

Request for Information (RFI) on Benchmarks

1. Background

- Benchmarks are used for the formulation of the basic asset allocation (policy asset mix) in investment, the setting of investment targets and the evaluation of investment performance.
- In formulating the current policy asset mix for the fifth medium-term objectives period (fiscal 2025 to fiscal 2029), Government Pension Investment Fund (GPIF) used the benchmarks in Table 1, taking into account that the composition of the index reflects the market, the index consists of investable securities and the details of the index are disclosed.

Table 1: Benchmarks used to formulate the current policy asset mix

Domestic bond	NOMURA-BPI (excluding ABS)
Domestic equities	TOPIX (including dividends)
Foreign bond	FTSE World Government Bond Index (excluding Japan, excluding China, unhedged, yen basis)
Foreign equities	MSCI ACWI (excluding Japan, excluding China A shares, yen basis, including dividends, after taking into account GPIF dividend tax factors)

※ Please see the following file for more information.

https://www.gpif.go.jp/en/topics/Adoption_of_New_Policy_Portfolio_details_2_en.pdf

- In addition to the benchmarks in Table 1, there are various indices for traditional assets (domestic bonds, domestic equities, foreign bonds and foreign equities) that constitute the current policy asset mix.
- Alternative assets (infrastructure, private equities, real estates and other assets determined through discussions by the Board of Governors) are not positioned as independent asset classes in the current policy asset mix. They are classified into domestic bonds, domestic equities, foreign bonds and foreign equities according to their risk-return characteristics, and no benchmarks are set for the policy asset mix.
- In light of the aforementioned background, in addition to the traditional assets (domestic bonds, domestic equities, foreign bonds and foreign equities) for which the benchmarks in Table 1 are used in formulating the policy asset mix, we will also seek information on a wide range of benchmarks for the alternative assets (infrastructure, private equities and real estates) for which no benchmarks are set.
- Given the information we received, we plan to conduct the research study.

2. Details of requested information

(1) Information on setting benchmarks

- Basic information about benchmarks set by large asset owners and asset managers, and benchmarks tracked by liquid futures and ETFs (e.g., security composition, index methodology and usage fees).
- Matters to be considered in setting benchmarks (e.g., the viewpoints shown in Table 2, and practical viewpoints such as regulations and taxations).

Table 2: Viewpoints on benchmarks

Representativeness	Be widely recognized and concise. To serve as a yardstick that represents the overall market return.
Completeness	Available investment opportunities are covered comprehensively.
Liquidity	The benchmark shall be composed of securities with a certain level of liquidity from the viewpoint of mitigating market impact.
Continuity	The deviation from the benchmark before the change is small. The benchmark shall have long-term historical data and be able to predict the future risk-return profile and correlation between assets and economic variables.
Related products	The benchmark shall have a wide range of related products, including futures.
Transparency	The benchmark shall be built on clear and transparent rules to ensure that no one manager has an advantage over another.
Efficiency	The change to another benchmark shall have limited improvement in risk-return efficiency.
Prevalence	It is expected to be consistently accepted by many investors and to be continuously improved.

(2) Information on changes of benchmarks

- Cases of benchmark changes by large asset owners and asset managers.
- Information on the estimation method of transaction costs, transition period and risk profile changes owing to the changes of benchmarks.

(3) Others

- The estimation of fees for the subsequent research study.
- Other matters to be noted by GPIF.

3. Submission Details

(1) Submission period

Until May 30th, 2025, 5:00PM Japan standard time

(2) Submission method

Please submit information via e-mail with the file attached as follows;

To: RFI_Chosa@gpif.go.jp

Title: Information on Benchmarks (Your institution's name)

File format: Word, PowerPoint or PDF

Paper size: A4 or letter size

Language: Japanese or English

(Note) Please make sure to include your contact information (institution's name and contact person's name, title, department, address, telephone number and e-mail address).

(3) Contact information

Please send your inquiry to the following e-mail address.

E-mail: RFI_Chosa@gpif.go.jp

4. Other details

(1) Qualification

- No qualifications are required for information providers.

(2) Explanatory meeting for this RFI

- No explanatory meeting will be held for this RFI.

(3) Usage and disclosure of information received

- The information we receive may be used in future operations and reviews, and in general will not be disclosed to external parties.
- No compensation will be provided for any information received.
- We may issue further requests for other specific purposes.

(4) Feedback and clarification

- In general, we will not provide any feedback on the information we receive.
- We may ask for further clarification on the information we receive.