

Basic Approach to Investment Policy of University Endowment Fund toward Building World-class Research Universities

August 2021

Council for Science, Technology and Innovation (CSTI)

1. Basic Policy

(1) Positioning of the basic approach

- In the Comprehensive Economic Measures to Secure People's Lives and Livelihoods towards Relief and Hope, adopted at the Cabinet meeting of December 8, 2020 (hereinafter referred to as the “Cabinet Decision”), it is stipulated that the government will establish the University Endowment 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.
- Based on the Cabinet Decision, the Act on Japan Science and Technology Agency (Act No. 158 of December 13, 2002; hereinafter referred to as the “Act”) was revised. The revised Act includes articles to the effect that the Japan Science and Technology Agency (hereinafter referred to as the “Agency”) is given an additional task of providing universities with support and assistance to activities contributing to the development and enhancement of an internationally outstanding research environment in science and technology as well as fostering of talented young researchers and promotion of their performance (hereinafter referred to as the “Support Services”). It also stipulates, among other things, that the basic guidelines that enable the investment of funds that belong to the accounts related to the Support Services (hereinafter referred to as the “Investment for the Support Services”) to be driven safely and effectively from a long-term perspective (hereinafter referred to as the “Basic Guidelines”) shall be adopted by the Minister of Education, Culture, Sports, Science and Technology and that the Basic Guidelines shall be notified to the Agency.
- This approach is a summary of fundamental viewpoints from the experts on the investment policy of the University Endowment Fund toward Building World-class Research Universities (working title; hereinafter referred to as the “University Endowment Fund”) by carefully studying advanced cases of management by investment managers outside Japan as there are few cases in Japan that utilize investment return to support universities. In determining the Basic Guidelines, the Minister of Education, Culture, Sports, Science and Technology, shall take this approach into full account and ensure that the Agency shall conduct investment management by fully exercising its discretion within the scope specified in the approach and that the University Endowment Fund will play a leading role of investment management in Japan.
- In establishing the University Endowment Fund, the government is expected to complete university reform while providing support to build a research infrastructure necessary for building world-class universities with an aim to drastically enhance research capabilities, considering the declining

international competitiveness of universities in Japan in terms of research capabilities.

(2) Objective of investment

The objective of the investment of the University Endowment Fund is to secure financial resources to provide support for establishing a research infrastructure necessary for building world-class research universities stably over a long period by conducting risk management from a long-term perspective appropriately as well as effectively.¹ With a view to encouraging universities to maintain and invest funds individually in future years, the management of University Endowment Fund shall become a model of management to serve as guidelines for investing university endowment funds. .

(3) Basic investment policy

The University Endowment Fund shall be invested appropriately based on the following institutional framework.

- i). The Agency shall invest the funds to provide universities with support and assistance to activities contributing to the development and enhancement of an internationally outstanding research environment in science and technology as well as the fostering of talented young researchers and promotion of their performance (Article 23.6 and others of the Act).

Consequently, a framework has been put in place to not allow the Agency to invest for purposes other than the intended purpose; namely for policy purposes or enforcement of policies other than for the purpose of securing financial resources stably over a long period to build world-class research universities.

- ii). Regarding the entrustment of investment to external investment managers, the Agency may specify the methods of investment within the scope of methods and manners specified in laws and regulations except for the case of a discretionary investment agreement where investment decisions are entirely left to the discretion of the counterparty (Article 27 and others of the Act).

Consequently, a framework has been put in place to not allow the Agency to choose individual issues or give directions in equity investment with an objective to invest in specific companies in order to ensure that the Agency will not give direct impact on financial markets or corporate management.

In investing the University Endowment Fund, the Agency shall also comply with the following basic policy.

- i). The Agency, as a long-term investment body, shall gain the fruit of growth across entire economies in and outside Japan stably over a long period, including interests and dividends, while at the same time promoting investment in diverse assets and regions, through buy-and-hold investing and

¹ The objective of the University Endowment Fund is to secure financial resources to provide a stable and long-term support necessary for building world-class research universities. The financial resources, which utilize gains from long-term, diversified management of global assets, are different in nature from public-private investment funds that supply risk money with the objective of activating private investment in projects with political significance.

compliance with investment disciplines (appropriate rebalancing of investment) without being overly sensitive to temporary changes in financial markets such as stock and foreign exchange markets.

- ii). Considering its distinctiveness as an organization of public nature, the Agency shall fully ensure that its investment activities as a public investment body will not affect the price making in the markets, investment behaviors of the private sector, and other financial factors.
- iii). The Agency, as an institutional investor managing considerable assets, shall be fully aware of the impact that its investment behaviors may have on the markets.

2. Basic matters pertaining to the target return and the structure of assets

(1) The target return and basic investment process

- From the perspective of achieving the objective of investment in 1.(2), the Agency shall objective to secure a rate of return on investment at the level of the total of the target rate of expenditure or payout as specified in 2.(2) and the inflation rate² (after deduction of expenses) or higher.
- To achieve the above target return, the government shall set the tolerance of a risk that the asset mix determined by the Agency from a long-term perspective may be exposed to (the asset mix: hereinafter referred to as the “Policy Portfolio”; the risk: hereinafter referred to as the “Risk Tolerance”).³ To determine the Risk Tolerance, the Agency shall use a reference portfolio⁴ and the volatility held by the reference portfolio⁵ shall be regarded as the Risk Tolerance.
- In order to achieve the target return, it is essential to make a global investment that takes in the growth of entire economies in and outside Japan. Accordingly, an asset mix comprising 65% global

² The immediate inflation rate is estimated at 1.38% (based on the Cabinet Office’s “Medium to Long-Term Economic and Financial Outlook” and other data)

³ The Tolerance Risk must be determined in line with the long-term target rate of expenditure (payout). If the tolerance is too low, assets may not grow in the current interest environment, which makes it difficult to achieve the target rate of expenditure (payout).

⁴ A standard portfolio comprising high-liquidity assets (listed equities and bonds). The portfolio is globally used for sovereign wealth funds to manage the Tolerance Risk. In other words, as long as the risk level is the same or similar, the decision on investment destinations and degrees of deviation in asset allocation are left to the discretion of a manager. In the same manner, the “basic approach” shall employ the reference portfolio for the management of the Tolerance Risk only. An asset mix similar to the reference portfolio can be used to determine a benchmark for the evaluation of investment.

⁵ Volatility is a standard deviation of price fluctuations of management assets (equities, bonds, etc.) for a certain period expressed as a percentage. The standard deviation, a probability-based estimate of the potential loss (called the VaR), and other tools are often used for volatility. The standard deviation is used here to determine the Tolerance Risk.

equities and 35% global bonds⁶ shall be set as a reference portfolio.⁷

- The Agency shall determine the Policy Portfolio so as to maximize the yield on investment within the scope of the Risk Tolerance specified by the government. However, this will not apply during the start-up period as referred to in 2.(7).
- The government will examine the reference portfolio periodically on an annual basis with reference to the market environment and other conditions and discuss a review at least once in five years. In accordance with the schedules, the Agency shall examine and review the Policy Portfolio and, when a change is necessary in the Policy Portfolio, the Agency shall set a transition period as appropriate.

(2) Expenditure policy

- From a long-term perspective, approximately a net worth of 300 billion yen of financial support a year⁸ will be necessary for building world-class research universities. Based on this estimation, an expanded budget of 10 trillion yen shall be secured within this fiscal year and the long-term rate of expenditure (payout) target shall be set at 3%. The upper limit of expenditure, which is tentatively set at a net worth of 300 billion yen a year, shall also be determined.
- From the perspective of stabilizing the amount of financial support, the government will determine the annual rate of expenditure⁹ based on the target rate of expenditure considering the Agency's investment conditions, needs of universities receiving support, and other relevant matters and calculate the amount of expenditure by multiplying the rate of expenditure by the moving average of the aggregate market value in the past years, while the Agency shall tentatively secure a buffer of 300 billion yen a year multiplied by two years as well as ensure liquidity in case the Agency fails to cover the annual amount of financial support to universities with the investment return. The government shall review the buffer amount as appropriate based on the Agency's management conditions, needs of universities receiving support, and other factors.
- The government shall strive to provide support stably and continuously as described above by utilizing investment return and the buffer.

⁶ For this estimation, as the indices for global equities and bonds, we used the indices synthesized through indexation of the aggregate market value of equities and bonds in each country based on 25 years of historical market data (equities: the MSCI All Country World Index (excluding Japan; including dividends); TOPIX (including dividends), bonds: the FTSE World Government Bond Index (excluding Japan); Nomura BPI (excluding ABS)), where the component percentages are applied based on the aggregate market value by country and by industry.

⁷ Globally, sovereign wealth funds in general use a reference portfolio of global equities and bonds in the ratio of 65:35 to 85:15. Most universities in the United States allocate more than 80% of their endowments to equities or similar assets in terms of the asset mix.

⁸ The amount of support shall be determined by reflecting the fluctuations of the Consumer Price Index (aggregate) based on a baseline of 300 billion yen as of the end of the fiscal year 2021.

⁹ The government shall establish a structure where the rate of expenditure is determined by carefully listening to the voices of the Agency as the investment body.

(3) Evaluation of investment

- The University Endowment Fund shall be invested from a long-term perspective. Therefore, the levels of achievement of the target return shall basically be evaluated once in a given period (for example, a time span of three, five, or ten years), not on an annual basis.
- The levels of achievement of the target return shall be evaluated not only based on the performance results such as investment return and a portfolio rate of return but also by the comparison between the rate of return for the fund and the rate of return for combined benchmarks (the benchmark rates of return for equities and bonds, weighted by the asset mix percentages equivalent to those of a reference portfolio), to appropriately take into account the market environment and other conditions.

(4) Formulation and review of the Policy Portfolio

- The Agency shall formulate the Policy Portfolio from a long-term perspective by taking a forward-looking risk analysis and considering the generally recognized expertise concerning the asset control and investment as well as economic and market trends in and outside Japan in an effort to maximize the investment yield based on the target return.
- In formulating the portfolio, the Agency shall ensure that the volatility held by the Policy Portfolio is within the scope of the Risk Tolerance specified by the government¹⁰ and conduct verification based on risk scenarios and assessments.
- In such cases as where there is a change in the Risk Tolerance specified by the government, as well as where the Agency conducts risk management appropriately based on economic and market trends and recognizes a need to review the Policy Portfolio. For example, where the investment environment assumed at the time of formulating the Policy Portfolio has deviated from reality, the Agency shall discuss a review of the portfolio.

(5) Investment approach

The Agency shall in principle formulate the Policy Portfolio from the perspective of achieving the target return as well as appropriately choose assets for investment and manage them by taking note of the following.

- The Agency shall harvest the fruit of growth of entire economies in and outside Japan stably over a long term by leveraging the effect of diversifying the assets over a long period (diverse investment assets, regions, sectors, etc.). To this aim, the Agency shall actively pursue global investment opportunities.
- The Agency shall in principle use both passive management and active management to seek active return.
- The Agency shall choose an investment approach fully considering asset characteristics and efficiency.

¹⁰ This is meant to refer to the volatility of a reference portfolio and is not intended to confine the component ratio of the Policy Portfolio to that of the reference portfolio.

In accordance with Article 27 and other articles of the Act, the Agency shall in principle entrust the investment of equities and other assets.

- For global investment, it is important to explore and select excellent fund managers. Consequently, the Agency shall actively participate in global network communities on an ongoing basis.
- The Agency shall streamline effective middle- and back-office functions to examine risk management and the security of profitability.
- Alternative investment¹¹ shall be encouraged strategically from the perspective of risk diversification and middle- and long-term security of profitability.
- From the perspective of improving the efficiency of investment while at the same time appropriately controlling the risks across the portfolio, the Agency shall actively conduct research and studies on new investment products and investment methods to enhance management skills on a continuous basis.
- The Agency shall in principle manage assets based on the Policy Portfolio and in compliance with investment disciplines (appropriate rebalancing of investment).

(6) Ensuring liquidity for support

- To enable support in establishing a research infrastructure necessary for building world-class research universities, the Agency shall secure a given amount of liquid assets.
- Consequently, the Agency shall establish functions required to secure sufficient funds without fail at all times by selling assets and shares in a quick and efficient manner while paying attention to formation of market pricing and other trends.

(7) Notes to be taken during the start-up period

- The Agency shall aim to earn a net profit of 300 billion yen from investment, which is a tentative upper limit of the expenditure, at the earliest possible time within 5 years of the start of investment. The Agency shall also aim to build a portfolio to achieve the long-term target return at the earliest possible time within 10 years using appropriate risk taking based on the Risk Tolerance and taking into consideration the characteristics of assets that require time to be invested. Consequently, during the initial start-up period, the Agency shall formulate a plan for transitioning to a portfolio that enables the earliest possible achievement of the long-term target return while at the same time building up a financial buffer and other means within the scope of the Risk Tolerance, as well as a portfolio based on the plan.
- During the start-up period, the Agency shall aim to commence provision of support of a given scale as early as possible and, irrespective of the provisions in 2.(3), the government shall evaluate investment fully considering the plan for the transition to be formulated by the Agency.

¹¹ An alternative investment is a way or method of investing in assets different from the conventional investment categories such as equities and bonds. Examples of alternative investments include private equity (PE), venture capital, real estate, hedge funds, and commodities.

3. Basic matters pertaining to the procurement of funds (including necessary matters on secure redemption of fiscal loan funds)

- From the perspective of achieving the target return and ensuring redemption, the Agency shall procure funds tentatively from government contributions and fiscal loan funds while carefully checking the balance between own capital and borrowed capital. The Agency are also encouraged to gradually undertake such activities as issuing its bonds, gathering funds from support universities, and accepting the operational surplus (trust funds) entrusted by national university corporations and expand these activities.¹²
- The Agency shall appropriately formulate a redemption scheme each fiscal year by carefully ensuring that the fiscal loan funds will be redeemed after 20 years and beyond. The Agency shall also discuss a review of the operation itself with the government as appropriate as specified in 4.(3).

4. Basic matters to be complied with by the Agency

(1) Establishment of investment management structure and governance structure

In establishing its management and governance structures, the Agency shall put in place an Investment Advisory Committee as specified in the Act. The Agency shall also work on the realization of the following matters in order to establish an operational check and balance relationship between the Investment Division (the first line) and the Risk Management Division (the second line) and enable three lines of defense structure to function with the Audit Division (the third line) monitoring the relationship.

- The Investment Advisory Committee, made up of an external group of experts, shall discuss important investment policies including the Policy Portfolio as well as appropriately monitor from a standpoint independent of the Executive Officer, the Agency's operations based on the reports submitted by the Agency in an appropriate and timely manner (Note: resolutions shall be made only by the members of the committee). From the perspective of compliance with investment disciplines, the committee shall document basic policies and other matters relating to responses to a drastic change in financial markets prior to the start of investment and shall be staffed with personnel with expertise in the long-term investment and accountability for external communications who abide strictly by investment disciplines and are adamant in addressing issues.
- The Investment Division shall set up a committee for making decisions on matters related to appropriate daily operations and the Risk Management Division a committee for risk management to

¹² It was agreed at a Cabinet meeting that "In selecting universities that are eligible for participating in the fund, the Government will require applicant universities to commit themselves to university reforms, such as autonomous management, responsible governance, and increasing efforts to acquire external funds, as well as to make contribution to the fund, while reviewing existing related projects. For the time being, this fund will be financed by national funds, including fiscal loan funds, and will gradually require more financial contribution from participating universities and the private sector. The goal is that the participating universities will manage the fund with their own financial resources in the future."

exercise control functions over the Investment Division (Risk Management Committee), respectively. Through the committees, the divisions shall report the status to the Investment Advisory Committee in an appropriate manner.

- Auditors, independent of the operations, shall monitor to ensure that operations are conducted appropriately and audit the implementation of the entire internal control and the management of the operations.
- Achieving the target return requires sophisticated and diversify investment. The Agency shall therefore build a system to enable the achievement, including risk management. To this aim, in recognition that the key to a successful system is to secure excellent human resources, irrespective of their nationality, who have not only expertise but also the ability and determination to pursue their mission regardless of wherever they are deployed, the front, middle, or back office, the Agency shall set up an employment and remuneration system that enables the employment and procurement of such talents.
- Based on the recognition that human resources must be fostered from a long-term perspective and considering that assets will be invested over a long period and that universities will invest funds on their own in the future, the Agency shall provide them with personnel management activities including OJT programs and strategic personnel rotation.

(2) Selection, evaluation, and supervision of external managers

- As specified in 2.(5), the Agency shall in principle entrust the investment of its equities and other securities to external managers. It is therefore critically important to explore and select excellent external managers.
- In order to select external managers capable of understanding the intent of the investment of the University Endowment Fund and exercising investment based on it, the Agency shall strive to collect information widely from within and outside Japan and select external managers through full due diligence.
- The Agency shall also check their operations on a regular basis, including whether they are in compliance with the entrustment agreement and whether there are any changes in their service systems, as well as continually evaluate their investment performance, and take appropriate measures such as revision of the asset mix when deemed necessary.

(3) Risk management

- The most important risk to be considered in this fund is a risk that could hinder the achievement of the investment objective or that prevents the Agency from securing finances and making necessary expenditure to provide a stable and long-term support toward establishing a research infrastructure necessary for building world-class research universities.
- To manage this risk, the government will determine a Risk Tolerance upon verifying the probability that the Agency can continue providing support in line with the expenditure policy while securing financial resources for redemption and confirming that the probability is higher than a given level from a long-term perspective.

- The Agency shall appropriately manage the risk that could hinder the achievement of the investment objective by ensuring the probability of redeeming fiscal loan funds while at the same time considering the time for recovering from downside losses due to worsening market conditions, which is determined by conducting stress tests, etc. on a regular basis. The point to be noted is that, in fundamental principle, the Agency shall diversify investment management based on investment theories and disciplines from a long-term perspective to ensure the probability of redemption.
- The Agency shall check the standard deviation and other parameters regularly (at least once a month) as baseline monitoring indices for risk management, although short-term fluctuations in the valuation gain or loss will not be directly factored into investment control. Also, when the monitoring results reach a given level,¹³ the Agency shall in principle invest assets based on the Policy Portfolio, and the Risk Management Committee and other relevant committees shall check the market environment as well as whether there is a need to review the asset allocation under compliance with investment disciplines and report the results to the government in a timely and appropriate manner. The government, meanwhile, shall check whether the investment is in line with the basic policy formulated based on the Basic Guidelines established by the government while ensuring that the government will not inappropriately intervene in the investment disciplines held by the investment body.
- In case a net loss (not a valuation loss) is incurred as a result of a loss-making transaction such as selling assets that have fallen in value out of necessity or in case the cumulative net loss exceeds the equity capital at the annual closing of accounts, the Agency shall report the results to the government and, if such situation continues for a given period (for example, for three consecutive periods), the Agency shall discuss a review of the operation with the government.
- The Agency shall monitor risks with a multi-tiered approach according to the nature of each risk from the perspective of the entire portfolio, types of assets, and management methods and approaches.¹⁴

(4) Activities to fulfill the stewardship responsibility¹⁵ and ESG¹⁶-based initiatives

- To achieve the target return in pursuit of the investment objective while appropriately conducting risk management from a long-term perspective, the Agency shall promote activities to fulfill the

¹³ An example case is that the Agency sets an anticipated profit or loss fluctuation (standard deviation) as the checkpoint factor and, when a downward fluctuation reaches a certain point (standard deviation), the Agency reports such to the government.

¹⁴ In addition to a risk that could hinder the achievement of the investment objective, there are risks, such as market risk, credit risk, liquidity risk, and operational risk (administration, systems, information leak, reputation, etc.), which shall generally be administered as part of investment management operation.

¹⁵ Stewardship responsibilities refers to the responsibilities of institutional investors of investment companies to enhance the medium- to long-term investment return for their clients and beneficiaries (including ultimate beneficiaries) by improving corporate value and fostering sustainable growth.

¹⁶ ESG stands for Environmental, Social, and Governance. Major investment and financing approaches include exchanging dialogue with investment destinations and external managers on considerations to environment, social, and governance and making investment and financing decisions or selecting external managers based on the ESG factors.

stewardship responsibility (for example, management of conflict of interest, constructive dialogue, exercise of voting rights) and advance ESG-based initiatives.

- The Agency shall in principle hire external managers. In evaluating the managers, the Agency shall ensure that they carry out stewardship activities and ESG-based initiatives in an appropriate manner.

(5) Communication of information / publicity and security of information transparency

- The Agency shall strategically seek ways to better communicate information and promote public relations, make continued efforts to provide information to and conduct publicity for the public at large, and strive to evaluate these activities as well as grasp and analyze their effect.
- The Agency shall publicly announce and explain the performance and methods of management plainly and clearly by devising ways to disclose its annual report in a comprehensible manner.
- The Agency shall intelligibly communicate information on its stewardship activities and ESG-based initiatives.
- The Agency shall publicly disclose such information considering the impact that it may have on financial markets. Particularly during the period until the portfolio matures, the Agency shall strategically advance initiatives, such as disclosing only performance and other relevant information, while securing transparency.

5. Expectations toward the government

(1) Compliance with investment disciplines

The government must take to heart the lessons from the temporary crises¹⁷ that the world has experienced, such as the bursting of the information technology bubble and the global financial crisis, which have proved that a government's intervention in and involvement in the alteration of the investment disciplines of the investment body may cause an extremely critical operational risk. Consequently, the government must pledge to respect the investment disciplines of investment body without being overly sensitive to gains and losses over a short period of time even in times when financial markets may temporarily undergo a drastic fluctuation as well as to ensure the independency and consistency of investment management in accordance with the above-mentioned governance. An example is that a director in charge of investment management shall not be dismissed due to a temporary decline in gains caused by market fluctuations.

(2) Enhancement of the investment management system and governance involving the government

- To secure appropriate operation of investment management, the government shall also drastically enhance its system, including the employment and security of officers with expertise.
- The government shall discuss what kind of systems the government is expected to set up to fulfill the

¹⁷ A certain period after the bursting of the IT bubble (around 2000) and the global financial crisis (2008) saw drastic drops in risk assets like equities. But, in a couple of years after the period, the risk assets recovered to the level of prices before both of these crises.

roles and expectations as described above, including the roles of the supervisory authorities for the University Endowment Fund and the responsibilities of the Council for Science, Technology and Innovation (CSTI) (for example, establishment of a permanent council in charge of formulating national management policies, expenditure plans, and other schemes put forward by the government) with the Cabinet Office playing a central role in dealing with these matters in cooperation with relevant ministries and agencies.

- A major global trend on the investment of endowments is to establish within the government or investment managers a supreme decision-making board responsible for determining investment policies and monitoring the executive. The government shall examine the positioning of the Investment Advisory Committee, taking into account the trend as well as the viability of the committee.

(3) Enhancement of initiatives aimed to sophisticate investment

- The government shall comprehensively examine the effects of new investment methods including derivatives¹⁸ by referring to successful cases in and outside Japan and desirably implement a system revision and other measures as appropriate in order to sophisticate management.
- Based on the recognition that, in order to manage the University Endowment Fund, it is necessary to deepen understanding of the scientific knowledge and investment theories contributing to sophisticated investment, the government shall conduct research on portfolio management, financing, and other relevant matters and consider such information and knowledge for the investment of the University Endowment Fund.¹⁹
- These initiatives are expected to help sophisticate investment and foster human resources capable of contributing to long-term investment of funds in Japan.

(4) Building of world-class research universities

According to the Cabinet Decision, “In selecting universities that are eligible for participating in the fund, the Government will require applicant universities to commit themselves to university reforms, such as autonomous management, responsible governance, and increasing efforts to acquire external funds.” Support toward establishing a research infrastructure by utilizing investment return shall be provided with a clear vision and determination to build world-class research universities, and such support shall be implemented together with renewed university reforms. In other words, it shall not be provided without substantial progress in the university reforms by selected universities. The government shall determinedly promote the university reforms by selected universities and shall be accountable for their progress.

¹⁸ A derivative is a contract to transact the price of underlying financial assets such as equities and bonds or the right related to their indices (called a financial derivative product). Futures contracts, forward contracts, swaps, and options are commonly used derivatives.

¹⁹ In reviewing it, it is desirable to also consider the aspect of using data related to the investment of the University Endowment Fund.

6. Other

(1) Management of trust funds

The recent revision of the Act allowed the Agency to manage the operational surplus entrusted by national university corporations in the absence of instructions or directions from individual parties. In managing the funds, the Agency shall take note of the following.

- The Agency shall take advantage of scale through joint investment of trust funds and the University Endowment Fund.
- In calculating the performance of the trust funds, the Agency shall deduct administration expenses as appropriate.
- To enable stable fund management and reasonable valuation of the asset under management, the Agency may accept new funds from national university corporations, suspend trust funds, or increase or decrease funds only during a given period of the year.
- The Agency shall determine the minimum deposit tenure, upper and lower thresholds for the amount of a fund to be deposited (including withdrawal), payment of dividends, and other management matters, considering the impact that they may have on the Investment for the Support Services.
- In case the amount of the trust funds under investment has increased to a scale that may significantly affect the entire management, the Agency shall examine the system design related to the investment of the trust funds and revise it as appropriate, embracing a vision that each university will manage funds on its own in the future.

Working Group for Investment Policy: Meeting History

1. Monday, April 26, 2021
 - Working group meeting proceedings, etc.
 - Outline of the University Endowment Fund and framework of discussion
 - Investment case study outside Japan –Commonfund
 - Market trends in and outside Japan and outline of management assets

2. Wednesday, May 26, 2021
 - Overseas investment case studies –Stanford University
 - Basic approach to investment (investment objective, investment target, expenditure policies, etc.)
 - The required scale of support from the University Endowment Fund
 - Simulation for the University Endowment Fund

3. Tuesday, June 15, 2021
 - Investment case study outside Japan –Howard Hughes Medical Institute
 - Compliance
 - Views and opinions of Mr. Naoya Ariyoshi, partner attorney at Nishimura & Asahi
 - Basic approach to investment (governance, risk management, etc.)

4. Friday, July 9, 2021
 - Investment case study in Japan–Pension Fund Association
 - Basic approach to investment (security of transparency, time frame, etc.)
 - Basic approach to the investment policy of the University Endowment Fund (preliminary draft)

5. Wednesday, July 21, 2021
 - Basic approach to the investment policy of the University Endowment Fund (draft)

List of Members of the Working Group for Investment Policy

(Honorific titles omitted)

Chair	Takatoshi Ito	Professor, School of International and Public Affairs, Columbia University Adjunct Professor, National Graduate Institute for Policy Studies
	Junko Kamei	Former Senior Partner, Financial Division, Ernst & Young Shin Nihon LLC
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	Shusaku Minoda	Representative Director, General Incorporated Foundation Classic Live for Millions Former Managing Director and Co-Chief Executive Officer, Kohlberg Kravis Roberts & Co. (KKR) Japan
	Hisae Sato	Trustee, International Christian University
	Hajime Takata	Chief Director / Executive Economist, Okasan Global Research Center
	Kazuhiko Toyama	Chairman, Industrial Growth Platform, Inc. IGPI Group
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	Toshiki Yotsuzuka	Professor, Finance at Waseda University's Graduate School of Finance