The Singapore fund's asset allocation was 45 per cent in international equities, 41 per cent in international bonds, and 0.3 per cent in real estate – and the fund returned -2.5 per cent. But this is the result from 7.1 per cent in the first quarter of the year. The fund returned 7.1 per cent last year. The mandate given to these funds varies and their investment strategies can be different.

While sovereign wealth funds are independent organisations tasked with investing funds provided by governments, they are also given mandates by those governments as to the scope of investment. The directors of a fund decide on the investment strategy that should be adopted in order to fulfil the fund’s mandate.

NBIM also uses its ownership rights in its portfolio of companies to promote good corporate governance and high social and environmental standards. If questions arise about ethical standards in those companies, it would highlight the issue to the government stakeholders, and it can sell off the shares if necessary.

The ministry regularly transfers petroleum reserves to the fund. The capital is invested abroad, to avoid overheating the Norwegian economy and to shield it from the effects of oil price fluctuations. The fund invests in international equity and fixed income securities, and real estate. The aim is to diversify investment risks with the highest possible risk-adjusted returns within the ministry's guidelines. NBIM also owns the fund on behalf of the Norwegian people.

The Sovereign Fund Institute defines such a fund as "a state-owned investment fund or entity that is established by a government for the purpose of accumulating, preserving, increasing and directing its holdings in a stable strategy in order to deliver sustained long-term financial returns. Funds seek to achieve this objective through the prudent management and diversification of long-term cash holdings, which can be used for opportunistic investments, especially in real estate and private equity which are likely to provide higher returns.

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