



GAVI Alliance Investment Committee Meeting

2 November 2012

Teleconference

FINAL MINUTES

1. Chair's report

- 1.1 Finding a quorum of members present, the meeting commenced at 9.00 New York time on 2 November 2012. 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). The Committee reviewed the minutes of its meeting on 11 September 2012 (Doc 1b) and its forward workplan (Doc 1c).

Decision One

The GAVI Alliance Investment Committee:

- **Approved** the minutes of its meeting on 11 September 2012.

2. Investment portfolio review

- 2.1 Jeanne Shen, Chief Investment Officer, informed the Committee of the overall investment portfolio performance for the year through September 2012, and provided an overview of the major asset classes in GAVI's portfolio (Doc 02). She also updated the Committee on the transition into the new asset classes and provided an updated risk assessment and controls matrix. She also reported on the global economic environment, returns by sector and by manager, portfolio allocation, and contribution to mission.

Discussion

- The Committee asked what the total growth of the portfolio had been since inception. Jeanne Shen promised to send this information to the Committee.

- The Committee discussed the size and impact of the UNICEF lien on the portfolio. Jeanne Shen noted that the Secretariat is working with UNICEF and in-house counsel to obtain approval to reduce the lien upon payment of the next installment of the relevant vaccine contract. In addition, the Secretariat held discussions with UNICEF around the diversifying the investment options in the UNICEF procurement account given they are currently limited to money markets and deposits.
- The Chair noted that a comparator group holds less than 5% of its assets in cash and cash equivalents. By contrast, GAVI's portfolio holds a far higher percentage of investments in those asset classes. It was emphasised that this was indicative of the risk averse nature of the portfolio even under the new Investment Policy, and the Committee requested that Jeanne Shen provide information on the returns of the additional comparator groups.
- The Committee discussed the performance and returns of several investment managers. It also noted the Secretariat's intention to reorient a subset of GAVI's fixed income investments among existing managers during the first half of 2013.
- Jeanne Shen reported on one investment in which GAVI represented the 27% of the fund; the Investment Policy caps GAVI's representation in any single fund to 25%. She explained this was the result of a large redemption by another investor. She suggested, and the Committee agreed, to actively monitor this investment and to take action in the future if necessary.
- Jeanne Shen also reported on the Secretariat's due diligence on potential new investment managers in the new asset classes approved by the Board. The Committee noted the Secretariat's intention to make an investment in one of the managers subject to a final review of the prospectus and other documents. Dwight Bush offered to perform some due diligence on another of the potential managers.
- Finally, Jeanne Shen noted that the Socially Responsible Investment (SRI) screening for much of the portfolio was complete and all of the actively managed funds reviewed were compliant with the SRI Policy. For some of the new asset classes, many of which have passive strategies, there is a huge incremental cost to screening the funds with no opportunity to change their composition. The Committee requested that the Secretariat amend the SRI Policy to provide a carve out for the passive funds reviewed and report to the Committee that it has done so.

3. Other business

- 3.1 The Chair will update the Board in Tanzania on progress toward implementing the new Investment Policy. He intended to emphasise that the Investment Committee and Secretariat were fulfilling their promised to approach the transition in a slow and methodical manner.



- 3.2 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
- Dwight Bush
- Paul Fife

Secretariat

- Edmund Fudzie
- Barry Greene
- Kevin A. Klock
- Alexandra Laheurte Sloyka
- Jeanne Shen

Guests

- Shana Mulkerin, Angeles Investment Advisors
- Michael Rosen, Angeles Investment Advisors