



GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY • SECURITY • REWARDS

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Ray Tenorio
Lieutenant Governor

Paula M. Blas
Director

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Wilfred P. Leon Guerrero, Ed.D.
Vice-Chairman
Investment Committee, Chairman

Antolina S. Leon Guerrero
Secretary

Gerard A. Cruz
Treasurer
Audit & Operations Committee,
Chairman

Katherine T.E. Taitano
Trustee

Anthony C. Blaz
Trustee

David M. O'Brien
Trustee

INVESTMENT COMMITTEE MEETING
DEFINED BENEFIT PLAN
Thursday, February 26, 2015
Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee Meeting was called to order at 1:30 p.m. Thursday, February 26, 2015, in the Retirement Fund Conference Room. Investment Committee Chairman Wilfred P. Leon Guerrero officiated.

Board of Trustees Present:

Wilfred P. Leon Guerrero, Chairman
Gerard A. Cruz, Vice Chairman

Staff Present:

Paula Blas, Director
Diana Bernardo, Controller

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

II. ACTION ITEMS

- 1. January 29, 2015 Regular Investment Committee Meeting Minutes**
- 2. November 19, and 20, 2014 Due Diligence Meeting for the Quarter Ended September 30, 2014 Minutes**

Committee Vice Chairman Gerard Cruz, seconded by Committee Chairman Wilfred Leon Guerrero, moved to approve the Minutes of the January 29, 2015 Regular Investment Committee Meeting, subject to technical corrections; and to table the Minutes of the November 19, and 20, 2014 Due Diligence Meeting. Without objection, the motion unanimously passed.

III. OPEN ITEMS

None

IV. NEW BUSINESS

- 1. Northern Trust – Proposed Custody and Related Services Fee Options**

Controller Diana Bernardo stated that Ms. Maggie Ralbovsky of Wilshire Associates provided Wilshire's analysis of its recommendation that the Retirement Fund accept Option 1 with a \$50,000 flat annual fee and a securities lending revenue split of 65/35% between the Retirement Fund and Northern Trust.

- 2. Rebalancing - U.S. Equity Managers, Non-U.S. Equity, & Core Fixed Income**

Ms. Ralbovsky stated that Wilshire's recommendation is as follows:

- U.S. Equity – Rebalancing among current managers with a goal to improve net of fees alpha. Expected alpha increase of 30 basis points, net of fees, without increased active risk taking.
- Non-U.S. Equity – There is no change from prior recommendations.
- Fixed Income – Terminate Franklin Templeton Core Fixed, and reallocate the balance among current two fixed income managers. Expected alpha increase of 45 basis points, net of fees, with slight increase of active risk taking.

- 3. Keeping Eaton Vance on Watch**

Ms. Ralbovsky stated that Wilshire's recommendation is to keep Eaton Vance on Watch until the manager reaches a 5-year history with the Retirement Fund.

- 4. Placing Capital Guardian on Watch**

Ms. Ralbovsky stated that Wilshire's recommendation is to place Capital Guardian on Watch due to underperformance since inception.

5. Termination of Franklin Templeton International

Ms. Ralbovsky stated that Wilshire's recommendation is to terminate Franklin Templeton International.

6. Issuance of a Request for Proposal (RFP) for Risk Parity

Ms. Ralbovsky stated that Wilshire's recommendation is to request for the Board to authorize the issuance of an RFP for two Risk Parity managers, to split the 8% allocation.

Items No. 1 to 6 were discussed during the Investment Committee Meeting, but were deferred for further discussion/action during the February 27, 2015 Board Meeting.

V. INFORMATIONAL ITEMS

1. Asset Allocation Summaries

A copy of the asset allocation summary statements was provided to the Committee for review and informational purposes.

2. Income Summary

A summary of interest and dividend income was provided to the Committee for review and informational purposes.

3. Securities Lending

A summary of securities lending earnings was provided to the Committee for review and informational purposes.

VI. OPEN DISCUSSION

None

VII. CORRESPONDENCE

None

VIII. ANNOUNCEMENTS

1. Next Due Diligence Meeting: May 27, and 28, 2015

Committee Chairman Leon Guerrero informed the Committee that the next due diligence meeting is tentatively scheduled for May 27, and 28, 2015.

IX. ADJOURNMENT

There being no further business before the Investment Committee, a motion was made by Committee Vice Chairman Gerard Cruz, seconded by Committee Chairman Wilfred Leon Guerrero, to adjourn the meeting at 2:10 p.m. Without objection, the motion unanimously passed.

Respectfully submitted,



JACKIE M. BLAS
Recording Secretary

AFFIRMED:



WILFRED P. LEON GUERRERO, Ed.D.
Investment Committee Chairman