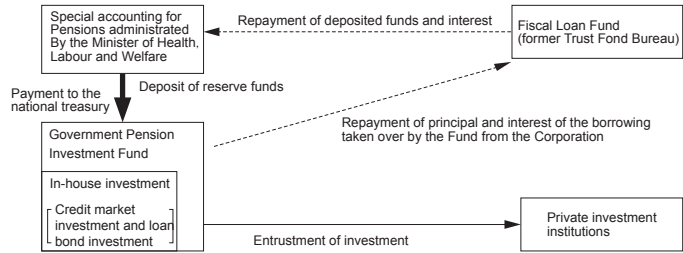


## Overview

## Fund Management Systems of Pension Reserve Funds

- Independent operation by Minister of Health, Labour and Welfare started in FY2001. Obligation to deposit to former Trust Fund Bureau was abolished by FY2000.
- The Minister of Health, Labour and Welfare invests the pension funds by entrusting the fund with the Government Pension Investment Fund.



※Fund management of the former Pension Welfare Service Public Corporation was succeeded by the Government Pension Investment Fund (the former Fund Investment Fund until FY 2005) and continued as the succeeded fund management until FY 2010

※The Government Pension Investment Fund was established in April 2006 as the successor to the old Government Pension Investment Fund

## Detailed Date

## Annual Changes in Accumulated Pension Reserves of Employees' Pension insurance and National Pension

(Unit: ¥100 million)

FY	Employees' Pension insurance	National Pension	Total
1989	702,175	32,216	734,391
1990	768,605	36,317	804,922
1991	839,970	43,572	883,542
1992	911,340	51,275	962,615
1993	978,705	58,468	1,037,174
1994	1,045,318	63,712	1,109,030
1995	1,118,111	69,516	1,187,628
1996	1,184,579	78,493	1,263,072
1997	1,257,560	84,683	1,342,243
1998	1,308,446	89,619	1,398,065
1999	1,347,988	94,617	1,442,605
2000	1,368,804	98,208	1,467,012
2001	1,373,934	99,490	1,473,424
2002	1,377,023	99,108	1,476,132
2003	1,374,110	98,612	1,472,722
2004	1,376,619	96,991	1,493,610
2005	1,324,020	91,514	1,415,534
2006	1,300,980	87,660	1,388,640
2007	1,270,568	82,692	1,353,260
2008	1,240,188	76,920	1,317,108
2009 (estimate)	1,202,639	78,380	1,281,019
2010 (estimate)	1,135,492	79,464	1,214,956

- Notes: 1. The balances of the National Pension Fund are the amounts excluding the basic pension account amounts.  
 2. Reserves of Employees' Pension represent the special account reserves and do not include the portion paid by the Employees' Pension Fund.  
 3. Reserve fund in and after FY 2001 include the fund entrusted with the Government Pension Investment Fund.  
 4. Reserve fund in and after FY 2006 include the fund entrusted with the Government Pension Investment Fund.  
 5. The outstanding of reserve fund for each year includes the balance of revenue and expenditure for the respective year.  
 6. Part of totals may not agree because the figures have been rounded off.

## Detailed Information

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

- Basic policies of pension reserve fund management and 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
  - Since the drastic revision of the pension system is planned and the discussion on business operation of the Government Pension Investment Fund is being carried out, the basic portfolio of the 1st mid-term plan shall be regarded provisionally as the asset allocation ratio, and set up the basic portfolio in this mid-term plan and manage it appropriately. S
  - Securing benchmark returns of each asset in the target period of the term.
- Risk management
  - Diversified investment to multiple assets is the basics of risk management, and the risk management of all kinds shall be operated appropriately.
  - Intensifying the function of grasping and analysis of market trends for appropriate and smooth rebalance
  - Analyzing the factor of deviation from the complex benchmark earnings of each fiscal year
- Investment method
  - Passive investment is the main one for each asset and active investment is limited to the care that high possibility of excess earnings is predicted
  - While reviewing the investment method and taking measures to intensify selection and management of investment trustee institutions, review investment trustee institutions are re-examined.
- Increase of transparency
  - Information disclosure and public relations shall be improved by disclosing information on selection of investment trustee institutions and on execution of stockholders' voting right.
  - Selection of investment trustee institutions and its process shall be deliberated by the investment committee. The investment committee shall deliberate on the management and investment commission fee standard and increase the transparency.
  - Investment committee shall disclose the minutes after a certain time as prescribed by the committee.
- Basic portfolio
  - Assets allocation shall be categorized into domestic bonds, domestic stocks, foreign bonds, foreign stocks and the short-term assets and the allocation ratio and tolerance of deviation shall be as follows

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

Appropriate risk management shall be carried out on the basis of market trends, and revision shall be discussed even during the period of the mid-term goal in case of drastic change in the market

- Items to be complied concerning management and investment
  - Considering impact on the market price formulation and on business management as well, direct execution of voting right of shareholders is avoided and leave it to decision of investment trustee institutions and request for report on the execution.
  - Securing liquidity necessary for pension benefits, grasping and analyzing market trends, intensifying function necessary for short-term loans utilization, etc.