

UNITED NATIONS JOINT STAFF PENSION FUND



UNITED NATIONS

Annual Report 2010

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INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER (CEO)

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

This report complements detailed information provided in my Annual Letter, which is sent to participants and beneficiaries each year and which can also be found on the Pension Fund's website at www.unjspf.org.

2009 marked two historical events for the Pension Fund.

First, 23 January 2009 marked the Fund's sixtieth anniversary as a permanent pension scheme for the United Nations system. The Fund has grown to be an important and secure pension plan offered to employees of an increasing number of participating organizations.

The second memorable event of 2009 was investment performance. 2009 started as one of the worst years in the area of investments but finished by showing a good performance. Unprecedented turbulences in the financial markets caused the market value of the Fund's investments to drop significantly to \$27 billion in early March. However, the Fund's portfolio bounced back and reached \$37.5 billion by the end of the year. On a graph this performance looks like a V, indicating a strong recovery.

The Fund received a lot of queries from participants and beneficiaries about the impact of the financial crisis on their Pension Fund. We explained through multiple communication channels that the Fund's ability to meet its obligations and pay benefits had remained intact. In the short-term, contribution income is equal to benefit payments. The Pension Fund therefore, does not need to sell any securities in order to ensure liquidity. The steep recovery of the financial markets provided additional comfort concerning the Fund's ability to withstand stormy conditions.

The Fund's operations have continued to grow significantly throughout 2009; the total number of participants and beneficiaries is approaching 180,000. Benefits in payment are expected to be around 61,800. The Fund is therefore now servicing some 56 per cent more individuals than just 10 years ago.

Some of the many important projects that are on our agenda for 2010 are:

- the launching of the Integrated Pension Administration System project with the establishment of the project management team and the recruitment of its members
- preparation of the adoption of IPSAS as the Fund's new accounting standards
- actuarial valuation with results expected in June
- preparation of several reports, including among others the final report of the Working group established by the Board to review the Fund's Plan design, the Fund's HR policy and HR medium-term strategic plan and a report on our accomplishments on the Management Charter's action plans
- implementation of new systems by the Fund's Investment Management Division including the new Trade order management system and other investment-related software for operations, accounting, compliance and risk management

Other useful information on the activities of the Pension Fund can be found on our website (www.unjspf.org), which contains new features such as the two-track benefit estimate system and Certificate of Entitlement Tracking System, in order to provide easily available and enhanced services to our constituents.

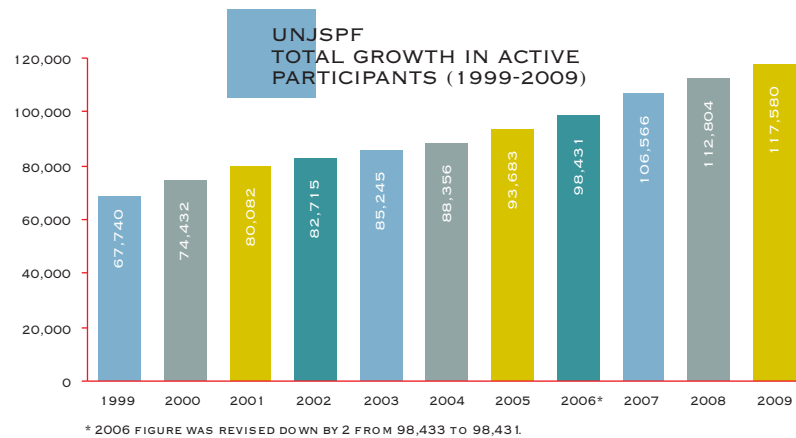
I would like to take this opportunity to thank each and every one of you, as partners of the Pension Fund, for your continued support and active involvement in efforts to achieve these common goals.

Bernard Cochemé

Chief Executive Officer - United Nations Joint Staff Pension Fund

PARTICIPANTS

As of 31 December 2009, the UNJSPF continued to grow with 117,580 active participants compared to 112,804 at the end of 2008. This represents a 4.2 per cent increase in the Fund's active participant population over the previous year. The number of member organizations increased to 23, following the membership of the Special Tribunal for Lebanon (STL) which joined the Fund on 1 January 2009. The distribution of participants, among the 23 member organizations, was as follows: United Nations – 82,576; World Health Organization – 11,029; Food and Agriculture Organization of the United Nations – 6,011; International Labour Organization – 3,642; United Nations Educational, Scientific and Cultural Organization – 2,602; International Atomic Energy Agency – 2,245; IOM – 3,134; World Intellectual Property Organization – 1,154; – International Telecommunication Union – 831; International Civil Aviation Organization – 784; United Nations Industrial Development Organization – 825; International Criminal Court – 865; International Fund for Agricultural Development – 534; International Maritime Organization – 323; World Meteorological Organization – 315; International Centre for Genetic Engineering and Biotechnology – 194; World Tourism Organization – 95; International Center for the Study of the Preservation and Restoration of Cultural Property – 36; Inter-Parliamentary Union – 48; International Tribunal for the Law of the Sea – 34; International Seabed Authority – 31; European and Mediterranean Plant Protection Organization – 13; Special Tribunal for Lebanon – 259.



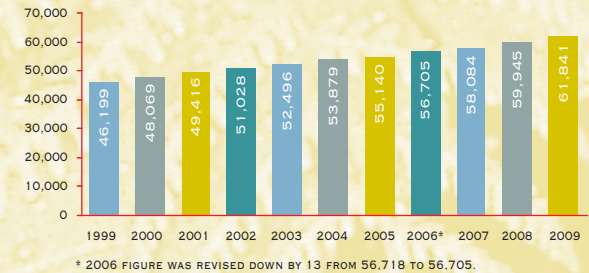
BENEFICIARIES

As at 31 December 2009, the Fund was paying 61,841 periodic benefits. The distribution of benefits in payment was as follows: full retirement benefits – 21,292; early retirement benefits – 13,881; deferred retirement benefits – 6,926; widow benefits – 9,622; widower benefits – 697; disability benefits – 1,175; child benefits – 8,208; and secondary benefits – 40.

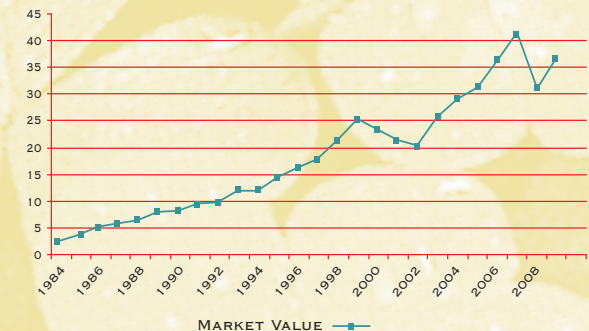
FINANCIAL SITUATION

The financial statements of the Fund are signed by the Chief Executive Officer and the Representative of the Secretary-General for Investments, and audited on a biennial basis by an external Board of Auditors. During the biennium 2008-2009, the Fund experienced an increase in participation by 10.3 per cent: from 106,566 active participants on 1 January 2008 to 117,580 on 31 December 2009. The payroll for benefits in payment for the biennium ending 31 December 2009 was \$3.2 billion representing 17.9 per cent increase over the prior period. During the period, benefits were being paid in 15 different currencies. The total expenditure for benefits, administration and investment costs of \$3.9 billion exceeded contribution income by approximately \$161 million. Contribution income increased from \$3.1 billion for the biennium ending 31 December 2007 to \$3.7 billion for the biennium ending 31 December 2009, or an increase of approximately 18.6 per cent. The market value of the Fund's assets decreased from \$41.4 billion on 31 December 2007 to \$36.7 billion on 31 December 2009, representing a decrease of about 11.3 per cent. A graph reflecting the evolution of the market value of the Fund's assets from 1984 to 2009 is provided herewith:

**UNJSPF
TOTAL GROWTH IN PERIODIC
BENEFITS (1999-2009)**



**MARKET VALUE OF THE UNJSPF
FROM 31 DECEMBER 1984
TO 31 DECEMBER 2009
(BILLION OF US\$)**



STATEMENTS OF ASSETS AND LIABILITIES AND OF INCOME AND EXPENDITURE

for the bienniums ending 31 December 2009 and
31 December 2007, are provided below:

STATEMENT OF ASSETS AND LIABILITIES

As at 31 December 2009 and 2007

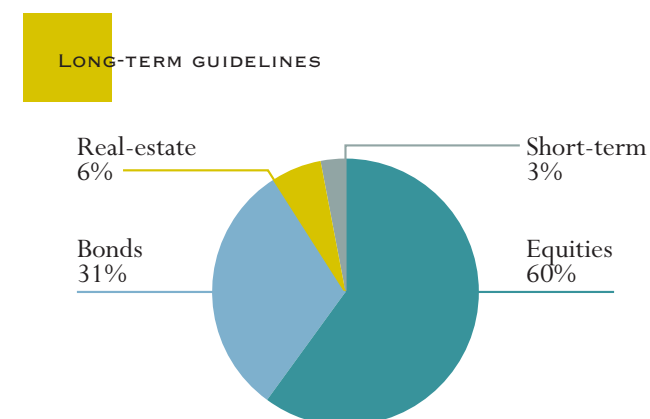
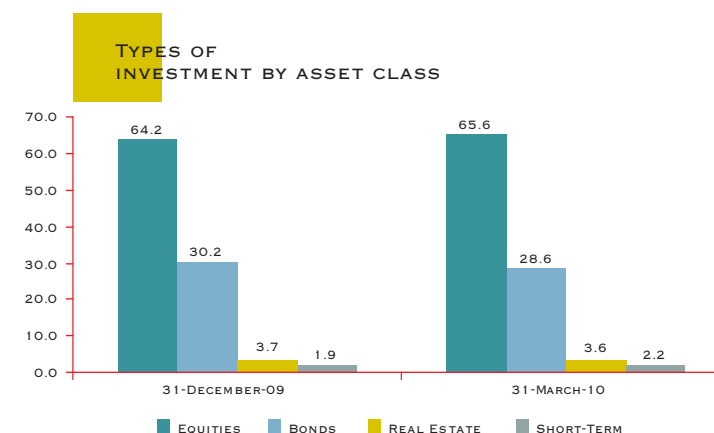
	2008-2009	2006-2007
ASSETS		
Cash and term deposits	757,915,871	160,955,892
Investments	32,161,894,924	30,058,248,484
Accounts receivable	266,155,511	462,541,998
Prepaid benefits	16,512,016	17,735,988
TOTAL ASSETS	33,202,478,322	30,699,482,362
LIABILITIES AND PRINCIPAL OF THE FUND		
Accounts Payable	53,454,654	116,062,532
After-service health insurance and end-of-service liabilities	34,431,000	-
Principal of the Fund	33,114,592,668	30,583,419,830
TOTAL LIABILITIES AND PRINCIPAL OF THE FUND	33,202,478,322	30,699,482,362
STATEMENT OF INCOME AND EXPENDITURE		
For the bienniums ending 31 December 2009 and 2007		
INCOME		
Participants contributions	1,250,207,279	1,054,767,004
Member organizations contributions	2,462,944,576	2,077,987,658
Transfer agreement amount received	3,625,090	3,049,312
Excess actuarial value over regular contributions	1,247,879	433,643
Investment income	2,702,008,806	7,168,506,562
Other income	18,602,583	24,896,684
TOTAL INCOME	6,438,636,213	10,329,640,863
EXPENDITURE		
Payment of benefits	3,759,556,083	3,188,577,877
Administrative costs	118,969,300	100,219,216
Emergency Fund	69,333	71,769
Change in after-service health insurance and end-of-service liabilities	3,061,000	-
TOTAL EXPENDITURE	3,881,655,716	3,288,868,862
Prior Period Adjustments	5,562,341	(21,623,456)
NET EXCESS OF INCOME OVER EXPENDITURE	2,562,542,838	7,019,148,545

INVESTMENTS

As of 31 March 2010, the preliminary market value of the Fund's assets was US\$38,348 million. This represents an increase of US\$814 million or 2.2 per cent, from 31 December 2009 when the Fund's asset value stood at US\$ 37,534 million.

Through active management, for long-term periods the Fund continues to outperform the policy benchmark with effective stock selection and periodic re-balancing of assets to maintain the Fund's long-term investment objective. The management of the Fund's investments continues to focus on balancing the risk and reward expectations by apportioning the Fund's assets according to goals, risks and investment horizon.

The asset allocation, in per cent was as follows:

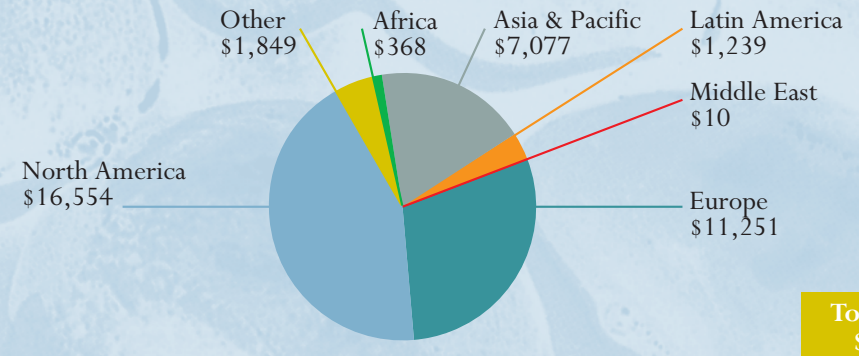


DIVERSIFICATION

The preliminary total return of the Fund for the quarter ended 31 March 2010 was 2.1 per cent outperforming the new benchmark preliminary return of 1.9 per cent. The Fund underperformed the new benchmark preliminary return in the one year period but outperformed in the three and five year periods. The table below summarizes the Fund's performance against its new benchmark consisting of 60 per cent Morgan Stanley Capital International All Country World Index, 31 per cent Barclays Capital Global Aggregate Bond Index, 6 per cent National Council of Real Estate Investment Fiduciaries Open End Diversified Core Index and 3 per cent 91-Day United States Treasury Bill and provides a reference comparison to the old benchmark, which consisted of 60 per cent Morgan Stanley Capital International World Index and 40 per cent Citigroup World Government Bond Index.

As of 31 March 2010, the Fund had investments in more than 39 countries, 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 2010 (%)

	1 QTR	1 year	3 years	5 years
Total Fund	2.1	32.2	0.8	5.7
Benchmark*	1.9	33.7	-0.4	4.7
Fund less Benchmark	0.2	-1.4	1.2	0.9

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

Reference 60% Equities 40% Bonds	1 QTR	1 year	3 years	5 years
	1.6	32.9	0.4	4.4

*discrepancies due to rounding

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:

Annualised Returns as of 31 March 2010 (%)

	1Y	3Y	5Y	7Y	10Y	15Y	20Y	25Y	Depuis 1960
UNJSPF Total Nominal Return	32.2	0.8	5.7	9.4	4.4	7.7	8.1	9.8	8.3
US CPI	2.3	2.0	2.4	2.4	2.4	2.9	2.7	2.9	4.1
Real Return*	29.2	-1.1	3.2	6.8	1.9	4.7	5.3	6.7	4.1
Excess Return**	25.7	-4.6	-0.3	3.3	-1.6	1.2	1.8	3.2	0.6

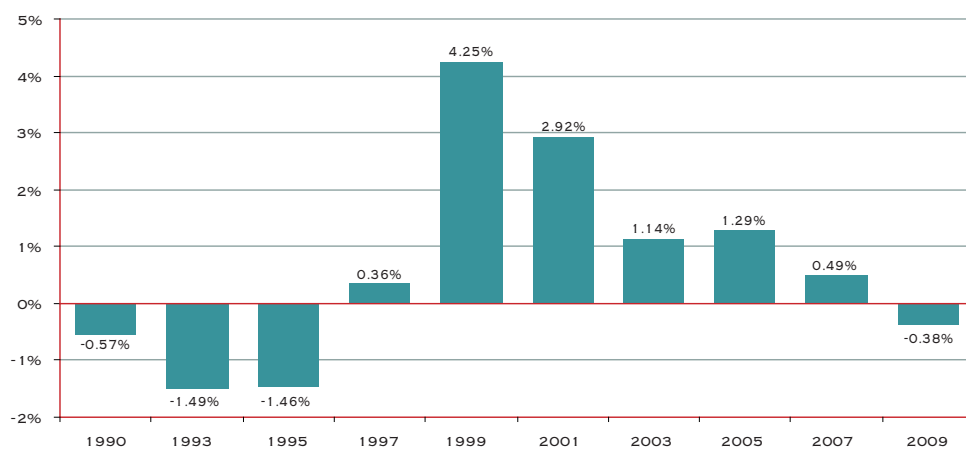
*Adjusted for US CPI (Geometric) **Real Return minus 3.5% (Arithmetic)

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 of 31 December 2009. This valuation revealed a slight deficit, amounting to -0.38 per cent of pensionable remuneration. The -0.38 per cent, expressed another way, means that the theoretical contribution rate required to achieve balance as of 31 December 2009 was 24.08 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 :

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 2009, 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 2009, 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 140 per cent, which was obtained by dividing the actuarial value of assets (i.e. \$38,154 million) by the actuarial value of the accrued benefits (i.e. \$27,323 million). The ratio therefore indicates that there is a 40 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 2009, both with and without pension adjustments:

FUNDED RATIOS FOR VALUATIONS AS OF 31 DECEMBER 1990 - 2009

	1990	1993	1995	1997	1999	2001	2003	2005	2007	2009
Without pension adjustments	131	136	132	141	180	161	145	140	147	140
With pension adjustments	77	81	81	88	113	106	95	92	95	91

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 MEETINGS IN 2010

The Pension Board will hold its next session, from 15 to 23 July 2010, at the International Maritime Organization, London, United Kingdom. The Investments Committee will meet four times in 2010. The Committee of Actuaries will hold its regular annual meeting in June 2010, in order to consider the 30th actuarial valuation as of 31 December 2009.

POLICY DOCUMENTATION

In accordance with the Fund's Third Management Charter, the following policy documents will be published in 2010: Enterprise-wide Risk Management Policy, Human Resources Guiding Principles, Medium-term Human Resources Plans and Business Continuity Management Policy.

GOVERNANCE

The Third Management Charter, a compact between the Pension Board and the Fund's Management, was presented to the Pension Board and approved in July 2008. It covers the years 2009-2011. It defines the objective to be implemented, the challenges and the related action plans to address them.

In 2008, the Pension Board established a working group to carry out a comprehensive review of the plan. The Report of the Working Group will be presented to the Pension Board in July 2010.

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, the Committee has made several recommendations to the Board, including amendments to the Fund's Audit Charter and new accounting standards for the UNJSPF.

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:

Chairman

1st Vice-Chairman

2nd Vice-Chairman

Rapporteur

Chairman

1st Vice-Chairman

2nd Vice-Chairman

Chairman

Vice-Chairman

Chairman

Representative

Chief Executive Officer

Deputy Chief Executive Officer

Director of Investments

Chief of Operations

Chief of Geneva Office

Chief Information Officer

Deputy Director & Chief Risk Officer

Deputy Director for Investments

Chairman

Vice-Chairman

Rapporteur

UNITED NATIONS JOINT STAFF PENSION BOARD (JULY 2009)

Mr. P. Sayour

[Representative of the Participants of the International Labour Organization]

Ms. V. Gonzalez Posse

[Representative of the General Assembly of the United Nations]

Mr. D. Northey

[Representative of the Executive Head of the International Atomic Energy Agency]

Mr. W. Azuh

[Representative of the Governing Body of the International Maritime Organization]

UNITED NATIONS STANDING COMMITTEE (JULY 2009)

Mr. A.O. Adeniyi

[Representative of the Participants of the United Nations]

Mr. T. Repasch

[Representative of the General Assembly of the United Nations]

Mr. D. Northey

[Representative of the Executive Head of the International Atomic Energy Agency]

AUDIT COMMITTEE (2009)

Mr. G. Engida

[Representative of the Executive Head of the United Nations Educational, Scientific and Cultural Organization]

Mr. J.B. McGhie

[Representative of the Participants of the International Fund for Agricultural Development]

INVESTMENTS COMMITTEE (2009)

Mr. W. McDonough

REPRESENTATIVE OF THE UNITED NATIONS SECRETARY-GENERAL FOR THE INVESTMENTS OF THE FUND

Mr. W. Sach

UNITED NATIONS JOINT STAFF PENSION FUND SENIOR MANAGEMENT (2009)

Mr. B. Cochemé

Mr. S. Arvizu

Ms. S. Bishopric

Mr. F. De Turrís

Mr. A. Blythe

Mr. P. Dooley

Mr. A. Singh

Mr. T. Shindo

COMMITTEE OF ACTUARIES (2008)

Mr. J. Král

Mr. D. Latulippe

Mr. H. Pérez Montás

CONSULTING ACTUARY

Buck Consultants, LLC

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
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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:
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No appointment is needed.

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By mail: **UNJSPF
c/o Palais des Nations
CH-1211 Geneva 10
Switzerland**

*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.