


GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY · SECURITY · REWARDS

Felix P. Camacho
Governor

Michael W. Cruz, M.D.
Lieutenant Governor

Paula M. Blas
Director

Trustees:

Joe T. San Agustin
Chairman

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

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

Gerard A. Cruz
Treasurer
Audit & Operations Committee,
Chairman

George A. Santos
Members' & Benefits Committee,
Chairman

Katherine T.E. Taitano
Trustee

April 13, 2007

To: Joe T. San Agustin, Board Chairman
From: Wilfred Leon Guerrero, Investment Committee Chairman
Subject: Investment Committee Meeting of March 30, 2007

The Fund held its regular Investment Committee meeting on March 30, 2007. In attendance were Trustees Dr. James Taylor, Gerard Cruz, Joe T. San Agustin and I. Other attendees were Paula Blas and Diana T. Bernardo.

The following items were discussed and approved by the Committee for Board action.

I. Investment Manager Petition Letters

During the August 11, 2006 Board of Trustees meeting the Board Chairman was authorized to advise Investment Managers of the relaxation of section 8157 provisions as a result of Public Law 28-136. As such, the Fund sent a letter to the Managers indicating the following:

“With the written petition and subsequent written approval of the Trustees, a minimum of 75% of investments in Common Stock must meet the requirements of Guam Code Annotated Title 4, Chapter 8, Article 1, Section 8157.

In response to the Fund’s notification letter, a petition letter was received from Oppenheimer Capital, requesting that they be allowed to invest up to 25% in stocks of companies that do not meet the requirements of Section 8157 (i.e. non-dividend paying stocks).

Recommendation

The Committee recommends that the Board grant Oppenheimer Capital’s request to invest up to 25% in non-dividend paying stocks.

II. Request for Proposals

During the August 11, 2006 Board of Trustees meeting, the Board authorized the issuance of Requests for Proposals (RFPs) for new investment Managers. As such RFPs were prepared for the following, which have been reviewed by the Investment Committee:

1. U.S. Domestic Large Cap Growth Equity
2. U.S. Domestic Large Cap Value Equity
3. U.S. Domestic Core Fixed Income

Recommendation

The Committee recommends that the Board approve the release of the aforementioned RFPs.

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III. Manager Notification for Handling of Capital Gain Distributions

During December 2006, Capital International Inc, an Emerging Markets Equity Manager, distributed \$10.7M in Capital Gains, which were automatically reinvested in accordance with the terms of Section 7 of the contract with GGRF. However, if GGRF Management was notified of the distribution prior to reinvestment by Capital International Inc. a portion of the \$10.7M could have been retained to meet current cash-flow requirements.

Recommendation

The Committee recommends that the Board authorize the Director to notify Capital International Inc. and the other Mutual Fund Investment Managers of the following:

“The Investment Manager shall notify the GGRF Director in advance when a Capital Gain Distribution is to be made. Upon receipt of such notification, the Director shall assess GGRF’s cash-flow requirements and determine whether all or a portion of the distribution should be retained. The Director shall then notify the Investment Manager of the amount of the distribution, which should be re-invested and the amount of the distribution, which should be disbursed to GGRF to meet daily cash flow requirements.”

Other Information

1. Investment Committee Minutes

The Committee reviewed and approved the minutes for the February 23, 2007 meeting.

2. Receivables Update

The Committee reviewed the February 28, 2007 Receivables Listing. Refer to the attached summary for further information.