

Sovereign Wealth Funds: Exploring beyond boundaries

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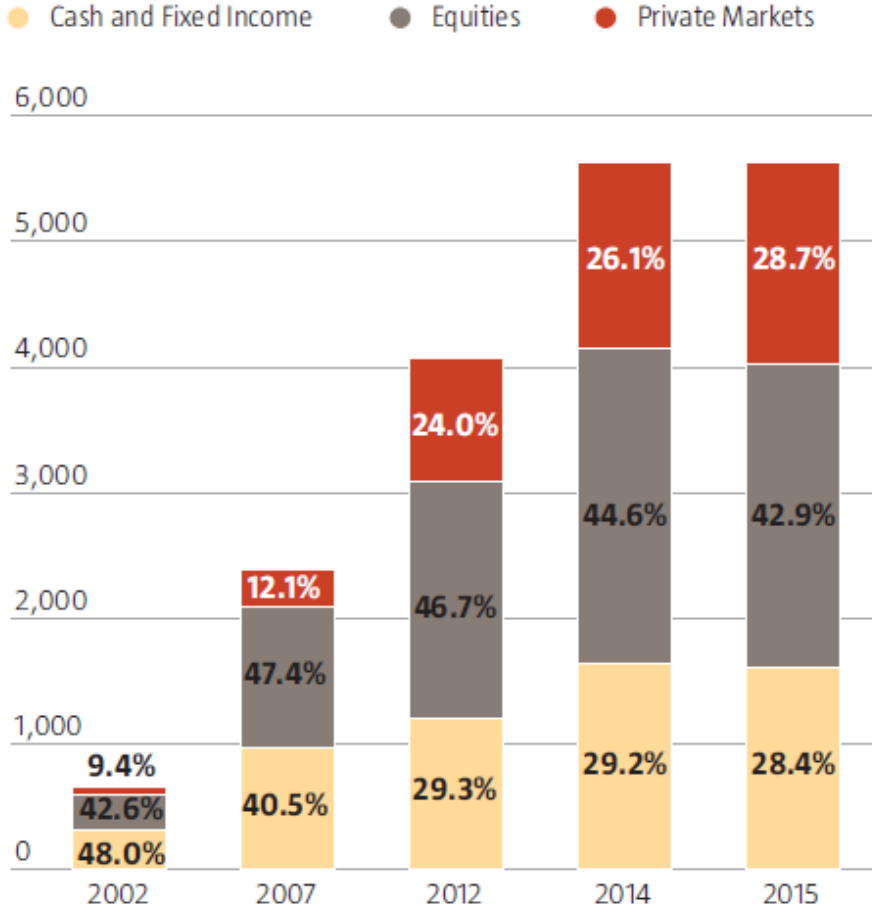
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Barcelona, July 2018

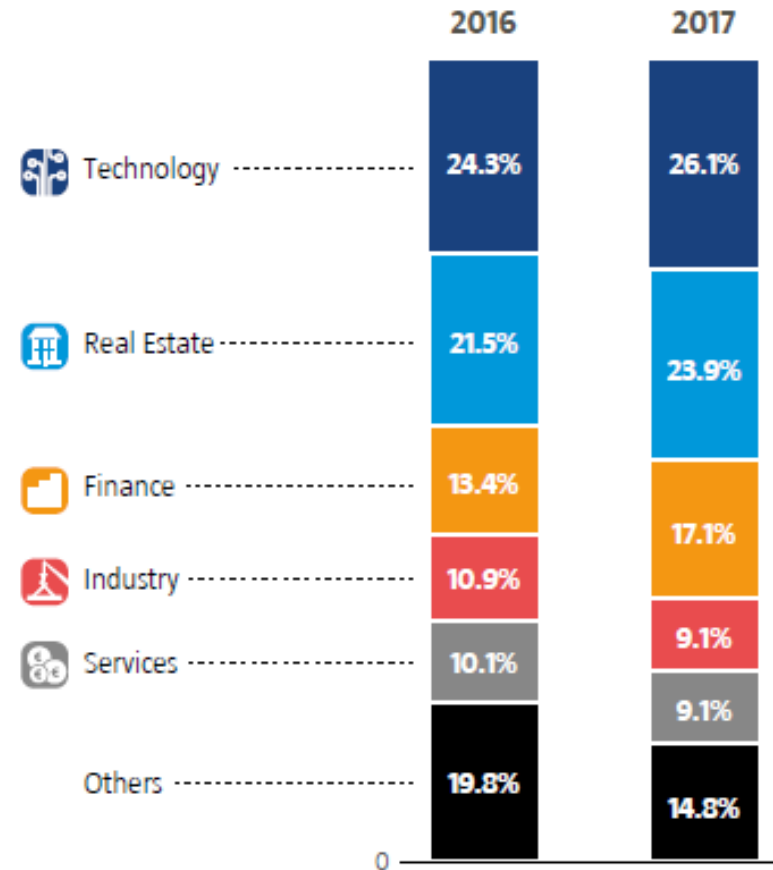
The private markets shift less fixed income, more private markets. Will it reverse now?



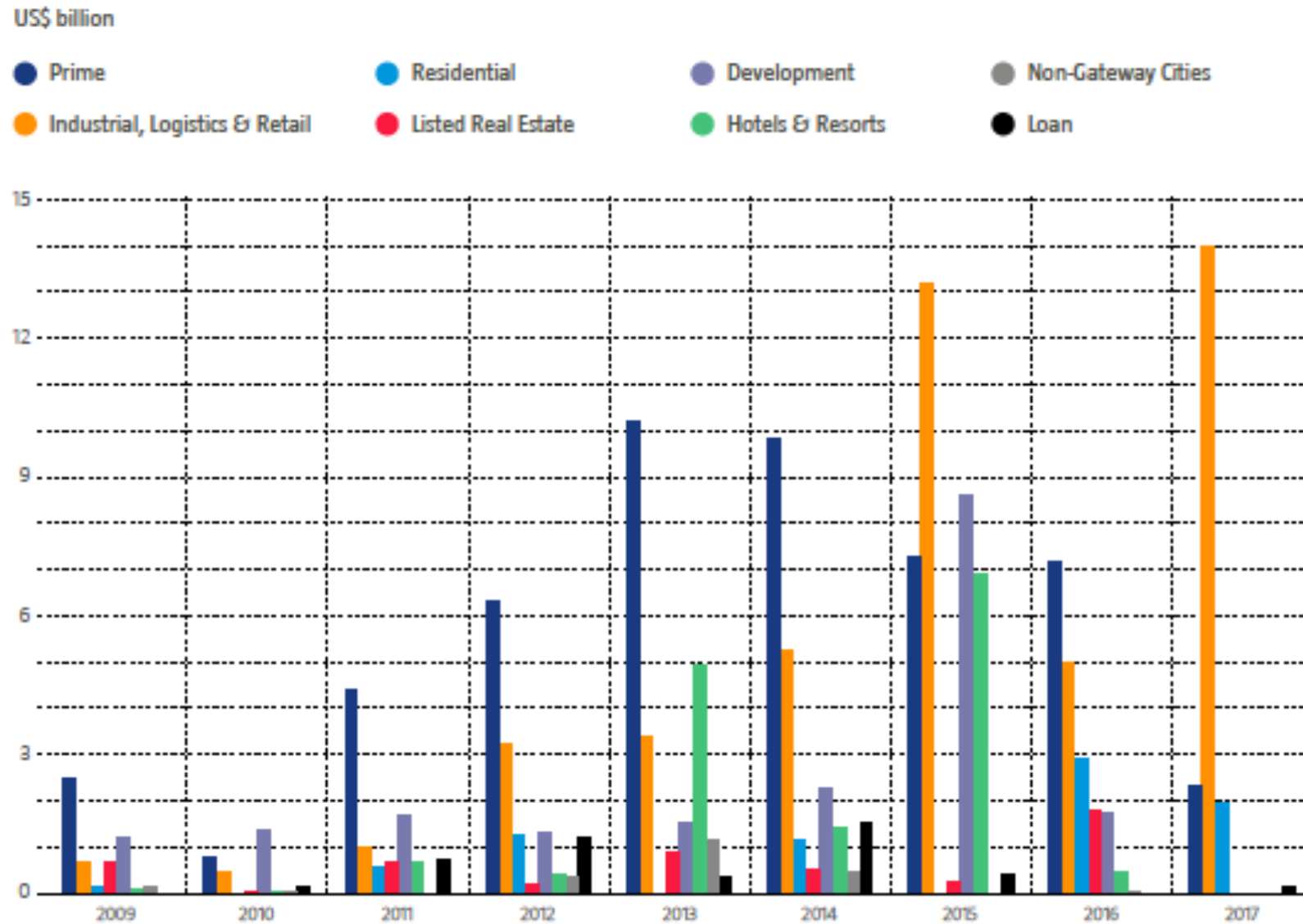
Source: IE Business School – Sovereign Wealth Lab (2017)

SWFs are betting on technology and real estate sub-sectors

% of total deals by sector 2016 - 2017

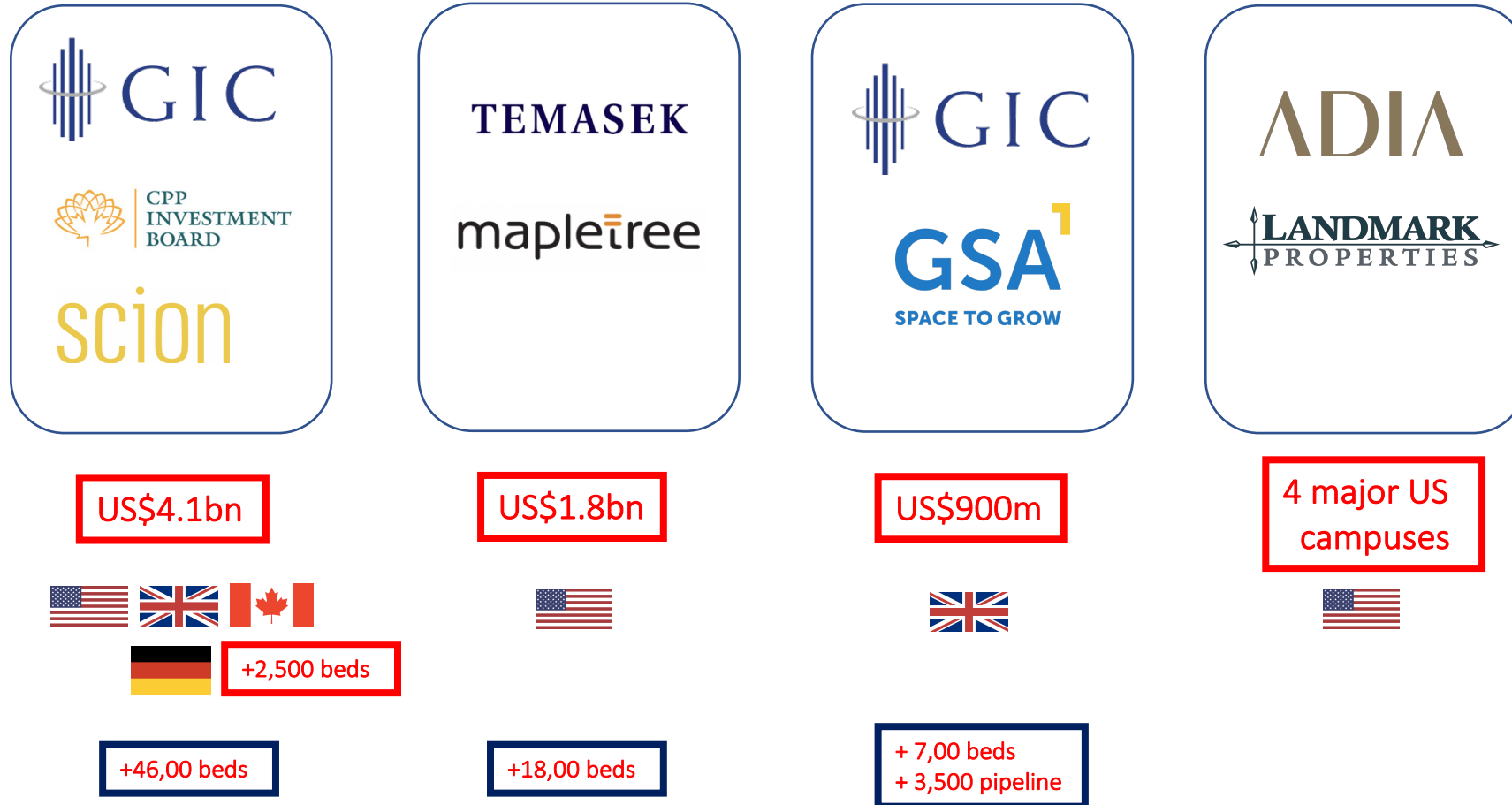


SWFs investing in real estate: logistics and student housing



SWFs are coming back to school

SWFs investing in student housing (2016-2018)



Source: IE Business School – Sovereign Wealth Lab (2017)

Long term investors looking for long term trends

- Demand:
 - Appetite for international studies growing in India and China.
 - Fifth of UK students is from abroad.
 - 40% growth of international-student population in the US over the last 5 years.
- Risks:
 - Geopolitical: Tighter rules on visas.
 - Operational: Demanding tenants and specific academic year cycles.
 - Increasing interest rates: Only sophisticated SWFs will keep investing.
- Opportunity:
 - Counter-cyclical effects. Less leveraged on the economic cycle unlike office, retail and industrial properties.
 - Steady long-term inflation-protected higher returns.
 - Ample room for improvement: under-supply housing in most markets: Continental Europe and Asia.
 - Partner with regional leaders on large portfolio acquisitions.

Long term investors looking for long term trends

From **4 per cent** of worldwide spending by SWFs between 2011 and 2015 in residential real estate to more than **15 per cent in 2016-2017 in student housing** alone.

Sovereign wealth funds are helping to consolidate student housing as an asset class.

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