888-712-5642).

### **Questions?**

If you have any questions on these changes, please feel free to speak with a local Plan Retirement Education Counselor by calling **888-71-ALOHA** (888-712-5642) and Pressing "2". Retirement Education Counselors are available weekdays, from 8:00 a.m. to 5:00 p.m. HST (except on stock market holidays), and on Saturdays from 8:00 a.m. to 12:00 p.m. HST 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 Education Counselors are registered representatives of Prudential Investment Management Services LLC (PIMS).

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**Key Facts**

**INVESTMENT ADVISOR:** Capital Research and Management Company  
**FUND CATEGORY:** Large Growth  
**INDEX:** Russell 1000 Growth TR USD®  
**NET ASSETS:** \$13,029.8 Million  
**INCEPTION DATE:** 5/1/2009  
**TICKER SYMBOL:** RAFGX  
**GROSS EXPENSE RATIO:** 0.36% of Fund Assets  
**OVERALL MORNINGSTAR RATING™:** ★★★  
**OVERALL # OF FUNDS IN MORNINGSTAR CATEGORY:** 1213  
**PORTFOLIO MANAGER(S):** Barry S. Crosthwaite; James Terrile; Claudia P. Huntington; Eric S. Richter; Lawrence R. Solomon CFA

**DESCRIPTION/OBJECTIVE**

The investment seeks long-term growth of capital. The fund invests primarily in common stocks of U.S. companies that have solid long-term growth records and the potential for good future growth. The basic investment philosophy of the investment adviser is to seek to invest in attractively valued companies that, in its opinion, represent good, long-term investment opportunities. There is no assurance the objectives will be met.

**Top Five Holdings**

As of 12/31/2017

Netflix Inc	3.19%
AbbVie Inc	2.89%
Amgen Inc	1.94%
Broadcom Ltd	1.92%
UnitedHealth Group Inc	1.91%

**Top Five Sectors**

As of 12/31/2017

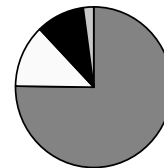
Technology	24.61%
Healthcare	22.44%
Consumer Cyclical	17.64%
Industrials	12.32%
Financial Services	9.64%

Holdings and Sector allocations are ranked as a percentage of net assets and subject to change without notice.

**Allocation**

As of 12/31/2017

US Stocks	75.25%
Cash	12.62%
Non-US Stocks	9.98%
US Bonds	2.15%



**Characteristics**

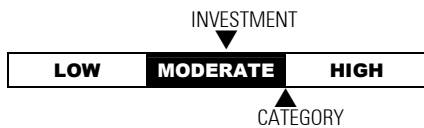
As of 12/31/2017

Mutual Fund Index		
Weighted Geometric Market Cap. (\$Bil)	51.05	91.05
Price/Earnings Ratio (Forward)	21.92x	20.22x
Price/Book Ratio	4.29x	5.34x
3-Year Earnings Growth Rate (%)	14.49	16.52
Number of Holdings-Long	253	553

**Overall Morningstar Rating** as of quarter ending 03/31/2018. The Morningstar Rating shown is for the share class of this fund only; other classes may have different performance characteristics. ©2018 Morningstar, Inc. All Rights Reserved. Additional Morningstar information is available in the User Guide.

**Morningstar Volatility Rank**

As of 03/31/2018



In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio make-ups or investment strategies.

**Morningstar® Style Box™**

As of 12/31/2017

Value	Blend	Growth	
		●	Large
			Mid
			Small

Domestic equity funds are placed in a category based on the style and size of the stocks they typically own. The style and size parameters are based on the divisions used in the investment style box: Value, Blend, or Growth style and Small, Medium, or Large geometric average market capitalization.

**Performance(%)**

As of 03/31/2018

	Cumulative Returns		Average Annual Total Returns				Since Inception
	QTD	YTD	1 Year	3 Year	5 Year	10 Year	
Mutual Fund*	3.40	3.40	19.40	10.95	14.36	10.81	NA
Index	1.42	1.42	21.25	12.90	15.53	11.34	---
Morningstar Rating™			★★★	★★★	★★★★		
# of Funds in Category				1213	1099	779	

**\*Prudential Retirement and its affiliates do not receive finder's fees, 12b-1, sub-accounting or servicing fees in connection with plan investments in this fund.**

Such fees, if applicable to this fund, compensate Prudential Retirement for selling the fund's shares and servicing your retirement plan. The fund's expense ratio includes these fees. Other investment options may generate more or less revenue than the fees associated with this fund. If the aggregate revenue from your plan exceeds our associated costs, we earn a profit. Otherwise, we incur a loss. Other share classes of this fund may have a lower expense ratio, but your plan's investment options do not include such shares to compensate us for distribution and plan servicing.

**Performance:** The performance quoted represents past performance. The performance in this report is based on adjusted historical returns of the oldest share class of the fund, which has been adjusted to reflect the fees of the expenses of this share class. The investment value and return will fluctuate so that an investment, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results. Current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 1-877-778-2100. These performance results represent the change in net asset value of an investment over a stated period, assuming the reinvestment of dividends and capital gain distributions.

**Market Timing:** Frequent exchanging of investment options may harm long-term investors. Your plan and/or the fund have policies to detect and deter exchanges that may be abusive. Those policies may require us to modify or suspend purchase or exchange privileges.

**Prospectus:** Investors should consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus, and if available the summary prospectus, contain 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 contain this and other information about the mutual funds. You should read the prospectus and the summary prospectus, if available, carefully before investing. It is possible to lose money when investing in securities.

Benchmark indices are unmanaged and cannot be invested in directly. See User Guide for index definitions.

Securities products and services are offered through Prudential Investment Management Services LLC (PIMS), Newark, NJ, a Prudential Financial company.

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**Annual Performance**

	Mutual Fund*	Index
2017	22.41%	30.21%
2016	9.37%	7.08%
2015	1.11%	5.67%
2014	12.48%	13.05%
2013	37.26%	33.48%