

Investment Policy Statement

# **Government of Guam**

## **401(a) Defined Contribution and 457(b) Deferred Compensation Plans**

**Adopted March 26, 2026**

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## Section 1

# Purpose of Investment Policy Statement

This investment policy statement (the “Policy” or “IPS”) defines the investment policy for the Government of Guam 401(a) and 457(b) Plans (the “Plans”) and guides investment-related decisions.

The Plans are participant-directed qualified defined contribution Plans intended to comply with the requirements of Employee Retirement Income Security Act of 1974. The Plans are administered by the Plans’ Sponsor, the Government of Guam Retirement Fund comprised of the Board of Trustees (“Board”) elected or appointed under Section 8138, Article 1, Chapter 8, Title 4 of the Guam Code of Annotated. Hence, the overall goal of this Policy is to ensure the Plans provide participants the opportunity to invest their accounts among a broad range of investment alternatives to create portfolios appropriate to their investment savings needs. It identifies a set of investment objectives, guidelines and performance standards for the Plans including:

- The number and type of investment asset classes offered.
- The criteria used for selecting investment options and individual managers.
- The process of monitoring investment options and managers, including guidelines for:
  - review of the investment options at least once annually,
  - measurement of investment performance, and
  - the addition, replacement, or elimination of investment options from the investment lineup for the Plans.

## Section 2

# Roles, Responsibilities and Fiduciary Duties

## Fiduciaries

In carrying out this IPS, Plans investment fiduciaries, including service providers that are fiduciaries, will act solely in the interest of the Plans participants and beneficiaries, and for the exclusive purpose of providing them benefits and defraying reasonable expenses of administering the Plans. The fiduciaries will discharge their duties under this IPS with the skill, prudence, and diligence of a prudent person acting in that capacity in accordance with the Provisions of the Plans and other applicable law.

## Sponsor Committee (“Committee”)

The Committee is responsible for:

- Developing an investment menu that offers a diversified range of investment options.
- Identifying asset classes that it deems appropriate and prudent to make available to Plans participants and beneficiaries.
- Selecting qualified investment managers.
- Evaluating investment results to determine if they are meeting the guidelines and criteria identified in this Policy.
- Taking action to add, remove, or replace investment managers in response to participant needs or failure to meet the criteria identified in this Policy.
- Periodically review providers to the Plans to confirm that services delivered and fees charged by the providers are reasonable for the services delivered.

## Trustee and Recordkeeper

The Plans’ sponsor has engaged a Trustee to hold the Plans’ assets in trust, accept contributions and make distributions, as appropriate, in each case, in accordance with the Trust agreement. The Plans’ sponsor has also engaged a Recordkeeper, responsible for the administration of the Plans, including providing the recordkeeping platform, processing trades, maintaining participant records, distributing statements, and other related tasks. The Recordkeeper shall be responsible for compliance with applicable requirements for notice to participants and beneficiaries on investment matters including the provision of participant fee

disclosure notices and notices regarding the Plans' Qualified Default Investment Alternative ("QDIA").

## **Investment Consultant**

The Committee may retain the services of a third-party Investment Consultant ("Consultant") to provide expert investment advice and recommendations concerning investment options and vehicles for the Plans as well as to evaluate the performance of the investment options in order to assist the Committee in the discharge of their fiduciary responsibilities as provided in this Policy.

## **Investment Managers**

The Plans' investment menu may include as investment options, or components of investment options, registered mutual funds or commingled investment vehicles (collectively, "funds") and separate accounts. Where appropriate, the investment managers of the funds or separate accounts will be defined as "investment managers". Any investment manager shall:

- Comply with all the provisions of the Plans, as amended and other applicable laws.
- Comply with all provisions of the applicable investment management agreement.
- Invest assets of the Plans or fund, as applicable, according to the stated investment philosophy and strategy dictated in the relevant investment management agreement or fund prospectus.
- Notify the Committee and/or their designees when material changes in fund operations, the organization, the investment team, or the investment philosophy and process employed for the investment mandate utilized have occurred.
- Provide information to the Committee and/or their designees as requested.

## Section 3

# Investment Philosophy and Objectives

As noted above, the Plans are defined contribution Plans intended to comply with the requirements of the Plans and the regulations thereunder. Accordingly, participants and beneficiaries shall exercise control over the investment of their accounts among a broad range of investment options selected by the Committee that is sufficient to provide participants and beneficiaries a reasonable opportunity to materially affect (i) the potential return on their accounts and (ii) the degree of risk to which their accounts are subject. The investment options shall enable participants and beneficiaries to achieve a diversified portfolio with aggregate risk and return characteristics within the range that would normally be appropriate for them. The Committee and other investment fiduciaries of the Plans shall not be liable for any loss directly resulting from participants' and beneficiaries' exercise of control over the investment of their accounts.

To achieve the foregoing, the Committee will offer participants and beneficiaries a broad range of investment options. A list of specific investment options available to participants is listed in Appendix A.

- Asset Allocation Options: The Plans may offer professionally managed funds that invest in a mix of actively and/or passively managed underlying funds across various asset classes. This may include a managed account service.
- Core Options: The Plans may offer actively and/or passively managed investment options in a range of asset classes. Participants may select one or more of these investment options to build a portfolio that reflects their desired risk and return profile.
- Non-Core Options: The Plans may offer additional options including sector funds, niche asset classes, or self-directed brokerage accounts.

## Qualified Default Investment Alternative (QDIA)

The State Street Target Retirement Funds will serve as the Plans' Qualified Default Investment Alternative (QDIA) for participants who do not make an affirmative election when joining the Plans or otherwise. These options will continue to comply with the Department of Labor's regulations governing the use of a QDIA. The QDIA shall be reviewed at least once annually, including glidepath suitability for these target date funds.

## Selection of Investment Options and Managers

Investment options selected for the asset classes will be based on the criteria outlined in this Policy, including the following:

- Types of Investment Vehicles: The investment vehicles used for the various investment options may include, but are not to be limited to, mutual funds, commingled/collective investment trusts, separately managed accounts, and insurance products.
- Organization: Managers must be an investment advisor registered under the Investment Advisers Act of 1940, a bank, or an insurance company.
- Assets Under Management: Managers must demonstrate they have a meaningful client base in the specific investment strategy managed for the Plans or fund. Plans assets invested in each investment option shall not ideally represent a significant percentage of the manager's total asset base. Certain exceptions may be considered if special circumstances warrant.
- Investment Strategy and Process: Each option's strategy and investment process are to be well defined. Historical results must demonstrate consistency with the strategy and process.
- Performance Record: Historical performance results will be evaluated against appropriate market indices and peer groups. It is preferred that each manager possess:
  1. A track record with sufficient history that demonstrates consistent adherence to their stated investment approach;
  2. Risk and return characteristics that are consistent with the relevant investment option's specified role; and
  3. Competitive risk-adjusted performance over various rolling timeframes and market environments when compared to an appropriate market index and peer group.
- Expenses: Consideration will be given to expenses and assessed relative to the option's vehicle, strategy and performance.

## Investment Option and Manager Monitoring

To maintain continued compliance with the purposes and objectives of this IPS, annual reviews of the investment managers available as the Plans' investment options will be conducted by the Committee, with assistance from the Investment Consultant if appropriate.

Factors for evaluating each investment option and investment manager will include the criteria established above for selecting investment options. Performance analyses for each investment

option will include comparisons to an appropriate market index (a “Benchmark”) and/or peer group as identified in Appendix A. Vehicle and expense ratio monitoring will include an assessment of available vehicles and share classes for each investment option offered within the Plans to determine appropriateness based on Plans objectives.

Each actively managed investment option is expected to outperform its respective benchmark (the “benchmark”) and, to the extent applicable, a similarly managed fund universe (the “peer group”) median over long-term time periods with the goal of capturing a full a market cycle. Risk metrics over a similar time period should also be considered relative to performance results.

## **Securities Lending Monitoring**

Securities Lending is permitted within pooled vehicles, such as mutual funds and commingled trusts. The securities lending programs will be evaluated for investment and operational related risks relative to expected value added to the investment results of the stated strategy. Factors which may be considered for purposes of evaluation may include but are not limited to: portion of lending income allocated to the fund versus the lending agent, experience of the securities lending agent, mark-to-market practices, collateral requirements, and indemnification provisions.

## **Proxy Voting**

Investment managers who have been delegated the authority to manage the assets of the Plans will vote proxy solicitations for individual stocks held within their portfolios consistent with their role as a fiduciary investment manager. The Committee will require that any investment managers that it oversees have a proxy voting policy in place that is consistent with the fiduciary duties of prudence and loyalty to guide how it votes proxies.

## Section 4

# Review and Amendment of this IPS

The Committee will review this Policy at least once annually and may amend it from time to time to adapt to changing circumstances or conditions. All amendments or changes in the Policy shall be adopted by a majority vote of the members of the Committee. Such votes may be taken at any meeting of the Committee, on a telephone conference call, or via e-mail.

## Appendix A

# Investment Options, Benchmarks, Peer Universes

The performance benchmarks and peer groups for each fund are outlined below as of 3/31/2026.

Option	Market Index	Peer Group/Universe
<b>Asset Allocation Options</b>		
State Street Target Retirement Trusts (Income-2070) <sup>1</sup>	State Street Target Retirement Index	Mercer Mutual Fund Target Date Median
Empower SecureFoundation Balanced Fund Institutional (MXCJX)	60% S&P 500/40% Bloomberg U.S. Aggregate	Mercer Mutual Fund US Balanced Median
<b>Core Options-Passive</b>		
State Street U.S Bond Index	Bloomberg U.S. Aggregate Bond Index	Mercer Mutual Fund Core Fixed Income Market Duration Median
State Street S&P 500 Index	S&P 500 Index	Mercer Mutual Fund US Equity Large Cap Index Median
State Street Russell Small/Mid Cap Index	Russell Small Cap Completeness®	Mercer Mutual Fund US Equity Small+Mid Median
State Street Global All Cap Equity ex-U.S Index	MSCI ACWI ex USA IMI Index	Mercer Mutual Fund World ex US/EAFE Equity Median
<b>Core options -Active</b>		
Galliard Stable Return Fund E	FTSE 1 Month T-Bill	Mercer Institutional Stable Value Net Median
Vanguard Inflation Protected Securities Institutional (VIPIX)	Bloomberg U.S. TIPS Index	Mercer Mutual Fund US Inflation Protected Median
Hartford Total Return Bond Fund R6 (ITBVX)	Bloomberg U.S Aggregate Index	Mercer Mutual Fund Core Fixed Income Market Duration Median
T Rowe Price Institutional Large-Cap Growth Fund (TRLGX)	Russell 1000 Growth Index	Mercer Mutual Fund US Equity Large Cap Growth Median
Vanguard Windsor II Fund Admiral (VWNAX)	Russell 1000 Value Index	Mercer Mutual Fund US Equity Large Cap Value Median
Mercer Small/Mid Cap Stock Fund	Russell 2500 Index	Mercer Mutual Fund US Equity Small+Mid Median
Mercer International Stock Fund	MSCI AC World ex USA (Net)	Mercer Mutual Fund World ex US/EAFE Equity Median
<b>Non-Core Options</b>		
PIMCO Global Bond Opps (USD-Hdg) Instl (PGBIX)	Bloomberg Global Aggregate Index (Hedged)	Mercer Mutual Fund Global Fixed Median
Principal Global Real Estate (Tier I)	FTSE EPRA/NAREIT Developed Index (Net)	Mercer Mutual Fund Global Real Estate Median