CORE
CONCEPT

Sovereign Wealth Fund Management: Investment Policy, Asset Allocation and Direct Investing

10 – 14 May 2027
London - Central London four-star

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Introduction:

Sovereign wealth fund management fails quietly when a fund's mandate, liquidity needs and risk appetite are never translated into an investment policy the team can execute. Stabilisation reserves end up in illiquid assets, savings funds chase short-term returns and development mandates drift into projects no one can value. This Core Concept course takes investment, strategy and risk staff from fund objectives through asset allocation, mandates, direct deals and performance reporting. Participants build a Sovereign Fund Investment Policy Statement and Strategic Asset Allocation for a hypothetical development fund. The course is educational and gives no investment advice.

Course Objectives:

- Classify a state investment vehicle as a stabilisation, savings, development, pension reserve or strategic fund and derive its return target, horizon and liquidity profile
- Draft an investment policy statement that sets return objectives, risk tolerance, eligible assets, rebalancing rules and delegated authorities for a sovereign portfolio
- Construct a strategic asset allocation with a reference portfolio, risk budget and liquidity tiers suited to the fund's mandate and funding source
- Select and monitor external asset managers and private market general partners through mandate design, manager due diligence and co-investment rights
- Evaluate direct investment and co-investment opportunities with sovereign-specific screening, valuation cross-checks and post-deal value creation tracking
- Report fund performance against policy benchmarks and apply the Santiago Principles and sustainable investing commitments to disclosure and stakeholder reporting

Target Audience:

- Investment staff who build and rebalance sovereign and state fund portfolios across public and private markets
- Strategy and asset allocation teams who translate a fund's mandate into policy portfolios and risk limits
- Risk and investment control staff who set risk budgets, liquidity limits and exposure monitoring for state capital
- Finance ministry and treasury teams who define fund mandates, funding and withdrawal rules and review fund results
- Portfolio management and value creation staff who oversee companies held by a state investment vehicle
- Governance, reporting and investor relations staff who prepare fund disclosure and annual reporting

Course Outline:

Day 1: Sovereign Fund Mandates, Types and Funding Sources

- Sovereign Fund Typology: Stabilisation, Savings, Development, Pension Reserve and Strategic Funds
- Funding Sources: Commodity Revenue, Fiscal Surplus and Foreign Exchange Reserve Transfers
- Deposit and Withdrawal Rules Linking the Fund to the Public Budget
- Investment Horizon, Return Target and Liquidity Needs Matrix by Fund Type
- Current-State Mandate Diagnostic for a Hypothetical State Investment Vehicle

Day 2: Santiago Principles, Investment Policy and Asset Allocation Models

- Santiago Principles GAPP at Overview: Legal Basis, Governance and Investment Practice Pillars
- Operational Independence and the Owner, Board and Investment Committee Delegation Chain
- Investment Policy Statement Anatomy for a Sovereign Portfolio
- Reference Portfolio Versus Policy Portfolio and Endowment-Style Allocation Approaches
- Mean-Variance, Risk Parity and Scenario-Based Allocation Methods Compared

Day 3: Mandates, External Managers and Direct Investing

- Public Market Mandates: Index, Enhanced and Active Equity and Fixed Income Sleeves
- Private Market Programme Design: Commitment Pacing and Vintage Diversification Plan
- General Partner Selection Scorecard and Limited Partner Rights in Side Letters
- Co-Investment and Direct Deal Screening Funnel with Sovereign-Specific Criteria
- Valuation Cross-Check: Discounted Cash Flow, Comparable Transactions and Precedent Deals

Day 4: Risk Budgeting, Portfolio Oversight and Performance Measurement

- Liquidity Tiering and Drawdown Stress Tests for Stabilisation and Savings Capital
- Tracking Error, Active Risk Budget and Exposure Limit Framework
- Portfolio Company Value Creation Tracker and Ownership Stewardship Plan
- Policy Benchmark Construction and Total Fund Performance Attribution
- Development Mandate Pitfalls: Crowding Out, Concentration and Politically Driven Deals

Day 5: Sustainable Investing, Transparency and the Capstone Allocation Build

- Sustainable Investing Policy: Exclusions, Integration and Climate Scenario Overlay
- Transparency and Annual Report Disclosure Checklist Mapped to the Santiago Principles
- Development Fund Case: Mandate, Funding Rule and Liability-Free Horizon Assumptions
- Strategic Asset Allocation Spreadsheet Build with Liquidity Tiers and Risk Budget
- Investment Policy Statement Presentation and Investment Committee Challenge Panel

Skills You Will Gain:

- Sovereign Mandate Analysis
- Investment Policy Drafting
- Strategic Asset Allocation Modelling
- Risk Budget Setting
- External Manager Selection
- Co-Investment Screening
- Benchmark and Attribution Analysis
- Sovereign Fund Disclosure

Why Attend This Course:

- Return with a Sovereign Fund Investment Policy Statement and Strategic Asset Allocation built for a hypothetical development fund and tested before an investment committee panel
- Explain to ministry and board stakeholders why a fund's type and funding rule dictate its liquidity, horizon and risk appetite
- Challenge external managers, general partners and deal teams with sovereign-specific questions on fees, alignment and value creation
- Compare allocation and direct investing practice with peers from sovereign funds, finance ministries and state holding companies

Conclusion:

Sovereign wealth fund management succeeds when every allocation, mandate and direct deal can be traced back to the fund's purpose, funding source and liquidity needs. The course moves from fund types and deposit and withdrawal rules, through the Santiago Principles and allocation methods, to external mandates, co-investment and valuation, then to risk budgets, portfolio oversight and benchmarking. The final day turns this material into an Investment Policy Statement and Strategic Asset Allocation for a development fund case, defended before peers.