GUAM ECONOMIC DEVELOPMENT AUTHORITY

America in Asia

Aturidåd Inadilånton Ikunumihan Guahan

COMPREHENSIVE

Investment Policy Statement

Updated as of: July 2023

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I. STATEMENT OF PURPOSE

The purpose of this Investment Policy Statement ("IPS") is to assist the Guam Economic Development Authority ("GEDA") Agency Reserves Fund Board of Directors ("Directors") and Investment Committee ("Committee"), in effectively supervising, monitoring and evaluating the investment of the Guam Economic Development Authority Agency Reserves Fund ("Fund") assets. The Fund's investment program is defined in the various sections of the IPS by:

- Stating in a written document the Board's attitudes, expectations, objectives, and guidelines in the investment of all Fund assets
- Setting forth an investment structure for managing all Fund assets. This structure includes various asset classes, investment management styles, asset allocation, and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term
- Providing guidelines for each investment portfolio that controls the level of overall risk and liquidity assumed in that portfolio so that all Fund assets are managed in accordance with stated objectives
- Encouraging effective communications between the Board, the Committee, the registered investment advisor ("RIA"), and the investment managers ('Investment Managers")
- Establishing formalized criteria to monitor, evaluate and compare the performance results achieved by the Investment Managers on a regular basis
- Complying with all fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize.

This IPS has been arrived at upon consideration by the Board of the financial implications of a wide range of policies and describes the prudent investment process that the Board deem appropriate.

II. BACKGROUND

The Guam Economic Development Authority (GEDA) is a public corporation (12GCA Chapter 50) with broad responsibility for the centralized direction, control and supervision of an integrated plan for the economic development of Guam.

Through 12 GCA 50103(k), GEDA was mandated as the Central Financial Manager and Consultant for those agencies or instrumentalities of the Government of Guam requiring financial guidance and assistance. GEDA wishes to develop an investment program, the Agency Reserve Fund, for interested government agencies to invest idle funds. The investment program seeks to take advantage of volume investing and GEDA's expertise to earn a competitive rate of return at the lowest overall cost to the group as a whole.

Key Information

Fund Sponsor	Guam Economic Development Authority
Fund Name:	GEDA Reserves Fund
CEO:	Melanie Mendiola
Fund Oversight:	The Board of Directors has a fiduciary responsibility to GEDA and is responsible for selecting and monitoring the investments for the Fund. As such, the Board of Directors is authorized to delegate certain responsibilities to professional experts in various fields. These include but are not limited to the Investment Committee. The Investment Committee will supervise the investment of assets of the Fund and make all decisions concerning selection and retention of investment options available under the Fund. The committee shall have authority to both select and monitor funds, and to appoint investment managers. Furthermore, the committee will be responsible for delegating administrative functions regarding the accounting of Fund accounts, including but not limited to opening and closing of accounts, record keeping, recording investment transactions, and securing all documents relative to such transactions.

III. STATEMENT OF OBJECTIVES

The objectives of the Fund have been established in conjunction with a comprehensive review of the current and projected financial requirements. The objectives are:

- To attain an expected rate of return net of fees as stated per fund in the executive summary annual rate of return or a rate of return at least four percent over the rate of inflation over a market cycle, whichever is greater. It is expected that this objective will be met within the levels of economic risk that a prudent person would take under various economic conditions. This objective may be modified periodically in light of changing rates of inflation.
- It is acknowledged that the rate of return outlined above may not be achieved each and every year. It is the goal of the Fund to meet this objective over a complete market cycle.
- To control costs of administering the Fund and managing the investments.
- Maintain a fund that will assist in defraying the operational expenses and other special needs of GEDA. The fund will be allocated to maximize return within reasonable and prudent levels of risk in order to minimize the dependency upon contributions. It will be used to control costs of administering the Fund and managing the investments.

IV. BROKERAGE POLICY

It is the policy of the Committee to instruct the Investment Managers to direct transaction orders to designated broker-dealers. The direction of such trading shall be "subject to the best price execution" as it relates to all transactions effected for the Fund.

The Committee has entered into an asset-based fee arrangement, where it may instruct the Investment Managers to direct securities transactions to designated broker/dealers. For transactions that occur under this arrangement, executions will be done by designated broker/dealers without commission expense, finder's fees or other forms of compensation that may have been paid for asset placement. The Investment Managers, exercising their full discretion, must obtain "best available price and best execution" with respect to all transactions effected for the Fund.

V. SOCIAL RESPONSIBILITY POLICY

The Fund demonstrates its concern for preservation of the environment and other social causes through its programs and activities. However, no specific constraint in regard to social causes is to be placed on its investment portfolio at this time. Constraints can be added in the future as deemed advisable by the Board and should be reconsidered/reaffirmed annually.

VI. GUIDELINES AND INVESTMENT POLICY

Time Horizon

Investment guidelines are based upon an investment horizon of greater than five years, so that interim fluctuations should be viewed with appropriate perspective. Similarly, the Fund's strategic asset allocation is based on this long-term perspective.

Risk Tolerances

The Committee recognizes the difficulty of achieving the Fund's investment objectives in light of the uncertainties and complexities of contemporary investment markets. The Committee also recognizes that some risk must be assumed to achieve the Fund's long-term investment objectives. However, it is the intent to monitor the risk being assumed by each individual Investment Manager and by the Fund as a whole. To that end, risk will be evaluated by:

- Over a market cycle, risk associated with any Investment Managers portfolio, as measured by the variability of quarterly returns (standard deviation) must not exceed that of the Investment Manager's respective performance benchmark, without a commensurate increase in return.
- Over a market cycle, risk associated with the total Fund, as measured by the variability of quarterly returns (standard deviation) must not exceed that of the blend of indices representing the strategic asset allocation of the Fund, without a commensurate increase in return.
- During market cycles the risk measures, as indicated herein, will be reviewed at least annually by the Committee.

Performance Expectations

The investment objective is a long-term nominal rate of return on assets that is at least equal to an expected rate of return net of fees as stated per fund in the executive summary. This target rate of return for the Fund has been modeled by the RIA based upon the assumption that future real returns will approximate the long-run rates of return experienced for each asset class in the IPS. However, the Committee realizes that market performance varies and that an expected rate of return net of fees as stated per fund in the executive summary target nominal rate of return may not be meaningful during some periods.

The investment objective of the Fund is to strive for positive real rates of return (note: the U.S. Consumer Price Index - Urban (CPI) will be used when determining the real rate of return). It is acknowledged that the target rate of return may not be achievable each and every year. The Fund's objective is to meet the target rate of return over a complete market cycle.

Asset Allocation Constraints

The Committee believes that the Fund's risk and liquidity posture are, in large part, a function of asset class mix. The Committee has reviewed the long-term performance characteristics of various asset classes, focusing on balancing the risks and rewards inherent in the marketplace.

Five asset classes were selected:

1. U.S. Equities
2. Non-U.S. Equities
3. Fixed Income
4. Cash and Cash Alternatives
5. Alternatives Investment

Given the Fund's time horizon, risk tolerances, performance expectations & asset class preferences; an efficient (optimal) portfolio was identified.

Re-balancing of Strategic Allocation

The percentage allocation to each broad-asset class may vary as much as plus or minus 10% of target. The Fund's asset allocation will be reviewed for compliance by the Committee after the end of each fiscal quarter. The GEDA Committee is responsible for requesting a rebalance of the portfolio.

When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation of the Fund. The allocation of the Fund will be reviewed by the Committee quarterly.

When cash flows are insufficient to bring the Fund within the strategic allocation ranges, the Committee shall determine the appropriate course of action to be taken. The Investment Managers will then be instructed to execute such action required to bring the strategic allocation within the pre-specified ranges.

Ethics Guidelines

The Committee and RIA must avoid conflicts of interest and should be sensitive to even the appearance of a conflict. A conflict of interest occurs when outside activities or personal interests interfere, or appear to interfere, with the ability to objectively perform a job or act in the best interests of the Fund. All financial, business and other activities must be lawful and free of conflicts or even the appearance of a conflict with the responsibilities to the Fund.

If there are potential conflicts of interest or even if there is a possibility that a conflict may exist or appear to exist, it should be disclosed to the Committee in writing. All fiduciaries will annually acknowledge the Fund's ethics policies and agree to disclose any potential conflicts of interest accordingly.

VII. SECURITIES GUIDELINES

Every Investment Manager selected to manage Fund assets must adhere to the following guidelines.

General

- Any restrictions set forth by applicable law governing allocation limits, size, or quality of investments, if more stringent than those of this Statement, will be the governing restriction.
- No investment management organization shall have more than 40% of the Fund's assets under its direction, with the exception of cash managers.
- U.S. and Non-U.S. common stocks, ADRs (American Depository Receipts), convertible bonds, preferred stocks, fixed-income securities, mutual funds and short-term securities are permissible investments.
- No individual security of any issuer, other than that of the US Government, shall constitute more than 10% (at cost) of any Investment Managers portfolio.
- The following securities and transactions are not authorized without prior Committee approval: letter stock and other unregistered securities; non-negotiable securities; commodities or other commodity contracts; short sales; margin transactions; and, options and futures.

Fixed Income

- All fixed income securities held in the portfolio shall have a Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. Government agencies, which are unrated securities, are qualified for inclusion in the portfolio and will be considered to be of the highest rating.
- No more than 20% of the market value of the portfolio shall be rated less than single "A" quality, unless the Investment Manager has specific prior written authorization from the Committee.
- Non-US fixed income securities, when unrated, will be judged to be of equal quality as set forth for domestic fixed income securities by Investment Manager selected to manage this asset class.
- Total portfolio quality (capitalization weighted) shall maintain an "A" minimum rating.

Equities

- Consistent with the desire to maintain broad diversification, allocations to any economic or industry sector should not be excessive relative to the appropriate comparative benchmark index.
- Equity holdings shall be restricted to readily marketable securities of corporations that are actively traded on the major exchanges or over the counter. Such securities currently have legal trade settlement of 3 days.
- The Investment Managers shall have the discretion to invest a portion of the assets in cash Reserves when they deem appropriate. However, the Investment Managers will be evaluated against their peers on the performance of the total funds under their direct management.
- Common stock and preferred stock of any institution or entity created or existing under the laws of the United States or any other country are permissible investments.

Cash/Cash Equivalents

- Cash equivalent Reserves shall consist of cash instruments having a quality rating of A-1, P-1 or their equivalent. U.S. Treasury and Agency securities and FDIC insured Certificates of Deposits are also acceptable investment vehicles. Custodial Sweep Accounts must be of credit quality equal or superior to the standards described above.
- No single issue shall have a maturity of greater than two (2) years.
- Custodial Sweep Account portfolios must have an average maturity of less than one (1) year, but proceeds are daily liquid.

Non-Traditional/ Alternative Investments

Non-Traditional/Alternative Investments are often structured as private investments and are generally formed as limited partnerships or limited liability companies and, in many cases, organized in low or no tax jurisdictions. The managers of these investments generally are allowed to operate with greater flexibility than most traditional investment managers and their compensation usually includes substantial performance incentives.

Objective

Investment in alternatives may be considered by this organization within the context of an overall investment plan. The objective of such investments will be to seek to diversify the portfolio, complementing traditional equity and fixed-income investments and improving the overall performance consistency of the portfolio. It is acknowledged that there is no guarantee that this objective will be realized.

Transparency and Liquidity

It is acknowledged that these investments are less transparent than traditional investments and that liquidity in such investments is usually significantly limited. Liquidity constraints, including lockup provisions and redemption or withdrawal fees, must be taken into consideration when making allocations to such investments.

Allowable Strategies

Since alternative investments generally seek to provide diversification by investing in strategies that do not correlate directly with traditional equity and/or fixed-income investments, investments strategies may include, but are not limited to, the following:

- Statistical Arbitrage
- Momentum Trading
- Debt/Equity Financing
- Leveraged Buyouts
- Venture Capital
- Mezzanine Debt
- Equity Market Neutral
- Convertible Securities
- Distress Securities
- Fixed Income Arbitrage
- Equity Long/Short
- Real Estate (Public & Private)
- Short Selling
- Commodities and Futures
- Structured Credit Products
- Master Limited Partnerships

The foregoing allowable strategies may be pursued in any manner acceptable to the Board.

The Board acknowledges that alternative investments can be highly illiquid and may engage in leveraging and other speculative investment practices, which may involve volatility of returns and significant risk of loss, including the potential for loss of the principal invested. Further, that there is no secondary market currently available for interests in most alternative investments and that there may be restrictions imposed by the fund on transferring such interests; that investing in alternative investments is only suitable for experienced and sophisticated investors who are willing to bear the high economic risks of the investment; and, that it will carefully review and consider all potential risks before investing including the following specific risks:

- loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices.
- lack of liquidity as there may be no secondary market for the investments;

- volatility of returns.
- restrictions on transferring interests in the investments;
- potential lack of diversification;
- absence of information regarding valuations and pricing;
- complex tax structures and delays in tax reporting;
- less regulation and higher fees than other forms of investments; and, investment advisor risk.

VIII. SELECTION OF INVESTMENT MANAGERS

The Committee, with the assistance of the RIA, will select appropriate investment managers to manage Fund assets. Investment Managers selected will execute written contracts with the Fund or the RIA, particularly where the RIA has a master contract with Investment Managers, whereby they can be retained by the Fund at preferential fees and at substantially reduced minimums.

The Fund may subcontract with them through its contract with the RIA. Investment Managers must meet the following minimum criteria:

- Be a bank, insurance company, investment management company, or investment adviser as defined by the Investment Advisers Act of 1940.
- Must claim compliance to GIPS® standards and provide independent verification by a qualified third-party verifier.
- Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment.
- Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
- Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- Must have been continuously engaged as an investment manager for five (5) or more years.
- Must have least Two Hundred Million ($200,000,000) dollars under management.
- Assets that are to be placed in an investment management organization shall not exceed 20% of the organization's total asset under management.
- Selected firms shall have no outstanding legal judgments or past judgments, which may reflect negatively upon the firm.

The Fund's relationship with the Investments Mangers will be subject to ongoing periodic review, benchmarked against the criteria set forth in the IPS. The term of the relationships will be at the discretion of the Committee, as they deem necessary. Having fixed or arbitrary time frames may lead to Investment Manager's behavior that is not necessarily driven by the best interests of the Fund.

IX. SELECTION OF REGISTERED INVESTMENT ADVISER

The Committee will select an appropriate, registered investment management consulting firm as a Registered Investment Adviser ("RIA") to assist in the prudent investment and monitoring of the Fund. The RIA selected will execute a written contract with the Fund. The RIA must meet the following minimum criteria:

- The Registered Investment Adviser (RIA) must be registered with the SEC.
- The RIA must be recognized as expert in Investment Management Consulting, with an emphasis in institutional/endowment funds and must be able to provide unbiased fiduciary and financial advice.
- The RIA must demonstrate experience in the breadth and depth of their professional staff. The specific individual providing advice to the Fund must provide evidence of specialized training in the field of Investment Management Consulting, such as the Certified Investment Management Analyst (CIMA) designation, or its equivalent.
- The specific individual providing advice to the Fund shall not have any awards or judgments against him or her either by the Securities Exchange Commission (SEC) or Financial Industry Regulatory Authority (FINRA), formerly the NASD.
- RIA must maintain its own independent investment manager database and have its own investment manager due diligence capabilities, as well as its own investment performance monitoring system to ensure quality and accuracy of data and which tasks should not have to be either subcontracted out or purchased from third party vendors.

The Fund's relationship with the RIA will be subject to ongoing and annual review, benchmarked against the criteria set forth in the IPS. The term of the relationship will be at the discretion of the Committee, as they deem necessary. It is noted that having fixed or arbitrary time frames may lead to RIA behavior that is not necessarily driven by the best interests of the Fund.

X. SELECTION OF CUSTODIAN

The Committee will select an appropriate custodian to safe keep Fund assets and to provide timely reporting of Fund assets and activity. The custodian must meet the following minimum criteria:

- Must be a U.S financial institution regulated by the Federal Reserve, a state banking authority, the Comptroller of the Currency or the appropriate equivalent, depending upon the nature of the given institution.
- Must have a minimum net worth in excess of $100 million.
- Must have direct access to the Depositary Trust Company I.D. System.
- Must have at least 10 years of experience as a custodian of similar funds.
- Must have at least $ 1 billion in custodial assets.
- Must offer electronic access to account information, to include statements

XI. CONTROL PROCEDURES

Duties and Responsibilities of the Investment Managers

The duties and responsibilities of each Investment Manager retained include:

- Exercising investment discretion over the Fund assets under its care and control in accordance with the IPS objectives and guidelines set forth herein.
- Promptly informing the Committee in writing of significant or material matters, including, but not limited to investment strategy; portfolio structure; tactical approaches; ownership; organizational structure; financial condition; professional staff; and, any material, legal or regulatory agency proceedings affecting the firm.
- Promptly voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the Fund set forth herein.
- Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced, investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like funds with like aims in accordance and compliance with all applicable laws, rules and regulations from local, state and federal entities as it pertains to fiduciary duties and responsibilities.
- Acknowledge, and agree in writing to, their fiduciary responsibility.

Duties and Responsibilities of the Registered Investment Adviser

The duties and responsibilities of the RIA retained by the Committee include, but are not limited to, the following:

- Assist with the development of investment strategies for Fund's assets;
- Analyze existing investments;
- Assist with asset allocation;
- Assist in the IPS development/ongoing review;
- Recommend replacement of Investment Managers when warranted;
- Provide investment manager search services;
- Provide monitoring of investment performance and Investment Managers;
- Provide educational forums, as requested;
- Provide quarterly on-site reviews; and
- Assist with special projects.

Duties and Responsibilities of the Custodian

The duties and responsibilities of the Custodian retained by the Investment Committee include, but are not limited to, the following:

- Safekeeping of assets entrusted to the care of the Custodian;

- Collect, and credit, on a timely basis, all income due to the Fund;
- Provide on a timely basis, a monthly accounting statement for all Fund accounts;
- Provide electronic access to all account information, including monthly statements.

Performance Objectives

Investment performance will be reviewed at least quarterly to determine the continued feasibility of achieving the investment objectives and the appropriateness of the IPS for achieving those objectives. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

Monitoring of Investment Managers

On a timely basis, but no less than two times a year, the Committee will focus on:

- Investment Manager's adherence to the IPS guidelines and applicable laws
- Any changes to Investment Managers' organization or investment philosophy;
- Investment Manager performance relative to the established performance benchmarks; and,
- Fees paid.

Monitoring of the Registered Investment Adviser

On a timely basis, but not less than once a year at fiscal yearend, the Committee will focus on:

- RIA's adherence to the IPS guidelines and applicable laws;
- RIAs continuing qualifications per IPS requirements;
- Material changes in the RIA's organization and/or personnel;
- Timeliness, completeness and accuracy of reporting;
- Review of RIA's advice provided;
- Quality of educational programs, quarterly reviews and special projects, if any.

Performance Measurement Periods

The measurement period for complete evaluation will be cumulative annual periods and complete market cycles. Market cycles will be loosely defined as periods that include at least two consecutive quarters of rising stock prices/interest rates and two consecutive quarters of declining stock prices/interest rates.

Quarterly performance will be evaluated to test progress toward the attainment of longer-term targets. It is understood that there are likely to be short-term periods during which performance deviates from market indices. During such times, greater emphasis shall be placed on *peer-*performance comparisons with investment managers employing similar styles.

The Committee will utilize the services of the RIA to assist in their evaluation and complete performance measurement duties.

The performance of the Fund's Investment Managers will be monitored on an ongoing basis and it is at the Committee's discretion to take corrective action by replacing an Investment Manager if they deem it appropriate at any time.

Watch List

The RIA shall maintain a Watch List, which provides a means to communicate developments of potential concern. Placement on the Watch List initiates a probationary period that allows time to better assess the effects — negative or positive — stemming from the development in question. Upon placement on the Watch List, the Committee may notify the Investment Manager in writing and may require a countersignature upon receipt upon inception of Watch List notification.

The Committee, with the assistance of the RIA, will attempt to resolve Watch List assignments as soon as possible. These attempts are balanced with a goal of making more informed judgments that are consistent with maintaining a long-term investment perspective.

More common reasons for Watch List assignments include:

- Major ownership changes
- Significant firm and/or product asset declines
- Excessive asset growth in products with limited capacity
- Concerns regarding changes to key service providers
- Professional turnover
- Notably altered incentive structures for key professionals
- Questionable changes in investment decision-making authority
- Material changes in investment approach
- Extended period(s) of unanticipated relative underperformance

If the Investment Manager improves and satisfies the concerns over a reasonable time period (often 6 months to 18 months) the Investment Manager is upgraded off of the Watch List. For example, if Watch is caused by two to three years of underperformance, combined by excessive analyst turnover, performance improvement and personnel stability can cause the upgrade, and vice versa. If concerns are not satisfied, the Committee will terminate the Investment Manager, or if not, provide in Committee Minutes, the rationale for not terminating the Investment Manager.

Termination

The Board and Investment Committee may replace an Investment Manager at any time for any reason the Board and Committee deems appropriate and in the long-term best interest of the fund, including, but not limited to:

- Failure to meet investment goals delineated herein.
- Deviations from permitted investments listed herein.
- Failure to adhere to stated investment philosophy and style.

- Violating applicable laws and regulations. Special emphasis will be placed upon adherence to "best price and execution" guidelines as well as adherence to the "Prudent Expert Rule".

- For any other reason the Investment Committee deems appropriate and in the long-term best interest of the Fund.

It is the Committee's policy that if the need arises to replace an investment manager, the Committee has the authority to do so in the manner deemed to be most appropriate. The Committee, in conjunction with its investment RIA, will develop the credentials and qualifications desired, to be able to evaluate potential managers.

Fiduciary Process

As the Fund's investment decisions are Committee-directed, five generally recognized requirements present in generally accepted fiduciary guidance will be followed:

- Investment decisions must be delegated to a "prudent expert(s)" (registered investment adviser [including mutual funds], bank or insurance company).

- The Committee must demonstrate that the prudent expert(s) was selected by following a due diligence process.

- The prudent experts must be given discretion over the assets.

- The prudent experts must acknowledge their co-fiduciary status in writing (mutual funds are exempted from this requirement – the prospectus is deemed to serve as the fund's fiduciary acknowledgement).

- The Committee must monitor the activities of the prudent experts to ensure that the experts are properly performing the agreed upon tasks using the agreed upon criteria.

Monitoring of Fiduciary Responsibilities and Prudent Practices

On a timely basis, but not less than once a year, the Committee will meet to address:

- Appropriate policies and procedures are in place to address all fiduciary obligations;

- Policies and procedures are effectively implemented and maintained

- The IPS is up-to-date.

GEDA Reserves Fund Investment Policy Statement- Supplement

Acknowledgement of the Investment Policy Statement

Receipt of GEDA Reserves Fund Investment Policy Statement is hereby acknowledged by the below GEDA Board members:

David J. John, Chairman

7/31/23

Date

Ernesto V. Espaldon, Jr., Vice Chairman

7/31/23

Date

Siska S. Hutapea, Secretary

07.31.2023

Date

Dr. Doreen Crisostomo-Muna, Director

07.31.2023

Date

Andrew Park, Director

08/08/2023

Date

EXECUTIVE SUMMARY

Name of Fund:	Guam Economic Development Authority Loan Program Reserves Funds
RIA	BG Investment Services, Inc.
Current Market Value:	$17.4 Million (as of March 31, 2023)
Fund Time Horizon:	Greater than 5 years
Target Return:	7%
Risk Tolerance:	Moderate Aggressive

Asset Allocation

	Lower Limit	Strategic Allocation	Upper Limit
U.S. Equity	25%	***35%***	45%
Non-U.S. Equity	15%	**25%**	35%
Fixed Income	20%	**30%**	40%
Alternatives	0%	**10%**	20%

I. BACKGROUND

The Loan Program Reserve Funds consists of the following economic development loan programs:

Agriculture Development Fund (ADF)

The ADF loan program is a joint project with the Department of Agriculture and the UOG College of Agriculture and Life Sciences and is designed to aid in the development of locally produced agriculture products. Currently, the responsibility for its administration, financial and business management and marketing activities are vested with GEDA. The program's target market is limited to individuals, corporations and partnerships that engage in commercial agricultural businesses.

Guam Development Fund (GDFA)

The purpose for GDFA is to provide financial assistance through loans and loan guarantees to private enterprises and industries thus promoting the economic development of Guam. This program is targeted at businesses that are engaged or about to engage in activities in the areas of agriculture, fishing, manufacturing, tourism, and their support industries. GDFA enables start-ups and existing businesses to secure long-term financing for the acquisition of long-term fixed assets, working capital needs and to provide funding for the purchase of supplies and inventory.

II. SPENDING POLICY

The Loan Program Reserve Funds is administered by the Authority solely and exclusively to meet the financial needs and requirements of the respective economic development program. Funds may be withdrawn as needed by the Authority to carry out its mission.

III. INVESTMENT MANAGER PERFORMANCE OBJECTIVES

A customized blended policy index will be used to compare the portfolio as a whole based on the appropriate benchmark for each asset class included in the overall portfolio asset allocation.

Appendix B: Loan Program Reserves Fund

EXECUTIVE SUMMARY

Name of Fund	Guam Economic Development Authority Loan Program Reserves Fund
RIA	Raymond James & Associates, Inc.
Current Market Value:	Fund #1: $5,135,714 (as of June 30, 2023) Fund #2: $5,546,241 (as of June 30, 2023)
Planning Time Horizon:	Greater than 5 years
Expected Return:	Fund #1: Nominal rate of 6.7%, net of fees Fund #2: Nominal rate of 8.3 %, net of fees
Risk Tolerance:	Fund #1: Balanced Fund #2: Aggressive

Asset Allocation:

Fund #1: Balanced

	Lower Limit	**Strategic Allocation**	Upper Limit
Equities	**45%**	**55%**	**65%**
UMA Model Portfolio		*55%*	
US. Fixed Income	**25%**	**35%**	**45%**
Market Duration		*35%*	
Alternatives	**0%**	**10%**	**15%**

Fund #2: Aggressive

	Lower Limit	**Strategic Allocation**	Upper Limit
Equities	**80%**	**90%**	**100%**
UMA Model Portfolio		*90%*	
Alternatives	**0%**	**10%**	**20%**

The GEDA Loan Program Reserves Fund employs the Raymond James Freedom UMA Model Portfolios Platform for selection of the most appropriate asset allocation.

Investment Manager Performance Objectives

Management Style:	UMA Model Portfolio
Performance Benchmark:	Blended Index
Management Style:	Alternatives
Performance Benchmark:	

I. BACKGROUND

The Loan Program Reserve Fund consists of the following economic development loan program:

State Small Business Credit Initiative (SSBCI)

The SSBCI is a federal program administered by the Department of the Treasury to strengthen state programs that support private financing to small businesses. Funds are used for a local Loan Guarantee Program. The goal for Guam is to increase the availability of funds to spur entrepreneurship in the community, creating new start-up businesses and to expand existing ones that will result in more job opportunities and added goods and services offered to the people of Guam.

IV. FUNDING & SPENDING POLICY

The Loan Program Reserve Fund is an investment fund administered by GEDA. Each strategy fund will maintain a portfolio of investments consistent to its investment objectives. The fund will be invested in a way that adequate funds can be made available at the request of the Committee.

V. SELECTION OF INVESTMENT MANAGERS

Selection of investment funds are completed by the AMS Research team that adheres to a disciplined, four-step investment process that is designed to ensure that the investor receives a portfolio carefully tailored to meet their objective. The first step is to develop a forward-looking risk, return and correlation assumption for each of the different asset classes. The second step is to build an efficient allocation form the selected asset classes. The third step is used to construct the portfolio by selecting high quality investment solutions that have consistently compensated investors for the risk taken in their portfolio. The last step is to continuously monitor every element of the process to ensure that we are providing a sophisticated program that works towards reaching the goal of the investment portfolio.

VI. ASSET ALLOCATION REVIEW AND OPTIMIZATION ANALYSIS

The Board, with the assistance from the Fund's RIA, identified an optimal broad asset class mix based on the Fund's time horizon, risk tolerances, performance expectations, and asset class preferences. This mix was best represented by the Raymond James Unified Managed Account Balanced and Aggressive Strategy.

VII. INVESTMENT MANAGER PERFORMANCE OBJECTIVES

A customized policy index will be used to compare the portfolio as a whole based on the appropriate benchmark for each asset class included.