


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

July 25, 2008

To: Joe T. San Agustin, Board Chairman
From: Wilfred Leon Guerrero, Investment Committee Chairman
Subject: Investment Committee Meeting – July 11, 2008

Defined Benefit Plan

On July 11, 2008, the Fund held its regular Investment Committee meeting. In attendance were Trustee Gerard Cruz and I. Other Attendees were Paula Blas and Diana Bernardo.

Informational Items:

1. Contracts

The Committee discussed the status of the contracts for the following:

- a. Custodial Bank Services
- b. Real Estate Investment Trusts (REITs)
- c. U.S. Domestic Small Cap Core Equity
- d. U.S. Domestic Core Fixed Income
- e. U.S. Domestic Large Cap Growth Equity

2. Asset Allocation

The Committee reviewed the asset allocation as of July 9, 2008 noting the following:

- a. For **Domestic Large Cap Equity** the 30% Policy Allocation will be allocated equally amongst each of the managers.
- b. For **Non US Equity Developed Markets** the 12% Policy Allocation will be allocated as follows:
 1. 10% to Fisher International, and
 2. 2% to AXA International
- c. For **Non US Equity Small Cap** the 5% Policy Allocation will be allocated as follows:
 1. 0.5% to AXA International, and
 2. 4.5% to Dimensional Fund Advisers
- d. For **Fixed Income** the 30% Policy Allocation will be allocated equally amongst each of the managers.

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3. Proxy Voting

- a. The Committee reviewed the **Draft Proxy Voting Policy**, and
- b. The Committee requested that Management schedule a meeting to discuss the proposal submitted for the **Proxy Voting RFP**.

4. Enhanced Indexing and Enhanced Yield

The Committee reviewed documents pertaining to enhanced indexing and enhanced yield and requested that Terry Dennison of Mercer Investment Consulting provide a discussion of both during the August 28, and 29, 2008 Quarterly Performance Meeting.

5. Minutes

The Committee reviewed and approved the Investment Committee Minutes of June 13, 2008.

6. Other

The Committee reviewed accomplishments and Pending Items as summarized below.

a. Accomplishments

1. Asset Allocation -- Adopted a new asset allocation to include the following mandates:
 - a. International Small Cap
 - b. International Emerging Markets
 - c. Non-US Fixed Income
 - d. Domestic Small Cap Equity
 - e. Real Estate Investment Trusts (REITs)
2. Revisited almost all contracts/relationships.
3. Strengthened due diligence by Hiring Bernstein Litowitz Berger & Grossmann LLP
4. "Clean" Audit
5. Improved Asset
6. Increased Gov Guam Contribution Rate
7. Managers Changed (Hired new managers, terminated others)
8. Changes in law
9. Enhanced Investment Opportunities

b. Pending Items (Things to Do / In Progress)

1. Shorten Procurement Process
2. Improve Staff Quality / Quantity
3. Proxy Voting
4. Health Savings Account
5. Trust Agreement