

Gavi Alliance Investment Committee Meeting

29 May 2015

Teleconference

1. Chair's report

- 1.1 Finding a quorum of members present, the meeting commenced at 16.00 Geneva time on 29 May 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 18 February 2015 (Doc 1b), which were approved by no-objection on 28 March. It also reviewed its action sheet (Doc 1c), and its forward workplan (Doc 1d).
- 1.3 The Committee confirmed that the revised Socially Responsible Investment (SRI) Policy sent to the Committee on 29 April 2015 was in good form and that the Secretariat had implemented it.

2. Manager presentation - PIMCO

- 2.1 Greg Sharenow and Gillian Rutherford from PIMCO delivered an informational report on one of its funds, including its track record and risk management practices (Doc 2). At the report's conclusion, the PIMCO representatives left the meeting and the Committee discussed the presentation.

3. Investment portfolio review

- 3.1 Jeanne Shen, Chief Investment Officer, delivered a report to the Committee on the investment portfolio including a market overview of the major exposures in the portfolio, total performance, key characteristics of each portfolio exposure, a review of portfolio developments including a recent consolidation of investment strategies, and the results of the semi-annual SRI screening (Doc 3).
- 3.2 The Committee discussed a potential new investment. The Committee had previously met the senior portfolio managers of the fund and, subsequently, the Secretariat investments team performed additional due diligence. The Secretariat made a recommendation on the sum of the investment and disclosed the amount that investment would represent within that manager's assets. The

Secretariat also explained how Gavi's portfolio would be reallocated to fund this investment and what the return objective was. The Committee noted that there was one geographical component of the fund's strategy that needed additional diligence but signalled that it would be comfortable with the Secretariat moving forward with the investment along the lines proposed once that diligence exercise was complete.

- 3.3 Ms Shen confirmed that all investment related audit schedules had been completed and submitted, and that there were no issues noted by the auditors.
- 3.4 The Committee noted that two funds were above the acceptable threshold set by the SRI Policy as of the December 2014 screening. Ms Shen reported the next steps to address those deviations.

4. Consulting review

- 4.1 Jeanne Shen reviewed the steps taken to conduct an RFP for an investment consultant. She explained how she evaluated the finalist candidates, a number of key considerations, and finally, her recommendation (Doc 4b). The Committee discussed the relative costs of the vendor candidates and whether selecting a new vendor would require divestment in one particular fund.
- 4.2 Two senior officials of the preferred vendor candidate then joined the meeting to address the Committee and deliver a presentation (Doc 4a). They reviewed their principles for portfolio construction, their understanding of Gavi's financial model, portfolio modelling that integrated Gavi's operations with market expectations, what they understood to be the objectives of the assignment, their track record and research philosophies, and how they generate ideas and make recommendations.
- 4.3 The Committee asked whether the vendor maintained a fund of funds product that could create conflicts. The vendor noted it had a product for its smaller clients for which they could retain and terminate managers. This fund represented less than 1% of funds under their management.
- 4.4 After the representatives of the vendor left the meeting, the Committee further discussed the proposal. After consideration, the Committee agreed with the Secretariat's recommendation and requested that it take the steps necessary to implement the recommendation.

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

- Stephen Zinser, Chair
- Wayne Berson

Secretariat

- Edmund Fudzie
- Daria Gray
- Barry Greene
- Kevin A. Klock
- Jeanne Shen

Guests

- Amy Chen, Adviser to the Committee
- Shana Mulkerin, Angeles Investment Advisors (Items 1-3)
- Michael Rosen, Angeles Investment Advisors (Items 1-3)
- Gillian Rutherford, PIMCO (Item 2)
- Greg Sharenow, PIMCO (Item 2)
- **Two officials of the candidate vendor attended Item 4*