



Government Pension Investment Fund

(Jul. 5, 2019)

Overview of Fiscal 2018

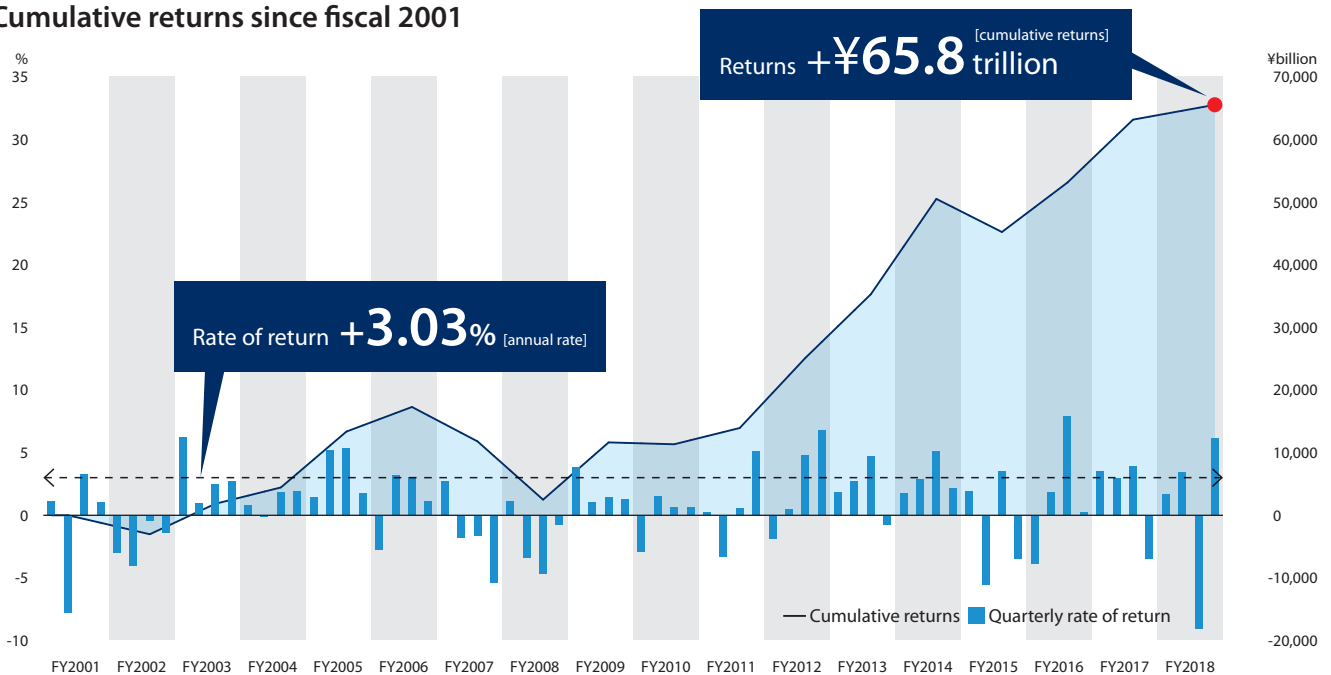


Investment Results



Returns are marked to market as of the end of fiscal 2018, and include unrealized gains and losses. Short-term portfolio returns are influenced by the current market trends.

Cumulative returns since fiscal 2001



Investment Results in Fiscal 2018

[1] Investment results

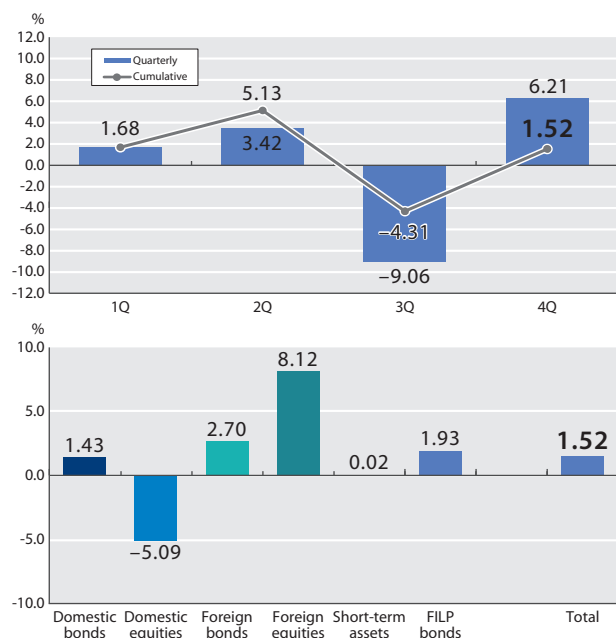
① Rate of investment return

The rate of investment return for fiscal 2018 is

+1.52%

(Unit: %)

	1Q	2Q	3Q	4Q	Total	
Total	1.68	3.42	-9.06	6.21	1.52	
Market Investments	Domestic bonds	0.14	-0.79	1.01	1.07	1.43
	Domestic equities	1.03	5.89	-17.57	7.63	-5.09
	Foreign bonds	0.56	1.79	-2.74	3.17	2.70
	Foreign equities	5.17	7.07	-15.71	13.91	8.12
	Short-term assets	0.00	-0.00	-0.00	0.02	0.02
FILP bonds	0.48	0.48	0.49	0.48	1.93	



(Note 1) Fiscal 2018 runs from April 1, 2018 to March 31, 2019.

(Note 2) The GPIF's portfolio consists of funds invested in the markets (hereinafter "market investment" that is marked to market) and FILP bonds (see Note 5), which are held to maturity and valued at amortized costs.

(Note 3) In this report, returns are calculated as the weighted average of gross market investment returns and FILP bond returns weighted by total amount invested. The rate of return within each asset class other than FILP bonds is time-weighted.

(Note 4) Alternative asset funds contain a mixture of asset classes, and the investment returns of such funds are allocated to each asset on a pro-rata basis according to the targeted asset composition ratio in the investment plan at the start of investment of such funds (the same shall apply hereinafter).

(Note 5) FILP bonds are government bonds issued to finance the Fiscal Investment and Loan Program (FILP).

② Amount of investment returns

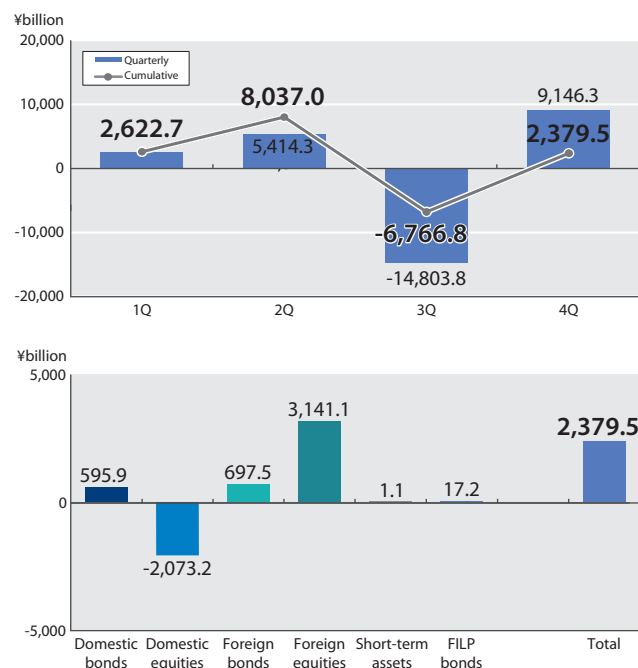
The amount of investment returns for fiscal 2018 is

+¥2,379.5billion.

Interest and dividend income contributed to the positive returns, despite unrealized losses of domestic equities.

(Unit: ¥billion)

	1Q	2Q	3Q	4Q	Total	
Total	2,622.7	5,414.3	-14,803.8	9,146.3	2,379.5	
Market Investments	Domestic bonds	61.4	-336.5	424.2	446.8	595.9
	Domestic equities	419.9	2,423.0	-7,655.6	2,739.4	-2,073.2
	Foreign bonds	134.0	441.2	-718.2	840.4	697.5
	Foreign equities	2,003.0	2,882.3	-6,858.1	5,113.9	3,141.1
	Short-term assets	0.1	-0.1	-0.4	1.5	1.1
FILP bonds	4.3	4.3	4.3	4.3	17.2	



(Note 1) Investment returns are gross of fees.

(Note 2) Due to rounding off, the sum of each item in individual quarters does not necessarily match the total number for the fiscal year.

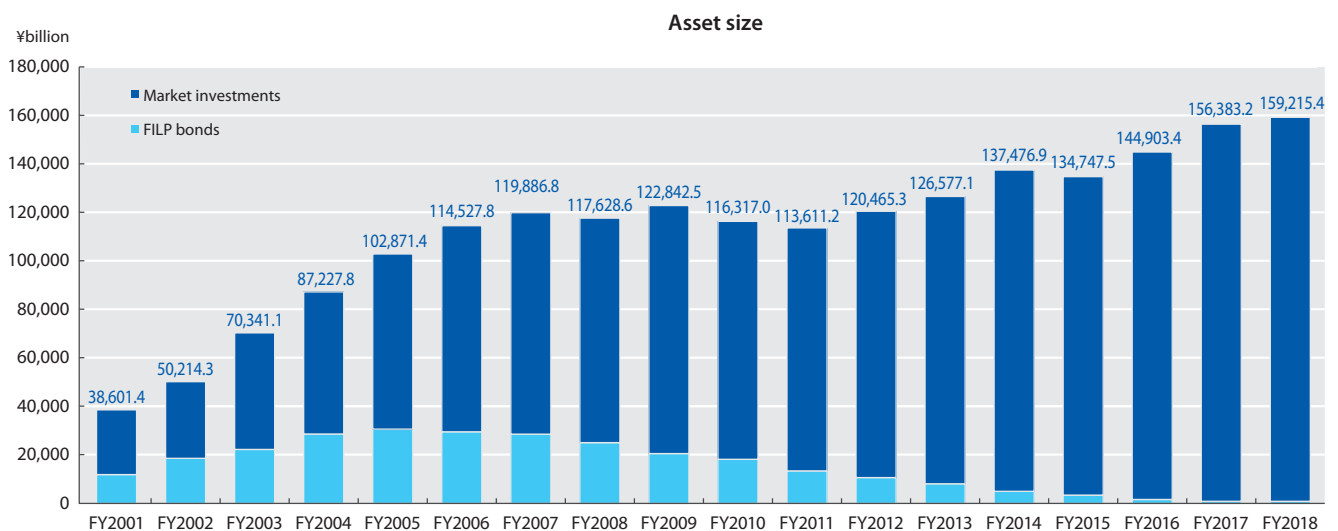
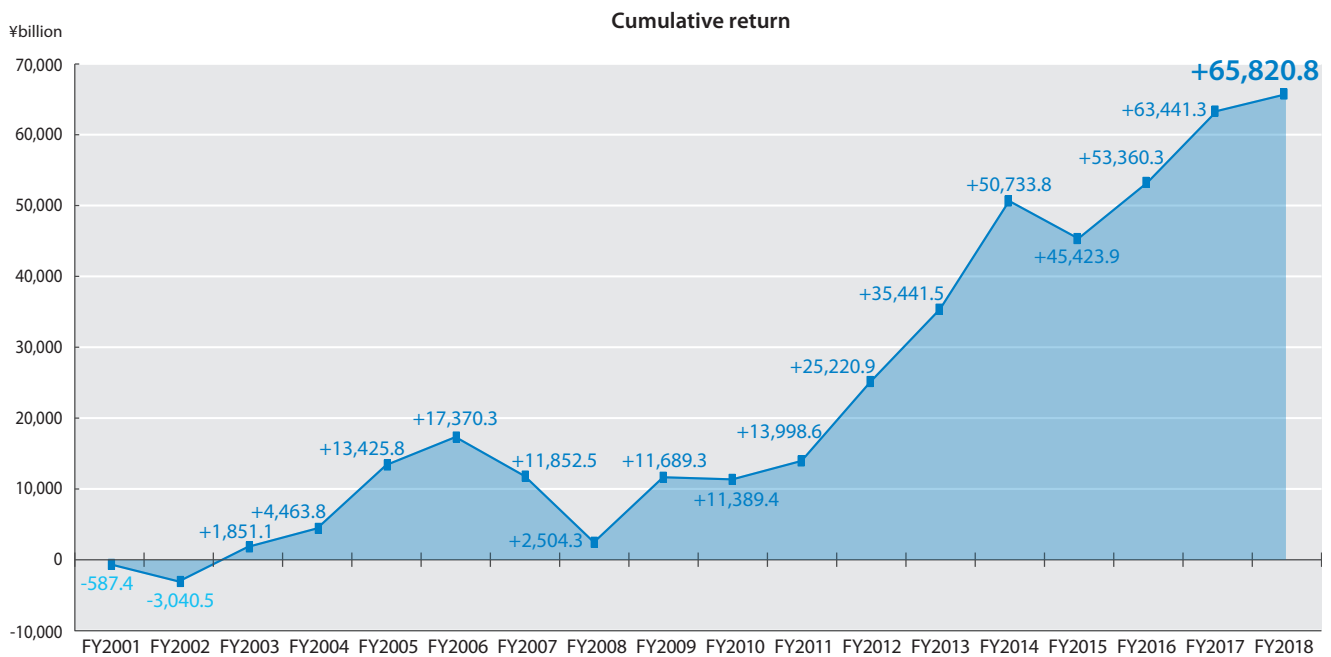
③ Cumulative returns and asset size since fiscal 2001

Cumulative returns from fiscal 2001 to fiscal 2018 are

+¥65,820.8 billion

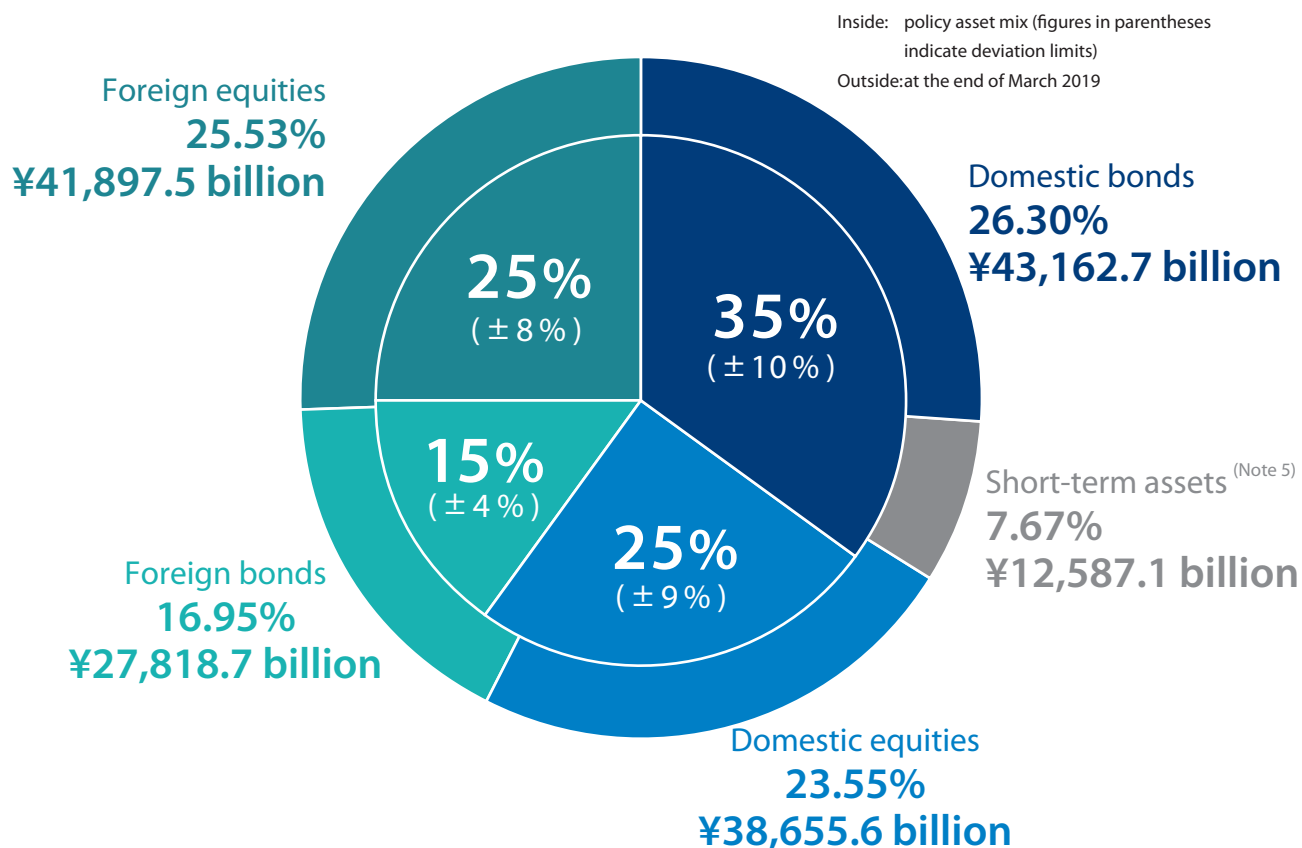
and the value of investment assets at the end of fiscal 2018 is

¥159,215.4 billion.



(Note) The balance of FILP bonds increased from fiscal 2001 to fiscal 2007 due to increased underwriting, and decreased since fiscal 2008 due to redemption on maturity.

④ Investment assets and portfolio allocation
(Consolidated with GPIF and the Pension Special Account)



	Market value (¥billion)	Allocation of pension reserve (A)	Policy asset mix (B)	Deviation (A-B)
Domestic bonds	43,162.7	26.30%	35%(±10%)	-8.70%
Market investments	42,266.4	25.75%	-	-
FILP bonds (Book value)	896.3	0.55%	-	-
FILP bonds (Market value)	(957.6)	-	-	-
Domestic equities	38,655.6	23.55%	25%(±9%)	-1.45%
Foreign bonds	27,818.7	16.95%	15%(±4%)	1.95%
Foreign equities	41,897.5	25.53%	25%(±8%)	0.53%
Short-term assets	12,587.1	7.67%	-	-
Total	164,121.6	100.00%	100.00%	-

(Note 1) The figures above are rounded off, so the sum of each item does not necessarily match the total number.

(Note 2) The amounts in the Market value column include accrued income and accrued expenses.

(Note 3) The book value of FILP bonds is stated at amortized cost plus accrued income.

(Note 4) While the pension reserve as a whole includes reserves managed under a special account as of the end of fiscal 2018 (about ¥4.9 trillion), this amount is prior to the adjustment for revenues and expenditures and differs from the amount in the final settlement of accounts.

(Note 5) The Policy Asset Mix is as follows: Domestic bonds 35% (±10%), Domestic equities 25% (±9%), Foreign bonds 15% (±4%), Foreign equities 25% (±8%). Based on the current market trends, deviation limits for domestic bonds are flexibly managed as an interim measure. Specifically, short-term assets can be added to domestic bonds within the range allocated for domestic bonds.

(Note 6) The allocation for alternative investments is 0.26% (up to a maximum of 5% of total portfolio).

⑤ Allocation changes for each asset class due to rebalancing

(Unit: ¥billion)

	Domestic bonds	Domestic equities	Foreign bonds	Foreign equities
Allocated/withdrawn	-1,950.8	+29.3	+3,210.6	+96.0

(Note 1) Each figure shows the net rebalancing amount.

(Note 2) Redemptions and coupon revenue from the Special Fund for cash outflow were ¥2,159.4 billion. Coupon revenue from the Special Fund for FILP bonds was ¥17.2 billion.