GAVI Alliance Investment Committee Meeting
24 July 2013
New York, NY, USA

FINAL MINUTES

1. Chair's report

1.1 Finding a quorum of members present, the meeting commenced at 8.35 New York time on 24 July 2013. 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 26 April 2013 (Doc 1b), 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 26 April 2013.

2. Investment portfolio review

2.1 Jeanne Shen, Chief Investment Officer, informed the Committee of the overall investment portfolio performance year-to-date and for the second quarter of 2013 specifically (Doc 2). She also reviewed the major asset classes in GAVI’s portfolio and reported on key macro risks; asset allocation; returns; manager allocation; peer comparisons; credit quality; and contribution to mission.

Discussion

- The Committee noted that the two newest asset classes to the portfolio are at or very close to their permitted targets in the Investment Policy Statement of 15% each. The Committee also noted it will continue to report from time to time to the Board on changes to the asset allocation, investments goals and objectives, consistent with its Board-approved Charter.
Following discussions at the last Board meeting, the Committee discussed inviting other Board members to join the Committee, which would provide additional breadth in membership of the Committee.

Jeanne Shen highlighted the negative contribution from certain asset classes which resulted in a mostly negative return year-to-date through June. The Committee agreed that recent negative performance must be viewed against a background of several years of positive performance. Given this, other Board members will need to be properly briefed as to the long-term context and philosophy behind the portfolio’s construction.

Michael Rosen with Angeles Investment Advisors reported that because the Investment Committee decided to move to a more diversified portfolio a year and a half ago, the portfolio performed relatively better than it would have under the former portfolio, which had a higher allocation to assets traditionally viewed as more conservative. Jeanne Shen emphasised that, according to the latest estimates available, the year-to-date return rate is positive. Also she reported that the long-term portfolio’s real return has met the real return (after inflation) expectations over the past 5 years.

The Committee encouraged the Secretariat to continue to diversify the current portfolio. The Committee also noted that the credit quality on a particular asset class was below the level required by one notch, but that it would be cured as the Secretariat re-balances the portfolio.

The Committee questioned the traditional benchmarks currently used by several managers. While the benchmarks are widely used in the investment management industry, their underlying composition may compromise manager performance. The Secretariat is currently exploring other managers who have the ability to exercise less constrained mandates, and will continue to monitor the effects of traditional benchmarks on the portfolio.

The Committee conferred on one investment manager that the Secretariat had put on watch and its potential impact on the portfolio. After discussion, the Committee noted that the Secretariat will continue to monitor the manager and reduce the assets allocated to it.

The Committee requested that the Secretariat provide advice on simplifying the asset allocation, and that it review how comparable organisations manage their asset allocations.

3. Manager presentation – Western Asset

3.1 Kenneth Leech from Western Asset delivered an informational report on an investment strategy reviewed by the Secretariat, the firm’s investment process and organisational structure. (Doc 3).
Discussion

- The Committee underlined the importance of reviewing benchmarking and asset allocation in GAVI’s investment strategy as well as opportunistic strategies. Michael Rosen asked Mr Leech’s view on the best opportunities in global fixed income. The Committee noted the similarities between the Western Asset strategies and its opportunistic strategies.

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4. Review of decisions

4.1 Alexandra Laheurte Sloyka from the Secretariat governance team was asked to serve as secretary of the meeting. She reviewed and agreed the decision language with the Committee.

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After determining there was no further business, the meeting was brought to a close.

Ms Alexandra Laheurte Sloyka
Secretary of the Meeting
## Attachment A

### Participants

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<thead>
<tr>
<th>Committee Members</th>
<th>Secretariat</th>
<th>Guests</th>
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<tbody>
<tr>
<td>George W. Wellde, Jr, Chair</td>
<td>Edmund Fudzie</td>
<td>Michael Rosen, Angeles</td>
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<tr>
<td>Dwight Bush</td>
<td>Matthew Hallam</td>
<td>S. Kenneth Leech, Western Asset (Item 3 only)</td>
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<tr>
<td>Ashutosh Garg</td>
<td>Alexandra Laheurte Sloyka</td>
<td>Joseph A. Filicetti, Western Asset (Item 3 only)</td>
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<td></td>
<td>Jeanne Shen</td>
<td>Susan R. Signori, Western Asset (Item 3 only)</td>
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