

## Content Includes:

### Exclusive Extract

This report contains exclusive content from the 2015 Preqin Sovereign Wealth Fund Review. The publication includes investment profiles for over 70 sovereign wealth funds worldwide.

### Importance of Sovereign Wealth Funds

The total assets of sovereign wealth funds top \$6.3tn; as these funds continue to diversify into alternative assets, their importance in the sector continues to grow.

### League Tables

The largest sovereign wealth funds by their assets under management.

### Regional Analysis

We look at how sovereign wealth funds around the globe structure their investment portfolios.

### Insights from Industry Experts

Key commentary from PwC's sovereign wealth fund experts and insights from Preqin.

# 2015 Preqin Sovereign Wealth Fund Review: Exclusive Extract

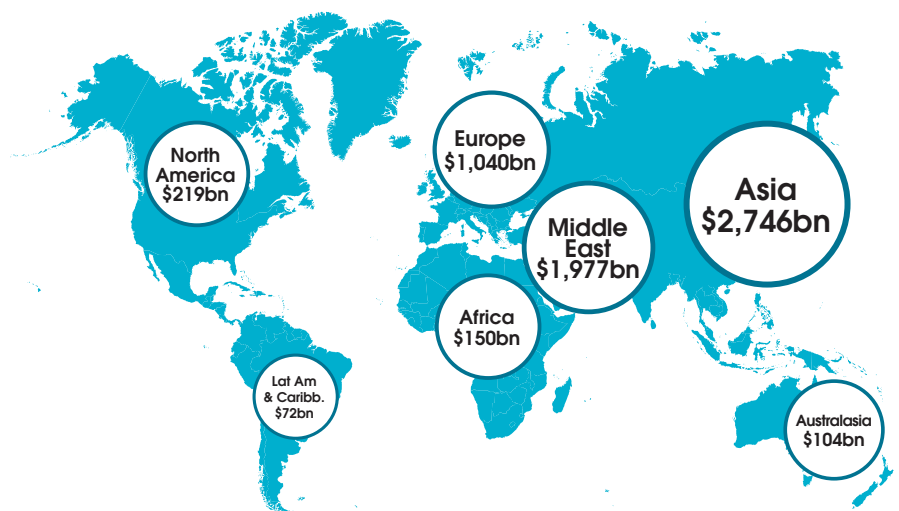
June 2015





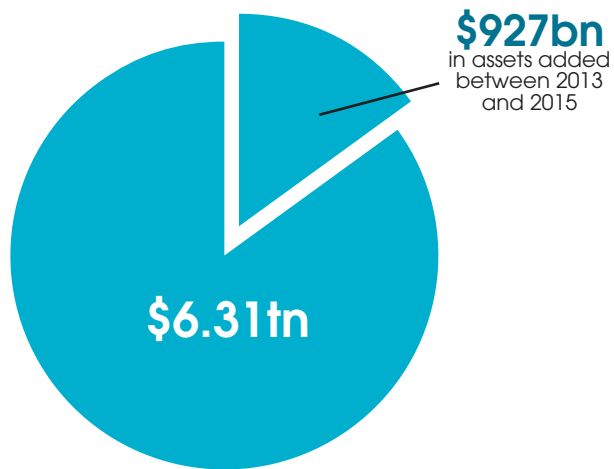
# The Importance of Sovereign Wealth Funds

## Sovereign Wealth Funds Have a Worldwide Presence\*



\*Figures denote total AUM by region.

## Sovereign Wealth Funds Grow in Number and Capital



- 73** Number of sovereign wealth funds established worldwide.
- 11** Number of sovereign wealth funds established since 2010.
- 46** Number of countries that have at least one sovereign wealth fund.
- 71%** Proportion of sovereign wealth funds that either maintained or increased their assets between 2013 and 2015.

## Sovereign Wealth Funds Are Becoming Increasingly Sophisticated



**48%** of sovereign wealth funds have been in existence for over a decade.



**52%** Proportion of sovereign wealth funds that utilize the services of an external manager.



**70%** Proportion of sovereign wealth funds that invest in at least one alternative asset class.



**Real estate** and **infrastructure** are the most favoured alternative asset classes by sovereign wealth funds.

## Sovereign Wealth Funds Invest to Aid National Policies and Stimulate Financial Markets



**58%** Proportion of sovereign wealth funds that invest in economic infrastructure.



**44%** Proportion of sovereign wealth funds that invest in social infrastructure.



**86%** Proportion of sovereign wealth funds that invest in fixed income.



**81%** Proportion of sovereign wealth funds that invest in public equities.



# How Sovereign Wealth Funds Are Uniquely Placed Among Their Peers to Take Advantage of the New Investment Environment - PwC

The investment environment is changing and sovereign wealth funds are uniquely placed to adapt and prosper within the shifting economic landscape. Global policy changes such as quantitative easing programs and low growth in many regions pose macroeconomic challenges for sovereign wealth funds and investors alike. Nevertheless, in a potentially 'new normal' low interest rate environment, sovereign wealth funds show inherent characteristics which could place them in a unique position to navigate through such factors. Effective asset allocation could be a factor in this and here we take a look at what attributes make sovereign wealth funds distinct in the institutional investor universe and how they might be able to use this for their own advantage.

## Multi-Generational Investment Horizons

Where other institutional investors hold more stringent liquidity requirements in comparison with the multi-generational mission of sovereign wealth funds, potential investments in highly illiquid asset classes and strategies are more feasible, the longer the investment horizon. Sovereign wealth funds are able to capture a wider range of return drivers and access more investment opportunities perhaps not available to their liability-driven counterparts. Does that mean that simply investing a large portion of assets in illiquid and alternative investments offers sovereign wealth funds a free lunch? Certainly not. In reality, it is a complex exercise. Investing in assets that are illiquid in nature, like real estate, private equity and infrastructure, requires a very different skillset than investing in listed equities or bonds. In order to be successful, sovereign wealth funds must build internal specialist private markets teams or hire external managers, attract skilful strategists, and ensure their investment committee dedicate sufficient time in discussing and deciding on strategy and asset allocation.

Furthermore, it also requires that the organization is fit for purpose in terms of investment governance and philosophy. A clear set of investment beliefs should drive the allocation of money to private markets, with a specific strategy developed and clearly documented for each asset class, which is in line with the overall mission of the fund. This objective is complicated by the short-term reporting requirements and stakeholder management.

Private and alternatives markets tend to be more opaque in their activities, experience a large dispersion of investment returns, and are often linked to high costs due to their largely active management approach. Sovereign wealth funds have the necessary size to ensure that they can access such asset classes on more favourable terms. Recent decisions of some of the world's large funds, such as CalPERS, to change its private equity approach and divest from hedge funds, were based on such considerations after significant consideration of investment philosophy and beliefs. Sovereign wealth funds' ability to act quickly or in a significant way can be limited due to their size. The decision of Norway to allow Norges Bank

Investment Management (NBIM) to invest in real estate is logical from a diversification perspective, but as a consequence it has had to rapidly deploy large amounts of capital in markets where recent demand for prime real estate is already high. This example also illustrates the competitive advantage of being a first mover. Being a follower with huge amounts of capital to invest can be a disadvantage.

## The Contrarian Approach

Sovereign wealth funds are in a unique position as long-term investors, with the affordability to anticipate longer term opportunities that could present more favourable valuations and higher expected returns. In this way, sovereign wealth funds can avoid the herd mentality and embrace the possibility of taking a contrarian or counter-cyclical approach, which may offer the possibility of better, long-term investment opportunities. However, in resisting comparisons to peers, being contrarian means that they need to focus on appropriate long-term goals in addition to short-term benchmarking. They must also be able to accept that investing requires courage and conviction, particularly when performance may not be favourable in the short term. It is therefore essential to have a defined mandate, a clear investment philosophy and a well-functioning and transparent investment decision-making process. In order to act as contrarian investors and play a constructive role in the stability of the global economy, sovereign wealth funds are increasingly proactive and take leadership as asset owners, with the support of stakeholders for their long-term strategy.

## Megatrends Will Shape Investment Portfolios

To ensure the robustness and sustainability of investments in a rapidly changing world, sovereign wealth funds can identify multi-generational 'megatrends' and construct a portfolio around major market movements that could potentially drive the world economy and financial markets. Having a robust process to identify long-term trends, choosing which ones to incorporate, and implementing them across asset classes would transform portfolios that capture forward-looking drivers of local and international economies. Such a process fits perfectly with the long-term nature of many sovereign wealth funds, but appears to only be currently adopted by a limited number of funds. Temasek is one of the best examples where thematic long-term thinking is embedded in the portfolio construction process and clearly communicated.

## Rebalancing

While sovereign wealth funds have at their disposal a number of characteristics unique to their nature, such investors, like any other one of their peers, must recognize the importance of rebalancing which can often remain underestimated and underutilized in terms of its impact on long-term returns. While the rebalancing of asset allocation is widely used by liability-driven investors, sovereign wealth funds and other large,



long-term investors do not appear to have given the approach sufficient focus. Accepting a rebalancing policy not only imposes discipline, but it also helps an investment organization to limit the risk of overconfidence in forecasting financial markets.

#### What if the Game Changes?

Asset allocation will vary significantly among sovereign wealth funds, particularly where factors such as the fund's mission, economic outlook and fiscal situation play an important role in the development or preservation of a country and its resources. For instance, the decision to start using the FRR fund in France to help meet the pension gap some years ago initiated an important change in investment philosophy and asset allocation.

More recently, the developments in commodity markets, particularly the decline in oil prices, are significant game changers for a number of sovereign wealth funds. Long periods of substantial cash in-flows, standstills in expansion, and in some cases a reduction of the assets; such events should initiate changes in asset allocation and even potentially changes in a sovereign wealth fund's objectives over time. External factors and market changes such as the divergence of global economic and monetary policies, major geopolitical issues, contingent liabilities and the exhaustion of national resource revenues will also have an impact on how a sovereign wealth fund can invest. Some of these factors have been materializing recently and time will tell how asset allocation will be impacted.

#### Outlook

Sovereign wealth funds worldwide are well-placed to capitalize on characteristics that are unique to their nature. The low interest rate environment in recent years has seen these investors increase their allocation to illiquid assets such as real estate and private equity. This is an appropriate move as they focus on growth and preservation of capital, compared to meeting short- and medium-term liabilities which their peers tend to be subject to. However, we are likely to see more sovereign wealth funds go further by incorporating long-term trends in their investment thinking, adopting a more contrarian approach and having a greater focus on rebalancing. This would not only be beneficial for them and their stakeholders, but also be constructive for the stability of financial markets.

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#### PwC

PwC's Global SWF team brings insight, expertise and specialist knowledge to provide world-class services to Sovereign Wealth Funds around the globe, particularly when investing in real estate, infrastructure and private equities.

As market leaders in professional services for SWFs, we help our clients in a range of matters such as Investment Governance, Operating Model Design and Tax Risk Assurance.

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# Executive Summary

Sovereign wealth funds, despite being small in number and secretive in nature, continue to capture attention as a result of their ever growing assets under management and corresponding influence on global financial markets. Today, the total assets of sovereign wealth funds top \$6.31tn (Fig. 1), more than double the capital these entities represented in 2008, the year Preqin launched its first Sovereign Wealth Fund Review.

Since the previous Preqin Sovereign Wealth Fund Review, launched in October 2013, these institutions have grown by over \$900bn, despite commodity and oil prices, the source of funding for many of the largest sovereign wealth funds, falling over 2014. Instead, the growth in assets of sovereign wealth funds has been driven by continued funding from governments and reserves as well as from investment returns generated by these investors in their continued hunt for long-term yield in a low interest rate environment.

In previous years, growth in the sector has been partially driven by the creation of new sovereign wealth funds; however, in 2014 just a single new sovereign wealth fund was formed. Ireland Strategic Investment Fund (ISIF) was created in 2014 with a mandate to invest its resources in areas that will support economic activity and employment in Ireland; this sovereign wealth fund was itself created from the assets of an existing sovereign fund, National Pensions Reserve Fund (NPRF), established in 2001.

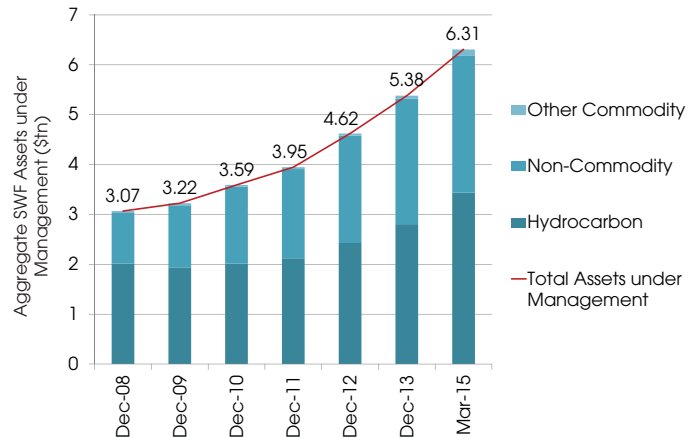
However, future sovereign wealth funds continue to be planned. The Government of Hong Kong has been recommended by a working group within the region to allocate up to a third of its annual budget surpluses into a proposed 'Hong Kong Future Fund', in order to meet the growing expenses resulting from an ageing population.

## Despite Fall in Oil Prices, Most Sovereign Wealth Funds Grow over 2014

Twenty-nine percent of sovereign wealth funds have seen their assets fall in size since 2013 (Fig. 2); of those that have lost assets over this time, half derived their capital from hydrocarbons. Falling oil prices over the second half of 2014 have led to significant withdrawals from some sovereign wealth funds by governments highly funded by such assets in order to provide stabilization or prevent recession, and also to fill funding gaps. For example, the combined assets of Russia's National Wealth Fund (NWF) and Reserve Fund have declined by over \$20bn since 2013. The effect of falling oil prices, as well as the impact of events such as the Ukraine conflict, have caused the Russian economy to shrink, leading to growing deficits in the country and the withdrawal of international funding for projects either as a result of uncertainty in the region or as a result of international sanctions. Russia has withdrawn capital from its sovereign wealth funds to cover deficits and to stimulate the economy through capitalizing banks in order to provide funding for infrastructure investments and lending. Other governments, such as that of Ghana and its Stabilization Fund, have indicated they will also be raiding sovereign wealth funds in order to cover shortfalls in oil revenue.

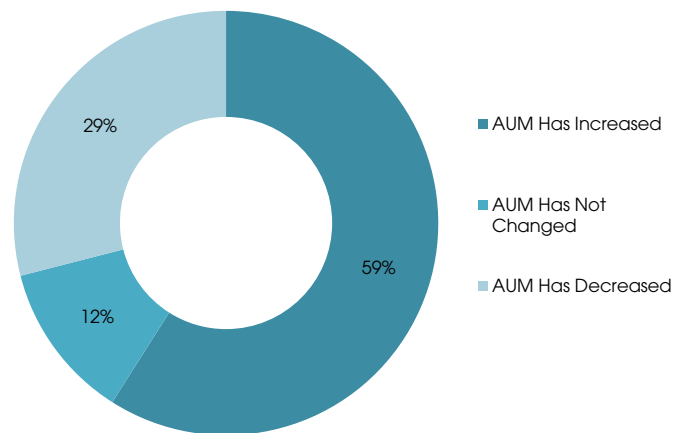
However, despite the negative impact of oil prices on some sovereign wealth funds' assets, since October 2013, 59% of

**Fig. 1: Aggregate Sovereign Wealth Fund Assets under Management, 2008 - 2015**



Source: 2015 Preqin Sovereign Wealth Fund Review

**Fig. 2: Change in Sovereign Wealth Fund Assets, 2013 - 2015**



Source: 2015 Preqin Sovereign Wealth Fund Review

sovereign wealth funds tracked by Preqin have accumulated additional assets under management. One of these sovereign wealth funds is Norway's Government Pension Fund Global (GPF), which grew by almost \$43bn over this period. However, this is a relatively small increase in its total assets compared to the previous year, when it added nearly \$180bn in assets under management. The fund was established to safeguard Norway's assets from oil production for future generations, rather than to provide short-term stabilization for Norway's economy. Therefore, even though inflows have slowed, and falling oil prices may continue to impact short-term contributions to the fund, it currently looks set to remain a long-term investor in its pursuit to meet the Norwegian Government's objectives. As the fund's vast assets under management make it an influential market participant on a global scale, many will be paying close attention to the fortunes of the sovereign wealth fund and the impact of oil prices on this most influential investor.



## Alternative Investments

The nature of sovereign wealth funds, with their longer term investment horizons and, in general, lack of short-term liabilities, allows them to take not only significant stakes in the funds and securities in which they invest, but also to maintain investments for longer periods of time. Sovereign wealth funds' capital allocations both directly to securities or assets, as well as to funds, can be characterized as among the "stickiest" of all institutional investors' allocations as they seek returns over long periods and have less need to disinvest in times of crisis or turmoil.

Traditional investments, such as equities and fixed income securities, are widely used by sovereign wealth funds and are a relatively stable part of the portfolios of these investors (Fig. 3). Alternative assets have emerged as an increasingly important portion of the portfolios of many sovereign wealth fund investors over recent years, as these investors seek to diversify their portfolios and acquire assets that can generate yield and help them meet their long-term objectives.

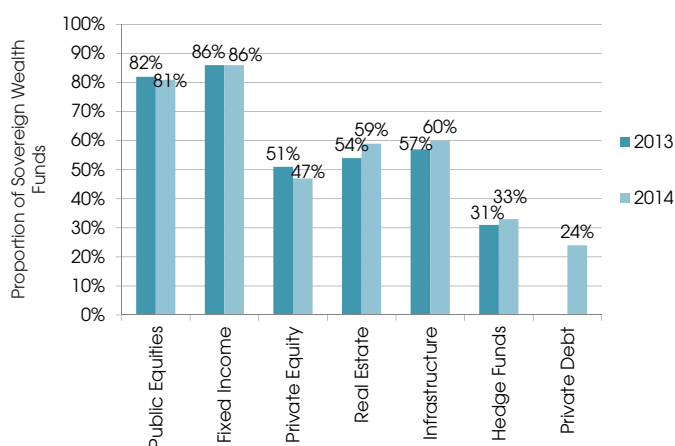
More than half of all sovereign wealth funds have investments in real assets, such as real estate and infrastructure. Investment in infrastructure projects is the most common route into alternative investment by sovereign wealth funds, with approximately 60% of all of these entities participating in the asset class in 2014. Given that many sovereign funds are established in order to build on and improve the existing infrastructure within their country or region, investment either directly or through funds has obvious advantages to help them meet this aim.

There has been significant growth in the proportion of sovereign wealth funds that allocate capital to real estate since the 2013 Preqin Sovereign Wealth Fund Review. The interest of sovereign wealth funds and other institutional investors has enabled the private real estate market to enjoy a period of success, with private real estate assets under management reaching an all-time high of \$742bn at the end of 2014. In March 2015, Blackstone closed the largest ever closed-end real estate fund after successfully raising \$14.5bn, \$1.5bn more than it targeted. Among the investors in this fund is the sovereign wealth fund New Mexico State Investment Council (SIC), which allocated \$75mn to the record-breaking vehicle.

Forty-seven percent of sovereign wealth funds invested in private equity in 2014, a decline from 2013. Despite this, many sovereign wealth funds continue to be active when investing in private equity, such as Alaska Permanent Fund Corporation (APFC) which participated in Carlyle International Energy Partners I, which closed in March 2015. APFC has been a prolific investor in private equity over recent years; it has invested in more than 30 private equity funds with a vintage year of 2014.

To a lesser extent, sovereign wealth funds are active in hedge funds and private debt, with 33% and 24% of all these investors currently investing in each asset class respectively. Private debt is an emerging alternative investment. Following the aftermath of the global financial crisis, which led to changes in traditional bank lending practices, opportunities have arisen for non-bank lenders, such as debt fund managers, to step up as a provider of credit. As sovereign wealth funds become accustomed to this new investment, as well as the potential it can offer for strong risk-adjusted returns, we can expect more of these investors to take their first steps into the private debt asset class.

**Fig. 3: Proportion of Sovereign Wealth Funds Investing in Each Asset Class, 2013 vs. 2014**



Source: 2015 Preqin Sovereign Wealth Fund Review

Please note Preqin has only been collecting Private Debt information since 2014.

Hedge funds, with their shorter investment horizons than other alternative assets, may not be suitable for some sovereign wealth funds that seek alternatives that can provide superior returns over a long cycle. With oil prices falling and many sovereign wealth funds looking to withdraw capital from their portfolios, liquidity may become more important to these entities. Hedge funds can offer a liquid, alternative return stream and we may see more sovereign wealth funds rebalance in the asset class's favour in order to diversify into an asset that can offer risk-adjusted returns and regular access to their capital.

### The 2015 Preqin Sovereign Wealth Fund Review – More Sovereign Wealth Funds, More Asset Classes, More Analysis

Preqin's first Sovereign Wealth Fund Review was launched in 2008 in response to the need for more information on these secretive entities and their investments in the private equity and private real estate sectors. Following the success of this inaugural review of the industry, Preqin received hundreds of enquiries from professionals working in all areas of finance and research that were seeking a source of data and information on the more general strategies of sovereign wealth funds. With our dedicated research team based across the globe, Preqin was able to do just that, and in this, our seventh and most comprehensive edition yet, we look across the entire investment portfolios of sovereign wealth funds.

New for 2015, Preqin has added private debt to our line-up of alternative asset classes covered in the Review, as well as more analysis and in-depth commentary on this important sector to help our clients gain the best intelligence on sovereign wealth funds. Preqin's analysis covers public equities; fixed income; private equity; real estate; infrastructure; hedge funds and private debt.

The influence of sovereign wealth funds is undeniable; with total assets topping \$6.31tn they have reached a size comparable to that of the entire alternative assets industry, which Preqin today estimates at approximately \$6.91tn.

With more sovereign wealth funds, more assets, more investments and more information than ever before, the 2015 Preqin Sovereign Wealth Fund Review is undoubtedly the most comprehensive review of the industry ever produced.



# THE ULTIMATE GUIDE TO SOVEREIGN WEALTH FUNDS

The [2015 PREQIN SOVEREIGN WEALTH FUND REVIEW](#), produced in association with PwC, is our most comprehensive review of sovereign wealth funds and their investment activity yet, featuring detailed profiles for 73 sovereign wealth funds worldwide.

The Review features information on sovereign wealth fund investment in:

- Equities
- Fixed Income
- Hedge Funds
- Private Equity
- Real Estate
- Infrastructure
- Private Debt

As well as key insights into sovereign wealth fund activity from PwC.

The 2015 Preqin Sovereign Wealth Fund Review is indispensable for anyone looking to find out more about these secretive investors.

[www.preqin.com/swf](http://www.preqin.com/swf)



# Sovereign Wealth Funds: Overview

## What is a Sovereign Wealth Fund?

Sovereign wealth funds are investment funds owned by governments of sovereign states and funded by foreign exchange and reserve assets. These assets generally include revenues accrued by the export of non-renewable natural resources, usually hydrocarbons or other commodities taxed or owned by the government, or transfers of reserves held by countries running current account and budgetary surpluses.

There are many definitions of a sovereign wealth fund and, as a result, certain institutions that may be described in some quarters as a sovereign wealth fund have been excluded from this analysis. For example, this publication does not treat the foreign assets of the Saudi Arabian Monetary Agency (SAMA) as a sovereign wealth fund. SAMA acts as Saudi Arabia's central bank, and its holdings are mostly in traditional reserve assets, and so have not been included here. We have also excluded funds that are in the very early stages of formation, as these funds are often yet to have established a final investment policy; these include the sovereign wealth fund of Israel, which has been approved but is not yet fully operational. Also excluded are funds that have been superseded by newer institutions, such as France's Strategic Investment Fund, which has been merged with two other entities to create BPIFrance.

The IMF has previously used the following definition of sovereign wealth funds in its publications: "Sovereign wealth funds are government-owned investment funds set up for a variety of macroeconomic purposes. They are commonly funded by the transfer of foreign exchange assets that are invested in the long term, overseas".

## The Different Purposes of Sovereign Wealth Funds

Sovereign wealth funds are established for a number of different reasons and have varying objectives. A number of sovereign wealth funds are funded by commodity exports and are set up to provide their countries with a stable level of income in the face of fluctuating commodity prices. Other funds funded by natural resource exports are established with the aim of maximizing returns on the income from exports and diversifying the economy away from reliance on one source. As a result of these varying goals, sovereign wealth funds also have widely differing investment policies and asset allocations. For example, Texas Permanent School Fund State Board of Education (SBOE) was created by Texas Legislature in 1854 for the benefit of the public schools of Texas. A key source of funding for the fund is its oil, gas and mineral royalty payments and leases from the land. By comparison, China Investment Corporation was created following a decision by the Chinese Government to better manage the country's foreign reserves and to reduce the amount of capital it held in US currency.

Sovereign wealth funds can also be established in order to assist in the economic and social development of a nation and its future generations. Venezuela's National Development Fund, for example, was established by the government of Hugo Chavez in 2005 in order to benefit and improve the economic and social conditions for the people of Venezuela, including financing in sectors such as education, healthcare and agriculture.

## Sources of Capital for Sovereign Wealth Funds

Sovereign wealth funds are funded through a variety of sources; hydrocarbon is the source of capital for the majority of funds and also represents the largest proportion of aggregate assets under management, as shown in Fig. 5. Although it may be too early to comment on what the long-term impact of declining oil prices (seen in the middle of 2014) will be on hydrocarbon-funded sovereign wealth funds over the longer term, the immediate effects are sure to force those sovereign wealth funds dependent on the resource to review their future investment plans and spending forecasts in order to emerge from this relatively unscathed.

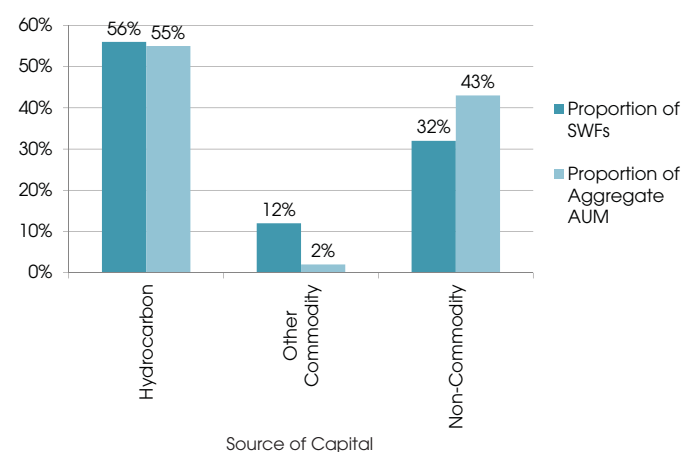
Moreover, there has been a continuing movement among sovereign wealth funds to diversify their sources of funding away from relying solely on oil revenues over the longer term as the resource depletes. One example of this is Qatar Investment Authority, which is looking to strengthen the national economy by diversifying the state's oil income. The sovereign wealth fund targets long-term strategic investments to provide capital and economic drive when its oil reserves begin to decrease (predicted to occur around 2020).

Non-commodity-sourced funds represent 43% of the proportion of capital of sovereign wealth funds. The proportion (43% in 2010, 45% in 2011, 46% in 2012 and 48% in 2013) of non-commodity capital of sovereign wealth funds has grown in recent years; however, it looks as though this trend has now stagnated. Furthermore, funds focusing on other commodities represent 12% of all sovereign wealth funds, but such funds are a small part of the industry in terms of assets under management, representing just 2% of capital.

## Assets under Management of Sovereign Wealth Funds

The assets under management of sovereign wealth funds have increased since October 2013 (time of the last publication of the Preqin Sovereign Wealth Fund Review). Total assets of the industry exceeded \$5tn in 2013, with an additional \$927bn added

**Fig. 4: Breakdown of Sovereign Wealth Funds by Source of Capital**



Source: 2015 Preqin Sovereign Wealth Fund Review





since, bringing total industry assets under management to \$6.31tn in 2015. The distribution of these funds by total assets is shown in Fig. 6.

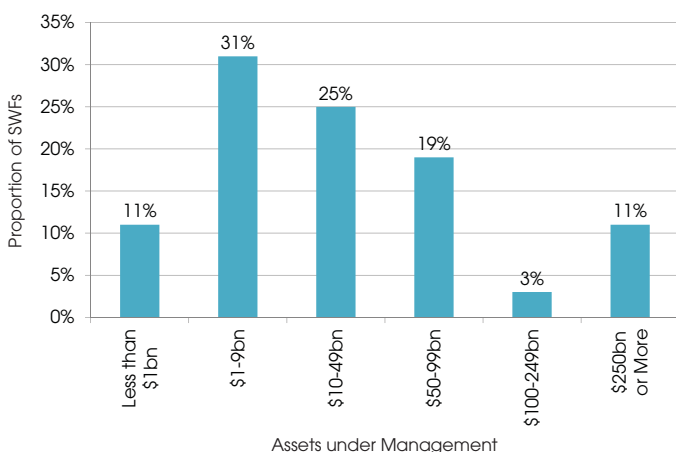
While there has only been one sovereign wealth fund established since the Review's last publication, many sovereign wealth funds have seen their assets grow significantly. One example of this is North Dakota Legacy Fund, which grew its total assets from \$1.3bn in 2013 to \$3bn in 2015. Notably, Norway's Government Pension Fund Global (GPIF), the largest sovereign wealth fund in the world, has also contributed to the industry's total assets since 2013, adding just under \$43bn to bring the fund's total assets to approximately \$818bn in 2015. Preqin data suggests that 71% of sovereign wealth funds either maintained or saw an increase in their total assets between 2013 and 2015, indicative of the continued significance of these investment entities. In 2015, 58% of sovereign wealth funds worldwide have assets under management of \$10bn or more.

### Number and Value of Sovereign Wealth Funds by Region

Collectively, sovereign wealth funds based in Asia and MENA represent just under half of all sovereign wealth funds worldwide and account for 78% of industry capital (Fig. 7). Sovereign wealth funds based in Asia represent the largest proportion of capital by region, accounting for 44% of the industry's total assets, demonstrating the significance and prominence of sovereign wealth funds in this region. However, this represents a slight decrease on 2013, when Asia-based sovereign wealth funds accounted for 47% of the industry's assets under management.

Furthermore, Europe has also seen a decrease in the proportion of total assets of sovereign wealth funds it accounts for, down from 20% in 2013 to 16% in 2015, despite containing GPIF and its growing assets under management. The decrease in the proportion of capital managed by Europe-based sovereign wealth funds can be partly attributed to difficulties within the Russian economy, largely driven by ongoing conflict in Ukraine and international sanctions against the region over the past year. Indeed, Moody's downgraded Russian sovereign debt in early 2015 with a 'negative' rating outlook. The ratings agency cited the crisis in Ukraine, the decline in oil prices as well as Russia's FX reserves and restricted access to international capital markets as reasons for the downgrade. As a result, Russia withdrew as much as \$20bn from both of its hydrocarbon-funded sovereign wealth funds in order to meet the deficit.

**Fig. 5: Breakdown of Sovereign Wealth Funds by Assets under Management**



Source: 2015 Preqin Sovereign Wealth Fund Review

Furthermore, despite the decline in oil prices over 2014, eight sovereign wealth funds in the MENA region saw an increase in their assets under management between 2013 and 2015, all of which, notably, are funded by hydrocarbon resources. Kuwait Investment Authority (KIA), for example, was able to withstand the fall in oil prices, adding \$248bn to its assets between 2013 and 2015, owing to the sovereign wealth fund's low fiscal breakeven oil prices and large financial reserves.

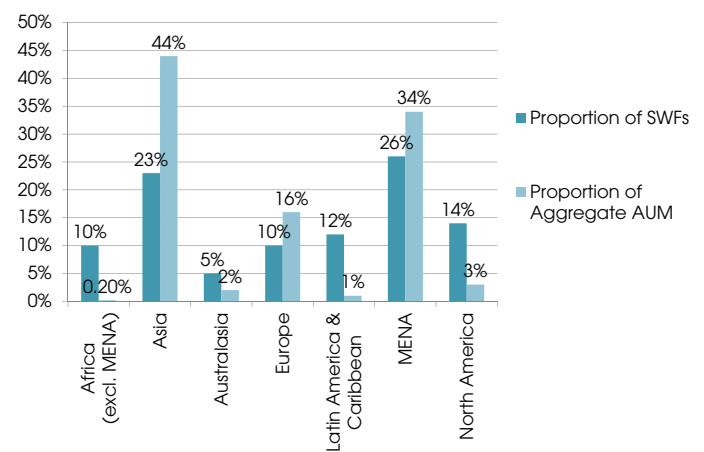
### Outlook for Sovereign Wealth Funds

Political and financial leaders worldwide have expressed their concerns over the activities of sovereign wealth funds in recent years. Questions have been raised over the long-term effects this small group managing a disproportionate sum of the world's wealth will have on the economy in years to come, considering the vast sums of assets under management at their disposal and the clandestine nature of their business operations.

Nevertheless, sovereign wealth funds have shown signs of becoming increasingly transparent to dispel rumours and speculation over their domestic and international economic considerations. Nigeria Sovereign Investment Authority (NSIA), for example, has shown its commitment to the Santiago principles of independence, openness and transparency in its operations to ensure investments are safe and to keep Nigerians informed about its activities. Sovereign wealth funds are also long-term investors playing an active or stabilizing role in the economic and social development of nations. Some have even taken steps towards socially responsible investing, such as GPIF, which divested from oil and coal companies to uphold its new strategy to combat climate change in early 2015.

Sovereign wealth funds are becoming increasingly sophisticated and are uniquely placed in their position as large, long-term, multi-generational investors. With the long-term effects of declining oil prices yet to be seen, many sovereign wealth funds would be likely to consider alternative assets as an effective means for diversification and to protect their wealth from the turbulence of equity and commodity markets. Moreover, despite concerns voiced by critics, such funds have enormous investing power and responsibility, and are increasingly showing their importance as investors in the development and preservation of the world economy, with more sovereign wealth funds likely to be set up in the future.

**Fig. 6: Breakdown of Sovereign Wealth Funds by Region**

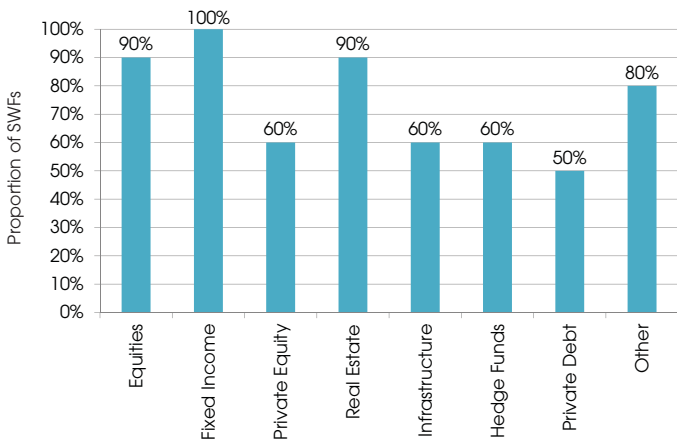


Source: 2015 Preqin Sovereign Wealth Fund Review



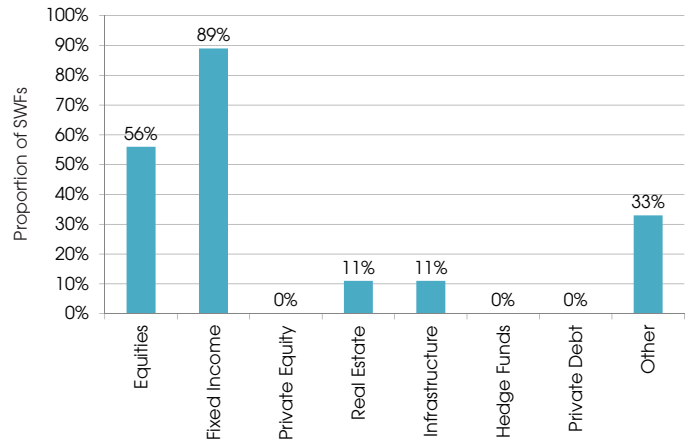
# Data Bank

**Fig. 7:** Proportion of North American Sovereign Wealth Funds Investing in Each Asset Class



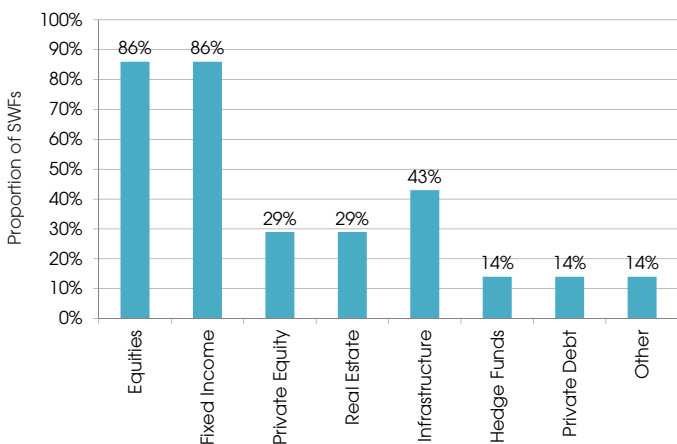
Source: 2015 Preqin Sovereign Wealth Fund Review

**Fig. 8:** Proportion of Latin American and Caribbean Sovereign Wealth Funds Investing in Each Asset Class



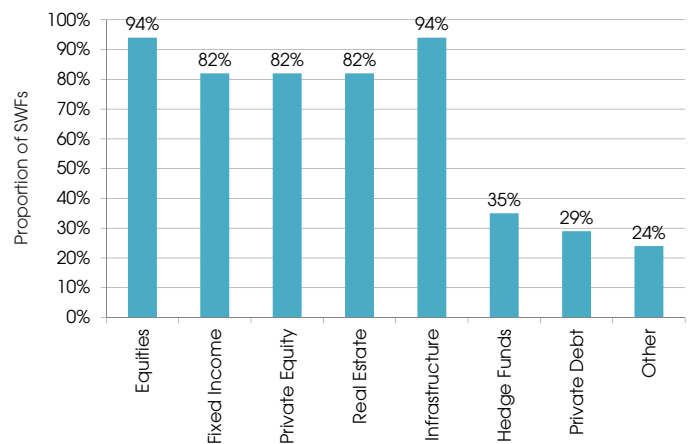
Source: 2015 Preqin Sovereign Wealth Fund Review

**Fig. 9:** Proportion of European Sovereign Wealth Funds Investing in Each Asset Class



Source: 2015 Preqin Sovereign Wealth Fund Review

**Fig. 10:** Proportion of Middle Eastern Sovereign Wealth Funds Investing in Each Asset Class



Source: 2015 Preqin Sovereign Wealth Fund Review

## Preqin's Sovereign Wealth Fund Data: A Vital Tool

Extensive profiles for all 73 sovereign wealth funds listed in the **2015 Preqin Sovereign Wealth Fund Review** are featured on Preqin's market-leading online services, providing a comprehensive overview of this distinct class of institutional investor.

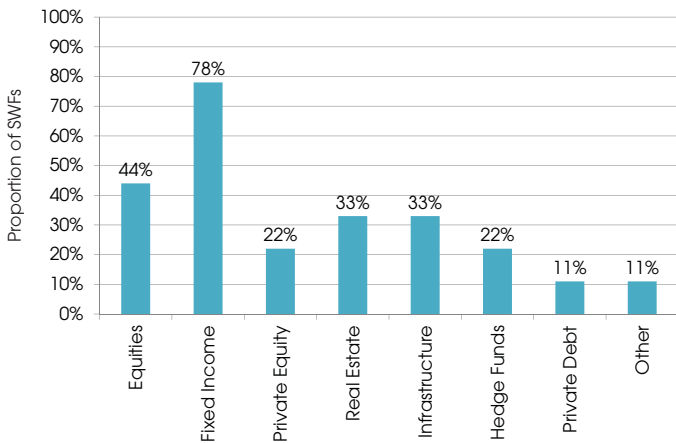
Detailed profiles include information on:

- Current and target allocations to each asset class
- Strategic and geographic preferences
- Future investment plans
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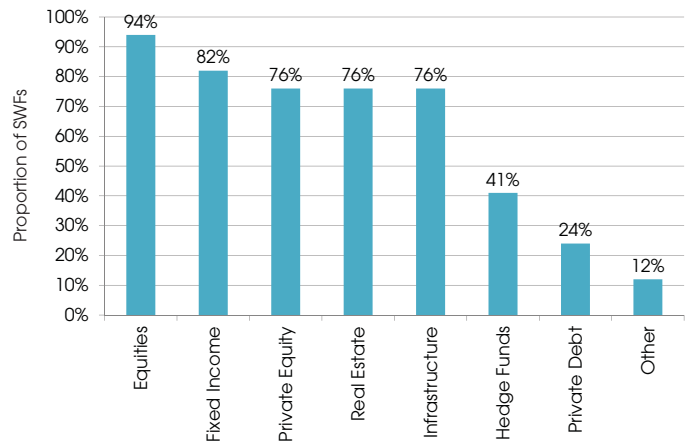


**Fig. 11:** Proportion of African Sovereign Wealth Funds Investing in Each Asset Class



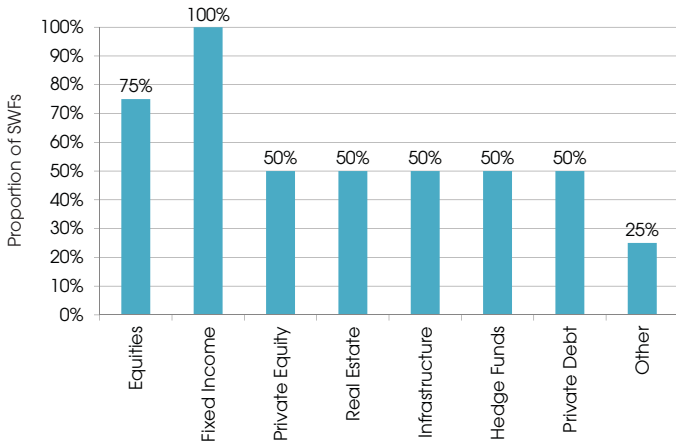
Source: 2015 Preqin Sovereign Wealth Fund Review

**Fig. 12:** Proportion of Asian Sovereign Wealth Funds Investing in Each Asset Class



Source: 2015 Preqin Sovereign Wealth Fund Review

**Fig. 13:** Proportion of Australasian Sovereign Wealth Funds Investing in Each Asset Class



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**Fig. 14:** 15 Largest Sovereign Wealth Funds by Assets under Management

Rank	Fund Name	Source of Capital	Country	Year Established	Total Assets (\$mn)
1	Government Pension Fund Global	Hydrocarbon	Norway	2006	817,957
2	Abu Dhabi Investment Authority	Hydrocarbon	United Arab Emirates	1976	773,000
3	China Investment Corporation	Non-Commodity	China	2007	650,000
4	State Administration of Foreign Exchange	Non-Commodity	China	1997	567,900
5	Kuwait Investment Authority	Hydrocarbon	Kuwait	1982	548,000
6	Hong Kong Monetary Authority	Non-Commodity	Hong Kong	1993	414,661
7	GIC	Non-Commodity	Singapore	1981	320,000
8	Qatar Investment Authority	Hydrocarbon	Qatar	2005	304,000
9	National Social Security Fund – China	Non-Commodity	China	2000	247,866
10	Temasek Holdings	Non-Commodity	Singapore	1974	160,674
11	Abu Dhabi Investment Council	Hydrocarbon	United Arab Emirates	2007	90,000
12	Korea Investment Corporation	Non-Commodity	South Korea	2005	85,000
13	Future Fund	Non-Commodity	Australia	2006	83,071
14	Samruk-Kazyna National Welfare Fund	Hydrocarbon	Kazakhstan	2008	78,000
15	Revenue Regulation Fund	Hydrocarbon	Algeria	2000	77,200

Source: 2015 Preqin Sovereign Wealth Fund Review

# 2015 Preqin Sovereign Wealth Fund Review: Exclusive Extract

June 2015

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