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Israel to Begin Investing Reserves in U.S Equities Today

By Alisa Odenheimer - Mar 1, 2012

The [Bank of Israel](#) will begin today a pilot program to invest a portion of its foreign currency reserves in U.S. equities.

The investment, which in the initial phase will amount to 2 percent of the \$77 billion reserves, or about \$1.5 billion, will be made through UBS AG and [BlackRock Inc. \(BLK\)](#), Bank of Israel spokesman Yossi Saadon said in a telephone interview today. At a later stage, the investment is expected to increase to 10 percent of the reserves.

A small number of central banks have started investing part of their reserves in equities. About 9 percent of the foreign-exchange reserves of Switzerland's central bank were invested in shares at the end of the third quarter, the Swiss bank said on its website.

The investment will be made in equity index trackers and will include between 1,500 to 2,000 shares, among them stocks like [Apple Inc. \(AAPL\)](#), Saadon said.

The central bank decided to add equities to its investment portfolio in order to diversify, reduce risk and give better performance, Barry Topf, senior adviser to Governor [Stanley Fischer](#), said in a Dec. 1 interview.

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