

Gavi Alliance Investment Committee Meeting

12 May 2022

Teleconference

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 12 May 2022. Afsaneh Beschloss, Investment Committee Chair, chaired the meeting.
- 1.2 Standing declarations of interest were tabled to the Committee (Doc 01a). Naguib Kheraj requested an amendment to his Declaration of Interests.
- 1.3 The Committee noted its forward work plan (Doc 01b).

2. CEO update

- 2.1 Seth Berkley, CEO, reported the Gavi Board recently met in person for the first time in two years to discuss progress against strategy priorities and Gavi's role in pandemic preparedness. He thanked the attending Committee members and noted the Gavi Alliance is assessing lessons learned from the COVID-19 pandemic to ensure equitable access to vaccines is a priority in future pandemic response. It was noted that the Board agreed to continue focusing on integrating COVID-19 and routine immunisation workstreams.
- 2.2 He highlighted the outcomes of the Break COVID Now Summit noting the event resulted in US\$ 4.8 billion in new financial commitments for the COVAX Advance Market Commitment. These commitments have enabled the launch of the Pandemic Vaccine Pool to support future procurement of COVID-19 vaccines.
- 2.3 Finally, Dr Berkley commented that in relation to the Russia's invasion of Ukraine, the Committee should note that Gavi has provided longstanding assistance to Ukraine for routine immunisation and delivered over eight million doses of COVID-19 vaccines via COVAX. He further noted that Gavi and its Alliance partners are calling for the protection of civilians and facilities, humanitarian access for partners on the ground and a peaceful resolution to the conflict.

3. Private Investments Governance and Considerations

3a Internal Governance

- 3a.1 The Chair introduced this topic reminding the Committee that it agreed in February 2022 to add private assets into Gavi's recommended asset allocation. She noted the Committee should discuss how to build up capacity to ensure staffing resources, governance and implementation considerations are structured well for Gavi to effectively execute on the asset allocation mix.
- 3a.2 She commented on the importance of clearly defining roles and responsibilities of the Committee, the Gavi Secretariat and the investment consultant in the private equity programme and invited Committee members to comment.

Discussion

- The Committee noted its recommended approach is to proceed cautiously in recognition of current market conditions, and to structure a private investments programme that fits best to Gavi's available expertise and resource.
- In response to a question from a Committee member about cash management, the Secretariat clarified that cash disbursement is a key consideration in addition to maintaining flexibility to meet Gavi funding needs.
- The Committee requested to see a cash flow forecast inclusive of COVAX and noted it would be helpful to see updated financial forecasts to ensure investments are being handled well in the context of the current market environment. The Secretariat agreed to share a current financial forecast with the Committee.
- The Committee asked the Secretariat to revert on recommended components of long-term investment and flexible cash assets to help determine appropriate levels of risk and liquidity in Gavi's private investment programme. The Committee advised defining the private equity programme structure and strategy first, and then identifying potential managers.
- In response to a question from the Chair on resource capacity, the Secretariat responded that sourcing, manager selection and due diligence would be conducted primarily by the investment consultant. It was noted that the Committee would evaluate and approve proposed managers.
- The Chair encouraged the Secretariat to leverage Gavi's reputation and network to access top performing managers. The Secretariat agreed to engage the investment consultant in developing a short list of aspirational options for the Committee's consideration at its next meeting.

3b Governance Framework

- 3b.1 Sebastian Grzejka, Senior Consultant, NEPC, discussed market implications, private equity programme structure and proposed benchmarks.

- 3b.2 Jeanne Shen, Chief Investments Officer, noted the Secretariat recommends consistency in decision making processes across private investments and all other investments.

Discussion

- The Committee requested additional information on prospective managers in NEPC's pipeline modelling, including capital call, cash flow commitments, track records and where the fund sits in the company. NEPC agreed to provide this information to the Committee.
- In response to a question from the Chair on roles of the Committee, Secretariat and the investment consultant in sourcing funds and strategies, NEPC responded that the best approach is for suggestions to come from all parties.
- The Chair requested to see a written document outlining roles and responsibilities of the Committee, investment consultant and Secretariat in due diligence activities, manager recommendations, pipeline development and other areas of programme implementation. The Secretariat agreed to revert further on these aspects of private equity implementation at the 9 September 2022 meeting.
- The Committee supported the private equity and real estate benchmarking recommendations as presented by NEPC. The Committee agreed to discuss asset allocation targets at a subsequent meeting.

4. Investment Policies Review

- 4.1 Ms Jeanne Shen, Chief Investment Officer, discussed proposed updates to the Gavi Investment Policy and Asset Allocation Statement. She also highlighted proposed amendments to the investment committee charter which the Governance Committee will consider.
- 4.2 Ms Shen noted proposed amendments to the investment policies are designed to align the policies with the updated asset allocation framework approved by the Committee in February. She noted proposed amendments remove the use of money market funds as the Gavi Board approved corporate treasury policies in December 2021 which include parameters on the use of money market funds in the short-term portfolio.

Discussion

- The Committee suggested retaining money market funds in the investment policy and making their use subject to the Treasury Management policies. The Secretariat agreed to revise the draft investment policy and send it to the Committee for review and approval by unanimous consent.

5. Investment portfolio review

- 5.1 Ms Jeanne Shen, Chief Investment Officer, noted April performance data is not yet available and given current market conditions, the Committee can expect it will have been a challenging month for the portfolio.
- 5.2 It was noted that due to time constraints, the Secretariat will seek the Committee's guidance on manager on watch criteria at the 9 September 2022 meeting.

Discussion

- The Chair requested investment portfolio updates to the Committee on a regular basis outside of the regular meeting schedule.
- In response to a question from the Chair on current priorities, NEPC responded its focus is on repositioning the portfolio to align with the asset allocation approved by the Committee in February. NEPC commented there are no other matters to note to the Committee at this time.
- A Committee member commented on recent market changes and expressed disappointment with the performance of a few managers. It was noted that the portfolio has performed well in the right market conditions and the Committee should consider repositioning investment strategies to ensure the portfolio is positioned well to withstand increased market volatility. The Committee advised reviewing current exposures and manager capacity to handle market volatility and requested a discussion on the forward outlook of investment strategies in the long-term portfolio.

6. Any other business and review of decisions

- 6.1 After confirming there was no other business, the meeting was brought to a close.

Ms Melissa Wolfe
Secretary to the Meeting

Attachment A

Participants

Committee Members

- Afsaneh Beschloss, Chair
- Naguib Kheraj
- Kwaku Agyeman Manu
- Yibing Wu

Regrets

- Margaret (Peggy) Hamburg

Observers

- Stella Villares
- Stephen Zinser

Secretariat

- Seth Berkley (Items 1-3a)
- Assietou Diouf
- Brenda Killen
- Helen Liu
- Sandra Gonzalez Nederstigt
- Claire-Lise Pellaton
- Jeanne Shen
- Kimberly Villa
- Melissa Wolfe

Guests

- Sebastian Grzejka (NEPC) - (Items 3b-6)
- Kristin Reynolds (NEPC) -(Items 3b-6)
- Dulari Pancholi (NEPC) - (Items 3b-6)
- Marisol Reyes (NEPC) – (Items 3b-6)