

Contents

Message from President	1
Chapter 1: Investment Results	3
1. Investment Results in Fiscal 2011	3
(1) Investment returns	3
(2) Investment income	4
(3) Asset allocation	5
(4)Repayments of entrusted funds and servicing of borrowings	6
2. Portfolio Management	7
3. Performance Comparison with the Long-term Return Used in Actuarial Valuation	9
4. Income and Asset Size Since the Start of Discretionary Investment (Fiscal 2001)	10
5. Return by Asset Class in the Last Six- and Two-Year Periods	11

Chapter 2: Activities in Fiscal 2011	13
1. Reviewing External Asset Manager Structure	13
(1) Emerging-market stocks investment	13
(2) Domestic bonds investment	13
2. Cash Outflow Management	15
3. Rebalancing	15
4. Exercise of Voting Rights	16
(1) Domestic stocks	18
(2) International stocks	19
5. Fee Expenses	20
6. Enhancement on an Internal Controls System	21

Chapter 3: Framework for Reserve Fund Investment and Roles of Government Pension Investment Fund	23
1. Framework for Reserve Fund Investment	23
(1) Public pension schemes and the reserve funds	23
(2) Significance of the reserve funds	24
2. Roles of Government Pension Investment Fund	25
(1) Roles of Government Pension Investment Fund	25
(2) Governance Structure of Government Pension Investment Fund	25
(3) Investment strategies	28
(4) Risk management	29
(5) Formulation of the administrative policy on investment management	29

Reference Data	31
1. Investment Assets by Investment Method	31
2. Investment Assets by Manager	32
3. Number of External Managers by Asset and Passive/Active Style	35
4. Investment Performance by Manager	36
(1) Last three fiscal years	36
(2) Last five fiscal years	40

Message from President



The mandate of the Government Pension Investment Fund (GPIF) is to contribute to the stability of the schemes of Employees' Pension Insurance and National Pension by managing and investing the reserve funds that the Minister of Health, Labour and Welfare entrusts to us and by paying return to the Pension Special Account.

In fiscal 2011, we could achieve the plus (positive) rate of return on a full-year basis, affected by market recovery through the end of fiscal year after launching each additional monetary easing measure by major Central Bank and progressing on European debt crisis, although we were faced some deteriorating factors including the debt crisis in Europe and concerns about the US economy slowdown in Q2. We believe to need to observe future market conditions closely and we will continue to pursue to manage the pension reserve fund safely and efficiently in long term investment horizon perspective through the adaptive diversified investment in light of reserve fund nature.

In the second medium term of five years from April 2010 to March 2015, we are striving to improve further the quality of our business while earning a greater level of understanding on the part of the public, through enhancing functions for securing the necessary liquidity in pension benefits while earning greater confidence of the people we serve through a higher degree of transparency realized through means including enhancing our website (http://www.gpif.go.jp)

and through enhancement of surveys and research.

We shall strive to gain the public trust by becoming an organization that steadfastly achieves its mission through contributing to the fiscal stability of the nation's public pension schemes, thereby better securing people's life. All of us at the GPIF are determined to make every effort to see that this goal is met. In this endeavor, I respectfully ask for your understanding and support.

Takahiro Mitani President Government Pension Investment Fund, Japan

Chapter 1: Investment Results

1. Investment Results in Fiscal 2011

(1) Investment returns

The total return for fiscal 2011 was 2.32%.



Note 1: Fiscal 2011 is the year ended March 31, 2012.

Note 2: The GPIF's portfolio consists of the funds invested in the markets (hereinafter "market investment," which is marked to market) and FILP bonds (See Note 4), which are held to maturity and valued at amortized costs.

Note 3: In this Review, return figures are the average of returns of market investment and FILP bonds weighted with investment principal, and are gross of fees. The rate of return on each asset class other than FILP bonds is time-weighted.

Note 4: The FILP bonds are government bonds issued to finance Fiscal Investment and Loan Program (FILP).

(2) Investment income

The investment income for fiscal 2011 was **¥2,609.2 billion**.





Note: Investment incomes are gross of fees.

(3) Asset allocation

The value of the investment assets was ¥113,611.2 billion as of the end of fiscal 2011. The asset allocation was as follows:

[Asset allocation of total investment assets, including FILP bonds]

End of FY 2011

		Market value (¥billion)	Allocation	(Reference) Allocation of Reserve Funds	Asset allocation at the end of FY 2011
Domestic bonds		71,912.7	63.30%	62.64%	4.00%
Market inve	stments	58,478.5	51.47%	11.46%	
FILP	Book value	13,434.2	11.82%	11.70%	
bonds	(Market value)	(13,920.8)	-	-	8.74%
Domesti	ic stocks	14,199.2	12.50%	12.37%	Market investments
Internatio	nal bonds	9,930.1	8.74%	8.65%	Domestic stocks
Internatio	nal stocks	13,020.5	11.46%	11.34%	FILP bonds
Short-ter	m assets	4,548.6	4.00%	5.00%	
Тс	otal	113,611.2	100.00%	100.00%	

Note 1: The figures above are rounded, so the sums do not necessarily match with the total number.

Note 2: The amounts in the Market value column take account of accrued income and unpaid expenses.

Note 3: FILP bonds are the government bonds issued to finance Fiscal Investment and Loan Program (FILP). The GPIF's portfolio consists of market investments, which are marked to market, and FILP bonds, which are held to maturity and valued at amortized costs.

Note 4: The allocation figures in the reference column are derived by fixing the allocation for short term assets at 5% as in the policy asset mix (See page 25) for the convenience of comparison.

(4) Repayments of entrusted funds and servicing of borrowings

In fiscal 2011, the repayment of entrusted funds to the Pension Special Account and so on ("cash outflows" hereinafter) was fulfilled by redemption money and coupon payments of FLIP bonds and selling domestic bonds and international stocks through market.

		April		Мау		June		July		August		September	
		Allocated	Withdrew										
Domestic bonds		0.0	456.6	0.0	349.9	0.0	1,893.6	0.0	326.8	0.0	130.1	0.0	1,370.9
	Market investments	0.0	456.6	0.0	349.9	0.0	553.4	0.0	326.8	0.0	130.1	0.0	37.0
	Fund for cash outflow	-	—	-	-	—	-	-	_	0.0	6.1	0.0	37.0
	FILP bonds	-	0.0	-	0.0	-	1,340.2	-	0.0	-	0.0	-	1,333.9
	Domestic stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	International bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	International stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total	0.0	456.6	0.0	349.9	0.0	1,893.6	0.0	326.8	0.0	130.1	0.0	1,370.9

 Cash outflows
 1,582.1
 0.0
 1,215.9
 0.0
 1,160.3

	Oct	ober	Nove	mber	Dece	ember	Jan	uary	Feb	ruary	Ма	arch	Тс	tal
	Allocated	Withdrew												
Domestic bonds	0.0	128.6	0.0	269.0	0.0	1,357.2	0.0	4.3	0.0	6.0	0.0	1,170.8	0.0	7,463.7
Market investments	0.0	128.6	0.0	269.0	0.0	28.4	0.0	4.3	0.0	6.0	0.0	172.8	0.0	2,462.8
Fund for cash outflow	0.0	3.4	0.0	4.2	0.0	28.4	0.0	4.3	0.0	6.0	0.0	37.1	0.0	126.4
FILP bonds	-	0.0	–	0.0	–	1,328.8	-	0.0	–	0.0	–	998.0	—	5,000.9
Domestic stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
International bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
International stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	80.1	0.0	80.1
Total	0.0	128.6	0.0	269.0	0.0	1,357.2	0.0	4.3	0.0	6.0	0.0	1,250.9	0.0	7,543.8
Cash outflows	40	1.8	0	.0	93	0.0	0	.0	0	.0	0	.0	5,29	90.1

 Cash outflows
 401.8
 0.0
 930.

 Note 1: "Withdrew" figures for fund for cash outflow include redemptions and coupon payments.
 930.

Note 2: "Withdrew" figures for FILP bonds are the sum of redemptions and coupon payments.

Note 3: "Cash outflows" are the sum of repayments of entrusted funds and contributions to the Pension Special Account, net of newly entrusted funds.

Note 4: The figures above are rounded, so the sums do not necessarily match with the total number.

(¥biilion)

0.0

2. Portfolio Management

Asset allocations were managed on the basis of the policy asset mix. Each asset class stayed within the permissible range throughout the fiscal year.



Note1: The solid line depicts the actual asset allocation at the end of month, while the dotted line depicts the weight of each asset in the policy asset mix. Note2: Short-term assets were assumed to be 5% of total assets in calculating the actual asset allocation. Note3: The permissible range of deviations from the policy asset mix: domestic bonds ±8%, domestic stocks ±6%, international bonds ±5%, international stocks ±5%

Column: Handling the situation of worldwide stock plunge triggered by the debt crisis in Europe

International stock markets during the summer of 2011 have fallen sharply in response to factors including the financial crisis in some countries in Europe and worse-than-expected first-guarter U.S. economic indicators announced in July, as the markets moved around their new lows in 2011. Domestic stock market also has fallen sharply in response to concerns about worsening corporate business performance as a result of yen appreciation in currency markets.

Regarding the policy asset mix management, the Medium-term Objectives call for appropriate risk management based on market trends and for considering revision as necessary, even during the medium term, in the event of drastic changes in the markets. In order to confirm whether such drastic changes in the markets as the Medium-term Objectives call for had occurred or not during the worldwide stock plunge situation, we measured and analyzed short-term risk using a stochastic volatility (SV) model suited to estimate risks on a daily basis and the effectiveness of diversified investment in the policy asset mix. In addition, in light of trends in economic indicators, we checked and analyzed whether we can find some long-term structural changes from a macroeconomic perspective. We also discussed results of our analysis, mainly focusing on their influences to the market, in the Investment Committee. Since we were unable to confirm that any long-term structural changes had taken place, we are keeping the policy asset mix established in the second Medium-term Plan.

Since market conditions have continued to change since then, we continue to monitor market trends closely.





Note: The effect of diversification of investment figure on the graph above is the square root of the absolute value of the difference between the variance of the policy asset mix (a) and the weighted sum of variances of individual asset classes (b), given the sign of a-b. Therefore, bigger the figure, smaller the diversification effect.

3. Performance Comparison with the Long-term Return Used in Actuarial Valuation

Regarding the current policy asset mix, which was formulated based on long-term yields assumed in the 2004 actuarial valuation covering fiscal 2003 and onward and was specified as the policy asset mix for the period of the second Medium-term Plan as well, it is expected to yield an annual rate exceeding the rate of nominal wage increase by 1.1% over the long term.

For the nine-year period to fiscal 2011 covered by the above valuation, the rate of nominal wage increase was -0.51% per annum, and the nominal yield in line with the valuation turned out to be 0.58%, which was exceeded by our total return of 2.42% for the above period.

	Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011	Nine-year total (Annualized)
	Real investment yield expected	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
	Actual nominal wage increase rates	-0.27	-0.20	-0.17	0.01	-0.07	-0.26	-4.06	0.68	-0.21	-0.51
	Nominal yield in line with he 2004 actuarial valuation	0.83	0.90	0.93	1.11	1.03	0.84	-3.00	1.79	0.89	0.58
-	otal return of the GPIF	8.40	3.39	9.88	3.70	-4.59	-7.57	7.91	-0.25	2.32	2.42

(%)

4. Income and Asset Size Since the Start of Discretionary Investment (Fiscal 2001)

Cumulative income from fiscal 2001, when we began discretionary investment, through fiscal 2011 is **¥13,998.6 billion** and the value of investment assets at the end of fiscal 2011 was **¥113.6 trillion**.





10

5. Return by Asset Class in the Last Six- and Two-Year Periods

Rate of return on our market investment by asset class for the six years since incorporation as an independent administrative agency (fiscal 2006 - 2011) was approximately that of the benchmark for all asset classes.

In addition, rate of return on our market investment by asset class for the second medium-term period begun in April 2010 (fiscal 2010 - 2011) also was approximately that of the benchmark for all asset classes.

Domestic bonds

Fiscal year	2006	2007	2008	2009	2010	2011	Six-years (Annualized)	Last two-years (Annualized)
Time-weighted return	2.18%	3.31%	1.35%	1.98%	1.95%	2.92%	2.28%	2.43%
Benchmark return	2.17%	3.36%	1.36%	2.03%	1.81%	2.94%	2.28%	2.37%
Excess return	+0.01%	-0.05%	-0.01%	-0.05%	+0.14%	-0.02%	+0.00%	+0.06%

Domestic stocks

Fiscal year	2006	2007	2008	2009	2010	2011	Six-years (Annualized)	Last two-years (Annualized)
Time-weighted return	0.47%	-27.97%	-35.55%	29.40%	-9.04%	0.57%	-9.43%	-4.36%
Benchmark return	0.29%	-28.05%	-34.78%	28.47%	-9.23%	0.59%	-9.43%	-4.45%
Excess return	+0.18%	+0.08%	-0.77%	+0.93%	+0.19%	-0.02%	+0.00%	+0.09%

International bonds

Fiscal year	2006	2007	2008	2009	2010	2011	Six-years (Annualized)	Last two-years (Annualized)
Time-weighted return	10.19%	-0.32%	-6.75%	1.32%	-7.06%	4.77%	0.17%	-1.32%
Benchmark return	10.24%	-0.44%	-6.56%	0.82%	-7.38%	4.96%	0.08%	-1.40%
Excess return	-0.04%	+0.12%	-0.19%	+0.50%	+0.32%	-0.18%	+0.09%	+0.08%

International stocks

Fiscal year	2006	2007	2008	2009	2010	2011	Six-years (Annualized)	Last two-years (Annualized)
Time-weighted return	17.50%	-17.10%	-43.21%	46.11%	2.18%	0.49%	-3.06%	1.33%
Benchmark return	17.67%	-16.92%	-43.42%	46.52%	2.27%	0.34%	-3.03%	1.30%
Excess return	-0.17%	-0.19%	+0.21%	-0.41%	-0.08%	+0.14%	-0.03%	+0.03%

Short-term assets

Fiscal year	2006	2007	2008	2009	2010	2011	Six-years (Annualized)	Last two-years (Annualized)
Time-weighted return	0.26%	0.57%	0.53%	0.16%	0.10%	0.10%	0.29%	0.10%
Benchmark return	0.19%	0.50%	0.39%	0.10%	0.09%	0.08%	0.23%	0.09%
Excess return	+0.06%	+0.07%	+0.14%	+0.06%	+0.01%	+0.01%	+0.06%	+0.01%

Chapter 2: Activities in Fiscal 2011

1. Reviewing External Asset Manager Structure

(1)Emerging-market stocks investment

As market shares of emerging stocks in global markets have been increasing rapidly in recent years, investment in emerging stock markets has become common practice in global institutional investors. To expand opportunities to earn returns, we also have decided, following deliberation in the Investment Committee, to invest in emerging-market stocks and have selected external asset managers in fiscal 2011 following the second and third screening processes.

We carried out the selection process through deliberation by the Investment Committee based on close examination of investment policies, investment processes, organizations and human resources, compliance, efforts for exercise of shareholder voting rights, and administrative processing systems, together with use of external investment consulting firms, and comprehensive evaluation including investment management fees. (See the following page concerning the investment manager selection process.)



Countries included in MSCI-Emerging investment (March 31, 2012)								
Country	Total market value (trillion yen)	Share (%)						
China	52.27	17.2%						
South Korea	45.81	15.1%						
Brazil	45.04	14.8%						
Taiwan	33.44	11.0%						
South Africa	23.04	7.6%						
Russia	20.10	6.6%						
India	19.68	6.5%						
Mexico	14.42	4.7%						
Malaysia	10.22	3.4%						
Indonesia	8.28	2.7%						
Thailand	6.25	2.1%						
Chile	5.57	1.8%						
Poland	4.25	1.4%						
Turkey	4.22	1.4%						
Colombia	3.30	1.1%						
Philippines	2.36	0.8%						
Peru	1.99	0.7%						
Egypt	1.08	0.4%						
Czech Republic	1.01	0.3%						
Hungary	0.92	0.3%						
Morocco	0.43	0.1%						
Total	303.70	100.0%						

(2)Domestic bonds investment

We decided to review and re-evaluate our current external active and passive asset manager structure in domestic bonds. We have conducted public offering to managers who invest in domestic bonds market and have completed the first and second screening processes during fiscal 2011 for implementing appropriate new manager structure.

Investment Manager Selection Process

First screening

O Asset managers eligible for second screening selected based on documents submitted by applicant asset managers.

· Application requirements such as authorization under relevant laws and regulations

· Balance of assets managed and the past performance

Second screening

- O Subject to interviews: new applicant asset managers and existing external asset managers
- O Topics of interviews: investment polices, investment processes, organization/human resources, compliance, administrative processing systems, etc.
- O Asset managers eligible for third screening selected based on results of interviews, implementing overall evaluation of matters other than management fees and taking the investment manager structure into consideration

Third screening

- O Field interviews conducted with new applicant asset managers and existing external asset managers who have passed the second screening (checking matters such as understanding and sharing of investment philosophies and processes among fund managers and others who make investment judgments)
- O Based on the results of interviews, conducting overall evaluation including management fees and selecting asset managers

(Note) The selection process is to be carried out through deliberation by the Investment Committee.

Evaluation criteria

Investment policies

· Are its investment policies clearly defined and in agreement with GPIF policies?

Investment processes

· Has it developed investment processes consistent with its investment policies?

• Are its methods of seeking added value (at a passive asset manager, this refers to methods of matching benchmarks as much as possible while also giving consideration to securing income through efforts such as minimization of total transaction costs; at an active asset manager it refers to methods of seeking excess returns) reasonable, and can they be considered effective?

• Does it have objective recognition of investment risks? Does it conduct appropriate risk management such as ascertaining of deviation from assigned benchmarks?

Organization/HR

· Are its investment policies understood thoroughly in the organization? Are the flow of decision-making and the locations of responsibilities made clear?

· Does it have sufficient experienced managers and others assigned? Has it established risk management systems?

Compliance

· Is a system of internal controls in place for legal and regulatory compliance?

Administrative processing system

Does it have adequate systems etc. for reporting results of investment?

Efforts for exercise of voting rights (stocks only)

• Does it recognize the importance of corporate governance and does it exercise voting rights and take other measures appropriately employing standards it has established for such exercise, based on the thought that the goal of exercising voting rights is maximization of long-term gains to shareholders?

Management fees

2. Cash Outflow Management

We have fulfilled cash outflows by effective use of the redemptions and coupon payments of FILP bonds first and when we have faced some remaining shortages in total cash outflow amounts, we have fulfilled these shortages by selling a part of our investing assets in the market, up to preceding fiscal years. When we should sell our investing assets in the market, we always have done our best effort to select appropriate asset class and to diversify sell timing to be able to minimize influences to the market under analyzing market trend.

Meanwhile, we are facing the situation that our investing amounts of FILP bonds are decreasing and we have decided needs to sell more our investing assets for fulfilling cash outflow than ever. So we have started internally to invest in domestic bonds as a portfolio, named "The Fund for Cash Outflow" in August 2011. After starting to manage "The Fund for Cash Outflow", we are able to fulfill remaining shortage in total cash outflow amounts effectively by using redemptions and coupon payments of "The Fund for Cash Outflow".

3. Rebalancing

As our risk management key strategy, we manage the total risk in our investing total asset mainly by monitoring and analyzing degree of differences between risks on policy asset mix and risks on the actual portfolio. In principle, we make some changes in actual asset mix when percentage of each asset class in actual asset mix exceeds its permissible range("rebalancing" hereinafter). In addition, we periodically analyze and evaluate the need to execute rebalancing even when the divergence is within the permissible range of deviation. Also we evaluate the need of rebalancing in cases such as when the market has undergone substantial changes.

4. Exercise of Voting Rights

The Medium Term Objectives by the Minister of Health, Labour and Welfare stipulate that the GPIF take appropriate measures such as exercising voting rights from the viewpoint of maximizing the long-term interest of shareholders, while paying due consideration not to exert influence on corporate management in the private sector.

In this regard, the GPIF in its Medium-term Plan says, "The GPIF itself does not exercise voting rights and instead entrusts the external asset managers with the exercise of voting rights so as not to give rise to a concern that the GPIF could have a direct influence over corporate management. The GPIF will also suggest to the external managers that they should recognize the importance of corporate governance and that the voting rights should be exercised to maximize the long-term interest of shareholders. The GPIF will ask each external asset manager to establish a detailed proxy voting policy (guideline) and to report the voting results to the GPIF."

In line with the Plan, external managers submit the guideline for voting and annually report voting results to the GPIF. The GPIF holds meetings with the managers on the results, and in the annual evaluation process of each manager by the GPIF, the way a manager exercises voting rights is considered in the qualitative part of evaluation.

In fiscal 2011, we held meetings based on the reports on the votes cast from April to June 2011 and evaluated the external managers based on the reports and the meetings from the viewpoints of "establishing of a guideline for voting," "organizational framework" and "actual implementation."

We determine that the voting rights were appropriately exercised except a small number of cases with which we identified necessary improvements and asked individual managers to act accordingly.

For the voting results for fiscal 2011, please see the tables below.

Exercise of Shareholder Voting Rights



(1) Domestic stocks (April 2011 to March 2012)

Number of external asset managers who exercised proxies Number of external asset managers who did not exercise proxies 14 managers (27 funds) none

		Proposals pertaining to company organization				n	Proposals pertaining to director remuneration, etc.			Proposals pertaining to capital management (excluding items pertaining to changes to the articles of incorporation)			Proposals pertaining to	to Defense from hostile TOB (Rights plan)		Other		
Proposal		Appointment of directors	Outside directors	Appointment of corporate auditors	Outside corporate auditors	Appointment of accounting auditors	Director remuneration	Director bonuses	Director retirement bonuses	Granting of stock options	Dividends	Acquisition of treasury stock	Mergers, acquisition, etc.	change to the articles of incorporation	Warning type	Trust-type	proposals	Total
No. of votin exerci	ig rights sed	130,831	16,869	29,560	19,543	321	1,021	2,893	3,421	1,651	12,204	75	427	5,141	1,574	7	265	189,391
	Total	130,376	16,852	29,560	19,543	321	1,021	2,880	3,421	1,651	12,169	75	427	3,797	1,574	7	219	187,498
		(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%)	(100.0%)	(100.0%)
Management	Approved	114,438	12,812	24,566	15,068	321	974	2,747	1,681	1,218	11,651	74	424	3,684	763	1	212	162,754
proposals		(87.8%)	(76.0%)	(83.1%)	(77.1%)	(100.0%)	(95.4%)	(95.4%)	(49.1%)	(73.8%)	(95.7%)	(98.7%)	(99.3%)	(97.0%)	(48.5%)	(14.3%)	(96.8%)	(86.8%)
	Opposed	15,938	4,040	4,994	4,475	0	47	133	1,740	433	518	1	3	113	811	6	7	24,744
	opposed	(12.2%)	(24.0%)	(16.9%)	(22.9%)	(0.0%)	(4.6%)	(4.6%)	(50.9%)	(26.2%)	(4.3%)	(1.3%)	(0.7%)	(3.0%)	(51.5%)	(85.7%)	(3.2%)	(13.2%)
	Total	455	17	0	0	0	0	13	0	0	35	0	C	1,344	0	0	46	1,893
	Total	(100.0%)	(100.0%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(100.0%)	(0.0%)	(0.0%)	(100.0%)	(0.0%)	(0.0%)	(100.0%)	(0.0%)	(0.0%)	(100.0%)	(100.0%)
Shareholder	Approved	3	1	0	0	0	0	3	0	0	2	0	C	30	0	0	0	38
proposals	дррочей	(0.7%)	(5.9%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(23.1%)	(0.0%)	(0.0%)	(5.7%)	(0.0%)	(0.0%)	(2.2%)	(0.0%)	(0.0%)	(0.0%)	(2.0%)
	Opposed	452	16	0	0	0	0	10	0	0	33	0	C	1,314	0	0	46	1,855
	Opposed	(99.3%)	(94.1%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(76.9%)	(0.0%)	(0.0%)	(94.3%)	(0.0%)	(0.0%)	(97.8%)	(0.0%)	(0.0%)	(100.0%)	(98.0%)

(2) International stocks (April 2011 to March 2012)

Number of external asset managers who exercised proxies Number of external asset managers who did not exercise proxies 17 companies (19 funds) none

Proposals		Proposals pertaining to company organization			Proposals pertaining to director remuneration, etc.			Proposals pertaining to capital management (excluding items pertaining to changes to the articles of incorporation)			Proposals pertaining to	Rights plan	Other proposals		Tatal	
		Appointment of directors	Appointment of corporate auditors	Appointment of accounting auditors	Director remuneration	Director bonuses	Director retirement benefits	Granting of stock options	Dividends	Acquisition of treasury stock	Mergers, acquisition, etc.	change to the articles of incorporation	of pre- warning type	Approval of financial statement, etc	Other proposals	TOLAI
No. of voting exercise	rights ed	76,273	2,168	8,321	16,259	480	230	4,612	4,360	3,618	7,856	4,965	324	5,213	21,256	155,935
	Total	75,762	2,165	8,320	15,934	473	193	4,498	4,323	3,611	7,841	4,371	302	5,212	17,517	150,522
	Total	(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%)
Management	Approved	72,849	2,092	8,228	14,129	462	116	4,166	4,311	3,384	7,189	4,212	212	5,190	16,243	142,783
proposals	Approved	(96.2%)	(96.6%)	(98.9%)	(88.7%)	(97.7%)	(60.1%)	(92.6%)	(99.7%)	(93.7%)	(91.7%)	(96.4%)	(70.2%)	(99.6%)	(92.7%)	(94.9%)
	Opposed	2,913	73	92	1,805	11	77	332	12	227	652	159	90	22	1,274	7,739
	Opposed	(3.8%)	(3.4%)	(1.1%)	(11.3%)	(2.3%)	(39.9%)	(7.4%)	(0.3%)	(6.3%)	(8.3%)	(3.6%)	(29.8%)	(0.4%)	(7.3%)	(5.1%)
	Total	511	3	1	325	7	37	114	37	7	15	594	22	1	3,739	5,413
	Total	(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%)
Shareholder	Approved	290	0	0	47	1	11	9	0	0	2	304	10	1	986	1,661
proposals	rippioted	(56.8%)	(0.0%)	(0.0%)	(14.5%)	(14.3%)	(29.7%)	(7.9%)	(0.0%)	(0.0%)	(13.3%)	(51.2%)	(45.5%)	(100.0%)	(26.4%)	(30.7%)
	Opposed	221	3	1	278	6	26	105	37	7	13	290	12	0	2,753	3,752
	Opposed	(43.2%)	(100.0%)	(100.0%)	(85.5%)	(85.7%)	(70.3%)	(92.1%)	(100.0%)	(100.0%)	(86.7%)	(48.8%)	(54.5%)	(0.0%)	(73.6%)	(69.3%)

5. Fee Expenses

We have been making constant efforts to realize efficient and viable levels of the management and custodian fees which are consistent with the investment styles and the services provided.

In fiscal 2011, management fees decreased by ¥1.5 billion from the previous year to ¥23.1 billion, due mainly to factors such as reductions in fees accompanying the review of the composition of external asset managers and review of fee rates for some funds. The average rate of the total fees against the investment amount for fiscal 2011 was 0.02%.



(v hillion)

Fees by asset class

						(¥ 0111011)
Fiscal year	2006	2007	2008	2009	2010	2011
Domestic bonds	8.5	10.2	10.0	7.1	6.7	6.4
Domestic stocks	9.8	9.6	7.0	6.6	6.5	6.2
International bonds	4.9	6.3	6.1	6.0	5.6	5.2
International stocks	7.7	8.2	5.6	6.1	5.8	5.3

Average rate of fees against externally managed assets

						(70)
Fiscal year	2006	2007	2008	2009	2010	2011
Domestic bonds	0.03	0.02	0.02	0.01	0.01	0.01
Domestic stocks	0.05	0.06	0.06	0.05	0.05	0.05
nternational bonds	0.06	0.07	0.06	0.06	0.06	0.06
nternational stocks	0.07	0.06	0.06	0.05	0.05	0.04

(0/_)

6. Enhancement on an Internal Controls System

Until now, we have been strengthening our Internal Controls System by establishing the Planning Committee, the Enterprise Risk Management Committee, and the Compliance Committee. On Fiscal year 2011, we have established the "Basic Policies for Internal Controls" composed of five items below as the bases of internal controls and decided to work to further strengthen the system of internal controls in the future. (See the following page for a schematic diagram on internal controls and other matters.)

- (1) Implementing a system for securing the efficacy and efficiency of business operations
- (2) Implementing a system for compliance with laws, regulations, etc.
- (3) Implementing a system for managing the risk of losses
- (4) Implementing a system for information retention and management
- (5) Implementing a system for ensuring the reliability of financial reporting etc.



Chapter 3: Framework for Reserve Fund Investment and Roles of Government Pension Investment Fund

1. Framework for Reserve Fund Investment

(1) Public pension schemes and the reserve funds

Japan's public pension schemes are said to have three significant characteristics: a) universal pension coverage, b) a social insurance-type format (i.e., a framework in which insures pay contributions and receive pension benefits proportionate with contributions paid), and c) intergenerational dependency (the so-called "pay-as-you-go" method in which, in principle, working generations support the older generation with their contributions). Amid the rapid emergence of a society marked by a falling birthrate and an aging population, problems such as growing burden on working generations have been intensified. Thus, the building of public pension schemes that will be sustainable into the future has become an important issue. The 2004 Pension Reform was undertaken to dispel the suspicion and to restore the sustainability of pension finances with the framework, by combining the following four points.

i. Fixing the contribution program

Young generation suspected that the contribution rates would be raised forever through future pension reforms. To restore their trust in the social security pension schemes, Government decided to adopt the fixed schedule of the contribution rates for the future period (the Employees' Pension Insurance contribution schedule: Fixed at 18.3% after September 2017, the National Pension contribution schedule (monthly amount): Fixed at JPY 16,900 after April 2017).

ii. Introducing of the automatic balancing mechanism and the replacement ratio as the measurement of the benefit level Basically, pension benefits are increased in line with the increase in per-capita disposable income of active workers for newly awarded beneficiaries and in the Consumer Price Index (CPI) after awarded. But before pension finance attains equilibrium, the pension index is modified to decrease the pension benefit level in line with two rates such as the decrease rate in the number of covered persons by the social security pension schemes and the projected average annual increase rate of life expectancy. The modified index is obtained by subtracting the two rates from the principal index. In the 2004 Actuarial Valuation, the replacement ratio was projected to decrease from 59.3% in FY2004 to 50.2% in FY2023.

iii. Raising the national subsidy rate for the Basic Pension to 1/2

Raising the national subsidy rate for the Basic Pension benefits had been discussed for a long time before the 2004 Actuarial Valuation. In the 2000 Pension Reform it was stipulated that the rate should be raised to 1/2 from 1/3 by securing financial resources.

iv. Re-defining of the period of financial equilibrium (from perpetuity to around 100-year period)

The government decided to adopt the finite period of financial equilibrium with the target of reserve fund at the end of the period. The period of financial equilibrium is decided to be around 100-year. The level of target of reserve fund is defined to be enough not to get into trouble on paying pension benefits. At least every five years, actuarial valuations should be carried out to verify the pension finances over a period of around 100 years from the time of valuation.

(2) Significance of the reserve funds

Public pension schemes of Japan are supported by society as a whole and work on the basis of intergenerational dependency whereby contributions made by the working generation are used to support the older generation. However, given that the older generation's share of the total population will continue to increase in the future, the portion of contributions, not allocated to pension benefits but retained and invested as a reserve fund, is used to stabilize pension financing. This is where the basic significance of the reserve funds is found within the public pension schemes.

The 2004 Reform can be considered to have firmly established intergenerational dependency in Japan's public pension schemes and to have even more concretely clarified the significance of the reserve funds. In other words, the significance of reserve funds is concretely defined as contributing to stable pension financing through use of investment yield and the reserve funds while fixing the contribution levels as well as keeping benefits at the highest possible level.

2. Roles of Government Pension Investment Fund

(1) Roles of Government Pension Investment Fund

We are responsible for the management and investment of the reserve funds in accordance with the provisions of the GPIF Law and other relevant regulations. The object of us is to contribute to the stability of Employees' Pension Insurance and National Pension by remitting a return on the reserve funds to the Pension Special Account, and we are taking following roles.

1) Portfolio-based investment

Reserve funds must be managed safely and efficiently from a long-term perspective solely for the benefit of the insured (according to the Employees' Pension Insurance Act and other laws), and diversified investment is effective for the purposes of safe and efficient management. For this reason, in the process of investment, the GPIF, to exploit the benefit of diversification, determines the portfolio to maintain or the policy asset mix as below, on the basis of which the funds are managed.

		Domestic bonds	Domestic stocks	International bonds	International stocks	Short-term assets
Deliev esset mix	Target allocation	67%	11%	8%	9%	5%
Policy asset mix	Permissible range of deviation	±8%	±6%	±5%	±5%	-

Note: The GPIF considers revision of the policy asset mix as necessary even during the period of medium-term objectives in the event of rapid changes in market conditions.

2) Ensuring liquidity for pension benefit payment

We ensure the liquidity (cash) necessary for pension benefit payments, etc., in view of the expected path of the pension financing and cash flow, and conducts efficient cash management.

(2) Governance Structure of Government Pension Investment Fund

1) Outline of independent administrative agency system

The independent administrative agency scheme—which focuses on those activities implemented by government that are highly public in nature but which, although not requiring direct government involvement, may not be realized if entrusted to the private sector—seeks to improve operational efficiency and quality, to ensure the autonomous operational management of those activities, and to maintain operational transparency by establishing independent administrative agencies whose corporate status differs from that of government and by having these institutions take on relevant activities.

Supervising ministers (in the case of the GPIF, the Minister of Health, Labour and Welfare) establish "medium-term objectives" of three to five years for each agency under their jurisdiction. Then, receiving the objectives, the heads of an agency formulates

"medium-term plans" to achieve the objectives. Each fiscal year and at the end of the medium-term objective period, an Evaluation Committee for Independent Administrative Agencies consisting of external experts is set up in the supervising government office (in the case of the GPIF, the Ministry of Health, Labour and Welfare), and evaluates the performance of each agency in reaching the targets.

2) Investment Committee

The Investment Committee is established within the GPIF. It consists of eleven or fewer members who are chosen from experts in finance, economy or other relevant fields and appointed by the Minister of Health, Labour and Welfare. The preparation of medium-term plans must be discussed by the Committee. The Committee is also entitled to monitor the implementation of investment policy by the GPIF, express opinions pertaining to important issues in management and investment operations in response to inquiries from the President, and submit recommendations to the President pertaining to issues deemed necessary.



Outline of the governance structure of GPIF

Investment Committee Members (As of April 1, 2012)

	Nobuo Inaba	Director; Corporate Executive Vice President; RICOH COMPANY, LTD. President; Ricoh Institute of Sustainability and Business
0	Kazuo Ueda	Professor; Graduate School of Economics/Faculty of Economics, The University of Tokyo
	Masaharu Usuki	Professor; Graduate School of Economics/Faculty of Economics, Nagoya City University
0	Jun Uno	Professor; Graduate School of Finance, Accounting, and Law, Waseda University
	Seki Obata	Associate Professor; Graduate School of Business Administration, Keio University
	Takashige Komoda	Director General; JTUC Research Institute for Advancement of Living Standards
	Hisae Sato	General Manager; Chief Investment Officer; Treasury Department, NISSAN MOTOR CO., LTD.
	Kimikazu Noumi	CEO; Innovation Network Corporation of Japan
	Masato Murakami	Senior Executive Director of Institute; Mizuho Pension Research Institute Ltd.
	Toshikuni Yamazaki	Corporate Auditor; JFE Holdings, Inc.

Note 1: Committee members are listed in order of the Japanese syllabary Note 2: ©indicates Chairman, Oindicates Vice Chairman

(3) Investment strategies

Broadly speaking, fund investment strategies can be divided into active and passive investment management. In general, passive investment is a method that seeks to secure returns that are in line with market averages, while active investment aims to exceed market averages by conducting market analyses and building a portfolio that differs from the market. However, because the size of the fund is such that it is necessary to consider the impact of transactions on market, and because it is thought to be difficult to consistently outperform the market average over the long term as the market is largely efficient, our investment strategy centers on passive investment.

Actual investments except a part of domestic bonds are entrusted to professional asset managers such as trust banks and asset management companies. We select and manage these managers.



Investment Strategies

Total inventment assets 113.6 trillion yen* (end of March 2012) *Short-term assets included

(4) Risk management

The policy asset mix is constructed with multiple asset classes having different expected rate of return and risk characteristics. Therefore, in order to maintain a portfolio with characteristics comparable to the policy asset mix and to achieve long-term expected return, it is necessary to appropriately manage various risks. Specific risk management methods involve determining risk management items to be targeted and monitoring those using analytical and other tools for each risk. If problems in the risk situation are identified as a result of such measurement, appropriate measures are implemented.

One of the most important risk management is to monitor deviation of actual portfolio from the policy asset mix. Asset allocation of actual portfolio does not stay unchanged due to the asset price fluctuation, making it necessary to monitor deviation and to keep it within a predetermined permissible range. In addition, steps such as analysis of the causes of annual return deviation from compound benchmarks are taken as well.

Other types of risk that are managed include market risk for each asset (risk of investment in each asset market, risk of price fluctuations in each market, etc.), liquidity risk (risk that sales or purchases become costly due to lower volume of trade), and credit risk (risk of bankruptcy). Also monitored and managed are the risk management by external asset managers and the asset management by custodial banks.

With regard to derivatives, we allow the managers to use for hedge purposes. For example, stock futures are used as a temporary substitute (long hedge) of underlying assets during the intake of additional investment funds or of reinvesting accrued dividends receivable. Furthermore, bond futures are used in active domestic or international bond investment and so are currency forward transactions in active international bond investment in accordance with individual investment guidelines that are formulated based on each external asset manager's investment style or investment capacity. Conditions surrounding the use of these derivatives and compliance with use restrictions are monitored through requiring monthly reports on notional amount (market face value of relevant derivatives).

(5) Formulation of the administrative policy on investment management

In addition to the medium-term plan, etc., an "administrative policy on investment management" that establishes specific policies pertaining to management and investment of the reserve funds is formulated to achieve the medium-term objectives. This policy is made available to the public at our website (Japanese version only. http://www.gpif.go.jp/operation/policy.html).

Reference Data

1. Investment Assets by Investment Method(MV at the end of fiscal 2011)

			Market value (¥billion)	Allocation
Investment asset total			113, 611. 2	100.00%
		Total	100, 177. 0	88.18%
	Market investment	Passive investment	76, 784. 6	67.59%
		Active investment	23, 392. 4	20. 59%
	FILP bonds		13, 434. 2	11.82%

		Market value (¥billion)	Allocation
Investme	nt asset total	113, 611. 2	100.00%
	Total	58, 478. 5	51.47%
Domestic bonds	Passive investment	47, 724. 3	42.01%
20000	Active investment	10, 754. 2	9.47%
	Total	14, 199. 2	12. 50%
Domestic stocks	Passive investment	10, 824. 6	9. 53%
	Active investment	3, 374. 7	2.97%
	Total	9, 930. 1	8. 74%
International bonds	Passive investment	7, 037. 3	6. 19%
	Active investment	2, 892. 8	2.55%
	Total	13, 020. 5	11.46%
International stocks	Passive investment	11, 198. 4	9.86%
	Active investment	1, 822. 1	1.60%
Shor	t-term assets	4, 548. 6	4.00%
F	ILP bonds	13, 434. 2	11.82%

Note 1: The figure in the market value column for FILP bonds includes accrued earnings in the book value amount based on the amortized cost method. Note 2: The figures above are rounded, so the sums do not necessarily match with the total numbers.

2. Investment Assets by Manager (MV at the end of fiscal 2011)

Investment	Fund name	Contract	Market
method	Fullu fialite	classification	value
	DIAM	Investment	921
		advisory	021
	Tokio Marine Asset Management	Investment	1 130
		advisory	1,100
	Nikko Asset Management	Investment	1 239
		advisory	1,200
	Nomura Asset Management	Investment	776
		advisory	
Domestic	Mizuho Trust & Banking	Investment	1 272
bond active		advisory	
investment	Sumitomo Mitsui Trust Bank I	Investment	1 079
intection		advisory	1,010
	Sumitomo Mitsui Trust Bank T	Investment	984
		advisory	
	Mitsubishi LIF.I Trust and Banking	Investment	1 149
		advisory	
	Meijii Yasuda Asset Management	Investment	1 269
		advisory	.,200
	Resona Bank	Investment	934
		advisory	
	In-house investment I	In-house	5 738
		investment	0,100
	In-house investment II	In-house	1 647
		investment	
	In-house investment III	In-house	10 011
		investment	10,011
	Black Bock Japan	Investment	5 732
	Black Rook oupan	advisory	0,102
	Mizuho Trust & Banking	Investment	3 900
Domestic		advisory	0,000
bond	Sumitomo Mitsui Trust Bank I	Investment	5 734
passive		advisory	0,101
investment	Sumitomo Mitsui Trust Bank π	Investment	1.643
		advisory	.,
	Sumitomo Mitsui Trust Bank Ⅲ	Investment	3.870
		advisory	-,
	Sumitomo Mitsui Trust Bank IV	Investment	1 643
		advisory	.,
	Mitsubishi UFJ Trust and Banking	Investment	3,903
		advisory	5,000
	Resona Bank	Investment	3 904
		advisory	0,004

(Unit: ¥billion)

(Unit: ¥billion)

			, ,
Investment	Fund name	Contract	Market
method	i unu name	classification	value
	Amundi Japan I	Investment	221
		advisory	221
	Amundi Japan Π	Investment	225
		advisory	220
	Invesco Asset Management	Investment	267
		advisory	201
	JPMorgan Asset Management I	Investment	117
		advisory	
	.IPMorgan Asset Management II	Investment	177
		advisory	
	DIAM	Investment	164
		advisory	
	Daiwa SB Investments	Investment	117
		advisory	
	Tokio Marine Asset Management	Investment	122
		advisory	122
	Nomura Asset Management I	Investment	295
Domestic		advisory	200
stock active	Nomura Asset Management II	Investment	22
investment		advisory	
	Nomura Asset Management III	Investment	246
		advisory	2.0
	Black Rock Japan	Investment	192
		advisory	
	Mizuho Trust & Banking	Investment	237
	· · · · · · · · · · · · · · · · · · ·	advisory	-
	Sumitomo Mitsui Trust Bank I	Investment	152
		advisory	-
	Sumitomo Mitsui Trust Bank II	Investment	224
		advisory	
	Sumitomo Mitsui Trust Bank III	Investment	317
		advisory	
	Mitsubishi UEJ Trust and Banking	Investment	229
		advisory	-
	Resona Bank I	Investment	20
	-	advisory	
	Resona Bank II	Investment	32
		advisory	

(Unit: ¥billion)

Investment	Fund name	Contract	Market
method		classification	value
	DIAM	Investment	1.339
		advisory	,
Investment method Domestic stock passive investment International bond active investment	Black Rock Japan	Investment	1,431
		advisory	, -
.	Mizuho Trust & Banking	Investment	1,664
Domestic		advisory	,
stock	Sumitomo Mitsui Trust Bank I	Investment	1,788
passive		advisory	,
Investment	Sumitomo Mitsui Trust Bank II	Investment	1,384
		advisory	,
	Mitsubishi UFJ Trust and Banking	Investment	1,855
		advisory	-
	Resona Bank	Investment	1,363
		advisory	-
	Alliance Bernstein Japan	Investment	415
		advisory	
	Goldman Sachs Asset Management	Investment	410
		advisory	
	Tokio Marine Asset Management	Investment	392
International		advisory	
bond active	PIMCO Japan	Investment	429
investment		advisory	
	Black Rock Japan	Investment	435
		advisory	
	Mizuho Asset Management	Investment	406
		advisory	
	Morgan Stanley Investment Management (Japan)	Investment	406
		auvisory	
	State Street Global Advisors	investment	1,170
		auvisory	
	Northern Trust Global Investments	advisory	1,169
International		Invoctmont	
hond	Black Rock Japan	advisory	1,169
nassive		Investment	
investment	Mizuho Trust & Banking	advisory	1,177
investment		Investment	
	Sumitomo Mitsui Trust Bank	advisory	1,177
		Investment	
	Mitsubishi UFJ Trust and Banking	advisory	1,176
		Investment	
International	Amundi Japan	advisorv	258
stock active		Investment	
investment	Alliance Bernstein Japan	advisory	91

			. ,
Investment method	Fund name	Contract classification	Market value
	MFS Investment Management	Investment advisory	164
	Goldman Sachs Asset Management	Investment advisory	187
	State Street Global Advisors	Investment	200
	Nomura Asset Management	Investment	109
	BNY Mellon Asset Management Japan I	Investment	104
nternational stock active	BNY Mellon Asset Management Japan II	Investment	96
nvestment	Fidelity Investments	Investment	103
	Black Rock Japan	Investment	215
	Principal Global Investors (Japan)	Investment	102
	Henderson Global Investors (Japan)	Investment	95
	Legg Mason Asset Management (Japan)	Investment	98
	State Street Global Advisors	Investment advisorv	1,869
	Black Rock Japan	Investment advisory	1,843
nternational stock	Mizuho Trust & Banking	Investment advisorv	1,878
passive investment	Sumitomo Mitsui Trust Bank	Investment advisory	1,870
	Mitsubishi UFJ Trust and Banking	Investment advisory	1,869
	Resona Bank	Investment advisory	1,869
Short-term assets	In-house investment	In-house investment	4,549
Subtotal		-	100,176
FILP bonds	In-house investment	In-house investment	13,434
Total	-	-	113,611

(Unit: ¥billion)

Investment Assets by Custodian

		(Unit: ¥billion)
Custodian name	Contract classification	Market value
Frust & Custody Services Bank	Trust	76,461
Japan Trustee Services Bank	Trust	14,199
State Street Trust and Banking	Trust	9,930
The Master Trust Bank of Japan	Trust	13,020

Note 1: Figures in the market value column do not include accrued dividend income from closed funds. Note 2: The market value figure for the Trust & Custody Services Bank contains the domestic bond passive fund for in-house investment, short-term asset fund, and FILP bond fund. Note 3: Other than funds listed above, eleven funds with eight companies for domestic stock investment are kept in order to continue lawsuits against SEIBU Railway Co., Ltd and Livedoor Co, Ltd.

3. Number of External Managers by Asset and Passive/Active Style

_			2006			2007			2008			2009			2010			2011	
Fiscal year		Terminations, etc	New funds	End of FY	Terminations, etc	Newfunds	End of FY	Terminations, etc	New funds	End of FY									
Domestic	Passive	0	0	6	- 1	З	8	0	0	8	0	0	8	0	0	8	0	0	8
bonds	Active	0	0	11	0	0	11	0	0	11	- 1	0	10	0	0	1 0	0	0	1 0
Domestic	Passive	0	0	7	0	0	7	0	0	7	0	0	7	0	0	7	0	0	7
stocks	Active	0	0	15	0	0	15	- 4	1 0	2 1	0	0	2 1	- 1	0	2 0	- 1	0	19
International	Passive	0	0	4	- 1	1	4	0	0	4	0	0	4	- 1	3	6	0	0	6
Bonds	Active	0	0	7	- 2	2	7	0	0	7	0	0	7	0	0	7	0	0	7
International	Passive	0	0	7	- 1	1	7	0	0	7	- 1	0	6	- 2	2	6	0	0	6
stocks	Active	- 2	0	13	- 1	0	1 2	- 8	11	15	- 1	0	14	- 1	0	13	0	0	13
Total		- 2	0	7 0	- 6	7	71	- 1 2	2 1	8 0	- 3	0	77	- 5	5	77	- 1	0	76
Custodial ban	k	0	0	4	0	0	4	0	0	4	0	0	4	0	0	4	0	0	4

Note 1: One fund termination and one fund addition in each of domestic bond passive investment, international bond passive investment and international stock passive investment in fiscal 2007 are results of fund transfer due to the transfer of business.

Note 2: Fund terminations and additions in domestic stock active investment and international stock active investment in fiscal 2008 are results of review of our external active managers.

Note 3: One fund termination in fiscal 2009 in domestic bond active investment is a result of overall evaluation. One fund termination in international stock passive investment is a result of fund integration due to the merger of external asset managers. One fund termination in international stock active investment is a result of review of our external active managers in fiscal 2008.

Note 4: Two fund terminations in domestic stock active investment and international stock active investment in fiscal 2010 are results of changes in their investment team. The numbers of termination etc. and new funds in international bonds passive investment and international stock passive investment are results of review of our external active managers.

Note 5: The fund termination in domestic stock active investment in fiscal 2011 is a result of a change in its investment team.

4. Investment Performance by Manager

(1) Last three fiscal years (April 2009 to March 2012)

Domestic bond passive investment

Fund name	Time-weighted return (A)	Benchmark return (B)	Excess return	Historical tracking error
	(79	(8)	(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
In-house investment I	2. 27%	2. 25%	+0.02%	0.08%
In-house investment II	2.19%	2.18%	+0.01%	0.03%
Black Rock Japan	2. 25%	2.25%	+0.00%	0.09%
Mizuho Trust & Banking	2.13%	2.18%	-0.05%	0.08%
Sumitomo Mitsui Trust Bank I	2. 25%	2. 25%	-0.00%	0.08%
Sumitomo Mitsui Trust Bank II	2.18%	2.18%	+0.00%	0.03%
Sumitomo Mitsui Trust Bank III	2.23%	2.25%	-0.02%	0.08%
Sumitomo Mitsui Trust Bank IV	2.16%	2.17%	-0.01%	0.03%
Mitsubishi UFJ Trust and Banking	2. 22%	2. 25%	-0.03%	0.08%
Resona Bank	2. 22%	2. 22%	+0.01%	0.08%

Domestic bond active investment

Fund name	Time-weighted return	Benchmark return	Excess return	Historical tracking error	Information ratio
	(A)	(B)	(C)=(A)-(B)	(D)	(C)/(D)
DIAM	2.65%	2.26%	+0.39%	0.13%	2. 87
Tokio Marine Asset Management	2.66%	2.26%	+0.40%	0.17%	2. 33
Nikko Asset Management	2.55%	2.26%	+0.29%	0. 28%	1.03
Nomura Asset Management	2.39%	2.26%	+0.13%	0.11%	1. 23
Mizuho Trust & Banking	2.61%	2.19%	+0.42%	0.18%	2. 37
Sumitomo Mitsui Trust Bank I	2.38%	2.26%	+0.12%	0.18%	0.66
Sumitomo Mitsui Trust Bank ${}_{\rm II}$	2.77%	2.26%	+0.51%	0.17%	2.96
Mitsubishi UFJ Trust and Banking	2.44%	2.26%	+0.18%	0.19%	0.94
Meiji Yasuda Asset Management	2.39%	2.26%	+0.13%	0. 20%	0. 67
Resona Bank	2.61%	2. 23%	+0.39%	0. 25%	1.54

Domestic stock passive investment

Fund name	Time-weighted return (A)	Benchmark return (B)	Excess return (A)-(B)	Historical tracking error
DIAM	5.66%	5.46%	+0. 20%	0. 19%
Black Rock Japan	5.54%	5.46%	+0. 08%	0.17%
Mizuho Trust & Banking	5.54%	5.46%	+0.08%	0.16%
Sumitomo Mitsui Trust Bank I	5.50%	5.46%	+0.04%	0.16%
Sumitomo Mitsui Trust Bank II	5.51%	5.46%	+0.05%	0.16%
Mitsubishi UFJ Trust and Banking	5.58%	5.46%	+0.12%	0.17%
Resona Bank	5.49%	5.46%	+0. 03%	0.16%

Domestic stock active investment

Fund name	Time-weighted return	Benchmark return	Excess return	Historical tracking error	Information ratio
	(A)	(B)	(C)=(A)-(B)	(D)	(C)/(D)
Amundi Japan I	5. 42%	5.17%	+0. 26%	1.47%	0.17
Amundi Japan 🗉	8. 75%	5.17%	+3.58%	3.65%	0.98
Invesco Asset Management	5.16%	5.17%	-0.01%	5.21%	-0.00
JPMorgan Asset Management I	5.62%	5.57%	+0.06%	2.83%	0. 02
JPMorgan Asset Management II	6.08%	4. 11%	+1.97%	2.38%	0. 83
DIAM	7. 12%	5.43%	+1.69%	1. 77%	0.95
Daiwa SB Investments	7. 51%	4. 11%	+3.40%	1.96%	1. 73
Tokio Marine Asset Management	5.97%	5.57%	+0.41%	3.19%	0.13
Nomura Asset Management I	7.17%	5.17%	+2.00%	2.48%	0. 81
Nomura Asset Management II	10. 37%	9.81%	+0.56%	2. 70%	0. 21
Nomura Asset Management III	7.34%	5.17%	+2.17%	1.65%	1. 31
Black Rock Japan	5.00%	4.89%	+0. 12%	1.08%	0.11
Mizuho Trust & Banking	8.37%	5.17%	+3.21%	2.92%	1.10
Sumitomo Mitsui Trust Bank I	2.18%	3.69%	-1.51%	1. 76%	-0.86
Sumitomo Mitsui Trust Bank II	4. 78%	5.17%	-0.38%	1. 22%	-0.31
Sumitomo Mitsui Trust Bank 🏾	8.50%	5.17%	+3.33%	2.26%	1. 47
Mitsubishi UFJ Trust and Banking	6.29%	5.17%	+1.12%	0.93%	1. 21
Resona Bank I	10. 92%	9.81%	+1.11%	3.99%	0. 28
Resona Bank II	5.75%	5. 78%	-0. 04%	0. 08%	-0.49

International bond passive investment

Fund name	Time-weighted return (A)	Benchmark return (B)	Excess return (A)-(B)	Historical tracking error
State Street Global Advisors	-0. 87%	-0.88%	+0.01%	0.19%
Northern Trust Global Investments	-0.84%	-0.88%	+0.04%	0.19%
Black Rock Japan	-0. 78%	-0.88%	+0.10%	0. 21%

International bond active investment

Fund name	Time-weighted return	Benchmark return	Excess return	Historical tracking error	Information ratio
	(A)	(B)	(C)=(A)-(B)	(D)	(C)/(D)
Alliance Bernstein Japan	0. 58%	-0.02%	+0.61%	0.82%	0. 74
Goldman Sachs Asset Management	0. 59%	-0.02%	+0. 62%	0. 72%	0.86
Tokio Marine Asset Management	0. 13%	-0.02%	+0.15%	0.99%	0.16
PIMCO Japan	1.06%	-0.02%	+1.09%	0.92%	1.18
Black Rock Japan	-0. 20%	-0.02%	-0.17%	0.63%	-0. 28
Mizuho Asset Management	2. 21%	-0.02%	+2. 24%	1. 49%	1.50
Morgan Stanley Investment Management (Japan)	0. 63%	-0.02%	+0.65%	0. 82%	0. 80

International stock passive investment

Fund name	Time-weighted return (A)	Benchmark return (B)	Excess return (A)-(B)	Historical tracking error
State Street Global Advisors	14. 58%	14.62%	-0. 04%	0.06%
Black Rock Japan	14. 55%	14.62%	-0. 07%	0.07%
Resona Bank	14. 58%	14.62%	-0.04%	0.09%
Mizuho Trust & Banking	14. 54%	14.62%	-0. 08%	0.06%

International stock active investment

Fund name	Time-weighted return	Benchmark return	Excess return	Historical tracking error	Information ratio
	(A)	(B)	(C)=(A)-(B)	(D)	(C)/(D)
Amundi Japan	15.84%	14.62%	+1.22%	1.07%	1.15
Alliance Bernstein Japan	10. 32%	13.63%	-3.32%	3.67%	-0.90
MFS Investment Management	17. 24%	14.62%	+2. 62%	2.94%	0.89
Goldman Sachs Asset Management	12. 56%	13.63%	-1.07%	2.50%	-0. 43
State Street Global Advisors	14. 27%	14.62%	-0.35%	0.56%	-0.63
Nomura Asset Management	15. 71%	14.62%	+1.09%	5.69%	0.19
BNY Mellon Asset Management Japan I	13. 75%	14.62%	-0. 87%	5.23%	-0.17
BNY Mellon Asset Management Japan II	10. 48%	14.62%	-4.14%	4.30%	-0.96
Fidelity Investments	13.61%	14.62%	-1.01%	1.32%	-0.76
Black Rock Japan	13. 98%	13.63%	+0.35%	1.38%	0. 25
Principal Global Investors (Japan)	13. 57%	14.62%	-1.06%	1.20%	-0.88
Henderson Global Investors (Japan)	10. 67%	14.62%	-3.96%	4.90%	-0. 81
Legg Mason Asset Management (Japan)	12. 13%	14.62%	-2. 49%	2.70%	-0. 92

(2) Last five fiscal years (April 2007 to March 2012)

Domestic bond passive investment

Fund name	Time-weighted return (A)	Benchmark return (B)	Excess return (A)-(B)	Historical tracking error
In-house investment I	2. 31%	2. 29%	+0. 01%	0. 07%
Black Rock Japan	2. 38%	2. 37%	+0.00%	0. 08%
Mizuho Trust & Banking	2. 25%	2. 25%	+0.00%	0. 08%
Sumitomo Mitsui Trust Bank I	2. 28%	2. 27%	+0.01%	0. 08%
Sumitomo Mitsui Trust Bank III	2. 20%	2. 20%	+0.00%	0. 07%
Mitsubishi UFJ Trust and Banking	2.06%	2.04%	+0. 02%	0. 08%
Resona Bank	2. 28%	2. 27%	+0.01%	0. 07%

Domestic bond active investment

Fund name	Time-weighted return	Benchmark return	Excess return	Historical tracking error	Information ratio
	(A)	(B)	(C)=(A)-(B)	(D)	(C)/(D)
DIAM	2.47%	2.30%	+0.17%	0.16%	1.07
Tokio Marine Asset Management	2.50%	2.30%	+0.21%	0. 22%	0.95
Nikko Asset Management	1.81%	2.29%	-0.47%	0.57%	-0.82
Nomura Asset Management	2.29%	2.27%	+0.02%	0.18%	0. 12
Mizuho Trust & Banking	2.42%	2.25%	+0.16%	0. 22%	0. 75
Sumitomo Mitsui Trust Bank I	2. 22%	2. 21%	+0.02%	0. 20%	0.08
Sumitomo Mitsui Trust Bank II	2. 22%	2.21%	+0.01%	0.31%	0.03
Mitsubishi UFJ Trust and Banking	2.11%	2.04%	+0.07%	0. 20%	0.34
Meiji Yasuda Asset Management	2.57%	2.49%	+0.08%	0.19%	0. 43
Resona Bank	2.18%	2. 28%	-0.10%	0.39%	-0.26

Domestic stock passive investment

Fund name	Time-weighted return	Benchmark return	Excess return	Historical
	(A)	(B)	(A)-(B)	tracking error
DIAM	-10. 72%	-10.89%	+0.17%	0.17%
Black Rock Japan	-11.05%	-11.12%	+0.07%	0.17%
Mizuho Trust & Banking	-11.11%	-11.12%	+0.01%	0. 25%
Sumitomo Mitsui Trust Bank I	-10. 80%	-10.89%	+0.09%	0. 27%
Sumitomo Mitsui Trust Bank II	-11.87%	-11.83%	-0.04%	0.19%
Mitsubishi UFJ Trust and Banking	-11.02%	-11.12%	+0.10%	0.17%
Resona Bank	-11.81%	-11.83%	+0. 02%	0.17%

Domestic stock active investment

Fund name	Time-weighted return	Benchmark return	Excess return	Historical tracking error	Information ratio
	(A)	(B)	(C)=(A)-(B)	(D)	(C)/(D)
Invesco Asset Management	-10.47%	-11.04%	+0.57%	5.52%	0.10
JPMorgan Asset Management I	-13.64%	-12.63%	-1.01%	3.72%	-0.27
JPMorgan Asset Management II	-9.97%	-10. 98%	+1.01%	2.67%	0.38
DIAM	-12.79%	-11.84%	-0.94%	2.16%	-0.44
Daiwa SB Investments	-9.55%	-10. 98%	+1.43%	2.08%	0.69
Tokio Marine Asset Management	-13.31%	-12.52%	-0. 78%	4.08%	-0.19
Nomura Asset Management I	-10. 76%	-11.27%	+0.52%	3.15%	0.16
Black Rock Japan	-12.82%	-11.41%	-1.40%	1.46%	-0.96
Sumitomo Mitsui Trust Bank 1	-11.33%	-9.58%	-1.75%	2.38%	-0.74
Sumitomo Mitsui Trust Bank III	-11.62%	-12.01%	+0.39%	2.97%	0.13

International bond passive investment

Fund name	Time-weighted return (A)	Benchmark return (B)	Excess return (A)-(B)	Historical tracking error
State Street Global Advisors	-1.95%	-1.90%	-0. 05%	0. 24%
Northern Trust Global Investments	-2. 12%	-2. 10%	-0. 02%	0. 21%
Black Rock Japan	-1.75%	-1. 78%	+0. 02%	0. 24%

International bond active investment

Fund name	Time-weighted return	Benchmark return	Excess return	Historical tracking error	Information ratio
	(A)	(B)	(C)=(A)-(B)	(D)	(C)/(D)
Alliance Bernstein Japan	-1.19%	-1.74%	+0.56%	0.92%	0.61
Goldman Sachs Asset Management	-0.36%	-0.57%	+0.21%	0.75%	0.28
Tokio Marine Asset Management	-1.52%	-1.92%	+0.40%	0.97%	0. 41
PIMCO Japan	-1.20%	-2.01%	+0.81%	0.94%	0.86
Black Rock Japan	-1.55%	-1.75%	+0. 20%	0.67%	0.30
Mizuho Asset Management	-1.18%	-1.92%	+0.74%	1.65%	0.45
Morgan Stanley Investment Management (Japan)	-1.20%	-1.76%	+0.56%	0.77%	0. 72

International stock passive investment

Fund name	Time-weighted return (A)	Benchmark return (B)	Excess return (A)-(B)	Historical tracking error
State Street Global Advisors	-6.27%	-6.26%	-0.01%	0.06%
Black Rock Japan	-5.35%	-5.26%	-0.09%	0.13%
Resona Bank	-6.67%	-6.66%	-0.01%	0.14%
Mizuho Trust & Banking	-6.55%	-6.44%	-0.11%	0.10%

International stock active investment

Fund name	Time-weighted return	Benchmark return	Excess return	Historical tracking error	Information ratio
	(A)	(B)	(C)=(A)-(B)	(D)	(C)/(D)
Amundi Japan	-6.13%	-6.72%	+0.58%	1.23%	0.47
MFS Investment Management	-3.03%	-6. 62%	+3.59%	3.64%	0.98
Black Rock Japan	-7.76%	-7. 10%	-0.66%	1.59%	-0.42

Note 1: Funds are listed in order of the Japanese syllabary. Note 2: In calculating time-weighted return and benchmark return, the effect of the trade suspended period for asset transfer is excluded. Note 3: Excess returns and Information ratios are rounded off to the nearest hundredth.

Government Pension Investment Fund, Japan Review of Operations in Fiscal 2011

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