

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

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*Chair, Members and Benefits Committee*

**Gerard A. Cruz**  
*Treasurer*  
*Chair, Investment Committee*

**Artemio R.A. Hernandez, Ph.D.**  
*Trustee*

**Thomas H. San Agustin**  
*Trustee*

**George A. Santos**  
*Trustee*

**INVESTMENT COMMITTEE MEETING  
DEFINED BENEFIT PLAN**

Thursday, November 14, 2019  
Retirement Fund Conference Room

**MINUTES**

**I. CALL TO ORDER**

The Retirement Fund Investment Committee Meeting for the Defined Benefit Plan was called to order at 1:00 p.m. Thursday, November 14, 2019, in the Retirement Fund Conference Room. Investment Committee Chairman Gerard Cruz officiated.

**Board of Trustees Present:**

Gerard A. Cruz, Chairman  
Artemio R.A. Hernandez, Member  
Thomas H. San Agustin, Member

**Staff Present:**

Paula Blas, Director

**Investment Consultant Present:**

Maggie Ralbovsky, Wilshire Associates

## **II. ACTION ITEMS**

### **1. October 28, 2019 Regular Investment Committee Meeting Minutes**

**Committee Member Artemio Hernandez, seconded by Committee Member Thomas San Agustin, moved to approve the Minutes of the October 28, 2019 Regular Investment Committee Meeting, subject to technical corrections. Without objection, the motion passed.**

## **III. OPEN ITEMS**

None

## **IV. NEW BUSINESS**

### **1. Due Diligence Meeting for the Quarter Ended September 30, 2019**

Committee Chairman Cruz stated that during the Due Diligence meetings, Maggie Ralbovsky of Wilshire Associates discussed the economic outlook and the Investment Manager Performances. Ms. Ralbovsky also provided an overview of the Defined Benefit Plan's Investment Performance and she noted that the Total Fund had a 0.95% return for the quarter ended September 30, 2019, and ended the Fiscal Year 2019 with a return of 3.2%, underperforming the benchmark by 1.5%. Overall, the total Fund return ranks at the 50th percentile of Wilshire's Total Fund public peer group universe for the quarter.

Ms. Ralbovsky stated that annual reviews were conducted for the following Managers:

- Dimensional Fund Advisors
- Invesco
- Panagora

### **Recommendations:**

#### **a. Numeric Investors**

Committee Chairman Cruz stated that at the August 28, 2019 Investment Committee Meeting, Numeric Investors was kept on Watch for another quarter to demonstrate their change in performance based on some changes they made in their risk process. Ms. Ralbovsky stated that this quarter there were periods when value outperformed growth and during those periods Numeric fail to outperform which challenges the Retirement Fund's confidence in Numeric. Ms. Ralbovsky stated that Wilshire's recommendation is to terminate Numeric Investors and to place the funds in the Russell 2000 Index Fund until a new Small Cap manager has been selected..

**Committee Member Artemio Hernandez, seconded by Committee Member Thomas San Agustin, moved to accept Wilshire Associates' recommendation to terminate Numeric Investors and to place the funds in the Russell 2000 Index Fund until a new Small Cap manager has been selected. Without objection, the motion passed.**

**b. Listed Infrastructure Allocation**

Ms. Ralbovsky stated that with the termination of the Master Limited Partnership (MLP) allocation, Wilshire's recommendation is to repurpose the allocation of 3% (\$60 Million) to a Listed Infrastructure allocation and to issue a Request for Proposal (RFP) in search of a Listed Infrastructure Manager.

**Committee Member Artemio Hernandez, seconded by Committee Member Thomas San Agustin, moved to accept Wilshire Associates' recommendation to repurpose the allocation of 3% to a Listed Infrastructure allocation; and for Management to begin the search for an Listed Infrastructure Manager. Without objection, the motion passed.**

**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. Committee Chairman Cruz stated that as of November 8, 2019, the size of the Retirement Fund's portfolio is \$2,013,202,257.

**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.

**4. 5-Year Plan**

A copy of the 5-Year Plan was provided to the Committee for review and informational purposes.

**VI. OPEN DISCUSSION**

None

**VII. CORRESPONDENCE**

None

**VIII. ANNOUNCEMENTS**

**1. Next Due Diligence Meeting: February 26 and 27, 2020**

Committee Chairman Cruz informed the Committee that the next due diligence meeting is tentatively scheduled for February 26 and 27, 2020.

**IX. ADJOURNMENT**

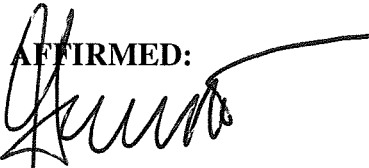
There being no further business before the Investment Committee, a motion was made by Committee Member Artemio Hernandez, seconded by Committee Member Thomas San Agustin, to adjourn the meeting at 1:25 p.m. Without objection, the motion passed.

Respectfully submitted,



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**JACKIE M. BLAS**  
Recording Secretary

AFFIRMED:  


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**GERARD A. CRUZ**  
Investment Committee Chairman