

Sovereign Wealth Fund Assets Surpass \$5tn

Sovereign wealth funds globally have added more than \$750bn to their total assets since 2012, the largest growth since Preqin began tracking this information in 2007

New research in the 2014 Preqin Sovereign Wealth Fund Review reveals that sovereign funds globally have added over \$750bn to their total assets under management over the last year, from \$4.62tn in 2012 to \$5.38tn in 2013. This growth, which is the largest annual increase in total sovereign wealth fund assets since Preqin began tracking this information, can be accounted for by both the number of new sovereign wealth funds formed over the last few years, as well as capital injected into existing sovereign wealth funds.

Interestingly, Asia-based sovereign wealth funds have shown some of the largest growth in assets under management, with the assets of these sovereign wealth funds growing, on average, by 19% since 2012. This is in comparison to the average 6% growth in assets under management exhibited by Middle Eastern sovereign wealth funds. In fact, Asia-based sovereign wealth funds account for a significant 47% of global aggregate sovereign wealth fund assets, despite only representing 22% of sovereign wealth funds globally by number.

Other Key Facts:

- 15 new sovereign wealth funds have been formed since 2008, with eight of these being formed in the past two years alone.
- 63% of sovereign wealth funds have seen an increase in their assets under management since 2012.
- The largest sovereign wealth fund globally is Government Pension Fund – Global, based in Norway, with \$775.2bn in assets under management; this is an increase of \$185bn since 2012.
- The proportion of sovereign wealth funds investing in private equity and hedge funds has decreased over the past year, from 57% and 38% investing in private equity and hedge funds respectively in 2012 to 51% and 31% respectively in 2013. Some of this decline can be accounted for by the growth in the number of new sovereign wealth funds being established, as these newer sovereign wealth funds typically will not allocate to alternative investments for a few years as they build up their investment teams and accumulate assets.
- However, appetite for real estate and infrastructure has remained steady, with 54% of sovereign wealth funds investing in real estate in both 2012 and 2013, and the proportion investing in infrastructure rising slightly from 56% in 2012 to 57% in 2013.
- 72% of sovereign wealth funds investing in private equity have a preference for venture capital investments, a significant increase on the 59% which cited the same preference in 2012.
- MENA, North America, and Asia-based sovereign wealth funds show the greatest appetite for private real estate investments; 81%, 80% and 75% of sovereign wealth funds respectively in each region invest in the asset class.

For more information and analysis, please see the sample pages

https://www.preqin.com/docs/samples/2014_Preqin_Sovereign_Wealth_Fund_Review_Sample_Pages.pdf

Comment:

“Despite the challenging financial landscape and political unrest, sovereign wealth funds have continued to thrive and to grow, and this trend is predicted to continue over the next few years. We are still seeing new launches of sovereign wealth funds, with many countries approving plans for new launches over 2012-13. There remains the possibility that some sovereign wealth funds may be required to cover fiscal shortfalls of governments but overall the outlook for this investor group appears positive. The level of capital flowing into alternatives from sovereign wealth funds remains extremely significant. Once the newly established sovereign wealth funds become more developed, we could see a number of new allocators to the space.”

Amy Bensted – Head of Hedge Fund Products, Preqin

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

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

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