



MANAGEMENT AND RISK

DEPUTY GOVERNOR EGIL MATSEN

Oslo, 29 November 2018

6 percent annual return since 1998¹

Annual return in terms of the GPFG's currency basket. Percent

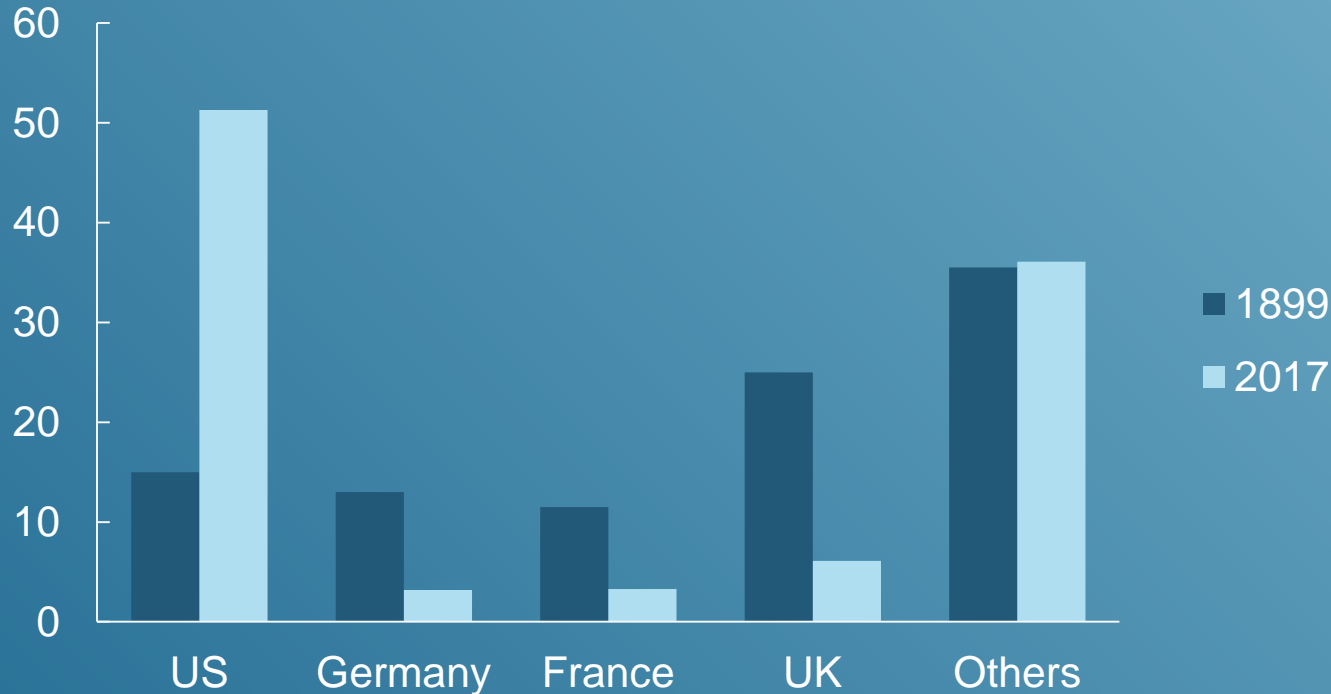


1) At 30 September 2018.
Source: Norges Bank



US moves up, Europe falls back

Relative size of global stock markets. Percent

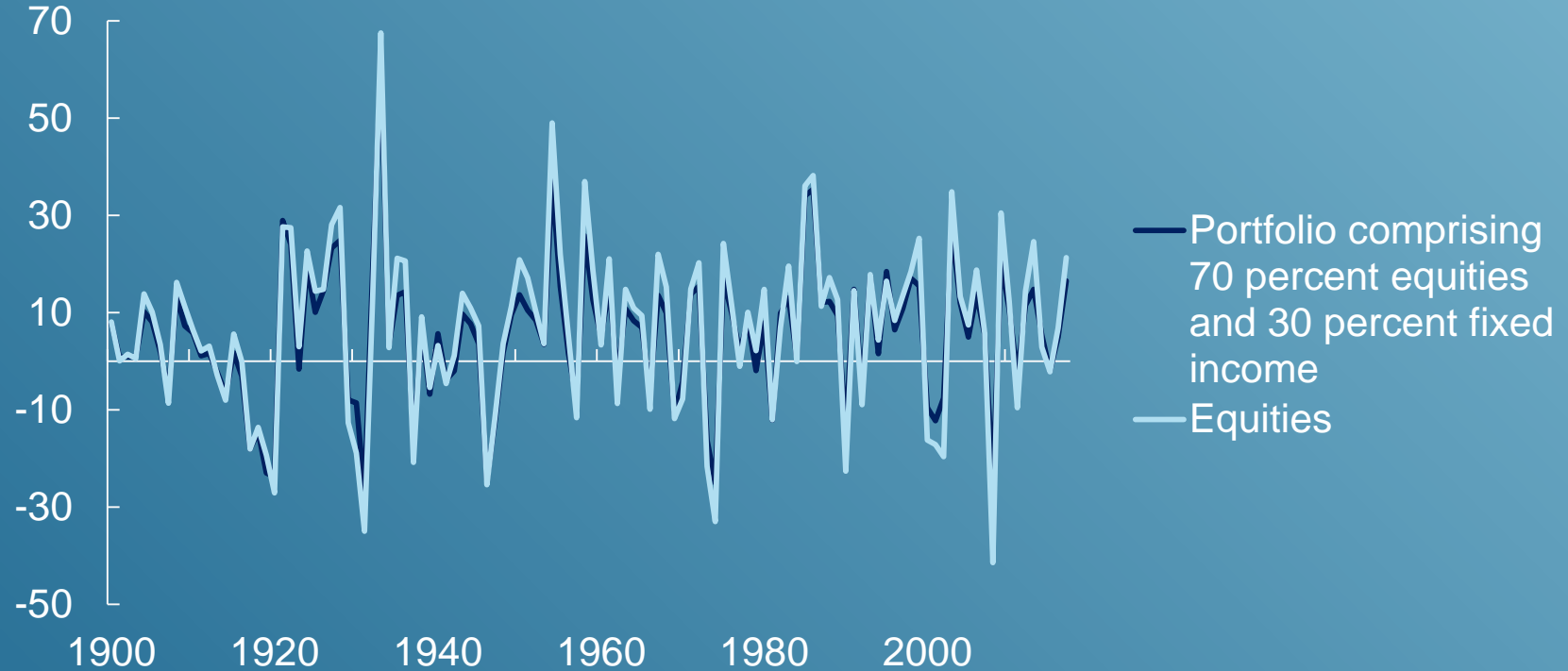


Sources: DMS database, Dimson, Marsh and Staunton (2018) and FTSE Analytics FTSE All-World Index Series



High volatility driven by equities

Annual real return. Percent



Source: DMS database, Dimson, Marsh and Staunton (2018)



Post-crisis paths have differed

Accumulated returns. Monthly figures¹. Percent

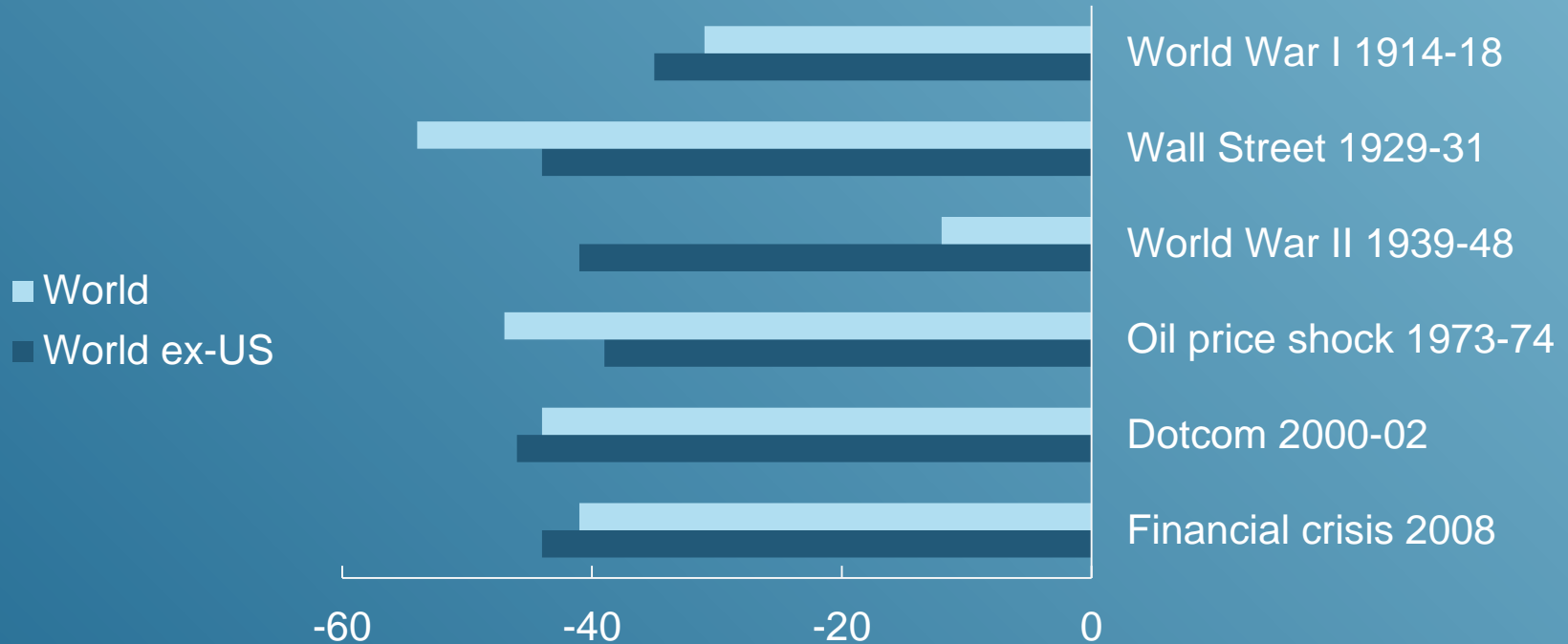


1) As from May 2008, September 2000 and February 1990, respectively
Sources: MSCI and S&P



Six large falls in 100 years

Real return over the period. Percent

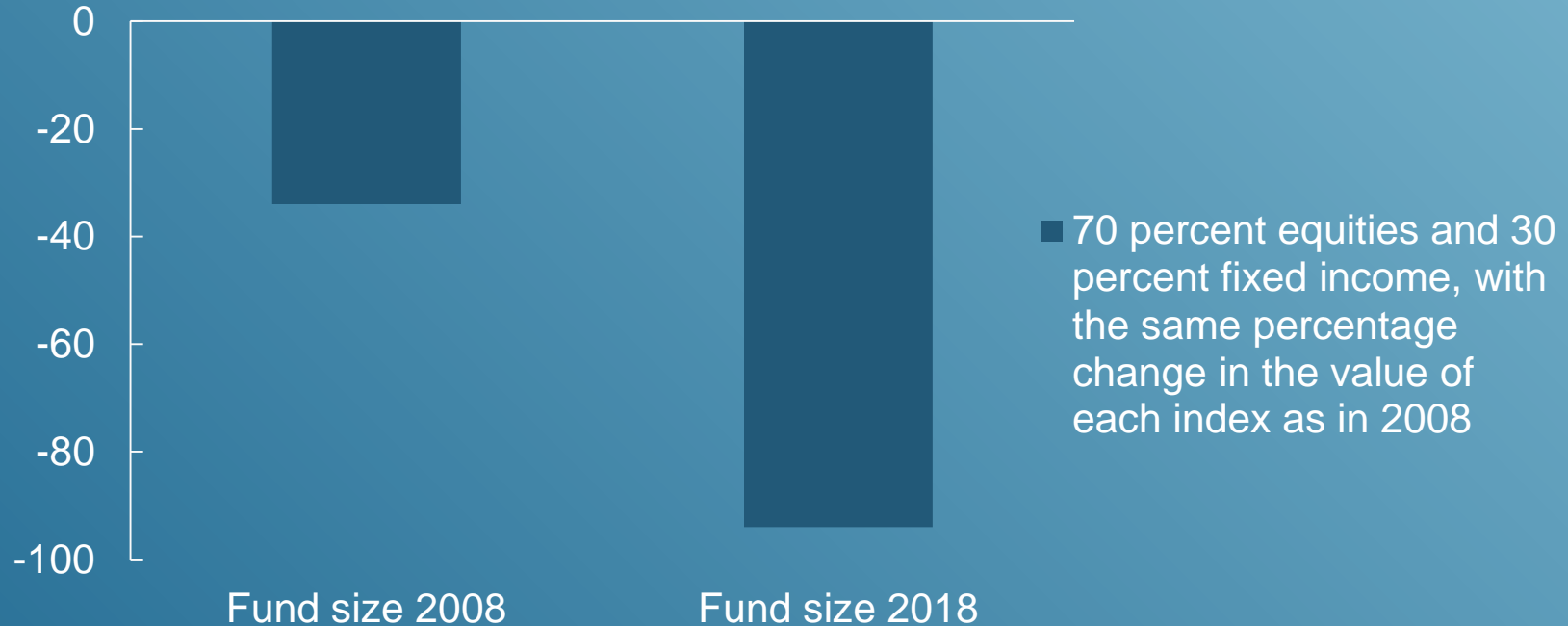


Source: E. Dimson, P. Marsh and M. Staunton: Credit Suisse Global Investment Returns Yearbook 2018



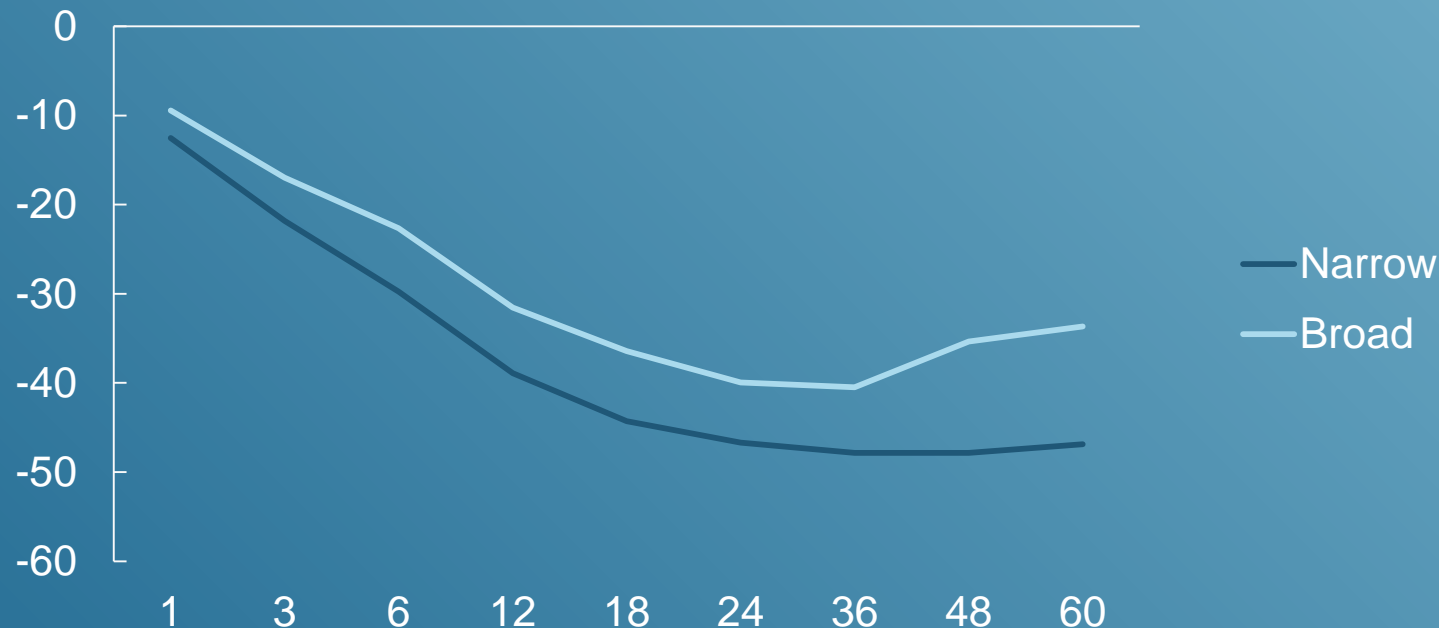
The fund is larger

Return as a percentage of mainland GDP



Increasing gains from diversification over time

Percent expected shortfall for different equity portfolios over 1- to 60-month horizons.

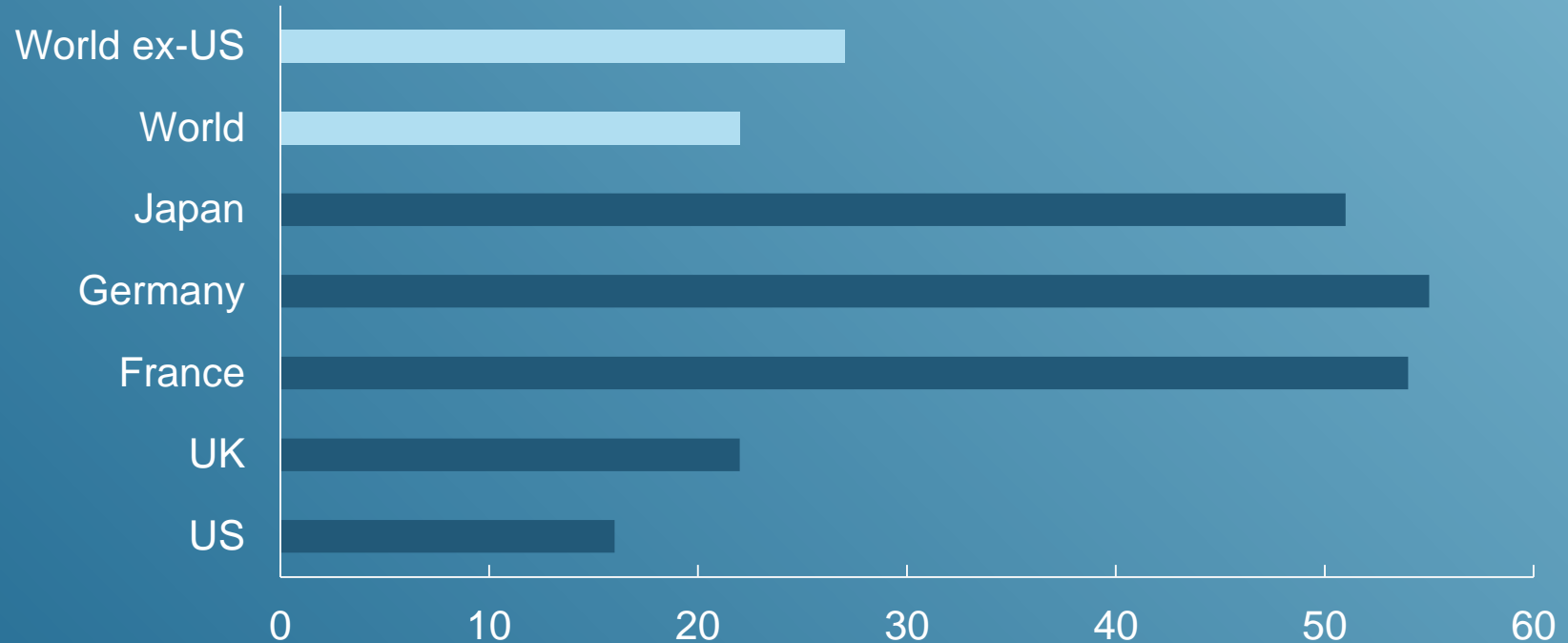


Source: Norges Bank



50 years of negative real returns in individual countries

Longest run of cumulative negative real returns 1900-2017. Number of years



Source: E. Dimson, P. Marsh and M. Staunton: Credit Suisse Global Investment Returns Yearbook 2018



*Diversification is the only
free lunch in finance.*

Harry Markowitz



Exclusions are not insignificant

Market value of benchmark index if companies not excluded. In billions of NOK.¹



1) At 31 December 2017.
Source: Norges Bank





MANAGEMENT AND RISK

DEPUTY GOVERNOR EGIL MATSEN

Oslo, 29 November 2018