

UNITED NATIONS JOINT STAFF PENSION FUND



Annual Report

2015

5

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INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER (CEO)

I am pleased to present the 2015 Annual Report of the United Nations Joint Staff Pension Fund. This report complements the detailed information provided in the Fund's Annual Letter, which is sent to participants, retirees and beneficiaries each year and is posted, in February, on the Pension Fund's website at www.unjspf.org.

During 2014, the Pension Fund's total number of participants and beneficiaries continued to grow but at a slower pace than in prior years. The total participants and beneficiaries increased from 190,300 to almost 195,100. Although the number of active participants increased by 2 per cent in 2014, the growth is lower than the 4 per cent annual increase over the past ten years while the number of retirees increased more rapidly, indicating that the Fund continues to mature. However, transactional volumes continue to grow steadily.

Another sign of maturation is the fact that during 2014 contributions received from active participants and member organizations were slightly less (by US\$158 million or 6.9 per cent) than the benefit payments made of US\$2.4 billion. However, the "gap" between contributions and benefit payments continues to represent a very small portion of total assets (0.3 per cent). During 2014, the principal of the Fund continued to grow and the market value of the assets of the Fund reached US\$52.8 billion as of 31 December 2014. Further, income (contributions plus investment income) considerably exceeded benefit payments. During 2014, the Fund earned an approximate 3.21 per cent return.

The Fund continues to be in a strong financial position. Compared to the 3.5 per cent real return objective, long-term investment performance is in line with expectations. Assuming the expected annual 3.5 per cent real rate of return is earned, the principal of the Fund is not expected to be utilized to cover the contributions/benefits gap in the next 50 years. Last year, the Pension Board and the General Assembly welcomed the improvement in the actuarial condition of the Fund, and the reversal of the downward trend observed in the results of the actuarial valuations since 1999.

This year, the Fund carried out its third comprehensive Asset Liability Management (ALM) study which provided additional confirmation of the Fund's sound actuarial valuation position and favorable funded status. This is continued good news for the Fund's participants, beneficiaries and other stakeholders.

The Fund continues to strengthen its internal control framework. The implementation of the International Public Sector Accounting Standards (IPSAS) fostered the development of the Fund's first Statement of Internal Control (SIC) to accompany its financial statements for the year 2013, which is the means by which the Fund's management recognizes "ownership" over the operations of the Fund, financial transactions and data. This year, the scope of the SIC was expanded to include additional key processes.

The Fund is committed to continuous improvements to its payment mechanism. The improvement that more directly routes payments in 13 Central and West African countries has significantly lowered banking charges benefitting more than 1000 retirees and beneficiaries. Following a controlled deployment, the Fund's new Integrated Pension Administration System (IPAS) is expected to be fully live during the summer of 2015. The implementation of the IPAS will be followed by a period of stabilization, refinements and enhancements, which will lead to more sustainable and secure system applications, streamlined processing, and better services in the future.

Further information on the activities of the Pension Fund can be found on our website <http://www.unjspf.org> and IMD's website <http://imd.unjspf.org/>.

I would like to take this opportunity to thank you, as partners of the Fund, for your continued support and active involvement in efforts to achieve our goals.

Sergio B. Arvizú

Chief Executive Officer United Nations Joint Staff Pension Fund

PARTICIPANTS

As of 31 December 2014, the UNJSPF recorded 122,759 active participants compared to 120,294 at the end of 2013. This represents an increase of 2.0 per cent in the Fund's active participant population over the previous year. Compared to 2013, the number of member organizations remained unchanged at 23 member organizations.

The distribution of participants, among the 23 member organizations, was as follows:

United Nations	84 476
World Health Organization	10 091
Food and Agriculture Organization of the United Nations*	9 558
International Labour Organization	3 692
United Nations Educational, Scientific and Cultural Organization	2 376
International Atomic Energy Agency	2 571
International Organization for Migration	3 536
World Intellectual Property Organization	1 246
International Telecommunication Union	781
International Civil Aviation Organization	769
United Nations Industrial Development Organization	713
International Criminal Court	958
International Fund for Agricultural Development	560
International Maritime Organization	290
World Meteorological Organization	327
International Centre for Genetic Engineering and Biotechnology	177
World Tourism Organization	98
International Center for the Study of the Preservation and Restoration of Cultural Property	32
Inter-Parliamentary Union	45
International Tribunal for the Law of the Sea	36
International Seabed Authority	30
European and Mediterranean Plant Protection Organization	15
Special Tribunal for Lebanon	436

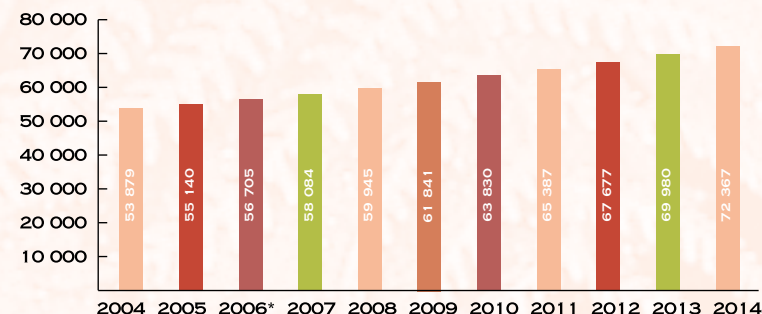
* Effective 1 July 2014, reporting organization changed for approximately 3,400 participants from UNDP to WFP (FAO)

BENEFICIARIES

As of 31 December 2014, the UNJSPF recorded 72,367 periodic benefits compared to 69,980 at the end of 2013. This represents an increase of 3.4 per cent in the number of periodic benefits over the previous year. The distribution of benefits was as follows:

Full retirement benefits	26 217
Early retirement benefits	15 746
Deferred retirement benefits	7 673
Widow benefits	11 233
Widower benefits	923
Disability benefits	1 410
Child benefits	9 124
Secondary dependent benefits	41

UNJSPF TOTAL GROWTH IN PERIODIC BENEFITS (2004-2014)

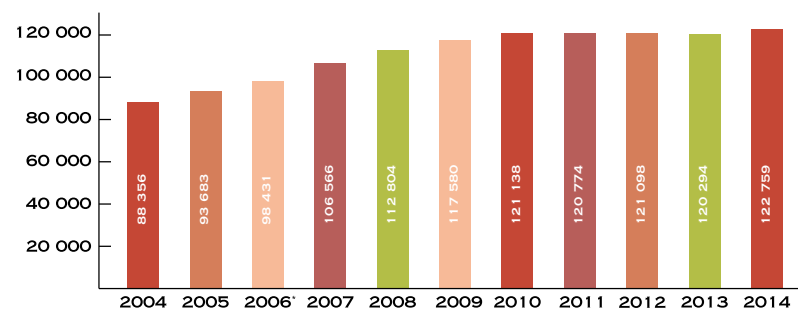


* 2006 FIGURE WAS REVISED DOWN BY 13 FROM 56,718 TO 56,705.

FINANCIAL SITUATION

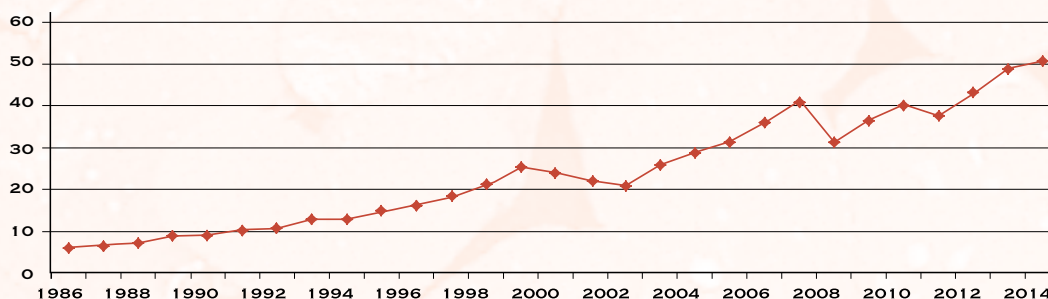
The financial statements of the Fund are signed by the Chief Executive Officer, the Representative of the Secretary-General, and the Chief Financial Officer, and audited, on an annual basis, by an external Board of Auditors. The financial statements for the years ending 31 December 2014 and 31 December 2013 are presented under the International Public Sector Financial Reporting Standards (IPSAS). The payroll for benefits in payment for the year ending 31 December 2014 was US\$2.3 billion. During the year, benefits were being paid in 15 different currencies. During the year 2014 the net assets available for benefits increased by US\$1.4 billion. The expenditure for benefits, of US\$2.4 billion exceeded contributions by approximately US\$158 million. The value of the Fund's assets increased from US\$51.6 billion on 31 December 2013 to US\$53.1 billion on 31 December 2014, representing an increase of about 2.9 per cent. A graph reflecting the evolution of the total investments of the Fund from 1986 to 2014 is provided herewith:

UNJSPF - TOTAL GROWTH IN ACTIVE PARTICIPANTS (2004-2014)



* 2006 FIGURE WAS REVISED DOWN BY 2 FROM 98,433 TO 98,431.

FAIR VALUE OF THE UNJSPF'S INVESTMENTS FROM 31 DECEMBER 1986 TO 31 DECEMBER 2014 (BILLIONS OF US\$)



STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	31 DECEMBER 2014 IN US\$ THOUSANDS	31 DECEMBER 2013 IN US\$ THOUSANDS
ASSETS		
Cash and cash equivalents	2,110,884	2,005,890
Investments		
Short-term investments	-	47,478
Equities	33,616,919	33,492,217
Fixed Income	12,830,186	12,219,906
Real Assets	2,764,409	2,400,046
Alternatives and other investments	1,523,766	1,184,413
	50,735,280	49,344,060
Contributions receivable	39,283	34,309
Accrued income from investments	155,645	163,466
Receivable from investments traded	16,319	18,413
Withholding tax receivable	8,782	9,355
Other Assets	34,646	52,983
TOTAL ASSETS	53,100,839	51,628,476
LIABILITIES		
Benefits payable	68,691	60,493
Payable from investments traded	44,710	14,513
ASHI and other employee benefit payable	76,992	56,319
Other accruals and liabilities	26,962	24,397
TOTAL LIABILITIES	217,355	155,722
NET ASSETS AVAILABLE FOR BENEFITS	52,883,484	51,472,754

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	YEAR 2014 IN US\$ THOUSANDS	YEAR 2013 IN US\$ THOUSAND
INVESTMENT INCOME		
Net appreciation (depreciation) in fair value of investments	2,488,067	6,386,946
Interest income	375,093	398,072
Dividend income	845,069	761,728
Income from real assets	30,642	36,587
Foreign currency gains and (losses)	(1,955,144)	(558,924)
Less: Transaction costs and management fees	(124,904)	(110,201)
	1,658,823	6,914,208
CONTRIBUTIONS		
From participants	756,591	737,197
From member organization	1,503,298	1,464,879
Other contributions	4,181	4,596
	2,264,070	2,206,672
OTHER INCOME		
	1,932	1,083
BENEFIT PAYMENTS		
From withdrawal settlements and full commutation benefits	121,013	142,669
From Retirements benefits	2,300,547	2,193,340
Other benefits	325	1,779
	2,421,885	2,337,788
ADMINISTRATIVE EXPENSES		
	83,321	60,850
OTHER EXPENSE		
	3,865	6,430
WITHHOLDING TAX EXPENSES		
	5,024	3,210
CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	1,410,730	6,713,685

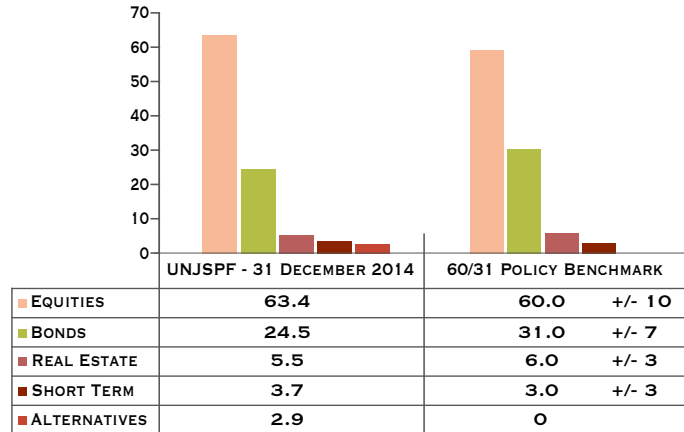
INVESTMENTS

The market value of the Fund's assets was US\$ 52,820 million on 31 December 2014 as reported independently by the Master Record Keeper. Compared to 31 December 2013, when the final market value was reported as US\$ 51,366 million, the Fund's asset represent an increase of US\$ 1,454 million. The Fund reported the preliminary nominal rate of return of 3.2 per cent and after adjusting for the United States Consumer Price Index (CPI), reported the real rate of return as 2.4 per cent.

Through the active management and re-balancing of the assets to maintain the Fund's long term investment objectives, the Fund out-performed the policy benchmark in three, seven and ten year periods. The management of the Fund's investments continues to focus on balancing the risk and reward expectations with broad global diversification.

The asset allocation, in per cent, was as follows:

TYPES OF INVESTMENT BY ASSET CLASS



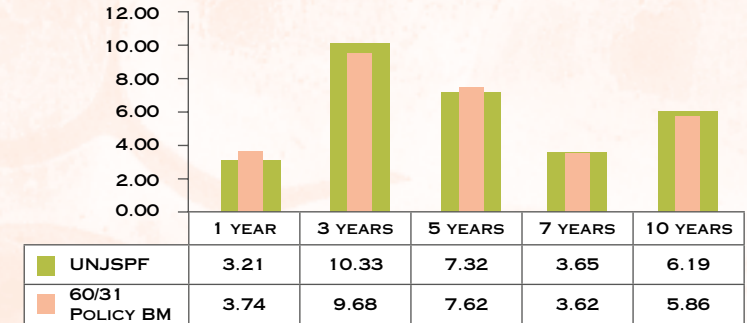
DATA SOURCE: NORTHERN TRUST. THE NUMBERS MAY NOT ADD UP DUE TO ROUNDING. NOTE: EQUITIES INCLUDE 'CORE EQUITIES', 'MINIMUM VOLATILITY' AND 'GREEN EQUITY' STRATEGIES. ALTERNATIVES INCLUDE PRIVATE EQUITY, COMMODITIES AND 'RISK PARITY' STRATEGIES. REAL ASSETS INCLUDE REAL ESTATE, INFRASTRUCTURE AND TIMBERLAND.

* PLEASE NOTE THAT THERE IS A DIFFERENCE BETWEEN THE PRICING METHODOLOGIES USED BY THE MASTER RECORD KEEPER FOR PERFORMANCE CALCULATION AND REPORTING VIS-À-VIS THE FINANCIAL STATEMENTS PARTICULARLY ON THE INVESTMENTS OF THE FUND. PERFORMANCE CALCULATION AND REPORTING ARE BASED ON MASTER RECORD KEEPER'S "STANDARD PRICING" WHICH IS CONSISTENT WITH THE PRICING OF THE UNDERLYING CONSTITUENTS OF THE VARIOUS BENCHMARKS. FINANCIAL STATEMENTS ARE BASED ON THE LOWER "CURRENT BID/ASK PRICE" AS REQUIRED BY IPSAS. THE DIFFERENCE IS NOT CONSIDERED MATERIAL.

PERFORMANCE

The return of the Fund for the year ending 31 December 2014 was 3.21 per cent underperforming the 60/31 policy benchmark preliminary return of 3.74 per cent by 53 basis points.

FUND PERFORMANCE VERSUS UN 60/31 POLICY BENCHMARK.

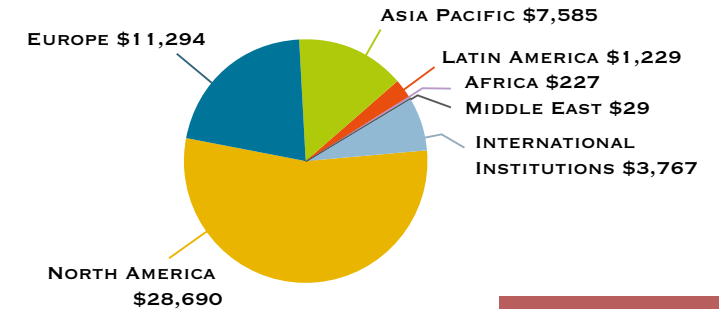


DIVERSIFICATION

As of 31 December 2014, the Fund had investments in 39 countries, 7 international/regional institutions and 23 currencies. The chart below indicates the US dollar value of investments by region (in millions).

The Fund's long-term return objective is to achieve a real, inflation adjusted, rate of return of 3.5 per cent. The real rate of return is calculated by adjusting the nominal rate of return for the United States Consumer Price Index (CPI). The Fund's annual rate of return over the past 50 years was as follows.

DIVERSIFICATION BY REGION (IN US\$ MILLIONS) AS OF 31 DECEMBER 2014



SOURCE: INDEPENDENT MRK - NORTHERN TRUST - NUMBERS MAY NOT ADD UP DUE TO ROUNDING

Total value is US\$ 52,820 millions

	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS	50 YEARS
UNJSPF Total Nominal Return	3.2	9.2	10.4	6.6	7.3	6.2	5.3	7.8	7.7	8.3
US CPI	0.8	1.1	1.3	1.7	1.7	2.1	2.2	2.3	2.5	4.2
UNJSPF Real Return (Inf. Adj.)	2.4	7.9	8.9	4.8	5.5	4.0	2.9	5.4	5.1	3.9
EXCESS RETURN (3.5%)	(1.1)	4.4	5.4	1.3	2.0	0.5	(0.6)	1.9	1.6	0.4

* Adjusted for US CPI (Geometric) ** Real Return minus 3.5% (Arithmetic)

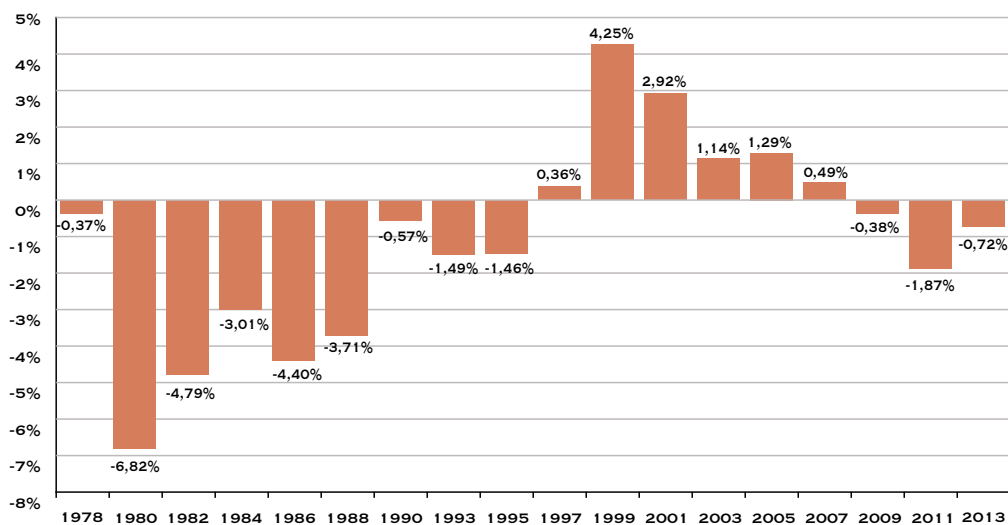
ACTUARIAL MATTERS

Actuarial services are provided by Buck Consultants. A Committee of Actuaries, consisting of seven independent actuaries, is also appointed on the recommendation of the Board. The committee's function is to advise the Board on actuarial questions arising out of the operations of the Regulations. It also reviews the work of the Consulting Actuary and evaluates its services to the Fund. Its members are selected from the five different regions of the world.

Actuarial valuation: The Consulting Actuary performs an actuarial valuation of the Fund every two years, the most recent valuation being completed as of 31 December 2013. This valuation revealed a deficit, amounting to -0.72 per cent of pensionable remuneration. The -0.72 per cent, expressed another way, means that the theoretical contribution rate required to achieve balance as of 31 December 2013 was 24.42 per cent of pensionable remuneration, compared to the actual contribution rate of 23.70 per cent. These results show a reverse of the downward trend experienced by the Fund since 2001 which is a significant positive long-term development considering the size and maturity of the Fund.

The historical results of prior bi-annual valuations are summarized in the following graph, which shows the amount by which the current contribution rate differed from the contribution rate required to achieve balance each year:

EVOLUTION OF UNJSPF ACTUARIAL SITUATION SINCE 1978



Valuations are performed using a number of economic assumptions regarding future investment returns and inflation and using multiple demographic assumptions regarding participant growth, mortality, termination and disability. The results of the actuarial valuation of the Fund are determined using the open group aggregate funding method. The regular valuation that was performed as of 31 December 2013 used the following three economic assumptions: (a) an assumed rate of increase in pensionable remuneration of 3.50 per cent per annum; (b) an assumed rate of nominal investment return of 6.50 per cent per annum; and (c) an assumed rate of inflation of 3.00 per cent 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 other demographic assumptions used in the valuation were determined based on analysis of the Fund's participant population regarding rates of mortality, disability, and termination.

Another analysis that is carried out in conjunction with the 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. The funding ratios are comparisons of the current assets of the Fund with the value of the accrued benefits (liabilities) on the given valuation date and are calculated on a "plan termination basis." With respect to its liabilities on 31 December 2013, the Fund was found to be in a strongly funded position, as it had been for the past ten valuations. The current funded ratio is 128 per cent, which was obtained by dividing the actuarial value of assets (i.e. US\$46,205 million) by the actuarial value of the accrued benefits (i.e. US\$36,244 million). The ratio therefore indicates that there is a 28 per cent margin of assets over accrued liabilities. The funded ratio is lower when the current system of pension adjustments is taken into account, whereby benefits are adjusted for inflation.

The following table illustrates the funded ratios from 1993 to 2013, both with and without pension adjustments:

FUNDED RATIOS FOR VALUATIONS AS OF 31 DECEMBER 1993 – 2013

	1993	1995	1997	1999	2001	2003	2005	2007	2009	2011	2013
WITHOUT PENSION ADJUSTMENTS	136	132	141	180	161	145	140	147	140	130	128
WITH PENSION ADJUSTMENTS	81	81	88	113	106	95	92	95	91	86	91

MEMBERS OF LEGISLATIVE ORGANS AND COMMITTEES

MAJOR MEETINGS IN 2015

The Pension Board will hold its next session, from 20 to 24 July, at UNOG in Geneva.

The Investments Committee will meet four times in 2015. The Committee of Actuaries will hold its regular annual meeting in June 2015, in order to consider the assumptions for the 33rd actuarial valuation as at 31 December 2015.

The Audit Committee will meet three times in 2015. The ALM Committee will meet two times in 2015

GOVERNANCE

During the year 2014, the Fund's management introduced further refinements to its Enterprise-wide Risk Management Framework, including the approval of the Internal Control Policy and updates to the Enterprise-wide Risk Management Methodology. The scope of the Statement of Internal Control was also expanded to cover additional key processes and officers. In addition, at its 61st session in July 2014, the Pension Board approved the UNJSPF risk appetite statement. The UNJSPB Audit Committee continues to meet three times a year. The Audit Committee provides assistance in fulfilling the Board's oversight responsibility dealing with such areas as internal and external audit, financial management and financial statements, risk management and internal control framework. As in previous years, in 2014, the Committee made several recommendations to the Board, related to the preparation of financial rules for the Fund, expanding the Statement of Internal Control and the relationship with internal and external auditors. The ALM Committee met twice during 2014 and provided analysis, advice, and recommendations to the Board on risk management, the upcoming asset liability management study, and investment policy and reporting.

EMERGENCY FUND

The UNJSPF has an Emergency Fund, financed by the assets of the Fund and any voluntary contributions up to an amount not exceeding US\$200,000 for each biennium. It is utilized to provide financial assistance to beneficiaries who are currently receiving a periodic benefit from the Fund and is intended to provide relief in cases of proven hardship owing to illness, infirmity or similar cases, including funeral arrangements. Applications are examined without a rigid set of rules, and attention is paid to a number of factors such as age, number of years of contributory service, amount of the UNJSPF benefit, the country in which the beneficiary resides, availability of insurance, other possible sources of income and/or assistance and the circumstances surrounding the expenditures.

Chairperson

1st Vice-Chairperson

2nd Vice-Chairperson

Rapporteur

Chairman

1st Vice-Chairman

2nd Vice-Chairman

Chairman

Vice-Chairman

Chairman

Representative

Chief Executive Officer

Deputy Chief Executive Officer

Director of Investments

Chief of Operations

Chairman

Rapporteur

UNITED NATIONS JOINT STAFF PENSION BOARD (JULY 2014)

Ms. T. Panuccio

[Representative of the Executive Head of the Food and Agriculture Organization of the United Nations]

Mr. M. Pace

[Representative of the Participants of the Food and Agriculture Organization of the United Nations]

Mr. M. Rahman

[Representative of the United Nations General Assembly]

Ms. C. Dahoui

[Representative of the Executive Head of the International Maritime Organization]

UNITED NATIONS STANDING COMMITTEE (JULY 2014)

Ms. M. Wilson

[Representative of the Executive Head of the International Telecommunication Union]

Ms. N. Nagayoshi

[Representative of the Participants of the United Nations]

Mr. V. Yossifov

[Representative of the Governing Body of the World Intellectual Property Organization]

AUDIT COMMITTEE (2014)

Ms. S. Frahler

[Representative of the Executive Head of the World Health Organization]

Mr. I. Robertson

[Expert Member]

INVESTMENTS COMMITTEE (2014)

Mr. I. Pictet

REPRESENTATIVE OF THE UNITED NATIONS SECRETARY-GENERAL FOR THE INVESTMENTS OF THE FUND (2014)

Ms. G. Casar/ Mr. Y. Takasu/ Ms. C. Boykin*

*Ms. C. Boykin became the first full-time Representative in October 2014.

UNITED NATIONS JOINT STAFF PENSION FUND SENIOR MANAGEMENT (2014)

Mr. S. Arvizú

Chief Financial Officer ad interim

Mr. D. Liberatore

Mr. P. Dooley

Chief of Geneva Office

Mr. A. Blythe

Ms. S. Bishopric

Deputy Director & Chief Risk Officer

Mr. A. Singh

Mr. F. De Turris

Deputy Director for Investments

Mr. T. Shindo

COMMITTEE OF ACTUARIES (2014)

Mr. D. Latulippe

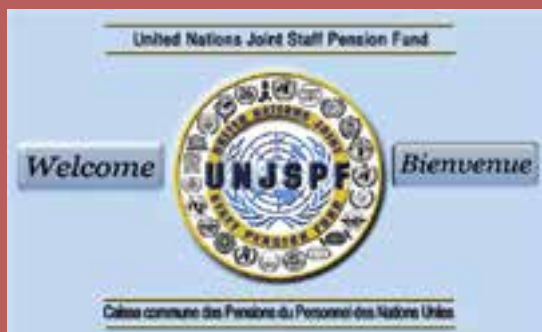
Mr. B. KYS Yen

CONSULTING ACTUARY

Buck Consultants, LLC

C O N T A C T I N G T H E U N P E N S I O N F U N D

Obtain more information on the Pension Fund Web Site
www.unjspf.org



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Corner of 48th Street
and 2nd Avenue**

By mail: **UNJSPF
United Nations
P.O. Box 5036
New York, NY 10163-5036
USA**

*For in person visits, please note the Fund's New York office hours for walk-in clients:
9 a.m. to 5 p.m., Monday through Friday
No appointment is needed.

Geneva

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By fax: **+41 (0) 22 928 90 99**

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Switzerland**

By mail: **UNJSPF
c/o Palais des Nations
CH-1211 Geneva 10
Switzerland**

*In person visits daily from 08.30 hrs till 17.00 hrs. You may wish to call +41 22 928 88 00 or send an email to schedule an appointment.