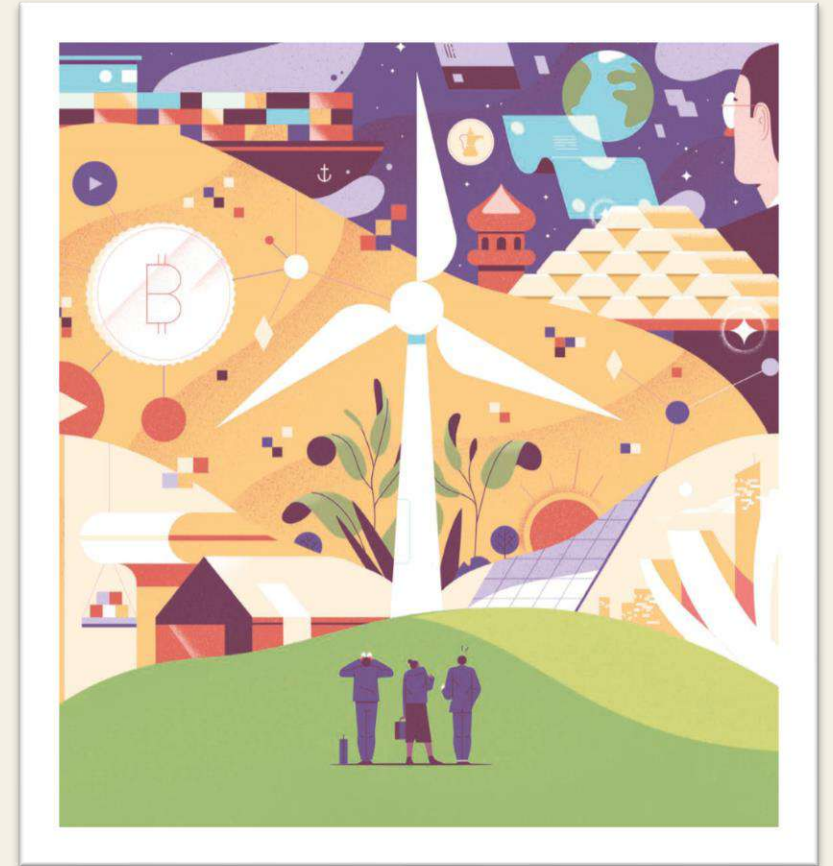


Global Public Investor 2019



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Presentation of Key Findings

Danae Kyriakopoulou,
Chief Economist & Director of Research, OMFIF



Introducing Global Public Investors

Total GPIs	Total AUM 2019 (\$tn)	Total change from 2018
173 Central banks	\$13.55tn (35.8%)	▲ \$7.5bn (0.1%)
491 Pension funds	\$15.69tn (41.5%)	▲ \$714bn (4.8%)
86 Sovereign funds	\$8.58tn (22.7%)	▲ \$631.5bn (7.9%)
750 GPIs	\$37.82tn (100%)	▲ \$1,35tn (3.7%)

North America (24.6%)

GPIs	AUM	Change from 2018
2 central banks	\$533.1bn	▼ -\$3.4bn (-0.6%)
209 pension funds	\$8.5tn	▲ \$522.7bn (6.5%)
9 sovereign funds	\$258.2bn	▲ \$7.9bn (3.2%)
220 GPIs	\$9.29tn	▲ \$527.2bn (6.0%)

Latin America (3.8%)

GPIs	AUM	Change from 2018
30 central banks	\$912.9bn	▲ \$6.6bn (0.7%)
21 pension funds	\$439bn	▲ \$1.9bn (0.4%)
9 sovereign funds	\$100bn	▼ -\$19bn (-15.9%)
60 GPIs	\$1.45tn	▼ -\$10.4bn (-0.7%)

Europe (20.7%)

GPIs	AUM	Change from 2018
46 central banks	\$3.04tn	▲ \$3.2bn (0.1%)
190 pension funds	\$2.56tn	▲ \$172.6bn (7.2%)
11 sovereign funds	\$2.22tn	▲ \$49.4bn (2.3%)
247 GPIs	\$7.83tn	▲ \$225.2bn (3.0%)

Asia Pacific (37.9%)

GPIs	AUM	Change from 2018
39 central banks	\$7.54tn	▼ \$32.1bn (-0.4%)
50 pension funds	\$3.89tn	▲ \$16.3bn (0.4%)
27 sovereign funds	\$2.89tn	▲ \$286.7bn (11.0%)
116 GPIs	\$14.33tn	▲ \$270.9bn (1.9%)

Middle East (10.9%)

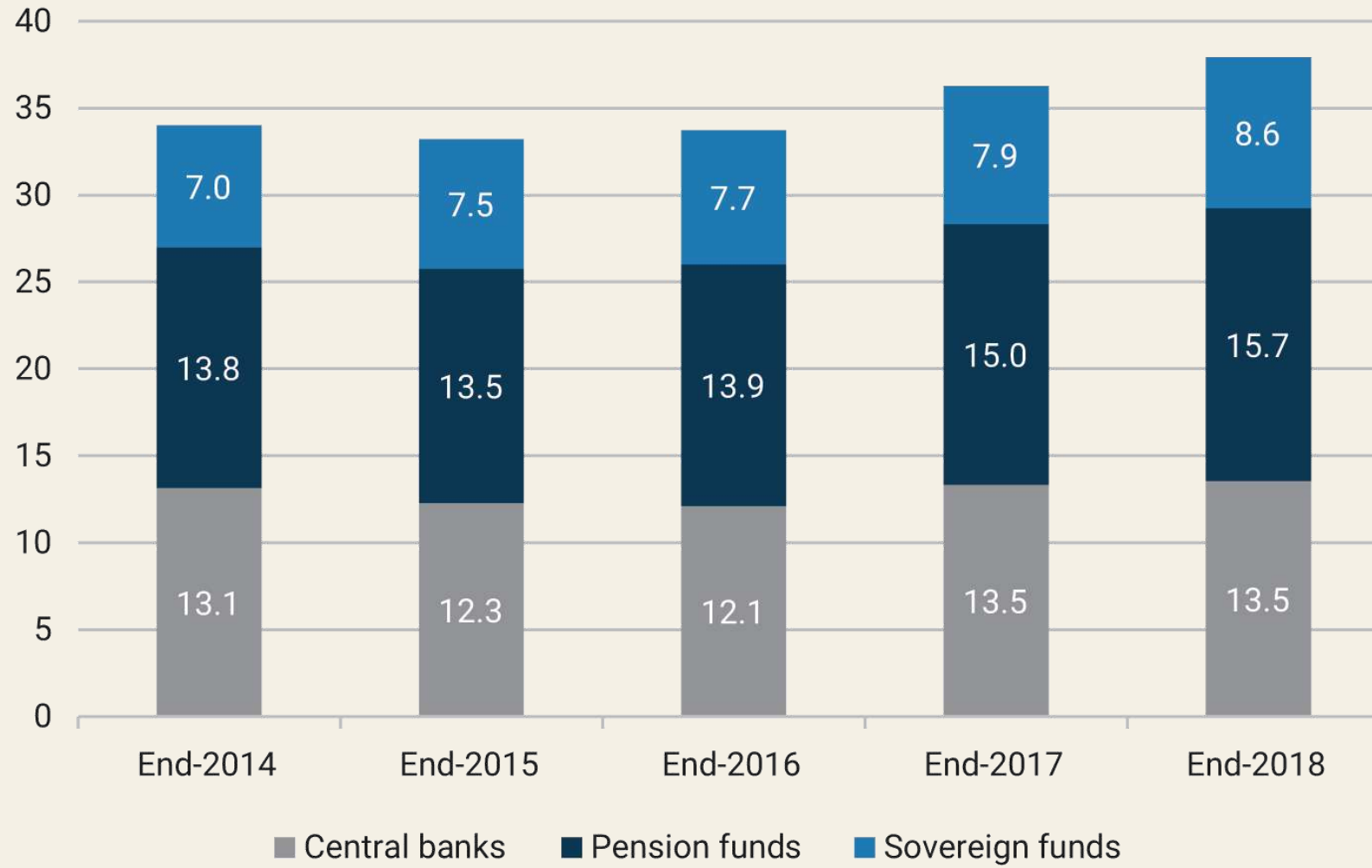
GPIs	AUM	Change from 2018
15 central banks	\$1.07tn	▲ \$29.3bn (2.8%)
4 pension funds	\$200.3bn	▼ -\$2.9bn (-1.4%)
14 sovereign funds	\$2.85tn	▲ \$294.3bn (11.5%)
33 GPIs	\$4.12tn	▲ \$320.7bn (8.4%)

Africa (2.1%)

GPIs	AUM	Change from 2018
41 central banks	\$450.7bn	▲ \$3.9bn (0.9%)
17 pension funds	\$93bn	▲ \$3.5bn (3.9%)
16 sovereign funds	\$251bn	▲ \$12.2bn (5.1%)
74 GPIs	\$794.7bn	▲ \$19.5bn (2.5%)

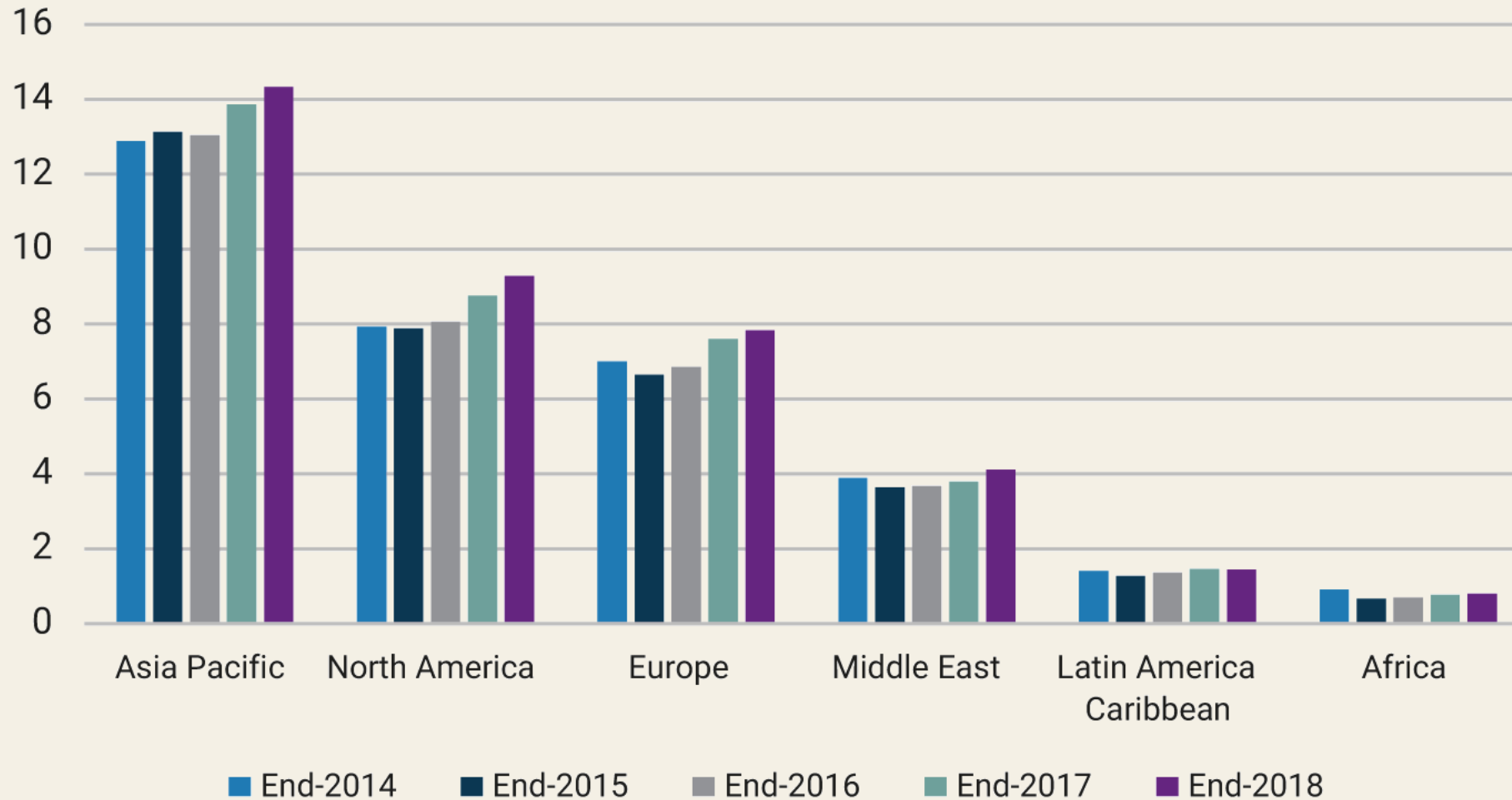
Total global public assets rise across all institution types, by a joint \$1.4tn

Assets under management of GPI 750, by institution type, \$tn

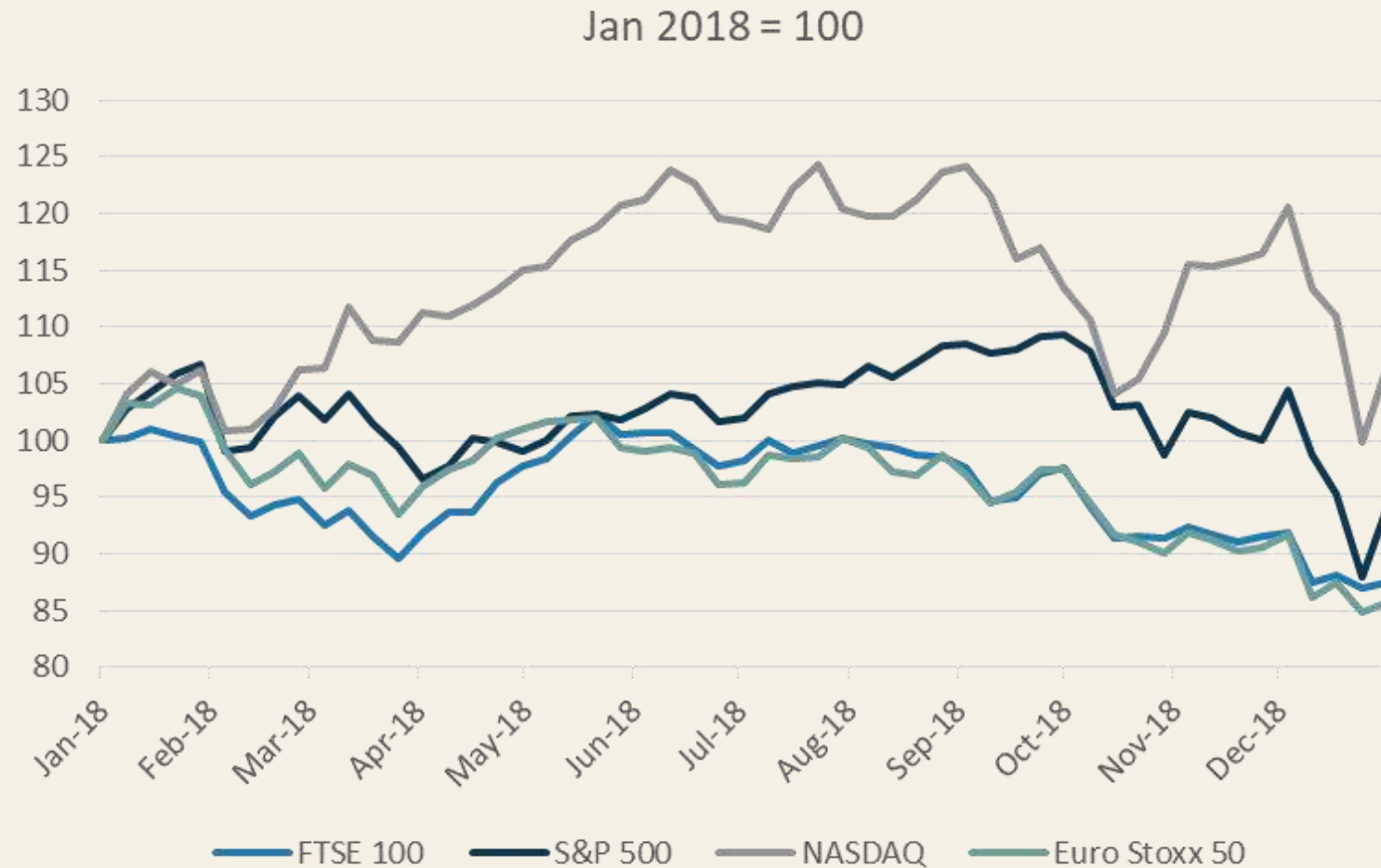


But overall figures mask regional variation

Assets under management of GPI 750, by region, \$tn



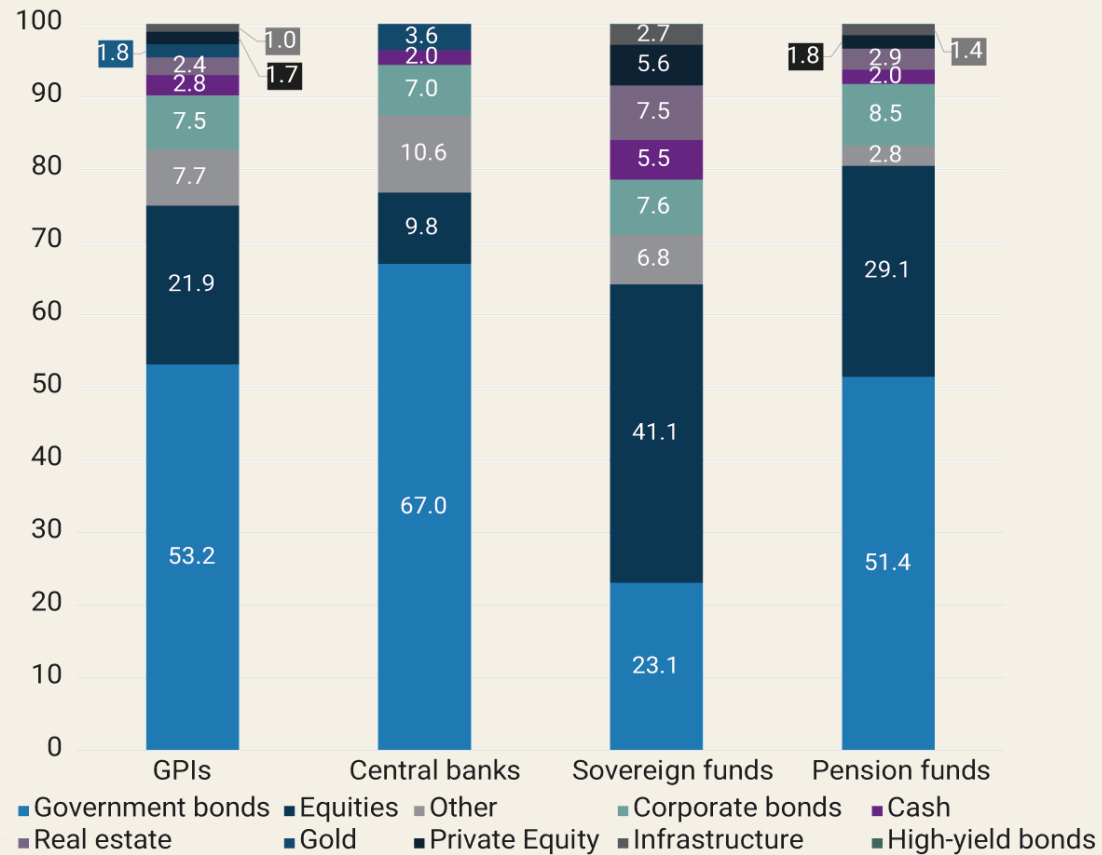
Equity market downturn takes toll on GPI asset values



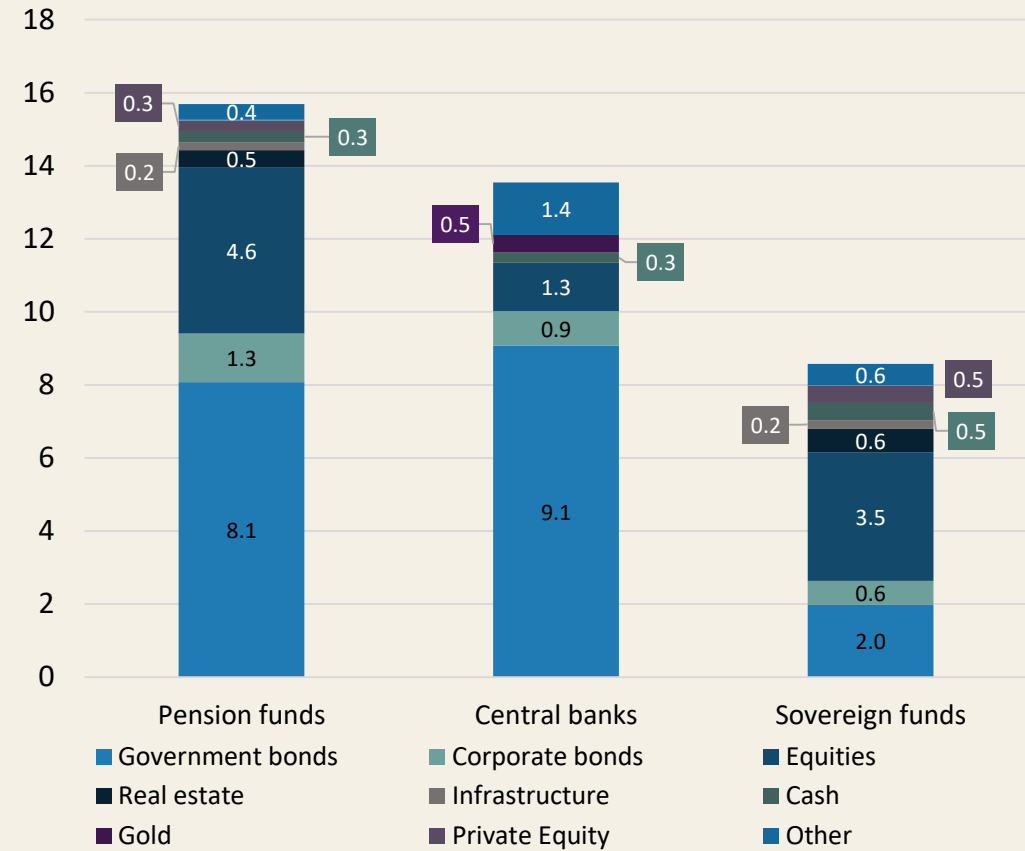
Source: Thomson Reuters Datastream, OMFIF analysis

..as equities have gained prominence in portfolios

Portfolio composition among GPIs covered by OMFIF asset allocation analysis, % of AUM



Estimated GPIs' portfolio allocation by asset class, \$tn



This has been partly motivated by low yield on traditional assets

‘How has the extremely low level of yields on traditional reserves assets in recent years affected your decision making?’, % of responses



“

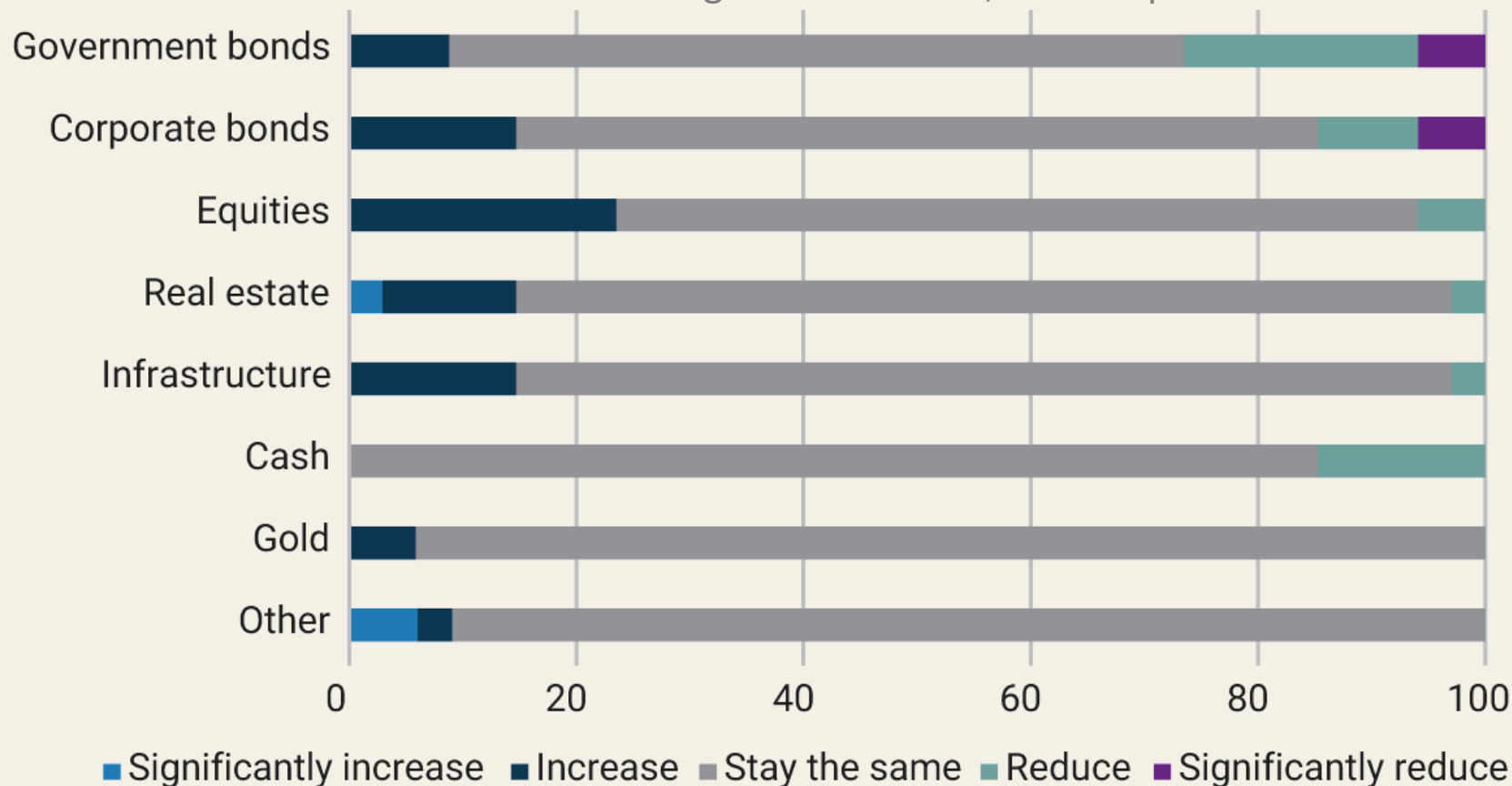
In response to the low yield environment and increasing foreign exchange reserves as a result of QE, we have diversified our asset allocation as a way to enhance return and spread out risk in our portfolio – Respondent, 2019 OMFIF GPI survey

GPIs with high equity allocations even see reserves decline

Rank and change on 2018			Institution	Country	Region	Type	Assets \$bn	Assets % change	Year est.
1	►	0	People's Bank of China	China	AP	CB	3351.92	-2%	1948
2	►	0	Government Pension Investment Fund	Japan	AP	PF	1363.75	-6%	2006
3	►	0	Bank of Japan	Japan	AP	CB	1322.04	4%	1882
4	►	0	Norges Bank Investment Management	Norway	EU	SF	1060.98	0%	1990
5	▲	1	China Investment Corporation	China	AP	SF	941.42	16%	2007
6	▼	-1	Abu Dhabi Investment Authority	UAE	ME	SF	828.00	0%	1976
7	▲	1	Military Retirement Fund	US	NA	PF	813.90	12%	1984
8	▼	-1	Swiss National Bank	Switzerland	EU	CB	787.56	-3%	1907
9	►	0	Federal Employees Retirement System	US	NA	PF	687.47	7%	1987
10	▲	1	Kuwait Investment Authority	Kuwait	ME	SF	592.00	13%	1953

However looking ahead GPIs still plan to expand investments in equities, esp. CBs

'In the next 12-24 months do you plan to increase, reduce or maintain your allocation to the following asset classes?', % of responses

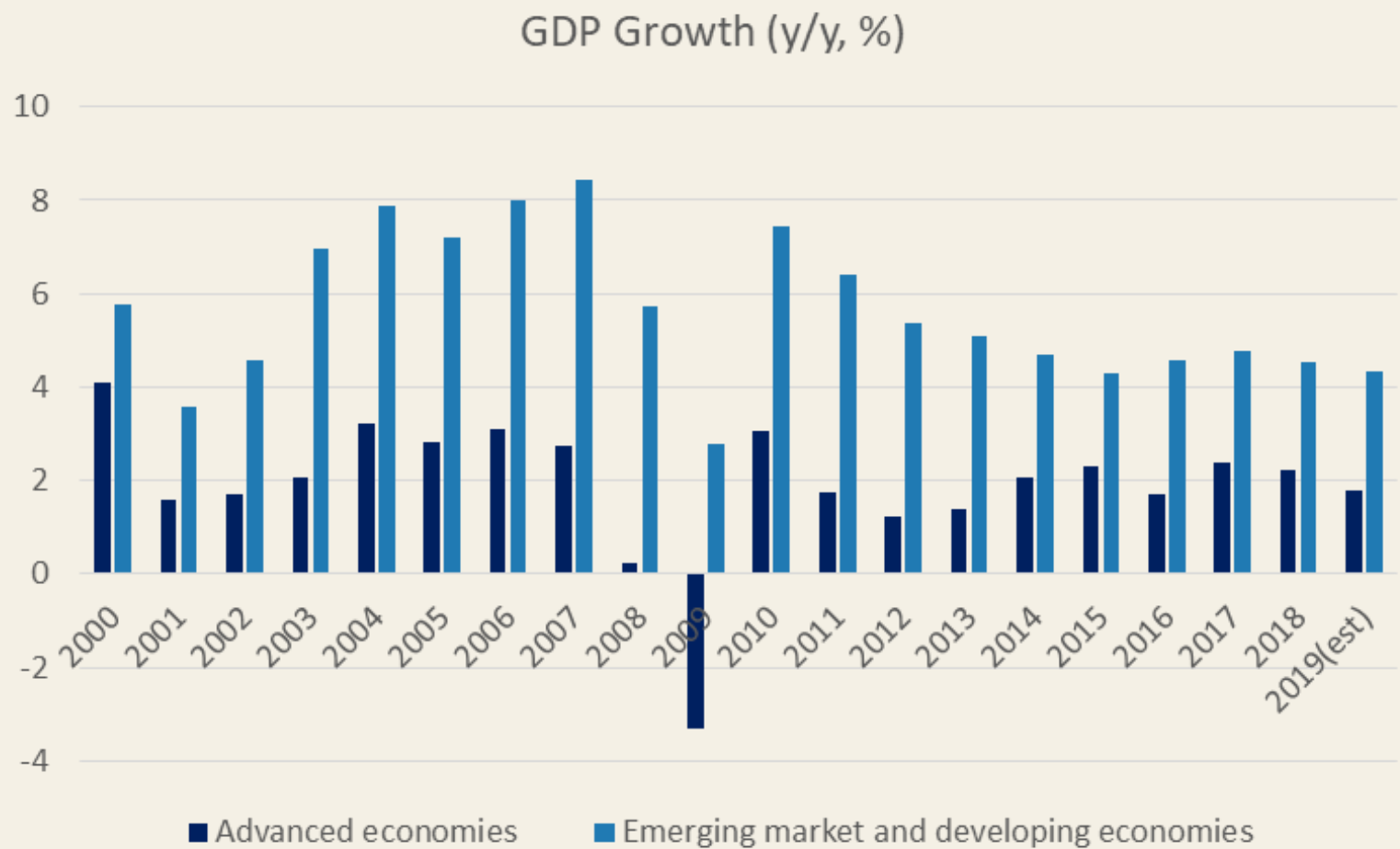


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Equities are more risky than government bonds per se, but by including reasonable amounts of different investment products we can actually decrease the total risk of a bond portfolio.

Central bank

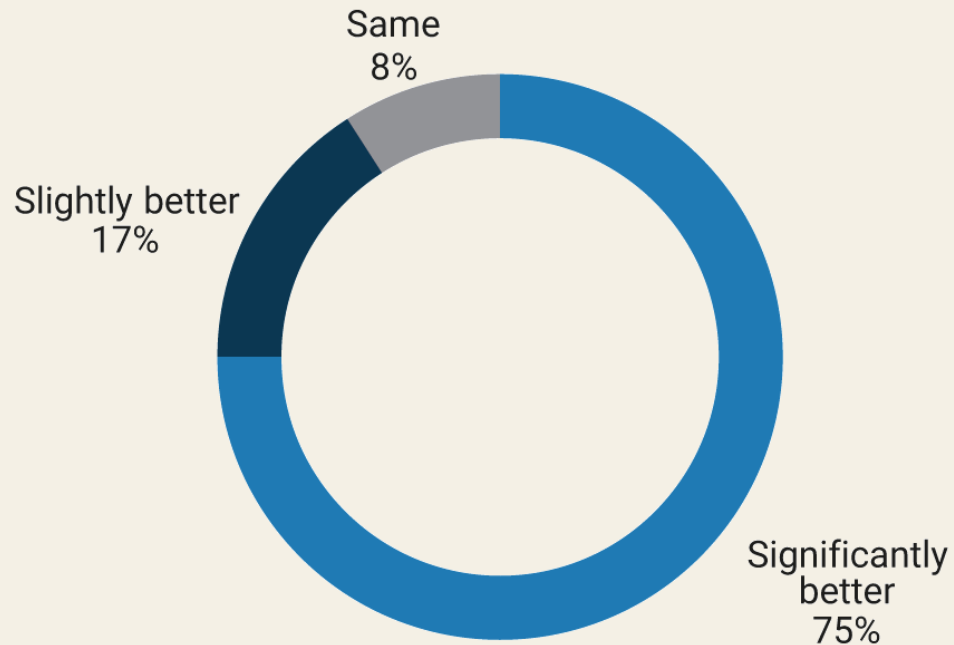
Equity impact partly offset by continued global economic recovery boosting valuations of other assets



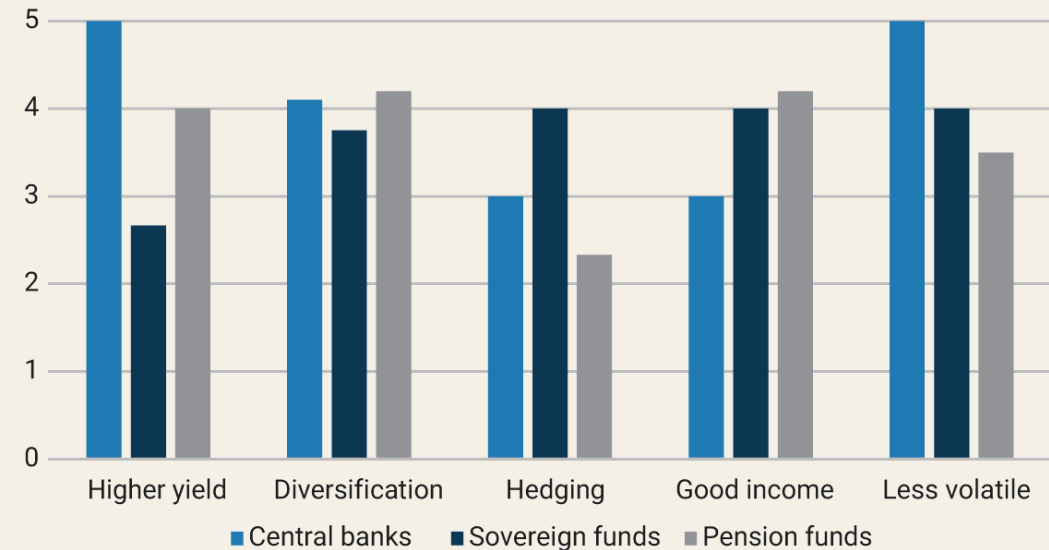
Source: IMF, OMFIF analysis

Real assets performing especially strongly, making the asset class popular with GPIs

‘How have your real assets performed relative to other investments?’



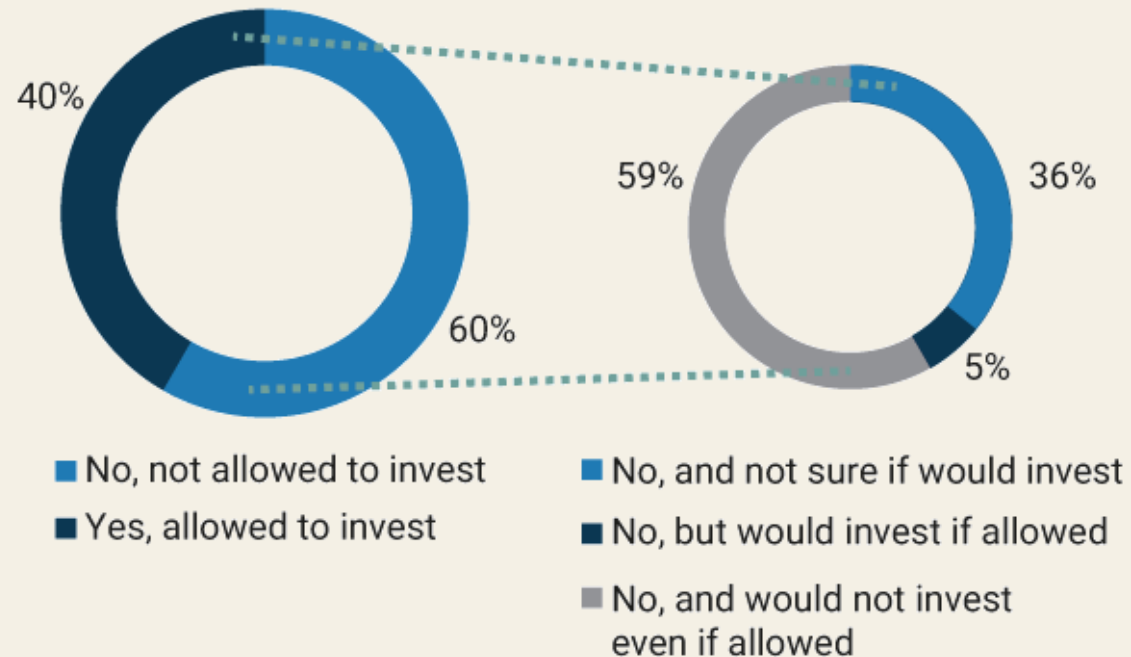
‘What is the motivation for investing in real assets?’, average importance score where 5=very important



However, asset class also relatively inaccessible limiting prospects for future investments

‘Are you allowed to invest in real assets?’ (LHS)

‘Would you consider investing in real assets if laws and regulations allowed you to?’ (RHS)

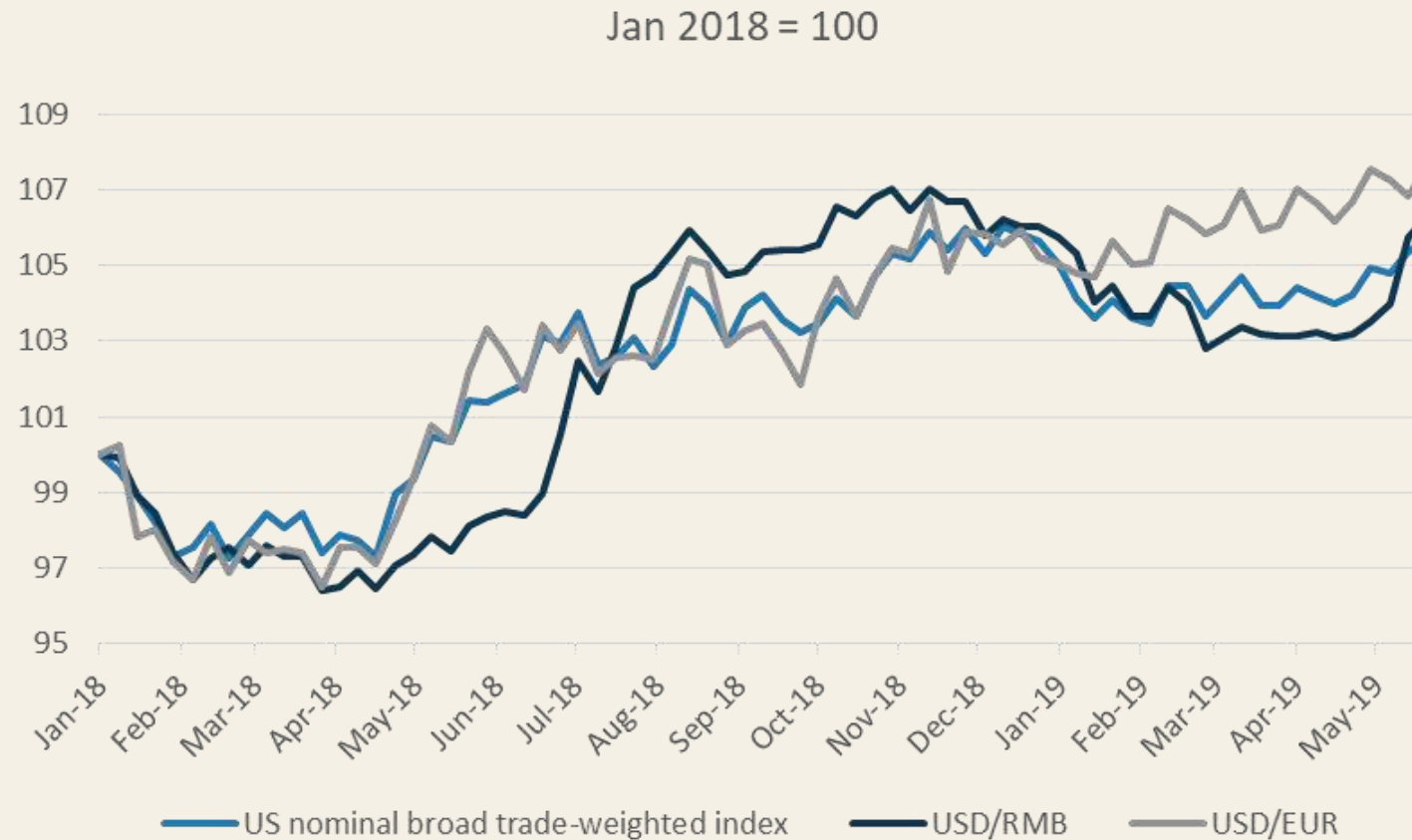


“

Not all central banks are simply allowed to invest in real assets; the reserves are for monetary policy reasons, not for financing projects and economies.

Central bank

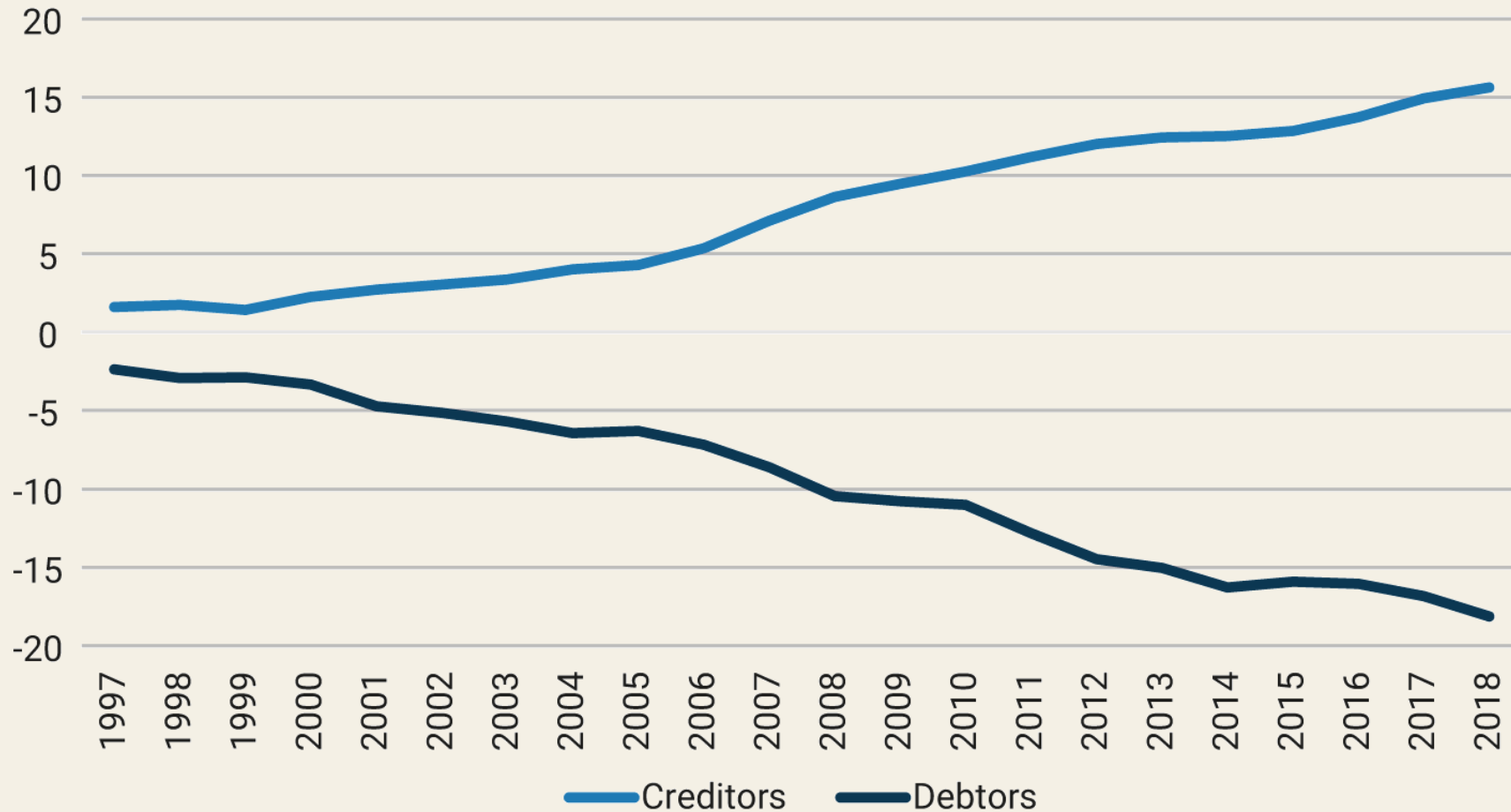
Strength in dollar also supports foreign reserves



Source: Thomson Reuters Datastream, OMFIF analysis

Global Investment imbalances rise to record levels

Net international investment positions, \$tn



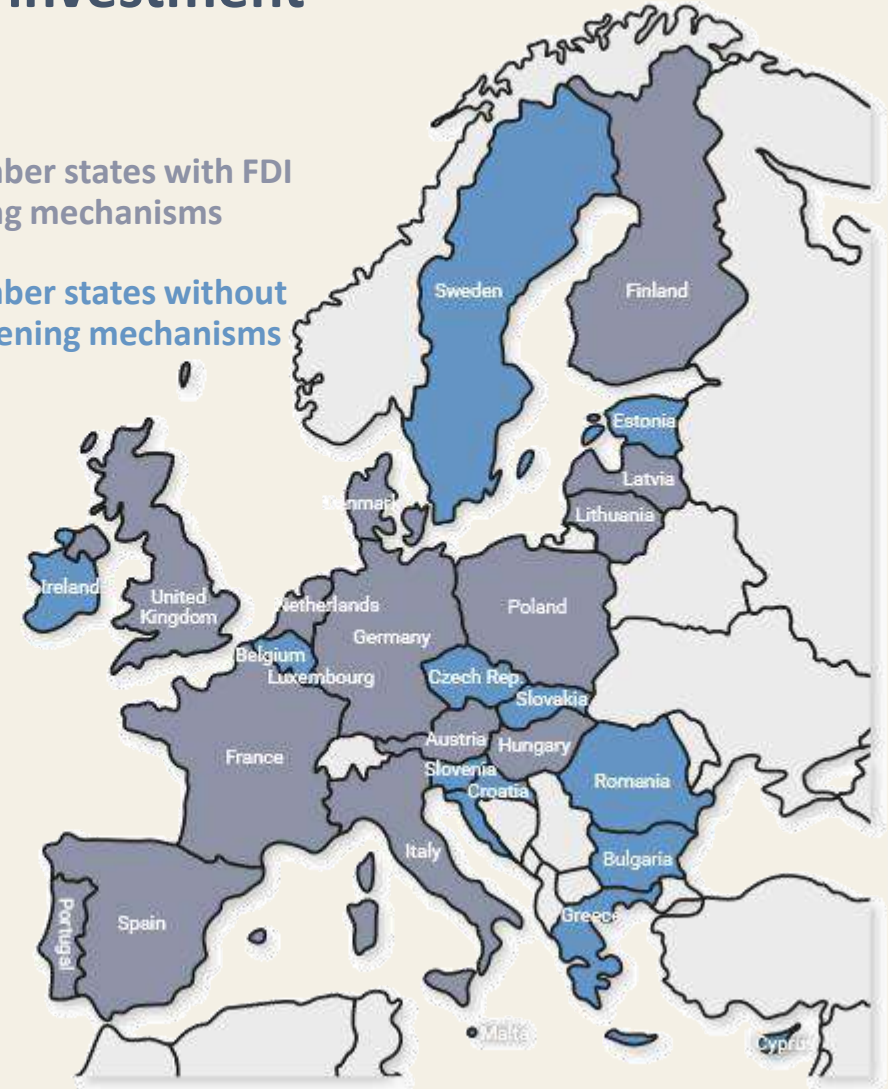
Mixed responses to China – West strengthening investment screening mechanisms

Largest recipients of Chinese investment
2005-18, \$bn

US: **179.9**
Australia: **94.5**
UK: **80.8**
Switzerland: **60.9**
Brazil: **57**
Canada: **53.6**
Germany: **41.2**
Singapore: **33**
Russia: **29.2**
France: **25.5**

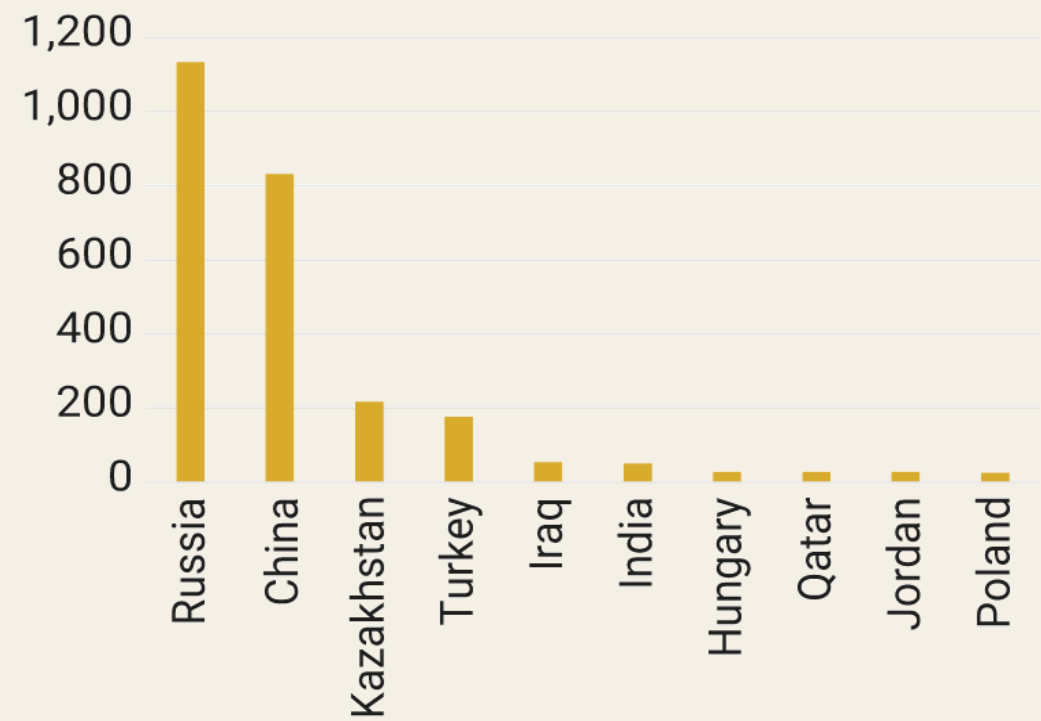
EU member states with FDI screening mechanisms

EU member states without FDI screening mechanisms

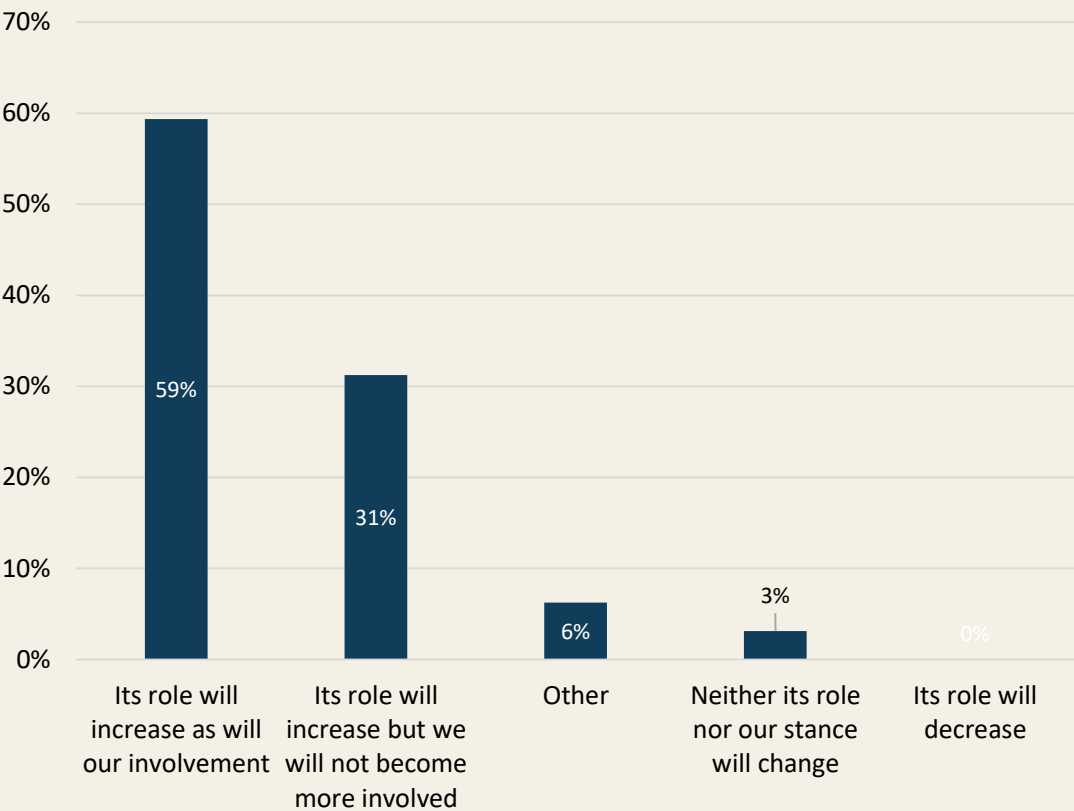


Mixed responses to China – some central banks ramping up gold purchases as renminbi emerges as dollar challenger

Central bank gold purchases among top-10 buyers, January 2014-May 2019, tonnes



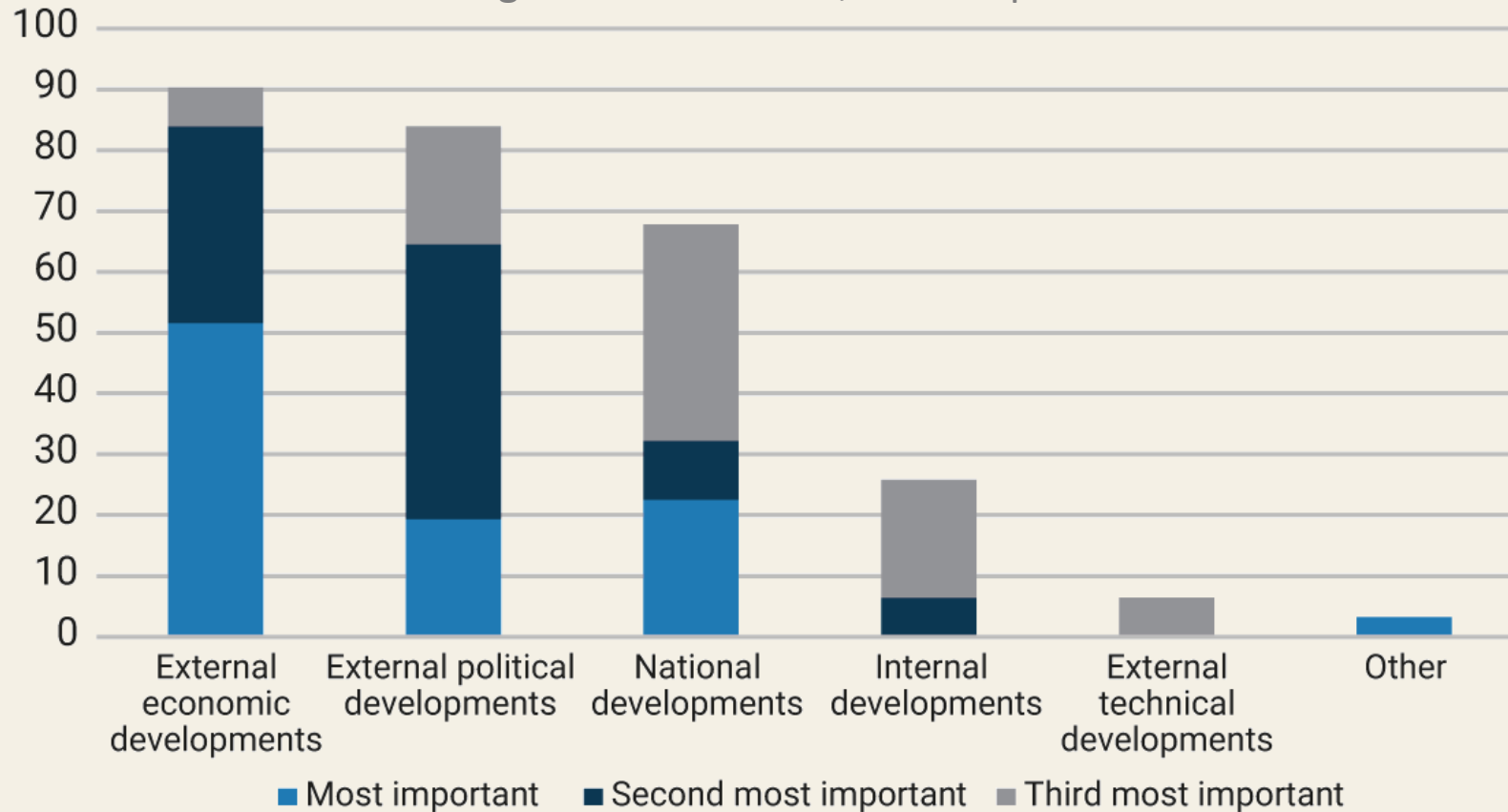
‘How do you see the role of the renminbi as a reserve currency developing and how will you respond?’, share of responses



Source: World Gold Council, OMFIF analysis

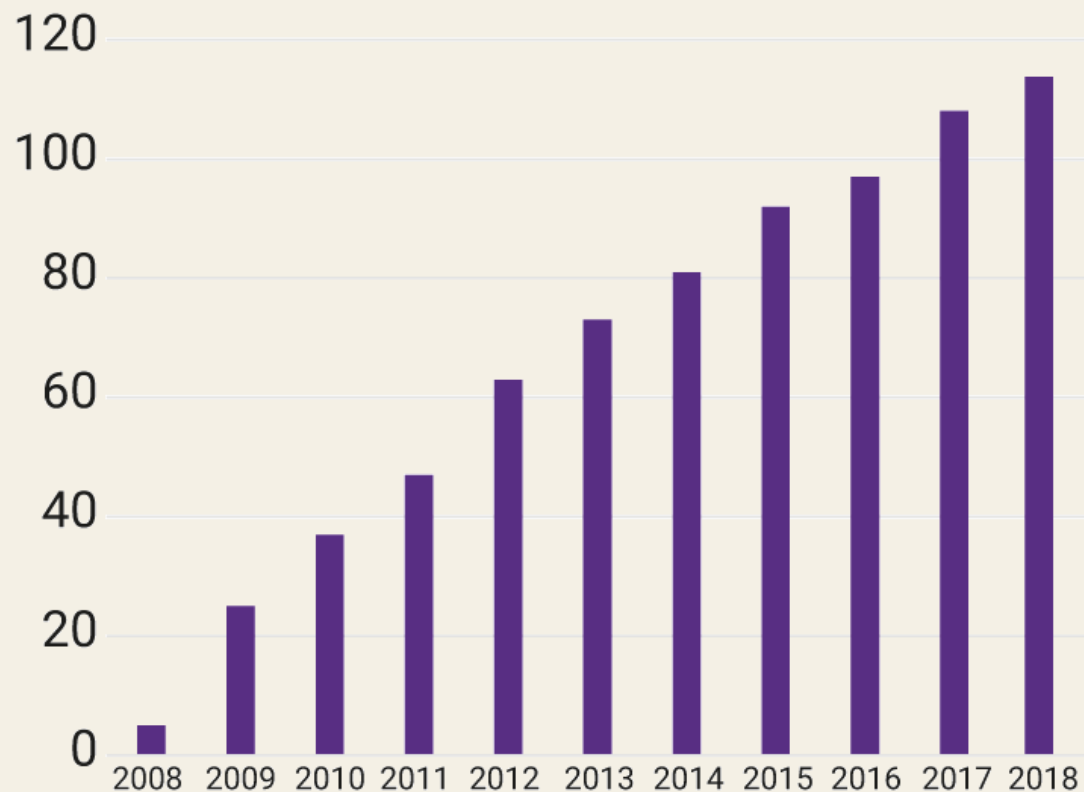
Looking ahead, central banks are coping with new challenges

‘What do you think are the top three considerations on the way your reserves are managed in the future?’, % of responses



Central banks looking to the future (1): Growing importance of communications

Number of central banks with active Twitter accounts



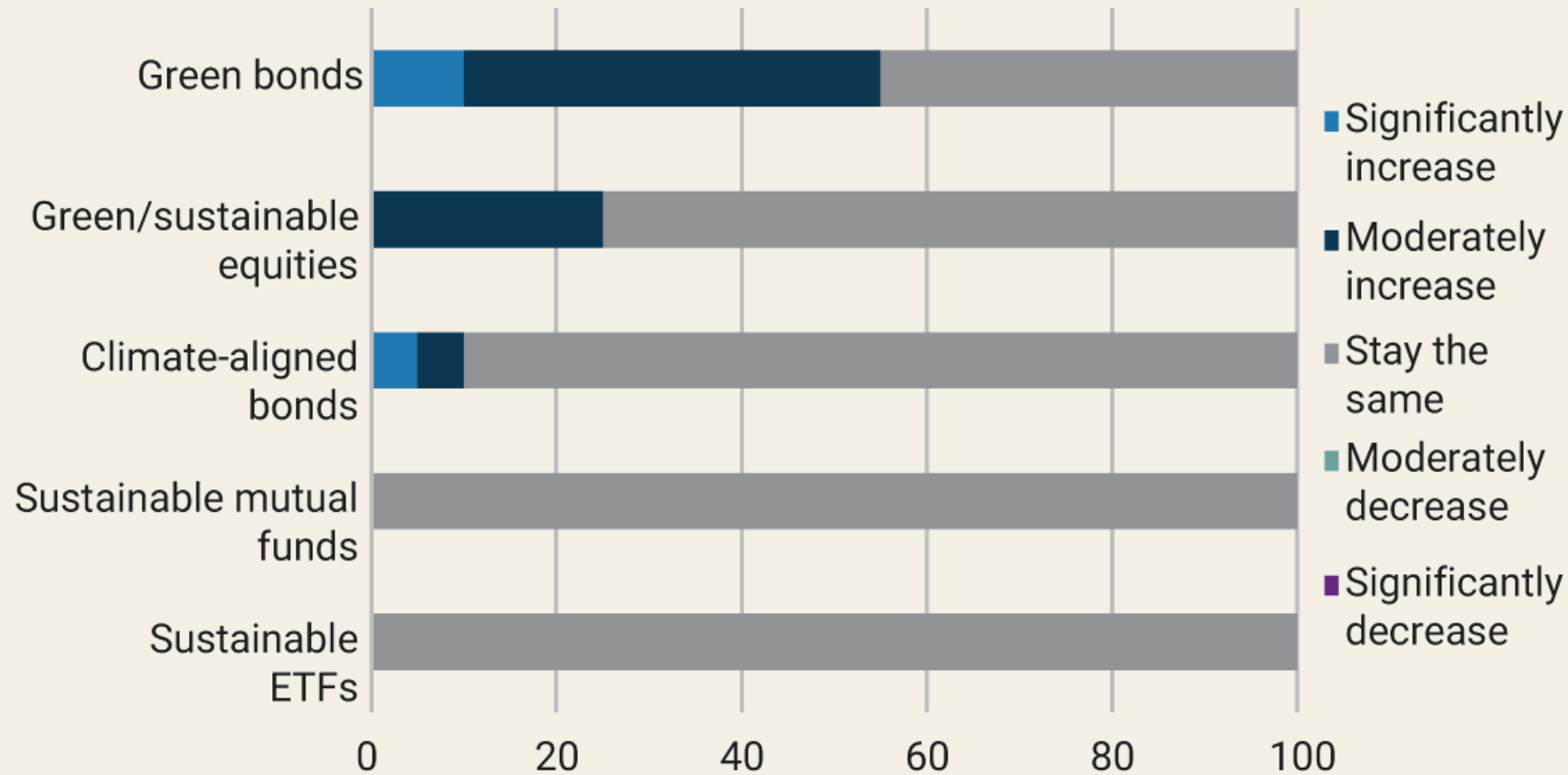
Most-followed central banks on Twitter, by number of followers

660k  Indonesia	269k  UK
634k  Mexico	247k  Venezuela
513k  US	233k  Malaysia
470k  EU	230k  Nigeria
413k  India	174k  Kenya
293k  Colombia	162k  Peru
292k  Saudi Arabia	148k  Canada
291k  Brazil	

Source: OMFIF

Central banks looking to the future (2): Addressing climate risks

‘In the next 12-24 months do you plan to increase, reduce or maintain your allocation to the following asset classes?’, % of responses

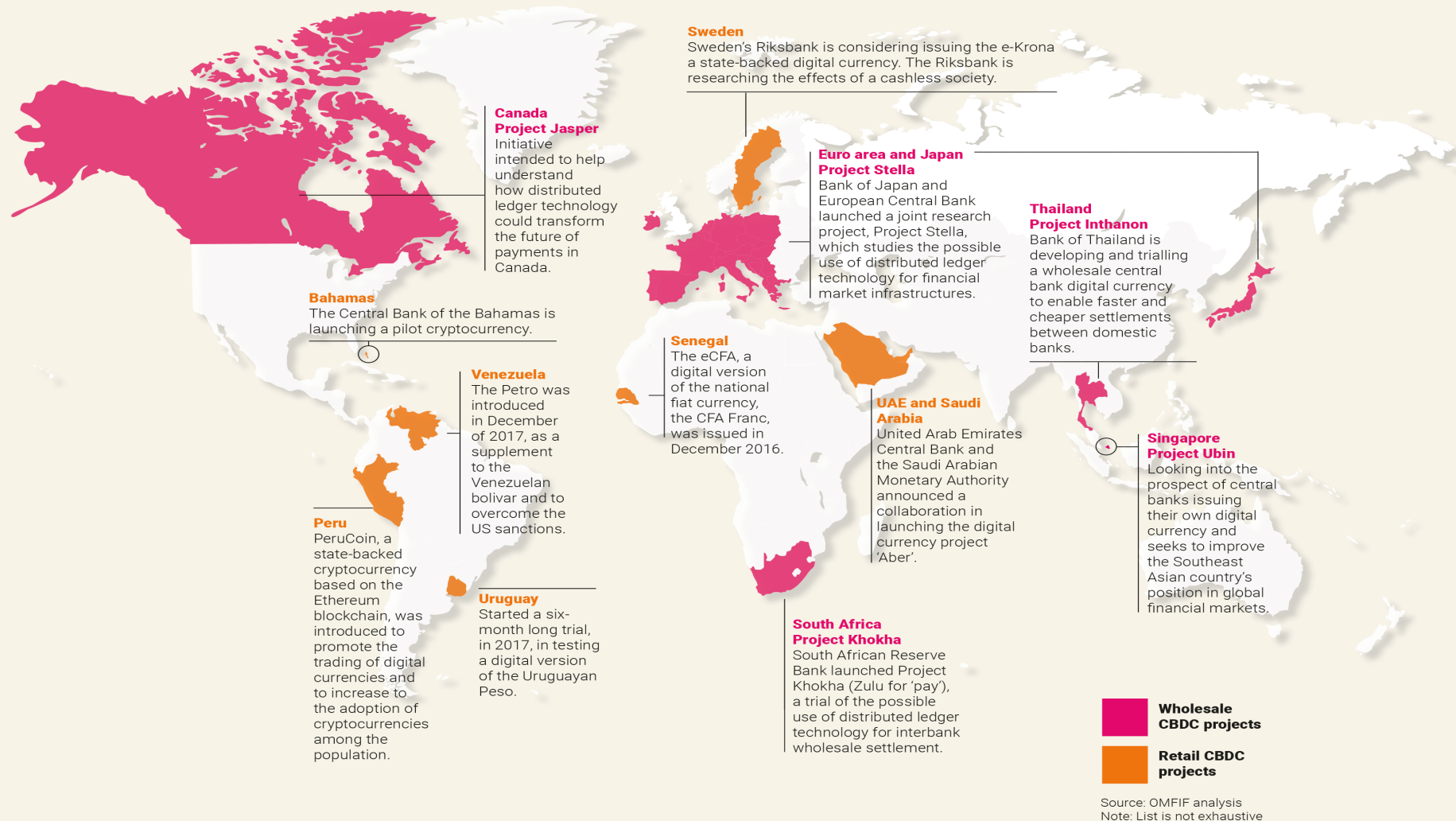


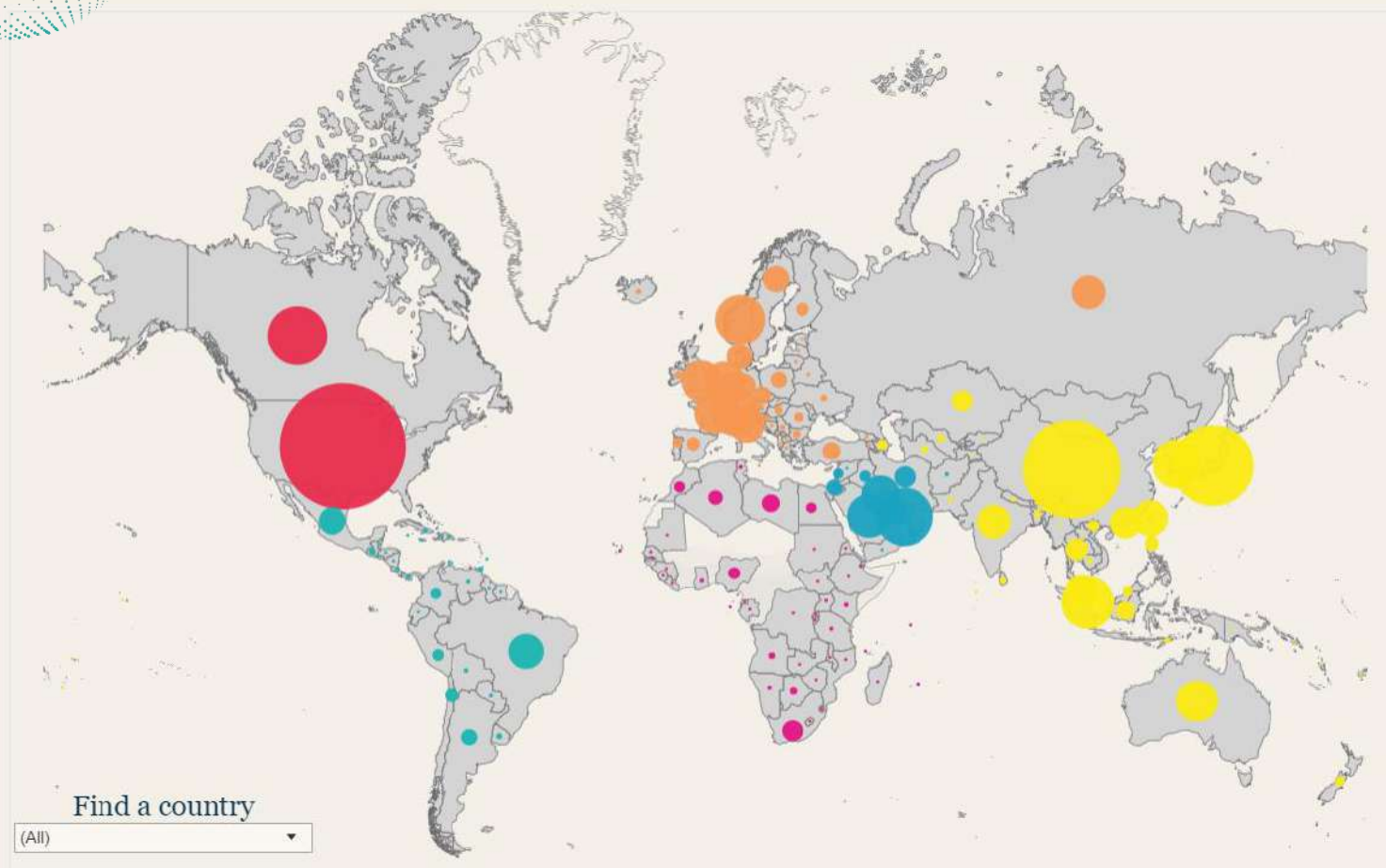
“

If we are to fulfil our mission of safeguarding monetary and financial stability, it is a strategic priority for us to address the challenges posed by climate change for the financial system.

Philip Lane,
Governor of the
Central Bank of
Ireland

Central banks looking to the future (3): Keeping up with technology



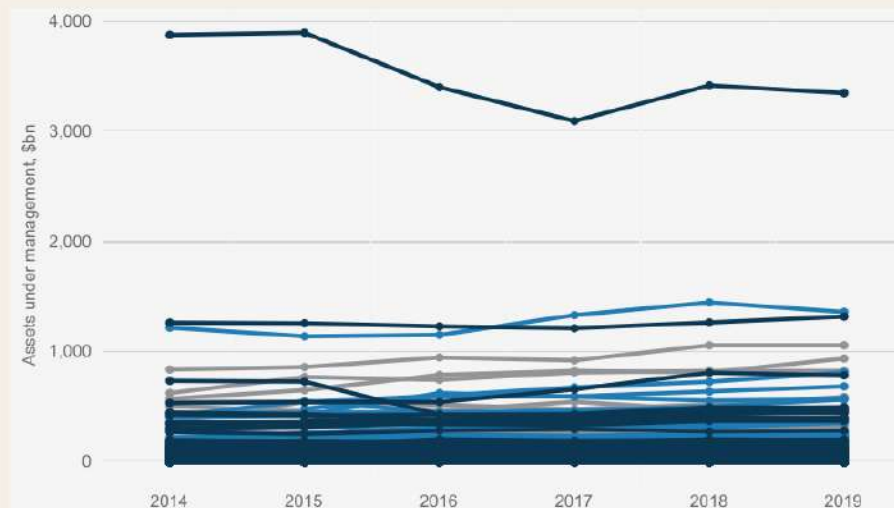


Region data

Select a region to view asset distribution.

		No. of GPIs	2019 AUM (\$bn)	% change
Africa	CB	41	450.7	0.9%
	PF	17	93.0	3.9%
	SF	16	251.0	5.0%
	Total	74	794.7	2.5%
Asia Pacific	CB	39	7,539.1	-0.4%
	PF	50	3,894.2	0.4%
	SF	27	2,893.4	10.9%
	Total	116	14,326.7	1.9%
Europe	CB	46	3,044.1	0.1%
	PF	190	2,564.2	7.2%
	SF	11	2,224.4	2.3%
	Total	247	7,832.7	3.0%
Middle East	CB	15	1,069.0	2.8%
	PF	4	200.3	-1.4%
	SF	14	2,849.3	11.5%
	Total	33	4,118.6	8.4%
North America	CB	2	533.1	-0.6%
	PF	209	8,503.3	6.5%
	SF	9	258.2	3.2%
	Total	220	9,294.7	6.0%
Latin America and Caribbean	CB	30	912.9	0.7%
	PF	21	439.0	0.4%
	SF	9	100.0	-15.9%
	Total	60	1,452.0	-0.7%
World		750	37,819.4	3.7%

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Find

View specific institutions using the drop-down list below. Enter the name or scroll down the list.

(All)

Filter

By region

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- ☒ Africa
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- ☒ Latin America and Caribbean
- ☒ Middle East
- ☒ North America

By type of institution

- ☒ (All)
- ☒ CB
- ☒ PF
- ☒ SF

Hover

Move cursor over a line graph to view past AUM figures.

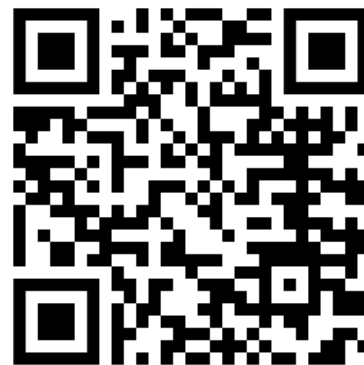
Ranking

Rank	Institution	Country	Type	2019 AUM (\$bn)
1	People's Bank of China	China	CB	3,351.92
2	Government Pension Investment Fund	Japan	PF	1,363.75
3	Bank of Japan	Japan	CB	1,322.04
4	Norges Bank Investment Management	Norway	SF	1,060.98
5	China Investment Corporation	China	SF	941.42
6	Abu Dhabi Investment Authority	United Arab ..	SF	828.00
7	Military Retirement Fund	United States	PF	813.90
8	Swiss National Bank	Switzerland	CB	787.56
9	Federal Employees Retirement System	United States	PF	687.47
10	Kuwait Investment Authority	Kuwait	SF	592.00
11	National Pension Service	Korea, Repu..	PF	579.24
12	Thrift Savings Fund	United States	PF	567.81
13	Caisse des Dépôts et Consignations	France	SF	499.92
14	Saudi Arabian Monetary Authority	Saudi Arabia	CB	496.59
15	Stichting Pensioenfond ABP	Netherlands	PF	494.84
16	Central Bank of the Republic of China (Taiwan)	Taiwan, Rep..	CB	479.20
17	Central Bank of the Russian Federation	Russian Fed..	CB	468.50
18	Hong Kong Monetary Authority	Hong Kong S..	CB	452.09
19	US Monetary Authorities	United States	CB	449.21

Global Public Investor returns to Singapore for 2020

10 June
2020

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