



GOVERNMENT PENSION FUND GLOBAL **SECOND QUARTER 2010**

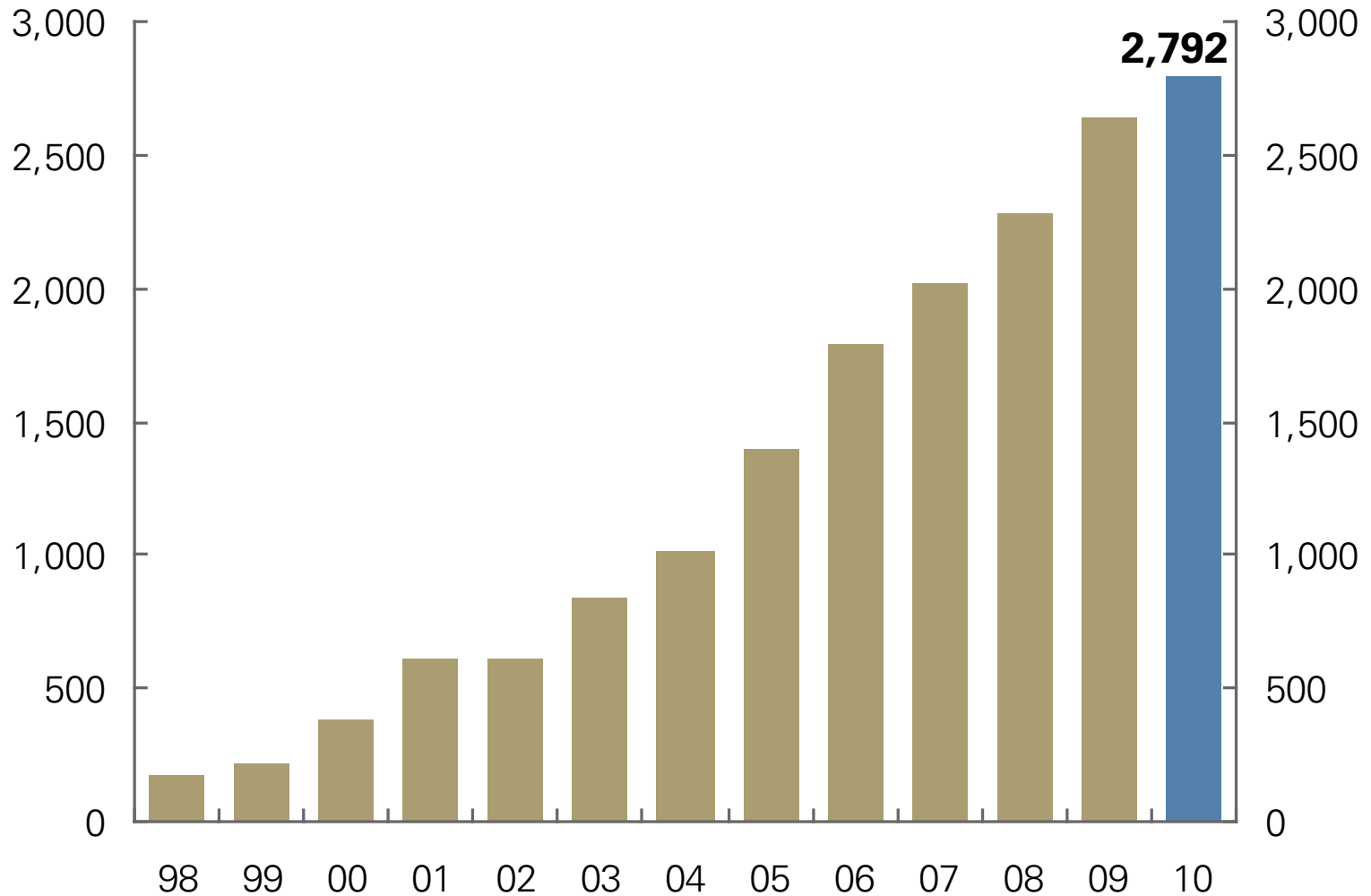
Management of the Government Pension Fund Global Second quarter 2010

Press conference

13 August 2010

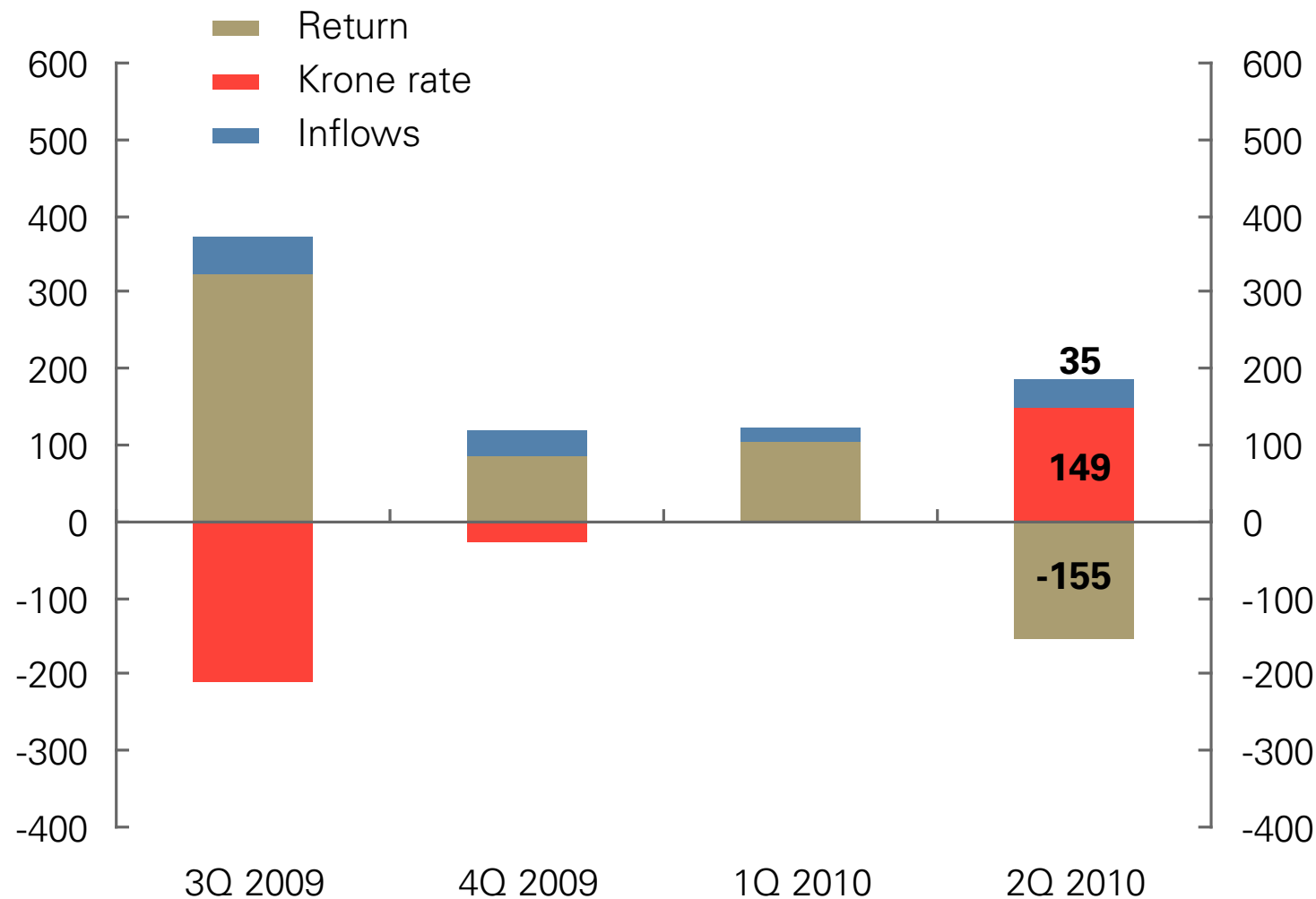
The fund's market value

Billions of NOK



Changes in the fund's market value

Billions of NOK



Key figures

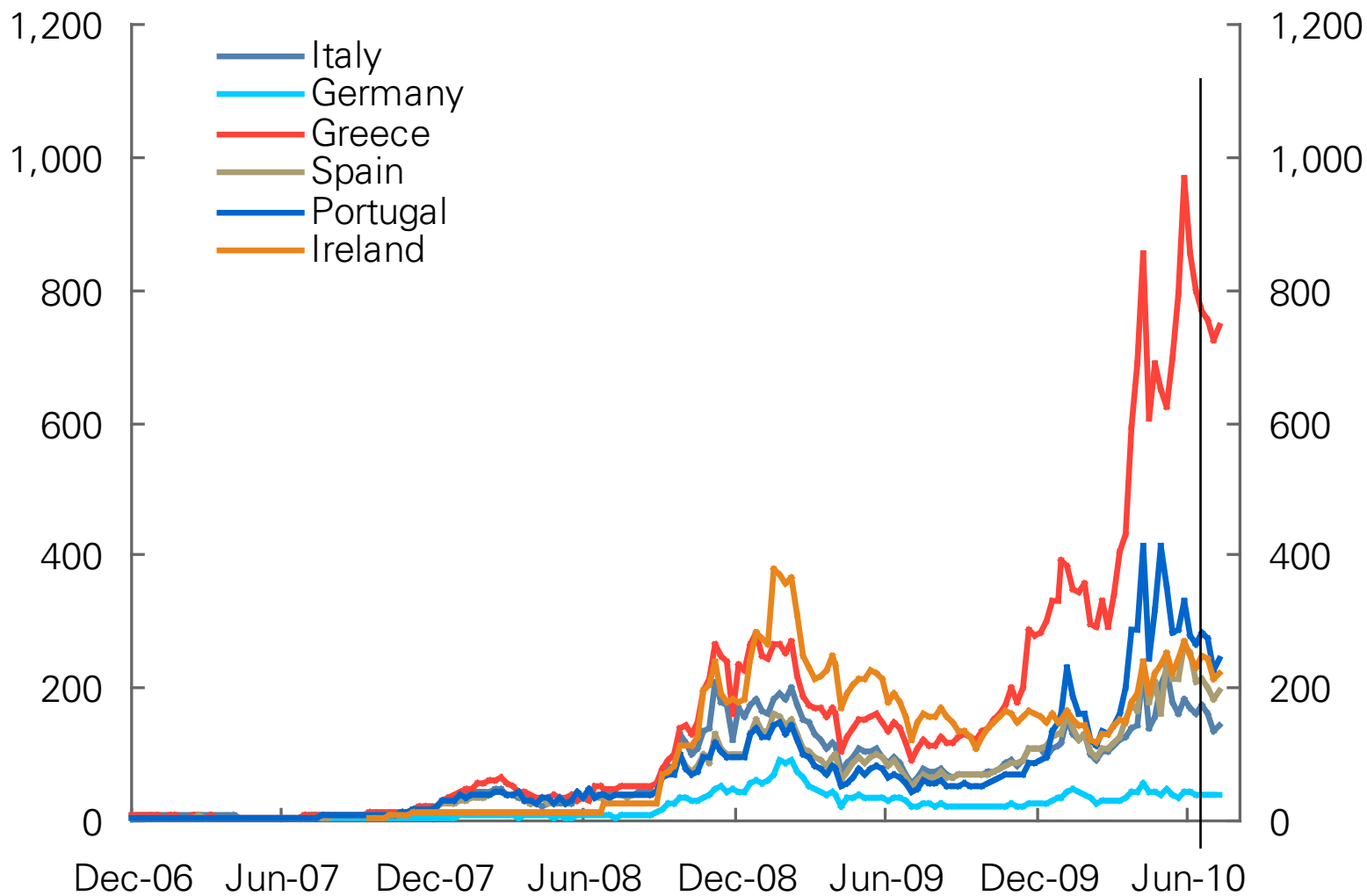
	2Q 2010	1Q 2010
Market value (billions of NOK)		
Market value of equity holdings	1,664	1,730
Market value of fixed-income holdings	1,128	1,033
Market value of fund	2,792	2,763
Inflows of new capital	35	19
Return	-155	103
Change due to movements in krone	149	0
Changes in value since inception (billions of NOK)		
Gross inflows of new capital	2,379	2,343
Management costs	15	14
Return	430	586
Change due to movements in krone	-3	-152

Market developments:

Widespread drop in equity
markets on sovereign debt fears

Premiums for credit insurance

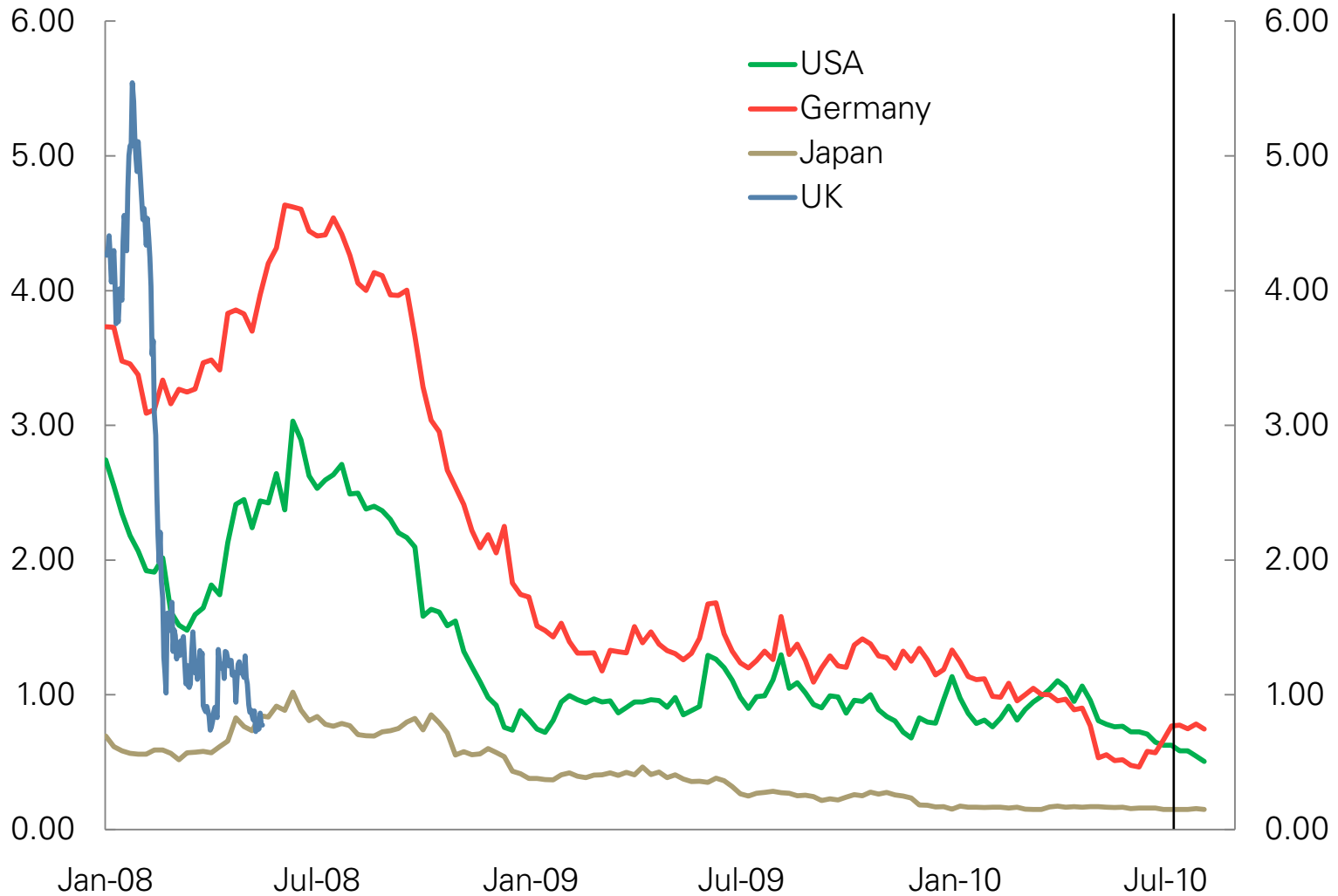
Government debt. Basis points



Source: Bloomberg

Two-year government bond yields

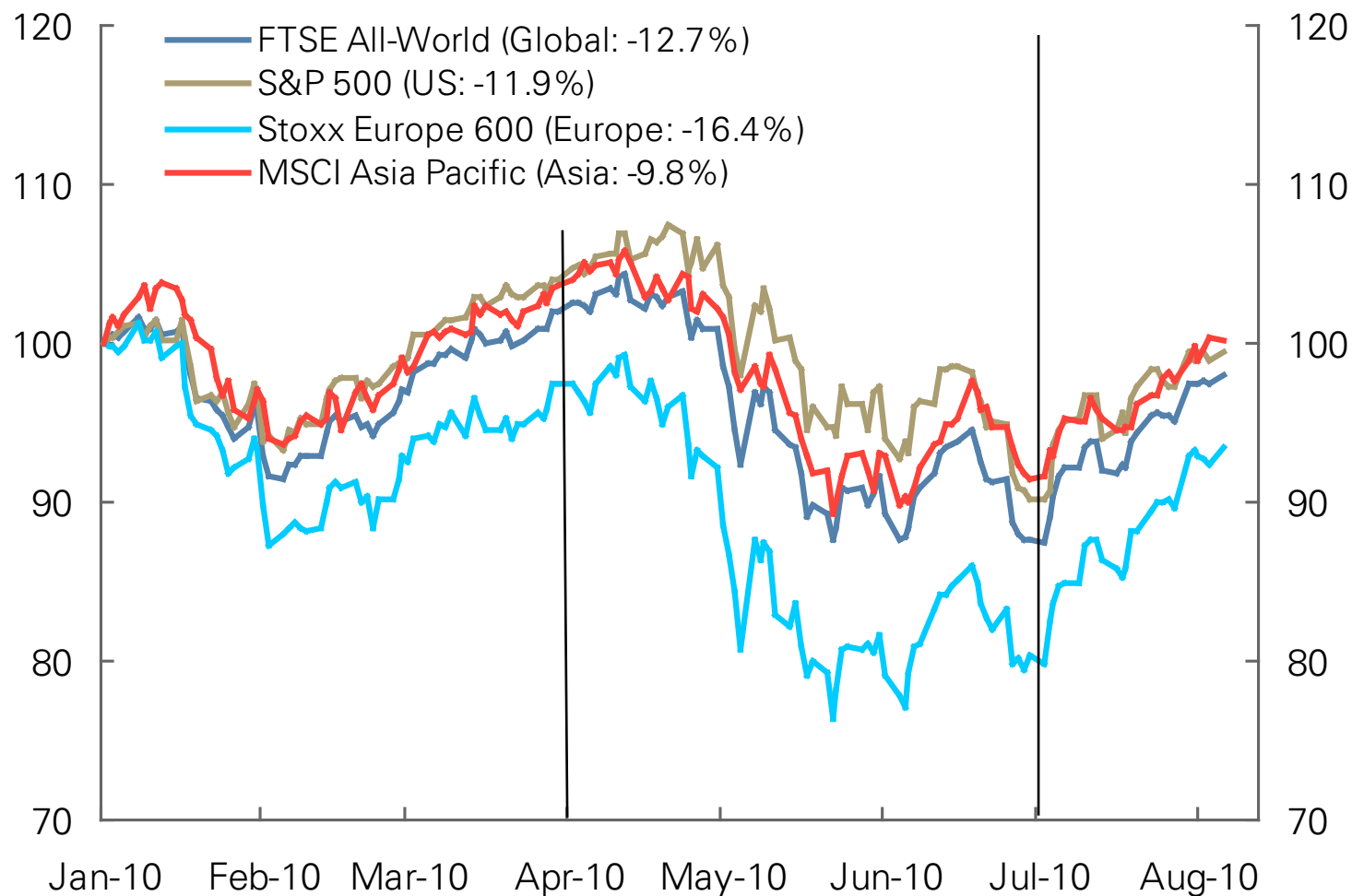
Percent



Source: Bloomberg

Developments in equity markets

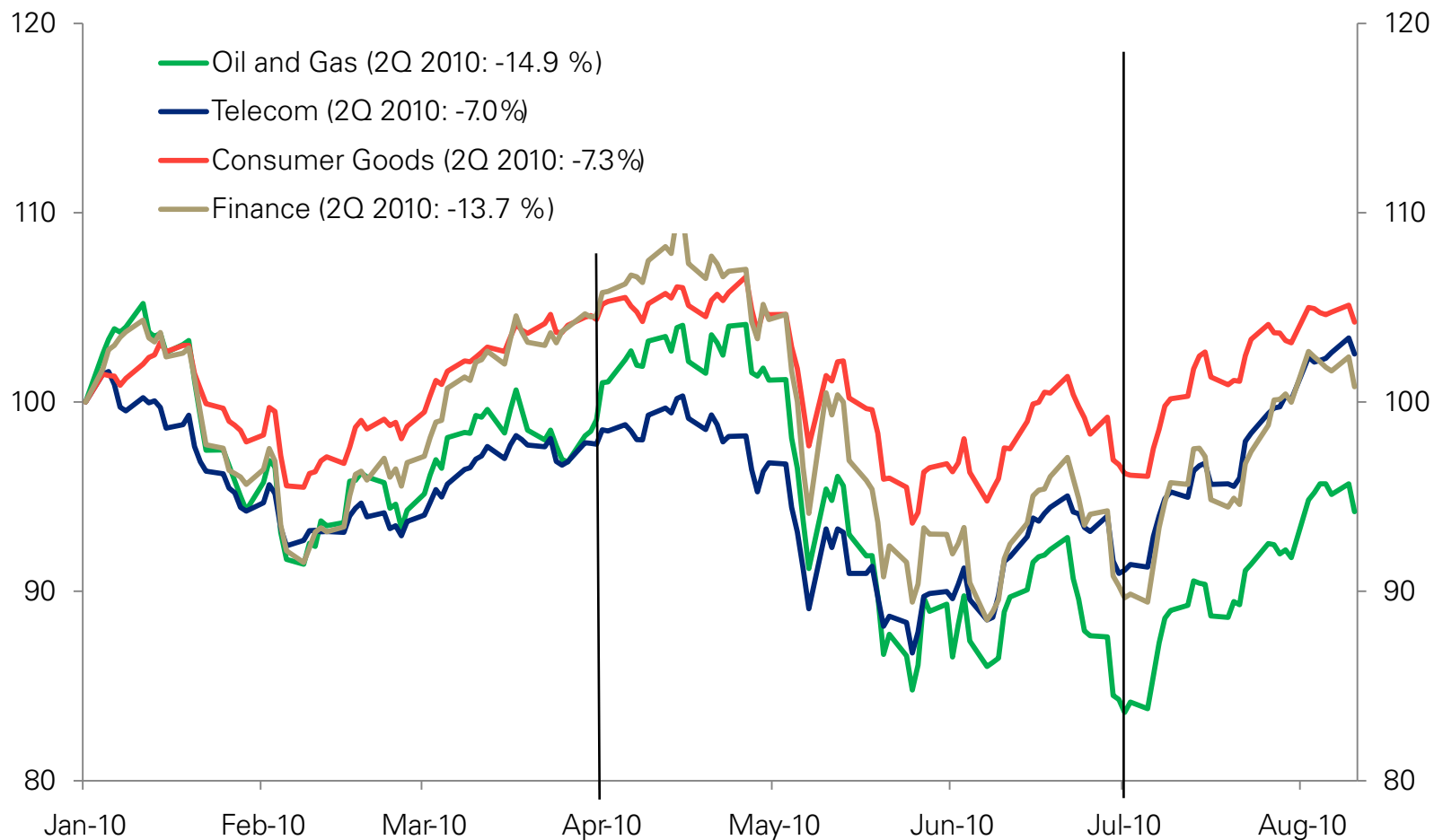
USD. Indexed (1.1.2010 = 100)



Source: Bloomberg

Developments in selected sectors

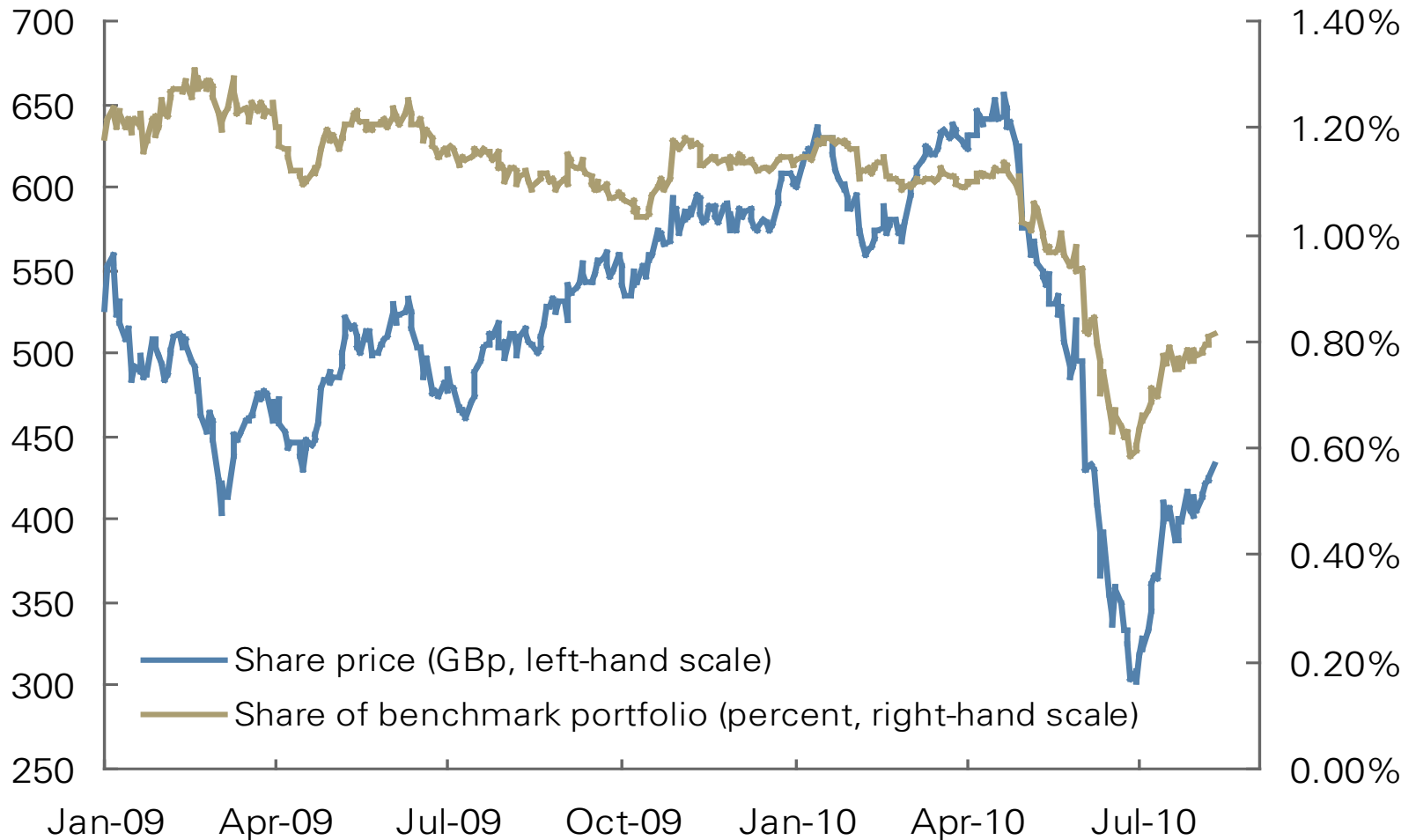
USD. Indexed (1.1.2010 = 100)



Source: FTSE

BP's share price and share of portfolio

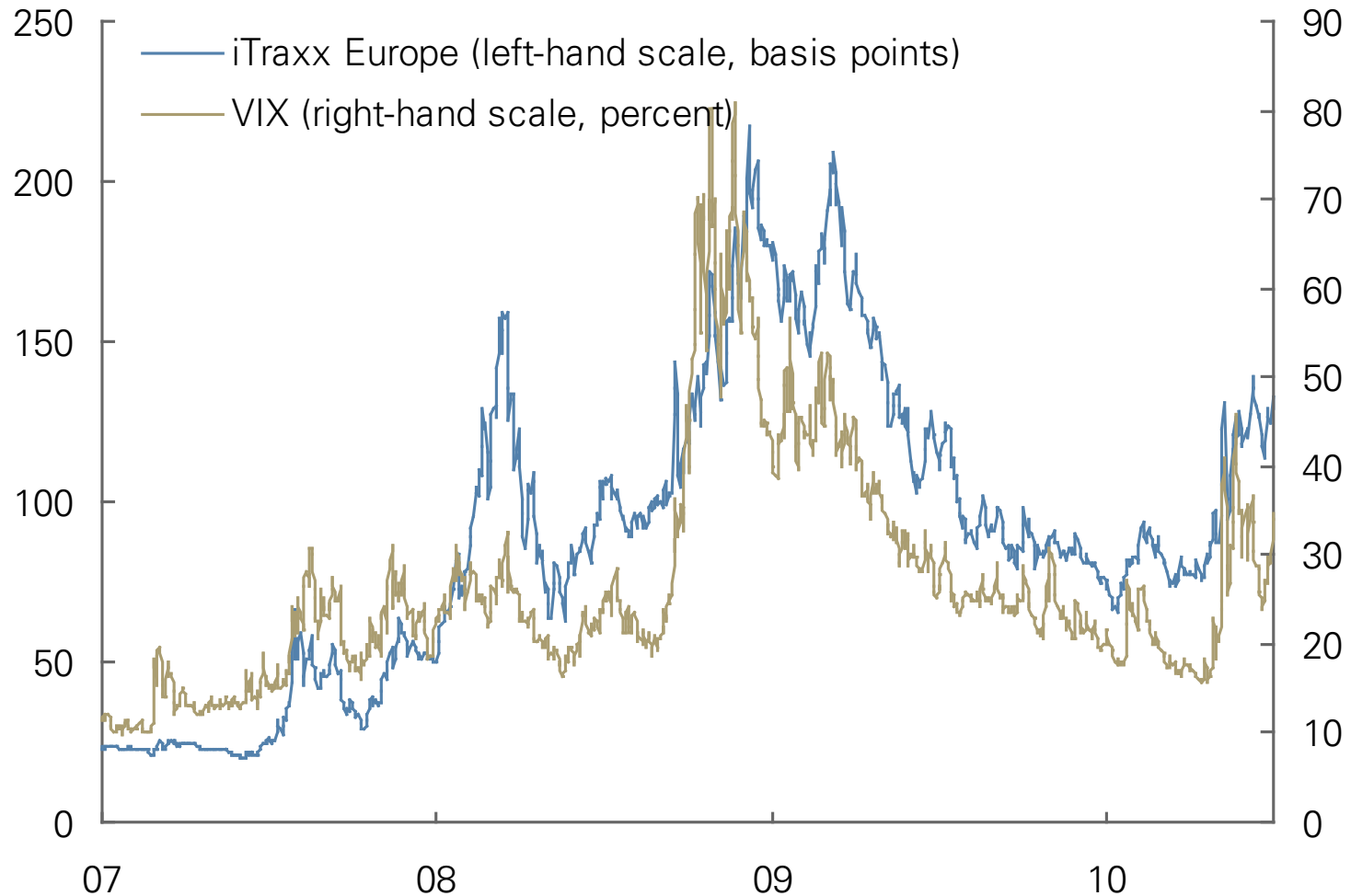
Pence and percent



Source: Bloomberg, NBIM

More volatile markets

Equity market (VIX) and fixed-income market (iTraxx)



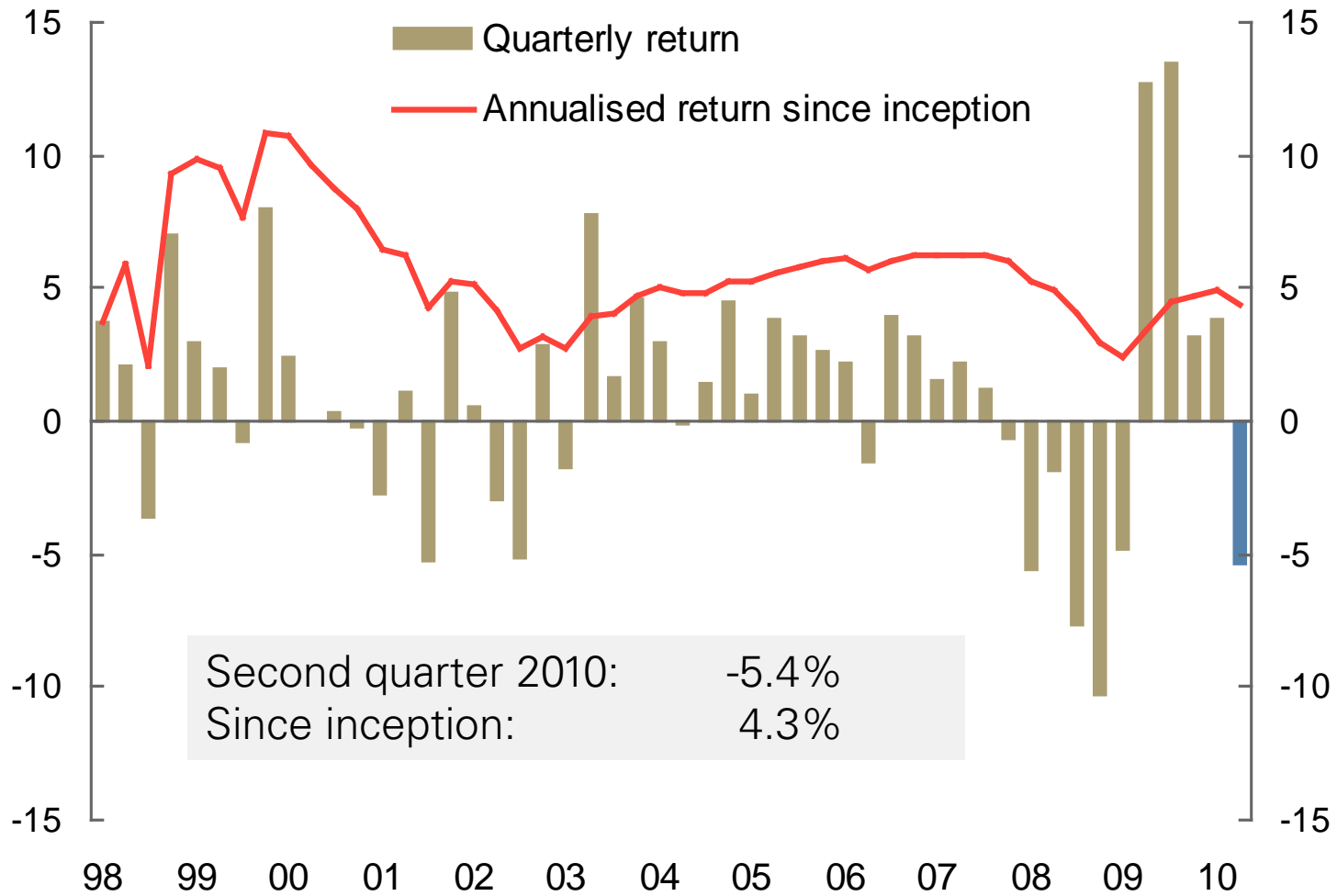
Source: CBOE, Markit

Management of the fund:

Return of -5.4% for the quarter

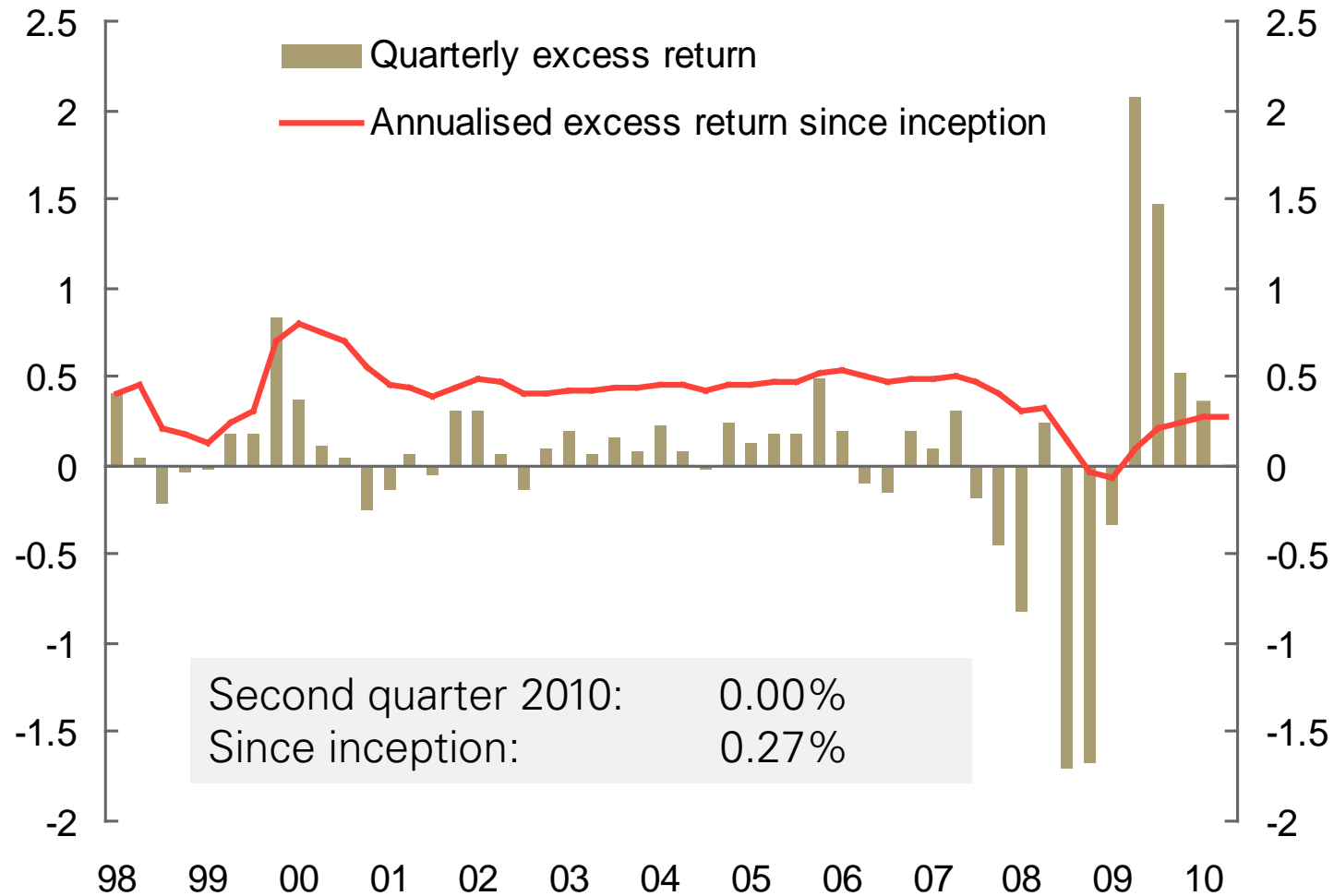
The fund's return

Percent



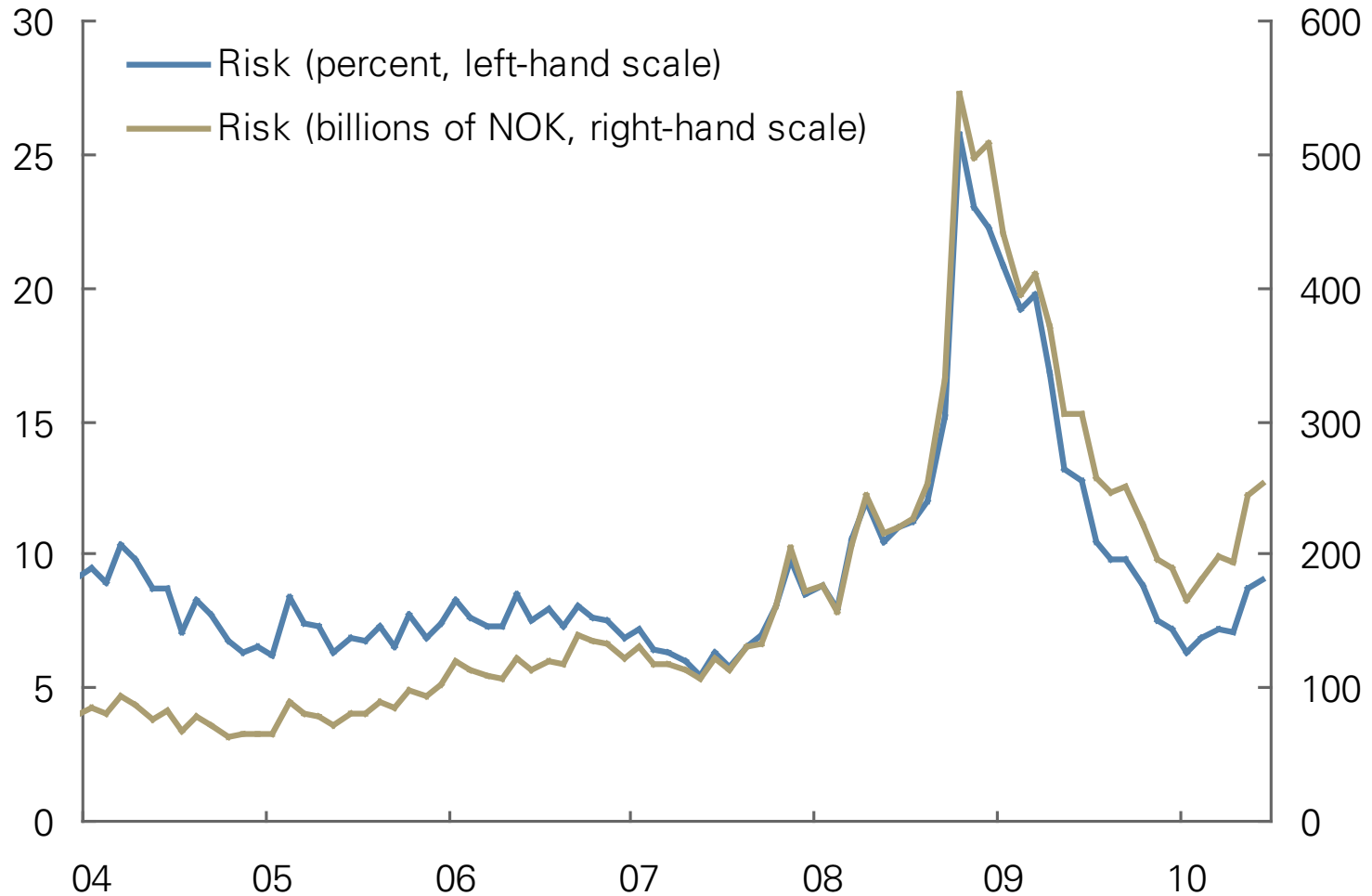
The fund's excess return

Percentage points



Absolute volatility

Percent and billions of NOK



Ownership:

Climate change status report

Climate change – 2009 status report

- Generally low compliance with our expectations
- Performance varies from indicator to indicator:
 - Only 9 percent of companies assess risk in supply chain
 - 38 percent publish data on greenhouse gas emissions
 - Only 18 percent integrate climate risk into strategic business planning
- NBIM has followed up these results by sending letters to 403 companies inviting them to engage in dialogue to improve their reporting and management of these issues

Real estate:

Assessing investments in Europe

Real estate

- Mandate from 1 March
- Specific properties in Europe assessed in second quarter, mainly in UK
- Advisory board for NBIM's real estate investments
 - Two external members:
 - **Andrew Strang**: 35 years' experience from the real estate market (mainly in the UK), most recently as chairman of Threadneedle Property Investments
 - **Mark Burton**: 40 years' experience from the global real estate market, most recently as chief investment officer for real estate for the Abu Dhabi Investment Council

Second quarter of 2010 in brief

- Market value up 29 billion kroner to 2 792 billion kroner
- Return of -5.4 percent
 - Equity investments: -9.2 percent
 - Fixed-income investments: 1.0 percent
- Fund's return in line with benchmark portfolio
- New capital of 35 billion kroner – most went to fixed-income purchases
- 59.6 percent equities at end of quarter