

UNITED NATIONS JOINT STAFF PENSION FUND



UNITED NATIONS

Annual Report 2008

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INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER (CEO)

I am pleased to present the seventh Annual Report of the United Nations Joint Staff Pension Fund.

This report complements detailed information provided in my regular Annual Letter, sent early each year to the Fund's participants and beneficiaries and made available on the Fund's web site.

The 2008 Annual Report again contains key information on the Fund's operations and aims to highlight a number of significant issues that are of particular interest to many of the Fund's various stakeholders.

The year 2007 will be remembered as a year of outstanding achievements.

The Fund carried out its first ever formal comprehensive Asset Liability Management (ALM) study which provided independent confirmation of the Fund's sound actuarial valuation process, favorable funded status and solid asset-allocation. Obviously, this is good news for the Fund's participants, beneficiaries and other stakeholders.

The Fund also conducted a study on the design and implementation planning of an integrated pension administration system which will modernize the entire processing infrastructure and provide new and enhanced services for its clients.

In addition to these landmark projects, 2007 involved a long and impressive list of activities, some of which I would like to highlight:

- The continued and very positive results in the investment of the assets of the Fund; this includes an increase in the market value of the assets from 36.3 billion dollars at the end of 2006, to 41.4 billion dollars at the end of 2007;
- The entry of the International Organization for Migration (IOM) as the Fund's twenty-second member organization;
- The establishment of the Pension Board's Audit Committee, as a new mechanism to enhance the Fund's governance mechanisms;
- The move of the Geneva Office to new and better suited premises and the establishment of a new dedicated client services unit;
- The implementation of the Board's decision to enhance the benefit provisions of the Fund, namely the further lowering of the reduction applied to the first Consumer Price Index adjustment due after retirement and the improvement in respect to the participants' restoration rights.

Meanwhile, the Fund's operations have continued to grow significantly during the year, with the number of participants and beneficiaries reaching 106,600 (+ 8.3%) and 58,100 (+ 2.5%) respectively.

To all of them we are striving to provide quality service and timely payment of benefits as part of our strong commitment to a service – oriented Pension Fund.

2008 will see new progress in that direction with the presentation to the Board of the Fund's third Management Charter which will identify challenges to be addressed by the Fund and the corresponding strategies and detailed action plans required to meet such challenges.

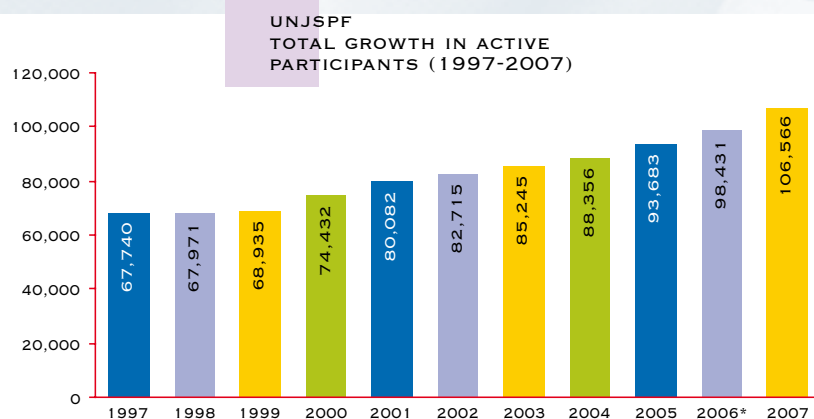
Other useful information related to our activities can be found on our website (www.unjspf.org). It includes new features, such as the two-track estimate and certificate of entitlement tracking systems, so as to provide easily available and enhanced services to our constituents.

I would like to take this opportunity to thank each and every one of you, as partners of the Fund, for your continued support and involvement towards making these objectives achievable.

Bernard Cochemé
Chief Executive Officer
United Nations Joint Staff Pension Fund

PARTICIPANTS

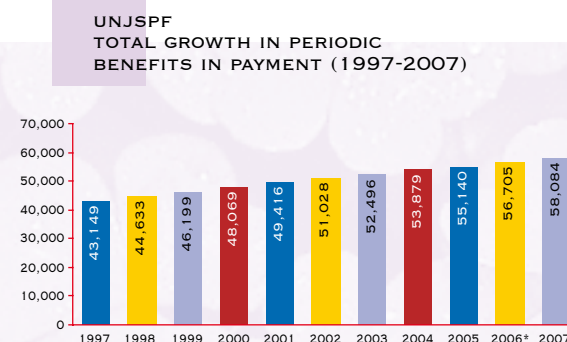
As of 31 December 2007, the UNJSPF continued to grow with 106,566 active participants compared to 98,431 at the end of 2006. This represents a historical high 8.3 per cent increase in the Fund's active participant population over the previous year. The increase was due in large part to the membership of the International Organization for Migration, (IOM) which joined the Fund on 1 January 2007, adding 2,059 new participants. The distribution of participants, among the 22 member organizations, was as follows: United Nations – 74,575; World Health Organization – 10,157; Food and Agriculture Organization of the United Nations – 5,735; International Labour Organization – 3,366; United Nations Educational, Scientific and Cultural Organization – 2,526; International Atomic Energy Agency – 2,273; IOM – 2,059; World Intellectual Property Organization – 1,134; International Telecommunication Union – 843; International Civil Aviation Organization – 795; United Nations Industrial Development Organization – 759; International Criminal Court – 719; International Fund for Agricultural Development – 519; International Maritime Organization – 337; World Meteorological Organization – 332; International Centre for Genetic Engineering and Biotechnology – 177; World Tourism Organization – 100; International Center for the Study of the Preservation and Restoration of Cultural Property – 38; Inter-Parliamentary Union – 45; International Tribunal for the Law of the Sea – 36; International Seabed Authority – 29; European and Mediterranean Plant Protection Organization – 12.



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

BENEFICIARIES

As at 31 December 2007, the Fund was paying 58,084 periodic benefits. The distribution of benefits in payment was as follows: full retirement benefits – 19,482; early retirement benefits – 13,074; deferred retirement benefits – 6,782; widow benefits – 8,966; widower benefits – 631; disability benefits – 1,106; child benefits – 8,001 and secondary benefits – 42.

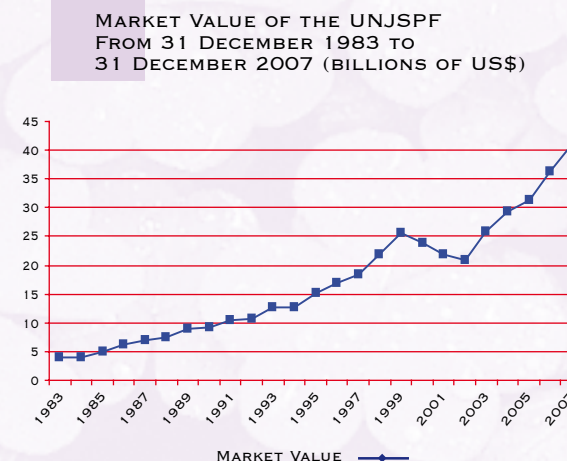


* 2006 FIGURE WAS REVISED DOWN BY 13 FROM 56,718 TO 56,705.

FINANCIAL SITUATION

The financial statements of the Fund are signed by the Chief Executive Officer and audited, on a biennial basis, by an external Board of Auditors. During the biennium 2006-2007, the Fund experienced an increase in participation by 13.8 per cent: from 93,683 active participants on 1 January 2006 to 106,566 on 31 December 2007. The number of benefits in payment increased (5.3 per cent) from 55,140 to 58,084 during this same period. Benefit expenditure (excluding currency exchange adjustments) increased from \$2,706 billion for the biennium ending 31 December 2005 to \$3,179 billion for the biennium ending 31 December 2007, or an increase of approximately 17.5 per cent.

During the period, benefits were being paid in 15 different currencies. The total expenditure for benefits, administration and investment costs of \$3.289 billion exceeded contribution income by approximately \$153 million. Contribution income increased from \$2.612 billion for the biennium ending 31 December 2005 to \$3.136 billion for the biennium ending 31 December 2007, or an increase of approximately 20.1 per cent. The market value of the Fund's assets increased from \$31.428 billion on 31 December 2005 to \$41.381 billion on 31 December 2007, representing an increase of about 31.7 per cent. A graph reflecting the evolution of the market value of the Fund's assets from 1982 to 2007 is provided herewith:



STATEMENTS OF ASSETS AND LIABILITIES AND OF INCOME AND EXPENDITURE

for the years ending 31 December 2007 and 31 December 2005, are provided below:

STATEMENT OF ASSETS AND LIABILITIES

31 December 2007 and 2005

	2006-2007	2004-2005
ASSETS		
Cash and term deposits	160,955,892	286,794,023
Investments	30,058,248,484	23,020,984,721
Accounts receivable	462,541,998	299,400,577
Prepaid benefits	17,735,988	17,949,758
TOTAL ASSETS	30,699,482,362	23,625,129,079
LIABILITIES AND PRINCIPAL OF THE FUND		
Liabilities	3,116,062,532	60,857,794
Principal of the Fund	30,583,419,830	23,564,271,285
TOTAL LIABILITIES AND PRINCIPAL OF THE FUND	30,699,482,362	23,625,129,079

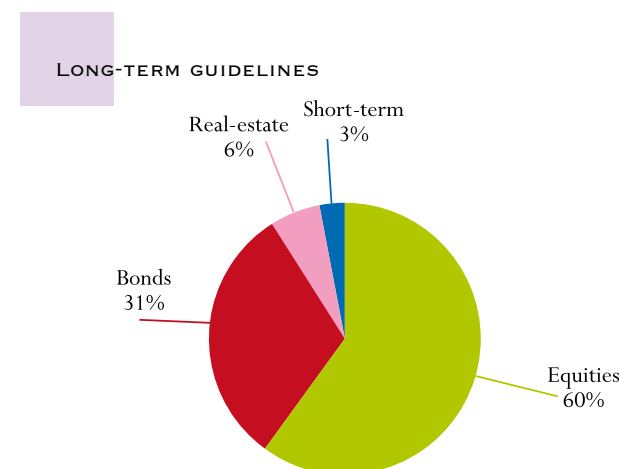
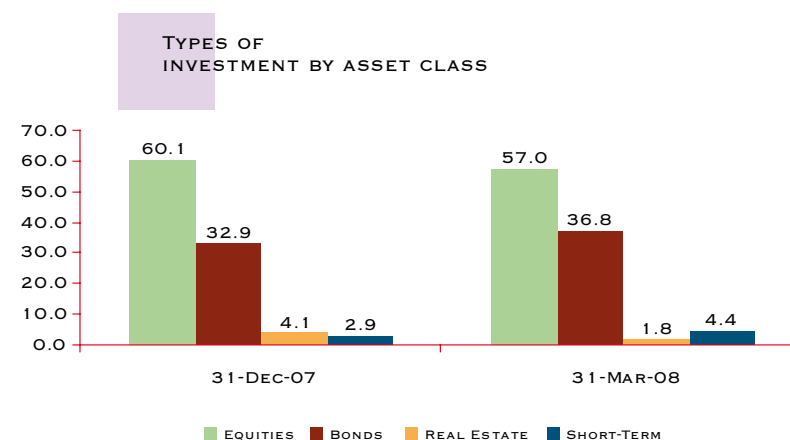
STATEMENT OF INCOME AND EXPENDITURE

for the years ending 31 December 2007 and 2005

	2006-2007	2004-2005
INCOME		
Participants contributions	1,054,767,004	872,770,813
Member organizations contributions	2,077,987,658	1,736,320,145
Transfer agreement amount received	3,049,312	1,832,563
Excess actuarial value over regular contributions	433,643	677,888
Investment income	7,168,506,562	4,409,631,399
Other income	24,896,684	17,240,187
TOTAL INCOME	10,329,640,863	7,038,472,995
EXPENDITURE		
Payment of benefits	3,188,577,877	2,706,826,251
Administrative costs	100,219,216	101,629,535
Emergency Fund	71,769	59,184
Total Expenditure	21,623,456	57,635,643
NET EXCESS OF INCOME OVER EXPENDITURE	7,019,148,545	4,172,322,382

INVESTMENTS

As of 31 March 2008, the market value of the Fund's assets was US\$ 40,588 million. This represents a decrease of US\$ 1,110 million or 2.7 percent, from 31 December 2007 when the Fund's asset value stood at US\$ 41,698 million. The asset allocation, in percent was as follows:

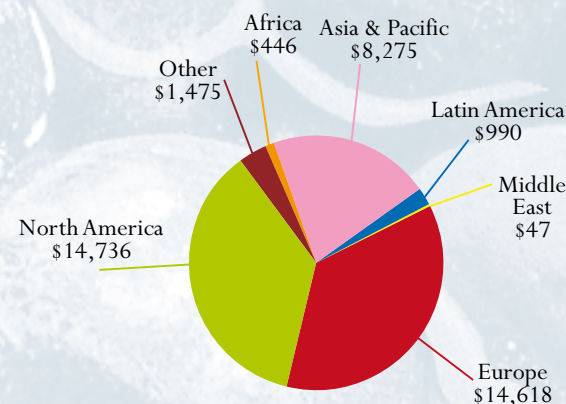


The total return of the Fund for the quarter ended 31 March 2008 was negative 2.7 percent, outperforming the new benchmark return of negative 3.5 percent by 81 basis points. The value added from active versus passive management is US\$ 337 million for the 3 month period. The Fund outperformed both the new and the old benchmarks in the one, three and five year periods. The table below summarizes the Fund's performance against its new benchmark consisting of 60 percent Morgan Stanley Capital International All Country World Index, 31 percent Lehman Global Aggregate Bond Index, 6 percent National Council of Real Estate Investment Fiduciaries Open End Diversified Core Index and 3 percent 91-Day United States Treasury Bill and provides a reference comparison to the old benchmark, which consisted of 60 percent Morgan Stanley Capital International World Index and 40 percent Citigroup World Government Bond Index.

DIVERSIFICATION

As of 31 March 2008, the Fund had investments in 47 countries and 7 international/regional institutions and 27 currencies. The chart below indicates the value of investments by region.

DIVERSIFICATION BY REGION
IN \$US MILLION



Performance as of 31 March 2008 in percentage

	1 QTR	1 year	3 years	5 years
Total Fund	-2.7	8.1	11.6	14.6
Benchmark*	-3.5	5.2	10.3	14.0
Fund less Benchmark	0.8	2.9	1.3	0.6

* New Benchmark: 60% Equities (MSCI AC World) 31% Bonds (31% LB AGG) 6% RE (NCREIF ODCE Index) 3% Cash (91-Day T-Bill)

Reference 60% Equities 40% Bonds	-1.7	6.2	9.2	13.3
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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 since 1960 was as follows:

Annualized Returns as of March 31, 2008 (%)

	1Y	3Y	5Y	7Y	10Y	15Y	20Y	25Y	Since 1960
UNJSPF Total Nominal Return	8.1	11.6	14.6	9.7	7.9	9.4	9.3	10.9	8.8
US CPI	4.0	3.4	3.0	2.8	2.8	2.7	3.1	3.2	4.2
Real Return*	4.0	7.9	11.2	6.7	4.9	6.5	6.1	7.5	4.4
Excess Return**	0.5	4.4	7.7	3.2	1.4	3.0	2.6	4.0	0.9

*Adjusted for US CPI

**Real Return minus 3.5%

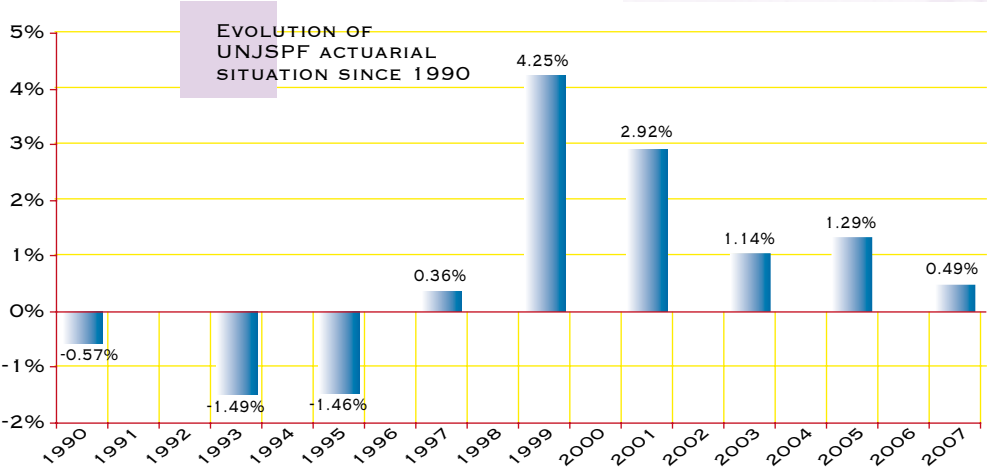
As shown above, the Fund achieved its long-term objective for all periods. The annualized 10 year nominal return was 7.9 per cent, while the real rate of return was 4.9 per cent, and the excess return was 1.4 per cent.

Over the last 48 years during which the performance of the Fund has been calculated, the Fund has achieved a total return of 8.8 per cent, or 4.4 per cent real rate of return after adjustment by US CPI. This real rate of return is in excess of the long-term objective of a real rate of return of 3.5 per cent.

ACTUARIAL MATTERS

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

Actuarial valuation: The Consulting Actuary performed the actuarial valuation as at 31 December 2007. This valuation revealed a sixth consecutive actuarial surplus, amounting to 0.49 per cent of pensionable remuneration. The 0.49 per cent, expressed another way, means that the theoretical contribution rate required to achieve balance as of 31 December 2007 was 23.21 per cent of pensionable remuneration, as against the actual contribution rate of 23.70 per cent. The valuations as of 31 December 2005, 31 December 2003, 31 December 2001, 31 December 1999 and 31 December 1997 had recorded surpluses of 1.29, 1.14, 2.92, 4.25 and 0.36 per cent of pensionable remuneration, respectively. Valuations are performed on a range of economic assumptions regarding future investment returns and inflation and on different sets of participant growth and mortality assumptions. The results of the actuarial valuation of the Fund are based on the open group aggregate funding method. The regular valuation that was performed as at 31 December 2007, 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; (c) an assumed rate of inflation of 4.00 per cent per annum and a 0.5 per cent growth in the participant population for each of the next ten years with a “zero participant growth assumption” thereafter. This type of analysis is therefore based on a **projected** basis. The following graph illustrates the results of the regular actuarial valuations, based on projections, over the last nine valuation periods:



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 2007, the Fund was found to be in a strongly funded position, as it had been for the past nine valuations. The current funded ratio is 146.9 per cent, which was obtained by dividing the actuarial value of assets (i.e. \$35,620.4 million) by the actuarial value of the accrued benefits (i.e. \$24,242.9 million). The ratio therefore indicates that there is a 46.9 per cent security margin. The funded ratio is lower if account is taken of the current system of pension adjustments, whereby benefits are adjusted for inflation. The following table illustrates the funded ratios from 1990 to 2007, both without, as well as with pension adjustments:

FUNDED RATIOS FOR VALUATIONS AS OF 31 DECEMBER 1990 - 2007

	1990	1993	1995	1997	1999	2001	2003	2005	2007
Without pension adjustments	131	136	132	141	180	161	145	140	147
With pension adjustments	77	81	81	88	113	106	95	92	95

Based on the results of the latest actuarial valuation, the Committee of Actuaries and the Consulting Actuary were of the opinion that the present contribution rate of 23.70 per cent is sufficient to meet the benefit requirements under the Plan.



MAJOR EVENTS

The Pension Board will hold its next session, from 10 to 18 July 2008, at the International Fund for Agricultural Development (IFAD) in Rome. The Investments Committee will meet five times in 2008. The Committee of Actuaries will hold its regular annual meeting in June 2008, in order to consider the 29th actuarial valuation as at 31 December 2007.

POLICY DOCUMENTATION

In accordance with the Fund's Management Charter, which was first introduced in 2001, the following policy documents have been published: Quality Management; Communications; Information Security; Internal Control; Internal Audit Charter; Investment Policy and Procedures; Sustainable Development and Enterprise-wide Risk Management Policy.

GOVERNANCE

The Audit Committee established by the Pension Board in 2006 held its first meetings in 2007. In 2007, for the first time the Pension Board considered an internal audit report on the Fund's governance mechanisms.

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.

MEMBERS OF LEGISLATIVE ORGANS AND COMMITTEES: (JULY 2007)

UNITED NATIONS JOINT STAFF PENSION BOARD (JULY 2007)

Chairman:	Ms. V. M. Gonzalez Posse [Representative of the General Assembly of the United Nations (UN)]
1st Vice-Chairman	Mr. S. Tabusa [Representative of the Executive Head of the International Labour Organization (ILO)]
2nd Vice-Chairman	Mr. M. Pace [Representative of the Participants of the Food and Agriculture Organization (FAO)]
Rapporteur	Mr. Q.L. Sim [Representative of the Participants of the World Intellectual Property Organization (WIPO)]

UNITED NATIONS STANDING COMMITTEE (JULY 2007)

Chairman:	Mr. S. Tabusa [Representative of the Executive Head of the International Labour Organization (ILO)]
1st Vice-Chairman	Mr. A.O. Adeniyi [Representative of the Participants of the United Nations (UN)]
2nd Vice-Chairman	Mr. G. Kuntzle [Representative of the General Assembly of the United Nations (UN)]

INVESTMENTS COMMITTEE (2007)

Chairman:	Mr. W. McDonough
Representative:	Mr. W. Sach

UNITED NATIONS JOINT STAFF PENSION FUND SENIOR MANAGEMENT

Chief Executive Officer	Mr. B. Cochemé
Deputy Chief Executive Officer	Mr. S. Arvizu
Director of Investments	Ms. S. Bishopric
Chief of Operations	Mr. A. Blythe
Chief of Geneva Office	Ms. R. De Leers
Chief Information Officer	Mr. P. Dooley

COMMITTEE OF ACTUARIES

Chairman:	Mr. J. Král
Vice-Chairman	Mr. D. Latulippe
Rapporteur	Mr. H. Pérez Montás

CONSULTING ACTUARY

Buck Consultants, Inc.

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

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



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 In person: *Du Pont de Nemours

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 c/o Palais des Nations
 CH-1211 Geneva 10

*In person visits daily (except Thursdays) from 08.30 hrs till 17.00 hrs (30 minutes per appointment). Please call +41 22 928 88 00 or send an email for appointment.