

Gavi Alliance Investment Committee Meeting

4 November 2015

Teleconference

1. Chair's report

- 1.1 Finding a quorum of members present, the meeting commenced at 16.05 Geneva time on 4 November 2015. Stephen Zinser, 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 26 August 2015 (Doc 1b), which were approved by no-objection on 5 October. It also reviewed its action sheet (Doc 1c), and its forward workplan (Doc 1d).

2. NEPC presentation

- 2.1 Jeanne Shen, Chief Investment Officer, introduced the new investment consultants, Christopher Klapinsky, Sebastian Grzejka and Dulari Pancholi from NEPC, who conducted an asset allocation review of the Gavi portfolio and delivered a high-level report on proposed tactical asset classes for the Committee's guidance (Doc 2). The Committee asked among other things about the forecast on the short and long term portfolios, currency exposure from non-US assets and liquidity needs. The Chair proposed to update the Board on the current stage of the market cycle and what it means for investment returns. The Committee members agreed that a pre-Board meeting session for Board and Alternate members could be organised to provide additional details on the current portfolio and the Committee's preferred option to optimise it.
- 2.2 At the report's conclusion, the NEPC representatives left the meeting and the Committee further discussed the presentation. After consideration, the Committee agreed Option 1 was preferred. The Chair asked Jeanne Shen to provide light edits to Option 1 and then present it again to the Committee. Ms Shen noted that there would be additional work into the related policies following the adjustments from Option 1.
- 2.3 The Committee also asked Ms Shen to work with the Finance team to establish additional drawdown scenarios over the next five years to ensure appropriate liquidity terms in case a drawdown were necessary.

3. Investment portfolio review

- 3.1 Jeanne Shen delivered a report to the Committee on the investment portfolio including a market overview of the major exposures in the portfolio, total performance including analysis of individual managers and managers on watch, fixed income allocation, key characteristics of each portfolio exposure, and contribution to mission (Doc 3).
- 3.2 Ms Shen highlighted that the Investment Policy Statement will need to be updated with a change under tactical allocations. She explained the consultations that have been done in the past prior to a similar change. The Chair agreed to consult with different members of the Alliance and welcomed Ms Shen and Mr Armstrong's inputs with a consultation schedule. The Chair will also inform the Board at its next meeting in December of the upcoming changes, planned to be reviewed by the Committee at its meeting in February 2016.
- 3.3 Ms Shen also informed the Committee regarding ongoing work with Gavi's Internal Audit, which has provided helpful recommendations that will be integrated into the Investment Policy. Results are being finalised and Ms Shen proposed to circulate a summary of its findings, when it will be made available to the Committee members for information. Ms Shen then provided an update on the Socially Responsible Policy (SRI), recent engagement with the managers that breached the 2% limit, and the findings of the holdings that breached Gavi's SRI screens.
- 3.4 The Committee conferred on one investment manager that the Secretariat had put on watch and its potential impact on the portfolio. After discussion, the Committee noted that the Secretariat will continue to monitor the manager and consider reducing the assets allocated to it in 2016. The Committee also discussed a proposed investment. The Secretariat reported on a \$40 million redemption from one manager in May 2015. Two new managers have been funded from the redemption proceeds and the Secretariat recommended allocating the remaining funds to an existing manager. After consideration, the Committee concurred with the Secretariat's assessment and acknowledged the Secretariat's intention to reallocate funds. She also updated the Committee on the conversion of a global equity strategy to a hedged strategy that was recommended at the August 2015 meeting. The Secretariat subsequently learned that the fund subscription documents required updates in order to meet Swiss regulatory requirements. She reported the conversion would be implemented on 1 December 2015. In addition, in an effort to begin consolidating certain strategies, she recommended a full redemption of an equity strategy and investing the proceeds in the aforementioned hedged strategy. The Committee concurred with the Secretariat's assessment.
- 3.5 Finally, Ms Shen noted that granted security interests to UNICEF to back two vaccines contracts will terminate in 2016 and that there have been no internal discussions about a need for additional security interests.



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

Mr Philip Armstrong
Secretary

Attachment A

Participants

Committee Members

- Stephen Zinser, Chair
- William Roedy

Regrets

- Wayne Berson

Other Board member present

- David Sidwell

Secretariat

- Philip Armstrong
- Rebecca Cruz
- Griffin Keane
- Alexandra Laheurte Sloyka
- Jeanne Shen

Guests

- George Welde
- Christopher Klapinsky, Partner (NEPC)
- Sebastian Grzejka, Consultant (NEPC)
- Dulari Pancholi, Research Consultant, Hedge Funds (NEPC)
- Michael Gaughan, Analyst (NEPC)