



Public Service Pension Fund













2022

ANNUAL REPORT



*Strengthen the financial structure and
ensure sustainable operation;
Ensure pension income and take care
of the aged and their dependents.*

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I Addresses by Chiefs of the Supervisory Board and the Management Board of PSPF

Chairperson of the Public Service Pension Fund Supervisory Board
(also the Vice President of the Examination Yuan)

Chou, Hung-Hsien



Expectations of Chou, Hung-Hsien Chairperson of the Public Service Pension Fund Supervisory Board

Since year 2020, when the COVID-19 variants continued to evolve, the pandemic has lingered on with ups and downs in infection case numbers that has made a lasting mark on our lives. In 2022, global and Taiwan investment markets alike were not immune to the political and economic headwinds, including the ongoing Russia-Ukraine war, US-China conflicts, China's lockdown measures and escalating inflation worldwide. As a result, the performance of the Public Service Pension Fund also took a hit. In a volatile investment environment, the Fund's investment return stood at -6.73% in 2022, below its target return of 4.0% for the year but still ahead of other domestic government funds, albeit with room for improvement.

Having been in operation for 27 years since its inception in July 1995 until the end of 2022, the Fund is operated by the Public Service Pension Fund Management Board under the Ministry of Civil Service, and reviewed, supervised and evaluated by the Public Service Pension Fund Supervisory Board under the Examination Yuan. Thanks to the efforts of the two boards over the years, the regulatory and operational mechanisms of the Fund have been maintained to a certain standard. In response to calls for a step-up in the management of the Fund and the upcoming implementation of the individual account pension system for newcomers starting July 1, 2023, the management and supervision authorities of the Fund will undergo organizational restructuring in conjunction with the Examination Yuan and the competent Ministry of Civil Service. It is envisaged that the Supervisory Board will be transferred from the Examination Yuan to the Ministry of Civil Service, and take charge of the oversight of the existing Government Employee and School Staff Insurance, the Public Service Pension Fund, and the Public Service Retirement Fund under the aforementioned new pension system; while the Management Board will be reorganized into the Management Bureau of PSPF.

Looking ahead to the rest of 2023, risks such as the COVID-19 infection, the war in Ukraine and inflation seem to be continuing to drag the performance of the global and Taiwan financial markets; thus we are looking forward to the management of the Fund to seize the investment opportunities and create good results. Despite the uncertainty of organizational restructuring facing the Fund's supervisory and management organizations, we are still encouraging the whole staff members to work professionally, diligently, and undauntedly by challenges, so that the Fund can operate on a sustainable basis and live up to the expectations of its participants.

Chairperson of the Public Service
Pension Fund Management Board
(also the Minister of the Ministry of
Civil Service)

Chou, Chih-Hung



Expectations of Chou, Chih-Hung Chairperson of the Public Service Pension Fund Management Board

In order to build a new and sustainable pension system, after more than two years of deliberation and promotion, the Act Governing Retirement, Severance, and Bereavement Compensation Under the Individual Account System for Civil Servants passed the third reading at the Legislative Yuan on December 16, 2022 and was promulgated by the President on January 11, 2023. The new pension system will come into effect on July 1, 2023, which will not only provide a secure retirement system for qualified public servants, but will also help to enhance the financial soundness of the pension scheme. In addition, the refill mechanism for the current Public Service Pension Fund has been made into the law to ensure that the pension rights of serving and retired government employees are safeguarded. The Fund's Management Board will also be restructured as a response to managing the new pension system, with a view to making decisions more promptly and precisely and enhancing the efficiency of the Fund's operations.

The global economy did not perform well in 2022 due to factors such as virus variants, the Russia-Ukraine war, high inflation and climate change, with the MSCI World Index and the Taiwan Stock Exchange Capitalization Weighted Stock Index falling by 18.36% and 22.40%, respectively. Under the adverse global economic conditions, the Fund's overall loss in 2022 amounted to NT\$47.8 billion, representing an annual rate of return of -6.73%. Nevertheless, the weighted average rate of return for the past five years was 4.37% as at December 31, 2022, still marking a solid performance.

Moving forward, the global economy is heading for many new uncertainties in the wake of the turmoil in financial markets in 2022. Therefore, the Management Board will continue to keep an eye on the development of the international economic and financial situation, adjust its asset allocation and investment strategy flexibly, grasp investment opportunities in varied markets, and conduct diversified investment outsourcing projects in a timely manner, thus effectively diversifying risks, in order to pursue long-term stable investment performance, as well as rationalize pension benefits in line with various system reforms to ease the financial burden of the Fund and make every effort to protect the interests of Fund participants.

I Addresses by Chiefs of the Supervisory Board and the Management Board of PSPF

Executive Secretary of the
Public Service Pension Fund
Supervisory Board

Kao, Shyh-Nan



Message from Kao, Shyh-Nan

Executive Secretary of the Public Service Pension Fund Supervisory Board

The year 2022 witnessed a spate of negative events, starting with Russia's invasion of Ukraine in February, the US Federal Reserve hiking interest rates aggressively in March, followed by China's draconian COVID-19 lockdown rules and the US' imposition of controls on chip exports to China, which triggered a downward trend in global stock markets, with the MSCI World Index plummeting by 18.36% for the year. The semiconductor industry, which had been growing at a high rate, saw an even greater correction in its share price, with the Taiwan Stock Exchange Capitalization Weighted Stock Index, which is dominated by the industry, tumbling by 22.40%. While affected, the Fund still posted a -6.73% result, making it a relatively minor loss among all domestic government funds.

Charged with reviewing, overseeing and evaluating the Public Service Pension Fund, the Supervisory Board scrutinizes the Fund's financial statements on a monthly basis, evaluates the Fund's overall performance every quarter, and reviews the Fund's investment plan for the following year on an annual basis to keep pace with rapid changes in the financial market and put in place a dynamic monitoring mechanism. In 2022, the Supervisory Board provided the Management Board with several in-depth supervisory opinions, such as drawing the Management Board's attention to the US-China trade dispute, the likely delisting of China concepts stocks listed in the US, the investment strategy of overseas in-house management amid the rising interest rates, domestic financial stocks hit by the decline in bond valuation and huge payouts for COVID-19 insurance policies, and ascertaining whether overseas discretionary management's holdings fall under socially responsible investment, reminding the Management Board to handle these issues of significance with due care.

With the lifting of COVID-19 restrictions in major countries around the world, the pandemic is being kept in check and is no longer placing severe constraints on daily life, and coupled with the pace of interest rate hikes by the US Federal Reserve being slowing down, pessimism in global financial markets has been alleviated. In this regard, we look forward to the joint efforts of the Fund's whole staff members to ensure the Fund's long-term performance and to safeguard the interests of the participants.

Vice Chairperson of the Public
Service Pension Fund
Management Board

Chen, Ming-Hsien



Message from Chen, Ming-Hsien Vice Chairperson of the Public Service Pension Fund Management Board

Looking back to year 2022, the global supply chain was in peril due to factors such as the Russia-Ukraine war, the Fed's interest rate increases, rising inflation and the confrontation between the US and China, which resulted in multiple and complex factors dealing a blow to the global economy and a sharp decline in both equity and bond markets. The challenges posed to the investment and operation of the Fund were daunting, but our staff still made every effort to keep abreast of the changes in the international economic situation and make timely asset allocation and adjustments. In spite of the poor showing of the domestic and overseas equity and bond markets, the weighted average yield for the past three, five and 10 years as at December 31, 2022 was 4.14%, 4.37% and 4.57%, respectively, which were still higher than the projected yield.

The World Bank's semi-annual Global Economic Prospects report, released on January 10, 2023, revised downward its forecast of real global economic growth for 2023 from 3.0% to 1.7%, mainly due to global inflation, interest rate hikes by central banks worldwide, and the protracted war between Russia and Ukraine. Meanwhile, the International Monetary Fund (IMF) on January 31 revised the global economic growth rate slightly upwards to 2.9% for 2023, with the key to the upward adjustment being the Chinese government's rapid lifting of the COVID-19 restrictions and the easing of inflation. However, the IMF did warn that persistent high inflation and a prolonged Russia-Ukraine war could further undermine energy and food output, and that financial markets could see a decline if inflation figures are higher than anticipated.

Looking ahead to the rest of 2023, in view of uncertainties such as inflation, interest rate rises and war, the Management Board, when executing its investment allocation, will take into account geopolitical conflicts, international economic and financial trends, and other factors and adjust the investment portfolio in a timely manner, focusing on fundamentally sound and competitive investment options to optimize the quality of assets and strengthen the defensive nature of the portfolio. Moreover, the Management Board will carefully select the timing of appropriation of funds for discretionary management to evenly diversify the investment risk; and adopt a multi-asset investment strategy to minimize the impact of market volatility on the value of the Fund's assets, so as to achieve a win-win situation for both safety and yield of the Fund.

II Fund objective and statutory missions



1. Fund objective

The country's public service pension system was changed on July 1, 1995. Before that day, it was the government which was solely responsible for paying pensions to its retirees. From that time on, the government and its employees make joint contributions to a newly established Public Service Pension Fund, the scope of whose participants was gradually expanded to include public school teachers and staff workers, as well as military personnel. Under the direction of the Examination Yuan, the Public Service Pension Fund Supervisory Board and the Public Service Pension Fund Management Board were set up to oversee the supervision and management, respectively, of the Fund.



2. Statutory missions

Public Service Pension Fund Supervisory Board (PSPFSB)

According to the Public Service Pension Fund Management Act, the Fund's Supervisory Board is responsible for the review, supervision and evaluation of the Fund. In addition, based on the Article Three of the Organic Act of Public Service Pension Fund Supervisory Board, the board is in charge of following duties:

1. To review the plans for collection/payment, management and use of the Fund;
2. To finalize the yearly plans for discretionary management of the Fund;
3. To review and approve the annual budget and final accounts prepared by the PSPFMB;
4. To evaluate the overall management of the Fund;
5. To review the contribution rates of the Fund and their adjustment plans;
6. To solve payment disputes;
7. To handle other affairs in relation to the supervision of the Fund.



Public Service Pension Fund Management Board (PSPFMB)

According to the Public Service Pension Fund Management Act, the Fund's Management Board is responsible for collecting contributions. The board is also responsible for the payment, management and investment of the Fund. Also, based on the Article Three of the Organic Act of Public Service Pension Fund Management Board, the board is charged with:

1. To conduct the collection/payment, custody, investment and planning for the Fund;
2. To determine on the proposals made by organizations in charge of the collection/payment, custody and investment of the Fund;
3. To review the investment proposals submitted by discretionary agencies;
4. To prepare the annual budget and final financial reports for the Fund;
5. To evaluate the results of performance with regard to the collection/payment, custody and investment of the Fund;
6. To recommend on the adjustment of the contribution rates of the Fund and its scale;
7. To conduct the computerization, system analysis, programming, data processing and other related affairs for the Fund;
8. To handle other affairs in relation to the management of the Fund.



III Organization and members



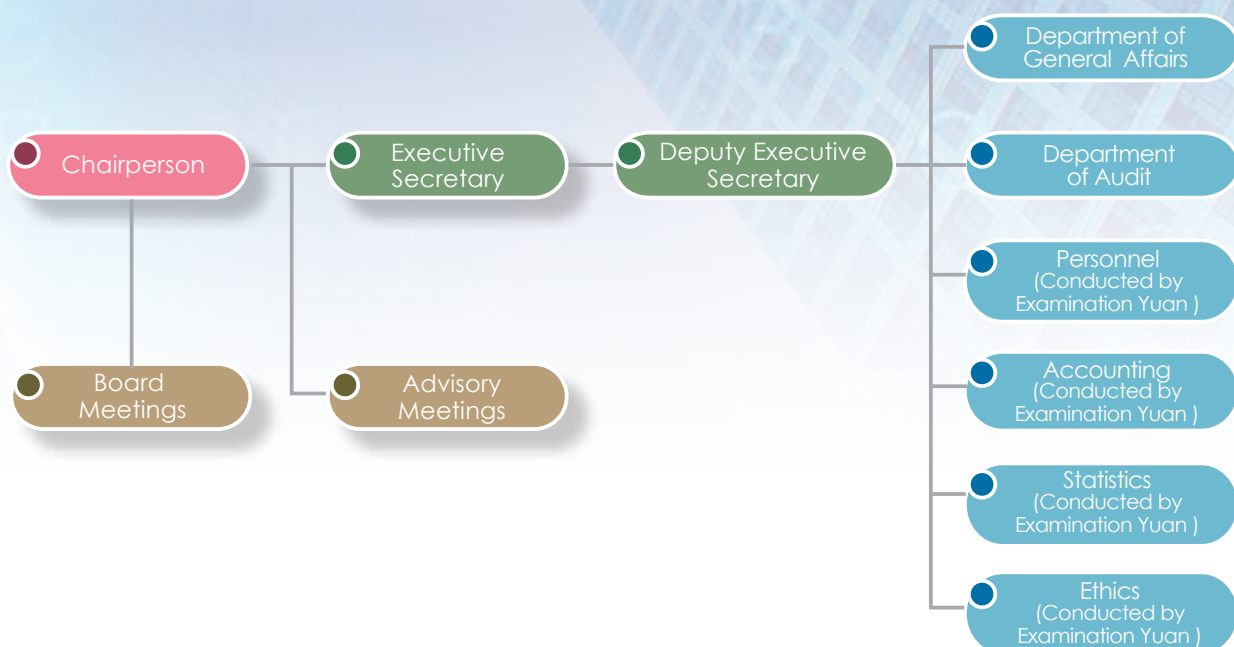
1. Organizational structure

Supervisory Board

The Organic Act of Public Service Pension Fund Supervisory Board stipulates that the board shall comprise a chairperson, with the Vice President of the Examination Yuan concurrently taking the post, to be in charge of overall administration, and 19 to 23 members who represent relevant central and local government agencies as well as civil servants, education workers and military personnel.

In accordance with the statute, the board should also recruit five to seven legal or financial experts/scholars as its advisers who shall attend advisory and board meetings.

As of the end of 2022, the Supervisory Board has 23 members and 5 advisers. The Supervisory Board appoints an Executive Secretary to take care of daily affairs under the direction of the Chairperson, and a Deputy Executive Secretary to help with daily administration. In addition, the board has a Department of General Affairs and a Department of Audit to be in charge of matters stipulated by the Organic Act. The board's personnel, accounting, statistic and ethics affairs are conducted by Examination Yuan staff.

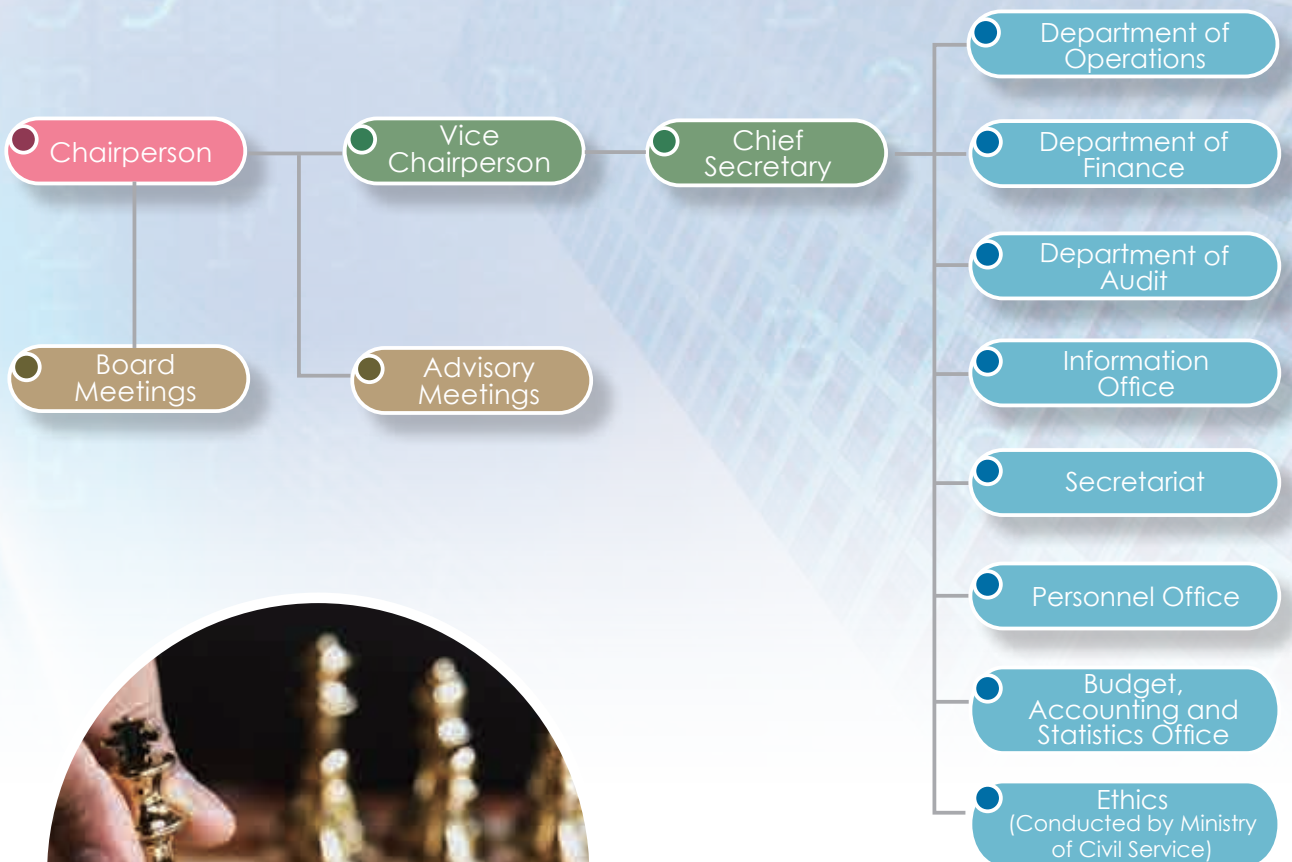




Management Board

Pursuant to the Organic Act of Public Service Pension Fund Management Board, the Management Board of PSPF appoints a chairperson, with the Minister of Civil Service concurrently taking the post, to be in charge of overall administration; the PSPFMB also has 13 to 17 members who comprise government department chiefs in relevant fields, scholars and experts. In addition, the PSPFMB may retain academics and experts in law, economics, finance, banking, insurance, business management, securities investment and accounting as its advisers. As of the end of 2022, the PSPFMB has 17 members and 11 advisers.

The PSPFMB also has a Vice Chairperson to assist the Chairperson in dealing with daily operations, as well as a Chief Secretary. Under them, there are units in charge of affairs prescribed in the Organic Act and Operational Rules such as Department of Operations, Department of Finance, Department of Audit, Information Office, Secretariat, Personnel Office and Budget, accounting & statistics Office. Ethics affairs are conducted by the Ministry of Civil Service.





2. Composition of board meetings

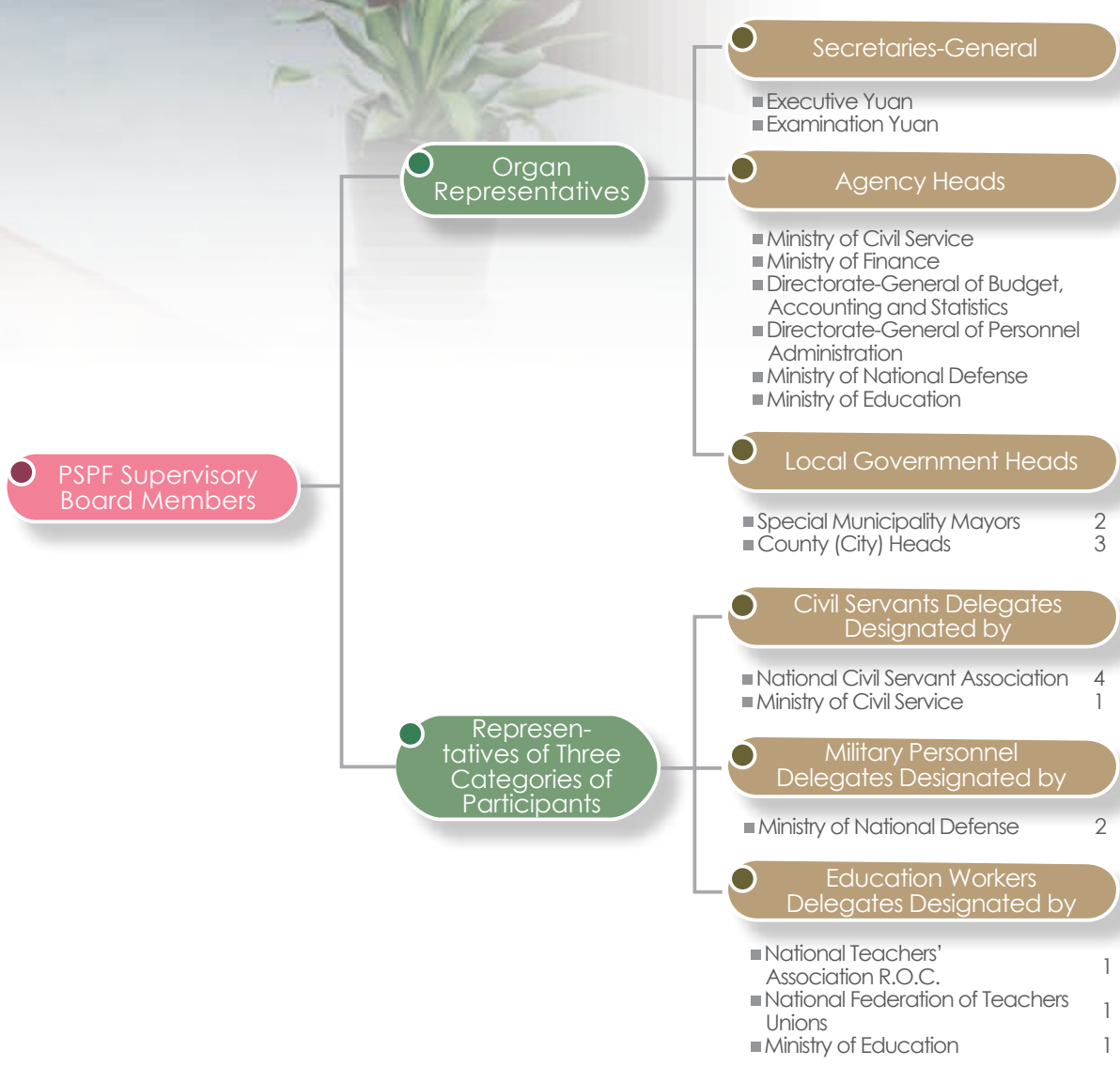
Supervisory Board

The Supervisory Board has 23 members, of whom 13 are Secretaries-General of the Executive Yuan and the Examination Yuan, heads of the Ministry of Civil Service, the Ministry of National Defense, the Ministry of Finance, the Ministry of Education, the Directorate-General of Budget, Accounting and Statistics, and the Directorate-General of Personnel Administration as well as chiefs of special municipality and county governments, and 10 are representatives of civil servants, education workers and military personnel.

Among the members, 2 are special municipality mayors and 3 are county magistrates.

Of the 5 civil servant representatives, 4 are designated by the National Civil Servant Association and 1 are recommended by the Ministry of Civil Service.

The 2 military personnel representatives are designated by the Ministry of National Defense, while 3 education workers are assigned by the Teacher's Association R.O.C., the National Federation of Teachers Unions R.O.C. and the Ministry of Education.





Management Board

The PSPFMB has 17 members who include one leading official each from the Ministry of National Defense, the Ministry of Finance, the Ministry of Education, the Directorate-General of Budget, Accounting and Statistics, the Directorate-General of Personnel Administration, Taipei and Kaohsiung city governments as well as scholars and experts.



● PSPF Management Board

● Organ Representatives

- Ministry of National Defense
- Ministry of Finance
- Ministry of Education
- Directorate-General of Budget, Accounting and Statistics
- Directorate-General of Personnel Administration
- Taipei City Government
- Kaohsiung City Government

● Experts and Scholars

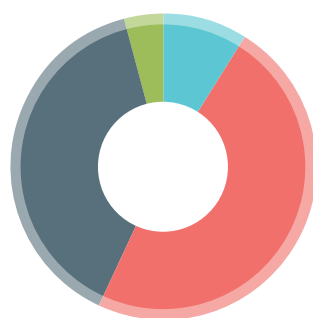
● Specialists in law, economics, financial management, banking, insurance, business management, securities investment and accounting.

3. Management personnel overview

Supervisory Board

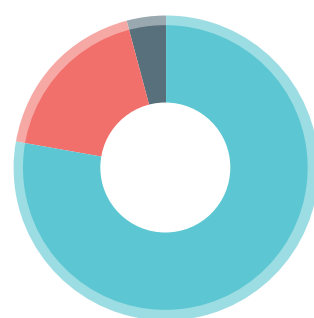
As of the end of 2022 the board actually had 23 staff members, of whom 11 were male and 12 were female, with an average age of 48 years old. As to their educational background, 1 had Ph.D., 16 had master's degrees and 6 were university graduates.

● Distribution of Staff Members' Ages



30~39	9 %
40~49	48 %
50~59	39 %
Above 60	4 %

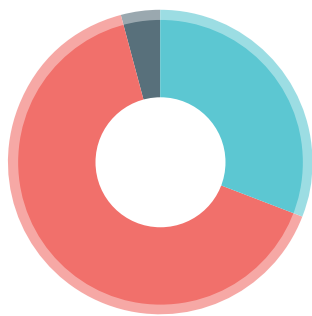
● Distribution of Staff Members' Job Descriptions



Finance	78 %
Comprehensive Administration	18 %
Information Processing	4 %

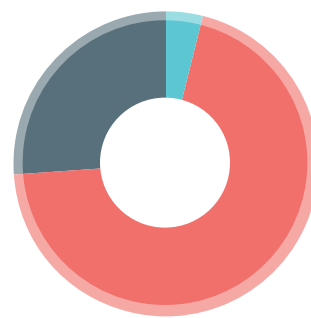


● Distribution of Staff Members' Rankings



Senior Ranks	31 %
Middle Ranks	65 %
Junior Ranks	4 %

● Distribution of Staff Members' Academic Degrees



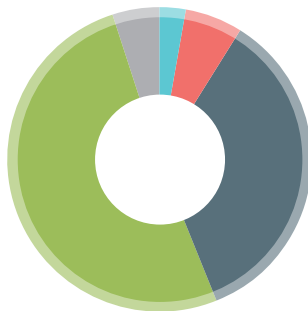
Doctor of Philosophy	4 %
Master's Degrees	70 %
Bachelor's Degrees	26 %

Management Board

As of the end of 2022, the board actually had 80 staff members, of whom 29 were male and 51 were female, at an average 49.5 years of age. With respect to their education background, 1 had Ph.D., 35 had master's degrees, 40 had bachelor's degrees and 4 were junior college graduates.

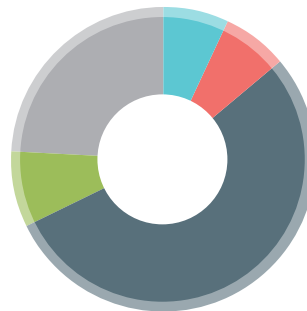
With the exception of contract staff, all other staff members have passed civil service examinations. Staff members at administrative units are recruited in accordance with personnel employment regulations, while staff recruitment at investment or business operation units tends to give priority to people with economics or finance backgrounds. A total of 32 staff members possess professional licenses in finance or banking. An illustration of staff members' ages, education backgrounds and rankings is as follows:

● Distribution of Staff Members' Ages



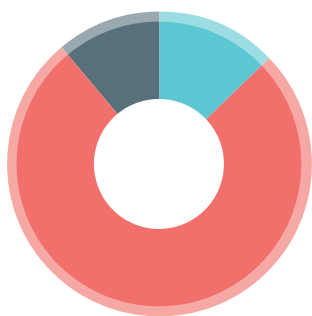
Under 29	3 %
30~39	6 %
40~49	35 %
50~59	51 %
Above 60	5 %

● Distribution of Staff Members' Job Descriptions



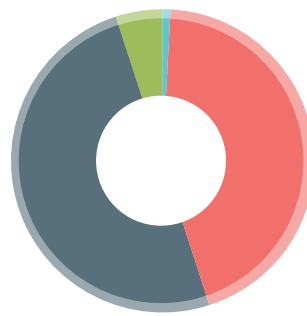
Information Processing	7 %
Accounting & Audit	7 %
Finance	54 %
Personnel Administration	8 %
Comprehensive Administration	24 %

● Distribution of Staff Members' Rankings



Senior Ranks	13 %
Middle Ranks	76 %
Junior Ranks	11 %

● Distribution of Staff Members' Academic Degrees



Doctor of Philosophy	1 %
Master's Degrees	44 %
Bachelor's Degrees	50 %
Junior College Graduates	5 %



IV Fund participants, contributions and payments



1. An overview of participants and their working units

Civil servants became immediate participants of the PSPF since the adoption of the new system on July 1, 1995, requiring joint contributions by the governments and participants. Soon afterwards, education workers and military personnel began taking part in the Fund in February 1996 and January 1997, respectively. Political appointees joined the Fund in May 1996 but no longer participated after the Statute Governing Political Appointees Pension Fund came into effect January 1, 2004. As a result, contribution from political appointees has ended, but payments to them remain ongoing. All relevant matters are handled by the Management Board of PSPF. The participants are defined as follows:

PSPF Participants

Political Appointees

1. Personnel who are nominated by the president and approved by the National Assembly or the Legislative Yuan in accordance with the Constitution.
2. Personnel who are nominated by the premier and appointed by the president in accordance with the Constitution, including political deputy ministers, ambassadors extraordinary and plenipotentiary and minister plenipotentiary and other specially appointed or assigned personnel.
3. Other central or provincial (municipal) government personnel who are appointed as 13th or higher grade civil servants, vice president, Taiwan provincial governor and mayors of special municipalities.
4. Deputy magistrates and deputy mayors who are appointed as political appointees in accordance with the Local Government Act.

Note: Pursuant to the Statute on Political Appointees Pension Fund, all the above-mentioned personnel no longer partake in the Public Servants Pension Fund starting on January 1, 2004.

Civil Servants

1. Incumbent staff who are employed in accordance with civil service laws (including school administrative staff who are qualified for civil service and have had their qualifications accredited by the Ministry of Civil Service.
2. Incumbent staff who are recruited in accordance with the Temporary Assigned Worker Assignment Act.
3. Contract staff who are allowed to be subject to the Civil Service Retirement, Severance and Survivor Relief Act.
4. Staff members at public transportation agencies except Chunghwa Telecom Co. and Chunghwa Post Co..
5. Professional personnel in business, technology and medicine who are hired as specialists with the approval of the Ministry of Civil Service.
6. Other personnel who can be subject to the Civil Service Retirement, Severance and Survivor Relief Act in accordance with provisions of other laws or regulations.
7. Personnel who are allowed to join the Fund in accordance with collateral issued by competent authorities.

Education Workers

1. Principals, full-time teachers, teaching assistants and sports coaches at public schools at all levels who have been employed in accordance with the Act Governing Appointment of Educators and certified by competent authorities as well as full-time administrative staff who had been employed before the implementation of the act and has been formally listed by the schools or its affiliate organs as their salaried personnel.
2. Personnel at public social education institutions and academic research institutes as well as substitute teachers at elementary and junior high schools who have been allowed to be subject to the Act Governing Retirement, Severance, and Bereavement Compensation for the Teaching and Other Staff Members of Public Schools, and nursing teachers who have been assigned by the Ministry of Education to teach relevant courses at public and private schools.

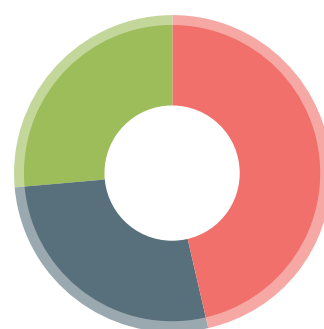
Military Personnel

Volunteer military officers, non-commissioned officers and career soldiers in active service as well as military instructors at schools at all levels are covered in the Fund, but conscripts are not.



(1) PSPF on-service participants and ratios

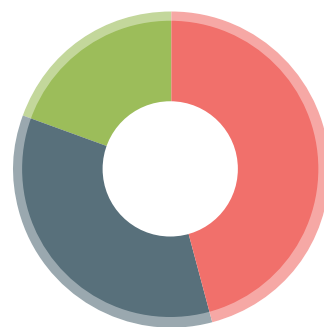
As of the end of 2022, the Pension Fund had 666,000 participants, of whom about 308,000 were civil servants (46.3%), 184,000 were education workers (27.6%), and 174,000 were military personnel (26.1%).



Civil Servants	308,000	46.3%
Education Workers	184,000	27.6%
Military Personnel	174,000	26.1%

(2) Regular benefit recipients and ratios

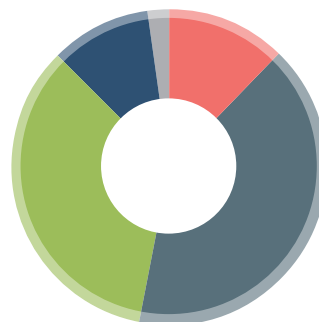
As of the end of 2022, the Pension Fund had 387,000 regular benefit recipients, of whom 175,000 (45.2%) were civil servants (including political appointees), 135,000 (34.9%) were education workers, and 77,000 (19.9%) were military personnel.



Civil Servants	175,000	45.2%
Education Workers	135,000	34.9%
Military Personnel	77,000	19.9%

(3) Participating units and ratios

As of the end of 2022, the Pension Fund had 7,102 participating units, of which 899 (12.7%) were central government agencies, 2,883 (40.6%) were provincial and municipal government agencies, 2,430 (34.2%) were county and city government agencies, 763 (10.7%) were township offices and 127 (1.8 %) were state-owned enterprises.



Central government units	899	12.7 %
Provincial/municipal government units	2,883	40.6 %
County/city government units	2,430	34.2 %
Township offices	763	10.7 %
State-owned Enterprises	127	1.8 %



2. Overview of contributions/payments of the Fund

(1) Overall contributions/payments and proportions of the Fund

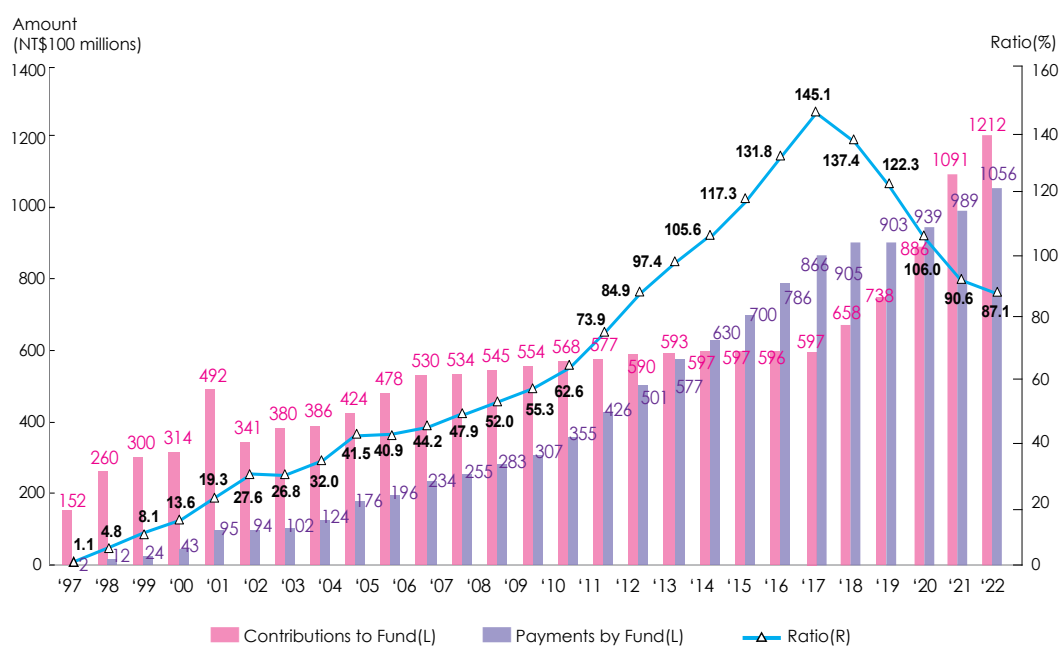
The Pension Fund received NT\$121.2 billion in contributions in 2022 from three categories of participants while paying out NT\$105.6 billion in benefits, with payments accounting for 87.1 percent of total contributions. The net contribution/payment amount was up NT\$5.4 billion from the year-earlier level. Since the Fund's inception, accumulated contributions from the three categories of participants amounted to NT\$1,499.2 billion and accumulated payouts totaled NT\$1,158.1 billion or 77.3 percent of overall contributions.

Table of the Fund's contribution/payment amounts and ratios

Amount: NT\$100 Million

Period	Contributions/ Payments	Civil Servants	Education Workers	Military Personnel	Total
Fiscal 2022	Contribution Amount	505	454	253	1,212
	Payout Amount	515	417	124	1,056
	Payout/ Contribution Ratio	101.9%	91.9%	49.1%	87.1%
As of the end of 2022	Contribution Amount	6,873	5,472	2,647	14,992
	Payout Amount	4,984	4,423	2,174	11,581
	Payout/ Contribution Ratio	72.5%	80.8%	82.1%	77.3%

Chart of contribution/payment amounts and ratios over the years



Note: Fiscal year 2000 covered the period from July 1, 1999 to Dec. 31, 2000.



(2) Civil servants contribution/payment amount and ratio

The Fund collected NT\$50.5 billion in contributions from civil servants (including political appointees) in 2022 while paying out NT\$51.5 billion in benefits, for a payment-to-contribution ratio of 101.9% in the category.

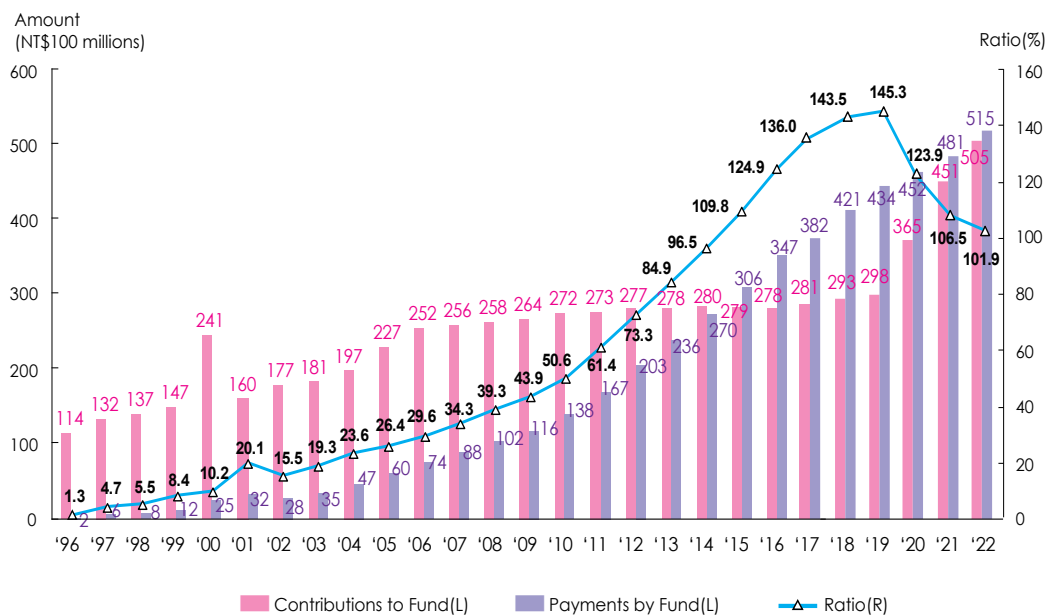
(3) Education workers contribution/payment amount and ratio

The Pension Fund collected NT\$45.4 billion in contributions from education workers in 2022 while paying out NT\$41.7 billion in benefits, for a payment-to-contribution ratio of 91.9% in the category.

(4) Military personnel contribution/payment amount and ratio

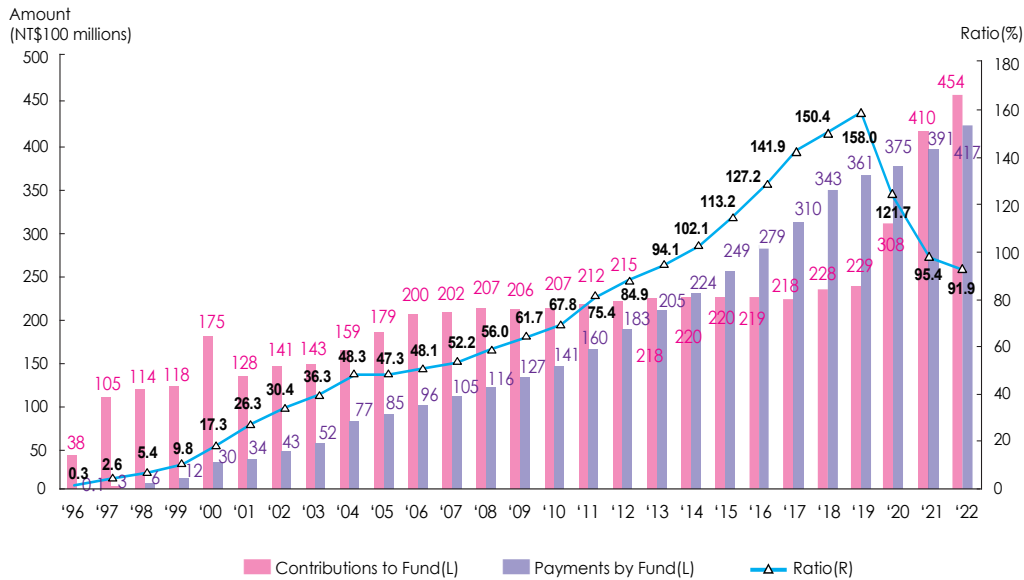
The Pension Fund collected NT\$25.3 billion in contributions from military personnel in 2022 while paying out NT\$12.4 billion in benefits, for a payment-to-contribution ratio of 49.1% in the category.

Chart of contributions/payments of civil servants and ratios over the years



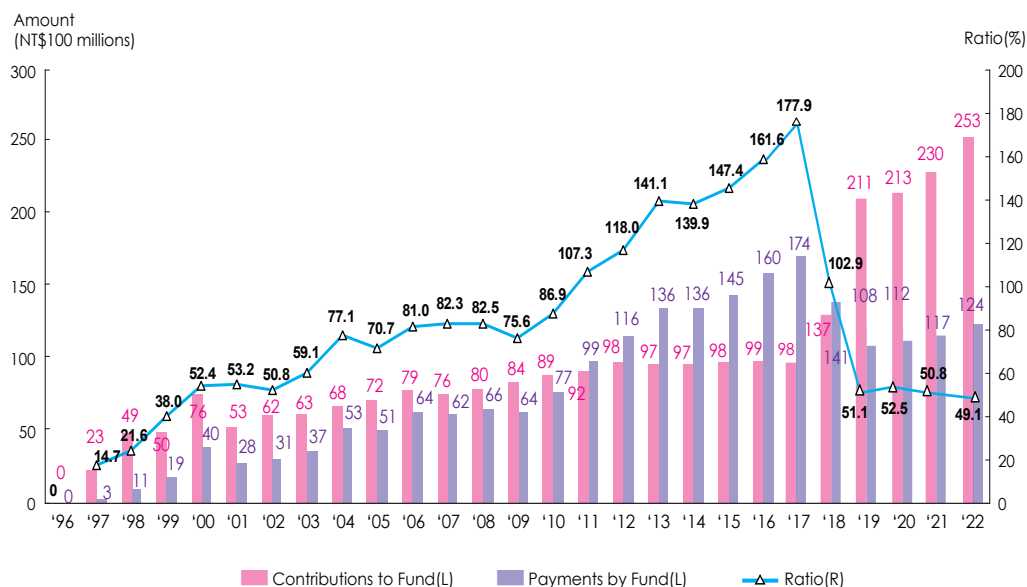
Note: Fiscal year 2000 covered the period from July 1, 1999 to Dec. 31, 2000.

Chart of contributions/payments of education workers and ratios over the years



- Notes: 1. Education workers started to join in the new pension system in February 1996.
2. Fiscal year 2000 covered the period from July 1, 1999 to Dec. 31, 2000.

Chart of contributions/payments of military personnel and ratios over the years



- Notes: 1. Military personnel began joining the new pension system in January 1997.
2. Fiscal year 2000 covered the period from July 1, 1999 to Dec. 31, 2000.



3. Regular pension recipients and amount

(1) Total number of regular recipients and amount

The total number of regular pension recipients in three categories (including political appointees) reached 387,000 in 2022, up 13,000 from the year-earlier period, and overall annual payment amounted to NT\$102.3 billion, up NT\$6.4 billion over a year ago.

(2) Pension recipients and amount in civil servants category

A total of 175,000 civil servants received an aggregate NT\$49.5 billion in regular benefit payouts in 2022.

(3) Pension recipients and amount in education workers category

A total of 135,000 education workers received an aggregate NT\$40.6 billion in regular benefit payouts in 2022.

(4) Pension recipients and amount in military personnel category

A total of 77,000 military personnel received an aggregate NT\$12.2 billion in regular benefit payouts in 2022.

Chart of numbers of payment recipients and amounts over the years

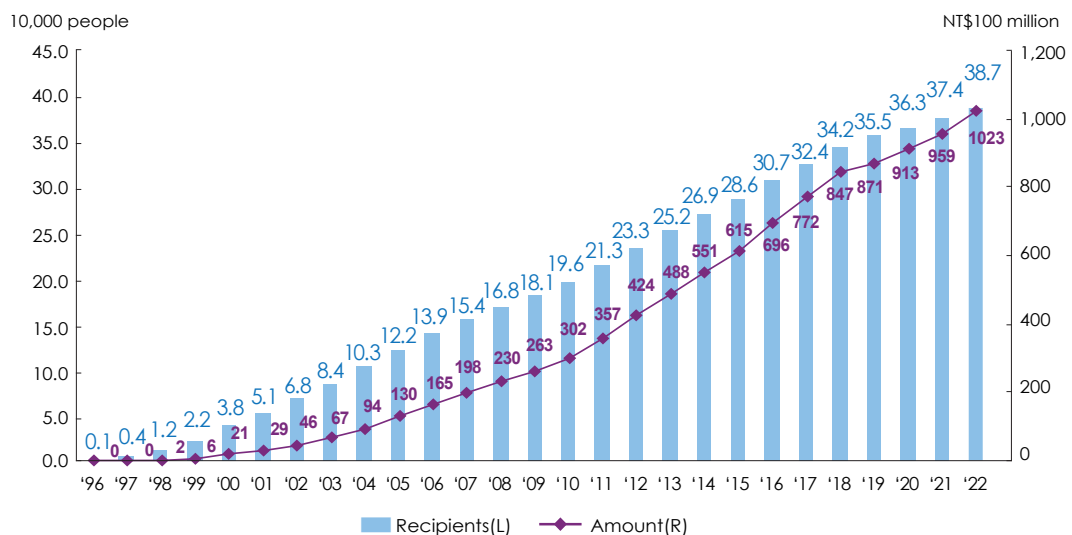


Chart of numbers and amounts of regular civil servant recipients of the Fund over the years

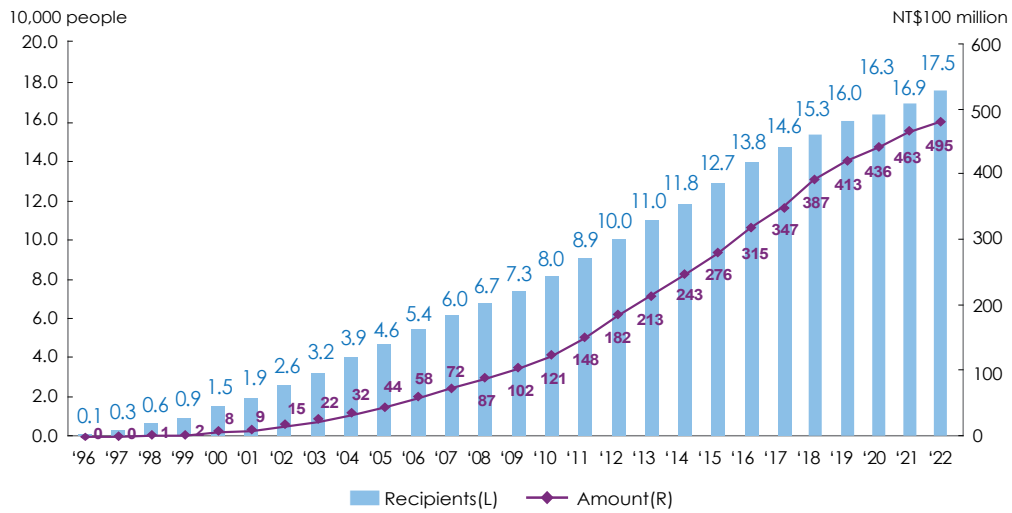


Chart of numbers and amounts of regular education worker recipients of the Fund over the years

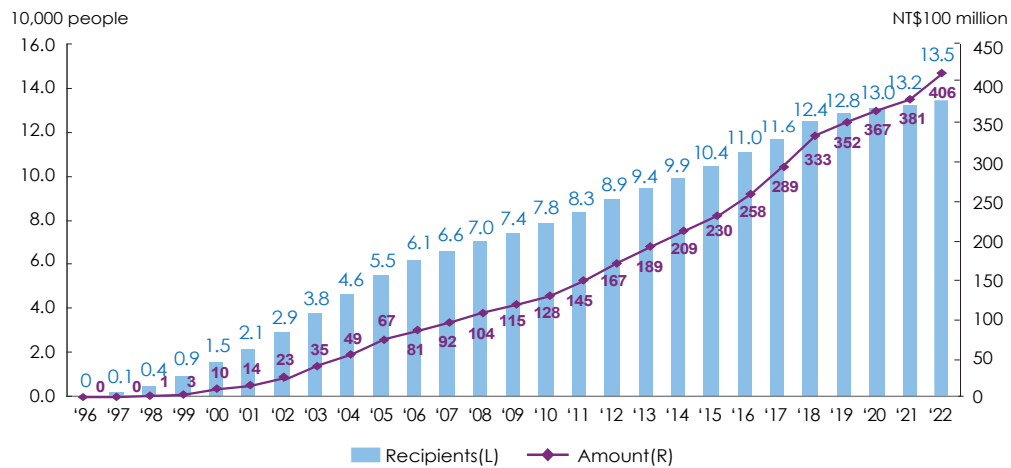
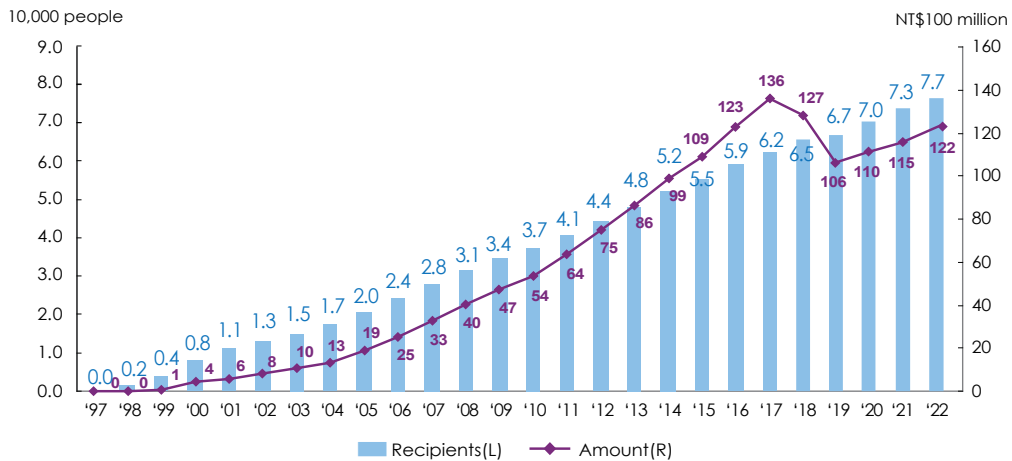


Chart of numbers and amounts of regular military personnel recipients of the Fund over the years



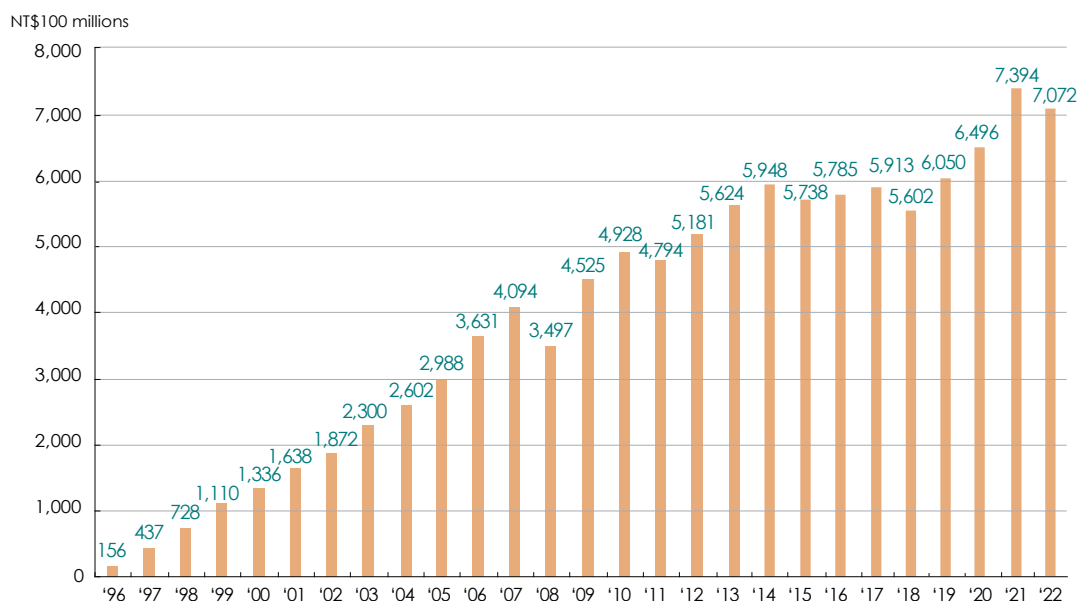


1. Size of the Fund over the years

The Fund has entered its maturity period, therefore the Fund's net asset would be subject to the shortfall between contributions and payments as well as the volatility of operational earnings. As of the end of 2022, the Fund's net asset stood at NT\$707.2 billion, down NT\$32.2 billion from the previous year.



The Fund's net asset value over the years



Notes: 1 For Fiscal Year 2000, it began on July 1, 1999 and ended on Dec. 31, 2000.

2 The net value of the Fund includes the accrued receivable/payable items and revenue/expenses.

3 The net value of the fund was originally reported as NT\$573.6 billion, after the adoption of IFRS in 2015, the figure was adjusted to NT\$573.8 billion because of retrospective changes in accounting principle.



2. 2022 Asset allocation

The investments of the Pension Fund range from bank deposits, listed (including OTC) stocks, short-term bills, treasury bills, beneficiary certificates, bonds, corporate bonds, and overseas investment in the foregoing items, as well as the economic developmental investments, and loans relating to the welfare of civil servants. Under the provision of Subparagraph 5, Paragraph 1, Article 5 of Public Service Pension Fund Management Statute, any proposal of investment in a new item out of the foregoing categories may be carried out only after passing the review of the PSPFSB and approved by the Examination Yuan and the Executive Yuan.

The PSPFMB, by taking overseas/domestic economic situations and the budget of the Fund into account, shall set a yearly target for income, draw up its operation principles and plans for a new year, and determine on the investment proportions and the range for asset allocation, which, after submitted to and approved by the PSPFSB, shall be carried out accordingly.

By the end of 2022, the investment items' investment areas, types of income and management modes are as follows:

The Fund's asset allocation as of Dec. 31, 2022

Categories	Investment items		Actual amount (NT\$100 million) (note 3)		Actual allocation % (A)		Center allocation % (B)		Difference % (A) -(B)	
Investment areas (note 1)	Domestic		3,474		50.01		50.30		-0.29	
	Overseas		3,474		49.99		49.70		0.29	
Income source (note 2)	Fixed income		3,048		43.87		38.30		5.57	
	Capital gains		3,390		48.78		53.90		-5.12	
	Alternative assets		510		7.35		7.80		-0.45	
Management methods	Discretionary management	Domestic	3,166	978	45.56	14.07	50.50	16.00	-4.94	-1.93
		Overseas		2,188		31.49		34.50		-3.01
	In-house management	Deposits, short- term bills, securities	3,782	999	54.44	14.38	49.50	9.50	4.94	4.88
		Others		2,783		40.06		40.00		0.06

Notes:

- 1 If the Fund's in-house investment in domestic beneficiary certificates is separated its overseas amount into the overseas investment category, then the domestic investment will take a 49.75 percent of total asset and overseas investment 50.25 percent.
- 2 Fixed income investments include deposits, bonds, short-term bills and government bonds. Capital gains investments include beneficiary certificates, stocks and ETFs. Alternative investments include foreign mandate investments in real estate securities, infrastructure securities and multi asset.
- 3 The actual investment amount does not include receivables/payables, prepaid/advance items and bonds discount/premium amortization.

VI Balance sheet, income statement, and contribution status of the Fund

1. Balance sheet for fiscal year 2022

For fiscal 2022, the value of the Fund's total assets was NT\$715.2 billion, with current assets, which amounted to NT\$488.4 billion, taking 68.3 percent and the remaining 31.7 percent being long-term investment and receivables, totaling NT\$226.8 billion.

PSPF Balance Sheet - Asset Accounts

Dec.31, 2022

Items	Final account for this fiscal year				
	In-house management	Discretionary management	Total	In-house management	
	Amount	Amount	Amount	Amount	
Assets	389,883,872,478	325,319,627,429	715,203,499,907	386,423,230,214	
Current assets	208,885,648,438	279,500,573,696	488,386,222,134	227,922,276,593	
Cash	38,167,548,114	14,324,558,457	52,492,106,571	31,618,271,726	
Bank deposits	38,167,548,114	14,324,558,457	52,492,106,571	31,618,271,726	
Current financial assets	159,622,038,845	263,689,669,150	423,311,707,995	186,393,761,240	
Financial assets held for trading - current	69,801,502,212	240,136,895,453	309,938,397,665	59,703,154,666	
Stocks	69,801,502,212	213,666,862,129	283,468,364,341	59,703,154,666	
Beneficiary certificates		19,492,403,268	19,492,403,268		
Short-term bills		996,744,967	996,744,967		
Bonds		4,192,486,265	4,192,486,265		
Futures margins		1,788,398,824	1,788,398,824		
Adjustment for Financial assets held for trading evaluation - current	21,350,150,516	17,535,933,249	38,886,083,765	44,590,329,637	
Stocks	21,350,150,516	12,370,669,814	33,720,820,330	44,590,329,637	
Beneficiary certificates		-381,978,106	-381,978,106		
Short-term bills		3,999,858	3,999,858		
Bonds		-49,265,433	-49,265,433		
Futures margins		297,217,047	297,217,047		

Unit : NT\$

Final account for last fiscal year		Comparison increase/decrease (-)					
Discretionary management	Total	In-house management		Discretionary management		Total	
Amount	Amount	Amount	%	Amount	%	Amount	%
363,254,496,444	749,677,726,658	3,460,642,264	0.90	-37,934,869,015	-10.44	-34,474,226,751	-4.60
322,363,883,814	550,286,160,407	-19,036,628,155	-8.35	-42,863,310,118	-13.30	-61,899,938,273	-11.25
9,549,895,804	41,168,167,530	6,549,276,388	20.71	4,774,662,653	50.00	11,323,939,041	27.51
9,549,895,804	41,168,167,530	6,549,276,388	20.71	4,774,662,653	50.00	11,323,939,041	27.51
310,753,408,648	497,147,169,888	-26,771,722,395	-14.36	-47,063,739,498	-15.15	-73,835,461,893	-14.85
234,292,507,091	293,995,661,757	10,098,347,546	16.91	5,844,388,362	2.49	15,942,735,908	5.42
202,984,492,462	262,687,647,128	10,098,347,546	16.91	10,682,369,667	5.26	20,780,717,213	7.91
21,790,229,773	21,790,229,773			-2,297,826,505	-10.55	-2,297,826,505	-10.55
3,645,346,997	3,645,346,997			-2,648,602,030	-72.66	-2,648,602,030	-72.66
4,261,109,428	4,261,109,428			-68,623,163	-1.61	-68,623,163	-1.61
1,611,328,431	1,611,328,431			177,070,393	10.99	177,070,393	10.99
73,422,085,882	118,012,415,519	-23,240,179,121	-52.12	-55,886,152,633	-76.12	-79,126,331,754	-67.05
63,341,076,233	107,931,405,870	-23,240,179,121	-52.12	-50,970,406,419	-80.47	-74,210,585,540	-68.76
2,481,808,710	2,481,808,710			-2,863,786,816	-115.39	-2,863,786,816	-115.39
163,609	163,609			3,836,249	2344.77	3,836,249	2344.77
-11,015,838	-11,015,838			-38,249,595		-38,249,595	
96,057,909	96,057,909			201,159,138	209.41	201,159,138	209.41

(Continued)

PSPF Balance Sheet - Asset Accounts

Dec.31, 2022

Items	Final account for this fiscal year				
	In-house management	Discretionary management	Total	In-house management	
	Amount	Amount	Amount	Amount	
Foreign exchange forward contracts		5,295,290,069	5,295,290,069		
Interest swap					
Bills and bonds purchased under resell agreements	3,317,126,149	6,016,840,448	9,333,966,597	5,125,649,933	
Short-term bills	3,317,126,149	6,016,840,448	9,333,966,597	5,125,649,933	
Held-to-maturity financial assets - current	31,701,162,393		31,701,162,393	35,628,127,004	
Short-term bills	25,009,327,959		25,009,327,959	22,340,486,991	
Bonds	6,691,834,434		6,691,834,434	13,287,640,013	
Other financial assets-current	33,452,097,575		33,452,097,575	41,346,500,000	
Time Deposit	33,452,097,575		33,452,097,575	41,346,500,000	
Receivables	2,035,963,177	1,486,346,089	3,522,309,266	1,556,809,138	
Accounts receivable	6,856,423	473,272,287	480,128,710	94,825,026	
Allowance for bad debt - account receivable	-3,382,060		-3,382,060	-9,170,105	
Earned revenue receivable	230,617,845	414,792,134	645,409,979	202,512,182	
Interest receivable	1,734,816,156	403,673,449	2,138,489,605	1,225,372,213	
Other receivables	67,054,813	194,608,219	261,663,032	43,269,822	
Prepayments	9,060,098,302		9,060,098,302	8,353,434,489	
Other prepayments	9,060,098,302		9,060,098,302	8,353,434,489	
Long-term investments and receivables	180,998,224,040	45,819,053,733	226,817,277,773	158,500,953,621	
Noncurrent financial assets	180,998,224,040	45,819,053,733	226,817,277,773	158,500,953,621	

Unit : NT\$

Final account for last fiscal year		Comparison increase/decrease (-)					
Discretionary management	Total	In-house management		Discretionary management		Total	
Amount	Amount	Amount	%	Amount	%	Amount	%
7,503,169,937	7,503,169,937			-2,207,879,868	-29.43	-2,207,879,868	-29.43
10,825,322	10,825,322			-10,825,322	-100.00	-10,825,322	-100.00
3,038,815,675	8,164,465,608	-1,808,523,784	-35.28	2,978,024,773	98.00	1,169,500,989	14.32
3,038,815,675	8,164,465,608	-1,808,523,784	-35.28	2,978,024,773	98.00	1,169,500,989	14.32
	35,628,127,004	-3,926,964,611	-11.02			-3,926,964,611	-11.02
	22,340,486,991	2,668,840,968	11.95			2,668,840,968	11.95
	13,287,640,013	-6,595,805,579	-49.64			-6,595,805,579	-49.64
	41,346,500,000	-7,894,402,425	-19.09			-7,894,402,425	-19.09
	41,346,500,000	-7,894,402,425	-19.09			-7,894,402,425	-19.09
2,060,579,362	3,617,388,500	479,154,039	30.78	-574,233,273	-27.87	-95,079,234	-2.63
1,184,285,051	1,279,110,077	-87,968,603	-92.77	-711,012,764	-60.04	-798,981,367	-62.46
	-9,170,105	5,788,045				5,788,045	
316,471,613	518,983,795	28,105,663	13.88	98,320,521	31.07	126,426,184	24.36
430,907,642	1,656,279,855	509,443,943	41.57	-27,234,193	-6.32	482,209,750	29.11
128,915,056	172,184,878	23,784,991	54.97	65,693,163	50.96	89,478,154	51.97
	8,353,434,489	706,663,813	8.46			706,663,813	8.46
	8,353,434,489	706,663,813	8.46			706,663,813	8.46
40,890,612,630	199,391,566,251	22,497,270,419	14.19	4,928,441,103	12.05	27,425,711,522	13.75
40,890,612,630	199,391,566,251	22,497,270,419	14.19	4,928,441,103	12.05	27,425,711,522	13.75

(Continued)

PSPF Balance Sheet - Asset Accounts

Dec.31, 2022

Items	Final account for this fiscal year				
	In-house management	Discretionary management	Total	In-house management	
	Amount	Amount	Amount	Amount	
Financial assets held for trading - noncurrent		51,361,629,576	51,361,629,576		
Bonds		51,361,629,576	51,361,629,576		
Adjustment for financial assets held for trading evaluation - noncurrent		-5,542,575,843	-5,542,575,843		
Bonds		-5,542,575,843	-5,542,575,843		
Available-for-sale financial assets - noncurrent	32,365,206,456		32,365,206,456	32,024,758,421	
Stocks	6,638,860,840		6,638,860,840	6,804,372,114	
Beneficiary certificates	25,726,345,616		25,726,345,616	25,220,386,307	
Adjustment for Available-for-sale financial assets evaluation - noncurrent	5,002,718,121		5,002,718,121	12,941,309,220	
Stocks	3,142,661,689		3,142,661,689	3,648,337,917	
Beneficiary certificates	1,860,056,432		1,860,056,432	9,292,971,303	
Held-to-maturity financial assets - noncurrent	119,627,813,809		119,627,813,809	92,886,361,155	
Bonds	119,627,813,809		119,627,813,809	92,886,361,155	
Debt investments without active market - noncurrent	24,002,485,654		24,002,485,654	20,648,524,825	
Bonds	24,002,485,654		24,002,485,654	20,648,524,825	
Other assets					
Miscellaneous assets					
Overdue receivables	49,377,838		49,377,838	35,767,065	
Allowance for bad debt - overdue receivables	-49,377,838		-49,377,838	-35,767,065	
Total	389,883,872,478	325,319,627,429	715,203,499,907	386,423,230,214	

Unit : NT\$

Final account for last fiscal year		Comparison increase/decrease (-)					
Discretionary management	Total	In-house management		Discretionary management		Total	
Amount	Amount	Amount	%	Amount	%	Amount	%
41,157,596,640	41,157,596,640			10,204,032,936	24.79	10,204,032,936	24.79
41,157,596,640	41,157,596,640			10,204,032,936	24.79	10,204,032,936	24.79
-266,984,010	-266,984,010			-5,275,591,833		-5,275,591,833	
-266,984,010	-266,984,010			-5,275,591,833		-5,275,591,833	
	32,024,758,421	340,448,035	1.06			340,448,035	1.06
	6,804,372,114	-165,511,274	-2.43			-165,511,274	-2.43
	25,220,386,307	505,959,309	2.01			505,959,309	2.01
	12,941,309,220	-7,938,591,099	-61.34			-7,938,591,099	-61.34
	3,648,337,917	-505,676,228	-13.86			-505,676,228	-13.86
	9,292,971,303	-7,432,914,871	-79.98			-7,432,914,871	-79.98
	92,886,361,155	26,741,452,654	28.79			26,741,452,654	28.79
	92,886,361,155	26,741,452,654	28.79			26,741,452,654	28.79
	20,648,524,825	3,353,960,829	16.24			3,353,960,829	16.24
	20,648,524,825	3,353,960,829	16.24			3,353,960,829	16.24
	35,767,065	13,610,773	38.05			13,610,773	38.05
	-35,767,065	-13,610,773				-13,610,773	
363,254,496,444	749,677,726,658	3,460,642,264	0.90	-37,934,869,015	-10.44	-34,474,226,751	-4.60

(End)

PSPF Balance Sheet - Liability Accounts and Fund & Surplus Accounts

Dec.31, 2022

Items	Final account for this fiscal year				
	In-house management	Discretionary management	Total	In-house management	
	Amount	Amount	Amount	Amount	
Liabilities	7,861,782	8,037,301,566	8,045,163,348	51,426,704	
Current liabilities	5,384,741	8,037,301,566	8,042,686,307	50,114,440	
Current Financial liabilities		5,474,504,491	5,474,504,491		
Adjustment for Financial liabilities held for trading evaluation - current		5,474,504,491	5,474,504,491		
Foreign exchange forward contracts		5,353,176,147	5,353,176,147		
Futures margins		92,420,131	92,420,131		
Interest swap		28,908,213	28,908,213		
Payables	5,332,630	2,562,797,075	2,568,129,705	49,320,159	
Accounts payable		2,293,318,814	2,293,318,814		
Receipts under custody payable	8,835		8,835	6,660,953	
Expenses payable	4,930,853	269,478,261	274,409,114	42,350,071	
Other payable	392,942		392,942	309,135	
Advance accounts	52,111		52,111	794,281	
Other advance accounts	52,111		52,111	794,281	
Other liabilities	2,477,041		2,477,041	1,312,264	
Miscellaneous liabilities	2,477,041		2,477,041	1,312,264	
Temporary accounts	2,477,041		2,477,041	1,312,264	
Fund and surplus	389,876,010,696	317,282,325,863	707,158,336,559	386,371,803,510	
Fund			702,155,618,438		
Public Service Pension Fund			341,136,234,007		
Public Service Pension Fund			341,136,234,007		
Public Service Pension Fund Accumulated surplus/deficit-distributed			361,019,384,431		
Public Service Pension Fund Legally guaranteed return			12,638,908,933		
Public Service Pension Fund return above(below) legally guaranteed amount			68,025,789,765		
Accumulated surplus			280,354,685,733		
Accumulated other comprehensive Surplus or deficit	5,002,718,121		5,002,718,121	12,941,309,220	
Gains or losses on valuation of available-for-sale financial assets	5,002,718,121		5,002,718,121	12,941,309,220	
Total	389,883,872,478	325,319,627,429	715,203,499,907	386,423,230,214	

Unit : NT\$

Final account for last fiscal year		Comparison increase/decrease (-)					
Discretionary management	Total	In-house management		Discretionary management		Total	
Amount	Amount	Amount	%	Amount	%	Amount	%
10,217,925,702	10,269,352,406	-43,564,922	-84.71	-2,180,624,136	-21.34	-2,224,189,058	-21.66
10,217,925,702	10,268,040,142	-44,729,699	-89.26	-2,180,624,136	-21.34	-2,225,353,835	-21.67
7,597,091,123	7,597,091,123			-2,122,586,632	-27.94	-2,122,586,632	-27.94
7,597,091,123	7,597,091,123			-2,122,586,632	-27.94	-2,122,586,632	-27.94
7,537,377,508	7,537,377,508			-2,184,201,361	-28.98	-2,184,201,361	-28.98
51,907,041	51,907,041			40,513,090	78.05	40,513,090	78.05
7,806,574	7,806,574			21,101,639	270.31	21,101,639	270.31
2,620,834,579	2,670,154,738	-43,987,529	-89.19	-58,037,504	-2.21	-102,025,033	-3.82
2,337,950,018	2,337,950,018			-44,631,204	-1.91	-44,631,204	-1.91
	6,660,953	-6,652,118	-99.87			-6,652,118	-99.87
282,884,561	325,234,632	-37,419,218	-88.36	-13,406,300	-4.74	-50,825,518	-15.63
	309,135	83,807	27.11			83,807	27.11
	794,281	-742,170	-93.44			-742,170	-93.44
	794,281	-742,170	-93.44			-742,170	-93.44
	1,312,264	1,164,777	88.76			1,164,777	88.76
	1,312,264	1,164,777	88.76			1,164,777	88.76
	1,312,264	1,164,777	88.76			1,164,777	88.76
353,036,570,742	739,408,374,252	3,504,207,186	0.91	-35,754,244,879	-10.13	-32,250,037,693	-4.36
	726,467,065,032					-24,311,446,594	-3.35
	325,540,599,701					15,595,634,306	4.79
	325,540,599,701					15,595,634,306	4.79
	400,926,465,331					-39,907,080,900	-9.95
	12,114,257,030					524,651,903	4.33
	166,923,974,466					-98,898,184,701	-59.25
	221,888,233,835					58,466,451,898	26.35
	12,941,309,220	-7,938,591,099	-61.34			-7,938,591,099	-61.34
	12,941,309,220	-7,938,591,099	-61.34			-7,938,591,099	-61.34
363,254,496,444	749,677,726,658	3,460,642,264	0.90	-37,934,869,015	-10.44	-34,474,226,751	-4.60

2. Income statement of the Fund for fiscal year 2022

The Fund accrued a balance of deficit NT\$39.9 billion in fiscal 2022, other comprehensive deficit NT\$7.9 billion added, the figure stood at deficit NT\$47.8 billion.

Public Service Pension Fund – Income Statement

Fiscal 2022

Items	Fiscal 2022 budget		
	Amount	%	
Total revenues	27,911,776,000	100.00	
Financial revenues	27,911,776,000	100.00	
Interest revenue	3,665,948,000	13.13	
Net gain of financial assets at fair value through profit or loss	24,245,828,000	86.87	
Net gain of financial liabilities at fair value through profit or loss			
Net gain of available-for-sale financial assets			
Net gain on foreign exchange			
Other operating revenues			
Miscellaneous revenue			
Total expenses	1,801,111,000	6.45	
Financial expenses	666,050,000	2.39	
Service fee expense	666,050,000	2.39	
Net loss of financial asset at fair value through profit or loss			
Net loss of financial liabilities at fair value through profit or loss			
Net loss on foreign exchange			
Other Financial expenses	1,134,877,000	4.07	
Agency fee	1,134,877,000	4.07	
Other operating expenses	184,000		
Remittance fee paid	184,000		
Provision for doubtful debts			
Other expenses			
Surplus/deficit for the period	26,110,665,000	93.55	
Other comprehensive Surplus or deficit			
Gains or losses on valuation of available-for-sale financial assets			
Total comprehensive Surplus or deficit for the period	26,110,665,000	93.55	

Unit : NT\$

Fiscal 2022 Final Account		Increase/Decrease(-)		Fiscal 2021 Final Account	
Amount	%	Amount	%	Amount	%
34,280,152,893	100.00	6,368,376,893	22.82	79,593,126,820	100.00
34,169,658,035	99.68	6,257,882,035	22.42	79,571,613,572	99.97
4,758,758,006	13.88	1,092,810,006	29.81	3,532,205,589	4.44
		-24,245,828,000	-100.00	73,451,787,714	92.28
				46,569,348	0.06
984,463,686	2.87	984,463,686		2,541,050,921	3.19
28,426,436,343	82.92	28,426,436,343			
110,494,858	0.32	110,494,858		21,513,248	0.03
110,494,858	0.32	110,494,858		21,513,248	0.03
74,187,233,793	216.41	72,386,122,793	4,018.97	5,972,601,394	7.50
73,192,272,700	213.51	72,526,222,700	10,889.01	4,968,599,569	6.24
413,033,798	1.20	-253,016,202	-37.99	606,639,720	0.76
72,689,390,133	212.05	72,689,390,133			
89,848,769	0.26	89,848,769			
				4,361,959,849	5.48
943,422,481	2.75	-191,454,519	-16.87	965,163,054	1.21
943,422,481	2.75	-191,454,519	-16.87	965,163,054	1.21
51,538,612	0.15	51,354,612	27,910.12	38,838,771	0.05
149,998		-34,002	-18.48	91,635	
11,493,953	0.03	11,493,953		12,926,113	0.02
39,894,661	0.12	39,894,661		25,821,023	0.03
-39,907,080,900	-116.41	-66,017,745,900	-252.84	73,620,525,426	92.50
-7,938,591,099		-7,938,591,099		5,877,363,026	
-7,938,591,099		-7,938,591,099		5,877,363,026	
-47,845,671,999	-139.57	-73,956,336,999	-283.24	79,497,888,452	99.88

3. Actuarial valuation results by various participating groups

As of December 2022, total funded assets are NT\$707.2 billion. The amount and ratio are showed as follows:

Valuation Date	Amount of Funded Asset (NT\$)	Funded Ratio
Dec. 31, 2022		
Political appointees	277,984,604	58%
Civil servants	404,694,766,651	25%
Education workers	232,474,542,638	16%
Military personnel	69,711,042,666	18%

Notes:

1. The table is extracted from the 2022 fiscal year Actuarial Valuation Results which are compiled by the commissioned actuarial firm.
2. The funded ratios refer to funded assets as percentage of accrued liability.
3. Political appointees have stopped contributing to the Fund since Jan. 1, 2004, according to Political Appointees' Pension Statute, but have continued to receive pension payments.





VII Fund performance



1. Records of overall performance over the years

The Pension Fund has accumulated realized returns of NT\$344.9 billion as of the end of fiscal 2022. With an accumulated realized return rate of 3.40 percent, 1.87 percentage points higher or NT\$198.2 billion more than an assumed returns of NT\$146.6 billion based on the two-year time deposit interest rate of the Bank of Taiwan. If the unrealized returns and the unrealized gain or loss for available-for-sale financial assets are added, the overall returns will be NT\$362.8 billion, at a return rate of 3.58 percent.

(1) The amounts of returns over the years and return rates

Fiscal Year	Realized returns (NT\$ 100 million)	Realized return rate (%)	Realized returns if added with the unrealized returns and the unrealized gain or loss for available-for-sale financial assets (NT\$ 100 million)	Return rate if the unrealized returns and the unrealized gain or loss for available-for-sale financial assets are included (%)	Interest rate of two-year time deposit at Bank of Taiwan (%)	Targeted annual return rates (%)
1996	4.83	7.78	4.83	7.78	6.93	-
1997	34.66	12.42	34.19	12.25	6.29	7.86
1998	52.86	9.12	15.51	2.68	6.31	7.78
1999	73.97	8.18	110.40	12.21	5.85	7.95
2000	196.92	9.97	-171.83	-8.70	5.14	6.90
2001	67.13	4.72	54.71	3.85	4.02	8.12
2002	45.43	2.59	-44.26	-2.53	2.25	5.12
2003	39.50	1.95	164.98	8.13	1.57	3.69
2004	63.32	2.63	53.14	2.21	1.50	3.74
2005	99.14	3.66	128.30	4.74	1.81	4.87
2006	140.96	4.45	346.63	10.93	2.18	3.38
2007	210.88	5.62	184.28	4.91	2.47	4.30
2008	-94.97	-2.46	-860.87	-22.33	2.69	5.02
2009	63.59	1.63	762.63	19.49	0.94	4.11
2010	134.89	3.05	159.47	3.60	1.07	2.67
2011	68.73	1.44	-284.51	-5.98	1.32	3.35
2012	106.63	2.21	298.11	6.17	1.40	3.70
2013	205.92	4.00	427.68	8.30	1.40	3.78
2014	252.11	4.60	356.46	6.50	1.40	4.03
2015	131.29	2.34	-108.77	-1.94	1.38	4.13
2016	110.75	2.01	236.93	4.29	1.12	4.25
2017	212.02	3.82	397.08	7.15	1.04	4.02
2018	181.33	3.16	-65.32	-1.14	1.04	4.04
2019	207.40	3.60	612.54	10.62	1.04	4.05
2020	136.56	2.31	499.48	8.46	0.83	4.01
2021	563.98	8.41	795.03	11.85	0.76	4.05
2022	138.69	1.95	-478.44	-6.73	1.10	4.00
Total	3,448.53	3.40	3,628.39	3.58	1.53	

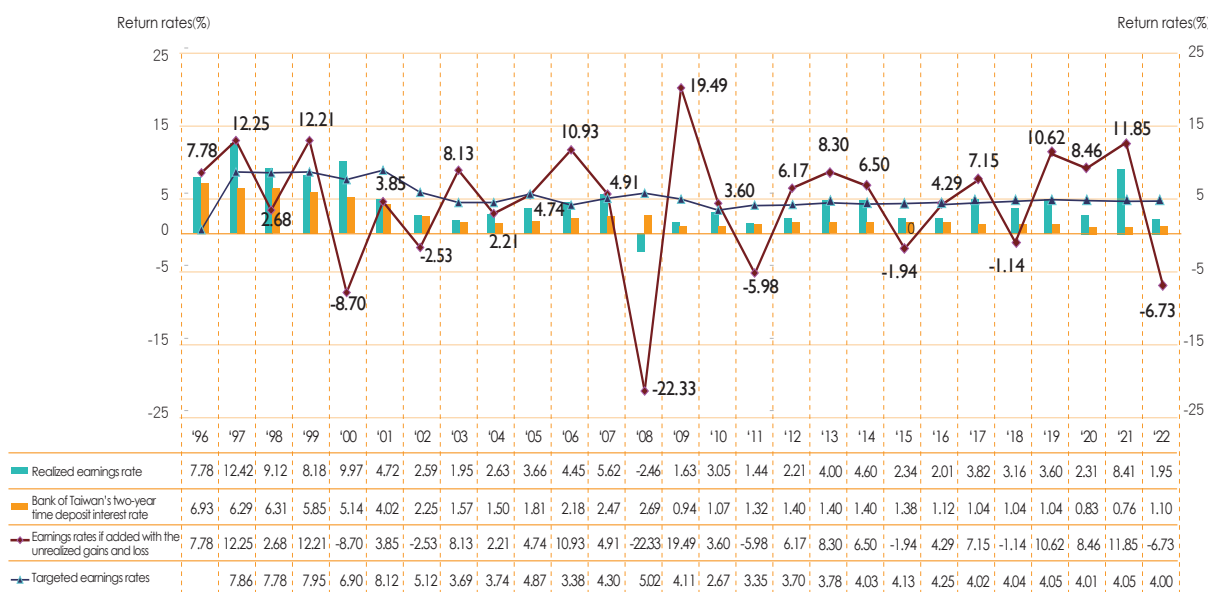
Notes :

1. Fiscal 2000 began on July1, 1999 and ended on December 31, 2000.
2. The Lower of Cost or Market Value Method as applied from fiscal 1996 to fiscal 2005, and after that the Market Value Method has been adopted.
3. The realized return rates, Bank of Taiwan' s two-year time deposit interest rate, return rate if added with the unrealized returns and the unrealized gain or loss for available-for-sale financial assets over the years as listed in the table are all calculated based on the weighted-average method.
4. The national coffers shall make up for what the Fund suffers based on the realized returns as instructed by the Directorate General of Budget, Accounting and Statistics in its official document dated April 24, 2001 (No. 03814 letter)

(2) Trend of return rates over the years

The Fund's return rates have mostly been stable over the past years except for the periods of the dot-com bubble in 2000, the U.S. subprime mortgage crisis in 2008, the European debt crisis in 2011, the global economic recovery is slower than expected in 2015, the global trade disputes in 2018, Russia-Ukraine War and US Fed hikes interest rates in 2022.

Chart of the Fund's return rates over the years



Notes: 1. Fiscal 2000 began on July1, 1999 and ended on December 31, 2000.
2. The Lower of Cost or Market Value Method as applied from fiscal 1996 to fiscal 2005, and after that the Market Value Method has been adopted.

2. Fund's performance in fiscal year 2022

The Public Service Pension Fund recorded a realized return rate of 1.95 percent in fiscal 2022, which was 0.85 percentage points higher than Bank of Taiwan's two-year time deposit interest rate. It would be translated into a return rate of -6.73 percent if added with the unrealized returns and the unrealized gain or loss for available-for-sale securities over the year, 10.73 percentage points lower than the year's targeted return rate of 4.0 percent.

The followings are the return rates of the Fund's various investments and their corresponding market performances (Benchmark return rate):

(1) Performances of in-house investments with fixed-income asset classes

Investment asset class	Actual return for fiscal 2022 (%)	Indexes for evaluating performance	
		Benchmark return(%)	Index
Domestic bonds	1.50	1.19	The closing interest rate of 10-year Taiwan government bond in first transaction day of each month at the Taipei Exchange (OTC securities market)
Overseas bonds	3.58	3.87	Using the interest rate of the 10-year US treasury bond on the base day of evaluation
Short-term domestic bills	0.78	0.67	The interest rate of 30-day commercial paper sold at the secondary bond market as published by the Economic Daily News in the first trading day of each month minus 0.2%
Bank deposits in New Taiwan Dollar	0.50	0.35	The average deposit interest rate of five leading banks as defined by the Central Bank (rate of one-year jumbo time deposit)
Bank deposits in foreign currencies	1.47	2.56	According to the one-month time deposit interest rates set by the Bank of Taiwan, weighted according to the ratios of major foreign currencies held by the Fund on the base day of evaluation
Overseas beneficiary certificates –fixed-income	-6.28	-16.25	Bloomberg Barclays Global Aggregate Bond Index

Note: In calculating the actual returns of overseas bonds and bank deposits in foreign currencies, foreign exchange gain/loss was disregarded due to the features of their benchmarks.

(2) Performances of in-house investments with capital gains asset classes

Investment asset class	Actual return for fiscal 2022 (%)	Indexes for evaluating performance	
		Benchmark return(%)	Index
Domestic stocks and ETFs	-16.64	-22.40	TWSE Capitalization Weighted Stock Price Index
Domestic beneficiary certificates- capital gains	-40.19	-22.40	TWSE Capitalization Weighted Stock Price Index
Overseas beneficiary certificates- capital gains	-23.25	-18.36	MSCI All Country World Index

(3) Performances of in-house investments with alternative investment asset classes

Investment asset class	Actual return for fiscal 2022 (%)	Indexes for evaluating performance	
		Benchmark return (%)	Index
Overseas beneficiary certificates- alternative investment	2.82	-0.40	Dow Jones Brookfield Global Infrastructure Index, FTSE EPRA Nareit Global Real Estate Index and the related index of multi-asset, weighted on the ratios of distribution

(4) Performances of discretionary management

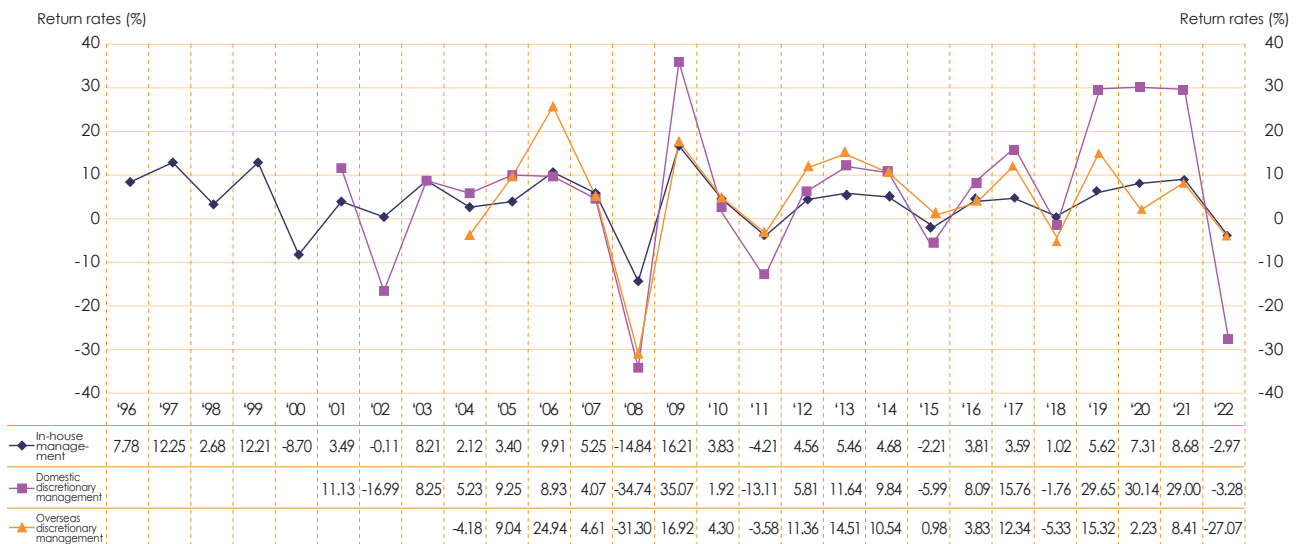
Investment asset class	Actual return for fiscal 2022 (%)	Indexes for evaluating performance	
		Benchmark return (%)	Index
Domestic discretionary management- capital gains	-27.07	-19.56	TWSE Capitalization Weighted Stock Price Index for relative return mandate and the interest rate of 30-day commercial paper sold at the secondary bond market for absolute return mandate, weighted on the ratios of distribution
Overseas discretionary management- capital gains	-3.88	-18.36	MSCI All Country World Index
Overseas discretionary management-fixed income	1.70	-1.65	Bloomberg Barclays Capital Global Aggregate Bond Index, the interest rate of the 3-months US treasury bill, weighted on the ratios of distribution
Overseas discretionary management-alternative investment	-7.20	-5.44	Dow Jones Brookfield Global Infrastructure Index, FTSE EPRA Nareit Global Real Estate Index and the related index of multi-asset, weighted on the ratios of distribution



3. Performances of in-house and discretionary managements

Fiscal 2022 registered -2.97 percent return rate in the Fund's in-house management, -27.07 percent in its domestic discretionary management and -3.28 percent in overseas discretionary management, down 11.65 percentage points, down 56.07 percentage points and down 11.69 percentage points year-on-year, respectively.

Trend chart of the return rates of the Fund's in-house and discretionary management



Notes:

1. Fiscal year 2000 began on July 1, 1999 and ended on December 31, 2000.
2. The Lower of Cost or Market Value Method as applied from fiscal 1996 to fiscal 2005, and after that the Market Value Method has been adopted.
3. Return rates refer to the realized returns, added with the unrealized returns and the unrealized gain or loss for available-for-sale securities over the years.
4. The Fund started domestic discretionary management on July 16, 2001. Therefore, the 2001's return rate 11.13% was calculated on the basis of annualizing the return rate of 5.10% over the period from July 16 to December 31.
5. Because there was only 10 days before that Year ended, the 2003's return rate of overseas discretionary management was not herein provided.

VIII Supervising and governance mechanism



To ensure that the Fund's management conforms to its objective, various supervising mechanisms have been set up since the Fund's establishment. Either the Management Board or the Supervisory Board of PSPF has its own audit unit. For example, the Management Board has a Department of Audit, which is responsible for internal auditing. The audit unit performs daily monitoring of the Fund's operations and administrations. The Supervisory Board has its own internal audit unit which is charged with reviewing significant issues and monthly management reports from the Management Board. The Supervisory Board also performs annual on-site auditing after year end and additional auditing in case of extraordinary situation. The Examination Yuan, the Legislature Yuan and the National Audit Office are also obliged to conduct different types of supervision for the Fund to ensure the security of fund assets.



IX Operational highlights of the year

Management Board

- To meet the needs for restructuring and practical operation of the management and supervisory organizations of the Public Service Pension Fund, the Management Board prepared draft amendments to some provisions of the "Public Service Pension Fund Management Act," which were passed by the Examination Yuan and Executive Yuan meetings, and were submitted to the Legislative Yuan for deliberation by the two agencies in a letter dated January 3, 2023.
- To make amendments to and accommodate the practical needs of the Public Service Pension Fund Management Act and the regulations pertaining to the pensions of military, civil or teaching personnel, the Management Board prepared draft amendments to some provisions of the Enforcement Rules thereof, which were amended and promulgated by the Examination Yuan and the Executive Yuan on September 28, 2022, to protect the rights and interests of the participants.
- In line with the amendment to the military, civil or teaching personnel pension law that exempts in-service participant's contribution to the Fund from taxation on annual salary income, the Management Board amended some provisions of the Public Service Pension Fund Management Act, which were amended and promulgated by the President on January 19, 2022, and completed the first taxation filing of the year 2021 pension benefits as the other income under the new rule.
- In line with the 2% rise in regular pension payments for military, civil or teaching personnel and their survivors from July 1, 2022, the Management Board drafted the principles of calculation and operational procedures for the adjustment, and completed the payment as scheduled.



- Based on the 4% pay increase for military, civil or teaching personnel in 2022, the Management Board wrapped up the appropriation of the difference in pension payments as scheduled, and re-prepared a comparison table regarding the amounts paid to the Public Service Pension Fund in 2022 and issued a circular to all participating agencies and public schools and updated the Fund's Contribution Collection System, so that all participating entities could accurately process monthly contributions to the Fund and pay the difference as a result of pay adjustments.
- According to a proclamation signed by the Examination Yuan and the Executive Yuan, the contribution rate for the Public Service Pension Fund would be raised to 15% starting from January 1, 2023. The Management Board has prepared a comparison table regarding the amounts paid to the Fund in 2023 and issued a circular to all participating agencies and public schools and updated the Fund's Contribution Collection System to facilitate the entities' contribution activities smoothly. All measures taken above were to ensure the financial security of the Fund, and to protect the rights and interests of the participants.
- To ensure that information on the pension recipients is timely updated and correct under the current scheme, the Management Board conducted regular reviews of the information on the pensioners in the Fund's Management Information System according to the schedule.
- The Management Board obtained the relevant investigated and specified data through the Public Service Pension Inspection Platform and referred to the notes made by issuing agencies to simplify the regular verification of the eligibility of recipients.
- The Management Board carried out matters relating to the contributions to and payments by the Fund according to the prescribed schedule to safeguard the rights and interests of the participants.
- In response to the variations of interest rates in market and the need for timely investment and practical operational for the Fund, the Management Board prepared draft amendments to Article 7 of the "Guidelines on Investment in Domestic and Foreign Bonds by the Public Service Pension Fund" and Article 5 of the "Guidelines on Investment in Foreign Securitized Asset-Backed Products by the Public Service Pension Fund," which were approved after deliberation at the 278th committee meeting of the Management Board on May 13, 2022.
- The Management Board completed additional funding to its overseas outsourcing accounts for the following investment mandates: 2013 Global High Dividend Yield Enhanced Equity, 2013 Low Volatility Equity and 2014 Infrastructure Equity.
- The Management Board evaluated the investment performance of the mandated institution for the domestic discretionary management account in 2013 upon the expiry of the contract and extended the contract by four years.
- The Management Board evaluated the investment performance of the mandated institution for the overseas discretionary management account in 2009 upon the expiry of the Asia Pacific Equity renewal contract and extended the contract by four years.
- The Management Board evaluated the investment performance of the mandated institution for the overseas discretionary management account in 2009 upon the expiry of the International Equity renewal contract and retrieved the entrusted assets in cash.

- The Management Board evaluated the investment performance of the mandated institution for the overseas discretionary management account in 2016 upon the expiry of the contract and extended the contract by five years.
- The Management Board evaluated the investment performance of the mandated institution for the overseas discretionary management account in 2013 upon the expiry of the contract and extended the contract by four years.
- The Management Board conducted an open solicitation for four institutions under a mandate for the overseas discretionary management accounts in 2022.
- To provide a basis for the investment by the Fund and to set its annual return target, the Management Board, after examining the domestic and overseas economic and financial conditions and the estimated contributions to and payments by the Fund, and evaluating the market appetite for risks, prepared the 2023 Annual Fund Investment Guidelines and Asset Allocation Plan and submitted them to the Management Board meeting and Supervisory Board meeting respectively for deliberation and got the approval.
- The Management Board completed written and on-site audits in accordance with the 2022 audit plan and prepared the 2023 audit plan, which sets out the audit items, audit focus and audit cycle for each fund business.
- The Management Board performed on-site audits at the mandated institutions and custodian bank for domestic discretionary management accounts to inspect risk control and law compliance with respect to investment strategies, operation plans, the implementation of the stop loss/take profit mechanism, and the trading, settlement and custody of securities in the investment management proposal.
- The Management Board built up the functions of the balance sheet and income statement in English and the ledger accounts and reports of overpayment in the Integrated Financial Management System, and IFRS7 financial instrument disclosure and reporting functions, as well as the processing of new information sources, investment decisions and transaction process control.

Supervisory Board

- Under the pension regulations following the pension reform, the Supervisory Board kept close tabs on the inflow of special funding from annual savings in pension expenditure by governments at all levels as a result of the pension reform to improve the financial health of the Fund.
- To address the need to restructure the supervisory organization and operational mechanism of the Fund, as well as to specify the requirements for calculating the income tax exempted from pension benefits, amendments to certain provisions of the Public Service Pension Fund Management Act and the Enforcement Rules thereof were submitted to the Supervisory Board by the Ministry of Civil Service for comments and written reply.



- Based on the investment strategy and practical operational needs, the Supervisory Board, by considering the variations of market interest rates and capturing investment timing, completed the review of the Fund's investment policy statement and the scrutiny of the guidelines on investment in domestic and overseas bonds and foreign securitized asset-backed products in collaboration with the Management Board, so as to facilitate the investment and utilization of the Fund and boost its operational efficiency.
- The Supervisory Board continually evaluated the performance of the Fund on a quarterly basis according to its overall performance evaluation standards and requested the Management Board to hand in quarterly performance review and investment strategy reports, and to incorporate adjustment strategies and actions in response to changes in market conditions. In addition, as part of the effort to strengthen the reliability and validity of the Fund's operational performance evaluation, the Supervisory Board completed the revision of the Fund's performance indicator evaluation criteria with effect from 2022, with a view to improving the performance evaluation system.
- In light of the war between Russia and Ukraine and the multiple interest rate hikes by the US Federal Reserve to curb inflation, the Supervisory Board stayed abreast of the latest domestic and global financial market trends and important political and economic situations, and sent correspondence to the Management Board on an ad hoc basis requesting it to address major financial events.
- The Supervisory Board completed several independent studies, such as the "Study on Investment Management and Performance of Domestic Government Funds" and the "Study on Dynamic Asset Allocation Practices." By collecting information on the management and operation of various current government pension funds, investment regulations, outsourcing contracts and investment performance for comparative analysis, as well as collating information on the dynamic asset allocation models of professional investment institutions and their practical experience, the Board aimed to use them as a reference for the Fund's supervisory business.

X Prospect and conclusion



The future work of the Fund has to keep the situation of safety and profitability and continue to handle all the work according to the legal limitation of liability. The focus of the Fund on future work is as follows:

- **Keeping an eye on the financial situation and adjusting asset allocation in a flexible manner**
The Management Board will keep a watchful eye on global inflation and changes in the monetary policies of major central banks, and allocate funds to value-adding and defensive assets to cope with the investment risks arising from market volatility amid fluctuations in financial markets.
- **Researching and revising investment guidelines to meet practical operational requirements**
Given the ever-changing financial circumstances, the need for smooth implementation of the Annual Asset Allocation Plan and institutionalized investment process, the Management Board will study, review and revise the “Regulations for Discretionary Management of the Public Service Pension Fund” and the fund investment regulations in an attempt to formulate operational procedures that are more in alignment with the actual business operation.



- Appropriating account funds in a prudent manner and stepping up the management of risk in discretionary investment

The Management Board will continue to monitor changes in the financial market. In addition to appropriating funds at appropriate timing and reminding mandated institutions to be aware of the economic and financial situation and operate with prudence, and manage risk with due care, the agency will increase or decrease the entrusted amounts of discretionary management accounts as needed or conduct different types of discretionary management in line with market and industry changes and the performance of each account, with the aim of diversifying investment risks and enhancing the performance of discretionary management.

- Boosting the efficiency of auditing operations and fulfilling internal auditing functions

Regarding the restructuring of asset allocation, the addition of new investment holdings and the revision of investment restrictions, the Management Board reviews and amends the existing audit procedures from time to time, and strengthens the functional training and liaises with the information reporting mechanism of the Financial Supervisory Commission on an ongoing basis, so as to ensure that all operations comply with the legal requirements and safeguard the safety of assets.



- **Overseeing fund asset allocation, conducting performance evaluation and risk control**

To raise the Fund's performance, the Management Board is consistently urged by the Supervisory Board to flexibly adjust asset allocation and carry out investment diversification in response to domestic and international political and economic conditions, with a view to steadily improving the Fund's management efficiency and overall operational performance through performance evaluation and risk control.

- **Tightening the Fund's internal control procedures and completing auditing and monitoring functions**

To maintain the discipline and safety of the Fund's operations, the Management Board is constantly reminded by the Supervisory Board to strengthen and regularly review the Fund's internal control procedures to ensure that all management operations are in compliance with regulations and codes of practice, and to refine the adequacy of written and on-site audits to guard against any irregularities in the Fund's operations and to bolster the Fund's control mechanism.

- Strengthening the financial structure of the Fund to protect the retirement rights and interests of in-service participants

In view of the existing financial shortfall of the Fund and the situation that a new pension system will be adopted for civil servants and public school teachers and staff newly employed on or after July 1, 2023, the Public Service Pension Fund will face the problem of early depletion. To protect the rights of serving and retired staff to receive pension benefits, the Supervisory Board will keep close tabs on the government's annual budgetary allocations and subsidies according to the regulations and financial actuarial report of the Fund.

The pension system is an important link in the reform of the civil service system. The management quality of the Fund is closely associated with the rights and interests of retirees from the military, civil service and public schools. The Fund's staff members have the obligation to make active efforts and devote themselves to maximize their functions as prudent managers. Apart from responding to global economic developments and making timely adjustments to investment strategies, they must also enhance the performance of discretionary management to pursue long-term stable investment performance to achieve the goal of sustainable management.









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