GPIF

ANNUAL REPORT
FISCAL YEAR 2024

Investment Principles

【1】 Our overarching goal is to contribute to the stability of the national pension system by securing the investment returns that it requires with minimal risk and from a long-term perspective, to the sole benefit of insureds.

【2】 Our primary investment strategy is diversification by asset class, region, and timeframe. While market prices may fluctuate in the short term, GPIF will take full advantage of our long-term investment horizon to achieve investment returns in a more stable and efficient manner, while simultaneously ensuring sufficient liquidity to pay pension benefits.

【3】 We formulate our overall policy asset mix and manage risks at the portfolio, asset class, and investment manager level. We utilize both passive and active management in order to achieve benchmark returns (i.e., average market returns) and seek untapped profitable investment opportunities.

【4】 We believe that sustainable growth of investee companies and the capital market as a whole is vital in enhancing long-term investment returns. In order to secure such returns for the benefit of insureds, therefore, we promote sustainability investment including those which take into account non-financial factors such as ESG and social or environmental effects (impact), in addition to financial factors.

【5】 In order to enhance long-term investment returns, we shall advance various initiatives (including those considering sustainability such as ESG) to promote long-termism as well as sustainable growth of investee companies and the capital market as a whole, and to fulfill our stewardship responsibilities.

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The figures from FY 2023 onward reflect changes in principle with the transaction date (execution date) as the record date. In addition, the notional amount of stock index futures transactions in in-house investment is reflected. (Figures prior to FY 2022 reflect changes in principle with the settlement date as the reference date. In addition, the notional amount, etc. of stock index futures transactions in in-house investment is not reflected, except for some cases.)

- Investment results of GPIF, including the official version of this annual report and disclaimers by index providers, are available on the website: https://www.gpif.go.jp/en/
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FY 2024 Investment Result Summary

For details, refer to pages 23-42.

Excess return
(over the compound benchmark)

FY 2024
+0.09%

Since 2020 (the beginning of the 4th Medium-Term Objectives Period (FY2020-FY2024))
+0.43% cumulative

Rate of return

FY 2024
0.71% annual rate

Since FY 2001
4.20% annual rate

Returns
(Interest and dividend income)

¥1,733.4 billion annual returns
(¥4,678.8 billion) [annual returns]

¥155,531.1 billion cumulative returns
(¥55,868.9 billion) [cumulative returns]

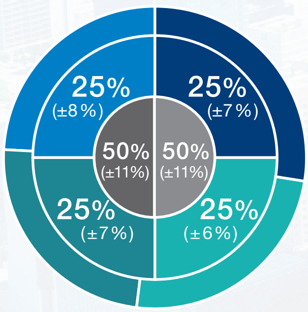
Assets under management

As of the end of FY 2024
249,782.1 billion

Portfolio allocation
(Pension reserves managed by GPIF and the Pension Special Account)
Inside: Policy Asset Mix (figures in parentheses indicate deviation limits)
Outside: at the end of March 2025

Domestic equities
23.94%
¥61,618.6 billion

Foreign equities
24.05%
¥61,918.8 billion



Domestic bonds
27.64%
¥71,150.0 billion

Foreign bonds
24.37%
¥62,730.2 billion

Allocation changes for each asset class due to rebalancing

(Unit: billions of yen)

Domestic bonds	Foreign bonds	Domestic equities	Foreign equities
+5,256.9	+1,288.1	+938.7	–5,359.4

(Note 1) Each figure shows the net rebalancing amount.
(Note 2) The calculation of figures is based on transaction date.

Fees paid to external managers and custodian banks
(Fee ratio)

37.3 billion yen
(0.01%)

Topics in FY 2024

1 Stable portfolio management

In order to steadily implement investment based on the Policy Asset Mix, GPIF purchases and sells (i.e., rebalances) assets in a timely and appropriate manner in response to changes in the economic and market environment so as not to deviate from the asset allocation policy specified in the Policy Asset Mix.

In FY 2024, the market experienced interest rate rises on both domestic and foreign bonds and significant fluctuation in stock prices. In addition to effectively rebalancing its portfolio through stock index futures and bond futures, GPIF also enhanced the sophistication of investment to meet the Policy Asset Mix by analyzing the deviation status from the Policy Asset Mix with respect to each risk factor and investment strategy from multi-faceted viewpoints.

GPIF also designated the new Policy Asset Mix for the 5th Medium-Term Objectives Period starting in FY 2025.

2 Sophistication and diversification of investment aimed at obtaining excess return

GPIF's investment objective is to operate the fund based on a Policy Asset Mix aimed at achieving the long-term investing objectives (real returns), in addition to capturing excess returns relative to composite benchmark returns (market average returns from a Policy Asset Mix).

In FY 2024, GPIF conducted stable investment in active equity funds, resumed foreign equity lending, introduced the use of passive funds that manage and limit unintended risks in ESG index investment (difference between policy benchmarks and parent indexes (indexes that serve as the bases for ESG indexes)), and enhanced its analysis of its fund project selection capabilities within alternative assets, among other activities, as GPIF sought to capture excess returns.

As a result of these efforts, in the 4th Medium-Term Objectives Period (FY 2020-2024), the cumulative excess rate of return was +0.43%.

For the 19 years since the establishment of GPIF (from FY 2006 to FY 2024), the average excess rate of return was -0.02%.

3 Formulating new investment and other policies

In August 2024, the government formulated a set of common principles for asset owners' investment, governance, and risk management ("Asset Owner Principles"). In September 2024, GPIF agreed to and accepted these principles, and formulated the Policy on the Asset Owner Principles.

Then, in March 2025, GPIF formulated the Sustainability Investment Policy, which indicates its basic approach to and aims in sustainability investment, including investments that take into account ESG and impact.

The Board of Governors makes GPIF more trustworthy for the Japanese public by fully utilizing the expertise of the Governors with a wide range of knowledge and experiences.

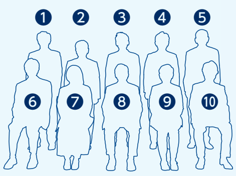
The mission of GPIF is to manage pension reserves stably and efficiently from a long-term perspective, for the sole benefit of the people of Japan, thereby contributing to the stability of pension finance.

The Board of Governors comprises ten members: the President of GPIF and nine external experts with a broad range of pertinent knowledge and experience. The Board of Governors makes decisions on important policies related to the management and investment of pension reserves including the formulation of the Policy Asset Mix, as well as the management of the organization. In addition, the Board of Governors oversees the execution of duties of the Executive Office in cooperation with the Audit Committee.

Looking back on the domestic and international environment over FY 2024, the international politics have become increasingly tense, with further acceleration of war risks and geopolitical risks and the rise of nationalism. The global economy has been weakening as a whole. While the US seemed to maintain its resilience, Europe continued to underperform, and China entered a severe recession. Japan is recovering, but lacking strength. In addition to the increasingly severe domestic and international environment, the Trump administration's rapidly changing policy management, driven by the tariffs, has made international financial and capital markets extremely unstable.

In order to ensure an appropriate balance between risks and returns, GPIF is working to further enhance and diversify its investment management while also focusing on risk mitigation. In addition, on the organizational management side, GPIF has made efforts to establish various systems that support improvements in operational efficiency, including the development of IT systems. I believe that the Board of Governors has been able to firmly demonstrate governance that earned the trust of the public through close communication with the Executive Office.

The global economy has become more unpredictable since entering FY 2025, including what could be described as a trade war. GPIF will make every effort to meet the expectations of the public while responding flexibly to various changes. We would sincerely appreciate your continuous understanding and support.



❶ ITABA Ken
❷ KUBOTA Masakazu
❸ HONDA Toshiki
❹ AIHARA Yasunobu
❺ OZAKI Michiaki
❻ KATO Yasuyuki
❼ KOMIYAMA Sakae
❽ YAMAGUCHI Hirohide
❾ SHIRASU Yoko
❿ UCHIDA Kazuto

Chairperson of the Board of Governors

YAMAGUCHI Hirohide

Government Pension Investment Fund, Japan

Message from the President

We will fulfill our mission to contribute to the financial stability of the pension system and ultimately to the stability of people's lives through the management and investment of pension reserve funds.

Through appropriate management and investment of pension reserves, we will fulfill our mission of ensuring the financial stability of the pension system, and ultimately contribute to the stability of people's lives.

GPIF mandate is to contribute to the stability of the Employees' Pension Insurance and National Pension schemes by managing and investing the pension reserve fund entrusted to us by the Minister of Health, Labouré and Welfare, and disbursing the investment returns into the Pension Special Account.

The investment result for FY 2024 was a minor positive return of 0.71% due to the yen appreciating slightly while domestic stock markets fell and foreign stock markets rose.

The U.S. Federal Reserve Board (FRB) and the European Central Bank (ECB) began the process of lowering their rates. However, the confusion amongst the market participants in response to the tariff polices by the U.S. government, caused the government bond yields in major economies to rise. The Bank of Japan lifted its rates, which caused the policy interest rates marked their highest level since September 2008 and the domestic government bond yields to rise. Due to the differences in the direction of the monetary policy between Japan and abroad, the value of the yen appreciated against the U.S. dollar and the Euro. In stock markets, major Japanese, U.S., and European indexes all temporarily reached record highs. However, while U.S. and European stock markets rose, the domestic stock market fell.

Our 4th Medium-Term Objective Period, which started in FY 2020, ended in FY 2024. The global economic environment during this period experienced a sudden major downturn due to COVID-19. The financial and monetary policy mobilization by major countries helped the stock and credit markets to recover significantly. However, with rising risk for inflation due to resource price increase and resource shortages stemming from geopolitical risks within Europe and the Middle East, interest rates were increased in developed countries. With the U.S. government indicating that it will significantly increase its tariffs, the financial markets continue to remain volatile.

While striving to manage assets during such a turmoil period, we were able to manage the risks in a stable manner and as a result, GPIF assets under management was approximately JPY 250 trillion at the end of FY 2024. There is no comparable investor in the world who manages assets of this scale as a single portfolio.

In order to continue securing stable returns, GPIF is working to enhance its investment and risk management by improving the middle and back-office structures supporting these efforts. We also continue to promote sustainability investment initiatives that will contribute to the long-term return for our assets under management. Through these initiatives, all of our officers and employees, together with the Board of Governors, will continue our unremitting efforts in fulfilling the expectation from pension recipients, and to contribute to the stability of the people's lives.

I would sincerely appreciate your continued understanding and support.

President

内田和人

UCHIDA Kazuto

Government Pension Investment Fund, Japan

Introduction of GPIF

1 About GPIF

The public pension scheme is designed to support the future of Japan.
Here we provide everyone with an easy-to-understand explanation of the activities GPIF, which manages part of this important scheme, is engaged in.

Q1 Will I get my contributions back as pension benefits in the future?

A Japan's public pension scheme is a form of "intergenerational support" in which the pension contributions paid by the working generation are used to pay pension benefits for the elderly generations. The scheme is not designed to directly return the money you have contributed back to you.

▶ For details, refer to page 8.

Q2 How will the pension system work with the declining birthrate and the aging population?

A Since there will be fewer contributions from the working generation to cover the pension benefits for the elderly generation, it will be necessary to make up for the shortfall. The sustainability of the pension system has been enhanced by reflecting changes in the times, such as the increase in the employment of elderly people and women. In addition, the system is designed to stabilize pension finances by utilizing pension reserves.

▶ For details, refer to page 9.

Q3 What does GPIF do?

A GPIF invests and increases part of the money set aside for pension benefits for future generations.

▶ For details, refer to page 10.

Q4 Will the amount of pension I receive next year change depending on the investment result of this year?

A The funds GPIF invests are those reserved for future generations. Therefore, the amount of pension benefits you receive next year will not be affected regardless of whether the investment performance of this year is positive or negative.

▶ For details, refer to page 10.

What is public pension?

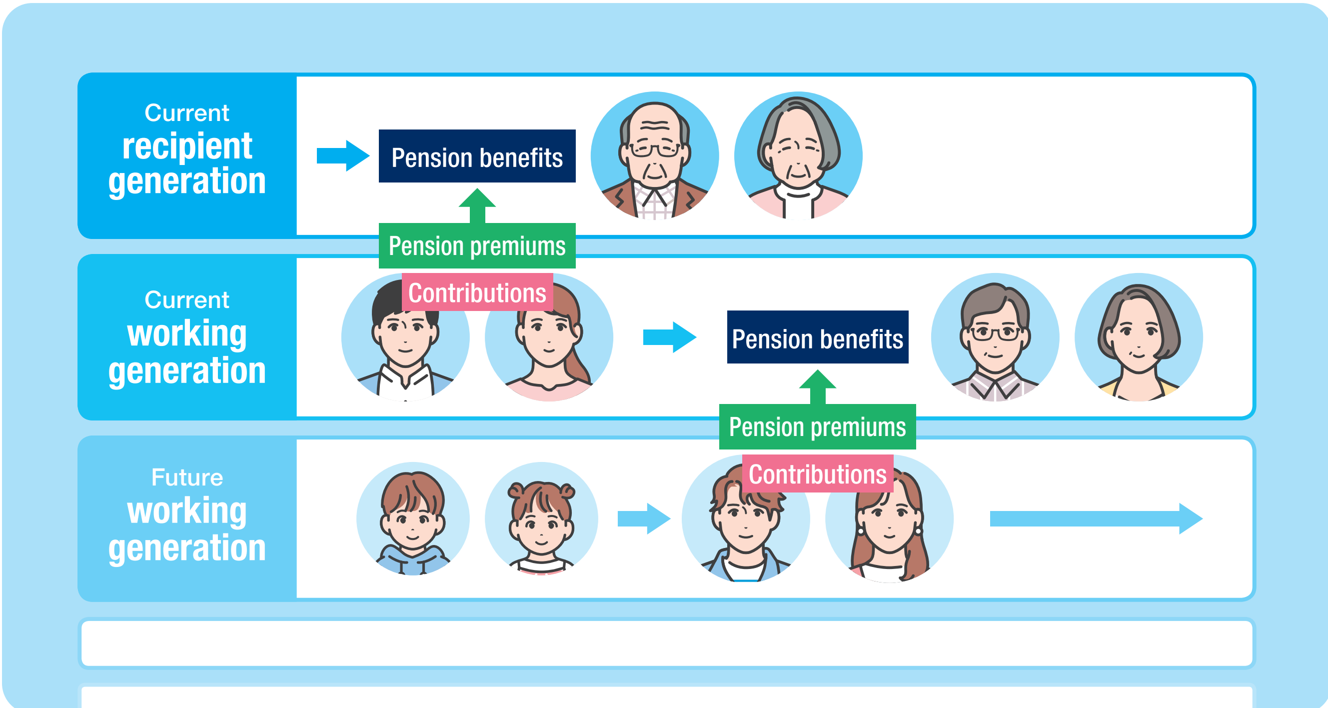
A public pension scheme is a system in which all people in the country pay premiums to support each other in order to prepare for potential risks in our lives, such as becoming unable to work due to age, living with disabilities resulting from illness or injury, and losing the primary income source in a family. Particularly in Japan, the public pension scheme plays a very important role in supporting elderly people throughout their lives.

▶ For details on GPIF's roles in the public pension scheme, refer to pages 91-93.

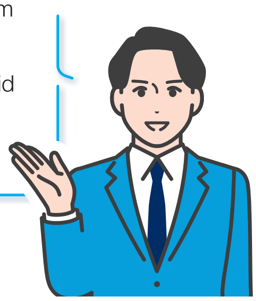
(Note) Some information is simplified for ease of understanding. All the images in this section are for illustrative purposes only.

1 CHECK First, let us walk through Japan's pension system.

Japan employs a system where the working generation supports the lives of the elderly generation.



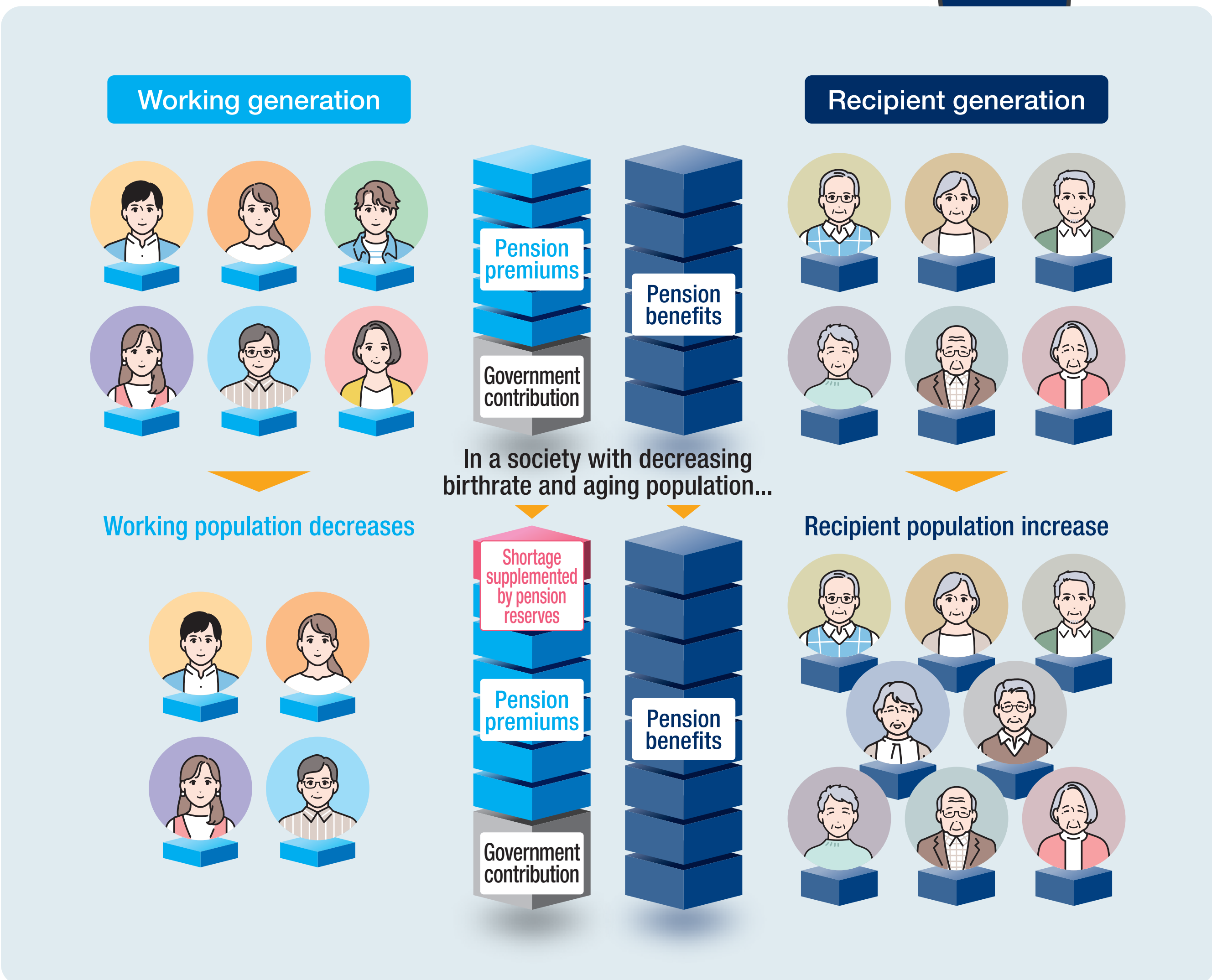
Under the public pension scheme in Japan, pension benefits for the elderly generation are allocated from money paid by the working generation as pension premiums. In other words, the pension benefits that the working generation will receive in the future will be covered by the pension premiums that will be paid by their children and grandchildren's generations. The scheme is not designed to return the money you contribute directly back to you.

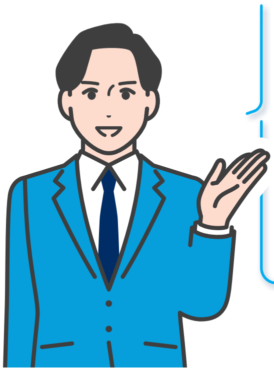


What concerns do we have in this era when Japan's population is shrinking?

2 CHECK What will happen to the pension scheme as the population of Japan decreases?

If the declining birthrate and aging population continue, the burden on future working generations may become too heavy.



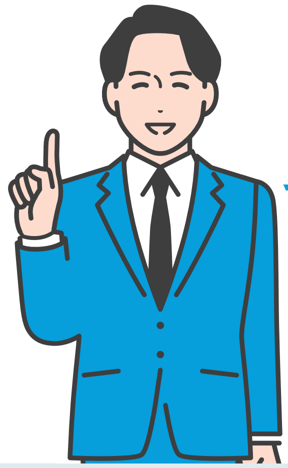


In recent years, though the population of the working generation has decreased, our society has changed as people have begun working longer and in more diversified ways. For example, employment of elderly people has increased as our health and lifespan have improved, and the employment rate of women has risen. By reflecting these changes in the design of the scheme, the sustainability of the pension scheme has been improved.

In addition, pension reserves are planned to supplement the potential shortage of pension funds for future benefit payments when necessary, so that we can ensure the stability of the pension scheme throughout the future.

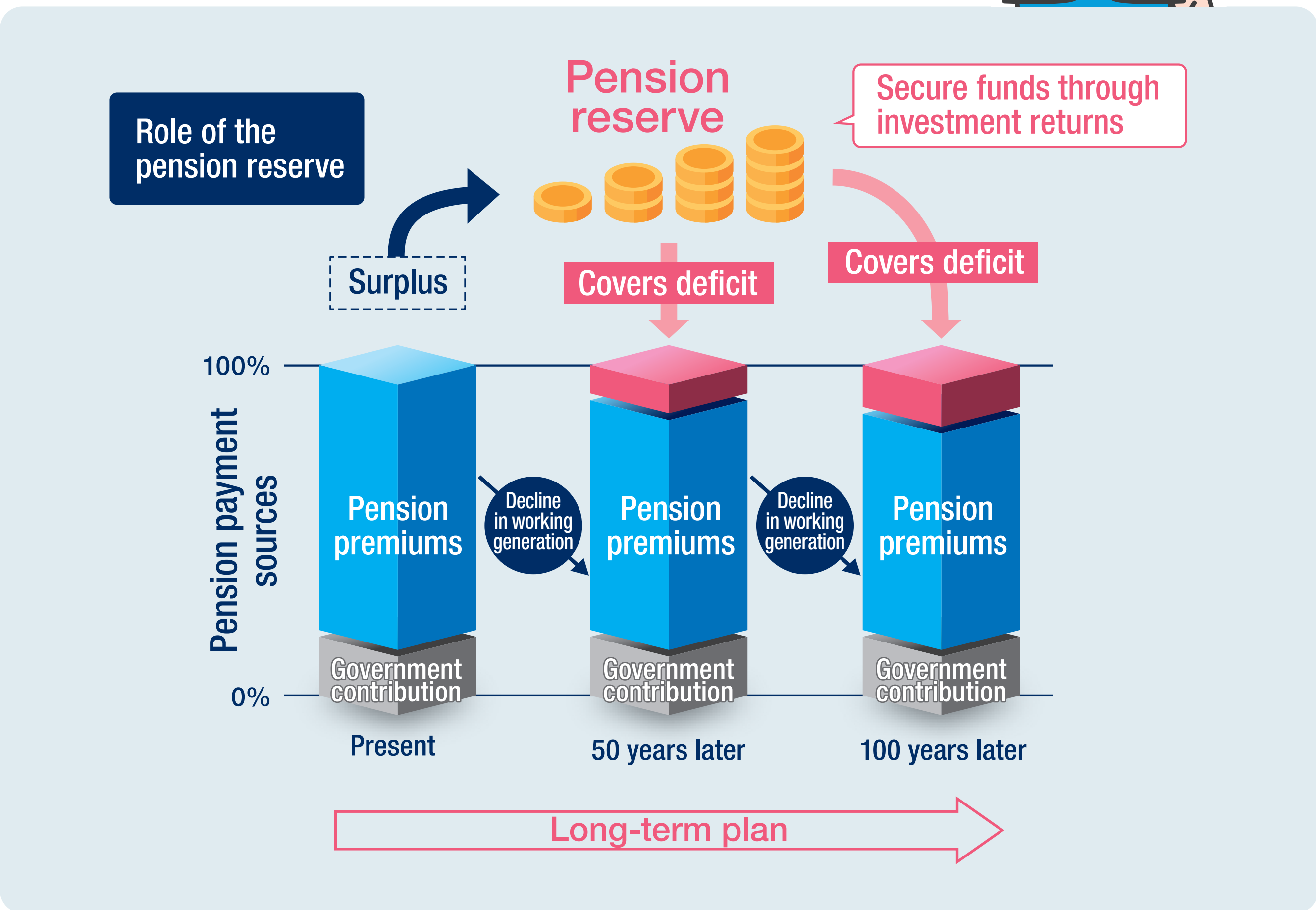
Let's take a look at the role of pension reserves more in detail.

3 CHECK GPIF manages pension reserves for future generations.



What are pension reserves?

Some of the pension premiums contributed by the working generation are unused in current pension payments. This surplus will be reserved for future generations in the form of pension reserves. In the long run, the pension reserves account for approximately 10 percent of the total public pension scheme.

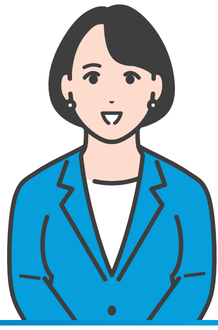


Will next year's pension payment be affected by this year's investment results?

The pension reserves managed by GPIF are used to ensure that the burden on future working generations will not be too great. Therefore, even if this year's investment result is positive, next year's pension benefit payments will not increase; likewise, even if year's investment result is negative, next year's pension benefit payments will not be reduced. Pension reserves are used to stabilize pension finances for the future.

2 Investment principles of the pension reserves

To ensure stable returns from its investments, GPIF sets the following investment principles.



POINT 1 Long-term and diversified investment is a fundamental strategy.

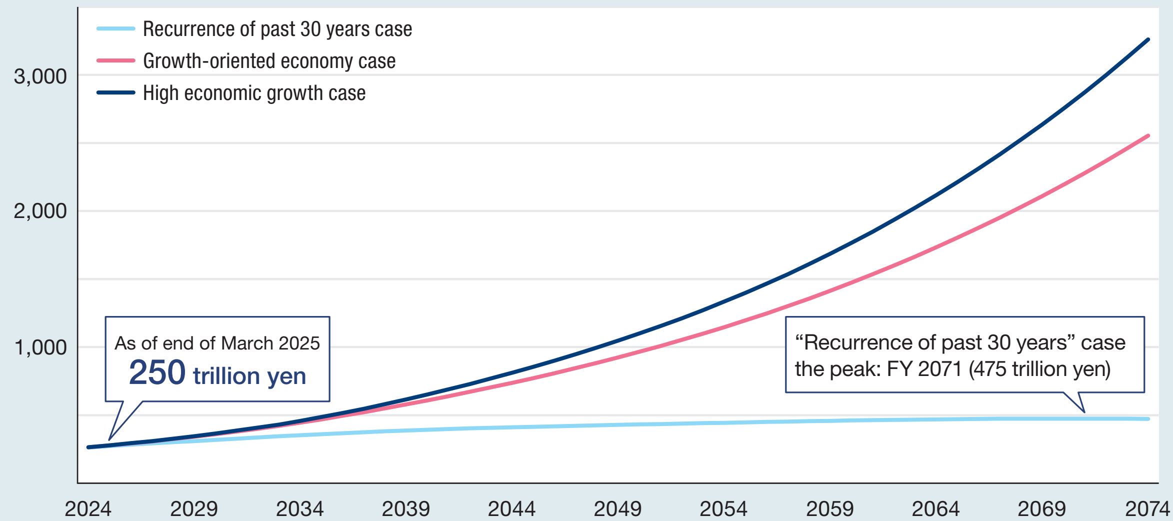
1 GPIF is committed to long-term investment.

Although investment performance in the short term could fluctuate on a large scale in either a positive or a negative direction, as the investment period gets longer, this fluctuation can be expected to decrease as positive and negative results offset each other in the long term.

The pension reserves managed by GPIF do not require immediate liquidation. Therefore, GPIF employs a long-term investment strategy that aims to gain stable returns by holding various types of assets over the long term without being excessively influenced by temporary market fluctuations.

The Projection of Pension Reserve Funds for Approximately 50 Years (Actuarial Valuation 2024)

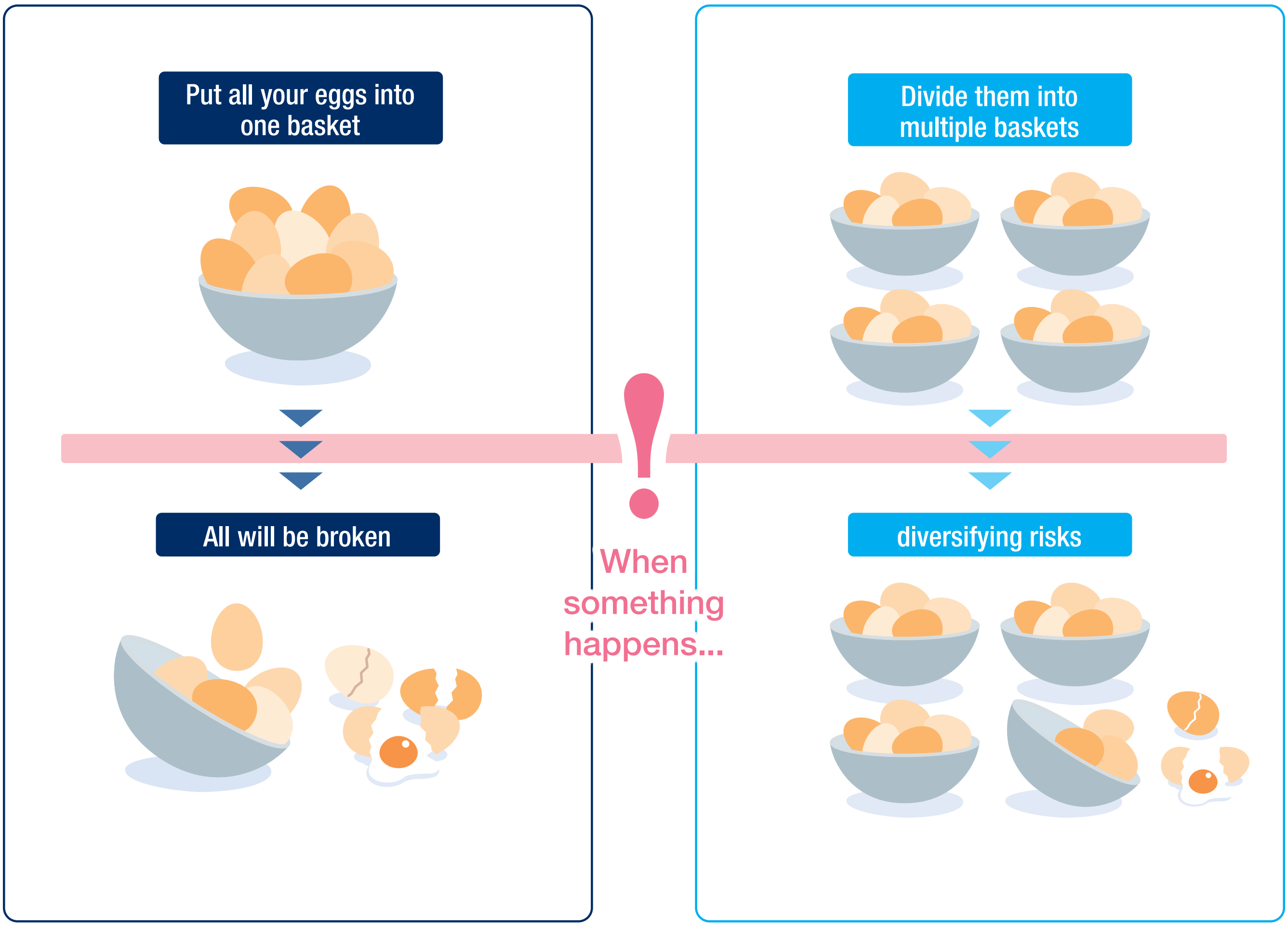
(Unit:trillion yen)



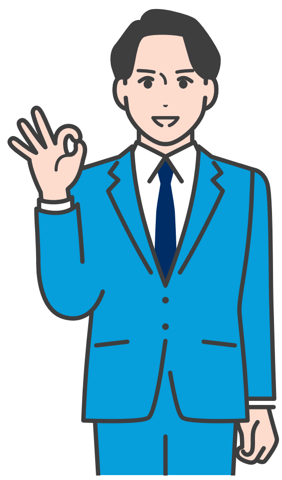
(Note) For details on each scenario, refer to page 44.

2 GPIF is committed to diversified investment.

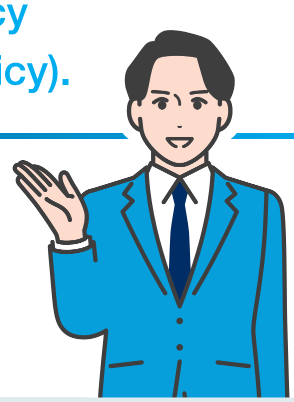
GPIF manages a significant amount of assets, on the scale of approximately 250 trillion yen. In the asset management industry, there is a saying, “Do not put all your eggs into one basket.” GPIF aims to achieve stable investment returns by diversifying our investments into multiple types of assets in Japan and overseas that have different characteristics and price fluctuations.



GPIF combines “Long-term Investment” and “Diversified Investment” to achieve stable returns.



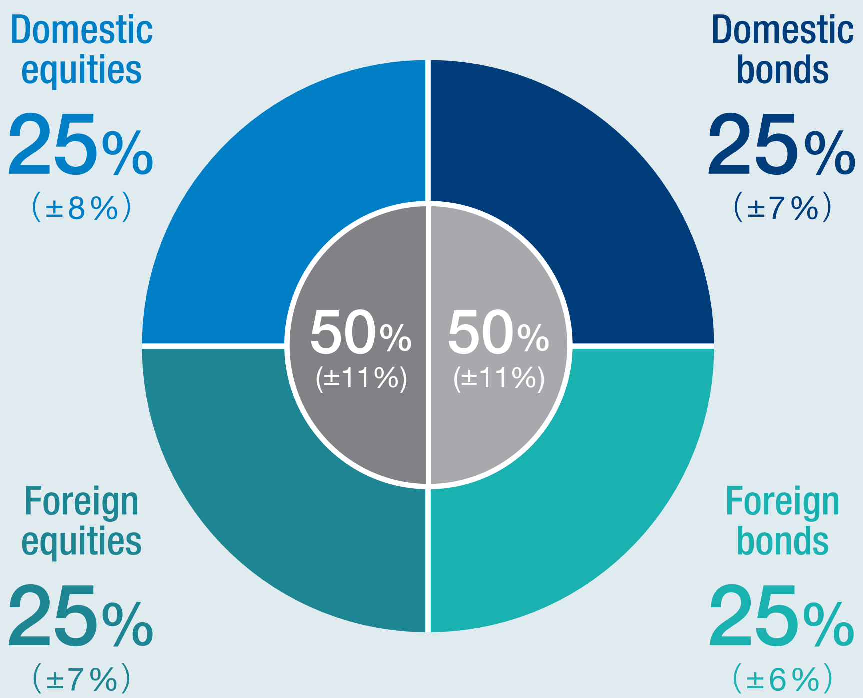
POINT 2 GPIF makes investments based on the Policy Asset Mix (the principle asset allocation policy).



In a long-term investment, it is considered more efficient and more effective to determine the basic asset composition ratio and maintain it over the long term than to change the asset composition ratio based on short-term market fluctuations.

GPIF invests based on the asset allocation policy (the Policy Asset Mix) from a long-term perspective.

[Policy Asset Mix for the 4th Medium-Term Objectives Period] (April 2020 - March 2025)



(Note 1) Figures in parentheses indicate deviation limits.
(Note 2) The upper limit for alternative assets is set as 5% of the total assets.

In order to respond to market fluctuations, GPIF has established ranges of allowable deviations from the Policy Asset Mix (deviation limits), a framework that enables flexible allocation adjustments within the range.

Since the majority of long-term investment results are determined by the Policy Asset Mix, GPIF believes that the Policy Asset Mix is the core of the pension reserve fund management and investment system. When the asset allocation ratios of actual investments deviate from those of the Policy Asset Mix, GPIF performs timely and appropriate asset replacement (rebalances) in order to manage the actual asset composition ratio within the deviation limits.

▶ See p.42 for more details.

POINT 3 GPIF allocates its investments not only to bonds but also to equities as appropriate.

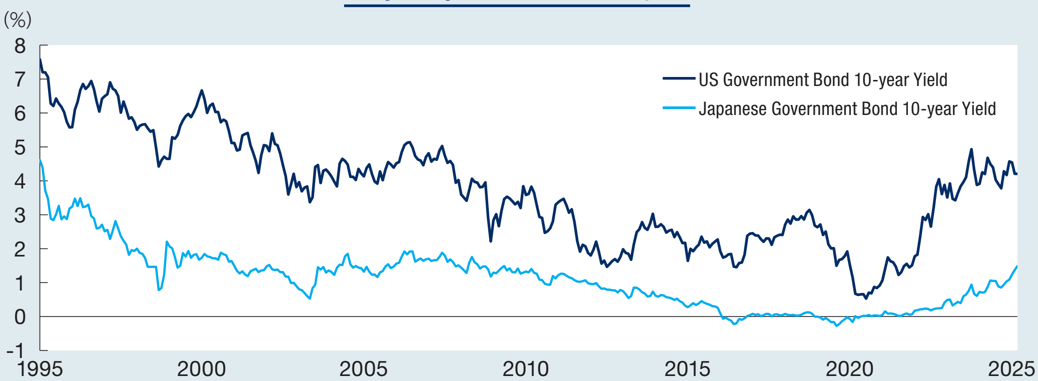
Though they had been on a downward trend for a long time, interest rates on Japanese government bonds have been on an upward trend recently. On the other hand, given the rise in the consumer prices and wages, it is difficult to secure the investment returns necessary for the public pension scheme by investing primarily in domestic bonds.

(Note) This was indicated also in the results of an analysis of the case where all pension reserve funds were invested in domestic bonds, conducted when formulating the Policy Asset Mix in FY 2024. See p.47-48 for more details.

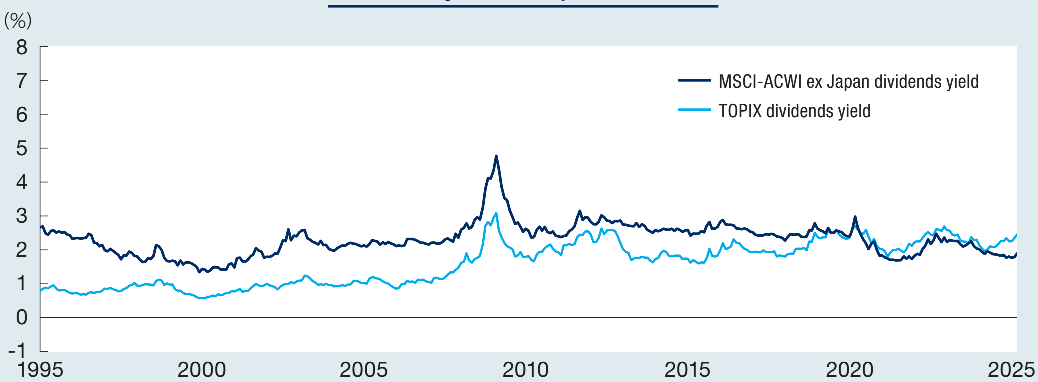
Equities usually show greater price fluctuation than bonds in the short term, but are expected to yield a higher return than bonds in the long term. GPIF appropriately incorporates equities into the portfolio with the aim of securing the investment returns required for the public pension scheme with minimum risks. GPIF captures the profits of domestic and foreign corporations and the resulting economic growth in the form of “dividends” and “capital gains.”

GPIF trades equities in order to rebalance its assets for investment based on the Policy Asset Mix. In doing so, GPIF carefully assesses global market trends and takes sufficient care to minimize the impact on the market.

10-year yields, U.S. & Japan



Dividend yields, Japan & Global



? Would future withdrawals from the pension reserves (selling of stock) negatively affect stock prices, given the significant amount of stock GPIF holds?

The pension reserves managed by GPIF do not require immediate liquidation (although a portion of the investment gains may be used for the payments of pension benefits). Even after liquidation begins in the future, the pension reserves will be drawn down gradually over several decades rather than all at once. GPIF will pay adequate attention to minimize the potential market impacts of these dispositions associated with the partial liquidation, while carefully assessing global market trends.

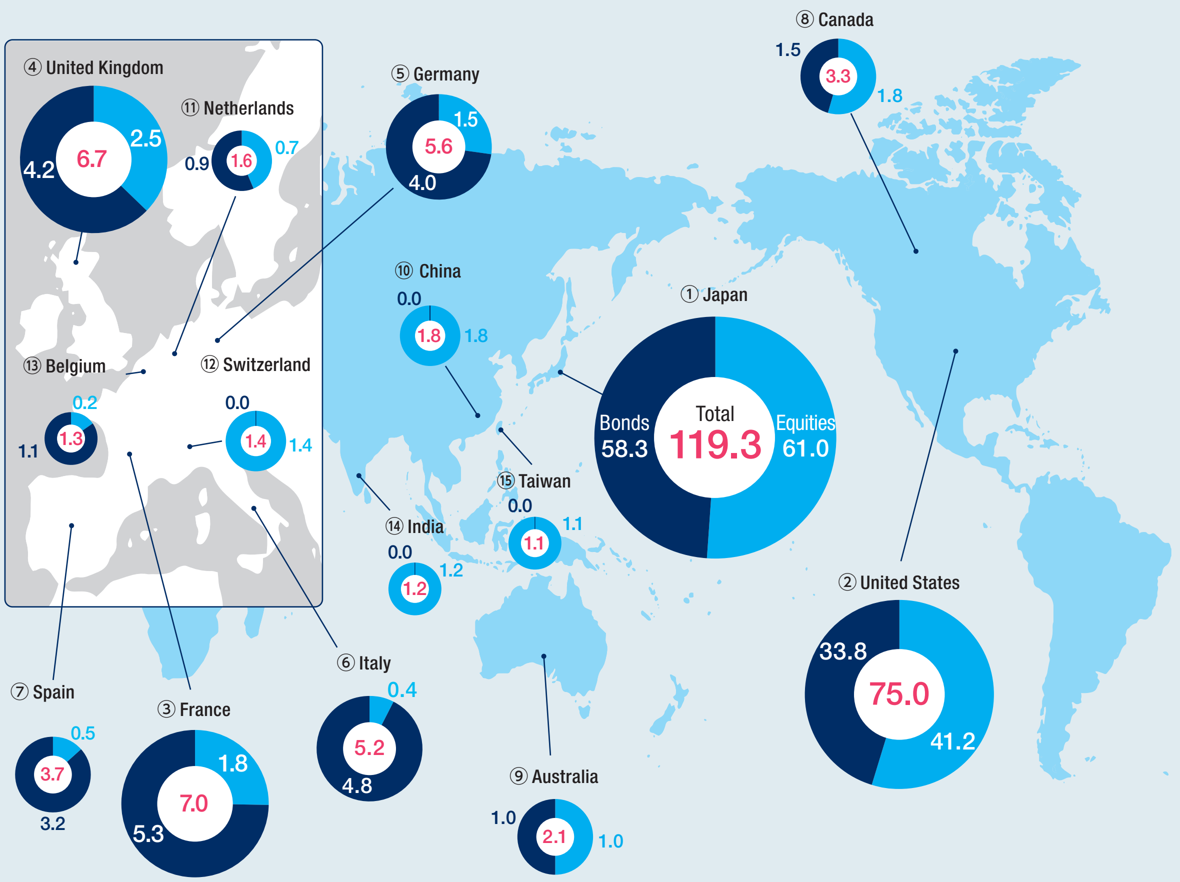
POINT 4 GPIF invests in various types of assets not only in Japan but also in foreign countries.

For instance, a temporary fall in asset prices due to market fluctuations could be offset if they subsequently rise again, leaving the value of a portfolio unaffected in the long run. However, in some cases, a downward trend in asset prices could continue longer than initially assumed. In other cases, on the contrary, if the portfolio does not hold a specific asset whose price is on the rise, the portfolio would miss the opportunity to profit from it.

By investing in various types of assets in both domestic and foreign markets, GPIF aims to increase opportunities for profits generated from global economic activities, and simultaneously to mitigate the risk of material losses by controlling fluctuations in the overall value of assets under management through the effect of asset diversification.

Investment Amount by Country/Region (Trillions of yen)

The top 15 countries/regions by amount invested as of the end of March 2025 are as follows.



(Note 1) Equities are compiled mainly based on the company's country of incorporation and the primary listing of its securities (country classification for MSCI indexes), while bonds are compiled mainly based on the country where the issuer or the parent company of the issuer is headquartered (country classification for Bloomberg indexes).
(Note 2) Cash, money market funds (MMFs), and other assets temporarily remaining in the fund are excluded.
(Note 3) Investment amount includes alternative assets. Infrastructure and private equity investments are categorized by the primary country where the investee company is engaged in business, and real estate investments are categorized by the country where the property is registered.
(Note 4) Due to rounding, the sum of each number may not necessarily match the total.

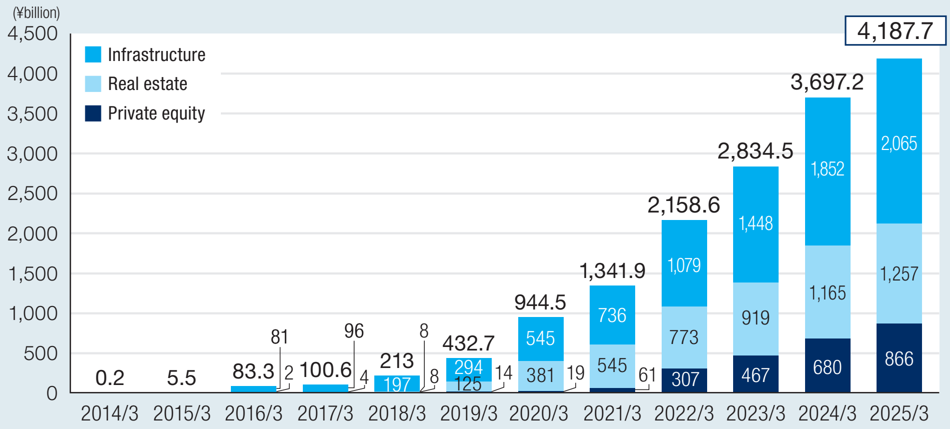
5 POINT In addition to listed equities and bonds, GPIF also invests in alternative assets.

“Alternative assets” is a general term for investment assets that are “alternatives” to traditional investment assets like listed equities and bonds. Among a variety of alternative assets, GPIF invests in infrastructure (investments in infrastructure projects, such as renewable energy), private equity (investments in equities of private companies), and real estate (investments in real estate, such as logistic facilities).

Since alternative assets have different risk-return profiles from listed equities and bonds, holding them alongside these traditional assets can be expected to reduce the volatilities of the overall returns on assets. Unlike listed equities, which are traded on a daily basis by many investors, it takes time for transactions of alternative assets to be completed, while they are considered to provide higher returns.

Overseas pension funds have been promoting diversifications by investing in alternative assets for these characteristics and effects. As a long-term investor, GPIF aims to improve investment efficiencies by steadily accumulating high-quality alternative assets with due attention to the market environments and investment risks, while also holding listed equities and bonds that can be bought and sold quickly.

Total value of alternative assets up until FY 2024



POINT 6 GPIF promotes stewardship activities and the investment that takes into account sustainability such as ESG.

From the perspective of increasing investment returns in the long-term, GPIF promotes activities to fulfill its stewardship responsibilities and initiatives that take into account sustainability such as ESG.

In accordance with laws and regulations and the Sustainability Investment Policy established in March 2025, GPIF's sustainability investments are promoted based on the concept of ensuring the long-term economic benefits of insureds by reducing the negative impact of environmental and social problems on the capital markets, realizing sustainable growth of the market as a whole and society, and achieving both "reduction of sustainability-related risks and improvement of sustainability of markets" and "the securing of market average return." It is not aimed at solving social problems themselves.

Stewardship responsibility refers to the responsibility of institutional investors to seek to increase long-term investment returns by promoting long-termism as well as sustainable growth of investee companies and the capital market as a whole. GPIF has been fully engaged in stewardship activities since adopting Japan's Stewardship Code in May 2014.

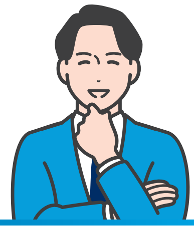
Since GPIF does not directly hold equities but rather invests through external asset managers, as part of its stewardship activities, GPIF has established the Stewardship Principles and the Proxy Voting Principles, which require external asset managers to engage in constructive dialogue with investee companies, taking into account sustainability factors such as ESG, which contributes to sustainable growth.

ESG is an acronym for Environment, Social, and Governance.

Investment that takes into account sustainability factors such as ESG incorporates environmental, social, and corporate governance perspectives into investment decisions with the expectation of improving long-term returns.

As a "universal owner" (broadly investing in the diverse worldwide markets) and a "cross-generational investor" (with a very long investment horizon), GPIF is expected to generate stable returns over the long term. In order to do so, it is important that the overall capital market grows in a sustainable and stable manner. Based on this philosophy, GPIF promotes sustainability investment, such as ESG investment.

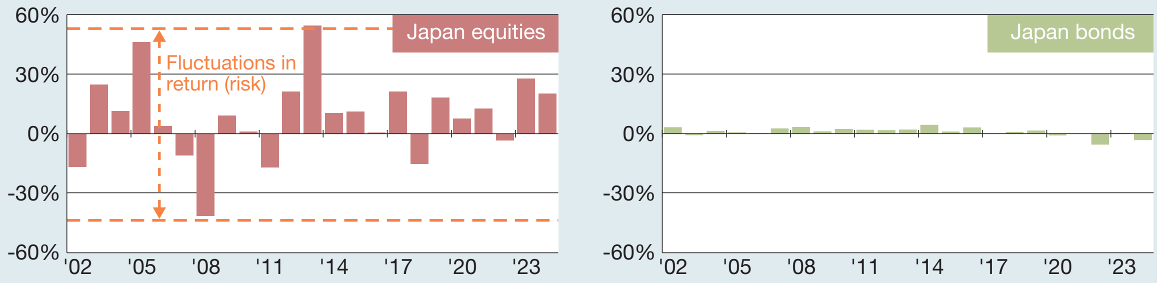
POINT 7 Risk management is appropriately conducted to ensure long-term profitability.



Generally speaking, the word “risk” is often used in the sense of “danger” or “the possibility that an unfavorable situation will happen.” However, in the field of investment management, the word “risk” means “fluctuations of return (profit).” In other words, it refers to the size of the range of the expected return.

Future return on equities and bonds is changeable and not certain. The following diagrams show fluctuations in the return of both assets, suggesting that higher fluctuation leads to higher risk.

Annual return on Japan Equities and Japan Bonds from 2002 to 2024



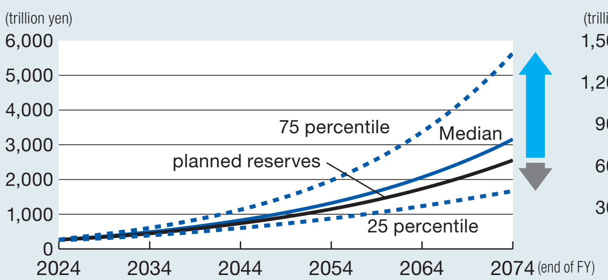
* The Average fee rates (annual rates) against externally managed assets for each asset class are considered to have been charged as 0.01% on Japanese equities and bonds throughout the entire simulation period.
* Neither transaction costs nor tax is considered in rebalancing. Reinvestments of interest income and dividend are taken into account.
* Past performance does not guarantee future performance.
<Source> Japan Equities: Morningstar Japan GR JPY, Japan Bonds: Morningstar Japan Core Bond GR JPY

It is legally stipulated that the pension reserve fund shall be managed safely and efficiently from a long-term perspective. The Medium-Term Objectives set by the Minister of Health, Labour and Welfare (“MHLW”) require GPIF to achieve a long-term real investment return (net return of the pension reserve fund after deducting the nominal wage growth rate) of 1.9% with minimum risks.

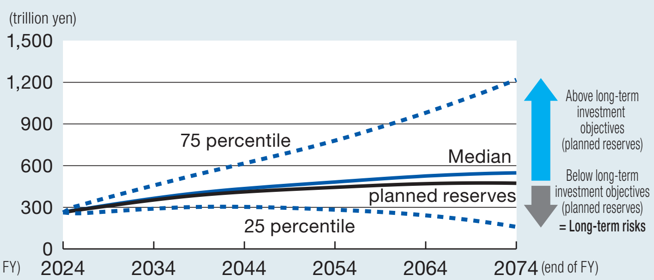
From a risk management perspective, GPIF focuses not on short-term fluctuations in returns due to temporary market fluctuations, but on the risk of failing to achieve the long-term investment return required for pension finances. In order to manage the pension reserve fund safely and efficiently from a long-term perspective, GPIF is conducting its investment with the aim of mitigating the risk of failing to achieve long-term investment returns by diligently analyzing various indicators, while carefully observing short-term return fluctuations due to temporary market movement.

(Note) In the 5th Medium-Term Objectives Period (FY 2025 to FY 2029), the long-term investment target for real investment returns (net return of the pension reserve fund after deducting the nominal wage growth rate) has been set at 1.9%, based on the FY 2024 Actuarial Valuation and on the return levels that GPIF can rationally expect going forward in investing pension reserve funds (for more details, see p.44). In the 4th Medium-Term Objectives Period (FY 2020 to FY 2024), real returns of 1.7% were set as the long-term investment target.

Growth-oriented economy case



Recurrence of past 30 years case



Overview of FY 2024

Investment Results

For details, refer to pages 23-24.

Rate of return

Fiscal 2024	Since Fiscal 2001
0.71 %[annual rate]	**4.20** %[annual rate]
(¥1,733.4 billion) [annual returns]	(¥155,531.1 billion) [cumulative returns]

Asset size

As of the end of fiscal 2024

¥249,782.1 billion

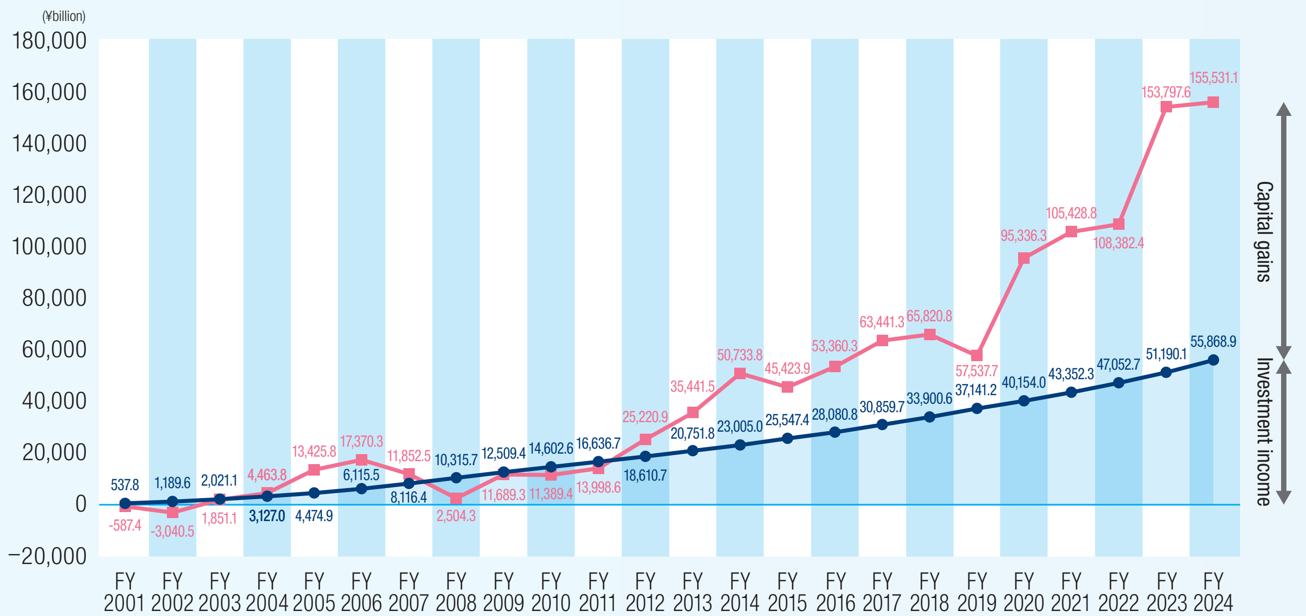
(Note 1) The rate of return and the amount of return are based on market value as of the end of FY 2024 and therefore include unrealized gains and losses.
(Note 2) Calculations are based on transaction date and take notional amount of stock index futures and other factors into account.

GPIF manages the pension reserve fund with a long-term perspective. While short-term portfolio returns are influenced by current market trends, investment results should be monitored with a long-term horizon.

Regarding investment of pension reserves, while market fluctuations may cause capital losses (realized and unrealized losses due to price fluctuations) in the short term, investment income (interest and dividend income) is relatively stable in spite of market volatility and has been generated steadily since FY 2001.

GPIF's assets under management are valued based on market price. Market price corresponds to, for example, the price at which assets would be expected to be sold on the market. While GPIF's assets under management may vary significantly over the short term due to fluctuations in market prices, as stated above, our mandate is to secure stable returns through long-term investing.

Cumulative returns since the beginning of market operations [FY 2001 – FY 2024]



Impact on Public Pension Finances

For details, refer to page 25.

Real return on investment for the entire pension reserve fund

Operational Performance (Cumulative)

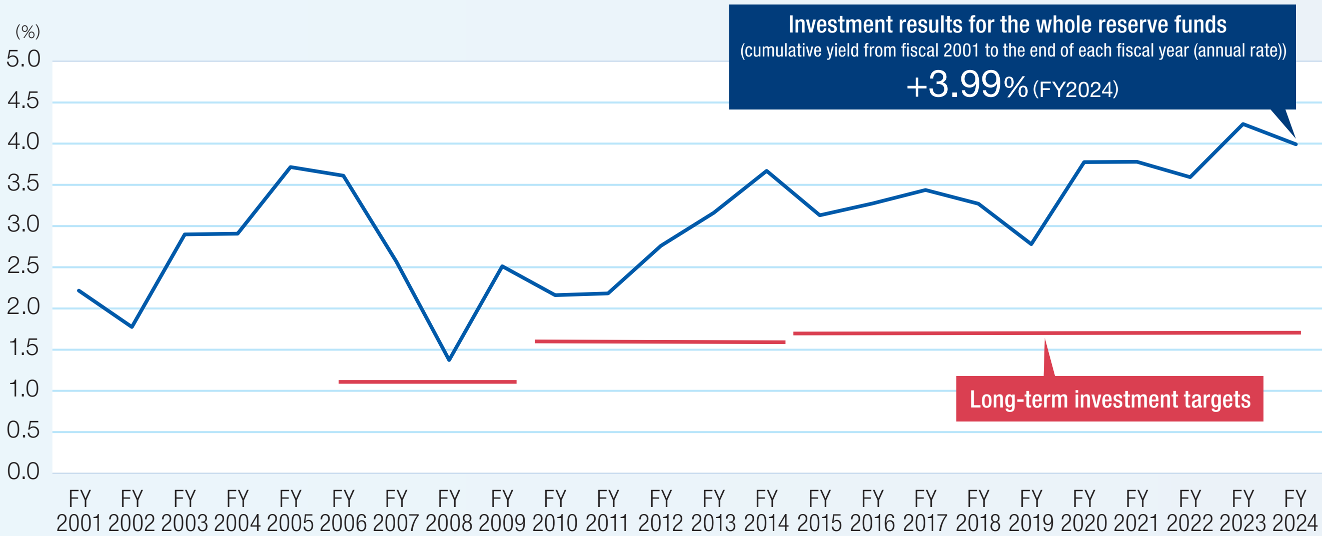
+3.99% [annual rate]

Under the Medium-Term Objectives established by the Minister of Health, Labour and Welfare (MHLW), the investment target for the entire pension reserve fund (Note 1) is to secure a long-term real investment return (net return of the pension reserve fund after deducting the nominal wage growth rate) of 1.9% with minimal risks. (In the 4th Medium-Term Objectives Period (FY 2020 to FY 2024), securing long-term real returns of 1.7% was set as the target.) However, please be aware that this does not mean that GPIF is required to achieve 1.9% in each individual fiscal year.

(Note 1) The entire pension reserve fund includes both the pension reserve fund managed by GPIF and the fund managed by the Pension Special Account.
(Note 2) The amount of public pension benefits is designed to increase roughly in parallel with the nominal wage growth rate in the long run. Therefore, return on investment for the entire pension reserve fund that exceeds the contribution from the nominal wage growth rate is defined as the real investment return in the sense that it contributes positively to pension finances. Accordingly, an evaluation of the impact of investment results on pension finances shall be carried out on the basis of “the real investment return,” which is obtained by deducting the nominal wage growth rate from the rate of investment return (nominal investment return) for the entire pension reserve fund.

For the role of the pension reserve fund in pension finances, refer to pages 91-92.

Real investment return for the entire pension reserve fund (cumulative) since FY 2001



(Note 1) Real investment return is calculated as {(1 + nominal investment return/100)/(1 + nominal wage growth rate/100)} × 100 - 100.
(Note 2) The nominal investment return stated in Note 1 is the rate of return after deducting investment management fees, etc. (including interest expenses on borrowings in the inherited fund investment account up to FY 2010) and is calculated by dividing the amount of return for the entire pension reserve fund by the average balance of investment principal for the entire pension reserve fund: {Assets under management at the end of the previous fiscal year + (assets under management - return at the end of the current fiscal year)}/2.
(Note 3) The long-term investment objective was a nominal wage growth rate of +1.1% from FY 2006 to FY 2009, +1.6% from FY 2010 to FY 2014, and +1.7% from FY 2015 to FY 2024. From FY 2025, it is +1.9%.
(Note 4) Calculations were made using the geometric mean of cumulative yields from FY 2001 to the end of each fiscal year (annualized).

Review of FY 2024 Investment Activities

In FY 2024, GPIF achieved a return of ¥1.7 trillion, with a return rate of 0.71%. Excess return over the Composite Benchmark was +9 bp (1 bp= 0.01%). As a result, for the 4th Medium-Term Objectives Period (5-year period from FY 2020 to FY 2024), GPIF achieved a cumulative return of ¥98 trillion, and the cumulative excess return over the Composite Benchmark was +43 bp.

In the 4th Medium-Term Objectives Period, we established “managing assets in line with the Policy Asset Mix” and “securing stable excess returns” as the two main investment management pillars to focus on. In FY 2024, we refined our rebalancing (buying and selling actual investment assets to come closer in line with the Policy Asset Mix composition), and improved our active investment strategy and security lending.

“Managing assets in line with the Policy Asset Mix” refers to bringing the actual composition ratio amongst the GPIF’s four asset classes closer to the composition ratio established in the Policy Asset Mix (rebalancing), so that we can track the return rate of the Policy Asset Mix in our actual assets. In order to avoid large fluctuations in return amounts due to unintended asset allocation by deviating from the Policy Asset Mix, it is important to rebalance the assets in a timely manner. Market liquidity and the optimal timing and volume are key points to consider when performing the rebalancing.

In FY 2024, in order to perform more agile rebalancing while minimizing market impact, we managed our physical assets transactions through passive funds, made use of the broader liquidity in equity and bond futures market by in-house trading, and established structures for participating directly in government bond auction as part of our in-house investment. We also focused to increase the reproducibility of the Policy Asset Mix by not only considering the deviation, but also comprehensively considering the liquidity and volatility, as well as the transaction cost of each asset.

During the 4th Medium-Term Objectives Period, as the stock market was trending upwards, the proportion of stocks among our overall assets rose, and the volume and frequency of rebalancing increased. However, with the establishment of the rebalancing structure, we managed to stabilize the tracking error (deviation from return rate of the Policy Asset Mix) at a low level throughout FY 2024.

During the 5th Medium-Term (FY 2025 to FY 2029) Objectives Period, we work to enhance our rebalancing efforts, while paying close attention on our market impact.

In order to “secure stable excess returns,” it is important for GPIF to construct an efficient risk-return ratio portfolio, while securing investment returns from the Policy Asset Mix. Therefore, in FY 2024, we focused on building an active investment portfolio and improving our security lending scheme.

Firstly, for our active equity investment portfolios, we worked to revise our fund evaluation methods and portfolio construction methods (managing multiple FoF portfolios independently) throughout the 4th Medium-Term Objectives Period. Previously, the active equity portfolios for the four regions were constructed using approximately 100 funds in total, including Japan. However, FY 2024 proved to be an exceptionally challenging year for securing stable excess returns particularly in our North American active equity investment portfolio, with major fluctuations in the stock market stemming from the sharp spikes in particular stocks coinciding with the U.S. presidential election from October to December. This was due to S&P 500 index being massively impacted by the volatility caused by the top seven stocks, which make up over 30% of the overall index’s market capitalization. Additionally, specific stocks saw their prices spike up rapidly with the results of the U.S. presidential election in November. In order to prevent the gap between the investment universe (the range of stocks the fund targets for investment) of selected active funds and the policy benchmarks constituents to grow larger than expected, GPIF’s active equity investment incorporates passive funds (“beta balancers”) for adjusting and compensating the risks. However, the price movements of those stocks exceeded our expectations, hence we were unable to sufficiently offset those price movements through our beta balancers.

For this reason, we are working on diversifying the risk by selecting diverse active funds while we also focus on improvement measures such as increasing review frequencies to revise the stocks making up our beta balancers. As we are transitioning from building active equity portfolios to making revisions based on monitoring the investment results, we intend to continue improving our active equity investment portfolio, while conducting PDCA cycle appropriately.

For our bond investment portfolio, due to the fact that the management of total credit risk for foreign bond investment became difficult through Aggregate active funds, we revised our fund composition and selection methods for our foreign bond investments entirely throughout the 4th Medium-Term Objectives Period. We diversified our passive funds by adopting the use of passive credit funds and expanding the use of regional passive funds that break up the WGBI (World Government Bond Index), thus building a structure for managing major risks in foreign bond investing. At the beginning of FY 2024, we began investing in U.S. investment grade corporate bond active fund, which is composed by seven active funds and an interest rate risk (duration) adjustment passive fund.

We also resumed our foreign equity lending which we initially suspended in 2019, as we intend on capturing returns and also meet our stewardship responsibilities. We have also taken measures to be aware of the lending proportions and also have the ability to handle the recalling of the lent shares in order to avoid Empty Voting (borrowing shares with the aim of exercising voting rights without having ownership rights). By implementing a new structure, we resumed the foreign bond lending efforts in 2023 where we revised the collateral and counterparties (borrowers) involved. We now resumed the foreign equity lending based on appropriate risks and returns, and will continue to seek to secure stable returns through expanded security lending, while paying close attention to risk.

For alternative investments, throughout the 4th Medium-Term Objectives Period, we worked to establish an investment structure by selecting funds that can be expected to capture excess returns relative to the Policy Asset Mix, and enhancing risk management for the portfolio overall by using quantitative data. We will continue to quantitatively analyze the sources of returns and the characteristics of assets, and consider methods for measuring risk to secure stable excess returns, while also building a data set that serves as the foundation for various forms of analysis.

On March 31, 2025, we announced our Sustainability Investment Policy as we approached the 5th Medium-Term Objectives Period. Based on this investment policy, we seek to enhance our sustainability investment and aim for the portfolio's overall long-term performance improvement by focusing on "reduction of sustainability-related risks and improvement of market sustainability" and "securitization of market average return". We seek to optimize our ESG index investment portfolio by reflecting back on the last seven years since we began our sustainability investment, and will continue to work on adjusting the size of our existing indexes investments while considering selecting new indexes. We will also promote sustainability investment through various traditional and alternative asset funds and through our stewardship activities.

In the 5th Medium-Term Objectives Period, while our assets under management is expanding to approximately 250 trillion yen, the outlook for the economic and investing environment is still unclear and we anticipate a highly volatile market environment to continue. We will continue working to enhance our investing activities through suitable PDCA cycles so that we can contribute to stabilizing the pension finance over the long term. At the same time, as our basic principle, we will make every effort to track the Policy Asset Mix's return rate through steady execution of risk management, and focusing on securing stable excess returns.

YOSHIZAWA Yusuke

Chief Investment Officer
(Executive Managing Director)

Chapter 1 Investment Results in FY 2024

1 | Investment Results

[1] Rate of investment return / Amount of investment returns

① Rate of investment return/Amount of investment return

The rate of investment return for FY 2024 was

0.71%

The amount of investment returns for FY 2024 was

¥1,733.4 billion

		1Q	2Q	3Q	4Q	Total
Total		3.65%	-3.57%	4.31%	-3.41%	0.71%
		¥8,973.2 billion	-¥9,127.7 billion	¥10,703.2 billion	-¥8,815.2 billion	¥1,733.4 billion
	Domestic bonds	-2.39%	1.42%	-1.33%	-2.20%	-4.47%
		-¥1,488.6 billion	¥917.0 billion	-¥841.2 billion	-¥1,429.8 billion	-¥2,842.6 billion
	Foreign bonds	5.50%	-5.51%	4.12%	-2.01%	1.70%
		¥3,303.5 billion	-¥3,473.0 billion	¥2,539.7 billion	-¥1,284.3 billion	¥1,085.7 billion
	Domestic equities	1.75%	-4.92%	5.55%	-3.50%	-1.46%
		¥1,092.5 billion	-¥3,113.7 billion	¥3,414.9 billion	-¥2,213.7 billion	-¥820.0 billion
	Foreign equities	9.96%	-5.35%	8.96%	-5.98%	6.62%
		¥6,065.8 billion	-¥3,457.9 billion	¥5,589.8 billion	-¥3,887.4 billion	¥4,310.3 billion

(Note 1) GPIF manages and invests its assets based on market valuation. The rate of return for all assets under management and each asset class is the time-weighted rate of return before deducting management fees, etc. (The same applies hereinafter.) For details of the time-weighted return formula, refer to the GPIF website (https://www.gpif.go.jp/gpif/words/index.html ※Available in Japanese language only), which contains a glossary of terms.

(Note 2) Investment return refers to total investment return before deducting management fees, etc. (The same applies hereinafter.)

(Note 3) Domestic bonds include currency-hedged foreign bonds and short-term assets denominated in yen, and foreign bonds include short-term assets denominated in foreign currencies.

(Note 4) Alternative asset funds are categorized into each asset category in accordance with risk-return profiles. (The same applies hereinafter).

(Note 5) For alternative assets, the time-weighted rate of return in yen for private equity in FY 2024 was 9.67%, and the time-weighted rate of return in yen for the "Infrastructure + Real Estate" portfolio in FY 2024 was 3.94% (of which the contribution from foreign exchange adjustment factors was -2.00%).

(Note 6) Due to rounding, the sum of the quarterly figures may not necessarily match the total number for the fiscal year.

(Note 7) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

② Cumulative Returns and Asset Size Since FY 2001

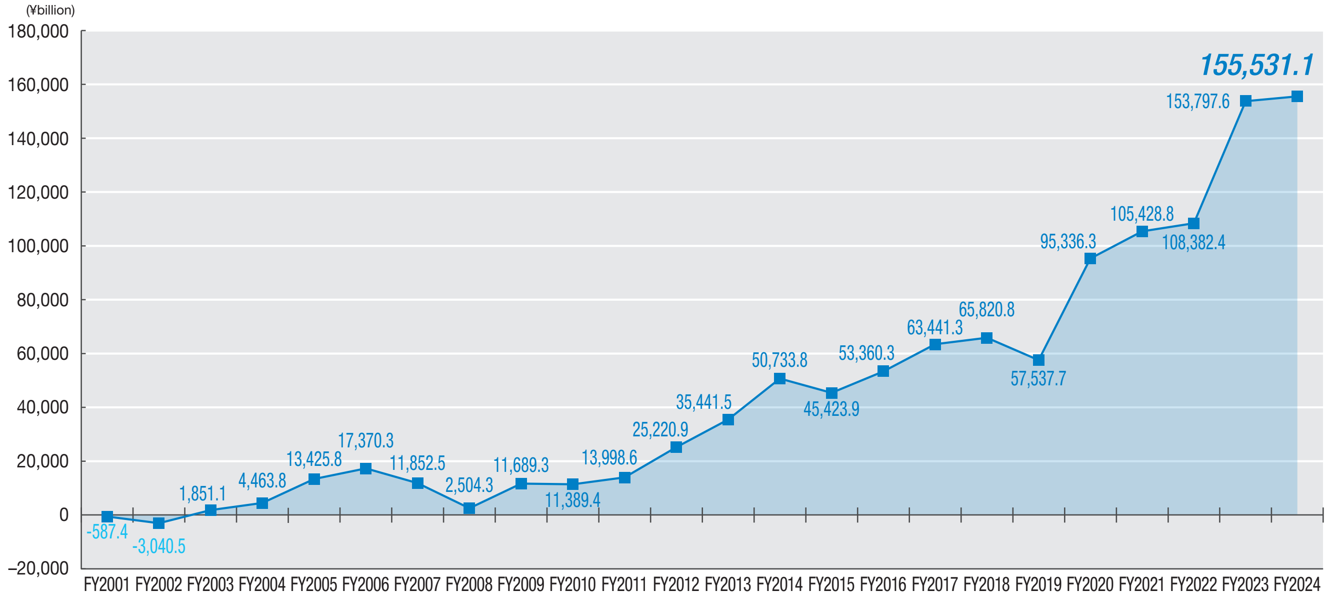
The cumulative returns from FY 2001 to FY 2024 are

¥155,531.1 billion

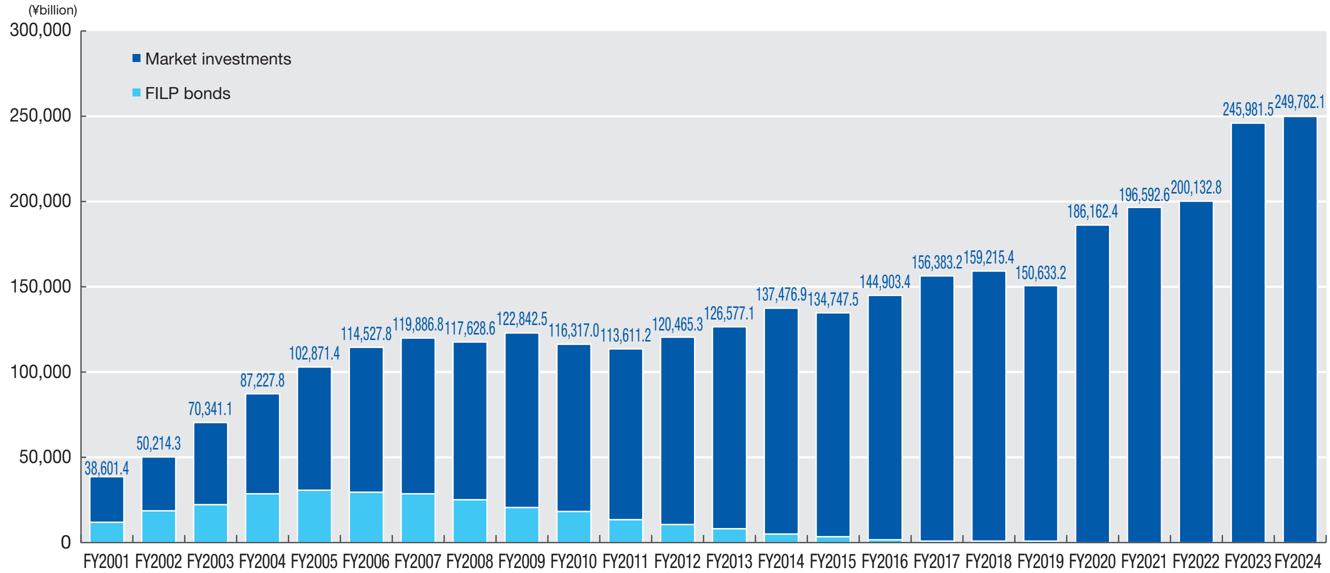
and the value of investment assets at the end of FY 2024 is

¥249,782.1 billion

Cumulative returns since FY 2001



Asset size since FY 2001



(Note) Investments using Fiscal Investment and Loan Program (FILP) Bonds were terminated during FY 2020.

Chapter 1

③ Comparison with Long-term Investment Targets

The average real investment return (Note 2) for the entire pension reserve fund (Note 1) is

+3.99%

for the 24 years since FY 2001.

The long-term investment target after FY 2015 is

+1.7%

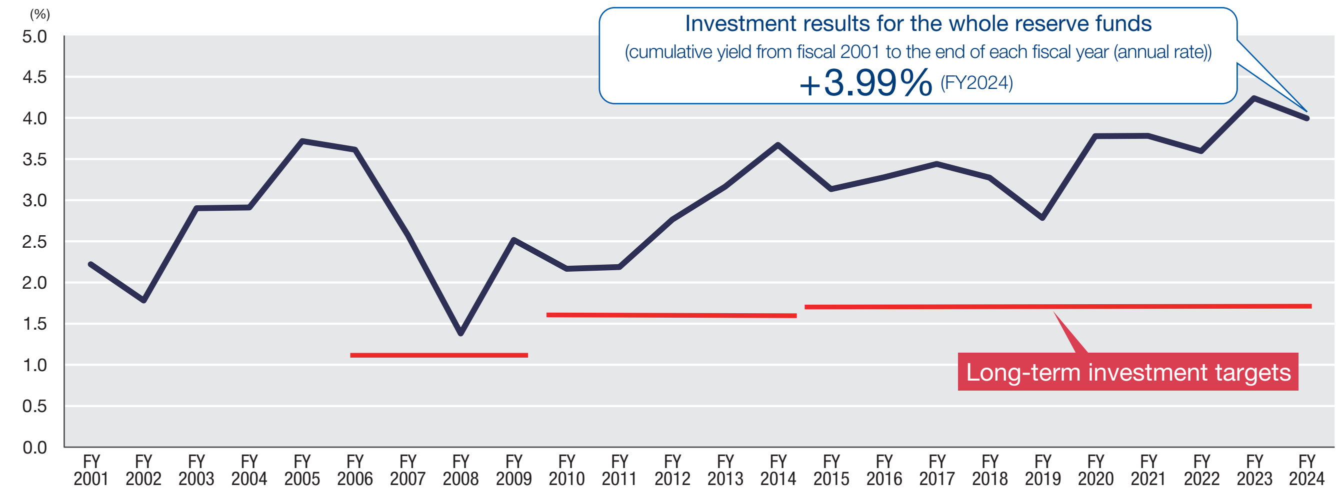
above the nominal wage growth rate.

The average real investment return is higher than the long-term investment targets.
For the roles of the pension reserve fund in pension finances, refer to pages 91-92.

(Note 1) The entire pension reserve fund includes the pension reserve fund managed by GPIF and the fund managed by the Pension Special Account.

(Note 2) The amount of public pension benefits is designed to increase roughly in parallel with the nominal wage growth rate over the long term. Therefore, investment return of the entire pension reserves that exceeds the nominal wage growth rate is a real investment return in the sense that it makes a positive contribution to pension finances. The long-term investment objective is nominal wage growth +1.1% from FY 2006 to FY 2009, +1.6% from FY 2010 to FY 2014, and +1.7% from FY 2015 to FY 2024. (From FY 2025, it is +1.9%) Note that these are required as long-term investment targets, and are not necessarily required to be achieved on a yearly basis or for a certain period (such as the five-year period of a Medium-Term Plan).

Real investment return for the entire pension reserve fund (cumulative) since FY 2001



Investment performance for the entire pension reserve fund

(Unit: %)

		FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Last 24 years (annualized)
Performance	Nominal investment return	1.94	0.17	4.90	2.73	6.83	3.10	−3.53	−6.86	7.54	−0.26	2.17	9.56	8.23	11.62	−3.64	5.48	6.52	1.43	−5.00	23.98	5.17	1.42	21.69	0.66	4.18
	Nominal wage growth rate	−0.27	−1.15	−0.27	−0.20	−0.17	0.01	−0.07	−0.26	−4.06	0.68	−0.21	0.21	0.13	0.99	0.50	0.03	0.41	0.95	0.70	−0.51	1.26	1.67	1.84	2.19	0.18
	Real investment return	+2.22	+1.34	+5.18	+2.94	+7.01	+3.09	−3.46	−6.62	+12.09	−0.93	+2.39	+9.33	+8.09	+10.53	−4.12	+5.45	+6.09	+0.48	−5.66	+24.62	+3.86	−0.25	+19.49	−1.50	+3.99

(Note 1) Real investment return is calculated as {(1 + nominal investment return/100)/(1 + nominal wage growth rate/100)} × 100 - 100.

(Note 2) The nominal investment return is the rate of return after deducting investment management fees, etc. (including interest expenses on borrowings in the inherited fund investment account up to FY 2010) and is calculated by dividing the amount of return for the entire pension reserve fund by the average balance of investment principal for the entire pension reserve fund: {Assets under management at the end of the previous fiscal year + (assets under management - return at the end of the current fiscal year)}/2.

(Note 3) The long-term investment objective was a nominal wage growth rate of +1.1% from FY 2006 to FY 2009, +1.6% from FY 2010 to FY 2014, and +1.7% from FY 2015 to FY 2024. From FY 2025, it is +1.9%.

(Note 4) Calculations were made using the geometric mean of cumulative yields from FY 2001 to the end of each fiscal year (annualized).

④ Investment income

Returns on investment assets are comprised of income gains (interest and dividend income) and capital gains (gains and losses from price fluctuations (realized and unrealized)).

The breakdown of income gains shows that the proportion of domestic bonds has declined in recent years, while the proportion of domestic and foreign equities has increased. This is due to (1) the yield on domestic bonds falling below the yield on dividends of equities in recent years, and (2) the reduction in the proportion of bonds and the increase in the proportion of equities in the composition of the Policy Asset Mix since FY 2014.

Long-term investors, including GPIF, reinvest income gains and receive greater compounding effects over a longer period of time, instead of holding them in cash.

In FY 2024, the total amount of income gain is

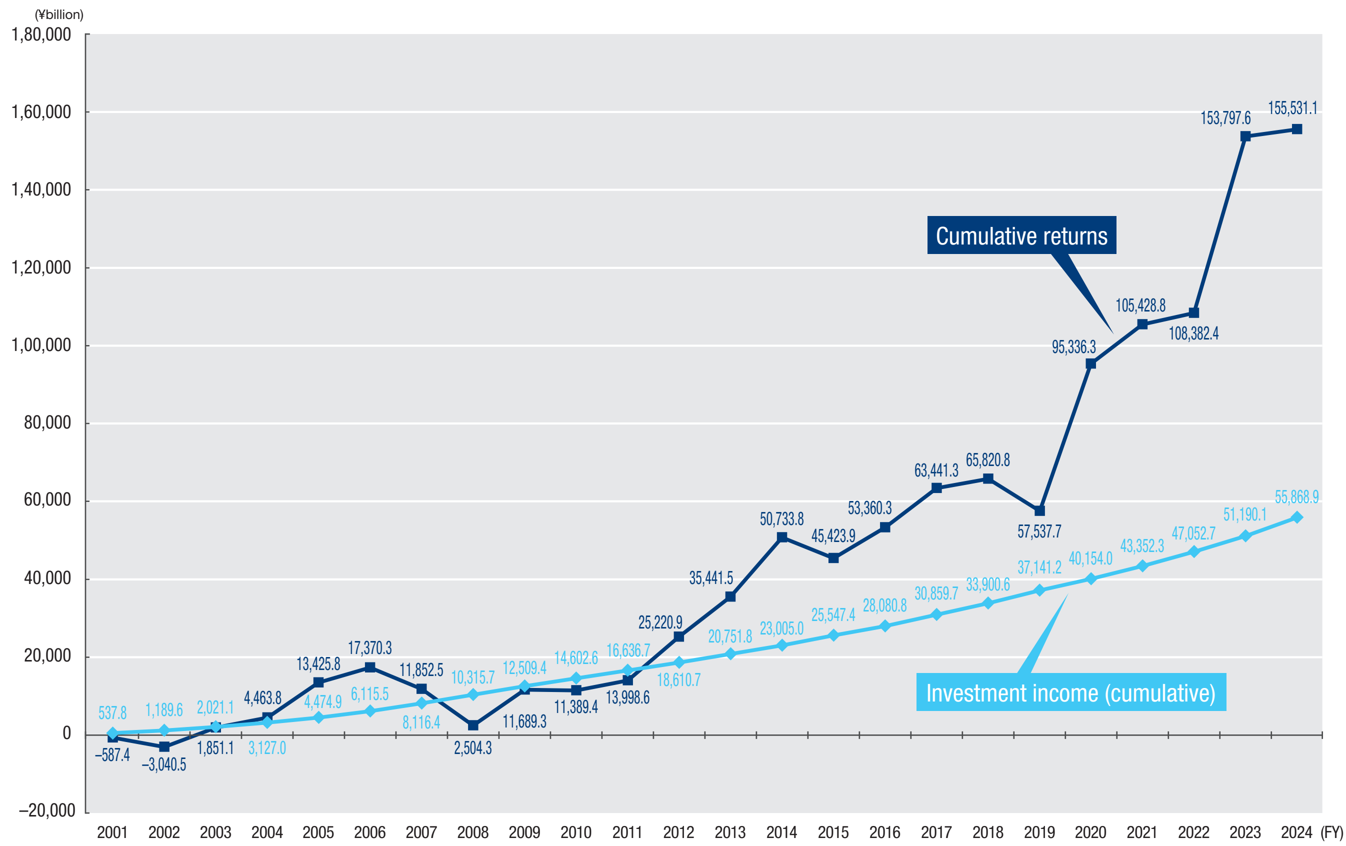
¥4,678.8 billion (rate of return: 1.87%),

and the cumulative amount of income gains for the 24 years since FY 2001, when GPIF started managing the pension reserve fund, is

¥55,868.9 billion (rate of return: 1.66% [annual rate])

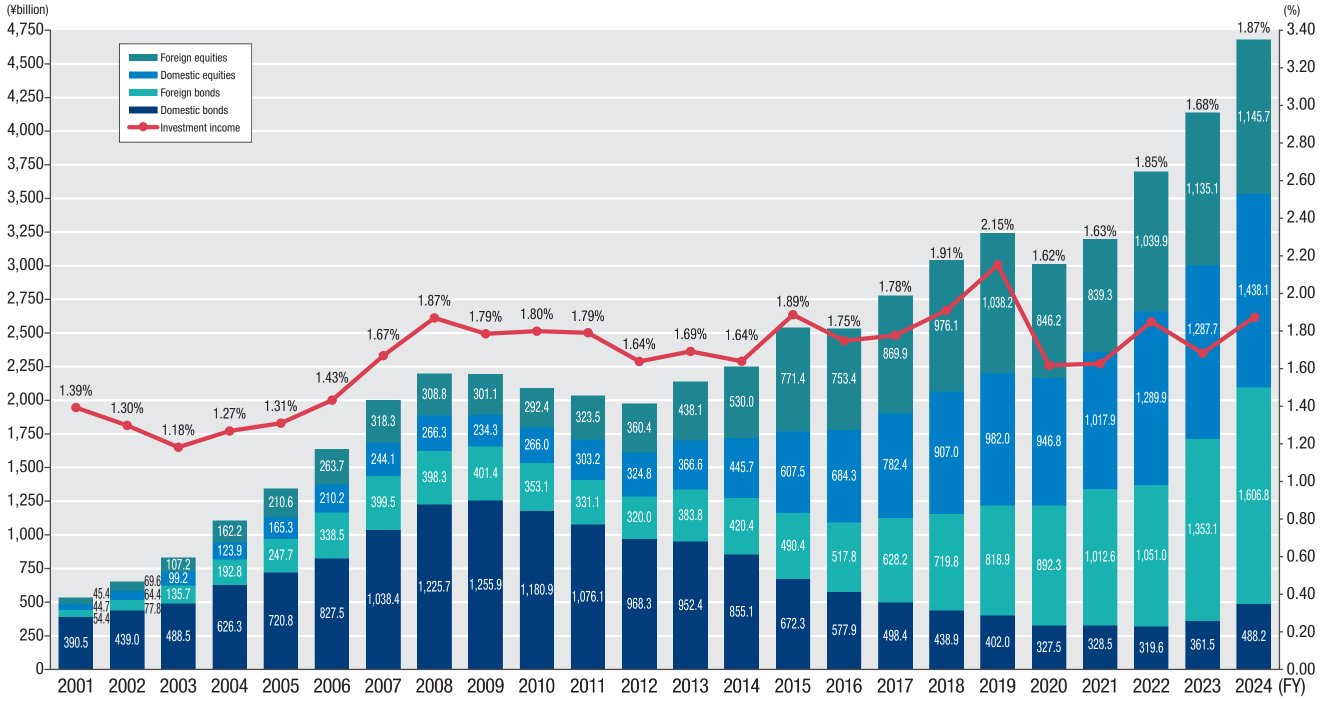
and cumulative income gains account for more than 35% of the cumulative revenue.

Cumulative returns and income gains since FY 2001



Chapter 1

Income gains



Rate of investment return / Amount of investment return (income gains)

(Unit: ¥billion)

	Income gains (cumulative)	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Domestic bonds	16,460.2 (1.15%)	390.5 (1.49%)	439.0 (1.26%)	488.5 (1.03%)	626.3 (1.03%)	720.8 (1.10%)	827.5 (1.12%)	1,038.4 (1.21%)	1,225.7 (1.41%)	1,255.9 (1.51%)	1,180.9 (1.52%)	1,076.1 (1.50%)	968.3 (1.30%)
Foreign bonds	13,145.4 (2.97%)	54.4 (4.04%)	77.8 (3.06%)	135.7 (3.43%)	192.8 (3.33%)	247.7 (3.28%)	338.5 (3.73%)	399.5 (4.13%)	398.3 (3.98%)	401.4 (3.96%)	353.1 (3.75%)	331.1 (3.33%)	320.0 (2.71%)
Domestic equities	13,102.3 (1.76%)	44.7 (0.65%)	64.4 (0.87%)	99.2 (0.83%)	123.9 (1.00%)	165.3 (0.87%)	210.2 (1.10%)	244.1 (1.77%)	266.3 (2.34%)	234.3 (1.59%)	266.0 (1.98%)	303.2 (2.14%)	324.8 (1.85%)
Foreign equities	13,146.4 (2.14%)	45.4 (1.19%)	69.6 (1.56%)	107.2 (1.81%)	162.2 (1.99%)	210.6 (1.96%)	263.7 (2.09%)	318.3 (2.92%)	308.8 (3.40%)	301.1 (2.27%)	292.4 (2.23%)	323.5 (2.48%)	360.4 (2.42%)
Total	55,868.9 (1.66%)	537.8 (1.39%)	651.8 (1.30%)	831.4 (1.18%)	1,106.0 (1.27%)	1,347.9 (1.31%)	1,640.7 (1.43%)	2,000.8 (1.67%)	2,199.4 (1.87%)	2,193.7 (1.79%)	2,093.2 (1.80%)	2,034.1 (1.79%)	1,973.9 (1.64%)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Domestic bonds	952.4 (1.36%)	855.1 (1.51%)	672.3 (1.27%)	577.9 (1.21%)	498.4 (1.12%)	438.9 (1.02%)	402.0 (1.08%)	327.5 (0.75%)	328.5 (0.69%)	319.6 (0.64%)	361.5 (0.59%)	488.2 (0.77%)
Foreign bonds	383.8 (2.74%)	420.4 (2.31%)	490.4 (2.59%)	517.8 (2.63%)	628.2 (2.63%)	719.8 (2.59%)	818.9 (2.25%)	892.3 (1.89%)	1,012.6 (2.08%)	1,051.0 (2.10%)	1,353.1 (2.24%)	1,606.8 (2.56%)
Domestic equities	366.6 (1.76%)	445.7 (1.41%)	607.5 (1.99%)	684.3 (1.95%)	782.4 (1.92%)	907.0 (2.35%)	982.0 (2.76%)	946.8 (2.00%)	1,017.9 (2.06%)	1,289.9 (2.56%)	1,287.7 (2.09%)	1,438.1 (2.33%)
Foreign equities	438.1 (2.22%)	530.0 (1.76%)	771.4 (2.48%)	753.4 (2.16%)	869.9 (2.25%)	976.1 (2.33%)	1,038.2 (2.79%)	846.2 (1.77%)	839.3 (1.65%)	1,039.9 (2.08%)	1,135.1 (1.80%)	1,145.7 (1.85%)
Total	2,141.1 (1.69%)	2,253.2 (1.64%)	2,542.4 (1.89%)	2,533.4 (1.75%)	2,778.9 (1.78%)	3,040.9 (1.91%)	3,240.6 (2.15%)	3,012.8 (1.62%)	3,198.3 (1.63%)	3,700.3 (1.85%)	4,137.4 (1.68%)	4,678.8 (1.87%)

(Note 1) Due to rounding, the sum of the figures for each individual fiscal year does not necessarily match the cumulative amount of income gains.

(Note 2) The amount of income from short-term assets (income gain) is included in the total amount only until FY 2019. From FY 2020, the yen-denominated portion is included in domestic bonds and the foreign-currency-denominated portion is included in foreign bonds.

(Note 3) The amount of income from currency-hedged foreign bonds (income gain) is included in domestic bonds from FY 2020.

(Note 4) The amount of income from Fiscal Investment and Loan Program (FILP) Bonds (income gain) is included in domestic bonds until FY 2020, when FILP bonds were held.

(Note 5) The amount of income from convertible bonds (income gain) is included in domestic bonds in FY 2001.

(Note 6) The rate of return for each fiscal year is calculated by dividing the amount of return (income gain) for each asset by the value of assets under management.

(Note 7) The annual rate of return (cumulative) is calculated using the geometric mean of the rates of return for each fiscal year (annualized).

(Note 8) Calculations for FY 2023 and subsequent years are based on transaction date, and the notional amount of stock index futures and other factors are taken into account.

⑤ Factor analysis of difference from the Composite Benchmark Return

In FY 2024, the total rate of return on all investment assets was **0.71%** while the compound benchmark return was **0.61%** The excess rate of return was **+0.09%**

The average of the annual rate of return for the 19 years since GPIF's establishment in FY 2006 on all investment assets was **4.56%** while the compound benchmark return was **4.58%** The excess rate of return was **–0.02%**

The cumulative rate of return for the 5 years since the beginning of the 4th Medium-Term Plan in FY 2020 on all investment assets was **65.42%** while the compound benchmark return was **65.00%** The excess rate of return was **+0.43%**

The Composite Benchmark Return, the benchmark rate of return on all assets (domestic bonds, foreign bonds, domestic equities, and foreign equities), is used as an evaluation standard for the investment performance of all the assets managed by GPIF. The annual return is calculated based on the "composite benchmark return (monthly basis)", which is the weighted average of the benchmark return (monthly basis) of each asset based on the proportions of the basic portfolio (25% domestic bonds, 25% foreign bonds, 25% domestic equities, 25% foreign equities).

During the 5th Medium-Term Objectives Period (from FY 2025 to FY 2029), GPIF is required to secure the Composite Benchmark Return for all the assets combined. (In the 4th Medium-Term Objectives Period (from FY 2020 to FY 2024), GPIF was required to secure the benchmark rate of return (market average rate of return) for each asset as well as for all the assets combined.)

Factor analysis of excess return over the Compound Benchmark Return in FY 2024

(1) Total assets

(Unit: %)

	Rate of return		
	Return of GPIF ❶	Benchmark return ❷	Excess rate of return ❶–❷
Total	0.71	0.61	+0.09
Domestic bonds	-4.47	-4.73	+0.26
Foreign bonds	1.70	1.61	+0.09
Domestic equities	-1.46	-1.55	+0.09
Foreign equities	6.62	6.88	-0.26

(Note 1) Alternative assets, such as infrastructure, real estate, and private equity, are classified into each asset category in accordance with risk-return profiles.
(Note 2) Currency-hedged foreign bonds and yen-denominated short-term assets are classified as domestic bonds, and short-term assets denominated in foreign currencies are classified as foreign bonds.
(Note 3) GPIF's return is calculated by deducting taxes on interest on foreign bonds and dividends on foreign stock, but the benchmark return does not deduct taxes, so the excess return is negatively affected by taxes.
(Note 4) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

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Among alternative assets, infrastructure and real estate have been managed separately from other assets since FY 2023, in light of these assets' characteristics. Therefore, (1) the excess rate of return on assets under management (+0.09%) is comprised of (2) the "traditional assets + private equity (PE)" portfolio (+0.05%) and (3) the "infrastructure + real estate" portfolio (+0.04%). For alternative assets, the information is based on the latest information available at the end of the fiscal year.

(2) "Traditional Assets + Private Equity (PE)" portfolio

(Unit: %)

	Factor analysis of the excess rate of return of the "Traditional Assets + Private Equity (PE)" portfolio in Total assets				
	Asset allocation factor①	Benchmark factor②	Fund factor③	Other factors (including error)④	①+②+③+④
Total: +0.05%	+0.04	+0.05	-0.05	+0.01	+0.05
Domestic bonds	+0.05	+0.03	+0.01	+0.01	+0.09
Foreign bonds	-0.02	+0.00	+0.00	+0.01	-0.01
Domestic equities	-0.00	+0.02	-0.00	-0.00	+0.02
Foreign equities	+0.02	-0.00	-0.06 (PE:+0.01)	+0.00	-0.04

(3) "Infrastructure + Real Estate" portfolio

(Unit: %)

	Factor analysis of the excess rate of return of the "Infrastructure + Real Estate" portfolio in Total assets				
	Infrastructure ①	Real Estate ②	Foreign Exchange Adjustment ③	Short-term Assets ④	①+②+③+④
Total: +0.04%	+0.05	+0.01	-0.02	+0.00	+0.04

(Note 1) "Asset allocation factors" result in the difference between GPIF's actual asset composition ratio and the Policy Asset Mix. "Benchmark factors" result in the difference in the return between the manager benchmark and each asset's policy benchmark. "Fund factors" result in the difference in the return between the fund and the manager benchmark.

(Note 2) Income from security lending investment is classified as "Other."

(Note 3) "Foreign Exchange Adjustment" refers to the factors resulting from foreign exchange transactions to control the deviations from the Policy Asset Mix. "Short-term assets" are factors resulting from price fluctuations in short-term assets denominated in foreign currencies that GPIF constantly holds in reserve so that it can respond promptly to requests for payment of investment capital from investment funds based on the progress of investments.

(Note 4) As of the end of FY 2024, private equity funds are classified as either 100% domestic equities or 100% foreign equities. Infrastructure and real estate funds managed in yen are divided into 50% domestic bonds and 50% domestic equities, and funds managed in foreign currencies are divided into 50% foreign bonds and 50% foreign equities.

(Note 5) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

Factor analysis of the difference from the compound benchmark return【FY2006-FY2024】

(Unit: %)

	Rate of return			Factor analysis of excess rate of return				
	Return of GPIF ❶	Benchmark return ❷	Excess rate of return ❶−❷	Asset allocation factor ①	Benchmark factor ②	Fund factor ③	Other factors (including error) ④	①+②+③+④
FY2006~FY2024	4.56	4.58	-0.02	-0.03	+0.02		-0.01	-0.02
FY2006	4.56	4.64	-0.08	-0.06	-0.00		-0.02	-0.08
FY2007	-6.10	-6.23	+0.13	+0.17	-0.02		-0.02	+0.13
FY2008	-7.57	-8.45	+0.88	+0.90	-0.12		+0.11	+0.88
FY2009	7.91	8.54	-0.63	-0.70	+0.08		-0.01	-0.63
FY2010	-0.25	-0.02	-0.23	-0.26	+0.12		-0.09	-0.23
FY2011	2.32	2.59	-0.27	-0.19	-0.01		-0.07	-0.27
FY2012	10.23	9.00	+1.24	+1.40	+0.03		-0.19	+1.24
FY2013	8.64	7.74	+0.90	+0.92	-0.06		+0.04	+0.90
FY2014 from Apr.1 to Oct.30	3.97	3.50	+0.46	+0.47	-0.03		+0.02	+0.46
FY2014 from Oct.31 to Mar.31, 2015	8.19	9.98	-1.78	-1.99	+0.01		+0.19	-1.78
FY2015	-3.81	-3.81	+0.00	+0.21	-0.15		-0.06	+0.00
FY2016	5.86	6.22	-0.37	-0.66	+0.33		-0.04	-0.37
FY2017	6.90	7.26	-0.37	-0.36	+0.00		-0.01	-0.37
FY2018	1.52	1.92	-0.40	-0.38	+0.02		-0.04	-0.40
FY2019	-5.20	-4.94	-0.25	-0.20	-0.05		-0.00	-0.25
FY2020	25.15	24.83	+0.32	+0.15	-0.17	+0.37	-0.03	+0.32
FY2021	5.42	5.47	-0.06	-0.05	+0.06	-0.07	-0.00	-0.06
FY2022	1.50	1.57	-0.06	-0.06	-0.11	+0.11	-0.00	-0.06
FY2023	22.67	22.63	+0.04	-0.04	+0.23	-0.16	+0.01	+0.04
FY2024	0.71	0.61	+0.09	+0.05	+0.07	-0.03	+0.01	+0.09

(Note 1) GPIF's annual rate of return and Benchmark Return are calculated using the geometric mean of the rates of return for each fiscal year (annualized).

(Note 2) From FY 2006 to FY 2007, analysis was conducted on the difference between the rate of return (time-weighted rate of return) on the funds invested in the markets (hereinafter "market investment") and the Composite Benchmark Return. From FY 2008 to FY 2019, analysis was conducted on the difference between (1) the rate of return (Modified Total Return) on all assets under management (including the investments in Fiscal Investment and Loan Program (FILP) Bonds in the market investment portion) and (2) the Compound Benchmark Return. Since FY 2020, analysis has been conducted on the difference between (1) the rate of return (Time-Weighted Rate of Return) on all assets under management (including the investments in FILP Bonds in the market investment portion) and (2) the Composite Benchmark Return. Investments in FILP Bonds were terminated during FY 2020.

(Note 3) Income from securities lending investments was classified as "fund factors" from FY 2006 to FY 2022, and as "Other factors" from FY 2023.

(Note 4) The figures for FY 2023 and subsequent years are calculated on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

(Column) Investment environment in FY 2024

In fiscal year 2024, as inflation in Europe and the United States (U.S.) began to stabilize, major central banks implemented interest rate cuts. In contrast, the Bank of Japan (BOJ) raised interest rates in response to broad-based wage increases and a rise in underlying inflation. In addition, national elections were held in several major economies, including Japan, the US, and Europe.

In the U.S., expectations that the economy would achieve a "soft landing" rather than enter a recession ("hard landing") persisted from the previous year, even as inflation came under control. In fact, U.S. real GDP growth in 2024 registered a solid +2.8% year-on-year, only a slight moderation from +2.9% in 2023. The Consumer Price Index (CPI), a key measure of inflation, decelerated to +2.5% year-on-year by August 2024. However, following the start of 2025, heightened uncertainty over the economic outlook emerged in response to President Trump's remarks on tariffs after his election victory. The Federal Reserve Board (FRB) began cutting the federal funds (FF) rate—the policy interest rate—after the September 2024 Federal Open Market Committee (FOMC) meeting, reflecting the gradual decline in inflation. That said, at its December 2024 FOMC meeting, the FRB revised upward its inflation outlook for 2025 and signaled a more cautious stance toward further rate cuts.

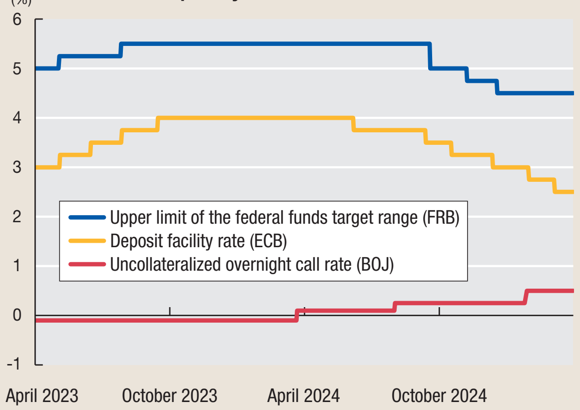
In Europe, economic conditions remained subdued, as Germany, which is the region's largest economy, recorded a real GDP contraction of –0.2% year-on-year in 2024, following a –0.3% decline in 2023, marking a second consecutive year of negative growth. The Harmonised Index of Consumer Prices (HICP), which serves as the European Central Bank's (ECB) 2% inflation target measure, slowed to +1.7% year-on-year by September 2024. Against this backdrop, the ECB implemented multiple interest rate cuts. In addition, fiscal year 2024 saw significant political developments; elections were held for the European Parliament as well as general elections in major economies such as France, the United Kingdom (U.K.), and Germany. Notably, the Labour Party in the U.K. returned to power for the first time in 14 years.

In Japan, weak household consumption was observed amid sharp increases in food prices, including rice. As a result, real GDP growth in 2024 slowed to +0.1% year-on-year, compared with +1.5% in 2023. With the CPI remaining above the BOJ's 2% "price stability target," the BOJ raised interest rates in July 2024 and again in January 2025, bringing the policy rate to +0.5%, which is the highest level since September 2008. At the time of the July rate hike, the BOJ also announced a reduction in its government bond purchases, which had previously been conducted as part of its monetary easing framework. In August, the yen appreciated and stock prices declined, reflecting concerns over a U.S. economic slowdown, leading to a period of heightened market volatility. Furthermore, in October 2024, the House of Representatives was dissolved, and a general election was held for the first time in approximately three years.

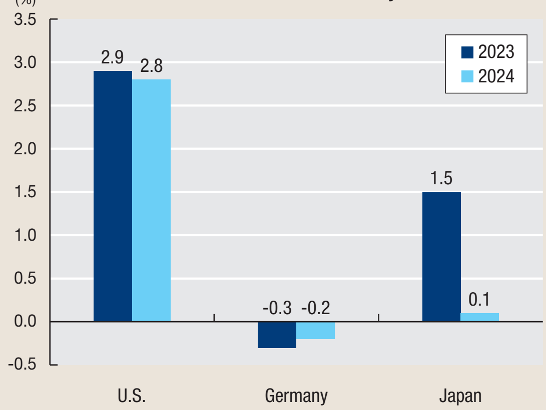
In summary, the investment environment required close attention to a range of developments, including shifts in monetary policy tailored to the circumstances of each country.

For a review of FY 2024, please refer to pages 21-22.

Trends in policy rates of each Central Bank

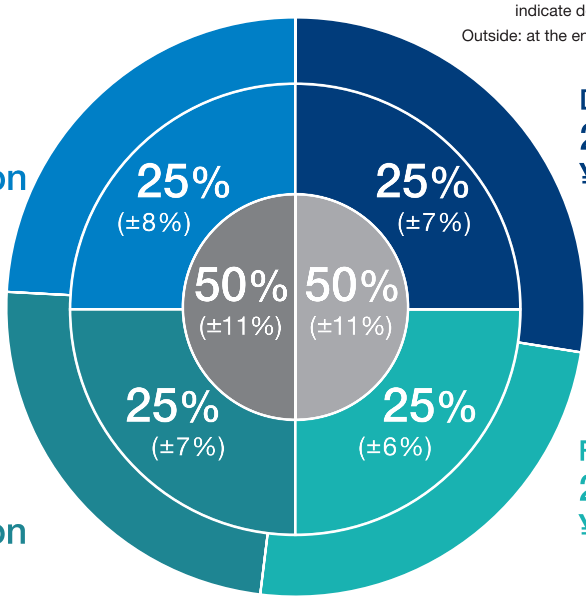


Real GDP Growth Rates of Major Countries



⑥ Investment assets and portfolio allocation (Pension reserves managed by GPIF and the Pension Special Account)

Inside: policy asset mix (figures in parentheses indicate deviation limits)
Outside: at the end of March 2025



	Market value (¥billion)	Allocation of Pension Reserve (1)	Allocation of Pension Reserve (2)
Domestic bonds	71,150.0	27.64%	52.01%
Foreign bonds	62,730.2	24.37%	
Domestic equities	61,618.6	23.94%	47.99%
Foreign equities	61,918.8	24.05%	
Total	257,417.6	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) While the pension reserve as a whole includes reserves managed under the pension special account as of the end of FY 2024 (about ¥7.6 trillion), this amount is prior to the adjustment for revenues and expenditures and differs from the amount in the final settlement of accounts.
(Note 4) JPY hedged foreign bonds and yen-denominated short-term assets are classified as Domestic bonds, and foreign currency-denominated short-term assets are classified as Foreign bonds.
(Note 5) The percentage of the alternative investments: 1.63% (within maximum 5% of total portfolio)
(Note 6) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

⑦ Allocation changes for each asset class due to rebalancing

(Unit: ¥billion)

	Domestic bonds	Foreign bonds	Domestic equities	Foreign equities
Allocated/withdrawn	+5,256.9	+1,288.1	+938.7	-5,359.4

(Note 1) Each figure shows the net rebalancing amount.
(Note 2) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

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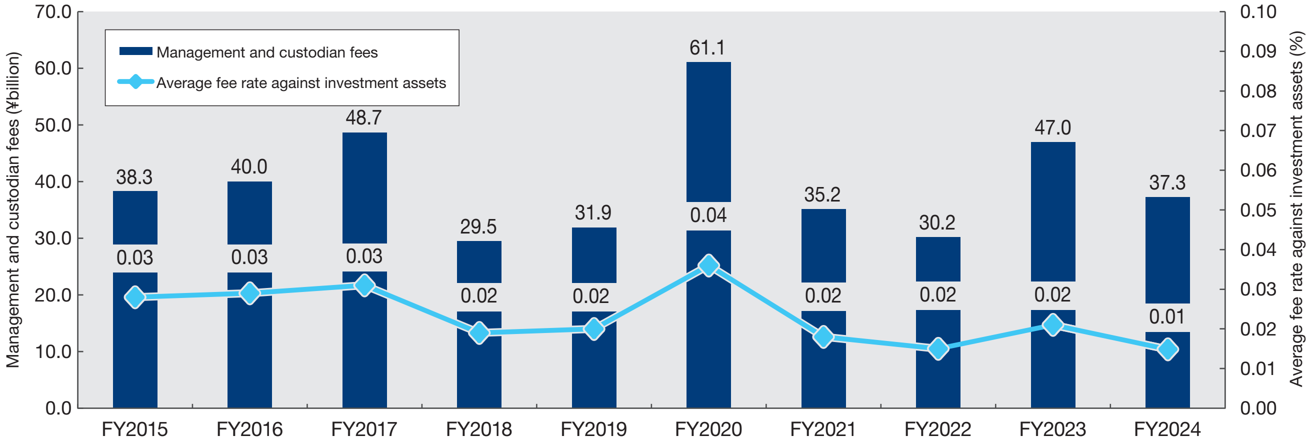
⑧ Fees paid to external managers and custodian banks

In FY 2024, total fees were **¥37.3 billion.**

The fee ratio to the amount of assets under management for FY 2024 was **0.01%.**

Fees decreased by ¥9.7 billion from the previous fiscal year, as the average balance of active funds decreased due to a change in manager structure of foreign bonds in the former years. GPIF will continue to strive to achieve efficient and reasonable fee levels in accordance with investment methods.

Fees paid to external managers and custodian banks



(Note 1) For the FILP funds under in-house investment management that were held until FY 2020, the average monthly book values at the end of each month calculated using the amortized cost method are used.
(Note 2) Fees are rounded off to the nearest ¥100 million.

Fees by asset class

(Unit: ¥billion)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total	38.3	40.0	48.7	29.5	31.9	61.1	35.2	30.2	47.0	37.3
Domestic bonds	3.8	3.9	4.0	1.6	2.0	3.0	3.4	2.9	3.8	4.5
Foreign bonds	9.1	12.5	17.2	9.2	7.1	25.4	18.6	13.8	16.3	4.5
Domestic equities	8.3	8.8	10.6	7.5	6.5	12.7	6.0	5.2	5.7	8.6
Foreign equities	17.0	14.9	16.9	10.7	15.5	18.8	5.3	5.7	18.4	16.8
Alternative assets	–	0.0	0.0	0.3	0.7	1.0	1.4	1.8	2.0	1.9

(Note 1) Fees are rounded off to the nearest ¥100 million.
(Note 2) The Total column includes the index licensing fee amount and investment management fee amount with regard to short-term assets.
(Note 3) Fees paid to custodian banks do not include certain fees to be deducted from the entrusted assets, such as global custody fees and attorney fees.
(Note 4) Foreign bonds include foreign bonds with currency hedging.

Fee ratio (externally managed assets)

(Unit: %)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total	0.03	0.03	0.03	0.02	0.02	0.04	0.02	0.02	0.02	0.01
Domestic bonds	0.02	0.03	0.03	0.01	0.01	0.02	0.01	0.01	0.01	0.01
Foreign bonds	0.05	0.07	0.08	0.04	0.02	0.06	0.04	0.03	0.03	0.01
Domestic equities	0.03	0.03	0.03	0.02	0.02	0.03	0.01	0.01	0.01	0.01
Foreign equities	0.05	0.05	0.04	0.03	0.04	0.04	0.01	0.01	0.03	0.03
Alternative assets	–	–	0.14	0.23	0.14	0.11	0.09	0.07	0.06	0.05
Average balance (¥trillion)	139.0	137.3	155.7	158.9	161.4	170.2	193.1	196.3	223.1	251.9

(Note 1) The Total column includes in-house investment assets and index licensing fees.
(Note 2) The average balance includes in-house investment assets. For the FILP funds under in-house investment management that were held until FY 2020, the average monthly book values at the end of each month calculated using the amortized cost method are used.
(Note 3) Foreign bonds include foreign bonds with currency hedging.

(Column) GPIF Initiatives Over the 4th Medium-Term Objectives Period (FY 2020-2024)

(1) Refining the rebalancing of the Policy Asset Mix

The difficulty of rebalancing GPIF's portfolio in order to conduct investment based on the Policy Asset Mix has increased as it is necessary to respond to changes in the market environment, while avoiding the market impact. This difficulty of doing this has increased. Under these conditions, we have worked to eliminate deviation from the Policy Asset Mix while avoiding impacting the market by not only buying and selling physical assets through external asset managers, but also by making use of stock index futures and bond index futures, which have sufficient liquidity, in GPIF's own investing (In-house investing). On top of setting passive funds for foreign bonds and equities separated by target investment region and current maturity, GPIF has also strengthened IT infrastructures for more finely rebalancing the portfolio by increasing the immediacy of data used in investment decisions.

(2) Enhancing equity portfolio investment

In equity portfolio, GPIF has sought to revise how to acquire risk and to rebuild the active portfolio based on a scientific approach. GPIF did this with the intention of stably acquiring excess returns by suitably managing risk volume against the Policy Asset Mix.

a. Revision of Risk Acquisition

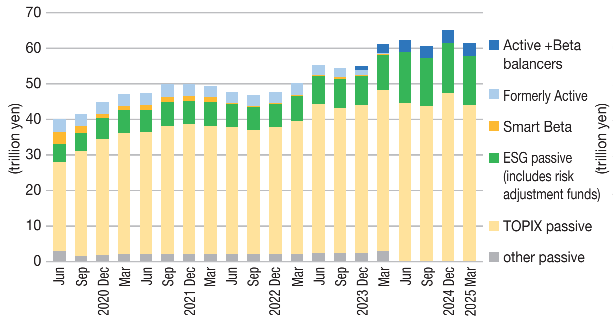
In response to changes in the market environment, GPIF revised its view of the risk of deviation from the policy benchmarks in the equity portfolio. As a specific measure, GPIF determined that the stability of returns relative to risk for smart beta investment in passive funds was insufficient, and so lowered the scale of such investments. GPIF also introduced a risk adjustment fund to control the risk that GPIF took unintentionally as it arose in the domestic ESG index investment from discrepancies in constituents between the parent indexes of the ESG indexes adopted by GPIF and the policy benchmarks. (For more details, see p.85.)

Through such revisions, GPIF has managed to broadly classify the risk of deviation from policy benchmarks in the equity portfolio into both risks stemming from active funds and risk stemming from ESG index investment, thus allowing to build a portfolio amenable to risk management.

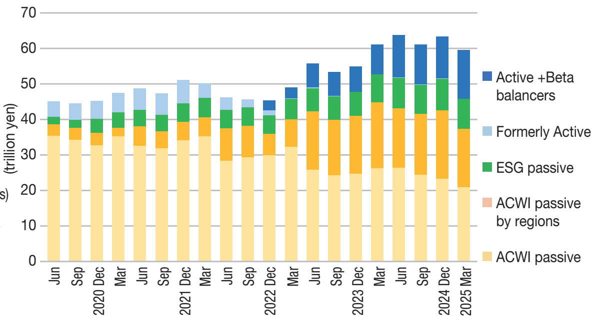
b. Rebuilding the active equity portfolio based on a scientific approach

A scientific approach is an integrated approach that pursues stable excess returns by using statistical methods to identify active funds with high stability and reproducibility of excess returns and combining multiple excellent active funds to distribute sources of excess returns, while also maintaining risk at a low level by incorporating passive funds called beta balancers in order to limit the style risks and other risks of the active equity portfolio overall. While working to expand the IT platforms needed to realize such an approach, GPIF has revised the manager structure for active funds (fund composition) and built four regional active portfolios, covering North American stocks, Japanese stocks, developed country stocks (excluding Japan) and developed country stocks (excluding North America). GPIF has also worked to switch out funds and expand the scale of the investments with the intention of improving the risk-return ratios of each of the regional portfolios. As of March 31, 2025, GPIF's portfolio (total of active funds and beta balancers) had reached a total of 103 funds and approximately 17 trillion yen in scale. The amount of excess returns in FY 2024 alone was disappointing at -71.6 billion yen, due to struggles in selecting stocks across multiple funds, as well as a market environment where it was generally difficult for active funds to generate excess returns. However, cumulatively, active funds have achieved excess returns of +59.4 billion yen.

Asset size by investment style (domestic equities)



Asset size by investment style (foreign equities)



(3) Enhancing bond portfolio investment

As GPIF seeks improve returns relative to risk and enhance risk management across portfolios overall, GPIF attempted a variety of improvements in the domestic and foreign bond portfolios, including significant revisions to the manager structure, expansion of the in-house investment functions, and risk adjustments for the portfolio overall.

a. Domestic bonds

GPIF revised the role of in-house investing for domestic bonds and made the decision to conduct risk management overseeing the GPIF bond portfolio overall in house, as this is difficult to do through external asset managers. Specifically, GPIF improved the risk management related to yen interest rates and credit relative to policy benchmarks by making use of the in-house Japanese bond fund and the in-house government bond fund. Additionally, while maintaining the liquidity necessary for redemption to public pension scheme, from an economic rationality perspective, GPIF aimed to achieve full investment to increase the investment efficiency (avoiding leaving uninvested excess cash as much as possible) by eliminating cash-out matching funds and Fiscal Investment and Loan Program (FLIP) Bonds funds. In addition to such measures, GPIF realized improvements to returns relative to risk by, for example, eliminating foreign currency-hedged foreign bonds and changing the composition of the active funds.

b. Foreign bonds

As with domestic bonds, GPIF undertook a variety of measures in relation to foreign bonds to adjust risk in the portfolio overall and to improve returns relative to risk. Specifically, by reducing the investments in general active funds (fund formats that invest in broad regions or categories of securities) and by improving the line-up of specialized passive funds (fund formats that invest in limited regions or categories of securities), GPIF built a structure that can more finely control foreign exchange, foreign interest rate, and credit risks relative to the Policy Asset Mix. Additionally, GPIF realized improvements to the returns relative to risk by changing the composition of the active funds and by expanding the bond lending investments.

This figure differs from the figures for “Investment Assets by Investment Method and by Manager, etc.” in Chapter 3 because it includes internal transactions for controlling exchange rate risks of alternative assets.

Foreign bond credits are the total of active and passive funds of U.S. investment-grade corporate bonds, U.S. high-yield corporate bonds, Euro investment-grade corporate bonds, and Euro high-yield corporate bonds.

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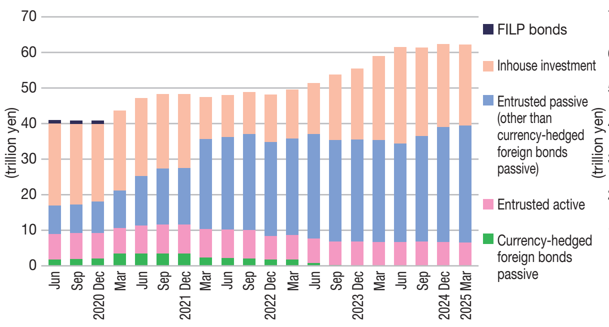
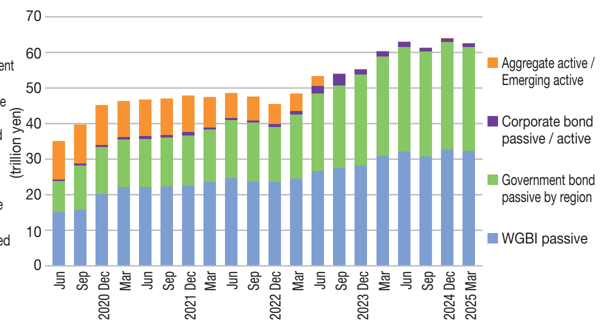
Asset size by investment style (domestic bonds)



Asset size by investment style (foreign bonds)



(Note) Transition management and alternative assets are not included.

(4) Enhancing the investment platform

In working to enhance investment at GPIF, in addition to enhancing investment methods themselves, GPIF has focused on putting in place and developing the system infrastructure that supports those methods. GPIF has established an Investment Analysis Group within the Investment Department that specializes in data management and analysis of market information and index information. GPIF has also built a structure that supports the acceleration and refinement of investment decisions from a data science perspective. GPIF has also worked with specialist personnel in the Senior IT Advisory Team, who are responsible for driving the digitalization of GPIF overall, to accelerate data processing using the cloud and to streamline operational processes.

One specific project advanced during the 4th Medium-Term Objectives Period was the construction of a NAV for Investment Decisions (a tool for ascertaining the value of assets under management). Previously, GPIF received ABOR (Accounting Book of Records) and IBOR (Investment Book of Records) from asset management service providers, but this approach raised issues in terms of achieving both immediacy and accuracy. GPIF thus itself built a workflow on the cloud to estimate and store the latest NAV, directly incorporating data from custodian banks and market information and index information vendors. Insourcing the generation of the NAV for Investment Decisions in this manner has allowed GPIF to grasp actual asset composition while combining immediacy and accuracy. Using this database has also allowed GPIF to undertake a wide variety of quantitative analyses.

(5) Alternative investments

a. State of the alternative asset markets in which GPIF invests

The investment environments for alternative assets (infrastructure, private equity (PE), real estate) in the 4th Medium-Term Objectives Period (the five years from April 2020 through March 2025) were significantly impacted by global macroeconomic movements. The markets overall experienced sharp downturns in the first half of 2020 due to the spread of COVID-19. Alternative assets also temporarily faced declines in valuations, but the economies recovered quickly due to large-scale fiscal and monetary measures from governments and central banks across the world. Demands for investments into such assets thus rose under conditions of plentiful liquidities and low interest rates from 2021 to 2022. Infrastructure and real estate, in particular, are evaluated as having stable cash flows and as being resistant to inflations, and so maintained relatively steady returns. However, from 2022 onward, the valuation in real estate and in some private equity deals, which have high interest rate sensitivities declined, because concerns about inflations mainly in Europe and the United States led various central banks to set out on rapid interest rate increases. Meanwhile, the stock markets continued on in a phases of high volatilities, and the bond markets saw significant falls in prices due to the effects of interest rate increases. In these environments, alternative assets faced new issues in the form of increased financing costs and greater difficulties in exit strategies, even as they showed some degree of resilience from the point of view of securing excess returns relative to traditional assets.

Chapter 1

b. Alternative asset initiatives at GPIF

Under the environments described above in a., GPIF has worked to improve its investment structures based on a policy of seeking to carefully select funds with a high likelihood of capturing excess returns, and thus steadily building up assets. Firstly, we drove enhancements to objective fund selections using quantitative data by introducing SBDA (Spread Based Direct Alpha), a method for measuring excess returns from alternative investments relative to the listed markets, and sophisticated risk managements of the overall investment portfolio. Additionally, GPIF strengthened its monitoring structures for individual investments in particular, using qualitative data to back up quantitative information and improve explanatory abilities. As a result of such efforts, GPIF established an investment fund in partnership with APG, an asset manager under the Dutch pension fund ABP, and also began investing through limited partnerships (LPSs), a type of single fund, in addition to funds of funds for each alternative asset, thus realizing a strategic accumulation of assets.

(6) ESG and stewardship activities

a. ESG index investment

From FY 2017, GPIF started engaging in ESG index investment. During the 4th Medium-Term Objectives Period from FY2020 to FY 2024, we newly adopted the FTSE Blossom Japan Sector Relative Index, the Morningstar Japan ex-REIT Gender Diversity Tilt Index, the MSCI ACWI ESG Universal Index (ex Japan and ex China A-shares), and the Morningstar Developed Markets Ex-Japan Gender Diversity Index (GenDi), thereby further diversifying its ESG index investments.

GPIF also held ongoing proactive dialogues with index and ESG evaluation companies regarding the ESG indexes in which GPIF invested in prior to FY 2020, aiming to reduce risks arising from non-ESG factors and risks arising from discrepancies between the parent indexes of the ESG indexes (the indexes of domestic equities provided by each ESG index company) and the policy benchmarks. This resulted in changes to the parent indexes of the ESG indexes (expansion of the investment universe, exclusion of REIT stocks, revision of floating stocks, etc.) and improvements in the methodologies of the MSCI Japan Empowering Women Index, the S&P Carbon Efficient Index series, and the MSCI Japan ESG Select Leaders Index. Since the disclosure of ESG information by companies is essential for improving the accuracy of ESG evaluations, GPIF engaged in consultations aimed at enhancing these evaluations. In particular, GPIF requested more detailed disclosure on their evaluations and the methodologies, and proactive dialogue with companies, beginning with giving feedback to companies on evaluation results.

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b. Stewardship activities

Having agreed to the re-revised Japan Stewardship Code in June of 2020, GPIF partially revised the Policy to Fulfill Stewardship Responsibilities. This expanded the scope of stewardship activities to all assets and clarified that ESG consideration shall be applied to all assets. Accordingly, GPIF began conducting stewardship evaluation of all bond asset managers from FY 2022. GPIF now conducts stewardship evaluations for all assets. For engagement-enhanced passive investment funds for equities, GPIF added two funds in 2021 to bring the number to a total of four funds. GPIF expanded the range of themes and scope of engagement.

GPIF also focused on promoting corporate disclosure during the 4th Medium-Term Objectives Period. GPIF thus joined the JPX ESG Knowledge Hub, the ESG Disclosure Study Group, and the ISSB Investor Advisory Group, which are the initiatives aimed at promoting information disclosure, and also expanded the excellent disclosure series. Additionally, GPIF focused on building a virtuous cycle of the investment chain through increased opportunities for dialogue with companies by, for example, holding interviews with companies and by creating and hosting the Keidanren (Japan Business Federation) /GPIF Asset Owners' Roundtable.

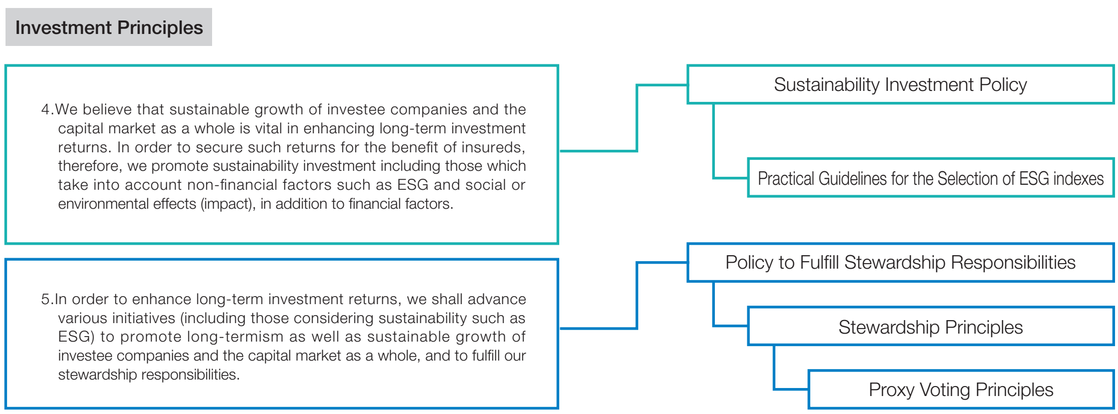
c. Measuring the effects of stewardship activities and ESG investment

GPIF believes that the longer the investment horizon, the greater the effects of stewardship activities and ESG investment in terms of improving risk-adjusted returns. As a considerable amount of time has elapsed since the implementation of each initiative, and data has also been collected on them, GPIF has collaborated with external consultants with expertise in advanced statistical analysis, and has conducted quantitative measurement of the impacts of the stewardship activities and ESG investments from FY 2023 through FY 2024, with a view to properly conducting a PDCA cycle.

d. Initiatives looking towards the 5th Medium-Term Objectives Period (FY 2025 to FY 2029)

GPIF formulated and announced the Sustainability Investment Policy on March 31, 2025, ahead of the 5th Medium-Term Objectives Period. This policy defines sustainability investment as encompassing the investment that takes into account ESG and impact, as well as detailing GPIF's approach, objectives and the content of the major initiatives in this area (see p. 85 for further details). GPIF also released a statement entitled "GPIF's Initiatives for Sustainability Investment" in line with the policy, to the effect that sustainability investment should be pursued across all assets. GPIF also released the "Direction and Medium-Term initiatives of GPIF's stewardship activities" with respect to its stewardship activities on the same day. In this document, GPIF re-clarified the basic approach to its stewardship activities and presented priority issues and key initiatives.

Principles and regulations regarding sustainability investment (including stewardship activities)



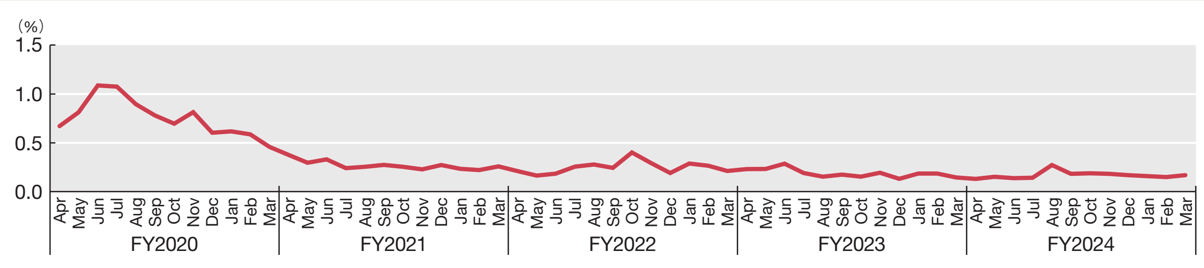
(7) Risk management

Through active rebalancing using rapid position ascertainment enabled by NAV for Investment Decisions (a tool for ascertaining the value of assets under management), refined analysis and investment decisions using multiple tools, and equity index futures, GPIF conducted risk management encompassing the overall corporate portfolio.

In carrying out rebalancing and switching out funds, a specialist team finely tunes execution methods with asset managers. Rebalancing and the switching of funds are thus executed in a way that avoids causing excessive impacts on markets or unpredictable effects on the risk amount of assets overall. Additionally, GPIF carries out post facto valuation on each occasion.

The Board of Governors improved monitoring; The number of times the Board of Governors performed monitoring in FY 2024 was 13, more than three times the number for FY 2019 (four).

Through such efforts, the estimated tracking error (Note) for assets overall was, as per the graph below, kept to a low level throughout the 4th Medium-Term Objectives Period.



(Note) See p.52 for more information about the estimated tracking error.

(8) Securing excess returns

Thanks to the efforts outlined in (1) through (7), as per the table below, the rate of excess returns compared to the Composite Benchmark Return was +0.43% over the 4th Medium-Term Objectives Period.

GPIF thus realized the investment goal of "securing the Composite Benchmark Return rate of assets overall."

(Unit: %)

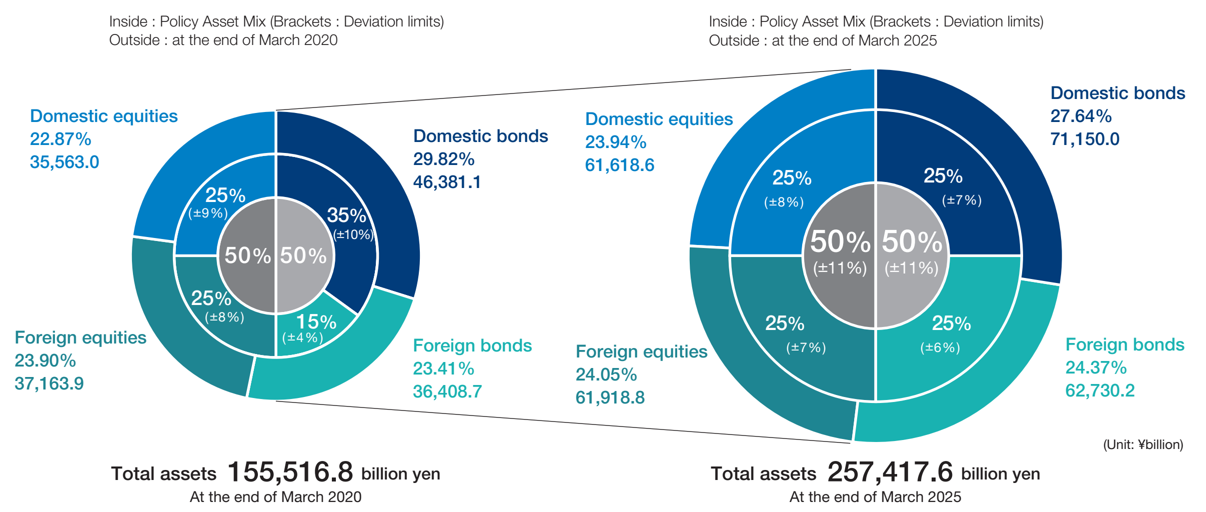
	Excess return rate of the whole asset (4th Medium-Term Objectives Period)					
	FY2020	FY2021	FY2022	FY2023	FY2024	cumulative
Total	+0.32	-0.06	-0.06	+0.04	+0.09	+0.43
Domestic bonds	+0.02	+0.23	-0.09	+0.20	+0.26	+0.58
Foreign bonds	+1.63	+0.41	+0.44	+0.51	+0.09	+3.70
Domestic equities	-0.59	+0.13	-0.27	+0.07	+0.09	-0.85
Foreign equities	-0.79	-0.90	-0.05	-0.57	-0.26	-5.64

(Note) This has been calculated based on transaction date since FY 2023. It also takes into account the notional amount of stock index futures.

Chapter 1

(9) Trends in investment asset amounts and composition

Pension reserve fund assets under management reached 257.4176 trillion yen as of March 31, 2025 (an increase of approximately 101.9 trillion yen since March 31, 2020).



(Note 1) Short-term assets are added to domestic bonds in the figure on the left (March 31, 2020).

(Note 2) While the composition of foreign bonds exceeds the permitted amount of deviation in the figure on the left (March 31, 2020), this is in line with changes in the Policy Asset Mix.

(Note 3) Both figures include reserve funds managed in the Pension Special Account.

(10) Securing human capital and organizational structure

Securing the human capital who will support the efforts to enhance various tasks including investment and risk management of this 250 trillion yen in assets under management is quite important for GPIF.

During the 4th Medium-Term Objectives Period, as part of the efforts to establish a suitable working environment, GPIF continued indefinitely the practice of working from home, which had been temporarily introduced to fulfill safety obligations during the COVID-19 crisis. Thereafter, GPIF has expanded the work-from-home system and strove to maintain and improve productivity and an appropriate work environment for employees.

GPIF also established rules for employees over the age of 60 in April 2025. Under the rules called Senior Staff System, such employees are expected to share the knowledge and experience they have cultivated over many long years of work, to further increase their motivation, and to continue to be active at GPIF.

Regarding renewal of fixed-term professional, GPIF makes use of the results of personnel evaluations (based upon management-by-objective model) to make appropriate decisions as to whether to renew them and the conditions under which to renew them.

GPIF is working proactively to recruit necessary talent, also having, for example, resumed new graduate hiring.

As a result of such efforts, as shown in the tables below, the number of employees at GPIF increased over the 4th Medium-Term Objectives Period.

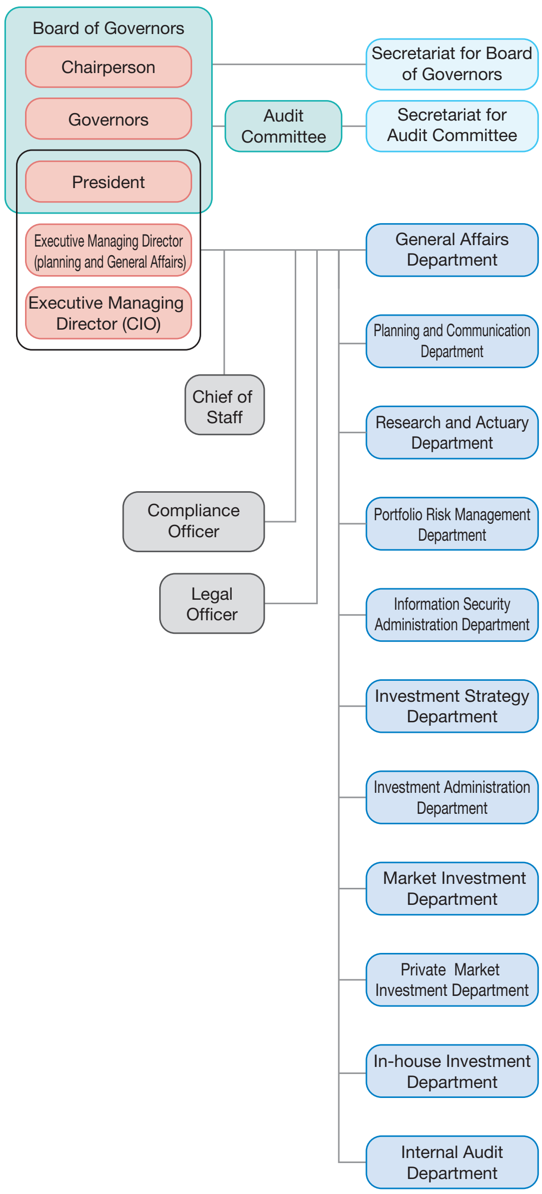
	As of April 1. 2020	As of April 1. 2025
Regular Employees	113	124 (+11)
Specialist investment personnel	32	63 (+31)
Number of employees (in total)	145	187 (+42)

GPIF established Legal Department to improve legal affairs function as part of the efforts to improve organizational structure during the 4th Medium-Term Objectives Period. Additionally, as part of the efforts to reorganize in a way that contributes to diversifying and enhancing investment, GPIF integrated the Investment Strategy Department, Market Investment Department, and Internal Fixed Income Investment Department into the Investment Department. GPIF also newly created an ESG & Stewardship Department and appointed a Senior IT Advisor (part-time position) to advise as a specialist in IT and systems. To strengthen Planning and Communication Department's functions, GPIF established two new sections, one to oversee and manage the optimization of documents and improvement of operations, and one to oversee public relations operations, bringing the department to a total of three sections when combined with the Planning and Communication Section.

Organization

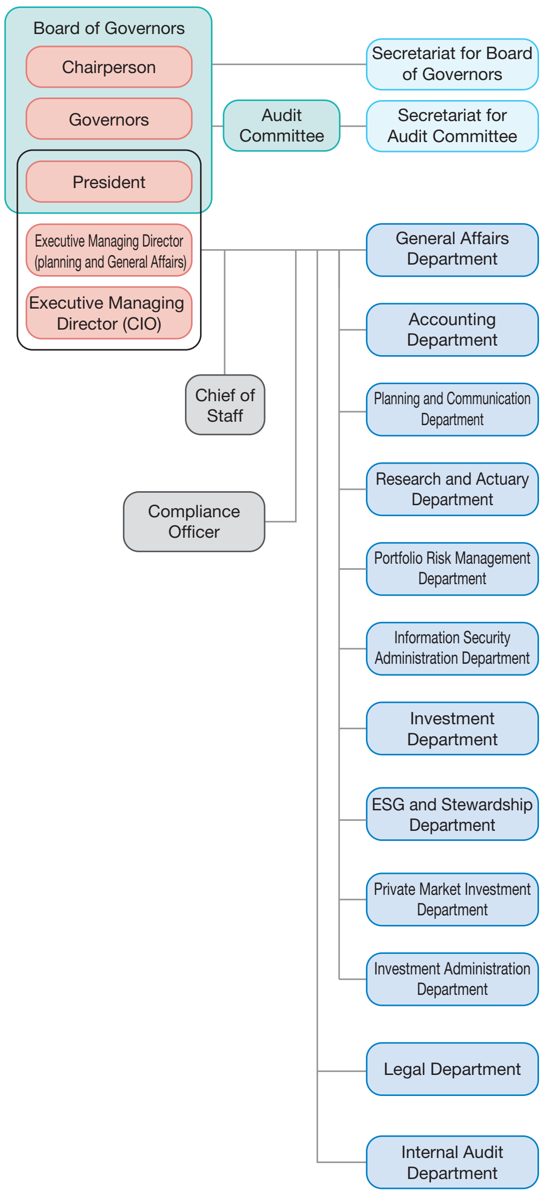
13 departments and 11 divisions

Organization chart (as of April 1, 2020)



14 departments and 25 divisions

Organization chart (as of April 1, 2025)



(note) Divisions are omitted.

2 | Overview of the Policy Asset Mix

[1] FY2024 Verification of the Policy Asset Mix for the 4th Medium-Term Objectives Period

① Overview of the Policy Asset Mix

In a long-term investment, it is known that maintaining a basic asset composition (Policy Asset Mix) over the long term is more efficient and yields a better result than changing a portfolio in response to short-term market fluctuations. The majority of long-term performance is determined by the Policy Asset Mix.

GPIF invests based on a predetermined Policy Asset Mix with the aim of securing levels of yield required for pension finances with minimum risk over the long term. In order to respond to market fluctuations, GPIF also defines a range of allowable deviations (deviation limits) from the Policy Asset Mix, a framework that enables flexible allocation adjustments within the range.

② The Policy Asset Mix for the 4th Medium-Term Objectives Period

The Policy Asset Mix for the 4th Medium-Term Objectives Period (from April 2020 to March 2025) was set to achieve the investment objective of a real investment return (net return of the pension reserve fund after deducting the nominal wage growth rate) of 1.7% with minimum risk. In addition to the four deviation limits established for each asset class, new deviation limits were also introduced for entire bonds and entire equities in order to strengthen equity risk management.

【Policy Asset Mix for the 4th Medium-Term Objectives Period (April 2020 – March 2025)】

(Unit: %)

		Domestic bonds	Foreign bonds	Domestic equities	Foreign equities
Target allocation		25	25	25	25
Deviation limits	Asset class	±7	±6	±8	±7
	Bonds/Equities	±11		±11	

(Note 1) Alternative assets (infrastructure, private equity, real estate, and other assets to be approved by the Board of Governors) are classified as domestic bonds, domestic equities, foreign bonds, and/or foreign equities based on their risk-return profiles, and the ratio of such assets in GPIF's total portfolio is limited to 5%. However, exceeding the 5% upper limit due to changes in the economic and market environment may be permitted upon the approval by the Board of Governors.

(Note 2) Currency-hedged foreign bonds and short-term yen assets are classified as domestic bonds, and short-term non-yen assets are classified as foreign bonds.

(Note 3) In light of the recent trend of rapid changes in the economic and market environment, tactical investment is permitted within the deviation limits set for the Policy Asset Mix, taking into account the appropriate market forecasts. However, such forecasts must be based on rational grounds.

③ Verification of the Policy Asset Mix

In the 4th Medium-Term Plans, GPIF was required to conduct verification of the Policy Asset Mix in a timely and appropriate manner. When deemed necessary by the Board of Governors due to the possibility of significant changes in the investment environment from the time of initial formation of the Policy Asset Mix, GPIF reviews and revises the Policy Asset Mix promptly. Based on this action plan, verification of the Policy Asset Mix was conducted in a timely and appropriate manner during the 4th Medium-Term Objectives Period. In addition, in accordance with the Actuarial Valuation conducted in FY 2024, the Policy Asset Mix was reviewed, and the Policy Asset Mix for the 5th Medium-Term Plans was formulated.

[2] Formulation of the Policy Asset Mix for the 5th Medium-Term Objectives Period

GPIF has formulated a new Policy Asset Mix for the 5th Medium-Term Plans (five-year plan) starting in FY 2025. This new Policy Asset Mix is set to achieve the investment objective of a real investment return (net return of the pension reserve fund after deducting the nominal wage growth rate) of 1.9% with minimum risk. In addition to the four deviation limits set for each asset class, the deviation limits for entire bonds and entire equities are continued to be set in order to strengthen equity risk management.

Note: For details of the Policy Asset Mix for the 5th Medium-Term Plans and the previous Policy Asset Mixes, please refer to the GPIF website (https://www.gpif.go.jp/gpif/portfolio.html) ※Available in Japanese language only).

【Policy Asset Mix for the 5th Medium-Term Objectives Period】

(From April 2025)

(Unit: %)

		Domestic bonds	Foreign bonds	Domestic equities	Foreign equities
Target allocation		25	25	25	25
Deviation limits	Each asset	±6	±5	±6	±6
	Bonds/Equities	±9		±9	

(Note 1) Alternative assets (infrastructure, private equity, real estate, and other assets to be approved by the Board of Governors) are classified as domestic bonds, domestic equities, foreign bonds, and/or foreign equities based on their risk-return profiles, and the ratio of such assets in GPIF's total portfolio is limited to 5%. However, exceeding the 5% upper limit due to changes in the economic and market environment may be permitted upon the approval by the Board of Governors.

(Note 2) Currency-hedged foreign bonds and short-term yen assets are classified as domestic bonds, and short-term non-yen assets are classified as foreign bonds.

(Note 3) In light of the recent trend of rapid changes in the economic and market environment, tactical investment is permitted within the deviation limits set for the Policy Asset Mix, taking into account the appropriate market forecasts. However, such forecasts must be based on rational grounds.

【Previous Policy Asset Mixes】

(April 2006–June 2013)

(Unit: %)

	Domestic bonds	Domestic equities	Foreign bonds	Foreign equities	Short-term assets
Target allocation	67	11	8	9	5
Deviation limits	±8	±6	±5	±5	—

(June 2013–October 2014)

(Unit: %)

	Domestic bonds	Domestic equities	Foreign bonds	Foreign equities	Short-term assets
Target allocation	60	12	11	12	5
Deviation limits	±8	±6	±5	±5	—

(October 2014–March 2020)

(Unit: %)

	Domestic bonds	Domestic equities	Foreign bonds	Foreign equities
Target allocation	35	25	15	25
Deviation limits	±10	±9	±4	±8

(April 2020 - March 2025)

(Unit: %)

		Domestic bonds	Foreign bonds	Domestic equities	Foreign equities
Target allocation		25	25	25	25
Deviation limits	Asset class	±7	±6	±8	±7
	Bonds/Equities	±11		±11	

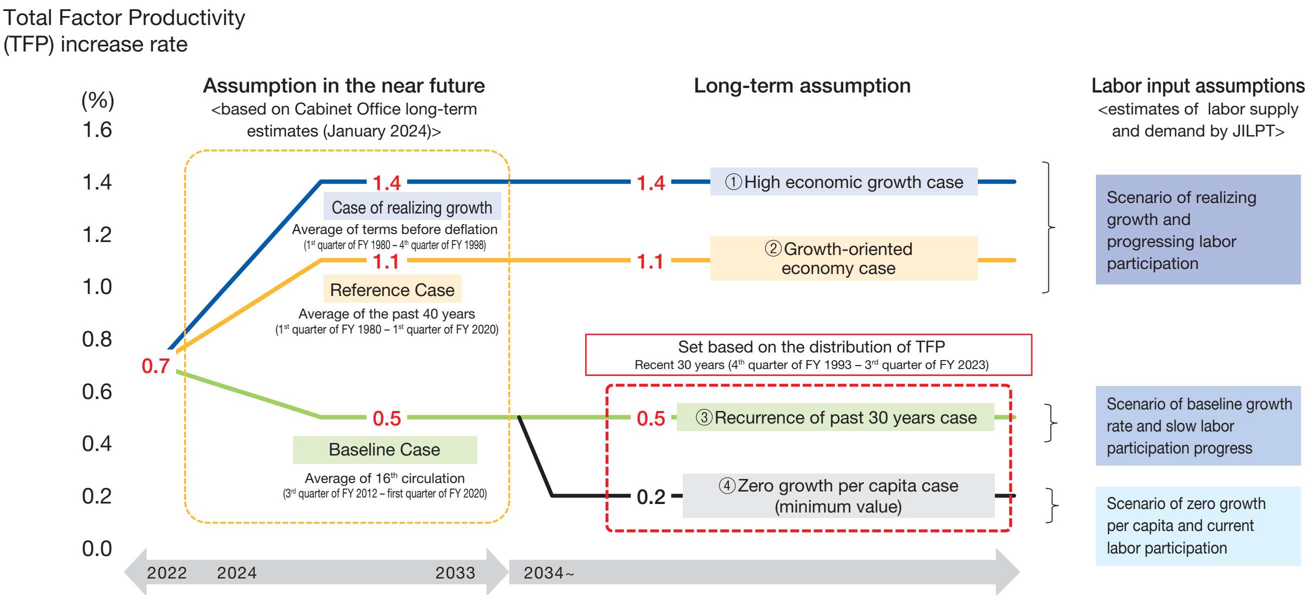
[3] Background of Policy Asset Mix formulation

The Japanese public pension system (Employees' Pension Insurance and National Pension) is operated based on a pay-as-you-go system in which pension premiums collected from the working generation support the elderly generation. Given Japan's declining birthrate and aging population, funding pension benefits solely by contribution from the working generation would place an unduly excessive burden on this group. The pension reserve fund managed by GPIF will therefore be used to supplement payouts to future generations.

Under this framework, the Ministry of Health, Labour and Welfare (MHLW) carries out the Actuarial Valuation at least every five years based on the outlook for population and economic trends. The most recent valuation conducted in

2024 included four cases that cover a broad scope. The valuation focused particularly on Total Factor Productivity (TFP) growth rate (technological advances, etc.), a critical factor in making long-term economic assumptions.

Economic assumptions in the Actuarial Valuation



Long-term economic assumptions from FY 2034 in the 2024 Actuarial Valuation

		Assumption of the future economy		Economic assumptions				(Reference)	
		Labor force participation rate	Total Factor Productivity (TFP) increase rate	CPI increase rate	Real wage growth rate (relative to CPI)	Rate of return on investment: Real (relative to CPI)	Rate of return on investment: Spread (relative to wages)	Real Economic growth rate	Real Economic growth rate per capita
High economic growth case	Connected to Case of realizing growth of medium and long-term estimates	Scenario of realizing growth and progressing labor participation	1.4%	2.0%	2.0%	3.4%	1.4%	1.6%	2.3%
Growth-oriented economy case	Connected to Reference Case of medium and long-term estimates		1.1%	2.0%	1.5%	3.2%	1.7%	1.1%	1.8%
Recurrence of past 30 years case	Connected to Baseline Case of medium and long-term estimates	Scenario of baseline growth rate and slow labor participation progress	0.5%	0.8%	0.5%	2.2%	1.7%	–0.1%	0.7%
Zero growth per capita case		Scenario of zero growth per capita and current labor participation	0.2%	0.4%	0.1%	1.4%	1.3%	–0.7%	0.1%

(Note) Details of the 2024 Actuarial Valuation are posted on the MHLW website:
https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/nenkin/nenkin/zaisei-kensyo/index.html. ※Available in Japanese language only

The investment targets underpinning the GPIF Policy Asset Mix are set in the Medium-Term Objectives established by the Minister of Health, Labour and Welfare as the investment returns necessary for the pension finances. In setting the returns on pension reserve funds underpinning the Policy Asset Mix for the 5th Medium-Term Objectives Period, the MHLW first made use of the average investment results of GPIF as investment returns in the 2024 Actuarial Valuation, thus setting the real return (spread) at 1.3-1.7%. The MHLW also took into account the level of investment yield that can reasonably be expected in the future from GPIF investments. Specifically, as the result of back-testing, the MHLW set GPIF investment targets based on the investment yields assuming that the Policy Asset Mix for the 4th Medium-Term Objectives Period had been used for investments from the time when the pension reserve fund began to be invested on the market. Based on this, the MHLW set a real return of 1.9% as the GPIF's investment target for the 5th Medium-Term Objectives Period.

(Note) For more information on GPIF's investment objectives, refer to the deliberations on GPIF's Medium-Term objectives at the Pension Fund Management Subcommittee of the Social Security Council (https://www.mhlw.go.jp/stf/shingi/shingi-hosho_439756.html ※Available in Japanese language only).

[4] Details of the Policy Asset Mix formulation

① Descriptions in the Medium-Term Objectives

The 5th Medium-Term Objectives for the five-year period from FY 2025 to FY 2029, established by the Minister of Health, Labour and Welfare, include the following investment objectives for GPIF's reserve fund:

- Based on the Actuarial Valuation and on the return levels that GPIF can rationally expect going forward, GPIF should formulate and manage the Policy Asset Mix with the objective of achieving a long-term real investment return (net return of the pension reserve fund after deducting the nominal wage growth rate) of 1.9% with minimum risk.
- The Policy Asset Mix must be aligned with the investment objectives and be formulated from a long-term perspective based on forward-looking risk analysis, and it should incorporate generally recognized investment expertise as well as domestic and overseas economic trends, taking the Model Portfolio (for the details, see page 49) into consideration.
- The risk that the Policy Asset Mix underperforms the nominal wage growth rate should be smaller than the risk that a portfolio comprised solely of domestic bonds (all-domestic-bonds portfolio) underperforms the nominal wage growth rate, and appropriate consideration should be given to the chance that the downward risks of equities may be larger than expected.
- The probability that GPIF's reserve fund may become smaller that the planned reserves should be properly evaluated and a thorough analysis of multiple risk scenarios should be conducted.

② Policies for the Policy Asset Mix formulation

Based on the results of the Actuarial Valuation , the Medium-Term Objectives, and recent economic conditions, GPIF established the following policies when formulating the Policy Asset Mix.

A. GPIF used multiple methods to estimate expected returns rather than a single method in order to estimate more precisely. In addition to the return estimated using the building block method (Note 1), GPIF also took into account the equilibrium return (Note2) deemed intrinsic to market capitalization.
B. Policy benchmarks (Note 3) were used to estimate expected returns, risks, and correlations. Policy benchmarks were set based on the investment environment in terms of the liquidity and tax rates across various countries when investing in various overseas assets.
C. In the 2024 Actuarial Valuation , four economic cases expressing a broad range of future economies as economic assumptions were set. GPIF thus estimated the expected returns for each asset class in each economic case and confirmed that the Policy Asset Mix return can secure the necessary returns for the pension finances.
D. GPIF used monthly data to estimate the risk and correlation of each asset class and sought to improve the precision of estimates. As the levels of risk and correlation varied at the beginnings, middles, and ends of months, GPIF took averages throughout entire months. Elsewhere, as it is appropriate to treat wage growth rates as annual rates of increase, GPIF used annual data to estimate the risk of wage growth rates and its correlation with each asset class. GPIF also applied a lag to wage growth rates in estimating the correlation between wage growth rates and each asset class, because it takes time for business results to be reflected in wages and wage movements tend to lag behind stock prices.
E. The improved estimation method for expected returns enhances the accuracy of the optimization and is likely to result in a better target allocation. Therefore, GPIF decided to eliminate constraint of relative asset class size.
F. The risk constraint used in the optimization included the requirement that the risks of the Policy Asset Mix falling below the nominal wage growth rate (lower partial probability) does not exceed those of an “all-domestic-bond” portfolio return, just as before. GPIF also used the average shortfall rate in case the return is below the nominal wage growth (conditional average shortfall rate) in order to measure the risks when optimizing the portfolio.
G. Looking at the reserve assets’ nominal accumulation trends in the Actuarial Valuation, while asset sizes will peak out at different points in different scenarios, GPIF expects that the investment policy can be maintained without withdrawing the reserve principals for the next 50 years or so. The peak of the size of nominal reserve assets is a critical point in investment operations, as it means that investment returns alone will not be able to cover cash payouts after the peak. Given that, GPIF analyzed reserve assets trends based on the Policy Asset Mix over the next 50 years, and compared them with planned reserve assets in the Actuarial Valuation.
H. Taking into account the fact that there are cases where the downside probability of stock prices, for example, may be greater than expected, GPIF performed risk analysis using empirical distribution and stress testing.
I. GPIF confirmed that the Policy Asset Mix was included in the range of the median of the Model Portfolio.
J. In light of the low interest rate environment, short-term yen assets and currency-hedged foreign bonds are classified as domestic bonds, as they are considered to have the similar risk-return characteristics as domestic bonds. Short-term non-yen assets are classified as foreign bonds.

(Note 1) The building block method estimates the expected return for each asset class by adding together estimates for expected short-term interest rates and the risk premium (i.e., compensation for taking risk) for each individual asset class. Historical data for policy benchmarks were used to estimate risk premiums (refer to Note 3 above).

(Note 2) The equilibrium return rate is the implied market return derived from global market capitalization , risk and correlation for each asset class.

(Note 3) GPIF calls the benchmark used for the Policy Asset Mix formulation a policy benchmark. The policy benchmarks are as shown below.

Asset class	Policy benchmark
Domestic bonds	NOMURA-BPI (excl. ABS)
Foreign bonds	FTSE World Government Bond Index (excl. Japan and China, unhedged/JPY basis)
Domestic equities	TOPIX (incl. dividends)
Foreign equities	MSCI ACWI (excl. Japan and China-A, JPY basis, incl. dividends)

③ Assumptions of expected return of each asset, inflation rate, and the wage growth rate

GPIF estimated the expected returns of domestic bonds, domestic equities, foreign bonds, and foreign equities, for the four economic cases in the Actuarial Valuation using the building block method (Note 1), for each asset that adds a risk premium to short-term interest rates, and combined with the equilibrium return rate (Note 2) deemed intrinsic to market capitalization. Inflation rate and nominal wage growth also based on the four cases in the Actuarial Valuation.

(Note 1) The building block method estimates the expected return for each asset class by adding together estimates for expected short-term interest rates and the risk premium (i.e., compensation for taking risk) for each individual asset class. Historical data for policy benchmarks were used to estimate risk premiums (refer to Note 3 above).
(Note 2) The equilibrium return rate is the implied market return derived from global market capitalization, risk and correlations for each asset class.

GPIF employed multiple methods in setting expected returns of the four asset classes for the four economic cases in the Actuarial Valuation and carried this out as per patterns A, B, and C below.

Under Pattern A, the expected short-term interest of the “recurrence of past 30 years case” was set to the average value of short-term interest rates actually seen over the past 30 years. The expected short-term interest rates for the other three cases were set by adjusting from the “recurrence of past 30 years case” only by the difference in assumed nominal wage growth.

Under Pattern B, expected short-term interest rates for a “recurrence of past 30 years case” and a “growth-oriented economy case” were assigned in the same way as in Pattern A. The expected short-term interest rates for the “high growth economy case” was set to values adjusted to be greater than the difference of the nominal wage growth rate assumptions between this case and the “recurrence of past 30 years case.”

The short-term interest rate in June 2016, the historic low-water mark for short-term interest rates, was used as the expected short-term interest rate for the “zero growth per capita case.”

Under Pattern C, GPIF changed the risk premium as well as the short-term interest rate. Short-term interest rates for the “recurrence of past 30 years case” was assigned in the same way as for Pattern A. The short-term interest rates for the other three cases were set to values adjusted from the “recurrence of past 30 years case” only by the difference with the assumed rate of inflation. Because the risk premium for equities is higher (lower) than the increase (decrease) in wages, but the risk premium for bonds is not higher (lower) than the increase (decrease) in wages, applying this relationship, GPIF adjusted the risk premium by the difference in assumptions of real wage growth rates between each case.

The table shown below is the example of Pattern A.

(Reference) The relationship between short-term interest rates and the wage growth rates

Using past data to examine the relationship between short-term interest rates and wage growth rates, we find that over the period from 1985 to 2024, a 1% increase in wages led to a 1% increase in short-term interest rates. Pattern A applies this relationship uniformly to all cases.

On the other hand, the relationship between wages and short-term interest rates is observed differently depending on the period. Over the period from 1985 to 1998, which includes periods when the economy was relatively strong, a 1% increase in wages was seen to lead to more than a 1% increase in short-term interest rates. Pattern B applies this relationship to the “high economic growth case.”

【Expected return of each asset and wage growth rate (Pattern A)】

(Unit: %)

Economic cases	Short-term interest rate	Domestic bonds	Foreign bonds	Domestic equities	Foreign equities	Wage growth rate
High economic growth case	-1.1 (2.9)	-0.8 (3.2)	0.9 (4.9)	3.5 (7.5)	4.1 (8.1)	(4.0)
Growth-oriented economy case	-1.1 (2.4)	-0.8 (2.7)	0.9 (4.4)	3.5 (7.0)	4.1 (7.6)	(3.5)
Recurrence of past 30 years case	-1.1 (0.2)	-0.8 (0.5)	0.9 (2.2)	3.5 (4.8)	4.1 (5.4)	(1.3)
Zero growth per capita case	-1.1 (-0.6)	-0.8 (-0.3)	0.9 (1.4)	3.5 (4.0)	4.1 (4.6)	(0.5)

(Note) The numbers on the upper row indicate real returns relative to wage growth rates; those in brackets on the lower row indicate nominal returns. This is an example of estimated values for expected returns for each of the four cases (Pattern A).

Chapter 1

④ Standard deviation and correlation of each asset

The standard deviation and correlation of each asset were estimated by using monthly returns for the 30 years from April 1994 (after the collapse of the bubble economy) to March 2024. Since monthly returns vary depending on the calculation starting date, the risk and correlation were averaged out among various cases where the calculation starting date is changed between the 1st day and the 30th day of each month.

Since it is appropriate to consider the wage growth rates as annual rates of increase, the correlation between the wage growth rates and the four asset classes was estimated using the annual returns (Note 1). Since wage growth rates lag behind equity indexes by approximately one year, a twelve-month lag was applied to wage growth rates (Note 2).

(Note 1) Historical wage data is based on the standard monthly remuneration amount.
(Note 2) The wage growth rate in FY 2024 was extrapolated using the economic assumptions in the Actuarial Valuation.

【Risk (Standard deviation)】

(Unit: %)

Domestic bonds	Foreign bonds	Domestic equities	Foreign equities	Wage growth rate
2.60	9.72	19.19	20.35	0.94

【Correlation】

	Domestic bonds	Foreign bonds	Domestic equities	Foreign equities	Wage growth rate
Domestic bonds	1	0.073	-0.254	-0.125	-0.110
Foreign bonds		1	0.271	0.560	0.193
Domestic equities			1	0.692	0.537
Foreign equities				1	0.619
Wage growth rate					1

(Note) Combined with various assets with different risk-return profiles, the expected return of such a portfolio is the weighted average of the expected returns of the assets, while the risk (standard deviation) of the portfolio can be smaller than the weighted average risk of the assets. This is called the "diversification effect." GPIF aims to achieve a stable investment return by diversifying the investments into multiple types of assets with different characteristics and price movements. For details, please refer to the website: https://www.gpif.go.jp/gpif/ ※Available in Japanese language only

⑤ Selection of the Policy Asset Mix

The Policy Asset Mix was selected from the following points.

A. Based on the expected returns (Pattern A), risks, and other factors of the four asset classes, GPIF identified a variety of portfolios and estimated each portfolio's expected return, risk (standard deviation), probability that the return is below the nominal wage growth rate ("lower partial probability"), and the average shortfall rate when the return is below the nominal wage growth rate ("conditional average shortfall rate").

B. Based on the estimation result above, GPIF selected a portfolio that achieves the investment objective (real investment return of 1.9%), has "lower partial probability" smaller than that of an all-domestic-bond portfolio, and has the smallest "conditional average shortfall rate."

GPIF confirmed that the Policy Asset Mix will continue to be comprised of assets with 5% increments and will be included in the range of median of the Model Portfolio. GPIF also confirmed that the Policy Asset Mix can achieve the investment objective (real investment return of 1.9%) necessary for the pension finances under any economic conditions, regardless of whether Pattern A, B, or C is used as the expected return estimates for the four asset classes.

[Profile of the Policy Asset Mix]

(Unit: %)

Real return	Nominal return	Standard deviation	Lower partial probability	Conditional average shortage rate		Average shortfall rate	CVaR (5%)	CVaR (1%)
				Normal distribution	Empirical distribution			
1.9	2.4~5.9	10.34	42.3	–7.2	–8.5	–3.0	–18.3	–24.2

(Reference) Profile of an all-domestic-bond portfolio

(Unit: %)

–0.8	–0.3~3.2	2.60	60.8	–2.6	–2.7	–1.6	–6.7	–8.4

(Note) GPIF also conducted a simulation for the conditional average shortfall rate by using the empirical distribution, in addition to the normal distribution, with consideration that equities may have a larger downside probability (tail risk). The empirical distribution is a projection based on real returns over the 30-year period from April 1994 to March 2024.

⑥ Risk assessment on the Policy Asset Mix

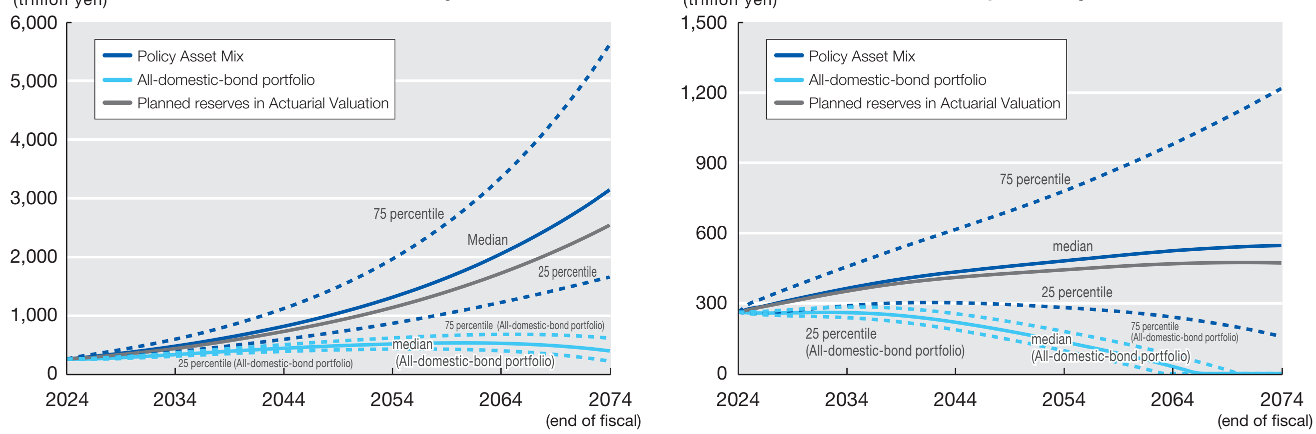
In order to assess the magnitude of the risk that GPIF's pension reserve fund falls below the size of planned reserves in the pension finances, GPIF conducted numerical simulations one million times by stochastic calculation using random numbers based on the expected return, standard deviation, and correlation of each asset, examined the distribution of future trends in the pension reserves when investing in accordance with the Policy Asset Mix, and compared the results with the planned reserves in the Actuarial Valuation (a "growth-oriented economy case" and a "recurrence of past 30 years case").

This simulation indicates that the median size of reserves exceeded the planned reserves in both the 25th and the 50th years, with a 41% - 46% probability of falling below the planned reserves. On the other hand, the simulation shows that the pension reserves with an all-domestic-bond portfolio consistently resulted in below the planned reserves.

Considering the overall aspects described above, such as lower partial probability and conditional average shortfall rate, the current Policy Asset Mix is the most efficient portfolio that minimizes downside risk while achieving the investment objectives.

Comparison with the amount of planned reserves

【Growth-oriented economy case】 【Recurrence of past 30 years case】



Probability of falling below planned reserves (Risk)

【Growth-oriented economy case】

(Unit: %)

	As of end of FY 2049 (in the 25th year)	As of end of FY 2074 (in the 50th year)
Policy Asset Mix	40.6	40.8
All-domestic-bond portfolio	99.8	100.0

【Recurrence of past 30 years case】

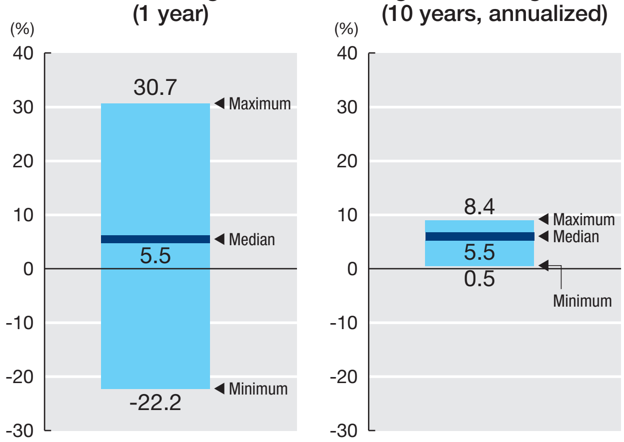
(Unit: %)

	As of end of FY 2049 (in the 25th year)	As of end of FY 2074 (in the 50th year)
Policy Asset Mix	45.7	45.8
All-domestic-bond portfolio	99.9	100.0

⑦ Verification based on various risk measures (Stress tests)

Using past policy benchmark data, GPIF checked the distribution of short-term (1 year) and long-term (10 years) returns that would have arisen from investing under the Policy Asset Mix. GPIF found that while 1-year returns were volatile, 10-year annualized returns were all positive, and that the minimum return was 0.5%. GPIF analyzed the returns of investing under the Policy Asset Mix and all-domestic-bond portfolio using benchmark data during past stress phases such as Black Monday (1987), the bursting of the dot-com bubble (2000) and the Global Financial Crisis (2008), among others. Investing under the Policy Asset Mix, the maximum temporary loss would have been -33.0% at the time of the Global Financial Crisis. On the other hand, in the case of the all-domestic-bond portfolio, the maximum temporary loss would have been -4.7% at the time of bursting of the Japanese asset price bubble. However, GPIF confirmed that in all stress scenarios, the cumulative real

Short-term average returns (1 year) **Long-term average returns (10 years, annualized)**



(Note 1) Average return is calculated assuming that the portfolio is rebalanced to the current Policy Asset Mix at the end of each fiscal year.
(Note 2) The analysis period is 39 years from April, 1985 to March, 2024.

returns tended to decline temporarily and then recover largely to expected levels as the market recovered.

*However, with the passage of time since the incidence of a shock, the market suffers not only the direct impacts of the shock itself, but also various impacts from the economic situation.

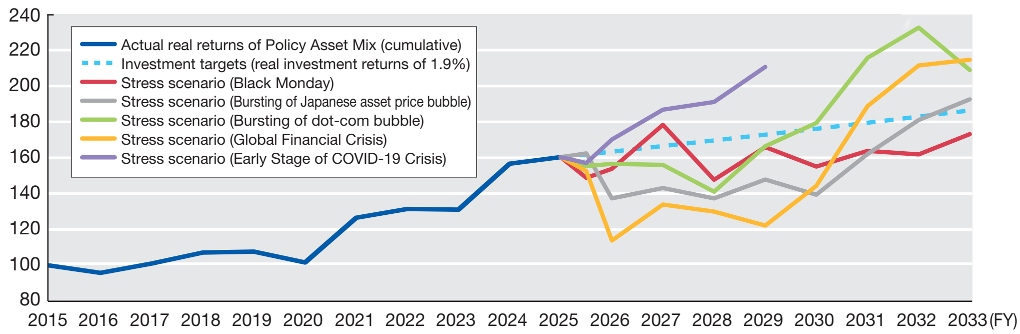
Nominal investment yield in past stress phases

(Unit: %)

Past stress phases	Policy Asset Mix	All-domestic-bond portfolio
September 1987 – December 1987 (Black Monday)	-14.8	5.9
December 1989 – September 1990 (Bursting of Japanese asset price bubble)	-16.9	-4.7
March 2000 – September 2001 (Bursting of dot-com bubble, incl. 911 attacks)	-9.9	5.3
December 2007 – February 2009 (Global Financial Crisis)	-33.0	3.0
November 2019 – March 2020 (Early Stage of COVID-19 Crisis)	-9.1	-0.7

(Each month stands for "the end of each month.")

Actual and estimated real return (cumulative)



(Note) The vertical axis is the actual cumulative return indexed by setting the actual value as of the end of March 2015 as 100.

(Column) Model Portfolio

Since the integration of the employee pension schemes in October 2015, the four asset management entities (GPIF, Federation of National Public Service Personnel Mutual Aid Associations, Pension Fund Association for Local Government Officials, and Promotion and Mutual Aid Corporation for Private Schools of Japan) jointly formulate a Model Portfolio, and each entity's Policy Asset Mix takes into consideration the Model Portfolio.

The Model Portfolio is to be reviewed and revised as necessary when the government conducts the Actuarial Valuation. After the 2024 Actuarial Valuation, the four entities conducted a review and formulated a new Model Portfolio effective April 1,2025 as follows:

(Unit: %)

Assets	Domestic bonds	Domestic equities	Foreign bonds	Foreign equities
Model Portfolio	25	25	25	25
Range of median	Above±6	Above±6	Above±5	Above±6

Chapter 1

3 | Basic Policy of Risk Management

[1] Basic Policy

The purpose of investing the pension reserve fund is to contribute to the future stability of Japan's public pension scheme through safe and efficient management from a long-term perspective solely for the benefit of insureds. The 5th Medium-Term Objectives set by the Minister of Health, Labour and Welfare (MHLW) require GPIF to achieve a long-term real investment return (net return of the pension reserve fund after deducting the nominal wage growth rate) of 1.9% with minimum risk.

Amid heightened uncertainties about the recent market and economic environments, the risk GPIF focuses on refers not to the risk due to short-term market fluctuations but to the risk of failing to achieve a long-term investment return required for the pension finance.

In a long-term investment, it is known that maintaining the basic asset allocation (the Policy Asset Mix) over the long term yields better result effectively than changing the portfolio in response to short-term market fluctuations. In FY 2024, the Policy Asset Mix was reviewed from a long-term perspective based on the results of the Actuarial Valuation conducted once every five years. Since the majority of long-term investment results shall be determined by the Policy Asset Mix, GPIF believes that the Policy Asset Mix is the core of its investment risk management.

In addition to managing the Policy Asset Mix appropriately, GPIF monitors various indicators from multilateral perspectives to ensure the return of the entire portfolio, while diversifying investments into multiple assets and managing risks at the level of the entire portfolio, individual asset classes, and individual asset managers. In cases when it becomes necessary to take certain measures, GPIF takes appropriate measures in line with predetermined rules.

The basic policy of portfolio risk management described above is expressly described in the "Basic Policy" of the "Portfolio Risk Management Policy" established by the Board of Governors. In accordance with this Policy, GPIF appropriately manages market risks, liquidity risks, credit risks, and country risks, and monitors domestic and overseas economic trends, financial market conditions, geopolitical risks, as well as various risk indicators including tracking error, Value at Risk (VaR), and stress tests. These topics are discussed at the Investment Committee and the Portfolio Risk Management Committee and are periodically reported to the Board of Governors. As such, GPIF implements appropriate measures in consideration of long-term risk-return profiles.

<"Basic Policy" of Portfolio Risk Management>

(1) GPIF formulates a Policy Asset Mix and appropriately manages it to ensure the achievement of the investment return required for pension finances with the minimum risk.

(2) GPIF adopts a basic principle for risk management of diversifying investment portfolios across multiple assets with different risk-return profiles, etc.

(3) GPIF performs risk management at the level of the entire portfolio, individual asset classes, and individual asset managers.

(4) In light of the recent trend of rapid changes in the economic and market environment, flexible investment is permitted within the deviation limits set for the Policy Asset Mix, taking into account the appropriate market forecasts. However, such forecasts must be based on rational grounds.

(5) Although there are short-term fluctuations in market prices, GPIF aims to earn investment returns more stably and efficiently by taking advantage of its long-term investment horizon and maintaining the liquidity necessary for pension payouts. In terms of securing liquidity, GPIF takes appropriate measures to sell assets in a smooth manner and secure the funds without shortages of cash, while considering market price formation.

(6) Regarding investment and management of the pension reserves, GPIF constantly strives to enhance its expertise, clarify the system of accountability, and implement thorough compliance with the duty of care and fiduciary duty of a prudent expert.

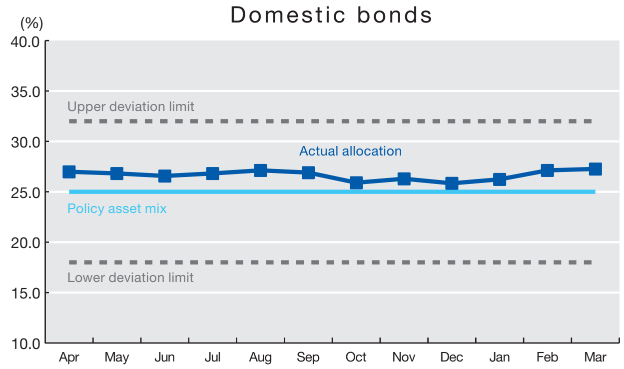
[Types of Investment Risk]

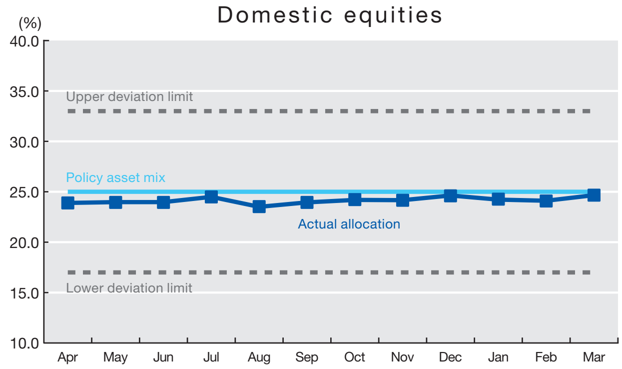
Market risk	The risk of changes in value of assets held (including derivatives) due to fluctuations in various market risk factors such as interest rates, foreign exchange, stocks, and alternative assets.
Liquidity risk	The risk of incurring losses due to difficulties in securing necessary cash for the public pension system or being forced to raise cash at interest rates significantly higher than usual (funding risk), and the risk of incurring losses due to failure of executing transactions in the market or being forced to sell assets at significantly lower prices than usual due to market turmoil, etc. (market liquidity risk).
Credit risk	The risk of incurring losses due to decrease in or elimination of asset value (including derivatives) caused by the deterioration of the financial conditions of issuers of the portfolio assets, the institutions entrusted with asset management, or counterparties of the derivatives transactions.
Country risk	The risk of incurring losses in foreign assets due to foreign currency situations, or political and economic conditions, etc. of the countries relevant to the assets.

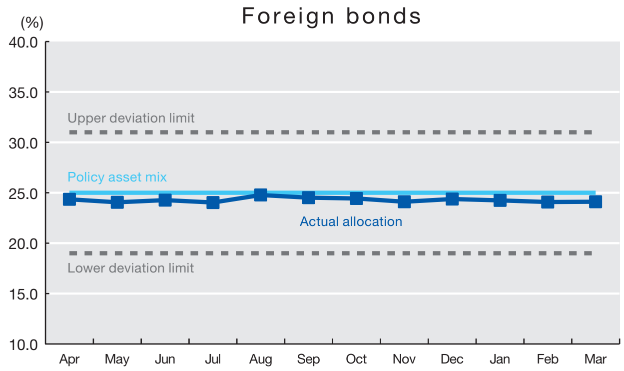
[2] Risk management based on the Policy Asset Mix

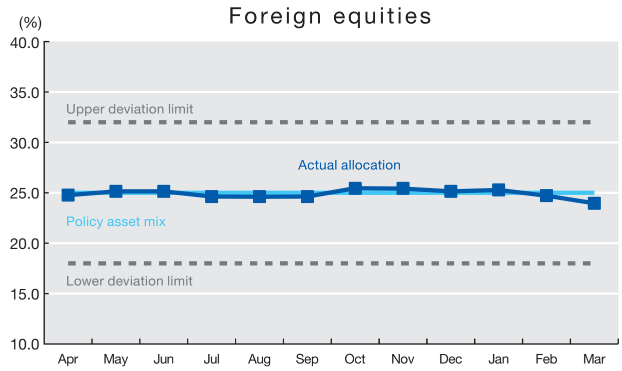
GPIF believes that the most important aspect of investment risk management is to appropriately manage the asset allocation based on the Policy Asset Mix. Since the markets constantly change, it is essential to establish a framework that enables flexible investment within a reasonable range while actual investment is carried out based on the Policy Asset Mix. Accordingly, GPIF flexibly manages the Actual Asset Mix within deviation limits defined for each of the four asset classes (domestic bonds, foreign bonds, domestic equities, and foreign equities) as well as for overall bonds and overall equities. At the same time, GPIF establishes alarm points within the deviation limits in order to smoothly and appropriately manage its asset allocations, and stipulates the responsive process in the event of exceeding the deviation limits or alarm points. While the upper limit for alternative assets is set as 5% of the total assets, GPIF also establishes alarm points for these assets and stipulates the process for responding to any excess. During FY 2024, no assets exceeded the deviation limits or alarm points.

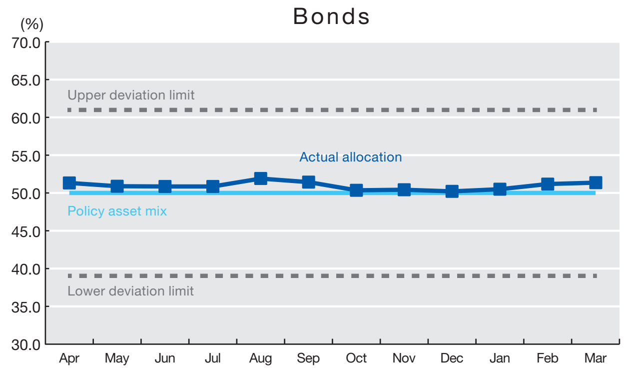
【Management of deviation limits】

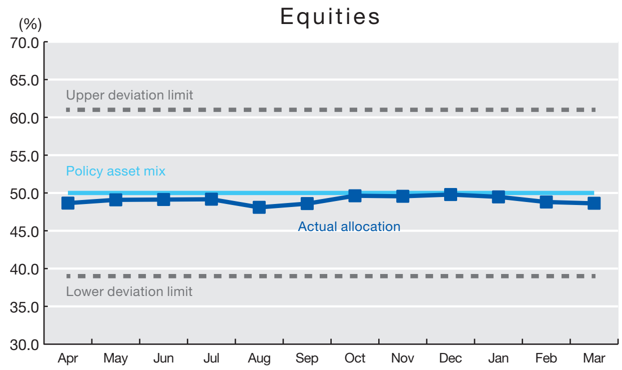












(Note 1) Asset allocation is calculated by monthly average balance and includes reserves managed in the Pension Special Account.

(Note 2) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

(Note 3) The deviation limits under the 4th Medium-Term Plan are ±7% for domestic bonds, ±6% for foreign bonds, ±8% for domestic equities, ±7% for foreign equities, ±11% for overall bonds, and ±11% for overall equities.

Chapter 1

In addition to risk management with the above-mentioned deviation limits and upper limit for alternative assets, GPIF continues to monitor the estimated tracking error (Note 1) of overall assets and VaR ratio as indicators from a multi-faceted risk management perspective.

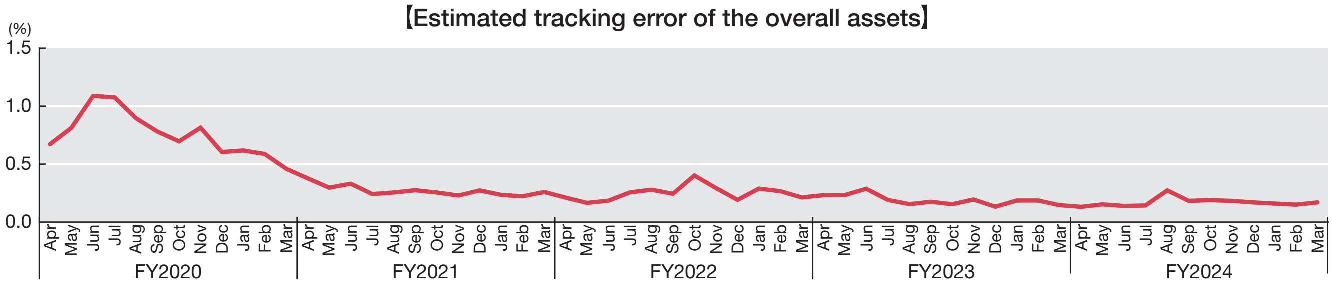
In FY 2024, while the Bank of Japan adjusted the level of monetary easing, European and U.S. central banks shifted to monetary easing. At the same time, political factors such as the U.S. presidential election were also considered important factors, and volatility increased in foreign exchange and stock markets. In the U.S. stock market, the share prices of some giant tech companies had a significant impact on the whole market, and such market environment required GPIF to carefully monitor the impact of individual stocks on the overall portfolio. Under these circumstances, the estimated tracking error of the overall assets remained low throughout the fiscal year, ranging from 13 to 27 basis points (1 basis point refers to 0.01%), as a result of implementing meticulous measures to ensure that the estimated tracking error did not diverge from the Composite Benchmark Return of the Policy Asset Mix.

The VaR ratio is calculated by dividing the VaR (Note 2) of the actual portfolio by the VaR of the Policy Asset Mix, an indicator for monitoring the degree of deviation between the risk of the actual portfolio and the Policy Asset Mix.

In FY 2024, GPIF managed major market risks, such as equity and foreign exchange risk, so that the actual risk amount of the portfolio would not deviate from the risk amount that would have been incurred under the Policy Asset Mix. In addition, GPIF reduced risk by sophisticating active equity strategy and ESG index investments, and refined rebalancing activities further. As a result, the VaR ratio remained low between 0.98 and 1.01.

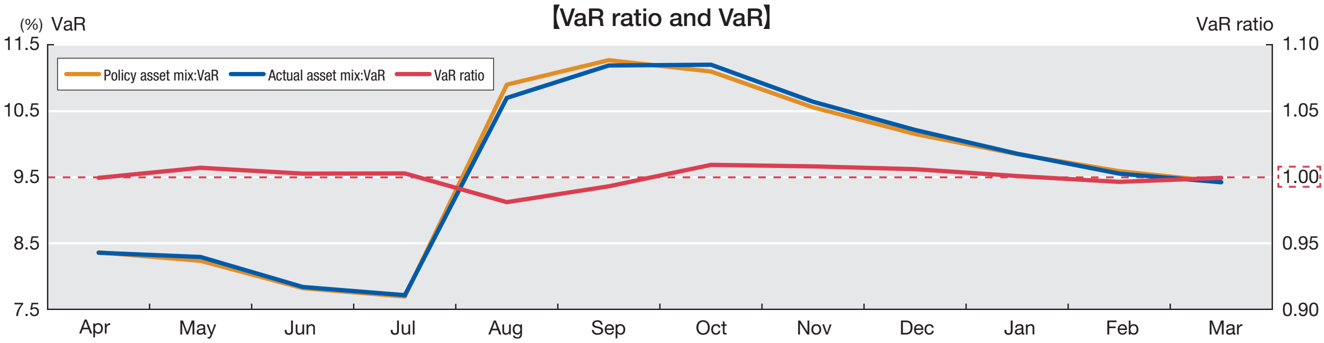
(Note 1) The estimated tracking error is the range of excess returns that could be earned in the future at a given probability.
This range is calculated with analytical tools, estimated by statistically estimated mutual dependencies among securities in the portfolio.
(Note 2) VaR indicates the largest likely loss, assuming a certain holding period with a given probability (confidence level).

【Estimated tracking error of the overall assets】



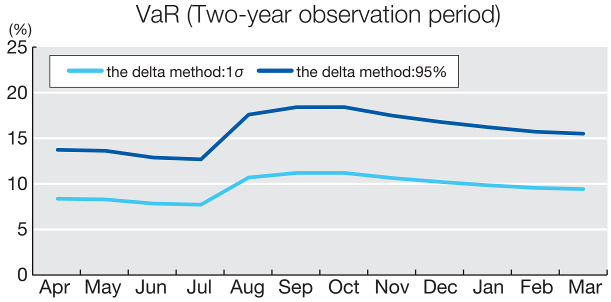
(Note 1) The estimated tracking error is calculated by delta method based on the 1σ confidence level over a one-year holding period and two-year observation period.
(Note 2) The figures of each month are calculated by monthly average.
(Note 3) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

【VaR ratio and VaR】

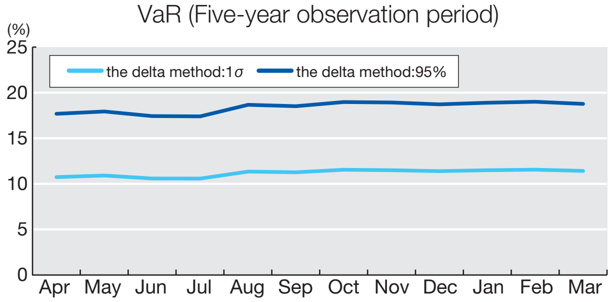


(Note 1) VaR is calculated by delta method based on the 1σ confidence level over a one-year holding period and two-year observation period.
(Note 2) The figures of each month are calculated by monthly average.
(Note 3) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

VaR (Two-year observation period)



VaR (Five-year observation period)



(Note 1) VaR is calculated by delta method based on the 1σ and 95% confidence level over a one-year holding period and two-year and five-year observation periods (The figures are calculated by the actual portfolio).
(Note 2) The figures of each month are calculated by monthly average.
(Note 3) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

[3] Risk management of alternative assets

Alternative assets (including infrastructure, private equity and real estate) have unique risk-return profiles different from traditional assets such as listed equities and bonds. Considering these profiles, the inclusion of alternative assets in GPIF's portfolio is expected to contribute to diversification effects and excess returns.

Accordingly, GPIF has increased alternative assets since FY 2017. To fulfill the need for asset-specific expertise, risk management in alternative assets covers assessment items specifically required for alternative investments, in addition to those common to traditional assets.

GPIF strengthened its alternative investment team and accelerated various initiatives toward comprehensive and detailed risk management. For details of these initiatives, please refer to page 69-70.

[4] Risk management from a long-term perspective

① Stress tests

Stress testing is a method for measuring the impact on returns and capital in the event of a significant market movement, and for implementing appropriate actions accordingly.

It is essential that the pension reserve fund is managed safely and efficiently from a long-term perspective, and GPIF analyzes the impacts that might arise over the medium-to-long term. Please see page 49 for graphs.

In each scenario, the real investment return from GPIF's start of market investments was affected temporarily by market decline scenarios like the Global Financial Crisis, in which the market fell sharply, the dot-com bubble burst, in which the market was slow to recover, and the COVID-19 pandemic. However, the markets recovered thereafter and the expected level of investment return was eventually secured.

② Valuation of risk reduction through long-term investment

Based upon historical portfolio return data, GPIF analyzed the distribution of returns by the current Policy Asset Mix by using the market's actual performance over the past 39 years. It was found that, in the short term, there was a maximum single-year gain of over +30% and a maximum single-year loss of over -20%, suggesting the possibility of a temporary loss equivalent to the record-high earnings of FY 2023. (Please see page 48 for graphs.) However, returns are stable over the long term, and ten-year moving-average annual returns over the past 39 years are all positive. The current Policy Asset Mix was established to ensure 1.9% real return over the long term. Without excessive attention given to market fluctuations, GPIF envisions a variety of stress scenarios that could occur in the near future and gives due consideration to such short-term risks in order to manage investment risks over the long term.

③ Sustainability investment expected to reduce risks from a long-term perspective

The management of pension reserves is required by law to be safe and efficient from a long-term perspective, making risk management from a long-term perspective all the more important for GPIF.

GPIF invests with consideration for sustainability, including ESG (environmental, social, and governance) factors, in order to improve the long-term return of all assets by reducing the negative impact of environmental and social issues on the capital markets. Since sustainability related risks, such as climate change risks, are likely to be materialized over a longer investment period, GPIF believes that it is highly significant to engage in sustainability investment.

(Column) Addressing changes in the global market environment

GPIF invests in various types of assets, both domestic and foreign, to increase opportunities and earn profits from economic activities around the world. GPIF also limits price fluctuations for its assets overall using the effects of asset distribution, thereby reducing the possibility of significant losses. (See p.15)

When investing in these various foreign assets, GPIF is concerned that the management and investment of the pension reserve fund may be hindered if the potential for corresponding restrictions on investment by the fund is recognized as a result of any of following situations.

- Situations that may hinder settlement through international settlement systems
- Situations where market liquidity is not sufficient in comparison with GPIF’s investment scale
- Situations where foreign investors are restricted in their investment activities such as futures trading, or where a certification system is imposed on foreign investors to conduct investment activities
- Situations where transactions are suspended for many securities
- Situations where authorities frequently make policy changes that lead to restrictions on investment

4 | Status of Investment in Each Asset Class

[1] Domestic bonds

Domestic Bond Market

The yield on 10-year government bonds rose (bond prices fell), as the Bank of Japan raised the interest rate and the policy interest rate reached the highest level since September 2008. As a result, the yield on 10-year government bonds rose from 0.73% at the end of FY 2023 to 1.49% at the end of FY 2024, while bond prices declined.

Excess rate of return

Concerning domestic bond investment in FY 2024, the excess rate of return over the benchmark (Note 1) was +0.26%. The inflation-indexed government bonds, and other factors contributed positively.

(Unit: %)

Time-weighted rate of return ①	Benchmark ②	Excess rate of return ①−②	Benchmark factors	Fund factors	Other factors
-4.47	-4.73	+0.26	+0.19	+0.05	+0.03

(Note 1) The benchmark for domestic bonds is NOMURA–BPI (excluding ABS).
(Note 2) Benchmark factors are the differences in the rates of return between manager benchmarks and the GPIF policy benchmark (NOMURA–BPI (excluding ABS)).
(Note 3) Fund factors are the differences in rates of return between individual funds and manager benchmarks.
(Note 4) Other factors are factors such as errors in calculation.
(Note 5) Income from securities lending investment is classified under "Other factors."
(Note 6) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

In-house Investment

In addition to externally entrusted investment, GPIF directly manages and invests part of its investment assets with the assistance of custody banks, in order to improve investment efficiency and secure necessary liquidity.

<Domestic Bond Fund>

In FY 2022, GPIF discontinued its in-house BPI (excluding ABS)-linked passive investment, which was converted to in-house active investment in order to improve the efficiency of investment.

This in-house domestic bond fund implements various interest rate strategies and adjusts the appropriate allocation ratio of corporate bonds within the entire domestic bond portfolio.

	FY2024				
	Total assets	Time-weighted rate of return (including bond lending operations)	Benchmark	bond lending operations	
				Investment assets (face value)	Returns
Domestic Bond Fund	7,409.1 billion	-4.63%	-4.73%	3,000 billion	1.3 billion

<Government Bond Fund>

The government bond fund is managed with the objective of adjusting the duration of yen interest rates across the entire portfolio.

	FY2024	
	Total assets	Time-weighted rate of return
Government Bond Fund	12,777.4 billion	-5.21%

<Inflation-Indexed Government Bond Fund>

The inflation-indexed government bond fund aims to reduce inflation risks and is managed by investing government bonds whose principal is linked with the national consumer price index (excluding fresh food).

	FY2024	
	Total assets	Time-weighted rate of return
Inflation-Indexed Government Bond Fund	953.6 billion	1.49%

<Short-term Asset Fund>

The short-term asset fund was created for liquidity necessary for cash-out needs, including payouts for the public pension system.

	FY2024	
	Total assets	Time-weighted rate of return
Short-term Asset Fund	1,277.1 billion	0.21%

[2] Foreign bonds

Foreign Bond Market

The yield on 10-year U.S. Treasury bonds rose (bond prices fell), despite the Federal Reserve Board of the United States (FRB) cutting interest rates, due to market participants' expectations about the new U.S. administration’s tariff policy.

The yield on German 10-year government bonds also rose (bond prices fell), due to the decision to ease government debt control in Germany, despite the European Central Bank (ECB)'s interest rate cut.

As a result, the yield on 10-year U.S. Treasury bonds rose from 4.20% at the end of FY 2023 to 4.21% at the end of FY 2024, and the yield on 10-year German government bonds rose from 2.30% at the end of FY 2023 to 2.74% at the end of FY 2024 (bond prices declined).

Foreign Exchange Market

The yen appreciated against the U.S. dollar, while the gap between Japanese and U.S. long-term interest rates narrowed. The yen appreciated from 151.35 at the end of FY 2023 to 149.54 at the end of FY 2024.

The Euro/yen exchange rate rose from 163.45 at the end of FY 2023 to 161.53 at the end of FY 2024, reflecting the difference in long-term interest rates between Japan and Europe.

Excess rate of return

Concerning foreign bond investment in FY 2024, the excess rate of return over the benchmark (Note1) was +0.09%. Credit factors of foreign bonds and other factors contributed positively.

(Unit: %)

Time-weighted rate of return ①	Benchmark ②	Excess rate of return ①—②	Benchmark factors	Fund factors	Other factors
1.70	1.61	+0.09	-0.02	+0.09	+0.02

(Note 1) The benchmark of foreign bonds is the FTSE World Government Bond Index (not incl. JPY, CNY, no hedge/JPY basis).
(Note 2) Benchmark factors are the differences in rates of return between manager benchmarks and the GPIF policy benchmark (FTSE World Government Bond Index (not incl. JPY, CNY, no hedge/JPY basis)).
(Note 3) Fund factors are the differences in rates of return between individual funds and manager benchmarks.
(Note 4) Other factors are factors such as errors in calculation.
(Note 5) Income from securities lending investment is classified under “Other factors.”
(Note 6) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

In-house Investment

In addition to externally entrusted investment, GPIF directly manages and invests part of its investment assets with the assistance of custody banks in order to improve investment efficiency and secure necessary liquidity.

<Short-term non-yen fund>

The short-term non-yen fund is designed to ensure liquidity necessary for alternative investment.

	FY2024	
	Total assets	Time-weighted rate of return
Short-term non-yen fund	78.3 billion	1.39%

Chapter 1

[3] Domestic equities

Domestic stock market

The Japanese equity market declined, as the yen's appreciation negatively impacted the Nikkei and the Tokyo Stock Price Index (TOPIX), while these indexes reached record highs.

As a result, the TOPIX index declined from 2,768.62 points at the end of FY 2023 to 2,658.73 points at the end of FY 2024. The Nikkei declined from 40,369.44 yen at the end of FY 2023 to 35,617.56 yen at the end of FY 2024.

Excess rate of return

Concerning domestic equity investment in FY 2024, the excess return over the GPIF policy benchmark (Note 1) was +0.09%. ESG investment and active strategic portfolio contributed positively.

(Unit: %)

Time-weighted rate of return ①	Benchmark ②	Excess rate of return ①−②	Benchmark factors	Fund factors	Other factors
-1.46	-1.55	+0.09	+0.08	+0.01	-0.01

(Note 1) The benchmark of domestic equities is TOPIX (incl. dividends).
(Note 2) Benchmark factors are the differences in rates of return between manager benchmarks and the GPIF policy benchmark (TOPIX (incl. dividends)).
(Note 3) Fund factors are the differences in rates of return between individual funds and manager benchmarks.
(Note 4) Other factors are factors such as errors in calculation.
(Note 5) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

Response to shareholder benefit

GPIF entrusts the management of all assets to custodian banks. They also manage shareholder benefits, and GPIF instructs them to cash out such benefits as much as possible to add to GPIF returns.

Specifically, custodian banks convert discount coupons and other items into cash, which is included as a part of investment income (approximately 140 million yen in FY 2024). Food and household goods are also donated to welfare facilities through the Tokyo Metropolitan Council of Social Welfare.

[4] Foreign equities

Foreign stock market

Equity markets in Europe and the U.S. reached record highs, and in the U.S., IT-related equities continued to drive the market upward.

The Dow Jones Industrial Average rose from 39,807.37 points at the end of FY 2023 to 42,001.76 points at the end of FY 2024, and the German DAX index rose from 18,492.49 points at the end of FY 2023 to 22,163.49 points at the end of FY 2024.

Excess rate of return

Concerning foreign equity investment in FY 2024, the excess rate of return over the GPIF benchmark (Note1) was -0.26%. The active portfolio contributed negatively.

(Unit: %)

Time-weighted rate of return ①	Benchmark ②	Excess rate of return ①−②	Benchmark factors	Fund factors	Other factors
6.62	6.88	-0.26	+0.01	-0.27	+0.00

(Note 1) The benchmark of foreign equities is MSCI ACWI (not incl. JPY, JPY basis, incl. dividends, before taking into account GPIF dividend tax factors).
(Note 2) Benchmark factors are the differences in rates of return between manager benchmarks and the GPIF benchmark (MSCI ACWI (not incl. JPY, JPY basis, incl. dividends, before taking into account GPIF dividend tax factors)).
(Note 3) Fund factors are the differences in rates of return between individual funds and manager benchmarks.
(Note 4) Other factors are factors such as errors in calculation.
(Note 5) Income from securities lending investment is classified under "Other factors."
(Note 6) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

[5] Other Investment Risk Management

① Credit Risk Management

[External Asset Managers / Custody Banks]

A. Domestic and Foreign bond holdings

○ Holding status by rating

In principle, GPIF invests in BBB bonds or higher. However, if particular strategies have legitimate reasons for investing in BB bonds or below, GPIF approves such strategies in advance. In FY 2024, GPIF invested in bonds that were not rated BBB or higher (Note).

Note: Regarding domestic bonds, all types of bonds are eligible except for national bonds, local government bonds, and bonds issued by corporations under special laws (limited to bonds guaranteed by the government). For foreign bonds, all types of bonds are eligible.

[In-house Investment]

A. Domestic bond Fund

○ Holding status by rating

Domestic bond funds invest in BBB bonds or higher. However, if particular strategies have legitimate reasons for investing in BB bonds or below, GPIF will acquire or hold bonds that are not rated BBB or higher.

During FY 2024, there were no investments in bonds that were not rated BBB or higher (Note).

○ Security lending counterparty

A counterparty of the security lending transaction (domestic bonds) must be rated BBB or higher by at least two rating agencies, and must not be rated BB or lower by any rating agency. In FY 2024 there were no counterparties that did not meet the criteria.

Note: Government bonds, local government bonds, and bonds issued by corporations under special laws (limited to bonds with government's guarantee) are not included.

B. Short-term Asset Fund

○ Counterparty of short-term asset fund

A counterparty of a short-term asset fund must be rated BBB or higher by at least two rating agencies, and must not be rated BB or lower by any rating agency. In FY 2024 there were no counterparties that did not meet the criteria.

② Status of Domestic and Foreign stock holdings

○ Status of holding of equities issued by the same issuer

Investments in equities issued by the same issuer is limited to 5% or less of the total number of shares in issue for each external asset manager. In FY 2024, there were no domestic or foreign equities that exceeded the limit.

(Column) Description of Passive and Active Investment

GPIF’s Medium-Term Plan states, “GPIF conducts not only passive investment but also active investment in managing its assets to achieve excess returns.” GPIF uses the terms “passive management” and “active management” to describe its own asset management strategies, and "passive fund" and "active fund" to describe the management methods of each fund.

In terms of overall asset risk management, GPIF categorizes its assets into “passive management,” which follows policy benchmarks (benchmarks for each asset used to formulate the Policy Asset Mix), and “active management,” which aims to achieve returns that exceed policy benchmarks (excess returns) by taking on the risk of deviation from policy benchmarks.

On the other hand, GPIF categorizes its assets into “passive funds,” which use management methods that follow policy benchmarks or other benchmarks, and “active funds,” which use management methods that aim to achieve excess returns compared to each benchmark Therefore, “passive funds” that follow benchmarks other than policy benchmarks are considered “active management” for the purpose of overall asset risk management, since the funds risk deviation from the policy benchmark. For example, passive funds that track ESG indexes for domestic and foreign stocks, or passive funds that use an investment method that tracks a U.S. investment-grade bond index, will be considered “active management in terms of overall asset risk management. Passive funds which track sub-benchmarks that are broken down from the Policy Benchmarks by different liquidity (among region or maturity) are considered “passive management, since such funds aim to reduce the risk of divergence between each asset and the corresponding Policy Benchmark and to conduct risk management in line with the Policy Asset Mix for the GPIF’s entire asset.

The conceptual diagram that shows the above is as follows.

Passive fund		Active fund
Follow policy benchmarks(※)	Follow other than policy benchmarks	Earning excess returns compared to benchmarks
GPIF’s passive investment	GPIF’s active investment	

(※) Policy benchmarks : Refers to the benchmarks of each asset that makes up the policy asset mix (including decompositions of the same)

In the 2024 Annual Report, passive/active fund classification is used.

5 | Investment in Alternative Assets

[1] Overview

"Alternative assets" is a general term for investment assets that are "alternative" to traditional assets like listed equities and bonds. Among a variety of alternative assets, GPIF invests in infrastructure, private equity, and real estate. The 4th Medium-Term Plan (from FY 2020 to FY 2024) and 5th Medium-Term Plan starting from FY 2025 stipulate that alternative assets are categorized as domestic bonds, foreign bonds, domestic equities, and foreign equities in accordance with risk-return profiles, and to be invested up to an upper limit of 5% of the total portfolio.

① Investment purpose

Since alternative assets have different risk-return profiles from listed equities and bonds, incorporating them into GPIF's portfolio is expected to improve the investment efficiency and to contribute to the stability of overall pension finance. Unlike listed equities, which are traded on a daily basis by many investors, it takes time for transactions of alternative assets to be completed, while they are considered to provide higher returns.

As a long-term investor with limited liquidities constraints, GPIF strategically holds alternative assets with lower liquidity in the portfolio and aims to earn excess return while improving the investment efficiency of its portfolio.

Overseas pension funds have been promoting diversification by investing in alternative assets for these characteristics and effects. Prior to starting investment in alternative assets, GPIF carried out careful examinations of commissioned research projects. In particular, research conducted in FY 2012 reported that alternative asset management could be expected to yield investment premiums at the expense of liquidity, and to improve efficiency through diversification.

Alternative Assets

② Investment history

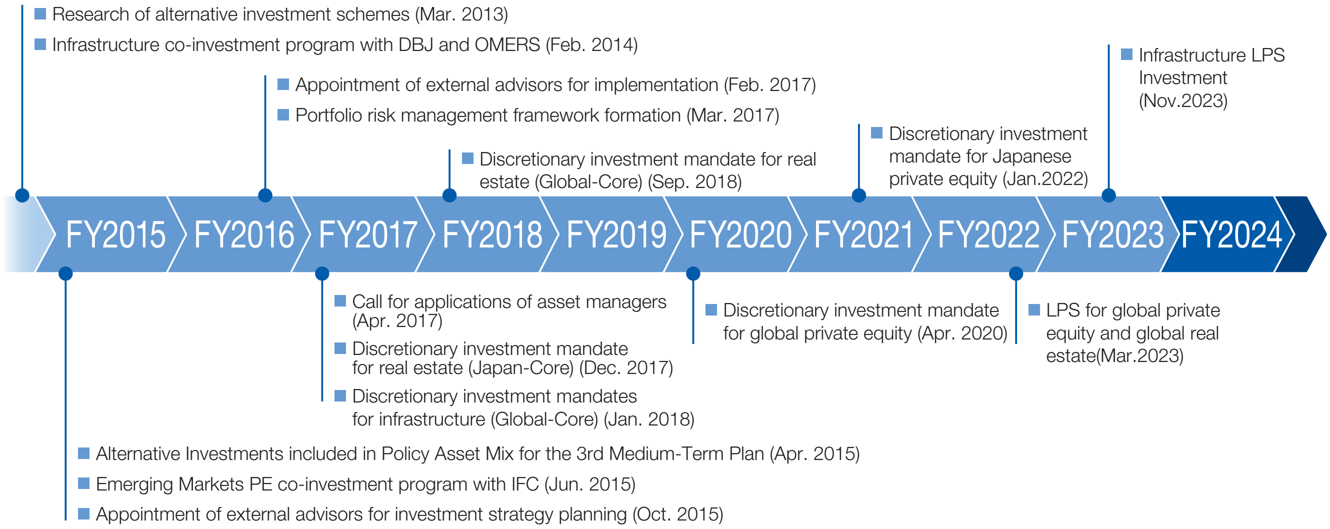
Based on the results of the above-mentioned research projects, GPIF started to invest in alternative assets through a co-investment platform with institutional investors from FY 2013 (in infrastructure since FY 2013 and in private equity since FY 2015).

In FY 2017, GPIF started accepting applications for alternative asset management through the Asset Manager Registration System and went through the screening process for external asset managers (fund of funds managers who select multi-managers and gatekeepers who evaluate fund of funds managers' investment capabilities) for executing customized multi-manager strategies for GPIF (Note). GPIF started investing in investment limited partnerships/limited partnerships (LPS) in FY 2022 to enhance alternative asset management.

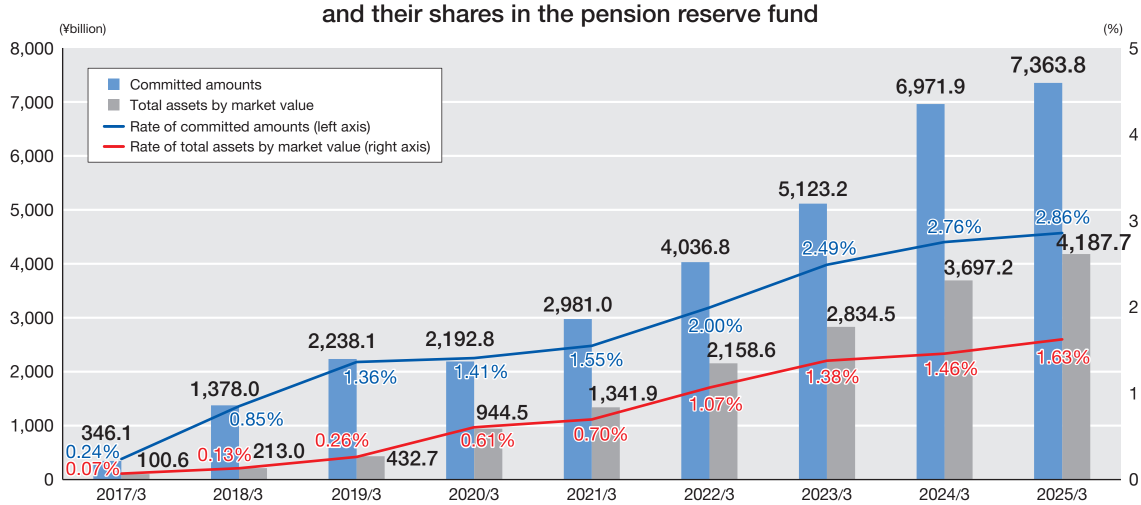
During this time, GPIF has developed and strengthened its alternative asset investment structure through various measures, such as establishing a specialized unit (Private Market Investment Department), employing consultants to consider investment strategies (since FY 2015), and developing a risk management framework. The management of alternative assets is highly individualized, and due to low liquidity, risk management at the time of investment evaluation and after execution of investment is an important issue. GPIF will continuously enhance the framework for investing in alternative assets, including risk management.

(Note) A multi-manager strategy is an investment approach to diversify the investment into multiple funds. A multi-manager strategy is also referred to as fund-of-funds, an investment vehicle that invests in multiple funds. GPIF selected external fund-of-funds managers that execute multi-manager strategies for each alternative asset investment style and gave discretion to the appointed external fund-of-funds managers to make individual fund investment decisions.

Chapter 1

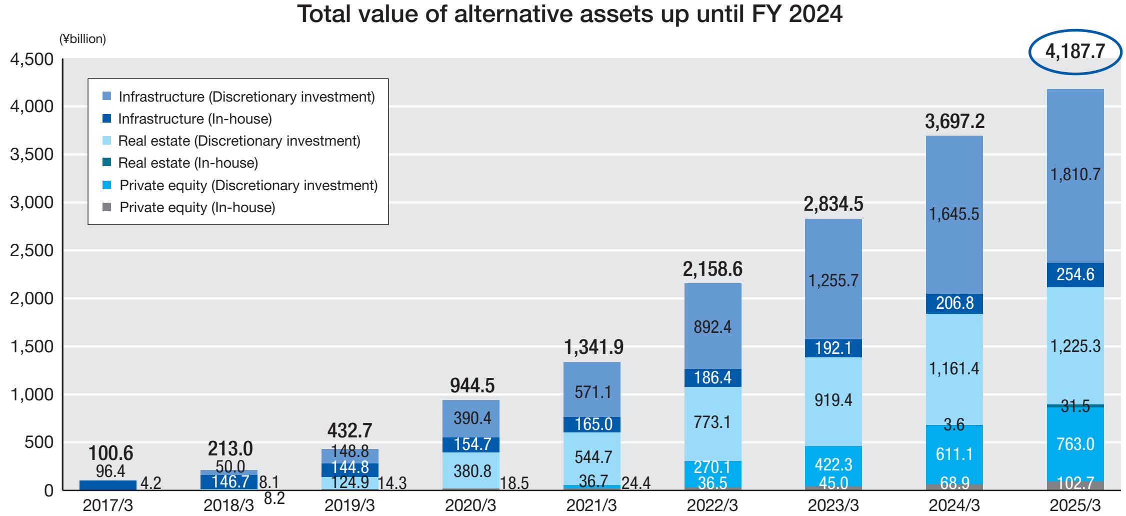


Total value and committed amounts of alternative assets, and their shares in the pension reserve fund



GPIF has been steadily building up its assets under management while developing the investment capabilities. The total value of GPIF's investment in alternative assets as of the end of March 2025 is ¥4,187.7 billion (1.63% of the total value of the pension reserve fund).

Total value of alternative assets up until FY 2024



③ Activities in FY 2024

A. Investment in limited partnerships (LPSs)

A government ordinance was amended in September 2017 to add investment limited partnerships (LPSs) to the list of securities eligible for in-house management of pension reserves. LPS can be utilized to reduce intermediaries between investment targets and to simplify investment schemes. As a result, information on investment targets can be acquired more quickly, and substantial improvements in returns can be expected due to the reduction of management fees paid to discretionary asset managers as well as the enhancement of risk management.

Therefore, investments in LPSs have been generally adopted by institutional investors, including pension funds in other countries, to invest in alternative assets.

Following the revision of the ordinance, GPIF began developing a system for the commencement of investment using the LPS method in FY 2017, and commenced investment in FY 2022. In FY 2024, GPIF concluded investment contracts for four infrastructure projects, two private equity projects, and one real estate project.

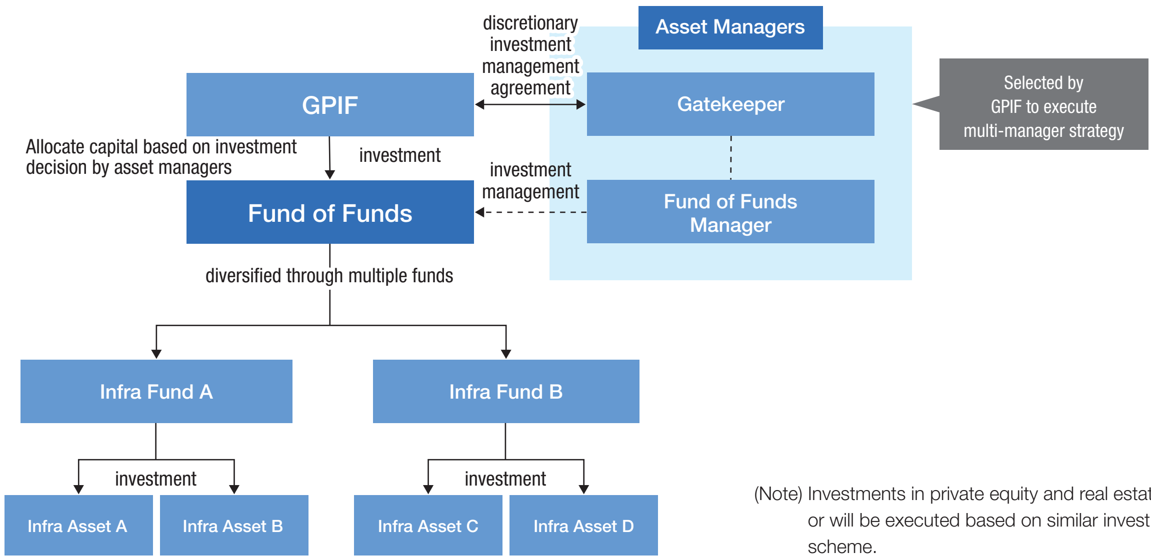
B. Request for proposals and selection of gatekeepers and fund of funds managers

GPIF continued request for proposals for alternative asset management using the Asset Manager Registration System and selected external asset managers that will implement multi-manager strategies tailored to GPIF.

In FY 2024, GPIF made request for proposals for new asset managers of domestic infrastructure.

To select external asset managers, GPIF conducts multiple stages of document review and interviews by consultants in addition to its own specialized team, carefully examining the capabilities, investment strategy, investment track record, risk management system, etc. of the investment managers.

(Example) Infrastructure investment scheme



(Note) Investments in private equity and real estate are or will be executed based on similar investment scheme.

The fund of funds is managed using the discretionary investment management agreement method. Appointed asset managers set up a fund of funds solely for GPIF and invest in funds in accordance with the guidelines agreed upon in advance that define investment objectives, strategies, certain restrictions, etc.

Each fund will then invest in individual alternative assets. However, it usually takes each fund a certain amount of time to identify investment opportunities, conduct various investigations (due diligence), and complete transactions. It is also important to diversify investment timing over multiple years for optimal portfolio construction. Therefore, it takes a long time to invest in alternative assets.

GPIF receives a periodic report on portfolio assets and monitors their performance and risks. In addition, GPIF conducts annual comprehensive evaluations of external asset managers and properly manages investment by confirming that their fund management team composition has not changed and by monitoring the progress of their investment plans.

C. Further enhancement of investment risk management for alternative assets

With regard to investment risk management for alternative assets, in FY 2024, GPIF further enhanced the following initiatives.
(i) Diversification and enhancement of monitoring on alternative asset funds
(ii) Continuing studies on building a database of alternative assets to enhance investments
For details of each item, please refer to page 70.

D. Investment status of alternative assets

Investment status of alternative assets as of the end of March 2025

	Total of alternative assets	Infrastructure	Real estate	Private equity
Committed amounts (¥billion) (note 2)	7,363.8	3,245.5	2,541.9	1,576.4
Domestic assets (in JPY terms)	685.0	165.0	370.0	150.0
Foreign assets (in USD terms)	6,307.3	2,918.9	2,123.5	1,264.9
Foreign assets (in EUR terms)	371.5	161.5	48.5	161.5
Total value (¥billion)	4,187.7	2,065.3	1,256.7	865.7
Internal rate of return (IRR) up until FY 2024 (in JPY terms)	10.14%	10.15%	8.03%	15.24%
Domestic assets (in JPY terms) (note 3)	6.86%	6.20%	7.17%	-0.10%
Foreign assets (in USD terms) (note 4)	4.91%	5.15%	2.32%	8.48%
Foreign assets (in JPY terms) (note 5)	10.59%	10.35%	8.37%	15.64%
Foreign assets (in EUR terms) (note 6)	-1.83%	-0.22%	–	-2.54%
Foreign assets (in JPY terms) (note 7)	-1.66%	-2.27%	–	-1.38%

(Note 1) Figures are aggregated by funds of funds, investment trusts, and LPSs.
(Note 2) The Commitment amount is the sum of the amounts agreed on as the maximum amount of capital to be contributed by GPIF to each asset manager at the start of investment.
(Note 3) This calculation covers assets under management in Japan (denominated in JPY, the main operating currency) and for which more than one year has passed since the start of management.
(Note 4) This calculation covers assets under management overseas (denominated in USD, the main operating currency) and for which more than one year has passed since the start of management.
(Note 5) Figures are calculated by converting the above USD-denominated assets into yen.
(Note 6) This calculation covers assets under management overseas (denominated in EUR, the main operating currency) and for which more than one year has passed since the start of management.
(Note 7) Figures are calculated by converting the above EUR-denominated assets into yen.

(Column) Analysis on changes in total value in FY 2024

During the fiscal year 2024 ending at the end of March 2025, the total value of GPIF's alternative assets increased by ¥490.5 billion. The increase can be attributed to five factors:

① Capital contribution to new investments (+¥467.2 billion):

A fund makes a capital call (request for capital contribution) to investors for executing a new investment. Investors make capital contribution to the fund, which increases the total value of alternative assets of the investors. In FY 2024, investments have been executed in all three asset categories of alternative assets.

② Dividends received by way of withdrawing (-¥207.2 billion):

When a fund receives the returns from investee companies and pays out the income and capital realized to investors, this decreases the total value of alternative assets of the investors. In FY 2024, GPIF received distributions, mainly dividends, from its investing funds in infrastructure.

③ Fees and expenses (-¥15.1 billion):

The amount includes fees and expenses for acquisition and disposition incurred by funds-of-funds and investment trusts (equivalent to 0.38% of the average of outstanding amount of alternative assets in FY 2024).

(Note) The fees and expenses paid by Unit Trusts, Funds, and Funds of Funds in which GPIF invests directly are aggregated by GPIF (the fees and expenses of unit trusts is a rough estimate). However, fees and expenses paid by LPSs in which GPIF has made investments through Funds of Funds have already been deducted in the process of calculating total value.

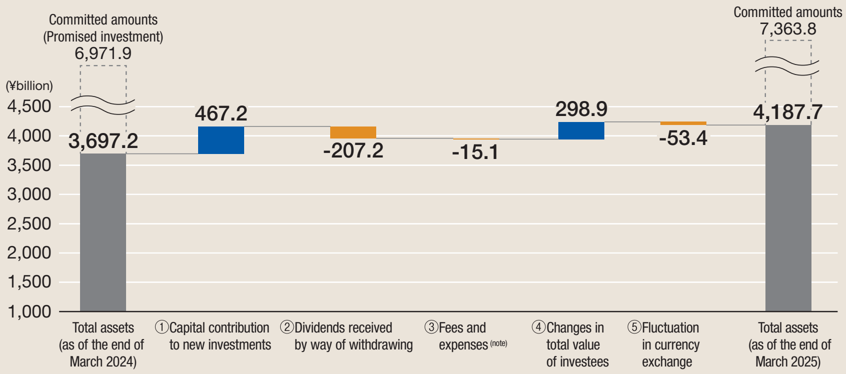
④ Changes in total value of investments (+¥298.9 billion):

After a fund invests in alternative assets, the total value increases/decreases in accordance with unrealized gains or losses based on the valuation of the investee companies and realized gains or losses from the disposition of investee companies. Total value increased mainly in the infrastructure sector in FY 2024.

⑤ Fluctuations in currency exchange (-¥53.4 billion):

Foreign investment is evaluated by yen, and as a result, total value measured by yen may appreciate/depreciate due to currency fluctuations between the key currency and yen. Total value decreased due to the appreciation of the yen in FY 2024.

Analysis of changes in the total value of alternative investments (from April 2024 to March 2025)



(Column) Method of measuring the rate of investment return on alternative assets

While the investment performance of listed assets such as equities and bond instruments is often measured in the form of time-weighted rate of return, the investment performance of alternative assets is generally measured in the form of internal rate of return (IRR) since inception. The internal rate of return (IRR), also known as money-weighted rate of return, is a rate of investment return calculated with consideration of the timing and size of cash flow (including capital contributions and distributions) between investors and funds.

While traditional asset investment allows investors to specify the timing of allocation of capital and withdrawals, alternative asset investment allows asset managers of the funds to specify the timing of acquisition and disposition of assets, request investors to contribute capital accordingly, and distribute the realized capital and income. Therefore, internal rate of return (IRR) is used based on the understanding that decision-making on the timing and the size of cash flows is part of the asset managers' investment capabilities. In GPIF's Annual Report, investment results of GPIF's overall assets including alternative assets are presented as time-weighted rate of return, while investment results of alternative assets are also presented as internal rate of return (IRR).

[2] Infrastructure

① Overview

GPIF's infrastructure strategy invests in assets such as power generation plants, electricity transmission grids, renewable energy, transportation infrastructure (ports, railways, roads, etc.), public utilities, and telecommunication infrastructure.

GPIF mainly focuses on investing in infrastructure funds targeting various projects or companies that are essential for social and economic activities under a well-established regulatory environment, and expects to generate stable revenues based on long-term contracts.

② GPIF's investment

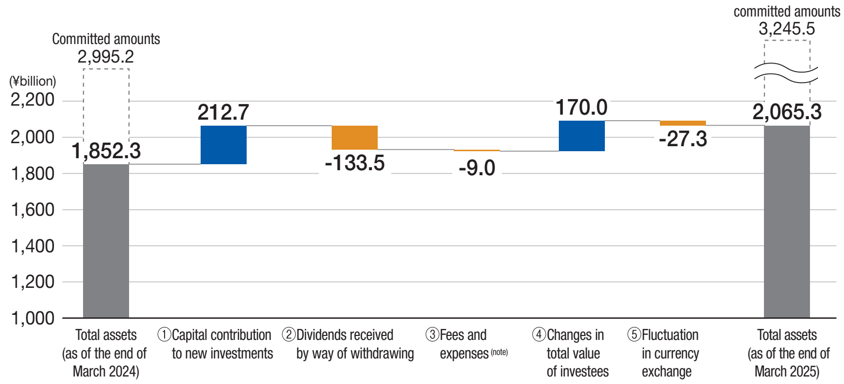
A. Investment approach

Through investments in infrastructure funds with equity stakes in infrastructure projects or companies, GPIF aims to secure stable returns and contribute to excess returns for the entire portfolio.

B. Investment status

The total value of GPIF's infrastructure investment as of the end of March 2025 was ¥2,065.3 billion, which increased by ¥213.0 billion from the end of March 2024. The total market capitalization of infrastructure assets increased mainly as a result of progress in new investments made through discretionary asset managers, as well as foreign exchange fluctuations.

Analysis of changes in the total value of infrastructure (From April 2024 to March 2025)

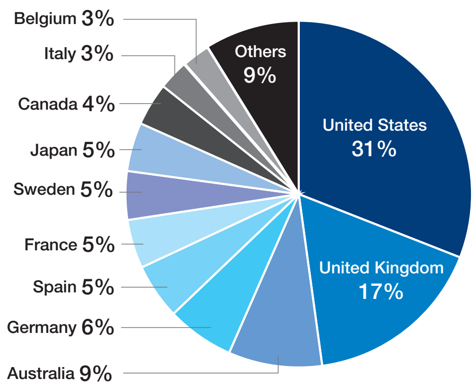


(Note) The fees and expenses paid by Unit Trusts, Funds, and Funds of Funds in which GPIF invests directly are aggregated by GPIF (the fees and expenses of unit trusts is a rough estimate). However, fees and expenses paid by LPSs in which GPIF has made investments through Funds of Funds have already been deducted in the process of calculating total value.

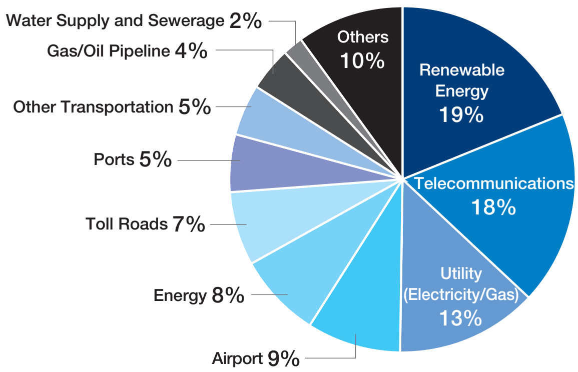
The country breakdown of GPIF's infrastructure portfolio shows the U.S. with the largest share at 31%, followed by the UK at 17% and Australia at 9%. Japan's share was 5%, which increased from 3% in the previous year. Investment opportunities in Japan are still limited, but GPIF is steadily progressing with investment through the fund of funds specialized in Japan, and also continues its request for proposals to asset managers. As for the sector breakdown, the largest share went to renewable energy at 19%, followed by telecommunications at 18% and utilities (electricity/gas) at 13%. Internal rate of return (IRR) from foreign infrastructure investment stood at 5.15% in USD terms (10.35% in JPY terms), IRR from foreign infrastructure investment was -0.22% in Euro terms (-2.27% in JPY terms), and IRR from domestic infrastructure investment was 6.20% in JPY terms since its inception in February 2014. The total dividend (excluding repayment of principal) received from the unit trust, fund of funds, etc. during FY 2024 was ¥72.1 billion.

Chapter 1

Value country



Value by sector



[3] Private equity

① Overview

In private equity, GPIF invests primarily in funds with a focus on equities of private companies (private equity, or "PE" funds). PE funds generally seek investment opportunities in companies at various development stages while diversifying investment timing. Types of PE funds include buyout funds (seeking to create enterprise value of investee companies by improving post-investment management practices and corporate governance), growth equity funds (providing capital for growth and expansion of companies), venture capital funds (investing in start-up and early-stage companies, etc. for growth potential), and turnaround funds (seeking opportunities to turn around companies facing financial challenges through balance sheet restructuring, etc.). GPIF makes diversified investments in PE funds of these types.

② GPIF's investments

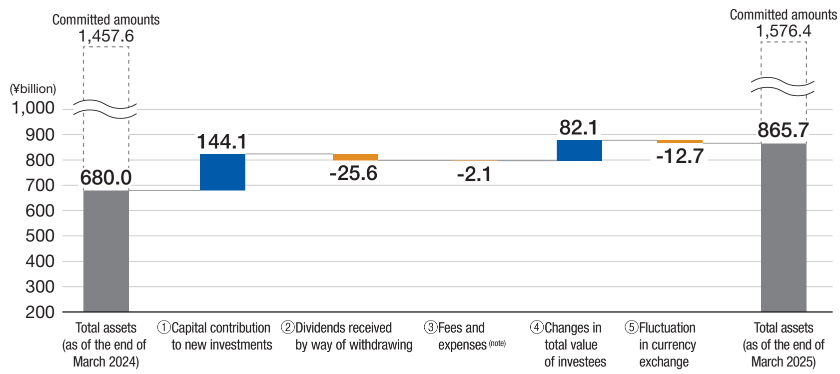
A. Investment approach

GPIF makes diversified investments in PE funds that primarily invest in equities of private companies at various stages of corporate development, such as start-up, growth, expansion, and turnaround, with the aim of acquiring higher investment returns driven mainly by enterprise value creation, and contributing to the improvement of GPIF's overall portfolio returns.

B. Investment status

The total value of GPIF's private equity investment as of the end of March 2025 was ¥865.7 billion. This increased by ¥185.7 billion from the end of March 2024. The market value of the entire private equity portfolio increased due to new investments made mainly through discretionary asset managers as well as market value appreciation of portfolio companies.

Analysis of changes in the total value of private equity (From April 2024 to March 2025)



Chapter 1

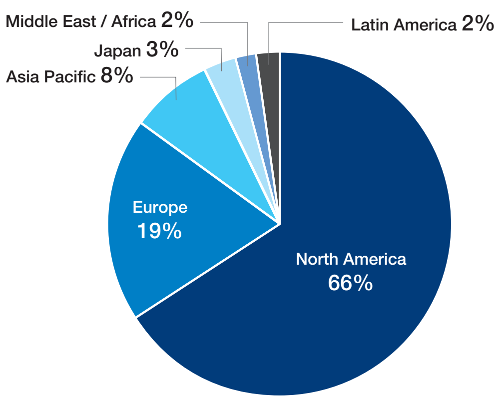
(Note) The fees and expenses paid by Unit Trusts, Funds, and Funds of Funds in which GPIF invests directly are aggregated by GPIF (the fees and expenses of unit trusts is a rough estimate). However, fees and expenses paid by LPSs in which GPIF has made investments through Funds of Funds have already been deducted in the process of calculating total value.

The breakdown of portfolio by region shows North America with the largest share at 66%, followed by Europe and Asia.

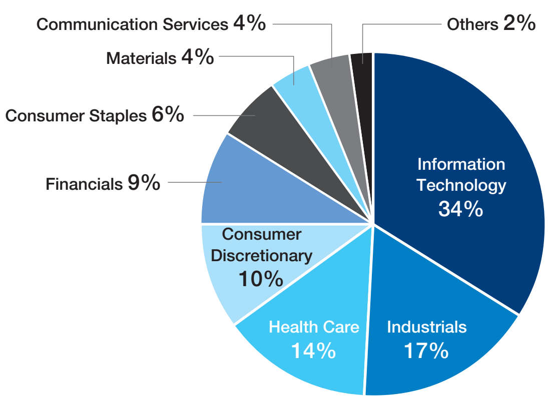
Japan's share was 3%, which increased from 2% in the previous year. GPIF is steadily progressing commitments to many Japanese PE funds through the fund of funds, including Japan-Focused Strategy. By sector, information technology accounted for the largest share (34%), while other investments were diversified across a wide range of sectors, including capital goods and healthcare.

Since June 2015, when GPIF began in-house investment in investment trusts, the internal rate of investment return (IRR, as of March 31, 2024) across all non-Japanese PE investments has been +7.32% in USD terms (+18.40% in yen), and the internal rate of investment return (IRR, as of March 31, 2024) across all Japanese PE investments has been -5.26% in yen terms.

Value by region



Value by sector



(Note) The data is broken down by region, as PE investments span a wide range of countries.

[4] Real estate

① Overview

GPIF's real estate investment focuses on real estate funds that hold properties such as logistics, offices, residential, and retail properties.

GPIF mainly implements a "core-style" investment strategy, which is expected to generate stable rental income from tenants, and this strategy has been adopted as the major investment strategy by pension funds in other countries as well. It is important to diversify the timing of investment and the type of investment products, considering the fact that the real estate market has cycles (prices fluctuate according to supply and demand, the financial market, etc.) and each investment amount/unit tends to be relatively large. At the same time, it is necessary to engage with asset managers and/or property managers, etc. to sustain asset value over the long term. GPIF promotes investments, taking into account the above-mentioned characteristics of real estate investment.

② GPIF's investments

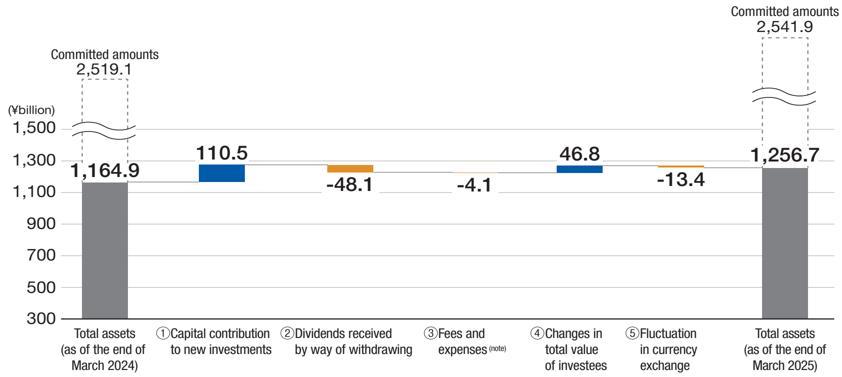
A. Investment approach

GPIF will contribute to enhancing the return of the entire its portfolio by making diversified investment efficiently in a timely manner for core real estate funds as a main strategy as well as opportunistic real estate funds etc. taking into account of market conditions.

B. Investment status

The total value of real estate investment as of the end of March 2025 was ¥1,256.7 billion. It increased by ¥91.8 billion from the end of March 2024. The total value of real estate investments as a whole increased due to the progress of new investments through discretionary asset managers and the increased market value of investees.

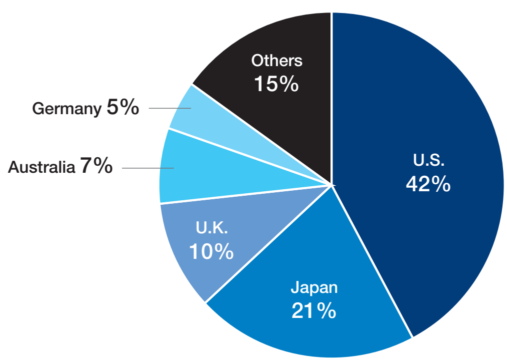
Analysis of changes in the total value of real estate (From April 2024 to March 2025)



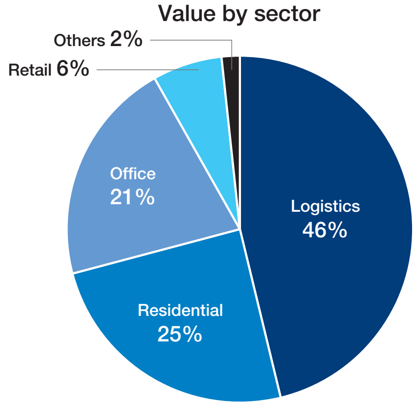
(Note) The fees and expenses paid by Funds and Funds of Funds in which GPIF invests directly are aggregated by GPIF. However, fees and expenses paid by LPSs in which GPIF has made investments through Funds of Funds have already been deducted in the process of calculating total value.

The country breakdown of the portfolio shows the U.S. with the largest share at 42%, followed by Japan (21%), UK (10%), and Australia (7%). As for the sector breakdown, the logistics sector comprised the largest share at 46% of the total portfolio, followed by residential properties at 25%, offices at 21%, and retail at 6%. The investment is diversified and focused on core-style real estate funds in developed countries. Internal Rate of Return (IRR) of domestic real estate investment since its inception in December 2017 is 7.17% in yen terms, while that of foreign real estate investment since its inception in September 2018 is 2.32% in USD terms (8.37% in yen terms). Dividends received from the fund of funds in FY 2024 (excluding repayment of principal) were ¥32.2 billion in total. GPIF will continue investing in real estate funds, while paying attention to the market circumstances by utilizing external consultants.

Value by country



Value by sector



Chapter 1

[5] Risk management of alternative assets

① Approach to investment risk of alternative assets

A. Fair value calculation of alternative assets

Fair value calculation is important both for performance evaluation and risk management of financial assets. In the case of traditional assets (listed equities and bonds), market value is calculated using market prices, which change with each trade. However, since alternative assets have several characteristics that differ from those of traditional assets (see the table below), the market value is calculated using different methods.

Differences in asset characteristics between alternative assets and traditional assets

Alternative assets Trading based on appraisal prices	Traditional assets (listed equities and bonds) Trading based on market prices
・Low liquidity ⇒Trading opportunities are limited on bilateral basis, making such opportunities difficult to realize	・High liquidity ⇒Relatively easy to trade on public exchanges and over-the-counter markets
・Information asymmetry ⇒Limited public information makes it difficult for investors to evaluate companies and projects. Risk increases significantly depending on economic conditions	・Easy to obtain information ⇒Relatively easy to make investment decisions due to substantial public information about companies and projects
・Restrictions on public information ⇒Limited disclosure of public information, lower risk of strategic information leakage to competitors	
・Difficulty in pricing ⇒Difficulty in pricing due to lack of market prices	・Pricing based on market evaluation ⇒Pricing that reflects market supply-demand relationships and the expectations of many investors
・Time required to adjust price ⇒Market impact and information are not promptly reflected in prices, and price adjustment takes time.	・Time required to adjust price ⇒Market impact and information are quickly reflected in prices, and price adjustment is instant.
・Management flexibility ⇒Fewer disclosure requirements to investors, making it easier to change business operations	

Under accounting standards (Accounting Principles in Japan, U.S. GAAP in the U.S., and IFRS in Europe) in each country, alternative assets are classified as "Level 3 assets" for which there is no market price, and fund managers calculate their fair values using internal models and third-party valuation models. To ensure the transparency and reliability of fair values, valuation methods, major assumptions, and valuation uncertainties are periodically reviewed by external auditors. Therefore, the fair values of alternative assets require time to be calculated and verified, and investors are usually notified two to five months after the end of the fund fiscal period.

In the risk management of alternative investments, it is necessary to consider making appropriate adjustments based on the current fair value calculation process and various assumptions regarding recent conditions.

B. Considerations in fund selection

While there exist many funds in the markets, it is crucial for GPIF to select funds expected to generate excess returns in the future as they did in the past. Such funds select individual investment projects that are reliably generating excess returns and construct portfolios that combine them. Dialogues between fund managers and GPIF are also important in selecting excellent funds. In alternative investments, information asymmetry between buyers and sellers is generally considered to be one of the causes of excess returns, and GPIF believes that excess returns can be achieved by building relationships with fund managers that align their interests with investors, rather than relationships between buyers and sellers.

Chapter 1

C. Sources of return on alternative assets

Sources of return on alternative asset investments are income growth, leverage, and changes in parameters of asset values. Fund managers seek income growth as well as stability and raise asset values by increasing sales or reducing costs. In addition, leverages (borrowing) used by funds to expand investments and to increase returns need appropriate risk management. Asset valuation varies depending on the economic environment and is evaluated by such measures as EV/EBITDA, PER, and Cap-rate. Among the sources of excess returns of funds, the degree of involvement of fund managers in the growth of profits is considered to be the most important source.

D. Risk management methods for alternative assets

Alternative assets are less frequently evaluated with limited information disclosures; therefore, it is difficult to use statistical analysis and they are considered less susceptible to the market movement of traditional assets. For those reasons, it has been common to select funds by absolute return target such as IRR and TVPI. Historically, whether funds will produce excess returns in the future as they did in the past tends to be assessed by qualitative analysis, but that also presents the issue that the assessment may become subjective. GPIF anticipates that quantitative data analysis of alternative assets will become more important, which is supported by the increasing transactions of listed alternative assets and IT advancement. Therefore, in addition to conventional qualitative analysis, objective quantitative data analysis will become important, and obtaining excess returns over traditional assets will also be emphasized.

② Main initiatives in FY 2024

In FY 2024, GPIF made further efforts to manage the investment risk of alternative assets.

A. Diversification and enhancement of monitoring on alternative asset funds

GPIF continued to analyze TVPI (total value to paid-in capital) and IRR (internal rate of return), which are commonly used methods, comparing to available market data, and use breakdowns of the increase or decrease in NAV (net asset value) to measure the performance of all alternative asset funds. Additionally, GPIF have also used SBDA (Spread Based Direct Alpha, a method of measuring excess returns relative to listed markets), which was developed and introduced in FY 2024, to conduct comparisons not only against policy benchmarks for GPIF stocks and bonds, but also against various indexes, taking into account asset class, investment region, and type of business. GPIF has thus diversified the methods for analyzing excess returns and tracking errors relative to these indexes.

GPIF has also applied the measurement of excess returns using SBDA and the factor analysis of increase or decrease in NAV previously performed at the fund of funds or limited partnership (LPS) level to the level of individual projects in which GPIF invests.

GPIF has also worked on qualitative analysis to back up the changes in data obtained through quantitative analysis. GPIF has thus attempted to more closely monitor fund managers' skill in value creation, while at the same time attempting to improve operational due diligence for the purpose of checking that fund managers are able to invest in a stable and ongoing manner.

B. Continuing studies on building a database of alternative assets

In general, the selection and evaluation of each fund for alternative assets has focused on qualitative analysis, while quantitative analysis has focused on comparing funds of the same type using a limited number of items (IRR, TVPI, etc.).

GPIF believes that detailed quantitative analysis will become more important in order to increase the certainty of obtaining excess returns on alternative assets over the listed market. In order to obtain and analyze detailed quantitative data such as investment performance data of each fund periodically and efficiently, GPIF has started to study the establishment of a new database of alternative assets. In FY 2024, GPIF publicly solicited service providers to gather data from individual funds.

GPIF is also focusing on hiring and internally developing specialist personnel for the preparation of increasing volume of data going forward, and for diversifying and enhancing quantitative analysis.

6 | Stewardship Responsibilities

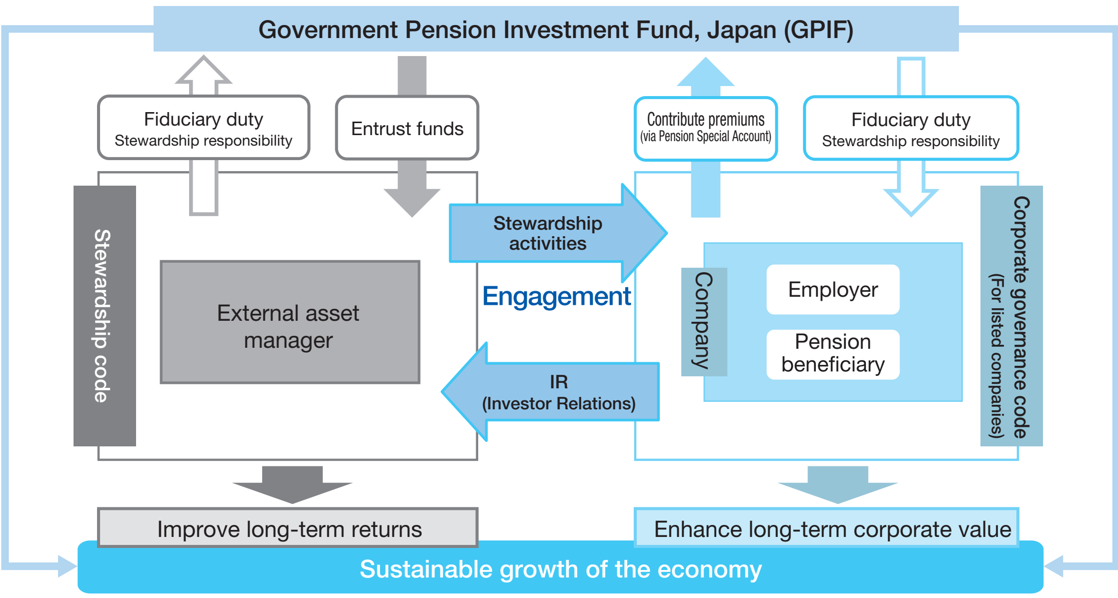
[1] Objectives and significance of stewardship activities

In the Investment Principles and the Code of Conduct, GPIF stipulates that it promotes activities to fulfill its stewardship responsibilities (Note) (hereinafter "stewardship activities") with the objectives of appropriately fulfilling responsibilities to insureds as their fiduciary, and increasing investment returns over the long term. The Investment Principles were partially amended in October 2017 to stipulate that ESG (environmental, social, and governance) factors should be taken into consideration in stewardship activities (In March 2025, "various initiatives (including the consideration of ESG factors)" were revised into "various initiatives (including those considering sustainability such as ESG)".

As illustrated below, GPIF assumes stewardship responsibilities to insureds, while external asset managers entrusted with investment by GPIF assume stewardship responsibilities to GPIF.

"Universal owner" and "cross-generational investor" are the key terms for GPIF to fulfill stewardship responsibilities appropriately. As a "universal owner" (an investor with a very large fund size and a widely diversified portfolio) and a "cross-generational investor" (responsible for supporting pension finances with an investment horizon of as long as 100 years), it is essential for GPIF to reduce negative externalities of social and economic activities (environmental and social issues, etc.) and to promote steady and sustainable growth of the overall capital market as well as its underlying society. GPIF makes daily transactions and investments, via external asset managers except for some assets, and delegates all the voting rights to external asset managers. For this reason, GPIF encourages external asset managers to engage in "constructive dialogue" (engagement) with portfolio companies and issuers that also takes into account sustainability including ESG, which is a nonfinancial factor. Through these efforts, GPIF aims to build a virtuous cycle that will lead to the "growth of the overall economy" and "enhancement of investment return over the long term" by promoting the "long-term enhancement of corporate value." In this way, GPIF shall continue to fulfill its stewardship responsibilities.

(Note) Institutional investors have stewardship responsibilities to enhance the medium- to long-term return on investments by enhancing investee companies' corporate value and sustainable growth. They are expected to achieve this through engagement, or constructive purposeful dialogue, based on in-depth knowledge of the companies and their business environment and consideration of sustainability (medium- to long-term sustainability including ESG factors) consistent with their investment management strategies.



[2] Stewardship activities progress and fundamentals

GPIF implemented stewardship activities on a full-scale basis following the adoption of Japan's Stewardship Code in May 2014 (GPIF established Policy to Fulfill Stewardship Responsibilities). In March 2015, GPIF formulated the Investment Principles, which lay down its guiding principle that GPIF is committed to increasing investment returns over the long term for insureds by conducting various activities to fulfill its stewardship responsibilities in equity investment. In September 2015, GPIF signed the Principles for Responsible Investment (PRI) introduced by the United Nations as part of GPIF's efforts to enhance ESG implementation. In October 2017, GPIF revised the Investment Principles to expand the scope of stewardship activities to cover all asset classes, and made it clear that ESG factors should be considered in conducting stewardship activities. (In accordance with the formulation of the Sustainability Investment Policy in March 2025, "the consideration of ESG factors" was revised into "considering sustainability such as ESG"). In addition, GPIF published "Direction and medium-term initiatives of GPIF's stewardship activities" at the beginning of 5th Medium-Term Objectives Period (FY 2025 – 2029).

GPIF's stewardship activities are conducted in line with the Investment Principles and the Policy to Fulfill Stewardship Responsibilities, and GPIF has established Stewardship Principles and Proxy Voting Principles as requirements for its investment managers.

① Policy to Fulfill Stewardship Responsibilities

On March 24, 2020, Japan's Stewardship Code was re-revised (hereinafter referred to as "re-revised Code"). The revision adds consideration of sustainability issues (medium- to long-term sustainability including ESG factors) in accordance with investment strategies to the definitions of stewardship responsibilities, while allowing application to a wider range of assets in addition to domestic listed equities. Following the revision, GPIF expressed its support for the re-revised Code, and partially revised the Policy to fulfill Stewardship Responsibilities in June 2020. As a major change in the Policy in line with the Investment Principles, GPIF expanded the scope of investment targets from equities to all types of assets. In addition, as a response to individual principles of the re-revised Code, GPIF clarified ESG considerations (In accordance with formulation of Sustainability Investment Policy in March 2025, "ESG factors" was revised into "ESG and other sustainability factors"). GPIF will continue to fulfill responsibilities as an asset owner in line with the Stewardship Code in all asset classes.

② Stewardship Principles and Proxy Voting Principles

In June 2017, GPIF established the Stewardship Principles and the Proxy Voting Principles. The objective of these two principles is to clarify the requirements and principles that external asset managers should observe in conducting stewardship activities, including the exercising of voting rights, which is a responsibility of a very long-term asset owner.

GPIF requires external asset managers to comply with these principles, and if an asset manager should decide not to comply with any of them due to circumstances of their own, the manager is required to explain to GPIF the rationale behind the non-compliance. In order to fulfill its stewardship responsibilities, GPIF appropriately monitors the stewardship activities of external asset managers, including the exercise of voting rights, and proactively conducts dialogue (engagement) with them. The Stewardship Principles are comprised of the following five items, namely (1) Corporate Governance Structure of Asset Managers, (2) Management of Conflicts of Interest by Asset Managers, (3) Policy for Stewardship Activities, including Engagement, (4) Sustainability Consideration including ESG Integration into the Investment Process, and (5) Exercise of Voting Rights.

In the February 2020 revision, the scope of assets was expanded from equities to all assets, and collaboration between stewardship and investment activities, constructive dialogue (engagement) with a wide range of stakeholders such as index providers, and participation in various initiatives related to ESG (revised to "various initiatives related to sustainability such as ESG" in March 2025) were newly requested. At the same time, the Principles for the Exercise of Voting Rights clearly state that the exercise of voting rights is part of the constructive dialogue (engagement) throughout the year.

GPIF's stewardship activities are founded on the Investment Principles, the Policy to Fulfill Stewardship Responsibilities, the abovementioned Stewardship Principles, and the Proxy Voting Principles. GPIF will continuously examine appropriate stewardship responsibilities for pension reserve management and conduct activities to fulfill its stewardship responsibilities.

③ Participation in global initiatives

Starting with the signing of the PRI in September 2015, GPIF has been participating in multiple global initiatives as follows.

Through joining these initiatives, GPIF broaden the knowledge on sustainability issues such as ESG and utilize such expertise for evaluating the stewardship activities of external asset managers.

Climate Action 100+

Joined in October 2018, and decided to continue participating through Phase 2 in May 2024

A five-year investor-led initiative, which was established in September 2017 (Continued through 2030). Via constructive dialogue with companies that are significantly influential in formulating possible solutions to global environmental issues, it focuses on the improvement of climate change-related governance, initiatives for the reduction of greenhouse gas emissions, the enhancement of information disclosure, and more.

GPIF continued to participate as a supporter. As an asset owner, GPIF has also joined the Asia Advisory Group, which provides the Climate Action 100+ steering committee with advice on the characteristics of the Asian region.

Signatory of: **PRI** Principles for Responsible Investment

Signed in September 2015

Six principles advocated in 2006 by Mr. Annan, then-Secretary General of the United Nations. PRI demands institutional investors to include ESG in the investment process.

GPIF participates in the Global Policy Reference Group and the Japan Network Advisory Committee. In 2024, GPIF spoke at a panel discussion titled "The place of regulation" in PRI Sustainable Finance Policy Conference 2024. In the most recent assessment, GPIF received a ★★★★ rating for all items assessed.

30% Club / **INVEST AHEAD** Investors for Board Diversity

Joined the 30% Club in the UK, and the Thirty Percent Coalition of the United States (currently Invest Ahead) in November 2016. Joined the 30% Club in Japan in December 2019.

Both organizations were initially established to seek gender diversity in boards of directors, with the aim of achieving 30% female directors.

IFRS Sustainability

ISSB Investor Advisory Group (IIAG)

Joined in May 2024

IIAG is a group comprised of major asset owners and asset managers in various markets that are committed to improving the quality and comparability of sustainability-related financial disclosures.
The IIAG serves as an advisory body to the ISSB:
- providing strategic guidance on developing IFRS Sustainability Disclosure Standards; and
- helping to ensure that the investor perspective is articulated clearly and is considered in the ISSB's standard-setting process.

IIAG also helps achieve widespread adoption of IFRS Sustainability Disclosure Standards.

Council of Institutional Investors® The voice of corporate governance

Joined August 2019

Established by a U.S. public pension fund with the aim of promoting shareholders' rights and corporate governance and collaborating in the U.S.

ICGN International Corporate Governance Network

Joined in August 2019

The IIAG serves as an advisory body to the ISSB:
- providing strategic guidance on developing IFRS Sustainability Disclosure Standards; and
- helping to ensure that the investor perspective is articulated clearly and is considered in the ISSB's standard-setting process.

[3] Promoting activities to fulfill stewardship responsibilities

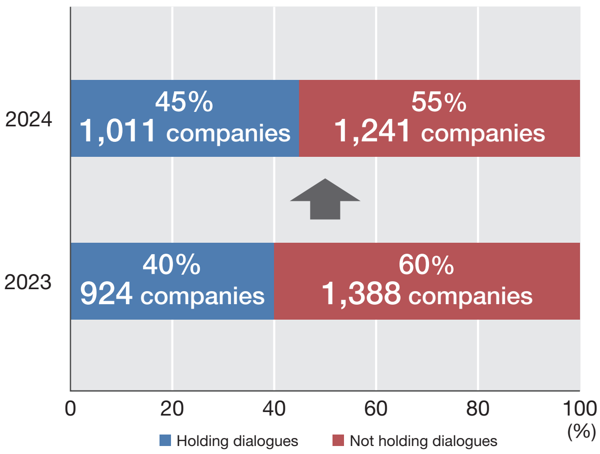
① Initiatives through external asset managers

GPIF requires and evaluates stewardship activities across all external asset managers. GPIF started equity stewardship evaluations with acceptance of the Stewardship Code in May 2014. Since FY 2017, GPIF has started conducting stewardship evaluations in alternative investments, and in fixed income investments in FY 2022. The following describes the status of engagement by equity external asset managers as part of the stewardship activities.

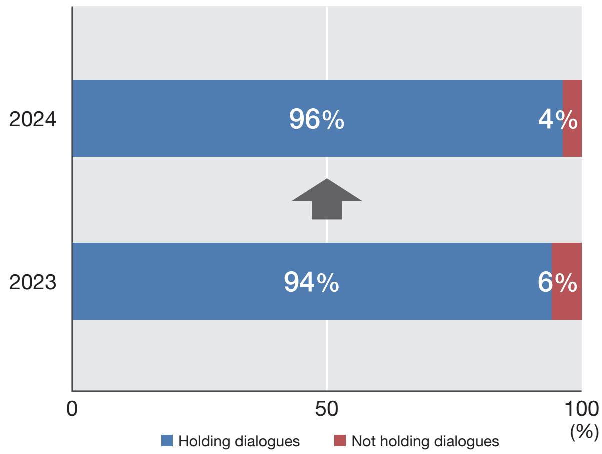
A. Engagement by external asset managers for domestic equity

GPIF emphasizes "constructive dialogue" (engagement) between external asset managers and portfolio companies / issuers, taking into account sustainability, including ESG factors, which are non-financial factors. The charts below show the status of engagement in relation to domestic equities by external asset managers for domestic equities (January to December 2024). GPIF's external asset managers for domestic equities conducted engagement with 1,011 companies between January and December 2024. In terms of the number of companies, engagement activities were performed with 45% of portfolio companies, and in terms of market capitalization, GPIF engaged with 96% of the companies. Compared to the previous year, engagement activities increased by 5 percentage points in terms of the number, and by 2 percentage points in terms of the market capitalization.

Number of companies that held dialogues



Ratio of companies that held dialogues (on a market capitalization basis)



B. Engagement-enhanced passive investment funds

(i) Status of adoption

GPIF has adopted “engagement-enhanced passive investment” funds as one of the passive investment models focusing on stewardship, and has entrusted asset management to the four managers below. While changing the themes and target companies for engagement, GPIF makes steady progress on engagement that reflects their unique characteristics.

Asset Management One Co., Ltd. (since FY 2018)
FIL Investments (Japan) Limited (since FY 2018)
Sumitomo Mitsui Trust Asset Management Co., Ltd. (since FY 2021)
Resona Asset Management Co., Ltd. (since FY 2021)

(ii) Purpose

About 90% of GPIF’s equity investment is in passive-funds, which are invested in a wide range of listed companies. Since long-term growth of the overall capital market is essential for GPIF to secure further investment returns, GPIF believes that, in passive-fund management, it is important to conduct engagement activities in order to enhance long-term corporate value of investee companies and, in particular, to promote sustainable growth of the overall capital market. GPIF itself is not allowed to engage with investee companies, and equity passive-fund managers need to conduct the engagement, taking the above purpose into account. GPIF has come to the conclusion that domestic equity passive managers need to have an environment that allows them to continue conducting stewardship activities and conducting engagement with companies in a deeper and more sophisticated way. For this reason, GPIF has introduced a passive-fund management model that focuses on stewardship. When appointing asset managers, GPIF assesses the extent to which their business models unify the investment process and a policy of stewardship activities, together with their organizational structure and fee levels employed to put the process and the policy into practice. Since the fee level for these asset managers is different from that for a general passive-fund manager, GPIF monitors the status of their achievement of KPIs to measure the success of engagement plans and verify and evaluate their milestones for the next fiscal year in order to determine whether to renew their asset management contract on an annual basis.

The re-revised Stewardship Code points out that both institutional investors and clients/beneficiaries should share the view that reasonable costs associated with the implementation of stewardship activities are a necessary cost of investment. It indicates that passive managers should implement engagement more actively from a medium-to long-term perspective as it is critical for them to encourage investee companies to improve their corporate value given their limited options for selling shares. GPIF fulfills its responsibilities as an asset owner, including the adoption of these funds.

② Measuring the effects of stewardship activities

GPIF encourages its domestic equity asset managers to actively engage in constructive dialogue (engagement) that contributes to long-term enhancement of corporate value. On this occasion, using the records of 26,792 engagements on a total of 48,077 themes, which were conducted by 21 asset managers for domestic equities from April 2017 to December 2022, GPIF evaluated the effectiveness of these engagements by applying “Difference-in-Difference (DID) method,” a method to statistically estimate the effects, including causation(Note). No previous studies have comprehensively analyzed such a large number of funds and dialogues.

As a result, on engagements related to “Climate Change,” GPIF confirmed statistically significant increase in setting of decarbonization targets, which is directly linked to the engagement theme, as well as statistically significant improvement in corporate value indicators such as PBR and Tobin’s Q ratio. Additionally, on engagement related to “Board structure, Self-evaluation,” GPIF observed statistically significant increase in the number of independent directors, as well as statistically significant improvement in market capitalization, Total Shareholder Return, and other investment return indicators. This shows that engagement has begun to contribute to the sustainable growth of markets.

Through this evaluation process, GPIF also gathered and organized a vast amount of engagement records. GPIF presented the information such as the themes discussed, the types of individuals engaged, as well as the companies selected for engagement.

This evaluation project has demonstrated the significant value of the engagements conducted by the asset managers to date. GPIF will continue to strive, together with asset managers, to achieve more effective engagement activities in the future.

(Note) The explained variables in the analysis use the data up to the end of FY 2022. Note that the post-engagement observation period differs for each firm, depending on when the engagement occurred. Additionally, Difference-in-Difference (DID) is a method for statistical inference by identifying and comparing the differences between the pretreatment and posttreatment status of an intervention group (treated group) and a control group (untreated group). In this evaluation, the intervention group is defined as the companies that were engaged, and the control group is defined as the companies that were not engaged.

③ Other Activities for enhancing the investment chain

GPIF has conducted surveys of listed companies on external asset managers’ stewardship activities to further invigorate the investment chain. In FY 2024, GPIF interviewed more than 30 companies that responded to the survey. As part of efforts to promote dialogue between asset managers and investee companies, GPIF publishes “excellent disclosures” selected by the external asset managers. In FY 2024, together with the Keidanren (Japan Business Federation), GPIF established the “Keidanren GPIF Asset Owners’ Roundtable.”

A. Survey of Listed Companies on External Asset Managers’ Stewardship Activities

<Objective of the survey>

As GPIF entrusts domestic equity investment to external asset managers, GPIF requests that they enhance their stewardship activities. In order to ascertain how asset managers’ stewardship activities, including constructive dialogue (engagement), are perceived by investee companies, GPIF conducted the first “Survey of Listed Companies Regarding Institutional Investors’ Stewardship Activities” in FY 2015. (The initial survey target was JPX-Nikkei Index 400 companies.) The purpose of this survey was to verify the effectiveness of the stewardship activities of asset managers by directly surveying listed companies that are the target of external asset managers’ stewardship activities and to strengthen the investment chain by publishing the survey results. The 10th survey was conducted in FY 2024 on the TOPIX constituent companies (1,696 companies*) for the purpose of assessing stewardship activities and “constructive dialogue (engagement)” of asset managers as well as understanding any changes that occurred during the year since the previous survey. 632 companies, or 37.3%, responded, making up 70.3% of the total market capitalization. The number of companies included in the survey decreased, as the number of companies in the TOPIX decreased. The percentage of responses from “large” and “medium-sized” companies increased.

* The number of companies is as of January 31, 2025.

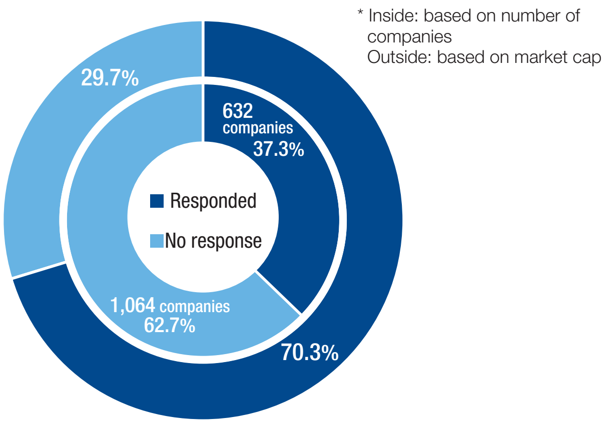
Chapter 1

<Summary of the results of the survey>

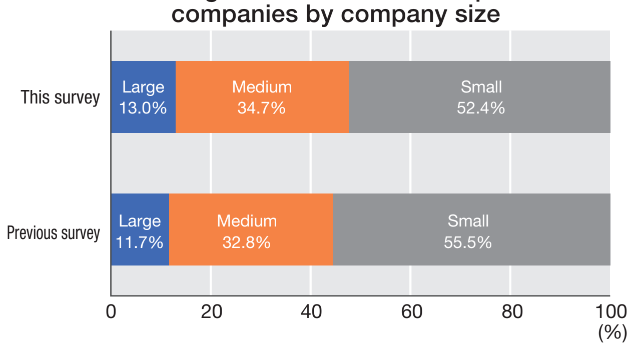
In the past, this survey has continuously asked about "changes" over the past year in IR meetings with institutional investors in general. However, this time, marking the tenth time, GPIF once again asked them to evaluate the "current situation." The results confirmed that most companies felt that "the majority of institutional investors are engaging in useful dialogue." In addition, many companies have also used dialogue with institutional investors to change their own behavior, indicating that efforts to enhance corporate value are progressing through constructive dialogue between institutional investors and companies. The results of the survey were encouraging, as they reinforce the findings of the "Evaluation Project on the Effects of Engagement," which suggested that engagement by asset managers has contributed to changes in corporate behavior and improvement in corporate value. The survey also identified examples of behavioral changes, which were broadly categorized into "information disclosure (including IR/SR)," "management strategy," "financial strategy," and "sustainability governance."

Many respondents stated that their expectation for GPIF included (1) promotion of dialogue toward medium- to long-term enhancement of corporate value, (2) leadership and information dissemination to upgrade the investment chain, and (3) exchanges of views with business companies. For details of the results, refer to the GPIF website (https://www.gpif.go.jp/en/investment/stewardship-activities.html).

Response coverage rate



Percentage of the number of respondent companies by company size



B. Conducting interviews with companies

GPIF conducted interviews with the cooperation of just over 30 companies among the respondents to the 9th Survey of Listed Companies Regarding Institutional Investors' Stewardship Activities in 2024. The purpose of this interview is to specifically understand the assessment and issues regarding institutional investor's engagement with listed companies from the perspective of listed companies and to use this information to improve GPIF's stewardship activities, as well as to provide the information as a reference for institutional investors and other parties, thereby helping to create a virtuous cycle throughout the entire investment chain.

The interviews revealed that institutional investors are having more in-depth dialogue with a medium to long-term perspective, and those themes of dialogue have also expanded beyond confirmation of financial and business situation to sustainability, governance, the cost of capital, and effective information disclosure. In addition, interviews also indicated that companies are incorporating investor feedback into their internal initiatives. At the same time, companies pointed out that "investors are still asking many questions regarding short-term business performance," "some investors are inadequately prepared for dialogue," and "voting rights were exercised based on formalistic standards without considering the actual status." For details of the results, refer to GPIF website (https://www.gpif.go.jp/esg-stw/stewardship/ ※Available in Japanese language only).

C. Establishment of "Keidanren GPIF Asset Owners' Roundtable" and Its Meetings

GPIF, with the Keidanren (Japan Business Federation) established and held the first meeting of the "Keidanren GPIF Asset Owners' Roundtable" in October 2024. Following the formulation of the Asset Owner Principles, and amid the increasing importance of stewardship activities and expectation for asset owners, the roundtable has been established as a forum for the ongoing exchange of views with companies with the aim of further deepening our existing initiatives.

This roundtable was also introduced to other public pension funds that mainly entrust their investments to external asset managers in a similar way as GPIF. The Federation of National Public Service Personnel Mutual Aid Associations, the Pension Fund Association of Local Government Officials, and the Promotion and Mutual Aid Corporation for Private Schools of Japan also participated.

At the second meeting held in February 2025, several asset managers were invited as guests, and three parties participated: asset owners, asset managers responsible for fund management, and issuer companies. Participants were divided into four groups for discussions, which were followed by presentations of group discussions, and an exchange of opinions. During the group discussions, active exchanges of opinions took place on the issues and measures to resolve them with regard to (1) dialogue between companies and investors and (2) the exercise of voting rights at general shareholders' meetings.

[4] Material ESG issues recognized by external asset managers

In the Stewardship Principles, GPIF requires that the external asset managers should proactively engage with investee companies on material ESG issues. For this reason, each year, GPIF asks its external asset managers for equity and bond investments to identify what they consider to be material ESG issues. The results for FY 2024, as published in the Stewardship Activities Report 2024-2025, show that all external asset managers for domestic equity investments, both passive and active, cited "climate change" as a material ESG issue. In addition, among those managing passive funds, all managers recognized "climate change," "biodiversity," "human rights and communities," "supply chain," "diversity," and "disclosure" as material ESG issues, demonstrating a broad understanding of ESG issues.

[5] Exercise of voting rights

① Approaches to the exercise of voting rights

The Medium-Term Objectives established by the Minister of Health, Labour and Welfare stipulate that GPIF "should take appropriate measures including exercise of voting rights while giving due consideration to influence on corporate management." In this regard, GPIF in its Medium-Term Plan states, "GPIF itself does not exercise voting rights and instead entrusts the external asset managers with the exercise of voting rights so as to avoid giving a direct influence on corporate management. However, from the viewpoint of further promoting its stewardship activities, GPIF shall conduct efficient engagement when entrusting an external asset manager, with an awareness of the importance of sustainability including ESG (environmental, social, and governance) factors that leads to long-term investment returns. When doing so, GPIF shall clarify that stewardship activities including the exercise of voting rights by the external asset managers aim to improve long-term investment returns solely for the pension."

External asset managers submit the guidelines for voting and annually report voting results to GPIF, and GPIF holds meetings with managers on the results. Regarding the exercise of voting rights, GPIF evaluates the way of managers' exercise in the annual assessment meeting, as one of initiatives for fulfilling stewardship activities.

② Exercise of voting rights in FY 2024

GPIF held meetings based on the reports on the status of exercise of voting rights from April to June 2024. Based on these findings, GPIF conducted an assessment from the viewpoints of "establishing guidelines for the exercise of voting rights," "organizational framework," and "the status of exercise of voting rights." As a result, GPIF confirmed that, generally speaking, voting rights were appropriately exercised.

The status of exercise of voting rights by external asset managers for domestic equities (from April 2024 to March 2025)

Number of external asset managers who exercised voting rights: 60 funds

Number of external asset managers who did not exercise voting rights: none

(Unit: No. of proposals, percentage)

Proposal		Proposals pertaining to company organization					Proposals pertaining to director remuneration, etc.				Proposals pertaining to capital management (excluding items pertaining to amendment of the articles of incorporation)			Proposals pertaining to amendment of the articles of incorporation	Poison Pills (Rights plan)		Other proposals	Total
		Appointment of directors	External directors	Appointment of auditors	External auditors	Appointment of accounting auditors	Director remuneration	Director bonuses	Director retirement benefits	Granting of stock options	Dividends	Acquisition of treasury stock	Mergers, acquisition, etc.		Warning type	Trust–type		
Number of voting rights exercised		205,677	90,097	19,031	13,061	486	7,771	1,023	662	573	16,366	194	473	7,656	369	0	422	260,703
Management proposals	Total	204,422	89,301	19,015	13,045	486	7,432	1,023	662	573	16,054	0	473	4,803	369	0	323	255,635
		(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(0.0%)	(100.0%)	(100.0%)	(100.0%)	(0.0%)	(100.0%)	(100.0%)
	Approved	178,544	78,930	17,103	11,218	474	7,043	927	49	444	15,557	0	469	4,698	19	0	250	225,577
		(87.3%)	(88.4%)	(89.9%)	(86.0%)	(97.5%)	(94.8%)	(90.6%)	(7.4%)	(77.5%)	(96.9%)	(0.0%)	(99.2%)	(97.8%)	(5.1%)	(0.0%)	(77.4%)	(88.2%)
	Opposed	25,878	10,371	1,912	1,827	12	389	96	613	129	497	0	4	105	350	0	73	30,058
		(12.7%)	(11.6%)	(10.1%)	(14.0%)	(2.5%)	(5.2%)	(9.4%)	(92.6%)	(22.5%)	(3.1%)	(0.0%)	(0.8%)	(2.2%)	(94.9%)	(0.0%)	(22.6%)	(11.8%)
Shareholder proposals	Total	1,255	796	16	16	0	339	0	0	0	312	194	0	2,853	0	0	99	5,068
		(100.0%)	(100.0%)	(100.0%)	(100.0%)	(0.0%)	(100.0%)	(0.0%)	(0.0%)	(0.0%)	(100.0%)	(100.0%)	(0.0%)	(100.0%)	(0.0%)	(0.0%)	(100.0%)	(100.0%)
	Approved	98	84	1	1	0	42	0	0	0	64	44	0	243	0	0	22	514
		(7.8%)	(10.6%)	(6.3%)	(6.3%)	(0.0%)	(12.4%)	(0.0%)	(0.0%)	(0.0%)	(20.5%)	(22.7%)	(0.0%)	(8.5%)	(0.0%)	(0.0%)	(22.2%)	(10.1%)
	Opposed	1,157	712	15	15	0	297	0	0	0	248	150	0	2,610	0	0	77	4,554
		(92.2%)	(89.4%)	(93.8%)	(93.8%)	(0.0%)	(87.6%)	(0.0%)	(0.0%)	(0.0%)	(79.5%)	(77.3%)	(0.0%)	(91.5%)	(0.0%)	(0.0%)	(77.8%)	(89.9%)

(Note 1) If a proposal has multiple items to exercise, the number of votes exercised for each item is shown.
(Note 2) The figures in parentheses are percentages to the total number of votes exercised for each proposal.
(Note 3) The negative votes include 7 abstentions.

The status of exercise of voting rights by external asset managers for foreign equities (from April 2024 to March 2025)

Number of external asset managers who exercised voting rights: 100 funds

Number of external asset managers who did not exercise voting rights: none

(Unit: No. of proposals, percentage)

Proposal		Proposals pertaining to company organization			Proposals pertaining to director remuneration, etc.				Proposals pertaining to capital management (excluding items pertaining to amendment of the articles of incorporation)			Proposals pertaining to amendment of the articles of incorporation	Poison Pills for warning type	Other proposals		Total
		Appointment of directors	Appointment of auditors	Appointment of accounting auditors	Director remuneration	Director bonuses	Director retirement benefits	Granting of stock options	Dividends	Acquisition of treasury stock	Mergers, acquisition, etc.			Approval of financial statement, etc.	Other proposals	
Number of voting rights exercised		191,316	7,314	18,356	39,100	350	256	7,439	13,029	7,533	12,009	10,121	264	16,504	77,364	400,955
Management proposals	Total	187,814	6,631	18,342	38,755	345	154	7,372	13,010	7,532	11,963	9,087	261	16,347	64,672	382,285
		(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)
	Approved	159,660	5,871	16,013	29,638	291	117	4,877	12,783	7,285	10,252	8,247	228	15,590	56,199	327,051
		(85.0%)	(88.5%)	(87.3%)	(76.5%)	(84.3%)	(76.0%)	(66.2%)	(98.3%)	(96.7%)	(85.7%)	(90.8%)	(87.4%)	(95.4%)	(86.9%)	(85.6%)
	Opposed	28,154	760	2,329	9,117	54	37	2,495	227	247	1,711	840	33	757	8,473	55,234
		(15.0%)	(11.5%)	(12.7%)	(23.5%)	(15.7%)	(24.0%)	(33.8%)	(1.7%)	(3.3%)	(14.3%)	(9.2%)	(12.6%)	(4.6%)	(13.1%)	(14.4%)
Shareholder proposals	Total	3,502	683	14	345	5	102	67	19	1	46	1,034	3	157	12,692	18,670
		(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)
	Approved	1,679	550	3	59	1	0	14	13	0	45	404	2	95	4,452	7,317
		(47.9%)	(80.5%)	(21.4%)	(17.1%)	(20.0%)	(0.0%)	(20.9%)	(68.4%)	(0.0%)	(97.8%)	(39.1%)	(66.7%)	(60.5%)	(35.1%)	(39.2%)
	Opposed	1,823	133	11	286	4	102	53	6	1	1	630	1	62	8,240	11,353
		(52.1%)	(19.5%)	(78.6%)	(82.9%)	(80.0%)	(100.0%)	(79.1%)	(31.6%)	(100.0%)	(2.2%)	(60.9%)	(33.3%)	(39.5%)	(64.9%)	(60.8%)

(Note 1) Total number of votes exercised does not include the number of voting rights that were not exercised.
(Note 2) If a proposal has multiple items to exercise, the number of votes exercised for each item is shown.
(Note 3) The figures in parentheses are percentages to the total number of votes exercised for each proposal.
(Note 4) The negative votes include 6,167 abstentions.

7 | Sustainability Investment

[1] Basic approach

Universal owner

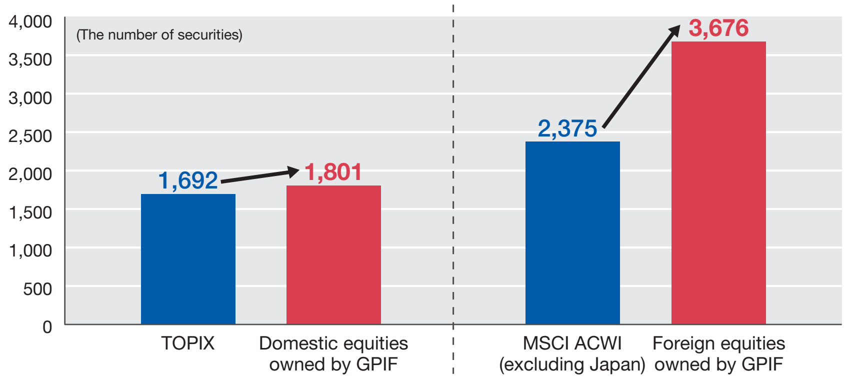
- GPIF is an investor with a very large fund size and a widely diversified portfolio.

Cross-generational investor

- GPIF is responsible for supporting pension finances with an investment horizon of as long as 100 years.

As a "Universal owner" and "Cross-generational investor," GPIF has committed to promoting ESG initiatives in order to ensure the long-term benefits of the insureds by reducing negative impact of environmental and social issues on the capital market and by achieving sustainable growth of the market and society. Upon entering the 5th Medium-Term Objectives Period (April 2025 to March 2030), GPIF newly formulated "Sustainability Investment Policy" on March 31, 2025, with the aim of promoting sustainability investment, including investment that takes into account ESG and impact (social and environmental effects). (For the details, see page 84.) "Universal owner" is a term often used in relation to pension management and ESG investment, referring to an investor with a well-diversified portfolio that largely represents the world's capital market. GPIF is a typical "universal owner" with a broadly diversified portfolio comprised of equities and bonds of the majorities of Japanese listed companies and major foreign companies.

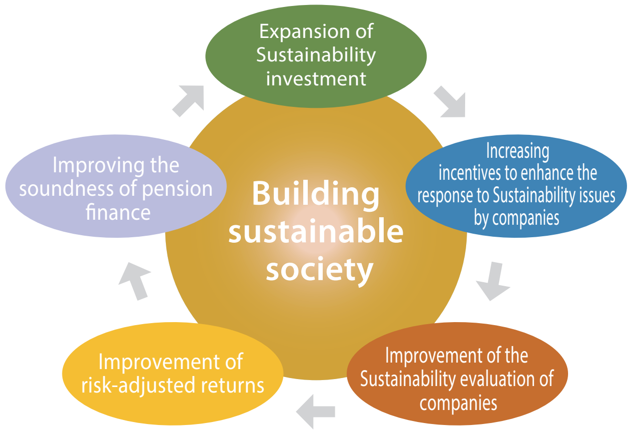
The number of securities owned by GPIF (as of the end of March 2025)



For instance, if the share prices of some portfolio companies increase as a result of conducting business activities without paying attention to their large impacts on the environment and society for the sake of short-term revenue expansion, and society and the economy as a whole, including other companies, are negatively affected by such activities, the overall portfolio of a universal owner will be significantly impaired. In other words, the sustainability of the capital market and society is a prerequisite for the of universal owners' portfolios. The "universal ownership," the concept under which universal owners conduct activities proactively to control and minimize such negative externalities, lies at the core of GPIF's sustainability investment. In addition, the longer the sustainability risks, including ESG risks, persist, the more likely it is that they will materialize. Therefore, GPIF considers it greatly beneficial for GPIF to integrate sustainability factors into its investment process as a cross-generational investor responsible for supporting pension finances designed with a time horizon of as long as 100 years. In other words, conducting sustainability activities that are expected to improve long term returns of the entire portfolio by reducing the impact of negative externalities such as environmental and social issues on capital markets is consistent with the objective of the Employees' Pension Insurance Act and the National Pension Act to "manage pension reserves safely and efficiently from a long-term perspective solely for the benefit of insureds." GPIF will continue to promote sustainability activities.

GPIF conducts sustainability activities, including ESG, not only for equities but also for other asset classes, including bonds and alternative assets.

GPIF is required to manage pension reserves in line with the basic policy that is meant to ensure that the reserves are managed and invested safely and efficiently from a long-term perspective (hereinafter referred to as the "Basic Policy of Reserves") announced in accordance with the Employees' Pension Insurance Act. The Basic Policy of Reserves was revised in March 2025, stipulating that "GPIF shall give individual consideration and make necessary efforts to promote the investment that takes into account social and environmental effects (impact)", in addition to the ESG efforts so far (applicable from April 2025).



Evaluation of activities to enhance sustainability requires the following perspectives: (1) it takes a long period of time for the effects of sustainability investments to materialize; and (2) sustainability investment is also aimed at improving the sustainability of the entire capital market. These perspectives are different from general investment evaluation of how much investment returns are generated over a certain period.

In order to evaluate these sustainability initiatives and confirm the effect of investment while ensuring the transparency, GPIF has published the ESG Report since FY 2018. During the 5th Medium-Term Objectives Period, GPIF plans to enhance public communication on its sustainability investment initiatives. Specifically, starting with the 2025 edition, GPIF will issue a "Sustainability Investment Report" every year, replacing the "ESG Report." GPIF expressed its support for the declaration of the Task Force on Climate-Related Financial Disclosures (TCFD) in 2018, and has published the disclosure in line with the TCFD recommendations, starting from the ESG Report in the following year.

In FY 2024, GPIF published the 2023 ESG Report, the 7th issue. The 2023 ESG Report presents not only the performance of ESG indexes and other direct investment results, but also quantitative analyses of trends in ESG ratings of portfolios and Japanese companies, etc.

In addition to the efforts to verify the effects introduced in the annual ESG Reports, GPIF implemented the project on "Measuring the Effects of ESG and Stewardship Activities" to conduct a more detailed analysis from FY2023 to FY2024. The project analyzes the following 4 themes, and "Analysis of the exercise of voting rights by asset managers, "Study on ESG factors contributing to the improvement of corporate value and investment return," and "Evaluation of the effects of passive equity investment based on ESG indexes were conducted in FY 2024.

"Measuring the Effects of Stewardship Activities and ESG Investment Project"

Measuring the Effects of Stewardship Activities and ESG Investment Project

	Project theme	Specific content
Measuring the effects of stewardship activities	(1) Evaluation of the effects of engagement	Study on the causation between the engagement and improvement of ESG performance / corporate value
	(2) Analysis of the exercise of voting rights by asset managers	Trend analysis in voting behavior differences for companies with which they have a potential conflict of interest and other investee companies
Measuring the effects of ESG investment	(1) Study on ESG factors contributing to the improvement of corporate value and investment return	Study on causation between ESG factors and improvement in corporate value/ investment return
	(2) Evaluation of the effects of passive equity investment based on ESG indexes	Analysis of the effects of ESG investment on corporate behavior

[2] Investment based on ESG indices

In FY 2017, GPIF selected total three ESG indexes: two comprehensive ESG indexes and one thematic index focused on women's empowerment for domestic equities, and commenced investment tracking of those indexes. The selection criteria for the ESG indexes included risk return profile of each index and the possibility of these indexes to enhance the sustainability of the entire equity market in Japan through improvement of ESG evaluation.

In FY 2018, with climate change increasingly becoming serious, GPIF selected the S&P/JPX Carbon Efficient Index for domestic equities and the S&P Global Ex-Japan Large Midcap Carbon Efficient Index for foreign equities. These are equity indexes designed to measure the carbon efficiency of companies (greenhouse gas emissions divided by revenue) in the indexes, and GPIF commenced investment tracking of those indexes.

Moreover, in FY 2019, GPIF announced the launch of the "Index Posting System" (IPS)—a new framework for collecting index information on a continuous basis—in order to efficiently gather various index information for the purpose of enhancing the overall fund management.

In FY 2020, the Board of Governors passed a resolution on "Practical Guidelines for the Selection of ESG indexes" setting forth basic policies for selecting ESG indexes and, in accordance with these guidelines, GPIF began investment in foreign equities tracking the MSCI ACWI ESG Universal Index (ex JPY and ex China A-shares) and the Morningstar Developed Markets ex-Japan Gender Diversity Index ("GenDi", ex Japan). In FY 2021, we began investment in domestic equities based on the FTSE Blossom Japan Sector Relative Index, a comprehensive ESG index for domestic equities.

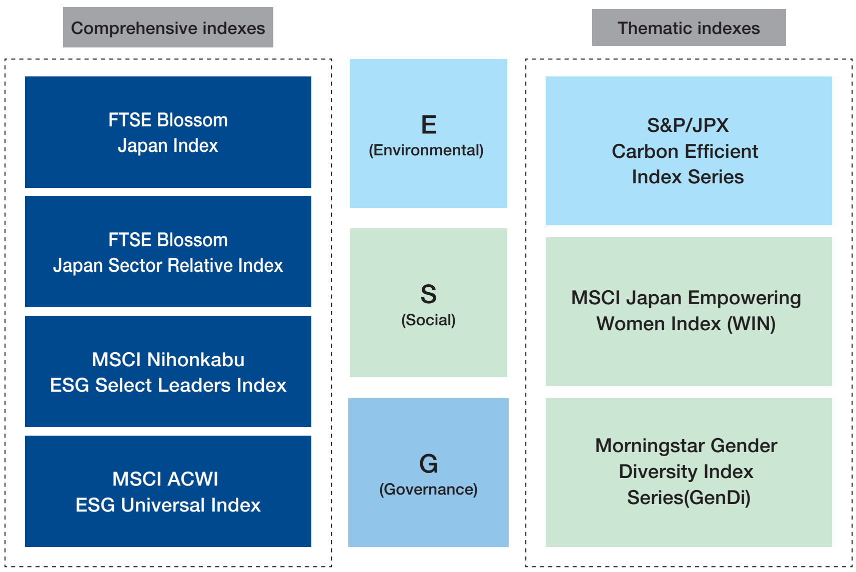
In FY 2022, after a review of thematic indexes for domestic equities, GPIF selected the Morningstar Japan ex-REIT Gender Diversity Tilt Index and began investment of domestic equities based on this index, while also rebalancing within investment tracking the ESG indexes.

In FY 2023, following the review of the MSCI Japan Empowering Women Index (WIN) in FY 2022, GPIF made efforts to improve the adopted ESG indexes and reviewed the MSCI Japan ESG Select Leaders Index. As a result of repeated discussions with MSCI, MSCI submitted a proposal regarding a review of the inclusion criteria, and GPIF decided to change its benchmark to the MSCI Nihonkabu ESG Select Leaders Index and started operation.

In FY 2024, GPIF formulated a "Sustainability Investment Policy" that outlines its basic approach to sustainability investment, which includes investments that take ESG and impact into consideration. Until then, GPIF had excluded ESG index investments from the scope of rebalancing based on the Policy Asset Mix. From the perspective of ensuring smooth management and investment in accordance with the Policy Asset Mix in the future, GPIF has decided to include ESG index investment in domestic and foreign equities in its rebalancing and to optimize investment amounts while taking into account market conditions, etc. For more details, please refer to "Columns" below (page 84).

As of the end of FY 2024, total ESG index-based investments have amounted to approximately ¥18.2 trillion.

List of selected ESG indexes



Domestic Equities: Comprehensive Indexes

	FTSE Blossom Japan Index	FTSE Blossom Japan Sector Relative Index	MSCI Nihonkabu ESG Select Leaders Index
Concept and characteristics of index	· This index uses the ESG assessment scheme used in the FTSE4Good Japan Index Series, which has one of the longest track records globally for ESG Russell indexes. · It is a comprehensive ESG index that selects stocks with high absolute ESG scores and adjusts industry weights to neutral at the industry level.	· Assessments are performed based on the same FTSE Russell's ESG rating as the FTSE Blossom Japan Index. For the companies with high carbon intensity (greenhouse gas emissions/ sales), management attitude toward climate-change risks and opportunities is also assessed. · The index selects stocks with relatively high ESG ratings within each industry, and adjusts industry weights to neutral.	· The MSCI Nihonkabu ESG Select Leaders Index is a comprehensive ESG index that integrates various ESG risks into today's portfolio. The index is based on MSCI ESG Research used globally by more than 1,000 clients. · The index is comprised of stocks with relatively high ESG scores in each industry.
Index Construction	Best-in-class	Best-in-class	Best-in-class
Constituent universe (parent index)	FTSE JAPAN ALL CAP INDEX [1,431 stocks]	FTSE JAPAN ALL CAP INDEX [1,431 stocks]	MSCI Nihonkabu IMI [937 stocks]
Number of index constituents	355	663	477
Assets under management	1,495.3 billion	1,398.0 billion	2,939.3 billion

Domestic Equities: ESG Thematic Indexes (women's advancement/climate change)

	MSCI Japan Empowering Women Index (Win)	Morningstar Japan ex-REIT Gender Diversity Tilt Index ("GenDi J")	S&P/JPX Carbon Efficient Index
Concept and characteristics of index	· MSCI calculates the gender diversity scores based on information disclosed under the Act on Promotion of Women's Participation and Advancement in the Workplace and selects companies with higher gender diversity scores from each sector. · The first index designed to cover a broad range of factors related to gender diversity.	· Domestic equities index that determines investment weighting based on assessment of companies' commitment to gender equality, using the Equileap Gender Equality Scorecard. · Ratings are conducted in four categories: (1) gender balance in leadership and workforce; (2) equal compensation and work-life balance; (3) policies promoting gender equality; and (4) commitment, transparency, and accountability.	· Constructed by S&P Dow Jones Indexes based on carbon data provided by Trucost, a pioneer in environmental assessment. · This index is designed to overweight, in each industry, companies that have lower carbon intensity (annual greenhouse gas emissions divided by annual revenues) and that actively disclose their carbon emission information.
Index Construction	Best-in-class	Tilted	Tilted
Constituent universe (parent index)	MSCI JAPAN IMI TOP 700 [696 stocks]	Morningstar Japan ex-REIT Index [876 stocks]	TOPIX [1,692 stocks]
Number of index constituents	338	876	1,602
Assets under management	960.0 billion	728.8 billion	2,273.7 billion

Foreign Equities: Comprehensive Indexes and ESG Thematic Indexes (women's advancement/climate change)

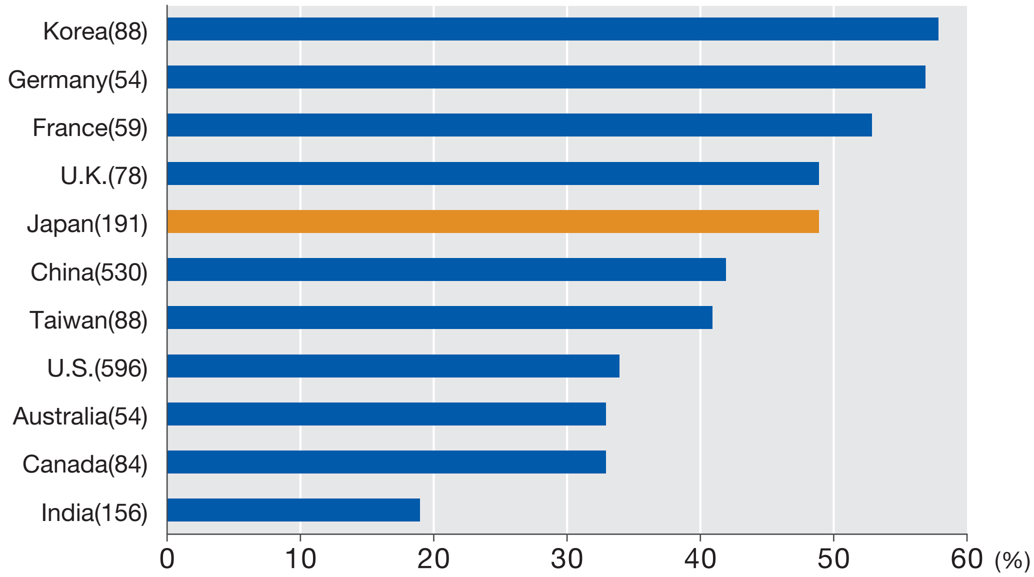
	MSCI ACWI ESG Universal Index (ex Japan and ex China A-shares)	Morningstar Developed Markets Ex-Japan Gender Diversity Index ("GenDi")	S&P Global Ex-Japan LargeMidCap Carbon Efficient Index
Concept and characteristics of index	· One of MSCI's flagship ESG indexes, this comprehensive index adjusts the weight of constituents based on each issuer's current ESG rating and ESG trends to elevate the ESG metrics of the index overall. · The index was developed for large investors seeking to enhance ESG integration while achieving the same level of investment opportunity and risk exposure as the parent index.	· Foreign equities index that determines investment weighting based on assessment of companies' commitment to gender equality, using the Equileap Gender Equality Scorecard. · Ratings are conducted in four categories: (1) gender balance in leadership and workforce; (2) equal compensation and work-life balance; (3) policies promoting gender equality; and (4) commitment, transparency, and accountability.	· Constructed by S&P Dow Jones Indexes based on carbon data provided by Trucost, a pioneer in environmental assessment. · This index is designed to overweight, in each industry, companies that have lower carbon intensity (annual greenhouse gas emissions divided by annual revenues) and that actively disclose their carbon emission information.
Index Construction	Tilted	Tilted	Tilted
Constituent universe (parent index)	MSCI ACWI (ex Japan and ex China A-shares) [1,971 stocks]	Morningstar Developed Markets Ex-Japan Large-Mid Cap [1,687 stocks]	S&P Global ex-Japan LargeMidCap [3,405 stocks]
Number of index constituents	1,933	1,686	2,127
Assets under management	2,490.5 billion	732.3 billion	5,224.8 billion

(Note) Data is current as of March 31, 2025.
(Source) Prepared by GPIF based on data from FactSet, etc.

Chapter 1

GPIF believes that in order to encourage companies to address ESG issues and disclose information proactively, it is important to help them deepen their understanding of the principles of ESG evaluation and index construction. To promote such understanding, GPIF requests that index providers publicly disclose ways in which they conduct ESG evaluation and construction of indexes, and to proactively engage with companies. It is hoped that this will lead to improvement in responses to ESG issues and information disclosure by Japanese companies.

Data Rate of Companies by Countries in the ESG Evaluation Process



(Note) Universe is MSCI ACWI constituent companies. The above graph shows only the major countries with 50 or more MSCI ACWI constituent companies. The percentages are calculated using the number of companies that submitted data for valuation on the Issuer Communication Portal (ICP) in 2024 and the number of constituents in the index as of the end of December 2024. The number of constituents is shown in parentheses.

Chapter 1

(Column) Formulating the Sustainability Investment Policy

GPIF has actively promoted investment that takes ESG into account, as well as stewardship activities, since accepting 2014's Japan Stewardship Code and signing 2015's Principles for Responsible Investment (PRI).

Under the Asset Owner Principles that GPIF accepted in 2024, formulating the Sustainability Investment Policy was put forward as one of recommended measures. The 5th Medium-Term Objectives (FY 2025-2029) established by the Minister of Health, Labour and Welfare also newly encouraged GPIF to form such policy and to consider investments taking into account impact. In response, GPIF formulated its Sustainability Investment Policy on March 31, 2025, by decision of the Board of Governors.

This GPIF policy defines the investment that takes into account sustainability (sustainability investment) as encompassing the investment that takes into account ESG and impact, and thus sets out the approach, objectives, and the content of its major initiatives.

GPIF separately released a statement entitled "GPIF's Initiatives for Sustainability Investment" in line with the policy, to the effect that sustainability investment should be pursued for all assets.

"Sustainability Investment Policy"

"GPIF's Initiatives for Sustainability Investment"

(Column) Initiatives to optimize ESG index investment amounts

Since inception of ESG index investments, GPIF had excluded them from rebalancing based upon the Policy Asset Mix, with a view to avoiding impacting its positions of securities held through ESG index. However, as stock prices have continued to rise, by rebalancing the portfolio excluding ESG index investments, the proportion of the ESG index investments in domestic and foreign equity portfolios has risen (Figure 1). Their scale within each asset class has thus become very large relative to other investments (Figure 2). GPIF has thus decided to make ESG index investment of domestic and foreign equities subject to rebalancing, with a view to smoothly conducting asset management in line with the Policy Asset Mix going forward.

In line with this, GPIF has sought to optimize the amount invested in ESG indexes, taking into account the market environment among other factors, and thus revised the allocation to each ESG index. The ESG indexes presently employed by GPIF can be broadly categorized into "best-in-class indexes," which select only firms with outstanding ESG evaluations, and "tilted indexes," which include all firms from the parent index in the ESG index, while increasing the weight of firms with excellent ESG evaluations. In many cases, the "best-in-class indexes" can be expected to have greater effects and incentives on firms than "tilted indexes." However, the former indexes also tend to deviate more from policy benchmarks (benchmark indexes used in the Policy Asset Mix). GPIF has worked to optimize its overall balance by revising its balance of allocation to each index, taking into account these characteristics of "best-in-class indexes" and "tilted indexes."

As GPIF has conducted the above-mentioned revisions, to the balance of allocation to each index and to the overall balance, the ratio of ESG index investment in domestic equities has gone down to around 13% as of May 31, 2025.

Figure 1 Ratio of ESG Index Investment Balance

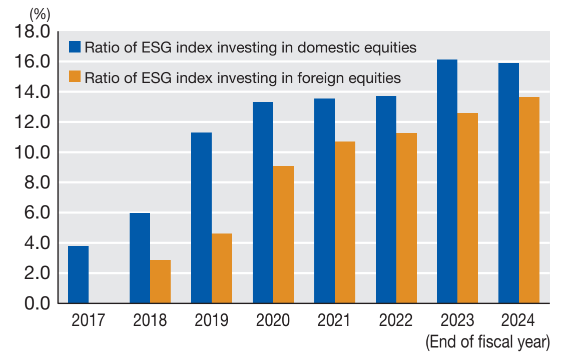
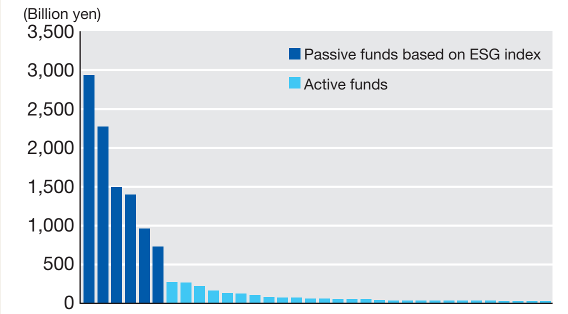


Figure 2 Comparison of fund balance of domestic stocks (as of the end of March 2025)



Note : Bar charts showing ESG index investing are in order of asset size from lefthand.
ESG select : MSCI ESG Select Leaders index, Carbon Effcient : S&P/JPX carbon efficient index, Blossom : FTSE Blossom index, Blossom SR : FTSE Blossom Sector Relative index, WIN : MSCI Women Empowerment index, GenDiJ : Morningstar Japan Gender Diversity index

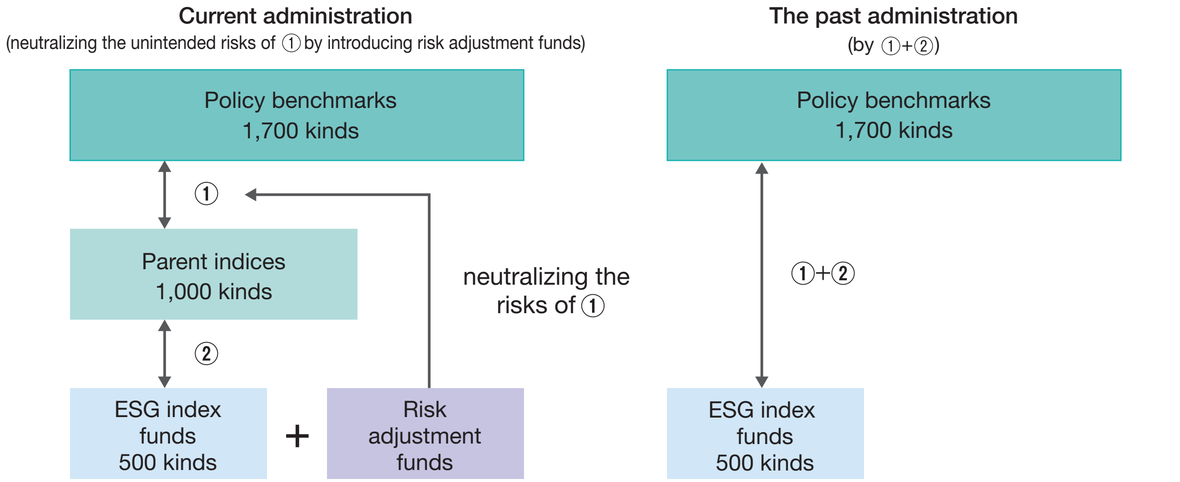
Chapter 1

(Column) Risk adjustment funds for domestic ESG index investment

The domestic ESG indices adopted by GPIF are calculated as ESG indices from the domestic equity indices possessed by each ESG index firm (parent indices) by adjusting the composition or index weighting of component stocks depending on ESG evaluation and other factors. GPIF's domestic equity policy benchmark is the TOPIX (dividend-inclusive). However, the compositions of the various parent indices may differ significantly from the composition of the policy benchmark. GPIF thus established a "risk adjustment fund" in FY 2024 with the aim of covering this gap that arises between the various parent indices and the policy benchmark.

GPIF believes that ESG evaluation of companies impacts investment performance. GPIF thus deliberately acquires risk between each parent index and ESG index (Figure 2 below) through ESG index investments. However, because GPIF does not deliberately acquire the risk between each parent index and the policy benchmark (Figure 1 below), GPIF neutralizes risk in (1) using the "risk adjustment fund."

The GPIF CUSTOM manager benchmark names in the table on pp.102-103 are "risk adjustment funds." GPIF CUSTOM differs from so-called third-party calculated indices used for general passive investment.



Decomposition of risks of ESG index investment against policy benchmarks
① : Risks which GPIF takes unintentionally (differences between policy benchmarks and parent indices)
② : Risks which GPIF takes intentionally (differences between parent indices and ESG indices)

Chapter 1

8 | Other Major Initiatives

[1] Call for applications for external asset managers and their management

① Call for applications through the Asset Manager Registration System

A. Status of registration from the Asset Manager Registration System

GPIF has been calling for applications for asset managers through the Asset Manager Registration System to quickly collect information on various investment strategies and introduce more flexibility into manager selection. The status of registration of four traditional asset classes as of the end of FY 2024 is as listed in the table.

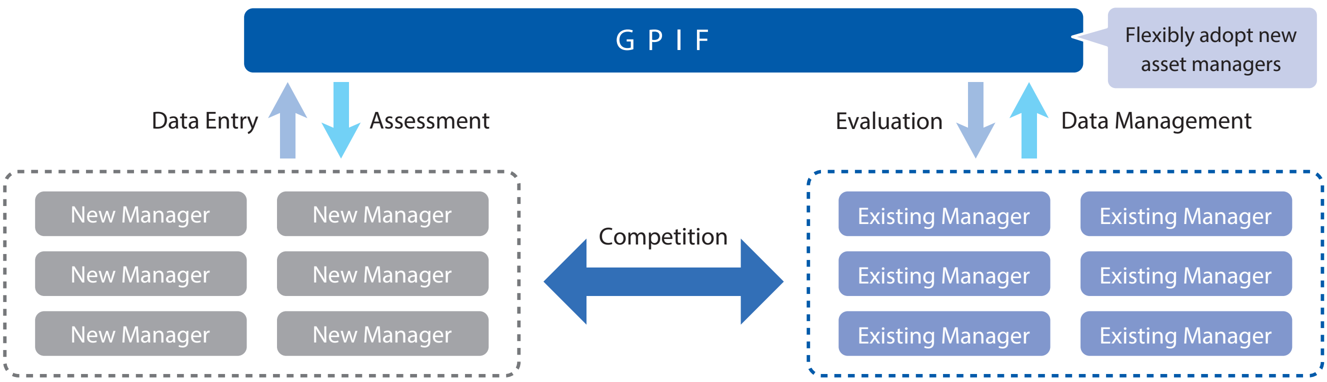
	The number of entries	The number of responses provided
Domestic bonds	9	1
Foreign bonds	358	33
Domestic equities	123	5
Foreign equities	519	85
Public REITs	21	3

B. Selection of asset managers for four traditional asset classes

In FY 2024, with the aim of improving the long-term return on the total assets under management GPIF selected 7 active foreign bonds (US investment grade corporate bonds), 12 active foreign equities (North American Equities), and 17 active foreign equities (developed countries excluding North America).

C. Request for proposals on alternative assets

GPIF has been calling for applications for asset managers for alternative assets (infrastructure, private equity, and real estate) since April 2017, with the aim of improving efficiency through investment diversification. Following the selection of one external asset manager for a domestic real estate mandate and three external asset managers for an infrastructure mandate in FY 2017, GPIF selected one external asset manager for a foreign real estate mandate in FY 2018, one external asset manager for a global PE mandate in FY 2019, one external asset manager for a global PE mandate and one external asset manager for a foreign real estate mandate in FY 2020, one external asset manager for a domestic PE mandate in FY 2021, one external asset manager for a foreign real estate mandate in FY 2022, and one external asset manager for a real estate mandate in FY 2023. GPIF has started investing in those assets.



② The selection process and screening criteria for external asset managers

A. In order to conduct each selection quickly and effectively, GPIF specifies the profiles and investment capabilities of products and managers to select. In the first screening process, GPIF checks necessary qualification conditions of the applying managers. Then, in the second screening process, GPIF examines the content of the application materials. Then, candidates are narrowed down to the third screening process, where GPIF does thorough investigation for the final decision of selection. GPIF has started to finalize only an assessment in the third screening process, and then make a final decision by considering the composition of external asset managers, so that GPIF could improve the consistency of assessment.

B. In accordance with Stewardship Principles with a provision of "ESG Integration into Investment Process" requesting ESG integration to external asset managers, GPIF assesses whether they integrate ESG in investment analysis and investment decisions explicitly and systematically on the "investment process," which is one of the assessment criteria.

Selection Process for Asset Managers

Calling for applications through the Asset Manager Registration System

Decision on selection criteria

- Investment Committee decides on the profiles and investment capabilities required for products and managers.

First screening

- Based on the documents submitted by asset managers that applied for the Assert Management Registration System, asset managers subject to the second screening will be selected.
  - Requirements for public invitation, such as approval under relevant laws and regulations
  - Investment performance, etc.

Second screening

- Based on carefully examined documents submitted by asset managers and information from an external database, as well as the results of interviews, if necessary, and screening to check if the profiles and investment capabilities meet the requirements, asset managers subject to the third screening will be selected.

Third screening

- Interview will be conducted at the applicants' office to assess their investment system, capabilities, and the adequacy of their investment management fees to finalize the comprehensive score.

Assignment of asset manager

- Based on the composition of external asset managers from the perspective of appropriate investment size and diversification of risk styles, asset managers will be assigned.
- The results of selection will be reported to the Board of Governors.

Assessment criteria

Qualitative assessment that takes into account quantitative performance

- Investment policies
- Investment process (including ESG integration)
- Organization and human resources
- Internal control
- Stewardship activities
- Administrative operation system
- Information security measures
- Information provision, etc.
- Investment management fees

③ Management and assessment of external asset managers, etc.

A. Management and assessment of external asset managers

For the management of external asset managers, GPIF requires the periodic submission of reports on the status of investment results and risks, confirms the status of compliance with investment guidelines and others, and holds meetings and receives explanations as necessary.

GPIF conducts annual overall assessments as well. In FY 2024, GPIF took appropriate measures, including requesting improvements to two active funds for foreign bonds and one active fund for domestic equities whose assessment was below a certain level.

In addition to the overall assessment, GPIF also cancelled three active funds for domestic bonds, two passive funds for domestic equities, six active funds for domestic equities, and two active funds for foreign equities, owing to management and investment reasons, and cancelled one active fund for foreign equities owing to contractual reasons.

Oversight of transition managers among the external asset managers is carried out by requesting submission of reports related to transactions when carrying out transitions, checking on transaction costs and compliance with investment guidelines, holding meetings as necessary to receive explanations, and so forth.

The remuneration system for active managers is based on a remuneration rate proportional to excess return (i.e., performance- linked remuneration), and remuneration is on par with that for passive managers (i.e., base remuneration) if excess return is not earned.

B. Management and assessment of custody service providers

GPIF manages custody service providers by conducting regular meetings, including online meetings, at which explanations are received on the progress of operations and such topics, and holding other meetings as needed to address specific issues. In addition, GPIF requests the submission of materials pertinent to custody services once a year to ascertain the custody service providers' organizations, human resources, operational structures, internal controls, asset management systems, global custody, and information security measures. Based on the information received, GPIF conducts comprehensive evaluations of each custody service provider based on operational policies with an understanding of each custody service provider's strengths and issues.

C. Reviewing the asset management activities

In recent years, as GPIF's investment activities have become more diversified and sophisticated, the approaches taken by custody service providers has become more complicated. Facing this trend, GPIF has been optimizing its use of custody service providers (including the ones for global custody services) to accommodate further diversification and sophistication in the investments, based on comprehensive evaluations of the custody service providers and other factors including management costs and business continuity plans (BCP).

To precisely manage risks associated with the further diversification and sophistication of the investments and to enhance the effectiveness of the communications with external asset managers, it is necessary to collect transaction data more promptly than ever for risk analysis and other purposes. For this reason, GPIF has established systems to collect data for investment decision, aside from accounting data collected from custody services providers, and GPIF will continue studying how to approach operations related to the acquisition of data.

(Note) For the list of external asset managers, refer to pages 102 to 103.

[2] Improving operational processes in in-house investment

GPIF established a project to improve in-house investment operational processes (May-October, 2024) carried out internally, seeking to improve in-house investment capabilities and to ensure fairness, transparency, and consistency in execution processes. Based on the results of this project, GPIF implemented improvement measures for operational processes in in-house investment in the form of further clarifying internal reporting rules, updating operational manuals and regulation documents, including evaluations of the execution capabilities of securities brokers. GPIF also considered becoming a bidding participant for government bonds auction.

Additionally, GPIF also revised its organizational rules clarifying that the decision of who to trade with within the list of securities brokers for in-house investment shall be included in the subject matter for Investment Committee decision

[3] Formulation of GPIF initiatives policy on Asset Owner Principles

The government formulated a set of "Common Principles for Asset Owners' Investment, Governance, and Risk Management (Asset Owner Principles)" (hereinafter the "Principles") on August 28, 2024, based on its "Policy Plan for Promoting Japan as a Leading Asset Management Center" (formulated in December 2023).

The principles "establish a set of common principles that are useful for asset owners to fulfill their responsibility to manage their assets (fiduciary duties), taking into account the best interests of beneficiaries." Each asset owner was supposed to confirm the purpose of the principles and, upon sufficient consideration, decide whether to agree to and accept the Principles.

GPIF supported and accepted the principles and formulated its initiatives policy on September 18, 2024, The key points of the initiatives policy are as follows:

- Establish an investment policy to achieve investment objectives and investment targets, and take action in accordance with such policy.
- Establish systems needed to bring in advanced and specialized knowledge, while utilizing external asset managers.
- Select appropriate investment methods and asset managers for the sole benefit of pension recipients, and manage investment risks based on diversified investments.
- Disclose information on the status of management of pension reserve funds and investment performance, so that all stakeholders relating to GPIF can refer to this information accurately, and so that GPIF can gain the understanding of the Japanese public.
- Implement initiatives to fulfill stewardship responsibilities with a view to securing long-term investment returns for the interest of insureds.

With the formulation and announcement of the 5th Medium-Term Plan and the Sustainability Investment Policy (p.84) on March 31, 2025, GPIF revised its initiatives policy.

Chapter 1

[4] Promoting research

① GPIF Finance Awards

Amid the increasing sophistication of investment methods and diversification of financial products, GPIF believes that for pension reserves to ensure safe and efficient management, it is necessary to create an environment where academic research on pension management is continuously strengthened. As part of this effort, GPIF Finance Awards were established in FY 2016 to recognize young researchers who have made outstanding achievements in the field of pension management. The awards also widely disseminate information about their achievements and their social significance and promote the activities of excellent researchers.

In addition, since FY 2023, GPIF has hosted the GPIF Finance Awards for Students for undergraduate and graduate school students nationwide.

The GPIF Finance Awards for Students provide an opportunity for students and groups of students who are conducting research related to pension reserve investment and its surrounding fields to present their research and deepen their understanding through interaction with each other. In addition, GPIF recognizes those who have conducted useful research, widely publicizes the content of the research, and encourages further research.

In FY 2024, there were 7 applicants, and judging was conducted based on submitted materials and reports at the research presentation meeting. One excellent research award and 3 research incentive awards were selected and presented.

(Note) For more information about the GPIF Finance Awards, please visit the GPIF website (https://www.gpif.go.jp/en/investment/research/awards/ ※Available in Japanese language only).

② Research

GPIF believes that it is necessary to conduct research and accumulate expertise to ensure the safe and efficient management and investment of pension reserves for the future.

(Note) For details on the research, refer to the website: https://www.gpif.go.jp/en/investment/research/. ※Available in Japanese language only

A. Research on the views of experts on Government Pension Investment Fund

GPIF formulated its 5th Medium-Term Plans in line with the 5th Medium-Term Objectives set by the Minister of Health, Labour and Welfare for a period of 5 years starting from April 2025. GPIF performed research from FY 2023 to FY 2024 to understand the objective views and expectations of experts toward GPIF, in order to take these into account when incorporating into the Medium-Term Plans the long-term direction and initiatives to which GPIF aspires. Specifically, GPIF communicated with experts and others by conducting questionnaires and interviews, collecting newspaper articles that mentioned GPIF, and performing a text analysis, and used the outcomes of this work as inputs when formulating the Plans.

Commissioned to: Mizuho Research & Technologies, Ltd.

B. Research on fair value estimation of infrastructure assets

GPIF invests in unlisted infrastructure assets as part of its alternative investments. Infrastructure assets have a relatively short market history among alternative assets, and knowledge on fair value estimation techniques and understanding of risk/return characteristics is limited. However, in order to further enhance the management of GPIF's entire portfolio, GPIF believes that more advanced performance and risk analysis is required for unlisted infrastructure assets as well. This research systematically collected and accumulated data on unlisted infrastructure assets and examined quantitative analysis of risk/return characteristics. It was conducted from FY 2023 to FY 2024 with the aim of further improving the quality of alternative asset management in the future. Specifically, this research checked the rational underpinnings of the fair value calculation method developed by the company GPIF contracted, and calculated the fair value of (some) GPIF investments based on that method. Going forward, GPIF will apply the results of this research for preparing and analyzing data related to unlisted infrastructure assets.

Commissioned to: Scientific Infra and Private Assets Ltd.

C. Research on illiquid assets

Because illiquid assets have different characteristics from those of traditional assets, it is considered to be difficult to accurately ascertain their risks and returns. The assets subject to investment also include not only real estate, infrastructure, and private equity, which GPIF already invested in, but in recent years also forests, agricultural land, gold, and crypto-assets. GPIF conducted research to understand the facts and deepen its fundamental knowledge of these illiquid assets that have newly come to the fore in recent years. Specifically, GPIF requested the provision of information related to the above, and based on the information provided, GPIF organized such assets according to market scale, expected returns, risk profile, and status of investment by public pension funds, deepening fundamental knowledge.

Chapter 2 Roles and Organizational Management of the Government Pension Investment Fund

1 | GPIF's Roles in the Public Pension Scheme

[1] GPIF's position

① The pension finance system and GPIF

Japan's public pension scheme is fundamentally managed as a pay-as-you-go system that incorporates the concept of intergenerational support, whereby pension premiums collected from the working generation supports the elderly generation, instead of the advance funding method whereby funds required to cover pension benefits are accumulated in advance.

Under the pay-as-you-go pension system, it is not generally necessary to hold a large amount of reserve funds, aside from a payment reserve. However, to respond to changes in the population and economy appropriately, and to prepare for further declining birthrate and aging population expected in the future, GPIF holds a certain amount of reserve funds in the public pension scheme, while being managed under a pay-as-you-go system. It is stipulated that the portion of pension premiums not allocated to benefits will be invested as reserve funds to stabilize pension finances.

Japan's declining birthrate and aging population are progressing very quickly compared to the rest of the world. Under the pension system revision implemented in 2004 (hereinafter the "revision of 2004"), the pension premium level will remain fixed into the future and the finite period of financial equilibrium is set to be approximately 100 years, covering the period until the current population would finish receiving the pension premium. This measure was implemented in order to balance the pension finance over 100 years (the finite financial equilibrium method). However, the fixing of a funding source for future pension benefits also makes the amount of funds fixed. Therefore, a mechanism to automatically adjust the pension benefit and premium contribution (Macro-Economic Slide Formula) was also adopted in the revision of 2004. Through these measures, the sustainability of the public pension system is designed to be improved (Note).

There are three laws relevant to investment of pension reserve fund: the Employees' Pension Insurance Act; the National Pension Act; and the Act on the Government Pension Investment Fund as an Incorporated Administrative Agency (hereinafter the "Act on the Government Pension Investment Fund"). These laws provide that "the pension reserve fund shall be managed safely and efficiently from a long-term perspective solely for the benefit of the pension recipients" (Employees' Pension Insurance Act and National Pension Act) and "the pension reserve fund shall be managed safely and efficiently" (Act on the Government Pension Investment Fund). Accordingly, the most fundamental legal requirement for management of the pension reserve fund is "safe and efficient management of pension reserve from a long-term perspective."

As is the case in other incorporated administrative agencies (Act on General Rules for Incorporated Administrative Agencies), the relevant minister lays out the objectives of GPIF for a set period of time. The Medium-Term Objectives established by the Minister of Health, Labour and Welfare stipulate that GPIF is required to achieve a long-term real return (net investment yield on the pension reserve fund less the nominal wage growth rate) with minimum risks. In light of these requirements, GPIF, in its Medium-Term Plan, established the asset allocation (Policy Asset Mix) from a long-term perspective on the premise of portfolio diversification and carries out investment and management of the pension reserve fund based on the Policy Asset Mix.

(Note) For the revision of 2004 and the details of public pension scheme, refer to the website of the Ministry of Health, Labour and Welfare: https://www.mhlw.go.jp/index.html. ※Available in Japanese language only.

② Role of the reserve fund in pension finances

The reserve fund is to be used to stabilize pension finances. In the current system that aims at balancing pension finances over about 100 years, as mentioned above, a fiscal plan is drawn up to use the pension reserve. Under this plan, investment returns on the reserve fund should be paid as part of pension benefits initially. In addition to investment returns, the accumulated fund will be gradually withdrawn after a set period of time. Ultimately, after 100 years or so, it is expected to maintain a reserve fund equivalent to one year of pension benefits. About 90 percent of the financial source of pension benefits (the average of approximately 100 years based on the assumptions of the Actuarial Valuation) is funded by pension premiums and government contributions for the year, while the financial source obtained from the pension reserve (repayment of trust money or payment to national treasury) accounts for about 10 percent. The reserve fund may not be reduced immediately. Moreover, GPIF owns a sufficient reserve fund necessary for the payment of pension benefits, and therefore short-term market fluctuations associated with the investment of pension reserve do not affect payments for beneficiaries. In other words, an unrealized gain or loss in a specific year may not be reflected in the amount of pension benefits in the following year.

[2] Regulatory requirements for pension reserve fund management and outline of the Medium-Term Objectives and Medium-Term Plan

① Basic Policy for Investment Management

The Employees' Pension Insurance Act stipulates that the pension reserve fund, part of the premium collected from the insureds, is a valuable source of funding for future pension benefits, and the purpose of investing the reserve funds is to contribute to the future stability of the public pension scheme through stable and efficient management from a long-term perspective solely for the beneficiaries. The Medium-Term Objectives also make it so that GPIF may not operate the pension reserve fund to realize other policy objectives or achieve other measures separate from the goal of pursuing "the sole benefit of pension recipients." In addition, the Act on the Government Pension Investment Fund provides that GPIF must consider the impact of the management of the reserve fund on the markets and activities by other private sectors. The Medium-Term Objectives of GPIF also stipulate that GPIF is not allowed to select individual equities in equity investment.

○ Article 79–2 of the Employees' Pension Insurance Act (the same philosophy is stipulated in Article 75 of the National Pension Act)

"... the pension reserve, a part of the premiums collected from the insureds, is a valuable source of funding for future pension benefits and... the purpose of the fund is to contribute to the future stability of management of the Employees' Pension Insurance through stable and efficient management from a long-term perspective solely for the insureds of the Employees' Pension Insurance."

○ Article 20, Paragraph 2 of the Act on the Government Pension Investment Fund

"... GPIF must consider generally recognized expertise and domestic and overseas macroeconomic trends, as well as the impact of the pension reserve on the markets and other private sector activities, while avoiding concentration on any particular style of investment. GPIF's investment management should also satisfy the objectives under Article 79–2 of the Employees' Pension Insurance Act and Article 75 of the National Pension Act."

In light of these requirements, GPIF establishes the Policy Asset Mix in the Medium-Term Plan from a long-term perspective, based on the philosophy of diversified investment. It is regarded that GPIF should take into consideration the model portfolio jointly established by GPIF, the Federation of National Public Service Personnel Mutual Aid Associations, the Pension Fund Association for Local Government Officials, and the Promotion and Mutual Aid Corporation for Private Schools of Japan.

In addition to the formulation and publication of the specific policies on the management and investment of its pension reserve fund (Operation Policy), the Medium-Term Plan requires GPIF to review the Operation Policy in a timely and proper manner in light of changes in the economic environment and revise it promptly as required.

② Investment objectives, risk management, and others

The Medium-Term Objectives stipulate that the pension reserve fund must achieve a long-term real investment return (net return of the pension reserve fund after deducting the nominal wage growth rate) with minimum risks based on the Actuarial Valuation. The 4th Medium-Term Objectives also require GPIF to make efforts to make sure not to affect market pricing or investment activities by private sectors, and to achieve the Composite Benchmark Return (market average rate of return) for the total portfolio during the period for the Medium-Term Objectives.

Regarding risk management for the pension reserve fund, it stipulates that GPIF shall maintain a diversified portfolio and manage and control risks of the overall portfolio, each asset class, each asset manager, and each custodian banks, strengthen function necessary for appropriate and smooth rebalance, and manage risks in light of the Composite Benchmark Return. Additionally, it stipulates that GPIF shall conduct more sophisticated risk management by performing a forward-looking risk analysis as well as a long-term analysis, and that the Board of Governors shall monitor the management status of individual portfolio risks properly.

Regarding diversification and improvement of investment, the Medium-Term Objectives stipulate that GPIF shall combine passive and active investments and implement active investment based on the strong conviction of the excess return, taking historical performance into account.

In addition, in introducing new investment methods and investment targets, the Board of Governors shall conduct extensive deliberations based on generally accepted expert knowledge of investment, and appropriate risk management must be carried out under appropriate supervision by the Board of Governors. An outline of the deliberations of the Board of Governors is promptly published upon obtaining approval of the Board, so as to help ensure the transparency of GPIF's organizational operation.

③ Other important matters for pension reserve management

The Medium-Term Objectives call for thorough compliance with the duty of care and fiduciary duty of prudent experts.

When managing the pension reserve, GPIF is required to consider the market size, pay close attention to preventing unfavorable market impact, and avoid investing and/or withdrawing an extreme amount at one time.

GPIF is also required to take appropriate measures regarding the exercise of voting rights, and not to select individual equities by itself, in due consideration of the impact on corporate management and others.

It also sets forth that GPIF should secure the liquidity necessary for pension payouts by taking into consideration the outlook for the pension finance and the status of revenue and expenditure. At the same time, GPIF is expected to enhance the functions necessary for assuring liquidity without shortages, including selling assets in a smooth manner while giving consideration to market price formation and other factors.

④ Securing, developing, and retaining human resources to support GPIF's business operations and improve operational efficiency

In the Medium-Term Objectives, GPIF is expected to clarify the areas of operations requiring highly skilled professionals, while developing an environment for attracting such talent, to provide training by highly skilled professionals to improve the operational capabilities of the staff, and to formulate a policy to secure and foster human resources strategically. Regarding the validity of the remuneration level for highly skilled professionals, it also stipulates that GPIF explains clearly to the public the appropriateness by referring to comparable positions in the private sector.

With regard to improvements in operational efficiency, the Objectives stipulate that GPIF shall secures an efficient operational system, aim at saving costs in accordance with improvement of operational efficiency (the average cost savings above certain ratio during the Medium-Term Objectives period), and optimize contracts.

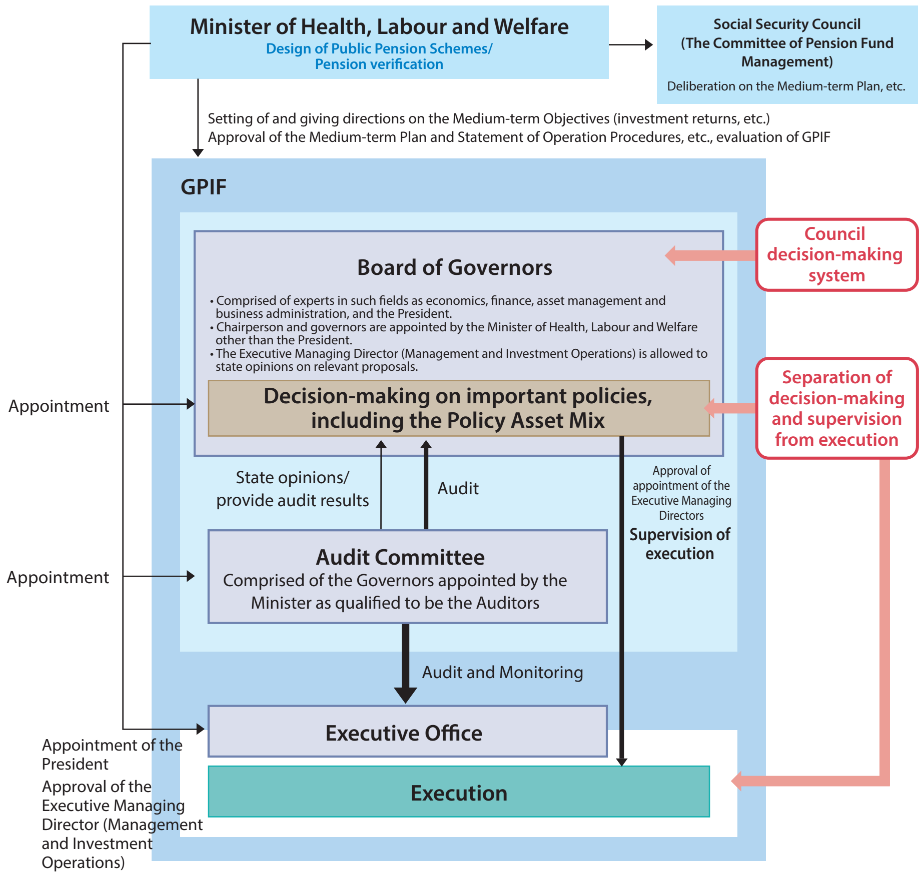
2 | Organization and Internal Control System

[1] Governance framework

GPIF has adopted a governance framework in which the Board of Governors, established in October 2017, operates on a majority vote decision-making system and has supervisory powers to determine whether decisions are properly executed. Three Governors concurrently serve as Auditors and form the Audit Committee, of whom one is a full-time member. The Audit Committee carries out audits of GPIF's operations. In addition, the Audit Committee is entrusted by the Board of Governors with the authority to supervise the status of GPIF's operations executed by the President or Executive Managing Directors. The President presides over GPIF's operations in accordance with the provisions of Article 7, Paragraph 1 of the Act on the Government Pension Investment Fund. This governance system, including the majority vote decision-making system, ensures the separation of decision-making and supervision from the execution or implementation of said decisions.

The Board of Governors consists of 10 members: the President and nine professionals with an academic background or practical experience in economics, finance, asset management, business administration, and other fields relevant to GPIF's operations. Important decision-making carried out by the Board of Governors includes development of the Policy Asset Mix and the Medium-Term Plan, preparation of annual plans and annual reports, and decisions on important matters related to the organization, such as staff numbers. It also includes the important matters relevant to the operation of GPIF, such as the formulation of basic policies of portfolio risk management and internal control, the establishment of organization rules, and the appointment of the executive directors.

It has been six and a half years since the governance system shifted from individual decision-making by the President to a majority voting system by the Board. The root of the word "governance" is a Greek word meaning "steering." It is essential in the practice of governance to go beyond pro-forma development to promote substantive reforms of governance, and to carry out appropriate "steering" of the organization in an effort to make GPIF an organization worthy of greater trust from the Japanese public.



[2] Board of Governors

At meetings of the Board of Governors, experts in various fields, such as economics, finance, asset management, and business administration, discuss a broad range of agenda items related to GPIF's investment and operation management from a multidimensional perspective and make timely and appropriate decisions. The Board of Governors held a total of 13 meetings in FY 2024. An outline of the meetings is as described in the following table.

At the Board of Governors meeting in FY 2024, a resolution was passed on the valuation of the Policy Asset Mix and equities lending. The Board also received reports from the President or other executives on the asset allocation ratio and the status of portfolio risk management for active discussion. The details of the discussions by the Board of Governors are published afterward on the GPIF website of as a summary of agenda items.

※Available in Japanese language only

Outline of meetings of the Board of Governors

(FY 2024)

	Date of meeting	Main agenda items (only matters for resolution/deliberation are recorded)
94th meeting	April 19, 2024	(Deliberation) Revision of Administration Regulations for Information Security
95th meeting	May 17, 2024	(Resolution) Valuation of the Policy Asset Mix in FY 2023
96th meeting	June 11, 2024	(Deliberation) (i) Annual Report FY 2023 (Draft), (ii) Review of operations in FY 2023 (Draft), (iii) Evaluation of Prospects for the 4th Medium-Term Target Period (Draft), (iv) Preparation of Financial Statements, Business Report, and Financial Report for FY 2023, Appropriation of Profit and Loss, and Other Important Matters related to Accounting (Draft)
97th meeting	June 28, 2024	(Resolution) Annual Report FY 2023 (draft), (ii) Disclosure of portfolio holdings by asset category as of the end of March 2024, (iii) Review of operations in FY 2023 (draft), (iv) Preparation of Financial Statements, Business Report, and Financial Report for FY 2023, appropriation of profit and loss and other important matters related to accounting (draft)
98th meeting	July 26, 2024	(Deliberation) Asset Owner Principles
99th meeting	September 13, 2024	(Deliberation/Resolution) Acceptance of and reaction to Asset Owner Principle (draft)
100th meeting	October 29, 2024	(Deliberation) (i) Setting of 5th Medium-Term Plan (1), (ii) the big picture of the IT system in the 5th Medium-Term Objectives Period (Platform of investment operation and platform of common operation)
101st meeting	November 22, 2024	(Deliberation) Setting of 5th Medium-Term Plan (2)
102nd meeting	December 20, 2024	(Deliberation) (i) Setting of 5th Medium-Term Plan (3), (ii) revision of regulation
103rd meeting	January 24, 2025	(Deliberation) (i) Setting of 5th Medium-Term Plan (4), (ii) Formulation of Policy Asset Mix of 5th Medium-Term Objectives Period, (iii) revision of regulation of executive salaries and employees' salaries
104th meeting	February 7, 2025	(Deliberation) (i) Setting of 5th Medium-Term Plan (5), (ii) revision of regulation regarding work style of employees at and over 60
105th meeting	March 11, 2025	(Deliberation) (i) Revision of the model portfolio (draft), (ii) 5th Medium-Term Plan (draft), (iii) Sustainability Investment Policy (draft), (iv) revision of Investment Principles, (v) revision of Policy to Fulfill Stewardship responsibilities (draft), (vi) Sustainability Policy Initiatives, (vii) revision of regulations of employees' salaries (draft), (viii) revision of direction of administration and investment (draft), (ix) Annual Plan for FY 2025 (draft), (x) revision of regulation of the organization
106th meeting	March 28, 2025	(Deliberation/Resolution) (i) Revision of direction of administration and investment (draft), (ii) Annual Plan for FY 2025 (draft) (iii) revision of regulation of Board of Governors (draft), (iv) revision of regulation of executive salaries (draft), (v) revision of regulation of the organization

[3] Audit Committee

The Audit Committee executes its duties through staff members on the Secretariat for the Audit Committee, who assist with the duties of the Audit Committee and are independent from the President and Executive Managing Directors. The Audit Committee also coordinates closely with the Internal Audit Department and the Account Auditor (Deloitte Touche Tohmatsu LLC).

The Audit Committee held 15 meetings in FY 2024. The Committee performed audits primarily from five perspectives: the status of achievement of the Medium-Term Objectives; the status of execution of duties by the Board of Governors and Governors; the status of execution of duties by the President, other executives, and staff members; the status of the internal control system; and the status of accounting.

The Audit Committee, as part of the monitoring operation entrusted by the Board of Governors, attends committee meetings organized by the Executive Office, including the Investment Committee, the Portfolio Risk Management Committee, the Management and Planning Committee, the Procurement Committee, etc. as needed. The Audit Committee also assesses and analyzes the status and appropriateness of GPIF's operations through interviews with the person in charge of each department, the President, and Executive Managing Directors, as well as investigations at times. Then the Audit Committee reports and shares information obtained through these activities with the Board of Governors as appropriate, and gives opinions to the Board and the President on organizational management issues in order to further strengthen internal controls.

The results of these audits are published as the Audit Report on GPIF website.

※Available in Japanese language only

[4] Execution system

① Organization

As of April 1, 2025, GPIF has 12 executives, consisting of the Chairperson of the Board of Governors, eight Governors (including three Governors concurrently serving as Auditors), the President, and two Executive Managing Directors (one for Planning and General Affairs and the other for Management and Investment Operations who is serving as the CIO), as well as 187 staff members (including 44 female staff members (excluding part-time staff)).

To diversify its investment and improve risk management, GPIF strives to secure and train highly qualified and specialized personnel. GPIF has promoted the recruitment of qualified experts in various fields, including securities analysts, attorneys, MBAs, and real estate appraisers.

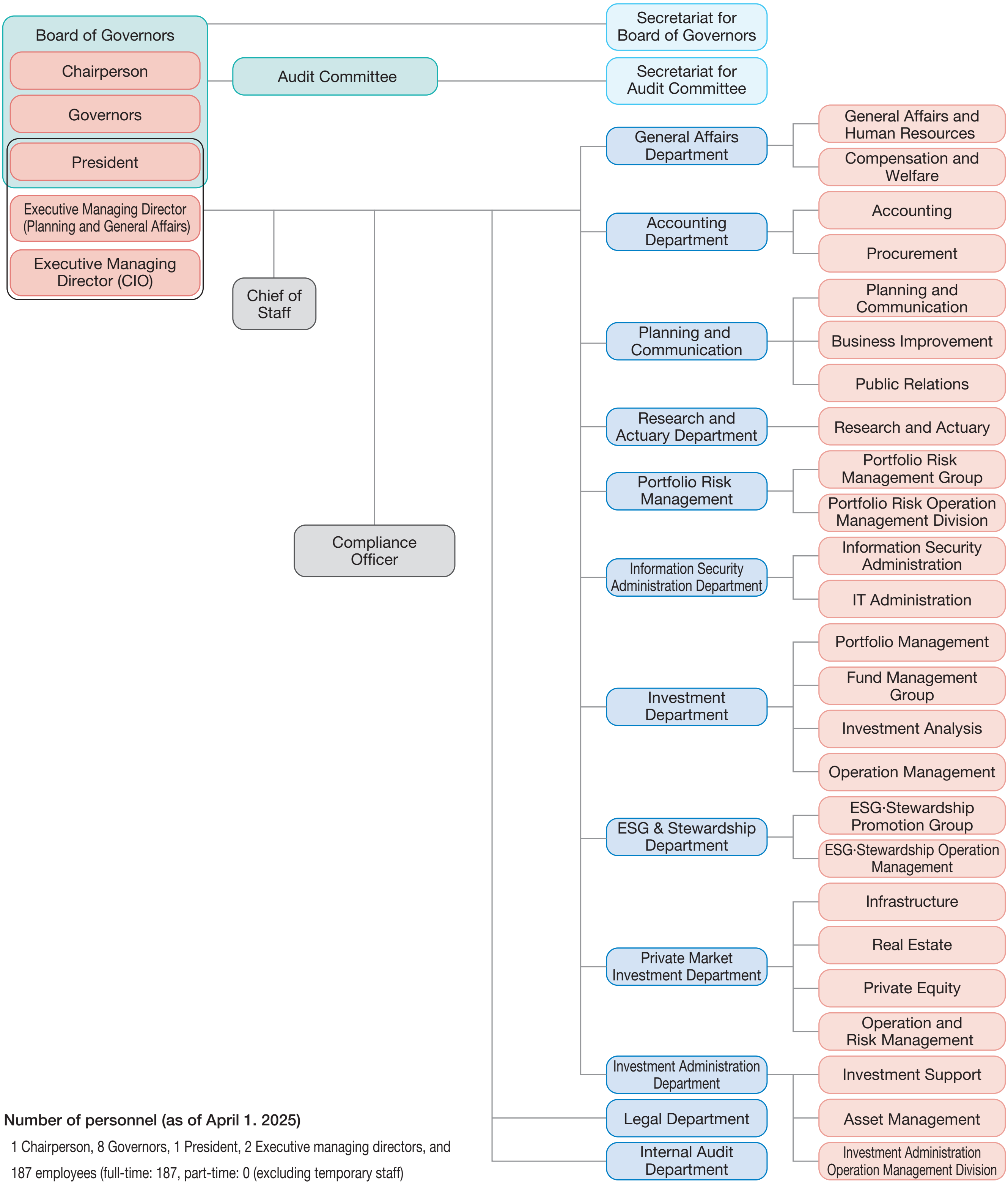
GPIF manages a very large amount of assets, at approximately ¥250 trillion, which is expected to continue to increase gradually in the future. The investment environment is constantly changing, and advances in areas such as data science and financial engineering continue to result in enhancements to asset management techniques. In order for GPIF to continue investing in a long-term and stable manner, GPIF believes that further diversification and sophistication to the asset management are necessary. To support these efforts, GPIF is further recruiting specialist personnel. At the same time, GPIF has also appointed a senior IT advisor who is well-versed in asset management operations and also has technical knowledge and experiences related to information systems. With this appointment, GPIF is considering the development of an information processing platform.

GPIF is also working to improve the working environment to enable a diverse range of personnel to work with a sense of job satisfaction. GPIF promotes the active using of childcare leave and enable the flexible use of early and late-start work systems, as well as telecommuting systems, as part of the efforts to create a work-friendly environment for employees with childcare or nursing care needs.

The organization consists of the Secretariat for Board of Governors, the Secretariat for Audit Committee, the General Affairs Department (General Affairs and Human Resources Division, Compensation and Welfare Division), Accounting Department (Accounting Division, Procurement Division), the Planning and Communication Department (Planning and Communication Division, Business Improvement Division, Public Relations Division), the Research and Actuary Department (Research and Actuary Division), the Portfolio Risk Management Department (Portfolio Risk Management Division), the Information Security Administration Department (Information Security Administration Division, IT Administration Division), the Investment Department (Portfolio Management Group, Fund Management Group, Investment Analysis Group, Operation Management Division), the ESG & Stewardship Department (ESG & Stewardship Division), the Private Market Investment Department (Infrastructure Group, Real Estate Group, Private Equity Group, Operation and Risk Management Division), the Investment Administration Department (Investment Support Division, Asset Management Division, Treasury Division), the Legal Department, and the Internal Audit Department (the last two Departments report directly to the President).

65 Securities Analysts	17 holders of MBAs, etc.
5 Attorneys	3 Certified Public Accountants
1 Certified Public Tax Accountant	1 Real Estate Appraiser
5 holders of PhDs, etc.	※As of April 1, 2025 There is some overlap in the number of people

Organization chart (as of April 1, 2025)



Number of personnel (as of April 1. 2025)

1 Chairperson, 8 Governors, 1 President, 2 Executive managing directors, and 187 employees (full-time: 187, part-time: 0 (excluding temporary staff)

② Internal control system

GPIF has put an internal control system in place in accordance with the Basic Policies of Internal Control established by the Board of Governors.

Specifically, regarding the system to ensure that the execution of duties by the President, Executive Managing Directors, and staff members comply with laws and regulations, the Internal Control Committee is established to promote internal control. In addition, the Compliance Committee is established under the Internal Control Committee to ensure compliance with laws and regulations as well as fiduciary responsibility, etc., and a Compliance Officer is appointed. All executives and staff members are informed of the necessity to comply with the Investment Principles and the Code of Conduct and act as an organization worthy of the trust of the public. A whistle-blowing system is also in place, and corrective actions and preventive measures shall be taken according to the internal rules whenever an illegal or inappropriate activity is (or is expected to be) perpetrated by executives or staff members of GPIF. In addition, the Legal Department enables GPIF to further strengthen internal control and ensure stricter compliance with applicable laws and regulations. Also, the Internal Audit Department is established to conduct internal auditing of GPIF's operations and related responsibilities.

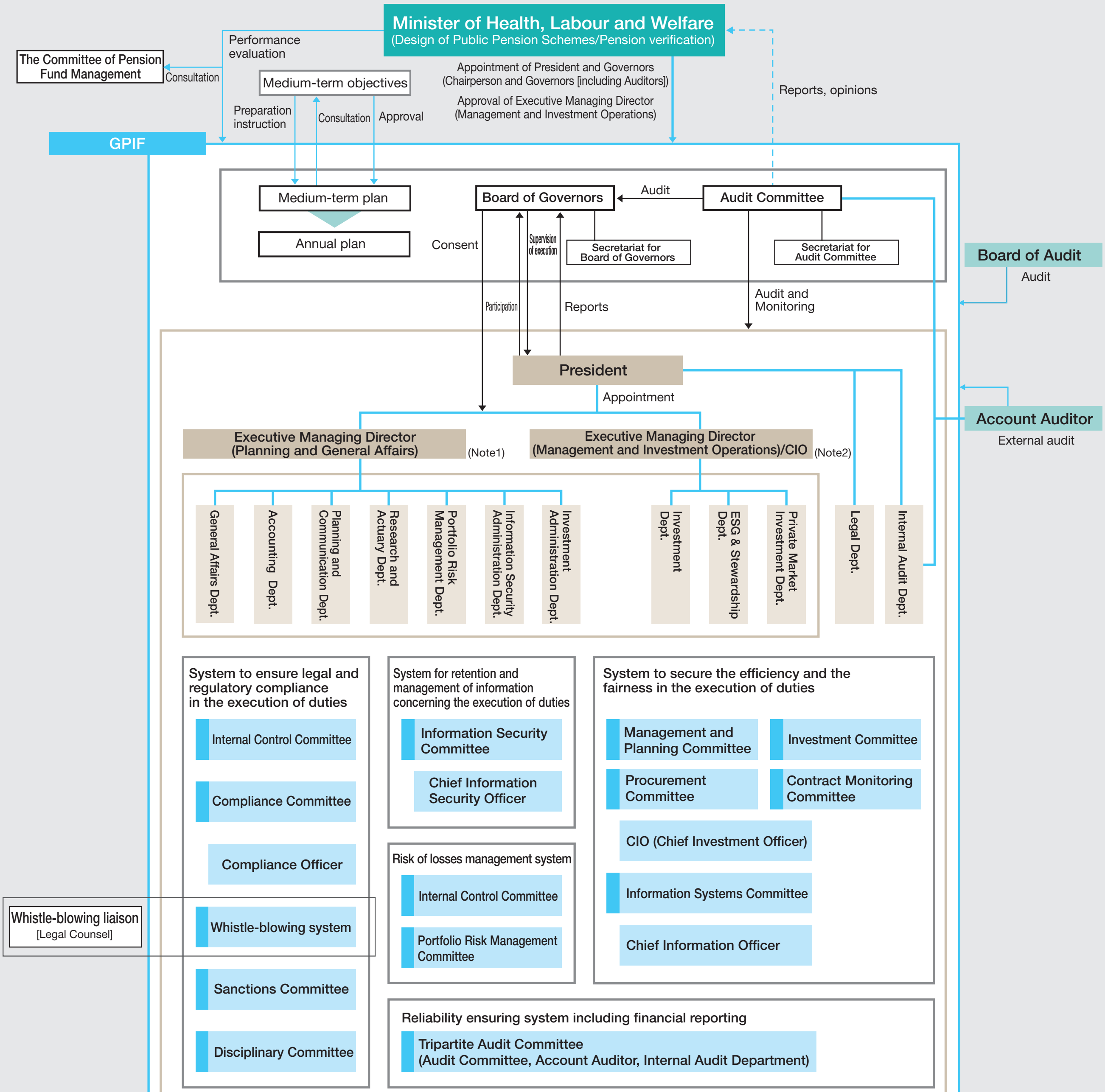
Regarding the management of the risk of losses of other related systems, the Portfolio Risk Management Committee has been established to appropriately monitor and handle various risks (portfolio risks) that occur during pension management. The Internal Control Committee has been established to identify, analyze, and assess operational risks (include reputation risks) that could impede GPIF's day-to-day operations as well as to take measures against those risks. The Internal Control Committee also conducts risk management by drawing up and promoting measures necessary to be constantly aware of risk factors, prevent risks, and minimize losses in the event of risk occurrence.

With regard to operational and other risk, the new rules and regulations relating to operational and other risk management were established, including the rules for operational and other risk management established by the Board of Governors in July 2019. Based on the new operational and other risk management processes set forth by the above new rules and regulations, GPIF goes through a potential risk identification, analysis, and assessment process on an annual basis. In addition, these rules and regulations stipulate that each department is required to promptly take appropriate measures to deal with any risks that occur, and to report on an identified risk to the department responsible for supervising operational and other risk management and Internal Audit Department for each time of risk occurrence. The operational and other risk management execution status of GPIF is reported to the Board of Governors once a year. In addition, the occurrence of a significant operational and other risk is to be promptly reported to the Board of Governors.

As a system to ensure the efficiency and fairness of the execution of duties, the Investment Committee has been established under the supervision of the Chief Investment Officer to deliberate and make decisions in advance when making decisions on important matters (including matters related to decision of external asset managers and custodian banks, decision of candidates of business partners for in-house investment and short-term borrowing, and standards of decision of individual business partners based on that) related to the execution of management operations.

In addition to the above, the Information Security Committee promotes GPIF's information security measures, the Management and Planning Committee carries out prior deliberation to make decisions on important matters related to execution of GPIF's operations, and the Procurement Committee ensures the proper state of procurement and subcontracting processes (excluding contracts with external asset managers), and the Contract Monitoring Committee including external experts conducts procurement-related inspections.

Concept of internal control



(Note 1) The Executive Managing Director (Planning and General Affairs) is responsible for matters related to the General Affairs Department, the Accounting Department, the Planning and Communication Department, the Research and Actuary Department, the Portfolio Risk Management Department, the Information Security Administration Department, and the Investment Administration Department.

(Note 2) The Executive Managing Director (Management and Investment Operations)/CIO is responsible for matters related to the Investment Department, the ESG & Stewardship Department, and the Private Market Investment Department.

Chapter 3 Reference Data

1 | Investment Assets by Investment Method and by Manager, Etc.

[1] Investment assets by investment method and by asset class (the market value at the end of FY 2024)

	Market value (¥billion)	Portfolio allocation (%)
Total (Investment assets)	249,782.1	100.00
Passive investments	204,411.9	81.84
Active investments	44,364.7	17.76
Others	1,005.4	0.40

		Market value (¥billion)	Portfolio allocation (%)
Total (Investment assets)		249,782.1	100.00
Domestic bonds	Total	63,514.5	25.43
	Passive investments	34,505.4	13.81
	Active investments	28,082.0	11.24
	Others	927.1	0.37
Foreign bonds	Total	62,730.2	25.11
	Passive investments	60,222.1	24.11
	Active investments	2,429.8	0.97
	Others	78.3	0.03
Domestic equities	Total	61,618.6	24.67
	Passive investments	58,784.5	23.53
	Active investments	2,834.1	1.13
Foreign equities	Total	61,918.8	24.79
	Passive investments	50,899.9	20.38
	Active investments	11,018.9	4.41

(Note 1) The figures above are rounded, so the sum of each item does not necessarily match the total number.
(Note 2) Others in domestic bonds refer to yen-denominated short-term assets. Others in foreign bonds refer to foreign currency-denominated short-term assets.
(Note 3) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

[2] Changes in the ratios of passive and active investment

(Unit: %)

		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Domestic bonds	Passive	82.50	79.38	77.03	75.54	71.45	72.93	76.60	58.12	48.92	54.33
	Active	17.50	20.62	22.97	24.46	28.55	27.07	23.40	41.88	51.08	45.67
Foreign bonds	Passive	64.94	60.89	61.98	66.24	73.81	76.12	79.22	86.28	96.79	96.00
	Active	35.06	39.11	38.02	33.76	26.19	23.88	20.78	13.72	3.21	4.00
Domestic equities	Passive	81.52	90.62	90.44	90.58	90.93	92.97	93.65	93.06	95.51	95.40
	Active	18.48	9.38	9.56	9.42	9.07	7.03	6.35	6.94	4.49	4.60
Foreign equities	Passive	84.15	86.45	86.32	90.50	90.17	87.99	90.82	93.57	87.97	82.20
	Active	15.85	13.55	13.68	9.50	9.83	12.01	9.18	6.43	12.03	17.80
Total	Passive	79.28	77.31	76.28	77.87	79.21	82.69	85.21	82.82	82.31	81.84
	Active	20.72	22.69	23.72	22.13	20.79	17.31	14.79	17.18	17.69	18.16

(Note 1) The amount until FY 2019 does not include short-term assets and FILP bonds. There are no FILP bonds outstanding since FY 2020.
(Note 2) The amount of domestic bonds (active) and total (active) since FY 2020 includes yen-denominated short-term assets. The amount of foreign bonds (active) and total (active) since FY 2020 includes foreign currency denominated short-term assets.
(Note 3) JPY hedged foreign bonds are classified as foreign bonds (passive) until FY 2019 and as domestic bonds (passive) since FY 2020.
(Note 4) Calculations are made on a transaction date basis, and the notional amount of stock index futures and other factors are taken into account.

[3] Investment assets by manager, etc. (the market value at the end of FY 2024)

(Unit: ¥billion)

Fund Type	Asset manager name (Subcontractor, etc.)	Custodians	Manager benchmark	Market value
Domestic bonds passive fund	Asset Management One Co., Ltd. (1) (former Mizuho Trust & Banking)	MTBJ	BPI	1,040.1
	Asset Management One Co., Ltd. (2)	MTBJ	BPI-G	7,443.0
	BlackRock Japan Co., Ltd. (1)	MTBJ	USGOV-H	841.1
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (1)	MTBJ	BPI	1,164.5
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (2)	MTBJ	BPI-G	7,383.6
	Mitsubishi UFJ Trust and Banking Corporation (1)	MTBJ	BPI	582.7
	Mitsubishi UFJ Trust and Banking Corporation (2)	MTBJ	BPI-G	7,760.2
	Resona Asset Management Co., Ltd. (1)	MTBJ	BPI	581.8
	Resona Asset Management Co., Ltd. (2)	MTBJ	BPI-G	7,059.0
	Resona Asset Management Co., Ltd. (3)	MTBJ	USGOV-H	649.3
Domestic bonds active fund	Asset Management One Co., Ltd. (3) (former Mizuho Trust & Banking)	MTBJ	BPI	413.8
	Amundi Japan Ltd (1)	MTBJ	BPI	585.6
	Tokio Marine Asset Management Co., Ltd. (1)	MTBJ	BPI	4.3
	Nikko Asset Management Co.,Ltd. (1)	MTBJ	BPI	415.5
	Nissay Asset Management Corporation (1)	MTBJ	BPI	660.2
	Nomura Asset Management Co., Ltd. (1)	MTBJ	BPI	691.5
	PGIM Japan Co., Ltd. (1)	MTBJ	BPI	1,119.7
	PIMCO Japan Ltd (Pacific Investment Management Company LLC (PIMCO), etc.)	MTBJ	BPI	1,213.0
	Manulife Investment Management (Japan) Limited (1)	MTBJ	BPI	397.7
	Sumitomo Mitsui DS Asset Management Company, Limited (1)	MTBJ	BPI	509.7
	Mitsubishi UFJ Trust and Banking Corporation (3)	MTBJ	BPI	477.6
	In-house investment (1)	MTBJ	BPI	7,409.1
	In-house investment (2)	MTBJ	-	12,777.4
	In-house investment (3)	MTBJ	-	953.6
Domestic bonds others	In-house investment (4)	MTBJ	-	1,277.1
Foreign bonds passive fund	Asset Management One Co., Ltd. (4) (former Mizuho Trust & Banking)	MTBJ	WGBI-EXC	4,405.6
	State Street Global Advisors (Japan) Co., Ltd. (1) (State Street Global Advisors Limited, etc.)	MTBJ	WGBI-EXC	7,043.0
	State Street Global Advisors (Japan) Co., Ltd. (2) (State Street Global Advisors Trust Company, etc.)	MTBJ	USIG	40.6
	Nomura Asset Management Co., Ltd. (2)	MTBJ	WGBI-EXC	3,930.3
	BlackRock Japan Co., Ltd. (4)	MTBJ	WGBI-EXC	6,060.7
	BlackRock Japan Co., Ltd. (5)	MTBJ	WGBI-O-EXC	2,581.4
	BlackRock Japan Co., Ltd. (6)	MTBJ	USGOV	6,983.5
	BlackRock Japan Co., Ltd. (8)	MTBJ	USGOV 10+Y	97.3
	BlackRock Japan Co., Ltd. (9)	MTBJ	EGBI	5,054.4
	BlackRock Japan Co., Ltd. (10)	MTBJ	EGBI 1-3Y	177.5
	BlackRock Japan Co., Ltd. (11)	MTBJ	EGBI 10+Y	71.8
	BlackRock Japan Co., Ltd. (12) (BlackRock Financial Management, Inc., etc.)	MTBJ	USIG	32.1
	BlackRock Japan Co., Ltd. (14) (BlackRock Financial Management, Inc., etc.)	MTBJ	USLONG	60.5
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (3)	MTBJ	WGBI-EXC	5,423.3
	Resona Asset Management Co., Ltd. (5)	MTBJ	WGBI-EXC	5,481.8
	Resona Asset Management Co., Ltd. (6)	MTBJ	WGBI-O-EXC	1,692.6
	Resona Asset Management Co., Ltd. (7)	MTBJ	USGOV	6,522.0
	Resona Asset Management Co., Ltd. (9)	MTBJ	USGOV 10+Y	4.9
	Resona Asset Management Co., Ltd. (10)	MTBJ	EGBI	4,467.0
	Resona Asset Management Co., Ltd. (11)	MTBJ	EGBI 1-3Y	63.7
	Resona Asset Management Co., Ltd. (12)	MTBJ	EGBI 10+Y	27.0
Foreign bonds active fund	Asset Management One Co., Ltd. (5) (Allspring Global Investments LC)	MTBJ	USIG	60.9
	abrdn Japan Limited (abrdn Inc.)	MTBJ	USIG	52.1
	AllianceBernstein Japan Ltd.(2) (AllianceBernstein Inc, Ltd., etc.)	MTBJ	USIG	78.6
	Sompo Asset Management Co.,Ltd. (1) (Agincourt Capital Management,LLC)	MTBJ	USIG	78.4
	T.Rowe Price Japan, Inc. (1) (T.Rowe Price International Ltd.)	MTBJ	EUROHY2%	83.1
	Natixis Investment Managers Japan Co., Ltd. (Loomis, Sayles & Company LP.)	MTBJ	USIG	68.6
	Nissay Asset Management Corporation (2) (NISA investment advisors LLC.)	MTBJ	USINT	83.6
	PineBridge Investments Japan Co., Ltd. (PineBridge Investments LLC)	MTBJ	USHY2%	89.5
	Franklin Templeton Japan Co., Ltd. (1) (Brandywine Global Investment Management, LLC.)	SSTB	G-AGG-EXC	0.5
	Barings Japan Limited(Barings LLC, etc.)	MTBJ	USHY2%	92.6
	Morgan Stanley Investment Management (Japan) Co., Ltd. (1) (Morgan Stanley Investment Management Inc., etc.)	SSTB	G-AGG-EXC	0.2
	Morgan Stanley Investment Management (Japan) Co., Ltd. (2) (Morgan Stanley Investment Management Inc.)	MTBJ	USHY2%	87.7
	UBS Asset Management (Japan) Ltd (UBS Asset Management (UK) Ltd)	MTBJ	EUROHY2%	136.7
	Legal & General Investment Management Japan KK (1) (Legal & General Investment Management America Inc.)	MTBJ	USINT	39.4
Foreign bonds others	In-house investment (5)	SSTB	-	78.3
Domestic equities passive fund	Asset Management One Co., Ltd. (6)(former DIAM)	MTBJ	TOPIX	9,543.2
	Asset Management One Co., Ltd. (7)	MTBJ	FTSE-BL	1,495.3
	Asset Management One Co., Ltd. (8)	MTBJ	FTSE-BLSR	1,398.0
	Asset Management One Co., Ltd. (9)	MTBJ	GPIF-CUSTOM1	580.0
	Asset Management One Co., Ltd. (10)	MTBJ	GPIF-CUSTOM2	610.5
	FIL Investments (Japan) Limited (1) (Geode Capital Management, LLC)	MTBJ	TOPIX	340.7
	BlackRock Japan Co., Ltd. (17)	MTBJ	TOPIX	11,202.7
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (4)	MTBJ	TOPIX	8,485.2
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (5)	MTBJ	SP-C	2,273.7
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (6)	MTBJ	HRZ-DM-EXNA-DE	159.6
	Mitsubishi UFJ Trust and Banking Corporation (4)	MTBJ	TOPIX	3,442.9
	Mitsubishi UFJ Trust and Banking Corporation (5)	MTBJ	MSCI-N-ESG	2,939.3
	Mitsubishi UFJ Trust and Banking Corporation (6)	MTBJ	MSCI-WIN	960.0
	Mitsubishi UFJ Trust and Banking Corporation (7)	MTBJ	GPIF-CUSTOM4	1,785.3
	Mitsubishi UFJ Trust and Banking Corporation (8)	MTBJ	GPIF-CUSTOM5	646.1

(Unit: ¥billion)

Fund Type	Asset manager name (Subcontractor, etc.)	Custodians	Manager benchmark	Market value
Domestic equities passive fund	Resona Asset Management Co., Ltd. (13)	MTBJ	TOPIX	11,028.8
	Resona Asset Management Co., Ltd. (14)	MTBJ	TOPIX-30G	307.0
	Resona Asset Management Co., Ltd. (15)	MTBJ	TOPIX-30V	305.2
	Resona Asset Management Co., Ltd. (16)	MTBJ	TOPIX-70G	95.0
	Resona Asset Management Co., Ltd. (17)	MTBJ	TOPIX-70V	204.5
	Resona Asset Management Co., Ltd. (18)	MTBJ	TOPIX-400G	38.0
	Resona Asset Management Co., Ltd. (19)	MTBJ	TOPIX-400V	149.2
	Resona Asset Management Co., Ltd. (20)	MTBJ	TOPIX-SMALLV	11.0
	Resona Asset Management Co., Ltd. (21)	MTBJ	MO-GD-J	728.8
	Resona Asset Management Co., Ltd. (22)	MTBJ	GPIF-CUSTOM3	354.7
Domestic equities active fund	Asset Management One Co., Ltd. (11)	MTBJ	TOPIX	33.6
	Asset Management One Co., Ltd. (12)	MTBJ	TOPIX	78.9
	Asset Management One Co., Ltd. (13)	MTBJ	TOPIX	30.0
	Asset Management One Co., Ltd. (14)	MTBJ	TOPIX	75.3
	Asset Management One Co., Ltd. (15) (former Mizuho Asset Management)	MTBJ	RN-SG	28.1
	Invesco Asset Management (Japan) Limited (1)	MTBJ	TOPIX	37.5
	Wellington Management Japan Pte Ltd. (1) (Wellington Management Company LLP)	MTBJ	TOPIX	42.4
	Goldman Sachs Asset Management Co., Ltd. (1) (Goldman Sachs Asset Management (Singapore) Pte. Ltd.)	MTBJ	TOPIX	56.8
	JPMorgan Asset Management (Japan) Limited (1)	MTBJ	TOPIX	34.7
	JPMorgan Asset Management (Japan) Limited (2)	MTBJ	MSCI-J	222.9
	Sompo Asset Management Co., LTD. (2) (GLG Partners LP)	MTBJ	TOPIX	57.9
	Tokio Marine Asset Management Co., Ltd. (2)	MTBJ	TOPIX	31.9
	Nikko Asset Management Co., Ltd. (2)	MTBJ	TOPIX	32.9
	Nikko Asset Management Co., Ltd. (3)	MTBJ	TOPIX	73.2
	Nomura Asset Management Co., Ltd. (4)	MTBJ	TOPIX	133.0
	Nomura Asset Management Co., Ltd. (5) (Columbia Management Investment Advisers, LLC)	MTBJ	MSCI-J	34.9
	Pictet Asset Management (Japan) Ltd. (Pictet Asset Management Ltd.)	MTBJ	MSCI-J	33.1
	FIL Investments (Japan) Limited (2)	MTBJ	RN-TG	31.4
	BlackRock Japan Co., Ltd. (18) (BlackRock Institutional Trust Company, etc.)	MTBJ	TOPIX	272.3
	Manulife Investment Management (Japan) Limited (2) (Manulife Investment Management (Europe) Limited)	MTBJ	TOPIX	125.9
	Sumitomo Mitsui DS Asset Management Company, Limited (2)	MTBJ	TOPIX	57.0
	Sumitomo Mitsui DS Asset Management Company, Limited (3)	MTBJ	TOPIX	59.2
	Sumitomo Mitsui DS Asset Management Company, Limited (4)	MTBJ	TOPIX	35.7
	Sumitomo Mitsui DS Asset Management Company, Limited (5)	MTBJ	TOPIX	109.0
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (7)	MTBJ	TOPIX	59.0
	Mitsubishi UFJ Trust and Banking Corporation (9)	MTBJ	TOPIX	267.6
	Lazard Japan Asset Management K.K.	MTBJ	TOPIX	34.8
	Russell Investments Japan Co., Ltd. (1) (M&G Investment Management Limited)	MTBJ	MSCI-J	164.5
Foreign equities passive fund	State Street Global Advisors (Japan) Co., Ltd. (4)	MTBJ	MSCI-A-EXC	4,035.2
	State Street Global Advisors (Japan) Co., Ltd. (5)	MTBJ	MSCI-N	1,218.3
	State Street Global Advisors (Japan) Co., Ltd. (6)	MTBJ	MSCI-EU	411.0
	State Street Global Advisors (Japan) Co., Ltd. (7)	MTBJ	MSCI-P	106.4
	State Street Global Advisors (Japan) Co., Ltd. (8)	MTBJ	MSCI-EXC	870.2
	State Street Global Advisors (Japan) Co., Ltd. (9)	MTBJ	SP-GC	5,224.8
	BlackRock Japan Co., Ltd. (19)	MTBJ	MSCI-A-EXC	8,012.8
	BlackRock Japan Co., Ltd. (20)	MTBJ	MSCI-N	2,171.6
	BlackRock Japan Co., Ltd. (21)	MTBJ	MSCI-EU	611.5
	BlackRock Japan Co., Ltd. (22)	MTBJ	MSCI-EXC	295.0
	BlackRock Japan Co., Ltd. (23)	MTBJ	HRZ-NA	2,516.2
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (8)	MTBJ	MSCI-N	6,366.9
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (9)	MTBJ	MSCI-EU	632.6
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (10)	MTBJ	MSCI-P	114.9
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (11)	MTBJ	MSCI-EXC	1,517.3
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (12)	MTBJ	HRZ-DM-EXNA-FE	834.7
	Legal & General Investment Management Japan KK (2) (Legal & General Investment Management Limited, etc.)	MTBJ	MSCI-A-EXC	8,963.9
	Legal & General Investment Management Japan KK (3) (Legal & General Investment Management Limited, etc.)	MTBJ	MSCI-N	956.5
	Legal & General Investment Management Japan KK (4) (Legal & General Investment Management Limited, etc.)	MTBJ	MSCI-US30	308.7
	Legal & General Investment Management Japan KK (5) (Legal & General Investment Management Limited, etc.)	MTBJ	MSCI-US100	78.3
	Legal & General Investment Management Japan KK (6) (Legal & General Investment Management Limited, etc.)	MTBJ	MSCI-USLG	142.7
	Legal & General Investment Management Japan KK (7) (Legal & General Investment Management Limited, etc.)	MTBJ	MSCI-USLV	267.8
	Legal & General Investment Management Japan KK (8) (Legal & General Investment Management Limited, etc.)	MTBJ	MSCI-CA	33.5
	Legal & General Investment Management Japan KK (9) (Legal & General Investment Management Limited, etc.)	MTBJ	MSCI-EU	485.5
	Legal & General Investment Management Japan KK (10) (Legal & General Investment Management Limited, etc.)	MTBJ	MSCI-P	92.3
	Legal & General Investment Management Japan KK (11) (Legal & General Investment Management Limited, etc.)	MTBJ	MSCI-EASEALG	79.6
	Legal & General Investment Management Japan KK (12) (Legal & General Investment Management Limited, etc.)	MTBJ	MSCI-EASEALV	137.4
	Legal & General Investment Management Japan KK (13) (Legal & General Investment Management Limited, etc.)	MTBJ	MSCI-EXC	535.8
	Legal & General Investment Management Japan KK (14) (Legal & General Investment Management Limited, etc.)	MTBJ	MSCI-A-ESG	2,490.5
	Legal & General Investment Management Japan KK (15) (Legal & General Investment Management Limited, etc.)	MTBJ	MO-GD	732.3
Foreign equities active fund	Asset Management One Co., Ltd.(16) (WorldQuant Millennium Institutional Advisor JP, LLC.)	MTBJ	MSCI-EAFE	208.6
	Asset Management One Co., Ltd. (17) (former Mizuho Asset Management) (Allspring Global Investments, LLC.)	MTBJ	MSCI-E	0.7
	Asset Management One Co., Ltd.(18) (WorldQuant Millennium Institutional Advisor JP, LLC.)	MTBJ	FR-1000	532.2

(Unit: ¥billion)

Fund Type	Asset manager name (Subcontractor, etc.)	Custodians	Manager benchmark	Market value
Foreign equities active fund	Amundi Japan Ltd (2) (Victory Capital Management Inc.)	MTBJ	SP-500	279.8
	Wellington Management Japan Pte Ltd. (2) (Wellington Management Company LLP)	MTBJ	SP-500	46.0
	MFS Investment Management K.K.(1) (Massachusetts Financial Services Company)	MTBJ	MSCI-EAFE	136.4
	MFS Investment Management K.K.(2) (Massachusetts Financial Services Company)	MTBJ	MSCI-EAFEG	43.3
	Goldman Sachs Asset Management Co., Ltd (2) (Goldman Sachs Asset Management, L.P.)	MTBJ	MSCI-EAFE	44.7
	Goldman Sachs Asset Management Co., Ltd (3) (Goldman Sachs Asset Management, L.P.)	MTBJ	MSCI-EAFE	71.0
	JPMorgan Asset Management (Japan) Limited (3) (JPMorgan Asset Management (UK) Limited, etc.)	MTBJ	MSCI-K	197.9
	JPMorgan Asset Management (Japan) Limited (4) (J.P. Morgan Investment Management Inc.)	MTBJ	SP-500	113.5
	JPMorgan Asset Management (Japan) Limited (5) (J.P. Morgan Investment Management Inc.)	MTBJ	SP-500	474.0
	JPMorgan Asset Management (Japan) Limited (6) (J.P. Morgan Investment Management Inc.)	MTBJ	FR-3000G	226.9
	Sompo Asset Management Co.,Ltd. (3) (Numeric Investors LLC)	MTBJ	MSCI-K	45.0
	Sompo Asset Management Co.,Ltd. (4) (Montrusco Bolton Investments Inc)	MTBJ	MSCI-K	122.9
	Sompo Asset Management Co.,Ltd.(5) (Los Angeles Capital Management LLC)	MTBJ	MSCI-EAFE	45.4
	Sompo Asset Management Co., LTD. (6) (Numeric Investors LLC)	MTBJ	MSCI-EAFE	167.1
	T.Rowe Price Japan, Inc. (2) (T.Rowe Price Associates, Inc.)	MTBJ	SP-500	531.0
	T.Rowe Price Japan, Inc. (3) (T.Rowe Price Associates, Inc.)	MTBJ	FR-3000	86.3
	Tokio Marine Asset Management Co., Ltd. (3) (Epoch Investment Partners, Inc.)	MTBJ	MSCI-K	40.5
	Tokio Marine Asset Management Co., Ltd. (4) (Threadneedle Asset Management Limited)	MTBJ	MSCI-EAFE	114.1
	Tokio Marine Asset Management Co., Ltd. (5) (Great Lakes Advisors, LLC)	MTBJ	MSCI-EAFE	79.9
	Tokio Marine Asset Management Co., Ltd. (6) (Applied Finance Capital Management, LLC.)	MTBJ	FR-1000	50.9
	Tokio Marine Asset Management Co., Ltd. (7) (Applied Finance Capital Management, LLC.)	MTBJ	FR-1000V	48.0
	Tokio Marine Asset Management Co., Ltd. (8) (Columbia Management Investment Advisers, LLC)	MTBJ	FR-1000V	86.4
	Tokio Marine Asset Management Co., Ltd. (9) (M.D. SASS, LLC)	MTBJ	FR-1000V	57.2
	Tokio Marine Asset Management Co., Ltd. (10) (Epoch Investment Partners, Inc.)	MTBJ	FR-3000	49.0
	Tokio Marine Asset Management Co., Ltd. (11) (Jacobs Levy Equity Management, Inc.)	MTBJ	FR-3000G	43.0
	Tokio Marine Asset Management Co., Ltd. (12) (Jacobs Levy Equity Management, Inc.)	MTBJ	FR-3000V	182.6
	Tokio Marine Asset Management Co., Ltd. (13) (Jacobs Levy Equity Management, Inc.)	MTBJ	FR-T200	165.9
	Tokio Marine Asset Management Co., Ltd. (14) (Columbia Management Investment Advisers, LLC)	MTBJ	FR-MV	46.7
	Nikko Asset Management Co.,Ltd. (4) (Osmosis Investment Management UK Limited)	MTBJ	MSCI-K	409.8
	Nissay Asset Management Corporation (3) (Jupiter Asset Management Limited)	MTBJ	MSCI-K-IMI	240.1
	Nissay Asset Management Corporation (4) (Jupiter Asset Management Limited)	MTBJ	MSCI-EAFE	99.9
	Nissay Asset Management Corporation (5) (Mackenzie Investments Corporation)	MTBJ	MSCI-EAFE	44.4
	Nissay Asset Management Corporation (6) (The Putnam Advisory Company, LLC)	MTBJ	FR-1000V	384.6
	Nissay Asset Management Corporation (7) (The Putnam Advisory Company, LLC)	MTBJ	FR-3000	164.3
	Neuberger Berman East Asia Limited (1) (Neuberger Berman Investment Advisers LLC)	MTBJ	FR-1000G	43.6
	Nomura Asset Management Co., Ltd. (6)	MTBJ	MSCI-K	135.5
	Nomura Asset Management Co., Ltd. (7)	MTBJ	MSCI-K	118.6
	Nomura Asset Management Co., Ltd. (8) (Hotchkis and Wiley Capital Management, LLC)	MTBJ	MSCI-K	44.7
	Nomura Asset Management Co., Ltd. (9) (CIBC Asset Management Inc.)	MTBJ	MSCI-CA	48.1
	Nomura Asset Management Co., Ltd. (10) (Acadian Asset Management LLC)	MTBJ	MSCI-EAFE	97.9
	Nomura Asset Management Co., Ltd. (11) (NS Partners Ltd)	MTBJ	MSCI-EAFE	120.8
	Nomura Asset Management Co., Ltd. (12) (Connor, Clark& Lunn Investment Management Ltd.)	MTBJ	SP-TSX	167.8
	Nomura Asset Management Co., Ltd. (13) (Acadian Asset Management LLC)	MTBJ	FR-1000	494.2
	Nomura Asset Management Co., Ltd. (14) (Acadian Asset Management LLC)	MTBJ	FR-1000V	46.5
	BNP Paribas Asset Management Japan Limited (1) (BNP Paribas Asset Management Europe)	MTBJ	MSCI-K	165.1
	BNP Paribas Asset Management Japan Limited (2) (Impax Asset Management LLC)	MTBJ	SP-500	0.2
	FIL Investments (Japan) Limited (3) (Fidelity Institutional Asset Management (FIAM))	MTBJ	MSCI-K-IMI	70.1
	FIL Investments (Japan) Limited (4) (Fidelity Institutional Asset Management (FIAM))	MTBJ	FR-1000G	69.2
	BlackRock Japan Co., Ltd. (24) (BlackRock Institutional Trust Company, etc.)	MTBJ	MSCI-K	426.9
	BlackRock Japan Co., Ltd. (25) (BlackRock Institutional Trust Company, etc.)	MTBJ	MSCI-EAFE	298.5
	BlackRock Japan Co., Ltd. (26) (BlackRock Institutional Trust Company, N.A., etc.)	MTBJ	FR-1000	277.1
	BlackRock Japan Co., Ltd. (27) (BlackRock Financial Management, Inc.)	MTBJ	FR-1000V	0.1
	Franklin Templeton Japan Co., Ltd. (2) (Franklin Advisers, Inc.)	MTBJ	MSCI-EAFE	70.1

(Unit: ¥billion)

Fund Type	Asset manager name (Subcontractor, etc.)	Custodians	Manager benchmark	Market value
Foreign equities active fund	Franklin Templeton Japan Co., Ltd. (3) (Brandywine Global Investment Management, LLC.)	MTBJ	FR-1000V	258.4
	Bayview Asset Management Co, Ltd. (Victory Capital Management Inc.)	MTBJ	MSCI-EAFE	203.8
	Manulife Investment Management (Japan) Limited (3) (Manulife Investment Management (US) LLC)	MTBJ	FR-3000	97.9
	Sumitomo Mitsui DS Asset Management Company, Limited (6) (Edmond de Rothschild Asset Management(France))	MTBJ	MSCI-K-IMI	98.7
	Mitsubishi UFJ Trust and Banking Corporation (10) (Baillie Gifford Overseas Limited)	MTBJ	MSCI-AG-EXC	1.1
	Russell Investments Japan Co., Ltd. (2) (PineStone Asset Management Inc.)	MTBJ	MSCI-EAFE	64.2
Alternative infrastructure	DBJ Asset Management Co., Ltd. (1)	SSTB	-	69.9
	DBJ Asset Management Co., Ltd. (2)	SSTB	-	84.7
	DBJ Asset Management Co., Ltd. (3)	SSTB	-	23.5
	Gatekeeper : Nomura Asset Management Co., Ltd. (15) Fund of Funds Manager : Pantheon	SSTB	-	398.4
	Gatekeeper : Nomura Asset Management Co., Ltd. (16) Fund of Funds Manager : Pantheon	SSTB	-	223.6
	Gatekeeper : Sumitomo Mitsui DS Asset Management Company, Limited (7) Fund of Funds Manager : StepStone Infrastructure & Real Assets	SSTB	-	650.6
	Gatekeeper : Sumitomo Mitsui DS Asset Management Company, Limited (8) Fund of Funds Manager : StepStone Infrastructure & Real Assets	SSTB	-	360.0
	In-house investment (6) (Unit Trust Manager : Nissay Asset Management Corporation)	SSTB	-	182.3
	In-house investment (7)	SSTB	-	18.8
	In-house investment (10)	SSTB	-	23.4
	In-house investment (11)	SSTB	-	17.2
	In-house investment (13)	SSTB	-	13.0
Alternative private equity	Gatekeeper : Neuberger Berman East Asia Limited (2) Fund of Funds Manager : NB Alternatives Advisers LLC	SSTB	-	403.2
	Gatekeeper : Mitsubishi UFJ Trust and Banking Corporation (11) Fund of Funds Manager: Hamilton Lane Advisors, L.L.C.	SSTB	-	330.8
	Gatekeeper and Fund of Funds Manager: Mitsubishi UFJ Trust and Banking Corporation (12) Investment Advisor: Alternative Investment Capital Limited	SSTB	-	29.0
	In-house investment (14) (Unit Trust Manager : Nissay Asset Management Corporation)	SSTB	-	56.9
	In-house investment (15)	SSTB	-	12.2
	In-house investment (16)	SSTB	-	27.1
	In-house investment (18)	SSTB	-	6.5
Alternative real estate	Gatekeeper : Asset Management One Co., Ltd. (19) Fund of Funds Manager :CBRE Investment Management Indirect Limited	SSTB	-	733.1
	Gatekeeper : Asset Management One Co., Ltd. (20) Fund of Funds Manager :CBRE Investment Management Indirect Limited	SSTB	-	116.9
	Tokyu Land Capital Management Inc.	SSTB	-	36.5
	Gatekeeper : Mizuho Trust & Banking Co., Ltd. Fund of Funds Manager : LaSalle Investment Management, Inc.	SSTB	-	101.4
	Gatekeeper : Mitsubishi UFJ Trust and Banking Corporation (13)	SSTB	-	237.3
	In-house investment (21)	SSTB	-	27.6
	In-house investment (22)	SSTB	-	3.9
Total	41 asset managers, 232 Funds			249,531.5

(Unit: ¥billion)

	Custodian, etc. name		Market value
Custody	State Street Trust and Banking Co., Ltd.	SSTB	4,266.7
	The Master Trust Bank of Japan, Ltd.	MTBJ	245,505.6
Total			249,772.3

(Unit: ¥billion)

	Fund name	Custodians	Market value
Stock Index Futures	Domestic Stock Index Futures	MTBJ	190.5
	Foreign Stock Index Futures	MTBJ	50.1
Total			240.7

(Note 1) While the 41 asset managers in the total column do not include in-house investment, the 232 funds in the total column include 16 in-house investment funds.

(Note 2) The figure in the total market value column for funds managed by asset managers does not include accrued dividend income from closed funds (statutory trust accounts).

(Note 3) Figures in the market value column for custodian banks do not include accrued dividend income (foreign equities: ¥9.8 billion) from closed funds (statutory trust accounts).

(Note 4) Returns from stock index futures transactions are treated as reference data because they are offset with the lost returns from the corresponding funds. In FY 2024, the amount of returns was ¥16.1 billion for domestic stock index futures funds and -¥1.2 billion for foreign stock index futures funds.

(Note 5) Manager benchmarks are shown in the following table and the sources of those benchmarks are as listed in the right-hand column of the following table.

(Note 6) For GPIF CUSTOM, please refer to page 85.

Chapter 3

	Manager benchmark		Source of benchmark
Domestic bonds	BPI	NOMURA-BPI (excluding ABS)	Nomura Research Institute, Ltd.
	BPI-G	NOMURA-BPI Government Bonds	Nomura Research Institute, Ltd.
	USGOV-H	FTSE US Government Bond Index (JPY hedged/JPY basis)	FTSE Fixed Income LLC
Foreign bonds	WGBI-EXC	FTSE World Government Bond Index (not incl. JPY, CNY, no hedge/JPY basis)	FTSE Fixed Income LLC
	WGBI-O-EXC	FTSE World Government Bond Index (not incl. JPY, USD, EUR, CNY, no hedge/JPY basis)	FTSE Fixed Income LLC
	USGOV	FTSE US Government Bond Index (no hedge/JPY basis)	FTSE Fixed Income LLC
	USGOV 10+Y	FTSE US Government Bond 10+Years Index(no hedge/JPY basis)	FTSE Fixed Income LLC
	EGBI	FTSE EMU Government Bond Index (no hedge/JPY basis)	FTSE Fixed Income LLC
	EGBI 1-3Y	FTSE EMU Government Bond Index 1-3years (no hedge/JPY basis)	FTSE Fixed Income LLC
	EGBI 10+Y	FTSE EMU Government Bond 10+Years Index(no hedge/JPY basis)	FTSE Fixed Income LLC
	G-AGG-EXC	Bloomberg Global Aggregate Index (not incl. JPY, CNY, no hedge/JPY basis)	Bloomberg Index Services Limited
	USIG	Bloomberg US Corporate Bond Index (no hedge/JPY basis)	Bloomberg Index Services Limited
	USINT	Bloomberg US Corporate Bond 1-10years Index (no hedge/JPY basis)	Bloomberg Index Services Limited
	USLONG	Bloomberg US Corporate Bond 10+Years Index (no hedge/JPY basis)	Bloomberg Index Services Limited
	USHY2%	Bloomberg US Corporate High Yield 2% Issuer Capped Bond Index (no hedge/JPY basis)	Bloomberg Index Services Limited
	EUROHY2%	Bloomberg EURO Corporate High Yield 2% Issuer Capped Bond Index (no hedge/JPY basis)	Bloomberg Index Services Limited
Domestic equities	TOPIX	TOPIX (incl. dividends)	JPX Market Innovation & Research, Inc.
	TOPIX-30G	TOPIX Core 30 Growth (incl. dividends)	JPX Market Innovation & Research, Inc.
	TOPIX-30V	TOPIX Core 30 Value (incl. dividends)	JPX Market Innovation & Research, Inc.
	TOPIX-70G	TOPIX Large 70 Growth (incl. dividends)	JPX Market Innovation & Research, Inc.
	TOPIX-70V	TOPIX Large 70 Value (incl. dividends)	JPX Market Innovation & Research, Inc.
	TOPIX-400G	TOPIX Mid 400 Growth (incl. dividends)	JPX Market Innovation & Research, Inc.
	TOPIX-400V	TOPIX Mid 400 Value (incl. dividends)	JPX Market Innovation & Research, Inc.
	TOPIX-SMALLV	TOPIX Small Value (incl. dividends)	JPX Market Innovation & Research, Inc.
	RN-TG	RUSSELL/NOMURA Total Market Growth Index (incl. dividends)	Nomura Research Institute, Ltd.
	RN-SG	RUSSELL/NOMURA Small Cap Growth Index (incl. dividends)	Nomura Research Institute, Ltd.
	MSCI-N-ESG	MSCI Nihonkabu ESG Select Leaders Index	MSCI G.K.
	MSCI-WIN	MSCI Japan Empowering Women Index (WIN)	MSCI G.K.
	MSCI-J	MSCI Japan (incl.dividents)	MSCI G.K.
	FTSE-BL	FTSE Blossom Japan Index	FTSE International Limited
	FTSE-BLSR	FTSE Blossom Japan Sector Relative Index	FTSE International Limited
	MO-GD-J	Morningstar Japan ex-REIT Gender Diversity Tilt Index	Morningstar Japan,Inc.
	SP-C	S&P/JPX Carbon Efficient Index	S&P Opco,LLC
	HRZ-DM-EXNA-DE	Horizon Custom Beta Balancer DM ex NA Domestic Equity (incl. dividends)	Applied Academics Ltd.
	GPIF-CUSTOM1	GPIF customized for risk adjustment 1	-
	GPIF-CUSTOM2	GPIF customized for risk adjustment 2	-
	GPIF-CUSTOM3	GPIF customized for risk adjustment 3	-
	GPIF-CUSTOM4	GPIF customized for risk adjustment 4	-
	GPIF-CUSTOM5	GPIF customized for risk adjustment 5	-
Foreign equities	MSCI-A-EXC	MSCI ACWI (not incl. Japan, China A, JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-AG-EXC	MSCI ACWI Growth (not incl. Japan, China A, JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-K	MSCI KOKUSAI (JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-K-IMI	MSCI KOKUSAI IMI (JPY basis,incl.dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-N	MSCI North America (JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-US30	MSCI USA30 (JPY basis,incl.dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-US100	MSCI USA100 (JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-USLG	MSCI USA Large Cap Growth (JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-USLV	MSCI USA Large Cap Value (JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-CA	MSCI Canada (JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-EU	MSCI Europe & Middle East (JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-P	MSCI Pacific (not incl. Japan, JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-EAFE	MSCI EAFE (JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-EAFEG	MSCI EAFE Growth (JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-EASEALG	MSCI EASEA Large Cap Growth (JPY basis, incl.dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-EASEALV	MSCI EASEA Large Cap Value (JPY basis, incl.dividends, after taking into account GPIF dividend tax factors)	MSCI G.K.
	MSCI-E	MSCI EMERGING MARKETS (JPY basis, incl. dividends, after deducting taxes)	MSCI G.K.
	MSCI-EXC	MSCI EMERGING MARKETS (not incl. China A, JPY basis, incl. dividends, after deducting taxes)	MSCI G.K.
	MSCI-A-ESG	MSCI ACWI ESG Universal Index (not incl. Japan, China A, JPY basis, incl. dividends, after taking into account GPIF dividend taxes factors)	MSCI G.K.
	MO-GD	Morningstar Developed Markets (ex Japan) Gender Diversity Index(JPY basis, incl. dividends, before deducting taxes)	Morningstar Japan,Inc.
	SP-GC	S&P Global Ex-Japan LargeMidCap Carbon Efficient Index (JPY basis)	S&P Opco,LLC
	SP-500	S&P500(JPY basis, incl. dividends)	S&P Opco,LLC
	SP-TSX	S&P/TSX Capped Composite Index (JPY basis, incl. dividends)	TSX Inc.
	FR-1000	RUSSELL 1000 Index(JPY basis, incl. dividends)	FRANK RUSSELL COMPANY
	FR-1000G	RUSSELL 1000 Growth Index(JPY basis, incl. dividends)	FRANK RUSSELL COMPANY
	FR-1000V	RUSSELL 1000 Value Index(JPY basis, incl. dividends)	FRANK RUSSELL COMPANY
	FR-3000	RUSSELL 3000 Index(JPY basis, incl. dividends)	FRANK RUSSELL COMPANY
	FR-3000G	RUSSELL 3000 Growth Index(JPY basis, incl. dividends)	FRANK RUSSELL COMPANY
	FR-3000V	RUSSELL 3000 Value Index(JPY basis, incl. dividends)	FRANK RUSSELL COMPANY
	FR-T200	RUSSELL Top 200 Index(JPY basis, incl. dividends)	FRANK RUSSELL COMPANY
	FR-MV	RUSSELL Midcap Value Index(JPY basis, incl. dividends)	FRANK RUSSELL COMPANY
	HRZ-NA	Horizon Custom Beta Balancer North America Equity (JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	Applied Academics Ltd.
	HRZ-DM-EXNA-FE	Horizon Custom Beta Balancer DM ex NA Foreign Equity (JPY basis, incl. dividends, after taking into account GPIF dividend tax factors)	Applied Academics Ltd.

[4] Investment performance by manager, etc.

① Investment performance (over the last year) (from April 2024 to March 2025)

Fund Type	Asset manager name	Time-weighted return (A)	Benchmark return (B)	Excess rate of return (C)＝(A)－(B)	Remarks column
Domestic bonds passive fund	Asset Management One Co., Ltd. (1)(former Mizuho Trust & Banking)	-4.73%	-4.73%	-0.00%	
	Asset Management One Co., Ltd. (2)	-4.95%	-4.94%	-0.01%	
	BlackRock Japan Co., Ltd. (1)	-1.53%	-1.08%	-0.45%	
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (1)	-4.73%	-4.73%	-0.00%	
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (2)	-4.95%	-4.94%	-0.01%	
	Mitsubishi UFJ Trust and Banking Corporation (1)	-4.70%	-4.73%	+0.03%	
	Mitsubishi UFJ Trust and Banking Corporation (2)	-4.96%	-4.94%	-0.02%	
	Resona Asset Management Co., Ltd. (1)	-4.74%	-4.73%	-0.01%	
	Resona Asset Management Co., Ltd. (2)	-4.97%	-4.94%	-0.02%	
	Resona Asset Management Co., Ltd. (3)	-1.11%	-1.08%	-0.03%	
Domestic bonds active fund	Asset Management One Co., Ltd. (3)(former Mizuho Trust & Banking)	-3.72%	-4.73%	+1.01%	
	Amundi Japan Ltd (1)	-4.30%	-4.73%	+0.43%	
	Tokio Marine Asset Management Co., Ltd. (1)	-2.31%	-2.54%	+0.24%	
	Nikko Asset Management Co.,Ltd. (1)	-4.27%	-4.73%	+0.46%	
	Nissay Asset Management Corporation (1)	-4.33%	-4.73%	+0.41%	
	Nomura Asset Management Co., Ltd. (1)	-4.37%	-4.73%	+0.36%	
	PGIM Japan Co., Ltd.	-4.10%	-4.73%	+0.63%	
	PIMCO Japan Ltd	-4.13%	-4.73%	+0.60%	
	Manulife Investment Management (Japan) Limited (1)	-3.61%	-4.73%	+1.12%	
	Sumitomo Mitsui DS Asset Management Company, Limited (1)	-4.23%	-4.73%	+0.50%	
	Mitsubishi UFJ Trust and Banking Corporation (3)	-4.39%	-4.73%	+0.34%	
	In-house investment (1)	-4.65%	-4.73%	+0.08%	
	In-house investment (2)	-5.21%	-	-	
	In-house investment (3)	1.49%	-	-	
Foreign bonds passive fund	Asset Management One Co., Ltd. (4)(former Mizuho Trust & Banking)	1.61%	1.61%	-0.00%	
	State Street Global Advisors (Japan) Co., Ltd. (1)	1.66%	1.61%	+0.05%	
	State Street Global Advisors (Japan) Co., Ltd. (2)	3.88%	3.65%	+0.23%	
	State Street Global Advisors (Japan) Co., Ltd. (3)	-2.02%	-2.02%	-0.00%	
	Nomura Asset Management Co., Ltd. (2)	1.65%	1.61%	+0.04%	
	BlackRock Japan Co., Ltd. (4)	1.60%	1.61%	-0.01%	
	BlackRock Japan Co., Ltd. (5)	-0.82%	-0.84%	+0.02%	
	BlackRock Japan Co., Ltd. (6)	3.36%	3.36%	+0.00%	
	BlackRock Japan Co., Ltd. (7)	2.90%	1.81%	+1.09%	
	BlackRock Japan Co., Ltd. (8)	0.85%	0.24%	+0.61%	
	BlackRock Japan Co., Ltd. (9)	-0.07%	-0.07%	+0.00%	
	BlackRock Japan Co., Ltd. (10)	3.10%	2.76%	+0.34%	
	BlackRock Japan Co., Ltd. (11)	-4.73%	-4.82%	+0.10%	
	BlackRock Japan Co., Ltd. (12)	3.88%	3.65%	+0.23%	
	BlackRock Japan Co., Ltd. (13)	1.04%	0.89%	+0.15%	
	BlackRock Japan Co., Ltd. (14)	3.86%	3.84%	+0.02%	○
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (3)	1.58%	1.61%	-0.02%	
	Resona Asset Management Co., Ltd. (5)	1.61%	1.61%	+0.01%	
	Resona Asset Management Co., Ltd. (6)	-0.91%	-0.84%	-0.07%	
	Resona Asset Management Co., Ltd. (7)	3.20%	3.36%	-0.16%	
	Resona Asset Management Co., Ltd. (8)	2.46%	2.19%	+0.28%	
	Resona Asset Management Co., Ltd. (9)	2.50%	0.24%	+2.26%	
	Resona Asset Management Co., Ltd. (10)	-0.12%	-0.07%	-0.05%	
	Resona Asset Management Co., Ltd. (11)	2.83%	2.76%	+0.07%	
	Resona Asset Management Co., Ltd. (12)	-4.68%	-4.82%	+0.15%	
Foreign bonds active fund	Asset Management One Co., Ltd. (5)	4.36%	3.78%	+0.58%	○
	abrdn Japan Limited	4.08%	3.78%	+0.30%	○
	AllianceBernstein Japan Ltd. (2)	4.33%	3.78%	+0.55%	○
	Sompo Asset Management Co.,Ltd. (1)	3.93%	3.78%	+0.15%	○
	T.Rowe Price Japan, Inc. (1)	5.42%	5.99%	-0.57%	
	Natixis Investment Managers Japan Co., Ltd.	4.13%	3.78%	+0.35%	○
	Nissay Asset Management Corporation (2)	4.12%	3.77%	+0.36%	○
	PineBridge Investments Japan Co., Ltd.	5.20%	6.41%	-1.20%	
	Barings Japan Limited	7.18%	6.41%	+0.77%	
	Morgan Stanley Investment Management (Japan) Co., Ltd. (2)	5.90%	6.41%	-0.50%	
	UBS Asset Management (Japan) Ltd	7.73%	5.99%	+1.75%	
	Legal & General Investment Management Japan KK (1)	3.88%	3.77%	+0.11%	○
Domestic equities passive fund	Asset Management One Co., Ltd. (6) (former DIAM)	-1.48%	-1.55%	+0.07%	
	Asset Management One Co., Ltd. (7)	-1.78%	-1.79%	+0.01%	
	Asset Management One Co., Ltd. (8)	-1.05%	-1.04%	-0.01%	○
	Asset Management One Co., Ltd. (9)	0.25%	0.33%	-0.07%	○
	Asset Management One Co., Ltd. (10)	0.25%	0.34%	-0.09%	○
	FIL Investments (Japan) Limited (1)	-1.56%	-1.55%	-0.02%	
	BlackRock Japan Co., Ltd. (17)	-1.54%	-1.55%	+0.01%	
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (4)	-1.25%	-1.55%	+0.30%	
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (5)	-1.64%	-1.60%	-0.04%	
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (6)	-0.73%	-0.26%	-0.47%	○
	Mitsubishi UFJ Trust and Banking Corporation (4)	-1.54%	-1.55%	+0.00%	
	Mitsubishi UFJ Trust and Banking Corporation (5)	-1.10%	-1.10%	-0.01%	

Fund Type	Asset manager name	Time-weighted return (A)	Benchmark return (B)	Excess rate of return (C)＝(A)－(B)	Remarks column
Domestic equities passive fund	Mitsubishi UFJ Trust and Banking Corporation (6)	2.09%	2.17%	-0.07%	
	Mitsubishi UFJ Trust and Banking Corporation (7)	-1.06%	-0.95%	-0.11%	○
	Mitsubishi UFJ Trust and Banking Corporation (8)	-0.83%	-0.73%	-0.10%	○
	Resona Asset Management Co., Ltd. (13)	-1.51%	-1.55%	+0.04%	
	Resona Asset Management Co., Ltd. (14)	-8.66%	-8.72%	+0.06%	
	Resona Asset Management Co., Ltd. (15)	7.02%	7.16%	-0.14%	
	Resona Asset Management Co., Ltd. (16)	-9.60%	-10.03%	+0.43%	
	Resona Asset Management Co., Ltd. (17)	3.08%	3.21%	-0.13%	
	Resona Asset Management Co., Ltd. (18)	1.98%	2.06%	-0.07%	
	Resona Asset Management Co., Ltd. (19)	-1.76%	-1.72%	-0.04%	
	Resona Asset Management Co., Ltd. (20)	-0.21%	-0.20%	-0.01%	○
	Resona Asset Management Co., Ltd. (21)	-1.04%	-1.05%	+0.01%	
	Resona Asset Management Co., Ltd. (22)	-0.13%	-0.07%	-0.06%	○
Domestic equities active fund	Asset Management One Co., Ltd. (11)	-0.86%	-1.55%	+0.68%	
	Asset Management One Co., Ltd. (12)	4.47%	-1.55%	+6.02%	
	Asset Management One Co., Ltd. (13)	-10.94%	-1.55%	-9.40%	
	Asset Management One Co., Ltd. (14)	-5.90%	-1.55%	-4.35%	
	Asset Management One Co., Ltd. (15)(former Mizuho Asset Management)	-16.24%	-3.28%	-12.96%	
	Invesco Asset Management (Japan) Limited (1)	-0.12%	-1.55%	+1.42%	
	Wellington Management Japan Pte Ltd. (1)	2.64%	-1.55%	+4.19%	
	Goldman Sachs Asset Management Co., Ltd. (1)	1.04%	-1.55%	+2.59%	
	JPMorgan Asset Management (Japan) Limited (1)	2.98%	-1.55%	+4.53%	
	JPMorgan Asset Management (Japan) Limited (2)	-1.46%	-2.92%	+1.46%	
	Sompo Asset Management Co.,Ltd. (2)	0.68%	-1.55%	+2.22%	
	Tokio Marine Asset Management Co., Ltd. (2)	-5.73%	-1.55%	-4.18%	
	Nikko Asset Management Co.,Ltd. (2)	-2.73%	-1.55%	-1.18%	
	Nikko Asset Management Co.,Ltd. (3)	-3.73%	-1.55%	-2.18%	
	Nomura Asset Management Co., Ltd. (4)	-1.69%	-1.55%	-0.14%	
	Nomura Asset Management Co., Ltd. (5)	3.45%	-2.92%	+6.37%	
	Pictet Asset Management (Japan) Ltd.	-1.53%	-2.92%	+1.38%	
	FIL Investments (Japan) Limited (2)	-5.72%	-4.86%	-0.86%	
	BlackRock Japan Co., Ltd. (18)	0.43%	-1.55%	+1.98%	
	Manulife Investment Management (Japan) Limited (2)	8.09%	-1.55%	+9.64%	
	Sumitomo Mitsui DS Asset Management Company, Limited (2)	5.94%	-1.55%	+7.49%	
	Sumitomo Mitsui DS Asset Management Company, Limited (3)	5.81%	-1.55%	+7.36%	
	Sumitomo Mitsui DS Asset Management Company, Limited (4)	4.86%	-1.55%	+6.40%	
	Sumitomo Mitsui DS Asset Management Company, Limited (5)	0.10%	-1.55%	+1.64%	
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (7)	3.66%	-1.55%	+5.21%	
	Mitsubishi UFJ Trust and Banking Corporation (9)	-1.20%	-1.55%	+0.35%	
	Lazard Japan Asset Management K.K.	2.40%	-1.55%	+3.95%	
	Russell Investments Japan Co., Ltd. (1)	-2.14%	-2.92%	+0.78%	
Foreign equities passive fund	State Street Global Advisors (Japan) Co., Ltd. (4)	6.77%	6.76%	+0.01%	
	State Street Global Advisors (Japan) Co., Ltd. (5)	7.03%	6.92%	+0.10%	
	State Street Global Advisors (Japan) Co., Ltd. (6)	5.42%	6.20%	-0.78%	
	State Street Global Advisors (Japan) Co., Ltd. (7)	5.08%	5.58%	-0.50%	
	State Street Global Advisors (Japan) Co., Ltd. (8)	6.65%	6.70%	-0.05%	
	State Street Global Advisors (Japan) Co., Ltd. (9)	7.14%	7.23%	-0.09%	
	BlackRock Japan Co., Ltd. (19)	6.71%	6.76%	-0.05%	
	BlackRock Japan Co., Ltd. (20)	6.37%	6.92%	-0.55%	
	BlackRock Japan Co., Ltd. (21)	6.14%	6.20%	-0.06%	
	BlackRock Japan Co., Ltd. (22)	6.60%	6.70%	-0.11%	
	BlackRock Japan Co., Ltd. (23)	0.76%	0.83%	-0.07%	○
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (8)	4.07%	4.13%	-0.06%	○
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (9)	4.02%	4.16%	-0.14%	○
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (10)	2.43%	2.39%	+0.05%	○
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (11)	7.19%	6.70%	+0.48%	
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (12)	-1.24%	-0.93%	-0.31%	○
	Legal & General Investment Management Japan KK (2)	6.85%	6.76%	+0.08%	
	Legal & General Investment Management Japan KK (3)	6.47%	6.92%	-0.45%	
	Legal & General Investment Management Japan KK (4)	10.52%	10.54%	-0.02%	
	Legal & General Investment Management Japan KK (5)	8.56%	8.60%	-0.03%	
	Legal & General Investment Management Japan KK (6)	7.68%	7.72%	-0.04%	
	Legal & General Investment Management Japan KK (7)	7.86%	7.89%	-0.03%	
	Legal & General Investment Management Japan KK (8)	7.81%	7.84%	-0.03%	
	Legal & General Investment Management Japan KK (9)	5.95%	6.20%	-0.26%	
	Legal & General Investment Management Japan KK (10)	5.32%	5.58%	-0.26%	
	Legal & General Investment Management Japan KK (11)	-3.10%	-3.13%	+0.03%	
	Legal & General Investment Management Japan KK (12)	15.71%	15.86%	-0.16%	
	Legal & General Investment Management Japan KK (13)	6.73%	6.70%	+0.03%	
	Legal & General Investment Management Japan KK (14)	6.15%	6.18%	-0.03%	
	Legal & General Investment Management Japan KK (15)	6.93%	7.01%	-0.08%	
Foreign equities active fund	Asset Management One Co., Ltd. (16)	-0.18%	-0.93%	+0.75%	○
	Asset Management One Co., Ltd. (18)	2.87%	1.40%	+1.47%	○
	Amundi Japan Ltd (2)	3.05%	6.96%	-3.91%	
	Wellington Management Japan Pte Ltd. (2)	5.25%	6.96%	-1.71%	
	MFS Investment Management K.K. (1)	-1.29%	-0.93%	-0.36%	○
	MFS Investment Management K.K. (2)	-3.60%	-4.91%	+1.31%	○
	Goldman Sachs Asset Management Co., Ltd. (2)	-0.70%	-0.93%	+0.23%	○

Fund Type	Asset manager name	Time-weighted return (A)	Benchmark return (B)	Excess rate of return (C)＝(A)－(B)	Remarks column
Foreign equities active fund	Goldman Sachs Asset Management Co., Ltd. (3)	2.24%	-0.93%	+3.17%	○
	JPMorgan Asset Management (Japan) Limited (3)	3.68%	6.76%	-3.09%	
	JPMorgan Asset Management (Japan) Limited (4)	6.54%	6.96%	-0.42%	
	JPMorgan Asset Management (Japan) Limited (5)	-0.63%	1.16%	-1.79%	○
	JPMorgan Asset Management (Japan) Limited (6)	3.18%	5.91%	-2.72%	
	Sompo Asset Management Co.,Ltd. (3)	9.37%	6.76%	+2.61%	
	Sompo Asset Management Co.,Ltd. (4)	-3.41%	6.76%	-10.18%	
	Sompo Asset Management Co.,Ltd. (5)	-0.10%	-0.93%	+0.83%	○
	Sompo Asset Management Co.,Ltd. (6)	-0.43%	-0.93%	+0.50%	○
	T.Rowe Price Japan, Inc. (2)	6.96%	6.96%	-0.00%	
	T.Rowe Price Japan, Inc. (3)	4.01%	5.94%	-1.93%	
	Tokio Marine Asset Management Co., Ltd. (3)	-1.79%	6.76%	-8.55%	
	Tokio Marine Asset Management Co., Ltd. (4)	-3.80%	-0.93%	-2.87%	○
	Tokio Marine Asset Management Co., Ltd. (5)	0.48%	-0.93%	+1.41%	○
	Tokio Marine Asset Management Co., Ltd. (6)	0.19%	1.40%	-1.20%	○
	Tokio Marine Asset Management Co., Ltd. (7)	-2.96%	5.90%	-8.86%	
	Tokio Marine Asset Management Co., Ltd. (8)	3.54%	4.33%	-0.79%	○
	Tokio Marine Asset Management Co., Ltd. (9)	0.13%	4.33%	-4.20%	○
	Tokio Marine Asset Management Co., Ltd. (10)	-3.89%	1.13%	-5.02%	○
	Tokio Marine Asset Management Co., Ltd. (11)	-2.75%	-1.58%	-1.17%	○
	Tokio Marine Asset Management Co., Ltd. (12)	4.13%	3.97%	+0.16%	○
	Tokio Marine Asset Management Co., Ltd. (13)	2.63%	8.16%	-5.54%	
	Tokio Marine Asset Management Co., Ltd. (14)	0.24%	1.05%	-0.81%	
	Nikko Asset Management Co.,Ltd. (4)	5.66%	6.76%	-1.10%	
	Nissay Asset Management Corporation (3)	8.70%	5.93%	+2.77%	
	Nissay Asset Management Corporation (4)	0.27%	-0.93%	+1.20%	○
	Nissay Asset Management Corporation (5)	-0.19%	-0.93%	+0.74%	○
	Nissay Asset Management Corporation (6)	6.80%	5.90%	+0.90%	
	Nissay Asset Management Corporation (7)	1.65%	1.13%	+0.52%	○
	Neuberger Berman East Asia Limited (1)	0.78%	6.48%	-5.70%	
	Nomura Asset Management Co., Ltd. (6)	3.19%	6.76%	-3.58%	
	Nomura Asset Management Co., Ltd. (7)	6.15%	6.76%	-0.62%	
	Nomura Asset Management Co., Ltd. (8)	6.82%	6.76%	+0.06%	
	Nomura Asset Management Co., Ltd. (9)	6.04%	7.84%	-1.80%	
	Nomura Asset Management Co., Ltd. (10)	-2.79%	-0.93%	-1.86%	○
	Nomura Asset Management Co., Ltd. (11)	-4.91%	-0.93%	-3.98%	○
	Nomura Asset Management Co., Ltd. (12)	3.17%	5.68%	-2.51%	○
	Nomura Asset Management Co., Ltd. (13)	2.35%	1.40%	+0.95%	○
	Nomura Asset Management Co., Ltd. (14)	3.53%	4.33%	-0.80%	○
	BNP Paribas Asset Management Japan Limited (1)	5.33%	6.76%	-1.43%	
	BNP Paribas Asset Management Japan Limited (2)	-0.49%	8.37%	-8.86%	
	FIL Investments (Japan) Limited (3)	3.92%	5.93%	-2.01%	
	FIL Investments (Japan) Limited (4)	9.20%	6.48%	+2.72%	
	BlackRock Japan Co., Ltd. (24)	6.90%	6.76%	+0.13%	
	BlackRock Japan Co., Ltd. (25)	-0.39%	-0.93%	+0.54%	○
	BlackRock Japan Co., Ltd. (26)	6.19%	6.53%	-0.34%	
	BlackRock Japan Co., Ltd. (27)	-0.97%	4.85%	-5.83%	
	Franklin Templeton Japan Co., Ltd. (2)	0.30%	-0.93%	+1.23%	○
	Franklin Templeton Japan Co., Ltd. (3)	0.41%	5.90%	-5.49%	
	Bayview Asset Management Co, Ltd.	-1.32%	-0.93%	-0.40%	○
	Manulife Investment Management (Japan) Limited (3)	2.79%	5.94%	-3.15%	
	Sumitomo Mitsui DS Asset Management Company, Limited (6)	0.86%	5.93%	-5.07%	
	Russell Investments Japan Co., Ltd. (2)	-5.23%	-0.93%	-4.30%	○

② Investment performance (alternative assets)

Alternative assets	Investment style	Asset manager name	IRR (local currency)	IRR (JPY)	Local currency	Start of investment	Remarks column
Infrastructure	Specializing in domestic infrastructure	DBJ Asset Management Co., Ltd. (1)	6.39%	6.39%	JPY	March 2018	
	Specializing in foreign infrastructure	DBJ Asset Management Co., Ltd. (2)	2.76%	9.28%	USD	April 2018	
	Specializing in domestic infrastructure	DBJ Asset Management Co., Ltd. (3)	-1.58%	-1.58%	JPY	July 2023	
	Global-Core	Nomura Asset Management Co., Ltd. (15)	6.21%	12.87%	USD	February 2018	
	Global-Core	Nomura Asset Management Co., Ltd. (16)	5.06%	10.31%	USD	December 2021	
	Global-Core	Sumitomo Mitsui DS Asset Management Company, Limited (7)	5.53%	11.65%	USD	January 2018	
	Global-Core	Sumitomo Mitsui DS Asset Management Company, Limited (8)	8.25%	14.03%	USD	September 2021	
	Global-Core	In-house investment (6)	2.76%	5.56%	USD	February 2014	
	Global-Infrastructure	In-house investment (7)	-0.22%	-2.27%	EUR	March 2024	
	Global-Infrastructure	In-house investment (8)	-	-	USD	March 2025	○
	Global-Infrastructure	In-house investment (9)	-	-	USD	December 2024	○
	Global-Infrastructure	In-house investment (10)	25.54%	21.00%	USD	March 2024	
	Global-Infrastructure	In-house investment (11)	6.69%	7.67%	USD	November 2023	
	Global-Infrastructure	In-house investment (12)	-	-	USD	November 2024	○
	Global-Infrastructure	In-house investment (13)	-	-	USD	June 2024	○
Private equity	Global-Diversified Strategy	Neuberger Berman East Asia Limited (2)	8.80%	16.74%	USD	April 2020	
	Global-Diversified Strategy	Mitsubishi UFJ Trust and Banking Corporation (11)	9.18%	16.41%	USD	January 2021	
	Japan-Focused Strategy	Mitsubishi UFJ Trust and Banking Corporation (12)	-0.10%	-0.10%	JPY	January 2022	
	Emerging markets-Diversified	In-house investment (14)	6.03%	11.16%	USD	June 2015	
	Global-Buyout	In-house investment (15)	-12.06%	-5.85%	EUR	July 2023	
	Global-Buyout	In-house investment (16)	-0.82%	-0.61%	EUR	July 2023	
	Global-Buyout	In-house investment (17)	-	-	USD	March 2023	○
	Global-Buyout	In-house investment (18)	-51.19%	-55.04%	USD	March 2023	
	Global-Buyout	In-house investment (19)	-	-	USD	March 2025	○
	Global-Buyout	In-house investment (20)	-	-	USD	February 2025	○
Real estate	Global-Core Commingled Fund Investments	Asset Management One Co., Ltd. (19)	2.14%	8.54%	USD	September 2018	
	Global-Core JV/Club Type Investments	Asset Management One Co., Ltd. (20)	1.82%	5.09%	USD	February 2021	
	Japan-Build to Core	Tokyu Land Capital Management Inc.	-2.31%	-2.31%	JPY	April 2023	
	Global-Core JV/Club Type Investments	Mizuho Trust & Banking Co., Ltd.	6.23%	9.13%	USD	September 2022	
	Japan-Core	Mitsubishi UFJ Trust and Banking Corporation (13)	7.24%	7.24%	JPY	December 2017	
	Global-Opportunistic	In-house investment (21)	7.05%	3.95%	USD	March 2023	
	Global-Opportunistic	In-house investment (22)	-	-	EUR	October 2024	○
	Global-Opportunistic	In-house investment (23)	-	-	USD	September 2023	○

(Note 1) Funds are listed in the order of the Japanese syllabary.
(Note 2) Asset managers entrusted with investment for more than one contract are indicated in numerals.
(Note 3) The time-weighted returns and the benchmark returns are annualized rates that exclude the effect of the trade suspended period for asset transfer.
(Note 4) Excess returns may not equal the value calculated using the figures in the table because the figures are rounded off to two decimal places.
(Note 5) Time-weighted returns do not include returns from securities lending investment.
(Note 6) Internal rate of return (IRR) is a rate of return calculated by taking into account the effects of the size and timing of cash flows of investment target funds during the investment period. The calculation period of IRR is from the start of investment to the end of the current fiscal year.
(Note 7) Actual investments in alternative assets are denominated in major investment currencies. IRR (yen-denominated funds) is calculated by converting cash flows denominated in major investment currencies into yen at the going market exchange rate as of the occurrence of the cash flow and is subject to exchange rate fluctuations throughout the investment period.
(Note 8) A circle in the remarks column indicates an external asset manager whose investment period is less than one year. The rates of return for external asset managers with investment periods of less than one year are those for the investment periods. For alternative assets, however, rates of return are shown only for investments underway for at least one year for which investments in the portfolio companies have already been executed.

[5] Investment fees (three-year cumulative)

(Unit: ¥)

Fund type	Asset manager name	Custodians	Investment fees	Remarks column
Domestic bonds passive fund	Asset Management One Co., Ltd. (1) (former Mizuho Trust & Banking)	MTBJ	116,084,014	
	Asset Management One Co., Ltd. (2)	MTBJ	44,242,337	
	AllianceBernstein Japan Ltd. (1)	MTBJ	131,523,948	
	BlackRock Japan Co., Ltd. (1)	MTBJ	44,904,575	
	BlackRock Japan Co., Ltd. (2)	MTBJ	5,854,684	
	BlackRock Japan Co., Ltd. (3)	MTBJ	61,475,269	
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (1)	MTBJ	255,988,504	
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (2)	MTBJ	48,433,914	
	Mitsubishi UFJ Trust and Banking Corporation (1)	MTBJ	140,958,015	
	Mitsubishi UFJ Trust and Banking Corporation (2)	MTBJ	68,979,494	
	Resona Asset Management Co., Ltd. (1)	MTBJ	29,039,399	
	Resona Asset Management Co., Ltd. (2)	MTBJ	283,982,564	
	Resona Asset Management Co., Ltd. (3)	MTBJ	44,714,083	
	Resona Asset Management Co., Ltd. (4)	MTBJ	12,665,236	
Domestic bonds active fund	Asset Management One Co., Ltd. (3) (former Mizuho Trust & Banking)	MTBJ	810,210,778	
	Amundi Japan Ltd. (1)	MTBJ	489,302,306	
	Tokio Marine Asset Management Co., Ltd. (1)	MTBJ	141,310,884	
	Nikko Asset Management Co., Ltd. (1)	MTBJ	256,266,642	
	Nissay Asset Management Corporation (1)	MTBJ	656,050,313	
	Nomura Asset Management Co., Ltd. (1)	MTBJ	518,948,003	
	PGIM Japan Co., Ltd.	MTBJ	1,270,754,036	
	PIMCO Japan Ltd	MTBJ	2,288,876,734	
	Manulife Investment Management (Japan) Limited (1)	MTBJ	874,086,216	
	Sumitomo Mitsui DS Asset Management Company, Limited (1)	MTBJ	443,988,653	
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (13)	MTBJ	159,210,910	○
	Mitsubishi UFJ Asset Management Co., Ltd.	MTBJ	266,684,001	○
	Mitsubishi UFJ Trust and Banking Corporation (3)	MTBJ	877,133,616	
Foreign bonds passive fund	Asset Management One Co., Ltd. (4) (former Mizuho Trust & Banking)	MTBJ	150,560,918	
	State Street Global Advisors (Japan) Co., Ltd. (1)	MTBJ	249,594,544	
	State Street Global Advisors (Japan) Co., Ltd. (2)	MTBJ	104,988,774	
	State Street Global Advisors (Japan) Co., Ltd. (3)	MTBJ	49,138,167	
	Nomura Asset Management Co., Ltd. (2)	MTBJ	69,465,348	
	BlackRock Japan Co., Ltd. (4)	MTBJ	378,771,480	
	BlackRock Japan Co., Ltd. (5)	MTBJ	138,520,749	
	BlackRock Japan Co., Ltd. (6)	MTBJ	365,928,532	
	BlackRock Japan Co., Ltd. (7)	MTBJ	4,100,425	
	BlackRock Japan Co., Ltd. (9)	MTBJ	299,043,727	
	BlackRock Japan Co., Ltd. (10)	MTBJ	7,417,980	
	BlackRock Japan Co., Ltd. (12)	MTBJ	189,829,039	
	BlackRock Japan Co., Ltd. (13)	MTBJ	163,903,503	
	BlackRock Japan Co., Ltd. (15)	MTBJ	29,143,900	
	BlackRock Japan Co., Ltd. (16)	MTBJ	32,089,843	
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (3)	MTBJ	33,607,020	
	Resona Asset Management Co., Ltd. (5)	MTBJ	57,778,072	
	Resona Asset Management Co., Ltd. (6)	MTBJ	28,646,196	
	Resona Asset Management Co., Ltd. (7)	MTBJ	102,703,803	
	Resona Asset Management Co., Ltd. (8)	MTBJ	4,159,322	
	Resona Asset Management Co., Ltd. (10)	MTBJ	79,014,646	
	Resona Asset Management Co., Ltd. (11)	MTBJ	1,475,369	
Foreign bonds active fund	T.Rowe Price Japan, Inc. (1)	MTBJ	220,726,848	
	PineBridge Investments Japan Co., Ltd.	MTBJ	248,310,158	
	Franklin Templeton Japan Co., Ltd. (1)	SSTB	875,246,954	
	Barings Japan Limited	MTBJ	241,324,599	
	Morgan Stanley Investment Management (Japan) Co., Ltd. (1)	SSTB	1,491,166,546	
	Morgan Stanley Investment Management (Japan) Co., Ltd. (2)	MTBJ	228,461,125	
	UBS Asset Management (Japan) Ltd	MTBJ	1,000,254,667	

(Unit: ¥)

Fund type	Asset manager name	Custodians	Investment fees	Remarks column
Domestic equities passive fund	Asset Management One Co., Ltd. (6) (former DIAM)	MTBJ	569,673,720	
	Asset Management One Co., Ltd. (7)	MTBJ	51,443,101	
	Asset Management One Co., Ltd. (21) (former Mizuho Trust & Banking)	MTBJ	27,472,799	○
	Nomura Asset Management Co., Ltd. (3)	MTBJ	115,568,607	
	Nomura Asset Management Co., Ltd. (17)	MTBJ	80,254,382	○
	FIL Investments (Japan) Limited (1)	MTBJ	331,367,946	
	BlackRock Japan Co., Ltd. (17)	MTBJ	77,214,762	
	BlackRock Japan Co., Ltd. (28)	MTBJ	32,131,131	○
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (4)	MTBJ	431,488,935	
	Sumitomo Mitsui Trust Asset Management Co., Ltd. (5)	MTBJ	100,090,092	
	Mitsubishi UFJ Trust and Banking Corporation (4)	MTBJ	131,343,220	
	Mitsubishi UFJ Trust and Banking Corporation (5)	MTBJ	82,276,482	
	Mitsubishi UFJ Trust and Banking Corporation (6)	MTBJ	50,728,425	
	Resona Asset Management Co., Ltd. (13)	MTBJ	378,116,823	
	Resona Asset Management Co., Ltd. (21)	MTBJ	8,229,395	
Domestic equities active fund	Asset Management One Co., Ltd. (11)	MTBJ	1,673,178,058	
	Asset Management One Co., Ltd. (15) (former Mizuho Asset Management)	MTBJ	188,233,645	
	Invesco Asset Management (Japan) Limited (1)	MTBJ	245,586,363	
	Invesco Asset Management (Japan) Limited (2)	MTBJ	81,832,265	○
	Capital International K.K.	MTBJ	1,312,169,421	○
	Schroder Investment Management (Japan) Limited	MTBJ	225,422,624	○
	Nomura Asset Management Co., Ltd. (18)	MTBJ	91,539,366	○
	FIL Investments (Japan) Limited (2)	MTBJ	1,249,829,613	
	Sumitomo Mitsui DS Asset Management Company, Limited (9)	MTBJ	855,370,995	○
	Lazard Japan Asset Management K.K.	MTBJ	2,651,724,037	
	Russell Investments Japan Co., Ltd. (3)	MTBJ	1,600,911,239	○
Foreign equities passive fund	State Street Global Advisors (Japan) Co., Ltd. (4)	MTBJ	245,505,175	
	State Street Global Advisors (Japan) Co., Ltd. (5)	MTBJ	101,357,719	
	State Street Global Advisors (Japan) Co., Ltd. (6)	MTBJ	24,271,664	
	State Street Global Advisors (Japan) Co., Ltd. (7)	MTBJ	8,138,288	
	State Street Global Advisors (Japan) Co., Ltd. (8)	MTBJ	66,973,004	
	State Street Global Advisors (Japan) Co., Ltd. (9)	MTBJ	554,165,001	
	BlackRock Japan Co., Ltd. (19)	MTBJ	658,846,692	
	BlackRock Japan Co., Ltd. (20)	MTBJ	94,540,938	
	BlackRock Japan Co., Ltd. (21)	MTBJ	41,468,510	
	BlackRock Japan Co., Ltd. (29)	MTBJ	158,584,076	○
	BlackRock Japan Co., Ltd. (30)	MTBJ	86,197,368	○
	BlackRock Japan Co., Ltd. (31)	MTBJ	9,820,104	○
	BlackRock Japan Co., Ltd. (32)	MTBJ	5,427,568	○
	BlackRock Japan Co., Ltd. (33)	MTBJ	5,620,479	○
	Legal & General Investment Management Japan KK (2)	MTBJ	811,561,332	
	Legal & General Investment Management Japan KK (3)	MTBJ	100,994,086	
	Legal & General Investment Management Japan KK (9)	MTBJ	66,192,243	
	Legal & General Investment Management Japan KK (10)	MTBJ	17,128,106	
	Legal & General Investment Management Japan KK (13)	MTBJ	48,939,090	
	Legal & General Investment Management Japan KK (14)	MTBJ	182,537,097	
	Legal & General Investment Management Japan KK (15)	MTBJ	228,973,348	
Foreign equities active fund	Asset Management One Co., Ltd. (17) (former Mizuho Asset Management)	MTBJ	135,780,711	
	Amundi Japan Ltd. (2)	MTBJ	1,161,460,765	
	Wellington Management Japan Pte Ltd.(2)	MTBJ	324,977,442	
	JPMorgan Asset Management (Japan) Limited.(4)	MTBJ	468,204,493	
	JPMorgan Asset Management (Japan) Limited.(6)	MTBJ	1,230,364,486	
	T.Rowe Price Japan, Inc. (2)	MTBJ	3,448,808,712	
	T.Rowe Price Japan, Inc. (3)	MTBJ	2,174,348,383	
	Tokio Marine Asset Management Co., Ltd. (7)	MTBJ	926,476,572	
	Tokio Marine Asset Management Co., Ltd. (13)	MTBJ	577,299,687	
	Tokio Marine Asset Management Co., Ltd. (14)	MTBJ	212,191,836	
	Nissay Asset Management Corporation (6)	MTBJ	2,429,320,301	

(Unit: ¥)

Fund type	Asset manager name	Custodians	Investment fees	Remarks column
Foreign equities active fund	Neuberger Berman East Asia Limited (1)	MTBJ	242,842,861	
	Nomura Asset Management Co., Ltd. (9)	MTBJ	111,325,444	
	BNP Paribas Asset Management Japan Limited. (2)	MTBJ	240,328,731	
	FIL Investments (Japan) Limited (4)	MTBJ	433,808,452	
	BlackRock Japan Co., Ltd. (26)	MTBJ	780,357,809	
	BlackRock Japan Co., Ltd. (27)	MTBJ	80,843,601	
	Franklin Templeton Japan Co., Ltd. (3)	MTBJ	153,813,103	
	Manulife Investment Management (Japan) Limited (3)	MTBJ	378,684,003	
	Mitsubishi UFJ Trust and Banking Corporation (10)	MTBJ	354,321,827	
Alternative infrastructure	DBJ Asset Management Co., Ltd. (2)	SSTB	12,377,256	
	Nomura Asset Management Co., Ltd. (15)	SSTB	715,639,375	
	Nomura Asset Management Co., Ltd. (16)	SSTB	337,244,818	
	Sumitomo Mitsui DS Asset Management Company, Limited (7)	SSTB	702,398,983	
	Sumitomo Mitsui DS Asset Management Company, Limited (8)	SSTB	364,744,380	

(Unit: ¥)

Fund type	Asset manager name	Custodians	Investment fees	Remarks column
Alternative private equity	Neuberger Berman East Asia Limited (2)	SSTB	119,744,735	
	Mitsubishi UFJ Trust and Banking Corporation (11)	SSTB	473,561,701	
	Mitsubishi UFJ Trust and Banking Corporation (12)	SSTB	3,300,000	
Alternative real estate	Asset Management One Co., Ltd. (19)	SSTB	823,711,616	
	Asset Management One Co., Ltd. (20)	SSTB	190,835,929	
	Mizuho Trust & Banking Co., Ltd.	SSTB	327,264,499	
	Mitsubishi UFJ Trust and Banking Corporation (13)	SSTB	894,078,493	

(Unit: ¥)

Fund type	Custodian name	Custodians	Investment fees
Custody	State Street Trust and Banking Co., Ltd.	SSTB	5,492,478,093
	The Master Trust Bank of Japan, Ltd.	MTBJ	26,477,806,899

(Note 1) Funds are listed in the order of the Japanese syllabary.
(Note 2) Asset managers entrusted with investment for more than one contract are indicated in numerals.
(Note 3) Fees include consumption tax.
(Note 4) A circle in the remarks column indicates an external asset manager closed in FY 2024 with less than three years of investment period since April 2022. Funds for which three fiscal years have not elapsed since the signing of the contract or funds for which three fiscal years have elapsed since the signing of the contract but for which fees were paid less than three fiscal years are not listed.
(Note 5) Fees paid to custodian banks include certain fees that are deducted from the entrusted assets, such as custody fees and attorney fees.
(Note 6) The investment fees of State Street Trust and Banking Co., Ltd., related to alternative assets is ¥885,804,173.

Investment returns and fees by securities lending investment (three-year cumulative)

(Unit：¥)

Asset class	Investment returns	Investment fees
Domestic bonds	8,827,267,057	776,799,494
Foreign bonds	42,270,558,842	7,244,958,209
Foreign equities	65,234,703	7,416,380

(Note 1) Returns in the table represent the amount received in the funds.
(Note 2) Fees indicate management fees and agent fees.
(Note 3) Of domestic bonds, revenues from In-house investment funds were 3,453,139,022 yen and fees were 303,876,231 yen.

Index licensing fees (three-year cumulative)

(Unit：¥)

	Index companies	Index licensing fees
Index use	S&P Dow Jones Indices LLC*	488,069,526
	FTSE International Limited*	80,999,994
	MSCI G.K.	1,339,238,788
	Morningstar Japan, Inc.	108,915,912

(Note 1) Index licensing fees are paid by GPIF based on direct contracts with index companies, in order to enable outsourced asset managers to use indexes. Consumption tax is included in the usage fees, but consumption tax is not included in the usage fees of index companies with an asterisk (*) in their names.
(Note 2) Index companies for which three fiscal years have not elapsed since the signing of the contract, and index companies for which three fiscal years have elapsed since the signing of the contract but no usage fees were paid for the last three fiscal years are not listed.

2 | Portfolio Holdings by Asset Category as of Mar. 31, 2025

These lists show the top 10 portfolio holdings as of March 31, 2025 (as of the end of FY 2024) of those indirectly held through external asset managers and those directly held with GPIF's in-house capacity.

These do not represent GPIF's evaluation of individual issuers.

Russia-related assets included in market capitalization at the end of March 2025 are valued at zero in principle, due to restriction on transactions for investors outside Russia, difficulties in settlement and FX transaction, and difficulties in obtaining sufficient trading information.

◯ Domestic bonds holdings in order of market value

No.	Security name	Market value (¥100 million)
1	10-year JGB #371	13,358
2	10-year JGB #373	11,639
3	5-year JGB #174	11,104
4	5-year JGB #176	9,049
5	5-year JGB #166	8,789
6	10-year JGB #372	8,129
7	10-year JGB #377	7,497
8	10-year Inflation-Indexed Bonds JGB #21	6,852
9	5-year JGB #161	6,811
10	5-year JGB #175	6,674
Total	4,708 securities	583,777

◯ Domestic equities holdings in order of market value

No.	Security name	Shares	Market value (¥100 million)
1	TOYOTA MOTOR CORPORATION	866,554,200	23,104
2	SONY GROUP CORPORATION	565,644,500	21,353
3	MITSUBISHI UFJ FINANCIAL GROUP,INC.	1,038,170,500	21,243
4	HITACHI,LTD.	411,641,400	14,317
5	SUMITOMO MITSUI FINANCIAL GROUP,INC.	340,079,000	13,112
6	RECRUIT HOLDINGS CO., LTD.	133,897,700	10,269
7	NINTENDO CO., LTD.	94,932,500	9,675
8	TOKIO MARINE HOLDINGS, INC.	160,601,900	9,343
9	KEYENCE CORPORATION	15,274,300	8,960
10	MIZUHO FINANCIAL GROUP, INC.	214,958,300	8,848
Total	1,801 securities		608,269

◯ Foreign bonds holdings in order of market value

No.	Security name	Market value (¥100 million)
1	US TREASURY N/B 4.375% 05/15/2034	3,635
2	US TREASURY N/B 4.5% 11/15/2033	3,089
3	US TREASURY N/B 4% 02/15/2034	3,079
4	US TREASURY N/B 2.875% 05/15/2032	2,773
5	US TREASURY N/B 3.875% 08/15/2033	2,672
6	US TREASURY N/B 4.25% 11/15/2034	2,647
7	US TREASURY N/B 3.875% 08/15/2034	2,646
8	US TREASURY N/B 1.25% 08/15/2031	2,575
9	US TREASURY N/B 2.75% 08/15/2032	2,565
10	US TREASURY N/B 1.875% 02/15/2032	2,527
Total	8,261 securities	626,602

◯ Foreign equities holdings in order of market value

No.	Security name	Shares	Market value (¥100 million)
1	APPLE INC	81,437,534	27,051
2	MICROSOFT CORP	39,369,873	22,101
3	NVIDIA CORP	133,573,033	21,650
4	AMAZON.COM INC	52,546,997	14,950
5	META PLATFORMS INC-CLASS A	11,994,381	10,338
6	ALPHABET INC-CL A	31,523,614	7,290
7	ALPHABET INC-CL C	26,856,378	6,274
8	BROADCOM INC	24,121,921	6,060
9	TESLA INC	14,877,231	5,766
10	JPMORGAN CHASE & CO	15,406,244	5,651
Total	3,676 securities		591,918

◯ Alternative asset holdings in order of market value

No.	Alternative assets	Security name	Market value (¥100 million)
1	Infrastructure	StepStone G Infrastructure Opportunities, L.P.	6,506
2	Infrastructure	Pantheon G Infrastructure Opportunities LP	3,984
3	Infrastructure	Toranomon Infrastructure 1, L.P.	3,600
4	Infrastructure	Toranomon Infrastructure 2, LP	2,236
5	Infrastructure	Global Alternative Co-Investment Fund I	1,822
6	Infrastructure	DG Infrastructure Opportunities L.P.	847
7	Infrastructure	DG Infrastructure, ILP	699
8	Infrastructure	Toranomon Infrastructure 3 Investment Limited Partnership	235
9	Infrastructure	Brookfield Infrastructure Co-Invest (G), L.P.	233
10	Infrastructure	APG Infrastructure Asset Owner Fund II C.V.	188
11	Infrastructure	Brookfield Infrastructure Fund V-C, L.P.	172
12	Infrastructure	Global Infrastructure Partners V-C, L.P.	130

1	Private Equity	Toranomon Private Equity 1 AIV, L.P.	4,032
2	Private Equity	TORANOMON PRIVATE EQUITY 2 AIV, L.P.	3,308
3	Private Equity	Global Alternative Co-Investment Fund II	569
4	Private Equity	Toranomon Private Equity 3 Investment Limited Partnership	290
5	Private Equity	EQT X (No.1) EUR SCSp	271
6	Private Equity	CVC Capital Partners IX (A) L.P.	120
7	Private Equity	TA XV-B, L.P.	65

1	Real Estate	CBRE G Real Estate Investments, LP	7,331
2	Real Estate	MUTB G Real Estate Fund	2,373
3	Real Estate	Toranomon Real Estate 1, LP	1,169
4	Real Estate	Toranomon Real Estate 2, LP	1,014
5	Real Estate	Toranomon Real Estate 3 Investment Limited Partnership	365
6	Real Estate	Blackstone Real Estate Partners X.F L.P.	276
7	Real Estate	BREP Europe VII (ONT) L.P.	39

(Note 1) Security names are as of March 31, 2025.

(Note 2) In principle, surplus U.S. dollars in each trust account are invested in money market funds (MMFs). As of the end of FY 2024, the balance of MMFs was 281.1 billion yen.

Code of Conduct

【1】Social responsibility

◆ GPIF's mission is to contribute to the stability of the public pension system (Employees' Pension Insurance and National Pensions) by managing the reserve assets and distributing the proceeds to the government.

【2】Fiduciary duty

◆ We fully understand that the reserve assets are instrumental for future pension benefits payments, act solely for the benefit of pension recipients, and pledge to pay due attention as prudent experts in exercising our fiduciary responsibilities. The Chairperson and the members of the Board of Governors shall by no means be motivated by benefitting the organizations to which they belong.

【3】Compliance with laws and maintaining highest professional ethics and integrity

◆ We shall comply with laws and social norms, remain fully cognizant of our social responsibilities associated with pension reserve management, and act with the highest professional ethics and integrity to avoid any distrust or suspicion of the public.

【4】Duty of confidentiality and protecting GPIF's assets

◆ We shall strictly control confidential information that we come to access through our businesses, such as non-public information related to investment policies and investment activities, and never use such information privately or illegally.
◆ We shall effectively use GPIF's assets, both tangible and intangible (e.g., documents, proprietary information, system, and know-how), and protect and manage such assets properly.

【5】Prohibition of pursuing interests other than those of GPIF

◆ We shall never use our occupations or positions for the interests of ourselves, relatives, or third parties.
◆ We shall never seek undue profits at the expense of GPIF.

【6】Fairness of business transactions

◆ We shall respect fair business practices at home and abroad, and treat all counterparties impartially.
◆ We shall never make transactions with anti-social forces or bodies.

【7】Appropriate information disclosure

◆ We shall continue to improve our public information disclosure and public relations activities.
◆ We shall ensure the accuracy and appropriateness of our financial statements and other public documents that are required to be disclosed by laws and ordinances.
◆ We shall remain mindful that our outside activities, regardless of whether business or private (e.g., publications, speeches, interviews, or use of social media) affect the credibility of GPIF, and act accordingly.

【8】Developing human resources and respect in the workplace

◆ We are committed to GPIF's mission by improving our professional skills and expertise, promoting communication and teamwork, and nurturing diverse talents and capabilities.
◆ We shall respect each person's personality, talents and capabilities, perspectives, well-being, and privacy to maintain a good work environment, and never allow discrimination or harassment.

【9】Self-surveillance of illegal or inappropriate activity

◆ Whenever an illegal or inappropriate activity is (or is expected to be) perpetrated by executives, staff, or other related personnel, such activity shall be immediately reported to GPIF through various channels including our whistleblowing system.
◆ When such a report is made, we shall conduct the necessary investigation and take corrective actions and preventive measures according to our internal rules.

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