



GAVI Alliance Investment Committee Meeting

26 May 2011
Teleconference

FINAL MINUTES

1. Chair's report

Finding a quorum of members present, the meeting commenced at 10.02 Washington time on 26 May 2011. George W. Welde, Jr, Investment Committee Chair chaired the meeting.

Standing declarations of interest were tabled to the Committee (Doc #1a in the Committee pack).

The Committee took as read the minutes of its meeting on 18 March 2011 and noted that they were approved with no objection on 11 April 2011 (Doc #1b). Also, the Committee took as read the action sheet of matters arising from previous meetings (Doc #1c) and the Committee's forward workplan (Doc #01d).

2. Portfolio overview

General

Jeanne Shen, Senior Director of Investments provided an overview of the portfolio, highlighting GAVI's asset allocation, peer comparisons, investment income, as well as sector and quality comparisons of its investments (Doc #2). She reported the portfolio's YTD return and projected 2011 returns.

- During the Q1 2011, GAVI's portfolio was outperformed by the endowments and foundation comparator benchmark. As noted in the past, GAVI's portfolio has no allocation to capital appreciation asset classes.
- The two most recently hired investment managers are performing as expected.

Risk matrix

Jeanne Shen presented a new risk evaluation methodology which would be used to assess certain compliance aspects of GAVI's investment managers including senior management stability, internal controls, regulatory compliance, GAAP compliance,

information technology security and processes, quality of products and services, responsiveness, and accuracy of reporting.

- The Secretariat plans to assess existing investment managers annually and new investment managers as they are hired. The Secretariat plans to complete its first evaluation and report the results to the Committee in time for the September 2011 Committee meeting.
- For the time being, the assessment categories are not risk-weighted or prioritised.

Socially Responsible Investment (SRI) policy

Jeanne Shen reported that the Secretariat had evaluated its current SRI compliance vendor and was assessing alternative providers. She noted that the current vendor's methodology yielded inconsistent results and that it was asking for a two-fold fee increase.

- The Committee discussed the fees paid to the provider and queried whether the costs associated with the SRI programme were worth the benefits. The Committee decided it would continue to evaluate the efficacy and cost of the programme in consultation with the Board Chair and CEO.

3. Revision to the Cash and Short-Term Investment Policy

Jeanne Shen tabled a revised Cash and Short-Term Investment Policy for review and recommendation (Doc #3). The revision will allow GAVI to stratify its cash pools beyond those with daily liquidity. The policy will allow GAVI to diversify sources of investment returns and improve the potential yield on its cash and short-term investments while retaining its focus on capital preservation and stable investment returns.

- Each of the proposed categories would be considered "liquid" and cash not needed within 30 days would be placed in investments with short time horizons. The distribution between operational cash and short-term investments would be dependent on accurate cash forecasting.
- The Committee reviewed key risks including credit risk, liquidity risk, duration risk, and income risk. There is also Secretariat capacity risk given the number of policy constraints that would need to be monitored.
- The Committee reviewed two investment managers that the Secretariat would hire should the Board approve the new policy. The Committee noted the quality of the managers and the Secretariat's intention to hire them should the Board approve the new Cash and Short-Term Investment Policy.
- Given the discussion surrounding a potential change to the asset allocation, the Chair thought it was prudent to ensure GAVI's donors were comfortable

with this policy as well. Abigail Robinson, Committee member, acknowledged the UK's comfort with the proposed policy and that all of the government donors had had an opportunity to comment on the policy during the week leading up to the meeting.

- The inclusion of commercial paper in the cash investment options might be unnecessary. The Secretariat agreed to reconsider this option and to circulate a new version of the policy by email for the Committee's recommendation.

There being 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
- Abigail Robinson

Secretariat

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

Guests

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