

FOR ACTION

Finance and Investment Report

Purpose

To inform members of the activities of the FIC and to provide members with information regarding the endowment fund investments.

To consider and approve the financial statements for 2008.

<u>Annex A</u>	Financial Statements (19 pages)
<u>Annex B</u>	Investment Fund Status (2 pages)

GLOBAL CROP DIVERSITY TRUST

Financial Statements for the year ended
December 31, 2008

Auditor's Report

GLOBAL CROP DIVERSITY TRUST

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INDEPENDENT AUDITOR'S REPORT

To the Executive Board The Global Crop Diversity Trust

We have audited the accompanying financial statements of the Global Crop Diversity Trust, which comprise the statement of financial position as at December 31, 2008 and 2007 and the statements of activities, changes in fund balances and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Global Crop Diversity Trust as at December 31, 2008 and 2007 and the results of its activities and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as described in Note 2 to the financial statements.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 7 to the financial statements which discloses change in market value of the Endowment Fund recorded in 2008, as reported in the Statement of Activities for the year.

DELOITTE & TOUCHE S.p.A.



Roberto Lolato
Partner

Rome, Italy
April 17, 2009

**GLOBAL CROP DIVERSITY TRUST
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 USD	2007 USD
ASSETS			
Current Assets			
Accounts Receivable	4		
Donor		-	105,153
Other		13,038,667	6,981,379
Prepaid Expenses		-	150,000
Total Current Assets		13,038,667	7,236,532
Non Current Assets			
Cash and Cash Equivalents	3	22,529,192	2,302,318
Endowment Fund	7	59,947,088	82,678,944
Total Non Current Assets		82,476,280	84,981,262
TOTAL ASSETS		<u>95,514,946</u>	<u>92,217,794</u>
LIABILITIES & FUND BALANCES			
Current Liabilities			
Accounts Payable	5		
Donor		7,442,583	4,767,913
Other		1,854,808	464,306
Total Current Liabilities		9,297,391	5,232,219
Non Current Liabilities		-	-
Total Liabilities		<u>9,297,391</u>	<u>5,232,219</u>
Fund Balances			
Unrestricted		831,703	658,059
Temporarily Restricted		2,909,571	1,346,254
Permanently Restricted		82,476,280	84,981,262
Total Fund Balances	6	<u>86,217,555</u>	<u>86,985,575</u>
TOTAL LIABILITIES & FUND BALANCES		<u>95,514,946</u>	<u>92,217,794</u>

**GLOBAL CROP DIVERSITY TRUST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 USD	2007 USD
INCOME & SUPPORT			
Investment Income			
Endowment Fund Gain/(Loss)		(20,172,392)	5,670,095
Investment Expenses Released		(184,374)	(173,090)
Interest Income		557,305	745,862
Net Investment Income		<u>(19,799,461)</u>	<u>6,242,867</u>
Contributions to Operational Fund			
Contributions to Operational and Fundraising Activities	8	1,014,149	1,569,896
Total Contributions to Operational Fund		<u>1,014,149</u>	<u>1,569,896</u>
Net Assets released from Restrictions			
From Capacity Building Fund		4,889,554	2,359,334
From Endowment Fund		2,375,090	1,139,400
Total Net Assets released from Restrictions		<u>7,264,644</u>	<u>3,498,734</u>
TOTAL INCOME & SUPPORT		(11,520,669)	11,311,497
GRANT EXPENSE			
Long-term Conservation Grants		1,841,100	1,049,100
Capacity Building & Other Grants		2,689,355	870,493
Conservation Strategies		7,862	88,886
Salaries & Benefits		1,832,260	1,251,593
External Review & Consultancies		-	102,713
Professional Services		294,187	101,483
Travel		65,889	34,465
Total Grant Expense		<u>6,730,654</u>	<u>3,498,734</u>
SUPPORTING EXPENSES			
Salaries & Benefits		515,189	441,859
Travel		89,372	67,707
Governance		80,330	102,937
Public Awareness & Communications		206,232	296,844
Professional Services		345,946	323,300
Facilities		137,424	70,000
Total Supporting Expenses	9	<u>1,374,494</u>	<u>1,302,647</u>
TOTAL EXPENDITURE		8,105,148	4,801,381
Net Excess of Income & Support over Expenditure		(19,625,817)	6,510,116
Increase/(Decrease) in Restricted Funds:			
Capacity Building Fund			
Contributions	8	6,452,871	2,854,572
Released from Restrictions		(4,889,554)	(2,359,334)
Increase/(Decrease) in Capacity Building Fund		<u>1,563,317</u>	<u>495,238</u>
Endowment Fund			
Contributions		19,669,569	34,341,250
Released from Restrictions		(2,375,090)	(1,139,400)
Increase/(Decrease) in Endowment Fund		<u>17,294,479</u>	<u>33,201,850</u>
Increase/(Decrease) in Restricted Funds		18,857,796	33,697,087
Increase/(Decrease) in Fund Balances		(768,020)	40,207,203
Fund Balances at Beginning of Period		86,985,575	46,778,372
Fund Balances at End of Period		<u>86,217,555</u>	<u>86,985,575</u>

**GLOBAL CROP DIVERSITY TRUST
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2008**

	2008 USD	2007 USD
RESTRICTED FUND BALANCES		
Endowment Fund		
Opening Balance	84,981,262	45,536,545
Donations/Contributions	19,669,569	34,341,250
Investment Income	557,305	745,862
Net Endowment Fund Gain/(Loss)	(20,356,766)	5,497,005
Amount Released	(2,375,090)	(1,139,400)
Closing Balance	<u>82,476,280</u>	<u>84,981,262</u>
Capacity Building Fund		
Opening Balance	1,346,254	851,016
Donations/Contributions	6,452,871	2,854,572
Amount Released	(4,889,554)	(2,359,334)
Closing Balance	<u>2,909,571</u>	<u>1,346,254</u>
UNRESTRICTED FUND BALANCES		
Operational Fund		
Opening Balance	658,059	390,811
Operating Surplus/(Deficit)	173,644	267,248
Closing Balance	<u>831,703</u>	<u>658,059</u>
TOTAL FUND BALANCES	<u>86,217,555</u>	<u>86,985,575</u>

**GLOBAL CROP DIVERSITY TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008**

	2008 USD	2007 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/(Decrease) in Unrestricted Fund Balance	173,644	267,248
(Increase)/Decrease in Accounts Receivable	(5,802,135)	(5,777,106)
Increase/(Decrease) in Accounts Payable	<u>4,065,173</u>	<u>5,017,120</u>
Net Cash Provided By Operating Activities	(1,563,318)	(492,737)
CASH FLOWS FROM RESTRICTED ACTIVITIES		
Increase/(Decrease) in Capacity Building Fund	1,563,317	495,238
Increase/(Decrease) in Endowment Fund	<u>20,226,874</u>	<u>2,299,312</u>
Net Cash Provided By Restricted Activities	21,790,192	2,794,550
Increase/(Decrease) in Cash	20,226,874	2,301,813
CASH AT BEGINNING OF YEAR	2,302,318	506
CASH AT END OF YEAR	<u>22,529,192</u>	<u>2,302,318</u>

GLOBAL CROP DIVERSITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

1. STATEMENT OF PURPOSE

The Global Crop Diversity Trust (the Trust) is an autonomous international fund established under international law. The international status of the Trust is conferred under an Establishment Agreement, which has been signed by 26 countries. The Trust was established on October 21, 2004 and operates within the framework of the International Treaty on Plant Genetic Resources for Food and Agriculture as an essential element of its Funding Strategy.

The Trust is currently located in Rome, hosted by the Food and Agricultural Organization of the United Nations (FAO) and Bioversity International, pending the establishment of a permanent headquarters location.

Mission

The mission of the Trust is to ensure the long-term conservation and availability of plant genetic resources for food and agriculture with a view to achieving global food security and sustainable agriculture. To do this, the Trust aims to raise an endowment fund of USD 260 million to support the development of a rational and efficient system for conserving crop diversity around the world.

Donors to the Trust include governments from developing and developed countries, foundations, the private sector and individuals.

Friends of Global Crop Diversity, Ltd

A United States charitable organization, Friends of Global Crop Diversity, Ltd, was established in August 2005 to further the mission of the Trust. The Corporation was established under section 501(c)(3) of the US Internal Revenue Code and will assist the Trust in informing the American people of the objectives and purposes of the Trust and raising US funding to support the mission of the Trust.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Trust are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Since existing IFRS do not cover issues unique to not-for-profit organizations, the Trust has drawn from other widely used standards (such as SFAS 117 of US GAAP) to provide guidance on issues of importance that are not yet addressed by existing IFRS. The significant accounting policies followed are described below.

2.1 Accounts Receivable

All receivable balances are valued at their net realizable value, that is, the gross amount receivable less an allowance for doubtful accounts where appropriate.

Allowances for doubtful accounts are provided in an amount equal to the total receivables shown, or reasonably estimated to be doubtful of collection. The amount in the allowance is based on past experience and on a continuous review of receivable reports and other relevant factors. When an account receivable is deemed doubtful of collection, an allowance is provided during the year the account is deemed doubtful. Any receivable, or portion of receivable judged to be un-collectible is written off. Write-offs of receivables are done via allowance for doubtful accounts after all efforts to collect have been exhausted.

The Trust did not have any doubtful accounts during the year.

2.2 Endowment Fund

The endowment fund is a permanently restricted fund established to support the effective conservation and ready availability of the biological basis of agriculture.

The endowment fund investments are recorded as non-current assets at fair market value. In accordance with IFRS 7, the fair value of financial assets and liabilities is determined with reference to quoted market prices. Changes in the market value of the funds and interest earned are reported in the Statement of Activities in the year in which the change occurs. The investment objectives and policies permit the annual withdrawal of income of up to 4.5% of the average market value of the fund over the previous six quarters. The amount withdrawn is reported in the Statement of Activities as net assets released from restrictions.

2.3 Accounts Payable

Accounts payable are short-term liabilities reflecting amounts owed in respect of services received and grants payable during the year together with contributions received in advance from donors.

2.4 Revenue Recognition

Funding managed by the Trust falls into three categories:

- 1) Endowment fund
- 2) Funds for various projects undertaken by the Trust, conservation strategies and capacity building grants
- 3) Funds to cover the operational and fundraising activities of the Trust

While some donors provide funds that may be applied to any category and activity at the discretion of the Trust, most donors allocate their funds to a specific category or categories. In certain cases, the Trust may receive funds that are either unrestricted for use within the category concerned or that are restricted or "earmarked" by the donor for a specific purpose or activity.

Unrestricted grants, received and pledged, are recognized as revenues when the conditions imposed by the donor have been substantially met or explicitly waived by the donor.

Restricted grants are recognized as revenue to the extent grant conditions have been met. Grants pledged but not yet received are accrued among receivables only to the extent expended.

Grants in kind are recorded at the fair value of the assets or services received, or the fair value of the liabilities satisfied.

Foreign currency transactions

The Trust conducts its operations in several currencies and maintains its accounting records in United States dollars. The financial statements are expressed in United States dollars solely for the purpose of summarizing the financial position and the results of activities.

All items in the Statement of Financial Position, where necessary, have been translated at market rates of exchange at year-end.

Revenue and expense items in currencies other than United States dollars have been recorded at the exchange rate prevailing on the transaction date.

2.5 Expenditure

The costs of carrying out the projects undertaken by the Trust and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between grant expenditure and supporting expenditure.

2.6 Fixed Assets

Office equipment and furniture are recorded at cost and depreciated over the estimated useful life of the respective assets (three to five years) on a straight-line basis where the asset has an original cost greater than USD 2,000. Items with an original cost lower than this amount are charged directly to operating expenses in the period in which they are incurred.

Equipment and furniture acquired through the use of restricted grants are recorded as assets, and are fully expensed and charged directly to the appropriate restricted project in the year of acquisition.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in banks denominated in US dollars. The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents comprise contributions received for the endowment fund together with related interest earned. As contributions for the endowment fund are permanently restricted, cash and cash equivalents at year-end of USD 22,529,192 (2007: USD 2,302,318) are reported as non-current assets. These funds are held with Intesa San Paolo, Italy.

The investment strategy of the Organization, given the current climate, is to remain highly diversified, both in terms of type of investment and style of investing. At year-end approximately 40% of the endowment fund was held in an actively managed fund across a wide variety of asset classes, 30% was passively managed across market places and the remainder was held in cash and cash equivalents. The Organization has chosen to maintain a high degree of liquidity given the current environment, it is important to remain consistent and disciplined and to avoid a situation where the Organization would have to fire-sell investments. The investment strategy will be kept under constant review by the Finance & Investment Committee of the Executive Board.

4. ACCOUNTS RECEIVABLE

All receivable balances are valued at their net realizable value.

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Organization. The Organization does not have any significant credit risk exposure as amounts receivable consist mainly of amounts held with the host organizations, Bioversity International and the Food and Agriculture Organization of the UN (FAO), which are highly reputable international organizations. Total accounts receivable represent 13% of total assets.

(A) Accounts Receivable - Donor

Accounts receivable from donors consists of claims for expenses paid on behalf of restricted projects in excess of the amount received. It may also pertain to claims for unrestricted grants promised or pledged provided that the conditions attached to the grants have already been met. There were no accounts receivable from donors at year-end (Dec 31, 2007: USD 105,153).

(B) Accounts Receivable – Other

This balance relates mainly to amounts received by the host organizations, Bioversity International and the Food and Agriculture Organization of the UN (FAO), on behalf of the Trust that have not yet been expended.

	31/12/08	31/12/07
Bioversity International		
Balance as at 1/1	6,036,599	(15,619)
Investment Income	1,624,686	475,224
Canada	973,520	1,844,456
Friends of Global Crop Diversity, Ltd	-	164,000
Gates Foundation/UN Foundation	7,103,265	5,490,217
Grains Research & Development Corporation	1,701,622	400,428
Lillian Goldman Charitable Trust	200,000	-
Norway	-	200,000
Switzerland	70,000	30,000
Syngenta Foundation	-	25,000
United States	-	1,000,000
Expenditure	(5,578,518)	(3,577,107)
Accounts Receivable from Bioversity International	12,131,174	6,036,599
Food And Agriculture Organization of the UN (FAO)		
Balance as at 1/1	944,780	428,924
Investment Income	-	436,615
Italy	-	689,096
Norway	29,131	-
Sweden	141,483	101,999
Other	27,822	25,024
Expenditure	(741,024)	(736,878)
Accounts Receivable from FAO	402,192	944,780
Other - Investment Fund Income	505,303	-
TOTAL	13,038,667	6,981,379

5. ACCOUNTS PAYABLE

(A) Accounts Payable - Donor

Accounts payable to donors includes unexpended funds received in advance for restricted projects. It may also include unrestricted grants received for which conditions have not yet been met.

Donor	31/12/08	31/12/07
Gates Foundation/UN Foundation	6,643,102	4,619,384
Grains Research & Development Corporation	745,213	-
Norway	-	104,261
Swiss Agency for Development & Cooperation	29,268	19,268
Syngenta Foundation	25,000	25,000
TOTAL	7,442,583	4,767,913

(B) Accounts Payable – Other

This balance consists of amounts payable at the year-end in respect of long-term conservation and capacity building grants. It also includes amounts payable in respect of supplies and services received during the year.

	31/12/08	31/12/07
Grants Payable		
Long-term Conservation Grants	1,382,100	330,000
Capacity Building Grants	386,256	73,578
Total	1,768,356	403,578
Other		
Investment Management Fee	48,320	60,728
Consultancy Services	38,132	-
Total	86,452	60,728
TOTAL	1,854,808	464,306

6. FUND BALANCES

Resources are classified for accounting and reporting purposes into fund categories according to the activities or objectives specified by internal designation or by external restriction.

The Organization manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows. Management information systems focus on significant issues and produce timely, accurate, complete and meaningful information to enable effective management of liquidity.

Unrestricted Fund

The operational fund contains unrestricted net assets representing unrestricted resources available to support the Organization’s operations. The fund serves to provide working capital and financial stability for the Organization in the future. It comprises contributions received and expenditure incurred in respect of the operational and fundraising activities of the Trust. The operating surplus represents the excess of revenue over expenditures on operations for the year.

	31/12/08	31/12/07
Balance as at 1/1	658,059	390,811
Operating Surplus	173,644	267,248
Balance as at 31/12	831,703	658,059

Temporarily Restricted Fund

The capacity building fund contains net assets that are temporarily restricted by donor-imposed stipulations or by internal designation. When the restriction expires due to accomplishing the stipulated purpose or through passage of time, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. The fund comprises contributions received or allocated and expenditure incurred in respect of projects, conservation strategies, capacity building and long-term grants and related program expenditure.

	31/12/08	31/12/07
Balance as at 1/1	1,346,254	851,016
Contributions	6,452,871	2,854,572
Expenditure	(4,889,554)	(2,359,334)
Balance as at 31/12	2,909,571	1,346,254

Permanently Restricted Fund

The permanently restricted endowment fund contains net assets which are subject to donor-imposed stipulations that they be maintained permanently by the Organization. The fund comprises contributions received for the endowment fund together with the related bank interest earned, changes in market value less management fees and income withdrawn during the year. Current year contributions to the fund are as follows (amounts in USD/000):

Donors	Balance Dec 31, 2007	Contributions	Other movements	Balance Dec 31, 2008
Australia	9,240	1,834		11,074
Dupont/ Pioneer Hi-bred	1,000	-		1,000
Egypt	25	-		25
Ethiopia	25	-		25
Gates Foundation/UN Foundation	7,500	-		7,500
Germany	4,159	1,886		6,045
India	50	-		50
International Seed Federation	30	-		30
Ireland	1,357	1,511		2,868
Norway	12,064	3,113		15,177
New Zealand	50	-		50
Spain	-	1,295		1,295
Sweden	11,887	-		11,887
Switzerland	9,978	284		10,262
Syngenta AG	1,000	-		1,000
United Kingdom	9,722	9,746		19,468
United States	5,000	-		5,000
Private	1	-		1
Interest Earned	963	-	557	1,520
Realized & unrealized gain on investment fund (change in market value) less management fees	14,124	-	(20,357)	(6,233)
Realized Gains	(3,193)	-	(2,375)	(5,568)
Total	84,981	19,670	(22,175)	82,476

Further detail can be found in Note 7.

7. ENDOWMENT FUND

The Trust will build and manage an endowment fund, the income from which will be used to fund the effective conservation and the ready availability of the biological basis of agriculture. An endowment fund will provide a permanent source of financial support matching the long-term nature of conservation with long-term secure and sustainable funding.

The Trust opened its first Endowment Investment Fund with HSBC Asset Management (Europe) Limited in April 2005. Funds are invested in accordance with Investment Objectives and Policies approved by the Executive Board. In January 2007 the Trust hired an Independent Financial Advisor to assist the Trust in all areas of investment management including providing advice on the ethical policies adopted by the Trust. The contract will be funded for a period of three years (2007-2009) by the Swiss Agency for Development and Cooperation (SDC).

In 2008 the Organization became an official signatory to the United Nations Principles for Responsible Investment (UNPRI), an international framework for incorporating sustainability into investment decision-making. The Principles were launched in 2006 by UN Secretary-General Kofi Annan as a framework to help investors achieve better long-term investment returns and sustainable markets, through better analysis of environmental, social and governance issues in the investment process.

The Endowment Fund investments at year-end of USD 59,947,088 (2007: USD 82,678,944) represent the principle together with changes in market value less management fees and income released. Changes in the market value of the funds and interest earned are reported in the Statement of Activities in the year in which the change occurs.

The following schedule represents the composition of the market value of the investment fund as at December 31:

	Balance	Balance
	31/12/08	31/12/07
Equities	26,560,136	27,412,276
Bonds	29,114,190	16,546,061
Hedge Funds	1,735,592	3,115,351
Real Estate	984,988	1,279,781
Cash	1,552,183	2,393,675
Total	59,947,088	50,747,144
Cash for Investment in ETFs	-	31,931,800
Total	59,947,088	82,678,944

The following table provides an analysis of changes to non-current assets during the year:

	Note	31/12/08	31/12/07
Balance as at 1/1		84,981,262	45,536,545
Contributions	1	19,669,569	34,341,250
Endowment Fund Gain/(Loss)	2	(20,356,765)	5,497,005
Income Released	3	(2,375,090)	(1,139,400)
Investment Income	4	557,305	745,862
Balance as at 31/12		82,476,280	84,981,262

Notes:

1. Contributions were received from government agencies, private foundations and corporations. Further detail can be found in Note 6.
2. The endowment fund gain/(loss) represents the change in market value of the fund and is reported in the Statement of Activities for the year.
3. The Investment Objectives and Policies of the Trust permit the annual withdrawal of up to 4.5% of the average market value of the fund over the previous six quarters. During the year the Trust did not require the entire 4.5%, approximately 2.8% was withdrawn and the balance was retained in the fund.
4. Investment income relates to amounts earned during the year from holding funds on fixed term deposit.

Investment Risk & Risk Management

The Organization invests in a professionally managed portfolio that contains equity, US corporate bonds, US government bonds, emerging market debt, US REITs and hedge funds. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

The investment strategy, given the current climate, is to remain highly diversified, both in terms of type of investment and style of investing. At year-end approximately 40% of the endowment fund was held in an actively managed fund across a wide variety of asset classes, 30% was passively managed across market places and the remainder was held in cash and cash equivalents. The actively managed fund is held in a custodian account with HSBC Asset Management (Europe) Limited. The investment return for the year was -29.17%. The performance of the total investment portfolio for 2008 has been quite good as compared with the benchmark and index with a decrease of about 19% since the start of the year. The total amount of the endowment fund has not suffered significantly as there continues to be an inflow of donations and the spend rate is relatively small.

Movements in interest rates within a bond portfolio and the inherent risk thereof are driven by changes in investor views on economies and individual issuers of interest rate sensitive securities. Price sensitivities of securities to changes in interest rates are measured by the duration measure - modified duration for sensitivities to changes in yield, and spread duration for price sensitivities to changes in the option adjusted spread (which is a function of perceived credit quality). Management of interest rate risk is performed through the adjustment of the duration measure by buying/selling bonds of different maturities. Where the investment team's view is for price appreciation in any one market or sector, greater duration risk may be taken through a marginal increase relative to the objective, and vice versa. Duration adjustments may also be performed through the use of an interest rate Futures overlay, where permitted. The monitoring of interest rate risk is usually performed relative to a benchmark or investment objective through the duration measure. This marginal or active risk as mentioned previously is thus monitored on a continual basis until a change in investment view is decided.

For currency exposures within the fixed income portion of the portfolio, the predominant denomination is USD as dictated by the component indices all being referenced to the US fixed income markets. Thus, there is minimal currency risk against the base currency of the portfolio (USD) arising from the fixed income exposure.

For the global equities portion of the portfolio, the sensitivity of price change to the market (beta) is close to unity and hence percentage market moves would be similarly captured by the portfolio. Insofar as estimating volatility for the first six months of 2009, the wild swings seen over the past year makes accurate forecasting non-sensical and furthermore the extreme swings in equity market valuations intra-day reinforces low confidence in volatility forecasting.

It is expected that volatility in the equity portfolio will closely resemble that of the benchmark in absolute terms as the relative country and sector weightings are within 2% whereas at the stock level, the marginal difference between portfolio and index weight will be within 1%. Further, the portfolio will have a similar market capitalization structure to the benchmark, that is the portfolio is not significantly overweight large-cap or small-cap companies.

Subsequent Events

The market value of the endowment fund investments as at March 31, 2009 has not changed significantly as compared with the value reported at December 31, 2008.

8. CONTRIBUTIONS TO OPERATIONAL, FUNDRAISING AND GRANT ACTIVITIES

Contributions were received during the year from the following donors:

	Bioversity International	FAO	Balance Dec 31, 2008
Canada	973,520	-	973,520
Friends of Global Crop Diversity, Ltd	-	-	-
Gates Foundation/UN Foundation	5,010,776	68,771	5,079,547
Grains Research & Development Corporation	875,157	-	875,157
Lillian Goldman Charitable Trust	200,000	-	200,000
Norway	104,261	5,230	109,491
Sweden	-	141,483	141,483
Swiss Agency for Development & Cooperation	60,000	-	60,000
Other	-	27,822	27,822
Total	7,223,714	243,306	7,467,020
Contributions to Operational and Fundraising Activities			1,014,149
Contributions to Capacity Building Fund			6,452,871
Total			7,467,020

9. GRANT AND SUPPORTING EXPENDITURE

With the exception of investment management expenses, which are released from the investment fund, all expenditures are incurred by the host organizations, FAO and Bioversity International, on behalf of the Trust. These costs are charged back to the Trust at cost plus overhead.

Grant expenditure significantly increased in 2008 as work increased on the Global System Project, a four-year project funded by the Gates Foundation/UN Foundation. The Trust also increased its program of providing long-term sustainable funding to the world's most important collections of crop diversity; collections of banana, barley, bean, cassava, fababean, forages, grasspea, lentil, pearl millet, rice, sorghum, wheat and yam were supported in 2008.

During the year the Trust retained the services of a government affairs company in Washington DC to assist with the process of securing funding from US government sources. The Trust also intensified its efforts to raise the profile of the Organization and its mission. Professional services expenditure includes the investment fund management fee, which will continue to increase as the value of the fund grows. It also includes the fee for the Independent Financial Advisor who provides advice to the Trust on all aspects of investment management. This contract will be funded for a period of three years (2007-2009) by the Swiss Agency for Development and Cooperation.

GLOBAL CROP DIVERSITY TRUST
Investment Status as at March 31, 2009

	HSBC	ETFs	FTD	Consolidated
<u>Summary</u>				
Equities	17,233,862	9,232,062		26,465,924
Fixed Income	14,314,827	14,210,489		28,525,316
Cash	270,731	1,093,128	23,805,942	25,169,801
TOTAL	31,819,420	24,535,679	23,805,942	80,161,041

<u>Detail</u>				
US Equities	5,989,396	4,440,229		10,429,625
Non-US Equities	5,762,229	3,850,098		9,612,327
Emerging Market Equities	2,829,099	941,734		3,770,833
US REITs	656,118			656,118
Hedge Funds	1,997,020			1,997,020
US Government Bonds	7,922,144	14,210,489		22,132,633
US Corporate Bonds	5,629,058			5,629,058
Emerging Market Debt	763,625			763,625
Cash	270,731	1,093,128	23,805,942	25,169,801
TOTAL	31,819,420	24,535,678	23,805,942	80,161,040

GLOBAL CROP DIVERSITY TRUST

Portfolio A - Managed Fund	01-01-2009 USD	31-01-09 USD	28-02-09 USD	31-03-2009 USD	Variance 1/1 - 31/03
US Equities	6,403,456.19	5,560,551.53	4,987,282.69	5,989,395.81	
Non-US Equities	6,533,110.04	5,588,796.96	4,951,877.83	5,762,228.81	
Emerging Market Equities	2,889,435.12	2,558,897.50	2,502,059.02	2,829,098.89	
US Government Bonds	7,694,384.38	7,805,101.84	8,213,447.95	7,922,143.83	
US Corporate Bonds	6,447,289.44	6,286,027.24	5,803,046.69	5,629,058.49	
Emerging Market Debt	747,500.70	756,880.03	746,499.54	763,624.71	
US REITs	984,988.35	812,311.38	645,579.47	656,118.44	
Hedge Funds	1,735,591.71	1,659,341.87	2,004,281.64	1,997,019.75	
Cash	547,652.32	1,033,611.02	996,147.44	270,730.77	
Unclassified	-	-	-	-	
TOTAL	33,983,408.25	32,061,519.37	30,850,222.27	31,819,419.50	(2,163,988.75)
Portfolio B - ETFs	01-01-2009 USD	31-01-09 USD	28-02-09 USD	31-03-2009 USD	Variance 1/1 - 31/03
S&P Depository Receipts	1,296,935.64	1,296,935.64	1,064,296.28	1,143,618.00	(153,317.64)
Vanguard Value VIPERs	1,297,075.08	1,153,060.67	997,386.45	1,067,030.00	(230,045.08)
I-Shares Russell Microcap Index	1,281,641.35	1,142,493.14	989,309.99	1,073,915.00	(207,726.35)
Vanguard Small Cap Value VIPERs	1,411,002.68	1,236,123.46	1,062,906.59	1,155,666.00	(255,336.68)
Vanguard Eur Pac ETF	1,195,329.58	1,027,800.68	924,237.36	1,001,257.00	(194,072.58)
I-Shares MSCI EAFE Value Index	1,127,969.04	1,002,167.28	889,552.63	951,747.10	(176,221.94)
WisdomTree Intl Small Cap Div Fund	2,178,456.08	1,941,723.62	1,734,744.42	1,897,094.00	(281,362.08)
Vanguard Emerging Market VIPERs	945,724.80	861,128.32	814,041.60	941,734.40	(3,990.40)
I-Shares Barclays 7-10yr	7,583,208.00	7,297,010.55	7,216,607.77	7,442,314.00	(140,894.00)
I-Shares Barclays 1-3yr	4,176,515.00	4,161,116.94	4,149,610.37	4,164,305.00	(12,210.00)
I-Shares Barclays TIPS Bond	2,465,292.00	2,511,647.97	2,462,114.43	2,603,870.00	138,578
Capital Account	601,290.13	1,021,641.13	1,041,186.37	1,041,186.00	439,896
Income Account	403,240.60	-	-	51,941.76	(351,298.84)
TOTAL	25,963,679.98	24,652,849.40	23,345,994.26	24,535,678.26	(1,428,001.72)
Portfolio C - FTD	01-01-2009 USD	31-01-09 USD	28-02-09 USD	31-03-2009 USD	Variance 1/1 - 31/03
Cash & Cash Equivalents	22,529,192.00	22,529,192.00	23,805,942.00	23,805,942.00	1,276,750.00
TOTAL	22,529,192.00	22,529,192.00	23,805,942.00	23,805,942.00	1,276,750.00
TOTAL PORTFOLIO	82,476,280.23	79,243,560.77	78,002,158.53	80,161,039.76	