
**THE CENTER FOR EMERGING MARKET ENTERPRISES (CEME)
SOVEREIGN WEALTH FUND INITIATIVE**

The Center for Emerging Market Enterprises (CEME) at the Fletcher School, Tufts University has been established as the first global center to: be a leading global hub for research, study, and networking devoted to enterprises in the emerging markets; and promote understanding and engagement that contributes to global prosperity and stability. CEME draws on an extensive network of leading professionals in private, public, academic and non-government enterprises in emerging and developed countries.

CEME has launched the Sovereign Wealth Fund Initiative (SWFI), a research program for and about Sovereign Wealth Funds (SWFs) and the cross-border public policy issues they are facing. SWFI provides SWF leaders with a value-neutral venue and world-class resources to develop insights and policies for anticipating and managing external relationships and potential conflicts.

SWFI includes:

- Interviews with SWF leaders to discuss and develop key cross-border public policy issues.
- Dedicated research including a confidential report based on the interviews and additional research, to be shared exclusively with SWFs.
- A private annual meeting where SWF leaders come together to:
 - o develop insights and policies to improve management of external relationships and potential conflicts
 - o share their experiences, expertise and practices
 - o hear from leading selected experts on critical topics

SWFI Leadership and Execution

The SWFI is directed by Dr. Eliot Kalter, CEME Senior Fellow, and supervised by Chuck Bralver, Executive Director, The International Business Center at The Fletcher School. Additional support will come from Dr. Patrick Schena, Adjunct Assistant Professor of International Business and other key professors at The Fletcher School. Supplementary SWFI research will be carried out by highly qualified master's degree students.

SWFI Research Program

The research topics to be addressed through analysis and principal interviews include:

- **SWF Strategic Mission and Investment Objectives**

SWF charters reflect a mix of emerging global practices and unique local constituencies and circumstances. Clear objectives and matching charters are the basis for determining and meeting investment objectives, setting out benchmarks, clarifying management accountability, and establishing the terms and the degree of transparency.

- What are the missions of existing SWFs?
- How have these missions been formed and made operational? What is behind the evolving nature of these missions?
- What is the path between forming the mission of a SWF and its investment objectives?
- What are current concerns and obstacles in SWF mission formation and execution?

- **SWF Strategic Mission and Political Risks**

Citizens, government, domestic and foreign financial market participants, and destination countries are all affected by SWF decisions. As SWFs' share of global saving grows, financial and political ramifications that are normally irrelevant to traditional money managers must be addressed.

- How has the increased visibility and high profile of SWFs affected their missions and operations?
- What obstacles do SWFs face in meeting generally accepted principles and practices?
- What country-specific issues must be faced when weighing SWF missions and political risks?

- **Anticipating and Managing Conflicts**

International organizations and G-7 governments have proposed (and agreements have been reached) that SWF operating guidelines be based on transparency, accountability, and "endowment" or pension manager styles to reduce political-based risks the SWFs face.

- What are the best ways for SWFs to manage external relationships?
- What obstacles remain for the ongoing international process to successfully reduce international tensions?
- What policies can effectively counter "financial protectionism?"

- **Legal Aspects of Issues, Challenges and Risks**

Investments by SWFs may be subject to different types of regulation by a number of agencies in recipient countries, including securities regulation and corporate governance, foreign investment vetting agencies, financial institution regulation, and regulation of strategic sectors and anti-monopoly rules.

- What are the best ways for SWFs and regulators to manage these legal challenges?
- Is different treatment of these issues by recipient countries affecting SWF investment allocation decisions?

Major themes have emerged in our research and interviews that can be categorized under our main research topics:

- Strategic Mission and Investment Objectives
 - *Mission and Global Focus*
- Strategic Mission and Political Risks
 - *The Global Financial System and the Future Global Financial Architecture*
- Anticipating and Managing Conflicts
 - *Generally Accepted Principles and Practices*
- Legal Aspects of Issues, Challenges, and Risks
 - *SWFs as Recognized Global Participants Face Discriminatory Restrictions*