



UNJSPF

United Nations Joint Staff Pension Fund

ANNUAL REPORT 2016



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INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER (CEO)

I strongly believe that 2016 will be seen as one of the key, fundamentally transformative years of the United Nations Joint Staff Pension Fund. Sixty-seven years after it was founded, the Fund has transitioned from an outdated IT and operational model, an approach which was untenable and very risky, to a global, modern, efficient pension institution servicing almost 200,000 participants, retirees and beneficiaries.

The Fund's assets are valued at more than 54 billion USD and as of 31 December 2015 had an actuarial surplus of 0.16 per cent of pensionable remuneration. This represents a marked improvement from the deficit of 0.72 per cent at the end of 2013. More importantly, it highlights the reversal of the negative trend observed in the last decade and means that the Fund is now one of the few solidly-funded, defined-benefit pension plans in the world.

A year ago in August 2015, the Fund launched the new, customized "Integrated Pension Administration System" or IPAS. The transition was 100 per cent successful in terms of paying all 72,000 existing retirees and beneficiaries who reside around the world. The Fund won an award for achieving very high efficiency in its global payments, and achieved an ISO 27001 certification, but as expected in the deployment of large and complex systems, the implementation of IPAS also caused a delay in the processing of new retiree benefits. At the same time, many of our member organizations began cleaning out their own backlogs and some large clients like DPKO were also in the process of downsizing a number of missions. The Fund took measures to increase its processing capacity, eliminating backlogs and achieving historically high processing rates.

The Fund also successfully launched the new Member Self-Service in August of this year and it already has nearly 60,000 members registered. This is an historical high number of users and reflects the "user-friendliness" and the relevance of the available features.

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/>.

Thank you for your interest in the UNJSPF and continued support.

Sergio B. Arvizú
Chief Executive Officer
United Nations Joint Staff Pension Fund

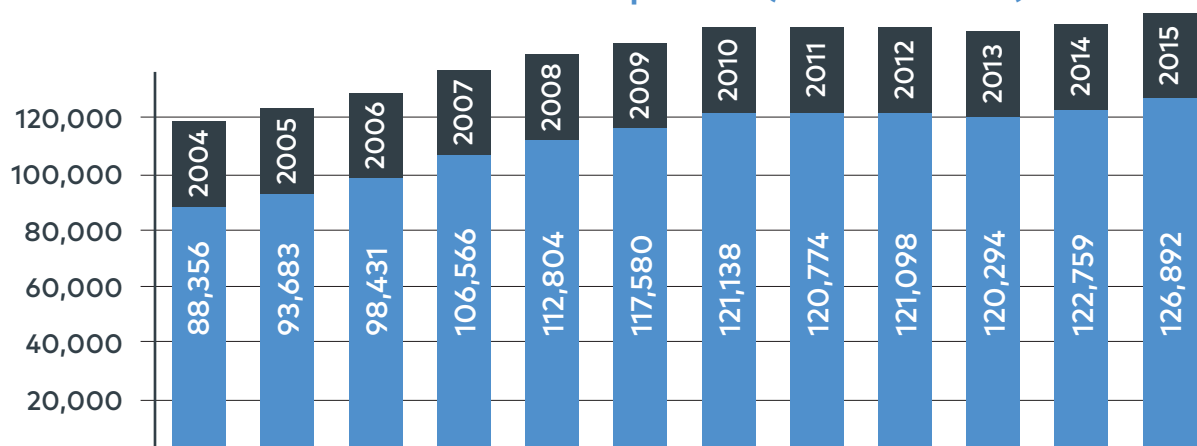


PARTICIPANTS

As of 31 December 2015, the UNJSPF recorded 126,892 active participants. Compared to 2014, 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	86,880
World Health Organization	10,536
Food and Agriculture Organization of the United Nations*	10,062
International Labour Organization	3,760
United Nations Educational, Scientific and Cultural Organization	2,445
International Atomic Energy Agency	2,666
International Organization for Migration	3,924
World Intellectual Property Organization	1,233
International Telecommunication Union	779
International Civil Aviation Organization	787
United Nations Industrial Development Organization	697
International Criminal Court	1,004
International Fund for Agricultural Development	578
International Maritime Organization	284
World Meteorological Organization	350
International Centre for Genetic Engineering and Biotechnology	171
World Tourism Organization	97
International Center for the Study of the Preservation and Restoration of Cultural Property	33
Inter-Parliamentary Union	46
International Tribunal for the Law of the Sea	38
International Seabed Authority	33
European and Mediterranean Plant Protection Organization	17
Special Tribunal for Lebanon	472

UNJSPF Active Participants (2004- 2015)



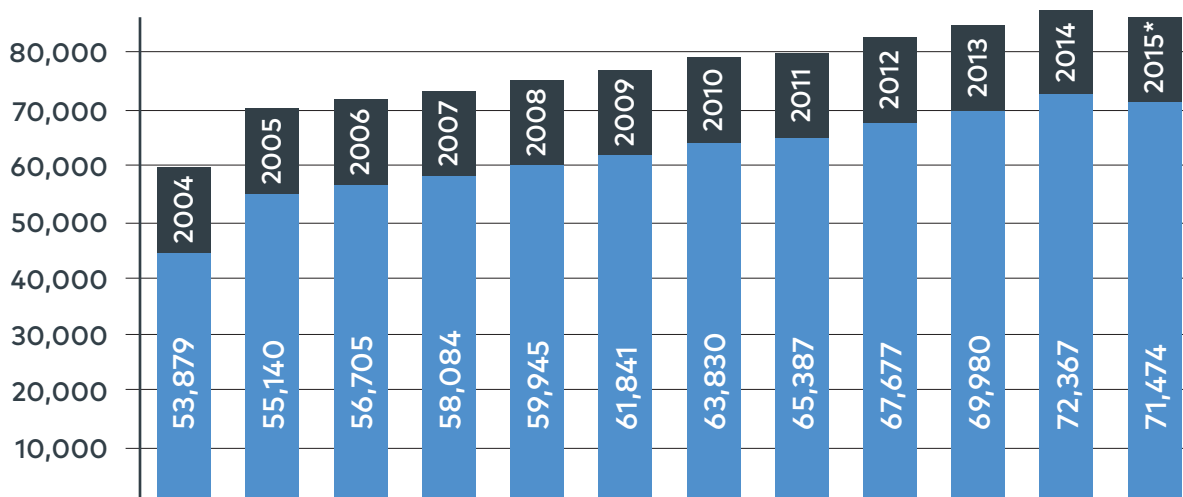
* Effective 1 July 2014, reporting organization changed for approximately 3,400 participants from UNDP to WFP (FAO)

BENEFICIARIES

As of 31 December 2015, the UNJSPF recorded 71,474 periodic benefits. The distribution of benefits was as follows:

Retirement benefits	26,275
Early retirement benefits	15,525
Deferred retirement benefits	7,536
Widow benefits	10,843
Widower benefits	901
Disability benefits	1,409
Child benefits	8,947
Secondary dependent benefits	38

UNJSPF Periodic Benefits (2004-2015)



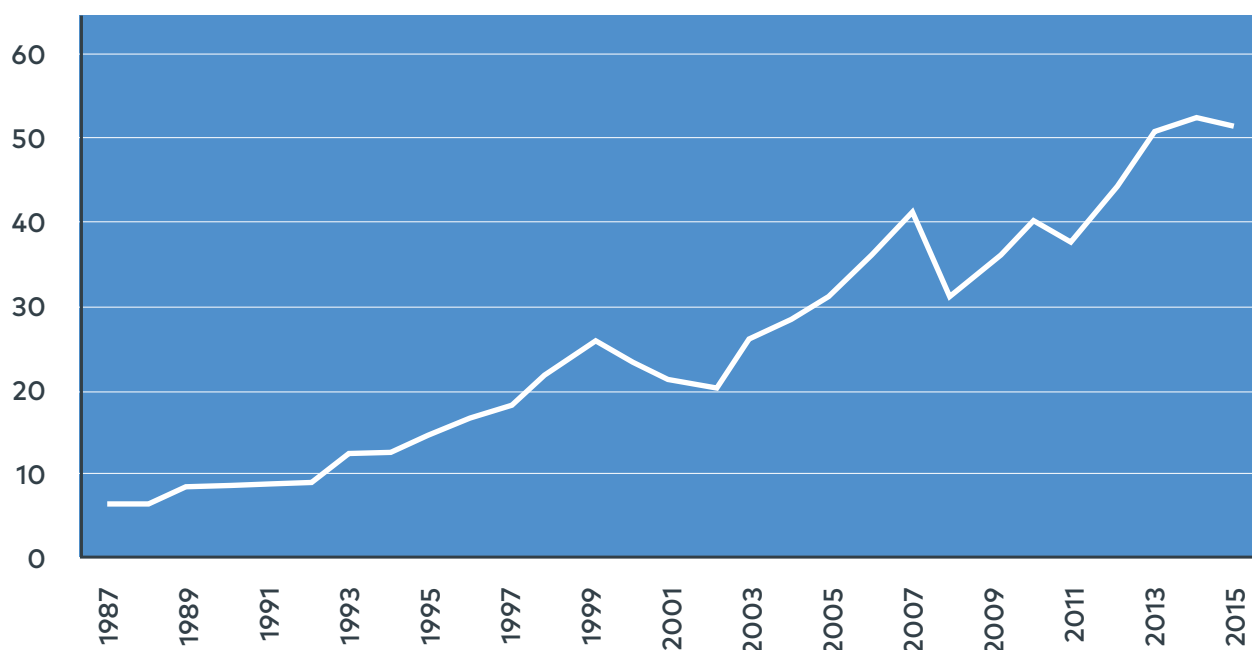
* The numbers for the 2015 column represent pre-IPAS (Integrated Pension Administration System) discontinued benefits that were not finalized in the Fund's legacy system. These discontinued benefits were recognized upon the IPAS conversion in 2015 under the new approach of identifying such cases immediately at discontinuation of the benefits. Without the effect of these adjustments, the total number of periodic benefits increased by 1.3 per cent for the year ended 31 December 2015.

FINANCIAL SITUATION

The financial statements of the Fund are signed by the Chief Financial Officer, and audited, by an external Board of Auditors. The financial statements for the years ending 31 December 2015 and 31 December 2014 are presented under the International Public Sector Financial Reporting Standards (IPSAS). The payroll for benefits in payment for the year ending 31 December 2015 was US\$2.2 billion. During the year, benefits were being paid in 15 different currencies. During the year 2015 the net assets available for benefits decreased by US\$617 million. The expenditure for benefits, of US\$2.4 billion exceeded contributions by approximately US\$105 million. The value of the Fund's assets decreased from US\$53.1 billion on 31 December 2014 to US\$52.4 billion on 31 December 2015, representing a decrease of about 1.2 per cent. A graph reflecting the evolution of the total investments of the Fund from 1987 to 2015 is provided herewith:

Fair value of the UNJSPF's investments

from 31 December 1987 to 31 December 2015
(billions of US\$)



STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	31 December 2015 In US\$ Thousands	31 December 2014 In US\$ Thousands
Assets		
Cash and cash equivalents	1,488,132	2,110,884
Investments		
Short-term investments	534,952	-
Equities	32,501,344	33,616,919
Fixed Income	12,485,103	12,830,186
Real Assets	3,315,119	2,764,409
Alternatives and other investments	1,865,629	1,523,766
	50,702,147	50,735,280
Contributions receivable	42,797	39,283
Accrued income from investments	147,836	155,645
Receivable from investments traded	16,396	16,319
Withholding tax receivable	12,604	8,782
Other Assets	40,329	34,646
Total assets	52,450,241	53,100,839
Liabilities		
Benefits payable	89,594	68,691
Payable from investments traded	10,796	44,710
ASHI and other employee benefit liabilities	70,358	76,992
Other accruals and liabilities	12,638	26,962
Total liabilities	183,386	217,355
Net assets available for benefits	52,266,855	52,883,484

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year 2015 In US\$ Thousands	Year 2014 In US\$ Thousands
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	(18,126)	2,488,067
Interest income	355,553	375,093
Dividend income	777,863	845,069
Income from real assets	38,302	30,642
Foreign currency (losses)	(1,487,401)	(1,955,144)
Less: Transaction costs and management fees	(124,454)	(124,904)
	(458,263)	1,658,823
Contributions		
From participants	751,139	756,591
From member organization	1,496,003	1,503,298
Other contributions	9,835	4,181
	2,256,977	2,264,070
Other income	8,531	1,932
Benefit payments		
From withdrawal settlements and full commutation benefits	138,951	121,013
From Retirements benefits	2,222,419	2,300,547
Other benefits/adjustments	(239)	325
	2,361,131	2,421,885
Administrative expenses	56,669	83,321
Other expense	3,217	3,865
Withholding tax expenses	2,857	5,024
(Decrease)/Increase in net assets available for benefits	(616,629)	1,410,730

INVESTMENTS

The market value of the Fund's assets was US\$ 52,114 million on 31 December 2015 as reported independently by the Master Record Keeper. Compared to 31 December 2014, when the final market value was reported as US\$ 52,820 million, the Fund's asset represent a decrease of US\$ 706 million. The Fund reported the nominal rate of return of -1.0 per cent and after adjusting for the United States Consumer Price Index (CPI), reported the real rate of return as -1.7 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 one, three 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 Strategic Asset Allocation (SAA) and the new Policy Benchmark were updated effective 1 August 2015, after conclusion of the Asset Liability Management (ALM) study. The target weighting of the Global Fixed Income and Global Equity asset classes was lowered from 31 per cent to 26.5 per cent and from 60 per cent to 58 per cent respectively. The target weighting of Real Assets was increased from 6 per cent to 9 per cent. The Alternative Investments category was formally added to the SAA as a new asset class with a 5 per cent target allocation. The target weighting for the Cash and Short-term securities asset class was lowered from 3 per cent to 1.5 per cent.

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

Asset Classes	SAA ¹			TAA ²		Actual 31 December 2015
	Minimum	Target	Maximum	Minimum	Maximum	
Global Equities³	50%	58%	69%	58%	64%	62.19%
Real Assets⁴	3%	9%	10%	5%	7%	6.57%
Alternative Strategies⁵	0%	5%	10%	2%	4%	3.48%
Global Fixed Income	19%	26.5%	37%	22%	28%	24.15%
Cash & Short-term	0%	1.5%	6%	1%	6%	3.61%
Total		100%				100%

¹ SAA or Strategic Asset Allocation represents long-term asset allocation targets and ranges effective 01 August 2015, based on the ALM study.

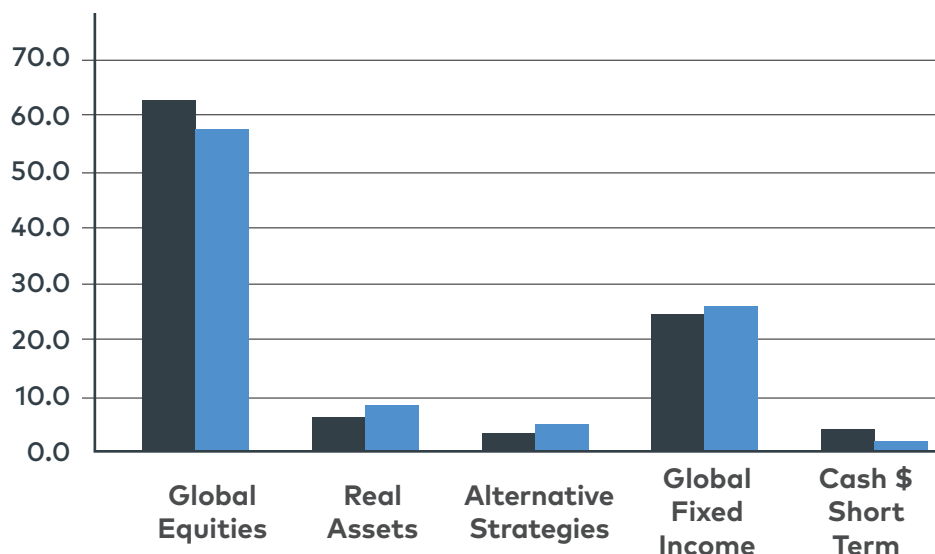
² TAA or Tactical Asset Allocation represents near-term asset allocation ranges.

³ Global Equities includes Public Equity, including Real Estate Investment Trusts (REITs), Minimum Volatility Equity and Green Equity strategies.

⁴ Real Assets includes Real Estate, Infrastructure, and Timberland.

⁵ Alternative Strategies includes Private Equity and Real Return strategies.

Types of Investments by Asset Class

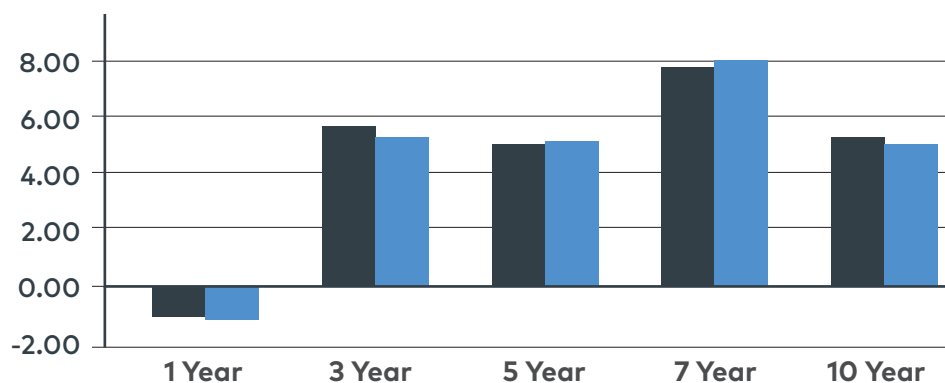


UNJSPF - 31 December 2015 (%)	62.2	6.6	3.5	24.2	3.6
UN Policy Benchmark (%)	58.0	9.0	5.0	26.5	1.5

Data Source: Northern Trust. The numbers may not add up due to rounding

Performance

Fund performance versus UN Policy benchmark.



UNJSPF (%)	(1.00)	5.67	5.02	7.82	5.33
UN Policy Benchmark (%)	(1.10)	5.21	5.18	8.07	5.07

The return of the Fund for the year ending 31 December 2015 was negative 1.00 per cent outperforming the policy benchmark return of negative 1.10 per cent by 10 basis points.

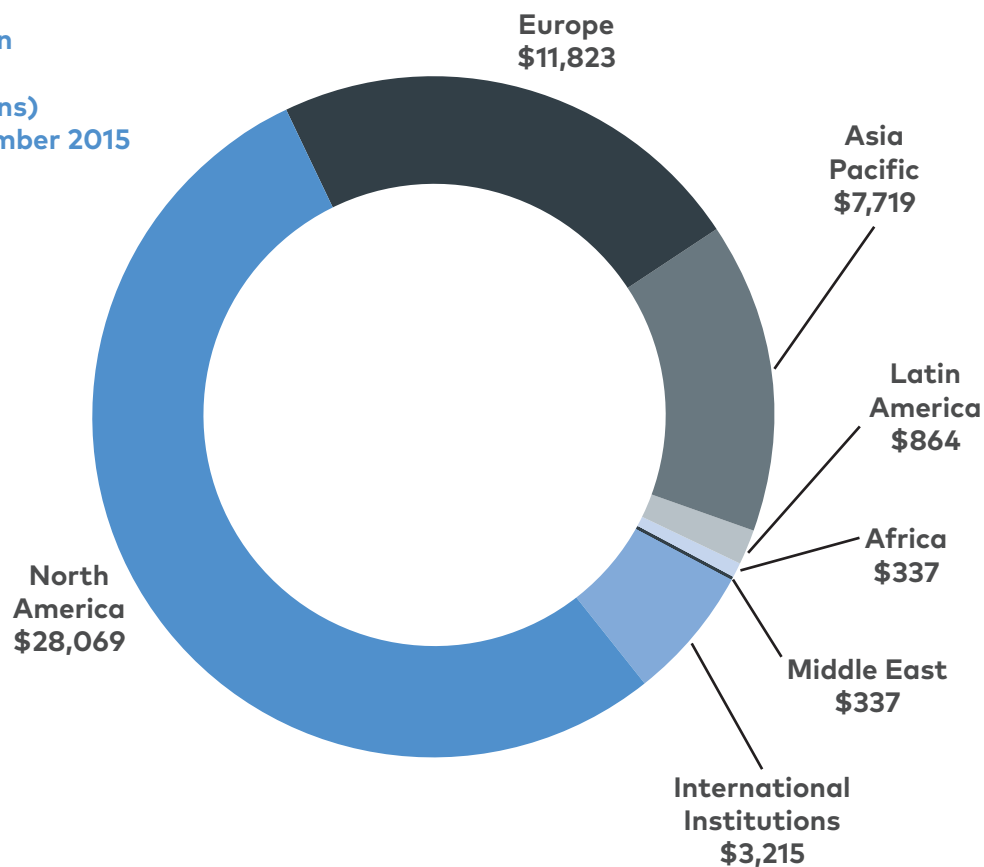
Note: Effective 01 August 2015, the UN Policy Benchmark is composed of 58.0 per cent MSCI All Country World Index (ACWI) for Global Equities, 26.5 per cent Barclays Capital Global Aggregate Index for Global Fixed Income, 9.0 per cent NCREIF ODCE Index plus 100 bps for Real Assets, 5.0 per cent of MSCI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

* 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.

DIVERSIFICATION

As of 31 December 2015, the Fund had direct investments in 41 countries, 7 international/regional institutions and 24 currencies. The chart below indicates the US dollar value of investments by region (in millions).

**Diversification
by Region
(in US\$ millions)
as of 31 December 2015**



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:

	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years	15 Years	20 Years	25 Years	50 Years
UN Nominal Return	(1.0)	1.1	5.7	7.4	5.0	5.3	5.6	6.8	7.6	8.2
US CPI	0.7	0.7	1.0	1.2	1.5	1.9	2.1	2.2	2.3	4.1
UN Real Return (Inf. Adj.) %	(1.7)	0.3	4.6	6.1	3.4	3.4	3.5	4.5	5.1	3.9
UN Real Return minus 3.5%	(5.2)	(3.2)	1.1	2.6	(0.1)	(0.1)	(0.0)	1.0	1.6	0.4

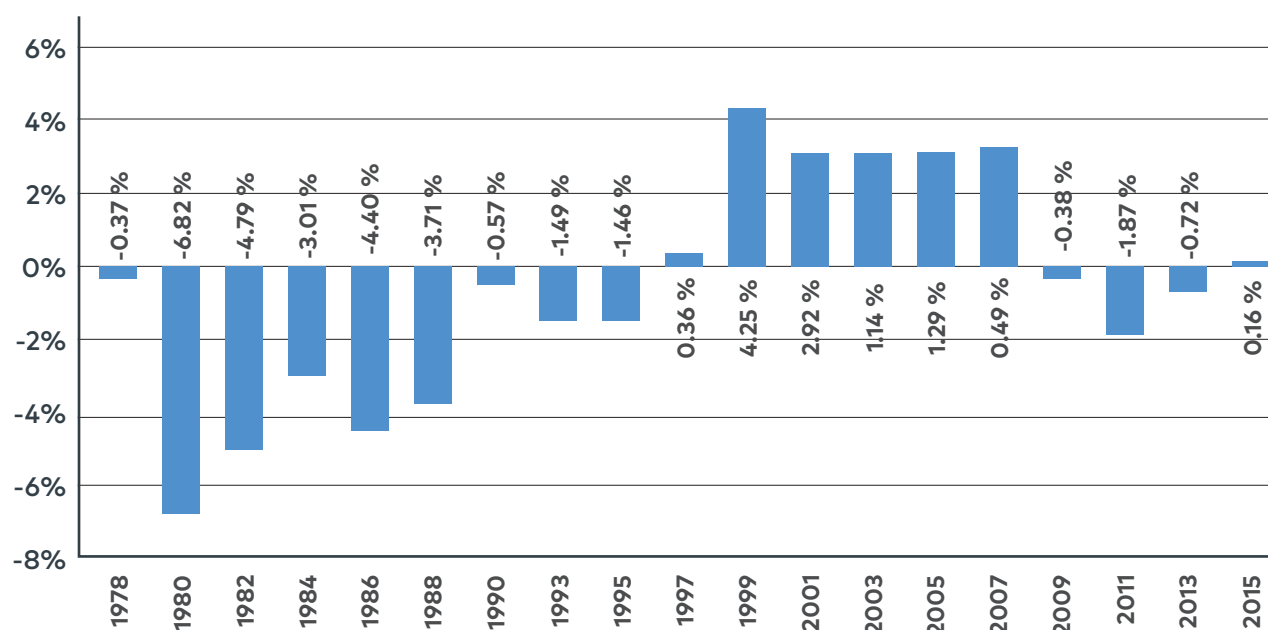
ACTUARIAL MATTERS

Actuarial services are provided by Buck Consultants LLC. A Committee of Actuaries, consisting of seven 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.

Every two years, an actuarial valuation for the Fund is completed by the Consulting Actuary. The valuation calculates the present and future liabilities for Fund and compares that to current and projected Fund assets, respectively. The most recent valuation was completed as of 31 December 2015. This valuation revealed a small surplus of 0.16% of pensionable remuneration. This means that the 23.7% of pensionable remuneration collected annually for each participant is 0.16% above what is required to achieve balance, which means to have enough money to cover the benefit obligations for all current and future participants and beneficiaries.

Valuations are performed using economic assumptions such as inflation and investment return and demographic assumptions for projecting participant growth, mortality, separation, 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 2015 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 10 years would be 0.5 per cent per annum, with a "zero participant growth assumption", thereafter.

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:



Because the actuarial valuation is based on many assumptions, it is expected that the valuation results will vary from prior results as actual experience differs from the assumptions. As recommended by the Committee of Actuaries, the Board established a 2% results corridor, which means that if the required contribution rate 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. Rather, when clear long-term trends indicate an imbalance between the contributions coming in and the required contribution rate, the Board would study and propose corrective action for the General Assembly to consider.

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. 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 2015, the Fund was found to be in a strongly funded position, as it had been for the past 10 valuations (see table below). The current funded ratio is 100.9% per cent, which was obtained by dividing the actuarial value of assets¹ (i.e. \$52,467 million) by the actuarial value of the accrued benefits (i.e. \$51,980 million).

FUNDED RATIOS FOR VALUATIONS AS OF 31 DECEMBER 1995 – 2015

	1995	1997	1999	2001	2003	2005	2007	2009	2011	2013	2015
Funding Ratio	81	88	113	106	95	92	95	91	86	91	101

MAJOR MEETINGS IN 2016

The Pension Board will hold its next session, from 14 to 22 July, at the IAEA in Vienna. The Investments Committee will meet four times in 2016. The Committee of Actuaries will hold its regular annual meeting in June 2016, in order to consider the 33rd actuarial valuation as at 31 December 2015. The Audit Committee will meet three times in 2016. The ALM Committee will meet five times in 2016.

GOVERNANCE

In 2015 the Fund completed its third asset-liability management (ALM) study which provided additional confirmation of the Fund's sound actuarial valuation position and favorable funded status. The results of the ALM study also served as a key input for developing the Fund's new Strategic Asset Allocation. In 2015 the Board also approved an update to the Fund's Risk Management Policy. The UNJSP Board Audit Committee continues to provide 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 2015, the Committee made several recommendations to the Board, related to the testing of internal controls and development of draft financial rules. The ALM Committee provided analysis, advice, and recommendations to the Board on risk management, 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.

MEMBERS OF LEGISLATIVE ORGANS AND COMMITTEES:

UNITED NATIONS JOINT STAFF PENSION BOARD (JULY 2015)

Chairperson	Mr. A.O. Adeniyi [Representative of the of the Participants of the United Nations]
1st Vice-Chairperson	Ms. V. M. González Posse [Representative of the United Nations General Assembly]
2nd Vice-Chairperson	Ms. C. Hennetier-Rossier [Representative of the Executive Head of the World Health Organization]
Rapporteur	Dr. M. Tailhades [Representative of the Governing Body of the World Health Organization]

STANDING COMMITTEE (JULY 2015)

Chairman	Mr. C. Monier [Representative of the Participants of the United Nations]
1st Vice-Chairman	H.E. Mr. L. Mazemo [Representative of the United Nations General Assembly]
2nd Vice-Chairman	Ms. C. Jewell [Representative of the Executive Head of the World Intellectual Property Organization]

AUDIT COMMITTEE (2015)

Chairman	Mr. T. Repasch (Representative of the General Assembly)
Vice-Chairman	Ms. Paula Saddler (Representative of FAFICS)

INVESTMENTS COMMITTEE (2015)

Chairman	Mr. Dhar
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UNITED NATIONS JOINT STAFF PENSION FUND SENIOR MANAGEMENT (2015)

Chief Executive Officer	Mr. S. Arvizú
Representative of the Secretary-General for the investment of the assets of the UNJSPF	Ms. C. Boykin
Deputy Chief Executive Officer	Mr. P. Dooley
Director of Investments	Ms. S. Bishopric (retired in March 2015)
Chief of Operations	Mr. F. De Turris
Chief Financial Officer ad interim	Mr. D. Liberatore
Chief of Geneva Office	Mr. A. Blythe
Deputy Director & Chief Risk Officer	Mr. A. Singh
Deputy Director for Investments	Mr. T. Shindo

COMMITTEE OF ACTUARIES (2014)

Chairman	Mr. D. Latulippe
Rapporteur	Mr. B. KYS Yen

CONSULTING ACTUARY

Buck Consultants, LLC

CONTACTING THE UN PENSION FUND

New York

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 By fax: +1 (212) 963 31 46
 By e-mail: UNJSPF@UN.ORG

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 1 Dag Hammarskjöld Plaza (DHP)
 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, Tuesday, Wednesday and Friday
- No appointment is needed.

When sending important documents to the Fund, please send with certified mail, with receipt confirmation and tracking. Thank you !

Geneva

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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.

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