GAVI Alliance Investment Committee Meeting
15 October 2013
New York, NY, USA

FINAL MINUTES

1. Chair's report

1.1 Finding a quorum of members present, the meeting commenced at 8.30 New York time on 15 October 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); there were no additional conflicts declared. The Committee noted the minutes of its meeting on 24 July 2013 (Doc 1b), which it approved by no-objection on 9 September 2013.

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

2. Investment portfolio review

2.1 Jeanne Shen, Chief Investment Officer, informed the Committee of the overall investment portfolio performance through August 2013 along with preliminary September results (Doc 2). She reviewed the major asset classes of the portfolio, including performance to benchmarks, exposures, and risks. She noted the Secretariat’s execution of two new investments since the July meeting, both of which the Committee had previously reviewed. She also reviewed the results of the Secretariat’s internal review of its risk management and due diligence practices for investment managers.

2.2 Jeanne Shen proposed an alternative asset allocation framework to simplify how GAVI manages and monitors the long-term portfolio. Along with aligning GAVI with a general institutional trend in simplifying portfolio management, she noted that the framework would provide ranges for the proposed asset allocations that, while proving a clear boundary within which to operate under the Committee’s oversight, would also allow the Secretariat to move more rapidly to protect the portfolio from downside risk and to source investment opportunities as they became available.

2.3 After consulting with institutional peers, Jeanne Shen also recommended separating the Investment Policy Statement, which currently includes the
asset allocation, into two documents: the principal Investment Policy Statement and the subordinate asset allocation strategy document. In the course of outreach to other institutional investors, several confirmed they maintained separate documents to streamline their administrative procedures and to preserve the Investment Policy Statement as a higher-level framing device.

Discussion

• The Committee welcomed the separation of the asset allocation from the Investment Policy Statement. It noted that embedding the asset allocation in the Policy had led to onerous amendment procedures and could have ironically led to requiring the Secretariat to put additional money into underperforming asset categories simply to remain within the Policy-mandated ranges. A more flexible asset allocation strategy, under the Committee’s oversight, will allow the Secretariat to scale back underperforming categories should circumstances warrant.

• The Committee also welcomed a move away from heavy emphasis on fixed income exposure. While “safe” from a credit point of view, these investments have significant interest rate sensitivity. Committee members noted the Chair’s efforts over the past several years to explain to the Board that fixed income investments are not “safe” on a real basis and that assets under management are better protected through diversification.

• The Committee discussed appropriate ranges for the new asset allocation. After providing input, they asked Jeanne Shen, in consultation with Michael Rosen of Angeles, to propose some ranges to the Committee for additional feedback.

• The Committee asked for an update on the assets subject to the UNICEF lien and in the procurement account. The Secretariat noted that there were internal control issues with the asset management side of the bank holding the procurement account but GAVI was restricted from unilaterally reducing balances in that account. To compensate, the Secretariat was seeking ways to reduce other exposures to that bank as a prudent measure. It would inform the Committee in due course on a course of action.

• The Chair noted that he had continued to vet candidates to join the Committee as an advisor. So far the Committee had not found the right fit of qualifications, time, and interest, but would continue to look.

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. Welde, Jr, Chair
- Dwight Bush
- Ashutosh Garg

Other Board members present
- Seth Berkley (non-voting)

Secretariat
- Matthew Hallam
- Kevin A. Klock
- Alexandra Laheurte Sloyka
- Jeanne Shen

Guests
- Shana Mulkerin, Angeles
- Michael Rosen, Angeles