



Asset allocation for the short and long term

This white paper explores challenges that International Forum of Sovereign Wealth Funds (IFSFWF) members face as they balance short- and long-term investment objectives and proposes specific frameworks that may be useful in this endeavour. The investment landscape has evolved significantly in recent years and sovereign wealth funds have contended with an ever-expanding array of investment opportunities in both public and private markets. In response, many are re-evaluating the methods they employ to construct portfolios and measure and manage portfolio risk. This paper also addresses the organisational challenges related to acquiring and maintaining the human talent that sovereign wealth funds need to achieve their objectives.

In the years since the global financial crisis of 2008-2009, monetary policies across the globe have entered unfamiliar territory, interest rates have reached historic lows (some are even negative), return expectations have declined, market volatility has increased, and a variety of new investment styles have emerged. These changes have forced investors, sovereign wealth funds among them, to adapt their thinking and reconsider traditional approaches to allocating investments and managing risks. At the same time, sovereign funds have become an important and rapidly growing investor class. As sovereign wealth funds have risen in prominence they have found themselves on the front lines of the portfolio management challenges of this new era. As they formulate investment strategies, it is critical for SWFs to adhere to their core investment beliefs and employ methods that make the best use of available information to meet their specific objectives. This paper is divided into seven sections, each of which explores challenges and solutions related to a particular area of portfolio management.

If you would like the whole paper please contact [Victoria Barbary](#) or browse the highlighted sections.

Highlight sections

1. [Asset allocation discussion with Mark Kritzman, MIT Sloan School of Management](#)
2. [Trends in sovereign wealth funds' asset allocation over time: a survey](#)