The International Forum of Sovereign Wealth Funds

Overview Presentation
IFSWF is a global nonprofit organization of 30 SWFs

Members are bound by our common belief that the Santiago Principles add value for our owners and stakeholders.

IFSWF fulfills three core functions:

- **Standard Setting** - Encouraging good governance and ongoing commitment to the Santiago Principles

- **Knowledge sharing** – helping to raise expected risk-adjusted investment returns of members

- **Representation** – engagement and collaboration with global financial and policy institutions
The Forum is distinguished by its foundation in official policy and the Santiago Principles

- The Santiago Principles were established by SWFs in discussion with official institutions

- The Santiago Principles:
  - Incorporate input from IMF, World Bank, OECD, and investment recipient countries
  - Are a voluntary set of 24 Generally Accepted Practices and Principles covering:
    - Objectives and coordination with economic policy
    - Institutional framework and governance structure
    - Investment and risk management

- Our members use the Santiago Principles to:
  - Benchmark their practices and structure
  - Serve as a framework for peer learning
  - Continuously improve investment and economic outcomes

- Santiago Principle implementation is increasing
  - 15 members assessed their implementation in 2015
  - As of May 2016, 26 of 30 members have completed self-assessments
The Forum has a Global Membership

- 30 member funds
- Leading funds from all regions
- Representing 2/3 of global SWF assets
- Including around one third of SWFs globally
IFSWF Members

NEW ZEALAND SUPERANNUATION FUND

GIC

Ministerio de Hacienda
Gobierno de Chile

Kuwait Investment Authority

KHAZANAH NASIONAL

Bank of Botswana

ADIA
Abu Dhabi Investment Authority

Fondo Strategico Italiano

Korea Investment Corporation

State General Reserve Fund
Ministry of Finance

FMDT

Fundo Soberano de Angola

AGACIRO Development Fund

QIA
QATAR INVESTMENT AUTHORITY

SAMRUK KAZYNA

RUSSIAN DIRECT INVESTMENT FUND

Future Fund

Australia’s Sovereign Wealth Fund

National Development Fund of Iraq

Libyan Investment Authority

Central Bank of Trinidad & Tobago

State Oil Fund of the Republic of Azerbaijan

Nigeria Sovereign Investment Authority

Banco Central de Timor Leste

Joint Stock Company
National Investment Corporation
of National Bank of Kazakhstan
Our Board is prominent and global

- Meets quarterly
- Leading our working groups
- Elected by the membership to 3 year terms
- Representing varying SWF sizes and functions
Member subcommittees drive the Forum’s agenda

Leadership oversees the subcommittee agendas and sets our overall research agenda.

Subcommittees drive the forum’s agenda forward by implementing their work plans and drawing upon the resources of external partners.

SWF Governance and Purpose:
SWFs continuously work to improve observance and global understanding of the Santiago Principles, thereby improving governance, clarity of policy mandate, and investment outcomes.

Investment Practice:
SWFs collaborate on innovative investment research based on their unique endowments: scale, long-term investment horizon, limited liabilities, sovereign ownership, and responsible orientation.

SWFs in the global economy:
SWFs, as leading asset owners, contribute to global dialogue and standard setting on financial policy, sustainable development, financial stability, and the free flow of capital.

Implementation partners provide external expertise to help our working groups accomplish their missions.
SC1 focuses on SWF governance and purpose

- **Mission**
  - SC1 works to improve IFSWF members observance and global understanding of the Santiago Principles, thereby continuously improving governance, clarity of economic policy mandate, and investment outcomes.

- **Supporting beliefs**
  - The Santiago Principles create value for SWFs and their global stakeholders
  - Clarity of mandate and integration into economic policy help an SWF accomplish its mission
  - The Santiago Principles serve as a platform for peer learning and knowledge exchange
  - Santiago Principle implementation strengthens the entire SWF community

- **Specific activities and outputs**
  - HBS-style case study analysis on how members implement the SPs, and how they add value
  - Structured peer assistance to aid members, new SWFs, and policymakers in Santiago Principle observance
  - Rigorous, member-led self assessment to demonstrate our commitment to the Santiago Principles
  - Academic analysis of the Santiago Principles, governance, and policy mandates for strategic investors
  - Academic analysis of the role and value of the Santiago Principles in a global governance context
SC2 focuses on investment practice

• **Mission**
  – SC2 collaborates on innovative investment research based on SWFs’ unique endowments: scale, long-term investment horizon, limited liabilities, sovereign ownership, and responsible orientation.

• **Supporting beliefs**
  – SWFs are commercially oriented, best practice investors
  – A long-term investment horizon improves investment outcomes
  – Collaboration among like-minded investors improves investment capabilities

• **Specific activities and outputs**
  – Collaborative research among our members
  – Creation of a database of SWFs SAA, transactions, and investment flows
  – Provision of data and investment insights to academic researchers
  – Publications and case studies on the nature of SWF investments
  – Collaborative research with external stakeholders
  – Support for mutual peer assistance as requested by members
SC3 considers the role of SWFs in the global economy

• **Mission**
  – S3 contributes the perspective of SWFs, as leading asset owners, to global dialogue and standard setting on financial policy, sustainable investment, financial stability, and the free flow of capital.

• **Supporting beliefs**
  – SWFs are responsible participants in the global investment community
  – SWF investments benefit both their owners and global stakeholders
  – Collaboration on investment issues by asset owners improves outcomes for society
  – SWFs provide liquidity, counter-cyclical investment and are engaged asset owners

• **Specific activities and outputs**
  – Creating a database of SWF-relevant policies, guidelines, and regulations
  – Building relationships with stakeholders to advance IFSWF’s beliefs
  – Active Communication on the nature of SWFs and the purpose of IFSWF
  – Strengthening SWF relationships with other like-minded investors
  – Publishing research on the role of SWFs in the global economy
ANNUAL WORKCYCLE

Q1 Santiago Principles Workshop
Hosted by SC1 in cooperation with the Fletcher School in Baku, Azerbaijan 1-2 March 2016

Q2 Investment Practice Workshop
Hosted by SC2 and Bocconi University in Milan, Italy 30 June 2016

Q3 SWFs in the Global Economy Workshop
Hosted by SC3 and the London School of Economics in London fall 2016 (tentative)

Q4 Year End Annual Meeting
Hosted by IFSWF and NZSF in Auckland 8-11 November 2016
The annual meeting is an opportunity for exchange of experiences and knowledge growth

• Members engage with select policymakers, academics, and private sector. Examples include:
  – Academia: Bocconi, The Fletcher School, London School of Economics, etc.
  – Private Sector: top level representation from leading asset managers and consultancies

• Members lead the agenda and content:
  – Case study presentations by members
  – Knowledge-sharing workshops for members
  – Presentations and keynotes by global leaders in investment and policy
IFSWF’s 2016 Annual Meeting will showcase the SWF response to climate change

Theme: Investing in a Climate of Uncertainty: The SWF Response
Dates: 8 November – 11 November

Keynotes and Panels
- Global macroeconomic outlook
- Climate change and climate policy: portfolio risks
- Climate change and climate policy: Investment opportunities
- Purpose and practice of SWFs: Governance and mandate
- The New Zealand Story: Aotearoa Unlimited
- The New Zealand Story: Maori Economic Development

Tentative Workshop Topics
- Governing the Investment Mandate
- Benchmarking
- Performance Measurement and Incentives
- Strategic Investment
- Infrastructure Showcase
- Investment Opportunities in Africa
Previous IFSWF Annual Meetings

2015 Italy

2014 Qatar

2013 Norway

2012 Mexico

2011 China

2010 Australia

2009 Kuwait Special Session

2009 Azerbaijan
Our history and our future

• The IFSWF has evolved from an informal working group to an active membership organization headquartered in the City of London

  - 2008: Santiago Principles established by SWFs with IMF and recipient country input
  - 2009: Kuwait Declaration establishes the IFSWF
  - 2010: The IFSWF met in Australia
  - 2011: IFSWF publishes report on the application of the Santiago Principles
  - 2012: Mexico City Communiqué expresses commitment to an open investment environment
  - 2013: IFSWF formalizes and expands board structure
  - 2014: IFSWF incorporated its Secretariat in the City of London
  - 2015: Four new members joined IFSWF
  - 2016: IFSWF formalized partnerships with Bocconi University and the Fletcher School

• Ten members have joined IFSWF since we began accepting new members in 2014
Contact the Secretariat

Duncan Bonfield, Acting Chief Executive
+44 20 3713 1103
dbb@ifswf.org

Bayasgalan Rentsendorj, Sr. Membership Manager
+44 20 3713 1101
br@ifswf.org

Adam Robbins, Sr. Membership Manager
+44 20 3713 1102
ar@ifswf.org
Appendix
### Membership carries benefits and requirements

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santiago Principles implementation</td>
<td>Voluntary implementation of the Santiago Principles</td>
</tr>
<tr>
<td>Membership in a global peer network</td>
<td>Maintain active participation</td>
</tr>
<tr>
<td>Collaboration with peers</td>
<td>Pay membership fees</td>
</tr>
<tr>
<td>Collaborative research and peer assistance</td>
<td>Voluntary work in Subcommittees</td>
</tr>
<tr>
<td>Access to the dedicated Secretariat</td>
<td>Ensure representation at the Forum by qualified nominees (3)</td>
</tr>
<tr>
<td>Ability to be a candidate for the Board</td>
<td>Vote on resolutions (Members may also abstain)</td>
</tr>
</tbody>
</table>
The Forum is a unique, member-supported, voluntary organization

• The Forum supports four objectives:
  – Maintain a stable global financial system and free flow of capital and investment
  – Comply with all applicable regulatory and disclosure requirements in the countries in which we invest
  – Invest on the basis of economic and financial risk and return-related considerations
  – Have in place a transparent and sound governance structure that provides for adequate operational controls, risk management, and accountability

• The Forum achieves these objectives by:
  – Promoting a key set of guidelines: The Santiago Principles
  – Facilitating cooperation between SWFs, investment recipients, and policymakers
  – Maintaining its independence as a trusted and member-supported peer organization
IFSWF Overview

• The IFSWF is a peer membership non-profit composed of 30 SWFs

• Members are bound by common belief that the Santiago Principles improve outcomes for investors and society

• The Forum uses the Santiago Principles to promote good governance and best investment practice

• The Forum’s strength lies in its 30 members, connections to multilateral institutions, and guardianship of the Santiago Principles
Members lead the Forum and elect the Board

Our board

Subcommittee on SWF Governance and Purpose

- Leadership & Governance

Secretariat

- Day-to-day execution from City of London

The Fletcher School

- Santiago Principles: Experiences with application

Subcommittee 2

- Investment and Risk Management

Subcommittee 3

- International Investment Environment and Recipient Country Relationships

Our elected board ensures IFSWF promotes the use and value of the Santiago Principles