Navigating volatility to deliver long-term returns
Global public pension and sovereign funds are under increased scrutiny to navigate market volatility and deliver returns for their populations and economies. They are also increasingly expected to be leaders in supporting the green transition, while taking account of new data and technology to improve their functions. OMFIF’s Global Public Pensions 2023 report will unpack how this important group of long-term investors are approaching these major issues.

The fourth edition of the report will build on OMFIF’s industry-leading analysis of public asset owners by delving deeper into the investment strategies and operations of global public pension and sovereign funds. For the second year running, our analysis will include insights from a survey of major global public funds. This will unveil the key economic factors shaping their investment.
decisions, asset allocation intentions, environmental, social and governance commitments and operating models. Within this, there will be a particular focus on the impact of demographics, investing in alternative assets, use of external managers and integration of artificial intelligence.

The survey analysis will be supplemented by our annual review of public data from the 100 largest public pension and sovereign funds, as well as interviews and contributions from leading practitioners. The aim is to provide a holistic view of the public investment landscape by combining the insights from the GPP with the results of the Global Public Investors 2023 report, which focused on central bank reserve managers.

This project will be supported by a series of roundtables to bring together OMFIF’s highly influential network from across the public and private sector, including many of the world’s central banks, commercial banks, asset managers and data providers. Partnering with OMFIF on this project will provide an opportunity to showcase thought leadership and to shape the evolution of public sector investors.

‘The fourth edition of the report will build on OMFIF’s industry-leading analysis of public asset owners by delving deeper into the investment strategies and operations of global public pension and sovereign funds’.
GPP will examine the investment practices and operations of global public pension and sovereign funds. A survey will form the basis of the report to reveal how their concerns, investment intentions and operations have evolved over the past year. OMFIF’s team of economists will also analyse public data from 100 global funds to unpack returns and changes in asset allocation for these important long-term asset owners.

The report will explore four major themes.

Macroeconomic environment

In 2022, inflation and a global economic slowdown were the primary concerns identified in our survey of global public funds. This chapter will explore whether stagflation remains the biggest issue, or if other factors such as geopolitics are increasingly affecting the investment approach of public pension and sovereign funds.

This section will also focus on long-term factors, including demographics. This will build on our summer 2023 edition of the Bulletin and explore how ageing populations are shaping the funding and investment strategies of global public funds, with many now facing the prospect of net withdrawals.

Asset allocation

Our 2022 survey revealed that over 40% of global public funds looked to invest more in real estate and
infrastructure – higher demand than for any other asset class. This year, we will explore whether there is still strong appetite for alternative investments or if, like central bank reserve managers, global public funds are drawn towards fixed income, which offers relative safety and higher yields. This section will also explore the use of exchange-traded funds, private equity and hedge funds as a means of diversification and to bolster returns.

Transition finance

This year’s green transition chapter will build on previous years’ data on how pension and sovereign funds are responding to the transition to a net-zero economy. It will examine how much they are investing in ESG asset classes and plans for further investment over the next 12-24 months. It will also include specific questions on renewable investment, approaches to fossil fuel industries, as well as practices such as ESG integration, negative screening and active ownership.

Operating models and data

This chapter will look at how public pension funds and sovereign funds are evolving their operating models, drawing on interviews and OMFIF survey data. It will highlight the asset classes for which global public funds rely on external managers and the reasons for this. The opportunities and challenges presented by digitalisation, including use of artificial intelligence, will also be a key theme of this chapter. It will highlight global public funds’ top data priorities over the next 12-24 months to better understand the operational evolution of pension funds.
OMFIF analysis draws on the expertise of in-house specialists in Europe, Asia and the US to lead discussion on global policy and investment themes important to central banks, public investors and regulators.

Our independence and global network encourage regular public sector contribution to our research. As a result, our content is widely consumed by central banks, public pension and sovereign funds, multilateral institutions and the private sector, as outlined in this breakdown of downloads for our flagship publication, the Global Public Investor.

OMFIF provides excellent reach into the public and private asset management arenas, important engagement with central banks and an effective means to influence these audiences with thought leadership and content marketing.

Regional breakdown

116 Countries represented

11% Governor, president, CEO

51% Senior management, vice president, heads of department, managing director, managing partner

19% Americas

43% Europe

33% Asia

5% Africa

Email engagement
Average open rate is 19% and clicks 12% in 2023
### Central banks

**78tn**

Central banks representing $78tn GDP, 93% of the world economy

**G6**

All members of the European ‘Group of Six’

- Federal Reserve System
- The People’s Bank of China
- The European Central Bank

**Includes institutions led by the**

<table>
<thead>
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<th>Country</th>
<th>Central banks representation</th>
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<tr>
<td>Americas</td>
<td>19%</td>
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<tr>
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<td>43%</td>
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<td>33%</td>
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<td>Total</td>
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- 116

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**Email engagement**

- Senior management, vice president, heads of department, managing director, managing partner: 11%
- Governor, president, CEO: 51%

### Public sector investors

**9.3tn**

Public pension and sovereign funds with AUM $9.3tn

**Some of the world’s largest public pension funds by AUM**

- Government Pension Fund, Japan
- National Pension Service, South Korea
- Caisse de dépôt et placement du Québec

**Four of the world’s largest sovereign funds by AUM**

- Government Pension Fund, Japan
- National Pension Service, South Korea
- Caisse de dépôt et placement du Québec

**Asset managers**

- 18 of the world’s 20 largest asset managers including:
  - **US:** BlackRock, State Street Global Advisors, Capital Group Asset Management, JP Morgan Asset Management, Neuberger Berman, Franklin Templeton, Fidelity Investments
  - **Europe:** Amundi, Allianz Investment Management, DWS, Legal & General, UBS Asset Management, Federated Hermes

**Banks**

- 18 of the world’s 20 largest banking groups including:
  - **US:** JP Morgan, Goldman Sachs, Bank of America, Citigroup, Wells Fargo, BNY Mellon
  - **Asia:** Industrial and Commercial Bank of China, China Construction Bank, Mitsubishi Financial Group, HSBC
  - **Europe:** BNP Paribas, Crédit Agricole, Banco Santander, Deutsche Bank, UBS

**Banking Groups with over $62tn in assets**

**Development Finance Institutions with over $3tn in assets**

**Asset managers with over $57tn AUM**
Related events

26 September: Global Public Funds: navigating challenges beyond the volatile macroeconomic environment

In 2022, inflation and a global economic slowdown were major concerns stated in OMFIF’s survey of global public funds. While economic factors continue to be an important issue, the geopolitical landscape has evolved significantly, increasingly influencing investment and funding strategies.

19 Oct: Gold as a haven in turbulent times (Virtual)

This panel discussion will explore gold’s appeal as a ‘safe’ investment. OMFIF’s Global Public Investor 2023 report shows that the precious metal is the asset with the third-highest net demand among reserve managers after conventional and quasi-government bonds.

1 Nov: Global Transition Finance Summit (Singapore)

Taking place in Singapore and in collaboration with SGX Group, the global transition finance summit will bring together leaders from the public and private sectors for high-level and proactive dialogue around the key themes in transition finance.

14 Nov: Gold and ESG – a sustainable investment?

As gold is experiencing renewed demand amidst a difficult economic backdrop, the issue of gold sustainability has become even more crucial. This roundtable will delve into the environmental and social risks related to gold mining and the steps taken to make the precious metal more attractive to ESG-conscious investors.

16 Nov: The impact of climate change on pension markets - Risk, investment and standards (London)

Climate change poses a significant risk to long-term asset owners. This roundtable will explore how pension funds are navigating the challenges posed by climate-related events, adapting their investment strategies and reassess their risk models.

30 Nov: The Global Public Pension Report Launch (London)

This launch event, held in London, presents the key findings of the GPP report. It will discuss the results of a detailed survey of asset owners’ allocation plans and investment strategies, together with insights on important areas such as stagflation, risk and the macro environment, ESG commitments, operating models, the use of external managers and transition finance.
Contact

For partnership enquiries please contact:

**Sofia Melis**
Chief Revenue Officer, OMFIF
sofia.melis@omfif.org
+44 (0) 20 700 27785