

Sovereign Wealth Preservation Fund, Ltd.

Washington, DC, firm to offer new comprehensive approach to sovereign commodity-based wealth management

Elena J. Shirley, Senior Director – Product Development and Global Services at GRAVITAS, provides insight into this new approach

What is the Sovereign Wealth Preservation Fund, Ltd?

Historically, countries that have benefited from commodity price booms have also experienced great difficulty finding ways to stabilize economic and social spending – specifically during the aftermath periods when prices have fallen back. Price Stabilization Funds have had a spotty record in the past, either because of how they were structured or managed. What GRAVITAS proposes here is a new vision and methodology that enables Sovereigns to continue to meet public spending priorities while hedging against the fiscal implications of future commodity price adjustments. This new methodology is being offered in a single, comprehensive vehicle: the Sovereign Wealth Preservation Fund, Ltd.

How does the Sovereign Wealth Preservation Fund work?

Looking at how Stabilization Funds have worked in the past,



Elena J. Shirley, Senior Director – Product Development and Global Services

we observed a significant disparity between the priorities and needs of the public sector and the actual management of these types of funds. What the Sovereign Wealth Preservation Fund is offering is an efficient alignment between public needs and priorities and the structure and management of the proposed vehicle. The interesting observation is that the concepts exist on the retail side but have never been implemented to the benefit of the public institutional side. We are proposing to do just that.

Each Sovereign has many different priorities. How can you ensure

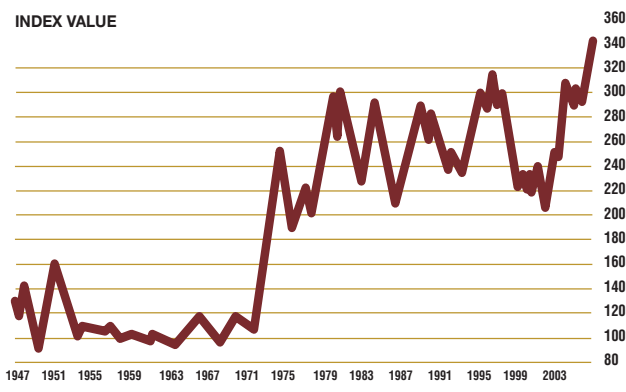
that the Fund meets their needs? What is the process?

We start by defining what the client's public priorities are, and both the kind and level of fiscal counter-cyclical the Sovereign client wants to achieve. These priorities can include funding pension liabilities, education, infrastructure building as well as supporting a macro-economic repositioning in the global economy. That information is fed into our models and analyses and enables us to propose tailored solutions that are in line with the Sovereign client's objectives.

Offering fiscal counter-cyclical in a single vehicle is an attractive feature. How do you source your ideas?

At GRAVITAS, the focus is on creating a productive interaction between new ideas, out-of-the-box thinking and our clients' needs. In both our Sovereign Solutions Practice and our Total Return Products, you will find a keen emphasis on problem-solving. One of the firm's competitive advantages is not only in the conceptualization of new problem-solving methods, but in their timing and execution. In the realm of Sovereign Solutions, it's important to note that the team has extensive international and sovereign experience. ■

CRB Spot Index 1967 = 100 (Monthly Close)



Source: Commodity Research Bureau (CRB)

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