

13 November 2018

Minutes of IFSWF

Advisory Committee

13 November 2018



Advisory Committee meeting on 13 November 2018

This note records the IFSWF Advisory Committee meeting held on 13 November 2018 by conference call. The meeting agenda and discussion papers are in Appendix 1.

Attending:

- Mr Will Hetherton, Australia (Future Fund)
- Mr Jalal Baghishov, Azerbaijan (SOFAZ)
- Madame Fangyu Liu; Mr Song Chengxuan, China (CIC)
- Mr Eugene O'Callaghan, Ireland (Ireland Strategic Investment Fund)
- Mr Akylzhan Baimagambetov, Kazakhstan (JSC National Investment Corporation of the National Bank of Kazakhstan)
- Ms Mai M A Almatrook; Ms. Rawan Al Muzaini; Ms. Dalal Al Mutawa; Ms. Dalal Mohammed, Kuwait (Kuwait Investment Authority)
- Mr Abed Al-Abwah, Palestine (Palestine Investment Fund)

Recording:

- Mr Duncan Bonfield

Minutes

1. Welcome

This covered approval of the agenda, introductions, timings and call management. The Secretariat will review conference call arrangements as the current service does not cover a number of member countries.

2. CEO update

The Committee was updated on a number of member and non-member issues.

Libyan Investment Authority

The Libyan Investment Authority has paid its outstanding membership fees for 2017 and 2018. We are currently planning a workshop for LIA, focused on all aspects of SWF governance. The workshop is likely to take place in the New Year in London.

Turkiye Wealth Fund (TWF)

Turkey has also paid its outstanding membership fees for 2018. Following a recent re-organisation, the fund now appears to be in a better position strategically and operationally. We are discussing potential assistance from IFSWF, again focused on governance.

Separately, I will be making a presentation on IFSWF and SWFs at the International Symposium on "Finance for Development: Thinking Innovative Solutions to Persistent Development Challenges" organised by the Islamic Development Bank Group in Istanbul on 22-23 November. During the trip, I will also be meeting TWF in Istanbul.

Fundo Soberano de Angola (FSDA)

At the Annual Meeting, I had a positive discussion with Dr Teta, a Board member of FSDA. He provided a reassuring briefing on the internal reorganisation at FSDA and was highly



transparent on the negative issues that had developed under the previous management and how they were being addressed. IFSWF has offered its assistance to FSDA.

Alaska Permanent Fund Corporation (APFC)

We have held a number of positive conversations with Alaska to begin planning the 2019 Annual Meeting. These discussions have primarily focused on divisions of responsibility and logistics.

Fletcher School/K&L Gates/IFSWF "Building Bridges" Symposium, Washington

I participated at this event in October. The subject of the event was investing in the US with a strong focus on US infrastructure. There was a particularly interesting presentation by DJ Gribbon who was the architect of the Administration's Infrastructure Plan and President Trump's lead adviser on infrastructure. There was also an excellent session on CIFIUS and FIRRMA led by experts from Capitol Hill on the issue. The current US administration has initiated greater scrutiny of foreign investment in the US, consequently, there is a potential challenge to IFSWF members to promote the free movement of investment more actively.

http://www.klgates.com/files/Publication/675dc9a2-9e84-4c3d-9ee4-ed63921d55b9/Presentation/PublicationAttachment/7038192e-ebe8-4d1f-87dc-f684a789e346/BBVI_2018_Event_Materials.pdf

I also attended the recent One Planet summit in New York on behalf of IFSWF. Following the Summit, the One Planet group met to discuss future actions and promotion of the One Planet framework. The group will encourage the more widespread adoption of the investment framework among Sovereign Wealth Funds and focus on sharing emerging best practice both within and external to the group. IFSWF will continue to operate as a conduit between One Planet and the wider IFSWF membership.

<https://gbf.bloomberg.org/one-planet-summit/>

The Committee noted the CEO update.

3. Feedback from the 2018 IFSWF Annual Meeting

The Secretariat provided detail on the formal and informal feedback from the 2018 Annual Meeting.

<http://www.ifswf.org/system/files/20181003%20Feedback%20report.pdf>

The Committee provided additional feedback.

- Overall, the Committee thought the workshops were positive and promoted good discussion. The roundtable approach with consigned seating plans were also viewed positively as this allowed members to get to know others easily. There was general agreement that workshop on cities was the weakest, but the Committee thought that a session that required lateral thinking and provided a challenge to conventional



approaches was of value.

- There was some discussion about the length of the day and the time allowed for breaks, but on balance the view was this was about right, although the afternoon sessions could use different formats and approaches to inject more energy into these sessions.
- There was a strong view that lunchtime speakers were not required.
- The Committee provided some specific ideas on content for future Annual Meetings:
- To make the content as specific to SWFs as possible. This could include a focus on the long-term nature of SWFs; governance; engagement and management of stakeholders; the challenges of public organisations investing in and engaging with the private sector; how data can challenge and improve decision-making in SWFs.
- Another session on the practical developments from the One Planet initiative. The Secretariat noted that this could create challenges for Alaska (2019 host) with its stakeholders because of the importance of oil and gas to the region. A number of funds suggested that broadening out the topic from climate change to ESG, could potentially overcome such reservations. It was also suggested that a focus on the economic factors of the One Planet initiative, as opposed to the ethical ones, could potentially overcome reservations.
- Other topics for potential discussion included: impact investment; technology; the pros and cons of a reference portfolio approach.
- Members would like US regulatory officials to be present, to allow for direct engagement. Members would also like representatives from major Canadian pension funds to be present as they faced many similar challenges to SWFs.
- Members welcomed the idea to run one parallel breakout session, with the division between domestic and international investment.
- The Committee recommended that a questionnaire be sent to all members which splits potential content into broad segments to ascertain from all members their views on content for 2019.
- The Committee decided to meet in person at the 2019 Annual Meeting.

4. **Review of academic partnerships**

The Committee discussed the academic partnerships with Bocconi and The Fletcher School.

The Committee was strongly of the view that as a principle IFSWF should not support or endorse fee-paying events. The Committee recommended that IFSWF no longer sponsor Bocconi's Sovereign Investor Academy. In contrast, the Committee endorsed events such



as the development workshop in association with Fletcher and the World Bank and the communications and reporting workshop in Oman. The Committee recommended that academic partnerships be extended on a non-fee basis.

5. IFSWF 2019 Planned Events

The Committee reviewed and approved the planned events from CEM Benchmarking and State Street. The Committee also approved the proposed events from Fletcher School and Tiger Hill Capital; GRESB; and the Mitsubishi Financial Group. Approval was subject to checking the capacity of The Fletcher School to be a partner in two of the proposals. In the case of the GRESB proposal, the Committee asked that the Secretariat investigate whether benchmarking could incorporate additional asset classes to give a fuller picture. The Secretariat will revert to the Committee on both matters.

The Secretariat noted that additional 2019 activities, such as a Legal and Regulatory workshop in Rome, were also being researched by the Secretariat and may be brought to the Committee at a later date.

6. Outline for 2019 IFSWF Annual Review

The Committee reviewed the initial plans and timings for the 2019 Annual Review. Both SOFAZ and CIC noted the plan to interview senior staff from their institutions and the provisional topics for discussion. CIC noted that a preferred topic was the current risks faced by SWFs. SOFAZ thought it unlikely that fixed income would be its preferred topic and will review.

The Committee noted that 200 words from each IFSWF member about their fund could make an interesting addition to the Annual Review.

The content plan for the Annual Review is not yet finalised and the Secretariat welcomes further suggestions and contributions from members.

7. Other business

The Secretariat noted that it was in early stages of planning for events in Africa and Latin America to promote good governance among SWFs. These would be part of an outreach programme by IFSWF and would require appropriate local partners which could provide logistical support and be able to convene SWFs which are not IFSWF members.

8. Close of meeting.

The meeting was officially closed at 09.32am (London).