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**RETIREMENT FUND**  
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March 26, 2010

**To: Joe T. San Agustin, Board Chairman**  
**From: Wilfred Leon Guerrero, Investment Committee Chairman**  
**Subject: Quarterly Performance Meeting – March 24, and 25, 2010**

**Defined Benefit Plan**

On March 24, and 25, 2010, the Investment Committee held its performance review meeting for the quarter ended December 31, 2010. The Committee also held Annual Reviews of the Emerging Market and International Equity Managers.

In attendance were Trustees Gerard Cruz, Wilfred Aflague, Joe T. San Agustin, Katherine Taitano, George Santos, and I. Other attendees were Terry Dennison of Mercer Investment Consulting Inc., Doris Brooks from the Office of the Public Auditor, Paula Blas, Diana Bernardo and Rosalia Bordallo.

**The following were approved for Board Action:**

**1) Termination of AXA Rosenberg, Small Cap Manager**

**Recommendation:**

Due to AXA Rosenberg's poor performance and concerns raised by Mercer about the use of manual overrides in their investment process, the Investment Committee recommends the following:

- a) Termination of the AXA Rosenberg, Small Cap Equity Manager, and
- b) Use of the cash proceeds for operations.

## 2) Investment Portfolio Allocation to Cash

Based on discussions with Terry Dennison, the asset allocation summary always reflects an over-allocation to cash. As such, he recommends the following allocations to cash:

	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Cash	0%	-	0.25%

### **Recommendation:**

The Investment Committee recommends accepting Terry's recommendation above.

## 3) Assignment of Atalanta Contract to Evercore Partners

In a March 5, 2010 letter to GGRF, Martin Sosnoff and Craig Steinberg:

- a) Notified GGRF that Evercore Partners, a NYSE listed company will purchase a 49% economic interest in Atalanta Sosnoff.
- b) Indicated that no aspects of Atalanta's operations are expected to change: same people, same process, same client service.
- c) Requests GGRF's consent to assign the Investment Advisory Contract to Evercore Partners.

Based on discussions with Terry Dennison, and as stated in his March 23, 2010 letter to the GGRF:

- a) It is Mercer's opinion that GGRF should consent to the assignment of the contract.
- b) Mercer will watch the portfolio closely, and pay close attention to the five firm principals.
- c) If performance deteriorates, team members depart the organization, or Evercore's presence creates other issues, Mercer will consider a revised recommendation.

### **Recommendation:**

Based on Mercer's opinion above, the Investment Committee recommends assignment of the contract to Evercore Partners.

#### **4) Termination of Thomson Horstman Bryant (THB)**

##### **Recommendation:**

With the Board of Trustees' Approval of the RFP Selection Committee's recommendation for the U.S. Domestic Small Cap Search, the Committee recommends the following:

- a) Termination of Thomson Horstman Bryant (THB), which will be replaced by the following managers upon finalization of their contracts:
  - (1) Eaton Vance Investment Managers, and
  - (2) Numeric Investors, LLC.
- b) The purchase of additional I Shares Russel 2000 ETFs, with the cash proceeds from the termination/liquidation of THB.
- c) Upon finalization of the contracts in item a above, GGRF will direct Northern Trust to liquidate the I Shares Russel 2000 ETFs for funding of the managers as follows:
  - (1) 50% to Eaton Vance Investment Managers, and
  - (2) 50% to Numeric Investors, LLC.

##### **Informational Items:**

#### **1. Quarterly Performance Meeting**

Terry Dennison provided an overview of the DB Plan's 12/31/09 Quarterly Investment Performance, noting a Rate of Return of 3.6% for the quarter, compared to the 3.4% median return for Public Funds.

#### **2. Annual Manager Review**

Annual Reviews were conducted for the following managers:

1. Capital International
2. Fisher Investments
3. Dimensional Fund
4. AXA Rosenberg

#### **3. Minutes**

The Committee reviewed and approved the February 19, 2010 Investment Committee Minutes.

#### **4. Performance Meeting for the Quarter Ending 3/31/10 and Annual Manager Review**

The next Quarterly Performance Meeting and the annual review of the Fixed Income Managers are scheduled for: **May 26, 27, and 28, 2010.**