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# More Layers than an Onion: Looking for a Definition of Sovereign Wealth Funds

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Javier Capapé (https://papers.ssrn.com/sol3/cf\_dev/AbsByAuth.cfm?per\_id=1165336)  
IE University

Tomas Guerrero Blanco (https://papers.ssrn.com/sol3/cf\_dev/AbsByAuth.cfm?per\_id=1926513)  
ESADE University Faculties - ESADEgeo

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## Abstract


We analyze definitions used by researchers about a single concept: Sovereign Wealth Funds (SWF). It is still a matter of recent controversy and debate. We place these definitions into one of eleven categories. The results show full agreement (what we have called ‘the core’) for just two characteristics: SWFs are owned by governments and they are investment funds. Beyond the core, there are three layers commanding general consensus: SWFs are (1) international investors; (2) without explicit pension liabilities; (3) determined by the source of funding. But the debate remains open. The dynamic nature of SWFs, morphing institutions in a continuous evolution led us to conclude that there is no definition capturing the essence of these "new" instruments of state intervention.

**Keywords:** sovereign wealth funds, state capitalism, pension funds

**JEL Classification:** G15, G23, G24, G32, G38, F39, K33, E62, E63

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## 53 References

1.

which typically focuses on short-term fixed-income assets. SAMA and HKMA-EF, give a breakdown of their portfolios on their web sites. SAMA has assets of \$661.7bn of which \$444.7bn 14 are invested in risky assets. 15 HKMA-EF, which primarily invests in bond and equity markets in OECD and emerging countries, owns assets worth \$358bn, of which \$27.2bn 16 are invested in risky assets in its Long-Term Growth Portfolio (LTGP). The organizational structure of both SAMA and HKMA 17 does not reveal the entity as a SWF but their investment strategies qualify them as non SAMA 13 Foreign Holdings (\$661.7bn), from the SWF club. Between them, these three funds conventional central bank risk-hedging Posted: 2011

2.

Meanwhile, by some accounts SAFE's investment portfolio (as distinct from its reserves portfolio) is some of the world's largest SWF. SAFE reports directly to the People's Republic of China Central Bank, while its 'younger cousin' (China Investment Corporation) reports to the State Council. The Chinese government is probably interested in keeping SAFE foreign investment portfolios alive to enhance competitiveness between its two sovereign investment units (CIC manages over \$480bn)

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4.

SAMA had about 70% of their portfolio in foreign assets Posted: 2011-10

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