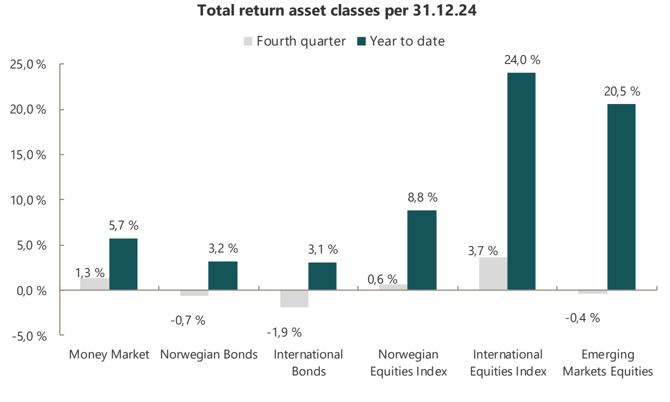
Market Update

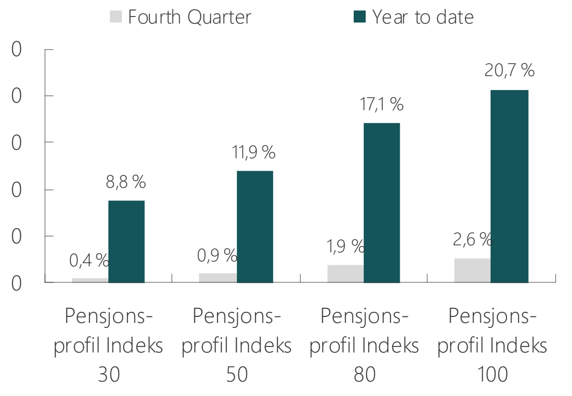
Defined-contribution Pension Index, fourth quarter 2024

A strong year in financial markets

Continued economic growth in 2024 has led to positive returns in financial markets. The US economy, in particular, has shown strength, boosting corporate earnings and the stock market's performance. The majority of the gains were seen in the first half of the year, with the fourth quarter also ending positively for the stock market.Trump's election victory signals a potential for business-friendly policies, supporting equities in the fourth quarter. Continued economic growth and rising inflation concerns led to an increase in interest rates towards the end of the year.



Equities have contributed most to the positive returns for pension profiles in 2024. The fixed-income portfolio also performed well, although rising interest rates slightly dampened returns.



Market Outlook

The rise in equities has been driven by improved corporate earnings and significantly higher company valuations. Large US companies appear to be somewhat optimistically priced, making this market segment vulnerable to negative news that could trigger a correction. The rest of the stock market, however, seems reasonably priced, suggesting a significant disparity within the market.

Interest rates increased in the fourth quarter due to central banks signaling fewer rate cuts than expected. The market is now aligning its interest rate expectations with those of the central banks for the coming year, expecting rates to remain at a level that provides a favorable return for the fixed income portfolios.

The pension profiles are invested for long-term returns. In our investment strategy, we also rebalance investments when markets fluctuate in relation to each other, so that you do not have to change your pension profile in turbulent markets.

Long-term focus in your pension savings

A good balance between risk and return is important in long-term savings. Our pension profiles have a long-term and robust composition.

Different holdings in the various profiles contribute to different risk levels and expectations of returns. Equities are expected to provide higher returns over time, but also higher risk than is the case for bonds and other fixed income securities.

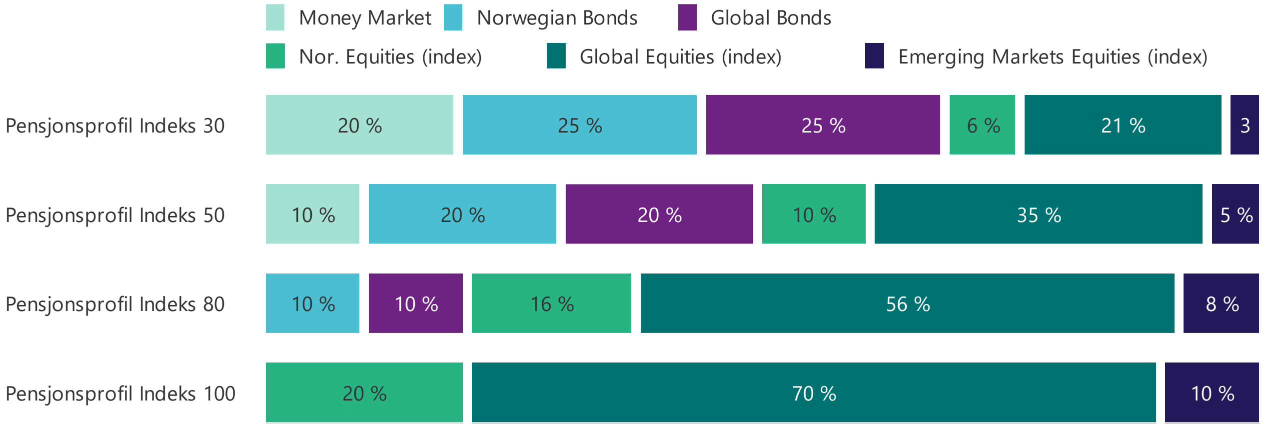
Responsible investments

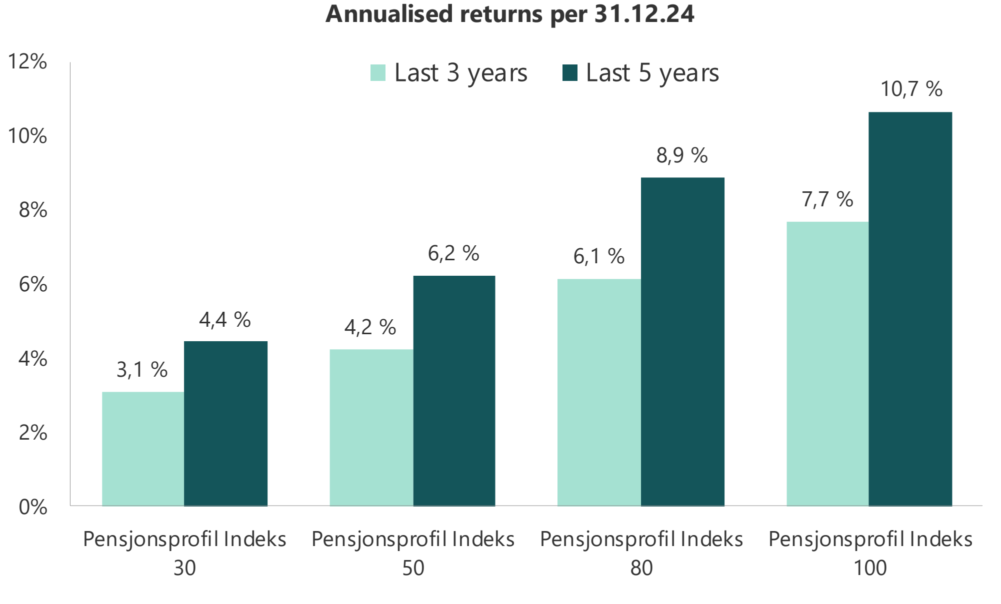
Our goal is to create a good risk-adjusted return by taking environmental and social conditions into account in our investments. Our investment strategy is based on internationally recognized principles for responsible investment, at the same time as we also have our own guidelines that apply to all our financial investments. Our investment philosophy is to create long-term good returns through good corporate governance of the companies we invest in.

Robust composition of responsible investments

Our pension profiles are constructed of well diversified portfolios of both stocks and fixed income investments. The purpose is to achieve a good long-term return in the stock markets, but at the same time that the pension profiles are robust enough to withstand short-term market turmoil. The figure below shows how the various pension profiles are put together, with a fixed distribution between the various asset classes and the associated different risks.

In the equity and bond portfolios, 80 and 50 per cent of the investments are outside Norway, respectively. Investments outside Norway are mainly currency hedged with exception of investments in emerging markets.





Disclaimer

Investing in funds always involves a financial risk. Past performance is no guarantee of future returns. Future returns will depend on market developments, the manager's skills, the fund's risk, as well as the costs of subscription, management and redemption. The money invested in the pension profile can therefore in different time periods both increase and decrease in value, and there is no guarantee that an investor can get back the entire invested amount.