FIXED INCOME ISSUE REPORT

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Global Fixed Income

Japan's GPIF confirms KTB purchases

- Japan's GPIF has confirmed that it has bought 63 KTBs totaling JPY204.3b, accounting for 0.28% of its total sovereign bond holdings.
- Based on a 2.18% portfolio allocation, GPIF is expected to inject around KRW16t into the Korean government bond market by Nov 2026.
- The fund has already ploughed an estimated KRW8t into KTBs.

Japan's Government Pension Investment Fund (GPIF) portfolio as of end-March has just been disclosed. GPIF publishes its full holdings once a year, and its benchmark for passive overseas bond allocation is WGBI ex-Japan ex-China. We believe that capital inflows into the Korean government bond market from WGBI-tracking funds began in the last week of March, following the WGBI index fixing date (Mar 25). This timing is further confirmed by GPIF's recently disclosed portfolio.

Key findings from the disclosed GPIF portfolio are as follows: Of GPIF's total overseas bond holdings (JPY72.82t), 98.4% (JPY71.63t) has been allocated to passive funds tracking the WGBI ex-Japan ex-China index, indicating that the vast majority of GPIF's overseas bond exposure is linked to this benchmark. Among the 10,039 individual overseas bond issues held by GPIF, 63 are KTBs. Notably, KTBs were entirely absent from the portfolio just one year ago. The confirmed buying of KTBs amounts to JPY204.3b (around KRW1.96t), representing 0.28% of GPIF's total overseas sovereign bond holdings, which figure is expected to reach 2.18% (fully weighted; in the WGBI ex-Japan ex-China index) by November. Once fully incorporated, GPIF's allocation alone is expected to inject around KRW16t into the Korean government bond market. Given that the KTB portion of the WGBI ex-Japan ex-China index will rise in phases over April-November, we believe that half of this figure (KRW8t) has already flowed into KTBs (as of July).

Among individual KTB issuances, the largest purchases were 23-2 (30-year, JPY7.77b) and 25-4 (3-year, JPY7.16b). WGBI eligibility requires bonds with remaining maturities of 1-30 years; GPIF has been buying most (63) of the KTBs that meet this criterion (65). The two excluded issues are 17-3 (10-year, maturing Jun 2027) and 22-8 (5-year, maturing Sep 2027)—both are older issuances with a little less and a little more than 12 months remaining until maturity, respectively. For reference, as of Jul 2026, two previously eligible bonds—24-4 (3-year, maturing Jun 2027) and 17-3 (10-year, maturing Jun 2027)—have now fallen below the 1-year remaining maturity threshold and are no longer eligible. However, two newly issued bonds—26-5 (3-year, issued Jun 2026) and 26-6 (10-year, issued Jun 2026)—meet the eligibility criteria, maintaining the total number of eligible KTBs at 65.

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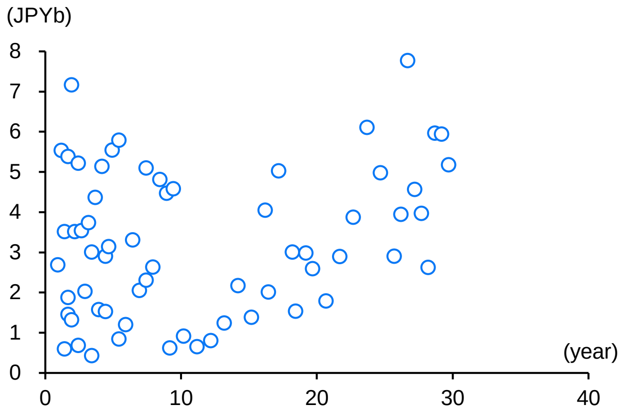
GPIF portfolio confirms inclusion of KTBs (as of Mar 31)

ISIN	Security name	Market value (JPY)	ISIN	Security name	Market value (JPY)
KR103502GD31	Korea Treasury Bond 3.25% 03/10/2053	7,772,064,830	KR103504GF94	Korea Treasury Bond 2.75% 09/10/2045	2,978,910,337
KR103501GF63	Korea Treasury Bond 2.25% 06/10/2028	7,160,281,155	KR103502GAC2	Korea Treasury Bond 1.5% 12/10/2030	2,901,436,397
KR103502GA34	Korea Treasury Bond 1.5% 03/10/2050	6,106,590,710	KR103502GC32	Korea Treasury Bond 2.5% 03/10/2052	2,898,043,542
KR103502GF39	Korea Treasury Bond 2.625% 03/10/2055	5,962,603,947	KR103502G834	Korea Treasury Bond 2.625% 03/10/2048	2,895,648,007
KR103502GF96	Korea Treasury Bond 2.625% 09/10/2055	5,941,370,008	KR103501GE64	Korea Treasury Bond 3.25% 06/10/2027	2,685,121,997
KR103502GBC0	Korea Treasury Bond 2.375% 12/10/2031	5,785,505,713	KR103502GE63	Korea Treasury Bond 3.5% 06/10/2034	2,627,276,544
KR103502GB66	Korea Treasury Bond 2% 06/10/2031	5,543,940,411	KR103502GE97	Korea Treasury Bond 2.75% 09/10/2054	2,623,856,376
KR103501GF97	Korea Treasury Bond 2.25% 09/10/2027	5,532,183,766	KR103502G636	Korea Treasury Bond 2% 03/10/2046	2,595,242,871
KR103502GG38	Korea Treasury Bond 3% 03/10/2028	5,379,759,638	KR103502G3C1	Korea Treasury Bond 3.75% 12/10/2033	2,304,735,417
KR103501GFC3	Korea Treasury Bond 2.75% 12/10/2028	5,219,243,775	KR103502GA91	Korea Treasury Bond 1.5% 09/10/2040	2,169,558,600
KR103501GG39	Korea Treasury Bond 3.5% 03/10/2056	5,172,791,005	KR103502GD64	Korea Treasury Bond 3.25% 06/10/2033	2,047,716,121
KR103503GF95	Korea Treasury Bond 2.5% 09/10/2030	5,132,743,055	KR103502G966	Korea Treasury Bond 1.875% 06/10/2029	2,027,463,793
KR103502GDC6	Korea Treasury Bond 4.125% 12/10/2033	5,099,183,845	KR10350172C8	Korea Treasury Bond 3% 12/10/2042	2,014,052,155
KR103504GD96	Korea Treasury Bond 3.875% 09/10/2043	5,025,681,920	KR103501GD32	Korea Treasury Bond 3.25% 03/10/2028	1,872,497,501
KR103502GB33	Korea Treasury Bond 1.875% 03/10/2051	4,973,196,698	KR103502G735	Korea Treasury Bond 2.125% 03/10/2047	1,786,655,646
KR103502GEC4	Korea Treasury Bond 3% 12/10/2034	4,806,759,721	KR103502GA67	Korea Treasury Bond 1.375% 06/10/2030	1,576,615,403
KR103502GFC1	Korea Treasury Bond 3.25% 12/10/2035	4,583,050,560	KR103502G4C9	Korea Treasury Bond 2.75% 12/10/2044	1,531,869,598
KR103502GD98	Korea Treasury Bond 3.625% 09/10/2053	4,563,084,778	KR10350270C0	Korea Treasury Bond 4.75% 12/10/2030	1,522,330,840
KR103502GF62	Korea Treasury Bond 2.625% 06/10/2035	4,467,449,008	KR1035027V32	Korea Treasury Bond 5.5% 03/10/2028	1,455,312,160
KR103503GF38	Korea Treasury Bond 2.625% 03/10/2030	4,361,398,246	KR103503GB99	Korea Treasury Bond 1.875% 09/10/2041	1,382,496,487
KR103504GC97	Korea Treasury Bond 3.25% 09/10/2042	4,049,073,763	KR103502G867	Korea Treasury Bond 2.625% 06/10/2028	1,315,396,016
KR103502GE30	Korea Treasury Bond 3.25% 03/10/2054	3,968,697,243	KR103502G990	Korea Treasury Bond 1.125% 09/10/2039	1,237,664,783
KR103502GC99	Korea Treasury Bond 3.125% 09/10/2052	3,939,789,876	KR103502GC65	Korea Treasury Bond 3.375% 06/10/2032	1,203,095,000
KR103502G933	Korea Treasury Bond 2% 03/10/2049	3,874,459,962	KR103502G693	Korea Treasury Bond 1.5% 09/10/2036	909,797,196
KR103501GE98	Korea Treasury Bond 3% 09/10/2029	3,740,264,279	KR10350271C8	Korea Treasury Bond 4% 12/10/2031	838,321,390
KR103501GE31	Korea Treasury Bond 3.25% 03/10/2029	3,536,016,711	KR103502G891	Korea Treasury Bond 2.375% 09/10/2038	801,100,136
KR103501GEC6	Korea Treasury Bond 2.875% 12/10/2027	3,516,214,543	KR103502G8C0	Korea Treasury Bond 2.375% 12/10/2028	683,702,628
KR103501GD99	Korea Treasury Bond 3.5% 09/10/2028	3,514,136,130	KR103502G792	Korea Treasury Bond 2.25% 09/10/2037	647,953,528
KR103502GCC8	Korea Treasury Bond 4.25% 12/10/2032	3,307,493,754	KR103502G594	Korea Treasury Bond 2.625% 09/10/2035	616,549,936
KR103503GG37	Korea Treasury Bond 3.375% 03/10/2031	3,136,414,385	KR103502G7C2	Korea Treasury Bond 2.375% 12/10/2027	592,541,323
KR103502G9C8	Korea Treasury Bond 1.375% 12/10/2029	3,006,025,699	KR1035027WC3	Korea Treasury Bond 5.5% 12/10/2029	429,917,706
KR103504GE95	Korea Treasury Bond 2.875% 09/10/2044	3,005,330,807			

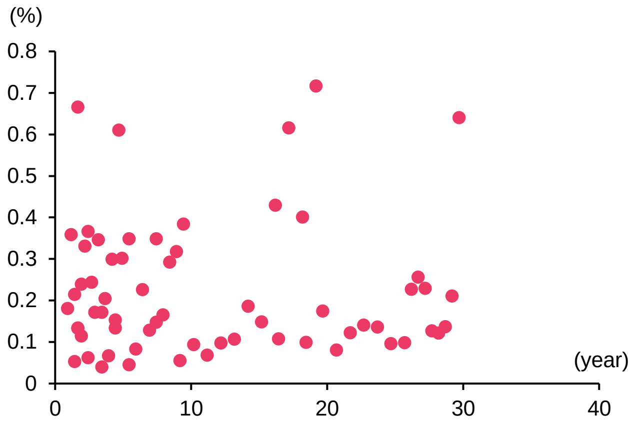
Source: GPIF

GPIF's KTB holdings by remaining maturity



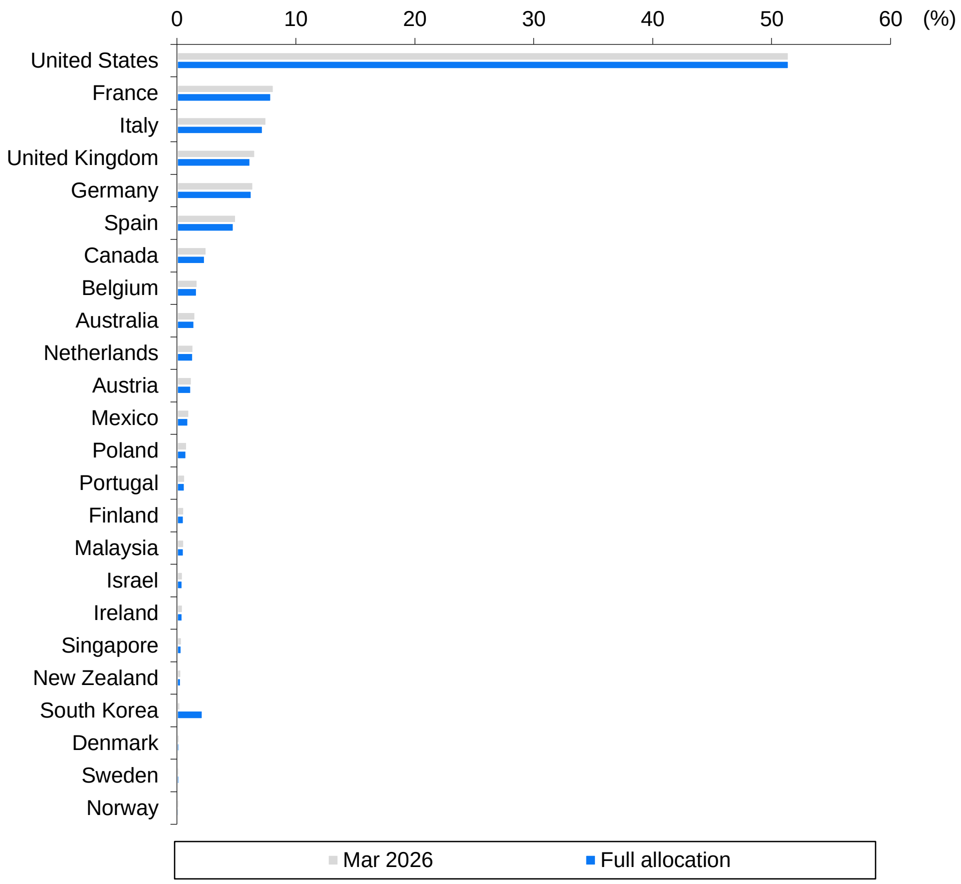
Note: As of Mar 31
Source: Koscom, Samsung Securities

GPIF's KTB holdings as portion of each KTB issuance



Note: As of Mar 31
Source: Koscom, Samsung Securities

GPIF's portfolio composition as of Mar 31 (vs full allocation)



Source: GPIF, FTSE, Samsung Securities

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