

# 1. Executive Summary

## Collective Significance

Since the release of last year's Preqin Sovereign Wealth Fund Review, the aggregate total assets of all sovereign wealth funds worldwide has continued to increase at a significant pace, in spite of the slow recovery of the developed economies and continued uncertainties surrounding the performance of certain asset classes.

The growth in aggregate assets under management also occurred against a backdrop of some SWFs continuing to be subject to capital withdrawals by their respective governments in order to cover fiscal shortfalls. Having halved in size over 2009, Russia's Reserve Fund was once again used to balance the federal budget over the course of 2010, with its total assets standing at \$25.4 billion at the start of 2011, compared to \$60.5 billion at the beginning of 2010. In December 2010 alone, \$15.4 billion was taken from the fund by the federal government to cover spending. Other SWFs, such as Chile's Pension Reserve Fund, have not received as much in contributions from their governments as in previous years.

Despite the issues for some of these institutions, the collective influence of sovereign wealth funds as a global group of large investors has once again increased over the last year. As Fig. 1.1 shows, their

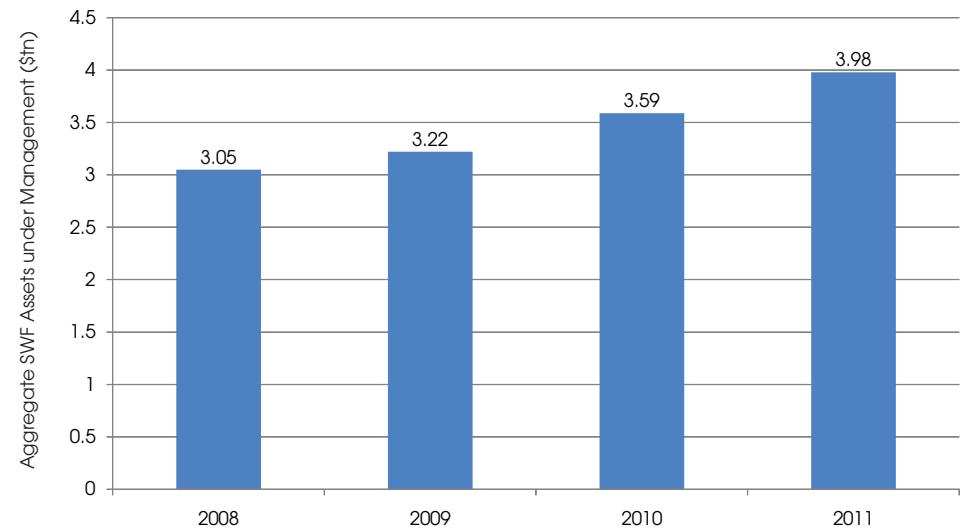
aggregate assets under management now stands at nearly \$4 trillion, an 11% increase from last year. The 2010 figure of \$3.59 trillion also represented an 11% increase on the previous year.

The current political unrest in the Middle East and North Africa, however, could have consequences for the future directions of certain sovereign wealth funds that are controlling significant amounts of assets. The Libyan Investment Authority (LIA), for example, has an estimated \$70 billion in total assets. In recent years following the easing of sanctions and restrictions imposed by the international community, LIA had been able to invest more freely in assets around the world in order to manage Libya's oil revenues. Whether its mandate would change as a result of any political change in the country remains to be seen. Other countries undergoing political discord that have significant sovereign wealth funds include Algeria and Bahrain; collectively these institutions have hundreds of billions of dollars in assets, and any changes in their investment policies or mandates could be felt widely.

## Different Horizons

In addition to their position as a highly significant group of investors within the institutional investor landscape, sovereign wealth funds tend to have longer-term

Fig. 1.1: Aggregate Sovereign Wealth Fund Assets under Management, 2008-2011



investment horizons than other types of investor and generally do not have to meet liabilities in the same way that a pension fund or insurance company, for example, has to. SWFs are thus often better equipped to commit more significant proportions of their portfolios to longer-term and alternative investments.

Despite the slow but steady return of institutional investor confidence, fundraising for many types of alternative investment has remained relatively depressed. For this reason, and given the difference between the investment objectives of sovereign wealth funds compared to other types of investor, SWFs represent an important and large potential source of capital for alternative investment managers. As predicted by Preqin last year, more sovereign wealth funds diversified into

alternative investments over the course of 2010, as Fig. 1.2 shows. Particularly noticeable is the increase in the proportion of SWFs that invest in infrastructure, which has increased from 47% in 2010 to 61% at the start of 2011.

## Outlook

Considering the large amounts of capital available to SWFs, and their distinct sets of investment preferences, they can play a significant role in the alternatives sector. A recent example is the commitment by Singapore's Temasek to RRJ Capital, a new fund being established by Richard Ong, one of Hopu Investment Management's founding partners. With a target of \$2 billion, RRJ Capital is set to become one of the largest Asia-focused private equity funds to date.

It is likely that we will continue to see an increasing proportion of sovereign wealth funds moving into alternative investments in the coming year as they seek both to diversify and to achieve higher returns. For example, the Investment Portfolio division of Hong Kong Monetary Authority's Exchange Fund has plans to move into hedge fund investment, having diversified into investments in emerging markets, private equity funds and overseas property in 2010 as a means of increasing returns. Norway's Government Pension Fund – Global, one of the largest SWFs in the world, is set to complete its first real estate investment in early 2011 and plans to make further investments in the asset class over the course of the year.

[The 2011 Preqin Sovereign Wealth Fund Review](#)

Preqin released the inaugural Sovereign Wealth Fund Review in 2008 in response to our clients in the private equity and private real estate sectors requesting a source of information on sovereign wealth fund activity in these areas. Following its release, we received hundreds of enquiries from professionals in all areas of finance and research that were seeking a source of data and information on the more general strategies of sovereign wealth funds, along with money managers in specific areas seeking intelligence.

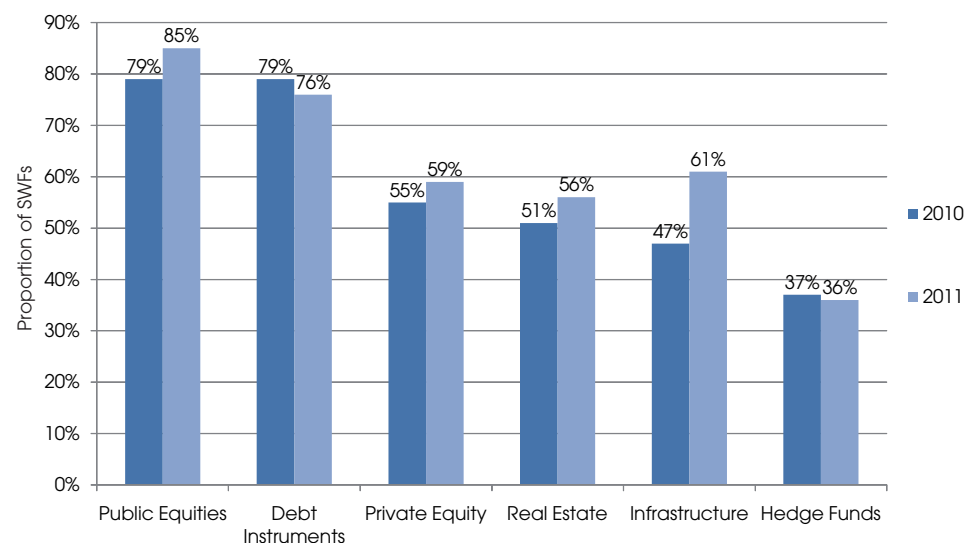
In response, we launched the 2009 edition with a comprehensive overview of entire SWF investment portfolios, including exclusive information gained directly from SWFs and their advisors. The 2011 Preqin Sovereign Wealth Fund Review is the

fourth and most comprehensive edition yet. Alongside a general investment strategy for each investor, we also have detailed individual sections showing the plans and preferences in the following areas:

- Public Equities
- Debt
- Private Equity
- Real Estate
- Infrastructure
- Hedge Funds

In addition, we have specific analysis sections outlining trends and activity in each of these sectors for the sovereign wealth fund universe. We hope that the 2011 Preqin Sovereign Wealth Fund Review serves to further the understanding of this class of investor, and we appreciate any feedback and comments you may have.

Fig. 1.2: Proportion of Sovereign Wealth Funds Investing in Each Asset Class, 2010 vs. 2011





# The 2011 Preqin Sovereign Wealth Fund Review

A comprehensive guide to all sovereign wealth funds

-Sample Pages

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that gains exposure to the asset class through all three categories of investment. The sovereign wealth fund has issued an RFP for a new general real estate consultant as it plans to increase its exposure to the asset class during 2011. It hopes to make an appointment in H1 2011.

38% of sovereign wealth funds which invest in direct and indirect real estate, such as State General Reserve Fund of The Sultanate of Oman, invest in direct real estate and through private real estate funds but do not have exposure to listed real estate. The Oman-based sovereign wealth fund has an extensive real estate portfolio and plans to continue investing in the asset class directly during 2011.

Half of sovereign wealth funds that only invest in real estate indirectly do so solely through private real estate funds and half invest solely through listed real estate. Wyoming State Treasurer's Office is a sovereign wealth fund which only invests in the asset class through private real estate funds. It has committed to vehicles of varying strategies, including core, debt and value added.

**International Direct Real Estate Holdings**

As seen above, a significant proportion of sovereign wealth funds invest in direct real estate. Of the 31% of sovereign wealth funds that only invest directly, 40% are located in the MENA region and 40% in Asia.

Qatar Investment Authority is an example of a MENA-based sovereign wealth fund with an extensive direct real estate portfolio. The

sovereign wealth fund made a number of direct real estate purchases during 2010, including the acquisition of the London-based Harrods store for £1.5 billion. The sovereign wealth fund has invested in a number of prominent properties, such as the London-based Chelsea Barracks and The Shard, which will become the tallest building in the European Union upon completion. It invests through Qatari Diar Real Estate Investment, its real estate investment and development company.

**Private Real Estate Fund Strategy Preferences**

The more risky opportunistic and value added vehicles are those most favoured by sovereign wealth funds that invest through private real estate funds. As shown in Fig. 7.6, 81% and 75% of such investors have a preference for these strategies respectively. Ireland's National Pension Reserve Fund is an example of a sovereign wealth fund that has committed to numerous opportunistic and value added vehicles. Its commitments include the value added AREA Domestic Emerging Markets Fund, which targets urban residential and retail redevelopment opportunities, and the opportunistic vehicle Fortress Investment Fund V, which targets investments backed by real estate in North America and Western Europe.

Over half of SWFs that invest in private real estate funds have a preference for debt, core and distressed vehicles. Fund of funds and secondaries remain the least preferred strategies and only 13% have an interest in each of these strategies. However, both strategies have seen an increase in popularity from last year, when 7% of sovereign wealth funds that were investing

Fig. 7.5: Proportion of Sovereign Wealth Funds Investing in Real Estate That Invest Directly and/or Indirectly

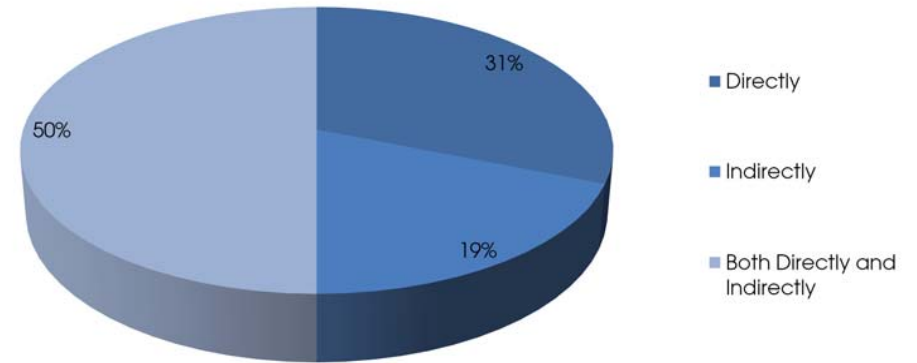
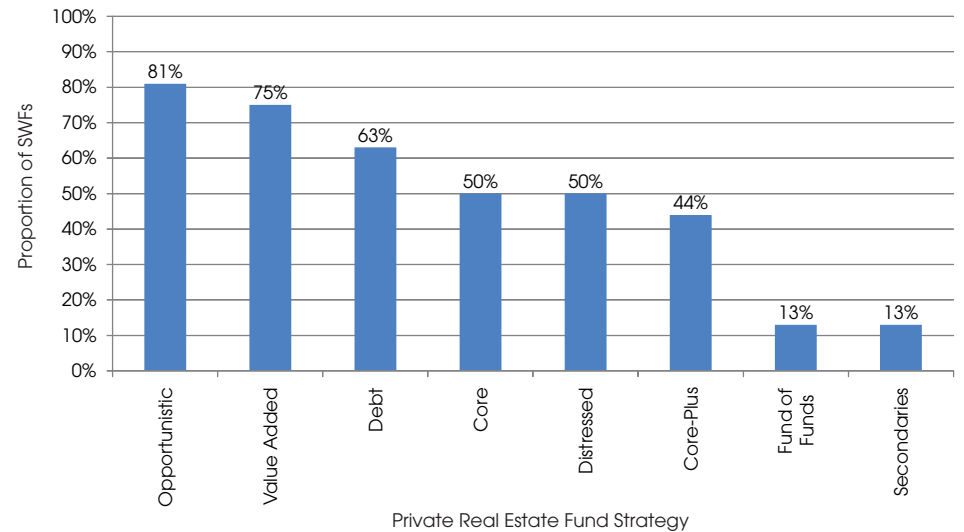


Fig. 7.6: Private Real Estate Fund Strategy Preferences of Investing Sovereign Wealth Funds



**Abu Dhabi Investment Authority** Year Founded: 1976

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Abu Dhabi Investment Authority (ADIA) was originally founded in 1976 and has grown into one of the largest government investment vehicles in the world. ADIA is responsible for investing the majority of the Abu Dhabi government's oil revenues, which it commits to a range of investments internationally. Its mission is to secure and maintain the current and future prosperity of the Emirate of Abu Dhabi. While ADIA is internationally focused, its sister company, Abu Dhabi Investment Council, is focused more on local and regional investments, and holds stakes in the National Bank of Abu Dhabi and Abu Dhabi Commercial Bank. Abu Dhabi Investment Authority has estimated assets under management of USD 625 billion, but never publicly discloses information regarding its total assets.

Source of Capital:		Hydrocarbon			
Total Funds Under Management	625,000	USD (mn)		% of Assets	
		Current	Target	Current	Target
	Equities			46-70%	46-70%
	Debt			15-30%	15-30%
	Private Equity	50,000		8.0%	
	Real Estate	62,500		10.0%	
	Infrastructure	31,250		5.0%	
	Hedge Funds	62,500		10.0%	

Abu Dhabi Investment Authority invests in a variety of traditional and alternative asset classes as part of its long-term, highly diversified strategy. ADIA's allocation to equities averages 46-70% and its allocation to debt averages 15-30%. The remainder is allocated to asset classes including private equity, real estate, infrastructure and alternatives, including hedge funds. Most of ADIA's alternative investments are handled by external managers. ADIA ensures it always has cash and liquid investments set aside to meet any requests for funds from the Abu Dhabi government. ADIA, as a matter of practice, does not invest in the UAE, nor does it typically invest in the Gulf region except in instances where such investments constitute part of an index. ADIA's portfolio is split approximately 35-50% to North America, 25-35% to Europe, 10-20% to the developed Asian markets, and 15-25% to emerging markets. Around 60% of ADIA's assets are invested in index-replicating strategies.

Equities Preferences					
Large Cap		Mid Cap		Small Cap	
•		•		•	
N. America	Europe	Asia	MENA	Other	Global
•	•	•	•	•	•

As part of its highly diversified portfolio, ADIA has a broad allocation to equities comprising 35-45% in the developed markets, 10-20% in emerging markets and 1-5% in small cap equities. Its External Equities department monitors more than 100 external equity mandates in the Americas, Europe, the Far East and emerging markets, whilst its Internal Equities department invests directly into global equity markets, divided primarily between active portfolios, and passive and quant portfolios. ADIA uses index tracking strategies for the majority of its assets in emerging market equities; it uses S&P indices in the US and MSCI indices for the rest of the world. In 2010, ADIA started to convert its bonds in Citigroup into equity units, in line with its USD 2.7 billion investment made in 2007, despite having launched an arbitration claim to rescind the original agreement due to concerns over stock valuation.

Debt Preferences					
Sovereign		Corporate		High Yield	Investment Grade
•		•			•
N. America	Europe	Asia	MENA	Other	Global
•	•	•	•	•	•

Abu Dhabi Investment Authority has broad exposure to debt markets, with investments including global government bonds, global inflation-linked bonds, emerging market bonds and global investment-grade credit, managed both internally and externally. ADIA is a major holder of US Treasury Bills and sees them as the most liquid benchmark bonds and as an important tool for risk diversification. ADIA uses its own customized form of various indices for its debt investments, such as the Barclays Corporate Bond Index, JP Morgan Government Bond Index and Barclays Inflation Linked Bond Index.

Private Equity Preferences						
Buyout	Venture	Distressed PE	Mezzanine	F o Fs	Secondaries	Other
•	•	•			•	
N. America	Europe	Asia	MENA	Other	Emerging Managers	
•	•	•	•	•	No	

ADIA is a flexible investor and does not have a particular fund preference or geographic investment focus, but it takes into consideration the history and track record of fund managers when considering new investments. In its first ever annual report published in Q1 2010, ADIA revealed an allocation range of 2-8% of total assets to private equity, and revealed that 80% of the sovereign wealth fund's entire investment portfolio, inclusive of private equity, is managed externally. ADIA also revealed its target allocation to different geographies: it allocates 35% to 50% to North America, 25% to 35% to Europe, 10% to 20% to developed Asia and 15%- 25% to emerging markets. The sovereign wealth fund does not invest in the UAE or the Gulf region unless such investments comprise part of an index. ADIA does not invest in private equity funds less than USD 500 million in size, and its minimum commitment size is generally USD 50 million. Typically it will invest between 5-10% of a fund's size.

As well as seeking a geographically diverse portfolio, ADIA aims to diversify by industry, investment philosophy and vintage. The private equity investment division is split into four main areas, focused on investing in primary funds, secondary investments, distressed funds, and carefully selected co-investment opportunities.

ADIA has previously co-invested in the USD 44.4 billion purchase of TXU Corp by TPG and the GBP 11.1 billion purchase of Alliance Boots by Kohlberg Kravis Roberts. ADIA also owns stakes in private equity firms Apollo Management, Walden International and Ares Management.

In Q2 2010 the president, His Highness Sheikh Khalifa bin Zayad Al Nahyan, appointed Sheikh Hamed bin Zayad Al Nahyan as managing director of ADIA to replace his brother Sheikh Ahmed bin Zayad Al Nahyan, who passed away in March that year. In his capacity as ruler of Abu Dhabi, Sheikh Khalifa issued an emiri decree, the fourth of 2010, to reshuffle the board of directors at ADIA. Under the decree, the new board membership would last for three years from the date of issuance on April 14th 2010.

Jim Kester, formerly of Zurich Alternative Asset Management, was hired in Q3 2010 to run ADIA's private equity program, filling the position created by Serge Desjardins departure. Kester, who joined ADIA on September 28th 2010 would be responsible for overseeing the sovereign wealth fund's private equity portfolio and related co-investments.

Real Estate Preferences							
Core	Core-Plus	Value Added	Opp.	Debt	Distressed	F o Fs	Secondaries
		.	.				
N. America	Europe	Asia	MENA	Other	Emerging Managers		
.	.	.		.			

Abu Dhabi Investment Authority (ADIA) is a significant investor in real estate. It allocates an estimated 5-10% of its total assets to the asset class and has an extensive real estate portfolio. It invests in direct property as well as private and public real estate funds. Its direct real estate holdings account for an estimated 65% of its real estate portfolio and include extensive property investments in the GCC region and internationally. ADIA has purchased large amounts of residential real estate in New York, Chicago, Los Angeles, London, Paris, Milan and Rome. Its direct UK portfolio it estimated to be worth as much as USD 4 billion on its own.

ADIA's private fund investments, which account for an estimated 30% of its real estate portfolio, are in both opportunistic and value added real estate funds. ADIA has a geographically diverse real estate fund portfolio, but will not invest in funds managed by firms from the MENA region. Public funds account for an estimated 5% of ADIA's real estate portfolio.

In March 2010, it was announced that ADIA was in the process of moving away from indirect real estate investments and focusing more on building up its direct portfolio. The sovereign wealth fund is interested in joint ventures, club deals and purchasing properties. These investments will be made over a long-term basis.

As of December 2010, the sovereign wealth fund had not made any private real estate fund commitments during the year. It was planning to commit to private real estate funds during 2011 but could not disclose information regarding the number of funds or amount of capital it would commit. Abu Dhabi Investment Authority thought that the key issues in the unlisted real estate fund market were transparency and alignment of interest.

Infrastructure Preferences							
Greenfield	Brownfield	Secondary Stage		Economic	Social	PPP/PFI	F of Fs
.	.	.	.	.	.	.	
N. America	Europe	Asia	MENA	OECD	Other	Emerging Managers	
.	.	.	.		.		

Abu Dhabi Investment Authority (ADIA) is an active investor in the infrastructure asset class and invests through direct investments, co-investments and both unlisted and listed infrastructure funds. The sovereign wealth fund began investing in infrastructure in 2007, and aims to invest 1-5% of its total assets in the infrastructure asset class over the long term. ADIA's primary strategy is to acquire minority equity stakes alongside proven partners, and in keeping with its overall approach, does not seek to control or operate the assets in which it invests.

ADIA invests in all stages of infrastructure asset development but has a particular preference for brownfield assets with strong market-leading positions and relatively stable cash flows, such as utilities and transportation assets. ADIA hopes to build and manage a global portfolio of infrastructure investments, but its strategy focuses primarily on developed markets, with the ability to look at emerging markets on an opportunistic basis. However, ADIA does not invest in the UAE, nor does it invest in the Gulf region, except in instances where such investments comprise part of an index.

ADIA's direct infrastructure portfolio includes a stake in Infrastructure Leasing & Financial Services (IL&FS), an Indian infrastructure development and finance company, and in 2009 it acquired a significant minority stake in the

Chicago Metered Parking System concession, through its wholly owned subsidiary Tannadice Investments. The interest was purchased from Morgan Stanley Infrastructure Partners for an undisclosed amount.

In Q1 2010, ADIA purchased a 15% stake in London's Gatwick Airport from Global Infrastructure Partners for USD 125 million.

In Q3 2010, ADIA joined Morgan Stanley Infrastructure Partners and 3i in a bid for High Speed 1, the UK's high speed rail link between London and the Channel Tunnel. The consortium's bid valued the project at between GBP 1.5 billion and GBP 2 billion.

As of Q1 2011, ADIA was actively looking to diversify its infrastructure portfolio across North America, Europe, and the Far East and Australia, with a particular focus on long-term assets providing a long-term stable yield, such as airports, roads, hospitals, power stations and gas pipelines.

Hedge Fund Preferences							
L/S Equity	Macro	Event Driven	Dist. Sec.	Fixed Income Arbitrage	F of Fs	Other	Any
	.	.				.	
N. America	Europe	Asia	MENA	Other	Global	Emerging Managers	
.	.	.	.	.	.		No

Abu Dhabi Investment Authority (ADIA) is an active investor in hedge funds, which it has invested in since around 1986. ADIA invests via its alternative investment portfolio and operates a 10% target allocation of AUM to hedge funds and managed futures, with a minimum allocation of 5%. Approximately 80% of its total assets are managed by external fund managers.

ADIA's hedge fund portfolio is broadly diversified across macro, relative value, event-driven and market neutral equity strategies, and the sovereign wealth fund invests on a global basis, including in emerging markets. It accesses the hedge fund asset class via both direct investment with single-manager hedge funds and funds of hedge funds.

When considering prospective new hedge fund investment, ADIA very rarely invests with first-time hedge fund managers and normally requires a two-year track record of experience within the hedge fund industry, as well as a minimum of USD 200 million in assets under management. ADIA has recently stated that it hopes that alternatives managers have learnt from recent events in the world of finance and will address investors concern over issues including transparency, fees and lock-up periods.

External Investment Managers & Other Firms Invested With	
Firm Name	Asset Class
Copernicus Capital Partners	Private Equity
New Venture Partners	Private Equity
Taurus Funds Management	Private Equity
Walden International	Private Equity

Investment Consultants	
Firm Name	Asset Class
Townsend Group	Real Estate

Notable Holdings		
Firm Name	Firm Location	Stake
Apollo Management	US	9.0%
Ares Management	US	20.0%
Citigroup	US	4.9%
Gatwick Airport	UK	15.0%

Sample Fund Investments - Alternatives					
Fund	Vintage	Asset Class	Location	Size (mn)	Committed (mn)
Macquarie International Infrastructure Fund	2005	Infrastructure	ROW		
Panorama Capital	2007	PE: Venture (General)	US	240 USD	
Shell Technology Ventures Fund 1 B.V.	2007	PE: Venture (General)	Europe		
3i Europe Partners V	2006	PE: Buyout	Europe	5,000 EUR	
AP Alternative Assets	2006	PE: Buyout	US	1,850 USD	
GI Partners II	2005	PE: Buyout	US	1,437 USD	
Actis India Fund 2	2004	PE: Balanced	ROW	325 USD	
Advent Central & Eastern Europe II	1998	PE: Buyout	Europe	180 USD	
Advent Central & Eastern Europe	1994	PE: Venture (General)	Europe	63 USD	
ECI Eurofund	1989	PE: Buyout	Europe		
Schroder Asian Properties	2000	Real Estate	ROW	82 USD	

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		info@qia.qa	
<p>The State of Qatar founded Qatar Investment Authority (QIA) in 2005, with the objective of strengthening the economy of Qatar by diversifying into new asset classes within a 10-15 year timeline. QIA is headquartered in Doha and looks to build a portfolio of long-term strategic investments to provide income and economic stimulus when its oil reserves begin to decline (predicted to occur around 2020). QIA has a strong track record of investing in many asset classes in all the major capital markets as well as the newer emerging markets.</p> <p>In the long run, Qatar aims to become a major international centre for finance and investment management.</p>			
<b>Source of Capital:</b>		<b>Hydrocarbon</b>	
<b>Total Funds Under Management</b>	80,000	USD (mn)	
		Current	Target
		Current	Target
	Equities	48,000	60.0%
	Debt	16,000	20.0%

Qatar Investment Authority (QIA) invests in a number of different asset classes including public equities, debt instruments, private equity, real estate, infrastructure and hedge funds. The sovereign wealth fund uses its investments as a way of ensuring the long-term sustainability of its national wealth and serving as a diversification measure in light of its economy's reliance on its hydrocarbon industry. Consequently, QIA looks to vary its investments in terms of asset class, industry and geography. Since its inception in 2005 has quickly built up a diverse, global investment portfolio that contains many 'trophy' assets. QIA invests through several of its wholly owned subsidiaries, which include: Qatari Diar, its real estate investment arm which invests internationally in property, and Qatar Holdings, which serves as its general investment arm. Typically, QIA allocates approximately 60% of its portfolio to public equity investments, 20% to debt instruments and 20% to alternative assets, and aims to divide its investments by currency, investing 40% of its portfolio in US dollars, 40% in pound sterling and 20% in Asian currencies. Over the course of 2010, the sovereign wealth fund invested approximately USD 21.7 billion around the world. The sectors that QIA focused on included real estate, agriculture, shopping centres, commercial complexes, hotels, tourist resorts, banks, retail businesses and mining. Prominent investments in 2010 and early 2011 included the acquisition of Harrods for GBP 1.5 billion, the purchase of USD 2 billion worth of General Motors stock, the purchase of a stake in Miramax Films and the acquisition of a 5% convertible stake in Banco Santander Brasil for USD 2.72 billion.

Equities Preferences					
Large Cap		Mid Cap		Small Cap	
•		•		•	
N. America	Europe	Asia	MENA	Other	Global
•	•	•	•	•	•

Qatar Investment Authority (QIA) invests in equities both domestically and internationally in a diverse range of sectors and industries through its subsidiary Qatar Holding. It will invest in small cap, mid cap and large cap firms on a truly global basis and seeks maximum diversification. In the past QIA had made significant attempts to gain controlling stakes in high-profile publically traded companies; however, following a backlash against its attempts to acquire UK-based retailer J Sainsbury, the fund has since focused on gaining comparatively smaller, strategic long-term equity stakes. Across 2010, QIA invested heavily in emerging markets and gained equities exposure in new areas such as Latin America. In recent years, QIA has invested in several high profile banks and financial institutions across the world such as Barclays, Doha Bank, Songbird Estates, the London Stock Exchange, Credit Suisse and Banco Santander Brasil. In Q1 2011, it revealed that as part of its promise to support Qatar and strengthen the domestic financial system, it would buy an additional 10% stake in the Qatari banks in the first quarter of the year, bringing its net financial commitment to the banks to 20%. The sovereign wealth fund also has an interest in the manufacturing and retail industries, with public stakes held in the likes of Porsche, Volkswagen and J Sainsbury. In 2010, QIA added stakes in Hochtief and General Motors to its equity portfolio and was instrumental in pushing for the merger between Porsche and Volkswagen. At this time the sovereign wealth fund sold a portion of its stake in Volkswagen for approximately USD 1.5 billion.

Debt Preferences					
Sovereign		Corporate		High Yield	Investment Grade
•		•		•	•
N. America	Europe	Asia	MENA	Other	Global
•	•	•	•	•	•

Qatar Investment Authority (QIA) is an active investor in debt instruments on a global scale, which it accesses predominately through fixed income investments such as US government and corporate bonds. Typically, the sovereign wealth fund allocates approximately 20% of its AUM to such investments.

Private Equity Preferences						
Buyout	Venture	Distressed PE	Mezzanine	F o Fs	Secondaries	Other
•	•					
N. America	Europe	Asia	MENA	Other	Emerging Managers	
•	•	•	•	•		

Qatar Investment Authority (QIA) is an active investor in private equity, both directly and through limited partnership funds. In terms of fund investments, the sovereign wealth fund considers opportunities in venture and buyout funds in North America, Asia, Europe, MENA and emerging markets. In Europe it has invested in several large buyout funds such as White Knight VIII, 3i Europe Partners V and EQT V. In established markets, QIA prefers to invest in funds that are at least USD 500 million in size, but it will consider committing lesser amounts to smaller funds that also offer significant co-investment opportunities. It generally will not commit more than 5% of a fund's total capital. Within its private equity investments, QIA is also involved in local private equity and venture capital initiatives, such as the Qatar Foundation – an educational foundation dedicated to educating Qatar's rising generation to the highest standard.

QIA is also a prominent and diversified direct investor in private equity opportunities around the world. It is known to have stakes in a number of Qatari blue chip companies such as QNB as well as prominent international acquisitions. In 2010 the sovereign wealth fund acquired UK-based luxury retailer Harrods for GBP 1.5 billion; however, typically it prefers to take many smaller stakes in order to increase its overall portfolio diversification.

QIA has also been known to invest in cleantech private equity funds. In 2008, it made a commitment to Qatar-UK Clean Technology Investment Fund, which was set up as a partnership between the sovereign wealth fund and Carbon Trust Investments. It invests in cleantech companies focused on reducing carbon emissions in the UK. In December 2009 QIA was reportedly backing London's Carbon Trust in the creation of an investment fund to tackle climate change. An agreement between the Carbon Trust and China Energy Conservation Investment Corporation (CECCIC) was made earlier in the year to create and deploy low carbon technologies in China.

Real Estate Preferences							
Core	Core-Plus	Value Added	Opp.	Debt	Distressed	F o Fs	Secondaries
N. America	Europe	Asia	MENA		Other	Emerging Managers	
•	•	•	•		•		

Qatar Investment Authority (QIA) invests in property through its real estate investment and development company Qatari Diar Real Estate Investment, which was established in 2004 with USD 1 billion in assets. Qatari Diar invests in property in Qatar with an aim to develop the country's tourism and to provide structure and quality control for the country's real estate developments. It also invests in the wider MENA region, in particular Morocco, Egypt, Syria and Oman, as well as in the UK, Europe and the US. It holds numerous investments worldwide, including 'trophy' assets such as Chelsea Barracks in London, the Raffles Hotel in Singapore and a GBP 1.6 billion stake in The Shard, a new skyscraper office development in London that will become the tallest building in the EU when completed in 2012.

Qatari Diar primarily focuses on direct investment in real estate, but has historically made investments in real estate funds. Following a period of inactivity in the funds space, Qatari Diar made a soft commitment in 2010 to a private real estate fund managed by The First Investor, a firm under QIA control. The commitment will give Qatari Diar exposure to Brazilian property markets.

Across 2010, QIA focused heavily on real estate opportunities in emerging markets. At this time it committed an initial USD 75 million to a joint initiative with the Cypriot government in order to develop a new 50,000 square metre hotel, office and residential complex in Nicosia. The first phase of this project will be a five star hotel, while the second phase will be apartments and offices. Additionally, QIA pledged to invest up to USD 5 billion in a joint fund with the Malaysian sovereign wealth fund 1Malaysia Development Berhad. The new fund will focus on developing real estate and energy opportunities in Klang Valley. In 2010 QIA was also focusing on real estate investment opportunities in Russia. An agreement was reached between QIA and Gazprombank – Russia's largest non-state owned bank – to invest USD 150 million each towards a commercial real estate project. In 2010 QIA also continued its real estate investment in developed markets. In May 2010, QIA acquired the Knightsbridge-based store Harrods from Mohamed al-Fayed for GBP 1.5 billion. The sovereign wealth fund plans to upgrade and improve the store. In June 2010 QIA purchased Park House – an office and retail development project in London's West End district – for USD 370 million. In October 2010, Canary Wharf Group and Land Securities formed a joint venture to construct a 690,000 square foot London-based office. China Investment Corporation and Qatar Investment Authority invested in this joint venture which is expected to deploy GBP 500 million to complete the project. The sovereign wealth fund will commit a further USD 4-5 billion in London over the coming years. At this time the sovereign wealth fund also acquired a 40% stake in Canada-based Fairmont Raffles for USD 847 million and will be the majority shareholder. The acquisition price is believed to consist of three components with USD 467 million given for the 40% stake, USD 275 million for another hotel and USD 105 in return for hotel management contracts that Qatari Diar will give to Fairmont Raffles for other hotels under its ownership. As part of the deal it also acquired the premier Raffles Hotel in Singapore for USD 275 million from Fairmont Raffles.

**Infrastructure Preferences**

Greenfield	Brownfield	Secondary Stage		Economic	Social	PPP/PFI	F of Fs
.	.	.		.	.	.	
N. America	Europe	Asia	MENA	OECD	Other	Emerging Managers	
.	.	.	.		.		

Qatar Investment Authority (QIA) has exposure to the infrastructure asset class via its subsidiary Qatar Holding, which accesses investments through several routes to market including direct investments and both unlisted and listed infrastructure funds. The sovereign wealth fund has gained exposure to both social and economic infrastructure projects in the greenfield, brownfield and secondary stages of development. QIA has a global investment focus and will consider investing in developed markets, such as Europe and North America, and emerging markets around the globe.

Across 2009 and into 2010, QIA was placing more emphasis on its investments in infrastructure both domestically and internationally. The sovereign wealth fund will be instrumental in providing a share of the estimated USD 57 billion required to be invested in Qatari infrastructure in the lead up to the 2022 FIFA World Cup.

In January 2010 QIA was in the final stages of negotiations to purchase a 10% stake in Hinduja National PowerCorp (Hinduja Power). The sovereign wealth fund purchased a stake in the company that is building a 1,040 MW coal-based energy plant at Visakhapatnam in Andhra Pradesh. The plant is set to be completed in 2013. In May Qatar Holding set up a USD 1 billion fund that will focus on investment in infrastructure and mineral natural resources in Indonesia, which will be implemented by a newly created local investment vehicle – PT Qatar Holding Indonesia. Similarly, in October QIA announced that it would be investing USD 500 million in the Russian infrastructure in the Urals, with a focus on precious metals and minerals. In December 2010, through its investment subsidiary Qatar Holding, QIA purchased a 9.1% stake in German construction service company Hotchief for EUR 400 million. At this time QIA also agreed to invest up to EUR 5 billion in transport, tourism and renewable energy infrastructure in Greece. Part of this project was to be the redevelopment of a disused sports complex from the 2004 Olympics in Athens.

**Hedge Fund Preferences**

L/S Equity	Macro	Event Driven	Dist. Sec.	Fixed Income Arbitrage	F of Fs	Other	Any
					.	.	
N. America	Europe	Asia	MENA	Other	Global	Emerging Managers	
.	.	.	.	.	.		

Qatar Investment Authority (QIA) is known as an active investor in hedge funds, which it accesses via both direct investments and funds of hedge funds. The sovereign wealth fund predominately invests in the Middle East region but has global exposure in the asset class, including Europe, North America and Asia. It invests in a wide range of hedge fund strategies, but has a particular preference for CTA and commodity-based approaches.

Following the Madoff scandal in 2008 and the subsequent regulatory debate surrounding the asset class, QIA has demanded increasing transparency from potential hedge fund investments and its level of investment has reportedly dropped as a result.

In addition to its fund investments, QIA holds a minority equity stake in Fortress Investment Group, which both raises and manages hedge funds.

**Notable Holdings**

Firm Name	Firm Location	Stake
Banco Santander Brasil	Brazil	5.0%
Barclays	UK	7.1%
Cegelec	France	100.0%
Chelsfield Partners	UK	20.0%
Credit Suisse	Switzerland	9.9%
Doha Bank	Qatar	20.0%
Epicure Qatar Equity Opportunities	Qatar	10.1%
General Motors	US	10,000.0 USD
Harrods	UK	100.0%
Hochtief	Germany	9.1%
Imagination Technologies Group	UK	11.4%
J Sainsburys	UK	27.3%
JMS Indochina	Vietnam	5.7%
London Stock Exchange	UK	20.0%
Miramax Films	US	
Porsche	Germany	10.0%
Songbird Estates	UK	24.0%
Volkswagen	Germany	17.0%

**Sample Fund Investments - Alternatives**

Fund	Vintage	Asset Class	Location	Size (mn)	Committed (mn)
PME African Infrastructure Fund	2007	Infrastructure	ROW		400 USD
HSBC Infrastructure Fund II	2004	Infrastructure	Europe	300 GBP	
White Knight VIII	2009	PE: Buyout	Europe	1,000 EUR	
EQT V	2006	PE: Buyout	Europe	4,250 EUR	
3i Europe Partners V	2006	PE: Buyout	Europe	5,000 EUR	

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