



Infrastructure investments in practice

NFF Webinar, Wednesday 10 March 2021

KLP at a glance

KLP

- Leading provider of defined occupational pension to public sector and associated organizations
- Also offers pension fund services, defined contribution pensions, banking, insurance and asset management

Solid public ownership

- Mutual company – all clients are owners;
 - Municipalities and counties
 - State health enterprises such as regional health authorities
 - Public sector enterprises

Market position

- Total asset of NOK 800 billion
- Largest Norwegian life insurance company – third largest financial institution
- Credit rating A-/A2

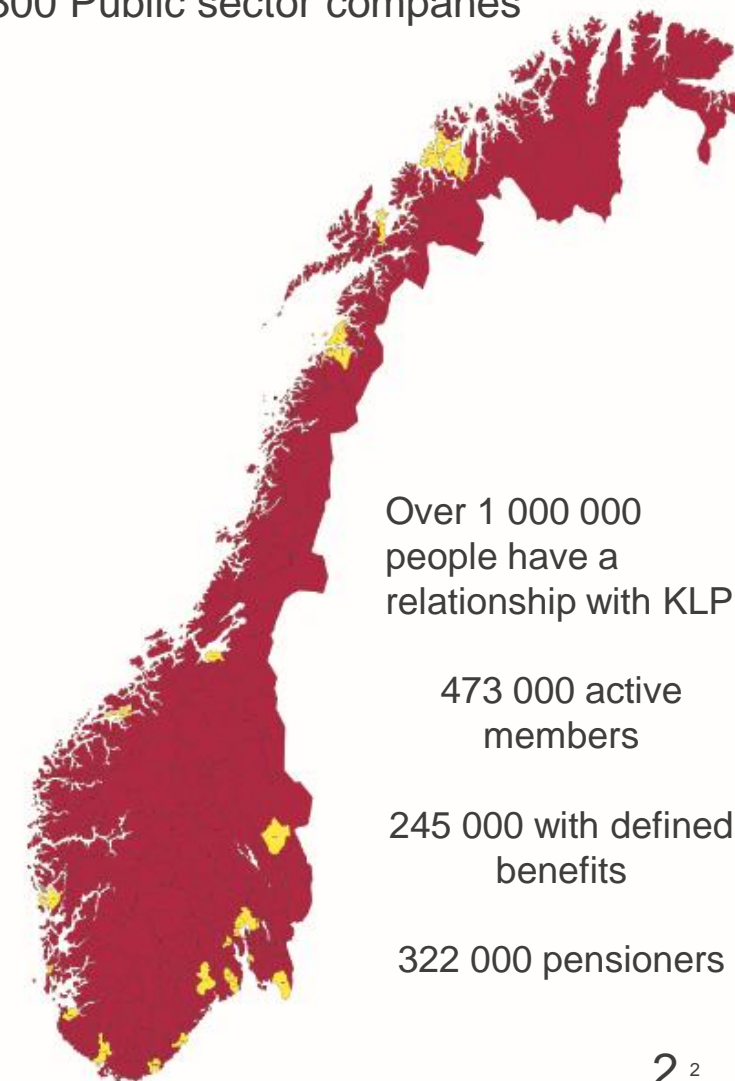
KLP's owners

335 municipalities

9 Regions

27 State Health Enterprises

2300 Public sector companies



Over 1 000 000 people have a relationship with KLP

473 000 active members

245 000 with defined benefits

322 000 pensioners

Main focus: Pension



Good returns



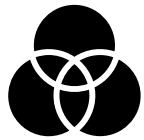
Low cost



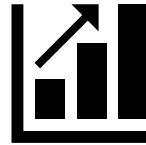
Good service

Vision: « The best partner for the days to come »

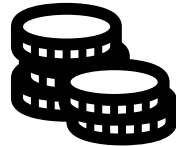
Why invest in infrastructure?



- Diversification



- Long-term and stable cash flows



Inflation protection



- Duration



- Renewable energy

Why not?

- Costly
- Complexity
- Transparency (lack of)
- New risks – uncertainty
- Liquidity (lack of)
- Unclear corporate governance
- Regulatory challenges
- Bubble tendencies

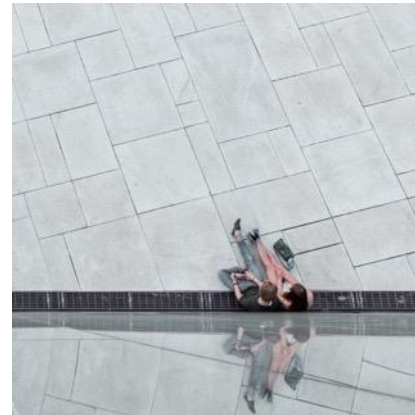
Sustainability goals



Achieve climate goals



Sustainable businesses and economic activity



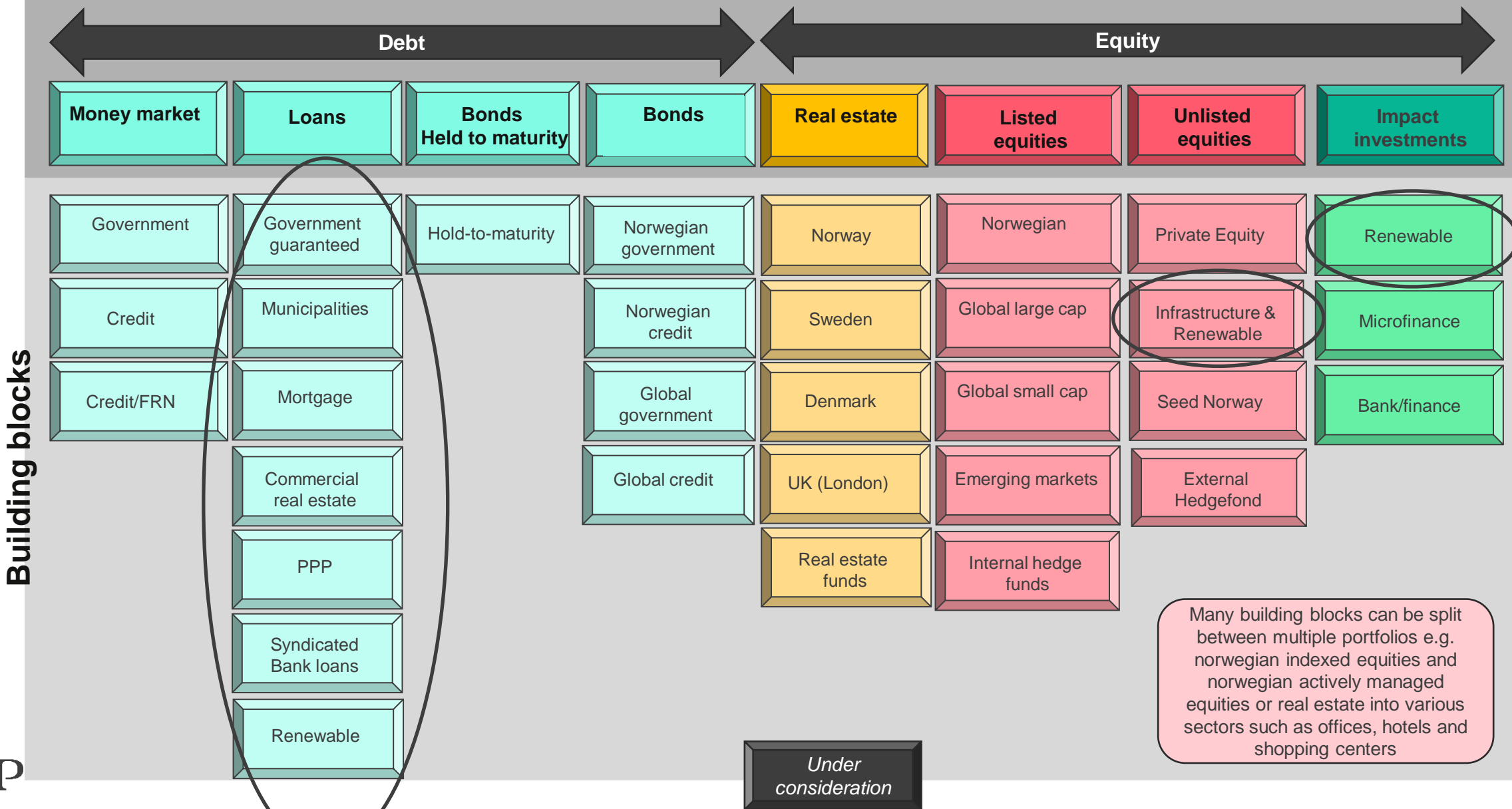
Sustainable urban development and infrastructure



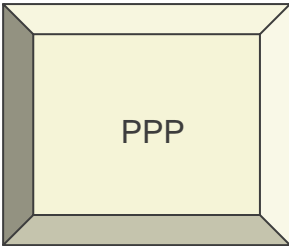
Health-promoting jobs in the public sector



Broadly diversified

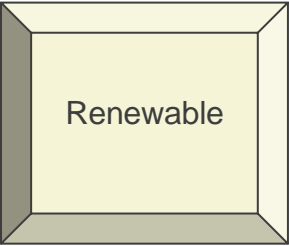


KLP's infrastructure debt mandates



Public Private Partnerships (Norway)

- Separate loans, direct or co-investment with banks



Co-investing with DNB

- Global portfolio, mainly greenfield

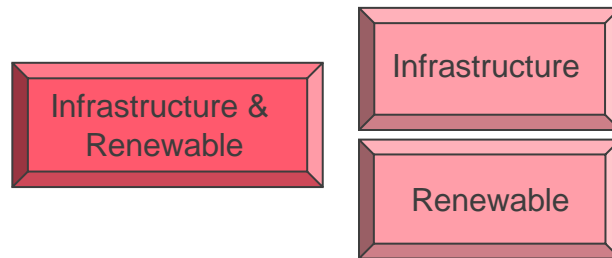
Work in progress

- Global fund, mainly brownfield



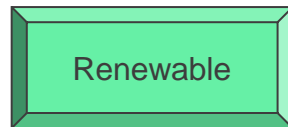
KLP's infrastructure equity mandates

Long term stable cash flows:



- Investment requirements
 - Stable, predictable cash flows driven by underlying values
 - Long duration based on long-term rights or ownership
 - Relatively low risk – often independent of economic development
- Investment approaches
 - Direct investments and partnership in Norway (Nordic region)
 - Mainly funds or partnership solutions globally

KLP Norfund Investments:



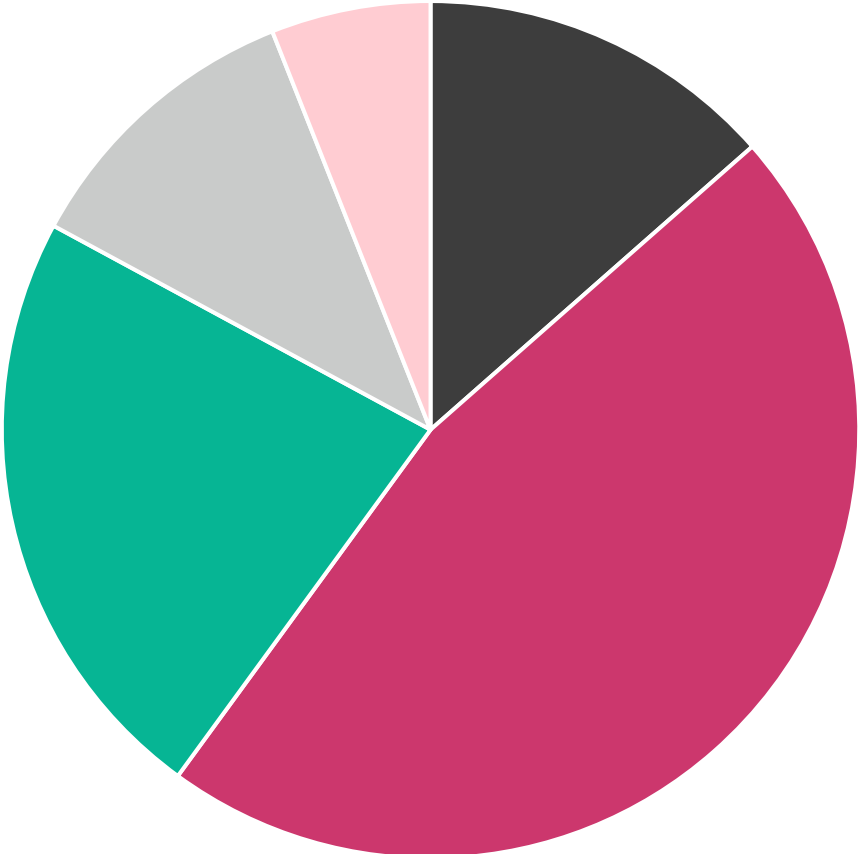
- Investment requirements
 - Renewable investments with impact in developing countries
- Investment approaches
 - Partnership with Norfund (Norwegian Investment Fund for developing countries)



Portfolio characteristics (Long term stable cash flow)

Long Term Stable Cash Flow portfolio by sector

- NOK 11 bill
- 50/50 split between direct investments and fund/co-investments

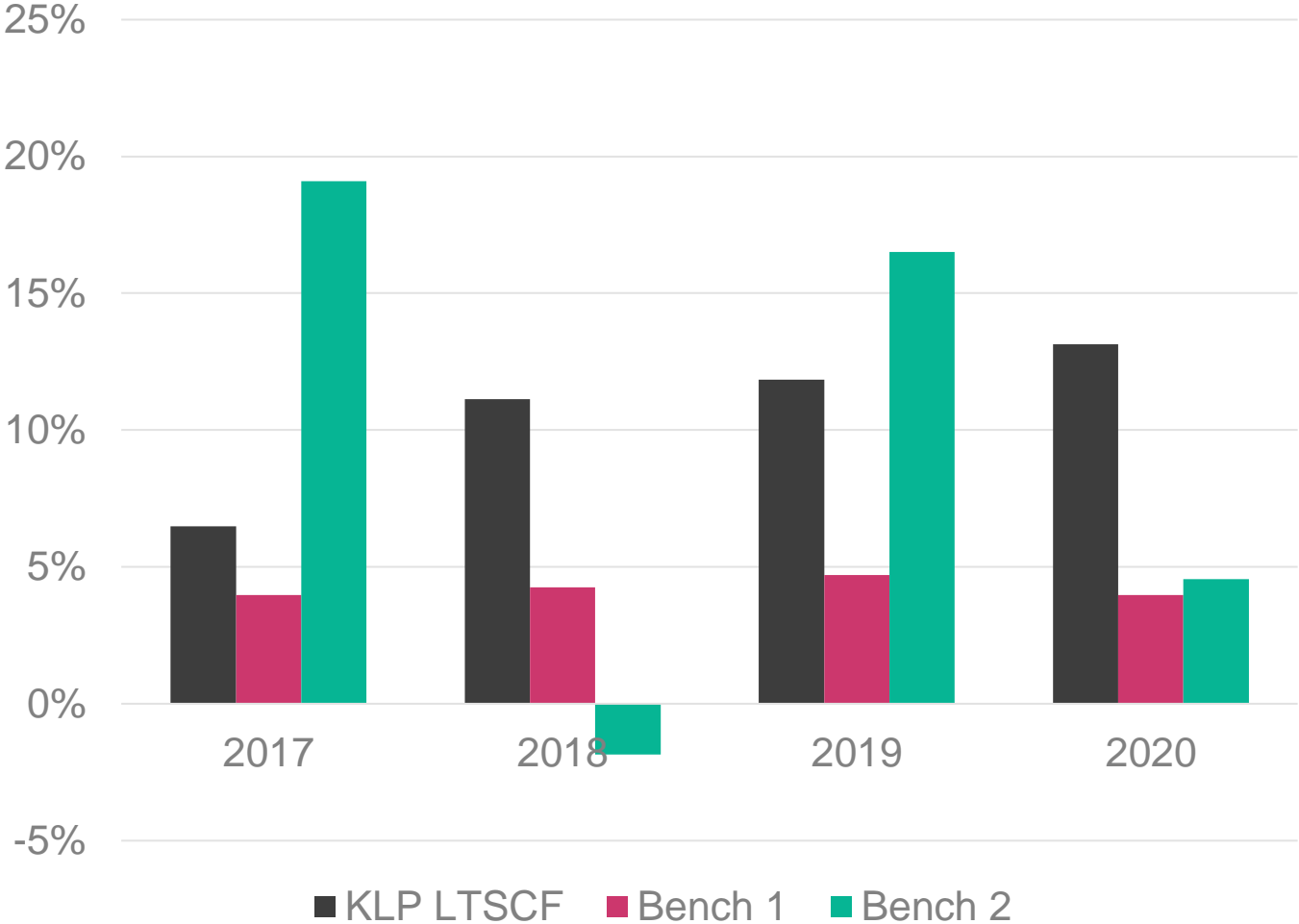


■ Electricity Distribution ■ Renewable Energy ■ Integrated Utilities ■ Forestry ■ Other



Portfolio performance (Long term stable cash flow)

Performance vs. Benchmarks



- Good and stable performance
- 10,6% last four years vs 9,3% for Norwegian equities



Investments in Long Term stable cash flows

Lofotkraft
NEAS NETT
TrønderEnergi
TENSIO
IST
TUSSA
Oslofjord VARME
Ringerikskraft
Skaftåsen (Foresight)
SILVESTICA GREEN FOREST AB
Stena Renewable



CIP

COPENHAGEN INFRASTRUCTURE PARTNERS

NEXTENERGY CAPITAL

ALP