

## Growth in Sovereign Wealth Fund Assets Stalls

### Global SWF AUM rises by 1% in a year, with 76 funds holding \$6.59tn as of March 2017

The total assets under management (AUM) held by sovereign wealth funds (SWF) globally has levelled in the past two years, with growth of just 3% and 1% in 2015 and 2016 respectively. **The 2017 Preqin Sovereign Wealth Fund Review**, which launches today, finds that total AUM among these investors rose from \$6.51tn in March 2016 to \$6.59tn a year later. This pace of growth is in sharp contrast to previous years: sovereign wealth fund assets grew by 17% between December 2011 and December 2012, and by a further 16% the following year.

The report also finds a wide variance in the size, scope and purpose of sovereign wealth funds investing today. The top 10 largest funds in the world collectively hold \$5.2tn in assets – 79% of the entire investor class – and their holdings are correspondingly extensive. By contrast, a quarter of sovereign wealth funds were inceptioned in the last six years, 45% of all SWFs hold less than \$10bn in assets, and 26% of all SWFs only have exposure to traditional asset classes such as public equities and fixed income.

**To access further information and analysis, please see the full report below:**

[www.preqin.com/docs/reports/2017-Preqin-Sovereign-Wealth-Fund-Review-Sample-Pages.pdf](http://www.preqin.com/docs/reports/2017-Preqin-Sovereign-Wealth-Fund-Review-Sample-Pages.pdf)

#### Other Key Sovereign Wealth Fund Facts:

- **Preqin currently tracks 76 active sovereign wealth funds, which collectively manage \$6.59tn in assets.**
- AUM of these investors grew by 3% in the year to March 2016, and just 1% in the following 12 months. This compares with growth of 17% in 2012 and 16% in 2013.
- However, **the majority of sovereign wealth funds (51%) saw their assets increase in the year to March 2017.** Only 29% saw their AUM fall, down from 36% a year previously.
- After seeing their assets fall slightly in the year to March 2016, **hydrocarbon-funded sovereign wealth funds grew by \$60bn in the 12 months up to March 2017.**
- From March 2016 to March 2017, sovereign wealth funds funded by other commodities grew by \$10bn, as did those funds funded by non-commodity sources. **These classes of SWF now command \$0.06tn and \$3.04tn in assets respectively.**
- The **proportions of sovereign wealth funds investing in public equities and fixed income are falling:** 79% of funds now commit to public equities, and 78% to fixed income products. However, 26% solely invest in these asset classes.
- Conversely, **sovereign wealth funds are increasingly investing in alternative assets.** Sixty-one percent have allocations to private equity, and 63% commit to real estate, with an equal proportion investing in infrastructure.

#### Selina Sy, Editor – 2017 Preqin Sovereign Wealth Fund Review:

“Sovereign wealth funds count among their number some of the largest single investors in public or private equities, and as such their importance as a class of investor remains large. However, the past 24 months have seen very little growth in their assets, which now stand at \$6.6tn. This is evidence of the wide range of factors that are affecting various funds globally at present – macroeconomic headwinds, low oil prices, and shifts in domestic and economic policy from their governments have all contributed to this tapering off.

The other key trend that emerges is that the traditional conception of a sovereign wealth fund as a well-established investor funded by the sale of hydrocarbons, with assets in the tens or hundreds of billions, is no longer sufficient. Increasingly, states view sovereign wealth funds as a key element of economic futureproofing, and so many are looking to set up and advance their own state-backed entities to assist the nation’s socio-economic development and diversify exposure away from a reliance on one source. As such, we may see sovereign wealth funds increasingly become as diversified as other institutional investor classes in the range, scope and ambition of their investment.”

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*Preqin is the leading source of information for the alternative assets industry, providing insight and analysis gathered by its global teams of dedicated researchers. Founded in 2003, the company is a frequent source of intelligence used in the global financial press, through its online databases, regular publications and bespoke data requests.*

**For more information, contact our dedicated press team at [press@preqin.com](mailto:press@preqin.com) or call (+44) 20 3207 0265**

New York	London	Singapore	San Francisco	Hong Kong	Manila
+1 212 350 0100	+44 20 3207 0200	+65 6305 2200	+1 415 316 0580	+852 3958 2819	

[www.preqin.com](http://www.preqin.com) / [info@preqin.com](mailto:info@preqin.com)