

Document: EB 2021/134/R.63  
Date: 8 November 2021  
Distribution: Public  
Original: English

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Investing in rural people

## Report on IFAD's Investment Portfolio for the Third Quarter of 2021

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Executive Board — 134<sup>th</sup> Session  
Rome, 13-16 December 2021

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For: **Information**

## Executive summary

1. During the third quarter of 2021, the net rate of return on IFAD's investment portfolio was 0.10 per cent with a positive net investment income of US\$0.34 million.
2. However, the value of the investment portfolio in United States dollar terms decreased by US\$122.4 million from US\$1.475 billion as at 30 June 2021 to US\$1.353 billion as at 30 September 2021. The main factors underlying this decrease were net outflows of US\$115.9 million and, to a lesser extent, negative foreign exchange movements in the amount of US\$6.8 million.
3. With respect to risk metrics, the portfolio's conditional value at risk (CVaR) decreased from 0.40 per cent to 0.37 per cent in the third quarter of 2021,<sup>1</sup> remaining within the 3 per cent risk tolerance level prescribed by the Investment Policy Statement (IPS).<sup>2</sup> Other relevant portfolio risk levels at the end of the third quarter of 2021 are shown below:
  - Portfolio duration levels decreased from 0.35 years to 0.30 years; and
  - Fixed-income investments were fully allocated in high investment-grade instruments rated at A- and above.
4. Overall, the risk management of the investment portfolio showed no breaches of risk tolerance levels.

Table 1

**Key portfolio changes during the third quarter of 2021**

	<i>Third quarter 2021</i>	<i>Second quarter 2021</i>
Portfolio size (thousands of US\$)	1 353 030	1 475 457
Net investment income (thousands of US\$)	341	862
Net rate of return (%)	0.10	0.06
Duration	0.30	0.35
CVaR historical one-year (%)	0.37	0.40

<sup>1</sup> The CVaR for IFAD's liquidity portfolio is computed as one-year CVaR at 95 per cent confidence level as defined in the IPS and the investment guidelines. During the second quarter of 2021, as part of the due diligence performed by the Treasury Services Division, the custodian computations for CVaR and risk metrics were reviewed. Crucially, the review concluded that the methodology and assumptions applied by the custodian did not fully reflect the real risk for IFAD's investment portfolio. Hence, as of the second quarter of 2021, the figures reported in this report are retrieved from the Bloomberg PORT solution, a well-known and widely used risk metrics tool.

<sup>2</sup> The new tranches of the investment portfolio established by the IPS replace the operational cash, global liquidity, and asset and liability portfolios. See document EB 2020/131(R)/R.24.

# Report on IFAD's Investment Portfolio for the Third Quarter of 2021

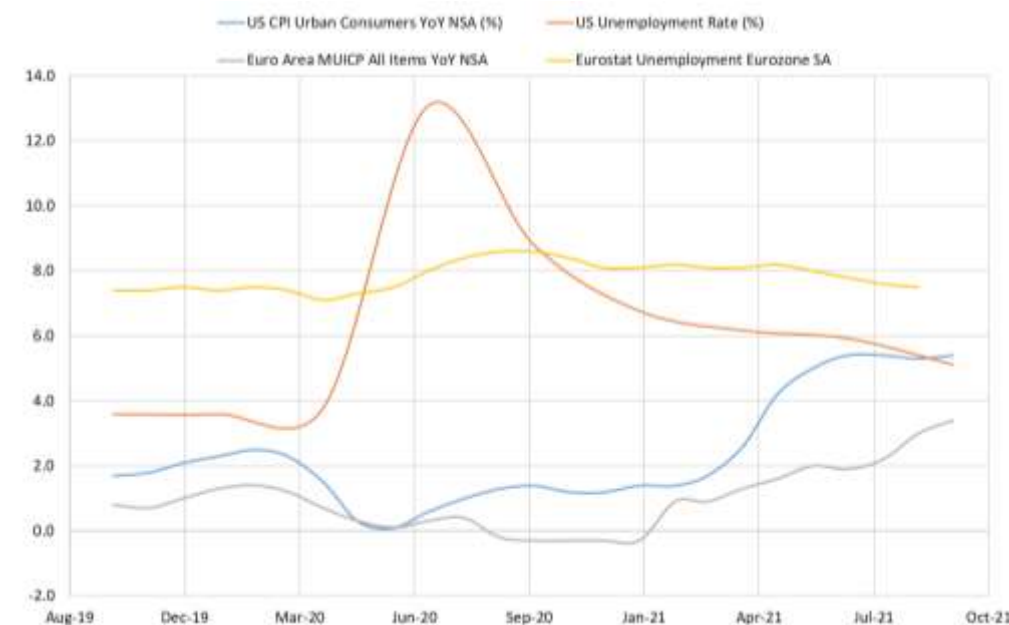
## I. Market conditions

1. During the third quarter of 2021, a growing list of concerns emerged. They included concerns over a slowing global economy, central banks moving towards tightening policy positions, uncertainty around the United States debt ceiling and the prospect of higher taxes. There were also ongoing global supply chain bottlenecks and rising inflationary pressures, the developing energy crisis in Europe and China, and negative investor sentiment over systemic financial system risks stemming from the potential collapse of Chinese property developer Evergrande.
2. On the monetary policy front, both the United States Federal Reserve and the Bank of England paved the way for higher interest rates with their latest guidance on asset purchases and rate projections at the central banks' September meeting. In contrast, the European Central Bank provided indications that rates are unlikely to rise anytime soon.
3. Overall, United States and European government yields remained unchanged for the quarter, with an initial decline reversed in September amid a hawkish shift from central banks and continuing inflationary pressure.
4. Emerging market government bond yields rose, particularly in September, although emerging market corporate bonds made a small positive return. Emerging market currencies broadly fell against the United States dollar.

Figure 1  
Generic government rates



Figure 2  
**Economic indicators: inflation versus unemployment**



## II. Portfolio objectives

### A. Portfolio tranches

5. As indicated in the Investment Policy Statement (IPS), the IFAD investment portfolio is split into tranches reflecting their respective objectives, as follows:<sup>3</sup>
  - **Transaction tranche.** Facilitates near-term payments for IFAD’s operations or administrative expenditures, to guarantee that sufficient cash and cash equivalents are available to meet immediate payment obligations.
  - **Liquidity tranche.** Replenishes the transaction tranche as and when necessary and receives excess cash from the transaction tranche. It guarantees that sufficient instruments that can easily be translated into cash are on hand. Together with the transaction tranche, it ensures that expected and unforeseen short-term liquidity requirements are met.
  - **Investment tranche.** Funds not needed in the short term and assumed to be disbursed over the medium term. This tranche allows IFAD to prudently optimize the total expected returns on its investments. The tranche is made up of two subportfolios: the investment tranche in euros and the investment tranche in United States dollars.
6. The net asset value of the portfolio by asset allocation in the above tranches is presented in table 6b in section VI below.

### B. Environmental, social and governance principles

7. As a responsible investor, IFAD ensures that the investment portfolio comprises securities where the issuer, at a minimum, meets certain standards in the areas of human rights, labour, environment and anticorruption. Accordingly, IFAD adheres to the Ten Principles of the United Nations Global Compact (UNGC), meaning that only investments that comply with the UNGC principles are considered eligible for investment.
8. Investments are screened by IFAD in accordance with the UNGC principles to exclude the following types of securities:
  - (a) Securities issued by entities involved in unethical products or services,

<sup>3</sup> See IPS, section V on asset allocation and tranching of portfolio.

including, but not limited to, outlawed and controversial weapons, arms, coal extraction, coal-fired power generation, tobacco, alcohol and gambling; and

(b) Securities that are included in the United Nations list of sanctioned countries.

9. As at 30 September 2021, IFAD's investment portfolio was fully compliant with the aforementioned environmental, social and governance principles.

### III. Portfolio allocation

10. During the third quarter of 2021, the value of the investment portfolio in United States dollar terms decreased by US\$122.4 million with net outflows from the investment tranche in euros being the largest contributor to the decrease. The outflows from the investment tranche in euros were primarily intended to ensure compliance with the newly implemented minimum required size for the transaction and liquidity tranches while at the same time reallocating funds to reduce the haircut on the liquidity portfolio.

Table 1

#### Movements affecting IFAD's investment portfolio in the third quarter of 2021

(Thousands of United States dollars equivalent)

	<i>Transaction and liquidity tranches<sup>a</sup></i>	<i>Investment tranche in US\$<sup>b</sup></i>	<i>Investment tranche in EUR<sup>c</sup></i>	<i>Other<sup>d</sup></i>	<i>Total</i>
<b>Opening balance (30 June 2021)</b>	<b>244 340</b>	<b>480 492</b>	<b>750 579</b>	<b>46</b>	<b>1 475 457</b>
Net investment income	(177)	353	166	(1)	341
Net flows <sup>e</sup>	60 855	21 082	(198 493)	628	(115 928)
Foreign exchange movements	7 343	-	(13 556)	(627)	(6 840)
<b>Closing balance (30 September 2021)</b>	<b>312 362</b>	<b>501 927</b>	<b>538 696</b>	<b>46</b>	<b>1 353 030</b>

<sup>a</sup> The transaction tranche comprises cash held mainly in commercial banks. The liquidity tranche comprises cash held in central banks and the Bank for International Settlements (formerly the operational cash portfolio).

<sup>b</sup> The investment tranche in United States dollars replaces the former global liquidity portfolio.

<sup>c</sup> The investment tranche in euros replaces the former asset and liability portfolio.

<sup>d</sup> Residual cash positions of portfolios closed in 2019 and cash held in Chinese renminbi.

<sup>e</sup> Net flows consisting of outflows in respect of disbursements of loans and grants and administrative expenses, and inflows from loan reflows and encashment of Member State contributions.

### IV. Investment income

11. Gross investment income for the third quarter of 2021 amounted to positive US\$0.46 million, with net investment income including all investment-related fees totalling positive US\$0.34 million. Table 2 presents a summary of third quarter 2021 investment income broken down by portfolio.

Table 2

#### Breakdown of IFAD's investment income by portfolio for the third quarter of 2021

(Thousands of United States dollars equivalent)

	<i>Transaction and Liquidity Tranches</i>	<i>Investment Tranche in US\$</i>	<i>Investment Tranche in EUR</i>	<i>Other</i>	<i>Total</i>
Interest and coupon income	(144.3)	888.7	98.8	0.0	843.2
Realized market gains/(losses)	1.3	29.9	346.7	0.0	377.9
Unrealized market gains/(losses)	0.0	(526.1)	(230.7)	0.0	(756.8)
<b>Investment income before fees</b>	<b>(143.0)</b>	<b>392.4</b>	<b>214.8</b>	<b>0.0</b>	<b>464.2</b>
Investment manager fees	0.0	0.0	0.0	0.0	0.0
Custody fees	(0.5)	(10.3)	(11.9)	(1.5)	(24.2)
Bank charges	(33.2)	0.0	0.0	0.0	(33.2)
Advisory and other investment-related fees	0.0	(29.1)	(36.8)	(0.0)	(65.9)
<b>Investment income after fees</b>	<b>(176.7)</b>	<b>353.1</b>	<b>166.1</b>	<b>(1.5)</b>	<b>341.0</b>

## V. Rate of return

12. As reported by the custodian, Northern Trust, IFAD's investment portfolio generated a gross positive return of 0.11 per cent for the third quarter of 2021, with the investment tranche in euros generating a gross positive return of 0.17 per cent, which outperformed the benchmark (ICE Bank of America [BofA] 0-1 Year AAA-AA Euro Government Index) by 0.33 per cent. Moreover, the investment tranche in United States dollars generated a gross positive return of 0.15 per cent during the same period, with an excess return of 0.12 per cent against the benchmark (ICE BofA 0-1 Year United States Treasury Index). The net rate of return for the entire investment portfolio was 0.10 per cent.<sup>4</sup>

Table 3

### Quarterly performance for 2020 and the second and third quarters of 2021

(Percentages in local currency terms)

	Quarterly performance in 2020				Quarterly performance in 2021			
	First quarter	Second quarter	Third quarter	Fourth quarter	Second quarter	Third quarter (a)	Third quarter benchmark return (b)	Difference (a) – (b)
<b>Gross returns</b>								
Transaction and liquidity tranches	0.27	0.05	0.02	0.04	(0.01)	(0.04)	n.a <sup>5</sup>	n.a
Investment tranche in US\$	0.31	0.49	0.34	0.10	(0.03)	0.15	0.03	0.12
Investment tranche in euros	(2.22)	1.37	0.77	0.33	0.16	0.17	(0.16)	0.33
<b>Gross rate of return</b>	<b>(1.01)</b>	<b>0.92</b>	<b>0.56</b>	<b>0.22</b>	<b>0.08</b>	<b>0.11</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Net returns</b>								
<b>Net rate of return</b>	<b>(1.04)</b>	<b>0.88</b>	<b>0.53</b>	<b>0.19</b>	<b>0.06</b>	<b>0.10</b>	<b>n.a.</b>	<b>n.a.</b>

Table 4

### IFAD portfolio net performance rolling average as at 30 September 2021

(Percentages in local currency terms)

	YTD	One year	Three years	Five years
Portfolio performance	0.17	0.36	0.93	0.83

13. For comparative purposes, table 5 presents annual performance during the previous four years.

Table 5

### Year to date and historical net annual performance versus benchmarks

(Percentages in local currency terms)

	YtD		2020		2019		2018	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
Transaction and liquidity tranches	(0.20)	n.a	0.10	0.10	1.31	1.31	0.88	0.88
Investment tranche in US\$	0.51	0.10	1.14	1.12	2.73	1.11	2.16	0.00
Investment tranche in EUR	0.13	(0.48)	0.13	0.16	1.22	0.17	(0.91)	0.21
Global strategic portfolio	n.a	n.a	n.a	n.a	1.93	0.62	2.22	1.02
Global government bonds	n.a	n.a	n.a	n.a	n.a	n.a	0.89	1.88
Global credit portfolio	-	-	n.a	n.a	3.65	4.72	-	0.90
Global inflation-indexed bonds	n.a	n.a	n.a	n.a	n.a	n.a	0.16	0.39
Emerging market debt bonds	n.a	n.a	n.a	n.a	n.a	n.a	(3.07)	(2.55)
<b>Gross rate of return (excluding fees)</b>	<b>0.28</b>	<b>n.a</b>	<b>0.67</b>	<b>n.a</b>	<b>2.22</b>	<b>n.a.</b>	<b>0.21</b>	<b>n.a.</b>
<b>Net rate of return (including all fees)</b>	<b>0.17</b>	<b>n.a</b>	<b>0.55</b>	<b>n.a</b>	<b>2.13</b>	<b>n.a.</b>	<b>0.09</b>	<b>n.a.</b>

<sup>4</sup> To calculate the rate of return on the investment portfolio as a whole and each of its tranches, Northern Trust applies the modified Dietz methodology, which follows market best practices. The methodology is based on a weighted calculation of cash flows and is computed in local currency.

<sup>5</sup> Whereas the transaction tranche does not have a benchmark, the liquidity tranche is benchmarked as follows: for United States dollar-denominated holdings in the liquidity tranche, the benchmark is ICE BofA 0-1 Year United States Treasury Index. For euro-denominated holdings in the liquidity tranche, the benchmark is ICE BofA 0-1 Year AAA-AA Euro Government Index. The Treasury Services Division and Northern Trust are working closely to implement the split between the transaction and liquidity tranches, which is expected to be reflected in reporting in the next updates.

## VI. Composition of the portfolio by instrument

14. Table 6a shows the composition of the investment portfolio by investment instrument – following the Standard & Poor’s asset classification - as at 30 September 2021. As shown in the table below, half the portfolio was invested in sovereigns, supranationals and agencies bonds.

Table 6a  
**Investment portfolio by instrument as at 30 September 2021**

	Actual portfolio allocation	
	Millions of US\$	Actual portfolio allocation (%)
Sovereigns/supranationals/agencies	677.9	50.1
Cash	309.7	22.9
Financial institutions	283.3	20.9
Corporates	76.8	5.7
Local governments and sovereign-sponsored securitizations	6.3	0.5
Derivatives	(1.0)	(0.1)
<b>Total</b>	<b>1 353.0</b>	<b>100.0</b>

15. Table 6b shows the net asset value of the liquidity portfolio by tranche, as a percentage and by value.

Table 6b  
**Liquidity portfolio tranches as at 30 September 2021**

Tranche	%	US\$ millions
Transaction	4.3	58.4
Liquidity	18.8	254.3
Investment	76.9	1 040.3
in EUR	39.8	538.0
in US\$	37.1	502.3
<b>Total</b>	<b>100.0</b>	<b>1 353.0</b>

## VII. Risk measurements

16. The risk budgeting measures outlined in the IPS, duration and conditional value at risk (CVaR) are reported on in subsections A and B below. The credit risk and currency risk analysis are reported in subsections C and D, respectively.

### A. Market risk: duration

17. Duration is a measure of the sensitivity of the market price of a fixed-income investment to a change in interest rates (expressed as a number of years). In general, a portfolio of securities with a lower duration can be expected to be less sensitive to interest rate changes than a portfolio with a higher duration. As at 30 September 2021, the overall portfolio duration was 0.30 years, lower than the 0.36 years reported for the previous quarter.

Table 7  
**Effective duration of IFAD’s investment portfolio and benchmarks**  
(Years)

	30 September 2021		30 June 2021	
	Portfolio	Benchmark	Portfolio	Benchmark
Investment tranche in EUR	0.44	0.50	0.52	0.50
Investment tranche in US\$	0.35	0.44	0.28	0.44
<b>Total portfolio</b> (including global strategic portfolio and operational cash)	<b>0.30</b>	<b>n.a</b>	<b>0.36</b>	<b>n.a</b>

Note: The total portfolio duration is lowered by the operational cash portfolio, which is not subject to interest rate fluctuations.

## B. Market risk: conditional value at risk

18. The CVaR is a measure of the possible percentage losses for a portfolio under extreme market conditions. The investment portfolio CVaR is stated with 95 per cent confidence over a forward-looking one-year horizon.
19. The maximum risk level for the IFAD portfolio is stated in the IPS as a CVaR of 3.0 per cent. As at 30 September 2021, the CVaR for the overall portfolio was at 0.37 per cent, in compliance with the IPS risk level and lower than the 0.40 per cent shown as at 30 June 2021.

Table 8

### CVaR of investment portfolio tranches

(95 per cent confidence level; percentages based on one-year historical simulations)

	Actual investment portfolio one-year CVaR (in %)	
	30 September 2021	30 June 2021
Investment tranche in EUR	0.19	0.47
Investment tranche in US\$	0.28	0.80
<b>Total portfolio (including cash) *</b>	<b>0.37</b>	<b>0.40</b>

\* Portfolio CVaR is lowered by the operational cash component of the portfolio, which has a CVaR equal to zero. The CVaR for the liquidity portfolio as a whole also includes correlations of all securities within the tranches.

## C. Credit risk: Credit rating analysis

20. The IPS establishes specific requirements for the placement of IFAD funds and provides guidelines for investment selection to be made in compliance with those requirements. As part of the credit risk guidelines, the IPS defines the minimum rating floor for the invested assets, which is applied through the so-called second best rating approach. By doing so, the rating that is compared to the rating floor is the second best rating assigned by Standard & Poor's, Moody's and Fitch.
21. The IPS calls for the rating floor for fixed-income securities to be at least A- (except for asset-backed securities, which should be AAA).<sup>6</sup> As shown in table 9a, and in compliance with the IPS guidelines, fixed-income investments were allocated in high investment-grade instruments, i.e. AAA, AA+/- and A+/- securities, at the end of the third quarter of 2021.

Table 9a

### Investment portfolio composition by credit rating as at 30 September 2021

(In percentages, including cash and swaps)

	Transaction and liquidity tranches	Investment tranche in US\$	Investment tranche in EUR	Total
AAA	0.0	9.4	0.9	10.3
AA+	0.0	3.8	0.0	3.8
AA	0.0	10.5	7.1	17.6
AA-	0.0	11.4	11.1	22.5
A+	0.0	2.3	12.4	14.7
A	0.0	0.0	3.4	3.4
A-	0.0	0.0	4.9	4.9
Cash	22.8	(0.3)	0.4	22.8
Swaps	0.0	0.0	(0.1)	(0.1)
<b>Total</b>	<b>22.8</b>	<b>37.1</b>	<b>40.1</b>	<b>100.0</b>

22. The IPS also requires that the share of fixed-income investments (i.e. excluding cash and swaps) in rating category AA- and above should be at least 60 per cent of

<sup>6</sup> The rating that is compared to the rating floor is the second best rating of three agencies: Standard & Poor's, Moody's or Fitch.



the total portfolio. As at 30 September 2021 this share was 70.2 per cent, as shown in table 9b.

Table 9b  
**Investment portfolio composition by credit rating as at 30 September 2021**  
(In percentages, excluding cash and swaps)

	<i>Transaction and liquidity tranches</i>	<i>Investment tranche in US\$</i>	<i>Investment tranche in EUR</i>	<i>Total</i>
AAA	0.0	12.2	1.1	13.3
AA+	0.0	4.9	0.0	4.9
AA	0.0	13.6	9.2	22.8
AA-	0.0	14.8	14.4	29.1
A+	0.0	3.0	16.1	19.1
A	0.0	0.0	4.4	4.4
A-	0.0	0.0	6.3	6.3
<b>Total</b>	<b>0.0</b>	<b>48.5</b>	<b>51.5</b>	<b>100.0</b>

#### D. Currency risk: Currency composition analysis

23. In order to protect the short-term liquidity profile from foreign currency risk fluctuations, IFAD ensures that the currency composition of projected inflows matches that of outflows over a 24-month horizon. Negative mismatches (deficits of liquidity) of any currency above 10 per cent of total outflows would require ad hoc hedging positions to reduce foreign exchange exposure below the 10 per cent threshold.
24. Projections as at the end of the third quarter of 2021 show that the Fund's currency composition is adequate to cover the 24-month projected currency outflows.

Table 10  
**Currency composition of next 24-month projected cash flows as at 30 September 2021**  
(Thousands of United States dollars equivalent)

<i>Category</i>	<i>CNY Group</i>	<i>EUR Group</i>	<i>GBP Group</i>	<i>JPY Group</i>	<i>USD Group</i>	<i>Grand total</i>
<b>Inflows</b>						
Cash	139	226 750	4 638	33	80 695	312 256
Investments	27	544 250	4	-	502 309	1 046 590
Contributions	62 144	371 683	28 611	75 245	364 947	902 630
Projected reflows	76 837	254 301	56 358	52 056	291 644	731 196
Debt drawdowns	-	71 154	-	-	956 667	1 027 821
<b>Assets total</b>	<b>139 147</b>	<b>1 468 138</b>	<b>89 612</b>	<b>127 335</b>	<b>2 196 261</b>	<b>4 020 493</b>
<b>Outflows</b>						
Projected disbursements	(64 530)	(729 796)	(47 332)	(43 719)	(1 135 965)	(2 021 341)
Projected operating expenses	-	(188 774)	-	-	(131 182)	(319 956)
Debt repayments and interests	-	(91 944)	-	-	(9 340)	(101 284)
<b>Commitments total</b>	<b>(64 530)</b>	<b>(1 010 514)</b>	<b>(47 332)</b>	<b>(43 719)</b>	<b>(1 276 487)</b>	<b>(2 442 581)</b>
<b>Current hedging</b>						
Currency forwards	-	-	-	-	-	-
<b>Hedging total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deficit</b>						
Deficit as % of commitments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

#### E. Liquidity risk: minimum liquidity requirement

25. The minimum liquidity requirement (MLR) under the current methodology was US\$639 million as at 30 September 2021.
26. The latest Liquidity Policy will form the basis of the computation of resources available for commitment for the Twelfth Replenishment of IFAD's Resources

(IFAD12).<sup>7</sup> The new MLR is a key policy anchor that indicates the level of liquidity IFAD must hold at any time to serve the next 12 months' disbursements of loans and grants, and scheduled repayments of debt, in order to ensure continuity of development operations. In addition to the revamped MLR, the new Liquidity Policy includes the target liquidity level, defined as a variable metric within a range of 80 per cent to 100 per cent of stressed cash flows over 24 months.

27. Although the new Liquidity Policy will be implemented in IFAD12, the Treasury Services Division has already started monitoring the new metrics to ensure a smooth liquidity policy transition in 2022. As at 30 September 2021, the projected new MLR for IFAD12 was US\$1,005 million, IFAD's liquidity portfolio net asset value (NAV) was US\$1,353 million and the stressed NAV was US\$1,111 million.

## VIII. External investment managers

28. External investment managers are formally appointed through an investment management agreement entered into with IFAD. The agreements outline in detail the responsibilities of the managers.
29. IFAD must ensure that appointed investment managers fulfil their mandates within the contractual obligations outlined in the relevant investment management agreement, including the investment guidelines incorporated in each agreement.
30. Although this report is primarily intended to report on IFAD's investment portfolio managed internally, it has now incorporated a dedicated section for external investment managers in other business units with the aim of updating the Executive Board on the performance and risk level of the IFAD After-Service Medical Coverage Scheme (ASMCS) Trust Fund and World Bank Reserve Advisory and Management Partnership (RAMP) investment portfolios.
31. The ASMCS Trust Fund is managed externally by Payden & Rygel, which liaises with the custodian, Northern Trust, and with the Treasury Services Division for compliance, performance and risk reporting purposes. As at 30 September 2021, the market value of the ASMCS portfolio stood at US\$96 million, US\$1.9 million less than the market value at the beginning of the third quarter. Whereas interest income generated was US\$0.32 million, the total investment loss on the portfolio during the third quarter was US\$1.49 million. The gross rate of return as reported by Payden & Rygel was -1.53 per cent (versus -1.51 per cent for the benchmark) during the third quarter and stood at -3.92 per cent (versus -3.85 per cent for the benchmark) for the year to date.<sup>8</sup> Historical value at risk at a 95 per cent confidence level stood at 2.03 per cent and effective duration at 3.42 years as at 30 September 2021, as reported by Northern Trust.

Table 11

### Historical net annual performances versus benchmarks (Percentages in local currency terms)

	2020		Five years		Since inception	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
IFAD ASMCS Trust Fund	0.30	0.20	1.74	1.33	2.04	1.87

32. As at 30 September 2021, 78.8 per cent of the portfolio was allocated in credit bonds, as shown in table 12.

<sup>7</sup> AC 2020/159/R.5.

<sup>8</sup> An IFAD customized benchmark known as the ASMCS Global Agg Custom Index.

Table 12  
**ASMCS portfolio by instrument as at 30 September 2021**

	<i>Actual portfolio allocation</i>	
	<i>Millions of US\$</i>	<i>Actual portfolio allocation (%)</i>
Credit	75.7	78.8
Government	12.6	13.2
Money markets	2.2	2.3
Cash	1.7	1.8
Quasi-sovereign	1.7	1.7
Agencies	1.6	1.7
Emerging markets	0.6	0.6
<b>Total</b>	<b>96.0</b>	<b>100.0</b>

33. Finally, the World Bank RAMP investment portfolio stood at US\$184 million as at 30 September 2021. As reported by the World Bank, the portfolio did not generate any return during September 2021 but generated 0.22 per cent of gross return for the year to date. The benchmark (ICE BofA 0-1 Year United States Treasury Index) posted a 0.01 per cent and 0.10 per cent gross rate of return for the same periods, thus the portfolio generated a positive 0.12 per cent of excess return on the year to date.
34. The historical value at risk at 95 per cent confidence level stood at 0.51 per cent and effective duration at 0.60 years as at 30 September 2021, as reported by Northern Trust.
35. The tables below show the asset allocation and risk contribution.

Table 13  
**World Bank RAMP investment portfolio by instrument as at 30 September 2021**

	<i>Millions of US\$</i>	<i>Actual portfolio allocation (%)</i>
Sovereign government	94.4	51.3
Agency	38.6	21.0
Covered bonds	26.7	14.5
Sovereign guaranteed	12.5	6.8
Supra/multilaterals	11.4	6.2
Cash and cash equivalent	0.4	0.2
<b>Total</b>	<b>184.0</b>	<b>100.0</b>

Table 14  
**World Bank RAMP investment portfolio risk contribution as at 30 September 2021**

	<i>Risk contribution</i>	
	<i>Portfolio duration (months)</i>	<i>Benchmark duration (months)</i>
US\$		
Interest rates	6.4	5.4
Spreads	3.5	-