Distribution: Restricted | EB 99/66/R.4 | 28 April 1999
Original: English | Agenda Item 3(b)(ii) | English

IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board — Sixty-Sixth Session

Rome, 28-29 April 1999

REPORT ON IFAD'S INVESTMENT PORTFOLIO FOR THE FIRST QUARTER OF 1999

I. INTRODUCTION

1. At its Sixty-Fourth Session in September 1998, the Executive Board welcomed the Fund's proposal to submit quarterly reports on the investment portfolio to the April and December sessions of the Board as well as the reports covering the previous calendar year and the first six months of the current year that are presented to the April and September sessions, respectively. Accordingly, the following report covers the three-month period ending 31 March 1999 and includes comparative figures for the year ending 31 December 1998.

II. INVESTMENT CONDITIONS AND STRATEGY

2. This section reviews the economic and investment environment prevailing in the first quarter of 1999.

A. Economic Background

3. In the United States, growth in real Gross Domestic Product (GDP) is expected to register an annualized rate of about 4% in the first quarter. Growth was robust largely due to the high level of consumer spending, as confidence was boosted by the soaring stock market, and unemployment remained around the level of 4.4%. Inflation remained benign, although increases in commodity prices may cause the consumer price index (CPI) to increase by about 2% during the course of the year, compared with 1.5% in 1998.

4. Following a series of cuts towards the end of 1998, the United States Federal Funds overnight lending rate remained at 4.75% throughout the first quarter of 1999. The United States dollar increased in value relative to the Japanese yen, Euro and Pound sterling during the first quarter of 1999, despite a growing trade deficit.

5. The Japanese economy continued to contract during the first quarter of 1999, due to a decline in domestic consumption and net exports. Unemployment rose to 4.6%, the highest level in 50 years, and corporate restructuring is generally expected to lead to further joblessness.

6. Nevertheless, there are many signs that growth may resume soon as the government's fiscal and monetary policies finally pay off. The official discount rate has remained at 0.50% since September

1995, but the unsecured overnight call rate was lowered to 0.15%. The Japanese yen has remained in the range of JPY 115 - 120 to the USD, despite the influx of foreign capital into the Japanese stock market.

7. The Eurozone countries experienced sluggish growth as world trade continued to contract in the first quarter of 1999. European manufacturing sectors weakened, and only the resilience of consumer spending mitigated the speed of the slowdown in overall growth. The overall rate of unemployment continued to fall but still remained high at 10.6%.

8. Inflation remains at around 1%, although this may soon be affected by higher commodity prices. Under the aegis of the European Central Bank, the official Euro overnight rate was cut from 3% to 2.5% on 8 April 1999, the first change in the official interest rate since the new currency's inception on 1 January 1999.

9. It is possible that in the longer term the European Monetary Union will encourage a re-balancing of central bank reserves away from the United States dollar into the Euro as a greater proportion of world trade becomes denominated in the Euro. However, during the first quarter of 1999, the gloomy economic data coming from the Eurozone contrasted with the stronger than expected United States data, in addition to military operations in the Balkan region, causing the Euro to weaken.

10. The United Kingdom economy benefited from a series of interest rate cuts in 1998, which continued into the first quarter of 1999. Inflation fell below 2.5%, to reach the lowest level since November 1994. The Pound sterling increased in value relative to the Euro due to a combination of safe-haven status and an increase in oil prices.

11. In January 1999, Brazil experienced capital outflows which precipitated a sharp decline in the exchange rate of the Real and deterioration in prospects for the Brazilian economy. Concerted national and international action relieved the situation, which threatened to have negative world-wide repercussions.

12. Most countries in Southeast Asia and the Republic of Korea are on the path to recovery in 1999, after experiencing a contraction in their economies in 1998. China and India, with their economies and financial markets less internationally integrated than many other Asian countries, are likely to achieve growth in excess of 5% in 1999.

B. Financial Markets

13. Annex III shows the evolution of short-term and long-term interest rates for the five countries whose currencies are represented in the Special Drawing Right (SDR) valuation basket. In the United States, and to a lesser extent in the United Kingdom, long-term interest rates rose while they fell in Japan. In the Eurozone, long-term interest rates tended to remain stable.

14. Annex IV shows bond market returns for the first quarter of 1999 for countries included in the J.P. Morgan Global Government Bond Traded Index. The benchmark index includes both bond coupon income and capital gains in line with market practice. The weak performance of the United States bond market reflects expectations of monetary tightening by the United States Federal Reserve to counter incipient inflation. The high performance of Japanese government bonds reflects the lowering of interest rates during the first quarter of 1999.

15. Annex V shows the performance of the J.P. Morgan Global Government Bond Traded Index (reweighted for currency matching purposes) in local currency terms compared to the Salomon Brothers Broad Investment Grade (BIG) Index, which includes United States Treasury Bonds and

Corporate Bonds, and is used as a benchmark for IFAD's diversified fixed-income portfolio. The relatively better performance of bonds not denominated in USD, included in the J.P. Morgan Global Government Bond Traded Index, is reflected in the divergence of 60 basis points between the two indices.

16. Annex VI shows the development in the first quarter of 1999 of the five regional equity markets in which IFAD has invested: Japan, Asia and Australasia (excluding Japan), Emerging Markets, North America and Europe.

17. The Japanese market lagged other regional equity markets in the fourth quarter of 1998, but was buoyed up in 1999 through buying by overseas investors. A large number of companies across a wide range of industries announced restructuring plans, which was viewed positively by the market.

18. Emerging-market stocks performed well, as investors showed renewed interest in Latin America, and as commodity prices improved. Asian and African stocks also did well, but sentiment towards Eastern European stocks was dampened by the prospect of war in the Balkan region.

C. Investment Strategy

19. During the first quarter of 1999, fixed-income investments performed weakly, while equities did very well. In aggregate, the portfolio had a positive return and progress was made in diversifying the portfolio, with the funding of a mandate for Pan-European equities at the beginning of February 1999.

Global Bonds

20. In general, IFAD's fixed-income managers remained underweight in Japanese Government Bonds, which turned out, however, to be the highest performing bond market. A number of managers overweighted the Danish and Swedish markets, which performed better than the Euro and Pound sterling markets, contributing positively to the overall rate of return.

Diversified Fixed Income

21. The portfolio benefited from the reallocation of assets to international fixed-income and emerging markets. Mortgage-backed securities also performed well.

Equities - Japan

22. Japanese equities were affected by growing interest of overseas investors, as there was clear evidence of greater political willingness to deal with fundamental financial problems underlying Japan's economic difficulties. The sectors which performed best were banks and financial services.

Equities - Asia and Australasia (excluding Japan)

23. While financial difficulties in Brazil during January and a weakening Japanese yen in February affected Asian markets negatively, signs of a nascent economic recovery in Asia in March led to a sharp reversal and a strong performance from equity markets in the region. The successful portfolio strategy adopted by IFAD's external portfolio manager was to underweight Hong Kong and to overweight India, where technology stocks did particularly well.

Equities - Emerging Markets

24. The new year began with the attention of emerging market investors focused firmly on events in Brazil. Following the floating of the Real, Latin American markets rallied generally. IFAD's portfolio benefited from increased investment in Mexico in 1999.

25. The strong performance of the Japanese stock market was reflected in other Asian markets, and especially in the Republic of Korea, where IFAD increased its holdings. Buying opportunities presented themselves in Turkey in the wake of the Balkan crisis.

Equities - North America

26. IFAD was well-positioned for the rally which continued in United States large-capitalisation stocks, particularly by overweight positions in the information technology and healthcare sectors.

Equities - Europe

27. Investment in the European equities markets began in February 1999. IFAD was initially overweight in the healthcare, telecommunication and finance sectors, but underweight in petroleum companies, whose value increased substantially due to a rise in oil prices.

III. RATE OF RETURN

Overall Portfolio Performance

28. Investment income in the first three months of 1999 amounted to USD 25 702 000 equivalent (1998 – USD 187 899 000 equivalent). In line with market practice, capital gains and losses include both realized and unrealized gains and losses. All amounts are included on an accrual basis. Table 1 summarizes net investment income earned during the period under review, while further details of gross income by type of mandate are provided in Annex VII.

Table 1: Investment Income
(USD '000 equivalent)

	1st Quarter 1999	**1998**
Interest from fixed-income investments and bank accounts	23 162	112 668
Dividend income from equities	1 999	5 654
Realized capital gains	10 780	40 846
Unrealized capital gains	(8 472)	36 111
Subtotal: Gross investment income	27 469	195 279
Securities lending income	137	905
Investment management and custody fees	(1 904)	(7 739)
Other investment expenses	-	(546)
Net investment income	25 702	187 899

29. The relative size of the various sections of the investment portfolio and the movements affecting the portfolio during the first quarter of 1999 are shown in Table 2.

Table 2: Movements in Cash and Investments
(USD '000 equivalent)

	Internally-Managed Portfolio	Global Bonds Portfolio	Diversified Fixed-Income Portfolio	Equities Portfolio	Overall Portfolio
Opening Balance 31 December 1998	135 126	1 585 752	206 841	340 576	2 268 295
Transfers between portfolios	(60 000)	-	-	60 000	-
Gross investment income	1 162	(11 639)	170	37 776	27 469
Securities lending income	137	-	-	-	137
Fees, charges and taxes	(1 904)	-	-	-	(1 904)
Other net outflows	(17 768)	-	-	-	(17 768)
Movements on exchange	(442)	(57 124)	64	(8 386)	(65 888)
Closing balance 31 March 1999	56 311	1 516 989	207 075	429 966	2 210 341

30. After taking custodian and management fees into account, the overall rate of return of the portfolio, net of management and custodian fees, for the first quarter of 1999 was 1.14% (annualized 4.56%), compared to 8.5% in 1998. Returns were affected by weak performance in the fixed-income sector and strong performance by equity markets.

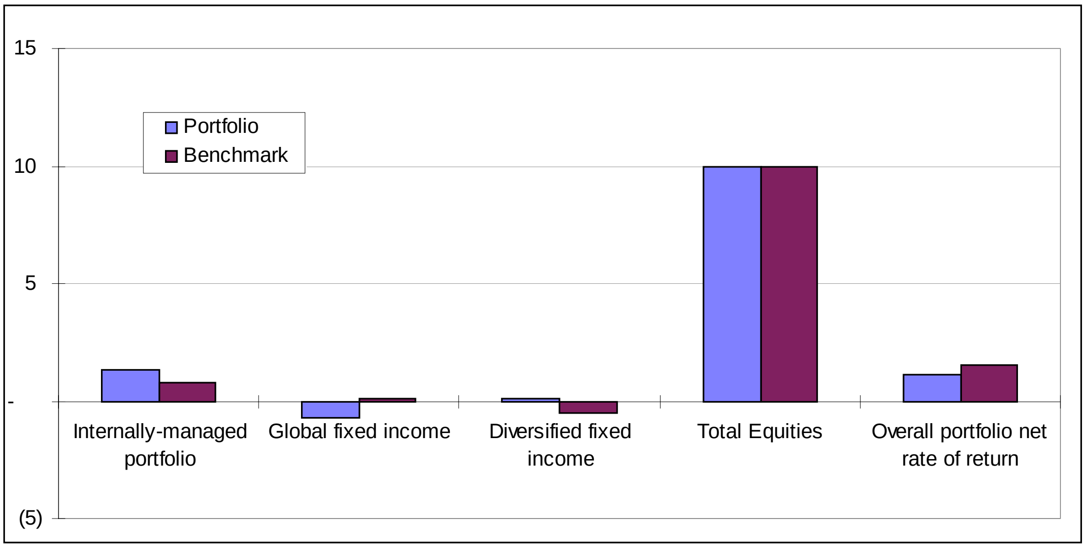
31. The performance of the various sections of the investment portfolio is measured against pre-assigned independent benchmarks, which indicate the return that could be expected through passive management of a defined sector of the market. Table 3 compares the return of each of the major sections of the portfolio with the appropriate benchmark rate of return. Table 3 shows an overall underperformance of 42 basis points for the first three months of 1999, against the aggregate benchmark for the portfolio, compared with an aggregate outperformance of 153 basis points in 1998.

Table 3: Performance Compared with Benchmarks

Portfolio	Rate of Return %		Out/(Under) Performance
	Portfolio	Benchmark	
Internally-managed portfolio	1.32	0.80	0.52
Global fixed income	(0.73)	0.08	(0.81)
Diversified fixed income	0.08	(0.52)	0.60
Total fixed income	(0.55)	0.05	(0.60)
Equities: Japan	17.97	16.90	1.07
Equities: Asia and Australasia (excluding Japan)	8.11	7.40	0.71
Equities: Emerging Markets	12.44	12.00	0.44
Equities: North America	5.90	4.90	1.00
Equities: Europe (funded 2/99)	(0.99)	2.00	(2.99)
Total Equities	9.97	9.95	0.02
Overall portfolio gross rate of return	1.22	1.64	(0.42)
Less management fees, etc.	(0.08)	(0.08)	0.00
Overall portfolio net rate of return	1.14	1.56	(0.42)

32. Figure 1 shows the performance of the various sections of the portfolio against their respective benchmarks.

Figure 1: First Quarter Performance by Mandate Compared to Benchmarks



Internally-Managed Portfolio

33. The main purpose of the internally-managed portfolio is to ensure the availability of liquid funds to meet loan and grant disbursements, and payment of administrative expenses. The assets of the portfolio consist mainly of cash and short-term deposits. In February 1999, an amount of USD 60 million was transferred from this portfolio to fund a Pan-European equities mandate.

Externally-Managed Portfolio – Global Bonds

34. This portfolio comprises eight sub-portfolios, each managed by a different investment manager, and consists of bonds issued by governments of developed countries and by international development institutions, as well as cash and time-deposits for operation purposes.

35. As indicated in Table 3, the rate of return for the global bonds portfolio for the first three months of 1999 was –0.73%, compared to a benchmark return of 0.08%, resulting in an underperformance of 81 basis points. The portfolio was negatively affected by its underweight position in bonds denominated in Japanese Yen, and by the longer than benchmark duration at the beginning of the period under review. This was shortened, however, by the end of the period, as indicated in Table 4.

Table 4: Duration of the Externally-Managed Global Bonds Portfolio
(Years)

	31 March 1999	31 December 1998
Global bonds portfolio	5.64	6.01
Global bonds benchmark	5.89	5.89

Externally-Managed Portfolio – Diversified Fixed Income

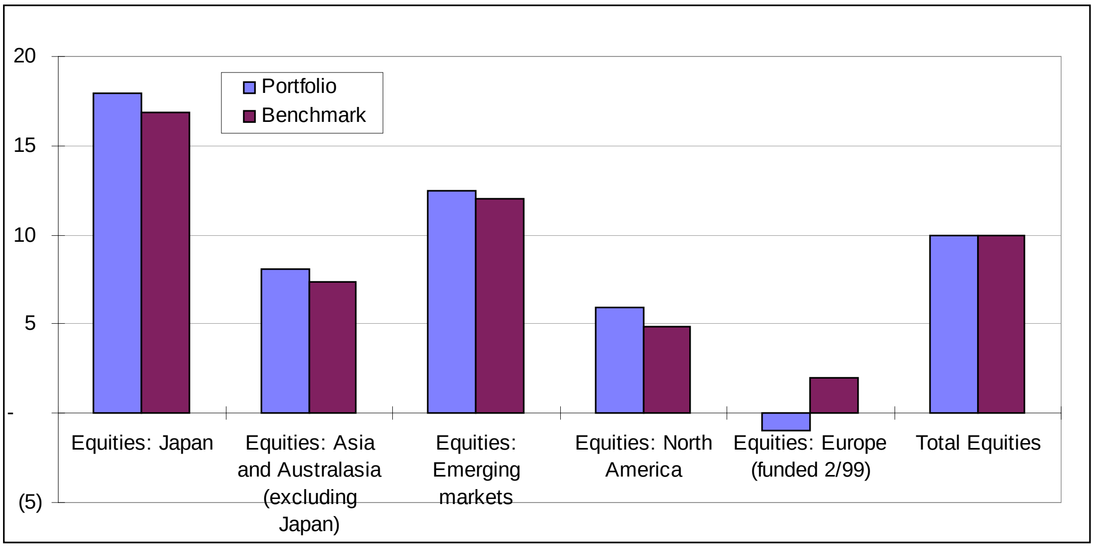
36. This portfolio comprises two sub-portfolios, each managed by a different investment manager, and consists of United States Treasury bonds, government bonds denominated in currencies other than United States dollars (hedged into USD), corporate bonds, emerging-market debt denominated in United States dollars, mortgage-backed securities, asset-backed securities and private placements.

37. As indicated in Table 3, the rate of return for the diversified fixed-income portfolio for the first three months of 1999 was 0.08% compared with a benchmark return of –0.52%. The outperformance of 60 basis points is attributable mainly to the fact that the portfolio had an overweight position in global government bonds and emerging-market debt.

Externally-Managed Portfolio – Equities

38. The portfolio comprised five different regional sub-portfolios at 31 March 1999, including a Pan-European portfolio which was funded at the beginning of February 1999. An analysis of movements by sub-portfolio is shown in Annex VIII, while Table 3 and Figure 2 provide comparisons of the rate of return of equity mandates compared to their respective benchmarks.

Figure 2: 1998 Performance of Equity Mandates Compared to Benchmarks



39. As indicated in Table 3, the aggregate rate of return for the equities portfolio for the first three months of 1999 was 9.97%, compared to a benchmark return of 9.95%, resulting in an outperformance of two basis points. All sub-portfolios outperformed their respective benchmarks, with the exception of the Pan-European mandate, which underperformed by 299 basis points, due principally to an underweight position in oil companies.

IV. COMPOSITION OF THE PORTFOLIO

General

40. As of 31 March 1999, IFAD's investment portfolio amounted to USD 2 210 341 000 equivalent (31 December 1998 – USD 2 268 295 000 equivalent), excluding amounts subject to restriction provided by donors for participation in specific IFAD projects and activities. During the first quarter of 1999, prior to taking into account the effect of movements in exchange rates, the amount of the

portfolio increased by USD 7 934 000 equivalent (1998 – USD 49 124 000 equivalent), as indicated in Table 5.

Table 5: Analysis of Cash Flows in the Overall Portfolio
(USD ‘000 equivalent)

	1st Quarter 1999	12 Months to 31 December 1998
Opening balance	2 268 295	2 150 730
Net Investment income	25 702	187 899
Other net outflows	(17 768)	(138 775)
Increase, prior to exchange adjustments	7 934	49 124
Exchange movement	(65 888)	68 441
Closing balance	2 210 341	2 268 295

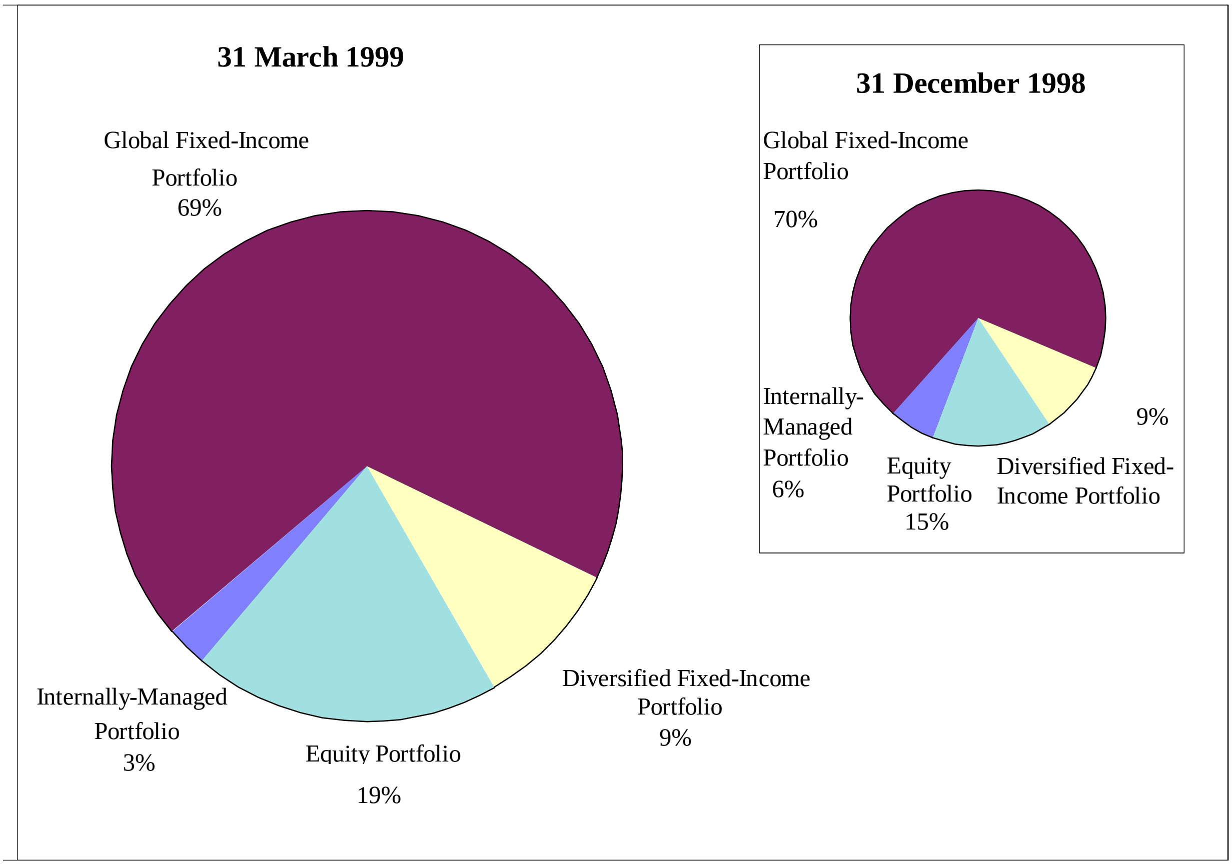
Composition of the Portfolio by Type of Mandate and by Instrument

41. IFAD’s portfolio is divided into four main sections by type of mandate. Table 6 provides an analysis of the instruments held in each of the main sections of the investment portfolio at 31 March 1999. Figure 3 provides a graphical illustration and comparison with 31 December 1998. Annex IX contains an analysis of the portfolio, which provides fuller details of open trades etc., and comparative figures at 31 December 1998.

Table 6: Analysis of the Portfolio by Type of Mandate and by Instrument at 31 March 1999
(USD ‘000 equivalent)

Instruments	Internally-Managed Portfolio	Externally-Managed Portfolio			Overall Portfolio
		Global Fixed-Income Portfolio	Diversified Fixed-Income Portfolio	Equity Portfolio	
Cash	18 636	14 876	931	2 360	36 803
Time-deposits	35 762	155 696	41 239	15 136	247 832
Treasury bills	338	-	-	-	338
Global bonds	-	1 349 726	71 846	-	1 421 572
Emerging-market bonds	-	-	21 982	-	21 982
Mortgage-backed securities	-	38 966	58 640	-	97 606
Asset-backed securities	-	-	1 905	-	1 905
Corporate bonds	-	-	47 351	-	47 351
Equities	-	-	-	411 345	411 345
Futures	-	-	13	269	282
Open trades	-	(68 954)	(39 384)	(5 575)	(113 913)
Accrued-interest income	497	26 679	2 552	2	29 730
Dividends receivable	-	-	-	1 202	1 202
Non-convertible currencies	1 078	-	-	5 227	6 305
Total	56 311	1 516 989	207 075	429 966	2 210 341
%	2.5%	68.6%	9.4%	19.5%	100.0%

Figure 3: Analysis of the Portfolio by Type of Mandate as at 31 March 1999



Composition of the Portfolio by Currency

42. The majority of IFAD's commitments are expressed in SDRs. Consequently, IFAD's overall assets are maintained in such a way as to ensure that, to the extent possible, commitments for undisbursed loans and grants denominated in SDRs are matched by assets denominated in the currencies and in the ratios of the SDR valuation basket. Similarly, the general reserve and commitments for grants denominated in USD are matched by assets denominated in USD.

43. Every five years, the Executive Board of the International Monetary Fund (IMF) reviews the SDR valuation basket in order to determine which currencies should be part of the basket, and which percentage weight should apply to each currency at the date of the reweighting of the basket.

44. The last such review was in September 1995 and weights were determined for each of the five component currencies which were applied to the reweighting of the valuation basket on 1 January 1996. The units of each currency which constitute the basket for the five-year period, 1 January 1996 to 31 December 2000, were determined on the basis of the agreed weights and market exchange rates as at 31 December 1995.

45. With the creation of the Euro on 1 January 1999, the IMF has confirmed that henceforth the Euro will be included in the valuation basket as the currency of both France and Germany. The new units applicable together with their weights as at 1 January 1999 and 31 March 1999 are shown in Table 7.

Table 7: Units and Weight Applicable to the SDR Valuation Basket

	1 January 1999		31 March 1999	
Currency	**Units**	**Percentage Weight**	**Units**	**Percentage Weight**
USD	0.5821	41.5	0.5821	43.0
EUR	0.3519	29.3	0.3519	27.9
JPY	27.200	16.8	27.200	16.7
GBP	0.105	12.4	0.105	12.4
Total		**100.0**		**100.0**

46. During the course of the two-year period 1999 to 2000, the IMF will discuss the various options for the future of the valuation basket, which include the possibility of a tri-polar SDR comprising the Euro, the Japanese Yen and the US Dollar, or a larger basket of currencies.

47. As at 31 March 1999, assets in the form of cash, investments, promissory notes and amounts receivable from contributors under the Fourth Replenishment amounted to USD 2 791 051 000 equivalent (31 December 1998 – USD 2 889 006 000 equivalent). An analysis showing the cash and investments, promissory notes and amounts receivable from contributors in currency terms is found in Annex X. The alignment of assets with the currency composition of the SDR valuation basket as at 31 March 1999 is shown in Table 8.

Table 8: Alignment of Assets with the Currency Composition of the SDR Valuation Basket as at 31 March 1999

(USD '000 equivalent)

Currency	**Investment Portfolio, Promissory Notes and Amounts Receivable**	**Less: USD Commitment** [a/]	**Assets Subject to Alignment with SDR**		**Composition of SDR Valuation Basket %**
			Amount	%	
USD	1 156 389	155 940	1 000 449	43.8	43.0
EUR	605 107		605 107	26.5	27.9
JPY	331 391		331 391	14.5	16.7
GBP	345 837		345 837	15.2	12.4
Subtotal	2 438 724		2 282 784	100.0	100.0
Other convertible currencies	343 334				
Non-convertible currencies (NCC)	8 993				
Total	2 791 051				

a/ Consists of the balance of general reserve (USD 95 000 000) and the undisbursed balance of grants denominated in USD (USD 60 940 000).

48. As at 31 March 1999, there were shortfalls in holdings of Japanese yen and of Eurozone currencies and excess holdings of United States dollars and Pound sterling. The shortfall in holdings of Japanese yen reflects the aggregate unhedged, underweight position for bonds denominated in Japanese yen held in the global bonds portfolio.

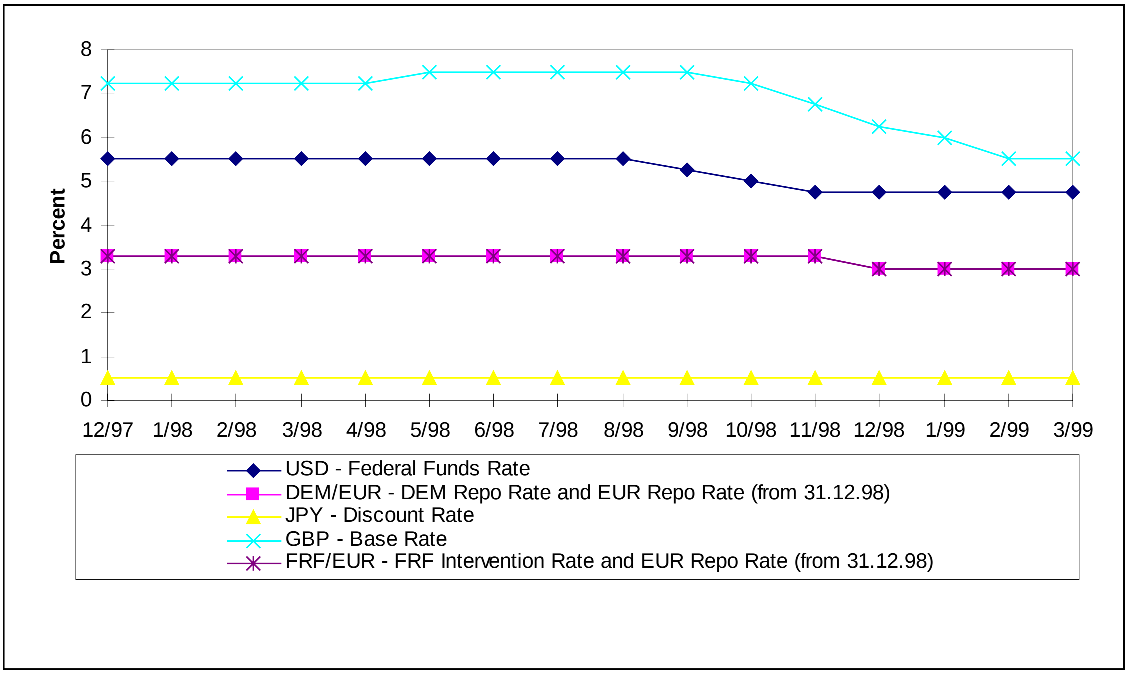
V. DIVERSIFICATION OF THE INVESTMENT PORTFOLIO

49. For background to the diversification process, readers are referred to document EB 99/66/R.3. During the course of the first quarter of 1999, funding of a Pan-European equities mandate took place on 1 February 1999 in the amount of USD 60 million equivalent.

50. On 1 April 1999, a USD equities mandate was funded in the amount of USD 20 million. On the same date, a currency overlay mandate was also initiated to cover IFAD’s exposure to currencies resulting from the equities mandate for Asia and Australasia (excluding Japan) and for the emerging markets equities mandate.

51. Work is currently under way to identify one or more external managers for the global equities mandate which is expected to be funded in 2000.

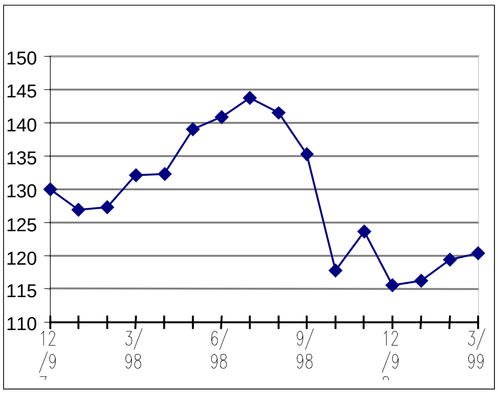
CENTRAL BANK AND GOVERNMENT-CONTROLLED INTEREST RATES



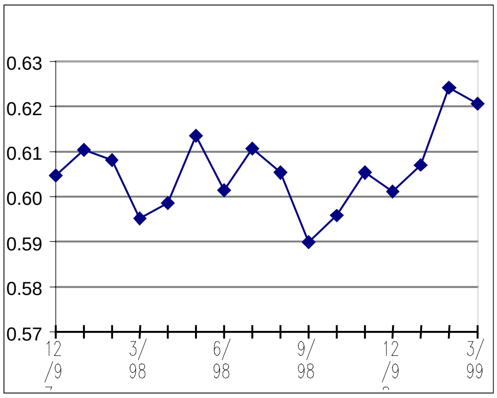
Source: Bloomberg

VALUE OF THE UNITED STATES DOLLAR AT IMF MONTH-END EXCHANGE RATES

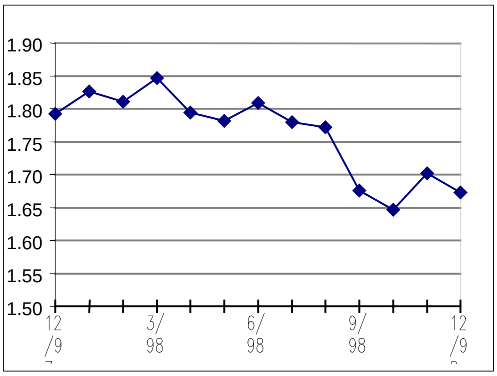
JPY



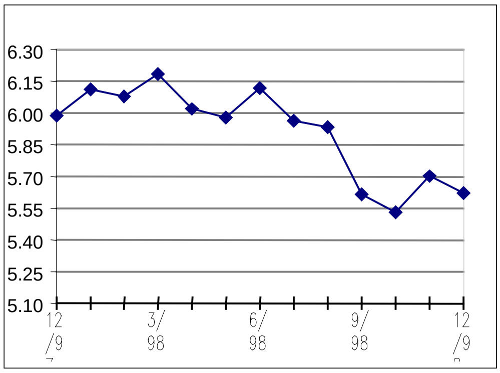
GBP



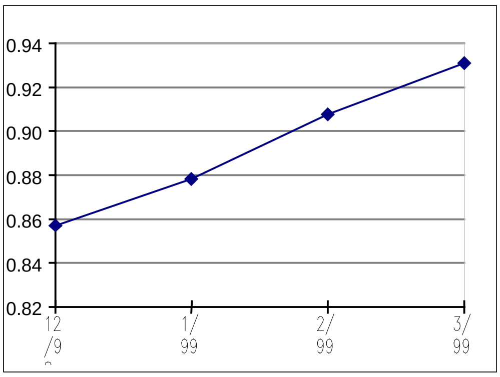
DEM (from 31.12.98, see EUR)



FRF (from 31.12.98, see EUR)

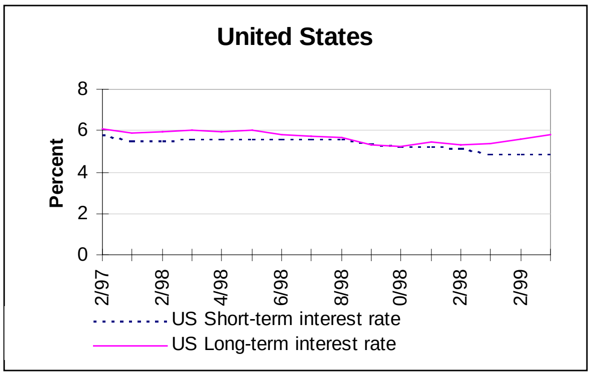


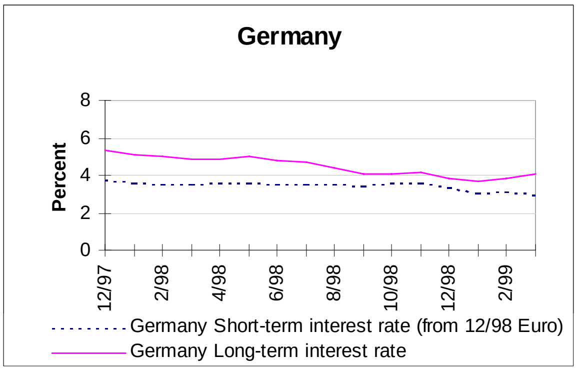
EUR

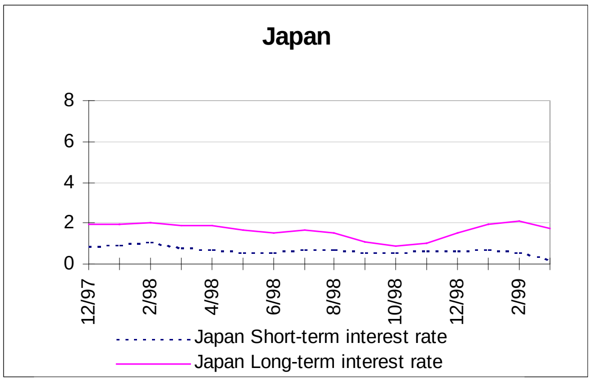


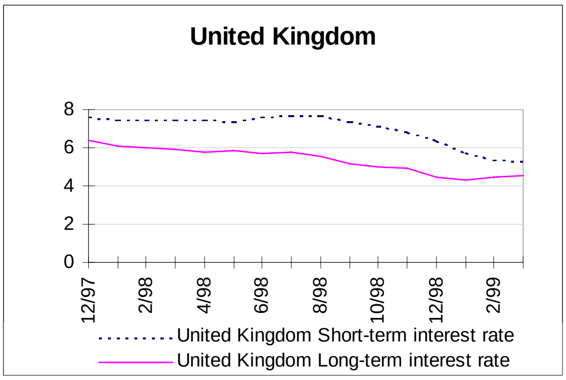
Source: IMF

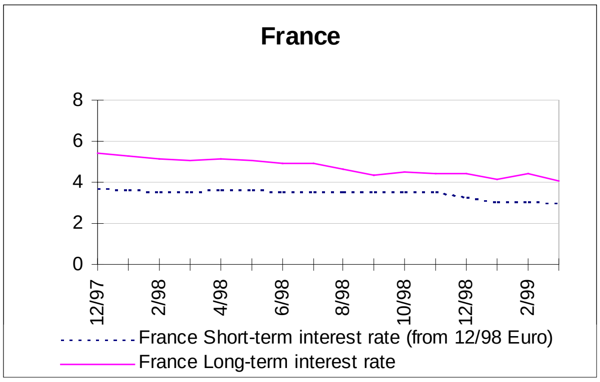
SHORT AND LONG-TERM INTEREST RATES











Source: OECD, J.P. Morgan, Bloomberg

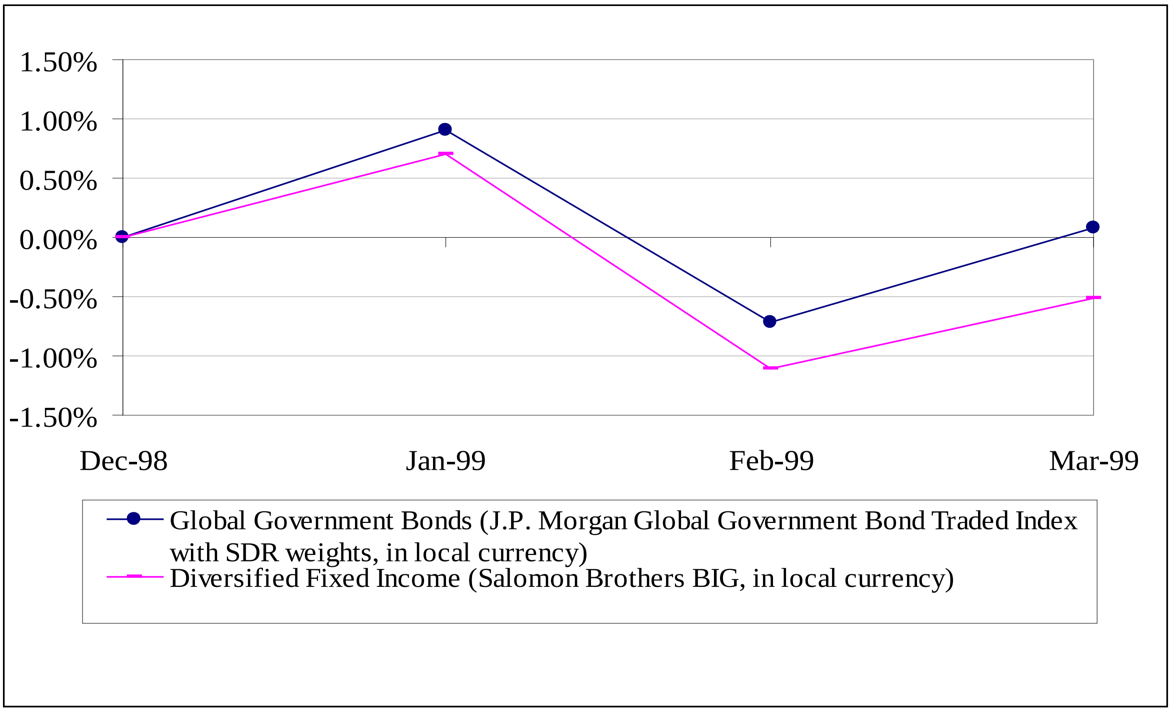
GOVERNMENT BOND RETURNS PER COUNTRY INCLUDED IN THE J.P. MORGAN GOVERNMENT BOND TRADED INDEX

(PERCENT)

Country	1st Quarter 1999	1998
United States	(1.78)	10.25
Germany	0.66	11.40
Japan	3.43	0.55
France	0.41	12.58
United Kingdom	(0.20)	19.79
Australia	(0.48)	10.29
Belgium	0.67	11.99
Canada	0.47	9.58
Denmark	1.51	10.86
Italy	0.43	12.71
The Netherlands	0.65	11.79
Spain	0.29	12.61
Sweden	1.02	14.13
GLOBAL	**0.20**	**10.06**

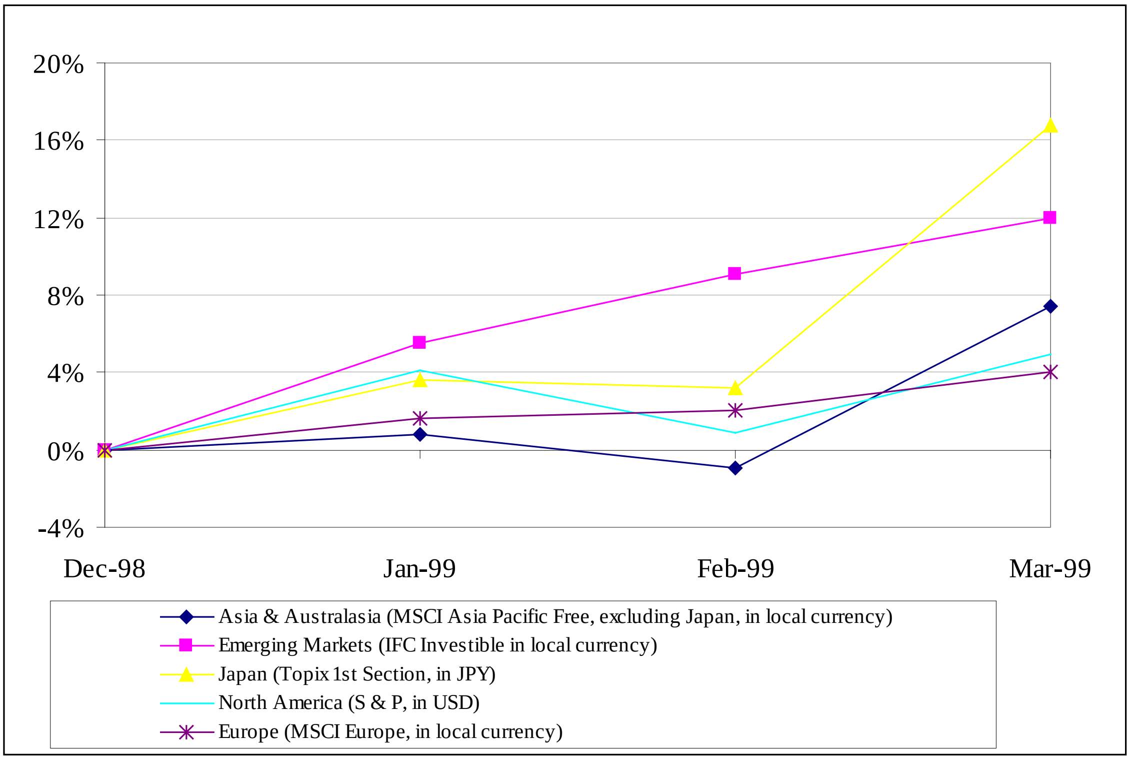
Source: J.P. Morgan

FIXED-INCOME MARKET DEVELOPMENT - FIRST QUARTER 1999



Source: State Street Analytics

EQUITY MARKET DEVELOPMENT - FIRST QUARTER 1999



Source: State Street Analytics

ANALYSIS OF GROSS INCOME FOR THE FIRST QUARTER OF 1999

	Internally-Managed Portfolio	Global Fixed-Income Portfolio	Diversified Fixed-Income Portfolio	Equity Portfolio	Overall Portfolio
Interest Income	1 162	19 431	2 352	217	23 162
Dividend Income	-	-	114	1 885	1 999
Realized capital gains/(losses)	-	6 527	(1 231)	5 484	10 780
Unrealized capital gains/(losses)	-	(37 597)	(1 065)	30 190	(8 472)
Gross income	1 162	(11 639)	170	37 776	27 469

MOVEMENTS IN INVESTMENTS UNDER EXTERNAL MANAGEMENT EQUITIES - FIRST QUARTER 1999

(USD '000 EQUIVALENT)

	Japanese Equities	Asian and Australasian Equities	Emerging-Markets Equities	North American Equities	European Equities	Total
Opening balance	95 156	76 541	77 844	91 035	-	340 576
New Allocation	-	-	-	-	60 000	60 000
Interest Income	-	26	26	2	164	217
Dividend Income	431	444	549	342	119	1 885
Realised capital gains/(losses)	953	3 274	(2 728)	4 118	(133)	5 484
Unrealised capital gains/(losses)	15 721	2 465	11 836	911	(742)	30 190
Subtotal: Gross income	17 104	6 208	9 682	5 373	(592)	37 776
Exchange gains/(losses)	(4 937)	49	(2 283)	-	(1 214)	(8 386)
Closing balance	107 323	82 798	85 244	96 408	58 193	429 966

COMPOSITION OF THE INVESTMENT PORTFOLIO

Type of Instrument	31 March 1999		31 December 1998	
	Amount	%	Amount	%
Freely Convertible Currencies				
Instruments				
Cash	36 803	1.67%	60 848	2.68%
Time-deposits	247 833	11.21%	201 442	8.88%
Treasury bills	338	0.02%	173	0.01%
Global bonds at market value	1 421 572	64.31%	1 545 332	68.13%
Emerging-market bonds at market value	21 982	0.99%	13 603	0.60%
Mortgage-backed securities at market value	97 606	4.42%	90 440	3.99%
Asset-backed securities at market value	1 905	0.09%	1 965	0.09%
Corporate bonds at market value	47 351	2.14%	52 698	2.32%
Equities at market value	411 345	18.61%	324 500	14.31%
Futures at market value	282	0.01%	422	0.02%
Subtotal Instruments	2 287 017	103.47%	2 291 423	101.02%
Open Trades				
Payable for bonds bought	(239 175)		(164 671)	
Receivable for bonds sold	130 050		95 929	
	(109 125)	-4.94%	(68 742)	-3.03%
Payable for equities bought	(8 165)		(1 416)	
Receivable for equities sold	2 590		1 382	
	(5 575)	-0.25%	(34)	0.00%
Spot currency purchases	0		0	
Spot currency sales	0		0	
	0	0.00%	0	0.00%
Forward currency purchases	526 231		398 268	
Forward currency sales	(525 444)		(393 574)	
	787	0.04%	4 694	0.21%
Subtotal Open Trades	(113 913)	-5.15%	(64 082)	-2.83%
Other Receivables				
Accrued income	29 730		33 593	
Dividends receivable	1 202		407	
Subtotal other Receivables	30 932	1.40%	34 000	1.50%
Total Freely Convertible Currencies	2 204 036	99.71%	2 261 341	99.69%
Non-convertible Currencies				
Cash	641		667	
Time-deposits	492		492	
Equity	5 172		5 795	
Total Non-convertible Currencies	6 305	0.29%	6 954	0.31%
Grand Total	**2 210 341**	**100.00%**	**2 268 295**	**100.00%**

CURRENCY COMPOSITION OF THE INVESTMENT PORTFOLIO, HOLDINGS OF PROMISSORY NOTES AND AMOUNTS RECEIVABLE FROM CONTRIBUTORS AS AT 31 MARCH 1999

Currency	Cash and Investments	Promissory Notes	Amounts Receivable	Total
USD	976 802	131 532	48 055	1 156 389
EUR	439 695	125 165	40 247	605 107
JPY	262 644	44 740	24 007	331 391
GBP	308 138	30 401	7 298	345 837
Sub Total	1 987 279	331 838	119 607	2 438 724
ARS	2 869	-	-	2 869
AUD	26 253	7 855	-	34 108
CAD	28 752	23 269	6 027	58 048
CHF	6 542	11 308	-	17 850
DKK	22 831	30 178	-	53 009
EEK	32	-	-	32
EGP	399	-	-	399
HKD	20 637	-	-	20 637
HUF	1 346	-	-	1 346
IDR	4 231	-	-	4 231
INR	-	4 554		4 554
KRW	11 049	-	-	11 049
MXN	8 094	-	-	8 094
NOK	-	10 279	4 910	15 189
NZD	3 662	876	-	4 538
PHP	5 167	-	-	5 167
PKR	337	-	-	337
SEK	37 406	27 321	-	64 727
SGD	16 297	-	-	16 297
SKK	61	-	-	61
THB	8 675	-	-	8 675
TRL	4 429	-	-	4 429
ZAR	7 688	-	-	7 688
Subtotal	216 757	115 640	10 937	343 334
Total Convertible Currencies	2 204 036	447 478	130 544	2 782 058
NCC	6 305	2 688	-	8 993
Total	2 210 341	450 166	130 544	2 791 051

ANNEX XI

ISO CURRENCY ABBREVIATIONS

CURRENCY CODE	CURRENCY NAME
USD	UNITED STATES DOLLAR
EUR	EURO
JPY	JAPANESE YEN
GBP	POUND STERLING
ARS	ARGENTINE PESO
AUD	AUSTRALIAN DOLLAR
CAD	CANADIAN DOLLAR
CHF	SWISS FRANC
DKK	DANISH KRONE
EEK	ESTONIAN KRUNE
EGP	EGYPTIAN POUND
HKD	HONG KONG DOLLAR
HUF	HUNGARIAN FORINT
IDR	INDONESIAN RUPIAH
INR	INDIAN RUPEE
KRW	SOUTH KOREAN WON
MXN	MEXICAN PESO
NOK	NORWEGIAN KRONE
NZD	NEW ZEALAND DOLLAR
PHP	PHILIPPINE PESO
PKR	PAKISTAN RUPEE
SEK	SWEDISH KRONA
SGD	SINGAPORE DOLLAR
SKK	SLOVAKIAN KONUNA
THB	THAILAND BAHT
TRL	TURKISH LIRA
ZAR	SOUTH AFRICAN RAND