

## **Sovereign Wealth Funds Total Assets Grow to \$3.51 Trillion Market Recovery in 2009 Helps Some Funds to Increase AUM; Others Subject to Government Withdrawals**

Preqin's latest report, the 2010 Preqin Sovereign Wealth Fund Review, reveals that the aggregate total assets of all sovereign wealth funds (SWFs) has continued to increase over the past year. The recovery in global equities markets helped certain SWFs regain ground lost as a result of the economic downturn. However, some funds have been used by national governments to cover budget deficits and support financial institutions.

### **Key facts on sovereign wealth funds:**

- The aggregate total assets under management of all sovereign wealth funds currently stands at an estimated \$3.51 trillion, representing a 9% increase from one year ago, when the figure stood at \$3.22 trillion.
- One of the largest increases in total assets came at Norway's Government Pension Fund – Global, which reported returns in 2009 of over 25% and now has well over \$400 billion in assets under management.
- One of the largest decreases in total assets came at Russia's Reserve Fund, which has more than halved in size over the past year, with total assets now standing at around \$60 billion. Reserve Fund has been subject to withdrawals by the Russian government to assist in covering the federal fiscal deficit.
- Sovereign wealth funds based in Asia control 40% of the aggregate total assets of all sovereign wealth funds. Those based in MENA control 35%, and Europe-based SWFs manage 19%.
- Nearly 80% of all SWFs are known to invest in public equities, and a similar number invest in fixed income. Sovereign wealth fund activity in alternative asset classes is considerable, with 55% known to invest in private equity, 51% in real estate, 47% in infrastructure and 37% in hedge funds.

**FURTHER DETAILS ARE INCLUDED ON THE FACTSHEET FOLLOWING THIS PAGE**

### **Comment:**

"The increase in the aggregate assets under management of sovereign wealth funds, which has been assisted by the start of the global recovery, demonstrates that their collective influence in the world of institutional investors has not diminished. Many SWFs that had put portfolio diversification plans on hold are now considering resuming these plans, and their appetite for alternative investments continues to increase."

### **Sam Meakin – Managing Editor of the 2010 Preqin Sovereign Wealth Fund Review**

### **About the 2010 Preqin Sovereign Wealth Fund Review:**

The 2010 Preqin Sovereign Wealth Fund Review is the newest publication from Preqin, featuring comprehensive information on all aspects of investments made by sovereign wealth funds. It includes specific analysis on sovereign wealth fund activity in public equities, fixed income, private equity, real estate, infrastructure and hedge funds. It also contains for all 60 sovereign wealth funds worldwide.

For more information, please visit: [www.preqin.com/swf](http://www.preqin.com/swf)

### **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. Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: [www.preqin.com](http://www.preqin.com)

### **Note to Editors:**

- Please note that Preqin has completely replaced Private Equity Intelligence as the official company name.
- Preqin is spelled without the letter 'U' after the 'Q'.

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# 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

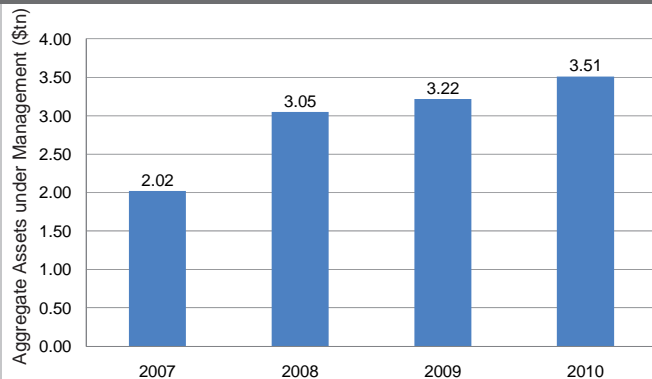
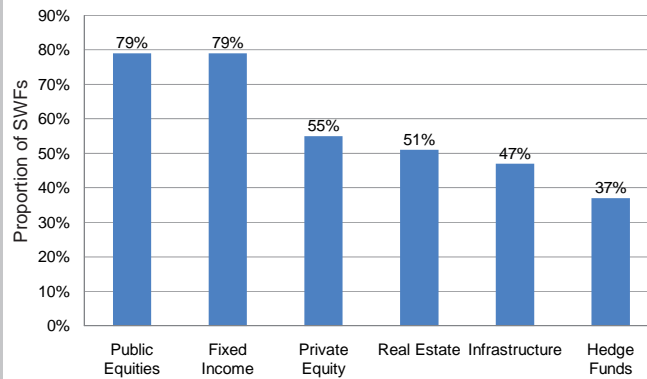


Fig. B: Proportion of Sovereign Wealth Funds Investing in Each Asset Class

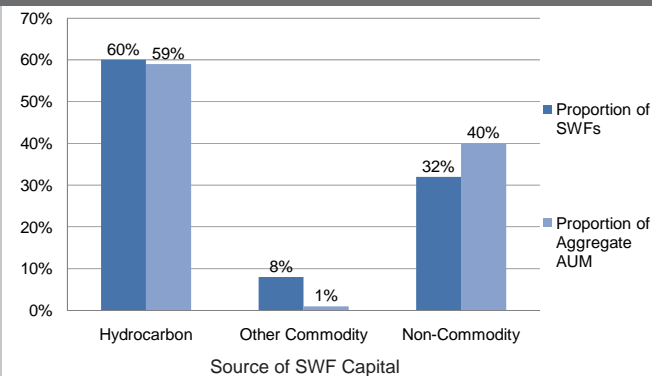


significant, with 55% of SWFs known to invest in private equity, 51% in real estate, 47% in infrastructure and 37% in hedge funds.

### 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.

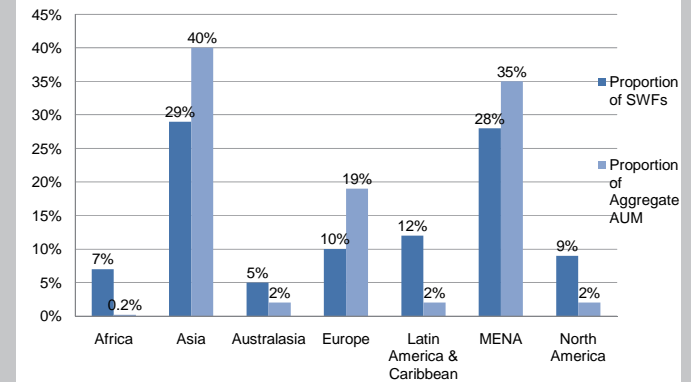
Fig. C: Sources of Sovereign Wealth Funds' Capital



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



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