



# IN A NUTSHELL

## SOVEREIGN WEALTH FUNDS

### Jordan's Lost Opportunity

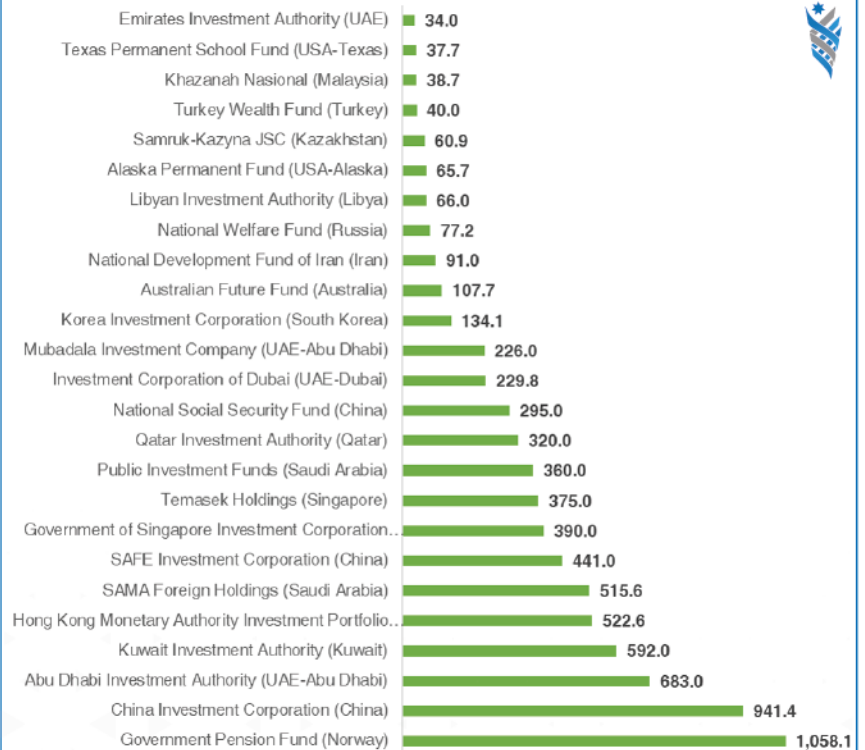
“A Sovereign Wealth Fund (SWF) is a state-owned investment fund or entity that is commonly established from balance of payments surpluses, official foreign currency operations, the proceeds of privatizations, governmental transfer payments, fiscal surpluses, and / or receipts resulting from resource exports” (Sovereign Wealth Fund Institute).

The establishment of SWFs involves a myriad of objectives. These include:

1. To protect and stabilize the budget and the national economy from excess or unwarranted changes in reserves / exports.
2. To increase national savings for the well-being of future generations.
3. To fund social and economic development.
4. To diversify national economies from non-renewable commodity exports.

The size of all SWFs in the world is equal to \$ 9.1 trillion (August 2018). The largest 25 SWFs accounted for about 95% of the assets of all SWFs in the world (\$ 7.7 trillion). A total of 9 Arab SWFs are among the largest 25 funds in the world. Together, they constitute about 37% of the assets of all SWFs in the world.

#### Assets of Sovereign Wealth Funds / August 2018 (\$ Billion)



**IN A NUTSHELL,** Sovereign wealth funds allocate their assets across three investment classes and these are (1) Fixed-income securities (bonds), (2) Global public equities, and (3) other investments that include venture capital and hedge funds, real estate, and infrastructure investments. It is also important to highlight that what makes SWFs attractive, is their intrinsically long-term and large-scale nature. Within this context, relevant stakeholders in Jordan must ask why the existing SWFs are not attracted to the Jordanian economy? Some serious effort must be spent on this issue!!