

FY2022 Overview of Pension Asset Investment (Summary)

Overview

◆ Basic Pension

- The investment return for fiscal 2022 was +1.38%.
- In fiscal 2022, the excess return rate was +0.58%, remaining positive for seven consecutive years. The five-year average was +1.27%, and the ten-year average was +1.06%, resulting in stable excess returns.
- The asset composition ratio at the end of the fiscal year is almost the same as the benchmark value of the policy asset mix (domestic and foreign equities: 40%, domestic and foreign bonds: 60%) due to adjustments in cash flows and rebalancing conducted until the end the fiscal year.
- In fiscal 2022, Pension Fund Association posted an annual cash outflow of 620.4 billion yen (pension benefit fund, etc.: -871.0 billion yen; contributions, etc.: +250.6 billion yen) and rebalanced its domestic and foreign equities by selling about 330.0 billion yen on multiple occasions at times when the stock market was rising.

◆ Portable Corporate Pensions

- The investment yield for fiscal 2022 was -1.43%.
- The excess return rate in fiscal 2022 was -0.52%, with a five-year average of +0.79%.
- The asset composition ratio at the end of the fiscal year is in line with the composite benchmark values (global equities: 16%, bonds: 84%).
- In fiscal 2022, the Association reported an annual cash outflow of 3.2 billion yen and conducted rebalancing by selling approximately 8.0 billion yen in global equities.

Investment Overview

Basic Pension: Fixed assets in the basic pensions account of the employees' pension funds

Portable Corporate Pensions: Total of respective fixed assets in the portable pensions account of the employees' pension funds and defined-benefit corporate pensions



Basic Pension

		Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Mar. 31, 2023
Asset balance		¥12,132.8 bn	¥11,869.0 bn	¥11,624.1 bn	¥11,164.4 bn	¥11,658.5 bn
[Comparison with the previous fiscal year-end]		[+¥93.8 bn]	[-¥263.8 bn]	[-¥508.7 bn]	[-¥968.4 bn]	[-¥474.3 bn]
Asset allocation	Equities	41.0%	41.3%	41.6%	42.8%	41.2%
	Domestic equities	15.8%	15.4%	15.5%	16.7%	16.3%
	Foreign equities	25.3%	25.8%	26.0%	26.1%	24.9%
	Bonds	59.0%	58.7%	58.4%	57.2%	58.8%
	Domestic bonds	40.0%	39.3%	39.0%	38.2%	39.0%
	Foreign bonds	19.0%	19.4%	19.4%	19.0%	19.8%
Return (yearly cumulative)		6.38%	-0.69%	-0.83%	-2.80%	1.38%
Risk		8.17%	8.06%	8.25%	8.42%	8.12%

Portable Corporate Pensions

		Mar. 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022	Mar. 31, 2023
Asset balance		¥509.5 bn	¥495.9 bn	¥488.5 bn	¥487.0 bn	¥499.1 bn
[Comparison with the previous fiscal year-end]		[+¥17.1 bn]	[-¥13.7 bn]	[-¥21.0 bn]	[-¥22.5 bn]	[-¥10.5 bn]
Composition ratio	Global equities	16.8%	16.1%	16.3%	16.7%	16.0%
	Bonds	83.2%	83.9%	83.7%	83.3%	84.0%
Return (yearly cumulative)		2.38%	-2.50%	-3.75%	-4.12%	-1.43%
Risk		3.50%	3.53%	3.90%	3.98%	3.86%

Total asset balance		¥12,642.3 bn	¥12,364.9 bn	¥12,112.6 bn	¥11,651.4 bn	¥12,157.6 bn
[Comparison with the previous fiscal year-end]		[+¥110.9 bn]	[-¥277.4 bn]	[-¥529.7 bn]	[-¥990.9 bn]	[-¥484.7 bn]

*Fiscal-year end return is overall return after amendment, returns during fiscal year are internal rate of return (IRR). *Risk is according to BarraOne.

Changes in Overall Return after Amendment

Basic Pension

									(%)	
FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	
13.24	13.97	-2.59	5.96	7.27	2.74	-2.84	22.76	6.38	1.38	
5-year average	10-year average	Since FY1996								
5.74	6.56	4.51								

*Asset allocation was deregulated in FY1996 with the lifting of restrictions.

Portable Corporate Pensions

									(%)
FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
13.24	6.62	-0.75	3.07	3.23	3.14	-1.00	11.42	2.38	-1.43
5-year average	Since FY2014								
2.80	2.89								

*Portable Corporate Pensions portfolios were managed together with Basic Pension until FY2013.

Investment Performance by Asset Class

Basic Pension

	FY2021			FY2022			Excess return rate (5-year average) (2018-2022)	Excess return rate (10-year average) (2013-2022)
	Time-weighted return rate	Benchmark	Excess return rate	Time-weighted return rate	Benchmark	Excess return rate		
Total	6.28%	4.46%	1.82%	1.37%	0.79%	0.58%	1.27%	1.06%
Domestic equities	0.96%	1.99%	-1.02%	6.53%	5.81%	0.71%	0.32%	0.24%
Foreign equities	23.36%	17.84%	5.52%	2.34%	1.50%	0.84%	2.42%	2.05%
Domestic bonds	0.20%	-1.32%	1.52%	-1.14%	-1.54%	0.40%	1.02%	0.71%
Foreign bonds	1.40%	1.96%	-0.57%	0.38%	-0.50%	0.88%	0.12%	-0.03%

Portable Corporate Pensions

	FY2021			FY2022			Time-weighted return rate (5-year average) (2018-2022)	Excess return rate (5-year average) (2018-2022)
	Time-weighted return rate	Benchmark	Excess return rate	Time-weighted return rate	Benchmark	Excess return rate		
Total	2.38%	1.66%	0.72%	-1.43%	-0.91%	-0.52%	2.83%	0.79%
Global equities	16.96%	17.84%	-0.87%	3.44%	1.50%	1.94%	12.42%	0.59%
Bonds	-0.34%	-1.32%	0.98%	-3.03%	-1.54%	-1.49%	0.40%	0.78%

Cash Flows by Asset Class (Rebalancing)

FY2022	Basic Pension				Portable Corporate Pensions (inc. Joint Investment)		
	Domestic equities	Foreign equities	Domestic and foreign bonds	Total	Global equities	Bonds	Total
Apr		-¥1.7bn	-¥0.6bn	-¥2.3bn		¥1.6bn	¥1.6bn
May	¥0.01bn	-¥5.7bn	-¥160.1bn	-¥165.8bn		-¥0.9bn	-¥0.9bn
Jun		¥0.8bn	-¥3.5bn	-¥2.7bn		¥1.2 bn	¥1.2 bn
Jul		¥3.0bn	-¥130.0bn	-¥127.0bn		-¥1.2bn	-¥1.2bn
Aug		¥4.8bn	-¥7.0bn	-¥2.2bn		¥0.8bn	¥0.8bn
Sep	-¥20.2bn	-¥84.0bn	¥4.7bn	-¥99.5bn		-¥0.4bn	-¥0.4bn
Oct	¥0.0bn	¥2.2bn	-¥17.7bn	-¥15.5bn		¥0.5bn	¥0.5bn
Nov	¥0.01bn	¥3.8bn	-¥206.9bn	-¥203.1bn		-¥0.6bn	-¥0.6bn
Dec		¥3.6bn	-¥5.8bn	-¥2.2bn		¥0.5 bn	¥0.5bn
Jan	-¥50.4bn	-¥77.6bn	¥264.3bn	¥136.3 bn		-¥0.7bn	-¥0.7bn
Feb		¥0.3bn	-¥1.9bn	-¥1.6bn	-¥8.1bn	¥8.6bn	¥0.5bn
Mar	-¥30.2bn	-¥96.3bn	-¥8.3bn	-¥134.7bn		-¥0.7bn	-¥0.7bn
Total	-¥100.8bn	-¥246.8bn	-¥272.8bn	-¥620.4bn	-¥8.1bn	¥8.5 bn	¥0.4 bn

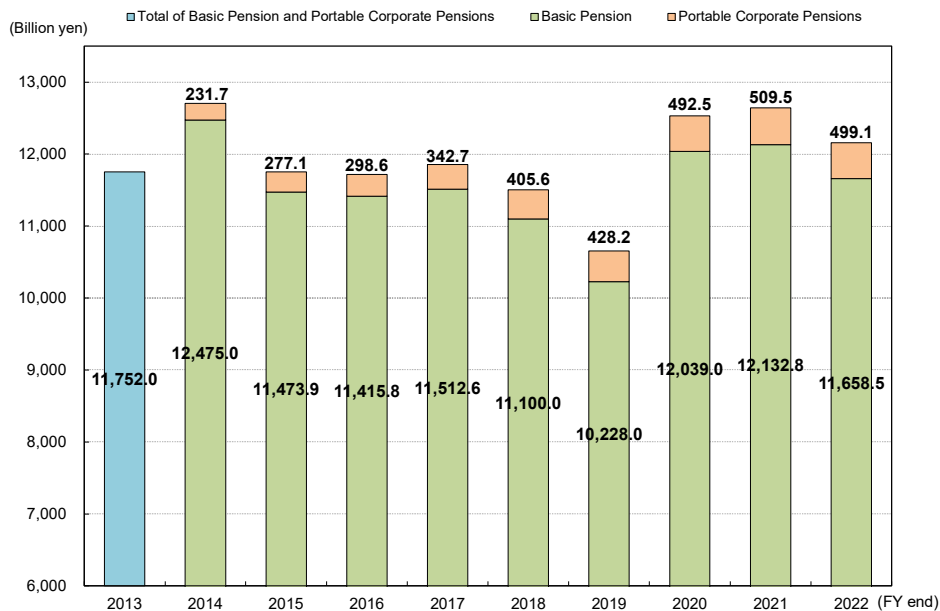
Alternative Investments

	Start date	Purpose	Investable securities	Scheme	Investment amount (Mar. 31, 2023)	Ratio	Benchmark
Private equity	09/2002	<Foreign equity alternative> For long-term acquisition primarily of illiquidity premiums and alpha generated from effective governance of the investee company	Buy-out, venture capital, and equivalent investments	Trust banks and investment advisory firms invest directly in funds, and make joint investments	Basic: ¥935.0bn	8.0%	Basic 5% (±5%)
Hedge fund	10/2007	<Domestic bond alternative> For stable acquisition of absolute returns (as part of bond exposure)	Event-driven, relative value, global macro, other	Investment advisory firms invest in each single fund based on the advice of subcontractors	Basic: ¥851.0bn Portable: ¥58.9bn Total: ¥909.9bn	7.3% 11.3%	Basic 5% (±5%) Portable Up to 15%
Real estate	06/2009 (06/1973)	<Domestic bond alternative> For long-term acquisition of income gain	Silent partnership investment, special purpose company preferred securities, REIT, other	Trust banks and investment advisory firms invest in real estate investment vehicles, etc.	Basic: ¥95.7bn Portable: ¥13.9bn Total: ¥109.6bn	0.8% 2.7%	
Infrastructure	11/2011	<Domestic bond alternative> For long-term acquisition of income gain	Infrastructure equity	Investment advisory firms invest directly in funds	Basic: ¥74.2bn Portable: ¥21.5bn Total: ¥95.7bn	0.6% 4.1%	Basic 5% (±5%) Portable Up to 20%
Stable income	11/2016	<Domestic bond alternative> For long-term acquisition of income gain	Infrastructure debt, direct lending, royalty strategies, asset leasing, insurance-related investments, agriculture and forest investments, and other finance, etc.	Investment advisory firms invest directly in funds	Basic: ¥33.7bn Portable: ¥16.7bn Total: ¥50.5bn	0.3% 3.2%	
Total					Basic: ¥1,989.6bn Portable: ¥111.0bn Total: ¥2,100.7bn	17.1% 21.2%	Portable Up to 35%

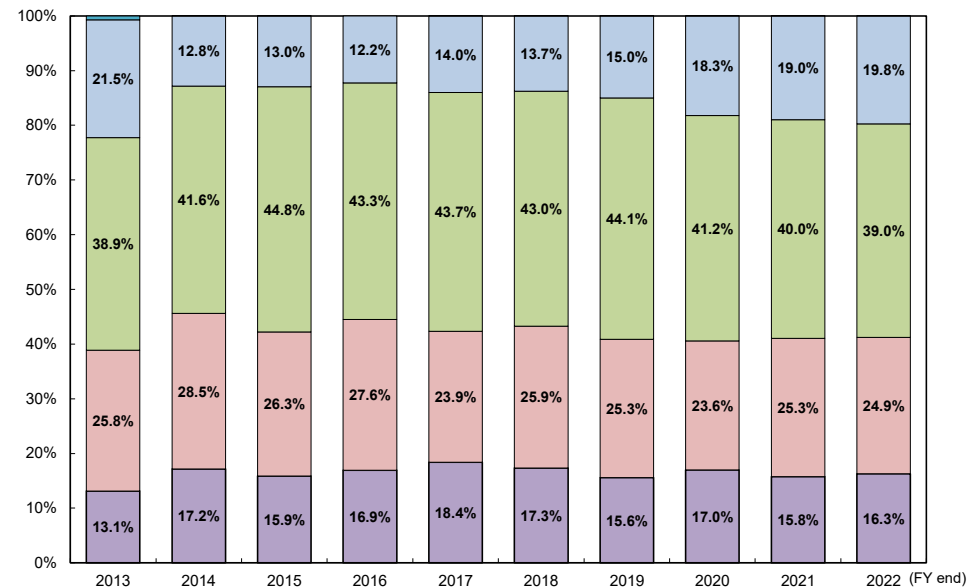
*Investment amounts include joint investment portions

<Reference: Basic Pension>

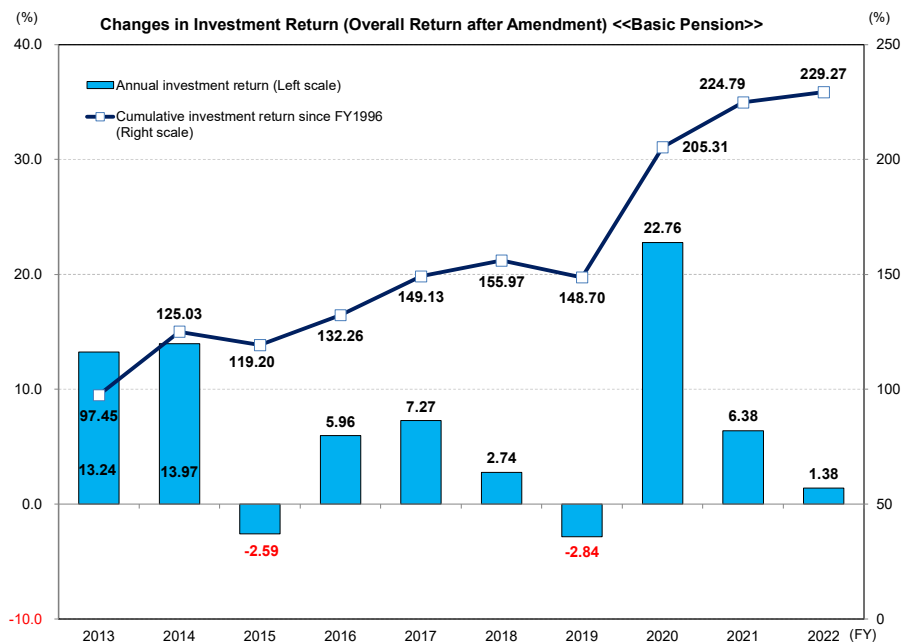
Changes in Asset Balances



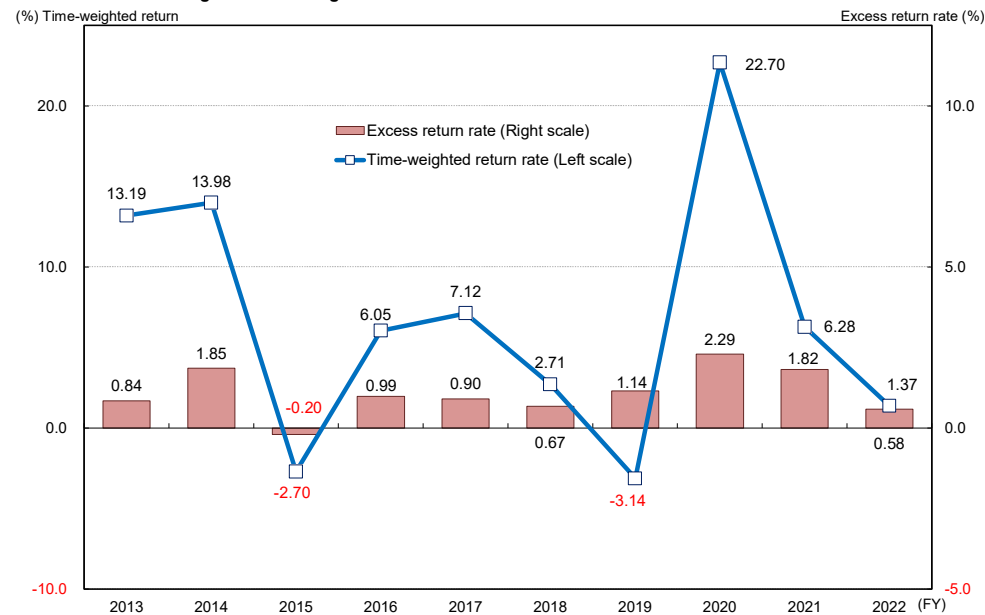
Changes in Asset Allocation <<Basic Pension>>



Changes in Investment Return (Overall Return after Amendment) <<Basic Pension>>

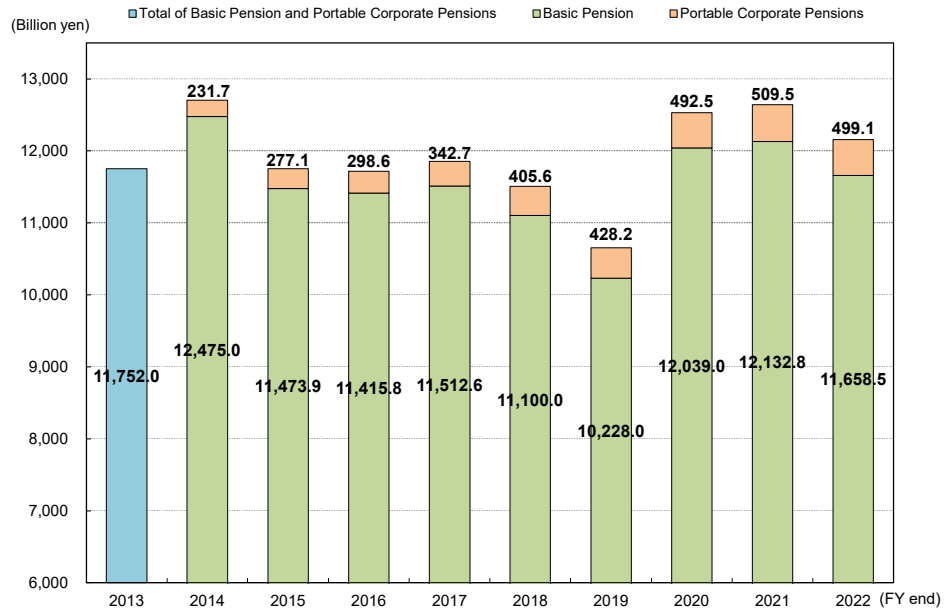


Changes in Time-weighted Return Rate & Excess Return Rate <<Basic Pension>>

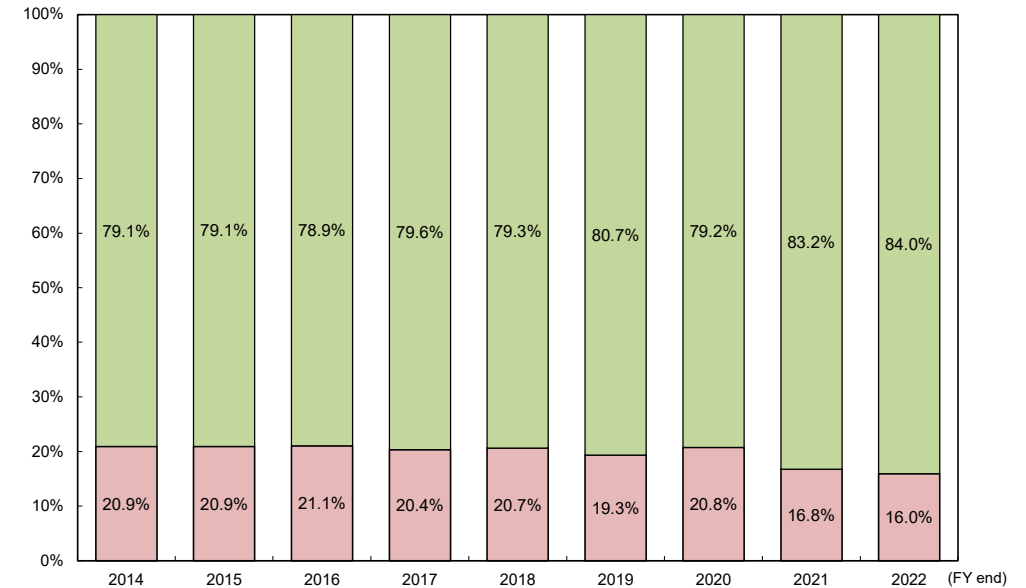


<Reference: Portable Corporate Pensions>

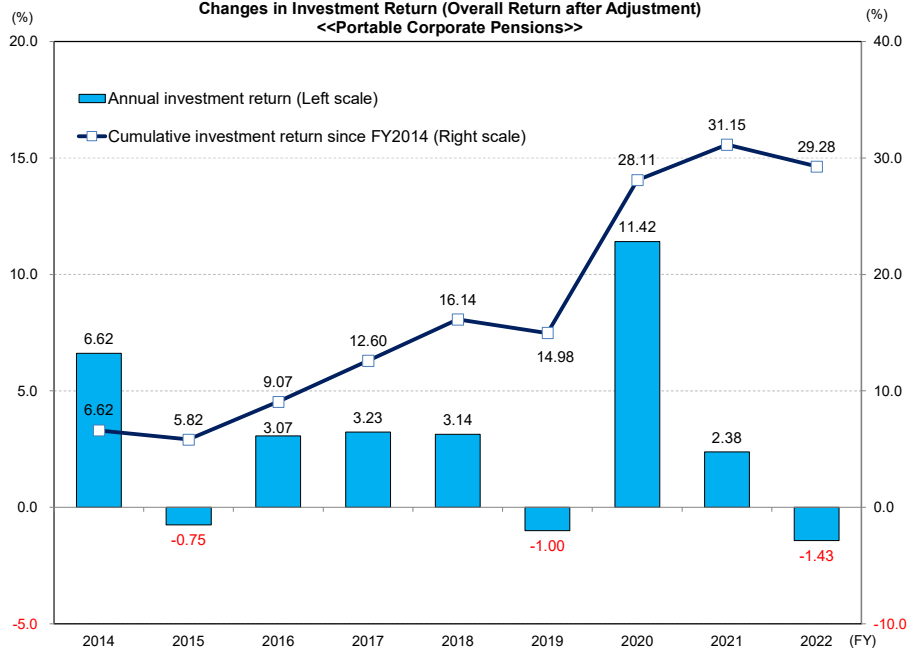
Changes in Asset Balances



Changes in Asset Allocation <<Portable Corporate Pensions>>



Changes in Investment Return (Overall Return after Adjustment) <<Portable Corporate Pensions>>



Changes in Time-weighted Return Rate & Excess Return Rate <<Portable Corporate Pensions>>

