



GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY · SECURITY · REWARDS

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Gerard A. Cruz
Trustee

INVESTMENT COMMITTEE REPORT
Friday, January 6, 2006, 12:00 P.M.

DEFINED BENEFIT PLAN & DEFINED CONTRIBUTION PLAN

I. ACTION ITEMS

- a. NO ACTION ITEMS REQUESTED.

II. OPEN ITEMS

- a. December 29, 2005 e-mail from Jonathan Goll from GMO on treatment of investment (See attachment #1).
COMMITTEE ACTION: Management instructed to contact Mercer and GMO regarding the management of the individual managed account.
RESOLUTION: Management sent e-mail (see attachment #2) to Jonathan Goll on 1/12/06 of GMO and Mercer. Terry Dennison contacted Jonathan Goll of GMO on 1/12/06 and Jonathan going to have his "understanding of the details of the GMO mandate approved by their compliance department and sent to" (see attachment #2) GGRF for review.

III. INFORMATIONAL ITEMS

- a. The Investment Committee meeting minutes for October 12, 2005 has been approved and is provided for record (See attachment #3).
- b. The Defined Contribution Plan contribution report for the month of December 2005 (See attachment #4) is provided for record.
- c. Cash inflow/outflow comparison (See attachment #5).
COMMITTEE ACTION: Management, with the assistance of Mercer, was instructed to prepare a comprehensive cash drawdown plan indicating areas of liquidation covering the rest of fiscal year 2006 for presentation to the committee at their next scheduled meeting.

IV. 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. Management expects public hearings to be scheduled before the end of the month of January 2006. Management has received draft legislation for proposed language for amendment to Section 8157 for submission to the Committee for its review and discussion. Terry Dennison of Mercer stated that the original Mercer report on potential returns based on amending Section 8157 needs revision and he will provide this revised analysis to the Committee upon completion.
- b. **Status – International Manager Contracts.**
COMMITTEE DISCUSSION: All contracts have been signed. Management is working with FHB and Mercer for the transition. Issues needing resolution have been identified:
 1. Selection of new manager for the Emerging Markets are based on the custodial issue regarding assets to be managed by Capital Int'l (Emerging Markets). Mercer has been tasked with rate vs. risk analysis on allocating the assets among the other markets (Int'l Large Cap and Int'l Small Cap) for Committee review.

The transition continues. The mutual Fund to be managed by AXA Rosenberg has been purchased (\$2.5 Million – see attachment 6). The complete transfer of assets from Aberdeen to Fisher is complete (\$47.5 Million – see attachment #7).

V. CORRESPONDENCES

VI. ANNOUNCEMENTS

- a. **Fixed Income Manager due diligence reviews have been scheduled for 2/20/06 to 2/24/06. The proposed agenda will be forwarded upon completion.**