

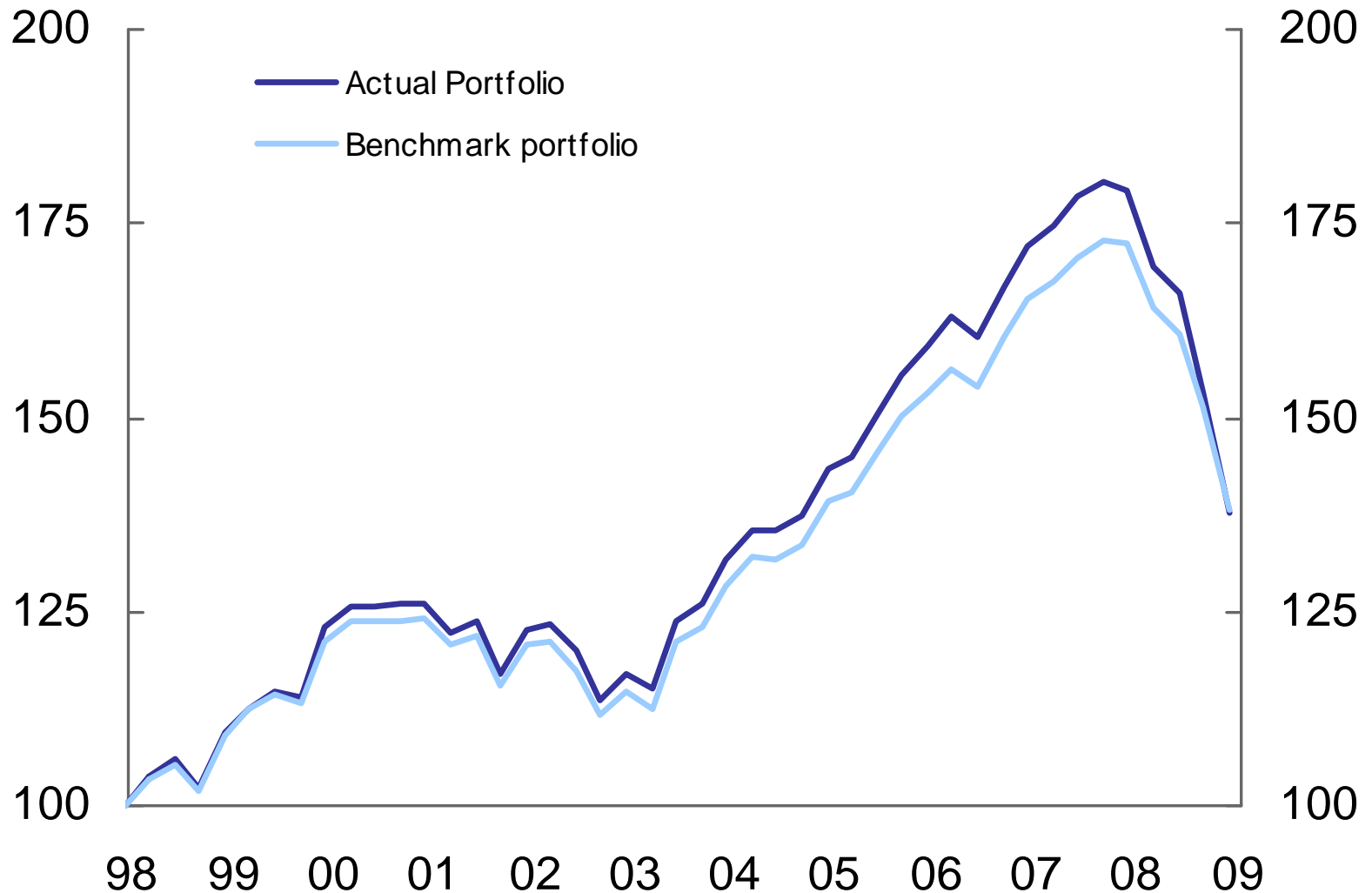


What we do

- Transition of new assets into the global capital markets
- Cost efficient market exposure (β)
- Create excess return against the benchmark by active management (α)
- Safeguard long-term financial interests by active corporate governance
- Advice the Board and Ministry of Finance on strategic issues

Accumulated return 1998 - 2008

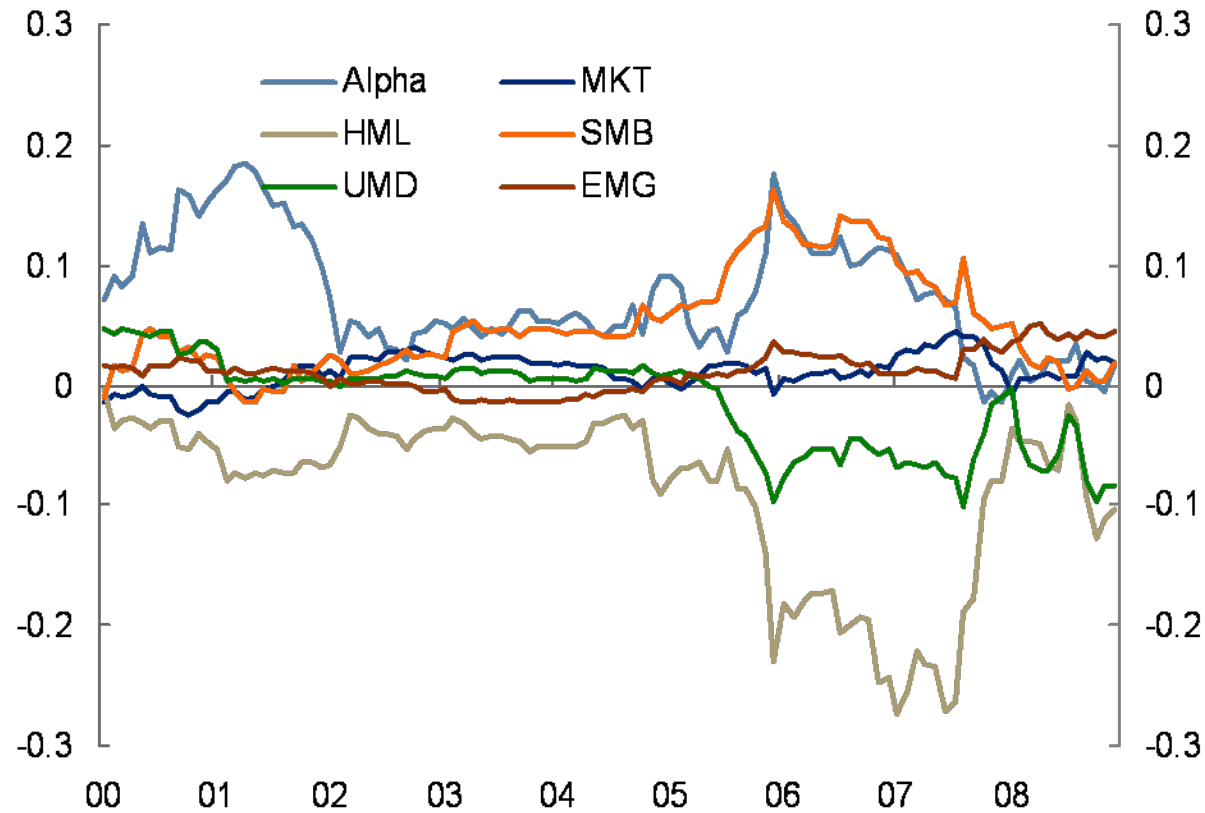
Indexed, 31.12.1997=100



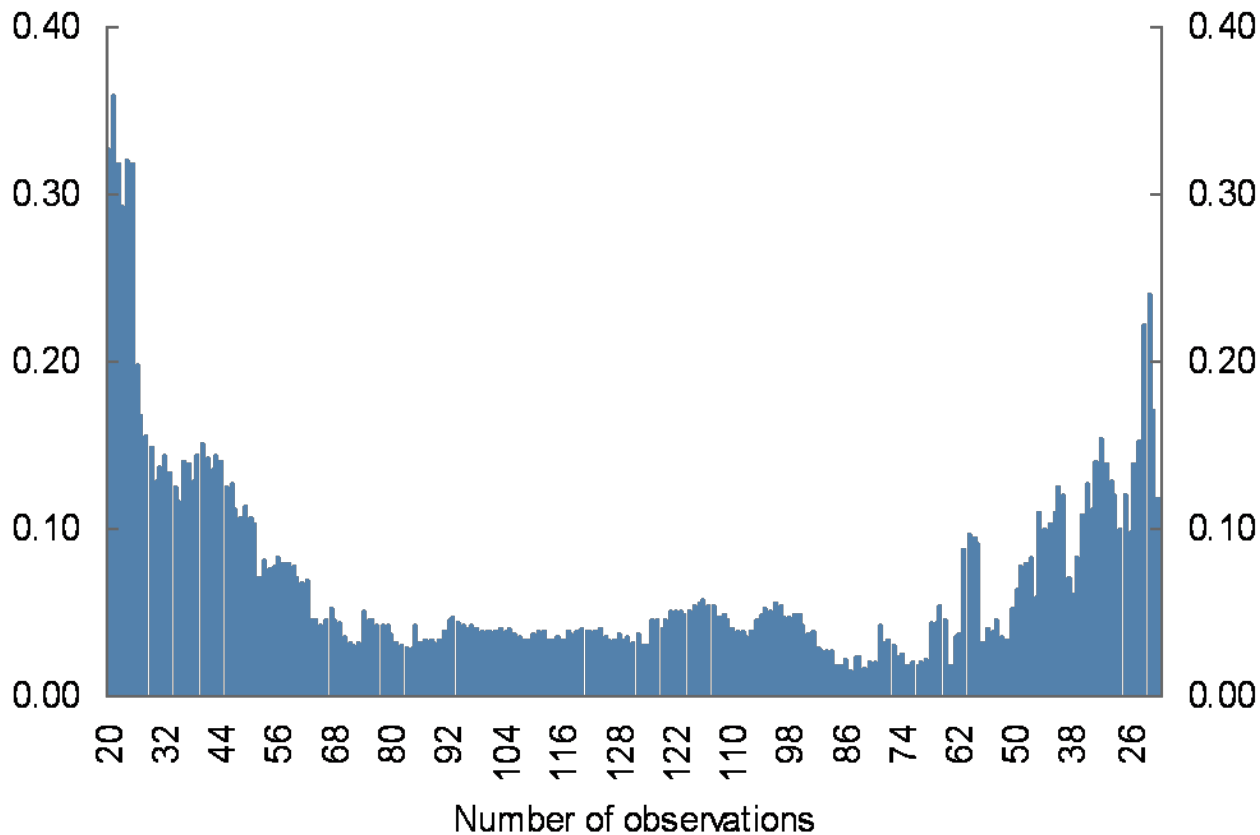


Source: Portfolio Institutionell Magazin, Germany, dbdesigns.de

Rolling beta Estimates – 24 Month Windows

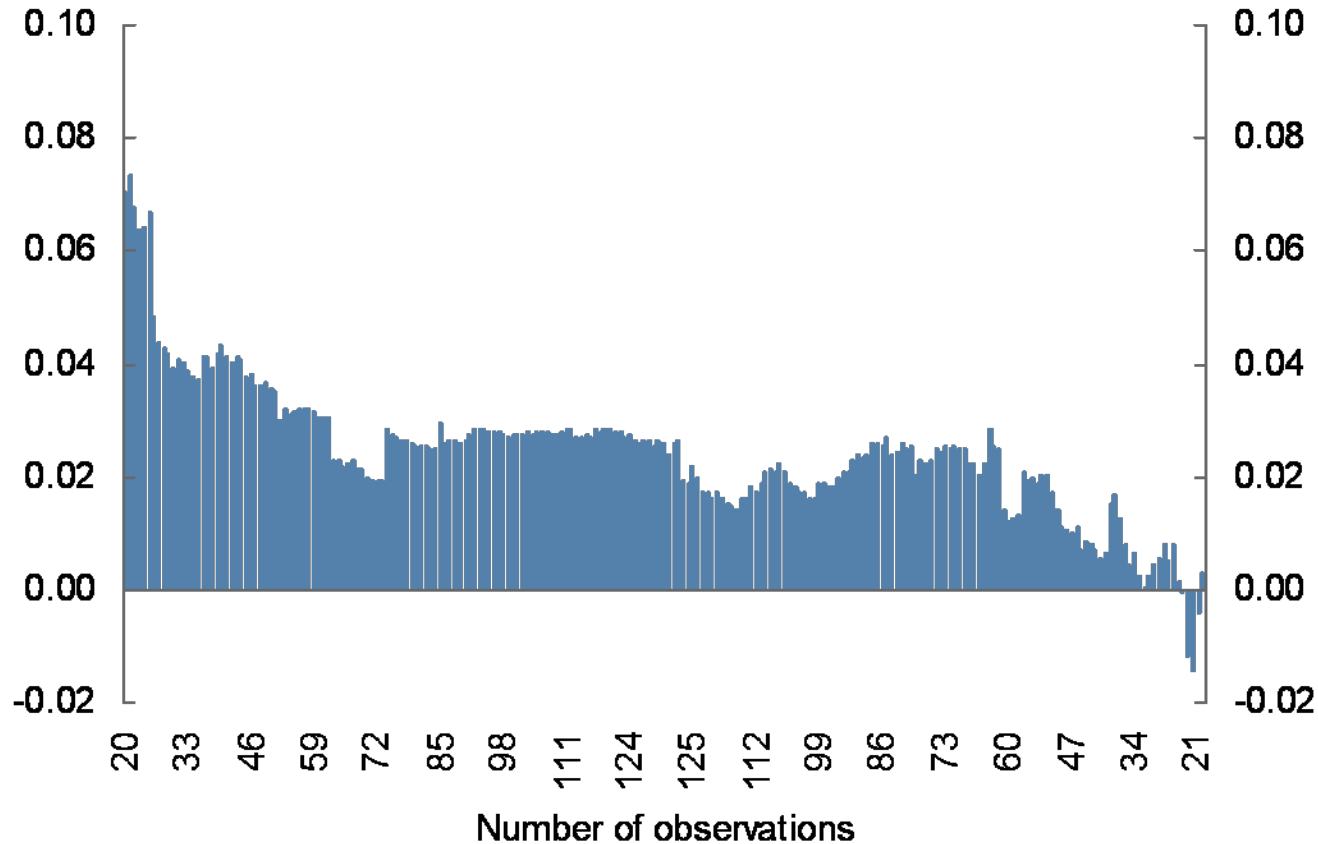


Conditional Alpha Estimate



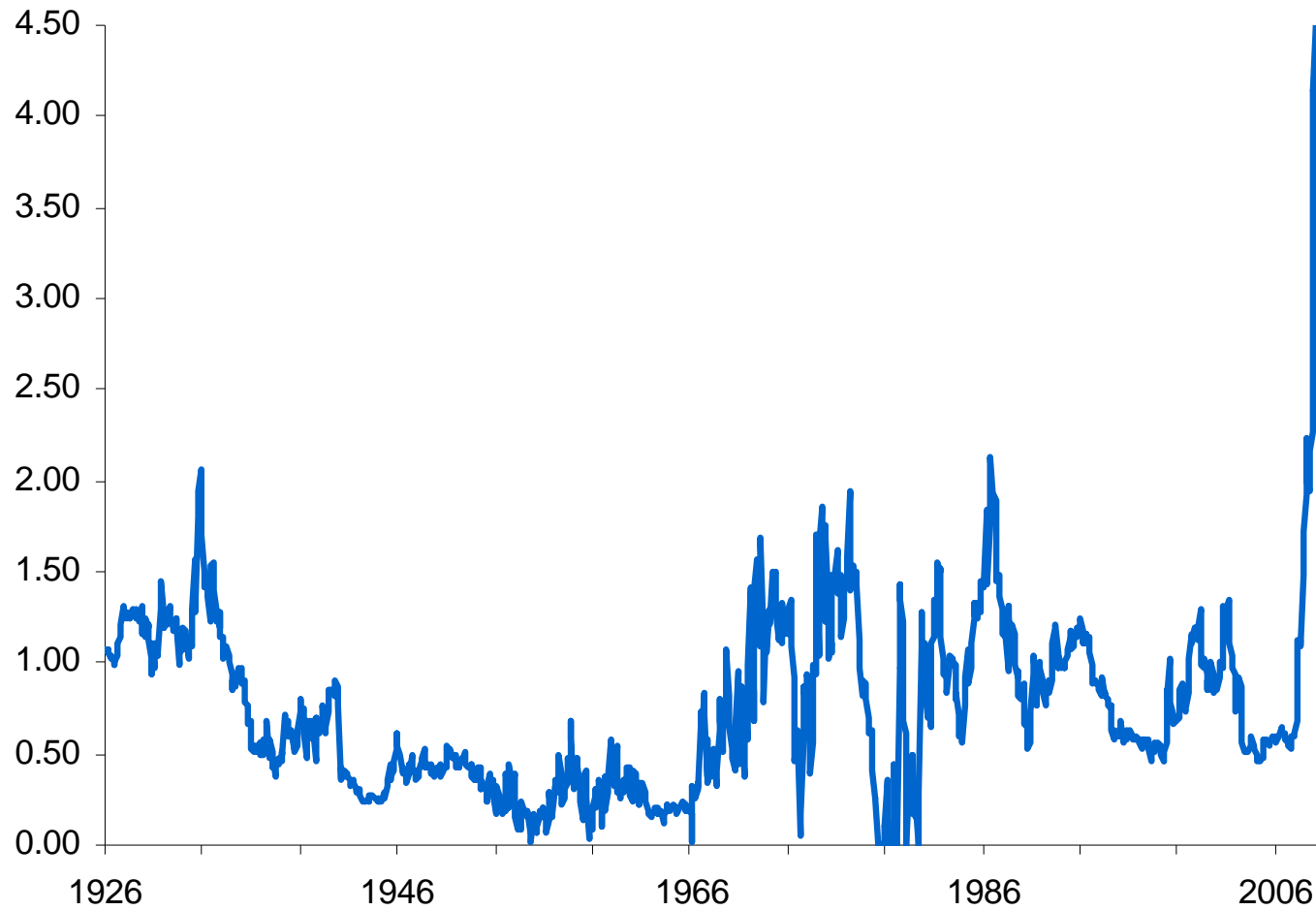
- Alpha estimate positive in all market regimes
- Higher alpha when market volatility is high

Conditional Market Beta Estimate



- Beta seems to be negatively related to market direction when volatility is high

Highest credit risk premium (AAA/AA versus government)



Source: MoF, Thore Johnsen