

**UNITED NATIONS DEVELOPMENT CORPORATION**

**ANNUAL INVESTMENT REPORT**

**2014**

In accordance with Section 2925 of the Public Authorities law, the Corporation has prepared an annual investment report including the Corporation's investment guidelines, the results of the annual independent audit of investments, a statement of the Corporation's investments as of December 31, 2014 and interest income for the year, and a list of the total fees, commissions or other compensation paid to each custodian, dealer and investment adviser rendering investment associated services to the Corporation during 2014.

The Corporation's investment guidelines include a list of the permitted investments of the Corporation, procedures and provisions to secure the Corporation's financial interest in investments, standards for the diversification of investments, standards for the qualification of investment bankers, brokers, agents, dealers and other investment advisers and agents which transact business with the Corporation, and provisions for reporting on the investments of the Corporation.

The Corporation's investment guidelines were last amended in 2012.

# UNITED NATIONS DEVELOPMENT CORPORATION

## Annual Investment Report for 2014

(Pursuant to Section 803 of the UNDC Investment Guidelines)

---

Copies of the following documents are attached to this Investment Report:

1. The Corporation's Investment Guidelines.
2. A statement of investments on hand as of December 31, 2014
3. A copy of the Corporation's audited financial statements for the year ended December 31, 2014.

The Corporation realized \$83,005 in interest income on investments during 2014, net of Investment Advisor Compensation reported below. During 2014 the Corporation invested in US Treasury Notes and a money market/savings account that is fully collateralized by U.S. Government obligations.

The total fees, commissions or other compensation paid to each trustee, custodian, and dealer during 2014 was as follows:

Trustee compensation:

The Bank of New York Mellon	\$	8,500
U.S. Bank Trust National Association	\$	8,214

Dealer compensation:

Compensation to dealers for the placement of investments is included in the investment yield. The Corporation's investment advisor solicits competitive bids on behalf of the Corporation for each investment.

Investment Advisor Compensation

PFM Asset Management, LLC	\$	43,308
---------------------------	----	--------

No new custodians or dealers were selected in 2014. PFM Asset Management, LLC has provided investment advisory services to the Corporation since April 2010.

Date: March 4, 2015

**UNITED NATIONS DEVELOPMENT CORPORATION**

**Investment Guidelines**

WHEREAS, Section 2925 of the Public Authorities Law mandates that each public benefit corporation adopt by resolution comprehensive investment guidelines which set forth such corporation's operative policy and instructions to officers and staff regarding the investing, monitoring and reporting of funds of the corporation, and that these guidelines be reviewed and approved by the corporation annually, and

WHEREAS, Section 2925 defines funds of the corporation as "all moneys and other financial resources available for investment by the corporation on its own behalf or on behalf of any other entity or individual"; and

WHEREAS, the funds of United Nations Development Corporation (the "Corporation") include:

1. Funds held by The Bank of New York Mellon, as Trustee under an Indenture of Trust dated as of December 1, 1992, as amended and supplemented through March 26, 2010;
2. Funds held by the Corporation in its revenue depository accounts and checking accounts; and
3. Funds held by the Corporation in its General Fund;

WHEREAS, with a primary investment objective of protection of principal, the foregoing funds are invested for varying periods of time, at varying rates of interest, in varying types of investments, and are subject to varying legal requirements;

WHEREAS, the Corporation is subject to Section 201 of 2 NYCRR, “Part 201, Accounting, Reporting, and Supervision Requirements for Public Authorities” (“Part 201”), adopted by the State Comptroller;

NOW, THEREFORE, BE IT RESOLVED that the following investment guidelines be, and they hereby are, adopted for the investment of funds of the Corporation:

## **ARTICLE I**

### **Definitions**

**Section 101. Definitions.** For all purposes of these guidelines, the terms listed below shall have the following meanings:

“Bank” means any domestic bank or trust company, savings bank, savings and loan association, credit union, national banking association, federal savings and loan association or federal credit union.

“Corporation” means United Nations Development Corporation.

“Custodian” means a Bank or Dealer designated by the Corporation to hold investments or collateral for investments of the Corporation, including a Trustee; provided however, that only a Bank may be a Custodian for a Repurchase Agreement.

“Dealer” means any investment banker, broker, agent or dealer which is engaged in the purchase and sale of securities.

“Funds” has the meaning given to “funds of the corporation” in the recitals hereto.

“Government Obligations” means the obligations listed in Appendix A attached to these guidelines.

“Investment Adviser” means any person, firm or entity engaged in the business of managing investments or providing investment advice, provided such person, firm or entity is registered with the State of New York as an Investment Adviser, or is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 and notice of such registration as a federally covered Investment Adviser is filed with the State of New York.

“Moody’s” means Moody’s Investors Service.

“Obligor” means the party with which or with whom the Corporation enters into a Repurchase Agreement.

“Repurchase Agreement” means an agreement by the Corporation to purchase obligations, together with a commitment on the part of the seller to repurchase the obligations at an agreed price at an agreed future date.

“S&P” means Standard & Poor's Financial Services.

“State” means the State of New York.

“State Obligations” means obligations of the State and obligations the payment of the principal of and interest on which is unconditionally guaranteed by the State.

“Trustee” means a Bank designated pursuant to a bond resolution of the Corporation or trust indenture or other governing legal instrument to which the Corporation is a party, which is the representative of bondholders or other holders of the Corporation’s obligations, to enforce their contract with the Corporation.

## Article II

### Permissible Investments

**Section 201. Requirements of Legal Documents.** Investment of Funds subject to trust indentures or other governing legal documents must comply with requirements in such documents regarding permissible investments. The requirements applicable at present to the investment of such Funds are referred to in Appendix B attached to these guidelines.

**Section 202. Other Permissible Investments.** Except to the extent the requirements referred to in Section 201 above impose more restrictive standards, all Funds may be invested only in the following obligations, which at the time are legal investments for fiduciaries under the laws of the State:

(i) obligations to which the faith and credit of the United States of America are pledged (including receipts evidencing ownership of future payments of interest on and principal of obligations of the United States of America);

(ii) obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America;

(iii) direct and general obligations of any state within the United States or of any political subdivision of the State, provided that at the time of purchase such obligations are rated by Moody's in either of the two highest rating categories (without regard to gradations within a category);

(iv) bonds, debentures, participation certificates or notes issued by any of the following: Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal National Mortgage Association, Export-Import Bank of the United States, Student Loan Marketing Association, Farmers Home Administration, Farm Credit Administration, Federal Home Loan Mortgage Corporation, Resolution Funding Corporation or Government National Mortgage Association;

(v) Public Housing Bonds, Temporary Notes or Preliminary Loan Notes fully secured by contracts with the United States;

(vi) Certificates of deposit, whether negotiable or non-negotiable, issued by any bank, trust company or national banking association (including the Trustee), provided that such certificates of deposit are continuously secured by direct obligations of or obligations guaranteed by the United States of America with a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and lodged with the Trustee (or any correspondent bank or trust company designated by the Trustee), as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured furnishes the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount at least equal to the principal amount of each such certificate of deposit and the Trustee will be entitled to rely on each such undertaking;

(vii) any Repurchase Agreement with any Bank organized under the laws of any state of the United States or any national banking association or any government securities Dealer that is listed as reporting to the market statistics division of the Federal Reserve Bank of New York, other than the Trustee, and having a capital stock and surplus of no less than \$500,000,000, provided that:

- a) such Agreements are limited to terms of no more than fifteen (15) days;
- b) no more than the lesser of 10% of all Funds or \$5,000,000 may be invested in such Agreements, with the amount of all Funds calculated as of the time of investment; and
- c) such Agreements are secured by any one or more of the securities described in clauses (i) through (iv) of this Section 202;

(viii) obligations of any corporation organized under the laws of any state in the United States that mature within two hundred seventy (270) days and are rated P-1 by Moody's and A-1+ by S&P;

(ix) bankers' acceptances that mature within ninety (90) days, that are rated P-1 by Moody's and A-1+ by S&P, that are eligible for purchase in the open market by federal reserve banks and that have been accepted by a bank or trust company that is organized under the laws of the United States or of any state thereof and that is a member of the federal reserve system;

(x) no-load money market mutual funds registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, provided that such funds are limited to investments in obligations issued or guaranteed by the United States of America or in obligations of agencies or instrumentalities of the United States of America where the payment of principal and interest is guaranteed by the United States of America (including contracts for the sale and repurchase of any such obligations); and

(xi) demand deposits at (a) Banks in the State with an "AA" long-term debt or deposit rating from a national rating agency and having equity capital of no less than \$300,000,000; or (b) Banks in the State with an "A" long-term debt or deposit rating from a national rating agency and having equity capital of no less than \$900,000,000, provided that in each case the amount of any such deposit (i) does not exceed the amount which is fully insured by the Federal Deposit Insurance Corporation or similar federal insurance, or (ii) is continuously secured by direct obligations of or obligations guaranteed by the United States of America with a market value (inclusive of accrued interest) at all times at least equal to the amount of such deposit and lodged with the Trustee (or correspondent bank or trust company designated by the Trustee), as custodian, by the bank at which such deposit is made.



### **Article III**

#### **Collateral Requirements**

**Section 301. Requirements of Legal Documents.** Investments of Funds subject to trust indentures or other governing legal documents must comply with requirements in such documents regarding collateral.

**Section 302. Other Collateral Requirements.** Except to the extent the requirements referred to in Section 301 above impose more restrictive standards, all investments of Funds are required to be secured as follows:

- A. Investments in Government and State Obligations permitted under Section 202 above need not be collateralized;
- B. Repurchase Agreements must be secured by physical delivery to the Corporation, or its Trustee, Custodian or other agent (which Trustee, Custodian or other agent is not the Obligor or an agent of the Obligor) of the underlying obligations and additional collateral as required below, or in the case of underlying obligations and any such additional collateral in book-entry form the Corporation shall take such action as may be necessary to obtain title to or a perfected security interest in such obligations and such additional collateral. The Corporation shall review the underlying obligations no less often than weekly to determine if their market value at least equals the agreed repurchase price to be paid to the Corporation, and if not, the Obligor must be required to deliver or otherwise grant title to or a perfected security interest in additional Government Obligations as collateral so that the market value of the underlying obligations, together with such additional collateral, will at least equal such repurchase price.

## Article IV

### Written Contracts

**Section 401. Contracts with Custodians.** Except as provided in Section 403 below, the Corporation shall require any Bank or Dealer acting as Custodian to enter into a written contract with the Corporation that provides at a minimum:

- A. That payment for any investment by the Custodian may be made only upon delivery of the physical obligation and any required collateral, or in the case of obligations or collateral in book-entry form, upon crediting of the obligation or collateral to the Custodian's account at the Federal Reserve Bank.
- B. That the Custodian may act on oral instructions from only (1) the Corporation's President, Executive Vice President, Senior Vice President, Controller, Deputy Controller, or Senior Accountant, such instructions to be confirmed in writing by an authorized officer of the Corporation; or (2) Investment Advisers, to the extent authorized by the Corporation to provide such instructions on the Corporation's behalf, such instructions to be confirmed in writing by an authorized representative of the Investment Adviser.
- C. That the Custodian must provide to the Corporation written transaction statements reflecting each transaction undertaken on behalf of the Corporation within a reasonable time after completion of the transaction.
- D. That the Custodian must provide to the Corporation statements of assets held on behalf of the Corporation as reasonably requested by the Corporation from

time to time, but at least monthly.

- E. That the Custodian may not deliver obligations and collateral without prior authorization from the Corporation or an Investment Adviser, provided that this limitation does not prohibit the Custodian from delivering obligations and collateral upon their maturities and provided further that obligations that are sold may only be delivered upon receipt of funds.
- F. That the Custodian will be liable for all losses to the Corporation resulting from the Custodian's willful misconduct.
- G. That the Custodian must comply with Section 402 below.

**Section 402. Repurchase Agreements.** The Corporation, or its Trustee, Custodian or other agent, shall require any Obligor with respect to each Repurchase Agreement to enter into a written contract with the Corporation or its Trustee, Custodian or other agent, as the case may be, that includes at a minimum the following provisions:

- A. A description of the obligations being purchased by the Corporation and the name of the institution which will hold such obligations upon payment of the purchase price (if the obligations are not to be held by the Corporation).
- B. A statement of the time and price at which the obligations will be repurchased.
- C. A grant by the Obligor to the Corporation of title to or a perfected security interest in the underlying obligations and a requirement that the Obligor comply with the requirements set forth in Section 302(B) above.

The Corporation shall enter into a master repurchase agreement with each Obligor with which the Corporation or its Trustee, Custodian or other agent proposes to enter into a Repurchase Agreement or Repurchase Agreements. Any master repurchase agreement must

outline the basic rights of the buyer and seller with respect to future Repurchase Agreements and must require, among other things, a written contract with any Custodian involved in Repurchase Agreement transactions, which contract outlines the responsibilities of the Custodian and the parties to the Repurchase Agreement or Repurchase Agreements governed by such master repurchase agreement, and must provide, among other things, that (i) the Custodian may not pay for any securities subject to the master repurchase agreement until the Custodian holds such securities; (ii) the Custodian holds such securities exclusively for the benefit of the Corporation; and (iii) any claims of the Custodian to such securities are subordinate to the claims of the Corporation.

**Section 403. Waiver of Written Contracts.** Notwithstanding the provisions of Section 401 above, the Corporation, or its Trustee, Custodians or other agents, will not be required to enter into a written contract, or such contract need not contain all of the provisions specified in such Section, where the President determines that use of a written contract or such provisions would not be practical or that there is not a regular business practice of written contracts with respect to the specific investment or transaction, provided that the Corporation requires all Custodians to comply with the requirements set forth in Sections 401(C) and 401(E) above. The requirements of Section 402 above regarding execution of master repurchase agreements and written contracts for each repurchase agreement may not be waived by the Corporation.

## Article V

### Standards for Evaluation and Selection of Dealers, Custodians and Investment Advisers

**Section 501. Evaluation and Selection.** In evaluating the qualifications of and selecting Dealers, Custodians and Investment Advisers to transact business with the Corporation, the Corporation shall consider the ability of a person or firm to provide consistent, high quality service, the size and quality of its staff, its prior experience in providing the specific types of services sought, its capitalization, outside ratings and other factors that in the judgment of the Corporation make a person or firm qualified. The Corporation's President may select Dealers, Custodians and Investment Advisers and shall report any such selection to the Board. Attached as Appendix C is a list of persons and firms currently selected to serve as Dealers, Custodians or Investment Advisers for the Corporation, which list is subject to change from time to time in accordance with these Investment Guidelines.

Any Dealer wishing to become qualified for investment transactions involving Funds (an "Approved Dealer") must supply the following as deemed appropriate by the Corporation:

- (1) Audited financial statements.
- (2) Proof of National Association of Securities Dealers (NASD) certification.
- (3) Proof of state registration.
- (4) Completed questionnaire, in the form adopted by the Corporation.

If the Corporation uses the services of an Investment Adviser, the Investment Adviser shall maintain an appropriate list of Approved Dealers. Upon request, the Investment Adviser shall provide the Corporation with a complete list of Approved Dealers and a description of the criteria used for selecting them.

## **Article VI**

### **Diversification of Investments**

**Section 601. Limitation on Use of Banks and Dealers.** The Corporation's President or his designee (including any Investment Advisers) shall review at least annually the capitalization of each Bank and Dealer with which the Corporation has investments. The placement of Repurchase Agreements shall be distributed among several Banks and Dealers to reduce the level of risk. Notwithstanding the foregoing, the Corporation may not (a) with respect to any Bank whose long-term debt or deposit rating is in the category "AA" or better from a national rating agency, invest more than the lesser of \$4,000,000 or 10% of all Funds in certificates of deposit or demand deposits with the same Bank, such amounts of Funds to be calculated as of the time of investment; and (b) with respect to Banks whose long term debt or deposit rating is in a category no lower than "A" from a national rating agency, invest more than the lesser of \$2,500,000 or 10% of all Funds in certificates of deposit or demand deposits with the same Bank, such amounts of Funds to be calculated as of the time of investment.

## **Article VII**

### **Investment Authority, Investment Objectives, Investment Procedures and Internal Control**

**Section 701. Investment Authority.** The Corporation's President may delegate to the Corporation's Executive Vice President, Senior Vice President, or Controller, or to Investment Advisers, authority to make investments in Government Obligations, State Obligations or demand deposits. Investment orders may be placed on oral instructions from only the Corporation's President, Executive Vice President, Senior Vice President, Controller,

Deputy Controller, or Senior Accountant, with such instructions to be confirmed in writing by an authorized officer of the Corporation. In the case of any investment that is made or placed other than by the Corporation's President or Executive Vice President, the officer of the Corporation or the Investment Adviser making or placing such investment shall, except as otherwise provided in an agreement between the Corporation and an Investment Adviser, advise the Corporation's President or Executive Vice President of such investment promptly after it is made or placed.

**Section 702. Investment Objectives.** The primary investment objective of the Corporation is protection of principal. The Corporation also invests to earn reasonable rates of return on its investments, consistent with the provisions of these Guidelines and the Corporation's other needs and requirements as determined by the Corporation's President or Executive Vice President.

**Section 703. Investment Procedures.** The Corporation shall develop an operating manual that specifies procedures to be followed with respect to the Corporation's investments.

**Section 704. Internal Control Structure.** The Corporation shall establish and maintain an internal control structure designed to ensure that the investment assets of the Corporation are protected from loss, theft or misuse.

## **Article VIII**

### **Audits and Reports**

**Section 801. Annual Independent Audit.** In conjunction with the annual audit of the Corporation's financial statements, the Corporation shall have its outside auditors conduct an annual independent audit of investments to include a review of investments for compliance

with these guidelines, applicable laws, regulations, and the State Comptroller's investment guideline requirements set forth in Section 201.3 of Part 201. The annual investment audit shall determine whether: investment assets were adequately safeguarded; adequate accounts and records were maintained which accurately reflect all transactions and report on the disposition of the Corporation's investment assets; and a system of adequate internal controls was maintained. The results of the annual investment audit will be available to the Corporation's Board of Directors at the time the annual review and approval of investment guidelines is conducted by the Corporation.

**Section 802. Quarterly Reports.** Within forty-five (45) days after the conclusion of each quarter of the Corporation's fiscal year, management shall prepare and deliver to the Corporation's Directors a quarterly report on the Corporation's investments, including a description of any new investments, the inventory of existing investments, and a report on the selection of any new Custodians, Dealers, or Investment Advisers.

**Section 803. Annual Investment Report.**

- A. Within ninety (90) days after the close of each fiscal year, management shall submit an annual investment report to the Corporation's Directors for their review and approval. Such report will include these guidelines and any amendments to these guidelines since the last annual investment report, an explanation of these guidelines and any amendments, the results of the annual independent audit of investments, the annual investment income record of the Corporation, a list of the total fees, commissions or other compensation, by payee, paid to each Custodian, Dealer and Investment Adviser rendering investment associated services to the Corporation since the last annual



investment report, and an annual consolidation of any other information included in the quarterly investment reports.

- B. The annual investment report, after being approved by the Corporation's Directors, within ninety (90) days after the close of the Corporation's fiscal year, will be submitted to the State Division of the Budget with copies as required by applicable law or regulation, including to the Office of Budget and Policy Analysis of the Office of the State Comptroller, the Senate Finance Committee and the Assembly Ways and Means Committee.
- C. Copies of the annual investment report will be available to the public upon reasonable request at the Corporation's offices.

## **Article IX**

### **Miscellaneous**

**Section 901. Amendments.** Any modifications or amendments to these guidelines may be made by resolution of the Corporation's Board of Directors; provided, however, that no such modification or amendment to these guidelines may abrogate any rights and duties under then existing contracts, and further provided that the Corporation's President, upon written notice to the Corporation's Directors, may from time to time modify or amend non-material portions of these guidelines.

**Section 902. No Recourse under these Guidelines.** No provision in these guidelines may serve as the basis of any claim against the Corporation or any Director, officer or employee of the Corporation in his or her individual or official capacity.

**Section 903. Effect upon Existing Contract.** These guidelines may not abrogate the rights and duties of the Corporation under any contracts executed prior to the effective date of these guidelines.

**Section 904. Effect of Failure to Comply.** Failure to comply with these guidelines will not invalidate any investment or affect the validity of the authorization of any officer of the Corporation or his or her designee to make such investments.

## **APPENDIX A**

“Government Obligations” means any of the following: (i) direct general obligations of the United States of America, (ii) obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, (iii) bonds, debentures, participation certificates or notes issued by any of the following: Bank for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal National Mortgage Association, Export-Import Bank of the United States, Student Loan Marketing Association, Farmers Home Administration, Federal Home Loan Mortgage Corporation or Government National Mortgage Association, or any agency or corporation which has been or may hereafter be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality of the United States, the bonds, debentures, participation certificates or notes of which are unconditionally guaranteed by the United States of America.

## **APPENDIX B**

### **Provisions of Trust Indentures Relating to Permissible Investments**

Indenture of Trust dated as of December 1, 1992, as amended and supplemented, between the Corporation and The Bank of New York Mellon, as trustee:

- a. Section 1205 sets forth general provisions relating to investment of funds, and identifies certain permissible investments and collateral requirements.
- b. Definition of “Investment Obligation” (Section 101) identifies permissible investments.

## APPENDIX C

### **Custodians, Dealers or Investment Advisers for the Corporation**

	<u>Name</u>	<u>Function</u>
1.	UBS PaineWebber	Dealer
2.	The Bank of New York Mellon	Dealer
3.	The Bank of New York Mellon	Custodian
4.	JP Morgan Securities, Inc.	Dealer
5.	PFM Asset Management LLC	Investment Adviser
6.	Dealers selected by Investment Adviser(s) in accordance with Section 501 of the Corporation's Investment Guidelines.	Dealers

**UNITED NATIONS DEVELOPMENT CORPORATION**  
**REPORT TO THE BOARD OF DIRECTORS ON INVESTMENTS AS OF DECEMBER 31, 2014**

**STATUS OF INVESTMENTS AS OF DECEMBER 31, 2014:**

<u>FUND</u>	<u>DESCRIPTION OF INVESTMENT</u>	<u>INTEREST RATE / YIELD</u>	<u>MATURITY DATE</u>	<u>TERM (# DAYS)</u>	<u>PAR VALUE</u>	<u>TOTAL PER FUND</u>
<b>SENIOR DEBT SERVICE RESERVE</b>	U.S. Treasury Notes	0.1170%	6/30/2015	365	\$ 4,745,000	
	U.S. Treasury Notes	0.1480%	6/30/2015	181	55,000	
	U.S. Treasury Notes	0.2810%	12/31/2015	365	4,772,000	
						\$ 9,572,000
<b>SENIOR DEBT SERVICE</b>	U.S. Treasury Notes	0.1090%	6/30/2015	208	795,000	
	U.S. Treasury Notes	0.0880%	6/30/2015	236	785,000	
	U.S. Treasury Notes	0.0640%	6/30/2015	271	785,000	
						2,365,000
<b>RENEWAL &amp; REPLACEMENT</b>	U.S. Treasury Notes	0.123%	1/31/2015	337	643,000	
	U.S. Treasury Notes	0.0870%	2/28/2015	212	674,000	
	U.S. Treasury Notes	0.0600%	3/31/2015	210	730,000	
	U.S. Treasury Notes	0.0700%	4/30/2015	181	673,000	
	U.S. Treasury Notes	0.0770%	5/31/2015	181	1,786,000	
	U.S. Treasury Notes	0.1480%	6/30/2015	181	677,000	
	U.S. Treasury Notes	0.143%	10/30/2015	396	1,895,000	
	U.S. Treasury Notes	0.357%	4/30/2016	716	915,000	
	U.S. Treasury Notes	0.505%	5/31/2016	792	975,000	
	U.S. Treasury Notes	0.474%	6/15/2016	777	1,268,000	
	U.S. Treasury Notes	0.921%	3/31/2017	1096	1,020,000	
	U.S. Treasury Notes	0.903%	4/30/2017	1102	1,000,000	
	U.S. Treasury Notes	0.909%	6/30/2017	1096	1,533,000	
						13,789,000
<b>SURPLUS FUND</b>	U.S. Treasury Notes	0.2500%	1/31/2015	520	1,083,000	
	U.S. Treasury Notes	0.2680%	2/28/2015	555	1,925,000	
	U.S. Treasury Notes	0.2930%	3/31/2015	614	1,500,000	
	U.S. Treasury Notes	0.0700%	4/30/2015	181	3,053,000	
	U.S. Treasury Notes	0.259%	6/30/2015	607	1,030,000	
	U.S. Treasury Notes	0.241%	6/30/2015	592	1,000,000	
	U.S. Treasury Notes	0.139%	8/31/2015	762	950,000	
	U.S. Treasury Notes	0.2140%	9/15/2015	564	1,000,000	
	U.S. Treasury Notes	0.3970%	9/15/2015	782	1,320,000	
	U.S. Treasury Notes	0.1860%	10/31/2015	516	949,000	
	U.S. Treasury Notes	0.1820%	10/31/2015	488	983,000	
	U.S. Treasury Notes	0.2540%	11/15/2015	319	750,000	
	U.S. Treasury Notes	0.3810%	12/31/2015	730	3,030,000	
	U.S. Treasury Notes	0.3850%	3/31/2016	790	1,085,000	
	U.S. Treasury Notes	0.3570%	3/31/2016	762	1,030,000	
	U.S. Treasury Notes	0.6420%	9/30/2016	749	2,035,000	
						22,723,000
<b>GENERAL FUND</b>	JPMorgan Chase Bank Government Money Market (collateralized by U.S. Government Obligations)	0.200%		n.a.	6,928,735	6,928,735
						\$ 55,377,735

Note: All investments made during the three-month period ending December 31, 2014 were in U.S. Treasury Notes and a money market account with JP Morgan Chase Bank.

Marks Paneth LLP  
685 Third Avenue  
New York, NY 10017  
P 212.503.8800  
F 212.370.3759  
www.markspaneth.com

New York City  
Washington, DC  
New Jersey  
Long Island  
Westchester  
Cayman Islands

**M A R K S P A N E T H**  
ACCOUNTANTS & ADVISORS

## Independent Auditors' Report

The Board of Directors of the  
United Nations Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the United Nations Development Corporation (the "Corporation"), which comprise the statement of net position as of December 31, 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2015.

In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with the Corporation's investment guidelines and the State Comptroller's investment guidelines for public authorities, collectively referred to as the "Investment Guidelines," insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Corporation's noncompliance with the Investment Guidelines, insofar as they relate to accounting matters.

This report is intended solely for the information of the Corporation's Audit Committee, Board of Directors and management and various offices of the State of New York and is not intended to be and should not be used by anyone other than these specified parties.

*Marks Paneth LLP*

March 31, 2015  
New York, NY



An independent member of  
**Morison** International