



# Kuwait Investment Authority



Full Member

## History and origins

The Kuwait Investment Authority (KIA) is the oldest sovereign wealth fund in the world. KIA traces its roots to the Kuwait Investment Board, which was established in 1953, eight years before Kuwait's independence.

In 1982, KIA was established to take over the responsibility of managing the assets of Kuwait from the Ministry of Finance. Today, the KIA manages two main funds: the General Reserve Fund (GRF) and the Future Generations Fund (FGF). The KIA may also manage any other funds entrusted to it by the Minister of Finance. The KIA is an asset manager, and does not own any of the assets it manages, all of which are owned by the State of Kuwait.

## Investment philosophy

KIA's mission is to achieve a long-term investment return on the financial reserves entrusted by the State of Kuwait to the Kuwait Investment Authority by providing an alternative to oil reserves.

KIA's objectives are threefold: (1) KIA aims to achieve a rate of return on its investment that, on a three-year rolling average, exceeds composite benchmarks by designing and maintaining an uncorrelated asset allocation, consistent with mandated return and risk objectives; (2) KIA endeavors to be a world class investment management organization committed to continuous improvement in the way it conducts business; and (3) KIA is committed to the excellence of the private sector in Kuwait, while ensuring that it does not compete with or substitute for it in any field.

## Source of funds

KIA is responsible for the management and administration of Kuwait's General Reserve Fund (GRF) and its Future Generations Fund (FGF), as well as all other funds entrusted to it by the Minister of Finance for and on behalf of the State of Kuwait. The GRF is the repository of all of the State of Kuwait's oil revenues and income earned from GRF investments. The FGF was established in 1976 with 50 percent of the GRF balance, and each year 10 percent of all state revenues, including revenues of the GRF, are transferred to the

FGF. KIA manages FGF assets for the benefit of future generations, permitting oil assets to be diversified into long-term financial investments.

### **Structure and governance**

KIA is an independent public authority managed by its Board of Directors, the majority of whom must be from the private sector. The Managing Director is appointed by the Board of Directors from the private sector representatives. An Executive Committee of the Board is responsible for monitoring KIA's activities.

### **Independent audits and review**

KIA's accounts are reviewed, audited, and approved by two of the world's leading external audit firms. In addition, KIA is required by law to submit semi-annual statements of its assets under management to the independent State Audit Bureau; KIA presents an annual statement of its accounts to the Council of Ministers (Kuwait's Cabinet); the KIA presents an annual statement of its accounts to the National Assembly (Kuwait's Parliament); and the KIA appears before various committees at Parliament on a periodic basis to discuss KIA's performance. KIA's Board of Directors has an Audit Committee, with members from the private sector representative of the Board.

### **Risk management**

KIA's performance and risk management systems are the responsibility of KIA's Risk and Performance Unit, which reports directly to the Managing Director. The Risk and Performance Unit is responsible for conducting performance and risk analysis, identifying and communicating performance and risk issues to senior management, developing an understanding of performance and risk within KIA's investment sectors, and investigating data irregularities.

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