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SOVEREIGN WEALTH FUNDS IN CENTRAL AND EASTERN EUROPE: SCOPE AND METHODS OF FINANCIAL PENETRATION

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Abstract

The Central and Eastern European (CEE) capital markets (of Poland, Lithuania, Latvia, Estonia, the Czech Republic, Slovakia, Hungary, Ukraine and, to a limited extent, Belarus) are gradually evolving towards increased breadth (diversity) and depth (liquidity), however, they are still exposed to considerable cross-country volatility and interdependence spill-overs – especially in times of capital flight to more established asset classes ("safe havens"). Sovereign Wealth Funds (SWFs) have widely been censured for their undesirable political interference and chronic operational opacity. This paper demonstrates that in CEE, contrary to widespread perceptions attributable to developed markets, SWFs can act as natural and powerful risk mitigators (contributing to a more stable capital base and reduced systemic volatility). Such a proposition is premised on several factors specific to SWFs oriented to CEE. They comprise: strategic long-termism and patience in overcoming interim pricing deficiencies, commitments to elements of a broadly interpreted infrastructure, and absence of overt conflicts of interest with the CEE host economies. The paper, besides reviewing the utilitarianism of SWFs in the CEE's risk mitigation context, highlights regulatory and technical barriers to more SWF funding for CEE. It also recommends policy measures to the CEE economies aimed at luring more host-friendly SWF investment into the region.

JEL classification: G23, G24, G28, F30
Keywords: sovereign wealth funds, SWFs, risk mitigation, stability of financial industries, political impact

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Introduction

The paper, dealing with the current status of sovereign wealth fund (SWF) investments in Central and Eastern Europe (CEE), besides a review of relevant literature, is making recourse to empirical data on transactions concluded by global SWFs in CEE. This research project has been financed from the resources of the Polish National Science Centre (awarded under Decision No. DEC-2012/07/B/HS5/03797).

SWFs rank at the top of institutional alternative managers globally, yet their activity has not been comprehensively addressed in international academic research. Practically no major publication to date has focused on a catalogue of SWF investment in CEE. This endeavour is expected to commence a series of studies specifically devoted to SWF investment potential in the CEE region.

Scope, methodology and limitations

Owing to the lack of explicit information disclosure requirements routinely imposed on SWFs and their limited accountability to financial institutions (let alone retail investors or the public at large), SWFs are widely perceived as relatively opaque (even among alternative investment managers, such as hedge, private equity and exchange traded funds). Even more obscure is their investment activity in the CEE emerging economies, which are still evolving and opening up to international competition, are of local or regional significance (at best) and are equipped with relatively undiversified, illiquid and nebulous financial industries.

This research study (primarily focused on CEE) is based on empirical data garnered from the Sovereign Wealth Fund Institute Transaction Database: arguably the most comprehensive and authoritative resource tracking SWF investment behaviour globally. The findings contained herein indicate low penetration of CEE by global SWFs. Nevertheless, this observation comes with a few important caveats:

1) capital in transit: SWF, particularly those involved in infrastructural or real estate investment projects, often operate through special purpose entities (SPEs), which complicates the identification of their beneficial ownership or accurate and timely portfolio compositions,

2) multinationals: CEE economies are still peripheral to those of more developed European countries, which has far-reaching implications for capital sourcing (funding ultimately reallocated to the region is usually originated outside CEE: at pan-group level, resulting in cost or fiscal efficiencies),

3) limited sovereign transparency: the CEE economies in general represent lower standards of business transparency, which is likely to distort the deal flows (unless they are reported on the donor side.

Mindful of these constraints and comparing SWF activity in CEE with that identified in the donor countries, it can safely be assumed that this empirical research – although not free from error – is sufficiently representative to enable the postulation of tentative conclusions.

The proposed research is interdisciplinary in scope: combining identifiable traces of investment behaviour of SWFs in CEE with an overview of motives embraced by global SWFs and relating them to the CEE context. To the best knowledge of the paper's authors, such an attempt is a pioneering effort, and is expected to initiate a debate on the current and envisaged roles played by SWFs in the CEE region.

Literature review

SWFs, commanding a pool of assets under management estimated at US$ 6.3 trillion (SWF Institute, 2013), currently represent the premier class of alternative investment globally. In 2008 through 2012, SWF assets grew by about 60% (Sovereign Wealth Fund Institute [SWFI], 2013). To put this number in perspective, the much-touted hedge fund industry has a paltry US$ 2.63 trillion under management – including some assets originating from SWFs (Hedge Fund Research, Inc. [HFR], 2013). The rapid expansion of SWFs has mirrored a more profound geopolitical shift of gravity clearly discernible since the beginning of the 21st century: that of emerging economies morphing from world debtors to world creditors (Toloui, 2007; Mezzcapo, 2009). Despite a relatively high degree of functional opacity attributable to numerous SWFs (Linaburg-Maduell Transparency Index, 2014), their stellar rise and multifaceted ramifications for global financial markets and underlying real economies have not entirely eluded scholarly attention and political debate.

Truman (2010), in his pioneering work on SWFs, concluded that SWFs "are here to stay", i.e. had become a permanent element of the global financial landscape. Therefore the question arises: are they a socioeconomic asset or liability from the global perspective? Academics, experts and politicians paint a picture that is a mixture of hope and apprehension.

Truman and others (e.g. Weiner, 2011; Csurgai, 2011) highlight concerns regarding SWF activity. One of such hazards, the pursuit of political and economic power by countries managing large SWFs, appears to be particularly important. Theoretically, as state sponsored actors, SWFs can be used by their mandators for politically driven purposes, potentially harmful for their recipient countries. Even Barack Obama, during his initial presidential campaign in 2008 commented: "I am obviously concerned if these… sovereign wealth funds are motivated by more than just market consideration and that's obviously a possibility" (Lixia, 2010). In reply to such publicly voiced concerns, many scholars have endeavoured to assess to what extent SWFs follow investment strategies driven primarily by financial efficiencies and to what degree they respond to political agendas. Interestingly, depending on the methodologies and time periods applied, varying conclusions come to the fore.

Balding's (2008) analysis of foreign and private equity transactions undertaken by flagship SWFs, pointed to an absence of non-economic investment motives. Balding thus construed SWF policies to follow the path of expected investment efficiency. Lixia (2010) argued that anti-SWF concerns arise mainly from the lack of understanding of SWFs' role and Lixia's research showed no clear evidence of funds acting out of purely political motives. However, other researchers (Knill, Lee & Mauck, 2012; Chhaochharia & Laeven, 2008) argue that SWF investment policies are not entirely driven by profit maximizing objectives and may include political motivation. Clark and Monk (2012) even go so far as defining SWFs as "long-term investors, whose holdings are selected on the basis of their strategic interests (fund and nation) rather than the principles of modern portfolio theory". This definition makes an important distinction between the owner and the fund itself suggesting that sometimes the ruling elites of a country and its fund managers might have conflicting interests.

Pistor (2010) observed that the overriding objective of SWFs is to maximize the gains of the ruling elite in the SWFs' home countries. She thus posited that "SWFs are market investors seeking the highest returns when it suits their overall objective of insuring the ruling elites in their home countries, however, they are willing to depart from this strategy if and when circumstances pose threats to the systems they serve."

Some funds are overt in manifesting their non-financial sensitivities. For example Norway's Government Pension Fund – Global, the largest SWF to operate globally (SWFI Rankings, 2014), is permitted to invest in targets as long as they will satisfy predefined environmental, labour or transparency standards (Chesterman, 2008; Clark, Dixon & Monk, 2013), a form of ethical pre-screening (Social Funds, 2014). That obviously politically-biased behaviour may put them at a disadvantage to purely market-driven collective investment schemes. Some scholars have even pointed to the existence of an SWF-relevant discount in investee equity values vs. the entry of other relatively non-politicised (especially privately owned) institutions (e.g. Bortolotti et al., 2015). A similarly nuanced and empirically borne out impact on SWF target company values was also adduced by Grira (Grira, 2014).

Thus, no clear consensus exists in academic literature as to whether SWFs' investment strategies are solely based on financial objectives and whether they are specifically geared to exert a hands-on effect on corporate value. This trait is expected to be highly fund specific and any pan-industrial conclusions would be highly precarious to draw. However, it would be equally difficult not to concur with Truman (2010) who claimed that "SWFs are political by virtue of how they are established, and by their nature are influenced to some degree by political considerations".

In consequence of their (at least fractional) political sensitivities, the question is whether SWFs contribute to capital market volatility or if they can (potentially) act as market stabilizers. Research on this topic is rapidly expanding alongside SWFs' rising visibility on global financial markets. A few stylised facts can be derived from this ongoing debate.

Firstly, SWFs' distinctive features make them natural market stabilizers. Mezzcapo (2009) claims that the presence of committed investors (such as SWFs) should be considered beneficial, as they are typically: relatively large, highly liquid, long term orientated, not significantly leveraged, with a substantial appetite for risk, less sensitive to market conditions (than other institutional investors) and focused on global portfolio diversification in search for superior returns. Due to such characteristics, SWFs can promote stability in the global financial market. Moreover, as counterintuitive as this may appear, the limited transparency of numerous SWFs may additionally ease pressure on their short term (interim) performance. Since SWFs are not widely accountable for their investment performance, the risk that dramatic short-term losses become a politically sensitive topic and set off a knee-jerk reaction by their managers is thereby minimised.

Secondly, companies tend to profit from SWF investments in a variety of ways. Fernandes' (2009) research on SWF portfolio activities in 2002-2007 demonstrated that the funds had preferred large and profitable corporate targets and that capital markets had placed a high premium on SWF co-investment (such a premium had come up to 20%). Such favourable market reactions to SWFs' entry announcements corroborated the findings of Kotter and Lel (2008). The evidence from Fernandes' paper also implied that SWFs generally neither had aimed at taking active control over companies, nor had harmed the targets and had not aggressively procured inside information or technology. The overall conclusion was that the target firms generally outperform (their peers not backed by SWFs) and that they command higher valuations when SWFs come in.

Thirdly, SWFs generally replicate investment practices of other established classes of institutional investors (such as public pension-, mutual- or hedge funds). Kotter and Lel (2011) inferred that SWF behaviour mirrors that of other institutional investors in their preference for target characteristics and in their impact on target firm performance. Similarities to mutual funds were proved by Avendaño and Santiso (2012) who claimed that despite contrasts in portfolio allocation, the two types of collective investment schemes do not radically differ in their investment routines.

Fourthly, Fernandes (2009) argued that SWFS have the potential to play a stabilising role on worldwide capital markets because they serve as the "buyers-of-last-resort" when markets are falling. Despite their heavy losses sustained during the global financial crisis of 2008 (Kunzel, Lu, Petrowa & Pihlman, 2010), and their domestic bias (during the liquidity crunch SWFs assisted in providing liquidity for their home markets), the funds did not refrain from international lending. For certain cash-strapped companies in the West, they turned out to be veritable "white knights" – friendly investors that despite unprecedented risks moved to salvage distressed businesses. Couturier et al. (2009) cite the example of Barclays, which whilst on the verge of bankruptcy secured a financial bailout from the Abu Dhabi International Petroleum Investment Company (IPIC), although limited information disclosure was made available at the time and certain conditions of the bailout are now deemed onerous.

In a broader context, the SWFs' readiness to invest counter-cyclically (most financial institutions obligated by frequent portfolio valuations tend to be pro-cyclical) is per se a risk mitigation factor.

Finally, no evidence substantiates SWFs' purported penchant for endeavouring to destabilize capital markets. Sun and Hesse (2009) even tried to prove the opposite: in their study they concluded that no discovery of any tangible destabilising effect by SWFs on equity markets had ever been made – at least in the short term. Obviously, they stressed that any comprehensive assessment of the longer-term impact of SWF investments and their potentially stabilizing role would require more in-depth research but thus far SWFs had behaved "responsibly".

Reflecting on SWFs from the perspective of political science, one can perceive them as state-controlled entities that (by definition) are instruments of state-sponsored foreign policy. As Gilpin (2001) noted, even in the context of "a highly integrated global economy, states continue to use their power … to channel economic forces in ways favourable to their own national interests".

By leveraging a SWF, a country can increase its geopolitical sway, exercise control over strategic resources, gain access to privileged technological and military know-how, facilitate espionage or sabotage of sensitive enterprises or infrastructure, but it can also promote sustainable development or gender equality (Steinitz, 2012). In other words, SWFs' stabilising/destabilising inclinations are a function of their sponsoring states. Consequently, it is instructive to analyse the manifest or covert interests and political strategies of countries exerting control over specific SWFs – and not funds as such. In one set of circumstances a given SWF can contribute to financial stability but in another the very same SWF can foment a hostile political strategy of its state.

Actors and their investment portfolios: impact on financialisation in CEE

As far as the SWFs presence in the region is concerned, there is a conspicuous lack of accurate data. SWF activities in CEE, unlike other types of collective investment schemes involved in alternative assets (e.g. hedge, private equity and exchange-traded funds), have not yet been comprehensively analysed in terms of impact on financial markets. CEE is not identifiable from either "Europe" or "emerging markets" in most publications showing regional distribution of SWF investments (e.g. Castelli & Scacciavillani, 2012). As a result, academic literature on SWFs lacks precise coverage of the value and structure of SWF investments in the CEE countries. The use of the SWF Institute Transaction Database has thus been complemented by media reports on SWF investment activity in the region. As displayed in Table 1 below, the total SWF investments in CEE can be estimated at a lacklustre US$ 10bn (accounting for transactions whose value has not been officially disclosed and possibly other financial commitments uncovered by all major databases). The lion's share (over two-thirds by value and by number) of the investments has been earmarked for Poland, the largest economy in CEE. The Norwegian Government Pension Fund – Global accounts for the bulk of all SWF investments committed to CEE, commanding over three-quarters of the pan-CEE total by investment value. Its competitive position is shown in Table 2.

Table 1: Breakdown of SWF investments in CEE by country as at 31 July 2014

Country	Number of investments	Value of investments (in US$m)	% of total SWF investments in CEE
Czech Republic	6	1325	16,4%
Estonia	1	16	0,2%
Hungary	11	889,22	11,0%
Lithuania	2	94	1,2%
Poland	86	5455	67,6%
Slovakia	1	287,73	3,6%
Total	**107**	**8067**	**100,0%**

Source: Own calculations based on available media sources, Sovereign Wealth Fund Institute data feeds and SWF official information disclosure.

Table 2: Breakdown of SWF investments in CEE by SWF institution as at 31 July 2014

SWF	Investments in CEE	% of total SWF investments in CEE	Targeted Sectors
Abu Dhabi Investment Corporation (ADIC)	156	1,9%	Real Estate
China Investment Corporation (CIC)	1000	12,4%	Healthcare, Satellite Communications
China State Administration of Foreign Exchange (SAFE)	n/a	n/a	Real Estate
Goverment Investment Corporation (GIC)	330,22	4,1%	Infrastructure
Government Pension Fund Global (GPFG)	6160	76,4%	T-bonds
Kuwait Investment Authority (KIA)	421	5,2%	Real Estate
Qatar Investment Authority (QIA)	n/a	n/a	Real Estate

Source: Own calculations based on available media sources, Sovereign Wealth Fund Institute data feeds and SWF official information disclosure.

The relatively insubstantial value of SWF investments in CEE and the lopsided exposure of the world's biggest SWFs to the region (especially the significant disparity between Norway's Government Pension Fund – Global exposure and the activity of the likes of Abu Dhabi Investment Authority or China Investment Corporation) may partially be explained by the limited depth and breadth of the CEE capital markets. CEE's financial sectors are much less liquid (e.g. if measured via lending to the private sector or stock market capitalisations related to GDP or per capita) than developed financial industries, which renders equity listed in CEE by far less approachable to large, globally active and diversified financial players (the hallmarks of SWF activity). This relative unattractiveness of CEE financial markets is also reflected by a lower degree of their overall "financialisation", as defined by T. I. Palley (2007) to represent "a process whereby financial markets, financial institutions, and financial elites gain greater influence over economic policy and economic outcomes". The aforementioned factors put together help to explain why the current edition of the most comprehensive benchmarking study of financial market competitiveness (the Global Financial Centres Index 15, 2014) ranks Warsaw only 60th, Prague 75th, Budapest 77th, and Tallinn 81st worldwide (with Vilnius and Bratislava not even meriting a mention).

The limited overall penetration of CEE by global SWFs (recapitulated in Appendix 1) is also noteworthy in the context of SWF investment distribution across industries or individual companies.

Furthermore, SWFs thus far active in CEE come from donors that have no international disputes with any of the CEE host countries, whereas Norway (a NATO member and operator of the largest global SWF with notable exposure to CEE) is politically allied with all the CEE host countries (CIA Factbook, 2014). Additionally, given the concentrated structure of CEE-bound foreign direct or indirect investment inflows, the arrival of Middle Eastern or East Asian SWF investment inflows can be hailed as a welcome diversification measure and, prospectively, a convenient entryway to more potential investment (in various forms). …Similarly, the breakdown of SWF investment in CEE by asset class shows that the SWFs currently present in this region predominantly focus on Government/Treasury bonds, infrastructural and real estate projects (Table 3). In view of pressing budgetary exigencies and relative underdevelopment of the infrastructural and real estate sectors in this region, such involvement can be construed as highly beneficial to the host economies (thereby partially filling a void left out by the shallow domestic funding sources and counterbalancing a general dearth of inbound international capital). Such an interpretation of SWF behaviour is based on the traditional neorealist paradigm established in political science (Lenihan, 2013) and useful in explaining the particular role of SWFs in stabilising the CEE capital markets. We can thus assume that SWF activities in the region could be potentially harmful only if the donor state were to demonstrate explainable interests in destabilising the CEE financial markets and the scale of involvement were to be material. As for the first prerequisite, among all the largest SWFs owners only Russia and Norway are deeply politically involved in the CEE region. From the two, only Russia may have political interests in destabilising CEE countries – because of its geopolitical ambitions (Fedorov, 2013).

Tabela 3: Top global SWFs' asset allocation vs. CEE oriented SWFs' asset allocation as at 31 July 2014

	GPFG	ADIA	CIC	GIC	SWFs in CEE
Equities	60%	43% - 67%	40%	35% - 50%	32%
T-Bonds/Fixed income	35% - 40%	10% - 20%	17%	29% - 36%	56%
Credit instruments	-	5% - 10%	-	-	0,5%
Alternative assets	-	5% - 10%	11,8%	-	-
Real estate	5%	5% - 10%	28,2%	9% - 13%	5%
Private equity	-	2% - 8%		11% - 15%	-
Infrastructure	-	1% - 5%		-	7%
Cash and related instruments	-	0% - 10%	2,6%	-	-

Source: Own calculations based on available media sources, Sovereign Wealth Fund Institute data feeds and SWF official information disclosure.

However, the assets of Russian SWFs have been largely reabsorbed domestically and cannot be used as an effective instrument of economic statecraft (Shemirani, 2011). Sanctions imposed by the US, the EU, a host of other countries and international organisations have prompted the Kremlin to fall back on the SWFs' assets to shore up the cash-strapped national budget and the wobbly Russian rouble (Flood, 2015).

The political involvement of China, Singapore or the Gulf states in CEE is highly limited. Consequently, they do not have vital national interests in the region that could potentially validate hostile manoeuvring via SWFs.

Neither does the second precondition (material impact on the CEE host economies or targets), as aforementioned, indicate imminent potential for adverse political ramifications.

Conclusions and recommendations for policy making and further research

Given the empirical data under review, no direct, noxious effects can be attributed to SWFs operating in CEE. Conversely, the CEE economies stand to gain from a higher influx of SWF investment in the following ways:

1) funding diversification: financing sources accessible to the CEE economies are still relatively scarce, inefficient and narrow – ongoing, rising commitments from SWFs are poised to play an important role in enriching the selection of investors available to CEE, thereby mitigating the "hot money" ebbs and flows affecting the region,

2) complementary character: given SWF's emphasis on investment projects whose payback horizons are remote and the prevalent short-termism of most financing sources established in CEE, SWFs are likely to embrace investment opportunities hardly acceptable to other investor classes,

3) risk absorption: the distinctive character of SWF investment patterns globally (risk tolerance, extended investment horizons, countercyclical behaviour) makes them particularly well suited to stabilize CEE financial markets – insufficiently bolstered by institutional capital.

To further tap global SWFs, CEE will have to reform its institutions in several ways, of which the most important are:

1) broader and deeper financial centres: evidently, SWFs active in CEE are under-represented in the public equity domain – to attract more SWF activity the CEE financial industries have to evolve towards more breadth (diversity of investible assets) and depth (predictable liquidity),

2) deregulation and active origination: the CEE countries need to deregulate foreign direct investment/ capital controls and establish sustainable mechanisms for soliciting SWF business (i.a. through teams of committed and skilled professionals),

3) investor friendliness: given the origins of numerous SWF operations (the Middle East and East Asia) the CEE host countries should, on the one hand, refrain from political initiatives disapproved by the donors, and, on the other, foster socioeconomic and cultural proximities to these areas.

A great deal more cross-disciplinary research needs to be conducted to fully illustrate dilemmas related to the prospects of large-scale and sustainable SWF investment in CEE. This pioneering attempt will (as fervently hoped by the authors) serve as a convenient prelude to a multifaceted debate on the envisaged and desirable role of future SWF investment in the region.

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Appendix 1: SWF investments in CEE as at 31 July 2014

Country of the Target Entity	Acquiror Entity	Final Transaction Date (dd.mm.yyyy)	Investment Type	Transaction Amount (US$m)	% stake acquired	Target Industry
Czech Republic	Government Pension Fund - Global	n/a	bonds	23	-	Infrastructure
Czech Republic	Government Pension Fund - Global	n/a	bonds	69	-	Energy
Czech Republic	Government Pension Fund - Global	n/a	listed equity	71	0.49%	Energy
Czech Republic	Government Pension Fund - Global	n/a	T-bonds	1004	-	-
Czech Republic	Government Pension Fund - Global	n/a	listed equity	36	0.42%	Financials
Czech Republic	Government Pension Fund - Global	31.12.2013	listed equity	2	0.54%	Telecommunication Services
Czech Republic	Abu Dhabi Investment Authority	n/a	unlisted equity	120	50.00%	Real Estate
Estonia	Government Pension Fund - Global	n/a	bonds	16	-	Energy
Hungary	Government Investment Corporation	07.06.2007	unlisted equity	330.22	17.38%	Infrastructure
Hungary	Government Pension Fund - Global	n/a	T-bonds	323	-	-
Hungary	Government Pension Fund - Global	n/a	bonds	49	-	Financials
Hungary	Government Pension Fund - Global	31.12.2013	listed equity	1	2.59%	Industrials
Hungary	Government Pension Fund - Global	31.12.2013	listed equity	19	1.94%	Telecommunic-ation Services
Hungary	Government Pension Fund - Global	31.12.2013	listed equity	27	0.72%	Healthcare
Hungary	Government Pension Fund - Global	n/a	listed equity	0.7	0.94%	Financials
Hungary	Government Pension Fund - Global	n/a	listed equity	0.1	0.18%	Information Technology
Hungary	Government Pension Fund - Global	n/a	listed equity	71	0.97%	Energy
Hungary	Government Pension Fund - Global	n/a	listed equity	68	1.24%	Financials
Hungary	Government Pension Fund - Global	n/a	listed equity	0.2	0.29%	Consumer Discretionary
Lithuania	Government Pension Fund - Global	n/a	listed equity	3	2.77%	Aerospace

Lithuania	Government Pension Fund - Global	n/a	T-bonds	91	-	-
Poland	Abu Dhabi Investment Authority	n/a	listed equity	n/a	n/a	n/a
Poland	Kuwait Investment Authority	n/a	listed, unlisted equity	400	n/a	n/a, Real Estate
Poland	Government Investment Corporation	n/a	n/a	n/a	n/a	Financials
Poland	Abu Dhabi Investment Authority	05.22.2013	credit granting	35	-	Real Estate
Poland	Government Pension Fund - Global	n/a	T-bonds	2826	-	-
Poland	Qatar Investment Authority	xx.11.2013	unlisted equity	n/a	n/a	Real Estate
Poland	China State Administration of Foreign Exchange	xx.09.2013	unlisted equity	n/a	n/a	Real Estate
Poland	Kuwait Investment Authority	10.18.2007	unlisted equity	21	n/a	Real Estate
Poland	China Investment Corporation	n/a	listed equity	1000	n/a	Healthcare, Satellite Communications
Poland	Government Pension Fund - Global	-	listed equity	476	-	Financials
Poland	Government Pension Fund - Global	-	listed equity	127	-	Consumer Discretionary
Poland	Government Pension Fund - Global	-	listed equity	20	-	Consumer Staples
Poland	Government Pension Fund - Global	-	listed equity	223	-	Energy
Poland	Government Pension Fund - Global	-	listed equity	7	-	Healthcare
Poland	Government Pension Fund - Global	-	listed equity	152	-	Industrials
Poland	Government Pension Fund - Global	-	listed equity	38	-	Information Technology
Poland	Government Pension Fund - Global	-	listed equity	50	-	Materials
Poland	Government Pension Fund - Global	-	listed equity	21	-	Telecommunication Services
Poland	Government Pension Fund - Global	-	listed equity	44	-	Real Estate
Poland	Government Pension Fund - Global	-	listed equity	15	-	Utilities

Slovakia	Government Pension Fund - Global	n/a	T-bonds	287	-	-
Slovakia	Abu Dhabi Investment Authority	09.28.2006	unlisted equity	0.7	-	Real Estate
Slovakia	Abu Dhabi Investment Authority	08.17.2009	unlisted equity	0,03	-	Real Estate
			Total	**8 067**		

Source: Own calculations based on Sovereign Wealth Fund Institute Transaction Database datasets (available online at: http://www.swftransaction.com/) [31.07.2014], target company names may be communicated (upon request to the Authors), note: "xx" indicates the unavailability of exact transaction dates.