



3Q | 14

**GOVERNMENT
PENSION FUND
GLOBAL**
QUARTERLY REPORT

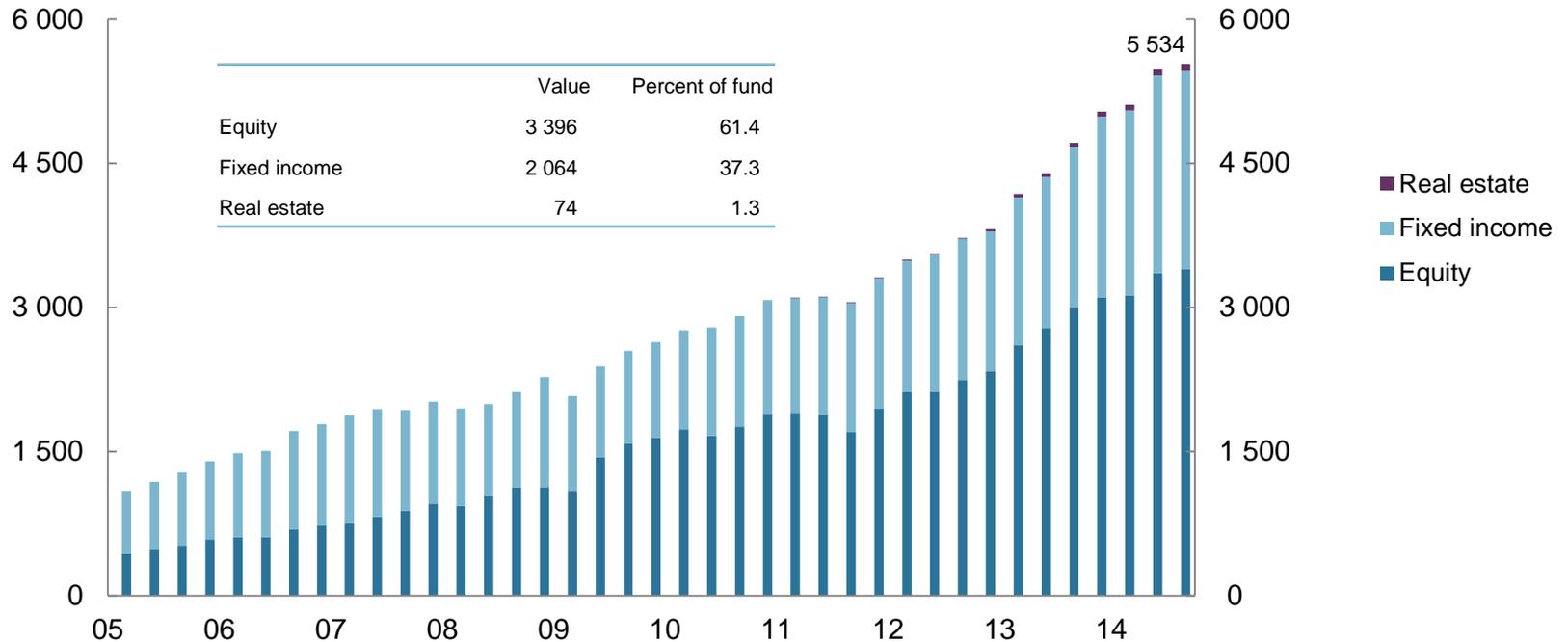
PRESS CONFERENCE
29 OCTOBER 2014



NORGES BANK
INVESTMENT MANAGEMENT

Market value

Billions of kroner. 30 September 2014

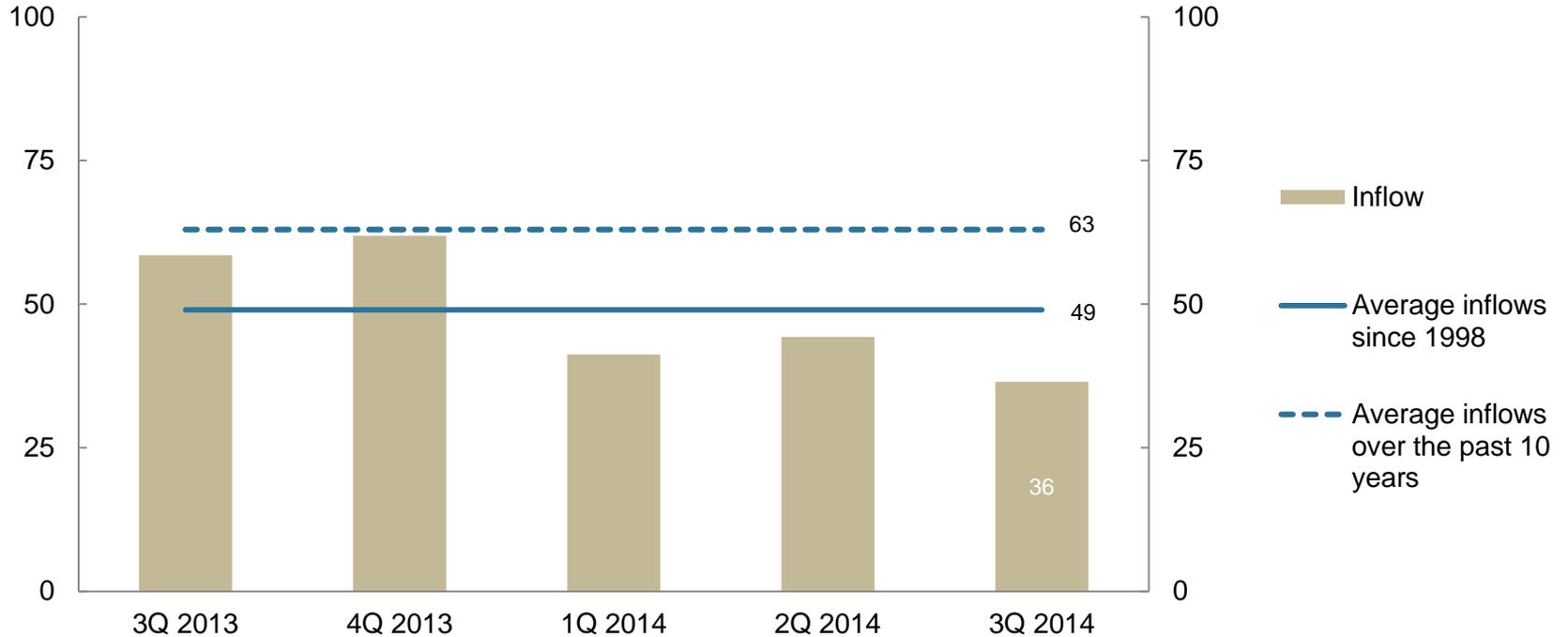


Source: Norges Bank Investment Management



Inflows

Billions of kroner

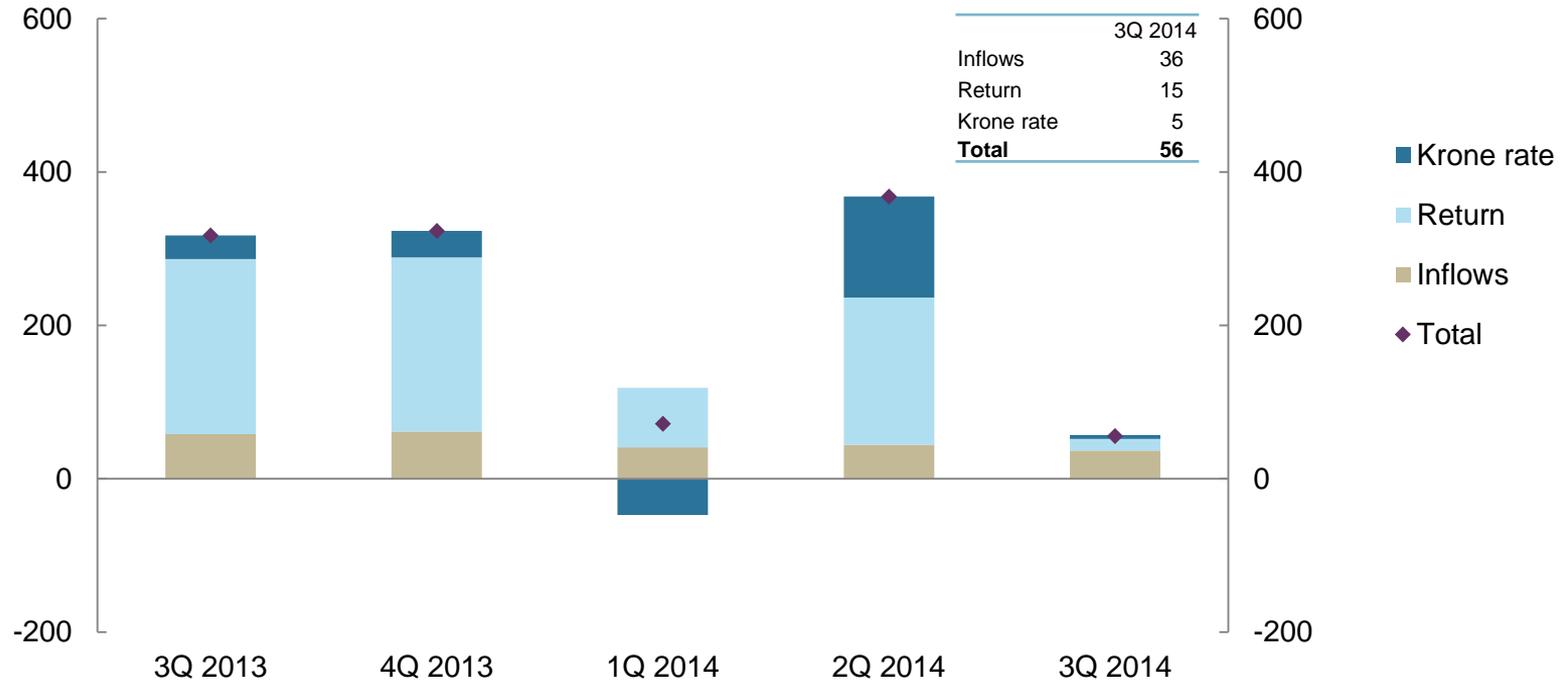


Source: Norges Bank Investment Management



Change in market value

Billions of kroner

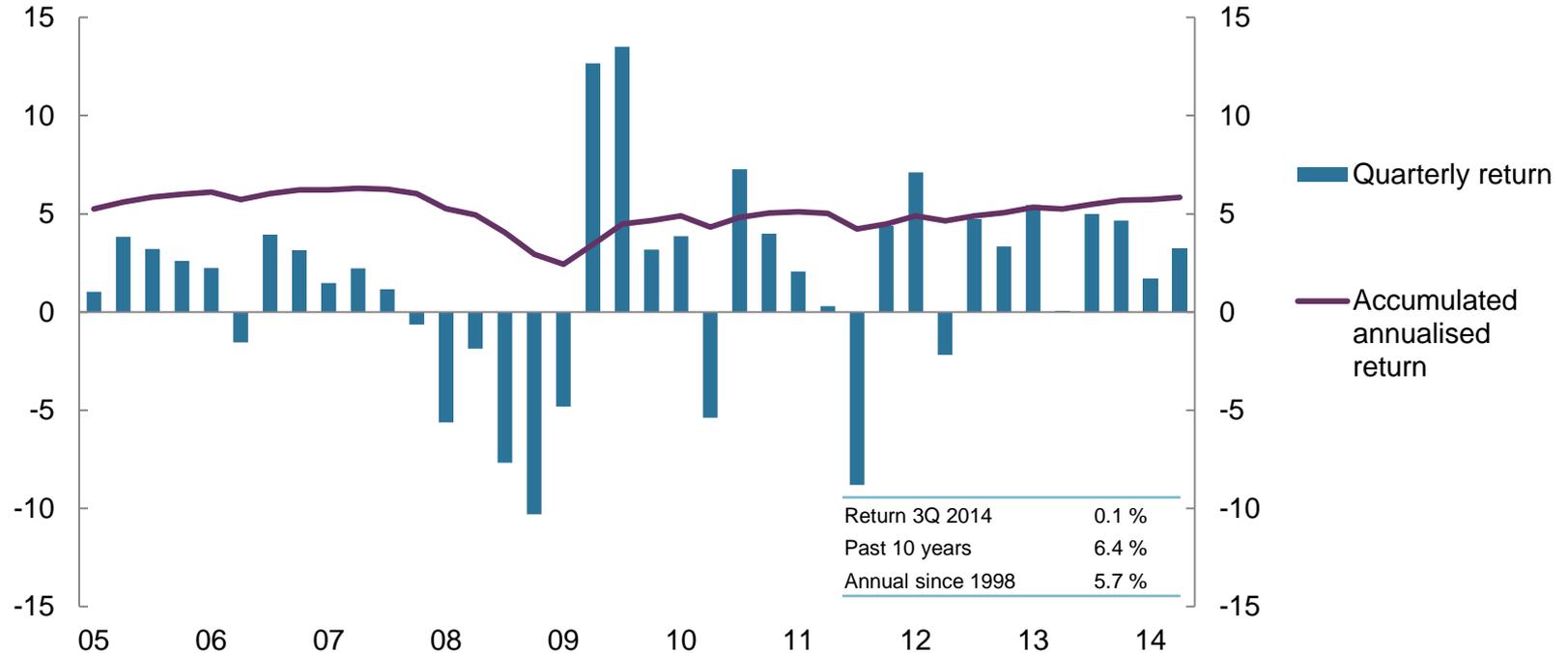


Source: Norges Bank Investment Management



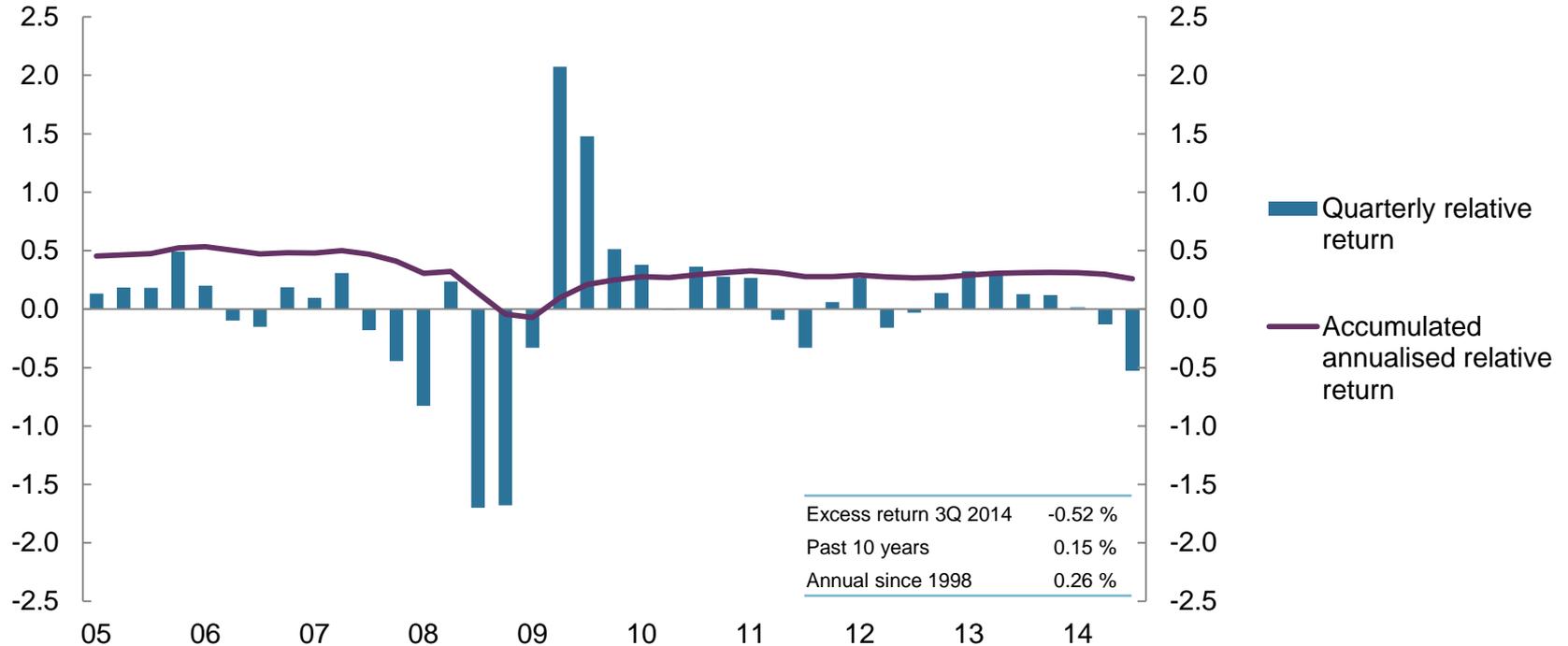
Quarterly return

Percent



Quarterly excess return

Equity and fixed income investments. Basis points



Excess return

Main contributors

Overweight in European stocks

Overweight in small-cap stocks

Investments in consumer sector

Lower duration

Emerging bond markets



Changes in value since 1996

Billions of kroner

| | 30.09.2014 | 31.12.2013 | 31.12.2012 |
|-------------------------------------|------------|------------|------------|
| Market value of the fund | 5 534 | 5 038 | 3 816 |
| Gross inflow of new capital | 3 426 | 3 302 | 3 060 |
| Management costs | 26 | 24 | 21 |
| Change due to fluctuations in krone | 50 | -39 | -331 |
| Accumulated return | 2 084 | 1 799 | 1 107 |

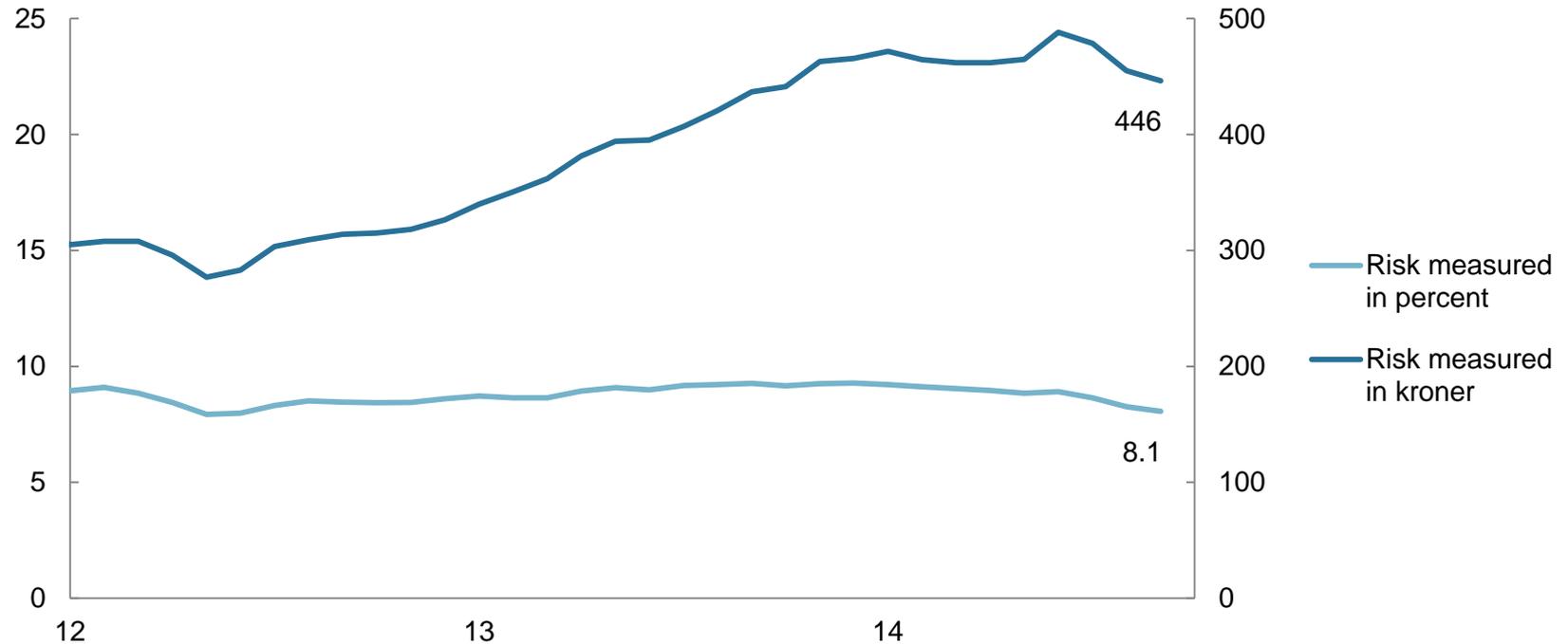
Key figures

Measured in international currency basket. Percent

| | Last 12 months | Last 10 years | Since 01.01.1998 |
|-----------------------------|----------------|---------------|------------------|
| Gross annual return on fund | 9.99 | 6.39 | 5.75 |
| Annual price inflation | 1.40 | 2.10 | 1.89 |
| Annual management costs | 0.06 | 0.09 | 0.09 |
| Annual net real return | 8.40 | 4.11 | 3.70 |

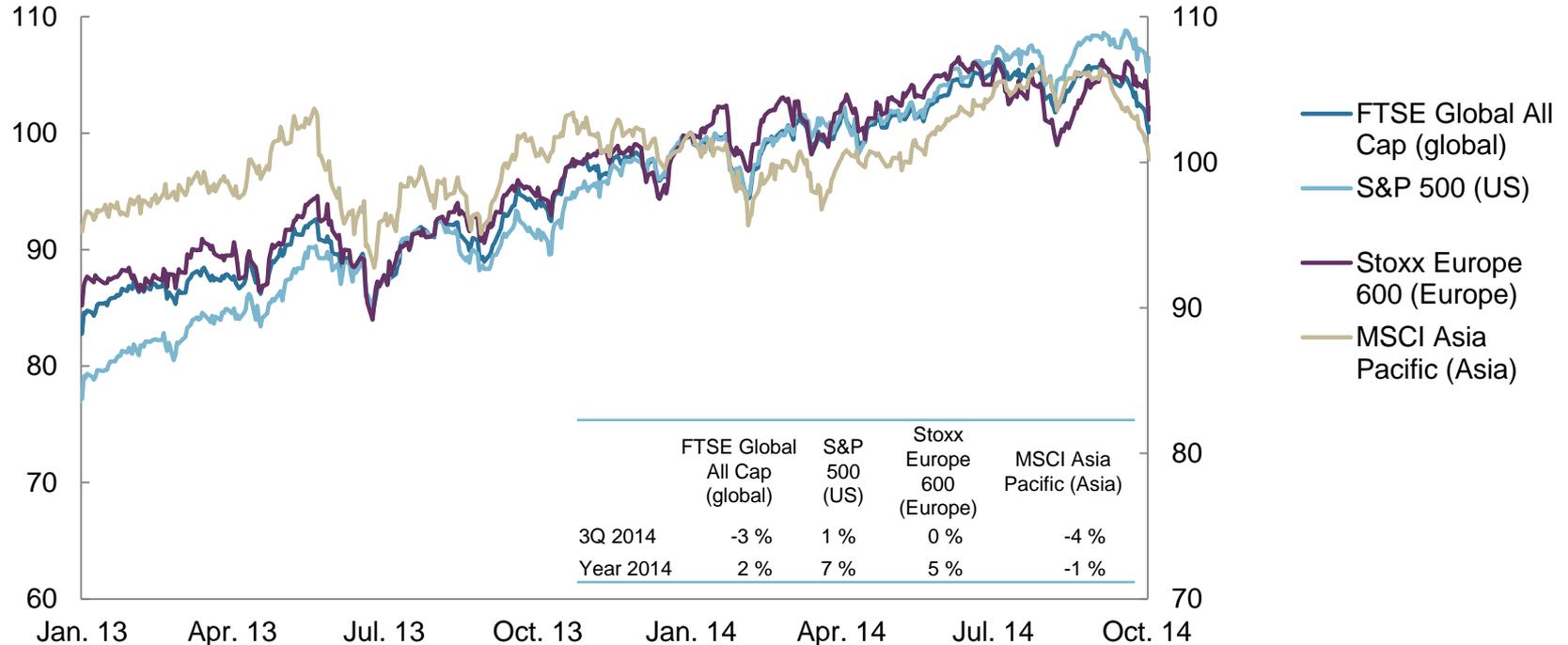
Expected absolute volatility of the fund

Percent (left axis) and billions of kroner (right axis)



Developments in equity markets

Measured in USD (Stoxx in EUR). Indexed (31.12.2013 = 100)

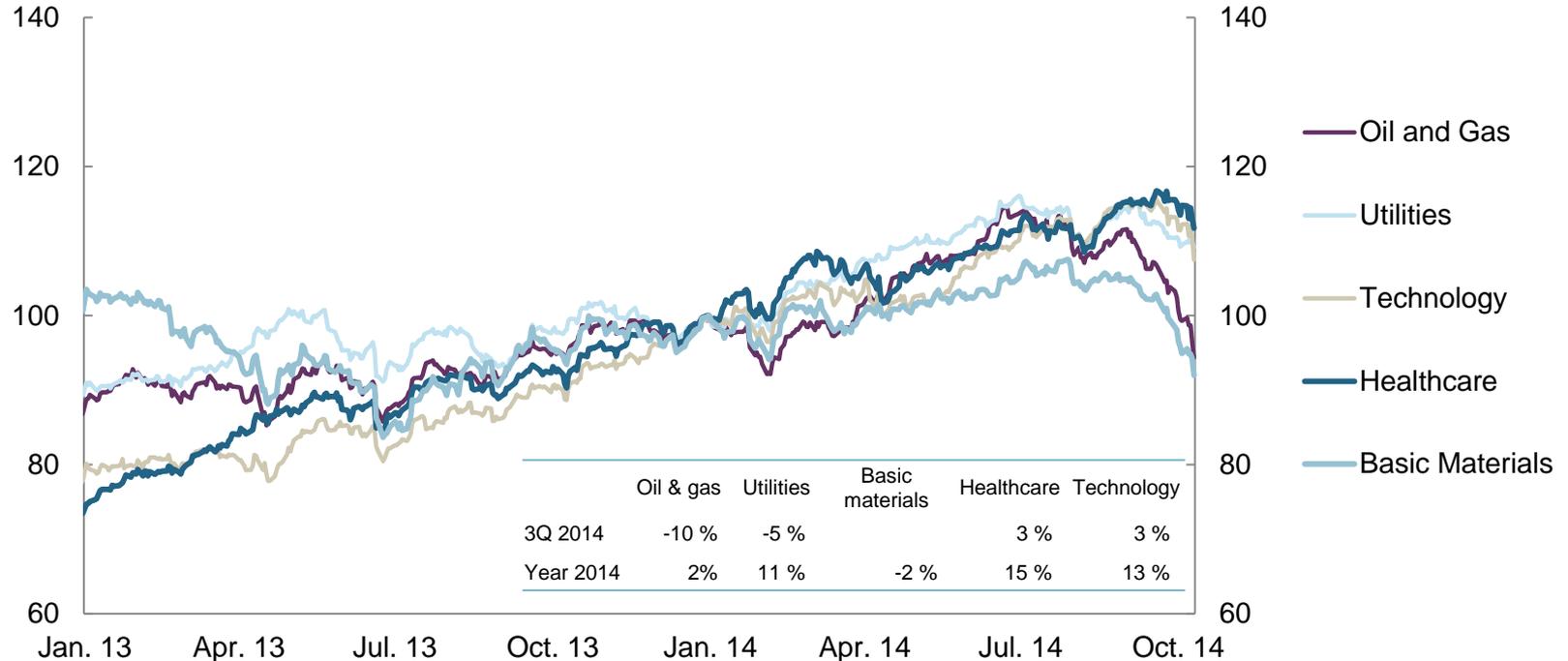


Source: Bloomberg



Developments in equity sectors

Measured in USD. Indexed (31.12.2013 = 100)

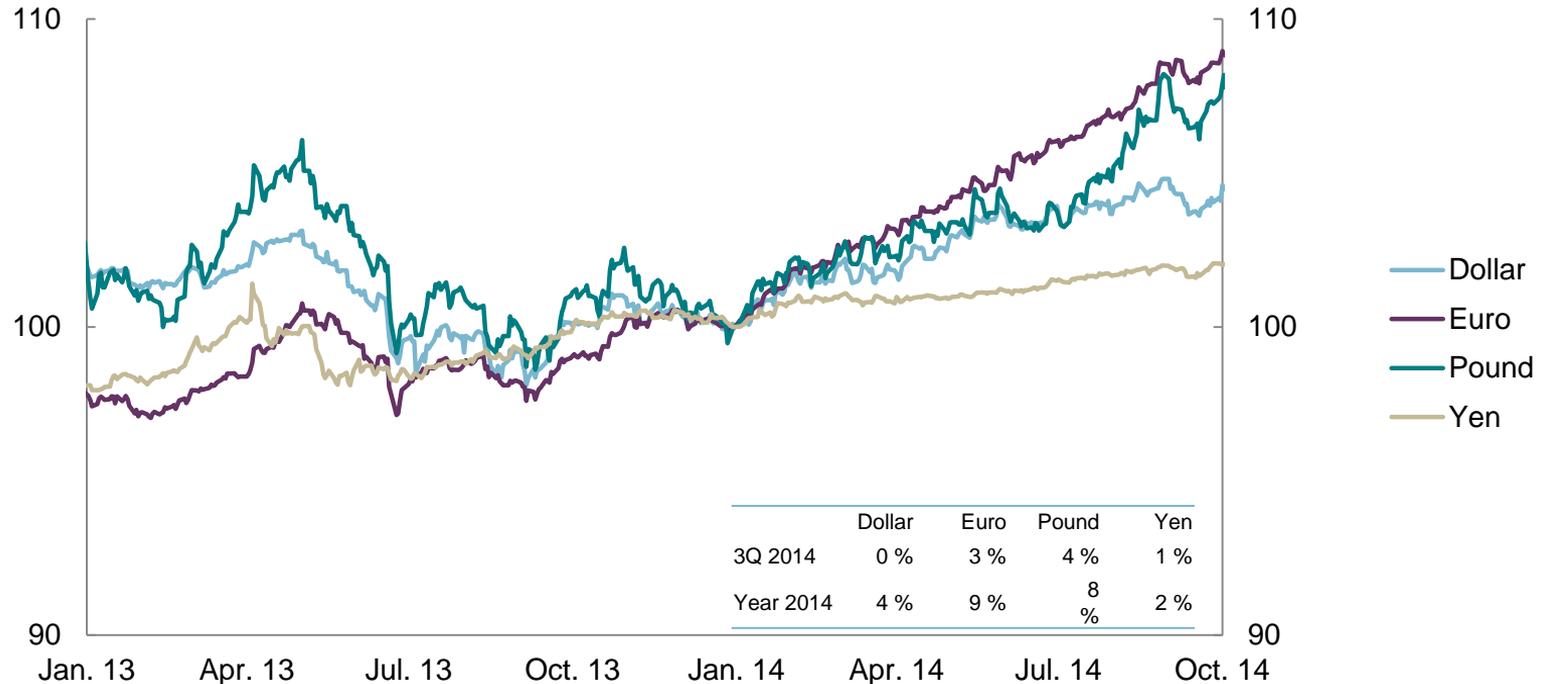


Source: FTSE



Developments for bonds

Measured in local currencies. Indexed (31.12.2013 = 100)

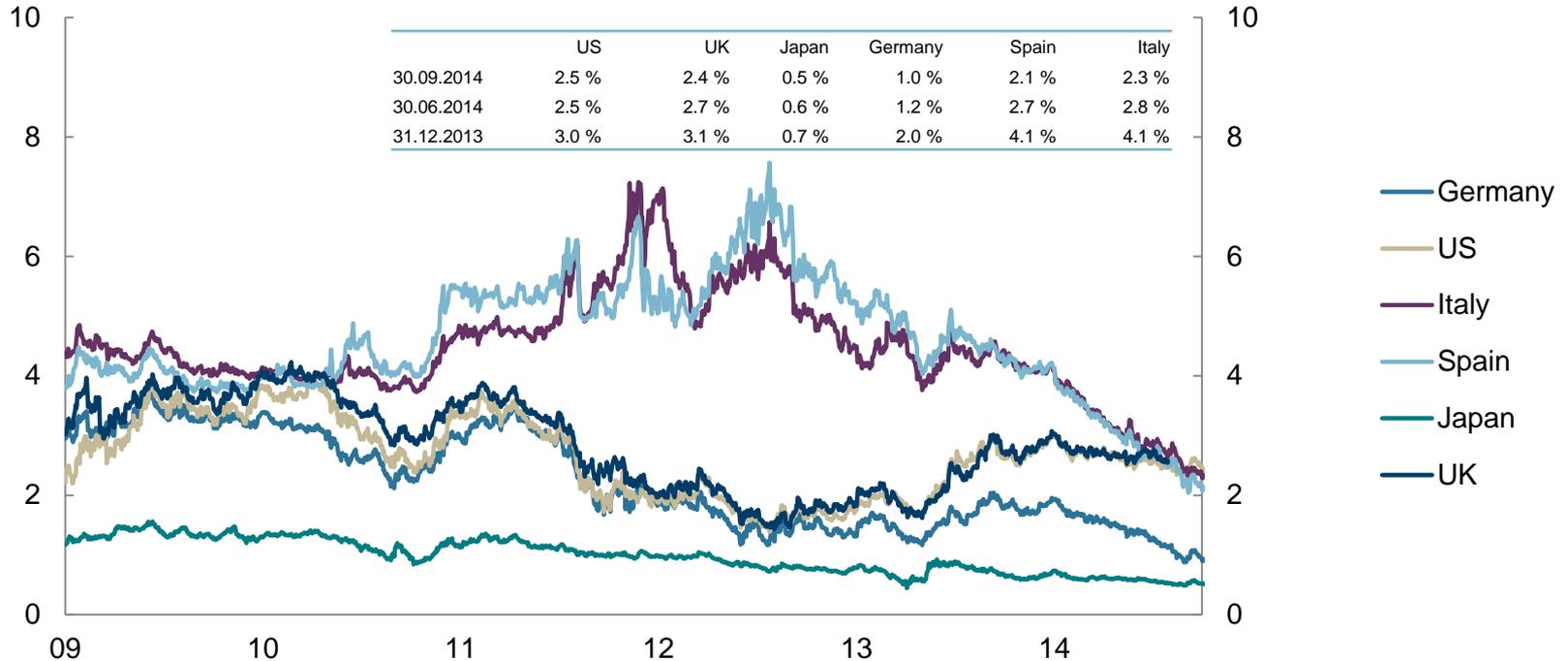


Source: Barclays



10-year government bond yields

Percent

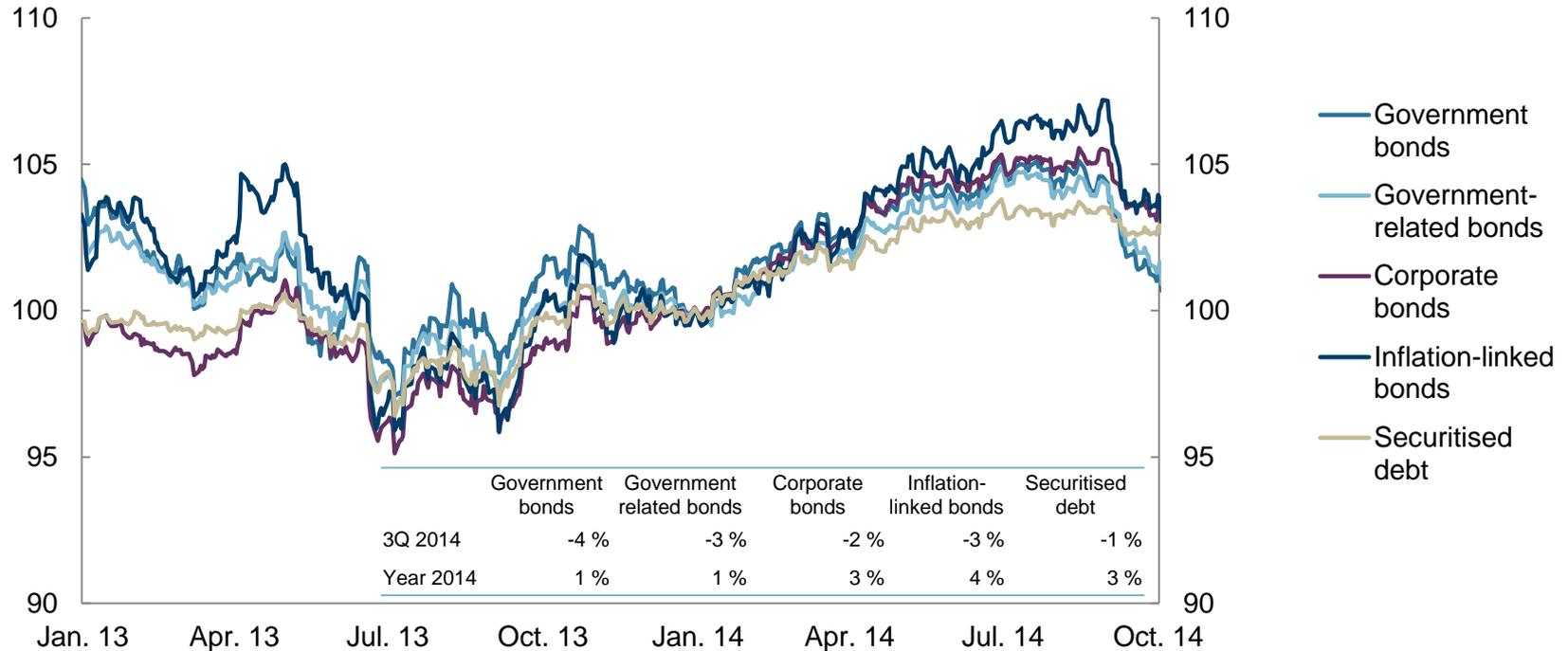


Source: Bloomberg



Developments in fixed-income sectors

Measured in USD. Indexed (31.12.2013 = 100)

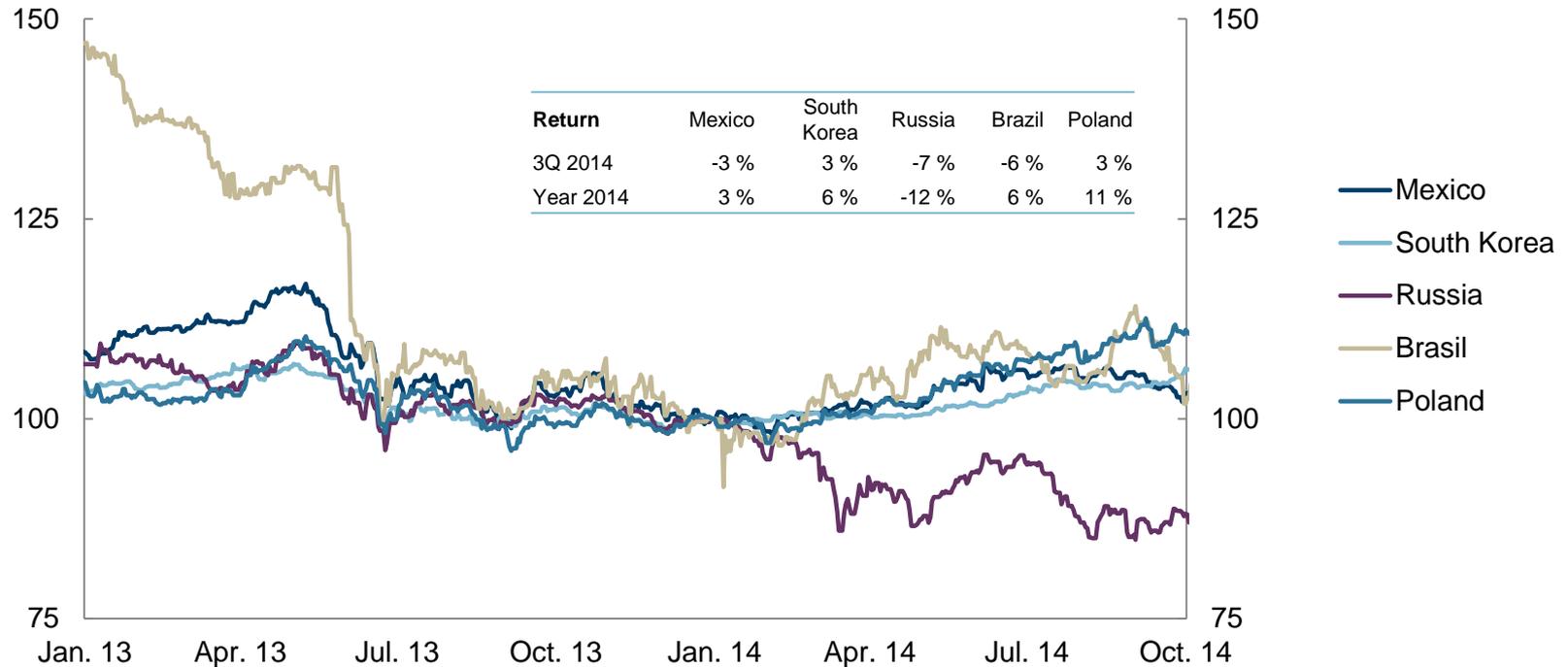


Source: Barclays



Bonds in emerging markets

10-year government bonds. Measured in local currencies. Indexed (31.12.2013 = 100)

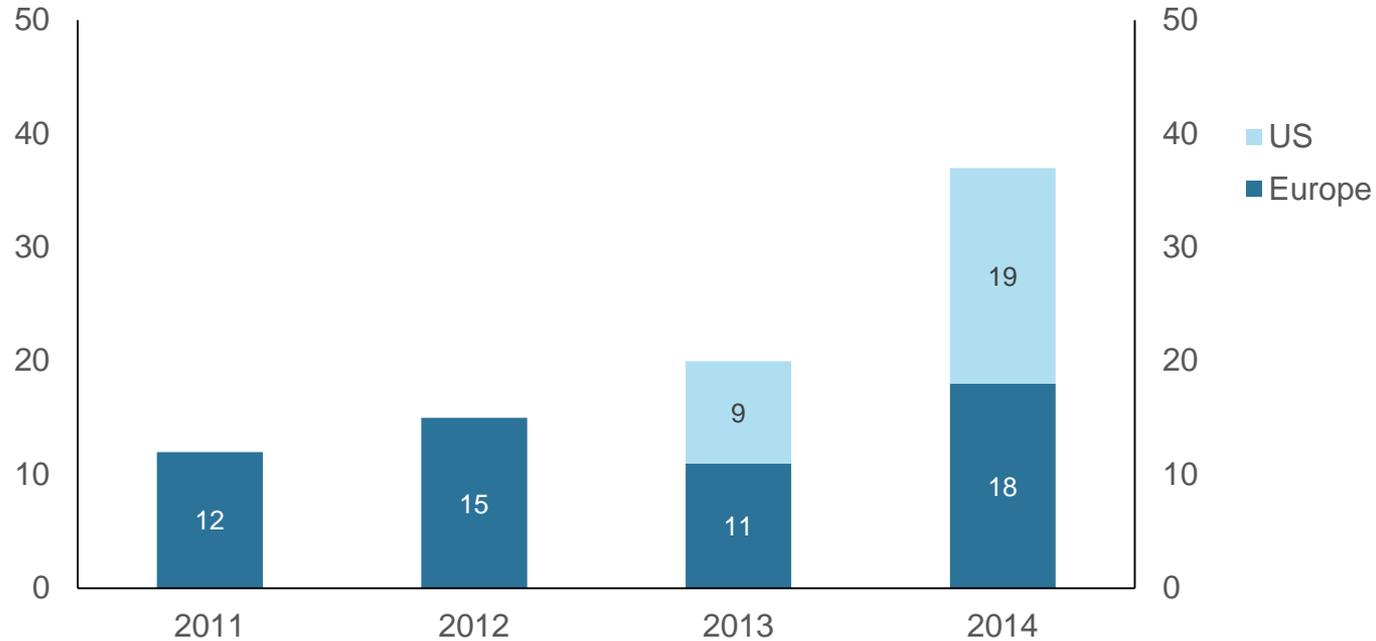


Source: Bloomberg



Investments in real estate

Billion kroner invested per year



New real estate investments in Europe

Announced in third quarter 2014

- Le Madeleine, Paris
 - 425.6 million euro
- Pollen Estate, London
 - 343 million pound
- McKinsey and Conde Nast-buildings, Munich
 - 176.1 million euro
- Investments in logistics in Spain and UK
 - 105 million pound



Photo: Cyrille Dubreuil



Photo: AM Alpha GmbH



Photo: GIC



Photo: Kevin Allen Aerial Photography



Photo: Prologis



New real estate investments in the US

Announced in third quarter 2014

- One Beacon Street, Boston
 - 122.3 million dollar
- The Orrick Building, San Francisco
 - 139.7 million dollar
- 601 Lexington Avenue, New York
- 100 Federal Street, Boston
- Atlantic Wharf Office Building, Boston
 - 1.5 billion dollar



Photo: Eastdil Secured



Photo: Bill Horsman



Photo: Boston Properties



Photo: Anton Grassl/Esto



Photo: Boston Properties

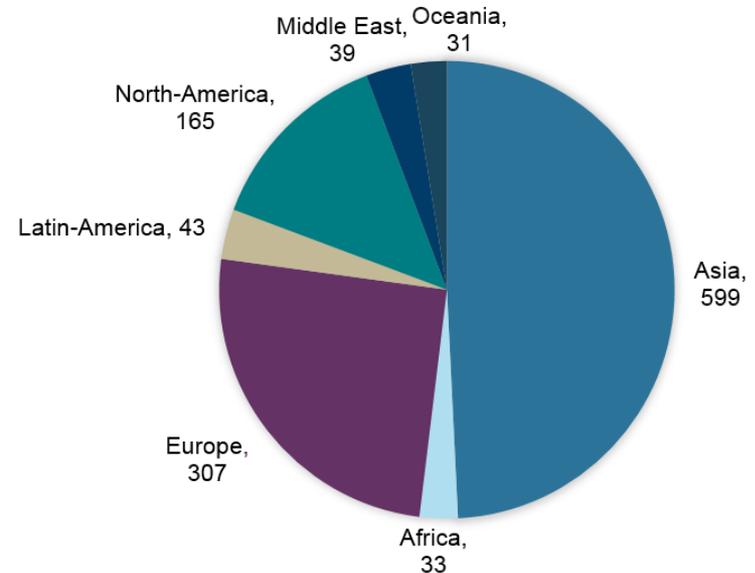


Voting and company dialogue

Third quarter 2014

- We voted at 1,217 general meetings in the third quarter
- We had 684 meetings with various companies
 - 1/3 of these meetings were with companies in the finance sector
- We continued to participate in the nomination committees at Volvo AB and Svenska Cellulosa AB

Number of meetings we voted at during the quarter, by region



New leader group



YNGVE SLYNGSTAD
CHIEF EXECUTIVE OFFICER

[Press photo](#) [Bio](#)



TROND GRANDE
DEPUTY CEO AND CHIEF
ADMINISTRATIVE OFFICER

[Press photo](#) [Bio](#)



PETTER JOHNSEN
CHIEF INVESTMENT OFFICER
EQUITY STRATEGIES

[Press photo](#) [Bio](#)



KARSTEN KALLEVIG
CHIEF INVESTMENT
OFFICER REAL ESTATE

[Press photo](#) [Bio](#)



JAN THOMSEN
CHIEF COMPLIANCE OFFICER

[Press photo](#) [Bio](#)



ØYVIND SCHANKE
CHIEF INVESTMENT OFFICER
ASSET STRATEGIES

[Press photo](#) [Bio](#)



NINA HAMMERSTAD
CHIEF OPERATING OFFICER
REAL ESTATE

[Press photo](#) [Bio](#)



DAG HUSE
CHIEF RISK OFFICER

[Press photo](#) [Bio](#)



**OLE-CHRISTIAN BECH-
MOEN**
CHIEF INVESTMENT OFFICER
ALLOCATION STRATEGIES

[Press photo](#) [Bio](#)



MIE HOLSTAD
CHIEF ADMINISTRATIVE
OFFICER REAL ESTATE

[Press photo](#) [Bio](#)



AGE BAKKER
CHIEF OPERATING OFFICER

[Press photo](#) [Bio](#)



Four Chief Investment Officers

**Chief Investment
Officer Equity
Strategies**



Petter Johnsen

**Chief Investment
Officer Asset
Strategies**



Øyvind Schanke

**Chief Investment
Officer Allocation
Strategies**



**Ole Christian
Bech-Moen**

**Chief Investment
Officer Real
Estate**



Karsten Kallevig

Discussion notes

Published in 2014

- Free float adjustments in global equity portfolios
(5-2014 / 10 September 2014)
- Syndicated loans
(4-2014 / 26 May 2014)
- The currency carry trade
(3-2014 / 18 March 2014)
- Global equity indices – a comparative study between FTSE and MSCI
(2-2014 / 28 January 2014)
- Momentum in futures markets
(1-2014 / 14 January 2014)



Highlights

- The fund returned 0.1 percent in the third quarter of 2014
- Equity investments returned -0.5 percent, fixed income 0.9 percent and real estate 1.5 percent
- The return on equity and fixed-income investments was 0.5 percentage point lower than the return on the benchmark indices
- The market value of the fund rose by 56 billion kroner to 5 534 billion kroner
- The fund was invested 61.4 percent in equities, 37.3 percent in fixed income and 1.3 percent in real estate





3Q | 14

**GOVERNMENT
PENSION FUND
GLOBAL**
QUARTERLY REPORT

PRESS CONFERENCE
29 OCTOBER 2014