

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

December 5, 2008

To: Joe T. San Agustin, Board Chairman
From: Wilfred Leon Guerrero, Investment Committee Chairman
Subject: Quarterly Performance & Annual Manager Reviews – Dec. 2008

Defined Benefit Plan

On December 3rd and 4th, 2008, the Investment Committee held its September 30, 2008 Quarterly Performance Review with Mercer Investment Consulting Inc. The Committee Also held Annual Manager Reviews of its U.S. Domestic Equity Managers.

In attendance were Trustees Gerard Cruz, James Taylor, Joe T. San Agustin, Katherine Taitano, George Santos, Antolina Leon Guerrero, and I. Other attendees were Terry Dennison of Mercer Investment Consulting Inc., Paula Blas, Diana Bernardo and Rosalia Bordallo.

The following were discussed and approved by the Committee for Board action.

1. Assignment of Winslow Capital Management Contract

The Investment Committee recommended that the Board approve the Assignment of the Winslow Capital Investment Management Agreement to Nuveen Investments, Inc.

2. Funding of Managers

Recommendations:

The Investment Committee recommended that the following Managers be funded:

1. Winslow Capital Mgmt (U.S. Domestic Large Cap Growth)
2. INTECH/JANUS (U.S. Domestic Large Cap Growth)

The Investment Committee recommended that the following Managers not be funded at this time, and that this be revisited during the next Quarterly Performance Meeting with Mercer Investment Consulting, Inc.

1. Cornerstone (REITs)
2. Security Capital Research & Management (REITs)
3. Thomson Horstmann & Bryant (U.S. Domestic Small Cap)

3. Re-Allocation of 5% from the Fixed Income Managers

Based on discussions, with Terry Dennison, he recommended that we consider re-allocating 5% of the Investment Portfolio from the Fixed Income Managers as follows:

- a. To all other currently Funded Managers, or
- b. To the current International Equity Managers.

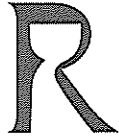
Informational Items

1. DB Plan

Terry Dennison provided an overview of the DB Plan's 3rd Quarter Investment Performance.

2. Managers reviewed included the following:

1. Robeco Investment Management
2. Metropolitan West
3. Atalanta Sosnoff Capital Corporation
4. RCM
5. Davis Hamilton Jackson & Associates



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December 5, 2008

To: Joe T. San Agustin, Board Chairman
From: Wilfred Leon Guerrero, Investment Committee Chairman
Subject: Investment Committee Meeting – November 14, 2008

Defined Benefit Plan

On November 14, 2008, the Fund held its regular Investment Committee meeting. In attendance were Trustees Gerard Cruz, James Taylor and I. Other Attendees were Paula Blas, Diana Bernardo and Rosalia Bordallo.

The following were discussed and approved by the Committee for Board action.

1. INTECH/JANUS Agreement

During the October 31, 2008 Board of Directors meeting, the Fund's Director reported that the following items, relative to INTECH's Agreement, require the Board's consideration (these items were referred to the Investment Committee for consideration):

- a. **INTECH's Petition** requesting that the 75% provision of Section 8157 shall not be applicable to Fund assets allocated to INTECH, and
- b. **INTECH's requests for changes to sections 13.2, 14.2 and 15.1** of the Draft Agreement.

Recommendation:

The Investment Committee recommended the following:

- a. **Approval of INTECH's Petition**
(According to the Fund's legal counsel, "the Petition requests specific and limited relief and notes that approval may be withdrawn upon changed facts or circumstances or INTECH's failure to perform its obligation".)
- b. **Disapproval of INTECH's changes to sections 13.2, 14.2 and 15.1**
(According to the Fund's legal counsel, "changes to section 13.2 would shift the responsibility for notices related to class actions and bankruptcies to the Fund, the additional language requested for section 14.2 would extend the obligation of the Fund beyond the term of the Agreement, and the sentence requested to be inserted in section 15.1 would have the "body of the Agreement" control any inconsistency".)

Informational Items

2. Funding of the Remaining Managers

Funding of the following Managers was deferred for discussion during the meetings with Mercer Investment Consulting, Inc. this week.

1. Cornerstone (REITs)
2. Security Capital Research & Management (REITs)
3. Thomson Horstmann & Bryant (U.S. Domestic Small Cap)
4. Winslow Capital Mgmt (U.S. Domestic Large Cap Growth)
5. INTECH/JANUS (U.S. Domestic Large Cap Growth)

3. Asset Allocation

The Committee reviewed the latest asset allocation as of November 12, 2008, noting that the total market value of the portfolio dropped from approximately \$1.12 billion at 9/30/08 to approximately \$946.5 million as of 11/12/08.

4. Bernstein's 2008 Third Quarter Report

The Committee also reviewed Bernstein's 2008 Third Quarter Report noting the following:

- a. Although Bernstein provided some background information on cases which they have recommended action or provided advice on (pages 5 to 7) the Fund had no holdings of those stocks during the class action period.
- b. Relative to the Claim Filing Deadlines (pages 8 and 9), Management indicated that the Fund may have had holdings in Xerox Corporation, Enron Corp, Coca-Cola, Cardinal Health, MBIA, Inc., and Bridgestone. Management also indicated that the list will be provided to First Hawaiian Bank, the Fund's former Custodian, who will verify whether such claims were filed.

5. December 3, 4, and 5, 2008 "Quarterly Performance and Annual Manager Reviews"

The Committee reviewed and discussed the Agenda for this week's meetings.

6. Minutes

The Committee reviewed and approved the Investment Committee Minutes of October 31, 2008.