

Japan Science and Technology Agency (JST)

FY2024 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

A New Step Toward Securing Financial Resources to Support a Leading Nation in Science and Technology

In FY2024, the Japan University Fund made its first grants to the Universities for International Research Excellence, sourced from investment gains. Looking back, since the start of operations in March 2022, we have faced challenging investment environments including Russia's invasion of Ukraine and high inflation in the US and Europe. I am encouraged by the fact that we could successfully commence grants by leveraging the investment and risk management capabilities we had accumulated.

The Japan University Fund has completed its "Early Stages" and entered a new phase one can call "The Full-Fledged Ramp-up Period of Investment" for constructing the Policy Portfolio from FY2024. Currently, the economic and financial outlook both domestically and internationally is obscured by factors such as the effects of US tariff policies, but beyond the horizon of these issues, I believe fierce international competition awaits in cutting-edge technological fields that will become the growth engines for the next 30 years. In such a context, the Japan University Fund aims to secure stable annual investment gains of 300 billion yen as early as possible, so that Japan can continue to shine as a leading nation in science and technology.

The Japan University Fund receives onerous funds from the government and conducts investments. Therefore, we must simultaneously and harmoniously achieve two requirements: maintaining a sound financial base to ensure repayment while securing high returns through active management. As a result of continuous efforts, I think that the Japan University Fund has acquired high investment capabilities and risk management skills that make this balance possible.

It seems that we are now at an inflection point—transitioning from the multilateral free trade system that has long supported the postwar global economy to a new international economic order. Global fund flows will also be affected, and the investment environment is expected to become increasingly complex, but opportunities for investment may also arise. The JST Investment Advisory Committee will continue to ensure that the Japan University Fund maintains an appropriate risk balance in its operations to achieve the goal of "securing financial resources for world-class research universities"—an objective vital to Japan's future.

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

The Era Where "Secret Sauce" Isn't Enough

With the explosive advancement of information science, the approach to research and technological development is now undergoing dramatic transformation. In cutting-edge scientific field—such as AI, ICT, and biopharmaceuticals—new findings are continuously published online, and outstanding scientists and engineers worldwide are creating a new style of research where their results are built on top of the latest knowledge acquired through open-source data and their own unique research networks. The results produced are also immediately published and incorporated into existing knowledge systems, one after another. In other words, competition is always unfolding at the forefront of knowledge—at the “outermost layer of intellect.”

What determines success or failure in this research and development approach is the presence or absence of networks enabling access to the latest information and creative thinking ability—that is, the capability of individual researchers themselves. Therefore, countries are making the securing of excellent talent a mainstay of their national strategies, competing to attract outstanding minds from around the world. This is because it will be a decisive factor influencing a nation's power in the future.

However, it appears as though Japan is trying to compete with Japanese people alone. In the industrial sector, concerns such as “foreigners quit soon after being hired” and “they just take away valuable know-how accumulated over many years” persist strongly, making companies extremely reluctant to hire foreign staff. Similarly, universities invest heavily in Japanese doctoral

students but show little willingness to actively recruit the world's “Top of the Top” talent, instead mainly accepting international students simply for the purpose of “filling enrollment quotas.” This is comparable to a situation where young chefs worldwide are competing by “absorbing recipes and knowledge from all over the world daily and creating new flavors while exchanging information with colleagues,” while in Japan, “traditional chefs guarding their secret sauce” are challenging the competition in isolation. In the culinary world, success may hinge on personal preference, but when it comes to research and development, being able to compete in the frontline is the prerequisite to winning.

The system of Universities for International Research Excellence is an initiative aimed at attracting excellent students and researchers from around the world to realize world-class research universities. In other words, it means creating universities equipped with the necessary conditions to win in the newly emerged “research and development competition game” mentioned earlier. It goes without saying that the Japan University Fund plays an extremely important role in achieving this goal.

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] Characteristics of the Japan University Fund

The Japan University Fund operates in accordance with the “Basic Guidelines for Grant Fund Management”, which was notified by the Minister of MEXT*, as well as the “Basic Policy for Grant Fund Management”, which was developed by JST based on the Guidelines and approved by the Minister of MEXT.

For further details, please refer to Chapter 4, “About Fund Management,” and the following pages.

* Ministry of Education, Culture, Sports, Science and Technology (MEXT)

Investment Target / Investment Policy

Investment Target (After Constructing the Policy Portfolio) **POINT 1**

More than target payout rate of 3% + inflation rate.

Investment Policy

We aim to generate long-term and stable financial investment gains by adhering to investment discipline, maintaining long-term asset holdings, and pursuing a diversified investment strategy.

Annual Disbursements for Grants

Grants to Universities for International Research Excellence, etc. **POINT 2**

Grants are provided annually to Universities for International Research Excellence and others, with an upper limit of 300 billion yen (in real terms) per year, sourced from financial investment gains.

Operations Based on the Financial Structure

Fund Financial Structure **POINT 3**

Of the 10 trillion yen allocated by the government for the Japan University Fund, approximately 90% consists of borrowings from the fiscal loan funds.

- Government equity contribution: 1.1111 trillion yen
- Fiscal loan funds: 8.8889 trillion yen

Total: 10 trillion yen (initial equity ratio: approximately 11%)

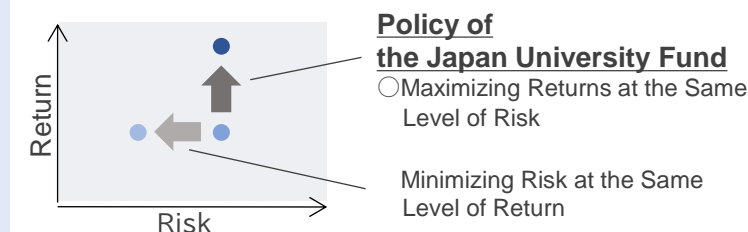
Risk Control during the Ramp-up Period of Investment

As noted above, the financial structure is largely dependent on borrowings from the fiscal loan funds. In order to ensure the certainty of repayment, we are currently operating with a more conservative portfolio than the Reference Portfolio, rather than immediately taking on the level of risk equivalent to the Risk Tolerance.

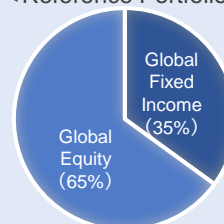
Maximizing Returns within the Risk Tolerance

Investment Based on the Policy Portfolio **POINT 4**

Rather than merely securing the target investment return with minimal risk, the Japan University Fund operates based on a Policy Portfolio defined by JST, which aims at maximizing the rate of return on investment as much as possible within the Risk Tolerance indicated by the government. The Policy Portfolio will not be disclosed during the ramp-up period.



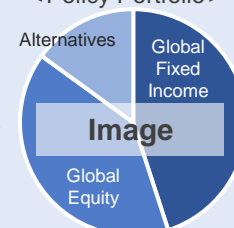
<Reference Portfolio>



– Risk Tolerance is calculated from the reference portfolio

– Determine the Policy Portfolio to maximize returns within the range of the Risk Tolerance

<Policy Portfolio>*



* The target assets and asset allocation, etc. are images for illustration purpose only and does not represent the actual Policy Portfolio.

Gradual Transition to the Policy Portfolio

During the period to the construct the Policy Portfolio (the Ramp-up Period), we aim to achieve the asset composition in line with the Policy Portfolio at the earliest possible stage within 10 years from the commencement of investment, taking into account characteristics of asset classes that require time before actual investment execution.

[1] Chief Investment Officer's Overview

Thank you for reviewing the FY2024 Annual Report.

I would like to explain the investment status of the Japan University Fund and our progress on various initiatives.

First, regarding market trends, global equity markets showed overall strength despite some volatility. In the US and Europe, inflation rate began to moderate compared with previous levels, leading central banks to initiate interest rate cuts. The economy remained relatively stable, but after President Trump's inauguration, discontinuous and significant policy changes, starting with tariff policies, rapidly increased uncertainty about the future. From mid-February 2025 onward, stock prices fell, fixed income yields rose, and the dollar weakened.

Under these circumstances, the Japan University Fund proceeded with asset allocation based on our Transition Plan toward constructing our Policy Portfolio. For Global Equities and Global Fixed Income, the composition ratios remained largely unchanged from the end of the previous fiscal year, though we have initiated active management for Japanese equities and emerging market bonds. For private assets such as private equity and real estate, we continued making commitments, with total commitments reaching approximately 1.8 trillion yen and actual investment balances growing to over 750 billion yen. Additionally, we began investing 150 billion yen to Multi-Asset Investment funds that combine fixed income and equities within the Japan University Fund's Risk Tolerance range. While we are still halfway through the process, we are increasing the ratio of active management while being conscious of diversification.

With regard to performance results, the total entire Portfolio achieved a +1.7% Rate of Return and +188.2 billion yen in Amount of Profit (Total Return including unrealized gains and losses). By asset class, Global Fixed Income secured +0.2% amid persistently high interest rates and yen appreciation, while Global Equities achieved +4.5%. Alternatives (including Multi-Asset Investment) recorded +8.6% primarily due to valuation increases

centered on secondary strategies, showing strong performance despite it being only three years since investment commenced. Furthermore, we recorded +256.0 billion yen in net income (realized gains and losses), steadily accumulating resources to support Universities for International Research Excellence.

Regarding our progress on various initiatives, we continue to fulfill our investor responsibilities following our PRI signatory, including stewardship activities. In August last year, we accepted the government's Asset Owner Principles and published our "Policy on Initiatives Concerning Asset Owner Principles." We have also enhanced our organizational structure in line with investment progress and the sophistication of our operations.

Approximately three years have passed since we began investment operations in March 2022. During this period, we have built our organizational structure and implemented the actual operations together with our team members. Given the financial constraints, we are not operating at full risk capacity during the Ramp-up Period of Investment, controlling risk instead while being mindful of our equity capital levels. This approach has been adopted to facilitate the steady and stable execution of support for the Universities for International Research Excellence, one of our key national policy priorities. In addition, it enables us to fulfil our core mission of maximizing returns within the Risk Tolerance range by preserving the ability to take appropriate risks—particularly during periods of market stress. Recognizing that risk is the source of return, we remain committed to achieving our target returns and building our Policy Portfolio.



Masakazu Kita

- Appointed Vice President/ Chief Investment Officer in June 2021. Prior to that, 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.

[2] Economic and Financial Market Conditions

In FY2024, the economic environment and financial markets were primarily characterized by "economic trends amid major overseas central banks shifting to interest rate cuts" and "the return of President Trump in the US." Both global equities and global fixed income asset prices (in US dollars) rose.

Equities rose in the first half of the fiscal year despite temporary declines due to concerns about US economic slowdown, as expectations for interest rate cuts by major overseas central banks increased and excessive concerns about the economy eased. In the second half, equities rose following Mr. Trump's victory in the US presidential election due to expectations for his economic policies, but subsequently fell due to concerns about tariff policies.

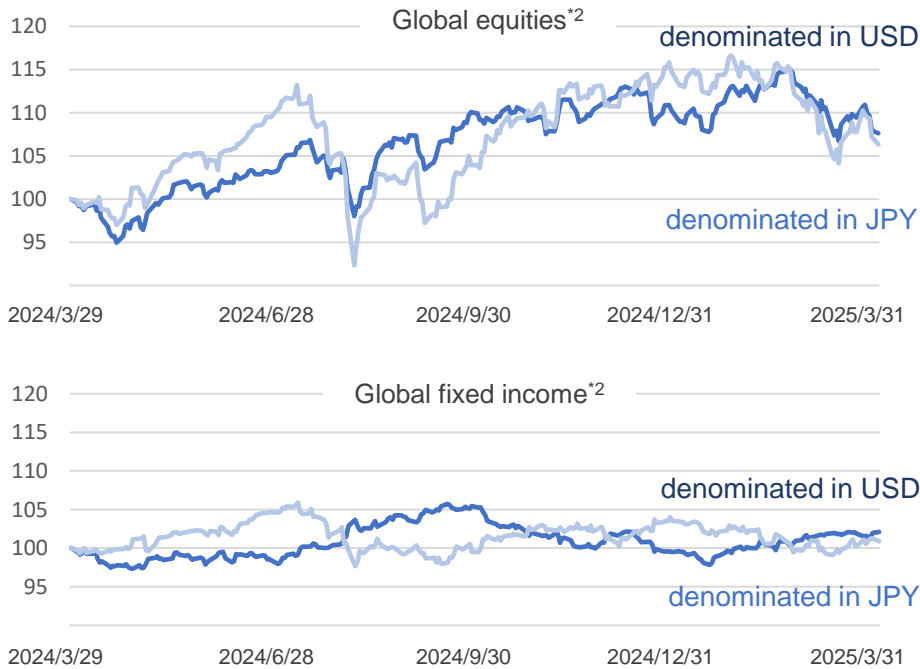
Fixed income (bonds) saw interest rates decline (bond prices rise) in the first half of the fiscal year as expectations for US interest rate cuts increased due to weak economic indicators. In the second half, interest rates rose due to inflation concerns following the inauguration of President Trump. Subsequently, US interest rates fell as concerns about economic slowdown due to tariff policies emerged, while German interest rates rose due to expectations of fiscal expansion.

Foreign exchange saw a slight appreciation of the yen compared to the end of the previous fiscal year. In the first half of the fiscal year, the yen strengthened against the dollar amid concerns about US economic slowdown and awareness of Bank of Japan interest rate hikes. Although the yen weakened toward the end of the year, it strengthened against the dollar after the new year due to narrowing Japan-US interest rate differentials and other factors.

[Major Indices in FY2024]

Assets	Index	Base Currency	Rate of Change/ Yield Change ^{*1}	Value at end of FY2024
Equities	Global equities ^{*2}	JPY	6.3%	—
		USD	7.6%	1,928.98pt
	S&P500	USD	6.8%	5,611.85pt
	Euro STOXX	EUR	4.3%	542.47pt
	TOPIX	JPY	-4.0%	2,658.73pt
Bonds/ Rates	Global fixed income ^{*2}	JPY	0.9%	—
		USD	2.1%	875.37pt
	US 10 years yield	—	+0.00%	4.21%
	German 10 years yield	—	+0.44%	2.74%
	Japan 10 years yield	—	+0.76%	1.49%
Foreign Exchange	USD/JPY	—	-1.2%	149.52JPY
	EUR/JPY	—	-0.7%	162.08JPY

[Performance of Major Asset Classes^{*1}]



^{*1} It is the rate of index of the value at the end of FY2024 compared to that of FY2023; otherwise, the yield from bonds/rates is the yield change from the value at the end of FY2023 to that of FY2024.
^{*2} Global equities : MSCI ACWI Index Gross. Global fixed income : FTSE World Government Bond Index.

^{*1} End of FY2023 = 100
^{*2} Global equities : MSCI ACWI Index Gross, Global fixed income : FTSE World Government Bond Index

[3] Overview of Investment Results

- Net income for FY2024 was a surplus of 256.0 billion yen^{*1} (a 139.3 billion yen increase from the previous fiscal year). The performance (= Total Return^{*2}) was surplus 188.2 billion yen, Rate of Return (= Time Weighted Rate of Return^{*3}) was +1.7%, and Total Investment Assets were 11.1056 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 +652.6 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 (256.0 billion yen) plus the capital surplus (152.7 billion yen)^{*5}, 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 Grants"^{*6} 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 FY2024. At the time of publication of this Annual Report, the financial statements have not yet been approved by 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 Return 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).

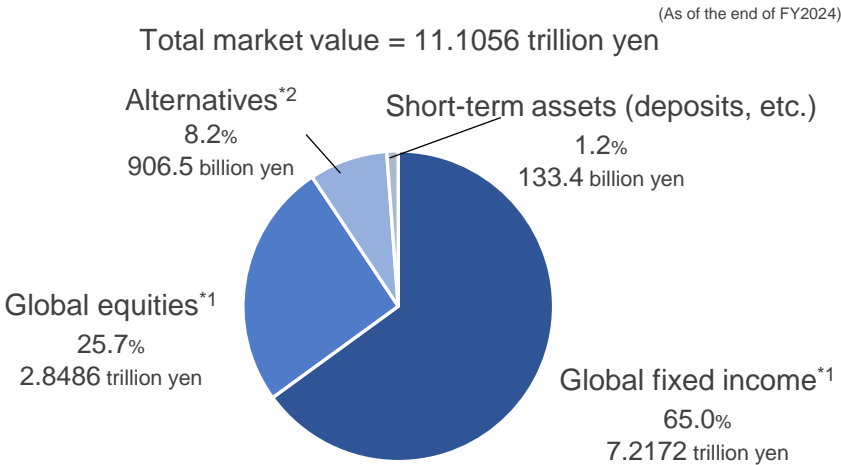
*3 The time-weighted rate of return is the rate of return calculated based on market value (before deduction of investment fees, and others.) after eliminating the effect of cash flows (inflows and outflows of invested principal, etc.). JST uses one such method, the daily valuation method.

*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 "3 | About the Japan University Fund".

*5 The capital surplus (152.7 billion yen) , reflect the sum of the FY2023 capital surplus of 68.1 billion yen and the FY2023 net income of 116.7 billion yen, from which 15.4 billion yen for subsidies to the Universities for International Research Excellence and 16.7 billion yen for support for doctoral students in FY2024 have been deducted.

*6 Official name: "Basic Policy on the Promotion of Strengthening Systems for Leveraging Research and Research Results of Universities for International Research Excellence (decided on November 15, 2022)".

[Asset Allocation]



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

*2 Alternatives include multi-asset investment.

[Amount of Profit]

(FY2024; billion yen)	
Assets	Amount of profit ^{*1}
Total assets	188.2
Global fixed income ^{*2,*3}	14.7
Global equities ^{*3}	138.9
Alternatives ^{*4}	34.6

*1 Amount of profit is the Total 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.

*4 Alternatives include multi-asset investment.

[Rate of Return]

(FY2024)	
Assets	Rate of return ^{*1}
Total assets	1.7 %
Global fixed income ^{*2,*3}	0.2 %
Global equities ^{*3}	4.5 %
Alternatives ^{*4}	8.6 %

*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.)

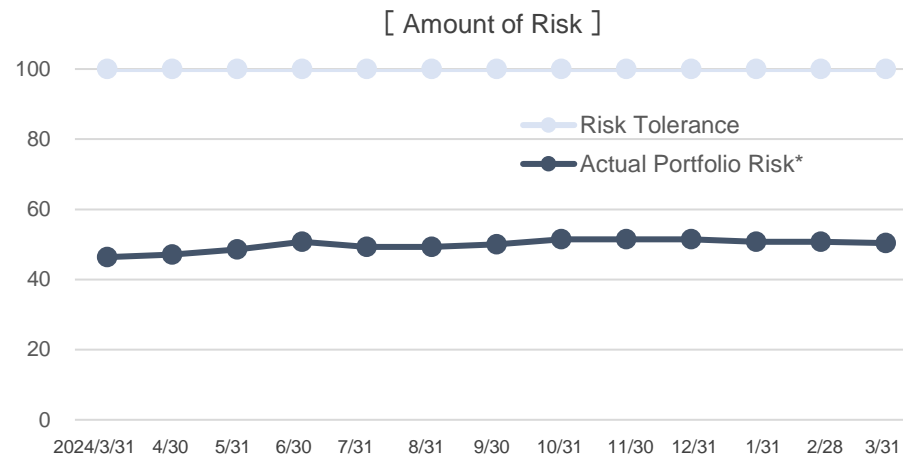
*3 Global fixed income and global equities include domestic bonds and domestic equities respectively.

*4 Alternatives include multi-asset investment.

2 | Summary of FY2024

- Through FY2024, JST managed the portfolio within the Risk Tolerance.

The Japan University Fund is managed 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.



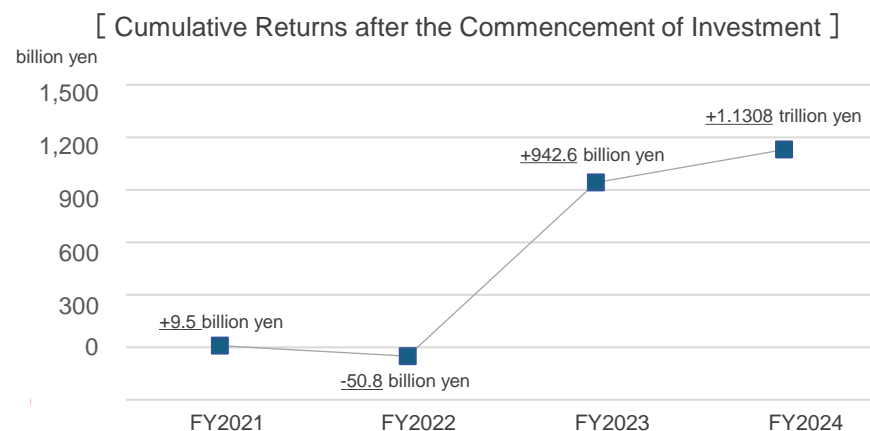
* The Actual Portfolio Risk ratio to the Risk Tolerance (%).

[4] Results since the Commencement of Investment (FY2021~)

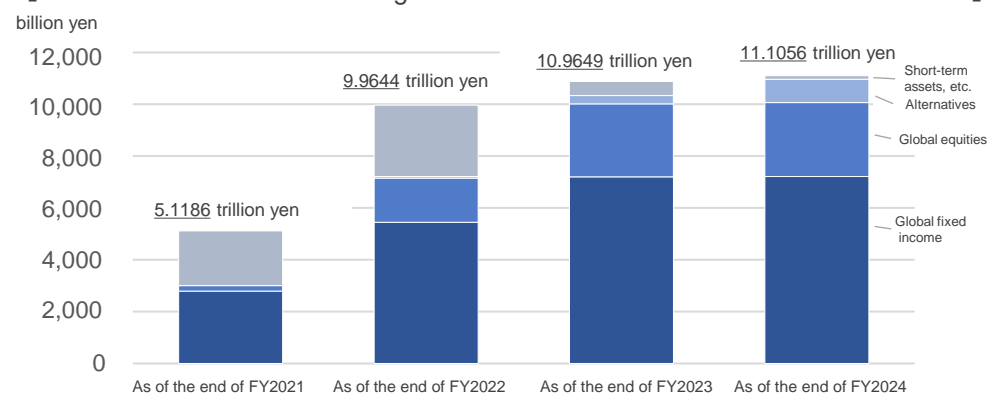
- The Japan University Fund began operations in March 2022. The cumulative performance*¹ since the start of investment has been +1.1308 trillion yen, with a rate of return*² of +9.6%.
- The cumulative net income that serves as the source of grants to Universities for International Research Excellence and others reached +440.8 billion yen. In FY2024, grants to Universities for International Research Excellence amounted to approximately 15.4 billion yen, while grants to eligible universities nationwide for doctoral student support amounted to approximately 16.7 billion yen.

*¹ Performance is the Total Return (before deduction of investment management fees, etc.).

*² Rate of return is the time-weighted rate of return (before deduction of investment management fees, etc.)



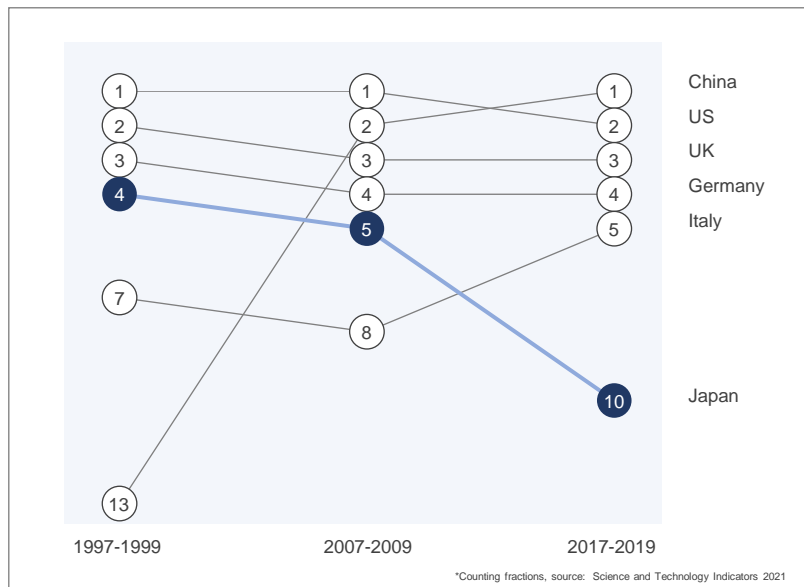
[Year-End Assets under Management since the Commencement of Investment]



[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]

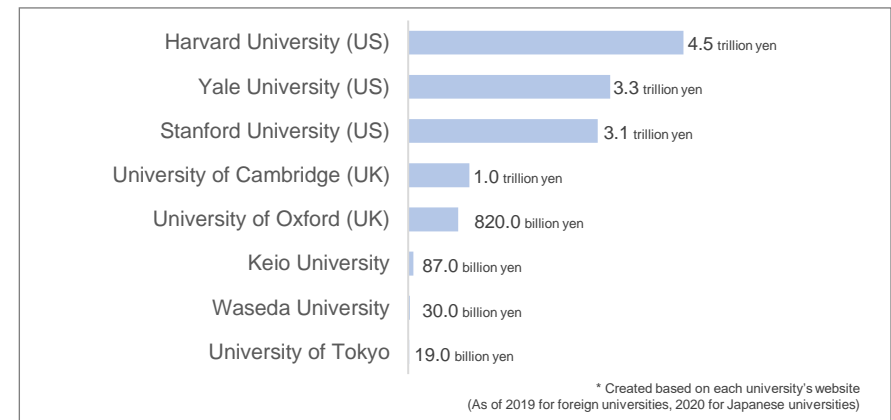


Source: MEXT, JST

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

3 | About the Japan University Fund

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.

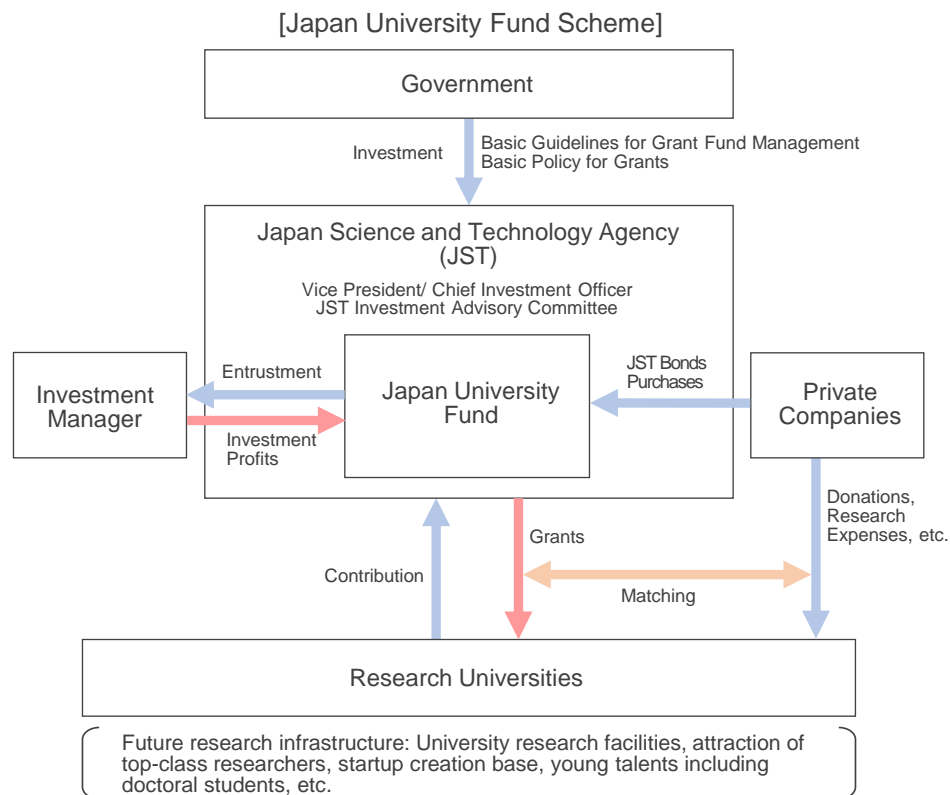
During the discussions, it was noted that to realize world-class research universities, support of around 300 billion yen (in real terms) is needed per year from a long-term perspective, and basic approaches regarding fund management were summarized from expert perspectives; in August 2021, "Basic Approaches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

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.



Source: MEXT, JST

In FY2024, Tohoku University was certified as a University for International Research Excellence in November, and its Research System Strengthening Plan as a University for International Research Excellence was approved in December. In February 2025, grants of approximately 15.4 billion yen were provided to Tohoku University. In March, grants of approximately 16.7 billion yen were provided to eligible universities nationwide as support for doctoral students.

As of July 2025, the second round of applications for Universities for International Research Excellence is being reviewed. For details, please refer to the MEXT website*.

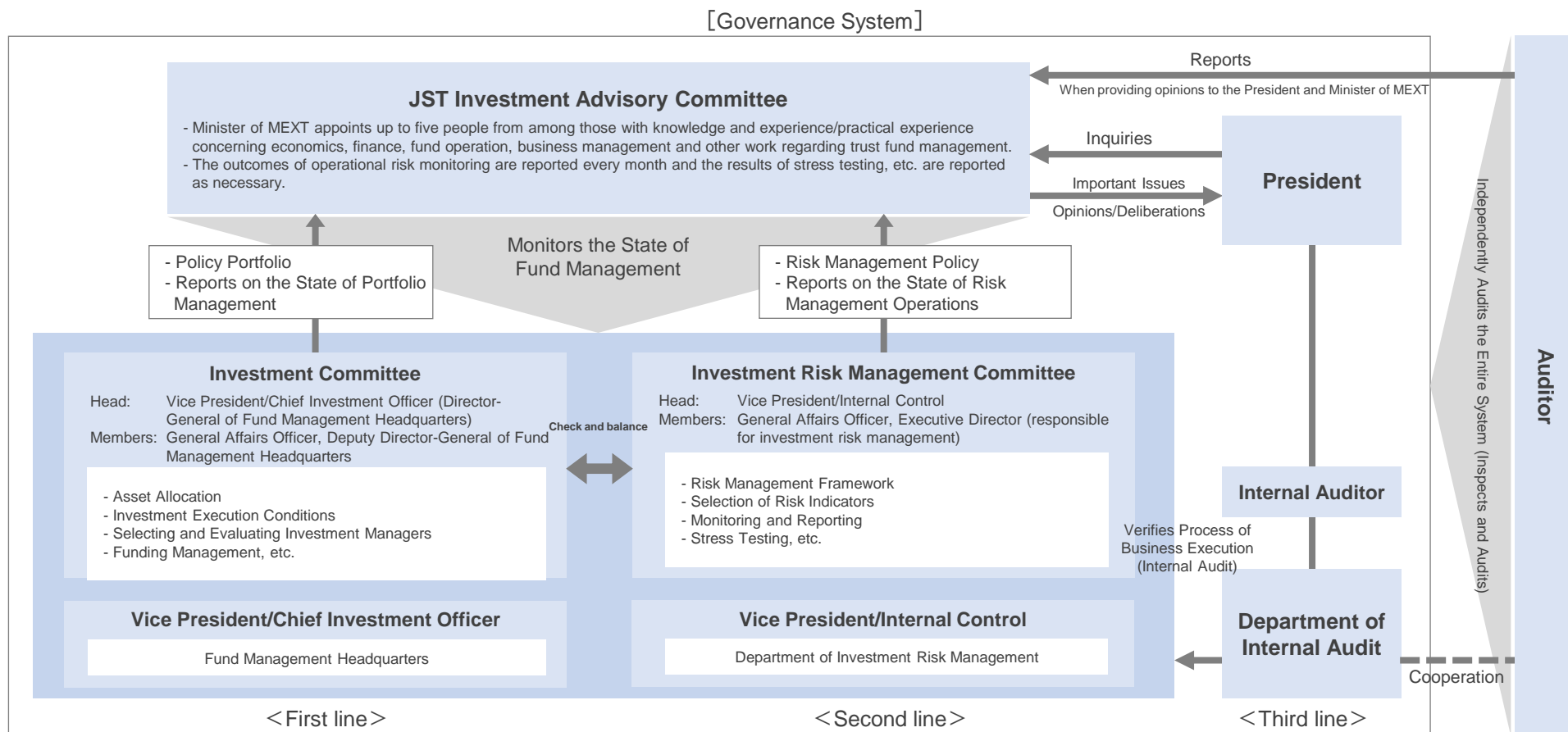
* MEXT website: https://www.mext.go.jp/a_menu/kagaku/daigakukenkyuryoku/kokusaitakuetsu_koubo.html

[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.



* 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 FY2024. 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 investment management operations. Their membership term is two years.

The members of the JST Investment Advisory Committee as of the end of FY2024 are as follows

[JST Investment Advisory Committee Members]



(From left to right: Takuei Maruyama, Hisae Sato, Hiroshi Nakaso, Masaharu Usuki , Edmond Fong)

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
Edmond Fong	Former Senior Managing Director, University of California Investments

* The appointment date for Edmond Fong as a committee member was May 31, 2024.
The appointment date for the other four committee members was October 1, 2023.
* Titles are as of April 1, 2025.

[JST Investment Advisory Committee Agenda]

Date	Agenda
14th Meeting May 28, 2024	[Deliberation] Revision for Basic Policy for Grant Fund Management (Proposal) [Report] Risk Management Status Report for January-March 2024 [Report] Investment Summary for January-March 2024 (Preliminary) [Report] Evaluation of Grant Fund Management by JST [Deliberation] About the Contents of the FY2023 Annual Report* [Report] The Selection Results of Investment Managers of Active Equity Management (Japanese Equities) *Additional Email Deliberation was held from June 13, 2024 to June 28, 2024 on the final draft, and others.
15th Meeting August 28, 2024	[Deliberation] Asset Owner Principles (AOP) Formulation and Publication of Initiative Policies [Deliberation] Revision of Operating Policy (Draft) [Deliberation] Revision of In-House Investment Guideline (Draft) [Report] Regarding the Start of In-House Commitment of Overseas Private Equity (PE) and Private Debt (PD) [Report] Risk Management Status Report (April-June 2024) [Report] Investment Summary for April-June 2024 (Preliminary) [Report] Half-Yearly disclosure of investment status
16th Meeting December 6, 2024	[Deliberation] Direction of Policy Portfolio Verification [Deliberation] Revise (Draft) in the Template of GK/FoFs Investment Guidelines for Real Estate and Infrastructure [Report and Deliberation] Commencement of In-House Investment in Real Estate and Infrastructure [Report] Risk Management Status Report (July-September 2024) [Report] Investment Summary for July-September 2024 (Preliminary) [Report] Annual Report on Stewardship Activities (External Disclosure) - Activities in FY2023 -

Date	Agenda
17th Meeting February 7, 2025	[Report] Refining Risk Measurement for Policy Portfolio [Deliberation] Draft of Policy Portfolio Verification and Review [Report] Stress Testing Results for Policy Portfolio Review [Report] Risk Management Status Report (October-December 2024) [Report] Investment Summary for October-December 2024 (Preliminary)
18th Meeting March 11, 2025	[Deliberation] FY2024 Annual Plan (Modification Proposal) , FY2025 Annual Plan (Proposal) [Deliberation] Policy Portfolio Verification and Revision [Report] FY2025 Asset Allocation Plan [Report] Stress Testing Results for FY2025 Asset Allocation Plan [Report] FY2025 Commitment Allocation Plan for Private Equity (PE) and Private Debt (PD) [Report] FY2025 Commitment Allocation Plan for Real Estate and Infrastructure [Report] Review of Various Frameworks Related to Investment Risk Management [Report] Monitoring of Outsourced Funds (October-December 2024)

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

[4] Investment Organization

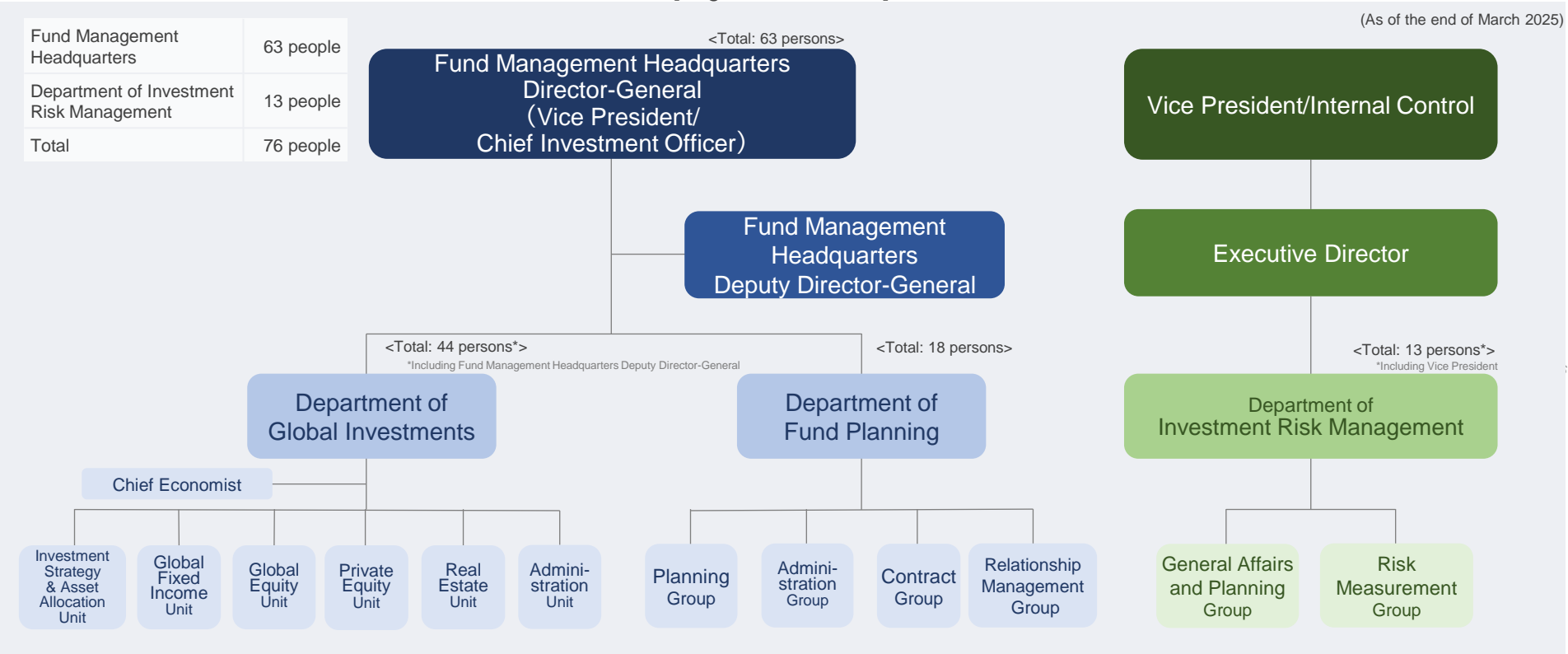
JST established the Department of Global Investments in March 2021 in readiness for launching the Japan University Fund. Later, in August 2021, the department was divided into the Fund Management Headquarters and Department of Investment Risk Management.

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,

Contract Group and Relationship Management 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, contract work and the operation of the JST Investment Advisory Committee 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 Risk Management Committee, measurement of market risk, credit risk, liquidity risk, etc., and performance evaluation and analysis, etc., to ensure proper fund investment.

[Organization Chart]



3 | About the Japan University Fund



[Career Histories of the Senior Leadership of the Department of Global Investments, Chief Economist, and Unit Heads]

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.

[Overview of Each Unit]

The Department of Global Investments is made up of experts with diverse experience and skills.

The following is a summary of each unit of the Department of Global Investments responsible for practical operations.



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.

[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 (in real terms) 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 for illustration purpose only and does not represent the actual Policy Portfolio.

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

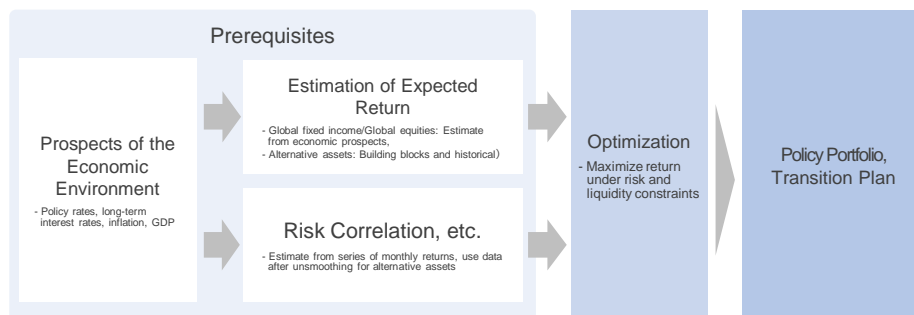
The Policy Portfolio was formulated from a long-term perspective according to risk analysis based on rational future forecasts, considering generally accepted expertise in asset management and investment, as well as domestic and foreign economic and market trends.

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 (e.g. historical scenarios such as past global financial crises and potential future shocks to the financial and economic systems).

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 the rate of 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.

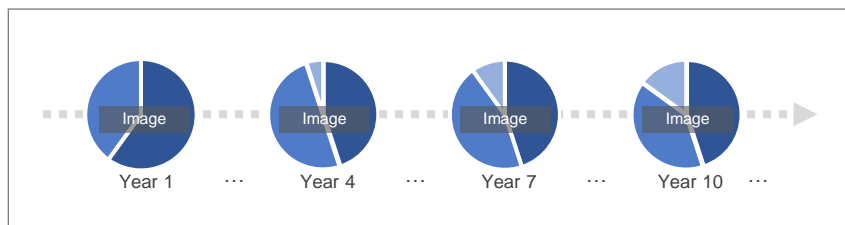
Therefore, during the Ramp-up Period of Investment, we will endeavor to accumulate equity capital while shifting asset allocation in a methodical manner based on the transition plan for the Policy Portfolio, and achieve the asset allocation in accordance with the Policy Portfolio as early as possible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

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.

[Images of Change in Asset Allocation]



[2] Investment Policy and Schedule

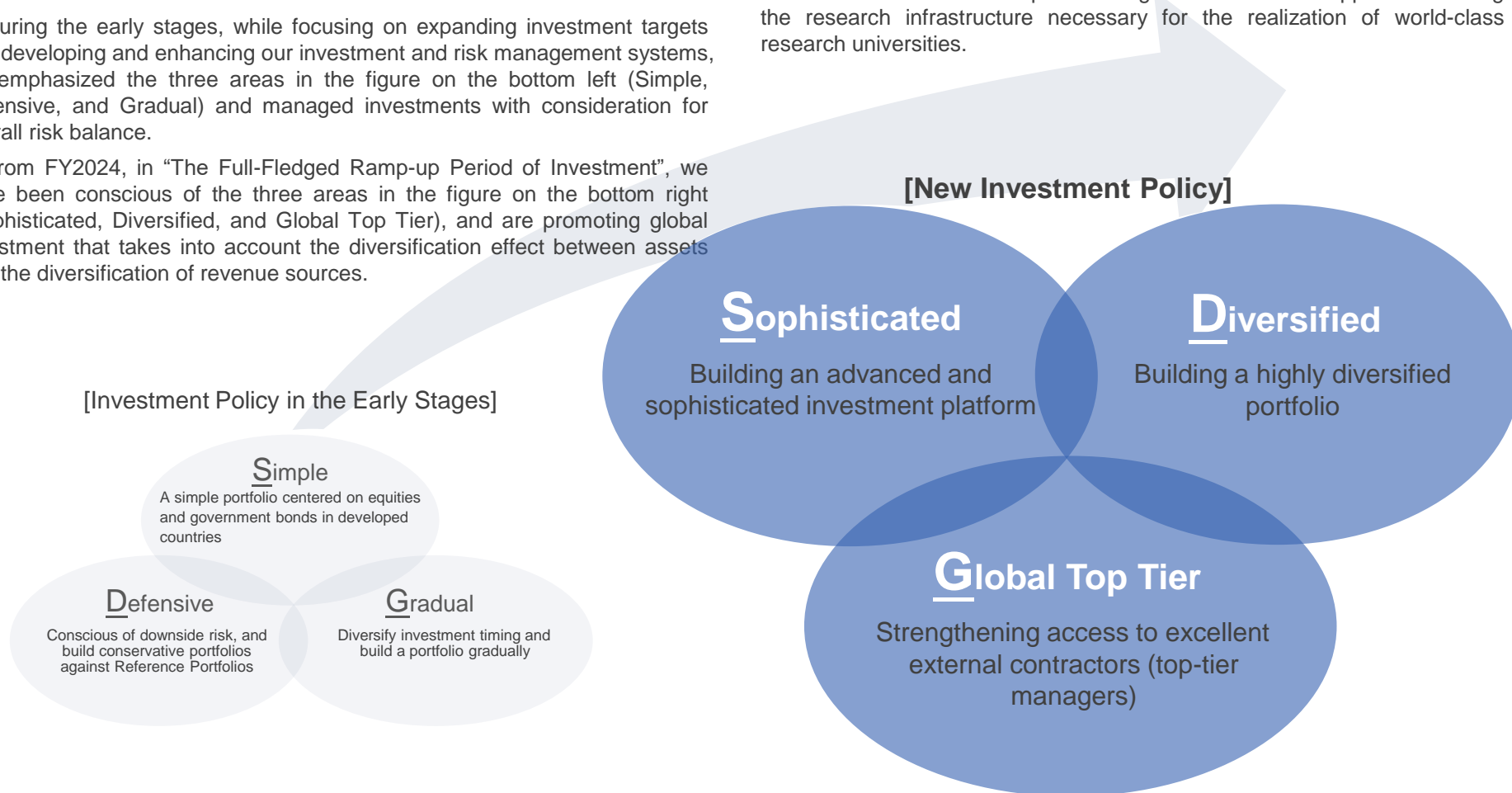
① Operational Policy

The Japan University Fund concluded its "Early Stages" period of the Ramp-up Period of Investment at the end of FY2023 and entered a new phase from FY2024, beginning to provide grants to Universities for International Research Excellence and others.

During the early stages, while focusing on expanding investment targets and developing and enhancing our investment and risk management systems, we emphasized the three areas in the figure on the bottom left (Simple, Defensive, and Gradual) and managed investments with consideration for overall risk balance.

From FY2024, in "The Full-Fledged Ramp-up Period of Investment", we have been conscious of the three areas in the figure on the bottom right (Sophisticated, Diversified, and Global Top Tier), and are promoting global investment that takes into account the diversification effect between assets and the diversification of revenue sources.

In the future, we will continue to advance investment and risk management while being conscious of the Reference Portfolio and the transition plan toward the Policy Portfolio and will manage it to secure financial resources that will provide long-term and stable support for building the research infrastructure necessary for the realization of world-class research universities.

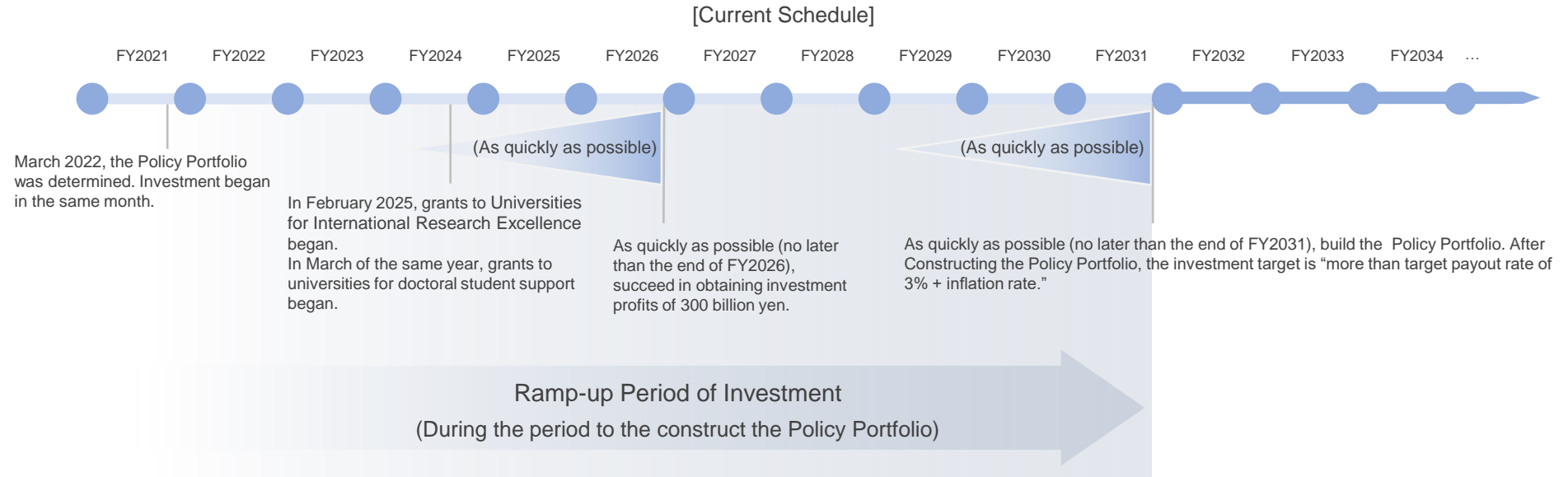


② Schedule

The current schedule for the Japan University Fund is shown below. In February 2025, we began providing grants to Universities for International Research Excellence, and in March of the same year, we also began providing grants to eligible universities nationwide for doctoral student support. Going forward, we aim to achieve 300 billion yen in investment returns as early as possible by the end of FY2026, and to build the Policy Portfolio as early as possible by 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.

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

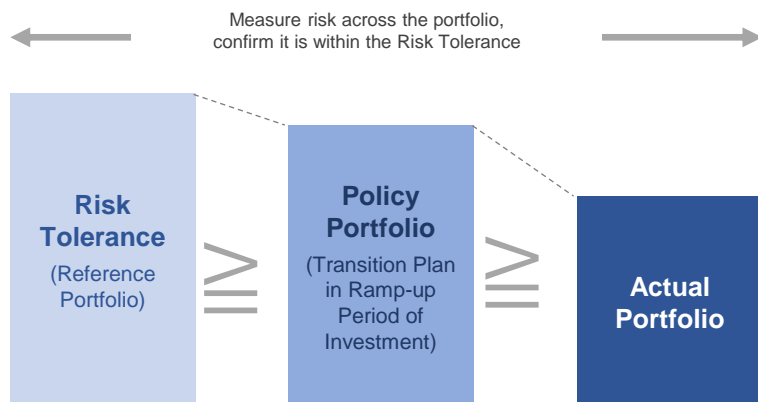
① Basic Policies for Risk Management

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's top-class research universities. Accordingly, the JST Investment Advisory Committee has deliberated on and established basic policies 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 (risk monitoring and reporting). These frameworks and processes are documented, and a system is in place to ensure steady operation, including a risk management system.

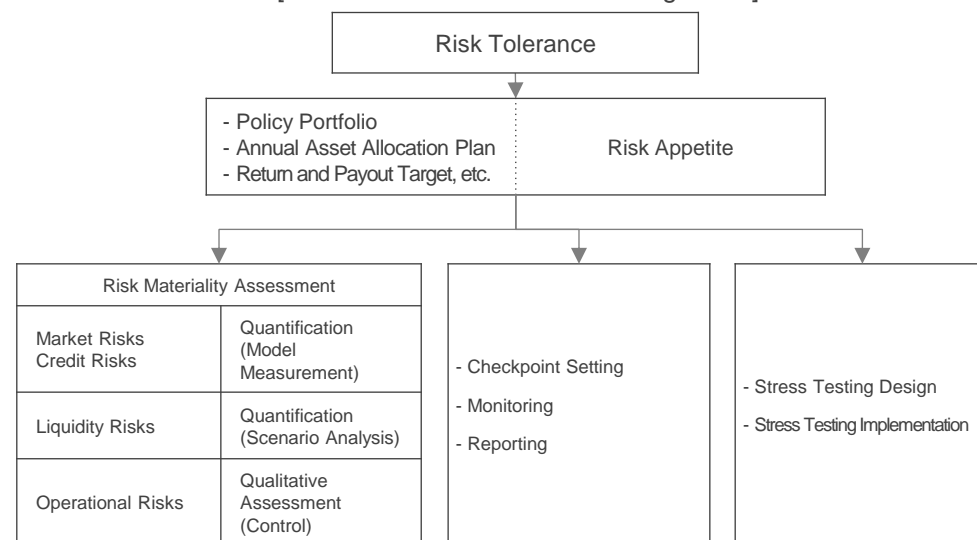
[Image of Risk Amount Control]



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 this monitoring, the Fund will confirm whether a review of asset allocation is necessary considering the market environment, while adhering to 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.

Additionally, stress tests and other assessments are conducted at the time of formulation, verification and modification of the Policy Portfolio, as well as at the time of formulation and modification of the annual asset allocation plan. Considering these results, we ensure risk-taking does not become excessive compared to financial strength in the course of achieving investment objectives, taking into account the period required for recovery from asset value decline due to deterioration in the market conditions. The outcomes are confirmed by 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.

* Reports will be made to the Minister of MEXT in cases where short-term fluctuations in the market value of assets cause losses equivalent to the standard deviation of the policy portfolio and twice that amount, where the market value of assets falls below the balance of the fiscal loan funds, or where net realized losses exceed equity capital.

⑤ Status of Risk Management in FY2024

In FY2024, monetary authorities' responses diverged between the US and Europe, which began rate cuts against the backdrop of the calming of global inflation, and Japan, which implemented rate hikes toward normalization of monetary policy, resulting in impacts on financial markets. In addition, from a geopolitical perspective, including the continuation of Russia's invasion of Ukraine and the deterioration of the situation in the Middle East, as well as movements surrounding policy implementation by the new US administration, uncertainty had been increasing. We carefully assessed the market environment and steadily advanced portfolio construction in response, resulting in a gradual increase in the amount of portfolio's risk throughout the year.

However, since we are currently in the period to construct the policy portfolio (the Ramp-up Period of Investment), we continue to control the risk amount at a level with ample margin against the Risk Tolerance, taking into account the state of the Financial Base.



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.

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 FY2024 was reported to the JST Investment Advisory Committee on May 23, 2025.

[5] Other Investment Policies Based on the Basic Guidelines, etc.

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] Declaration of Acceptance of Asset Owner Principles

On August 29, 2024, JST declared its acceptance of each principle of the Asset Owner in the "Policy on Initiatives Concerning Asset Owner Principles."

This is a common set of principles that asset owners, the entities conducting investment management, should adhere to, established by the government on August 28, 2024, working toward the realization of an asset management nation.

"Policy on Initiatives Concerning Asset Owner Principles (excerpt)"

The Japan Science and Technology Agency (hereinafter referred to as "the Organization") is required, under the Act on Japan Science and Technology Agency, to conduct grant fund management in accordance with the "Basic Guidelines for Grant Fund Management", which was notified by the Minister of MEXT, as well as the "Basic Policy for Grant Fund Management", which was developed by JST based on the Guidelines and approved by the Minister of MEXT.

Recently, the "Grand Design and Action Plan for a New Form of Capitalism: 2024 Revised Version" (hereinafter referred to as the "Action Plan"), which aims to realize a new form of capitalism, was approved by the Cabinet on June 21, 2024. Under the "Council of New Form of Capitalism Realization," the "Asset Owner Principles," which are common principles that asset owners, the entities conducting investment management, should adhere to as we work toward the realization of an asset management nation, were established on August 28, 2024.

The Organization, under the "Basic Policy for Grant Fund Management", as a public asset owner, expresses its support for such government initiatives and declares its acceptance of each principle of the Asset Owner Principles. Furthermore, the Organization has been actively engaged in areas such as the promotion of diversification of investment assets, engagement in stewardship activities, and the recruitment and development of specialized personnel including the establishment of a Chief Investment Officer (CIO) as described in the "Action Plan," and will further strengthen its efforts in accordance with the following policies.

JST, under "the Basic Policy for Grant Fund Management", as a public asset owner, expresses its support for and acceptance of such government initiatives and will further strengthen its efforts in accordance with the "Policy on Initiatives Concerning Asset Owner Principles." For details, please refer to the JST website*.

* JST Website (Japan University Fund) <https://www.jst.go.jp/fund/dl/aop20240829.pdf>

The Five Principles of Asset Owner Principles

1. Asset owners should take into account the best interests of beneficiaries. In doing so, they should determine the purpose of investing, and then set investment targets and policies based on the purpose through an appropriate process, taking into account the economic and financial situation. The purpose of investing, targets, and policies should be reviewed as appropriately in response to changes in situations.
2. Asset owners need to make decisions based on their expert knowledge, in pursuing the best interests of beneficiaries. They should develop an appropriate structure, by securing talents with sufficient knowledge and experience, in order to realize the investment purpose and policies set forth by Principle 1. They should make such a structure function properly, and consider using external knowledge and outsourcing when needed to receive and enhance expert knowledge.
3. Asset owners should choose investment methods appropriately to achieve the investment targets, based on the investment policies, from the viewpoint of the interests of beneficiaries, not those of themselves or third parties. Asset owners should appropriately manage risks, including by diversifying the investment portfolio. In particular, when they entrust investment to other entities such as financial institutions, the asset owners should select the optimal investment trustee while managing conflicts of interest. The choice of the investment trustee should be reviewed periodically.
4. Asset owners should provide information on the status of asset management ("visualization") and engage in dialogues with stakeholders, in order to fulfill accountability to stakeholders.
5. Asset owners should give consideration to the sustainable growth of investee companies by conducting stewardship activities by themselves or through the investment trustee, in order to achieve the investment targets for beneficiaries.

[7] 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/>

Basic Policy to Fulfill Stewardship Responsibility (excerpt)

[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.

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.

- 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/>

Principles for Responsible Institutional Investors «Japan's Stewardship Code»

1. Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.
2. Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.
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.
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.
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.
6. Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.
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.

[8] 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

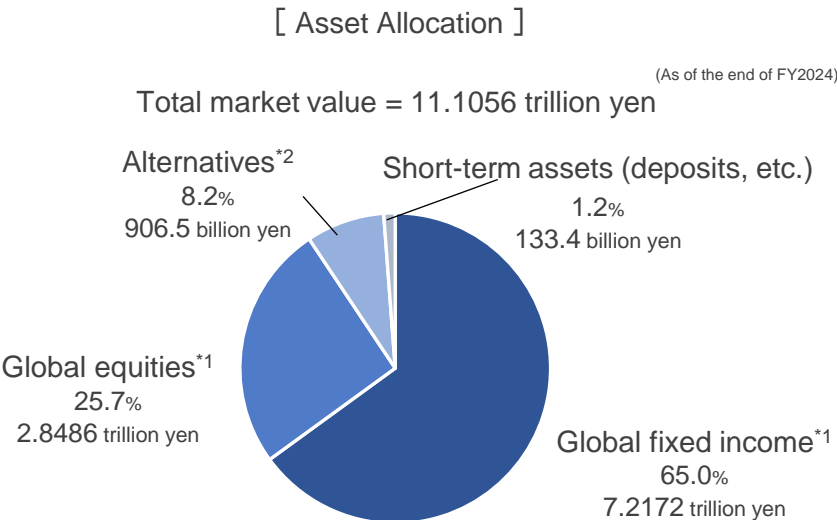
1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance 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

①Asset Composition Ratio

The total market value at the end of FY2024 was 11,105.6 billion yen, with the asset composition ratio as shown in the figure below. Global fixed income accounted for 65.0% (7,217.2 billion yen), global equities for 25.7% (2,848.6 billion yen), alternative investments for 8.2% (906.5 billion yen), and short-term assets (deposits, etc.) for 1.2% (133.4 billion yen).

In FY2024, we worked on further diversification of investment targets and sources of returns. Specifically, we began investing in active investment of global equities and expanded our investments in alternative assets.



*1 Global fixed income and global equities include domestic bonds and domestic equities respectively.
*2 Alternatives include multi-asset investment.

②Asset Composition Ratio by Investment Method

The asset composition ratio by investment method at the end of FY2024 is shown in the table below. Passive management of global fixed income accounted for 6.9% (766.4 billion yen), active management for 7.9% (880.4 billion yen), and in-house investment for 50.2% (5,570.4 billion yen). Passive management of global equities accounted for 23.6% (2,620.3 billion yen), active management for 2.1% (228.3 billion yen), and active management of alternative investments for 8.2% (906.5 billion yen).

[Asset Composition Ratio by Investment Method]
(As of the end of FY2024, unit: 100 million yen)

Assets/Investment Method		Market Value	Composition Ratio
Total assets		111,056	100.0%
Global fixed income*1	Passive investment*2	7,664	6.9%
	Active investment	8,804	7.9%
	In-house investment*3	55,704	50.2%
Global equities*1	Passive investment*2	26,203	23.6%
	Active investment	2,283	2.1%
Alternatives*4	Active investment	9,065	8.2%
Short-term assets (deposits, etc.)		1,334	1.2%

*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.
*4 Alternatives include multi-asset investment.

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 FY2024 are shown below.

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

(As of the end of FY2024; 100 million yen)

Rank	Country/Region	Market Value	By Asset Type*1	
			Global Fixed Income	Global Equities
1	United States of America	61,743	46,630	15,114
2	Japan	16,920	8,328	8,593
3	Commonwealth of Australia	3,838	3,535	303
4	French Republic	3,296	2,800	497
5	Kingdom of Spain	2,776	2,635	141
6	Canada	2,753	2,158	595
7	United Kingdom*2	1,999	1,305	693
8	European Union	1,386	1,386	-
9	Federal Republic of Germany	1,359	890	469
10	Swiss Confederation	604	77	527
11	Ireland	472	147	325
12	Italian Republic	404	284	120
13	Kingdom of the Netherlands	370	81	289
14	Republic of Austria	205	195	10
15	Kingdom of Sweden	166	15	151

*1 Assets subject to aggregation are global fixed income and global equities. Alternative investments are not included.

In principle, global fixed income is aggregated mainly based on the issuing country or the location of the issuer, while global equities are aggregated mainly based on the location of the issuer.

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

④ Amounts Allocated to and Withdrawn from Each Asset

The net amounts allocated to each asset (the amount allocated minus the amount withdrawn) during FY2024 are as follows. Global fixed income: 124.0 billion yen, Global equities 110.1 billion yen, and Alternatives: 563.5 billion yen.

As this is currently the investment Ramp-up Period, investments in each asset were made gradually in FY2024 following the approach taken in the prior year. Consequently, the allocation to each asset is the main flow of funds, and the amount allocated/withdrawn is positive for all assets.

[Amount Allocated to and Withdrawn from Each Asset]

(FY2024; 100 million yen)

Assets*1	Amount Allocated /Withdrawn*2
Global fixed income*3	1,240
Global equities*3	1,101
Alternatives*4	5,635

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

*2 "Amount Allocated to and Withdrawn from Each Asset" represents the net amount (allocations minus withdrawals) and indicates the increase/decrease (on a book value basis) in each asset during the fiscal year, resulting from purchases, sales, etc.

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

*4 Alternatives include multi-asset investment.

⑤ Portfolio Holdings by Asset Category

The names of the portfolio holdings at the end of FY2024, ranked by market value by assets, are as follows.

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

(As of the end of FY2024; 100 million yen)		
Rank	Name	Market Value
1	UNITED STATES TREASURY 4% 20421115	4,625
2	UNITED STATES TREASURY 3.25% 20420515	2,180
3	UNITED STATES TREASURY 2.875% 20320515	1,708
4	UNITED STATES TREASURY 4.75% 20450215	1,258
5	UNITED STATES TREASURY 4.25% 20341115	1,222
6	UNITED STATES TREASURY 4.5% 20440215	1,189
7	UNITED STATES TREASURY 4.625% 20350215	1,138
8	UNITED STATES TREASURY 4.25% 20310228	1,124
9	UNITED STATES TREASURY 4.5% 20331115	1,105
10	UNITED STATES TREASURY 4.625% 20540515	1,075
11	FRANCE, REPUBLIC OF (GOVERNMENT) 3.5% 20331125	1,063
12	UNITED STATES TREASURY 3.5% 20330215	893
13	FRANCE, REPUBLIC OF (GOVERNMENT) 3% 20330525	890
14	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION 4.500% 20520901	880
15	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION 5.000% 20520801	868
16	UNITED STATES TREASURY 3.375% 20330515	851
17	UNITED STATES TREASURY 3.375% 20420815	838
18	UNITED STATES TREASURY 3.875% 20430215	826
19	SPAIN, KINGDOM OF (GOVERNMENT) 3.55% 20331031	825
20	UNITED STATES TREASURY 2.75% 20320815	824

[Global Equities (Top 20 by Market Value)]

(As of the end of FY2024; 100 million yen)		
Rank	Name*	Market Value
1	APPLE INC	990
2	MICROSOFT CORPORATION	790
3	NVIDIA CORPORATION	787
4	AMAZON COM INC	535
5	META PLATFORMS INC-A	374
6	ALPHABET INC-CL A	269
7	Mitsubishi UFJ Financial Group	265
8	Sony Group Corporation	263
9	Toyota Motor Corporation	233
10	ALPHABET INC-CL C	231
11	BROADCOM INC	224
12	TESLA INC	223
13	BERKSHIRE HATHAWAY INC-CL B	222
14	JPMORGAN CHASE & CO	209
15	ELI LILLY AND COMPANY	199
16	VISA INC-CLASS A SHRS	181
17	Nippon Building Fund Inc. Investment Securities	180
18	Hitachi, Ltd.	161
19	EXXON MOBIL CORPORATION	159
20	UNITEDHEALTH GROUP INC	147

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

[Alternatives (Top 20 by Market Value)*]

(As of the end of FY2024; 100 million yen)			
Rank	Asset Class	Fund Name ^{*1}	Market Value ^{*2}
1	Private equity/Private debt	400025535 JUNI Trust M (USD)	1,525
2	Private equity/Private debt	400025528 JUNI Trust S (USD)	1,329
3	Private equity/Private debt	400025530 JUNI Trust N (USD)	1,144
4	Infrastructure	400025544 Juniversitas Trust T (USD)	619
5	Private equity/Private debt	400025529 JUNI Trust S (EUR)	469
6	Real estate	400025541 Juniversitas Trust Ao (EUR)	425
7	Private equity/Private debt	400025560 JUNI Trust R (USD)	360
8	Real estate	400025539 Juniversitas Trust U (EUR)	355
9	Private equity/Private debt	400025531 JUNI Trust N (EUR)	347
10	Real estate	400025538 Juniversitas Trust U (USD)	338
11	Real estate	400025540 Juniversitas Trust Ao (USD)	316
12	Multi-asset investment	200644300 MULTI ASSET FUND M	297
13	Multi-asset investment	200630300 MULTI ASSET FUND J	296
14	Multi-asset investment	200645500 MULTI ASSET FUND S2	296
15	Multi-asset investment	200645400 MULTI ASSET FUND S	295
16	Multi-asset investment	200644200 MULTI ASSET FUND G	291
17	Private equity/Private debt	400025549 JUNI Trust Nm (USD)	199
18	Infrastructure	400025542 Juniversitas Trust Nm (USD)	187
19	Private equity/Private debt	400025527 JUNI Trust S (JPY)	132
20	Infrastructure	400025543 Juniversitas Trust Nm (EUR)	132

* This shows the specified money trusts or mutual fund. (Including cash and deposits, etc.)

The commitment amount and market value of alternatives at the end of FY2024 are as follows.

< Reference: Commitment Amount and Market Value of Alternatives^{*1} >

(As of the end of FY2024; 100 million yen)				
Asset Class	Commitment Amount ^{*2}	(of which Japan)	Market Value	(of which Japan)
Private equity/Private debt	13,399	(590)	5,296	(145)
Real estate	3,195	(-)	1,229	(-)
Infrastructure	2,023	(-)	1,065	(-)

*1 Alternatives do not include multi-asset investment.

*2 For outsourced investments, this represents the total amount entrusted to each investment manager.

[2] Performance

① Rate of Return and Amount of Profit

The rate of return for FY2024 was 1.7%, and the amount of profit was 188.2 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.

[Amount of Profit]		[Rate of Return]	
(FY2024; billion yen)		(FY2024)	
Assets	Amount of profit*1	Assets	Rate of return*1
Total assets	188.2	Total assets	1.7 %
Global fixed income*2,*3	14.7	Global fixed income*2,*3	0.2 %
Global equities*3	138.9	Global equities*3	4.5 %
Alternatives*4	34.6	Alternatives*4	8.6 %

*1 Amount of profit is the Total 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.

*4 Alternatives include multi-asset investment.

*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.

*4 Alternatives include multi-asset investment.

The main factor contributing to the above performance was an increase in asset prices of global equities.

Alternative assets also positively contributed, mainly due to early investment effects in some strategies.

② Investment Management Fees, etc. and Income Gain

As investment management fees, etc.* were 15.6 billion yen, the rate of return after deducting investment management fees, etc. was 1.6%. The income gain for FY2024 (total assets) was 307.8 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 Reference Portfolio

Since FY2024 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 for FY2024 was more restrained than the rate of return on the Reference Portfolio.

< Reference: Rate of Return of Reference Portfolio >

(FY2024)	
	Rate of Return
JPY denominated	4.5 %
JPY-hedged	1.1 %

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.)

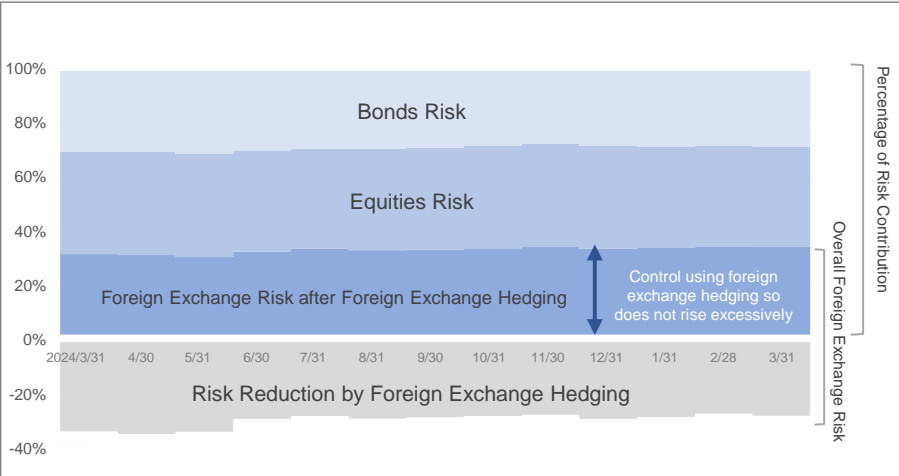
②FTSE World Government Bond Index (in JPY terms. However, this is hedged in JPY.)

* 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 commencement of investment 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 Risk Factors (Monthly Trend)]



* 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 46.4% at the end of FY2024. 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 FY2024; 100 million yen)			
	Market Value	Hedging Amount	Hedging Ratio*
USD	74,672	-33,484	44.8%
EUR	11,578	-7,055	60.9%
Other	8,444	-3,439	40.7%
Total	94,693	-43,977	46.4%

* Hedging ratio is the hedging amount divided by market value

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

“Net income” on the income statement for FY2024 was 256.0 billion yen, and the valuation difference from the valuation of owned assets (“valuation differences on other securities” on the balance sheet) was 652.6 billion yen.

These values were taken from the income statement and balance sheet of the FY2024 financial statements*¹ submitted to MEXT at the end of June 2025. 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 Net 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 “Net income” (or “Net 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 Return) is as follows.

Amount of profit (= Total Return) - Expenses (investment management fees and various expenses related to grant operations)

= “Net income” + 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 (“Gross 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 to Universities for International Research Excellence and Others

In FY2024, Tohoku University was certified as a University for International Research Excellence by the Minister of MEXT in November, and its Research System Strengthening Plan as a University for International Research Excellence was approved in December.

Based on the decision of a government meeting of relevant ministries and agencies participated, JST provided grants of approximately 15.4 billion yen to the University for International Research Excellence (Tohoku University) in February 2025, and approximately 16.7 billion yen to eligible universities nationwide for doctoral student support in March of the same year.

The System of Grants to Universities for International Research Excellence and Others

The Japan University Fund was established to provide grants to universities (including grant disbursements for doctoral student support of around 20 billion yen annually) up to an annual limit of 300 billion yen (in real terms) from its financial investment gains. Additionally, as a precaution against being unable to secure the amount for grants to universities from each fiscal year's financial investment gains, a buffer is to be secured up to a limit of 600 billion yen, which is 300 billion yen (the annual disbursement upper limit) × 2 years.

Under the above conditions, the total grant amount for each fiscal year is decided by a government meeting of relevant ministries and agencies participate, within the range of the grantable amount for that fiscal year (financial investment gains for that fiscal year + buffer), while considering the status of the Japan University Fund's financial investment gains and ensuring financial soundness. Furthermore, until the buffer reaches its upper limit, the total grant amount for that fiscal year is to be kept at approximately 1/3 of the grantable amount, with the remaining 2/3 secured as a buffer.

For more details on the grant system for Universities for International Research Excellence and others, please refer to the MEXT website*.

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

[3] Investment Managers, etc.

① Amount of Investment Assets by Investment Manager

(As of the end of FY2024; 100 million yen)

Assets	Investment Manager*1*2	Market Value
Global fixed income*3	Asset Management One	1,990
	Ashmore Japan	497
	Invesco Asset Management	1,519
	Neuberger Berman	1,522
	PIMCO Japan	486
	Manulife Investment Management	480
	Meiji Yasuda Asset Management	483
	JPMorgan Asset Management	908
	PGIM Japan	920
Global equities*3	Asset Management One	321
	Goldman Sachs Asset Management	307
	Nomura Asset Management	488
	BlackRock Japan	10,208
	Sumitomo Mitsui Trust Bank	1,627
	Sumitomo Mitsui DS Asset Management	567
	Mitsubishi UFJ Trust and Banking	11,482
	Lazard Japan Asset Management	305
	Resona Asset Management	295
Alternatives*4	JPMorgan Asset Management	296
	Asset Management One	537
	Goldman Sachs Asset Management	291
	Schroder Investment Management	296
	State Street Global Advisors	295
	Tokio Marine Asset Management	746
	Neuberger Berman	1,491
	Nomura Asset Management	561
	Sumitomo Mitsui Trust Bank	1,703
	Mitsubishi UFJ Trust and Banking	1,525
	Morgan Stanley Investment Management	297
	Resona Bank	333
	JPMorgan Asset Management	296
	UBS Asset Management	648

② Investment Management Fees / Investment Management Fee Rates

(FY2024; million yen)

Assets	Investment Management Fees	Investment Management Fee Rates*1
Total assets	3,083	0.028%
Global fixed income*2	1,461	0.020%
Global equities*2	564	0.019%
Alternatives*3	1,058	0.075%

*1 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).

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

*3 Alternatives include multi-asset investment.

③ Custodians

(FY2024)

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

* Names of Custodians are listed in Japanese alphabetical order.

*1 The names of investment managers within each asset category are listed in Japanese alphabetical order or alphabetical order.

*2 Including mutual fund managers

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

*4 Alternatives include multi-asset investment.

[4] Other

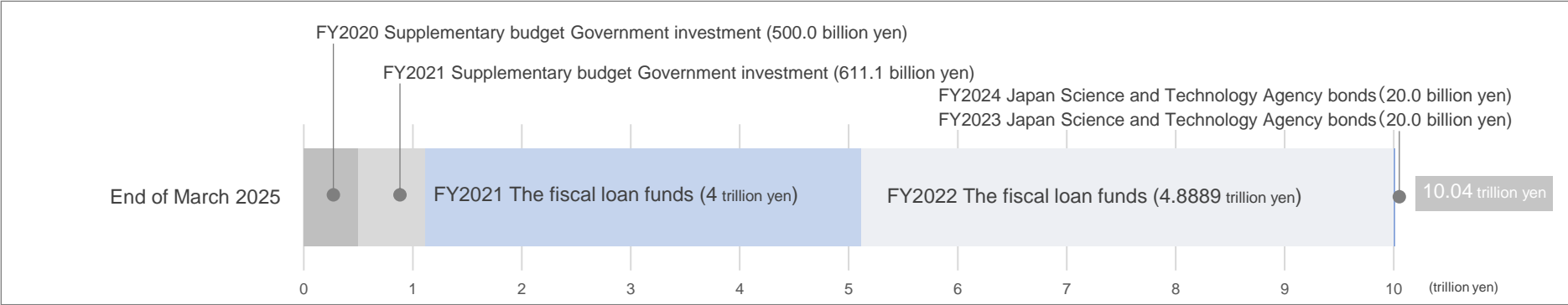
① Funding through Government Investment, Fiscal Loans, and Issuance of JST Bonds

The Japan University Fund was funded by government investment and the fiscal loan funds, with around 5.1 trillion yen (government investment: around 1.1 trillion yen; the fiscal loan funds: 4 trillion yen) by FY2021 and around 4.9 trillion yen (the fiscal loan funds) in FY2022, for a total of 10 trillion yen.

In FY2024, 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 19, 2025, 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>

[Fundraising Status]



② State of the Fiscal Loan Fund Borrowing

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.

[State of the Fiscal Loan Fund Borrowing]

Month borrowed	Amount	Interest rate
March 2022	4,000.0 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	8,888.9 billion yen	

* 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.

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 12 issues were released in FY2024.

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

[Economic Perspectives (Title)]

The 22 th	"Immigrants Revitalize the US Economy"	(Published on April 15, 2024)
The 23 th	"Why Isn't the Fed's Significant Monetary Tightening Working?"	(Published on May 21, 2024)
The 24 th	"Impressions from a European Business Trip"	(Published on June 28, 2024)
The 25 th	"The Impact of the US Presidential Election Results on the Economy"	(Published on July 18, 2024)
The 26 th	"Outlook for Interest Rate Hikes by the Bank of Japan"	(Published on August 30, 2024)
The 27 th	"Prescription for Enriching the Japanese Economy"	(Published on September 26, 2024)
The 28 th	"Waning of Global Inflation Would Not Head toward Japanification Again"	(Published on November 8, 2024)
The 29 th	"Impressions from a US Business Trip — The World After President Trump's Inauguration —"	(Published on December 6, 2024)
Special Edition	"Global Medium-Term Macro Top Risks"	(Published on December 9, 2024)
The 30 th	"The Japanese Economy Under Supply Constraints, Not Lack of Demand"	(Published on January 22, 2025)
The 31 th	"The Impact of Tariffs in the Trump Administration Is Extensive and Negative for the US as Well"	(Published on February 28, 2025)
The 32 th	"Economic Implications of the Historic Shift in European Defense Spending"	(Published on March 25, 2025)

[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

欧州における軍事支出の歴史的な転換の経済的含意¹

2025年3月25日
JST 資金運用本部
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要旨

- 米国が西側諸国の軍事面を支えきれない状況に直面し、欧州は再軍備へと歴史的な転換を図っている。本稿ではその経済効果に焦点を当てる。
- 欧州は、現状はウクライナへの軍事支援も米国抜きでは十分に行えないほか、国防費も GDP 比で漸く 2%に達したところである。特にロシアの脅威に直面する国々の国防費に比べ、ユーロ圏主要国の国防費支出は少ない。
- これに対し、EU は国防費の対 GDP 比を 3.5%程度に引き上げるべく、急速 4 年間で総額 68,000 億に近しい欧州再軍備計画が提案されている。EU の厳しい財政ルール適用を緩める扱いで加盟各国に軍事・インフラ支出の拡大を促すと共に、EU から加盟国へ貸出等を行う内容である。中でもこれまで財政赤字の削減に最も積極的であったドイツの転換姿勢は鮮明で、12 年間で総額 1 兆程度と見込まれる軍事・インフラ支出を行うべく、今月下旬に憲法改正を機会で可決した。
- ウクライナとロシアが和平に至る想定を含めず、軍事費・インフラ支出の増大の経済効果に焦点を当てると、ドイツの経済成長率及び EU 加盟その他の国の成長率への波及効果が大きく、これと EU としての取組を踏まえると、ユーロ圏の実質 GDP は数年かけて 2%成長に向かっていくと見込まれる。
- 長期的効果としては、軍事関連 R&D 投資で生まれた軍事関連技術の民間への流用等を通じて欧州の生産性を向上させ得る。EU ではこれまで非ミッション志向型の R&D が多く、軍事関連の R&D は僅少であった。この分野を強化することで、EU の生産性を 0.25%-pt 向上させると推計されている。
- ドイツ国債の金利はこうした検討の報を受けて急騰しており、ユーロ圏内の他国の国債金利も、国債増発懸念や景気浮揚期待に加え、ドイツよりも財政ポジションが悪化しているため、ドイツに連れて上昇している。
- このように、欧州の再軍備計画は、世界経済における欧州経済の立ち位置を変える潜在性を秘めており、今後の議論の展開に注目したい。

¹ 本稿は、2025年3月21日現在のデータに基づいている。

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FY2024 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 FY2024, based on Article 37 of the Ministerial Ordinance concerning JST.

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* 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.