



# MANAGEMENT OF THE GOVERNMENT PENSION FUND GLOBAL

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Sandefjord 26 October 2018

# Topics

- GPFG as part of economic policy
- Strategy and return
- Responsible investments



# From natural resources to financial wealth



**Equities**



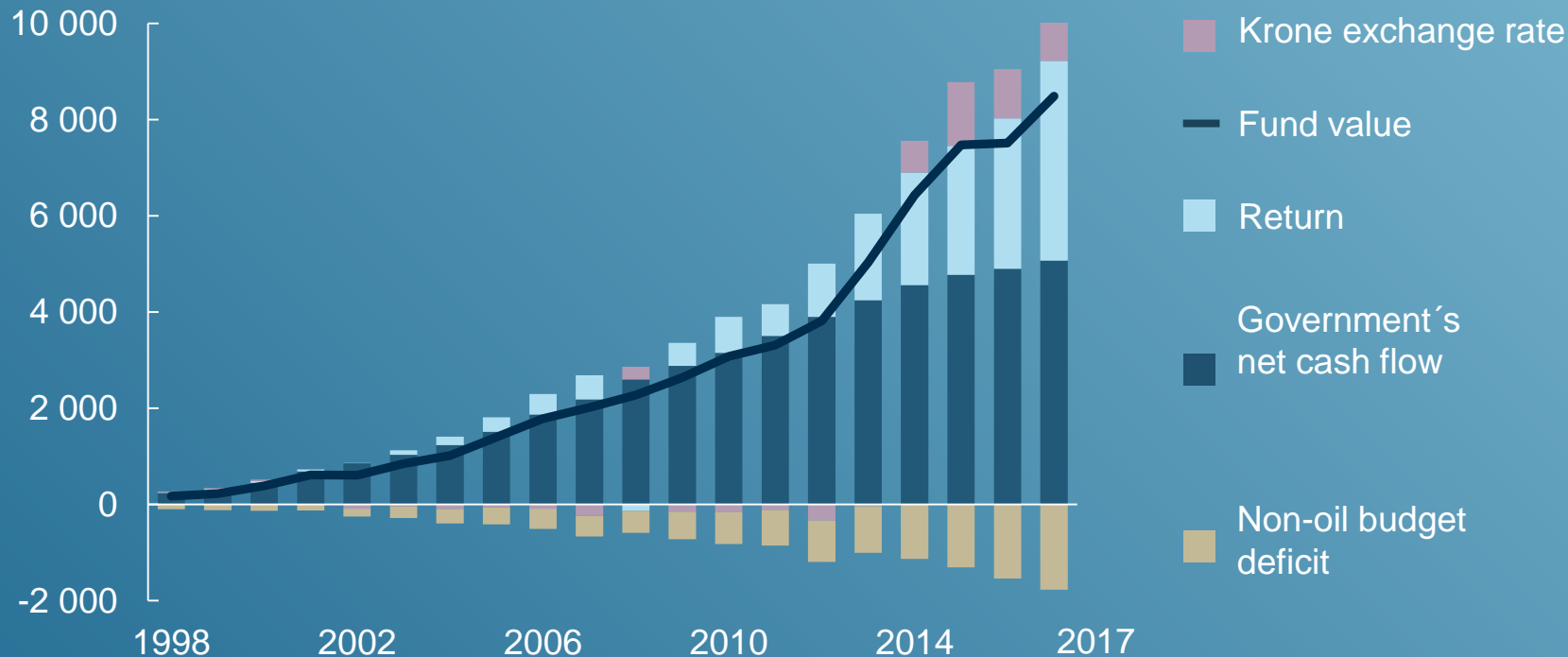
**Bonds**



**Real estate**

# A large fund – NOK 8 478 billion<sup>1</sup>

Cumulative. In billions of NOK



1) At 30 September 2018.

Sources: Ministry of Finance and Norges Bank



# The petroleum fund mechanism

Petroleum revenues and  
return on investments



Government Pension  
Fund Global (GPFG)

Transfer



Fiscal rule

Non-oil revenues



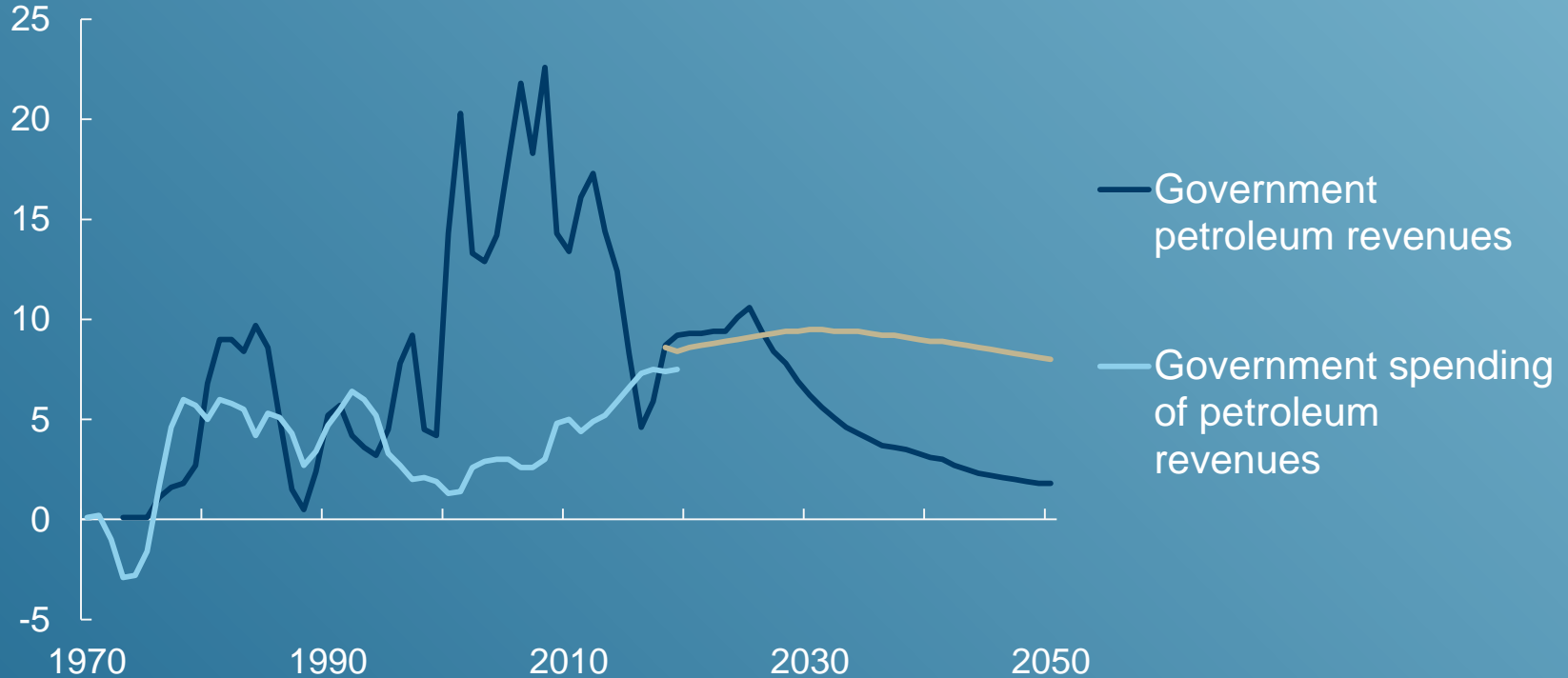
Central government  
budget



Expenditures

# Spending is high, but sustainable

Percent of mainland GDP

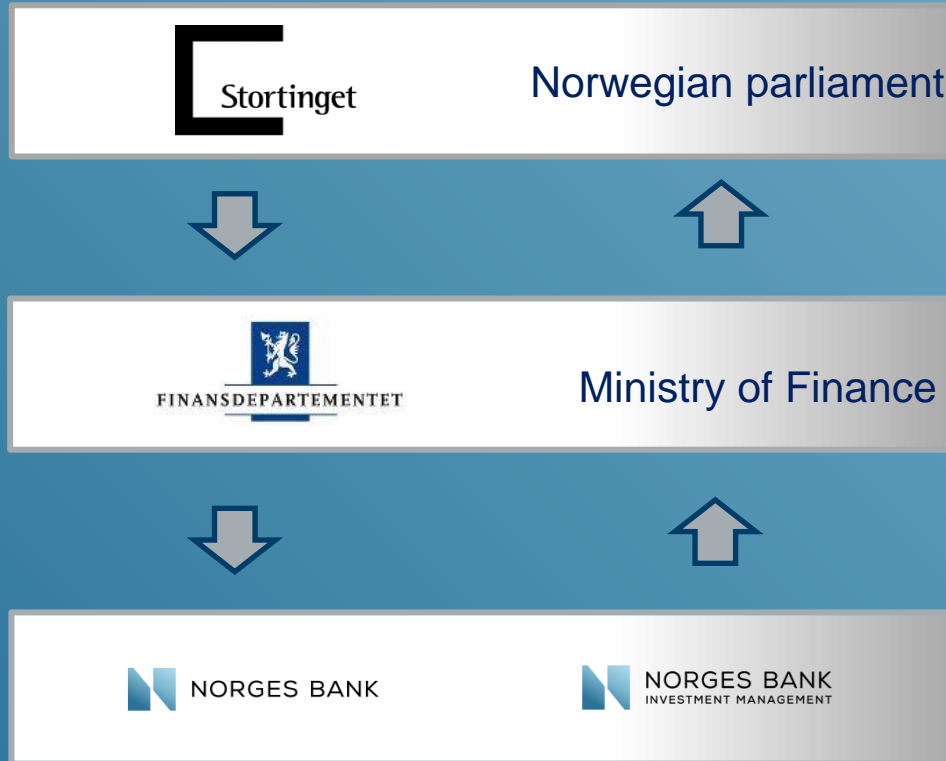


Source: Ministry of Finance



# A fund owned by the Norwegian people

Governance model



# Aims for high long-term return

## Objective:

- The highest possible return after costs

## Management framework:

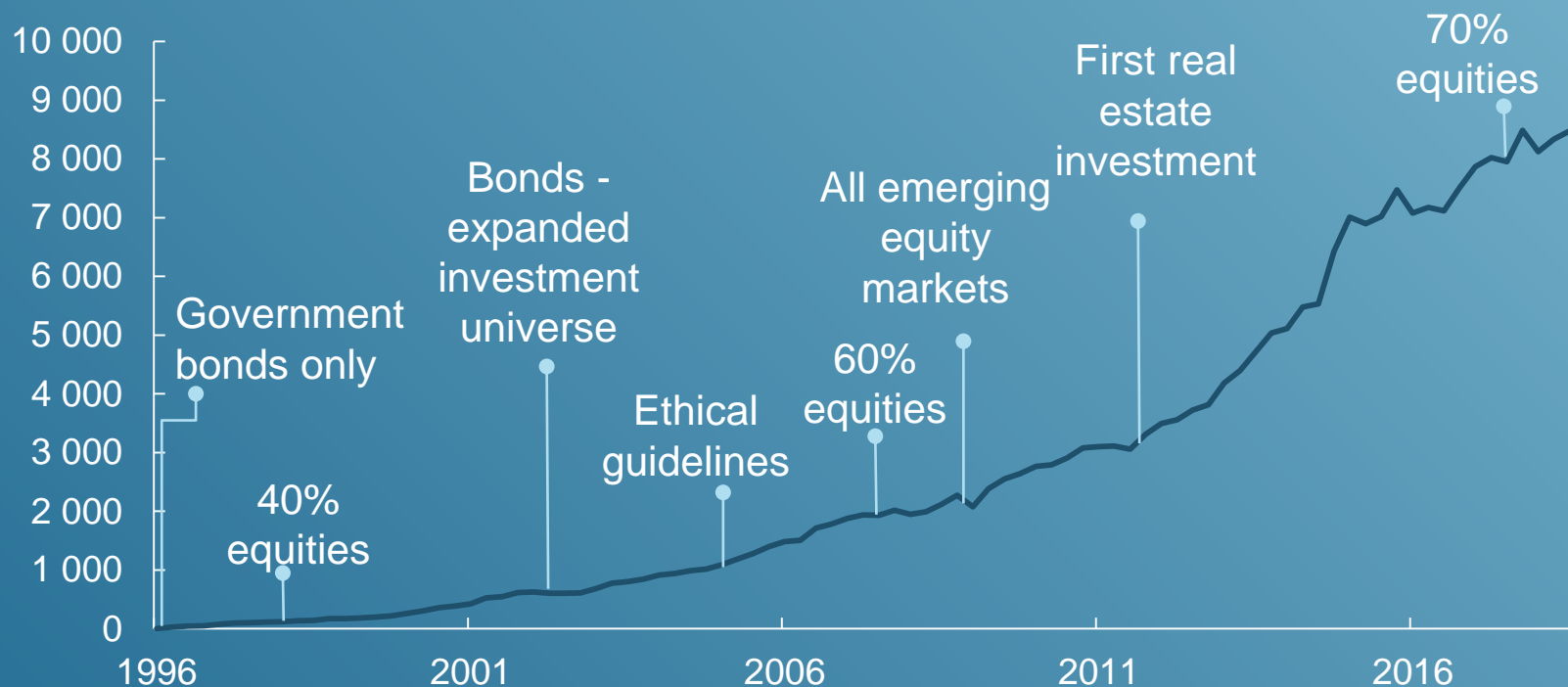
- Acceptable risk
- Responsible investment
- Transparency





# The investment strategy has evolved

GPF. In billions of NOK

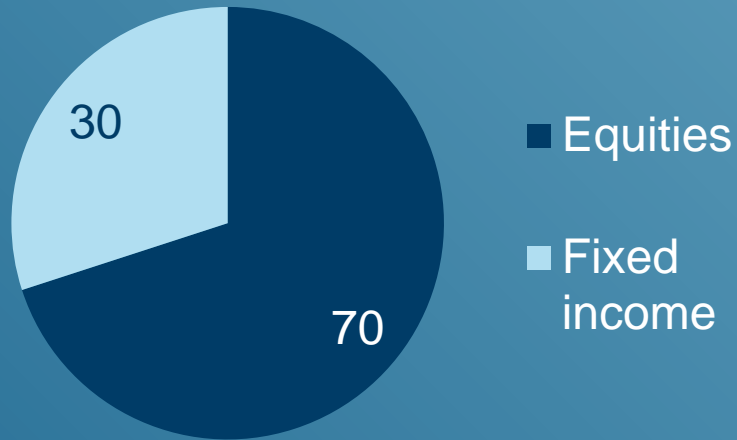


Source: Norges Bank

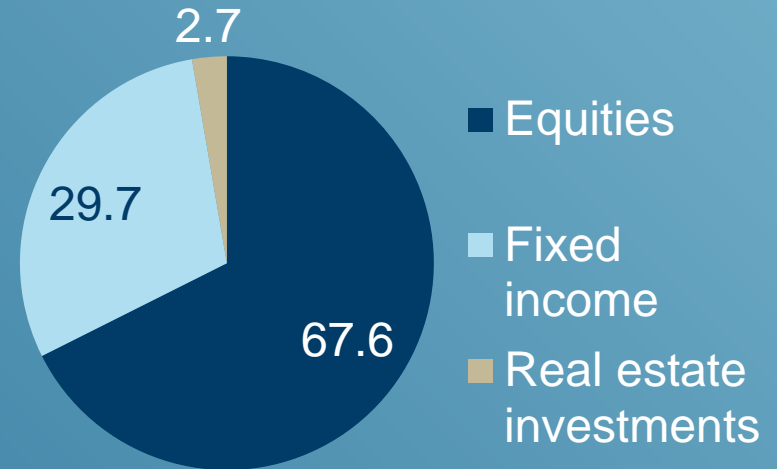


# Asset allocation

## Strategic benchmark index



## Actual portfolio<sup>1</sup>



1) At 30 September 2018.  
Source: Norges Bank



# Investments in 72 countries<sup>1</sup>

North America:  
41%

Europe: 36%

Asia and  
Oceania:  
20%

Rest of the  
world: 3%

1) At 31 December 2017.  
Source: Norges Bank



# The fund's five largest equity investments



# 5.98 percent annual return since 1998<sup>1</sup>

Annual return in terms of the GPFG's currency basket. Percent

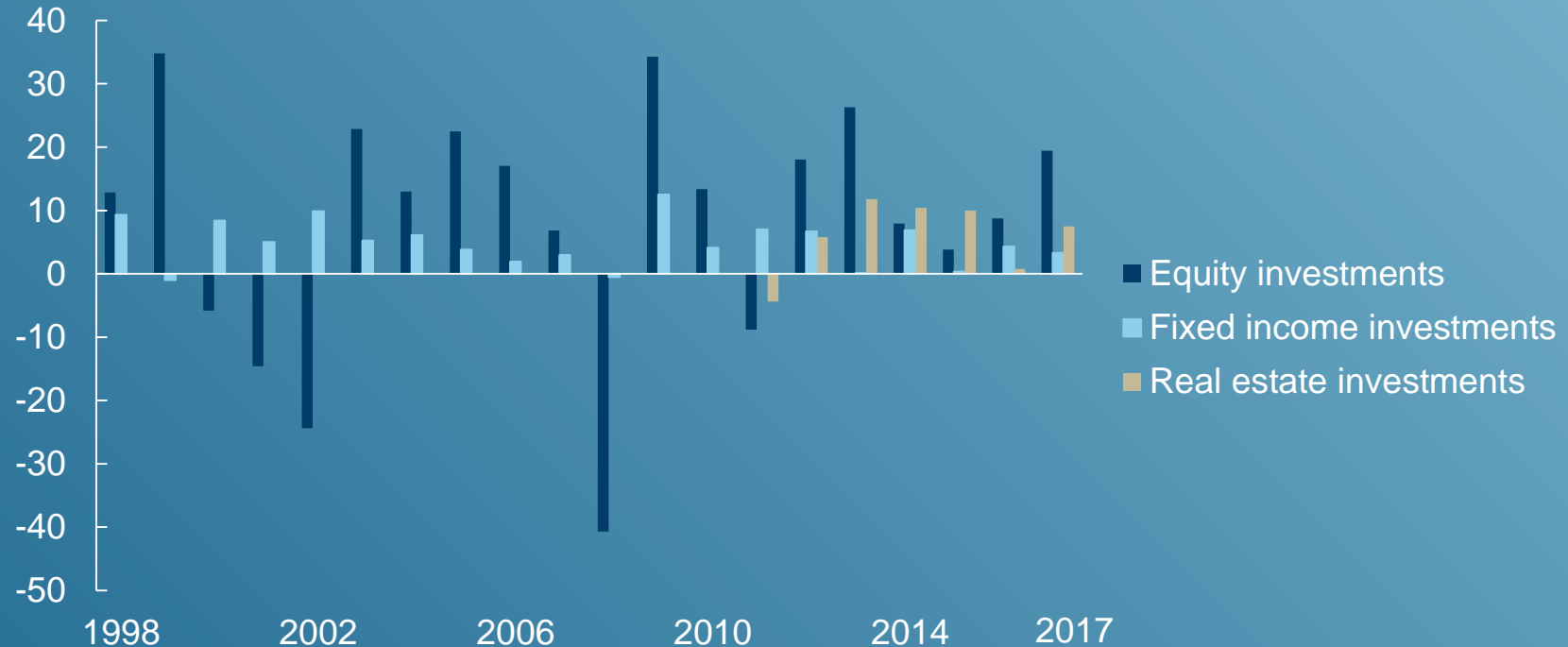


1) At 30 September 2018.  
Source: Norges Bank



# Returns on equities high and volatile

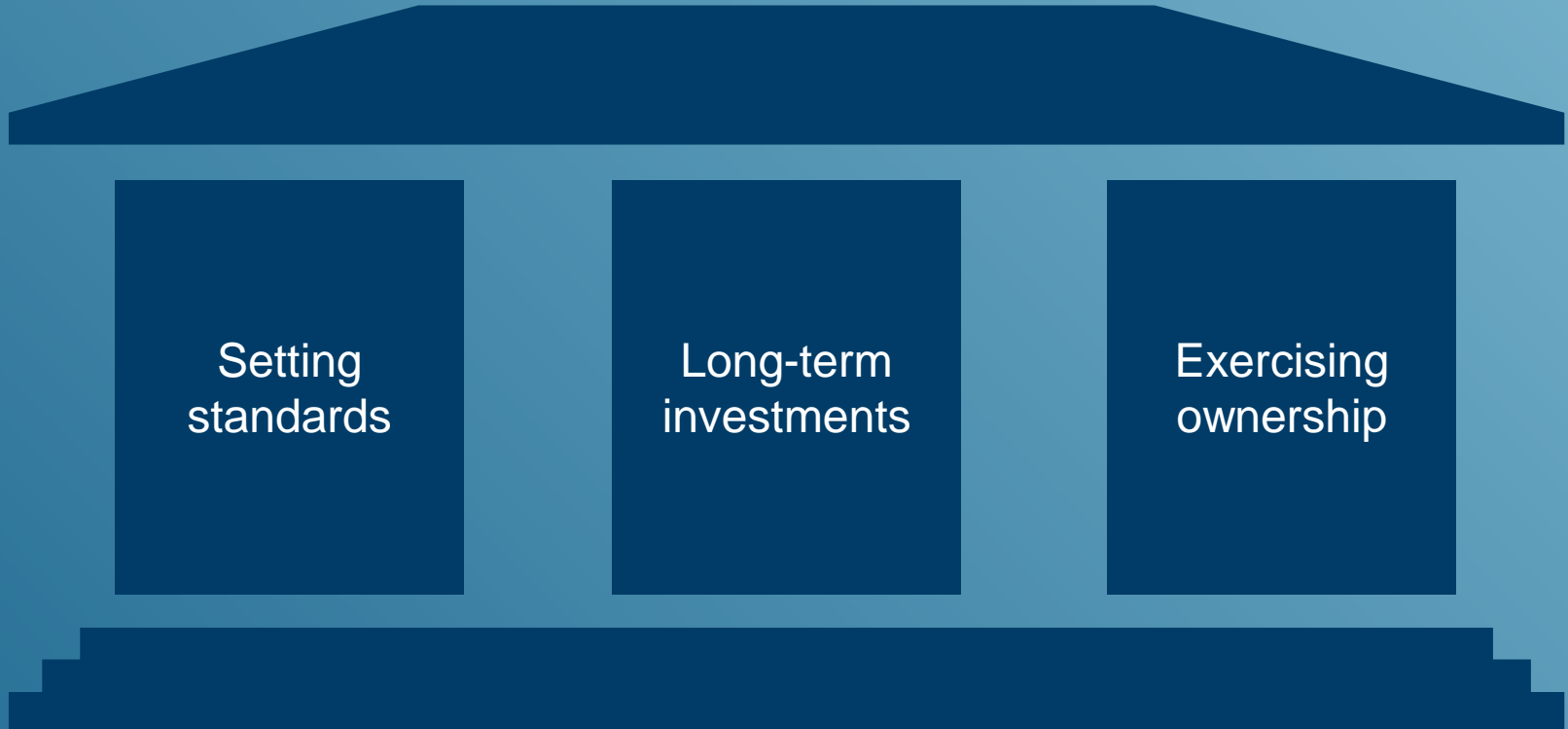
Annual return in terms of the GPFG's currency basket. Percent



Source: Norges Bank



# The pillars of responsible investment



# NOK 75 billion in environmental mandates<sup>1</sup>



**Clean energy**



**Alternative fuels**



**Natural resource  
management**

1) At 31 December 2017.  
Source: Norges Bank





# Exclusions matter

Market value in benchmark if not excluded. In billions of NOK.<sup>1</sup>



1) At 31 December 2017.  
Source: Norges Bank





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