



GOVERNMENT PENSION FUND GLOBAL

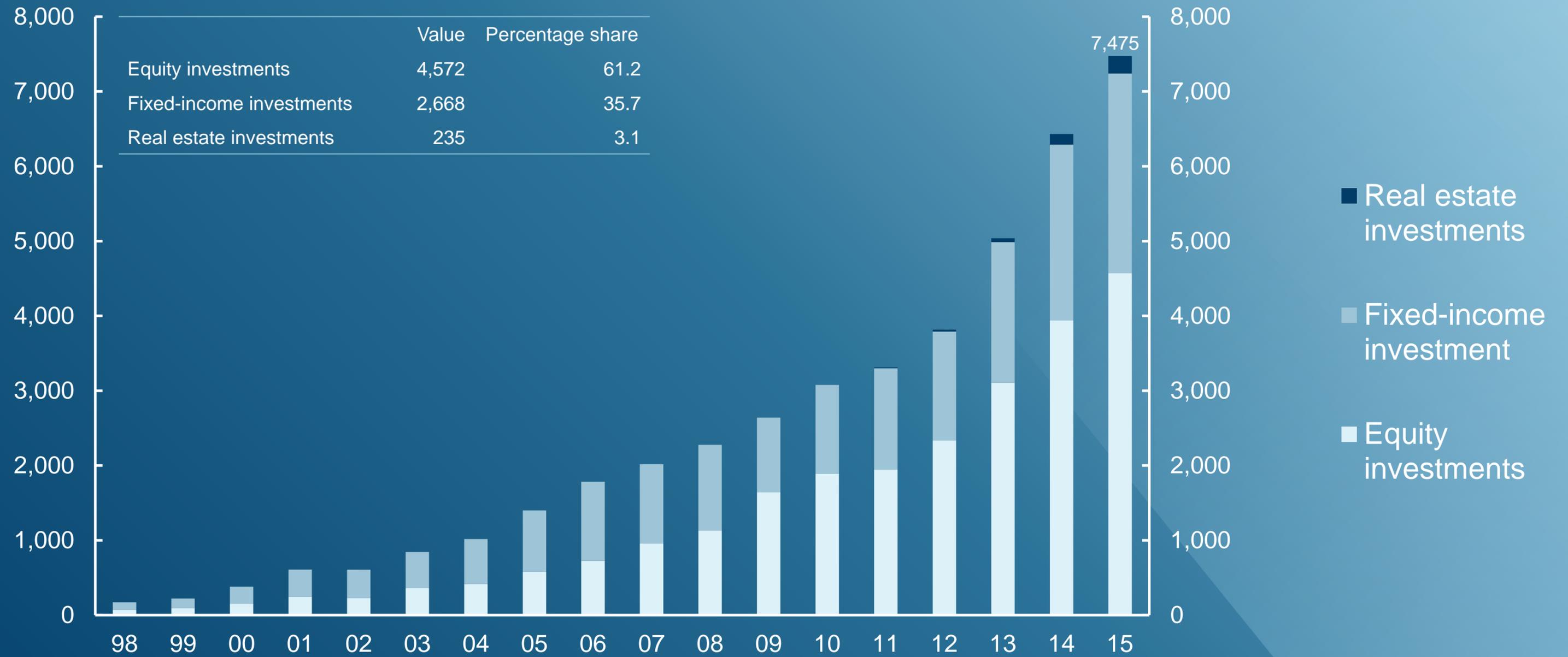
ANNUAL REPORT 2015

PRESS CONFERENCE
OSLO, 9 MARCH 2016



Market value

As at 31.12.2015. Billions of kroner

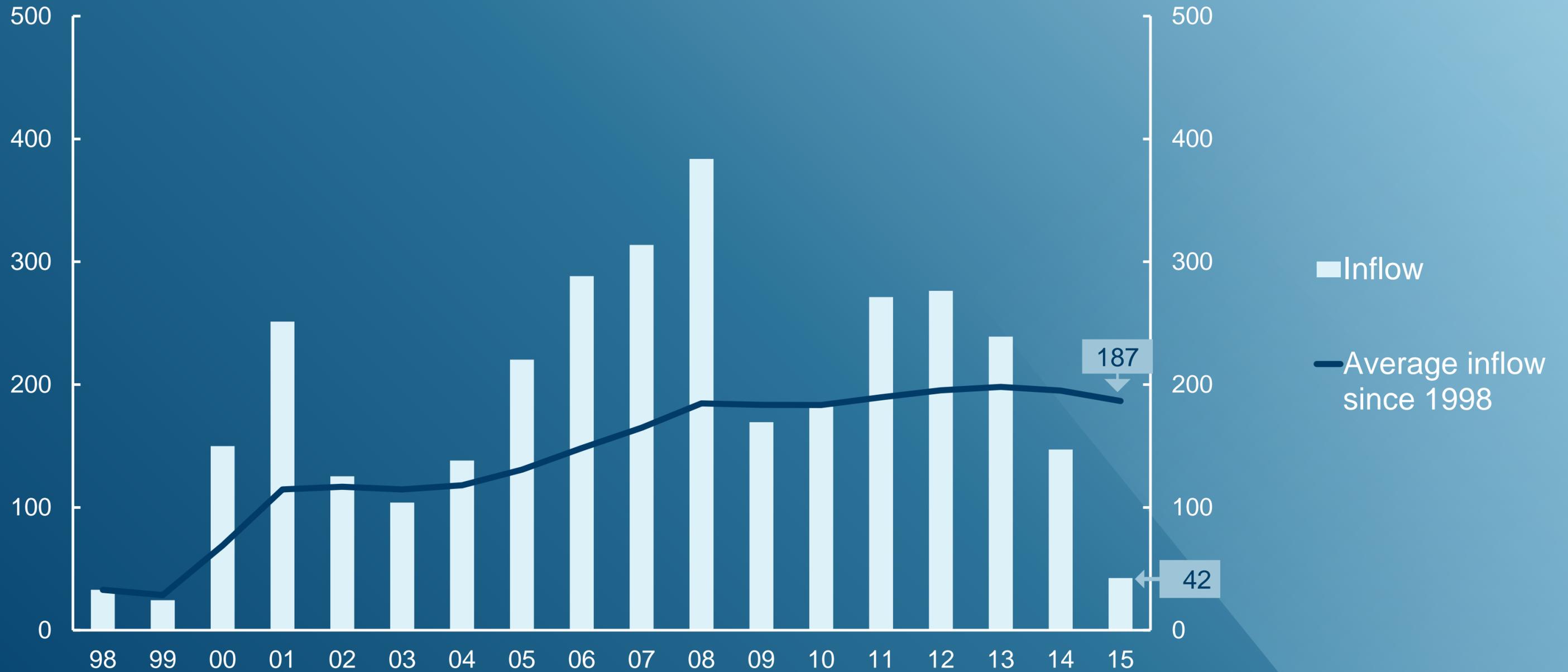


Source: Norges Bank Investment Management



Inflows

Billions of kroner

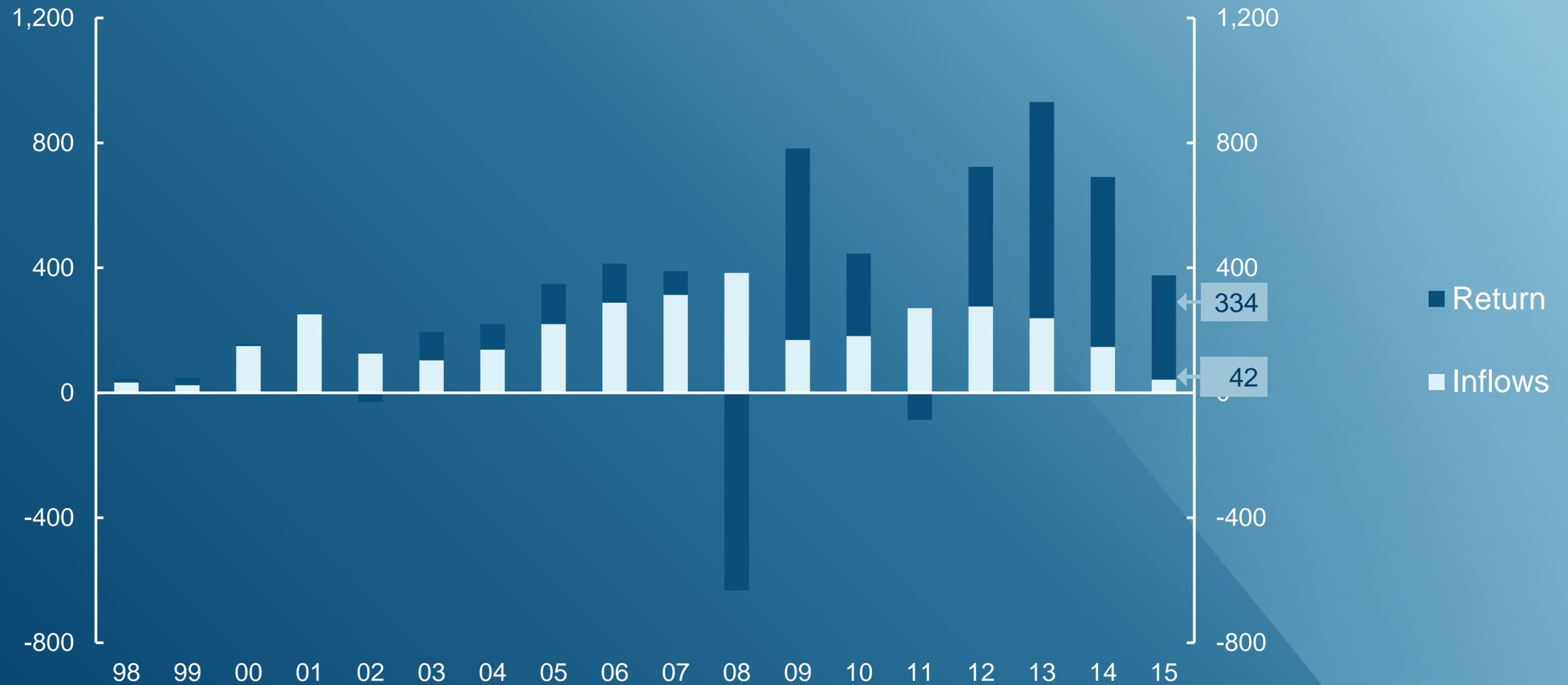


Source: Norges Bank Investment Management



Inflows and return

Billions of kroner

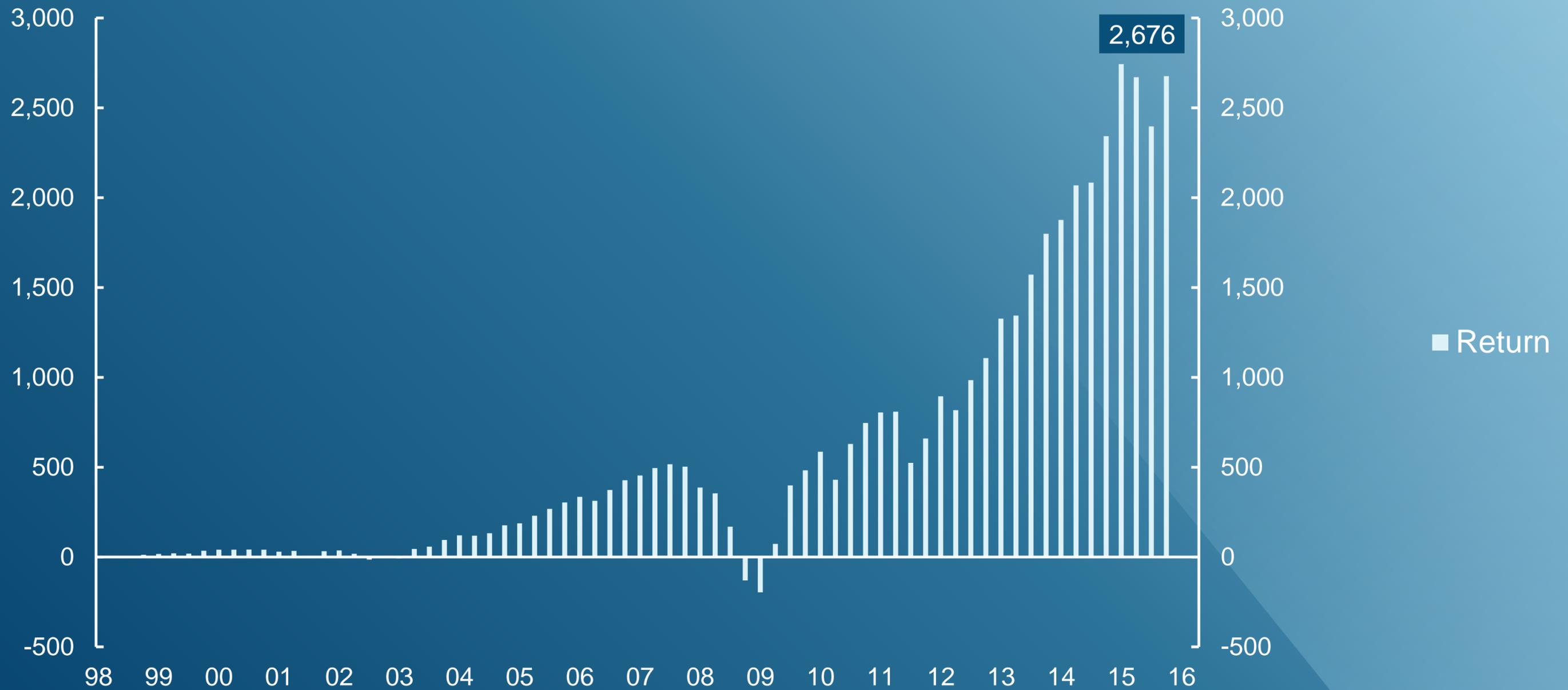


Source: Norges Bank Investment Management



Accumulated return

As at 31.12.2015. Billions of kroner

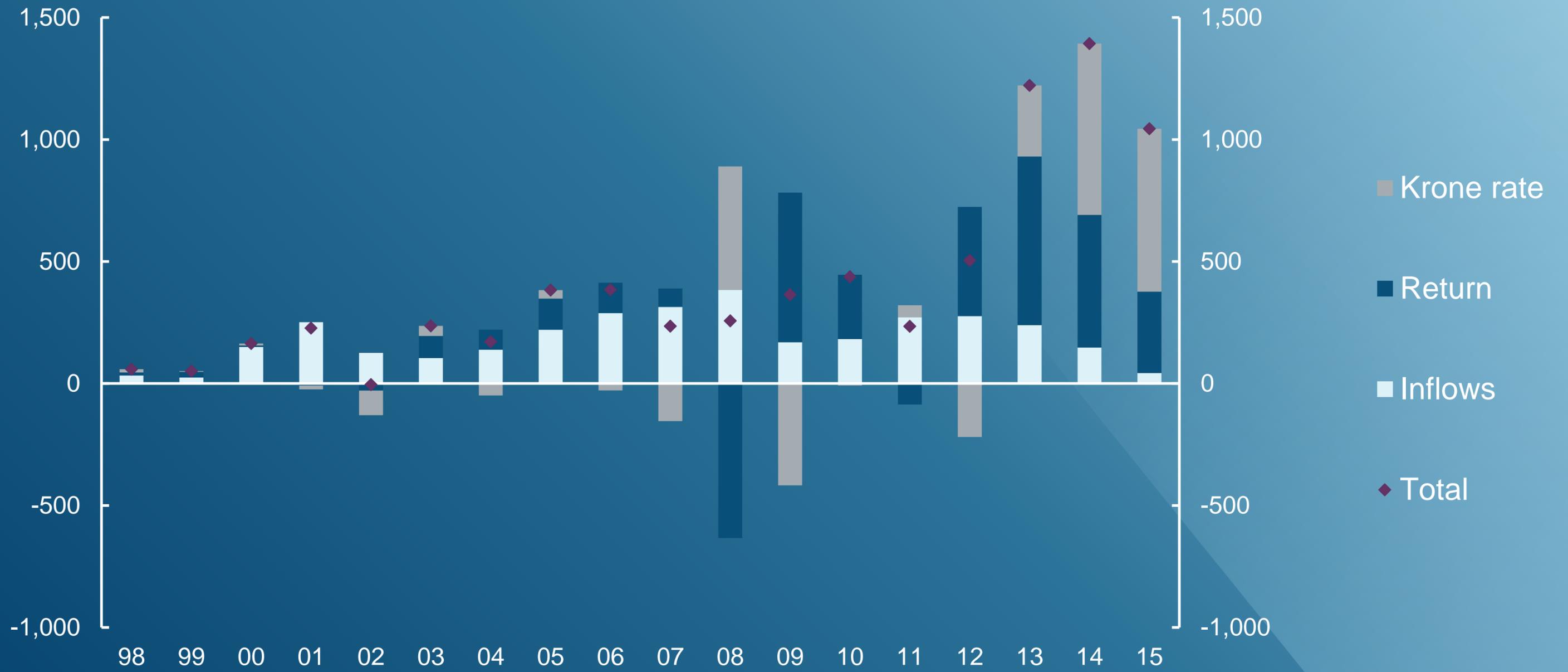


Source: Norges Bank Investment Management



Annual change in market value

Billions of kroner

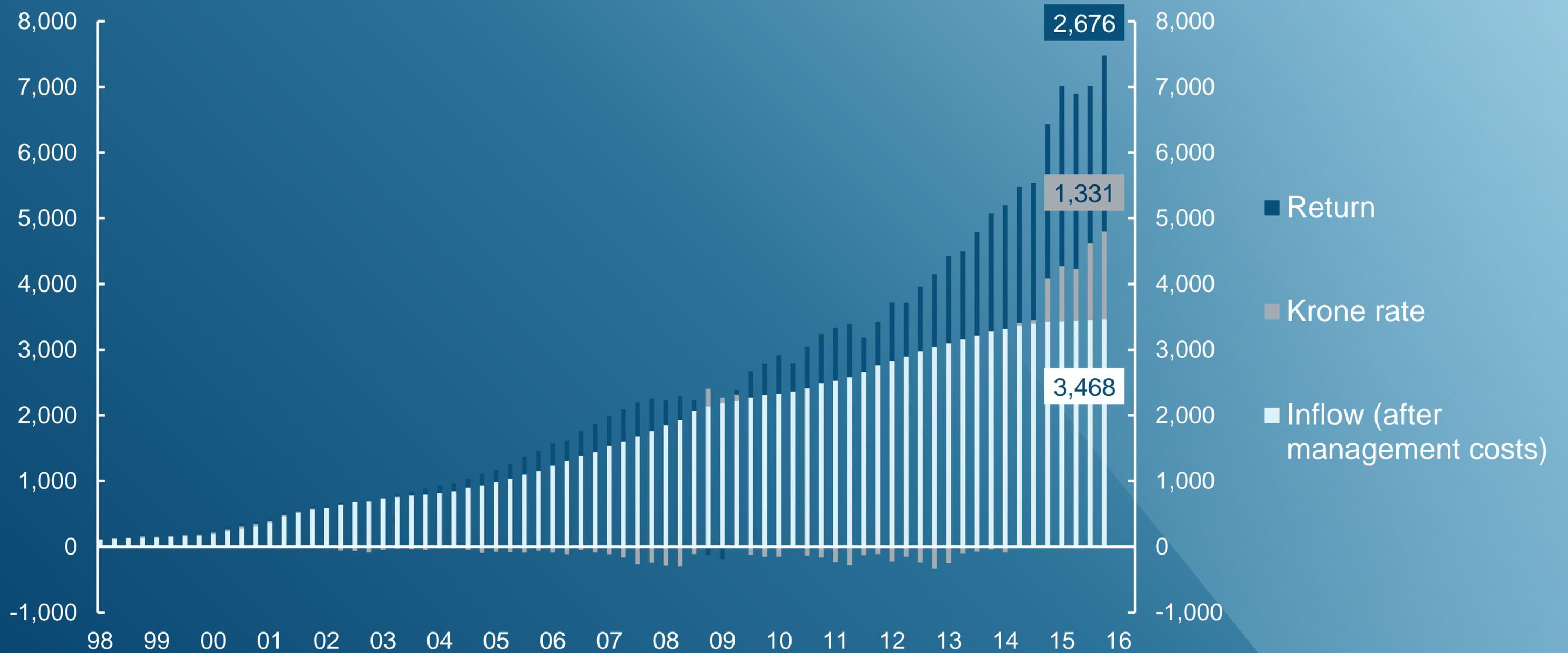


Source: Norges Bank Investment Management



Accumulated market value

As at 31.12.2015. Billions of kroner

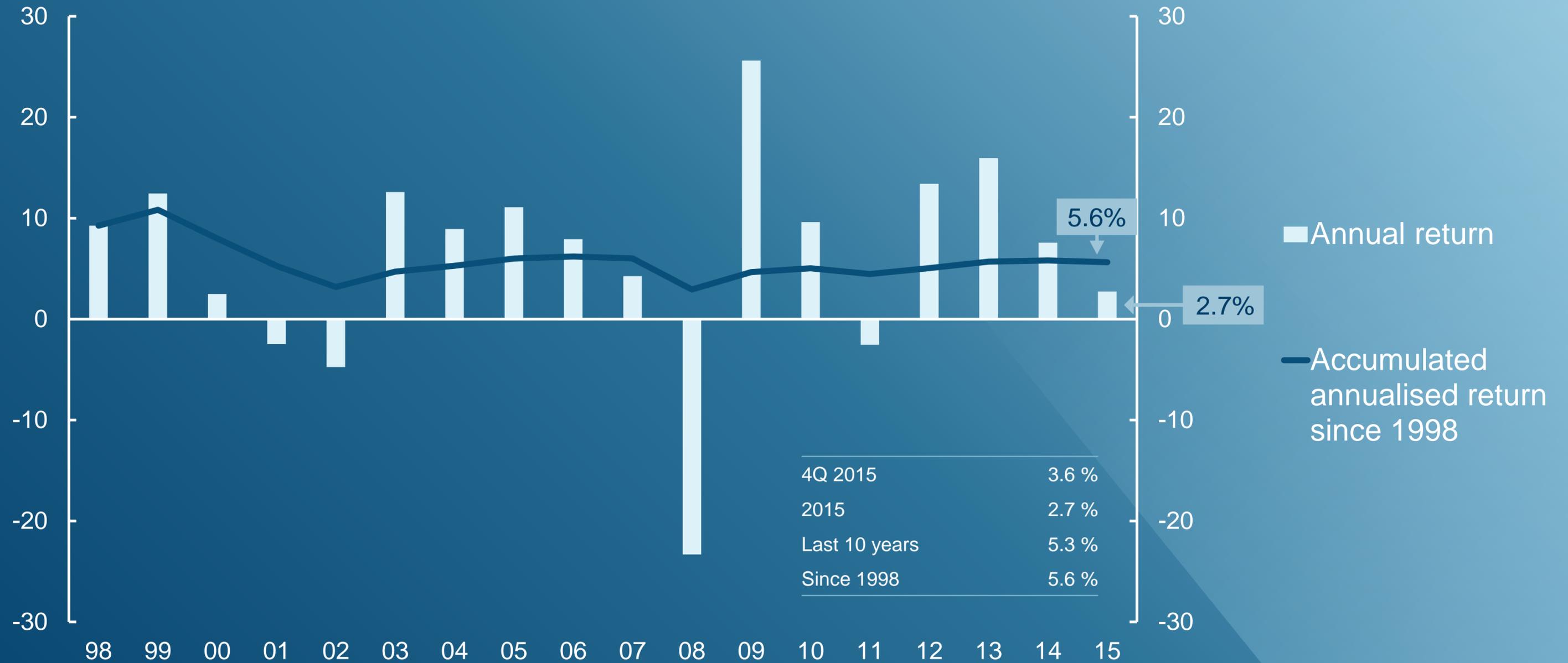


Source: Norges Bank Investment Management



Annual return

Percent



Source: Norges Bank Investment Management



Historical key figures

Measured in the fund's currency basket. Percent

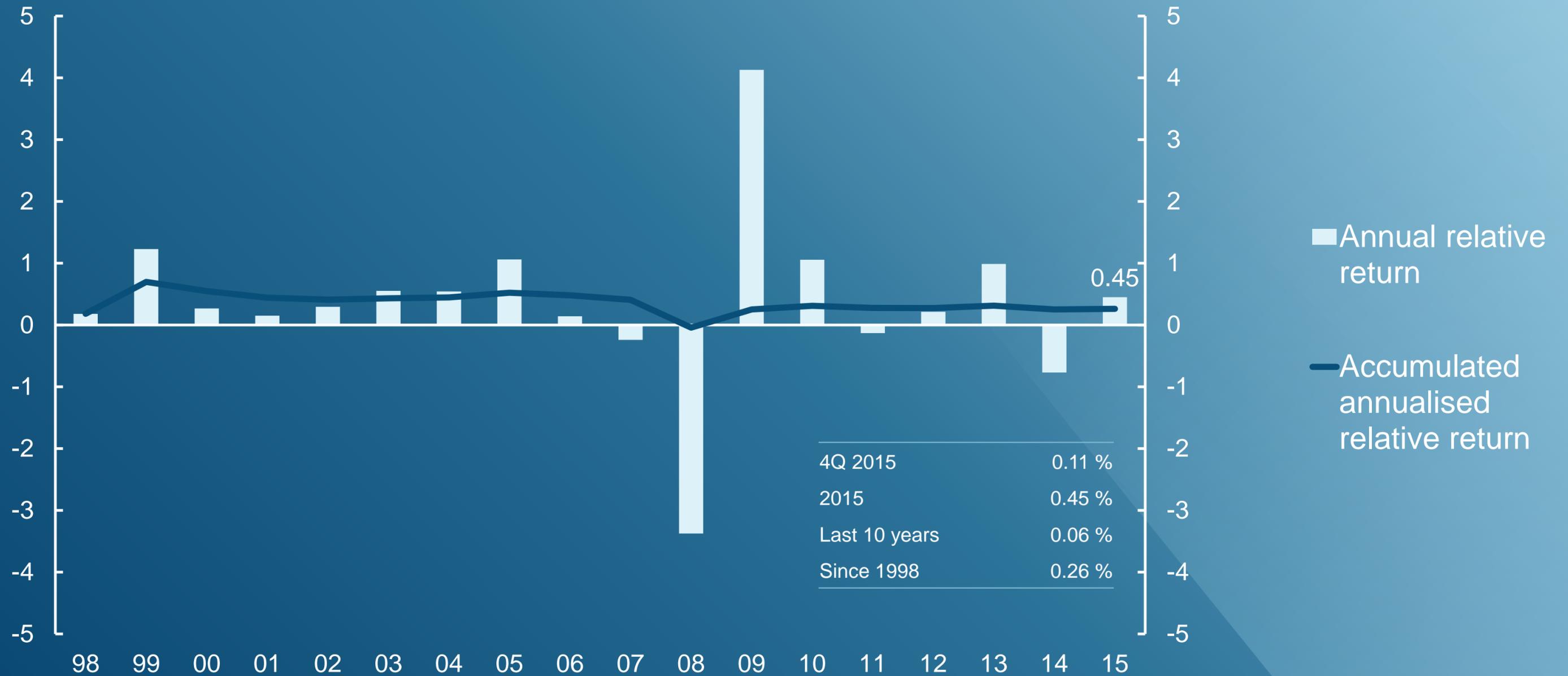
	2015	Last ten years	Since 1.1.1998
Gross annual return	2.74	5.34	5.64
Annual inflation	0.86	1.84	1.78
Annual management costs	0.06	0.09	0.09
Annual net real return	1.80	3.35	3.70

Source: Norges Bank Investment Management



Relative return

Percentage points



Source: Norges Bank Investment Management



Decomposition of relative return

2015. Contributions. Percentage points



Total	0.45
Equity investments	0.52
Fixed-income investments	-0.10

Source: Norges Bank Investment Management



Contributions to relative return

31.12.2015. Strategies measured stand alone. Percentage points

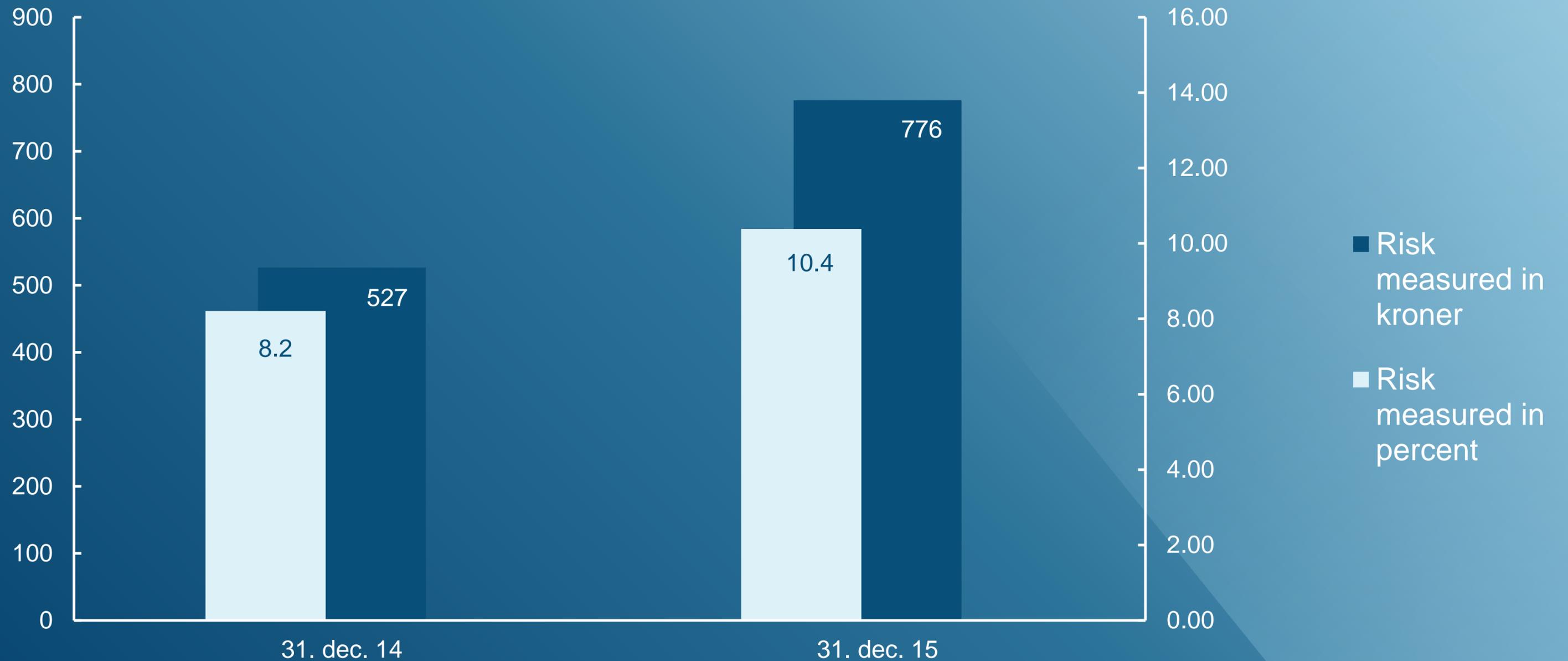
Strategy	Equity	Fixed-income	Cross Asset Allocation	Total
Internal Reference Portfolio	0.05	-0.17	0.00	-0.12
Allocation	0.10	0.01	0.04	0.15
Securities Selection	0.21	0.03		0.24
Asset Management	0.17	0.03	-0.01	0.18
Total	0.52	-0.10	0.02	0.45

Source: Norges Bank Investment Management



Expected absolute volatility

Billions of kroner (left axis) and percent (right axis)



Source: Norges Bank Investment Management



FINANCIAL MARKETS IN 2015



Price developments in equity markets

Measured in USD (Stoxx in EUR). Indexed (31.12.2014 = 100)

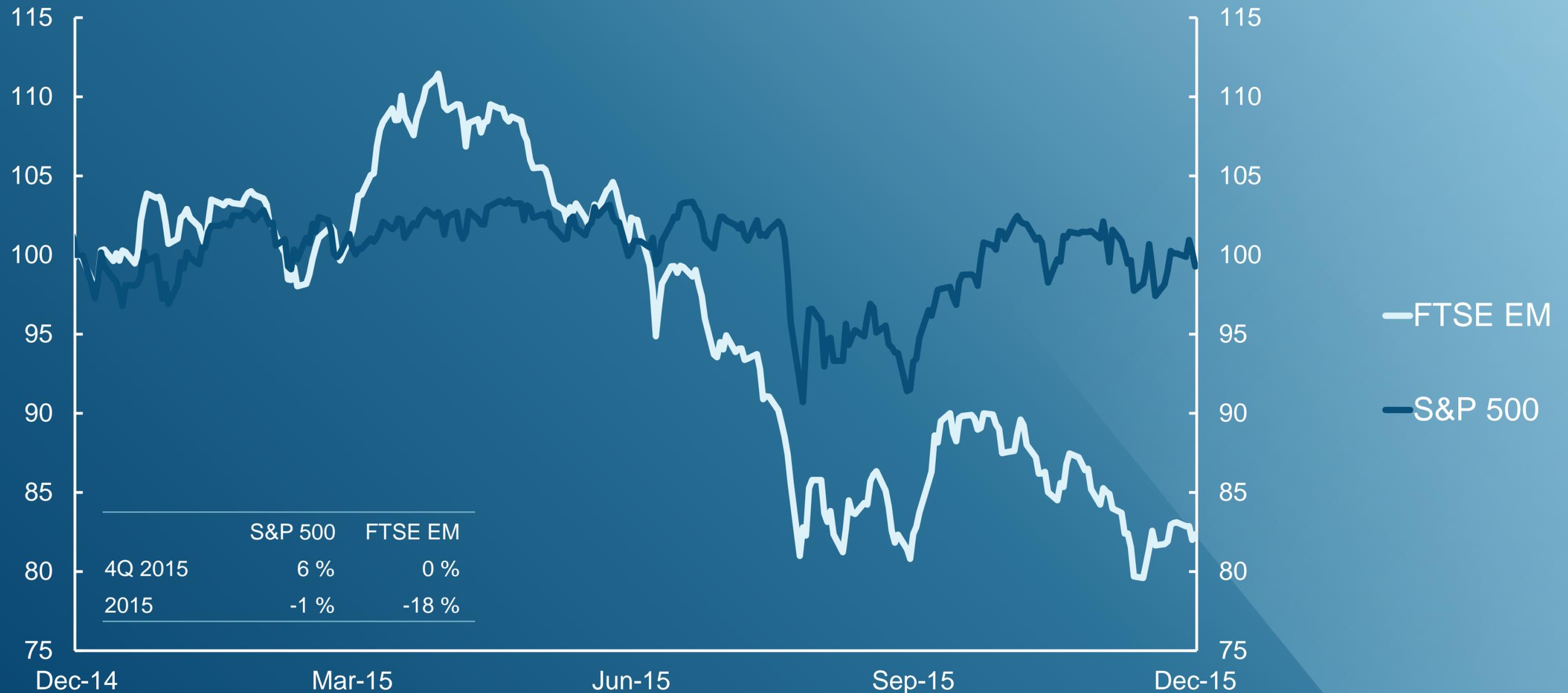


Source: Bloomberg



Price developments in emerging equity markets

Measured in USD. Indexed (31.12.2014 = 100)

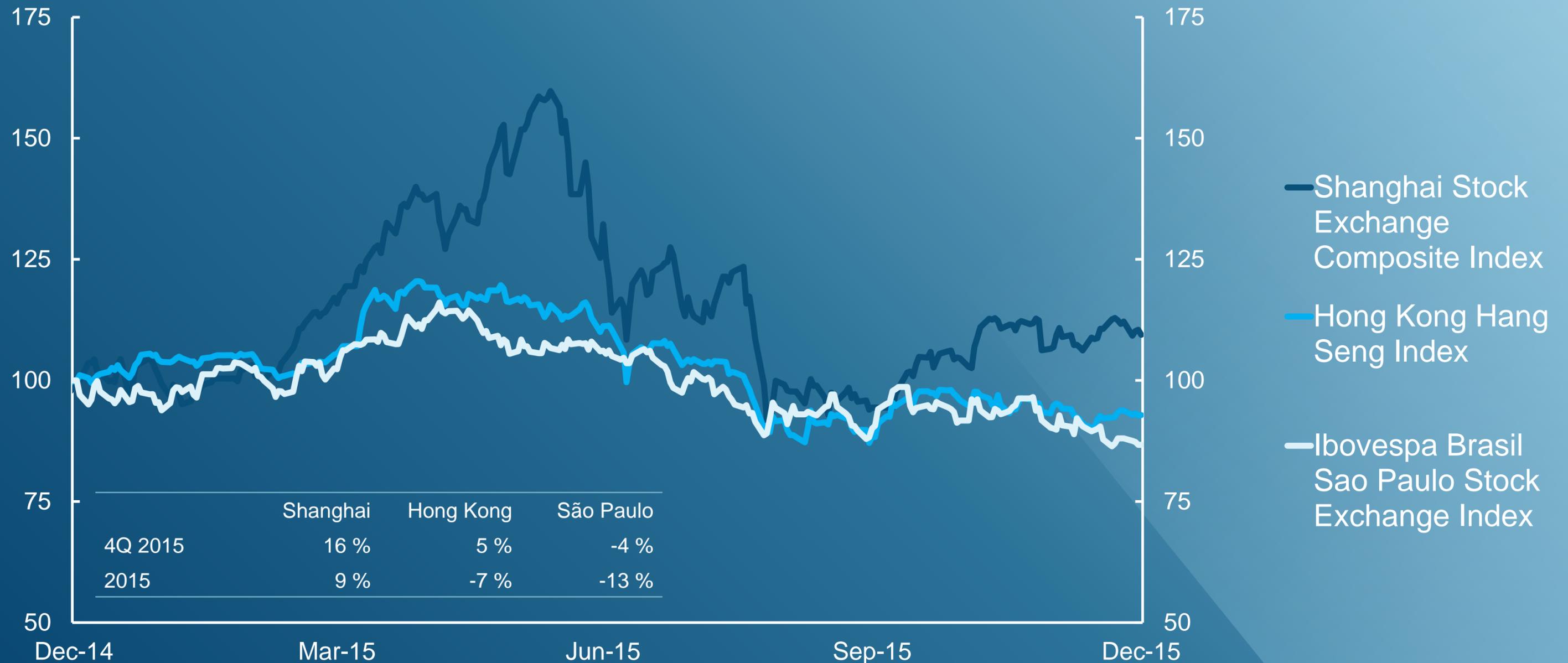


Source: Bloomberg



Equity markets in China and Brazil

Measured in local currency. Indexed (31.12.2014 = 100)



Source: Bloomberg



Price development in stock sectors

Measured in USD. Indexed (31.12.2014 = 100)

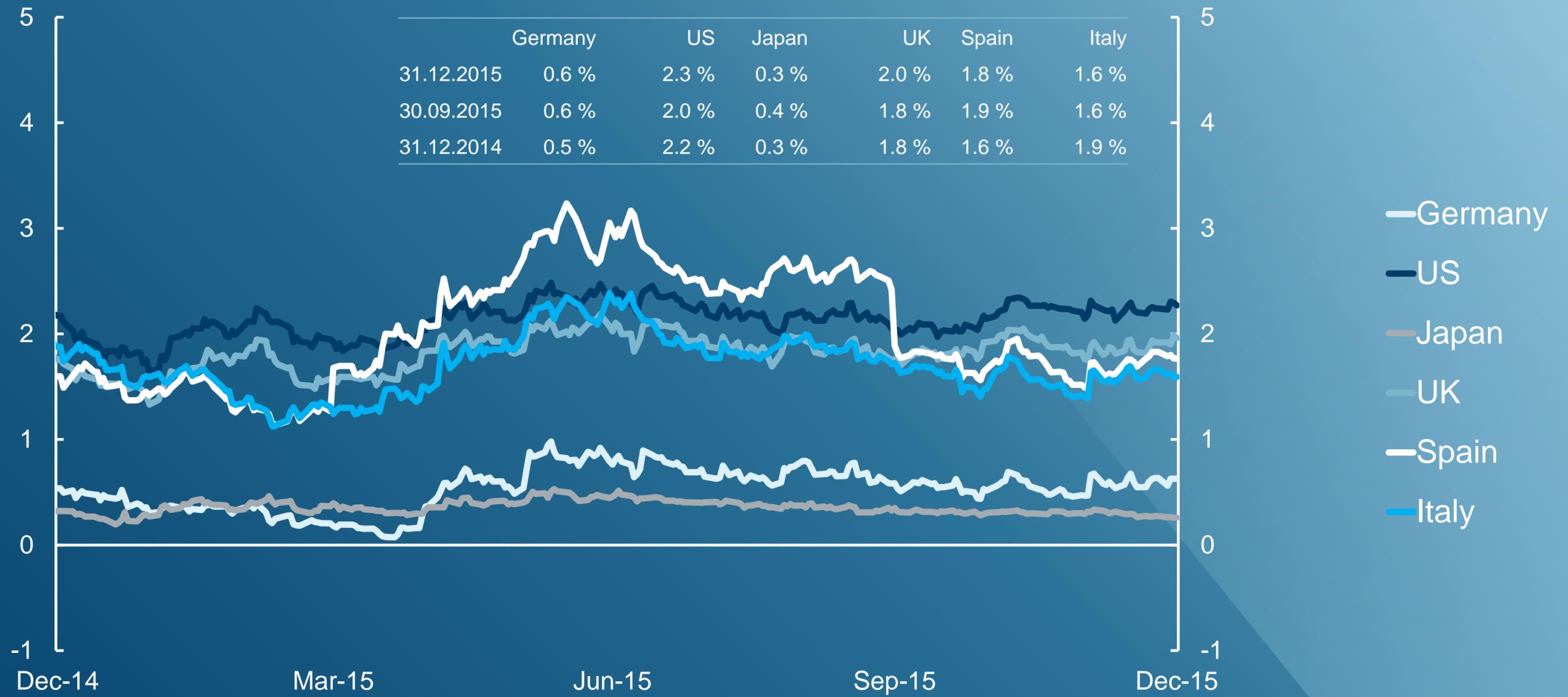


Source: FTSE



Low interest rates

10-year government bonds. Percent



Source: Bloomberg



Two year government bond yields

Increasing in the US, decreasing in Germany. Percent



Source: Bloomberg



Price developments for fixed-income sectors

Measured in USD. Indexed (31.12.2014 = 100)



Source: Barclays



Currency development

Weaker EUR, CHF and CNY in 2015

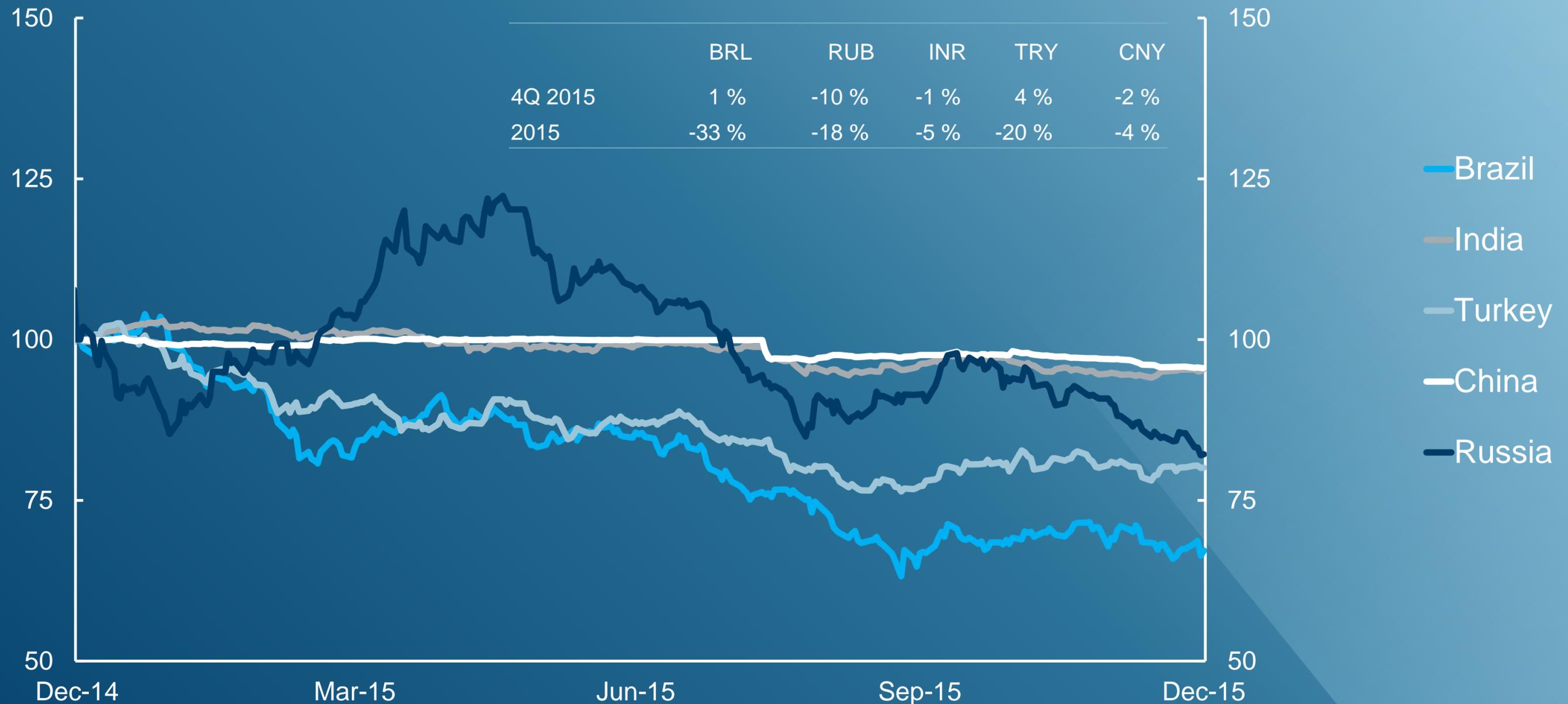


Source: Bloomberg



Currency development emerging markets

Measured against USD. Indexed (31.12.2014 = 100)*



*Falling curve implies a weaker currency measured against USD

Source: Bloomberg



New real estate investments in 2015

10 transactions in total

- US

- 7 transactions
- Total value 36,5 bn NOK.

- UK

- 2 transactions
- Total value 5,9 bn NOK .

- Europe

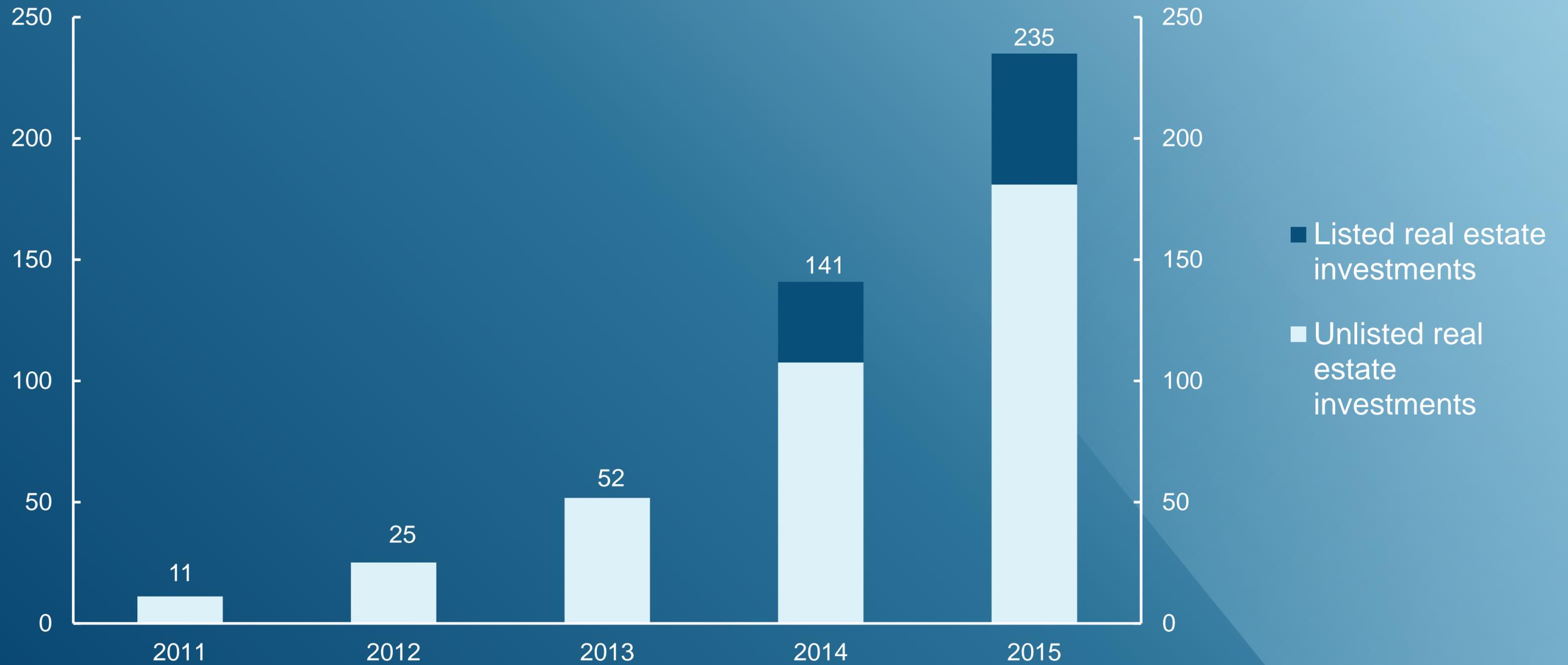
- 1 transaction
- Total value 1,3 bn NOK.



Source: Norges Bank Investment Management

Real estate investments

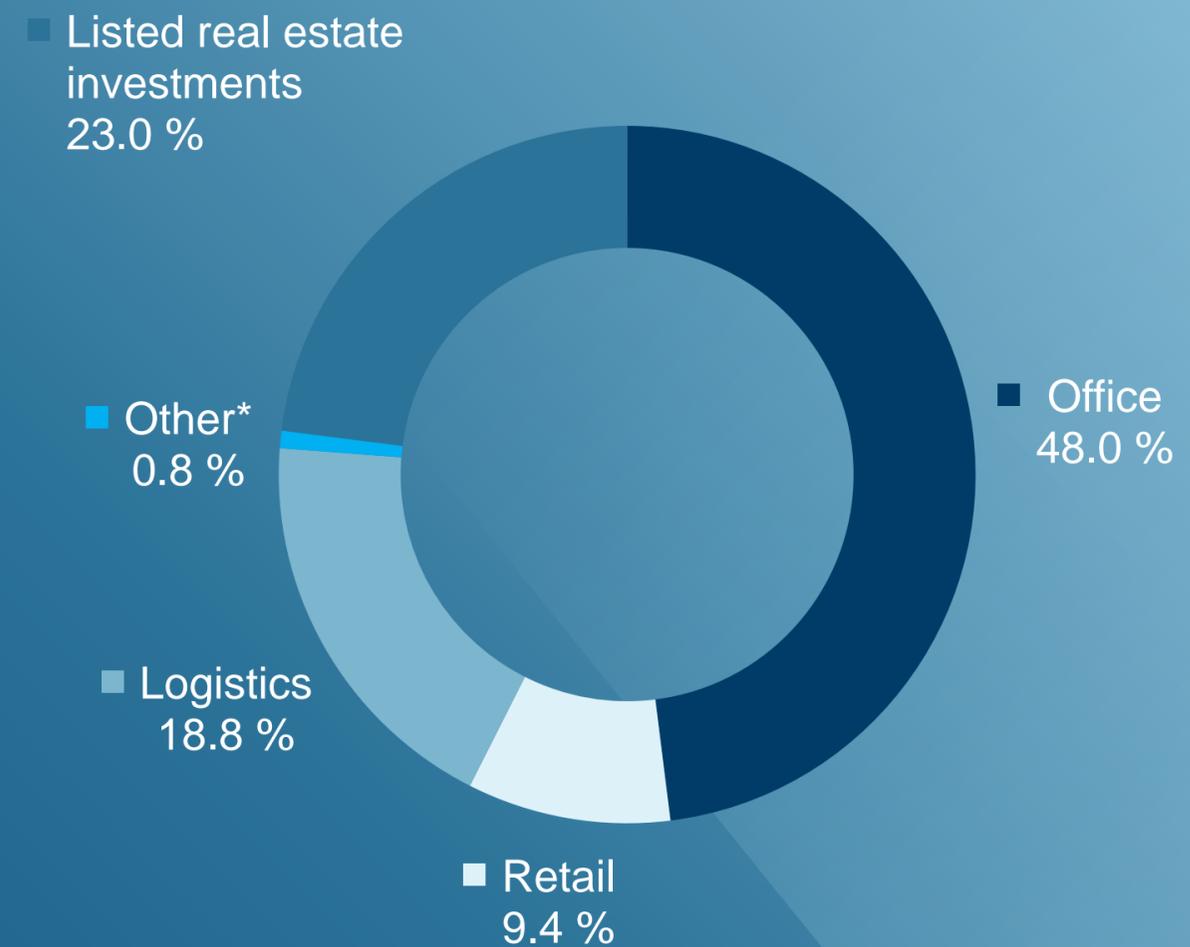
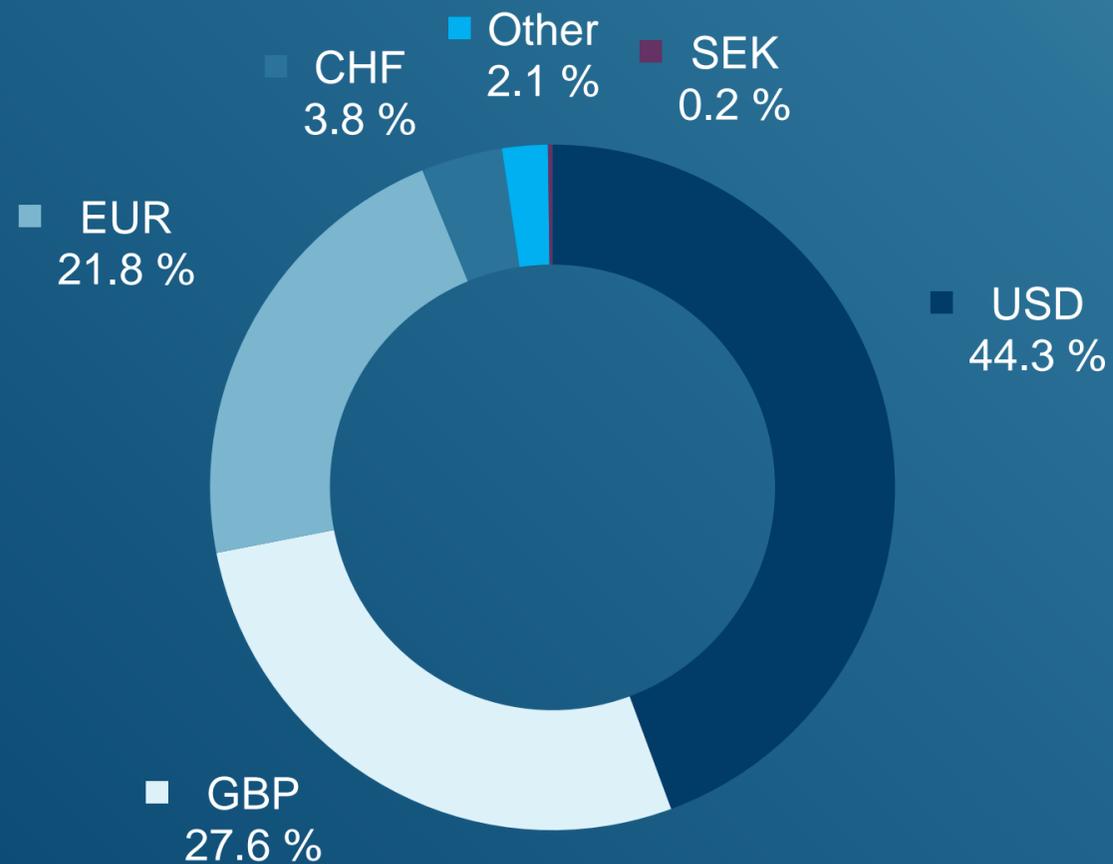
Market value at year end in billion kroner



Source: Norges Bank Investment Management

Real estate portfolio as at 31.12.2015

Currency and sector distribution



* Bank deposits and other claims
Source: Norges Bank Investment Management

Responsible investment 2015

- We worked on standard setting
- We voted at 11,562 general meetings
- We had 3,520 meetings with companies



Observation and exclusions in 2015

Changes from 31.12.2014 to 31.12.2015

■ Exclusions

- Daewoo International Corp
- POSCO
- Genting Berhad
- IJM Corporation
- ZTE Corp

■ Observation

- PT Astra International Tbk

Risk-based divestments

Main category	Theme	2015	2014 and earlier
GHG-emissions	Oil sands	0	5
	Coal extraction towards electricity production	11	14
	Cement production	8	2
	Coal-fired power generation	16	1
	Other	7	0
Deforestation	Palm oil production in Malaysia and Indonesia	2	27
	Coal mining in Indonesia	0	11
	Coal mining in India	1	5
	Pulp and paper	4	0
Water	Gold mining	0	16
	General mining and precious metals	9	17
	Mountain-top removal	0	2
Social and governance	Heavy construction	9	0
	Corruption	5	0
	Other	1	14
		73	114

Source: Norges Bank Investment Management



Environment-related mandates

Investments in 224 companies

Main category	Sub-groups	Number of companies	Total (billion NOK)
Low-emission energy & alternative fuels	Renewable energy	54	6.7
	Low-emission energy	19	10.9
	Low-emission fuels	14	1.5
Clean energy & efficiency technology	Electricity production	3	1.2
	Transport	10	3.5
	Buildings	9	5.4
	Industry	45	8.2
Natural resource management	Water	35	8.8
	Waste management and emissions reduction	9	3.6
	Sustainable agriculture	7	2.5
	Other	19	1.5*
		224	53.8

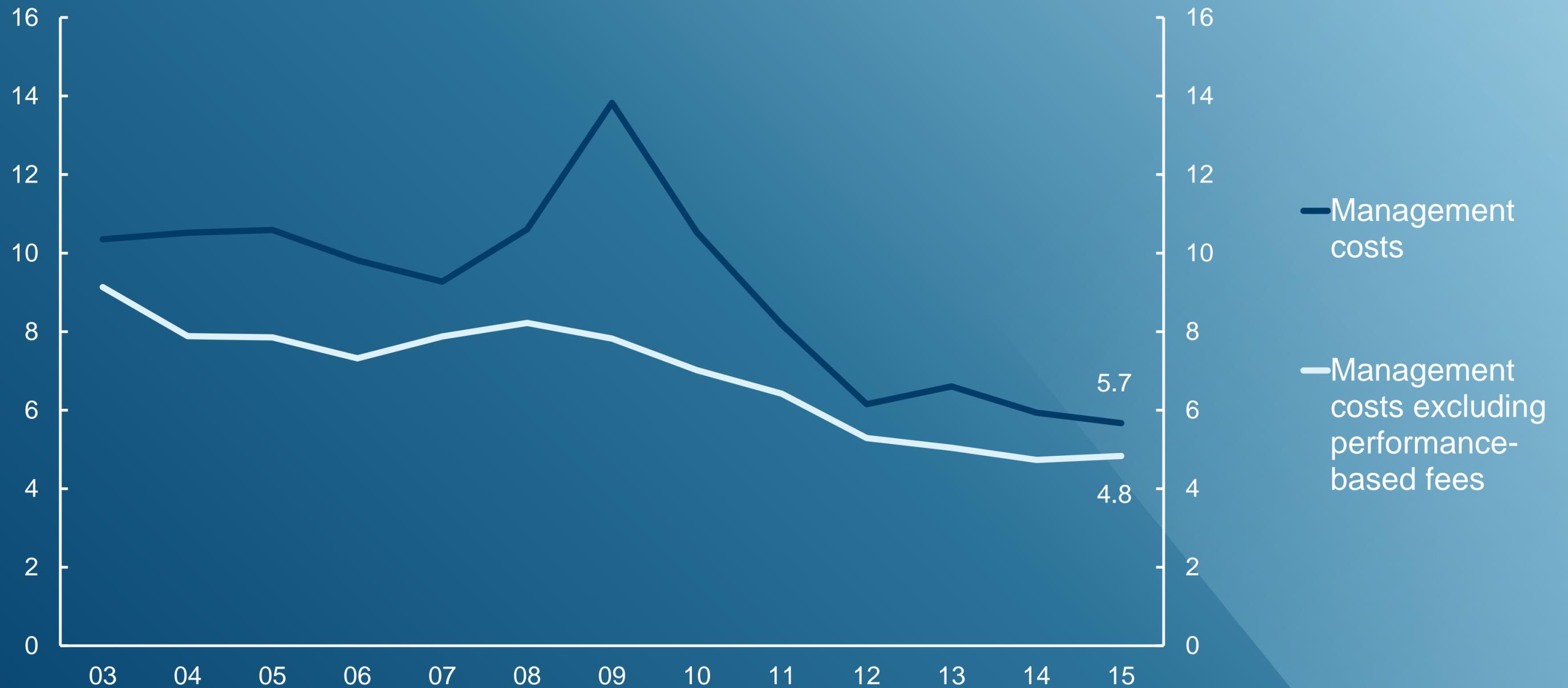
*Includes cash

Source: Norges Bank Investment Management



Management costs

Basis points



Source: Norges Bank Investment Management



Market value and management costs

Fees in million currency units

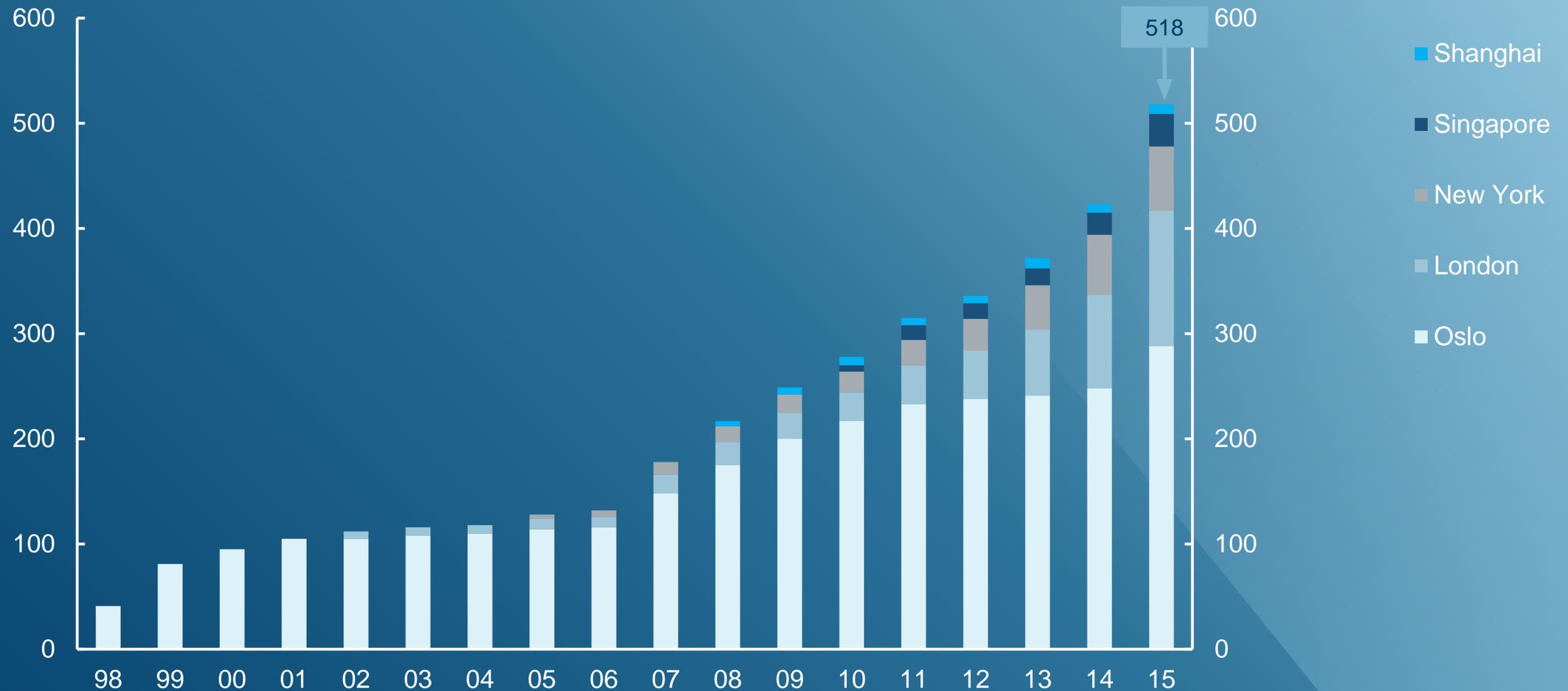


* Average market value in respective year
Source: Norges Bank Investment Management



Number of employees by office

Number as at 31.12.2015*

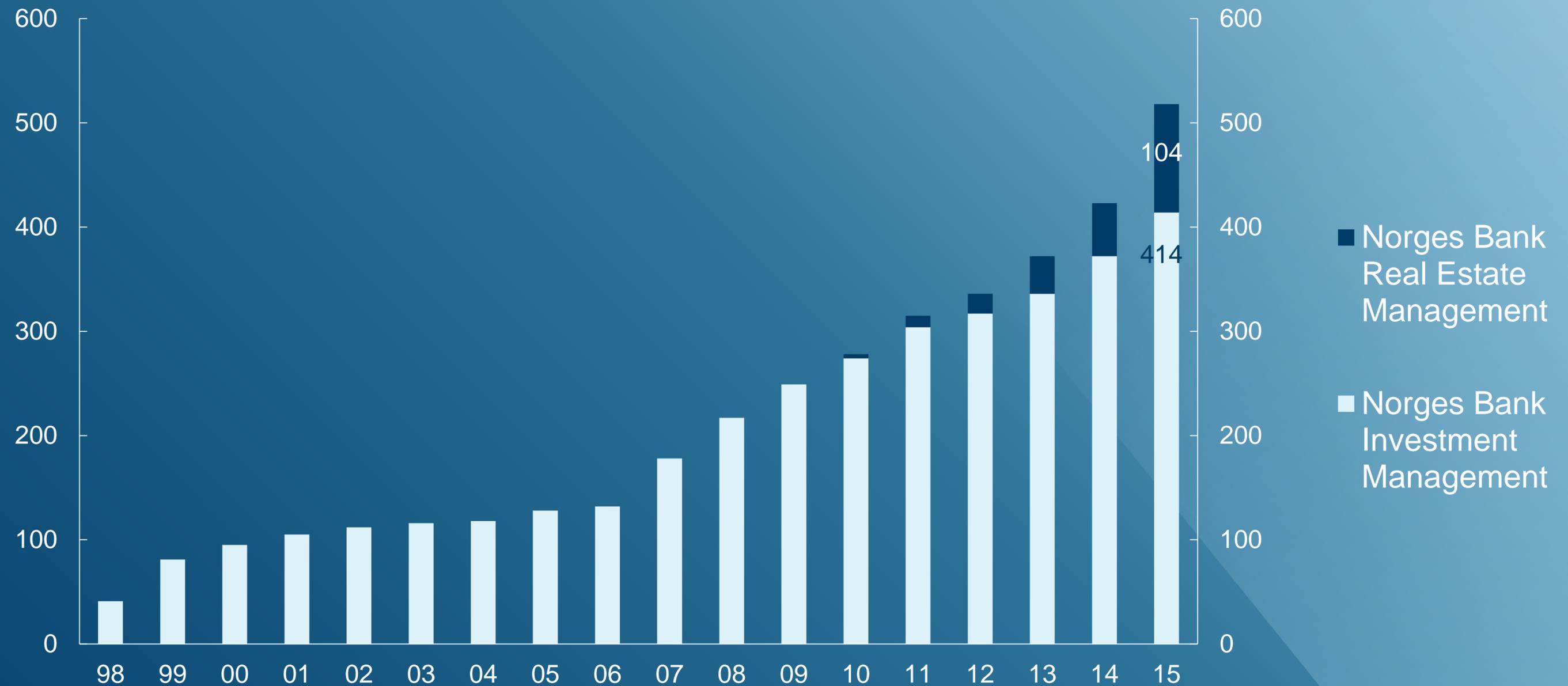


Source: Norges Bank Investment Management
Excl employees in subsidiaries



Number of employees

Number as at 31.12.2015*



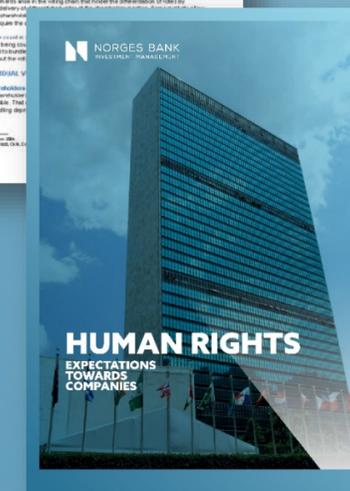
Source: Norges Bank Investment Management
Excl employees in subsidiaries



Submissions, documents and reports

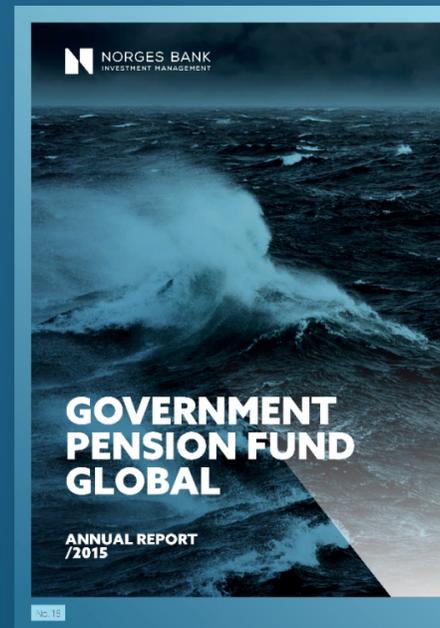
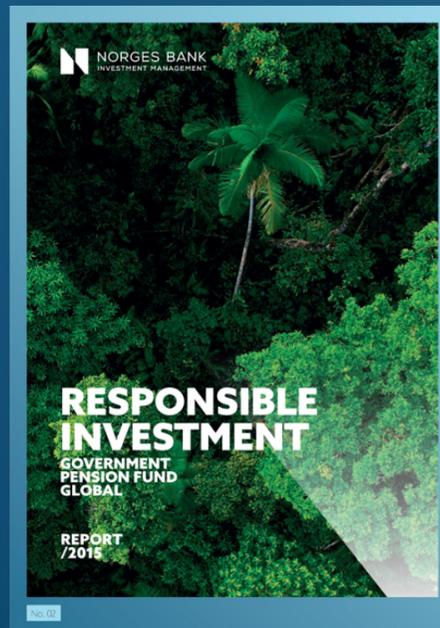
Categories

- Submissions to the Ministry of Finance
 - Advice on the fund's investments
- Discussion notes
 - Analysis which may form relevant background for investment strategy and advice to asset owner
- Asset manager perspective
 - Views and reflections on issues topical for the financial industry
- Expectation documents
 - The fund's expectations to companies within focus areas
- Position papers
 - The fund's view on special topics within our ownership work
- Public reports



Reports

- Annual report – press conference 9 March 2016
- Report on performance and risk – press seminar 16 March 2016
- Report on unlisted real estate investments – press seminar 13 April 2016



Main points

- The return was 2.7 percent in 2015
 - Equity 3.8 percent
 - Fixed income 0.3 percent
 - Real estate 10.0 percent
- The return on equity and fixed-income investments was 0.5 percentage point higher than the return on the reference indices
- The market value of the fund grew by 1,044 billion kroner to 7,475 billion kroner
- Asset allocation at the end of the year:
 - Equity 61.2 percent
 - Fixed income 35.7 percent
 - Real estate 3.1 percent

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