

Gavi Alliance Investment Committee Meeting

12 November 2014

Teleconference

1. Chair's report

- 1.1 Finding a quorum of members present, the meeting commenced at 8.30 New York time on 12 November 2014. George W. Welde, Jr, Investment Committee Chair, chaired the meeting.
- 1.2 Standing declarations of interest were tabled to the Committee (Doc 1a in the Committee pack); there were no additional conflicts declared. The Committee reviewed the minutes of its meeting on 12 September 2014 (Doc 1b), which were approved on 21 October 2014. It also noted its action sheet (Doc 1c), and its forward workplan (Doc 1d).

2. Investment portfolio review

- 2.1 Jeanne Shen, Chief Investment Officer, delivered a report to the Committee on the portfolio including a market overview of the major exposures in the portfolio, total performance, key characteristics of each portfolio exposure, and updates on the socially responsible investment (SRI) screening and the review process of investment consultant proposals (Doc 2).
- 2.2 It was asked how often the asset allocation is evaluated. Ms Shen noted that the Committee and Secretariat together reviews the overall asset allocation during the first quarter of each year accounting for market conditions, Gavi's financial forecast, and potential redemptions from the portfolio. It was noted that the current asset ranges were set during 2013. It was further noted that the ranges were constructed bearing in mind that Gavi has a shorter investment horizon than comparator organisations and so takes on comparatively less volatility.
- 2.3 Ms Shen presented an indicative 2015 financial forecast, noting the potential to redeem part of the long-term portfolio. However, the forecast presented was conservative and could change due to unexpected donor grants or a particularly good replenishment outcome in 2015. In any event, redemptions made from the long-term portfolio would likely not be replenished.
- 2.4 It was confirmed that sovereign donor money had not historically been put into the long-term portfolio. Ross Leach and Ms Shen agreed to explore scenarios.

- 2.5 The Committee noted that the Secretariat had a small investments staff and that it might optimise its due diligence efforts to have fewer managers with more assets rather than the current number of managers with fewer assets. The Secretariat acknowledged the Committee's caution. The Secretariat noted that the number of managers is less than the number of funds as several funds had been sourced from common fund families and cited the index funds as a case in point.
- 2.6 The Secretariat made a recommendation to terminate one of its investment managers and to make an investment in a new manager. The Committee had previously received information on the potential new manager at a previous meeting and in an email correspondence of 17 October 2014. After considering the reasons for the recommendation, the Committee acknowledged the Secretariat's intention to terminate the one manager and to make an investment in the other manager.
- 2.7 Ms Shen noted other managers that were on the Secretariat's watch list and the reasons for their inclusion.
- 2.8 Ms Shen noted managers that were on the Secretariat's list for potential investment, how they would fit in the asset allocation, and the due diligence being performed on them.
- 2.9 The Secretariat and the Committee discussed the investment consultant proposals, including fee proposals, and determined a way forward for vetting and selecting a consultant.
- 2.10 Finally, Ms Shen provided an update on its semi-annual socially responsible investment ("SRI") screening for 30 June 2014 securities holdings. She proposed a review of the SRI Policy implementation given that Gavi now invests only in commingled funds to construct its portfolio as a means to manage operational complexity.

After determining there was no further business, the meeting was brought to a close.

Mr Kevin A. Klock
Assistant Secretary

Attachment A

Participants

Committee Members

- George W. Wellde, Jr, Chair
- Wayne Berson
- Ashutosh Garg
- Ross Leach
- Stephen Zinser

Other Board members present

- Seth Berkley (non-voting)

Secretariat

- Edmund Fudzie
- Daria Gray
- Barry Greene
- Matthew Hallam
- Kevin A. Klock
- Alexandra Laheurte Sloyka
- Jeanne Shen

Guests

- Michael Rosen, Angeles Investment Advisers (except section 2.9)