

Ministry of Finance
Boks 8008 Dep.
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Our ref.: 14/02148

Government Pension Fund Global – management mandate

We refer to the Ministry's letter of 23 November 2016 with draft amendments to the mandate for the management of the Government Pension Fund Global. Norges Bank can confirm that the changes proposed by the Ministry can be made operational from 1 January 2017.

The Executive Board notes that the reporting and evaluation of performance in the management of the fund are to be based primarily on strategies set by the Executive Board, cf. the provisions in sections 1-7 and 6-2 of the draft mandate. The Executive Board's evaluation of relative performance is to focus primarily on analyses of the relative return adjusted for the effects of the financing of real estate.

The new framework for the fund's real estate investments means that the level and composition of these investments is to be decided by the Bank within the bounds set out in the mandate. The provision in section 3-3 (11) of the draft mandate does not appear to be consistent with this delegation, and we would ask the Ministry to consider whether this provision can be omitted.

We would also refer to the Bank's recommendations in its letter of 10 October and may return to this in connection with the Bank's input for the upcoming review of the management of the fund in 2017 to be presented in the Report to the Storting in spring 2018.

Yours faithfully

Øystein Olsen

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