

Total Sovereign Wealth Fund Assets Swell

Aggregate assets increase by over \$0.5tn between 2011 and 2012

Total sovereign wealth fund assets under management stand at \$4.62tn, an increase from \$3.98tn in 2011, Preqin data reveals. Data analyzed for the forthcoming 2012 Preqin Sovereign Wealth Fund Review also show that more than half of all sovereign wealth funds, 57%, invest in private equity. However, the overall proportion of such institutions investing in private equity has fallen slightly in the last year, as several newly established sovereign wealth funds have yet to make their maiden allocations to the asset class.

Sovereign wealth funds and alternative assets:

- 46% invest in private equity through fund commitments, and a further 11% through direct investments.
- Larger SWFs are more likely to invest in the asset class than their smaller counterparts: 83% of those with over \$250bn in AUM invest in private equity compared to 25% of those with less than \$1bn in AUM
- 73% of SWFs that invest in private equity are based in Asia or the MENA region.
- 17% of SWFs that invest in private equity are based in North America, while Australasia and Europe are home to 7% and 3% respectively.
- 79% of SWFs that invest in private equity funds have a preference for buyout vehicles. Venture funds are the next most popular fund type, with 59% expressing an interest in funds of this type.
- The proportion of SWFs with a preference for multi-manager vehicles has increased from 20% in 2011 to 28%.
- North America-focused investments are the most sought after, with 76% of SWFs having a preference for investments in the region. 72% seek exposure to Europe, and 62% are keen on Asia-focused investments.

For more information, please see the full report:

http://www.preqin.com/docs/newsletters/PE/Preqin_Private_Equity_Spotlight_April_2012.pdf

Comment:

Sovereign wealth funds have a continued interest in private equity and many believe the asset class offers favourable long-term investment opportunities. Over recent years, the number of sovereign wealth funds seeking to hold more diverse portfolios of investments, by both strategy and geography, has risen. Although financial markets remain turbulent, such institutions represent a significant amount of the capital invested in private equity and are likely to continue to allocate increasing amounts to the asset class going forwards.

Alex Jones, Managing Editor of 2012 Preqin Sovereign Wealth Fund Review

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

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Note to Editors: Preqin is spelled without the letter 'U' after the 'Q'.

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