



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

January 16, 2009

To: Joe T. San Agustin, Board Chairman
From: Wilfred Leon Guerrero, Investment Committee Chairman
Subject: Investment Committee Meeting – January 9, 2009

Defined Benefit Plan

On January 9, 2009, the Fund held its regular Investment Committee meeting. In attendance were Trustee Gerard Cruz and I. Other Attendees were Paula Blas, Diana Bernardo and Rosalia Bordallo.

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

1. Bernstein's 12/29/08 letter "Wachovia Securities Litigation"

The Committee reviewed Bernstein's December 2008 correspondence regarding the Wachovia Securities Litigation. **According to Blair Nicholas of Bernstein:**

1. A securities class action lawsuit filed against Wachovia in June 2008 asserts claims only on behalf of investors in Wachovia common stock.
2. The Fund has a loss of \$88,435 from the purchase of a bond issued by Wachovia.
3. He recommends that the Fund assert its claims for recovery of its losses, before certain individual preferred stock investors can take any steps that might impact the Fund's claims, to ensure that the statute of limitations does not run on the Fund's claims for recovery.

Recommendation:

The Committee recommends that the Board affirm the Committee's decision to authorize Bernstein to proceed with the filing of claims on behalf of the Fund.

Informational Items

2. **IRM 12/23/08 Email**

The Committee reviewed IRM's email requesting to 1) move \$19 million of the Commercial Mortgage Backed Securities out of the IRM Portfolio into the Transition Portfolio, and 2) to extend the "Guideline Waiver" beyond the six-month time frame granted by the Board of Trustees in October 2008.

The Committee deferred further discussions and making a decision until the annual manager reviews scheduled for March 2009. However, the Committee indicated that IRM should let us know if we need to accelerate discussions via a conference call prior to March.

3. **Funding of the Remaining Managers**

A. Funding of the following Managers was deferred for discussion during the meetings with Mercer Investment Consulting, Inc. during the next quarterly performance meeting in March 2009.

1. Cornerstone (REITs) - Was partially funded \$13.8M on December 2008.
2. Security Capital Research & Mgmt (REITs) - Was partially funded \$9.2M on Dec. 2008.
3. Thomson Horstmann & Bryant (U.S. Domestic Small Cap) - Not yet funded.

B. INTECH/JANUS

Once all signatures are obtained for the INTECH/JANUS Agreement, INTECH/JANUS will be funded via the transfer of assets from an existing manager.

4. **Asset Allocation**

The Committee reviewed the latest asset allocation as of January 7, 2009, noting that the total market value of the portfolio dropped from approximately \$1.129 billion at 9/30/08 to approximately \$986.3 million as of 1/07/09.

5. **March 4, 5, and 6, 2009 "Quarterly Performance and Annual Manager Reviews"**

The Committee reviewed and discussed the Agenda for the December 2008 Quarterly Performance Review, and the Annual Review of the Non-US Equity and Fixed Income Managers.

6. **Minutes**

The Committee reviewed and approved the Investment Committee Minutes of November 14, 2008.