

SOVEREIGN WEALTH FUNDS SLOW DOWN

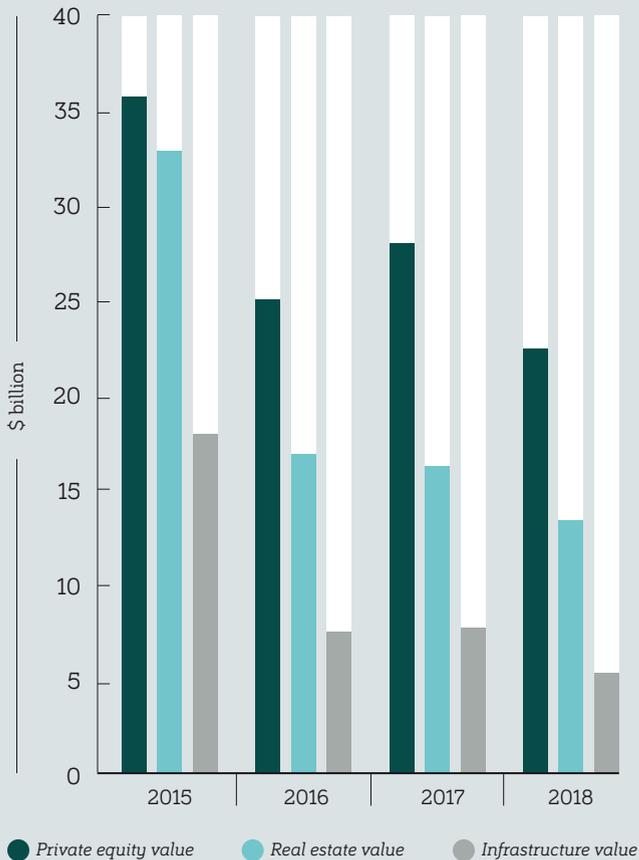
The world's state-established investment funds have put less overall money to work in direct alternatives, and focused more on targeting specific areas

ACROSS THE WORLD, sovereign wealth funds (SWFs) pulled back on direct investments in alternative asset classes in 2018. Instead they have sought to make more targeted investments, often into unlisted companies, either solely or alongside private equity players. Those were some of the key findings of the International Forum of Sovereign Wealth Funds' (IFSWF) latest annual survey. It noted that some of the world's most sophisticated investors have reduced the overall volume and frequency of deal-making in many private asset classes.

Below AsianInvestor offers a set of charts that look at how global SWFs have shifted their investing. All the following charts are sourced from the IFSWF's annual 2019 survey.

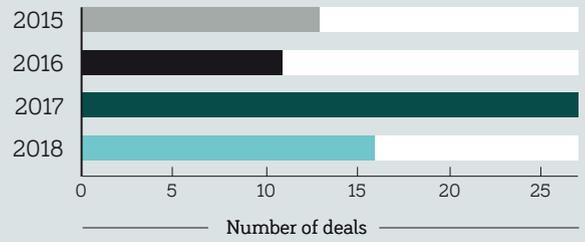
FALLING INVOLVEMENT

OVER THE PAST four years SWFs have reduced their overall volume and number of direct investments in private equity, real estate and infrastructure. Private equity was the least drop and remains by far the most active area, both in terms of number of deals and overall value (224 deals that comprised a value of \$23.4 billion).



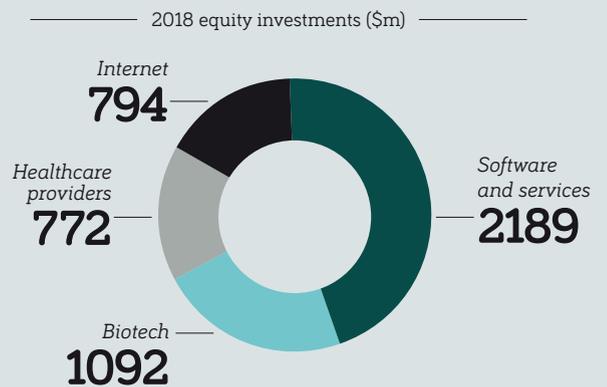
ANCHORING INVESTMENTS

SOVEREIGN WEALTH FUNDS from Asia have been regular anchor investors in new initial public offerings. However they reduced this activity during 2018, partly because the terrible market conditions.



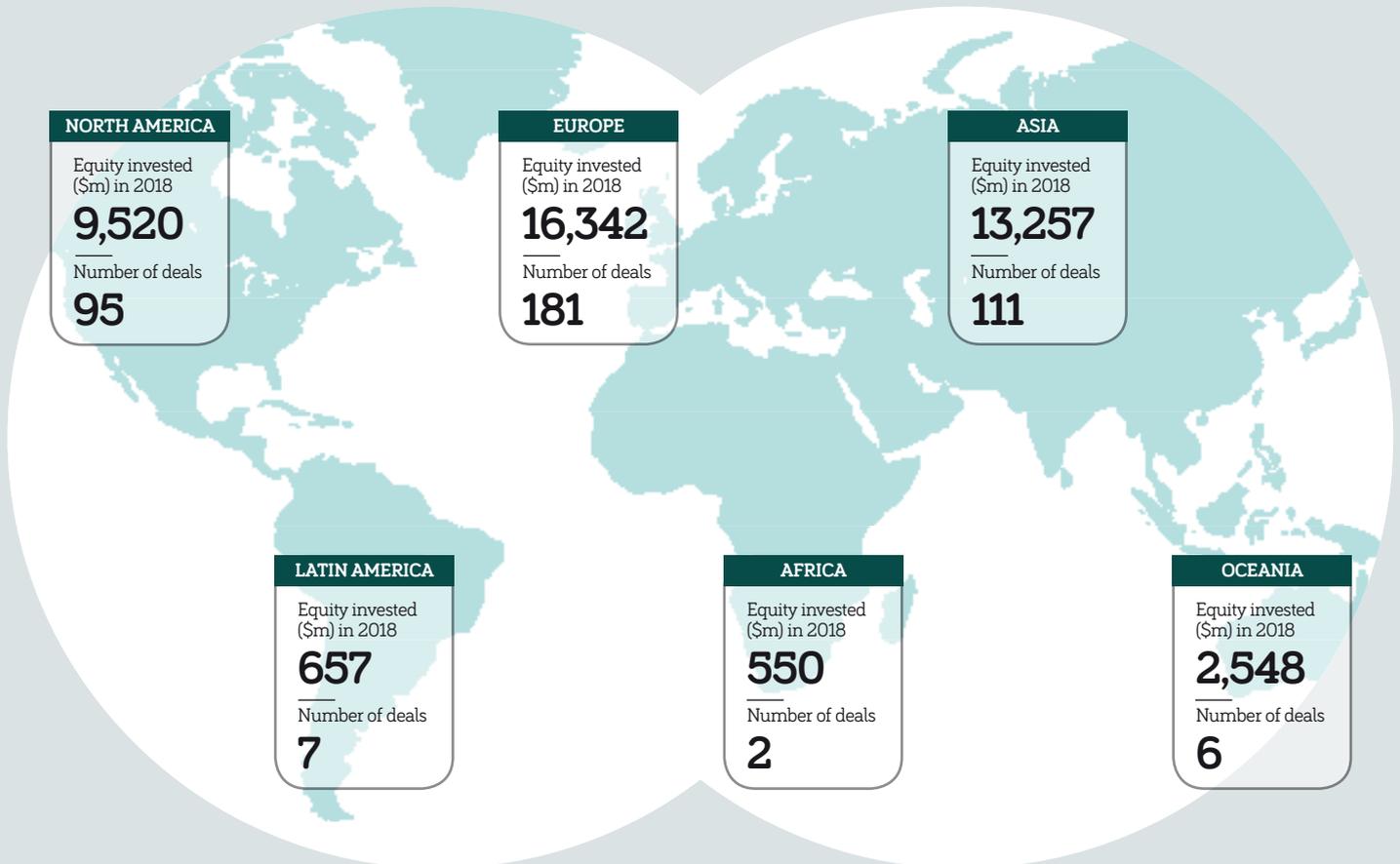
SECTORS OF INTEREST

INVESTMENT AREAS OF INTEREST for SWFs over the past year included financial technology, pharmaceuticals and the internet. Software and services and biotechnology proved particularly popular among the funds.



DIRECT INVESTMENTS BY REGION

SOVEREIGN WEALTH FUNDS (SWFs) based in Europe (including Russia) have been the most active when it comes to making direct investments. They are a little ahead of Asian SWFs, while both regions are well ahead of North America, which lies in third place for deal volumes and activity.



GOING SOLO, OR BETTER TOGETHER?

LAST YEAR THERE were signs of increased collaboration among SWFs, with more of them partnering with peers to make direct investments in companies. While taking a solo approach was the most popular individual tack, combining with strategic or venture capital partners were also popular strategies.



15%
Financial

9%
Peer



30%
Solo

14%
Strategic



10%
Private Equity

22%
Venture Capital

