

Today's Theme



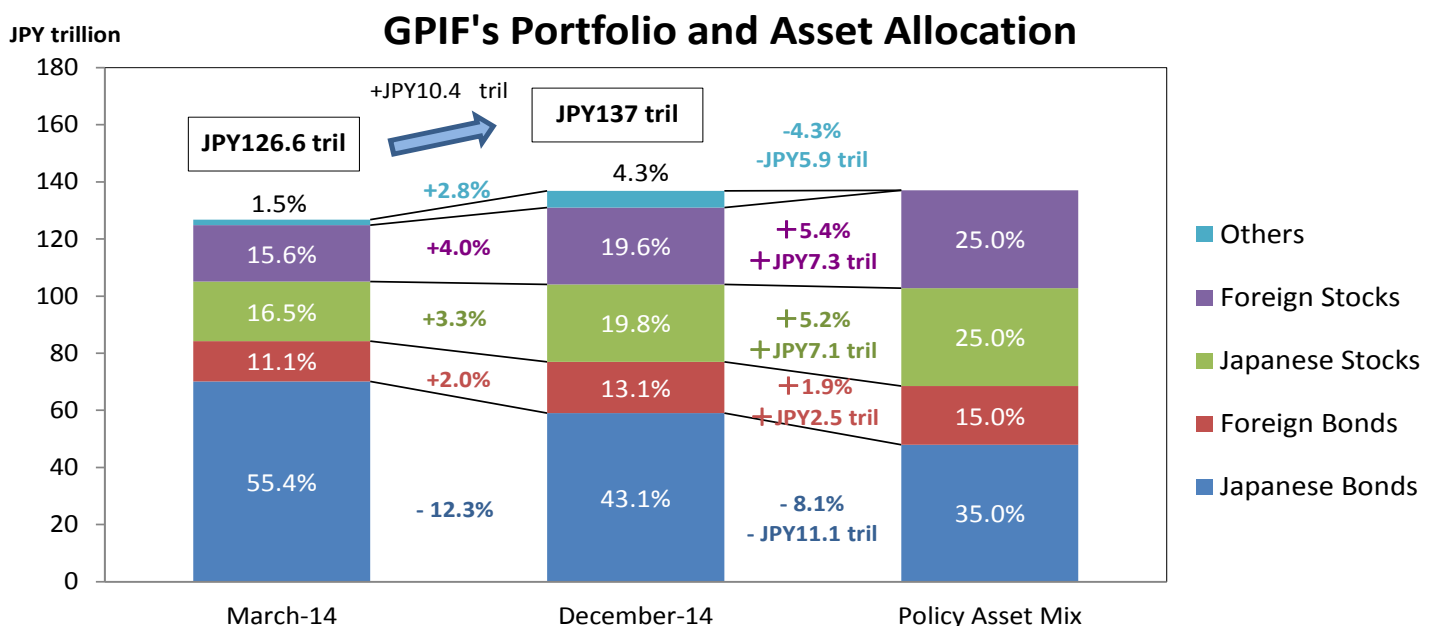
Japan

## Asset Allocation of Public Pension Funds

### Q How much money do the public pensions put into Japanese stocks?

**A** The Government Pension Investment Fund (GPIF) invested in Japanese stocks at 19.8% of the total portfolio of JPY137 trillion at the end of December 2014. It is estimated to increase JPY7.1 trillion if the Japanese stock investment weight is raised to the 25% policy asset mix.

- The asset under management of GPIF, the largest retirement fund, grew by JPY10trillion to JPY137trillion at the end of December 2014 from March 2014. The foreign bonds and stocks (both Japanese and foreign stocks) increased, while Japanese bonds decreased sharply during the same period. This movement proves that the pension's portfolio was rebalancing to meet the policy asset mix announced in last October.
  - Additional JPY7.1trillion and JPY7.3trillion would be allocated to Japanese stocks and foreign stocks, respectively, if this movement continues based on the policy asset mix from the current portfolio as of last December end.
  - The JPY7.1trillion for Japanese stocks is equivalent to approximately 2% of the market capitalization of Tokyo Stock Price Index (TOPIX).
  - In addition to the GPIF, the potential additional investment to Japanese stocks is anticipated to be more than JPY20trillion from other large sized public institutional funds if all of Postal Life Insurance (Kanpo), Japan Post Bank and the other three large public pensions\* raise the Japanese equities allocation weight. Japanese stock market would be supported as those public funds are coming into the market steadily.
- \* Federation of National Public Service Personnel Mutual Aid Associations, Pension Fund Association for Local Government Officials and The Promotion and Mutual Aid Corporation for Private Schools of Japan



(Note) The asset allocation (%) on the bar charts may not be total 100% due to the round off.

(Source) SMAM, based on GPIF data.



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