

# Status of the Fund's Investments Presentation by IMD for AFICS/NY

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May 2016

# Summary

- 2015 and early 2016 - a period of market volatility which is higher than normal. We expect this to continue on a near-term basis.
- Broad diversification across markets and asset classes has dampened the overall impact of this volatility on the Fund.
- We are focused on the long-term and we believe that we are well positioned relative to our objectives.

# Asset Allocation

- Asset Liability Modelling (ALM) study completed during 2015.
- Strategic Asset Allocation (SAA) policy updated, effective 1 August 2015, resulting in updated targets and ranges for each asset class.
- Aligned with the actuarial return assumption of the Fund – currently a long-term real rate of return goal of 3.5%.
- Relatively conservative and traditional.

# Strategic Asset Allocation Policy

## Prior to 31 July 2015

| Asset Class             | Minimum | SAA Target | Maximum |
|-------------------------|---------|------------|---------|
| Global Equities         | 50%     | 60%        | 70%     |
| Real Assets             | 3%      | 6%         | 9%      |
| Alternative Investments | n.a.    | n.a.       | n.a.    |
| Global Fixed Income     | 24%     | 31%        | 38%     |
| Cash & Short-term       | 0%      | 3%         | 6%      |
| Total                   |         | 100%       |         |

# Strategic Asset Allocation Policy

## As of 31 July 2015

| Asset Class             | Minimum | SAA Target | Maximum |
|-------------------------|---------|------------|---------|
| Global Equities         | 50%     | 58%        | 69%     |
| Real Assets             | 3%      | 9%         | 10%     |
| Alternative Investments | 0%      | 5%         | 10%     |
| Global Fixed Income     | 19%     | 26.5%      | 37%     |
| Cash & Short-term       | 0%      | 1.5%       | 6%      |
| Total                   |         | 100%       |         |

# SAA Target Changes

|                         | Old SAA Target | New SAA Target |
|-------------------------|----------------|----------------|
| Global Equities         | 60%            | 58%            |
| Real Assets             | 6%             | 9%             |
| Alternative Investments | n.a.           | 5%             |
| Global Fixed Income     | 31%            | 26.5%          |
| Cash & Short-term       | 3%             | 1.5%           |
| Total                   | 100%           | 100%           |

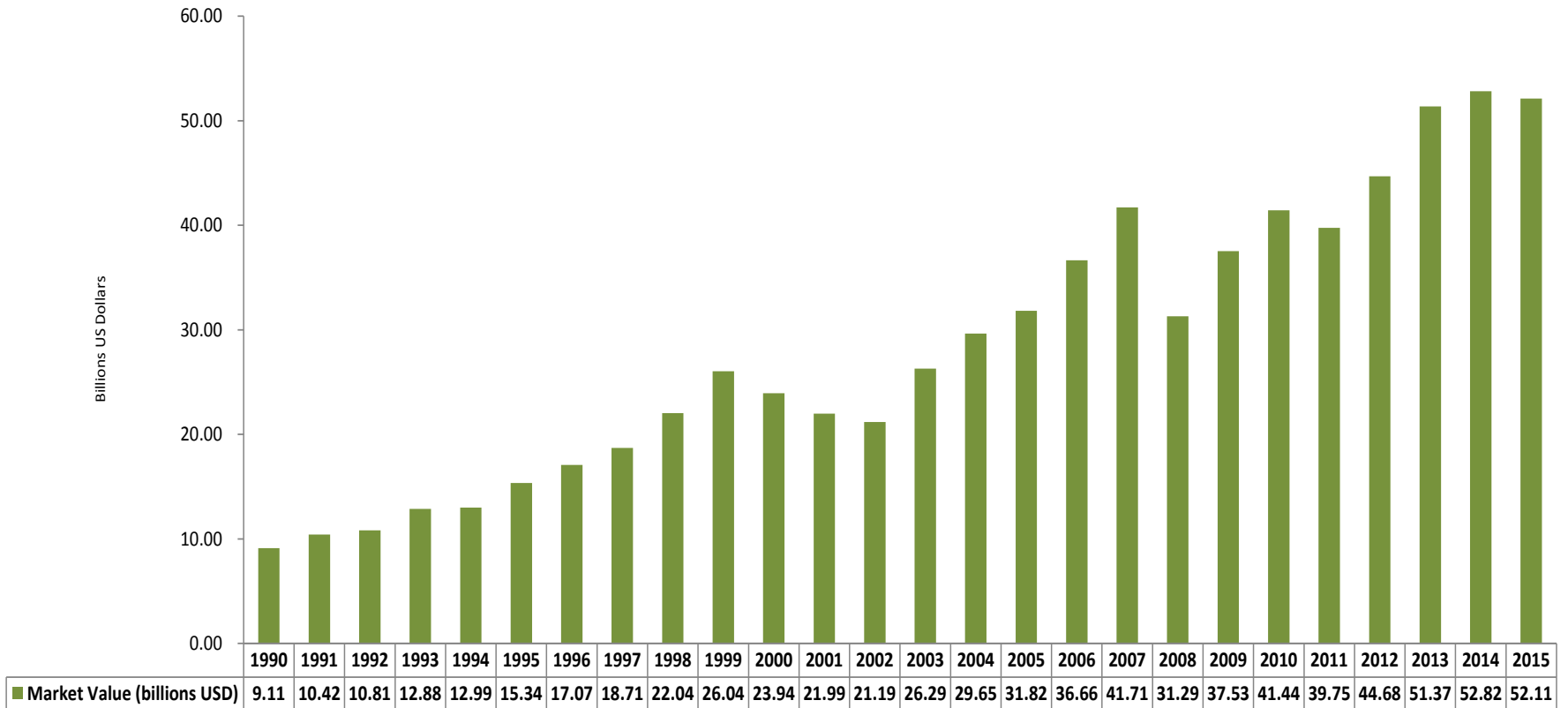
# Results

- Capital preservation in a challenging period.
- \$52,114,474,151 as of 31 December 2016
- \$52,519,785,795 as of 18 May 2016
- + 0.75% year-to-date

# UNJSPF Market Value of Assets

31 December 1990 to 31 December 2015

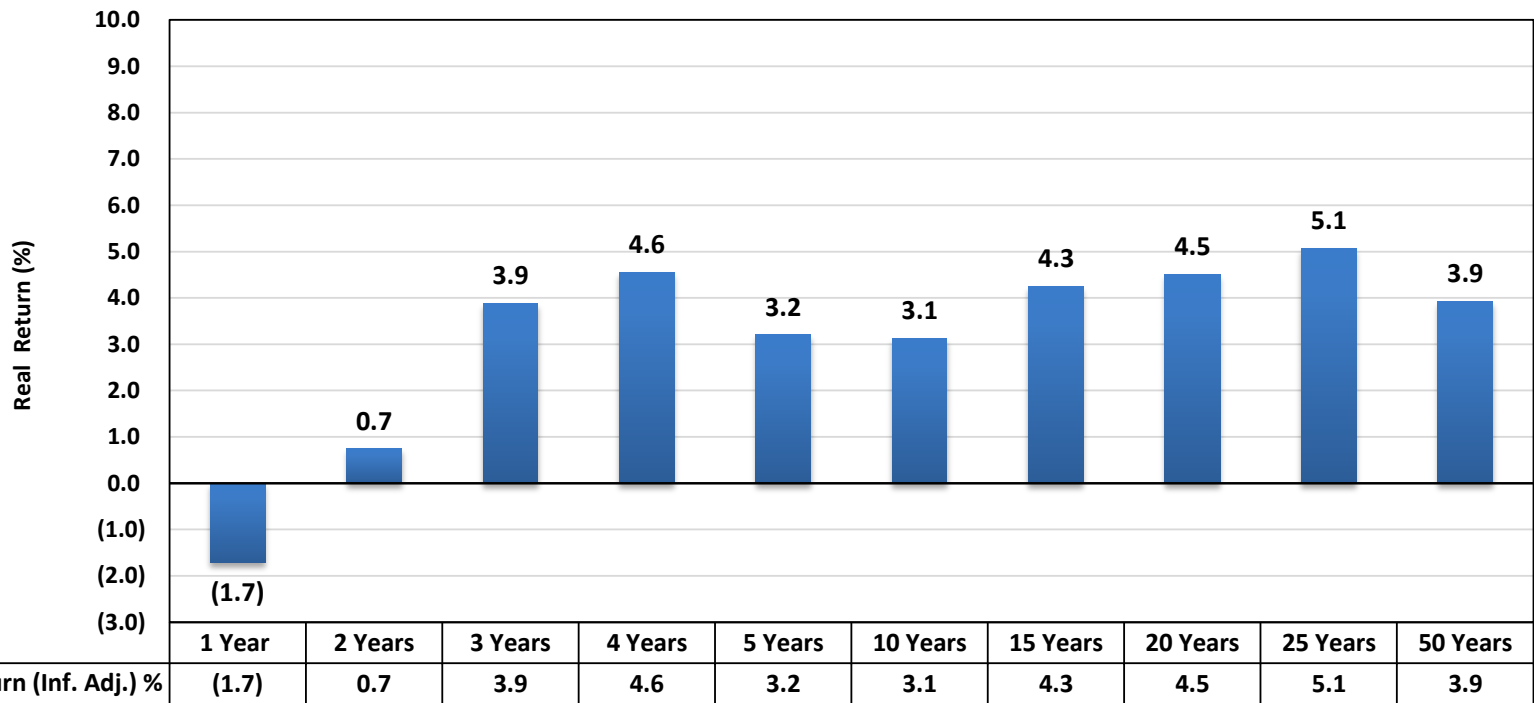
## UNJSPF Market Value



From Independent MRK



# UNJSPF Real Return and 3.5% Long-term Objective through 31 March 2016



|                              | 1 Year | 2 Years | 3 Years | 4 Years | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 50 Years |
|------------------------------|--------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| UN Nominal Return            | (0.9)  | 1.1     | 4.7     | 5.5     | 4.5     | 5.0      | 6.4      | 6.8      | 7.5      | 8.2      |
| US CPI                       | 0.9    | 0.4     | 0.8     | 0.9     | 1.3     | 1.8      | 2.0      | 2.1      | 2.3      | 4.1      |
| Un Real Return (Inf. Adj.) % | (1.7)  | 0.7     | 3.9     | 4.6     | 3.2     | 3.1      | 4.3      | 4.5      | 5.1      | 3.9      |
| Excess Return (3.5%)         | (5.2)  | (2.8)   | 0.4     | 1.1     | (0.3)   | (0.4)    | 0.8      | 1.0      | 1.6      | 0.4      |

Source: Independent MRK - Northern Trust.

MARKET VALUE AS OF 31 MAR 2016:

USD \$52,642,174,597

| Asset Classes                          | SAA <sup>1</sup> |             |         | TAA <sup>2</sup>     |                      | Actual<br>31 March 2016 |
|--|------------------|-------------|---------|----------------------|----------------------|-------------------------|
|  | Minimum          | Target      | Maximum | Near-Term<br>Minimum | Near-Term<br>Maximum |                         |
| Global Equities <sup>3</sup>           | 50%              | 58%         | 69%     | 52%                  | 64%                  | 60.74%                  |
| Real Assets <sup>4</sup>               | 3%               | 9%          | 10%     | 4%                   | 10%                  | 6.65%                   |
| Alternative<br>Strategies <sup>5</sup> | 0%               | 5%          | 10%     | 2%                   | 8%                   | 3.59%                   |
| Global Fixed Income                    | 19%              | 26.5%       | 37%     | 22%                  | 31%                  | 24.05%                  |
| Cash & Short-term                      | 0%               | 1.5%        | 6%      | 0%                   | 6%                   | 4.96%                   |
| <b>Total</b>                           |                  | <b>100%</b> |         |                      |                      | <b>100%</b>             |

<sup>1</sup> SAA or Strategic Asset Allocation represents long-term asset allocation targets and ranges effective 1 August 2015, based on the 2015 ALM study.

<sup>2</sup> TAA or Tactical Asset Allocation represents near-term asset allocation ranges.

<sup>3</sup> Global Equities include Public Equity (including REITs), Minimum Volatility Equity and Green Equity strategies.

<sup>4</sup> Real Assets include Real Estate, Infrastructure, and Timberland.

<sup>5</sup> Alternative Strategies include Private Equity and Real Return strategies.

Source: Preliminary numbers from the independent Master Record Keeper, Northern Trust. Note: Numbers may not total to 100 due to rounding.

# Summary

- Conservative approach
- Capital preservation
- Strong funded status of 91%
- The benefit is secure