United Nations Joint Staff Pension Fund

Financial report and audited financial statements

for the year ended 31 December 2016

and

audit opinion of the UN Board of Auditors

United Nations • New York, 2017

Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

Letter of transmittal

New York, 24 April 2017

In accordance with Financial Rule G.5 of the of the United Nations Joint Staff Pension Fund, we have the honour to transmit the financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2016, which we hereby approve. The Chief Executive Officer of the Fund (CEO) and the Representative of the Secretary General for the Investment of the Assets of the Fund (RSG) approve the financial statements for their respective areas of responsibilities. The financial statements have been completed and certified by the Chief Financial Officer of the Fund as correct in all material respects.

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

Carolyn **Boykin**
Representative of the Secretary–General
for the investment of the assets of the
United Nations Joint Staff Pension Fund

Mr. Shashi Kant Sharma
Chairman
United Nations Board of Auditors

cc. Ms. Anjana Das, Executive Secretary, Board of Auditors
Mr. Anand Mohan Bajaj, Director of External Audit, Board of Auditors
Mr. Shailesh Jakhotiya, Deputy Director, Board of Auditors
Mr. Karl-Ludwig Soll, Chief Financial Officer, UNJSPF

Annex V

Financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2016

The present annex includes the financial statements, related schedule and statistical tables of the United Nations Joint Staff Pension Fund for the year ended 31 December 2016. The documentation consists of the following items:

1. Certification of the financial statements

   Statement of internal control for the year ended 31 December 2016

2. Financial report for the year ended 31 December 2016

3. Financial statements for the year ended 31 December 2016

   I. Statement of net assets available for benefits

   II. Statement of changes in net assets available for benefits

   III. Cash flow statement

   IV. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2016

4. Notes to the financial statements

   Appendix. Statistics on the operations of the United Nations Joint Staff Pension Fund

   Table 1 Number of participants

   Table 2 Benefits awarded to participants or their beneficiaries during the year ended 31 December 2016

   Table 3 Analysis of periodic benefits for the year ended 31 December 2016

1. Certification of the financial statements

Letter dated 24 April 2017 from the Chief Financial Officer of the United Nations Joint Staff Pension Fund addressed to the Chair of the Board of Auditors

The financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2016 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS), as issued by the International Public Sector Accounting Standards Board, and International Accounting Standard (IAS) 26, Accounting and reporting by retirement benefit plans, as issued by the International Accounting Standards Board. The summary of significant accounting policies applied in the preparation of the financial statements is included in the notes to the financial statements. The notes provide additional information on and clarification of the financial activities undertaken by the Fund during the period covered by these statements.

I certify that the appended financial statements of the United Nations Joint Staff Pension Fund are correct in all material respects.

(*Signed*) Karl-Ludwig W. **Soll**
Chief Financial Officer
United Nations Joint Staff Pension Fund

Statement of internal control for the year ended 31 December 2016

Scope of responsibility

The United Nations Joint Staff Pension Fund was established by the General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other international organizations admitted to membership in the Fund. The Fund is a multiple employer, defined benefit plan and is governed by the United Nations Joint Staff Pension Board, a staff pension committee for each member organization and a secretariat to the Board and to each such committee.

The Chief Executive Officer of the Fund, who is also the Secretary of the Board, discharges the Board's responsibility for the administrative supervision of the Fund secretariat. The Chief Executive Officer, under the authority of the Board, collects contributions, ensures record keeping for the Fund secretariat, certifies benefit payments and deals with other matters related to the Fund's participants and beneficiaries. The Chief Executive Officer is also responsible for ensuring actuarial matters are addressed with a view to maintaining the long-term sustainability and financial health of the Fund.

The investment of the assets of the Fund is the responsibility of the Secretary-General. The Secretary-General has delegated his authority and responsibility to act on his behalf in all matters involving his fiduciary duties related to the investment of the assets of the Fund to the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund. The Representative has delegated responsibility for the management and accounting of the investments of the Fund. The Representative exercises this duty and makes investment decisions after consultation with the Investments Committee and in the light of observations made from time to time by the Pension Board on investment policy.

The Chief Executive Officer and the Representative of the Secretary-General are responsible for establishing and maintaining a sound system of internal controls, in their respective areas of responsibility, to ensure the accomplishment of objectives, the economic use of resources, the reliability and integrity of information, compliance with rules and regulations and the safeguarding of assets.

Purpose of the system of internal control

The system of internal control is designed to reduce and manage rather than eliminate the risk of failure to achieve the objectives of the Fund and to improve performance. Therefore, it can only provide a reasonable and not absolute assurance of effectiveness. Internal control is an ongoing process, effected by the Fund's governing bodies, senior management and other personnel, designed to provide reasonable assurance concerning the achievement of the following internal control objectives:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable rules and regulations

The Pension Fund statement of internal control is related to the internal control objective of reliability of financial reporting, and therefore its scope is limited to the effectiveness of internal controls over financial reporting as at 31 December 2016.

Capacity to handle risk

The Pension Fund has implemented a governance structure, management process and internal and external oversight mechanisms to adequately identify, assess, manage, monitor and report the risks inherent to its operations. The enterprise-wide risk management framework adopted by the Fund reflects the nature of its operations and development as well as its specific requirements.

The Pension Fund internal control policy, approved in May 2014, defines internal control objectives, components and responsibilities, as well as the lines of defence in terms of internal control, which include: (a) management; (b) risk management and compliance sections; (c) internal audit; and (d) external audit. The Fund's internal controls over financial reporting provide reasonable assurance that assets are safeguarded, transactions are properly recorded and authorized and there are no material misstatements in the financial statements.

Pension Fund risk management and internal control framework

The purpose of the enterprise-wide risk management framework is to identify events that may affect the Pension Fund and manage risk within the Fund's risk appetite. The Fund's risk management framework includes the following components:

- *Risk management governance*. The operation of the risk management framework is supported by the full ownership and accountability of the Pension Board, management and staff for risk management activities. Specialized committees conduct oversight and provide advice to the Pension Board on risk management and internal control, as follows:
  - The Audit Committee oversees the work of internal and external auditors and receives information on the operation of the risk management and internal control framework.
  - The Assets and Liabilities Monitoring Committee advises the Board on risk management, funding policy, asset-liability management and investment policy matters.
- *Enterprise-wide risk management policy*. The policy provides the basis for the operation of the risk management framework and specifies its applicability throughout the Fund. The enterprise-wide risk management methodology complements the policy and defines the steps, roles and responsibilities in the risk management process.
- *Enterprise-wide risk assessment*. The Fund conducts periodic risk assessment exercises, which serve as a basis for defining strategies to address the Fund's key risks.
- *Risk monitoring*. The Enterprise-wide Risk Management Working Group, chaired by the Chief Executive Officer of the Fund and the Representative of the Secretary-General, includes representatives from all units of the Fund and monitors the Fund's risk profile and the implementation of risk management strategies. Risk management officers promote the implementation of the enterprise-wide risk management framework, facilitate risk assessments, advise on the implementation of risk management strategies and monitor and report on the Fund's risk profile.

Review of the effectiveness of internal controls over financial reporting

The Pension Fund has considered the *Internal Control-Integrated Framework* of the Committee of Sponsoring Organizations of the Treadway Commission as a guideline for assessing its internal controls over financial reporting. The review by the Fund management of the effectiveness of internal controls over financial reporting as at 31 December 2016 was supported by:

- The preparation of the statement of internal control, which involved:
  - A scoping exercise to identify key processes, accounts and disclosures and their supporting key information and communications technology (ICT) services.
  - Identification of key financial reporting risks.
  - Identification and documentation of: (a) entity level controls; (b) key controls over financial reporting; and (c) key ICT general controls that support the operation of other controls over financial reporting.
  - Updating of process documentation.
  - Testing of the operational effectiveness of the key controls over financial reporting performed by management.
- Assertion letters on the effectiveness of internal controls over financial reporting, signed by key officers in the Fund secretariat and the Investment Management Division. These officers recognize their responsibility for maintaining and executing internal controls over financial reporting in their respective areas of responsibility and for reporting any deficiencies identified.
- An independent service auditor performed an independent service audit on the controls applied by Northern Trust, the independent master record keeper for the Fund’s investments and a custodian bank for the investments. Additionally, the Fund received an independent service audit report from Citibank NA, a second custodian bank for the investment of the Fund. The audits were conducted in accordance with the standards defined by the American Institute of Certified Public Accountants and the International Auditing and Assurance Standards Board. Both audits concluded that in all material respects, the controls were suitably designed and operating effectively to provide reasonable assurance that control objectives would be achieved.
- An independent assurance provider was engaged to assess the effectiveness of managing information security risks of the new Integrated Pension Administration System, following the protocols defined by the International Organization for Standardization (ISO). In April 2016, the Fund secretariat obtained the ISO 27001 information security certification for the System, which provides assurances that the new system’s operations and maintenance are in accordance with the information security management standard. The Fund secretariat is committed to maintaining the ISO 27001 certification, which is valid for three years, until March 2019.
- Independent auditors performed an International Standard on Assurance Engagements audit ISAE 3402 of the internal control framework of the United Nations International Computing Centre. The ISAE 3402 audit report provides an independent assessment of whether the Centre’s controls are suitably designed and operated effectively. The ISAE 3402 audit report’s conclusion was an unqualified opinion.
- The Audit Committee monitored the work of internal and external auditors and reviewed the results of audit examinations and the implementation of audit recommendations. The Representative of the Secretary-General and the Fund’s Chief Executive Officer, Chief Financial Officer, Risk and Compliance Officers and internal and external auditors had periodic meetings with the Audit Committee.

- In accordance with its mandate, the Office of Internal Oversight Services, as the internal auditors of the Fund, provided assurance that internal controls are adequate and functioning effectively. In the execution of a risk-based audit plan approved by the Audit Committee, the Office conducted audit examinations, including on high-risk areas, to provide assurance on the effectiveness of internal controls and identify control deficiencies. The Chief Executive Officer and the Representative of the Secretary-General, in their respective areas of responsibility, took appropriate actions to address recommendations resulting from internal audits. The Fund had no open critical audit recommendations as at 31 December 2016.

- In accordance with its mandate, the Board of Auditors, as the external auditors of the Fund, examined independently the financial statements, performing such tests and other procedures as the auditors considered necessary to express an opinion in their annual audit report. The external auditors were given full and unrestricted access to all financial records and related data and to the Fund's management and Audit Committee to discuss any findings related to the integrity and reliability of the Fund's financial reporting. The external audit report accompanies the financial statements.

Significant internal control matters arising during the year

The statement of internal control for the year ended 31 December 2016 draws attention to key areas with an impact on internal controls over financial reporting, as follows:

(a) In April 2015, the Fund secretariat issued its pension fraud awareness, reporting and escalation policy to promote awareness, prevent fraud, enhance the Fund's internal controls and establish guidelines on reporting and escalation of fraud-related concerns. The policy establishes that the Fund has zero tolerance for fraud, which implies that all fraud concerns will be reported and investigated and corrective actions taken when needed. In November 2016, the Investment Management Division issued its anti-fraud and anti-corruption policy as approved by the Representative of the Secretary-General. The fraud prevention policies issued separately by the Fund secretariat and the Investment Management Division supplement the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat, issued in September 2016, and address specific pension fraud risks and investment fraud risks;

(b) The Integrated Pension Administration System was introduced in August 2015. During 2016, a series of enhancements and new functionalities were added to offer a wider range of services in the System, including the member self-service and the feature to track the receipt of the certificate of entitlement;

(c) The Fund's management, within its scope of responsibility, has successfully implemented various actions approved by the Pension Board at its sixty-third session, held in July 2016, to address temporary and structural challenges related to efficiency aspects of the processing of benefit entitlements and client servicing. Two critical audit recommendations related to benefit processing and client services have been remediated by management;

(d) Complementarily, the Fund secretariat is conducting jointly with the United Nations, the World Health Organization, the Food and Agriculture Organization of the United Nations, the World Food Programme and the United Nations Children's Fund a "holistic", or end-to-end, review from the separation of the staff (including human resources and payroll functions and the submission of accurate, complete and timely documentation to the Fund) to the entitlement and payment functions in order to identify opportunities for improvement and streamlining the overall process. The results of the review will be presented to the Pension Board at its sixty-fourth session, in July 2017.

Statement

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error or circumvention. Accordingly, even effective internal controls can provide only reasonable but not absolute assurance. Further, because of changes in conditions, the effectiveness of internal controls may vary over time.

The Chief Executive Officer and the Representative of the Secretary-General are responsible for establishing and maintaining a sound system of internal controls over financial reporting, in their respective areas of responsibility, to ensure the reliability and integrity of the financial statements.

Within the scope of our respective areas of responsibility, we are committed to addressing any weaknesses in internal controls over financial reporting identified during the year and to ensuring continuous improvement of internal controls.

Based on the above, we conclude that to our best knowledge and information there are no material weaknesses in internal controls over financial reporting, in our respective areas of responsibility, that would need to be raised in the present document for the year ended 31 December 2016.

(*Signed*) Sergio B. **Arvizú**
Chief Executive Officer
United Nations Joint Staff Pension Fund

(*Signed*) Carolyn **Boykin**
Representative of the Secretary-General
for the investment of the assets of the
United Nations Joint Staff Pension Fund

24 April 2017
New York

2. Financial report for the year ended 31 December 2016

A. Introduction

1. The United Nations Joint Staff Pension Fund was established by the General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other international organizations admitted to membership in the Fund. The Fund is a multiple employer, defined benefit plan. There are currently 23 member organizations participating in the Fund. All participating organizations and employees contribute to the Fund on the basis of pensionable remuneration. The contribution rate is a fixed rate of 7.9 per cent for participants and 15.8 per cent for employers.

2. The Fund is governed by the United Nations Joint Staff Pension Board, made up of: (a) 12 members appointed by the United Nations Staff Pension Committee, four of whom are elected by the General Assembly, four from those appointed by the Secretary-General and four from those elected by the participants in service in the United Nations; and (b) 21 members appointed by the staff pension committees of the other member organizations in accordance with the rules of procedure of the Fund, seven of whom are chosen by the bodies of the member organizations corresponding to the General Assembly, seven from those appointed by the chief administrative officers of the member organizations and seven from those chosen by the participants in service.

3. The Fund is administered by the Pension Board, a staff pension committee for each member organization and a secretariat to the Board and to each such committee. The Chief Executive Officer of the Fund, who also serves as Secretary of the Pension Board, is appointed by the Secretary-General on the recommendation of the Pension Board.

4. The Chief Executive Officer is responsible for the administration of the Fund and for the observance, by all concerned, of the Regulations, Rules and Pension Adjustment System of the Fund. This includes responsibility for the establishment of policy; the administration of the Fund's operations and the overall supervision of its staff; the responsibility for the organization, servicing and participation of the Fund secretariat in the meetings of the Pension Board, its Standing Committee, the Audit Committee, the Committee of Actuaries, the Assets and Liabilities Monitoring Committee and other related bodies; the responsibility for representing the Board at meetings of the Fifth Committee of the General Assembly, the Advisory Committee on Administrative and Budgetary Questions, the International Civil Service Commission and any other pertinent bodies; and serving as Secretary of the United Nations Staff Pension Committee. With regard to administrative services, the Fund utilizes the United Nations "machinery", including payroll, recruitment and other human resources functions; procurement; administration of justice; internal audit; and other administrative services. Within this framework, the Chief Executive Officer is responsible for providing some administrative support to the Investment Management Division.

5. The investment of the assets of the Fund shall be decided upon by the Secretary-General after consultation with the Investments Committee and in the light of observations and suggestions made from time to time by the Pension Board on the investments policy. The Secretary-General has delegated his authority and responsibility to act on his behalf in all matters involving his fiduciary duties related to the investment of the assets of the Fund to the Representative of the Secretary-General for the investment of the assets of the Fund. The Representative of the Secretary-General shall arrange for the maintenance of detailed accounts of all

investments and other transactions relating to the Fund, which shall be open to examination by the Pension Board.

6. The Integrated Pension Administration System went live on 1 August 2015 and has replaced several of the ageing information technology systems, including the United Nations Joint Staff Pension Fund Administration System and the Lawson accounting software.

B. Financial performance

Changes in net assets available for benefits

7. There was an increase in the net assets available for benefits for the year ended 31 December 2016 of $2,358.1 million (2015 restated: deficit of $753.5 million). This increase of $3,111.6 million is largely attributable to investment income for the year.

8. Investment income for 2016 was $2,667.1 million (2015: negative investment income of $458.3 million). Investment income for 2016 comprised net appreciation in fair value of investments of $2,262.1 million, dividend income of $821.7 million and interest income of $325.8 million, offset by foreign currency losses of $679.9 million. The change in foreign currency losses included $776.4 million realized foreign currency loss and $96.5 million unrealized foreign currency gain. The increase of $3,125.4 million from the prior year was largely driven by the increase in the fair value of equities and the decrease in foreign currency losses.

9. Total contributions (from participants: $757.0 million; member organizations: $1,506.2 million; and other contributions: $10.3 million) for 2016 were $2,273.5 million (2015: $2,257.0 million), reflecting an increase of $16.5 million (or 0.7 per cent) over the total contributions for 2015.

10. Benefit expenses for 2016 of $2,506.1 million (2015 restated: $2,498.0 million) reflected an increase of $8.1 million (or 0.3 per cent) over the benefit expenses for 2015.

11. Administrative expenses for 2016 of $74.8 million (2015: $56.7 million) reflected an increase of $18.1 million (or 31.9 per cent). The increase in administrative expense was due primarily to change in the actuarial value of the after-service health insurance of $11.8 million from an actuarial gain of $5.6 million in 2015 to an actuarial loss of $6.2 million in 2016 and an increase in contractual services of $2.5 million.

Statement of net assets available for benefits

12. Net assets available for benefits as at 31 December 2016 were $54,488.1 million (2015 restated: $52,130.0 million), which is an increase of $2,358.1 million (or 4.5 per cent).

13. Total Fund cash and cash equivalents as at 31 December 2016 were $1,562.5 million (2015: $1,488.1 million), which is an increase of $74.4 million (or 5.0 per cent).

14. Total investments of the Fund at fair value as at 31 December 2016 were $52,951.2 million (2015: $50,702.1 million), reflecting an increase of $2,249.1 million (or 4.4 per cent). Details of the investment classes as at 31 December 2016 and 31 December 2015 are as follows:

(Millions of United States dollars)

	31 December 2016	31 December 2015	Change	Percentage
Short-term investments	724.5	535.0	189.5	35.4
Equities	34 455.5	32 501.3	1 954.2	6.0
Fixed income	12 311.3	12 485.1	(173.8)	(1.4)
Real assets	3 796.1	3 315.1	481.0	14.5
Alternative and other investments	1 663.8	1 865.6	(201.8)	(10.8)
Total investments	**52 951.2**	**50 702.1**	**2 249.1**	**4.4**

15. Total investments and cash and cash equivalents are as follows:

(Millions of United States dollars)

	31 December 2016	31 December 2015	Change	Percentage
Total investments	52 951.2	50 702.1	2 249.1	4.4
Cash and cash equivalents	1 562.5	1 488.1	74.4	5.0
Total investments and cash and cash equivalents	**54 513.7**	**52 190.2**	**2 323.5**	**4.5**

16. Total liabilities of the Fund as at 31 December 2016 were $237.6 million (2015 restated: $320.2 million), a decrease of $82.6 million (or 25.8 per cent).

Actuarial situation of the Fund

17. The actuarial present value of accumulated (promised) plan benefits (which does not take into account future increases in pensionable remuneration) is determined by independent actuaries. The amount is derived by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

18. The actuarial present value of accumulated plan benefits as at 31 December 2016 is as follows:

(Millions of United States dollars)

	If future pension payments are made under the Regulations	
	Without pension adjustments	*With pension adjustments*
Actuarial value of vested benefits		
Participants currently receiving benefits	22 431	32 936
Vested terminated participants	230	402
Active participants	12 381	18 783
Total vested benefits	**35 042**	**52 121**
Non-vested benefits	1 252	1 596
Total actuarial present value of accumulated plan benefits	**36 294**	**53 717**

19. The actuarial present value of accumulated plan benefits as at 31 December 2016 is projected to the disclosure date using standard actuarial techniques on the

basis of the 31 December 2013 valuation results and assumes that all economic and demographic assumptions will have been met exactly from 31 December 2013 onward, except actual experience for foreign exchange and inflation experience for the period from 31 December 2013 to 31 December 2015 have been reflected.

Key statistics

20. The number of Fund participants as at 31 December 2016 was 128,262 (2015: 126,892), an increase of 1,370, or 1.1 per cent.

21. The number of periodic benefits paid by the Fund as at 31 December 2016 was 74,788 (2015: 71,474), an increase of 3,314, or 4.6 per cent.

3. Financial statements for the year ended 31 December 2016

United Nations Joint Staff Pension Fund

I. Statement of net assets available for benefits

(Thousands of United States dollars)

	Note	*31 December 2016*	*Restated 31 December 2015*
Assets			
Cash and cash equivalents	4	1 562 522	1 488 132
Investments	5, 6		
Short-term investments		724 509	534 952
Equities		34 455 474	32 501 344
Fixed income		12 311 322	12 485 103
Real assets		3 796 144	3 315 119
Alternative and other investments		1 663 801	1 865 629
		52 951 250	**50 702 147**
Contributions receivable		13 824	42 797
Accrued income from investments	7	139 311	147 836
Receivable from investments traded	5	15 124	16 396
Withholding tax receivable	8	10 501	12 604
Other assets	9	33 237	40 329
Total assets		**54 725 769**	**52 450 241**
Liabilities			
Benefits payable	10, 25	133 782	226 421
Payable from investments traded	5	8 138	10 796
After-service health insurance and other employee benefit liabilities	11	76 736	70 358
Other accruals and liabilities	12	18 987	12 638
Total liabilities		**237 643**	**320 213**
Net assets available for benefits		**54 488 126**	**52 130 028**

United Nations Joint Staff Pension Fund

II. Statement of changes in net assets available for benefits

(Thousands of United States dollars)

	Note	*For the year 2016*	*Restated for the year 2015*
Investment income/(loss)	13		
Net appreciation/(depreciation) in fair value of investments		2 262 071	(18 126)
Interest income		325 786	355 553
Dividend income		821 651	777 863
Income from real assets		55 015	38 302
Foreign currency (losses)		(679 882)	(1 487 401)
Less: transaction costs and management fees		(117 494)	(124 454)
		2 667 147	**(458 263)**
Contributions	14		
From participants		757 039	751 139
From member organizations		1 506 193	1 496 003
Other contributions		10 266	9 835
		2 273 498	**2 256 977**
Other income	15	3 368	8 531
Benefit expenses	16, 25		
From withdrawal settlements and full commutation benefits		117 395	193 228
From retirement benefits		2 391 291	2 304 969
Other benefits/adjustments		(2 566)	(239)
		2 506 120	**2 497 958**
Administrative expenses	17	74 764	56 669
Other expenses	18	1 282	3 217
Withholding tax expense		3 749	2 857
Increase/(decrease) in net assets available for benefits		**2 358 098**	**(753 456)**

United Nations Joint Staff Pension Fund

III. Cash flow statement

(Thousands of United States dollars)

	Note	For the year 2016	For the year2015
Cash flows from investing activities			
Purchase of investments		(13 713 338)	(10 826 284)
Proceeds from sale/redemption of investments		13 052 796	9 425 889
Dividends received from equity investments, excluding withholding tax		795 134	750 447
Interest received from fixed income investments		335 544	366 155
Income received from unitized real asset funds, excluding withholding tax		55 765	37 997
Other income received/(losses incurred), net		3 129	5 852
Transaction costs, management fees and other expenses paid		(122 669)	(126 129)
Withholding taxes reimbursement, net		23 501	17 249
Net cash provided/(used) by investing activities		**429 862**	**(348 824)**
Cash flows from operating activities			
Contribution from member organizations and participants		2 298 646	2 251 681
Benefit payments		(2 598 579)	(2 345 701)
Net transfer (to)/from other plans		3 598	1 641
Administrative expenses paid		(59 520)	(78 828)
Other payments, net		(649)	(1 197)
Net cash used by operating activities		**(356 504)**	**(172 404)**
Net increase/(decrease) in cash and cash equivalents		73 358	(521 228)
Cash and cash equivalents at the beginning of year	4	1 488 132	2 110 884
Exchange gains/(losses) on cash and cash equivalents		1 032	(101 524)
Cash and cash equivalents at the end of year	**4**	**1 562 522**	**1 488 132**

United Nations Joint Staff Pension Fund

IV. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2016

(Thousands of United States dollars)

	Initial appropriation			*Actuals on a comparable basis*						
	2016			*2016*			*Variance*			
	Pension Fund	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Percentage*
A. Fund secretariat administrative expenses										
Established posts	15 895.7	7 118.3	23 014.0	14 287.3	6 232.3	20 519.6	(1 608.4)	(886.0)	(2 494.4)	(11)
Other staff costs	3 502.4	141.6	3 644.0	4 193.2	250.3	4 443.5	690.8	108.7	799.5	22
Consultants	312.7	–	312.7	1 66.1	0.8	166.9	(146.6)	0.8	(145.8)	(47)
Travel of staff	502.0	–	502.0	3 69.4	7.2	376.6	(132.6)	7.2	(125.4)	(25)
United Nations International Computing Centre	3 744.6	747.4	4 492.0	4 243.9	973.1	5 217.0	499.3	225.7	725.0	16
Contractual services	3 614.5	485.9	4 100.4	2 022.2	176.2	2 198.4	(1 592.3)	(309.7)	(1 902.0)	(46)
Contractual services[a]	7 359.1	1 233.3	8 592.4	6 266.1	1 149.3	7 415.4	(1 093.0)	(84.0)	(1 177.0)	(14)
Hospitality	3.1	–	3.1	–	–	–	(3.1)	–	(3.1)	(100)
General operating expenses[b]	6 675.7	1 840.3	8 516.0	4 455.9	1 522.9	5 978.8	(2 219.8)	(317.4)	(2 537.2)	(30)
Supplies and materials	63.5	31.8	95.3	16.6	4.9	21.5	(46.9)	(26.9)	(73.8)	(77)
Furniture and equipment	751.9	340.1	1 092.0	123.0	13.4	136.4	(628.9)	(326.7)	(955.6)	(88)
Total	**35 066.1**	**10 705.4**	**45 771.5**	**29 877.6**	**9 181.1**	**39 058.7**	**(5 188.5)**	**(1 524.3)**	**(6 712.8)**	**(15)**

United Nations Joint Staff Pension Fund

IV. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2016 (continued)

(Thousands of United States dollars)

	Initial appropriation			*Actuals on a comparable basis*						
	2016			*2016*			*Variance*			
	Pension Fund	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Percentage*
B. Investment administrative expenses										
Established posts	12 875.7	–	12 875.7	10 409.5	–	10 409.5	(2 466.2)	–	(2 466.2)	(19)
Other staff costs	1 459.6	–	1 459.6	362.5	–	362.5	(1 097.1)	–	(1 097.1)	(75)
Consultants	478.3	–	478.3	148.9	–	148.9	(329.4)	–	(329.4)	(69)
Travel of staff	885.4	–	885.4	301.9	–	301.9	(583.5)	–	(583.5)	(66)
Travel of representatives	341.3	–	341.3	126.2	–	126.2	(215.1)	–	(215.1)	(63)
External legal consultants	1 744.8	–	1 744.8	621.3	–	621.3	(1 123.5)	–	(1 123.5)	(64)
Investment advisory services	4 297.6	–	4 297.6	2 475.8	–	2 475.8	(1 821.8)	–	(1 821.8)	(42)
Custodial, electronic data processing and other services	15 715.1		15 715.1	8 444.8		8 444.8	(7 270.3)		(7 270.3)	(46)
Contractual services[a]	21 757.5		21 757.5	11 541.9		11 541.9	(10 215.6)		(10 215.6)	(47)
Hospitality	14.3	–	14.3	0.4	–	0.4	(13.9)	–	(13.9)	(97)
General operating expenses[b]	3 663.6	–	3 663.6	3 900.8	–	3 900.8	237.2	–	237.2	6
Supplies and materials	126.7	–	126.7	33.6	–	33.6	(93.1)	–	(93.1)	(73)
Furniture and equipment	832.9	–	832.9	146.1	–	146.1	(686.8)	–	(686.8)	(82)
Total	**42 435.3**	–	**42 435.3**	**26 971.8**	–	**26 971.8**	**(15 463.5)**	–	**(15 463.5)**	**(36)**

United Nations Joint Staff Pension Fund

IV. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2016 (continued)

(Thousands of United States dollars)

	Initial appropriation 2016			*Actuals on a comparable basis 2016*			*Variance*			
	Pension Fund	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Pension Fund*	*United Nations*	*Total*	*Percentage*
C. Audit expenses										
External audit	327.7	65.5	393.2	327.6	65.5	393.1	(0.1)	–	(0.1)	0
Internal audit	901.9	180.4	1 082.3	768.7	151.6	920.3	(133.2)	(28.8)	(162.0)	(15)
Total	**1 229.6**	**245.9**	**1 475.5**	**1 096.3**	**217.1**	**1 313.4**	**(133.3)**	**(28.8)**	**(162.1)**	**(11)**
D. Board expenses	476.7	–	476.7	417.0	–	417.0	(59.7)	–	(59.7)	(13)
Total administrative expenses	**79 207.7**	**10 951.3**	**90 159.0**	**58 362.7**	**9 398.2**	**67 760.9**	**(20 845.0)**	**(1 553.1)**	**(22 398.1)**	**(25)**

The purpose of the statement of comparison of budget and actual amounts is to compare budget to actual amounts on a comparable basis, i.e. actual amounts on the same basis as the budget. As the Pension Fund's budget is prepared on a modified cash basis and the actuals on a comparable basis are consequently also on a modified cash basis, the total for actual costs on a comparable basis does not agree with the administrative expenses shown in the statement of changes in net assets as that statement is prepared on an accrual basis. A reconciliation of the differences is provided in note 22.2.

[a] For presentation purposes, training resources budgeted under other staff costs are moved to contractual services in line with expenditure recording in Umoja ($0.3 million each in Fund secretariat and Investment Management Division).

[b] Includes rental and maintenance of premises and equipment, bank charges and other operating expenses.

United Nations Joint Staff Pension Fund

IV. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2016 (continued)

Explanation of significant differences (greater than +/-10 per cent) between budget and actual amounts on a comparable basis

Fund secretariat administrative expenses

Posts. The underexpenditure is attributable mainly to the time required for the recruitment of staff to fill new posts approved in the biennium 2016-2017, as well as the "domino effect" of recruitment in which filling posts with internal candidates (who have the required expertise and knowledge in pension administration and in the Fund's very complex and unique plan design) opens up a series of other posts.

Other staff costs. The overexpenditure is attributable primarily to an increase in actual expenditure with respect to general temporary assistance and overtime costs compared with the budgeted amount, mainly to provide support for information technology and additional benefit processing capacity.

Consultants. The underexpenditure is attributable primarily to a reduced need for accounting consultancy services since the Fund completed the implementation of IPSAS and the finalization of other consultancy services in the second year of the biennium.

Travel. The underexpenditure is due to lower than anticipated expenditure for travel, including travel related to training, and the replacement of certain staff travel with videoconferencing and teleconferencing.

Contractual services. The underexpenditure is primarily related to the implementation of system enhancements and training being postponed to the second year of the biennium.

Hospitality. The underexpenditure is the result of efforts to minimize hospitality costs, with fewer functions hosted than anticipated.

General operating expenses. The underexpenditure is attributable to the implementation of the fire sprinkler systems project being postponed to the second year of the biennium and lower than anticipated expenditure on building operating and renovation expenses compared with the amount budgeted.

Supplies, furniture and equipment. The underexpenditure is due to lower than anticipated requirements for supplies and materials and the postponement of certain information technology software and equipment acquisitions to the second year of the biennium.

United Nations Joint Staff Pension Fund

IV. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2016 (continued)

Investment administrative expenses

Posts. The underexpenditure is attributable to the delayed recruitment or onboarding of staff, as well as the processing time for the reclassification of posts.

Other staff costs. The underexpenditure is attributable primarily to a decrease in actual expenditure with respect to general temporary assistance compared with the budget amounts owing to the difficulty of recruiting suitable candidates and obtaining agreement to release selected candidates.

Consultants. The underexpenditure is attributable primarily to the consultancy services for accounting and the target operating model, which will be finalized in the second year of the biennium, and the postponement of data management and technical writer consultancy services awaiting the outcome of the target operating model study.

Travel. The underexpenditure is attributable primarily to a decrease in travel of representatives owing to a lower than anticipated number of members attending the Investments Committee meetings; and lower than anticipated expenditure for travel of staff owing largely to the fact that, apart from ensuring business continuity and work priorities, the Investment Management Division is still moving towards full staff complement, and is taking advantage of increasingly cost-efficient technological advances in information dissemination and interconnectivity.

Contractual services. The underexpenditure in advisory services, custodial services and external legal consultants is due to restructuring and reduction of non-discretionary advisory services, a decrease in costs for custodial services and less than anticipated costs of legal services. The underexpenditure in electronic data processing services is primarily a result of the postponement of several business application acquisitions until the completion of the target operating model study. The underexpenditure in training is attributable primarily to the fact that the Investment Management Division is still moving towards a full complement of staff, and therefore existing staff members would temporarily have to cover a larger scope of duties.

Hospitality. The underexpenditure is attributable to continued efforts to minimize hospitality costs.

Supplies, furniture and equipment. The underexpenditure is attributable primarily to lower than anticipated expenditure for the acquisition of software and equipment owing to the decision to implement some information technology-related projects and the acquisition and replacement of software and equipment in the second year of the biennium.

4. Notes to the financial statements

Note 1
Description of the plan

1. The following is a brief description of the United Nations Joint Staff Pension Fund. The Regulations and Administrative Rules are available from the Fund's website (www.unjspf.org).

1.1 General

2. The Pension Fund was established by the General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other international organizations admitted to membership in the Fund. The Fund is a multiple employer, defined benefit plan. There are currently 23 member organizations participating in the Fund. All participating organizations and employees contribute to the Fund on the basis of pensionable remuneration. The contribution rate is a fixed rate of 7.9 per cent for participants and 15.8 per cent for employers (see also note 3.5).

3. The Fund is governed by a Pension Board made up of: (a) 12 members appointed by the United Nations Staff Pension Committee, four of whom are elected by the General Assembly, four from those appointed by the Secretary-General and four from those elected by the participants in service in the United Nations; and (b) 21 members appointed by the staff pension committees of the other member organizations in accordance with the rules of procedure of the Fund, seven of whom are chosen by the bodies of the member organizations corresponding to the General Assembly, seven from those appointed by the chief administrative officers of the member organizations and seven from those chosen by the participants in service.

1.2 Administration of the Fund

4. The Fund is administered by the United Nations Joint Staff Pension Board, a staff pension committee for each member organization and a secretariat to the Board and to each such committee.

5. The Chief Executive Officer of the Fund, who also serves as Secretary of the Pension Board, is appointed by the Secretary-General on the recommendation of the Pension Board.

6. The Chief Executive Officer is responsible for the administration of the Pension Fund and for the observance, by all concerned, of the Regulations, Rules and Pension Adjustment System of the Fund. This includes responsibility for the establishment of policy; the administration of the Fund's operations and the overall supervision of its staff; the responsibility for the organization, servicing and participation of the Fund secretariat in the meetings of the Pension Board, its Standing Committee, the Audit Committee, the Committee of Actuaries, the Assets and Liabilities Monitoring Committee and other related bodies; the responsibility for representing the Board at meetings of the Fifth Committee of the General Assembly, the Advisory Committee on Administrative and Budgetary Questions, the International Civil Service Commission and any other pertinent bodies; and serving as Secretary of the United Nations Staff Pension Committee. The Chief Executive Officer is responsible for providing a range of administrative functions to support the Investment Management Division.

7. The investment of the assets of the Fund shall be decided upon by the Secretary-General after consultation with the Investments Committee and in the light of observations and suggestions made from time to time by the Pension Board on the investments policy. The Secretary-General has delegated his authority and

responsibility to act on his behalf in all matters involving his fiduciary duties related to the investment of the assets of the Fund to the Representative of the Secretary-General for the investment of the assets of the Fund. The Representative shall arrange for the maintenance of detailed accounts of all investments and other transactions relating to the Fund, which shall be open to examination by the Pension Board.

8. The Chief Financial Officer, who reports to the Chief Executive Officer and to the Representative of the Secretary-General in their respective substantive responsibilities, is responsible for formulating financial policy for the Fund, reviewing budgetary, financial and accounting operations of the Fund and ensuring that an adequate financial control environment is in place to protect the Fund’s resources and to guarantee the quality and reliability of financial reporting. In addition, the Chief Financial Officer is responsible for setting the rules for the collection, from the different information systems and areas of the Fund, of the financial and accounting data necessary for the preparation of the Fund’s financial statements; the Chief Financial Officer has full access to such systems and data. The Chief Financial Officer ensures that the financial statements are in compliance with the Regulations and Rules of the Fund, the accounting standards adopted by the Fund and the decisions of the Pension Board and the General Assembly, and also certifies the financial statements.

1.3 Participation in the Fund

9. Members of the staff of each of the 23 member organizations of the Fund become participants in the Fund upon commencing employment under an appointment for six months or longer, or upon completion of six months of service without an interruption of more than 30 days. As at 31 December 2016, the Fund had active contributors (participants) from member organizations/agencies including the United Nations Secretariat, the United Nations Children’s Fund, the United Nations Development Programme and the Office of the United Nations High Commissioner for Refugees, as well as the various specialized agencies such as the World Health Organization, the International Labour Organization, the International Atomic Energy Agency, the International Civil Aviation Organization and the United Nations Educational, Scientific and Cultural Organization (see annex to the present notes for a complete list of member organizations). There are currently periodic benefits paid to individuals in some 190 countries (see annex to the present notes). The total annual pension expenses are around $2.5 billion and are paid in 15 different currencies.

1.4 Operation of the Fund

10. Participant and beneficiary processing and queries are handled by the operations sections/units of the Fund, at offices located in New York and Geneva. All of the accounting for operations is handled in New York by a centralized Financial Services Section, which also manages receipt of monthly contributions from member organizations and the payments of the monthly pension payroll.

11. The Representative of the Secretary-General is assisted by the staff of the Investment Management Division where investments are actively traded and processed and investment transactions are reconciled and accounted for.

1.5 Actuarial valuation of the Fund

12. Article 12 of the Regulations of the Fund (see JSPB/G.4/Rev.21) provides that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years. The Fund is performing actuarial valuations every two years and intends to continue doing so in the future. However, an exception has been made for the year 2015. Further details to this exception are provided in note 19. Article 12

further provides that the actuarial report shall state the assumptions on which the calculations are based, describe the methods of valuation used and state the results, as well as the recommendations, if any, for appropriate action. See note 19 for the most recent summary of the actuarial situation of the Fund.

1.6 Retirement benefit

13. Any participant who has five years of contributory service receives, upon separation at or after normal retirement age, a retirement benefit payable for the remainder of his or her life. "Normal retirement age" means age 60 for a participant whose service commenced prior to 1 January 1990, age 62 for a participant whose service commenced or recommenced on or after 1 January 1990 and age 65 for a participant whose service commenced or recommenced on or after 1 January 2014.

14. The standard annual rate of retirement benefit for a participant who entered the Fund on or after 1 January 1983 is the sum of:

(a) 1.5 per cent of final average remuneration multiplied by the first five years of contributory service;

(b) 1.75 per cent of final average remuneration multiplied by the next five years of contributory service;

(c) 2 per cent of final average remuneration multiplied by the next 25 years of contributory service;

(d) The years of contributory service in excess of 35 and performed as from 1 July 1995, by 1 per cent of the final average remuneration, subject to a maximum total accumulation rate of 70 per cent.

15. The standard annual rate of retirement benefit for a participant who entered the Fund prior to 1 January 1983 is 2 per cent of final average remuneration multiplied by contributory service not exceeding 30 years, plus 1 per cent of final average remuneration multiplied by such service in excess of 30 years, not exceeding 10 years.

16. The maximum benefit to participants, subject to the terms specified in the Regulations and Rules of the Fund, is the greater of 60 per cent of pensionable remuneration at the date of separation or the maximum benefit that would be payable, at that date, to a participant at the D-2 level (who has been at the top step for the preceding five years).

17. The retirement benefit shall, however, be payable at the minimum annual rate obtained by multiplying the years of the participant's contributory service, not exceeding 10, by the smaller of $1,034.96 (effective 1 April 2014, subject to subsequent adjustments in accordance with the movement of the United States of America consumer price index (CPI) under the pension adjustment system) or one thirtieth of the final average remuneration.

18. The annual rate of the retirement benefit shall, nevertheless, not be less, when no other benefit is payable on account of the participant, than the smaller of $1,646.16 (effective 1 April 2014, subject to subsequent adjustments in accordance with the movement of the United States CPI under the pension adjustment system) or the final average remuneration of the participant.

19. "Final average remuneration" means the average annual pensionable remuneration of a participant during the 36 completed months of highest pensionable remuneration within the last five years of contributory service.

20. A participant may, except in the case where a minimum benefit is payable and he or she does not waive the rights thereto, elect to receive: (a) if the retirement benefit is $300 per annum or more, a lump sum not greater than the larger of one

third of the actuarial equivalent of the retirement benefit (not exceeding the maximum amount payable to a participant then retiring at normal retirement age, with final average remuneration equal to the pensionable remuneration for the top step of the P-5 level), or the amount of the participant's own contributions at retirement, and the participant's retirement benefit is then reduced accordingly; or (b) if the participant's retirement benefit is less than $1,000 per annum, the lump sum actuarial equivalent of the full retirement benefit, including the prospective spouse's benefit, if any, if the participant so elects.

Early retirement

21. An early retirement benefit is payable to a participant whose age on separation is at least 55 (58 for a participant whose participation commenced on or after 1 January 2014) but less than the normal retirement age and who has five years or more of contributory service at separation.

22. The early retirement benefit for a participant whose participation commenced prior to 1 January 2014 is payable at the standard annual rate for a retirement benefit reduced by 6 per cent for each year between the retirement date and normal retirement age, except that: (a) if the participant has completed 25 but less than 30 years of contributory service at the date of retirement, the part of the benefit for service before 1 January 1985 is reduced by 2 per cent a year, and the remaining part of the benefit is reduced by 3 per cent a year; or (b) if the participant has completed 30 or more years of contributory service at the date of retirement, the benefit is reduced by 1 per cent a year, provided however that the rate in (a) or (b) applies to no more than five years. The methodology of calculation of the early retirement benefits for employees whose participation began on or after 1 January 2014 is detailed in article 29 of the Regulations of the Fund.

23. The early retiree may elect to receive a lump sum on the same terms as for a retirement benefit.

Separation from service prior to eligibility for early retirement

24. A deferred retirement benefit is payable to a participant whose age on separation is less than normal retirement age and who has five years or more of contributory service at separation. The deferred retirement benefit is payable at the standard rate for a retirement benefit and commences at normal retirement age. The participant may elect to have the benefit commence at any time once the participant becomes eligible to receive an early retirement benefit from the Fund on the same terms as for an early retirement benefit.

25. A withdrawal settlement is payable to a participant separating from service before normal retirement age or on or after normal retirement age if the participant is not entitled to a future retirement benefit. The participant receives his or her own contributions increased by 10 per cent for each year of contributory service in excess of five years, to a maximum increase of 100 per cent.

1.7 Disability benefit

26. A disability benefit is payable to a participant incapacitated for further service for a period likely to be permanent or of long duration.

27. The disability benefit is payable at the standard or minimum annual rate for a retirement benefit if the participant is at least normal retirement age at disability. If the participant is under normal retirement age, it is payable at the rate of the retirement benefit to which the participant would have been entitled if he or she had

remained in service until normal retirement age and his or her final average remuneration had remained unchanged.

28. The annual rate of the benefit shall, notwithstanding the above, not be less, when no other benefit is payable on account of the participant, than the smaller of $2,741.04 (effective 1 April 2014, subject to subsequent adjustments in accordance with the movement of the United States CPI under the pension adjustment system) or the final average remuneration of the participant.

1.8 Survivor benefit

29. A benefit is payable to a surviving spouse of a participant who was entitled to a retirement, early retirement, deferred retirement or disability benefit at the date of his or her death, or who died in service if they were married at the time of separation and remained married at the time of death. Certain limitations on eligibility apply in cases of divorced surviving spouses. The surviving spouse's benefit is generally payable at half the amount of the participant's retirement or disability benefit and is subject to certain minimum levels.

1.9 Child benefit

30. A child benefit is payable to each child under the age of 21 of a participant who is entitled to a retirement, early retirement or disability benefit or who has died in service, while the child remains under 21. The benefit may also be payable in certain circumstances to a child who is over the age of 21, such as when the child is found to have been incapacitated for substantial gainful employment. The child benefit for each child is generally one third of any retirement or disability benefit due to a participant or that would have been due in the case of a participant who died in service, subject to certain minimum amounts and also limited in terms of maximum amount. In addition, there are certain total maximum amounts that apply in cases of multiple children of the same participant.

1.10 Other benefits

31. Other benefits include the secondary dependant benefit and the residual settlement benefit. A full description of those benefits is available in the Regulations and Administrative Rules of the Fund.

1.11 Pension adjustment system

32. The provisions of the Fund's pension adjustment system provide for periodic cost-of-living adjustments in benefits. In addition, for participants who retire in a country whose currency is not the United States dollar, the current pension adjustment system is intended to ensure that, subject to certain minimum and maximum provisions, a periodic benefit never falls below the "real" value of its United States dollar amount, as determined under the Regulations, Rules and Pension Adjustment System of the Fund, and preserves its purchasing power as initially established in the currency of the recipient's country of residence. This is achieved by establishing a dollar base amount and a local currency base amount (the two-track system).

33. The "real" value of a United States dollar amount is that amount adjusted over time for movements of the United States CPI, while the purchasing power of a recipient's benefit, once established in the local currency, is preserved by adjusting it to follow movements of CPI in his or her country of residence.

1.12 Funding policy

34. As a condition of participation in the Fund, participants are required to contribute 7.9 per cent of their pensionable remuneration to the plan. They earn interest at a rate of 3.25 per cent per year in accordance with article 11 (c) of the Regulations of the Fund. The participants' contributions for the years ended 31 December 2016 and 31 December 2015 were $757 million and $751 million, respectively. The contribution figures do not include interest on the contributions.

35. The funding policy is for member organizations to make contributions on an estimated monthly basis and then to reconcile these estimated amounts in an annual year-end process. The contributions by member organizations are also expressed as a percentage of the pensionable remuneration of the participants as defined in article 51 of the Regulations of the Fund. The contribution rate for member organizations is currently 15.8 per cent; these contributions to the Fund totalled $1,506 million and $1,496 million during calendar years 2016 and 2015, respectively. When combined with the contributions by participants and expected investment returns, total funding is estimated to be sufficient to provide for the benefits of all employees by the time they retire.

36. The assets of the Fund are derived from:

(a) The contributions of the participants;

(b) The contributions of the member organizations;

(c) The yield from the investments of the Fund;

(d) Deficiency payments, if any, under article 26 of the Regulations;

(e) Receipts from any other source.

1.13 Plan termination terms

37. Membership in the Fund may be terminated by decision of the General Assembly, upon the affirmative recommendation of the Board, following application for termination by a member organization or continued default by an organization in its obligations under the Regulations.

38. In the event of such termination, a proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund on such date, pursuant to an arrangement mutually agreed between such organization and the Board.

39. The amount of the proportionate share shall be determined by the Board after an actuarial valuation of the assets and liabilities of the Fund.

40. In the event that an actuarial valuation of the Fund shows that its assets may not be sufficient to meet its liabilities under the Regulations, there shall be paid into the Fund by each member organization the sum necessary to make good the deficiency.

41. Each member organization shall contribute to the sum necessary to make good the deficiency an amount proportionate to the total contributions which each paid under article 25 during the three years preceding the valuation date.

42. The contribution of an organization admitted to membership less than three years prior to the valuation date shall be determined by the Board.

1.14 Changes in funding policy and plan termination terms during the reporting period

43. There were no changes in the funding policy or plan termination terms during the reporting period.

Note 2
General information

2.1 Basis of presentation

44. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board. The Pension Fund adopted IPSAS as of 1 January 2012. This also specifically included the adoption of International Accounting Standard (IAS) 26, Accounting and reporting by retirement benefit plans, of the International Financial Reporting Standards. While IAS 26 provides accounting guidance, it also offers direction on the presentation of financial statements as it requires the presentation of a statement of net assets available for benefits and a statement of changes in net assets available for benefits. As the Fund has incorporated the guidance in IAS 26 into its financial policies, the presentation of its financial statements is based on this guidance. On a voluntary basis and at the request of the Board of Auditors, the Fund has also presented cash flow statements on a comparative basis in accordance with IPSAS 2, Cash flow statements, since 2015. Additional information is presented where requested by IPSAS standards. For instance, as required by IPSAS 24, Presentation of budget information in financial statements, the Fund has included in its financial statements a comparison of budget and actual amounts on a comparable basis and a reconciliation between the actual amounts on a comparable basis and the statement of changes in net assets available for benefits (see note 22). While IPSAS 24 states that the actual cost on a comparable basis should be reconciled to the cash flows from operating, investing and financing activities as presented in the cash flow statement, management has decided to reconcile these amounts to the administrative expenses recognized in the statement of changes in net assets. This is due to the fact that the Fund’s budget is limited to the administrative expenses incurred in a biennium.

45. The financial statements are prepared on an annual basis. The financial statements are presented in United States dollars and all values are rounded to the nearest thousand United States dollars except where otherwise indicated.

2.2 Significant standards, interpretations and amendments during the year

46. In January 2015, the IPSAS Board issued IPSAS 35, Consolidated financial statements. IPSAS 35 supersedes the requirements in IPSAS 6, which addressed accounting for consolidated financial statements. IPSAS 35 establishes a single control model that applies to all entities, including special purpose entities. In addition, IPSAS 35 includes an exception from consolidation for entities that meet the definition of an investment entity and requires such entities to recognize all investments at fair value through profit or loss. The standard is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Fund adopted this standard at an early stage, effective from 1 January 2015. As at 31 December 2016, the Fund did not have control over any of its investment portfolio; accordingly, adoption of this standard did not have any impact on the Fund’s financial statements.

47. In January 2015, the IPSAS Board issued IPSAS 36, Investments in associates and joint ventures, and IPSAS 37, Joint arrangements. IPSAS 36 explains the application of the equity method of accounting, which is used to account for investments in associates and joint ventures. IPSAS 37 establishes requirements for classifying joint arrangements and accounting for those different types of joint arrangements. The standards are effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Fund adopted these standards at an early stage, effective from 1 January 2015. As at 31 December 2016,

the Fund did not have any joint control or joint arrangement in or significant influence over any of its investment portfolio; accordingly, adoption of these standards did not have any impact on the Fund's financial statements.

48. In January 2015, the IPSAS Board issued IPSAS 38, Disclosure of interests in other entities. IPSAS 38 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IPSAS 38 are more comprehensive than the previously existing disclosure requirements. The standard is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Fund adopted this standard at an early stage, effective from 1 January 2015. As at 31 December 2016, the Fund did not have controlling interest or joint control in or significant influence over any of its investment portfolio; accordingly, there are no additional disclosure requirements on adoption of this standard.

49. In January 2015, the IPSAS Board issued IPSAS 34, Separate financial statements. IPSAS 34 prescribes accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. The standard is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Fund adopted this standard at an early stage, effective from 1 January 2015. As at 31 December 2016, the Fund did not prepare separate financial statements; accordingly, there are no additional disclosure requirements on adoption of this standard.

50. In July 2016, the IPSAS Board issued IPSAS 39, Employee benefits. IPSAS 39 supersedes the requirements in IPSAS 25, Employee benefits. The significant changes introduced by IPSAS 39 compared with IPSAS 25 are: the removal of an option that allowed an entity to defer the recognition of changes in the net defined benefit liability (the "corridor approach"); the introduction of the net interest approach for defined benefit plans; and the amendment of certain disclosure requirements for defined benefit plans and multiple employer plans. The standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Fund is currently evaluating the impact of the adoption of this accounting standard on its financial statements.

51. Other accounting standards and amendments to the existing standards that have been issued by the IPSAS Board are either not expected to have any impact or have immaterial impact on the Fund's financial statements.

2.3 Other general information

52. The Fund compiles its financial statements with data collected from three main areas. For operational activities (contributions and payment of benefits), the Fund maintains its own records and systems. For investment activities, the Fund receives a monthly general ledger feed from the independent master record keeper comprising information collected and reconciled from source data provided by the Investment Management Division, global custodians and fund managers. For its administrative expenses, the Fund utilizes systems of the United Nations (Umoja) to record and compile its administrative expense activity. Umoja provides information on a modified cash basis, which is subsequently restated to a full accrual basis by the Fund. Some of the administrative expenses of the Fund, including costs associated with the administrative tasks of the United Nations Staff Pension Committee performed by the Fund on behalf of the United Nations, are reimbursed by the United Nations under the terms of a cost-sharing arrangement. Consequently, the Fund has decided to reflect the reimbursement by the United Nations as a reduction of its administrative expenses, subsequently converted in full accrual accounting in accordance with IPSAS requirements.

Note 3
Significant accounting policies

3.1 Cash and cash equivalents

53. Cash and cash equivalents are held at nominal value and include cash on hand, cash held with external managers and short-term, highly liquid time deposits held with financial institutions with maturities of three months or less from the date of acquisition.

3.2 Investments

3.2.1 Classification of investments

54. All investments of the Fund are designated at fair value through surplus and deficit. Consequently, the Fund's investments are carried and reported at fair value on the statement of net assets available for benefits, with changes in fair value recognized in the statement of changes in net assets available for benefits. Purchases and sales of securities are recorded on a trade date basis. The designation and classification of the investments are carried out at initial recognition and reassessed at each reporting date.

55. Any transaction costs arising as part of an investment trade designated at fair value are expensed and recognized in the statement of changes in net assets.

56. The Fund classifies its investments into the following categories:

- Short-term investments (including fixed income investments maturing more than three months but less than one year from date of acquisition)
- Equities (including exchange traded funds, common and preferred stocks, stapled securities and publicly traded real estate investment trusts)
- Fixed income (including fixed income investments maturing more than one year from acquisition date)
- Real assets (including investments in funds where the underlying assets are real assets such as real properties, infrastructure assets, timber and agriculture)
- Alternative and other investments (including investments in private equity funds and commodity funds, and investments classified as hedge funds)

3.2.2 Valuation of financial instruments

57. The Fund uses the established and documented process of its independent master record keeper for determining fair values, which is reviewed and validated by the Fund at the reporting date. Fair value is based on quoted market prices where available. If the fair market value is not available, valuation techniques are used.

58. Investments in certain commingled funds and private equity and private real estate investment funds are not quoted in an active market and therefore may not have a readily determinable fair market value. However, the fund managers generally report investments in the funds on a fair value basis. Therefore, the Fund determines fair value using the net asset value information as reported by the investee fund managers in the latest available quarterly capital account statements. Where the fourth quarter capital account statements or estimated net asset values are not received by the time the Fund's financial statements are prepared, the fair value is calculated on the basis of the third quarter net asset value reported by the investee fund managers adjusted by any cash flows in the fourth quarter. For financial assets and liabilities not designated at fair value through surplus and deficit, the carrying value approximates fair value.

Interest and dividend income

59. Interest income is recognized on a time-proportionate basis. It includes interest income from cash and cash equivalents and short-term and fixed income investments.

60. Dividend income is recognized on the ex-dividend date when the right to receive payment is established.

3.2.3 Income from real assets and alternative investments

61. Income distributed from unitized funds is treated as income in the period in which they are earned.

3.2.4 Receivable/payable from/to investments traded

62. Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the statement of net assets available for benefits. These amounts are recognized at the amount expected to be paid or received to settle the balance. Distributions from real assets and alternative fund investments declared but not received prior to year-end are also included under receivables from investments traded, to the extent the year-end net asset value of the fund that declares a distribution already includes the distribution to be made.

63. Impairment of receivables from investments traded is recorded when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganization and default in payments are considered indicators that the receivable from investments traded is impaired.

3.3 Tax status and withholding tax receivables

64. The Fund is exempt from national taxation of Member States on the Fund's direct investments in accordance with Article 105 of the Charter of the United Nations and with article II, section 7 (a), of the Convention on the Privileges and Immunities of the United Nations. While some Member States grant relief at source for the Fund's income from investments, other countries continue to withhold taxes at the time dividends are paid. In these instances, the Fund's custodians file claims to the governmental taxing authorities for refunds on behalf of the Fund. In Brazil, some provinces in China and for certain years in Greece, Sweden and Turkey, there is no formally established reclamation mechanism in place, and in these cases the Fund's custodians have thus far been unable to file and/or reclaim the taxes withheld. Despite the fact that these Member States have confirmed the Fund's tax exempt status, the taxes withheld from direct investments in these countries are accrued but continue to be fully provided for in 2016.

65. The Fund measures its withholding tax receivable at the amount deemed to be recoverable.

66. For the purposes of disclosure, the tax balances are recorded under withholding tax receivable in the statement of net assets available for benefits. Any amount considered to be unrecoverable is recognized in the statement of changes in net assets available for benefits and is included under withholding tax expense.

3.4 Critical accounting estimates

67. Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a

material adjustment to the carrying amounts of assets and liabilities are outlined below.

Fair value of financial instruments

68. The Fund may hold financial instruments that are not quoted in active markets. The fair value of such instruments is determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed and modified as required. Valuation models are calibrated by back testing to actual transactions to ensure that outputs are reliable.

69. Fair value of financial instruments not quoted in an active market may also be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Quotes by brokers as obtained from the pricing sources may be indicative and not executable or binding. The Fund exercises judgment on the quantity and quality of pricing sources used. Where no market data is available, the Fund may value financial instruments using internal valuation models, which are usually based on valuation methods and techniques generally recognized as standard within the industry.

70. Valuation models are created using observable data to the extent practicable. However, in areas such as credit risk (of both the Fund and the counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

71. The determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Taxes

72. Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on withholding tax. Given the wide range of international investments, differences arising between the actual income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded.

Impairment

73. The annual review to assess potential impairment is another area where the Fund exercises significant judgment.

Bad debt provision for the Fund's non-investment-related receivables

74. A provision is established to properly reflect the accurate position of the accounts receivable for all non-performing overpayments of pension benefits that are two years or older as of the respective year-end date of the financial statements.

Actuarial assumptions

75. The Fund uses actuarial methods for the disclosure of employee benefit liabilities. The related assumptions are disclosed in note 11 in respect of after-service health insurance and other employee benefits of the staff of the Fund. Note 19 contains information on assumptions used for the actuarial liability to the beneficiaries of the Fund.

3.5 Contributions

76. Contributions are recorded on an accrual basis. Participants and their employing member organizations are required to contribute to the Fund 7.9 per cent and 15.8 per cent, respectively, of the pensionable remuneration of the participants. Each month the Fund accrues a receivable amount for contributions expected. When contributions are actually received, the receivable is offset. Contributions are due to be paid by member organizations by the second business day of the month following the month for which the contributions relate. The contributions vary on the basis of changes in the number of participants, changes in the distribution of participants, changes in pensionable remuneration rates as a result of cost-of-living increases determined by the International Civil Service Commission, and the yearly grade step increase to individual pensionable remuneration received by all participants.

3.6 Benefits

77. Payments of benefits, including withdrawal settlements, are recorded on an accrual basis. The right to a benefit is generally forfeited if, for two years (withdrawal settlement or residual settlement) or five years (retirement, early retirement, deferred retirement or disability benefit) after payment has been due, the beneficiary has failed to submit payment instructions or has failed or refused to accept payment.

3.7 Accounting for non-United States dollar denominated currency translations and balances

78. Non-United States dollar denominated currency transactions are translated using the spot exchange rate between the functional currency and the non-United States dollar denominated currency at the date of the transaction.

79. At each reporting date, non-United States dollar denominated monetary items are translated using the closing spot rate. The Fund applies the WM/Reuters company rates (primary source) and the Bloomberg and Thomson Reuters rates (secondary source) as the spot rates for investment activities, and the United Nations operational rate of exchange for non-investment activities. Exchange differences arising on the settlement of these monetary items or on translating these monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the statement of changes in net assets available for benefits in the period in which they arise.

3.8 Leases

80. All of the Fund’s leases are categorized as operating leases. An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

3.9 Property, plant and equipment

81. Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. All assets acquired for a cost of $20,000 and above are capitalized. The Fund reviews this threshold annually for reasonableness. The Fund owns no land or buildings.

82. Depreciation is provided for property, plant and equipment over their estimated useful life using the straight line-method. The estimated useful lives for property, plant and equipment classes are as follows:

Class	*Estimated useful life, in years*
Computer equipment	4
Office equipment	4
Office furniture	10
Office fixtures and fittings	7
Audio/visual equipment	7

83. Leasehold improvements are recognized as assets and valued at cost and are depreciated over the lesser of seven years or the lease term. Impairment reviews are undertaken if indicators of impairment exist.

3.10 Intangible assets

84. Intangible assets are capitalized if their cost exceeds the threshold of $20,000, except for internally developed software where the threshold is $50,000. The capitalized cost of internally developed software excludes costs related to research and maintenance. Intangible assets are stated at historical cost less accumulated amortization and any impairment losses. Amortization is recognized over the estimated useful life using the straight-line method. The estimated useful lives for intangible asset classes are as follows:

Class	*Estimated useful life, in years*
Software acquired externally	3
Internally developed software	6
Licences and rights, copyrights and other intangible assets	Shorter of 3 years or the life of the asset

3.11 Emergency fund

85. The appropriation is recorded when the authorization is approved by the General Assembly. Participants wishing to avail themselves of this benefit submit an application to the Fund. After review and authorization, approved amounts are paid to the participant. Payments are charged directly against the appropriation account, and any unexpended balance reverts to the Fund at the end of the year. Current expense for the year is reported in the statement of changes in net assets available for benefits.

3.12 Provisions and contingent liabilities

86. Provisions are made for future liabilities and charges where the Fund has a present legal or constructive obligation as a result of past events and it is probable that the Fund will be required to settle the obligation.

87. Other commitments that do not meet the recognition criteria for liabilities are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of the Fund.

3.13 Employee benefits

88. Among certain short-term and other long-term benefits, the Fund provides its employees with certain post-employment benefits.

89. After-service health insurance, repatriation grants and death benefits are classified as defined benefit schemes and accounted for as such.

90. The employees of the Fund themselves participate in the Pension Fund. While the Fund is a defined benefit scheme, it has been classified as a multiple employer fund. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligations, plan assets and costs to individual organizations participating in the plan. The Fund, in line with the other participating organizations in the Fund, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 25. The Fund's contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

3.14 Reconciliation of budget information

91. The Fund's budget is prepared on a modified cash basis and the financial statements on an accrual basis.

92. The General Assembly approves the biennial budget for the Fund's administrative expenses. Budgets may be subsequently amended by the Assembly or through the exercise of delegated authority.

93. As required by IPSAS 24, the statement of comparison of budget and actual amounts in relation to administrative expenses for the year ended 31 December 2016 provides a comparison of budget and actual amounts on a comparable basis. The comparison includes the original and final budget amounts, the actual amounts on the same basis as the corresponding budgetary amounts and an explanation of material differences (greater than +/-10 per cent) between the actual and budget amounts.

94. Note 22 provides a reconciliation of actual amounts presented on the same basis as the budget and actual amounts included in the IPSAS financial statements.

3.15 Related party transactions

95. Parties are considered to be related when one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

96. The following parties are considered related parties for the Pension Fund:

(a) Key management personnel: the Chief Executive Officer, the Representative of the Secretary-General, the Deputy Chief Executive Officer, the Director of the Investment Management Division and the Chief Financial Officer;

(b) The General Assembly;

(c) The 23 member organizations participating in the Fund;

(d) The United Nations International Computing Centre.

97. A summary of the relationship and transactions with the above parties is given in note 24.

3.16 Subsequent events

98. Any information that is received after the reporting period but before the financial statements are issued about conditions that existed at the date of the statement of net assets available for benefits is incorporated in the financial statements.

99. In addition, any event that occurs after the date of the statement of net assets available for benefits but before the financial statements are published that is material to the Fund are disclosed in the notes to the financial statements.

Note 4
Cash and cash equivalents

100. Cash and cash equivalents include:

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Cash at bank: Investment Management Division	1 372 817	1 293 752
Cash at bank: Fund secretariat	153 812	142 534
Cash held by external managers	35 893	51 846
Total cash and cash equivalents	**1 562 522**	**1 488 132**

Note 5
Financial instruments by category

101. The following tables provide an overview of all financial instruments held by category as at 31 December 2016 and 31 December 2015.[2]

(Thousands of United States dollars)

	As at 31 December 2016		
	Financial instruments at fair value	*Loans and receivables*	*Other financial liabilities*
Financial assets as indicated in the statement of net assets available for benefits			
Cash and cash equivalents	1 562 522	–	–
Investments			
Short-term investments	724 509	–	–
Equities	34 455 474	–	–
Fixed income	12 311 322	–	–
Real assets	3 796 144	–	–
Alternative and other investments	1 663 801	–	–
Contributions receivable	–	13 824	–
Accrued income from investments	–	139 311	–
Receivable from investments traded	–	15 124	–
Withholding tax receivables	–	10 501	–
Other assets	–	19 027	–
Total financial assets	**54 513 772**	**197 787**	**–**
Financial liabilities as indicated in the statement of net assets available for benefits			
Benefits payable	–	–	133 782
Payable from investments traded	–	–	8 138
After-service health insurance and other employee benefit liabilities	–	–	76 736
Other accruals and liabilities	–	–	18 987
Total financial liabilities	**–**	**–**	**237 643**

[2] Non-financial assets and liabilities other than employee benefits are excluded from the tables, as this analysis is required only for financial instruments.

Investments exceeding 5 per cent of net assets

102. There were no investments representing 5 per cent or more of net assets available for benefits as at 31 December 2016.

103. There were no investments representing 5 per cent or more of equities and fixed income as at 31 December 2016. The Fund held a total of $202.8 million in one real estate fund as at 31 December 2016, which represented 5 per cent or more of the real assets category. The Fund also held investments of $489.8 million in five private equity funds, which represented 5 per cent or more of the alternative and other investments category.

(Thousands of United States dollars)

	Restated as at 31 December 2015		
	Financial instruments at fair value	*Loans and receivables*	*Other financial liabilities*
Financial assets as indicated in the statement of net assets available for benefits			
Cash and cash equivalents	1 488 132	–	–
Investments			
Short-term investments	534 952	–	–
Equities	32 501 344	–	–
Fixed income	12 485 103	–	–
Real assets	3 315 119	–	–
Alternative and other investments	1 865 629	–	–
Contributions receivable	–	42 797	–
Accrued income from investments	–	147 836	–
Receivable from investments traded	–	16 396	–
Withholding tax receivables	–	12 604	–
Other assets	–	20 904	–
Total financial assets	**52 190 279**	**240 537**	**–**
Financial liabilities as indicated in the statement of net assets available for benefits			
Benefits payable	–	–	226 421
Payable from investments traded	–	–	10 796
After-service health insurance and other employee benefit liabilities	–	–	70 358
Other accruals and liabilities	–	–	12 638
Total financial liabilities	**–**	**–**	**320 213**

Investments exceeding 5 per cent of net assets

104. There were no investments representing 5 per cent or more of net assets available for benefits as at 31 December 2015.

105. There were no investments representing 5 per cent or more of equities and fixed income as at 31 December 2015. The Fund held a total of $361.7 million in two real estate funds as at 31 December 2015, which represented 5 per cent or more of the real assets category. The Fund also held investments of $484.8 million classified as a hedge fund and $300.5 million in three private equity funds, which represented 5 per cent or more of the alternative and other investments category.

Note 6
Fair value measurement

106. IPSAS establishes a three-level fair value hierarchy under which financial instruments are categorized on the basis of the significance of inputs to the valuation technique. Level 1 includes those securities where unadjusted quoted prices are available in active markets for identical assets or liabilities. Level 2 includes those securities where inputs other than quoted prices included within level 1 are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Level 3 includes those securities where inputs for the asset or liability are not based on observable market data (that is, unobservable inputs). The level in the fair value hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level of information that is significant to the fair value measurement. If a fair value measurement of an investment uses observable inputs that require significant adjustment on the basis of unobservable inputs, that investment is classified as level 3.

107. Assessing the significance of a particular input to the fair value measurement of an investment in its entirety requires judgment, considering factors specific to the investment.

108. The following tables present the fair value hierarchy of the Fund's investments (by asset class) measured at fair value as at 31 December 2016 and 31 December 2015:

(Thousands of United States dollars)

Hierarchy disclosure as at 31 December 2016				
	Level			
	1	*2*	*3*	*Total*
Short-term investments				
Government and agencies securities	–	346 406	–	346 406
Corporate bonds	–	165 006	126 217	291 223
Notes, deposits and commercial paper	–	86 880	–	86 880
Total short-term investments	**–**	**598 292**	**126 217**	**724 509**
Equities				
Common and preferred stock	31 366 431	–	–	31 366 431
Funds — exchange traded funds	2 646 766	–	–	2 646 766
Real estate investment trusts	240 075	–	–	240 075
Funds — common stock	–	–	158 361	158 361
Stapled securities	43 841	–	–	43 841
Total equities	**34 297 113**	**–**	**158 361**	**34 455 474**
Fixed income				
Government and agencies securities	–	8 837 924	–	8 837 924
Corporate bonds	–	2 789 955	–	2 789 955
Municipal/provincial bonds	–	626 113	–	626 113
Commercial mortgage-backed	–	10 628	–	10 628
Funds — corporate bond	–	–	46 702	46 702
Total fixed income	**–**	**12 264 620**	**46 702**	**12 311 322**

Hierarchy disclosure as at 31 December 2016				
	Level			
	1	2	3	Total
Real assets				
Real estate funds	–	239 698	3 407 072	3 646 770
Infrastructure assets	–	–	132 792	132 792
Timberlands	–	–	16 582	16 582
Total real assets	**–**	**239 698**	**3 556 446**	**3 796 144**
Alternative and other investments				
Hedge funds	–	–	–	–
Private equity	–	–	1 547 504	1 547 504
Commodity funds	–	–	116 297	116 297
Total alternative and other investments	**–**	**–**	**1 663 801**	**1 663 801**
Total	**34 297 113**	**13 102 610**	**5 551 527**	**52 951 250**

(Thousands of United States dollars)

Hierarchy disclosure as at 31 December 2015				
	Level			
	1	2	3	Total
Short-term investments				
Government and agencies securities	–	217 295	–	217 295
Corporate bonds	–	267 673	–	267 673
Notes, deposits and commercial paper	–	49 984	–	49 984
Total short-term investments	**–**	**534 952**	**–**	**534 952**
Equities				
Common and preferred stock	29 752 374	–	–	29 752 374
Funds — exchange traded funds	2 329 996	–	–	2 329 996
Real estate investment trusts	219 421	–	–	219 421
Funds — common stock	–	–	165 279	165 279
Stapled securities	34 274	–	–	34 274
Total equities	**32 336 065**	**–**	**165 279**	**32 501 344**
Fixed income				
Government and agencies securities	–	8 071 274	49 569	8 120 843
Corporate bonds	–	3 646 668	15 648	3 662 316
Municipal/provincial bonds	–	537 704	–	537 704
Commercial mortgage-backed	–	120 090	–	120 090
Funds — corporate bond	–	–	44 150	44 150
Total fixed income	**–**	**12 375 736**	**109 367**	**12 485 103**

Hierarchy disclosure as at 31 December 2015				
	Level			
	1	2	3	Total
Real assets				
Real estate funds	–	187 160	3 001 137	3 188 297
Infrastructure assets	–	–	110 882	110 882
Timberlands	–	–	15 940	15 940
Total real assets	**–**	**187 160**	**3 127 959**	**3 315 119**
Alternative and other investments				
Hedge funds	–	484 796	29 836	514 632
Private equity	–	–	1 249 337	1 249 337
Commodity funds	–	–	101 660	101 660
Total alternative and other investments	**–**	**484 796**	**1 380 833**	**1 865 629**
Total	**32 336 065**	**13 582 644**	**4 783 438**	**50 702 147**

Short-term investments

109. Corporate bonds and corporate bond funds amounting to $126.2 million as at 31 December 2016 (31 December 2015: zero) were considered to be level 3. Inputs for the value of those investments, while available from third-party sources, were not well-defined, readily observable market data. Consequently, the Fund has decided to classify such investments as level 3.

Equities

110. Common and preferred stocks, exchange-traded funds, real estate investment trusts and stapled securities were classified under level 1 if bid prices were available from institutional vendors.

111. Common stock funds and unit trust equity funds amounting to $158.4 million as at 31 December 2016 (31 December 2015: $165.3 million) were valued using a net asset value approach and hence classified under level 3.

Fixed income

112. The vast majority of the fixed income securities prices were not obtained from an active market directly, which would have led to a level 1 classification. Instead, prices were obtained through bids from brokers, which were indicative quotes and therefore classified as level 2.

113. Index-linked non-United States government bonds amounting to $49.6 million as at 31 December 2015 were classified as level 3, as their values were based on evaluations of bids from brokers adjusted for indexing, which was generally uncorroborated market data.

114. Corporate bonds and corporate bond funds amounting to $46.7 million as at 31 December 2016 (31 December 2015: $59.8 million) were considered to be level 3. Inputs for the value of these investments, while available from third-party sources, were not well-defined, readily observable market data. Consequently, the Fund has decided to classify such investments as level 3.

Real assets and alternative and other investments

115. Real assets amounting to $3,556.4 million as at 31 December 2016 (31 December 2015: $3,128.0 million) as well as alternative and other investments amounting to $1,663.8 million as at 31 December 2016 (31 December 2015: $1,380.8 million) were classified under level 3, as they were priced using the net asset value methodology, for which the Fund was unable to corroborate or verify inputs using observable market data. In addition, limited options were available to the investors to redeem units, hence making the investments in such funds relatively illiquid.

116. Two real estate funds amounting to $239.7 million (31 December 2015: $187.2 million), which were readily redeemable at net asset value without penalties, were classified as level 2 assets, representing the net asset value as reported by the fund manager.

117. One investment, classified as a hedge fund and amounting to $484.8 million as at 31 December 2015, was classified as level 2 and was sold during the year 2016.

118. The following table presents the transfers between levels for the year ended 31 December 2016.

(Thousands of United States dollars)

	Level			
	1	*2*	*3*	*Total*
Transfers into				
Fixed income	–	19 370	–	19 370
Equities	–	–	29 836	29 836
Alternative and other investments	–	–	–	–
Total	**–**	**19 370**	**29 836**	**49 206**
Transfers out of				
Fixed income	–	–	(19 370)	(19 370)
Equities	–	–	–	–
Alternative and other investments	–	–	(29 836)	(29 836)
Total	**–**	**–**	**(49 206)**	**(49 206)**

119. The following table presents the transfers between levels for the year ended 31 December 2015.

(Thousands of United States dollars)

	Level			
	1	*2*	*3*	*Total*
Transfers into				
Fixed income	–	–	–	–
Real assets	–	–	–	–
Equities	7 477	–	–	7 477
Total	**7 477**	**–**	**–**	**7 477**

	Level 1	Level 2	Level 3	Total
Transfers out of				
Fixed income	–	–	–	–
Real assets	–	–	–	–
Equities	–	(7 477)	–	(7 477)
Total	**–**	**(7 477)**	**–**	**(7 477)**

120. For the year ended 31 December 2016, there was a transfer of one fixed-income security amounting to $19.4 million out of level 3 and into level 2. The security is priced by multiple vendors as at 31 December 2016 compared with single vendors as at 31 December 2015. As such, the Fund has decided to classify this investment as level 2.

121. For the year ended 31 December 2015, there was a transfer of one equity security amounting to $7.5 million out of level 2 and into level 1. The security is priced by multiple vendors and there is now observable data available quoted in an active market. As such, the Fund has decided to classify this investment as level 1.

122. The following table presents the movements in level 3 instruments for the period ended 31 December 2016 by class of financial instrument:

(Thousands of United States dollars)

	Equities	*Fixed income*	*Real assets*	*Alternative and other investments*	*Total*
Opening balance	**165 279**	**109 367**	**3 127 959**	**1 380 833**	**4 783 438**
Purchases	3 043	128 602	812 716	371 192	1 315 553
Sales/return of capital	(17 150)	(48 280)	(620 183)	(232 112)	(917 725)
Transfers (out of)/into level 3	29 836	(19 370)	–	(29 836)	(19 370)
Net gains/(losses) recognized in the statement of changes in net assets available for benefits	(22 647)	2 600	235 954	173 724	389 631
Closing balance	**158 361**	**172 919**	**3 556 446**	**1 663 801**	**5 551 527**
Change in unrealized gains/(losses) for level 3 assets held at the period end and included in the statement of changes in net assets available for benefits	(13 176)	(1 869)	205 168	142 846	332 969

123. The following table presents the movements in level 3 instruments for the year ended 31 December 2015 by class of financial instrument:

(Thousands of United States dollars)

	Equities	*Fixed income*	*Real assets*	*Alternative and other investments*	*Total*
Opening balance	**214 878**	**279 768**	**2 608 104**	**1 003 884**	**4 106 634**
Purchases	3 099	30 581	730 071	486 159	1 249 910
Sales/return of capital	(16 000)	(174 565)	(505 203)	(142 818)	(838 586)
Transfers (out of)/into level 3	–	–	–	–	–
Net gains/(losses) recognized in the statement of changes in net assets available for benefits	(36 698)	(26 417)	294 987	33 608	265 480
Closing balance	**165 279**	**109 367**	**3 127 959**	**1 380 833**	**4 783 438**
Change in unrealized gains/(losses) for level 3 assets held at the period end and included in statement of changes in net assets available for benefits	(32 412)	(63 552)	162 419	32 345	98 800

Note 7
Accrued income from investments

124. Accrued income from investments is income earned during the year that has yet to be received as at the date of the statement of net assets available for benefits.

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Cash and cash equivalents	324	133
Short-term investments	5 447	3 768
Fixed income securities	86 486	98 114
Dividends receivable on equities	44 919	43 089
Real assets and alternative investments	2 135	2 732
Total accrued income from investments	**139 311**	**147 836**

Note 8
Withholding tax receivables

125. The outstanding balances of withholding income taxes as at 31 December 2016 can be broken down as follows:

		Tax denominated in thousands of local currency					*Tax denominated in thousands of United States dollars*		
Country		*Before 2015*	*2015*	*2016*	*Total*	*Exchange rate*	*Equivalent*	*Deemed not recoverable*	*Recoverable*
Australia	Australian dollar	179	–	–	179	1.38102	130	–	130
Austria	Euro	25	–	–	25	0.94809	26	–	26
Brazil	Brazilian real	1 612	–	–	1 612	3.25470	495	(495)	–
China	Hong Kong dollar	53 722	8 963	8 747	71 432	7.75315	9 213	(9 213)	–
Germany	Euro	–	–	5 400	5 400	0.94809	5 696	–	5 696
Greece	Euro	99	–	–	99	0.94809	104	(104)	–
Ireland	Euro	–	–	20	20	0.94809	21	–	21
Netherlands	Euro	5	–	127	132	0.94809	139	–	139
Russian Federation	United States dollar	170	–	–	170	1.00000	170	–	170
Singapore	Singapore dollar	–	–	–	–	1.44470	–	–	–
Spain	Euro	–	–	181	181	0.94809	191	–	191
Sweden	Euro	27	–	–	27	0.94809	28	(28)	–
Switzerland	Swiss franc	–	–	2 238	2 238	1.01635	2 201	–	2 201
Turkey	Turkish lira	1 386	–	–	1 386	3.51760	394	(394)	–
United Kingdom	Pound sterling	–	–	–	–	0.80921	–	–	–
	Euro	–	339	1 488	1 827	0.94809	1 927	–	1 927
United States	United States dollar	–	–	–	–	1.00000	–	–	–
Withholding tax receivable net of provision							**20 735**	**(10 234)**	**10 501**

126. The outstanding balances of withholding income taxes as at 31 December 2015 are as follows:

		Tax denominated in thousands of local currency					*Tax denominated in thousands of United States dollars*		
Country		*Before 2014*	*2014*	*2015*	*Total*	*Exchange rate*	*Equivalent*	*Deemed not recoverable*	*Recoverable*
Australia	Australian dollar	92	87	–	179	1.37448	130	–	130
Austria	Euro	–	25	–	25	0.92056	27	–	27
Brazil	Brazilian real	1 612	–	–	1 612	3.95625	407	(407)	–
China	Hong Kong dollar	45 259	10 504	9 285	65 048	7.75015	8 393	(8 393)	–
Germany	Euro	–	–	5 936	5 936	0.92056	6 448	–	6 448
Greece	Euro	99	–	–	99	0.92056	107	–	107
Netherlands	Euro	–	77	54	131	0.92056	143	–	143
Russian Federation	United States dollar	497	–	–	497	1.00000	497	–	497
Singapore	Singapore dollar	52	–	–	52	1.41865	37	–	37
Spain	Euro	–	–	243	243	0.92056	265	–	265
Sweden	Euro	27	–	–	27	0.92056	29	–	29
Switzerland	Swiss franc	–	–	2 094	2 094	1.00100	2 092	–	2 092
Turkey	Turkish lira	1 386	–	–	1 386	2.91885	475	(475)	–
United Kingdom	Pound sterling	–	–	0	0	0.67847	–	–	–
	Euro	298	915	1 392	2 605	0.92056	2 829	–	2 829
United States	United States dollar	–	–	–	–	1.00000	–	–	–
Withholding tax receivable net of provision							**21 879**	**(9 275)**	**12 604**

Note 9
Other assets

127. The other assets included in the statement of net assets available for benefits can be broken down as follows:

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Prepaid benefits and benefits receivable	13 688	15 167
Property, plant and equipment	3 912	4 223
Intangible assets in use	10 298	15 087
Intangible assets under development	–	115
United Nations receivables	4 891	5 226
Other receivables	448	511
Total	**33 237**	**40 329**

9.1 Prepaid benefits and benefits receivables

128. An overview of the prepayments and other accounts receivable held by the Fund is as follows:

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Prepayments	491	770
Benefits receivable	17 909	18 652
Benefits receivable – provision	(4 712)	(4 255)
Total	**13 688**	**15 167**

9.2 Property, plant and equipment

129. An overview of the fixed assets held by the Fund is as follows:

(Thousands of United States dollars)

		Leasehold improvements		
	Information technology equipment	*In use*	*Under construction*	*Total*
Cost				
1 January 2016	1 333	10 880	2 170	14 383
Additions	283	3 083	(2 170)	1 196
Disposals/transfers	(21)	–	–	(21)
31 December 2016	1 595	13 963	–	15 558
Accumulated depreciation				
1 January 2016	1 086	9 074	–	10 160
Depreciation	224	1 283	–	1 507
Disposals/transfers	(21)	–	–	(21)
31 December 2016	1 289	10 357	–	11 646
Net book value, 31 December 2016	**306**	**3 606**	**–**	**3 912**

(Thousands of United States dollars)

	Information technology equipment	Leasehold improvements		Total
		In use	Under construction	
Cost				
1 January 2015	4 785	10 880	–	15 665
Additions	–	–	2 170	2 170
Disposals/transfers	(3 452)	–	–	(3 452)
31 December 2015	1 333	10 880	2 170	14 383
Accumulated depreciation				
1 January 2015	4 256	8 405	–	12 661
Depreciation	282	669	–	951
Disposals/transfers	(3 452)	–	–	(3 452)
31 December 2015	1 086	9 074	–	10 160
Net book value, 31 December 2015	**247**	**1 806**	**2 170**	**4 223**

130. The leasehold improvements in use and under construction included above relate to the Fund's improvements to its offices in New York.

9.3 Intangible assets

131. The intangible asset amount included in the statement of net assets available for benefits can be broken down as follows:

(Thousands of United States dollars)

	Intangible assets		Total
	In use	Under construction	
Cost			
1 January 2016	20 305	115	20 420
Additions	1 734	–	1 734
Transfers	115	(115)	–
Disposals	(432)	–	(432)
31 December 2016	21 722	–	21 722
Accumulated depreciation			
1 January 2016	5 218	–	5 218
Amortization	6 638	–	6 638
Disposals	(432)	–	(432)
31 December 2016	11 424	–	11 424
Net book value, 31 December 2016	**10 298**	**–**	**10 298**

(Thousands of United States dollars)

	Intangible assets		
	In use	Under construction	Total
Cost			
1 January 2015	2 259	13 357	15 616
Additions	–	4 804	4 804
Transfers	18 046	(18 046)	–
Disposals	–	–	–
31 December 2015	20 305	115	20 420
Accumulated depreciation			
1 January 2015	2 049	–	2 049
Amortization	3 169	–	3 169
Disposals	–	–	–
31 December 2015	5 218	–	5 218
Net book value, 31 December 2015	**15 087**	**115**	**15 202**

132. The costs transferred from under construction to in use in 2015 relate to the Integrated Pension Administration System project.

Note 10
Benefits payable

133. The amount shown in the statement of net assets can be broken down as follows:

(Thousands of United States dollars)

	31 December 2016	*Restated 31 December 2015*
Withdrawal settlements	41 210	90 173
Lump-sum payments	52 105	84 322
Periodic benefits payable	40 524	51 983
Other benefits payable	(57)	(57)
Total	**133 782**	**226 421**

134. Note 25 contains additional information regarding restatement.

Note 11
After-service health insurance and other employee benefits

135. A breakdown of the amount shown in the statement of net assets for after-service health insurance and other benefits payable is as follows:

(Thousands of United States dollars)

	31 December 2016	31 December 2015
After-service health insurance liability	69 383	63 138
Repatriation grant and related costs	2 932	2 846
Education grant and related costs	292	268
Death benefit	149	148
Annual leave	3 724	3 723
Home leave	256	235
Total	**76 736**	**70 358**

After-service health insurance, annual leave, repatriation grants and death benefit liability

136. The Fund provides its employees who have met certain eligibility requirements with the following after-service and end-of-service benefits:

- Health-care benefits after they retire. This benefit is referred to as after-service health insurance.
- Repatriation benefits to facilitate the relocation of expatriate staff members.
- Annual leave benefits to provide staff members with periods of time off from work at full pay for personal reasons and for purposes of health, rest and recreation. Upon separation from service, staff members who have accrued unused annual leave will be paid for each day of unused leave up to a maximum of 60 days.
- Death benefits payable in case of death in service to any dependants.

137. The liabilities as at 31 December 2016 are the result of the roll-forward to 31 December 2016 of the end-of-service benefit obligations as at 31 December 2015 for the Fund by the consulting actuary. Roll-forward results are established on the basis of population and demographic assumptions used for the 31 December 2015 valuation. The liabilities as at 31 December 2015 were calculated on the basis of census data as at 30 September 2015 and:

- Health insurance premium and contribution data provided by the United Nations
- Actual retiree claims experience under health insurance plans
- Estimated travel and shipment costs and annual leave balances reported by the United Nations in the census data
- Various economic, demographic and other actuarial assumptions
- Generally accepted actuarial methods and procedures

138. In performing the roll-forward to 31 December 2016, only the financial assumptions such as the discount rates, inflation and health-care cost trend rates were reviewed as at 31 December 2016 and updated when necessary. All other assumptions remain the same as those used for the full valuation as at 31 December 2015.

139. The key assumptions in the calculation of after-service liabilities are the discount rate and health-care trend rates. The discount rate is based on the spot rate, which reflects the market expectations at the time of the calculations to meet future expected benefit payments, based on high-quality bonds. The discount rate is then the equivalent single rate that would produce the same liability as the full spot curve using the multiple bonds necessary to meet the future cash flow expectations.

140. For 31 December 2016, the single equivalent discount rates were selected and determined by the Fund as follows:

- 3.83 per cent for the after-service health insurance scheme
- 3.46 per cent for repatriation benefits
- 3.58 per cent for annual leave
- 3.29 per cent for death benefits

141. For 31 December 2015, the single equivalent discount rates were selected and determined by the Fund as follows:

- 3.97 per cent for the after-service health insurance scheme
- 3.58 per cent for repatriation benefits
- 3.68 per cent for annual leave
- 3.36 per cent for death benefits

142. For the purpose of comparison, the table below shows the percentage change based on a 1 per cent change in the discount rate.

	Impact on accrued liability			
Discount rate	*After-service health insurance*	*Repatriation benefit*	*Annual leave*	*Death benefit*
Increase of 1 per cent	18 per cent decrease	9 per cent decrease	8 per cent decrease	7 per cent decrease
Decrease of 1 per cent	24 per cent increase	10 per cent increase	10 per cent increase	7 per cent increase

143. The comparison of health-care cost trend rates is as follows:

	31 December 2016	*31 December 2015*
Non-United States medical	4.0 per cent per year	4.0 per cent per year
United States medical — non-Medicare	6.0 per cent trending down to 4.5 per cent after 10 years	6.4 per cent trending down to 4.5 per cent after 10 years
United States medical — Medicare	5.7 per cent trending down to 4.5 per cent after 10 years	5.9 per cent trending down to 4.5 per cent after 10 years
United States dental	4.9 per cent trending down to 4.5 per cent after 10 years	4.9 per cent trending down to 4.5 per cent after 10 years

144. The increase in the total after-service health liabilities reported from 31 December 2015 to 31 December 2016 is due primarily to the impact of changing the actuarial assumptions, in particular the decrease in discount rates for benefits denominated in United States dollars; service costs resulting from employee services during 2016; and interest costs during the year, because the benefits are one period closer to settlement and benefits paid. During the year, the reference discount rate for Swiss francs was modified from that of the prior year from the government rate to the corporate bond rate to harmonize the actuarial assumptions used across the United Nations system.

145. Other specific key assumptions used in the calculations on the basis of census data as at 30 September 2015 are set out in the paragraphs below.

After-service health insurance

146. Two hundred and twelve active staff were included in the calculation: 181 based in the United States and 31 not based in the United States. Seventy-six retired staff or their surviving spouses were included in the calculation: 64 based in the United States and 12 not based in the United States. In addition, 18 active staff and two retirees or their surviving spouses who participate in dental-only plans were included. For active staff, the average age was 46 years with 10 years of service. The average age of retirees was 69 years.

Repatriation benefits

147. Staff members who are appointed as international staff are eligible for the payment of a repatriation grant after one year of active service outside his or her country of nationality provided that the reason for separation is not summary dismissal or abandonment of post.

148. The amount ranges from 2 to 28 weeks of salary, depending on the category of employment and years of service of the eligible staff. Travel and shipment of personal effects may also be authorized to the recognized country of home leave.

149. Sixty-five eligible staff, with an average annual salary of $84,336, were considered.

Annual leave

150. Staff are entitled to accrue annual leave from the date of their appointment. Staff members who, upon separation from service, have accrued leave will be paid up to a maximum of 60 days if on a fixed-term appointment or up to 18 days on a temporary appointment. The payment amount is calculated at 1/261 of applicable salary amounts for each unused annual leave day.

151. Two hundred and forty-one active staff, with an average annual salary of $101,712, were considered.

Note 12
Other accruals and liabilities

152. The amounts shown as other accruals and liabilities in the financial statements can be broken down as follows:

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Accruals for management fees and expenses	10 287	6 235
Accrual for contractual services	4 339	345
Restoration payable	2 036	2 876
Operating leases rent accrual	1 755	2 593
Audit fee accrual	197	194
After-service health insurance payable to member organizations	7	–[a]
Other	366	395
Total	**18 987**	**12 638**

[a] Balance rounded to the nearest thousand United States dollars.

Note 13
Investment (loss)/income

153. The table below summarizes the Fund's income from investments net of transaction costs recognized during the period. Any transaction cost that can be allocated to a single transaction or trade is netted off against investment income. Examples are broker commissions, other transaction costs and management fees. Any management expense charged to the income statement of a real asset or alternative fund was recorded separately as management expenses in the Fund's statement of changes in net assets and included under transaction costs.

154. In some jurisdictions, the Fund receives dividend income, interest income and real estate income without any withholding tax. This is primarily a result of the fact that pension funds are exempt from withholding taxes in many jurisdictions. However, a number of jurisdictions do not provide this benefit to all pension funds, but recognize that the United Nations Joint Staff Pension Fund is part of the United Nations and hence is exempt from national taxation of Member States on its direct investments, in accordance with Article 105 of the Charter and with article II, section 7 (a), of the 1946 Convention on the Privileges and Immunities of the United Nations (see also note 3.3). The Fund is not able to reliably measure the value of the additional tax exemption obtained by being part of the United Nations and therefore does not disclose the value of this additional benefit on the face of the statement of changes in net assets available for benefits as non-exchange income in accordance with IPSAS 23, Revenue from non-exchange transactions.

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Change in fair value for assets designated at fair value		
Short-term investments	(4 014)	(7 181)
Equities	2 008 382	(255 864)
Fixed income	(284 677)	(205 016)
Real asset investments	300 984	399 784
Alternative investments	241 396	50 151
Total change in fair value for financial assets designated at fair value	**2 262 071**	**(18 126)**
Interest income		
Interest income on cash and cash equivalents	3 287	2 515
Interest income on fixed income instruments	322 499	353 038
Total interest income	**325 786**	**355 553**
Dividend income	821 651	777 863
Total dividend income	**821 651**	**777 863**
Income from real assets	55 015	38 302
Total income from real assets	**55 015**	**38 302**
Changes in foreign currency gain and losses	(679 882)	(1 487 401)
Net foreign currency (losses)	**(679 882)**	**(1 487 401)**

	31 December 2016	31 December 2015
Transaction costs		
Management fees and other related fees	(90 696)	(98 820)
Small capitalization fund management fees	(10 087)	(9 770)
Brokerage commissions	(13 012)	(11 410)
Other transaction costs	(3 699)	(4 454)
Total transaction costs	**(117 494)**	**(124 454)**
Net investment income/(loss)	**2 667 147**	**(458 263)**

155. The change in foreign currency losses includes $776.4 million (2015: $751.4 million) realized foreign currency loss and $96.5 million unrealized foreign currency gain (2015: $736.0 million unrealized foreign currency loss).

Note 14
Contributions

156. Contributions received in the period can be broken down as follows:

(Thousands of United States dollars)

	2016	2015
Contributions from participants		
Regular contributions	752 314	747 250
Contributions for validation	607	835
Contributions for restoration	4 118	3 054
	757 039	**751 139**
Contributions from member organizations		
Regular contributions	1 504 629	1 494 499
Contributions for validation	1 564	1 504
	1 506 193	**1 496 003**
Other contributions		
Contributions for participants transferred in under agreements	3 827	1 782
Receipts of excess actuarial value over regular contributions	171	207
Other contributions/adjustments	6 268	7 846
	10 266	**9 835**
Total contributions for the period	**2 273 498**	**2 256 977**

157. The contribution income varies on the basis of changes in the number of participants, changes in the distribution of participants, changes in pensionable remuneration rates as a result of cost-of-living increases determined by the International Civil Service Commission and the yearly step increase to individual pensionable remuneration received by all participants.

Note 15
Other income

158. Other income earned during the period can be broken down as follows:

(Thousands of United States dollars)

	2016	*2015*
Class action proceeds	485	4 351
Notional interest income	2 093	3 916
United Nations University management fees	50	50
Other claims	740	214
Total other income for the period	**3 368**	**8 531**

Note 16
Benefit expenses

159. Benefit expenses in the period can be broken down as follows:

(Thousands of United States dollars)

	2016	*Restated 2015*
Withdrawal settlements and full commutation of benefits		
For contributory service of five years or less	42 790	55 187
For contributory service more than five years	74 605	138 041
	117 395	**193 228**
Retirement benefits		
Full retirement benefits	1 297 563	1 249 634
Early retirement benefits	668 319	643 261
Deferred retirement benefits	93 225	90 506
Disability benefits	67 886	63 909
Survivor benefits	234 666	231 609
Child benefits	29 632	26 050
	2 391 291	**2 304 969**
Other benefits/adjustments		
Payments for participants transferred out under agreements	228	141
Other benefits/adjustments	(2 794)	(380)
	(2 566)	**(239)**
Total benefit expenses for the period	**2 506 120**	**2 497 958**

160. Note 25 contains additional information regarding restatement.

Note 17
Administrative expenses

161. Expenses incurred in 2016 and 2015 are as follows:

(Thousands of United States dollars)

	2016				
	Administrative expenses	*Investment expenses*	*Audit fees*	*Board expenses*	*Total*
Established posts (excluding change in the value of the after-service health insurance liability)	14 387	10 418	–	–	24 805
Change in the value of the after-service health insurance liability	4 655	1 474	116	–	6 245
Other staff costs	4 189	363	–	–	4 552
Consultants	113	87	–	–	200
Travel	349	395	–	–	744
Training	57	14	–	–	71
Contractual services	13 995	13 002	–	–	26 997
Hospitality	–	–	–	–	–
General operating expenses	4 367	4 290	–	–	8 657
Supplies and materials	81	27	–	–	108
Furniture and equipment	460	410	–	–	870
Audit costs (excluding change in the value of the after-service health insurance liability)	–	–	1 099	–	1 099
Board expenses	–	–	–	416	416
Total administrative expenses	**42 653**	**30 480**	**1 215**	**416**	**74 764**

(Thousands of United States dollars)

	2015				
	Administrative expenses	*Investment expenses*	*Audit fees*	*Board expenses*	*Total*
Established posts (excluding change in the value of the after-service health insurance liability)	13 219	9 901	–	–	23 120
Change in the value of the after-service health insurance liability	(4 166)	(1 305)	(108)	–	(5 579)
Other staff costs	1 988	480	–	–	2 468
Consultants	284	629	–	–	913
Travel	368	579	–	–	947
Training	52	27	–	–	79
Contractual services	8 684	15 810	–	–	24 494
Hospitality	–	2	–	–	2
General operating expenses	4 740	3 534	–	–	8 274
Supplies and materials	34	25	–	–	59
Furniture and equipment	578	204	–	–	782
Audit costs (excluding change in the value of the after-service health insurance liability)	–	–	1 006	–	1 006
Board expenses	–	–	–	104	104
Total administrative expenses	**25 781**	**29 886**	**898**	**104**	**56 669**

Note 18
Other expenses

162. Other expenses incurred during the period can be broken down as follows:

(Thousands of United States dollars)

	2016	*2015*
Emergency fund expense	40	35
Notional interest expense	637	2 175
Other expenses and claims	605	1 007
Total other expenses for the period	**1 282**	**3 217**

Note 19
Actuarial situation of the Fund
(see also note 1.5)

163. The Fund provides retirement, death, disability and related benefits for staff of the United Nations and other organizations admitted to membership in the Fund. Accumulated (promised) plan benefits represent the total actuarial present value of those estimated future benefits that are attributable under the Fund's provisions to the service that staff have rendered as at the valuation date. Accumulated plan benefits include benefits to be paid to: (a) retired or terminated staff or their beneficiaries; (b) beneficiaries of staff who have died; and (c) present staff or their beneficiaries.

164. Benefits payable under all circumstances — retirement, death, disability and termination of employment — are included to the extent they are deemed attributable to the service that staff have rendered as at the valuation date.

165. The actuarial present value of accumulated (promised) plan benefits (which does not take into account future increases in pensionable remuneration) is determined by independent actuaries and the amount is derived by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

166. The Fund is applying the guidance included in IAS 26.28 (b) and discloses the actuarial present value of promised retirement benefits in the notes to its financial statements.

Key assumptions

167. The significant actuarial assumptions used are as follows:

- Life expectancy of participants (2007 United Nations mortality tables adjusted for forecast improvements in mortality)
- Age-specific retirement and turnover assumptions as approved by the Pension Board during its sixty-second session
- Annual investment return of 6.5 per cent, which serves as the discount rate for liabilities
- Annual rate of 3.0 per cent for cost-of-living increases in pensions
- Assumed long-term cost of two-track system of 2.1 per cent of pensionable remuneration

- Assumed percentage of benefits commuted by retired participants of 20.4 per cent of annuity payments

168. These key assumptions were recommended by the Committee of Actuaries and adopted by the Pension Board at its sixty-second session, in July 2015. The foregoing actuarial assumptions are based on the presumption that the Fund will continue. Were the Fund to be terminated, different actuarial assumptions and other factors may be applicable in determining the actuarial present value of accumulated plan benefits. The actuarial present value of accumulated plan benefits as at 31 December 2016 shown in the present disclosure is projected to the disclosure date using standard actuarial techniques on the basis of the 31 December 2013 valuation results and assumes that all economic and demographic assumptions will have been exactly met from 31 December 2013 onward, except actual experience for foreign exchange and inflation experience for the period 31 December 2013 to 31 December 2015 have been reflected.

Statement of accumulated benefits

169. The actuarial present value of accumulated plan benefits as at 31 December 2016 is as follows (see note 1.11 for a description of the pension adjustment system):

(Millions of United States dollars)

	If future pension payments are made under the Regulations	
	Without pension adjustments	*With pension adjustments*
Actuarial value of vested benefits		
Participants currently receiving benefits	22 431	32 936
Vested terminated participants	230	402
Active participants	12 381	18 783
Total vested benefits	**35 042**	**52 121**
Non-vested benefits	1 252	1 596
Total actuarial present value of accumulated plan benefits	**36 294**	**53 717**

Information on participation in the Pension Fund

170. A valuation as at 31 December 2015 was prepared by the consulting actuary and presented to the Committee of Actuaries and the Pension Board in 2016. However, using additional information becoming available in 2017, anomalies in the census data provided to the consulting actuary were identified as a result of the transition from the legacy information technology system, and it was decided that the previous valuation provided by the consulting actuaries as at 31 December 2013 would be used. In accordance with the valuation conducted as at 31 December 2015, the total actuarial present value of accumulated plan benefits was $36,549 million (without pension adjustment) and $51,625 million (with pension adjustment). As a result of the withdrawal of the valuation report as at 31 December 2015, the total actuarial present value of accumulated plan benefits was changed, as stated above, which had the impact of an increase/(decrease) in the total actuarial present value of accumulated plan benefits by $2,092 million (with pension adjustment) and ($255 million) (without pension adjustment). The Fund is committed to further investigating and resolving the census data anomalies identified in the next actuarial valuation noted in its financial statements for the year ended 31 December 2017. As an exception from the cycle of valuation occurring once every two years, the

valuation was therefore based on participation as at 31 December 2013. The participation in the plan developed as follows:

	As at 31 December 2013
Active participants	
Number	120 294
Annual remuneration (in millions of United States dollars)	10 375
Average remuneration (in United States dollars)	**86 245**
Retired participants and beneficiaries	
Number	69 980
Annual benefit (in millions of United States dollars)	2 050
Average benefit (in United States dollars)	**29 292**

Actuarial asset value used for periodic actuarial valuations

171. The actuarial asset value used for the purpose of preparing the periodic actuarial valuation differs from the value presented in the financial statements. The periodic actuarial valuation presents a value using a five-year moving market average methodology. A limiting corridor of 15 per cent is applied, which means that the computed value has a minimum value of 85 per cent and a maximum value of 115 per cent of the market value of the assets as at the valuation date. Starting with the valuation as at 31 December 2013, a gradual transition to the alternative asset averaging methodology was introduced, with a target completion date of the actuarial valuation of 31 December 2019. The effect of transitioning to the alternative asset averaging methodology is an increase in actuarial assets of $996.7 million as at 31 December 2013 and $2,214.1 million as at 31 December 2015.

Note 20
Commitments and contingencies

20.1 Investment commitments

172. As at 31 December 2016 and 31 December 2015, the Fund was committed to the following investment commitments:

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Real estate funds	2 045 371	1 393 425
Private equity	1 967 515	1 683 823
Infrastructure funds	60 020	115 468
Timberland funds	86 701	60 020
Total commitments	**4 159 607**	**3 252 736**

173. With regard to private equity and the real estate, infrastructure and timberland investments, funds are drawn down in accordance with the terms and conditions of the fund agreements. The fund agreements are unique to each individual investment. However, funds are drawn down to: (a) fund investments in assets that have been purchased or are being contracted for purchase; and (b) pay fees earned by the general partner or manager under the terms and conditions of the fund agreement.

20.2 Lease commitments

174. As at 31 December 2016 and 31 December 2015, the Fund was committed to the following lease commitments:

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Obligations for property leases		
Under 1 year	6 566	6 738
1-5 years	16 380	23 339
Beyond 5 years	–	–
Total	**22 946**	**30 077**

20.3 Legal or contingent liabilities and contingent assets

175. There are no material contingent liabilities arising from legal actions and claims that are likely to result in a significant liability to the Pension Fund.

176. Contingent assets are excluded from the statement of net assets available for benefits on the basis that the inflow of economic benefits is not virtually certain but reliant on the occurrence of an event outside of the control of the Fund. There were no contingent assets as at 31 December 2016.

Note 21
Risk assessment

177. The Fund's activities expose it to a variety of financial risks including, but not limited to, credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk).

178. The Fund's investment risk management programme seeks to measure and monitor the risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance, consistent with the Fund's strategic asset allocation policy. The Investments Committee provides advice to the Representative of the Secretary-General on investment strategy and reviews the investments of the Fund at its quarterly meetings. The Committee advises on long-term policy, asset allocation and strategy, diversification by type of investment, currency and economic sector and any other matters.

179. The Fund uses different methods to measure, monitor and manage the various types of financial risk to which it is exposed. These methods are explained below.

21.1 Credit risk

180. Credit risk is defined as the potential risk that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms, resulting in a loss. The risk of a trading partner not fulfilling its obligations to another in a timely manner is a risk that all obligors face. Ensuring adequate control over credit risk and effective risk management is critical to the long-term sustainability of the Fund. The Fund manages risk by addressing the following important areas:

- Approving and maintaining appropriate credit exposure measurement and monitoring standards
- Establishing limits for amounts and concentrations of credit risk, and monitoring and implementing a review process for credit exposure
- Ensuring adequate controls over credit risk

181. The Fund is primarily exposed to credit risk in its debt securities (total fixed income, and short-term bills and notes). The Fund's policy to manage this risk is to invest in debt securities that have an investment grade rating by at least one of the following well-known credit rating agencies: Standard & Poor's, Moody's and Fitch. For the purpose of consistency in the present disclosure, the Fund used Moody's Investors Service, which provided ratings on most of the Fund's debt securities in 2016. As at 31 December 2016, 92 per cent (2015: 95 per cent) of individual securities of the fixed income portfolio were investment grade (rated between Aaa to Baa3) by Moody's. The analysis below summarizes the credit quality of the Fund's fixed income portfolio as at 31 December 2016 and 31 December 2015, respectively, as provided by Moody's.

(Thousands of United States dollars)

	31 December 2016			
	Aaa-A3	*Baa1-Baa3*	*Not rated*	*Total*
Commercial mortgage-backed	7 267	–	–	7 267
Corporate bonds	2 056 248	555 015	178 692	2 789 955
Funds — corporate bond	–	–	46 702	46 702
Government agencies	1 439 840	–	59 389	1 499 229
Government bonds	6 310 445	359 464	576 684	7 246 593
Government mortgage-backed	–	–	56 141	56 141
Index-linked government bonds	35 961	–	–	35 961
Municipal/provincial bonds	544 914	–	81 199	626 113
Non-government-backed collateralized mortgage obligations	3 361	–	–	3 361
Total fixed income	**10 398 036**	**914 479**	**998 807**	**12 311 322**
Short-term investments	203 659	68 107	452 743	724 509

(Thousands of United States dollars)

	31 December 2015			
	Aaa-A3	*Baa1-Baa3*	*Not rated*	*Total*
Commercial mortgage-backed	67 079	–	48 419	115 498
Corporate bonds	2 883 044	704 106	75 166	3 662 316
Funds — corporate bond	–	–	44 150	44 150
Government agencies	2 321 741	–	6 460	2 328 201
Government bonds	4 948 713	271 814	342 073	5 562 600
Government mortgage-backed	–	–	74 874	74 874
Index-linked government bonds	155 168	–	–	155 168
Municipal/provincial bonds	494 231	–	43 473	537 704
Non-government-backed collateralized mortgage obligations	4 592	–	–	4 592
Total fixed income	**10 874 568**	**975 920**	**634 615**	**12 485 103**
Short-term investments	–	–	534 952	534 952

182. Of the unrated fixed income securities totalling $998.8 million as at 31 December 2016, $895.1 million were in debt securities that present a very low credit risk as they carry an issuer's credit rating of investment grade, thereby providing evidence of their creditworthiness. Of the remaining unrated debt securities amounting to $103.7 million for which no issuer rating was available from Moody's, seven debt securities, amounting to $57.0 million, were rated investment grade by at least one of the other two rating agencies (Standard & Poor's and Fitch), and another security, amounting to $46.7 million, was a bond fund and as such was not evaluated by a credit rating agency.

183. Of the unrated fixed income securities totalling $634.6 million as at 31 December 2015, $494.8 million were in debt securities that present a very low credit risk as they carry an issuer's credit rating of investment grade, thereby providing evidence of their creditworthiness. Of the remaining unrated debt securities amounting to $139.8 million for which no issuer rating was available from Moody's, six debt securities, amounting to $95.7 million, were rated investment grade by at least one of the other two rating agencies (Standard & Poor's and Fitch), and another security, amounting to $44.1 million, was a bond fund and as such was not evaluated by a credit rating agency.

184. All transactions in listed securities are paid for upon delivery using approved brokers. Settlement risk is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

21.2 Liquidity risk

185. Liquidity risk is the risk of not meeting cash requirements for the Fund's obligations. Cash requirements can arise from settlement needs for various investment trades, capital calls from uncalled or unfunded commitments, and benefit payment disbursements in various currencies. The Fund manages its liquidity risk by investing the vast majority of its investments in liquid securities.

21.3 Market risk

186. Market risk is the risk of change in the value of plan assets as a result of various market factor movements such as interest rates, major market index movements, currency exchange rates and market volatility. The Fund has adopted value at risk as a parameter to measure the market risk, in addition to standard deviation and tracking risk. Value at risk is a universally accepted parameter to communicate market risk for financial institutions and asset management institutions. The Fund also includes risk tolerance for investment risks in the investment policy approved by the Representative of the Secretary-General. On the basis of this risk tolerance, a risk budget has been assigned to each portfolio manager. The risk budget is modified once a year.

187. Value at risk (VaR), as a single number, summarizes the portfolio's exposure to market risk as well as the probability of an adverse move, or in other words, level of risk. The main purpose of value at risk is to assess market risks that result from changes in market prices. There are three key characteristics of value at risk: (a) the amount (in percentage or dollar terms); (b) the time horizon (in this case, one year); and (c) the confidence level (in this case, 95 per cent). When reported as 95 per cent confidence, the VaR 95 number (in percentage or in dollar terms) indicates that there is a 95 per cent chance that portfolio losses will not exceed the given VaR 95 number (in percentage or dollar terms) over a year. In addition, the Fund reports tail risk or expected shortfall, which measures the average expected loss for the 5 per

cent of the time when the losses exceed VaR 95. The Fund also reports contribution to risk. Considering the risk of the whole Fund as 100 per cent, contribution to risk indicates how much of the risk is contributed by that asset class. Contribution to risk is additive (all contributions will add up to 100 per cent). VaR 95 is not additive owing to the diversification effect.

188. The table below depicts four important aspects of risk. It shows volatility or standard deviation in percentage, followed by VaR 95 for the given portfolio in percentage terms. Contribution to risk indicates how much each asset class is contributing to the total Fund risk. Clearly, total Fund risk is 100 per cent and each of the asset classes below indicates the contribution to the risk. Expected shortfall at 5 per cent (because the Fund is indicating VaR at 95 per cent) indicates average value or expected value of losses for the 5 per cent of the time when losses exceed VaR 95.

189. All numbers in the tables below are annualized using historical simulation.

(Percentage)

	2016			
Asset class	*Volatility (standard deviation)*	*VaR (95%)*	*Contribution to risk*	*Expected shortfall (5%)*
Total fund	8.58	13.10	100.00	20.40
Total equity	11.79	18.74	86.72	28.60
Fixed income	4.71	8.06	0.69	11.29
Cash and short-term	0.91	1.60	0.11	2.13
Real estate	14.74	26.79	8.38	36.32
Private equity	11.62	18.15	3.70	28.49
Commodities	13.52	22.57	0.13	29.93
Infrastructure	14.57	26.75	0.27	35.89

Note: Figures are reported from MSCI RiskMetrics as at 31 December 2016.

(Percentage)

	2015			
Asset class	*Volatility (standard deviation)*	*VaR (95%)*	*Contribution to risk*	*Expected shortfall (5%)*
Total fund	7.64	12.00	100.00	18.04
Total equity	10.51	17.30	87.03	24.86
Minimum volatility equity	9.97	16.13	1.43	23.72
Fixed income	3.56	6.04	0.73	8.77
Cash and short-term	1.48	2.56	0.18	3.51
Real estate	14.30	22.42	6.81	31.31
Private equity	13.77	22.48	3.27	31.54
Commodities	11.94	20.91	0.10	28.64
Infrastructure	13.59	22.56	0.30	31.42
Risk parity	12.82	21.93	1.58	30.98

Note: Figures are reported from MSCI RiskMetrics as at 1 January 2016.

Price risk

190. The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments, for example, equity securities, are denominated in currencies other than the United States dollar, the price is initially expressed in the non-United States dollar denominated currency and is then converted into United States dollars, which will also fluctuate because of changes in currency exchange rates.

191. As at 31 December 2016 and 31 December 2015, the fair value of equities exposed to price risk was as follows:

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
Common and preferred stock	31 366 431	29 752 374
Funds — exchange traded funds	2 646 766	2 329 996
Real estate investment trusts	240 075	219 421
Funds — common stock	158 361	165 279
Stapled securities	43 841	34 274
Total equity instruments	**34 455 474**	**32 501 344**

192. Considering the total Fund risk as 100 per cent, the contribution to risk due to price risk is 93.4 per cent (2015: 93.2 per cent). For the total price risk, equities contributed 83.9 per cent (2015: 87.7 per cent) to the total Fund price risk and the rest is contributed by all other asset classes.

193. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weights.

194. The Fund's equity investment portfolio by industrial sector in 2016 and 2015 was as follows:

(Percentage)

General industry classification standards	*As at 31 December 2016*		*As at 31 December 2015*	
	Fund's equity portfolio	*Benchmark*	*Fund's equity portfolio*	*Benchmark*
Financials	17.22	18.68	19.54	21.52
Information technology	16.29	15.53	14.99	14.87
Consumer discretionary	11.80	12.10	12.59	12.95
Energy	6.47	7.35	5.10	6.19
Health care	11.05	11.05	13.32	12.52
Industrials	8.62	10.63	8.56	10.30
Consumer staples	8.28	9.48	8.67	10.23
Materials	5.05	5.27	3.87	4.53
Telecommunication services	3.11	3.62	3.10	3.72
Utilities	2.39	3.16	2.47	3.17
Real estate	2.01	3.13	–	–
Other	7.71	–	7.79	–
Total	**100.00**	**100.00**	**100.00**	**100.00**

195. The following table analyses the Fund's concentration of equity price risk in the Fund's equity portfolio by geographical distribution (on the basis of the counterparty's place of primary listing or, if not listed, place of domicile).

(Percentage)

	2016	*2015*
North America	57.9	57.1
Europe	19.3	20.7
Asia-Pacific	10.7	11.3
Emerging markets	9.9	8.4
International regions	2.2	2.5
Total	**100.0**	**100.0**

Currency risk

196. The Fund is one of the most globally diversified pension funds in the world and therefore holds both monetary and non-monetary assets denominated in currencies other than the United States dollar, the Fund's base currency. Currency exchange risk arises as the value of financial instruments denominated in other currencies fluctuates owing to changes in currency exchange rates. Management monitors the exposure to all currencies. The unrealized foreign currency gain/loss is attributable primarily to the fluctuation in currency exchange rates during the period.

197. The Fund does not use hedging to manage its non-United States dollar denominated currency risk exposure because the Fund expects currency impact to net out to zero over a full market cycle, as has been the case historically. Currency risk refers to risk due to foreign exchange rate changes.

198. The tables below illustrate the foreign currency risk exposure of the Fund by class of investment. These summarize the Fund's cash and investments at fair value as at 31 December 2016 and 31 December 2015. Net financial liabilities amounting to $39.9 million in 2016 (2015 restated: $79.7 million) not held at fair value (see note 5) are excluded from these tables. Assets held in exchange-traded funds or externally managed specialty funds are included as United States dollar assets.

(Percentage)

	As at 31 December 2016						
Currency	*Equity*	*Fixed income*	*Real assets*	*Alternative and other investments*	*Short-term*	*Cash*	*Total*
United States dollar	38.47	11.49	5.64	2.60	0.25	2.52	60.97
Euro	6.09	3.79	0.46	0.45	0.90	0.02	11.71
Japanese yen	4.75	2.48	0.22	–	–	0.00	7.45
British pound sterling	3.64	0.94	0.17	–	–	0.00	4.75
Canadian dollar	1.97	0.67	0.16	–	–	0.00	2.80
Australian dollar	1.24	0.54	0.31	–	–	0.03	2.12
Hong Kong dollar	2.00	–	–	–	–	0.00	2.00
Swiss franc	1.71	–	–	–	–	0.00	1.71
Republic of Korea won	0.85	0.37	–	–	–	0.00	1.22
Polish zloty	–	0.84	–	–	–	0.09	0.93

Currency	As at 31 December 2016 Equity	Fixed income	Real assets	Alternative and other investments	Short-term	Cash	Total
Mexican peso	0.17	0.53	–	–	–	0.02	0.72
Swedish krona	0.43	0.18	–	–	–	0.11	0.72
Norwegian krone	0.03	0.31	–	–	0.17	0.00	0.51
Indian rupee	0.39	–	–	–	–	0.06	0.45
Brazilian real	0.40	–	–	–	–	0.00	0.40
South African rand	0.34	–	–	–	–	0.00	0.34
Malaysian ringgit	0.10	0.20	–	–	–	0.01	0.31
Singapore dollar	0.23	0.07	–	–	–	0.00	0.30
Danish krone	0.25	–	–	–	–	0.00	0.25
New Zealand dollar	0.01	0.09	–	–	–	0.00	0.10
Philippine peso	0.10	–	–	–	–	0.00	0.10
Turkish lira	0.08	–	–	–	–	0.00	0.08
Chilean peso	–	0.06	–	–	–	0.00	0.06
Hungarian forint	–	–	–	–	–	0.00	0.00
CFA franc	–	–	–	–	–	0.00	0.00
Pakistan rupee	–	–	–	–	–	0.00	0.00
Total	**63.25**	**22.56**	**6.96**	**3.05**	**1.32**	**2.86**	**100.00**

(Percentage)

Currency	As at 31 December 2015 Equity	Fixed income	Real assets	Alternative and other investments	Short-term	Cash	Total
United States dollar	37.65	12.82	5.13	3.20	0.61	2.21	61.62
Euro	6.05	3.98	0.37	0.34	0.42	0.01	11.17
British pound sterling	3.96	1.24	0.18	–	–	0.35	5.73
Japanese yen	5.00	1.40	0.19	–	–	0.02	6.61
Canadian dollar	1.46	0.70	0.15	–	–	0.01	2.32
Australian dollar	1.24	0.75	0.18	–	–	0.01	2.18
Swiss franc	1.87	–	–	–	–	0.01	1.88
Hong Kong dollar	1.70	–	–	–	–	0.01	1.71
Republic of Korea won	0.76	0.42	–	–	–	0.00	1.18
Polish zloty	0.00	1.03	–	–	–	0.00	1.03
Swedish krona	0.64	0.23	–	–	–	0.00	0.87
Mexican peso	0.19	0.56	–	–	–	0.17	0.92
Malaysian ringgit	0.11	0.30	–	–	–	0.03	0.44
Norwegian krone	0.02	0.38	–	–	–	0.00	0.40
Indian rupee	0.48	_	–	–	–	0.00	0.48
Singapore dollar	0.25	0.07	–	–	–	0.00	0.32
Brazilian real	0.15	0.00	–	–	–	0.00	0.15
South African rand	0.26	–	–	–	–	0.00	0.26

	As at 31 December 2015						
Currency	*Equity*	*Fixed income*	*Real assets*	*Alternative and other investments*	*Short-term*	*Cash*	*Total*
Danish krone	0.37	–	–	–	–	–	0.37
Turkish lira	0.07	–	–	–	–	0.03	0.10
Philippine peso	0.15	–	–	–	–	–	0.15
New Zealand dollar	0.00	0.10	–	–	–	0.01	0.11
Hungarian forint	0.00	–	–	–	–	–	0.00
Pakistan rupee	–	–	–	–	–	0.00	0.00
CFA franc	–	–	–	–	–	0.00	0.00
Total	**62.38**	**23.98**	**6.20**	**3.54**	**1.03**	**2.87**	**100.00**

Interest rate risk

199. Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Fund holds fixed interest rate securities, floating rate debt, cash and cash equivalents that expose the Fund to interest rate risk.

200. The table below summarizes the Fund's relative sensitivity to interest rate changes versus its reference benchmark of the Barclays Global Aggregate Index. This measure of duration for the portfolio indicates the approximate percentage change in the value of the portfolio if interest rates change by 100 basis points.

(Percentage)

	2016		*2015*	
	Fund	*Benchmark*	*Fund*	*Benchmark*
Effective duration	6.81	6.90	3.65	6.60

201. Effective duration is the sensitivity to interest rates. This means if the interest rate changes by 1 per cent, the Fund can lose or gain approximately 6.8 per cent (2015: 3.6 per cent) compared with the benchmark, which can lose or gain approximately 6.9 per cent (2015: 6.6 per cent). This primarily arises from the increase/decrease in the fair value of fixed interest securities.

Note 22
Budget information

22.1 Movement between original and final budgets

(Thousands of United States dollars)

	Initial appropriation 2016	*2015 budget balance carried forward*	*Approved increases/decreases*	*Final appropriation 2016*
Administrative costs	45 772	–	–	45 772
Investment costs	42 435	–	–	42 435
Audit costs	1 475	–	–	1 475
Board expenses	477	–	–	477
Total	**90 159**	**–**	**–**	**90 159**

202. In its resolution 71/265, the General Assembly approved the appropriation for the biennium 2016-2017.

22.2 Reconciliation between the actual amounts on a comparable basis and the statement of changes in net assets available for benefits

203. Differences between the actual amounts on a comparable basis with the budget and the actual amounts recognized in the financial statements can be classified as follows:

(a) Basis differences, which occur when the approved budget is prepared on a basis other than the accounting basis, as stated in note 3.14;

(b) Timing differences, which occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for the Pension Fund for the purpose of comparison of budget and actual amounts;

(c) Entity differences, which occur when the budget omits programmes or entities that are part of the entity for which the financial statements are prepared. There are no entity differences for the Pension Fund.

(Thousands of United States dollars)

	2016	*2015*
Actual amount on a comparable basis	**58 363**	**55 846**
Basis differences		
Asset additions/disposals	(2 930)	(6 974)
Depreciation, amortization and impairment	8 142	4 120
Unliquidated obligations	1 159	11 594
Prepayments	289	(407)
Employee benefits	6 333	(6 674)
Other accruals	3 408	(836)
Actual amount for administrative expenses in the statement of changes in net assets available for benefits	**74 764**	**56 669**

204. The above reconciliation illustrates key differences between total administrative expenditure on a budget basis (modified cash basis) and total expenditure on an IPSAS basis. The main differences can be categorized as follows:

- *Depreciation expense*. Fixed assets and intangible assets meeting the threshold for capitalization are capitalized and depreciated over their useful lives on an IPSAS basis. Only depreciation expense is recognized over the useful lives of the asset whereas the total expense is recognized on a budget basis at the time of acquisition.

- *Expense recognition*. On a budget basis expenditure is recognized at the time of disbursement or commitment as unliquidated obligations. Under IPSAS, expenses are recognized at the time goods or services have been received. Unliquidated obligations for goods or services not received or prepayments are not recognized as expense. Economic services received but not paid for are recognized as expense under IPSAS.

- *Employee benefits*. On a budget basis, employee benefit expenses are recognized when the benefit is paid. Under IPSAS, an expense for an employee benefit should be recognized in the period in which the benefit is earned, regardless of the time of payment. IPSAS therefore recognizes expenses for post-employment benefits such as after-service health insurance, annual leave or repatriation benefits.

Note 23
Funds under management

205. Funds under management are defined as other United Nations funds for which the Fund has engaged the services of external fund managers, independent of the Fund.

206. Pursuant to General Assembly resolution 2951 establishing the United Nations University and Assembly resolution 3081 and article IX of the charter of the University (A/9149/Add.2), the Investment Management Division provides oversight services for the investments of the United Nations University Endowment Fund that are currently outsourced to Nikko Asset Management with a separate custodian bank. Formal arrangements between the Investment Management Division and the Endowment Fund regarding these services have been agreed upon. Resulting funds are reflected in the accounts of the United Nations University. There is no commingling of investment funds with those of the Pension Fund, which are maintained separately. The costs of Investment Management Division management advisory fees amounting to $50,000 per year are reimbursed by the Endowment Fund to the Division and recorded as other income.

Note 24
Related party transactions

Key management personnel

207. Details of the remuneration to key management personnel by the Fund for the years ended 31 December 2016 and 31 December 2015 are as follows:

	Number of individuals	*Compensation and post adjustment*	*Entitlements*	*Pension and health plans*	*Total remuneration*	*Outstanding advances against entitlements*	*Outstanding loans*
		(Thousands of United States dollars)					
2016	5	907	129	208	1 244	–	–
2015	5	848	67	192	1 107	–	–

208. Key management personnel are the Chief Executive Officer, the Representative of the Secretary-General, the Deputy Chief Executive Officer, the Director of the Investment Management Division and the Chief Financial Officer as they have the authority and responsibility for planning, directing and controlling the activities of the Pension Fund.

209. The aggregate remuneration paid to key management personnel includes net salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, costs of shipment of personal effects and employer pension and current health insurance contributions.

210. There were no outstanding advances against entitlements of key management personnel as at 31 December 2016.

211. Key management personnel are also qualified for post-employment benefits (see note 11) at the same level as other employees. The actuarial valuation of the benefits for the key management personnel are as follows:

(Thousands of United States dollars)

	31 December 2016	*31 December 2015*
After-service health insurance	1 203	1 095
Repatriation grant	80	78
Annual leave	105	105
Death benefit	2	2
Total	**1 390**	**1 280**

Other related parties

212. While no transactions occurred with the parties listed below, they are considered as related parties and a summary of the Fund's relationship with these parties is provided.

General Assembly

213. The General Assembly is the highest legislative body for the Fund. It reviews reports submitted by the Pension Board, approves the budget of the Fund, decides on the admittance of new member organizations to the Fund and amends the Regulations of the Fund.

Twenty-three member organizations participating in the Fund

214. The member organizations of the Fund (which are international intergovernmental organizations) join the Fund by decision of the General Assembly and at the time of admission agree to adhere to the Regulations of the Fund. Each member organization has a staff pension committee and a secretary to the committee; the committees and their secretariat are an integral part of the Fund's administration.

United Nations International Computing Centre

215. The United Nations International Computing Centre was established in January 1971 pursuant to General Assembly resolution 2741 (XXV). The Centre provides information technology and communications services to partners and users in the United Nations system. As a partner bound by the mandate of the Centre, the Fund would be proportionately responsible for any third-party claim or liability arising from or related to service activities of the Centre, as specified in the Centre's mandate. As at 31 December 2016, there were no known claims having an impact on the Fund. Ownership of assets is with the Centre until dissolution. Upon dissolution, the division of all assets and liabilities among partner organizations shall be agreed by the Management Committee by a formula defined at that time.

216. The role of the Centre is:

- To provide information technology services on a full cost-recovery basis
- To assist in exploiting networking and computing technology
- To provide information management services
- To advise on questions related to information management
- To provide specialized training

Note 25
Restatement and comparative numbers

217. Immediately after the implementation of the Integrated Pension Administration System, the Fund experienced a substantial surge in new benefit cases submitted to the Fund for processing. This resulted in delays in the processing of new benefit cases and affected benefits payable for the years 2016 and 2015. The surge in the number of separations was associated with the downsizing of United Nations peacekeeping missions as well as efforts by member organizations to complete outstanding separations. At the time of closing of the prior year financial statements, the Fund estimated the outstanding cases as at 31 December 2015 at $50.6 million on the basis of the best information available at the time. However, on the basis of the analysis of benefit expenses for the current year financial statement and considering the volume of “in transit” cases sent by employing entities to the Fund (a significant proportion of which was sent 120 days or more after the date of separation), the outstanding benefit expenses as at 31 December 2015 amounted to $187.4 million.

218. To reflect the additional information pertaining to the year 2015 gathered subsequent to the issuance of the 2015 financial statements and enhance the comparability of the information provided, the Fund has restated its previously issued financial statement for the year 2015. Taking the new estimate of benefit expenses for 2015 into account, total benefit liabilities as at 31 December 2015 amount to $226.4 million rather than $89.6 million as previously reported, and benefit expenses amount to $2,498.0 million rather than $2.361.1 million as previously reported.

219. The change in benefits payable is as follows:

(Thousands of United States dollars)

	Previously reported 31 December 2015	*Adjustment*	*Restated 31 December 2015*
Withdrawal settlements	35 896	54 277	90 173
Lump sum payments	15 228	69 094	84 322
Periodic benefits payable	38 527	13 456	51 983
Other benefits payable	(57)	–	(57)
Total	**89 594**	**136 827**	**226 421**

220. The change in benefit expenses is as follows:

(Thousands of United States dollars)

	Previously reported 31 December 2015	*Adjustment*	*Restated 31 December 2015*
Withdrawal settlements and full commutation of benefits			
For contributory service of five years or less	49 961	5 226	55 187
For contributory service of more than five years	88 990	49 051	138 041
	138 951	**54 277**	**193 228**
Retirement benefits			
Full retirement benefits	1 192 463	57 171	1 249 634
Early retirement benefits	622 854	20 407	643 261
Deferred retirement benefits	90 020	486	90 506
Disability benefits	63 290	619	63 909
Survivor benefits	228 027	3 582	231 609
Child benefits	25 765	285	26 050
	2 222 419	**82 550**	**2 304 969**
Other benefits/adjustments			
Payments for participants transferred out under agreements	141	–	141
Other benefits/adjustments	(380)	–	(380)
	(239)	–	(239)
Total benefit expenses for the period	**2 361 131**	**136 827**	**2 497 958**

Note 26
Subsequent events

221. At the time of issuance of the financial statements, the management of the Fund is not aware of any reportable event after the reporting date in accordance with IPSAS 14.

Appendix

Statistics on the operations of the United Nations Joint Staff Pension Fund

Table 1
Number of participants

Member organization	*Participants as at 31 December 2015*	*New entrants*	*Transfers In*	*Transfers Out*	*Separations*	*Participants as at 31 December 2016*	*Percentage increase/ (decrease)*
United Nations[a]	86 880	7 577	209	234	7 321	87 111	0.3
International Labour Organization	3 760	373	28	20	435	3 706	(1.4)
Food and Agriculture Organization of the United Nations	10 062	1 025	70	93	746	10 318	2.5
United Nations Educational, Scientific and Cultural Organization	2 445	156	9	15	183	2 412	(1.3)
World Health Organization	10 536	1 105	76	55	938	10 724	1.8
International Civil Aviation Organization	787	84	7	6	74	798	1.4
World Meteorological Organization	350	25	6	3	27	351	0.3
International Atomic Energy Agency	2 666	210	16	14	197	2 681	0.6
International Maritime Organization	284	14	3	3	14	284	0.0
International Telecommunication Union	779	29	7	4	43	768	(1.4)
World Intellectual Property Organization	1 233	66	12	10	76	1 225	(0.6)
International Fund for Agricultural Development	578	35	11	5	24	595	2.9
International Centre for the Study of the Preservation and Restoration of Cultural Property	33	5	–	–	1	37	12.1
European and Mediterranean Plant Protection Organization	17	2	–	–	1	18	5.9
International Centre for Genetic Engineering and Biotechnology	171	11	–	–	14	168	(1.8)
World Tourism Organization	97	4	–	2	8	91	(6.2)
International Tribunal for the Law of the Sea	38	3	2	–	4	39	2.6
International Seabed Authority	33	2	–	–	–	35	6.1
United Nations Industrial Development Organization	697	29	1	6	52	669	(4.0)
International Criminal Court	1 004	136	35	10	66	1 099	9.5
Inter-Parliamentary Union	46	2	–	–	1	47	2.2
International Organization for Migration	3 924	1 029	18	19	328	4 624	17.8
Special Tribunal for Lebanon	472	42	10	21	41	462	(2.1)
Total	**126 892**	**11 964**	**520**	**520**	**10 594**	**128 262**	**1.1**

[a] United Nations Headquarters, regional offices and all funds and programmes.

Table 2
Benefits awarded to participants or their beneficiaries during the year ended 31 December 2016

Member organization	*Number of benefits awarded*											*Total*
				Withdrawal settlement								
	Retirement benefit	*Early retirement benefit*	*Deferred retirement benefit*	*Under 5 years*	*Over 5 years*	*Child benefit*	*Widow and widower benefit*	*Other death benefit*	*Disability benefit*	*Secondary dependent benefit*	*Transfer under agreement*	
United Nations[a]	1 247	572	121	2 842	2 221	1 240	83	24	83	2	–	8 435
International Labour Organization	98	34	5	234	55	54	2	–	4	–	–	486
Food and Agriculture Organization of the United Nations	200	119	6	271	113	220	9	2	11	–	–	951
United Nations Educational, Scientific and Cultural Organization	72	19	5	59	17	28	6	–	5	–	–	211
World Health Organization	294	93	33	363	128	257	15	1	9	–	–	1 193
International Civil Aviation Organization	29	11	5	25	4	1	–	–	–	–	–	75
World Meteorological Organization	10	2	–	10	2	2	–	–	3	–	–	29
International Atomic Energy Agency	64	45	7	62	11	32	2	–	7	–	–	230
International Maritime Organization	10	3	–	–	1	1	–	–	–	–	–	15
International Telecommunication Union	14	5	–	17	2	8	1	1	4	–	–	52
World Intellectual Property Organization	22	15	2	26	6	8	1	–	5	–	–	85
International Fund for Agricultural Development	12	2	–	4	1	8	–	–	2	–	–	29
International Centre for the Study of the Preservation and Restoration of Cultural Property	1	–	–	–	–	–	–	–	–	–	–	1
European and Mediterranean Plant Protection Organization	–	1	–	–	–	–	–	–	–	–	–	1
International Centre for Genetic Engineering and Biotechnology	3	3	3	2	3	–	–	–	–	–	–	14
World Tourism Organization	3	3	1	1	–	1	–	–	–	–	–	9
International Tribunal for the Law of the Sea	3	–	–	–	–	3	–	–	1	–	–	7
International Seabed Authority	–	–	–	–	–	–	–	–	–	–	–	–
United Nations Industrial Development Organization	28	9	2	10	4	7	1	2	–	–	–	63
International Criminal Court	5	4	–	28	21	4	1	–	1	–	–	64
Inter-Parliamentary Union	1	–	–	–	–	–	–	–	–	–	–	1
International Organization for Migration	13	6	6	208	77	14	3	1	3	–	–	331
Special Tribunal for Lebanon	2	4	1	24	4	5	–		–	–	–	40
Total	**2 131**	**950**	**197**	**4 186**	**2 670**	**1 893**	**124**	**31**	**138**	**2**	**–**	**12 322**

[a] United Nations Headquarters, regional offices and all funds and programmes.

Table 3
Analysis of periodic benefits for the year ended 31 December 2016

Type of benefit	*Total as at 31 December 2015*	*New*	*Benefits discontinued, resulting in award of survivor benefit*	*All other benefits discontinued*	*Total as at 31 December 2016*
Retirement	26 275	2 131	(287)	(455)	27 664
Early retirement	15 525	950	(149)	(216)	16 110
Deferred retirement	7 536	197	(35)	(150)	7 548
Widow	10 843	107	679	(390)	11 239
Widower	901	17	75	(25)	968
Disability	1 409	138	(21)	(26)	1 500
Child	8 947	1 893	–	(1 119)	9 721
Secondary dependant	38	2	2	(4)	38
Total	**71 474**	**5 435**	**264**	**(2 385)**	**74 788**

Annex VI

Report of the Board of Auditors on the financial statements: audit opinion

Opinion

We have audited the financial statements of the United Nations Joint Staff Pension Fund, which comprise the statement of net assets available for benefits (statement I) as at 31 December 2016 and the statement of changes in net assets available for benefits (statement II), the cash flow statement (statement III) and the statement of comparison of budget and actual amounts (statement IV) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the United Nations Joint Staff Pension Fund as at 31 December 2016 and the changes in net assets available for benefits and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (IPSAS) and International Accounting Standard 26.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of the United Nations Joint Staff Pension Fund, in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor's report thereon

Management is responsible for the other information, which comprises the financial report for the year ended 31 December 2016, contained in chapter IV below, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and International Accounting Standard 26 and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the United Nations Joint Staff Pension Fund to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless management intends either to liquidate the United Nations Joint Staff Pension Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the United Nations Joint Staff Pension Fund.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the United Nations Joint Staff Pension Fund.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Draw conclusions as to the appropriateness of management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the United Nations Joint Staff Pension Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the United Nations Joint Staff Pension Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the United Nations Joint Staff Pension Fund that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and the financial rules of the United Nations Joint Staff Pension Fund and their legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the United Nations Joint Staff Pension Fund.

(*Signed*) Shashi Kant **Sharma**
Comptroller and Auditor General of India
Chair of the Board of Auditors
(Lead Auditor)

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the
United Republic of Tanzania

(*Signed*) Kay **Scheller**
President of the German Federal Court of Auditors

30 June 2017