



Our cultural values

The three ADIA cultural values that we encourage employees to demonstrate are:

Prudent
Innovation

ADIA's
Mission

Disciplined
Execution

Effective
Collaboration

Our Cultural Values

ADIA's cultural values guide the way we work and the way decisions are made, and they are central to sustaining our investment success. They provide direction for how we think and behave as individuals and as a unified institution. It has been more than a decade since our cultural values of prudent innovation, effective collaboration and disciplined execution were formulated and embedded throughout the organisation.

These values play a fundamental role in driving ourselves and the organisation forward to achieve long-term growth and business success. ADIA's leaders aspire to reflect and encourage these values in themselves and in others. In addition, we have sought to embed and reinforce the desired culture through ADIA's selection, development, promotion, measurement, planning, information sharing, and incentive processes.

The three ADIA cultural values that we seek all employees, individually and collectively, to demonstrate are:

- Prudent Innovation;
- Effective Collaboration; and
- Disciplined Execution.

Prudent Innovation

At ADIA, we encourage our people to improve investment performance and overall organisational effectiveness through a continued commitment to prudent innovation. The culture of prudent innovation inspires us to generate new ideas, continually enhance our individual and departmental performance, support ADIA-wide improvement initiatives, and advance our investment strategy processes. This involves appropriately challenging the status quo and leveraging improvement opportunities. However, as a risk-sensitive business, we emphasise that change is approached in a thoughtful manner so that all innovations are fully analysed, considered and reviewed to balance opportunities with their associated risks.

We are careful to consider both anticipated as well as unanticipated consequences for all innovations. Professional judgement, therefore, ensures a full awareness of the balance between opportunities and the risks involved in pursuing them.

With that intent, we recognise the importance of personal and professional development and encourage employees to continually develop their own knowledge and skills while also supporting the same growth in others. In addition to individual growth, ADIA is focused on accelerating organisational improvement and ensuring the business anticipates change as a result of identifying and leveraging market opportunities.





Effective Collaboration

ADIA places strong emphasis on collaboration and supports individuals to build relationships and informational networks – both internally and externally – that deliver results. We encourage individuals and teams to gather input from those with different knowledge and opinions, across departments and at all levels within the business. We acknowledge that identifying, importing, sharing, interpreting and utilising information from all sources contributes to our present and future success. ADIA values those who take responsibility for working together towards ADIA's mission and are supportive of team objectives and decisions.

At ADIA, we encourage employees to communicate openly with each other as a means of building solid professional relationships and improving performance. Those who share opinions while also listening to the views of others, both within and across departments, create greater value for ADIA and its mission. This means getting involved in challenging yet positive debates where ideas and suggestions can be discussed in a constructive and productive manner. We have found that when employees collaborate across departments, they are more likely to continually improve and execute their personal responsibilities.

Disciplined Execution

ADIA has a long and successful history of disciplined execution. Individuals are encouraged to set standards and achieve high goals that are aligned with ADIA's mission and long-term objectives. A central enabling feature of ADIA's mission is prudently growing capital through a disciplined investment process.

ADIA's investment process has been carefully refined over the years. Employees are given responsibility for contributing to ADIA's investment success by putting in place realistic, clear and practical plans to ensure that expected results are achieved. We recognise that all support and governing functions should design and implement initiatives that ultimately focus on improving ADIA's investment performance. Both investment and non-investment departments do so by holding themselves and their teams accountable for contributing to sustainable investment results.

Effective delegation and the ability to drive projects to completion are essential for meeting objectives. We seek to jointly encourage each other to demonstrate the energy, drive and commitment to deliver results and maintain focus and integrity, and to overcome any inevitable difficulties or challenges.

Investment Strategy and Portfolio Overview

ADIA has a disciplined investment process that aims to generate stable returns over the long term within established risk parameters.

Investment strategy at ADIA begins with a clearly defined appetite for risk. This has been calibrated through a blend of publicly traded securities, known as the Reference Portfolio. The Reference Portfolio has been developed to define the desired amount of market risk that should be accepted over the long term.

The Strategy Unit plays a central role in ADIA's investment process, with responsibility for developing, maintaining and periodically reviewing ADIA's Strategic Asset Allocation (SAA) across more than two dozen asset classes and sub-categories. The SAA is intended to add value to the Reference Portfolio by diversifying across this richer set of asset classes, using weightings based on ADIA's long-term view of the world. This results in a higher expected return for a similar level of risk.

It also identifies medium-term tactical opportunities for generating returns in excess of those achieved by the Strategic Portfolio while maintaining ADIA's target risk profile.

In accordance with ADIA's prudent governance structure, the Strategy Unit's recommendations are evaluated by the Strategy Committee, before being submitted to the Investment Committee and ultimately the Managing Director. Once approved, funds are allocated to the respective investment departments, which are responsible for implementation in line with their mandates, benchmarks and guidelines.

In order to achieve its long-term objectives, ADIA must be able to execute on its desired asset allocation in a timely fashion, in size, while minimising transaction costs. It is for this reason that half of ADIA's portfolio consists of index-replicating, or passive, strategies within quoted markets. This is offset by skilfully designed, actively managed investments across asset classes, in areas with genuine potential to generate market outperformance, or alpha, over the long term.

We recognise that a structured yet flexible approach is needed to ensure opportunities and trends can be captured as they arise. As a result, ADIA has expanded its in-house capabilities in a number of asset classes and support functions in recent years. On a macro level, this has enhanced the organisation's ability to take a globally strategic view of opportunities, both across and within asset classes. It has also enabled ADIA to become increasingly tactical and opportunistic where potential opportunities and trends arise.

By making continuous enhancements, ADIA has built an investment strategy that is not simply based on asset class or geographic allocations but one that is both robust and increasingly focused on return drivers. This allows for a sophisticated approach that can be more granular in nature and provides us with the ability to focus on sector-based or thematic investments with attractive risk and return characteristics.

Strategy Overview

1. Investment objective

To invest funds on behalf of the Government of Abu Dhabi and make available the financial resources to secure and maintain the future welfare of the Emirate.

2. Asset allocation

Design the long-term strategic asset allocation for the total portfolio. Define the appropriate level and mix of asset classes to maximise expected returns subject to a risk appetite defined by the Reference Portfolio and liquidity constraints.

3. Create mandates within an asset class

Allocate and manage funds across the mandates at the asset/sub-asset class levels.

4. Define the benchmark

Set a policy benchmark for each investment mandate that is achievable and reflective of the asset/sub-asset class. Success of the investment teams is measured against tailored performance targets.

5. Create guidelines

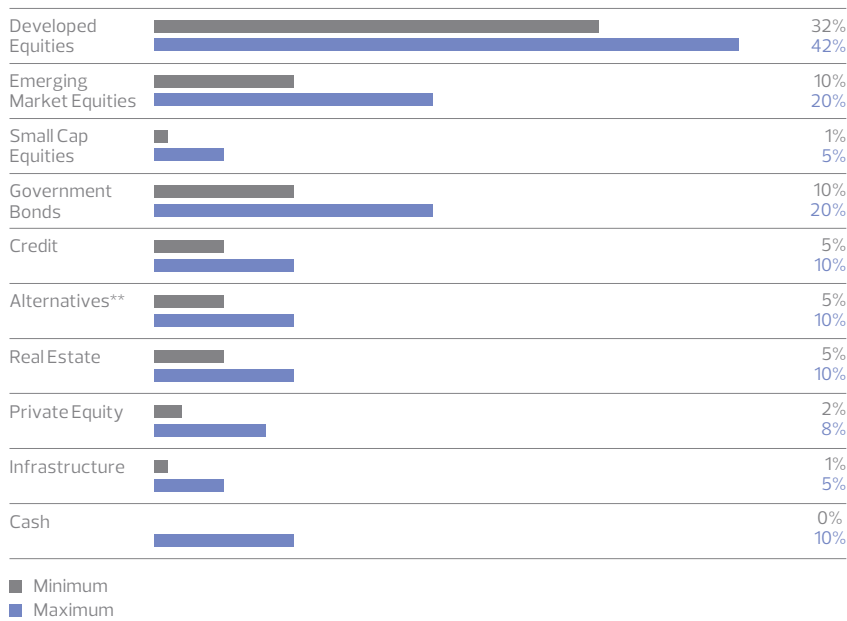
Institute guidelines for investment managers that highlight the objectives of the mandate and specify the relevant investment constraints.

6. Execution

Put in place the appropriate investment teams needed to implement the overall investment strategy.

Portfolio by asset class

Long-term policy portfolio*

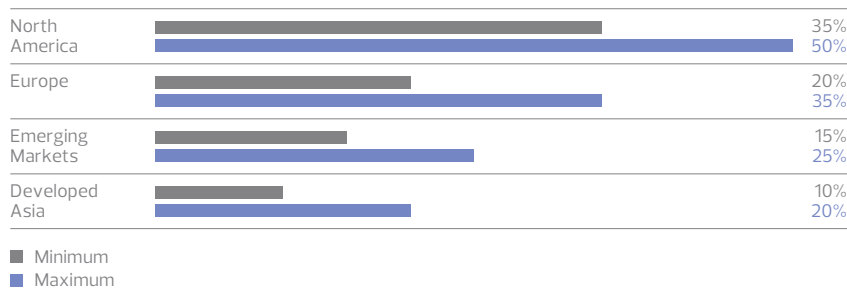


* The above denotes long-term policy portfolio ranges within which allocations can fluctuate; hence they do not total 100%.

** Alternatives comprises hedge funds and managed futures.

Portfolio by region

Long-term policy portfolio†



† ADIA, as a matter of practice, does not invest in the UAE.

ADIA manages a diversified global investment portfolio across more than two dozen asset classes and sub-categories. We invest directly in global financial markets, alongside trusted partners and through a network of carefully selected external managers.