

## Gavi Alliance Investment Committee Meeting

### 15 February 2023

### Virtual

#### 1. Chair's report

- 1.1 Noting that the meeting had been duly convened and finding a quorum of members present, the meeting commenced at 14.00 Geneva time on 15 February 2023. Mr Yibing Wu, Investment Committee Chair, chaired the meeting.
- 1.2 Standing declarations of interest were tabled to the Committee (Doc 01a).
- 1.3 The minutes of the 10 November 2022 meeting were tabled to the Committee for decision (Doc 01c).
- 1.4 The Committee noted its forward workplan (Doc 01b) and agreed to include treasury updates as a standing item in meeting agendas to strengthen the Committee's oversight of Gavi's short-term portfolio.
- 1.5 The Chair reminded the Committee of its exceptional meeting on 4 January 2023 when it approved a US\$ 20 million investment into a private equity secondaries fund.

#### **Decision One**

The Gavi Alliance Investment Committee:

**Approved** the minutes of its meeting on 10 November 2022.

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#### 2. CEO Update

- 2.1 Seth Berkley, CEO, acknowledged Yibing Wu's first meeting as Chair and thanked him for his leadership. He also thanked the Committee for facilitating Gavi's first private equity commitment last month.
- 2.2 He reported that Dr Muhammad Ali Pate will be Gavi's next Chief Executive Officer. The CEO transition will take place over the summer and Dr Berkley commented that he is committed to a smooth transition in leadership.
- 2.3 He highlighted that a macroeconomic environment session held with the Gavi Board in December was very helpful and it was good to see Board members gain a better understanding of the new private equity allocation in Gavi's long-term portfolio.

- 2.4 Dr Berkley emphasised the important role the Committee has in lending guidance on treasury risk and noted the Secretariat is looking at how investment income is reported in the financial forecast. He further noted that additional resources have been allocated to the Risk team and risk management is getting a higher profile across the Secretariat.
- 2.5 Finally, he noted recent events he attended including the World Economic Forum where key topics discussed include the state of the world, climate change and a potential economic recession.

#### *Discussion*

- The Chair commented that despite discussions about a potential economic recession, Gavi should remain prudent with its workplans.

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### **3. NEPC's Market Outlook**

- 3.1 Tim McCusker, Chief Investment Officer, NEPC, discussed NEPC's market outlook highlighting key investment themes that NEPC believes are driving market pricing and conditions.

#### *Discussion*

- In response to a question about NEPC's long-term inflation forecast for 10 years, NEPC explained that it sees more predictive powers using a 10-year assumption timeframe. The Chair noted there are divergent views on the 1–3 year market outlook and the Committee should agree if a more prudent outlook is appropriate for Gavi's investment approach.
- In consideration of the market outlook, the Committee underlined the importance of actively managing investment managers and revisiting the long-term asset allocation regularly.

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### **4. Private Assets Update**

- 4.1 Sebastian Grzejka, Partner, NEPC, updated the Committee on the private equity implementation strategy. He noted the portfolio is moving toward the new asset allocation targets and reported that NEPC does not recommend any changes to the strategic targets at this time.
- 4.2 He outlined progress made in the past year to advance the private assets strategy and shared an updated pacing plan for 2023. He requested Committee

guidance on a market map tool and a list of private equity managers in relation to secondaries, buyouts, venture and growth strategies.

- 4.3 He discussed a real estate market update and requested guidance on a 2023 real estate opportunity and real estate pacing analysis.

### *Discussion*

- In response to a question on early indications of markdowns in private assets, NEPC noted it has observed a wide dispersion across managers which could lead to entry point investment opportunities in secondaries and venture strategies.
- In relation to pacing and investment rate, a Committee member advised NEPC to update its underlying assumptions that determine the pace of investment and pace of realisation. NEPC agreed and noted it refreshes its models on an annual basis. The Chair clarified that NEPC should still seek to execute the private equity strategy at a steady pace.
- In relation to private equity manager selection, Committee members suggested setting principles and guidelines for achieving appropriate diversification and investment return timeframes. The Chair also asked NEPC to include investment opportunity size which NEPC agreed to revert on.
- The Committee discussed a diversifiers strategy and requested additional information which the Secretariat agreed to revert on.
- In relation to real estate investment opportunities, the Committee agreed this strategy could be pursued in 2H 2023 and agreed to discuss it at the 10 May 2023 meeting.

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## **5. Investment Portfolio Review**

- 5.1 Jeanne Shen, Chief Investment Officer, updated the Committee on the performance of the investment portfolio, manager activities, and related transactions (Doc 05).
- 5.2 She reminded the Committee that it approved in November 2022 the transition of a low duration fixed income strategy into a high-quality fixed income allocation and this transition is underway.
- 5.3 She noted the Chair advised in Q4 2022 to pursue a slower pace of equity investing and in light of this, an updated portfolio transition plan was developed which outlines a slower trajectory with strategic targets being met in 2H 2023. The Committee expressed support for the updated pacing plan.

- 5.4 The Committee agreed to terminate a long-short technology-media-telecom strategy for performance and organisational issues.

#### *Discussion*

- In response to a question about liquidity management, the Secretariat confirmed that the private asset allocation in the investment portfolio is being structured with layers of liquidity in mind.
- The Committee discussed fixed income strategies and suggested that the Secretariat revert with a holistic view of the asset class which considers credit risk, liquidity needs and timing. A Committee member also suggested looking at private direct funding opportunities. The Secretariat agreed to revert at the Committee's 10 May 2023 meeting with guidelines and a framework that lists existing and prospective managers within it.

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## **6. Annual Risk Rating**

- 6.1 Kimberly Villa, Senior Investment Officer, reminded the Committee that the Investments team conducts an annual risk rating exercise in which investment managers are assigned ratings based on an analysis of 13 criteria. She explained that the results of the analysis help determine the frequency of due diligence visits and performance review calls conducted by the Secretariat,
- 6.2 Ms Villa highlighted two new criteria considered this year which were new lines of business and firm stability.
- 6.3 She outlined the 2023 due diligence visit schedule that will be conducted.

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## **7. Annual Service Providers Performance Review**

- 7.1 Jeanne Shen, Chief Investment Officer, presented the annual service providers' performance review (Doc 07).
- 7.2 She noted the Secretariat is reviewing an appropriate timeframe for the Custodian and Sustainability Consultant Request for Proposals (RFPs) with a recommendation to conduct the Sustainability Consultant RFP first.
- 7.3 She requested comments on the Committee's suggested approach to sustainability to ensure the RFP accurately reflects the appropriate skill sets and qualities in a vendor.

*Discussion*

- Regarding sustainable investing, the Committee suggested taking a holistic view and researching best practices in the market to help identify possible vendors. The Secretariat agreed to revert with a suggested sustainability approach.
- In response to an enquiry about exit terms of terminating a long-short technology-media-telecom strategy, the Secretariat responded it will revert to the Committee on the terms.

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**8. Any other business**

- 8.1 After determining there was no further business, the meeting was brought to a close and it then convened in closed session with the Chief Operating Officer.

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**9. Closed Session for members only**

- 9.1 Members of the Secretariat left the room and the Committee proceeded with a closed session with the Chief Operating Officer to discuss treasury staff resourcing.
- 9.2 After determining there was no further business, the meeting was brought to a close.

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Ms Melissa Wolfe  
Secretary to the Meeting

## Attachment A: Participants

### **Committee Members**

- Yibing Wu (Chair)
- Naguib Kheraj
- Kwaku Agyeman Manu

### **Other Board members attending**

- Seth Berkley, Gavi CEO (agenda items 1-4)

### **Guests**

- Allen Chen, Temasek
- Sebastian Grzejka, NEPC (agenda items 2-6)
- Tim McCusker, NEPC (agenda items 2-6)
- Dulari Pancholi, NEPC (agenda items 2-6)
- Kristin Reynolds, NEPC (agenda items 2-6)
- Stephen Zinser

### **Secretariat**

- Assietou Diouf
- Brenda Killen
- Helen Liu
- Ian MacTavish
- David Marlow
- Ian MacTavish
- Sandra Gonzalez Nederstigt
- Jeanne Shen
- Kimberly Villa
- Melissa Wolfe