

# AAFI AFICS *Newsletter*

ASSOCIATION DES ANCIENS FONCTIONNAIRES INTERNATIONAUX - Genève  
ASSOCIATION OF FORMER INTERNATIONAL CIVIL SERVANTS - Geneva

22 March 2022

Dear friends,

You probably heard about the petition dealing with the investments of our pension fund. Please find below the AAFI-AFICS statement.

If you can't connect to the site by clicking in the text, think of copying the address in your browser.

We invite you to visit our website

[https://afics.unog.ch/AAFI-AFICS\\_News\\_E.htm](https://afics.unog.ch/AAFI-AFICS_News_E.htm)

regularly.

Keep well.

For AAFI-AFICS, Odette Foudral

**22 March 2022**

## **UNJSPF Information**

**Investments are always considered as the most crucial part of the work performed within UNJSPF. Recently a petition was initiated by one of the staff Federation (CCISUA).**

**Prior to make a decision as to sign it, please take the time to read the message below.**

**Always refer to the information published in the Fund Website.**

### **A message from Pedro Guazo on the investments of the UNJSPF Fund**

Despite recent turmoil in global markets the UNJSPF remains in a strong and stable financial position. As of 9 March, the preliminary market value of the Fund stood at US\$ 83.9 billion. This means that the long-term real rate of return remains above the 3.5 per cent minimum that is required to ensure the Fund's financial sustainability. The actuarial value of the liabilities as of December 2019 was US\$ 63.4 billion and next actuarial valuation will be published in the middle of this year, reflecting the position of the Fund at 31 December 2021.

This positive result reflects the commitment of the Office of Investment Management to ensure the financial health and success of the Fund. It has been made possible by close adherence to the Fund's long-term investment strategy, as endorsed by the General Assembly and the UNJSP Board.

There are several measures that have contributed to this success and will remain central going forward. First, the Fund has taken concrete steps to diversify its asset base to reduce risk. This has included rebalancing the ratio between private market investments, such as private equity, real estate, real assets and infrastructure, and public equities, especially in developing and frontier markets<sup>1/</sup>, and in emerging market debt<sup>2/</sup>. This enabled the Fund to significantly reduce the weight of its investments and exposure in emerging markets to around 11 per cent, and more specifically in the Russian Federation to below 0.3 per cent, of the overall portfolio. This marginal exposure is based on the last available values and will be adjusted as the situation evolves.

Second, the Fund took steps in recent months to increase its liquidity reserves, currently above 5% of the portfolio, providing both a protective buffer to market volatility and flexibility to invest prudently when the situation improves. Third, the Fund is putting in place measures to strengthen the performance of its fixed income portfolio through a medium-term plan. The plan, which aims to increase the Fund's value by up to \$60 million a year, will rely on a hybrid model of internal as well as external expertise and capacity, with 18% of the portfolio benefitting from external management services under the Fund's control and supervision, at a marginal additional cost of less than \$3 million a year. In light of misunderstandings and inaccurate information being circulated about this effort, it is important to note the plan has been carefully prepared, vetted and endorsed by relevant expert advisory and governance entities, including the Fund's Internal Investment Committee, the Fund's Board 3/ and by the Fund's Investments Committee, and it is fully aligned with the Fund's Investment Policy 4/ and applicable rules and regulations. In addition, it is critical to the Fund's ability to improve the overall return of its fixed income portfolio, in line with expectations and established benchmarks.

More broadly, the Fund is currently in the process of updating the Investment Policy, which will be presented for observations and recommendations to the UNJSPF Board at its 72<sup>nd</sup> session in July 2022, in line with Article 19 of the UNJSPF Rules and Regulations.

The UNJSPF entered 2022 in a strong position after a year of outstanding results, as we outlined in our 2021 end-of-year message to you. At the same time, it was clear that 2022 would present us with many challenges due to the situation in global markets, slow economic growth and inflationary pressures, compounded by the uncertainty around the evolution of the Covid-19 pandemic and, more recently, developments in Ukraine. The Office of Investment Management is fully committed to its mission to safeguard your investment and continue to ensure the financial health, stability and success of the Fund, with full transparency and accountability, placing the best interest of the members and beneficiaries at the center of our efforts.

Pedro Guazo is the Representative of the Secretary-General for the investments of the UNJSPF assets.

Source : UNJSPF letter dated 12 March 2022

NDLR :

1/ A frontier market is a term for a type of **developing country's market economy** which is more developed than a least developed country's, but too small, risky, or illiquid to be generally classified as an emerging market economy.

2/ An [emerging market bond exchange-traded fund](#) (ETF) comprises fixed income debt issues from countries with developing economies. These include government bonds and corporate bonds in Asia, Latin America, Africa and elsewhere. Emerging market bonds typically offer higher returns than traditional bonds for two primary reasons: They tend to be riskier than bonds from more developed countries, and developing countries tend to grow rapidly.

- 3/ <https://www.unjspf.org/the-70th-session-of-the-un-pension-board-concludes-highlighting-strong-performance-of-pension-administration-and-investments/>
- 4/ <https://oim.unjspf.org/how-we-invest/investment-policy/>

Regarding AAFI-AFICS, we are available on Mondays, Wednesdays and Thursdays from 10AM to 12. You can reach us at 022 917 33 30 or by e-mail [aafi-afics@un.org](mailto:aafi-afics@un.org)