INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER (CEO)

I am pleased to present the 2013 Annual Report of the United Nations Joint Staff Pension Fund. This report complements the detailed information provided in the Fund’s Annual Letter, which is sent to participants, retirees and beneficiaries each year and is posted, in February, on the Pension Fund’s website at www.unjspf.org.

During 2012, the Pension Fund’s total number of participants and beneficiaries continued to grow but at a slower pace than in prior years. The total participants and beneficiaries increased from 185,500 to almost 189,000, where the majority of the growth during the year was due to new retirees and beneficiaries. This indicates that the Fund continues to mature.

Another sign of maturation is the fact that during 2012, contributions received from active participants and member organizations were slightly less ($64.5 million or 3.0%) than the benefit payments made of $2.2 billion. However, the principal of the Fund continued to grow and the majority of investment income was fully re-invested. The market value of the assets of the Fund reached its highest level as of 31 December 2012 at almost $45 billion. During 2012, the Fund earned an approximate 12.6 percent return.

Even though the overall growth in participants and beneficiaries slowed, the Fund continued to have record breaking workloads for processing separations and retirements. However, I am pleased to note that the Pension Fund staff continued to maintain its excellent average response time in processing separations and benefits and responding to active participants and beneficiaries surpassing the 15-day operational benchmarks.

I am also pleased to note that the Fund completed its first financial statements under the International Public Sector Accounting Standards (IPSAS) reporting rules for the year ended 31 December 2012. A significant amount of work was required to successfully transition from the prior United Nations System Accounting Standards (UNSAS) reporting rules. The new financial statements provide significantly more detailed disclosures on investments and operations.

As reported for the past two years, the Fund is in the process of designing and implementing its new Integrated Pension Administration System (IPAS). During 2010 and 2011, the Fund designed the system and during 2012 through 2014, the Fund will be implementing it. I am pleased to report that as of 31 December 2012, the Fund continued to be on target with regard to the timeline and the budget for this major endeavor.

For 2013, some of the important projects that are on our agenda are:

• Continued implementation of IPAS
• 2014 – 2015 actuarial estimates
• Consideration of the assumptions to be used in the 31 December 2013 actuarial valuation.

Other information on the activities of the Pension Fund can be found on our website and IMD’s new website http://imd.unjspf.org/.

As the new CEO for the Fund, I take this opportunity to thank you for your support. I look forward to serving you and the Pension Fund.

Sergio B. Arvizú
Chief Executive Officer United Nations Joint Staff Pension Fund
PARTICIPANTS
As of 31 December 2012, the UNJSPF recorded 120,774 active participants compared to 120,774 at the end of 2011. This represents an increase of 0.3 per cent in the Fund’s active participant population over the previous year. Compared to 2011, the number of member organizations remained unchanged at 23 member organizations. The distribution of participants, among the 23 member organizations, was as follows:

United Nations 86,190
World Health Organization 103,361
Food and Agriculture Organization of the United Nations 6,081
International Labour Organization 3,644
United Nations Educational, Scientific and Cultural Organization 2,520
International Atomic Energy Agency 2,447
International Organization for Migration 3,326
World Intellectual Property Organization 1,173
International Telecommunication Union 834
International Civil Aviation Organization 778
United Nations Industrial Development Organization 769
International Criminal Court 936
International Fund for Agricultural Development 556
International Maritime Organization 309
World Meteorological Organization 308
International Centre for Genetic Engineering and Biotechnology 183
World Tourism Organization 97
International Center for the Study of the Preservation and Restoration of Cultural Property 34
Inter-Parliamentary Union 46
International Tribunal for the Law of the Sea 36
International Seabed Authority 32
European and Mediterranean Plant Protection Organization 13
Special Tribunal for Lebanon 396

FINANCIAL SITUATION
The Financial Statements of the Fund are signed by the Chief Executive Officer, the Representative of the Secretary-General, and the Chief Financial Officer, and audited, on an annual basis, by an external Board of Auditors. The Financial Statements for the year ending 31 December 2012 are the first Financial Statements presented under International Public Sector Financial Reporting Standards (IPSAS). Due to the transition to IPSAS no comparative information for the year ending 31 December 2011 was presented in the financial statements. However, an opening statement of net assets as at 1 January 2012 is presented as required when transitioning to IPSAS. During the year 2012, the Fund experienced an increase in participation by 0.3 per cent: from 120,774 active participants on 1 January 2012 to 121,098 on 31 December 2012. The number of benefits in payment increased (3.5 per cent) from 65,387 to 67,677 during the same year. The payroll for benefits in payment for the year ending 31 December 2012 was $2.2 billion. During the year, benefits were being paid in 15 different currencies. During the year 2012 the net assets available for benefits increased by $4.9 billion. The expenditure for benefits, of $2.2 billion exceeded contributions by approximately $65 million.

The value of the Fund’s assets increased from $39.9 billion on 1 January 2012 to $45.0 billion on 31 December 2012, representing an increase of about 12.6 per cent. A graph reflecting the evolution of the market value of the Fund’s investments from 1984 to 2012 is provided herewith.
As of 31 March 2013, the preliminary market value of the Fund’s assets was US$ 46,408 million. This represents an increase of US$ 1,733 million or approximately 4.0 per cent from 31 December 2012 when the Fund’s asset value stood at US$ 44,675 million.

Risk appetite improved after the averion of a US “Fiscal Cliff” but concerns over the Eurozone debt crisis still lingered. Through active management, with effective stock selection and periodic re-balancing of assets to maintain the Fund’s long-term investment objectives, the Fund outperformed the policy benchmark in the one, seven and ten year periods.

The management of the Fund’s investments continues to focus on balancing the risk and reward expectations with broad diversification.

The asset allocation, in per cent was as follows:

- **Equities**: 63.3
- **Bonds**: 26.2
- **Real Estate**: 4.7
- **Short Term**: 2.1
- **Alternatives**: 1.1
- **Risk Control**: 2.6

### STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

#### ASSETS

- **Cash and cash equivalents**: 1,227,333
- **Short-term investments**: 49,079
- **Equities**: 27,370,793
- **Fixed Income**: 12,352,135
- **Real Assets**: 2,357,835
- **Alternatives and other investments**: 1,314,058
- **Contributions receivable**: 25,417
- **Accrued income from investments**: 176,749
- **Non-interest receivable from investments traded**: 13,980
- **Other assets**: 31,925

**TOTAL ASSETS**: 44,952,417

#### LIABILITIES

- **Benefits payable**: 54,800
- **Payable from investments traded**: 51,188
- **ASHI and other employee benefit payable**: 58,195
- **Other accruals and liabilities**: 29,165

**TOTAL LIABILITIES**: 193,348

**NET ASSETS AVAILABLE FOR BENEFITS**: 44,759,069

### STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

**Investment income**

- **Net appreciation (depreciation) in fair value of investments**: 3,898,576
- **Interest income**: 442,007
- **Dividend income**: 668,176
- **Income from real assets**: 11,044
- **Foreign currency gains and (losses)**: (86,001)

**Contributions**

- From participants: 724,514
- From member organization: 1,435,039
- Other contributions: 3,805

**Other income**: 5,116

**Benefit payments**

- From withdrawal settlements and full commutation benefits: 122,235
- From Retirement benefits: 2,104,557
- Other benefits: 1,091

**Administrative expenses**

- Administrative expenses: 67,815
- Small capitalization fund management fees: 6,795

**Other expenses**: 4,122

**Withholding tax expenses**: 3,970

**CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS**: 4,949,883

### TYPES OF INVESTMENT BY ASSET CLASS

- **Equities**: 63.3
- **Bonds**: 26.2
- **Real Estate**: 4.7
- **Short Term**: 2.1
- **Alternatives**: 1.1
- **Risk Control**: 2.6

**JSPF - 31 March 2013**

- **Equities**: 61.8
- **Bonds**: 28.0
- **Real Estate**: 4.9
- **Short Term**: 2.4
- **Alternatives**: 1.1
- **Risk Control**: 1.9

**JSPF - 31 December 2012**

- **Equities**: 60.0
- **Bonds**: 31.0
- **Real Estate**: 6.0
- **Short Term**: 3.0
- **Alternatives**: 0.0
- **Risk Control**: 0.0

**2011 Policy Benchmark**

- **Equities**: 70.0
- **Bonds**: 10.0
- **Real Estate**: 5.0
- **Short Term**: 6.0
- **Alternatives**: 1.0
- **Risk Control**: 0.0
PERFORMANCE

The preliminary return of the Fund for the quarter ending 31 March 2013 was 4.01 percent outperforming the 60/31 policy benchmark preliminary return by 72 basis points.

![Total Fund $46'408 B](chart)

DIVERSIFICATION

As of 31 March 2013, the Fund had investments in 38 countries, 7 international/regional institutions and 23 currencies. Investments in Private Equity are in North America, Europe, Asia Pacific, Latin America and the Caribbean and International Institutions. The chart below indicates the US dollar value of investments by region (in millions). Please note that the Fund value is preliminary as of 31 March 2013.

![Diversification by Region](chart)

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

<table>
<thead>
<tr>
<th>Diversification by Region (IN US$ MILLIONS)</th>
<th>1 year</th>
<th>2 years</th>
<th>3 years</th>
<th>4 years</th>
<th>5 years</th>
<th>10 years</th>
<th>15 years</th>
<th>20 years</th>
<th>25 years</th>
<th>50 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America $22,564</td>
<td>8.84</td>
<td>8.40</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe $10,659</td>
<td>7.30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.90</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latin America $1,602</td>
<td>2.60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.60</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Asia Pacific $7,567</td>
<td>2.14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.14</td>
<td>1.84</td>
<td></td>
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<tr>
<td>Africa $314</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Middle East $38</td>
<td>5.00</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>International Institutions $3,405</td>
<td>5.00</td>
<td></td>
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</tr>
</tbody>
</table>

![Total value is US$46,408 millions](chart)

**Real Return excess as of 3.5% Long-term Investment Objective through 31 March 2013**

<table>
<thead>
<tr>
<th></th>
<th>1 year</th>
<th>2 years</th>
<th>3 years</th>
<th>4 years</th>
<th>5 years</th>
<th>10 years</th>
<th>15 years</th>
<th>20 years</th>
<th>25 years</th>
<th>50 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNJ SPFTotal Nominal Return</td>
<td>8.2</td>
<td>4.3</td>
<td>6.8</td>
<td>12.6</td>
<td>2.9</td>
<td>8.6</td>
<td>6.2</td>
<td>7.7</td>
<td>8.0</td>
<td>8.3</td>
</tr>
<tr>
<td>US CPI</td>
<td>1.5</td>
<td>2.1</td>
<td>2.3</td>
<td>2.3</td>
<td>1.7</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
<td>2.8</td>
<td>4.2</td>
</tr>
<tr>
<td>Real Return*</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Excess Return**</td>
<td>3.1</td>
<td>(1.3)</td>
<td>0.9</td>
<td>6.6</td>
<td>(2.4)</td>
<td>2.6</td>
<td>0.2</td>
<td>1.6</td>
<td>1.6</td>
<td>0.4</td>
</tr>
</tbody>
</table>

*Adjusted for US CPI (Geometric)  ** Real Return minus 3.5% (Arithmetic)
EVOLUTION OF UNJSPF ACTUARIAL SITUATION SINCE 1990

Valuations are performed using a number of economic assumptions regarding future investment returns and inflation and using multiple demographic assumptions regarding participant growth, mortality, termination and disability. The results of the actuarial valuation of the Fund are determined using the open group aggregate funding method. The regular valuation that was performed as of 31 December 2011 used the following three economic assumptions: (a) an assumed rate of increase in pensionable remuneration of 4.50 per cent per annum; (b) an assumed rate of nominal investment return of 7.50 per cent per annum; and (c) an assumed rate of inflation of 4.00 per cent per annum. It was also assumed that the growth in participant population for each of the next ten years would be 0.5 per cent per annum, with a “zero participant growth assumption” thereafter. The other demographic assumptions used in the valuation were determined based on analysis of the Fund’s participant population regarding rates of mortality, disability, and termination.

Another analysis that is carried out in conjunction with the valuation is the determination of funding ratios. This analysis is carried out to assist the Board in its assessment of the position of the Fund on a current rather than projected basis. The funding ratios are comparisons of the current assets of the Fund with the value of the accrued benefits (liabilities) on the given valuation date and are calculated on a “plan termination basis.” With respect to its liabilities on 31 December 2011, the Fund was found to be in a strongly funded position, as it had been for the past ten valuations. The current funded ratio is 130 per cent, which was obtained by dividing the actuarial value of assets (i.e. $40,815 million) by the actuarial value of the accrued benefits (i.e. $31,394 million). The ratio therefore indicates that there is a 30 per cent margin of assets over accrued liabilities. The funded ratio is lower when the current system of pension adjustments is taken into account, whereby benefits are adjusted for inflation.

The following table illustrates the funded ratios from 1990 to 2011, both with and without pension adjustments:

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>1993</th>
<th>1995</th>
<th>1997</th>
<th>1999</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
<th>2009</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without pension adjustments</td>
<td>131</td>
<td>136</td>
<td>132</td>
<td>141</td>
<td>180</td>
<td>161</td>
<td>145</td>
<td>140</td>
<td>147</td>
<td>140</td>
<td>130</td>
</tr>
<tr>
<td>With pension adjustments</td>
<td>77</td>
<td>81</td>
<td>81</td>
<td>88</td>
<td>113</td>
<td>106</td>
<td>95</td>
<td>92</td>
<td>95</td>
<td>91</td>
<td>86</td>
</tr>
</tbody>
</table>

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

Actuarial valuation: The Consulting Actuary performs an actuarial valuation of the Fund every two years, the most recent valuation being completed as of 31 December 2011. This valuation revealed a deficit, amounting to -1.87 per cent of pensionable remuneration. The -1.87 per cent, expressed another way, means that the theoretical contribution rate required to achieve balance as of 31 December 2011 was 25.57 per cent of pensionable remuneration, compared to the actual contribution rate of 23.70 per cent.

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

![Graph showing funded ratios from 1990 to 2011 with and without pension adjustments.](attachment:graph.png)
MAJOR MEETINGS IN 2013
The Pension Board will hold its next session, from 15 to 19 July, at the United Nations Headquarters in New York.

The Investments Committees and Committee of Actuaries will meet jointly to discuss the economic assumptions to be used in the actuarial valuation that is to be carried out as at 31 December 2013. The Committee of Actuaries will hold its regular annual meeting in June 2013, in order to consider the economic and demographic assumptions to be used in the actuarial valuation that is to be carried out as at 31 December 2013. The Audit Committee, established by the Pension Board in 2006, will meet three times in 2013.

POLICY DOCUMENTATION
The following policy document will be published in 2013: Enterprise-Wide Risk Management Policy.

GOVERNANCE
During 2012, the Board approved the updated Enterprise-Wide Risk Management Policy for the Fund. The UNJSPB Audit Committee continues to meet three times a year. As an advisory committee of the Pension Board the Audit Committee provides assistance in fulfilling the Board’s oversight responsibility dealing with such areas as internal and external audit, financial management and financial statements, risk management and internal control framework. As in previous years, in 2012, the Committee made several recommendations to the Board, related to the Fund’s new accounting standards and the timing of the financial statement preparation and audit.

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

Obtain more information on the Pension Fund Web Site [www.unjspf.org](http://www.unjspf.org)

### Geneva

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- **In person**:
  - Du Pont de Nemours Building
  - Chemin du Pavillon 2
  - 1218 Grand Saconnex
  - Switzerland
- **By mail:**
  - UNJSPF
  - c/o Palais des Nations
  - CH-1211 Geneva 10
  - Switzerland

### New York

- **By telephone:** +1 (212) 963 69 31
- **By fax:** +1 (212) 963 31 46
- **By e-mail:** UNJSPF@UN.ORG
- **In person**:
  - 37th floor
  - 1 Dag Hammarskjöld Plaza (DHP)
  - Corner of 48th Street and 2nd Avenue
- **By mail:**
  - UNJSPF
  - United Nations
  - P.O. Box 5036
  - New York, NY 10017
  - USA

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

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