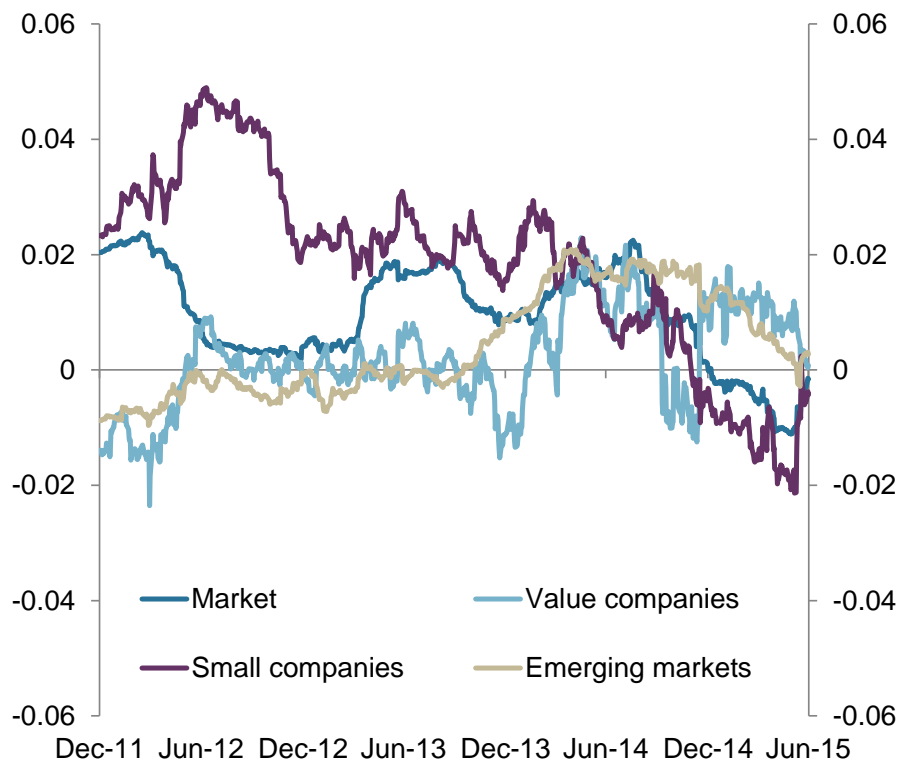


### Factor exposure

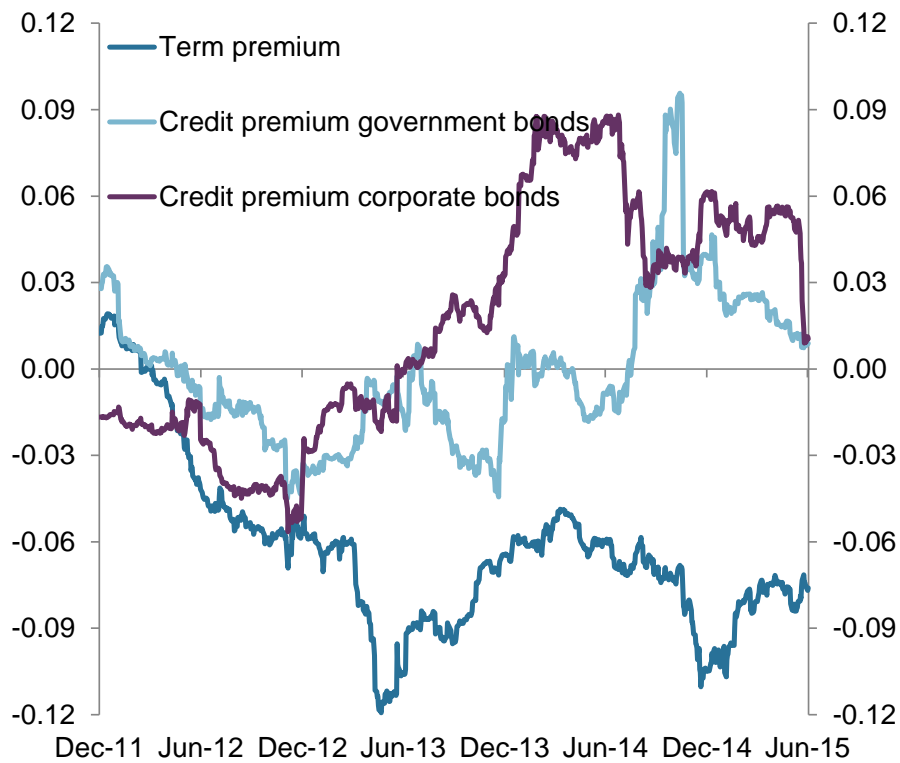
Norges Bank Investment Management measures the fund's exposure to systematic risk factors such as small companies, value stocks and credit. Risk factors are properties that most financial instruments have in varying degree, and they contribute to both the risk and return of the investments. The fund's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



In the second quarter the model explained a negligible share of the fluctuations in the relative returns of equity asset class, with none of the factors being significant at quarter end. The exposure to all the factors in the model fell during the 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 second 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 decreased to about 22 per cent at the end of the second quarter from about 30 per cent at the end of the first 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.