

# United Nations Nations Unies

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4 April 2022

Dear Ms. Chaoui,

I am writing on behalf of the Secretary-General in response to your letter of 24 March 2022.

As I stated in my previous letter of 21 March 2022, our pension fund is the pillar of the social security system for our staff around the world. The Secretary-General takes very seriously our collective responsibility to ensure that it is healthy, sound, and efficient, while preserving its integrity and good reputation.

I take note of the concerns expressed in your latest letter and would emphasize that we agree on two very important points: that the pension fund's portfolios are in a sound financial position, and that as a matter of principle, the Office of Investment Management (OIM) should continue to manage most of the portfolios internally, as a more cost-effective approach. This has been reiterated by OIM to the relevant governing bodies. As such, allow me to be very clear: this plan is not the beginning of a move towards the fully outsourced management of our fund.

As the team in the OIM has transparently shared with you, the other staff federations, the UNJSPF Board and all stakeholders, the decision to increase the portion of the Fund's resources that is invested by external managers is a temporary measure to improve performance and reduce risks in the management of the fixed income portfolio. The plan also considers the objective steps which will be necessary to manage portfolios internally.

Unfortunately, the performance of portfolios cannot be enhanced automatically just by updating the benchmark. The benchmark is a portfolio of reference that teams are measured against, however, teams need to be adequately staffed to be able to meet the benchmark. The team has determined that they cannot passively manage the fixed income portfolio under the current circumstances, and need to avail themselves of all the tools at their disposal, including the use of external advisors as established in the 2019 Investment Policy Statement.

The OIM would always exercise full control over the portfolios and ensure full adherence to the applicable rules, regulations, and policies. The management of this portfolio would be enhanced by the implementation of the recommendations of the Board of Auditors and the Office of Internal Oversight Services.

We have listened to your concerns and acknowledge that CCIUSA and its members have questions about this specific proposal for the management of 18% of the total portfolio of the Fund.

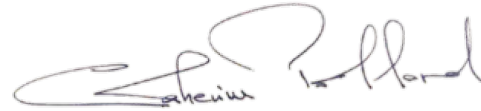
We take the concerns of all our stakeholders seriously, and as such the OIM has decided to postpone the implementation of the plan for at least 3 months, so they may

Ms. Prisca Chaoui  
CCISUA President

have the opportunity to clearly explain to you, your members and all interested stakeholders, the operational situation and rationale behind this proposal, with the firm commitment to listen and respond to all questions, comments, and suggestions, and work together with all the Fund's stakeholders.

I can assure you that the long-term sustainability of our Fund is the goal for all of us and we look forward to our continued consultation and collaboration.

Yours sincerely,



Catherine Pollard  
Under-Secretary-General for  
Management Strategy, Policy and  
Compliance

- cc: H.E. Mr. Abdulla Shahid, President of the General Assembly  
Mr. Courtenay Rattray, Chef de Cabinet  
Mr. Pedro Guazo, Representative of the Secretary-General for the investment of the assets of the UNJSPF  
Ms. Rosemarie McClean, Chief Executive of Pension Administration, UNJSPF  
Mr. Jan de Preter, Secretary of the Board, UNJSPF