SWFs in 2020: The Human Side

Diego Lopez
Setting the Scene

- Rise of **Global Investors** (SWFs and large Pension Funds) in both number and size
- Growing role in a context of **scarce liquidity**
- **Shift to the East**: South East Asia and Middle East as most active outbound-capital regions
- Focus has changed from US treasuries and public equities to **alternative assets**:
  - Real Estate
  - Infrastructure
  - Private Equities
- Increasing **collaboration and alignment** of co-investors and general partners on the ground
- Shift to **co-investments / direct investments**
- Build up of internal capabilities: **in-house experts** in every asset class, industry and geography
- Focus on **Governance, Tax and Regulation**

![Asset Management (US$ trillion)](chart)

*Source: PwC Asset Management 2020: A Brave New World*
How Global? Very much so

NBIM Investments

需增加国际“触手”:
- 通过雇佣外国人
- 通过在海外开设办事处

ADIA Investments
This is a process...

Shift into alternatives

Build-up of internal capabilities

Opening of offices overseas

Co-investments / direct investments

Emerging markets / greenfield assets
But it gets tricky for some...

National Talent

Few to manage lots:
- 5.0 million Norwegians
- 3.3 million Singaporeans
- 1.4 million Emiratis
- 1.2 million Kuwaitis
- 0.3 million Qataris

Reverse Brain Drain

Brilliant nationals educated in Ivy League schools overseas – need to lure them back:
- China – CIC, SAFE, NSSF
- Russia – NWF, RF, RDIF
- Africa – NSIA, FSDEA, PF

Dubious Attractiveness

Oslo/Beijing/Kuwait, anyone?
- The Green (early careers looking for a fast-track)
- The Gray (experienced ones escaping fast-paced cities)
- The Grounded (people with ties to the region)

What about London or NYC?
So what’s next?

- 1,600 staff in 70 offices overseas today – 3,000+ staff in 100+ offices in 2020
  - New offices to cover new markets – Chile, Nigeria, Australia, Sillicon Valley
  - Tax / BEPS – Hiring in Cayman?
  - Governance and Control – KIO getting yelled at, IPIC and ADIC reshuffle
  - New funds – Africa, Latin America, Western Europe

- NBIM, GIC, Temasek, GCC Funds to hire even more foreigners by 2020
  - Funds growing in size – Local population, not so much

- Chinese and Russian to open more offices and grow foreign staff by 2020
  - Keen to understand counter-parts and “best practices”
  - Secondments between collaborative funds, just like with GPs today
  - Show me the money – Staff shifting funds regarding of their nationality and beliefs

- All in all,

“a new GLOBAL landscape of funds, portfolios, offices and people”