
Report on IFAD's investment portfolio for the first semester of 2025

Document: EB 2025/145/R.34

Agenda: 15

Date: 22 August 2025

Distribution: Public

Original: English

FOR: INFORMATION

Action: The Executive Board is invited to take note of the report on IFAD's investment portfolio.

Technical questions:

Gulnara Yunusova
Director and Treasurer
Treasury Services Division
e-mail: g.yunusova@ifad.org

Sheila Codamus-Platel
Treasury Senior Officer
Treasury Services Division
e-mail: s.codamus-platel@ifad.org

Executive summary

1. In the first semester (H1) of 2025, rates were driven by heightened volatility in markets, both in the eurozone and in the United States as a response to a changing macroeconomic outlook and global geopolitical events. Central banks, including the Federal Reserve in the United States and the European Central Bank (ECB), continued to play a crucial role in shaping the fixed-income landscape. The Federal Reserve adopted a cautious approach, leaving interest rates unchanged amid ongoing uncertainty surrounding the economic outlook in the United States. The ECB, on the other hand, lowered interest rates by 100 basis points, based on the eurozone inflation outlook. Inflation varied across the globe, moderating in the United States but staying above target, while remaining subdued in Europe, prompting stimulus discussions and lower European yields due to growth concerns.
2. The spreads of United States dollar-denominated sovereigns, supranationals and agencies (SSA) generally tightened amid ongoing global economic uncertainties as the demand for high-quality assets like SSA bonds increased. The Federal Reserve's monetary policy and expectations of future rate cuts influenced investor behaviour, with many seeking to lock in yields before cuts in rates. Euro-denominated SSA bonds also experienced spread tightening, due to steady demand for high-quality assets in the eurozone and the influence of ECB policies maintaining a relatively stable interest rate environment.
3. During H1 2025, the net rate of return for IFAD's investment portfolio was positive 1.98 per cent, with a net investment income of US\$42 million.¹ Overall, the portfolio continued to outperform the benchmark. The prudential tranche in United States dollars outperformed the benchmark by 0.44 per cent (versus outperformance by 0.19 per cent in 2024); the prudential tranche in euros outperformed the benchmark by 0.31 per cent (versus outperformance by 0.21 per cent in 2024).
4. The value of the investment portfolio in United States dollar terms increased by US\$372 million, rising from US\$1.812 billion as at 31 December 2024 to US\$2.184 billion as at 30 June 2025. The main drivers for the increase were positive net flows of US\$314 million and investment income of US\$42 million (see table 2).²
5. The portfolio's conditional value at risk (CVaR) decreased from 1.19 to 1.15 per cent in H1 2025.³ The indicator remained within the risk tolerance level of 3 per cent defined in the Investment Policy Statement (IPS). Other relevant portfolio risk levels as at 30 June 2025 are shown below:
 - The portfolio duration decreased from 0.39 to 0.35 years; and
 - The fixed-income investments were fully allocated in high investment grade instruments rated A- and above (the share of AA- and above is 94.03 per cent compared to 91.44 per cent in the last reporting period); the policy requirement for investments in the AA- category is at least 60 per cent.
6. Overall, the risk management of the investment portfolio showed no breaches of risk tolerance levels as defined in the IPS.

¹ Discrepancies with accounting figures may occur due to variations in the classification of specific expenses.

² Net flows consist of outflows from disbursements of loans and grants; repayment of interest and principal of borrowing and administrative expenses; and inflows from loan reflows, borrowing drawdowns and receipt of Member States' contributions.

³ The CVaR for IFAD's liquidity portfolio is computed as one-year CVaR at a 95 per cent confidence level, as defined in the IPS and the investment guidelines. The figures reported here are retrieved from the Bloomberg PORT Solution.

Table 1a
Key portfolio changes in H1 2025

	H1 2025	Q4 2024
Portfolio size (thousands of US\$)	2 184 055	1 812 000
Net investment income (thousands of US\$)	41 571	82 909
Net rate of return (%)	1.98	4.71
Duration	0.35	0.39
CVaR, historical 1-year (%)	1.17	1.19

7. IFAD's Treasury maintained the portfolio's resilience throughout ongoing global economic uncertainties, monetary policy expectations and challenging market conditions. It achieved a net portfolio performance of 1.98 per cent. The portfolio outperformed the benchmark by benefiting from short-term yields, which remain attractive amid the cautious approach of central banks to rate cuts, and a conservative asset allocation oriented towards high-quality liquid assets within the SSA category. The impact of declining yields on existing and longer-dated portfolio positions was limited, reflecting the IFAD Treasury's short-duration strategy, which is actively managed through short-term investments and the use of interest rate swaps for duration hedging. As at 30 June 2025, IFAD's swap portfolio had a notional value of US\$1.86 billion, a mark-to-market value of US\$50 million, an average maturity of 5.5 years and value at risk of US\$203 million. While these exposures remain uncollateralized, they are actively managed through trading with highly rated counterparties. Going forward, IFAD will remain cautious about the timing of central banks' policy reversals and downside risks related to a potential global economic slowdown.

Report on IFAD's investment portfolio for the first semester of 2025

I. Market conditions

1. The Federal Reserve held rates steady amid tariff uncertainty, mixed economic signals and persistent inflation. Meanwhile, the European Central Bank cut rates four times by a total of 100 basis points (bps) and is now in wait-and-see mode. Despite higher tariffs imposed by the United States, inflation eased slightly, falling from 3 per cent in January to 2.7 per cent in June. In the eurozone, inflation fell from 2.5 to 1.9 per cent, mainly due to lower energy prices and tighter policy.
2. United States Treasury yields were volatile in the first semester (H1) of 2025, with the 10-year yield ranging between 4.0 per cent and 4.8 per cent, driven by debt concerns, trade uncertainty and inflation expectations. The yield curve flattened, with the 2-year yield falling by 52 bps to 3.72 per cent and the 10-year yield down by 34 bps to 4.23 per cent. In Europe, the German bond curve steepened: 2-year yields fell 17 bps, while 10-year yields rose 24 bps. French and Italian bonds followed similar trends.
3. The sovereigns, supranationals and agencies bond market saw strong issuance, supported by robust demand for high-quality assets amid global uncertainty. Central bank policy and economic data remained key market drivers.
4. IFAD's liquidity portfolio weathered heightened market volatility caused by trade tensions and uncertain rate paths, supported by its high-quality holdings and short duration. With continued disinflation uncertainty and elevated risk, IFAD's Treasury will maintain a defensive strategy prioritizing preserving capital over chasing returns.

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:⁴
 - **Transaction tranche.** Facilitates near-term payments for IFAD's operations and administrative expenditures to guarantee that sufficient cash and cash equivalents are available to meet immediate payment obligations.
 - **Operational tranche.** Replenishes the transaction tranche when necessary and receives excess cash from the transaction tranche. It guarantees the availability of sufficient instruments easily convertible to cash. Together with the transaction tranche, it ensures that expected and unforeseen short-term liquidity requirements are met.
 - **Prudential tranche.** Enables IFAD to prudently optimize the total expected returns on its investments. This tranche is comprised of funds not needed in the short term and assumed to be disbursed over the medium term. The tranche is made up of two subportfolios: the prudential tranche in euros (EUR) and the prudential tranche in United States dollars.
6. The net asset value of the portfolio by asset allocation in the above tranches is presented in the following table.

⁴ EB 2024/143/R.13.

Table 1b
Liquidity portfolio tranches as at 30 June 2025

Tranche	%	US\$ millions
Transaction	1.85	40.50
Operational	16.75	365.84
Prudential	81.40	1 777.72
in EUR	16.82	367.31
in US\$	64.58	1 410.41
Total	100.00	2 184.06

B. Environmental, social and governance (ESG) principles

7. As a responsible investor, IFAD's main objective is to invest in securities where the issuer, at a minimum, adheres to fundamental human rights, labour, environment and anticorruption principles. Accordingly, IFAD adheres to the Ten Principles of the United Nations Global Compact (UNGC), meaning that investments must comply with the UNGC principles to be considered eligible.
8. Consistent with the revised IPS,⁵ implementation of exclusionary criteria to be applied to investments is under way in accordance with the UNGC principles to exclude securities issued by entities involved in, but not limited to, unethical products or services, including outlawed products and services, weapons, arms, coal extraction, coal-fired power generation, tobacco, alcohol and gambling.
9. Subject to the availability of market issuance and the risk tolerance levels prescribed in the IPS, IFAD endeavours to invest in green bonds and other thematic ESG securities, including supranational, sovereign and government agency bonds, corporate bonds and asset-backed securities in the impact bond market.
10. Throughout H1 2025, all new securities acquired for IFAD's investment portfolio were fully compliant with the aforementioned ESG principles.

III. Portfolio allocation

11. During H1 2025, the value of the investment portfolio rose by US\$372 million, mainly driven by positive net flows during the period.

Table 2
Drivers of IFAD's investment portfolio in H1 2025
(Thousands of United States dollar equivalents)

	<i>Transaction and operational tranches^a</i>	<i>Prudential tranche in US\$</i>	<i>Prudential tranche in EUR</i>	<i>Total</i>
Opening balance (31 December 2024)	561.41	955.24	295.35	1 812.00
Net investment income	9.66	27.09	4.81	41.57
Net flows ^b	(167.12)	428.06	52.92	313.86
Foreign exchange movements	2.38	0.02	14.23	16.63
Closing balance (30 June 2025)	406.33	1 410.41	367.31	2 184.06

^a The transaction tranche comprises cash held mainly in commercial banks. The operational tranche comprises cash held in central banks and the Bank for International Settlements. The combined tranches represent the former operational cash portfolio.

^b Positive net flows in the first semester of the year are primarily explained by the receipt of core resources and proceeds from the issuance of three private placements.

IV. Investment income

12. Gross investment income for H1 2025 totalled US\$43.24 million, while net income – after deducting investment management, custody and advisory fees, and bank

⁵ EB 2024/143/R.13.

charges – amounted to US\$41.57 million. Table 3 provides a breakdown of investment income by portfolio, reflecting the positive impact of higher interest rates on overall returns.

Table 3

Breakdown of IFAD's investment income by portfolio in H1 2025

(Thousands of United States dollars equivalent)

	<i>Transaction and operational tranches</i>	<i>Prudential tranche in US\$</i>	<i>Prudential tranche in EUR</i>	<i>Total</i>
Interest and coupon income ^a	9 535	21 860	2 562	33 957
Realized market gains/(losses)	356	3 669	3 946	7 971
Unrealized market gains/(losses)	–	2 698	(1 383)	1 314
Investment income before fees	9 891	28 226	5 125	43 242
Investment manager fees	–	–	–	–
Custody fees	(12)	(19)	(9)	(40)
Bank charges	(95)	–	–	(95)
Advisory and other investment-related fees	(119)	(1 115)	(302)	(1 537)
Investment income after fees ^b	9 664	27 092	4 814	41 571

^a Inclusive of interest paid on derivatives.

^b Discrepancies in accounting figures may occur due to variations in the classification of specific expenses.

V. Rate of return

13. As reported by the custodian, Northern Trust, IFAD's investment portfolio generated a gross positive return of 2.06 per cent in H1 2025, with the prudential tranche in United States dollars generating a gross positive return of 2.51 per cent, outperforming the benchmark (Intercontinental Exchange (ICE) Bank of America (BoFA) 0–1 Year United States Treasury Index) by 0.44 per cent. The prudential tranche in euros generated a gross positive return of 1.53 per cent during that same period, with an excess return of 0.31 per cent against its benchmark (ICE BoFA 0-1 Year AAA-AA Euro Government Index). The net rate of return for the entire investment portfolio was positive 1.98 per cent.⁶

Table 4

Quarterly performance in 2025

(Percentages in local currency terms)

	<i>Quarterly performance in H1 2025 (year to date [YTD])</i>		<i>Gross excess return as at 30/06/2025 (YTD)</i>
	<i>First quarter</i>	<i>Second quarter</i>	
Gross rate of return			
Transaction and operational tranches	0.86	1.48	n/a
Prudential tranche in US\$	1.20	2.51	0.44
Prudential tranche in EUR	0.68	1.53	0.31
Gross rate of return	1.01	2.06	n/a
Net rate of return	0.99	1.98	n/a

Table 5

IFAD portfolio net performance rolling average as at 30 June 2025

(Percentages in local currency terms)

	<i>YTD</i>	<i>One year</i>	<i>Three years</i>	<i>Five years</i>
Portfolio performance	1.98	4.26	4.07	2.46

⁶ To calculate the rate of return on the investment portfolio as a whole and on 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.

14. For comparative purposes, table 6 presents annual performance during the previous four years.

Table 6

Historical net annual performances versus benchmarks

(Percentages in local currency terms)

	H1 2025		2024		2023		2022		2021	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
Transaction and operational tranches	1.48	n/a	4.60	-	4.48	-	0.61	-	(0.3)	-
Prudential tranche in US\$	2.51	2.07	5.25	5.19	5.35	5.05	0.80	0.68	0.59	0.06
Prudential tranche in EUR	1.53	1.22	3.59	3.53	3.14	2.61	(1.14)	(1.01)	0.09	(0.63)
Gross rate of return (excluding fees)	2.06		4.82	-	4.63	-	0.45	-	0.28	-
Net rate of return (including all fees)	1.98		4.71	-	4.53	-	0.28	-	0.16	-

VI. Composition of the portfolio by instrument

15. Table 7 shows the composition of the investment portfolio by investment instrument – following the Standard & Poor (S&P)'s asset classification – as at 30 June 2025

Table 7

Investment portfolio by instrument as at 30 June 2025

	Actual portfolio allocation	
	Millions of US\$	Actual portfolio allocation (%)
Sovereigns/supranationals/agencies	1 247.29	57.11
Cash	416.28	19.06
Financial institutions	336.94	15.43
Local governments and sovereign-sponsored securitizations	184.54	8.45
Derivatives	(1.00)	(0.05)
Total	2 184.06	100.00

Note: The share of cash held in central banks was 80.2 per cent.

VII. Risk measurements

16. The risk budgeting measures outlined in the IPS – duration and conditional value at risk (CVaR) – are reported in subsections A and B below. The credit risk and currency risk analyses 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). As at 30 June 2025, the overall portfolio duration was 0.35 years, compared to 0.39 years reported for year-end in 2024.⁷

Table 8

Effective durations of IFAD's investment portfolio and benchmarks

(Years)

	30 June 2025		31 December 2024	
	Portfolio	Benchmark	Portfolio	Benchmark
Prudential tranche in EUR	0.39	0.52	0.63	0.48
Prudential tranche in US\$	0.45	0.44	0.54	0.41
Total portfolio (including operational cash)	0.35	n/a	0.39	n/a

Note: The total portfolio duration is shortened by the operational cash portfolio, which is not subject to interest rate fluctuations. The duration of the benchmark for the overall portfolio is not shown, since the transaction tranche does not have a benchmark.

⁷ For the calculation of portfolio duration, the Bloomberg PORT Option-Adjusted Duration metric was utilized.

B. Market risk: conditional value at risk

18. The CVaR is a measure of the potential percentage losses to a portfolio under extreme market conditions. The investment portfolio CVaR is measured for one year at a 95 per cent confidence level.
19. The IPS sets the maximum risk level for the IFAD portfolio at a CVaR of 3.0 per cent. As of June 2025, the portfolio's CVaR stood at 1.15 per cent, well within the IPS limit and slightly below the 1.19 per cent reported in December 2024.

Table 9

CVaR of IFAD's investment portfolio

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

	<i>Actual investment portfolio one-year CVaR (in %)</i>	
	<i>30 June 2025</i>	<i>31 December 2024</i>
Prudential tranche in EUR	1.58	2.03
Prudential tranche in US\$	1.53	1.82
Total portfolio (including cash)	1.15	1.19

Note: Portfolio CVaR is lowered by the operational cash component of the portfolio, which has a CVaR equal to zero. The CVaR for IFAD's liquidity portfolio as a whole also includes the correlations of all securities in the tranches.

C. Credit risk: credit rating analysis

20. IFAD's IPS establishes specific requirements for the placement of IFAD funds and provides guidelines for investments to be selected in compliance with those requirements. As part of the credit risk rules, the IPS defines the rating floor for the invested assets, which is the average of the credit ratings available from the four rating agencies comprising the Bloomberg Composite Credit Ratings, namely S&P, Moody's, Fitch and Dominion Bond Rating Service.
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). As shown in table 10a, at the end of June 2025, all fixed-income investments were allocated in high investment grade instruments, i.e. AAA, AA+/- and A+/- securities, in compliance with the IPS guidelines.

Table 10a

Investment portfolio composition by credit rating as at 30 June 2025

(In percentages, including cash and swaps)

	<i>Transaction and operational tranches</i>	<i>Prudential tranche in US\$</i>	<i>Prudential tranche in EUR</i>	<i>Total</i>
AAA	0.00	45.16	7.51	52.67
AA+	0.00	10.28	0.53	10.80
AA	0.00	3.07	2.06	5.12
AA-	0.00	3.88	3.68	7.56
A+	0.00	1.33	2.08	3.41
A	0.00	0.47	0.95	1.42
A-	0.00	0.00	0.00	0.00
Cash	18.60	0.42	0.03	19.06
Swaps	0.00	(0.03)	(0.01)	(0.05)
Total	18.60	64.58	16.82	100.00

22. The IPS also requires that the share of fixed-income investments (i.e. excluding cash and swaps) in rating category AA– and above be at least 60 per cent of the total portfolio. As at 30 June 2025, this share stood at 94.03 per cent, as shown in table 10b.

Table 10b

Investment portfolio composition by credit rating as at 30 June 2025
(In percentages, excluding cash and swaps)

	<i>Prudential tranche in US\$</i>	<i>Prudential tranche in EUR</i>	<i>Cumulative total</i>
AAA	55.76	9.28	65.04
AA+	12.69	0.65	78.38
AA	3.79	2.54	84.70
AA-	4.79	4.54	94.03
A+	1.64	2.57	98.24
A	0.58	1.17	100.00
A-	0.00	0.00	100.00
Total	79.26	20.74	100.00

D. Currency risk: currency composition analysis

23. In line with IFAD's currency alignment methodology, the currency composition of projected inflows is matched by that of outflows over a 24-month horizon to safeguard short-term liquidity from exchange rate volatility. Any negative mismatch exceeding 10 per cent of total outflows in a given currency triggers hedging to bring foreign exchange exposure back within the acceptable threshold.
24. As at 30 June 2025, projections show that the Fund's currency composition was adequate to cover the 24-month projected currency outflows.

Table 11

Currency composition of the next 24-month projected cash flows as at 30 June 2025
(Thousands of United States dollar equivalents)

<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>
Inflows						
Cash	166	116 604	2 770	28	254 957	374 525
Investments	5	368 509	4	0	1 440 856	1 809 374
Contributions	41 248	219 697	4 193	48 658	241 024	554 820
Projected reflows	0	117 891	5 694	0	549 300	672 884
Debt drawdowns	0	0	0	0	470 855	470 855
Total assets	41 419	822 700	12 661	48 687	2 956 991	3 882 457
Outflows						
Projected disbursements	(260)	(484 159)	(185)	(159)	(1 107 623)	(1 592 385)
Projected operating expenses	-	(39 482)	-	-	(256 409)	(295 891)
Debt repayments and interests	0	(122 392)	0	0	(146 851)	(269 243)
Total commitments	(260)	(646 032)	(185)	(159)	(1 510 883)	(2 157 519)
Current hedging						
Currency forwards	-	-	-	-	-	-
Total hedging	-	-	-	-	-	-
Deficit	-	-	-	-	-	-
Deficit as percentage of commitments	0.00	0.00	0.00	0.00	0.00	0.00

CNY: Chinese yuan renminbi; GBP: pound sterling; JPY: Japanese yen.

E. Liquidity risk: minimum liquidity requirement

25. The Liquidity Policy indicates the level of liquidity, stressed by a haircut for less liquid assets, that IFAD must hold at any time to cover the next 12 months' disbursements of loans, grants and scheduled debt repayments. It also establishes the target liquidity level (TLL), a variable metric within a range of 80 to 100 per cent of stressed net cash flows over 24 months. As indicated in the policy, building up liquidity to the TLL will require a gradual approach over several years through long-term active liquidity planning, and is still being implemented.

26. As at 30 June 2025, the minimum liquidity requirement (MLR) was US\$1,141 million.⁸
27. IFAD's liquidity portfolio net asset value (NAV) was US\$2,184.06 million and the stressed NAV US\$1,854.66 million, after a liquidity haircut of 15.08 per cent, which was above the projected MLR of US\$1,141 million by a US\$714 buffer. The MLR ratio was 163 per cent (versus 146 per cent at the end of December 2024).

VIII. External investment managers

28. External investment managers are formally appointed through an investment management agreement entered into with IFAD. The agreements detail the responsibilities of 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 included in each agreement.
30. Although the purpose of this document is primarily to report on IFAD's internally managed investment portfolio, it includes 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 for the IFAD After-Service Medical Coverage Scheme (ASMCS) Trust Fund and the World Bank Reserve Advisory and Management Partnership (RAMP) investment portfolios.
31. The IFAD ASMCS Trust Fund is externally managed by Payden & Rygel, which liaises with IFAD's custodian, Northern Trust, and IFAD for compliance, performance and risk-reporting purposes. As part of the ongoing transition to the new ASMCS Trust Fund Investment Policy Statement approved by the Executive Board, a dual measuring and reporting of CVaR has been implemented. As at 30 June 2025, CVaR relative to the benchmark was 2.84 per cent with a limit of 8.0 per cent. Absolute CVaR was 10.38 per cent.
32. As at 30 June 2025, the market value of the IFAD ASMCS Trust Fund portfolio stood at US\$99.49 million, with a positive 11.50 per cent gross rate of return in H1 2025 (versus its benchmark of positive 11.57 per cent).⁹ The effective duration stands at 3.55 years as at 30 June 2025, as reported by Payden & Rygel.

Table 12

Historical gross annual performances versus benchmarks

(Percentages in local currency terms)

	H1 2025		Trailing three years		Trailing five years	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
IFAD ASMCS Trust Fund	11.50	11.57	5.77	5.86	1.30	1.25

33. As at 30 June 2025, the portfolio remained primarily invested in fixed-income securities, with 70.63 per cent allocated to credit instruments, including corporate bonds, financials and other non-sovereign issuers. The remainder was diversified across government bonds (18.28 per cent); money market instruments (4.00 per cent); cash holdings; and a mix of local authorities, quasi-sovereigns, agencies, covered bonds and select emerging market exposures, as detailed in table 13.

⁸ Financial projections were last updated as at 31 March 2025. The reported MLR is calculated using projected data looking forward 12 months from 31 March 2025.

⁹ IFAD customized benchmark, "ASMCS Global Aggregate Custom Index".

Table 13
ASMCS portfolio by instrument as at 30 June 2025

	<i>Actual portfolio allocation</i>	
	<i>Millions of US\$</i>	<i>Actual portfolio allocation (%)</i>
Credit	70.27	70.63
Government	18.19	18.28
Money markets	3.98	4.00
Cash	2.21	2.22
Local authority	2.15	2.16
Quasi-sovereign	1.02	1.02
Agencies	0.76	0.77
Covered bond	0.44	0.44
Non-Corporate credit	0.26	0.26
Emerging markets	0.20	0.20
Total	99.49	100.00

34. The World Bank RAMP investment portfolio stood at US\$210 million as at 30 June 2025. As reported by the World Bank, the portfolio generated positive 2.21 per cent of gross return in H1 2025, outperforming its benchmark by 0.14 per cent (ICE BofA 0-1 Year United States Treasury Index).

Table 14
Historical gross annual performance versus benchmarks

	<i>H1 2025</i>		<i>Rolling one year</i>		<i>Inception to date</i>	
	<i>Actual</i>	<i>Benchmark</i>	<i>Actual</i>	<i>Benchmark</i>	<i>Actual</i>	<i>Benchmark</i>
IFAD World Bank RAMP Investment portfolio	2.21	2.07	5.05	4.83	2.55	2.41

35. The historical value at risk at 95 per cent confidence level stood at 1.08 per cent and effective duration at 0.43 years.
36. Tables 15 and 16 show the asset allocation and risk contribution of the RAMP investment portfolio.

Table 15
World Bank RAMP investment portfolio by instrument as at 30 June 2025

	<i>Millions of US\$</i>	<i>Actual portfolio allocation (%)</i>
Sovereign government	90.30	43.10
Agency	35.62	17.00
Covered bonds	33.31	15.90
Supra/multilaterals	32.27	15.40
Cash and cash equivalent ¹⁰	11.73	5.60
Sovereign guaranteed	6.29	3.00
Total	209.52	100.00

Table 16
World Bank RAMP investment portfolio risk contribution as at 30 June 2025

	<i>Portfolio duration (months)</i>	<i>Benchmark duration (months)</i>
Interest rates	5.4	5.4
Spreads	3.4	-

¹⁰ Net cash and cash equivalents includes cash, money market financial institutions, payables/receivables of unsettled and failed trades and due to/from brokers.

Glossary

Basis points (bps). A common unit of measurement for interest rates and other percentages in finance. One basis point is equal to one hundredth of 1 per cent, or 0.01 per cent, or 0.0001. Bps are used to denote the percentage change in a financial instrument.

Confidence level. The probability that the institution will remain solvent. It is derived from the generally very low probability that losses will be larger than the available capital. A confidence level of 99.99 per cent means that there is a 0.01 per cent probability that losses will be higher than the available capital. The confidence level is linked to the risk appetite of the institution, and in particular to its target rating.

Conditional value at risk (CVaR). Also known as the expected shortfall, CVaR is a risk assessment measure that quantifies the amount of tail risk of an investment portfolio. CVaR is derived by taking a weighted average of the “extreme” losses in the tail of the distribution of possible returns, beyond the value at risk cut-off point.

Duration. A measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

Environmental, social and governance (ESG). The environmental, social and governance standards ensure that responsible investing is factored into the choice of financial investments.

Minimum liquidity requirement (MLR). The level of liquidity that IFAD must hold at any given time to serve at least the next 12 months’ disbursements of loans and grants and scheduled repayments of debt in order to ensure continuity of development operations.

Modified Dietz methodology. A methodology to compute the rate of return of an investment portfolio. It is based on a weighted calculation of cash flows that follows market best practices. This is the methodology used by the IFAD custodian (Northern Trust) to compute the rate of return of IFAD’s investment portfolio.

Target liquidity level (TLL). The TLL is defined within a range of 80 to 100 per cent of 24 months of future net cash flows. The cash flows are stressed under assumptions of reduced inflows such as the absence of new borrowing and delays in payment of contributions and loan reflows, or assumptions of increased outflows, such as the need to disburse beyond planned levels and to provide a small amount of countercyclical funding, when donors and borrowers do not have access to financing themselves.

Ten Principles of the United Nations Global Compact (UNGC). The Ten Principles are derived from: the Universal Declaration of Human Rights; the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work; the Rio Declaration on Environment and Development; and the United Nations Convention against Corruption.¹¹

¹¹ <https://www.unglobalcompact.org/what-is-gc/mission/principles>.