

### Japan tenet update – 14 February 2013

The Japanese government has recently released its budget for 2013. We have updated our numbers and included a summary in the table below.

Our investment tenet is detailed in our report of May 2010 focused on solvency concerns. We believe the position has further deteriorated.

The fund continues to hold a material exposure to this tenet.

#### Japan - General Account Budget (Trillions of Yen unless otherwise stated)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenue	64	66	62	62	60	59	60	62	56	57	60	57	52	50	53	58	57	59	56	49	48	48	46	47
Expenditures	66	66	67	72	71	74	73	73	77	79	78	78	77	75	75	74	70	70	73	92	81	80	78	80
Deficit	-1	0	-5	-10	-11	-15	-13	-11	-22	-22	-18	-21	-24	-24	-21	-16	-14	-11	-17	-43	-34	-31	-32	-33
Deficit % GDP	0	0	-1	-2	-2	-3	-3	-2	-4	-4	-3	-4	-5	-5	-4	-3	-3	-2	-3	-9	-7	-7	-7	-7
GDP	449	476	488	491	496	502	512	523	512	505	510	506	499	499	504	504	507	513	501	471	482	468	475	476
Employment (millions)	62	64	64	65	65	65	65	66	65	65	64	64	63	63	63	64	64	64	64	63	63	63	62	62
Current a/c % GDP	1.4	1.9	2.9	3.0	2.7	2.1	1.4	2.2	3.0	2.6	2.5	2.1	2.8	3.2	3.7	3.6	3.9	4.9	3.3	2.9	3.7	2.0	1.6	2.3
Household savings %**	13	15	15	14	13	12	10	9	10	9	7	4	3	3	2	1	1	1	0	2	2	3	2	2
Interest + social sec % revenue	35	35	38	39	41	43	43	42	47	52	46	50	54	55	52	48	48	48	54	76	77	78	79	83
Gross debt*	301	317	348	379	413	458	507	552	606	666	715	777	819	846	910	939	942	939	961	991	1,037	1,075	1,123	1,166
Net debt*	60	55	67	83	96	118	148	179	233	268	304	331	372	387	415	414	411	413	478	500	543	592	643	689
Gross debt % GDP	67	66	71	77	83	91	99	106	118	132	140	154	164	170	181	186	186	183	192	210	215	230	237	245
Net debt % GDP	13	12	14	17	19	23	29	34	46	53	60	66	74	78	82	82	81	80	95	106	113	126	135	145

Notes / Sources: Japan Ministry of Finance, IMF, OECD. \* General Government. \*\* as % of disposal household income. 2013 forecasts from Japan Ministry of Finance, IMF and OECD.

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