

# INVESTMENT COMMITTEE CHAIR REPORT

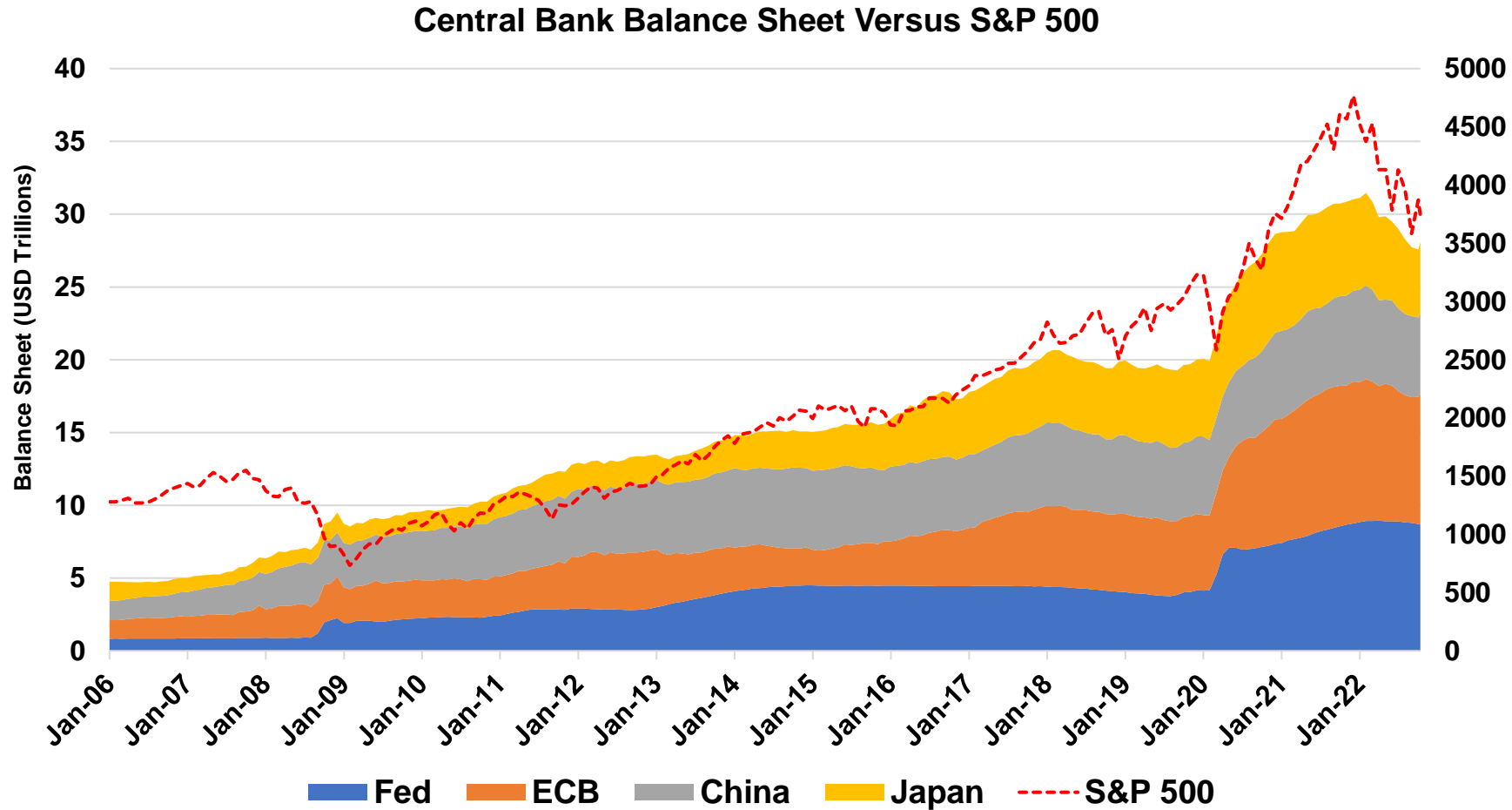
BOARD MEETING

**Afsaneh Beschloss**

7-8 December 2022, Geneva, Switzerland

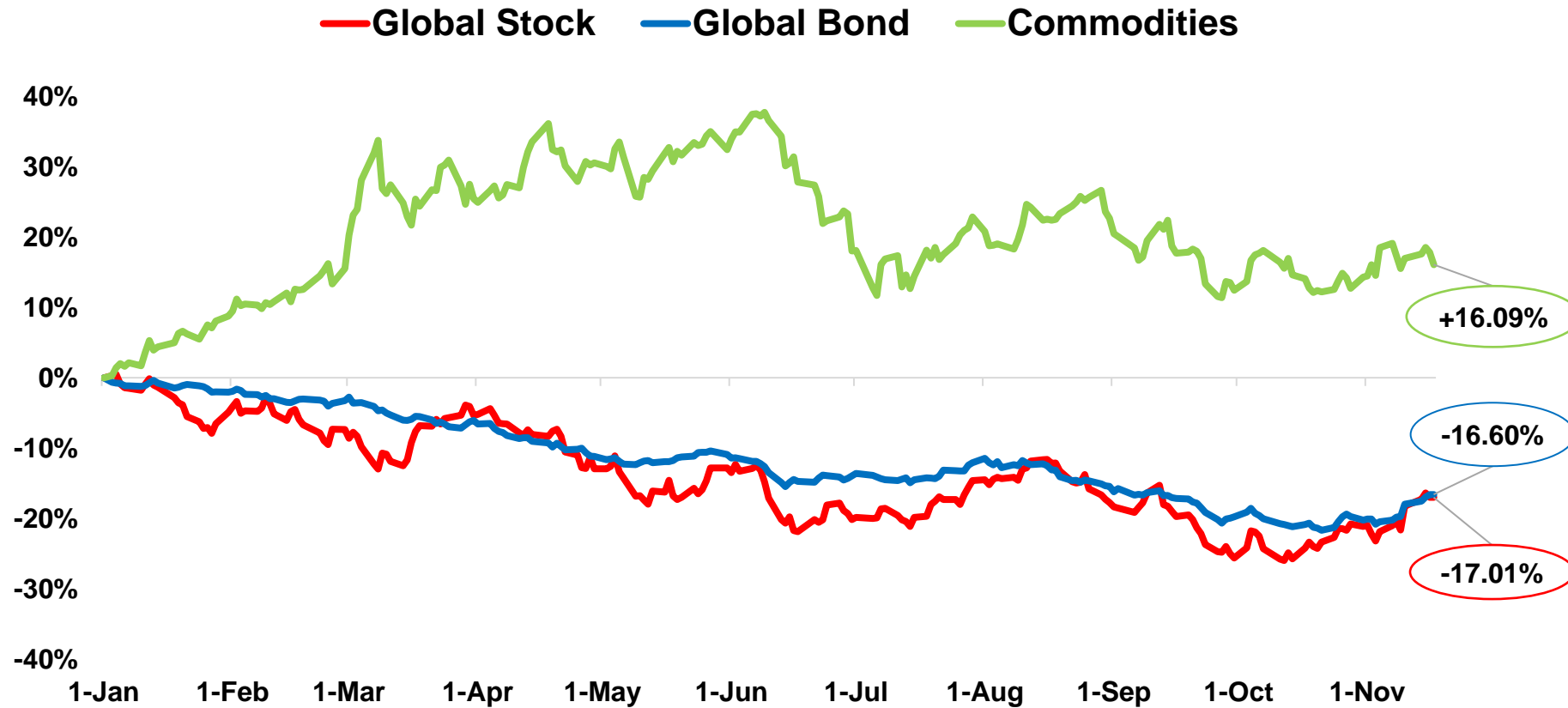


# Easy Monetary Policy Inflated Asset Prices



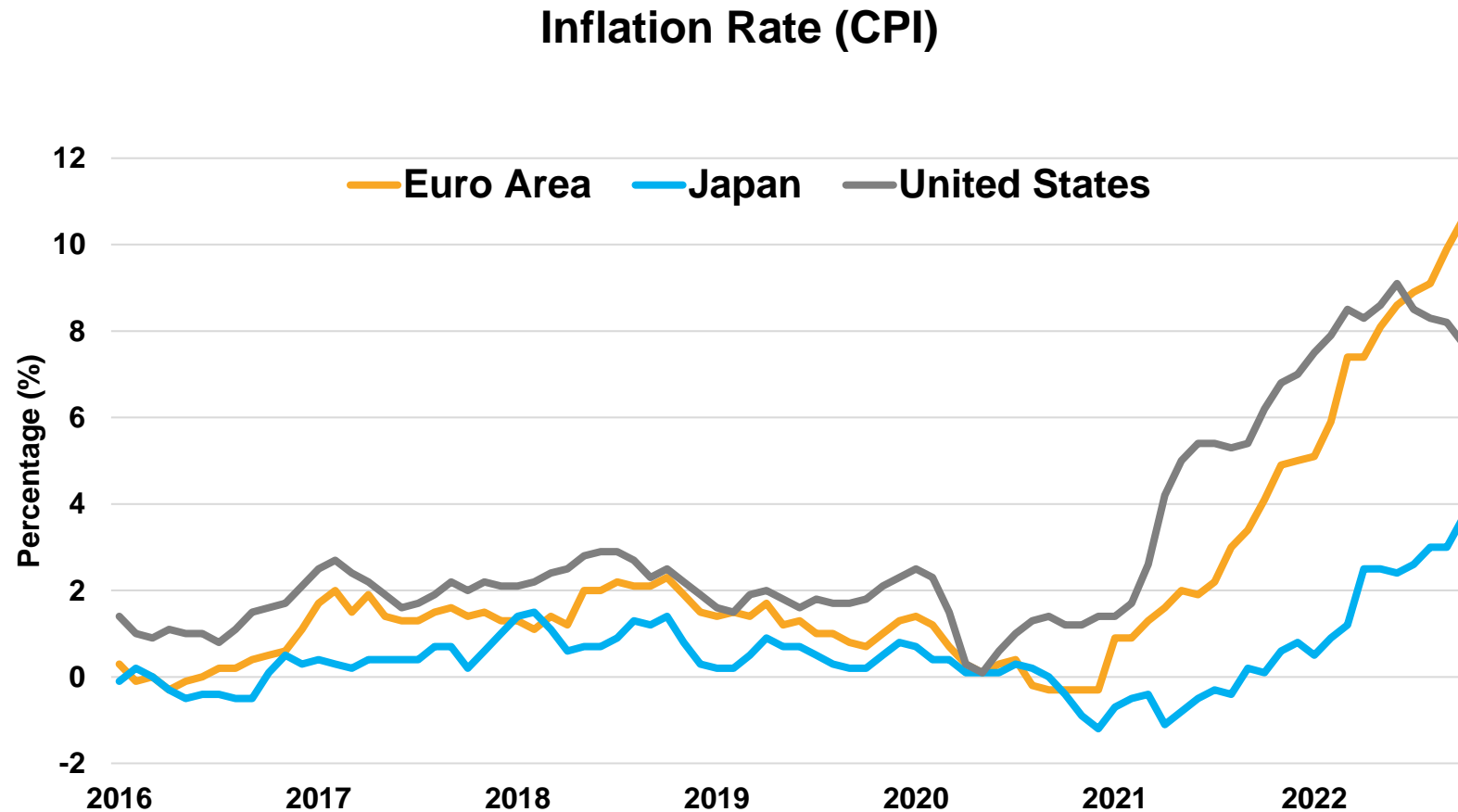
Bloomberg Data Monthly as of 09 Nov 2022

# Major Financial Market Returns Year-to-date



Data as of 17 November 2022  
Global Stock: MSCI ACWI IMI Net USD Index  
Global Bond: Bloomberg Multiverse Index  
Commodities: Bloomberg Commodity Index

# High Inflation Gripped Major Economies



Bloomberg Data Monthly as of October 2022

# Long-Term Portfolio Returns

Exposure vs. Benchmark	YTD	1 Yrs	3 Yrs	5 Yrs
<b>Fixed Income</b>	<b>(11.6%)</b>	<b>(11.0%)</b>	<b>0.2%</b>	<b>1.4%</b>
<i>Barclays Multiverse</i>	<i>(20.2%)</i>	<i>(20.6%)</i>	<i>(6.0%)</i>	<i>(2.3%)</i>
<b>Equity</b>	<b>(20.1%)</b>	<b>(20.4%)</b>	<b>6.0%</b>	<b>4.9%</b>
<i>MSCI ACWI IMI</i>	<i>(21.2%)</i>	<i>(20.2%)</i>	<i>4.8%</i>	<i>5.0%</i>
<b>Tactical</b>	<b>7.5%</b>	<b>11.9%</b>	<b>8.1%</b>	<b>6.4%</b>
<i>ICE BofA ML 1-Year Trsy Note</i>	<i>(1.7%)</i>	<i>(1.9%)</i>	<i>0.1%</i>	<i>1.0%</i>
<b>Multi-Exposure</b>	<b>1.3%</b>	<b>2.3%</b>	<b>4.5%</b>	<b>5.3%</b>
<i>Credit Suisse Multi-Strategy</i>	<i>0.6%</i>	<i>1.3%</i>	<i>4.6%</i>	<i>3.7%</i>
<b>Long-term Portfolio</b>	<b>(10.5%)</b>	<b>(9.9%)</b>	<b>3.1%</b>	<b>3.4%</b>
<i>Policy Index</i>	<i>(15.4%)</i>	<i>(15.2%)</i>	<i>(0.6%)</i>	<i>1.7%</i>

Data as of 31 October 2022

# Managing Through Volatile Markets

## Strategic Asset Allocation

Allocate to Diversifiers which has low correlation to equity and fixed income and reduce portfolio volatility.

## Portfolio Construction

Ensure fund manager selection fits with the portfolios' objectives.

## Fund Manager Selection

Favor managers who are consistent outperformers and strong risk managers.

## Tactical Decision

Consider market environments and opportunities when investing, redeeming or exiting funds, taking into account team bandwidth.

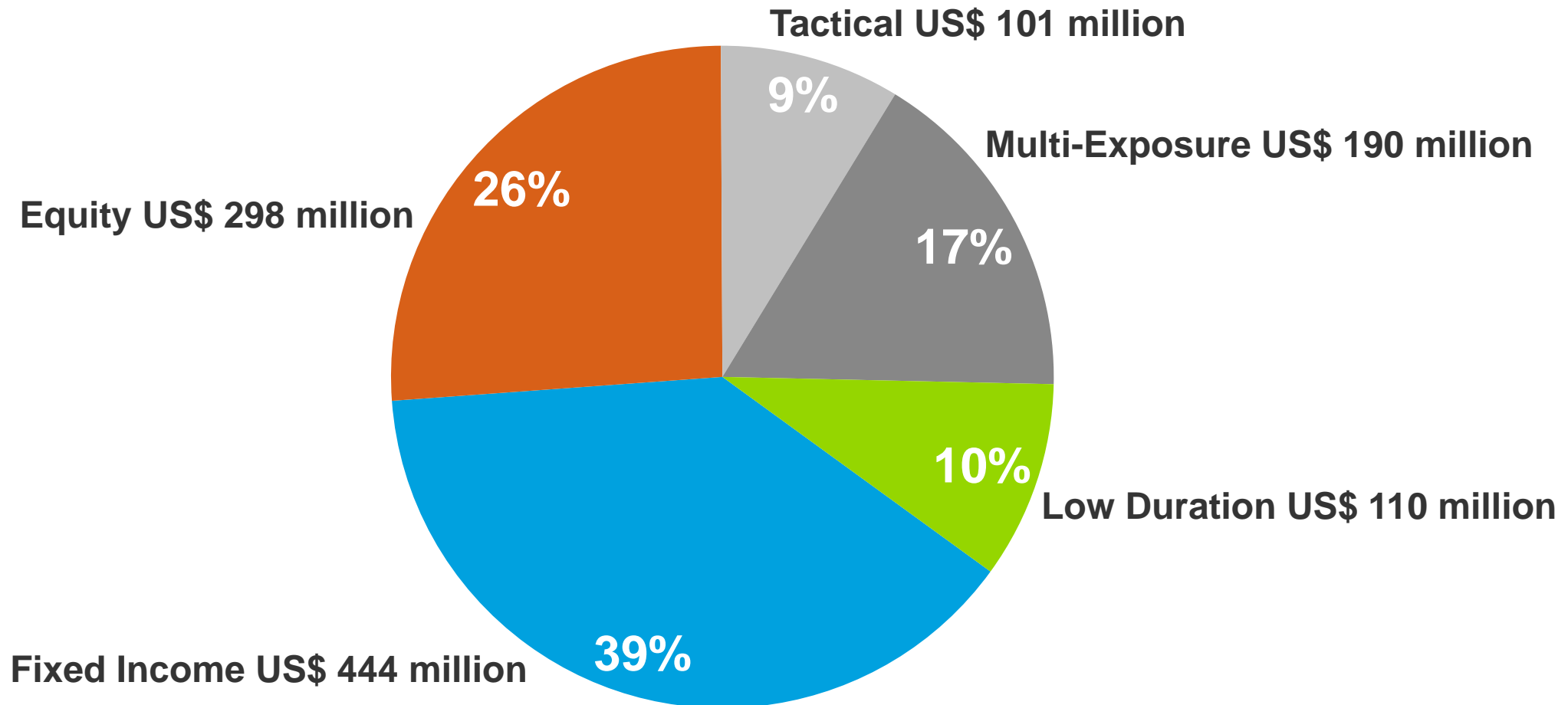
## Risk Control

Monitor fund performance and risk, maintain manager watchlist and evaluate on a regular basis.

## Liquidity Monitoring

Review monthly long-term portfolio liquidity to ensure ability to support Gavi mission.

# Gavi Portfolio Allocation (US\$ 1.1 billion)<sup>1</sup>



Data as of 31 October 2022

(1) Excludes UNICEF Procurement account of US\$ 576 million, IFFIm assets and US\$ 154 million in operating cash.

Low Duration includes cash pending investment at IR+M and cash at the custodian account

# New Asset Allocation Policy

**Investment Committee and Gavi Board approved new asset allocation policy with private assets:**

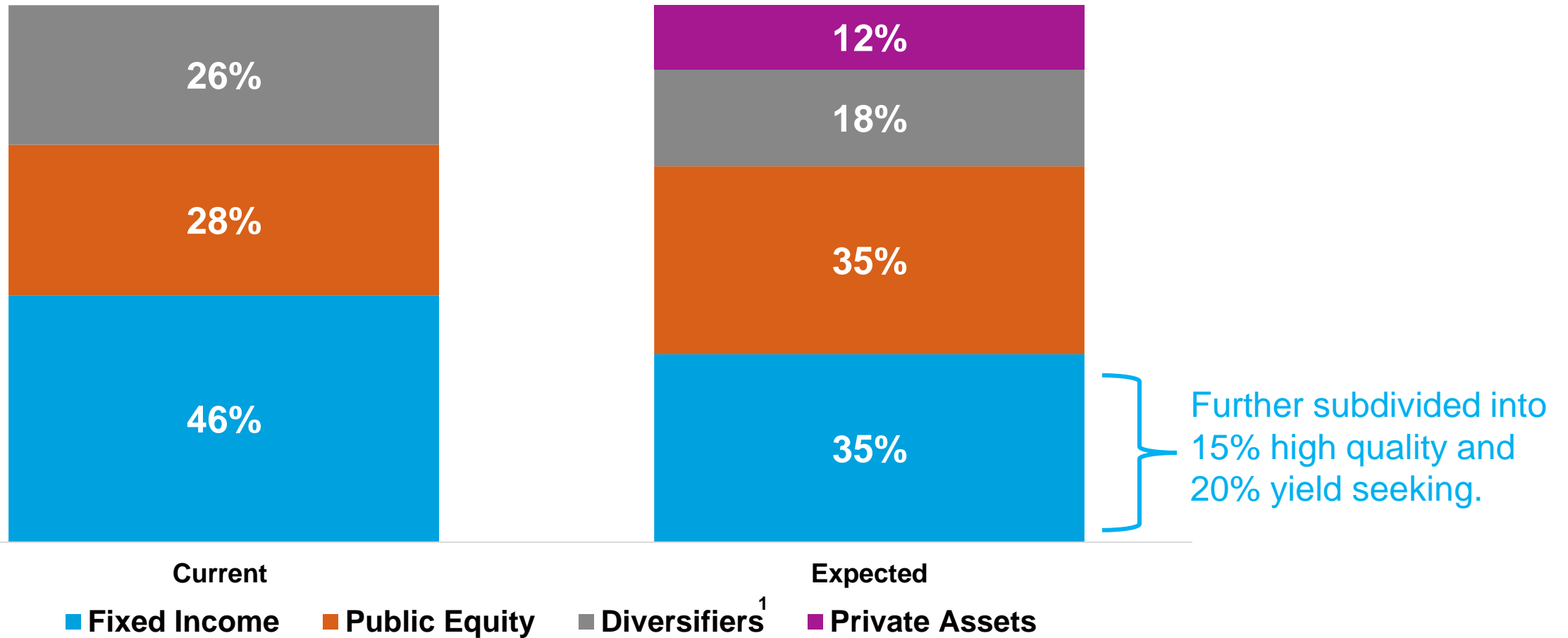
- Increase return prospects of long-term portfolio
- Increase the investment horizon beyond a five-year planning cycle
- Tolerate modestly higher drawdowns than current allocation
- Increase illiquidity marginally

Measure	Current Allocation	Approved Policy
Expected Return 10 Years	6.7%	7.2%
Standard Deviation	8.7%	10.8%
Sharpe Ratio 10 Years	0.32	0.31

Source: NEPC Consultant data



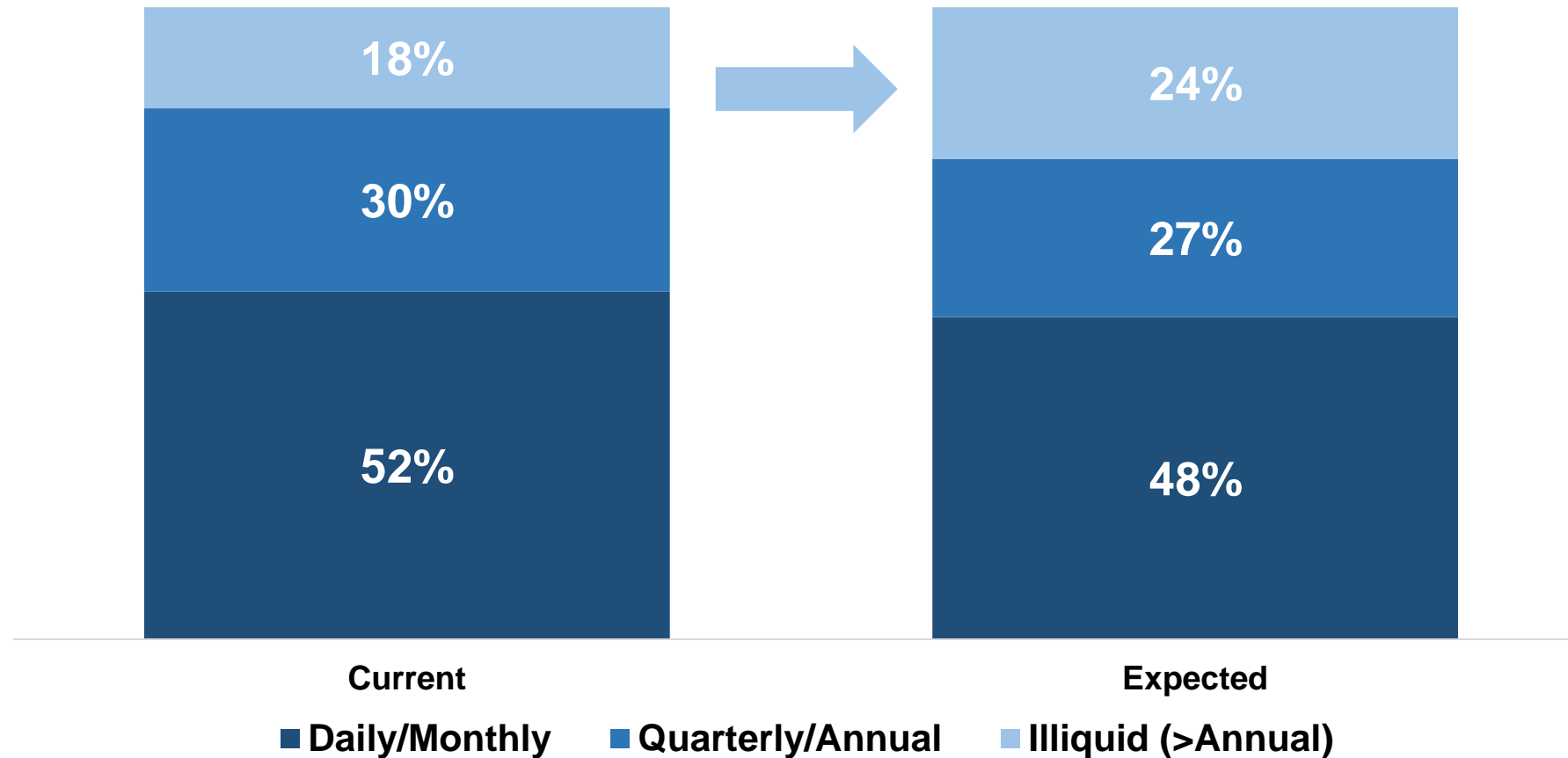
# Comparative Asset Allocation Target Weights



1. Tactical and Multi-Exposure are merged into Diversifiers

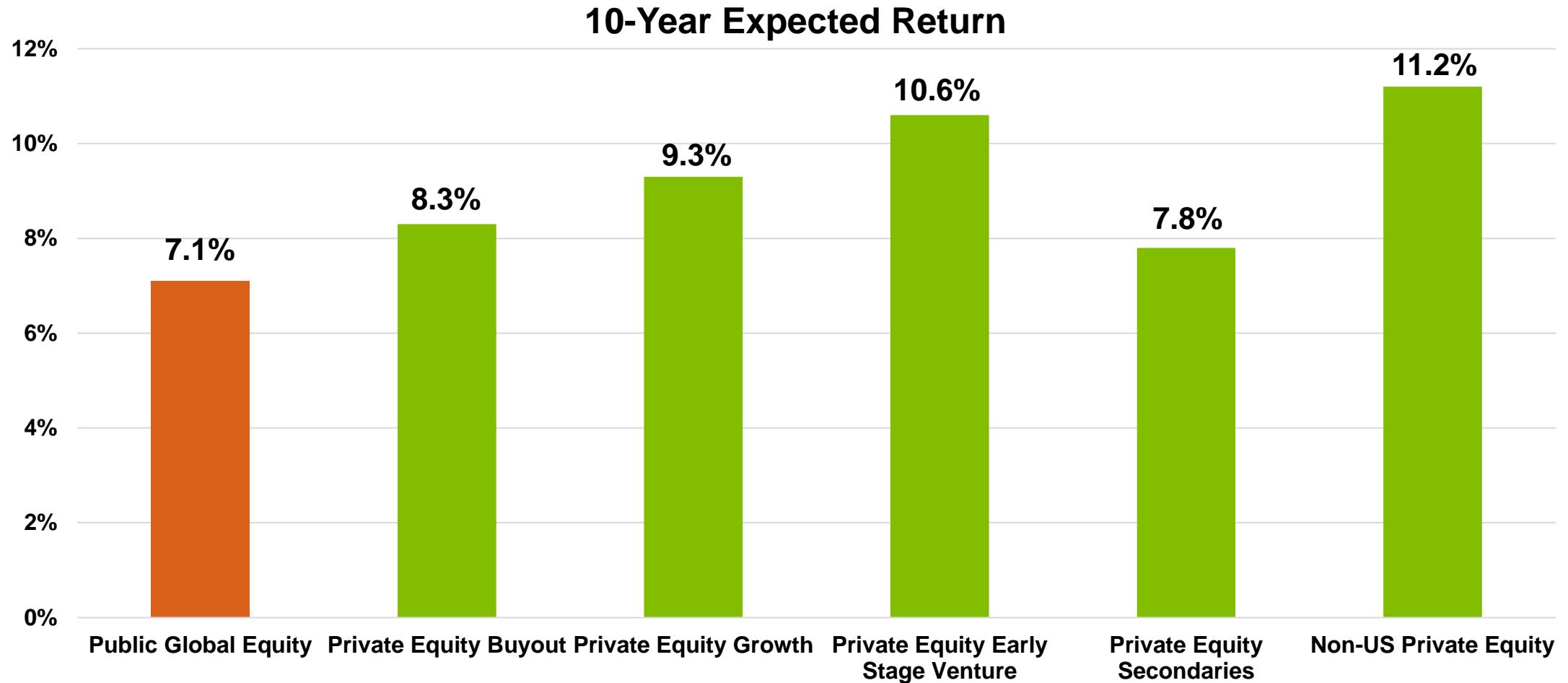
# Private Equity Illiquidity Offset By Higher Overall Return

The addition of Private Assets (primarily private equity) will increase the allocation to illiquid assets.



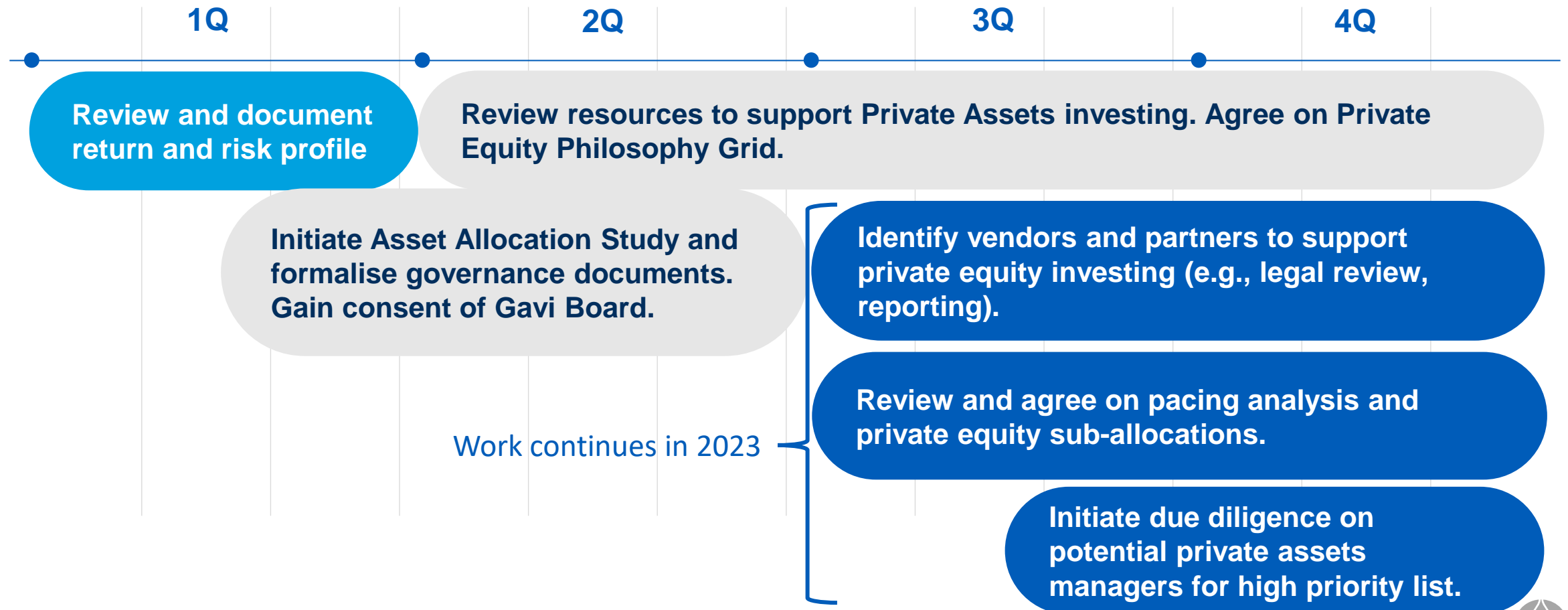
Data as of October 2022

# Private Equity Illiquidity Offset By Higher Overall Return



Source; NEPC

# 2022: Private Assets Activities



# Thank you