

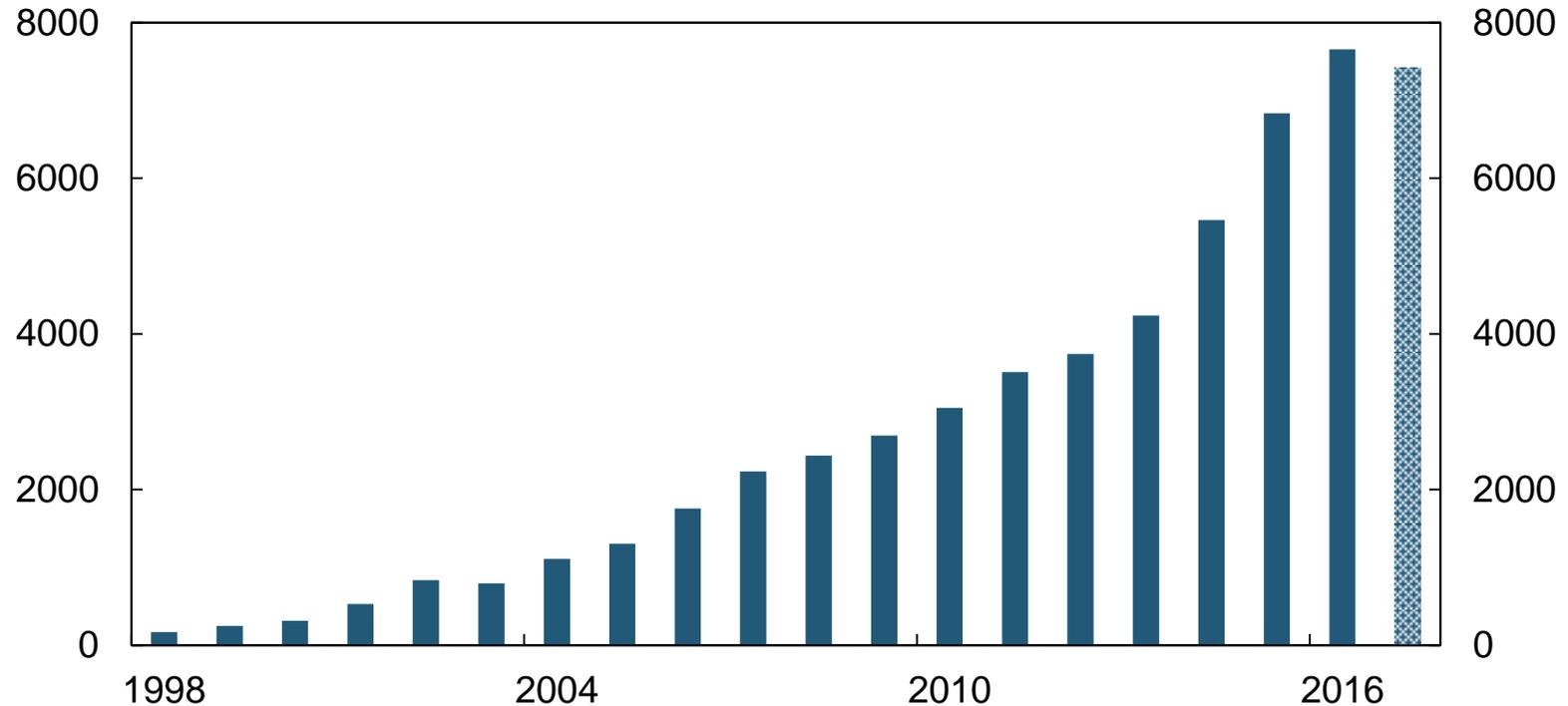


THE EQUITY SHARE IN THE GOVERNMENT PENSION FUND GLOBAL

DEPUTY GOVERNOR EGIL MATSEN

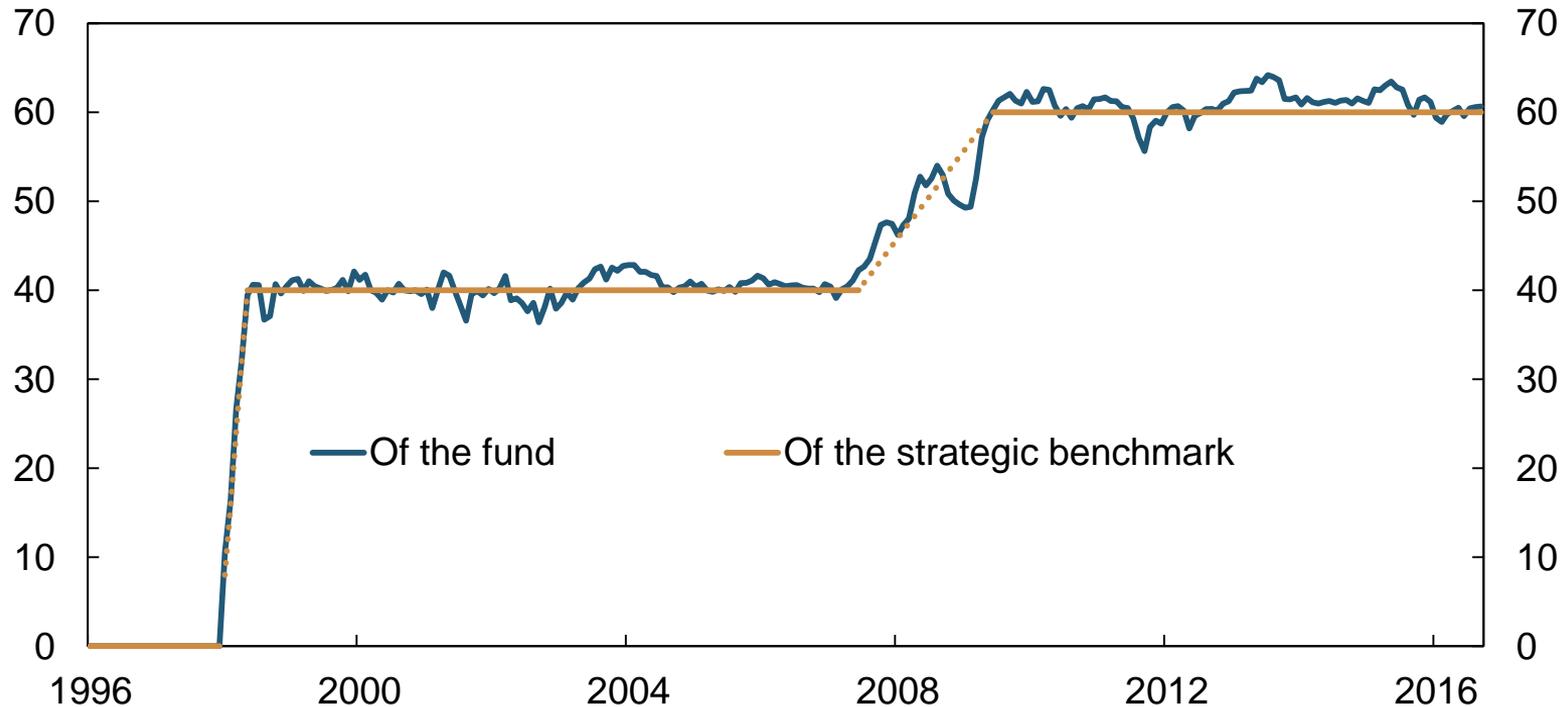
The Government Pension Fund Global

At the start of the year. NOK bn



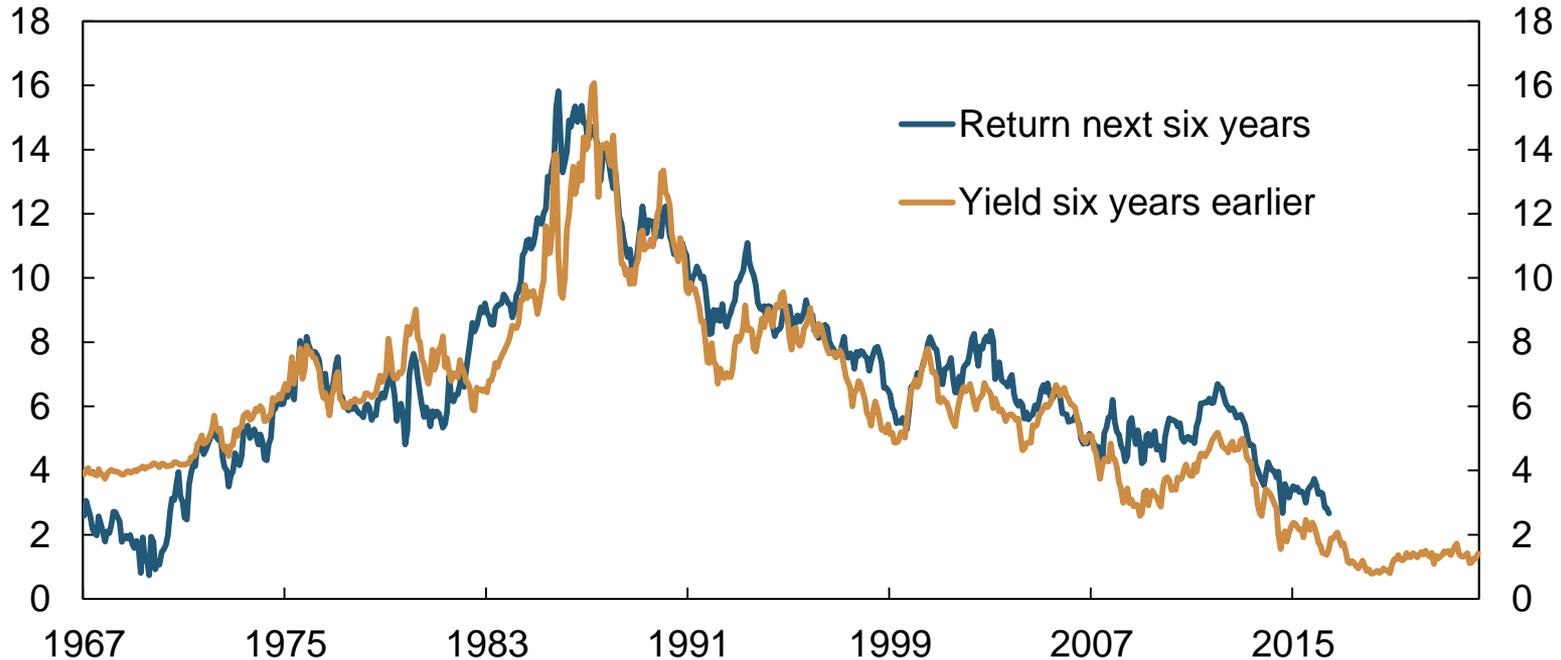
Equity share in the strategic benchmark index and of the fund

In percent of total fund value



Yield and future returns

Yield six years earlier and return on a bond portfolio the next six years. Percent



Yields on US inflation-linked bonds

Percent

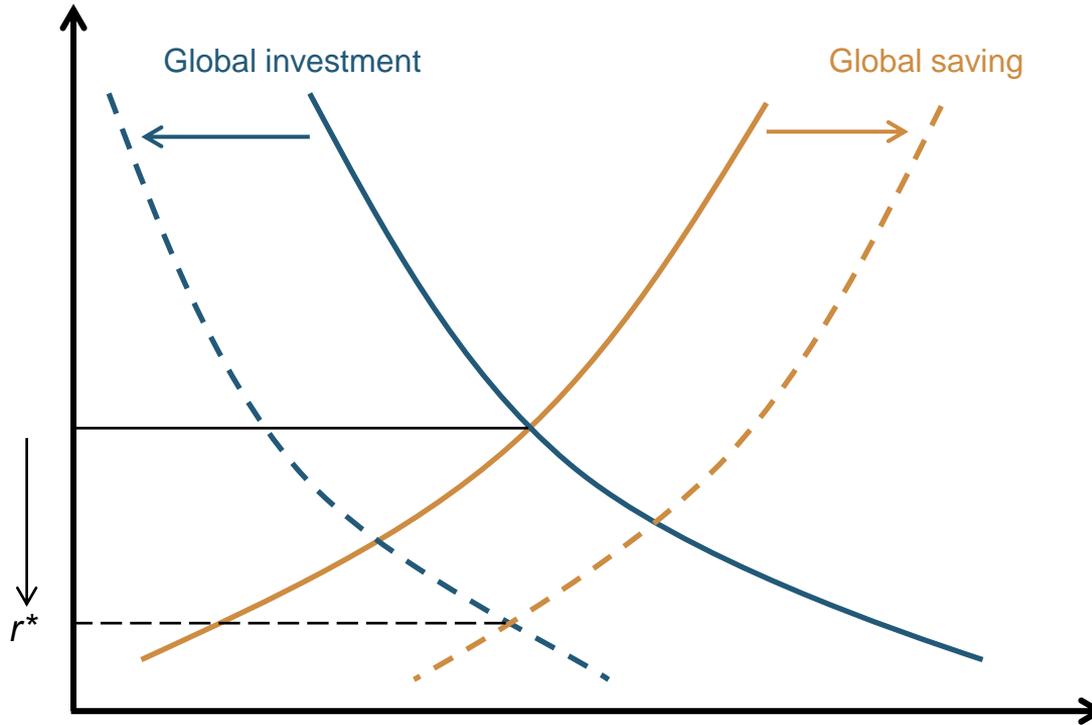


Source: Reuters



Driving forces behind the fall in the global real interest rate

Global real interest rate



Increased saving in emerging economies and oil-producing countries

Demographic trends
Greater income inequality
Deleveraging
Increased uncertainty

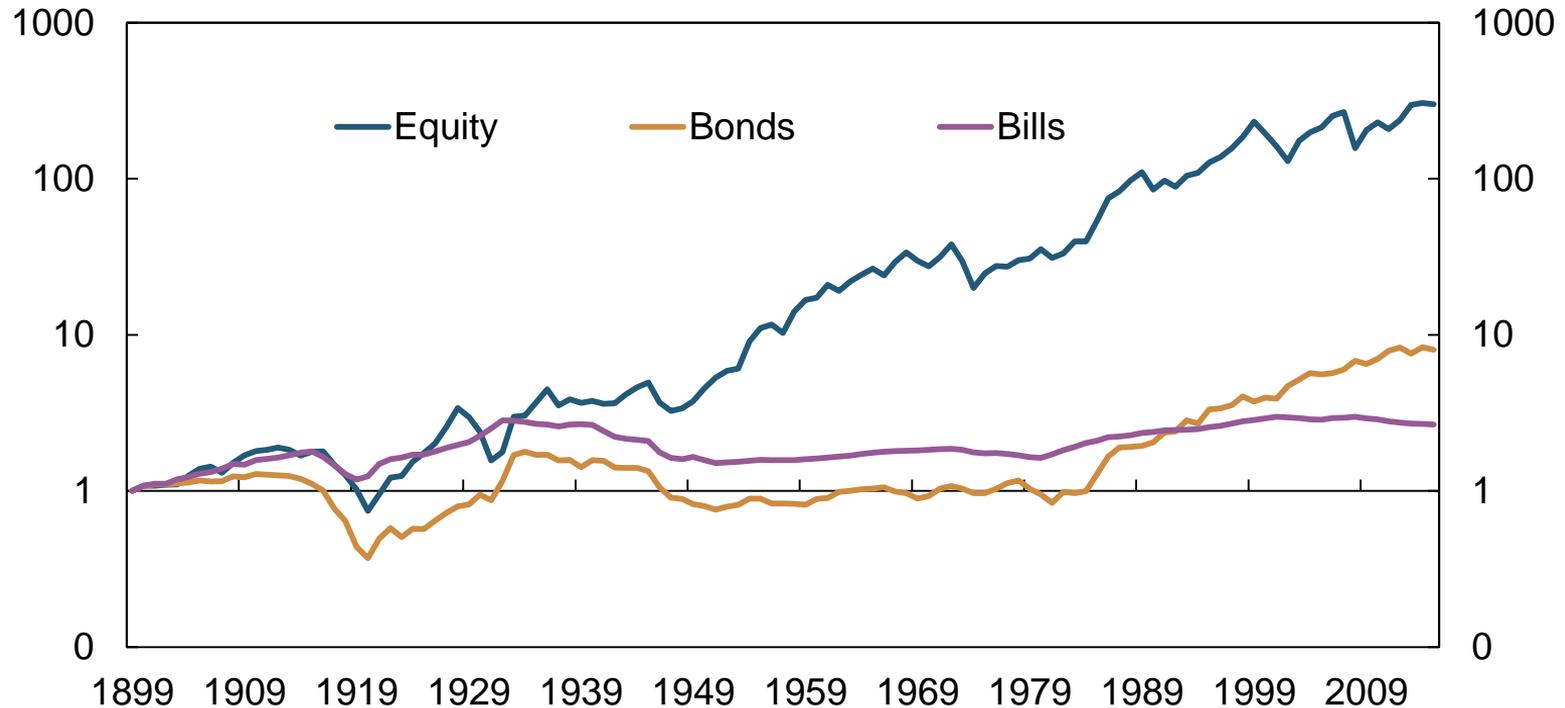
Fall in investment
Lower growth prospects
Relative price of capital
Increased uncertainty

Global saving and investment



Realised real return on equity and fixed income

Cumulative return in international markets. Log scale



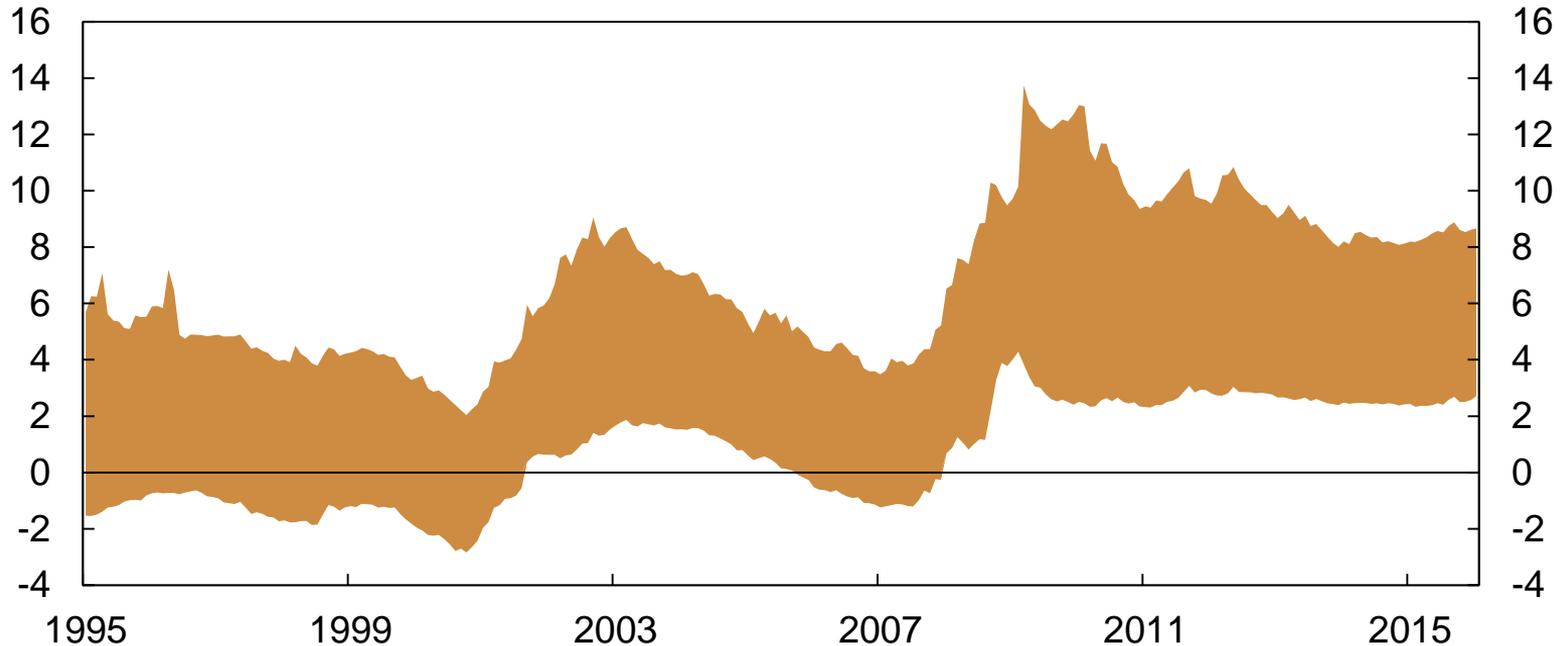
Source: Dimson, Marsh and Staunton (2016)



Equity premium from different model specifications

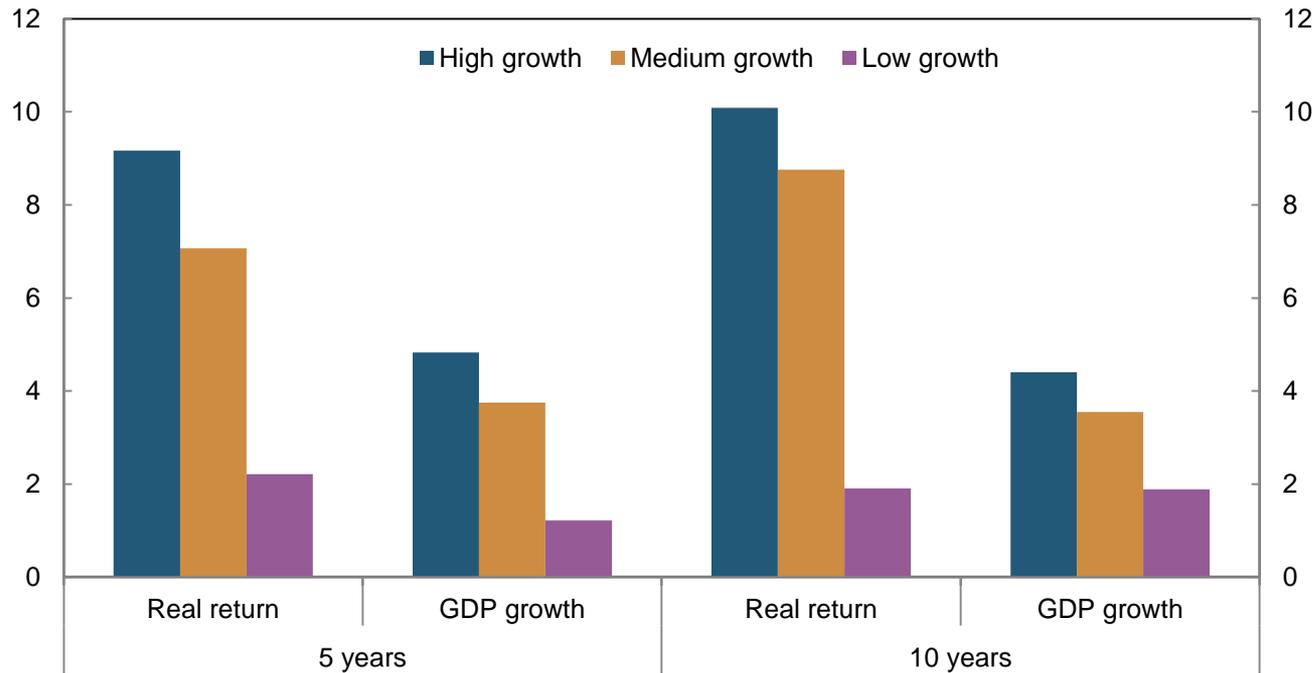
Shaded area indicates the width between 9 different specifications.

Percent



Growth and returns

Real return in international equity markets in periods with high, medium and low growth in the global economy. Percent

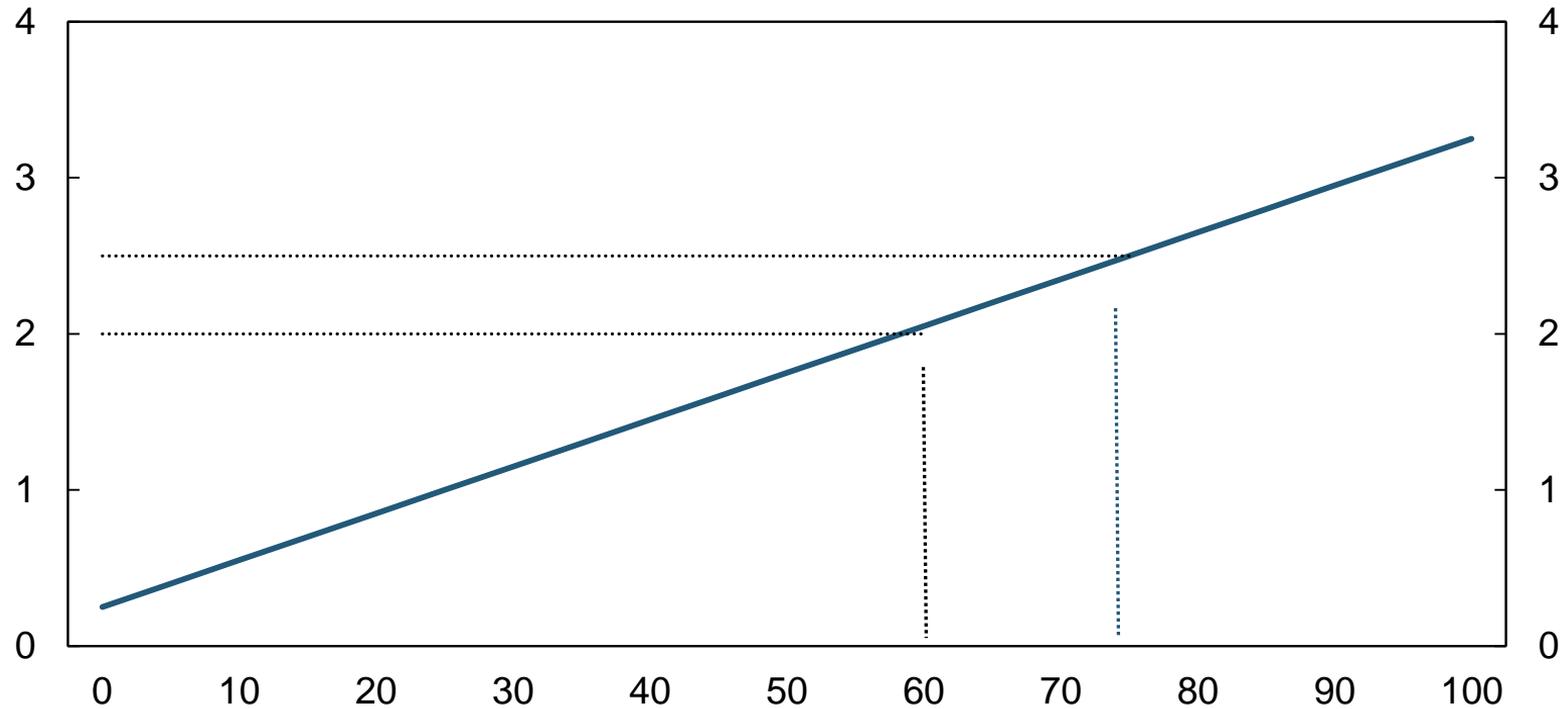


Sources: Dimson et al. (2016), Reinhart and Rogoff (2011) and Feenstra et al. (2015)



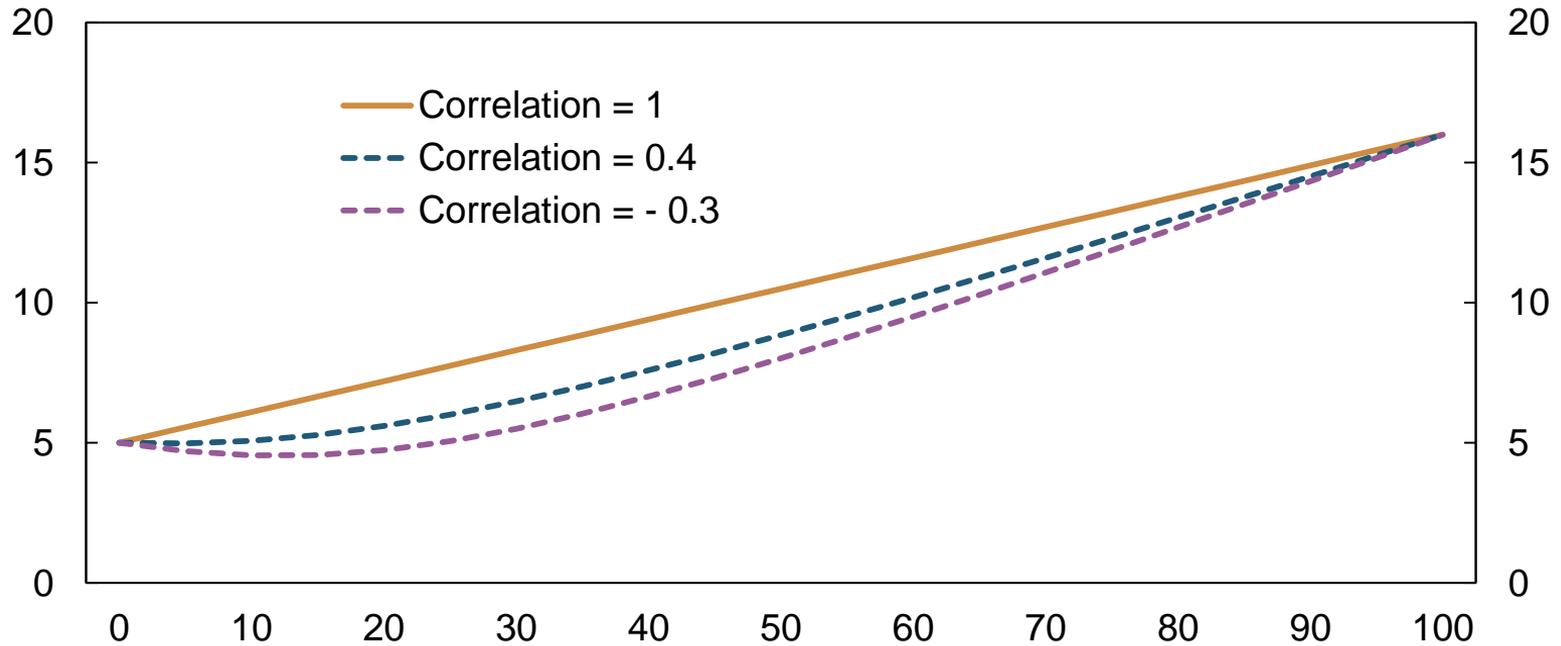
Equity allocation and expected return

Percent



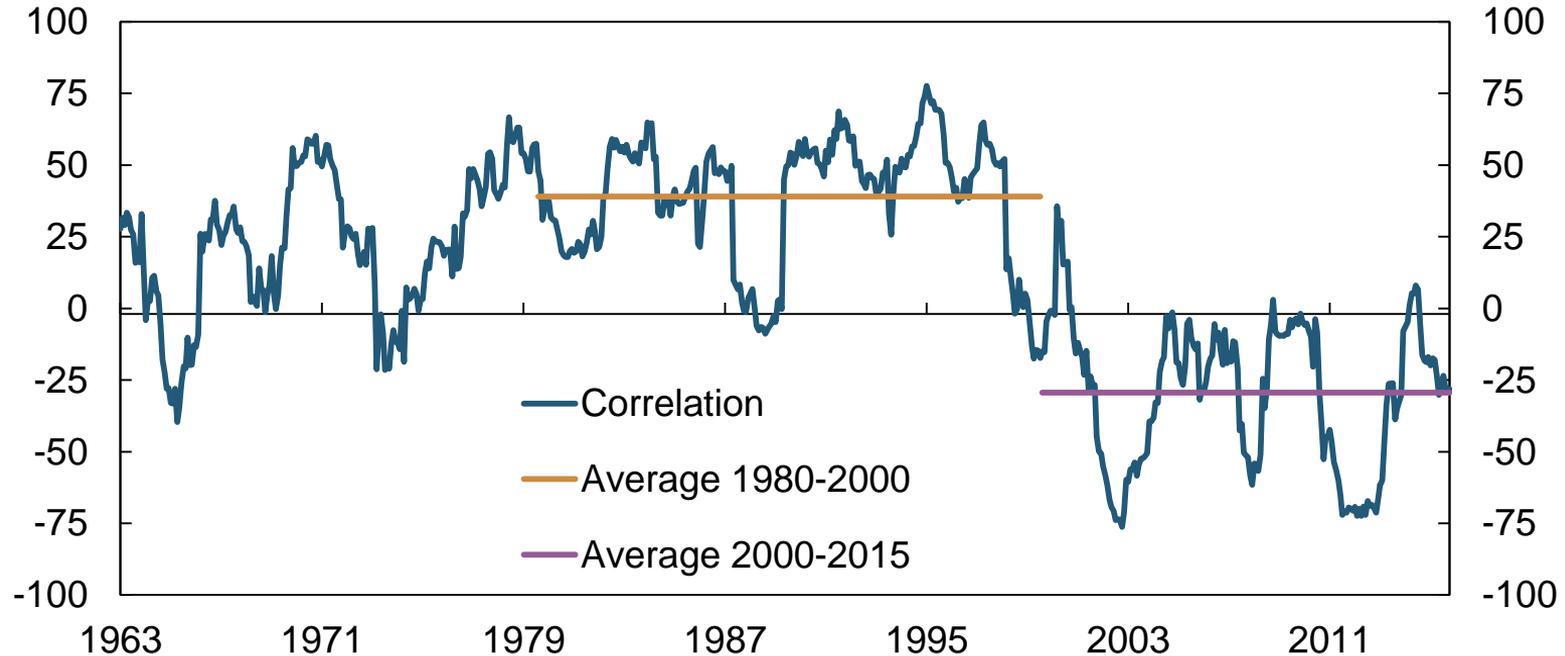
Equity allocation and fluctuations

Portfolio risk. Percent



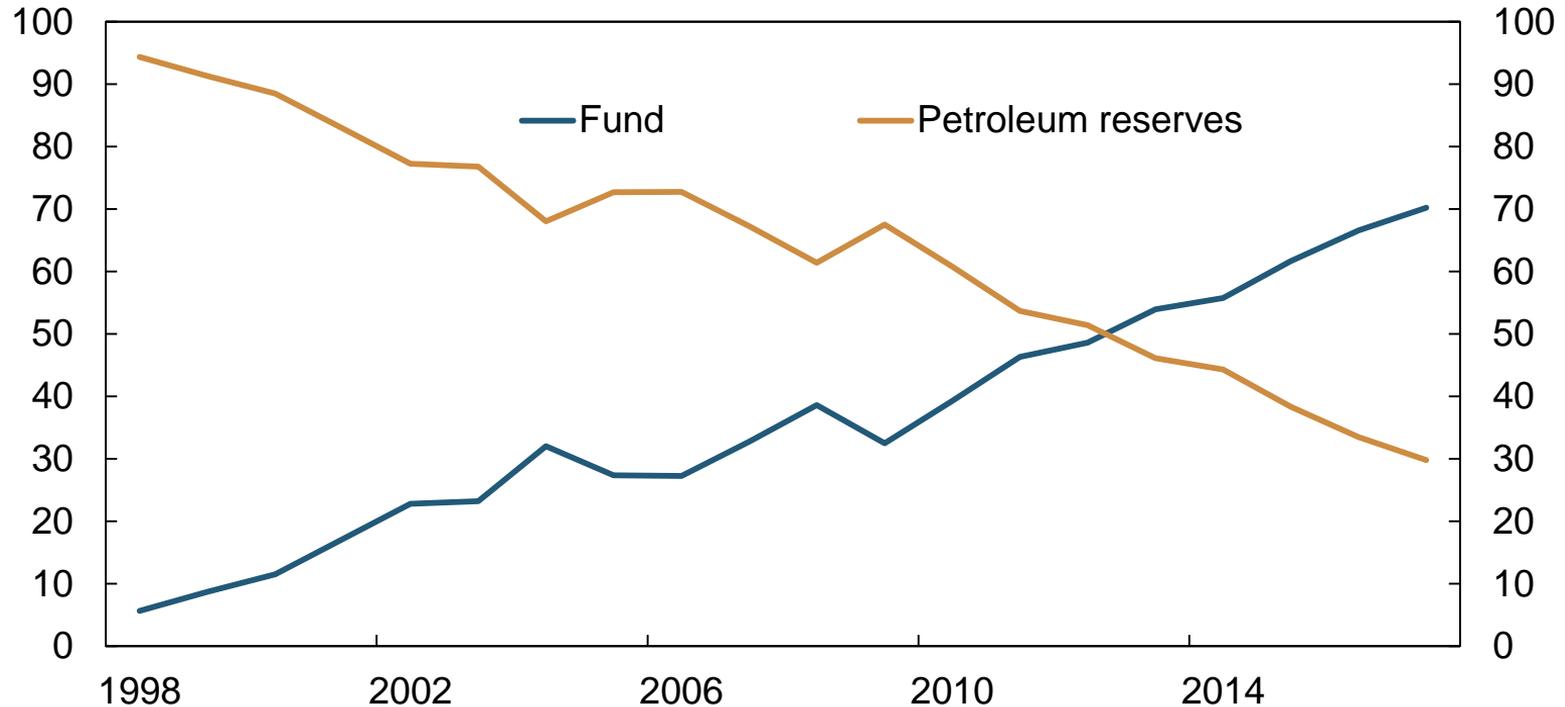
Correlation between equities and bonds

24-month rolling equity and bond correlation coefficient for US market data



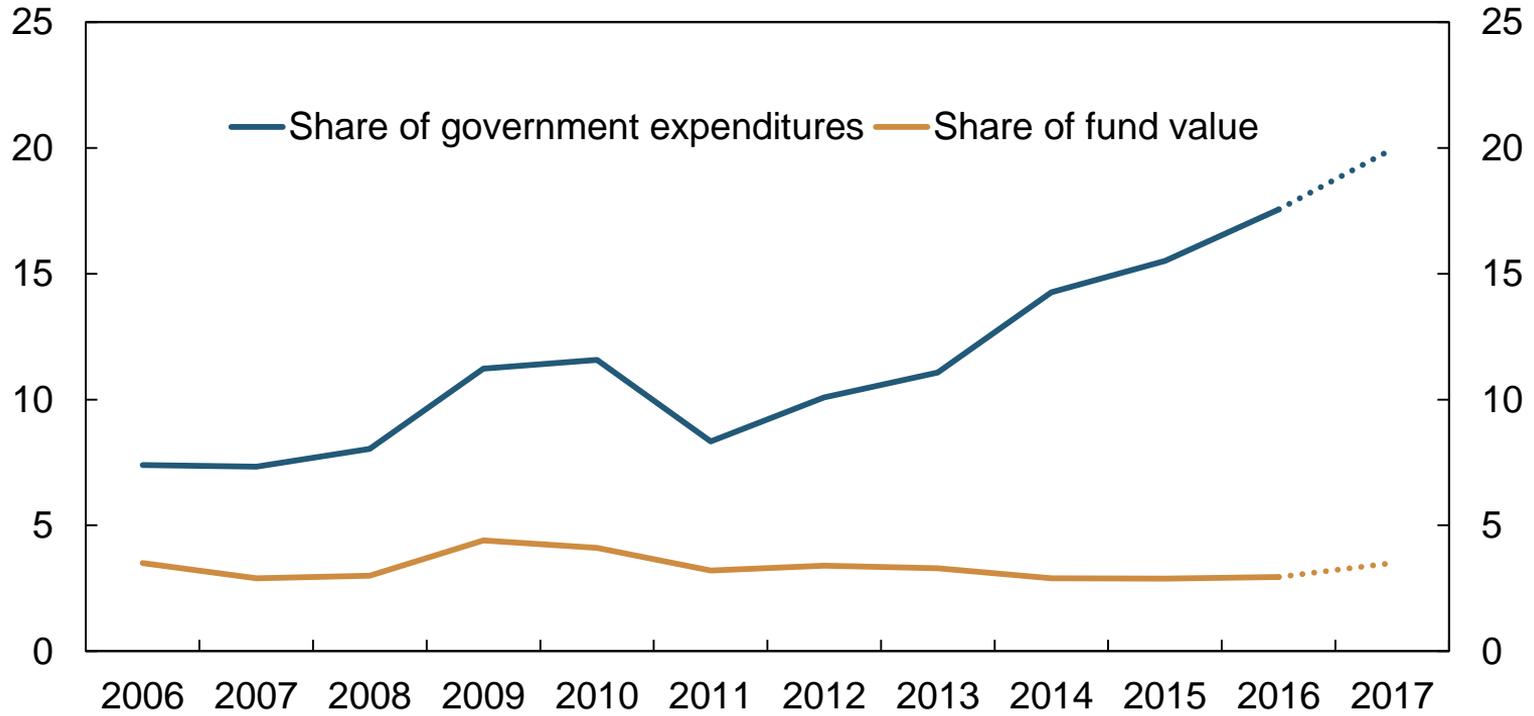
The government's petroleum wealth

Share of total petroleum wealth. Percent



Petroleum revenue spending

Non-oil deficit. Percent



Sources: Ministry of Finance and Norges Bank

