



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

Antolina S. Leon Guerrero
 Secretary

Gerard A. Cruz
 Treasurer
 Audit & Operations Committee,
 Chairman

George A. Santos
 Members' & Benefits Committee,
 Chairman

Katherine T.E. Taitano
 Trustee

Wilfred G. Aflague
 Trustee

August 28, 2009

To: Joe T. San Agustin, Board Chairman
From: Wilfred Leon Guerrero, Investment Committee Chairman
Subject: Investment Committee Meeting – August 14, 2009

Defined Benefit Plan

On August 14, 2009, the Fund held its regular Investment Committee meeting. In attendance were Trustees Gerard Cruz, Wilfred G. Aflague, and I. Other attendees were Paula Blas, Diana Bernardo, and Rosalia Bordallo.

The following was approved for Board Action:

1) Genzyme Corporation Securities Class Action

In its August 3, 2009 letter to the Fund, Bernstein indicated that:

1. On July 29, 2009, a securities class action lawsuit on behalf of Genzyme Corporation investors was commenced.
2. The lawsuit arose from the Company's concealment from investors of material information relating to serious manufacturing and safety problems at the Company's most important drug production facilities.
3. The action also seeks to hold the Company's Chairman and Chief Executive Officer liable.
4. Based on Bernstein's analysis of the GGRF Portfolio, the Fund incurred losses of approximately \$1.75 million as a result of serious misconduct and securities fraud committed by Genzyme Corporation.
5. Bernstein has conducted very detailed investigation into the misconduct by Genzyme, and strongly recommends that the Fund seek to be appointed as Lead Plaintiff.
6. The deadline to file as Lead Plaintiff is September 28, 2009.

RECOMMENDATION:

The Investment Committee recommends that the Fund seek appointment as Lead Plaintiff.

424 Route 8
 Maite, Guam 96910
 Tel: 671.475.8900
 Fax: 671.475.8922
 www.ggrf.com

Informational Items:

2) Investment Committee Goals & Objectives

In determining what the Committee would like to accomplish over the next 5 years the following Goals & Objectives were set:

1. Continue:
 - a. Quarterly Investment Performance Meetings
 - b. Annual Manager Reviews
2. Revisit:
 - a. Actuarial Rate of Return
 - b. Asset Allocation Policy
 - c. Investment Related Contracts over 5 Years Old
3. Re-Balance Portfolio to meet Targeted Asset Allocation Levels
4. Achieve Approved Actuarial Rate of Return or Higher
5. Perform Feasibility Study for a New Building

3) Metropolitan West 8/07/09 Letter

In its August 7, 2009 letter to the Investment Committee Chairman, Met West:

1. Indicated that it would like to purchase a 3% position in XLF (Fin'l Select Sector Spdr), which would serve as a substitute for the Banco Santander and Mitsubishi UFJ ADRs, and
2. Asked whether this investment will violate GGRF's investment guidelines.

This item was deferred for discussion during quarterly performance meetings with Mercer Investment Consulting Inc. on August 27, and 28, 2009.

4) Thomson Horstmann & Bryant, Inc (THB) Letter dated 6/12/09

During the 6/26/09 Board Meeting, the Board referred THB's 6/12/09 letter to the Investment Committee. At the request of the Investment Committee Chairman, this item was referred to Terry Dennison, of Mercer Investment Consulting Inc. for his comments.

This item was also deferred for discussion during the meetings with Mercer on August 27, and 28, 2009.

5) Funding of Managers

Funding of the following Managers was also deferred for discussion during the meetings with Mercer on August 27, and 28, 2009.

- a) Cornerstone (REITs) – Partially funded on Dec. 2008.
- b) Security Capital (REITs) – Partially funded on Dec. 2008.
- c) Thomson Horstmann & Bryant (U.S. Domestic Small Cap) - Not yet funded.
 - The U.S. Domestic Small Cap Mandate was Partially Funded via \$8M in Exchange Traded Funds (ETF) on April 2009, and \$8.8M on July 2009.

6) Asset Allocation

The Committee reviewed the latest asset allocation as of June 8, 2009, noting that the total market value of the portfolio dropped from approximately \$1.129 billion at 9/30/08 to approximately \$1.122 billion as of 8/10/09.

7) Minutes

The Committee reviewed and approved the Investment Committee Minutes of July 10, 2009.