

(BN) Japanese Pension Assets Fall as Payouts Exceed Contributions

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By Tomoko Yamazaki and Komaki Ito

July 9 (Bloomberg) -- Japanese corporate and government pension assets managed by investment companies fell 4.5 percent to 79 trillion yen (\$990 billion) last fiscal year as payouts exceeded contributions, said the Japan Pensions Industry Database.

The assets were spread over 5,186 mandates held by 110 firms in the year ended March 31, with foreign managers making up 14 of the top 25 investment companies, said the Hong Kong-based industry researcher. BlackRock Japan Co. managed the most money with 13.8 trillion yen, followed by Sumitomo Mitsui Trust Bank Holdings Inc. and Mizuho Trust & Banking Co., according to the report, which used filings with the Japan Securities Investment Advisers Association.

Japanese pensions oversee \$3.36 trillion, the world's second-largest pool of retirement assets after the U.S., with 98 percent of them employing defined-benefit plans, according to Towers Watson & Co. The funds, which have traditionally invested mainly in bonds, have been expanding their strategies to maintain steady returns and fund retiree benefits as the country faces a shrinking workforce, with 2012 marking the first year the nation's baby boomers are set to retire.

"As the search for yield intensifies, demand for new products that can provide it should grow," said Jo McBride, the publisher at the Japan Pensions Industry Database.

#### Mandated Funds

The report only includes assets mandated to investment managers, while the rest is kept in pooled accounts at trust banks and life insurers, which are not included in the association's figures, according to the report.

Assets of Japan's Government Pension Investment Fund, the world's biggest and known as GPIF, handled by fund companies stood at 56.4 trillion yen, while corporate pensions' money outsourced to managers stood at 22.6 trillion yen, the report showed.

BlackRock Japan, Sumitomo Mitsui Trust and Mizuho Trust together accounted for 44 percent of the assets managed.

Ten companies including ING Mutual Funds Management, KTO Capital Partners and Mizuho Global Alternative Investments reported their first mandates during the period, demonstrating that there is still a market for those offering different strategies, according to the report.

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