INVESTMENT COMMITTEE CHAIR REPORT

BOARD MEETING
George W. Wellde, Jr.
10-11 December 2014, Geneva
# ASSETS BY TIME HORIZON

<table>
<thead>
<tr>
<th></th>
<th>SHORT TERM</th>
<th>INTERMEDIATE</th>
<th>LONG TERM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance Market Commitments(^1) (AMC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IFFIm Pledges(^1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term portfolio(^2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term portfolio(^2) (direct donor pledges and cash)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Assets managed by the World Bank Group.  
(2) Assets have oversight from the Gavi Investment Committee.  
Short-term portfolio includes UNICEF Procurement Account.
TOTAL PORTFOLIO ($2.75 Billion)

- **Short-term portfolio**: 67% ($1.83 Billion)
  - Cash & Short-term: $620 M
  - Procurement: $1.21 B

- **Long-term portfolio**: 33% ($917 Million)
  - Fixed Income: 23%
  - Equity: 9%
  - Tactical: 22%

Data as of 31 October 2014
LONG-TERM PORTFOLIO EXPOSURES: CURRENT ALLOCATION AND RANGES

**Fixed Income:** capital preservation, income

50% 67% 80%

**Equity:** growth, inflation hedge (moderate)

15% 27% 35%

**Tactical:** less correlated assets lacking the typical characteristics of FI or Equity

5% 6% 15%

Data as of 31 October 2014
LONG-TERM PORTFOLIO EVOLUTION

(1) Conservative, US centric, short-term fixed income

(2) Launch of IFFIm extended investment horizon; added inflation hedge assets

(3) Added growth-oriented assets such as equities

(4) Further diversification into international assets

Board meeting 10-11 December 2014
“The market can stay irrational longer than you can stay solvent.”

- John Maynard Keynes, economist
Government as well as the broad fixed income markets have low yields but cannot remain low forever. Rising yields will result in losses (e.g., 2013).

Data as of 30 November 2014
Source: Bloomberg
POLICY CHOICES: IMPACT ON THE EQUITY MARKETS

Asia: first to recover

US: strong recovery, above pre-crisis levels

Europe: still depressed relative to pre-crisis levels

Index Returns

Source: Bloomberg

Board meeting
10-11 December 2014
POLICY CHOICES AND COMMODITY PRICES

**Eurozone & UK**: monetary policy lags US, deflation risk

**Canada, Nigeria, Norway, Russia**: declining commodity prices (especially oil) have negatively impacted their currencies

Source: Bloomberg
2015: LOOKING AHEAD

Review global themes and asset allocation in the long-term portfolio

Continue to conduct rigorous due diligence on existing and prospective managers

Conduct competitive review of strategic adviser role (9 bids)

Update Socially Responsible Investment Policy
THANK YOU