

Japan Science and Technology Agency (JST)
FY2023 Annual Report

– Japan University Fund Investment Status, etc. –

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[1] Message from the Chair of the JST Investment Advisory Committee



Hiroshi Nakaso

Chair of the JST Investment Advisory Committee

Now in its third year, the Japan University Fund is entering a new phase of growth.

The Japan University Fund that began in March 2022 is now in its third year of operation.

During this time, the investment environment has changed dramatically. The global economy as a whole continues to grow moderately, but is also faced with geopolitical risks and uncertainties such as the future of U.S. inflation and monetary policy. Japan's economy is on its way out of nearly three decades of stagnation and is about to get back on track for sustained growth. With the strengthening of the virtuous cycle between wages and prices the large-scale monetary easing measures were revised, and the policy rate was raised for the first time in 17 years. The "world with interest rates" is returning. The renewed interest in Japan will provide the economy with an excellent opportunity to boost investments financed by both domestic and overseas sources. Higher investments will in turn contribute to raising Japan's potential growth rate.

At the end of 2023, the Japanese government formulated the "Policy Plan for Promoting Japan as a Leading Asset Management Center" and the trend toward more sophisticated asset management has accelerated. It paves the way for the Japan University Fund to improve returns through the diversification of investment managers. By spearheading the support of world-class research universities using the investment returns generated, the Japan University Fund intends to contribute to the establishment of a solid foundation for basic research and the enhancement of technological innovations, and ultimately to the strengthening of the growth potential of Japan's economy. In this regard, the role that the Japan University Fund is expected to play lies at the intersection of two initiatives: one that aims to create a leading asset management center and the other which aims to position the nation as a leader of scientific and technological excellency.

The role of the JST Investment Advisory Committee is to monitor the status of the investments of the Japan University Fund by deliberating and exchanging opinions on important matters based on the reports from executives. During the early stages since the inception of the Japan University Fund, we have focused on the expansion and diversification of the investment products and methods. We have also worked to improve and upgrade our organizational structure, through measures such as securing personnel with expertise. With the aim of starting the grants in the 2024 fiscal year, the Japan University Fund is entering a new phase, supported by the high level of expertise and sense of mission shared by the entire staff. Uncertainty surrounding the investment environment remains high, but when seen from a different perspective, this means more opportunities to demonstrate asset management capability. While promoting global investment and the diversification and sophistication of income sources, as well as growing further as a group of asset management professionals, I want to reiterate that we remain committed to achieving our mission – to secure financial resources to support universities for international research excellence on a long-term and stable basis.

We ask for your continued understanding and support.

Hiroshi Nakaso

- Appointed Chair of the JST Investment Advisory Committee in 2021.
- He has been Chairman of the Institute, Daiwa Institute of Research Ltd. since 2018. Prior to that, he served as Director of the Financial Systems Division and Director-General of the Financial Markets Department of the Bank of Japan, Chairman of the Markets Committee of the Bank for International Settlements (BIS), Executive Director and Deputy Governor of the Bank of Japan.
- Graduated from the University of Tokyo, Faculty of Economics

[2] Greeting from the President



Kazuhito Hashimoto

Japan Science and Technology Agency
President

Our goal is to create top class research universities that rival the world's

In recent years, universities have been increasingly expected to be key drivers of innovation. Deep-tech startups that originate from basic research at universities are springing up one after another in countries around the world, giving birth to new industries. In Japan, however, research capabilities have been declining, and the international ranking of Japanese universities has dropped significantly over the past 20 years. One of the reasons for this drop can be attributed to their poor financial base. The gap when comparing the amount of funds under management of Japanese universities and the world's top universities is especially evident.

For example, as of 2019, Harvard University in the U.S. has an endowment of 4.5 trillion yen and financial investment gains equivalent to 200 billion yen. The University of California, Berkeley, also has an endowment of 500 billion yen with financial investment gains equivalent to nearly 20 billion yen, and the University of Oxford in the UK has an endowment of 800 billion yen, with financial investment gains equivalent to about 10 billion yen. On the other hand, Japanese universities are working to raise donations to increase their own endowment funds; but even the University of Tokyo only has an endowment of about 20 billion yen and a few hundred million yen in financial investment gains. If this situation continues, it will be difficult to improve the international competitiveness of Japanese universities.

To address this matter, the Japanese government decided to establish the Japan University Fund. This 10 trillion yen fund, primarily financed through fiscal investments and loans, will distribute its financial investment gains to universities awarded the certification of "University for International Research Excellence". By doing so, the aim is to create several world class research universities in Japan through this policy.

Some university officials argue that concentrating a huge amount of funds into a specific university will not improve research capabilities and that distributing funds broadly to individual researchers, like the JSPS KAKENHI (a competitive bottom-up scientific research grant), will be more effective. This is true if the objective is to increase the number of papers, but the purpose of this fund is to create research universities in Japan that are on par with the world's top research universities. To achieve this, we believe it is necessary to invest a large amount of funds in a concentrated manner.

Last year, Tohoku University was selected as the first candidate for accreditation by the Japan University Fund. The selection of the second and third universities for accreditation is slated for the future. We hope that the executive board and faculty members of the selected universities will understand the purpose of this policy and fundamentally reform their systems to become world-class research universities.

Kazuhito Hashimoto

- Appointed President of JST, in April 2022. Formerly the President of the National Institute for Materials Science (NIMS); Lecturer (1989), Assistant Professor (1991) at the Faculty of Engineering, the University of Tokyo; Professor (1997), Director (2004) Research Center for Advanced Science and Technology (RCAST), the University of Tokyo; Professor (2004), Graduate School of Engineering, the University of Tokyo
- Ph.D. in Chemistry from the University of Tokyo, MSc. in Chemistry from the Graduate School of Science, the University of Tokyo

[3] Economic and Financial Market Conditions

The main theme of the economic environment and financial markets in fiscal year 2023 (FY2023) was "the resilience of the U.S. economy as inflation peaked out." Global Equities (denominated in USD) rose sharply, while Global Fixed Income (denominated in USD) fell slightly, and the yen weakened significantly during the year.

Equities rose slightly in the first half of the year amid receding fears of a U.S. economic slowdown. In the second half of the year, the equity prices rose sharply, hitting new highs in major U.S. indices against a backdrop of speculation of a halt to interest rate hikes as inflation peaked out and the release of solid economic indicators. It was a year of significant gains in stock prices worldwide.

In Fixed Income, interest rates rose sharply in the first half of the year (fixed income prices fell) on speculation of a prolonged tightening of U.S. monetary policy, and in mid-October, the 10-year U.S. interest rate temporarily exceeded

5% for the first time since 2007. Interest rates subsequently declined toward the end of 2023, but since the beginning of 2024, interest rates have risen due to the release of solid economic indicators and receding expectations of interest rate cuts. It was a year of rising interest rates worldwide.

In Foreign Exchange, during the first half of the year, the yen weakened against the U.S. dollar due to the widening interest rate gap between Japan and the U.S., and the USD/JPY reached 150 yen in October. The yen subsequently appreciated toward the end of 2023, but in 2024, the yen weakened again against the U.S. dollar on the back of receding expectations of a U.S. interest rate cut. It was a year of significant yen depreciation.

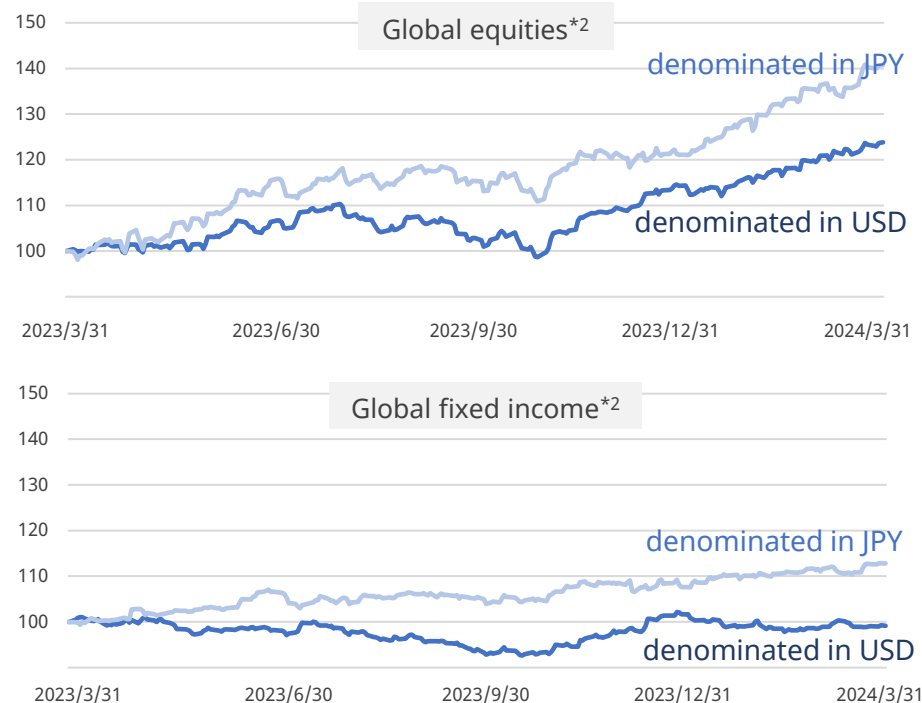
[Major Indices in FY2023]

Assets	Index	Base Currency	Rate of Change/ Yield Change*1	Value at end of FY2023
Equities	Global equities*2	JPY	40.8%	—
		USD	23.8%	1,792.31pt
	S&P500	USD	27.9%	5,254.35pt
	Euro STOXX	EUR	13.8%	520.21pt
	TOPIX	JPY	38.2%	2,768.62pt
Bonds/ Rates	Global fixed income*2	JPY	12.8%	—
		USD	▲0.8%	857.39pt
	US 10 years yield	—	+0.73%	4.20%
	German 10 years yield	—	+0.01%	2.30%
	Japan 10 years yield	—	+0.38%	0.73%
Foreign Exchange	USD/JPY	—	13.4%	151.41JPY
	EUR/JPY	—	12.0%	163.24JPY

*1 It is the rate of index of the value at the end of FY2023 compared to that of FY2022; otherwise, the yield from bonds/rates is the yield change from the value at the end of FY2022 to that of FY2023.

*2 Global equities : MSCI ACWI Index Gross. Global fixed income : FTSE World Government Bond Index.

[Performance of Major Asset Classes*1]



*1 End of FY2022 = 100

*2 Global equities : MSCI ACWI Index Gross, Global fixed income : FTSE World Government Bond Index

[4] Chief Investment Officer Overall Summary

I would like to provide a summary on the investment activities of the Japan University Fund ("the Fund"), the establishment of its systems, and our efforts in various measures in fiscal 2023.

As mentioned in the previous section, the financial markets ended with interest rates and stock prices rising, especially in the United States, and the yen weakening. However notably in the first half of the year, the interest rates increased and bond prices decreased, but the stock prices did not experience significant gains. This led to the trend of a weaker inverse correlation between stocks and bonds, similar to fiscal 2022.

In March 2023, the government completed its capital injection into the Fund, making this the first year that investments were made on the scale of 10 trillion yen. The 2.7 trillion yen in deposits and other short-term assets held at the end of fiscal 2022 was gradually invested into both bonds and stocks during the first half of the fiscal year. As a result, almost full investment was achieved by the end of fiscal 2023.

In terms of asset composition, we maintained a high allocation to global bond while taking into consideration the capital and liability structure at the initial stage of asset management. To mitigate downside risk and achieve a balance of risk, based on the transition plan for the construction of the Policy Portfolio we implemented strategies like hedging approximately half of the currency risk associated with foreign exposure. Through these efforts we controlled risk to a lower level compared to the Reference Portfolio. As for alternative investments, we continued to make commitments while keeping the time diversification in mind. The commitment balance at the end of the fiscal year exceeded 1 trillion yen, and the investment balance exceeded 300 billion yen.

As a result of these efforts, the Fund posted a return of +10%, or 993.4 billion yen, mainly benefiting from the rising stock prices and weaker yen. This net income of 116.7 billion yen from fiscal 2023, will serve as the source to fund contributions to universities.

From the portfolio management perspective, we monitored and analyzed economic trends daily with Dr. Ugai, our Chief Economist, and conducted market phase analysis. This analysis was used for our operational decisions and our asset allocation strategy. We also strengthened our risk management by studying scenarios such as the impact of different situations and investment actions in times of stress. In addition, we have been proactively building networks with investment teams from overseas sovereign wealth funds, pension funds, university funds, etc., to stay up to date on the latest investment trends.

As for human resources, we recruited investment professionals and increased the number of staff for the Fund Management Headquarters (first line) and the Investment Risk Management Department (second line), for a total of 69 staff members, to strengthen the organization.

From the perspective of carrying out investor responsibility, we compiled our first stewardship activity report in December 2023, and have been encouraging investment institutions to fulfil their stewardship responsibilities appropriately. In August 2023, we became a signatory to the Principles for Responsible Investment (PRI).

This has been a summary of our activities in fiscal 2023. Having completed the initial stage of the Fund after two years of operations, our team is committed to continuing to improve our operations for providing financial support to Japanese research universities that can be among the best in the world.



Masakazu Kita

- Appointed Vice President/ Chief Investment Officer in June 2021. Before this, he worked at the Norinchukin Bank as head of the Credit Risk Management Division and the Alternative Investment Division, and as a Managing Executive Officer.
- Graduated from the Faculty of Economics, Kyoto University.

[4] Overview of Investment Results

- Net income for the fiscal year 2023 (FY2023) was a surplus of 116.7 billion yen^{*1} (a 42.4 billion yen increase from the previous fiscal year). The performance (= Total Return^{*2}) was surplus 993.4 billion yen, Rate of Return (= Time Weighted Rate of Return^{*3}) was +10.0%, and Total Investment Assets were 10.9649 trillion yen. The valuation difference due to the mark-to-market valuation of assets held by JST ("Valuation Differences on Other Securities" on the balance sheet) was +736.1 billion yen.
- The amount of funds for grants^{*4} to universities for international research excellence and others will be determined based on the amount of the net income on the income statement (116.7 billion yen) plus the retained earnings of the previous year (68.1 billion yen), the financial condition of the Japan University Fund, and other factors. The total amount of grants each fiscal year will be determined by a government meeting based on the "Basic Policy for Grant Fund Management"^{*5} within the limits of the grants' financial resources.

* Some figures in this slide are the amounts in the income statement and balance sheet of the financial statements for the fiscal year 2023 (FY2023). At the time of publication of this Annual Report, the financial statements have not yet been approved by the Ministry of Education, Culture, Sports, Science and Technology (MEXT) (hereinafter, referred to as "the Minister of MEXT"), so the finalized values of the financial statements are subject to change. The financial statements will be separately disclosed on the JST website as soon as they are approved by the Minister of MEXT.

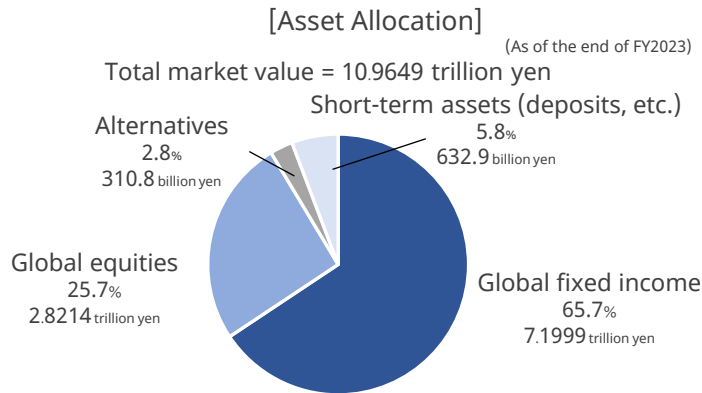
*1 The final profit in the Accounting Standards of Independent Administrative Institution corresponds to "net income" plus or minus certain items (e.g., reversal of reserve for specific purposes), which is called "gross profit". In the Japan University Fund, there are no items to be added or subtracted, and "net income" and "gross income" are the same value. For this reason, "net income" is used here instead of "gross income" in accordance with "net income," which indicates the final profit in corporate accounting.

*2 Total performance is the amount of performance (before deduction of investment fees, and others.) obtained by adding changes in valuation gains/losses, etc. (based on market value) to realized performance (based on book value).

*3 The time-weighted rate of return is the rate of return calculated based on market value (before deduction of investment fees, and others.) after eliminating the effect of cash flows (inflows and outflows of invested principal, etc.). JST uses one such method, the daily valuation method.

*4 The purpose of the Japan University Fund is to secure financial resources to provide necessary support (grant operations) on a long-term and stable basis toward the realization of world-class research universities. For details, please refer to "2 | Outline of Japan University Fund".

*5 Official name: "Basic Policy for Grant Fund Management to Promote Strengthening of Systems for Leveraging Research and Research Results of Universities for International Research Excellence (decided on November 15, 2022)".



[Amount of Profit]

Assets	Amount of profit ^{*1} (FY2023; billion yen)
Total assets	993.4
Global fixed income ^{*2,*3}	190.2
Global equities ^{*3}	774.9
Alternatives	28.3

*1 Amount of profit is the total amount of profit (before deduction of investment management fees, etc.).

*2 Global fixed income includes short-term assets (deposits, etc.).

*3 Global fixed income and global equities include domestic bonds and domestic equities respectively.

[Rate of Return]

Assets	Rate of return ^{*1} (FY2023)
Total assets	10.0 %
Global fixed income ^{*2,*3}	2.5 %
Global equities ^{*3}	39.7 %
Alternatives	19.3 %

*1 Rate of return is the time-weighted rate of return (before deduction of investment management fees, etc.).

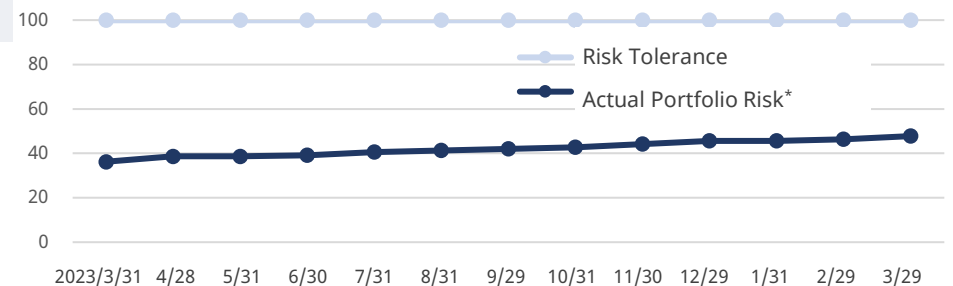
*2 Global fixed income includes short-term assets (deposits, etc.).

*3 Global fixed income and global equities include domestic bonds and domestic equities respectively.

- Through FY2023, JST managed the portfolio within the Risk Tolerance.

The Japan University Fund is managed (for more details see "3 | About Fund Management [1] Basic Framework for Fund Management") with the aim of maximizing the rate of return on investment as much as possible within the range of the standard deviation ('Risk Tolerance') calculated based on a predetermined Reference Portfolio (an asset composition ratio used for risk management). As is seen in the figure to the right, the actual portfolio risk has gradually increased as the portfolio construction progresses steadily. However, since we are currently in the time to build a Policy Portfolio "the Ramp-up Period of Investment", the actual portfolio risk has been prudently controlled and maintained ample margin relative to the Risk Tolerance through the year.

[Amount of Risk]

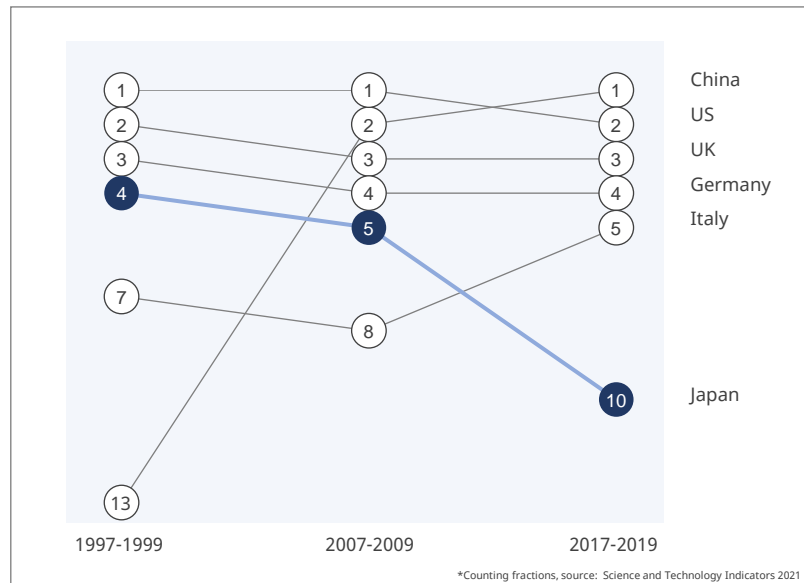


* The Actual Portfolio Risk ratio to the Risk Tolerance (%).

[1] Background to the Establishment of the Japan University Fund

In recent years, Japanese universities have stagnated for a long time in terms of the number of research papers, etc., and a problem with financial infrastructure is thought as a reason. The key universities in the US and Europe countries make use of financial investment gains from their own funds of several-trillion yen, enriching investment in research infrastructure and young researchers and leading to the creation of new academic fields and innovation. In contrast, Japanese universities have few funds to invest and inadequate systems for management, so it is difficult for them to obtain adequate investment income.

[Countries Ranked by the Number of Top 10% Most Cited Papers]

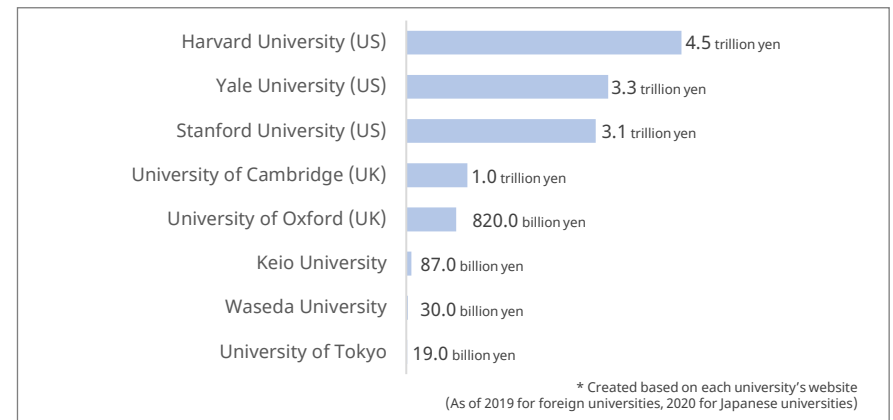


Source: MEXT, JST

To mitigate this difference in financial power through initiatives that make use of national funds rather than just the power of each university in Japan, the “Comprehensive Economic Measures to Secure People’s Lives and Livelihoods toward Relief and Hope” (Cabinet Decision December 8, 2020) stated that “the Government will establish the Japan University Fund with a scale of 10 trillion yen and apply gains resulting from the investment of the fund to develop common facilities and data linkage infrastructure for universities that conduct research and development on a world-class level and to foster young human resources such as doctoral students, thereby building our country’s innovation ecosystem*”; in January 2021, the Act Partially Amending the Act on Japan Science and Technology Agency, National Research and Development Agency was established, and the Japan University Fund was set up in JST.

* A system to accelerate autonomously innovative creation with the mutual involvement of each player, like an ecosystem

[Fund Size of Key Universities]



Source: MEXT, JST

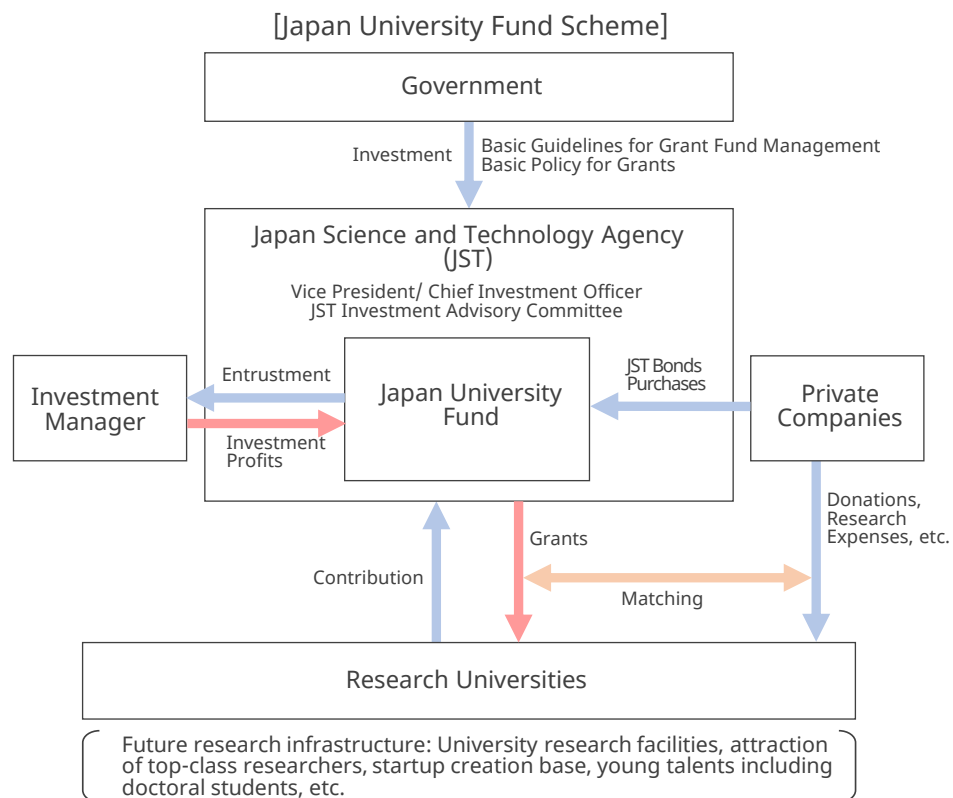
In April 2021, the government's Council for Science, Technology and Innovation established a "Specialist investigative committee for world-class research universities/working group for Japan University Fund management" and discussions concerning the form of the fund went ahead.

During the discussions, it was noted that to realize world-class research universities, support of around 300 billion yen (in real terms) is needed per year from a long-term perspective, and basic approaches regarding fund management were summarized from expert perspectives; in August 2021, "Basic Approaches to fund management for the Japan University Fund to realize world-class research universities" (hereinafter "Basic approaches to fund management for the Japan University Fund") was determined.

In light of this, in January 2022, Minister of MEXT informed JST of the Basic Guidelines to Ensure that Grant Fund Management is Conducted Safely and Efficiently from a Long-term Perspective ("Basic Guidelines for Grant Fund Management"); the Basic Policy for Grant Fund Management created in light of the Guidelines by JST was then approved by Minister of MEXT.

Based on the above Basic Guidelines for Grant Fund Management and Basic Policy for Grant Fund Management, JST started operating the Japan University Fund in March 2022 with the aim of ensuring financial resources needed for long-term and stable support to establish world-class research universities.

In May 2022, the act on strengthening systems for leveraging research and research results of universities for international research excellence was established, and in November 2022, Minister of MEXT determined a basic policy to promote the strengthening of systems for leveraging the research and research results of universities for international research excellence. This sets out the significance of a system based on this act, as well as basic matters concerning the certification of universities eligible for support from the Japan University Fund.



Source: MEXT, JST

Minister of MEXT is certifying universities as "universities for international research excellence." These are universities for which it has considerable expectations, such as developing internationally excellent research and making use of research results that engender social and economic change. The Japan University Fund assists plans to strengthen the research systems of universities for international research excellence, created by the universities in question.

The review process for the accreditation of universities for international research excellence is currently underway with the aim of starting the grants in the 2024 fiscal year. For more details, please see the MEXT's website*.

* MEXT website: https://www.mext.go.jp/a_menu/kagaku/daigakukenkyuryoku/kokusaitakuetsu_koubou.html

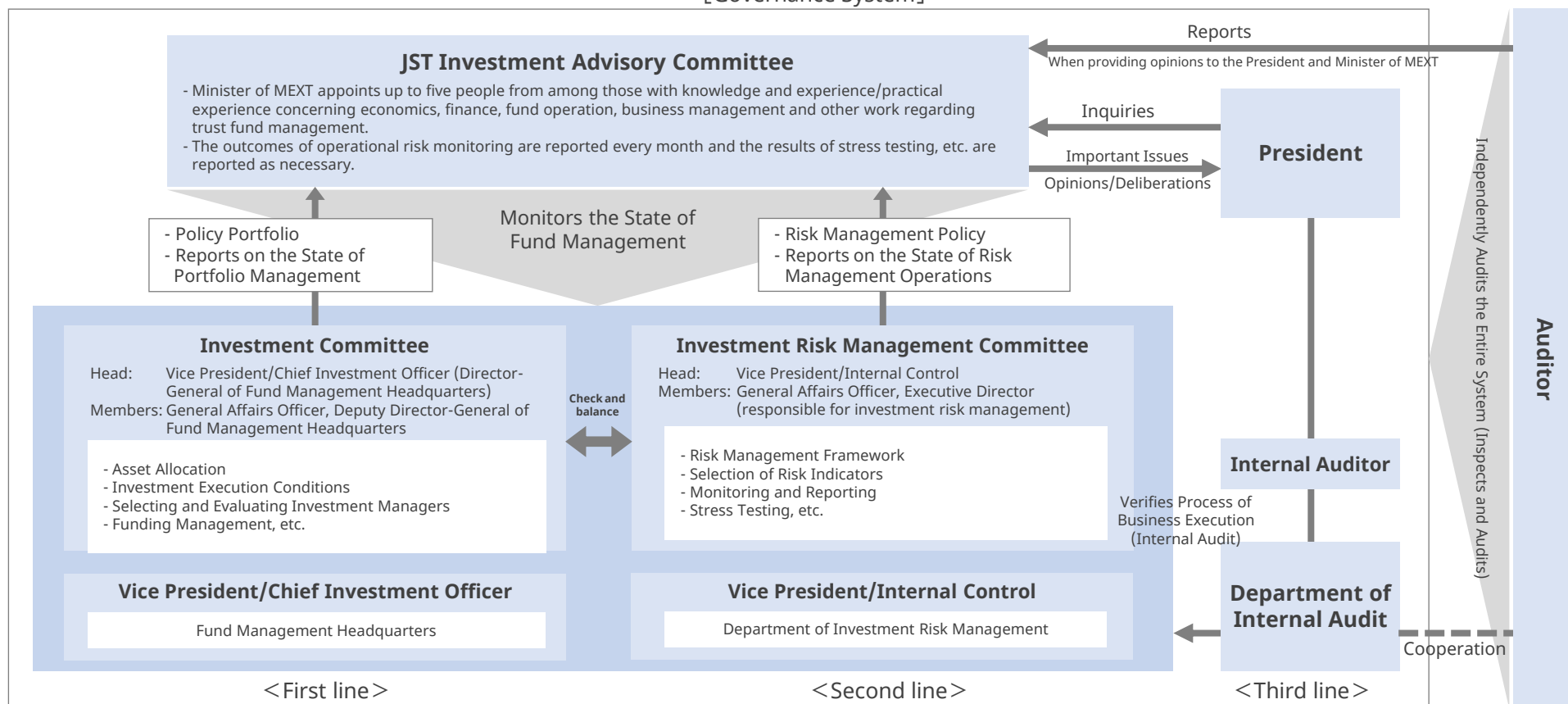
[2] Governance System

JST has built a governance system with three lines of defense: the Fund Management Headquarters (First line), the Department of Investment Risk Management (Second line), and the Department of Internal Audit (Third line).

The "JST Investment Advisory Committee" is composed of external experts who are appointed by Minister of MEXT, and deliberates on key matters such as the Policy Portfolio, supervises implementation conditions for fund management, and provides opinions concerning important matters in response to requests from the President. It also makes recommendations on necessary matters to the President.

In addition, the "Investment Committee" and the "Investment Risk Management Committee", made up of the Vice President/Chief Investment Officer and Vice President/Internal Control, deliberate on necessary matters concerning investment and risk management respectively, and make reports about this to the JST Investment Advisory Committee. The independent Audit Office (Department of Internal Audit) verifies the appropriateness of their process of execution (internal audit), thus strengthening the previously mentioned three lines of defense. Moreover, an Auditor appointed by Minister of MEXT audits all JST business, including the Japan University Fund, from a position independent of the President.

[Governance System]



* In addition to the Auditor's audit and an internal audit, an accounting auditor also carries out an audit (a three-fold audit). There is also an accounting inspection.

[3] JST Investment Advisory Committee

The JST Investment Advisory Committee is made up of members with academic or practical experience in fields concerning economics, finance, fund operation, business management and other work regarding trust fund management. The next page summarizes the agenda of the Committee in FY2023. See the JST website* for more details.

* JST website (Japan University Fund): <https://www.jst.go.jp/fund/>

What is the JST Investment Advisory Committee?

The JST Investment Advisory Committee is a committee comprised of members appointed by Minister of MEXT, based on the Act on Japan Science and Technology Agency, National Research and Development Agency. The following provisions apply in accordance with this law.

[The Authority of the JST Investment Advisory Committee]

The JST Investment Advisory Committee deliberates on matters concerning investment management operations and monitors the implementation status of those operations to ensure that the investment management operations are appropriate.

[The Composition of the JST Investment Advisory Committee]

The JST Investment Advisory Committee consists of no more than five people. The members of the JST Investment Advisory Committee are appointed by Minister of MEXT from among people with academic or practical experience in fields concerning economics, finance, fund operation, business management and other work regarding trust fund management. Their membership term is two years.

The members of the Investment Advisory Committee as of the end of the fiscal year 2023 are as follows

[JST Investment Advisory Committee Members]



Chair	
Hiroshi Nakaso	Chairman of the Institute, Daiwa Institute of Research Ltd
Masaharu Usuki	Professor Emeritus, Nagoya City University
Hisae Sato	Trustee, International Christian University
Takuei Maruyama	PwC Japan LLC, Senior Executive Officer, Partner, Executive Officer of PwC Business Assurance LLC

Term: October 1, 2023 to September 30, 2025
Titles are as of April 1, 2024.

[JST Investment Advisory Committee Agenda]

Date of session	Agenda
The 9 th MTG May 24, 2023	[Deliberation] Investment Forms for Active Management of Global Fixed Income [Deliberation] Revision of Statement of Operation Procedures (Draft) [Deliberation] In-House Investment Guideline (Private Placement Investment Trust) (Draft) [Report] Result of Selection of Investment Manager for Fixed Income Active Management (U.S. High Yield Corporate Bonds) [Report] Investment Status for the Period from January 1, to March 31, 2023 (Preliminary Report) [Report] Report on Monitoring of Investment Risks for the Period from January 1, to March 31, 2023 [Deliberation] Composition and content of the annual report for FY2022*. [Report] Report on the evaluation of grant fund management by JST *Email Deliberation was held from June 8, 2023 to June 28, 2023 on the final draft, and others.
The 10 th MTG Aug 4, 2023	[Deliberation] Unification of the Composition of Selection Criteria for investment managers [Deliberation] Guidelines for Active Management of Global Equities (Draft) [Report] Investment Status for April-June 2023 (Preliminary Report) [Report] Asset Management Risk Monitoring Report for the period April-June 2023 [Report] Allocation of Commitments by Real Estate Strategy for the fiscal year 2023 [Report] Result of Selection of Additional PE Secondary and PD Investment Managers for Public Offering [Report] Principles for Responsible Investment (PRI)
The 11 th MTG Dec 6, 2023	[Deliberation] Operating policy (revised draft) [Deliberation] Establishment and Revision of In-House Investment Guidelines for Expansion of Derivative Products, and others. [Deliberation] Draft revisions to in-house investment guidelines (Global Fixed Income) in connection with the introduction of Agent Repurchase Agreements [Report/Deliberation] Combined Investment Assets Management [Deliberation] Draft Revisions to the Investment Guidelines for Real Estate, Infrastructure, and PE/PD [Report/Deliberation] Commencement of In-House Investment in Private Equity (PE)/Private Debt (PD) [Report] Report on Monitoring of Investment Risks for July-September 2023 [Report] Investment Status for July-September 2023 (Preliminary Report) [Report] Response to the Annual Report on Stewardship Activities (External Publication)

Date of session	Agenda
The 12 th MTG Feb 7, 2024	[Report] Results of Selection of Investment Manager for Fixed Income Active Management (Emerging Market Bonds) [Report] Results of Selection of Investment Manager for Diversified Real Estate Asset Management [Report] Results of Selection of Foreign Investment Trust Providers for Combined Investment Asset Management [Report] Report on Investment Risk Monitoring for the period from October to December 2023 [Report] Investment Status for October-December 2023 (Preliminary)
The 13 th MTG Mar 15, 2024	[Deliberation] Revision of Annual Plan for fiscal year 2023 (draft) and 2024 (draft) [Deliberation] Revision of Operating Policy (draft) [Deliberation] Revisions to the Investment Assets Guideline template (draft) and the Asset Management Guideline template (draft) [Deliberation] Establishment of in-house investment guidelines (integrated) (draft) [Report] Revision of Risk Measurement Model [Deliberation] Verification of Policy Portfolio [Report] Asset Allocation Plan (FY2024) [Report] Stress Testing of the Asset Allocation Plan for FY2024 [Report] Private Equity (PE) and Private Debt (PD) Commitment Allocation Policy for FY2024 [Report] Policy on Commitment Allocation of Real Estate and Infrastructure for FY2024 [Report] Monitoring of Outsourced Funds (as of December 31, 2023) [Report] Review of various frameworks for investment risk management

Minutes and Committee documents will be made public after seven years (excluding non-public information).

[4] Investment Organization

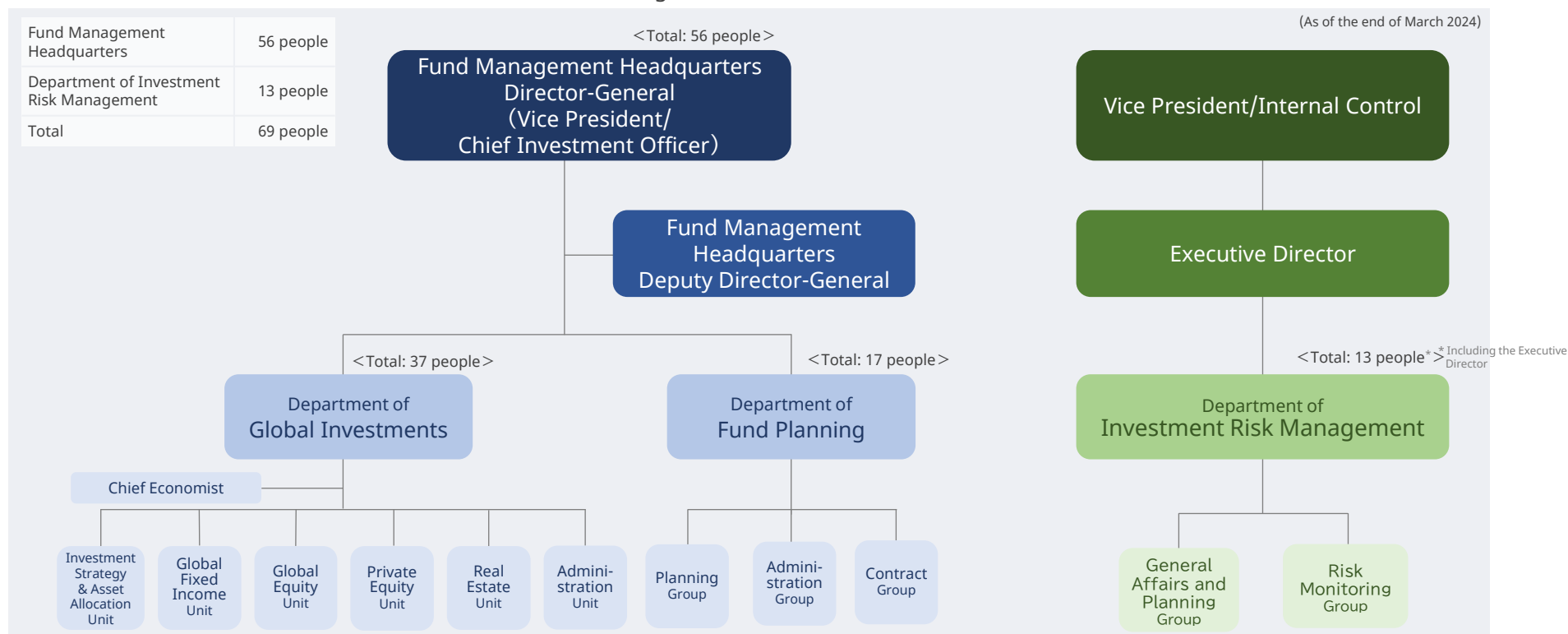
JST established the Department of Global Investments in March 2021 in readiness for launching the Japan University Fund. Later, in August 2021, the department was divided into the Fund Management Headquarters and Department of Investment Risk Management.

The Department of Global Investments of the Fund Management Headquarters comprises the Investment Strategy & Asset Allocation Unit, Global Fixed Income Unit, Global Equity Unit, Private Equity (PE) Unit, Real Estate Unit and Administration Unit, each of which includes employees familiar with the relevant fields to ensure long-term and stable fund management. Additionally, the Department of Fund Planning of the Fund Management Headquarters, which includes a Planning Group,

Administration Group and Contract Group, is tasked with managing the Japan University Fund smoothly and efficiently through the Investment Committee, including external adjustment, budget execution management, publicity and information disclosure and contract work, etc.

The Department of Investment Risk Management consists of the General Affairs & Planning Group and the Risk Measurement Group and is responsible for the operation of the Investment and Monitoring Committee, Investment Risk Management Committee, etc., measurement of market risk, credit risk, liquidity risk, etc., performance evaluation and analysis, inspection and investigation of contracts concluded by the Fund Management Headquarters, etc., to ensure proper fund investment.

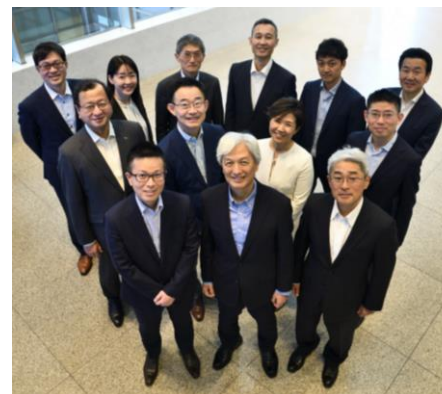
[Organization Structure]



The following is an overview of each unit of the Department of Global Investments, which is responsible for practical fund management.

[Overview of Each Unit]

Unit name	Overview
Investment Strategy & Asset Allocation Unit	Establishing economic outlook, reviewing the Policy Portfolio, and managing asset allocation
Global Fixed Income Unit	In-house investment in global fixed income and foreign exchange (direct investment/ETF) and outsourced investments
Global Equity Unit	In-house investment in global equities (ETF) and outsourced investments
Private Equity (PE) Unit	Outsourced investments in private equity, etc.
Real Estate Unit	Outsourced investments in real estate and infrastructure, etc.
Administration Unit	Administration related to investment management, such as investment method instructions, principal transfer instructions, fund establishment, etc.



The Department of Global Investments is made up of experts with diverse experience and skills. The key previous experiences of the Department head, Chief Economist and Unit heads are as follows.

[Biographies of Senior Leadership]

①Naoya Sugimoto

(Deputy Director-General of Fund Management Headquarters / Head of Department of Global Investments / Managing Director)

- He is the Co-Chief Investment Officer of Japan University Fund. Prior to joining JST in March 2022, he provided portfolio solutions through all asset classes to institutional investors at Goldman Sachs Asset Management. Prior to that, he headed Japan Strategy Team and Japan Executive Office at PIMCO Japan Ltd. leading portfolio solutions business, and worked for PIMCO headquarter office in US in charge of developing portfolio and risk management models. Prior to that, he served as a quant analyst at Credit Suisse Securities. He also served as the CSO/CFO for Forbes JAPAN, and worked at NTT Data on cryptography R&D in his career.
- He holds an MSc in Computer Science (AI) from the University of Tokyo Graduate School and a BEng from the University of Tokyo.
- He is a Chartered Financial Analyst (CFA) charterholder and holds the Chartered Alternative Investment Analyst (CAIA), the Financial Risk Manager (FRM), and the Certified Member Analyst of the Securities Analysts Association of Japan (CMA).

②Hiroshi Ugai

(Chief Economist / Managing Director)

- He joined JST since September 2022. Before that, he had built a 30 year career at the Bank of Japan where he was a Deputy-Director General. He served in planning and research related to the policies at key departments such as the Monetary Affairs, Research and Statistics, Financial System and Bank Examination, and International Departments. He was a Japan's original delegates of Financial Stability Board during 2009-13, and was seconded to the School of International and Public Policy, Hitotsubashi University as a professor of Asian Public Policy. Since then, he had over 6 years of leadership as Chief Japan Economist (Managing Director) of J.P. Morgan, responsible for outlining the firm's official view on Japanese economy and macroeconomic policies.
- He wrote many papers on monetary policy including misunderstanding and miscalculation of Japan's money, banking and financial markets as an author and co-editor, effects of the quantitative easing policy, transmission channels and welfare implications of the unconventional monetary easing policy in Japan, and Japan's deflation, problems in the financial system and monetary policy.
- He has a Doctor of Economics from Saitama University, studied at the University of Chicago Booth School of Business, and has a BA in Economics from the University of Tokyo.

③Masakazu Ikeda

(Head of Investment Strategy & Asset Allocation Unit / Managing Director, responsible for investment planning)

- He joined JST in January 2022. He previously worked at Nomura Asset Management, where he served in various positions including multi-asset portfolio management, Japanese equity portfolio management, and corporate business planning. He also worked at Sampo Japan Insurance Inc., and managed portfolios ranging from global fixed income & equity to hedge funds.
- He graduated with MBA degree from New York University Stern School of Business, and received a Bachelor degree in Economics from the University of Tokyo.
- He is a charterholder of both CFA and CMA (Certified Member Analyst of the Securities Analysts Association of Japan).

④Yasushi Kobayashi

(Head of Global Fixed Income Unit and Global Equity Unit / Managing Director, responsible for global market management)

- He joined JST in May 2022. Before this, he joined the Sanwa Bank, Limited (now the MUFG Bank, Ltd.), serving as head of European Financial Markets, head of the Financial Market Department (special mission), head of the Market Sales Department (special mission), and head of the Foreign Currency Funds and Securities Department concurrently (in London); he had served as head of Investment Management, head of the Yen Funds and Securities Department, head of the Funds and Securities Department, and Senior Fellow. After this, he worked as an advisor to Central Tanshi Co., Ltd., Director of CENTRAL TOTAN SECURITIES Co., Ltd., advisor to Sanshin, and Representative Director and President of CENTRAL TOTAN SECURITIES Co., Ltd.
- He graduated from the Faculty of Economics, the Keio University.

⑤Tadasu Matsuo

(Head of Private Equity (PE) Unit and Real Estate Unit / Managing Director, responsible for alternative investment management)

- He joined JST in January 2022. Before joining JST, he led HarbourVest Partners Japan as a managing director and co-head from April, 2020. As a head of alternative investment, he oversaw Japan Post Insurance's alternative investment, ranging from private equity and infrastructure funds to real estate and hedge funds since September 2016. Before joining JP Insurance, he headed Daido Life's alternative investment.
- Served as Senior Managing Director, he also engaged in private equity fund investment and headed a business development of Alternative Investment Capital (AIC), a leading private equity FOF manager and gatekeeper in Japan.
- Prior to joining Daido Life, Mr. Matsuo served as an M&A advisor to various insurers' transactions at PwC Financial Advisory Services Japan from 1999 to 2002. Earlier in his career, he worked for Nippon Life Insurance Company for 13 years, where he managed overseas sovereign credit loans and investments.
- He received his MBA from Duke University and BA in Economics from the University of Tokyo.
- He passed the US CPA exams.

⑥Junji Komatsu

(Head of Administration Unit, Managing Director, Chief Administrative Officer)

- He joined JST in August 2023. Prior to then, he had joined the Ministry of Posts and Telecommunications (now Japan Post Insurance Co., Ltd.), where he was in charge of Fixed Income trading and settlement operations for Japanese Government Bonds and Municipal Bonds in the Investment Assets Division. Thereafter, he was engaged in the development and operation of Investment Assets risk measurement models, asset management planning, and ALM simulation models. Later, after working in the Corporate Planning Department, he launched the Investment Assets Program for Alternative Assets and managed the middle and back office operations for these assets. In addition to managing back-office operations related to Investment Assets, he was also in charge of establishing the back-office workflow and system development for the introduction of interest rate and currency swaps.
- He received a B.A. in Economics from Doshisha University and an M.A. in Economics from Doshisha University Graduate School of Economics.

[1] Basic Framework for Fund Management

Grant fund management is based on the Policy Portfolio in principle and be in compliance with the investment discipline, and rebalancing (selling and buying assets to make the actual asset allocation as intended in the annual asset allocation plan) is to be implemented within the allowable deviation range.

The Policy Portfolio is determined by JST within the range of the Reference Portfolio "Risk Tolerance" set by the government.

① Overview of Reference Portfolio

To achieve world-class research universities, support of around 300 billion yen (real) is needed per year from a long-term perspective; this is noted in the "Basic approaches to fund management for the Japan University Fund" by the Council for Science, Technology and Innovation. At the same time, this also provides a Reference Portfolio that has a global equities : global fixed income ratio of 65 : 35 as an asset composition ratio to determine the risks the Japan University Fund can take ("Risk Tolerance") to ensure this long-term and stable support.

When determining this Reference Portfolio, the following points were comprehensively considered.

Perspective on the Target Rate of Return on Investment

The ability to secure grant funds needed to strengthen research capabilities in the long term in order to achieve world-class research universities (more than target payout ratio 3% + long-term inflation rate).

Perspective on Risks and Returns

The level of return and risk that can be expected in the long term, based on the investment environment of the global market, to monetize overall economic growth in Japan and overseas.

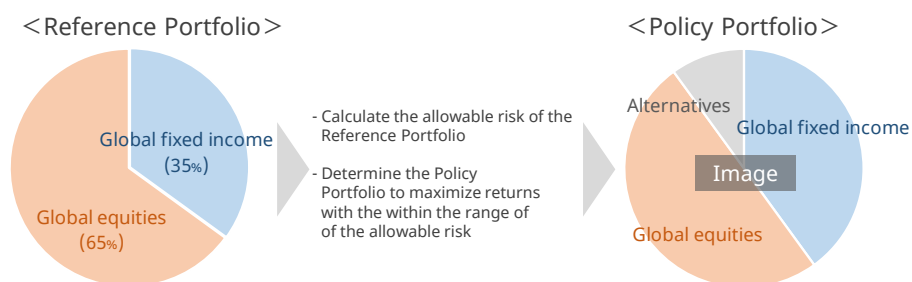
Perspective on Financial Soundness

The formation of financial base that properly takes into account the expansion of equity capital, including securing a buffer for continuing support, in a specified timeframe until a portfolio is built to meet the long-term investment targets.

② Relationship Between Reference Portfolio and Policy Portfolio

As stated previously, the Reference Portfolio (global equities : global fixed income = 65 : 35) is used to determine the "Risk Tolerance" (standard deviation). JST defines the asset allocation (Policy Portfolio) that serves as the foundation to achieve investment targets with the aim of maximizing the rate of return on investment as much as possible within the Risk Tolerance, and management and investment are carried out based on this.

[Relationship Between Reference Portfolio and Policy Portfolio]



* The target assets and asset allocation, etc. are images.
Images for illustration purpose only.

We used 25 years of historical monthly market data on indices* (equities: the MSCI ACWI Index (including dividends); fixed income: the FTSE World Government Bond Index) showing changes in the value of global equities and global fixed income to calculate Risk Tolerance.

③ Management Based on the Policy Portfolio

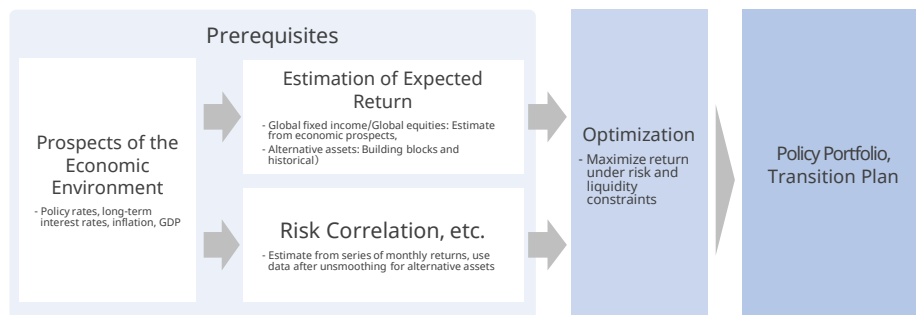
The Policy Portfolio was formulated from a long-term perspective according to risk analysis based on rational future forecasts, considering generally accepted expertise in asset management and investment, as well as domestic and foreign economic and market trends.

At that time, we confirmed that the standard deviation of the Policy Portfolio was within the Risk Tolerance and verified it using the assumed risks.

In March 2022, JST determined the investment assets, asset allocation ratio and allowable deviations of the Policy Portfolio after deliberation by the JST Investment Advisory Committee, taking into account the properties of the component assets so as to smoothly ensure liquidity while aiming to maximize return on investments as much as possible within the Risk Tolerance.

When determining the Policy Portfolio, we first identified the prerequisites (prospects of the economic environment, estimation of expected return from each asset, risk correlation, etc.), then used this to optimize the portfolio.

[Policy Portfolio Construction Flow]



Allowable Deviation and Dealing with Rapid Market Changes

Grant fund management will be based on the Policy Portfolio in principle, and an allowable deviation has been determined to conduct flexible investment while observing investment discipline.

Rebalancing, etc. is to be implemented within the allowable deviation range based on current trends in the turbulent economic and market environments, rather than constantly securing assets in the same ratio as the Policy Portfolio.

Moreover, a Code of Conduct in the Event of Rapid Market Changes (Crisis Playbook) has been determined following deliberations by the JST Investment Advisory Committee before the start of grant fund management, and investment behavior will be actioned based on this code in case of market turmoil.

Review of the Policy Portfolio

In addition to regularly reviewing the Policy Portfolio on an annual basis, JST will carry out a review after deliberation by the JST Investment Advisory Committee should it be deemed necessary, such as if the investment environment assumed when the Policy Portfolio was determined deviates from reality as a result of risk analysis taking into account changes in the Reference Portfolio, changes in the Risk Tolerance, and on economic and market trends. If the Policy Portfolio changes, an appropriate transition period will be set as necessary.

④ Points to Note During the Ramp-up Period of Investment

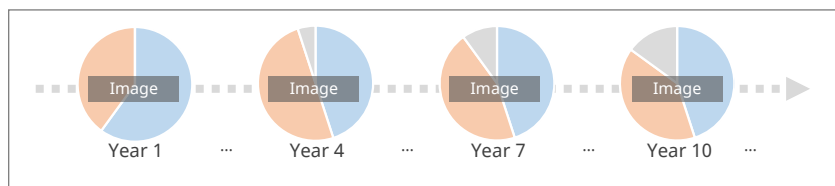
The Basic Guidelines for Grant Fund Management note that during the time to build a Policy Portfolio (the Ramp-up Period of Investment), the aim is to take appropriate risks based on the Risk Tolerance and **to realize the asset allocation in line with the Policy Portfolio at the earliest stage within 10 years of the startup period of investment**, with consideration for the characteristics of assets that require time for investment execution.

This is because around 90% of the investment principal for the Japan University Fund is borrowed from fiscal loan funds, leading to the financial structure with low equity capital ratio. Thus, in order to ensure the stable redemption of the fiscal loan funds and long-term stable grants for universities for international research excellence, it should be avoided to make immediate risk-taking at the same level as the Risk Tolerance.

Moreover, we also take into account appropriate amounts of time for alternative assets such as private equity and real estate.

Therefore, during the Ramp-up Period of Investment, we will endeavor to accumulate equity capital while shifting asset allocation in a methodical manner based on the transition plan for the Policy Portfolio, and achieve the asset allocation in accordance with the Policy Portfolio as early as possible by using allowable deviation.

[Images of Change in Asset Allocation]



⑤ Management Methods

With regard to grant fund management, global investments (in countries worldwide) will be proactively adopted to link overseas and domestic economic growth with investment profits in a long-term and stable manner by taking advantage of diversification effects among assets (e.g. diversification of investment assets, regions and sectors, etc. and investments in the funds with investments in multiple assets, etc.).

Moreover, in principle, both passive management (aiming for investment results that closely track the designated benchmark) and active management (intended for obtaining profits exceeding the benchmark of the targeted investment) will be used, and alternative investments, which encompass investment targets and strategies beyond traditional investment products, will be strategically promoted from the perspective of diversifying risks and ensuring medium-to long-term profits.

[2] Investment Policies and Schedule

① Operational Policy

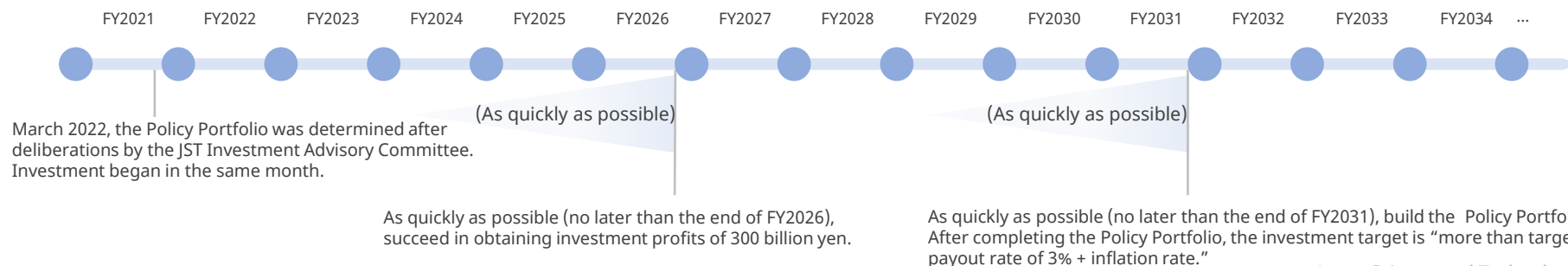
The Japan University Fund positioned the period from FY2021 to FY2023 in the “Early Stages” and focused on the development and enhancement of its investment and risk management systems. In the Early Stages, the Fund focused on the three SDGs (Simple, Defensive, and Gradual) as shown in the chart on the right. While keeping in mind the Reference Portfolio and the Policy Portfolio Transition Plan, we managed the portfolio from the perspective of total optimization, taking into account the Investment Status inside and outside the Fund (system development status and market environment), and paying attention to absolute returns and downside risk control.

Going forward, we will continue to promote global investment and diversification of return sources, taking into account the diversification effect among assets, while keeping in mind the Reference Portfolio and the Transition Plan to the Policy Portfolio, in order to “secure financial resources to support the construction of the research infrastructure necessary for the realization of World-Class Research Universities on a long-term and stable basis.”

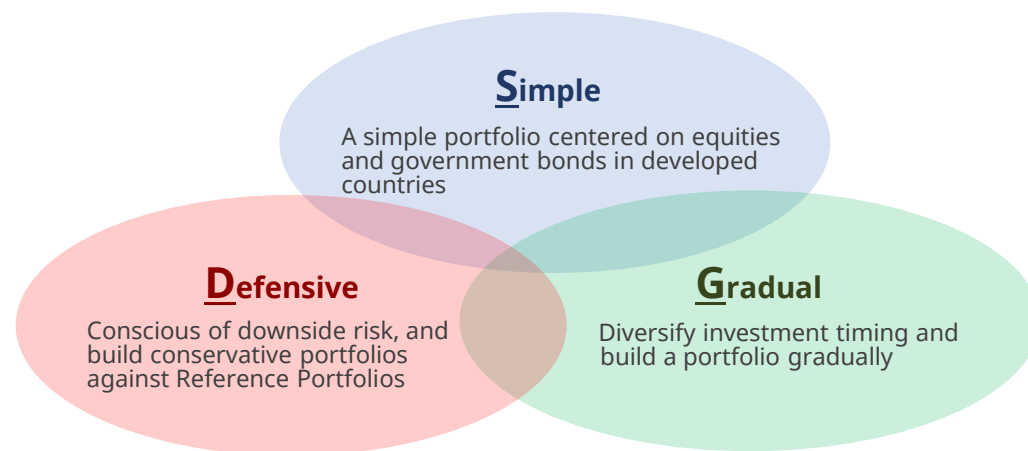
② Schedule

The current schedule for the Japan University Fund is shown below. The aim is to succeed in obtaining investment profits of 300 billion yen as quickly as possible (no later than the end of FY2026), and to build a policy portfolio as quickly as possible (no later than the end of FY2031). **Until the policy portfolio is constructed (Ramp-up Period of Investment), the investment target of “more than target payout rate of 3% + inflation rate” will not apply.**

[Current Schedule]



[Investment Policy for Initial Investment Period]



Moreover, during the Ramp-up Period of Investment, information such as the asset allocation of the Policy Portfolio will not be disclosed. Given that it takes long time to construct the Policy Portfolio during the Ramp-Up Period, we intend to prevent any market impact caused by disclosing its details in advance. In the future, we will strive to enhance transparency in our investments by enriching the disclosure content including other relevant information, while remaining attentive to market influence.

[3] Risk Management

① Basic Policies for Risk Management

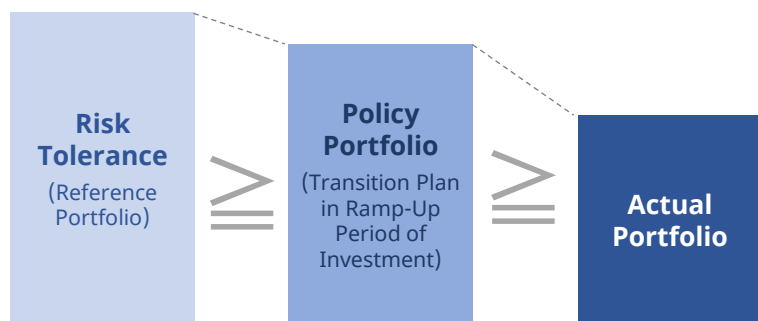
One of the important risks to consider when managing grant funds is the inability to pay necessary expenses due to the failure to secure financial resources for long-term and stable support to build the research infrastructure necessary for realizing world-class research universities. Accordingly, the JST Investment Advisory Committee has deliberated on and established a basic policy for managing risks appropriately while ensuring the redemption of fiscal loan funds.

② Basic Framework for Risk Management

In order to appropriately manage risk-taking level associated with portfolio management in light of the Risk Tolerance presented by the Minister of MEXT, the type and amount of risk to be accepted to achieve the investment target is defined “Risk Appetite”. In addition, the magnitude of the risks on JST’s business operations is seized, and after assessing the materiality of risks that should be managed by JST, the management approach is defined “Risk Materiality Assessment”. Based on these, the risks are controlled (quantification and integrated management) and their status is reported in a timely manner (reporting on risk). These frameworks and processes are documented, and a system is in place to ensure steady operation, including a risk management system.

[Image of Risk Amount Control]

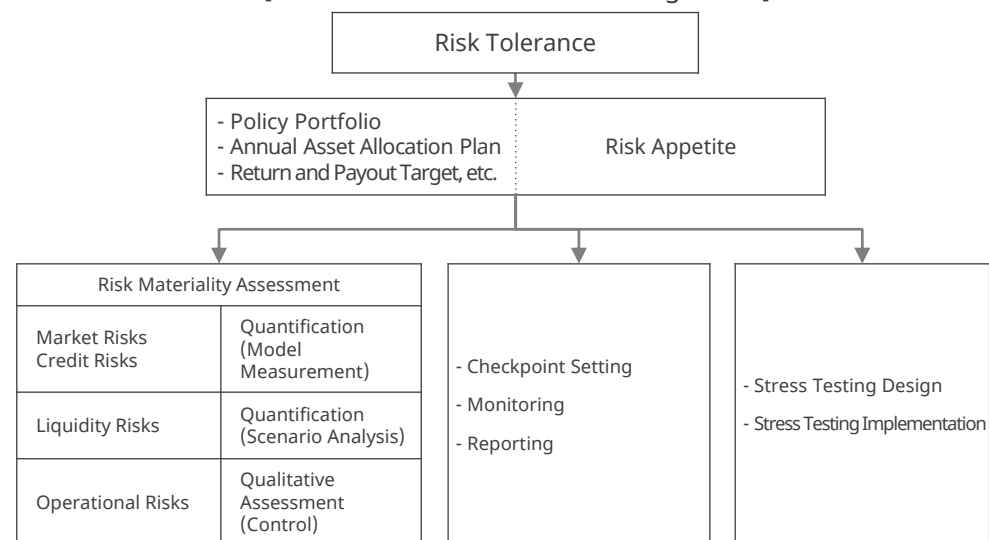
Measure risk across the portfolio,
confirm it is within the Risk Tolerance



③ Various Processes Concerning Risk Management

- **Risk appetite:** Determines what risks to take and to what extent so as to optimize risk returns. This enables disciplined risk-taking to achieve investment targets based on Risk Tolerance.
- **Risk materiality assessment:** Gains a comprehensive understanding of the risks faced and determines policies to deal with them based on the importance and characteristics of the risk.
- **Checkpoint system:** To implement appropriate risk-taking in accordance with risk appetite, based on policies to handle each risk through the risk assessment above, this system determines the level of standard deviation and asset value at which it is necessary to confirm the internal and external investment circumstance and verify whether a review of the annual plan is required.
- **Stress testing:** To supplement quantitative risk management, this assumes a notable stress scenarios based on the current state of the portfolio and the annual asset allocation plan, and evaluates the financial impact in such a case.

[Basic Framework for Risk Management]



④ Risk Management Operation

In accordance with the framework explained in the previous page, monitoring such as risk measurement is carried out daily or monthly, and the results are reported to a predetermined committee, etc. If any excess risk is confirmed through the monitoring, the necessity to review asset allocation will be considered in view of the market environment and in compliance with investment discipline. In the case that changes in the market value of assets reach a certain level,* it will be reported to the JST Investment Advisory Committee, and, after the necessary measures have been deliberated, will also be reported to Minister of MEXT.

In addition, stress testing, etc. will be carried out when the Policy Portfolio is formulated, verified or changed, or when the annual asset allocation plan is formulated or changed. This process facilitates the management of the risks of not achieving investment targets, considering the necessary period to recover from the decline in the asset value due to the deterioration of the market environment. The results will be confirmed at the Investment Risk Management Committee and reported to the JST Investment Advisory Committee.

Furthermore, a basic risk management policy and associated frameworks were established to cope with various risks including market risks, credit risks, liquidity risks, and operational risks from the perspective of overall portfolio, investment asset classes, and investment methods. These risks are managed appropriately through multi-layered monitoring according to individual risk characteristics.

* A report will be sent to Minister of MEXT when a loss due to short-term fluctuation in the market value of assets reaches the standard deviation in the Policy Portfolio or twice that deviation, or when the market value of assets is less than the balance in the Fiscal Loan Fund, or when the net realized loss exceeds the capital stock.

⑤ Status of Risk Management in FY2023

In FY2023, the actual amount of risk in the portfolio gradually increased throughout the year as a result of steadily continuing to build the portfolio in an environment of continued extreme uncertainty, including trends in monetary policy in various countries in response to global inflation, Russia's continued aggression in Ukraine, and the worsening situation in the Middle East, etc.

However, since we are currently in the time to build a Policy Portfolio(the Ramp-up Period of Investment), the actual portfolio risk has been prudently controlled and maintained ample margin relative to the Risk Tolerance, taking into account our Financial Condition.



Tadashi Itagaki (Deputy Director, Chief Risk Officer (CRO) of Fund Management) center of the above photo

- He joined JST in April 2023. Prior to joining JST, he worked for the Norinchukin Bank, where he was involved in global capital market investment and corporate finance, and then engaged in the group-wide risk management and global banking regulatory affairs for a long time period. He served as General Manager of the Risk Management Division of the Norinchukin Bank and Managing Director in charge of risk management at Kyodo Housing Loan co., Ltd.
- He also has the experience to serve Cabinet Office of the Japanese government as the Policy Advisor at the Bureau of Science, Technology and Innovation Policy where he was responsible for policy coordination to establish the Japan University Fund.
- He holds a Bachelor's Degree in Agriculture from Hokkaido University.
- He is a Certified Member Analyst of the Securities Analysts Association of Japan(CMA) and a Certified International Investment Analyst (CIIA).

[4] Evaluation of Grant Fund Management

Every fiscal year, we assess whether grant fund management is conducted safely and efficiently from a long-term perspective and provide a report to the JST Investment Advisory Committee.

Considering that the management of grant funds is undertaken from a long-term perspective, it is considered fundamental to evaluate the achievement of investment objectives not on a single-year basis, but rather on longer periods (3 years, 5 years, 10 years).

During the Ramp-up Period of Investment, management evaluation is carried out not only based on the achievement of the investment targets but also considering the methodical transition of asset allocation. The evaluation for FY2023 was reported to the JST Investment Advisory Committee on May 28, 2024.

[5] Other Investment Policies

Grant fund management works to secure resources for grant administration, so other considerations (managing funds for other policy aims or policy realization) are not implemented.

Given that the management of grant funds is conducted from a long-term perspective, the approach to investment focuses on adhering to investment disciplines such as long-term assets holding and diversification, without overly constrained by temporary fluctuations in markets, including equities and foreign exchange markets. Following the disciplines, we aim to generate returns in a long-term and stable manner, including dividends and income, derived from growth of both domestic and international economies.

Regarding investments, as a large-scale institutional investor with considerable market influence and a public profile, we pay proper attention not to distort market price formation or investment behavior of general market participants.

[6] Stewardship Activities

As the asset owner, JST has established a basic policy for fulfilling stewardship responsibility in the Japanese version of the Stewardship Code (established on March 2, 2022) and has committed to accepting every principle (including guidelines) of the code. Refer to the JST website* for details on the Stewardship Activity Principles and Voting Rights Exercise Principles, etc.

* JST website (Japan University Fund): <https://www.jst.go.jp/fund/>

To fulfill its own stewardship responsibility, JST will encourage investment managers to fulfill their stewardship responsibilities by determining and monitoring the implementation status of their stewardship activities and initiatives that take sustainability (in the medium to long term, including ESG factors) into account in their evaluations and actively engaging in dialog with external investment managers.

Basic Policy to Fulfill Stewardship Responsibility

[Approaches to Stewardship Responsibilities]

- JST aims to achieve investment targets while managing risks appropriately from a long-term perspective under the purpose of securing financial resources to provide long-term and stable support to establish the research infrastructure necessary to build world-class research universities.
- To increase long-term investment returns by encouraging investee companies to improve their corporate value and the sustainable growth of these companies and the market as a whole, JST will proactively work to manage conflicts of interest, engaging in constructive and purposeful dialog (engagement) with investee companies, stewardship activities, including the exercise of voting rights, and initiatives that take sustainability (in the medium- to long-term, including ESG factors, hereinafter “sustainability”) into account according to the investment strategy, as well as ensuring an in-depth understanding of investee companies and their business environment.
- JST will help investee companies and the market as a whole grow sustainably via the following initiatives to obtain long-term investment returns.
- Via investments in individual companies through investment managers, JST has many opportunities to contact individual companies in our stewardship activities. This convinces us that we can effectively fulfill our stewardship responsibility by entrusting these activities to external investment managers with in-depth knowledge of corporate management.

- JST will fulfill its stewardship responsibility as the asset owner in the Stewardship Code by appropriately determining and monitoring the implementation status of investment managers’ stewardship activities and initiatives that take sustainability into account in the evaluation of investment managers, actively engaging in dialog (engagement) with external investment managers and publishing the outline of activities in every fiscal year.

[Policies of Initiatives by Investment Managers]

- JST requires investment managers to comply with the “Stewardship Activity Principles” and “Voting Rights Exercise Principles.” However, if there are any matters that are considered inappropriate to implement in light of individual circumstances such as the characteristics of assets under management or investment style, we request that the “reasons for not implementing” be explained.
- We will appropriately monitor the status of stewardship activities by investment managers (including the exercise of voting rights if applicable) and actively engage in dialog (engagement) with them.

* Refer to the JST website for “Response to principles in each code” and related matters.
JST website (Japan University Fund): <https://www.jst.go.jp/fund/>

The content of our stewardship activities are summarized in the "Stewardship Activities Report," which is published on the JST website*, focusing on the following seven principles required of institutional investors under the Japanese Stewardship Code.

*The website of JST (the Japan University Fund) is <https://www.jst.go.jp/fund/>

Principle 1: Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.

Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

Principle 3: Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.

Principle 4: Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.

Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.

Principle 6: Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

Principle 7: To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.

[7] Signatory to the Principles for Responsible Investment (PRI)

JST became a signatory to the Principles for Responsible Investment (hereinafter referred to as PRI)* on August 21, 2023.

The PRI is a set of principles that advocates institutional investors and others to incorporate environmental (E), social (S), and governance (G) issues into their investment decision-making processes, with the aim of achieving a sustainable international financial system that benefits the environment and society as a whole. JST manages the Japan University Fund and, as a signatory to the PRI, will continue to take ESG considerations into account as appropriate.

*Investor initiatives in conjunction with the United Nations Environment Programme Finance Initiative (UNEP FI) and the United Nations Global Compact

The six Principles for PRI

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

[1] Investment Assets

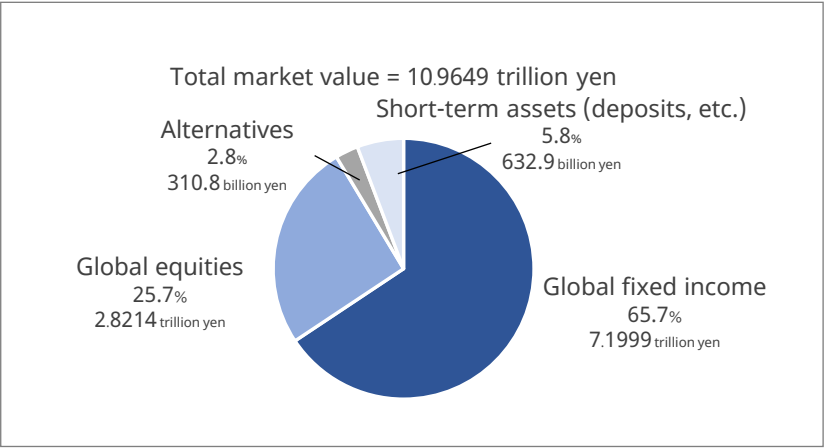
① Asset Allocation

(Total) Market Value of Investment Assets as of the end of FY2023 was 10.9649 trillion yen, and the Asset Allocation (Ratio) is as shown in the chart below. Global Fixed Income accounted for 65.7% (7,199.9 billion yen), Global Equities 25.7% (2,821.4 billion yen), Alternatives 2.8% (310.8 billion yen), and Short-term assets (deposits and others.) 5.8% (632.9 billion yen).

We are strategically promoting alternative investments from the perspective of risk diversification and securing medium- to long-term performance. In FY2023, in addition to "Private Equity/Private Debt," which we started in the previous fiscal year, we started investments in the "Real Estate" and "Infrastructure" fields.

[Asset Allocation]

(As of the end of FY2023)



* Statistical data may not match the breakdown amounts due to rounding, etc.

② Amount of Investment Assets by Investment Method

The amount of investment assets by investment method at the end of FY2023 is shown below.

Global fixed income passive investment was 10.8% (1.1878 trillion yen), global fixed income active investment was 5.0% (0.5462 trillion yen), global fixed income in-house investment was 49.9% (5.4659 trillion yen), global equities (passive investment) were 25.7% (2.8214 trillion yen), and alternatives (active investment) were 2.8% (0.3108 trillion yen).

[Amount of Investment Assets by Investment Method]
(As of the end of FY2023)

Assets/Investment Method		Market Value (100 million yen)	Composition Ratio
Total assets		109,649	100.0%
Global fixed income*1	Passive investment*2	11,878	10.8%
	Active investment	5,462	5.0%
	In-house investment*3	54,659	49.9%
Global equities*1	Passive investment*2	28,214	25.7%
Alternatives	Active investment	3,108	2.8%
Short-term assets (deposits, etc.)		6,329	5.8%

*1 Global fixed income and global equities include domestic bonds and domestic equities respectively.

*2 Global fixed income and global equities "Passive investment" includes ETF.

*3 To managing assets in-house through custodian, taking into consideration the characteristics and efficiency of the assets and ensuring liquidity.

About Asset Allocation

The current asset allocation has a high percentage of global fixed income and short-term assets. Alternative assets require a certain time to invest, and approximately 90% of the investment principal is borrowed from fiscal loan funds, resulting in a low equity capital ratio in the financial structure. In that context, we have taken measures to control risks at a lower level not to adversely affect the repayment of fiscal loan funds and long-term, stable grants to universities for international research excellence.

③ Amount of Investment Assets by Country/Region

The top 15 countries/regions by market value of investment assets at the end of FY2023 are shown below.

[Amount of Investment Assets by Country/Region (in order of Market Value)]

(As of the end of FY2023; 100 million yen)

Rank	Country/Region	Market Value	By Assets* ¹	
			Global Fixed Income	Global Equities
1	USA	58,244	43,891	14,353
2	Japan	17,500	8,870	8,630
3	French Republic	6,553	5,958	595
4	Australia	4,169	3,788	381
5	Kingdom of Spain	3,811	3,673	138
6	Canada	3,101	2,458	644
7	UK* ²	1,898	1,177	721
8	Federal Republic of Germany	1,612	1,149	463
9	European Union	1,157	1,157	0
10	Swiss Confederation	671	98	573
11	Kingdom of the Netherlands	503	110	393
12	Ireland	502	141	362
13	Republic of Austria	210	201	10
14	Kingdom of Denmark	208	14	195
15	Republic of Italy	188	81	107

*¹ Assets used for the total are global fixed income and global equities. Alternative investment has only just started and so is excluded. In principle, global fixed income is collected primarily based on their country of issue or the location of the issuer, while global equities are collected primarily based on the location of the issuer.

*² UK = the United Kingdom of Great Britain and Northern Ireland

④ Amounts Allocated to and Collected from Each Asset

The net amounts allocated to each asset (the amount allocated minus the amount collected) during FY2023 are as follows. Global fixed income: 1.3069 trillion yen, Global equities: 0.4008 trillion yen, and Alternatives: 0.217 trillion yen.

It is currently the investment Ramp-Up Period, and the portfolio construction has been gradually progressed using borrowings from the fiscal loan funds in FY2023. Consequently, the allocation to each asset is the main flow of funds, and the amount allocated/collected is positive for all assets.

[Amount Allocated to and Collected from Each Asset]

(FY2023; 100 million yen)

Assets* ¹	Amount Allocated /Collected* ²
Global fixed income	13,069
Global equities	4,008
Alternatives	2,170

*¹ Does not include short-term assets (deposits, etc.).

*² "Amount Allocated to and Collected from Each Asset" = when the amount recovered is taken from the amount allocated, and shows the amount of increase/decrease (based on book value) during the fiscal year due to the purchase and sale of each asset.

⑤ Portfolio Holdings by Asset Category

* Statistical data may not match the breakdown amounts due to rounding, etc.

The names of the portfolio holdings at the end of FY2023, ranked by market value by assets, are as follows.

[Global Fixed Income (Top 20 by Market Value)]

(As of the end of FY2023; 100 million yen)

Rank	Name	Market Value
1	UNITED STATES TREASURY 4% 20421115	4,727
2	UNITED STATES TREASURY 3.25% 20420515	2,221
3	FRANCE, REPUBLIC OF (GOVERNMENT) 0% 20320525	2,106
4	UNITED STATES TREASURY 3.875% 20430215	1,807
5	UNITED STATES TREASURY 3.5% 20330215	1,800
6	AUSTRALIA, COMMONWEALTH OF (GOVERNMENT) 1.25% 20320521	1,784
7	UNITED STATES TREASURY 1.875% 20320215	1,744
8	UNITED STATES TREASURY 2.875% 20320515	1,697
9	UNITED STATES TREASURY 3.375% 20420815	1,577
10	JAPAN (GOVERNMENT) 0.2% 20280320	1,271
11	UNITED STATES TREASURY 3.375% 20330515	1,135
12	UNITED STATES TREASURY 2.375% 20420215	1,131
13	FRANCE, REPUBLIC OF (GOVERNMENT) 3% 20330525	1,127
14	UNITED STATES TREASURY 4.25% 20310228	1,127
15	UNITED STATES TREASURY 4.5% 20331115	1,117
16	JAPAN (GOVERNMENT) 0.1% 20270920	1,095
17	CANADA HOUSING TRUST NO 1 3.55% 20320915	1,083
18	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION 4.500% 20520901	1,061
19	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION 4.500% 20521001	973
20	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION 5.000% 20520801	971

[Global Equities (Top 20 by Market Value)]

(As of the end of FY2023; 100 million yen)

Rank	Name*	Market Value
1	MICROSOFT CORPORATION	951
2	APPLE INC	805
3	NVIDIA CORPORATION	714
4	AMAZON COM INC	536
5	TOYOTA MOTOR CORPORATION	425
6	META PLATFORMS INC-A	345
7	ALPHABET INC-CL A	286
8	ALPHABET INC-CL C	251
9	ELI LILLY AND COMPANY	201
10	TOKYO ELECTRON LTD	194
11	BROADCOM INC	189
12	JPMORGAN CHASE & CO	185
13	MITSUBISHI UFJ FINANCIAL GROUP	185
14	BERKSHIRE HATHAWAY INC-CL B	177
15	SONY GROUP CORPORATION	174
16	TESLA INC	161
17	NIPPON BUILDING FUND INC INVESTMENT SECURITIES	150
18	EXXON MOBIL CORPORATION	149
19	UNITEDHEALTH GROUP INC	146
20	KEYENCE	142

* Global equities are indirectly owned through discretionary investment contracts, etc. with investment managers.

[Alternatives (Ranked by Market value)]

(As of the end of FY2023; 100 million yen)

Rank	Field	Fund Name* ¹	Market Value* ²
1	Private equity/Private debt	400025535 JUNI Trust M (USD)	770
2	Private equity/Private debt	400025528 JUNI Trust S (USD)	560
3	Private equity/Private debt	400025530 JUNI Trust N (USD)	559
4	Infrastructure	400025544 Universitas Trust T (USD)	378
5	Private equity/Private debt	400025529 JUNI Trust S (EUR)	227
6	Private equity/Private debt	400025531 JUNI Trust N (EUR)	158
7	Private equity/Private debt	400025549 JUNI Trust Nm (USD)	106
8	Real estate	400025541 Universitas Trust Ao (EUR)	104
9	Real estate	400025539 Universitas Trust U (EUR)	102
10	Infrastructure	400025545 Universitas Trust T (EUR)	99
11	Private equity/Private debt	400025560 JUNI Trust R (USD)	78
12	Infrastructure	400025543 Universitas Trust Nm (EUR)	56
13	Private equity/Private debt	400025527 JUNI Trust S (JPY)	54
14	Real estate	400025538 Universitas Trust U (USD)	48
15	Infrastructure	400025542 Universitas Trust Nm (USD)	25
16	Real estate	400025540 Universitas Trust Ao (USD)	0.4

*1 This shows the specified money trusts with investment results in FY2023.

*2 Including cash and deposits, etc. in the specified money trusts.

The commitment amount of alternatives at the end of FY2023 are as follows.

< Reference: Commitment Amount of Alternatives >

(As of the end of FY2023; 100 million yen)

Field	Commitment Amount*
Private equity /Private debt	8,743
Real estate	1,708
Infrastructure	1,246

* Total amount entrusted to each investment manager.

[2] Performance

① Rate of Return and Amount of Profit for FY2023

The rate of return for grant fund management was 10.0%, and the amount of profit was 993.4 billion yen. The breakdown is as follows. To avoid the risk of fluctuations when purchasing foreign bonds, etc., we hedged some foreign exchange exposures. Gains and losses resulting from this are reflected in global fixed income.

[Rate of Return] (FY2023)		[Amount of Profit] (FY2023; billion yen)	
Assets	Rate of Return*1	Assets	Amount of Profit*1
Total assets	10.0 %	Total assets	993.4
Global fixed income*2, *3	2.5 %	Global fixed income*2, *3	190.2
Global equities*3	39.7 %	Global equities*3	774.9
Alternatives	19.3 %	Alternatives	28.3

*1 Rate of return is the time-weighted rate of return (before deduction of investment management fees, etc.)
*2 Global fixed income includes short-term assets (deposits, etc.)
*3 Global fixed income and global equities include domestic bonds and domestic equities respectively.

*1 Amount of profit is the total amount of profit (before deduction of investment management fees, etc.)
*2 Global fixed income includes short-term assets (deposits, etc.)
*3 Global fixed income and global equities include domestic bonds and domestic equities respectively.

The main factors affecting to the above rate of return and performance were a decline in asset prices of Global Fixed Income as a negative factor and an increase in asset prices of Global Equities as a positive factor, as well as the contribution of foreign exchange rates.

In order to control risk, the Fund hedged a portion of the foreign exchange risk associated with foreign-currency-denominated assets by using currency forward and other means. This resulted in a partial offsetting of the positive effect of the currency compared to the case of no currency risk reduction.

* Statistical data may not match the breakdown amounts due to rounding, etc.

② Investment Management Fees, etc. and Income Gain

As investment management fees, etc.* were 14.7 billion yen, the rate of return after deducting investment management fees, etc. was 9.8%. The income gain for FY2023 (total assets) was 256.1 billion yen.

* "Investment Management Fees, etc." include not only management fees but also operational expenses, general and administrative expenses, and interest expenses on the fiscal loan fund.

Relationship to Portfolio

Since FY2023 was the Ramp-up Period of Investment Management and the financial structure had a low equity capital ratio, we took care of the downside risk and tried to construct a more conservative portfolio compared to the Reference Portfolio. As a result, the rate of return on grant fund management was more restrained than the rate of return on the Reference Portfolio.

<Reference: Rate of Return of Reference Portfolio> (FY2023)	
	Rate of Return
JPY denominated	30.4 %
JPY-hedged	10.5 %

JPY denominated: Composite of a 65:35 ratio of the performance of the following two indices.
①MSCI ACWI Index Gross (in JPY terms, including dividends)
②FTSE World Government Bond Index (in JPY terms)

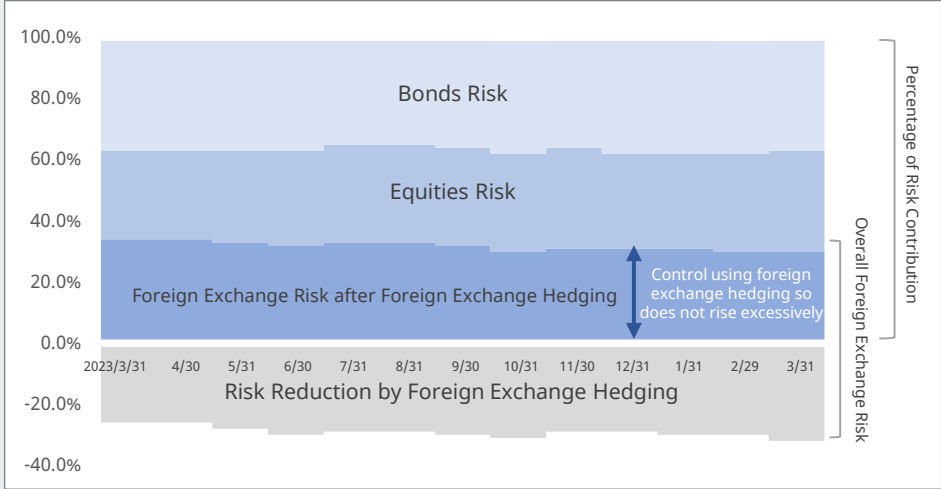
JPY-hedged: Composite of a 65:35 ratio of the performance of the following two indices.
①MSCI ACWI Index Gross (in JPY terms, including dividends. However, this is hedged in JPY.)
②FTSE World Government Bond Index (in JPY terms. However, this is hedged in JPY.)

* Statistical data may not match the breakdown amounts due to rounding, etc.

Approach to Foreign Exchange Risks and Hedging during the Ramp-Up Period of Investment

Since the start of operations in FY2021, we have used forward exchange contract transactions, etc. to hedge some of the exchange risks associated with the acquisition of assets denominated in foreign currencies. During the Ramp-Up Period of the Investment, we control risks so that individual risks do not become excessively high, taking into consideration the overall risk balance.

[Percentage of Risk Contribution by Asset (Monthly Development)]



* The ratio of the risk amount of each factor when the total risk amount of risk factors (bonds risk, equities risk, foreign exchange risk after foreign exchange hedging) is set to 100.

Hedging Ratio of Foreign-Currency Denominated Assets by Currency

The hedging ratio for the foreign-currency denominated assets as a whole was 49.1% at the end of FY2023. The market value, hedging amount, and hedging ratio by currency is as follows.

[Hedging Ratios of Foreign-Currency Denominated Assets by Currency]

(As of the end of FY2023; 100 million yen)			
	Market Value	Hedging Amount	Hedging Ratio*
USD	65,827	-31,378	47.7%
EUR	14,385	-9,902	68.8%
Other	8,787	-2,439	27.8%
Total	88,999	-43,718	49.1%

* Hedging ratio is the hedging amount divided by market value

③ Gross Income and the Valuation Difference from the Valuation of Owned Assets

“Gross income” on the income statement for FY2023 was 116.7 billion yen, and the valuation difference from the valuation of owned assets (“valuation differences on other securities” on the balance sheet) was 736.1 billion yen.

These values were taken from the income statement and balance sheet of the FY2023 financial statements*¹ submitted to MEXT at the end of June 2024. When this annual report was made public, the financial statements had not yet been approved by Minister of MEXT, so the approved figures of the financial statements may differ from the above values. The financial statements will be published separately on the JST website*² after being approved by Minister of MEXT.

*1 The process concerning financial statements involves obtaining approval from Minister of MEXT after an audit by auditors and accounting auditors, in accordance with the Act on General Rules for Incorporated Administrative Agencies and the Act on Japan Science and Technology Agency, National Research and Development Agency.

*2 JST website (financial statements): <https://www.jst.go.jp/announce/zaimu/zaimu.html>

Relationship between the Amount of Profit from Fund Management and the Gross Income on the Financial Statements

With regard to the Japan University Fund’s accounting, the realized profit and loss from interest, dividend income, and the sale of owned assets is recorded in “Gross income” (or “Gross loss”) on the income statement, and the valuation difference of owned assets is recorded in “Valuation differences on other securities” on the balance sheet.

The relationship between the amounts on the financial statements and the amount of profit that results from fund management (= total amount of profit) is roughly as follows.

Amount of profit (= total amount of profit) - Investment management fees, etc.
 = “Gross profit” + Change in valuation difference for the period
 (valuation differences on other securities at the end of the period -
 Valuation differences on other securities at the end of the preceding
 period)

The final profit in the Accounting Standards of Independent Administrative Institution corresponds to “net income” plus or minus certain items (e.g., reversal of reserve for specific purposes). However, in this section, “net income” is used instead of “gross profit” to conform to “net income,” which is the final profit in corporate accounting.

④ Grants for Universities for International Research Excellence, etc.

The Japan University Fund aims to ensure financial resources for the long-term and stable support (grant administration) needed to establish world-class research universities.

The amount to be used to finance grants for universities for international research excellence will be determined separately based on the financial condition of the Japan University Fund and other factors, from the amount of net income (116.7 billion yen) on the income statement plus retained earnings (68.1 billion yen) from the previous year.

The total grants for each fiscal year will be decided within the scope of the fund source based on the Basic Policy for Grants*¹ by a committee in which relevant ministries and agencies participate, taking into account the current status of the Japan University Fund’s investment gains and securing its financial soundness. It is also stated that “in preparation for a situation in which the investment gains cannot cover the amount of support for each fiscal year, a buffer of 300 billion yen × two years will be secured.” Consequently, the total grant amount for each fiscal year shall be around 1/3 of the possible grant amount for that fiscal year (buffer + investment gains) until the buffer reaches its upper limit.

For more information about the grant system for universities for international research excellence, see the MEXT website.*²

*1 Official name: “Basic policy to promote the strengthening of systems for leveraging the research and research results of universities for international research excellence,” determined November 15, 2022.

*2 MEXT website: https://www.mext.go.jp/a_menu/kagaku/daigakukenkyuryoku/kokusaitakuetsu_koubo.html

[3] Investment Managers, etc.

① Amount of Investment Assets by Investment Manager

The amount of investment assets by investment manager at the end of FY2023 were as follows.

[Amount of Investment Assets by Investment Manager]

(As of the end of FY2023; 100 million yen)

Assets	Investment Manager*1	Market Value
Global fixed income*2	Asset Management One	1,413
	Invesco Asset Management	913
	JP Morgan Asset Management	603
	Neuberger Berman	923
	PGIM Japan	613
	Manulife Investment Management	498
	Meiji Yasuda Asset Management	498
	In-house investment*3	66,537
Global equities	Nomura Asset Management	491
	BlackRock Japan	12,554
	Sumitomo Mitsui Trust Bank	1,435
	Mitsubishi UFJ Trust and Banking	12,531
	In-house investment*3	1,203
Alternatives	Asset Management One	102
	Tokyo Marine Asset Management	477
	Neuberger Berman	718
	Nomura Asset Management	187
	Sumitomo Mitsui Trust Bank	675
	Mitsubishi UFJ Trust and Banking	770
	UBS Asset Management	111
	Resona Bank	69
Short-term assets (deposits, etc.)		6,329

*1 Names of investment manager within each asset are listed in Japanese alphabetical order.

*2 Including mutual fund managers

*3 In-house investment of Global fixed income includes some ETFs. In-house investment of Global equities are ETFs.

* Statistical data may not match the breakdown amounts due to rounding, etc.

② Investment Management Fees / Investment Management Fee Rates

The investment management fees and investment management fee rates by assets for FY2023 were as follows.

[Investment Management Fees / Investment Management Fee Rates]

(FY2023; million yen)

	Investment Management Fees	Investment Management Fee Rates*
Total assets	985	0.010%
Global fixed income	526	0.007%
Global equities	110	0.004%
Alternatives	349	0.051%

* Investment management fee rates refers to the rate when the amount of investment management fees is divided by the average market value balance. However, in the case of alternative assets, with some exceptions, this is divided by the commitment amount (the total amount entrusted to each investment manager).

③ Custodians

The custodians for FY2023 were as follows.

[Custodians]

(FY2023)

	Custodian*
Custodian	Sumitomo Mitsui Trust Bank
	Mitsubishi UFJ Trust and Banking

* Names of Custodians are listed in Japanese alphabetical order.

[4] Other

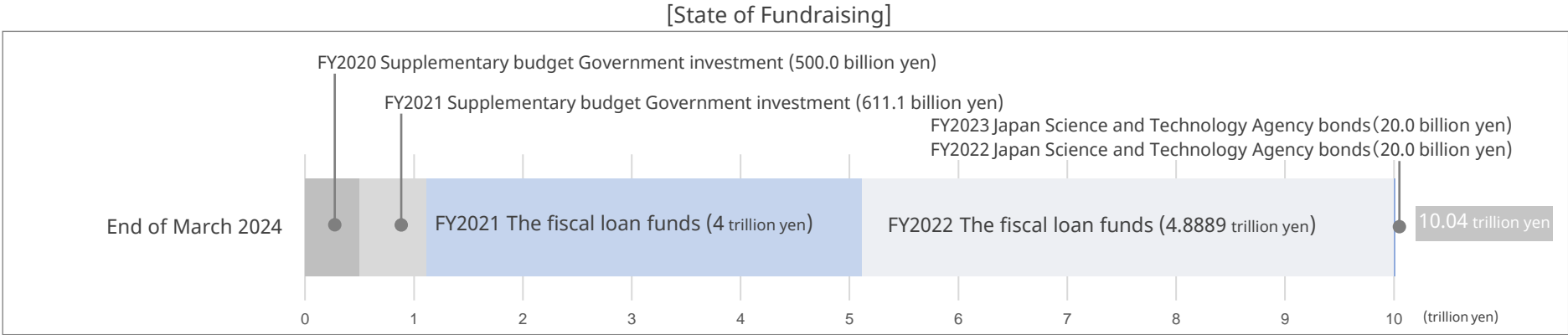
①Principal amount invested

The Japan University Fund’s main investment principal comes from government investment and the fiscal loan funds. Around 5.1 trillion yen was provided up to FY2021 (government investment: around 1.1 trillion yen; the fiscal loan funds: 4 trillion yen), and around 4.9 trillion yen (the fiscal loan funds) was provided in FY2022, totaling 10 trillion yen.

② Financing for Fiscal Year 2023

In FY2023, JST issued Fixed Income, as in the previous fiscal year, in accordance with Article 33 of the Japan Science and Technology Agency Act, in order to expand its financial resources (issue date: February 20, 2024, issue amount: 20 billion yen). For details, please refer to JST's website*.

* JST website (JST bonds): <https://www.jst.go.jp/all/about/bond/index.html>



The fiscal loan funds, which are 40-year long-term loans (principal repayment will start in 20 years), will be redeemed sequentially from FY2041.

To ensure the certainty of redemption of the fiscal loan funds, we aim to form a stable financial base that can withstand the significant market fluctuations experienced to date during the redemption period.

The status of fiscal loan fund borrowing is shown on the right. The rate of interest is covered under the fiscal loan fund interest rates published by the Ministry of Finance each month, and will be reviewed every five years.

[State of the Fiscal Loan Fund Borrowing]

Month borrowed	Amount	Interest rate
March 2022	4000.0 billion yen	0.05%
October 2022	800.0 billion yen	0.09%
November 2022	800.0 billion yen	0.20%
December 2022	800.0 billion yen	0.08%
January 2023	800.0 billion yen	0.30%
February 2023	800.0 billion yen	0.20%
March 2023	888.9 billion yen	0.30%
Total	8888.9 billion yen	

③ Information Sharing


JST publishes analysis and opinions that contribute to gaining a perspective for global economic and policy trends in a report called “Economic Perspectives” on the Japan University Fund website.* The following 14 issues were released in FY2023.

* JST website (Japan University Fund): <https://www.jst.go.jp/fund/>

[Economic Perspectives (Title)]

The 8 th	“How much employment slack is acceptable to the Fed?” (Publicly opened on April 14, 2023)
The 9 th	“Quantitative Easing and Tightening that Accelerated the Recent U.S. Banking Crisis: Implications for Japan.” (Publicly opened on April 27, 2023)
The 10 th	“The Fed and the ECB face the dilemma of containing inflation and stabilizing the financial system.” (Publicly opened on May 25, 2023)
The 11 th	“Is Japan's CPI Really Slowing Down? - A Misguided Comparison with the U.S.” (Publicly opened on June 7, 2023)
The 12 th	“Impressions from a business trip to New York and Washington.” (Publicly opened on July 4, 2023)
The 13 th	“Challenges and Prospects for Modifying and Eliminating the BOJ's Yield Curve Controls.” (Publicly opened on July 21, 2023)
The 14 th	“The difficulty in achieving a soft landing scenario for the U.S.” (Publicly opened on Aug 25, 2023)
The 15 th	“Possible Soft Landing Based on the U.S. Beverage Curve.” (Publicly opened on Sep 20, 2023)
The 16 th	“The natural rate of interest, r*in the U.S. is still rising.” (Publicly opened on Oct 23, 2023)
The 17 th	“Outlook for interest rates after the BOJ's lifting of its YCC/negative interest rate policy.” (Publicly opened on Nov 24, 2023)
The 18 th	“Impressions from a Business Trip to the U.S. and Canada.” (Publicly opened on Dec 18, 2023)
The 19 th	“Can we achieve a convergence of inflation in the U.S. without it being accompanied by rising unemployment?” (Publicly opened on Jan 29, 2024)
The 20 th	“Positive reasons why positive inflation in Japan is preferable to zero.” (Publicly opened on Feb 29, 2024)
The 21 st	“Side effects if the BOJ were to continue its behind-the-curve stance for an extended period of time.” (Publicly opened on Mar 26, 2024)

[Economic Perspectives (Image)]



国立研究開発法人
科学技術振興機構
Japan Science and Technology Agency

経済を読む眼

日銀が仮に behind-the-curve 姿勢を長く続ける場合の副作用¹

2024 年 3 月 26 日
JST 資金運用本部
チーフエコノミスト 鶴岡博史
上席運用専門員 丸山泰斗
エコノミスト 関東享佑

要旨

1. 日銀は、3 月会合でイールドカーブ・コントロールの枠組みとマイナス金利政策を撤廃した。日本経済は今後、2%以上のインフレが暫く続くと共に、年央以降に実質賃金がプラスに転じ、成長を持続すると展望される。同時に、日銀は当面、緩やかな金融環境を続ける姿勢を明示している。しかし、金利に実効下限制約がある中で金融緩和を前借りしてきたにも拘らず、政策正常化のスピードを極端に遅くすると、前借りを返せない。

2. 実際、様々な政策ルールで政策金利の現状をみると、日銀の金融政策はかなりの behind-the-curve になっており、日銀が緩和環境を長く継続するのであれば、この状況が長く続くことが含意される。

3. 日銀が仮に behind-the-curve の姿勢を長く続ける場合、日本では高圧経済が続くことになり、インフレ率が上振れても日銀が対処できるのかもしれないが、資産価格がバブル的に上昇するリスクは否めない。

4. さらに、米国で大幅な利下げまでは見込まれない一方、日本で正常化のスピードが相当遅くなると、円安に歯止めがかからないリスクもある。経済が完全雇用状態に至っても円安が続く場合、交易条件の悪化が消費を抑制するリスクがある。

5. 金利が存在する経済を数十年にもわたって経験していない日本企業の金利感応度には不確実性があるだけに、日銀が政策正常化を慎重に行うことは理解できる。しかし、それでも、世界経済にショックが来ないという想定の下では、ある程度コンスタントに、最終的には少なくとも 1%を相応に超える水準まで利上げを行うことが適切であろう。

6. 日銀もイールドカーブ・コントロールの枠組みとマイナス金利政策の撤廃時に金利の過剰反応を防いだ後は、徐々にそうした姿勢に転換していくと想定されよう。

¹ 本稿は、2024 年 3 月 22 日現在のデータに基づいている。

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FY2023 Annual Report
Japan Science and Technology Agency (JST)

JST has created and published this annual report concerning the operational status of grant fund management in FY2023, based on Article 37 of the Ministerial Ordinance concerning JST.

Department of Fund Planning, Fund Management Headquarters
Japan Science and Technology Agency (JST)

5-3 Yonbancho, Chiyoda-ku, Tokyo 102-8666, Japan
URL <https://www.jst.go.jp/fund/>

* This report is made in Japanese and translated into English. In case of any difference in meaning between the original Japanese text and the English translation, Japanese text shall prevail.