

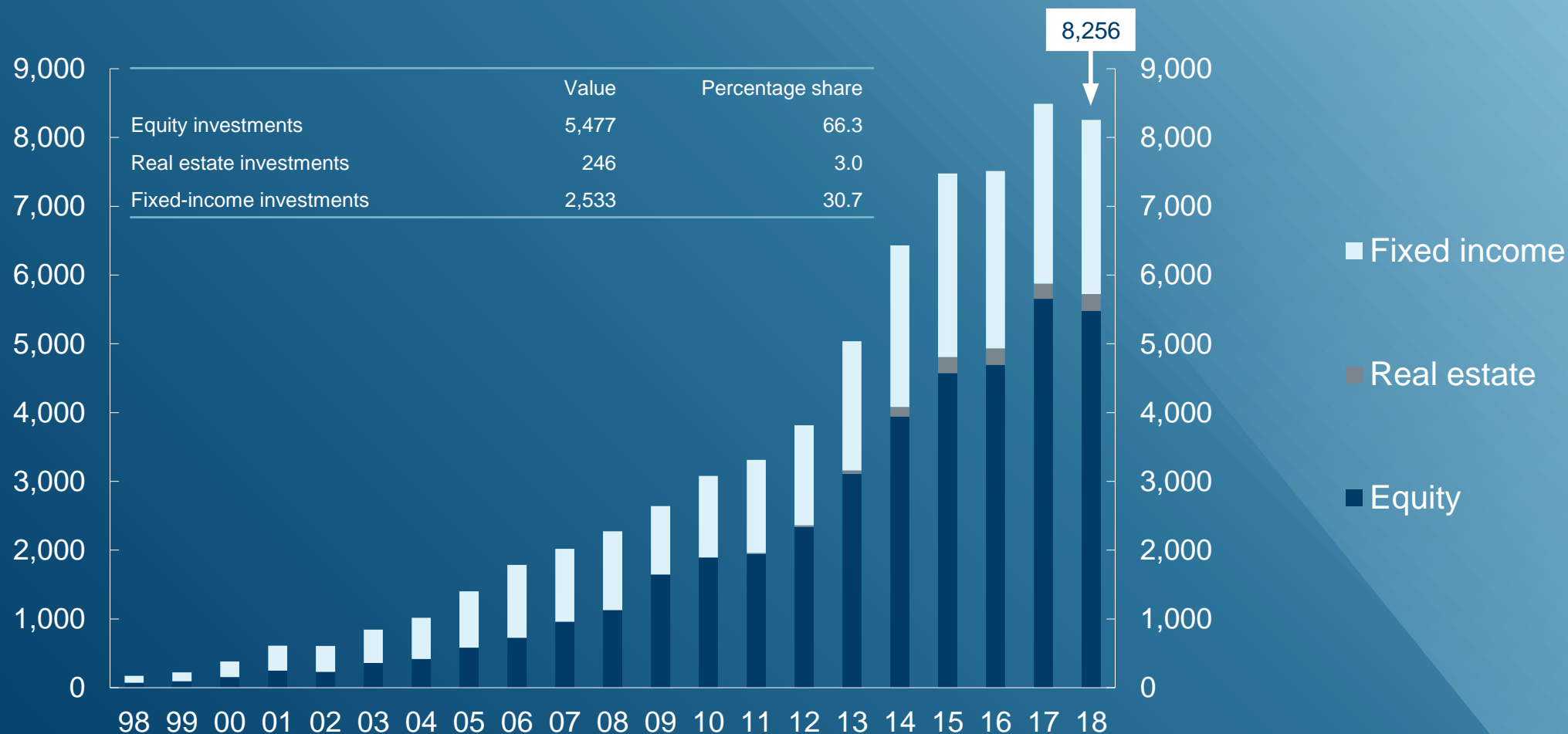
# Government Pension Fund Global

Annual report 2018



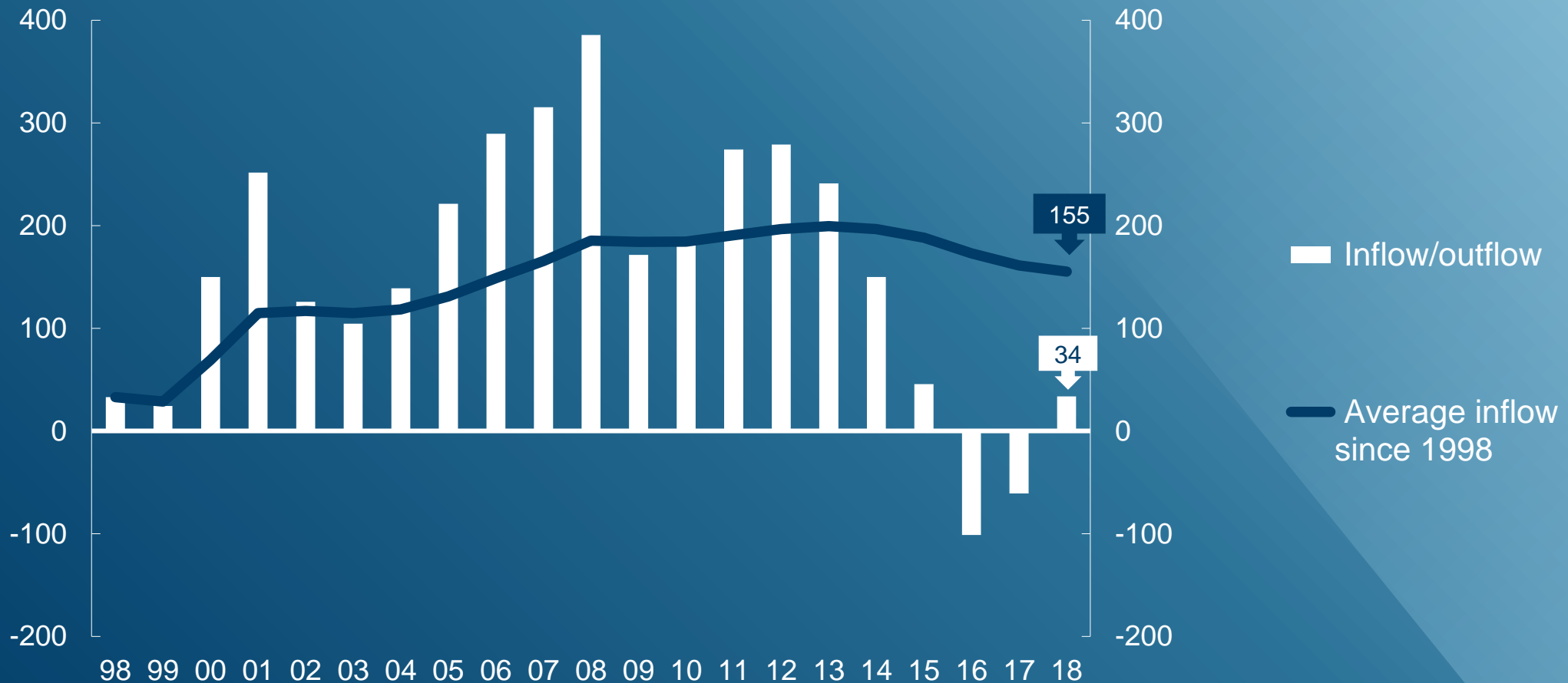
# 8,256 billion kroner in the fund

Market value as at 31.12.2018. Billions of kroner



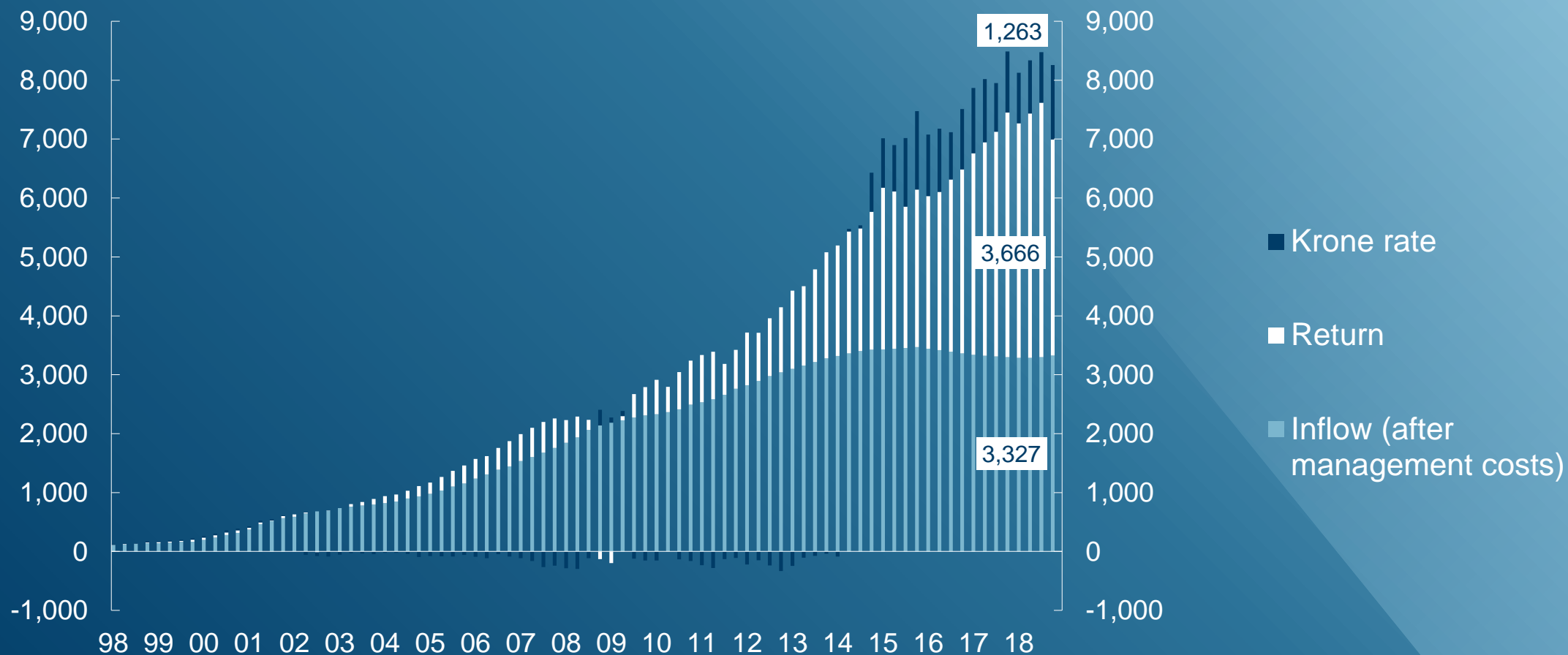
# Inflow again in 2018

Before management fees. Billions of kroner



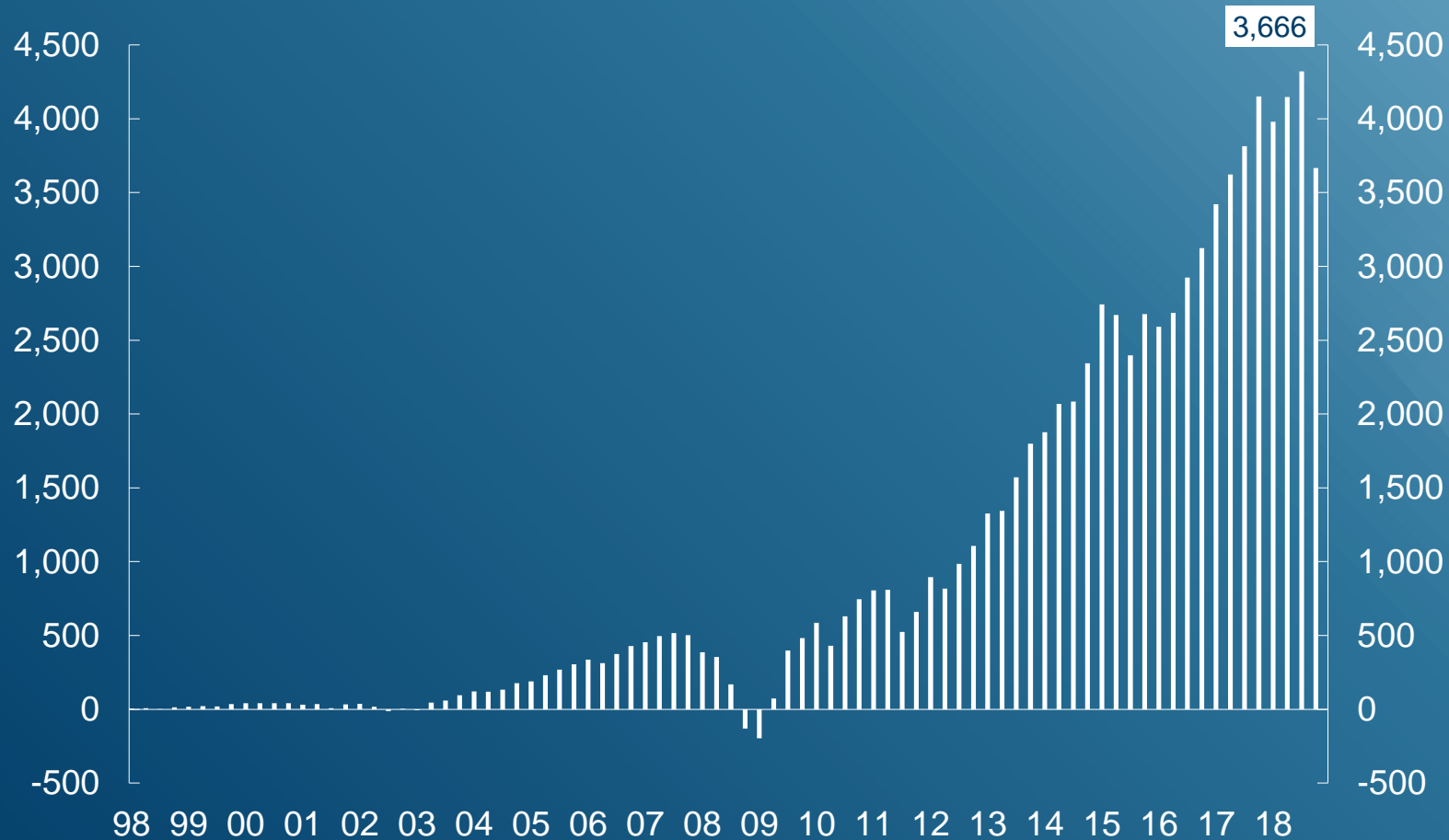
# 3,666 billion kroner in total return

As at 31.12.2018. Billions of kroner



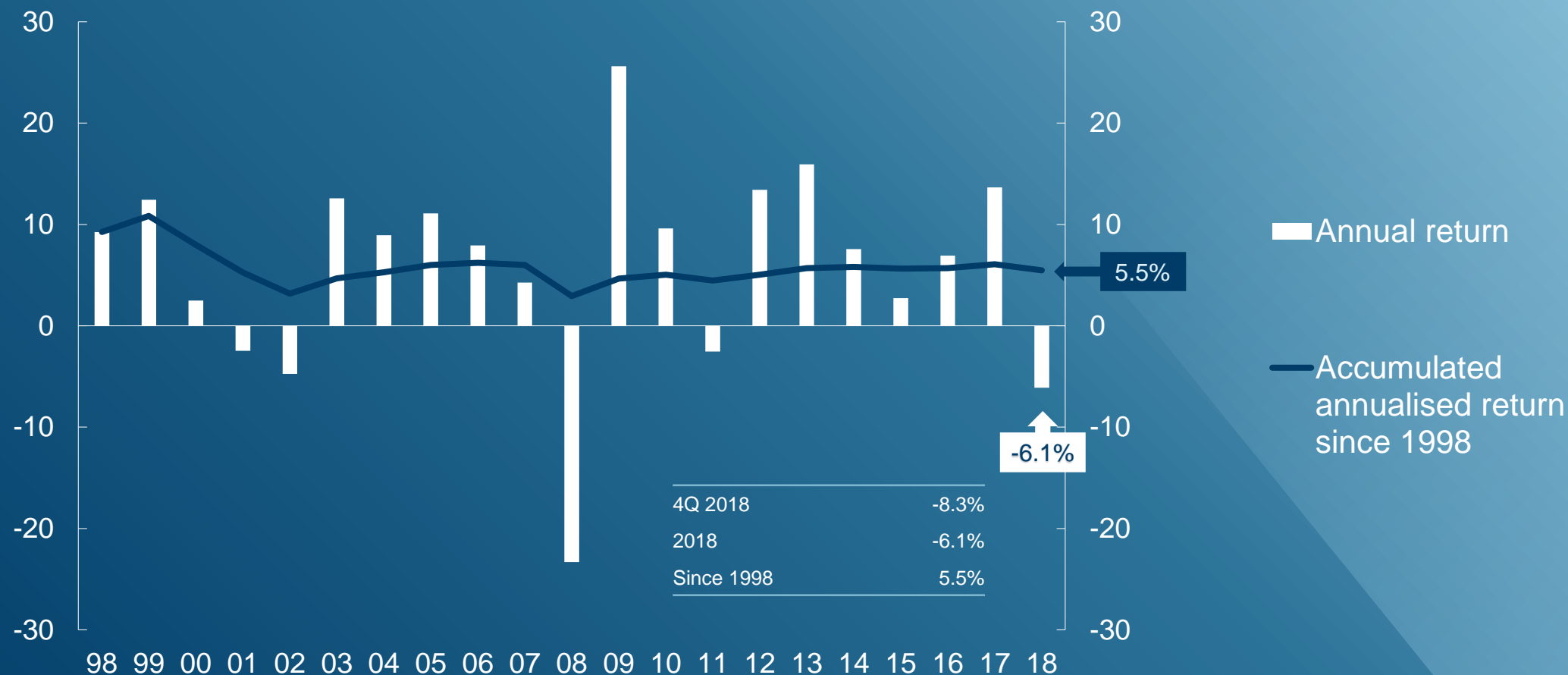
# Return of -485 billion kroner in 2018

Accumulated return as at 31.12.2018. Billions of kroner



# -6.1 percent return in 2018

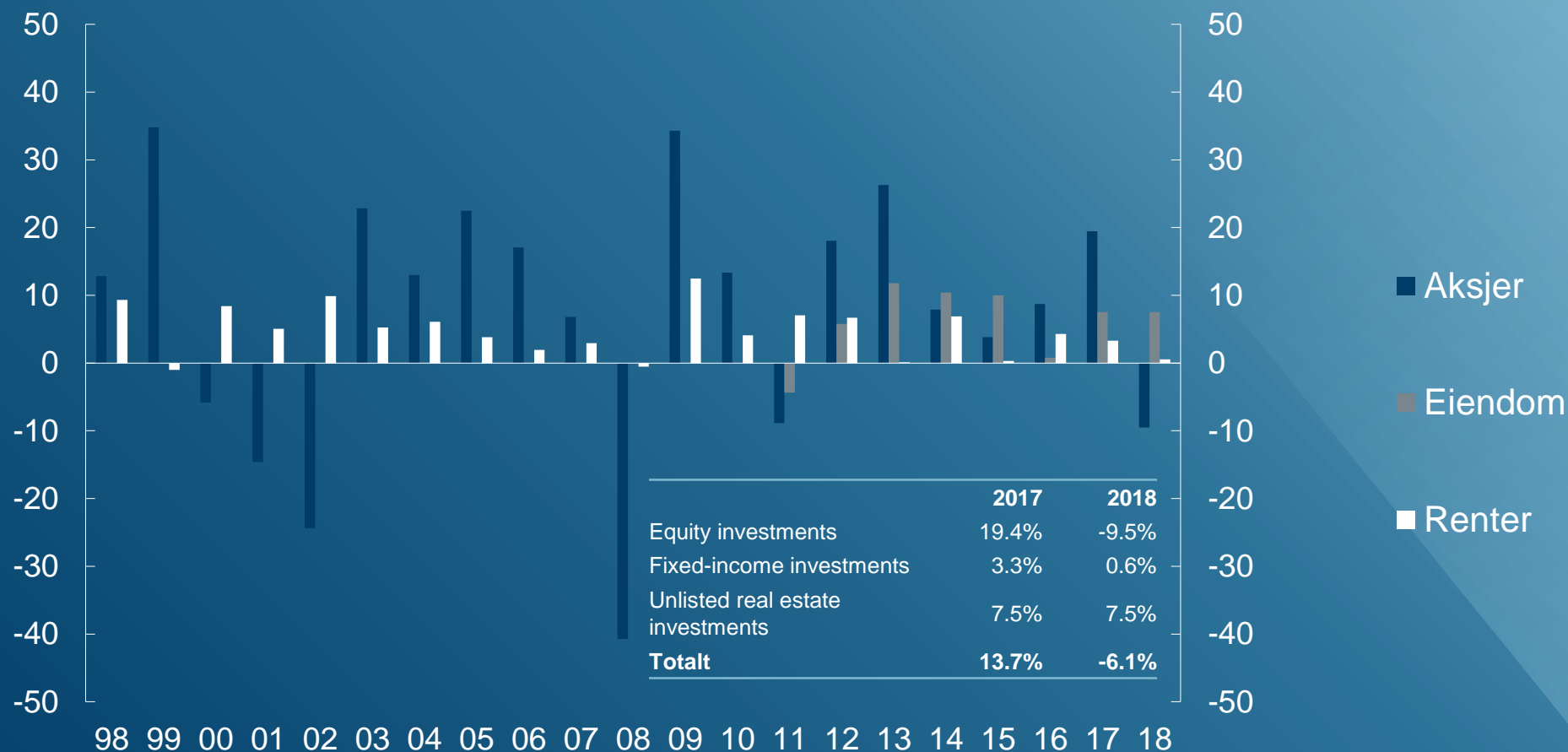
Measured in the fund's currency basket. Percent





# -9.5 percent in equity return in 2018

Measured in the fund's currency basket. Percent



# The fund's real return

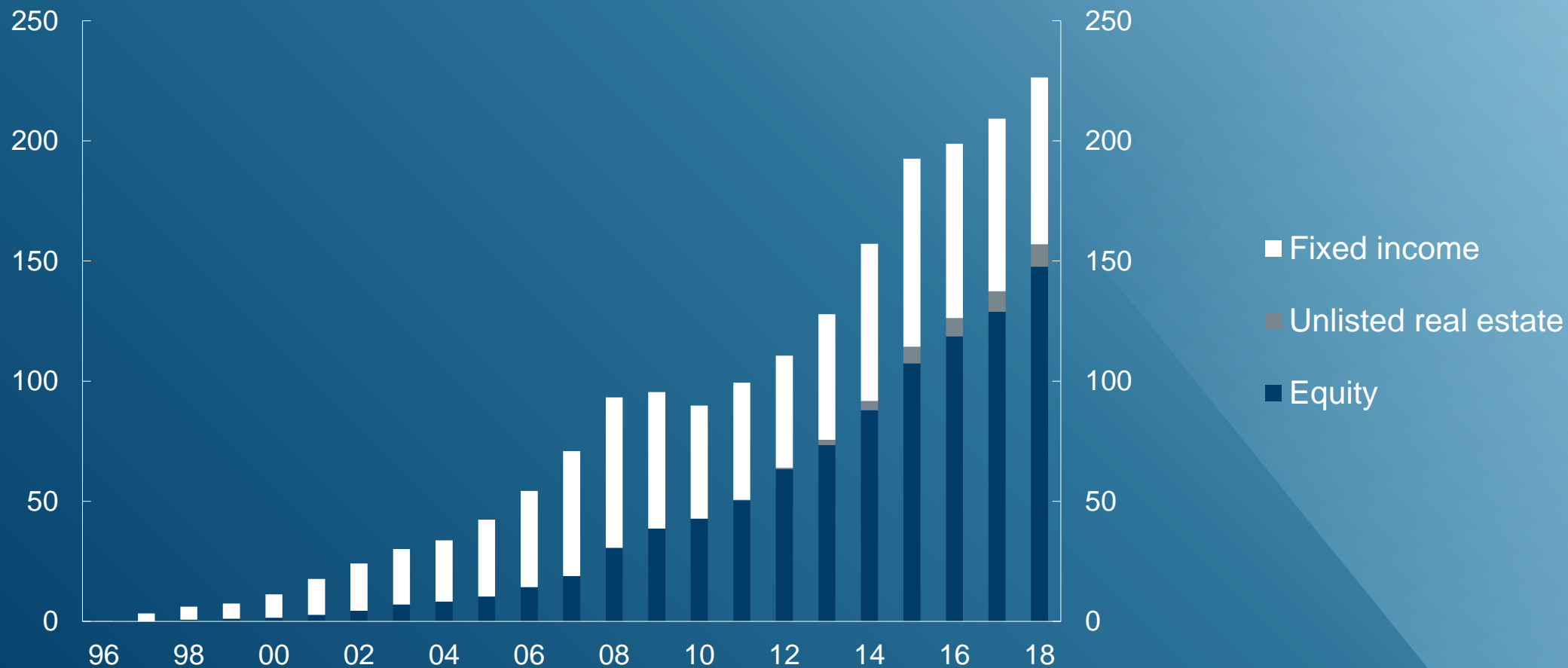
Key figures measured in the currency basket. Annualised. Percent

	2018	Past 5 years	Past 10 years	Since 1.1.1998
Return on fund	-6.1	4.7	8.3	5.5
Annual inflation	1.7	1.4	1.7	1.8
Annual management fees	0.1	0.1	0.1	0.1
Annual net real return	-7.7	3.3	6.5	3.6



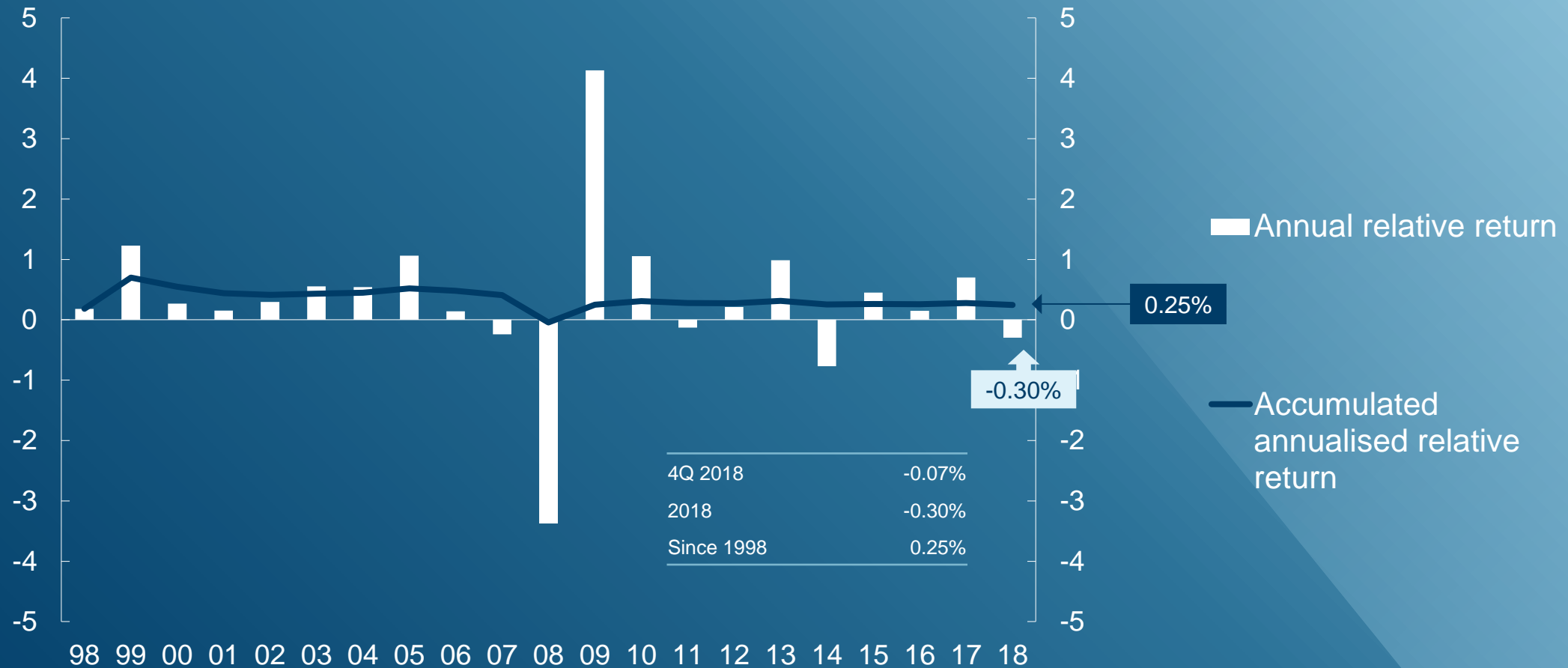
# 226 billion kroner in cash flow

Billions of kroner



# Negative relative return in 2018

Annual relative return of the fund. Percentage points



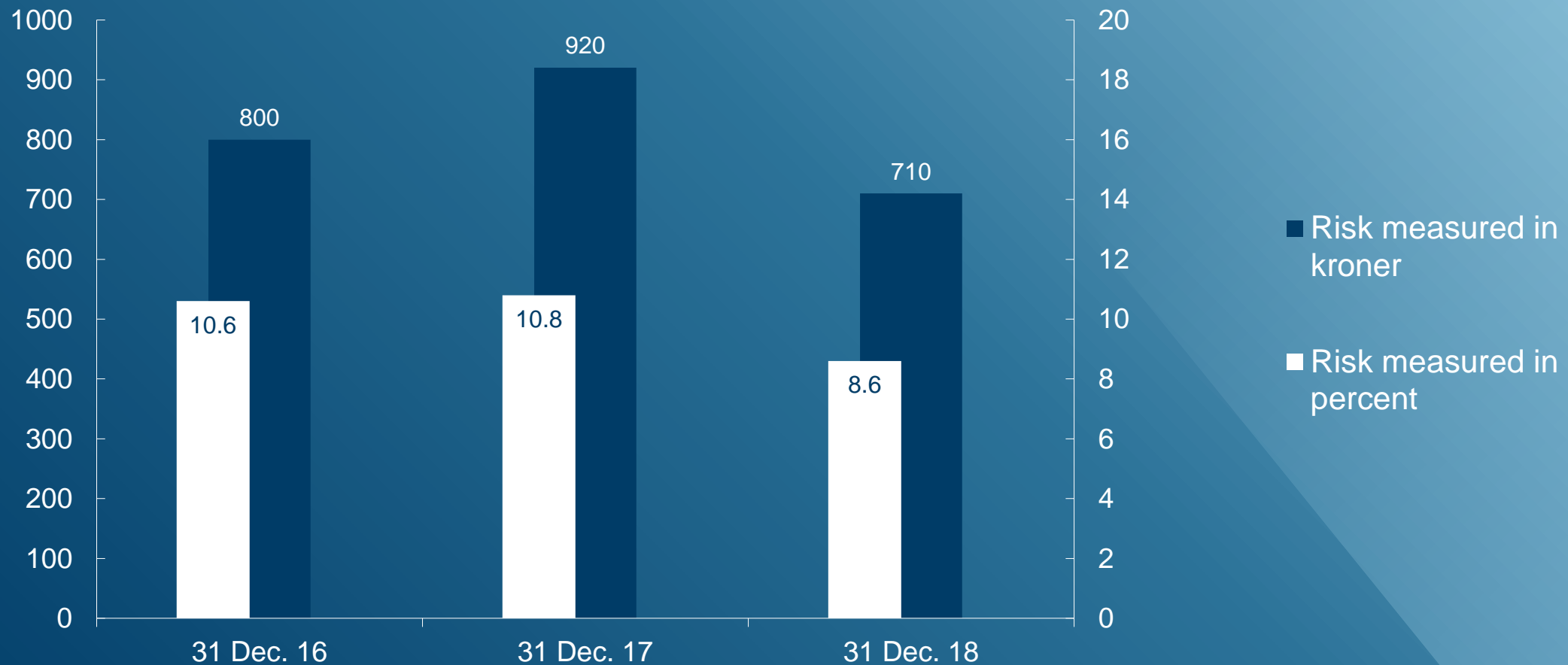
# Negative contribution from all strategies in 2018

Contribution. Since 2013 figures are annualised. Percentage points

Strategy	2018	2017	Since 2013
Fund allocation	-0.24	0.22	-0.10
Security selection	-0.04	0.40	0.10
Asset management	-0.01	0.08	0.18
<b>Total</b>	<b>-0.30</b>	<b>0.70</b>	<b>0.18</b>

# Expected value fluctuations

Expected volatility. Billion kroner (left axis) and percent (right axis)



# Value fluctuations in a longer perspective

Billion kroner (left axis) and percent (right axis)



# **Financial markets in 2018**



# Equity markets in 2018

Measured in USD. Indexed (31.12.2017 = 100)



# Equity markets in 2018

Measured in USD (Stoxx in EUR). Indexed (31.12.2017 = 100)



# Equity markets in 2018 and year-to-date

Measured in USD (Stoxx in EUR). Indexed (31.12.2017 = 100). As at 22.02.2019



# Emerging equity markets in 2018

Measured in USD. Indexed (31.12.2017 = 100)



# Emerging equity markets in 2018 and year-to-date

Measured in USD. Indexed (31.12.2017 = 100). As at 22.02.2019



# Different stock sectors in 2018

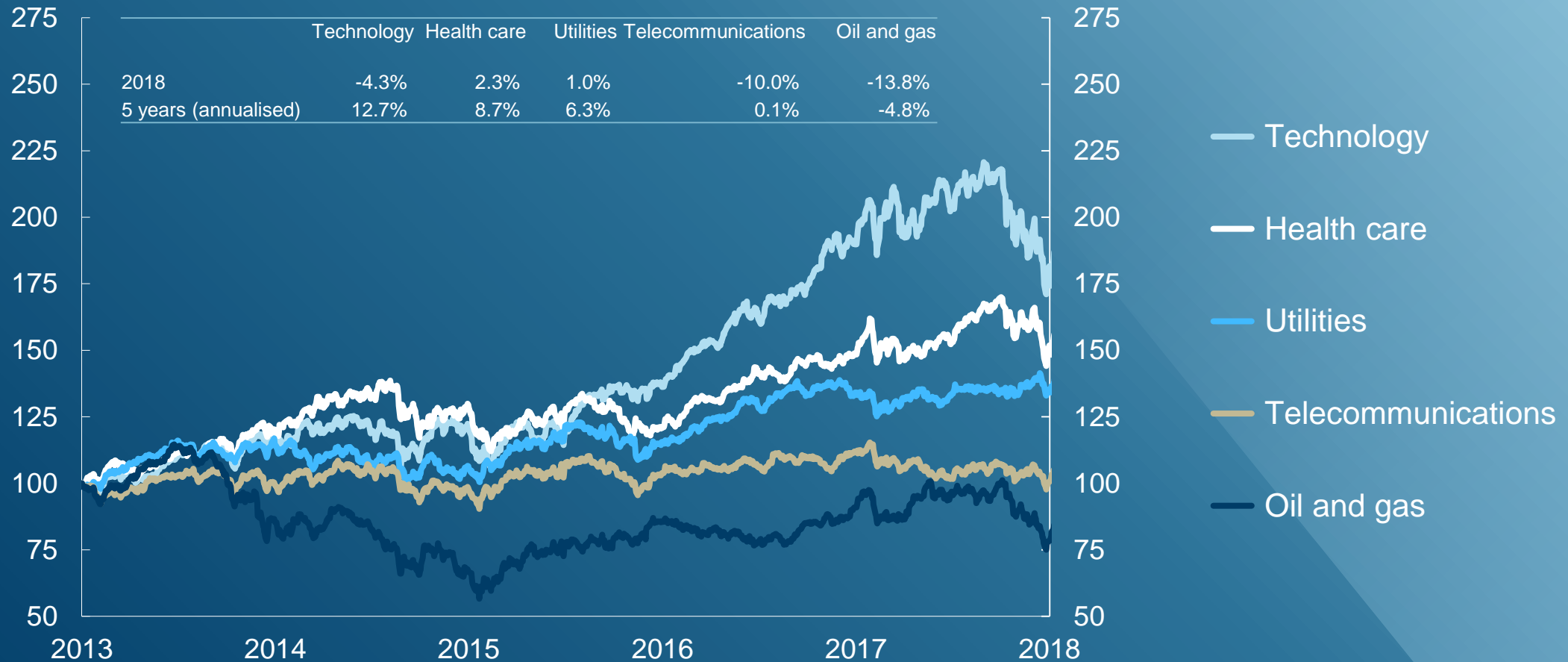
Measured in USD. Indexed (31.12.2017 = 100)





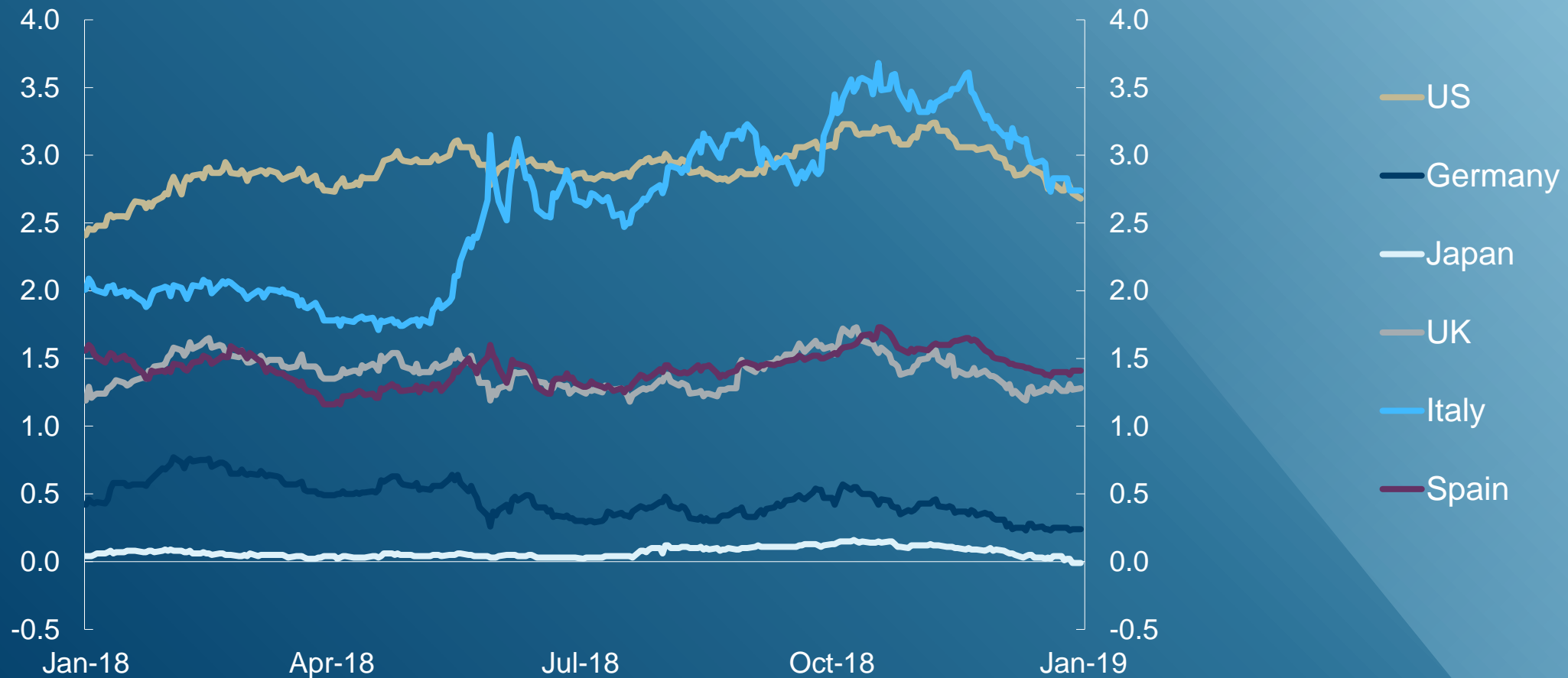
# Different stock sectors last five years

Measured in USD. Indexed (31.12.2013 = 100)



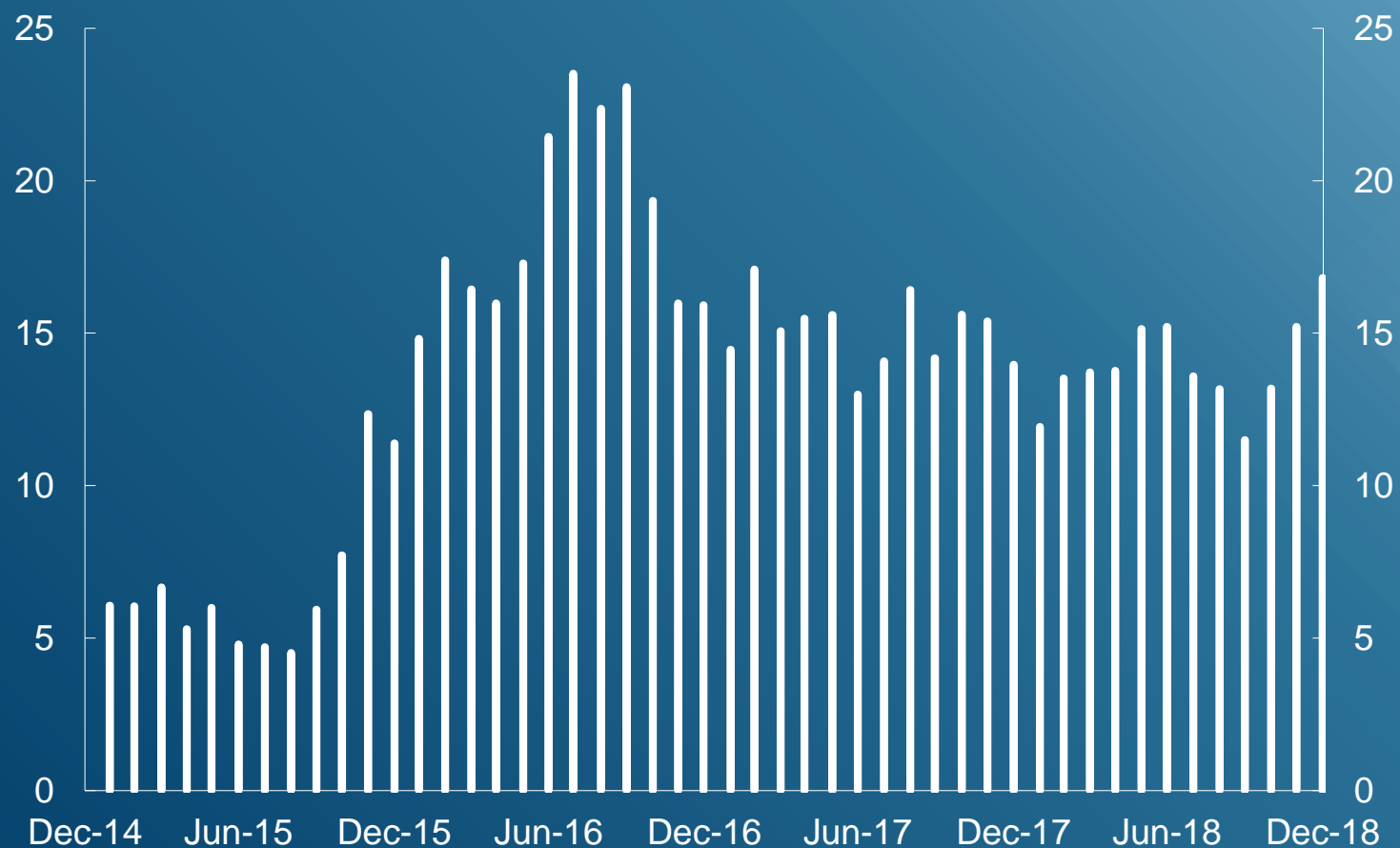
# Development 10-year government bond yields

Percent



# Still large holdings with negative rates

Percent of fixed-income investments



# Currency markets in 2018

Measured against USD. Indexed (31.12.2017 = 100)\*



\* Declining curve indicates weaker exchange rate against USD  
Source: WM Reuters

# Currency markets in 2018

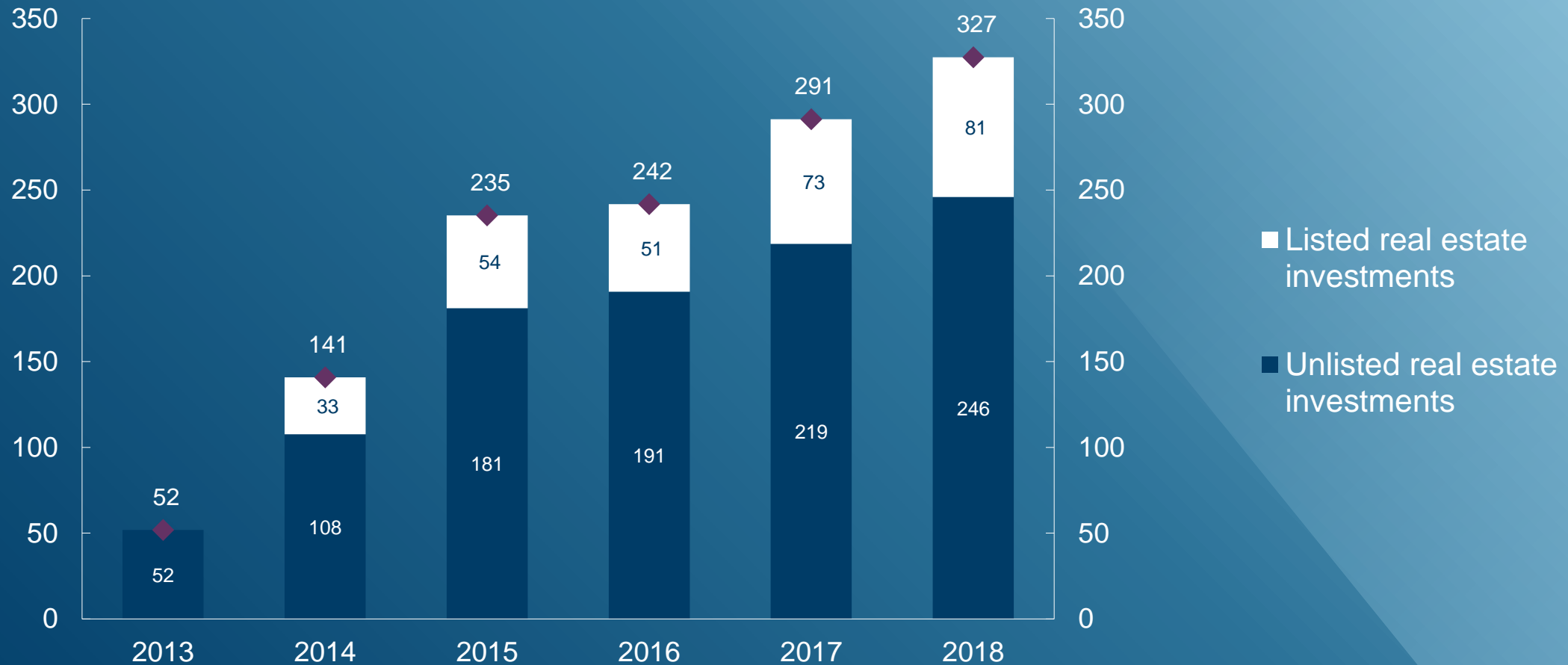
Emerging markets. Measured against USD. Indexed (31.12.2017 = 100)\*



\* Declining curve indicates weaker exchange rate against USD  
Source: WM Reuters

# The real estate portfolio

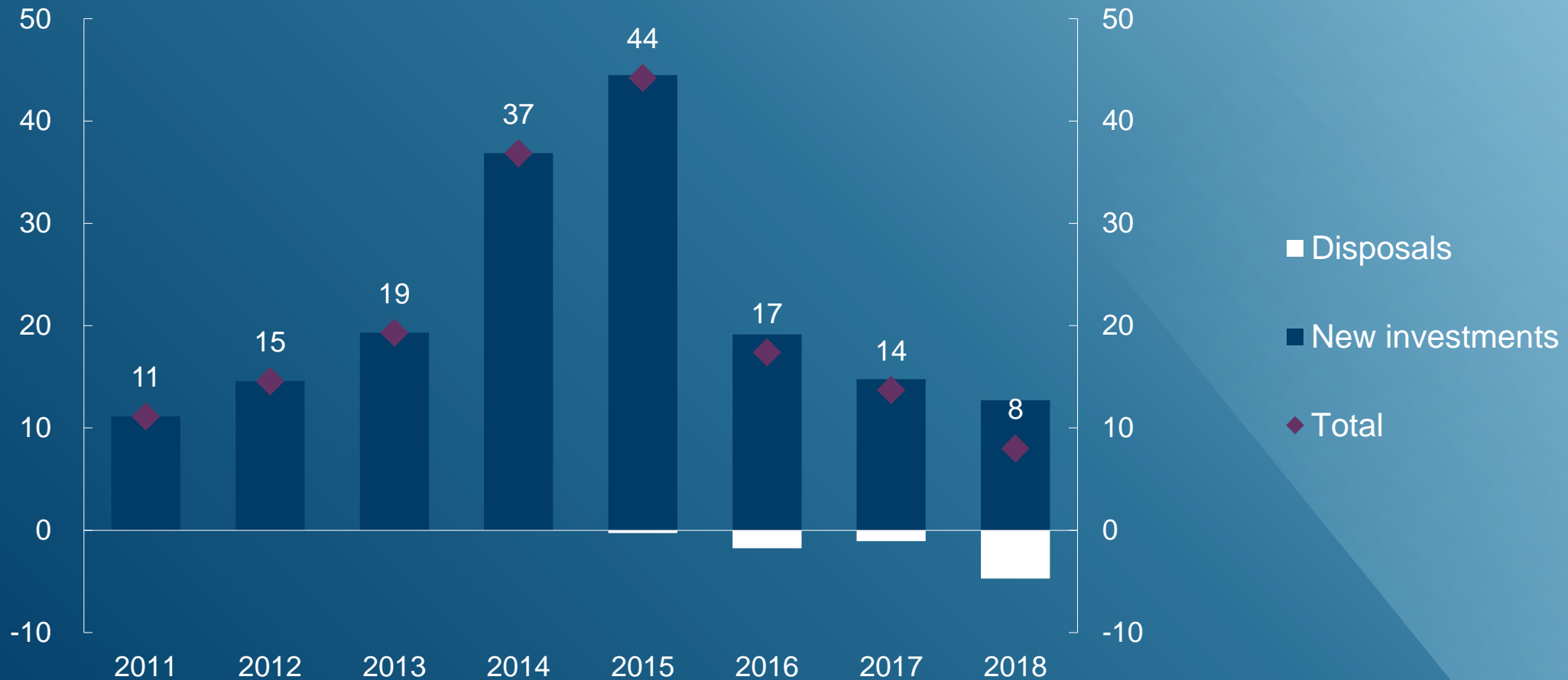
Billions of kroner





# Annual real estate investments

Billions of kroner



# New real estate investments in 2018

## Office and retail

Location	Share (percent)	Transaction amount (local currency)	Transaction amount (NOK)
30 Warwick Street	25.0	GBP 28.8 million	0.3 billion
60 Holborn Viaduct	100.0	GBP 321.3 million	3.4 billion
54-56 rue la Boétie	100.0	EUR 415.5 million	4 billion
79 avenue des Champs-Élysées	100.0	EUR 613.0 million	6 billion
501 Boylston Street	49.9	USD 290.9 million	2.5 billion
121 Seaport Boulevard	45.0	USD 204.8 million	1.7 billion

# New real estate investments in 2018



30 Warwick Street, London



60 Holborn Viaduct, London



54-56 rue la Boétie, Paris



79 avenue des Champs-Élysées, Paris



501 Boylston Street, Boston



121 Seaport Boulevard, Boston



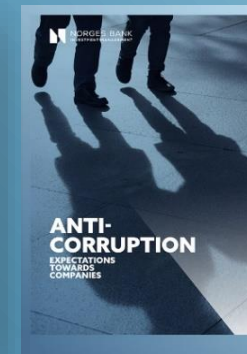
# Responsible investment 2018



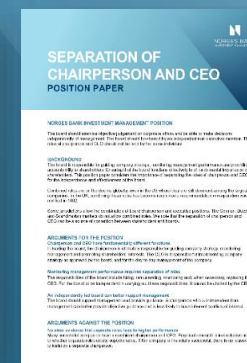
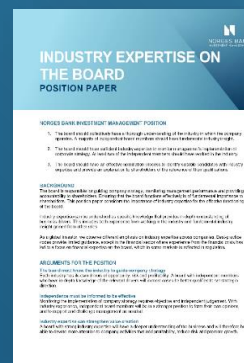
## Environmental



## Social

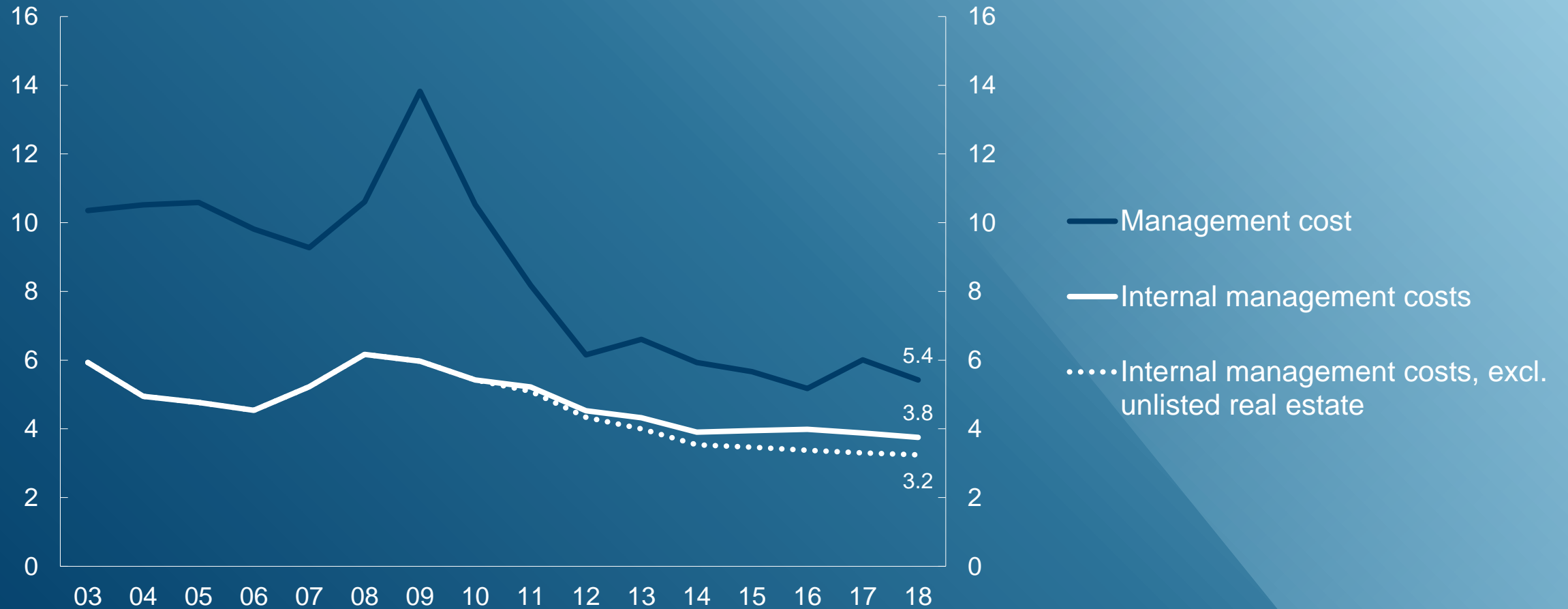


## Governance



# Stable internal management costs

Management cost. Basis points



# Costs

Millions of kroner

	2018	2017
Salary, social security and other personnel-related costs	1,262	1,325
Custody costs	385	404
IT services, systems, data and information	651	657
Other costs	849	664
Base fees to external managers	724	755
<b>Management fee excl. performance-based fees</b>	<b>3,872</b>	<b>3,804</b>
Performance-based fees to external managers	673	924
<b>Management fee</b>	<b>4,544</b>	<b>4,728</b>



# Published on website 27 February 2018

[www.nbim.no](http://www.nbim.no)



Holding list

GIPS – report

Monthly returns

Main external service providers

Overview of external managers

Detailed tables on return and risk

Approved issuers of government bonds

# Public information available on our website

- Submissions to the Ministry of Finance  
Investment advice
- Discussion notes  
Analyses that may form the basis for the fund's investment strategy and advice to the Ministry of Finance
- Asset manager perspectives  
The fund's views and reflections on issues topical for the financial industry
- Expectations documents  
The fund's expectations to companies regarding specific focus areas
- Position papers  
The fund's position on specific ownership topics
- Public reports



# Highlights

- The return was -6.1 percent in 2018
  - Equity -9.5 percent
  - Unlisted real estate 7.5 percent
  - Fixed income 0.6 percent
- The return on the fund was -485 billion kroner
- The return on equity and fixed-income investments was 0.3 percentage point lower than the return on the benchmark index
- The market value of the fund fell to 8,256 billion kroner
- Asset allocation at the end of the year
  - Equity 66.3 percent
  - Unlisted real estate 3.0 percent
  - Fixed income 30.7 percent

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