



GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY · SECURITY · REWARDS

Felix P. Camacho
Governor

Kaleo S. Moylan
Lieutenant Governor

Paula M. Blas
Acting Director

INVESTMENT COMMITTEE REPORT
Friday, September 2, 2005, 12:00 P.M.

Trustees:

Joe T. San Agustin
Chairman

Dr. Wilfred P. Leon Guerrero
Vice-Chairman
Investment Committee, Chairman

James J. Taylor, Ph.D.
Secretary
Investment Committee, Vice-Chairman

Katherine T.E. Taitano
Trustee
Treasurer

George A. Santos
Trustee
Members' & Benefits Committee, Chairman

Anthony C. Blaz
Trustee
Audit & Operations Committee, Chairman

Gerard A. Cruz
Trustee

DEFINED BENEFIT PLAN & DEFINED CONTRIBUTION PLAN

I. ACTION ITEMS

- a. Management request to place custodian bank search process on hold (See attachment #1)

Motion - The Investment Committee would like to motion the Board of Trustees to place the custodian bank search process on hold until completion of the International Manager contract process per management request.

II. INFORMATIONAL ITEMS

- a. The Investment Committee meeting minutes for May 6, 2005 and August 5, 2005 has been approved and is provided for record.
- b. E-mail dated 9/01/05: "GM Downgrade Notification/Request to Hold – Government of Guam" COMMITTEE ACTION: Management instructed to get legal opinion on request and provide investment cost and yield to maturity information on corporate bonds in question (See attachment #2).
- c. Allianz Global Investors - Change of Management (See attachment #3).
COMMITTEE ACTION: Management instructed to obtain Mercer Inc. comment on change of management and potential impact of change.
- d. DC Pioneer Emerging Markets Fund – Change of Management (See attachment #4).
COMMITTEE ACTION: Management instructed to direct Mr. Vince Camacho of Great West to have their investment advisor review and comment on this change.

III. OPEN DISCUSSION

- a. Status – Current proposed legislation regarding investments.
COMMITTEE DISCUSSION: Management has forwarded Board approved draft legislation amending Section 8158 the GGRF Senate Oversight Chairman for further action.
- b. Status – Request for proposals
- i. Custodian bank
 - ii. DC Plan Administration

COMMITTEE DISCUSSION: Management requested that “custodial bank” search procedures be placed on hold until completion of International Manager contract process (See requested Action Item “a”). The DC Plan administration RFP process has been placed on hold until termination of relationship between Carlsmith and Great-West.

c. Status – International Manager Contracts.

COMMITTEE DISCUSSION: The signed manager contracts have been forwarded to BBMR for review and signature. Once approved at BBMR, the contracts will be forwarded to the Office of the Attorney General for review and approval. Once approved by the Office of the Attorney General, the contracts will be forwarded to the Office of the Governor for review and approval.

d. Status – Citigroup Defunding

COMMITTEE DISCUSSION: Defunding process has been completed.

IV. CORRESPONDENCES

a. MERCER:

- i. Letter dated 6/22/05: “Comment on proposed bill to amend Sect. 8158” (See attachment #5).
- ii. Letter dated 6/24/05: “Implications of proposed language for bill to amend Sect. 8158” (See attachment #6).
- iii. Letter dated 6/24/05: “RE: Recommendation To Stop Trading and Remove Funding from Citigroup Asset Management (Citigroup) (See attachment #7).
- iv. E-mail dated 6/25/05: “Recommendation to stop trading and shift assets from Citigroup portfolio (See attachment #8).
- v. E-mail dated 8/26/05: “RE: Deutsche Asset Management Acquisition By Aberdeen Asset Management” (See attachment #9).

b. Aberdeen Asset Management Inc.:

- i. Letter dated 8/18/2005: Announcement letter of Deutsche Asset Management (DAM) acquisition and request for assignment of DAM contract with GGRF (See attachment #10). Excerpt of Scudder, Stevens & Clark contract (changed name to Deutsche) is attached for review (See attachment #11).

c. Deutsche Asset Management

- i. Letter dated 8/19/2005: Announcement letter of Deutsche Asset Management (DAM) acquisition by Aberdeen Asset Management Inc. (See attachment #12).

d. Citigroup:

- i. Letter dated 6/30/05: Citigroup acquisition by Western Asset Management (See attachment #13).

V. ANNOUNCEMENTS

- a. Second Qtr Performance Review – Scheduled for 9/6/05 and 9/7/05.
- b. Equity Manager due diligence review has been scheduled for 11/7/05 to 11/09/05 from 11:30 a.m. to 3:00 p.m.