

3 May 2016

The Membership
of the International Forum of Sovereign Wealth Funds

By email to recipients above

Dear Members,

May 2016 Update

This is my second monthly update letter. While there has been much positive activity and progress during the past month, I received some disappointing news on Friday 29 April - a letter of membership resignation from Norway. This was a surprise, and is disappointing for the Forum and for me personally. The Forum's ethos is one of collaboration and co-operation for mutual benefit, but membership is entirely voluntary, so we must respect Norway's decision and welcome their ongoing commitment to the Santiago Principles, albeit outside the Forum. The Forum door will always be open for their return and we will continue to keep them informed of developments at IFSWF.

Academic Partnership

Let me turn to more positive news. Following our Baku workshop, the Fletcher School of Law and Diplomacy at Tufts University, Boston and Bocconi University, Milan have brought forward detailed proposals for academic partnership. The Board will be discussing these and a number of other initiatives next week and I will provide a further update following the meeting. Academic partnerships – from original research on governance and investment, to executive education – will be a core part of the Forum's development. New research will help push the boundaries of our thinking and suggest new ways to unlock value. Executive education at leading institutions will allow people to develop new relationships and build connections among the sovereign wealth fund diaspora.

Milan workshop

The first tangible result from these partnerships will be a Milan workshop, organised by Bocconi for 30 June. The theme of the workshop is **“Sovereign wealth funds in the 21st century: investment strategies, risk management and long-term growth”**. The half day workshop will be a mix of presentations, panel debates and Q&A featuring our members, academics and economists. The event has been designed in association with sub-committee 2 around its investment agenda. This is the first of an on-going series of workshops and roundtables, where the content and discussions will be guided by the membership. I hope we have good participation from members, especially from investment teams for whom the content is tailored.

Sub-committees

As part of our efforts to make the Forum more dynamic and relevant, the Board is looking to raise the profile of the work of our sub-committees. Sub-committee 1, which focuses on governance, is overseeing our work on self-assessment of the Santiago Principles. Our goal is 100% member self-assessment. Currently, 23 of our 30 members have published and 100% publication would benefit all

and act as a bulwark to external criticism around transparency. Additionally, the sub-committee aims to publish 10 case studies on the value of Santiago Principles endorsement in time for the Auckland meeting in November.

Sub-committee 2 is also moving forward at pace. It has four projects ongoing: i. *defining risk tolerance*; ii. *managing liquidity risk*; iii. *expanding asset class menus*; iv. *private vs public markets*. Once again our objective is to present completed studies at the Auckland meeting.

Sub-committee 3 is currently reviewing its project to create a regulatory policy hub. This is a major, resource-intensive undertaking providing research and collaboration on the regulatory and policy environment in which the SWFs operate and it would require a committed outside partner. As part of the process, the Board is meeting with senior professors from the London School of Economics to discuss an additional academic partnership.

Auckland annual meeting 8-11 November

The planning for the Forum's annual meeting is going well too. Please make sure you have the date in your diary, November 8-11 and book accommodations well in advance. Formal invitations will be issued in the next few weeks and we are creating a dedicated online platform for registration and logistics. An exciting agenda with high profile speakers is taking shape for our external sessions and the secretariat will be contacting members for feedback on planned technical workshops. The content of these workshops will be guided almost entirely by the membership and I would ask all to actively start thinking about contributing.

Better together

As you can read, this past month has seen the Forum move forward at pace on a number of fronts, although Norway's resignation is undoubtedly a setback. I think it worth remembering why the Forum was created originally – to enhance collaboration, promote a deeper understanding of SWF activity and raise the industry standard for best practice and governance with the Santiago Principles central to our goals. By endorsing the Principles, members endorse transparency, good governance, accountability and prudent investment practices AND encourage a more open dialogue and deeper understanding of SWF activities. These provide a major, ongoing benefit for all members and help maintain a stable global financial system and the free flow of capital and investment. Our knowledge-sharing activities also serve as a tool for continuous improvement and innovation.

These are big, worthwhile goals that we can achieve by acting together.

Thank you

Yours sincerely,

Adrian Orr

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