



FY2023

Overview of Pension Asset Investment (Summary)

Pension Fund Association
Pension Investment Department

Basic Pension

- ▶ The investment return for fiscal 2023 was **+17.30%**.
- ▶ In fiscal 2023, the excess return rate was **+0.02%**, remaining positive for eight consecutive years. The five-year average was **+1.16%**, and the ten-year average was **+0.98%**, 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 of the fiscal year.
- ▶ In fiscal 2023, Pension Fund Association posted an annual cash outflow of 544.9 billion yen and rebalanced its domestic and foreign equities by selling about 970.0 billion yen on multiple occasions at times when the stock market was rising.

Portable Corporate Pensions

- ▶ The investment yield for fiscal 2023 was **+5.56%**.
- ▶ The excess return rate in fiscal 2023 was **+1.96%**, with a five-year average of **+1.19%**, and a ten-year average of **+0.42%**, resulting in stable excess returns.
- ▶ The asset composition ratio at the end of the fiscal year is almost in line with the composite benchmark values (global equities: 16%, bonds: 84%).
- ▶ In fiscal 2023, the Association reported an annual cash outflow of 0.1 billion yen and conducted rebalancing on multiple occasions by selling approximately 20.0 billion yen in global equities.

Basic Pension		Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Mar. 31, 2024
Asset Balance [Comparison with the previous fiscal year-end]		¥11,658.5 bn [-¥474.3 bn]	¥12,320.2 bn [+¥661.7 bn]	¥12,082.7 bn [+¥424.1 bn]	¥12,101.7 bn [+¥443.2 bn]	¥13,408.0 bn [+¥1,389.4 bn]
Asset Allocation	Equities (%)	41.2	42.7	42.3	40.6	41.2
	Domestic Equities (%)	16.3	17.0	16.1	15.5	15.9
	Foreign Equities (%)	24.9	25.6	26.1	25.1	25.3
	Bonds (%)	58.8	57.3	57.7	59.4	58.8
	Domestic Bonds (%)	39.0	37.2	37.1	38.3	37.8
	Foreign Bonds (%)	19.8	20.2	20.6	21.1	21.1
Return (%) (yearly cumulative)		1.38	7.28	7.26	9.42	17.30
Risk (%)		8.12	8.20	7.78	7.57	7.42

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

*March 31 returns are overall return after amendment, other returns during fiscal year are internal rate of return (IRR).

*Risk is according to BarraOne.

Portable Corporate Pensions		Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Mar. 31, 2024
Asset Balance [Comparison with the previous fiscal year-end]		¥499.1 bn [-¥10.5 bn]	¥508.4 bn [+¥9.4 bn]	¥500.4 bn [+¥1.3 bn]	¥514.2 bn [+¥15.1 bn]	¥526.7 bn [+¥27.6 bn]
Asset Allocation	Global Equities (%)	16.0	17.8	16.1	16.5	16.8
	Bonds (%)	84.0	82.2	83.9	83.5	83.2
Return (%) (yearly cumulative)		-1.43	1.87	0.55	2.61	5.56
Risk (%)		3.86	3.86	3.38	3.67	3.40

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

*March 31 returns are overall return after amendment, other returns during fiscal year are internal rate of return (IRR).

*Risk is according to BarraOne.

	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	Dec. 31, 2023	Mar. 31, 2024
Basic Pension Asset Balance [Comparison with the previous fiscal year-end]	¥11,658.5 bn [-¥474.3 bn]	¥12,320.2 bn [+¥661.7 bn]	¥12,082.7 bn [+¥424.1 bn]	¥12,101.7 bn [+¥443.2 bn]	13,048.0 bn [+¥1,389.4 bn]
Portable Corporate Pensions Asset Balance [Comparison with the previous fiscal year-end]	¥499.1 bn [-¥10.5 bn]	¥508.4 bn [+¥9.4 bn]	¥500.4 bn [+¥1.3 bn]	¥514.2 bn [+¥15.1 bn]	¥526.7 bn [+¥27.6 bn]
Total Asset Balance [Comparison with the previous fiscal year-end]	¥12,157.6 bn [-¥484.7 bn]	¥12,828.6 bn [+¥671.1 bn]	¥12,583.0 bn [+¥425.4 bn]	¥12,615.9 bn [+¥458.3 bn]	¥13,574.6 bn [+¥1,417.0 bn]

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

<FY2014—FY2023>

(Unit:%)

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
13.97	-2.59	5.96	7.27	2.74	-2.84	22.76	6.38	1.38	17.30

(Unit:%)

5-year average	10-year average	Since FY1996
8.58	6.94	4.94

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

Portable Corporate Pensions

<FY2014—FY2023>





(Unit:%)



FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
6.62	-0.75	3.07	3.23	3.14	-1.00	11.42	2.38	-1.43	5.56

(Unit:%)

5-year average	10-year average	Since FY2014
3.28	3.16	3.16

*Portable corporate pension portfolios were managed together with Basic Pension until FY2013.

Basic Pension	FY2022			FY2023			Excess return rate (5-year average) (FY2019-FY2023)	Excess return rate (10-year average) (FY2014-FY2023)
	Time-weighted return rate	Benchmark	Excess return rate	Time-weighted return rate	Benchmark	Excess return rate		
Total (%)	1.37	0.79	0.58	17.27	17.25	0.02	1.16	0.98
 Domestic Equities (%)	6.53	5.81	0.71	38.75	41.34	-2.59	-0.15	-0.07
 Foreign Equities (%)	2.34	1.50	0.84	34.68	40.12	-5.44	1.36	1.56
 Domestic Bonds (%)	-1.14	-1.54	0.40	-0.47	-2.37	1.90	1.38	0.88
 Foreign Bonds (%)	0.38	-0.50	0.88	15.07	15.27	-0.19	-0.12	0.42

Portable Corporate Pensions	FY2022			FY2023			Excess return rate (5-year average) (FY2019-FY2023)	Excess return rate (10-year average) (FY2014-FY2023)
	Time-weighted return rate	Benchmark	Excess return rate	Time-weighted return rate	Benchmark	Excess return rate		
Total (%)	-1.43	-0.91	-0.52	5.55	3.59	1.96	1.19	0.42
 Global Equities (%)	3.44	1.50	1.94	39.52	40.12	-0.59	0.72	0.76
 Bonds (%)	-3.03	-1.54	-1.49	-0.23	-2.37	2.14	1.13	0.29

(Unit: ¥ billion)

FY2023	Basic Pension				Portable Corporate Pensions (inc. Joint Investment)		
	Domestic Equities	Foreign Equities	Domestic and Foreign Bonds	Total	Global Equities	Bonds	Total
Apr.		1.1	-3.1	-1.9		0.4	0.4
May.	-50.2	0.7	-117.1	-166.6		-1.2	-1.2
Jun.		-124.8	121.8	-2.9		0.8	0.8
Jul.	-100.9	-2.0	-31.9	-134.7	-5.1	3.9	-1.2
Aug.		-3.5	9.1	5.6		0.7	0.7
Sep.	-100.2	-53.0	54.7	-98.6	-5.2	4.2	-1.0
Oct.		-51.0	47.6	-3.4		0.3	0.3
Nov.	-100.3	-108.4	3.1	-205.6		2.8	2.8
Dec.		-49.4	47.0	-2.4		0.4	0.4
Jan.	-49.6	-51.3	1.7	-99.3		-0.7	-0.7
Feb.		-7.5	5.2	-2.3		0.4	0.4
Mar.		-105.1	272.3	167.2	-10.3	8.8	-1.5
Total	-401.2	-554.2	410.5	-544.9	-20.6	21.0	0.4

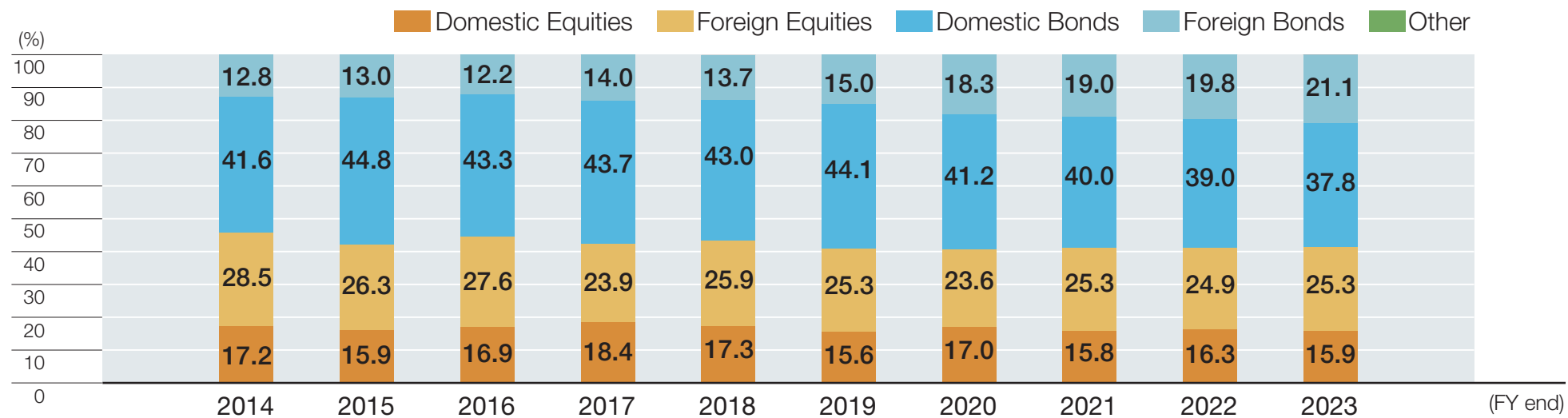
	Start date	Purpose	Investable Securities	Scheme	Investment Amount (Mar. 31, 2024)	Ratio	Benchmark
Private Equity	09/2002	<Foreign Equity Alternative> For long-term acquisition primarily of illiquidity premiums and alpha generated from effective governance of the investee company	Buy-out, venture capital, and equivalent investments	Trust banks and investment advisory firms invest directly in funds, and make joint investments	Basic: ¥1,061.7bn	8.1%	Basic 5% (±5%)
Hedge Fund	10/2007	<Domestic Bond Alternative> For stable acquisition of absolute returns	Event-driven, relative value, global macro, other	Investment advisory firms invest in each single fund based on the advice of subcontractors	Basic: ¥1,034.6bn Portable: ¥71.3bn Total: ¥1,105.9bn	7.9% 12.9%	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: ¥98.1bn Portable: ¥16.0bn Total: ¥114.1bn	0.8% 2.9%	Basic 5% (±5%) Portable Up to 20%
Infrastructure	11/2011	<Domestic Bond Alternative> For long-term acquisition of income gain	Infrastructure equity	Investment advisory firms invest directly in funds	Basic: ¥96.5bn Portable: ¥28.2bn Total: ¥124.7bn	0.7% 5.1%	
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: ¥43.5bn Portable: ¥20.7bn Total: ¥64.2bn	0.3% 3.7%	
Total					Basic: ¥2,334.3bn Portable: ¥136.2bn Total: ¥2,470.5bn	17.9% 24.7%	Portable Up to 35%

*Investment amounts include the Joint Investment portions.

Changes in Asset Balances Basic Pension

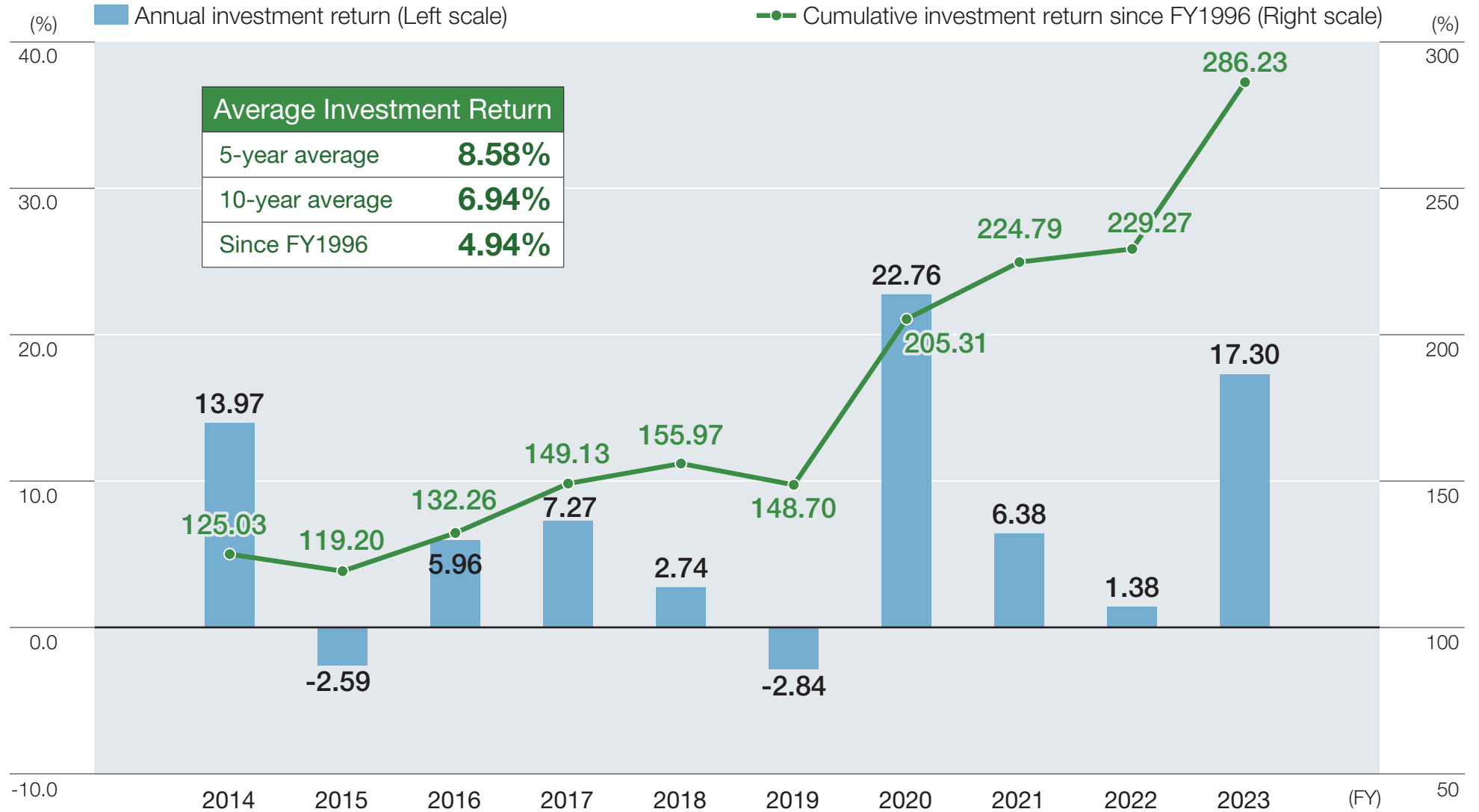


Changes in Asset Allocation Basic Pension



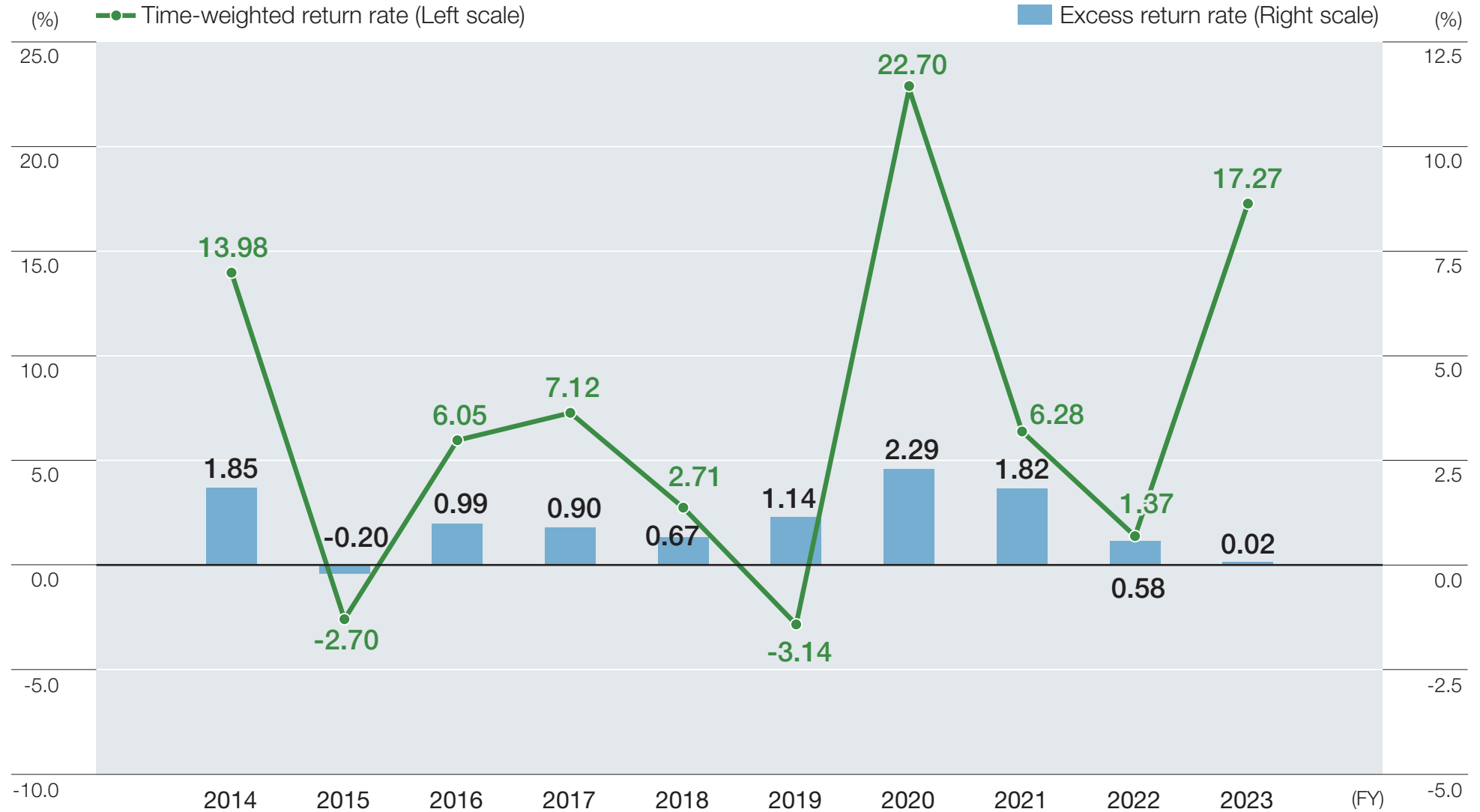
Changes in Investment Return (Overall Return after Amendment)

Basic Pension

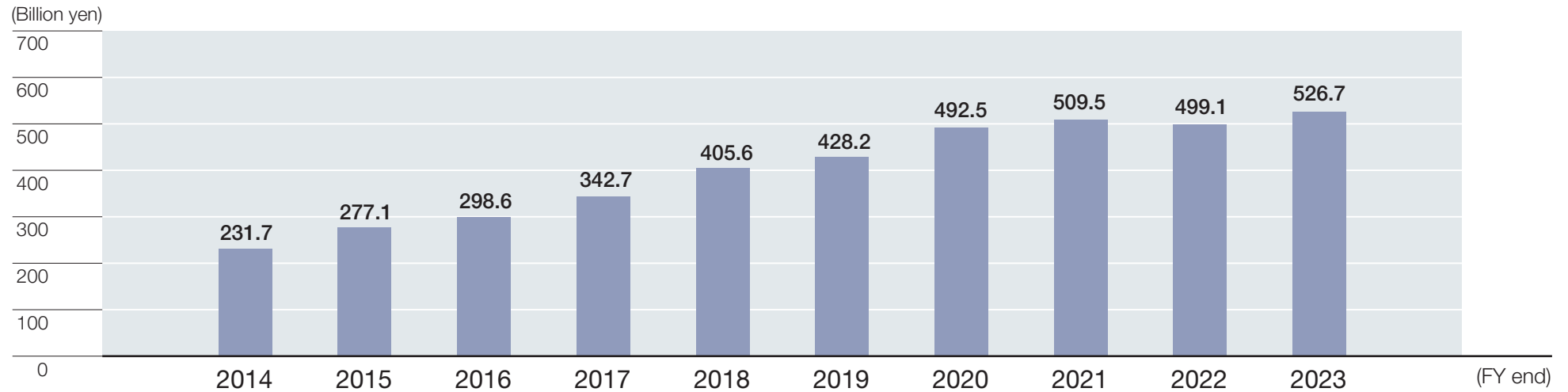


Changes in Time-weighted Return Rate & Excess Return Rate

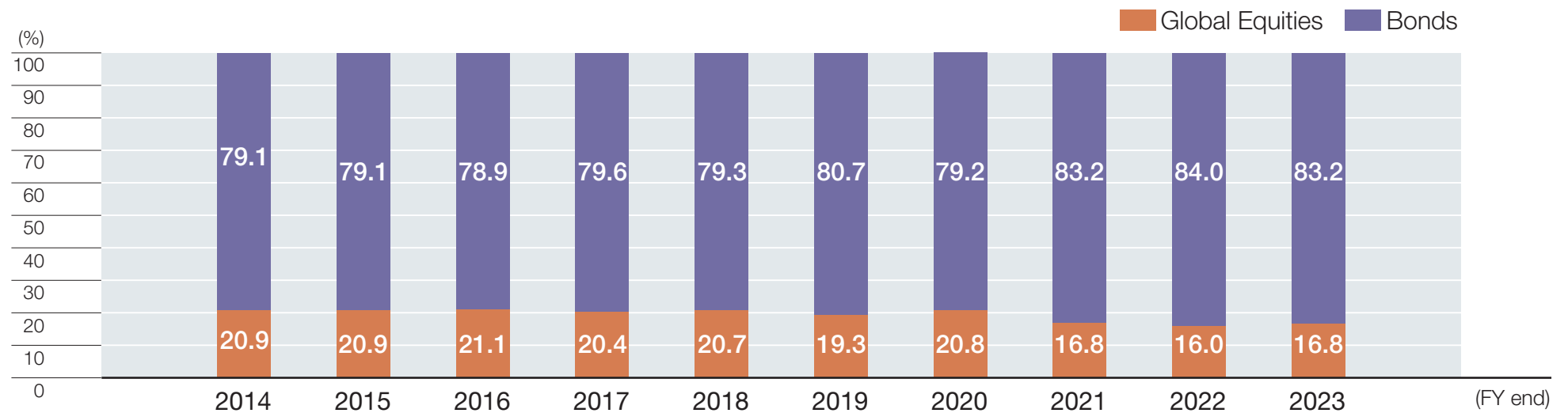
Basic Pension



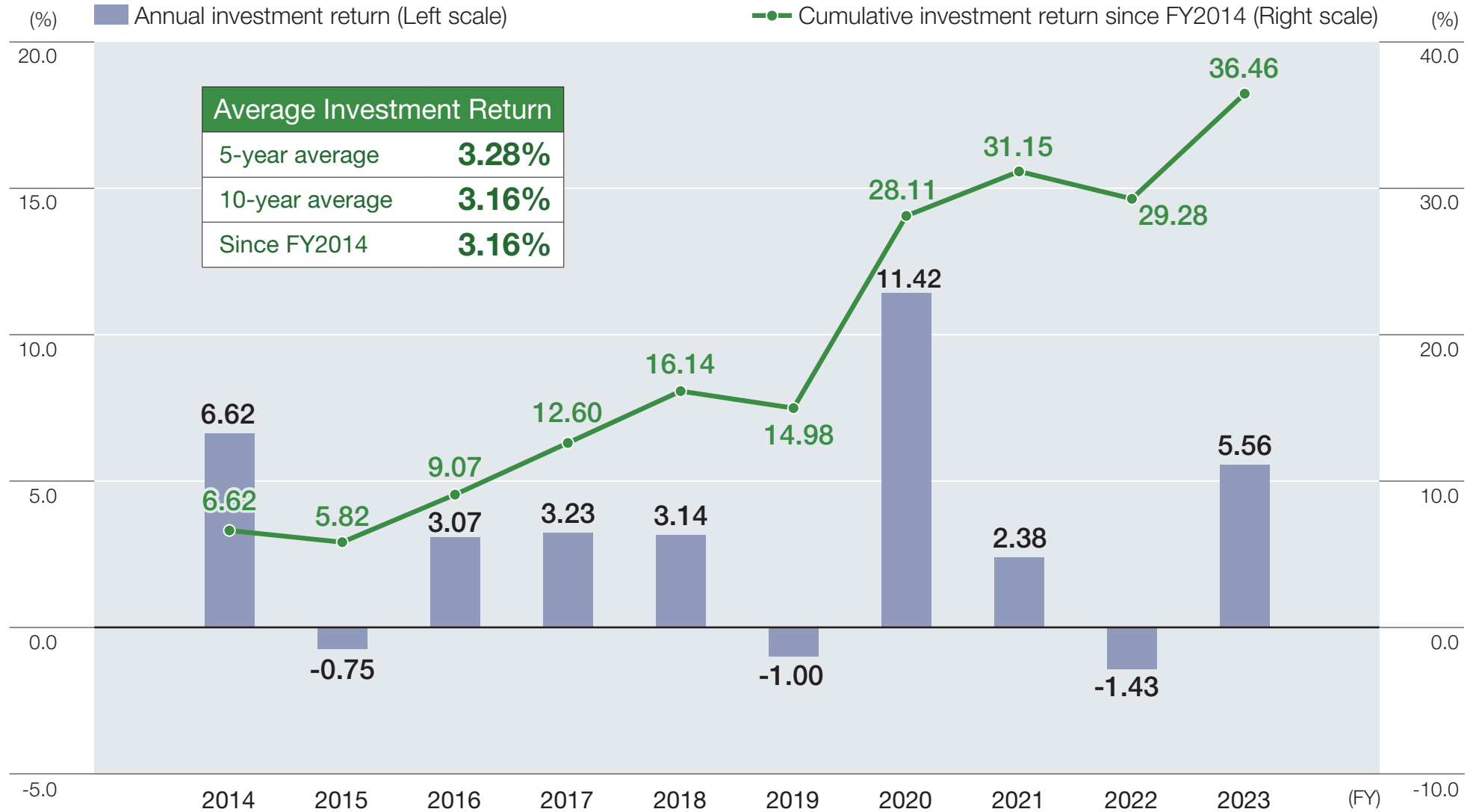
Changes in Asset Balances Portable Corporate Pensions



Changes in Asset Allocation Portable Corporate Pensions

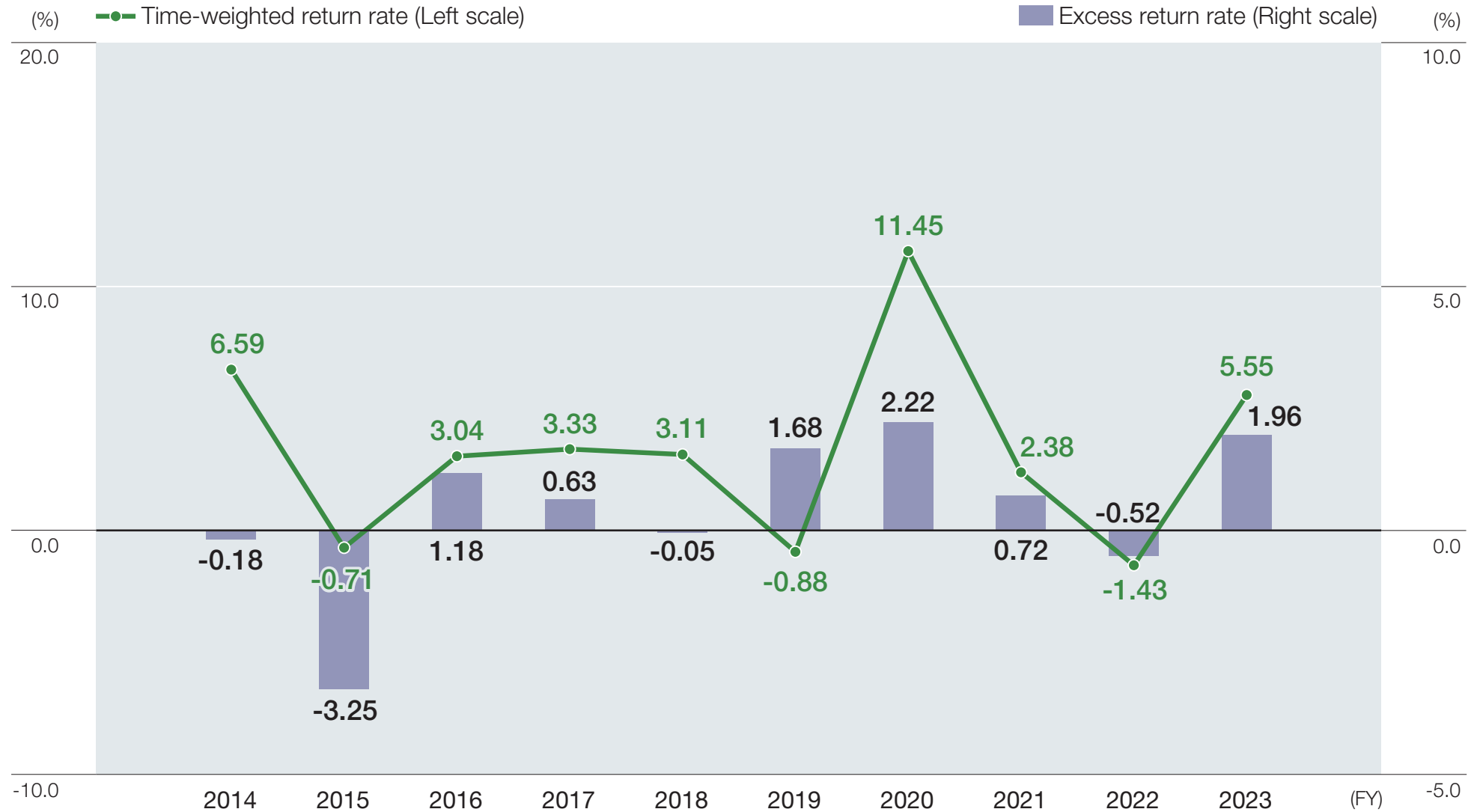


Changes in Investment Return (Overall Return after Adjustment) Portable Corporate Pensions

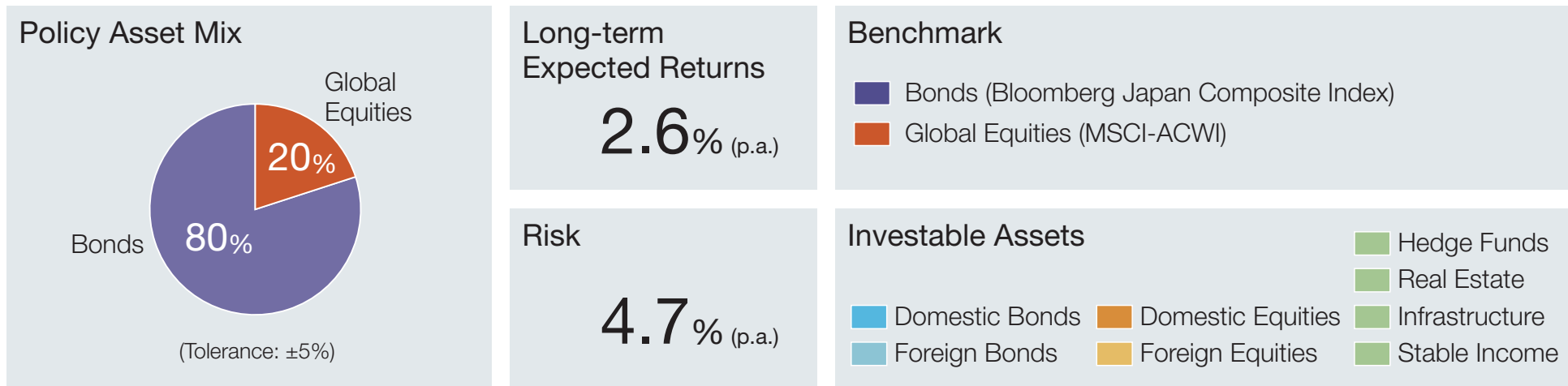


Changes in Time-weighted Return Rate & Excess Return Rate

Portable Corporate Pensions



Summary of Investment Policy



Changes in Return Rate (Time-weighted Return Rate)

(Unit:%)

	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY
FY2016							0.18	1.26	0.85	-0.20	0.82	0.28	3.23
FY2017	0.80	0.47	0.31	0.40	0.54	0.75	0.73	0.09	0.44	0.17	-1.26	-0.17	3.31
FY2018	0.70	0.19	0.31	0.67	-0.07	0.35	-1.69	0.60	-1.61	1.77	1.11	0.81	3.11
FY2019	0.80	-1.17	1.41	0.31	-0.37	0.47	0.39	0.74	0.24	0.40	-1.15	-2.89	-0.87
FY2020	1.93	1.05	0.86	0.97	1.22	-0.48	-0.74	2.58	0.94	0.27	0.44	1.88	11.44
FY2021	0.87	0.70	0.73	0.33	0.41	-0.78	1.51	-0.38	1.05	-1.47	-0.88	0.78	2.88
FY2022	-1.23	0.06	-1.99	2.21	-0.99	-2.75	1.69	1.03	-3.09	1.97	0.15	1.31	-1.79
FY2023	0.66	-0.21	1.86	-0.07	-0.44	-1.06	-1.07	2.86	0.73	0.62	1.53	1.40	6.95

Average Return	3.69%
Risk (standard deviation)	3.89%

Excess Return	0.90%
Tracking Error	1.29%

Number of Subscribers	13
Asset Balance	¥20.3 bn

As of March 31, 2024



Pension Fund Association

企業年金連合会