

## Gavi Alliance Investment Committee Meeting

10 May 2023

Virtual

### 1. Chair's report

- 1.1 Noting that the meeting had been duly convened and finding a quorum of members present, the meeting commenced at 14.00 Geneva time on 10 May 2023. Mr Yibing Wu, Investment Committee Chair, chaired the meeting.
- 1.2 Standing declarations of interest were tabled to the Committee (Doc 01a); Naguib Kheraj declared an interest in Industry Ventures and agreed to recuse himself from any related decisions.
- 1.3 The Committee noted its forward workplan (Doc 01b), action sheet (Doc 01c) and the minutes of the 15 February 2023 meeting (Doc 01d).
- 1.4 The Chair welcomed two observers from Nestor Advisors. It was noted that Nestor Advisors is currently leading a Gavi Board and Board Committee evaluation exercise.

-----

### 2. CEO Update

- 2.1 Seth Berkley, CEO, highlighted recent news in the global financial markets and commented how the Gavi Board will continue to seek the Committee's counsel and advice on navigating market turmoil and safeguarding Gavi.
- 2.2 He reported that a CEO transition plan is well underway with the first 100 days of Dr Muhammad Ali Pate's role as CEO mapped out in close collaboration with Dr Pate. Dr Pate is expected to participate in the 26-27 June 2023 Gavi Board meeting.
- 2.3 Dr Berkley noted he has greatly enjoyed working with the Committee over the past 12 years as CEO and the Committee will continue to have a valuable role in advancing Gavi's mission.

### *Discussion*

- In response to a question from the Chair about the impact of the World Health Organization's declaration that COVID-19 is no longer a public health emergency, Dr Berkley responded that work was already underway to integrate COVID-19 vaccines with Gavi's routine immunisation programmes and the Secretariat will continue to engage in pandemic preparedness efforts.

- The Chair noted Dr Berkley has been a champion for a stronger investment strategy and helped build momentum to develop a stronger investments function. The Committee thanked Dr Berkley for his leadership.

-----

### **3. Sustainable Investing Approach**

- 3.1 Jeanne Shen, Chief Investment Officer, reminded the Committee of Gavi's Sustainable Investment Policy and noted a service provider works with the Secretariat to ensure Gavi's long-term portfolio investments are in alignment with the policy.
- 3.2 She noted that a new competitive search will be conducted for the service provider starting in Q4 2023 and requested the Committee's guidance on Gavi's sustainable investing approach which includes negative screening, ESG integration and thematic investing.
- 3.3 Dulari Pancholi, Partner, NEPC, outlined NEPC's approach to its ESG rating process with investment managers and discussed ESG integration options available to Gavi.

#### *Discussion*

- A Committee member enquired about Gavi's public statement on ESG matters and if Gavi is in compliance with it. The Secretariat noted that Gavi's Sustainable Investment Policy is posted on Gavi's website and the organisation is fully compliant.
- In response to a question about the consequences if a fund manager breaches Gavi's policy, the Secretariat explained that the policy mandates the Investments Team to inform managers when their holdings breach the limits identified in the policy and if a manager breaches any limit for two consecutive screening periods, the Committee is notified.
- The Committee noted that resource capacity challenges and Gavi's exclusive use of commingled and mutual funds may impact Gavi's ability to expand its sustainable investing approach.
- The Committee requested a benchmark exercise be conducted comparing best practises of Alliance partners and other asset allocators of similar size as Gavi. The Committee agreed to review the benchmark exercise results at its next meeting and discuss constraints and potential trade-offs in pursuing actions that would further strengthen Gavi's sustainable investing approach.

-----

#### 4. Private Assets Update

- 4.1 Sebastian Grzejka, Partner, NEPC, updated the Committee on the private equity implementation strategy. He noted that at the Committee's 15 February 2023 meeting, the Committee requested to see set principles and guidelines for diversification and investment returns to further refine the private equity strategy.
- 4.2 He outlined progress made to advance the private assets strategy and shared an updated pacing plan reflecting a January 2023 investment. It was noted that Gavi has US\$ 30 million in remaining commitments for investment in other strategies across venture, growth and buyouts.
- 4.3 He requested guidance on a core/satellite implementation approach to private equity investing and Indications of Interest with a growth fund and a venture fund opportunity, respectively.

#### *Discussion*

- The Committee agreed with the outlined approach and engaging further with suggested fund managers.
- The Committee supported proceeding with up to a US\$ 10 million commitment to a venture fund and a US\$ 5 million commitment to a growth fund. Committee member Naguib Kheraj noted an interest in the venture fund and the Secretariat agreed to seek consensus support from the absent committee member before proceeding with the commitments.

-----

#### 5. Investment Portfolio Review

- 5.1 Jeanne Shen, Chief Investment Officer, took the investment portfolio review material as read (Doc 05).
- 5.2 She outlined two investment requests and a recommendation to terminate one manager.

#### *Discussion*

- A Committee member noted that it would be helpful to see the risk profile and an appropriate benchmark comparison for any products that are not a high investment grade product with credit risk. NEPC and the Secretariat agreed to provide this information on a forward basis.

- The Committee asked questions about a credit gamma fund, including the hedging strategy, redemption period and markup. The Committee requested to see the gross knowledge position and asked the Investments Team to closely monitor the fund's performance.
- The Committee encouraged the Investments team to research a multi-strategy fund.
- The Committee agreed to approve a US\$ 35 million investment in a tactical bond fund and a US\$ 25 million investment in a credit gamma fund.
- The Committee agreed to terminate an emerging market macro strategy with an allocation of US\$ 24 million as of 31 March 2023.
- It was noted that the Secretariat will seek to invest US\$ 20 million in a global equity index fund to replace a technology-media-telecom equity strategy approved for termination in February 2023, and an additional US\$ 40 million in a global equity index fund at the of July to close an equity allocation underweight gap while the Investments Team conducts a search for an additional active strategy.

-----

## 6. Treasury Update

- 6.1 Assietou Diouf, CFO, updated the Committee on activities related to the short-term investment portfolio. She reminded the Committee of the treasury policy for investments and discussed Q1 2023 performance.
- 6.2 She reported the short-term portfolio is US\$ 7.8 billion excluding COVAX Self-Financing Participant (SFP) funds, and she outlined the short-term cash investment strategy for Gavi programmes, COVAX SFPs and the COVAX Advance Market Commitment (AMC) funds.
- 6.3 Ms Diouf requested the Committee's guidance on portfolio management options for COVAX AMC funds.

### *Discussion*

- In response to a question about the cost of a portfolio management option with the World Bank, the Secretariat responded that the World Bank has asked for confirmation that Gavi is willing to engage its services and upon receiving that from the Committee, the World Bank will assess required resources and revert on estimated cost recovery fees.
- The Committee supported exploring if the World Bank could provide treasury manager services for the COVAX AMC funds held in the short-term portfolio.

-----

**7. Any other business**

- 7.1 After determining there was no further business, the meeting was brought to a close and it then convened in closed session with the Chief Operating Officer.

-----

**8. Closed Session for members only**

- 8.1 The Committee proceeded with a closed session to discuss portfolio management opportunities and the Washington, D.C. office facility.
- 8.2 After determining there was no further business, the meeting was brought to a close.

-----

---

Ms Melissa Wolfe  
Secretary to the Meeting

## Attachment A: Participants

### **Committee Members**

- Yibing Wu (Chair)
- Naguib Kheraj

### **Regrets**

- Kwaku Agyeman Manu

### **Other Board members attending**

- Seth Berkley, Gavi CEO (agenda items 1-4)

### **Guests**

- Allen Chen, Temasek
- Daniel Genberg, Nestor Advisors
- Sebastian Grzejka, NEPC
- Dulari Pancholi, NEPC
- Marisol Reyes, NEPC
- Kristin Reynolds, NEPC
- Lourenço Villa-Lobos, Nestor Advisors
- Stephen Zinser

### **Secretariat**

- Assietou Diouf
- Fabrice Dutin
- Brenda Killen
- Helen Liu
- Ian MacTavish
- David Marlow
- Sandra Gonzalez Nederstigt
- Jeanne Shen
- Kimberly Villa
- Melissa Wolfe