

## Medium-term plan (Investment part and outline) of the Government Pension Investment Fund

1.~2. Omitted

### 3. Matters relating to achieving a goal regarding pension reserve fund management and investment

#### ① Basic policies of pension reserve fund management and investment

##### Basic concept of investment

Pension reserve fund investment shall be made by developing, based on diversifying investment, a proportion of asset allocation (hereinafter referred to as "basic portfolio") that is to be maintained in a long term.

##### A goal of investment

- Develop a basic portfolio to ensure, on a long-term basis, actual returns on investment on the premises of pension financing, and made its appropriate management.
- By adequate management, evaluation and selection of entrusted investment institutions and others, strive to ensure the benchmark returns by each assets category of each fiscal year, as well as ensuring them also in mid-term targeted period.

#### ② Matters relating to asset allocations from the viewpoint of long-term management and investment of pension reserve fund

##### Basic portfolio

Basic portfolio shall be set as follows aiming to realize it in FY 2008 when all amount of the pension reserved fund deposited to fiscal loan fund will be repaired. (%)

Domestic bonds	Domestic stocks	Foreign bonds	Foreign stocks	Shot-term assets
67%	11%	8%	9%	5%

(Targeted return on investment 3.37%, risk (standard deviation) 5.55%)

	Domestic Bonds	Domestic stocks	Foreign bonds	Foreign stocks
Allowed ranges of deviation	±8	±6	±5	±5
Ranges of change in assets	59~67~75	5~11~17	3~8~13	4~9~14

#### ③Matters to be conformed regarding pension reserved fund management and investment

##### Management of basic portfolio and transitional portfolio and other risk management

Figure out the status of deviation between a proportion of asset allocation of whole assets and a basic portfolio or transitional portfolio at least once a month. Also make a risk management on whole and each assets, based on the report from entrusted investment institutions and asset management institutions.

##### Investment method

Passive investment shall mainly be used for each assets. Active investment shall only be made in the case when the possibility of ensured excess return is high.

##### Others

- The fund will not exercise stockholder's voting right, and entrust it to the judgment of entrusted investment institutions. However the fund will request for a report on the policy and condition of exercise of voting right in those entrusted investment institutions: and the others.