Sovereign Wealth Fund Investment Behavior

ANALYSIS OF SOVEREIGN WEALTH FUND TRANSACTIONS DURING Q3 2009

William Miracky   Victoria Barbary   Veljko Fotak   Bernardo Bortolotti

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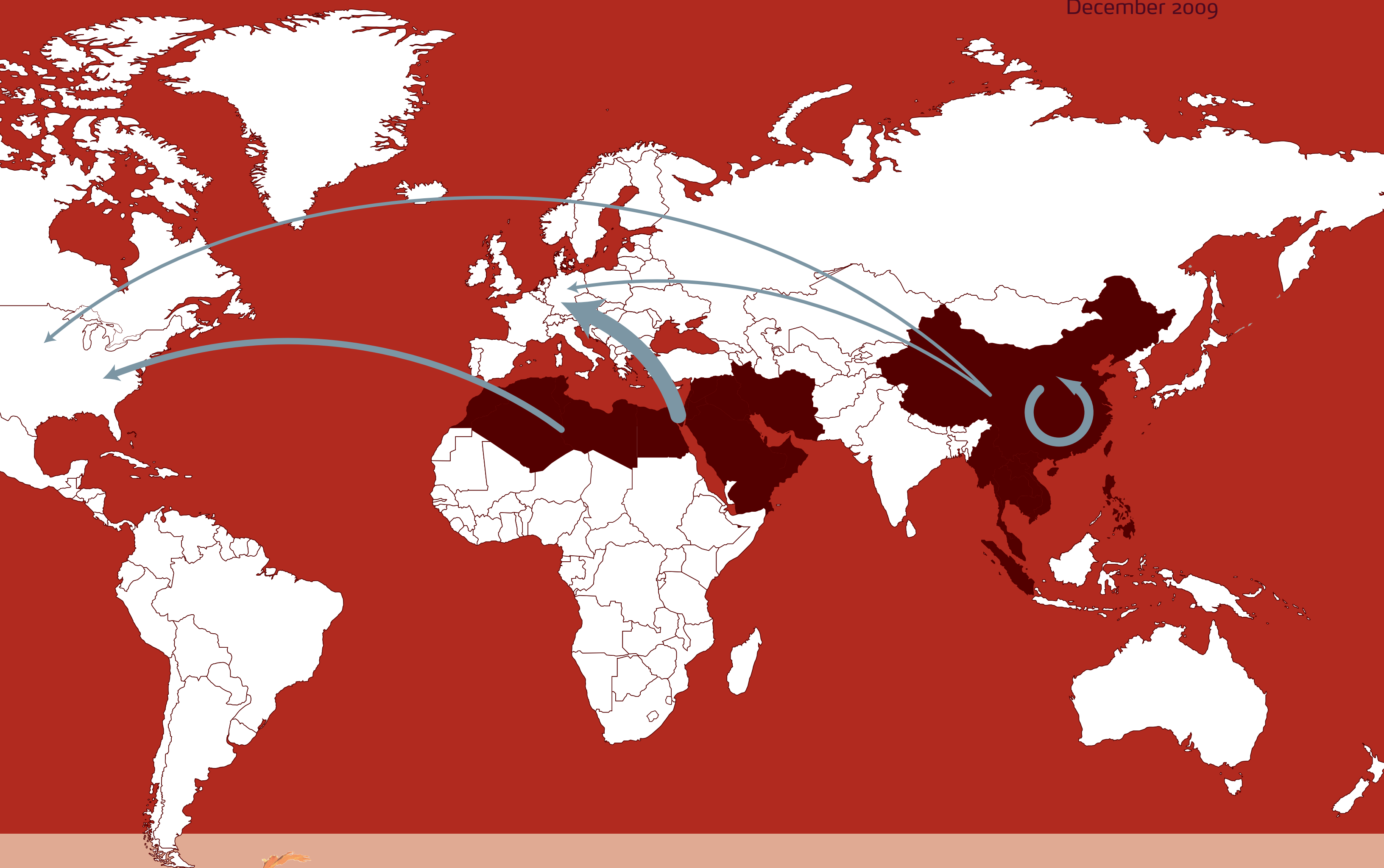

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MONITOR GROUP

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SUNRISE OVER EUROPE: SWF ACTIVITY PICKED UP IN Q3 2009, WITH A FOCUS ON EUROPE

Overview

As we predicted in our last update, the third quarter of 2009 saw a significant uptick in SWF activity, both in terms of the number of deals and their value. In Q3 2009, SWFs undertook 25 publicly reported deals with a total recorded value of $25.3 billion, having only completed 11 deals with a publicly reported value of $3.5 billion in Q2 2009. Excluding China Investment Corporation's (CIC's) $19 billion recapitalization of the Agricultural Bank of China in Q4 2008, the most recent quarter represents the largest quarterly deal value since Q1 2008 and the greatest number of publicly reported transactions since Q3 2008. Moreover, this does not appear to be simply a short-term trend. In Q3 we recorded a further 18 SWF investments totaling $4.3 billion that were either announced or pending regulatory approval.

Q3 2009 also saw a continuation of a trend we noted in our last update: that of SWFs investing in international markets. For the first time since the first quarter of 2008, the majority of SWF investment (88 percent) was in OECD markets, suggesting that overall SWFs' confidence in the stability of the global economy is increasing and that they are seeking to take advantage of undervalued assets in developed countries. However, some funds remain cautious, while others, particularly those from Dubai, are still feeling the impact of the financial crisis.

Unsurprisingly given the current economic climate, financial services—historically a SWF investment staple—was less attractive as a target sector, attracting only three deals valued at $2 billion. In contrast, engineering-related sectors such as automobiles and construction were more attractive; these sectors accounted for a total of six deals, valued at $11.7 billion. Natural resources were also targeted by SWFs in Q3 2009, while petroleum and natural gas and mining sectors accounted for three deals, valued at $6.8 billion.

The most active funds in Q3 2009 were CIC, which made five acquisitions with a reported value of $3.8 billion, and Abu Dhabi's International Petroleum Investment Company, which undertook four deals publicly valued at $6.7 billion. The fund with the highest investment for Q3 2009 was the Qatar Investment Authority, completing deals valued at $11.7 billion.

Highlights

1. SWFs completed 25 publicly reported acquisitions valued at $25.3 billion. This is more than twice the number of deals executed during the previous quarter and represents an increase in value by a factor of 7.5.

2. The trend for funds to invest abroad continued. SWFs made only five publicly reported domestic investments, valued at $2.0 billion less than 20 percent of the total.

3. Developed markets once again proved attractive for SWF investments; for the first time since Q1 2008 the majority of SWF investment ($22.2 billion, 88 percent) occurred in the OECD.

4. Financial services was a comparatively less attractive sector for SWFs, accounting for only two deals, with a public value of $2 billion. In contrast, engineering-related sectors such as automobiles and construction were more attractive. These sectors accounted for a total of five deals, valued at $11.7 billion.

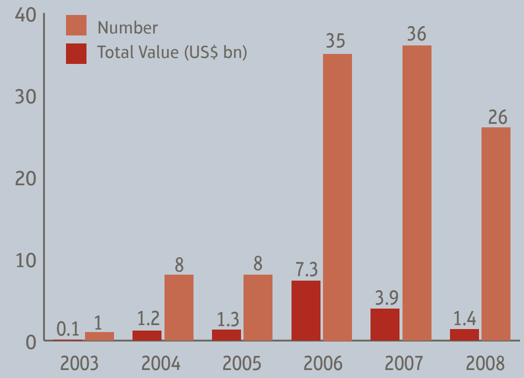
5. The most active funds in Q3 2009 were the China Investment Corporation, which undertook five deals valued at $3.8 billion, and Abu Dhabi's International Petroleum Investment Company, which undertook four deals publicly valued at $6.7 billion.

ISTITHMAR WORLD: THE FACTS BEHIND THE PERCEPTION

In our reporting on SWF behavior, Monitor aims to be as accurate as possible. Although we built the Monitor-FEEM SWF Transaction Database from publicly available information, we also welcome collaboration from officials of the funds who are willing to verify our data. Recently, representatives of Istithmar World, a SWF affiliated with Dubai World, agreed to share information with us about its investments: what it bought, when, for how much, and using how much leverage. This information gives us unique insight into one of the highest-profile SWFs of recent years.

Istithmar was established as the alternative investment house of the government-owned conglomerate, Dubai World, in 2003. During its first three years of existence, seeking to find its footing, the fund remained relatively low profile, making investments in a wide range of sectors and geographies, but keeping investment volume and value low: it made 16 investments valued at a total of $1.8 billion between its inception and the end of 2005. These included deals in a wide spread of sectors—banking, healthcare, services, real estate, transportation and utilities—primarily at home, but also reaching out into other emerging markets in the Middle East, sub-Saharan Africa, and Asia.

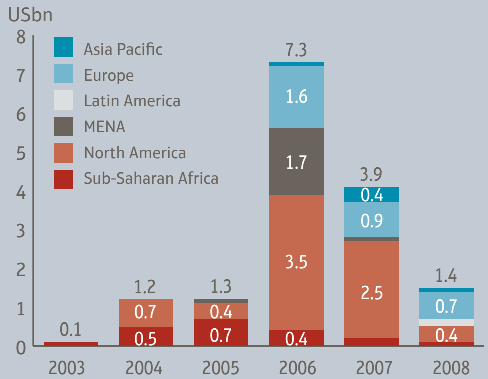
Istithmar Equity Transactions by Number and Volume Since 2003



Source: Istithmar World

In 2006, increasing activities of emerging-market SWFs came to the attention of the developed world. It was also a watershed year for Istithmar; the fund appointed the CIO of their capital division, David Jackson, CEO in July, while the number and value of its investments increased dramatically. From making only seven investments valued at $547 million in 2005, in 2006 the fund made 35 investments with a total value of $7.3 billion. The geographical spread of the fund's investments also switched from emerging markets to the developed world, with about half their deals (17) worth nearly two thirds of the total value invested in entities based in Europe and North America.

Value of Istithmar investments by Target Region Since 2003



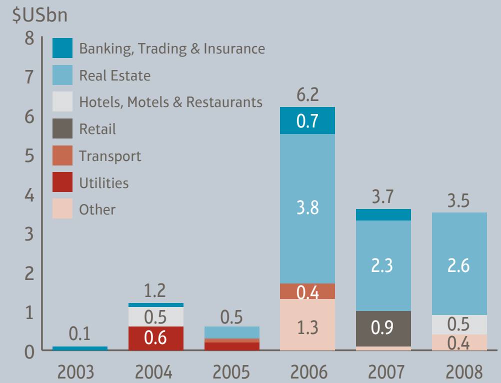
Source: Istithmar World

Note: Totals may not sum correctly due to rounding errors.

Most notably, the largest proportion of their 2006 purchases—16 worth $4.9 billion—occurred in real estate. In 2006, Istithmar's property purchases in the United States and Great Britain totaled $3.0 billion. The remaining deals were in emerging markets, primarily the UAE, where Istithmar poured another $1.2 billion into new developments.

This pattern of large expenditure on real estate continued during 2007 and 2008, with Istithmar making 40 investments in property worth a total of $3.1 billion. The largest deals were concentrated in the United States (six deals, $1.3 billion) and included the Knickerbocker and Mandarin Oriental Hotels, while the fund also built up a substantial property portfolio in Britain (10 deals, $930 million), including the Turnberry golf resort, property developer Bovis Homes, and a P&O's property portfolio.

Value of Istithmar investments by Target Sector Since 2003



Source: Istithmar World

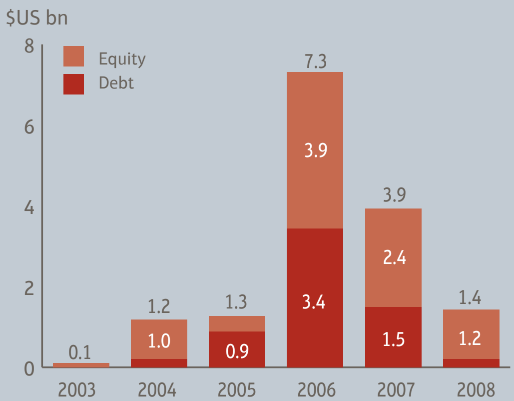
Note: Totals may not sum correctly due to rounding errors

But the fund did not simply focus on high-profile, high-status deals in the developed world. Istithmar also bought shares in Asian property, primarily hotels and resorts. Also during 2007 and 2008 the fund invested widely in real estate in sub-Saharan Africa, including developments in South Africa, Senegal, Tanzania and Mozambique, as well as conservation resorts in Rwanda and Zimbabwe. Its eleven investments in sub-Saharan Africa, most of which were not publicly reported, were valued at $276 million.

Away from the real estate market, Istithmar completed smaller investments in diverse sectors including healthcare, banking, and transportation, services and energy. With the exceptions of a 90 percent stake in U.S. retailer Barneys, shares in two hotel groups, and 10 percent of Canadian theatre group Cirque de Soleil, these investments typically amounted to less than $100 million each and tended to be minority stakes.

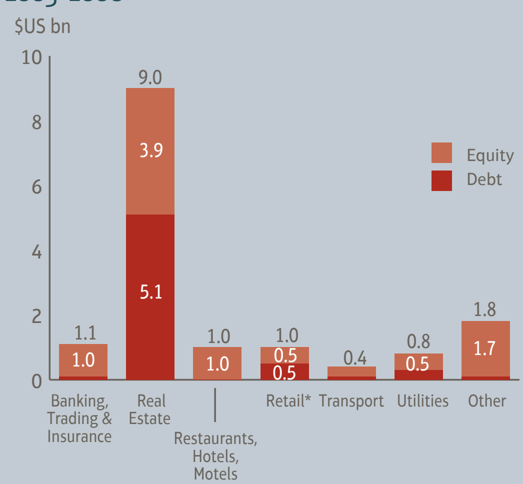
As SWFs came under increasing international scrutiny, Istithmar's focus on high-profile American real estate gained disproportionate attention, given the fund's diverse portfolio. The business media also took note of Istithmar's use of leverage in purchases. The data Istithmar shared with us reveals that, while the fund did indeed use significant leverage, over 80 percent of its debt ($5 billion) was applied to fund its real estate acquisitions. Eighty percent of Istithmar's non-property acquisitions (46 out of 57 transactions) consisted purely of equity stakes. In 2006 and 2007, Istithmar nearly doubled the value of its real estate purchases using leverage and in 2008, borrowings for real estate purchases accounted for twice the amount of invested capital. The most heavily leveraged acquisition involved two properties on Park Avenue, where debt accounting for 89 percent of the financing.

Equity & Debt used by Istithmar World 2003-2008



Source: Istithmar World

Equity & Debt used by Istithmar World 2003-2008



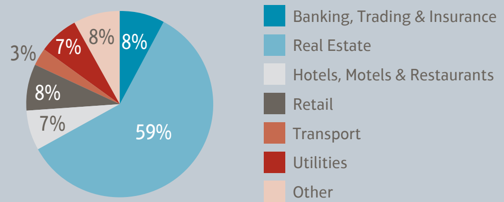
Source: Istithmar World
* This category represents Istithmar's 2007 purchase of Barneys only

We have previously commented on Istithmar's strategy and use of leverage—that in a bull market with easily available, cheap credit and booming property values, it had much to commend it[1]—and new information provided by the fund gives no reason to revise this view: the property investments sat atop a portfolio in which little credit had been used and was diversified both in terms of geography and sector.

Since the financial crisis, Istithmar has looked to divest with a particular focus of rebalancing the portfolio away from real estate. Divestments in 2009 have included The Cove Atlantis, a luxury resort in the Bahamas, Raimon Land, a Thai property developer, as well as Marcol House at 289-295 Regent Street and 23/24 Newman Street in London. This has taken priority since the financial crisis, resulting in Istithmar not making a new investment since the final quarter of 2008. While it may have tight cash flow, the Government of Dubai considers it to be on a sound financial footing and has excluded it from Dubai World's wider restructuring.

As of the end of 2009, Istithmar's asset allocation was about 60 percent real estate (38 percent by value in the OECD and 21 percent in emerging markets) and 40 percent equities, split almost evenly by value between emerging markets and the OECD. This asset allocation suggests that its split between OECD and emerging markets is similar to other SWFs, but shows that Istithmar was more exposed to real estate—most SWFs that publish asset allocations have less than 20 percent of their portfolio in this asset class—and had invested less in the financial services sector, which has long been a staple of SWF investments: our data suggests that since 2003, when Istithmar was formed, 60 percent of SWF investments by value of have been in financial services.

Isthimar World:
Asset Allocation by Sector, 2009



Source: Istithmar World

1 Victoria Barbary and Edward Chin, Testing Time: Sovereign Wealth Funds in the Middle East and North Africa and the Global Financial Crisis, (Monitor Group, Cambridge, M.A.: 2009), pp 72-77

Methodology

Our research methodology focuses on two main objectives: comprehensiveness of research and accuracy of information.

To ensure comprehensiveness, we survey multiple sources, primarily relying on established business and financial databases but employing also press releases, published news, fund annual reports and many other data sources.

To ensure accuracy, we follow a strict process for capturing deal information and we establish a clear hierarchy of sources, based on our estimate of reliability:

1. Financial transaction databases: Bloomberg, SDC Platinum, Zephyr
2. A financial database for target firm information: DataStream
3. Fund disclosures, including annual reports, press releases and other information from their websites
4. Target company and partner organization press releases and other information from their websites
5. Information aggregators: LexisNexis and Factiva. Those include news reports by newswires (Dow Jones, Reuters, Business Wire, Associated Press etc.) and numerous respected publications, including: *The Wall Street Journal; Financial Times; Newsweek; Forbes; Fortune; Time; The Economist; The New York Times; The Washington Post.*

6. Other websites, including Zawya.com, Sovereign Wealth Fund Institute, Google Finance, Yahoo! Finance and others.

Most of the deals are amassed and consolidated from the financial transaction databases, while the other sources are mostly used for corroboration where necessary. At least one high-quality source is captured for each data point, and, where possible, multiple sources are identified. News items from information aggregators such as LexisNexis are carefully examined to ascertain the reliability of the original source.

Where possible, we contact the management of the funds to obtain feedback regarding the accuracy of our data. Whenever available, we incorporate such feedback into our database.

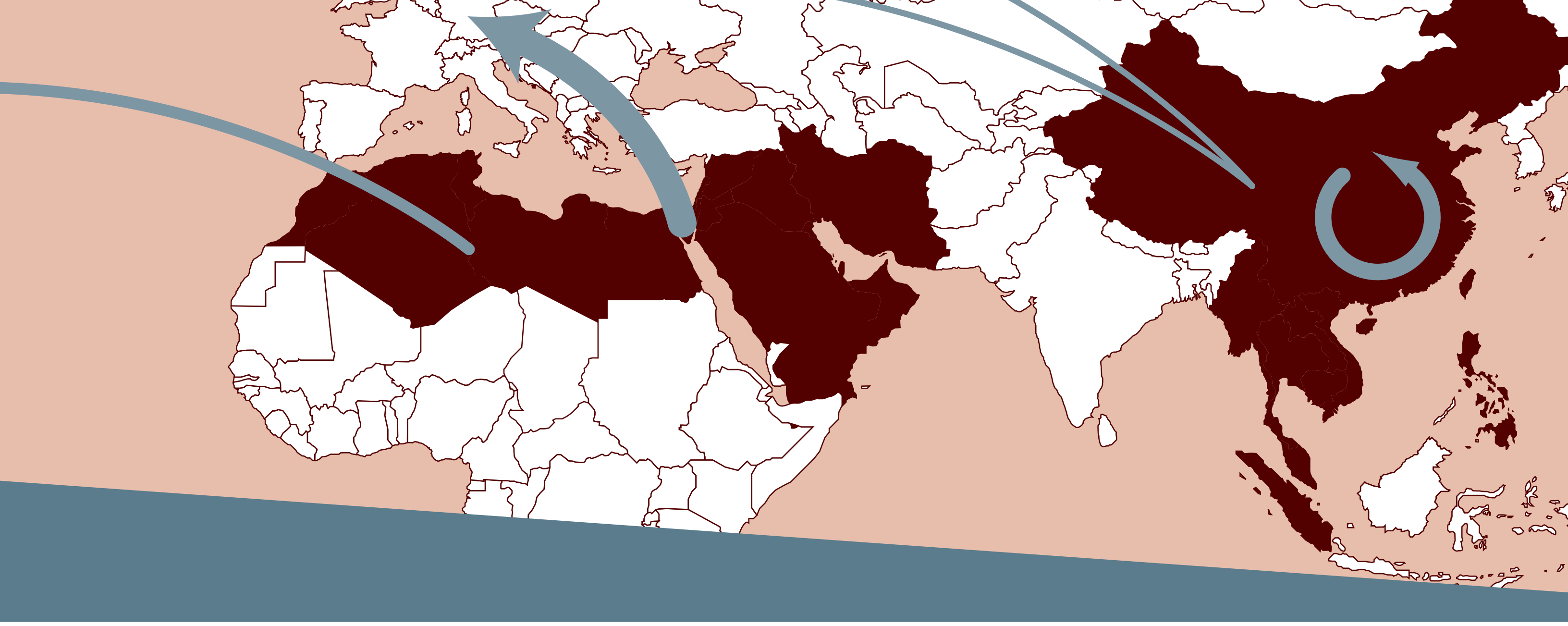
Industry Classification

To provide more insight regarding SWF portfolio allocations, we have adopted a new industry classification scheme in our data analysis. While we previously employed five broad industry categories (Financials, Industrials, Energy and Utilities, Real Estate, Other), we now apply a more refined classification scheme based on 31 industrial sectors. Our new industry classification is based on the 30-sector classification developed by Prof. Kenneth French and widely used in both academic and professional publications. Each firm is allocated to a specific sector on the basis of its primary four-digit U.S. SIC code, as described, in detail, on Prof. French's website.[1] We implement one slight modification: while Prof. French's industry classification scheme groups banking, insurance, trading and real estate into one single category, we separate real estate (U.S. SIC Codes 6500-6599) from banking, insurance and trading (U.S. SIC Codes 6000-6411 and 6610-6799).

Of course, while we employ the new industrial sector classification in our exposition, records in the Monitor-FEEM database include both industrial sectors based on the new classification and four-digit primary U.S. SIC codes.

We will publish a mapping of the new industrial sectors onto the previously employed industrial groups in our 2009 annual report.

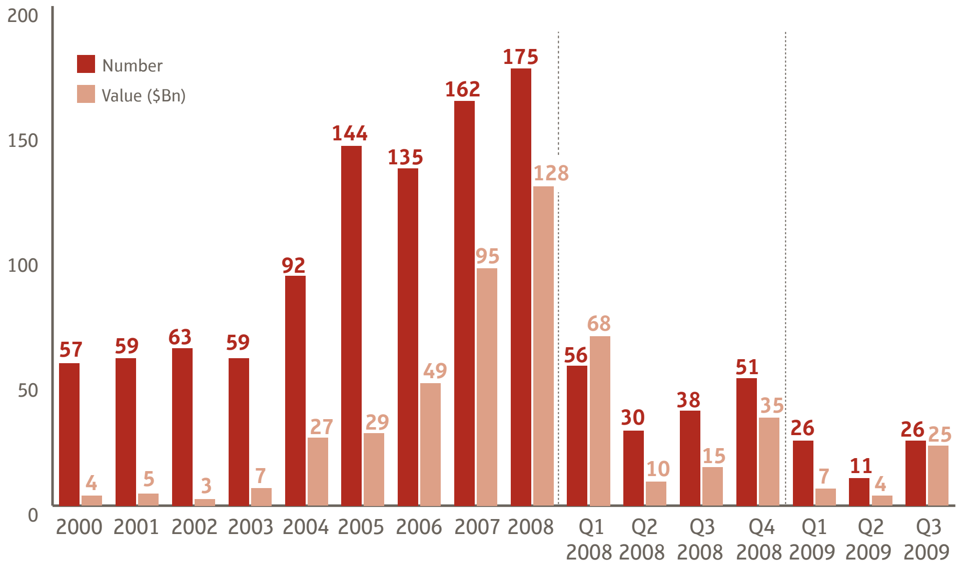
1 http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/Data_Library/det_30_ind_port.html



Aggregate Data

According to our data, in Q3 2009, SWFs completed 25 equity and real estate investments, joint ventures and capital injectionswith a total reported value of $25.3 billion. This is 7.5 times the reported expenditure and more than twice the number of deals made during the previous quarter. Excluding CIC's $19 billion recapitalization of the Agricultural Bank of China in Q4 2008, the most recent quarter represents the largest quarterly deal value since Q1 2008 and the greatest number of publicly reported transactions since Q3 2008.

Figure 1: SWF Equity Transactions by Number and Volume since 2000



Note: Publicly available data for SWF equity & real estate deals, joint ventures and capital injections
Source: Monitor-FEEM SWF Transaction Database

The upswing in SWF activity is underlined by the fact that of the 33 funds listed on the Monitor-FEEM SWF Transaction Database, 10 completed acquisitions in Q3 2009, double the number of funds active in the previous quarter, while a further three funds had deals that were announced or pending.

MAXIMIZING IMPACT—ABU DHABI'S SWF STRATEGY

During 2009 there has been a running commentary on the proliferation of Abu Dhabi's sovereign investment arms. Investment vehicles, such as the International Petroleum Investment Company (IPIC), previously content with investing conservatively in specific industries, have become more activist, investing in diverse sectors, while new companies like the Advanced Technology Investment Company (ATIC) have emerged to manage more focused portfolios. These funds have become the driving force for investing Abu Dhabi's sovereign wealth, overshadowing the Abu Dhabi Investment Authority (ADIA), which had previously dominated the Emirate's investment landscape.

As certain funds are associated with different members of the Abu Dhabi royal family, some commentators have wondered whether the multiplication of sovereign investment vehicles could result in competition among them, as apparently happened in Dubai. However, Abu Dhabi's sovereign wealth vehicles seem to be cooperating to achieve the objectives of the Abu Dhabi Economic Vision 2030.

The Vision's first pillar is to create a large and empowered private sector in Abu Dhabi. Rather than using a traditional government-led approach to economic development, which can be riddled with inefficiencies and breed dependence on the state, Abu Dhabi is using independently-managed investment vehicles that must achieve commercial returns while developing (or supporting the development of) the economy efficiently and sustainably. By so doing, the Emirate expects to strengthen the population's commercial skills and lay the foundation for vibrant private-sector activity.

Another way of fostering private-sector business and international relationships—a pillar of Vision 2030—has been through the rebranding of the Abu Dhabi Investment Company (owned by the Abu Dhabi Investment Council) to "Invest AD." Invest AD now focuses on facilitating investments in domestic and regional markets, particularly in financial services, rather than making proprietary investments on behalf of the government. As such, it is aiming to help integrate Abu Dhabi further into the global economy by attracting foreign investment.

Abu Dhabi's sovereign investors are also actively advancing Vision 2030 by exporting capital through targeted acquisitions and joint ventures with international partners in sectors from which Abu Dhabi can gain knowledge and technology transfer. This will help achieve three other pillars of the Vision: the creation of a sustainable knowledge-based economy; the optimization of the Emirate's resources; and development of premium education, healthcare and infrastructure assets.

These sectors align with the priority sectors set out in the Vision's economic diversification plan: petrochemicals; aviation, aerospace and defense; pharmaceuticals, biotechnology, and life sciences; healthcare equipment and services; transportation, trade, and logistics; education; and financial services. All these are set against the oil and gas sector, the development of which will continue to provide the financial basis for the investment required to diversify Abu Dhabi's economy.

Although IPIC remains focused on oil investments, its acquisition of 70 percent of MAN Ferrostaal gives Abu Dhabi access to the company's leading-edge capabilities in the fields of petrochemicals, solar power and project construction and management, which are vital to Abu Dhabi's economic development. It has also established a joint venture with Austria-based Berndorf AG to invest in medium-sized, internationally orientated technology-based companies in Europe, thus creating a conduit for technology transfer.

The Mubadala Development Company has increasingly focused on building an aerospace hub, entering joint ventures with Rolls Royce, EADS, and Alenia, and investing in Lockheed Martin, Piaggio Aero Industries and SR Technics. Mubadala is increasingly concentrating on providing public services in healthcare and education, overseeing the Abu Dhabi Spine Centre and National Reference Laboratory, and collaborating with UAE University to establish Zayed University in Al Ain. Mubadala does, however, maintain a healthy energy interest through its ownership of Pearl Energy and Dolphin Energy.

The funds are also collaborating on certain important projects. Masdar, Abu Dhabi's alternative energy project, is technically under Mubadala's purview, but while Mubadala has invested extensively in alternative energy and green tech for the project, IPIC has recently added its financial muscle, getting access to solar energy technology through MAN Ferrostaal and electric car technology from Tesla Motors to further the project.

Despite this shift in emphasis, ADIA remains important to Abu Dhabi's long-term financial stability—it acts as the Emirate's savings account. Its conservative, endowment-style investment strategy plays a vital role in preserving and enhancing existing oil wealth for future generations. But this is no longer enough for Abu Dhabi; not only does the Emirate want to preserve wealth for its people after its oil reserves are exhausted, it also wants to ensure that future generations have a better standard of living and a sustainable economy.

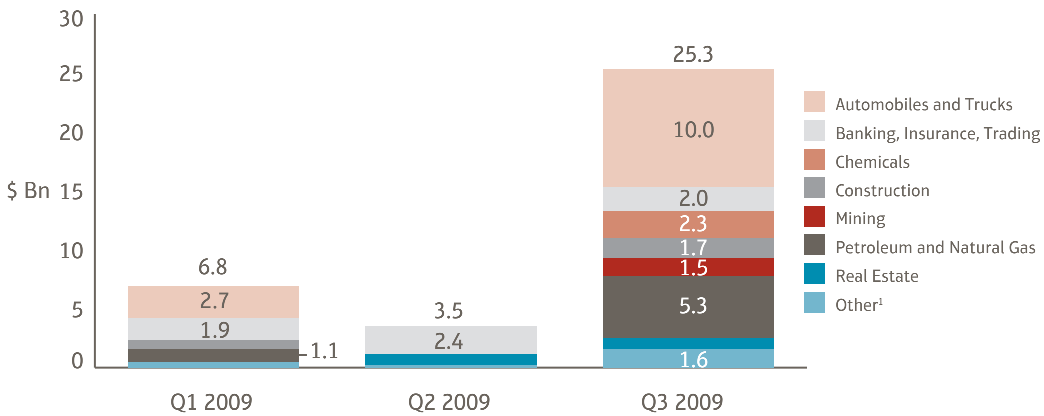
CIC TOOK A 17.2% STAKE IN TECK RESOURCES, WHICH RUN MINING CONCERNS INCLUDING FORT HILLS OIL SANDS PROJECT IN ALBERTA CANADA

Sectoral Analysis

In Q3 2009, SWFs continued to turn their back on investments in financial services and moving toward investments based in industry, infrastructure, and other sectors. Engineering-related sectors such as automobiles and construction proved more attractive than banking; these sectors accounted for a total of six deals, valued at \$11.7 billion. Although there were only three publicly reported SWF investments in natural resources (the mining and petroleum sectors) completed in Q3 2009, these deals accounted for \$6.8 billion—a quarter of the entire SWF investment in Q3.

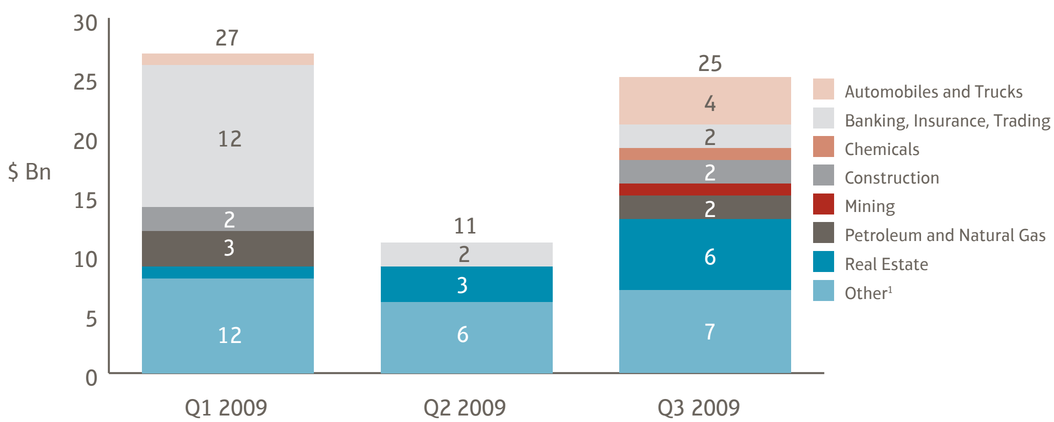
Such investments reflect an increasingly evident trend in SWF investment: investing abroad to assist economic development and diversification at home. Engineering-related sectors can provide knowledge and technology transfer that countries reliant on natural resource wealth can use to diversify their economy (see sidebar on Abu Dhabi). The CIC (the largest purchaser of natural resources in Q3), on the other hand, has been looking for access to raw materials and energy to ensure it can satisfy rapidly growing energy demand, and provide domestic manufacturing and infrastructure industries (which are driving China's fiscal stimulus) with raw materials. This demand is also reflected in CIC's purchase of a 15 percent stake in the Hong Kong-based commodity wholesaler, Noble Group Ltd.

Figure 2: Value of SWF Investments by Target Sector Q1-Q3 2009



[1] "Other" includes Beer and Liquor, Business Supplies and Shipping Containers, Communications, Food Products, Healthcare, Medical Equipment, Pharmaceutical Products, Personal and Business Services, Recreation, Restaurants, Hotels, Motels, Transportation, Utilities, and Wholesale.
Note: Publicly available data for SWF equity & real estate deals, joint ventures and capital injections
Source: Monitor-FEEM SWF Transaction Database

Figure 3: Number of SWF Investments by Target Sector Q1-Q3 2009



[1] "Other" includes Beer and Liquor, Business Supplies and Shipping Containers, Communications, Food Products, Healthcare, Medical Equipment, Pharmaceutical Products, Personal and Business Services, Recreation, Restaurants, Hotels, Motels, Transportation, Utilities, and Wholesale.
Note: Publicly available data for SWF equity & real estate deals, joint ventures and capital injections
Source: Monitor-FEEM SWF Transaction Database

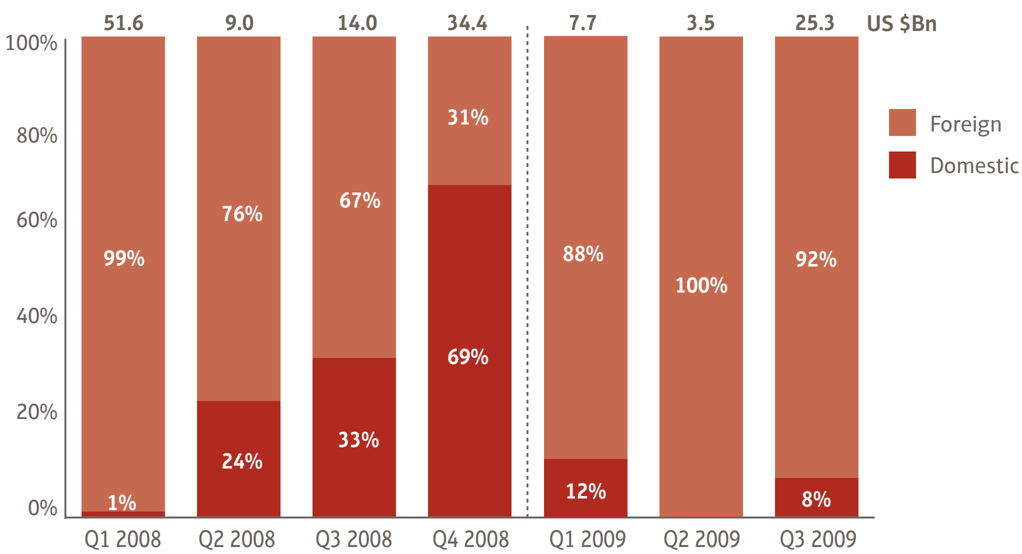
SWFs were also active in real estate during Q3. Nearly a quarter of all publicly reported SWF deals occurred in (mostly European) real estate, but these investments were small, accounting for less than $1 billion. This suggests that while property continues to be an attractive asset for SWFs, they are seeking out high-status distressed assets in markets like the United Kingdom, where property prices are particularly low.

40 PERCENT OF ALL SWF ACQUISITIONS WORTH OVER $17 BILLION WERE UNDERTAKEN IN EUROPE IN Q3 2009

Geographical Analysis

After a retreat to their home markets in the second half of 2008, SWFs have begun cautiously looking abroad during 2009. In Q3 this trend continued, with only five publicly reported domestic investments, valued at $2.0 billion, 8 percent of total reported value of SWFs' investment for the quarter.

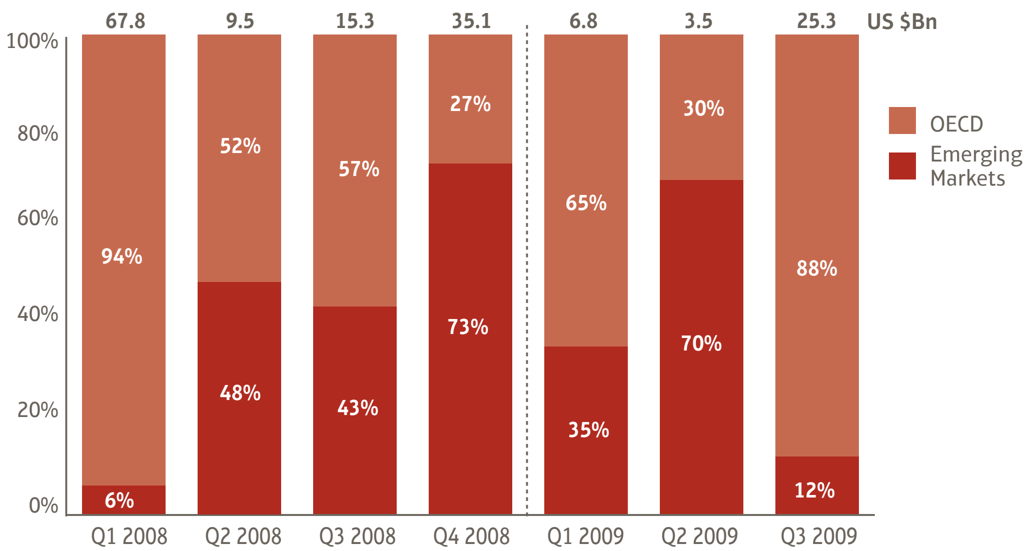
Figure 4: Value of SWF Deals by Location of Target: Domestic vs. Foreign



Note: Publicly available data for SWF equity & real estate deals, joint ventures and capital injections
Source: Monitor-FEEM SWF Transaction Database

Since Q1 2008, SWFs have tended to focus on emerging markets. However, in Q3 2009 SWFs invested 88 percent of their total expenditure ($22.3 billion) in OECD markets. This is the highest quarterly proportion since Q1 2008.

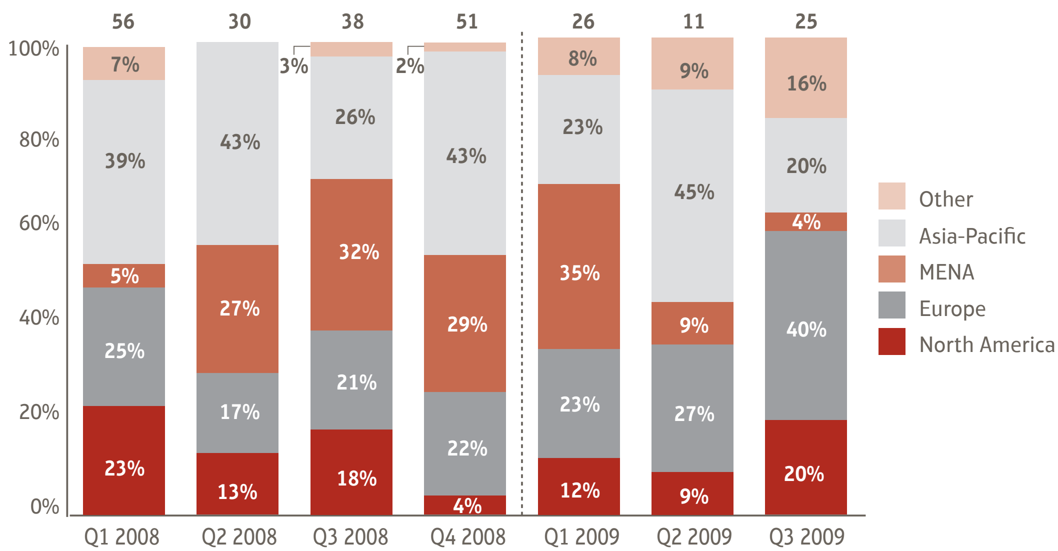
Figure 5: Value of SWF Deals by Location of Target: OECD vs. Emerging Markets



Note: Publicly available data for SWF equity & real estate deals, joint ventures and capital injections
Source: Monitor-FEEM SWF Transaction Database

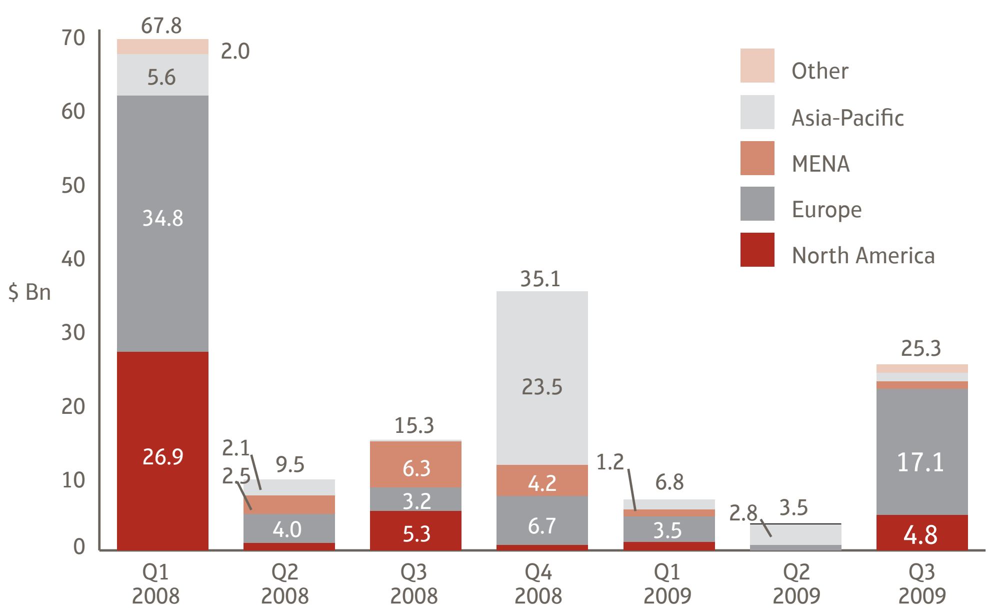
Consequently, in Q3 there was an increase in the proportion of SWF investments in Europe and North America. Whereas in Q3 2008 these regions only accounted for 43 percent of completed investments (17), in Q3 2009, they accounted for 60 percent (15). Likewise, while in Q3 2008, Europe and North America accounted for only 57 percent of publicly reported SWF investment ($8.5 billion), in Q3 2009 they accounted for 88 percent ($22 billion).

Figure 6: Number of SWF Investments by Target Region



Note: Publicly available data for SWF equity & real estate deals, joint ventures and capital injections
Source: Monitor-FEEM SWF Transaction Database

Figure 7: Value of SWF Investments by Target Region



Note: Publicly available data for SWF equity & real estate deals, joint ventures and capital injections
Source: Monitor-FEEM SWF Transaction Database

ASIAN FUNDS AND ECONOMIC RECOVERY

During 2008, as the crisis worsened, Asian SWFs—like those based elsewhere—hastily retreated from public equity markets. Asian funds completed 37 publicly reported transactions valued at $35.3 billion in the first quarter of 2008. However, between April and December 2008, there were only 39 publicly reported investments by Asian SWFs (about half their volume of the same period in 2007), with a publicly reported value of only $26.8 billion, $19 billion of which is attributable to the China Investment Corporation's (CIC) recapitalization of the Agricultural Bank of China in October, and $3.4 billion to Temasek's follow-up investment in Merrill Lynch in July.

Even in retreat Asian funds suffered significant declines in portfolio valuations. Temasek reported apparent losses of 31 percent between March and November 2008; the realizable assets of Khazanah Nasional Berhard, the Malaysian SWF, lost 20 percent of their value between May and December 2008; the Government of Singapore Investment Corporation (GIC) incurred apparent losses of 15 percent, while the Korea Investment Corporation's (KIC) portfolio shrank by 14 percent in 2008. Despite initially reporting a modest profit of five percent ($10 billion) in 2008, CIC reported a small loss (2.1 percent) on its global portfolio, only 3.2 percent of which was invested in equities.

Stung by these losses, Asian SWF activity in Q1 2009 suggested that they would continue to retreat from equities and concentrate on minimizing the impact of their losses: they only completed six deals valued at less than a billion dollars during this time.

In the second part of the year, however, Asian SWFs reemerged into the marketplace having reassessed their strategies, taking account of the current economic environment. Both GIC and Temasek have signaled a shift in focus to Asia, an approach that has a double advantage for Singapore, as regional investments have both commercial returns and help rehabilitate local markets, which will benefit the export-oriented Singaporean economy. Nevertheless, their transaction volume has also continued to remain low, suggesting greater caution and conservatism on the part of fund managers, a position reflected in a new tendency to collaborate with other sovereign and private investors, as we noted in the last quarterly update.

Despite Singapore's continued caution, in the second and third quarters, Asian funds accelerated their investments, completing acquisitions valued at $2.8 billion in the second quarter and over $5 billion in the third. This has been driven by an uptick in activity by CIC: the fund's publicly reported investments in 2009 are currently valued at more than $17.5 billion. CIC started the year hesitantly, avoiding high-profile foreign purchases until April. Since then it has looked to diversify its portfolio with alternative assets: companies that produce or supply commodities and natural resources, hedge funds, and real estate.

CIC has agreed to invest nearly $6 billion in resource deals in Q2 and Q3 2009, primarily in Asia, signaling how energy, metals and agricultural commodities are proving increasingly central to its investment strategy. The fund was also busy queuing up alternative asset investment, particularly asset management. In Q2 and Q3 it allocated $2.7 billion to asset managers and hedge funds, underlining its sharpened focus on hedge funds and alternative asset management brought about by CIC's new structure, with a "private markets investment" division.

Such investments may also help soften occasional criticism that CIC has been investing politically; investing in hedge funds will give CIC no direct influence on company policy, making these unarguably passive, commercial investments. Real estate has also been a major sector for CIC in 2009. Its self-imposed period of thrift ended with an $800 million commitment to Morgan Stanley's new $6 billion Real Estate Fund VII Global on March 31. The fund has since committed nearly $1 billion to real estate in Australia, Hong Kong and the United Kingdom.

There is thus a clear difference between CIC and the rest of the Asian funds that are continuing to be cautious in their investment approaches. GIC, Temasek, Khazanah, the Future Fund, and KIC are looking to partner to share risk, gain specialist expertise, get help with red tape and effective due diligence. Nevertheless, both strategies represent a new trend in SWF investment—that of investing abroad to assist economic development at home, which is something we shall likely see more of in the coming months.

ENTRANCE TO THE FORBIDDEN CITY, BEIJING: CIC WAS THE MOST ACTIVE FUND IN Q3, COMPLETING FIVE INVESTMENTS VALUED AT $3.8 BILLION

Funds

Q3 2009 saw an increase in the number of funds making purchases as compared to the previous quarter. Ten funds completed acquisitions in Q3 2009, twice as many as in Q2. .

Funds doing deals included several we have observed to be the most active in our dataset, such as Temasek Holdings, but also included some we have not previously noted. For example, the Australia Future Fund's acquisition of a 33 percent share of the Birmingham Bullring shopping center in the United Kingdom is the first time we have observed the fund make an acquisition in this sector—and in fact it is only the second investment we have recorded for it (the first being a joint acquisition with GIC in Q1 2009). Likewise, in Q3 the Vietnamese State Capital Investment Corporation announced its first publicly reported investment.

Conversely, however, some funds have that historically been very active, such as the Abu Dhabi's Mubadala Development Company and Malaysia's Khazanah Nasional Berhard, were notably quiet in Q3 : Mubadala has announced that it is shifting its focus from new activities to seeing its current projects through to completion and has only announced one joint venture in Q3, while Khazanah was apparently entirely dormant.

Other funds are becoming much more active than we have previously seen. Many column inches were written on the activity of CIC, which was the most active fund in Q3, completing five investments valued at $3.8 billion and announcing a further four deals with a possible reported value of $2.5 billion. Likewise the next most active fund was Abu Dhabi's IPIC, which completed four investments with a total reported value of $6.7 billion. While these funds have both been active in the past, their activity in Q3 is comparatively high.

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FOR MORE INFORMATION PLEASE CONTACT:

William Miracky
william_miracky@monitor.com
+1.617.252.2352

Victoria Barbary
victoria_barbary@monitor.com
+44(0)20.7838.6602