

Additional clarification from Pedro Guazo on the fixed income portfolio

16 March 2022

The Fund is aware of additional concerns expressed on the temporary outsourcing of part of the fixed income portfolio.

As presented at the last Pension Board meeting on 24-25 February 2022 (see [here](#)) and in my [message](#) of 11 March 2022, the investments of the UN Pension Fund are doing very well overall, given the current economic and geopolitical context.

However, the Fund can do better in the fixed income portfolio. For many years that portfolio has underperformed against its benchmark, as outlined on the Fund's website [here](#). The Fixed Income Team of the Fund's Office of Investment Management put a proposal to manage part of the portfolio internally (35%) and, temporarily, using an external advisor under the supervision and control by the same internal team (65%). This 65% of the fixed income portfolio represents around 18% of the total portfolio managed by the Office of Investment Management.

This proposal has been reviewed by the internal committee, by the Pension Board and the Fund's Investments Committee, concurring this is a good temporary solution to raise the performance of the fixed income portfolio. The use of temporary external advisors is a best practice in the pension fund industry to address underperforming asset classes.

The immediate benefit for the UN Pension Fund will be additional USD 60 million a year in profits and this solution is only temporary. When the team is ready in some months the Office of Investment Management will again manage the portfolio internally.

I hope this clarifies the objective and the benefits of this operation, that will, again, be applied only for a limited time.

Please don't hesitate to contact the Fund if you have any additional question, sending your query to unjspf-communication@un.org

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