



GAVI Alliance Investment Committee Meeting

24 April 2014

New York, NY, USA

FINAL MINUTES

1. Chair's report

- 1.1 Finding a quorum of members present, the meeting commenced at 9.30 New York time on 24 April 2014. George W. Wellde, Jr, Investment Committee Chair, chaired the meeting.
- 1.2 The Committee welcomed Stephen Zinser to the meeting and looked forward to his participation and service.
- 1.3 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 25 February 2014 (Doc 1b), its action sheet (Doc 1c), and its forward workplan (Doc 1d).

Decision One

The GAVI Alliance Investment Committee:

- **Approved** the minutes of its meeting on 25 February 2014.

2. Investment portfolio review

- 2.1 Jeanne Shen, Chief Investment Officer, informed the Committee of the overall investment portfolio performance through February 2014 along with preliminary March results (Doc 2). She provided a general market update and then reviewed the asset allocation, liquidity, concentration of risk, returns, and contribution to mission.
- 2.2 Ms Shen also reviewed with the Committee changes to reporting given the new Investment Policy asset categories. As part of this, the Secretariat will report separately in a "multi-exposure" bucket those managers whose funds fit into multiple assets classes.
- 2.3 She also reported the size of the UNICEF lien on the portfolio and that an additional lien was being considered. She noted negotiations underway with

an Alliance partner to implement a potential strategy to lessen the impact of the lien on GAVI's ability to manage its portfolio.

Discussion

- The Committee reviewed the portfolio's historical evolution and the work being done to transition it to align with the Investment Policy approved during the last meeting. The Committee members talked about the challenges associated with ensuring that the Board was well informed about the investment process and that Board members understood decisions regarding portfolio construction. They also discussed the portfolio's performance compared to various indices along with the implications of the new asset allocation. The Committee looked at concentration risk, particularly with regard to manager concentration.
- The Committee discussed two possible new investment managers, including the potential size of investments, the source of the funding, and the due diligence the Secretariat's investment team performed. The Secretariat also identified other managers under review for possible investments.
- The Committee discussed the benchmark being used for its tactical investments and asked the Secretariat to think about whether a different benchmark should be used.
- In October 2013, the Committee was informed that the Secretariat was seeking ways to reduce exposures to the financial institution that held the UNICEF procurement account due to some internal control issues identified. The Secretariat reported that it had reduced exposure in certain accounts, noting that GAVI cannot reduce funding in the procurement account. The Secretariat also noted that unless procurement account funds were deployed more quickly, the amount in the procurement account would likely exceed the 20% total portfolio limit set by the Investment Policy; the Committee acknowledged this.
- The Committee noted that the Secretariat had achieved a significant reduction in fees to retain a vendor to perform the screening required under the Socially Responsible Investing Policy. The Committee thanked Matthew Hallam, Investment Analyst in the Secretariat, for his work to achieve the savings.

3. Manager presentation – East Lodge Capital Partners LLP

- 3.1 Alistair Lumsden from East Lodge Capital Partners LLP delivered an informational report on his fund's investment philosophy and risk management programme.

Discussion

- The Committee asked questions about market opportunities and the fund's senior management team. It then excused Mr Lumsden and discussed the presentation.

4. Review of decisions

- 4.1 Kevin A. Klock, Head of Governance and Assistant Secretary, reviewed and agreed the decision language with the Committee.

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
- Ashutosh Garg

Regrets

- Wayne Berson

Secretariat

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

Guests

- Alistair Lumsden, East Lodge Capital Partners (Section 3 only)
- Shana Mulkerin, Angeles
- Michael Rosen, Angeles
- Stephen Zinser, CEO & Co-CIO, ECM