

Aloha!

Thank you for your interest in the Investment Officer (Risk) position with the Employees' Retirement System Investment Branch in downtown Honolulu.

If you are interested in applying for this position, please submit a cover letter and resume to:

[diana.gomes@hawaii.gov](mailto:diana.gomes@hawaii.gov) by November 15, 2023.

We look forward to hearing from you.

## **POSITION DESCRIPTION**

### **I. IDENTIFYING INFORMATION**

Class Title:	Investment Officer (Risk)
Position No.:	125170
Department:	Budget and Finance
Division:	Employees Retirement System
Branch:	Investment
Section:	Risk Management
Geographic Location:	Downtown Honolulu, Oahu

### **II. INTRODUCTION**

The Employees' Retirement System (ERS) is a multi-billion-dollar public pension fund that administers the retirement benefits program for State and County government employees, i.e., all State Executive Branches, University of Hawaii, the Department of Education, Judiciary, the Hawaii Health Systems Corporation, City and County of Honolulu, as well as the Counties of Hawaii, Kauai, and Maui (which includes the islands of Molokai and Lanai). The ERS administratively attached to the Department of Budget and Finance and is governed under the policy and executive direction of its Board of Trustees. It operates under the provision of HRS, Chapter 88, and Title 6 of the Department of Budget and Finance Administrative Rules and Regulations.

The Investment Office plans, organizes, executes, and administers the investment-related activities of the ERS in accordance with approved policy guidelines and applicable Hawaii Revised Statutes. The investment portfolio currently constitutes a diversified mix of investment strategies, across liquid and illiquid markets, with the strategic mission to obtain a reasonable return on investments consistent with the preservation of principal, while maintaining sufficient liquidity to react to the changing environment and to pay benefits when due.

The primary purpose of this position is to: 1) manage and oversee the measurement, reporting, and mitigation of all market risks within the \$23 billion public pension plan's complex investment portfolio; 2) be responsible for creating and implementing a comprehensive and holistic risk management framework that will be utilized in the strategic oversight and implementation decisions of the portfolio; 3) be responsible for all global risk management functions.

The primary functions of this position are to: (1) build a culture of risk management within the organization, focused on driving informed decision making and prudent oversight of intentional and unintentional strategic, selection and operational risks; (2) monitor and manage funding and solvency risk controls; (3) develop the appropriate

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mechanisms required for managing investment risk, including policy and strategy-specific controls; (4) ongoing control, modeling, and monitoring of physical and synthetic systematic exposures, including replication optionality and overlay efficiencies; (5) formulate effective information reporting and communication standards for ongoing portfolio risk management and governing oversight; and (6) maintain and operate risk management systems.

### III. MAJOR DUTIES AND RESPONSIBILITIES

**A. Risk Management 15%**  
**Build a culture of risk management within the organization, focused on driving informed decision making and prudent oversight of intentional and unintentional market, manager, and operational risks. [1,2,3]**

Integration of risk management mindset into strategic plan, including research, education, and development of firm-wide definitional framework for fund-level risk drivers and effective mitigation mechanisms.

Assist the Chief Investment Officer (CIO) in the development of regular review and enhancement of the Fund's overall risk management strategy, including comprehensive understanding of current risk, setting acceptable levels of targeted risks, and outlining how these risks will be measured, monitored, and controlled.

Advise the CIO on the risks affecting the achievement of long-term strategic solvency, enterprise and financial, and react to changing circumstances and conditions dynamically.

**B. Funding and Solvency Risk Controls. 15%**  
**Monitor and manage funding and solvency risk controls [1,2]**

Effectively collaborate with Executive Staff, Board, and other stakeholders to help advance agency-wide goals of ensuring long-term solvency, and work with CIO to assist as necessary on pension design issues.

Ensure that the Fund maintains an appropriate level of assets and

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liquidity to meet the liabilities corresponding to financial commitments or obligations, including development and management of risk-based rebalancing and sourcing of ongoing capital requirements.

Establish and quantify "risk appetite" (i.e., the level of risk that the Trustees are prepared to accept for the investment portfolio) with the CIO and General Consultant via periodic Trustee surveys and Asset/Liability studies.

Identify mechanisms for monitoring the funding level and identify the main funding and solvency risks to be monitored and disclosed to relevant parties.

Scenario and/or stress-testing to assess the pension fund's resilience to withstand the potential impact of economic and market changes on the pension fund's financial status.

**C. Risk Investment Management 20%**  
**Develop the appropriate mechanisms required for managing investment risk, including policy and strategy-specific controls. [1,2]**

Assist the CIO in setting long term policy allocations, including establishing and maintaining written policy, covering strategic asset allocation, performance objectives and reporting, and broad tactical allocations decisions.

Develop, implement, and manage a comprehensive risk management strategy that aligns with the System's overall strategic objectives. This includes identifying, assessing, and monitoring potential risks and proposing mitigating strategies.

Participate in the modeling, design, and implementation of total fund risk budgeting capabilities, with particular focus on active risk budgeting controls, and the ongoing re-optimization of efficient active risk opportunities.

Create practical planning to limit losses in the event of a severe

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market downturn, liquidity crisis, or other significant adverse event.

Maintain and monitor the automated account compliance system on the custodial system or risk management system as applicable and assist investment officers to address any issues.

**D. Monitoring of Market Exposures 15%**  
**Ongoing control, modeling, and monitoring of physical and synthetic market exposures, including replication optionality and overlay efficiencies. [1,2,3]**

Assists the CIO in monitoring and controlling beta exposures via overlay strategies, and manage cash and implementation drag via efficient replication and securitization efforts.

Develop an appropriate array of beta replication optionality, to allow for policy-neutral positioning in instances of minimized conviction in alpha opportunities.

Design, implement, and manage all aspects of the ERS overlay program, including coordinating all aspects of liquidity management, transition management (on an exposure replication basis), and general flow of information among ERS Cash Management, the Investment Office, and the overlay manager.

Provide oversight and ongoing implementation management for the overlay program, securities lending program, sweep vehicles, and potential foreign exchange execution considerations.

**E. Reporting and Communications 15%**  
**Formulate effective information reporting and communication standards for ongoing portfolio risk management and governing oversight. [1,2,3]**

Oversee the risk governance framework for the Plan, ensuring it meets adopted risk tolerance levels, including preparing and presenting regular risk reports to key stakeholders, to facilitate risk-aware decision making.

Develop adequate and comprehensive channels for the reporting

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and communication of internal data, external information, and external market information, ensuring all reporting (risk, performance, and governance) is reliable, timely, accessible and consistent.

Establish effective channels of communication, so that all parties understand their responsibilities and receive all relevant information. Ensure synchronization in risk understanding and risk management, across all levels of stakeholders.

Serve as the subject matter expert in systematic risk and beta management, including educating and developing the broader investment team with a focus on knowledge sharing, professional development, and senior level mentorship.

Assist in long term policy allocation and lead the efforts in ex-post and ex-ante reporting. Review internal monthly and quarterly investment performance and risk reports and provide recommendations and commentary on risk assessment and management as appropriate.

**F. Risk Management Systems 15%**  
**Maintain and operate risk management systems. [1,2]**

Identify, audit, and enhance risk management systems, portfolio attribution tools, and mechanism for implementation accountability.

Oversee and serve as the primary staff person responsible for data management within the investment office, including procurement and maintenance of risk systems and databases.

Understand the risk systems, market software, and quantitative tools that are currently in place and establish utilization and materiality measurements to assess ongoing technological needs and minimize costs of underutilization.

**G. Miscellaneous [1][2] 5%**

Makes presentations to the Board of Trustees at the request of the CIO on investment matters and responds to their investment inquires.

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Attends conferences, seminars and other professional development trainings locally, nationally and internationally, as approved or requested.

Performs other duties as assigned.

## **Essential Functions**

### Reasons:

- [1] The performance of this function is the reason that the job exists.
- [2] The number of other employees available to perform this function is limited.
- [3] The function is highly specialized, and the employee is hired for special expertise or ability to perform this function.

### Evidence Used in Determining Essentials Functions Considered:

The amount of time spent performing the function; the consequences of not requiring a person in this job to perform a function; the work experience of people who currently perform similar jobs; and the nature of the work operations based on organization structure.

## **IV. CONTROLS EXERCISED OVER THE WORK**

### **A. Supervisor:**

**Position No.:** 106275      **Class Title:** Chief Investment Officer

### **B. Nature of Supervisory Control Exercised Over the Work.**

Instructions are limited to general guidance and direction to specify priorities and the results expected. The employee is required to plan and carry out the necessary work activities independently. The employee takes care of all aspects of the work independently but is expected to inform the supervisor when unforeseen events or circumstances occur. The supervisor checks all work in progress periodically to be sure that it is progressing satisfactorily and that the correct methods and procedures are being followed.

### **C. Nature of Available Guidelines Controlling the Work.**

#### A. Policy and Procedural Guides

The following policy and procedural guides provide technical and administrative requirements for the execution of responsibilities:

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Pertinent Hawaii Revised Statutes  
Board of Trustees Investment Policy, Guidelines and Procedures Manual  
Pertinent Hawaii Administrative Rules  
B&F Rules and Regulations, Title 6  
Governor's Administrative Directives and Executive Memorandums

Comptroller's Directives and Circulars  
State Procurement Office directives  
Principles and Practices of Accounting and Auditing  
Internal Revenue Code and Income Tax Regulations

B. Use of Guidelines

Guidelines cover most situations. The employee is expected to know and apply pertinent laws, rules and regulations, policies and procedures, directives, and other related guidelines applicable.

**V. RECOMMENDED QUALIFICATIONS**

A. Knowledge of:

Principles and practices of investment risk assessment and management, both market and manager originated; process and decision-making structure in assessing active investment risks; pertinent resources to manage data and evaluate risks and selection criteria; institutional investment practices; economic theories and principles relating to the investment of pension fund assets; various investment vehicles (public and private equities, public and private credit, money market instruments, exchange-traded and OTC derivatives, and real assets); asset allocation methodologies; securities settlement procedures; quantitative investment methods; business, management, and strategic planning principles; project management; research resources and techniques to evaluate investment risks; different kinds of securities and industry standards and regulations for adherence to regulatory requirements; market conditions and changes in or new methods of assessing and managing investment risks to provide recommendation and to implement appropriate strategies; fiduciary and prudence guidelines and standards governing the administration of public pension funds including due diligence best practices; various portfolio strategies and their relative values to implement investment strategies; methods used to calculate performance and attributions for assigned

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portfolios in order to evaluate investment opportunities and risks; investment merits of domestic and international assets and securities to evaluate investment opportunities and risks; and leadership techniques to coordinate human and other resources to achieve investment objectives.

### B. Skills/Ability to:

Possess a clear understanding of the risk characteristics of any alternative investments including derivatives and of how they contribute to the overall risk of the pension fund; conceptualize and articulate complex financial and investment information clearly and concisely, work independently and collaboratively in a team setting and with all levels of personnel; exercise a high level of judgment in extracting economic and investment information; manage and lead multiple projects simultaneously; plan and prioritize projects and work assignments independently; perform or direct others to perform a broad range of analyses to evaluate investment strategies, managers and risks; analyze and review investment portfolios to minimize investment risks; compile, organize and interpret written and numeric information to evaluate investment risks; establish and maintain cooperative and effective working relationships with all levels of personnel; communicate effectively in writing and orally; present to the ERS' management and/or Board of Trustees investment information and recommendations; participate in the development of tactical and strategic portfolio allocation strategies to meet investment objectives; provide leadership to junior-level staff such as to organize and review work products, direct projects, mentor and train to meet investment objectives; operate computer hardware and attached peripherals proficiently; use computer software such as Microsoft Word, Excel and related advanced applications, PowerPoint, Bloomberg, and database management software; access and navigate the internet; write clear and concise administrative and recommendation reports; follow instructions and respond to management direction; use time efficiently; work under stressful conditions; maintain confidentiality; demonstrate integrity and highest degree of ethics; and maintain regular attendance.

### C. Education:

Graduation from an accredited four (4) year college or university with a bachelor's degree, preferably with a major in economics, finance, or business administration.

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D. Experience:

Five (5) years of progressively responsible professional experience in institutional investment.

E. Required Licenses, Certificates, etc.

N/A

**VI. DESIRABLE QUALIFICATIONS**

A Chartered Financial Analyst (CFA) certification, Chartered Alternative Investment Analyst (CAIA) certification or other relevant designation, and/or a graduate degree in business administration or a related field from an accredited university is strongly preferred.

**VII. TOOLS, EQUIPMENT AND MACHINES**

Personal computers with peripherals and software; commonly used office equipment and machines such as calculators and facsimile machines.

**VIII. WORKING CONDITIONS – SEE SUPPLEMENT TO POSITION DESCRIPTION**

Incumbent may need to work beyond normal work schedule and travel to neighbor islands and/or mainland as needed.

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