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Sovereign Wealth Funds: Analysis of Sources in terms of Assets Under Management

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The paper explores sources of wealth of observed Sovereign Wealth Funds. First, we examine at 95% of probability that Assets Under Management of 75 SWFs is equal or less than average of Assets Under Management of 61 funds. Second, we examine correlation between total exports of 19 observed countries that set up SWF and SWFs. Third, we observe 24 countries, correlation between total export of the country with SWF and Assets Under Management of 61 funds and 75 funds. We found that are not statistical differences between average of Assets Under Management of 61 funds and 75 funds. We found that between the funds and export earnings from commodities is statistical dependence. We identified that in the case of one percent increase in export of the country, there would be 0.07 percent increase in value of fund, what is statistically significant. Conclusions pointed out that if more resource-rich economies continue to plan new sovereign wealth funds, and existing sovereign wealth funds continue to expand and accumulate assets.

Keywords: Sovereign Wealth Fund, Crude Oil, Foreign Exchange Reserves, Export

Introduction

Sovereign Wealth Funds (SWFs) have been originally created as stabilization funds to reduce the boom and boost tendency of commodity dependent economies. Viewed in this light, states created clear rules of fund savings, investment strategies, and scenarios under which the government could access fund capital to smooth out economic downturns.SWF's normally derive their capital base from natural resource earnings, include intended exporting countries, such as Norway, Abu Dhabi, Kuwajt, Russia, Qatar, Libya, Azerbaijan, Kazakhstan and Oman. On the one hand, they are among the nations that channel funds from commodity royalties into SWF's. More to the point, countries such as Australia, Malaysia, France, Ireland built theirs SWFs from continued fiscal surpluses. On the other hand, through the transfer of assets from foreign exchange reserves finance their SWF's countries like Singapore, China, Republic of Korea. It is important to mention, that countries with high levels of reserves of foreign exchange and gold include countries such as People's Republic of China 3.771tn USD, Japan 1.242tn USD, Saudi Arabia 672.1bn USD, Switzerland 600.1bn USD, Republic of China (Taiwan) 426.3bn USD, South Korea 374.7bn USD, Brazil 368.5bn USD, Russia 364.6bn USD in June of 2015 according to the data from International Monetary Fund. Otherwise, 63% of SWFs have seen an increase in their assets under management since 2012 according to report of Preqin.

The question is: How the source of the funds affect income, depends on the type of SWF. For instance, for stabilization and savings SWFs that derive their funds from a commodity this question seems self-evident. More to the point, if a country's income is dependent on one (or even a few) real assets, it would be natural according to portfolio theory to diversify this dependency by investing in financial assets. In this regard, SWFs funded from oil resources would need to take oil price risk, cycles, and assets in the ground into consideration when determining their asset alocations. In other words, a small country could outright hedge the commodity price risk. The fundamental background of SWFs, relationship between risk and return, investments, asset allocations, geographic location, regulation, management of funds is examined in literature since 2007. Exempli gratia, Jones, S. G. - Ocampo, J. A., (2008) presented in details the evolution of foreign exchange assets in different parts of the developing world, optimal reserves, developed a broader framework for the analysis of the motives for the accumulation of foreign exchange assets. Matoo, A. - Subramanian, A. (2008) described imbalances between undervalued exchange rates and SWFs. They proposed new rules in the World Trade Organisation to discipline cases of significant undervaluation that are clearly attributable to government action. In particular, Beck, R.; Fidora, M. (2008) provided background of the impact of sovereign wealth funds (SWFs) on global financial markets, impact

of a transfer of traditional foreign exchange reserves to SWFs on global capital flows. Among authors examined subject of SWFs, especially Miracky et. al. (2009); Fernandes (2009); Al-Hassan, A.; Papaioannou, M.; Skancke, M.; Chih Sung, Ch. (2013), Bodie, Z.; Briere, M. (2013), Truman, E. M., (2008). Van der Zee, E. (2012), Gelb, A.; Tordo, S.; Halland, H.; Arfaa, N.; Smith, G. (2014), Al-Kharusi, Q. A; Dixon, A. D.; Monk, A. H. B., (2014). Lee, B. S.; In, F. H. (2013) investigated that sovereign weal funds' poor performance is partly due to their poor information about the target firms, they applied Granger-causality tests. Gilligan, G.; O'Brien, J.; Bowman, M. (2014) focused on the role that they might play in domestic investment in order to stimulate the growth of social capital and nation building in their home country, as well as progress made by SWFs themselves to improving their standards and processes of governance.

The Objectives

The research objectives of this paper are presented as follows: What are sources of SWFs? What explains massive foreign reserves? What determines the amount of foreign exchange reserves? Is there correlation between total exports of countries that set up SWF and SWFs? Is there correlation between total export of the country with SWF and assets under management (next AUM) of the fund?

Data and Methodology

This paper describes the sources of observed SWFs, especially commodities and foreign reserves. We observed 75 assets under management of SWFs, we found that 61 funds have AUM under average of total AUM; 90,484bn USD, we examine at 95% of probability that AUM of 75 SWFs is equal or less than average of AUM of 61 funds. Second, we observe 19 countries with SWF that are found by commodities. On the other hand, we examine if there is correlation between total exports of countries that set up SWF and SWFs. More to the point, if yes, what is the intensity of dependence, indicates significance at the 5% level. Third, we observe 24 countries with SWF's, we focus on total export of the country with fund and value of fund. In other words, we examine if there is dependence between these variables. This has been done by illustrations by using available data from official websites of funds, Sovereign Wealth Fund Institute, U.S. Energy Information Administration, International Energy Statistics, Oil & Gas; Journal, OPEC, The World Factbook of the CIA, United Nations Comtrade and author's calculations. In addition to this, we present the estimations by using regression analysis, transferring observed data using the least squares method, function NORMINV, Chi Test, Pearson's coeficient, Cramer's V, ANOVA.

Structure of the Study

This paper is organized as follows: Section 2 presents briefly differences of definitions of SWFs, categories of SWFs, source of wealth accumulation of FX Reserves, national development objectives. Ergo, the main contribution of this paper is contained in section 3 that provides examined hypotheses of funds and export earnings, etc. Section 4 concludes the paper.

Literature Review

At this point we look at the different definition of SWFs. On the one hand, funds are defined by the European Central Bank (ECB; 2008) that suggests that SWFs are 'broadly defined as public investment agencies which manage part of the (foreign) assets of national state...Three elements can be identified that are common to such funds: First, SWFs are stateowned. Second, SWFs have no or only very limited explicit liabilities and, third, SWFs are managed separately from official foreign exchange reserves. On the other hand, Monitor and Fondazione Eni Enrico Mattei (2009) focus on a SWF's on the basis of the essential characteristics that differentiate them from other governmentowned investment vehicles. Specifically, a SWF must meet the following five criteria: First, it is owned directly by a sovereign government. Second, is managed independently of other state financial institutions. Third, does not have predominant explicit pension obligations. Fourth, invests in a diverse set of financial asset classes in pursuit of commercial returns. Fifth, has made a significant proportion of its publicly - reported investments internationally. In this regard, SWF's are mainly created when countries have surplus revenues, reserves and their governments feel it would be advantageous to manage these assets with a view to future liquidity requirements and as a way of stabilising irregular revenue streams argued by Gugler, P.; Chaisse, J. (2009). Alter, technical definition of SWF's is that, they are government-owned and controlled (directly or indirectly), have no outside beneficiaries or liabilities and that invest their assets, either in the short or long term, according to the interests and objectives of the sovereign sponsor argued Monk (2009). As a result of differences in definitions, that reflect the ambiguity of the instrument itself: It is formally sovereign but functionally private. Moreover, id est not possible to treat all SWFs alike: They differ in size, age, structure, funding sources, governance, policy objectives, risk/return profiles, investment horizons, eligible asset classes and instruments, transparency, and accessibility.Mezzacapo, S. (2009) categorized SWF's in the following five groups: Stabilisation Funds, Savings Funds, mainly to prevent the so-called "Dutch disease", it means a syndrome likely to occur where a large inflow of foreign currency, due to a sharp surge in prices of commodities exported. After that it is converted into local currency and spent on domestic non-traded goods, inducing a real exchange rate appreciation that weakens the competitiveness of the country's exports. Third,

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Reserve Investment Corporations, Development Funds, these funds provide resources for funding socio-economic projects, such as allocating for infrastructure. Fifth, Pension Reserve Funds. Kunzel et al. (2011) defined the four categories of SWFs policy objectives as follows: (i) macro-stabilization (stabilization hereafter), (ii) savings, (iii) pension, and (iv) reserve investments (reserves hereafter). First, Stabilization funds are set up by countries rich in natural resources to insulate the budget and economy from volatile commodity prices (usually oil). The funds build up assets during years of ample fiscal revenues to prepare for leaner years. Second, Savings funds are intended to share wealth across generations. In this regard, for countries rich in natural resources, savings funds transfer non-renewable assets into a diversified portfolio of international financial assets to provide for future generations or other long-term objectives. Third, Reserve investment corporations are funds established as a separate entity either to reduce the negative cost of carry of holding reserves or to pursue investment policies with higher returns. Finally, Pension and reserve funds identify pension and/or contingent-type liabilities on the government's balance sheet.

Sources of Commodity vs. Foreign Reserves

By establishing SWFs can be national wealth invested internationally and thus diversifies revenues and reduces concentration risk. In other words, the revenues from oil and other commodity exporting countries are exposed to concentration risk, it is because exist dependence on the natural resource sold on international markets. In short, next risks include an appreciation of the real exchange rate due to the sale of natural resources. Otherwise in countries that do not rely on commodity exports, SWFs provide mechanisms for breaking up concentrations of portfolios that increase risk. For example, China has \$3,821bn of Chinese reserves in 2013, invested mainly in the US Treasury market. However, the accumulation of official external assets, several of which are SWF's, tends to underestimate the importance of capital inflows as a source of reserve accumulation, as the accumulation of such official assets abroad is accounted for as a negative contribution to the capital account. This is the case of Venezuela, Chile, in Latin America pointed out Jones, S. G. - Ocampo, J. A (2008). The question is: How we can explain that China has massive foreign reserves? Basically China maintain the same exchange rate, on the one hand increase demand, on the other hand the central bank issue more of the domestic currency and purchase the foreign currency. A result of that, will be an increase in the sum of foreign reserves. Otherwise, if the value of the currency is being down (weak of currency), the domestic money supply is increasing (because money are being printed) resulted into inflation (spiking of food prices). Nevertheless, real effective exchange rates in surplus economies like China, Korea, continue to build up their foreign reserves. In this case, when these economies has a stronger exchange rate, combined with structural reforms would raise domestic purchasing power and contain inflation pressure. So the fact is that, if prices of commodities will be rise, governments in commodity-exporting countries will be continue accruing foreign assets, even part of these assets is devoted to cover domestic investment needs or purchase back part of their outstanding debt. For example, Singapore's Government Investment Corporation was set up in 1981 to manage the country's foreign exchange reserves. If we focus on national development objectives, it is necessary to mention following factors. First, a SWF needs a predictable and dedicated capital source. In other words, dominated primarily by commodity dependent countries, most SWFs simply receive monetized national natural resource wealth. Viewed in this light, the ongoing commodity extraction allows the fund to build up a capital base based upon the monetization of existing natural resource wealth. Second, countries that monetize natural resources are no wealthier after contributing to their SWF; their wealth has merely been monetized. Exempli gratia, Mongolia is currently experiencing a commodity driven boom, on the other hand it is important to consider allocating a portion of their current windfall towards a SWF. This would help alleviate inflation and currency pressures while also smoothing out public expenditure and investment. Third, in countries without such a clear funding source, it is unclear that the establishment of a SWF is wise due to the incredibly distortionary policies it requires. The following factors clearly describe main objectives of the SWF's according information from SWF Institute: First, Protect & stabilize the budget and economy from excess volatility in revenues/exports. Second, Increase savings for future generations. Third, Diversify from non-renewable commodity exports. Fourth, Fund social and economical development. Fifth, Earn greater returns than on foreign exchange reserves, etc. At this point we look at funds by source of funding, otherwise forty three of SWFs are funded with proceeds from the export of crude oil or natural gas as is presented in Graph 1 below. Given the great commodity and consumer debt bubbles of the first decade of the twenty-first century, bubbles that took the price of crude oil from below 20 USD per barrel in the late 1990s, 126 USD in May 2010, 87 USD in October 2011 to 106,17 USD in June 2014, we see an increase of price by 530.85 percent since 1990s. As a result of that, it is not a surprise that many SWFs are funded through commodities and the sale of crude oil. In sum, we may say that the commodity and debt bubbles also help explain why eighteen SWFs have been established since 2004 from oil and gas earnings. Nevertheless, China exports 1.904 USD trillion of electrical machinery, data processing equipment, apparel, textiles, iron, steel, optical and medical equipment as number one. More to the point, SWFs established in the twenty-first century are funded, not by commodity exports, but by balance of trade surpluses, derived in part from the excessive debt that the United States and other consumers incurred and spent in this period. According to the Qatar National Bank (QNB), Qatar's earnings from its hydrocarbons sector accounted for 60% of the country's total government revenues over the past five fiscal years (through fiscal year 2012-13). On the other hand, the U. S. Energy Information Administration (EIA) estimates that Qatar earned 55 billion USD from net oil exports in 2012, and QNB estimates that the oil and natural gas sector of Qatar accounted for 57.8% of the country's gross domestic product in 2012, for more details see Graph 2 that hightlights countries with gas reserves. EIA estimates that Organization of the Petroleum Exporting Countries

Graph 1 SWF's by funding source



Source: Author's, according to the data from SWF Institute, June 2014

(OPEC), not including Iran, earned about 982 billion USD in net oil export revenues in 2012, a 5-percent increase from 2011, and the largest level over the 1975-2012 period for which EIA has tracked OPEC oil revenues. Saudi Arabia earned the largest share of these earnings, 311 billion USD in 2012, representing approximately 32 percent of total OPEC revenues. EIA estimates that members of OPEC, not including Iran, could earn about 940 billion USD of net oil export revenues in 2013 and about 903 billion USD in 2014, in nominal terms (unadjusted for inflation). In other words, there are two primary reasons for the rapid appearance and growth of SWFs: the rapid increase in oil prices (like Middle Eastern Countries, Russia, and Norway) and the accumulation of large balance-of-payments surpluses (mainly by Asian exporting countries). Total AUM of SWFs increased by 38.28% from October 2011 to 6,585 trillion USD in June 2014. Moreover, the top five (Norway, UAE – Abu Dhabi, Saudi Arabia, China CIC, China SAFE) account for over 53.62 percent of total holdings. Otherwise, the world's largest sovereign wealth fund, the Norway, manage 878bn USD, accounting for 13.33 percent of total SWF's assets in 2014.

Graph 2 Top 10 countries with proved natural gas reserves, trillion cubic feet; 2014



Source: Author's, according to the data from U.S. Energy Information Administration, International Energy Statistics, Oil & Gas; Journal; Note: United States year of 2012

Qatar is the world's second-largest exporter of natural gas, exporting nearly 4.3 Tcf in 2012, and the country was again the world's largest LNG exporter, as it has been since 2006. Most of Qatar's exports go to markets in Asia in the form of LNG, while the country sends a small amount of natural gas via the Dolphin Pipeline to the United Arab Emirates (UAE) and Oman.

According to OPEC, more than 81% of the world's proven oil reserves are located in OPEC Member Countries, production of countries is revealed in Graph 3 below. More to the point, Middle East amounting to 66% of the OPEC total. OPEC Member Countries have made significant additions to their oil reserves in 2013, for example, by adopting best practices in the industry, realizing intensive explorations and enhancing recoveries. As a result, OPEC's proven oil reserves currently stand at 1,200.83 billion barrels. In other words, SWF's have never been so wealthy and this is largely due to the origin of their financial resources. If some of them rely on their central banks reserves like China Investment Corporation, most of them draw their wealth from the exploitation of raw materials. Ergo, increase of their assets is proportional to the dizzying rise of oil and gas prices.

Graph 3 OPEC crude oil production; million barrels per day; 2013



Hypotheses

Based on data analyzed for the paper, we developed following hypotheses. Results are demonstartaed in this section.

Testing Hypothesis I.

In this section we observe 75 assets under management of SWFs according to the data from Sovereign Wealth Fund Institute in June 2014. In our observed file Z with N=75; year of established from 1956 till 2012. We found that 61 funds have AUM under average of total AUM; 90.484bn USD. We want to examine at 95% of probability that AUM of 75 SWFs is equal or less than average of AUM of 61 funds. In this regard we compose following hypothesis:

H₀: x _{0.50} = 90.484 H₁: x _{0.50} < 90.484

We use following formula:

$$Z = (2m - n)/\sqrt{n}$$
(1)
= (2*61 - 75)/\sqrt{75} = 5,427

Than we use function NORMINV, we obtained $z_{1-\alpha} = 16.588$. We see that $z_{1-\alpha} > z$; we accept null hypothesis that

means, that are not statistical differences between average of AUM of 61 funds and 75 funds.

Note: AUM of Papua New Guinea, Turkmenistan is N/A.

Testing Hypothesis II.

In this section, we want to find out if there is correlation between total exports of countries that set up SWF and SWFs. More to the point, if yes, what is the intensity of dependence. Indicates significance at the 5% level, α =0.05. We observe 19 countries with SWF that are found by commodities as follows: Norway, UAE, Saudi Arabia,Kuwait, Qatar, Russia, Iran, Libya, Azerbaijan, Brunei, Mexico, Canada, Iraq, Timor-Leste, Oman, Trinidad and Tobago, Angola, Venezuela, Mauritania. On the other hand, we observe followoing 5 countries that set up SWF with minerals, copper; Chile, US Wyoming, Kiribati, Australia, Botswana.

 H_0 : There is NOT statistical dependence between statistical variables. H_1 : There is statistical dependence between statistical variables.

Table1:Observed Variables

A/E	Export (US\$ billion);
	Ej

SWF; Ai	Export of source; Aij	Total export of countries with SWF***	Total SWF n _i		
SWFs with source oil & natural gas*	1 550	2 876	4426		
SWFs with source other comodities**	110	1 912	2022		
Total Export n _i			Total;	n	
_ 3	1660	4 788	6 448		
Source: Author's estimation acco	rding to the data	from The World	Factbook of th	e CIA·	201

Source: Author's estimation according to the data from The World Factbook of the CIA; 2013; http://comtrade.un.org/db/mr/daCommoditiesResults.aspx?px=H1&cc=2835

* Mineral fuels, oils, distillation products, etc, 2013; Mauritania, Oman, Mexico, Brunei, Azerbaijan, Qatar of 2012; UAE, Iran, Venezuela of 2011; Trinidad and Tobago, Libya

** Botswana (2012 diamonds), 2013 - Chile (copper; Pearls, precious stones, metals, coins, etc), US Wyoming; Australia (minerals; Pearls, precious stones, metals, coins, etc), Kiribati (phosphate is N/A) *** Total Export of 2013; Oman 2011; Mauritania 2010

Numbers in rows and columns are presented in the absolute frequency of observed variables, frequencies for each variation of the characters in the right corner (n) show the frequency of the sample.

We take total numbers from Table 1 and than we calculate theoretical data by using formula,

Table2: Theoretical expected data

	Export source; Eij	Total export countries with SWF
SWFs with source oil & natural gas	1337.352	3857.375
SWFs with source other comodities	610.963	1762.226

Source: Author's estimation.

First, we take results coming from Table 1 and Table 2 and second we make calculations by using following formula, also Chi Test:

$$x^{2} = \frac{\left(A_{ij} - E_{ij}\right)^{2}}{E_{ij}}$$
(3)

Table3:Chi-test

	Export source; x^2	Total export countries with SWF
SWFs with source oil & natural gas	33.812	249.676
SWFs with source other comodities	410.768	12.729

Source: Author's estimation.

Then we calculate chi (χ 2) as sum of values in Table 3 and chi _{crit} (χ 2 _{crit}) by using Chinv test (χ 2; degree of freedom = 1).

Resultst coming out shotw that $\chi 2 > \chi 2_{crit}$, 706.98 > 3.84; ergo we accept alternative hypothesis, it means that between the funds and export earnings from commodities is statistical dependence.

At this point, we examine what is the intensity of dependence of SWFs and export earnings. We may use correlation coefficient as Pearson's coeficient as follows,

$$V = \sqrt{\frac{\chi^2}{n * \min(r - 1, c - 1)}} = \sqrt{\frac{706.98}{6448 * 1}} = 0.331$$
(4)

Result coming out from formula above shows that between statistical variables, is weak statistical dependence, and the maximum value depends on the size of table (number of rows and columns), in our case $0,331 \times 4=1,324$.

(2)

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Because Pearson's coeficient is depend, we may use Cramer's V, that is not depend on the size of table as folows,

$$C = \sqrt{\frac{\chi^2}{n + \chi^2}} = \sqrt{\frac{706.9875}{6448 + 706.9875}} = 0.314$$
(5)

This figure also confirms that there is weak intensity of dependence, 0≤V≥1.

Testing Hypothesis III

We observe 24 countries with SWFs, details are mentioned in previous hypothesis. More to the point, at this section we focus on total export of the country with fund and value of fund. We want to examine if there is dependence between these variables. We formulate following hypothesis:

H₀: There is $b_1 > 0$; means positive statistical dependence between statistical variables. H₁: There is $b_1 < 0$; means NOT positive dependence between statistical variables.

We use method of least squares that is illustrated in figure below.





Figure1: MLS of Variables

Source: Author's estimation, according to the data from The World Factbook of the CIA; 2013; Sovereing Wealth Fund Institute; June 2014

Results coming out from regression depicted in Figure 1 earlier show that beta coefficient is 0.07 implying that in the case of one percent increase in export of the country, there would be 0.07 percent increase in value of fund, what is statistically significant beacuse beta₁ > 0. On the other hand, R Square statistics is 0.8 percent, is relatively low. It means; 0.8 percent of value of fund is depend by changes in total export of country. Then we formulate another hypothesis as follows:

H₀: The model is NOT statistically significant; at 95%.

H₁: The model is statistically significant; at 95%.

We use regression method and ANOVA.

Table4: Regression statistics

Multiple R	0.092
The value of the reliability R	0.008
Set the value of reliability R	-0.036
Error mean	271.577
Observation	24

Source: Author's estimation.

	Difference	SS - sum of squares	MS - mean	F	The significance
			squares		of F
Regression	1	14141.317	14141.317	<u>0.191</u>	0.665
Residues	22	1622596.4	73754.381		
Total	23	1636737.718			

Source: Author's estimation.

Table6: ANOVA

	Coefficients	Standard Error	t Stat	P-value
Intercept	<u>133.515</u>	64.978	2.054	0.051
File X ₁	<u>0.074</u>	0.169	0.437	0.665

Source: Author's estimation.

Than we use F-test by using FINV function as follows FINV(0.05;1;24). We obtained Ftab=4,26. Results coming out from regression analysis, ANOVA and F-test show that F < Ftab; 0.19 < 4.26; we accept null hypothesis, that means model is not statistically significant. The parameter β is not statistically significant because the P-value is 0.051967>0.05; (-). The parameter x₁ is not statistically significant because the P-value is 0.665745>0.05; (-).

Conclusion

Our study indicates that that are not statistical differences between average of AUM of 61 funds and 75 funds at 95% of probability. We observed 19 countries with SWF that are found by commodities as follows. Than we accept alternative hypothesis, because between the funds and export earnings from commodities is statistical dependence. On the other hand, we examine what is the intensity of dependence of SWFs and export earnings. We used correlation coefficient as Pearson's coeficient and result coming out shows that between statistical variables, is weak statistical dependence, and the maximum value depends on the size of table (number of rows and columns), in our case 0.331 x 4=1.324. Because Pearson's coeficient is depend, we used Cramer's V, that is not depend on the size of table. In short, figure 0.314 also confirms that there is weak intensity of dependence, 0≤V≥1.We identified 24 countries with SWFs, we focused on total export of the country with fund and value of fund. We examined if there is dependence between these variables. Results coming out from regression show that beta coefficient is 0.07 implying that in the case of one percent increase in export of the country, there would be 0.07 percent increase in value of fund, what is statistically significant beacuse beta₁ > 0. On the other hand, R Square statistics is 0.8 percent, is relatively low. It means; 0.8 percent of value of fund is depend by changes in total export of country. Results coming out from regression analysis, ANOVA and F-test show that F < Ftab; 0.19 < 4.26; we accept null hypothesis, that means model is not statistically significant. The parameter β is not statistically significant because the P-value is 0.051967 > 0.05; (-). The parameter x_1 is not statistically significant because the P-value is 0.665745 > 0.05; (-). However, if more resource-rich economies continue to plan to set up new sovereign wealth funds with natural

resources, and existing sovereign wealth funds continue to expand to emerging markets, such as India, and accumulate assets by investing to financial instruments, we can reasonably expect further growth in the sovereign wealth funds space in the future. In turn, these entities will continue to become an ever more important source of funding in the asset management space around the world.

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