GAVI Alliance Investment Committee Meeting
24 May 2012
Teleconference

FINAL MINUTES

1. Chair’s report

1.1 Finding a quorum of members present, the meeting commenced at 9.03 Washington time 24 May 2012. George W. Wellde, Jr, Investment Committee Chair, chaired the meeting.

1.2 Standing declarations of interest were tabled to the Committee (Doc 1a in the Committee pack). The Committee reviewed the minutes of its meeting on 28 March 2012 (Doc 1b), noting they had been approved on 1 May 2012. The Committee also reviewed its action sheet (Doc 1c) and forward workplan (Doc 1d).

2. Portfolio overview

2.1 Jeanne Shen, Chief Investment Officer, highlighted selected matters in the general capital markets environment and provided an overview of GAVI’s portfolio (Doc 2).

2.2 Specifically, she commented on the credit quality of the banking sector, and revisions under consideration by US regulators to regulations of money market funds. She described how GAVI and other potentially affected organisations may have to adjust to these factors.

2.3 With regard to the portfolio, she reviewed cash, short-term, and long-term portfolio performance; peer comparisons; contribution to mission; excess returns by sector; and individual manager performance and credit quality. She also reported the total assets under management for each of the portfolio funds, and commented on one instance in which GAVI assets comprised a large portion of a particular fund’s assets under management.

2.4 Also, she updated the Committee on the transition of the portfolio to the asset allocation approved by the Board on 16-17 November 2011. Finally, she reported on the Socially Responsible Investing program, noting that the portfolio was in compliance with established thresholds. However, she commented that as GAVI added certain assets classes to the portfolio, the
SRI monitor would need to perform additional work, resulting in higher expenses.

**Discussion**

- The Committee was updated on continuing discussions with UNICEF on the nature of the financial security UNICEF requires from GAVI for long-term procurement commitments as part of GAVI’s market shaping strategy. To review, the Committee continues to understand UNICEF’s position that to enter into these arrangements, UNICEF requires upfront either cash or a lien on GAVI’s investment portfolio to cover the entire value of each commitment. While these arrangements lower the price GAVI pays for vaccine, it also hampers GAVI’s ability to adjust its asset allocation to optimise investments, reduce risk under volatile market conditions, or terminate poor performing managers without first seeking UNICEF’s permission.

- The Secretariat reported it had explored with UNICEF whether a promissory note from GAVI, without any lien on its investments, could be acceptable. UNICEF confirmed that this is not feasible within its rules. Though the Secretariat and UNICEF will continue to explore alternatives, the Committee noted that as GAVI continues to pursue long-term procurement deals as part of its market shaping strategy, an increasing portion of the investment portfolio would be further restricted when liens are required. The Committee agreed that the dialogue with UNICEF should continue and that the Chair should advise the Board accordingly.

- The Committee took note of its previous discussion and determination to retain an investment manager with a global mandate, particularly one with exposure to developing country markets. The Secretariat updated the Committee on this manager’s activities and the impact to the portfolio.

- The Committee noted the progress on the portfolio transition to new asset classes, commenting that it had been appropriately cautious, deliberate, and methodical.

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. Welld, Jr, Chair
- Paul Fife

**Regrets**
- Dwight Bush

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

**Guests**
- Michael Rosen, Angeles Investment Advisors