



GOVERNMENT OF GUAM  
**RETIREMENT FUND**  
STABILITY • SECURITY • REWARDS

**Eddie Baza Calvo**  
Governor

**Ray Tenorio**  
Lieutenant Governor

**Paula M. Blas**  
Director

**INVESTMENT COMMITTEE MEETING**  
**DEFINED BENEFIT PLAN**  
Friday, September 9, 2016  
Retirement Fund Conference Room

**MINUTES**

*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

**Katherine T.E. Taitano**  
Trustee

**David M. O'Brien**  
Trustee

**Albert H. Santos**  
Trustee

**I. CALL TO ORDER**

The Retirement Fund Investment Committee Meeting was called to order at 12:12 p.m. Friday, September 9, 2016, 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  
Jackie Blas, Recording Secretary

## **II. ACTION ITEMS**

- 1. August 25, 2016 Regular Investment Committee Meeting Minutes**
- 2. May 25, and 26, 2016 Due Diligence Meeting for the Quarter Ended March 31, 2016 Minutes**
- 3. August 24, and 25, 2016 Due Diligence Meeting for the Quarter Ended June 30, 2016 Minutes**

**Committee Vice Chairman Gerard Cruz, seconded by Committee Chairman Wilfred Leon Guerrero, moved to approve the Minutes of the August 25, 2016 Regular Investment Committee Meeting, subject to technical corrections; and to table the Minutes of the May 25, and 26, 2016, and August 24, and 25, 2016 Due Diligence Meetings. Without objection, the motion passed.**

## **III. OPEN ITEMS**

None

## **IV. NEW BUSINESS**

None

## **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. Controller Diana Bernardo stated that as of September 5, 2016, the Retirement Fund's total market value is at \$1.6 Billion. Committee Vice Chairman Gerard Cruz inquired about rebalancing. Controller Bernardo stated that Eaton Vance was notified and given a thirty (30) day notice and then the assets will be transferred to Numeric Investors. Committee Vice Chairman Cruz suggested to say that their termination is due to the significant changes of their Management Team. Director Paula Blas stated that she will make it general and inform Eaton Vance that it is due to their performance and the organizational changes that have just taken place.

Committee Vice Chairman Cruz stated that the Investment Committee still needs to address Earnest Partners and Capital International. Controller Bernardo stated that Earnest and Capital are on Watch. Controller Bernardo stated that Capital will be addressed at the next Due Diligence Meeting. Committee Chairman Leon Guerrero inquired about Smart Beta. Director Blas stated that Maggie Ralbovsky of Wilshire Associates will discuss Smart Beta in November 2016.

Committee Chairman Leon Guerrero stated that during the performance review, Ms. Ralbovsky noted that the total Fund return ranks at the 50th percentile. Committee Chairman Leon Guerrero asked whether the comparison is with Wilshire's group universe. Director Blas stated that Ms. Ralbovsky's report read: "The Total Fund return ranks at the 50th percentile of Wilshire's total Fund public peer group universe for the quarter." Director Blas stated that it is with everyone. Committee Chairman Leon Guerrero asked Management to verify with Ms. Ralbovsky on who the comparison is with.

Committee Chairman Leon Guerrero stated that he is concerned that Ms. Ralbovsky has been introducing a number of new things and he does not see the Retirement Fund getting anywhere with it. Committee Vice Chairman Cruz stated that the Retirement Fund has implemented Risk Parity and Global REITs. Committee Vice Chairman Cruz stated that the Investment Committee should consider ACWI Fund. It's a fund that would invest in all sectors of International Markets.

## 2. Income Summary

A summary of interest and dividend income was provided to the Committee for review and informational purposes. Controller Bernardo stated that the total interest and dividend income for August 2016 is \$3.4 Million and \$39 Million year to date.

## 3. Securities Lending

A summary of securities lending earnings was provided to the Committee for review and informational purposes. Controller Bernardo stated that the Securities Lending income for the month of July 2016 is \$23,483 and \$268,453 year to date. Controller Bernardo stated that the August figures are not available at this time.

## 4. 5-Year Plan

A copy of the 5-Year Plan was provided to the Committee for review and informational purposes. Controller Bernardo stated that Cornerstone and Dimensional Fund Advisers, as well as Northern Trust, will be reviewed during the November 2016 Due Diligence Meeting.

## VI. OPEN DISCUSSION

None

## VII. CORRESPONDENCE

None

## VIII. ANNOUNCEMENTS

### 1. Next Due Diligence Meeting: November 16, and 17, 2016

Controller Bernardo informed the Committee that the next due diligence meeting is scheduled for November 16, and 17, 2016.

## IX. ADJOURNMENT

**There being no further business before the Investment Committee, a motion was made by Committee Vice Chairman Gerard Cruz to adjourn the meeting at 12:39 p.m. Without objection, the motion passed.**

Respectfully submitted,

AFFIRMED:



**JACKIE M. BLAS**  
Recording Secretary



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