

 <p>Ministry of Health and Welfare</p>  <p>NPS National Pension Service</p>	<h1>Press Release</h1> <p>DRAFT</p>		
Released on	September 29, 2019 (4 pages total)		
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## NPF Recorded Investment Returns of 8.92% and KRW 57 Trillion as of End Sep. 2019

- The National Pension Service Investment Management (NPSIM), a fund management organization of the National Pension Service (NPS) announced today that the National Pension Fund (NPF) reached a preliminary KRW 714.3 trillion in the total asset under management, an increase of around KRW 75.5 trillion from the end of the previous year as of the end of September, 2019. The NPF achieved a preliminary 8.92% investment return and a preliminary KRW 57.4 trillion in investment income since the start of the year.
- As of the end of September, 2019, the financial investments of the NPF represented KRW 713 trillion in market value or 99.8% of the total fund while generating a preliminary 5.61% in

annualized return and KRW 351.5 trillion in cumulative investment income since the inception of the NPF in 1988.

- By asset class, the NPF posted an investment return of 5.08% in domestic equities, 24.10% in global equities, 4.27% in domestic fixed income, 16.47% in global fixed income and 6.87% in alternatives.
- The nearly 9% return (preliminary) that the NPF has achieved until the end of this September was attributable to various factors such as an optimistic view over the U.S.-China trade talks, stronger global stock markets reinforced by monetary easing and economic stimulus policies in the world's major economies as well as the foreign exchange rate of Korean won and US dollar that has been on an upward trend.
- The equity investments occupy around 40% of the total fund. The domestic equity investment generated higher returns in expectation of the improvement of external environments and the recovery of corporate earnings. The global equity investment also delivered higher returns, largely influenced by the monetary easing policies and the overall outlook for economic recovery as released by central banks of large economies.

\* Domestic stock market (KOSPI) fell 17.28% in 2018 and rose 1.08% for the period from Jan to Sep, 2019.

\* Global stock market (MSCI ACWI ex-Korea, USD) fell 9.20% in 2018 and rose 16.48% for the period from Jan to Sep, 2019.

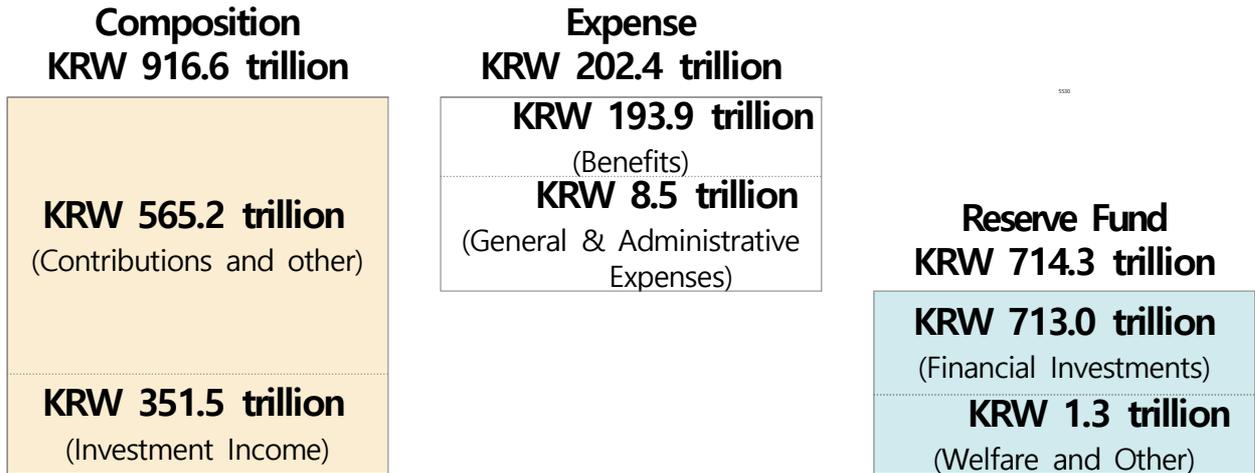
- The fixed income investments representing the half of the total portfolios have been strong with the U.S. Federal Reserve's decisions to cut the interest rates and the monetary easing trend in other central banks, as well as the rise of the KRW-USD foreign exchange rate, which has contributed to gearing up the total portfolio performance.
  - \* Korean Treasuries (3-year) fell 52.6 bps and US Treasuries (10-year) fell 102.0 bps for the period from Jan to Sep, 2019.
  - \* The KRW-USD exchange rate increased 7.44% for the period from Jan to Sep, 2019.
- Meanwhile, a preliminary mid-year return of the alternative investments has mostly derived from dividend and interest incomes and foreign exchange gains, which excluded fair valuations. The fair valuation on the alternative assets will be conducted and reflected based on the available data as of the end of this year.

<Appendix> Overview of National Pension Fund as of the end of September, 2019

Appendix

Overview of National Pension Fund as of the end of September, 2019

□ Total Fund Status



\* Each figure presented above may not add up precisely due to rounding up.

□ Asset Allocation and Performance

(Money-weighted return, KRW in billion, %)

Type	Asset Allocation		Investment Return	
	Market Value	Weight	Since Inception (1988-Sep. 2019)	Current (Jan-Sep, 2019)
Total	714,286	100.0	5.61	8.92
<b>Financial Investments</b>	713,030	99.8	5.52	8.93
Domestic Equity	122,289	17.1	4.76	5.08
Global Equity	153,898	21.5	8.76	24.10
Domestic Fixed Income	321,348	45.0	4.79	4.27
Global Fixed Income	32,023	4.5	5.61	16.47
Alternatives	82,577	11.6	8.45	6.87
Short-term Asset	894	0.1	3.91	1.85
<b>Welfare</b>	165	0.0	6.26	0.89
<b>Other</b>	1,091	0.2	1.58	0.41

\* The current investment return for the period from Jan to Sep, 2019 above is a non-annualized year-to-date return.

\*\* A full year return on alternative investments will be released next year after fair valuation on year-end data.