

Preqin Research Report

Sovereign Wealth Funds

Growth in Sovereign Wealth Funds' Aggregate Assets under Management

Fig. A shows the growth in the aggregate assets under management of all sovereign wealth funds worldwide over the past four years. Aggregate total assets now stand at \$3.51 trillion, which represents a 9% increase from last year's figure, confirming that sovereign wealth funds have retained their collective significance in the world of institutional investors. The largest sovereign wealth funds each manage hundreds of billions of dollars. Although it has never released information on its assets under management, Abu Dhabi Investment Authority is likely the largest SWF in the world. The next two largest SWFs are Norway's Government Pension Fund – Global and China's SAFE Investment Company. The three largest SWFs together are estimated to manage well over \$1 trillion in assets.

Proportion of Sovereign Wealth Funds Investing in Each Asset Class

Fig. B displays the proportion of sovereign wealth funds that are known to invest in each of the asset classes of public equities, fixed income, private equity, real estate, infrastructure and hedge funds. Nearly 80% of sovereign wealth funds invest in public equities, and the same proportion of SWFs invest in fixed income. Sovereign wealth fund activity in the alternative asset classes is

Fig. A: Growth in Aggregate Sovereign Wealth Fund Assets under Management: 2007-2010

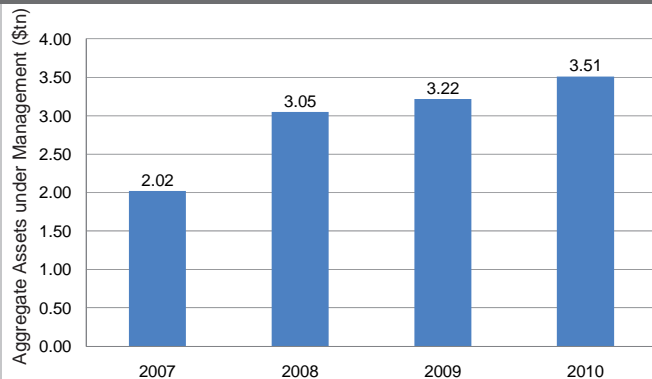
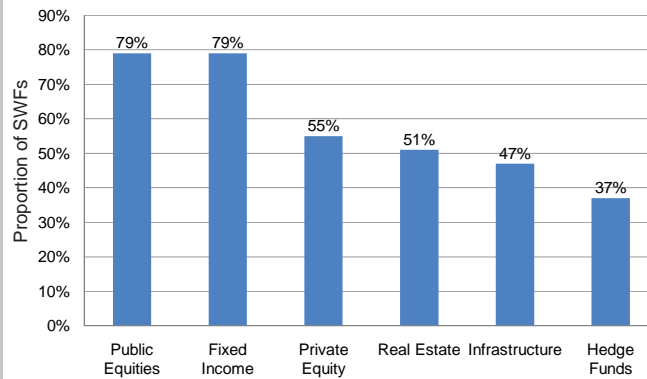


Fig. B: Proportion of Sovereign Wealth Funds Investing in Each Asset Class

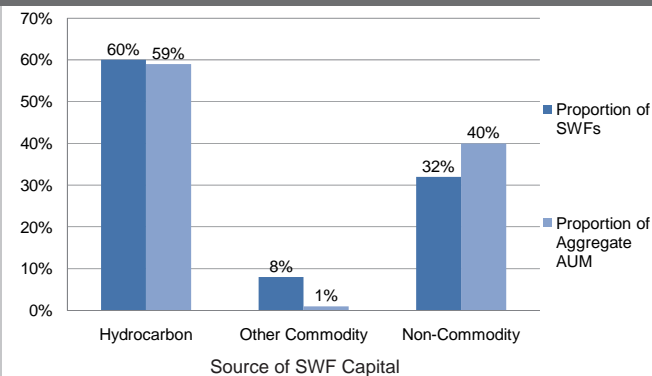


significant, with 55% of SWFs known to invest in private equity, 51% in real estate, 47% in infrastructure and 37% in hedge funds.

Sources of Sovereign Wealth Funds' Capital

Fig. C shows that the majority of the capital under the control of sovereign wealth funds originates from the export of hydrocarbon resources such as oil and gas, with 59% of the aggregate assets under management of all SWFs coming from this source. 60% of sovereign wealth funds are funded by hydrocarbon revenues. Revenue from other commodities is the source of capital for 8% of sovereign wealth funds, but only accounts for 1% of the aggregate assets under management. Non-commodity SWFs make up 32% of the total number and 40% of the aggregate assets under management.

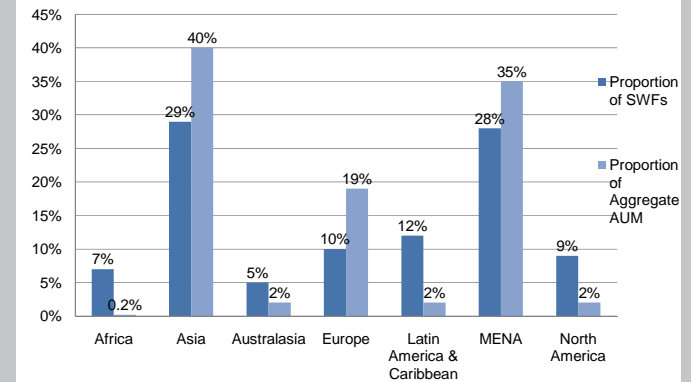
Fig. C: Sources of Sovereign Wealth Funds' Capital



Number and Value of Sovereign Wealth Funds by Region

Fig. D displays the proportion of sovereign wealth funds and aggregate assets under management from each region. Asia and MENA are home to the largest numbers of sovereign wealth funds, and account for 57% of all SWFs between them. Furthermore, funds based in the two regions make up three-quarters of the aggregate value of all SWFs worldwide. The next most significant region is Europe (including the two Russian SWFs), with SWFs based there accounting for 20% of the global aggregate assets under management.

Fig. D: Number and Value of Sovereign Wealth Funds by Region



The information in this factsheet is taken from the newly released **2010 Preqin Sovereign Wealth Fund Review**.



The **2010 Preqin Sovereign Wealth Fund Review** contains detailed profiles and analysis for all sovereign wealth funds worldwide, and is a vital source of data and information for all those looking to find out more about this previously opaque group of investment funds.

For more information please visit:
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