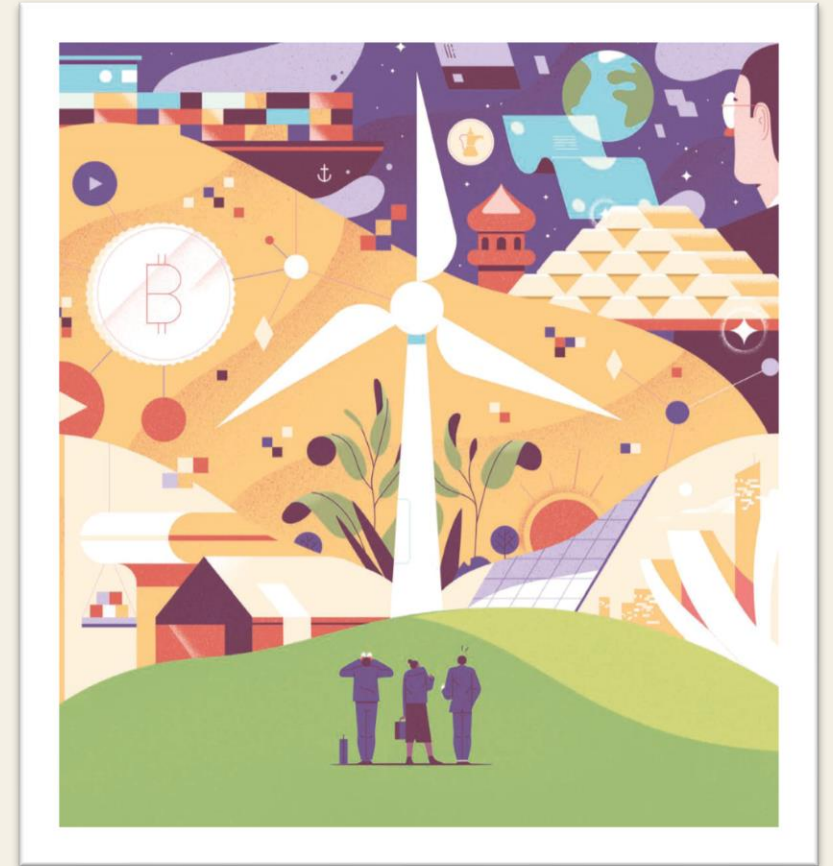


# Global Public Investor 2019



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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%)       |
| <b>750 GPIs</b>    | <b>\$37.82tn (100%)</b> | <b>▲ \$1.35tn (3.7%)</b> |

**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%)         |
| <b>247 GPIs</b>    | <b>\$7.83tn</b> | <b>▲ \$225.2bn (3.0%)</b> |

**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%)       |
| <b>116 GPIs</b>    | <b>\$14.33tn</b> | <b>▲ \$270.9bn (1.9%)</b> |

**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%)          |
| <b>220 GPIs</b>   | <b>\$9.29tn</b> | <b>▲ \$527.2bn (6.0%)</b> |

**Latin America (3.8%)**

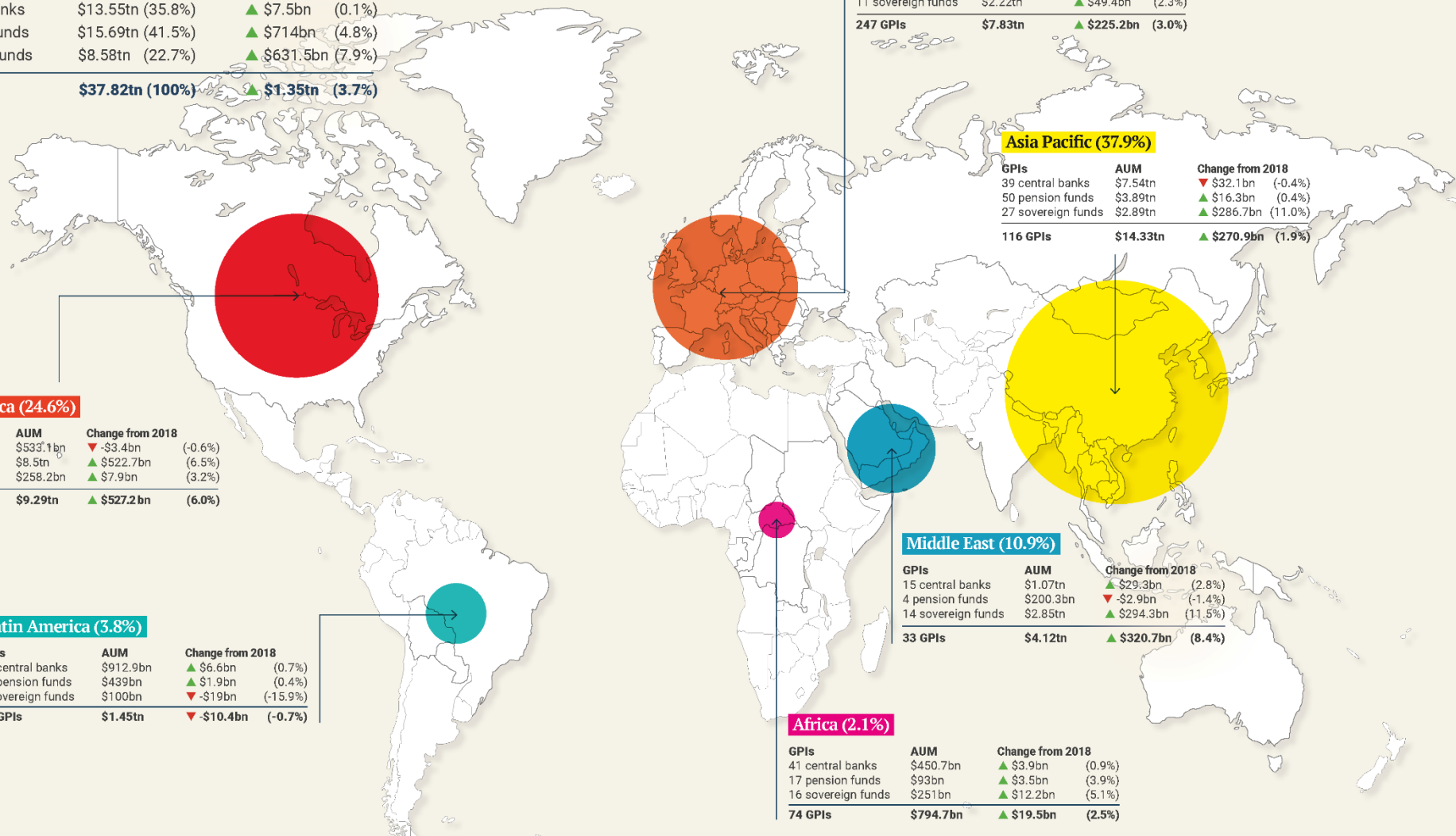
| GPIs              | AUM             | Change from 2018           |
|-------------------|-----------------|----------------------------|
| 30 central banks  | \$912.9bn       | ▲ \$6.6bn (0.7%)           |
| 21 pension funds  | \$439bn         | ▲ \$1.9bn (0.4%)           |
| 9 sovereign funds | \$100bn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

**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%)       |
| <b>33 GPIs</b>     | <b>\$4.12tn</b> | <b>▲ \$320.7bn (8.4%)</b> |

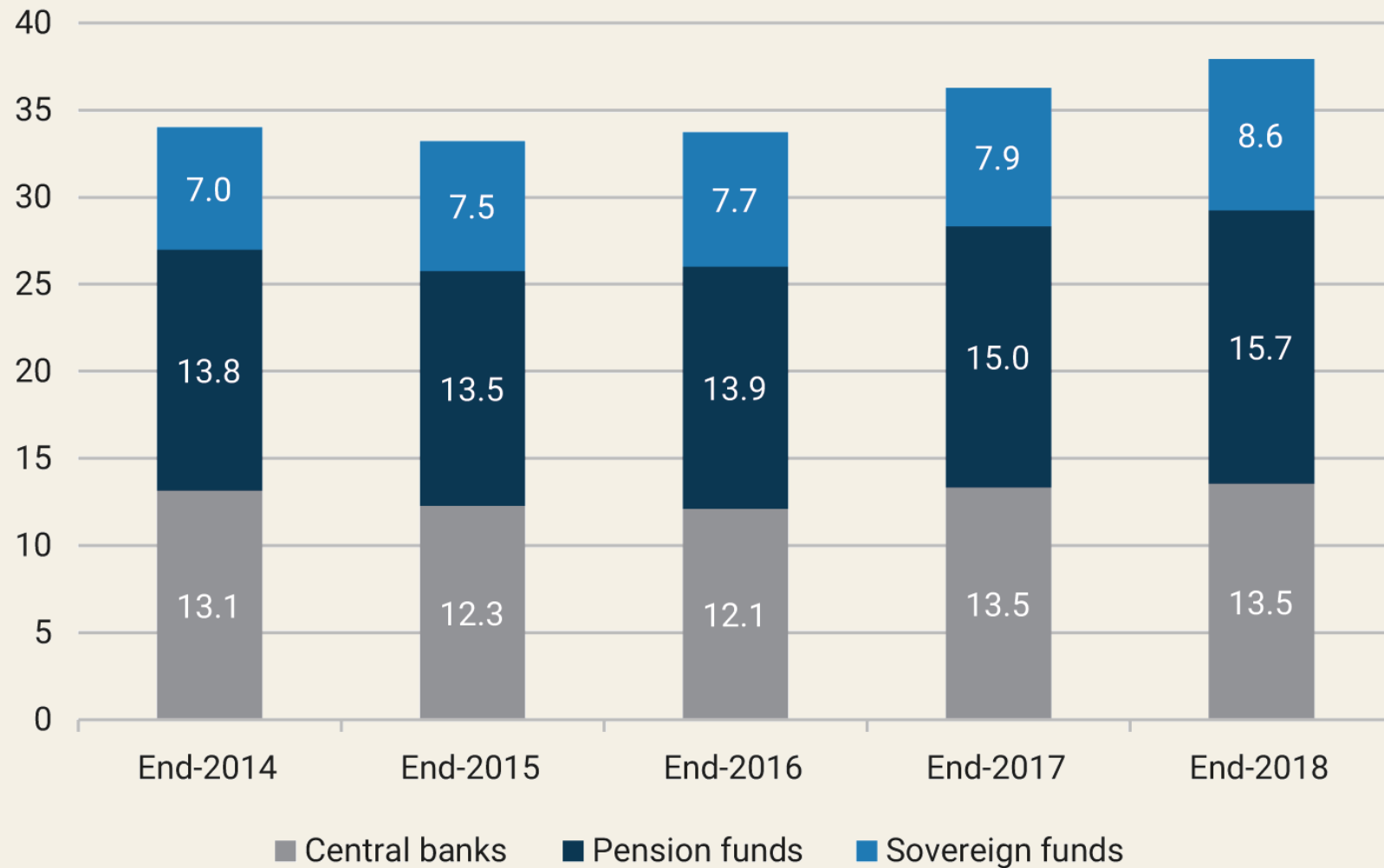
**Africa (2.1%)**

| 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%)        |
| <b>74 GPIs</b>     | <b>\$794.7bn</b> | <b>▲ \$19.5bn (2.5%)</b> |



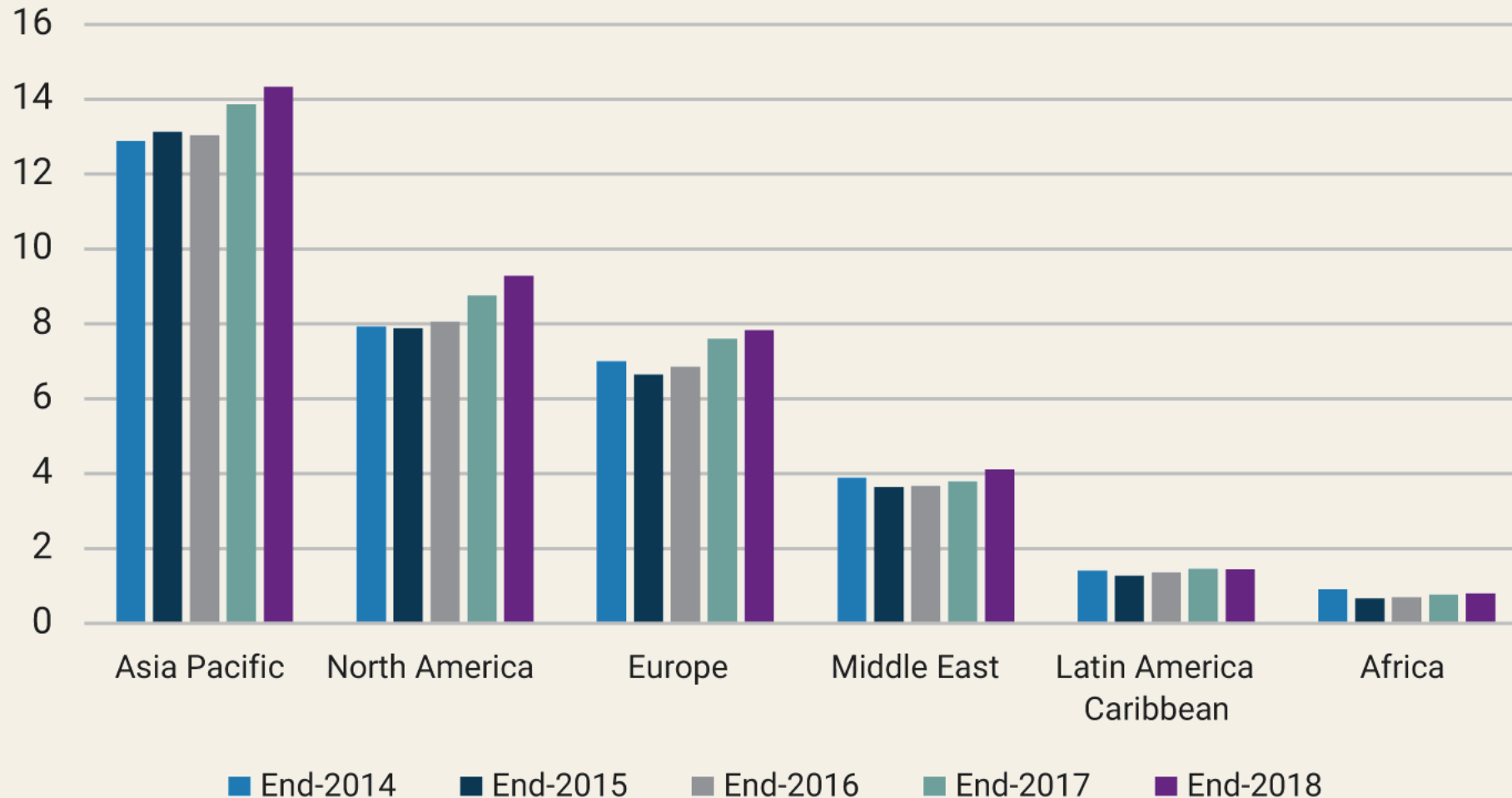
# Total global public assets rise across all institution types, by a joint \$1.4tn

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



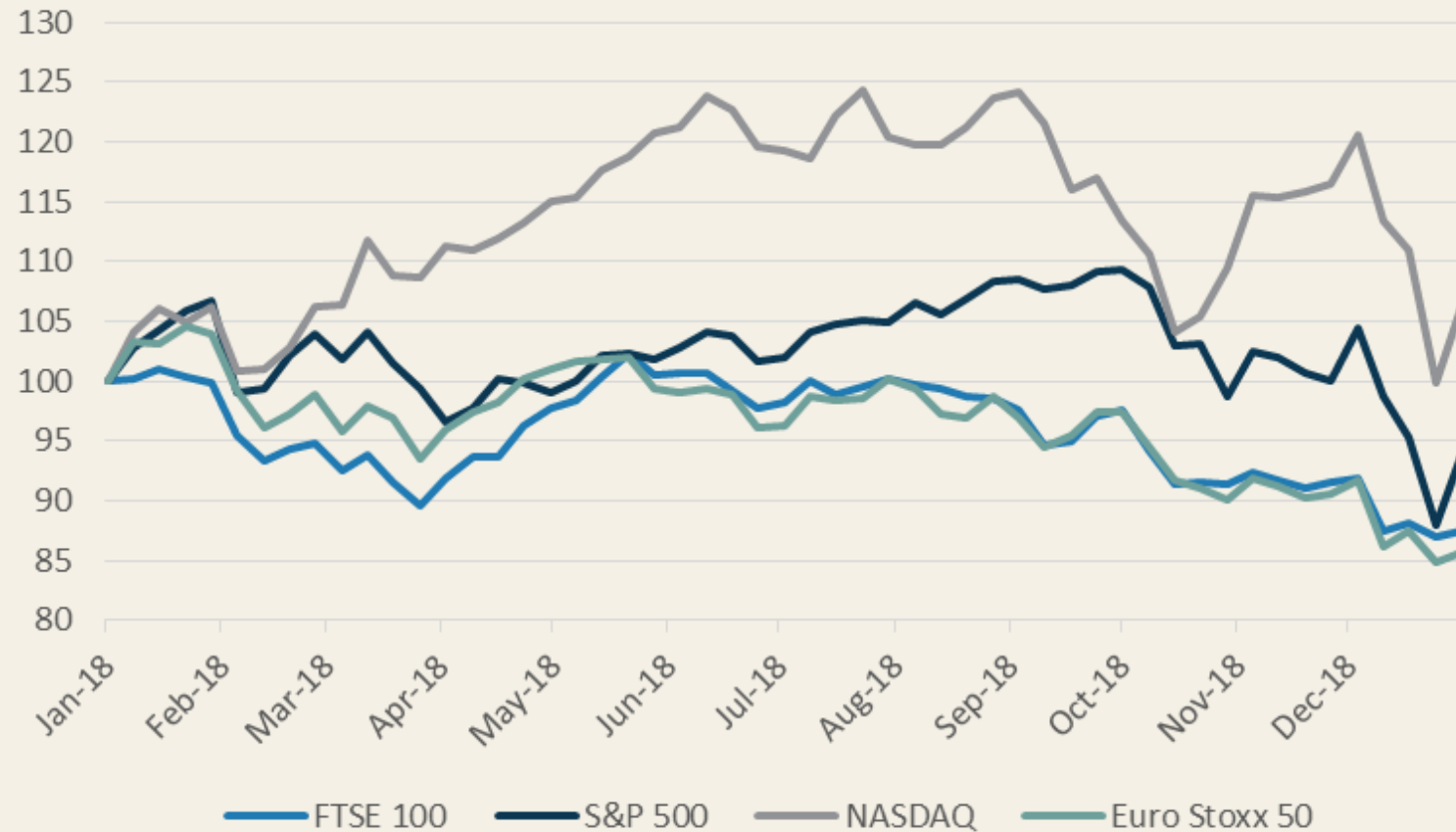
## But overall figures mask regional variation

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



## Equity market downturn takes toll on GPI asset values

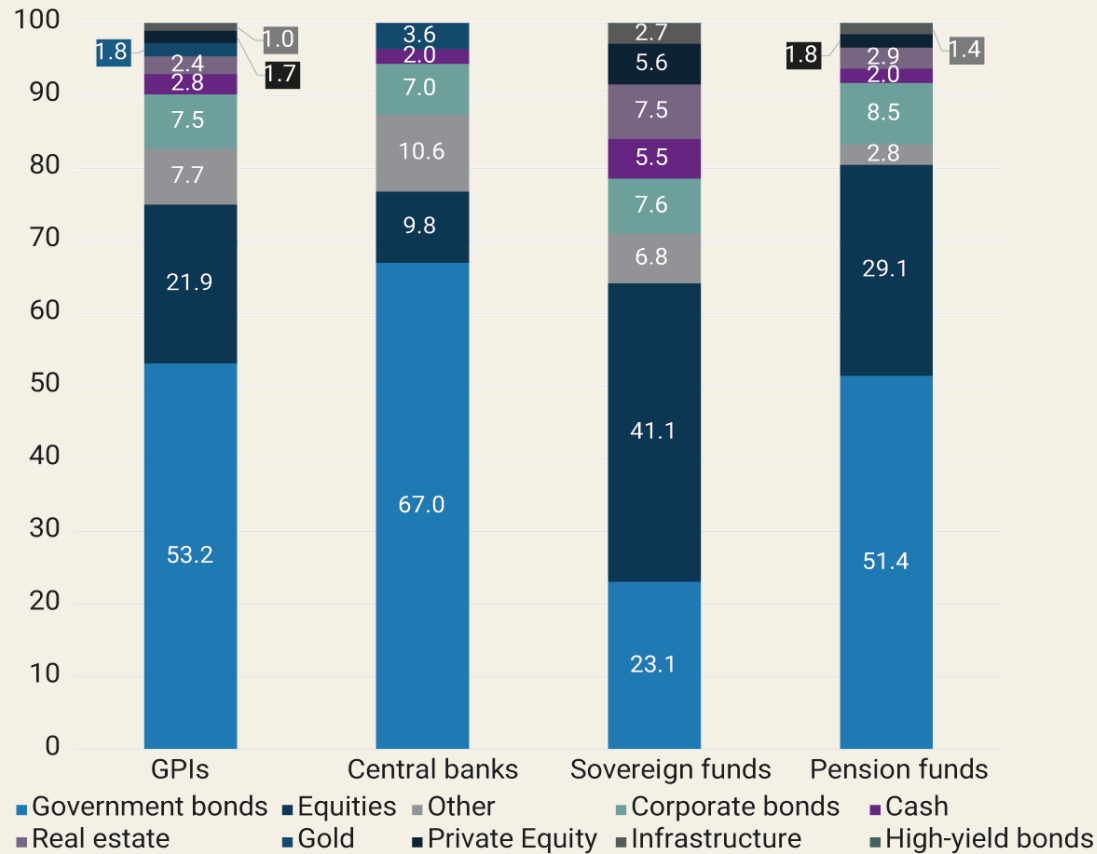
Jan 2018 = 100



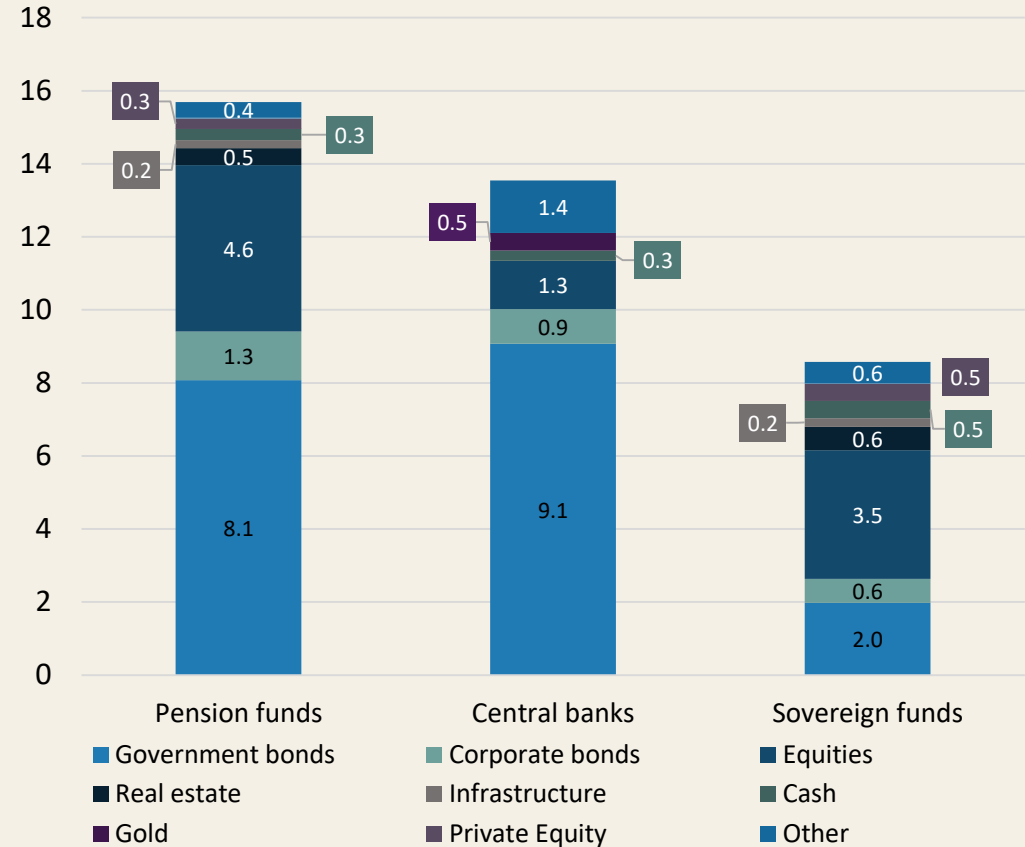
Source: Thomson Reuters Datastream, OMFIF analysis

# ..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

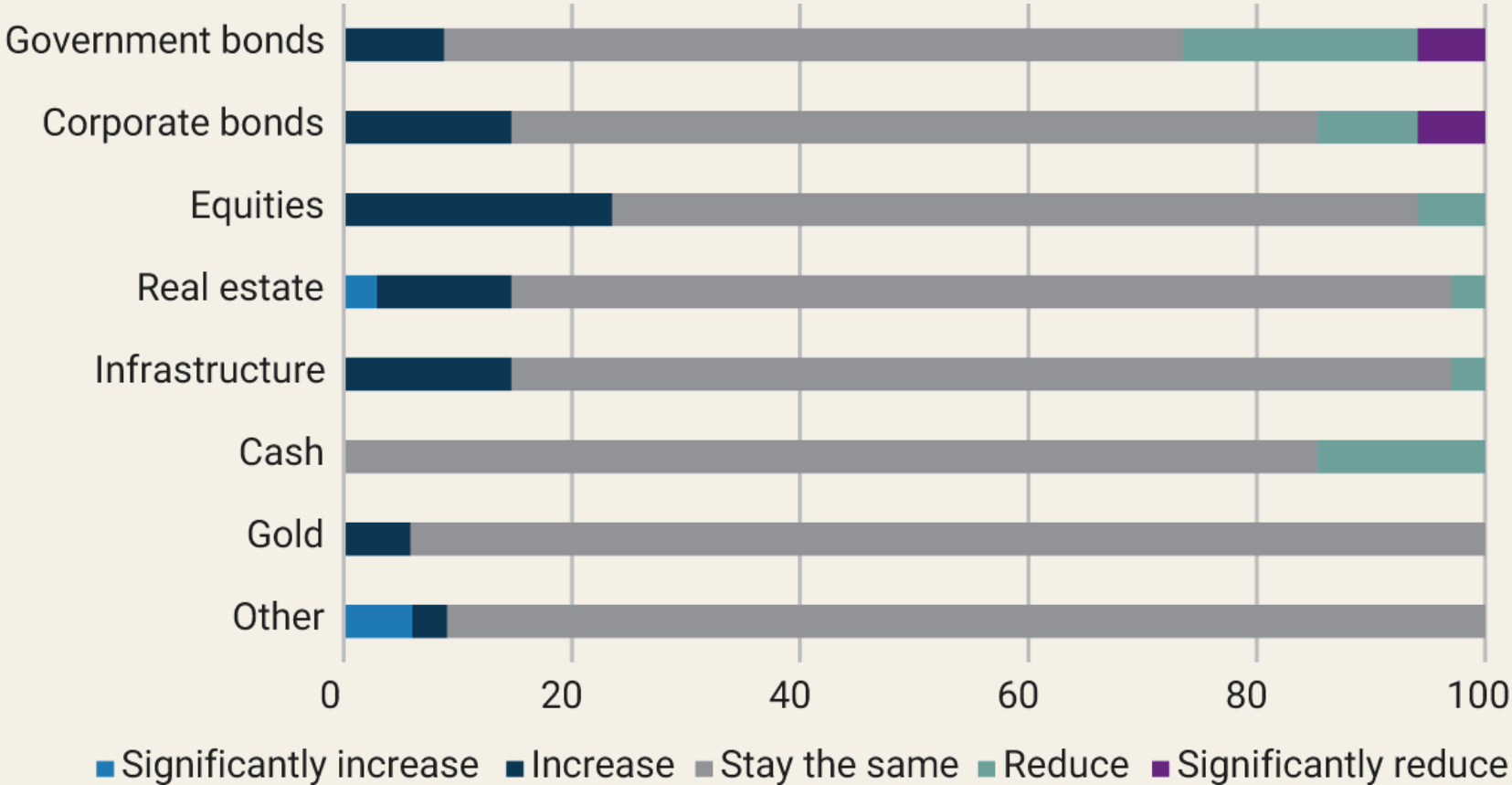


## GPIs with high equity allocations even see reserves decline

| 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



“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

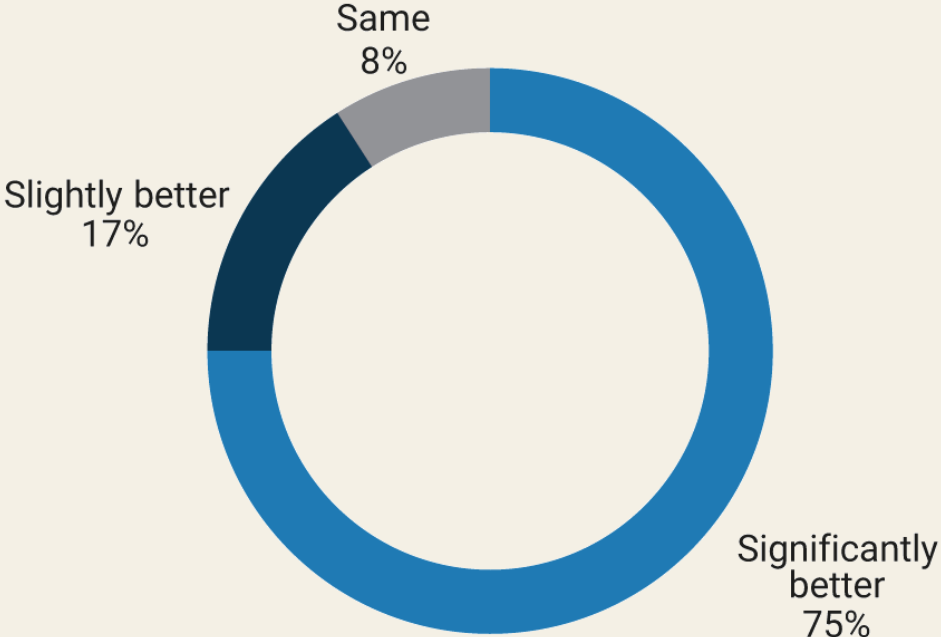
# Equity impact partly offset by continued global economic recovery boosting valuations of other assets



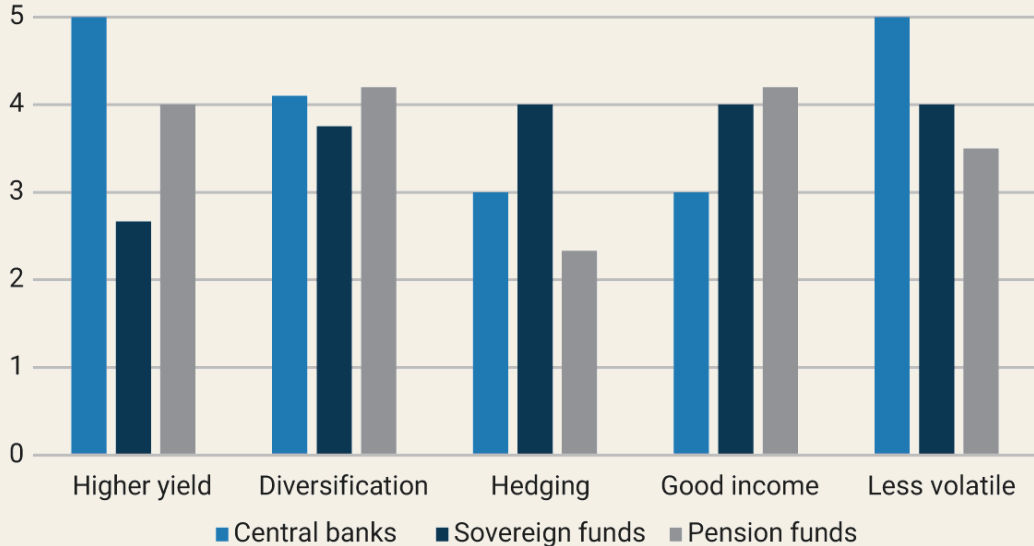
Source: IMF, OMFIF analysis

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

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



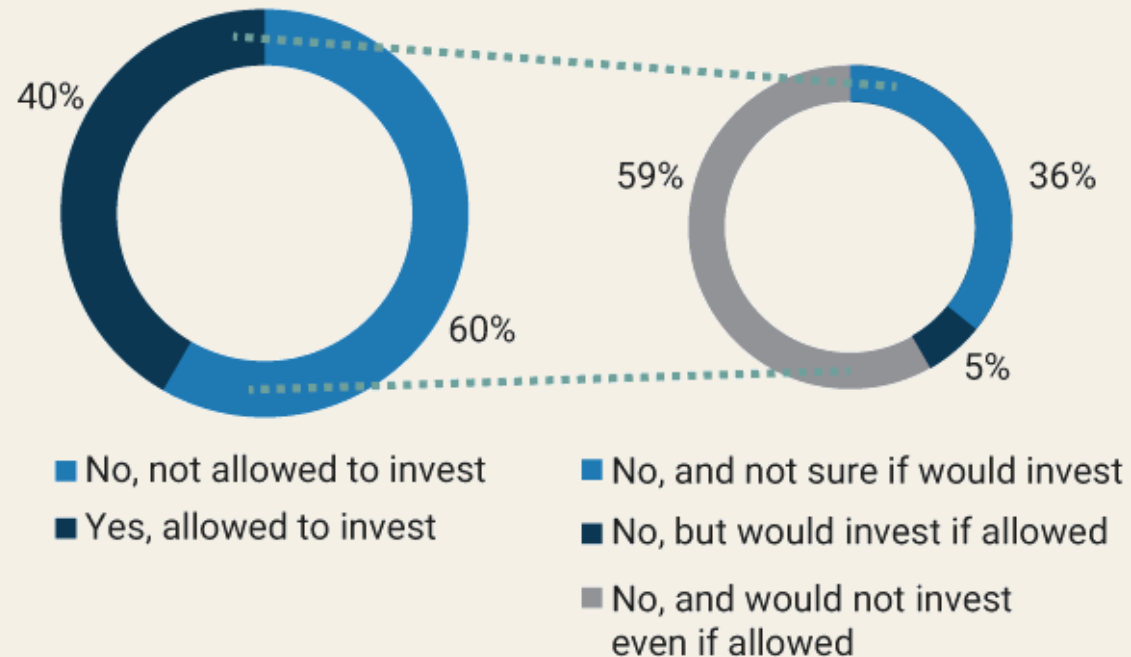
‘What is the motivation for investing in real assets?’, average importance score where 5=very important



## 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)

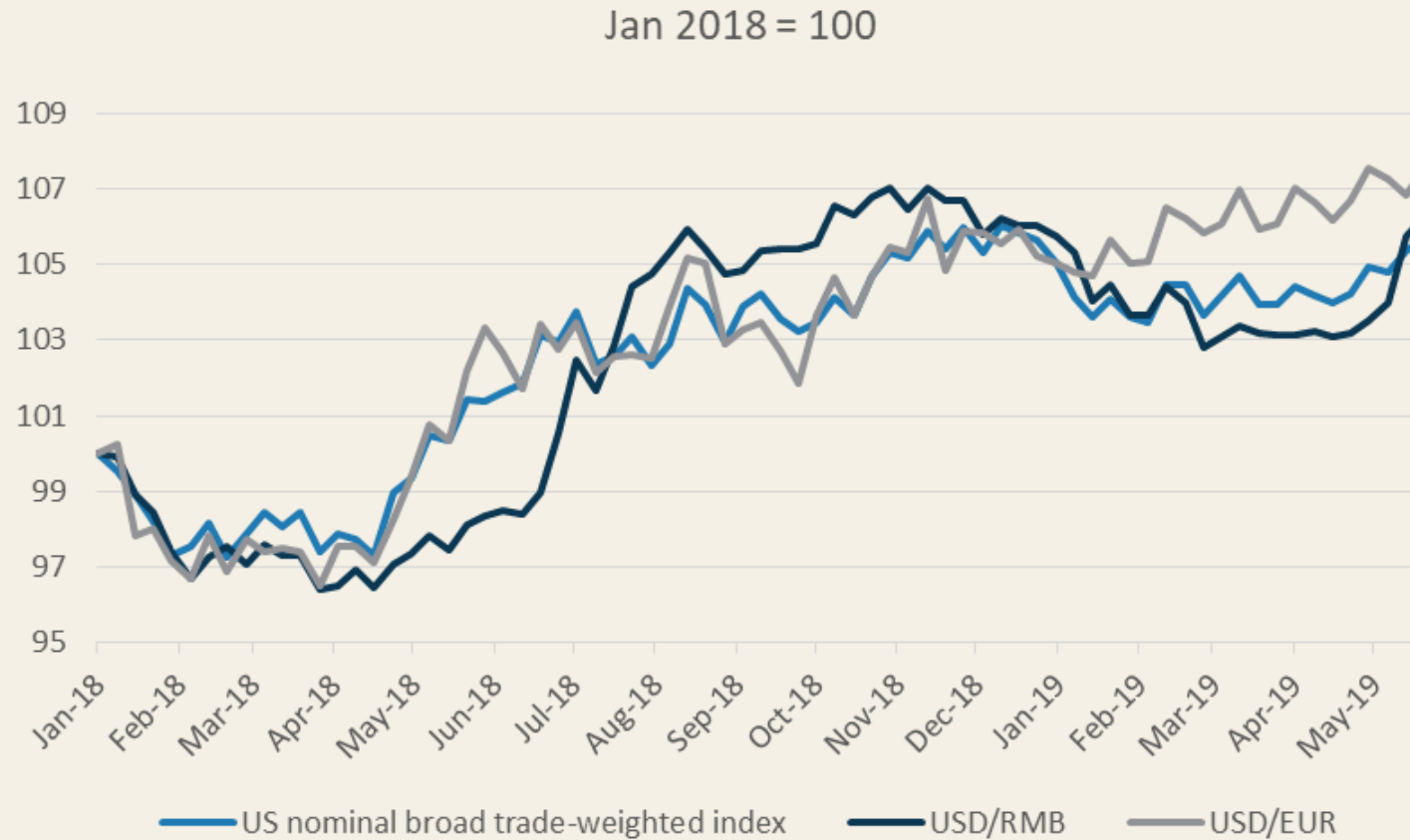


“

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

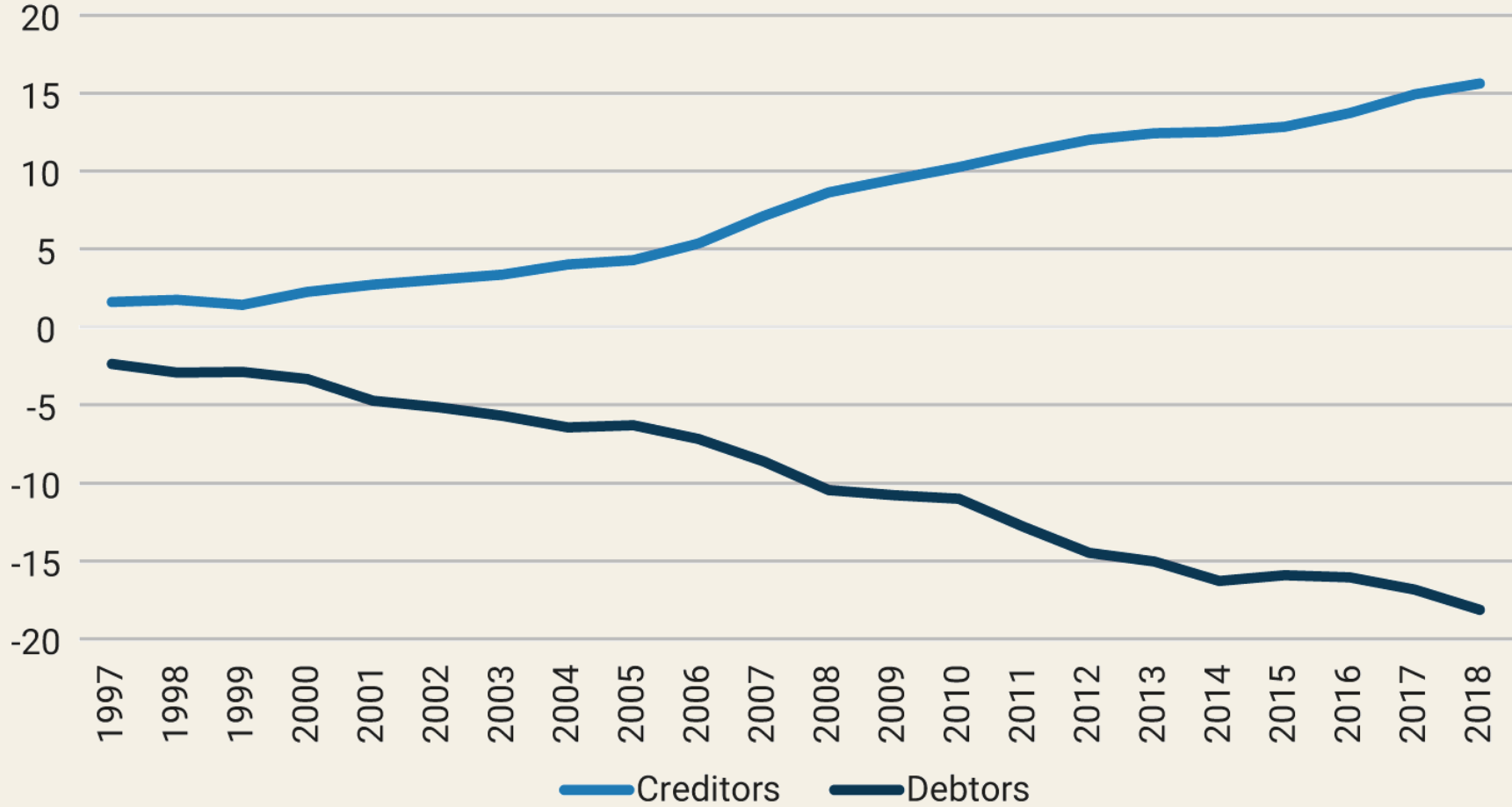
## Strength in dollar also supports foreign reserves



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

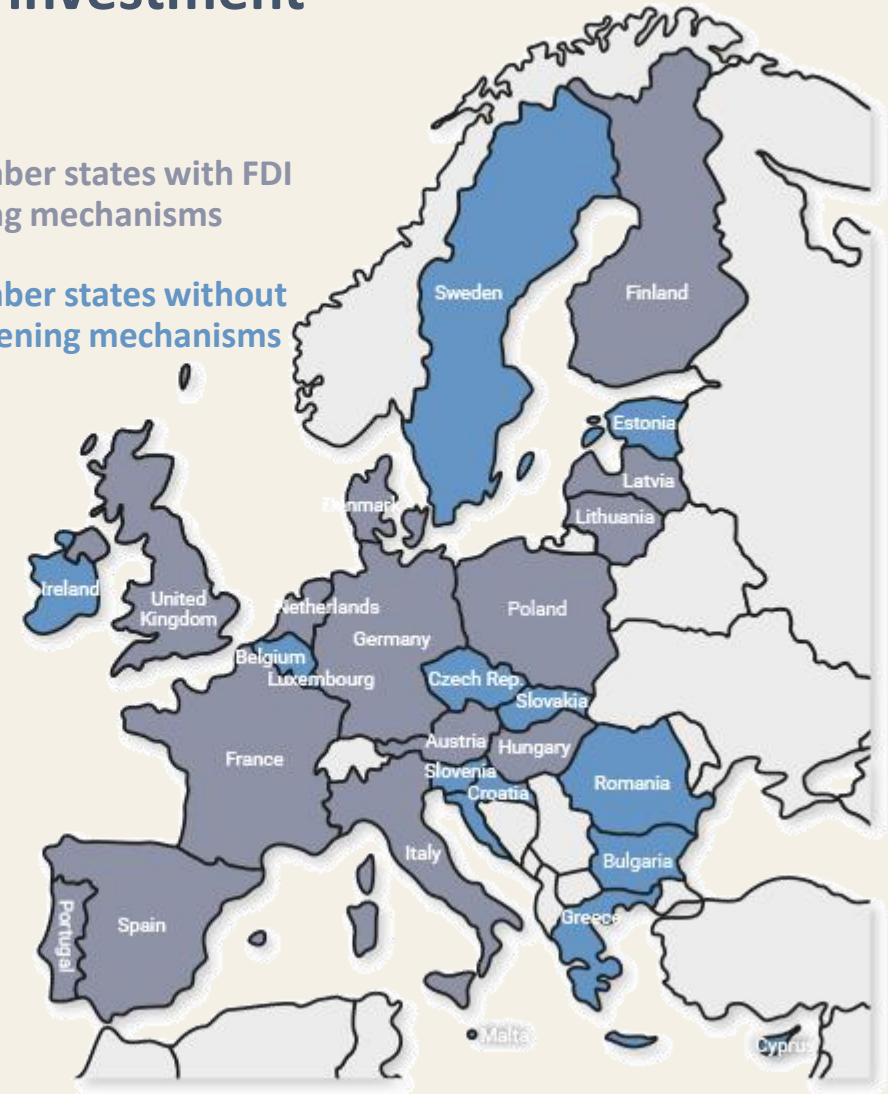
Largest recipients of Chinese investment  
2005-18, \$bn

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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

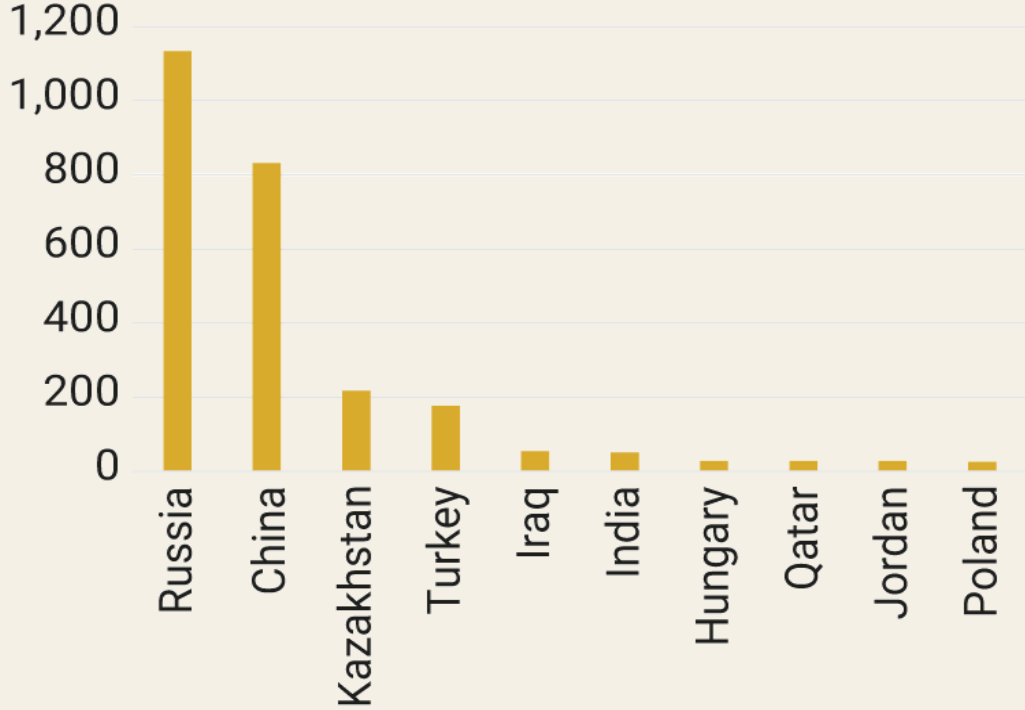
EU member states without FDI screening mechanisms





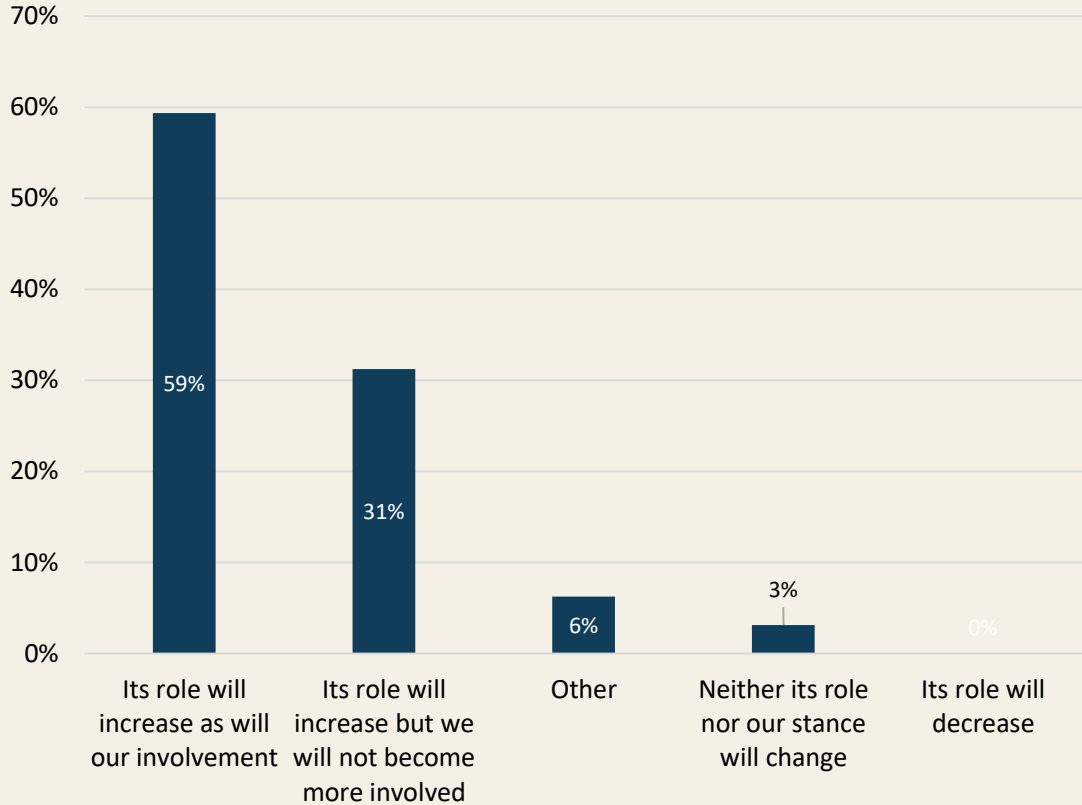
# Mixed responses to China – some central banks ramping up gold purchases as renminbi emerges as dollar challenger

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



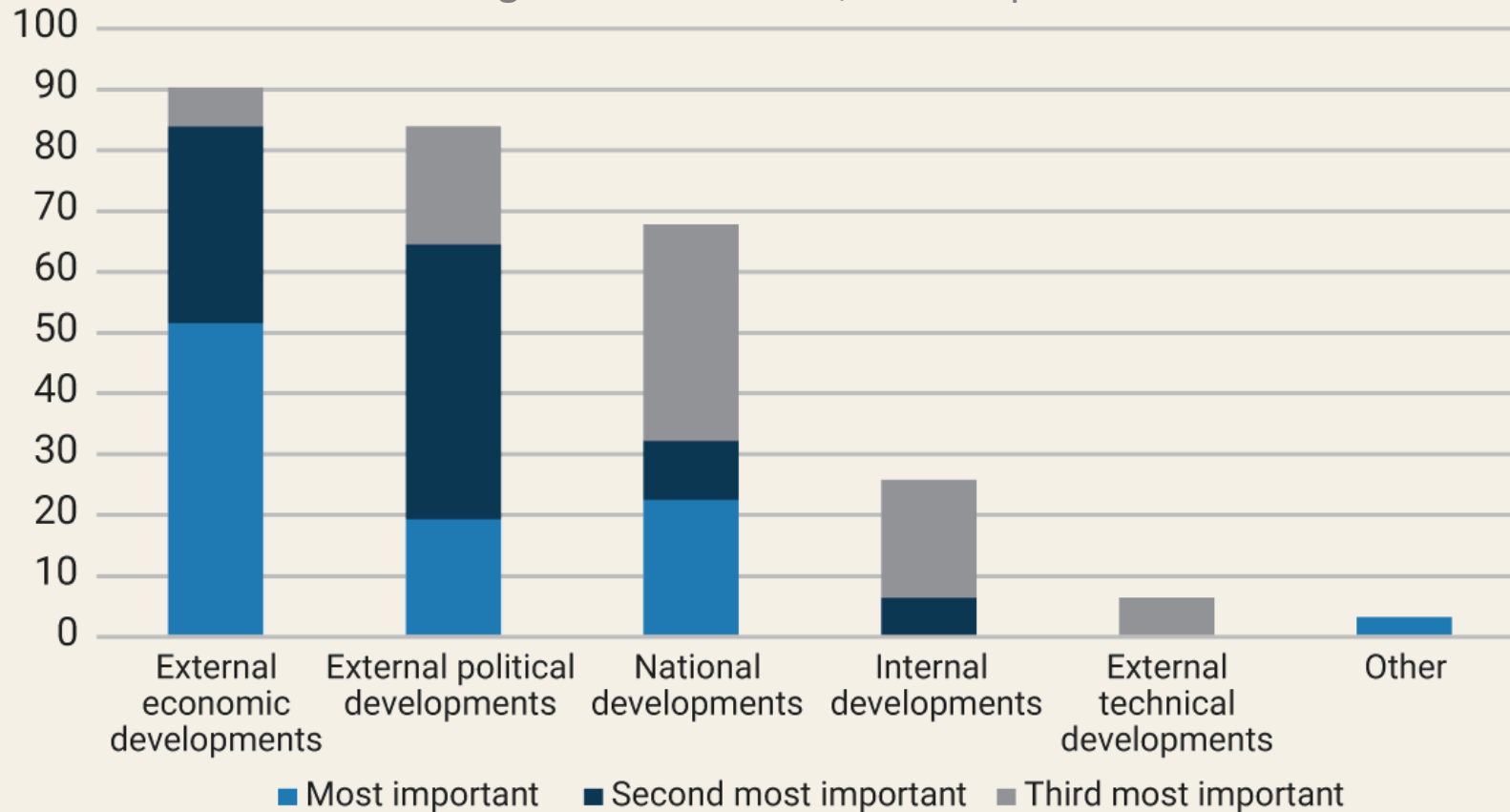
Source: World Gold Council, OMFIF analysis

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



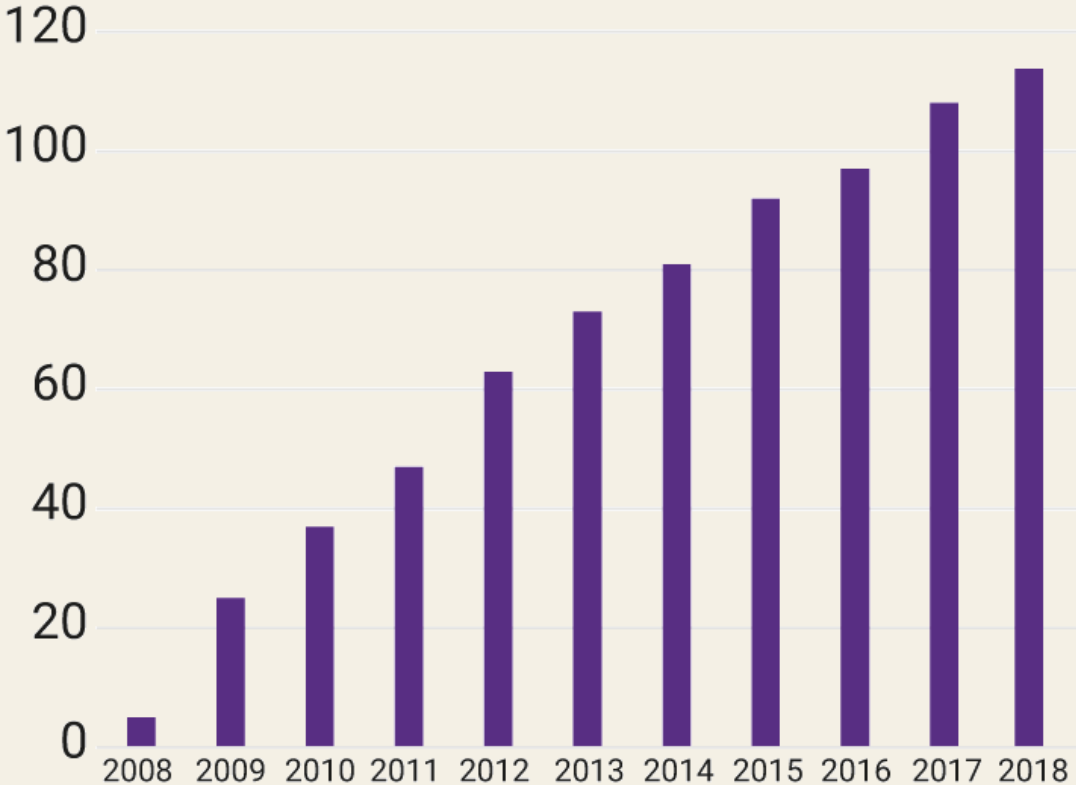
## Looking ahead, central banks are coping with new challenges

‘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



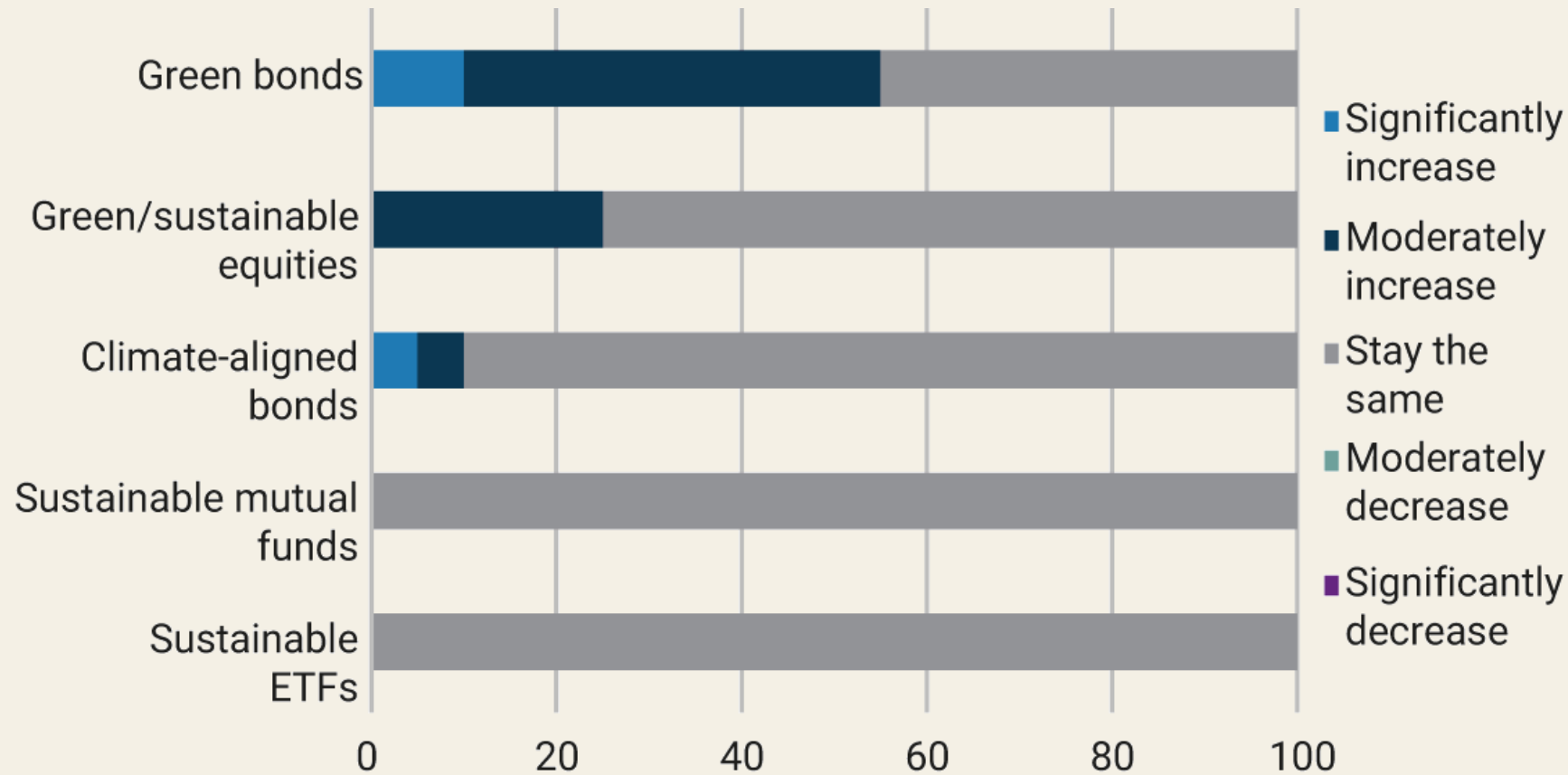
Most-followed central banks on Twitter, by number of followers

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

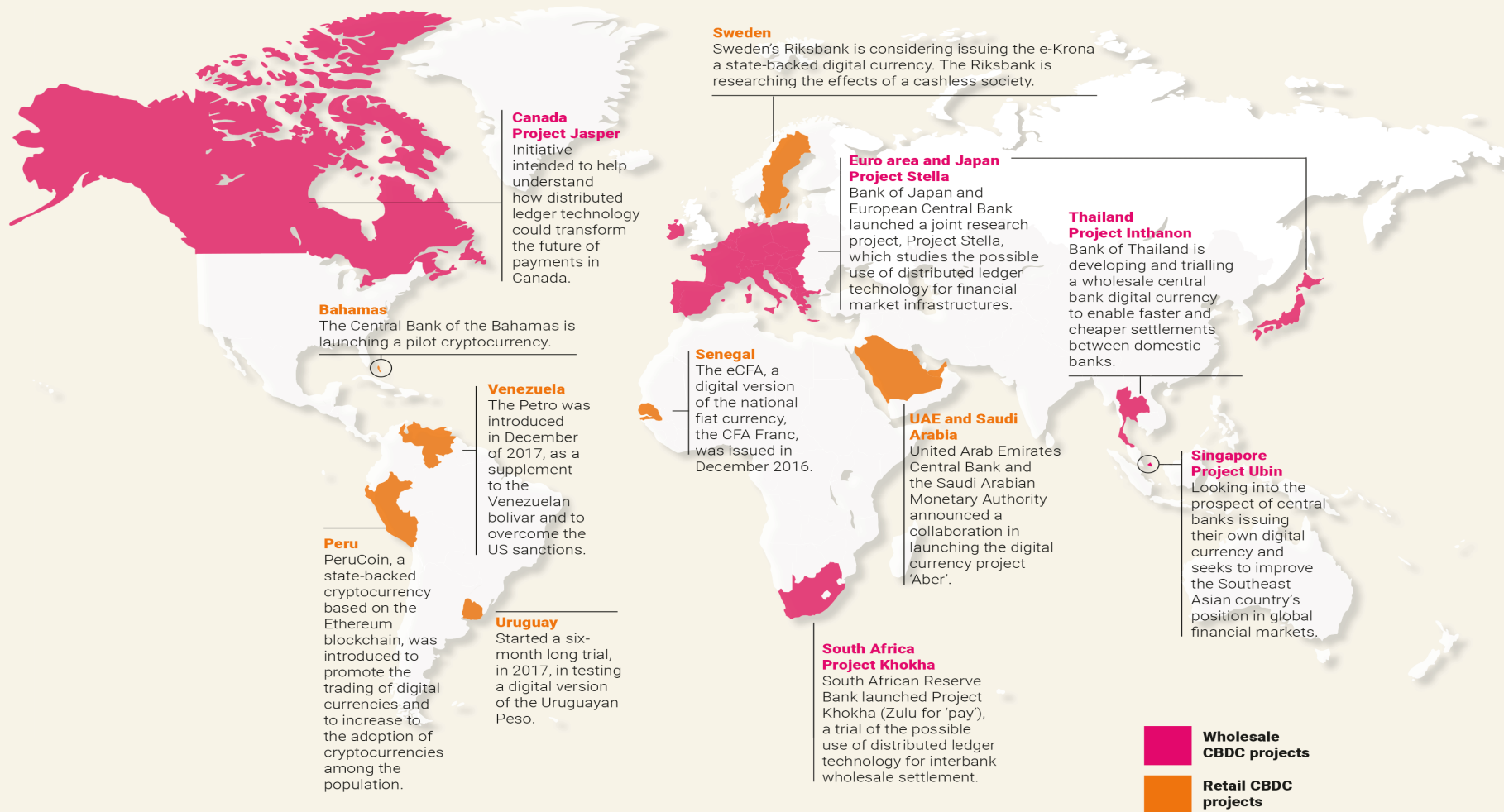


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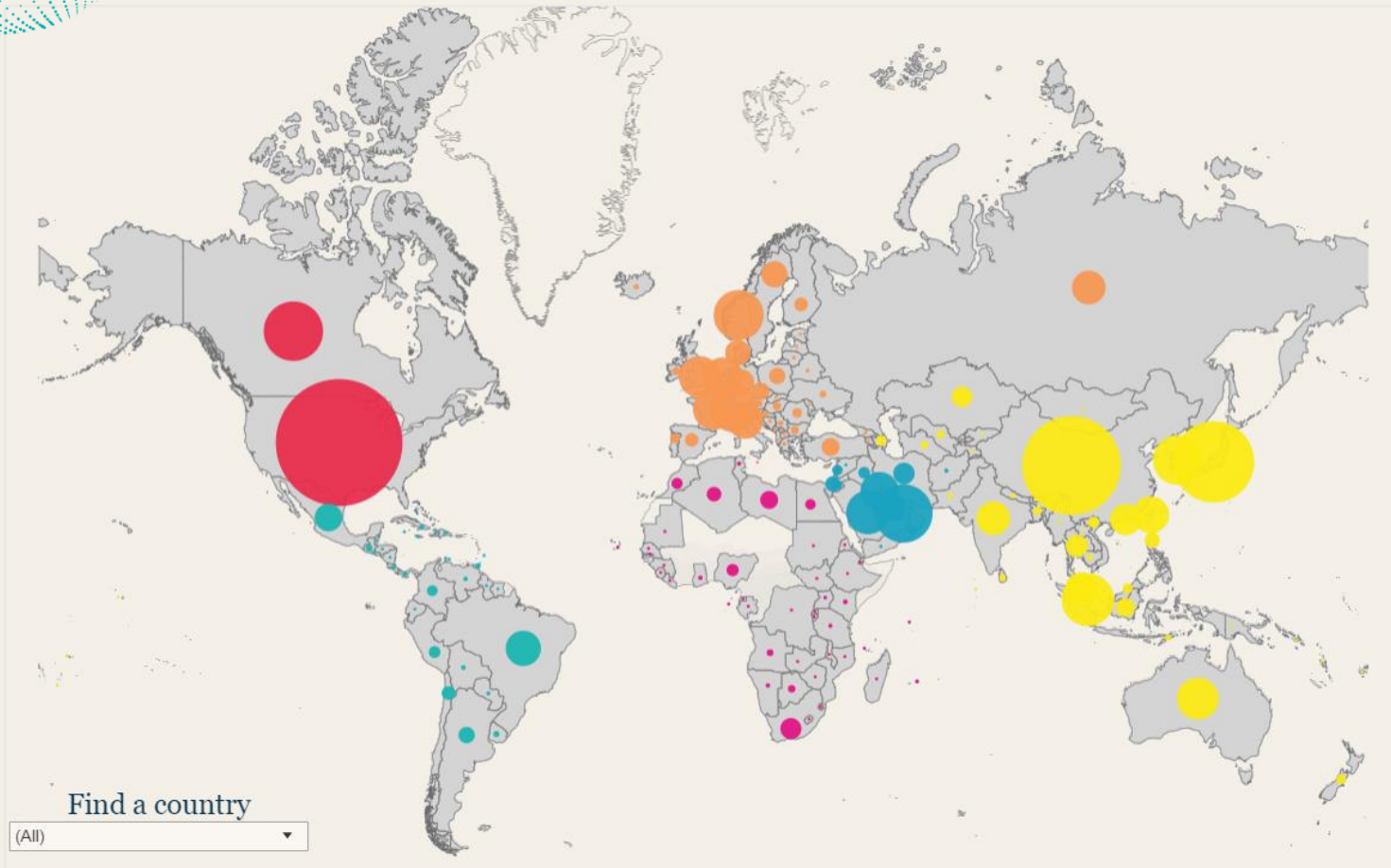
If we are to fulfil our mission of safeguarding monetary and financial stability, it is a strategic priority for us to address the challenges posed by climate change for the financial system.

Philip Lane,  
Governor of the  
Central Bank of  
Ireland

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



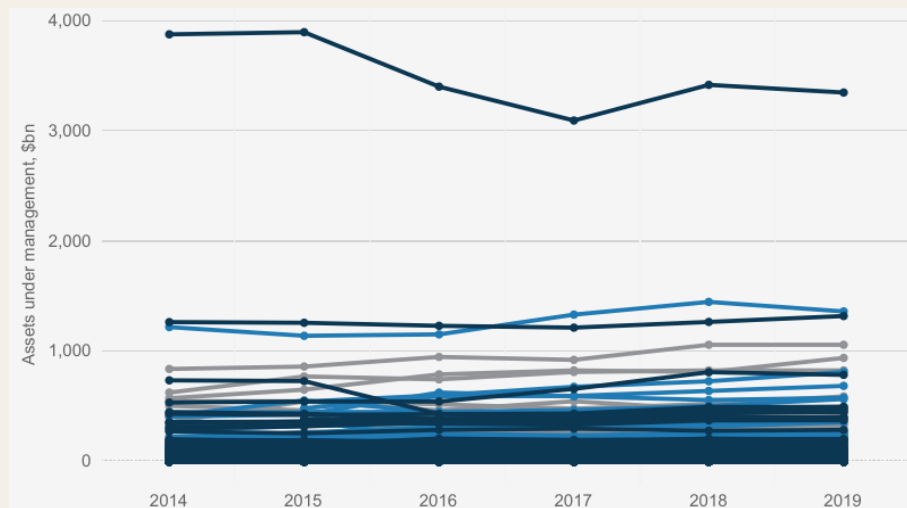
Source: OMFIF analysis  
 Note: List is not exhaustive



**Region data**  
Select a region to view asset distribution.

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

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(All) ▾

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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 Pensioenfonds 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

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