“Braving the New World”
Sovereign Wealth Fund Investment in 2010
Victoria Barbary
May 2011
In 2010, the number of direct investments by SWFs increased by more than 50% on 2009, but the reported value of these deals shrank by nearly a quarter.

Note: Publicly available data for direct SWF equity & real estate deals, joint ventures and capital injections
Source: Monitor-FEEM SWF Transaction Database
In 2010, SWFs returned to investments in financial services, and found investments in the commodity value chain attractive.

Other: Consumer Goods; Healthcare, Medical Equipment, Pharmaceutical Products; Recreation; Personal and Business Services; Printing & Publishing; Fabricated Products and Machinery; Communication; Aircraft, ships, and railroad equipment; Chemicals; Food Products; Beer and Liquor; Business equipment; Business Supplies and Shipping Container; Business Equipment; Steel Works; and Wholesale.

Publicly available data for SWF equity & real estate deals, joint ventures and capital injections

Source: Monitor-FEEM SWF Transaction Database
SWFs’ direct investments in Financial Services are becoming more diverse

<table>
<thead>
<tr>
<th>Year</th>
<th>Banks</th>
<th>Private Equity</th>
<th>Insurance</th>
<th>Emerging Market Investment Funds</th>
<th>Other Investment Funds</th>
<th>Asset Managers</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>81.7</td>
<td>8.2%</td>
<td>4.9%</td>
<td>5.6%</td>
<td>4.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>10.4</td>
<td>26.8%</td>
<td>4.3%</td>
<td>9.7%</td>
<td>1.5%</td>
<td>5.1%</td>
<td>2.5%</td>
</tr>
<tr>
<td>2010</td>
<td>20.4</td>
<td>66.9%</td>
<td>5.1%</td>
<td>3.1%</td>
<td>1.5%</td>
<td>4.8%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Note: Publicly available data for SWF direct investments, joint ventures and capital injections
Source: Monitor-FEEM SWF Transaction Database
Emerging markets are becoming more important destinations for SWF investment in financial services.

- **2008**
  - OECD: 67.0%
  - BRIC: 23.4%
  - Other Emerging & Frontier Markets: 9.7%
  - Total: 100%

- **2009**
  - OECD: 49.0%
  - BRIC: 26.9%
  - Other Emerging & Frontier Markets: 24.0%
  - Total: 100%

- **2010**
  - OECD: 35.0%
  - BRIC: 60.6%
  - Other Emerging & Frontier Markets: 4.4%
  - Total: 100%

**Note:** Publicly available data for SWF direct investments, joint ventures and capital injections.

**Source:** Monitor-FEEM SWF Transaction Database
Since 2005, SWF investment in property has largely followed global market trends.

Note: Publicly available data for direct SWF equity & real estate deals, joint ventures and capital injections.

Source: Monitor-FEEM SWF Transaction Database
SWF investment in Real Estate 2005-2010

Breaking SWF real estate property purchases down by asset class, however, exposes the effect of the Global Financial Crisis

Note: Publicly available data for direct SWF equity & real estate deals, joint ventures and capital injections
Source: Monitor-FEEM SWF Transaction Database
Asia was the most attractive market for SWFs in 2010.
Reversing the trend of the last half-decade, SWFs turned their eyes to emerging markets in 2010.

Note: Publicly available data for SWF equity & real estate deals, joint ventures and capital injections. Source: Monitor-FEEM SWF Transaction Database
Middle Eastern Funds rediscovered Asia in 2010, and invested heavily in Europe.

- MENA to Russia & Central Asia: 5 deals, $1 bn
- MENA to Europe: 14 deals, $7.5 bn
- MENA to Asia Pacific: 17 deals, $13.5 bn
- MENA to Latin America: 25 deals, $1.7 bn
- MENA to Sub-Saharan Africa: 3 deals, $0.3 bn
- Within MENA: 6 deals, $1 bn
By contrast, Asian SWFs sought out investments in North America, as well as looking to Asia.
Biggest spending funds of 2010

QIA and CIC accounted for over 40 percent of our SWFs’ annual direct investment expenditure

Other: Future Fund; National Pension Reserve Fund; Government Pension Fund-Global; Abu Dhabi Investment Authority; Korea Investment Corporation; New Zealand Superannuation Fund; Abu Dhabi Investment Council; State Oil Fund of the Republic of Azerbaijan; State General Reserve Fund; Oman Investment Fund; and Istithmar World PJSC.

Note: Publicly available data for direct SWF equity & real estate deals, joint ventures and capital injections
Source: Monitor-FEEM SWF Transaction Database