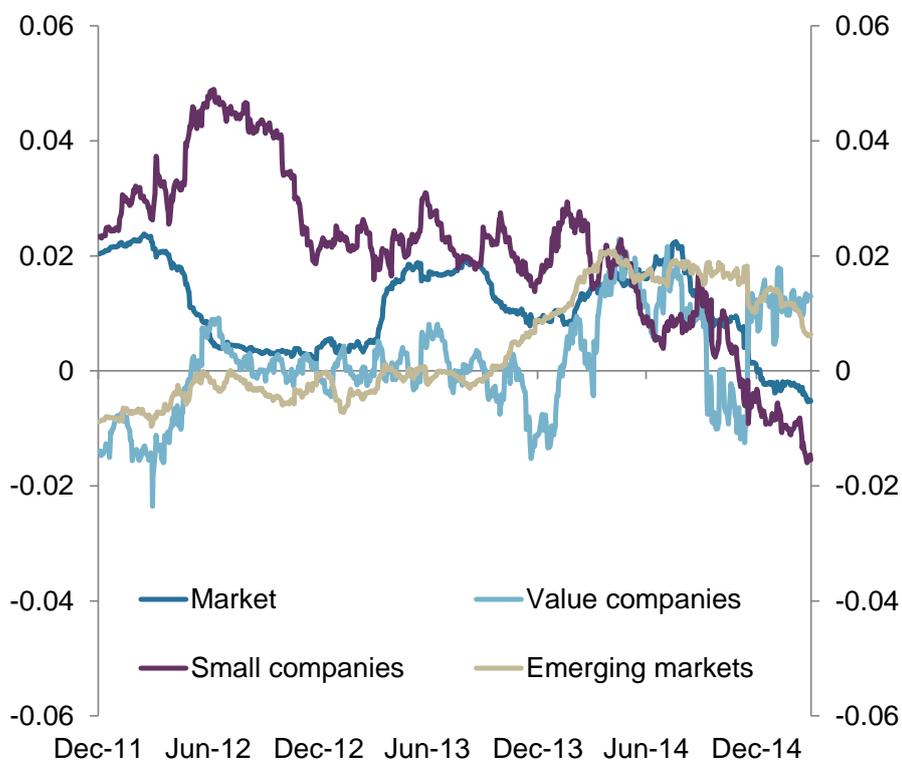


Factor exposure

Norges Bank Investment Management measures the fund's exposure to systematic risk factors such as small companies, value stocks and credit. Risk factors are properties that most financial instruments have in varying degree, and they contribute to both the risk and return of the investments. The fund's exposure to such factors can be estimated by comparing the relative return of the fund to the returns of the factors.

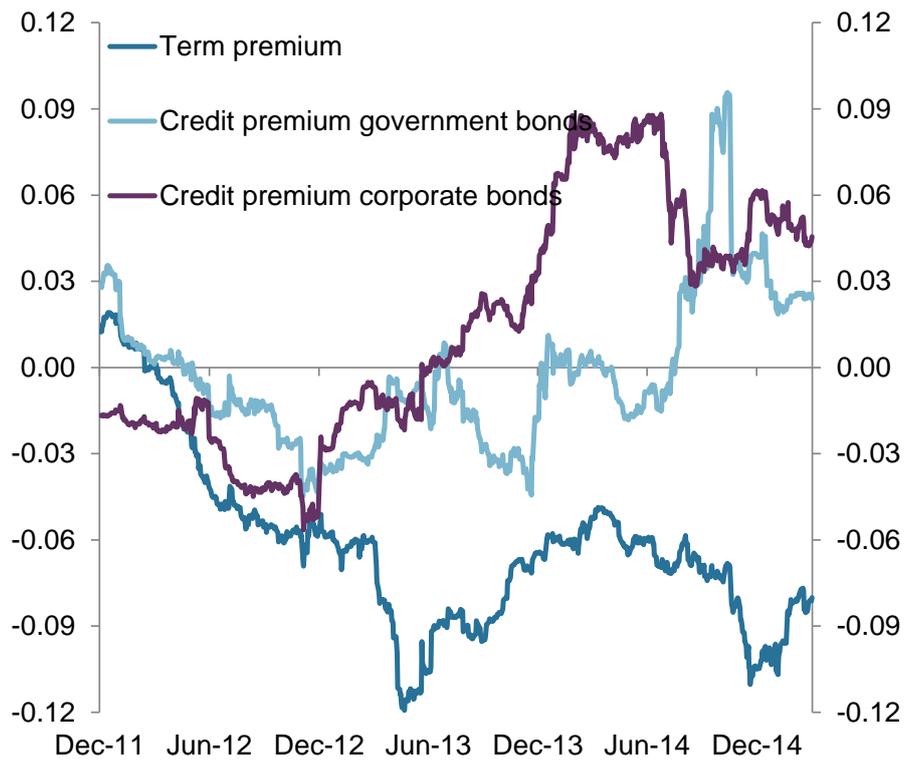
Figure 1. The equity investments' factor exposures. Coefficients



An analysis of the factor exposures in the first quarter of 2015 indicates that the fund's equity investments were more exposed to emerging market companies than the benchmark index.

Only 2 per cent of the fluctuations in the relative return on equity investments could be explained by the model at the end of the first quarter. This figure was unchanged from the end of the fourth quarter.

Figure 2. The fixed-income investments' factor exposures. Coefficients



The analysis of the fund's fixed income investments shows that the fund is less exposed to bonds with long maturities than the benchmark index at the end of the first quarter. The exposure of the fixed income investments to the credit premium of corporate bonds was decreasing relative to the benchmark index during the quarter. This model's explainability was stable at about 30 per cent in the quarter.

Results from such statistical analyses are uncertain. Norges Bank Investment Management uses a variety of supplementing approaches to analyse the fund's factor exposures.