



GOVERNMENT OF GUAM  
**RETIREMENT FUND**  
STABILITY · SECURITY · REWARDS

**Felix P. Camacho**  
Governor

**Michael W. Cruz, M.D.**  
Lieutenant Governor

**Paula M. Blas**  
Director

Trustees:

**Joe T. San Agustin**  
Chairman

**Wilfred P. Leon Guerrero, Ed.D.**  
Vice-Chairman  
Investment Committee, Chairman

**James J. Taylor, Ph.D.**  
Secretary  
Investment Committee, Vice-Chairman

**Gerard A. Cruz**  
Treasurer  
Audit & Operations Committee,  
Chairman

**George A. Santos**  
Members' & Benefits Committee,  
Chairman

**Katherine T.E. Taitano**  
Trustee

**Antolina S. Leon Guerrero**  
Trustee

August 29, 2008

**To: Joe T. San Agustin, Board Chairman**  
**From: Wilfred Leon Guerrero, Investment Committee Chairman**  
**Subject: Investment Committee Meeting – August 8, 2008**  
**Quarterly Performance Meeting – August 28, 2008**

**Defined Benefit Plan**

On August 8, 2008, the Fund held its regular Investment Committee Meeting, in attendance were Trustees Gerald Cruz and I. Other Attendees were Paula Blas, Diana T. Bernardo and Rosalia Bordallo.

On August 28, 2008 the Investment Committee met with Terry Dennison from Mercer Investment Consulting Inc. In attendance were Trustees Joe T. San Agustin, Gerald Cruz, Dr. James Taylor, Katherine Taitano, Antolina Leon Guerrero and I. Other Attendees were Paula Blas, Diana Bernardo, and Rosalia Bordallo.

**August 8, 2008 Meeting**

1. During the August 8, 2008 Meeting the Committee discussed:
  - A. The status of the following contracts:
    1. Custodial Banking Services
    2. Security Capital Research Management
    3. INTECH
    4. Winslow
  - B. The Committee also discussed Cornerstone's July 31, 2008 letter, regarding the 5% investment limitation in Section 8146.

The Committee requested that Management seek legal counsel opinion since, the Fund's past practice, understanding, and interpretation of Section 8146(a) has been to administer the 5% issue limitation at the overall Fund level and not at the account level, applicable to each manager. Pending legal counsel's opinion Cornerstone was to be advised accordingly.

2. Minutes

The Committee reviewed and approved the Investment Committee Minutes of July 11, 2008.

**August 28, 2008 Meeting**

On August 28, 2008, Terry Dennison discussed the following:

1. Investment Performance of the Defined Benefit plan for the Quarter Ended June 30, 2008

**Aberdeen & Franklin**

Although the Fund is in the process of terminating Aberdeen, page 9 of Mercer's report indicated that Aberdeen should be retained. Terry Dennison indicated that although Franklin's performance was better than Aberdeen's over 1yr, 3yrs and 5yr periods, Aberdeen should be retained because its investment process is superior to that of Franklin. However, based on further discussions Terry and the Committee agreed to proceed with Aberdeen's termination and to retain Franklin because of Aberdeen's continued failure to adhere to the Fund's Investment Policy Statement.

2. Enhanced Indexing

**Schedule for Next Quarterly Performance**

The September 30, 2008, quarterly performance meeting with Mercer Investment Consulting Inc., is scheduled for \_\_\_\_\_.