Investing in rural people

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Report on IFAD's investment portfolio for 2025

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

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Executive summary

1. In 2025, bond markets were shaped by monetary policy easing and geopolitical uncertainty, particularly related to trade tensions. United States yields rose in the first half of the year amid fiscal concerns before declining following cumulative rate cuts of 75 basis points by the Federal Reserve. Inflation remained contained at 2.3 to 3.0 per cent. European markets followed a similar trajectory, with early volatility giving way to improved sentiment after four European Central Bank rate cuts, leading to spread tightening across sovereign, supranational and agency (SSA) bonds. Against this backdrop, IFAD's investment portfolio outperformed its benchmark in both the euro and United States dollar portfolios, supported by SSA bond allocations, spread compression strategies and effective curve positioning.

2. The portfolio size increased by US$314.25 million to US$2.126 billion, driven mainly by net inflows, positive investment income and favourable foreign exchange movements.

3. Despite a slightly lower net return compared with 2024, the portfolio delivered a solid net return of 4.11 per cent, with net income of US$88.3 million, outperforming benchmarks in both United States dollar and euro terms.

4. Risk indicators improved, with conditional value at risk (CVaR) declining to 0.86 per cent (from 1.19 per cent in 2024) and duration reduced to 0.22 years (from 0.39 in 2024). The portfolio remained fully invested in high-grade fixed income, with 90.85 per cent rated AA- or above, and no breaches of risk tolerance were recorded.

Table 1a
Key portfolio changes in 2025
(Thousands of United States dollars)

	2025	*2024*
Portfolio size	2 126 254	1 812 000
Net investment income	88 266	82 909
Net rate of return (%)	4.11	4.71
Duration	0.22	0.39
CVaR, historical 1-year (%)	0.86	1.19

Table 1b
Portfolio net asset value by tranches as at 31 December 2025

Tranche	*Per cent*	*US$ millions*
Transaction	2.65	56.32
Operational	16.32	346.99
Prudential	81.03	1 722.95
in EUR	16.61	353.13
in US$	64.42	1 369.82
Total	**100.00**	**2 126.25**

5. Overall, the portfolio achieved consistent outperformance while maintaining strong capital preservation and liquidity, primarily driven by SSA allocation and spread-based strategies, complemented by positive carry from curve positioning.

6. For the After-Service Medical Coverage Scheme (ASMCS) portfolio, a new external discretionary manager, Morgan Stanley, was appointed in 2025. The revised Investment Policy Statement (IPS) introduced a more structured, liability-driven investment approach, with the portfolio actively managed across global fixed-income and developed market equities. The updated IPS framework established a formal risk budget (including CVaR and duration limits), defined strategic asset allocation ranges and strengthened performance objectives relative to both benchmark and long-term liabilities. Under this mandate, portfolio management is conducted with full discretion within clearly defined guidelines, enhancing governance, risk control and alignment with the long-term funding objectives of the ASMCS.

Report on IFAD's investment portfolio for 2025

I. Portfolio allocation

1. During 2025, the value of the investment portfolio rose by US$314.25 million. This is primarily explained by the encashment of core resources (contributions) and the issuance of three private placements during the first half of the year.

Table 1
Drivers of IFAD's investment portfolio in 2025
(Millions of United States dollar equivalents)

	Transaction and operational tranches[a]	*Prudential tranche in US$*	*Prudential tranche in EUR*	*Total*
Opening balance (31 December 2024)	**561.41**	**955.24**	**295.35**	**1 812.00**
Net investment income	17.97	61.04	9.25	88.27
Net flows[b]	(176.96)	353.53	44.34	220.92
Foreign exchange movements	0.88	0.01	4.19	5.07
Closing balance (31 December 2025)	**403.31**	**1 369.82**	**353.13**	**2 126.25**

[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] Net flows consisting of outflows from disbursements of loans, grants, repayment of borrowing and administrative expenses, and inflows from loan reflows, borrowing and encashment of Member State contributions.

II. Investment income

2. Gross investment income in 2025 amounted to positive US$91.38 million, with net investment income after accounting for investment, custody and advisory fees as well as bank charges, totalling positive US$88.27 million. Table 2 presents a summary of investment income for 2025, with a breakdown by portfolio, where higher interest rates have contributed to higher interest income.

Table 2
Breakdown of IFAD's investment income by portfolio in 2025
(Thousands of United States dollars equivalent)

	Transaction and operational tranches	*Prudential tranche in US$*	*Prudential tranche in EUR*	*Total*
Interest and coupon income[a]	16 551.67	48 721.76	4 761.33	70 035
Realized market gains/(losses)	1 673.01	11 572.10	5 736.20	18 981
Unrealized market gains/(losses)	164.54	2 881.28	(678.59)	2 367
Investment income before fees	**18 389.23**	**63 175.14**	**9 818.95**	**91 383.32**
Investment manager fees	-	-	-	-
Custody fees	(24.56)	(43.09)	(18.80)	(86)
Bank charges	(214.65)	-	-	(215)
Advisory and other investment-related fees	(175.10)	(2 092.00)	(549.26)	(2 816)
Investment income after fees[b]	**17 974.92**	**61 040.06**	**9 250.89**	**88 265.87**

[a] Inclusive of interest paid on derivatives.
[b] Discrepancies with accounting figures may occur due to variations in the classification of specific expenses.

III. Rate of return

3. As reported by the custodian, Northern Trust, IFAD's investment portfolio generated a gross positive return of 4.26 per cent in 2025, with the prudential tranche in United States dollars generating a gross positive return of 5.08 per cent, outperforming the benchmark (ICE Bank of America BofA 0-1 Year United States Treasury Index) by 0.77 per cent. The prudential tranche in euros generated a

gross positive return of 2.88 per cent during that same period, with an excess return of 0.76 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 4.11 per cent.[1] Even though overall returns fell because market yields went down after rate cuts, the ongoing interest income from the bonds (carry) and credit spreads still contributed positively to performance.

Table 3
Quarterly performance in 2025
(Percentages in local currency terms)

	Quarterly performance in 2025 (year to date [YTD])				*Gross excess return as at 31/12/2025 (YTD)*
	First quarter	*Second quarter*	*Third quarter*	*Fourth quarter*	
Gross rate of return					
Transaction and operational tranches	0.86	1.48	2.5	3.24	n.a.
Prudential tranche in US$	1.20	2.51	3.77	5.08	0.77
Prudential tranche in EUR	0.68	1.53	2.2	2.88	0.76
Gross rate of return	**1.01**	**2.06**	**3.16**	**4.26**	**n.a.**
Net rate of return	**0.99**	**1.98**	**3.03**	**4.11**	**n.a.**

Table 4
IFAD portfolio net performance rolling average as at 31 December 2025
(Percentages in local currency terms)

	YTD	*One year*	*Three years*	*Five years*
Portfolio performance	4.11	4.11	4.45	2.74

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

Table 5
Historical net annual performances versus benchmarks
(Percentages in local currency terms)

	2025		*2024*		*2023*		*2022*		*2021*	
	Actual	*Bench.*	*Actual*	*Bench.*	*Actual*	*Bench.*	*Actual*	*Bench.*	*Actual*	*Bench.*
Transaction and operational tranches	3.17	n.a.	4.60	-	4.48	-	0.61	-	(0.3)	-
Prudential tranche in US$	4.91	4.32	5.25	5.19	5.35	5.05	0.80	0.68	0.59	0.06
Prudential tranche in EUR	2.70	2.12	3.59	3.53	3.14	2.61	(1.14)	(1.01)	0.09	(0.63)
Gross rate of return (excluding fees)	**4.26**	**-**	**4.82**	**-**	**4.63**	**-**	**0.45**	**-**	**0.28**	**-**
Net rate of return (including all fees)	**4.11**	**-**	**4.71**	**-**	**4.53**	**-**	**0.28**	**-**	**0.16**	**-**

IV. Composition of the portfolio by instrument

5. Table 6 shows the composition of the investment portfolio by investment instrument – following Standard & Poor's asset classification – as at 31 December 2025.

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

Table 6
Investment portfolio by instrument as at 31 December 2025

	Actual portfolio allocation	
	Millions of US$	*Actual portfolio allocation (%)*
Sovereigns/supranationals/agencies	1 195.49	56.22
Cash	382.14	17.97
Financial institutions	350.93	16.50
Local governments and sovereign-sponsored securitizations	200.33	9.42
Derivatives	(2.64)	(0.12)
Total	**2 126.25**	**100.00**

Note: The share of cash held in central banks was 83.9 per cent.

V. Risk measurements

6. 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 analyses are reported in subsections C and D, respectively.

A. Market risk: duration

7. 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 31 December 2025, the overall portfolio duration was 0.22 years, compared to 0.39 years reported for the year ended in 2024, reflecting conservative positioning and a higher share of non-interest-sensitive operational cash.[2]

Table 7
Effective durations of IFAD's investment portfolio and benchmarks
(Years)

	31 December 2025		*31 December 2024*	
	Portfolio	*Benchmark*	*Portfolio*	*Benchmark*
Prudential tranche in EUR	0.36	0.43	0.63	0.48
Prudential tranche in US$	0.25	0.43	0.54	0.41
Total portfolio (including operational cash)	**0.22**	**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.

B. Market risk: conditional value at risk

8. 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.

9. The maximum risk level for the IFAD portfolio is stated in the IPS as a CVaR of 3.0 per cent. In December 2025, the CVaR for the overall portfolio stood at 0.86 per cent, lower than the 1.19 per cent shown in December 2024, supported by lower duration, tighter spread exposure and a larger cash buffer.

[2] For the calculation of portfolio duration, the Bloomberg PORT option-adjusted duration (OAD) metric was utilized.

Table 8
CVaR of IFAD's investment portfolio
(95 per cent confidence level; percentages based on one-year historical simulations)

	Actual investment portfolio one-year CVaR (in %)	
	31 December 2025	*31 December 2024*
Prudential tranche in EUR	1.36	2.03
Prudential tranche in US$	1.16	1.82
Total portfolio (including cash)	**0.86**	**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 portfolio as a whole also includes the correlations of all securities in the tranches.

C. Credit risk: credit rating analysis

10. 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 credit rating available from the four rating agencies comprising the Bloomberg Composite Credit Ratings, namely Standard & Poor's (S&P), Moody's, Fitch and Morningstar DBRS.

11. The latest 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 9a, and in compliance with the IPS guidelines, all fixed-income investments made during the year were allocated in high investment grade instruments, i.e. AAA, AA+/- and A+/- securities, at the end of December 2025.

Table 9a
Investment portfolio composition by credit rating as at 31 December 2025
(In percentages, including cash and swaps)

	Transaction and operational tranches	*Prudential tranche in US$*	*Prudential tranche in EUR*	*Total*
AAA	1.18	44.69	7.56	53.43
AA+	0.00	9.30	0.54	9.84
AA	0.00	4.72	0.00	4.72
AA-	0.00	4.17	2.93	7.10
A+	0.00	1.38	5.12	6.50
A	0.00	0.48	0.00	0.48
A-	0.00	0.00	0.00	0.00
Cash	17.88	0.14	0.03	18.06
Swaps	0.00	(0.16)	0.04	(0.12)
Total	**19.06**	**64.72**	**16.22**	**100.00**

12. 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 31 December 2025, this share stood at 90.85 per cent, as shown in table 9b.

Table 9b
Investment portfolio composition by credit rating as at 31 December 2025
(In percentages, excluding cash and swaps)

	Prudential tranche in US$	*Prudential tranche in EUR*	*Cumulative total*
AAA	54.93	9.29	64.22
AA+	11.44	0.66	76.32
AA	5.80	0.00	82.12
AA-	5.12	3.61	90.85
A+	1.69	6.29	98.83
A	0.60	0.57	100.00
A-	0.00	0.00	100.00
Total	**79.58**	**20.42**	**100.00**

D. Currency risk: currency composition analysis

13. As per IFAD's currency alignment methodology, to protect the short-term liquidity profile from currency fluctuations, IFAD ensures that the currency composition of projected inflows matches that of outflows over a 24-month horizon. Negative mismatches (liquidity deficits) of any currency above 10 per cent of total outflows would require ad hoc hedging positions to reduce foreign exchange exposure to below the 10 per cent threshold.

14. As at 31 December 2025, projections show that the Fund's currency composition was adequate to cover the 24-month projected currency outflows.

Table 10
Currency composition of the next 24-month projected cash flows as at 31 December 2025
(Millions of United States dollar equivalents)

Category	*USD Group*	*EUR Group*	*CNY Group*	*JPY Group*	*GBP Group*	*Grand total*
Inflows						
Encashment of contributions	317	426	72	51	4	871
Loan reflows	1 011	239	-	-	8	1 258
Debt drawdown	682	-	-	-	-	682
Subtotal	**2 010**	**666**	**72**	**51**	**12**	**2 811**
Outflows						
Projected disbursements	(1 385)	(705)	-	-	-	(2 090)
Projected operating expenses	(444)	-	-	-	-	(444)
Debt repayments and interests	(210)	(188)	-	-	-	(399)
Subtotal	**(2 039)**	**(894)**	**-**	**-**	**-**	**(2 933)**
Gap based on cash flows	**(29)**	**(228)**	**72**	**51**	**12**	**(122)**
Investment portfolio	1 699	425	0	0	5	2 129
Gap after the investment portfolio	**1 670**	**197**	**72**	**51**	**17**	**2 007**

E. Liquidity risk: minimum liquidity requirement

15. 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.

16. As at 31 December 2025, the minimum liquidity requirement (MLR) was US$1,210 million.[3]

17. IFAD's total investment portfolio net asset value (NAV) was US$2,126 million and the stressed NAV US$1,812 million, after a liquidity haircut of 14.8 per cent, which was above the projected MLR of US$1,210 million by a US$602 buffer. The MLR ratio was 150 per cent (versus 146 per cent at the end of December 2024).

[3] Financial projections were last updated on 30 September 2025. The reported MLR is based on projected data over the 12 months following that date.

Market conditions

1. The U.S. bond market in 2025 was shaped by two dominant forces: monetary easing by the Federal Reserve and heightened geopolitical uncertainty stemming from trade tariffs. During the first half of the year, market dynamics were largely driven by geopolitical tensions and fiscal concerns across developed economies, which exerted upward pressure on yields. This environment reflected increased risk aversion among investors. However, as expectations grew that the Federal Reserve would begin easing monetary policy, these pressures gradually diminished, leading to more stable market conditions toward mid-year.

2. In the second half of 2025, the Federal Reserve delivered a cumulative 75 basis points of policy rate cuts across its final three FOMC meetings. These actions significantly supported bond markets and helped offset volatility generated by ongoing trade-related developments. Consequently, yields declined across the U.S. dollar yield curve, with particularly strong performance observed in USD-denominated sovereign, supranational, and agency (SSA) bonds. Over the full year, the 2-year U.S. Treasury yield declined by 77 basis points, while the 10-year yield fell by 40 basis points. Despite widespread expectations of tariff-driven inflation, U.S. inflation remained relatively stable, ranging between 2.3 percent and 3.0 percent. In this benign inflation environment, USD SSA spreads tightened by an average of approximately 3 basis points, even though spreads had already been relatively tight at the beginning of the year.

3. European bond markets experienced elevated volatility throughout 2025, with yield movements of up to 50 basis points across various segments. A key feature of the year was the substantial tightening in sovereign, supranational, and agency bond spreads, which narrowed significantly from approximately 62 basis points at the start of the year to around 22 basis points by year-end. Early in the year, investor sentiment was negatively affected by concerns over expansionary fiscal policies in several European countries, placing upward pressure on yields. As the year progressed, however, market confidence improved, supported by decisive monetary policy interventions by the European Central Bank.

4. The ECB moved ahead of the Federal Reserve by implementing four rate cuts of 25 basis points each during the first half of 2025, as inflation moderated toward its 2 percent target and growth risks intensified following the introduction of new trade tariffs in May. In the latter part of the year, political tensions resurfaced in certain countries regarding national budget plans, raising concerns about potential sovereign rating downgrades, particularly in the third and fourth quarters. These risks prompted a more cautious investor stance. Nonetheless, improving monetary conditions and moderating inflation helped the market recover meaningfully from the turbulence seen earlier in the year. By year-end, German and French 2-year government bond yields finished slightly higher, increasing by approximately 10 basis points.

Portfolio objectives

A. Portfolio tranches

1. 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 sub portfolios: the prudential tranche in euros and the prudential tranche in United States dollars.

B. Environmental, Social and Governance principles

5. As a responsible investor, IFAD integrates environmental, social and governance (ESG) considerations into its investment process as a core component of risk management and investment decision-making. The Fund's primary objective is to invest in securities issued by entities that, at a minimum, adhere to fundamental principles relating to human rights, labour standards, environmental protection and anti-corruption.

6. In accordance with the Investment Policy Statement (IPS), IFAD adheres to the Ten Principles of the United Nations Global Compact (UNGC). Compliance with the UNGC principles is a prerequisite for investment eligibility and is implemented through a norms-based screening framework that systematically excludes securities issued by entities that do not meet these standards.

7. Consistent with the IPS, exclusionary criteria are applied to investments to prevent exposure to issuers involved in activities inconsistent with IFAD's mandate and values. These exclusions include, but are not limited to, entities involved in controversial or unethical products or services, such as controversial weapons, coal extraction and coal-fired power generation, tobacco, alcohol and gambling, as well as entities subject to United Nations sanctions.

8. Subject to market availability and within the risk tolerance limits prescribed in the IPS, IFAD commits to allocating a portion of its investment portfolio to green bonds and other thematic ESG and impact-oriented securities. Eligible instruments may include bonds issued or guaranteed by supranational organizations, sovereign governments and government agencies, corporate issuers and asset-backed structures in the impact bond market.

9. During 2025, all new securities acquired for IFAD's investment portfolio were assessed against, and found to be compliant with, the ESG principles and eligibility requirements set out in the IPS.

[4] EB 2025/146/R.12.

External investment managers

1. External investment managers are formally appointed through an investment management agreement entered into with IFAD. The agreements detail the responsibilities of managers.

2. 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.

3. 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.

4. The IFAD ASMCS Trust Fund is externally managed by Morgan Stanley since November 2025, which liaises with IFAD's custodian, Northern Trust, and IFAD for compliance, performance and risk-reporting purposes.

5. As at 31 December 2025, the market value of the IFAD ASMCS Trust Fund portfolio stood at US$100.80 million, with a positive 1.37 per cent gross rate of return in 2025.[5]

Table 12
Gross annual performance versus benchmarks
(Percentages in local currency terms)

	2025	
	Actual	*Benchmark*
IFAD ASMCS Trust Fund	1.37	0.98

6. As at 31 December 2025, 80.29 per cent of the portfolio was allocated in credit bonds, as shown in the table below.

Table 13
ASMCS portfolio by instrument as at 31 December 2025

	Actual portfolio allocation	
	Millions of US$	*Actual portfolio allocation (%)*
Credit (Corporate)	80.29	79.64
Government-related	3.37	3.34
Equities	15.68	15.55
Cash	1.47	1.45
Total	**100.80**	**100**

7. The World Bank RAMP investment portfolio stood at US$203 million as at 31 December 2025. As reported by the World Bank, the portfolio generated positive 4.50 per cent of gross return in 2025, outperforming its benchmark by 0.18 per cent (ICE BofA 0-1 Year United States Treasury Index).

[5] IFAD customized benchmark, comprised of the following Bloomberg indices: 40% LECPTREU Index, 40% LUACTRUU Index, 2.5% I02501EU Index, 2.5% LF98TRUU Index, 7.5% EURODN Index and 7.5% USN Index.

Table 14
Historical gross annual performance versus benchmarks

	2025		*Rolling one year*		*Inception to date*	
	Actual	*Benchmark*	*Actual*	*Benchmark*	*Actual*	*Benchmark*
IFAD World Bank RAMP Investment portfolio	4.50	4.32	4.50	4.32	2.66	2.53

8. The historical value at risk at 95 per cent confidence level stood at 1.13 per cent and effective duration at 0.46 years.

9. 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 31 December 2025

	Millions of US$	*Actual portfolio allocation (%)*
Sovereign government	98.71	48.70
Agency	41.96	20.70
Covered bonds	32.03	15.80
Supra/multilaterals	29.80	14.70
Cash and cash equivalent[i6]	0.20	0.10
Total	**202.69**	**100.00**

Table 16
World Bank RAMP investment portfolio risk contribution as at 31 December 2025

	Portfolio duration (months)	*Benchmark duration (months)*
Interest rates	5.5	5.2
Spreads	2.5	

[6] 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.

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.[7]

[7] https://www.unglobalcompact.org/what-is-gc/mission/principles.