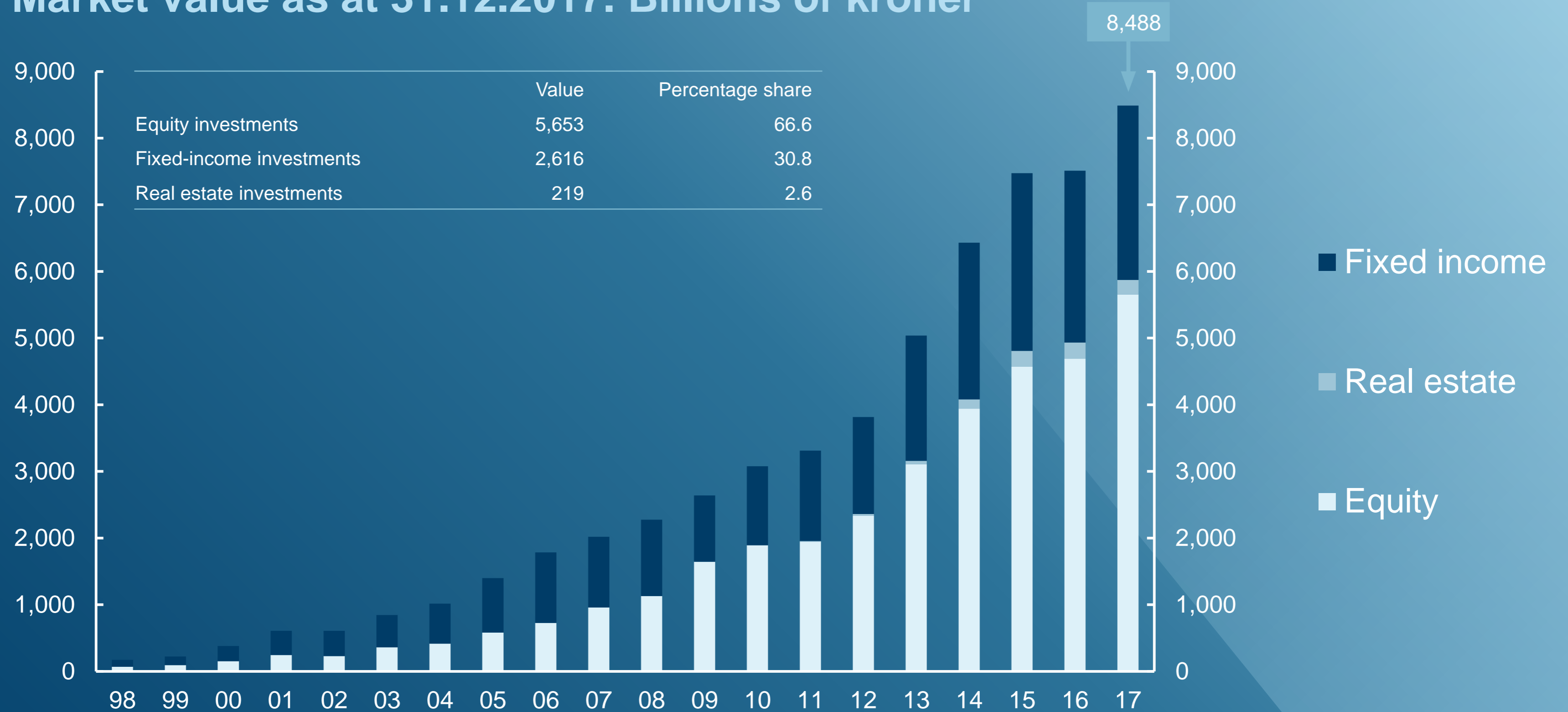


GOVERNMENT PENSION FUND GLOBAL

ANNUAL REPORT 2017

8,488 billion kroner in the fund

Market value as at 31.12.2017. Billions of kroner

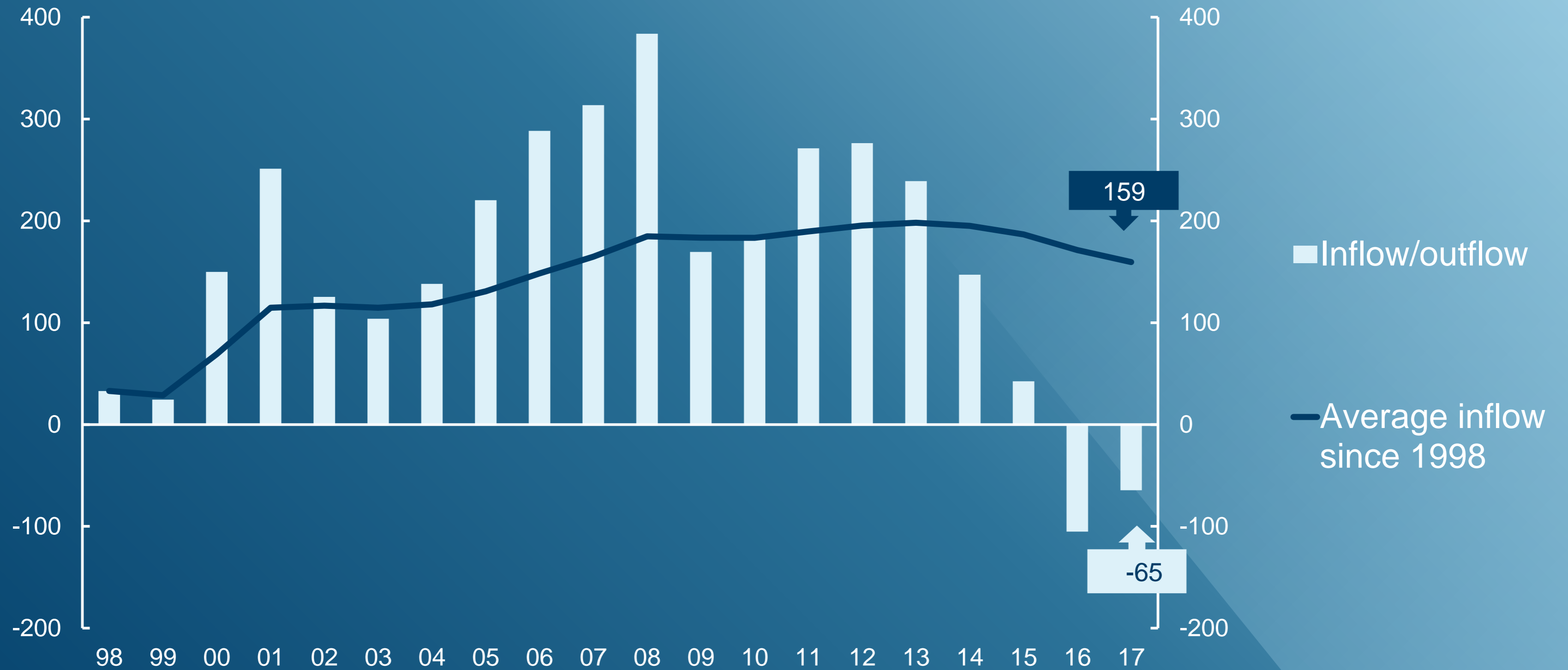


Source: Norges Bank Investment Management



Inflow / outflow

After management fees. Billions of kroner

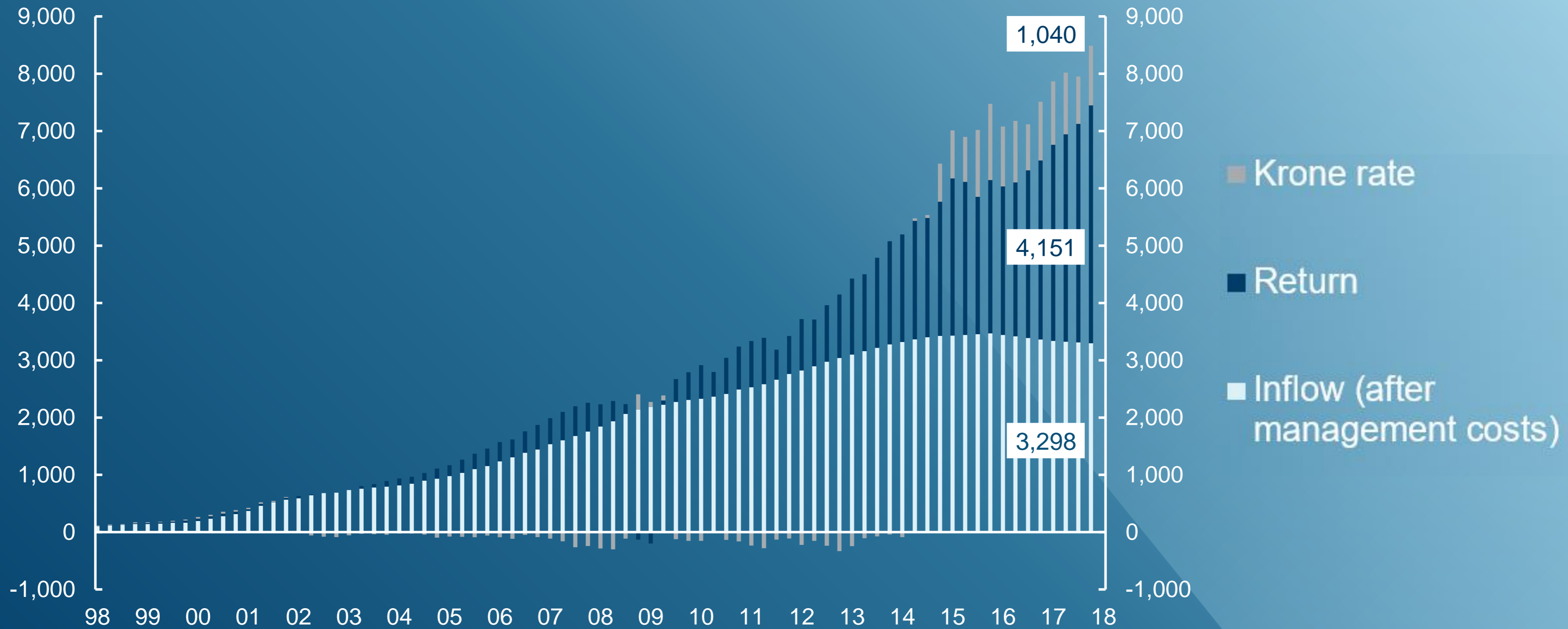


Source: Norges Bank Investment Management



1,028 billion kroner return in 2017

Accumulated market value as at 31.12.2017. Billions of kroner

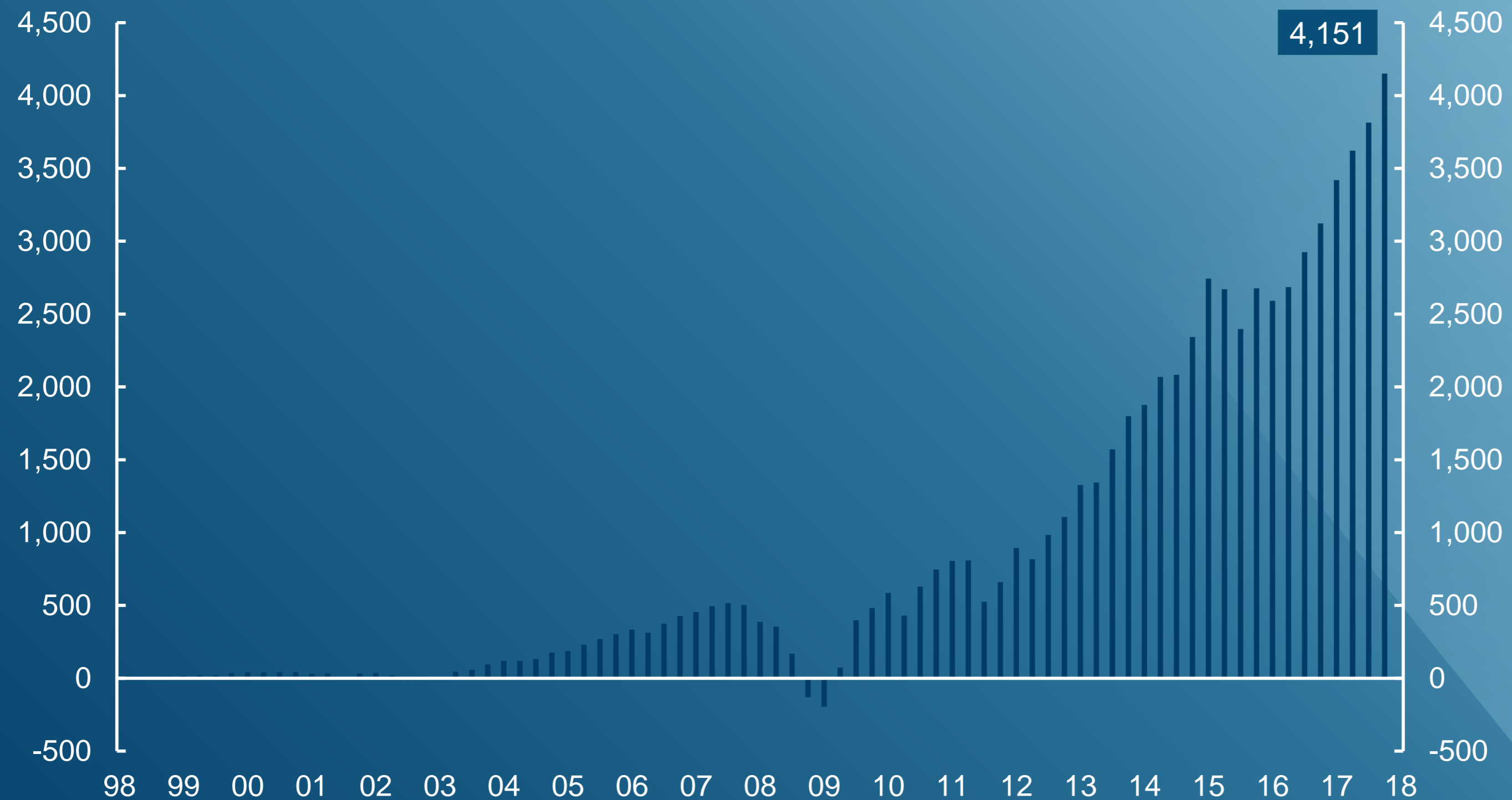


Source: Norges Bank Investment Management



3 out of 4 kroner of return past five years

Accumulated return as at 31.12.2017. Billions of kroner

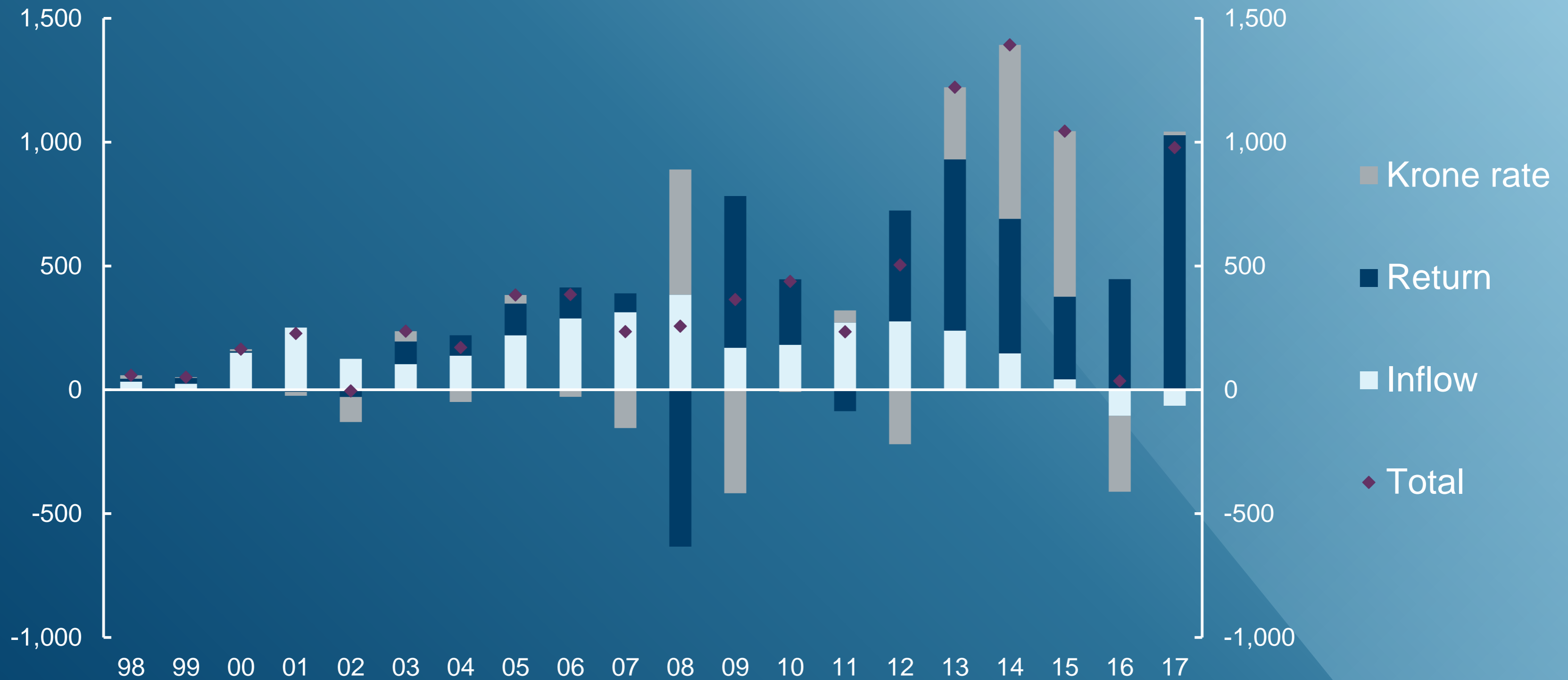


Source: Norges Bank Investment Management



Change in market value

Annual change in market value. Billions of kroner

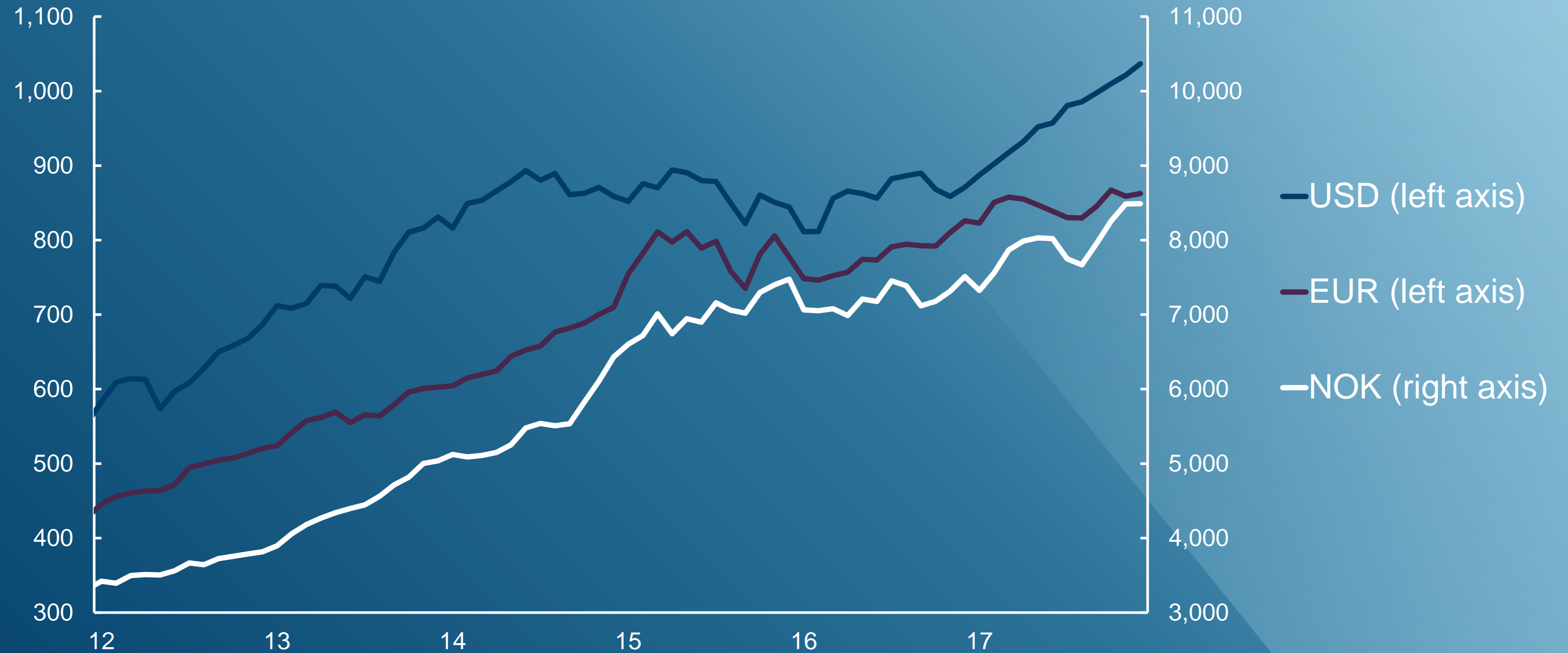


Source: Norges Bank Investment Management



Change in market value in different currencies

NOK, USD and EUR. Billion currency units



Source: Norges Bank Investment Management



13.7 percent return

Annual return. Percent

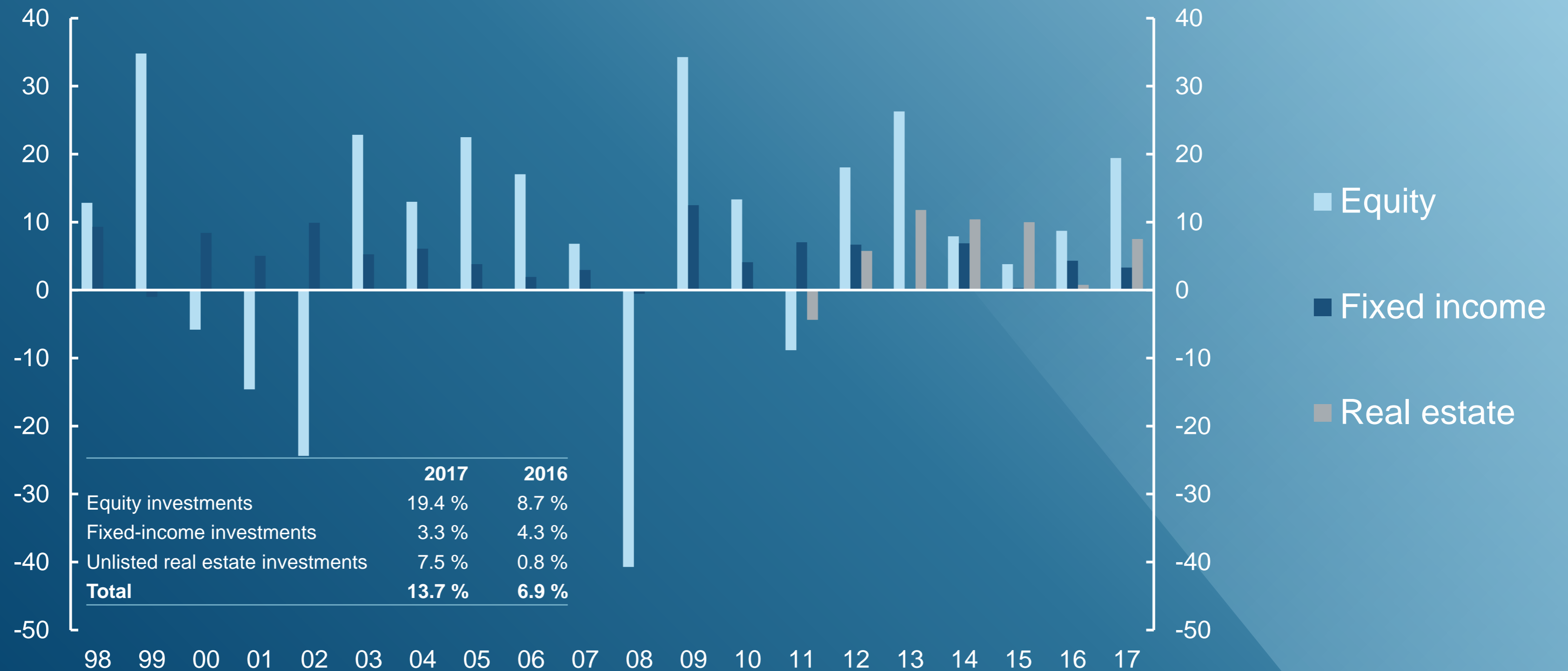


Source: Norges Bank Investment Management



Good return in all asset classes

Measured in the fund's currency basket. Percent



Source: Norges Bank Investment Management



Good return on the fund

Key figures measured in the currency basket. Annualised. Percent

	2017	Past 5 years	Past 10 years	Since 1.1.1998
Return on fund	13.7	9.3	6.2	6.1
Annual inflation	1.8	1.3	1.7	1.8
Annual management fees	0.1	0.1	0.1	0.1
Annual net real return	11.6	7.8	4.4	4.2

Source: Norges Bank Investment Management



Total return

Billions of kroner

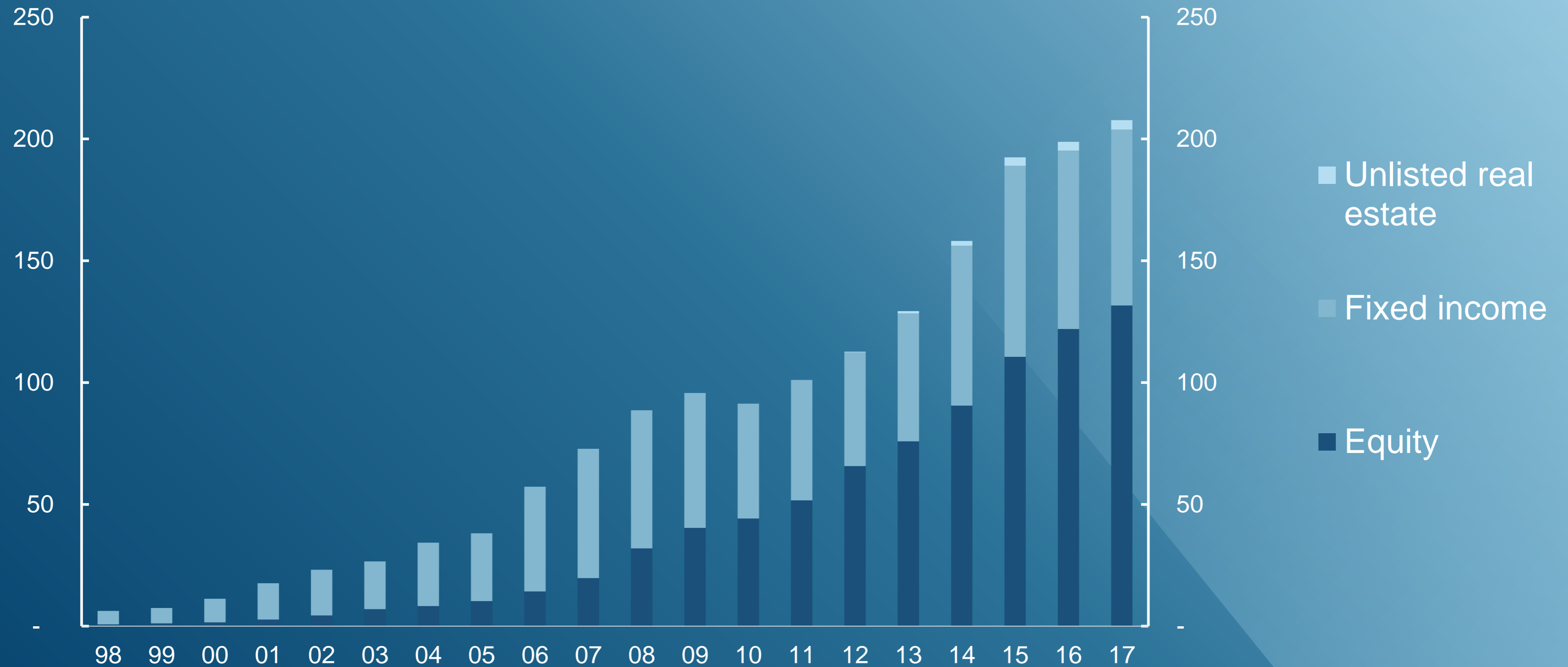


Source: Norges Bank Investment Management



208 billion kroner in cash flow in 2017

Annual. Billions of kroner

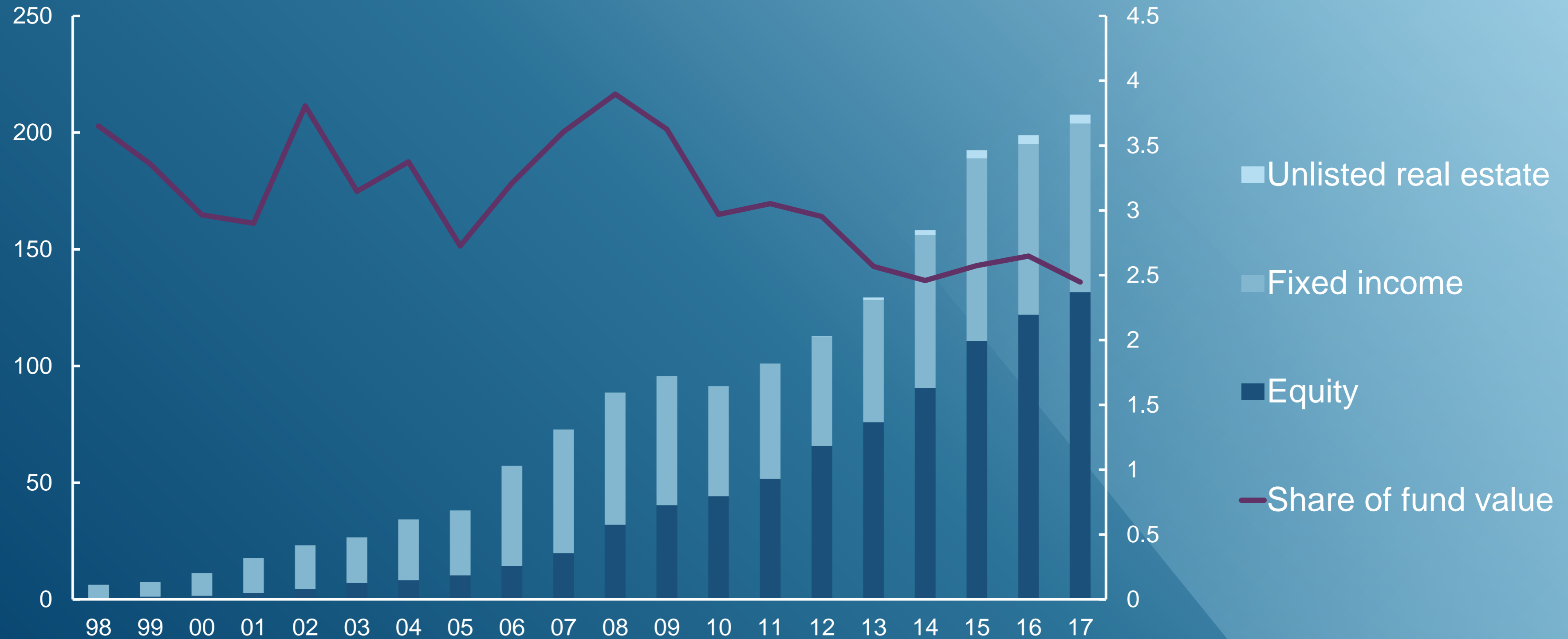


Source: Norges Bank Investment Management



Cash flow make up 2.4 percent of fund value

Billions of kroner (left axis) and percent of fund (right axis)

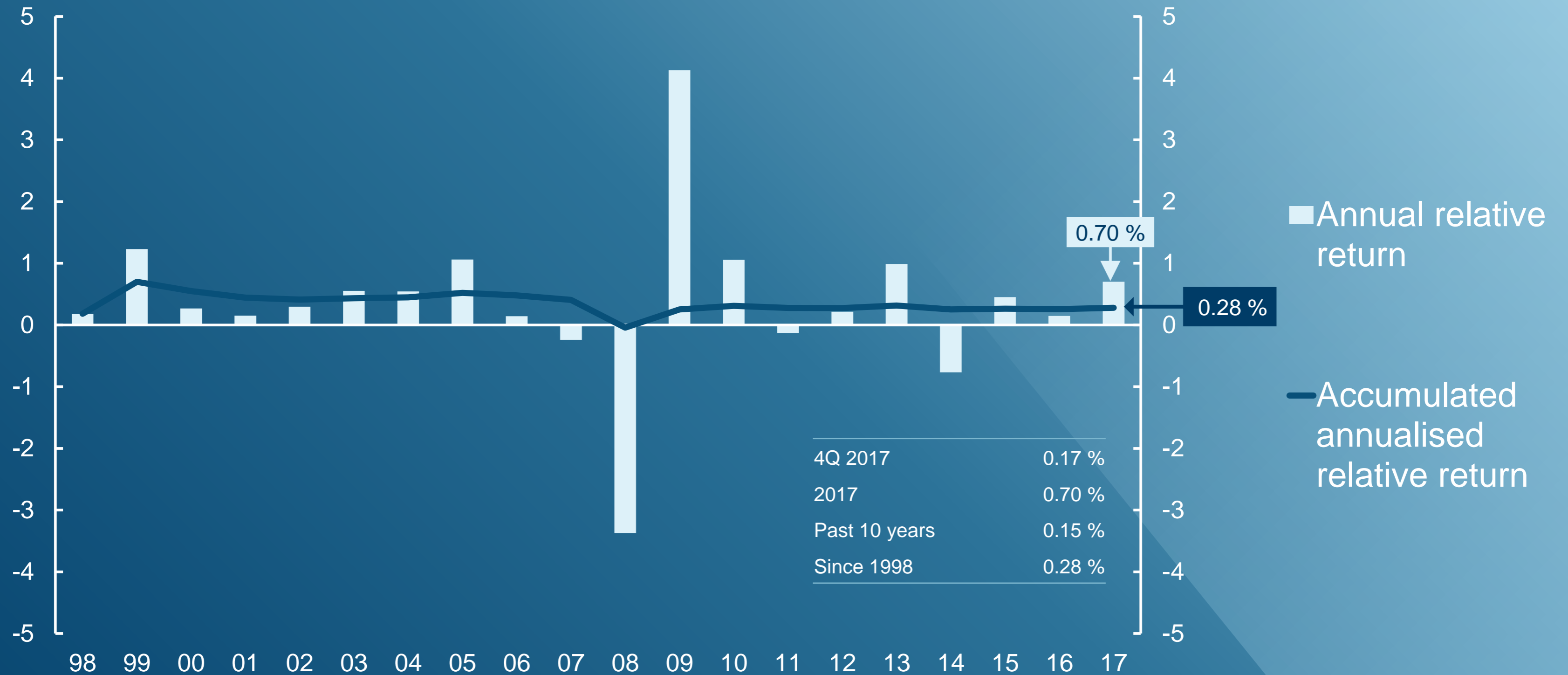


Source: Norges Bank Investment Management



Positive relative return

Annual relative return of the fund. Percentage points



Source: Norges Bank Investment Management



Positive contribution from all strategies in 2017

Contribution. Percentage points

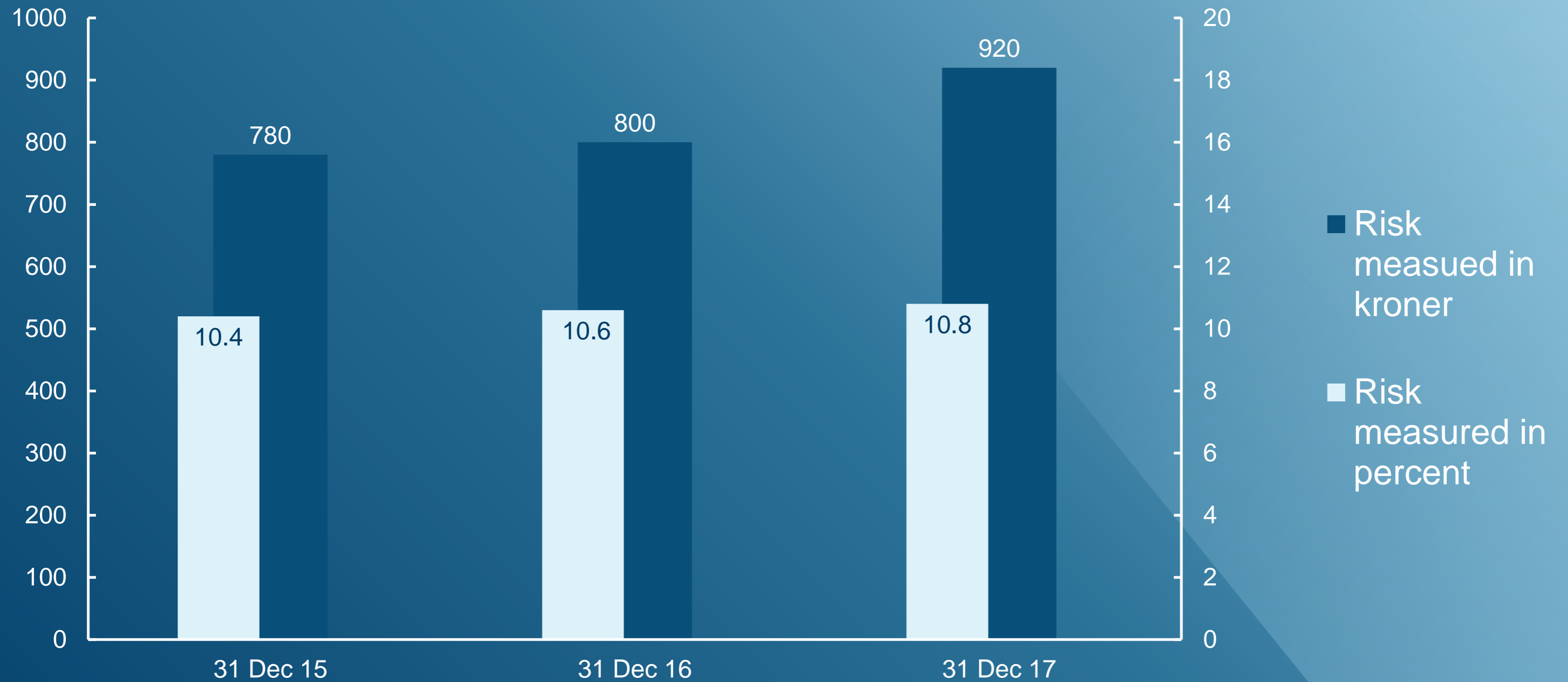
Strategy	2017	Last five years
Fund allocation	0.22	-0.07
Security selection	0.40	0.14
Asset management	0.08	0.22
Total	0.70	0.29

Source: Norges Bank Investment Management



We have to expect large value fluctuations

Expected volatility. Billion kroner (left axis) and percent (right axis)

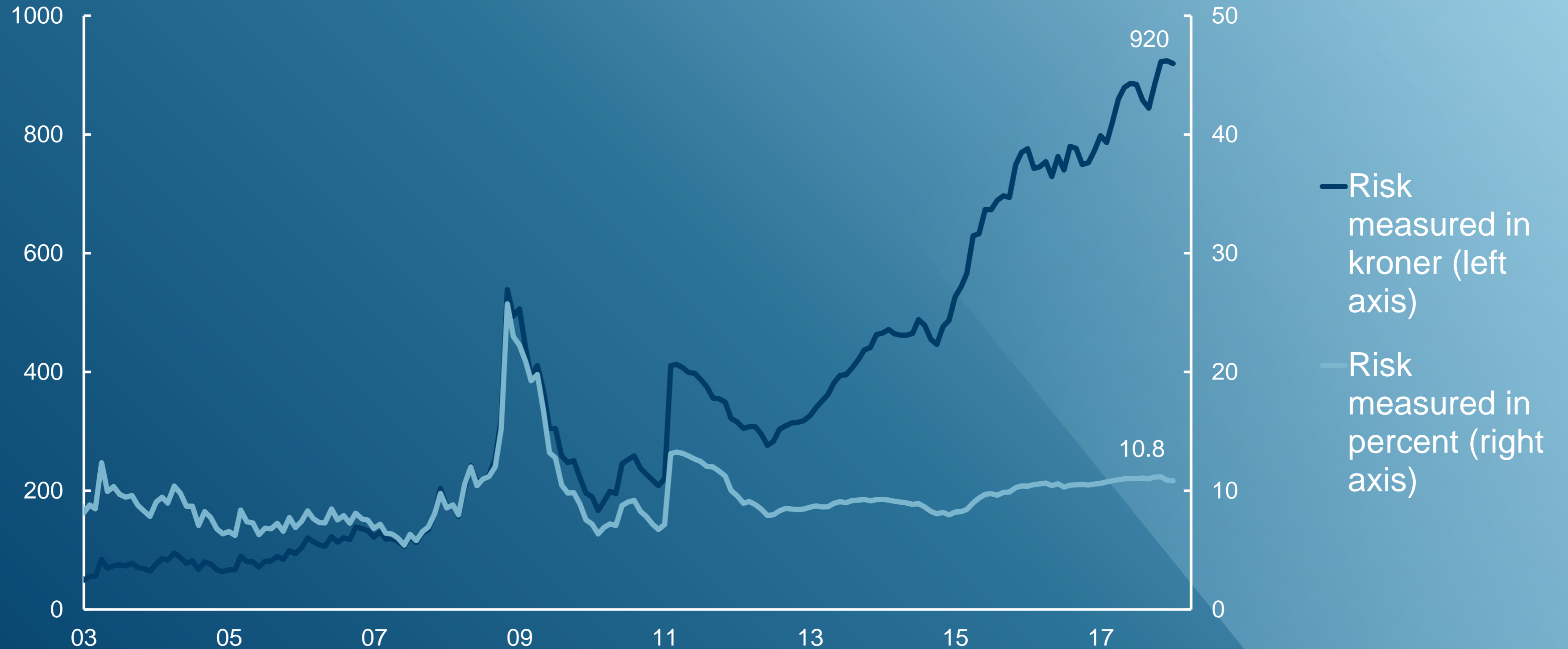


Source: Norges Bank Investment Management



We have to expect even large value fluctuations

Billion kroner (left axis) and percent (right axis)



Source: Norges Bank Investment Management

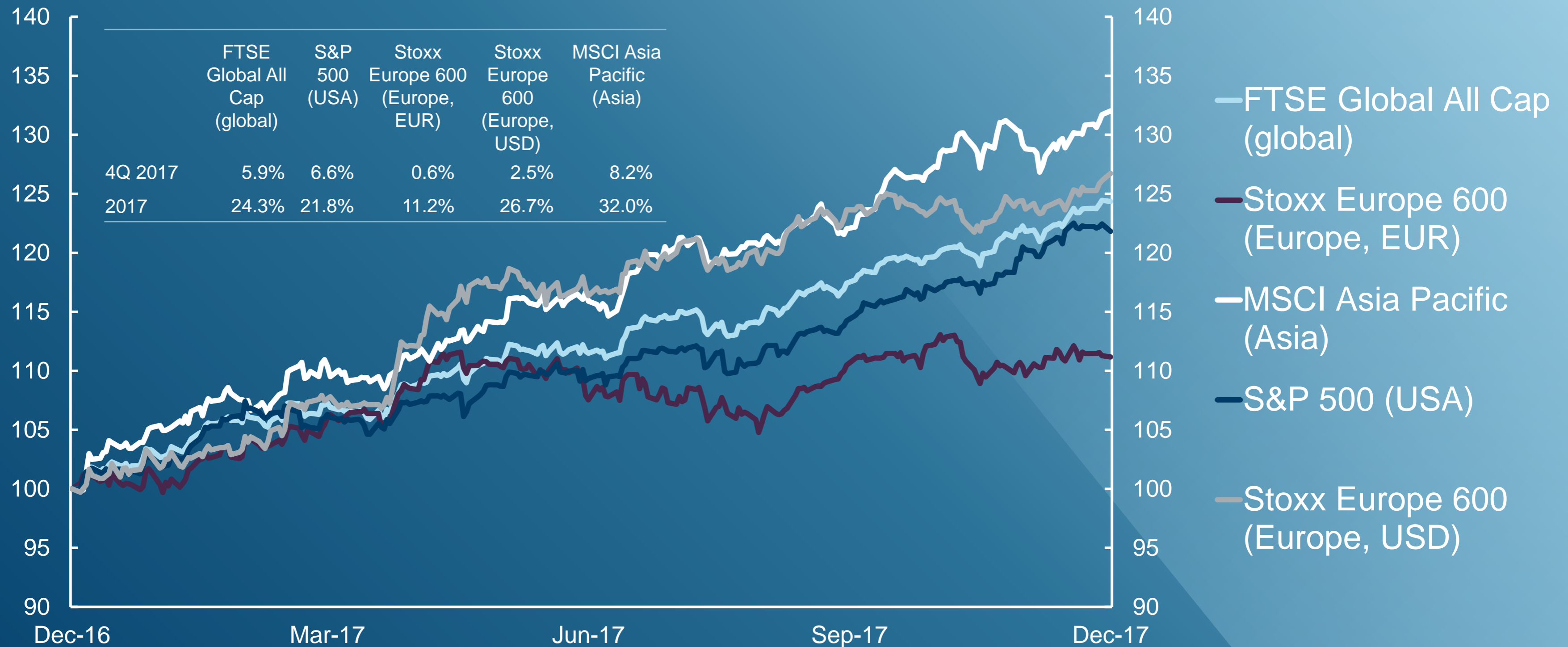




FINANCIAL MARKETS IN 2017

Equity markets in 2017

Measured in USD (Stoxx in EUR). Indexed (31.12.2016 = 100)



Source: Bloomberg



Emerging equity markets in 2017

Measured in USD. Indexed total return (31.12.2016 = 100)



Source: Bloomberg



Emerging equity markets last 5 years

Measured in USD. Indexed total return (31.12.2012 = 100)

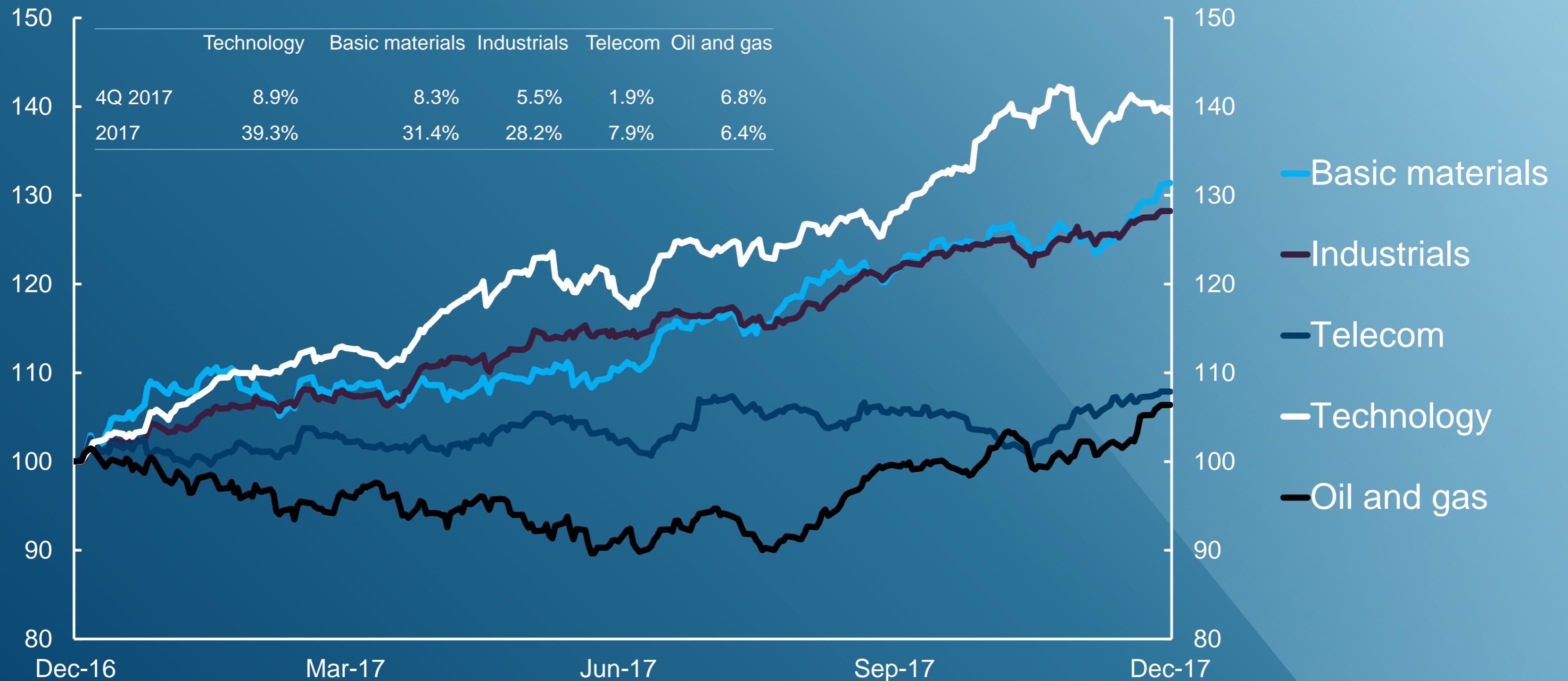


Kilde: Bloomberg



Different stock sectors in 2017

Measured in USD. Indexed total return (31.12.2016 = 100)

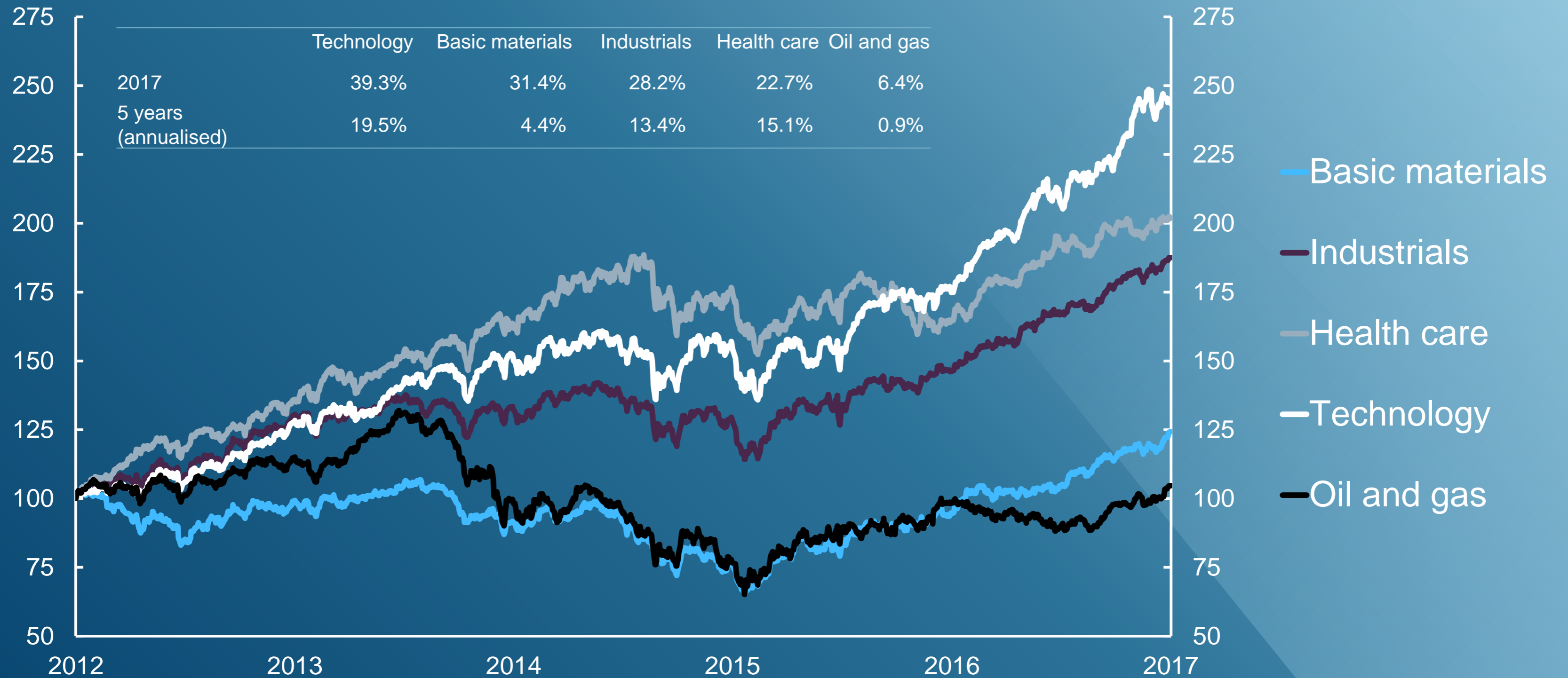


Source: FTSE



Different stock sectors 2013 to 2017

Measured in USD. Indexed total return (31.12.2012 = 100)

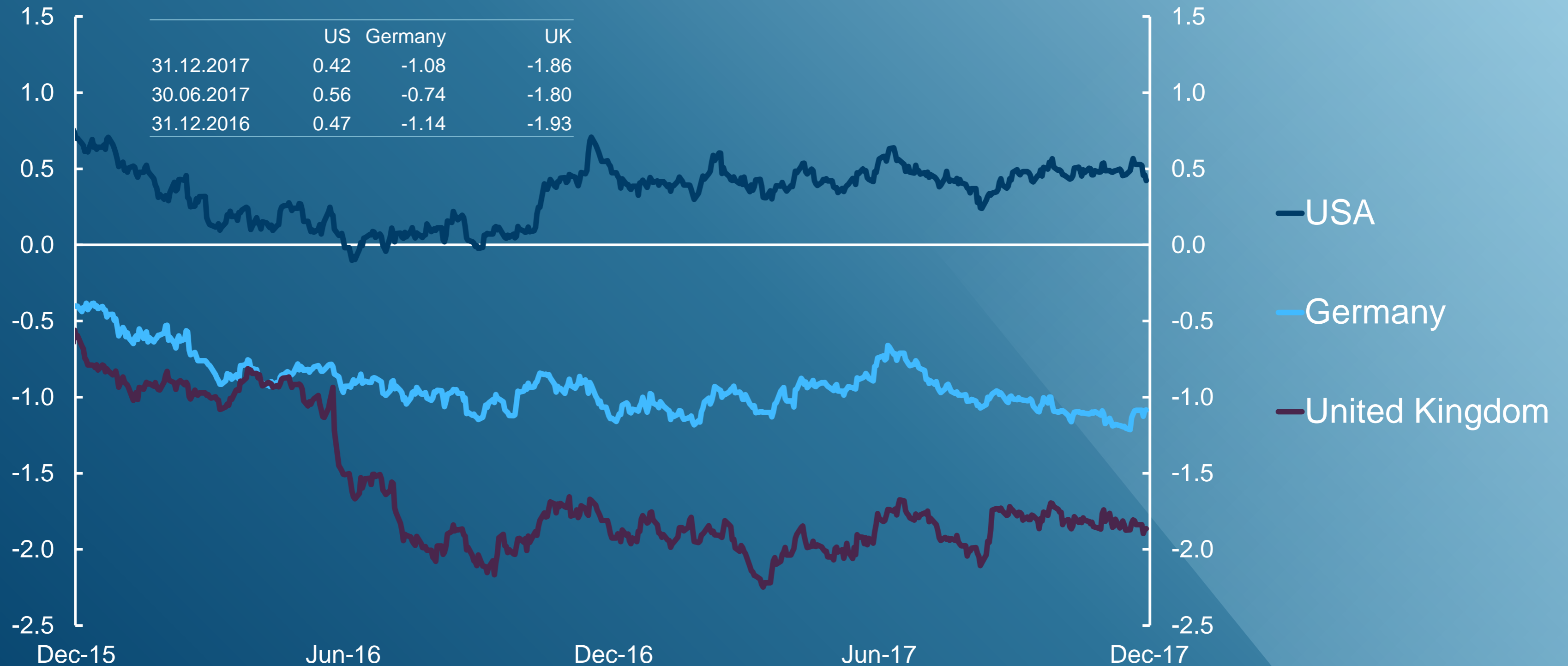


Source: FTSE



Negative real interest rates

Inflation-linked government bonds. 10 years to maturity. Percent



Still large holdings with negative rates

Percent of fixed-income investments



Source: Norges Bank Investment Management



Currency markets in 2017

Measured against USD. Indexed (31.12.2016 = 100)*

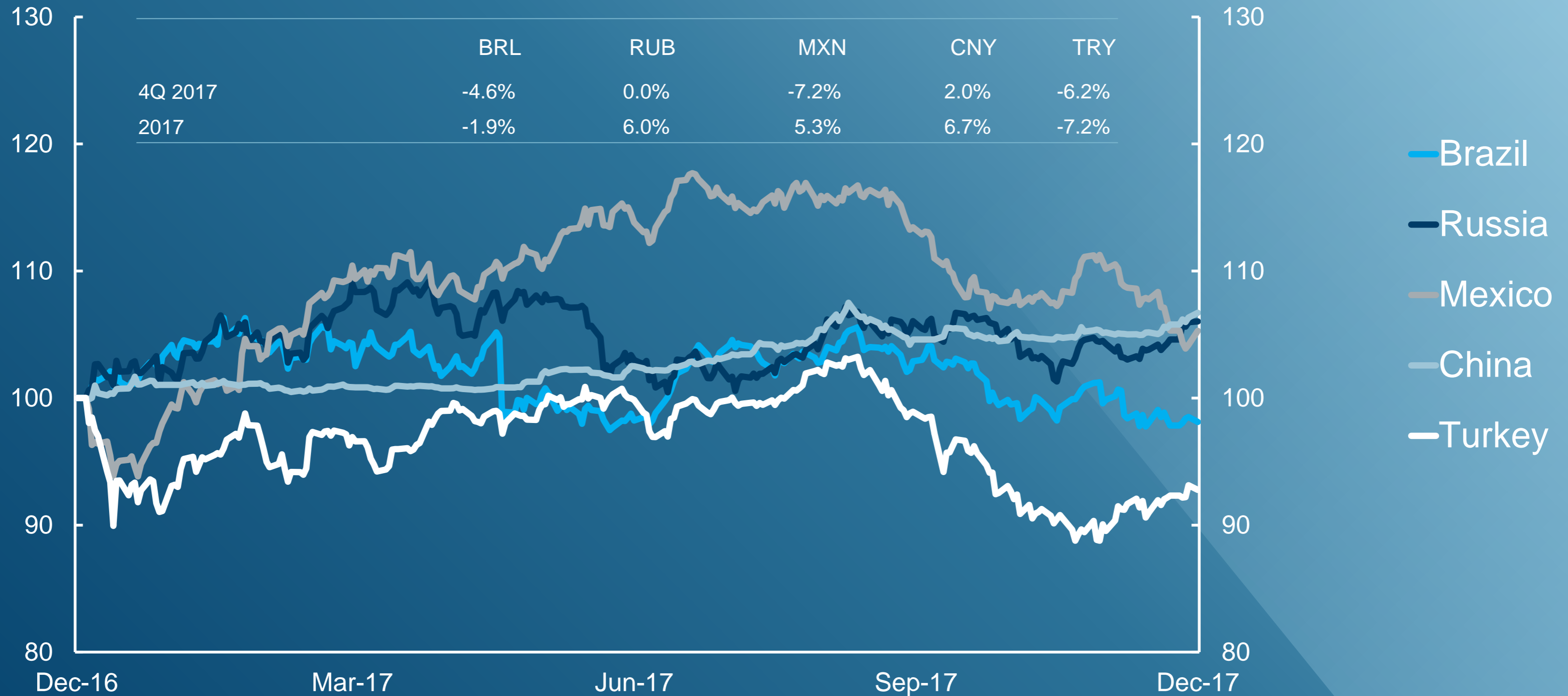


* Declining curve indicates weaker exchange rate against USD
Source: WM Reuters



Currency markets in 2017

Emerging markets. Measured against USD. Indexed (31.12.2016 = 100)*

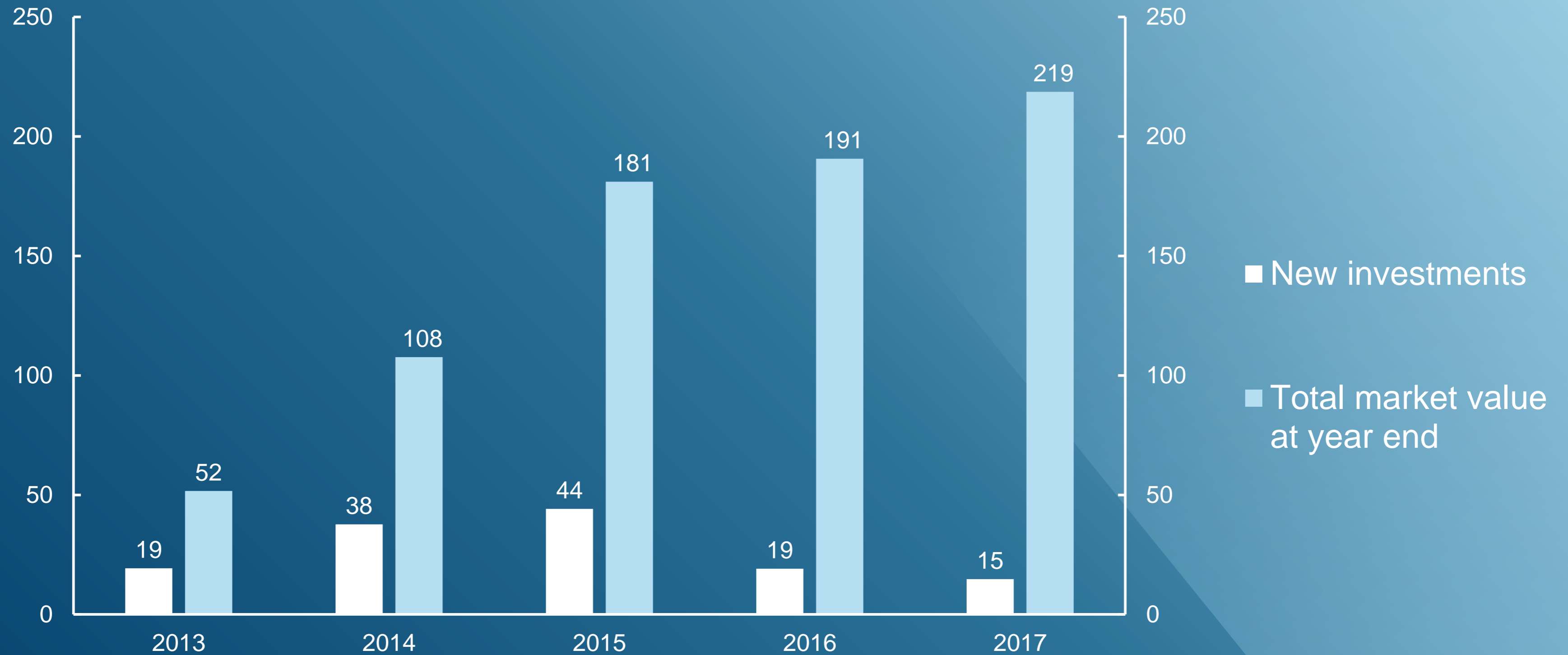


* Declining curve indicates weaker exchange rate against USD
Source: WM Reuters



Unlisted real estate investments

Billions of kroner



Source: Norges Bank Investment Management



New real estate investments in 2017

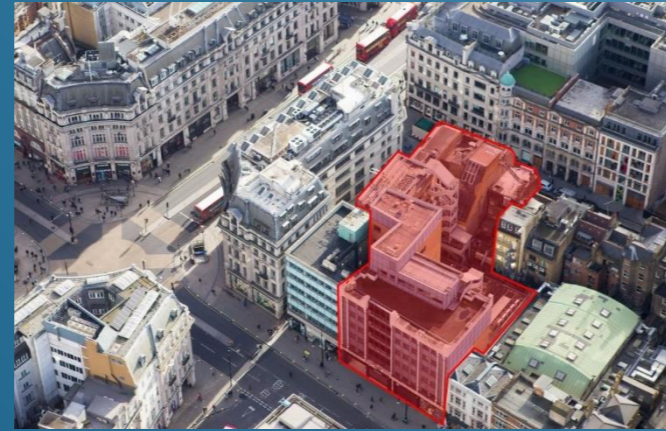
Five largest

Location	Share (percent)	Transaction amount (local currency)	Transaction amount (NOK)
Five properties in Omotesando, Tokyo	70.0	JPY 92.8 billion	6.8 billion
6-8 boulevard Haussmann, Paris	100.0	EUR 462.2 billion	4.3 billion
Schützenstrasse 26, Berlin	100.0	EUR 425.0 billion	4.0 billion
375 Hudson Street, New York	48.0	USD 223.0 billion	1.8 billion
1101 New York Avenue NW, Washington, D.C.	49.0	USD 190.8 billion	1.6 billion

New real estate investments in 2017



10 Piccadilly, London



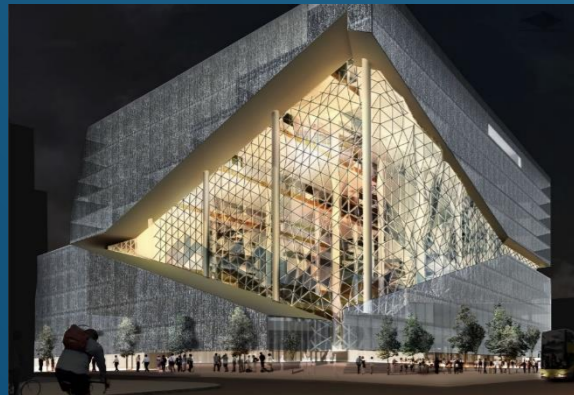
263-269 Oxford Street, 1 to 4 Princes Street, London



900 16th Street, NW, Washington, D.C.



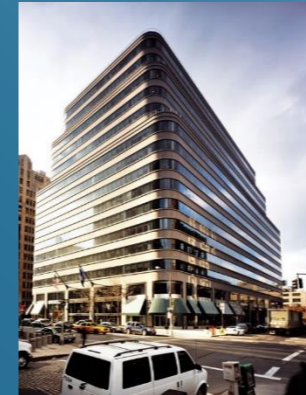
1101 New York Avenue, NW, Washington, D.C.



Schützenstrasse 26, Berlin



6-8 boulevard Haussmann, Paris



375 Hudson Street, New York



20 Air Street, London



5-3-2 Minami-Aoyama, Minato, Tokyo



6-31-17 Jingumae, Shibuya, Tokyo



5-3-27 Minami-Aoyama, Minato, Tokyo



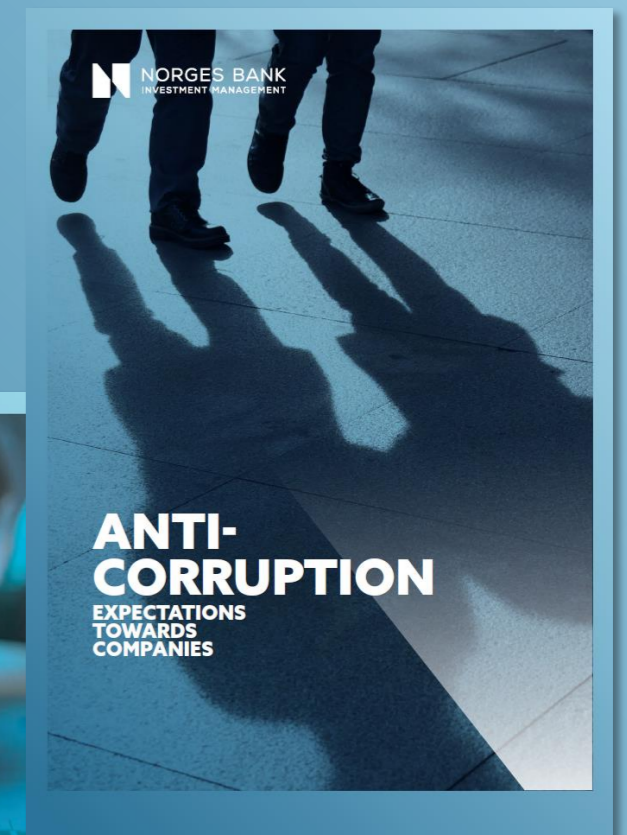
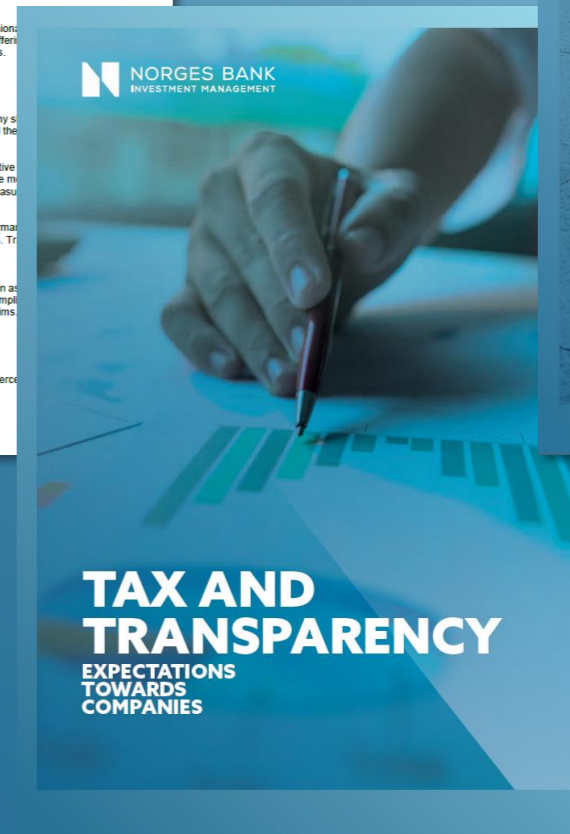
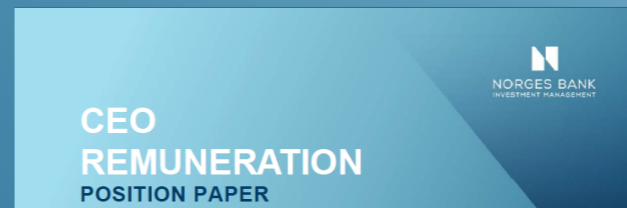
6-12-18 Jingumae, Shibuya, Tokyo



1-8-10 Jingumae, Shibuya, Tokyo

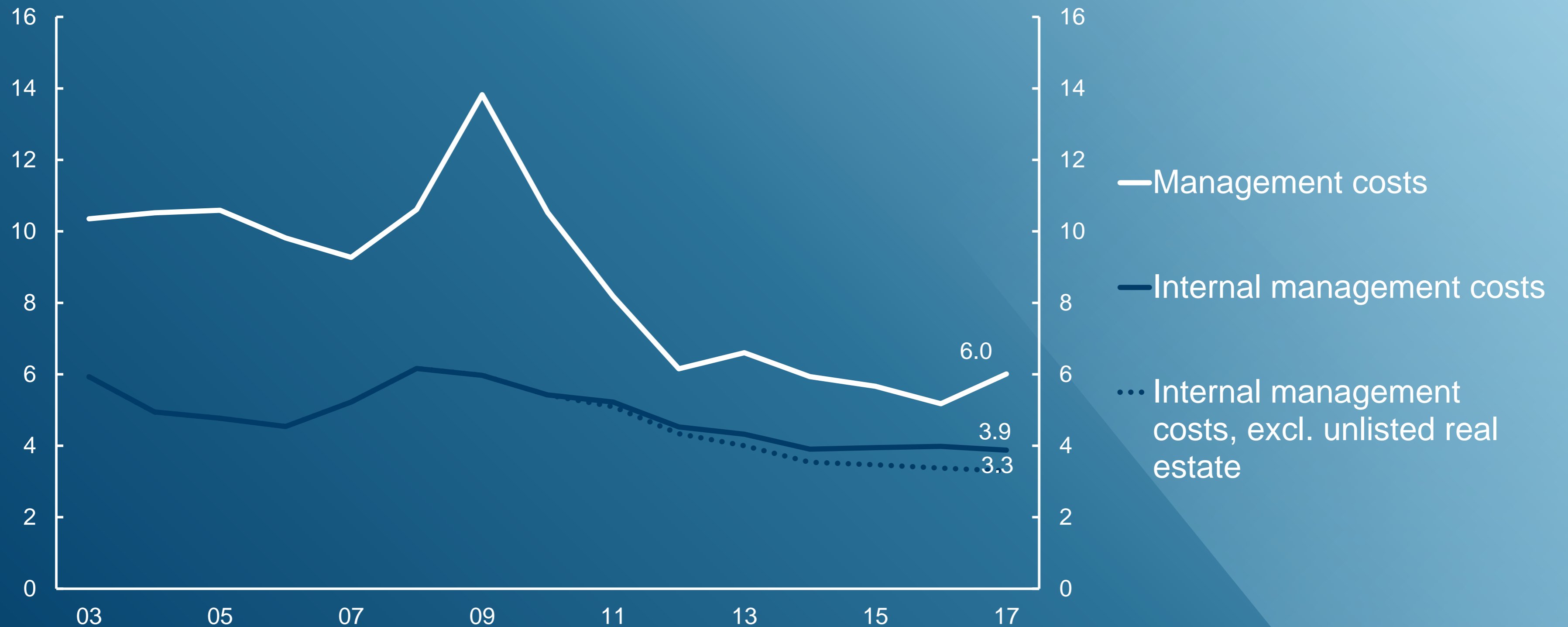


Responsible investment 2017



Stable internal management costs

Management costs. Basis points



Source: Norges Bank Investment Management



Five new members of the fund's leader groups



Per Løken
Chief Investment Officer US
NBREM



Romain Veber
Chief Investment Officer Europe
NBREM



Hege Gjerde
Chief Financial Officer
NBIM



Sirine Fodstad
Chief HR Officer
NBIM



Carine Smith Ihenacho
Chief Corporate Governance Officer
NBIM

New publications in 2017

01 | 2017
INTERNATIONAL DIVERSIFICATION FOR LONG-TERM INVESTORS
DISCUSSION NOTE

02 | 2017
CORPORATE BONDS IN A MULTI-ASSET PORTFOLIO
DISCUSSION NOTE

03 | 2017
THE LIQUIDITY OF A DIVERSIFIED PORTFOLIO
DISCUSSION NOTE

04 | 2017
PETROLEUM WEALTH AND OIL PRICE EXPOSURE OF EQUITY SECTORS
DISCUSSION NOTE

01 | 2017
REMUNERATION OF THE CEO
ASSET MANAGER PERSPECTIVE

02 | 2017
MANAGING INFORMATIONAL ASYMMETRIES IN FOREIGN EXCHANGE MARKETS
ASSET MANAGER PERSPECTIVE

CEO REMUNERATION POSITION PAPER

TAX AND TRANSPARENCY EXPECTATIONS TOWARDS COMPANIES

Published on website 27 February 2018

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- Holding lists
- GIPS – report
- Monthly returns
- Main external service providers
- Overview of external managers
- Detailed tables on return and risk
- Approved issuers of government bonds



Comprehensive reporting

- Press conference annual report 2017 27 February 2018
- Additional information on responsible investment 2017 13 February 2018
- Additional information on return and risk 2017 6 March 2018
- Additional information on real estate investments 2017 13 Mars 2018



Public information available on our website

www.nbim.no

- Submissions to the Ministry of Finance
 - Investment advice
- Discussion notes
 - Analyses that may form the basis for the fund's investment strategy and advice to the Ministry of Finance
- Asset manager perspectives
 - The fund's views and reflections on issues topical for the financial industry
- Expectations documents
 - The fund's expectations to companies regarding specific focus areas
- Position papers
 - The fund's position on specific ownership topics
- Public reports



Highlights

- The return was 13.7 percent in 2017
 - Equity 19.4 percent
 - Fixed income 3.3 percent
 - Unlisted real estate 7.5 percent
- The return on the fund was 1,028 billion kroner
- The return on equity and fixed-income investments was 0.7 percentage point higher than the return on the benchmark index
- The market value of the fund grew to 8,488 billion kroner
- Asset allocation at the end of the year:
 - Equity 66.6 percent
 - Fixed income 30.8 percent
 - Unlisted real estate 2.6 percent

GOVERNMENT PENSION FUND GLOBAL

ANNUAL REPORT 2017