

# 2022 Year-End Report

31 December 2022

## The Gulf Sovereign Wealth Marathon

In 2022, both globally and regionally, the Gulf states continued to lead the investment world in both the number and aggregate value of financial transactions. The region's financial heavyweights—Saudi Arabia, Qatar, and the United Arab Emirates (UAE)—are engaged in a "financial World Cup" style marathon, competing for prime opportunities across every major strategic sector. These include renewable energy, transportation, scientific research, food security, artificial intelligence, and quantitative research initiatives.

The Gulf region hosts more than 18 sovereign funds, powered by a human capital pool of over 7,500 specialized personnel. The seven major Gulf Sovereign Wealth Funds (SWFs) manage a combined \$3.2 trillion in assets, accounting for approximately 40% of all global sovereign wealth. In 2022 alone, these prominent GCC funds deployed nearly \$50 billion across Europe and the United States.

The global rankings and assets under management (AUM) for the top GCC funds are structured as follows:

| Sovereign Wealth Fund                       | Assets Under Management (AUM) | Global Ranking |
|---------------------------------------------|-------------------------------|----------------|
| Abu Dhabi Investment Authority (ADIA)       | \$829 Billion                 | 3rd globally   |
| Kuwait Investment Authority (KIA)           | \$769 Billion                 | 4th globally   |
| Saudi Public Investment Fund (PIF)          | \$620 Billion                 | 6th globally   |
| Qatar Investment Authority (QIA)            | \$445 Billion                 | 9th globally   |
| Investment Corporation of Dubai (ICD)       | \$300 Billion                 | 11th globally  |
| Mubadala Investment Company (Abu Dhabi)     | \$284 Billion                 | 12th globally  |
| Abu Dhabi Development Holding Company (ADQ) | \$108 Billion                 | 19th globally  |

## Domestic Transformation and Future-Generation Infrastructure

On the domestic front, hundreds of billions of dollars have been committed over the next five years to state-of-the-art, future-generation infrastructure projects.



Prominent among these are Saudi Arabia's \$500 billion futuristic megacity, NEOM, and its flagship entertainment and leisure city, Qiddiya. These giga-projects are designed to transform the Gulf into a premier global business and financial center, unlocking unprecedented opportunities in international trade, tourism, advanced manufacturing, and scientific research.

These massive capital injections are projected to cultivate a highly trained and educated domestic population while creating an abundance of high-paying jobs for both local citizens and expatriates seeking career advancement. This deliberate economic planning and diversification will undoubtedly foster long-term stability across the region.

## Human Capital and the New Global Hubs

The Saudis, Emiratis, and Qataris are driving a profound social and economic paradigm shift that will impact the lives of millions throughout the Middle East. For example, with the introduction of its long-term "Golden Visa" program, the UAE is strategically positioning its major metropolitan areas to compete directly with global hubs like Hong Kong and Singapore, transforming the country into an elite international financial and investment epicenter.

This transition is heavily supported by decades of educational investment. On average, over the last 40 years, between 45,000 and 55,000 Saudi students have been educated in the United States annually, alongside thousands of high-achieving Emirati, Kuwaiti, and other Gulf state scholars. Equipped with world-class educations, many of these professionals have stepped into pivotal leadership roles, guiding their respective nations to build, compete, and lead in the 21st-century global economy.

## Libya: Institutional Deficits and Unrealized Potential

Libya stands as the only country in the Middle East and North Africa (MENA) region with vast natural resources that has fundamentally failed to build robust institutions or secure a stable nation for its citizens. Currently, the country remains severely underdeveloped, leaving a large, young population with diminished opportunities and unfulfilled aspirations. Forty-three years of an autocratic regime left the nation devoid of the foundational public institutions required to rebuild after the 2011 civil war, which plunged the country into prolonged instability and structural failure.

Ranked 25th globally, the Libyan Investment Authority (LIA) oversees a massive \$67 billion sovereign wealth fund. However, since its inception, the fund has been poorly



managed and has failed to generate any meaningful development for Libya's population or economy. Both the LIA and its various subsidiaries lack the specialized human capital, financial literacy, and technical expertise required to compete in a highly aggressive global financial market.

## Qatar: Strategic Global Reinvestments

The Qatar Investment Authority (QIA) experienced an exceptionally active year in 2022. Among its most significant international deployments was a \$2.4 billion investment in the Germany-based renewable energy firm RWE AG (to fund U.S. green energy expansions). Domestically, QatarEnergy and the Qatari fertilizer giant QAFCO finalized a \$1.1 billion joint venture agreement to construct the world's largest "blue ammonia" production facility. Operating at an estimated annual capacity of 1.2 million tons, this project represents a landmark development in global sustainable agriculture and chemical engineering. The QIA closed the year by anchoring a major funding round for Snyk, a prominent U.S.-based cybersecurity developer platform.

Demonstrating its commitment to institutional excellence, the QIA also strengthened its leadership ranks by appointing veteran American investment banker Niall Byrne as its new Chief Financial Officer.

## Bahrain: Domestic Economic Stabilization

Founded in 2006, the Bahrain Mumtalakat Holding Company (Mumtalakat) manages approximately \$18.3 billion in local assets under management through direct ownership and corporate control. The sovereign fund maintains equity stakes in roughly 50 commercial enterprises, which collectively employ and support more than 12,000 workers.

In 2022, Mumtalakat adopted a restructured investment strategy designed to deepen its domestic footprints and reinforce the Kingdom's broader economy. To safeguard these allocations and drive stronger financial returns, the fund overhauled its corporate governance by placing highly specialized experts on its subsidiary boards.

While Mumtalakat refrained from major new international acquisitions in 2022, it maintained its core institutional portfolio, which includes substantial stakes in the Bahrain Telecommunications Company (Beyon), the UK-based environmental technology firm Envirogen Group, the German aviation firm FAI Aviation Group, the Bahrain-based Gulf Hotels Group, and the National Bank of Bahrain (NBB).



## The Sultanate of Oman: Inward Development and Clean Tech

Moving through 2023, the \$41.5 billion Oman Investment Authority (OIA) has finalized an aggressive capital expenditure roadmap, earmarking \$5 billion for 65 new and existing projects across the Sultanate. The strategic focus of this domestic deployment spans food security, commercial fisheries, logistics, infrastructure, energy, telecommunications, and advanced technology.

Internationally, the OIA deployed an undisclosed amount of capital into the U.S.-based firm Group14 Technologies, a pioneer in manufacturing advanced lithium-silicon battery materials for electric vehicles and electronics. Furthermore, as part of Oman's overarching National Development program, the fund announced a separate \$1.95 billion allocation to finance local projects in direct partnership with prominent domestic and international private investors.

## Egypt: Leveraging Sovereign Capital Amid Fiscal Constraints

Through the administrative framework of the Sovereign Fund of Egypt (TSFE), Arab sovereign wealth funds—most notably from Saudi Arabia, Qatar, and the UAE—injected \$3.3 billion into key state-owned enterprises. Leading this capital inflow, Abu Dhabi's ADQ acquired strategic stakes in five prominent Egyptian publicly traded companies for an aggregate value of \$1.8 billion.

Simultaneously, the TSFE signed a memorandum of understanding (MOU) with the QIA and QatarEnergy to co-develop a \$1 billion renewable energy network and an advanced green ammonia facility located within the strategic Suez Canal Economic Zone.

## United Arab Emirates: Sovereign Wealth Leaders

### Abu Dhabi Investment Authority (ADIA)

Established in 1974, the Abu Dhabi Investment Authority (ADIA) is the third-largest sovereign wealth fund globally. In its 2022 annual review, the \$829 billion fund reported a 20-year annualized rate of return of 7.3%. Due to intense year-end market volatility, its 2022 rate of return is projected to be lower. ADIA's long-term asset allocation strategy will increasingly prioritize private equity and infrastructure over traditional equities and bonds. Geographically, between 45% and 60% of the fund's assets are earmarked for North American markets, with more selective allocations distributed across the UK, Europe, and Asia.

As previously highlighted, ADIA is dedicating a substantial budget to expanding its quantitative research department to pioneer future data-driven investment strategies. To anchor this initiative, the fund has recruited top global talent. From the United States, Dr. Horst Simon, formerly of the Berkeley Lab, was appointed director of the program. From France, renowned investment executive Pascal Blanqué joined as the Global Head of Quantitative Research and Development.

#### **ADIA's major acquisitions in 2022 included:**

- **Energy Infrastructure:** A 10% stake in the U.S.-based giant Sempra Infrastructure for \$1.73 billion in cash.
- **Logistics:** A joint acquisition with Global Infrastructure Partners (GIP) to secure a collective 72.55% stake in the European railcar lessor VTG Aktiengesellschaft.
- **Technology:** A \$2 billion joint venture with Singapore's SC Capital Partners to establish a data center platform across developed Asian economies.

### **Mubadala Investment Company (Mubadala)**

Founded in 2017 and managing \$284 billion in assets, Mubadala is ranked 13th globally, with equity stakes in over 76 enterprises across 50 countries. The fund operates through five strategic global offices located in Abu Dhabi, London, Moscow, New York, and Beijing. Mubadala aims to scale its assets under management (AUM) to \$500 billion by 2030. To streamline this growth, the state previously consolidated the International Petroleum Investment Company (IPIC) and the Abu Dhabi Investment Council (ADIC) into Mubadala's portfolio.

The year 2022 was exceptionally active for Mubadala, characterized by high-profile acquisitions, mergers, and strategic divestments:

- **Sports & Media:** The fund committed capital to acquire full media and television rights for Brazil's top-tier football league.
- **Digital Infrastructure:** Mubadala acquired a minority stake in GlobalConnect, a prominent Sweden-based fiber and data infrastructure provider.
- **Energy Divestment:** The fund divested its 25% stake in the Austrian oil and gas producer OMV to ADNOC for an unconfirmed amount estimated near \$4.5 billion.
- **Mining & Real Estate:** It sold its interests in the Spanish copper mining operation Minas de Aguas Teñidas (MATSA) for \$1.87 billion and liquidated four



prime Grade-A commercial real estate assets within the Emirate for \$1.2 billion.

### **Key growth and venture capital deployments by Mubadala included:**

- **Asia-Pacific Credit:** Partnered with U.S. global investment firm KKR & Co. to co-invest \$1 billion in performing private credit opportunities across the Asia-Pacific region.
- **European Private Equity:** Signed a \$2.1 billion strategic partnership with the French private investment firm Ardian.
- **Fintech & Insurtech:** Anchored an \$800 million financing round for the Swedish buy-now-pay-later pioneer Klarna and provided \$400 million in funding for the German digital insurance platform Wefox.
- **On-Demand Delivery:** Contributed to a \$768 million funding round for the Turkish grocery delivery application Getir.
- **Emerging Tech:** Managed a \$300 million capital raise for the digital payments platform Spot, alongside an additional \$100 million allocated to expanding Swedish fintech investments.

Based on its aggressive 2022 deal flow, Mubadala is exceptionally well-positioned to drive global technological innovation over the next decade.

### **Abu Dhabi Developmental Holding Company (ADQ)**

In a landmark bilateral agreement with Sudan's prominent conglomerate, the DAL Group, ADQ committed to a comprehensive \$6 billion investment package. The centerpiece of this megaproject involves constructing a \$4 billion advanced seaport on the Red Sea. The broader development framework includes an integrated free trade zone, a large-scale agricultural project, and a dedicated network of roads and railways linking the infrastructure to major trade hubs throughout the country.

### **Kingdom of Saudi Arabia: The Global Expansion of the PIF**

Under the leadership and strategic guidance of its Chairman, Crown Prince Mohammed bin Salman, the Saudi Public Investment Fund (PIF) solidified its position as the most active and aggressive sovereign investment vehicle across the Middle East and Africa.

To anchor long-term strategic growth, the fund established seven major domestic companies in 2022 focused exclusively on diversifying the Saudi economy.



Regionally, the PIF expanded its Middle Eastern footprint by launching the Saudi Egyptian Investment Company (SEIC) to target equity acquisitions in state-owned Egyptian enterprises. It also deployed \$185 million to acquire a 23.97% stake in the Jordan-and-Iraq-based Capital Bank Group. Moving forward, the fund plans to establish six dedicated regional investment vehicles to channel \$24 billion across six Arab nations: Jordan, Oman, Sudan, Iraq, Bahrain, and Egypt.

In a concentrated effort to stabilize Egypt's struggling economy, the PIF neared a \$600 million acquisition of the United Bank of Egypt, bringing its total capital commitment to Cairo close to \$10 billion. Collectively, the sovereign funds of Saudi Arabia, Qatar, and the UAE have pledged more than \$25 billion in economic support and investments to Egypt.

## International Portfolios: Clean Tech, Meta-Tech, and Market Volatility

On the global stage, the PIF expanded its diversified holdings through several high-profile transactions:

- **Industrial Gases:** Acquired a 0.9% stake in the UK-based global leader Linde for \$326 million, a position that has since generated over \$90 million in capital appreciation.
- **Renewable Energy:** Secured a 9.5% equity stake in Skyborn Renewables, a prominent German offshore wind developer.
- **Advanced Technology:** Concluded the year with a \$450 million investment in the U.S.-based augmented reality developer Magic Leap.

However, mirroring the headwinds faced by many large-scale global funds, the PIF endured notable portfolio corrections amidst broader market volatility. The fund suffered an estimated \$6 billion decline in the paper value of its stake in U.S. electric vehicle manufacturer Lucid Motors, alongside a \$732 million drop across its broader tech-heavy U.S. equity portfolio.

## Domestic Tourism and Leadership Recognition

On a national level, the PIF unveiled a massive \$13 billion investment framework to develop world-class entertainment infrastructure across 14 major Saudi cities. These projects will be executed by Saudi Entertainment Ventures (SEVEN), a wholly owned subsidiary of the fund, which plans to debut 150 major attractions in partnership with elite local and international brands.



In recognition of this expanding economic bridge, PIF Governor Yasir Al-Rumayyan was honored with the ABANA Achievement Award in New York. The accolade celebrated his institutional leadership in advancing financial and banking cooperation between the United States and the MENA region.

## Future Strategy: Balancing Politics and Portfolios

The PIF's operational successes are deeply rooted in the technical expertise and global education of its executive management team. Guided by the mandates of Saudi Vision 2030, the fund continues to deploy capital across every major commercial frontier—spanning low-carbon infrastructure, high-technology ventures, scientific research, global logistics, and advanced finance.

Over the next decade, Western investment banks will undoubtedly intensify their presence in Riyadh, competing fiercely to attract Saudi capital to replenish liquidity in their own markets. Ultimately, the fund's long-term performance will depend heavily on its leadership's ability to maintain a calculated balance between pursuing geopolitical objectives and maximizing institutional investment returns.