



# GOVERNMENT PENSION FUND GLOBAL

QUARTERLY REPORT, SECOND QUARTER 2016

PRESS CONFERENCE  
OSLO, 17 AUGUST 2016

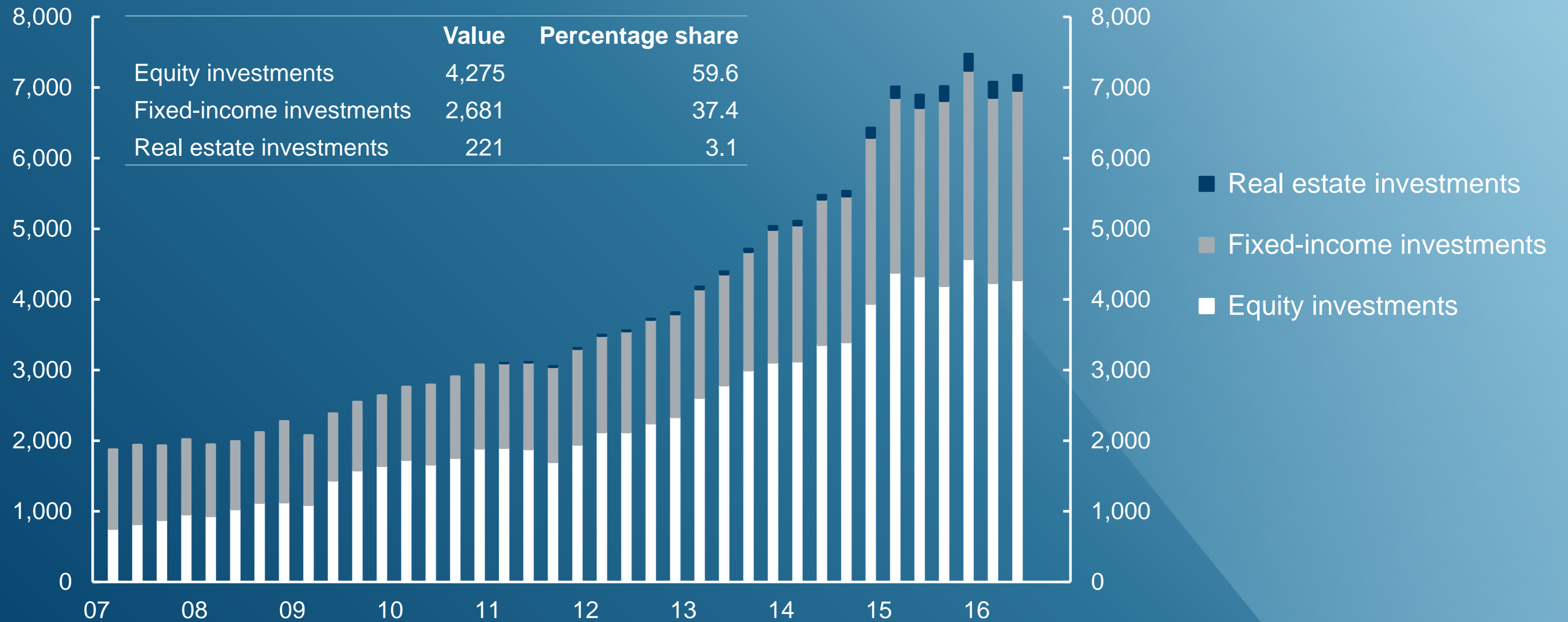


# Highlights

- The fund returned 1.3 percent, or 94 billion kroner, in second quarter 2016
- Return of the three asset classes
  - Equities 0.7 percent
  - Fixed income 2.5 percent
  - Real estate -1.4 percent
- The return on equity and fixed-income investments was 0.1 percentage point lower than the return on the benchmark indices
- Total returns since inception amounts to 2,685 billion kroner

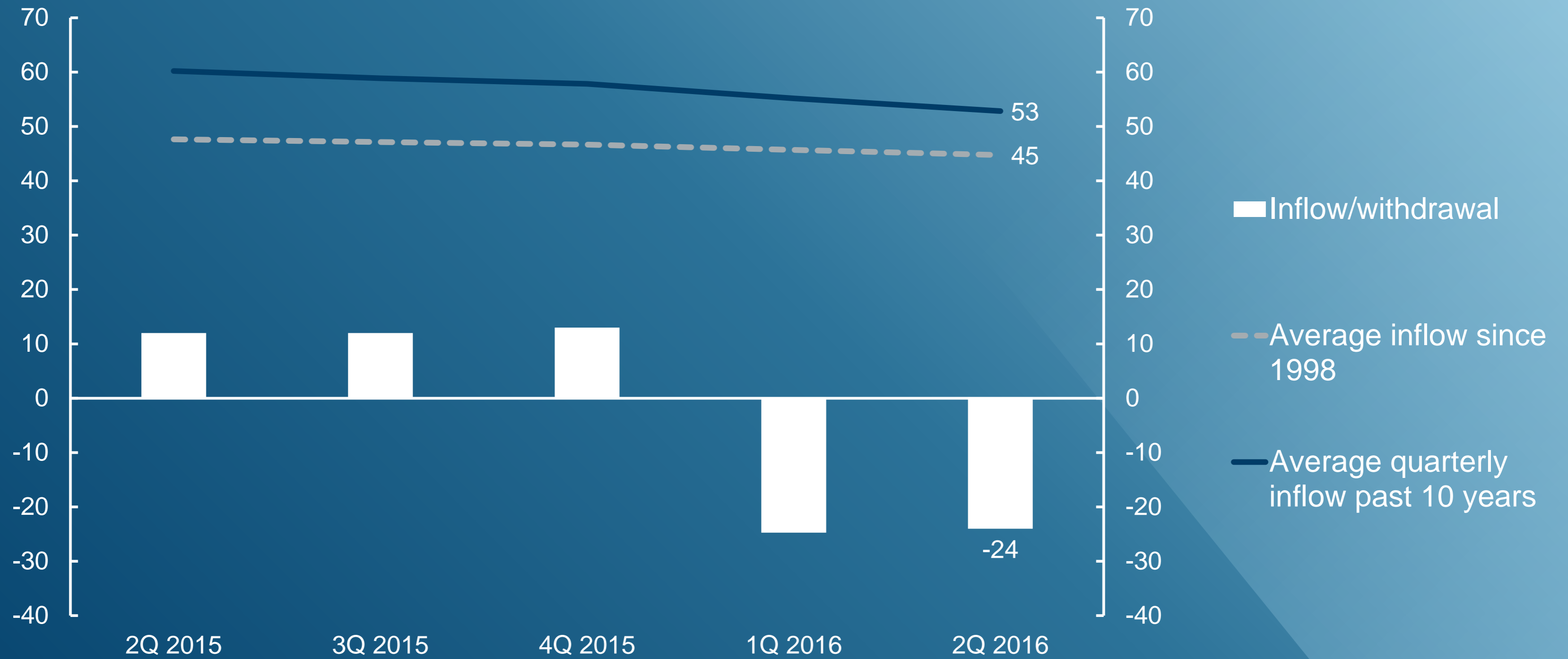
# Market value

Billions of kroner. As at 30.06.2016



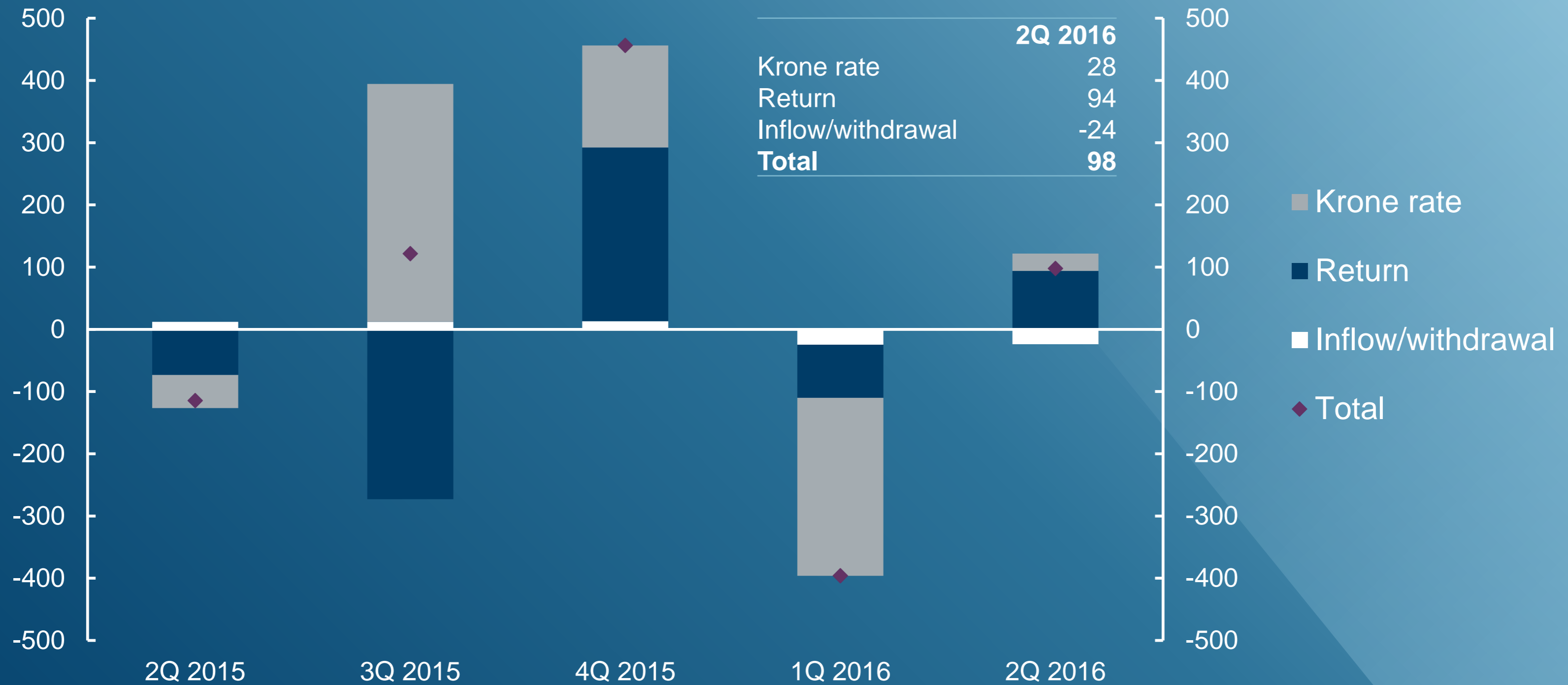
# Inflow/withdrawal

Billions of kroner



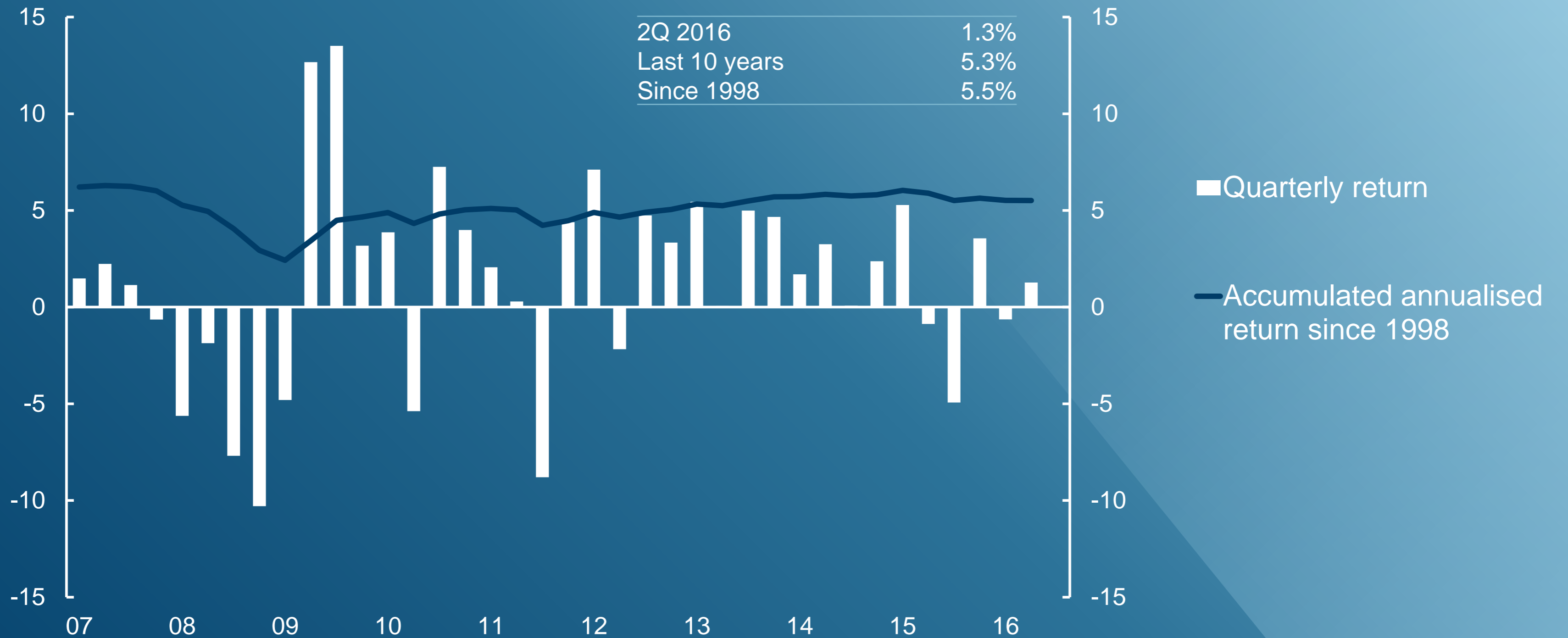
# Quarterly change in market value

## Billions of kroner



# Return

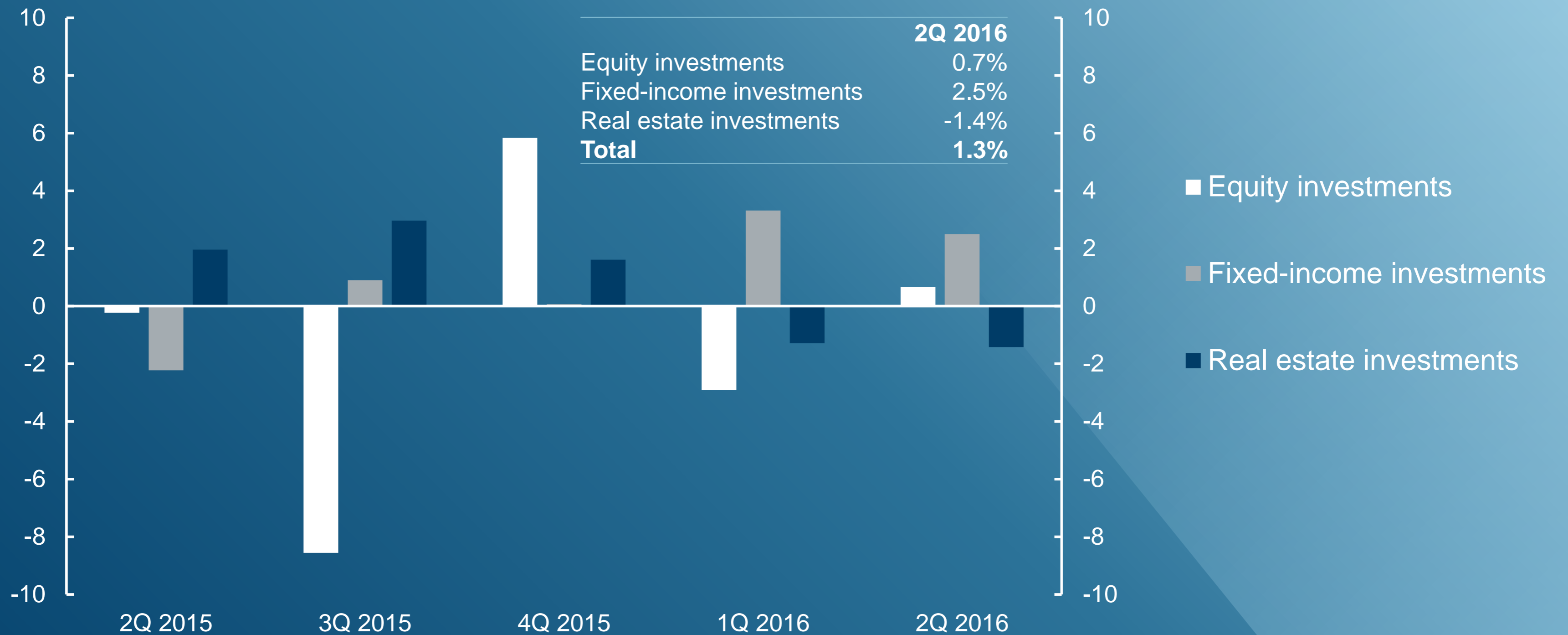
Measured in the fund's currency basket. Quarterly return.  
Percent



# Return on asset classes

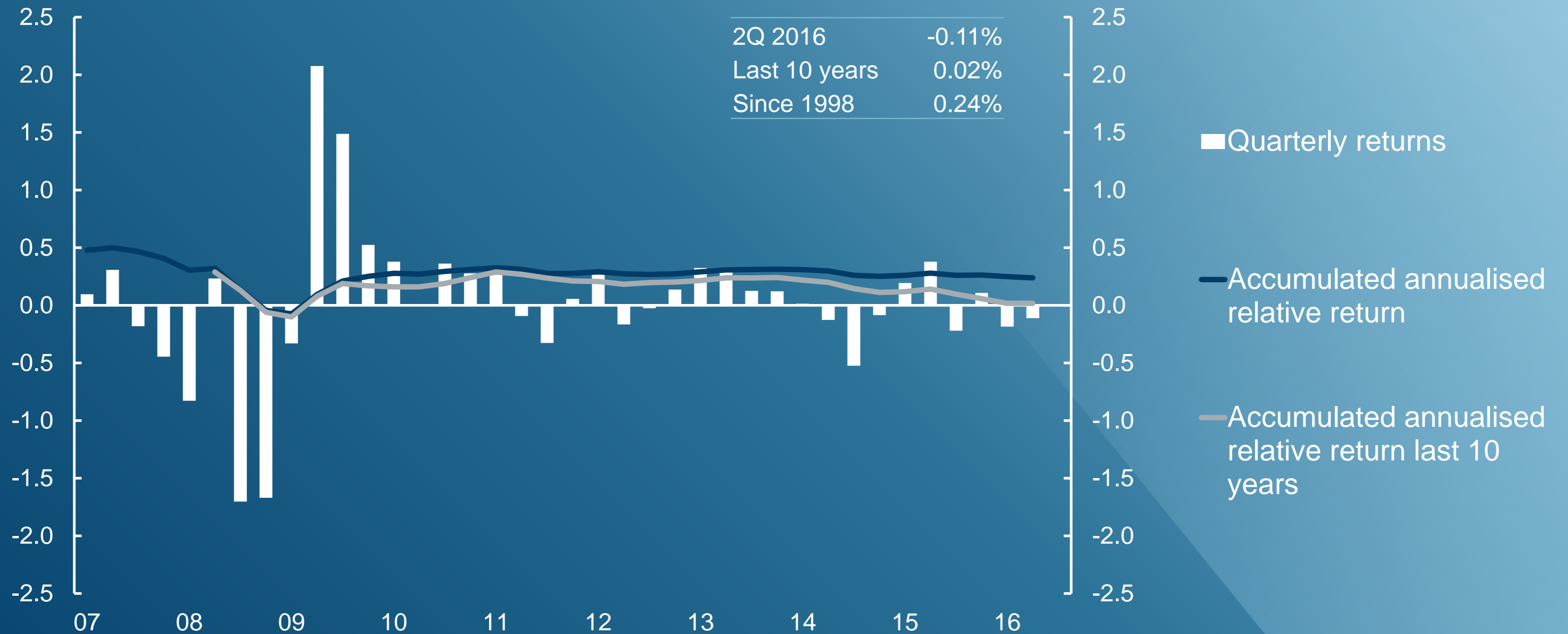
Measured in the currency basket.

Percent



# Relative return

Equity and fixed-income investments.  
Percentage points





# Changes in value since 1996

Billions of kroner

	30.6.2016	31.3.2016	31.12.2015
Gross inflow of new capital	3,452	3,475	3,499
Accumulated return	2,685	2,591	2,676
Management costs	-33	-32	-31
Changes due to fluctuations in krone	1,073	1,045	1,331
<b>Market value of the fund</b>	<b>7,177</b>	<b>7,079</b>	<b>7,475</b>

# Historical key figures

Measured in the currency basket. Annualised.

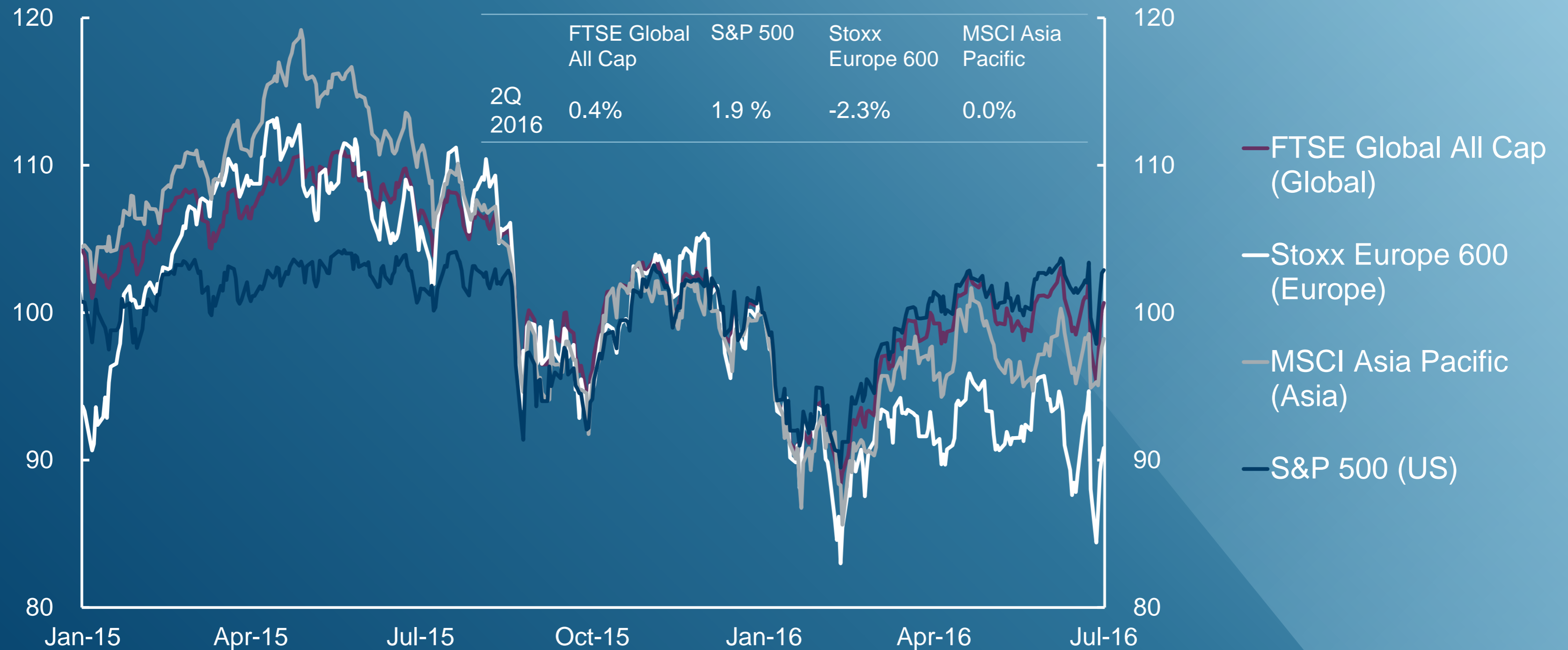
## Percent

	Since 1.1.1998	Last 10 years
Return on fund	5.51	5.34
Annual inflation	1.78	1.77
Annual management costs	0.09	0.08
Annual net return on fund	3.58	3.43



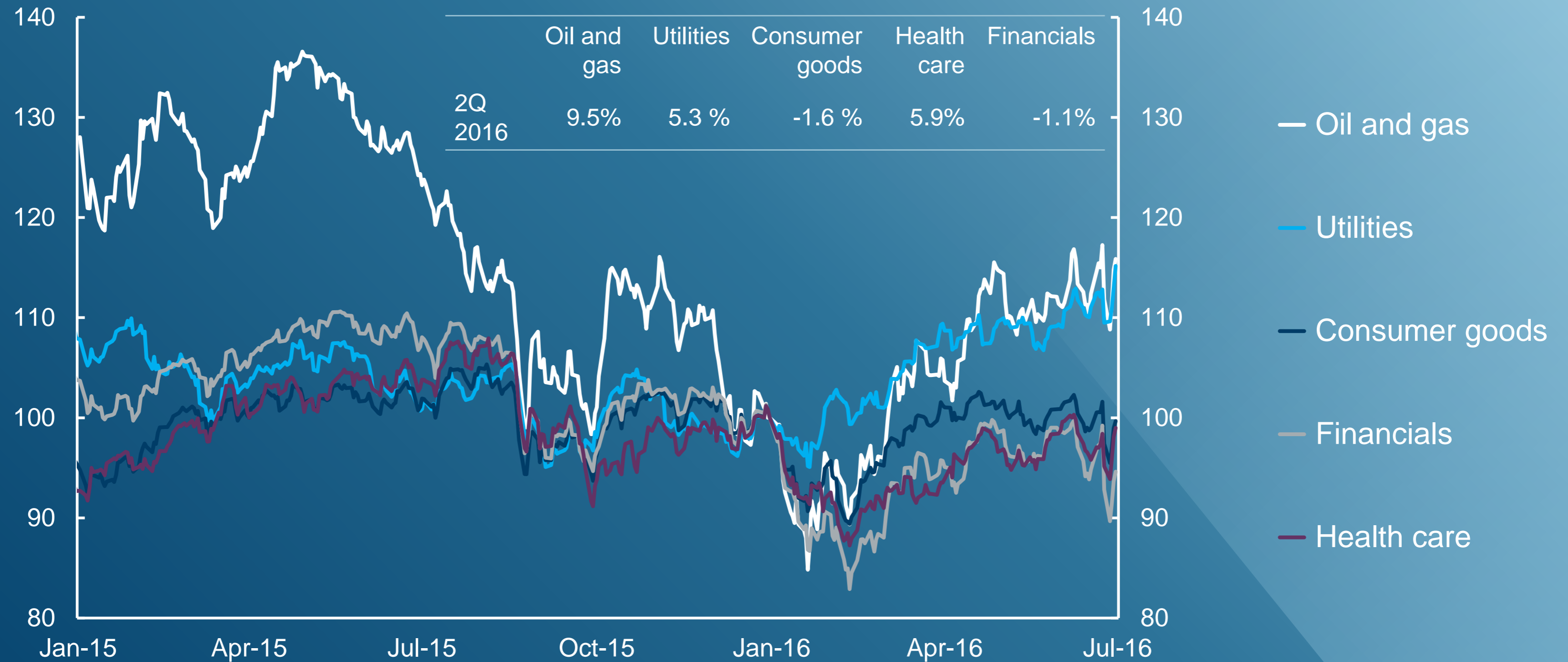
# Developments in equity markets

Measured in USD (Stoxx in EUR). Indexed (31.12.2015 = 100)



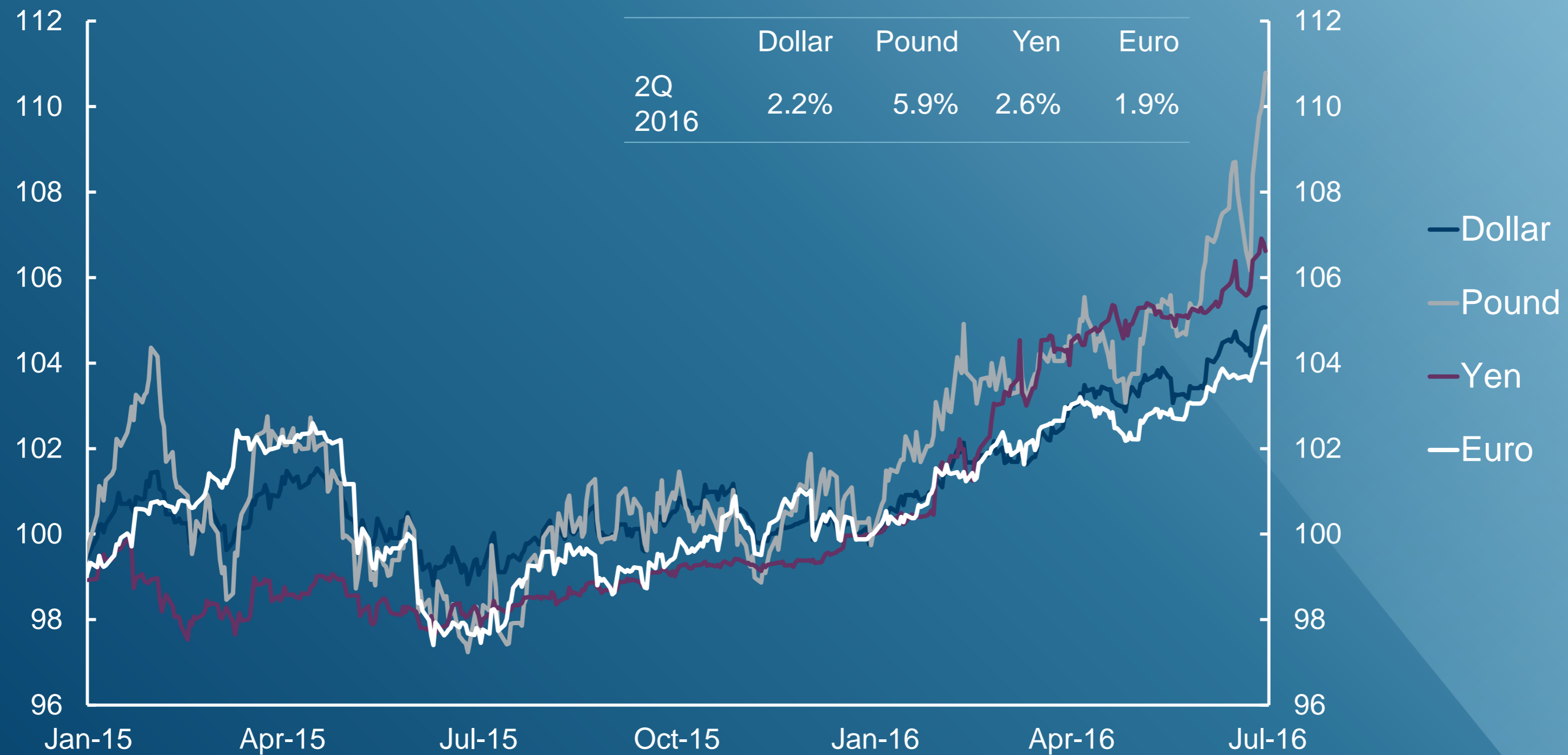
# Developments in equity sectors

Measured in USD. Indexed (31.12.2015 = 100)



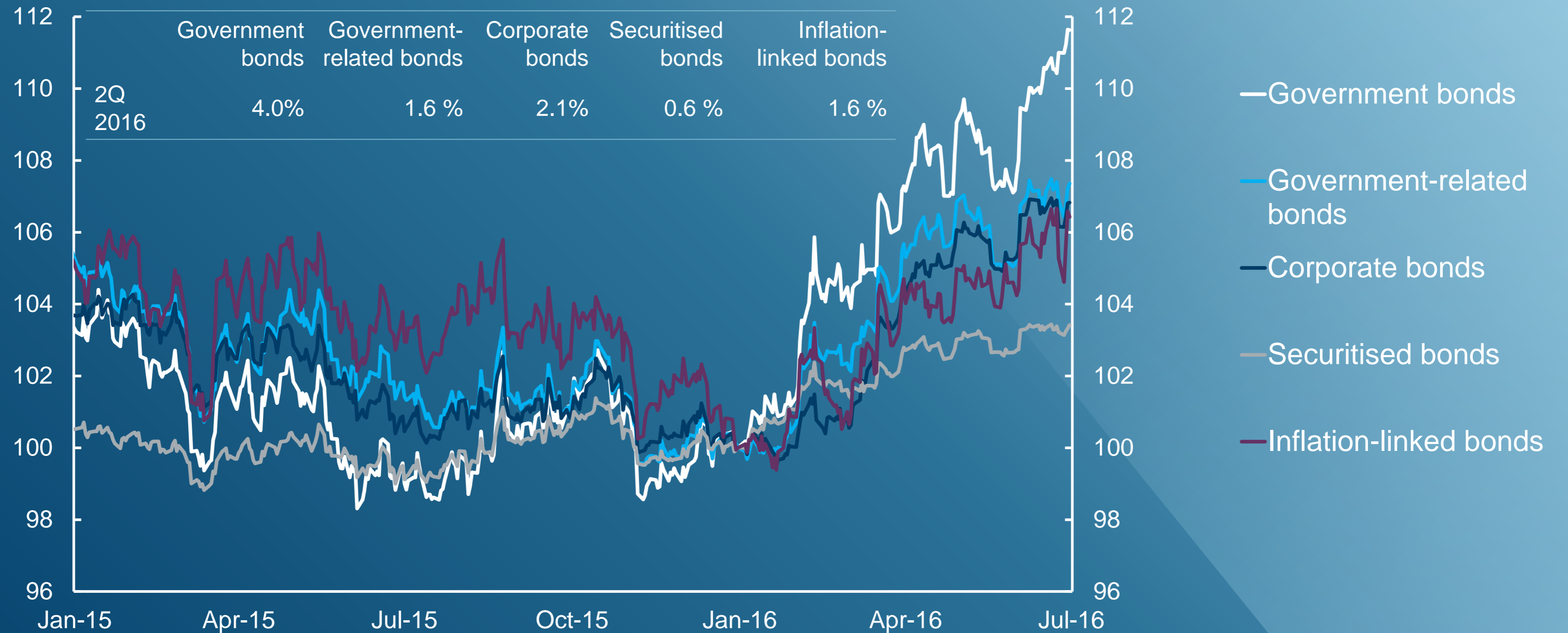
# Development for bonds

Measured in local currencies. Indexed (31.12.2015 = 100)



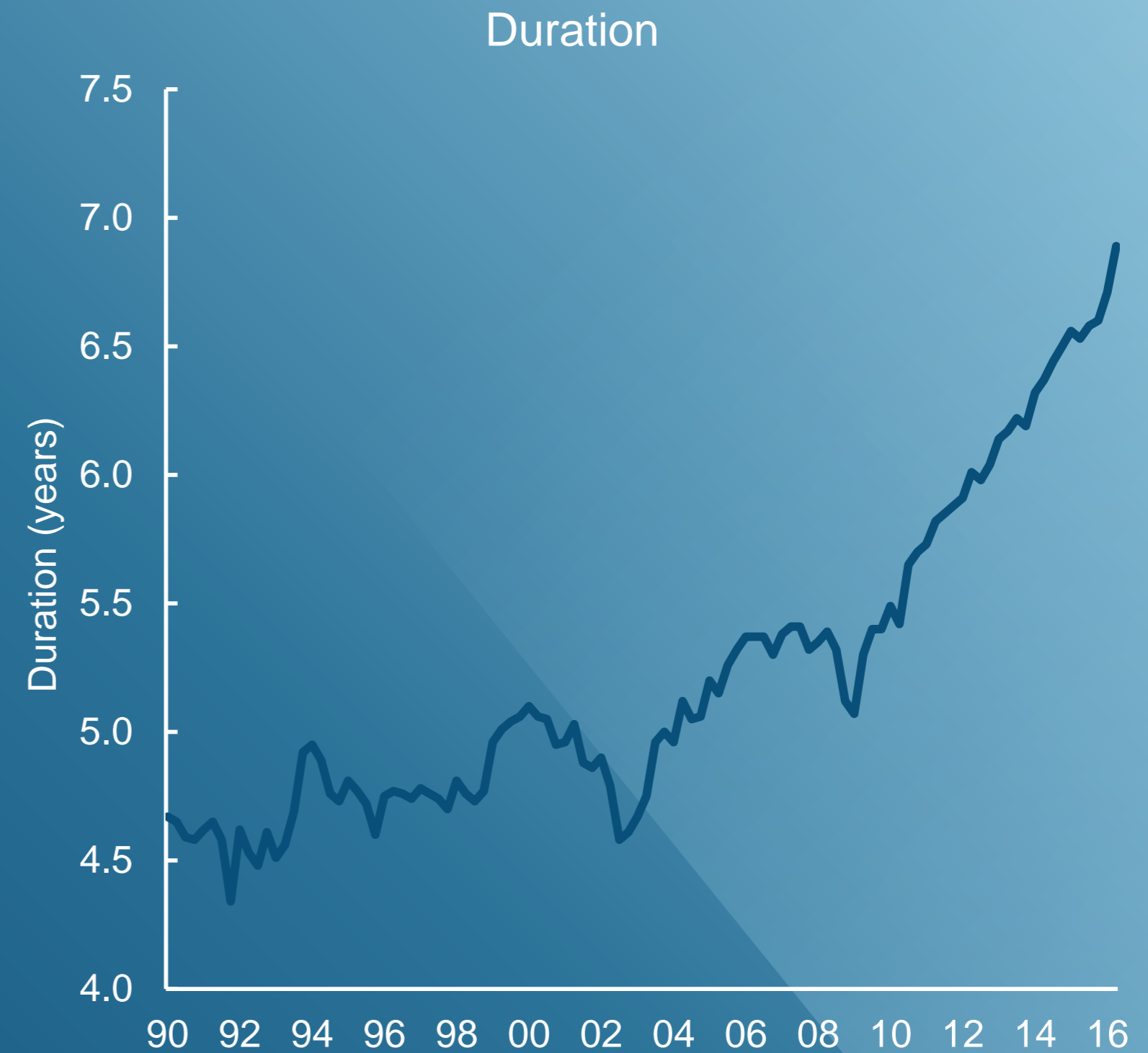
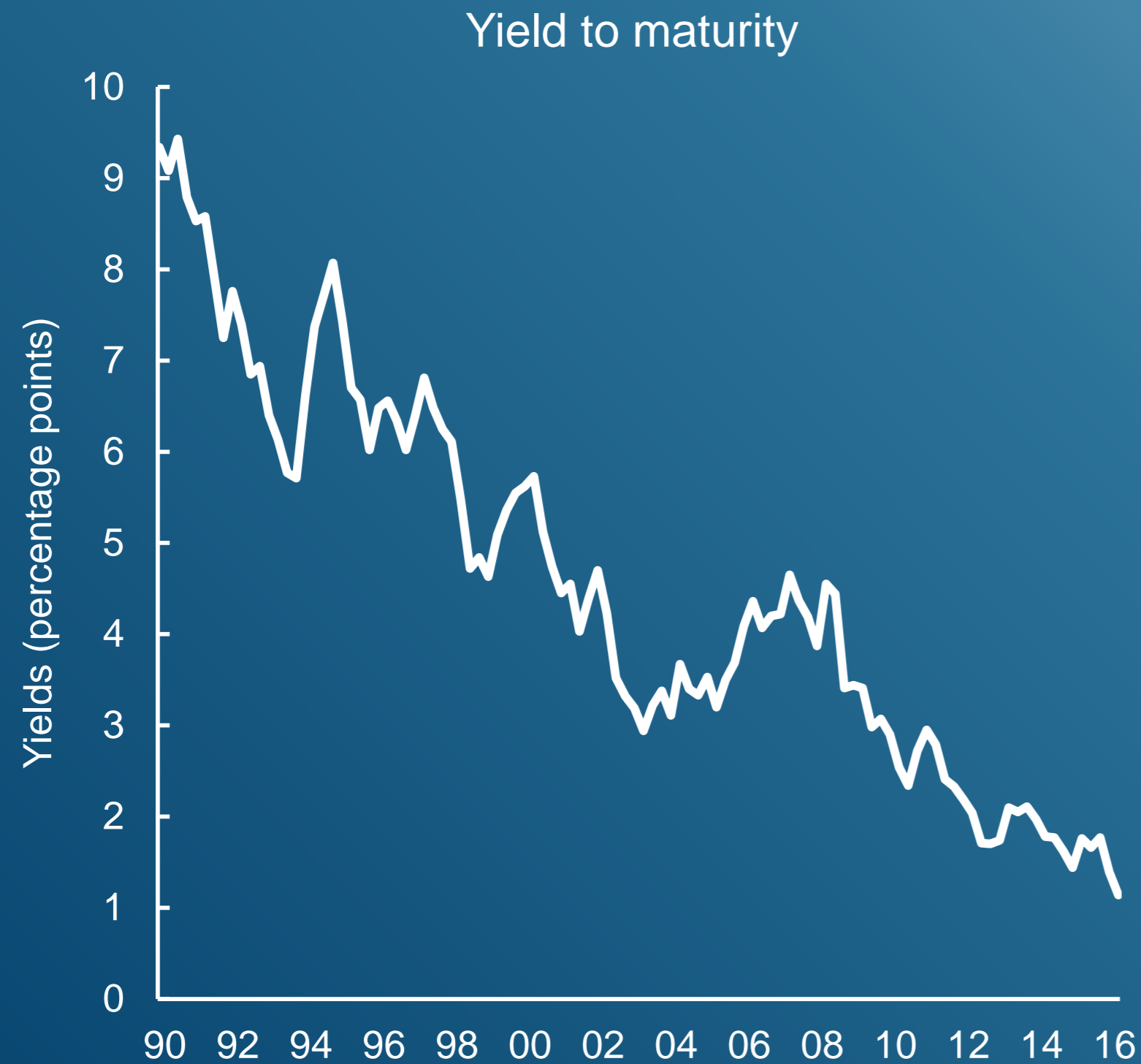
# Price developments for bonds

Measured in USD. Indexed (31.12.2015 = 100)



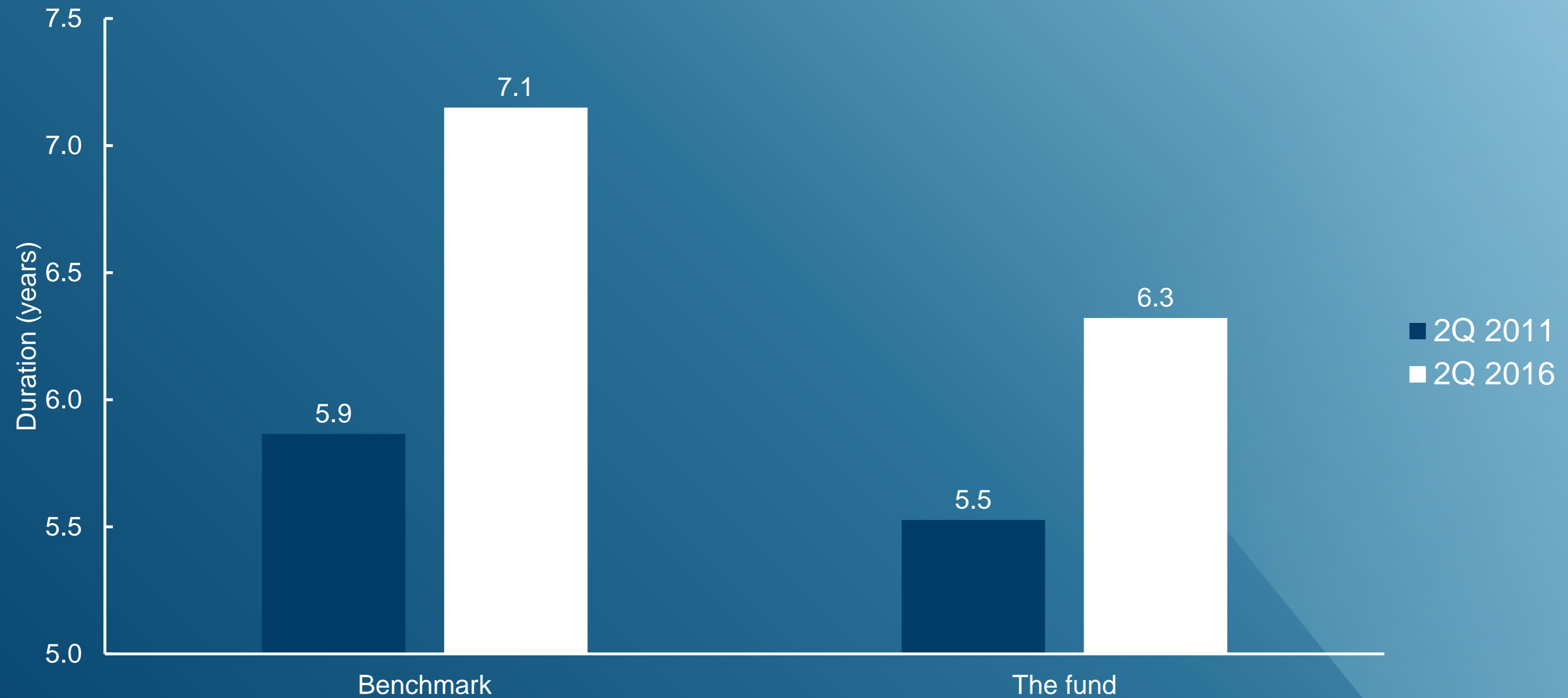
# Yields and market interest rate risk

## Expected return and risk



# Interest rate risk development last 5 years

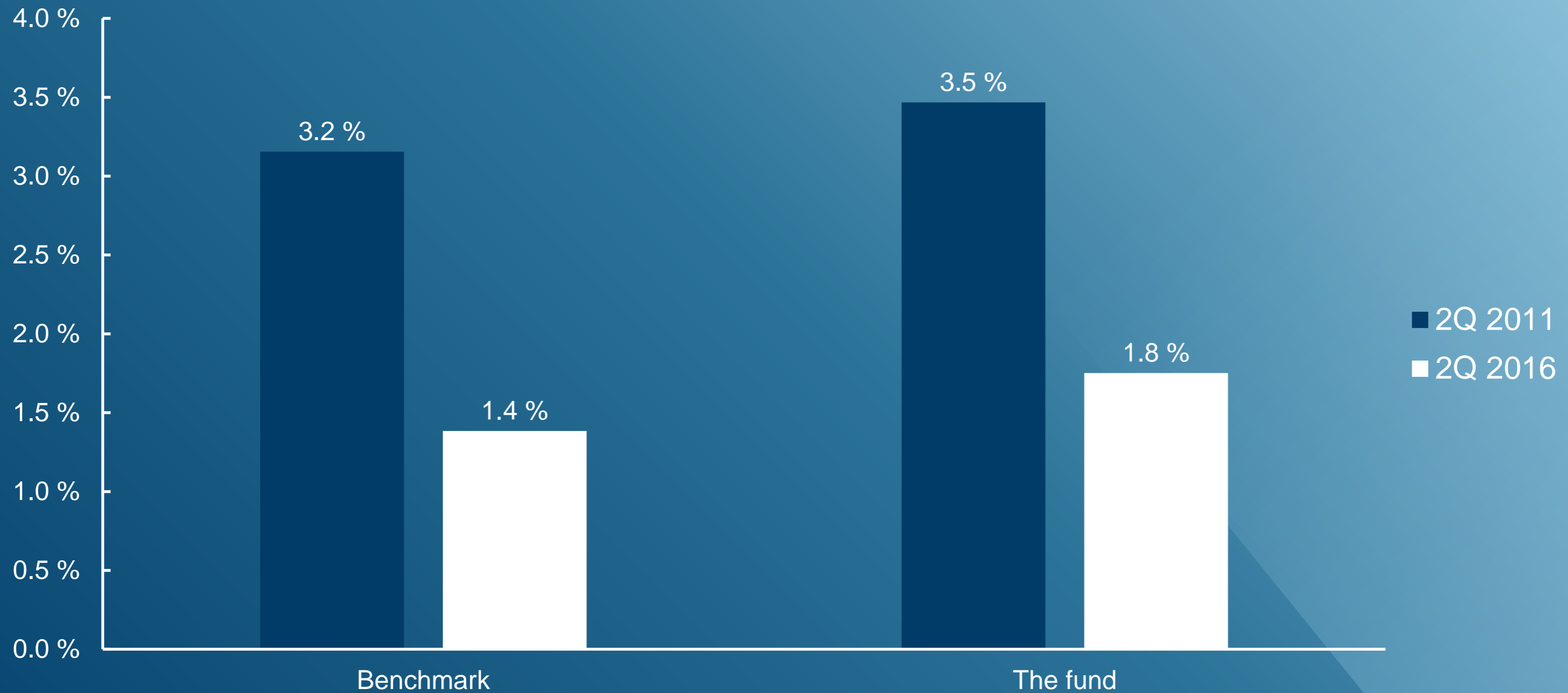
## Benchmark index and fund portfolio





# Yield to maturity development last five years

## Benchmark index and fund portfolio



# Government bonds with negative yield

## Share of government bonds in the portfolio



# New investments and disposals

Announced in the second quarter of 2016

## INVESTMENTS

Location	Partner	Price	Share
Hudson Square, New York	Trinity Church Wall Street	1.16 billion kroner	4.0 (48)

## DISPOSALS

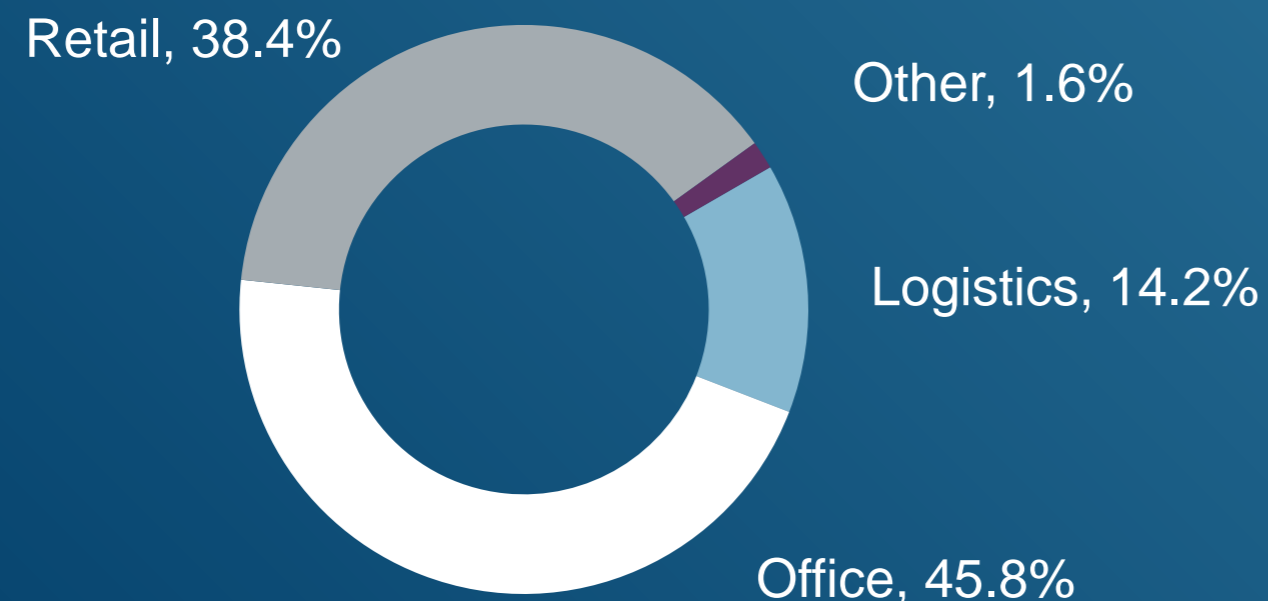
Location	Partner	Price	Share
Two logistics properties in Spain	Prologis	244 million kroner	50

# The fund's real estate portfolio in the UK

## Investments in unlisted real estate. Second quarter 2016

- 23 percent of the real estate portfolio is invested in the UK, and 16 percent in London
- We have decreased the value estimates on all property investments in the UK by 5 percent
- The downward adjustment reduced the total return on property investments by 1.4 percentage point
- Currency movements after 23 June reduced returns by 1.6 percentage point

**Unlisted real estate in the UK  
Sector allocation**



**Unlisted real estate in the UK  
Sub markets and sector allocation**



# Ownership

## Second quarter 2016

- The second quarter sees the bulk of shareholder meetings
- We voted at 6,920 general meetings in the second quarter, including 2,061 shareholder proposals
- We announced in advance how we would vote – and why – at the general meetings of Exxon Mobil Corp and Chevron Corp
- As part of our dialogue with companies, we held a number of meetings with the chairpersons of portfolio companies

# Highlights

- The fund returned 1.3 percent in second quarter 2016
- The return on equity and fixed-income investments was 0.1 percentage point lower than the return on the benchmark indices
- The market value of the fund increased by 98 billion kroner to 7,177 billion kroner
- At the end of the quarter, the fund was invested as follows:
  - Equities 59.6 percent
  - Fixed income 37.4 percent
  - Real estate 3.1 percent



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