



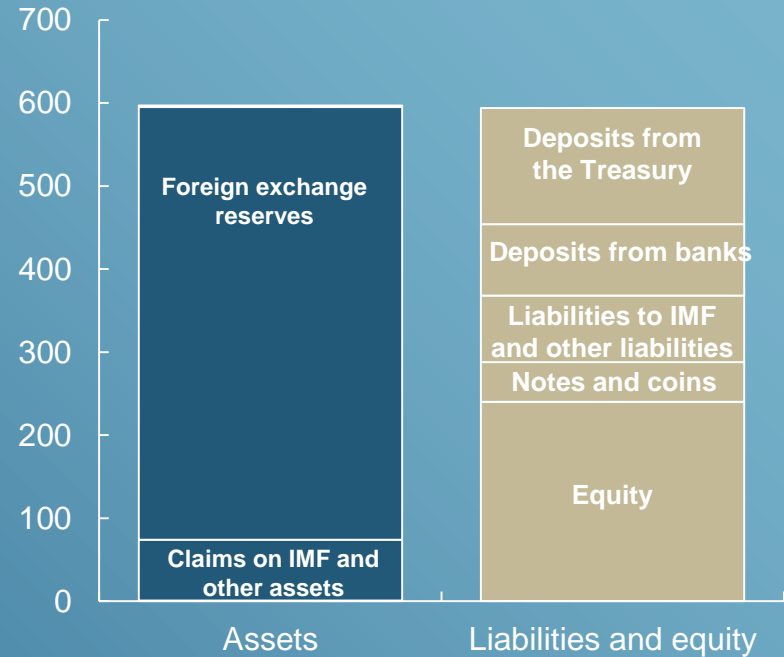
INVESTMENT MANAGEMENT AT NORGES BANK

DEPUTY GOVERNOR
EGIL MATSEN

Copenhagen, 28 September 2017

Norges Bank's balance sheet¹⁾

Norges Bank's balance sheet (excl. GPFG)

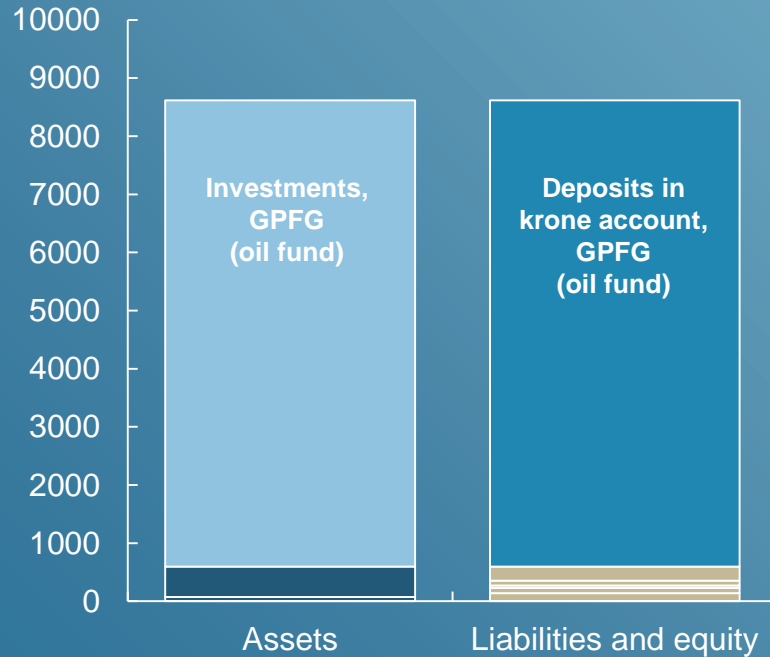


1) Amounts in billions of NOK,. At 30 June 2017

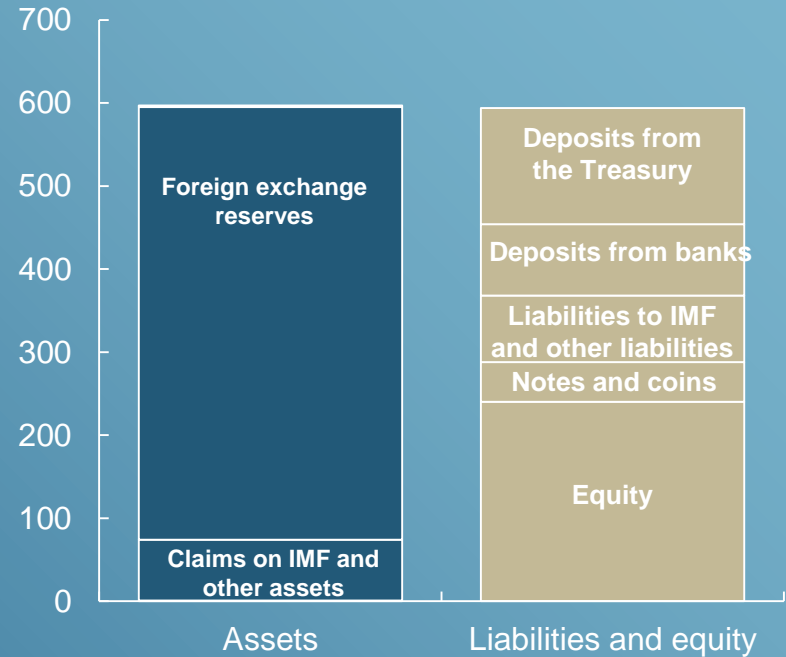


Norges Bank's balance sheet¹⁾

Norges Bank's balance sheet



Norges Bank's balance sheet (excl. GPFG)



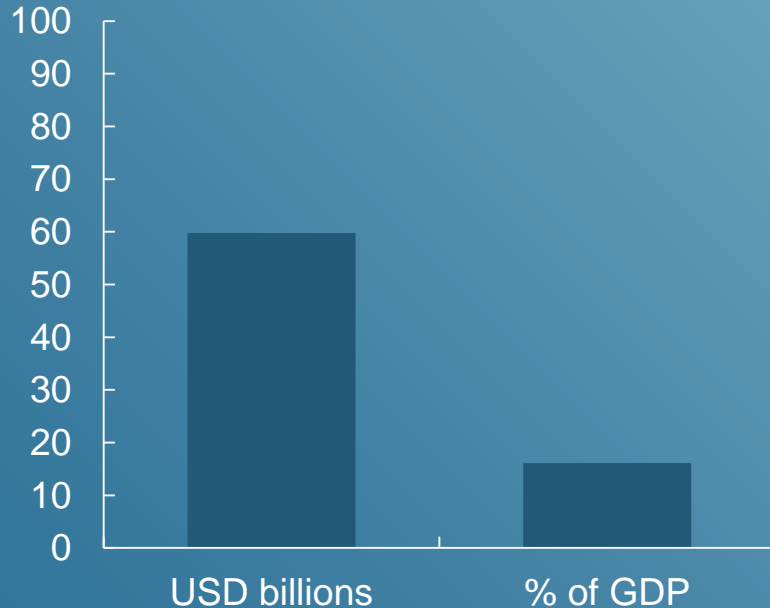
1) Amounts in billions of NOK. At 30 June 2017



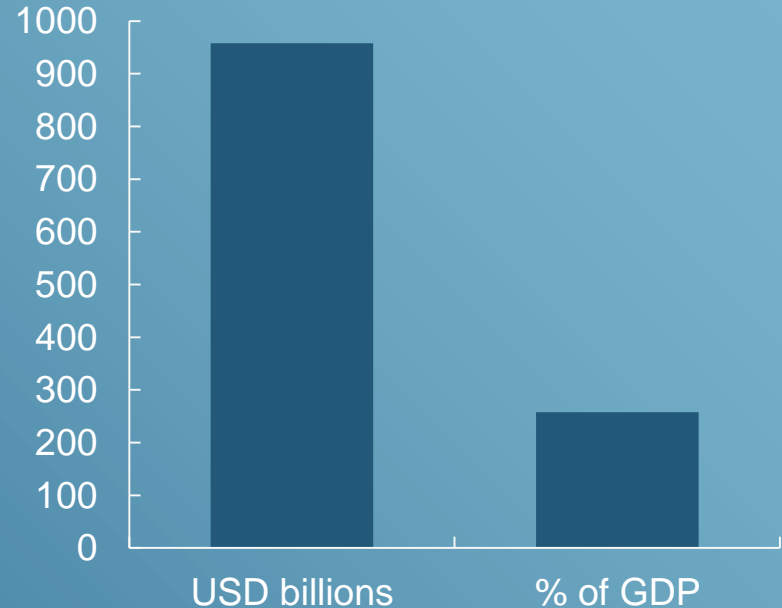
Foreign exchange reserves and GPFG¹⁾

Note the scale difference

Foreign exchange reserves



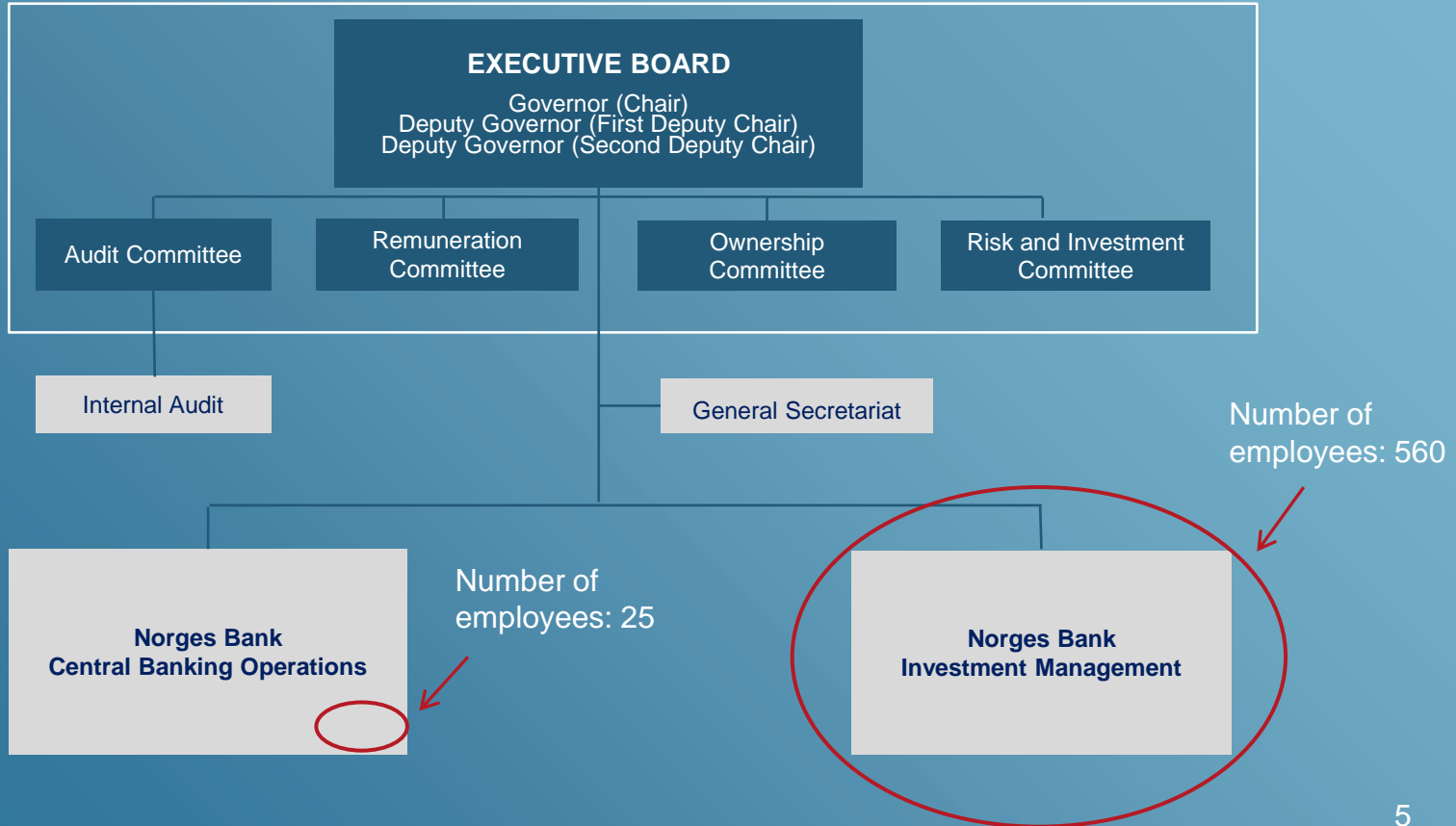
GPFG (oil fund)



1) At 30 June 2017
Source: Norges Bank



Investment organisations



Objectives

Foreign exchange reserves

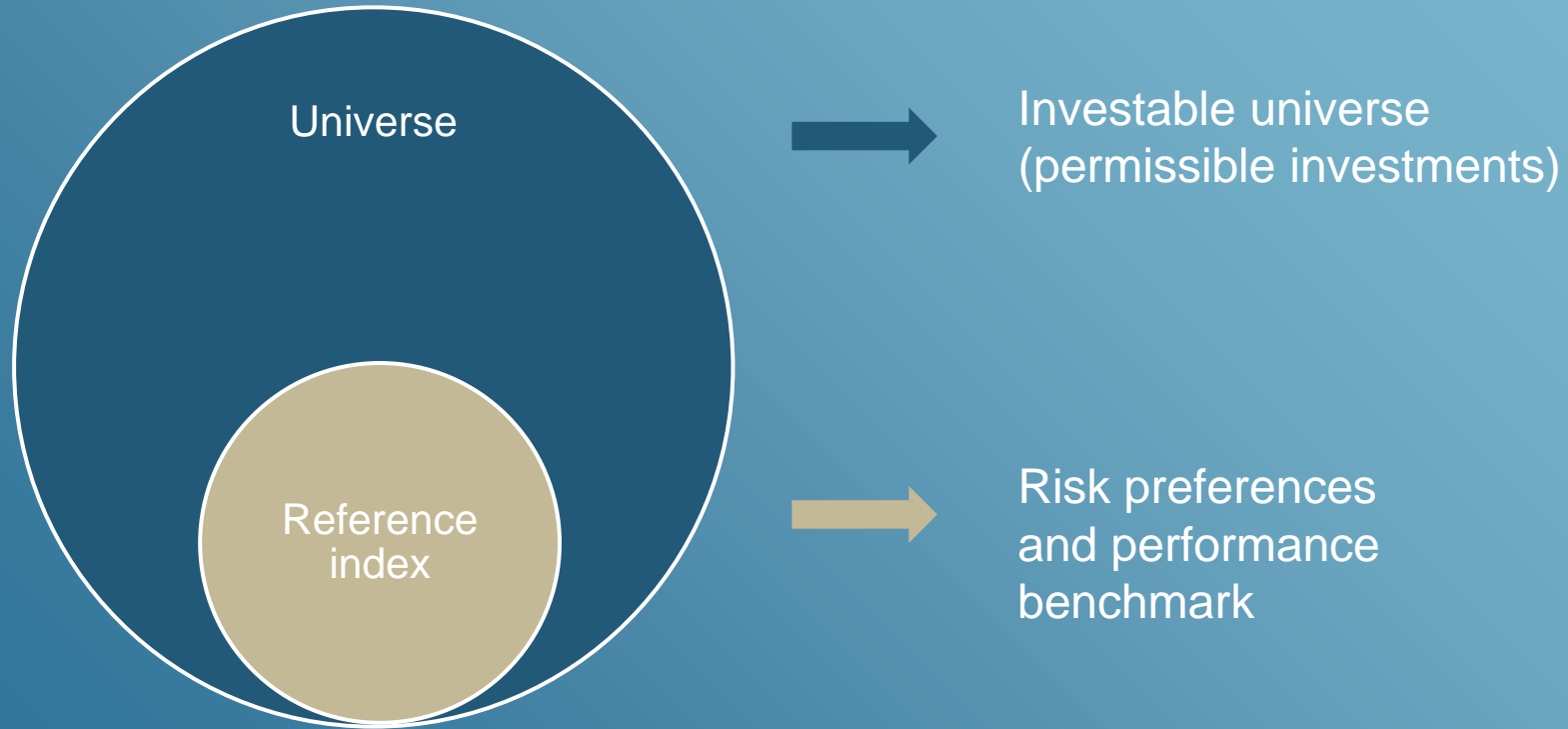
1. Ensure necessary funds to
 - meet monetary policy goals
 - promote financial stability
 - fulfil Norges Bank's international commitments to the IMF
2. High long-term return, subject to 1. and other (risk) constraints

GPFG (oil fund)

- High long-term return subject to
 - acceptable risk
 - responsible investment
 - cost-effective management
 - transparency



Management mandate



Return on the GPFG and reference index

Index



1) Equities, fixed income and real estate. 2) Benchmark index for equities and fixed income investments.
Sources: Bloomberg Barclays Indices, FTSE and Norges Bank



Return on the FX reserves and reference index

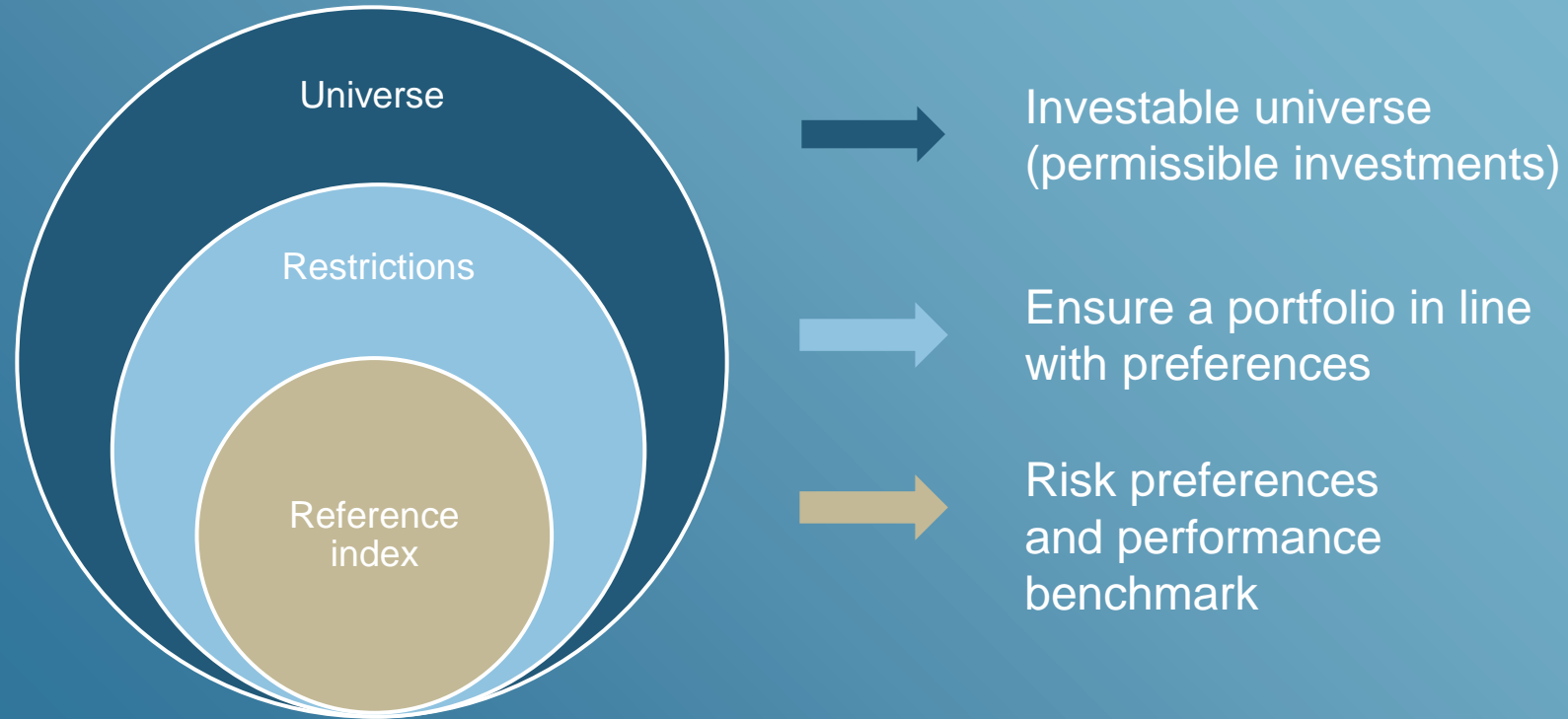
Index



Sources: Bloomberg Barclays Indices, FTSE and Norges Bank



Management mandate



Reference indexes – asset allocation¹⁾

Foreign Exchange reserves

65.0% FIXED INCOME
35.0% EQUITY

- Bonds
 - 1-10-year government bonds issued by France, Germany, Japan, US, and UK
 - 50% USD, 34% EUR, 8% GBP, 8% JPY
- Equities
 - FTSE All World Dev Markets, limited to 9 economies
 - Large and mid cap stocks

GPFG (oil fund)

37.5% FIXED INCOME
62.5% EQUITY

- Bonds (based on Bloomberg Global Aggregate Bond Index)
 - 70% government bonds, GDP-weighted
 - 30% corporate and securitised bonds
- Equities
 - Based on FTSE Global All Cap
 - Significant adjustments of regional weights



Reference indexes – regional allocation¹⁾

Foreign exchange reserves

36% EUROPE
54% NORTH AMERICA
10% ASIA AND OCEANIA

- 18 countries and 9 currencies
- Only developed markets

GPFG (oil fund)

42% EUROPE
37% NORTH AMERICA
18% ASIA AND OCEANIA
3% REST OF THE WORLD

- 46 countries and 34 currencies
- Approx. 9% emerging markets

1) At 30 June 2017



GPFG – actual allocation compared with the reference index¹⁾

Reference index

37.5% FIXED INCOME
62.5% EQUITY

42% EUROPE
37% NORTH AMERICA
18% ASIA AND OCEANIA
3% REST OF THE WORLD

- 46 countries and 34 currencies

Actual allocation

32.4% FIXED INCOME
65.1% EQUITY
2.5% REAL ESTATE

36% EUROPE
42% NORTH AMERICA
18% ASIA AND OCEANIA
4% REST OF THE WORLD

- 77 countries and 50 currencies

1) At 30 June 2017



FX reserves – actual allocation compared with the reference index¹⁾

Reference index

65% FIXED INCOME
35% EQUITY

36% EUROPE
54% NORTH AMERICA
10% ASIA AND OCEANIA

Actual allocation

64.4% FIXED INCOME
35.6% EQUITY

36% EUROPE
54% NORTH AMERICA
10% ASIA AND OCEANIA

1) At 30 June 2017



RENMINBI INVESTMENTS

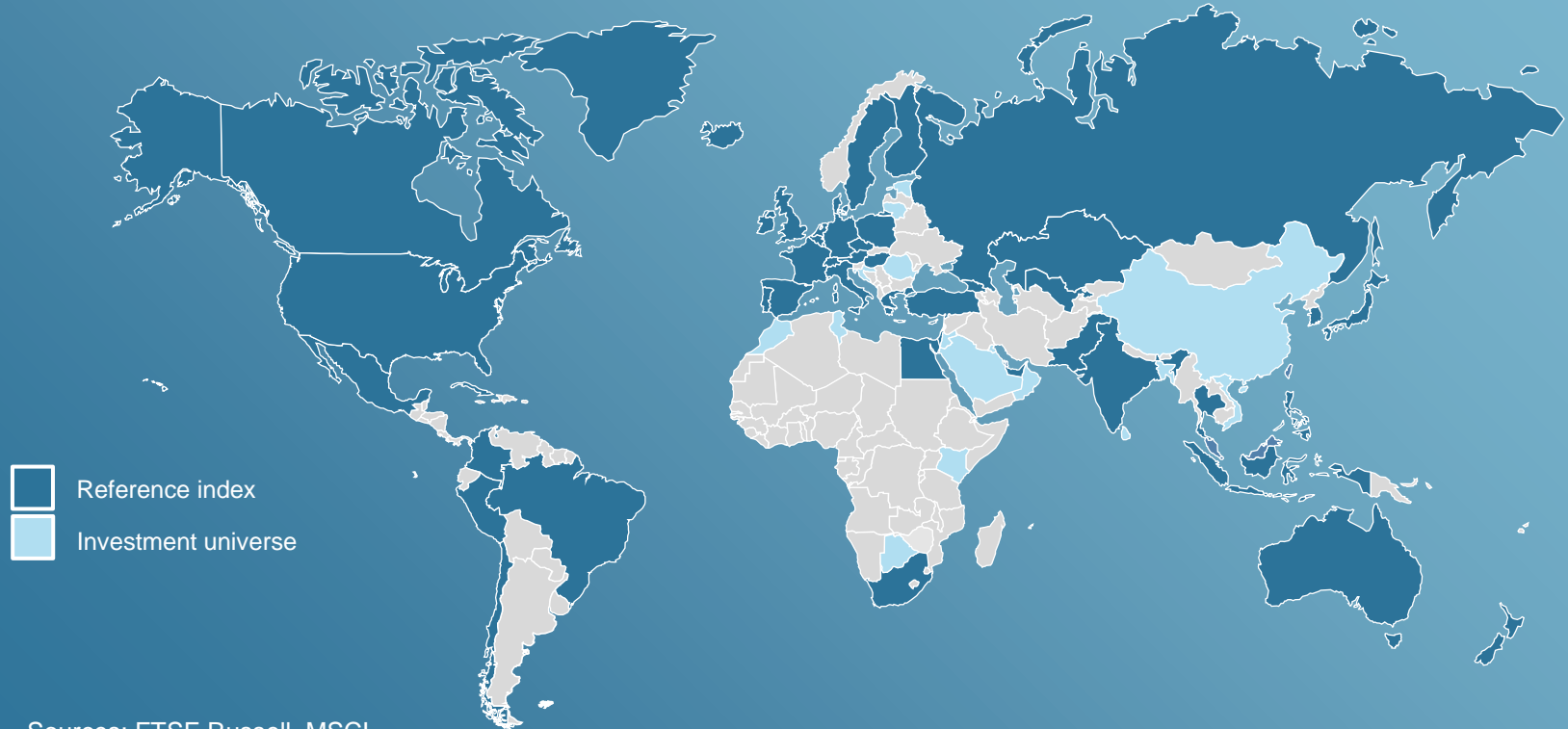


Foreign exchange reserves and renminbi

- Possible transactions between the IMF and Norges Bank may be made in RMB in the future
- Norges Bank has opened a RMB account at the BIS
- Chinese markets available for FX reserve investments only recently. Too early to evaluate experience
- Norges Bank will monitor developments and provide information about the Chinese market ahead



Investment universe GPFG: Equities



Sources: FTSE Russell, MSCI
and Norges Bank



GPFG investments in China¹⁾

- Equities
 - China is the largest emerging economy in the fund's equity investments
 - Around 3% of the equity portfolio
- Fixed income
 - Smaller allocation, less than 1% of the bond portfolio.





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