

## **Introductory Statement to AFICS General Assembly**

*by Sudhir Rajkumar*

*Representative of the Secretary-General (RSG) for investment of UNJSPF assets*

1. I am very glad to be here. It is an honor to be appointed by the Secretary-General as his Representative to manage the assets of the UN Joint Staff Pension Fund.
2. I understand concerns have been expressed in the past by some of our stakeholders about aspects of the Fund. To the extent that the issues raised relate to investment aspects, I want to assure everyone that we are reviewing and addressing them in an active, considered, and thoughtful manner.
3. I strongly believe that we in the Investment Management Division and all our stakeholders have the same objectives – to ensure that the assets of the Fund are managed prudently and optimally. The ultimate objective is for the Fund to be able to fully discharge our obligations to current and future beneficiaries, who number over 200,000 active and retired staff of the UN and the 22 other member organizations of the Fund from around the world.
4. Proactive and open, two-way communication with stakeholders and oversight bodies can go a long way in helping us achieve our objectives. Together, we will strive to move towards this goal.
5. Let me also say that our aspiration is to have the Fund's investments organization counted among the most well-regarded long-term investment institutions globally. I am confident that we can make this aspiration a reality.
6. Working in harmony with our sister organization, the Fund Secretariat, is a core objective. Both the Fund Secretariat and IMD are here for the same purpose – to provide a social safety net to the hundreds of thousands of UN and other member organizations' staff who toil day in and day out, often in challenging locations and circumstances, to make this a better world. We owe it to them to find ways to collectively serve them better.
7. As part of my on-boarding process, the Executive Office of the Secretary-General shared with me the Terms of Reference of the RSG, as approved by the General Assembly in 2014. Please rest assured that I will follow these Terms of Reference closely, even as I am committed to foster harmonious functioning internally and externally, and to proactive and open communication with all our stakeholders.
8. A few words now on investments: Last year, we added USD9.7 billion to the Fund's assets, marking the biggest increase in the history of the Fund. My colleague, Herman Bril, will provide additional details in a few minutes. Of course, financial markets are known to be quite volatile from one year to the next, and can easily take away the gains which they may have bestowed on us the previous year. Since the beginning of 2018, despite increasing market volatility – primarily related to the strength of the US economy and resulting increases in US interest rates -- the Fund's value has

remained stable. The assets of UNJSPF were valued at USD 64.2 billion as of 31 March 2018 (based on preliminary unaudited data). The Fund's investment returns exceeded the policy benchmark's investment returns during the first quarter of 2018.

9. Annualized returns on the assets have comfortably exceeded the Fund's Long-Term Objective of 3.5% real (net of inflation) in USD terms -- for 1, 3, 5, 15, 20, and 50 year periods ending 31 March 2018. Only the 10-year period is slightly below this target, due to the 2008 Global Financial Crisis. Measuring returns over long time-periods (15 years or more) is the most appropriate for pension funds, because pensions are paid out over a very long time.
10. It is in the best interests of beneficiaries that pension fund investments maintain a long-term focus. UNJSPF is financially healthy and is in a good position to meet all its obligations to its beneficiaries.
11. During the first quarter of 2018, we took important steps within UNJSPF Investments to improve communications, and institutionalize incremental improvements in investment, risk management, and operational processes. We have successfully closed a significant number of audit recommendations, and enhanced tracking of our HR processes for recruitment and onboarding of new staff. We have started weekly meetings with my entire Senior Management Team, opened up our weekly investment meetings to all staff, and initiated quarterly All-Staff meetings. We have established an Internal Investment Committee (IIC), and operationalized a Risk Committee (RC) and a Compliance Committee (CC).
12. An anonymous survey of all Investments staff (69% response rate) revealed that 71% of staff felt 'things were changing for the better since beginning of 2018', and no staff felt that things were changing for the worse. We hope to build on this good beginning by regularly engaging in proactive, two-way communication with all staff.
13. Since taking office on 1 January 2018, I have emphasized the importance of incorporating Sustainable Investing practices in the Fund's global investment portfolio, and making every effort to incorporate Environmental, Social, and Governance (ESG) metrics and the UN Sustainable Development Goals into the Fund's investment process wherever feasible. I have added resources to this effort. UNJSPF Investments is in the process of evaluating additional measures to strengthen our efforts in this area under the leadership of the Director, Herman Brill.
14. Our approach is grounded in the belief that portfolios which integrate material ESG metrics in their investment decision making process have the potential to provide returns that are superior to those of conventional portfolios, while exhibiting lower risk over the long term. You can find more details on the Fund's Approach to Sustainable Investing at our website: [http://imd.unjspf.org/presentations/Our approach to Sustainable Investing.pdf](http://imd.unjspf.org/presentations/Our%20approach%20to%20Sustainable%20Investing.pdf)