جهـــاز أبـو ظبي للاســتثمـــار
Abu Dhabi Investment Authority

ADIA

2022 Review

Real Progress

ADIA

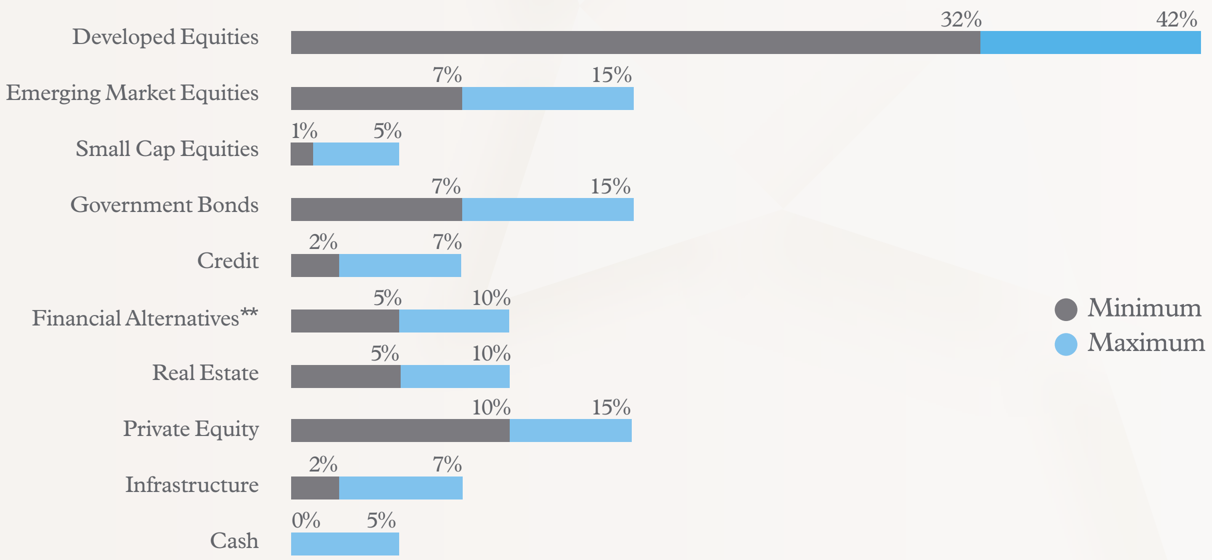
Contents

ADIA Review 2022
Overview
Investments
Governance

ADIA

At a Glance

Portfolio by asset class
*Long-term strategy portfolio**

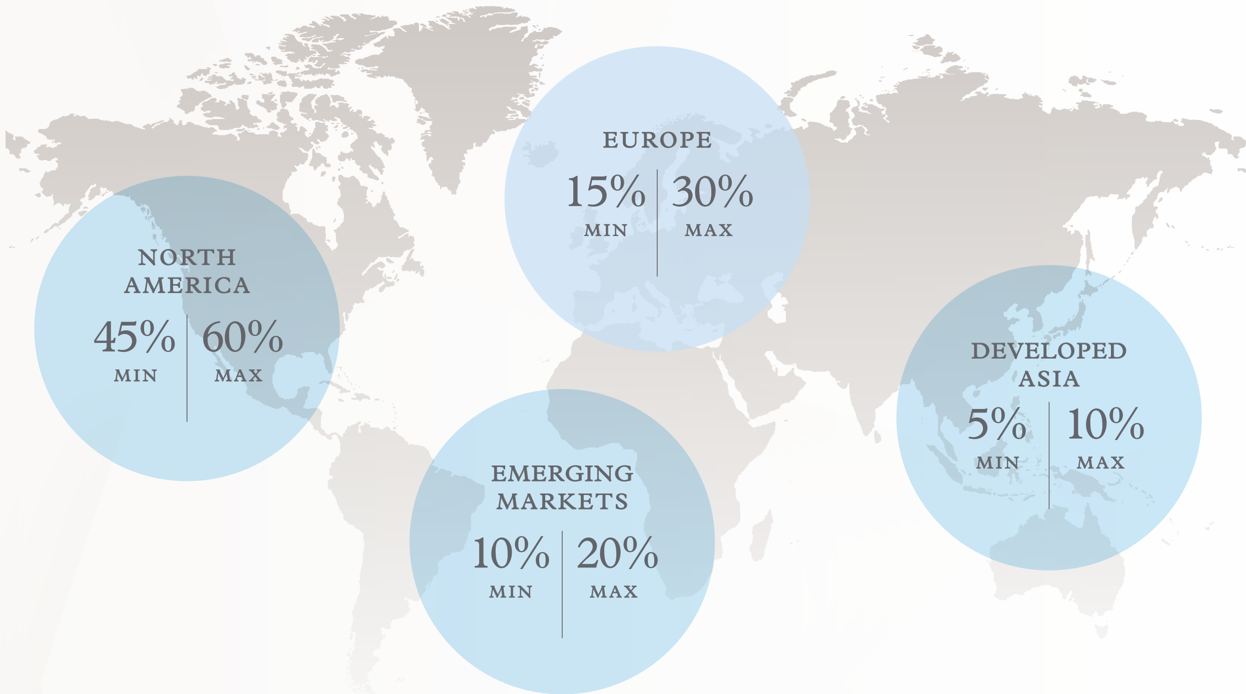


* The above denotes long-term strategy portfolio ranges within which allocations can fluctuate; hence they do not total 100%. In 2022, the allocation range was increased for Private Equity (from 7%–12% to 10%–15%) and decreased for Cash (from 0%–10% to 0%–5%)

** Financial Alternatives comprises hedge funds and emerging opportunities.

ADIA's mission is to sustain the long-term prosperity of Abu Dhabi by prudently growing capital through a disciplined investment process and committed people who reflect ADIA's cultural values.

Long term strategy portfolio by region*



* As a matter of practice, ADIA does not invest in the UAE.

ADIA

Letter from Hamed bin Zayed Al Nahyan

MANAGING DIRECTOR

Events in 2022 served as a potent reminder of the ability of financial markets to surprise, underscoring the benefits of an investment strategy that views change as a constant, not an aberrant event.

The dominant theme of 2022 was the return of inflation, after more than a decade of stagnant or declining prices. In addition to pent-up demand following the global pandemic, energy prices and supply chain dislocations further accelerated the trend.

Global central banks responded by reversing their policy settings – tentatively at first, and then with full conviction – as concerns grew that inflation may become entrenched despite a sharp decline in most commodity prices, including energy. The U.S. benchmark interest rate rose from near zero to 4.5% by year end, in what was the most aggressive policy action by the Federal Reserve in four decades.

Financial markets appeared caught off guard by the speed and extent of the response. Prices of most assets fell in unison, challenging conventional notions of the relative performance of different asset classes.

The MSCI World Equity Index ended the year 18% lower, with growth and technology companies among the hardest hit as fears of recession and increased borrowing costs dented sentiment. Bonds fared little better, with longer-dated government bonds particularly affected. The yield on 10-year U.S. Treasurys climbed to its highest level since the global financial crisis, ending 2022 at 3.9% compared with 1.5% at the end of 2021.

> "THE DOMINANT THEME OF 2022 WAS THE RETURN OF INFLATION, AFTER MORE THAN A DECADE OF STAGNANT OR DECLINING PRICES."

Against this backdrop, ADIA's substantial efforts over recent years to increase its investing flexibility and operational agility paid dividends, enabling it to make swift portfolio adjustments as market conditions evolved during 2022. ADIA was also successful in capturing pockets of absolute return across asset classes, underlining the value of its diversified portfolio in a year where equities and bonds experienced an atypical correlation.

On the risk management front, ADIA was well equipped to navigate 2022 at a total portfolio level. It benefited from having previously combined many of its middle and back-office activities into a specialised department with an enhanced mandate. Meanwhile, ADIA continued to explore data-driven and quantitative strategies at both a total portfolio and asset-class level.

As at 31 December 2022, ADIA's 20-year and 30-year annualised rates of return, on a point-to-point basis, were 7.1% and 7.0% respectively*, compared to 7.3% and 7.3% in 2021.

* Performance is measured based on underlying audited financial data and calculated on a time-weighted basis. Performance for 2022 remains provisional until final data for non-listed assets is included.

ADIA

Letter from Hamed bin Zayed Al Nahyan continued

OUTLOOK

In 2023, financial markets will likely remain vulnerable to a range of external influences. These include the trajectory of global growth and inflation, the possible negative consequences of monetary tightening on financial institutions, and ongoing geopolitical risks.

On a fundamental level, it is clear that the era of low inflation and cheap money that propelled risk assets higher following the global financial crisis has drawn to a close. Investors will now be required to navigate a less benign landscape marked by higher inflation and borrowing costs.

This situation presents both challenges and opportunities. Higher and more volatile inflation tends to impact asset valuations by raising doubts about future earnings and growth prospects. It can also complicate diversification strategies and erode the real value of assets with fixed returns, such as cash or bonds.

"ADIA IS CLEAR-SIGHTED ABOUT THE PROFOUND IMPACT THAT CLIMATE CHANGE WILL CONTINUE TO HAVE ON THE INVESTMENT LANDSCAPE AND THE OPPORTUNITIES THAT IT PRESENTS."

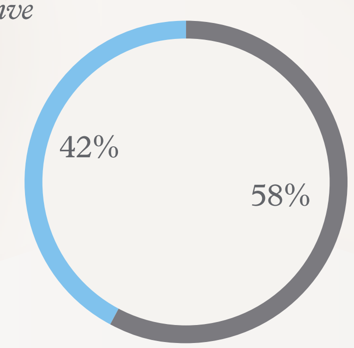
However, equities – both public and private – should continue to find support, especially if profitability remains resilient despite lingering tensions in supply chains and the availability of labour.

The new landscape may also increase the appeal of physical assets and alternative approaches that are better suited to managing inflation risk. One positive consequence of this trend may be greater alignment between investment goals and societal imperatives. Over time, global investors have played a vital role in supporting and accelerating social progress and this is expected to continue. One example is investment in infrastructure projects, where estimates suggest that more than $3 trillion a year is needed to support global economic growth aspirations and provide citizens with essential services. Importantly, this includes ventures aimed at accelerating the energy transition.

ADIA is clear-sighted about the profound impact that climate change will continue to have on the investment landscape and the opportunities that it presents. In 2022, ADIA co-hosted the One Planet Sovereign Wealth Funds (OPSWF) CEO Summit in Abu Dhabi, which convened global institutional investors with combined assets exceeding $37 trillion. At this gathering, the OPSWF was established as a permanent platform for increased collaboration between global institutional investors on energy transition themes. ADIA's prioritisation of this issue is closely aligned with that of the UAE as a whole, as demonstrated by the country's role as host of the 2023 UN Climate Change Conference, also known as COP 28.

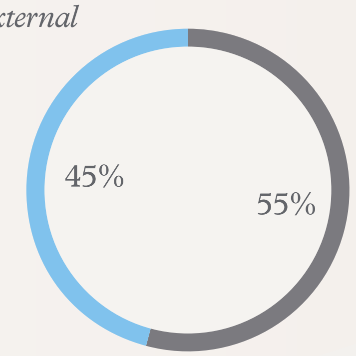
Portfolio Overview

Active versus Passive Management



Portfolio Overview

Internal versus External Management



Looking ahead, the world faces numerous, complex challenges both on the economic and geopolitical fronts. It is inevitable that nations will continue to assert themselves and challenge long-established hierarchies. In parallel, rising debt levels with higher interest rates will make it more difficult for governments to maintain the public services that their citizens expect.

While these factors cannot be underestimated, there is also cause for optimism about the opportunities brought by technological advances. This includes the digitalisation of economies across all areas, from production to distribution and consumption. A key driver of this process is the increasing availability of data and the ability to process it using advanced computing technologies such as artificial intelligence, machine learning, and data analytics. And while businesses are already benefiting from this trend, it has even greater implications for finding solutions to some of the world's most pressing issues.

This was the motivation behind the creation of ADIA Lab, an independent research institution that operates at arm's length from ADIA and is dedicated to basic and applied research in data and computational sciences. With a mandate that extends beyond investment-related applications, ADIA Lab has attracted an Advisory Board of global thought leaders in data and computationally intensive fields and has already begun to collaborate with academic institutions both in the UAE and internationally. As it grows, the Lab will play a proactive role in contributing to the continued development of Abu Dhabi's digital ecosystem and aims to support projects that could lead to the creation of start-ups.

In conclusion, we have always believed that change and uncertainty are core features of the investing landscape and should be welcomed, rather than feared. We are enthusiastic about the opportunities that lie ahead, and in our ability to continue to deliver on our mission long into the future.

Operational Review

ADIA has evolved its operations significantly over recent years, enhancing its ability to outperform in a dynamic and uncertain investment landscape. In 2022, the results of these efforts began to intersect and deliver cumulative benefits across the organisation.

At an organisational level, ADIA's structural changes have sharpened its focus and enabled it to mobilise resources more effectively to capture fast-moving opportunities. Underlying it all has been a simple objective: to optimise returns at a total portfolio level.

A key element of this has been strengthening the core of ADIA's investment and support activities through the creation of two complementary and interlinked departments: the Core Portfolio Department (CPD) and the Central Investment Services Department (CISD). Both formed in 2021, CPD and CISD developed their operating models further in 2022, making significant progress in enabling ADIA's management of the total portfolio and supporting investment departments to execute their strategies with increased agility.

CPD is responsible for implementing ADIA's benchmark exposures, managing its treasury-related activities and executing equity, fixed income, money market and currency trades. In 2022, CPD demonstrated its potential as a centre of excellence by building its internal quantitative capabilities and seeking to extract higher returns from a single core portfolio of public equities and fixed income assets.

CISD, meanwhile, seeks to strengthen ADIA's investment processes through enhanced operational support activities, data services and total portfolio support activities. In 2022, CISD continued to play an integral role in harmonising ADIA's technology systems, while acting as a key source of visibility and intelligence on its overarching portfolio exposures and correlations.

In 2022, ADIA also further refined its investment activities, separating its real estate and infrastructure investment teams into standalone departments. This recognised the growth of the infrastructure portfolio since its creation in 2007, while enhancing the strategic focus of both departments.

As ADIA has improved its internal efficiency, its headcount in support functions has been reduced. This has been offset in part by active recruitment in investment areas, particularly in private markets and technology-driven specialisations.

As a long-term investor, ADIA places great emphasis on identifying the underlying characteristics of the investment landscape, both now and in the future, and positioning itself appropriately. This has led ADIA to pursue a more scientific mindset across the organisation in recent years, and develop quantitative and data-led methodologies that enable it to capitalise on the inherent uncertainty that defines investment markets.

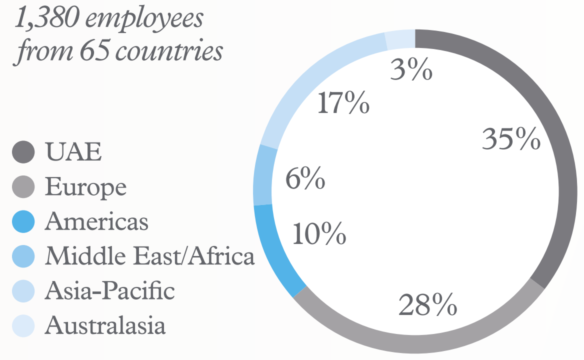
This can be seen in its purest form in ADIA's Quantitative Research & Development team. Comprising a multidisciplinary group of more than 50 experts, the team uses complex models to analyse data, generate investable ideas and put them into production. Organised as a problem-solving machine, the team's goals include optimising the overall investment management process at ADIA.

In 2022, the team implemented its first investment strategies and is continuing to recruit globally-respected experts in diverse areas such as machine learning, strategy development, portfolio construction and implementation, risk, and digital platforms, among others.

Another example can be found in ADIA's Fixed Income Department, which has sought to diversify its sources of return with quantitative strategies, building out its internal team of specialists and implementing robust risk-management processes. Meanwhile, the Real Estate Department is harnessing the power of data and cutting-edge quantitative methodologies for portfolio strategy, optimisation and risk management.

Our People

1,380 employees from 65 countries



At a total portfolio level, ADIA deployed cross-departmental squads in 2022 to analyse investment themes and determine how best to access them. Similarly, we explored how to increase our exposure to market sectors with potential to outperform in coming years.

Meanwhile, ADIA's more nuanced approach to diversification proved critical in a year where a confluence of unique market conditions resulted in sharp falls in most asset classes.

In summary, these initiatives and outcomes were made possible by the significant steps that ADIA has taken to enhance its operational agility, and the processes that support its core objectives.

The vision that ADIA embarked upon many years ago has entered a new stage. While more remains to be done in many areas, our efforts to date are delivering tangible results. By embedding continual learning and evolution into its operating model, ADIA is increasingly well placed to succeed in what will remain a rapidly evolving investment landscape.

ADIA

Investments

ADIA has a highly diversified portfolio that spans geographies, asset classes and asset types, with the objective of generating consistent, long-term returns throughout market cycles.

CONTENTS

ADIA

Equities

Global equity markets suffered a sharp reversal of fortunes in 2022, tumbling from record highs to post their weakest annual performance since the global financial crisis. On the plus side, the fall in equity prices returned stock valuations towards their historical averages, while presenting new opportunities for active investors in the year ahead.

Overall, 2022 was characterised by its broad "risk-off" sentiment, with most asset classes including fixed income declining in lockstep with equities.

The MSCI World Index ended the year 18% lower, with U.S. equities among the worst performers among developed countries. Growth and technology stocks were hit especially hard as accelerating inflation and increased borrowing costs dented earnings sentiment. Portugal was the only developed market to post positive returns in 2022, although this was due in large part to strong returns by local energy giant, GALP Energia.

In general, emerging markets fared slightly worse than their developed peers as rising U.S. interest rates attracted investors towards dollar assets. The MSCI Emerging Markets Index ended the year 20% down, with Chinese and Korean equities leading the way lower and Brazil a rare outlier as rising commodity prices proved a boon to local resource companies.

Large cap equities generally fared better in developed markets than their small cap peers, while the opposite was true in emerging markets.

In terms of sectors, the sole bright spot was provided by energy stocks, which posted strong gains of more than 35% during the year as oil and gas prices soared. Conversely, the auto industry struggled the most, falling 46% as high interest rates, supply chain disruptions and recession fears hit sentiment.

ADIA Review 2022
Overview
Investments
Governance

After years of unrelenting growth, 2022 provided a reckoning for companies in the communication services and information technology sectors, with the latter underperforming the broader market for the first time in ten years. Consumer discretionary companies were also predictably weaker on inflationary concerns and reduced demand.

Against this challenging backdrop, ADIA's Equities Department (EQD) continued to concentrate its active management capabilities in areas with structural advantages and strong prospects for future relative growth. In 2022, EQD complemented its existing risk exposures in preferred markets by allocating additional capital to high turnover strategies with low volatility. It also added several high conviction strategies with higher volatility profiles.

Looking ahead, while challenges remain, there is scope for cautious optimism for public equity investors in 2023, with equity valuations contracting to more attractive levels. The price-to-earnings (PE) ratio for the MSCI AC World Index fell to 15.0 in 2022, from 19.6, while the average U.S. PE ratio slid even further to 17.8 from 23.9.

The heightened volatility and complex market conditions also provide a more favourable environment for active managers. This contrasts with the "beta trade" of recent years, in which a rising economic tide carried most growth stocks higher, while punishing investors who sought to differentiate companies by relative valuation, among other factors.

On a regional basis, China is likely to be a key focus in 2023 as it emerges from pandemic lockdowns, while markets that were particularly affected last year, such as the U.K., may provide opportunities. Some of the hardest hit sectors in 2022 are also likely to stabilise. However, any sustained rebound will depend on factors such as inflation, central bank policies and the trajectory of economic recovery in major markets.

Fixed Income

Fixed income markets faced a tumultuous year in 2022, as central banks raised rates at a pace and magnitude unseen for decades to curb inflation risks. The repricing in core rates sent shockwaves across global capital markets, diminishing portfolio diversification as the correlation between bonds and equities turned positive.

Inflation was the primary driver for fixed income in 2022, with price rises spreading first from goods to services and then into potentially more persistent core areas due to rising wages. By March, the U.S. began to lift policy rates in addition to accelerating its tapering of large-scale asset purchases.

By the time 2022 drew to a close, the U.S. Federal Reserve had lifted its benchmark interest rate from historical lows around zero to 4.5% — its highest level since 2007 — and pledged further tightening in 2023. These represented the most aggressive U.S. policy moves since the early 1980s.

It was a similar story in Europe, as policymakers first collaborated closely on political and fiscal efforts to combat an intensifying energy and economic crisis. With significant inflation risk to the upside, European central banks then turned hawkish, pledging to defend price stability.

Japan was the last developed country to begin tightening, widening its yield curve control band to +/- 50bps in late December 2022.

As central banks tightened sharply, the combination of higher rates and declining liquidity conditions fueled market volatility, at times to levels last seen during the global pandemic.

Meanwhile, emerging market economies recorded the worst year of asset performance since 2008. Nevertheless, local central banks kept pace with tightening in developed markets, allowing inflation to remain under control and valuations to adjust. Later in the year, risk assets rallied sharply as China abandoned its zero-COVID policy and amid growing hopes that inflation had peaked.

Similarly, 2022 was a very difficult year for credit markets, with spreads facing significant pressure. But the year also saw periods of spread tightening as the market whipsawed between concerns around the future of the economy and more positive news from resilient corporate earnings and a continued recovery in post-pandemic consumption.

Looking ahead, we expect fixed income markets to pause for breath after the sharp adjustments in core rates over the past twelve months. However, lingering uncertainties remain around the trajectories of key macro variables — growth, inflation, the labour market — and policy stances across major economies.

In 2022, the Fixed Income Department (FID) continued to capitalise on its fully active mandate, having transferred its passive investments to ADIA's Core Portfolio Department a year earlier. FID's inbuilt flexibility enabled it to navigate the complex market conditions by targeting return-enhancing opportunities across the full spectrum of fixed income assets.

Over recent years, FID has sought to diversify its sources of return with quantitative strategies, building out its internal team of specialists and implementing robust risk-management processes. In mid-2022, this team began to deploy capital in targeted strategies, with positive returns, and they plan to develop this further in the year ahead.

As a result, FID is structured to pursue diversified outperformance from three core teams: Internal, External, and Quantitative.

ADIA

Financial Alternatives

Hedge funds overall had a mixed year in 2022, with some benefiting from increased volatility to post sharp gains, while others were pulled lower by falling equity markets.

In 2022, markets were dominated by two key themes: geopolitical tensions, coupled with accelerating inflation and tighter central bank policies. This combination sent most asset prices lower and was particularly problematic for those hedge funds that tend to perform in line with various asset classes.

Equity, Event Driven and Relative Value hedge fund indices all finished in negative territory while Multi-Strategy Quant and Discretionary Macro benefited from the asset price dispersion.

The historic repricing across most major asset classes created a rich trading environment for various types of investment managers, such as those focused on Discretionary Macro and Systematic strategies. Bonds were by far the largest contributor to gains for Macro and CTAs/Systematic Macro, driven by short positioning across developed and emerging markets. This was followed by currencies and commodities, with long positions in the U.S. Dollar benefiting from a broad flight to quality and growing interest rate differentials.

Fundamental Macro strategies followed a similar path, making money from directional and relative value opportunities before reversing course slightly as the year drew to a close.

ADIA Review 2022
Overview
Investments
Governance

Systematic Cash Equity posted excellent returns across time horizons and regions. However, portfolio diversification proved important, as managers were forced to navigate rapidly changing market volatility as well as strategy crowding and liquidations.

Meanwhile, it was a challenging year for Relative Value strategies, however managers with minimal tail-risk were able to outperform. Fixed Income Arbitrage, in particular, did well as fund managers took advantage of mispricing opportunities between government bonds and related derivatives.

Against this backdrop, ADIA's Alternative Investments Department (AID) was able to provide diversified absolute returns to the total portfolio. Looking ahead, AID will maintain its focus on allocating to strategies with predominantly low beta, while continuing to strengthen partnerships with the industry's best-in-class managers.

.

ADIA

Private Equity

The private equity market paused for breath in 2022 with deal flow, fundraising and valuation multiples all retreating from their post-pandemic highs.

The year was effectively a tale of two halves, which started much as it had left off in 2021, before market sentiment soured in the second half. This was due to rising inflationary pressures and a corresponding increase in the cost of capital, which hindered access to traditional financing markets.

Against this backdrop, investors became increasingly prudent with regard to valuations and deal structures, while increasing their focus on asset quality and cashflow generation.

Global deal flow declined almost 40% in 2022 from its record levels a year earlier, to an aggregate value of $700 billion, while fundraising also slowed significantly.

Beyond the headline numbers, however, the picture was less dramatic. The value of deals in 2022 remained the second highest in the past decade, and the fundraising slowdown followed several record years. At year-end 2022, sponsors held more than $1 trillion of dry powder, which they will be able to deploy when financing conditions improve.

The market conditions also proved a boon for providers of secondaries and direct lending capital, both of which saw increased demand as more traditional exit and financing routes faced challenges.

Against this backdrop, ADIA's Private Equities Department (PED) drew on its ability to invest across private capital products and structures, enabling it to pivot and access the most attractive risk/returns, in keeping with its targeted portfolio allocations.

PED's commitment of new capital in 2022 was divided roughly equally between direct investments and funds, alongside an increased allocation to secondaries. In total, the Department completed 24 direct investments of more than $150 million across its core regions and sectors of specialisation, in line with 2021.

In Industrials, PED supported the combination of MHS Global and Fortna, which created a market leader in e-commerce and logistics automation. It also acquired a stake in Emerson's Climate Technologies, a leading player in HVAC and refrigeration end-markets.

In Financial Services, the Department continued to focus on multiple themes, including insurance brokers and digital transformation, while remaining mindful of valuations in the sector. During 2022, PED led the funding round of Acrisure, a leading insurance broker, to support its value-accretive acquisitions and grow its tech-enabled solutions. It also invested in Merchants Fleet, a leading provider of fleet management services.

The Consumer sector had a more difficult year as macro-economic headwinds dented sentiment, particularly within discretionary businesses. Despite this, PED remains optimistic on evolving themes in the sector and continued to seek out resilient businesses with multi-dimensional growth plans. For example, PED invested in AmeriVet, which partners with veterinarians across the U.S., and in McWin, a platform of European quick service restaurants.

Healthcare remained a key area of focus, particularly in China where PED completed investments in American Sino, a provider of premium private healthcare services, Taibang, a provider of blood-plasma products, and early stage biotech company Sironax.

PED was also active in India, completing four direct transactions in areas with strong growth potential. These included financial services businesses IIFL Home Finance and Aditya Birla Health Insurance, and others with differentiated offerings such as generic drugs company Intas Pharmaceuticals and Dealshare, a social commerce platform.

As the year progressed, public markets repriced faster than private markets, prompting an increase in take-private transactions. In Technology, PED made large investments in the take-privates of Coupa, a global platform for business-spend management solutions and Zendesk, a provider of software for customer service management.

Meanwhile, the Department was able to take advantage of the market's capital scarcity to support and invest in new secondaries and direct lending platforms.

In other developments, PED continued to expand its Operating Advisors network. This proved particularly useful in an unsettled economic backdrop, in due diligence, portfolio management activities and digital transformation.

Looking ahead, PED is positioning for the continued growth of private equity markets including private credit as an increasingly important alternative to traditional bank lending.

In keeping with its mandate, PED will continue to support its existing platform investments by funding opportunistic tuck-in and transformative acquisitions. It will also pursue new attractive risk/return opportunities across its focus sectors and geographies, leveraging its close partnerships and its ability to act as a provider of capital solutions at scale.

ADIA

Real Estate

The global real estate market continued to experience volatility in 2022, as inflationary pressures and rising interest rates dampened sentiment and valuations. On the positive side, demand grew for private credit while the hospitality sector continued its recovery.

For real estate investors, the year began on a strong note; offices and retail outlets re-opened, hotel occupancy increased as global travel resumed, and strong e-commerce sales spurred demand for logistics assets. By spring, central banks began to raise interest rates, which led to pressure on property values and a decline in tenant sentiment, resulting in increased risk aversion.

Amidst these challenges, the Real Estate Department (RED) remained disciplined and focused on assets with strong fundamentals, while being nimble across the capital stack to capture opportunities. It invested actively in high-conviction strategies and applied its flexible, access-agnostic investment strategy to adapt to the changing market and economic paradigm.

With the help of its diverse team and global partner relationships, RED was able to exploit dislocations and access high risk-adjusted return opportunities with strong long-term prospects. In particular, the Department increased its exposure to data centres in China, India and the wider Asia-Pacific. It also sought to capitalise on mispricing in public securities globally, where long-term operational fundamentals and secular trends remain intact.

Meanwhile, RED continued to support investments in sectors with robust operating fundamentals, such as residential rentals, where rent growth remained strong despite higher funding and development costs. Through its existing platforms, the RED team was able to invest selectively in growth sectors at attractive points in the cycle.

Another key part of RED's activities was to support opportunistic funds or platforms with the ability to swiftly adapt their strategies to a more volatile, unpredictable environment. To this end, it forged new partnerships with seasoned management teams in the hospitality space, among others. It also increased exposure to credit platforms in the U.S., Europe and Australia as banks retreated and higher financing costs put pressure on capital structures.

In logistics, RED remains committed to its existing urban logistics exposure in the U.S., Europe, Australia and China, and to exploring further selective investments. It expects the sector to perform well in coming years, fuelled by urbanisation and e-commerce growth, and increased demand for industrial space that is in finite supply. In addition, logistics remains operationally resilient to economic cycles due to the potential for value enhancement through upgrading and repositioning existing properties.

Looking ahead, RED is working closely with ADIA's Quantitative Research & Development team to harness the power of data and utilise cutting-edge quantitative methodologies for portfolio strategy, optimisation and risk management.

The Department is also continuing to build out its team with high-quality talent across specialisations. In 2022, it appointed Drew Goldman, a seasoned professional with over 30 years of industry experience, as its Global Head of Real Estate. While ensuring it has the resources it needs and filling open positions, RED remains committed to supporting and developing its current team and fostering a truly dynamic working culture with a global perspective.

In the year ahead, RED will continue to focus on its high conviction themes while remaining adaptable and ready to adjust its strategy to navigate the changing market conditions. It will also draw on its flexible approach, global reach and strong internal capabilities to direct investment activities towards areas of future growth.

ADIA

Infrastructure

Amid a complex and volatile economic and market environment, 2022 was a year that reinforced the importance of a well balanced portfolio for infrastructure investors.

The year began on a positive note on the back of brightened prospects for the global economy which, in turn, filtered through to the infrastructure sector. However, this quickly reversed as myriad factors including soaring inflation and a corresponding jump in interest rates bruised sentiment and complicated the outlook.

Despite fast moving market conditions, the Infrastructure Department delivered a resilient performance in 2022. This was aided by its "all weather" diversification across its four core sectors of utilities, energy, transport and digital. Utilities played an important role during 2022 providing stability to the overall portfolio in a volatile economic environment.

The Department also benefited from its flexibility to access the infrastructure market at the most attractive entry points and modes of access, including direct investments, existing platforms, funds, and listed assets. On the latter, the team had opportunistically built exposure to listed assets during the pandemic, and it capitalised on market volatility in 2022 to add further to its public market investments. Key examples included top-up investments in market leaders such as ADP and Getlink.

Energy security was a major theme in 2022. This had profound effects on the global energy supply chain and sparked a wave of new gas-related infrastructure projects. The renewed strategic focus on liquefied natural gas (LNG) proved especially positive for North American energy infrastructure prospects. The Department closed its investment in Sempra Infrastructure Partners in H1 2022, a North American leader in gas infrastructure, which is poised to play a key role in the ongoing evolution of the global energy supply chain.

In parallel to energy security, in 2022 the drive to decarbonise gained momentum, with governments and investors setting more ambitious investment targets in renewables, energy efficiency and electrification.

ADIA Review 2022
Overview
Investments
Governance

ADIA continued to build renewables capacity and to diversify into areas such as storage and hydrogen. As of October 2022, ADIA's infrastructure team supported c.22GW of operating renewable energy projects, with a further c.19GW of projects under development.

In transport, the Infrastructure Department established a 50/50 partnership with Global Infrastructure Partners to acquire a controlling stake in VTG, a leading European railcar lessor that plays an essential role in the decarbonisation of European freight transport.

Despite the volatile macroeconomic environment, digital infrastructure continued its relentless progress, as exponential growth in data fueled demand for increased storage capacity and faster transmission. The Infrastructure Department continued to build on its existing exposure to this dynamic sector, particularly in core areas such as data centres and telecom towers.

Looking ahead, investors have become more cautious in response to the upswing in risk free rates after a decade of decline, as well as uncertainty around the future of interest rates. This may contribute to increasing the cost of equity for both current asset valuations and future private transactions. However, the substantial surplus of dry powder may help to temper this cost of equity increase during 2023.

The Department will continue to support the growth of assets in its existing portfolio in 2023 and to selectively pursue listed and unlisted investments with attractive risk return profiles. Given the size and maturity of its portfolio, the Department will once again emphasise larger-scale acquisitions and platforms whose growth it can support over time through additional capital deployments alongside partners.

Through its diversified infrastructure portfolio, ADIA is well positioned to capitalise on key mega-trends that will reshape the global economy in years to come across both mature and emerging markets. These include energy transition, deglobalisation and digitalisation trends, as well as demographic shifts. The Infrastructure Department will continue to collaborate with its partners to deepen its knowledge of these themes and identify attractive investment opportunities, while actively monitoring emerging risks.

ADIA

Governance

ADIA has robust governance standards with clearly defined roles and responsibilities that ensure accountability.

CONTENTS

Board of Directors

As at 9 March 2023

ADIA's Board of Directors is responsible for setting ADIA's strategy and risk-return parameters and meets periodically to review its performance.

The Board of Directors comprises a Chairman, Managing Director and Board Members who are appointed by a resolution issued by the Abu Dhabi Supreme Council for Financial and Economic Affairs.

ADIA's Managing Director has responsibility for implementing ADIA's strategy and its investment and operational activities.

ADIA Review 2022
Overview
Investments
Governance

H.H. Sheikh Tahnoun bin Zayed Al Nahyan
Chairman

H.H. Sheikh Khaled bin Mohamed bin Zayed Al Nahyan

H.H. Sheikh Mansour bin Zayed Al Nahyan

H.H. Sheikh Hamed bin Zayed Al Nahyan
Managing Director

H.E. Khalil Mohammed Sharif Foulathi

H.E. Jassem Mohammed Bu Ataba Al Zaabi

H.E. Hamad Mohammed Al Hurr Al Suwaidi

Investment Committee

H.H. Sheikh Hamed
bin Zayed Al Nahyan
Board Member
Managing Director
Chairman, Investment Committee

H.H. Sheikh Mohammed
bin Khalifa bin Zayed Al Nahyan
Executive Director, Alternative Investments

H.E. Khalil Mohammed
Sharif Foulathi
Board Member
Senior Deputy Chairman, Investment Committee

Majed Salem Khalifa
Rashed Alromaithi
Executive Director, Strategy & Planning
Deputy Chairman, Investment Committee

Dhaen Mohamed
Dhaen Mahasoon Alhameli
Executive Director, Core Portfolio

Nasser Shotait Salem
Rashed Al Ketbi
Executive Director, Equities

Khalifa Matar Khalifa
Saif Almheiri
Executive Director, Fixed Income

Hamad Shahwan Surour
Shahwan Aldhaheri
Executive Director, Private Equities

Mohamed Rashid
Mohamed Obaid AlMheiri
Executive Director, Central Investment Services

Juma Khamis Mugheer
Jaber Alkhyeli
Executive Director, Operations

DISCLAIMER

Abu Dhabi Investment Authority
211 Corniche, PO Box 3600
Abu Dhabi, United Arab Emirates

WWW.ADIA.AE