

Session 3:  
Trends in Reserve Management in times of  
Geopolitical and Macroeconomic Uncertainty

# Trends and Challenges in Reserve Management

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State Street Investment Management

**2026 ASIAN REGIONAL FORUM  
ON INVESTMENT MANAGEMENT  
OF FOREIGN EXCHANGE RESERVES**

# Trends and Challenges in Reserve Management

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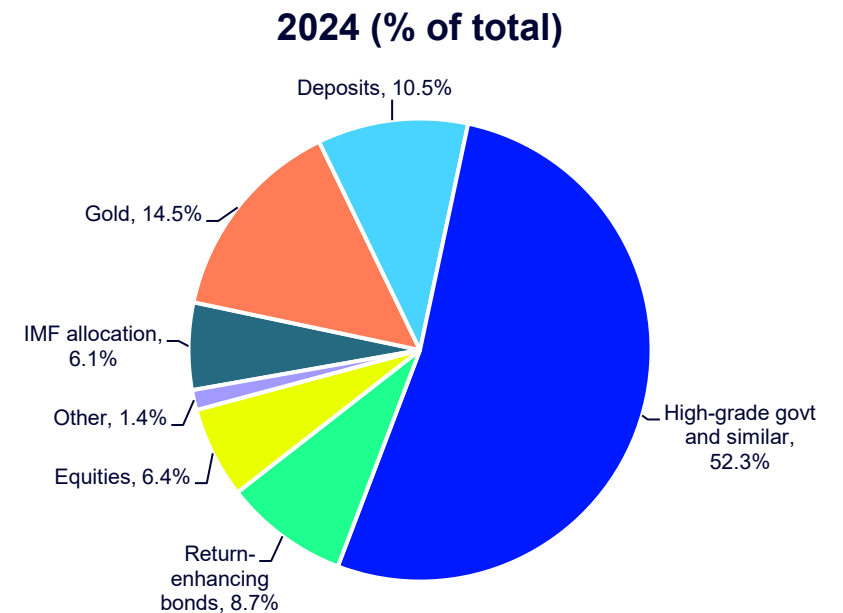
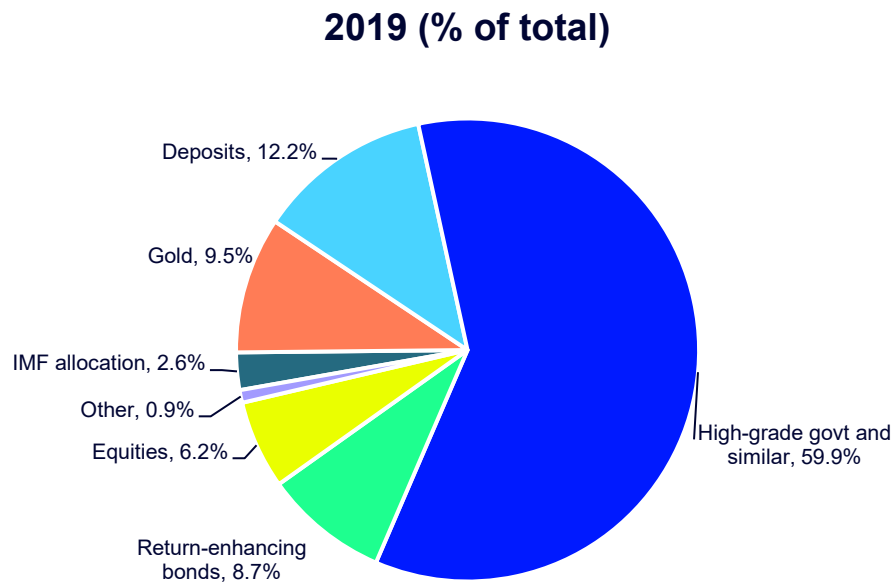
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# Central Bank Reserve Portfolio Allocation

- There has been a clear shift in allocations away from deposits and government securities on the one hand to higher IMF reserve positions and gold holdings on the other.
- The shift towards IMF reserves was mechanistic, following the large SDR allocation in 2021. In contrast, the rise in gold is intentional and is due to shifts in the geopolitical landscape. The return-enhancing investment sleeve has meanwhile remained the same.



Source: State Street Investment Management Macro Research, IMF, OMFIF, Gold Council, Central Bank of the Republic of China

# Capital Preservation Matters Most

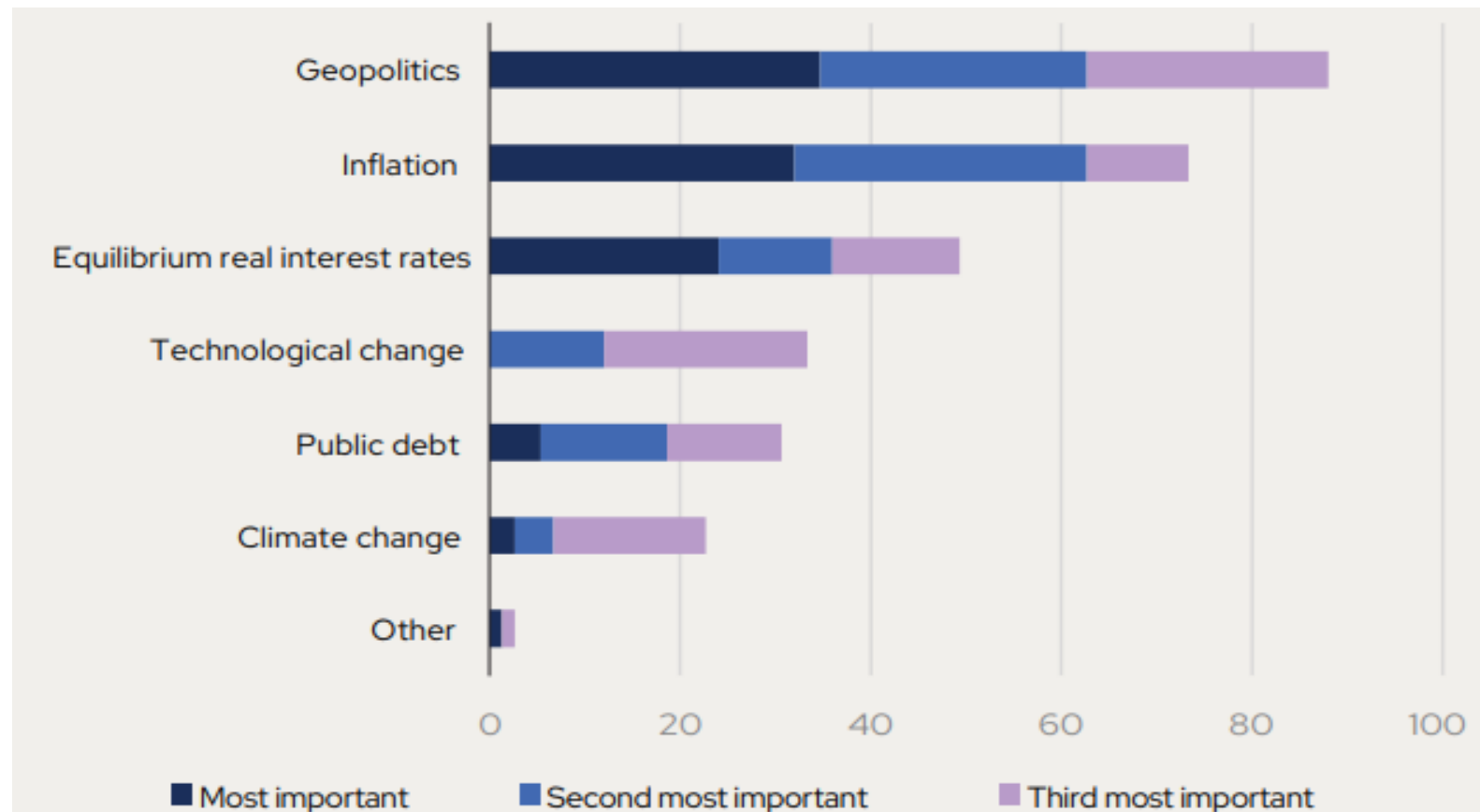
What is your most important investment objective? Share of respondents, %



Source: OMFIF GPI 2023-2025 survey

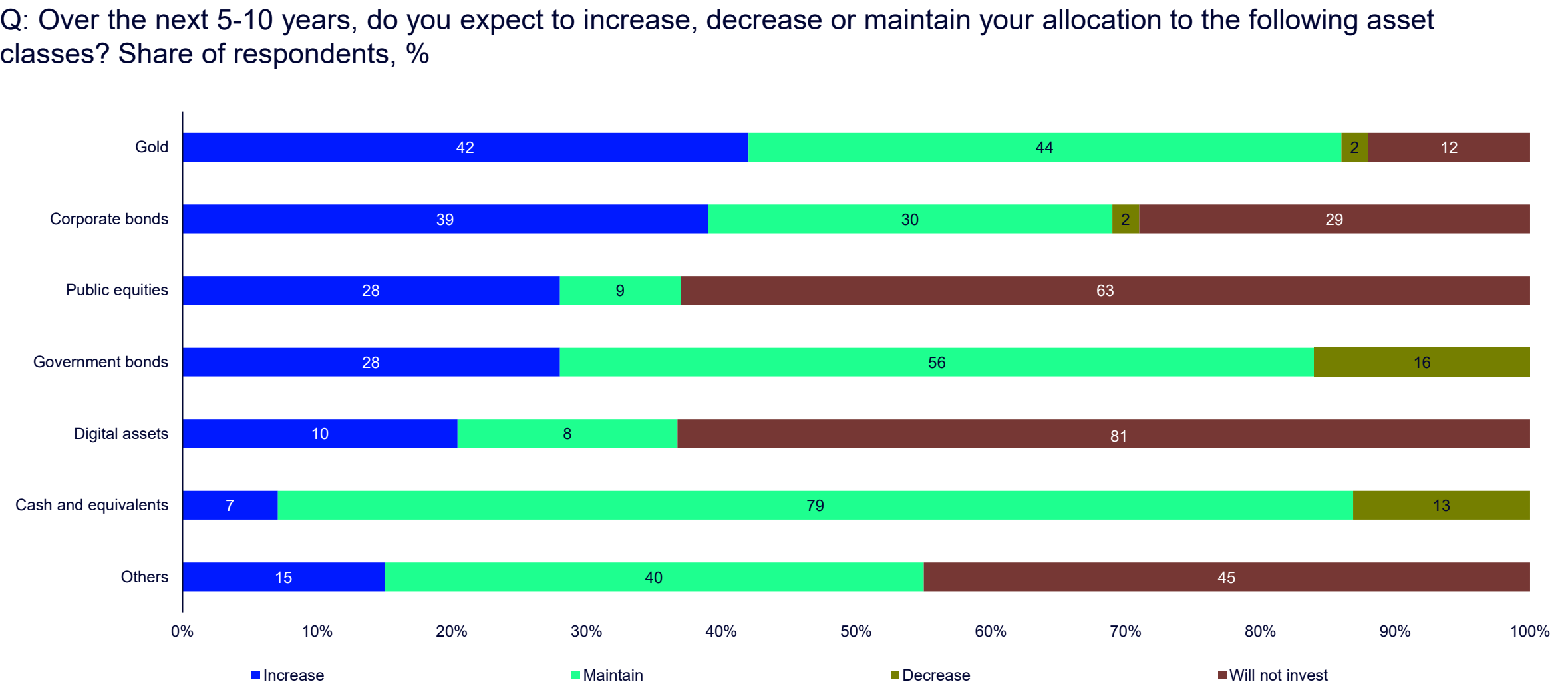
# Geopolitics and Inflation Remain Top Long-Term Investment Challenges

What are the most important economic challenges affecting your investment approach over the next 5 to 10 years? Share of respondents, %



Source: OMFIF GPI 2025 survey

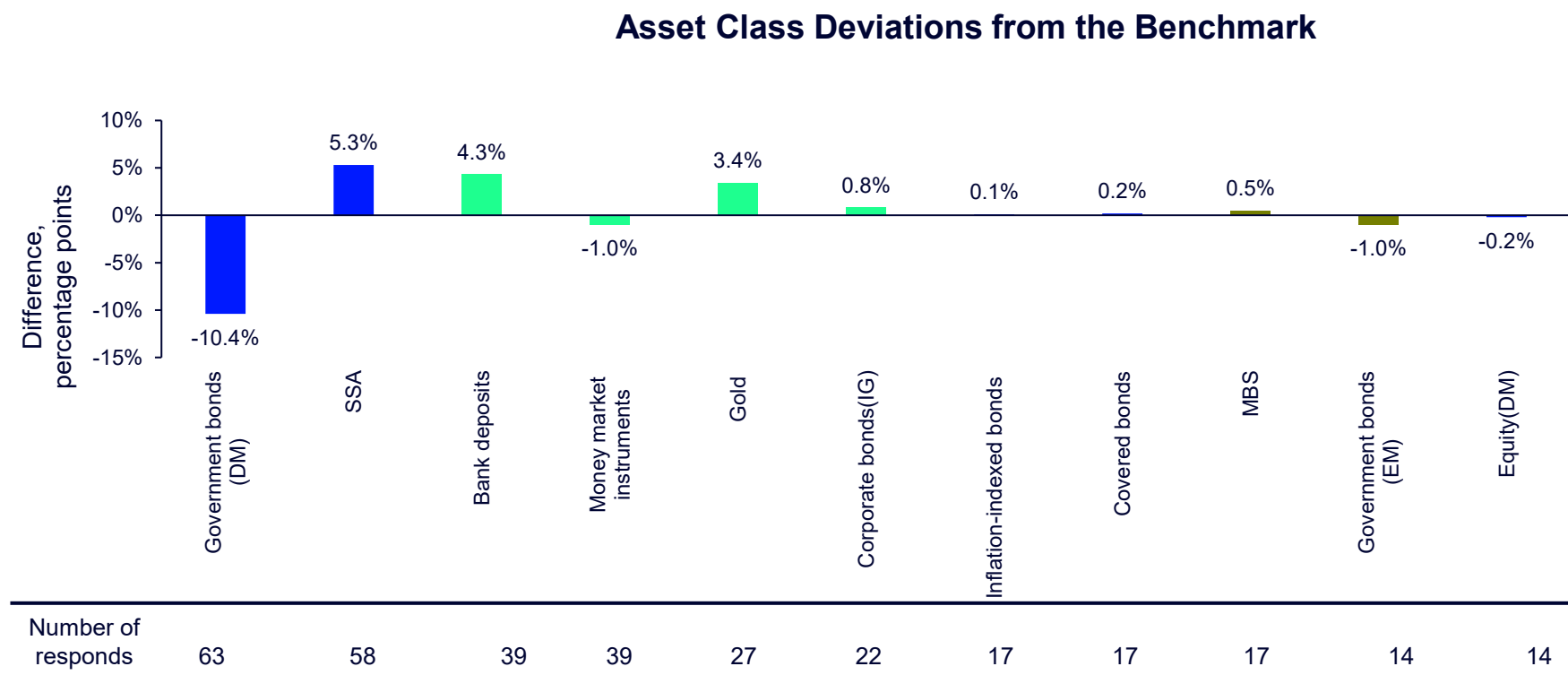
# Diversification Over the Long Term



Source: OMFIF GPI 2025 survey

# Reserve Managers took Large Deviations away from the SAA Benchmark

- On average, reserve managers reported considerable underweight positions in government bonds and overweight positions in SSA securities, deposits, and gold.



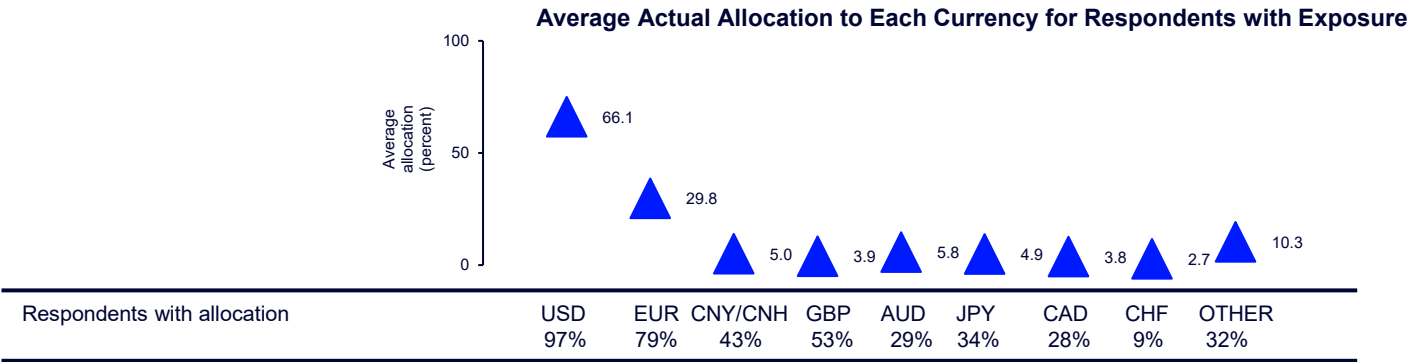
N: 65.

Source: The World Bank Reserve Management Survey 2025.

Note: We define the deviation as the difference between the actual and strategic allocations (i.e., the benchmark) for each asset. Hence, the distribution for each asset is based on the total number of respondents answering both the strategic and actual asset allocation questions. Assets with fewer than 5 respondents are excluded from the chart. DM = developed markets; EM = emerging markets; IG = investment grade; MBS = mortgage-backed securities; SDR = special drawing rights; SSA = sovereign, supranational, and agency bonds.

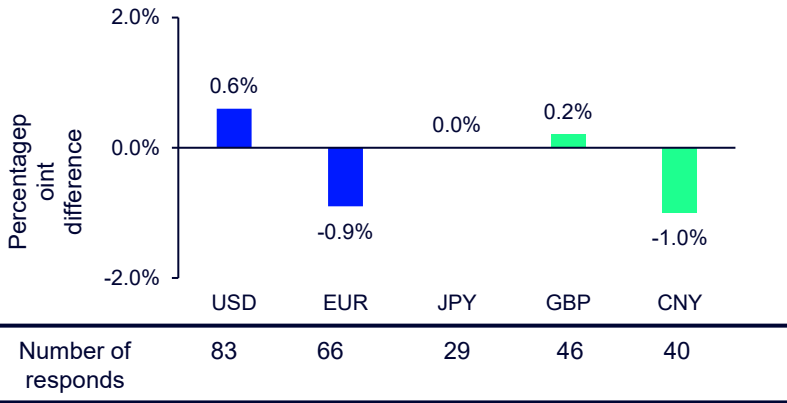
# The Dollar Endures, with Caveats

- Reserve managers did not take much active currency risk and do not expect the dollar to lose its reserve currency dominance any time soon, although the US political environment and geopolitical risks have become concerns.



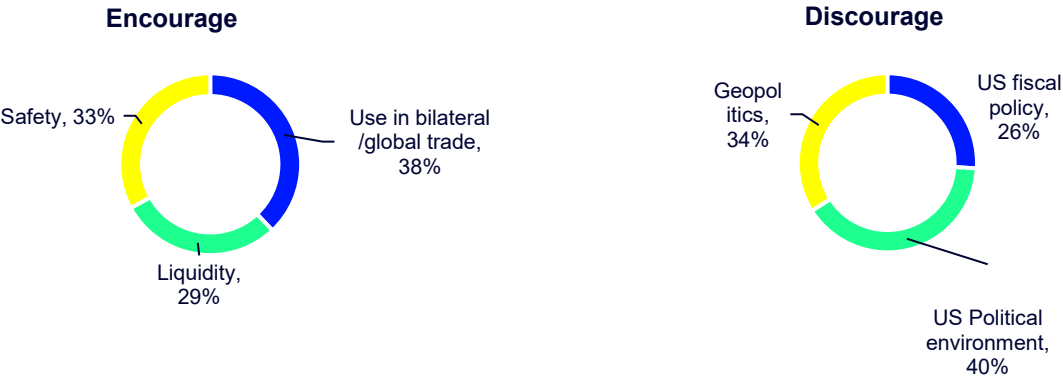
N: 116.  
Source: The World Bank Reserve Management Survey 2025. Note: Percentages represent the average allocations of the respondents with exposure. This distinction helps capture the actual significance of each currency within reserve portfolios, as average allocations can appear low when only a few central banks have exposure to a given currency, despite meaningful allocations within that subset. The bottom table represents the percentage of respondents with exposure to each currency.

## Currency Deviations from the Benchmark



N: 83.  
Source: The World Bank Reserve Management Survey 2025.  
Note: We define currency deviation as the difference between the actual and strategic allocation (i.e., the benchmark) for each currency. Hence, the distribution for each currency is based on the total number of respondents answering both the strategic and the actual currency allocations questions. For simplicity, we display currency deviations only for SDR currencies.

## Reasons for and against the dollar

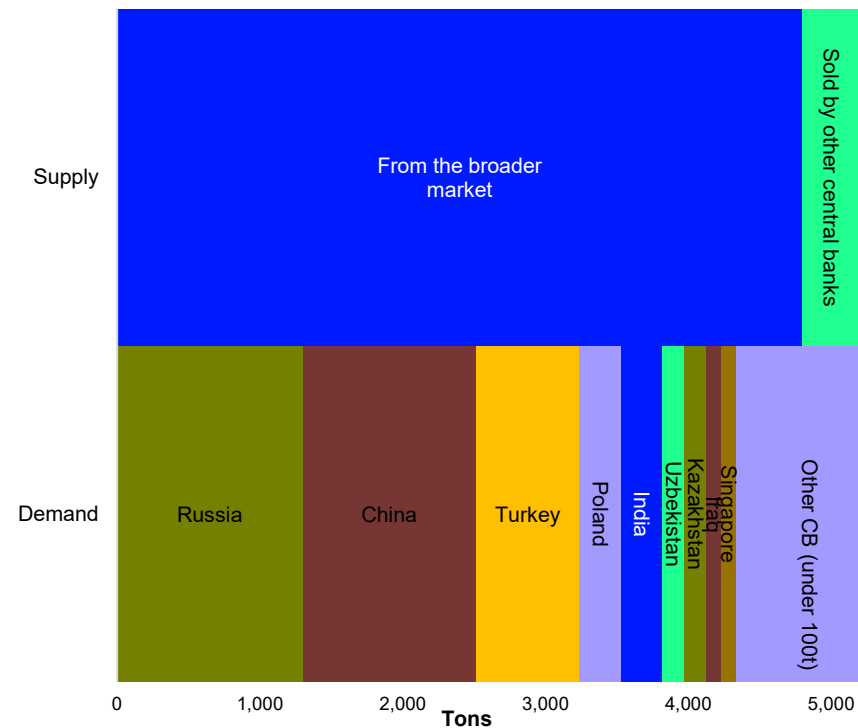


Source: OMFIF Global Public Investor 2025 survey  
Note: Charts show only the top three factors selected by respondents.

# Gold’s Growing Relevance in Central Bank Reserve Portfolios

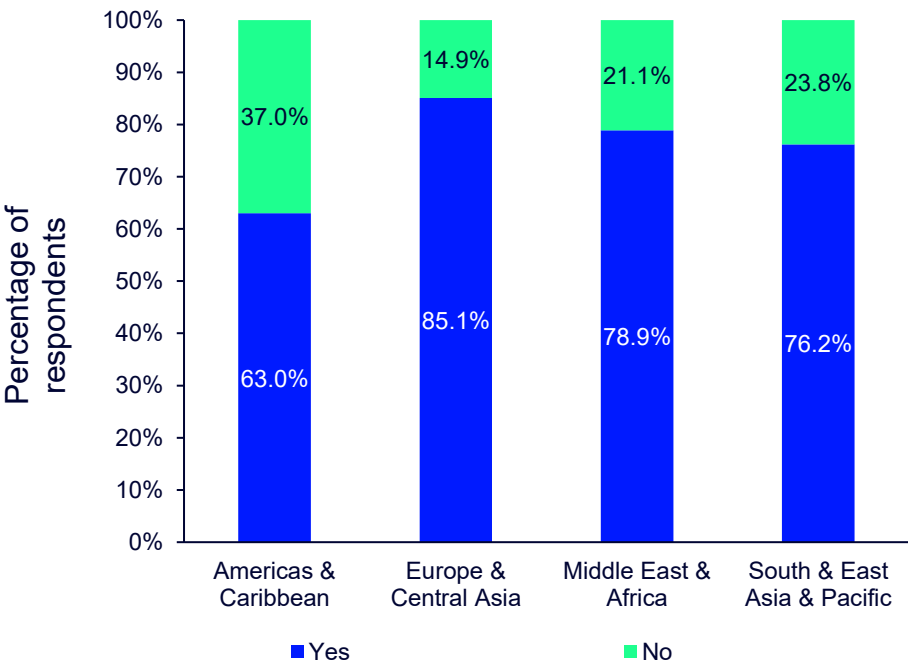
- Traditionally valued for its safety and liquidity, gold is increasingly seen as a hedge against inflation, geopolitical risks, and structural shifts in the global financial system, as reflected in the rise in central bank purchases over the past decade.

Central Bank Net Purchases of Gold, 2014 - 2024, Tons



Source: SSGA Macro Research, World Gold Council

GOLD ELIGIBILITY BY GEOGRAPHIC REGION

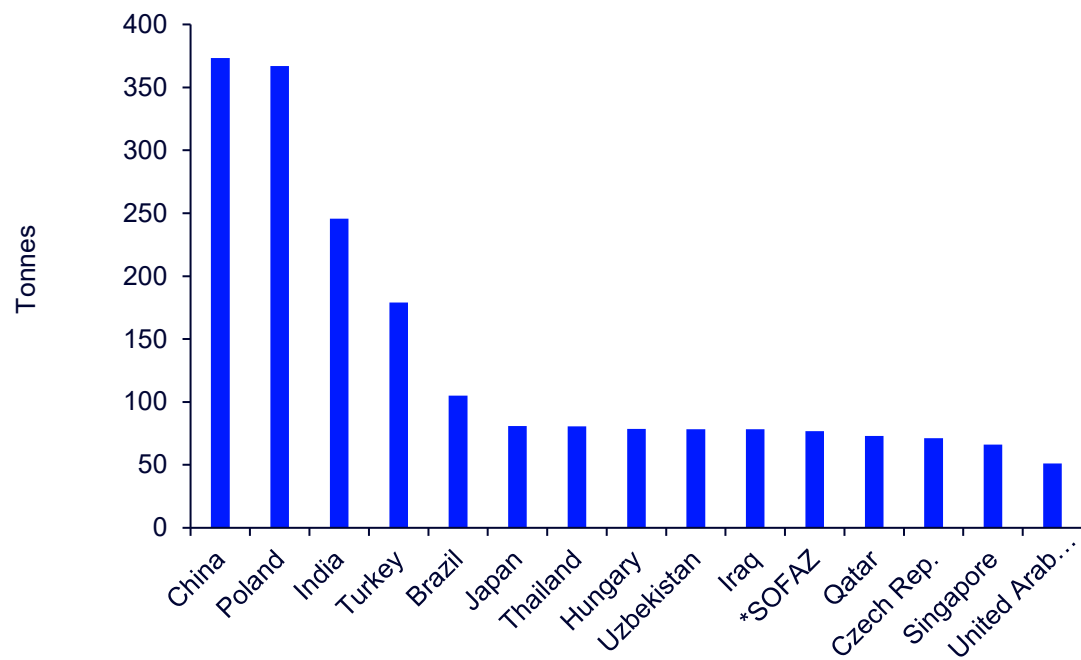


N: 133.  
Source: The World Bank Reserve Management Survey 2025.  
Note: Results add up to more than 100 percent because respondents could choose more than one option.

# Demand Largely Driven by Emerging Markets

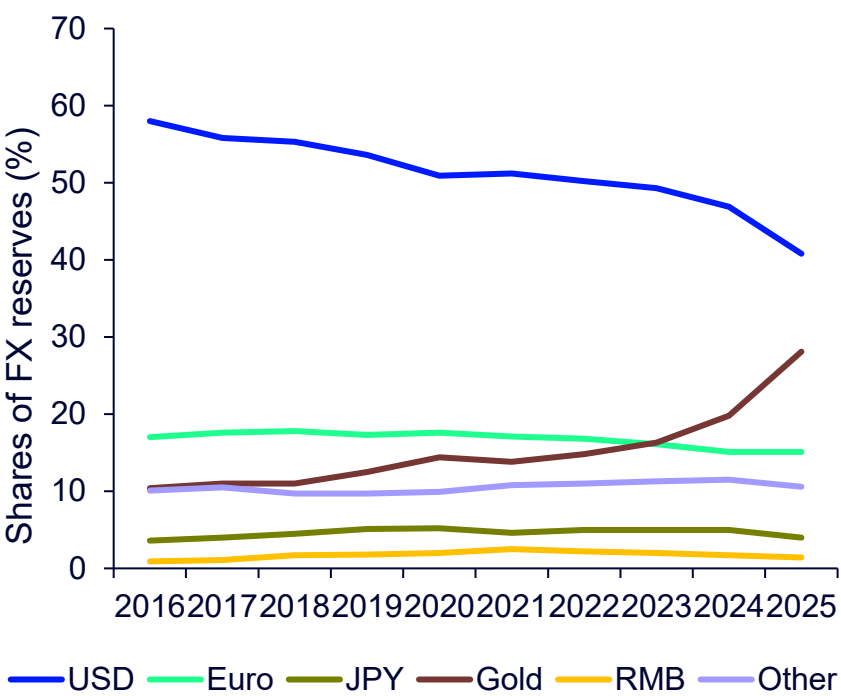
Ongoing diversification away from the USD is expected to sustain strong gold demand from emerging market central banks

Central bank gold purchases (2020–2026) largely driven by emerging markets



Source: World Gold Council, State Street Investment Management, Data as of 31 March 2026. \*State Oil Fund of the Republic of Azerbaijan

Central banks' gold exposure has risen steadily since the pandemic

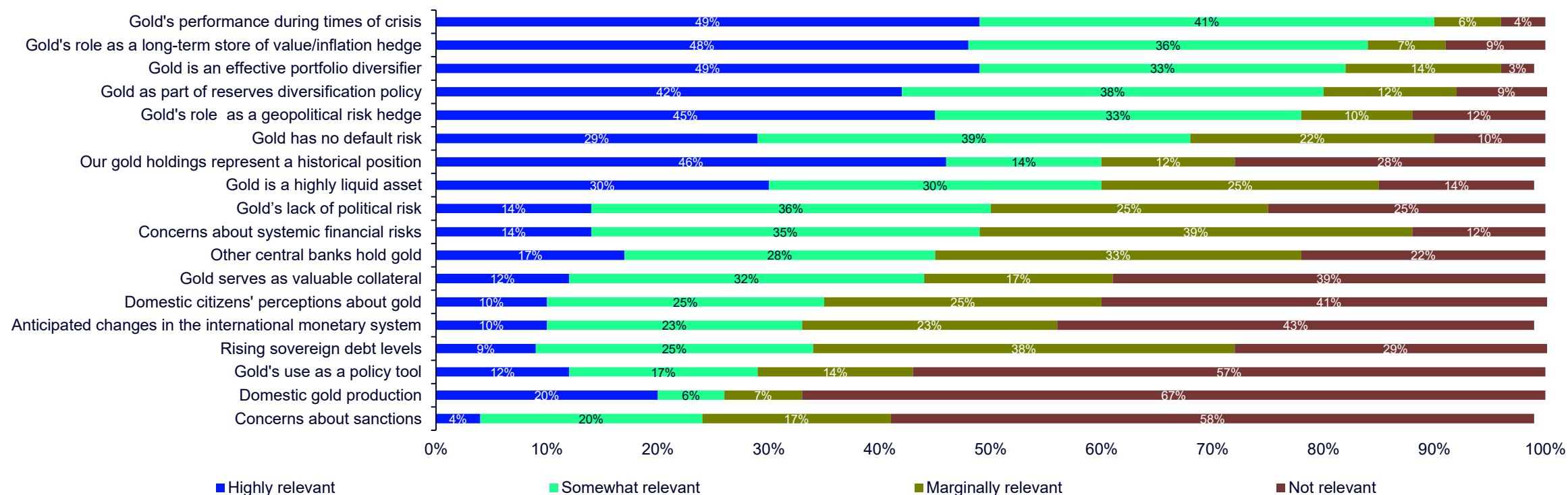


Source: World Gold Council, State Street Investment Management, Data as of 31 December 2025. Gold and currency shares reflect proportions of allocated FX reserves

# 2026 World Gold Council Central Bank Gold Reserves Survey

## Q: How relevant are the following factors to your organization's decision to hold gold?

- Crisis performance, long-term store of value and portfolio diversification top the list of reasons central banks hold gold — underscoring its role as a strategic reserve asset

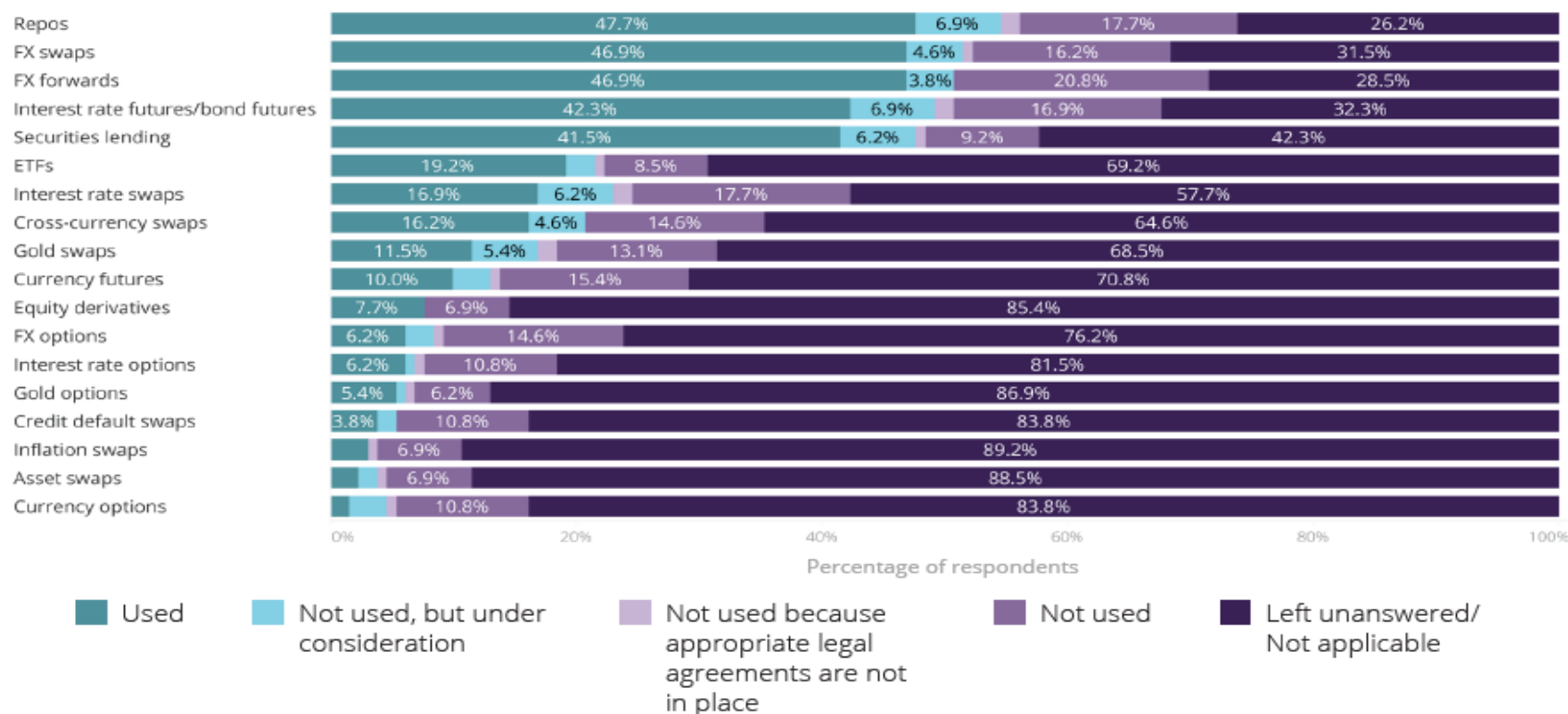


Source: YouGov, World Gold Council 2026 central bank gold reserves survey. Sample size: n=59. Ranked by adding "highly relevant" and "somewhat relevant". 2026: all central banks (69), advanced economy (16), EMDE (53). 2025 base: all central banks (59); advanced economy (13); EMDE (46). Ranked by adding "highly relevant" and "somewhat relevant".

# ETFs are used by 19% of Central Banks

- Central banks that use ETFs tend to allocate more to nontraditional assets, compared with those that do not, suggesting a stronger inclination toward diversification.

Use of Derivatives, Investment Instruments and Investment Strategies



N: 130.

Source: The World Bank Reserve Management Survey 2025.

Note: ETFs = exchange-traded funds; FX = foreign exchange; Repos = repurchase agreements.

# Thank you

# Appendix A: Important Disclosures

# Important Disclosures

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Diversification does not ensure a profit or guarantee against loss.

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