United Nations Joint Staff Pension Fund

Financial report and audited financial statements

for the year ended 31 December 2017

and

audit opinion of the UN Board of Auditors

United Nations • New York, 2018

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.

Letters of transmittal

Letter dated 11 June 2018 from the Deputy Chief Executive Officer of the United Nations Joint Staff Pension Fund and the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund addressed to the Chair of the Board of Auditors

In accordance with Financial Rule G.5 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 2017, 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.

In accordance with article 7 (c) of the Fund's Regulations, in the absence of the CEO, the Deputy CEO ("DCEO") shall perform these functions. Due to the absence of the CEO, the DCEO has performed these functions, in line with article 7 (c) of the Fund's Regulations for the approval of the Financial Statements.

(*Signed*) Paul **Dooley**
Deputy Chief Executive Officer
United Nations Joint Staff Pension Fund

(*Signed*) Sudhir **Rajkumar**
Representative of the Secretary–General
for the investment of the assets of the
United Nations Joint Staff Pension Fund

Letter dated 24 July 2018 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2017, which were submitted by the Deputy Chief Executive Officer of the Fund and the Representative of the Secretary-General for the investment of the assets of the Fund. The statements have been examined by the Board of Auditors.

In addition, I have the honour to transmit the report of the Board of Auditors with respect to the above-mentioned accounts, including the audit opinion thereon.

(*Signed*) Rajiv **Mehrishi**
Comptroller and Auditor General of India
Chair of the Board of Auditors

Chapter I of the 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 (the Fund), which comprise the statement of net assets available for benefits (statement I) as at 31 December 2017 and the statement of changes in net assets available for benefits (statement II), the cash flow statement (statement III), statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the biennium 2016-17 (statement IV) and the statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year 2017 (statement V) 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 as at 31 December 2017 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 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

Chief Executive Officer and Representative of the Secretary-General are jointly responsible for the other information, which comprises the financial overview for the year ended 31 December 2017, 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

Chief Executive Officer and Representative of the Secretary-General are jointly 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 the 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 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 the Fund intends either to liquidate the 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 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 Fund.

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

- Draw conclusions as to the appropriateness of the 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 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 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 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*) Rajiv **Mehrishi**
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

Certification of Financial Statements

Letter dated 11 June 2018 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 2017 have been prepared in accordance with 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 (IASB). 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 2017

Scope of Responsibility

United Nations Joint Staff Pension Fund ("UNJSPF" or the "Fund") was established by the United Nations 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 UNJSPF is a multiple employer defined benefit plan and is governed by the United Nations Joint Staff Pension Board ("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 ("CEO"), who is also the Secretary of the Board, discharges the Board's responsibility for the administrative supervision of the Fund secretariat. The CEO, under the authority of the Board, collects contributions, ensures record-keeping for the Fund secretariat, certifies benefit payments, and deals with other issues related to the Fund's participants and beneficiaries. The CEO is also responsible for ensuring actuarial matters are addressed with a view of maintaining the long-term sustainability and financial health of the Fund.

In accordance with article 7 (c) of the Fund's Regulations, in the absence of the CEO, the Deputy CEO ("DCEO") shall perform these functions. Due to the absence of the CEO, the DCEO has performed these functions, in line with article 7 (c) of the Fund's Regulations.

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 Fund ("RSG"). The RSG has delegated responsibility for the management and accounting of the investments of the Fund. The RSG 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 CEO and the RSG 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.

The 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 UNJSPF objectives and to improve performance. Therefore, it can only provide a reasonable and not absolute assurance of effectiveness. Internal control is an on-going process, effected by the Fund's governing bodies, senior management and other personnel, designed to provide reasonable assurance on the achievement of the following internal control objectives:

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

UNJSPF Statement of Internal Control is related to the control objective of reliability of financial reporting, and therefore, its scope is limited to the effectiveness of internal controls over financial reporting as of 31 December 2017.

Capacity to handle risk

UNJSPF 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 UNJPSF Internal Control Policy approved in May 2014, defines internal control objectives, components and responsibilities, as well as, the lines of defense which include i) management; ii) risk management and compliance sections; iii) internal audit; and iv) external audit. UNJSPF internal controls over financial reporting provide reasonable assurance that assets are safeguarded; transactions are properly recorded; authorized; and that there are no material misstatements in the financial statements.

UNJSPF risk management and internal control framework

The purpose of the enterprise-wide risk management framework ("EWRM") is to identify events that may affect the UNJSPF and manage risk within the Fund's risk appetite. UNJSPF 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:
  i) Audit Committee: Oversees the work of the Office of Internal Oversight Services (OIOS) and the United Nations Board of Auditors, and the UNJSPF's internal control framework.
  ii) Assets and Liabilities Monitoring Committee: Advices the Pension 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 EWRM Methodology compliments 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 to define strategies to address the Fund's key risks.
- **Risk Monitoring:** The Enterprise-wide Risk Management Working Group, co-chaired by the Fund's CEO and the RSG, includes representatives from all units, and monitors the Fund's risk profile and the implementation of risk management strategies. Risk management officers promote the implementation of the EWRM framework; facilitate risk assessments; advise in 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 Fund has considered the Internal Control – Integrated Framework Committee of Sponsoring Organizations of the Treadway Commission (COSO) as guideline for assessing its internal controls over financial reporting. UNJSPF management review of the effectiveness of internal controls over financial reporting as of 31 December 2017 is supported by:

- The preparation of the Statement of Internal Control 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: i) entity level controls, ii) key controls over financial reporting, and iii) key ICT general controls that support the operation of other controls over financial reporting; and,
  - Operational effectiveness testing 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 ("IMD"). These officers recognize their responsibility for maintaining and executing internal controls over financial reporting and reporting any deficiencies identified.
- An independent service auditor performed an independent service audit on the controls applied by Northern Trust, the Master Record Keeper for the Fund's investments and a Custodian Banks for the investments. Additionally, the Fund received an independent service audit report from and by Citibank N.A, 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 (AICPA) and the Internal 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 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 ISO27001 information security certification for IPAS, which provides assurances that the new system operations and maintenance is in accordance with the information security management standard. The Fund secretariat is committed to maintain the ISO 27001 certification which is valid for three years, until March 2019.
- Independent auditors performed an ISAE 3402 audit of United Nations International Computing Centre (UNICC) internal control framework. The ISAE 3402 Auditor's Report provides an independent assessment of whether ICC's controls are suitably designed and operated effectively. The ISAE 3402 Audit Report conclusion was an unqualified opinion.
- The Audit Committee reviewed the results of OIOS and BoA and received information on the implementation of audit recommendations. The Fund's CEO, DCEO, RSG, Chief Financial Officer, Risk and Compliance Officers, internal and external auditors had periodic meetings with the Audit Committee.
- In accordance to its mandate, OIOS, provided assurance that internal controls are adequate and functioning effectively. In the execution of a risk-based audit plan endorsed by the Audit Committee, OIOS conducted audit examinations in high risk areas to provide assurance on the effectiveness of internal controls and identify control deficiencies. The CEO/DCEO and the RSG, in their respective areas of responsibility, took appropriate actions to address recommendations resulting from internal audits.

- As per its mandate, BoA examined independently the financial statements, performing such tests and other procedures as they considered necessary to express an opinion in their annual audit report. BoA was 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 UNJSPF 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 2017 draws attention to key areas impacting internal controls over financial reporting:

1. In January 2018, the Fund secretariat updated its Pension Fraud Awareness, Reporting and Escalation Policy. The objective of the policy is to promote awareness, prevent fraud, enhance the Fund's internal controls and establish guidelines on reporting and escalation of fraud related concerns.
2. The scope of the Statement of Internal Control was expanded to cover the process for the preparation of the census data for the actuarial valuation. In that regard, the Fund's management strengthened, documented and tested the internal controls applied in the preparation of the census data to be used in the actuarial valuation as of 31 December 2017. Similarly, the Fund assessed the process adopted by the Fund for the integrity of the information available in the business intelligence system and related data transfer and validation processes. The testing of internal controls did not identify internal control gaps or deficiencies in the preparation of the census data and integrity of the business intelligence information.
3. The Fund's management, within its scope of responsibility, has successfully implemented process and system changes and management reporting tools to address temporary and structural challenges related to efficiency aspects in the processing of benefit entitlements and client servicing. These actions translated into the Fund making significant progress in benefit processing during 2017, and allowed closing a critical audit recommendation related to client services.
4. Complementarily, the Fund secretariat conducted an end-to-end review jointly with the United Nations and other member organizations to identify opportunities for streamlining the overall separation to payment process. The results of the end-to-end review were presented to the Pension Board at its 64th session in July 2017. Management is currently implementing the short-term recommendations arising from the study.

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.

We are committed, within the scope of our respective areas of responsibility, to address any weaknesses in internal controls over financial reporting identified during the year and to ensure 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, which would prevent the external auditors from providing an unqualified opinion on the financial statements or would need to be raised in the present document for the year ended 31 December 2017.

(signed) Paul **Dooley**
Deputy Chief Executive Officer
United Nations Joint Staff Pension Fund

(signed) Sudhir **Rajkumar**
Representative of the Secretary-General
for the investment of the assets of the Fund

23 April 2018
New York, NY

Financial report for the year ended 31 December 2017

Introduction

1. United Nations Joint Staff Pension Fund ("UNJSPF" or the "Fund") was established by the United Nations 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 UNJSPF is a multiple employer defined benefit plan. There are currently twenty three member organizations participating in the Fund. All participating organizations and employees contribute to the UNJSPF based on pensionable remuneration. The contribution rate is a fixed rate of 7.9% for participants and 15.8% for employers.

2. The Fund is governed by the United Nations Joint Staff Pension Board (the "Pension Board") made up of (i) twelve 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 (ii) twenty-one members appointed by the staff pension committees of the other member organizations in accordance with the Rules and 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 (CEO) also serves as Secretary of the Pension Board. The Secretary / CEO is appointed by the Secretary-General on the recommendation of the Pension Board.

4. The CEO is responsible for the administration of the Fund and for the observance, by all concerned, of the Fund's Regulations, Rules, and Pension Adjustment System. 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 in meetings of the Fifth Committee of the UN 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 HR functions; procurement; administration of justice; internal audit, and other administrative services. Within this framework, the CEO is responsible for providing some administrative support to the Investment Management Division (IMD). In accordance with article 7 (c) of the Fund's Regulations, in the absence of the CEO, the Deputy CEO ("DCEO") shall perform the functions of the CEO.

5. The investment of the assets of the Fund shall be decided upon by the Secretary-General after consultation with an Investments Committee and in the light of observations and suggestions made from time to time by the Board on the investments policy. 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 (RSG) for the investment of the assets of the Fund. The RSG 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.

Financial Performance

Changes in Net Assets Available for Benefits

6. There was an increase in the net assets available for benefits for the year ended 31 December 2017 of $9,877.8 million (2016: $2,358.1 million). The increase was primarily attributable to investment income for the year.

7. Investment income for 2017 was $10,241.2 million (2016: $2,667.6 million). Investment income for 2017 comprised of net appreciation in fair value of investments of $9,081.3 million, dividend income of $865.8 million and interest income of $361.7. The increase of $7,573.7 million from prior year was largely driven by the increase in the fair value of equities and fixed income securities.

8. Total contributions (from participants $792.6 million, member organizations $1,577.1 million, and other contributions of $31.2 million) for 2017 were $2,400.9 million (2016: $2,273.5), reflecting an increase of $127.4 million (an increase of 5.6%) over the 2016 total contributions.

9. Benefit expenses for 2017 of $2,673.3 million (2016: $2,506.5 million), reflected an increase of $166.8 million (an increase of 6.7%) over the 2016 benefit expenses.

10. Administrative expenses for 2017 of $97.4 million (2016: $74.8 million) reflected an increase of $22.6 million (an increase of 30.3%). The increase in administrative expense was primarily due to an increase in the changes of the liabilities for the after-service health insurance of $11.0 million, increase in contractual services of $6.9 million and an increase in other staff cost of $3.0 million.

Statement of Net Assets Available for Benefits

11. Net assets available for benefits at 31 December 2017 were $64,365.9 million (2016: $54,488.1 million) which is an increase of $9,877.8 million (an increase of 18.1%).

12. Cash and cash equivalents at 31 December 2017 were $971.8 million (2016: $1,562.5 million) which is a decrease of $590.7 million (a decrease of 37.8%).

13. Fair value of Investments at 31 December 2017 were $63,565.6 million (2016: $52,951.2 million) reflecting an increase of $10,614.4 million (an increase of 20.0%). Details of the investment classes at 31 December 2017 and 2016 are below:

Investments:

	31 December 2017	31 December 2016	Change	
	$ million	$ million	$ million	%
Short-term investments	1 834.3	724.5	1,109.8	153.2%
Equities	39 784.2	34 455.5	5,328.7	15.5%
Fixed income	15 329.9	12 311.3	3,018.6	24.5%
Real assets	4 213.8	3 796.1	417.7	11.0%
Alternatives and other investments	2 403.4	1 663.8	739.6	44.5%
Total Investments	**63 565.6**	**52 951.2**	**10 614.4**	**20.0%**

14. Total investments and cash and cash equivalents:

	31 December 2017	31 December 2016	Change	
	$ million	$ million	$ million	%
Total investments	63 565.6	52 951.2	10 614.4	20.0%
Cash and cash equivalents	971.8	1 562.5	(590.7)	(37.8)%
Total Investments and cash and cash equivalents	**64 537.4**	**54 513.7**	**10 023.7**	**18.4%**

15. Total liabilities of the Fund at 31 December 2017 were $411.3 million (2016: $237.6 million) an increase of $173.7 million (an increase of 73.1%). The increase in total liabilities was primarily due to increase in payable for investment traded of $149.6 million and after-service health insurance liability of $17.2 million.

Actuarial situation of the Fund

16. 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.

17. The actuarial present value of accumulated plan benefits as of 31 December 2017 is as follows:

If future pension payments are made under Regulations:		
	Without Pension Adjustments $ Million	**With Pension Adjustments $ Million**
(1) Actuarial Value of Vested Benefits		
(a) Participants Currently Receiving Benefits	25 902	34 057
(b) Vested terminated Participants	742	1 279
(c) Active Participants	14 040	19 278
(d) Total Vested Benefits	**40 684**	**54 614**
(2) Non-Vested Benefits	921	1 165
(3) Total Actuarial Present Value of Accumulated Plan Benefits	**41 605**	**55 779**

Financial Statements for the year ended 31 December 2017

United Nations Joint Staff Pension Fund

I. Statement of Net Assets Available for Benefits

(Thousands of United States dollars)

	Notes	31 December 2017 $'000	31 December 2016 $'000
Assets			
Cash and cash equivalents	4	971 807	1 562 522
Investments	5,6		
Short-term investments		1 834 280	724 509
Equities		39 784 228	34 455 474
Fixed income		15 329 947	12 311 322
Real assets		4 213 829	3 796 144
Alternatives and other investments		2 403 366	1 663 801
		63 565 650	52 951 250
Contributions receivable		6 939	13 824
Accrued income from investments	7	154 655	139 311
Receivable from investments traded	5	28 401	15 124
Withholding tax receivable	8	26 554	10 501
Other assets	9	23 194	33 237
Total assets		**64 777 200**	**54 725 769**
Liabilities			
Benefits payable	10	148 186	133 782
Payable from investments traded	5	157 699	8 138
ASHI and other employee benefit liabilities	11	94 363	76 736
Other accruals and liabilities	12	11 044	18 987
Total liabilities		**411 292**	**237 643**
Net assets available for benefits		**64 365 908**	**54 488 126**

II. Statement of Changes in Net Assets Available for Benefits

(Thousands of United States dollars)

	Notes	For the Year 2017 $'000	Reclassified * For the Year 2016 $'000
Investment income	13		
Net appreciation in fair value of investments		9 081 326	1 582 604
Interest income		361 742	325 786
Dividend income		865 788	821 651
Income from real assets		65 530	55 015
Less: Transaction costs and management fees		(133 145)	(117 494)
		10 241 241	2 667 562
Contributions	14		
From participants		792 593	757 039
From member organization		1 577 151	1 506 193
Other contributions		31 168	10 266
		2 400 912	2 273 498
Other income	15	11 624	3 368
Benefit expenses	16		
From withdrawal settlements and full commutation benefits		194 803	117 395
From retirements benefits		2 479 573	2 391 291
Other benefits/adjustments		(1 106)	(2 151)
		2 673 270	2 506 535
Administrative expenses	17	97 400	74 764
Other expenses	18	2 807	1 282
Withholding tax expense	8	2 518	3 749
Increase in net assets available for benefits		**9 877 782**	**2 358 098**

* Refer to Note 25 for details of the reclassifications.

United Nations Joint Staff Pension Fund

III. Cash Flow Statement

(Thousands of United States dollars)

	Notes	For the Year 2017 $'000	For the Year 2016 $'000
Cash flows from investing activities:			
Purchase of investments		(15 346 130)	(13 713 338)
Proceeds from sale/redemption of investments		13 933 105	13 052 796
Dividends received from equity investments, *excluding withholding tax*		839 462	795 134
Interest received from fixed income investments		345 952	335 544
Income received from unitized real asset funds, *excluding withholding tax*		65 506	55 765
Other income received/(losses incurred), net		11 611	3 129
Transaction costs, management fees and other expenses paid		(134 993)	(122 669)
Withholding taxes reimbursement		9 394	23 501
Net cash (used) / provided by investing activities		**(276 093)**	**429 862**
Cash flows from operating activities:			
Contribution from member organizations and participants		2 401 970	2 298 646
Benefits payments		(2 656 307)	(2 598 579)
Net transfer to/from other plans		3 302	3 598
Administrative expenses paid		(72 501)	(59 520)
Other payments, net		(513)	(649)
Net cash used by operating activities		**(324 049)**	**(356 504)**
Net (decrease)\ increase in cash and cash equivalents		(600 142)	73 358
Cash and cash equivalents at the beginning of year	4	1 562 522	1 488 132
Exchange gains on cash and cash equivalents		9 427	1 032
Cash and cash equivalents at the end of year	4	**971 807**	**1 562 522**

United Nations Joint Staff Pension Fund
Schedule I

IV. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the biennium 2016-2017

(Thousands of United States dollars)

	Revised appropriation 2016-2017			Final appropriation 2016-2017			Actuals on a comparable basis 2016-2017			Variance			
	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Percentage
A. Fund secretariat administrative expenses													
Posts	31 944.5	14 309.2	46 253.7	29 976.0	13 342.9	43 318.9	29 349.1	12 895.0	42 244.1	(626.9)	(447.9)	(1 074.8)	(2)
Other staff costs	7 752.3	283.2	8 035.5	11 537.5	522.8	12 060.3	11 088.9	399.0	11 487.9	(448.6)	(123.8)	(572.4)	(5)
Hospitality	6.2	-	6.2	6.2	-	6.2	-	-	-	(6.2)	-	(6.2)	(100)
Consultants	631.6	-	631.6	331.8	-	331.8	258.0	-	258.0	(73.8)	-	(73.8)	(22)
Travel of staff	1 025.2	-	1 025.2	924.9	-	924.9	694.1	-	694.1	(230.8)	-	(230.8)	(25)
Contractual services *	13 763.4	2 394.3	16 157.7	21 711.1	2 394.3	24 105.4	21 240.5	2 426.4	23 666.9	(470.6)	32.1	(438.5)	(2)
General operating expenses **	13 416.9	3 712.8	17 129.7	11 591.9	3 408.6	15 000.5	11 462.6	3 429.3	14 891.9	(129.3)	20.7	(108.6)	(1)
Supplies and materials	127.1	63.6	190.7	65.1	32.2	97.3	45.0	16.9	61.9	(20.1)	(15.3)	(35.4)	(36)
Furniture and equipment	1 329.7	618.4	1 948.1	496.6	201.7	698.3	326.3	98.8	425.1	(170.3)	(102.9)	(273.2)	(39)
Sub-total	**69 996.9**	**21 381.5**	**91 378.4**	**76 641.1**	**19 902.5**	**96 543.6**	**74 464.5**	**19 265.4**	**93 729.9**	**(2 176.6)**	**(637.1)**	**(2 813.7)**	**(3)**

United Nations Joint Staff Pension Fund
Schedule I (continued)

Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the biennium 2016-2017

(Thousands of United States dollars)

	Revised appropriation 2016-2017			Final appropriation 2016-2017			Actuals on a comparable basis 2016-2017			Variance			
	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Percentage
B. Investment administrative expenses													
Posts	25 818.6	-	25 818.6	22 492.6	-	22 492.6	21 356.0	-	21 356.0	(1 136.6)	-	(1 136.6)	(5)
Other staff costs	2 968.2	-	2 968.2	1 839.1	-	1 839.1	1 054.3	-	1 054.3	(784.8)	-	(784.8)	(43)
Hospitality	27.5	-	27.5	27.5	-	27.5	1.0	-	1.0	(26.5)	-	(26.5)	(96)
Consultants	1 114.0	-	1 114.0	964.0	-	964.0	149.2	-	149.2	(814.8)	-	(814.8)	(85)
Travel of representatives	682.5	-	682.5	467.4	-	467.4	242.6	-	242.6	(224.8)	-	(224.8)	(48)
Travel of staff	1 460.6	-	1 460.6	877.2	-	877.2	585.9	-	585.9	(291.3)	-	(291.3)	(33)
Contractual services *	44 172.6	-	44 172.6	39 204.6	-	39 204.6	31 201.3	-	31 201.3	(8 003.3)	-	(8 003.3)	(20)
General operating expenses **	7 350.6	-	7 350.6	7 595.6	-	7 595.6	7 467.3	-	7 467.3	(128.3)	-	(128.3)	(2)
Supplies and materials	253.4	-	253.4	201.7	-	201.7	54.4	-	54.4	(147.3)	-	(147.3)	(73)
Furniture and equipment	960.7	-	960.7	960.7	-	960.7	619.2	-	619.2	(341.5)	-	(341.5)	(36)
Sub-total	**84 808.7**	**-**	**84 808.7**	**74 630.4**	**-**	**74 630.4**	**62 731.2**	**-**	**62 731.2**	**(11 899.2)**	**-**	**(11 899.2)**	**(16)**
C. Audit expenses													
External audit	655.4	131.1	786.5	655.4	131.1	786.5	655.2	131.1	786.3	(0.2)	-	(0.2)	(0)
Internal audit	1 763.5	352.7	2 116.2	1 698.5	339.7	2 038.2	1 548.7	309.8	1 858.5	(149.8)	(29.9)	(179.7)	(9)
Sub-total	2 418.9	483.8	2 902.7	2 353.9	470.8	2 824.7	2 203.9	440.9	2 644.8	(150.0)	(29.9)	(179.9)	(6)
D. Board expenses	965.6	-	965.6	965.6	-	965.6	825.2		825.2	(140.4)	-	(140.4)	(15)
Total administrative expenses	**158 190.1**	**21 865.3**	**180 055.4**	**154 591.0**	**20 373.3**	**174 964.3**	**140 224.8**	**19 706.3**	**159 931.1**	**(14 366.2)**	**(667.0)**	**(15 033.2)**	**(9)**

The purpose of schedule I is to compare budget to actual amounts for the biennium 2016-2017 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 actual costs on a comparable basis are consequently also shown 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.

* For presentation purposes, training resources under other staff costs in revised appropriation are moved to contractual services in line with expenditure recording in Umoja. Fund secretariat: Actuals include expenditure for ICC ($12.3 million). IMD: Actuals include expenditure for external legal consultants ($1.4 million), investment advisory services ($5.9 million), custodial, EDP and other services ($23.9 million).

** Includes rental and maintenance of premises and other operating expenses.

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

A. Secretariat administrative expenses

Hospitality: The underexpenditure is the result of efforts to minimize hospitality costs.

Consultants: The underexpenditure is attributable primarily to the postponement of the consultancy services related to performance measurement as the new format of the results based framework will be introduced by the United Nations Secretariat in following year.

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

Supplies, furniture and equipment: The underexpenditure is due to lower than anticipated requirements for supplies and materials and postponement of selected replacement and rotational programs to the next biennium.

B. Investment administrative expenses

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 postponement of recruitment action until the completion of the target operating model study.

Hospitality: The underexpenditure is attributable to several meetings taking place away from headquarters, which reduced hospitality costs.

Consultants: The underexpenditure is attributable primarily to the postponement of data management and technical writer consultancy services awaiting the outcome of the target operating model study and lower than anticipated cost for consulting studies.

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 investment 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.

Supplies, furniture and equipment: The underexpenditure is attributable primarily to lower than anticipated expenditure for the acquisition of software owing to the decision to postpone some information technology-related projects; and for office supplies due to continued effort to find less expensive alternatives.

C. Board expenses

The underexpenditure is mainly attributable to lower than anticipated expenditure related to travel of representatives, particularly due to two meetings associated with the Committee of Actuaries were held back to back, saving an extra trip.

V. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2017

(Thousands of United States dollars)

	Revised appropriation 2017			2016 budget balance c/f			Revision to appropriation			Final budget 2017		
	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total
A. Fund secretariat administrative expenses												
Posts	16 048.8	7 190.9	23 239.7	1 608.4	886.0	2 494.4	(1 968.5)	(966.3)	(2 934.8)	15 688.7	7 110.6	22 799.3
Other staff costs	4 249.9	141.6	4 391.5	(690.8)	(108.7)	(799.5)	3 785.2	239.6	4 024.8	7 344.3	272.5	7 616.8
Hospitality	3.1	-	3.1	3.1	-	3.1	-	-	-	6.2	-	6.2
Consultants	318.9	-	318.9	146.6	(0.8)	145.8	(299.8)	-	(299.8)	165.7	(0.8)	164.9
Travel of staff	523.2	-	523.2	132.6	(7.2)	125.4	(100.3)	-	(100.3)	555.5	(7.2)	548.3
Contractual services	6 404.3	1 161.0	7 565.3	1 093.0	84.0	1 177.0	7 947.7	-	7 947.7	15 445.0	1 245.0	16 690.0
General operating expenses	6 741.2	1 872.5	8 613.7	2 219.8	317.4	2 537.2	(1 825.0)	(304.2)	(2 129.2)	7 136.0	1 885.7	9 021.7
Supplies and materials	63.6	31.8	95.4	46.9	26.9	73.8	(62.0)	(31.4)	(93.4)	48.5	27.3	75.8
Furniture and equipment	577.8	278.3	856.1	628.9	326.7	955.6	(833.1)	(416.7)	(1 249.8)	373.6	188.3	561.9
Sub-total	**34 930.8**	**10 676.1**	**45 606.9**	**5 188.5**	**1 524.3**	**6 712.8**	**6 644.2**	**(1 479.0)**	**5 165.2**	**46 763.5**	**10 721.4**	**57 484.9**

United Nations Joint Staff Pension Fund
Schedule II Continue

Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2017

(Thousands of United States dollars)

	Revised appropriation 2017			2016 budget balance c/f			Revision to appropriation			Final budget 2017		
	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total
B. Investment administrative expenses												
Posts	12 942.9	-	12 942.9	2 466.2	-	2 466.2	(3 326.0)	-	(3 326.0)	12 083.1	-	12 083.1
Other staff costs	1 508.6	-	1 508.6	1 097.1	-	1 097.1	(1 129.1)	-	(1 129.1)	1 476.6	-	1 476.6
Hospitality	13.2	-	13.2	13.9	-	13.9	-	-	-	27.1	-	27.1
Consultants	635.7	-	635.7	329.4	-	329.4	(150.0)	-	(150.0)	815.1	-	815.1
Travel of representatives	341.2	-	341.2	215.1	-	215.1	(215.1)	-	(215.1)	341.2	-	341.2
Travel of staff	575.2	-	575.2	583.5	-	583.5	(583.4)	-	(583.4)	575.3	-	575.3
Contractual services	22 415.1	-	22 415.1	10 215.6	-	10 215.6	(4 968.0)	-	(4 968.0)	27 662.7	-	27 662.7
General operating expenses	3 687.0	-	3 687.0	(237.2)	-	(237.2)	245.0	-	245.0	3 694.8	-	3 694.8
Supplies and materials	126.7	-	126.7	93.1	-	93.1	(51.7)	-	(51.7)	168.1	-	168.1
Furniture and equipment	127.8	-	127.8	686.8	-	686.8	-	-	-	814.6	-	814.6
Sub-total	**42 373.4**	**-**	**42 373.4**	**15 463.5**	**-**	**15 463.5**	**(10 178.3)**	**-**	**(10 178.3)**	**47 658.6**	**-**	**47 658.6**
C. Audit expenses												
External audit	327.7	65.6	393.3	0.1	-	0.1	-	-	-	327.8	65.6	393.4
Internal audit	861.6	172.3	1 033.9	133.2	28.8	162.0	(65.0)	(13.0)	(78.0)	929.8	188.1	1 117.9
Sub-total	**1 189.3**	**237.9**	**1 427.2**	**133.3**	**28.8**	**162.1**	**(65.0)**	**(13.0)**	**(78.0)**	**1 257.6**	**253.7**	**1 511.3**
D. Board expenses	488.9	-	488.9	59.7	-	59.7	-	-	-	548.6	-	548.6
Total administrative expenses	**78 982.4**	**10 914.0**	**89 896.4**	**20 845.0**	**1 553.1**	**22 398.1**	**(3 599.1)**	**(1 492.0)**	**(5 091.1)**	**96 228.3**	**10 975.1**	**107 203.4**

United Nations Joint Staff Pension Fund
Schedule II (continued)
Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2017

(Thousands of United States dollars)

	Final budget 2017			Actuals on a comparable basis			Variance			
	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Percentage
A. Fund secretariat administrative expenses										
Posts	15 688.7	7 110.6	22 799.3	15 061.8	6 662.7	21 724.5	(626.9)	(447.9)	(1 074.8)	(5)
Other staff costs	7 344.3	272.5	7 616.8	6 895.7	148.7	7 044.4	(448.6)	(123.8)	(572.4)	(8)
Hospitality	6.2	-	6.2	-	-	-	(6.2)	-	(6.2)	(100)
Consultants	165.7	(0.8)	164.9	91.9	(0.8)	91.1	(73.8)	-	(73.8)	(45)
Travel of staff	555.5	(7.2)	548.3	324.7	(7.2)	317.5	(230.8)	-	(230.8)	(42)
Contractual services *	15 445.0	1 245.0	16 690.0	14 974.4	1 277.1	16 251.5	(470.6)	32.1	(438.5)	(3)
General operating expenses **	7 136.0	1 885.7	9 021.7	7 006.7	1 906.4	8 913.1	(129.3)	20.7	(108.6)	(1)
Supplies and materials	48.5	27.3	75.8	28.4	12.0	40.4	(20.1)	(15.3)	(35.4)	(47)
Furniture and equipment	373.6	188.3	561.9	203.3	85.4	288.7	(170.3)	(102.9)	(273.2)	(49)
Sub-total	**46 763.5**	**10 721.4**	**57 484.9**	**44 586.9**	**10 084.3**	**54 671.2**	**(2 176.6)**	**(637.1)**	**(2 813.7)**	**(5)**
B. Investment administrative expenses										
Posts	12 083.1	-	12 083.1	10 946.5	-	10 946.5	(1 136.6)	-	(1 136.6)	(9)
Other staff costs	1 476.6	-	1 476.6	691.8	-	691.8	(784.8)	-	(784.8)	(53)
Hospitality	27.1	-	27.1	0.6	-	0.6	(26.5)	-	(26.5)	(98)
Consultants	815.1	-	815.1	0.3	-	0.3	(814.8)	-	(814.8)	(100)
Travel of representatives	341.2	-	341.2	116.4	-	116.4	(224.8)	-	(224.8)	(66)
Travel of staff	575.3	-	575.3	284.0	-	284.0	(291.3)	-	(291.3)	(51)
Contractual services *	27 662.7	-	27 662.7	19 659.4	-	19 659.4	(8 003.3)	-	(8 003.3)	(29)
General operating expenses **	3 694.8	-	3 694.8	3 566.5	-	3 566.5	(128.3)	-	(128.3)	(3)
Supplies and materials	168.1	-	168.1	20.8	-	20.8	(147.3)	-	(147.3)	(88)
Furniture and equipment	814.6	-	814.6	473.1	-	473.1	(341.5)	-	(341.5)	(42)
Sub-total	**47 658.6**	**-**	**47 658.6**	**35 759.4**	**-**	**35 759.4**	**(11 899.2)**	**-**	**(11 899.2)**	**(25)**

Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2017
(Thousands of United States dollars)

	Final budget 2017			Actuals on a comparable basis			Variance			
	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Pension Fund	United Nations	Total	Percentage
C. Audit expenses										
External audit	327.8	65.6	393.4	327.6	65.6	393.2	(0.2)	-	(0.2)	(0)
Internal audit	929.8	188.1	1 117.9	780.0	158.2	938.2	(149.8)	(29.9)	(179.7)	(16)
Sub-total	**1 257.6**	**253.7**	**1 511.3**	**1 107.6**	**223.8**	**1 331.4**	**(150.0)**	**(29.9)**	**(179.9)**	**(12)**
D. Board expenses	**548.6**	**-**	**548.6**	**408.2**	**-**	**408.2**	**(140.4)**	**-**	**(140.4)**	**(26)**
Total administrative expenses	**96 228.3**	**10 975.1**	**107 203.4**	**81 862.1**	**10 308.1**	**92 170.2**	**(14 366.2)**	**(667.0)**	**(15 033.2)**	**(14)**

The purpose of schedule II 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 actual costs on a comparable basis are consequently also shown 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.

* Fund secretariat: Actuals include expenditure for ICC ($7.1 million). IMD: Actuals include expenditure for external legal consultants ($0.8 million), investment advisory services ($3.4 million), custodial, EDP and other services ($15.4 million).

** Includes rental and maintenance of premises and other operating expenses.

United Nations Joint Staff Pension Fund

Notes to the Financial Statements

1. Description of the plan

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

1.1 General

2. The UNJSPF was established by the United Nations 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 UNJSPF is a multiple employer defined benefit plan. There are currently twenty three member organizations participating in the Fund. All participating organizations and employees contribute to the UNJSPF based on pensionable remuneration. The contribution rate is a fixed rate of 7.9% for participants and 15.8% for employers (Note 3.5).

3. The Fund is governed by a Pension Board made up of (i) twelve 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 (ii) twenty-one 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 (the "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 (CEO) also serves as Secretary of the Pension Board. The Secretary / CEO is appointed by the Secretary-General on the recommendation of the Pension Board.

6. The CEO is responsible for the administration of the Pension Fund and for the observance, by all concerned, of the Fund's Regulations, Rules and Pension Adjustment System. 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 in meetings of the Fifth Committee of the UN 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 CEO is responsible for providing a range of administrative functions to support the Investment Management Division (IMD). In accordance with article 7 (c) of the Fund's Regulations, in the absence of the CEO, the Deputy CEO ("DCEO") shall perform the functions of the CEO.

7. The investment of the assets of the Fund shall be decided upon by the Secretary-General after consultation with an Investments Committee and in the light of observations and suggestions made from time to time by the Board on the investments policy. 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 (RSG) for the investment of the assets of the Fund. The RSG 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 Board.

8. The Chief Financial Officer (CFO) reports to the CEO and to the RSG in their respective substantive responsibilities. The CFO is responsible for formulating financial policy for the Fund, for reviewing budgetary, financial and accounting operations of the Pension Fund and for ensuring that an adequate financial control environment of the UNJSPF is in place to protect the Fund's resources and guarantees the quality and reliability of financial reporting. Additionally, the CFO is responsible for setting the rules

for the collection from the different information systems and areas of the Fund, the financial and accounting data necessary for the preparation of the Fund's financial statements and has full access to such systems and data. The CFO ensures that the financial statements are in compliance with the Fund's Regulations and Rules, the accounting standards adopted by the Fund, as well as the decisions of the Pension Board and UN General Assembly. The CFO also certifies the Fund's 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 service without an interruption of more than thirty days. As of 31 December 2017, the Fund had active contributors (participants) from Member organizations/agencies include the main UN Secretariat, UNICEF, UNDP, and UNHCR as well as the various specialized agencies such as WHO, ILO, IAEA, ICAO, and UNESCO. (See Annex for a complete list of member organizations). There are currently periodic benefits paid to individuals in some 190 countries (See Annex for details). The total annual pension expenses are about US $2.7 billion, which are paid in 15 different currencies.

1.4 Operation of the Fund

10. Participant and beneficiary processing and queries are handled by Operations of the Fund Secretariat, in offices located in New York and Geneva. All the accounting for operations is handled in New York by centralized Financial Services. The centralized Financial Services of the Fund Secretariat also manages receipt of monthly contributions from member organizations and the payments of the monthly pension payroll.

11. The RSG is assisted by the staff of IMD 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 UNJSPF (JSPB/G.4/Rev.22) 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. 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 actuarial situation of the Fund as at 31 December 2017.

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 and age 62 for a participant whose service commenced or recommenced on or after 1 January 1990 and age 65 for a participant whose service commences or recommences on or after 1 January 2014.

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

a) 1.5% of final average remuneration multiplied by the first five years of contributory service,
b) 1.75% of final average remuneration multiplied by the next five years of contributory service,
c) 2% of final average remuneration multiplied by the next twenty five years of contributory service, and
d) The years of contributory service in excess of 35 and performed as from 1 July 1995, by 1% of the final average remuneration, subject to a maximum total accumulation rate of 70%.

15. The standard annual rate of retirement benefit for a participant who entered the Fund prior to 1 January 1983, is 2 percent of final average remuneration multiplied by contributory service not exceeding 30 years plus 1 percent 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 UNJSPF Regulations and Rules, is the greater of 60 percent of pensionable remuneration at date of separation or the maximum benefit that would be payable, at that date, to a participant at level D-2 (top step for the preceding five years).

17. The retirement benefit shall however be payable at the minimum annual rate which is obtained by multiplying the years of the participant's contributory service, not exceeding 10, by the smaller of $1,072.22 [effective 1 April 2017 – subject to subsequent

adjustments in accordance with the movement of the United States CPI under the Pension Adjustment System] or 1/30 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 $1,705.44 [effective 1 April 2017 – 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 5 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 (i) 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 level P-5) or the amount of the participant's own contributions at retirement, and the participant's retirement benefit is then reduced accordingly; or (ii) 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 5 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 percent for each year between retirement date and normal retirement age; except that (i) 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 percent a year, and the remaining part of the benefit is reduced by 3 percent a year; or (ii) if the participant has completed 30 or more years of contributory service at the date of retirement, the benefit is reduced by 1 percent a year; provided however that the rate in (i) or (ii) applies to no more than five years. The methodology of calculation of the early retirement benefits for employees participating on or after 1 January 2014 is detailed in article 29 of the UNJSPF Regulations and Administrative Rules.

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 5 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 percent for each year of contributory service in excess of 5 years, to a maximum increase of 100 percent.

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 $2,839.80 [effective 1 April 2017 – 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's 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's 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 that 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 1/3 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 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 dependants' benefit and the residual settlement benefit. A full description of these benefits is available in the UNJSPF Regulations and Administrative Rules.

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 US 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 U.S. dollar amount, as determined under the Regulations, Administrative Rules and Pension Adjustment System, 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 (two-track system).

33. The "real" value of a U.S. dollar amount is that amount adjusted over time for movements of the U.S. Consumer Price Index (CPI), while the purchasing power of a recipient's benefit, once established in local currency, is preserved by adjusting it to follow movements of the 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% of their pensionable remuneration to the plan and earn interest at a rate of 3.25 percent per year in accordance with the article 11 (c) of the UNJSPF Regulations. The participants' contributions for the year ended 31 December 2017 and 31 December 2016 were $792.6 million and $757.0 million, respectively. The contribution figures do not include interest on the contributions.

35. The member organizations' funding policy is to make contributions on an estimated monthly basis and then to reconcile these estimated amounts in an annual year-end process. The member organizations' contributions are also expressed as a percentage of the participants' pensionable remuneration as defined in article 54 of the Regulations of the Fund. The member organizations' contribution rate is currently 15.8%; these contributions to the Fund totalled $1,577.2 million and $1,506.6 million during calendar

year 2017 and 2016 respectively. When combined with the participants' contributions and expected investments returns, total funding is estimated to be sufficient to provide for all employees' benefits 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; and
(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 these 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 these 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 this sum 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 terminations terms during the reporting period

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

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 International Public Sector Accounting Standards ("IPSAS") as issued by the International Public Sector Accounting Standards Board ("IPSASB"). The UNJSPF adopted IPSAS as of 1 January 2012. This also specifically included the adoption of International Financial Reporting Standards ("IFRS") International Accounting Standard ("IAS") 26, *"Accounting and Reporting by Retirement Benefit Plans"*. While the Standard 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 UNJSPF has incorporated the guidance in IAS 26 into its financial policies, its financial statements presentation is based on this guidance. On a voluntary basis and upon request of the UN Board of Auditors, the Fund also presents cash flow statements on a comparative basis in accordance with IPSAS 2 *"Cash Flow Statements"* since 2016. 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 on a comparable basis and a reconciliation of actual and actual on a comparable basis (note 22). While IPSAS 24 states that the actual on a comparable basis should be reconciled to the cash flows from operating, investing and financing activities as per cash flow, 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 US dollars and all values are rounded to the nearest thousand US dollars except where otherwise indicated.

2.2 Significant Standards, interpretations, and amendments during the year

46. In July 2016, IPSASB issued IPSAS 39, “Employee Benefits”. IPSAS 39 supersedes the requirements in IPSAS 25, “Employee Benefits”. The significant changes introduced by IPSAS 39 as compared to IPSAS 25 are: removal of an option that allowed an entity to defer the recognition of changes in the net defined benefit liability (the “corridor approach”); Introduction of the net interest approach for defined benefit plans; and amendment of certain disclosure requirements for defined benefit plans and multi-employer plans. The standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Fund recognises actuarial gain and loss as expense, accordingly implementation of ISPAS 39 is not expected to have material impact on the Fund’s financial position. The Fund is currently evaluating the impact on changes in disclosures requirements on adoption of this accounting standard from 1 January 2018.

47. In January 2017, IPSASB issued IPSAS 40, “Public Sector Combinations” IPSAS 40 address accounting for combinations of entities and operations. The standard classifies public sector combinations as either amalgamations or acquisitions. For amalgamations, IPSAS 40 requires use of the modified pooling of interests method of accounting, in which the amalgamation is recognized on the date it takes place at carrying values of assets and liabilities. For acquisitions, IPSAS 40 requires use of the “acquisition” method of accounting, in which the acquisition is recognized on the date it takes place. The acquirer recognizes, separately from any goodwill recognized, the identifiable assets acquired and liabilities assumed at acquisition date fair value. The standard is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. IPSAS 40 will be applicable for combinations of entities and operations from 1 January 2019, accordingly the Fund does not expect any impact on its financial statements upon adoption of this accounting standard.

48. Other accounting standards and amendments to the existing standards that have been issued by the IPSASB are either not expected to have any impact or have immaterial impact on the Fund’s financial statements.

2.3 Other general information

49. 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 (MRK) collected and reconciled from source data provided by the IMD, global custodians and fund managers. For its administrative expenses, the Fund utilizes UN systems (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 UN 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.

3. Significant accounting policies

3.1 Cash and cash equivalents

50. 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 date of acquisition.

3.2 Investments

3.2.1 Classification of investments

51. 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 trade date basis. The designation and classification of the investments are carried out at initial recognition and reassessed at each reporting date.

52. 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.

53. 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 (ETFs), common and preferred stocks, stapled securities, 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).

3.2.2 Valuation of financial instruments

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

55. Investments in certain commingled funds, 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 of the funds on a fair value basis. Therefore, the Fund determines fair value using the net asset value (NAV) information as reported by the investee fund managers in the latest available quarterly capital account statements adjusted by any cash flows not included in the latest NAV reported by the investee fund manager. For financial assets and liabilities not designated at fair value through surplus and deficit, the carrying value approximates fair value.

3.2.3 *Interest and dividend income*

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

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

3.2.4 Income from real assets and alternative investments

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

3.2.5 Receivable/payable from/to investments traded

59. 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 receivable from investments to the extent the latest available NAV of the fund that declares a distribution has recognized the distribution to be made.

60. Impairment of receivable 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

61. The Fund's portfolio comprises of direct investments and indirect investments. Indirect investments are typically through an investment vehicle like Real Estate Investment Trust's, Exchange Traded Fund's Limited Liability Partnership's or Depository receipts. The Fund is exempt from national taxation of member states 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.

62. For direct investments some member states grant relief at source for the Fund's investment related transactions and income from investments whereas other member states continue to withhold taxes and reimburse the Fund upon filing of claim. In these instances, the Fund's custodians file claims to the governmental taxing authorities for refunds on behalf of the Fund. Taxes withheld on direct investments are initially recognized as "Withholding tax receivable" in the statement of net assets available for benefits. After initial recognition if there is objective evidence that the taxes are not recoverable, the carrying amount of the asset is reduced through the use of an allowance account. 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". At end of the year, the Fund measures its withholding tax receivable at the amount deemed recoverable.

63. For indirect investments the investment vehicle is typically taxable entity and the Fund is not directly responsible for any tax; further the taxes incurred by investment vehicle can seldom be attributed to the Fund other than investment in Depository receipts. Taxes attributed to the Fund on indirect investments are recognized in the statement of changes in net assets available for benefits and is included under "Withholding tax expense". To the extent the Fund is subsequently virtually certain that the taxes will be recovered the amount is recognized as "Withholding tax receivable" in the statement of net assets available for benefits.

64. The Fund also incurs cost on account of certain taxes which are based on the value of the transaction. Transaction based taxes include Stamp duty, Security Transaction Tax, Financial Transaction Tax amongst others. Transaction based taxes are recognized in the statement of changes in net assets available for benefits and is included under "Other Transaction Cost". To the extent the Fund is subsequently virtually certain that the taxes will be recovered the amount is recognized as "Other receivable" in the statement of net assets available for benefits.

3.4 Critical accounting estimates

65. 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

66. The Fund may hold financial instruments that are not quoted in active markets. Fair values of such instruments are 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.

67. 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. Broker quotes 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.

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

69. 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

70. 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

71. Annual review to assess potential impairment is another area where the Fund exercises significant judgment.

Provision for the Fund's non-investment related receivables

72. A provision is established to reflect the 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

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

3.5 Contributions

74. Contributions are recorded on an accrual basis. Participants and their employing member organizations are required to contribute 7.9% and 15.8%, respectively, of their pensionable remuneration to the Fund. 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 based on 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

75. 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. An estimated benefit liability is recognized for withdrawal settlements with a participation period of less than five years that the beneficiary has not submitted the payment instruction for 36 months from the time of the obligating event. The estimate is based on the average of the last five year expense for such cases.

3.7 Accounting for non-US dollar denominated currency translations and balances

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

77. At each reporting date, non-US dollar denominated monetary items are translated using the closing spot rate. The Fund applies the WM/Reuters Company rates (primary source) and Bloomberg and Thomson Reuters rates (secondary source) as spot rate for the 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 translation of these monetary items at rates different from those at which they were previously translated are recognized in the change in net assets available for benefits in the period in which they arise.

3.8 Leases

78. 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 &equipment (PP&E)

79. PP&E are stated at historical cost less accumulated depreciation and any impairment losses. All assets acquired for a cost of $20,000 and above will be capitalized. The Fund reviews this threshold annually for reasonableness. The Fund does not own land or buildings.

80. Depreciation is provided for PP&E over their estimated useful life using the straight line method. The estimated useful lives for PP&E 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

81. Leasehold improvements are recognized as assets and valued at cost and are depreciated over the lesser of 7 years or the lease term. Impairment reviews are undertaken if indicators of impairment exist.

3.10 Intangible assets

82. Intangible assets are capitalized if their cost exceeds the threshold of US$20,000, except for internally developed software where the threshold is US$50,000. The capitalized cost of internally developed software excludes those 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
Licenses and rights, copyrights and other intangible assets	Shorter of 3 years or the life of the asset

3.11 Emergency fund

83. The appropriation is made when the authorization is approved by the General Assembly. Participants wishing to avail themselves of this benefit make 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

84. A provision is recognized for future liabilities and charges if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

85. Contingent liabilities are disclosed for any possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund. Contingent liabilities are also disclosed where present obligations that arise from past events cannot be recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or the amount of the obligations cannot be reliably measured.

3.13 Employee benefits

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

87. After-service health insurance and repatriation grant are classified as defined benefit schemes and accounted for as such.

88. The employees of the Fund are themselves participating in the UNJSPF. While the Fund is a defined benefit scheme, it has been classified as a multi-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 obligation, 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. UNJSPF's contributions to the plan during the financial period are recognized as expenses in the statement of changes in net assets available for benefits.

3.14 Reconciliation of budget information

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

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

91. As required by IPSAS 24, "Statement of comparison of budget and actual amounts in relation to administrative expenses for the year ended 31 December 2017" provide a comparison of budget and actual 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 (> +/-10%) between the actual and budget amounts.

92. Note 22 provides a reconciliation of actual amounts presented on the same basis as the budget and administrative expense included in the Statement of changes in net assets.

3.15 Related party transactions

93. 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.

94. The following parties are considered related parties for UNJSPF:

a) Key management personnel: Chief Executive Officer, Representative of the Secretary-General, Deputy Chief Executive Officer, Director of Investment Management Division, Chief Financial Officer
b) United Nations General Assembly
c) 23 Member Organizations participating in UNJSPF
d) International Computing Centre

95. A summary of the relationship and transactions with the above parties is given in Note 24.

3.16 Subsequent events

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

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

4. Cash and cash equivalents

98. Cash and cash equivalents include:

(Thousands of United States dollars)

	31 December 2017	31 December 2016
Cash at Bank – IMD	722 512	1 372 817
Cash at Bank - Fund secretariat	207 181	153 812
Cash held by external managers	42 114	35 893
Total cash and cash equivalents	**971 807**	**1 562 522**

5. Financial instruments by category

99. The following tables provide an overview of all financial instruments held by category as of 31 December 2017 and 2016[1]:

(Thousands of United States dollars)

	As of 31 December 2017		
	Financial instruments at fair value	Loans and receivables	Other financial liabilities
Financial assets as per statement of net assets available for benefits			
Cash and cash equivalents	971 807	-	-
Investments			
Short-term investments	1 834 280	-	-
Equities	39 784 228	-	-
Fixed Income	15 329 947	-	-
Real assets	4 213 829	-	-
Alternative and other investments	2 403 366	-	-
Contributions receivable	-	6 939	-
Accrued income from investments	-	154 655	-
Receivable from investments traded	-	28 401	-
Withholding tax receivables	-	26 554	-
Other Assets	-	16 758	-
Total financial assets	**64 537 457**	**233 307**	**-**
Financial liabilities as per statement of net assets available for benefits			
Benefits payable	-	-	148 186
Payable from Investments traded	-	-	157 699
ASHI and other employee benefit liabilities	-	-	94 363
Other accruals and liabilities	-	-	11 044
Total financial liabilities	**-**	**-**	**411 292**

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

Investments exceeding five percent of net assets

100. There were no investments representing five percent or more of net assets available for benefits as of 31 December 2017.

101. There were no investments representing five percent or more of equities, fixed income, real assets and alternative and other investments as of 31 December 2017.

(Thousands of United States dollars)

	As of 31 December 2016		
	Financial instruments at fair value	**Loans and receivables**	**Other financial liabilities**
Financial assets as per 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 per statement of net assets available for benefits			
Benefits payable	-	-	133 782
Payable from Investments traded	-	-	8 138
ASHI and other employee benefit liabilities	-	-	76 736
Other accruals and liabilities	-	-	18 987
Total financial liabilities	-	-	**237 643**

Investments exceeding five percent of net assets

102. There were no investments representing five percent or more of net assets available for benefits as of 31 December 2016.

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

6. Fair value measurement

104. IPSAS establishes a three-level fair value hierarchy under which financial instruments are categorized based on 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 based on unobservable inputs, that investment is classified as Level 3.

105. 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.

106. The following tables present the fair value hierarchy of the Fund's investments (by asset class) measured at fair value as at 31 December 2017 and 31 December 2016:

(Thousands of United States dollars)

Fair value hierarchy as of 31 December 2017	Level 1	Level 2	Level 3	Total
Short term investments				
Government and Agencies securities	-	158 321	-	158 321
Corporate Bonds	-	680 728	90 015	770 743
Notes, Deposits and Commercial paper	-	36 067	-	36 067
Commercial Mortgage-Backed	-	869 149	-	869 149
Total Short term investments	**-**	**1 744 265**	**90 015**	**1 834 280**
Equities				
Common and preferred stock	36 781 931	-	-	36 781 931
Funds-Exchange traded funds	2 595 365	-	-	2 595 365
Real Estate Investment Trusts	210 016	-	-	210 016
Funds-common stock	-	-	146 906	146 906
Stapled securities	50 010	-	-	50 010
Total Equities	**39 637 322**	**-**	**146 906**	**39 784 228**
Fixed Income				
Government and Agencies securities	-	11 339 964	-	11 339 964
Corporate Bonds	-	3 152 503	-	3 152 503
Municipal/Provincial Bonds	-	778 966	-	778 966
Commercial Mortgage-Backed	-	9 958	-	9 958
Funds - Corporate Bond	-	-	48 556	48 556
Total Fixed Income	**-**	**15 281 391**	**48 556**	**15 329 947**
Real Assets				
Real Estate funds	-	253 893	3 809 681	4 063 574
Infrastructure assets	-	-	132 167	132 167
Timberlands	-	-	18 088	18 088
Total Real Assets	**-**	**253 893**	**3 959 936**	**4 213 829**
Alternatives and Other investments				
Private Equity	-	-	2 285 545	2 285 545
Commodity funds	-	-	117 821	117 821
Total Alternatives and other investments	**-**	**-**	**2 403 366**	**2 403 366**
Total	**39 637 322**	**17 279 549**	**6 648 779**	**63 565 650**

(Thousands of United States dollars)

Hierarchy disclosure as of 31 December 2016	**Level 1**	**Level 2**	**Level 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**
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**
Alternatives and other investments				
Private equity	-	-	1 547 504	1 547 504
Commodity funds	-	-	116 297	116 297
Total Alternatives and other investments	**-**	**-**	**1 663 801**	**1 663 801**
Total	**34 297 113**	**13 102 610**	**5 551 527**	**52 951 250**

Short Term:

107. Corporate bonds amounting to $90.0 million as of 31 December 2017 (31 December 2016: $126.2 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.

Equities:

108. 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.

109. Common stock funds amounting to $146.9 million as of 31 December 2017 (31 December 2016: $158.4 million) were valued using a net asset value (NAV) approach and hence classified under Level 3.

Fixed income:

110. 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 brokers' bids which were indicative quotes and therefore classified as Level 2.

111. Corporate bond funds amounting to $48.6 million as of 31 December 2017 (31 December 2016: $46.7 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 alternatives and other investments:

112. Real assets amounting to $3,959.9 million as of 31 December 2017 (31 December 2016: $3,556.4 million) as well as alternative and other investments amounting to $2,403.4 million as of 31 December 2017 (31 December 2016: $1,663.8 million) were classified under Level 3 as they were priced using the net asset value (NAV) methodology for which the Fund was unable to corroborate or verify 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.

113. Two real estate fund amounting to $253.9 million (31 December 2016: $239.6 million) which were readily redeemable at net asset value without penalties were classified as Level 2 assets representing the NAV as reported by the fund manager.

114. There were no transfers between levels in 2017.

115. The following table presents the inter-level transfers for the year ended 31 December 2016:

(Thousands of United States dollars)

	Level 1	Level 2	Level 3	Total
Transfer into				
Fixed income	-	19 370	-	19 370
Equities	-	-	29 836	29 836
Alternatives and other Investment	-	-	-	-
Total	**-**	**19 370**	**29 836**	**49 206**
Transfer out of				
Fixed income	-	-	(19 370)	(19 370)
Equities	-	-	-	-
Alternative and other investment	-	-	(29 836)	(29 836)
Total	**-**	**-**	**(49 206)**	**(49 206)**

116. 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 was priced by multiple vendors as at 31 December 2016 as compared to a single vendor as at 31 December 2015. As such, the Fund has decided to classify this investment as Level 2.

117. The following table present the movements in Level 3 instruments for the period ended 31 December 2017 by class of financial instrument:

(Thousands of United States dollars)

	Equities	Fixed Income	Real assets	Alternative and others investments	Total
Opening balance	158 361	172 919	3 556 446	1 663 801	**5 551 527**
Purchases	845	88 130	759 979	780 513	**1 629 467**
Sales/ Return of capital	(29 441)	(139 964)	(756 102)	(440 867)	**(1 366 374)**
Transfers (out) / in of level 3	-	-	-	-	-
Net gains and losses recognized in the statement of changes in net assets available for benefits	17 141	17 486	399 613	399 919	**834 159**
Closing balance	**146 906**	**138 571**	**3 959 936**	**2 403 366**	**6 648 779**
Change in unrealized gains and losses for level 3 assets held at the period end and included in statements of changes in net assets available for benefits	(2 238)	5 859	169 555	216 533	359 709

118. The following table presents the movements in Level 3 instruments for the year ended 31 December 2016 by class of financial instrument:

(Thousands of United States dollars)

	Equities	Fixed Income	Real assets	Alternative and others 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) / in of level 3	29 836	(19 370)	-	(29 836)	**(19 370)**
Net gains and 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 and losses for level 3 assets held at the period end and included in statements of changes in net assets available for benefits	(13 176)	(1 869)	205 168	142 846	332 969

7. Accrued income from investments

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

(Thousands of United States dollars)

	31 December 2017	31 December 2016
Cash and cash equivalents	719	324
Short term investments	9 243	5 447
Fixed income securities	99 254	86 486
Dividends receivable on equities	43 280	44 919
Real assets and alternative investments	2 159	2 135
Total accrued income from investments	**154 655**	**139 311**

8. Withholding tax receivables

120. Withholding tax receivable as of 31 December 2016 and 2017 and withholding tax expense for the year ended 31 December 2016 and 2017 by county are as follows:

(Thousands of United States dollars)

	For the year 2016			As at 31 December 2016			For the year 2017			As at 31 December 2017		
Country	**Tax withheld**	**Tax received**	**Tax expense**	**Tax recoverable**	**Deemed not recoverable**	**Tax receivable**	**Tax withheld**	**Tax received**	**Tax expense**	**Tax recoverable**	**Deemed not recoverable**	**Tax receivable**
Australia	-	-	-	130	-	130	-	-	130	140	(140)	-
Austria	-	-	1	26	-	26	-	-	(4)	30	-	30
Belgium	1 129	1 128	1	-	-	-	316	320	(4)	-	-	-
Brazil	208	-	208	495	(495)	-	461	-	461	486	(486)	-
Chile	263	-	263	-	-	-	319	25	279	15	-	15
China	2 080	270	1 810	9 213	(9 213)	-	3 189	168	3 021	11 066	(11 066)	-
France	-	-	-	-	-	-	195	-	(24)	219	-	219
Germany	7 585	7 907	430	5 696	-	5 696	7 337	-	(1 519)	14 552	-	14 552
Greece	-	-	107	104	(104)	-	-	-	-	118	(118)	-
Ireland	23	-	2	21	-	21	113	-	(11)	145	-	145
Israel	5	-	5	-	-	-	37	-	37	-	-	-
Mexico	-	-	-	-	-	-	13	-	-	13	-	13
Netherlands	1 675	1 626	53	139	-	139	1 716	1 816	(38)	77	-	77
Papua New Guinea	-	-	-	-	-	-	21	-	21	21	(21)	-
Russian Federation	591	-	918	170	-	170	1 254	608	816	-	-	-
Singapore	-	-	37	-	-	-		-	-	-	-	-
Spain	2 195	2 271	(2)	191	-	191	1 983	1 974	(29)	229	-	229
Sweden	-	-	29	28	(28)	-	-	-	-	32	(32)	-
Switzerland	7 288	7 239	(60)	2 201	-	2 201	8 999	2 322	(370)	9 248	-	9 248
Turkey	-	-	-	394	(394)	-	-	-	-	366	(366)	-
United Kingdom	1 645	2 600	(53)	1 927	-	1 927	2 012	2 161	(248)	2 026	-	2 026
Total	**24 687**	**23 041**	**3 749**	**20 735**	**(10 234)**	**10 501**	**27 965**	**9 394**	**2 518**	**38 783**	**(12 229)**	**26 554**

121. In Brazil, some provinces in China and for certain periods 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 2017.

122. Aging analysis of withholding tax receivable as of 31 December 2017 and 2016 are as follows:

(Thousands of United States dollars)

Country	As at 31 December 2017			As at 31 December 2016		
	Greater than 3 years	Less than 3 years	Tax receivable	Greater than 3 years	Less than 3 years	Tax receivable
Australia	-	-	-	67	63	130
Austria	30	-	30	-	26	26
Chile	-	15	15	-	-	-
France	-	219	219	-	-	-
Germany	-	14 552	14 552	-	5 696	5 696
Ireland	-	145	145	-	21	21
Mexico	-	13	13	-	-	-
Netherlands	-	77	77	-	139	139
Russian Federation	-	-	-	170	-	170
Spain	-	229	229	-	191	191
Switzerland	-	9 248	9 248	-	2 201	2 201
United Kingdom	-	2 026	2 026	-	1 927	1 927
Total	**30**	**26 524**	**26 554**	**237**	**10 264**	**10 501**

9. Other assets

123. 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 2017	31 December 2016
Prepayments and benefits receivable	16 233	13 688
Property, plant and equipment	2 787	3 912
Intangible assets in use	3 649	10 298
UN receivable	-	4 891
Other receivables	525	448
Total	**23 194**	**33 237**

9.1 Prepayments and benefits receivables

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

(Thousands of United States dollars)

	31 December 2017	31 December 2016
Prepayments	2 625	491
Advance benefit payments due to payroll conversion	8 663	9 817
Benefits receivable	9 556	8 092
Benefits receivable – provision	(4 611)	(4 712)
Total	**16 233**	**13 688**

9.2 Property, plant & equipment

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

(Thousands of United States dollars)

	IT Equipment	Leasehold Improvements		Total
	in use	in use	Under construction	
Cost				
1 January 2017	1 595	13 963	-	**15 558**
Additions	-	-	190	**190**
Disposals / Transfers	(248)	-	-	**(248)**
31 December 2017	1 347	13 963	190	**15 500**
Accumulated depreciation				
1 January 2017	1 289	10 357	-	**11 646**
Depreciation	161	1 154	-	**1 315**
Disposals / Transfers	(248)	-	-	**(248)**
31 December 2017	1 202	11 511	-	**12 713**
Net book value				
31 December 2017	**145**	**2 452**	**190**	**2 787**

(Thousands of United States dollars)

	IT Equipment	Leasehold Improvements		Total
	in use	in use	under construction	
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**

126. The leasehold improvements In Use and Under Construction included above relate to the Fund’s improvements to its offices at New York.

9.3 Intangible assets

127. 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 in use	Under Construction	Total Intangible assets
Cost			
1 January 2017	21 722	-	**21 722**
Additions	-	-	-
Transfers	-	-	-
Disposals	-	-	-
31 December 2017	21 722	-	**21 722**
Accumulated amortization			
1 January 2017	11 424	-	**11 424**
Amortization	6 649	-	**6 649**
Disposals	-	-	-
31 December 2017	18 073	-	**18 073**
Net book value			
31 December 2017	**3 649**	-	**3 649**

(Thousands of United States dollars)

	Intangible assets in use	Under Construction	Total Intangible assets
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 amortization			
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**

10. Benefits payable

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

(Thousands of United States dollars)

	31 December 2017	31 December 2016
Withdrawal Settlements	57 683	41 210
Lump sum payments	48 236	52 105
Periodic benefit payable	41 974	40 524
Other benefits payables/adjustments	293	(57)
Total	**148 186**	**133 782**

11. After-service health insurance and other employee benefits

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

(Thousands of United States dollars)

	31 December 2017	31 December 2016
ASHI liability	86 601	69 383
Repatriation grant and related costs	3 407	2 932
Education grant and related costs	331	292
Death benefit	-	149
Annual leave	3 735	3 724
Home leave	289	256
Total	**94 363**	**76 736**

ASHI, annual leave, repatriation grants and death benefit liability:
130. 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 (ASHI).
- 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 dependent(s)

131. The liabilities as of 31 December 2017 were calculated based on census data as at 31 October 2017, provided to the actuary by the United Nations; the liabilities as of 31 December 2016 were the result of the roll-forward to 31 December 2016 of the end-of-service benefit obligations as of 31 December 2015 for the Fund by the consulting actuary; 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; and
- generally accepted actuarial methods and procedures.

132. 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 of 31 December 2015.

133. The key assumptions in the calculation of after-service liabilities are the discount rate and healthcare trend rates. The discount rate is based on the “spot” rate that 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.

134. For 31 December 2017, the single equivalent discount rates were selected and determined by the Fund, as follows:

- 3.64% for ASHI scheme
- 3.47% for repatriation benefits
- 3.52% for annual leave

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

- 3.83% for ASHI scheme
- 3.46% for repatriation benefits
- 3.58% for annual leave
- 3.29% for death benefits

136. For comparison purposes, the table below shows the percentage change due to a 1% change in the discount rate.

	Impact on accrued liability			
Discount rate	**ASHI**	**Repatriation benefit**	**Annual leave**	**Death benefit**
Increase of 1.0%	18% decrease	9% decrease	9% decrease	7% decrease
Decrease of 1.0%	24% increase	10% increase	10% increase	7% increase

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

	31 December 2017	**31 December 2016**
US Non Medicare	5.7% trending down to 3.85% after 15 years	6.0% trending down to 4.5% after 8 years
US Medicare	5.5% trending down to 3.85% after 15 years	5.7% trending down to 4.5% after 7 years
US Dental	4.8% trending down to 3.85% after 15 years	4.9% trending down to 4.5% after 9 years
Non US - Switzerland	4.0% trending down to 3.05% after 10 years	4.0% per year
Non US - Eurozone	4.0% trending down to 3.05% after 10 years	4.0% per year

138. The increase in the total ASHI liabilities reported from 31 December 2016 to 31 December 2017 is primarily due to the impact of changing the actuarial assumptions, in particular the increase in life expectancies and the decrease in discount rates for benefits denominated in USD.

139. Other specific key assumptions used in the calculations based on census data as of 31 October 2017 were as follows:

ASHI

140. 217 active staff were included in the calculation: 181 U.S. based and 36 Non-U.S. based. 91 retired staff or their surviving spouses were included in the calculation: 76 U.S. based and 15 non-U.S. based. In addition, 4 active staff and 3 retirees or their surviving spouses that participated in dental only plans were included. For active staff, the average age was 47 years with 10 years of service. The average age of retirees was 69 years.

Repatriation Benefits

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

142. The amount ranges from 2-28 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.

143. 82 eligible staff with an average annual salary of US$81,804 were considered.

Annual Leave

144. 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. Payment amount is calculated at 1/261 of applicable salary amounts for each unused annual leave day.

145. 280 active staff with an average annual salary of US$99,432 were considered.

12. Other accruals and liabilities

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

(Thousands of United States dollars)

	31 December 2017	31 December 2016
Accruals for management fees and expenses	5 030	10 287
Accrual for contractual services	-	4 339
Restoration payable	2 485	2 036
Operating leases rent accrual	1 122	1 755
ASHI payable to member organizations	6	7
UN payable	1 874	-
Audit fee accrual	197	197
Other	330	366
Total	**11 044**	**18 987**

13. Investment income

147. The following table summarizes the Fund’s income from investments net of transaction costs recognized during the period. Any transaction cost which 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.

148. 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 UNJSPF is part of the UN and hence exempt from national taxation of member states on its direct investments in accordance with Article 105 of the Charter of the United Nations and with Article II, Section 7 (a) of the 1946 Convention on the Privileges and Immunities of the United Nations (refer to Note 3.3). The Fund is not able to reliably measure the value of the additional tax exemption obtained by being part of the UN 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)

	2017	2016
Total change in fair value for financial assets designated at fair value	**9 081 326**	**1 582 604**
Interest income		
Interest income on cash and cash equivalents	9 298	3 287
Interest income on fixed income instruments	352 444	322 499
Total interest income	**361 742**	**325 786**
Total dividend income	**865 788**	**821 651**
Total income from real assets	**65 530**	**55 015**
Transaction costs		
Management fees and other related fees	(103 842)	(90 696)
Small capitalization fund management fees	(12 511)	(10 087)
Brokerage commissions	(13 770)	(13 012)
Other transactions cost	(3 022)	(3 699)
Total transaction cost	**(133 145)**	**(117 494)**
Net investment income	**10 241 241**	**2 667 562**

149. The following tables present the change in fair value of investments by asset class as a result of change in market price and currency exchange rate for the year ended 31 December 2017 and 31 December 2016.

	2017			2016		
	Market Price	**Currency***	**Total change**	**Market price**	**Currency***	**Total change**
Short-term investments	(8 431)	89 522	81 091	(4 014)	(13 616)	(17 630)
Equities	6 572 139	865 916	7 438 055	2 008 382	(425 868)	1 582 514
Fixed Income	(6 345)	644 309	637 964	(284 677)	(210 523)	(495 200)
Real assets investments	416 993	54 797	471 790	300 984	(19 206)	281 778
Alternative investments	422 238	22 471	444 709	241 396	(5 959)	235 437
Cash, cash equivalents and receivable and payable from investment traded	-	7 717	7 717	-	(4 295)	(4 295)
Total change in fair value for financial assets designated at fair value	**7 396 594**	**1 684 732**	**9 081 326**	**2 262 071**	**(679 467)**	**1 582 604**

*Change in currency exchange gain/(loss) include $332.5 million (2016: $775.9 million) realized currency exchange loss and $2,017.2 million un-realized currency exchange gain (2016: $96.4 million).

14. Contributions

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

(Thousands of United States dollars)

	2017	2016
Contribution from participants		
Regular contributions	787 636	752 314
Contribution for validation	869	607
Contribution for restoration	4 088	4 118
	792 593	**757 039**
Contributions from member organizations		
Regular contributions	1 575 272	1 504 629
Contribution for validation	1 879	1 564
	1 577 151	**1 506 193**
Other contributions		
Contributions for participant transferred in under agreements	5 826	3 827
Receipts of excess actuarial value over regular contributions	546	171
Other contributions/adjustments	24 796	6 268
	31 168	**10 266**
Total contributions for the period	**2 400 912**	**2 273 498**

151. The contribution varies based on 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.

15. Other income

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

(Thousands of United States dollars)

	2017	2016
Class action proceeds and claims	7 663	485
Notional interest income	3 835	2 093
UN University management fees	50	50
Other income	76	740
Total other income for the period	**11 624**	**3 368**

16. Benefit expenses

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

(Thousands of United States dollars)

	2017	**2016**
Withdrawal settlements and full commutation of benefits		
For contributory services of 5 years or less	42 413	42 790
For contributory services more than 5 years	152 390	74 605
	194 803	117 395
Retirement benefits		
Full retirement benefits	1 343 089	1 297 563
Early retirement benefits	684 426	668 319
Deferred retirement benefits	97 412	93 225
Disability benefits	75 452	67 886
Survivor's benefits	248 154	234 666
Child's benefits	31 040	29 632
	2 479 573	2 391 291
Other benefits/adjustments		
Payments for participants transferred out under agreements	2 523	228
Other benefits/adjustments	(3 629)	(2 379)
	(1 106)	(2 151)
Total benefit expenses for the period	**2 673 270**	**2 506 535**

17. Administrative Expenses

154. Administrative expenses in 2017 and 2016 are as follows:

(Thousands of United States dollars)

	2017				
	Administrative expenses	**Investment expenses**	**Audit fees**	**Board expenses**	**Total**
Established posts (excluding change in the value of the ASHI liability)	15 371	11 044	-	-	26 415
Changes in the value of the ASHI liability	12 789	4 130	299	-	17 218
Other staff costs	6 900	692	-	-	7 592
Hospitality	-	1	-	-	1
Consultants	341	7	-	-	348
Travel	329	403	-	-	732
Contractual services *	18 194	15 742	-	-	33 936
General operating expenses	4 698	4 085	-	-	8 783
Supplies and materials	29	21	-	-	50
Furniture and equipment	296	525	-	-	821
Audit costs (excluding change in the value of the ASHI liability)	-	-	1 095	-	1 095
Board expenses	-	-	-	409	409
Total administrative expenses	**58 947**	**36 650**	**1 394**	**409**	**97 400**

* Includes training cost

(Thousands of United States dollars)

	2016				
	Administrative expenses	**Investment expenses**	**Audit fees**	**Board expenses**	**Total**
Established posts (excluding change in the value of the ASHI liability)	14 387	10 418	-	-	24 805
Changes in the value of the ASHI liability	4 655	1 474	116	-	6 245
Other staff costs	4 189	363	-	-	4 552
Hospitality	-	-	-	-	-
Consultants	113	87	-	-	200
Travel	349	395	-	-	744
Contractual services *	14 052	13 016	-	-	27 068
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 ASHI liability)	-	-	1 099	-	1 099
Board expenses	-	-	-	416	416
Total administrative expenses	**42 653**	**30 480**	**1 215**	**416**	**74 764**

* Includes training cost

18. Other Expenses

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

(Thousands of United States dollars)

	31 December 2017	31 December 2016
Emergency fund expense	117	40
Notional interest expense	2 231	637
Other expenses and claims	459	605
Total other expenses for the period	**2 807**	**1 282**

19. Actuarial situation of the Fund (See also Note 1.5)

156. 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 staff have rendered as of 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.

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

158. 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.

159. 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

160. The significant actuarial assumptions used in the valuation as at 31 December 2017 are as follows:

- Life expectancy of participants (2017 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-fourth session;
- Annual nominal investment return of 6.0% which serves as the discount rate for liabilities; and
- Annual rate of 2.5% for cost-of-living increases in pensions;
- Assumed long-term cost of Two-Track system of 2.1% of pensionable remuneration; and
- Assumed percentage of benefits commuted by retired participants of 19% of annuity payments.

161. These key assumptions were recommended by the Committee of Actuaries and adopted by the Pension Board at its sixty fourth session in July 2017. 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.

Statement of accumulated benefits

162. The actuarial present value of accumulated plan benefits as of 31 December 2017 is as follows (See Note 1.11 for the description of the pension adjustment system):

	If future pension payments are made under Regulations:	
	Without Pension Adjustments $ Million	**With Pension Adjustments $ Million**
(1) Actuarial Value of Vested Benefits		
(a) Participants Currently Receiving Benefits	25 902	34 057
(b) Vested terminated Participants	742	1 279
(c) Active Participants	14 040	19 278
(d) Total Vested Benefits	**40 684**	**54 614**
(2) Non-Vested Benefits	921	1 165
(3) Total Actuarial Present Value of Accumulated Plan Benefits	**41 605**	**55 779**

Information on participation in UNJSPF

163. The participation in the plan developed as follows:

	As of 31 December 2017
Active Participants*	
Number	116 985
Annual remuneration (in millions)	$10 464
Average remuneration	**$89 451**
Inactive participants* and beneficiaries**	
Number	87 806
Annual benefit (in millions)	$2 455
Average benefit	**$27 963**

* For purposes of the actuarial valuation 9,559 inactive participants are separated from the total number of participants and reflected in the valuation as a participant with a deferred benefit entitlements.
** Multiple benefits in payments were combined for selected beneficiaries.

Actuarial asset value used for periodic actuarial valuations

164. The actuarial assets value used for purposes of preparing the periodic actuarial valuation differs from the value presented in the Financial Statements. The periodic actuarial valuation presents a value using a 5-year moving market average methodology. A 15 per cent limiting corridor 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 of the valuation date. Starting with the 31 December 2013 valuation, a gradual transition to the alternative asset averaging methodology was introduced with a targeted completion in the actuarial valuation effective 31 December 2019. The effect of transitioning to the alternative assets averaging methodology is an increase in actuarial assets of $ 3,439 million as at 31 December 2017.

20. Commitments and contingencies

20.1 Investment commitments

165. As of 31 December 2017 and 2016, the Fund was committed to the following investment commitments:

(Thousands of United States dollars)

	31 December 2017	31 December 2016
Real Estate Funds	2 025 968	2 045 371
Private Equity	1 920 260	1 967 515
Infrastructure Funds	65 598	60 020
Timberland Funds	11 270	86 701
Total commitments	**4 023 096**	**4 159 607**

166. In the private equity and 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

167. As of 31 December 2017 and 2016, the Fund was committed to the following lease commitments:

(Thousands of United States dollars)

	31 December 2017	31 December 2016
Obligations for property leases:		
Under 1 year	6 802	6 566
1-5 years	11 025	16 380
Beyond 5 years	-	-
Total property leases obligations	**17 827**	**22 946**

20.3 Legal or contingent liabilities and contingent assets

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

169. 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 incurrence of an event outside of the control of the Fund. There were no contingent assets as at 31 December 2017 or 31 December 2016.

21. Risk assessment

170. 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).

171. The Fund's investment risk management program 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 (IC) provides advice to the RSG on investment strategy and reviews the investments of the Fund at its quarterly meetings. The IC advises on long term policy, asset allocation and strategy, diversification by type of investments, currencies and economic sectors and any other matters.

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

21.1 Credit risk

173. 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, monitoring and implementing a review process for credit exposure; and
- Ensuring adequate controls over credit risk.

174. The Fund is primarily exposed to credit risk in its debt securities (Total Fixed Income; 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, S&P, Moody's or Fitch. For purposes of consistency in this disclosure, the Fund used Moody's Investors Service which provided ratings on most of the Fund's debt securities in 2017. As of 31 December 2017, 90% (2016: 92%) individual securities of the fixed income portfolio were investment grade (rated between Aaa to Baa3) by Moody's.

175. The analysis below summarizes the credit quality of the Fund's fixed income portfolio at 31 December 2017 and 31 December 2016 respectively as provided by Moody's rating agency.

(Thousands of United States dollars)

	31 December 2017			
	Aaa to A3	**Baa1 to Baa3**	**Not Rated**	**Total**
Commercial mortgage-backed	7 262	-	-	7 262
Corporate bonds	2 495 552	472 226	184 725	3 152 503
Funds - corporate bond	-	-	48 556	48 556
Government agencies	1 628 710	-	128 068	1 756 778
Government bonds	7 622 010	807 341	1 011 985	9 441 336
Government mortgage-backed	3 461	-	138 389	141 850
Municipal/Provincial bonds	724 618	-	54 348	778 966
Non-government-backed collateralized mortgage obligations	2 696	-	-	2 696
Total Fixed Income	**12 484 309**	**1 279 567**	**1 566 071**	**15 329 947**
Short-term investments	**649 965**	**122 094**	**1 062 221**	**1 834 280**

(Thousands of United States dollars)

	31 December 2016			
	Aaa to A3	**Baa1 to 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**

176. Of the unrated fixed income securities totaling $1,566.1 million as of 31 December 2017, $1,355.6 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 credit worthiness. Of the remaining unrated debt securities amounting to $210.5 million for which no issuer rating was available by Moody’s, seventeen debt securities amounting to $161.9 million were of investment grade by at least one of the other two rating agencies (S&P and Fitch), and another security amounting to $48.6 million was a bond fund, and as such, was not evaluated by a credit rating agency.

177. Of the unrated short-term securities totaling $1,062.2 million as of 31 December 2017, $938.2 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 credit worthiness. The remaining six unrated debt securities amounting to $124.0 million for which no issuer rating was available by Moody’s, were of investment grade by at least one of the other two rating agencies (S&P and Fitch).

178. Of the unrated fixed income securities totaling $998.8 million as of 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 credit worthiness. Of the remaining unrated debt securities amounting to $103.7 million for which no issuer rating was available by Moody’s, seven debt securities amounting to $57.0 million were of investment grade by at least one of the other two rating agencies (S&P 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.

179. Of the unrated short-term securities totaling $452.7 million as of 31 December 2016, $429.7 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 credit worthiness. The remaining one unrated debt security amounting to $23.0 million for which no issuer rating was available by Moody’s, were of investment grade by at least one of the other two rating agencies (S&P and Fitch).

180. 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

181. 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’s financial liabilities as at 31 December 2017 and 31 December 2016 contractually mature within three months. The Fund manages its liquidity risk by investing the vast majority of its investments in liquid securities.

21.3 Market risk

182. Market risk is the risk of change in the value of plan assets due to 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 (VaR) 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 has risk tolerance for investment risks in the Investment Policy approved by the RSG. Based on this risk tolerance, a risk budget has been assigned to each portfolio manager. The risk budget is modified once a year.

183. 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 VaR is to assess market risks that result from changes in market prices. There are three key characteristics of VaR: (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%). When reported as 95% confidence, VaR(95) number (in percentage or in dollar terms) indicates that there is 95% chance that portfolio losses will not exceed the given VaR95 number (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% 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%, 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%). VaR(95) is not additive due to the diversification effect.

184. The table below depicts four important aspects of risks. 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% and each of the asset class below indicates the contribution to the risk. Expected shortfall at 5% (because the Fund is indicating VaR at 95%), indicates average value or expected value of losses for the 5% of the times when losses exceed VaR95.

185. All numbers in the chart below are annualized using historical simulation.

2017:

Asset Class	Volatility (Standard Deviation)	VaR (95%)	Contribution to Risk	Expected Shortfall (5%)
Total fund	8.10	11.85	100.00	19.84
Total equity	11.35	17.18	84.89	28.79
Fixed income	5.33	8.97	2.29	12.65
Cash and short term	3.19	5.20	0.43	7.31
Real estate	14.62	26.58	7.52	36.35
Private equity	11.07	16.73	4.49	27.93
Commodities	13.36	22.32	0.12	29.16
Infrastructure	14.36	26.65	0.22	35.90

Note: Figures are reported from MSCI RiskMetrics as of 29 December 2017

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 of 31 December 2016

186. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations. Key assumptions include, a 1-day holding period to hedge or dispose of positions which may not be the case for illiquid

assets or due to adverse market conditions; a 95% confidence level indicates that there is a 5% probability of losses exceeding the VaR at 95%; VaR calculated on an end-of-day basis does not reflect changes during the trading day; and the use of historical data and Monte Carlo simulation may not cover all possible scenarios, especially those of an exceptional nature.

Price risk:

187. 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 US dollar, the price is initially expressed in non-US dollar denominated currency and is then converted into US dollars, which will also fluctuate because of changes in currency exchange rates.

188. At 31 December 2017 and 31 December 2016, the fair value of equities exposed to price risk was as follows:

(Thousands of United States dollars)

	31 December 2017	31 December 2016
Common and preferred stock	36 781 931	31 366 431
Funds – exchange traded funds (ETFs)	2 595 365	2 646 766
Real estate investment trusts (REITs)	210 016	240 075
Funds - common stock	146 906	158 361
Stapled securities	50 010	43 841
Total equity instruments	**39 784 228**	**34 455 474**

189. Considering the total Fund risk as 100%, the contribution to risk (total fund) due to market risk is 89.9% (2016: 93.4%). For the total fund's risk, equities contributed 84.9% (2016: 86.7%) to the total fund risk and the rest is contributed by all other asset classes.

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

191. The Fund's equity investment portfolio by industrial sector in 2017 and 2016 were as follows:

	31 December 2017		31 December 2016	
General Industry Classification Standards	**Fund's equity portfolio**	**Benchmark**	**Fund's equity portfolio**	**Benchmark**
Financials	18.08%	18.74%	17.22%	18.68%
Information Technology	17.97%	18.09%	16.29%	15.53%
Consumer Discretionary	11.78%	12.01%	11.80%	12.10%
Energy	5.67%	6.38%	6.47%	7.35%
Health Care	10.90%	10.68%	11.05%	11.05%
Industrials	9.01%	10.86%	8.62%	10.63%
Consumer Staples	7.72%	8.75%	8.28%	9.48%
Materials	5.21%	5.50%	5.05%	5.27%
Telecommunication Services	2.60%	3.02%	3.11%	3.62%
Utilities	2.32%	2.90%	2.39%	3.16%
Real Estate	2.25%	3.07%	2.01%	3.13%
Others	6.49%	NA	7.71%	NA
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

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

	2017	**2016**
North America	55.0%	57.9%
Europe	20.7%	19.3%
Asia Pacific	12.1%	10.7%
Emerging Markets	11.6%	9.9%
International regions	0.6%	2.2%
Total	**100.0%**	**100.0%**

Currency risk

193. 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 US dollar, the Fund's base currency. Currency exchange risk arises as the value of financial instruments denominated in other currencies fluctuates due to changes in currency exchange rates. Management monitors the exposure to all currencies. The unrealized foreign exchange gain/loss is primarily attributable to the fluctuation in currency exchange rates during the period.

194. The Fund does not use hedging to manage its non-US 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.

195. The tables below illustrate the foreign exchange risk exposure of the Fund by class of investments. These summarize the Fund’s cash and investments at fair value as of 31 December 2017 and 2016 respectively. Net financial liabilities amounting to $178.0 million in 2017 (2016: $39.9 million), not held at fair value (Note 5) are excluded from this table. Assets held in exchange-traded funds (ETFs) or externally managed specialty funds are included as United States dollar assets.

	As at 31 December 2017						
Currency	**Equity**	**Fixed Income**	**Real Assets**	**Alternative and Others**	**Short term**	**Cash**	**Total**
United States dollar	34.95%	9.92%	5.08%	3.13%	1.63%	1.20%	55.91%
Euro	6.56%	5.79%	0.58%	0.59%	0.80%	0.22%	14.54%
Japanese yen	4.85%	3.64%	0.23%	-	-	0.04%	8.76%
British pound sterling	3.61%	0.78%	0.19%	-	-	0.00%	4.58%
Canadian dollar	1.91%	0.62%	0.15%	-	-	0.00%	2.68%
Hong Kong dollar	2.48%	-	-	-	-	0.01%	2.49%
Australian dollar	1.33%	0.42%	0.30%	-	-	0.03%	2.08%
South Korean won	1.13%	0.51%	-	-	-	-	1.64%
Swiss franc	1.62%	-	-	-	-	0.01%	1.63%
Swedish krona	0.71%	0.17%	-	-	0.13%	0.00%	1.01%
Malaysian ringgit	0.16%	0.24%	-	-	0.16%	0.00%	0.56%
Mexican peso	0.19%	0.32%	-	-	-	-	0.51%
Indian rupee	0.50%	-	-	-	-	0.00%	0.50%
Norwegian krone	0.05%	0.32%	-	-	0.12%	0.00%	0.49%
South African rand	0.48%	-	-	-	-	-	0.48%
Brazilian real	0.43%	-	-	-	-	0.00%	0.43%
Polish zloty	-	0.40%	-	-	-	0.00%	0.40%
Singapore dollar	0.26%	0.07%	-	-	-	0.00%	0.33%
Danish krone	0.24%	-	-	-	-	0.00%	0.24%
Czech koruna	-	0.17%	-	-	-	-	0.17%
Hungarian forint	-	0.13%	-	-	-	-	0.13%
Philippine peso	0.12%	-	-	-	-	0.00%	0.12%
New Zealand dollar	-	0.11%	-	-	-	0.00%	0.11%
Thai baht	-	0.08%	-	-	-	0.00%	0.08%
Turkish lira	0.07%	-	-	-	-	-	0.07%
Pakistani rupee	-	-	-	-	-	0.00%	0.00%
African franc	-	-	-	-	-	0.00%	0.00%
Chilean peso	-	0.06%	-	-	-	0.00%	0.06%
Grand Total	**61.65%**	**23.75%**	**6.53%**	**3.72%**	**2.84%**	**1.51%**	**100.00%**

	As at 31 December 2016						
Currency	**Equity**	**Fixed Income**	**Real Assets**	**Alternative and Others**	**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%
South Korean won	0.85%	0.37%	-	-	-	0.00%	1.22%
Polish zloty	-	0.84%	-	-	-	0.09%	0.93%
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%
African franc	-	-	-	-	-	0.00%	0.00%
Pakistanee rupee	-	-	-	-	-	0.00%	0.00%
Grand Total	**63.25%**	**22.56%**	**6.96%**	**3.05%**	**1.32%**	**2.86%**	**100.00%**

Interest rate risk

196. Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets' 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.

197. The table below summarizes the Fund's relative sensitivity to interest rate changes versus its reference benchmark of the Barclays Total Aggregate Bond 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.

	2017		2016	
	Fund	**Benchmark**	**Fund**	**Benchmark**
Effective duration	6.54%	6.99%	6.81%	6.90%

198. Effective duration is the sensitivity to interest rate. This means if the interest rate changes by 1%, the Fund can lose or gain approximately 6.54% (2016: 6.81%) compared to benchmark, which can lose or gain approximately 6.99% (2016: 6.90%). This primarily arises from the increase/decrease in the fair value of fixed interest securities.

22. Budget information

22.1 Movement between original and final budgets

(Thousands of United States dollars)

	Revised appropriation 2017	2016 budget balance carried forward	Approved increases/decreases	Final appropriation 2017
Administrative costs	45 607	6 713	5 165	57 485
Investment costs	42 373	15 464	(10 178)	47 659
Audit costs	1 427	162	(78)	1 511
Board expenses	489	60	-	549
Total	**89 896**	**22 399**	**(5 091)**	**107 204**

199. An explanation of the changes between the revised appropriation and the final appropriation for the biennium 2016-2017 can be found in paragraphs 6-42 of the report on the administrative expenses of the Pension Fund contained in document A/72/383. In its resolution 72/262 (sect. XV, para. 27), the General Assembly approved the final appropriation for the administrative expenses of the Fund 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

200. Differences between the actual amounts on a comparable basis with the budget and the actual amounts recognized in the financial statements can be classified into the following:

(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 UNJSPF for the purposes of comparison of budget and actual amounts.
(c) Entity differences, which occur when the budget omits programs or entities that are part of the entity for which the financial statements are prepared. There are no entity differences for UNJSPF.

(Thousands of United States dollars)

	2017	2016
Actual amount on a comparable basis*	**81 862**	**58 363**
Basis differences		
Asset additions/disposals	(190)	(2 930)
Depreciation, amortization and impairment	7 963	8 142
Unliquidated obligations	(2 794)	1 159
Prepayments	(956)	289
Employee benefits	17 621	6 333
Other accruals	(6 106)	3 408
Actual amount for administrative expenses in the Statement of Changes In Net Assets Available for Benefits	**97 400**	**74 764**

* Actual amount on a comparable basis refers to the actual amounts of the administrative expenditure related to the Pension Fund and does not include the expenditure related to the United Nations.

201. 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/amortization expense: Fixed assets and intangible assets meeting the threshold for capitalization are capitalized and depreciated/amortized over their useful lives on an IPSAS basis. Only depreciation/amortization 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 time of payment. IPSAS therefore recognizes expenses for post-employment benefits such as after service health insurance, annual leave or repatriation benefits.

23. Funds under management

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

203. Pursuant to General Assembly Resolution 2951 dated 11 December 1972 establishing the United Nations University and General Assembly Resolution 3081 and Article IX of the UNU Charter (A/9149/Add.2), the IMD is providing oversight services for the investments of the UNUEF (United Nations University Endowment Fund) that are currently outsourced to Nikko Asset Management Co., Ltd. up to 20 November 2017 and subsequently to BlackRock Financial Managers Inc. with a separate custodian bank. Formal arrangements between IMD and UNUEF 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 United Nations Joint Staff Pension Fund which are maintained separately. Costs of IMD management advisory fees amounting to $50,000 per year are reimbursed by UNUEF to IMD and recorded as Other Income.

24. Related party transactions

Key Management Personnel

204. Key management personnel remunerated by the Fund for the years ended 31 December 2017 and 31 December 2016 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)					
2017	5	1 027	286	240	1 553	-	-
2016	5	907	129	208	1 244	-	-

205. Key management personnel are the Chief Executive Officer, the Representative of the Secretary-General, the Deputy CEO, Director of IMD and the Chief Financial Officer as they have the authority and responsibility for planning, directing and controlling the activities of UNJSPF.

206. 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, personal effect shipment costs, and employer pension and current health insurance contributions.

207. There are no outstanding advances against entitlements of key management personnel as at 31 December 2017 and 2016.

208. Key management personnel are also qualified for post-employment benefits (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)

	As at 31 December 2017	As at 31 December 2016
ASHI	1 458	1 203
Repatriation grant	164	80
Annual leave	127	105
Death benefit	-	2
Total	**1 749**	**1 390**

Other related parties

209. While no transactions occurred with the following parties, they are considered as related parties and a summary of the Fund's relationship with these parties is as follows:

United Nations General Assembly

210. The United Nations General Assembly is the highest legislative body for the Fund. It reviews reports submitted by the Pension Board, approves the budgets for the Fund, decides on new UNJSPF member organizations and amends the Fund's Regulations.

Member Organizations participating in the Fund

211. The Member Organizations of the Fund (international, intergovernmental organizations) join the Fund by decision of the United Nations General Assembly and at the time of admission agree to adhere to the UNJSPF Regulations. Each UNJSPF 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.

International Computing Centre

212. The International Computing Centre (ICC) was established in January 1971 pursuant to Resolution 2741 (XXV) of the United Nations General Assembly. ICC provides Information Technology and Communications services to Partners and Users in the United Nations System. As a Partner bound by the Mandate of the ICC, the Fund would be proportionately responsible for any third party claim or liability arising from or related to service activities of the ICC as specified in the ICC Mandate. At 31 December 2017, there are no known claims that impact the Fund. Ownership of assets is with ICC until dissolution. Upon dissolution, the division of all assets and liabilities amongst Partner Organizations shall be agreed by the Management Committee by a formula defined at that time.

213. The role of ICC is to:

- provide Information Technology services on a full cost-recovery basis;
- assist in exploiting networking and computing technology;
- provide Information Management services;
- advise on questions related to Information Management;
- provide specialized training.

25. Reclassification and comparative numbers

214. The Fund manages its investments based on a total return on investment approach. Foreign exchange gains and losses are managed as part of total return on investment. Accordingly, from the perspective of understanding performance of investment activities during the year, the changes due to market value and the changes due to exchange rate are considered together.

215. Historically the Fund disclosed changes due to market value and the changes due to exchange rate as separate line items in the Statement of Changes in net assets. Further the Fund disclosed changes due to market price by asset class whereas changes due to exchange rate were not presented by asset class.

216. Beginning this year the Fund has updated the disclosure such that it provides more meaningful information to the user of the financial statements by presenting change in fair value of investments by asset class along with analysis of change in market price and currency exchange rate for each asset class. Refer Note 13 for additional and updated disclosure.

217. As a result, certain line items have been amended in the statement of changes in net assets available for benefits and related notes to the financial statements. All comparative figures have been adjusted to confirm to the current year’s classification. The reclassification has no impact in net assets available for benefits.

218. The net zero effect of the change is summarized below:

(Thousands of United States dollars)

	Previously reported 2016	Adjustment	After reclassification 2016
Investment income			
Change in fair value of assets designated at fair value	-	1 582 604	1 582 604
Net appreciation in fair value of investments	2 262 071	(2 262 071)	-
Interest income	325 786	-	325 786
Dividend income	821 651	-	821 651
Income from real assets	55 015	-	55 015
Foreign currency (losses)	(679 882)	679 882	-
Less: Transaction costs and management fees	(117 494)	-	(117 494)
	2 667 147	415	2 667 562
Contributions	2 273 498	-	2 273 498
Other income	3 368	-	3 368
Benefit expenses			
From withdrawal settlements and full commutation benefits	117 395	-	117 395
From retirements benefits	2 391 291	-	2 391 291
Other benefits/adjustments	(2 566)	415	(2 151)
	2 506 120	415	2 506 535
Administrative expenses	74 764	-	74 764
Other expenses	1 282	-	1 282
Withholding tax expense	3 749	-	3 749
Increase in net assets available for benefits	**2 358 098**	**-**	**2 358 098**

26. Subsequent events

219. At the time of signing these financial statements, the management of the Fund is not aware of any reportable event after the reporting date in accordance with IPSAS 14. Only the Fund’s management has the authority to amend these financial statements.

Annex - Statistics on the operations of the Fund

Table 1: Number of participants as of 31 December 2017

Member Organization	Participants as at 31 December 2016	New Entrants	Transfer		Separations	Adjustments [2]	Participants as at 31 December 2017 [3]	Percent increase / (decrease)
			In	Out				
United Nations [1]	87 111	7 314	185	(279)	(8 839)	(483)	85 009	(2.4)%
ILO	3 706	324	28	(16)	(400)	(13)	3 629	(2.1)%
FAO	10 318	1 038	83	(80)	(683)	(143)	10 533	2.1 %
UNESCO	2 412	178	14	(7)	(162)	(1)	2 434	0.9 %
WHO	10 724	942	101	(64)	(937)	(34)	10 732	0.1 %
ICAO	798	66	11	(5)	(69)	(2)	799	0.1 %
WMO	351	20	7	(2)	(25)	(1)	350	(0.3)%
IAEA	2 681	213	23	(28)	(207)	(3)	2 679	(0.1)%
IMO	284	14	2	(1)	(20)	1	280	(1.4)%
ITU	768	31	10	(4)	(80)	(4)	721	(6.1)%
WIPO	1 225	65	7	(10)	(75)	(3)	1 209	(1.3)%
IFAD	595	17	15	(7)	(38)	(2)	580	(2.5)%
ICCROM	37	4	-	-	(2)	-	39	5.4 %
EPPO	18	1	-	-	(1)	-	18	0.0 %
ICGEB	168	12	1	-	(6)	-	175	4.2 %
WTO/Tourism	91	1	-	-	(10)	1	83	(8.8)%
ITLOS	39	2	1	-	(1)	-	41	5.1 %
ISA	35	6	2	-	(5)	-	38	8.6 %
UNIDO	669	64	4	(7)	(55)	(2)	673	0.6 %
ICC	1 099	115	35	(15)	(67)	-	1 167	6.2 %
IPU	47	1	-	(1)	(2)	-	45	(4.3)%
IOM	4 624	914	23	(19)	(490)	-	5 052	9.3 %
STL	462	35	13	(20)	(37)	(3)	450	(2.6)%
TOTAL	**128 262**	**11 377**	**565**	**(565)**	**(12 211)**	**(692)**	**126 736**	**(1.2)%**

1) The United Nations Headquarters, regional offices and all funds and programmes
2) Corrections of prior years' erroneous entries
3) The methodology for the calculation of Participants as of 31 December 2017 was changed. The comparable number of participants using the method employed for 31 December 2016 is a total of 129,354 participants (an increase of 1 092 or 0.9%). Further information for the methodology change and the rationale is provided in the note to this annex.

Table 2: Benefits awarded to participants or their beneficiaries during the year ended 31 December 2017

Member Organization	Number of benefits awarded											
	Retirement Benefit	Early Retirement Benefit	Deferred Retirement Benefit	Withdrawal Settlement		Child's Benefit	Widow & Widower Benefit	Other Death Benefit	Disability Benefit	Secondary Dependency Benefit	Transfer Under Agreement	Total
				< 5 Years	> 5 Years							
UNITED NATION 1)	1 338	553	174	3 879	2 623	1 649	137	1	86	3	-	10 443
ILO	84	26	9	213	59	42	2	-	5	-	-	440
FAO	191	87	15	274	88	219	12	-	9	-	-	895
UNESCO	77	12	6	50	8	32	2	-	6	-	-	193
WHO	254	83	32	442	96	189	12	-	16	-	-	1 124
ICAO	26	16	2	19	3	13	1	-	2	-	-	82
WMO	8	8	-	7	-	1	1	-	1	-	-	26
IAEA	89	22	15	64	11	19	-	-	5	-	-	225
IMO	12	-	-	7	-	2	1	-	-	-	-	22
ITU	31	23	-	16	7	20	1	-	2	-	-	100
WIPO	16	18	-	27	7	11	-	-	7	-	-	86
IFAD	15	5	-	11	3	8	-	-	1	-	-	43
ICCROM	2	-	-	-	-	-	-	-	-	-	-	2
EPPO	-	1	-	-	-	-	-	-	-	-	-	1
ICGEB	1	-	-	3	2	-	-	-	-	-	-	6
WTO	8	2	-	-	-	-	-	-	-	-	-	10
ITLOS	1	-	-	-	-	1	-	-	-	-	-	2
ISA	2	-	-	2	1	-	-	-	-	-	-	5
UNIDO	20	15	-	11	5	12	1	-	3	-	-	67
ICC	5	1	-	42	18	-	1	-	-	-	-	67
IPU	1	-	-	1	-	3	-	-	-	-	-	5
IOM	18	2	5	297	158	21	2	-	1	-	-	504
STL	1	1	1	25	9	-	-	-	-	-	-	37
TOTAL	**2 200**	**875**	**259**	**5 390**	**3 098**	**2 242**	**173**	**1**	**144**	**3**	**-**	**14 385**

1) The United Nations Headquarters, regional offices and all funds and programmes

Table 3: Analysis of periodic benefits for the year ended 31 December 2017

Type of Benefit	Total as at 31 December 2016	New	Benefits Discontinued, resulting in award of survivor's benefit	All other benefits discontinued	Total as at 31 December 2017 [1)]
Retirement	27 664	2 200	(337)	(410)	29 117
Early retirement	16 110	875	(200)	(225)	16 560
Deferred retirement	7 548	259	(60)	(155)	7 592
Widow	11 239	152	769	(480)	11 680
Widower	968	21	110	(49)	1 050
Disability	1 500	144	(34)	(27)	1 583
Child	9 721	2 242	23	(1 357)	10 629
Secondary dependent	38	3	-	(5)	36
Total	**74 788**	**5 896**	**271**	**(2 708)**	**78 247**

1) The methodology for the calculation of Periodic Benefits as of 31 December 2017 was changed. The comparable number of Periodic Benefits using the method employed for 31 December 2016 is a total of 74,092 benefits in payment (a decrease of 696 or 0.9%). Further information for the methodology change and the rational is provided in the note to this annex.

Note to the Annex to the financial statements for the year ended 31 December 2017

The Fund prepares the Annex to the financial statements with the Statistics on the Operations of the Fund on an annual basis.

Until the year 2016 the statistics were presented as of 31 December of the related reporting year reflecting all information available as of this date. Accordingly information becoming available after 31 December was not reflected.

The Fund decided to align the methodology used for the statistical data as of 31 December 2017 with the approach used in the financial statements. Therefore the statistics as of 31 December 2017 now reflect all information available at the time of the cut-off date, 7 April 2018. Particularly the benefit entitlements processed in the first quarter of the next fiscal year, for which the participant's separation occurred in or prior to the fiscal year being reported, are no longer included in the participant head count. The related benefits processed are reflected in Table 2 and those beneficiaries in receipt of a periodic benefit are presented for in Table 3.

The census data compiled by the Fund and provided to the consulting actuary for preparation of the actuarial valuation of the Fund's benefit liability are established on the same basis.

Accordingly the data presented in the Annex as of 31 December 2016 and the data presented as of 31 December 2017 are not comparable as they are prepared based on different approaches.

In addition, Table 1 reflects a reduction in 2017 of corrections made due to erroneous entries in the Fund's system made during prior periods.