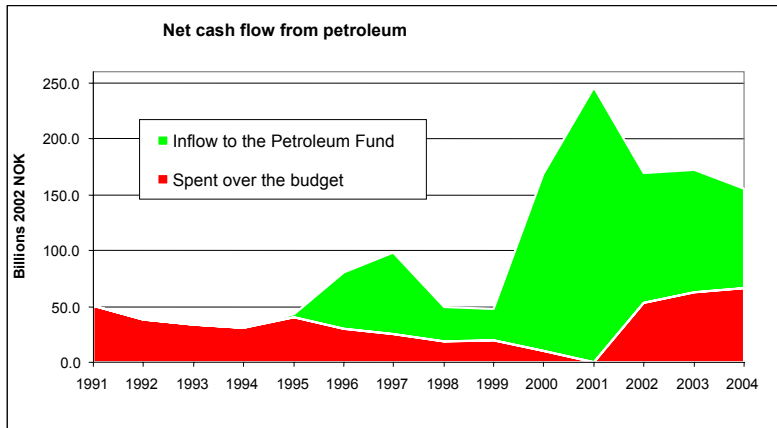


# The Long-Term Investment Strategy of the Norwegian Petroleum Fund

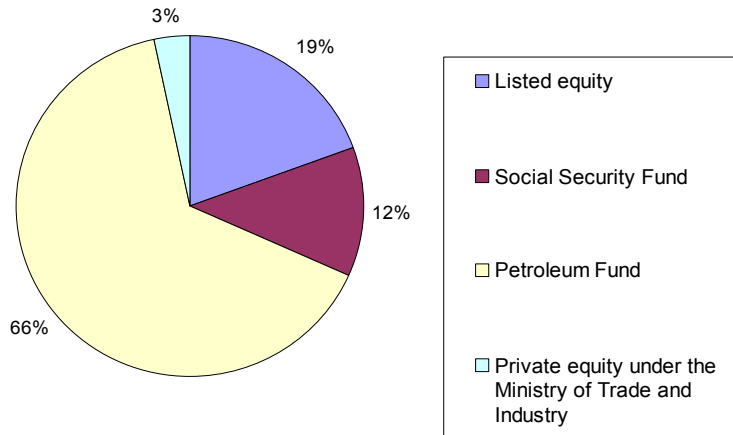
Governor Svein Gjedrem  
Argentum Conference  
30 September 2004

## Petroleum revenues spent over the government budget



Source: National Budgets

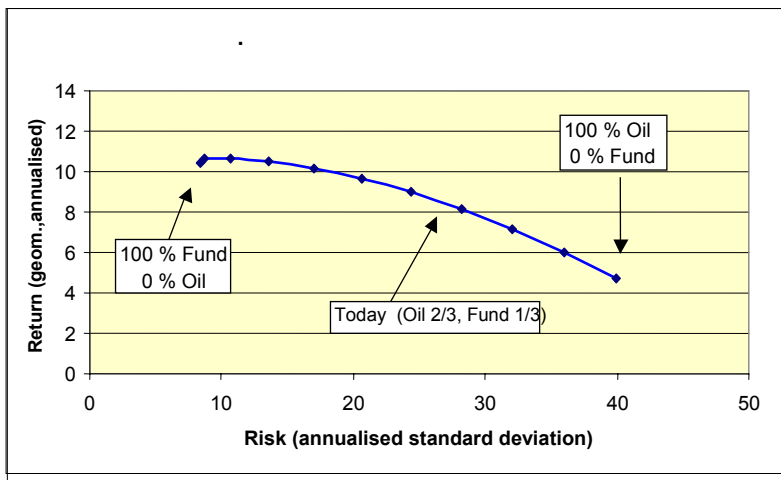
# Government sector financial wealth as at 31 December 2003



SG/30.09.2004

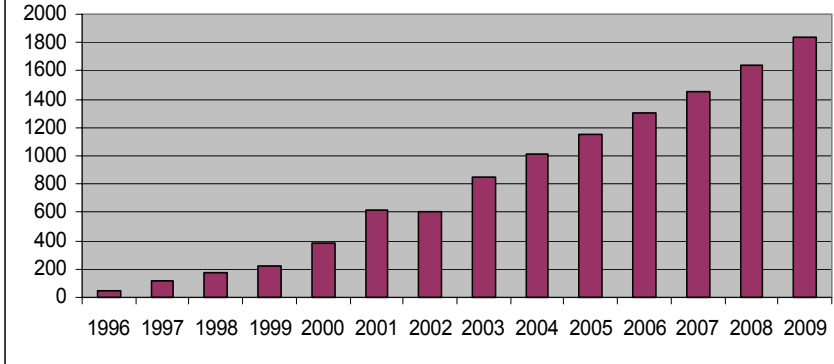
# Petroleum wealth and the Petroleum Fund

Return and risk based on 1986-2004 data



SG/30.09.2004

### The Petroleum Fund 1996-2009

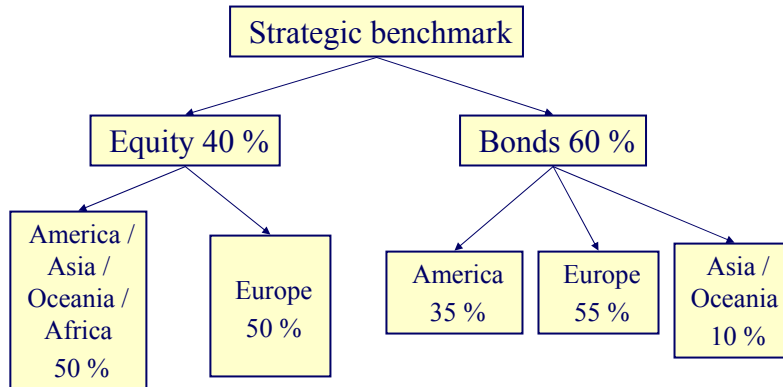


Oil price assumptions

2003: NOK 204  
 2004: NOK 200  
 2008: NOK 171

Revised National Budget 2004

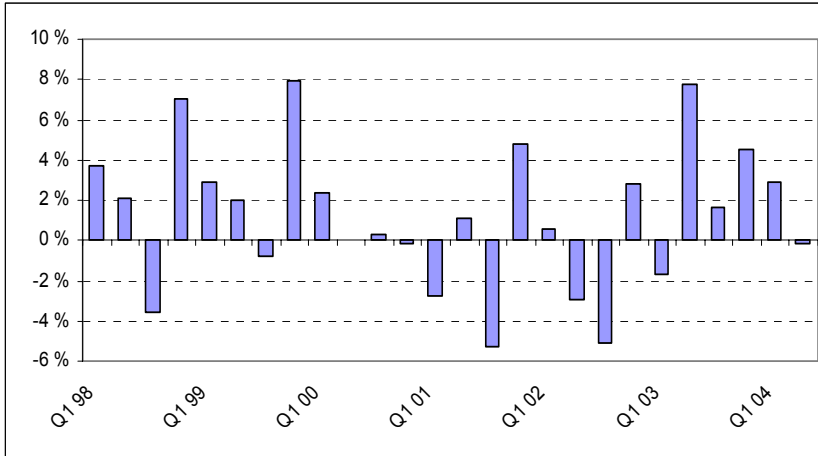
### The Petroleum Fund's benchmark



FTSE global index

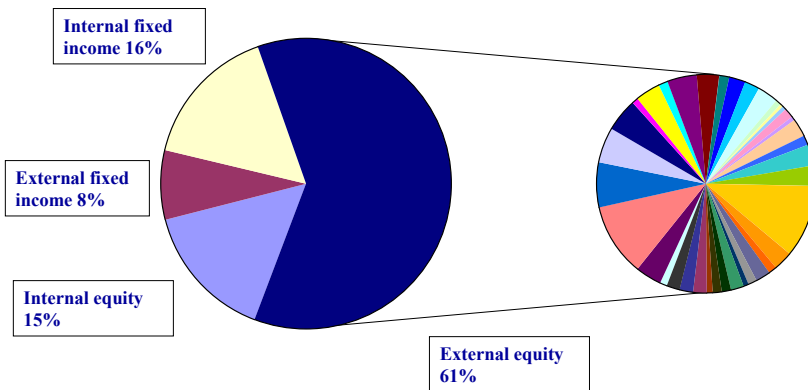
Lehman Brothers Global Aggregate

## Return on the Petroleum Fund since 1998



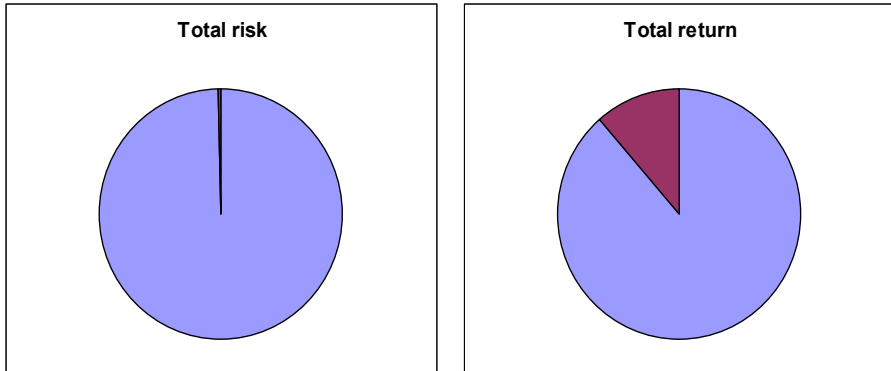
SG/30.09.2004

## Risk taking in the Petroleum Fund

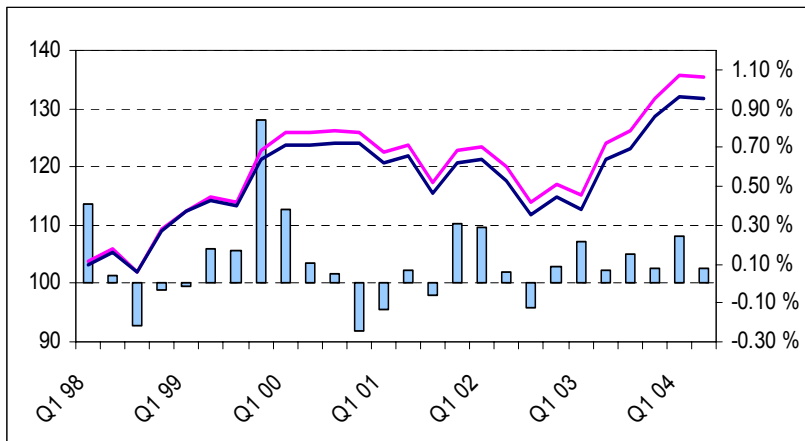


SG/30.09.2004

# Contributions from active management



# Excess return on the Petroleum Fund 1998-2004



## Government assets and liabilities

- Assets
  - Petroleum Fund
  - National Insurance Fund
  - State banks
  - Direct ownership
  - Minor shares of ownership
  - Taxation
- Liabilities
  - Government debt
  - Welfare state obligations

## Average asset composition in US pension funds

- Listed equity 59%
  - Fixed income 31%
  - Real estate 5%
  - Private equity 4%
  - Hedge funds etc 1%
- End of 2003

## Management costs of equity portfolios in the US

- Listed equity
  - Active internal 9 bp
  - Active external 41 bp
- Private equity (venture and LBO)
  - Internal 37 bp
  - External 161 bp (on committed capital)

Source: Cost Effectiveness Measurement Inc.