

PRIMARY MARKET PERSPECTIVES

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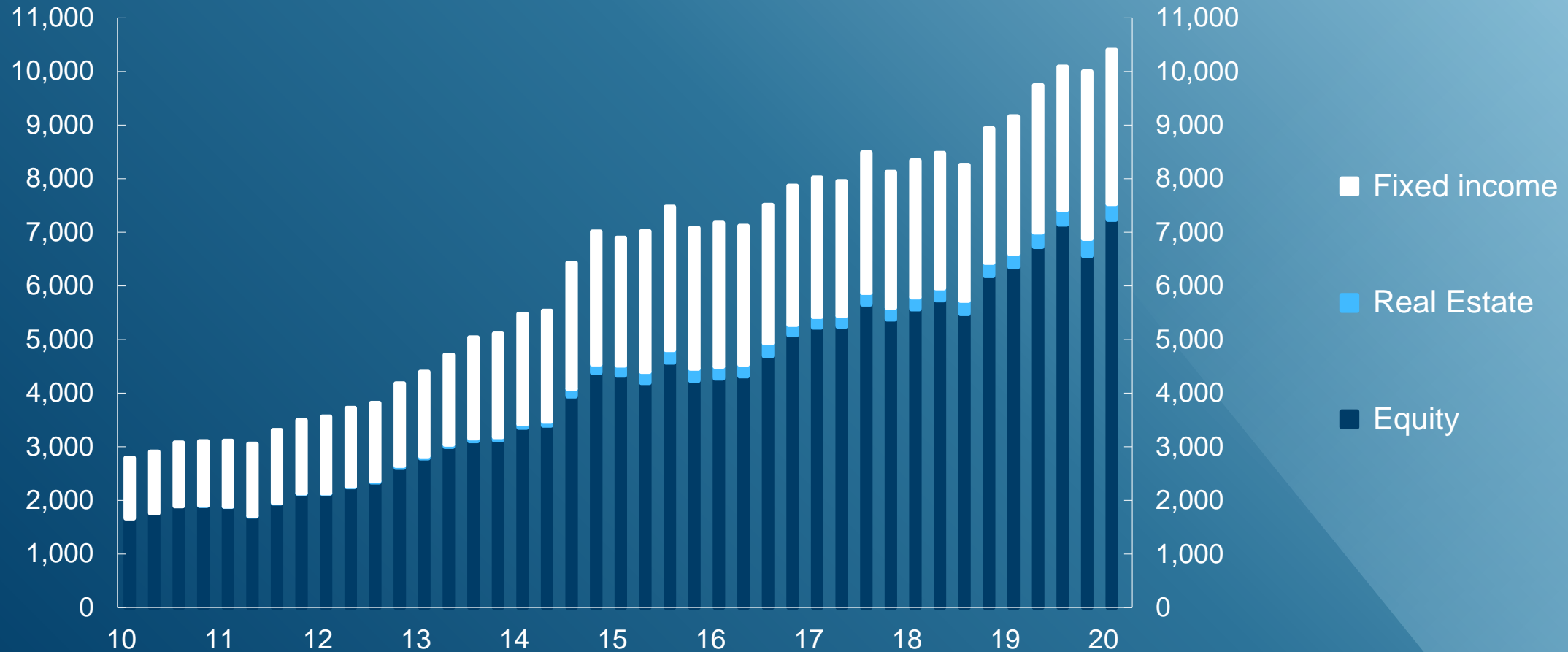
ECB DIMCG MEETING, SEPTEMBER 23RD, 2020

Agenda

- Quick facts on Government Pension Fund – Global (GPF) and NBIM.
- Fixed income investments in Euro Area.
- Perspectives on harmonisation and standardisation efforts of the issuance process.

Marked value increased to 10,400 billion kroner

Billions of kroner. As at 30.06.2020



Investment strategy

Invest globally

Diversify investments

Exploit the fund's characteristics

Protect international purchasing power and take part in global value creation

Diversify risk and return by global investments across asset classes

Create return by exploiting the fund's long-term perspective and large size

Lending to countries and companies

Currency distribution fixed-income investments



Fixed Income investments in Euro Area

Active in most large EA markets

- 27% of our global fixed income investments are in EUR.
- 70/30 split between rates and credit.
- Active in the following Euro area primary markets:
 - Government nominal and inflation-linked bonds
 - Supranationals, Sovereigns and Agencies
 - Regional issuers
 - Covered bonds
 - Corporate bonds (primarily IG)
- Within Europe we are also invested in many smaller currencies and FI markets.



Harmonisation and standardisation

Positive from a long-term perspective

- As a long-term investor we see benefits from achieving further harmonisation and standardisation of the issuance process:
 - Easier access for investors → investment opportunities ↑
 - Better liquidity in primary market → incentivize issuances → investment universe ↑
 - Stronger dealer & CSD competition → Intermediation costs ↓
 - Broader investors base → positive spillovers to secondary market
 - Catalyst for product standardisation
 - Macro: well-functioning debt markets → real economy ↑

Harmonisation and standardisation

Areas for discussion: debt issuance process

- For the most part we find Euro area primary markets to work well.
- As a large investor, NBIM is likely experiencing fewer obstacles than smaller participants.

Suggestions for areas where work on harmonisation and/or standardisation would be beneficial:

- Pre-issuance info flow: Need for all lead managers to utilize systems such as IPREO consistently.
- Auctions: Calendar can get crowded and auction formats differ. Coordination could help.
- Order input: Electronic input as a rule, support for multiple technologies.
- Settlement cycle: Shorten the cycle or at the minimum standard T+5.
- Pricing: Timeline for allocations and pricing. Hedging can become problematic when delays occur.
- Deal taxonomy: «Benchmark size» seem to differ based on sector and lead managers. «WNG» language.
- Aggregate issuance data: Make public deal data available in a standardized format for both market and academic research.

Thank you

