



# 2024 ANNUAL REPORT

*“State-Owned Investors  
Powering Through Crises”*

*For questions regarding this annual report and our data services, please contact:*

Diego López  
Managing Director  
[diego.lopez@globalswf.com](mailto:diego.lopez@globalswf.com)  
+1 929 301 1895 (NY)  
+65 9070 2552 (SG)

Daniel Brett  
Head of Research  
[daniel.brett@globalswf.com](mailto:daniel.brett@globalswf.com)  
+44 771 363 4309  
London

Edward Tang  
Head of Asia  
[edward.tang@globalswf.com](mailto:edward.tang@globalswf.com)  
+65 9066 4219  
Singapore



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Diego López, Founder and  
MD of Global SWF

I am pleased to present our 2024 Annual Report, launched once again on January 1. In its fourth edition, the yearly review has become a market reference. No other institution reports data without any lag, in such detail and clarity across consistent periods, and on a complementary basis. I take enormous pride in this endeavor and do not take for granted the efforts that the team undertakes during the holidays.

The world is at a very fragile state, with a renewed interest in geopolitics and economics and a rising importance of institutional investors. Save for 2008, the term “Sovereign Wealth Fund” had never been googled so much in a 12-month period. Governments, public bodies, multilateral organizations, asset managers and service providers around the world all have asset owners in their sights. In that context, we are immensely proud to contribute to the advancement of the industry with our data and research, and with our consulting and education services.

From a macro perspective, the past 12 months were extremely challenging, with ongoing conflicts in Eastern Europe and the Middle East, with persistently high interest rates and volatile financial markets, and with the disruption of artificial intelligence. Sovereign investors are **powering through** crisis after crisis, although with different approaches. For example, there is no consensus around the exposure to China in their portfolios, although there is consistent interest in broader Asia – including from us at **Global SWF**.

In April 2023, we welcomed our first team member in Singapore, who quickly demonstrated the potential of the region for us. In November, I decided to join him on the ground to build a solid base to cover the broader region from. It is crucial that we maintain a **fluid dialogue** with Sovereign Investors and hear from them firsthand, and this year alone we were received by senior executives at the headquarters of some of the world’s largest investors in Toronto, Montréal, Abu Dhabi, Dubai, Doha, Riyadh, Kuala Lumpur, Singapore, Hong Kong, and Beijing; besides other events and meetings in New York, London, Pristina, and Kigali.

Our data and research is enriched and validated by these interactions and gets fine-tuned by our research and development teams. In 2023, we kept investing in our **data platform** and **mobile app**, adding the world’s first interactive counter for global assets under management, increasing our reporting to all outbound territories, and adding Central Banks to our universe of coverage. We reserved our monthly reports only for our subscribers, and kept growing our client base to several dozens institutions, with a very low churn rate.

Our latest educational initiative also proved successful. We hosted the two first cohorts of the **SWF Academy** in partnership with **London Business School** in Dubai and London, receiving 35 delegates from 15 Sovereign Investors of five regions. In 2024, we will hold a joint class on **May 20-24** on **LBS London Campus**. In addition, I was happy to contribute once again to academia with the article “SWF 3.0”, which was published by the Journal of International Business Policy’s special issue on Sovereign Wealth Funds in September 2023.

Lastly, I would like to comment on our values as a firm. On October 11, we issued a joint communiqué with several experts urging for the reformulation of the Santiago Principles, which were launched in 2008 to promote good governance among SWFs and have not been revised since. We are committed to challenging the status quo and to using our independence to drive positive change, namely with our **GSR Scoreboard**.

With that said, I would like to thank all our subscribers and clients for trusting us and allowing us to grow organically and sustainably. And of course, thank you to all our core team as well as our interns, partners, and faculty members, who have worked tirelessly for us to stay relevant and on top of the industry.

Please enjoy our annual report and we look forward to continuing our fluid dialogue in the year ahead.

*Happy 2024!*



# 1. Executive Summary

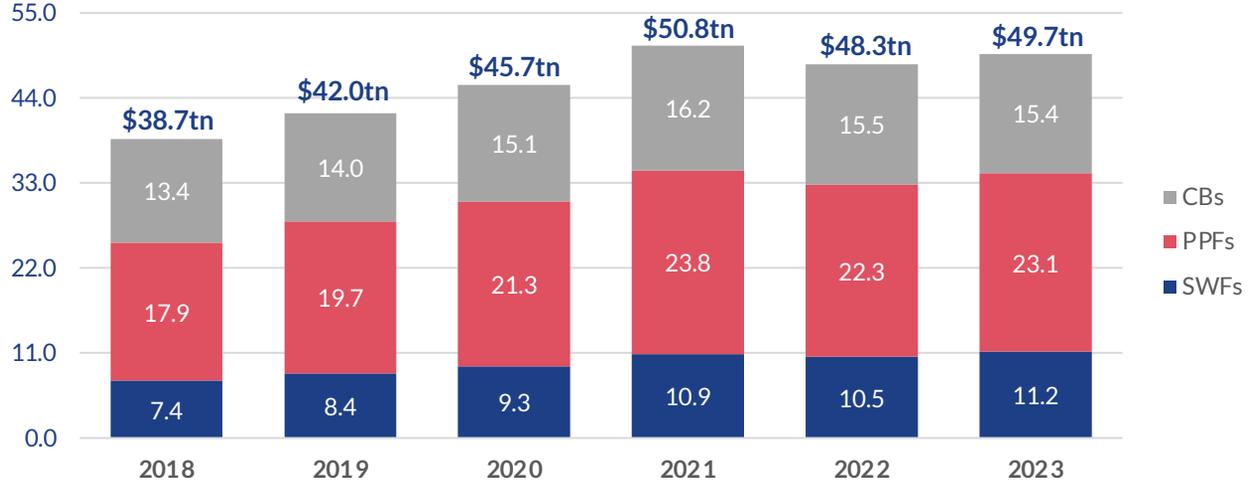


The macro scenario has made it difficult, once again, for Sovereign Investors to thrive in 2023. Inflation seems to be controlled and interest rates may finally start to drop soon, but the financial markets have reflected the geopolitical uncertainties and concerns about a potential economic crisis in coming months. The World Bank estimates 2023 global GDP growth at a poor **+2.1%**, before a timid recovery to **+2.4%** in 2024. Meanwhile, climate change continues to maintain its overwhelming importance, and AI looks set to be a global disruptor.

The recovery of financial markets and sustained high oil prices boosted the industry's AuM. Sovereign Wealth Funds (SWFs) recovered markedly and peaked at US\$ 11.2 trillion; Public Pension Funds (PPFs) increased their assets to US\$ 23.1 trillion; and Central Banks (CBs) stayed almost flat at US\$ 15.4 trillion. We expect the three groups to reach a combined US\$ 50 trillion once again, and pass the 2021 peak at some point in 2024 as they recognize the paper gains most institutions have enjoyed during the past 12 months.

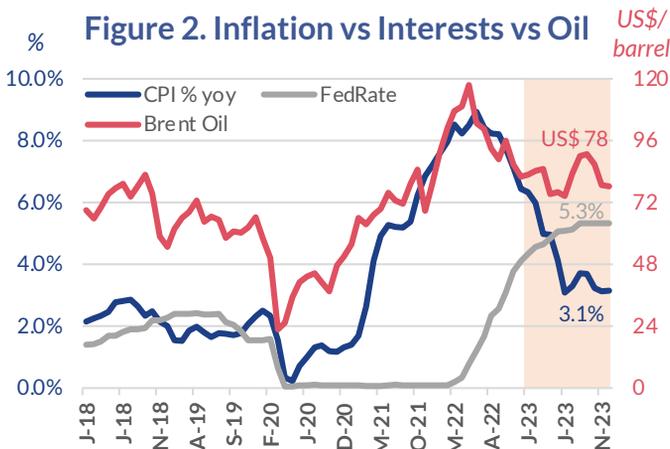
US\$ trillion

**Figure 1. Assets under Management (AuM) of State-Owned Investors**



Source: Global SWF Global Tracker at <https://globalswf.com/>

Despite volatility, financial markets performed strongly from January 1, 2023 to December 31, 2023. Most indices around the world were in the green, except for Chinese references Hang Seng and SSE, which dropped for the second year in a row to reflect the country's economic uncertainty and deceleration of growth. Global bonds and stocks were up **+8.4%** and **+20.7%** respectively, and private markets also had a good year, with the PE benchmark growing **+33.6%**, and with infrastructure maintaining a more modest growth at **+2.5%**.



Source: Yahoo Finance, EIA

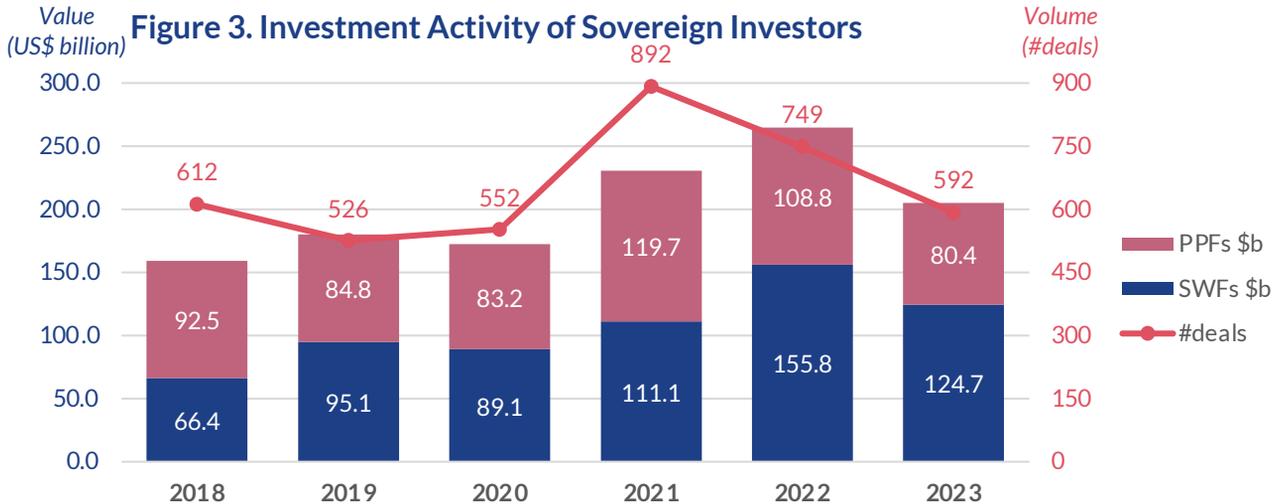
**Table 1. Return of asset classes 2022 vs 2023**

Asset Class	2022	2023	Benchmark
Fixed Income	-14.8%	+8.4%	S&P500B
Public Equities	-18.7%	+20.7%	S&PGL1200
Real Estate	-28.4%	+8.3%	S&P500RE
Infrastructure	-3.7%	+2.5%	S&PGLInfra
Private Equity	-31.7%	+33.6%	S&PLPE
Hedge Funds	-3.6%	+5.9%	EH HFI
Average Oil Price	US\$ 99	US\$ 82	Brent Oil

Source: S&P, EurekaHedge, Yahoo Finance



In 2023, SOIs invested less, and less often, than in 2022. This may signal an overly cautious approach, as there is no shortage of capital to put to work among these institutions. The average deal stayed constant at US\$ 0.35 billion, with ventures remaining unpopular. Compared to 2022, investments by SWFs fell **-20%** to **US\$ 124.7 billion** in 324 transactions; while investments by PPFs fell **-26%** to **US\$ 80.4 billion** in 268 deals.



Source: Global SWF Data Platform. Figures include private market transactions and sizeable and long-term equity deals, and exclude domestic developments and Government transfers

**PIF** was the lead investor with US\$ 31.6 billion deployed in 49 deals, 33% more than in 2022. In a short span of eight years since its reformulation, the Saudi institution has become a powerhouse both at home and overseas, with the objective of advancing Vision 2030 and of becoming the world's largest SWF by 2030. Together with **PIF**, four other Gulf funds were again at the Top 10 most active dealmakers globally: the three Abu Dhabi SWFs (**ADIA**, **Mubadala**, **ADQ**), and Qatar's **QIA**. We refer to the five of them as the "**Oil Five**".

The league table is completed by Singapore's **GIC** and **Temasek**, which were active but not as much as in 2022, by three of the "**Maple Eight**" Canadian funds (**CPP**, **BCI**, **OTPP**). Canada's **CDPQ** (Fund of the Year in 2022) maintained a lower profile in 2023 and dropped from the Top 10 list. Overall, Singaporean and Canadian funds reduced their activity by **-51%** and **-36%** respectively, while GCC investors were almost flat.

The regional preferences of the top investors are changing and there seems to be a renewed interest in emerging markets. Half of the leaderboard invested more in emerging markets than in any other region in 2023, with strong interest in China, Indonesia, Brazil, and especially, India. The South Asian country went up in the ranks to become the second most popular destination after the US, and ahead of the UK and of China.

In terms of industries, over a quarter of the investments in 2023 were in real estate, an interest in relative terms we had not seen since 2014. Financials and infrastructure stayed popular too, with 19% and 18% of the deals respectively. Investment in industrial conglomerates increased due to the domestic investments of Gulf investors, while technology is increasingly integrated with other industries.

Co-investments are becoming more and more popular and for the first time grew over US\$ 30 billion. Gulf and Canadian funds were prevalent in co-investments, as well as the king of co-investment **GIC**. State-Owned Investors also sustained significant divestment activity, including IPOs that allowed Middle Eastern funds to monetize some of their most valued domestically grown assets.

Lastly, most sovereign investors saw their US Equities portfolio grow due to the recovery in share values. Interest remained high in Indian stocks, while it waned in European and Chinese equities.



The forward-looking section of “**The World in 2024**” analyzes what 2024 may have in store for us and we are treated to an insightful column by Paul O’Brien. Former Deputy CIO of **ADIA** and faculty member of the **SWF Academy**, Paul breaks down what sovereign investors might be considering in this environment, including (i) rebuilding allocations to fixed income; (ii) extending duration; (iii) considering allocation to private credit; (iv) reconsidering leverage; (v) re-underwriting assets; and (vi) thinking of impacts on hedge funds.

We find a high correlation between these views and some of the key themes leading allocators, including **GIC**, **CPP**, **Future Fund**, **NZ Super**, **ADIA** and **NBIM**, have been working on in the past year. This year, we also offer a “**State of Play**” of each major asset class and how these may build up for the year ahead. We continue to see interest in private equity and credit, and in infrastructure and energy.

As in previous years, we thought long and hard about the “**2023 Fund of the Year**” and decided that **NBIM** was a worthy recipient of the award. The Norwegian manager, which invests on behalf of **GPFG**, recently celebrated its 25 years of global investing and stewardship and continues to serve as a role model for governments setting up new SWFs. In 2023, the fund not only recovered past losses and beat its benchmark, but also continued to build its brand as one of the world’s most influential asset owners. The award is presented to Daniel Balthasar and Pedro Furtado Reis, the Co-CIOs of the US\$ 1 trillion listed equities portfolio.

The “**Theme of the Year**” goes to Energy Transition, which has been debated over and over in the past 12 months. The agenda is being delivered across asset classes, from basic resources to infrastructure and renewable energy, to industrial development and climate tech. Sovereign Investors are gaining exposure to all segments as well as greening existing “black” assets through decarbonization, and deployed a historical maximum of US\$ 26.1 billion in “green assets”. Gulf SWFs were responsible for almost half of that figure.

The “**Region of the Year**” was equally obvious, as all eyes are on the Gulf Cooperation Council (GCC). In 2023, the AuM of SWFs in the area reached a historical peak of US\$ 4.1 trillion, and the investment activity, even if slightly lower than in 2022, amounted US\$ 82.3 billion, led by the so-called “**Oil Five**”. The section sheds a light on the different ways capital is managed across the GCC, on the rise of private offices, on the national champions, on the regional stock markets, and on the geopolitics and support within the GCC and beyond.

The section on “**Operational Matters**” is especially relevant this year as we study several key trends that are shaping the future of the industry. First, we look at the rise of domestic-focused vehicles and the true international firepower of SWFs; and also at the relative size of State-Owned Investors compared to the size of their countries’ GDPs. We then explore other key topics that we have covered throughout the year:

- The establishment of new funds: in 2023, we saw five new SWFs being set up (**Maharlika**, **HKIC**, **Pakistan**, **Kosovo** and **Mozambique**), and significant progress with 10 others that could join the club soon;
- The opening of new offices overseas: in 2023, sovereign investors opened nine representative offices, mostly in New York, London and Singapore, and we could see three more in Q1 2024;
- The appointment of new CEOs: 32 top executives were appointed during the year, a significant churn rate. We predict some key changes in the Gulf-based funds in the next 12 months; and
- The appointment of new CIOs: 21 top investment executives were appointed at existing or new funds. **CalPERS** is, once again, looking for one.

Finally, we offer a revised set of projections in the section “**State-Owned Investors 2030**”, considering the recovery of the industry’s AuM this year. It is never easy to predict seven years down the road for an ever-changing industry, but we expect global assets of State-Owned Investors, including Sovereign Wealth Funds, Public Pension Funds and Central Banks, to reach US\$ 54.9 trillion by 2025, and US\$ 71.0 trillion by 2030. By then, the table may be led by Norway’s **NBIM**, Saudi’s **PIF** and Japan’s **GPIF**, with US\$ 2+ trillion AuM each.

The report finishes with some rich appendices, including the latest ranking table for the Top 100 SWFs, PPFs and CBs in terms of AuM / reserves and GSR scores; a summary of all the monthly reports shared this year with our clients; and the series of “**Cities of Interest**” including London and New York.



Figure 4. Top 15 Countries by SOIs (US\$ billion)

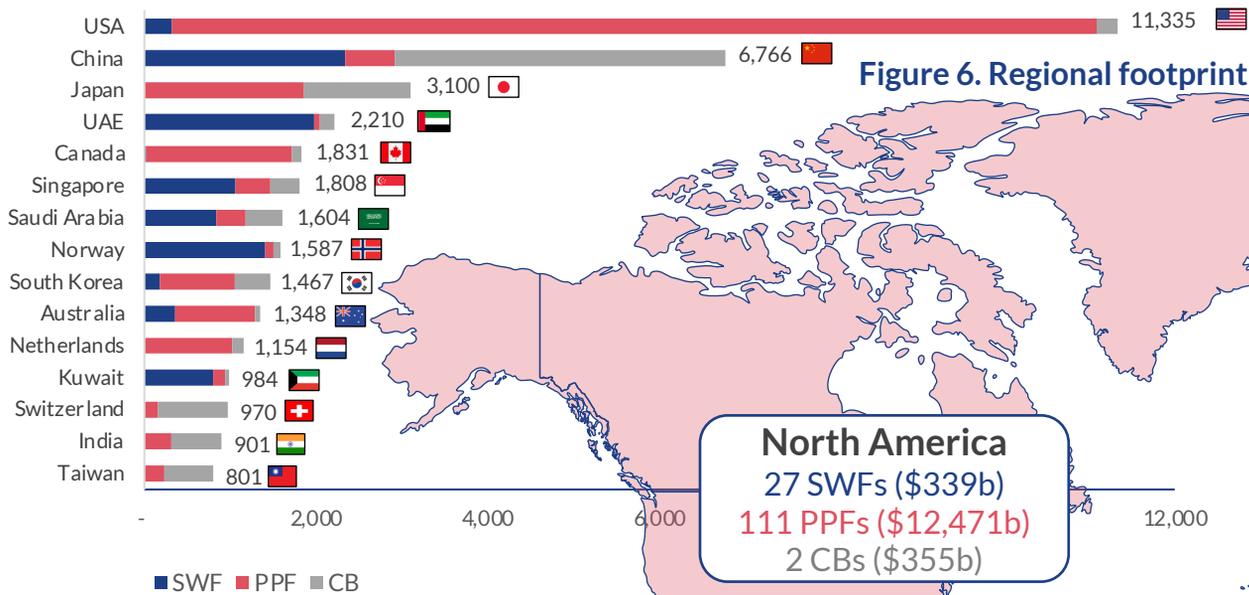


Figure 6. Regional footprint of SOIs

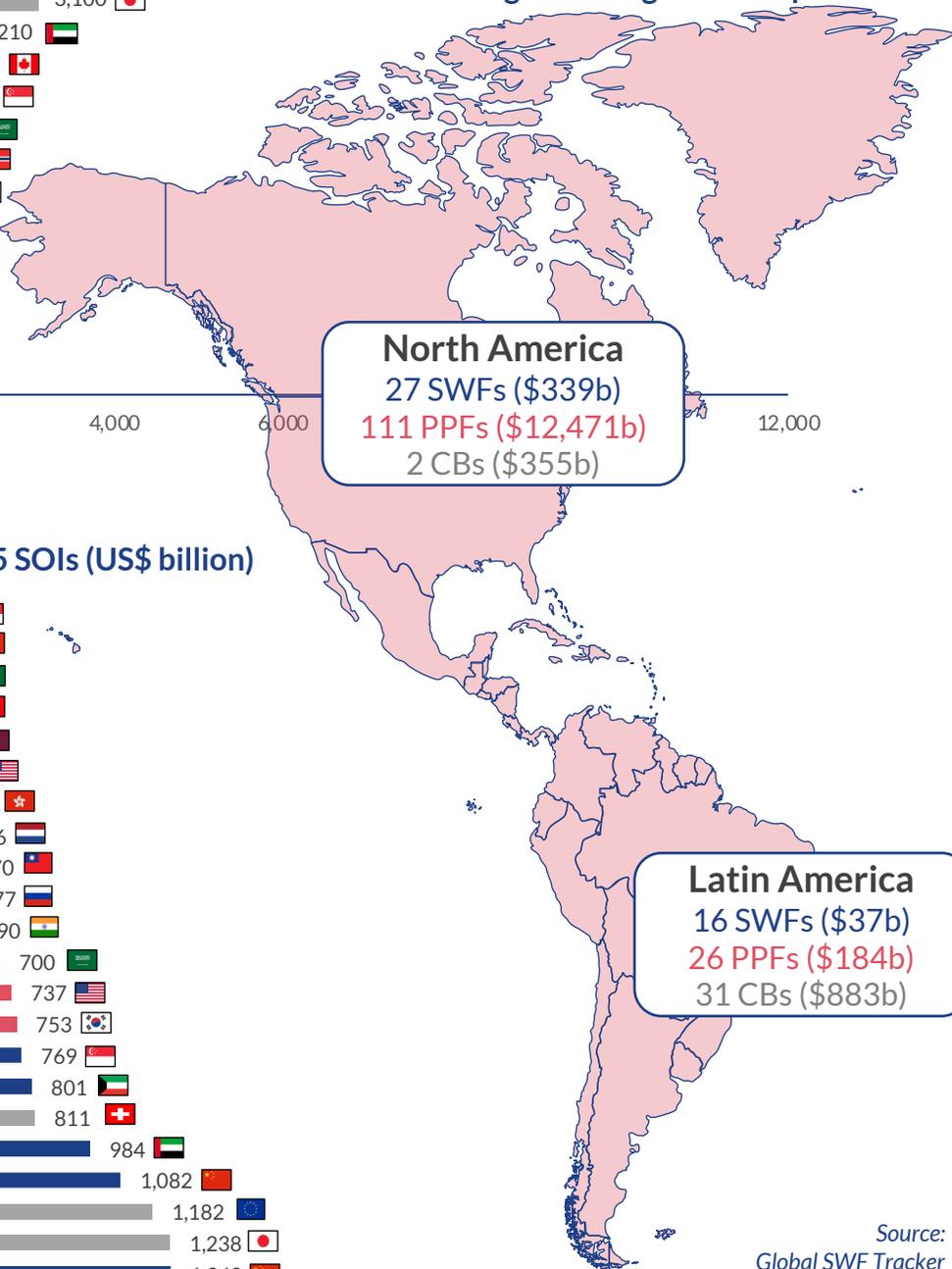
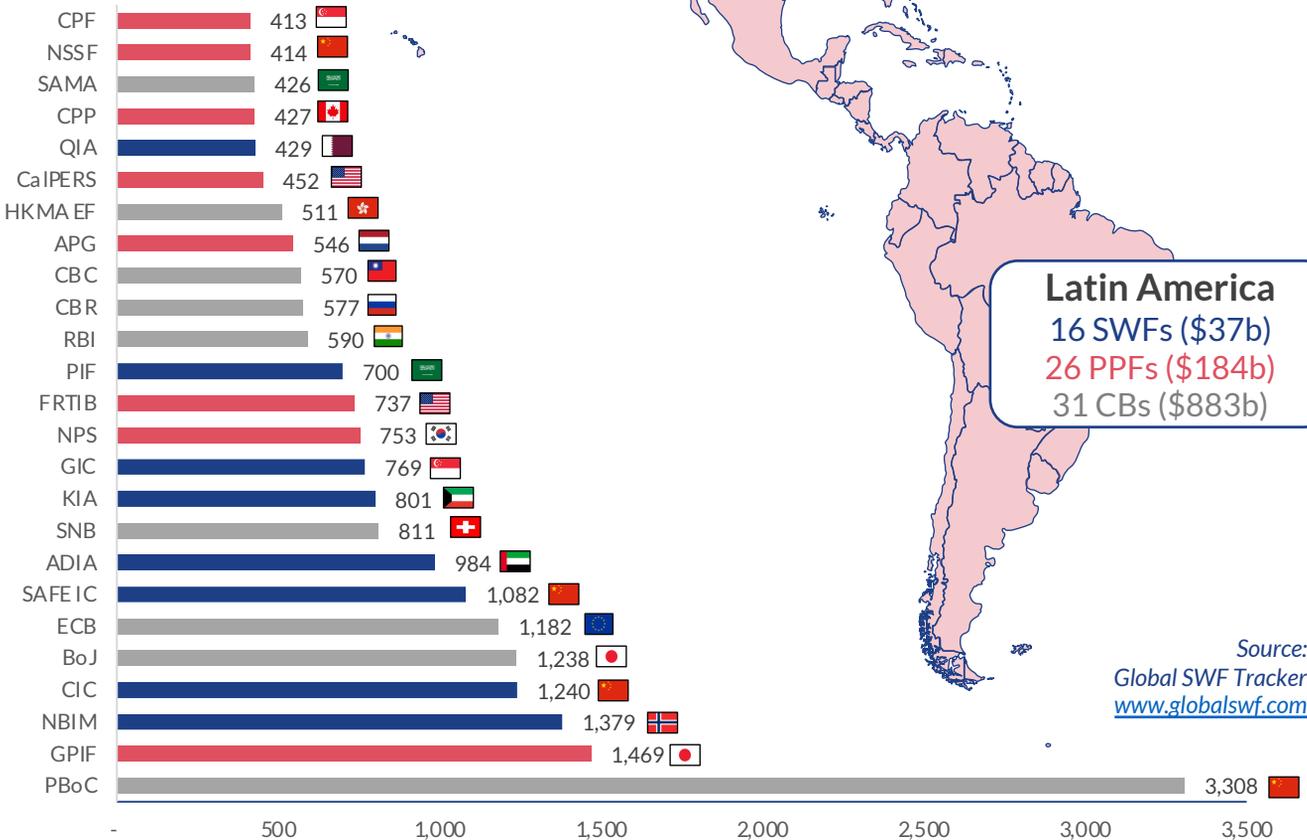
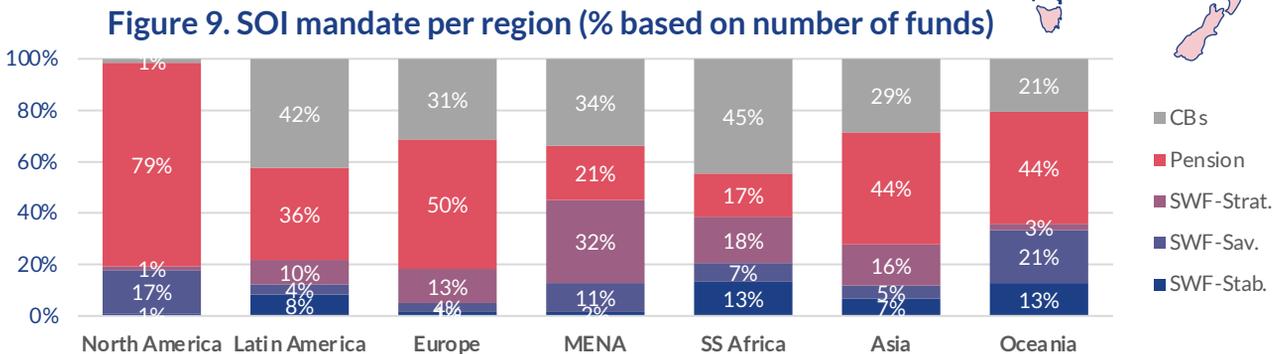
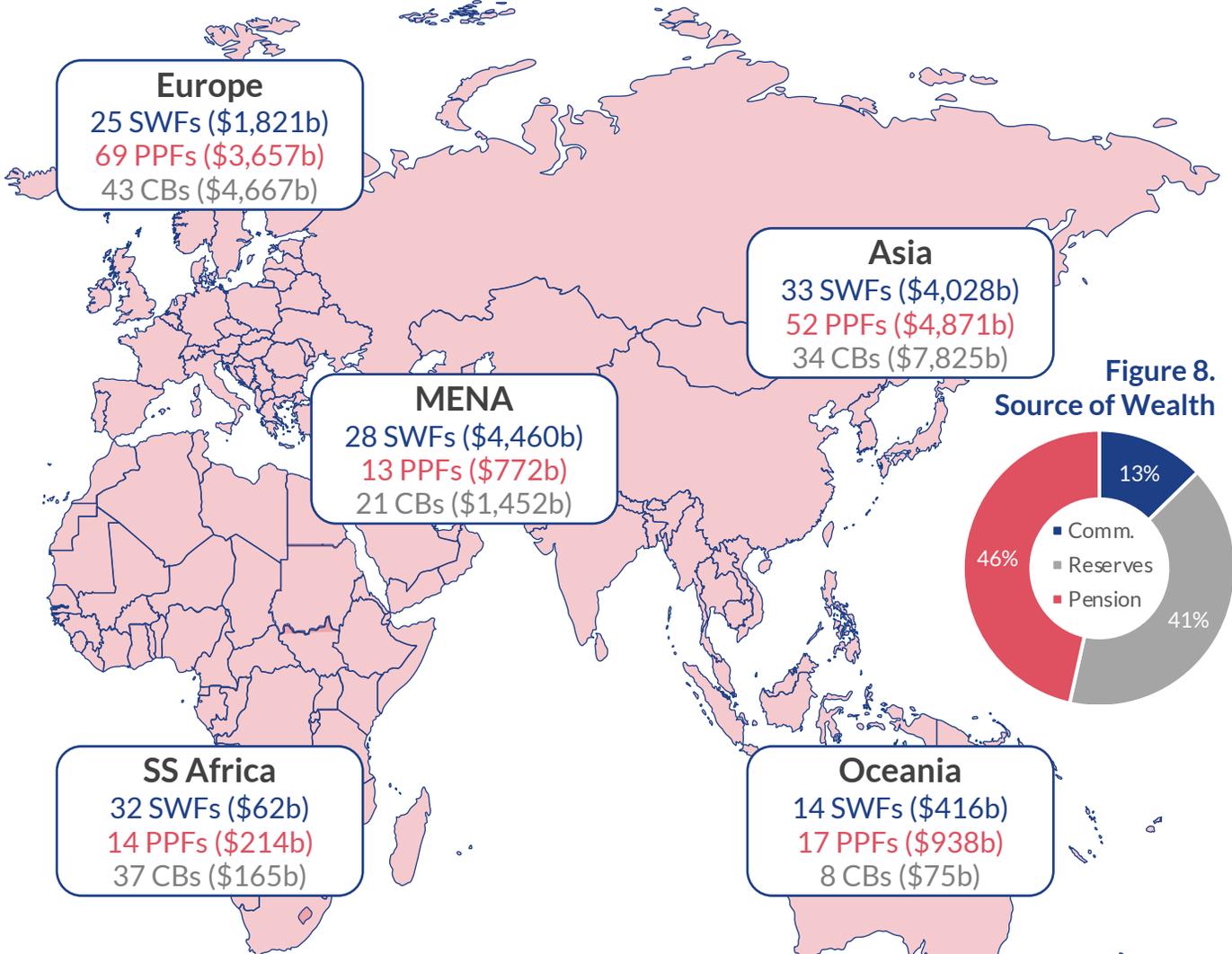
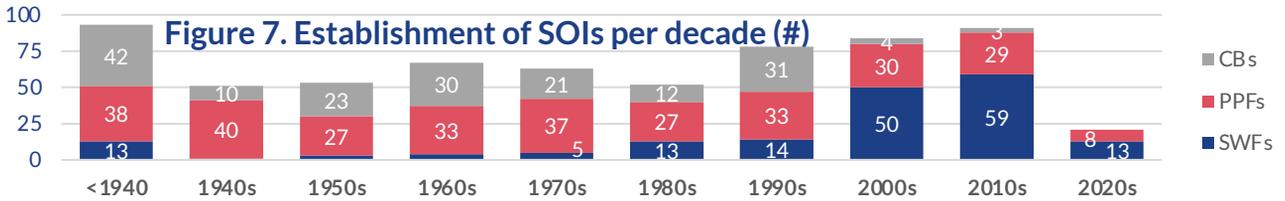


Figure 5. Top 25 SOIs (US\$ billion)



Source: Global SWF Tracker [www.globalswf.com](http://www.globalswf.com)





# 2. Year 2023 in Review

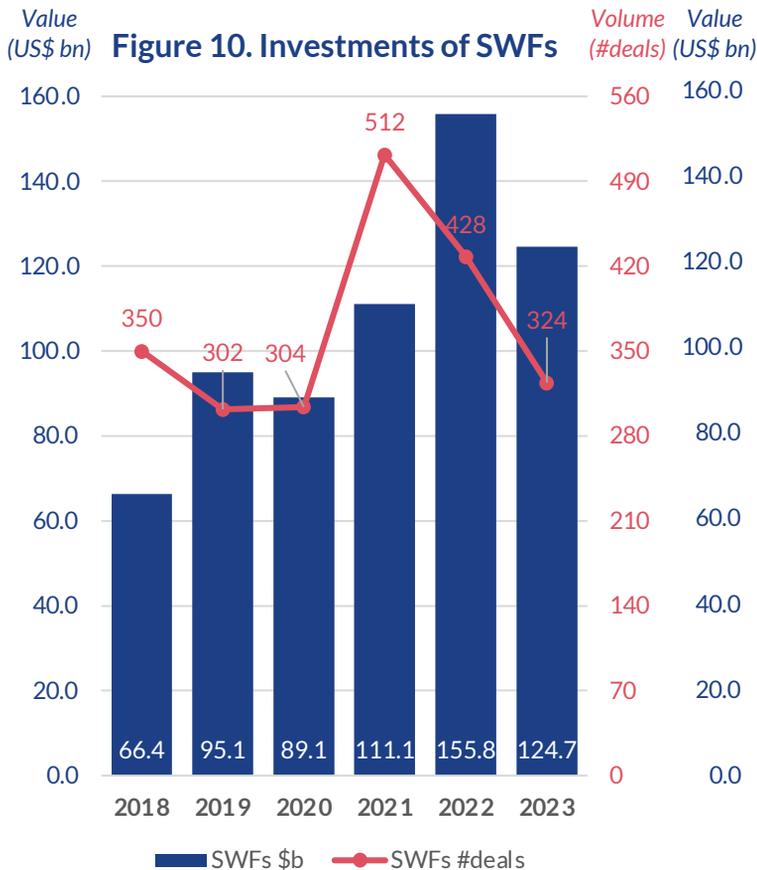


We saw a fair degree of market volatility and distress in 2023, and Sovereign Investors continue to operate cautiously. The recovery of equity markets as well as the sustained high oil prices pushed the size of the industry as it recovered from a dismal 2022. Yet, funds invested less frequently. Average ticket sizes continued to rise as investors favored large deals in infrastructure and energy over smaller venture capital commitments.

- **SWFs** deployed US\$ 124.7 billion (-20% down from 2022) in 324 deals (-24% down from 2022), with an average ticket size of US\$ 385 million. The “**Oil Five**” (five most active Middle Eastern funds) continued to gain market share and to drive the activity of SWFs globally, despite the drop in deals by Singaporean funds.
- **PPFs** had again a slow year and deployed US\$ 80.4 billion (-26% down from 2022) in 268 deals (-17% down from 2022), with an average ticket size of US\$ 300 million. The “**Maple Eight**” (eight largest Canadian funds) were especially slow but Australian, US and European pension funds supported investment flows.

The three largest tickets of the year were paid by Saudi Arabia’s omnipresent fund **PIF**. In April, it paid US\$ 4.9 billion for US gaming company Scopely, via subsidiary Savvy Games Group. In August, it acquired Standard Chartered’s aircraft leasing division in a US\$ 3.6 billion deal, via AviLease. And in September, it agreed to buy SABIC’s steel unit Hadeed for US\$ 3.3 billion. The variety of deals shows the unparalleled bandwidth and reach of **PIF** and its subsidiaries, which are forming a wide net to capture any value-add for Saudi Vision 2030.

The year also saw significant support of sovereign investors to their domestic economy. Saudi Arabia’s “other fund” **NDF** agreed to finance the construction of the world’s largest green hydrogen production plant to be built in Oxagon city at NEOM; Kuwait’s **PIFSS** received US\$ 8.1 billion worth of land from the government; Türkiye’s **TWF** injected over US\$ 5 billion into three state-owned banks; and China’s **CIC** agreed to absorb 20% of the Bank of Hunan and to buy more shares in the country’s four largest banks, via subsidiary Central Huijin.



Source: Global SWF Data Platform. Figures include private market transactions and sizeable and long-term equity deals, and exclude domestic developments and Government transfers



**Table 2. Top 10 SOIs by fresh capital deployed\* in the past 6 years (US\$ billion)**

Fund	2018	Fund	2019	Fund	2020	Fund	2021	Fund	2022	Fund	2023
GIC	18.8	GIC	24.0	GIC	17.7	GIC	34.5	GIC	40.3	PIF	31.6
CDPQ	13.7	CPP	17.4	CPP	14.6	CPP	23.7	ADIA	25.9	GIC	19.9
CPP	13.3	Temasek	13.7	CDPQ	12.1	Mubadala	14.5	PIF	20.7	Mubadala	17.5
NYSCRF	11.7	QIC	12.2	Mubadala	11.9	CDPQ	14.4	Temasek	13.5	ADIA	13.2
Temasek	8.2	PIC	11.5	Temasek	11.4	APG	13.5	CPP	12.1	CPP	9.4
PIC	6.5	ADIA	10.2	NYSCRF	11.3	OTPP	12.7	Mubadala	11.3	BCI	7.3
OTPP	5.9	NYSCRF	9.3	ADQ	8.6	OMERS	12.7	CDPQ	10.3	Temasek	6.3
OMERS	5.8	CDPQ	8.0	DP World	8.5	ADIA	10.8	ADQ	8.7	QIA	5.9
PSP	5.7	PSP	7.8	NPS	7.9	Temasek	10.6	OTPP	7.9	ADQ	5.8
TCorp	4.6	Mubadala	7.6	PIF	7.9	ADQ	7.2	QIA	7.1	OTPP	5.3

Source: Global SWF Data Platform. \* Investment data refers to private market transactions (RE, Infra, PE) and certain public market deals that are sizable and long-term in nature. It does not include domestic developments (e.g., PIF's RIA) or transfers from Government (e.g., ADQ's Etihad).

The 2023 league table is led, for the first time in six years, by a fund other than **GIC**. The Singaporean SWF reduced its investment activity by **-37%** in volume and by **-46%** in value, despite having received one of its largest inflows ever from the central bank **MAS**, US\$ 144 billion, which it will need to put to work. Most of this reduction came via developed markets, as the activity in India, China, Brazil and Indonesia was much higher.

The clear winner was Saudi's **PIF**, which has become a heavy-hitter both at home and overseas. In the Kingdom, it pursued frequent deals and JVs to keep advancing the domestic economy towards Vision 2030. Overseas, it closed investments in Scopely in the US and Nintendo in Japan (gaming), in Vale Basic Materials in Brazil (mining), and in Heathrow airport and Rocco Forte Hotels in the UK (real assets), among others.

The Saudi fund is accompanied by the other four "Oil Five" Gulf SWFs in the Top 10: **ADIA**, **Mubadala** and **ADQ** in Abu Dhabi and **QIA** in Qatar. The table is completed by three Canadian funds (**CPP**, **BCI**, **OTPP**) and the other Singaporean investor (**Temasek**), which has kept a lower profile in 2023 following our methodology. Gulf SWFs have increased their domination of the global transaction activity, to the detriment of Singaporean and Canadian funds, and now represent 40% of all investment value deployed by Sovereign Investors.

**Figure 12. Investments by GCC, SE Asian and Canadian SOIs (US\$ billion)**

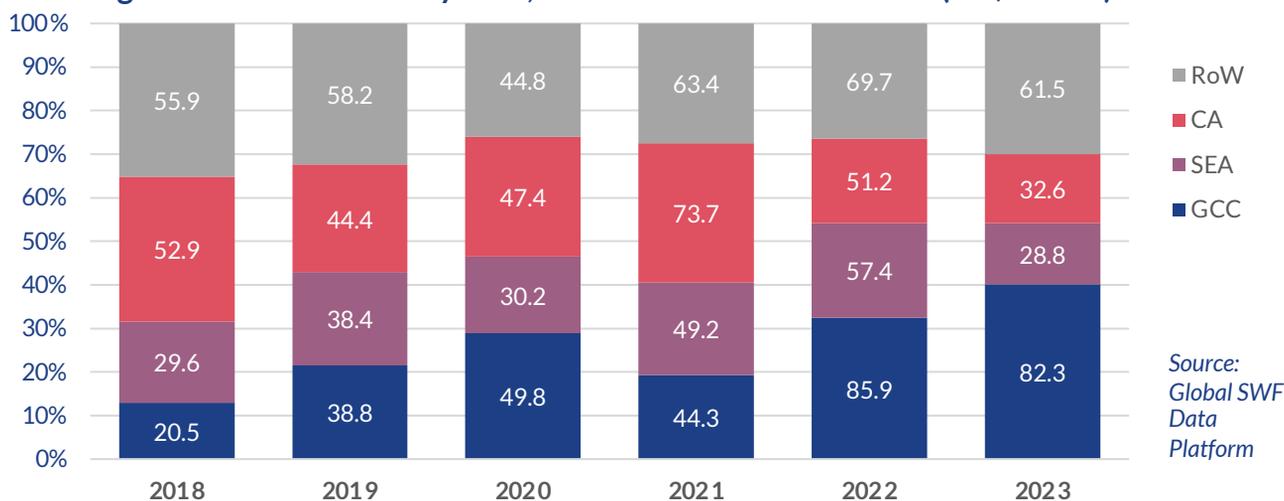
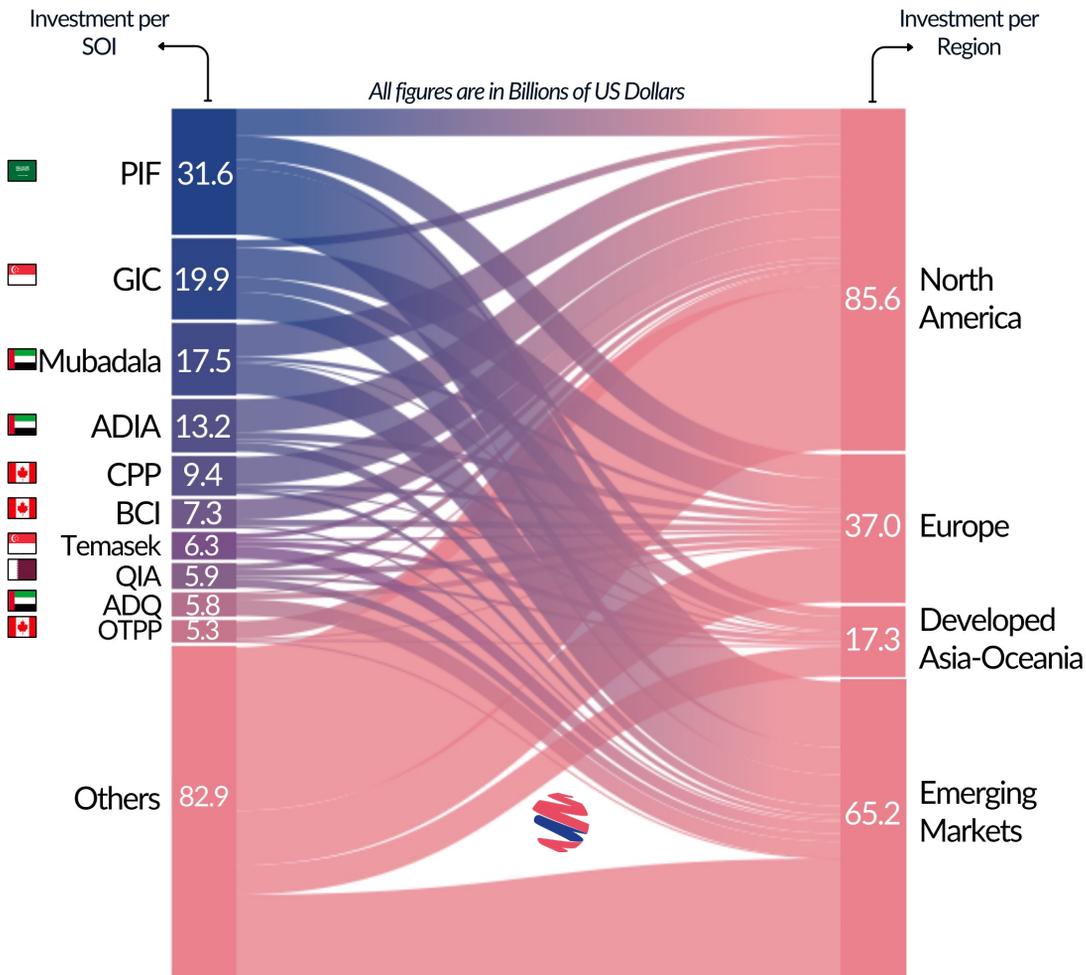




Figure 13. Region of Focus of Top 10 SOIs in 2023 (US\$ billion)



Source: Global SWF Data Platform, Vizualyitiks infographic

Table 3. Recipients

Country	\$b 2023	% 2022
1.US	82.9	-1%
2.IN	16.7	+22%
3.SA	15.9	+111%
4.UK	15.8	-49%
5.CN	8.3	+333%
6.BR	7.6	+273%
7.AU	7.3	-77%
8.TK	6.9	+19%
9.JP	5.4	+63%
10.AE	4.7	-58%
11.NL	4.7	+134%
12.FR	3.7	-15%
13.ES	3.4	+188%
14.DE	3.3	-74%
15.KR	2.9	-22%
16.CA	2.9	-60%
17.SE	2.6	-34%
18.ID	1.5	-61%
19.SG	1.5	-78%
20.IE	1.4	n.a.
21.MY	1.1	+622%
22.EG	0.9	-81%
23.IT	0.8	-85%
24.NG	0.5	+238%
25.CH	0.4	-41%
26.PP	0.3	+900%
27.BE	0.3	-4%
28.QA	0.3	n.a.
29.OM	0.3	-57%
30.IC	0.2	n.a.
31.HK	0.2	-92%
32.FI	0.2	n.a.
33.KW	0.2	+230%
34.IR	0.1	n.a.
RoW	0.1	n.a.
<b>Total</b>	<b>205.1</b>	<b>-22%</b>

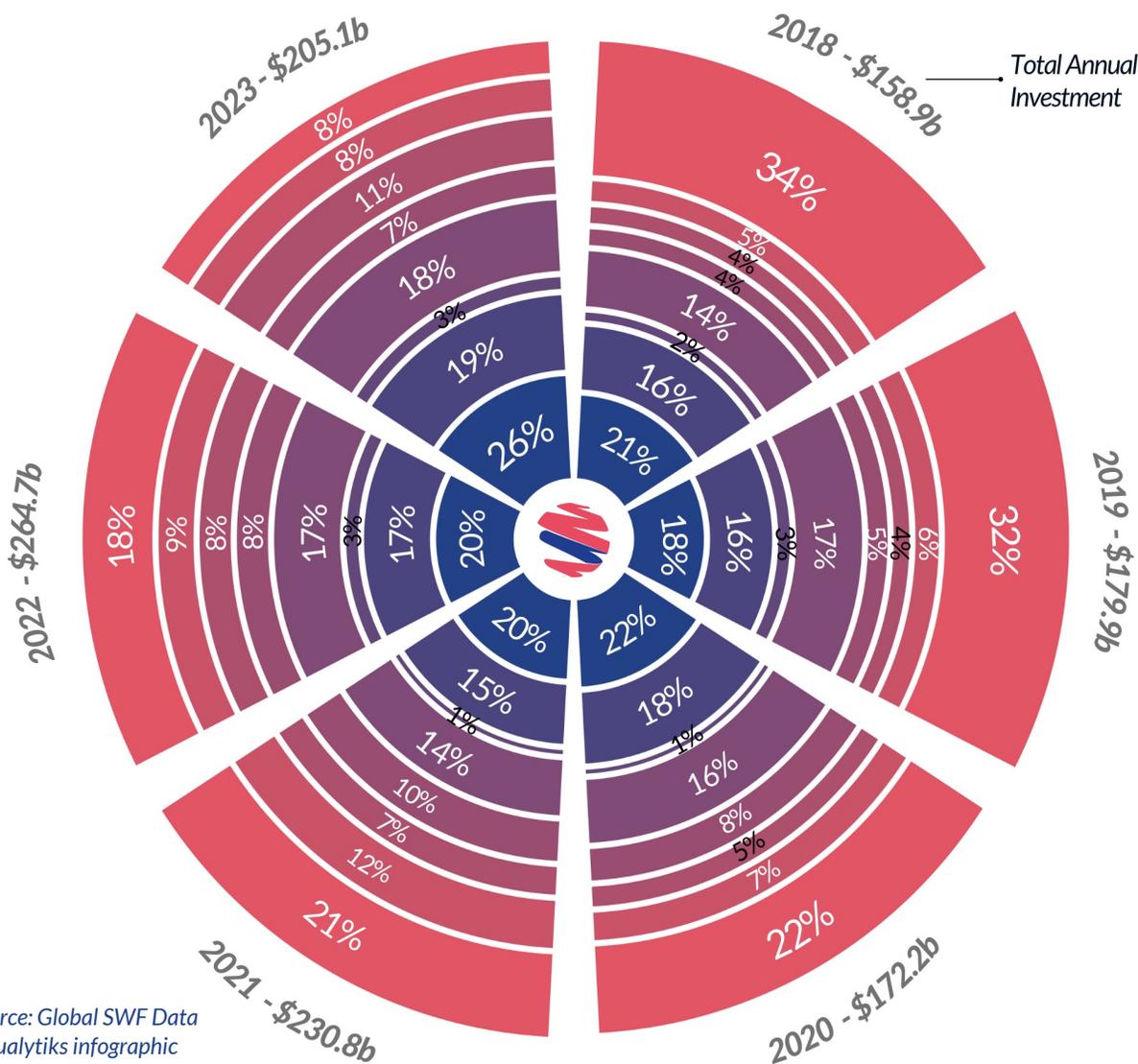
The regional preferences of sovereign investors are highly diverse, but in 2023 we can observe a renewed interest in emerging markets, including Saudi, Türkiye, and the UAE (with the help of domestic SWFs), and India, Brazil, China, and Indonesia (mostly from foreign investors). Among the top ten most active funds, five of them preferred emerging markets over other regions in 2023: **PIF**, **GIC**, **Temasek**, **QIA**, and **ADQ**. The change in **GIC**'s appetite is very significant as it invested in developing nations 2.6x times what it did in 2022.

Four other funds are highly biased towards their home markets: Canada's **CPP**, **BCI** and **OTPP** invested primarily in North American markets, while **Mubadala** balanced North America and Emerging Markets. Lastly, **ADIA** maintained a very similar mix in 2023, with 63% of the investment value in North America, and 14% in Europe. Overall, sovereign investment in Europe (including the UK) and in Developed Asia-Pacific (despite renewed interest in Japan) hit a 10-year low, to the benefit of North America and emerging economies globally.



Figure 14. Sectorial preferences of SOIs during 2018-2023 (#deals)

Percentages represent proportion of investment deals per year in each sector



Source: Global SWF Data  
Vizualyitiks infographic

- Real Estate
- Infrastructure
- Energy
- Financials
- Healthcare
- Industrials
- Consumer
- Technology

Sovereign Investors continue to calibrate their sectorial preferences according to the latest trends and macro scenario. In 2023, over a quarter of the investments were in real estate, a relative interest we had not seen since 2014. Financials and infrastructure stayed popular too, with 19% and 18% of the deals respectively.

However, if we look at the value of the deals, less than 50% of the capital deployed in 2023 was in real assets, which is the lowest value in the past six years and can be explained by lower deal tickets in renewables. Investment in industrial conglomerates increased significantly over the year, due to the activity of certain Gulf investors contributing to domestic infrastructure and development. Technology as a stand-alone sector has seen a steep decrease in both value and volume, although it is increasingly integrated in other industries.

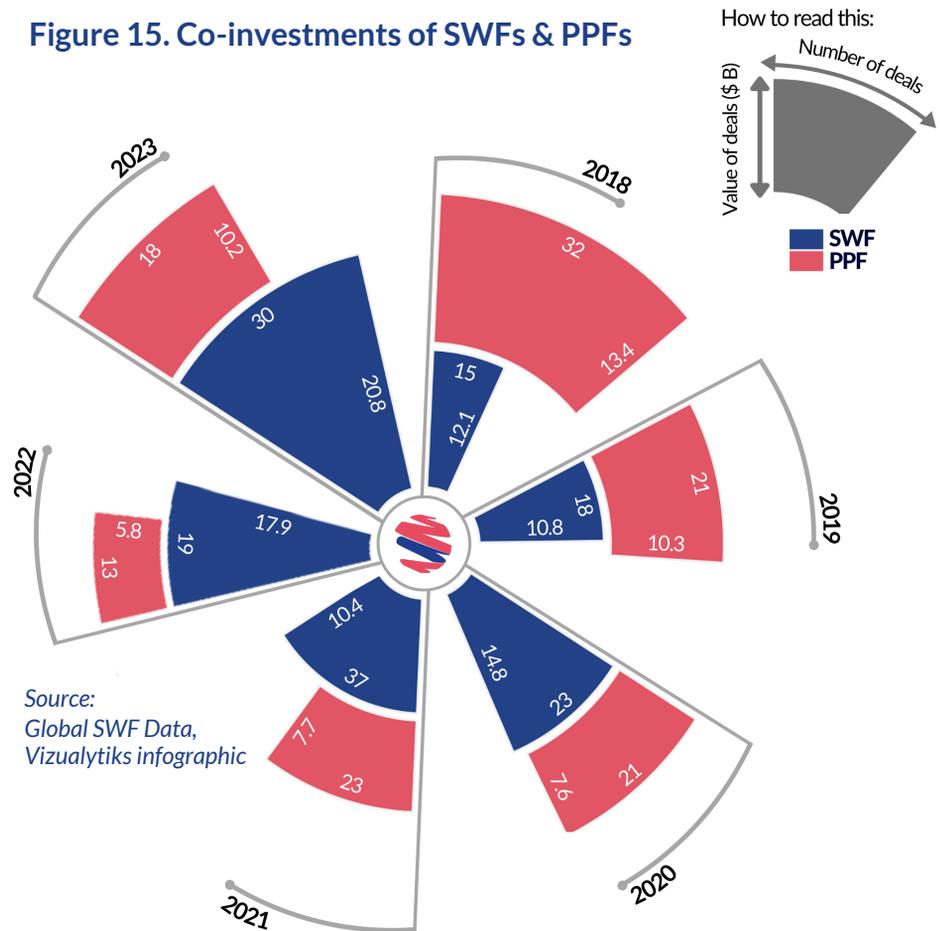


### Co-Investments:

Co-investments are becoming more and more popular and for the first time grew over US\$ 30 billion. Gulf and Canadian funds were prevalent in co-investments, as well as the king of co-investment **GIC**, which continues to build relationships with peers.

Some co-investments were strategic in nature, with **PIF** notable in forging JVs to support Saudi Arabia's economic diversification. It joined forces with Ma'aden in a mining venture, Pirelli in tire manufacturing, Hyundai in car manufacturing, and Baosteel and Aramco to build a steel mill. **Mubadala** was also focused on bolstering the UAE's economic strength with co-investments with **ADQ** and Brookfield in Dubai-based payments provider Network International Holdings and with US-based Resilience in the biopharma sector.

Figure 15. Co-investments of SWFs & PPFs



Source: Global SWF Data, Vizualyitiks infographic

The co-investment model is well-known to Canadian funds, who have pushed for co-investment rights as a way of getting direct exposure. **CPP** is by far the most active, but others are catching up rapidly. **CPP** joined **GIC** and Blackstone to lead a record US\$ 4.9 billion loan for the buyout of European classifieds company Adevin, with the deal also backed by **PSP** and **CDPQ**. Another consortium was formed by **CPP**, **IMCO** and **OMERS** to back lithium-ion battery maker Northvolt's global expansion, adding to existing financing from Sweden's **AP1** and **AP4** and the Netherlands' **APG**. Sovereign investors have also combined efforts in sustainability, with **GIC** backing Sweden's H2 Green Steel alongside **AP2**, and investing in India's AM Green Ammonia alongside Petronas.

But not all Sovereign Investors behave the same when it comes to deploying capital. If we look at the Gulf region, some funds like Kuwait's **KIA** or Dubai's **ICD** prefer to invest via funds; Abu Dhabi's **ADIA** is a big co-investment advocate; and others like Qatar's **QIA** and Saudi's **PIF** usually go alone when investing in private equity. For example, **PIF** preferred to invest directly – mostly in strategically important areas of the Saudi economy – from football clubs, tourism and gaming in the sports and leisure sector to construction and heavy industry. And **QIA** also completed several direct deals in companies at both early and later stage. Further East, **Temasek** turned its attention to investments in India and kept deploying capital on their own, too.

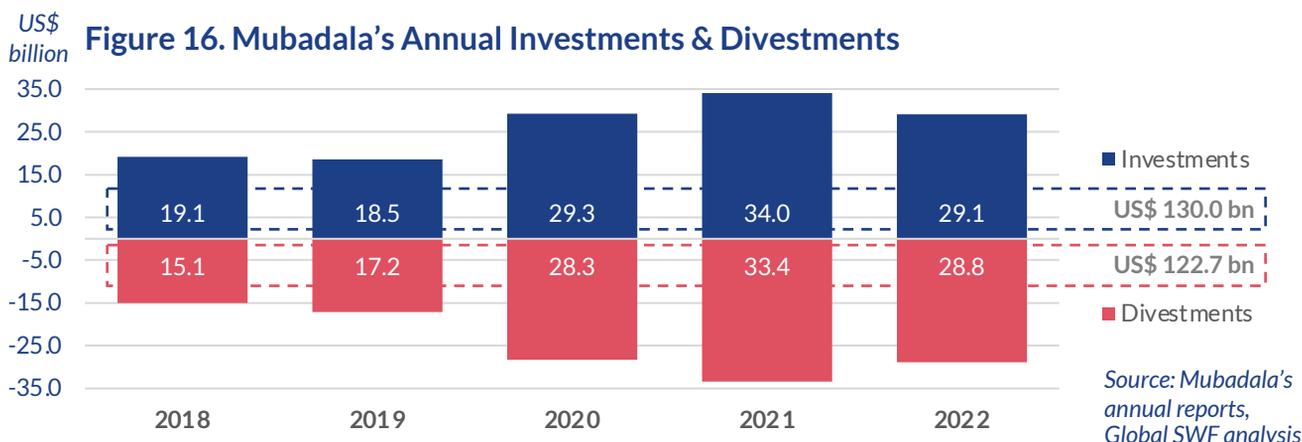
The advantages of co-investing are clear as they provide a double layer of due diligence, better fee conditions and diversification. On the minus side, some SOIs may prefer to avoid deal visibility and loss of control of the transaction to other government funds. So, while it is not for everybody, we expect to see an increasing volume of co-investments in the years to come as private equity and credit gain momentum among SOIs.



## Divestments:

Sovereign Investors are generally in for the long-term but are also increasingly sophisticated, and they know to sell when they have to. In 2023, we again saw significant activity with over 40 exits.

One of the most active sellers in the past few years has been **Mubadala**, which divested US\$ 122.7 billion between 2018 and 2022, almost the same figure it had invested. Several of these exits came from **IPIC**'s legacy portfolio (e.g., 37% of CEPSA, 64% of Borealis, and 25% of OMV) and **ADIC**'s portfolio (e.g., Chrysler building in New York, and UNB and Al Hilal, which were merged with ADCB). Other monetizations have come through the private placements or IPO of home-grown powerhouses, such as Masdar, which was partly sold to ADNOC and TAQA; Aldar, which was partially divested to Alpha Dhabi; and YahSat, which was taken public. In January 2023, the Abu Dhabi SWF completed the sale of 55% of Mubadala Health to G42 for US\$ 2.4 billion.



Canadian funds were also active sellers in 2023, including **OTPP**'s sale of Shearer's Food to CD&R and of SeaCube to **KIA**'s Wren House; **CPP**'s transfer of a US\$ 1.5 billion buyout portfolio to Ardian; **HOOPP**'s exit of Champion Petfoods to Mars; or **PSP**'s monetization of 10% in Angel Trains to Arjun. Gulf investors reduced their long-term stakes in major listed entities, including **KIA**'s in Mercedes-Benz, and **QIA**'s in Barclays and Credit Suisse. Lastly, Greece's **Growthfund** (via HSF5) monetized US\$ 2.0 billion from its stakes in National Bank of Greece, Alpha Bank, Eurobank, which it bought in 2012. Piraeus Bank will likely follow in 2024.

**Table 4. Top 15 divestments by SOIs in 2023**

Fund/s	Divestment	Country	Buyer	Industry	Value (\$b)	Stake (%)
OTPP	Shearer's Foods		CD&R	Consumer	3.0	90%
Mubadala	Mubadala Health		G42	Healthcare	2.4	55%
GrowthFund	National Bank of Greece		ATHEX	Financials	1.5	22%
KIA	Daimler / Mercedes-Benz		Börse Frankfurt	Industrials	1.5	2%
CPP	Buyout Fund Portfolio		Ardian	Financials	1.5	n.a.
HOOPP	Champion Petfoods		Mars Petcare	Consumer	1.0	60%
Mubadala	Abu Dhabi Islamic Bank		National Holding	Financials	0.8	8%
TSFE	Seven luxury hotels		TMG	Real Estate	0.8	100%
OMERS	Warehouse portfolio		TPG	Real Estate	0.8	75%
GIC	Serenitas		Mirvac, PEP, Tasman	Real Estate	0.7	100%
QIA	Barclays		LSEG	Financials	0.6	2%
CPP	Visma		NPS, NYCERS, etc.	Technology	0.5	2.5%
PSP	Angel Trains		Arjun Infrastructure	Infrastructure	0.5	10%
OTPP	SeaCube Container Leasing		Wren House (KIA)	Infrastructure	0.5	49%
CPP	Orpea		CDC Group	Financials	0.5	15%

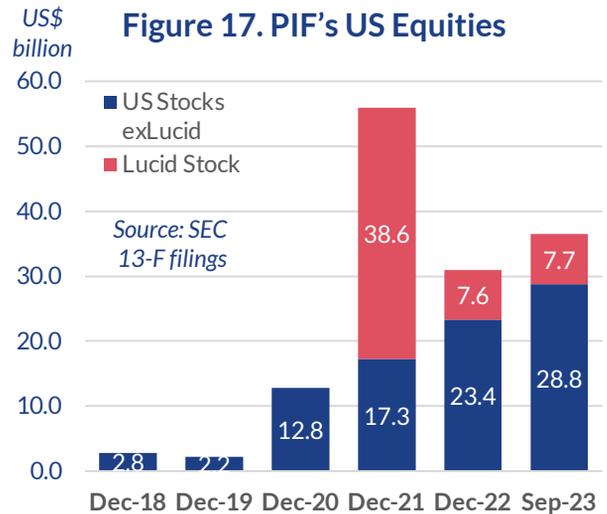
Source: Global SWF Data Platform



## Listed Equities:

Global capital markets were highly volatile during 2023, but most stock indices recovered significantly from the losses endured in 2022 and Sovereign Investors benefitted from the rally. Given the heterogeneity and opacity of the industry, it is difficult to generalize but we can highlight some key developments and trends.

For example, Saudi Arabia's **PIF** portfolio in US equities grew 18% in 2023, mostly because of the rise in value of the existing stocks. The Saudi fund was fairly passive during the year and did not change any major position. Its largest public holding continues to be a 63% stake in Lucid Motors, which boosted the value of **PIF**'s US equity holdings when it went public in October 2021 but fell markedly in 2022. In June 2023, the electric vehicle manufacturer raised US\$ 3.0 billion (of which two thirds came from the SWF), as it struggles with mounting losses and tightening cash reserves, a price war led by market leader Tesla, and rising competition in China. Half of **PIF**'s US listed portfolio is in Consumer, including US\$ 8.1 billion in gaming companies Activision Blizzard, Electronic Arts and Take-Two. Vision 2030 has allocated US\$ 38 billion for the Kingdom to become a gaming hub.



Other SOIs had similar effects, with Canada's **CPP** seeing its portfolio grow 21%, and Norway's **NBIM**, which is one of the world's largest investors in US stocks, experiencing a 19% boost to circa half a trillion dollars.

Middle East bourses continued to thrive, although with lower levels than in 2022. In the past 12 months, we saw over US\$ 10.5 billion raised in 36 IPOs that performed well when compared to other markets. Some of the largest listings, including ADNOC Gas and L&S in Abu Dhabi, Dubai Taxi in Dubai, and OQ Gas and Abraj Energy in Oman, attracted significant capital from SOIs. The 2024 pipeline is strong across the region.

China stock markets continued to be challenged. The Hang Seng and Shanghai stock exchanges were down over **-13.8%** and **-3.7%** respectively, and most SOIs except for **ADIA**, **KIA** and **Temasek** have scratched their A shares program for RMB-denominated shares. In India, major indexes NIFTY 50 and BSE SENSEX were again up in 2023, with **+20.0%** and **+18.7%** respectively, and Sovereign Investors including **ADIA**, **GIC**, **NBIM**, and **Temasek** continued to increase their portfolio of Indian equities beyond private placements such as RRVL.

**Table 5. SOIs' portfolios in US Equities, Chinese A Shares and Indian Stocks**

Fund	US\$ billion	US Equities			Chinese A Shares			Indian Stocks		
		Dec-22	Sep-23	%	Dec-22	Sep-23	%	Dec-22	Sep-23	%
ADIA		n.a.	n.a.	n.a.	1.4	1.3	-7%	0.3	0.4	+44%
APG		65.0	60.3	-7%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CDPQ		32.5	34.7	+7%	0.01	0.02	+162%	0.5	0.1	-86%
CPP		56.4	68.4	+21%	0.1	0.1	+10%	2.4	2.0	-17%
GIC		n.a.	n.a.	n.a.	0.1	0.2	+41%	21.2	23.9	+13%
KIA		n.a.	n.a.	n.a.	0.8	0.7	-18%	1.1	1.1	-2%
KIC		31.8	33.9	+7%	0.0	0.0	n.a.	n.a.	n.a.	n.a.
NBIM		414.9	492.8	+19%	1.2	0.1	-95%	8.6	10.0	+16%
PIF		30.9	36.5	+18%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Temasek		17.1	16.8	-2%	0.7	0.9	+17%	1.2	1.5	+21%
<b>Top 10 SOIs</b>		<b>648.7</b>	<b>743.4</b>	<b>+15%</b>	<b>4.3</b>	<b>3.2</b>	<b>-26%</b>	<b>35.2</b>	<b>38.8</b>	<b>+10%</b>

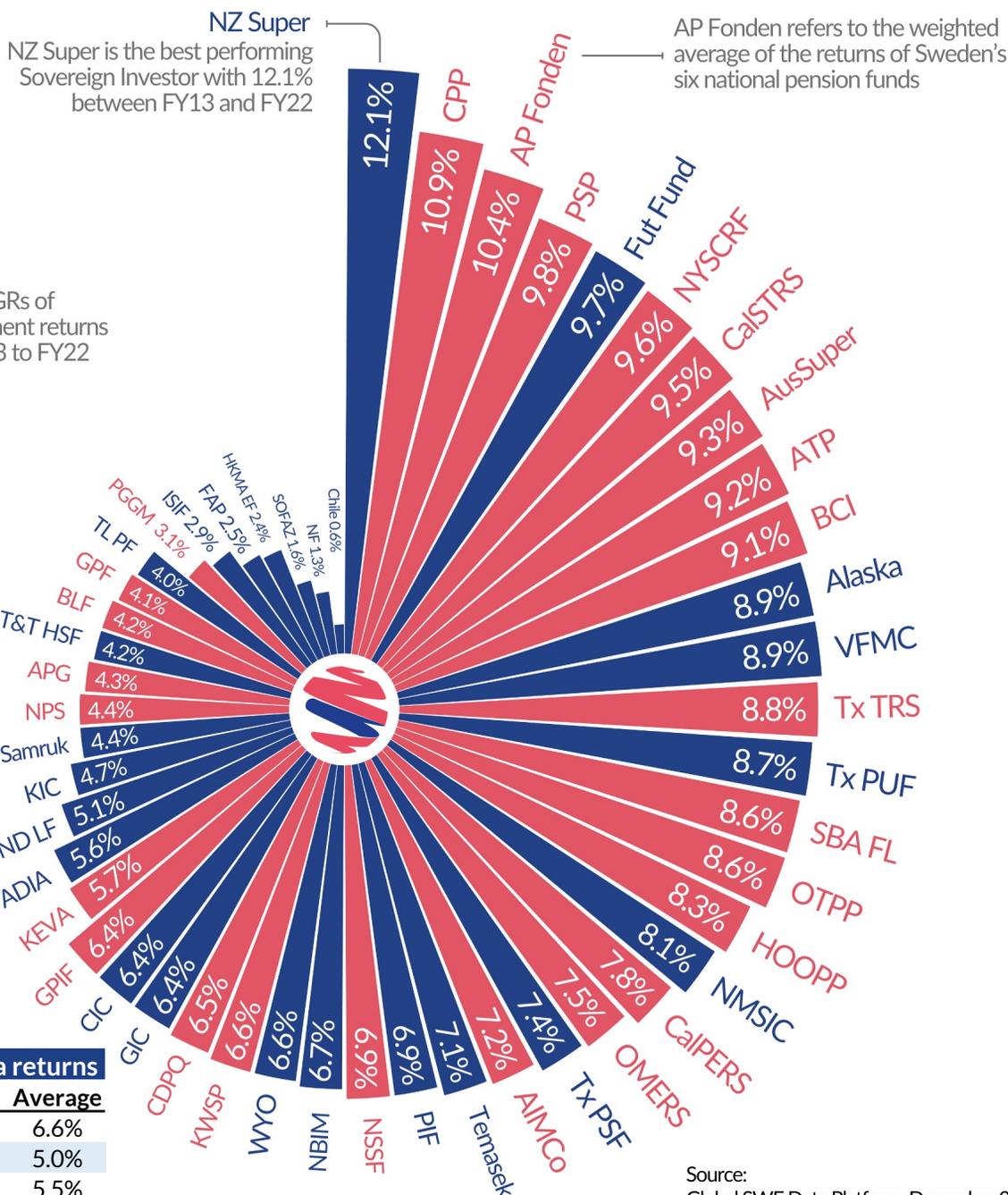
Source: SEC, QFII and BSE official filings, Global SWF analysis



**Returns:**

SOIs report performance in a very different manner, including currencies, periods, metrics and value. If we look at annualized returns between FY13 and FY22, the best performing fund would have been **NZ Super** (closes year on June 30), followed by Canada's **CPP** (March 31) and Sweden's **AP Fonden** (six funds, December 31). The average return of all funds, 6.6% p.a., compares with 5.0% p.a. of a 60/40 mix, and 10% p.a. of the S&P500.

**Figure 18. 10-year annualized returns of SWFs & PPFs (FY13-FY22)**



**Table 6. 10yr pa returns**

FY13-FY22	Average
Sov. Investors	6.6%
60/40 Portfolio	5.0%
70/30 Portfolio	5.5%
S&P500	10.4%

Source: Global SWF Data Platform, December 2023



# 3. The World in 2024



The global economy recovered swiftly in 2023 with relatively strong growth and enhanced returns in capital markets. According to the OECD, global annual real GDP is forecast to grow at a slower pace in the next 12 months, +2.7%, most of which will come from Asian economies (India, +6.1%; Indonesia, +5.2%; China, +4.7%). The Fed is expected to drop interest rates to 4.6% in 2024, which should provide some relief.

Last year, we expressed concerns about a potential escalation of the tensions in Taiwan and in the South China Sea. We did not predict that a second conflict would instead happen between Israel and Hamas. Both events, together with the ongoing war in Ukraine, are taking a toll on the world's economy and stability, and the outcome of the US Presidential Elections in November 2024 may be crucial, one way or another.

Several other countries will also undertake important elections. In January, Taiwan will pick up a new president with implications for China-U.S. relations. In February, Indonesia will choose Jokowi's successor. In March, Vladimir Putin will likely win Russia's elections and continue the war on Ukraine. Later that month, the world's largest democracy may opt for the continuance of Narendra Modi. In June, Mexico will put forward AMLO's successor for approval. And South Africa's elections may solve – or accelerate – its downward spiral.

Presidential election permitting, Indonesia will officially transfer its capital city from Jakarta to Nusantara on August 17. This is a huge undertaking that will cost US\$ 35 billion and will involve domestic and foreign institutional investors. Saudi will also continue to change at accelerated pace, with NEOM launching its own airline in 2024, and PIF pushing for the ongoing development of the US\$ 884 billion giga-projects portfolio.

Governments around the world will continue to set up SWFs. Philippines' **Maharlika**, Hong Kong's **HKIC**, Pakistan's **PSWF**, Kosovo's **SFRK** and Mozambique's **FSM** will be starting operations at last; while Ireland, Portugal or Sarawak may set up new vehicles. Down Under, the consolidation of superannuation funds will continue with four announced mergers that will see **ART** strengthen as Australia's second largest super.

We will see at least three new offices being opened in the next 12 months: **KIC**'s new office in Mumbai, **Temasek**'s post in Paris, and **HOOPP**'s presence in London (the last **Maple Eight** to do so). Upon reelection, Modi may push the agenda for Gujarat's GIFT City, and convince **ADIA** and **PIF** to have offices there, too.

In that context, the Gulf will surely continue to amaze us with new developments and grand plans. The formation of Dubai's new SWF, **DIF**, will send shock waves and will surely attract personnel from other SWFs, just like we saw a few years ago upon **ADQ**'s formation. There have also been rumors of rotation of CEOs at some of the largest funds in the region, and we believe some of them may finally happen in 2024.

Lastly, **Global SWF** and **LBS** will host a new **SWF Academy** in London on **May 20-24**. Do not miss it out!

Table 7. The calendar ahead 2024

January	February	March	April	May	June
-54 <sup>th</sup> WEF in Davos -Elections Taiwan -Expansion BRICS	-CNY: Year Dragon -Elections Indonesia -Superbowl in Vegas	- Elections Russia -F1 Bahrain, Saudi -13 <sup>th</sup> African Games	-WBG-IMF in DC -Elections India -Masters Augusta	- <b>SWF Academy on LBS London campus</b> -Elections S. Africa	-Elections Mexico -Poll EU Parliament -Euro'24 Germany
July	August	September	October	November	December
- <b>GSR Scoreboard 2023 publication</b> -Wimbledon London	-Nusantara Opening -Summer Olympic Games in Paris	-UNGA 79 in NYC -US Open NYC -F1 in Singapore	-FII 8 <sup>th</sup> in Riyadh -WBG-IMF in DC -MLB World Series	-Pres. Elections USA -COP29 Azerbaijan -NYC Marathon	-Elections in Ghana, Algeria, Croatia -F1 in Abu Dhabi

Source: Global SWF from public sources



## CIO Views: Adapting to Higher Yields

“Bond yields have broken above a forty-year falling trend. High quality fixed income assets can now deliver an historically normal/good real return (assuming inflation does not rebound). Yields provide a large portion of typical return targets of institutional investors. Floating-rate assets offer the highest yields of the century. Yields have room to fall, potentially providing better scope for diversification in a risk off scenario. Asset allocators should be adjusting to this new regime. Topics to consider:

- **Rebuild allocations to fixed income.** Many asset allocators shifted away from cash and bonds over the past decade given for poor compensation for inflation risk or higher yields. Now both real and nominal yields have reset, and investors are now paid to own diversifying and liquid assets.
- **Extend duration.** Short duration assets made sense when interest rates were near or below zero. Yields now look broadly fair versus history. Longer duration bonds offer more diversification punch per unit of investment and can appeal to investors with limited portfolio space.
- **Consider allocation to private credit.** Private lending often earns floating interest rates, so yields have followed monetary policy rates higher. Given credit spreads, all-in yields are in the low double digits, offering very attractive total returns even net of credit losses. When thinking about private credit, many allocators are looking to add return to their fixed income exposures. This is reasonable, but allocators also should think about private credit as a way to modulate risk in private markets. Private credit exposures often are “senior” to private equity, and shifting from private equity to private credit can reduce total risk while maintaining high expected returns.
- **Reconsider leverage.** Low or falling yields offer a tailwind to returns of levered exposures. Higher yields can create a less favorable environment, especially with a flat to inverted yield curve. Will strategies/asset classes that benefit from leverage perform in line with the past?
- **Re-underwrite assets.** A long period of low interest rates affected many aspects of capital markets, and this has affected the impacts of higher yields. Borrowers who had termed out their debts have been sheltered from higher borrowing costs, but going forward their refinancing needs will drive a steady rise in interest costs and potential erosion in earnings. Long-duration exposures in real estate and infrastructure will be especially vulnerable to this factor. By contrast, borrowers who took advantage of low cash rates to lever up balance sheets, typically funded by private equity, are already suffering and may deliver material credit losses.
- **Impacts on hedge funds.** Hedge funds are a very diverse set of strategies, but often seek returns with low or zero correlations with broad market betas. Effectively, they promise “cash-plus” returns. Rising cash rates can offer direct competition to these strategies, while also penalizing their use of leverage. On the other hand, hedge funds that invest cash collateral benefit from higher rates and more easily can outperform the fixed portion of management fees. Overall, allocators should consider how a new interest rate environment affects different hedge fund strategies and their use in portfolio construction.”

*Paul O'Brien is the former Deputy CIO of the **Abu Dhabi Investment Authority (ADIA)**, where he helped lead both strategic and tactical asset allocation, portfolio construction, and research, as well as headed Fixed Income Strategy.*

*Prior to **ADIA**, he was a global fixed income portfolio manager at **Morgan Stanley Investment Management**, and an economist and section chief at the Board of Governors of the **Federal Reserve System** in Washington, DC.*

*Paul now serves as a board member of the **Wyoming Retirement System** and as a faculty member of the **SWF Academy**, a joint initiative of **Global SWF** and **LBS**.*





# 4. Investments State of Play



## Capital Markets and Asset Allocation:

As we noted in last year’s annual report, the simultaneous decline of **-10%** or more in both bonds and stocks in 2022 had a significant impact in sovereign investors and changed the way they look at their portfolios’ resilience. In 2023, some funds published insightful papers while revisiting their strategic asset allocations.

Singapore’s **GIC** is often ahead of the pack, and it published 26 thought leadership pieces in 2023 alone. The last one has its chief economist discussing the effects of the decarbonization of the global economy, the risks of geoeconomic fragmentation and the rise of artificial intelligence. A more granular total portfolio approach, which considers both alpha and beta return drivers and merges top-down analysis with bottom-up insights, is now allowing the fund to cover a variety of risk-return profiles across asset classes and strategies.

Canada’s **CPP** has long followed a similar approach, and recently appointed a new head for its total fund management team, which looks after the balancing and financing portfolio, balance sheet management, tactical positioning, trading and portfolio design. The pension fund starts from a minimum level of market risk (50% global equities / 50% Canadian government bonds) and pursues “key sources of returns” including higher market risk, leverage risk and liquidity and operational risks that bring the portfolio to a risk level of 85/15.

Australia’s **Future Fund** has taken a total portfolio approach with a strong emphasis on diversification. This implies the manipulation of newer levers, including the search for alpha, a focus on liquidity and dynamic asset allocation, pivoting between DM and EM equities, a broader currency basket, more domestic exposure (via infrastructure), and greater weight in gold, commodities, tangibles, and alternative assets. According to the fund, this is a time for investors to challenge existing assumptions and to focus on balancing risk and return.

Its peer **NZ Super** has long been an advocate for strategic tilting, i.e., short-term active changes relative to the reference portfolio to increase exposure to undervalued asset classes, which has added US\$ 2.9 billion since inception. The kiwi fund has defended the existence of *climate alpha* and is introducing a new sustainable investment strategy. It is also working on an AI-powered portfolio manager that predicts share performance and considers the entire “factor zoo” free from human biases, before it invests in the New Zealand stock markets.

Abu Dhabi’s **ADIA** is way too familiar with AI and machine learning by now. Over the past three years, the SWF has built an impressive team of 50+ top quant investors (“the Q-team”) that uses complex models to analyze data, generate investable ideas and review the investment decision process of all asset classes including fixed income and real estate. At the end of 2022, the Q-team established a subsidiary, ADIA Lab, that operates at arm’s length and is dedicated to basic and applied research in data and computational sciences.

Lastly, Norway’s **NBIM** continues to think its approach through. In 2023, it looked at fixed income and it concluded that prospective returns on long-term bonds are likely to fall short of historical performance. It also looked at the integration of real estate in a traditional portfolio, finding conflicting incentives when using relative return and risk metrics for a total return-enhancing strategy. And it found out that PE has outperformed public equities by 3%-4% on average, so it asked the MoF once again to permit investments in the asset class.

## Table 8. SOIs views

### Challenges:

- decarbonization of the global economy*
- risks of geoeconomic fragmentation*
- rise of artificial intelligence*
- high inflation*
- market volatility*
- high interest rates*
- competition from asset managers and other players*
- challenge of historical assumptions*
- conflicting incentives*

### Proposed solutions:

- more granular total portfolio approach*
- joint consideration of alpha and beta drivers*
- merge of top-down analysis with bottom-up insights*
- pursue key sources of returns with higher market risk*
- more private equity in search for alpha*
- focus on liquidity and dynamic asset allocation*
- pivoting between DM and EM equities*
- broader currency basket*
- more domestic exposure (via infrastructure)*
- more gold, commodities, tangibles, and alternatives*
- AI-powered portfolios*
- integrated ESG, climate alpha*
- tactical / private credit*
- broader views on asset classes and capital structure*



## Private Equity:

The venture capital boom around the disruption of the pandemic came to an end after the Russian invasion of Ukraine as geopolitical risks and global inflation led to a more cautious approach to private equity. Sovereign investors sought to deploy capital into private equity funds and, more notably, forged alliances in mega-deals. Overall, the value of private equity deals originated by SOIs grew +4% from US\$ 76.5 billion to US\$ 79.4 billion.

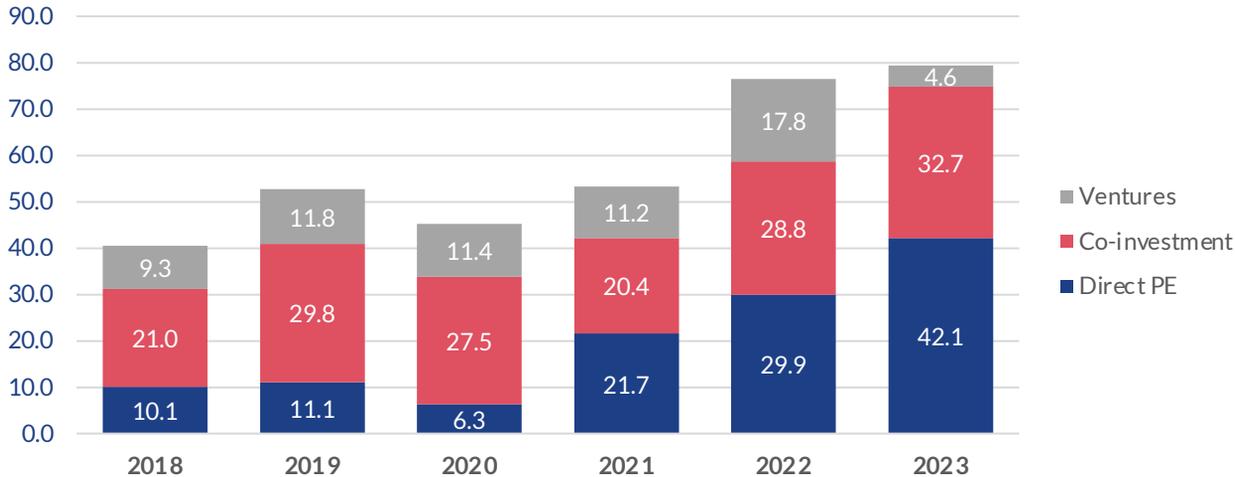
Investments in the energy and natural resources sector doubled to over US\$ 7.6 billion, while the industrial and manufacturing sector led investments totaling US\$ 24.9 billion, up 27% and representing nearly 30% of total private equity investments. The trend in both sectors is aligned with the growth in investment in the energy transition, with SOIs focusing on the development of new battery technologies and low carbon processes. Allocations to healthcare continued to fall from the peak during the pandemic, when startups flourished on the back of a boom in biotech VC. Financial services also suffered a decline in interest as SOIs became more wary of banking sector risks and also sought to intervene directly in private credit markets.

While private equity investment grew, the strategies have changed markedly. Fund allocations and mandates for external asset managers can be more opaque and therefore difficult to quantify, but there are signs that the sovereign investor universe has sought to externalize dealmaking in private equity. **Global SWF's** sources indicate Gulf funds are increasingly turning to external managers with existing capacity to take on capital for particular market exposures, which would take funds themselves time to build.

Added to this trend will be the rising allocation to private markets. The Norwegian parliament is due to vote by spring 2024 on whether to accept **NBIM's** recommendation to invest up to US\$ 70 billion in private equity. Korea's **KIC** continues to target 25% of its portfolio in allocation to alternatives by 2025, up from 22.7% in mid-2023, aiming at tech, healthcare and VC opportunities. Meanwhile, Korea's **NPS** is looking to diversify its portfolio under a five-year plan announced in May 2023 to increase alternative asset allocation from 14% to 15% through mandates with external asset managers. These funds indicate the direction of travel: more capital into PE, initially via funds, with the potential of turning into co-investments and direct investments over time.

The switch from VC to mega-deals saw the average value of each transaction rise 53% from US\$ 229 million to US\$ 351 million. SOIs co-invested to provide a double layer of due diligence, better fee conditions and advance their diversification goals. Funds seeking exposure in new markets and sectors also look to learn from more experienced players with a view to building up their own capacities and originating deals in the future. However, some funds prefer to go under the radar in their dealmaking activity or wish for full control without having to yield to the needs and sometimes conflicting approaches of other institutional investors.

US\$ billion **Figure 19. PE Investments by Sovereign Investors per type**



Source: Global SWF Data Platform



## Private Credit:

Private Credit has flourished since the 2008 global financial crisis as banks became more risk averse and interest rates plunged, spurring non-bank institutions to meet unfulfilled demand from corporate borrowers.

Sovereign investors are stepping into the breach as banks have exercised caution in the face of hefty losses as default rates climb. They benefit from lower liability constraints that enable them to take on more liquidity risk than banks. Their greater risk appetite is driven by their long-term investment horizon. The asset class was notably resilient amid the pandemic with managers successfully protecting their portfolio values as well as deploying dry powder to add assets.

Backed by state-owned investors, private credit managers are filling the gap left by banks and buying debt portfolios, raising more long-term capital and providing finance for high yield non-investment grade debt that traditional bank lenders will not touch. Private credit funds had assets under management of US\$ 1.6 trillion by 2022, up 53% from 2017 according to Intertrust Group. The private credit industry has grown at a rate of 14% per year on average since 2000, according to Bank of America Merrill Lynch. With traditional banks restricting lending, private credit will serve as a crucial source of financing in the economic recovery, particularly for mid-market companies.

**Mubadala** is one of the most aggressive investors in private credit, both through partnerships and through the purchase of equity stakes in asset managers, such as Fortress. The Abu Dhabi fund launched an alliance with private equity firm KKR in October 2022 to co-invest US\$ 1 billion across performing private credit opportunities in Asia-Pacific and is deploying its capital alongside KKR's strategies, but its activity in the asset class rocketed in 2023: in January, it formed an 80:20 joint venture with Alpha Dhabi to co-invest in private credit opportunities with plans to invest up to US\$ 2.5 billion over the next five years. In March, it forged a joint venture with long-standing partner Ares to invest in global credit markets, starting with US\$ 1 billion and focusing on customized liquidity solutions for credit secondaries. In September, it committed US\$ 1 billion to a strategic partnership with Blue Owl Capital to co-invest in private credit opportunities.

**ADIA** has also sought to advance its private credit interests and in September teamed up with **BCI** and asset manager Centerbridge to back a US\$ 5 billion private credit fund launched by Wells Fargo that will lend to midsized US companies. It also more than doubled its investment in Australian real estate private credit company Qualitas Diversified Credit Investments to US\$ 0.9 billion, raising its total AuM to US\$ 5.1 billion, 78% of which is private credit. Also in Australia, the country's **Future Fund** bumped up credit investments by US\$ 1.9 billion to take advantage of rising global interest rates and doubled its exposure to domestic corporate debt to US\$ 0.7 billion as returns soared; its allocation to the asset class represented 10% of AuM.

Canadian public pension funds have also shifted strongly into private credit. **OMERS** teamed up with Goldman Sachs Asset Management (GSAM) to launch a separately managed account that will invest in private credit opportunities across the Asia-Pacific region. Investments target the senior direct lending, mezzanine and hybrid opportunities. The Ontario pension plan already has a high exposure to credit, with 18% of its portfolio (US\$ 17 billion) allocated to the asset class.

However, funds experienced limitations in how far and fast they can allocate to private credit. **AustralianSuper**, Australia's largest superannuation fund, reported that private credit comprised 18% of its portfolio, i.e., US\$ 27.2 billion, in fixed income, after doubling its investment in the latest financial year. The super fund would like to go further with investment in long-term corporate debt, but CEO Paul Schroder stated that the market needed to develop to allow increased allocations, with greater co-operation between banks, insurers, funds and companies.

The strategy is likely to persist due to inflation and higher interest rates, as well as demographic trends – and sovereign wealth funds and public pension funds are positioning themselves as the new big lenders.



## Ventures:

Venture capital investment by SOIs followed the global trend, falling sharply despite growing interest in AI startups. The outsized deals that characterized 2020-21 did not repeat in 2023, as doubts arose over past sky-high valuations. Public market volatility also added to uncertainties over exits. Funding activity fell across all stages, particularly early-stage rounds, and some SOIs were divesting on secondary markets amid the overall trend that saw sellers cut their losses and offer some assets at lower valuations.

Despite the strong interest in AI and machine learning in 2023, VC investment in technology fell **-74%** from 2022. Having represented 23% of total PE deal value in 2022, in 2023 the sector contributed just 6%. Tech was displaced by VC in emerging market finance and retail startups, which sustained the momentum of the pandemic when e-commerce in larger markets such as India, Indonesia and Malaysia shifted up a gear. Another area that drew interest was industrial startups, principally those involved in energy transition, such as batteries, renewables and mobility solutions. Yet, all market sectors saw a decline in VC funding by SOIs.

**Global SWF** data found SOIs that had been active VC investors during the pandemic years, such as the VC units of **Temasek**, **Mubadala** and **OMERS**, were far quieter in 2023. Overall, VC investment value fell from US\$ 17.8 billion to US\$ 4.6 billion. The decline was in line with deal data globally, as European startups found it hard to exit or land deals at valuations they could accept while investors became nervous over risks.

For instance, **OMERS Ventures** quit Europe in 2023, four years after opening its London office and allocating US\$ 332 million to the region. The reason was not just the lack of opportunity in the European VC market but reportedly the challenges of originating deals alone – a factor that prompted other sovereign investors to invest in private equity funds and abandon deal origination as sole limited partners.

Canadian peers **CPP**, **CDPQ** and **BCI** also divested chunks of their PE portfolios to free up liquidity towards new priorities, as well as taking advantage of a revival of interest in private equity to rebalance their portfolios. **CPP** sold US\$ 1.5 billion of secondary investments in 20 private equity funds to Ardian; **CDPQ** offloaded up to US\$ 2.0 billion in secondaries, and **BCI** was also looking for buyers for US\$ 2.0 billion of private capital assets to gain some dry powder for more direct investments, including co-investment opportunities.

While divestments of more opaque SWFs were tougher to track, **Global SWF**'s sources suggest that Canadian public pension funds were not alone in seeking opportunities to rebalance portfolios and restrain their exposure to venture capital, particularly as secondary markets pick up.

The VC drought is likely to be temporary with signs in late 2023 of renewed interest in investing in startups oriented towards AI, sustainability and the energy transition, particularly EV infrastructure and batteries. Lower values and hot themes will intensify interest going into 2024. Yet, this interest will not be at the expense of other private equity strategies with funds seeking further diversification, as well as increased exposure to mega-trends, to boost long-term returns using the full range of private equity strategies.

**Table 9. VC Activity by Series, Countries and Funds in 2023**

Series	#deals	Value \$bn	Countries	#deals	Value \$bn	Funds	#deals	Value \$bn
A	13	0.1	USA	25	0.9	Temasek	29	1.5
B	18	0.4	India	20	0.8	Mubadala	10	1.1
C	20	0.6	France	9	0.4	GIC	5	0.7
D	8	0.6	China	4	0.6	QIA	8	0.4
E-I	20	2.6	Saudi Arabia	4	0.1	OMERS	7	0.3
Pre-IPO	6	0.3	Others	23	1.9	Others	26	0.7
<b>Total VC</b>	<b>85</b>	<b>4.6</b>	<b>Total VC</b>	<b>85</b>	<b>4.6</b>	<b>Total VC</b>	<b>85</b>	<b>4.6</b>

Source: Global SWF Data Platform



## Real Estate:

Real estate investment by SOIs softened in 2023 amid concerns over the bursting of a property bubble as interest rates were hiked worldwide, although some segments continued to witness growth as Sovereign Investors oriented their portfolios towards megatrends, notably data centers and affordable housing.

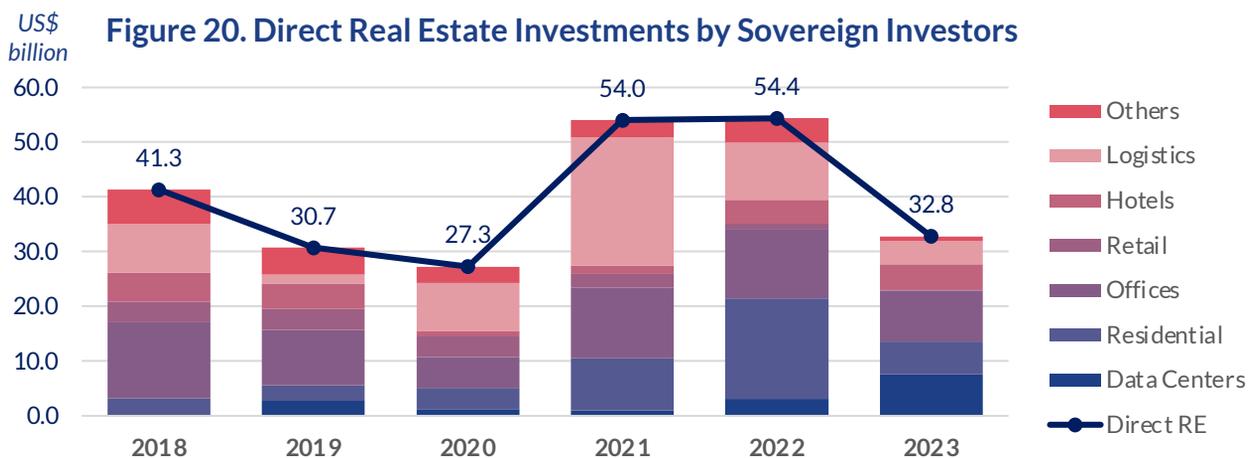
Decades ago, real estate investments by SWFs were dominated by Middle Eastern investors snapping up trophy assets, such as luxury hotels and skyscrapers. Today, the industry is more sophisticated, examining how to expose their real estate portfolios to mega-trends, such as the development of the digital economy and tech disruption. In 2023, **data center** investments by SOIs grew 150% to a record US\$ 7.6 billion. Investments included **OTPP's** participation in a consortium to acquire Compass Datacenters for US\$ 5.7 billion. **AusSuper** invested US\$ 1.7 billion in Vantage EMEA, to focus on hyperscale data centers across EMEA. And **PIF** and **NIIF** formed partnerships with DigitalBridge and Digital Edge to develop data centers in their respective economies.

**Residential** real estate is less popular due to high borrowing costs, and SOI involvement fell two thirds from the 2022 peak, with a perceptible shift towards multi-family housing and build-to-rent. Some examples include a US\$ 0.4 billion social impact platform by Dutch funds **Bouwinvest**, **ABP** and **bpfBOUW**, and **OTPP's** Cadillac acquisition of Lincoln Property company in March. In the Middle East, **Dubai Holding** forged a deal with Aldar to develop new properties across prime locations in Dubai. And **Mubadala** teamed up with Proprium Capital and Samurai Capital in Japan to form a US\$ 0.6 billion JV focused on sustainability and affordability.

Although hybrid working returned people to the **office** after the pandemic, SOIs stepped back from the segment and investment fell **-27%** to US\$ 9.3 billion. The US drew the bulk of interest from North American pension funds, while India presented opportunities for SWFs. **GIC** is among the leading investors in the Indian real estate market and in 2023, it signed a US\$ 1.4 billion JV with Brookfield India REIT to build two large commercial office assets in Mumbai and Gurugram and a US\$ 141 million purchase of an IT-SEZ in Hyderabad.

In 2023, **hotels** investment by SOIs rose 8% to US\$ 4.7 billion, the highest level since the onset of the pandemic. The biggest transaction was **GIC's** investment in Spanish hotel group Hotel Investment Partners from Blackstone for US\$ 1.5 billion, which came a year after the US\$ 1.3 billion injection in Greece's Sani/Ikos and confirmed the Singaporean fund as a heavyweight player in European tourism. This contrasted with **retail** and commercial real estate, where SOIs drastically cut back exposure and continued to focus on e-commerce.

Finally, interest in **logistics** real estate also decreased save for some exceptions. **GIC** bought six logistics assets in Japan for US\$ 0.8 billion, which builds on the portfolio it bought from Prologis in 2008. It also won a tender for the first logistics area at Spain's Barajas airport and invested US\$ 0.2 billion in Brazil. **CDPQ's** Ivanhoé and **Temasek's** Mapletree backed a US\$ 1.8 billion tech-focused Indian real estate platform. And Indonesia's **INA** joined ESR Group to develop US\$ 1.0 billion of logistics assets in Indonesia over five years.



Source: Global SWF Data Platform



## Infrastructure:

The total value of infrastructure deals by SOIs in 2023 declined **-51%** to US\$ 37.4 billion, largely due to a decline in investment in transportation. One marked trend was the growth in **oil and gas infrastructure**, even as renewables maintained momentum. A consortium including **GIC**, **Mubadala**, GIP and TotalEnergies invested US\$ 5.9 billion in the development of three liquefaction trains in phase one of NextDecade's Rio Grande LNG export facility in Brownsville TX, Texas. **CPP** also invested in US natural gas production with the acquisition of Aera Energy, California's second-largest O&G producer with nearly 25% of the state's production.

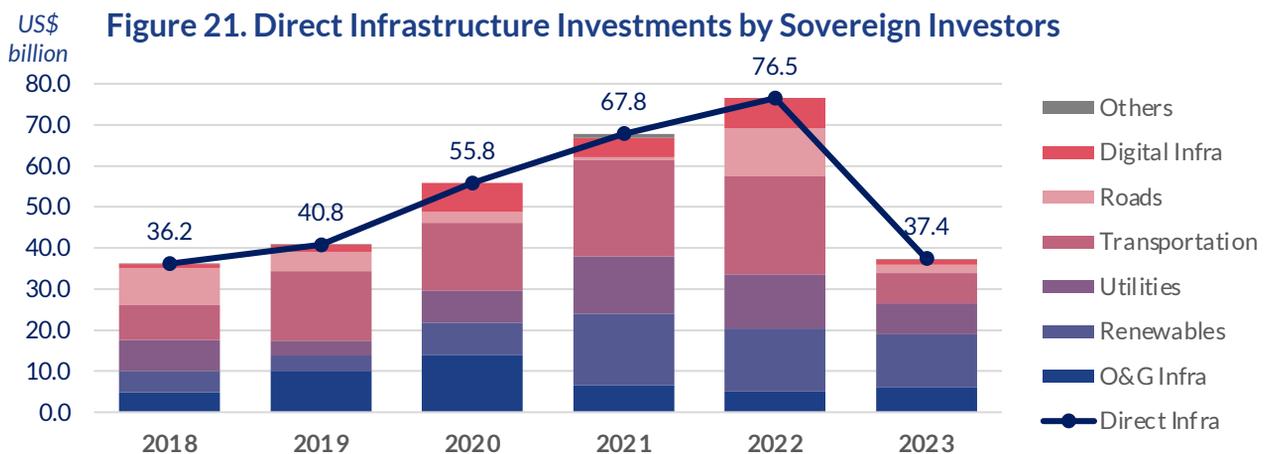
**Renewables** investment held up with India drawing a lot of attention, including Mahindra Susten (**APG** and **BCI**), ReNew Power (**CPP**), Adani Green Energy (**QIA**), and Greenko (**ADIA** and **GIC**). Australia's potential in green ammonia encouraged interest, and so did European offshore wind, especially from **NBIM** as it ramps up its profile. Canada's **IMCO** and **PSP** were also active with the takeover of Germany's NeXtWind Capital. Investment in **utilities** dropped by half in 2023 to US\$ 7.5 billion. SOIs continued to pump money into the UK's troubled Thames Water, while **QIA** bought a 4.2% stake in the London-listed Severn Trent water utility. **GIC** was also active with a US\$ 2.0 billion advanced metering infrastructure service provision in India with Genus.

SOI direct investment in **transportation** averaged c. US\$ 18 billion annually between 2018 and 2022, but 2023 saw a significantly reduced allocation. The pandemic-related support for domestic flag carrier airlines has now ended and there was a dearth of aviation assets on the market, although **PIF** managed to acquire 10% of London Heathrow and StanChart Aviation Finance for US\$ 3.6 billion. Seaports also saw slow activity, except for **DP World**, which invested in Evyap Port in Turkey and Kandla in India for more than US\$ 1.2 billion.

Investment in **roads** continued to be dominated by India and Indonesia. In the former, **CPP** and **OMERS** pumped more capital into IndInfravit Trust by buying a portfolio from Brookfield in a deal valued at US\$ 1.2 billion, and **BCI** and **Mubadala** backed a US\$ 0.6 billion raise by Cube Highways to take a pipeline of seven highways. In the latter, **GIC** snapped up a 33% stake in toll road operator Margautama Nusantara and **INA** completed two sections of its trans-Sumatra toll road infrastructure for US\$ 1.4 billion.

Finally, there was a lower level of transactions in **digital infrastructure** in 2023, although this does not indicate a decline in appetite for investment. Australia's **UniSuper** bought a 5% stake in Vantage Towers from Korea's **NPS**; **Mubadala** invested US\$ 0.5 billion in US fiber operator Brightspeed; and **AIMCo** backed the US\$ 0.8 billion Seraya Partners Fund I, an Asia-focused PE fund investing in digital infrastructure and renewables.

Going forward, SOIs will be examining opportunities in the renewable energy sector, energy transition and digital infrastructure, but traditional infrastructure assets will not be neglected either. Infrastructure can generate a long-term cashflow, particularly toll roads and utilities where charges are usually inflation-indexed. Governments will be courting sovereign capital, which has the patience and scale to overcome entry barriers.



Source: Global SWF Data Platform



# 5. Fund of the Year: NBIM



It has been over 25 years since Norway’s Parliament passed a law to establish the **Government Pension Fund-Global (GPGF)**. The plan was to regularly transfer capital from the government’s petroleum revenue to the fund. It was decided that the fund should be managed by **Norges Bank Investment Management (NBIM)**, the asset management division of Norges Bank, the Norwegian central bank.

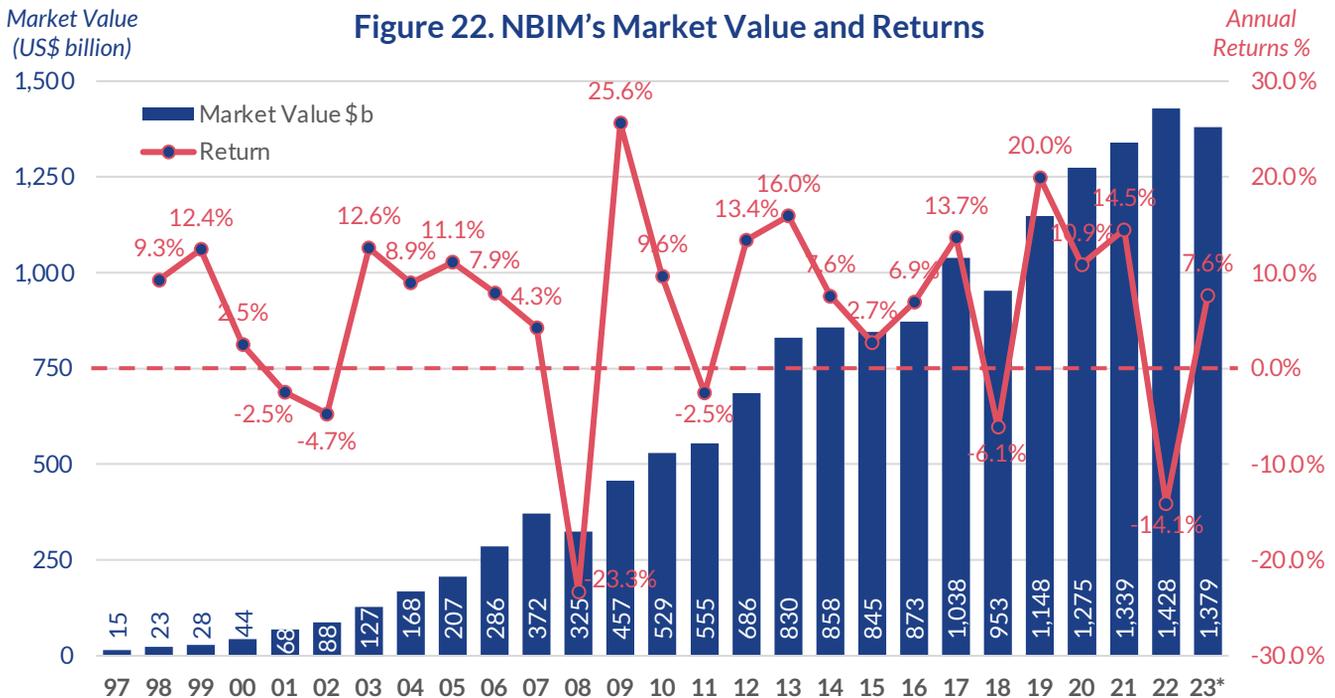
Since then, **NBIM** has become the ultimate benchmark of good governance, radical transparency and responsible stewardship among SWFs and other asset owners globally. Its website features a dynamic counter that allows the visitor to know the market value of the fund at any point in time, according to the fluctuations in global financial markets. This is in an industry where the exact AuM of five of the Top 10 SWFs is unknown.

As of September 30, 2023, **NBIM** managed approx. US\$ 1,379 billion in investments. Half of this capital came via net flows from the government and via currency differences. The other half, via investment returns. For the past 25 years, the fund has added value by averaging **+6.0%** nominal return (or **+3.7%** real return) and **+0.3%** alpha over its benchmark. During the same period, the Norwegian economy grew on average **+1.8%**.

Such growth in market value and the fund’s appetite for listed equities globally made **NBIM**, with a portfolio of stocks valued at c. US\$ 1 trillion, the largest single owner in the world’s financial markets, owning almost 1.5% of all shares in the world’s listed companies and holdings in more than 9,200 companies.

In 2022, the fund suffered the second largest investment loss in its history, **-14.4%**, due to its significant exposure to financial markets. However, the loss was cushioned by the largest injections ever received within a year, US\$ 125 billion. As of September 30, 2023, the fund had already recovered investment gains, with a **+7.6%** return in calendar-year-to-date and an additional US\$ 49 billion received from oil surplus. This is exactly the amount that the government had withdrawn in 2020/21, proving the benefits of its stabilization function.

Lastly, the fund continues to make strides in responsible investing. In 2023, it invested over US\$ 1 billion in renewable energy, it placed nine entities under exclusion or observation for their non-ethical conducts, it published updated expectations to companies on climate and a global framework to tackle nature-related financial risk, and it committed to lead investors’ action related to Silicon Valley Bank (SVB)’s Collapse.



Source: NBIM website and reports, Global SWF analysis. \* 2023 refers to September 30 (9 months) figures



### A robust and efficient platform:

NBIM has evolved significantly as an organization since it was established in Oslo in 1998 with 41 employees. Given its position as global equity investor, the fund has opened overseas offices that cover all time zones:

- The London office was opened in 2000 and has grown to 119 staff. In 2015, the fund bought the building that hosts it in Mayfair, Queensberry House, for US\$ 287 million from Italian group Sorgente.
- The New York office was set up in 2003 and is now at 83 staff pursuing fixed income, equity, and real estate investments. In 2015, NBIM signed a 10-year lease for three floors at 505 Fifth Avenue, near Bryant Park.
- In 2007, an office was opened in Shanghai shortly after the fund obtained its QFII license. However, the fund decided to close the post in 2023 and consolidate its office in Singapore as the hub for its operations in Asia.
- The Singapore office was opened in 2010 and has grown to 50 employees that serve the broader Asia.
- Luxembourg (2011), Tokyo (2015) and Paris (2016) smaller offices are solely focused on RE investments.

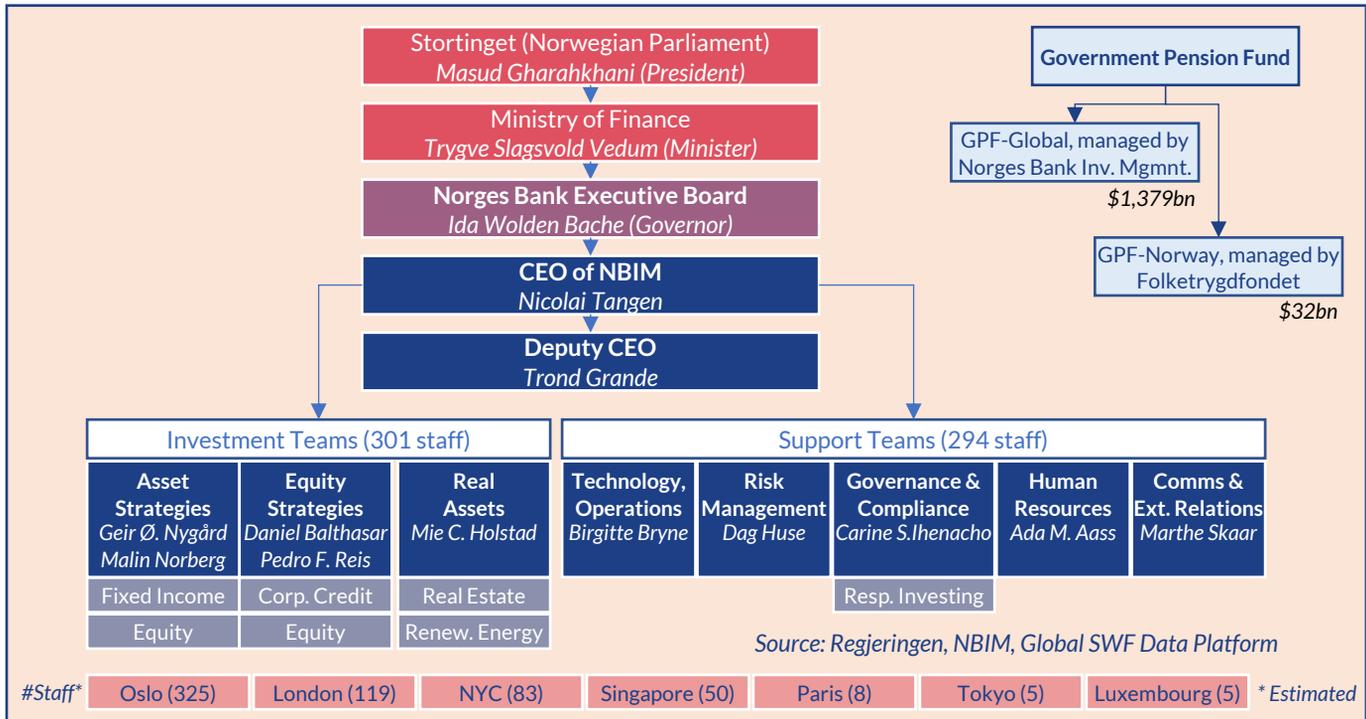
Today, 47% of NBIM’s employees are based away from Oslo headquarters – the highest proportion among SWFs. In addition, the fund employs 35 nationalities, one of the most diverse mixes, only behind that of Abu Dhabi’s ADIA (65 passports), Qatar’s QIA (61 passports), and Singapore’s GIC (45 passports).

Given its voting activities, gender balance is also an important metric for NBIM, whose share of female employees was 29% at the end of 2022 – 2% higher than a year before but still far from the 40% target. Five of the 11 members of Norges Bank’s Executive Board and six of the 12 members of the Leader group are women.

The organization follows a similar structure to other SWFs, with separate departments for investment and support, and different CIOs for each asset class. The fund used to have a dedicated subsidiary for real estate investments, NBREM, but in 2019 it decided to discontinue it and to integrate it with the main operation.

In 2022, NBIM spent US\$ 2.9 million in remuneration costs, i.e., 0.2% of its AuM, compared to 0.04% in management costs. Senior Management has stopped receiving performance-based pay, and Nicolai Tangen, CEO of the fund since 2020, received less than US\$ 0.7 million, well behind the CEOs of other SWFs globally.

### Figure 23: NBIM’s Organizational Structure





For its 25+ years of global investing and stewardship, for its position as one of the world's largest and most influential universal asset owners, for its significant activity across asset classes and industries in 2023, and, more broadly, for its leadership among Sovereign Wealth Funds and contribution to the advancement of the industry, **Global SWF** believes that **Norges Bank Investment Management (NBIM)**, on behalf of the **Government Pension Fund Global (GPGF)**, is a worthy recipient of the **2023 Fund of the Year** award. We were delighted to present it to **Daniel Balthasar** and **Pedro Furtado Reis**, the Co-CIOs of the US\$ 1 trillion listed equities portfolio, and to speak with them about the fund's recent evolution and ambitions.

**[GSWF] In the past 25 years NBIM has tripled the money it has received, with a 6.0% return and 0.3% alpha p.a. What is the fund's secret sauce, and what is the target return in the medium to long-term?**

**[NBIM]** We are blessed with a number of conditions, including our **very long-term horizon** and **low short-term liquidity needs**, which allows us to pursue opportunities others may not be willing to; and our size with a very large portfolio but lean headcount and low operational costs, which allows us to be agile and innovative. We are an **engaged owner** with close contact with senior management and the Board of the companies we invest in, which allows us to **create alpha** over time. As per targets, we aim at reaching the highest possible return at the lowest cost and with an acceptable risk.

**[GSWF] Some analysts believe that GPGF has grown "too much", which may prevent it from moving more swiftly across asset classes. Do you think the fund should be split in smaller pockets or distribute dividends?**

**[NBIM]** The mandate is set by the Ministry of Finance and specifies what asset classes we can invest in and what our benchmarks should be. All large decisions are anchored in Parliament. This ensures we are **very aligned** with the **Norwegian citizenry** and has worked very well for us.

**[GSWF] NBIM was recently asked to give advice on whether Private Equity should be included as an asset class in its mandate. What do you think about this possibility, and do you think it will materialize soon?**

**[NBIM]** We provided our response to the Ministry of Finance on November 28, and they will now come with a proposal through a white paper by April 2024. After that, it is up to the Parliament to decide. As we write in our letter to the Ministry of Finance, a mandate to include Private Equity in our portfolio would be a **natural evolution** for NBIM, and one that would allow us to capture opportunities that we are not able to now. There is a growing share of **value creation** that is not captured in public markets, and if we are a large, global investor in Equities that is not in that segment, we may be **missing out**. We believe that entering into PE would allow us to generate higher returns over time without detracting from our transparency and responsibility efforts, as the PE industry itself has been moving in that direction over the years.

**[GSWF] The two of you manage one of the world's largest portfolios of equities, at circa US\$ 1 trillion. How do you manage such large portfolio with such little headcount?**

**[NBIM]** We are a very large asset owner, but with a **very lean organization**. Our investment strategies are grouped in three main categories: (i) market exposure; (ii) security selection; and (iii) fund allocation. We are responsible for the **security selection**, both equity and credit, and manage about 100 investment professionals. Our investment strategies operate under a delegated mandate structure, where portfolio managers are organized by (seven) sector groups and a number of cross-sector mandates. It's a **Portfolio Manager-centric model** with the person with in-depth knowledge of companies is the one taking the investment decision. Our investment processes build on the fund's unique characteristics and competitive strengths. Central to these is our **direct access** to our portfolio companies. We train our teams to being able to maintain and nurture strong relationships with major companies in each industry. The team is **fully accountable** for their investment decisions, and that provides alignment with the fund's mandate.



Daniel Balthasar and Pedro Furtado Reis,  
Co-CIOs of Listed Equities at NBIM



**[GSWF] You are currently invested in equities of 63 countries. Can you describe your fundamental research and stock selection process? Does geopolitics play a role in your ability to invest in some countries?**

*[NBIM] In our area, we run fundamental security selection processes. In addition, we developed a proprietary investment decision support tool. This allows us to **learn from mistakes**, build on our strengths and over time improve the quality of our investment decisions. Our mandate states which countries we can invest in, and **geopolitics is a risk**, among many others, that our Portfolio Managers need to evaluate when taking investment decisions.*

**[GSWF] In the past 25 years, the weight of European equities has dropped from 52% to 30% to the benefit of American stocks. Is the regional split of your portfolio mirroring that of FTSE Global All Cap?**

*[NBIM] It does not have to mirror the benchmark, but it follows it closely. We keep the benchmark in sight but **avoid mechanical replication** of indices because of the high trading costs it would imply. In addition, the **in-depth knowledge** of industries and companies underpinning security selection will steer us, at the margin from one region to the other over time, depending on the relative attractiveness of the investment opportunities.*

**[GSWF] Similarly, we have seen Tech / Telecom and Healthcare grow on percentage basis in the past few years. Which industries do you believe present the best prospects in the current environment?**

*[NBIM] **Technology** and **Healthcare** have indeed been the most significant investment sectors this year because of the mainstreaming of **artificial intelligence** and the emergence of anti-obesity drugs. We state in our Strategy 25 that we will take sector risk when risk-reward is particularly attractive and use our specialist knowledge that identify trends that make us expect higher long-term returns in some sectors. This may feel **contrarian at times**, and we want Portfolio Managers to feel safe when taking risk, so we have brought in two external specialists in sports psychology and team performance to support the organization.*

**[GSWF] NBIM maintains a dynamic list of exclusions based on non-ethical behaviors. Is the fund trying to increase its engagement with investee companies? How is ESG integrated in Listed Equities?**

*[NBIM] Decisions on exclusions are taken by the Executive Board of Norges Bank after recommendations from the Council on Ethics, an independent body. Then we have the active **risk-based divestments** that we may decide to make if the companies' activities are exposing us to unacceptable risks, but we usually engage with those entities before we divest in them. In terms of ESG integration, our lean team allows us to increase engagement and governance. In addition, ESG considerations are **fully integrated** into our investment decisions. Our Portfolio Managers collaborate very closely with our Investment Stewardship teams. We are strong believers in **engaging to change**, and for that we need to stay invested, especially in major companies that pose material risks. An example of our work in ESG is **climate risk**, which is aligned with financial risk. We monitor progress and **use voting actively** to make our voices heard.*

**[GSWF] The employees working away from the Oslo headquarters represent almost 50% of the total now. Do overseas offices make economic sense, and where do you see NBIM opening a new post?**

*[NBIM] We do believe overseas offices make economic and business sense because we are a global and very large asset owner investing in all markets, across time zones. In that context, we are very comfortable with our exposure to international markets through our offices in **New York, London and Singapore**, and our real estate offices in Paris and Tokyo. There are no plans to open any additional office at the moment.*

**[GSWF] You both represent a rare case of non-Norwegians among NBIM's Leader Group. What do you think has contributed to your rise in a foreign SWF, and what advice would you give to young professionals reading this piece and starting their careers in investment management?**

*[NBIM-PFR] We take pride in being part of an organization that promotes **diversity** in thinking and different perspectives to make better investment decisions. We are very global with over 600 people of 35 different nationalities, so it is just natural that the leader group has global representation, too. In terms of our journey, I have been at NBIM for 12 years and Daniel has been here 17 years, and we are able to work well together because we share the **same principles and approach**, and we enjoy managing investments but also people.*

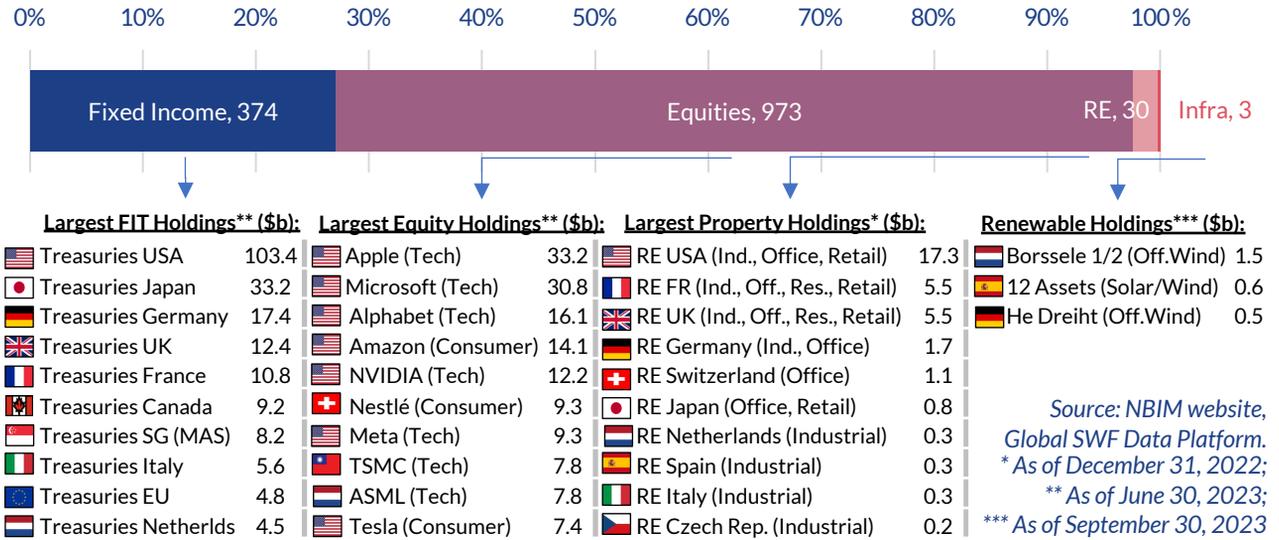
*[NBIM-DB] From my perspective, we have been so long at NBIM because we do believe it is the best place to be in asset management. If you are **passionate** about fundamental bottom-up investment, there is no better organization to be at. Our advice to young people: try and find something you are passionate about, and go the **extra mile** and work hard at it. I also believe it is important to be somehow **humble and patient**, so do not expect to run an organization tomorrow!*



### An increasingly global and diversified portfolio:

The evolution of **NBIM** in the past 25 years is typical for a universal asset owner with a conservative risk profile and liquidity constraints. The fund introduced unlisted RE (up to 7% of its portfolio) in 2010, infrastructure for renewable energy (up to 2%) in 2020 and may get a mandate to start investing in PE (3-5%) in 2024.

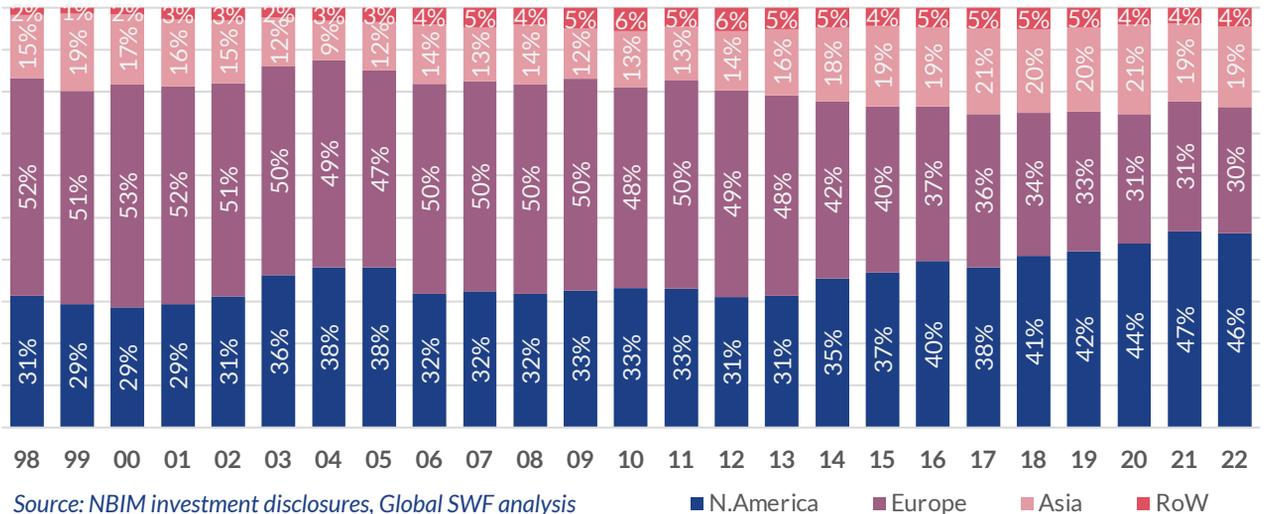
**Figure 24. NBIM portfolio as of September 30, 2023 (US\$ billion)**



### An increasingly America-weighted equities portfolio:

In the past 25 years global indices have increased their weight in US equities and decreased it in UK and Japan. Today, the FTSE Global All Cap Index, which **NBIM** uses as benchmark of equities, has 61% weight in the US. Since 1998, **NBIM** has reduced its weight in European equities from 52% to 30% of its portfolio and increased it in North American equities from 31% to 46%. The stakes in the so-called *Magnificent Seven* (Apple, Microsoft, Alphabet, Amazon, Meta, Tesla, and Nvidia) represented 8.7% of **NBIM**'s overall portfolio as of June 30, 2023.

**Figure 25: NBIM's Equities Portfolio by Regions**

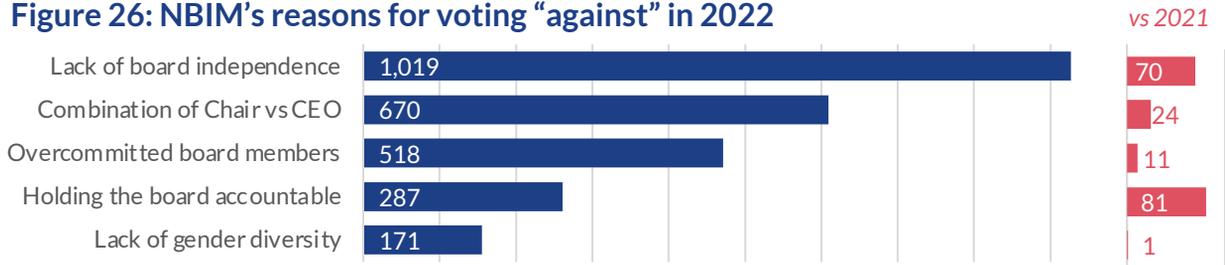


**An unparalleled responsibility – and influence:**

**NBIM** enjoys a privileged position as one of the world’s largest universal or global asset owners. The fund holds on average 1.5% of all listed companies and is invested in more than 9,200 companies worldwide, which allows it to have a unique overview and saying in these companies through the exercise of its voting rights.

In 2022, **NBIM** voted on 117,392 resolutions at 11,616 shareholder meetings. The vote was “for”, i.e., in line with the board’s recommendation, in 94% of the cases and in 70% of the meetings. However, the Norwegian fund voiced its concerns and voted “against” in 6% of the resolutions, due to the following reasons:

**Figure 26: NBIM’s reasons for voting “against” in 2022**

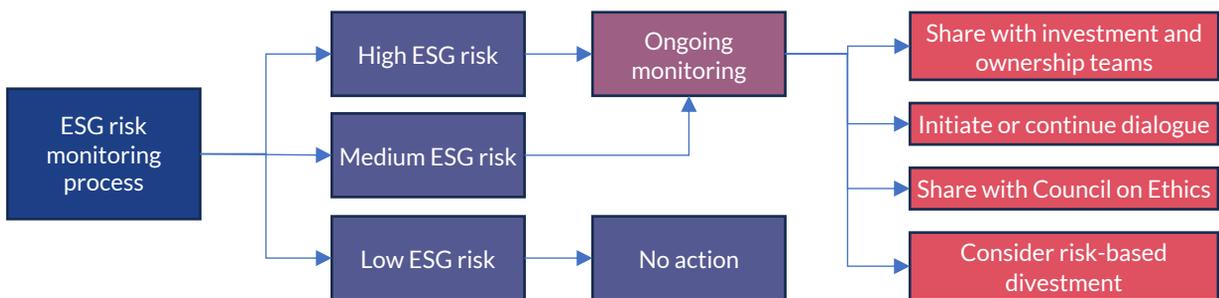


Source: NBIM Responsible Investment Report 2022

The Norwegian SWF has divested in 440 companies since 2012 and maintains an active list of exclusions of observations of companies based on the guidance of the Council on Ethics. As of November 2023, the list contains 185 entities based on conduct (environmental damage, violation of human rights, war/conflict-related violations, or corruption / financial crimes) or product reasons (coal, tobacco, weapons, or cannabis).

However, risk-based divestment is a last resort, as part of the ESG risk-monitoring process. **NBIM** may decide to divest from a company if it does not have credible plans for reducing its ESG risks; if the size of the investment is relatively small; and/or if other tools, such as dialogue and voting, are unlikely to be a success:

**Figure 27: NBIM’s ESG risk-monitoring process**



Source: NBIM Responsible Investment Report 2022

**NBIM** brought up topics related to Environmental, Social and Governance (ESG) in 66% of its meetings with companies in 2022 and continuously monitors the work in progress of its portfolio. Around a sixth of its companies have net zero 2050 targets, and 6% of the equity portfolio is invested in climate solutions.

As a reflection of its efforts around Responsible Investing, our latest GSR Scoreboard of July 2023, gave a score of 8/10 to **NBIM** in the Sustainability elements. However, the two missing points do not really apply to the fund given its lack of domestic mandate and would have been granted if we considered **GPF** a single SWF.



## 6. Major Theme: Energy Transition



The recently finalized COP28 showcased Sovereign Investors' approach to sustainability, with the UAE launching a US\$ 30 billion climate focused investment fund with backing from BlackRock and several SWFs. The energy transition agenda is being delivered across asset classes, from basic resources (lithium mining) to infrastructure (renewables, green hydrogen) to industrial development (giga-factories, electric vehicles) to venture capital (new battery technologies, low carbon industrial processes). Sovereign Investors are looking to gain exposure to all segments as well as greening existing "black" assets through decarbonization.

Leading alliances with other institutional investors (particularly with Canadian PPFs), Singapore's **GIC** aggressively pursued its green energy agenda in 2023, maintaining a leading position with US\$ 3.2 billion deployed into the sector, almost matching the level in 2022. Its sister organization **Temasek** focused on start-ups with new technology to advance renewables, batteries and low carbon industrial processes. Gulf funds also focused both on strategic investment in domestic renewables capacities and on yield-generating assets abroad, with **Mubadala** leading the way through the Masdar platform as well as directly.

Europe has offered the bulk of opportunities as governments seek to meet ambitious net zero targets through attractive incentives, although SOIs have largely focused on mature assets. **NBIM** continued to pursue big ticket transactions for European renewables as it aimed for a 2% allocation. Canadian funds **PSP** and **IMCO** backed NeXtWind Capital; **GIC** took a 5% stake in Spain-based EDP Renováveis for US\$ 1.0 billion; and **CPP** increased its support to Octopus Energy and committed US\$ 0.9 billion to Renewable Power Capital (RPC).

India has long been a target of SOI investment in renewables and 2023 was no exception. Delhi plans to install 450GW of renewable energy capacity by 2030 and is relying on patient capital from sovereign investors including Canadian PPFs and Abu Dhabi and Singapore SWFs. **ADIA** and **GIC** boosted their investment in Greenko in a US\$ 0.7 billion capital raise; **BCI** and **APG** backed Mahindra Susten, which has nearly 6GW of generation capacity; and **QIA** took a 3% stake in Adani Energy. Other SOI-backed Indian renewables platforms include Azure Energy (**OMERS**, **CDPQ**), ReNew Power (**CPP**, **ADIA**) and Tata Power (**Mubadala**).

The interest in green hydrogen is also high, as it could provide the feedstock for ammonia and methanol production and revive the chemicals chain, while being de-linked from the oil and gas sectors. **GIC** backed a major green ammonia plant in India, partnered with co-investors in Australia's hydrogen sector, snapped up a stake in InterContinental Energy, and joined Copenhagen Infrastructure Partners in backing a green bond issue by TagEnergy of up to US\$ 0.6 billion to fund renewables and battery storage in Australia, the UK and Europe.

Bio-based fuels also drew interest, with **OTPP** committing US\$ 0.3 billion to a JV with Sevana Bioenergy to develop renewable natural gas projects utilizing organic waste; and **Mubadala's** Acelen using its Mataripe refinery site in Brazil as host to an innovative US\$ 2.5 billion push into cleaner aviation fuel from oils derived from soybean, palm and macauba oils. Instead of simply divesting carbon intensive assets, Canadian PPFs have looked to greening them. **CPP** partnered with IKAV to acquire Aera Energy, which represents 25% of California's oil and gas production with a view to expanding its renewable energy portfolio.

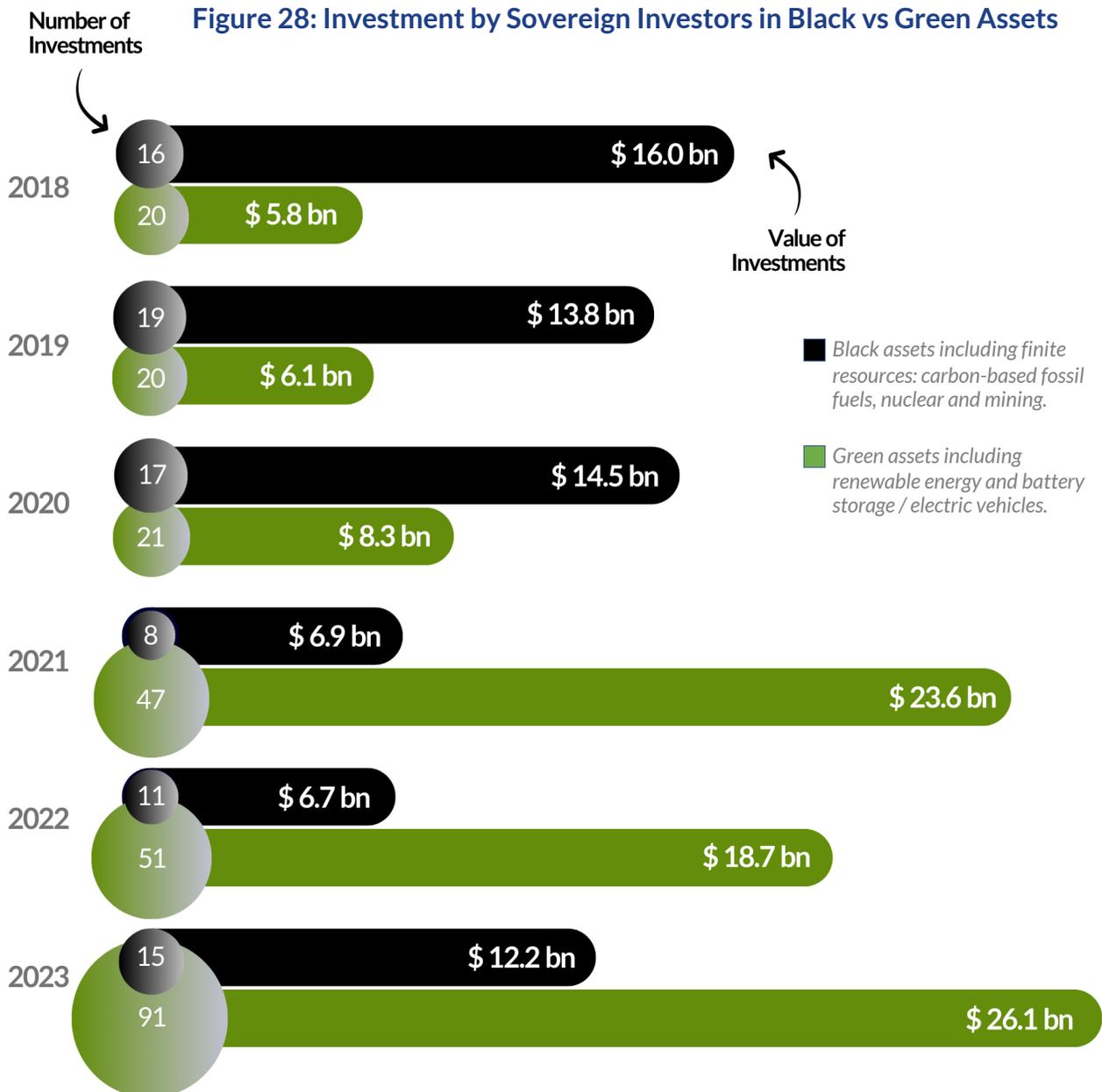
The automotive industry is also an area where SOIs believe they can make an impact. Swedish lithium-ion battery maker Northvolt received the support of several funds including **IMCO**, **OMERS**, **APG**, **AP1**, and **AP4**, and in Indonesia, **INA** launched a US\$ 2.0 billion green fund initiative, to help position Indonesia as a major player in the EV market and add value to its massive nickel reserves.

Saudi Arabia has led the way in investing directly in the manufacture of EVs and the entire automotive value chain. **PIF** began its involvement in Tesla rival Lucid in 2018 when it invested US\$ 1.0 billion, and has continued to pump capital into the EV maker since its IPO in 2021, with the goal that Lucid begins producing EVs in the Kingdom from 2025. In addition, **PIF** launched its EV carmaker, Ceer, in a JV with Taiwan's Foxconn, and has also signed partnerships with Tasaru (component localization); Hyundai (car plant); and Pirelli (tires). But it is not the only Gulf fund making strides in the space, as **ADQ** financed an investment of Abu Dhabi's Department of Finance into Chinese EV manufacturer NIO Inc. for US\$ 3.0 billion in July and December 2023. Lucid and NIO are among the world's top 5 EV manufacturers, together with Tesla, Li Auto and Rivian.



All in all, Sovereign Investors invested, once again, more in the so-called green assets than in the so-called black assets in 2023, reaching a historical maximum of US\$ 26.1 billion in the support to companies related to the energy transition, including renewable energy, battery storage and electric vehicles.

Gulf SWFs were responsible for almost half of that figure, and are pushing the energy transition agenda and recycling revenues from black assets into green impact investments, particularly in their own backyards. Canadian, European, Singaporean, and Australian funds are also freeing up plenty of dry powder to plunge capital into achieving their net zero ambitions, with the rest of the funds set to join them in co-investments.



Source: Global SWF Data Platform, Vizualytiks infographic



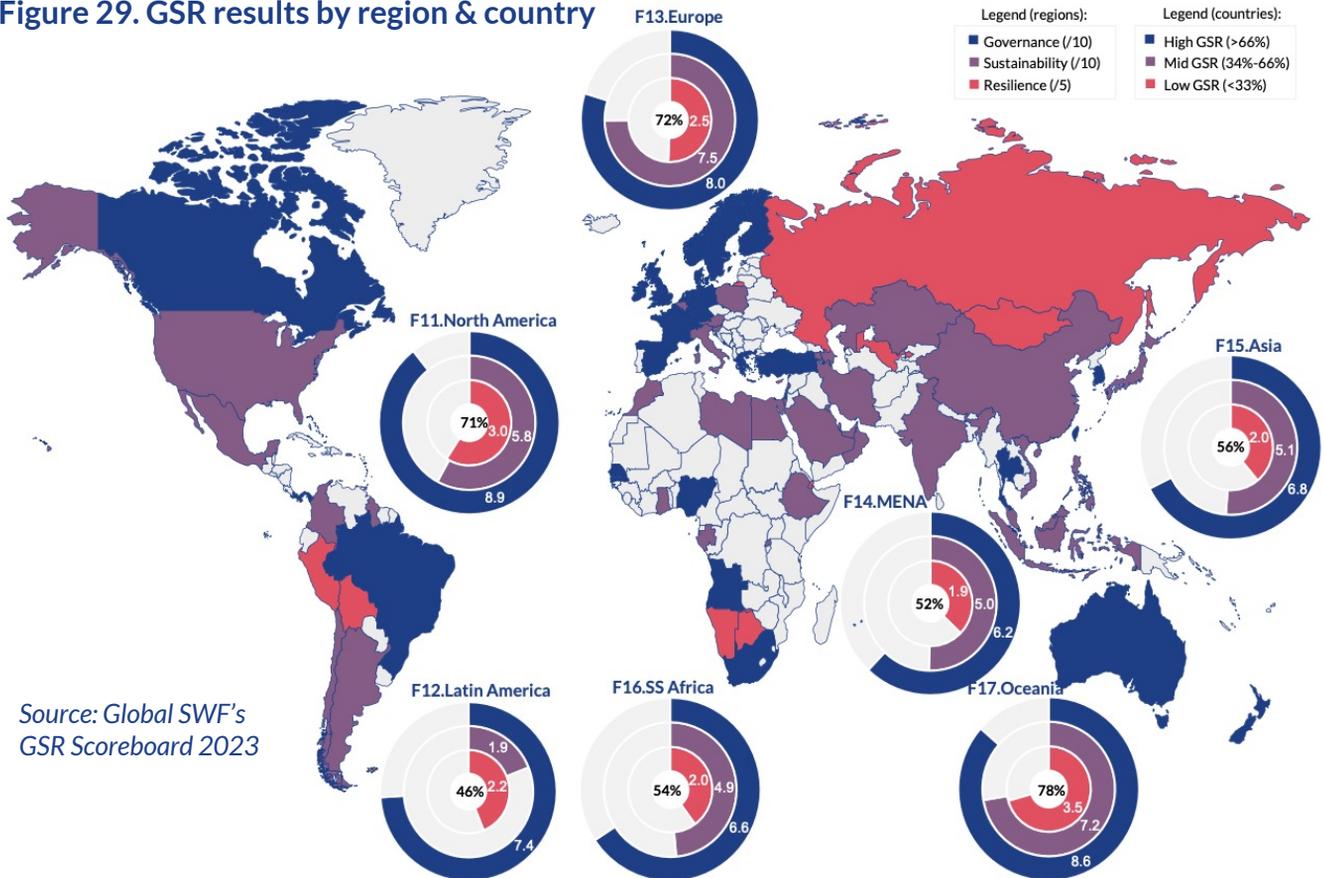
The **GSR Scoreboard** was first introduced by **Global SWF** in 2020 as an assessment tool of state-owned investors, including sovereign wealth and public pension funds, around their transparency and accountability (**Governance**), responsible investing (**Sustainability**), and legitimacy and long-term survival (**Resilience**). In its fourth edition, the system is now embraced and recognized as a key metric by funds and experts alike globally.

Unlike other systems and principles, the scorecard is designed to be fully **independent** (we are not paid by anyone to do it), **quantifiable** (assessing progress over time), and **objective** (based only on publicly available information). The scoring is based on 25 different elements: 10 related to governance, 10 to sustainability, and 5 to resilience, which are answered binarily (Yes/No) with equal weight and converted into percentage points.

The results of the **2023 GSR Scoreboard** were remarkable, with a steep increase in the overall score from 59% in 2022 to 63%. The improvement is most apparent among SWFs, which are catching up quickly with PPFs; and around sustainability, as funds are increasing their impact activities and reporting them in a regular and meaningful way. The overall ranking was led by **Temasek**, the largest investor among those achieving a 100% score, and a highly regarded role model sought after by governments across the world. Other funds with full marks included **CDPQ**, which was the recipient of **Global SWF's** 2022 Fund of the Year award; **NZ Super**, which reported the best financial performance in the past decade; and **NSIA**, which is an example of good practices in a challenging environment. We had the chance of discussing the results with **Temasek** and published the interview in our report, which can be accessed at <https://globalswf.com/reports/2023gsr>.

We expect to start collecting information for our next round of assessments in March-April 2024, and to share the preliminary results with all Top 200 funds in mid-May. The report will be released on July 1, 2024.

**Figure 29. GSR results by region & country**



Source: Global SWF's GSR Scoreboard 2023

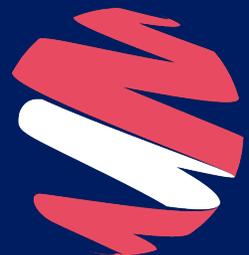
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# 7. Region of the Year: GCC+



One of the key consistent themes of the year when it comes to Sovereign capital has been the prominence of investors from the Gulf Cooperation Council (GCC), i.e., Saudi Arabia, UAE, Qatar, Kuwait, Oman, and Bahrain. In 2023, the AuM of SWFs in the region reached a historical peak of US\$ 4.1 trillion, and the transaction value, even if slightly lower than in 2022, amounted US\$ 82.3 billion, led by the so-called “Oil Five” (ADIA, Mubadala, ADQ, PIF, QIA). By 2030, the group of 19 Gulf SWFs could reach US\$ 7.6 trillion in assets, and if we add the pension funds and central banks in the broader MENA region, that figure could balloon to US\$ 11.2 trillion.

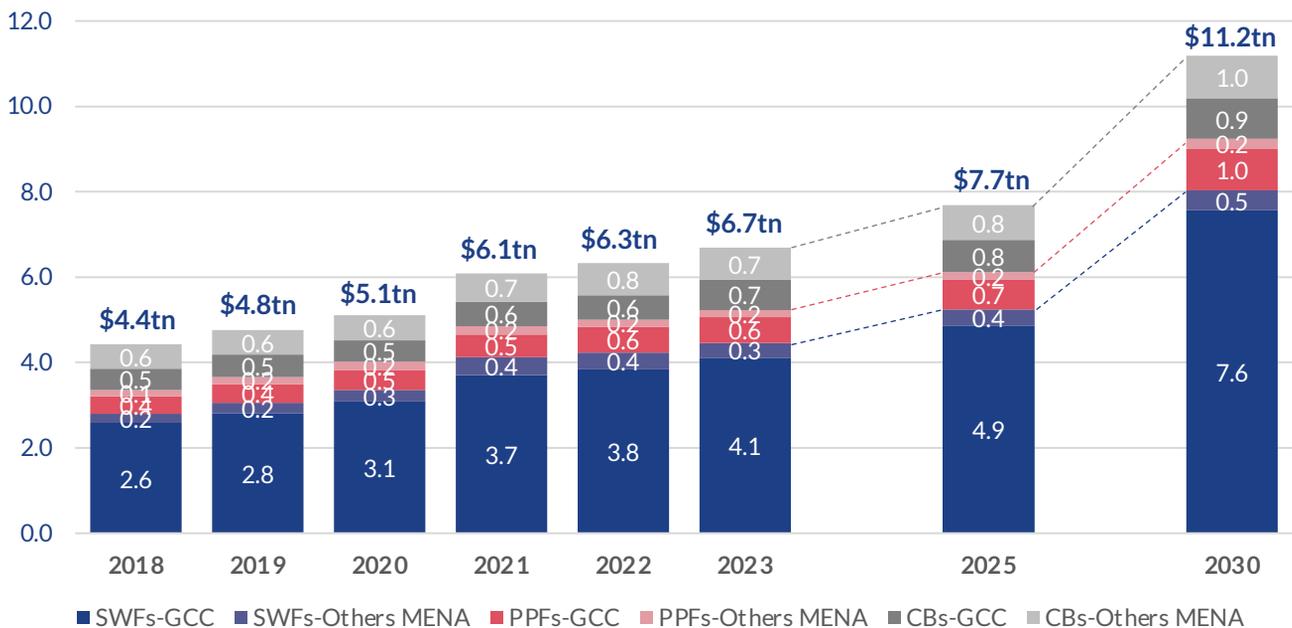
One obvious reason is the sustained high level of oil prices: Gulf SWFs have reaped the rewards of the fiscal windfalls and recovered quicker than others from the 2022 financial markets debacle. The other reason is the maturity of the investment landscape, with a wide range of players entering domestic and global markets with a level of sophistication never seen before. This has fueled economic diversification, which is expected to push GCC’s growth to +3.6% and +3.7% in 2024 and 2025, respectively, according to the World Bank.

Geopolitics matter in the GCC more than anywhere else and must be understood. Qatar’s economy has benefitted from the end of the blockade and better relationship with its neighbors. The UAE has undergone profound changes since the demise of Sheikh Khalifa in May 2022. In Saudi, the rise of PIF is intrinsically linked to the rise in power of Mbs. And Kuwait continues to struggle with the coexistence between *hadar* and *badu* and continuous disputes in the National Assembly that have impacted the work and potential of KIA and PIFSS.

The SWF industry in the GCC is anchored by its three largest players that are well over 50 years-old: Kuwait’s KIA (1953), Abu Dhabi’s ADIA (1967) and Saudi Arabia’s PIF (1971). However, there is no shortage of capital beyond them, and there are always new funds and developments that keep things interesting. The inflow of foreign investors working in the region has accelerated, and managers and advisors fly in from around the world every year to attend conferences and meetings, notably between the months of October and March.

The following five pages shed a light on some of the key areas that we believe are shaping investment management in the region: (i) the different ways sovereign capital is managed across GCC countries; (ii) the rise of the so-called private offices; (iii) the culture of national champions; (iv) the stock offerings in domestic exchanges; and (v) the geopolitics and support within the GCC and beyond.

US\$ trillion **Figure 30. Growth of GCC & MENA State-Owned Investors (US\$ trillion)**



Sources: Global SWF Data Platform and Projections

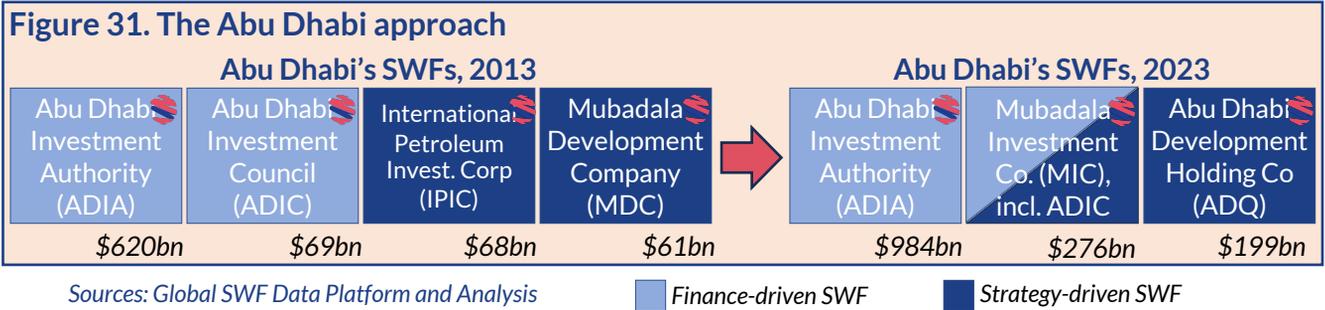


### Abu Dhabi vs Saudi Approach:

If we look at how capital is managed across the GCC, we see two key approaches. In the Abu Dhabi approach, the government creates different SWFs for different missions, under different royals (see next page).

Historically, **ADIA** was the only proper sovereign investor, since its early inception in London in 1967. In 1984, **ADIA** created a joint venture with ADNOC, which they called **IPIC**, to pursue acquisitions overseas – a new kind of strategic fund. This was followed by **Mubadala** (exchange), which aimed at attracting know-how to the Emirates. And, in 2007, ADIA stripped off its domestic investments into ADIC, which was also financially-driven. Four very different SWFs that co-existed for years until the consolidation of 2016-2018.

Fast-forward to today, and **ADQ** has emerged as another, very active and versatile strategic investor. But the principle remains the same – different SWFs to cover all bases without, theoretically, overlapping with each other, and different accountability and reporting lines. Elsewhere in the Gulf, the Abu Dhabi approach is followed by Dubai, which lacks an ADIA-like fund because of its more limited oil reserves but has various strategic funds; and by Bahrain, which runs separately the **FGR** (future fund) and **Mumtalakat** (strategic fund).

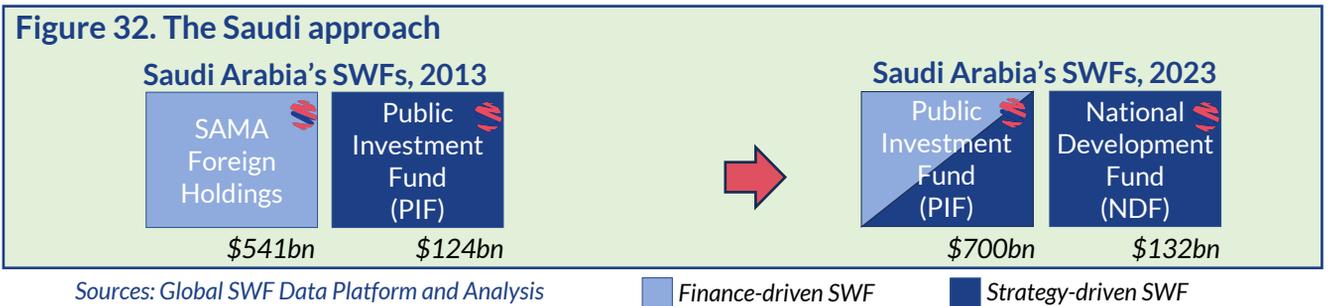


The second approach is the one seen in Saudi Arabia, in which the government consolidates all investment and strategic efforts, and its vision, into a single umbrella, in this case, the Public Investment Fund (**PIF**).

**PIF** was actually born in 1971 and is the Gulf's oldest SWF in its present form and name. However, it was conceived as a development fund that would only support Saudi companies, while the central bank **SAMA** ran the country's de-facto SWF with its portfolio of foreign holdings. That all changed in 2015, when **PIF** was transferred under the Council of Economic and Development Affairs (CEDA), chaired by Crown Prince MbS.

In the past eight years, **PIF** has become one of the world's most active (the most active in 2023!) SWFs both at home and overseas, and is a key enabler of the country's Vision 2030 and transformation. Further, its leaders have no problems in announcing grand plans for the SWF, in using it in its name to buy football clubs or golf leagues, and in sharing its finances publicly given its fundraising efforts, in a rather refreshing fashion.

In 2017, Riyadh set up a second fund, **NDF**, that would support **PIF**'s push for Vision 2030, but with a much more domestic and low profile, so many analysts still consider **PIF** the only "pure SWF" in the Kingdom. Elsewhere in the Gulf, the Saudi approach is followed by Qatar, which consolidates all its efforts under **QIA**; Kuwait, which does the same with **KIA** and its entities; and Oman, which merged its two funds into **OIA** in 2020.





### The blurry lines between Sovereign and Family Capital:

The Arabian Gulf has always been characterized by the blurred distinction between the capital of the nation (i.e., the sovereign funds) and that of the royal family (i.e., private offices). In Qatar, Sheikh Hamad bin Jassim (HbJ) served as Prime Minister of the country and CEO of QIA while managing his own portfolio. In 2013, one of his personal entities, Constellation Hotels, went on a shopping spree for several luxury hotels across Europe, months before he was relieved from his post at the SWF upon the abdication of his cousin the Father Emir, HbK. In Saudi Arabia, Prince Alwaleed invested for almost four decades through his private office, Kingdom Holding, before it was partially acquired by the country's sovereign wealth fund, PIF, which is chaired by his cousin MbS.

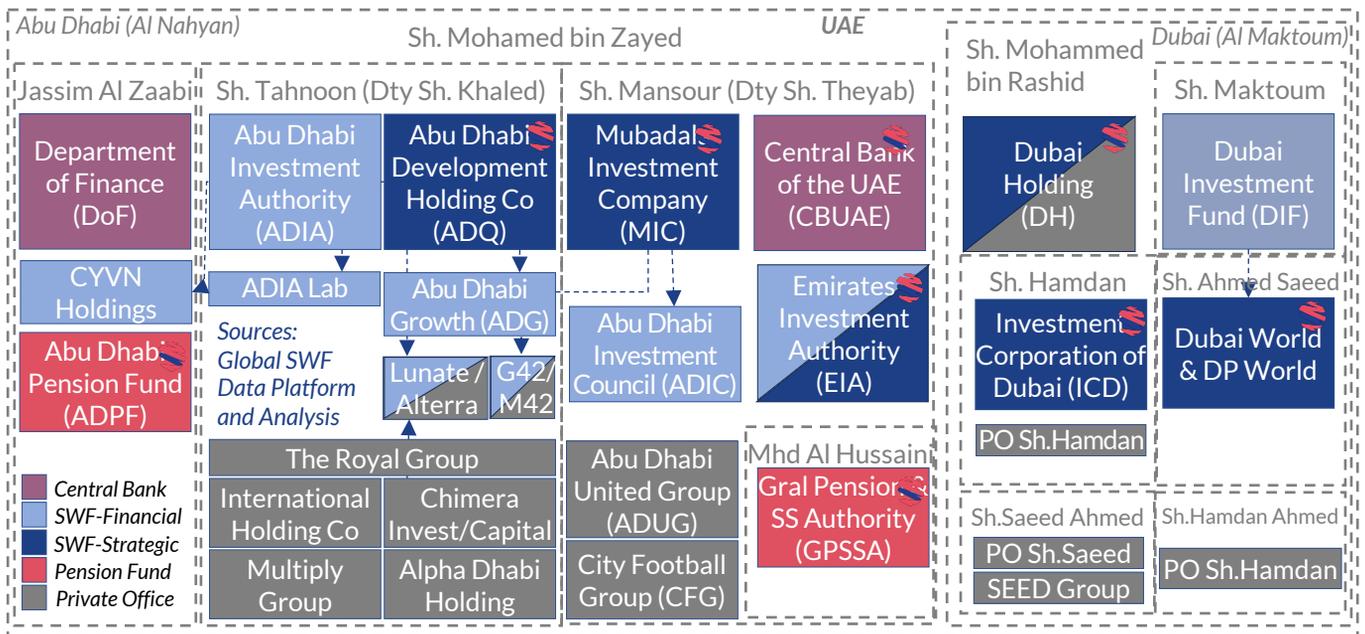
However, the UAE has taken the intertwining of family and state wealth to the next level. Two of the full brothers of its President Sheikh Mohamed bin Zayed (MbZ), Sheikh Mansour and Sheikh Tahnoun, run two of the world's most prominent family offices. The former chairs Abu Dhabi United Group, the entity that first came to light when it bought Manchester City in 2008. The British football club is presided over on behalf of ADUG by Khaldoon Al Mubarak, who is also the CEO of Mubadala, a SWF under Sheikh Mansour's ambit, too.

Older brother Sheikh Tahnoun manages what is likely the world's largest portfolio at US\$ 1.6 trillion. In addition to SWFs ADIA and ADQ, he heads the far-reaching Royal Group, which is said to function as the default private office of the Al Nahyan family. Some of the subsidiaries, including IHC, Alpha Dhabi, Multiply and Chimera have become active dealmakers in the UAE and beyond. During COP28, the UAE announced a new US\$ 30 billion fund Alterra, which will be managed by Lunate, a JV of ADQ and Chimera, all under Sh. Tahnoun.

Just to add another layer of complexity, a separate entity called CYVN invested in 2023 c. US\$ 3 billion in Chinese electric vehicle manufacturer NIO. CYVN is directly under the Department of Finance, and could therefore be considered a SWF by itself, but it turns out that it borrowed the money to pay for NIO from ADQ.

Neighbor Dubai does not necessarily make it simple for analysts either. Dubai Holding has long been considered the private office of ruler Sheikh Mohammed bin Rashid (MbR), but there have been discussions to make it more international, diversified, and "SWF-like". Additionally, the government announced in December 2023 a new investment fund, DIF, to be formed under the remit of MbR's son Sheikh Maktoum (UAE's Minister of Finance) and potentially replace Dubai World as an umbrella entity, absorbing DP World. Older son and Crown Prince Sheikh Hamdan, Fazza, manages the larger SWF, ICD, and, yes, his own private office, too.

### Figure 33. Abu Dhabi's and Dubai's Select Investment Companies





## National Champions:

Saudi Arabia is developing a range of national champions to advance Vision 2030. **PIF** has established subsidiaries ranging from agriculture to finance, from industry to infrastructure. Central to the **PIF**-led development program is its multi-billion giga-projects, which all have an element of tourism: NEOM, including the Line, Oxagon, Sindalah and Trojena; Red Sea Global; Qiddiya; Roshn; and Diriyah. At present, their value is not capitalized, but when they are completed by 2030, they should boost the fund's AuM by tens of billions. The fund also operates several subsidiaries including Sanabil, TAQNIA, Jada Fund of Funds, and STC Ventures that are building their own impressive portfolios, and a 17% stake in Prince Alwaleed's Kingdom Holding.

An array of in-house businesses have been established across the entire economy as part of an overall strategy to "crowd in" private sector investment, increase local content spend by portfolio companies, increase skills and capacities of local suppliers, and bolster local supply chains. In transportation, **PIF** launched a US\$ 30 billion airline Riyadh Air and is building up its own electric vehicle brand Ceer. In industries, it acquired the Saudi Iron and Steel Company (Hadeed) for US\$ 3.3 billion. And in sports and entertainment, it continues to pursue global portfolios of gaming, golf and football, which it seeks to use as a base for domestic initiatives.

Other Gulf states have looked to consolidating state-owned assets ahead of public listing to drive private investment. Abu Dhabi has mandated **Mubadala** and **ADQ** to manage a portfolio of national champions, mostly in infrastructure and energy. The listing of the utilities and energy champion TAQA boosted **ADQ**'s value, but the fund's non-TAQA portfolio has also increased from an estimated US\$ 36 billion at inception to US\$ 115 billion in 2023. Among those assets received in the past two years are waste manager Tadweer and domestic carrier Etihad, which sustained significant losses before and during the pandemic.

In December 2023, **ADQ** raised US\$ 1.0 billion in the listing of PureHealth, which was formed from the consolidation of the fund's healthcare assets, including SEHA, Daman, Tamouh, Yas Clinic, and Abu Dhabi Stem Cell Center. This portfolio was expanded with the acquisition of UK-based Circle Health Group. **Mubadala** has also built a strong healthcare portfolio through Mubadala Health, which it partially sold to Sheikh Tahnoon-chaired G42, in the launch of M42. Another focus of **ADQ** is aviation, and the fund integrated Etihad in its aviation portfolio to bolster vertical integration, improve profitability and potentially for future divestment.

The mandate and interaction of **Mubadala** and **ADQ** in Abu Dhabi could be similar to the ones adopted by **ICD** and the newly proposed **Dubai Investment Fund** in Dubai. Chaired by the UAE Ministry of Finance, the new fund will manage some of the most recent companies being listed, including DEWA, Salik and Dubai Taxi, and potentially, the huge **DP World**. It is yet unclear the role that **Dubai Holding** will play in that new scenario.

Oman's SWF is younger than its Emirati and Saudi counterparts, but is aggressively pushing forward its own process of improving profitability and reducing debt of portfolio companies. The **OIA** slashed the debt of its portfolio companies by nearly a quarter since 2020, which will make them more attractive when divested. The fund is helping drive the Oman Vision 2040 program by attracting further FDI, which will also be supported by the newly proposed US\$ 5.2 billion Oman Future Fund. The new fund will be under **OIA**'s management.

There are signs that Kuwait is following this trend, too. In 2023, the government announced the launch of the Ciyada Development Fund as part of the government's 2023-27 development program centered on 107 projects, including a new terminal in Kuwait International Airport as well as port, logistics and tourism projects. It will seek private sector partnerships in a drive to diversify the oil-based economy. The government also transferred US\$ 8.0 billion of landholdings to **PIFSS** with the intention for strategic real estate development, possibly under the ambit of subsidiary the Wafra Real Estate Company, which is developing Failaka Island.

Lastly, Qatar and Bahrain have been quieter on this front lately. The former is going through the hangover of the World Cup and remains with **QIA** as the umbrella for major national champions, including QNB, Ooredoo, Qatar Airways, Mwani, Qatari Diar, and Nebras Power. The latter uses SWF **Mumtalakat** to manage a wide range of strategic investments, local impact investments, and government holdings.



## Domestic IPOs:

In the past six years alone, GCC companies have raised US\$ 76.5 billion in domestic stock exchanges. This is an staggering figure for the region's capital markets, which did not enjoy the best reputation in terms of regulatory regime, liquidity, trading volume, and times of operation (given the Sunday to Thursday working week), until very recently. However, there have been important steps to take advantage of today's spotlight, and Saudi's Tadawul is now the 12<sup>th</sup> largest stock exchange by market cap, ahead of Korea Exchange and Deutsche Börse.

Almost 70% of the 138 GCC companies that went public between 2018 and 2023 chose the Tadawul. The UAE, with ADX, DFM and Nasdaq-Dubai, saw 24 IPOs, while Oman's MSX saw eight and Qatar's QSE, four. Boursa Kuwait, which is featured in a Netflix show, and Bahrain Bourse have been more disappointing. The pipeline for 2024 appears to be strong, with Prince Alwaleed potentially listing low-cost airline Flynas in Saudi, and the UAE potentially seeing the IPOs of Spinneys Dubai, and that of **Mubadala's** and **ICD's** EGA, at last.

In fact, a distinctive feature of IPOs in the GCC is that Sovereign Investors are usually behind the selling party, the buying party, or both – sometimes across borders. E.g., **ADIA** and **KIA** were alleged cornerstone investors in Aramco's IPO; **PIF** and **QIA** bought in shares in the recent listing of OQ Gas (under **OIA's** umbrella); and Fertiglobe's listing in Abu Dhabi attracted Singapore's **GIC**, among others. Offerings in the UAE have to keep 5% for the Emirates Investment Authority (**EIA**), which can choose whether to invest or not.

**Table 10. List of Select IPOs in the GCC with involvement of SOIs (buying or selling), 2018-2023**

#	Issuer	Sector	Exchange	Listing	Proceeds \$b	SOIs selling	SOIs buying
1	Aramco	Energy		2019 Q4	29.4	(Gvt)	ADIA, KIA
2	DEWA	Energy		2022 Q2	6.1	DIF	ADQ, EIA
3	ADNOC Gas	Energy		2023 Q1	2.5	(ADNOC)	ADPF, ADQ, EIA
4	Borouge	Industrials		2022 Q2	2.0	Mubadala	ADPF, ADQ, EIA
5	Americana	Consumer		2022 Q4	1.8	PIF	-
6	ACWA Power	Energy		2021 Q3	1.2	PIF	-
7	ADES Hld.	Energy		2023 Q4	1.2	PIF	-
8	AD Ports	Industrials		2022 Q1	1.1	ADQ	-
9	Salik	Industrials		2022 Q3	1.0	DIF	ICD (SIF), DH, ADPF
10	Tadawul	Financials		2021 Q4	1.0	PIF	-
11	PureHealth	Healthcare		2023 Q4	1.0	ADQ	-
12	Fertiglobe	Industrials		2021 Q4	0.8	(ADNOC)	ADPF, GIC
13	ADNOC L&S	Industrials		2023 Q2	0.8	(ADNOC)	ADQ, ADPF
14	OQ Gas Ntw.	Energy		2023 Q4	0.7	OIA	PIF, QIA
15	YahSat	Industrials		2021 Q3	0.7	Mubadala	EIA
16	EmPower	Energy		2022 Q4	0.7	ICD (Emaar), EIA	ICD (SIF), ADPF, EIA, MPF
17	Presight AI	Technology		2023 Q1	0.5	G42	IHC
18	TECOM	Real Estate		2022 Q3	0.5	DH	ICD (SIF)
19	Investcorp Capital	Financials		2023 Q4	0.5	Mubadala	- (IVC)
20	Baladna	Consumer		2019 Q4	0.4	-	GRSIA, Hassad
21	Phoenix Crypto	Technology		2023 Q4	0.4	-	IHC
22	Dubai Taxi	Consumer		2023 Q4	0.3	DIF	EIA, MPF
23	Abraj Energy	Energy		2023 Q1	0.2	OIA	PIF, SSF
24	Blue Whale SPAC	Financials		2021 Q3	0.2	Mubadala	-
25	ADC Acq. SPAC	Financials		2022 Q2	0.1	ADQ	-
113 other IPOs				2018-23	21.4		
<b>Total Raised</b>		<b>138 IPOs</b>		<b>76.5</b>		<i>Sources: PwC, KAMCO, Stock Filings, Global SWF</i>	

**Figure 34. GCC exchanges by IPOs 2018-23**





## Regional Geopolitics and Support:

Gulf governments have aligned their SWFs with their geopolitical priorities, particularly in their own regional backyard as they seek to bolster ties and integrate economies. SWFs are central to delivering on multi-billion bilateral memoranda of understanding – grand ambitions launched in high profile visits, although investment rarely, if ever, reaches targets. Saudi Arabia, the UAE and Qatar have engaged in what appears to be a bidding war for influence, with Egypt emerging as a major target and significant attention in Turkey and other markets.

**Egypt** has been courting Gulf investment to stimulate inward investment, which has been limited due to the country's yawning budget deficit, weak currency and high interest rates. Sovereign fund **TSFE** is being used to facilitate growth, offering state-owned assets through its newly formed Pre-IPO sub-fund. In 2022, **PIF** announced a US\$ 10 billion joint effort, the Saudi Egyptian Investment Co (SEIC), which has already bought minority stakes in four listed companies involved in fertilizer, transportation and finance for US\$ 1.3 billion.

UAE funds have also set their eyes on Egypt. **ADQ** established an office in Cairo in 2021 after signing a US\$ 20 billion platform with **TSFE** and has invested in financial services (CIB, Fawry), real estate (SODIC), retail (Lulu supermarkets), petrochemicals (Abou Kir Fertilizers and Misr Fertilizers), infrastructure (Alexandria Container and Cargo) and oil and gas (ELAB, National Drilling, Ethydc). **Mubadala** subsidiary Mubadala Energy also has an office in Cairo and significant operations with SUMED and stakes in several oilfields.

Lastly, Qatar has mended ties with Egypt and Gulf states and is pursuing similar pledges and deals. In 2022, it deposited US\$ 4 billion in the Egyptian central bank and during 2023, **QIA** reportedly shown interest in the hotels and telecommunications sectors and in a US\$ 1 billion renewables project in the Suez Canal Economic Zone, which includes a green ammonia unit and is likely to be angling for a breakthrough in 2024.

**Türkiye** presents another set of circumstances as its economy is bogged down by heavy deficits, weak lira and sky-high inflation. In 2021, **ADQ** signed an MoU with Türkiye Wealth Fund (**TVF**) for a US\$ 10 billion package in energy and utilities, healthcare, agriculture, transportation and logistics. After the 2023 earthquake, **ADQ** agreed to finance up to US\$ 8.5 billion of relief bonds and up to US\$ 3.0 billion in credit for exports. Qatar's **QIA** has also been active in Türkiye with a 10% stake in Borsa Istanbul, a 42% stake in high-end mall IstinyePark, some funding in the country's first decacorn Trendyoland, and more recently, a stake in the Eurasia Tunnel company. In 2023, the fund was reportedly approached for a US\$ 1.7 billion investment in Galataport.

Within the Gulf, **Oman** has also drawn interest from Saudi and Abu Dhabi SWFs. In 2022, **PIF** invested US\$ 0.3 billion in private equity infrastructure fund Rakiza, and in July 2023, it signed an MoU with **OIA** for US\$ 5 billion (Saudi Omani Investment Company), which bought a 20% anchor investment in Abraj Energy Services' IPO. Abu Dhabi's **Mubadala** has also weighted in on the action and in 2023, it pledged support to the Oman and Etihad Rail Company, which is building a US\$3 billion high-speed railway network connecting the two countries. **ADQ** signed a deal with **OIA** worth US\$ 2.7 billion and is studying targets including high-growth tech startups.

Saudi's **PIF** has been very active in other regional markets, too. In 2017, it established the US\$ 3 billion Saudi Jordanian Investment Fund alongside 16 domestic banks to pursue investments in Jordan's "vital and promising sectors". Six years later, it agreed to a deal of similar size with the Iraq Fund for Development to invest in Iraqi infrastructure, mining, agriculture, real estate and financial services opportunities. The Iraqi partnership is one of six regional vehicles the fund said it would establish in Bahrain, Egypt, Iraq, Jordan, Sudan, and Oman, with the aim of investing US\$ 24 billion in infrastructure, real estate, and various industrial sectors.

Lastly, the geopolitically strategic Red Sea region is also seeing intense activity as SWFs look to develop port infrastructure, which not only helps develop trade but also secures strategic inroads into East Africa. In 2022, **ADQ** backed a new Red Sea port in Sudan as part of a US\$ 6 billion package, including a free trade zone modelled on Dubai's Jebel Ali, a large agricultural project, and a US\$ 0.3 billion deposit in Sudan's central bank. The port is a joint project between DAL and AD Ports, and will compete with the country's main national port, Port Sudan, which has been suffering from infrastructural challenges and blockades.



# 8. Operational Matters



## International Firepower:

The disruption of strategic investment funds with a catalytic function has made the SWF universe even more heterogeneous and complex to analyze. The source of wealth, the investment mandate and the geographical restrictions ultimately define the true identity of every sovereign wealth fund.

Today, there are only four major SWFs that are unable to invest domestically, and it is because a sister organization does: **ADIA** invests overseas only because **Mubadala** and **ADQ** can do it in the UAE too; **GIC** only invests out of Singapore to stay away from **Temasek**-linked companies; **NBIM** focuses on global investments and leaves Norway for **FTF**; and **KIC** does not invest at home but half of **NPS**' portfolio is in Korea. All four funds are, therefore, among the most active and powerful institutional investors in global markets.

Others may not have as much international firepower after all the projects and undertakings at home, e.g., **PIF** is the world's seven largest SWF with over US\$ 700 billion of AuM, but if we stripped all the spending it does in the Kingdom, it would have a similar firepower to **Mubadala** and **Temasek**, which are a third of its size. Of the SWF industry's global AuM of US\$ 11.2 trillion, **Global SWF** estimates that 40%, i.e., US\$ 4.6 trillion, is invested within their respective economies, while US\$ 6.6 trillion would be defined as "international firepower".

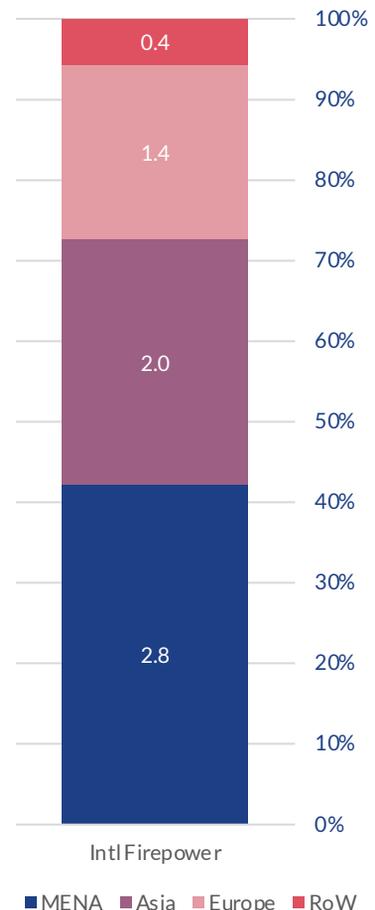
Not surprisingly, 42% of that firepower sits within Middle Eastern funds, which is the reason most asset managers have turned into the region when thinking of fundraising or selling assets. Another 31% sits within Asian funds, while 22% sits in Europe – or rather, Oslo. Around three quarters of that international firepower is invested in stocks and bonds, while US\$ 1.6 trillion is or will be invested in private markets globally.

**Table 11. International Firepower of SWFs**

# SWF	Country	AuM \$b	Domestic %	Intl Firepower \$b	Pvt %
1 NBIM		1,379	0%	1,379	3%
2 ADIA		984	0%	984	24%
3 GIC		769	0%	769	30%
4 KIA		801	10%	721	19%
5 CIC		1,240	67%	413	22%
6 QIA		429	29%	304	39%
7 SAFE IC		1,082	74%	281	22%
8 PIF		700	69%	217	36%
9 Mubadala		276	23%	213	65%
10 Temasek		288	27%	210	52%
11 KIC		181	0%	181	14%
12 ICD		341	49%	174	65%
13 Future Fund		164	20%	131	27%
14 NF-NIC		61	5%	58	0%
15 LIA		68	35%	44	22%
16 SOFAZ		56	25%	42	9%
17 ADQ		199	80%	40	45%
18 BIA		50	20%	40	17%
19 QIC		68	43%	39	29%
20 EIA		91	60%	36	14%
21 NZ Super		41	13%	36	11%
22 Dubai World		47	33%	31	100%
23 NWF		145	83%	25	20%
24 Alaska PFC		74	73%	20	35%
25 OIA		47	61%	18	31%
Others		1,585	85%	243	21%
<b>Total</b>		<b>11,164</b>	<b>40%</b>	<b>6,647</b>	<b>24%</b>

Source: Global SWF Data Platform

**Fig35. SWFs' firepower (US\$ tn)**



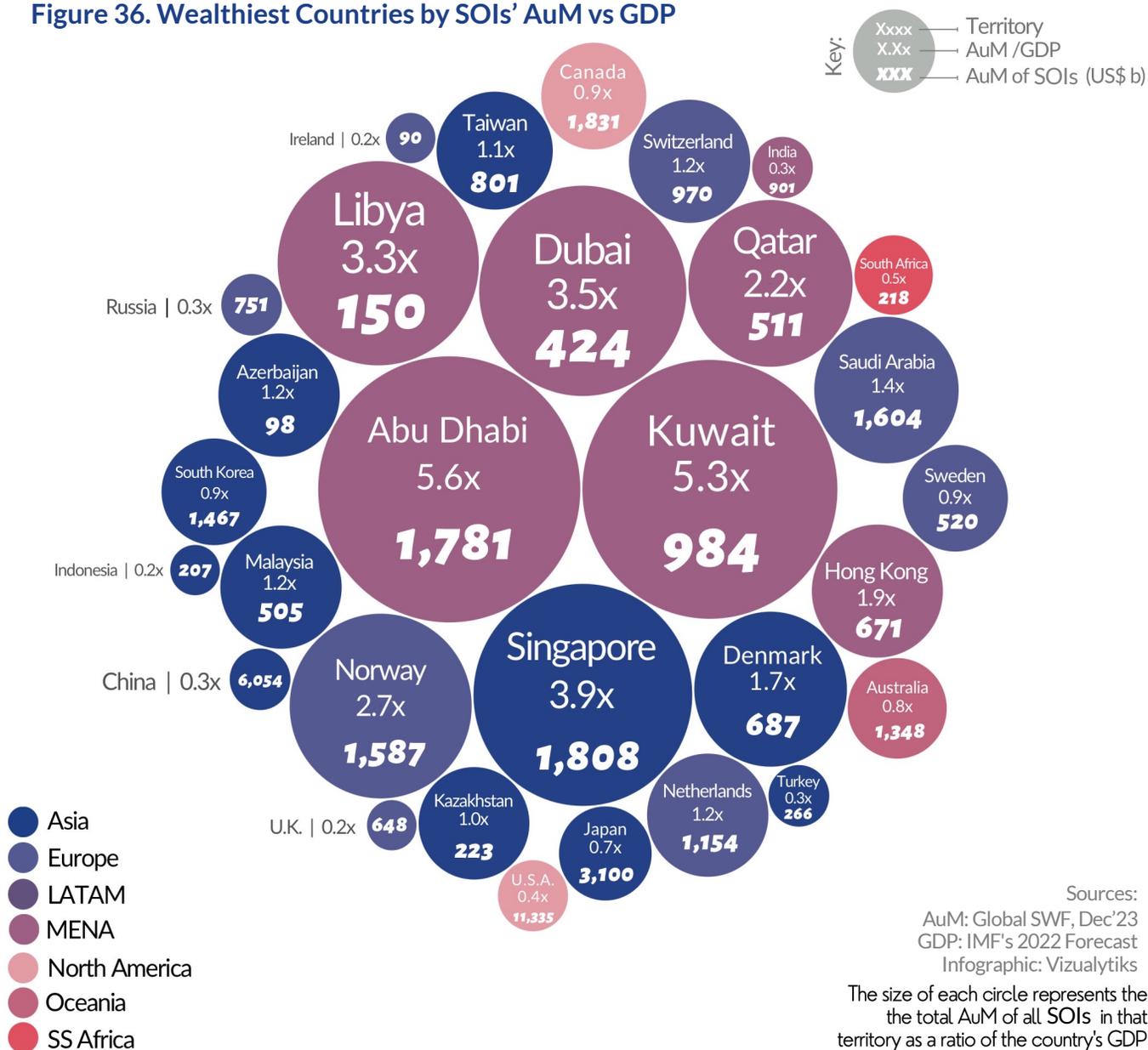


### Size Matters:

State-Owned Investors manage almost US\$ 50 trillion, which is half of the world's GDP, US\$ 100 trillion. The ranking of countries by public wealth in absolute terms is led by the world's three leading economies (the United States, China and Japan) and can be always checked in real time at <https://globalswf.com/countries>.

However, if we compare the capital of State-Owned Investors and the GDP of their countries, we can find the world's largest concentration of wealth in much smaller territories, some of which are, unsurprisingly, in the Middle East (Abu Dhabi, Kuwait, Dubai, Libya, Qatar and Saudi Arabia) and Asia (Singapore, Brunei, Hong Kong). If we did the same exercise but comparing it to the existing population of each territory, the Top 5 would be Abu Dhabi, Singapore, Norway, Kuwait and Qatar (ahead of Monaco, Luxembourg, and Switzerland).

### Figure 36. Wealthiest Countries by SOIs' AuM vs GDP





## New and Proposed SWFs:

Governments around the world continue to debate launching new funds for a variety of reasons and purposes. Some of them are sourced with wealth from commodities or reserves and have a savings function, while others are not cash-abundant but are established to attract co-investors in the hosting economy.

Five new funds were officially started in the past 12 months: the Philippines settled the debate and established the **Maharlika Investment Fund** with an initial capitalization of US\$ 2.3 billion from the Land Bank of the Philippines, the Development Bank of the Philippines and the national government. Following the examples of India's **NIIF** and Indonesia's **INA**, Maharlika will aim at attracting co-investors for its infrastructure needs, as signaled by the appointment of an executive at International Container Terminal Services (ICTS).

Similarly, Hong Kong established its Investment Corporation **HKIC**, with seven secondees from the **HKMA**, including Clara Chan, who will be the CEO and Rita Leung, the CIO. The **HKIC** consolidates four funds (HK Growth Portfolio, Greater Bay Area Investment Fund, Strategic Tech Fund, and Co-Investment Fund) for US\$ 8.0 billion and is modelled after **Temasek**, with a focus on strategic investment in the local economy.

The other three funds are still in early stages: Pakistan and Kosovo are cherry-picking some of their most profitable holdings to be transferred to the newly established **PSWF** and **SFRK**, respectively; while Mozambique is hoping to be able to start channeling the gas revenues from Cabo Delgado into **FSM** soon.

Several other countries have grand plans, too. In December, Dubai announced the formation of a new investment fund, **DIF**, under the Department of Finance that could absorb **DP World** and reach US\$ 80-100 billion. Its neighbors Kuwait and Oman also unveiled new domestic-focused funds, with Ciyada Development Fund and Oman Future Fund, respectively. Governments in the GCC are increasingly concerned about their sustainability and resilience and are supplementing their SWF offering with inward looking strategic vehicles.

In Europe, Ireland, Italy and Portugal are thinking of new savings vehicles for their upcoming budget surpluses. The Irish economy is benefitting from the inflow of global tech and pharma companies seeking low tax rates and expects to feed the **Future Ireland Fund**, which may reach US\$ 106 billion by 2035. In Latin America, Peru and Colombia are thinking of new vehicles in addition to the existing **FEF** and **FAE**, respectively.

Lastly, on the public pension side, the Australian superannuation industry continues its consolidation. In 2023, five mergers were finalized (UniSuper-ACS, Mercer Super-BT Super, CBUS-EISS, HostPlus-Maritime Super, and ART-CBA Group Super); and four more were announced (ART-AvSuper, CareSuper-Spirit Super, Active Super-Vision Super, and Mine Super-TWU into Team Super). By 2030, the industry is expected to reach US\$ 2.4 trillion and be led by **AustralianSuper** and **AustralianRetirementTrust** with US\$ 330+ billion each.

**Table 12. Latest SWFs established**

SWF	HQ	Est	\$bn	Mission
FSM		2023	TBC	Savings
SFRK		2023	TBC	Strategic
PSWF		2023	TBC	Strategic
HKIC		2023	8.0	Strategic
MIC / MIF		2023	2.3	Strategic
VFF (VFMC)		2022	10.0	Savings
EIH		2022	46.3	Strategic
Citizens' Fund		2022	1.0	Savings
Welwitschia		2022	0.02	Stabilization
FFSB		2021	1.7	Savings

**Table 13. Potential SWFs being discussed**

SWF	HQ	Mission	Latest Update
Dubai Investment Fund		Strategic	Dec'23: Fund announced
Sarawak Future Fund		Savings	Dec'23: Fund to start Jan 1
Colombia Public Wealth Fund		Strategic	Nov'23: Bill being drafted
Perú Sovereign Wealth Fund		Savings	Oct'23: Proposed by MEF
Future Ireland Fund		Savings	Oct'23: Plans laid out by Gvt
Portugal Sov. Wealth Fund		Savings	Oct'23: Plans laid out by Gvt
Kuwait Ciyada Dev. Fund		Strategic	Jul'23: Fund announced
Oman Future Fund		Strategic	Jun'23: Fund announced
Brazil Fundo Social Pré-Sal		Strategic	Jun'23: Reformulation
Italy Sovereign Fund		Strategic	May'23: Fund proposed

Source: Global SWF Data Platform.



### New Offices:

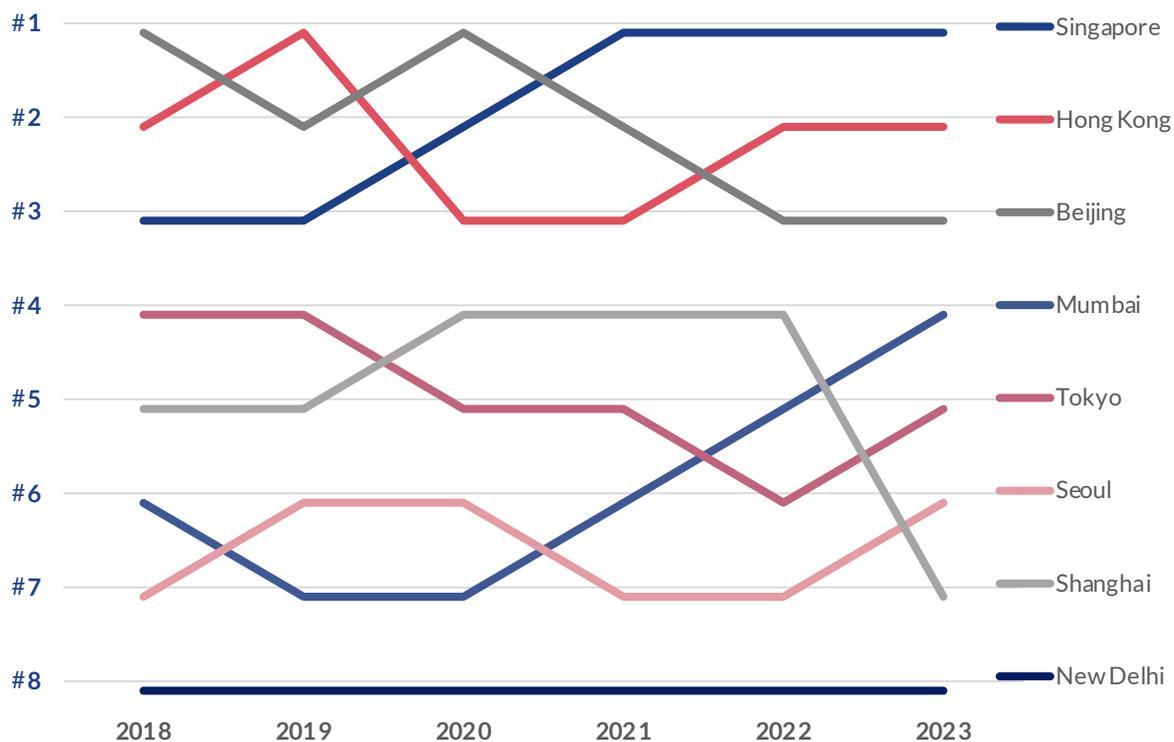
Sovereign Investors continue to open offices away from their headquarters, as part of their investment efforts and broader relationships with a particular country or region.

In 2023, we saw nine offices being established. In New York, **KIA**'s Wren House hired Martin Torres from Blackrock to focus on Energy Transition and opened an office in Midtown; **Khazanah** moved in its teams from San Francisco to focus on later stage deals; and **AIMCo** poached David Scudellari from **PSP** to open a multi-asset class office in Manhattan. In London, **BCI** opened an infrastructure-focused office in Marble Arch away from QuadReal teams in St James', and **Aware Super** became Australia's second superannuation fund in Britain, after **AustralianSuper**. And in Spain, **ADIA** Lab opened its "European headquarters" in Granada.

More significantly, we saw three funds opening offices in Singapore: Dutch pension fund **APG** opened a post to support its main Asian hub in Hong Kong; Australia's **QIC** opened an office dedicated to distribution; and **AIMCo** sent shock waves when it poached Kevin Bong from **GIC** and took over **Ontario Teachers'** lease in Asia Square. The Lion City saw a significant influx of professionals from Mainland China and Hong Kong in the aftermath of Covid-19, and even though it is stabilizing now, it remains the top choice for an Asian hub.

The pipeline for additional offices overseas is strong, and we may see the long-announced posts of **KIC** in Mumbai and of **Temasek** in Paris finally happening in early 2024. **HOOPP** will be the last Maple Eight fund to open an office in London, signaling its global expansion and confidence in the UK. Other moves have been rumored but seem more remote: India's Narendra Modi is pushing for **ADIA** and **PIF** to open offices in his home state Gujarat's GIFT City, while **AIMCo** is considering a representative office in the Abu Dhabi Global Market.

Figure 37. Most popular Asian cities for SOIs' Offices



Source: Global SWF Offices at <https://globalswf.com/offices>



## New CEOs:

The past 12 months have broken all records when it comes to changes in leadership in SOIs: a total of 32 new CEOs, if we include those announced for 2024. As we have stated before, this is not necessarily a good thing: in the context of highly disrupted markets and economies, sovereign funds need stable leaders that can deliver.

One of the year's most covered stories was the firing of several executives of Swedish pension fund **Alecta**, including the CEO and the Head of Equities, in April 2023 after the US\$ 2 billion losses associated with holdings in SVB and Signature Bank. SOIs have different ways of showing accountability, and a month later, **Temasek** lowered the salaries of the portfolios managers responsible for the US\$ 275 million injection in FTX.

Other changes received less explanation. In the Gulf, UAE federal funds **EIA** and **GPSSA** replaced their CEOs, and Bahrain's **Mumtalakat** and **Osool** theirs, without much fanfare. The musical chairs also continued in Malaysia, where Hamadah Othman (former CEO of **KWAP**) replaced Amrin Awaluddin (ex-**LTAT**) as CEO of **LTH**; and Amir H. Azizan left as CEO of **KWSP** to become Dty Minister of Finance. Its neighbor Singapore also saw the CEOs of **MAS** and **CPF** changed for executives from the Ministries of Manpower and Education.

Three state-level funds in the US (**COPERA**, **NM SIC** and **Texas PSF**) replaced their top executives. Down under, the CEOs of **CBUS** and **ART** retired, and **NZ Super** is still looking for a new, permanent CEO.

**Table 14. Changes in CEOs during 2023**

#	Fund	HQ	Date	Outgoing	Reason	Incoming	From
1	GPSSA		Jan-23	Mohamed Al Hameli	Replaced	Faras Al Ramahi	InvestAD
2	MGI		Jan-23	Herald Bonnici	Replaced	Jesmond Gatt	CBM
3	EIH		Jan-23	Mamo Mihretu	Promoted	Abdurehman Eid Tahir	MoUD
4	DHI		Mar-23	Karma Yezer Raydi	Promoted	Ujjwal Deep Dahal	Promoted
5	Samruk-Kazyna		Apr-23	Almassadam Satkaliyev	Not renewed	Nurlan Zhakupov	KIDF
6	Alecta		Apr-23	Magnus Billing	Removed	Peder Hasslev	Saminvest
7	ICF		Apr-23	Yoram Ariav	New Structure	Lena Krupalnik	Menora
8	Mumtalakat		May-23	Khalid Al Rumaihi	Replaced	Abdulla bin Khalifa Al Khalifa	Osool
9	Osool (SIO)		May-23	Abdulla Al Khalifa	Voluntary	Abdulla Ahmed Kamal	Acting
10	FONSIS		May-23	Papa Demba Diallo	Voluntary	Abdoulaye Diouf Sarr	MoHW
11	CBUS		May-23	Justin Arter	Retired	Kristian Fok	Promoted
12	NIIF		May-23	Sujoy Bose	Voluntary	Rajiv Dhar	Acting
13	LTH		May-23	Amrin Awaluddin	Not renewed	Hamadah Othman	AP
14	PensionDanmark		Aug-23	Torben M. Pedersen	Voluntary	Peter Stensgaard Mørch	MoF
15	PSPF		May-23	Chou Chih-hung	New Structure	Morgan Chen	FSC
16	COPERA		Jul-23	Ron Baker	Removed	Amy McGarrity	Acting
17	PBOC		Jul-23	Yi Gang	Retired	Pan Gongsheng	Promoted
18	USS		Sep-23	Bill Gavin	Retired	Carol Young	NatWest
19	KIO (KIA)		Sep-23	Saleh Al Ateeqi	Removed	Abdulmohsin Al Mukhaizeem	Wafra
20	Agaciro Fund		Sep-23	Gilbert Nyatanyi	Not renewed	Tesi Rusagara	CMA
21	NM SIC		Oct-23	Steve Moise	Retired	Robert Vince Smith	Acting
22	CPF Board		Oct-23	Agustin Lee	Not renewed	Melissa Khoo	MoE
23	Danica Pension		Nov-23	Soeren Lockwood	Retired	Mads Kaagaard	PFA
24	HKIC		Nov-23	n.a.	New Fund	Clara Chan	HKMA
25	EIA		Nov-23	Mubarak Al Mansoori	Replaced	Mohamed Al Mehairi	Mubadala
26	MIF		Nov-23	n.a.	New Fund	Rafael Consing Jr.	ICTSI
27	Texas PSF		Dec-23	Holland Timmins	Retired	Robert Borden	Palmetto
28	KWSP		Dec-23	Amir Hamzah Azizan	Promoted	TBC	TBC
29	DIF		Jan-24	n.a.	New Fund	Abdulaziz Mohammed Al Mulla	DoF
30	NZ Super		Jan-24	Matt Whineray	Voluntary	Paula Steed	Acting
31	MAS		Jan-24	Ravi Menon	Retired	Chia Der Jiun	MoM
32	ART		Feb-24	Bernard Reilly	Retired	David Anderson	Mercer

Source: Global SWF Data Platform



## New CIOs:

This year we also decided to list the changes in CIOs, although some restrictions apply. For example, there are several Sovereign Investors that do not have a single CIO, but multiple for each asset class. This is the case of Abu Dhabi's **ADIA** and **Mubadala**, Qatar's **QIA**, Singapore's **GIC**, and Norway's **NBIM**. Also, certain retirement systems in the US call their CIOs "Executive Directors" (more akin CEOs), while their Treasurer plays a supervisory role. Lastly, some funds have leaders that play both the CEO and CIO role, e.g., **BCI** and **FAP**.

In any case, we also saw a fair share of rotation among some major funds, including three of the **Maple Eight** funds in Canada. In January, Marlene Puffer replaced Sandra Lau and James Barber as a single CIO for **AIMCo**, in April, Satish Rai retired after five years as CIO of **OMERS** and was replaced by Ralph Berg, and in December, Ziad Hindo left after 23 years at **Ontario Teachers'** and was replaced by Stephen McLennan as CIO.

Down Under, **CBUS'** Brett Chatfield took over as CIO after Kristian Fok was appointed CEO; and Ben Samild replaced Sue Brake as a single CIO of **Future Fund**, with two new deputies under him. **AustralianSuper** did not change its CIO but appointed a Deputy CIO to sit in London and support the fund's global expansion. The Gulf funds got their second Aussie CIO (after **EIA's** Troy Rieck, who joined from **QIC** in 2022) in Charles Woodhouse, who left **AustralianRetirementTrust** to replace Mark Burbach as CIO of the **Abu Dhabi Pension Fund**. Khalid Taqi took over as CIO of **Osool**, although he left a few months later to join **Mumtalakat**.

American retirement funds also endured some changes at the top of their investment departments. Elizabeth Burton left Honolulu for Goldman and was replaced by Kristin Varela as CIO of **Hawaii ERS**; and Benjamin Cotton and Andrew Junkin were appointed CIOs of Penn **PSERS** and **Virginia RS**, respectively. But the biggest news was in Sacramento, where Nicole Musicco quit as CIO of **CalPERS** after less than two years at the post. As we wrote back in September, the move raised questions over the fund's future private equity strategy, and in fact, the Head of PE, Yup Kim, followed Musicco a few months later to join **Texas MRS** as CIO.

In Asia, Malaysia's **Khazanah** lost its CEO in January 2023 and the post has been vacant since then, while Hong Kong's newest fund **HKIC** recruited its CIO from **HKMA**, just like it did with the CEO position.

**Table 15. Changes in CIOs during 2023**

# Fund	HQ	Date	Outgoing	Reason	Incoming	From
1 AIMCo		Jan-23	Sandra Lau, James Barber	Replaced	Marlene Puffer	CN ID
2 Khazanah		Jan-23	Azmil Zahrudin	Voluntary	Vacant	-
3 BCPP		Jan-23	John Harrison	Acting	Joe McDonnell	NB
4 NPS		Jan-23	Ahn Hyo-joon	Not Renewed	Seo Woon-joo	GEPS
5 Penn PSERS		Jan-23	James Grossman	Retired	Benjamin Cotton	Vanderbilt
6 VRS		Jan-23	Ronald Schmitz	Retired	Andrew Junkin	Promoted
7 Hawaii RS		Jan-23	Elizabeth Burton	Voluntary	Kristin Varela	NM PERA
8 OMERS		Apr-23	Satish Rai	Retired	Ralph Berg	Promoted
9 CBUS		Mar-23	Kristian Fok	Promoted	Brett Chatfield	Promoted
10 Osool (SIO)		May-23	Khurram Mirza	Voluntary	Khalid Taqi	Promoted
11 APG		Jul-23	Peter Branner	Voluntary	Herman Slooijer, Patrick Kanters	Acting
12 Alecta		Jul-23	Gade Jepsen	Removed	Pablo Bernengo	AP3
13 AP3		Jul-23	Pablo Bernengo	Voluntary	Jonas Thulin	Erik Penser
14 Future Fund		Sep-23	Sue Brake	Voluntary	Ben Samild	Promoted
15 ADPF		Sep-23	Mark Burbach	Replaced	Charles Woodhouse	ART
16 CalPERS		Oct-23	Nicole Musicco	Family Reasons	Dan Bienvenue	Acting
17 HKIC		Nov-23	n.a.	New Fund	Rita Leung	HKMA
18 PGGM		Dec-23	Frank Roeters	Voluntary	Geraldine Leegwater	Acting
19 OTPP		Jan-24	Ziad Hindo	Voluntary	Steve McLennan	Promoted
20 BBB		Jan-24	n.a.	New Position	Ian Connatty, DCIO	Acting
21 Texas MRS		Jan-24	Dave Hunter	Retired	Yup Kim	CalPERS

Source: Global SWF Data Platform



# 9. State-Owned Investors 2030



As it is now tradition, we are revising our projections for the industry for the next seven years. We have until now estimated the growth of sovereign wealth funds and public pension funds, and this year we are also adding central banks to the mix. All in all, we expect State-Owned Investors to manage **US\$ 71 trillion** by 2030.

This figure is based on individual projections for all the major funds. Some of them including **NBIM, PIF, APG, GPIF, NPS**, and **CPP** issue regular projections of their balance sheets to 2025, 2030, 2050 and beyond (**GPIF** is now expecting to peak at US\$ 4.4 trillion in year 2079). For the rest, we have relied on the average growth between 2015-2023 when we believed it made sense, or our own estimate otherwise.

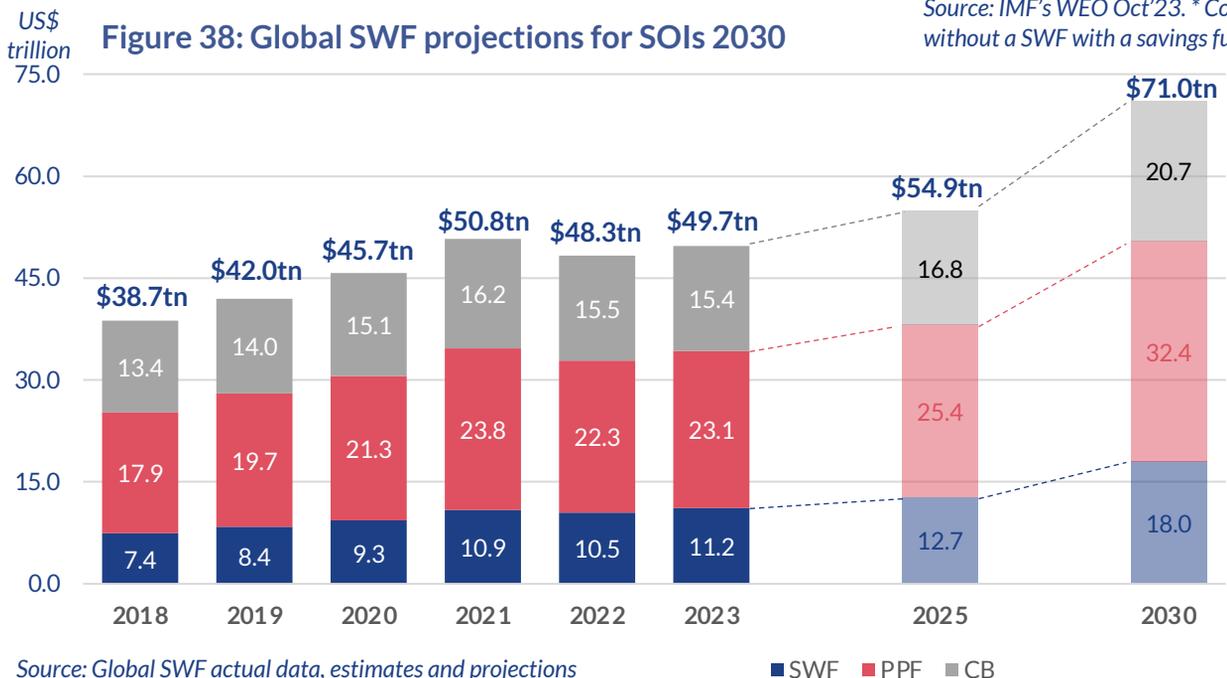
- We are expecting SWFs to grow from US\$ 11.2 trillion in 2023, to US\$ 12.7 trillion by 2025, and to **US\$ 18.0 trillion** by 2030. Half of the funds are funded by commodity exports so these figures will be highly dependent on oil prices. The growth in size of the existing players may be fueled by new funds arising around the world (13 new funds this decade so far). We could see well over 200 SWFs operating by 2030.
- Public pension funds will keep benefiting from consolidation and increasing contributions, and we expect them to grow from today's US\$ 23.1 trillion to US\$ 25.4 trillion by 2025, and to **US\$ 32.4 trillion** by 2030. Changes in distribution policies and in the retirement age at some of the systems, and the transition to DC may affect these numbers.
- Lastly, Central Banks have experienced the slowest growth, at 4.3% p.a. from 2008, and holding the same pace would bring their AuM from US\$ 15.4 trillion today, to US\$ 16.8 in 2025 and **US\$ 20.7 trillion** in 2030.

According to the IMF's latest projections, a group of 20 countries may run a joint surplus of over US\$ 8.2 trillion in the next five years. Half of them do not currently have a SWF with a savings function (or a SWF at all), and may want to consider one. Ireland and Italy are thinking about it, and Germany, Japan, Taiwan, the Netherlands and Switzerland should, too.

**Table 16. Projected Surplus**

#	Country	2024-28 SWFs
1	Germany	No*
2	China	Yes
3	Japan	No
4	Norway	Yes
5	Taiwan	No
6	Netherlands	No
7	Switzerland	No
8	Singapore	Yes
9	Russia	Yes
10	S. Korea	Yes
11	Ireland	No*
12	Denmark	No
13	UAE	Yes
14	Kuwait	Yes
15	Italy	No*
16	Saudi Arabia	Yes
17	Spain	No*
18	Qatar	Yes
19	Sweden	No
20	HK	Yes

Source: IMF's WEO Oct'23. \* Countries without a SWF with a savings function.



Source: Global SWF actual data, estimates and projections

■ SWF ■ PPF ■ CB



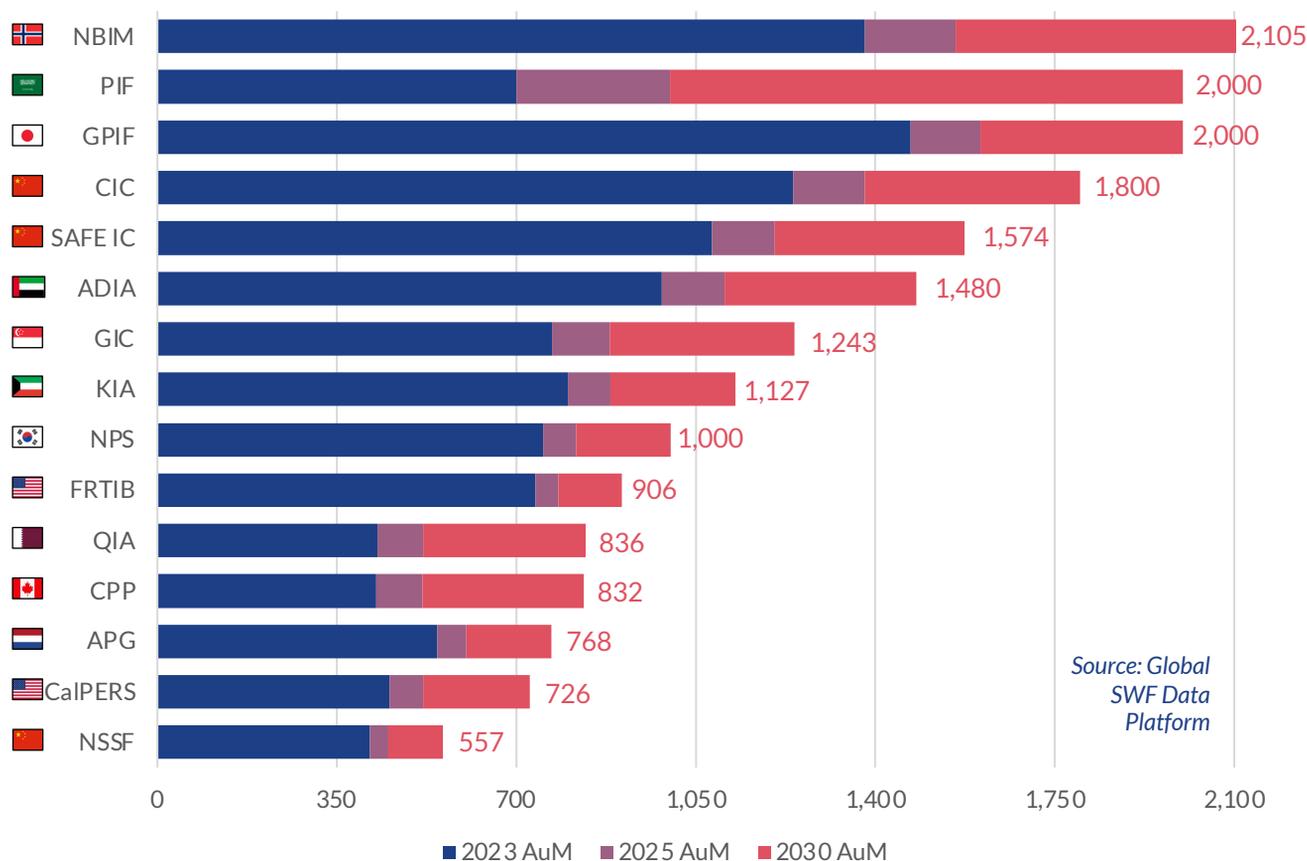
Asia will continue to gain an important role in the world economy. According to the Asian Development Bank projections, the share of the region in the world economy will increase from 34% in 2009 to close to 50% in 2030. In the next five years (2024-2028), the IMF projects India, Indonesia and China will grow at an average annual rate of +6.3%, +5.0% and +3.9%, respectively; while it believes the US, the EU and the UK will only grow, on average, at an annual pace of +1.9%, +1.8% and +1.6%, respectively.

However, the threatening cloud of geopolitics continues to loom large, after almost two years of war in Ukraine, and three months since the escalation between Israel and Hamas. Most analysts are closely watching the developments in the Strait of Taiwan, as well as the upcoming presidential elections that will take place in the US in November 2024, both of which may determine the fate of the global political stability.

As predicted last year, Sovereign Investors will continue to read the room and build resilient portfolios. This may drive further diversification and the focus on new or more sophisticated asset classes. The emergence of SWFs with domestic mandates will also continue to change the dynamics of the industry, and we may see the pure international, financial investors model to become obsolete in the next few years. Asset owners and asset managers will need to assure sustainability over the long term, and not only climate-wise.

We have revised the projections of the Top 15 largest sovereign investors accordingly. Japan's GPIF will probably still be the largest sovereign investor by 2025, but Norway's NBIM may take over soon after that. China will continue to have a key role unless it changes the structure of its pools of capital dramatically, and there will be four Middle East funds in the Top 15 by 2030, including Saudi Arabia's PIF with US\$ 2 trillion.

Figure 39. Top 15 Sovereign Investors by AuM (US\$ billion)





# Appx 1: Methodology & Rankings



**Global SWF** tracks 653 State-Owned Investors (“SOIs”), including Sovereign Wealth Funds (“SWFs”), Public Pension Funds (“PPFs”) and Central Banks (“CBs”), which jointly manage US\$ 49.7 trillion in assets. Today, the industry is highly complex, with mixed forms of structures, and portfolios, and we define five major groups:

- **Central Banks (CBs):** in 2023, we went through a comprehensive exercise to incorporate CBs into our universe, and to avoid any intersection or double-counting of the AuM of CBs and SWFs. Most central banks around the world maintain liquid portfolios, except for China’s **SAFE** (Investment Company), Hong Kong’s **HKMA** (Exchange Fund), Kazakhstan’s **NBK** (NOF and NIC), and Saudi Arabia’s **SAMA** (Foreign Holdings).
- **SWF-Stabilization Funds:** this is the smallest group and yet the most intuitive. They are defined as “rainy-day funds” because they are established as a buffer mechanism that can cover fiscal deficits in times of uncertainty. For this reason, they are usually highly liquid funds that allocate on average 90% of their capital into stocks and bonds. Examples include Azerbaijan’s **SOFAZ**, Botswana’s **Pula Fund** and Chile’s **ESSF**.
- **SWF-Savings Funds:** also known as future generations funds, they face less pressure for short-term liquidity and can afford to invest more aggressively. They allocate an average of 22% to private markets, and with a combined AuM of US\$ 6.9 trillion, they represent some of the largest investors in real estate, infrastructure and private equity. Examples include Abu Dhabi’s **ADIA**, Norway’s **NBIM** and Singapore’s **GIC**.
- **SWF-Strategic Funds:** these have been the most popular choice among governments in the past decade, as they combine a financial goal with an economic mission, contributing to the domestic development. For this reason, some of them are set up without much “wealth” and seek to catalyze foreign capital and fundraise from other SOIs instead. Examples include Ireland’s **ISIF**, Indonesia’s **INA** and Philippines’ **Maharlika**.
- **Public Pension Funds (PPFs):** PPFs have gained in significance and activity to such an extent that they are today similar in behavior to SWFs, despite the obvious differences in liability profile. Both groups keep similar strategies and asset allocations and can be seen competing for the same stakes in public auctions and private placements around the world. Examples include Canada’s **CPP**, Japan’s **GPIF** and Netherlands’ **APG**.

We are flexible in our definitions, which are driven by market interest. If we are too academic, e.g., using IMF’s definition of SWF, we risk leaving out some of the funds that we deem highly interesting, acquisitive and comparable to other SOIs, including India’s **NIIF**, Spain’s **COFIDES**, or Singapore’s **Temasek**.

We must bear in mind that certain funds are asset managers that invest on behalf of asset owners, e.g., Australia’s **TCorp** manages a SWF (**NGF**) and several superannuation pools; Canada’s **AIMCo** manages a SWF (**AHSTF**) and different pension plans; and Netherlands’ **APG** invests on behalf of **ABP** and other pools.

Out of the 653 SOIs, we define a **Top 300** list, which can be found in Appendix 1 and allows us to focus our efforts on the 100 most active and sizeable SWFs, PPFs, and CBs. This sample serves us as a fair representation of the heterogeneous universe of state-owned investors around the world.

## Methodology:

All the data is proprietary and comes from public sources or estimated based on our knowledge and insights. Of the **Top 300**, only 10 funds do not report their AuM, including Abu Dhabi’s **ADIA**, Qatar’s **QIA** and Singapore’s **GIC**, and we maintain internal models to estimate the size based on allocation and investments.

As a policy, we do not like “n.a.” and always estimate figures based on our experience, if undeclared. We maintain a dynamic list of the funds’ allocations as well as an exhaustive list of investments and divestments – a proprietary data set that goes back to the birth of the funds. Unless indicated otherwise, our investment data refers to private markets and to certain public market activities that are sizable and long-term in nature.

Lastly, we are contemporaneous in our approach and report information the minute it happens. The present report, released on January 1, 2024, and collecting activity up to December 31, 2023, serves as a proof.



# Ranking of SWFs (by AuM)



T17.

#	SWF	Est.	AuM \$b	GSR'23
1	NBIM	1997	1,379	88%
2	CIC	2007	1,240	72%
3	SAFE IC	1997	1,082	20%
4	ADIA	1967	984	56%
5	KIA	1953	801	48%
6	GIC	1981	769	60%
7	PIF	1971	700	92%
8	QIA	2005	429	72%
9	ICD	2006	341	56%
10	Temasek	1974	288	100%
11	Mubadala	1984	276	88%
12	ADQ	2018	199	56%
13	KIC	2005	181	92%
14	Future Fund	2006	164	96%
15	NDFI	2011	150	52%
16	NWF	2008	145	24%
17	NDF	2017	132	32%
18	TVF	2017	111	68%
19	EIA	2007	91	32%
20	PNB	1978	77	76%
21	Samruk-Kazyna	2008	74	72%
22	Alaska PFC	1976	74	68%
23	TCorp	1983	71	68%
24	UTIMCO	1876	69	68%
25	LIA	2006	68	64%
26	QIC	1991	68	60%
27	NF + NIC	2000	61	20%
28	SOFAZ	1999	56	76%
29	Bpifrance	2008	54	88%
30	VFMC	1994	53	84%
31	Texas PSF	1854	51	68%
32	BIA	1983	50	8%
33	New Mexico SIC	1958	47	60%
34	Dubai World	2005	47	76%
35	OIA	1980	47	60%
36	EIH	2022	46	36%
37	NZ Super Fund	2001	41	100%
38	Dubai Holding	2004	35	36%
39	OBAG	1967	33	52%
40	FTF	2006	32	88%
41	Khazanah	1993	30	76%
42	RDIF	2011	28	24%
43	WYO	1974	27	68%
44	KENFO	2017	26	84%
45	UFRD	2006	23	24%
46	AIH	2021	23	32%
47	Baiterek	2014	22	76%
48	PFR	2016	20	60%
49	ND RIO	1989	20	68%
50	ISIF	2014	19	96%

#	SWF	Est.	AuM \$b	GSR'23
51	Mumtalakat	2006	18	56%
52	TL PF	2005	18	48%
53	SK CIC	1947	17	52%
54	ESSF + PRF	2006	14	56%
55	SDH / SSH	1993	12	56%
56	CDP Equity	2011	11	60%
57	SFPIM	2006	11	64%
58	CADF	2007	10	36%
59	INA	2020	9.3	60%
60	Solidium	1991	8.0	60%
61	HKIC	2023	8.0	24%
62	BBB IP	2014	6.6	68%
63	FRC	1962	6.2	16%
64	GrowthFund	2016	5.9	80%
65	T&T HSF	2000	5.5	44%
66	COFIDES	1988	5.0	96%
67	NIIF	2015	4.9	84%
68	Pula Fund	1994	3.8	32%
69	FAE + FAEP	1995	3.5	40%
70	Alabama TF	1985	3.5	44%
71	DHI	2007	3.3	n.a.
72	KWAN / NTF	1988	3.3	12%
73	FEF	1999	3.2	12%
74	FEIP + FMPED	2000	3.0	52%
75	NSIA	2011	2.5	100%
76	MGI	2015	2.3	20%
77	Maharlika	2023	2.3	n.a.
78	SAM	2008	2.1	28%
79	NRF	2019	2.1	40%
80	FSDEA	2012	2.1	80%
81	TSFE	2018	2.0	56%
82	SCIC	2006	2.0	36%
83	FGIS	2012	1.9	44%
84	Ithmar Capital	2011	1.8	32%
85	FFSB	2021	1.7	n.a.
86	FAP	2012	1.4	84%
87	FONSIS	2012	1.2	68%
88	MIC	2020	1.1	48%
89	ANIF	2019	1.0	60%
90	ICF	2022	1.0	32%
91	GHF + GSF	2011	1.0	40%
92	Palestine	2003	1.0	68%
93	NIF	2019	0.8	12%
94	FGR	2006	0.7	56%
95	GIIF	2016	0.3	56%
96	Agaciro Fund	2012	0.3	64%
97	FHF + FSF	2010	0.2	12%
98	FSD	2020	0.2	32%
99	Nauru	2015	0.2	64%
100	Welwitschia	2022	0.02	28%

Other SWFs 75 85  
**Total SWFs 175 11,164**

Source: Global SWF Ranking <https://globalswf.com/ranking>  
 Top 100 SWFs based on size, investments & market interest  
 AuM refers to latest figure if available, estimation otherwise



# Ranking of PPFs (by AuM)



T18.

#	PPF	Est.	AuM \$b	GSR'23
1	GPIF	2006	1,469	92%
2	NPS	1988	753	84%
3	FRTIB	1986	737	52%
4	APG	1922	546	92%
5	CalPERS	1932	452	84%
6	CPP	1997	427	96%
7	NSSF	2000	414	36%
8	CPF	1955	413	52%
9	GOSI	1958	320	60%
10	CDPQ	1965	320	100%
11	CalSTRS	1913	308	92%
12	AP Fonden	2001	275	92%
13	CDC	1816	260	72%
14	NYC Compt	1920	248	72%
15	NYS CRF	1983	246	88%
16	PGGM	1969	243	96%
17	KWSP	1951	232	80%
18	SBA Florida	1943	230	60%
19	BLF	2014	204	68%
20	AustralianSuper	2006	198	88%
21	EPFO	1952	194	56%
22	OTPP	1917	189	92%
23	Texas TRS	1937	187	68%
24	MN	2014	187	76%
25	PSP	1999	180	88%
26	BCI	1999	172	96%
27	ART	2022	172	84%
28	UC Investments	1933	164	88%
29	WSIB	2005	154	72%
30	PIC	2015	147	80%
31	MPFA	1995	141	60%
32	PIFSS-Wafra	1955	137	48%
33	MSBI	1981	135	72%
34	NYS TRS	1913	132	84%
35	SWIB	1951	123	72%
36	BVK	1995	114	76%
37	PFA JP	1967	113	52%
38	NCRS	1941	111	56%
39	AIMCo	1976	110	92%
40	NPST	2008	110	48%
41	Alecta	1917	109	92%
42	Ohio PERS	1935	107	60%
43	Aware Super	2020	106	96%
44	PFA DK	1917	106	92%
45	Virginia RS	1942	105	60%
46	ATP Groep	1964	100	80%
47	Amitim	2011	98	48%
48	OMERS	1962	96	92%
49	Georgia TRS	1943	95	56%
50	USS	1974	94	n.a.

#	PPF	Est.	AuM \$b	GSR'23
51	MassPRIM	1983	93	52%
52	NJ Dol	1950	93	60%
53	Oregon PERF	1946	93	64%
54	KLP	1949	91	92%
55	Ohio STF	1919	85	52%
56	UniSuper	2000	82	84%
57	Chikyoren	1984	81	60%
58	HOOPP	1960	77	84%
59	BCPP	2018	74	88%
60	LACERA	1937	74	80%
61	Penn PSERS	1917	72	64%
62	Kokkyoren	2017	71	52%
63	Michigan PSER	1942	70	56%
64	HostPlus	2021	68	72%
65	KEVA	1988	68	84%
66	SSO	1990	66	56%
67	Illinois STRS	1939	65	60%
68	Danica	1842	60	n.a.
69	PKA DK	1954	57	84%
70	NLGPS	2019	57	56%
71	CBUS	1984	56	88%
72	COPERA	1931	56	80%
73	IMCO	2016	54	80%
74	FGS	2008	52	36%
75	HESTA	1999	49	84%
76	REST	1988	48	88%
77	PREVI	1904	48	68%
78	PUBLICA	2001	48	88%
79	KTCU	1971	45	68%
80	ESSS	1977	45	36%
81	PensionDanma	1993	45	92%
82	CSC	1976	41	76%
83	BVK Zurich	1926	40	68%
84	KWAP	2007	40	60%
85	GPSSA	1999	40	20%
86	GPF	1997	35	96%
87	BVV	1909	35	68%
88	CDG	1959	33	72%
89	GRSIA	2002	31	40%
90	GSIS	1936	29	48%
91	ADPF	2000	28	32%
92	FDC	2004	25	92%
93	VER	1990	23	68%
94	FRR	2001	23	88%
95	Bouwinvest	2002	20	88%
96	Aramco PF	2017	20	20%
97	OPTrust	1995	18	88%
98	POBA	1975	17	60%
99	SIO-MPF	1976	13	n.a.
100	RSSB	2010	1.7	44%

Source: Global SWF Ranking <https://globalswf.com/ranking>  
 Top 100 PPFs based on size, investments & market interest  
 AuM refers to latest figure if available, estimation otherwise

Other PPFs\* 202 8,272  
**Total PPFs 302 23,108**

\*Others include US Federal funds OASDI, MRF and CSRDF



# Ranking of CBs (by reserves)



T19.

#	CB	HQ	Est.	AuM \$b	Currency
1	PBoC		1948	3,308	CNY
2	BoJ		1882	1,238	JPY
3	ECB		1998	1,182	EUR
4	SNB		1907	811	CHF
5	RBI		1935	590	INR
6	CBR		1990	577	RUB
7	CBC		1924	570	TWD
8	HKMA EF		1993	511	HKD
9	SAMA		1952	426	SAR
10	BoK		1950	413	KRW
11	BCBr		1964	340	BRL
12	MAS		1971	338	SGD
13	DB		1957	313	EUR
14	Fed		1913	241	USD
15	Bdl		1893	239	EUR
16	BdF		1800	238	EUR
17	BoT		1942	213	THB
18	Banxico		1925	205	MXN
19	BoI		1954	199	ILS
20	BoE		1694	183	GBP
21	NBP		1945	176	PLN
22	CBUAE		1980	163	AED
23	CNB		1993	137	CZK
24	BI		1953	135	IDR
25	TCMB		1931	135	TRY
26	CBIraq		1947	120	IQD
27	BoC		1935	114	CAD
28	BNM		1959	113	MYR
29	BSP		1993	101	PHP
30	BdE		1782	99	EUR
31	SBV		1951	92	VND
32	DN		1818	86	DKK
33	CBL		1956	82	LYD
34	NB		1816	82	NOK
35	BCRP		1922	72	PEN
36	DNB		1814	66	EUR
37	BNR		1880	62	RON
38	SARB		1921	61	ZAR
39	BoA		1962	61	DZD
40	SRB		1668	60	SEK
41	RBA		1959	59	AUD
42	BanRep		1923	57	COP
43	QCB		1973	51	QAR
44	Bcentral		1925	43	CLP
45	CBK		1969	42	KWD
46	NBB		1850	40	EUR
47	NBU		1839	39	UAH
48	BNB		1879	38	BGN
49	MNB		1924	36	HUF
50	CBE		1961	35	EGP

#	CB	HQ	Est.	AuM \$b	Currency
51	BKAM		1959	35	MAD
52	NBK		1993	34	KZT
53	CBN		1958	33	NGN
54	CBU		1991	33	UZS
55	Bportugal		1846	33	EUR
56	BdL		1964	32	LBP
57	OENB		1816	30	EUR
58	AMCM		1999	28	MOP
59	BB		1971	26	BDT
60	NBSr		1884	26	RSD
61	BCRA		1935	21	ARS
62	CBIran		1960	21	IRR
63	BanGuat		1945	21	GTQ
64	CBJ		1964	18	JOD
65	NBC		1954	18	KHR
66	BCU		1967	17	UYU
67	CBO		1974	17	OMR
68	SP		1811	16	EUR
69	BCRD		1947	15	DOP
70	BNA		1926	14	AOA
71	BEAC		1972	13	XAF
72	TtE		1927	13	EUR
73	BCCR		1950	13	CRC
74	CBireland		1943	13	EUR
75	SBP		1947	13	PKR
76	RBNZ		1934	12	NZD
77	NRB		1956	12	NPR
78	CBTT		1964	11	TTD
79	CBAR		1992	11	AZN
80	NBSI		1993	10	EUR
81	BCV		1939	10	VES
82	BCP		1952	10	PYG
83	BCT		1958	8.4	TND
84	NBRB		1990	8.0	BYN
85	BCH		1950	7.5	HNL
86	CBKy		1966	6.8	KES
87	BoM		1967	6.7	MUR
88	BCE		1927	6.4	USD
89	BeS		1992	6.1	ALL
90	LiB		1990	5.9	EUR
91	SBI		1961	5.5	ISK
92	LaB		1993	5.5	EUR
93	ECCB		1983	5.2	XCD
94	MB		1991	4.0	MNT
95	CBB		2006	4.0	BHD
96	BCEAO		1959	3.2	XOF
97	BCBo		1928	3.2	BOB
98	BdM		1975	3.0	MZN
99	HNB		1990	3.0	EUR
100	BoG		1957	2.1	GHS

Other CBs	76	105
<b>Total CBs</b>	<b>176</b>	<b>15,423</b>

Source: Global SWF Ranking <https://globalswf.com/ranking>  
 Top 100 CBs based on size, investments & market interest  
 AuM refers to latest figure if available, estimation otherwise

# Appendix 2: Summary of 2023



## Breakthroughs:

We had a busy 2023 to stay on top of all news. Our monthly newsletters are sent on the very first day of the month to our clients around the world. For example, on February 1, we reported on the emergence of Abu Dhabi family offices; on April 1, we studied the effect of the banking distress on Sovereign Investors and compared it with 2008 GFC; and on September 1, we did a special analysis on SOIs' exposure to China.

We also reported on what we saw on the ground during our various tours, in Canada (Toronto and Montréal) on May 1; and in the Middle East (Abu Dhabi, Dubai, Doha, and Riyadh) on November 1.

### February 2023 Newsletter

**Update on Abu Dhabi Inc. - The Capital of Capital**

On January 24, Sheikh Mohamed bin Zayed (M2Z) introduced important changes to the Abu Dhabi Executive Council: ADEC is the de-facto cabinet of Abu Dhabi and is formed by eight members of the Al Nahyan royal family, plus 11-12 senior advisors, most of whom lead the different "Sectoral Councils" (i.e. ministers at emirate level). It is supervised by the Abu Dhabi Executive Office. Since the demise of Sheikh Khalifa in May 2022, the emirate has been going through significant changes that affect its major investment organizations. Power is increasingly concentrated in the "Bat Fam" and most analyses believe that M2Z will soon designate his son Khalifa as the Crown Prince, while leaving the management of the family wealth to his full brother Tahoun. In that context, ADEC could report changes soon. The Board will likely be chaired by M2Z, supported by Mansour or Khalid M2M Hamed, who succeeded Sheikh Mohamed (both "Bat Mousa") in 2020, is still young at 51, but could be replaced in the near term by Majed Al Romhanni, who has been groomed for years. Today, Sh. Hamed is the world's only royal to be acting as the CEO of a SWF.

Abu Dhabi Investment Company (ADIC)	Abu Dhabi Investment Company (ADIC)	Mubadala Investment Company (MVIC)	Abu Dhabi Development Holding Co. (ADDC)	Emirates Investment Company (EIC)
Est. 1976 AUM: \$999 billion Private Capital: 22% HC: 13200 in 3 offices Domestic CR: 20% CSR Scoreboard: 58% 2022 IHL: \$5.9 billion	Est. 2007 AUM: \$284 billion Private Capital: 30% HC: 12000 in 1 office Domestic CR: 23% CSR Scoreboard: 58% 2022 IHL: \$1.1 billion	Est. 2002 AUM: \$284 billion Private Capital: 46% HC: 12000 in 7 offices Domestic CR: 23% CSR Scoreboard: 84% 2022 IHL: \$13.3 billion	Est. 2018 AUM: \$137 billion Private Capital: 40% HC: 2500 in 1 office Domestic CR: 89% CSR Scoreboard: 20% 2022 IHL: \$8.7 billion	Est. 2007 AUM: \$91 billion Private Capital: 14% HC: 30 in 1 office Domestic CR: 60% CSR Scoreboard: 40% 2022 IHL: \$0.7 billion

Source: Global SWF, January 2023. \* Estimated from Mubadala's latest report.

Aside from ADEC and the SWFs, there are other institutions that could signal the transition in power, including: The Sovereign Council (M2Z), ADNOC (now de facto chaired by Sh. Khalid, Ehad (now under ADIC's patronage) or ADFD (Sheikh Mansour). The Al Zabri family has also gained significant influence, with Assam Chahing DoF, e&S ADFF, and Ahmed, DED and ADDM.

**Royal Group Holding LLC**

100%	100%	100%
15% 59% International Holding Co. \$54b assets \$240b market cap	53% Multiplicity Group PISC \$0b assets \$1.3b market cap	45% 27% Alpha Dhabi Holding PISC (aka Emerald) \$30b assets \$67b market cap

Source: Public filings, Global SWF analysts, January 2023. \* Family Office. \*\* ADEC listed entities.

### April 2023 Newsletter

**In-depth analysis: Global Financial Crisis 2.0?**

Between March 10 and March 19, those of us old enough had a flash back to the global financial crisis 15 years ago. US banks SVB, Signature Bank and First Republic, and Swiss giant Credit Suisse collapsed amidst an environment of interest rate hikes following a period of global inflation. Swiss authorities decided to change their laws over the weekend to allow UBS to take over Credit Suisse without the approval of major shareholders including SNB and CJA.

So the questions on everybody's minds are: (i) how much have SOIs lost on these four banks? (ii) how much exposure do SOIs have in financial institutions globally? (iii) how much did they invest in the industry in 2008? and (iv) what happened with those holdings (i.e. are they keen to rescue banks once again)?

The first question is fairly straight forward to answer using Global SWF Data Platform: Sovereign Investors have lost over US\$ 1.1 billion considering the stakes they had in those four banks, including US\$ 1.9 billion lost by Alica in the US banks, US\$ 1.0 billion lost by CIA, PIF and GOSJ in Credit Suisse, and US\$ 1.5 billion lost by large index trackers CIPF, NIKKI and AIBF.

The second question can be estimated based on funds that publish their positions regularly; we estimate that SWFs have an exposure of US\$ 1.0 trillion and PPIFs an exposure of US\$ 1.6 trillion in financial stocks - together, State-Owned investors hold US\$ 2.6 trillion in stocks of financial institutions globally, of which US\$ 1 trillion are of US-based banks and managers.

Entity	PIF	Signature	First	Credit	Total
IBS	24	204	72	n.a.	298
CIA	n.a.	n.a.	n.a.	599	599
SWF	195	16	213	125	549
NIKKI	139	16	213	178	545
PIF	187	0	217	0	404
CIPF	0	0	0	227	227
CAPRES	45	21	35	27	148
NIKKI	34	42	32	15	145
CAPRES	45	19	51	27	142
APFC	1	2	5	124	134
GOSJ	n.a.	n.a.	n.a.	116	116
PIF	0	0	22	16	38
IOC	5	11	17	0	33
CGOJ	5	2	7	0	14
KZSWF	5	0	0	0	5
PPP	3	2	5	0	10
Total	1,511	533	1,531	1,555	5,131

Source: Public disclosures, Global SWF estimates. \* Not publicly available.

**Sovereign Key Knights: Investments by SOIs in banks and other financial institutions during 2007-2009**

Citi	Morgan Stanley	Barclays	UBS	Credit Suisse
ADIA: \$7.5b KIA: \$6.9b KIA: \$3.0b	MUFG: \$9.0b CIC: \$5.6b KIA: \$2.0b	JP Morgan Chase: \$4.9b CIC: \$2.0b KIA: \$2.0b	QIA: \$7.7b PIIC: \$6.6b ME fund: \$1.8b	CIC: \$9.7b QIA: \$3.0b

Source: SEC disclosures, press releases or Global SWF estimates. \* Not publicly available.

### September 2023 Newsletter

**Assets of State-Owned Investors in China**

Name of Fund	Value of Investments in China (B\$)
GIC	63
NHW	50
Temasek	45
NIKKI	38
CIPF	29
KIA	15
APFC	12
CGOJ	11
IOC	8.8
NIKKI	8.8
APFC	7.2
CGOJ	6.4
KWSP	4.2
NIKKI	4.2
APFC	3.6
PGAM	3.5
PPP	3.4
Mubadala	3.0
KIA	2.8
DFPP	2.7
WSPB	2.5
AustSuper	2.5
Future Fund	2.4
CAPRES	2.1
NIKKI	2.1
Temasek	2.0
SOFAZ	1.7
DFW	1.7
QWESSE	1.7
AP Fundam	1.7
NIKKI	1.6
IOC	1.4
NIKKI	1.4
NYSRIF	1.2
Alicia PFC	1.0
DFW	1.0

The largest allocators to Chinese securities and assets outside of China are found in South East Asia. We estimate GIC's allocation to be in the region of 9% as part of the 23% invested in Asia ex Japan. Temasek publicly discloses that China represents 22% of its portfolio today, down from 29% in 2020. Together, both investors have over US\$ 153 billion of Singaporean money invested in China, without considering the proportion of reserves MAS may hold in RMB. Malaysia's Khazanah also holds a significant 15% of its portfolio in China.

However, the largest allocator percentage wise is Russia's NHW, which holds almost a third of its portfolio, 29.5%, in China. This is in addition to 17% of the reserves held by the CBR in renminbi - which makes the total exposure of Russian State-Owned Investors to the Asian country US\$ 152 billion.

Note: In the list are Middle Eastern SWFs - we estimate that ADIA, KIA, QIA, KICD, and Mubadala have all together between 25% and 5% in China. While we have seen a reduction in their portfolios of A Shares, we do not expect these funds to actively review these allocations, which have been challenging to build.

Lastly, North American funds have undergone the closest scrutiny, given their government sensitivity, and accountability to pensioners. Among the Canadian funds, CIPF recently defended its 9.8% allocation before Parliament, arguing that the Chinese market is 'too big to ignore.' Other Canadian pension funds do not necessarily share these views and have reduced their portfolios and closed their offices in the country. South of the border, CAPRES continues to be the largest US sovereign investor in China, with an US\$ 11 billion portfolio.

## Technical Analyses:

Beyond covering the news, our mission is to produce in-depth research that can be easily digested and acted on by our readers, and we produce a thoughtful infographic in each of our newsletters. For example, on April 1, we featured an infographic of Arab investors in football clubs; on June 1, we talked about the important transition of Defined Benefit (DB) to Defined Contribution (DC) among some public pension funds; and on August 1, we compared the major state-owned investors of the Gulf Cooperation Council (GCC) and South East Asia (SEA).

### April 2023 Newsletter

**Arab Investors in Football**

Country of Investor	UAE	Qatar	Bahrain	Saudi Arabia	Others
England	10	10	10	10	10
Spain	10	10	10	10	10
France	10	10	10	10	10
Italy	10	10	10	10	10
Germany	10	10	10	10	10
Portugal	10	10	10	10	10
Belgium	10	10	10	10	10
USA	10	10	10	10	10
Japan	10	10	10	10	10
South Korea	10	10	10	10	10
China	10	10	10	10	10
India	10	10	10	10	10
Others	10	10	10	10	10

Source: Global SWF data and analysis, Visuals by Infographic.

### June 2023 Newsletter

**The race from Defined Benefit to Defined Contribution**

Country	Percentage of PPFs capital from Defined Benefit	Size of PPFs in Country (US\$ B)
Canada	100%	1,645
USA	100%	9,038
UK	100%	24
Thailand	100%	24
Spain	100%	24
France	100%	24
Germany	100%	24
Italy	100%	24
Japan	100%	24
South Korea	100%	24
China	100%	24
India	100%	24
Others	100%	24

Source: Global SWF data and analysis.

### August 2023 Newsletter

**State-Owned Investors: GCC v SEA**

Region	Total Assets (B\$)
GCC	3,056
SEA	3,056

Source: Global SWF Data, Visuals by Infographic.



## Interviews:

We don't take for granted our privileged position of trust among the Sovereign Investors' community. In 2023, we had *in-person* private sessions at the offices of **36 funds** representing almost **US\$ 10 trillion in assets**. From Toronto and Montréal; to New York and London; to Abu Dhabi, Dubai, Riyadh and Doha; to Singapore, Hong Kong and Beijing; we gained unique insights into the universe of investors we cover and serve.

In addition, our monthly interviews keep piling up and we have featured the C-suite of 42 funds in the past 3.5 years. In 2023, we interviewed executives of **13 funds** managing **US\$ 2.3 trillion in assets**, from the Americas (**CDPQ**, **IMCO**, **BCI**, **FFSB**), Europe (**NBIM**, **Kosovo**), Middle East (**TSFE**), Africa (**Djibouti**, **Mauritius**), and Asia (**Temasek**, **GPF**, **INA**, **POBA**). We also published an update on African SWFs, after attending the ASIF summit in Kigali and covered the launch of Kosovo's SWF, which we attended in person in Pristina.

A depository of all 42 interviews to date can be accessed at [https://globalswf.com/news?tag\\_id=51](https://globalswf.com/news?tag_id=51).

<p><b>2022 Fund of the Year: Caisse de dépôt et placement du Québec</b></p> <p><b>CDPQ</b></p> <p>Offered to Charles Emond, President &amp; Chief Executive Officer</p> <p>"For its impact in the development of Québec, for its investments among Sovereign Investors and public investors worldwide, for its significant investment activity during 2022, and, more broadly, for its contribution to the advancement of the industry, Global SWF believes that Caisse de dépôt et placement du Québec (CDPQ) is a worthy recipient of the 2022 Fund of the Year award."</p> <p>Diego López, Managing Director of Global SWF</p> 	<p><b>Global SWF's Fund of the Month: SFRK</b></p> <p><b>SFRK</b></p> <p>"We have identified 592 national enterprises since the privatization process began, of which 13 are state-owned and six are profit-making. These will be transferred under SFRK, namely:</p> <ul style="list-style-type: none"> <li>➢ Trepa Mines (mining),</li> <li>➢ Kosovo Energy Corporation or KEK (energy),</li> <li>➢ Post of Kosovo (post services),</li> <li>➢ Telecom of Kosovo or Vao (telecommunications),</li> <li>➢ KESCO (infrastructure) and</li> <li>➢ Kosovo Railways (transportation).</li> </ul> <p>We will hold less than 51% of these companies, with the rest being open to investors. Kosovo has a young and highly educated population that will create opportunities in the tech sector, too."</p> <p>Emanuel Bajra, Member of the Working Group for the Sovereign Fund of Kosovo (SFRK)</p> 	<p><b>Global SWF's Fund of the Month: TSFE</b></p> <p><b>TSFE</b></p> <p>"We are not a promotion agency but a strategic fund that pursues a partnership model with a strong foundation around ESG. Our multiplier ratio is now 7.5x (we attract 7.5 dollars for every dollar we invest), with 2/3 coming from overseas and 1/3 from within Egypt. We leverage:</p> <ul style="list-style-type: none"> <li>➢ international partners such as ADQ, PIF and QIA, and</li> <li>➢ regional networks such as ASIF, EMENA and OPSWF.</li> </ul> <p>This model has been very successful to create a 'SWF-to-SWF diplomacy' and to de-risk assets, with a strong bias towards the infrastructure sector."</p> <p>Ayman Soliman, Chief Executive Officer of The Sovereign Fund of Egypt (TSFE)</p> 
<p><b>Global SWF's Fund of the Month: IMCO</b></p> <p><b>IMCO</b></p> <p>"The low numbers of female leadership among Sovereign Investors tell me that some of the selection processes may be biased. Everyone believes in diversification when it comes to investing, and I think it should be the same when building teams. When hiring investment people, we need to invest the time and seek skills and not only experiences."</p> <p>I would tell young female professionals not to be afraid of acquiring different skills or of pursuing non-traditional career route maps; and also to keep an open mind when seeking male or female role models."</p> <p>Rossitsa Stoyanova, Chief Investment Officer of IMCO</p> 	<p><b>Global SWF's Fund of the Month: GPF</b></p> <p><b>GPF</b></p> <p>"GPF manages two pools of capital separately: US\$ 13.2 billion in the core fund, which is managed for the members according to their risk profiles, plus US\$ 22.5 billion in reserves. The latter has never been used and I believe could be managed more aggressively, like a SWF."</p> <p>We have three different horizons: short, medium and long term. In the short term, we are looking carefully at inflation, and pivoting away from the US given the current financial distress. We like markets like Thailand or China as they tend to be less volatile."</p> <p>Dr. Srikanya Yathip, Secretary General of Thailand's GPF</p> 	<p><b>Global SWF's Fund of the Month: MIC</b></p> <p><b>MIC</b></p> <p>"We deployed US\$ 1 billion over three years of operations, mostly via secured convertible bonds with the appropriate covenants, and were also called upon to invest in an industry of strategic and national importance, wherein MIC acquired a 49% stake in Airport Holdings Ltd."</p> <p>Now that Covid-19 is behind us, we are looking at MIC 2.0, including a new strategy and asset allocation, where we will support the venture capital network and domestic companies trying to invest abroad and will be a catalyzing partner with both the public and private sector."</p> <p>Mr. Jitendra Bissessur, CEO of Mauritius Investment Corporation</p> 
<p><b>GSR Scoreboard 2023 Leader: TEMASEK</b></p> <p><b>TEMASEK</b></p> <p>"We are in a world of persistent inflation, restrictive macro policy and lower growth. Against this macroeconomic backdrop, Temasek's 2030 strategy has become even more relevant – comprising:</p> <ul style="list-style-type: none"> <li>➢ Building a resilient, forward looking portfolio,</li> <li>➢ Putting sustainability at the core of all that we do,</li> <li>➢ Developing new competencies in the horizontal enablers of AI, Blockchain, Cybersecurity, Data &amp; Digital and Sustainable Solutions, and</li> <li>➢ Continuing to evolve our organisation.</li> </ul> <p>Eu Jin Chua, MD of Institutional Relations at Temasek</p> 	<p><b>Global SWF's Fund of the Month: FSD</b></p> <p><b>FSD</b></p> <p>"Djibouti Vision 2035 is supported by strong leadership and by our strategic location; and its main goals are to:</p> <ul style="list-style-type: none"> <li>➢ Create 200,000 jobs, reducing unemployment to 10%;</li> <li>➢ Attract 500,000 tourists per year;</li> <li>➢ Promote green energy, for Djibouti to be self-sufficient;</li> <li>➢ Become a fintech and data-center hub; and</li> <li>➢ Leverage our lack of FX risk, given our peg to the USD.</li> </ul> <p>FSD will contribute to these goals by forming PPPs with world-class partners. We normally target 25% capital and leave 75% for domestic and/or international parties."</p> <p>Mr. Slim Feriani, CEO of Fonds Souverain de Djibouti (FSD)</p> 	<p><b>Global SWF's Fund of the Month: BCI</b></p> <p><b>BCI</b></p> <p>"We see opportunities in private credit – there is less competition, higher margins and a better rate structure. We want to get involved in financing the transition to a less carbon-intensive economy from a debt side. And we are also looking at emerging markets equities, including India, Indonesia, Vietnam, Malaysia, and the Philippines."</p> <p>Our private equity team has built a strong track record, great partnerships around the world, and a very strong liquidity position, so we are also looking to do more direct."</p> <p>Mr. Gordon J. Fyfe, CEO and CIO of British Columbia Investment Management Corporation (BCI)</p> 
<p><b>Global SWF's Fund of the Month: FFSB</b></p> <p><b>FFSB</b></p> <p>"FFSB's aggregate AuM is US\$ 1.7 billion. For now, most of the portfolios are allocated into the financial markets including government bonds. However, we are looking into investing in Share Investment Funds ("SIFs") and in the future, it is expected that we will be able to invest in domestic, social projects."</p> <p>We are open to collaborate with international SWFs and to co-invest in Brazilian projects and assets."</p> <p>Dr. Fernanda Feli and Mr. Leandro Ferreira, Co-Directors of the Fórum de Fundos Soberanos Brasileiros (FFSB)</p> 	<p><b>Global SWF's Fund of the Month: POBA</b></p> <p><b>POBA</b></p> <p>"The growth of South Korean pensions is now very significant – 12% rate p.a. for the past decade, only second to China. So, in another 10-12 years, the Korean system may outgrow that of Japan. The system is organized in three tiers: NPS which is mandatory for any employer with 5+ employees, and then corporate and private schemes."</p> <p>Korean pension funds are increasing in terms of size – but they must increase the capacity, understanding, and exposure to alternative assets beyond real estate (offices)."</p> <p>Mr. Dong Hun Jang, Senior Advisor at Yulchon LLC and former CIO at Public Officials Benefit Association (POBA)</p> 	<p><b>Global SWF's Fund of the Month: INA</b></p> <p><b>INA</b></p> <p>"In this short time, INA has grown from US\$ 5 bn to over US\$ 9.3 bn and from 10 to 60 people. We have been challenged by interest rates, geopolitics, etc. – but we feel that these market dislocations have actually strengthened our resilience and we have kept to our core principles."</p> <p>Ideally, the INA to co-investor ratio should be 1 to 2 or higher, in order to maximize the FDI into the country. Our ideal partner should bring capital and expertise / technology that can support Indonesia's sustainable development."</p> <p>Ms. Marita Alisjahbana, Chief Risk Officer of the Indonesia Investment Authority (INA)</p> 



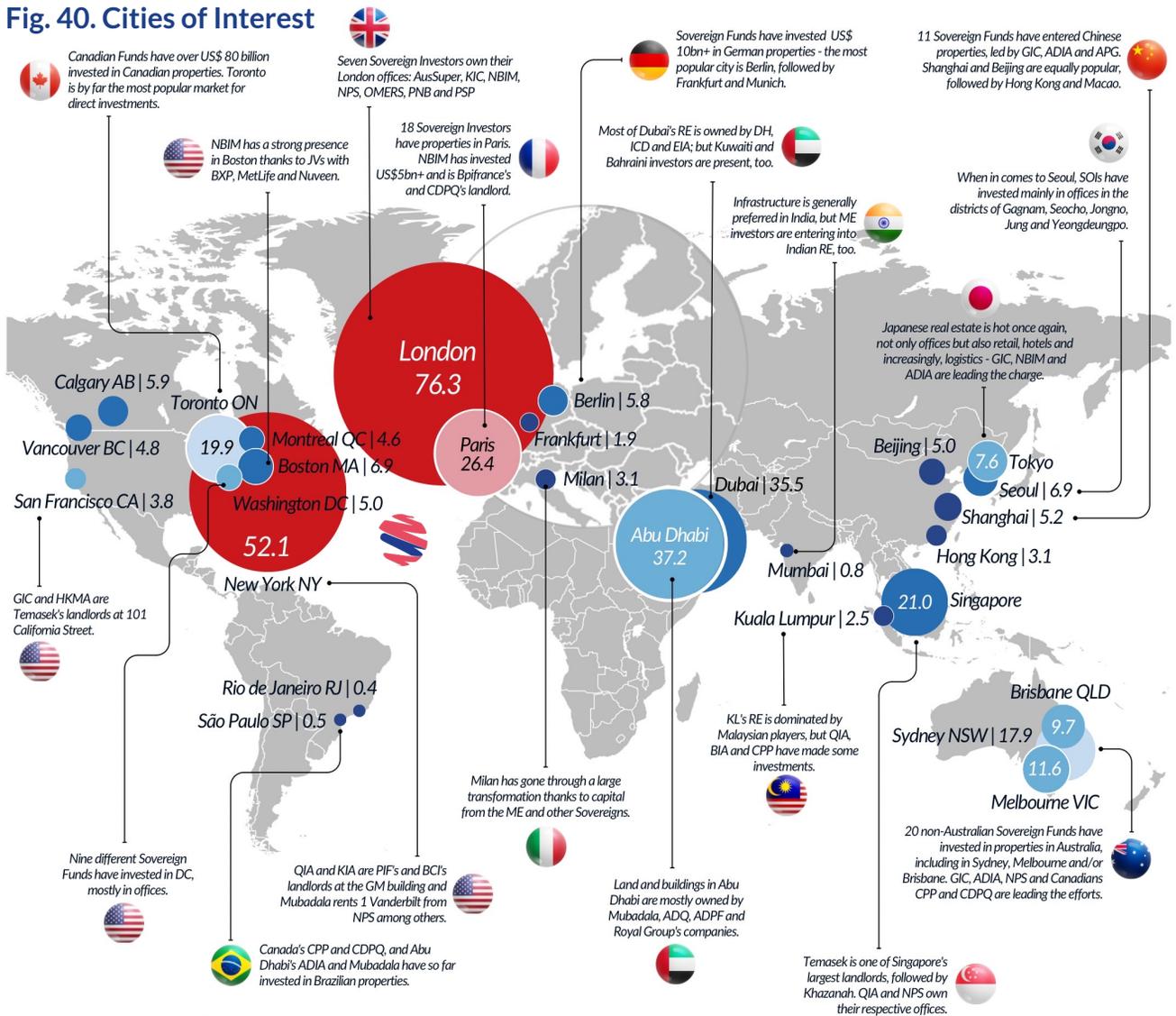
# Appendix 3: Cities of Interest



As of December 2023, Sovereign Wealth and Public Pension Funds manage US\$ 34.4 trillion in capital, of which 6% is invested in real estate. Of this US\$ 2.1 trillion, around 25% is invested directly in all kinds of residences, shopping malls, office buildings, hotels and resorts, and warehouses around the world, **London** and **New York** are two major winners, but there are 30 other cities where SOIs have invested at least US\$ 0.5 billion:

- **Canada's**, **UAE's**, **Singapore's** and **Australia's** real estate sectors are heavily supported by domestic SOIs.
- Direct investments in the **US** and **Europe** are largely concentrated in five major cities of each region.
- Sovereign Investors tend to shy away from direct in **China**, and prefer partnerships in logistics and offices.
- **India** hasn't usually been a focus when it comes to RE, but this may have started to change. **Japan** is hot, too.
- The five largest *international* players in this space are **QIA**, **GIC**, **NBIM**, **ADIA**, and **CDPQ** (via Ivanhoé).

Fig. 40. Cities of Interest



The numbers represent the value of Real Estate investments of SOIs in that city (in US\$ billions)

Source: Global SWF Data Platform, Vizualytkis infographics



The property sector in London has been a playground for Sovereign Investors since the Abu Dhabi Investment Board (predecessor to **ADIA**) bought the Aviva Tower (today's St Helen's and soon to be 1 Undershaft), and the Kuwait Investment Office (**KIA**) bought St Martins Corporation, including London Bridge City – both in 1974. Since then, SOIs have deployed over US\$ 76 billion in 156 properties in The City, in addition to 25 rep offices. Infrastructure is also popular and SOIs own three of the six airports that serve the capital (LHR, LGW, LCY) and utilities giant Thames Water. Interest in London slowed down in the past two years, with a few exceptions: **GIC** closed three major deals (Paddington Central, Student Roost and Tribeca King's Cross), **ADIA** acquired a BTR project in Bermondsey, and **Aware Super** took over **QIA**'s stake in Get Living (co-invested by **APG**, **OMERS**).

In 2022, Singapore's **GIC** paid British Land US\$ 0.9 billion for 75% of Paddington Central, a 11-acre mixed use campus with a 99% occupancy rate. The JV builds on a previous successful deal, 5 Broadgate (UBS' London HQs), which was sold in 2018 to CK for US\$ 1.3 billion, and in 2022 to Korea's **NPS** for US\$ 1.6 billion.



Norway's **NBIM** is one of London's largest landlords thanks to its partnerships with The Crown Estate (25%) and with The Pollen Estate (58%), which gives it exposure to 150 properties in Central London, mainly in Regent's Street and in the Mayfair area. In addition, the Norwegian SWF directly own six other buildings, including its offices in Queensberry House.



Canary Wharf's owner Songbird Estates (Morgan Stanley) was rescued in 2009 by **CIC** and **QIA**. Six years later, the latter took control of the group along with Brookfield. In October 2023, the estate received an injection of capital to reinvent itself with additional residential and life sciences projects. In addition, **KIA** owns 5 Canada Sq (BofA's EU HQs) and **QIA** owns 8 Canada Sq (HSBC), which it bought from Korea's **NPS** in 2014.



Fig. 41. London City

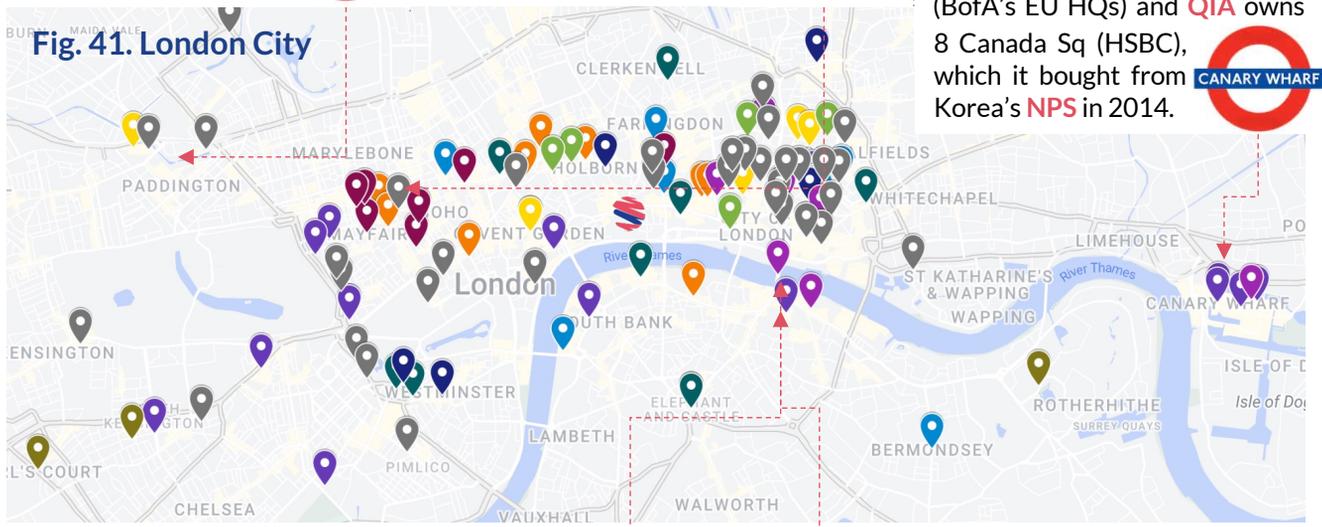


Table 20. Funds London

Fund	#deals	value \$b
QIA	21	19.9
GIC	7	6.3
CPP	16	5.9
KIA/KIO	7	5.5
NBIM	8	4.5
PNB	7	3.8
PSP	10	3.0
OMERS/Oxford	13	3.0
ADIA	9	3.0
APG	6	2.7
Others	52	18.8
<b>Total</b>	<b>156</b>	<b>76.3</b>

The Shard is Europe's second tallest tower and was backed in 2008 with US\$ 300 million debt from a consortium of Qatari investors. All in all, the project is said to have cost US\$ 2.4 billion and is now 95% owned by the State of Qatar.



London Bridge City was developed in the 1980s after KIO took over St Martins. Years later, the area expanded to More London, a 13 acres mixed use space that has changed the landscape of the South Bank.



Table 21. Years London

Year	#deals	value \$b
<2013	79	38.8
2014	16	6.1
2015	14	11.5
2016	6	1.5
2017	0	0.0
2018	15	6.8
2019	5	1.4
2020	4	1.8
2021	11	3.9
2022	4	3.5
2023	2	0.9
<b>Total</b>	<b>156</b>	<b>76.3</b>

Source: Global SWF Data Platform



New York is one of the world's favorite cities for many, and Sovereign Investors are no exception. In addition to maintaining 25 rep offices, SOIs have deployed over US\$ 52 billion in 116 different properties in the Big Apple. The first investment, **ADIA's** in 330 Madison Ave, took place in 1979. The GFC saw an uptick in the interest in Manhattan properties, with **ADIC** grabbing the Chrysler, **QIA** and **KIA** acquiring a piece of the GM building on Fifth, and **GIC** financing the construction of StuyTown. The second wave came in the early 2010s, as Sovereign Investors funded the expansion of the West side and the start of the *Billionaires' Row* on 57<sup>th</sup> Street. After 2017, transaction volume decreased significantly. However, we have seen renewed activity in the past year, with **ICD** selling the Mandarin Oriental Hotel to Reliance, **QIA** taking over **Mubadala's** stake in the iconic Park Lane Hotel by Central Park, and **NBIM** financing the development of a new skyscraper on 343 Madison Avenue.

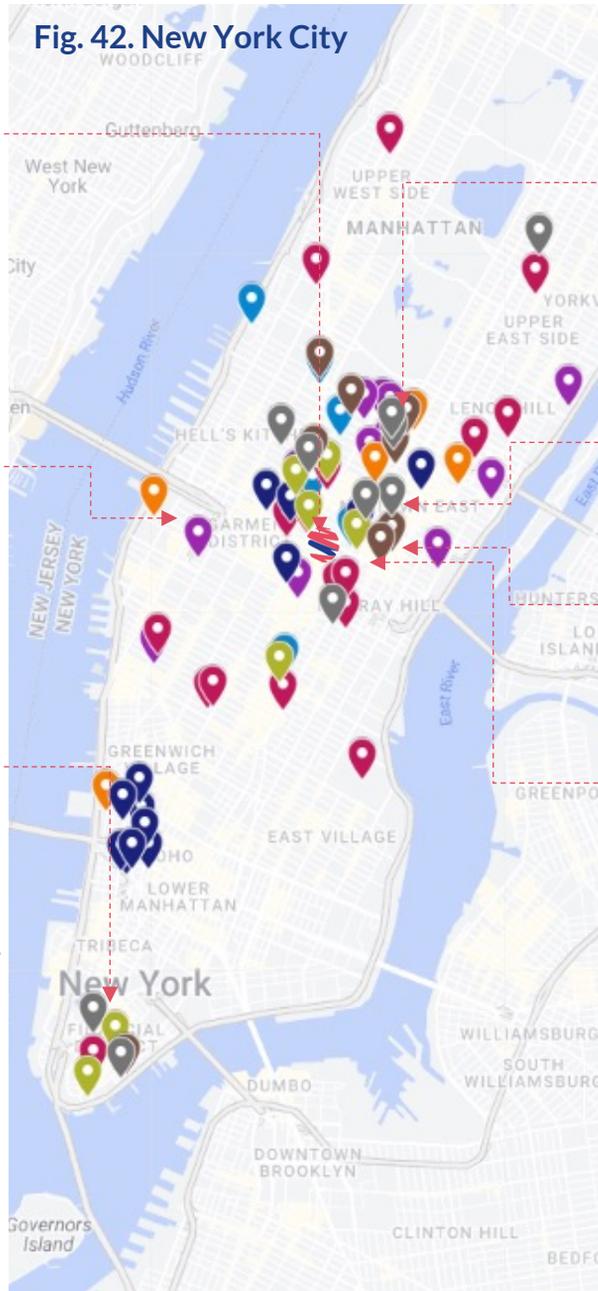


In 2016, Qatar's **QIA** spent US\$ 622 million in 10% of the Empire State Realty Trust, which owns the iconic building among other office buildings on 34<sup>th</sup> and 57<sup>th</sup> streets.

The West Side has gone through a huge change thanks to the financing of Sovereign Investors: **QIA** owns 44% of Brookfield's US\$ 8.6 billion Manhattan West, and **OMERS'** Oxford Ppt. co-developed US\$ 25 billion Hudson Yards.



Deals in Downtown are more scattered but **GIC** made a mark when it bought 60 Wall Street in FiDi for US\$ 1.1 billion in 2017.

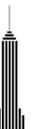


Source: Global SWF Data Platform

The *Billionaires' Row* has largely benefited from Gulf money: Abu Dhabi's IPIC (now **Mubadala**) invested US\$ 650 million in One57 in 2009, Qatar's HbJ injected US\$ 205 million in 432 Park Ave in 2016, and **QIA** provided US\$ 162 million for 111 West 57<sup>th</sup> St in 2017.



In 2016, China's **CIC** bought a 45% stake in the Rockefeller Center from **CPP** for US\$ 1+ billion.



**ADIC (Mubadala)** paid US\$ 800 million for 90% of the Chrysler in 2008. 11 years later, it sold the stake for US\$ 150 million.



In Jan 2017, Korea's **NPS** paid US\$ 0.5 billion for a 27% of One Vanderbilt as it was being built. The building opened in 2020.



**Table 22. Funds Manhattan**

Fund	#deals	value \$b
CDPQ (Ivanhoé)	21	11.7
QIA	23	9.3
OMERS(Oxford)	5	5.9
GIC	5	5.0
NBIM	19	4.2
CIC	4	2.7
Mub/IPIC/ADIC	3	2.1
ADIA	6	1.9
KIA	6	1.8
CPP	6	1.5
Others	18	6.1
<b>Total</b>	<b>116</b>	<b>52.1</b>

**Table 23. Years Manhattan**

Year	#deals	value \$b
<2013	34	18.8
2014	7	2.3
2015	22	13.0
2016	3	2.5
2017	19	6.9
2018	6	2.8
2019	9	1.7
2020	6	1.9
2021	4	0.6
2022	4	0.3
2023	2	1.2
<b>Total</b>	<b>116</b>	<b>52.1</b>



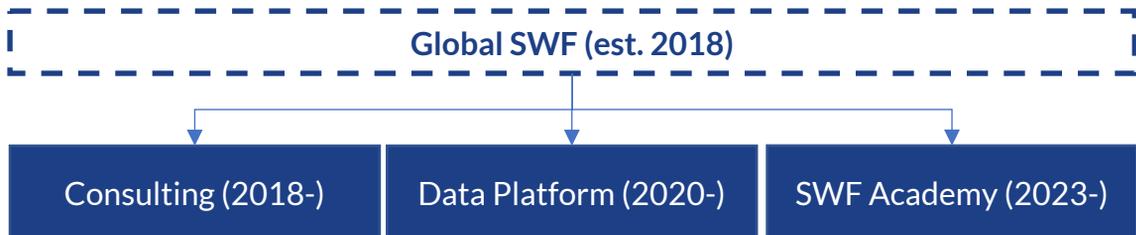
# Appendix 4: About Us



**Global SWF** is an industry specialist that was established in July 2018 to address a perceived lack of thorough coverage of State-Owned Investors (SOIs), and to promote a better understanding of, and connectivity into and between sovereign wealth and public pension funds. The company leverages unique insights and connections built over many years and has built three differentiated business verticals, namely:

- **Consulting Services**, helping governments establish their SWFs and facilitating investment promotion.
- **Data & Research**, running the most comprehensive platform on SOIs' strategies, portfolios and executives.
- **SWF Academy**, co-running with LBS the world's only SWF-dedicated Executive Education program.

Our core team sits in New York, London and Singapore – and we have additional interns, partners and faculty members operating out of Toronto, Boston, Frankfurt, Dublin, Lagos, Abu Dhabi, Hong Kong, and Melbourne. In 2023, **Global SWF** opened an office in Singapore to propel the next stage of growth, focused on Asia and tech.



## Global SWF Team:

