GAVI Alliance Investment Committee Meeting
28 March 2012
New York, NY USA

FINAL MINUTES

1. Chair’s report

1.1 Finding a quorum of members present, the meeting commenced at 8.42 New York time on 28 March 2012. George W. Welde, Jr, Investment Committee Chair, chaired the meeting.

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

1.3 The Committee reviewed the minutes of its meeting on 21 September 2011 (Doc 1b), noting the discussion on the security control agreement that backs a vaccine procurement deal with UNICEF and its implications on GAVI’s ability to optimally invest funds. The Chair reported productive conversations with UNICEF on this matter.

1.4 The Committee reviewed its action sheet (Doc 1c) and forward workplan (Doc 1d).

Decision One

The GAVI Alliance Investment Committee:

- **Approved** the minutes of its meeting on 21 September 2011.

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2. Portfolio overview

2.1 Jeanne Shen, Chief Investment Officer, provided an overview of the portfolio, highlighting 2011 sector returns; portfolio returns; peer comparisons of net returns; asset class allocation; the cash and short-term portfolio performance; and long-term portfolio sector allocation, credit quality, and liquidity (Doc 2). In addition, she reviewed the Secretariat’s outlook for inflation levels and its strategies for addressing inflation risk. Finally, she reviewed the accounting implications of certain asset classes and reported the results of the latest Socially Responsible Investing (SRI) screening.

*Discussion*
The Committee discussed the level of non-US Dollar currency holdings, noting that though the bulk of GAVI’s spending is in US Dollars (and some administrative expenses are in Swiss Francs), certain new procurement obligations are in Euros. As a result, the Secretariat holds some funds received in Euros which it needs for future Euro expenditures, as a natural hedge against the foreign currency risk.

The Committee also noted that the credit quality of the bank holding foreign currency deposits in Euros and Pounds sterling had fallen below the minimum credit quality level required under the Investment Policy agreed by the Board in Dhaka. Though the credit quality of this institution is still high, the Secretariat was considering new institutions to which to move these funds.

3. Portfolio transition

3.1 Jeanne Shen reported the transition plan to reallocate the portfolio in accordance with the new Investment Policy (Doc 3). She recommended one additional manager for the inflation hedge asset class allocation. She also informed the Committee that the Secretariat is focused on the introduction of equities and opportunistic strategies, noting that a key consideration is staff capacity for due diligence and risk monitoring. With respect to equities, the Secretariat will initiate the allocation via passive strategies. All in all, the overall transition plan will require twelve to eighteen months to implement.

Discussion

- The Committee noted the timelines for making investments in specific asset classes and progress to date, along with the Secretariat’s intention to add the new manager.
- The Committee also discussed how the reallocation would occur, and the impact that the UNICEF lien on certain parts of the investment portfolio (see paragraph 1.3) would have on the reallocation.

4. Manager report - BlackRock

4.1 Rick Arney, Head of BlackRock Alternative Investments Strategy Group delivered an informational report on alternative investment approaches and trends (Doc #4). He discussed investment criteria, strategies in the marketplace, and the rationale underlying those approaches.

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
- Dwight Bush
- Paul Fife

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

Guests
- Rick Arney, BlackRock (Item 4 only)
- Curtis Johnson, BlackRock (Item 4 only)
- Shana Mulkerin, Angeles Investment Advisors
- Michael Rosen, Angeles Investment Advisors