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Role of Asian Pension Funds

by

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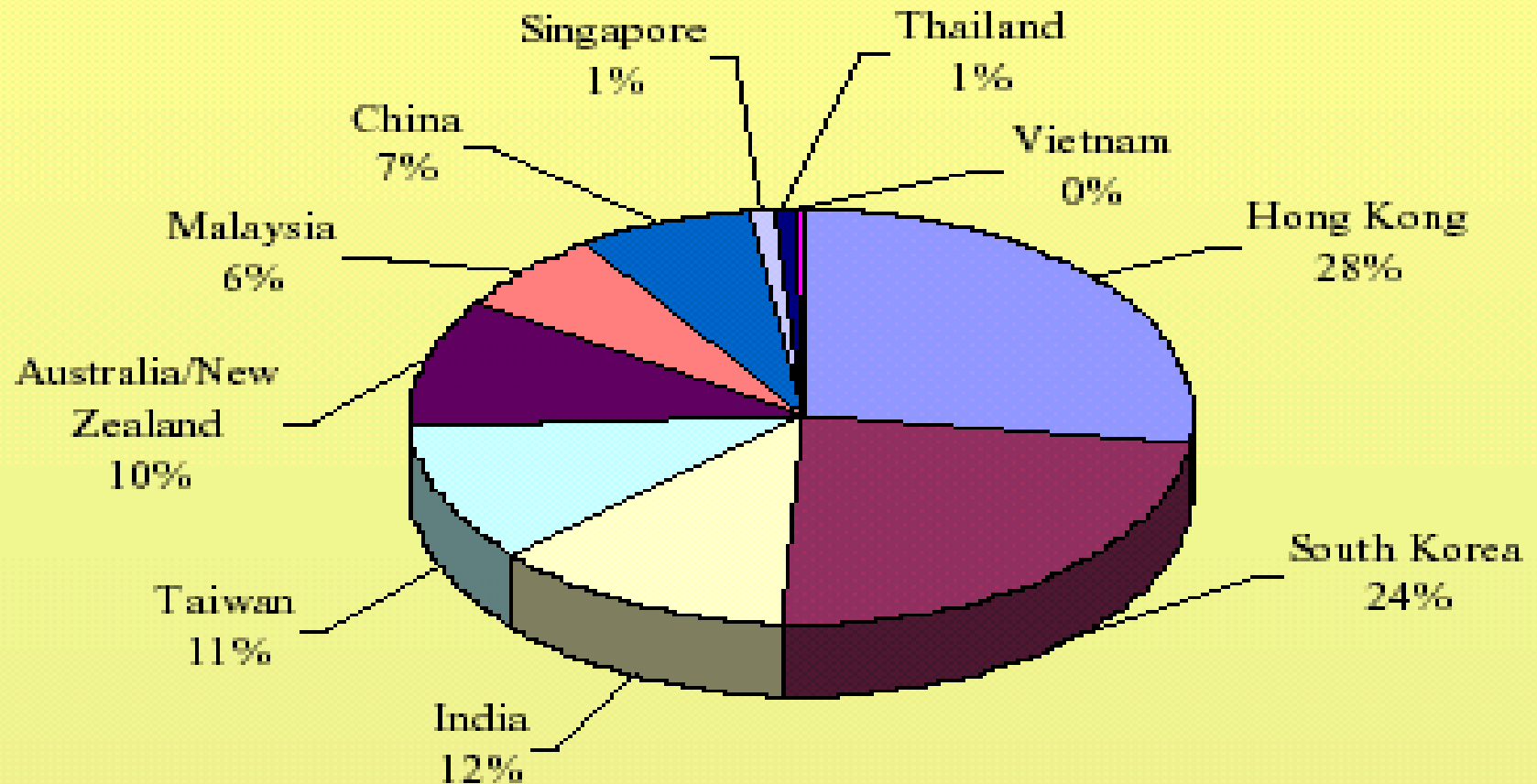
Government Pension Fund, Thailand

17 May 2004



Private Equity

- ❖ A Challenge for pensions
- ❖ Diversify risks & enhance returns
- ❖ A search for sleeping beauty



2003 Fundraising by Nation

Source: Thomson Venture Economics



Private Equity in Asian Pension Funds

- ❖ No reliable source
- ❖ Many pensions have no exposure
- ❖ Corporate pensions in Japan has 0.13% exposure



Private Equity in Asian Pension Funds

- ❖ EPF about 1% of total assets
- ❖ CPF invests indirectly via GIC
- ❖ GPF allocates 3% in AI
- ❖ MPF sets 10% limit on other securities



Private Equity in Asian Pension Funds

- ❖ Investment restrictions in Taiwan & Korea
- ❖ Nil in China, India, Philippines, Indonesia



Reason not to Invest

- ❖ Investment restriction
- ❖ Lack of comfort



Exit strategy & Board seat



Cooking Your Money

- ❖ Adaptation to culture
- ❖ Family-tied management
- ❖ Partnership governance

Thailand Private Equity

- ❖ Automotive
- ❖ Agribusiness
- ❖ Hospitality & Leisure



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