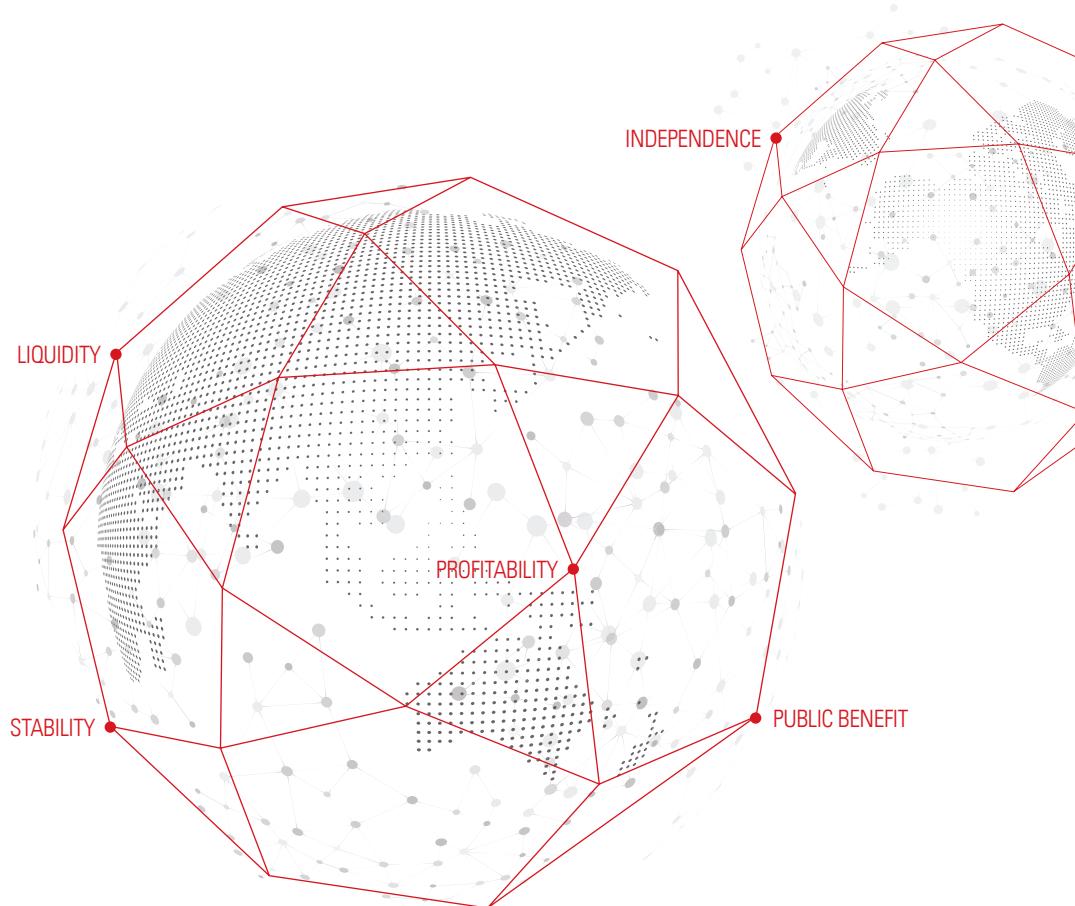


NATIONAL PENSION FUND 2018 Annual Report

NATIONAL PENSION FUND **2018 Annual Report**





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CEO MESSAGE



In 2018, in celebration of the 31st anniversary of its foundation, the National Pension Service (NPS) solidified its status as the most important source of income after retirement in Korea. Throughout the year of 2018, we have provided pension benefits of around KRW 21 trillion to a total of 4.77 million people in Korea. Our fund, as an essential resource to execute the National Pension Scheme, has grown to KRW 638.8 trillion as of 2018, becoming the third largest pension fund among all global pension funds.

While the size of the fund has grown dramatically, the global investment landscape has become increasingly complicated and volatile. Last year, we reported an investment return of -0.92%, falling into negative territory for the first time since the global financial crisis of 2008. Having said that, we have limited investment loss relatively well through portfolio diversification and thorough risk management, compared to other global pension funds, many of which posted much lower returns. Moreover, our long-term performance has been stable, as of submission of this report, with long term returns of around 5%. As a long-term investor, we intend to take the long view on investment under the guidance of investment principles.

Back in 2017, NPS Investment Management (NPSIM), an asset management arm of the NPS, was relocated to Jeonbuk Innovation City in Jeonju, Korea. To which NPSIM has settled down perfectly in its new home, where over 300 investment professionals are now working. We will continue to channel our efforts into attracting and retaining more talent with competitive compensation and benefits for employees relative to our peers. In line with the amendment to the "National Pension Act" in late 2018, we have undertaken a new project of cultivating specialists in administering and managing the National Pension Fund. Starting from 2019, we have set out a detailed action plan which will be utilized to nurture talent in fund management.

In July of 2018, we adopted the "Principles on Responsible Investment & Governance of NPSIM" to fulfill a fiduciary obligation to improve the long-term return and stability of the funds and strengthen the independence of fund management activities from political and economic influences. The stewardship activities were implemented in accordance with the guidelines and procedures as established, reflecting various opinions from experts and stakeholders. The voting results are available and continuously updated on the website. For responsible investment, we have conducted a series of studies on reasonable and efficient responsible investing practices, especially in regards to incorporation of environmental, social and governance (ESG) factors in investment processes, along with financial factors. Those studies will be translated to action in 2019 upon assessment by the Fund Management Committee, a supreme decision-making body.

Last year, we celebrated the 30th anniversary of establishing the National Pension Plan. Building on a 30-year-old legacy, we will continue to transform and innovate ourselves for the next 30 years. Entering the so-called "Homo Hundred" era, we will make the utmost effort to become a strong partner who can walk side by side with subscribers through a reliable pension plan and contribute to shared growth in fund management.

We thank you for your continuous support and encouragement now and in the future.

Thank you

Sung Ju, Kim
Chairperson and Chief Executive Officer,
National Pension Service

CIO MESSAGE

The National Pension Service Investment Management (NPSIM) was established as a special organization dedicated to asset management in 1999, after the 1997 Asian financial crisis dealt a major blow to the Korean economy; and a demand has been raised for managing pension funds more professionally and efficiently in a fast-evolving financial and economic landscape.

During the early development stage, our portfolio was dominated by bonds, occupying more than 90% of the entire portfolio. Overseas investment was almost non-existent. Fast forward to 2018, the weight of fixed income fell to 52.8%, while the proportion of overseas investments jumped to 30.1%, which left the portfolio more balanced by region and asset class. Last year was full of challenges; a trade war between the US and China, monetary tightening and escalating credit risk in poor emerging markets resulted in significant hurdles to overcome. Accordingly, last year the Korean stock market and global stock market plunged by 17.28% and 9.2%, respectively. Having said that, we have managed to limit losses, compared to other global pension funds.

As such, it is our key strategy that we as a long-term investor focus on portfolio diversification in pursuit of stable return. In line with the Mid-term Asset Allocation Plan as approved by the Fund Management Committee, our portfolio is expected to be composed of equities at 45% or so, fixed income at 40% or so and alternatives at 15% or so; and overseas investment at 50% or so by 2024. Meanwhile, we will put an extra effort to upgrade the risk management system by heightening the monitoring of financial markets and advancing the analytical techniques for risk factors using the risk and return profiles of each asset class and performance attribution.

Besides diversification of asset classes, we adopted the "Principles on the Stewardship Responsibilities of National Pension Fund" to further solidify our presence as a long term investor. Our stewardship activities will be expanded beyond attending voting in shareholder meetings, to include somewhat proactive shareholder engagement activities such as corporate dialogues and focus lists. We intend to continue to broaden our engagement activities further, but gradually in consideration of investment conditions and any potential effect we might have on the market, in a direction toward improving shareholder values and ultimately a long-term return of the National Pension fund.

We believe that a blind herd is something we should avoid, especially when the market is volatile. Instead, we will rely on our investment experiences and know-hows, and investment principles to generate high performance in long term, and ultimately live up to the expectation of all of our subscribers.

Thank you

Hyo Joon, Ahn
Chief Investment Officer,
National Pension Service



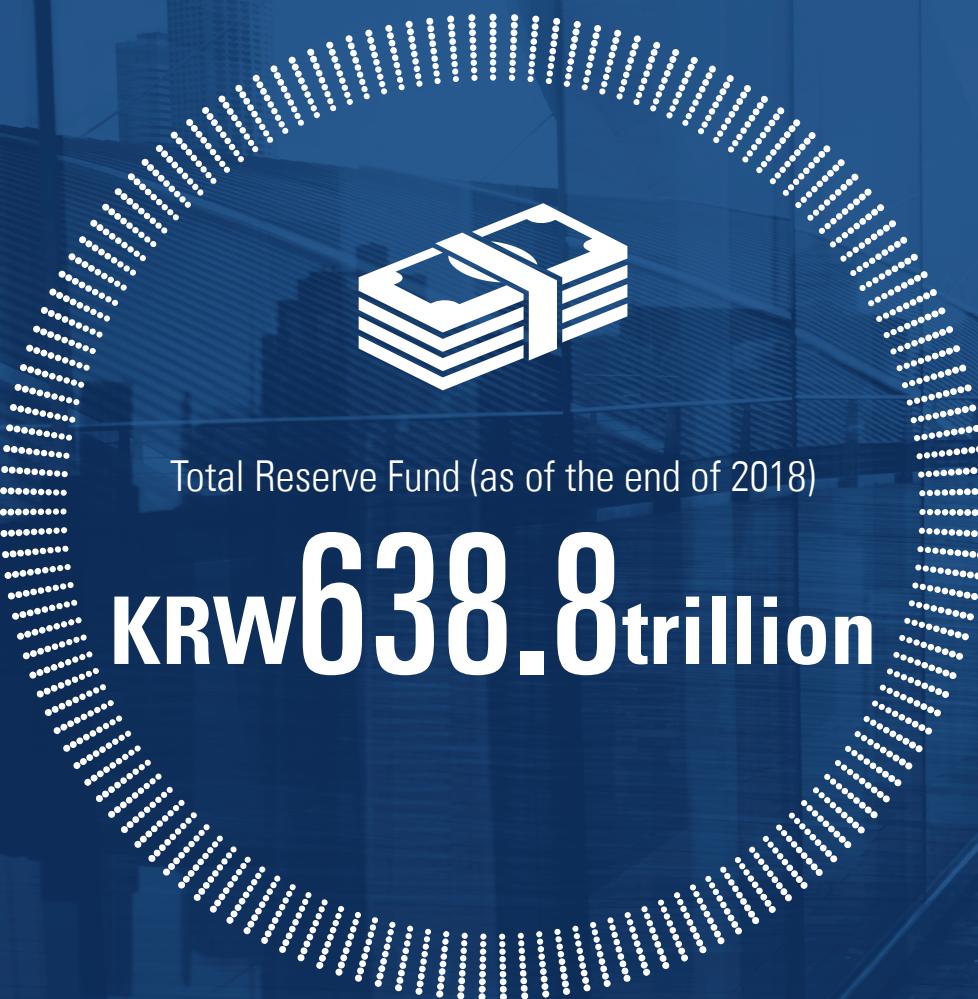
National Pension Fund

2018 HIGHLIGHT



Total Reserve Fund (as of the end of 2018)

KRW 638.8 trillion



Investment Performance

Rate of Return for 2018
-0.92%



Accumulated Annualized Return
for 1988-2018
5.24%

For this annual report, the fiscal year started January 1, 2018 and ended December 31, 2018.

Investment Diversification

Fixed Income
2009
77.5%

End 2018
53.2%

Equity
2009
17.8%

End 2018
34.8%

Alternative Investments
2009
4.5%

End 2018
12.0%

*The short-term assets were included.

Global Investment

KRW 191.9 trillion

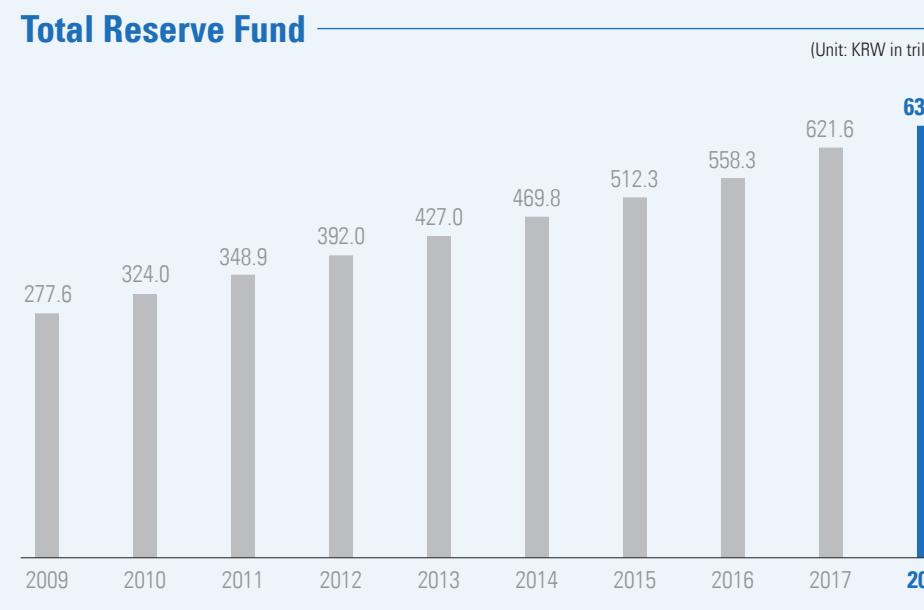
Invested globally as of the end of 2018

30.1% of the total fund as of the
end of 2018

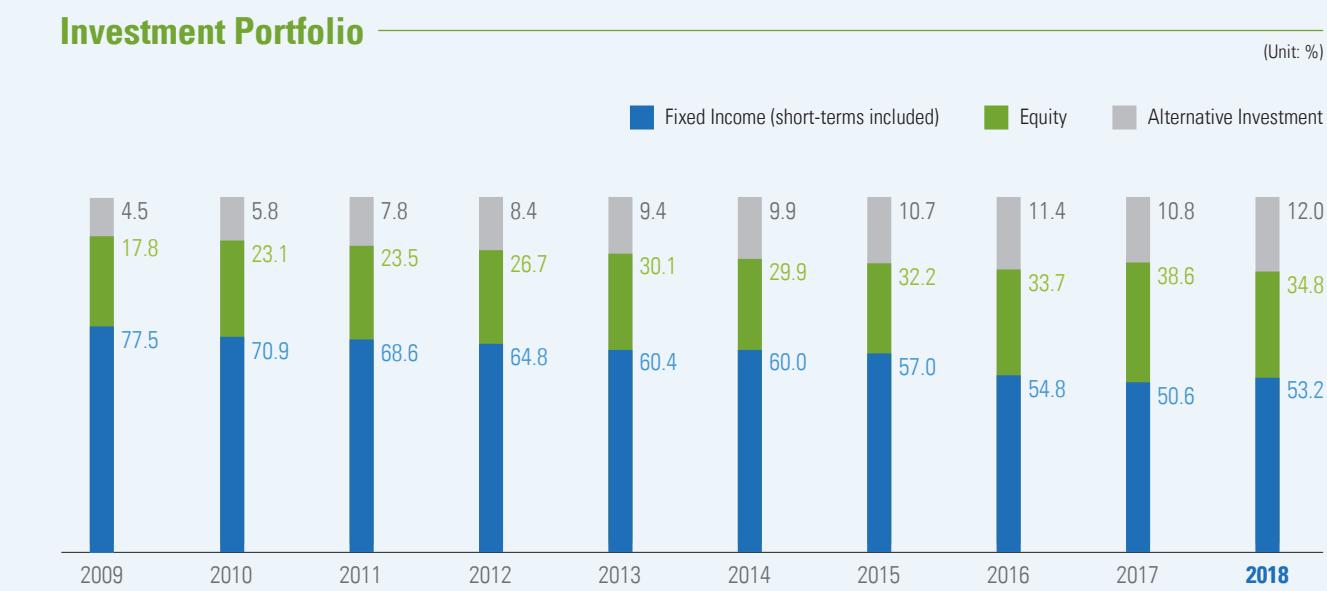
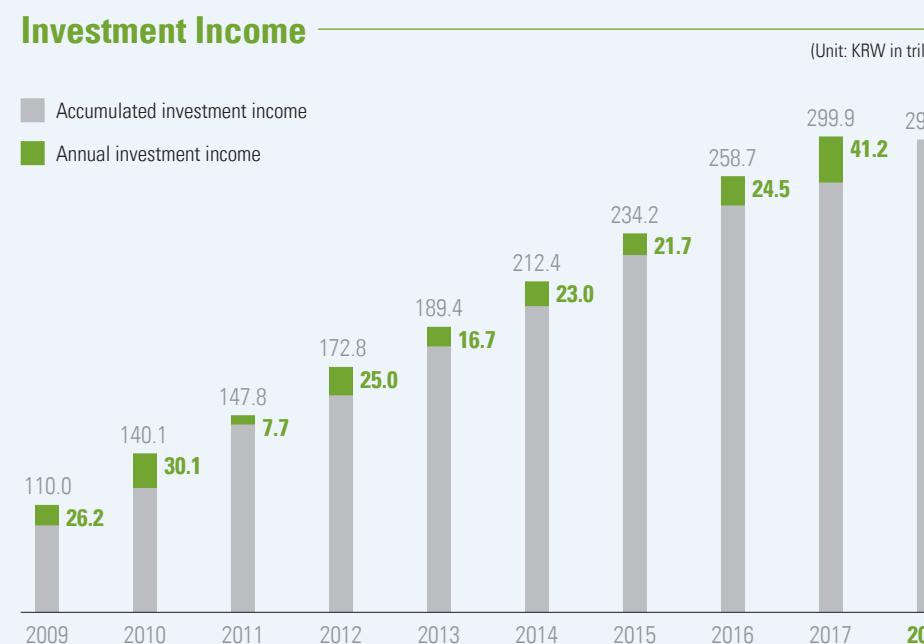


National Pension Fund

2018 HIGHLIGHT



*The 3-year and 5-year rates of return are the averages of the annualized average returns (AAR) in money weighted for the period of corresponding years. For instance, the 3-year rate of return for 2018 refers to the AAR for the period of 2016 and 2018; and the 5-year rate of return refers to the AAR of the period of 2014 and 2018.



National Pension Fund

2018 HIGHLIGHT

Celebration of 1st Anniversary of Opening NPSIM Jeonju Headquarters and Public Conference for National Pension Fund (Feb. 2018)

- NPS invited local opinion leaders and the public from all walks of life, in different locations, to the public conference that was held to share the progress on the opening of NPSIM Jeonju headquarters and fund management activities. It was the first time that NPS had held a conference open to the public since its foundation 30 years ago.
- In particular, NPS opened domestic and global equity investment offices to the public. They have been restricted from access for the purpose of information security.

Awards Winning for Excellent Fund Management Performance

- NPS won the Best Pension Plan Sponsor of Asia Asset Management in March 2018.
- NPS won the Asia Pacific Regional Award and Core and Core-plus Strategies Award of IPE Real Estate in May 2018.
- NPS won the Pension Fund of the Year – The Asset Triple A - of The Asset in July 2018.



Full Disclosure of Domestic Equity Holdings for Enhanced Transparency in Fund Management

(April. 2018)

- In line with the “project of enhancing transparency in fund management” as approved in the 2nd FMC meeting in 2018, NPS has publicly disclosed reasons for vote against, and composed the minutes of 3 special meetings under the FMC.
- NPSIM reformed its website to make it more user-friendly and extend public access to information of fund management activities.



	Before	After
Domestic Equity	over 5% of the total issues	entire holdings
Global Equity	entire holdings	entire holdings
Domestic Fixed Income	top 10 holdings	the investment amount for each issuer
Global Fixed Income	top 10 holdings	entire holdings
Alternative Investment	top 10 holdings	top 10 holdings and additional statistics

Adoption of Stewardship Code for National Pension Fund (July. 2018)

- On a basis of the results of the studies conducted from August 2017 to March 2018, NPS decided to adopt the Principle of Stewardship Responsibilities, or the Stewardship Code, for the benefits of the subscribers and beneficiaries of the National Pension Fund, as approved by the National Pension Fund Management Committee (FMC).
- The adoption of the Stewardship Code paved the way for active shareholder activities such as voting and corporate dialogues (regarding dividend payouts, or anything), leading to achieve asset protection and higher long-term return.



4th Actual Projection for National Pension Fund in 2018 (Aug. 2018)

- The actual projection is a practice that is carried out every 5 years as part of the process of developing policies on how the National Pension Fund is administered and managed. The projection result is publicly disclosed in detail to the public.
- NPS took efforts to communicate with the public, including opening the public conference, in order to raise social consensus based on the actuarial projection result and develop a pension reform plan.



NPSIM Reorganization (Dec. 2018)

- The existing responsible investment team was promoted to the Global Responsible Investment & Governance Division (GRIG).
- The existing alternative investment teams that were organized by region of domestic and global were reorganized by asset of private equity, real estate and infrastructure.
- Besides, IT division and External Affairs division were newly installed to strengthen support for investment operations.



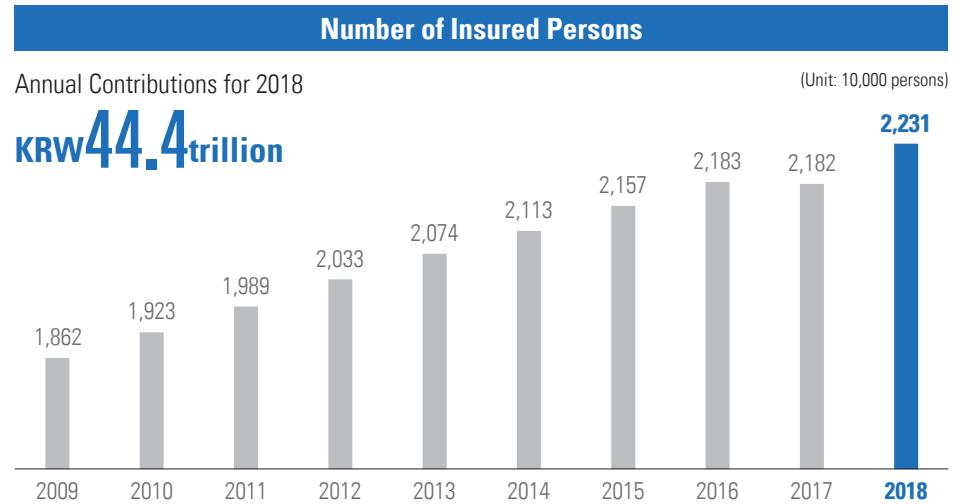
I . **Introduction of National Pension Fund**

- I – 1. National Pension Scheme
- I – 2. National Pension Fund
- I – 3. National Pension Service

I - 1. National Pension Scheme

The National Pension Scheme is a social security system that was established to stabilize and promote public livelihood and welfare in Korea by providing pensions for old age, disability and death.

The Scheme is composed of three types of pensions – Old-Age, Disability and Survivor pensions. The Old-Age pension benefits individuals who have lost their ability to work after retirement. The Disability pension benefits individuals who have lost their ability to work due to disease or injury. Finally, the Survivor pension benefits surviving family members of deceased contributors and beneficiaries of the Scheme.



A Korean or non-Korean who are employed by an employer and an employer him/herself.



A non-workplace-based insurant who is self-employed, a worker in the agricultural and fishing industries, etc.

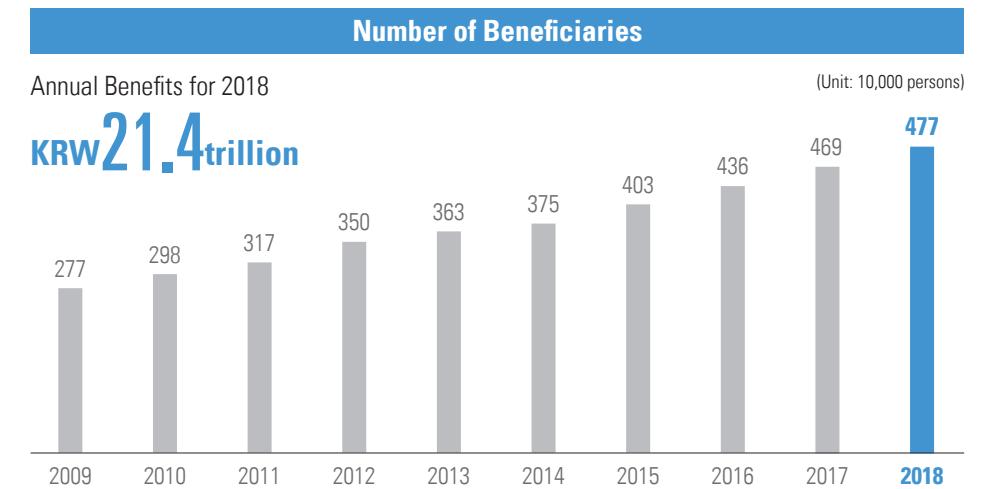


A person who is not subject to mandatory enrollment, such as a full-time mom or a student aged under 26, but chose to be insured to the pension plan.



A former or current insured persons who chose to continue to contribute after the mandatory enrollment age of 59.

On January 1st, 1998, the Scheme was first implemented to cover an employer or employee aged between 18 and 59 at a workplace with at least 10 employees or more, and has since expanded coverage phase by phase. On April 1st, 1999, the coverage was expanded to incorporate the predominant population of Korea, ushering in a new era of "pensions for all". As of the end of 2018, the NPS reported more than 4.77 million beneficiaries and 22.31 million subscribers. As such, the Scheme serves as one of the key pillars in the Korean social security system along with National Health Insurance, Employment Insurance and Industrial Accident Compensation Insurance.



Old-Age Pension

A person who has contributed for 10 years or longer would be eligible to receive the Old-Age pension from the age of 62, a post-retirement period without earning income, until death. The entitlement age for National Pension Scheme is 62 for a person born between 1957 and 1960 and, for a person born afterward, may increase phase by phase.



Disability Pension

In the case whereby a person, who has contributed for the required given years at the date of first examination, has sustained sickness or injury, and become physically or mentally disabled even after recovery, that person would be eligible to receive the Disability pension, depending on the severity of disability.



Survivor Pension

In the case whereby a person, who has contributed or received benefits for the required given years, was deceased, the family members of the deceased would be eligible to receive the Survivor pension, if said requirements are met.

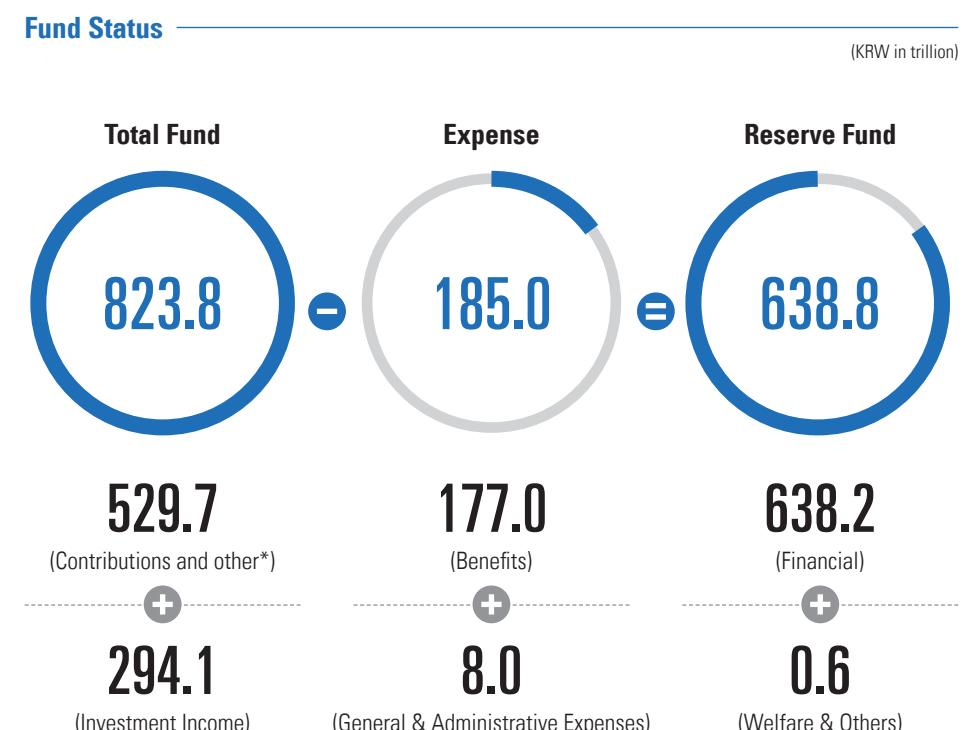
I - 2. National Pension Fund

The National Pension Fund (NPF) was established as a reserve fund to finance and execute the National Pension Scheme and pay benefits in accordance with Article 101 of the National Pension Act.

In general, the NPF is financed by collected contributions and investment income among other sources of income, from which paid benefits and general & administrative expenses are deducted.

As of the end of 2018, NPS recorded KRW 823.8 trillion in total funds, a sum of KRW 529.7 trillion in accumulated contributions and KRW 294.1 trillion in accumulated investment income. Out of the reserve fund, benefits of KRW 177 trillion and general & administrative expenses of KRW 8 trillion were deducted, which left KRW 638.8 trillion under administration and management.

In line with the fund management guidelines set by the National Pension Fund Management Committee (FMC), the total fund is under administration and management in three different sectors which includes Financial, Welfare and other. As of the end of 2018, the Financial sector was composed of allocations to equities, fixed income and alternatives, amounting to KRW 638.2 trillion, or 99.9% of the total fund, while the Welfare and other sectors stood at KRW 0.6 trillion, or 0.1%.



During the first year of the foundation in 1988, NPS posted 4.43 million subscribers and KRW 527.9 billion in total fund. 30 years later, the NPS has grown dramatically to record 22.31 million subscribers and 4.77 million beneficiaries, and a total fund of KRW 638.8 trillion in 2018, the third largest public pension fund in the world after Japan's Government Pension Investment Fund and Norway's Government Pension Fund Global. The accumulated investment income since the inception was reported at KRW 294.1 trillion in 2018, representing 46.0% of the total fund.

The purpose of fund management is to maximize investment return, while maintaining the long-term fiscal stability. To this end, the NPF is managed in alignment with the five investment principles as below.

Investment Principles



Profitability

Maximize an investment return to lessen the burden on subscribers, especially the future generations



Stability

Manage funds within reasonable risk tolerance levels while taking the volatility of gains and losses in invested assets into consideration.



Public Benefit

Consider the spillover effect of fund management activities on the national economy and the domestic financial market, given NPF is a pension fund with the coverage over nearly entire population in Korea and occupies the significantly large share of the national economy.



Liquidity

Secure liquidity to pay benefits seamlessly and, if required to dispose assets, take preemptive actions to keep shock on the domestic financial market to minimum.



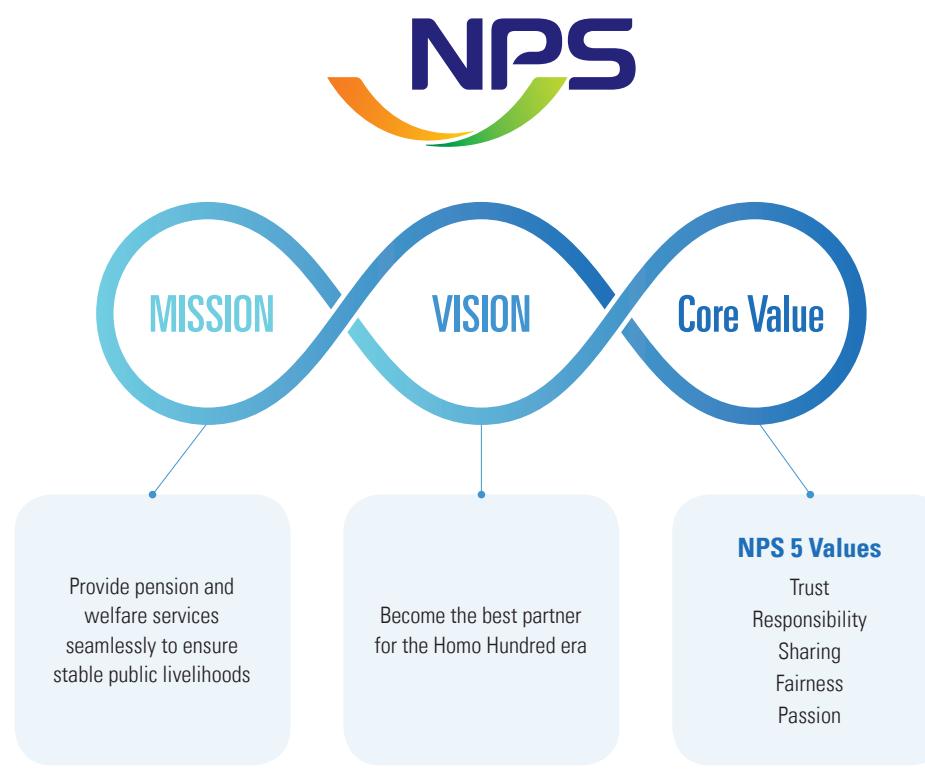
Independence

Comply with the aforementioned principles, which should not be compromised for other purposes.

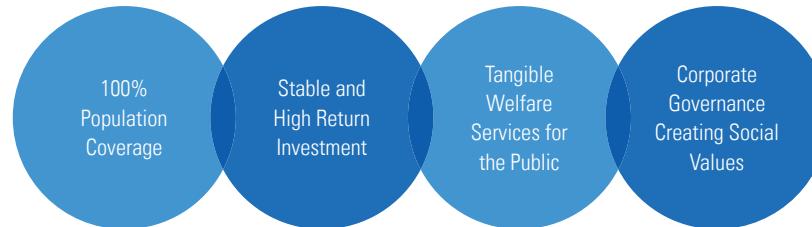
I - 3. National Pension Service

The National Pension Service (NPS) was founded in September 18, 1987 to provide pension and welfare services for the ultimate goal of stabilizing public livelihoods and promoting public welfare in Korea. Under the vision of "Becoming the Best Partner for Happiness in the Homo Hundred Era", the NPS provides important pension services including enrollment and benefits payment as well as a wide range of welfare services including Consulting on Successful Aging (CSA), disability registration and support for the disabled, and workability assessments for basic living allowance receivers.

Corporate Values

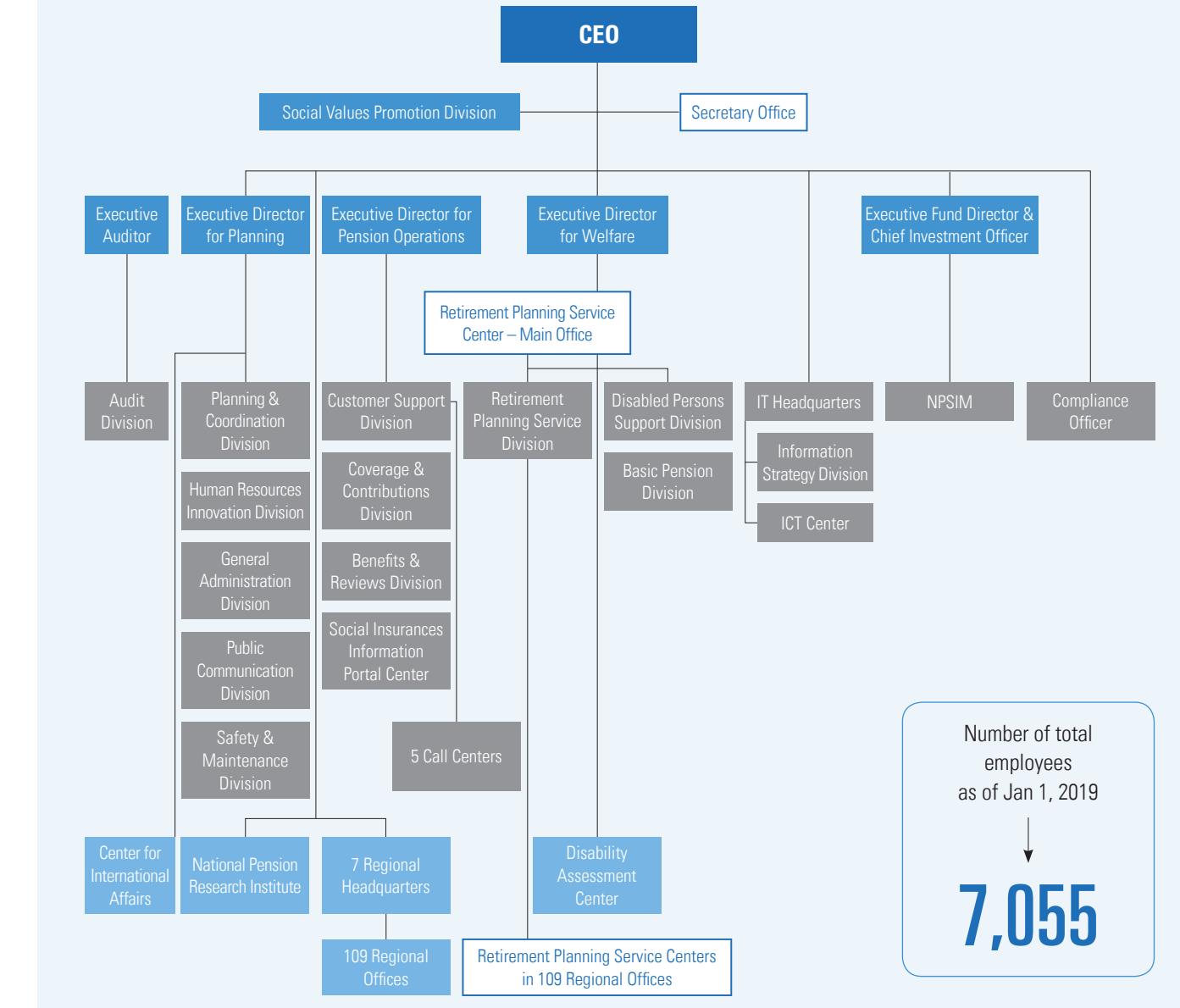


Strategic Goal



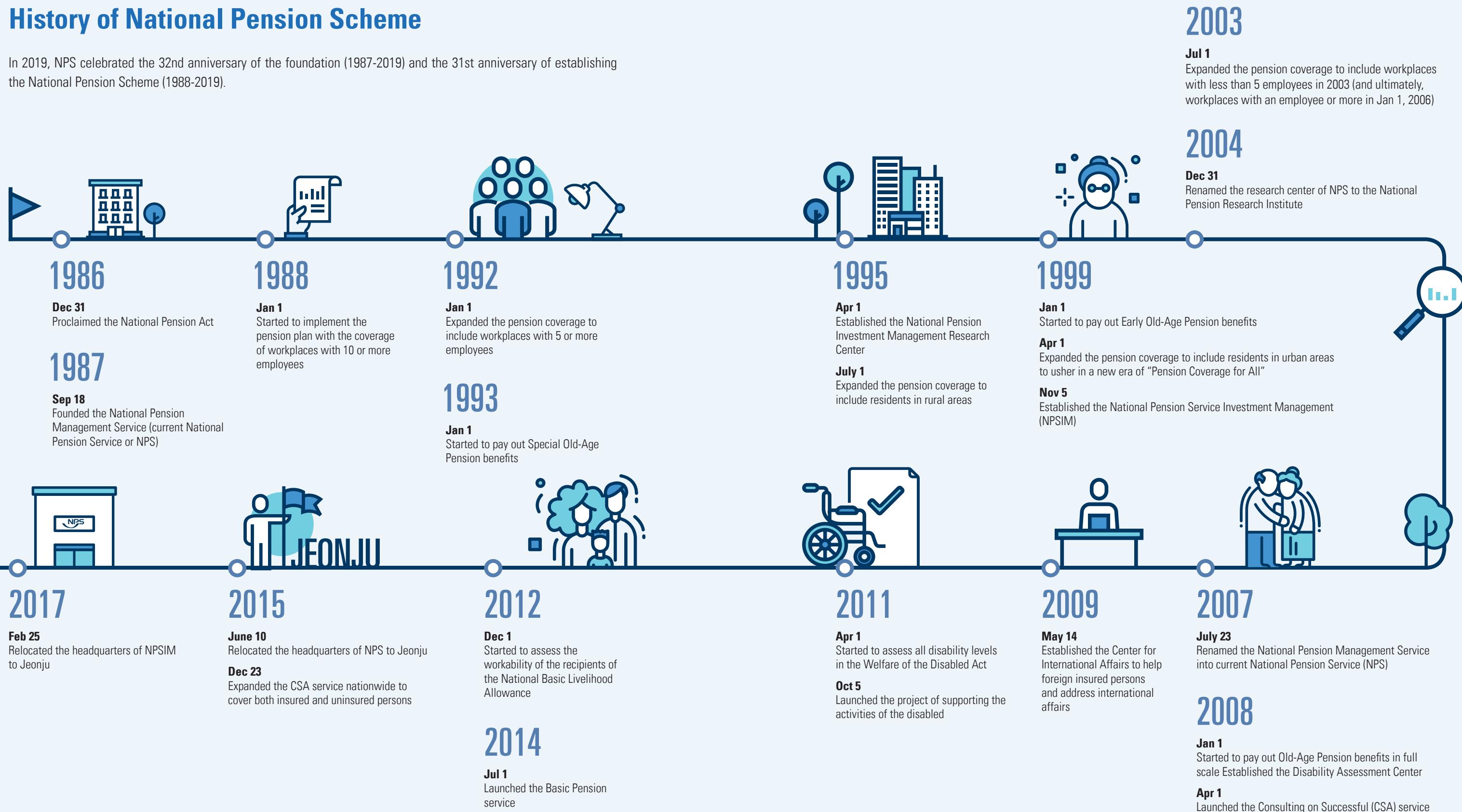
As of January 1, 2019, the NPS was composed of the main and regional headquarters and 109 regional offices, and other small and large units - 43 consulting centers, a Disability Assessment Center, a Center for International Affairs, a National Pension Research Institute and a number of Call Centers. The main headquarters comprises 13 divisions, 1 sub-division and 3 centers as well as NPSIM, a Compliance Office and an IT Headquarters among others. NPSIM is a specialized organization that administers and manages the National Pension Fund and is the main source of benefit payments.

NPS Organizational Structure



History of National Pension Scheme

In 2019, NPS celebrated the 32nd anniversary of the foundation (1987-2019) and the 31st anniversary of establishing the National Pension Scheme (1988-2019).





II . Fund Administration and Management Structure

- II – 1. Governance
- II – 2. NPSIM
- II – 3. Fund Management Process

II - 1. Governance

The Minister of Health and Welfare of Korea oversees the administration and management of the National Pension Fund (NPF) pursuant the National Pension Act.

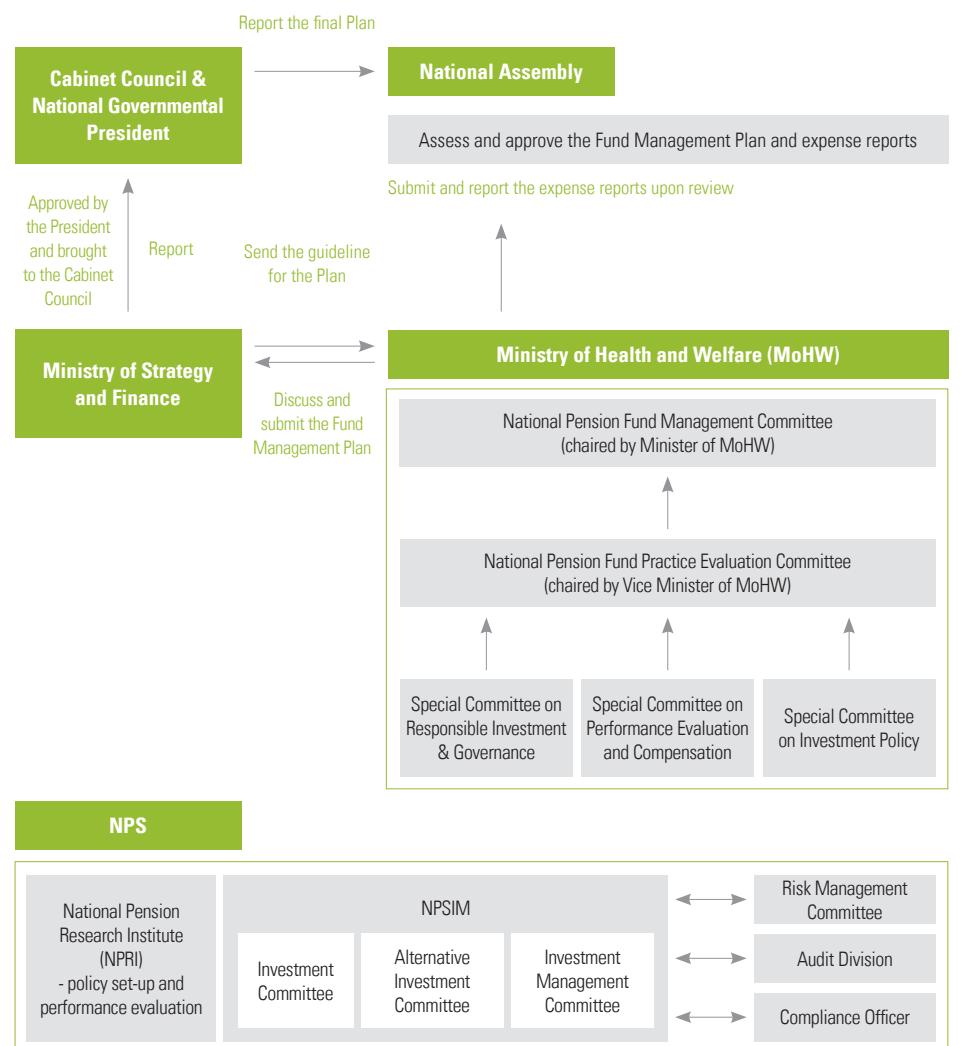
The Minister organizes a supreme decision-making body – The National Pension Fund Management Committee (FMC) – to assess and approve important matters on fund management; and entrusts the activities of fund administration and management to the NPS. NPSIM, an arm of asset management within the NPS, oversees a range of investment activities on different levels, spanning from tactical asset allocation to investment execution to market monitoring and portfolio management. Meanwhile, the Minister oversees development of an annual fund management plan, which must be approved by the President of the government and reported to the National Assembly in Korea upon review by the FMC and Cabinet Council of Korea.

A governing body for the NPF can be broken down into an executive committee for policy making, led by the Ministry of Health and Welfare and a special committee on investment-related decisions, led by the NPS.

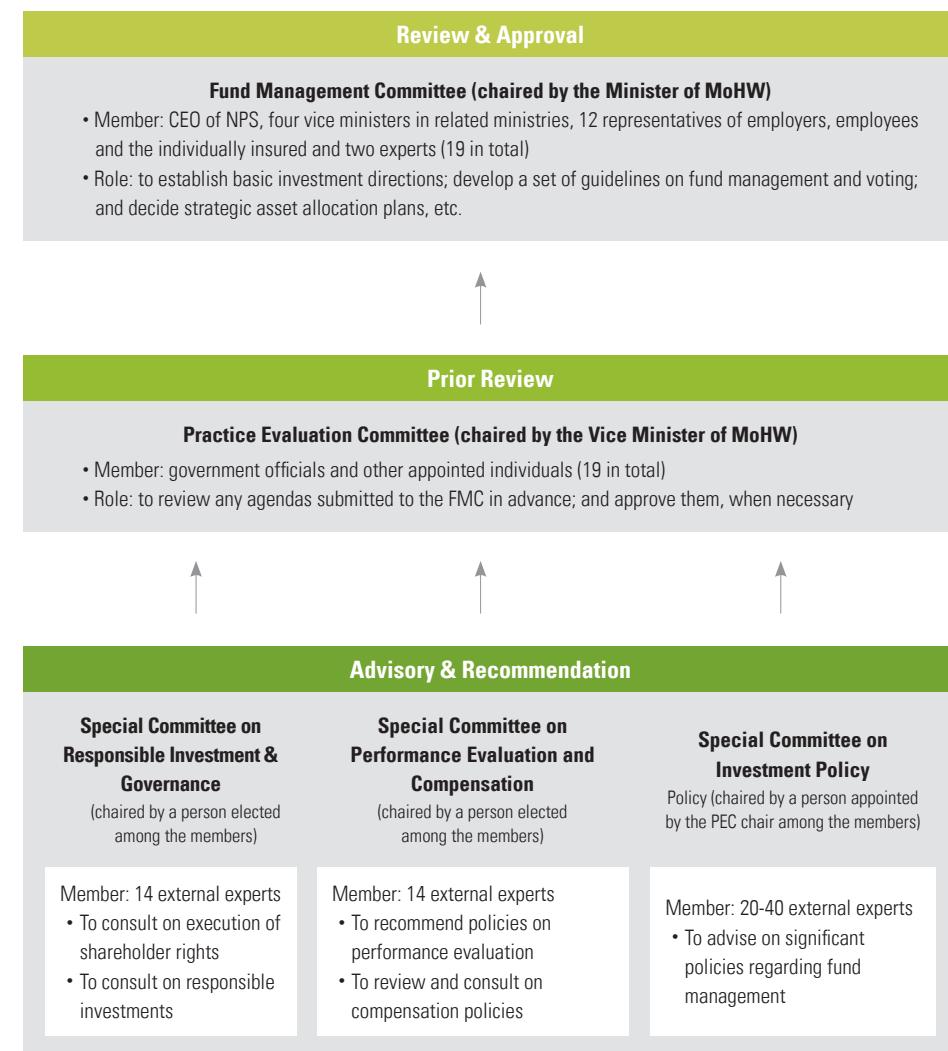
The National Pension Fund Management Committee (FMC), a supreme decision-making body, is responsible for assessing and approving important matters on fund management.

Established pursuant Article 103 of the National Pension Act, the FMC is composed of a total of 20 members, including the Minister of Health and Welfare as a chair and four officials – CEO of NPS and vice ministers, 12 representatives of pension members and two outside experts in academia and industry. Membership was constructed with an aim to emphasize representativeness and expertise in making decisions on fund management. The FMC members meet at least four times a year to assess and approve a fund management guideline, mid-term and annual fund management plans, investment policies, strategic asset allocation plan, performance evaluation and compensation and external management ratios among other matters.

Governance Structure for Fund Management



Decision Making Bodies for Fund Management



As a sub-committee, the National Pension Fund Practice Evaluation Committee (PEC) assists the FMC in having an expertise-based and efficient decision making process. Composed of accountants, lawyers and other outside experts in economic, business management and financial fields, the PMC reviews any agendas submitted to the FMC in advance and offers technical and professional advice on them. The PMC is composed of a total of 20 members, including the Vice Minister of Health and Welfare as a chair and five ex officio government officials, 12 representatives of employers, employees and pension members (the individually insured) and two experts in relative fields.

The FMC has three special committees on corporate governance and responsible investment, investment policy and performance evaluation and compensation with an aim to facilitate an efficient and optimal decision making process.

The Special Committee on Responsible Investment & Governance (RI&G) consults on shareholder engagement and voting decisions with regard to holding shares to exercise the shareholder rights in a transparent and reasonable way, as well as responsible investment. The RI&G committee is composed of 14 outside members including a chair, nine for execution of shareholder rights and five for responsible investment. The RI&G committee's members are appointed by the Minister of Health and Welfare upon recommendation by the Korean government, representatives of employers, employees and the individually insured and research institutions.

The Special Committee on Performance Evaluation and Compensation (PE&C) gives advices and make recommendations on performance evaluation policies to attract and retain competent talents. Entrusted by the FMC, the PE&C committee determines an incentive rate for the entire employees at NPSIM. The 12 members are appointed by the Minister of Health and Welfare upon recommendation by representative groups of subscribers and industrial associations among persons with expertise in the subjects.

The Special Committee on Investment Policy (IP) is composed of a chair and a total of 20-40 members with expertise in the fields of asset management and finance, especially investment in alternative assets, global markets and natural resources development. The IP committee reviews and assesses matters related to investment policies, especially when unbiased judgment is required for policy development and amendment, in alignment with the mid-to-long term or annual asset allocation plans of NPS.

The list of all committee members is available at the website of the Ministry of Health and Welfare (<http://www.mohw.go.kr>).

II - 2. NPSIM

National Pension Service Investment Management (NPSIM) is an arm of asset management at the NPS, with experienced and seasoned portfolio managers in equities, fixed income and alternative assets.

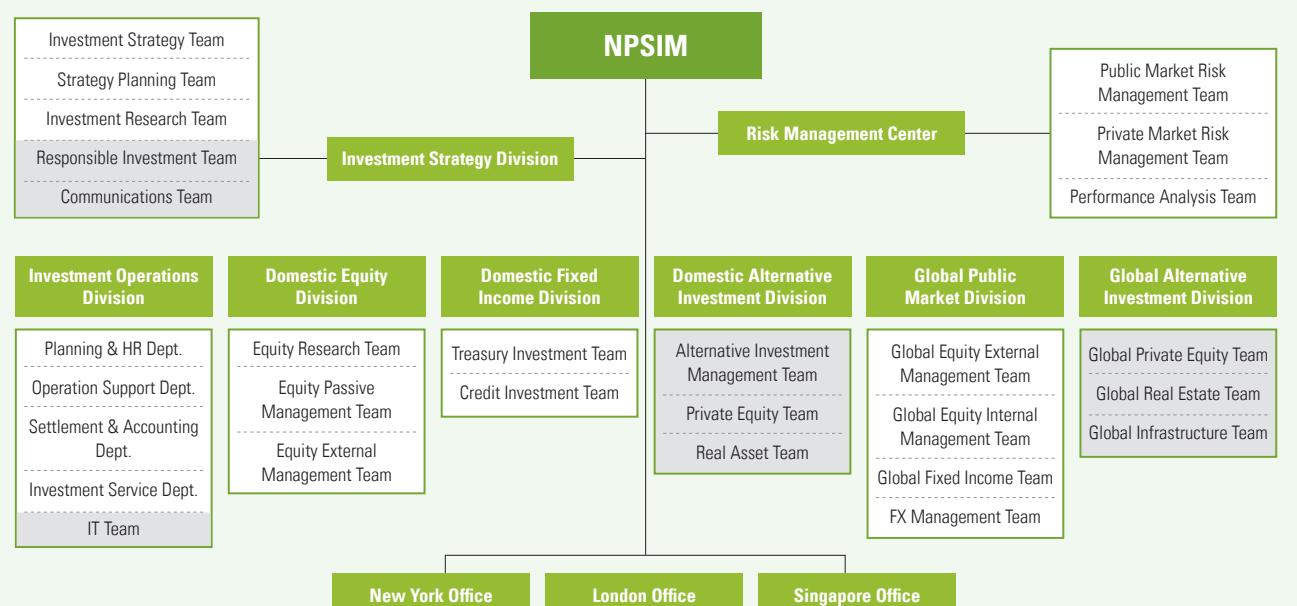
NPSIM was established in November, 1999 to manage assets more professionally and efficiently in light of an evolving investment landscape. Led by CIO, NPSIM is composed of 10 divisions, a center, a sub-division and three overseas offices as at January 1, 2019. The number of total employees at NPSIM at the end of 2018 is 353 including 13 international employees working at NPS' New York, London and Singapore offices. In addition, a 18-staffed compliance division led by the chief compliance officer is responsible for internal control at NPSIM.

Last year NPSIM reformed the organization with an aim to respond flexibly to evolving domestic and international environments and take lead in market transformation. Against this backdrop, NPSIM promoted the existing Responsible Investment Team that was a sub-organization of the Investment Strategy Division into the "Global Responsible Investment & Governance (GRIG) Division." The GRIG division oversees responsible investing activities, especially shareholder activities and ESG-based investment, in line with the Stewardship Code of National Pension Fund as adopted in July 2018. In addition, the existing alternative investment teams were reorganized in a direction toward promoting borderless investment. Teams that had been organized by region into domestic and global categories were reorganized by asset of private equity, real estate and infrastructure. Besides these changes, there were also two newly created organizations – an IT division for efficient support of financial and investment data input and an External Affairs division for addressing governmental and legislative affairs as well as the press. The reorganization was carried out while reflecting on environmental changes at home and abroad, and further strengthened back office and middle office functions.

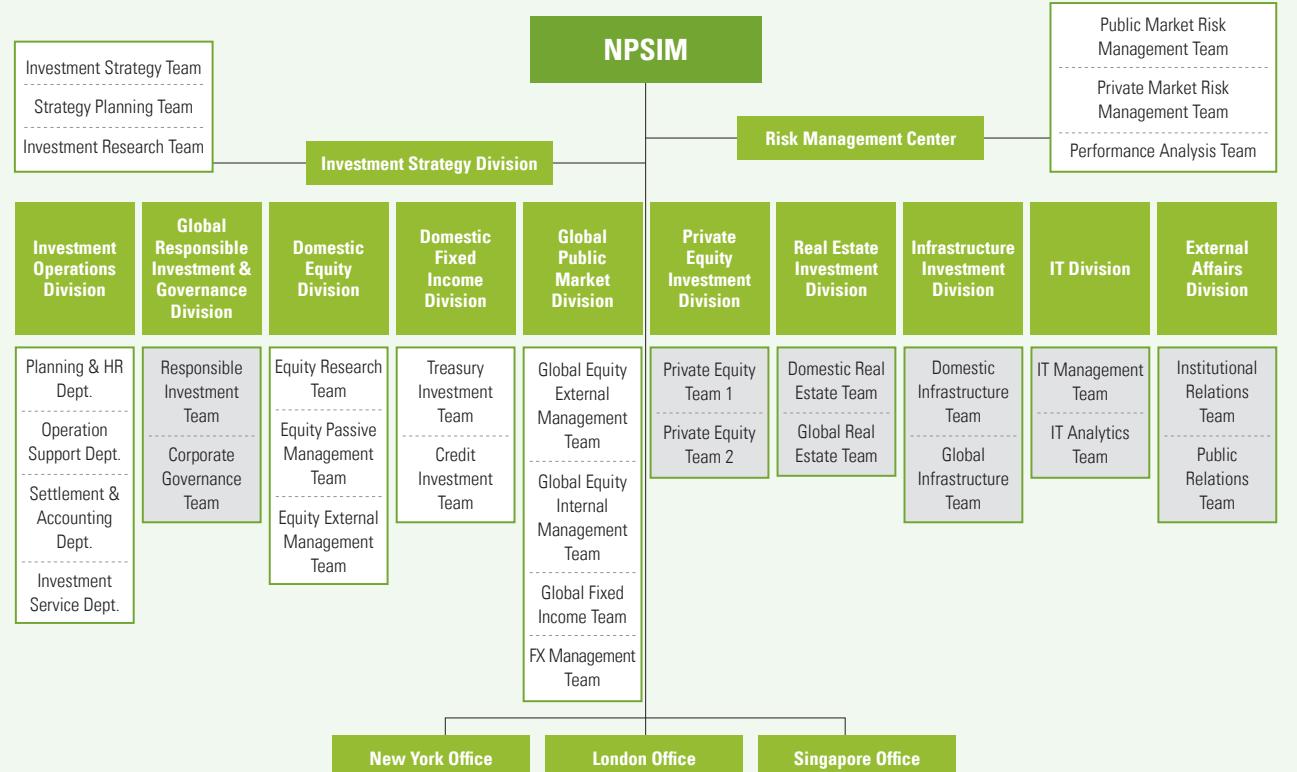
The NPS operates separate internal committees of Risk Management, Investment, Alternative Investment and Investment Management to enhance the expertise of each field and improve transparency in decision making processes. Each committee is composed of specialists inside and outside the NPS, and meets regularly or when necessary.

NPSIM Organization Structure

Before Reorganization



After Reorganization



*The number of total employees of NPSIM was 353 as of the end of 2018. The figures included CIO and international employees at overseas offices.

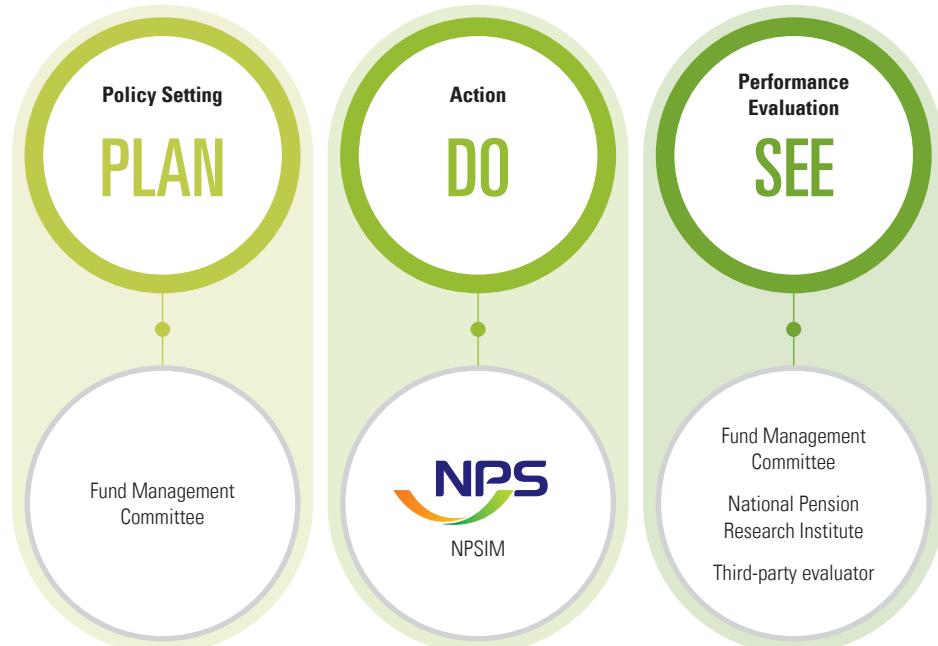
NPS Internal Committees for Fund Management Decisions

	Role	Timeline	Membership
Risk Management Committee	<ul style="list-style-type: none"> To establish basic guidelines for risk management To set and manage the limits on risk or loss To establish and operate the risk management system To suggest a risk management guideline on new investment products/techniques 	Periodically (4 times a year) and if necessary	<ul style="list-style-type: none"> Chair: CEO of NPS Member: CIO of NPS and 5-7 external experts
Investment Committee	<ul style="list-style-type: none"> To establish annual and monthly investment plans To conduct periodic monitoring for each asset class To select and manage vendors To assess and approve voting rights for stocks held 	Monthly and if necessary	<ul style="list-style-type: none"> Chair: CIO of NPS Member: Heads of each division, Risk Management Center and relevant teams
Alternative Investment Committee	<ul style="list-style-type: none"> To make decision on investment in selected alternative assets To modify significant investment conditions of alternative assets 	If necessary	<ul style="list-style-type: none"> Chair: CIO of NPS Member: 3 internal members (2 divisionary heads and head of Risk Management Center) and 3 external member (external experts, etc.)
Investment Management Committee	<ul style="list-style-type: none"> To process default or distressed assets at home and abroad 	If necessary	<ul style="list-style-type: none"> Chair: Head of Risk Management Center Member: 3 internal members (divisionary/team heads appointed by the chair) and 3 external experts

NPSIM has also continuously expanded its investment staff to strengthen global investment capabilities. More specifically, NPSIM set up the "Plan of Organization and Personnel Management" in consideration of the investment diversification strategy, especially increasing allocations to foreign assets; and increased the number of investment personnel accordingly. The number of total employees of NPSIM has increased by 159 or 75% from 212 in 2014 to 371 in 2018, to lower per-capita AUM from KRW 2.2 trillion to KRW 1.8 trillion for the same period.

In accordance with the investment diversification strategy and the efforts to enhance global investment capabilities, NPSIM has expanded the functions and roles of the overseas offices. Their functions are set to be widened step by step, beyond the existing investment supporting functions of global financial market monitoring and networking. In line with this, the total number of the international employees employed by the overseas offices has grown to 13, representing 32.5% of the total employees at 40.

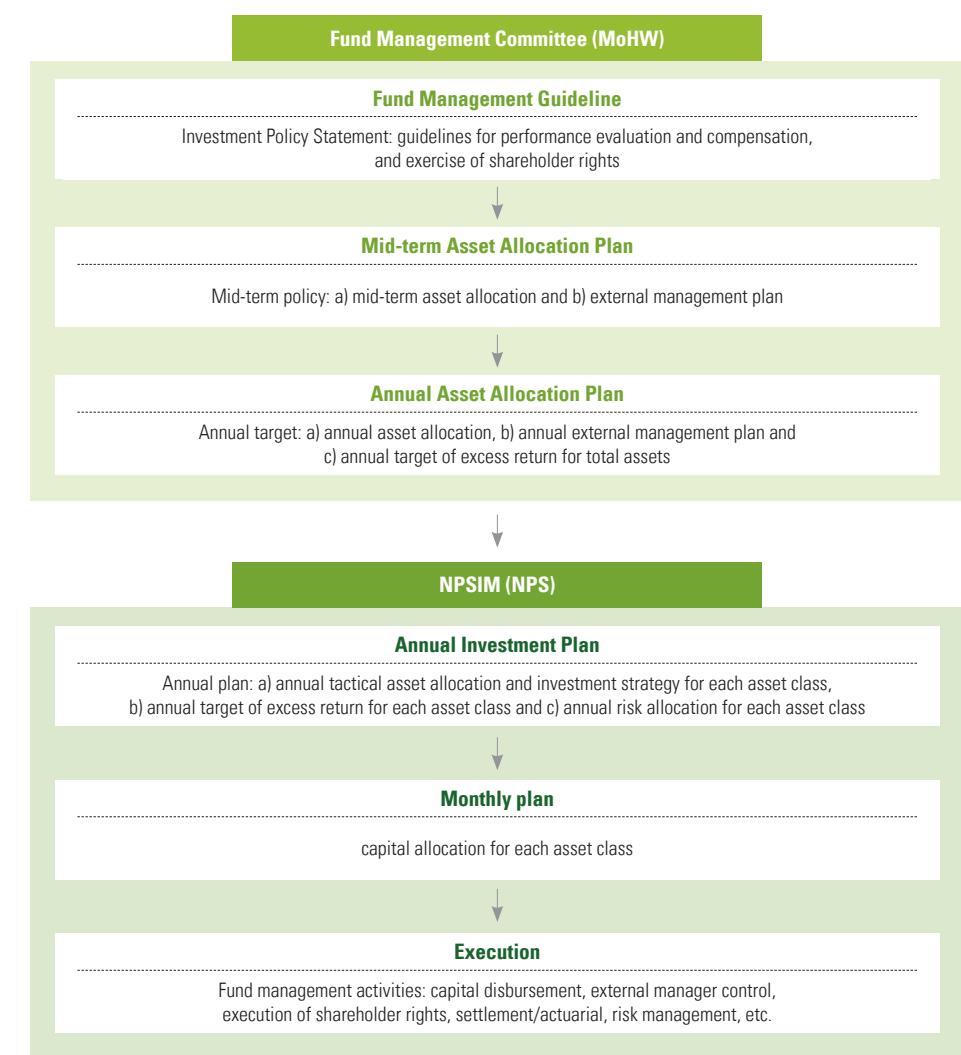
II - 3. Fund Management Process



1. Asset Allocation

The Minister of Health and Welfare oversees developed the "Guideline on National Pension Fund Management" (Fund Management Guideline) that proposes annual investment policies in line with the National Pension Act, under the approval of the FMC, to execute Fund Management Guidelines. The Fund Management Guideline as an investment policy statement is publicly disclosed to raise the understanding of fund management policies among stakeholders while delivering essential information on asset management mandates and investment policies and strategies to individuals related to fund management activities. Entrusted with the function of asset management pursuant of the National Pension Act, the NPS administers and manages the funds in compliance with fund management principles, asset allocation policies and other guidelines for each subject and asset class, as stipulated in the investment policy statement.

Fund Management Process for National Pension Fund

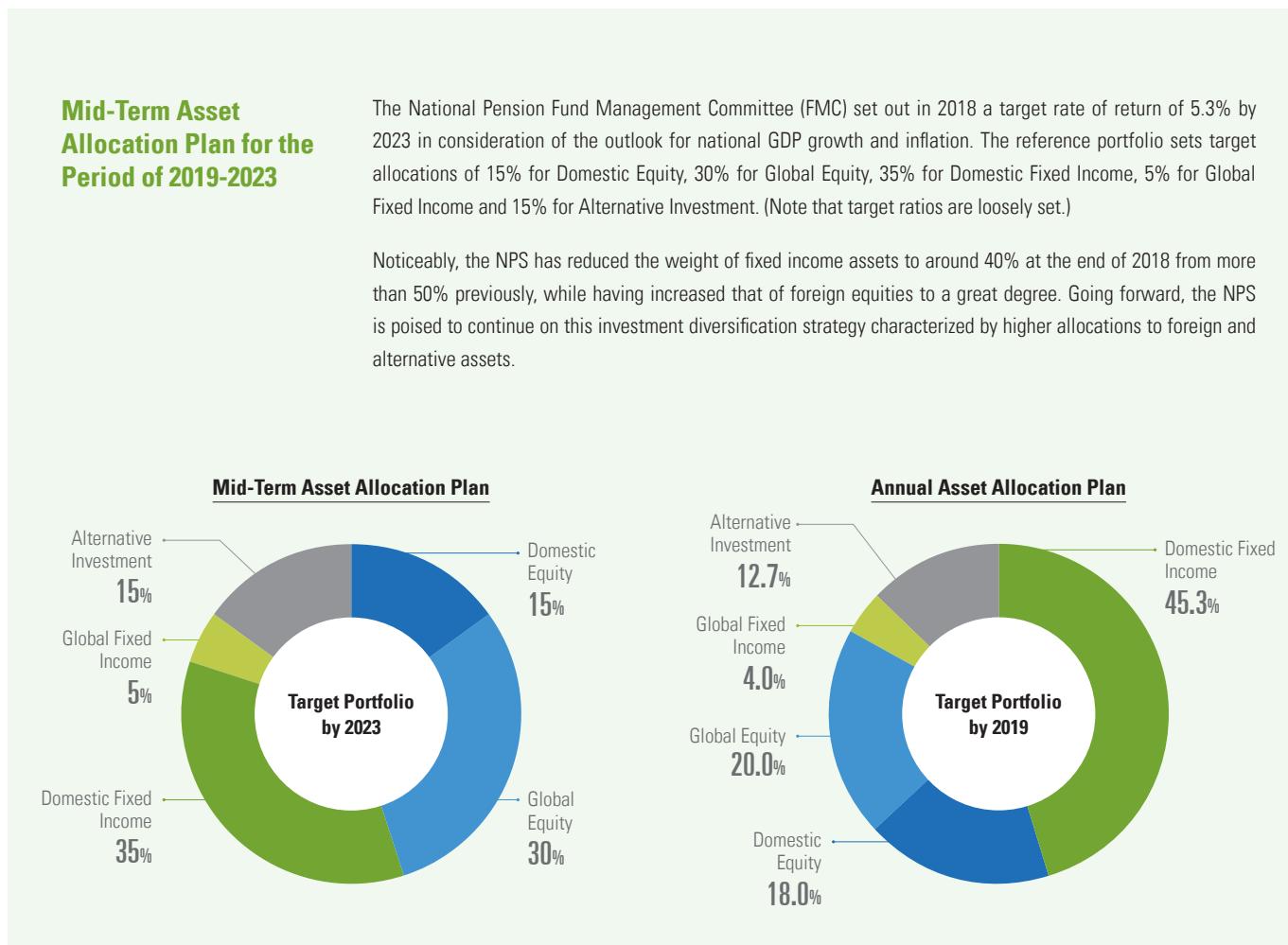


In the NPS, investments are carried out in accordance with Mid-term and Annual Asset Allocation Plans, as approved by the FMC every year. The Mid-term Asset Allocation Plan, acting as a reference portfolio for the total fund for the next five years, is established in consideration of the expected interest rates applicable to the mid-term fiscal outlook as well as the outlook for revenue (contributions) and expenses (benefits). The Annual Asset Allocation Plan is an annual target portfolio reflecting domestic and international investment conditions and portfolio status, and proposes the target allocation and permissible range of each asset class.

More specifically, the Mid-term Asset Allocation Plan is a 5-year investment strategy that sets out the target rate of return and the risk tolerance level for the next five years in consideration of the mid-term outlook for real economy, financial markets and other factors, and sets out the target allocation ratios for each asset class. As the fund size grows, the plan aims at improving profitability and stability of the fund. In accordance with the Fund Management Guideline, the target rate of return is defined as "real GDP growth + CPI ± adjustments." The risk tolerance level is defined as around 15% of Shortfall Risk.

The Mid-term Asset Allocation Plan (reference portfolio) as approved by the FMC suggests the target allocation ratios, according to which the NPS should construct its portfolios for the next five years. In theory, once the target ratios are set in the mid-term asset allocation plan, existing portfolios should be rebalanced instantly. However, given the fund size, it is not feasible in reality. That is why an annual target portfolio (the Annual Asset Allocation Plan) is constructed on the basis of the reference portfolio and executed accordingly.

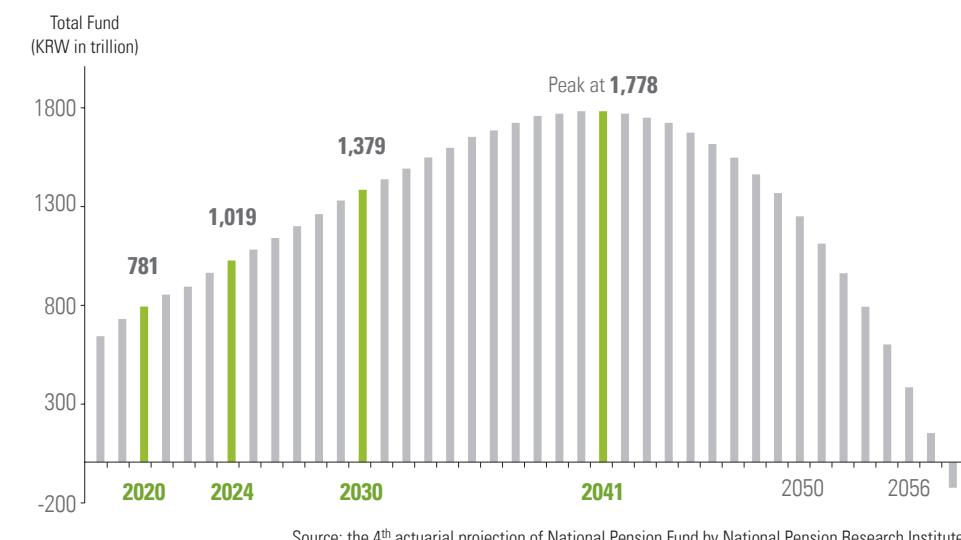
The NPS implements investment strategies and projects in line with the policies and guidelines decided by the FMC, and manages investment portfolios in consideration of each asset class' attribution. In addition, the NPS establishes a Monthly Investment Plan reflecting financial markets and economic conditions, which is reviewed and approved by the Investment committee, an internal decision making body. In the case of large projects such as domestic and foreign infrastructure and real estate projects, the internal Alternative Investment Committee makes investment decisions upon review of investment validity and prior risk assessment. The Alternative Investment Committee is attended by external experts.



4th Actuarial Projection for National Pension Fund

An actuarial projection is a 5-year "medical examination" of the National Pension Fund, (NPF) which sets up a plan for general fund management activities, containing calculation and outlook for budget balances, improvements to the pension scheme and the Fund Management Plan. Periodic monitoring and assessment is conducted for long-term budget balance and fiscal soundness of the National Pension Fund, and; if needed, appropriate measures are taken to improve the fiscal sustainability and advance the pension plan. Since the amendment to the National Pension Act in 1988, an actuarial projection for the National Pension Fund has been conducted every 5 years – 2003 (1st), 2008 (2nd), 2013 (3rd) and 2018 (4th) until now.

The 4th actuarial projection forecasts the status of the NPF over the next 70 years, from 2018 through to 2088, in consideration of the maturity of the pension scheme and average subscriber life expectancy. Under the condition that the current pension scheme, including contribution rate and benefit amount, has no change, the 4th actuarial projection predicted that the NPF would be on the rise to peak at KRW 1,788 trillion by 2041 and then slowly decline before being exhausted after 2057.



On the basis of the long-term actuarial projection, the NPS went on to collect various public opinions regarding "Improvement of the National Pension Scheme and Pension Fund Management" through public hearings, open discussions and a series of online and phone surveys. Afterward, the Korean government announced the "4th General Pension Administration Plan" reflecting collected opinions in December 2018. This plan is of great importance as basic data for building consensus in society, while assessing current levels of adjustable income replacement ratios, contribution rates and basic pension benefit amounts to enhance and sustain post-retirement financial security as well as suggesting various approaches that takes into consideration public acceptability. It is the first attempt to improve the pension scheme in 10 years since the 2007 pension reform. Given generating social consensus is crucial for successful pension reform, the Special Committee on National Pension Reform of the Economic, Social and Labor Council, a social consensus building body, has played a significant role in garnering social discussion and ultimately amending the National Pension Act.

2. Investment By Asset Class

The National Pension Fund is categorized into Financial, Welfare and other sectors in accordance with the Fund Management Plan. The Financial sector is comprised of various asset classes - Domestic Equity, Global Equity, Domestic Fixed Income, Global Fixed Income, Alternative Investment and Short-term Assets. The purpose of having multiple asset classes under management is to diversify investment portfolios and thereby improve the profitability and stability of fund management. The NPS makes continuous efforts to maintain investment diversification.

Benchmark Index

The NPS sets benchmark indices to suggest investment directions for each asset class and is used as a reference for performance evaluation. The benchmark indices that embrace directions and principles of the entire fund management activities are constantly reviewed and updated in terms of validity and feasibility. The NPS conducts periodic assessment on its benchmark indices and may revise them upon approval by the FMC, if needed.

	Asset Class	BM Index
Equity	Domestic Equity	KOSPI
	Global Equity	MSCI AC World Index (ex Korea, unhedged-to-KRW)
Fixed Income	Domestic Fixed Income	Customized Index
	Global Fixed Income	Barclays Capital Global Aggregate Index (ex Korea, hedged-to-KRW)
Alternatives	Domestic Private Equity	(KOSPI 3-year annualized return+2.5%)×w1 ¹⁾ + (Domestic Fixed Income BM 3-year average YTM + 1.5%)×(1 - w1)
	Global Private Equity	Peer Group Index IRR
	Domestic Real Estate	IPD Korea Index × w2 ²⁾ + [Korean CPI growth rate (real) + 5%] × (1 - w2)
	Global Real Estate	Weighted average of IPD Country Indices (7 countries)
	Domestic Infrastructure	[Korean CPI growth rate (real) + 4%] × w3 ³⁾ + [the real rate of return of existing investment properties × (1 - w3)]
	Global Infrastructure	Rate of return (won hedged) of 「OECD CPI growth rate (real) + 5%」
	Hedge Fund	HFRI FoFs × 0.5 + [US 90-day T-bills rate + 4.5%] × 0.5

Note 1. w1: The weight of domestic private equities for the year

2. w2: Set at 50% at the starting point and increase by 10%p every year (use IPD Korea Index only)

3. w3: The actual weight of the newly committed investments in the asset class from the point of which the benchmark indices are applied

4. In evaluating performance, the Total Return Index is applied.

5. The benchmark indices for alternative investments are the benchmark for performance evaluation.

The NPS sets detailed investment guidelines for each asset class pursuant of Article 16 of the National Pension Fund Management Guideline, as seen below:

Investment Guidelines by Asset Class



- Domestic Equity investments pursue long-term investment with an aim of maximizing investment return within a permitted risk tolerance level.
- Domestic Equity Internal investments select pools of investable securities, among which the portfolio is constructed and executed. It pursues the passive management style in the mid-to long-term.
- Domestic Equity External investments aim at diversifying investment styles in the portfolios by utilizing various investment techniques in the private sector. It pursues the active management style.



- Fixed Income investments aim to hold to maturity and diversify portfolios by bond type, issuer, industry (credits) and maturity structure in order to generate a stable, long-term return.
- Fixed Income investments consider issuers' credit rating and spreads with risk free bonds while generating excess return by adjusting duration within a given range.
- NPS submits the total credit exposure to the FMC every year to assess the fixed income assets' total exposure to credit risks by issuer and industry.



- Global investments aim at diversifying investment portfolios, complementing domestic investment, and improving efficiencies of asset allocation.
- Global investments pursue advancing investment techniques in long term by strengthening partnerships with renowned international institutions.
- In case of expanding the weight of global investments, it is appropriate to consider asset disposals that are required for benefits payment at the phase of fund decline, and minimize any negative impact of asset liquidation on domestic financial market.
- NPS submits the total FX exposures to the FMC every year.



- Alternative investments aim at using the different risk-return profile from traditional assets such as equities and fixed income, and improving efficiencies of fund management.
- Alternative investments herein refer to investments in real estate, infrastructure, venture capital, corporate restructuring vehicle (CRV) investment, private equities, hedge funds and natural resource development.
- Alternative investments allocate annual commitment limits considering the fact that it is executed phase-by-phase over the commitment period.
- In addition to the Investment Committee, NPS runs an internal committee dedicated to making decisions on alternative investment, "Alternative Investment Committee", to enhance efficiencies and expertise in investment decision making processes.
- When establishing detailed investment plans, executing investments and conducting the follow-up management for alternative investments, the advisory of private experts or professional agencies should be taken into consideration.
- NPS needs to make utmost efforts to explore new investment opportunities.



- Short-term assets refer to idle assets held temporary for the purpose of paying pension benefits or investing in mid-to-long term assets.
- Korean won denominated short term assets should be managed to minimum and invested in high-return securities for the investment period of less than 3 months, upon review of the assets' stability and liquidity.
- Short-term assets denominated in foreign currencies can be managed for the purpose of maintaining stable foreign currency liquidity, while being invested within US\$ 300 million of daily average balances of each quarter in consideration of the effects on foreign exchange markets.

3. Risk Management and Performance Evaluation

Even though investment risks have grown due to increasing uncertainty in domestic and international economic and financial conditions, the NPS puts risk factors under tight control by enhancing the risk management system on a range of risk factors.

The NPS thoroughly manages and controls a range of risks that might impact the stability and profitability of the NPF, including market risk, credit risk, liquidity risk, operational risk and legal risk. The NPS also consistently monitors total risk tolerance levels and the risk tolerance level for each asset class, which are set annually according to strategic asset allocation plans. As returns on fund management is generated through an appropriate risk tolerance and risk management policy, the NPS tends not to be exposed to excessive or extra risks relative to returns.

NPSIM operates a dedicated risk management organization from the Risk Management Center and runs an internal committee to efficiently manage all risks associated with fund management activities – The Risk Management Committee (RMC). The RMC is chaired by the CEO and attended by external experts. In addition, the NPS has a Compliance Officer who is responsible for the internal control of fund management, but independent from NPSIM. Aside from this, NPSIM is subject to internal and external audits, including the internal Audit Division, independent auditors, the Board of Audit Inspection of Korea and the National Assembly of Korea.

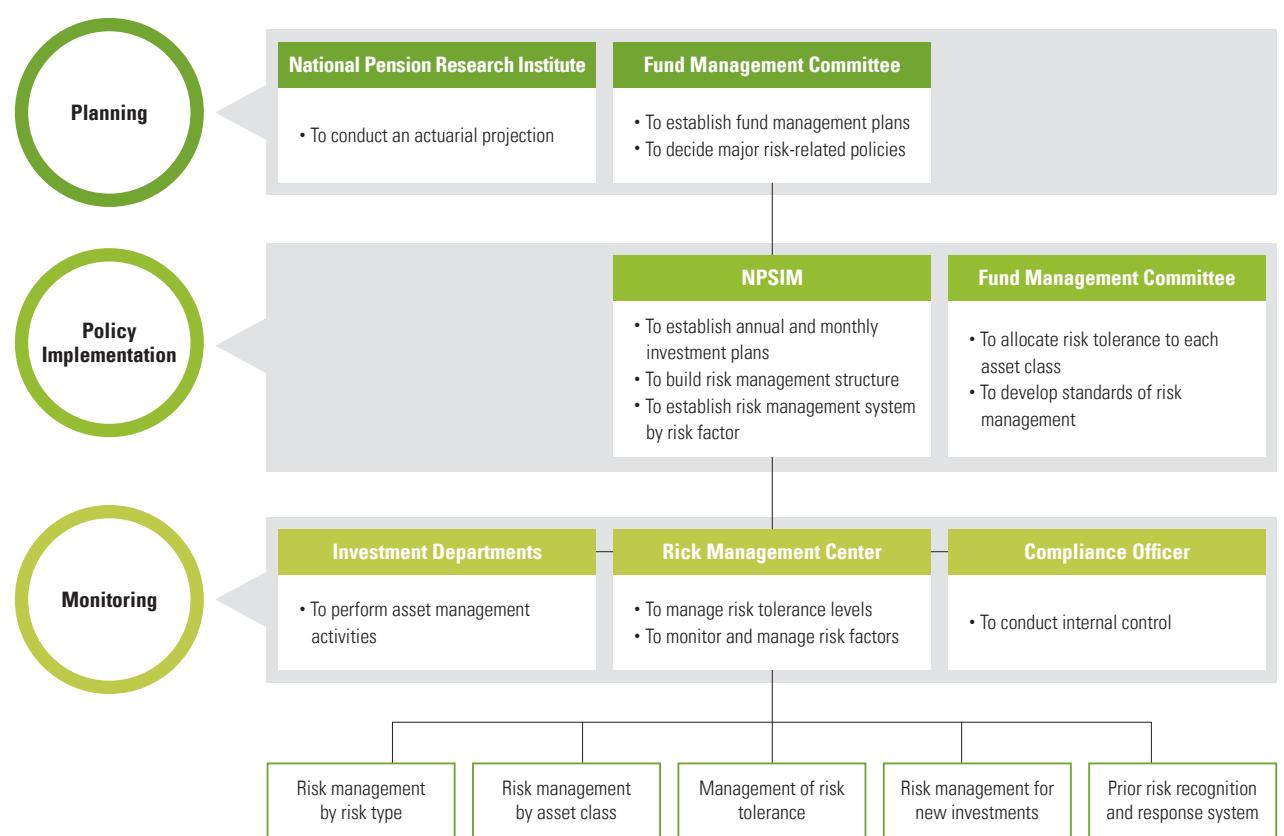
Every year, the performance of fund management is evaluated, which helps improve and advance fund management practices.

The performance evaluation for fund management aims at delivering objective performance results with transparency to gain public trust while encouraging the advancement of fund management processes using these results. The evaluation on fund management performance has been carried out every year for a period of over 3 years. The evaluation includes not just quantitative factors such as benchmark rates, but also qualitative factors such as improvement of fund management systems and risk management practices.

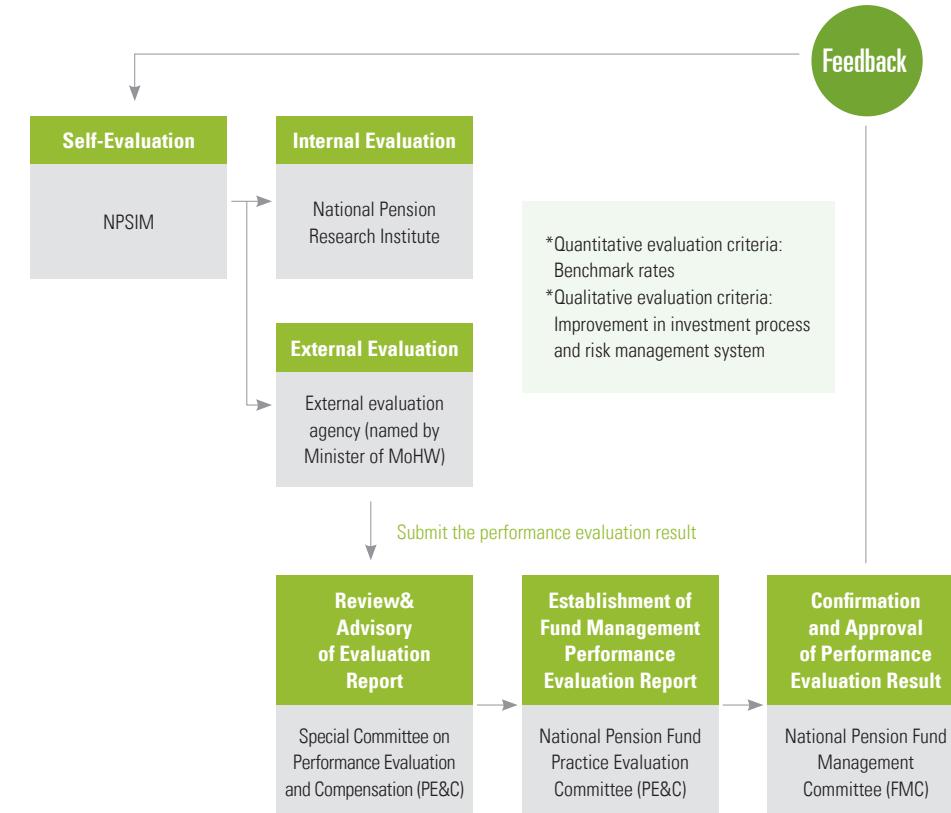
The performance evaluation report is prepared by the National Pension Research Institute (NPRI) and an independent evaluation agency; and the evaluation report is submitted to the Special Committee on Performance Evaluation and Compensation for review, which is then submitted to the Practice Evaluation Committee for assessment and reported to the Fund Management Committee.

Performance evaluation processes are implemented in compliance with the internationally acceptable standard of the Global Investment Performance Standards (GIPS®). In performance evaluation, a time-weighted rate of return is used, but in companies a money-weighted rate of return for the total fund is utilized. However, a rate of return in book value may be used in parallel, depending on investment conditions of assets. The rate of return is calculated with total revenues that include both realized and unrealized gains and losses. All rates of return are calculated after deducting any real transaction costs accrued during the period of which the evaluation is carried out.

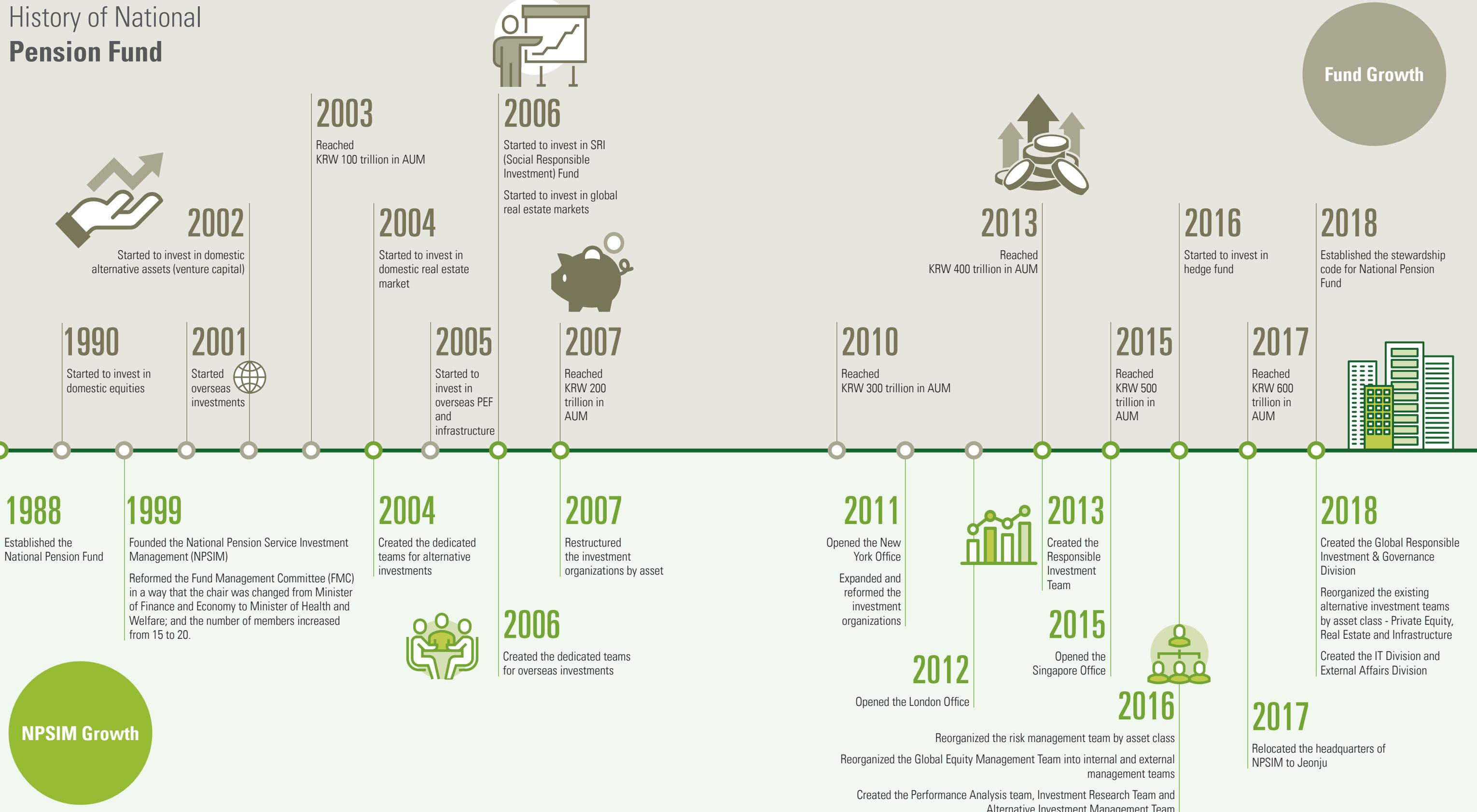
Risk Management Process



Performance Evaluation Process



History of National Pension Fund





III. Fund Management Status

- III– 1. Investment Portfolio Overview
- III– 2. Investment Performance
- III– 3. Investments by Asset Class
- III– 4. Responsible Investment Overview

III- 1. Investment Portfolio Overview

The NPS reported a total asset under management (AUM) of KRW 638.8 trillion in market value as of December 31, 2018.

The NPS classified total assets into its biggest chunk in the Financial sector at 99.9% and a tiny portion into the Welfare sector with others at 0.1%, and exhibited the largest portion of the Financial sector allocated to fixed income at KRW 337.6 trillion, or 52.8% of the total assets - domestic fixed income at KRW 311 trillion or 48.7% and global fixed income at KRW 26.6 trillion or 4.2% in 2018. The weights of domestic fixed income and overall fixed income increased by 2.1% points and 0.5% points year on year, respectively.

The second largest asset class was equities accounting for 34.7% of the total assets – domestic equities at KRW 108.9 trillion or 17.1% and global equities at KRW 113 trillion and 17.7%. The weight of domestic equities fell 4.1%p year on year while that of global equities rose by 0.3%.

Asset Allocation

(market value, KRW in trillion, %, %p)						
	End 2018 (A)		End 2017 (B)		Difference (A-B)	
	Amount	Weight	Amount	Weight	Amount	Weight
Total	6,387,811	100.0	6,216,422	100.0	171,389	0.0
Financial¹⁾	6,382,168	99.9	6,210,182	99.9	171,986	0.0
Equity	2,218,747	34.7	2,397,994	38.6	-179,247	-3.9
(Domestic)	1,089,138	17.1	1,315,200	21.2	-226,063	-4.1
(Global)	1,129,610	17.7	1,082,794	17.4	46,816	0.3
Fixed Income	3,375,800	52.8	3,126,749	50.3	249,052	2.5
(Domestic)	3,109,927	48.7	2,894,009	46.6	215,918	2.1
(Global)	265,874	4.2	232,740	3.7	33,134	0.5
Alternatives	766,195	12.0	668,173	10.7	98,022	1.3
(Domestic)	244,065	3.8	222,586	3.6	21,479	0.2
(Global)	522,130	8.2	445,587	7.2	76,544	1.0
Short-term Asset	21,426	0.3	17,273	0.3	4,153	0.0
Welfare²⁾	1,446	0.02	1,433	0.0	13	0.0
Other³⁾	4,196	0.1	4,806	0.1	-610	0.0

Note 1. Financial Sector has a possible discrepancy between the total value and the actual sum of the amounts of equities, fixed income and alternatives because of the tactical FX exposure of -10 million won.

2. Welfare Sector refers to the welfare services offered by NPS for employees and subscribers, such as leisure facilities leasing or loan for personal bankruptcy and poverty in old age.

3. Other Sector includes operation of office buildings and other funds in safekeeping.

Besides traditional assets of equities and fixed income, the NPS has invested in unconventional, alternative assets of real estate, infrastructure and private equities. KRW 76.6 trillion or 12.0% of the alternative investment portfolio was composed of the global portfolio investing in real estate, infrastructure, private equities and hedge funds worldwide, with the domestic portfolio investing in real estate, infrastructure, venture capital and private equities in Korea. The global alternative investment portfolio amounted to KRW 52.2 trillion, 1.0% points higher year on year while the domestic alternative investment portfolio accounted for KRW 24.4 trillion, 0.2% points year on year.

Meanwhile, the weight of foreign equities, fixed income and alternatives in the total portfolio increased from 28.4% which amounted to KRW 176.4 trillion in 2017 to 30% which amounted to KRW 191.9 trillion in 2018, and is forecast to grow to around 40% by 2022.

Outsourcing is part of the NPS' strategy. The NPS outsources a portion of its total assets to a host of qualified asset management companies in line with the strategic plan of risk and return diversification. The ratios of internal and external management are set in consideration of the size of the total assets; and the external management ratio for each asset class is approved by the FMC. Each external management portfolio is grouped in consideration of the asset's nature, market condition, asset manager's capabilities, and managed in alignment with the investment mandate. There is a committee under oversight of the NPS to select external managers – The External Management Selection Committee. This committee is attended by more than a majority of experts in the private sector. In addition, the NPS conducts a periodic monitoring of the overall contracted external managers in terms of mandate compliance, business condition and performance in the external management portfolios.

The total amount attributable to external management portfolios grew to KRW 246.3 trillion in 2018, an increase of KRW 7.1 trillion from KRW 239.2 trillion a year earlier. In total (of the Financial sector), the portion of external management was 38.6%, an increase of 0.1%p as compared to the year prior. By asset, the external management portfolios were composed of domestic equities at KRW 50.1 trillion; global equities at KRW 72.4 trillion; domestic fixed income at KRW 37.9 trillion; global fixed income at KRW 15.8 trillion; domestic alternatives at KRW 17.9 trillion; and global alternatives at KRW 52.2 trillion. Currently, global alternative investments are fully outsourced.

External Management by Asset Class

(as of the end of 2018, market value, KRW in trillion)

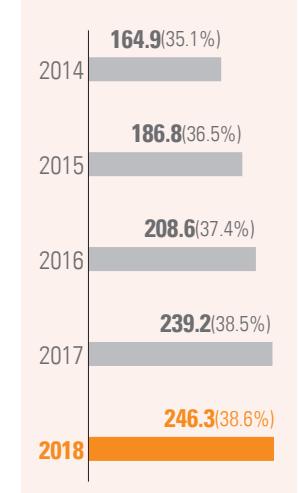
	Total	Equity	Fixed Income	Alternatives
Amount	246.3	122.5	53.7	70.1
Domestic	105.9	50.1	37.9	17.9
Global	140.4	72.4	15.8	52.2

Note 1. The entire global alternative investment is externally managed.

2. All figures above are rounded up to cause discrepancies from the real data.

Growth of External Management

(KRW in trillion, %)



Target Range of External Management

(as of the end of 2018, %)

	Domestic Equity	Global Equity	Domestic Fixed Income	Global Fixed Income	Alternatives
Target Range	45~65	55~75	10~14	50~70	65~95

III- 2. Investment Performance

The NPS reported an annual investment return of -0.92% in 2018 and an accumulated annualized return since its inception in 1988 of 5.24%. The global stock market has been bearish throughout 2018 due to the negative effects of an ongoing trade war, monetary tightening, escalated credit risk in emerging markets, as opposed to a year earlier when the market was strong. External factors have taken a toll on short term returns, especially on domestic and global equity portfolios, approximately 35% of total assets in combination.

* The Korean stock market, as indicated by KOSPI, fell 17.28% in 2018.

* The global stock market, as indicated by MSCI ACWI ex-Korea in USD, fell 9.2% in 2018.

Having said that, the weak performance in overall equities investment has been offset by the moderate performance in domestic and global fixed income investment, exceeding half of the total assets. The domestic and global fixed income investment posted a relative return of 4.85% and 4.21%, respectively, because of higher bond values attributable to a lower interest rate in Korea and the strong US dollar.

* The Korean bond market, as indicated by 3-year Korean Treasuries, fell 0.32%p in 2018.

* The global bond market, as indicated by 10-year US Treasuries, increased 0.28% in 2018, with the KRW-USD exchange ratio up 4.36%.

The NPS also delivered a solid mid- to long-term performance, with an accumulated annualized return since its inception in 1988 of 5.24% and cumulative returns of KRW 294.1 trillion as of December, 31, 2018. The 3-year annualized average return was 3.48%; and the 5-year annualized average return was 3.97%, as seen on the next page.

In the future, the NPS as a long-term investor will continue to diversify its investment portfolios towards higher allocation in foreign and alternative assets, leading a path to a high, sustainable return.

Investment Performance At A Glance

(market value, KRW in 100 million, %)
M/W: the money-weighted rate of return
T/W: the time-weighted rate of return

	Since Inception (1988-2018)		5-Year (2014-2018)		3-Year (2016-2018)		1-Year (2018)		
	Amount	M/W	Amount	M/W	Amount	M/W	Amount	M/W	T/W
Total	2,940,529	5.24	1,046,449	3.97	598,709	3.48	-58,671	-0.92	-
Financial	2,741,623	5.11	1,046,125	3.98	598,529	3.49	-58,758	-0.93	-0.89
Equity	690,644	4.87	251,927	2.80	207,787	3.40	-292,101	-11.88	-11.73
(Domestic)	429,231	4.72	66,224	1.30	101,744	3.07	-221,599	-16.77	-16.90
(Global)	261,413	5.15	185,703	4.75	106,043	3.79	-70,502	-6.19	-5.60
Fixed Income	1,684,478	4.81	515,990	3.60	223,561	2.47	152,547	4.80	4.78
(Domestic)	1,577,922	4.84	476,341	3.60	204,029	2.45	142,340	4.85	4.82
(Global)	106,555	4.37	39,649	3.58	19,532	2.77	10,208	4.21	4.25
Alternatives	355,874	8.75	278,560	9.87	167,515	8.75	80,801	11.80	12.05
(Domestic)	125,960	6.74	81,511	7.45	43,614	6.53	18,378	8.05	8.26
(Global)	229,915	10.46	197,049	11.40	123,901	9.94	62,423	13.68	13.95
Short-term Asset	15,306	4.08	2,152	1.58	1,409	1.59	676	2.43	2.49
Public Sector	190,827	8.26	-	-	-	-	-	-	-
Welfare Sector	6,097	6.34	-107	-1.65	-59	-1.51	-20	-1.52	-
Other	1,982	1.69	430	0.84	239	0.73	106	0.95	-

Note 1. The amount of the multi-year return indicates a sum of the total amount of investment gains during the period of year(s).

2. The rate of the multi-year return indicates an average annual return (AAR) of a series of rates of returns during the period of year(s).

3. The Public Sector has ceased to invest since 2000, and the total amount of the existing investments was fully redeemed in late 2005.

Calculation of Rate of Return

1. Time-Weighted Rate of Return = $[(1+R_1) \times (1+R_2) \dots \times (1+R_n)] - 1$

- The time-weighted rate of return deems the time of new cash flow generation as the starting point of an investment period, during which the rate of return is calculated and geometrically averaged. It is used to compare against the benchmark returns.
- The fund administrative expenses (i.e. direct investment fees, indirect costs, etc.) are not deducted from the gain/loss amounts.

2. Money-Weighted Rate of Return = investment gains (amount) ÷ average balance × 100

- The money-weighted rate of return is the geometric average of the rate of return of each security based on its daily balances. It is used to calculate the rates of return of each asset class and total assets.
- Source of income: gains/losses on trading and valuation, dividends, securities lending, banking interests, etc.
- Average investment balance: a weighted-average of the average investment principal amount during the investment period.

III-3-1. Domestic Equity

Domestic equities investments stood at KRW 108.9 trillion, or 17.1% of the total assets, as of December 31, 2018.

Throughout 2018, the Korean stock market had been on a downward trend and was more volatile, compared to a year ago, as a result of the adverse effects of the U.S. interest rate hike, trade war and outlook for slowing global economic growth. The benchmark KOSPI was reported at 2041.04 points as of December 31, 2018, a decrease of 17.28% from the previous year end at 2467.49 points. This was the largest fall since the global recession of 2008.

Turmoil in the Korean stock market hit hard the domestic equities portfolio of the NPS and its asset value, and curtailed its position and share in the Korean stock market by 4.1% points compared to that from the year before.

The domestic equities investment portfolio was composed of 46.0% active-external investment, 33.7% passive investment and 20.3% active-internal investment in 2018. The weight of passive investment fell 0.3% points year on year while those of active-internal and active-external investments rose 0.1% and 0.2% year on year, respectively.

The stock market plunge over the past year has brought down the annual return of the total portfolio into negative territory. In 2018, domestic equity investment reported -16.90% in annual time-weighted return, underperforming the benchmark by 1.27% points.

In more detail, passive investment has fallen into a negative territory of -16.91%, but outperformed the benchmark by 0.71% points. Despite the negative return of -16.43%, active-internal investment also outperformed the benchmark by 1.18% points and mitigated downside risk. Active-external investment underperformed the benchmark by 1.70% points with an annual return of -17.08%.

Among others, active-external investment pursues the strategy of active investing and style diversification based on the most up-to-date investment techniques in the private sector. This strategy will continue to be utilized in a way that the NPS can constantly improve the management system efficiently to achieve the goal of the NPS and generate best performance.

Rate of Returns for Domestic Equity

	Time-Weighted	BM	(Unit: %)
Annual Return for 2018	-16.90	-15.63	
3-Year (2016-2018)	3.50	3.28	
5-Year (2014-2018)	1.29	1.97	

NPS Holdings in Korean Stock Market

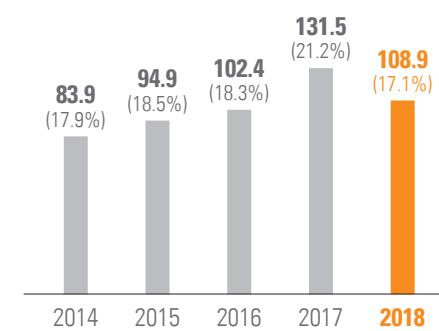
(Unit: KRW in trillion, %)

	2018		2017		2016	
	Amount	Weight	Amount	Weight	Amount	Weight
KOSPI	104.7	7.8	126.7	7.9	98.2	7.5
KOSDAQ	2.8	1.2	3.7	1.3	2.6	1.3
Total	107.5	6.8	130.4	6.9	100.8	6.7

Note 1. This data does not contain unlisted stocks, and cash equivalents and forwards/options in the externally managed portfolios.

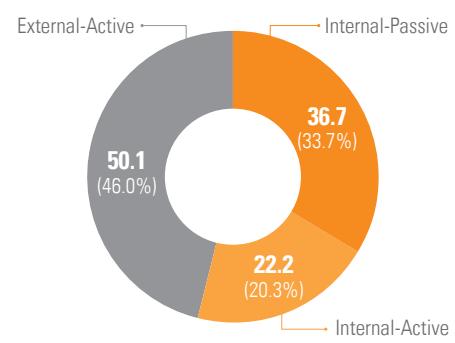
Domestic Equity Investment in Total Portfolio

(Unit: KRW in trillion, %)

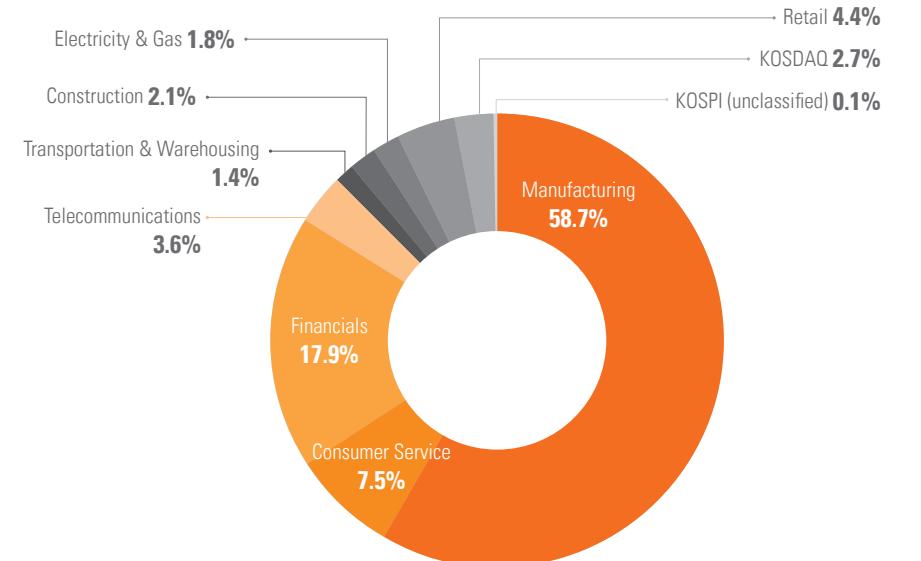


2018 Domestic Equity Investment Portfolio: Style

(Unit: KRW in trillion, %)



2018 Domestic Equity Investment Portfolio: Sector



III-3-2. Global Equity

Global equity investments stood at KRW 113 trillion, or 17.7% of the total assets, as of December 31, 2018. Throughout 2018, global stock markets were weak and volatile as a result of the adverse effects of the U.S. interest rate hikes, U.S.-China trade conflict, European political and economic uncertainty and a poor outlook for the global economy. The benchmark, MSCI ACWI ex-Korea fell 9.2% in USD terms from the year before, on further relative decline in emerging markets. Despite the continuous buying of global equity, these negative market conditions have restrained the nominal growth of the global equity portfolio. Nevertheless, investment allocations to global equity investment is expected to grow to 30% or so by 2023, which is in accordance to the investment diversification strategy. Given the mid-term asset allocation plan, the global equity investment portfolio is forecasted to increase in value for some time to come.

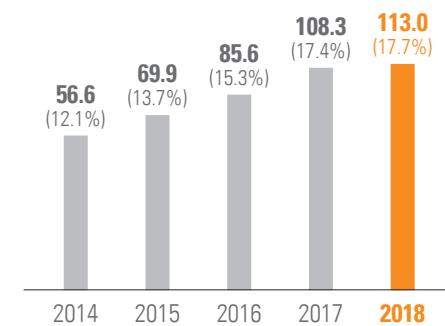
In 2018, global equity investments reported an annual time-weighted return of -5.60%, underperforming the market by 0.24% points. By design, global equity investment is balanced between stability and liquidity seeking passive investment strategy as well as a high risk - high return active investment strategy which invests in developed and emerging markets with great focus on strategy diversification. The 2018 annual returns of the passive investment strategy amounted to -4.62% (+0.74% points outperformance to the benchmark) while the active strategy amounted to -6.24% (-0.88% points relative to the benchmark) in Korean won terms. Outperformance with the developed market internally managed funds offset the underperformance of the emerging market externally managed funds to result in a positive result for passive investment as a whole. On the contrary, active-external investments generated an underperformance to the benchmark and thus had a negative effect on the aggregated global equities investment portfolio returns.

The key activities undertaken by the global equities investment group in 2018 included 1) continued drive for enhancing active internal management strategy in order to properly address the expected large inflow increases into internally managed investments as well as an effort to satisfy the need for increased diversity in investments, 2) research advanced studies on Minimum and Low Volatility strategy's characteristics and theory in order to decrease the total risk in the portfolio construction by utilizing an optimization methodology to adjust stock holdings for a portfolio, with the guidance of reputable international asset management companies, and 3) conducting a theoretical and empirical analysis of 'quantamental investing' to develop a strategy for stable, high dividend payouts. In addition, in order to better facilitate the large growth in allocation to global equity investment primarily due to what seems like an inevitable limit on the heavy weighting of stock holdings in domestic equities – detriment of home bias, in 2018, 4) a global equity strategy team was newly created to help develop and improve portfolio efficiencies and ultimately enhance sustainable long horizon performance.

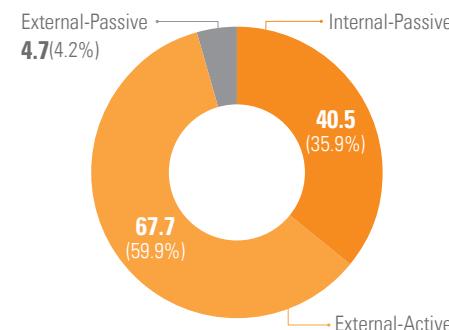
Rate of Returns for Global Equity

	Time-Weighted	BM	(Unit: %)
Annual Return for 2018	-5.60	-5.36	
3-Year (2016-2018)	4.79	4.83	
5-Year (2014-2018)	5.80	5.52	

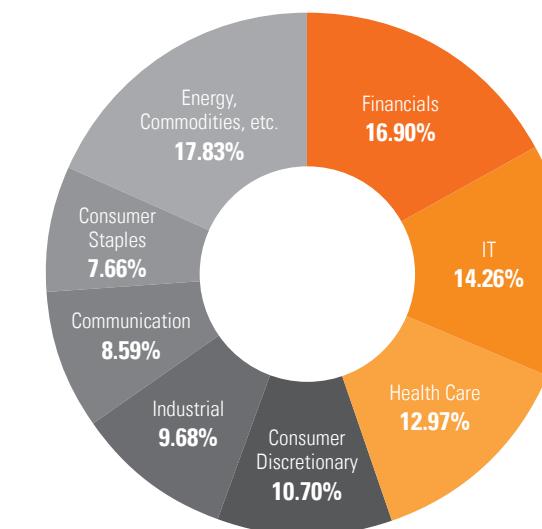
Global Equity Investment in Total Portfolio (Unit: KRW in trillion, %))



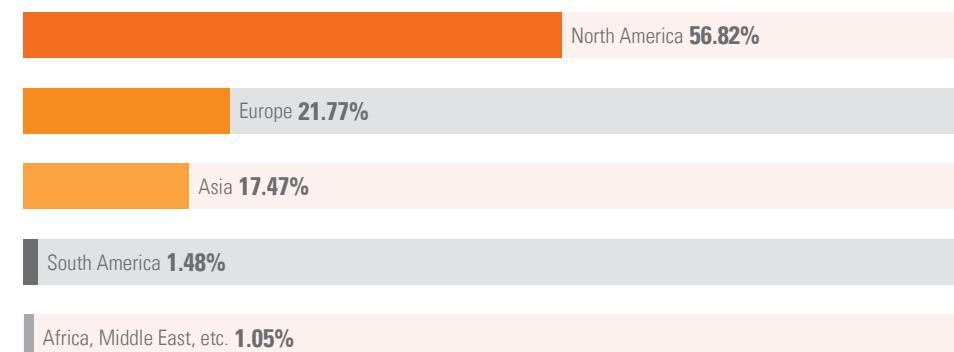
2018 Global Equity Investment Portfolio: Style (Unit: KRW in trillion, %)



2018 Global Equity Investment Portfolio: Sector



2018 Global Equity Investment Portfolio: Geography



III-3-3. Domestic Fixed Income

Domestic fixed income investments stood at KRW 311 trillion, or 48.7% of the total assets, as of December 31, 2018. At the beginning of the year, the Korean treasury bond yield rose amid the monetary tightening stance of central banks in major economies. However, during the latter half of the year, the treasury bond yield fell because of concerns over the trade war between the US and China, political uncertainty in Europe and the slowdown of the domestic economy. As a result, domestic fixed income investments reported an annual return of 4.82% (+0.08% points relative to the benchmark), an increase of 4.31% from a year ago.

By composition, the annual return of passive investments stood at 4.81% (+0.06% points against the benchmark) while active investments stood at 4.88% (+0.30% points relative to the benchmark). Passive investments achieved positive performance through optimal allocation of maturity and sector. Active investment delivered a positive performance through optimal maturity allocation and securities selection.

Domestic fixed income portfolio continued to expand in 2018 with its weight within the total portfolio also increasing by 2.1% points. The weight of domestic fixed income increased due to the solid performance of domestic fixed income and the negative return of equities over the last year. According to the Mid-term Asset Allocation Plan, the weight is forecast to decline to around 35% by 2023.

The strategic focus for domestic fixed income investment is based on 1) fine adjustment of portfolio duration and expansion of investment in high quality corporate bonds to defend against a possible interest rate volatility spike, and 2) utilizing the expertise and experience of the private sector through systematic external management.

Rate of Returns for Domestic Fixed Income

	Time-Weighted	BM	(Unit: %)
Annual Return for 2018	4.82	4.74	
3-Year (2016-2018)	2.37	2.35	
5-Year (2014-2018)	3.62	3.60	

NPS Holdings in Korean Bond Market

(Unit: KRW in trillion, %)

2018			2017			2016		
	Amount	Weight	Amount	Weight	Amount	Weight		
Total	295.3	15.0	280.2	14.8	263.2	14.4		
KTB*	122.0	19.0	121.1	19.6	110.2	19.1		
Municipals	3.5	15.8	2.8	12.6	2.0	9.2		
Gov-related	60.8	18.5	60.7	17.7	53.3	15.6		
MSB**	17.8	10.4	12.7	7.4	18.7	10.9		
Financial	42.1	9.4	37.4	9.4	32.5	8.7		
Corporate	49.1	13.3	45.4	13.3	46.4	13.6		

*Korea Treasury Bond

**Monetary Stabilization Bond

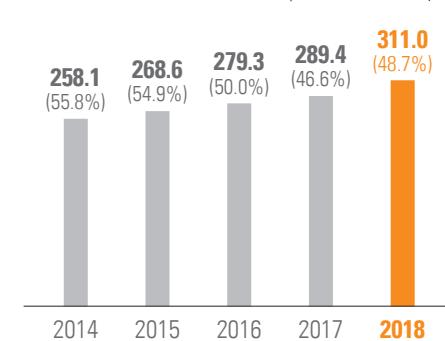
Note 1. The value of the Korean bond market was calculated based on the bonds outstanding in the market while the bond holdings of the NPS were based on the book value.

2. Short-term assets were excluded from the table above.

3. MBS was categorized into government related bonds; ABS was categorized into corporate bonds; and Credit finance bonds were categorized into financial bonds.

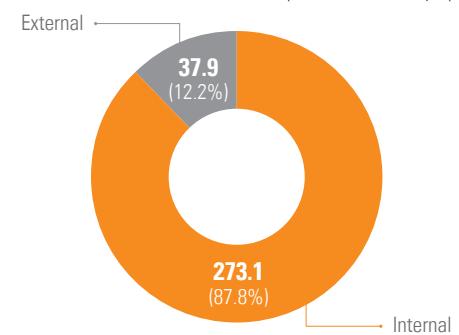
Domestic Fixed Income Investment in Total Portfolio

(Unit: KRW in trillion, %)

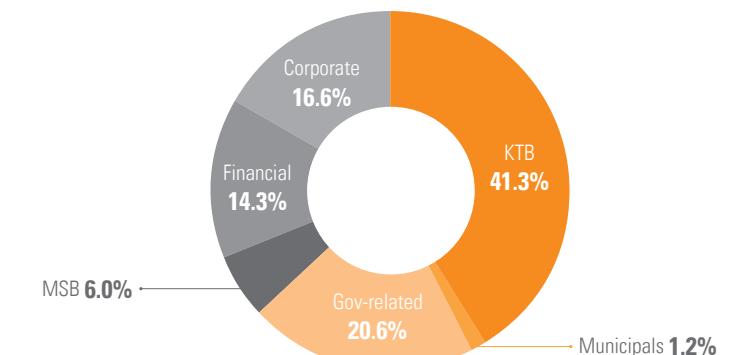


2018 Domestic Fixed Income Investment Portfolio: Style

(Unit: KRW in trillion, %)



2018 Domestic Fixed Income Investment Portfolio: Sector



III-3-4. Global Fixed Income

Global fixed income investments stood at KRW 26.6 trillion, or 4.2% of the total assets, as of December 31, 2018. In 2018, in light of the U.S. fed's decision to raise interest rates, investors have headed for safe-haven assets because of brewing uncertainty all around the world, including an escalating US-China trade war, political uncertainty in Europe and worries over slowing emerging economies. As a result, the market interest rate has dropped at the year end, and largely reversed midyear gains. Global fixed income investments posted an annual time-weighted return of 4.25%, an increase of 4.03% year on year. However, global fixed income investments underperformed the benchmark by 0.15% points as strategies implemented in expectation of a U.S. interest rate hike had an adverse effect on the portfolio. The NPS maintained shorter duration and higher credit holdings, gradually reduced throughout the year, relative to the benchmark, which resulted in a negative contribution when the market interest rate fell globally at the year end.

Global fixed income investments take an active investment approach, and are composed of active-internal and active-external mandates. Active-internal investments target delivering stable returns from treasuries and high grade corporate bonds in developed markets while active-external investments target generating excess return through sector diversification and other diversification strategies. By sector, the active-internal investment reported an annual return of 4.19% (-0.14% points relative to the benchmark); with the active-external investment reporting an annual return of 4.29% (-0.12% points relative to the benchmark). Last year, active-internal investment has maintained strategies of shorter duration relative to the benchmark and higher credit holdings (a gradual decline from the midyear) in expectation of the overall increase in the market interest rate and stable credit spread cycle which was widened near the year-end. The two positions were detrimental in outperforming the benchmark. In regards to active-external investment, the sectors of treasuries and government related bonds delivered a higher performance relative to the benchmark when the market interest rate dropped at the year end, while overweight positions in credit acted as a negative contributor, resulting overall in underperformance against the market.

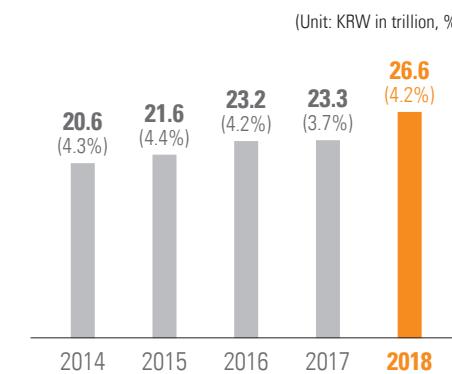
As total assets have been on the rise, so has the size of global fixed income investments, an increase of KRW 3.3 trillion, which was also partly due to a slight increase in allocations of 0.5%, compared to that of a year ago. The factors that have driven up the weight of global fixed income included an increase in net new purchases and higher bond values attributable to the strong US dollar, and the lower weight of equities in the total portfolio after the negative performance over the last year. In line with the mid-to-long term asset allocation plan, the weight is forecast to increase to 5% or so by 2023.

In 2018, the global fixed income investment team focused on exploring new investment opportunities in emerging markets for diversification and looking for new sources of income. The group continues to search for opportunities in emerging markets, conducting on-site due diligence in China and India in 2016, the South East Asia (Indonesia, Malaysia and Thailand) in 2017 and the Latin American region (Mexico, Brazil, Chile and Peru) in 2018. Furthermore, the group is making preparations for the inclusion of China's onshore yuan-denominated bonds into global indices; and the NPS has taken a range of procedures required by the Chinese authorities prior to investment along with market due diligence.

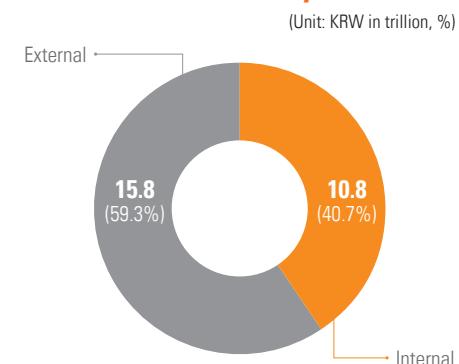
Rate of Returns for Global Fixed Income

	Time-Weighted	BM	(Unit: %)
Annual Return for 2018	4.25	4.40	
3-Year (2016-2018)	2.81	2.93	
5-Year (2014-2018)	3.80	4.11	

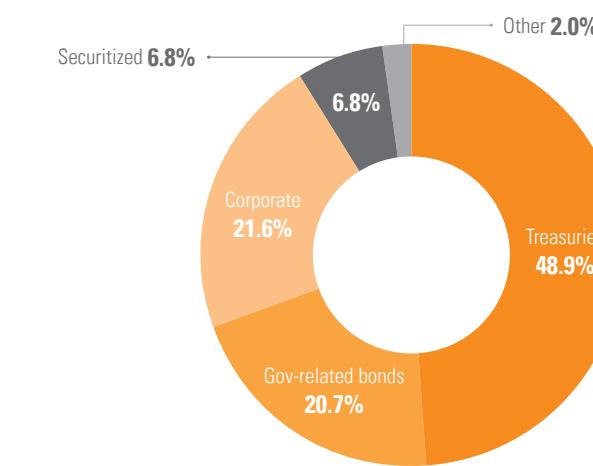
Global Fixed Income Investment in Total Portfolio



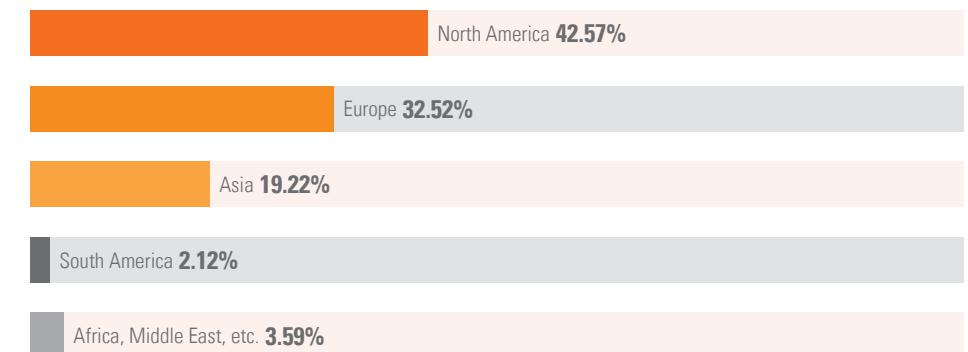
2018 Global Fixed Income Investment Portfolio: Style



2018 Global Fixed Income Investment Portfolio: Sector



2018 Global Fixed Income Investment Portfolio: Geography



III - 3 - 5. Alternative Investments

Alternative investments stood at KRW 76.6 trillion, or 12.0% of the total assets, as of December 31, 2018. Allocations to alternative investments have been expanded in 2018, an increase of KRW 9.8 trillion or 1.2% of the total assets from a year ago. Alternative investments reported an annual time-weighted return of 12.05% (+0.77% points relative to the benchmark), an increase of 7.40% year on year. These figures include gains/losses from fair market valuation gains and changes in currency-exchange rates.

With a distinct risk-return profile from traditional asset classes, the alternative investments portfolio has contributed to generating sustainable returns for the total portfolio. In 2018, the alternative investments portfolio comprised of real estate, infrastructure, private equities and (global) hedge funds. By region, the domestic alternative investment reported an annual return of 8.26% (+1.64% points relative to the benchmark) while the global alternative investment posted an annual return of 13.95% (+0.29% points relative to the benchmark). Domestically, the increase in demand for prime properties has accelerated the growth of asset valuations in the market and contributed to delivering a robust performance in the domestic portfolio. Globally, the global alternative investments division has been aggressive in seeking out opportunities to strengthen exposure to core assets and other defensive assets, such as distressed assets, in order to respond flexibly to changing market conditions. Currency exchange gains from the strong US dollar and gains from fair market valuation increases have contributed to delivering a solid performance in the global portfolio over the past year.

In line with the long-term strategy of return enhancement and risk diversification, the NPS is in a process of shifting its allocations from domestic fixed income toward foreign assets and alternative assets. Global alternative investments first outweighed domestic alternative investments in 2014. With an emphasis on investment diversification, allocations to foreign alternative assets have since grown gradually to 68.1% of the total alternative investment portfolio as of December 31, 2018. Global alternative investments have also expanded to KRW 52.2 trillion in 2018, an increase of KRW 7.7 trillion year on year. Meanwhile, domestic alternative investments have also risen to KRW 24.4 trillion in 2018, an increase of KRW 2.1 trillion year on year. Among others, an asset class of hedge funds was first introduced to the portfolio in 2016, and, in 2018, possessed an exposure of KRW 1.17 trillion (fund of funds). In line with the mid-to-long term asset allocation plan, the weight of entire alternative investment is forecast to increase to 15% or so by 2023.

A wide range of activities have been taken up to expand exposure to alternative assets over the past years. The key activities undertaken by the global alternative investment team in 2018 included 1) reforming organizational structure to enable a seamless investment process, removing obstacles in investment execution and thereby remaining competitive in the market, 2) studying means to introduce a fast track decision-making process, 3) beginning investment into foreign single hedge funds and 4) building a new strategy building platform. Following this reorganization, the alternative investment teams were re-grouped by asset class (real estate, infrastructure and private equities), rather than by region (domestic vs. global) as was utilized before. The reorganization is expected to form a collective intelligence and expertise in each asset class, and enable quick decision making on advantageous opportunities in the market. Over the last year, the mid-to-long term projects have been underway with regard to hedge funds. The private equity investment team pursued 1) a single hedge fund investment with an aim to lower fees and internalize the know-how of hedge fund managers, and 2) introduction of a new strategy building platform to respond flexibly to new investment opportunities, given alternative assets tend to be less structured.

Furthermore, the alternative investment teams conducted research, including benchmarking studies, on risk diversification in alternative investment portfolios; and built a well-structured risk management system that factors in correlations of risk factors of alternative assets as part of the project of upgrading credit risk measurements.

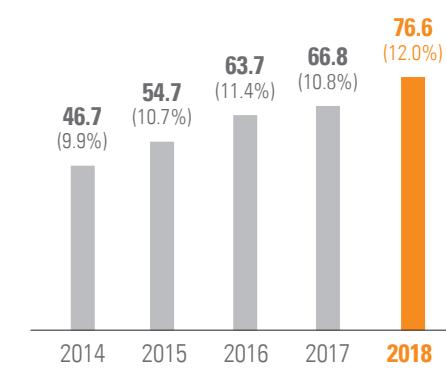
Rate of Return for Alternative Investments

(Unit: KRW in 100 million, %)
T/W: the time-weighted rate of return

		2018		3-Year (2016-2018)		5-Year (2014-2018)	
		Amount	T/W	BM	T/W	BM	T/W
Domestic	Real Estate	72,708	7.17	5.63	7.20	6.70	8.21
	Infrastructure	80,803	9.41	8.95	6.37	6.48	6.52
	PE	90,554	7.89	5.18	6.57	6.54	8.55
Sub-total		244,065	8.26	6.61	6.70	6.51	7.70
Global	Real Estate	210,648	13.70	11.23	9.42	6.48	11.47
	Infrastructure	146,938	13.82	12.14	10.10	5.22	12.73
	PE	152,872	15.35	19.23	11.44	13.31	12.84
	Hedge Fund	11,672	3.20	5.51	-0.33	0.94	-
Sub-total		522,130	13.95	13.65	9.94	8.08	11.98
Total		766,195	12.05	11.28	8.85	7.49	10.25
							7.99

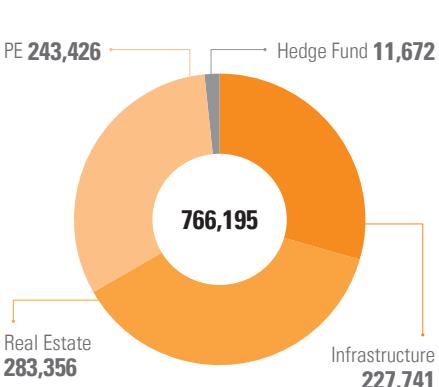
Overall Alternative Investments in Total Portfolio

(Unit: KRW in trillion, %)



Alternative Investments Portfolio for 2018

(Unit: KRW in 100 million, %)



GLOBAL ALTERNATIVE INVESTMENT



III- 4. Responsible Investment Overview

1. Responsible Investment

Responsible investment aims at improving long-term performance by considering not just financial factors, but also non-financial factors that might affect corporate values in investment decisions, mainly referred to as environmental, social or governance (ESG) factors. Globally, the volume of responsible investments or any other ESG-based investments has grown in the markets; and the demand for considering non-financial factors in investment activities has increased among pension funds and long-term investors in pursuit of an enhanced risk-return profile. Unlike a traditional ethical investment prioritizing social values over profits, responsible investment is in pursuit of generating sustainable, higher profits.

In January, 2015, the National Pension Act was revised to provide legal basis of responsible investment practices, in particular, considering ESG factors in investment decisions. The following year, a set of clauses relating to responsible investment were adopted into the Fund Management Guidelines, an investment policy statement of the NPS, in April of 2016, leading to pave the way for expanding responsible investment in the future.

Clauses as to Responsible Investment

Article 102 of National Pension Act (Administration and Management of Fund)

4. In the case of administering and managing the National Pension Fund pursuant of paragraph (2) 3, the NPS may take into consideration environmental, social and governance factors in regards to investments in investment decisions to enhance a sustainable long-term return.

Article 17 of Fund Management Guideline (Responsible Investment)

In the case of administering and managing the National Pension Fund through securities trading and securities lending, the NPS may take into consideration environmental, social and governance factors regarding investments in investment decisions to enhance a sustainable long-term return.

Principles on Responsible Investment & Governance of NPF

<Principle 1>

Any institutional investor shall develop and publish a clear policy, fulfill stewardship responsibilities of administering and managing the assets owned by its clients, beneficiaries and other third parties.

... the NPS conducts a periodic monitoring of an array of non-financial factors, including environmental, social or governance (ESG) factors, beyond financial factors to perform responsible investment and governance in a fiduciary manner ...

Meanwhile, the NPS initiated a Responsible Investment Fund in the Korean stock market through external asset management companies in September, 2006, even prior to the revision of the National Pension Act. The amount of externally invested responsible investment portfolios stood at KRW 4.6 trillion as of the end of 2018. Moreover, the NPS has considered ESG factors in investment processes for its internally managed active domestic equities management portfolio, along with financial factors, since 2018. In total, the amount of internal and external responsible investment rose to KRW 26.8 trillion as of the end of 2018

In 2016, the NPS introduced an assessment system that supports an ESG-based integrated analysis of financial and non-financial factors of investments, called the "ESG System". The ESG System enables us to feed data (i.e. ESG scoring for each invested company, grade trend, peer analysis, etc.) to portfolio managers and help them to incorporate responsible investment factors. In 2017, the ESG system was upgraded to include new social issues (e.g. product safety) and Controversial Issues* in ESG Evaluation. The upgrade significantly improved stability in incorporating ESG factors to portfolios.

* Controversial Issues: ESG related issues or incidents that may affect corporate values

Throughout 2017 and 2018, the NPS has committed a series of studies at professional institutions as to reasonable and efficient responsible investment approaches, "Study on Responsible Investment and Stewardship Code for National Pension Fund." Based on those researches, the NPS will establish more detailed principles, guidelines and other action plans for responsible investment in 2019.

2. Execution of Shareholder Rights

Stewardship Code refers to a set of guidelines that helps institutional investors, such as pension funds, follow the fiduciary duty of managing client assets in the best interests of clients.

As Korea's Stewardship Code was established in late 2016, the Special Committee on Performance Evaluation and Compensation (PE&C) advised the National Pension Fund Management Committee (FMC) in June, 2017, to assess adopting a Stewardship Code for the National Pension Fund. This is because the committee believed that the NPS as a long-term investor of a pension fund should have an active dialogue with companies (shareholder engagement) to enhance corporate values and ultimately increase return for the NPS.

The 2017-2018 study was followed by a series of dialogues in the Special Committee on Execution of Voting Rights (Now the Special Committee on Responsible Investment & Governance (RI&G) and public hearings to listen to various stakeholders. Finally, the FMC announced the adoption of the Stewardship Code of National Pension Fund, or NPF Stewardship Code, in July of 2018 upon review and approval of the code.

In line with the Code, the NPS publicly disclosed the Principles on Responsible Investment & Governance of NPSIM and other applicable guidelines, and promoted the Special Committee on Execution of Voting Rights into the current Special Committee on Responsible Investment & Governance, which is an independent committee, composed of external experts recommended by representatives of insured persons. The committee reviews and sets the direction of shareholder activities, to enhance independence in executing shareholder rights of the National Pension Fund.

Principles on Responsible Investment & Governance of NPF and Implementation Plan

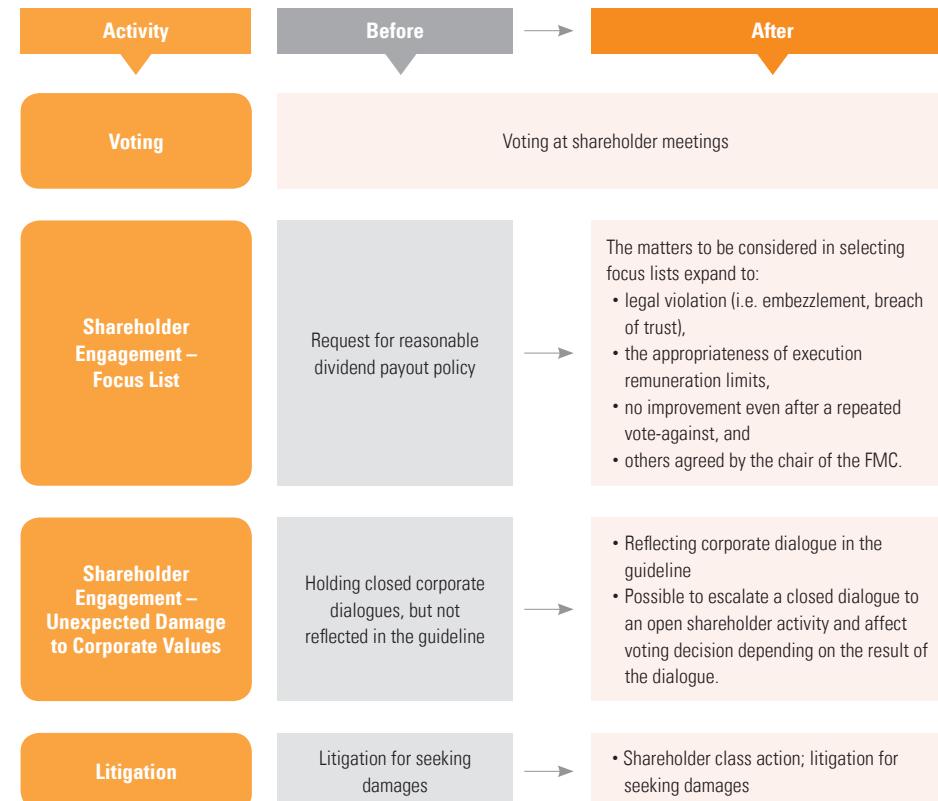
Principle 1	Development and announcement of the general policy regarding the code <ul style="list-style-type: none">• To disclose the nature of National Pension Fund, the purpose of the code, the principles of fund management and the guidelines for each principle.
Principle 2	Development and announcement of the policy for prevention of conflict of interest <ul style="list-style-type: none">• To establish and operate the Special Committee on Responsible Investment & Governance for review and approval of matters regarding execution of shareholder rights and responsible investment (by expanding and reforming the former special committee on execution of voting rights).• To fill the committee with non-governmental figures to ensure strong independence and non-bias, external experts recommended by representatives of insured persons.• To execute measures of stronger accountability and transparency* as adopted by the committee and approved by the FMC in March, 2018. <p>* These measures include a) retaining a recording of entire meeting minutes (full scripts), and b) receiving assurance to comply with obligations, consent to providing financial transaction data at the time of raising agendas and confirmation of conflict of interest from new meeting members.</p>
Principle 3	Periodic monitoring of investee companies <ul style="list-style-type: none">• The financial and non-financial factors should be monitored periodically - the financial ones by Domestic Equity Division and the non-financial ones by Global Responsible Investment & Governance Division.
Principle 4	Development and execution of the guidelines on shareholder engagement <ul style="list-style-type: none">• To adopt the guideline on execution of shareholder rights subject to a 'non-management participation' engagement practice under the Financial Investment Services and Capital Markets Act of Korea, and, when the proper foundation is laid, set up plans to begin management participation engagement, upon approval by the FMC.• The guideline on shareholder rights activities to be implemented phase by phase in consideration of available resources and workforce.
Principle 5	Development and announcement of voting policy, and disclosure of voting record and commentary <ul style="list-style-type: none">• To what extent voting record would be disclosed in advance is decided by the Special Committee on Responsible Investment & Governance.• All related policies (i.e. the voting guideline) were already set up and announced. Other commentary such as vote against reasons is disclosed.
Principle 6	Periodic reporting of the code-related activities <ul style="list-style-type: none">• To set in motion publishing an annual report the NPS shareholder activities containing voting, shareholder engagement, issues and outcomes.
Principle 7	Enhancement of capabilities and expertise <ul style="list-style-type: none">• To increase resources/workforce and opportunities to exchange opinions with other institutions with an aim to enhance expertise in this subject.

Governance Structure of Responsible Investment & Governance Activities

Fund Management Committee	<ul style="list-style-type: none">• To have a final say on principles, guidelines and policies in association with the code.
Special Committee on Responsible Investment & Governance (private experts)	<ul style="list-style-type: none">• To support the FMC in making decisions on the code;• e.g. to set direction on important voting decisions
NPSIM	<ul style="list-style-type: none">• To execute any activities regarding the code upon review and approval by the Investment Committee within the designation of the FMC;• To execute any activities regarding the code as determined by the special committee on Stewardship Responsibilities;• To execute any activities regarding the code as agreed by the FMC's chair or approved by the FMC.

With adoption of the Stewardship Code, the NPS has undertaken a broader scope of activities in pursuit of executing shareholder rights, beyond the limited activities of voting and request for reasonable dividend payout policies toward corporate dialogue, focus lists and litigation to the widened extent. To support the new activities, the NPS has prepared a set of guidelines on focus lists and litigation, and reported them to the Special Committee on Responsible Investment & Governance in late 2018.

Before vs. After the Adoption of Stewardship Code



In line with the code, the NPS established the guideline on its principles, practices and procedures in pursuit of improving shareholder values and enhancing a long-term return of the fund. In accordance with said guidelines, the NPS conducts a wider spectrum of shareholder engagement activities, including focus lists and unexpected concerns, in a fair and transparent manner. In the future, the NPS will implement a roadmap of shareholder activities step by step, including pre-event disclosure of voting results.

Responsible Investment & Governance Activities of Focus Lists and Unexpected Concerns

Type	Focus List	Unexpected Concerns
Purpose	To request for improvement in given cases	To request for improvement in given concerns
Corporate Dialogue	<ul style="list-style-type: none"> Applicable to a company held by NPS at +5% of the total issues or +1% of its total portfolio that meets the requirements of the focus list NPS builds a friendly dialogue channel with the company and encourages it to set up plans of improving shareholder values In this stage, the corporate dialogue remains closed. However, if the company resists discussions and shows no willingness to improve, an open letter may be sent. 	<ul style="list-style-type: none"> Applicable to a company with which the Investment Committee decided to have closed dialogue based on Controversial Issue assessment and ESG grading NPS builds a friendly dialogue channel with the company and encourages it to set up plans of improving shareholder values At this stage, corporate dialogue remains closed. However, if the company resists discussions and shows no willingness to improve, an open letter may be sent.
Selection of Focus List - Non - disclosure vs. Disclosure	<ul style="list-style-type: none"> Applicable to a company with no improvement after corporate dialogue for a given period of time NPS puts the company on the focus list and encourages it to improve itself continuously In this stage, the focus list remains confidential. However, if the company shows no improvement until the end of the year, the Special Committee on Responsible Investment & Governance decides whether to disclose the list. 	None
Corporate Governance Engagement (shareholder proposal)	<ul style="list-style-type: none"> Applicable to a company with no improvement after a corporate dialogue for a given period of time The FMC approves whether to begin management participation engagement upon review of how much the company has improved. In case of dividend payouts, if the company does not show any improvement even after it is on the focus list; and the list is disclosed, NPS may take part in other minority shareholder proposals, or make shareholder proposals of its own upon approval by the Special Committee on Responsible Investment & Governance. 	<ul style="list-style-type: none"> Applicable to a company with no improvement after corporate dialogue for a given period of time The FMC decides whether to begin corporate governance engagement if needed, upon consultation of the Special Committee on Responsible Investment & Governance.

3. Voting

The NPS exercises votes on its public stock holdings in the best interests of subscribers and beneficiaries. The detailed standards, practices and procedures regarding voting by the NPS are set on a basis of the "Guideline on Stewardship Responsibility Activities of the National Pension Fund" as approved by the FMC, and are executed upon review and approval by an internal committee of NPSIM, referred to as the 'Investment Committee'. Having said that, there are certain cases that include: a) a case that the Investment Committee elects to refer to the Special Committee on Responsible Investment & Governance for a decision, and b) a potentially important case that three or more members of the Special Committee on Responsible Investment & Governance think is likely to affect long-term shareholder values and should be referred to the Special Committee on Responsible Investment & Governance for a decision. In those cases, the Special Committee on Responsible Investment & Governance makes a decision, and NPSIM implements such decisions.

In line with the pre-defined objective and transparent voting procedures, the NPS exercises votes and publicly discloses its voting results within 14 days of the date upon which a shareholder meeting is held. Having said that, in cases decided by the Special Committee on Responsible Investment & Governance or approved by the Special Committee on Responsible Investment & Governance for prior disclosure, voting opinions may be disclosed in advance.

Voting Standards

Article 6 of the Guideline on Responsible Investment & Governance (Voting)

Voting shall be exercised for all stocks held under the name of the NPS, except in the case where the NPS holds less than 1/100 of the total issues by a company and less than 5/1000 of domestic stock holdings (or less than 5/1000 of global stock holdings).

In 2018, the NPS attended a total of 768 shareholder meetings and exercised votes on 2,864 agendas. The result was found to be 2,309 Vote-For (80.62%), 539 Vote-Against (18.82%) and 16 Neutral/Abstain (0.56%). The reasons for a total of 539 Vote-Against included 226 votes (41.9%) against nominations of directors and auditors, 47 votes (8.7%) against amendment to articles of incorporation, 230 votes (42.7%) against raises to approval of remuneration limits and 36 votes (6.7%) against others.

Voting Results over the Last 3 Years

Year	Company	Shareholder Meeting	Agenda	Result		
				For (%)	Against (%)	Neutral/Abstain (%)
2018	764	768	2,864	2,309	539	16
				80.62%	18.82%	0.56%
2017	772	708	2,899	2,519	373	7
				86.89%	12.87%	0.24%
2016	753	796	3,010	2,692	303	15
				89.43%	10.07%	0.50%

IV. Appendix



- IV– 1. 2018 Financial Statements
- IV– 2. Public Disclosure
- IV– 3. FMC Meetings in 2018
- IV– 4. Key Statistics

IV- 1. 2018 Financial Statements

Independent Auditors' Report

(Based on a report originally issued in Korean)

To Minister of Health and Welfare and the National Pension Fund Management Committee

Opinion

We have audited the financial statements of National Pension Fund (hereinafter the "NPF"), which comprise the statement of financial position as at December 31, 2018 and December 31, 2017, and , the statements of financial operation, and statements of changes in net assets for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of December 31, 2018 and 2017 and the results of its operations, and the changes in its net assets for the years then ended in conformity with the National Accounting Standards of the Republic of Korea.

Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the NPF in accordance with the ethical requirements that are relevant to our audit of the financial statements in Korea, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the National Accounting Standards of the Republic of Korea, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the NPF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the NPF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the NPF's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seoul, Korea

February 14, 2019

This audit report is effective as of the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditors' report date to the time this audit report is used. Such events and circumstances could significantly affect the accompanying financial statements and may result in modifications to this report.

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Statements of Financial Positions

As of December 31, 2018 and 2017

(In Korean Won)

	2018	2017
Assets		
I . Current Assets	₩ 143,096,600,780,244	₩ 159,656,558,788,156
1. Cash and cash equivalents	1,410,925,158,744	992,850,639,067
2. Short term financial instruments	7,558,995,614,834	3,109,900,000,000
(1) Bank deposits	7,430,000,000,000	3,109,900,000,000
(2) Other short term financial instruments	128,995,614,834	-
3. Short term investment securities	131,772,957,256,033	152,937,214,530,133
(1) Debt securities	32,449,864,639,394	44,572,048,415,128
a. Government bonds	4,589,159,264,432	12,823,522,994,278
b. Public bonds	570,399,595,890	1,803,066,612,703
c. Municipal bonds	334,669,607,623	155,305,909,248
d. Special bonds	6,063,546,902,238	5,399,737,865,333
e. Financial bonds	8,351,322,431,755	12,024,521,948,777
f. Credit financial bonds	1,310,388,840,109	1,450,300,033,862
g. Corporate bonds	10,452,850,764,605	9,760,473,924,367
h. Foreign bonds	175,991,174,110	415,324,268,186
i. CP	19,967,468,494	-
j. Electronic short-term bonds	581,568,590,138	739,794,858,374
(2) Equity securities	99,323,092,616,639	108,365,166,115,005
a. Domestic stocks	58,843,105,039,562	71,324,882,008,373
b. Foreign stocks	40,479,987,577,077	37,040,284,106,632
4. Other receivables	2,017,699,237,818	2,290,901,085,133
(1) Accrued interest income	1,905,947,795,693	2,122,602,914,395
(2) Accrued other income	64,137,867,361	49,259,107,115
(3) Other accounts receivable	48,163,849,847	119,846,384,085
Allowance for other accounts receivable	(550,275,083)	(807,320,462)
5. Short term loans	309,745,944,895	143,170,851,961
(1) Short term loans	380,290,266,079	173,914,955,494
Allowance for bad debts	(70,544,321,184)	(30,744,103,533)
6. Other current assets	26,277,567,920	182,521,681,862
(1) Derivatives	26,246,321,870	182,491,577,062
(2) Prepaid income taxes	31,246,050	30,104,800
II . Investments	495,230,712,420,443	461,533,767,442,206
1. Long term investment securities	490,094,680,661,669	456,591,220,317,101
(1) Debt securities	242,775,110,697,051	215,924,342,067,604
a. Government bonds	114,478,852,412,118	102,571,040,029,938
b. Public bonds	1,939,338,229,318	2,194,687,747,824
c. Municipal bonds	2,584,988,517,565	2,290,584,426,983
d. Special bonds	49,159,207,988,341	47,054,406,469,119

	2018	2017
e. Financial bonds	26,768,847,387,008	18,719,170,366,743
f. Credit financial bonds	7,520,309,730,475	5,550,048,150,314
g. Corporate bonds	29,705,015,475,345	27,630,317,682,865
h. Foreign bonds	10,618,550,956,881	9,914,087,193,818
(2) Equity securities	247,319,569,964,618	240,666,878,249,497
a. Domestic discretionary contract assets	88,005,925,374,815	95,030,268,623,750
b. Foreign discretionary contract assets	88,173,596,874,675	83,883,794,411,169
c. Stocks	5,448,840,542,965	5,464,354,857,151
d. Equity investments	9,642,891,947,177	8,264,998,449,794
e. Beneficiary certificates	4,750,741,840,271	4,173,244,963,046
f. Foreign equity securities	51,297,573,384,715	43,850,216,944,587
2. Long term loans	5,136,031,758,774	4,909,708,273,747
(1) Long term loans	5,169,634,147,366	4,980,779,486,058
Allowance for bad debts	(33,602,388,592)	(71,071,212,311)
3. Other investments	-	32,838,851,358
(1) Derivatives	-	32,838,851,358
III . Other non-current assets	584,449,531,760	654,034,260,520
1. General business accounting assets	449,983,952,150	514,307,182,098
2. Welfare business accounting assets	134,465,579,610	139,727,078,422
Total assets	₩ 638,911,762,732,447	₩ 621,844,360,490,882
Liabilities		
I . Current liabilities		
1. Current liabilities	95,243,806,096	148,172,447,091
1. Derivatives	53,118,825,477	49,059,370,611
2. Other accounts payable	37,740,838,658	95,285,078,513
3. Accrued expenses	2,183,637,034	1,627,493,040
4. Other deposits received	2,200,504,927	2,200,504,927
II . Other non-current liabilities	35,446,202,830	35,085,324,300
1. Derivatives	-	-
2. Security deposits received from NPS	35,446,202,830	35,085,324,300
Total liabilities	130,690,008,926	183,257,771,391
Net assets		
I . Basic net assets	335,261,900	335,261,900
II . Reserve and surplus	565,949,733,204,144	527,497,277,004,937
1. Reserve for national pension benefits	351,616,388,516,346	327,995,592,618,526
2. Surplus	214,333,344,687,798	199,501,684,386,411
III . Net asset adjustments	72,831,004,257,477	94,163,490,452,654
1. Accumulated gain on investment securities valuation	72,897,435,903,876	94,198,622,062,176
2. Accumulated loss on derivatives valuation	-	-
3. Other changes in net assets	(66,431,646,399)	(35,131,609,522)
Total net assets	638,781,072,723,521	621,661,102,719,491
Total liabilities and net assets	₩ 638,911,762,732,447	₩ 621,844,360,490,882

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The National Pension Fund has adopted National Accounting Standards abiding by the Article 11, Clause 1 of the National Accounting Act, effective from 2009, and detailed accounting standards approved by the National Accounting Act Business Accounting Deliberation Council (BADC) in the preparation of its financial statements.

(1) Basis of Financial Statement Presentation

The NPF maintains its official accounting records in Korean Won and prepares financial statements in Korean language which is in conformity with National Accounting Standards. The accompanying financial statements have been translated into English from Korean language financial statements. Certain accounting principles applied by the NPF that conform with National Accounting Standards in the Republic of Korea may not conform to those standards used in other countries. Accordingly, these financial statements are intended for those who understand National Accounting Standards of Republic of Korea.

(2) Pension Contributions and Disbursements

Pension contributions are recognized as their revenue that is based on the amount deposited into the National Pension Fund Account in the Bank of Korea as of the balance sheet date. The fund is transferring out as Pension Benefit Transfer-Out fund to general business accounting fund for paying out pension benefit. The difference between pension contributions and pension benefit transfer-out is accrued as an expense item in the Statements of Financial Operations and is reflected as net assets in the Statements of Financial Positions.

For the period from the introduction of National Pension Scheme which was January 1, 1988 to December 31, 2018, the total billed pension contributions were KRW 539,798,805 million. Of this contributions, KRW 528,616,428 million was collected and KRW 11,182,377 million (2.1%) was not collected as of December 31, 2017. The uncollected amount was not recognized as revenue. The accumulated billed pension contributions for workplace based insured persons are KRW 462,248,356 million and the accumulated uncollected amount is KRW 5,522,211 million (1.2%). The accumulated billed pension contributions for individually regional based insured persons are KRW 77,550,449 million and the accumulated uncollected amount is KRW 5,660,165 million (7.3%).

If the uncollected amount had been recognized as receivable by billing basis, the effect of such recognition should be as follows; Total assets in the statement of financial position (accumulated uncollected amount less the estimated bad debt amount) and net assets (Pension benefit reserve) would be increased. There would have been no effect on the result of financial operation since the total revenue (earnings from uncollected amount in the current period) and gross cost (pension benefit reserve transfers, etc.) in the Statements of Financial Operations would be increased in the same amount.

(3) Cash and Cash Equivalents

Cash and cash equivalents include currencies, substitute securities of currencies including checks issued by others, savings and checking accounts, and securities and financial instruments with high liquidity that can be converted into cash without serious costs and interest rate risk and of which maturities are three month or less at the time of purchase.

(4) Long Term and Short Term Financial Instruments

The NPF recognizes time deposits, time installment deposits, structured products owned by the NPF for short-term funding purpose, and products with a maturity of less than one year as short term financial instruments. The rest of financial instruments besides cash and cash equivalents and short term financial instruments are classified as long term financial instruments.

(5) Securities

Based on the maturity, securities are categorized into short-term and long-term securities. The short-term securities include debt and equity securities with a maturity of less than one year, or expected to be disposed

within a year as of balance sheet date. The long-term securities include such securities with a maturity of more than one year, or expected to be disposed in more than a year as of balance sheet date.

The historical costs of securities are the sum of market value and incidental expenses at acquisition of the investment securities. In the investment securities, the NPF uses moving average method to calculate the historical costs for equity securities, including stocks and equity investment, while using specific identification of cost method for debt securities. When historical costs of debt securities differ from face value, the effective interest rate method is applied to amortize the difference over the remaining term of the securities.

Both for long-term and short-term investment securities, the fair value available to measure at the balance sheet date is used to evaluate the securities. The difference between the book value and fair value of the securities is appeared as a reconciliation item in the statement of changes in net assets.

For equity securities, market price is considered as fair value and is the closing price at the balance sheet date. For debt securities with unavailable market quotations, an average debt value determined by independent credit rating agencies authorized as debt evaluation agencies is used to determine fair value.

The fair value of beneficiary certificates, including discretionary contract assets, is their trading price presented by fund managers. The fair value of non-marketable securities included into underlying investment assets is calculated by using rational evaluation model and estimated value suggested by outside professional evaluation agencies.

For equity securities with unavailable market quotations, fair values are evaluated by external independent valuation companies applying reasonable valuation models and estimates. For foreign equity investments, net asset values provided by external asset management companies are used to estimate fair values. However, loans, BTL/BTO and SOC investments of which investment amount are less than KRW 10,000 million, and investments in individual companies (projects) and real estates of which investment period is less than one year at balance sheet dates are not subject to such fair value evaluation.

When recoverable value of securities decreases below the book value and the decrease stays significantly long to recover, the NPF recognizes the difference between recoverable and book value as impairment losses in net operating cost.

(6) Allowance for Bad Debts

The NPF provides allowance in accordance with estimate amount of loss from short-term and long-term loans and advance payments based on rational and specific method. Abiding by its guidelines for asset quality classification, the loans are classified into five levels in consideration with the borrowers' credit risk ratings, "normal," "precautionary," "substandard," "doubtful," and "estimated loss." The minimum loan loss rates according to the guidelines for loans range from 0.5% (0.2 % for loans guaranteed by Korean government, local government or government invested organizations) for normal, 2.0% for precautionary, 20% for substandard, 50% for doubtful and 100% for estimated loss.

(7) Derivatives

The NPF evaluates rights and responsibilities according to contracts for derivative instrument and sums them as assets and liabilities in the financial statements. The gain/loss created by the contracts reflects as a part of net operating cost when they occur. The derivative instrument designated as hedging the exposure to variability in expected future cash flows of an asset or a liability is attributable to gain/loss on valuation of derivatives in the statements of changes in net assets.

(8) Provisions, Contingent Liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past

event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities which are not recognized as liabilities because they are either possible obligations, as it has yet to be confirmed whether the entity has a present obligation that could lead to an outflow of resources embodying economic benefits or present obligations that do not meet the recognition criteria in this Standard (because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made) is disclosed in the notes.

(9) Foreign Currency Translation

The NPF converts foreign currency-denominated monetary assets and liabilities into Korean won based on basic rates announced by Seoul Money Brokerage Service at balance sheet dates. Foreign currency translation gains/loss reflects into the calculation of net operating cost. For foreign currency-denominated investment securities, the difference between fair value, which is the amount in KRW translated at reporting period, and book value is presented as a part of adjustments in the net asset statements. The Korean won equivalent of assets and liabilities denominated in foreign currencies are translated in these financial statements based on the basic rate of KRW 1,118.1 to USD 1.00 on December 31, 2018, as announced by Seoul Money Brokerage Service.

(10) Transactions with General Business Accounting and Welfare Business Accounting

The NPF appropriates the amount transferred to purchase assets for general businesses for "general business accounting assets" in the statement of financial position, while the amount transferred to operate welfare businesses for "welfare business accounting assets." In addition, the amount transferred to general business accounting to pay pension benefits and spend for operation of the NPF is all reflected on the statements of financial operations as Pension Benefit and management and operating expense.

The NPF recognizes the changes in net asset values due to the net income (loss) of general or welfare business accountings as general/welfare business gain/loss in the statements of financial operations.

IV- 2. Public Disclosure

In accordance with Article 25 of the National Pension Fund Management Guideline and Article 39 of the National Pension Fund Management Regulation

Type	Deadline	Public Disclosure
Monthly	Within 60 days of every month end	<ul style="list-style-type: none"> • Compositions, expenses and reserves • Each asset class' portfolio status and its rate of return
Quarterly	Within 60 days of every quarter end (March, June, September and December)	<ul style="list-style-type: none"> • List of large equities holdings (to be disclosed until the 10th day of the next month every quarter pursuant the Financial Investment Services and Capital Markets Act) • Fixed income investments by type • List of external management companies and partner securities firms
Annually	Within 60 days of every year end → The investment details by asset class should be disclosed within 40 days of approval of performance evaluation reports in the FMC.	<ul style="list-style-type: none"> • Statements of financial positions and financial operations • Investment portfolios by asset class (to be disclosed within 40 days of approval of performance evaluation reports in the FMC) <ul style="list-style-type: none"> - Equity investment portfolio by sector - Alternative investment portfolio by type - Global investment portfolio by region - Externally managed securities funds • Investment holdings by asset class (to be disclosed within 40 days of approval of performance evaluation reports in the FMC) <ul style="list-style-type: none"> - Domestic and global equities holdings by security - Domestic fixed income holdings by issuer - Global fixed income holdings by security - Top 10 holdings by security in alternative investments and other related statistics • Responsible investment status <ul style="list-style-type: none"> - Policies, plans, organizations and activities regarding responsible investment - Standards on considering environment, society and governance (ESG) in investment for responsible investment - Scope of asset classes (internal/external management) considering responsible investment and investment scale - Investment of asset classes considering responsible investment (to be disclosed within 40 days of approval of performance evaluation reports in the FMC) - Standards on selecting external management companies related to responsible investment, the lists and the performance evaluation criteria
	Within 14 days of every occurrence	<ul style="list-style-type: none"> • The results of the FMC meetings • Fund Management Guideline and Fund Management Plan • Fund Management Regulation and standards on selecting external management companies and partner securities firms • Voting records of listed stocks approved by NPSIM or the Special Committee on Stewardship Responsibility (SR), and detailed vote-against reasons • Other matters regarding major fund management decisions, which are deemed as needed to be publicly disclosed

IV- 3. FMC Meetings in 2018

Meeting	No	Agenda	Meeting Result	
			PEC**	FMC**
1st (March 16)	1	The NPF* expense report for 2017	Reviewed	Approved
	2	The NPF voting guideline (amendment)	Reviewed	Approved
	3	The 8 th FMC meeting minute of 2017 (summary)		
	4	The report on active risk allocation of each asset class for 2018	Reported	
	5	The NPF fund management status as of December 31, 2017 (preliminary)		
2nd (April 27)	1	The guideline on improved transparency in fund management and other related activities (amendment)	Reviewed	Approved
	2	The 1 st FMC meeting minute of 2018 (summary)		
	3	The report on the studies of responsible investment and NPS Stewardship Code		
	4	The progress on establishment of the mid-term asset allocation plan for the period of 2019-2023 (confidential)	Reported	
	5	The NPF fund management status as of February 28, 2018 (preliminary)		
3rd (May 30)	1	The mid-term asset allocation plan for the period of 2019-2023 (confidential)	Reviewed (draft)	Approved (draft)
	2	The NPF fund management plan of 2019	Reviewed	Approved
	3	The 2 nd FMC meeting minute of 2018 (summary)		
	4	The NPF fund management status as of March 31, 2018 (preliminary)	Reported	
	5	The NPF fund management performance for 2017	Reviewed	Approved
4th (July 4)	1	The NPSIM incentive ratio plan of 2017	Reviewed	Approved
	2	The 3 rd FMC meeting minute of 2018 (summary)		
	3	The report on the adoption of NPF Stewardship code		
	4	The report on the adoption of NPF Stewardship code	Reported	
	5	The NPF fund management status as of April 30, 2018 (preliminary)		
5th (July 26)	1	The report on the adoption of NPF Stewardship code	Reviewed	Re-discussed
	2	The 4 th FMC meeting minute of 2018 (summary)	Reported	Reported
	3	The NPF fund management status as of May 31, 2018 (preliminary)	Reported	Unreported
6th (July 30)	1	The report on the adoption of NPF Stewardship code	-	Approved (revised)
	2	The NPF fund management status as of May 31, 2018 (preliminary)	-	Reported
7th (October 5)	1	The NPF fund management plan of 2018 (revised)	Reviewed	Approved
	2	The FMC operational improvement plan		
	3	The 5 th and 6 th FMC meeting minutes of 2018 (summary)	Reported	
	4	The NPF fund management status as of July 31, 2018 (preliminary)		
8th (December 14)	1	The target excess return plan of 2019	Reviewed	Approved
	2	The plan of silver loan business improvement	Reviewed	Approved
	3	The 7 th FMC meeting minute of 2018 (summary)		
	4	The NPF fund management status as of September 30, 2018 (preliminary)	Reported	

*NPF: National Pension Fund

**PEC: Practice Evaluation Committee; FMC: Fund Management Committee

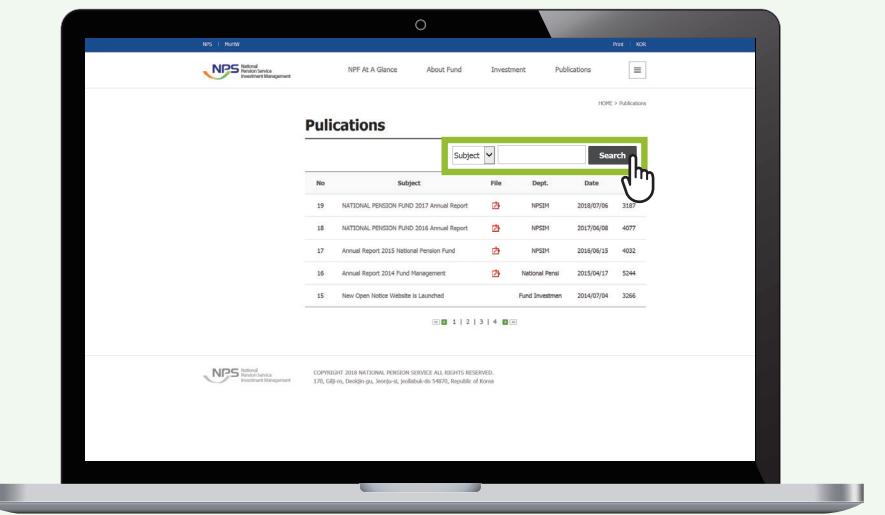
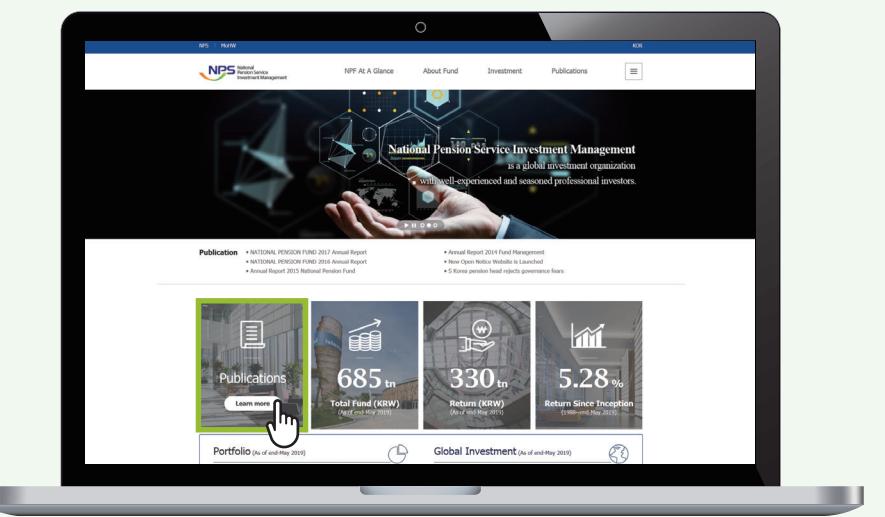
IV- 4. Key Statistics

	2014	2015	2016	2017	2018
Total Fund (market value)	4,698,229	5,123,241	5,582,991	6,216,611	6,387,811
Financial	4,692,534	5,116,983	5,576,819	6,210,372	6,382,168
Domestic Equity	839,296	948,965	1,023,591	1,315,200	1,089,138
Domestic Fixed Income	2,580,721	2,686,368	2,793,444	2,894,009	3,109,927
Global Equity	566,113	699,357	856,582	1,082,793	1,129,610
Global Fixed Income	205,866	215,932	232,154	232,740	265,874
Alternatives	466,550	546,585	636,668	668,362	766,195
Short-term Asset	33,988	19,776	34,380	17,273	21,426
Welfare	1,264	1,362	1,396	1,433	1,446
Other	4,431	4,896	4,777	4,806	4,196
Total Fund (book value)	4,208,259	4,540,901	4,889,498	5,271,788	5,655,446
Income	5,313,252	5,803,439	6,328,563	6,907,928	7,505,543
Contributions	3,669,961	4,034,222	4,424,580	4,842,430	5,286,164
Investment income	1,636,674	1,762,493	1,894,146	2,058,573	2,212,350
Government subsidies, etc.	6,618	6,724	6,837	6,925	7,029
Expense	1,104,993	1,262,538	1,439,065	1,636,140	1,850,097
Benefits	1,049,113	1,200,953	1,371,635	1,562,474	1,770,000
Other administrative expenses	55,880	61,585	67,430	73,666	80,097
The Insured	21,125,135	21,568,354	21,832,524	21,824,172	22,313,869
The Workplace-based Insured	12,309,856	12,805,852	13,192,436	13,459,240	13,817,963
The Individually Insured	8,444,710	8,302,809	8,060,199	7,691,917	7,694,885
The Voluntarily Insured, etc.	370,569	459,693	579,889	673,015	801,021
Beneficiary	3,748,130	4,028,671	4,362,254	4,692,847	4,769,288
Old-Age Pension	2,947,422	3,151,349	3,412,350	3,706,516	3,778,824
Disability Pension	75,387	75,688	75,497	75,486	75,734
Survivor Pension	563,996	605,151	647,445	693,141	724,132
Lump-sum allowance	161,325	196,483	226,962	217,704	172,598

GUIDE TO FUND STATUS ON WEBSITE

Go to our website (fund.nps.or.kr), or go to the website of NPS (www.nps.or.kr) and click the section of the NPSIM for information on the fund management.

This report was published to help readers understand how the NPS administers and manages the NPF. There might be small differences of time and omission of explanation, and statistical differences in the first or second decimals due to round up. This report reflected the estimated statistics for the period ending 2018. The confirmed statistics for the period ending 2018 will be released after the performance evaluation report for the year of 2017 is approved by the FMC in July, 2019. The financial report for 2018 will be approved by the National Assembly of South Korea within the year. The approved reports will be available on the website of the Ministry of Health and Welfare (www.mohw.go.kr) and our website (fund.nps.or.kr).



The NPS discloses transparently the information on the status and direction of fund management for all stakeholders including contributors and beneficiaries.

For the information including guidelines, plans and regulations on fund management, financial statements, investment portfolios and performance, external management, invested assets and voting, please visit our website.



National Pension Fund 2018 Annual Report
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