

Gavi Alliance Investment Committee Meeting

18 February 2015

Teleconference

1. Chair's report

- 1.1 Finding a quorum of members present, the meeting commenced at 16.00 Geneva time on 18 February 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). Ross Leach announced he will be leaving DFID and that the person taking on his role would likely be forwarded to the Governance Committee for consideration to join the Investment Committee.
- 1.3 The Committee reviewed the minutes of its meeting on 12 November 2014 (Doc 1b). It also reviewed 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 12 November 2014.

2. Manager presentation - Latigo

- 2.1 David Ford and David Sabath from Latigo Partners delivered an informational report on its strategy and opportunity profile (Doc 2). At the report's conclusion, the Latigo 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, and key characteristics of each portfolio exposure (Doc 3).

- 3.2 The Secretariat did not advocate any major shifts to the portfolio so long as the the Committee's appetite for risk remained constant. Instead, the investment staff was focused on making changes with exposures to amply diversification benefits. The Committee discussed the asset allocation ranges and agreed that the current ranges were appropriate. However, it also agreed that the overall number of investment managers should be limited to be sure the investment staff would have sufficient space to perform ongoing due diligence.
- 3.3 The Committee discussed the portfolio's equity exposure including the quality of the current managers. Overall, the Committee was comfortable with the managers retained though agreed to keep one of them under watch due to performance.
- 3.4 The Committee acknowledged the Secretariat's intention to terminate one of the fixed income managers and reallocate those funds to other managers. The Committee also discussed prospective managers, noting that potential investments with these firms were not imminent.
- 3.5 It was no longer anticipated that the Secretariat would need to draw down the long term portfolio. The Secretariat would be able to take a firmer view on this by the end of March.

SRI Policy

- 3.6 The Secretariat initiated a discussion on the Socially Responsible Investment (SRI) Policy and whether it should evolve from simply restricting investments in entities with certain attributes averse to Gavi's mission to more comprehensive consideration of environmental, social, and governance qualities.
- 3.7 The Committee agreed that the current negative screening focus was satisfactory given the portfolio's construction and staff constraints. However, it wanted to make sure the Committee and Secretariat had sufficient transparency into the investments each of the managers make. It also wanted to embed into the SRI Policy that investment staff would inform prospective managers of Gavi's negative screens and that managers would be evaluated partly on their compliance with them. The Committee agreed to approve this enhancement to the Policy by unanimous email consent.

Investment consultant RFP

- 3.8 Representatives from Angeles Investment Advisors were not present for the following discussion.
- 3.9 The Secretariat reviewed proposals by nine potential investment consultants, including the current provider. The Secretariat short listed a number of firms based on its assessment of service, use of technology, research capabilities, and proposed fees.

- 3.10 The Committee discussed the short listed firms and agreed on those that would be advanced to the next round of consideration.

Review of donor agreements

- 3.11 The Secretariat reminded the Committee that sovereign donor funds had not historically been allocated to the long term portfolio. It had been questioned whether the existing donor agreements affirmatively disallowed this and, after review by the Secretariat's legal team, it had been determined that they did not (except in two specific cases). It was noted that Ross Leach had been updated during this review.
- 3.12 The Committee agreed that the analysis should be shared with the broader Secretariat and that sovereign donor money should not be invested in the long term portfolio without wider consultation and buy-in.

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

- Stephen Zinser, Chair
- Wayne Berson
- Ross Leach

Secretariat

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

Guests

- Amy Chen, Adviser to the Committee
- David Ford, Co-Founder, Latigo (Item 2 only)
- Shana Mulkerin, Angeles Investment Advisors
- Michael Rosen, Angeles Investment Advisors
- David Sabath, Co-Founder, Latigo (Item 2 only)
- George W. Wellde, Jr, Adviser to the Committee