



UNJSPF

United Nations Joint
Staff Pension Fund

Annual Report 2017





UNJSPF

United Nations Joint
Staff Pension Fund

Pension Fund Secretariat

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Photo Credit: UN Photo

"Sustainable development is more than a goal. It is our responsibility to our planet and future generations."

Antonio Guterres, Secretary-General of the United Nations

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Message from the Acting Secretary / CEO

Dear Participants and Beneficiaries,

It is my pleasure to present the 2017 Annual Report of the United Nations Joint Staff Pension Fund. I take this opportunity to report on important developments in the Fund for the reporting period.

The United Nations Joint Staff Pension Board (UNJSPB) met for its annual session in Rome from 27 July to 3 August at the Food and Agriculture Organization (FAO). In my opening statement to the Board, I emphasized that the Fund is in a very good financial position and noted that the Fund received an unqualified audit opinion on the 2017 financial statements. I informed the Board that the Fund has focused on standardization and stabilization following the introduction of new administrative processes and a new computer system. I am pleased to report that all beneficiaries continued to be paid in a timely manner. I would also mention that the Fund is processing some 80% of initial benefit cases within the same month that all documents are received.

With respect to the actuarial situation of the Fund, I would bring to your attention that the latest actuarial valuation as of 31 December 2017 revealed a small deficit of 0.05% of pensionable remuneration, well within the corridor of +/-2% of pensionable remuneration recommended by the Fund's actuaries which indicates that the Fund is very close to actuarial balance and is considered to be well funded.

Turning to benefit processing, the number of new benefits processed monthly (around 1,000) remained significantly above the long-term average (800). Furthermore, the Fund has recently reached and exceeded its target for processing efficiency with 75% of initial separations processed within 15 business days of receiving all necessary documentation. The median processing time is now eight business days. The Fund is also focused on new initiatives to establish excellence in client services. The opening of new Call Centers has allowed the Fund to respond to virtually all calls received during normal business hours. The Fund has also established toll-free telephone numbers in 28 countries. Furthermore, some 80% of emails are now handled within 15 business days. Moreover, the Fund has added several features to the web-based Member Self-Service (MSS) facility which now has over 90,000 participants and beneficiaries registered. The Fund has also expanded its outreach efforts to address our client's needs in many areas of the globe.

Finally, I would like to take this opportunity to thank you, as partners of the Fund, for your active involvement in efforts to achieve our goals. We continuously strive to strengthen relationships with our stakeholders to ensure that our clients are served with appreciation for their years of dedicated service. We take our responsibilities very seriously as we seek new ways to improve our services.

Thank you for the opportunity to serve you.



Paul Dooley

Acting Secretary to the Pension Board
and Acting CEO

Message from the RSG

Dear Participants and Beneficiaries,

As many of you know, I came on board on 1 January 2018 as the new full-time Representative of the Secretary-General (RSG) for investment of the assets of the UNJSPF. It is a pleasure and an honor to serve in this capacity.

We in the Office of Investment Management and all our stakeholders share the same objectives – to ensure that the assets of the Fund are managed prudently and optimally, in order to be able to fully discharge our obligations to our 205,000 current and future beneficiaries. Proactive and open two-way communication with all stakeholders and oversight bodies can go a long way in helping us achieve our objectives. I am committed to this approach. Over the past year, we have made great efforts to reach out to you and our other stakeholders, including by completely revamping our website. Please do visit <https://oim.unjspf.org> to learn more about the investments of the Fund.

The UNJSPF is financially healthy and is in a good position to meet its obligations to all current and future beneficiaries, as the most recent actuarial valuation report -- as of 31 December 2017 -- has confirmed. Annualized returns on the Fund's assets have comfortably exceeded our Long-Term objective of 3.5% real (net of inflation) in US Dollar terms -- for 3, 5, 15, 20, 25 and 50 year periods ending 31 December 2017; the only exception being the 10 year period due to the Global Financial Crisis of 2008. This is the primary reason for our current fully funded status.

Our goal is to fully discharge all our obligations to current and future beneficiaries. For this purpose, it is important to note that our Long-Term objective can be met even if a 3.5% real return (net of inflation) in US Dollar terms is not achieved every quarter, or even every year. Pension payments are made over decades; it is therefore in the best interests of beneficiaries that pension fund investments maintain a long-term focus in the face of short-term market volatility, some of which we have experienced during 2018.

The assets of the Fund, amounting to 64.1 billion US Dollars as of 31 December 2017, are the single most important assurance to the 205,000 staff and beneficiaries that the UNJSPF will fully discharge its obligations to them. In this context, I have been particularly struck by the wisdom and foresight displayed by the General Assembly as long ago as in 1948 in deciding, and reiterating periodically ever since, that the Secretary-General has the fiduciary

responsibility for investment of the assets of the Fund. I can confidently say that the Fund's current healthy financial situation -- in sharp contrast to that of many other public pension funds -- can be directly attributed to this layer of insulation which protects the Fund's assets from many of the pressures faced by other public pension organizations.

Financial markets are likely to be volatile over the near-term as they adjust to a normalization of monetary policy after ten years of very low interest rates and unprecedented quantitative easing, with no previous parallels to help us gauge how that adjustment may come about. At the same time, our fully funded status gives us a certain amount of financial cushion to withstand a period of possible low investment returns. I am confident that the Office of Investment Management will be able to deal with whatever challenges the markets may present, with your support and encouragement.

May I conclude with this closing thought: This Fund is a very important component of the employee value proposition for all staff of the UN and other member organizations -- we should aim to place it on a robust, stable foundation for the next 50 years.



Sudhir Rajkumar

Representative of the Secretary-General (RSG)
for Investment of UNJSPF Assets

Who we are

The United Nations Joint Staff Pension Fund is a defined benefit fund established by the General Assembly of the United Nations in 1948. The Fund is entrusted to provide retirement, death, disability and other benefits and related services to its participants, retirees and beneficiaries comprising the staff of the United Nations and 22 other organizations admitted to membership in the Fund. As of 31 December 2017 the fund had 126,736 participants and 78,247 beneficiaries.

The Fund operates under Regulations approved by the General Assembly and is administered by the United Nations Joint Staff Pension Board, which currently consists of 33 members, representing the UN and 22 other member organizations admitted to membership in the Fund.

As of 31 December 2017, the Fund managed a US\$64.1 billion multi-asset class, global investment portfolio, 85% of which is actively managed in-house.

The Fund invests globally (North America, Europe, Asia, Latin America and the Caribbean, and Africa) and in multiple asset classes (global equities, global fixed income, private equity, real estate, infrastructure, timber and commodities).

In aiming to prudently meet its long-term obligations, the Fund must ensure an adequate level of investment return on its assets while being mindful of the approved risk tolerance philosophy and the requirements posed by its liabilities. The long term objective is to achieve 3.5% real (net of inflation) rate of return in US Dollar terms.

The Fund operates through a bifurcated organizational structure. The Office of Investment Management (OIM) reports to the Secretary-General through his Representative (RSG) for the investment of the assets of the Fund. The Fund Secretariat reports, through the Secretary/CEO, to the Pension Board.

This bifurcated governance structure provides adequate checks and balances and ensures that the fiduciary responsibility and accountability for the Fund's assets are placed at the highest executive level.

The Fund secretariat is responsible for Benefit Payments and Administration, and also serves as secretariat to the Pension Board and the UN Staff Pension Committee.

The Office of Investment Management (OIM) is responsible for the investment of UNJSPF assets.



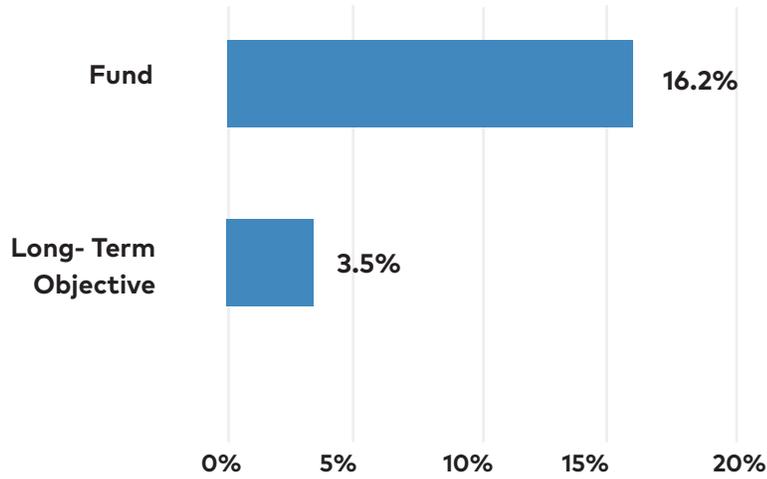
(left to right) William J. Wilkinson, Chief Operating Officer; Wen-Ching Wang, Deputy Director, Fixed Income & Treasury; Herman Bril, Director; Sudhir Rajkumar, Representative of the Secretary-General (RSG) for the investment of the assets of the UNJSPF; Paul Dooley, Acting Secretary/CEO (Fund secretariat); Toru Shindo, Deputy Director, Global Equities; and Isabela Munch, Deputy Director, Risk & Compliance.

(left to right) Dino Dell'Accio, Chief Information Officer; Paul Dooley, Acting Secretary/CEO; Maria Clarissa O'Donnell, Chief of Operations; Karl-Ludwig Soll, Chief Financial Officer (reports to both the Acting Secretary/CEO and the RSG); Alan Blythe, Chief of Office at Geneva. *Jaana Sareva, Chief, Risk Management and Legal Services Section (not in the picture)



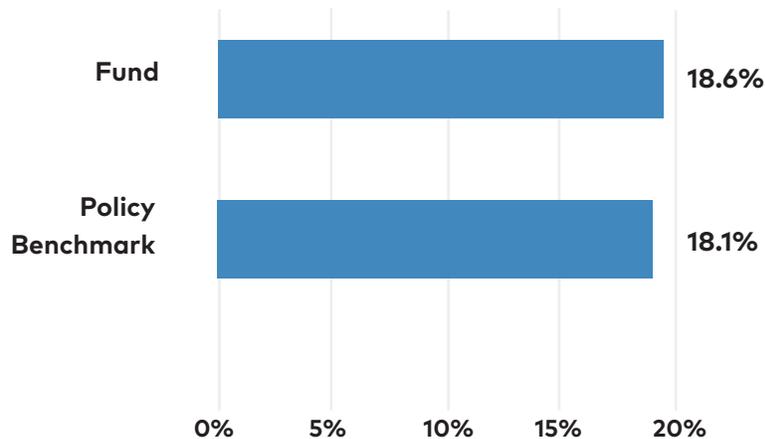
Investment Returns

2017 Real Return - Fund versus Long-Term Objective



Real return for 2017 was 16.2%, reflecting an outperformance of 12.7%. The nominal return for 2017 was 18.6%, reflecting an outperformance of 0.5%.

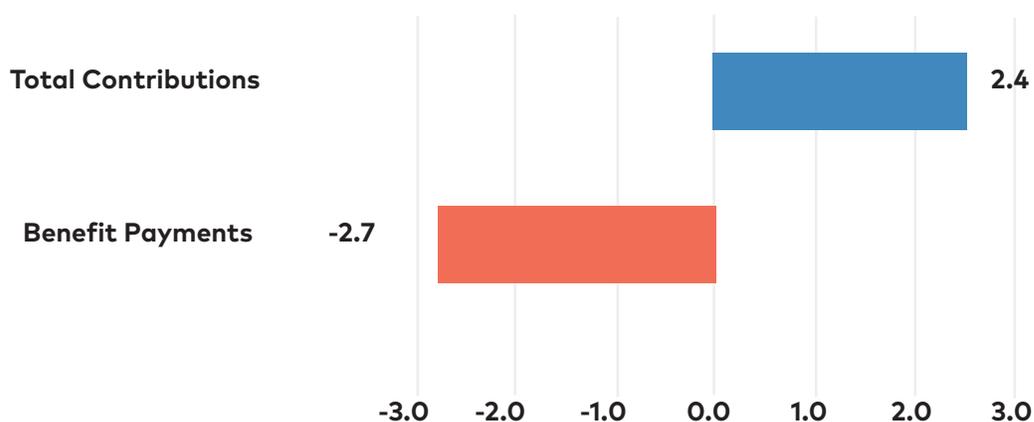
2017 Nominal Return - Fund versus Policy Benchmark



*Note: Effective 01 August 2015, the Policy Benchmark is composed of 58.0% MSCI All Country World Index (ACWI) for Global Equities, 26.5% Barclays Capital Global Aggregate Index for Global Fixed Income, 9.0% NCREIF ODCE Index plus 100 bps for Real Assets, 5.0% of MSCI ACWI plus 200 bps for Alternative Strategies and 1.5% in a blend of 50% BofA ML US 3-month T-bill index and 50% BofA ML Euro T-bill (0 to 1yr) index for Cash & Short Term.

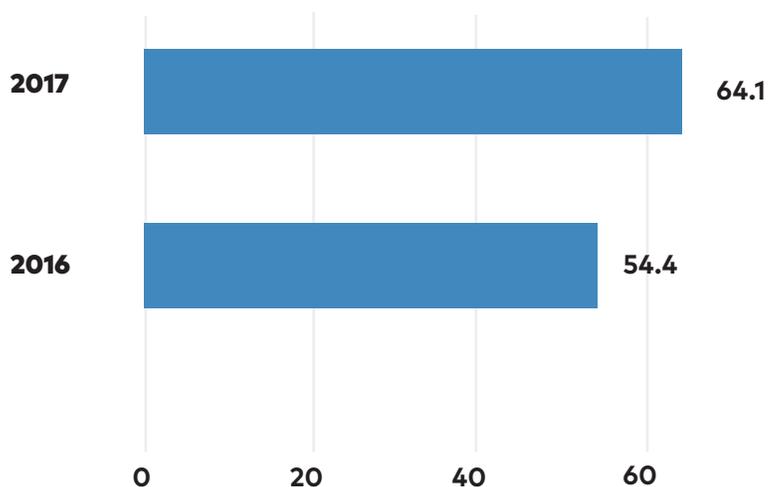
Contributions and Benefit Payments

2017 Total Contributions and Benefit Payments (USD Billion)



Total Contributions for 2017 were US\$ 2.4 billion, reflecting an increase of 5.6% over 2016. Benefit expenses for 2017 were US\$2.7 billion, reflecting an increase of 6.7% over 2016.

Market Value of Assets (USD Billion)



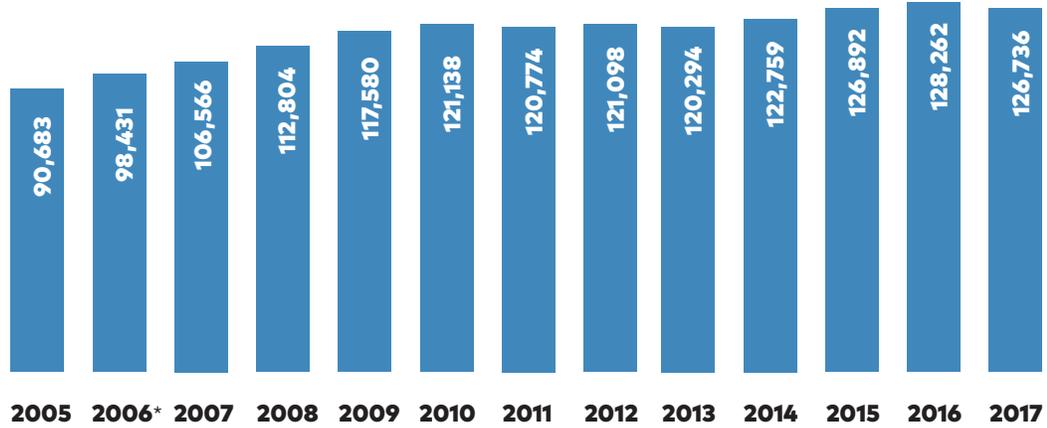
Member Organizations

As of 31 December 2017, the member organizations of the Fund are the **United Nations**¹ and the following:

Member Organizations		Year of Admission	Number of Active Participants
WORLD HEALTH ORGANIZATION	WHO	1949	10,732
FOOD AND AGRICULTURE ORGANIZATION	FAO	1950	10,533
UNITED NATIONS EDUCATION, SCIENTIFIC AND CULTURAL ORGANIZATION	UNESCO	1951	2,434
INTERNATIONAL CIVIL AVIATION ORGANIZATION	ICAO	1951	799
WORLD METEOROLOGICAL ORGANIZATION	WMO	1952	350
INTERNATIONAL LABOUR ORGANIZATION	ILO	1953	3,629
INTERNATIONAL ATOMIC ENERGY AGENCY	IAEA	1958	2,679
INTERNATIONAL MARITIME ORGANIZATION	IMO	1959	280
INTERNATIONAL TELECOMMUNICATION UNION	ITU	1960	721
WORLD INTELLECTUAL PROPERTY ORGANIZATION	WIPO	1977	1,209
INTERNATIONAL FUND FOR AGRICULTURE DEVELOPMENT	IFAD	1977	580
INTERNATIONAL CENTRE FOR THE STUDY OF PRESERVATION AND THE RESTORATION OF CULTURAL PROPERTY	ICCROM	1981	39
EUROPEAN AND MEDITERRANEAN PLANT PROTECTION ORGANIZATION	EPPO	1983	18
UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION	UNIDO	1986	673
INTERNATIONAL CENTRE FOR GENETIC ENGINEERING AND BIOTECHNOLOGY	ICGEB	1996	175
UNITED NATIONS WORLD TOURISM ORGANIZATION	UNWTO	1996	83
INTERNATIONAL TRIBUNAL FOR THE LAW OF THE SEA	ITLOS	1997	41
INTERNATIONAL SEABED AUTHORITY	ISA	1998	38
INTERNATIONAL CRIMINAL COURT	ICC	2004	1,167
INTER-PARLIAMENTARY UNION	IPU	2005	45
INTERNATIONAL ORGANIZATION FOR MIGRATION	IOM	2007	5,052
SPECIAL TRIBUNAL FOR LEBANON	STL	2009	450
TOTAL			126,736

¹ Number of Active Participants from the United Nations were 85,009.

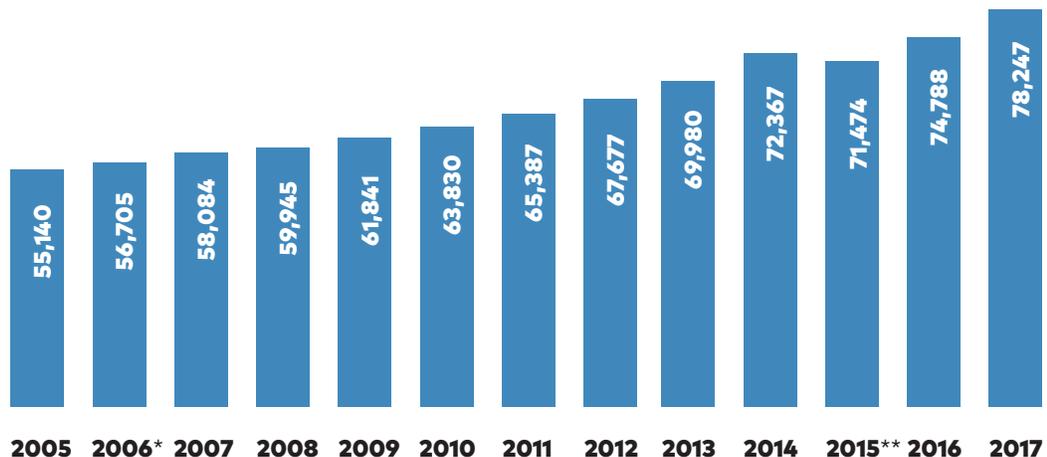
UNJSPF Active Participants (2005 - 2017)



*2006 figure was revised down by 2 from 98,433 to

The UNJSPF population reached 204,983 in 2017 (126,736 participants and 78,247 retirees and beneficiaries). Since 1998, Active Participants have increased by 76%; Retirees/Beneficiaries have increased by 86%.

UNJSPF Periodic Benefit Awards (2005 - 2017)



*2006 figure was revised down by 13 from 56,718 to

**2015 figure was decreased by 1,826 benefit entitlements that were eliminated at IPAS (Integrated Pension Administration System) implementation, as this minor category is not recognized in IPAS (benefits suspended, but not yet

Ratio of Active Participants to Retirees and Beneficiaries

- Active Participants, 62%
- Retirees and Beneficiaries, 38%



Photo Credit: UN Photo/PB



Photo Credit: UN Photo/ UNESCO/JP Somme



Photo Credit: UN Photo/ ITU/Eskinder Debebe

Actuarial Valuations

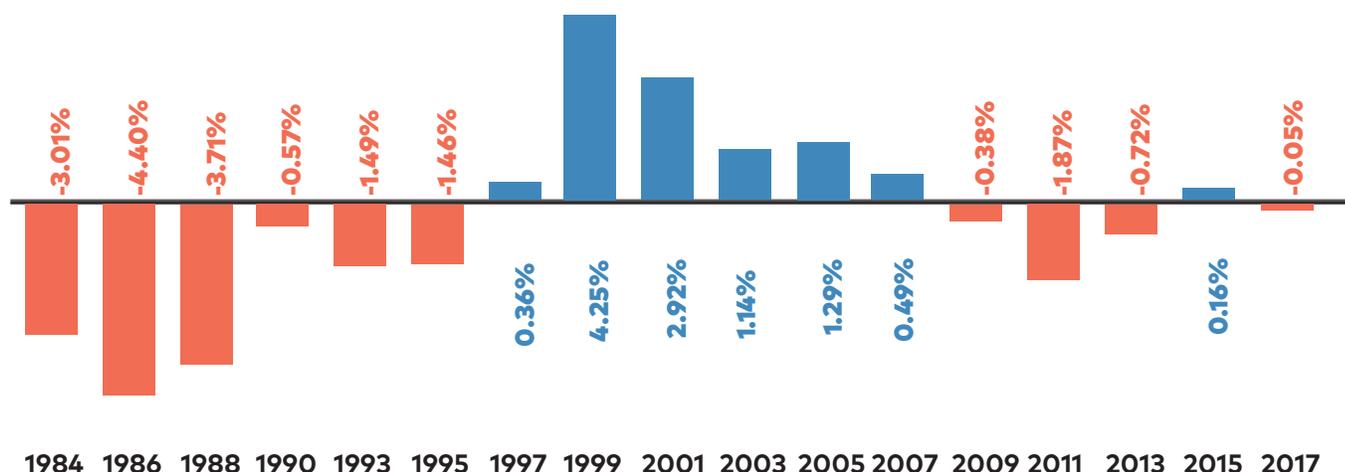
An actuarial valuation for the Fund is completed every two years. The valuation calculates the liabilities for the Fund for both current and future participants based on many assumptions, such as mortality rates and investment return. These liabilities are then compared to current assets and expected future contributions. The amount required to pay for all current and future benefit obligations on an annual basis is then determined and compared to the current contribution rate of 23.7% of pensionable remuneration (paid 1/3 by staff members and 2/3 by member organizations). The most recent actuarial valuation was completed as of 31 December 2017 and it revealed a small deficit of 0.05% of pensionable remuneration. In other words: the 23.7% of pensionable remuneration collected annually for each participant is 0.05% below what is required to be contributed to achieve actuarial balance over the long-term.

Actuarial balance means to have exactly enough money to cover the benefit obligations for all current and future participants and beneficiaries, which is a very long-term consideration of over 100 years. As noted above, to complete the actuarial valuation, assumptions for the long-term must be made. It is not expected that actual experience will exactly match

the results generated by the assumptions. Rather, the hope is that the selection of assumptions will be close enough to reality so that valuation results will be within a certain range around 23.7%. As recommended by the Committee of Actuaries, the Board established a 2% results corridor, which means that if the required contribution rate from the valuation is between 21.7% and 25.7% of pensionable remuneration, the Board would not immediately recommend that the General Assembly take action to correct the imbalance. However, when clear long-term trends indicate an imbalance between the contributions expected to be collected and the required contribution rate, the Board would study and propose corrective action for the General Assembly to consider.

The key assumptions used in the actuarial valuations are the economic assumptions, such as inflation and investment return, and the demographic assumptions for projecting participant growth, mortality, separation, and disability. The valuation that was performed as of 31 December 2017 used the following three economic assumptions: (a) an assumed rate of increase in pensionable remuneration of 3.5% per annum; (b) an assumed rate of nominal investment return of 6.0% per annum; and (c) an assumed rate of inflation of

Historical differences between required and actual contribution rates



2.5% per annum. It was also assumed that the growth in participant population for each of the next ten years would be 0.5 per cent per annum, with a "zero participant growth assumption", thereafter.

The historical results of prior biennial valuations are summarized in the graph above, which shows the amount by which the current contribution rate differed from the contribution rate required to achieve balance each year. It is noted that the valuation results have been within the 2% corridor since 2003. Another analysis that is completed in conjunction with the actuarial valuation is the determination of funding ratios. This analysis is carried out to assist the Board in its assessment of the position of the Fund on a current rather than projected basis and is required to be included in the Fund's financial statements. The funding ratios are comparisons of the current assets of the

Fund with the value of the benefits accrued (liabilities) on the given valuation date and are calculated on a "plan termination basis." As of 31 December 2017, the Fund was found to be in a strongly funded position, as it had been for the past ten valuations (see table below). The current funded ratio is 103% per cent, which was obtained by dividing the actuarial value of assets (i.e. US\$60,419 million) by the actuarial value of the accrued benefits (i.e. US\$58,836 million).

Actuarial services are provided by Buck. A Committee of Actuaries, consisting of nine independent actuaries, is also appointed on the recommendation of the Board. Its members are selected from the five different regions of the world. The Committee's function is to review the actuarial results and advise the Board on actuarial questions arising out of the operations of the Fund's Rules and Regulations.

Funded ratios for valuations as of 31 December 1997-2017										
1997	1999	2001	2003	2005	2007	2009	2011	2013	2015	2017
88	113	106	95	92	95	91	86	91	101	103



Photo Credit: UN Photo/ UNHCR/ M. Kobayashi

Investments

Long-Term Investment Goals



Photo Credit: UN Photo/IPU/Eskinder Debebe

Meet or exceed the following objectives:

- 3.5% real rate of return* (net of inflation) annualized in US Dollar terms over the long-term (15 years or longer)
- Policy Benchmark Return over the short-term (3 years)

*Real rate of return is calculated by deducting US Consumer Price Inflation from the nominal return for a given year

[Example: 6.0% nominal return – 2.5% US CPI = 3.5% real return]

As of 31 December 2017, 3.5% real return has been achieved over the last 3, 5, 15, 20, 25 and 50 year periods; only exception is last 10-year period due to 2008 Global Financial Crisis.

The Investment Portfolio has broadly met the Policy Benchmark over longer periods. In 2017, the Investment Portfolio outperformed the Policy Benchmark by 0.5%.

Investment Policy Statement

The management of the investments of the assets of the United Nations Joint Staff Pension Fund (UNJSPF) is the fiduciary responsibility of the Secretary-General (SG) of the United Nations, in consultation with an Investments Committee, and in light of the observations and suggestions, made from time to time, by the Pension Board on the investment policy.

The Representative of the Secretary-General (RSG) has been delegated the responsibility and authority to act on behalf of the Secretary-General in all matters involving the fiduciary duties of the SG relating to the investment of the assets of the Fund, including representing the Secretary-General at meetings of the Investments Committee, the Board, and other meetings where investment matters pertaining to the UNJSPF are being discussed. The Representative of the Secretary-General is assisted by the Office of Investment Management (OIM). Investments must, at the time of initial review, meet the criteria of safety, profitability, liquidity and convertibility.

Investments are carried out within the framework of an Investment Policy Statement (IPS) which is usually updated comprehensively subsequent to the completion of an Asset-Liability Management (ALM) study, conducted once every four years. The Investment Policy Statement was last updated in 2016.

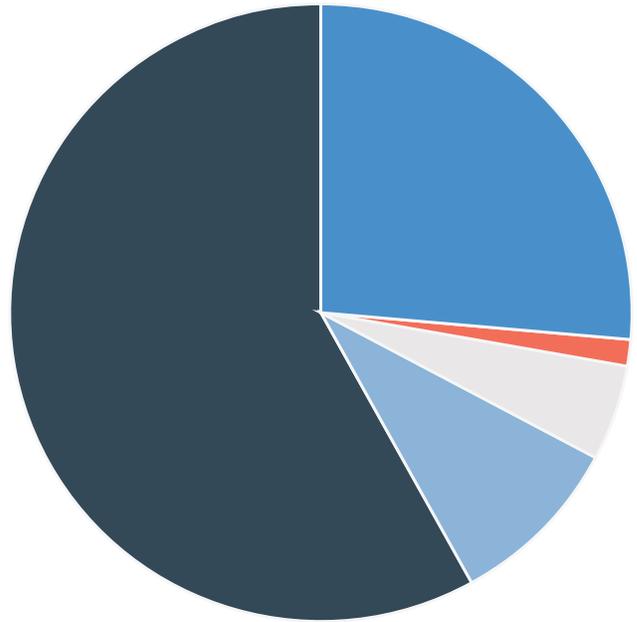
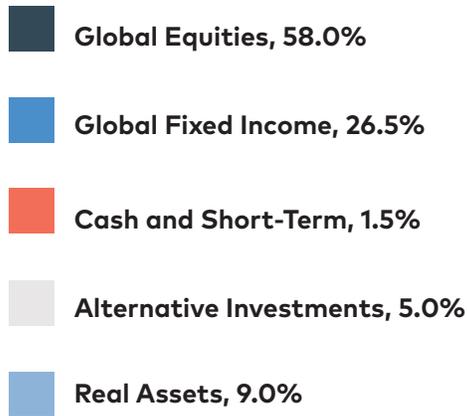
Investments in companies that derive any revenue from the production of tobacco and that primarily deal with manufacturing and distribution of tobacco and tobacco related products are prohibited. In addition, the Fund shall not invest in securities of companies that derive any revenue from the production of military weapons systems or weapons of mass destruction, including nuclear, chemical, or biological weapons, or derive more than 10 per cent of their revenue from the production of customized components for purposes of the production of military weapons, weapons systems or weapons of mass destruction.



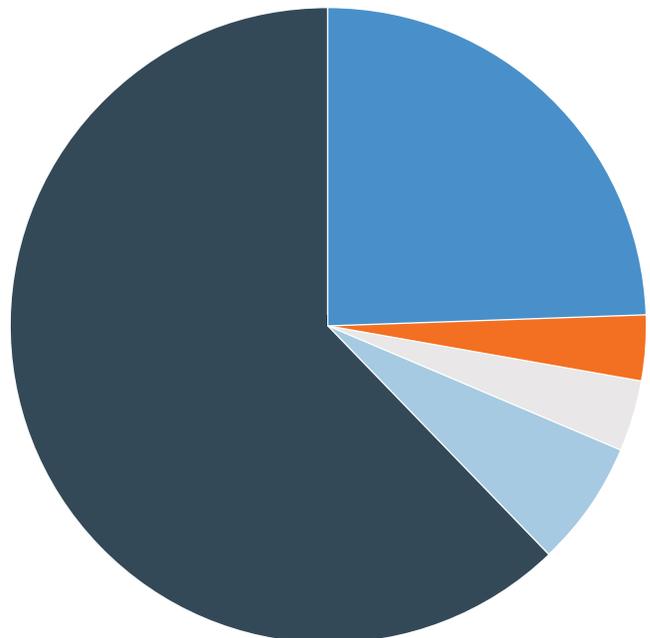
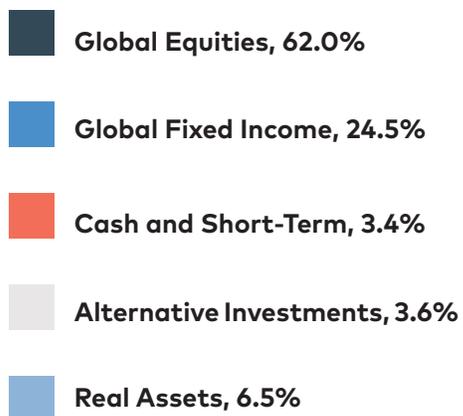
Photo Credit: UN Photo/IPU/Albert Gonzalez Farran

Asset Allocation

Strategic Asset Allocation Policy



Asset Allocation as of 31 December 2017

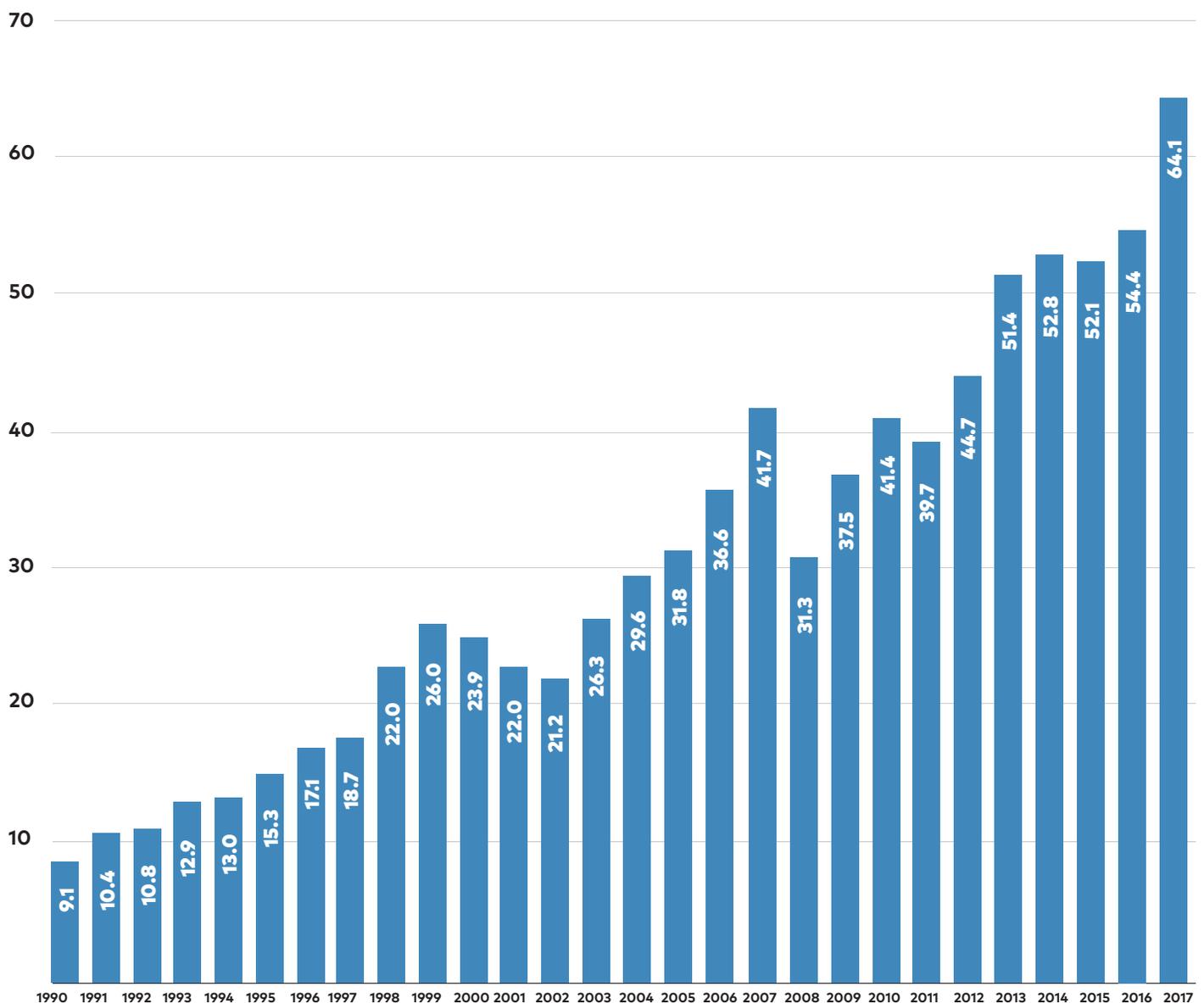


Data from independent Master Record Keeper – Northern Trust.

Assets

The Market Value of Assets as of 31 December 2017 was US\$ 64.1 billion. During calendar year 2017, OIM added US\$ 9.7 billion in Market Value of Assets, one of the biggest increases in the history of UNJSPF. OIM managed its active risk-taking during 2017 prudently, taking into account both the overall risk of its Investment Portfolio vis-à-vis the liabilities, and the comparative advantages and skills-set of its investment teams.

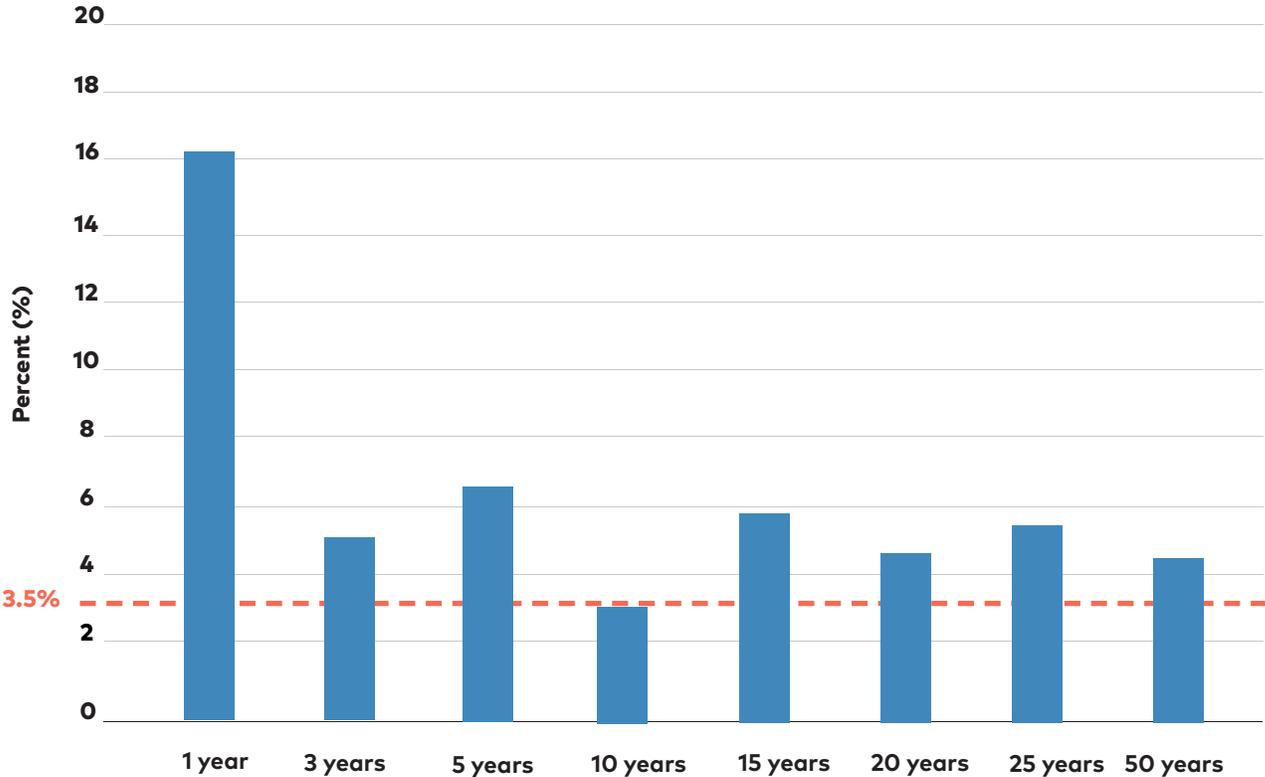
Market Value of Assets as of 31 December 2017 (USD Billion)



Data from independent Master Record Keeper – Northern Trust.

Real Fund Returns

Real Returns of Fund versus Long-Term Objective

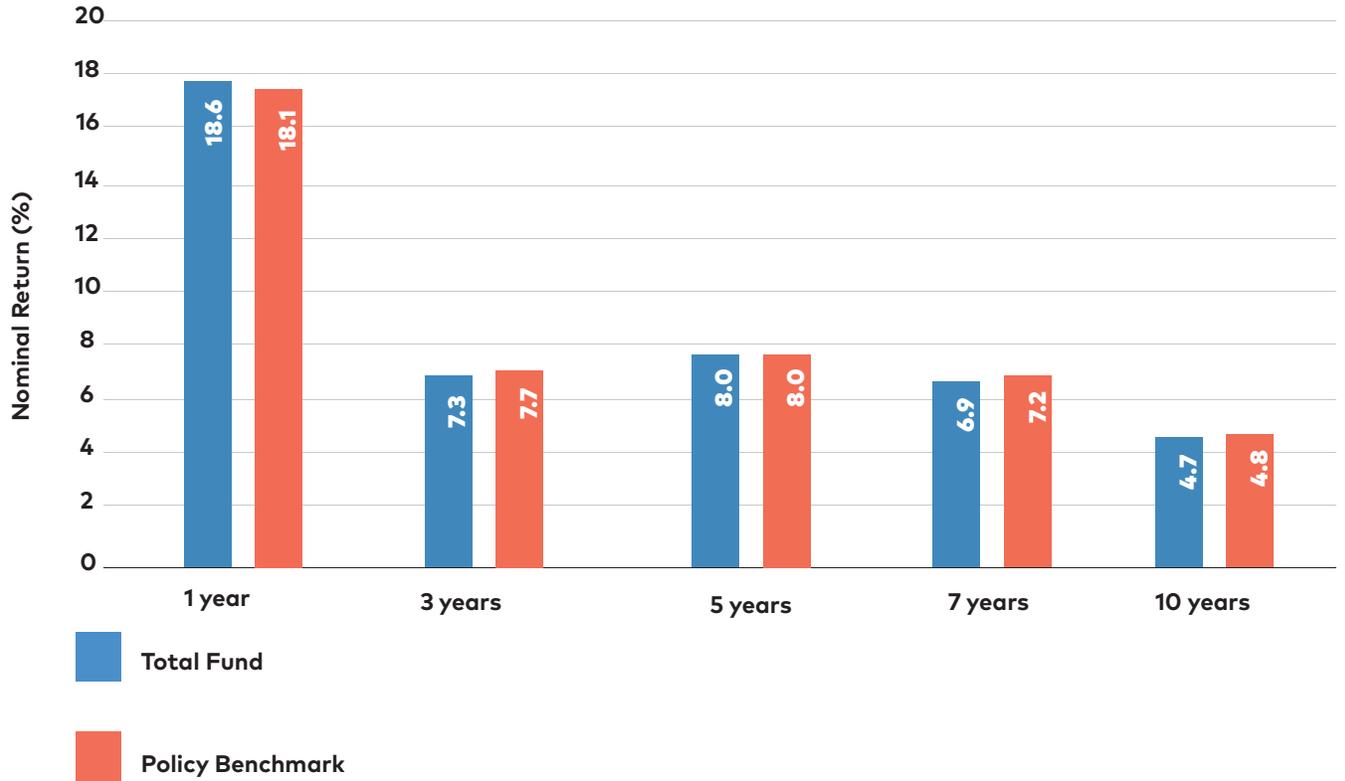


Data from independent Master Record Keeper – Northern Trust.

As of 31 December 2017, the Fund has exceeded its Long-Term Objective of 3.5% real return over 3, 5, 15, 20, 25 and 50 year periods; the sole exception is the 10-year period due to the Global Financial Crisis of 2008

Nominal Fund Returns

Nominal Returns of Fund versus the Policy Benchmark



Note:

Nominal returns and Policy Benchmark returns are rounded off to the single decimal point by Northern Trust. Nominal returns are annualized.

Data from independent Master Record Keeper – Northern Trust.

For 2017, the Fund returned 18.6% versus 18.1% for the Policy Benchmark, an outperformance of 0.5%. The Fund has broadly met its Policy Benchmark over the past 10 years.

Approach to Risk Management and Compliance

The Risk and Compliance Group is comprised of two teams - the Risk Team and the Compliance Team:

The Risk Team independently monitors and oversees the consistent implementation over time of OIM's risk management policies and practices. A key part of Risk Management is running frequent analyses and reporting them back on a regular basis to the Risk Committee, as well as various other internal committees, and supporting the investment process. All periodic (quarterly and annual) official risk reports use information provided by the independent Master Record Keeper. The team has overall responsibility for measuring, monitoring and reporting on risks across asset classes.

Monitoring and ensuring compliance with existing policies and guidelines is an integral part of the activities of the Office of Investment Management (OIM). OIM has a comprehensive governance framework which includes a Compliance Committee, committed to the transparency of its activities, and emphasizing standards of honesty, integrity and professionalism in which management leads by example. The Compliance function of OIM is focused on identifying, assessing, monitoring and reporting on compliance risks in matters relating to OIM's investment activities, and the personal conduct of staff members related to their professional activities.

In the Fund secretariat, the Enterprise Risk Management function within the Risk Management and Legal Services Section executes, maintains and monitors the Fund's risk management and internal control policies and methodologies.

The function works towards ensuring that an enterprise approach to risk management and internal control is embedded in the strategic planning and decision-making processes; assesses, reports and monitors

enterprise-wide risks; and works in close collaboration with management to select and implement appropriate risk mitigation strategies.

The function serves the meetings and presents risk management reports to the enterprise-wide risk management working group; coordinates the business continuity strategy and serves the meetings of the business continuity working group; facilitates the documentation and testing of internal controls to support the preparation of the Fund's Statement of Internal Control; acts as a liaison with the Fund's oversight mechanisms; and works in close coordination with the Office of Investment Management in enterprise risk management and internal control matters.



Photo Credit: UN Photo/ UN



Photo Credit: UN Photo/ IAEA / G. Webb



Photo Credit: UN Photo/ WIPO/ M. Garten

Global Equities

The Global Equities Group seeks to generate superior long term risk adjusted returns relative to its benchmark. It is managed internally and actively by four teams: North America, Europe, Asia Pacific, and Global Emerging Markets (GEM). The benchmark for Global Equities is the Morgan Stanley Capital International All Country World Index (MSCI ACWI). The benchmark is composed of approximately 2500 securities across 47 countries/regions, including 24 Emerging Markets. Each regional team's benchmark is the relevant MSCI regional benchmark. Small cap equities and select markets outside this benchmark are currently managed through specialized external managers and funds.

The internally managed public equity teams follow a disciplined investment process, centered on equity screening, fundamental analysis and frequent dialogue with corporate management teams of the companies the Fund invests in or is interested in adding to the portfolio. The Office of Investment Management (OIM) is a long-term, long-only investor and prefers high quality companies, able to generate cash flow return on investment above their cost of capital and achieve sustainable and profitable growth. The equity teams also consider ESG factors in their investment decisions. All investments are made in compliance with applicable risk parameters and investment guidelines.

Global Fixed Income & Treasury

The Global Fixed Income & Treasury Teams seek to achieve an above benchmark return by actively investing globally in local currency, investment grade securities. In addition to the Global Fixed Income portfolio, the teams manage the Operational Cash and Treasury Cash portfolios.

The teams use a top-down macro/fundamental research focus to identify investment ideas in local debt markets. Analysis is performed on the economic outlook, valuations and positioning. A bottom-up analysis is used for individual security decisions. This includes an examination of credit quality, sector allocation, maturity profile, liquidity and relative value. The portfolio is constructed with a bias towards low risk securities and with consideration given to diversification and relative value. The portfolio is reviewed actively to adjust to changes in the economic environment and to take advantage of emerging opportunities. Strict compliance with investment guidelines and the allocated risk budget is maintained at all times.



Photo Credit: UN Photo/ ICGEB / Rice

Real Assets

The Real Assets team is responsible for global investments in real estate, infrastructure, timber and commodities through externally managed funds. The team works proactively through the selection and management of its external managers to reduce risk and increase long term returns. The team is exploring other investment channels.

OIM's real estate investment programme started in 1971. The portfolio is invested globally through over 100 externally managed funds today. The real estate programme invests in high quality managers that provide superior long-term risk adjusted returns while improving overall portfolio diversification.

Alternative Investments

The Alternative Investments team is responsible for investments primarily in private equity through externally managed funds. The team is exploring other investment channels.

The private equity programme began in June 2010. Its charter is to build a private equity portfolio by identifying and investing in top-tier managers that provide superior long-term risk adjusted returns while improving overall portfolio diversification. The Fund's Private Equity programme currently consists of a select number of externally managed funds diversified by vintage year, private equity sub-sectors and geography. The performance benchmark for the private equity portfolio is the Morgan Stanley Capital International All Country World Index (MSCI ACWI) Index plus 200 basis points.

The Alternative Investment team works closely with the Risk, Compliance and Legal teams to ensure conformity with risk corridors and investment policy considerations.

The allocation is 50 percent core "open ended" funds and 50 percent non-core "closed end" funds. The Fund's core funds are diversified by geography and property type, and its non-core funds are diversified by vintage year, geography, property type and risk profile. The Real Assets team also invests in externally managed infrastructure funds. Selection is based on moderate leverage, strong cash flow and a demonstrated record of realizations. Modest allocations to timber and commodities funds, invested on a global basis, are also part of the Real Assets portfolio.



Photo Credit: UN Photo/ WHO/ BZ

Diversification of Investments

The Fund's policy of broad diversification of its investments by currency and geographical area continues to be a reliable strategy for improving the risk-return profile of the Fund over the long-term. The Fund is unique among major pension funds in its commitment to diversifying its portfolio on a fully global basis.

By Geography

As of 31 December 2017, the Fund had investments in 100 countries and six regions*, including both direct and indirect investments in both developed and developing countries.

Africa:

Angola; Botswana; Cameroon; Chad; Côte D'Ivoire; Ethiopia; Gabon; Ghana; Kenya; Malawi; Mauritius; Mozambique; Namibia; Nigeria; Rwanda; Senegal; South Africa; Togo; Uganda; United Republic of Tanzania; Zambia; Zimbabwe.

Americas:

Argentina; Bermuda*; Brazil; Canada; Cayman Islands*; Chile; Colombia; Dominican Republic; El Salvador; Grenada; Jamaica; Mexico; Peru; Puerto Rico*; Suriname; Trinidad and Tobago; United States of America; Uruguay; Venezuela, Bolivarian, Republic of.

Asia and the Pacific:

Australia; Bangladesh; China; India; Indonesia; Israel; Japan; Kazakhstan; Malaysia; Marshall Islands; New Zealand; Philippines; Republic of Korea; Singapore; Sri Lanka; Taiwan*, Province of China; Thailand; Viet Nam.

Europe and Central Asia:

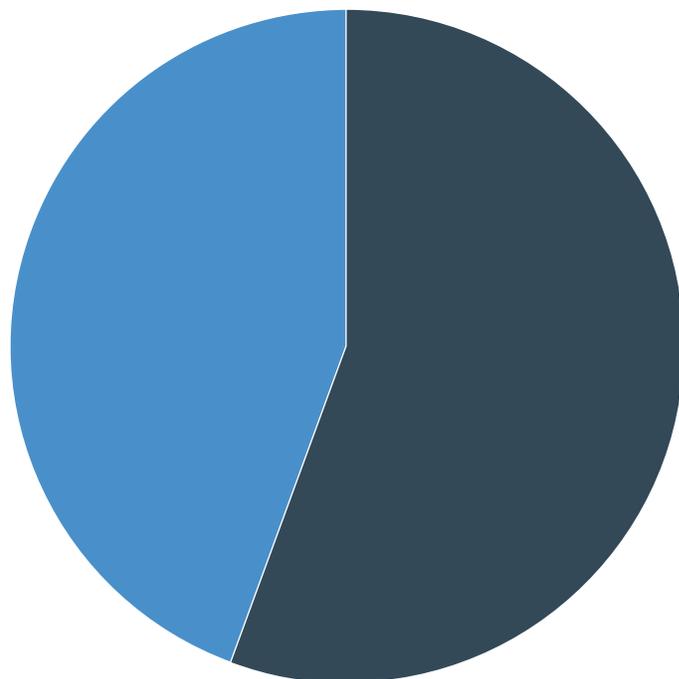
Armenia; Austria; Azerbaijan; Belarus; Belgium; Bosnia and Herzegovina; Croatia; Czech Republic; Denmark; Estonia; Finland; France; Georgia; Germany; Greece; Guernsey*; Hungary; Ireland; Italy; Jersey*; Latvia; Luxembourg; Netherlands; Norway; Poland; Portugal; Romania; Russian Federation; Serbia; Slovenia; Spain; Sweden; Switzerland; Turkey; Ukraine; United Kingdom of Great Britain and Northern Ireland.

Middle East:

Bahrain; Egypt; Iraq; Jordan; Kuwait; Morocco; Oman; Qatar; Saudi Arabia; Tunisia; United Arab Emirates.

*Regions are geographical entities which are not Member States of the United Nations.

By Currency as of 31 December 2017



Data from independent Master Record Keeper – Northern Trust.



Photo Credit: UN Photo/ UN AIDS / G. Pirozzi

Sustainable Investing Practices

Sustainable Investing in our Investment Policy Statement

The UN General Assembly mandates the Secretary-General (most recently in its Resolution A/RES/72/262 of 24 December 2017), as fiduciary for the investment of the assets of the UNJSPF, to ensure that decisions concerning investments "[take] fully into account the four main criteria for investment, namely safety, profitability, liquidity and convertibility". The UNJSPF's Investment Policy Statement (IPS) addresses Environmental, Social and Governance (ESG) concerns by explicitly prohibiting investments in the tobacco and armaments sectors, while it does not mandate divestment in other areas. The Fund acknowledges its responsibility to society as part of an international organization committed to social progress by being a founding signatory to the Principles for Responsible Investment (PRI) and through its association with the United Nations Global Compact (UNGC) and the UN Environment Program (UNEP) Finance Initiative.

OIM's approach to Sustainable Investing

Our Sustainable Investment strategy is aligned with our fiduciary duty and responsibility, which includes material ESG considerations that are being considered throughout the investment decision making process. OIM believes that portfolios which have integrated material ESG metrics in their investment decision making process have the potential to provide returns that are superior to those of conventional portfolios, while exhibiting lower risk over the long term. This view is supported by a large amount of academic research and literature. OIM started its ESG journey by restricting investments in tobacco and armaments. OIM became a signatory to the PRI in 2006. This was followed by investing in the first Green bonds in 2008, and being the catalyst investor in Low Carbon Exchange Traded Funds in 2014. As of 2016, OIM started to develop an integrated approach to Sustainable Investing.

Sustainable Investing integration across all asset classes

OIM started the process in 2017 and continued in 2018 to holistically integrate ESG metrics into the investment process using sound theoretical underpinnings, empirical testing, practical integration and scalable solutions. OIM is using technology from various vendors to identify material ESG factors supporting the investment process. OIM is also seeking strategic partners to support our sustainable investment strategy. This approach to each asset class maintains a core ESG assessment covering fundamental, valuation, and risk and due diligence analysis.

Sustainable Development Goals (SDG)

OIM is conducting research on developing quantifiable SDG scores, which benchmarks companies' positive and negative impact on the SDGs. These scores can potentially support the investment process, linking it to engagement and reporting to stakeholders.

Proxy voting and engagement

An active sustainable voting policy combined with an engagement approach creates a more effective positive sustainable impact and change consistent with our mission. The Fund believes in an effective and productive dialogue with company management in order to affect corporate behavior and advocate for better action and outcomes.

The UNJSPF adheres to sustainable investment proxy voting guidelines. These proxy voting guidelines are tailored to the Fund's mission and commitment set forth in the IPS. OIM uses its votes to promote sustainable business practices and stewardship that advocates for improving the environment, fair labor practices, non-discrimination, and the protection of human rights. OIM seeks to promote sustainable business practices and stewardship that advocates for improving the environment, fair labor practices, non-discrimination, and the protection of human rights. Generally, OIM's sustainable voting policy references internationally recognized sustainability-related initiatives such as the United Nations Environment Programme Finance Initiative (UNEP FI), Principles for Responsible Investment (PRI), United Nations Global Compact (UNGC), Global Reporting Initiative (GRI), and International Labour Organization (ILO) Conventions. Each of these efforts promote a fair, unified and productive reporting and compliance environment. They advance positive corporate ESG actions which promote practices that present new opportunities or that mitigate related financial and reputational risks.

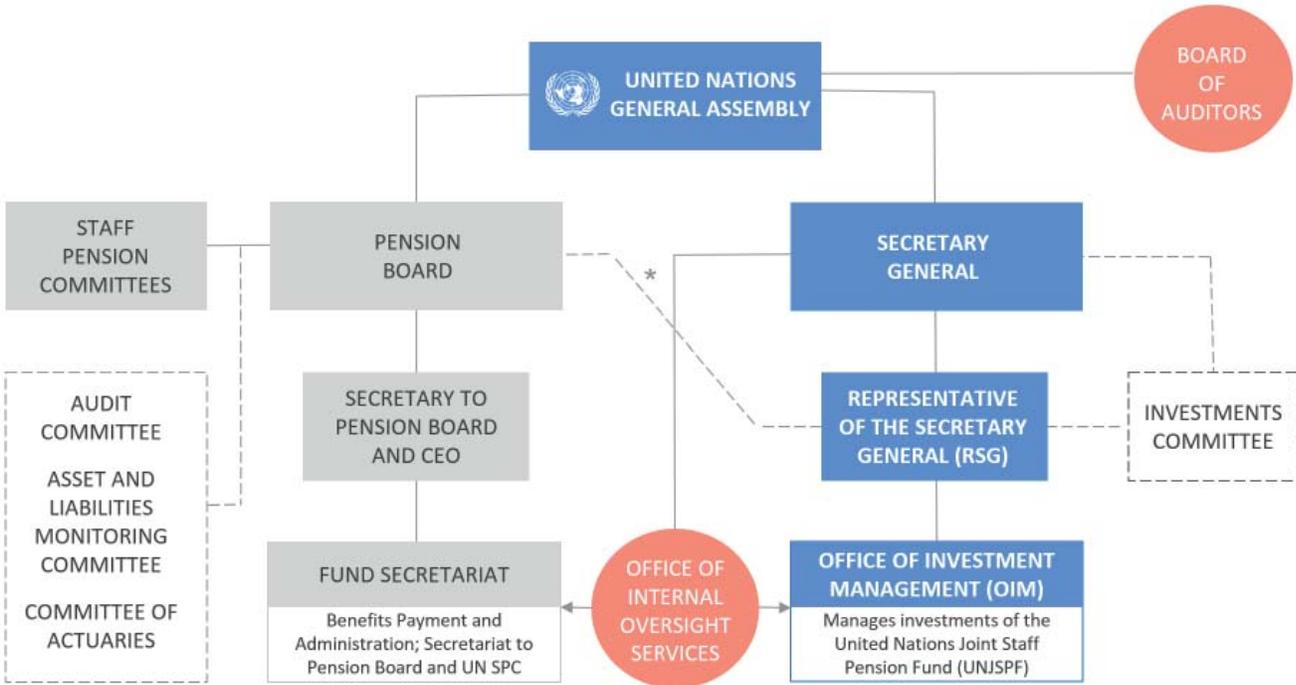


Photo Credit: UN Photo

Governance Structure



Photo Credit: UN Photo



*The authority of the Secretary-General to decide upon the investment of the assets of the Fund was first established in Article 25 of the initial version of the Fund Regulations adopted by the General Assembly in its Resolution 248 (III) of 1948 and was reiterated periodically by the GA, most recently in its Resolution 72/262 of 24 December 2017. The current formulation of such authority is found in Article 19(a) of the Fund's Regulations and expressed as follows: "The investment of the assets of the Fund shall be decided upon by the Secretary-General after consultation with an Investments Committee and in the light of observations and suggestions made from time to time by the Board on the investments policy."

Record of Board and Committee Meetings



Photo Credit: UN Photo/ UNJSPF/L. Woodyear

The Pension Board held its 64th session from 24 to 28 July 2017 at the United Nations Office in Vienna. The Investments Committee met four times in 2017, and continued to advise the RSG on world economic and financial markets developments. The Committee of Actuaries held its regular annual meeting in May 2017, including a joint session with the Investments Committee, in order to consider the methodology and assumptions for the 34th actuarial valuation as at 31 December 2017. The Audit Committee and the Asset-Liability Monitoring (ALM) Committee each met three times in 2017. The ALM Committee focused its work on monitoring the risks to the Fund's solvency and overseeing the Independent Review of Investments conducted in 2017. The Audit Committee continued to focus on internal and external audit, financial management, risk management and internal control framework, and noted progress made in the area of benefit processing and client services.

The Board finds it to be effective to have delegated some of the detailed review work to its committees, who can therefore devote more time to the detailed subject matter and interact with the Fund's management more effectively and at greater length than the Board would otherwise have time to do. That being said, final responsibility remains with the Board which normally endorses the recommendations of the committees.

Membership of the Pension Board and Attendance at the 64th Board Session held in Vienna (24-28 July 2017)

Representing	Members	Alternates
United Nations		
General Assembly	Mr. D. Chumakov	Mr. H. Kozaki
General Assembly	Mr. J. Stosberg	H.E. Mr. L. Mazemo
General Assembly	H.E. Mr. P.R.O. Owade	Mr. Md. M. Rahman
General Assembly	Mr. T. Repasch	Ms. P. Porol ^a
Secretary-General	Ms. B. Bartsiotas*	Mr. W. Sumitro
Secretary-General	Mr. V. Kisob	Ms. K. Alford
Secretary-General	Mr. D. Thatchaichawalit	
Secretary-General	Mr. C. Monier ^b	
Participants	Mr. M. Abu Rakabeh	Ms. N. A. Ndiaye
Participants	Mr. I. Richards	
Participants	Ms. B. Nyiratunga	
Participants	Ms. M. Rockcliffe**	Mr. I. Faye**
Food and Agriculture Organization of the United Nations/World Food Programme		
Governing Body	Mr. Md. M. Rahman	Ms. D. Uddin
Executive Head	Ms. A. Van Houtte ^c	
Participants	Mr. J. Levins	Mr. Q. Fazli
World Health Organization		
Governing Body	Dr. M. Tailhades	
Executive Head	Ms. C. Hennetier Rossier	Mr. J. Kobza
Participants	Dr. H. Willmann	Mr. E. Mackenzie
United Nations Educational, Scientific and Cultural Organization		
Executive Head	Mr. A. Yli-Hietanen	
Participants	Mr. E. Voli Bi	

*Attended 24 -26 July only.

** Did not attend

^a Second Vice-Chairperson

^b Rapporteur

^c Chairperson

Membership of the Pension Board and Attendance at the 64th Board Session held in Vienna (24-28 July 2017)

Representing	Members	Alternates
International Labour Organisation		
Governing Body	Mr. B. Thibault	Mr. P. Coutaz
Executive Head	Mr. J.-P. Villemonteix	
International Atomic Energy Agency		
Participants	Mr. I. Zabaar	Mr. M. Kohl
United Nations Industrial Development Organization		
Governing Body	Mr. S. Khan	Ms. L. M. Zozaya Rojas
Executive Head	Mr. K. Ivanov	Ms. C. Ziniel
World Intellectual Property Organization		
Participants	Mr. B. Fitzgerald ^d	
International Civil Aviation Organization		
Participants	Ms. C. Dermarkar	
International Telecommunication Union		
Governing Body	Mr. P. Kantchev	Mr. J. Sanou
Executive Head	Mr. J.-P. Lovato	
World Meteorological Organization		
Participants	Ms. M. Salmon Schalk	Ms. A. Tonbazian
International Fund for Agricultural Development		
Executive Head	Mr. P. Moreau-Péron	

^d First Vice-Chairperson

Membership of the Pension Board and Attendance at the 64th Board Session held in Vienna (24-28 July 2017)

The following attended the sixty-fourth session of the Board as representatives:

Representatives	Organization	Representing
Mr. O. Briones	UNESCO	Governing Body
Mr. S. Koufane	ILO	Participants
Ms. K. Rojkov	IAEA	Executive Head
Ms. L. Azzouni-Gerold	UNIDO	Participants
Mr. V. Yossifov	WIPO	Governing Body
Ms. T. Dayer	WIPO	Executive Head
Mr. M. Rodmell	ICAO	Governing Body
Mr. R. Bhalla	ICAO	Executive Head
Ms. M.-A. Pegorier	ITU	Participants
Mr. S. Mbele-Mbong	WMO	Governing Body
Ms. B. Moradi	IMO	Participants
Ms. A. Holmes	IOM	Executive Head
Ms. L. Saputelli	FAFICS	Pensioners
Mr. W. Sach	FAFICS	Pensioners
Mr. M. Breschi	FAFICS	Pensioners
Mr. G. Schramek	FAFICS	Pensioners
Mr. M. Seenappa (Alt.)	FAFICS	Pensioners
Mr. L.D. Ouedraogo (Alt.)	FAFICS	Pensioners

Membership of the Pension Board and Attendance at the 64th Board Session held in Vienna (24-28 July 2017)

The following attended the sixty-fourth session of the Board as secretaries of staff pension committees:

Secretary

Ms. M. B. Sperandio de Llull
Ms. C. McGarry
Mr. I. Welter
Ms. K. Guseynova
Mr. R. Dotzauer
Ms. M.-S. Zinzindohoué
Ms. K. Balram
Ms. S. Suedi
Mr. D. Maffi
Mr. A. Barbato
Ms. C. Sansone
Ms. R. Sabat
Ms. A. Verhas
Ms. S. Janowski

Staff Pension Committee

WHO
ILO
UNESCO
FAO
UNIDO
WIPO
ICAO
ITU
WMO
IMO
IFAD
IAEA
IOM
ICCROM

Membership of the Pension Board and Attendance at the 64th Board Session held in Vienna (24-28 July 2017)

The following attended all or a part of the sixty-fourth session of the Board:

International Civil Service Commission (ICSC)

Mr. K. Rhodes (24-26 July)

Mr. W. Stöckl

Federation of International Civil Servants' Associations (FICSA)

Mr. D. El-Tabari

High-Level Committee on Management (HLCM)

Mr. M. Rosetz

Assets and Liabilities Monitoring (ALM) Committee

Mr. P. Sayour, Chairperson

Mr. J. Pozenel

Ms. V. M. González Posse

Mr. S. Makokha

External Auditors

(27 July via VC)

Mr. A. Bajaj

Mr. S. Jakhotia

Office of Internal Oversight Services (OIOS)

(26 July via VC)

Ms. E. Burns

Mr. F. Odusote

Mr. F. Salon

Deloitte Consultants

(25 July via VTC)

Mr. M. Zwecher

Mr. A. Oejaomogha

Mr. J. Buith

Mr. S. Gould

PriceWaterhouse Coopers

(26 July)

Mr. P. Sparshott

Ms. K. Toora

Consulting Actuary

Mr. S. Schulman

Ms. T. Manning

Membership of the Pension Board and Attendance at the 64th Board Session held in Vienna (24-28 July 2017)

The following attended all or a part of the sixty-fourth session of the Board:

Committee of Actuaries

Mr. D. Latulippe, Chairperson

Ms. A. Scardino

Investments Committee (24 July)

Mr. M. Dhar, Chairperson

Mr. S Jiang

Mr. M. Klein

Ms. L. Mohohlo

Mr. G. Oliveros

Ms. L. Ribeiro

Office of Investment Management (OIM)

C. Boykin, Representative of the Secretary-General for the investments of UNJSPF

H. Brill, Director

W. Wilkinson, Chief Operating Officer

S. Peerthum, Secretary, Investments Committee

P. David, Legal Officer

H. Sastry, Risk Officer

E. Hilzinger, Information Systems Officer

S. Khan, Senior Compliance Assistant

Fund Secretariat

S. B. Arvizú, Chief Executive Officer, and P. Dooley, Deputy Chief Executive Officer, served as Secretary and Deputy Secretary for the session, with the assistance of A. Blythe, D. Dell'Accio, J. Sareva, C. Kaiser, D. Mapondera, K. Toomel, K. Manosalvas, S. Win, M.C. O'Donnell and L. Woodyear.

Financial Statements Highlights

I. Statement of Net Assets Available for Benefits (Thousands of United States dollars)

	31 Dec 2017 \$'000	31 Dec 2016 \$'000
ASSETS		
Cash and cash equivalents	971 807	1 562 522
Investments		
Short-term investments	1 834 280	724 509
Equities	39 784 228	34 455 474
Fixed Income	15 329 947	12 311 322
Real Assets	4 213 829	3 796 144
Alternatives and other investments	2 403 366	1 663 801
	63 565 650	52 951 250
Contributions receivable	6 939	13 824
Accrued income from investments	154 655	139 311
Receivable from investments traded	28 401	15 124
Withholding tax receivable	26 554	10 501
Other Assets	23 194	33 237
Total Assets	64 777 200*	54 725 769
LIABILITIES		
Benefits payable	148 186	133 782
Payable from investments traded	157 699	8 138
ASHI and other employee benefit liabilities	94 363	76 736
Other accruals and liabilities	11 044	18 987
Total liabilities	411 292	237 643
Net assets available for benefits	64 365 908	54 488 126

*Earlier figure of \$64.1 billion is based on standard market pricing, this figure is calculated using fair value accounting.

II. Statement of Changes in Net Assets Available for Benefits

(Thousands of United States dollars)

	Year 2017 \$'000	Year 2016 \$'000
INVESTMENT INCOME (LOSS)		
Net Appreciation (depreciation) in fair value of investments	9 081 326	1 582 604
Interest Income	361 742	325 786
Divident Income	865 788	821 651
Income from real assets	65 530	55 015
Less: transaction costs and management fees	(133 145)	(117 494)
	10 241 241	2 667 562
CONTRIBUTIONS		
From participants	792 593	757 039
From member organizations	1 577 151	1 506 193
Other contributions	31 168	10 266
	2 400 912	2 273 498
Other income	11 624	3 368
BENEFIT PAYMENTS		
From withdrawal settlements and full commutation benefits	194 803	117 395
From retirement benefits	2 479 573	2 391 291
Other benefits/adjustments	(1 106)	(2 151)
	2 673 270	2 506 535
Administrative Expenses	97 400	74 764
Other Expenses	2 807	1 282
Withholding tax expenses	2 518	3 749
Increase/Decrease in net asset available for benefits	9 877 792	2 358 098

Diversity of Staff

Staff working in the Office of Investment Management (OIM) and the Fund Secretariat are citizens of 64 Member States.

Albania	Jamaica
Australia	Japan
Bangladesh	Kenya
Belgium	Malaysia
Benin	Mauritius
Bhutan	Mexico
Bosnia and Herzegovina	Mongolia
Brazil	Morocco
Bulgaria	Myanmar
Burkina Faso	Netherlands
Cambodia	Nigeria
Cameroon	Norway
Canada	Pakistan
China	Philippines
Colombia	Poland
Comoros	Republic of Korea
Costa Rica	Romania
Czech Republic	Russian Federation
Ecuador	Senegal
Egypt	Spain
Estonia	Sri Lanka
Ethiopia	Switzerland
Finland	Thailand
France	Trinidad and Tobago
Germany	Tunisia
Guyana	Turkey
Haiti	United Kingdom of Great Britain and Northern Ireland
Hungary	United States of America
India	Viet Nam
Indonesia	Yemen
Israel	Zambia
Italy	



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Photo Credit: UN Photo/ITLOS/mehrcontalnerfuerdeutschland.de



Photo Credit: UN Photo



UNJSPF

United Nations Joint
Staff Pension Fund

Pension Fund Secretariat

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