

# OUTLINE OF ORGANIZATIONS OF PUBLIC PENSION RESERVE FUND MANAGEMENT AND INVESTMENT IN VARIOUS COUNTRIES (1)

○The form that an investment organization takes greatly differs by the basic form of investment.

<Major factors>

- Ratio of risk assets (the higher the ratio of risk assets rises, the larger an investment organization tends to become.)
- Investment styles: (1) whether investments are centered on passive investments or active investments.  
(2) Whether the asset composition ratio is maintained (portfolio investment) or is dynamically changed.
- Whether investments are centered on in-house investments or centered on entrusted-investments to investment management firms.

○Compared to investment costs of the GPIF, those of investment organizations in Canada and Sweden are higher in comparison to the scale of their reserve funds because the ratio of risk assets are high and investments are centered on in-house and active investments.

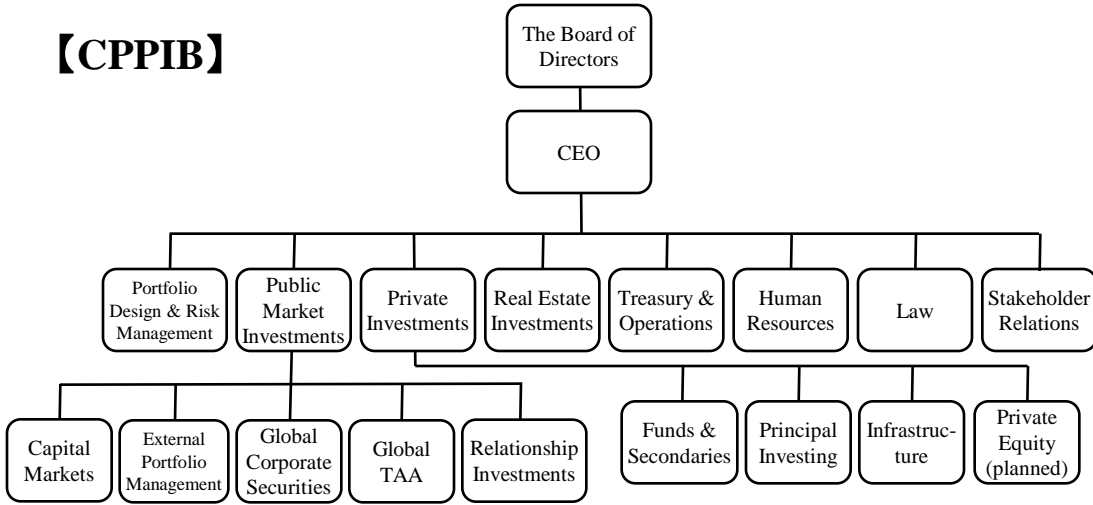
Name	Canada	Sweden				(Reference) Japan
	CPPIB	AP1	AP2	AP3	AP4	GPIF
Outline of organization	<ul style="list-style-type: none"> <li>• A professional investment organization (Crown Corporation) to invest reserve funds under the CPPIB Act (established in 1997)</li> <li>• Directors are appointed by the federal finance minister (comprised of people having academic experience, officers of business corporations, people having experience of working at local governments, officers of investment firms and others)</li> <li>• The Board of Directors appoints CEO (CEO appoints executive officers, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• An independent legal entity (the organization underwent a drastic reform in 1999 based on the pension reform of the 90's)</li> <li>• Directors (comprised of people having academic experience, management (officers) of business corporations, people responsible for labor unions, management (officers) of investment firms and others) are appointed by the Ministry of Finance.</li> <li>• The Board of Directors appoints CEO (CEO appoints executives officers and staff.)</li> </ul>	<ul style="list-style-type: none"> <li>• A professional organization to invest and manage employees' pension reserve funds and national pension reserve funds</li> <li>• The Minister of Health, Labour and Welfare appoints President.</li> </ul>			
Number of executive officers	12 directors and 18 executive officers	8 directors and 6 executive officers	9 directors and 6 executive officers	9 directors and 6 executive officers	9 directors and 6 executive officers	2 directors
Number of staff	350	64	54	50	47	76
Board of Directors, etc.	The Board of Directors (12 part-time directors) * The Investment Committee, the Audit Committee, the Human Resources and Compensation Committee and the Governance Committee are established.	The Board of Directors (roughly 9 part-time directors) *Investment activities, execution of voting rights, decision on the risk management plan, etc.				Investment Advisory Committee * Experts in finance and economics (including those in labor-management relationship); 11 or fewer (part-time) * Supervision of investment conditions and deliberations on the mid-term plans
Executive's compensation (Average per executive)	Director (part-time): ¥4.78 million Executive officer: ¥166.4 million	CIO:¥46.6 million Others: ¥20.93 million	CIO:¥44.17 million Others: ¥30.28 million	CIO:¥54.57 million Others: ¥30.26 million	CIO:¥30.5 million Others: ¥32.22 million	President: ¥20 million Director: ¥16 million
Staff's compensation (Average per staff)	¥21.84 million	¥12.12 million	¥9.8 million	¥13.16 million	¥12.55 million	¥8.47 million
Expected investment yield	4.2% (real)	5.1% - 6.7% (nominal)	5.7% (nominal)	4.0% (real)	4.5% (real)	3.2% (nominal)
Investment assets	About ¥12 trillion (March 2007)	About ¥3.6 trillion (December 2006)	About ¥3.8 trillion (December 2006)	About ¥3.7 trillion (December 2006)	About ¥3.5 trillion (December 2006)	About ¥115 trillion (March 2007)
Overseas bases	None	None	None	None	None	None
Investment costs	About ¥11.4 billion	About ¥5.3 billion	About ¥4.5 billion	About ¥4.4 billion	About ¥4.7 billion	About ¥32.7 billion
Investment costs/Investment assets	0.10%	0.15%	0.12%	0.12%	0.13%	0.03%

\*1 In US, all reserve funds are invested in non-marketable government bonds, and no organization to invest pension reserve funds is established.

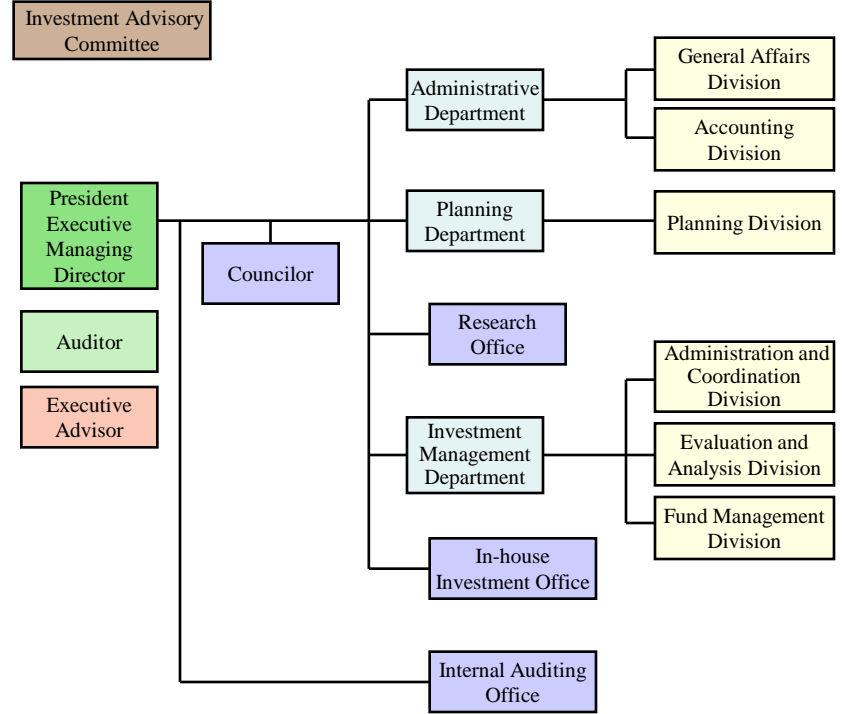
\*2 Source: "Research on Organizations of Public Pension Reserve Fund Investment in Major Countries" (March 2008, Nomura Institute of Capital Markets Research)

# OUTLINE OF ORGANIZATIONS OF PUBLIC PENSION RESERVE FUND MANAGEMENT AND INVESTMENT IN VARIOUS COUNTRIES (2)

## 【CPPIB】

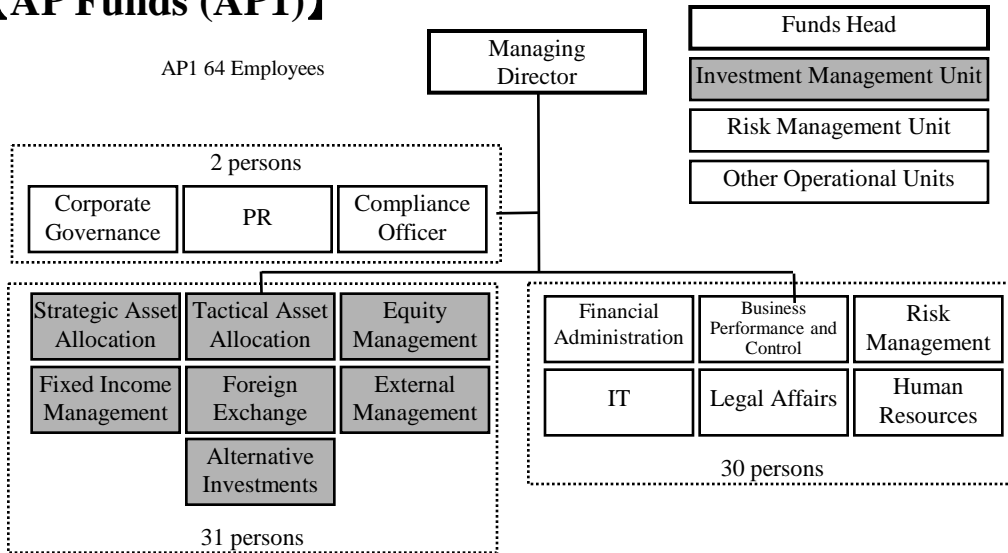


## 【GPIF】



## 【AP Funds (AP1)】

AP1 64 Employees



○ Besides Canada and Sweden, the conditions of investment organizations in other foreign countries are as follows.

- (1) Norway (Norges Bank Investment Management: NBIM) \*Pension premiums collected from pension contributors are not the resources.
    - A state-owned investment fund (SWF) which carries out active investments mostly in foreign assets with huge amount of oil money as the resources.
    - The amount of investment assets of the pension fund (Government Pension Fund – Global) which NBIM invests: about ¥38 trillion (2007)
    - Investments are carried by the Central Bank (a part of the Bank) (investments were started in 1996 and their assets have been growing rapidly from around 2000 in line with rising oil prices).
    - Asset composition ratio of Government Pension Fund – Global: stocks at 40% and bonds at 60% (most of them are foreign assets)
    - There are 5 executive officers including CEO and 150 staff (2006).
    - Under CIO, NBIM has equity section and fixed income section as investment units. Besides these, there are other independent units, such as corporate governance, risk management, performance control and compliance.
    - Overseas bases (New York, London, Shanghai) are established.
  - (2) Ireland (National Pension Reserve Fund: NPRF)
    - Due to limited economic scale of own country, investments are made only in foreign assets mainly in those of EU countries to increase the resource of pension benefits through active investments.
    - NPRF has entrusted the investment and management of the funds to NTMA (The National Treasury Management Agency) (investments started in 2001).
    - The amount of investment assets: about ¥3 trillion (2006). Asset composition ratio; stocks at 80% and bonds at 20% (target by 2009)
  - (3) Denmark (Arbejdsmarkedets Tillegspension: ATP)
    - Investments are carried out so that necessary benefits can be provided at any time (target is to seek for absolute return).
    - The amount of investment assets: about ¥8 trillion (2006). Asset composition ratio; stocks at 30% and bonds at 70% (2006)
  - (4) Swiss (Ausgleichsfonds der Alters-und Hinterlassenenversicherung: AHV equalization reserve fund)
    - The organization was established for the purpose of securing AHV stability (1997).
    - The amount of investment assets: about ¥2.4 trillion. Asset composition ratio; stocks at 40%, bonds at 50% and others at 10%
- (Note) UK, France and Germany apply “pay-as-you-go” method. Pension reserve funds of each country are small in scale.