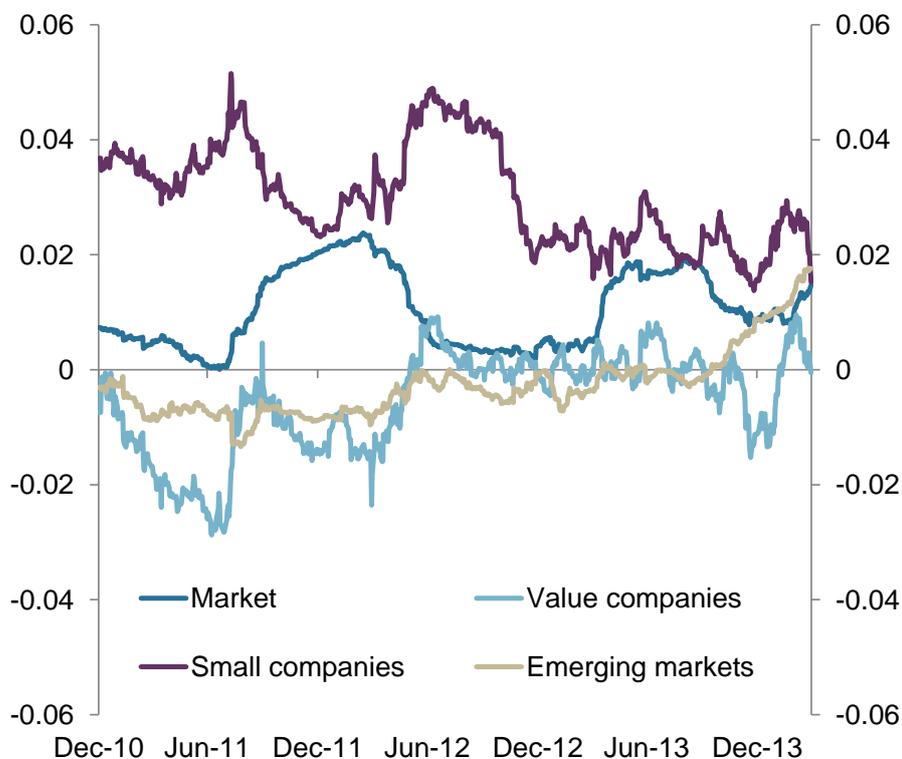


Factor exposure

NBIM 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.

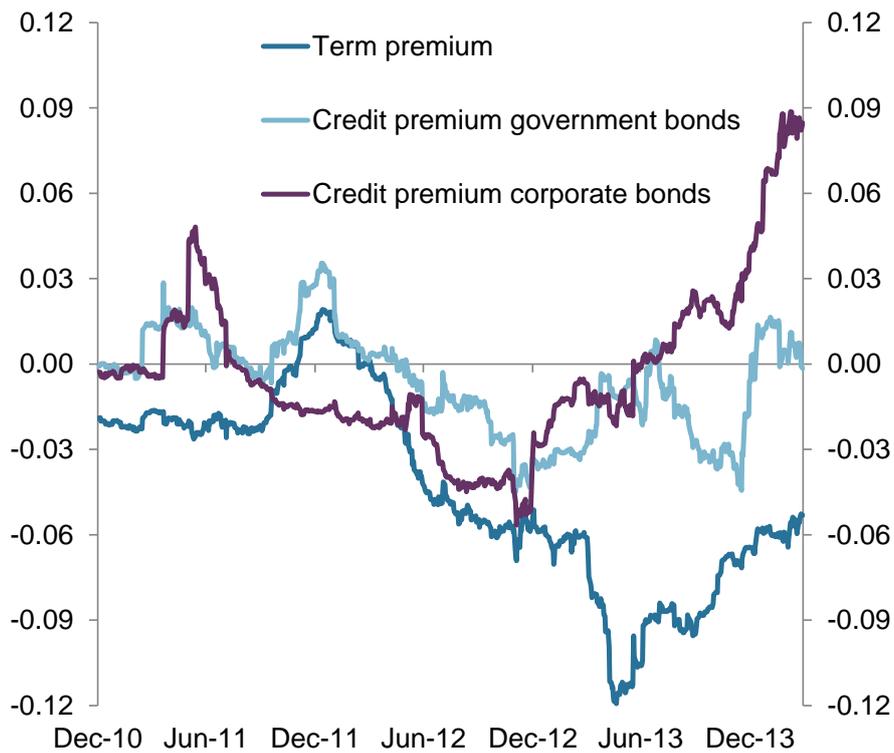
Figure 1. The equity investments' factor exposures. Coefficients



An analysis of the factor exposures in the first quarter of 2014 indicates that the fund's equity investments were more exposed to small companies than the benchmark index.

About 20 per cent of the fluctuations in the relative return on equity investments could be explained by the model at the end of the fourth quarter. The model's level of explainability increased in the fourth quarter.

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



The analysis of the fund's fixed income investments shows that exposure to bonds with long maturities relative to the benchmark index was increasing during the second half of 2013 and has also increased in the first quarter of 2014. The exposure of the fixed income investments to the credit premium of corporate bonds was increasing relative to the benchmark index during the quarter. This model had a stable explainability at about 40 per cent in the quarter.

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